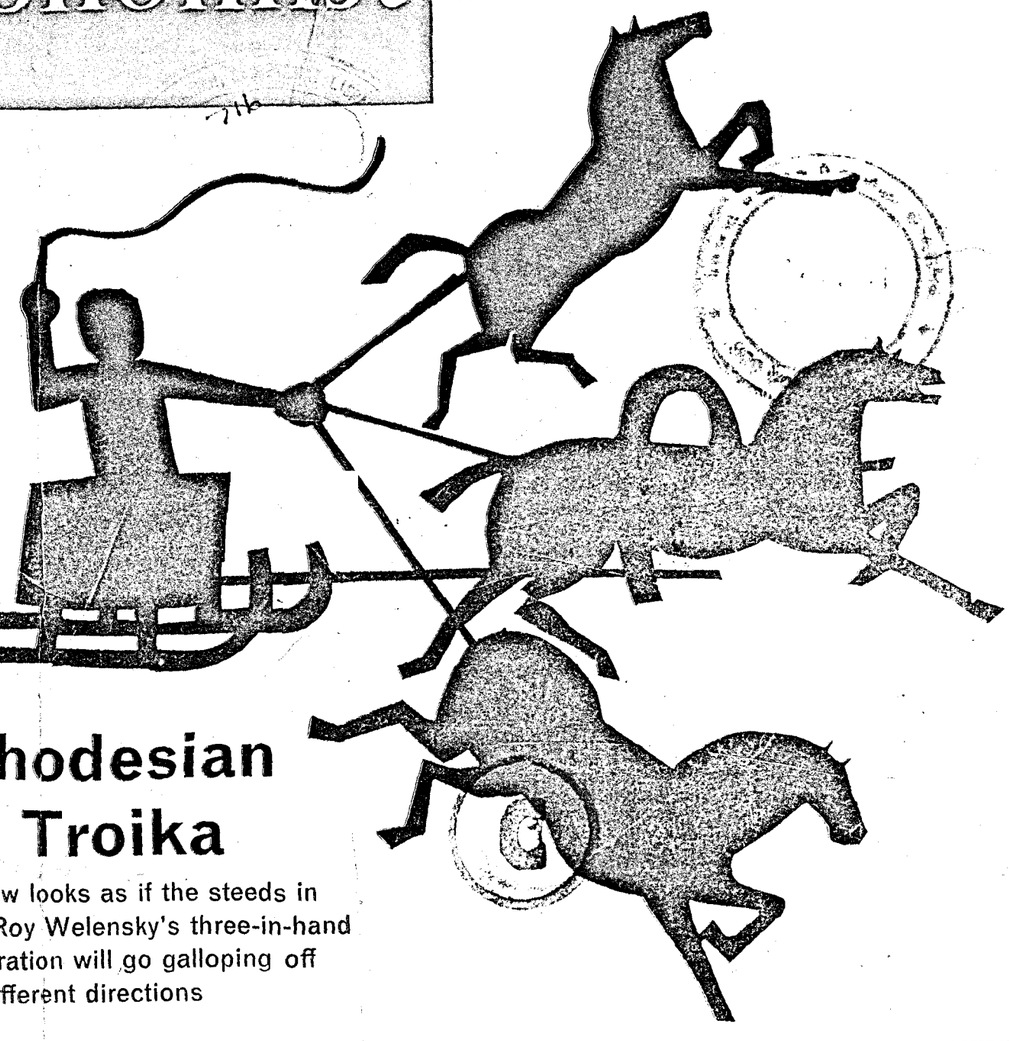
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The Economist

JULY 1, 1961

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Rhodesian Troika

It now looks as if the steeds in Sir Roy Welensky's three-in-hand federation will go galloping off in different directions

America's Caution on the Brink

Labour's Road to Nowhere?

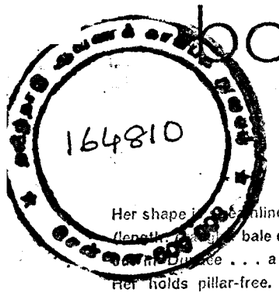
Birmingham's Big Squeeze

Spain Discovers Europe

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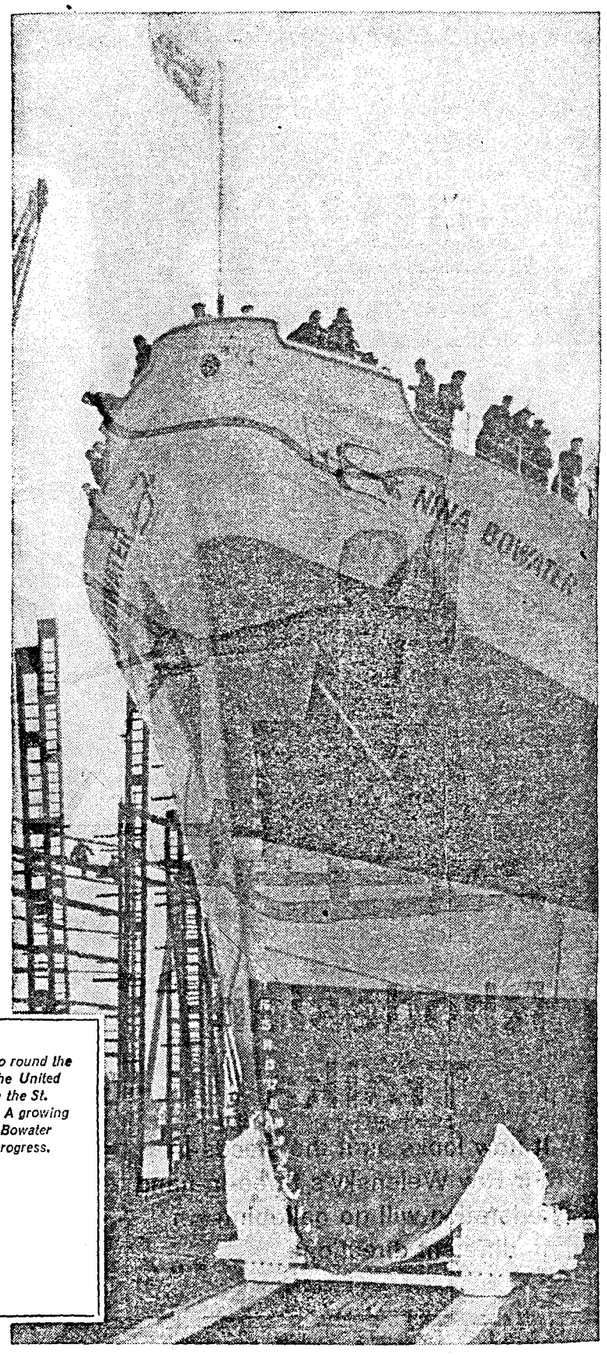
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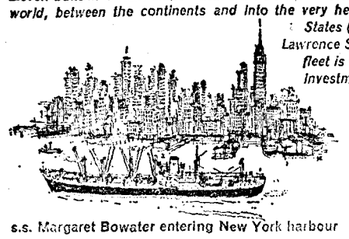
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INTERNATIONAL

AFRICA AND EUROPE

Mr Macleod's tactical (and not large) concessions to Sir Roy Welensky over Northern Rhodesia's constitution have multiplied the likelihood that the Central African Federation will break up. If that did happen, the best hope for Nyasaland and Northern Rhodesia might even lie in a link with East Africa (p. 15).

Talks on Algeria may soon be resumed. The pause has not produced the "new element" President de Gaulle called for (p. 46).

The **African associates** of the **common market** will want some form of compensation if they are to lose the privileges in the European market provided by the Rome Treaty (p. 47).

EAST AND WEST

Trade with Russia can help the forces of change and choice in Soviet society (p. 18).

Russia's switch from supporting the **United Nations** Charter to attacking it reflects the realisation that the powerful Afro-Asian group is not going to be pushed about by communist imperialists any more than by western ones (p. 24).

Legal quibbles have too often helped Britain to equivocate over votes on colonialism in the UN (p. 23).

INSIDE EUROPE

The House of Commons has begun to get to grips with Britain's political choice in Europe (p. 23). The concern, voiced by Mr Silverman, for eastern and central Europe, was underlined by the neutrals when the Council of the European Free Trade Association met in London (p. 23).

Talks between Italy and Austria over South Tyrol have proved abortive (p. 27).

The unrest in the French countryside shows that the Fifth Republic is unable to give expression to popular grievances (p. 26).

The approach of full employment is opening up new possibilities for Italian labour (p. 48).

SPAIN DISCOVERS EUROPE—A Survey on pages 53-60

STRONG MEN AND WRONG MEN

The crudity of General Qasim's claim to Kuwait has shocked the Arab world. But if the Arab countries protect Kuwait, they will expect something in return (p. 45).

The dispute between Mr Fleming and Mr Coyne in Canada involves a high-level argument about the relations between the central bank and the government. But an imputation on a lower level about the governor's pension has got mixed up with the argument (p. 46).

General Nasution, an Indonesian with a future, is coming to London (p. 29).

INSIDE AMERICA

Washington has not yet made up its mind how drastically to react to Mr Khrushchev's Berlin threat; meanwhile the Administration is playing slow (p. 37).

General Taylor's appointment to the White House staff to handle contingency planning on Berlin is arousing some controversy (p. 39).

Congress has just passed an exceptionally generous housing Bill (p. 38) but it is unlikely to do anything about the Administration's request for heavier taxation on American firms operating abroad (p. 40).

HOME

VICES

Pride

The bright new headwear which the Labour Party has donned looks too much like the oldest kind of hat diligently brushed up for an occasion at Blackpool (p. 17).

Psychiatrists want to see their status raised (p. 24): and the BBC is being proud to some purpose (p. 36).

Sloth

Birmingham is strangling itself by its own inaction (p. 20).

The promised Governmental re-shuffle has been less than energetic (p. 24).

Four lords have suggested a way of ending official listlessness over the new Covent Garden market (p. 27).

Avarice

The Law Lords' definition of "private gain" has worried tombola promoters (p. 26).

Gluttony

Their appetite for power has led the ETU's leaders to an unpalatable dessert (p. 22).

Shipwrights and boilermakers are squabbling over each other's plates. Ford men have been refused free second helpings and have quit the table (p. 22).

VIRTUES

Charity

The concession of air transport licences to independent airlines might begin to end the nationalised airlines' dog-in-the-manger attitudes (p. 63).

Faith

The Edinburgh Festival loses money: it needs the loyalty of its patrons—and the Exchequer (p. 34).

A new Swedish steel mill is putting all its eggs in one basket (p. 77).

Hope

Mr Brooke plans a rationalisation of water supplies to prevent a recurrence of last year's troubles (p. 65).

British Railways last year won back some goods tonnage from the road hauliers (p. 67).

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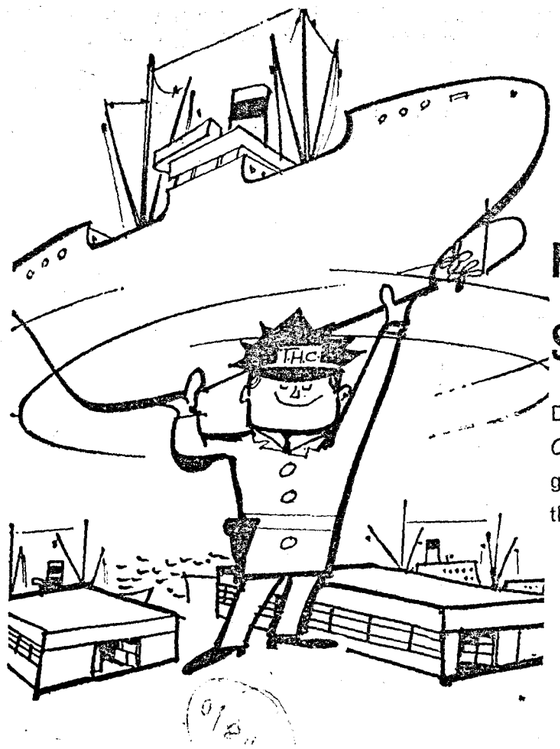
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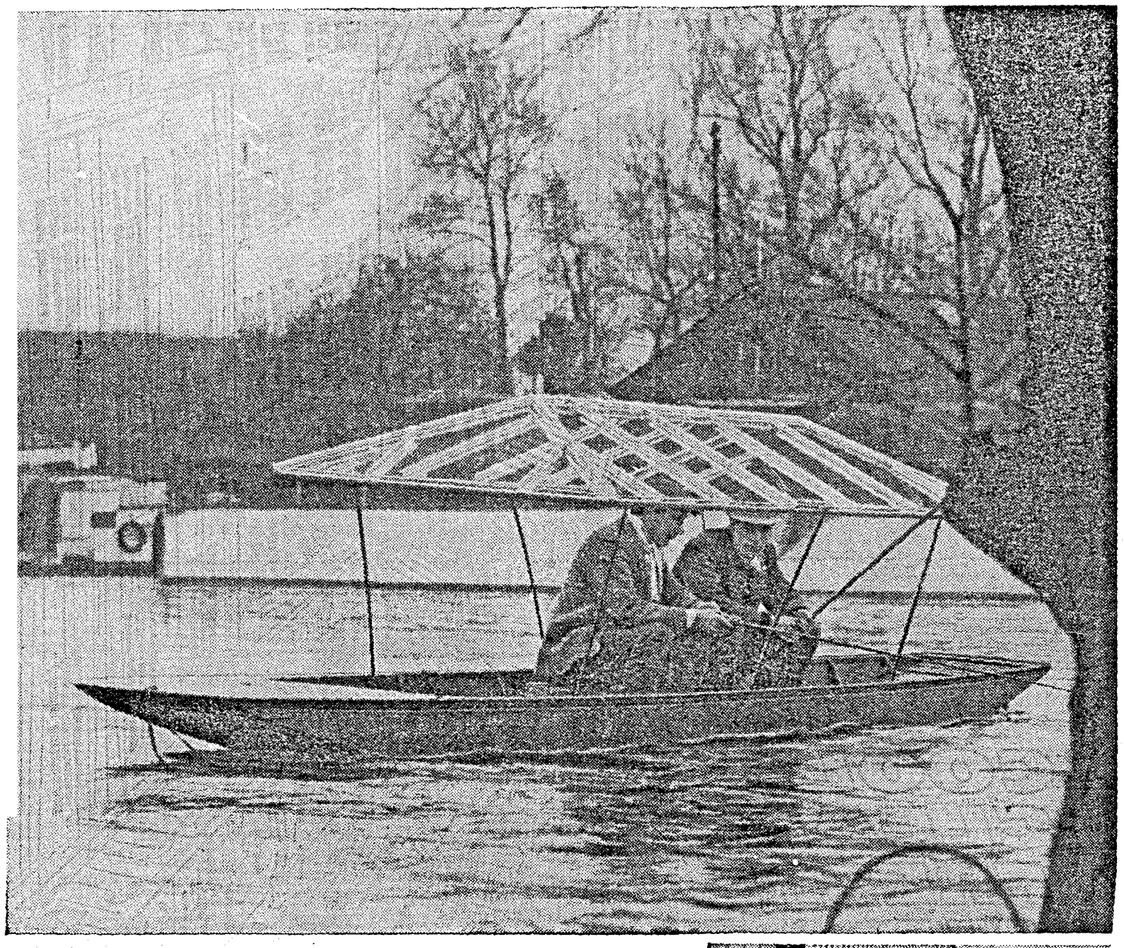
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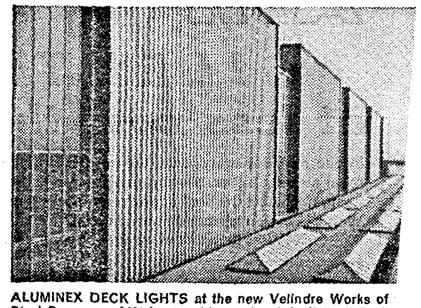
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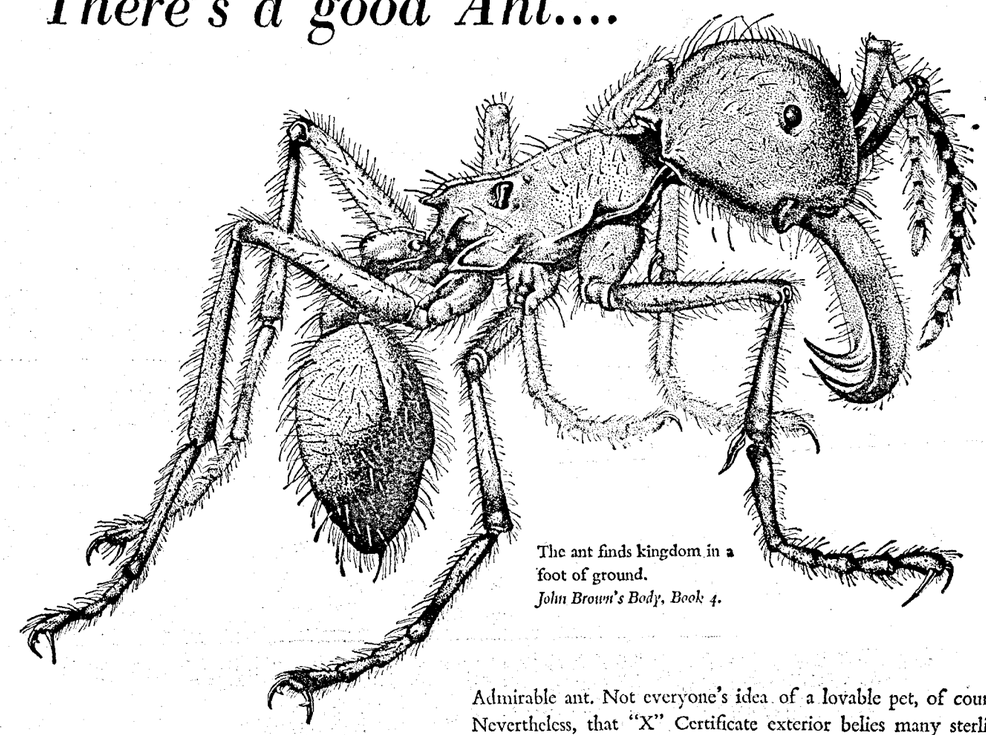
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THE ECONOMIST JULY 1, 1961

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John Brown's Body, Book 4.

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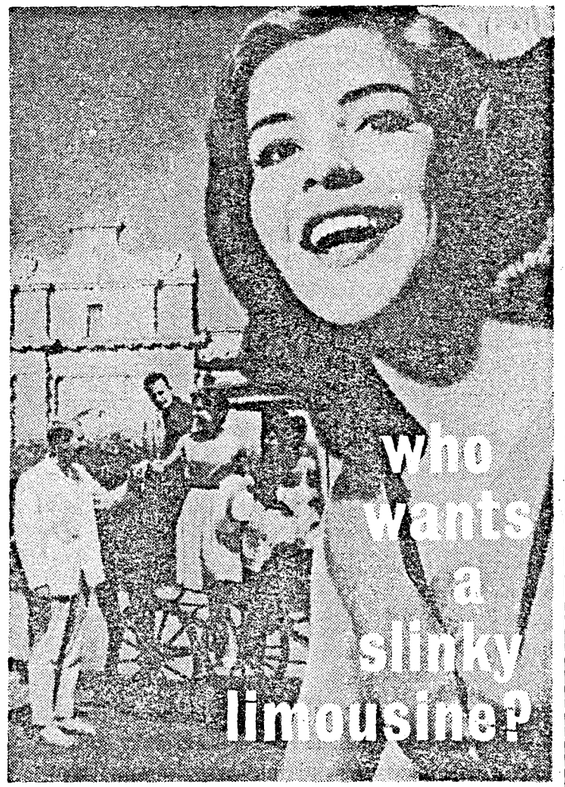


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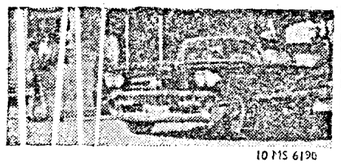
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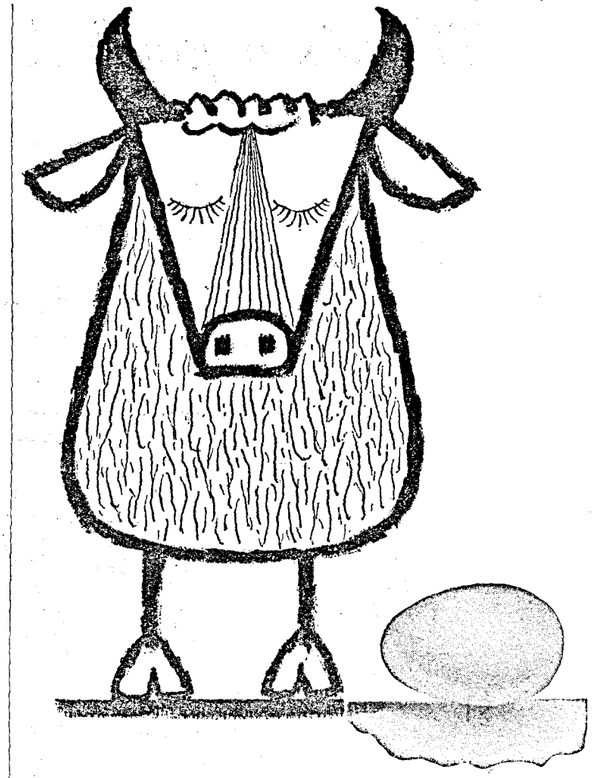
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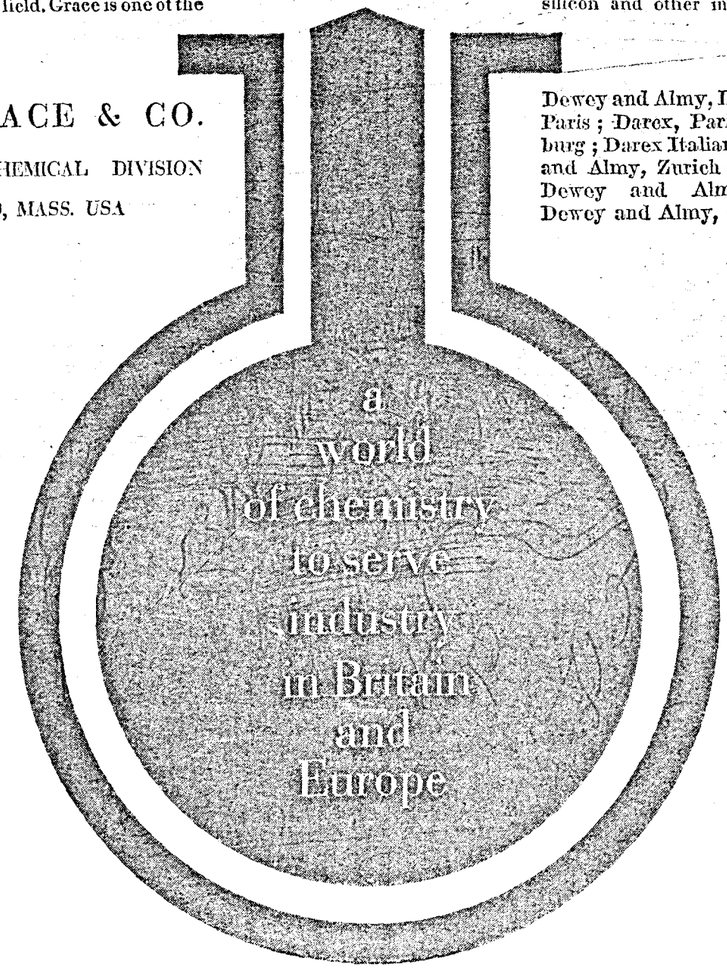
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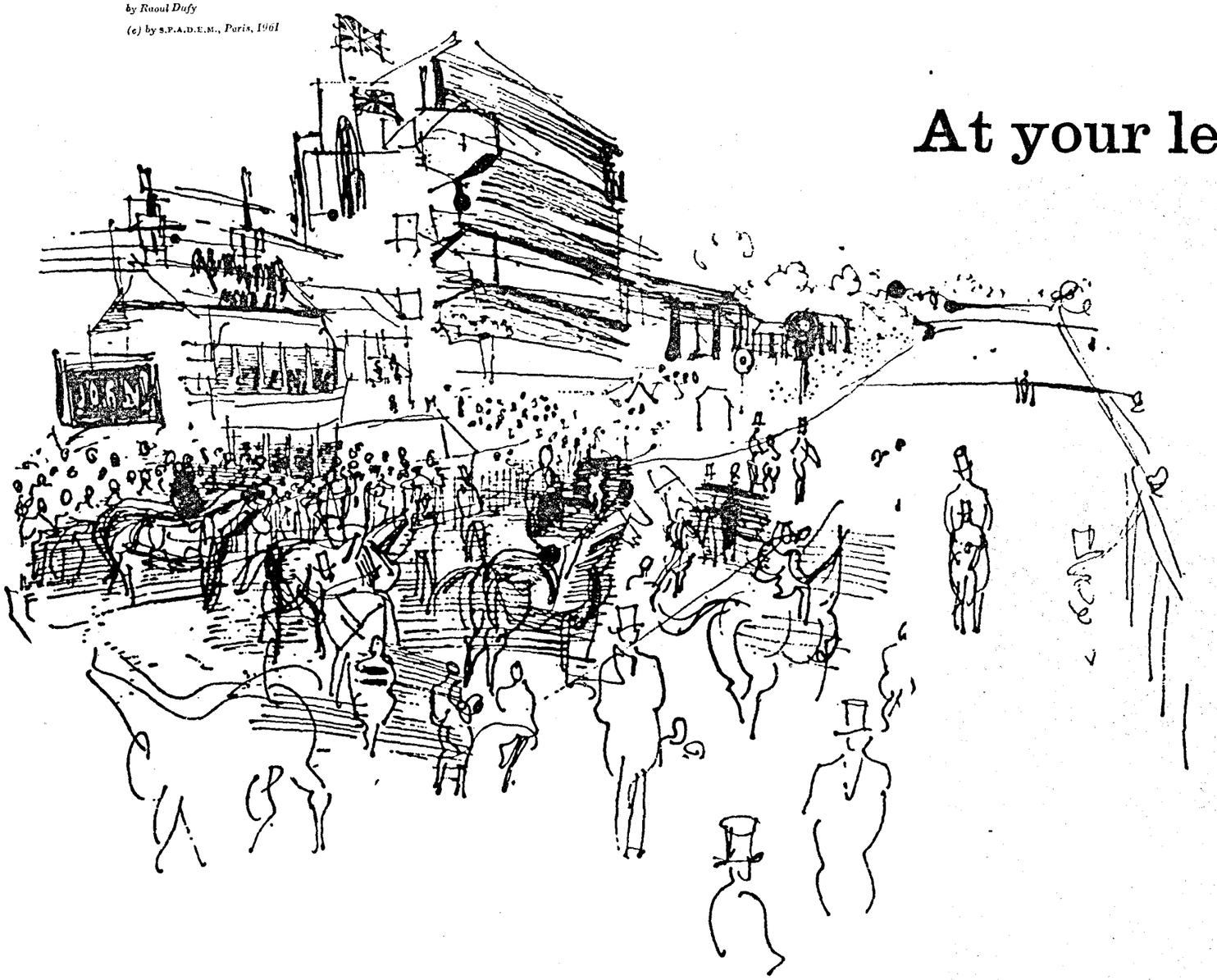
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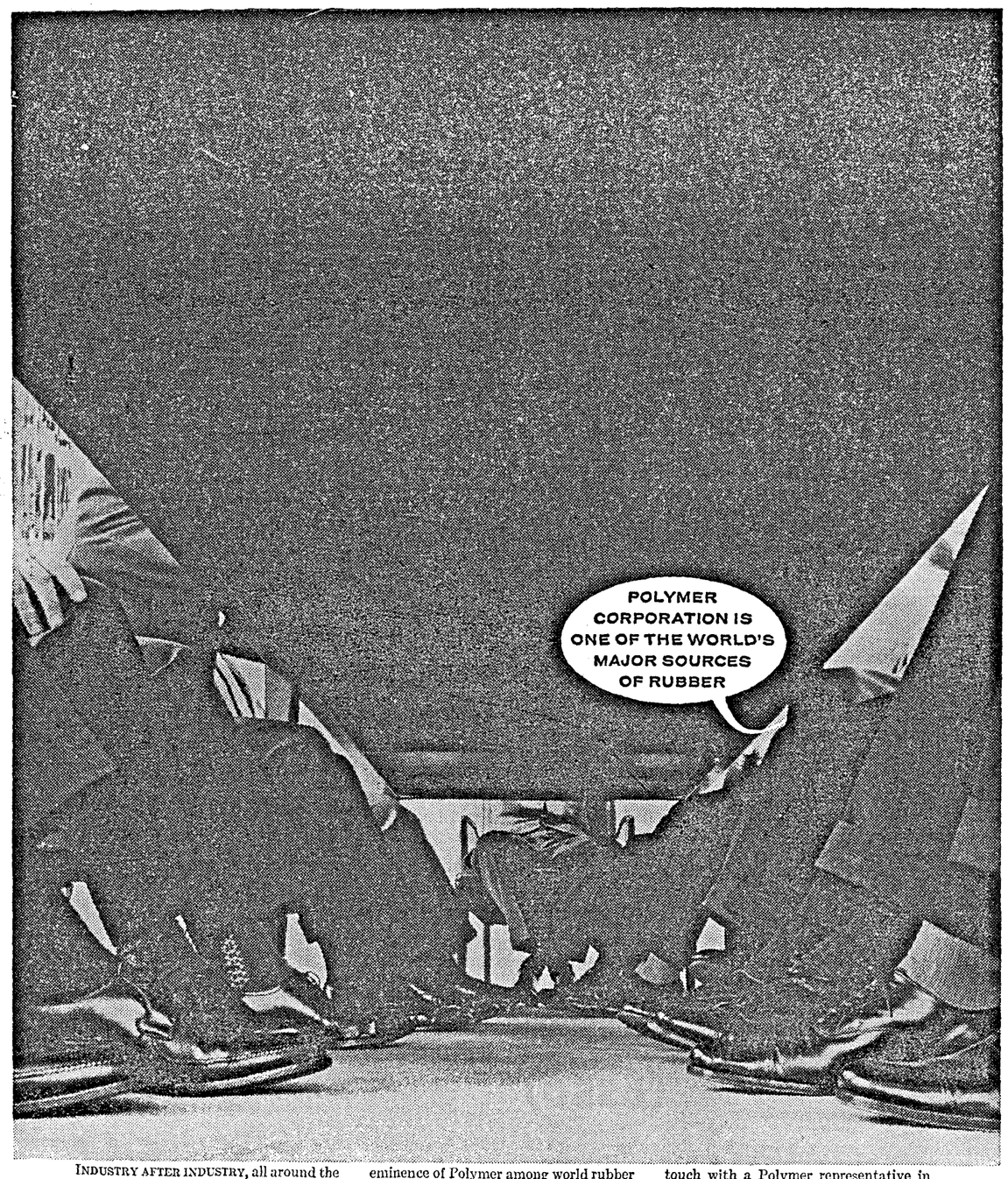
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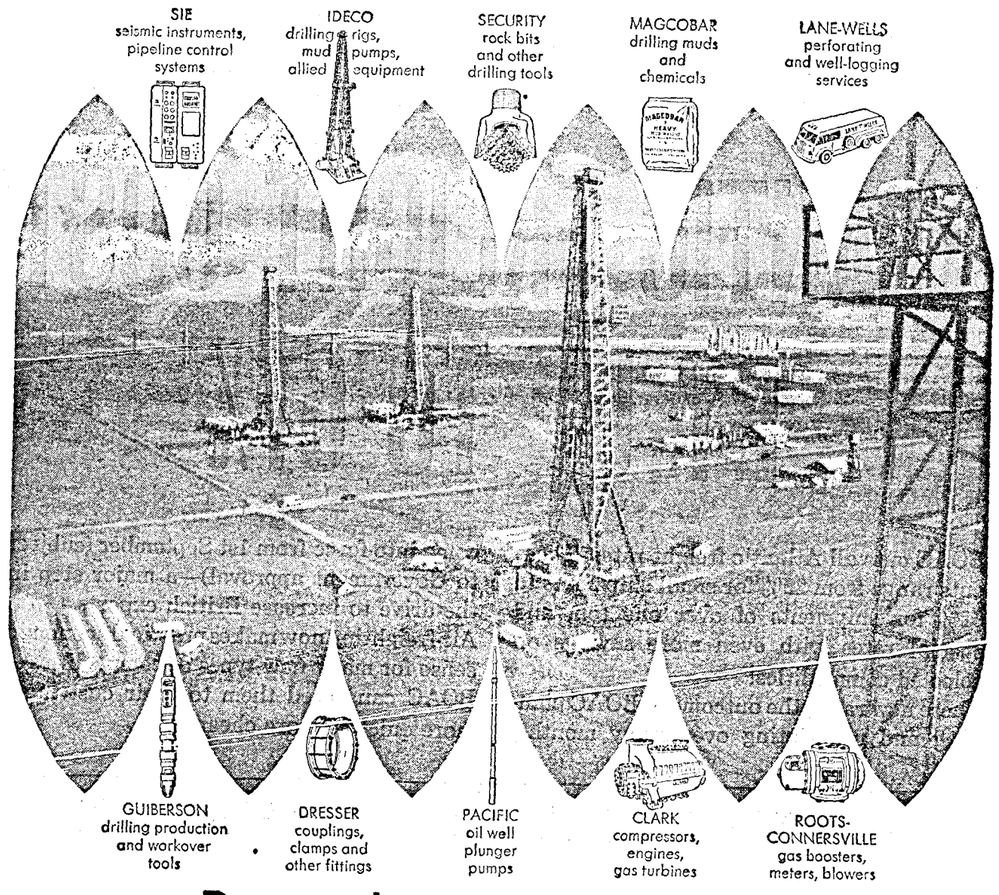


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The Economist

JULY 1, 1961

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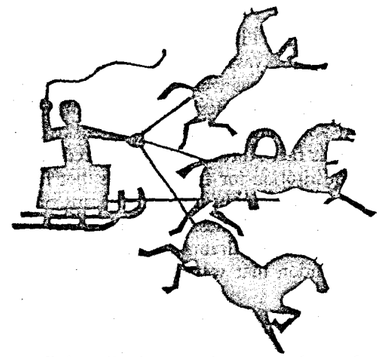
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Rhodesian Troika

"A troika is a carriage . . . drawn by three horses. The horse in the middle must always trot; the ones on the left and the right must always gallop. The middle one trots with his head down . . . his companions gallop along tossing their heads and are called the 'furies.'"

—Alexandre Dumas, *Adventures in Czarist Russia*

BUT Northern Rhodesia's Africans cannot be made to trot with their heads down—and Nyasaland, on the left, is galloping in a different direction from Southern Rhodesia on the right. It is hard to imagine how any driver, let alone Sir Roy Welensky and Mr Macleod, can now prevent the federal carriage from overturning. Northern Rhodesia has not been given the certainty of self-government under African control prescribed by Lord Monckton; instead, the African nationalists and the white liberals have been given the chance of a majority in the legislature if they join forces in an electoral pact that would have to be remarkably ingenious. What is more likely is that Sir Roy Welensky's party will win control. The pace of African advance in Northern Rhodesia has been slowed down to meet the demands of the white Southern Rhodesian electorate. If the Monckton report was right, this means the eventual break-up of Sir Roy's federation.

The British Government will have to face this when the conference to review the constitution of the Federation of Rhodesia and Nyasaland is resumed. It may not then be possible to resist demands for an end to federation. The theories of "multi-racialism" and "partnership," on which the federation was founded, were until recently interpreted by its politicians as meaning entrenched white government, with some black participation; now that the Europeans are being brought to accept some of the real consequences of partnership, it seems too late to save the federation. To the African nationalists in these three territories, with a combined population of eight million Africans and 300,000 Europeans, the future can only be conceived, in 1961, in terms of emerging black government, with the whites participating as individual citizens. Without this prospect, the Africans cannot be expected to see the real economic advantages of federation.

Whitehall's neat "troika" for central Africa provides for a black Nyasaland to be linked with a white Southern Rhodesia and a neutral Northern Rhodesia. This can no longer be expected to work. In Nyasaland, a triumphant Dr Banda will soon be elected to leadership of an assembly dominated by his Malawi party, which is committed to the break-up of federation. In Southern Rhodesia, there will be a referendum next month over a constitution that grants to Africans the most that Sir Edgar Whitehead, the prime minister, thinks his settler electorate will allow. If the referendum is lost, there may be a right-wing move to take Southern Rhodesia out of a federation that *is* beginning to turn too multi-racial for some white citizens; if it is won, all that may have been achieved is the chance to keep the struggle for African rule from turning violent.

In Northern Rhodesia, too, the most that can now be hoped for is that the political struggle will stay non-violent. There is no reason in the nature of the two territories why Northern Rhodesia should not have the same constitution, providing for an African-run legislature, as the one granted to Nyasaland. Africans will ask themselves why their economically more advanced territory is constitutionally behind Nyasaland (and Kenya and Uganda and Tanganyika).

Two answers will almost certainly occur to them. The first is that the Malawi party put up a tougher fight in Nyasaland, where there was no talk of co-operation until victory was won. There is a real danger that Africans in Northern Rhodesia will now turn to strikes and boycotts—as Mr Kaunda's speech on Tuesday gave warning. The second answer is that Northern Rhodesia would have been given a better constitution for the Africans if it had not been for the federation. There can be no doubt that if the new constitution for Northern Rhodesia weighs against the Africans it does so because of the drama in Salisbury and the hidden persuasion in London that were put into production before Christmas.

TRUE, Sir Roy Welensky has won only a modest victory, though his undoubted gains have been publicised as a triumph, and he has got the headlines in Britain that he requires for quotation in the Rhodesian press. Just what has he achieved? When the Northern Rhodesia constitutional conference opened before Christmas, Mr Macleod was thinking in terms of parity of representation with a possible bias towards the Africans. The white paper issued in February seemed to promise that; the white paper issued on Monday puts the bias just the other way. But, in the talks before Christmas, parity of any kind was anathema to Sir Roy's party. According to the February white paper, the United Federal Party challenged the view that there was any justification either for a substantial increase in the number of Africans in the legislative council, or for an extension of the franchise. In the event, African representation has been increased from about a third of the members to around a half, with some chance of more than half the representatives being black. The African electorate has been more than trebled.

On the other hand the Africans, who demanded a certain majority and universal suffrage, have also got much less than they asked for. The new constitution will itself be another example of the troika. Fifteen members will be elected by a lower roll on which nearly all the voters will be African. If the elections are not boycotted, most of the seats will probably be won by Mr Kenneth Kaunda's United National Independence Party; a few may be won by the African National Congress. Another 15 members will be elected on an upper roll that could be one-tenth African if all the Africans who will now get the chance to vote on the upper roll take the opportunity to register. The number of upper roll Africans was increased by about 2,000 in the February white paper; Mr Macleod threw in another 500 on Monday. All the upper roll seats might be won by Sir Roy's UFP, but, if the boundary-drawers group enough of the roll's Africans into one or two constituencies, the one or two could conceivably be won by the Liberals.

For the results in the middle group of "national" seats, a computer is needed. One of these seats is to be reserved for Asians and Coloureds, which means that specifically racial qualifications have been introduced into a British colonial constitution. The racial principle is repeated in the arrangements for electing the other 14 "national" members. In four constituencies, one member must be African and one must be European. In the other three constituencies, members can be of any colour (presumably even Asian). These 14 members will be elected by both voters' rolls, the votes being equalised so that the 70,000 lower roll votes will count for the same as the 25,000 upper roll votes. To win, candidates will have to attract 12½ per cent of the African vote and 12½ per cent of the European vote, or 400 votes from each race, whichever is the lower. This provision is a concession to Sir Roy Welensky: in February's white paper, candidates were required to win a minimum percentage of votes from both rolls, not from both races; and as there are to be about 3,500 Africans on the upper roll (and hardly any Europeans on the lower roll), this meant an advantage for the Africans, who could have got some candidates in without a single vote from Europeans.

There is, as Mr Kaunda pointed out on Tuesday, a further advantage for Sir Roy Welensky in this change, since it will presumably be easier for his party to win four hundred African votes from each "national" constituency in an African electorate of 70,000 than it will be for any party supporting Mr Kaunda to win the same number of European votes in each constituency from a total European electorate of 22,000. Two little variations—changing from rolls to races and from percentages to percentages and numbers—may thus have given Sir Roy's party the edge. But it is also possible to argue (at least until the delimitation of boundaries is completed) that the white-led Liberals still have the greatest chance of winning the "national" seats, because only they are a "middle" party capable of getting a minimum percentage of votes from both races. This would be an attractive proposition had it not been proved that white Liberal parties (*pace* Mr Blundell of Kenya) are acceptable to a majority of neither race.

The only hope for a parliamentary solution to the Northern Rhodesian equation lies in coalition, possibly a combination of the two African parties and the Liberals, supported by the Asian member. Such a coalition could serve its purpose (to keep the Africans peaceful by giving them the leading position in the government) only if Sir John Moffat, the leader of the white Liberal party of Northern Rhodesia, accepted Mr Kaunda's leadership. If he did so, he would forfeit some white votes, but no other solution would work. By taking this opportunity and offering to lead his party behind Mr Kaunda, Sir John could save the situation. This solution is part of the hopeful thinking of the Colonial Office, but there is no guarantee that it would happen. It would certainly require the manipulation of constituency boundaries, and a trafficking in votes, to give it any chance. And, if it did work, that would still not save the federation, for Sir John's party is already committed to opposing the federation and, in any pact with Mr Kaunda, that commitment would become deeper.

THE answer, for Britain, could be in east Africa. At a conference which ended in London this week Mr Julius Nyerere of Tanganyika agreed to sacrifice some of his government's power after it becomes independent in December, so that the East Africa High Commission can continue its work as the East African Common Services Organisation. In this way, Tanganyika can wait for Kenya and Uganda to advance constitutionally to the point where elected representative governments can negotiate a federal union if they wish to do so. At the same time, there is hope that Uganda's constitutional problems can be solved (a note on page 26 discusses this) and that Kenya will soon advance to internal self-government.

Such an east African federation, which could include Zanzibar and Ruanda-Urundi, would have a population of 30 million, about 90,000 of whom would be white. Whites in such a federation would be ordinary citizens, with a high standard of living and skill, but no more dominant in politics than, say, West Indians in London. The objections to federation in central Africa—that it was imposed against the black people's wishes and that it has been regarded as a device to entrench white control over the three territories—are answered in advance in the plans for east Africa. It is time for the British Government to think seriously of the probability that the central African federation may break up; if this happens there might well be an invitation from Dar-es-salaam or Nairobi to Northern Rhodesia and Nyasaland to join a union that would, in no circumstances, have to be held together by force.

Road to Nowhere?

Economic expansion is, indeed, the thing for Britain. But Labour's new plans for it tend too much to furbish up old shibboleths

THE Labour party's new policy statement provides a series of signposts for the devoted plotting their route to Blackpool for the October conference, but scarcely for many other foiled and circuitous political wanderers of the moment. It is tactically sensible of Mr Gaitskell to make it clear from the outset that the document handed down by the National Executive Committee is not intended as an election manifesto: the conference cannot, in this sense, inscribe yet another sacred text upon its tablets. Anything that allows the leadership and the parliamentary party to exercise their discretion in the formulation of policy is altogether to be desired. But the conference has to have its say. So it is now to be given five themes to knock about as it will: planning (in which is subsumed public ownership), land purchase, social security, education and taxation. None of these issues has been so circumscribed by the executive's agreed phrases as to dampen the spirits of Mr Harold Wilson, Mr Cousins or anyone else in the dinosauric brigade as they tick them off mentally on the road to Blackpool.

If the Gaitskellites have a calculation in all this, it can only be that when the entire speculative gamut has been run in Blackpool on which industries should be fully nationalised (steel and road transport are the only two specifically mentioned so far), which should have state partnership thrust upon them (like Cunard?), and which encouraged by state competition, the conference will have exhausted itself to no very great or immediate point. The appearance of unity, and possibly of vigour, will have been sustained for the benefit of the uncritical rank and file. This is not unimportant to the party image at this juncture. But the price of the advantage could be dear. Enough floating voters, seriously concerned (for the first time in years) to know what Labour really means by planning to meet Britain's current predicament, are likely to be sufficiently disabused by the conference's easy prejudices to make the exercise a damaging one. The fewer opportunities the left is given to sermonise upon portmanteau ideas in the guise of expounding and upholding official policy, the better prospect Mr Gaitskell's stock has of rising further in the country. This is surely the lesson of standing up to the dinosaurs over defence policy.

THE executive's objective of economic expansion is unexceptionable. Who would nowadays dare to draft a party statement without such an ideal figuring in the opening paragraph? If the purpose of a National Industrial Planning Board is to be as positive in its encouragement of the right kind of growth as M. Monnet's *Commisariat Général au Plan* it could no doubt do a very useful job—although a reorganisation of the Treasury machinery to this end would be an even more practical way of going about it. The doubt about whether Labour has, in fact, grasped what is needed for the implementation of a genuinely expansionary policy becomes manifest when the familiar sacred cows are found to have been installed in advance in the brand-new planning headquarters. Is it simply for expansion's sake that greater control is sought over the investment policies of pension funds and private insurance companies, or is it rather because it has been doctrinaire policy to try to get hold of them? What, in the crunch, is the real purpose of regulating the queue of major industrial and commercial projects to a greater degree than is done already? Is it, as the executive says, to get "priority developments" for growth under way; or is it, as the executive also says in its next breath, to be "a means of steering new factories into the areas where they are needed"—chiefly to mop up unemployment as and wherever it occurs? The party is evidently finding it increasingly difficult to straddle between the claims of its industrially-depressed voting strongholds, like Clydeside and Tyneside, and the needs of the growth areas in the East Midlands and further south where it lost support in 1959. It may not be irrelevant, for anyone attempting to assess the strength of the parochial impulses that still command a large segment of Labour thought, that the whole crucial question of Britain's future trading relation with Europe is shunted off more or less as an irrelevancy.

These simmering suspicions of what Mr Wilson's ideas of planning involve in practice are confirmed by the executive's proposals on compulsory land purchase. The essence of the matter must be that land should continuously come forward for development. Whatever attempts may be made to distrain on the large gains got in the process of development, the vital need is that the process shall go on, not be slowed down or held up. As enunciated, Labour's plan for the state purchase of all freeholds where building or rebuilding (above the filling station level) is projected, seems best calculated to interpose the maximum discouragement to owner and developer alike. The proposed Land Commission will first have to pronounce on whether it wants to buy the freehold or not. It will then manœuvre weightily to fix the purchase price on the criterion of "value for present use," plus just enough to

secure what is disingenuously called a "willing sale." After that it must negotiate with the prospective developer both on the local authority's and the commission's own future cut from his enterprise. It is a reasonable guess that this method of granting planning permission would, under some local authorities, bring about more jiggery-pokery than actual development. It is possible, of course, that Labour's ruminations are not intended to be taken altogether seriously at this stage; after all, less and less has been heard of the great scheme for the municipalisation of housing as the years have passed. But it is not an encouraging prospect.

This type of strangulatory approach to each major problem necessarily detracts from the sound ideas which the executive has managed to put forward in other spheres. Among these would be the demand for a national scheme for apprenticeship and training—if it were given a more precise formulation. As it stands in the document nobody (surely not Sir David Eccles) would be likely to dissent from it. There is everything to be said, too, for a new approach to sickness benefit, both in making up full wages during periods of brief, normal sickness and also in preventing hardship among families whose bread-winner is unable to work for lengthy periods. There is a worthwhile purpose (and a political advantage) to be attained by following up these lines of social reform. Whether there is as much to be said (after some admirable expressions in favour of greater university development) for lassooing the public schools is another matter. Politically, it is not likely to add any votes at all to the party. The functions suggested for the Educational Trust in overhauling the public school system have been developed from the stimulating educational discussion that is now being conducted, but they are bound to scare away middle class parents who might otherwise consider casting their votes to secure a change of governmental faces. It is disappointing and disconcerting to find, at a time when the Conservative ranks seem bereft of purposeful leadership, that so many of Labour's "Signposts for the Sixties" have simply been furbished up after ten or twenty years of indifferent exposure to the electorate.

Why Trade with Russia?

As communist economies mature, the opportunities for trade with them should grow. This may be not only good business but good politics

If the Russian exhibition at Earls Court which opens next week teaches the British as much as the British fair in Moscow taught the Russians, it will be a great success. In recent years Mr Khrushchev has done much to break down the curtain of ignorance which blinded his people to the outside world, and today the old communist picture of Russia as a materialist paradise compared with the Dickensian thieves' kitchen of the capitalist world is pretty well exploded. But there is nothing like seeing for oneself. The British fair gave Muscovites a practical chance to compare their own standardised navy-blue undies with the frivolous nylons of the decadent West, and to see for themselves that capitalists, too, can produce impressive machine-tools and scientific wonders.

What do the two fairs mean in practical trade terms? A look at the expanding Soviet economy suggests boundless opportunities. A look at the trade figures, on the other hand, with Russia taking a mere 1 per cent of British exports, shows a different picture The Eldorado may be there, but explorers often get stuck in the bureaucratic jungle, learning in the process that the role of international trade in the vast planned Soviet economy is quite different from its role in the West. Planning is easier when it does not have to include foreigners, and particularly capitalist ones who will not plan. So the planned economies have tended to cut their trade links with the outside world to the minimum. Lacking, as the planners do, a realistic price yardstick which might tell them when other people make goods cheaper, they have tended to trade abroad only when the goods they want simply are not made in Russia at all. Plenty of old hands in the trade are ready to point out that while trade with Russia may offer windfalls—either when Russian plans go wrong, or when new western products can be offered—it has no assured future.

Yet the temptation to turn away in resignation ought to be resisted both by business men and by Mr Maudling and his officials, now engaged in a—probably prolonged—series of talks with the Russians. Neither the economic needs nor the mechanics of the Russian system are quite so different from our own as they seem. In the western world one of the most striking developments of the last few years has been the swift growth of trade between the developed countries themselves—between Germany and Britain, for instance; and between western Europe as a whole and North America. The purchase of capital goods, chemicals and industrial know-how, which bulks large in this commerce between mature economies, could prove equally interesting to Russian planners.

True, a good many western business men are worried by the fear that the sale of a new machine will be followed, not be further orders, but by imitation. Yet the sale of knowledge is the backbone of trade between developed countries. What western business men have to do is not guard their secrets jealously, but find a lucrative way of selling them. Nor, in the sputnik age, should it be imagined that the traffic in knowledge need flow one way only. Mr Paul Chambers, the chairman of Imperial Chemical Industries, remarked at the end of a trip through Russia last year that ICI might soon be buying know-how from Russia as well as selling it.

A second look also makes it clear that the Russian economy, for all its inherent differences from our own, has after all its resemblances as well. A society that was supposed to banish inequality has big differentials in earnings. Unemployment, theoretically planned away, occurs just the same. Despite centralised investment the communist economies still have problems of inflation and deflation. Above all, as the Soviet economy develops, its need for flexibility becomes more apparent. When the consumer is hungry for bread and salt, a drive to maximise production may have some advantages. But when his income permits him to hope for a motor car or refrigerator, and his fancy is titivated by the telly and a first taste of foreign travel, the need for a subtler mechanism to equate supplies with demand becomes inexorable.

In capital goods the problem of adapting supply to demand is much less acute. Output of capital goods, which takes a long time and must be decided long in advance, is by nature well-suited to a planned economy. Yet for years Russian industry has been running up against problems due to excessive inflexibility. It may not be too difficult to plan a major steel expansion scheme in advance, but no plan can deal adequately with the varying demand for spares, paint, plumbing and the odd pieces of electrical equipment. In the building trade, as in agriculture, planning down to the last nail does not seem the best way to serve everyday human needs. The sheer complexity of a developed industrial economy is placing an intolerable burden on a centralised administration struggling to fit all the parts together.

Mr Khrushchev began to tackle the problem in 1957 by decentralising. But decentralisation brings problems of its own. If some local king-pin—say the head of the regional economic council in Georgia—concentrates on maximising production in his own locality, supplies to another part of the country may start falling. New co-ordinating machinery has to be set up, and then, perhaps, new overlords to co-ordinate the co-ordinators. In practice decentralisation has not gone far. Only last month a reshuffle of the system was announced.

Pressed by these problems, communist economists have begun, not surprisingly, to turn more and more to that well-tried tool, the price mechanism. All over eastern Europe textile industries have at one time or another found themselves with surplus stocks which consumers simply would not buy. And they have been forced to turn to familiar capitalist weapons—price cutting, advertising and improved design—to boost their sales. Jugoslavia has gone furthest towards a free price system. But Czechoslovakia, an old industrial country with a long export tradition, has also moved in that direction. Local industries can vary their prices to promote sales. The manager of a small state shop in Brno can set up on his own initiative a self-service laundry financed out of profits. In Russia there is less of this, but the price mechanism is already being used in the consumer industries and in agriculture, where it has become plain that only hard cash can extract meat and milk from reluctant peasants.

A point can be reached where flexibility may begin to endanger the system as a whole. If prices are allowed to determine output they can in time shift the basic structure of the plan. The search for flexibility inevitably comes up against the basic political precept—that the economy, and Soviet life generally, must be dictated by the state. Yet the more developed the economy, the more varied the range of consumer choice and the needs of the industrial buyer, the greater the need for some sort of instrument to relate supply to demand. The planners themselves are constantly worried by the need to find some sort of criterion for measuring price levels. "After the world revolution," one planner remarked, "we shall keep one tame capitalist country, so that we know what prices to fix."

The Russian planners' search for flexibility plainly has a political significance. In a way perhaps it is the fruit of the political maturity of revolution. Except in agriculture, the local party commissar no longer has to peer over the shoulders of the local managers. The managers nowadays are educated men who can be trusted to take decisions; and the economy works better if they do. But economic maturity, bringing managers and consumers alike a greater say in what is made and sold, contains in turn the seeds of political change. Power is being diffused. Russian society under Mr Khrushchev is becoming a different kind of animal from Stalin's state.

This evolution is closely related to the development of foreign trade. In Czechoslovakia and east Germany the need for flexibility in exports has been an important motive for giving managers more freedom. In Russia itself, the tail of foreign trade is too small to wag the whole economy, but it can have its influence on trends already at work. The need to keep up with export delivery dates forces managers to hold stocks and to change a good many of their habits. As technologists become better educated and freer, it becomes harder to restrain their interest in products from abroad.

It is against this background of rudimentary, but growing, freedom of choice that trade talks with Russia should be seen. Politically, more trade with the West can encourage the outward-looking forces in the communist world. Economically, the opportunities for foreign trade are growing as the economy matures. There are people in the West who hold that Russia wishes, for political reasons, to keep its foreign trade down to the minimum, but again and again the everyday practice of the Soviet traders refutes this. Of course the Russians will snatch what political dividends they can from the sale of their oil or the purchase of an African crop. But the compelling motive is to satisfy their own economy's insatiable needs.

The limit of their buying in Britain thus seems to be set, not by politics, but by their own sterling earnings. Much, therefore, depends on the success of the communists in selling exports here and on the degree of encouragement they are given. Plainly their most ambitious wishes, like the demand for a guaranteed export market, cannot be satisfied, but restrictions on their exports can at least be sensibly diminished. Oil, the commodity they have in most abundance, has its problems; but strong arguments can be advanced for allowing Russian exporters at least a regulated share of the increment in European demand for oil. Still more valuable for western economies would be the development of a healthy export of Russian capital goods and know-how.

Trade between Russia and the West, like economic co-existence generally, obviously has advantages for the Russian economy as well as our own; that is what trade is for. But in the long run the West can only gain from any process that helps to open the doors of Russia to the breath of change.

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Birmingham's Big Squeeze

Determined local resistance to planning, a Midlands correspondent believes, is at the root of Birmingham's troubles



THERE is nothing very novel about the land plight of Birmingham and the West Midlands conurbation. The problem has been lived with for so long, as in London, Manchester and Glasgow, that it hardly ever breaks into the headlines. Everyone is agreed that something must be done about it, and, with a few dissentients, that the solution does not lie in further urban sprawl on the periphery. The green belt, although still a legal fiction, will one day be officially confirmed, and the idea is gaining popularity. Those who have thought about the matter would also admit that the cause of increasing congestion is the growth of employment, and that new jobs will have to be restricted.

Why, then, do things appear to go from bad to worse? In the first place, it is remarkable how little factual information is available to confirm individual impressions. It is known that in Birmingham alone there are something like 100,000 houses which were either considered unfit for human habitation at various dates from 1890 onwards (like the tens of thousands of back-to-back houses which are still inhabited) or have a life of less than 15 years after some patching up by the city. Given an average life of 80 years, something like 4,000 more houses ought to be added to the list of unfit dwellings each year. It is known that there are 60,000 families on the recently-pruned housing waiting list, and that more than 10,000 new households are formed by marriage each year. The city is prosperous enough to have a marriage and natural increase rate far above the national average.

The unfit houses are demolished at the rate of 1,000 a year, or one quarter of the rate of obsolescence, apart from the backlog. Only 2,000 new dwellings are built each year (proportionately, at about half the national rate), mostly in the form of flats, and, given poor sub-soil conditions and awkward sites, the costs are enormous. The acquisition of land for redevelopment is equally hit by the shortage of ground: a single square yard in the city may cost £500, and ordinary housing or industrial land within three or four miles of the city centre now costs up to £50,000 an acre.

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Hence the soaring burden on the rates. The annual deficiency on housing account alone is about £2,750,000, of which the rates bear over £1 million. Redevelopment adds another £500,000. The housing loss is rising at the rate of £400,000 per annum, or £50 per dwelling as far as the rate subsidy goes. The Exchequer contributes another £100, and prewar tenants make up the total loss to not far short of £200. If the city manages to build 50,000 new dwellings within its limits during the next 20 years, the annual loss will rise to £10 million. While there was still plenty of land in the dormitory areas, like Solihull or Tettenhall, thousands of families went out annually under their own steam. This outlet is now practically closed. Official overspill schemes are coping with a few hundred families a year and seem to make no difference.

THE industrial problem is also difficult to assess. According to Ministry of Labour statistics the growth of employment in the area since 1955 is well above the national average:

NUMBERS EMPLOYED
(000's)

	1955			1960			Per cent increase		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Birmingham	407	244	651	426	245	671	4·8	0·4	3·1
Conurbation	726	414	1,140	773	423	1,196	6·4	2·1	5·5
Mid. Region	1,383	749	2,132	1,443	775	2,218	4·3	3·5	4·0
Great Britain	13,960	7,500	21,460	14,370	7,850	22,220	2·9	4·7	3·5

It can be seen that male jobs in particular went up faster than elsewhere, although the tailing-off in women's employment in Birmingham itself reduces the average increase. In all, over 10,000 new jobs are created each year in the conurbation. Analysis of the figures by occupations proves that most of the increase was outside manufacturing industry. Board of Trade figures show a considerable amount of new floorspace being built in the area, but much of this is for re-building and seems not to involve substantial increases in manpower.

It is clear that this rise in employment will go on. There are plans for office building (partly on municipally-owned ground, but especially on the Calthorpe estate, and to a lesser extent on Bournville Village Trust land) which are likely to aggravate the position by another 30,000-40,000 jobs in the next few years.

The first basic obstacle to a solution to these problems lies in false civic pride. Birmingham has a "second city complex." (Manchester has recently developed the disease.) There are fears that if something drastic is done, the city may fall below the million mark. This might reduce the salaries of the chief officers and make it difficult to recruit new people. There are misgivings about loss of rateable value. The authorities have invested heavily in flatted factories and property fronting the new ring road and fear that if land is made available outside they may lose on these.

It is symptomatic that Birmingham city council has now refused to take part in a regional conference next Wednesday organised by the Town and Country Planning Association and the Midlands New Towns Society—though most other Midlands authorities are participating. The city's political parties are not divided on the overspill issue. Labour, still in power, fears that the export of jobs may relieve the extreme but profitable scarcity of hands. Nor are the Conservatives, representing mainly the small businessmen, keen; lack of capital and traditional ways of conducting their establishments characterise the local manufacturers.

Typical local proprietors or managers say they are reluctant to move from Birmingham because of their wives' shopping habits and the need to send their daughters to a select day school. (The male attachment to the golf club and lunch at the "Plough and Harrow" is probably just as important.) A lot of nonsense is also talked about "all Birmingham industries being interdependent"—this usually from firms which are, illogically, equally afraid of losing the business of selling something to another firm up the road, either because they may have to move twenty miles outside the city, or because of common market competition.

The most serious obstacles, however, lie in the lack of suitable planning machinery and the pressures which prevent more effective institutions from being created. These are all admirably summed up in the report of the Local Government Commission for the West Midlands Special Review area, published early last month. Proposals for a regional planning authority were strenuously resisted; the commission felt the terms of reference did not permit it to investigate the larger questions; and in the end it recommended only a joint board (composed of Birmingham and the new county boroughs) to deal with the matter. In essence all planning is still to consist of a succession of bilateral treaties, and general strategy will remain in Birmingham's hands.

OF course, there is no planning at governmental level. The regional office of the Ministry of Housing and Local Government closed some years ago. There is said to be some backroom research, but clearly the Ministry is entirely out of touch. After the Wythall inquiry in 1960, when Birmingham tried to get 2,400 acres of green belt land, official policy changed: the facts elicited at the inquiry were new to Whitehall. Only after the refusal of the application did the Ministry begin to investigate possible sites for new towns and large town expansion schemes.

What policies there are at high level are often conflicting. The Ministry of Housing wants to house people and would like to make the Town Development Act work, but this is not possible so long as the Board of Trade insists on sending firms, without their workpeople, to the development areas. Motorway policy makes sure that industrial development is ever more centred on the "coffin" and the fringe areas killed even more effectively. (The Ross Spur is a notable exception: a motorway from Wrexham to Hereford is needed now.)

The local authorities themselves lack the planning powers they need. They cannot prevent office employment from rising. When a firm moves out of the area, it sells its vacant site to a newcomer who nullifies the previous move, unless the city can step in and purchase the site in the open market. When a private tenant takes a house at Lichfield under an overspill agreement, his landlord sells the house with vacant possession to a new arrival from overseas.

THERE are obstacles, too, in the potential receiving areas. Often they are controlled by people who look on industrial workers from Birmingham and their factories as an Edgbastonian does on a West Indian vice den. There are people who would let a small old town die on its feet rather than permit alterations or a line of pylons to bring power. Birmingham has negotiated with over a hundred areas capable of receiving people and jobs: most of these talks have come to nothing. One day, perhaps, there will be an explosion, for the human and industrial problems daily grow worse. But meanwhile a powerful array of vested interests ensure that nothing is done. Clearly only vigorous action by the Government can save the situation. Whether this will ever come about is another matter. Why should the Government act when there is so little local pressure?

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JUNE 29, 1861

THE STATE OF EDUCATION

"The Commissioners appointed to inquire into the present state and the possible improvement of English education have made a report full of important information, and drawn up with singular care. . . . The Commissioners carefully warn us . . . that the instruction at present given is mostly defective in quality, is not given by the best persons, *is not given* on the most appropriate subjects, is *not given in the most efficient manner*, is *given not* to a steady class of habitual attendants, but to a casual class of irregular attendants. Still, after all deductions, the reassuring fact remains—nineteen-twentieths of our children are receiving an education of some sort. . . . The principle of the present system of education is that of aiding and augmenting the contributions and efforts of different localities in a degree somewhat proportioned to those contributions and efforts. The professed rule is that of helping those who will help themselves, and of not helping those who will not or who cannot help themselves. It *gives some money towards building schools to those who have* themselves other money; it gives a part of the salary of the teacher to those who can find the rest of that salary; it gives under the name of a "capitation" grant a certain fee to all schools which have scholars already. . . . Both the advantages and the disadvantages of this system lie on the very face of it, and are inseparable from its vital system. If you say you will only assist those who are really, truly, and spontaneously exerting themselves, you secure to yourself the benefits of the best co-operation; you secure that your money will be appropriately spent, fairly husbanded, and watchfully superintended; you secure that your money will be expended by the objects of your bounty as if it were part and parcel of their own bounty;—but, on the other hand, you are neglecting the weak to help the strong. You are giving to those who have, not to those who have not; you are conceding to the rich localities where good subscriptions may be expected that which you refuse to poor places where there are no opulent residents,—no person to care for anything but the rent of the houses and of the land,—where the half-pauperised, half-vicious population are left almost wholly to themselves. Such is the inevitable dilemma of the present system: it purchases a great good at the cost of a great evil. Is it wise to do so?

NOTES OF THE WEEK

LABOUR TROUBLES

Confederate Conflicts

LEADERS of the 39 unions in the Confederation of Shipbuilding and Engineering Unions—the "little TUC"—returned to their offices this week to face some awkward in-trays after their conference at Eastbourne. Their first task was to deal with three strikes—involving Smiths Motor Accessories at Cricklewood, Ford Motors at Dagenham, and Cammell Laird's shipyard on the Mersey—which sadly typify the disarray of their movement. The Eastbourne conference, however, suggested that the running fight between left and right wingers in the unions has entered a new phase. The right wing, having emerged the victors over unilateralism, are now growing overconfident on the industrial front, where the left are fighting back.

Thus, Mr Jim Matthews of the General and Municipal Workers, chairman of the conference, unwisely entered the debate on behalf of a member of his own union who spoke from the floor to express dissatisfaction with the existing negotiating machinery in the engineering industry. While almost all the delegates shared this dissatisfaction, there is a variety of motives for the discontent, and an equal variety of solutions. Mr Matthews, by seeming to support his member's private belief in a system of institutionalised arbitration under independent chairmen, merely lined up the majority of delegates against himself. The vote against reforming the existing system was not so much a vote of confidence in it as of dissatisfaction with Mr Matthews.

Mr Carron of the Amalgamated Engineering Union, the natural leader of the moderate trade unionists, also managed to stir up criticism of his personal bias. His first reaction to the strike at Smiths was to imply that its organisers must be a bunch of communists. This remains unproven, and was in any case largely irrelevant (spice being added by the discovery that two of the three strike leaders are Roman Catholics like Mr Carron himself). The most important decision of the conference was to table a new and substantial (though unspecific) wage demand. Since such a claim could lead to a major industrial showdown this autumn, it is all the more important that the cooler heads within the confederation should not gratuitously devalue their influence.

Strikes and Showdowns

THIS week's three major strikes all have the appearance of presaging, in their different ways, a showdown. The smallest, but most depressing, is that at Cammell Laird's—the site of the famous "whobores-the-holes" dispute. The same two unions are involved; this time the Shipwrights and the Boilermakers (whose attempts to amalgamate recently broke down) cannot agree on who should get the job of welding some prefabricated plates, and the customary deadlock has been reached. Work on the ship in question has been stopped, and some workers not at all connected with the dispute have been laid off. The TUC, which last year made a vain attempt to persuade the two unions to work out a more rational way of settling their grievances against each other, is to bring them together once more. It cannot be assumed that they will have better luck this time.

The muddy springs of the Smiths Motor Accessories strike probably arise out of the coexistence of a national wage agreement and an acute local labour shortage. Like other firms in areas of full employment, Smiths have paid good wages: the workers now claim that modern equipment has enabled them to increase production, and they want a commensurate wage increase. The company itself might not be unwilling to grant a rise, but, since a national wage claim is at present being negotiated, it cannot do so without upsetting other members of the employers' federation. A compromise formula has finally been evolved, and the factory started work again on Thursday morning. If the union leaders had taken pains to be adequately in touch with the workers, if the management had avoided giving the impression in the past that wage increases were a purely local affair, and if the (communist) regional officer responsible had been more energetic in urging a return to work, the disruption of car production could have been vastly reduced, if not totally eliminated.

The avowed object of the strike at Fords is to protest against the management's declaration that it will not consider a new wage increase until the unions do something more than make pious promises about stopping unofficial strikes. The Dagenham plant has relapsed into near-anarchy, and the men's readiness to strike has been increased by vague fears that the new all-American ownership may get tough. However much a strike might compromise the launching of Ford's new Classic model, the company would do well to stand firm here, since this might even strengthen the hand of the official union leaders. One of the main provisos behind the promises the unions made during their talks with the managers at the Ministry of Labour was that they should be able to win back control of their own organisations from the unofficial demagogues. But this is certainly not the last of the motor industry's current troubles: the attempts of Rootes to move some work from Coventry to Oxford and of Standard-Triumph to transfer operations from Coventry to Liverpool, are sure to give rise to more tough bargaining that may well be backed up by strike action.

ETU CASE

The Strikers Stricken

MR JUSTICE WINN'S marathon judgment in the case of the Electrical Trades Union is an example of laborious mining for hard fact amid a desert of hard swearing. Fraud is held proved against five of those in charge of the union, and the judge was clear that the union, at the material time, was "managed and controlled" by the Communist Party through its members in strategic positions: thirty-eight days of hearings, and an expenditure of some £80,000, were needed to bring to light these facts—which have been common knowledge.

The pity is that the judicial sledgehammer had to be used where an elegant *casse-noisette*, had it only existed, would have served. Mr Justice Winn expressed his sorrow that so much judicial time and public money should have to be spent on inquiring into the affairs of a body set up to promote the private welfare of those who joined it of their own free will: but, without the persistence of Mr Byrne and Mr Chapple—only two of the 240,000 members of the ETU—its affairs could apparently have continued to be run in this way without any consequences more dire than the occasional tirade on television or in the press. The TUC's attempts to get at the truth have persistently, and derisively, been brushed off by the union leadership.



Mr Haxell: not elected in 1959

The fault lies not just with the ETU's membership—who were after all, as the judge said, well served by Mr Foulkes and Mr Haxell as far as their material progress, welfare and bargaining strength were concerned. It lies with the fact that, even nowadays, the law regards the trade unions as private clubs. They register with the Registrar of Friendly Societies; but this body with the Samuel Smiles name has no powers of supervision over the elections of those inscribed on its books. After he has heard counsel's argument as to relief in this particular case, Mr Justice Winn will prescribe the amount of damages payable to Mr Byrne for being cheated out of his job as general secretary: he will also lay down whether Mr Byrne is simply to be declared elected, or whether the union is to hold a new election, whether or not under the supervision of some outside body. But it is time that a general rule was laid down for the conduct of union elections. It is no longer tolerable that the selection of the leaders of these bodies, which play a role of very real power and responsibility in the state, should continue to be treated in the eyes of the law as though their main object was to provide funeral benefits for destitute pensioners.

EUROPE

Root of the Matter

WEDNESDAY'S back-bench debate on the common market showed that the House of Commons has finally awoken to the magnitude of the decision Britain faces in Europe. Not only were many would-be speakers disappointed in their wish to speak; the House at last turned away from discussing tomatoes and the possibility of an extra tenpence a week on the cost of living to consider the vital political choice. Three main objections emerged from that strange alliance of extreme left and right which opposes British membership. Mr Silverman put the most cogent objection—the suspicion that uniting western Europe means dividing Europe as a whole. British policy, he argued, should be devoted first of all to arbitration between East and West; joining a club whose senior members were Dr Adenauer and General de Gaulle was not the way to do it. Others feared that joining the common market would disrupt the Commonwealth. Lurking behind all these doubts is the fear that membership means loss of sovereignty.

The debate also provided a clue to the difficult question of what the strange group of anti-common marketeers have in common. It is, as Mr Roy Jenkins pointed out, "a greatly exaggerated view of our position in the world." This was startlingly apparent in Mr Shinwell's incredible belief that Britain could supply the bulk of the capital the Commonwealth needs for development. It was also implicit in Mr Silverman's assumption that by staying out of Europe Britain could in some way bring the two halves of Europe (and of Germany) closer together.

What made two speeches from Europeans of the "extreme centre" (Mr Jenkins and Mr Nigel Birch) impressive, by contrast, was the feeling that they had looked at the realities of power today and done some long-term thinking about Britain's future. It was changes in the scale of economics and politics in the past fifty years that had persuaded the Six of the weakness of the small European state, Mr Birch explained. What sort of role could British policy play in the world—in East-West mediation or anything else—if Britain remained outside the new European nucleus of power and outside the special relationship which would inevitably grow up between it and the United States? What future was there for the Commonwealth if the mother country was not strong in Europe? To Mr Birch the danger Britain faces is of "mistaking memories for hopes."

Neutral Solutions

THE pull of the wider Europe further east could be felt in the discussions of the Seven in London this week. On the whole, the six smaller members of the European Free Trade Association seem to have accepted the idea that Britain may join the common market. Even the three neutral countries which are reluctant to join are realising that a British move to join may open the way to solutions for the rest. But this bowing to realities does not make the problem of the neutrals any easier in itself.

On paper, a loose association under Article 238 of the Treaty of Rome could link Austria, Switzerland and Sweden to the European community without the tight political commitment they dislike. But these countries still hanker after a broader European association, grafted on to the common market, in which they could have been full members without sacrificing too much independence. The Austrian government, for instance, dislikes being faced with a choice of either joining the common market and committing itself to integration or else being a second class "associate" outside the inner club. Whether they are associated with the community or not, one way of helping the neutrals might be to make the Organisation for Economic Co-operation and Development, of which they are full members, a lively forum.

Worries about neutrality are legitimate enough. Unfortunately they sometimes mask other feelings, still more difficult to satisfy. The small nations dislike relinquishing powers to a body that may be dominated by the large countries. Switzerland even argues that the protection of its agriculture, and its commercial independence, are essential to neutrality in another war. The point will clearly be reached when small countries, like large, have to make some painful choices.

This week, the efforts of Britain's six small partners were inevitably directed to tying Britain's negotiations as closely as possible to their own. Some ministers suggested joint negotiations. Others suggested that no country should sign a treaty unless all the others could. Britain plainly has an obligation to help the neutrals where it can. However, a point can be reached when too close a tie between the two sets of negotiations becomes absurd. If the signature of a British treaty were held back, say, by the protectionist demands of the Swiss peasantry, not only Britain but the other small states as well might suffer. The neutrals, after all, might get better terms from a community of which Britain was a member. The formula agreed upon this week, that Efta will remain in being until solutions are found for all, "thus enabling them to participate from the same date in an integrated European market," goes a very long way towards satisfying the small countries. Fortunately, Britain is not pinned down on the actual form of negotiations.

UNITED NATIONS

Less Craven Scruples

THE Foreign Office is to be congratulated on having found out how United Nations voting works. In the House of Lords on Monday, Lord Home made it clear (or fairly clear) that in future the British vote will be cast in favour of a resolution whose substance finds British approval, even if it includes a clause that is objectionable because it implies UN meddling in domestic matters or the desire for an overhasty emancipation of dependencies. The British delegate will make his objections to the offending clause quite clear, either in the course of voting on each paragraph separately or by giving an explanation of his vote, but will still be able to vote for the resolution as a whole.

Under this procedure, Britain could have supported the UN resolutions that have called on Portugal to mend its ways in Angola. It might even have been able to support the resolution of last July that authorised the sending of the UN force to the Congo. Better late than never. Britain's posture in the world has too often been marred by what Hamlet called "some craven scruple of *thinking* too precisely." The tendency to retreat behind Article 2 (7) of the UN Charter, which safeguards domestic jurisdiction, has unfortunately always seemed to be strongest when colonial questions were at issue. From now on, one may hope that nice scruples will no longer force Britain into odd bedfellowship with a dwindling band of diehards in this respect. No doubt to vote for a resolution whose every word has not won one's wholehearted assent is morally reprehensible; but it is essential to practical politics, which must needs rest on compromise. How very apt that recognition that the United Nations is practical politics, not a disputation of divines, should emerge in the House of Lords rather than in Another Place.

Mirror Images

In a book published in Moscow last year, Mr Grigory Morozov devoted 26 pages to demolishing the "anti-people" idea of revising the United Nations Charter. Quoting lavishly from Mr Khrushchev, he insisted that the charter as it stands "contains everything needed to provide effective guarantees of peace," and that "to speak as if some kind of defect in the charter would hinder disarmament means, to say the least, to display elementary bad faith."

On Monday, Mr Morozov told listeners to Moscow radio that the experience of sixteen years "shows that the structure of the United Nations and the articles of its charter must be changed to conform to the changes that have occurred in the world." Mr Hammarskjöld had been "exploiting the imperfections of the charter"; and "to make the UN an effective means of guaranteeing peace, its structure must first be reorganised."

Mr Morozov's heels are not, of course, *flailing the air all by themselves*; it is Soviet dogma that has stood on its head, in a handstand no less spectacular for being unadmitted. Mr Khrushchev's present campaign is not merely one to oust Mr Hammarskjöld; it aims at revising the charter drastically. This aim was reaffirmed by the dissenting Soviet member of the committee that has just reported on the staffing of the Secretariat, and the anniversary of the adoption of the charter at San Francisco brought out a new wave of Soviet verbiage this week, including Mr Morozov's broadcast.

The "troika" idea—parity between "socialists, *imperialists and neutralists*," with veto powers for each—is dominant. The uncommitted countries are told that this is in their interest. Yet, a year ago, one of Mr Morozov's themes was their swiftly growing power in the UN, under its existing rules. The troika plan, taken with Mr Khrushchev's now revealed belief that there are "no neutral men," suggests that in fact what Russia cannot stand is the prospect of a UN in which Afro-Asians and other "neutrals" call the tune, as indeed they increasingly *do*. Their decisions cannot be represented as those of a "western mechanical majority." The Morozov of 1960 wrote —of the "imperialists"—that "the charter is a grave obstacle to their aggressive plans. That is why, not content with violating it, they seek to revise it." Mirror images can be revealing.

COLLEGE OF PSYCHIATRY?

In Search of Status

Until recently, the mental hospitals were treated as the Cinderella of the health service, although about 40 per cent of the total hospital beds are to be found in them. Because of their low repute, and because, before the health service was introduced, they were run by the local authorities, with local authority salary scales, they did not attract doctors of consultant status to work in them. Since 1948, when the hospitals were handed over to the regional boards, consultants have been appointed, and, particularly since the new Mental Health Act, the mental health services are becoming more closely integrated into the general health services.

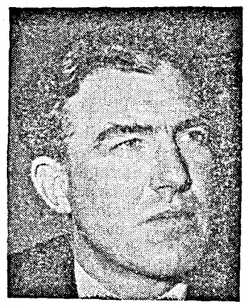
Yet psychiatry still does not have the status its importance warrants. An illustration of this can be found in the table of merit awards for consultants given in a recent parliamentary answer. At the end of last year, 14 per cent of consultant psychiatrists were receiving some sort of merit award, compared with 57 per cent of the consultants in general medicine and 54 per cent of the general surgeons—psychiatry comes, in fact, below all other specialties in this comparison.

These merit awards are additions (ranging from £750 to £4,000 a year) to a consultant's salary, and they are made on the recommendation of a standing advisory committee. The committee consists almost entirely of fellows of the three royal colleges of physicians, surgeons, and obstetricians and gynaecologists; there is one psychiatrist among its fifteen members. The question of merit awards is not, of course, foremost among the reasons why psychiatrists are now considering setting up a college of their own; the low proportion of awards that comes their way is regarded merely as a symptom, and their chief objective is to raise their status mainly by controlling their own professional standards through their own higher examinations. A separate college is not the only course suggested. The Royal College of Physicians has offered the pathologists (who are also disgruntled, though their status as expressed by merit awards is much higher than that of psychiatrists) a separate faculty within the college [illegible] to the psychiatrists.

Psychiatrists are now being asked to express their views. If they opt, by a clear majority, for a separate college, they will then have to decide whether to start from scratch or to raise into a college the Royal Medico-Psychological Association. This body has a long history, and a royal charter, but its traditions and outlook are associated with the old-style mental hospital which is felt by many to be responsible for psychiatry's present low status.

GOVERNMENT CHANGES

Mini-Shuffle



Mr Vosper: uncertain elevation



Mr Godber: diplomatic accent

Faced with what every political theodolitician has diagnosed as a bumping pitch, the Prime Minister has passed up one more chance to rejuvenate the top of his batting order. In other fields of endeavour the ministerial changes announced on Tuesday would be read as a sign that the selectors had cast around for new talent in vain. *Since this is not* the Tories' particular plight, other criteria have clearly determined the choice. In Mr Vosper, to whom the new Department of Technical Co-operation has been entrusted, Mr Macmillan has picked a competent performer with senior ministerial experience behind him. But this is not quite the expansive, "new frontier" image for overseas aid that most people had hoped for from the expected elevation of Sir Edward Boyle. But would the Department of Technical Co-operation have been an elevation from even the Treasury's secondary heights? It seems doubtful whether the new department is meant to have any *major importance* or initiative.

Mr Godber (Minister of State, Foreign Office), who joined the Foreign Office team only last October from the Ministry of Agriculture, is known to have impressed his officials in the limited opportunities that have come his way, most notably in negotiating the cultural agreement with the Russians in January. Of the others, the one face that might be identified by a wider public is Mr Fletcher-Cooke's (Under-Secretary at the Home Office), who has performed creditably in the Tory interest on the telly. It is certainly awkward that Mr Alan Green (who is himself a good, sensible choice) should take his first knock at the Ministry of Labour during the motor industry troubles and in the absence of Mr Hare in the Commonwealth touring team. On Wednesday the Opposition's reception to the news that Dr Charles Hill would act as substitute, if required, was nothing less than rapturous. The Prime Minister has not raised Tory morale in the House, particularly among the 1959 entry, by these minor changes. Is something more fundamental, preferably including a new look at the ministerial job structure as a whole, to be expected in the autumn?

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LAOS

Ticking Slowly

WHETHER they like it or not, the watches of all the delegates at the international conference on Laos are set to Laotian time. Since the Laotian anti-communists are playing for time, and the neutralists and communists believe time to be on their side, the ticking is inordinately slow. The three princes who represent these tendencies—Boun Oum, Souvanna Phouma and Souphannouvong, in that order—did, it is true, issue a joint communiqué in Zurich on June 22nd, after meeting for four days. But the only concrete outcome of this document, so far, is that Prince Boun Oum's delegation has ended its boycott of the international conference at Geneva.

The communiqué nevertheless repays study. The three princes agreed to form a government of national union but did not name a premier; this appears to be a victory for Prince Boun Oum, who does not want to interfere with the constitutional rights of the king (Prince Souvanna Phouma has nominated himself, and the communists say nobody else would be acceptable). Indeed, it was specifically agreed that the king himself should designate the government, without passing through the national assembly; this part of the communiqué is a concession to the views of the neutralists and communists who contest the validity of the last general election, held in April, 1960.

Elsewhere, too, the communiqué bears witness to tough bargaining. The importance of carrying out the cease fire is recognised (one mark to Boun Oum); the princes agree "not to recognise the protection of any military alliance" (one mark to Souvanna Phouma and Souphannouvong, who do not want Seato—the south-east Asia treaty—to apply to Laos); and the bases mentioned in the 1954 agreements are to be the subject of a special study (no marks all round; the bases are French and the communists want to keep the French out, but are embarrassed by their general desire to support the 1954 agreements).

The proposed government of national unity has not yet been formed. Prince Boun Oum has flown back to Vientiane, to report to the king; and General Phoumi Nosavan, the "strong man" of his government, flew to Washington on Wednesday to explain just how far the government had gone to meet communist wishes. Meanwhile, the Geneva conference has been marking time; it may keep on doing so until the princes get together again.

FRANCE

Potatocracy

LE CANARD ENCHAINÉ, the Parisian satirical weekly, carries in its current issue a cartoon showing St Joan whispering to King Charles, who looks very like General de Gaulle. The caption reads: "She's sure to be telling him the price of potatoes." This is a hit not only at the French president's insouciance in touring Lorraine at a time when the south-west of France, following Brittany's lead, is in an uproar over agricultural prices, but at his methods of government. A lofty blend of *realpolitik* and mysticism may be sufficient to deal with matters of foreign policy, but to most Frenchmen it seems less adequate to cope with the mundane problems which most immediately interest them, such as housing, education and food. Used as they have been, since 1870, to the *république des camarades* and its successors, they are not used to a regime which ignores minority interests and pressure groups. The great advantage of French parliamentary democracy always was that deputies were willing and able to fix things for their constituents. Now the constituents have nowhere to go, and feel their loss.

The gaullists have dismantled an essential gear of the French, or indeed of any, system of government. The state responds not to all, or too slowly, to the needs and wishes of large segments of the nation. This is partly because everything now depends on one man, partly because his subordinates are mostly mediocrities, and partly a matter of principle. It is a central assumption of the Fifth Republic that the state must be above party, and must pursue the national interest in steadfast indifference to the criticism of the "hostile packs" to left and right. Unfortunately, steadfast indifference all too often looks like simple deafness or incompetence. It should not be necessary for farmers to blockade country towns with their tractors and frighten cabinet ministers with their demonstrations in order to get their grievances attended to. It is even a criticism of the regime that, while declaring, through the mouth of M. Debré, the prime minister, that it would not be swayed by violence, it rushed through measures to deal with the complaints the moment violence raised its head.

Already, in the Toulouse area, there have been anti-regime rumblings. If General de Gaulle wants his constitution to outlive him, or if, indeed, he wants not to outlive it, he would be well advised to modify it, even if this means substituting rule by votes for rule by potatoes.

EAST AFRICA

Poor Relationships

UGANDA expresses an African personality that has been rejected by the rest of Africa. Led by its feudal monarch, the Kabaka, it is determined to cut itself off from the rest of Uganda, and to keep its system of government as near to tribalism and as far from democracy as possible. As the report presented by the Relationships Commission* admits, Uganda is an artificial creation, a collection of localities, rather than a nation. Yet the time and the continent demand nationhood, and the commission points the way.

It seeks to prevent Buganda, as the heart of the country, from becoming another Katanga. Uganda should, the commission says, be a single democratic state with a strong government at the centre. But Buganda should be in federal relationship with the centre, retaining its Kabaka, his government and civil service, and his authority over traditional matters. Foreign affairs, nationality, defence, police, and taxes must be reserved for the central government; other matters should be legislated for by both the National Assembly and the Buganda Lukiko—the assembly's decisions prevailing in case of conflict. Buganda can choose whether to elect representatives directly to the assembly, or allow the Lukiko to elect them. Three smaller tribal kingdoms—Toro, Ankole, and Bunyoro—would be given a semi-federal status halfway between Buganda's and that of an ordinary province.



This is a lot to offer, and it gives the Baganda a certainty of retaining their identity that was not enjoyed by, for instance, the Ashanti in Ghana. But it is still doubtful whether the recalcitrant Baganda will even attend the constitutional conference in September to discuss the commission's report. They may decide to do so in the hope of speeding Uganda's independence and breaking away after the British leave. The only real guarantee against this would be Uganda's membership of an East African federation.

* Report of the Uganda Relationships Commission, 1961. Government Printer, Entebbe.

TOMBOLA CASE

All A Lottery

THE majority judgment by the Law Lords that a tombola or bingo session organised for the enrichment of the Huddersfield Friendly and Trades Societies Club was a lottery unlawfully conducted for private gain has spread alarm and despondency in working men's clubs and has disturbed those churches and political party branches which have been making ends meet in the same way. *The Times* has now gone so far as to say that the decision was "clean contrary to the spirit" of recent legislation on gaming, which permits small gaming parties "promoted for purposes other than private gain", and which had led 3,000 working men's clubs and unnumbered other societies to the conclusion that they were entitled to draw revenue from a flutter-hungry public.

The taking of money from the public in order to promote what is, in any interpretation, a sectional interest must be seen to be a private gain. If it were not, a lottery open to the public and conducted for the purposes of supporting any organisation, no matter how small, esoteric or even subversive, would be permissible: there might be nothing to prevent the Jones family, say, from raising money in this way for their children's holidays. In this particular context (section 4 of the Small Lotteries and Gaming Act, 1956) the purposes of the society—the definition in the act is very wide—are irrelevant, no matter how admirable. What is important is what is done with the money, and in this case it was used unlawfully for the enrichment of the club.

The club's purposes would have been relevant, however, had the defence been conducted under section 1 of the Act, which permits the use of money obtained from small lotteries "for purposes of a society . . . conducted for charitable purposes, participation in or support of athletic sports or games or cultural activities, or purposes . . . not described . . . and not being purposes of private gain or . . . of any commercial undertaking." Into the second and last of these categories the Huddersfield club would almost certainly fit, its avowed objectives being "social intercourse, mutual helpfulness, mental and moral improvement and rational recreation", none of which can be taken to be privately gainful. But a society intending to take advantage of this exemption from the general prohibition against lotteries must register itself with its local authority, and must submit returns specifying the manner of the money's use, which must be wholly (after expenses) for the registered purposes of the society. The Huddersfield club had not registered with its authority. Presumably prospective tombola organisers will now have to look into this form of relief.

COVENT GARDEN BILL

Last Chance?

AFTER a stormy and wearisome passage in the Commons, the Covent Garden Market Bill received its third reading largely because MPs had grown bored with arguing about it. The bill would set up a body analogous to the Port of London Authority to run the new market, which would be smaller in extent, far better supplied with parking room, and less of a flutter-trap than the present rambling set-up. The trouble that the traffic-jammed Londoner sees with all this is that the heavy trucks would continue to rumble through the impenetrable area around the Royal Opera House: the new bill compels the market to remain more or less *in situ*, and out of the reach of railway lines.

On Monday four bold peers—Lords Molson and Hawke from the Tory benches, and Lords Morrison and Stonham for Labour—will try to introduce an amendment in the Lords which would free the new authority to build somewhere else if it finds it more efficient, possibly at the site over the railway at King's Cross, which was at one time strongly favoured by the Transport Commission. This idea was canvassed in the Commons, but was thrown out after Mr Soames had argued that it would open up too many possibilities, and that what was wanted was action. Underlying this argument may have been the thought of the endlessly delaying objections—not least from traders now established in the market—that would have to be considered if building elsewhere were contemplated.

The four peers believe they may circumvent this argument by giving the authorities a chance for second thoughts about the market's site and allowing for future action under special parliamentary procedure—which would mean that the aggrieved could be heard if and when a new site is decided on. This may well be a good idea: the most cogent argument against rebuilding on the Covent Garden site is that nobody can foretell what changes will take place in the system of distributing fruit and vegetables. It might, for instance, be possible to extend the system of buying by sample, which is already practised for imported fruit on the London Fruit Exchange. In that case a market away from the railway lines—and thus unsuitable for bulk distribution—would be a vast white elephant.

ITALY AND AUSTRIA

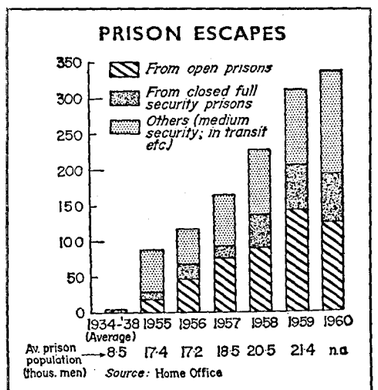
Adige Adagio

AUSTRIA'S uneasy diplomatic position between East and West has not been made easier by its latest encounter with Italy over the dispute about the South Tyrol (or Alto-Adige). The talks between Herr Kreisky, the Austrian foreign minister, and Signor Segni, his Italian opposite number, in Zürich last Saturday proved abortive and even heated. The Italians claim that they put forward reasonable proposals for greater local autonomy in the disputed Bolzano province; the Austrians regard the offer as ridiculously inadequate. The talks broke down without even reaching agreement on what should be done next.

Both sides, it seems, recognise that the situation in the province is becoming dangerous; and both believe that the calculated acts of sabotage in the last few weeks have been inspired by extremists, perhaps supported by people in west Germany. The trouble is that each appears to expect the other to find a way out. The Austrian government is prepared to renounce territorial claims and denounce local extremists once Italy has taken the sting out of the issue by granting local administrative autonomy. The Italians, on the other hand, are still reluctant to distribute too much autonomy in case local separatists, like Oliver Twist, simply come up to ask for still more. Each government distrusts the other.



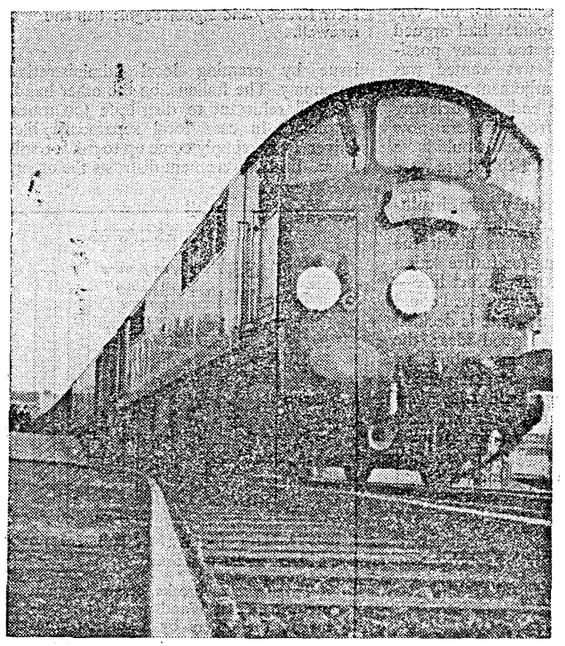
Herr Kreisky and Signor Segni: hail and farewell.

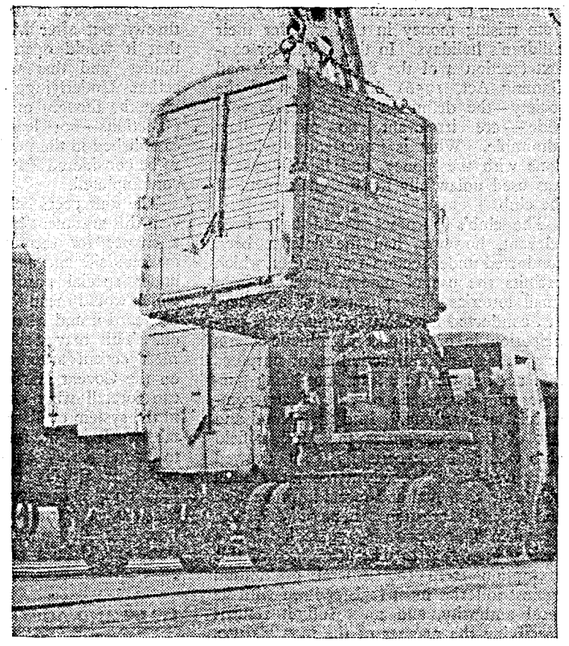


Three prison breaks, one a ten-man performance at Wandsworth (1 recaptured), the others by a quartet from Maidstone (3 recaptured) and three from Parkhurst, have attracted attention this week. Seventeen in five days is an unusually high rate. but for the past six years the security in Britain's gaols has been increasingly confounded. Of the 2,100 men in open prisons in 1959, almost one in fifteen managed to escape; in 1955, it was one in ninety. The Prison Officers' Association attributes the increase to overcrowding in the closed prisons, which has necessitated the transfer to open prisons of men who would not ordinarily be considered safe for such a move. As for escapes from full security prisons, the staff, they claim, is simply too small to maintain all the requisite safeguards. If the officers were looking for a way to dramatise their case, nothing could have been more opportune—in the long run—than this gaol-breaking spree.

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CONDOR-PART OF THE NEW LOOK OF TODAY'S LONDON MIDLAND

and, while diplomacy is in abeyance, the initiative passes to the local hotheads. The time may not be far off when diplomatic mediation by friendly countries might be useful and even necessary.

RUSSIA

Good Soldier Nik

It is Stalin's fate to be painted either pure white or pure black. Until his death, he was the leader of genius, the architect of victory in the last war. Now, instead of praise, he gets the blame for the early Russian reverses in the war. The twentieth anniversary of the German invasion last week provided Soviet papers and speakers with a chance to dilate on this new, and equally unbalanced, appreciation of his achievements. And Stalin is not the only victim of the rewriting of history. The conqueror of Berlin, Marshal Zhukov, has also vanished from the list of Russian heroes. But new military reputations are being made. If one were to believe Marshal Chuikov, Mr Khrushchev is a most egregious strategist; he is said to have been the master-mind behind the victory at Stalingrad. The build-up of Mr Khrushchev is not limited to military matters. Russians can now see a film called "Our Nikita Sergeyevich," retracing his glorious road from Kalinovka to the Kremlin. Even man's flight into space was the excuse for a personal tribute, our Nikita overshadowing Major Gagarin as a cosmic explorer. In fairness, it must be said that, where the cult of Stalin was frighteningly byzantine, the lesser cult of Mr Khrushchev is slightly grotesque.

But more serious notes were struck during the commemoration of the German invasion. Mr Khrushchev once again warned the United States that if it resumed nuclear tests, the Soviet Union would too. He also suggested that Russian expenditure on defence might be raised and the last few years' trend towards smaller armed forces reversed. It will be recalled that, in January of last year, Mr Khrushchev announced a major reform of the Soviet forces, involving a substantial reduction in the size of the officers' corps. Is this important reform to be shelved? Speaking at Alma-Ata over the weekend, Mr Khrushchev reiterated his challenge to the Americans to take part in an economic race. The Soviet economic programme, to be published in the near future, should show whether the Russian runner in this race is to be saddled with a larger military burden.

INDONESIA

Visitor with a Future

Next week's Indonesian guest seems bound to become the dominant political figure in his country, but only when the time is ripe. General Abdul Haris Nasution, who will be visiting Britain for the first time, has, perhaps prematurely, been seen as Indonesia's "saviour." He has been credited with the capacity of "saving" the republic from communism, or from administrative chaos, or even from President Sukarno. Such talk is misleading. General Nasution, who has been defence minister, as well as army chief of staff, since 1959, has often shown that he has a political will of his own; but except perhaps at the time of the mysterious and abortive army revolt of October, 1952, known as the "affair of the colonels," he has been consistently loyal to Dr Sukarno, to whom, indeed, he owes his meteoric rise since the president brought him out of three years of inactivity to make him chief of staff in 1955.

To question General Nasution's desire to seize power tomorrow or the day after, however, is not to doubt his importance in the further future. At 42, he is at the height of his prestige and a national figure in his own right. Only this week, one of the few ex-colonels still in rebellion against the central government brought his men back under General Nasution's orders in Sumatra. Earlier surrenders or cease-fire arrangements, mainly in Celebes, have broken the back of the rebellion of colonels and economists which broke out in February 1958. Much of the credit for these developments naturally goes to General Nasution, who, in addition, can claim the unusual distinction of being *persona grata* both in Washington, where his firmly anti-communist record is well known, and in Moscow, where the general went shopping for arms last January.

Mr Macmillan and Lord Home will doubtless ask their guest what he proposes to do with all these arms, as Mr Menzies must have done when General Nasution visited Canberra in April. For his part, the general, who happens to be the chairman of the "national front" for the liberation of west New Guinea, will want to know whether there has been any change in his hosts' views on the last remnant of the Dutch East Indies empire.

LETTERS

Immigrant Workers

SIR—It is alarming that even *The Economist* can be so blind over immigration. You say "Englishmen find themselves increasingly too fastidious to perform unsavoury or unpopular duties" and, therefore, we import West Indians to do our dirty jobs for us. Will their children allow you to treat them as second-class citizens in this way? Will it be possible to import hundreds of thousands each generation to prevent the fastidious Englishman from soiling his delicate hands? We are taking only a fraction of the Commonwealth's annual increase in population. Will not numbers make restriction inevitable? You also ask "In what way will the tensions of predominantly coloured districts be alleviated?" Surely not by allowing the pressure to grow *ad infinitum*.

In the first five months of 1961 over 40,000 immigrants arrived, as compared with 17,000 last year. It is not merely a question of the West Indies. Their population is 3 million. In the Indian subcontinent there are over 500 million people. The Indian and Pakistani governments have co-operated in keeping down the number of immigrants. Their restrictions are now breaking down. Why should they voluntarily accept restrictions which the West Indians reject? Yet in the first five months 13,400 came from India and Pakistan against 3,000 last year. If the West Indians are entitled to send their 100,000 population increase, why not India send her seven million? Africa is also starting to send her surplus population. Where is it to end? If cold common sense will not appeal to *The Economist*, figures should! The Romans became fastidious and refused either to work or to fight. They imported strangers to do their dirty work—and Rome fell! In our modern world racialism has not been solved anywhere. What criminal folly to introduce unnecessarily that terrible problem into England. Sir, it is not a question of placating me, but of saving future generations from the racial hatreds that unhappily are bedevilling the life of so many misfortunate nations.—Yours faithfully,

CYRIL OSBORNE
House of Commons, SW1

★

SIR—Many Birmingham people will read your comments with despair. If the Government imposes restrictions on immigration it will not be to placate Sir Cyril Osborne but because the Government will at last have been forced to pay some belated consideration to the welfare of the ordinary people of Britain.

Housing conditions in Birmingham and other cities are appalling. The number of children coming into the care of Birmingham Corporation does not suggest that immigrants are encumbered by less than the average number of non-working dependants, although they are more ready than our own people to shed these encumbrances.

You have not mentioned that the West Indian birth rate is 60 per cent above ours.

The density of population in England and Wales is now higher than it is in Japan. Even *The Observer* has conceded that housing conditions are serious in some cities; Birmingham is specifically mentioned. Is *The Economist* to go on in the same old way—caring nothing if young English people can have no home of their own for many years?—Yours faithfully,

Birmingham E. V. ROBERTSON

[An article on the housing and planning problems of Birmingham appears on page 20.]

★

SIR—It is interesting to observe that under the provisions of the Rome Treaty "workers will not be able to move from one country to another without a clear offer of a job; once there, they will not be able to switch jobs for at least a year, or change trade or profession for at least three."

Under the existing arrangements for issuing working permits to certain categories of aliens (especially hotel workers) in the UK the Ministry of Labour makes a similar stipulation, but there is no means by which it can be enforced. An employer, having made application and obtained permission to employ a foreign worker, can, on receiving his resignation a week or two after his arrival, either let him go or insist on his repatriation—at the employer's expense.

Many aliens, especially Italians, obtain permits to work in hotels solely for the purpose of entering this country to seek employment. This may be a good thing or a bad thing—healthy competition between employers may be beneficial, especially in occupations not controlled by trade unions—but if it is to be the practice it would be more realistic to admit it than to make regulations which will not be observed in practice.—Yours faithfully,

Bournemouth J. W. LEVACK

All Liberals Now

SIR—Your article of June 17th is on shaky ground in differentiating between "liberals," who favour British entry into the European Economic Community, and "non-liberals," among whom you choose to list "ardent planners," who do not. I would have thought that the reverse is at least as often true. Economic liberals, including the doctrinaire free-traders of the Liberal Party, do not like one bit the prospect of the Rome Treaty commitments which, indeed, are surely more attractive to the planning cast of mind (having been inspired by such "planners" as M. Monnet) than to the non-planners. Moreover, among supporters of British membership we find such "planners" as Mr Crosland and Mr Jenkins, many left-wing conservatives, the "planners" among the Bow Group, and the Liberal Party, whose younger and more leftish elements (and more inclined to socialist ideas of planning) have comparatively recently swung the party to commitment to British membership, in face of the opposition of its encrusted right-wing.

The Liberals, may I add, were comparatively late in the field. Long sympathetic to European goings-on, they were in fact enthusiastic supporters of the Free Trade Area during 1956-58 and indistinguishable from Tories. During the crucial period of the Rome Treaty negotiations and for some time after their signatures, the advocates of British membership were limited to a few (mainly) federalist lone-wolves of the left, centre and moderate right.—Yours faithfully,

ANTHONY MORRIS

Brussels

1931

SIR—Thank you for the articles on 1931; I was 16 then; "economics" was something my family with an out-of-work father and spasmodically working son practised. It was only chance curiosity and a thirst for knowledge created by my experiences in the war which prompted me to take *The Economist* in 1946.

For 15 years I have been your student yet perversely have remained at heart a socialist. Until I read your articles I wondered why. Now I know, it is the philosophy not the economics of socialism that enchains me. It may not have been a "bankers' ramp" which created the misery of my generation's youth, but it was their refusal to accept a share of the burden of putting the world right.

I accept that they have been ignorant, I see no striking proof that they have profited from the experience.—Yours faithfully,

Tunbridge Wells W. WALSH

Public Schools

SIR—I have read with interest your comment on the Commons debate on the public schools. There is one point which both the debate and subsequent discussion of it seem to have missed. You are kind enough to say—and I think rightly—that the public schools attract, among other reasons, because they provide an excellent education. You add that the answer to that is to spend money in improving the maintained system. That, up to a point, is true, and something which all of us would wish to see brought about. But it is not often observed that a system which, like the public system, consists almost exclusively of day schools, has its own inequalities. It is bound to tilt the balance heavily in favour of the larger urban areas and against the small town and the country district. It is indeed arguable already that the major inequality in English education comes of not being born in Manchester, London, or one of the other great cities with a wide range of educational opportunity.

It is here that the boarding school comes in. One of the motives for its original foundation was the inadequacy of local educational provision, and many of us feel that the boarding school has a function in evening out the inequalities caused by the geographical distribution of the population. How this should be done is a much more difficult question. If many of us regret that so little has been done to implement the Fleming Report, it is because that would have given us some evidence upon which to go. Nor does it seem to me conclusive that there should, as the Minister pointed out, be boarding places to spare in the maintained system. It indicates that the problem has not been solved, not that there is not a problem.—Yours faithfully,

H. D. P. LEE

The College, Winchester Headmaster

Teachers' Pay

SIR—Your correspondent S. Galin, in your issue of June 24th, states that: "the average wage of a manual labourer today is £14 10s. 8d. a week," and goes on to draw unfavourable comparison between this and the £600 per year offered to the teacher as a starting salary under the new Burnham scale.

Comparisons may be odious, but they should at least be accurate. What he has done is to compare the lowest rate for a teacher with the average wage of a manual labourer (or should it not be "manual worker"?). He would have painted a more correct picture had he made his contrast with one of the lower rates paid to manual labourers.

In the pottery industry, the male labourer (Group M.2), aged 21 or over, receives the sum of £8 6s. 8d. for a week of 42 hours. His annual emolument, inclusive of holiday pay, will amount to £432 14s. 2d., for which he will be at work 2,040 hours.

For his £600 per annum, the beginner-teacher will spend on the job less than 30 hours per week or 1,200 per year.

It is true that the labourer may increase his wage by working overtime—on this rate he will be practically forced to do so—but to bring his wage up to £600 per year he would have to be at work more than two and a half times as long as the teacher.

The increment, which your correspondent despises, is a built-in guarantee that the teacher's salary will double itself in 16 years. The pottery worker has no such guarantee. Any increase in his wage rates in the future will only be secured for him by his union after a bitter struggle with his employers.

The teacher receives his salary even if he is away through illness, but any such absence on the part of the labourer leads to a drastic reduction in his wages. He may also, like many pottery workers, be employed in a dust-laden atmosphere which will render him liable to contract pneumoconiosis. The teacher, at least, will be free from such risk.

Knowing all this, the labourer will be surprised to learn that he is apparently so much to be envied.—Yours faithfully,

Stoke-on-Trent, Staffs H. STEELE

BOOKS

Inside and Outside Prison

Time Out of Life

By Peter Baker.

Heinemann. 261 pages. 21s.

Probation—The Second Chance

By John St John.

Vista Books. 280 pages. 25s.

Two men are convicted of having broken the law. One is placed on probation, is called a "client" and is given the continuous support and advice described in Mr St John's book. The other is sent to prison, becomes a number and is subjected to the process of degradation described by Mr Peter Baker.

Mr Baker was the youngest member of Parliament when he was sentenced to seven years' imprisonment at the end of 1954 after pleading guilty to a financial offence. The length of his sentence seems to have been out of all proportion to his crime, but it has the advantage—for us—that Mr Baker began his imprisonment under what may be called the old regime and ended it after the breath of change had begun to blow. His sentence was served first at Wormwood Scrubs, then in Leyhill open prison and back at the Scrubs again after he had been discovered sending out forbidden letters from Leyhill—a breach of the rules which he continued to commit and which eventually caused him to forfeit some remission.

His book, which—also against the rules—he began in prison, is not very good. It lacks warmth and depth; and the standard of proof-reading is a disgrace to the publisher. The best part is the beginning, where Mr Baker does convey something of the extreme shock suffered by someone entering prison for the first time. Thereafter, his description is all too familiar from other books: the primitive lavatory arrangements; the callous medical service; the tobacco barons; the petty bullying; the serious beatings up. Mr Gilbert Hair introduced many reforms when he became governor of Wormwood Scrubs in 1956; in particular he declared, according to Mr Baker, that the prison was henceforward to be run by common sense, not by the rules. But what about prisons like Wandsworth and Walton (at Liverpool)? Reading Mr Baker's book, one cannot help wondering whether an undermanned prison officers' service would feel so harassed and out of control were the rules and the regime to be rationalised and brought up to date.

That is one reason for reading Mr Baker's book. Scrappy though it is, one can sense from it something of the unnatural, artificial prison environment in which disturbances seem bound to break out from time to time, especially if the introduction of a more liberal regime clashes with the attitude of staff who believe in the old order and try to maintain it more vigorously than ever. The book also underlines the vast gulf between a prison sentence and a probation order—the subject of Mr St John's study. Mr St John is naturally more objective and detached than Mr Baker. Although he writes with warm approval of the probation service, he is honest enough to record its failings and failures and to point out its unjustified pretensions. For the most part, he describes the work of the probation service, in all its branches, through a series of case histories. Many of these cases are, as offenders, just as bad as Mr Baker's fellow inmates, some may be worse; but it often seems quite fortuitous why the one group of offenders should have been sent to prison and the other not.

In the final outcome, perhaps, this does not matter. Prediction studies seem to show that whether an offender is placed on probation, fined or sent to prison is irrelevant in determining whether he will offend again; it is not the treatment he receives but other factors which determine his relapse or cure. Even so, even though a man may not, after all, be made a worse criminal by the degradation of prison life, he may well be changed for the worse as a person—and so may his gaolers. Mr Baker claims, rather smugly, to have emerged from prison a better man. Others are more likely to emerge brutalised and irreparably damaged in their self-respect. The prediction studies have not made the work of prison reformers superfluous. On the contrary, they still have to insist on the principle that the punishment of a prison sentence should end with the loss of liberty; that the treatment of a man once he is inside prison should be inspired by something of the spirit that informs the probation service outside.

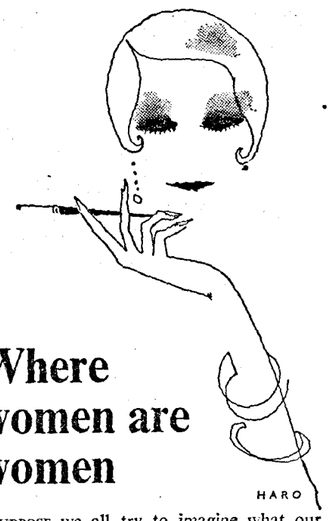
Three Magi

Burke, Disraeli and Churchill

By Stephen R. Graubard.

Harvard University Press. London: *Oxford University Press.* 262 pages. 40s.

MR GRAUBARD, a history tutor at Harvard, has thought it useful to outline within one pair of covers the career and ideas of three eminent British conservatives: Edmund Burke, Benjamin Disraeli, and Winston Churchill. His sub-title, "the politics of perseverance," indicates what he believes such disparate characters have in common,



Where women are women

HARO

I SUPPOSE we all try to imagine what our favourite writers are like. The other week The Observer gave us a postage-stamp size portrait of Miss Katharine Whitehorn. The photographer was poised slightly above her head. It looked like a well-groomed chrysanthemum, though I can't see any resemblance between that rather farouche flower and the clear-headed, intensely practical wit that flows weekly from Miss Whitehorn's pen as Fashion Editor. If I were a buyer in a big store I daresay I'd be terrified of her criticism—if I weren't busying myself with taking her advice and rushing off to put it into action.

An example of the cool Whitehorn technique came recently when she put the ordinary clear-headed women's point of view about the mad rush every season to 'promote' a fashion colour. "What she is interested in promoting, after all, is herself." Razzle-dazzle wilts before this steely glint of truth.

. . . and men are glad of it

The whole of the women's section of The Observer is rather out-of-the-ordinary, though. Probably more men read it than any other women's pages, for a start. And where else would you find a series blatantly called "Miserable Married Women"? Or a quiet little article called "Teens and Sex" to which many other papers would have given the full ballyhoo. Anyone accustomed to burrowing into snug, smug women's sections is likely to be shaken into doing a bit of *thinking*.

I can imagine one of those old-fashioned advertisements, headed, "I used to suffer from Sunday Morning Torpor—then I discovered The Observer . . .". It's not only the wit and the good writing and the stimulus—there's a special sort of *humanity* that has something to do with it. It shows in the photographs The Observer publishes. They make most other news photographs look as though models were used.

And then when I think of Jennings, and Feiffer, and Haro, and Whitehorn, and Gardner, I realise that there are more things in The Observer to make me laugh, and think, than practically anywhere else I can recall. Roll on Sunday! J.B.L.

ADVT.

besides mastery of English prose: tenacity in the face of political misfortune, and patience to hold on—for years if necessary—till the balance tilts again. He estimates Burke as a good deal more Whiggish and less Tory than the Burke who has figured in several recent studies; Burke would undoubtedly have called himself a Whig, and a Rockingham Whig into the bargain, and it is as well to have this pointed out. Disraeli, on the other hand, once he had got away from his early radicalism, was eminently a Tory; but we are not shown much of his political activity. Part indeed of what we are shown is certainly mistaken: to say that he "seemed impervious to the new demands which politics made on those who wished to serve the greatly expanded electorate" is much less than fair to the originator of the modern British party machines.

Yet this book is not written, and does not deserve to be judged, as political history pure and simple; political history never is simple, in any case. The book covers the border country where politics marches with literature. Each of the three wise men it discusses has displayed at times a magical command of the English language, and the author, in vivid if sometimes unparseable prose, reviews their books as the key to their actions. Of the three, Churchill suffers most from this treatment. The chapter on him sketches well and clearly his birth into the Victorian governing class, and his journey from Conservative backbencher to Liberal minister and back again through office in the war coalitions; but on Churchill's period of greatness it is weak. Mr Graubard summarises the plots of several of Disraeli's novels deftly, and makes helpful inferences from them about Disraeli's character; but a summary of the plot of Churchill's six volumes on the last great war degenerates into a chronicle of military and diplomatic incident, and the central character's grandeur does not emerge. Unlike Burke, who was nicknamed "the dinner-bell" in the House of Commons because his delivery was so dreary, Churchill has been a consummate orator, an even more splendid one than Disraeli; and an essay on him as a politician with the oratory so played down is bound to seem insipid.

Practical Politician

The Political Philosophy of Jawaharlal Nehru
By M. N. Das.
Allen & Unwin. 256 pages. 25s.

DR DAS has written the perfect college textbook. He quotes, annotates, paraphrases; he makes no attempt to contribute anything of his own. Anyone who wants to know what Mr Nehru has said on every subject under the moon, from colonialism to equality, will here find his words carefully selected and conveniently grouped. Since Mr Nehru's dicta are so largely obiter, scattered through speeches, autobiography, letters to his daughter and glimpses of history, this is very useful for the student who does not want to read the several thousand pages of the sources.

What the student will find, however, is that Mr Nehru, like most great practising politicians, does not have a political philosophy at all. He has no theory of the state, or of human nature, or even of what constitutes the "good society." He is content to rely on a combination of public school ethics and Fabian objectives. The ends do not justify the means; good government is no substitute for self-government, but, nevertheless, good government is important. The self-importance of Europe is rather tiresome. Colonialism is bad. Violence is not in all circumstances immoral, but is nevertheless generally to be avoided. A hungry man may think more of his stomach than of his liberty. Marx did die rather a long time ago. Occasionally, Mr Nehru's passionate feeling for the poor and the villager burns through the words; once in a way his love for his country rises to eloquence. But that is all. Mr Nehru feels, with John Stuart Mill, that individual liberty must sometimes be restrained in the interests of the liberty of all, and that everybody should have the vote. He does not, therefore, write essays on "Liberty" or "On Representation"; he passes a Preventive Detention Act and puts universal suffrage into the constitution instead.

Mr Nehru has acted a great deal. In thought he has on the whole been content to accept what Harrow and Trinity taught him, with just a dash of Gandhi and rather more than a soupçon of Laski to give spice to the whole.

Short Wavelength

The Writer and Commitment
By John Mander.
Secker and Warburg. 215 pages. 25s.

THERE are two good ways of viewing the sea on a blowy day. One is from the top of Beachy Head, when it seems extensive, elegantly patterned and rather flat; the other is from the thwart of a small skiff, where the horizon is never more than a wavelength away, the features of interest and the relative elevation vary from moment to moment, and nobody could say that life was dull.

Mr Mander's stimulating book definitely falls into the latter class. This is no vast history of commitment, starting with Theognis and advancing through Lucretius, Tertullian, Gildas and Milton. Mr Mander is young, and essentially a man of the present age. Life begins a little dimly in the thirties and only gets into its swing after the war. He is a moralist: he likes authors who have a moral sense which carries through into their works; and among such authors he definitely, though not in the least exclusively, prefers socialists like himself. The book is in fact a set of essays about authors who interest Mr Mander, and as such can be defined as committed. They believe in something beyond their own talent and prosperity, and that belief, to a greater or less degree, affects their writing. This is, perhaps, a sufficient definition by extension; and certainly, by the time one is through with the book, one has not a much clearer idea than before about commitment as such or its effect on the writer.

To say this is perhaps to criticise the title, but certainly not to condemn the book. Mr Mander is well worth reading on his chosen authors. He is a clear expositor and a rather orthodox critic. He is a little severe about any deviation from what he thinks the author ought to have aimed at. He approves of purely psychological novels and plays; he approves even more of social and political ones; but both Mr Angus Wilson and Mr Arthur Miller are rebuked for mixing the two. Need art be so much simpler than life? There is a castigation of Mr Auden for having altered his views and his poetry (that dog has surely been whipped enough for changing his skin); a study of Mr Thom Gunn, who is dragged into commitment by his heels, for the very good reason that Mr Mander admires him; and an excellent analysis of the postwar angry and/or working-class drama.

One of the most interesting studies is a rather hostile one of George Orwell, as seen through the eyes of a contemporary socialist intellectual. It contains one terrifying passage:

> Works like *Animal Farm* and *1984* will suffer badly in the years to come. Indeed, they appear a little dated even now. We are, after all, pretty sure that *1984* is not going to happen.

Really? Can we learn nothing from Orwell about the world around us? But one must not rebuke optimism.

Citizen Shakespeare

The Life of Shakespeare
By F. E. Halliday.
Duckworth. 258 pages. 25s.

THIS book justifies attention, for it will be much read and, on the whole, does its job serviceably. As the author freely admits, the story of Shakespeare's life can hardly be told without a recurrent use of "no doubt" and "perhaps" and "probably," but speculation is here kept within the limits of discretion. We have a few records directly relating to Shakespeare; we know a reasonable amount about life in Stratford during his time, and a good deal more concerning London's plagues and politics and theatrical history. Most biographers are led from this into brightly lit conjecture, especially concerning the sonnet-story. Mr Halliday's imagined figure, however, is that of a solid citizen, with a mildly agnostic turn of mind, politically "loyal" and "conservative." Critical comment on the writings is kept to a minimum: there too discretion prevails, though in the account of the histories and *Coriolanus* some violence is done in order to make the plays bear out the biographer's notion of the man's solidity.

A wide public is consistently held in view: there are only four footnotes; the illustrations are attractively informative; recent research and conjecture, particularly from T. W. Baldwin and Leslie Hotson, is drawn on, and Mr Halliday discriminates carefully in referring to Dr Hotson's notion of the Elizabethan stage; a quotation from *The Merry Wives* is silently expurgated. Much information is indeed here offered in an easily digestible form; and most readers will thus extend their knowledge of the external circumstances in which Shakespeare wrote.

But popularisation is rarely free from factual error or the simple assertion of the unlikely. For example, *Tamar Cham* was not identical with *Tamburlaine*; the "harey the vj" recorded by Henslowe in 1592 was almost certainly not the Third Part of *Henry VI*; it is not the general view that *Faustus* was written by 1588; Shakespeare's plays had not "long been almost forgotten" when Davenant revived them in the Restoration; *Pericles* was not printed in the First Folio, though Mr Halliday, by a slip, implies that it was. And though the critical references to Shakespeare are well enough, there is some facile writing in the few references to his contemporaries, as in the flat statement that *Tamburlaine* has "no comedy" and the tiresomely conventional account of the Beaumont and Fletcher drama.

Growth for Grown-Ups

Problems of American Economic Growth
By Bruce R. Morris.
Oxford University Press. 287 pages. 20s.

THIS book has been written to arouse the interest of elementary students and the adult population at large in the problems of economic growth. Though naturally centred on the American economy a great deal of the discussion is relevant for students in other relatively advanced economies and there are useful sections on the growth problems encountered by underdeveloped countries.

An introductory chapter sets out the reasons for studying economic growth and discusses problems of meaning and measurement. This is followed by a chapter reviewing the historical record of economic growth in the United States and the main problems it has produced—business cycles, waste, inflation and so on. We are then given a systematic discussion of the main factors that will influence and determine future economic growth: raw material supplies, population, supply of capital, technological change, consumption patterns, government expenditure and controls. The detailed discussion is clear and comprehensive, though at times somewhat trivial. The author has obviously read widely in the specialist literature and produces a well balanced summary. Particularly impressive is his integration of the problems of allocation of scarce resources with the problems of growth, showing that these are not mutually exclusive branches of economics. His emphasis that growth involves costs, economic and non-economic, as well as benefits is also salutary.

The general reader may, however, find himself somewhat bewildered by the enormous range of growth "problems" that Mr Morris uncovers. This is inevitable, since scarcely any aspect of applied economics has no bearing on the question of growth and Mr Morris allows none of the fish to escape his net. Business cycles, inflation, insecurity, monopoly, large versus small business, private versus social costs, and so on, all come up for discussion, all relevantly, but perhaps reducing the impact of the analysis of really strategic factors in growth.

The very general approach adopted by the author, together with the fact that he is, explicitly, not writing for the advanced reader, makes the final result unexciting, and this may hold even for the general reader. We are told that American growth potential is great, that there is no reason why growth should not continue at past rates, or even accelerate, provided the correct policies are adopted to deal with the many relevant problems. In his summary chapter the author concedes that "many avenues toward growth were pointed out, but no guides as to which to attack first or most vigorously were laid down." He can "recommend only the general principle of concentrating on the few most vital factors stressed by those who have devoted their attention to this matter." If the final prescription seems rather tame Mr Morris can at least claim that he has supplied a "do-it-yourself" kit for the production of a more powerful analysis, and the lists of further reading that follow each chapter will prove extremely helpful to the aspiring student.

OTHER BOOKS

SCIENTIFIC RESEARCH IN BRITISH UNIVERSITIES 1960-61. Department of Scientific and Industrial Research. *HMSO.* 513 pages. 32s. 6d.

The DSIR's annual directory indexes all research in progress at British universities, both by subject and under the name of the scientists responsible for carrying it out.

THE FEDERAL RESERVE SYSTEM. Edited by Herbert V. Prochnow. *Harper,* New York. London: *Hamish Hamilton.* 407 pages. 52s. 6d.

This is an account, almost entirely descriptive and historical, of America's central banking system as it approaches its fiftieth year. Each chapter is written by an expert, from the Federal Reserve System itself, from the financial community or from the universities. No effort has been made to iron out all differences of opinion, but the editor has succeeded in securing a well-rounded picture of the institution at the present time; proposals for changes are also discussed.

REGIONS, RESOURCES, AND ECONOMIC GROWTH. By H. S. Perloff and others. *Johns Hopkins Press.* London: *Oxford University Press.* 739 pages. 96s.

WELFARE IN AMERICA. By Vaughn Davis Bornet. *University of Oklahoma Press.* 319 pages. 40s.

Mr Bornet, who is a member of the staff of the RAND Corporation, discusses the future of voluntary welfare work in the light of the immense increase in governmental responsibility for welfare, the rise and decline of the united funds (which tried to channel all giving through centralised groups) and changing needs.

CHATTO'S MODERN SCIENCE DICTIONARY. Compiled by A. Hechtingler. Edited by W. P. Abbott. *Chatto and Windus.* 559 pages. 25s.

1001 QUESTIONS ANSWERED ABOUT THE NEW SCIENCE. By David O. Woodbury. *Harrap.* 313 pages. 15s.

There is a famine of good science dictionaries on this side of the Atlantic. Both of these are English editions of books that first appeared in the United States two years ago. Mr Woodbury's is by far the less ambitious but not to be despised on that account. He is only interested in novelties, but these, after all, are the aspects of science that make the layman reach for the nearest directory. When Mr Woodbury has the answers, he is very good indeed; but he does not have them all the time. He does not, for example, appear ever to have heard of masers. But, then, nor have the compilers of Chatto's dictionary, although Van Nostrand's massive Scientific Encyclopedia carried sections on them early in 1958. It could be argued that the encyclopedia costs ten times as much as the new dictionary, and that the dictionary does not, according to its fly-leaf, "aim at comprehensiveness" although it includes 16,000 current scientific terms. This raises once again the question of how far it is worth sacrificing comprehensiveness to price in a reference book. If the compilers can find room to define "flatulence," should they not have squeezed in a few lines for the "tunnel diode"? And surely no dictionary that includes "Fletcher's trolley" should omit "Reynolds Number."

The Economists' Bookshop

Conan: The Rationale of the Sterling Area
Texts and Commentary.
July 6th 21/-

Hague (ed). The Theory of Capital
I.E.A. Conference Papers.
July 13th 50/-

Allen (G.C.): The Structure of Industry in Britain
A Study in Economic Change.
Autumn *about* 11/6

Peacock and Wiseman: The Growth of Public Expenditure in the United Kingdom
Winter 1961-2 *about* 30/-

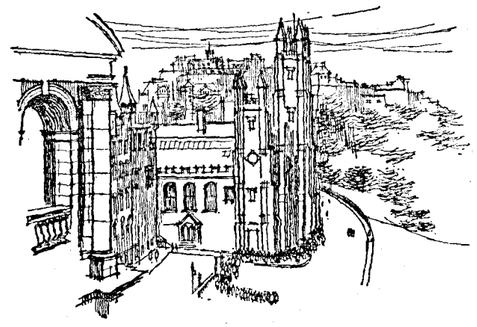
Postage extra to prices quoted
11-12, Clement's Inn Passage,
Aldwych, London, W.C.2.

HOME REPORT

In HOME REPORT members of the editorial staff and local correspondents report on life and happenings in and around Britain.

Edinburgh's Empty Seats

FROM A CORRESPONDENT



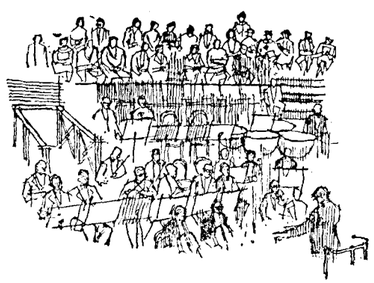
With the advent of summer, the season of international festivals is once again upon us, and in Edinburgh the citizenry looks forward, bleakly or hopefully, to the approaching cultural invasion of August. Edinburgh's gallimaufry of music and the arts (now activated by Lord Harewood) is by no means unusual: there is scarcely a thriving tourist centre anywhere in the western world that has not augmented its seasonal revenue through investment in a local festival.

Of the larger festivals, that of Salzburg has perhaps served as the model for burghal enterprise, drawing as it does upon three vital resources: the ambience of an historic and picturesque city and an audience potential of three million who throng the holiday resorts of the Salzkammergut every year despite the capricious climate; the native talents of the Vienna State Opera, the Vienna Philharmonic and the Burgtheater, who provide the artistic backbone of the festival; and established annual state, provincial and civic subsidies totalling just under £300,000 to meet the overheads of the weeks of preparation and rehearsal and the inevitable deficiency on the operatic productions.

This subsidy is in fact nearly half the annual Arts Council subsidy to the Royal Opera House in London, and, if it seems extravagant, it should be borne in mind that the standards which have resulted have given the city of Salzburg an average annual revenue from American visitors alone of more than $5 million, while last year the estimated gross revenue from all visitors to the Salzburg festival exceeded £8 million, of which 72 per cent represented an income to the Austrian national exchequer from foreign tourists.

In broad financial terms, the Edinburgh festival has, since its inception in 1947, proved a salutary, if not quite a comparable, success. The gross revenue to the city and to the country as a whole is estimated at between £30 and £40 million over the fourteen years, of which 40 per cent is the revenue from foreign visitors —a very high percentage bearing in mind the Edinburgh burgesses' reputed attitude to strangers. Subsidy to the festival over the same period has totalled about £650,000, and the accumulated deficit at present stands at just over £90,000, including a substantial proportion of fixed assets, which is now borne on a bank overdraft.

In so far as money has been made available for investment in the arts in Britain, donations to the Edinburgh festival have not in fact been illiberal; that the festival is now an established international attraction shows clearly that, for their immediate purpose, they have been adequate. To the initial fund of just over £61,000 established in 1947, of which the Arts Council, Edinburgh corporation and local business contributed approximately one third each, the corporation made an annual contribution during the first ten years of £15,000, which was increased to £25,000 in 1958, and this year is to rise to £70,000. Arts Council contributions have risen steadily from £3,000 in 1949 to £15,000 in 1960, while since 1949 Edinburgh businessmen have contributed sums varying from £10,000 to £17,000—a relative withdrawal of private enterprise.



Gross annual expenditure has risen steeply in recent years, from £85,246 in 1947 to £246,040 in 1960, while income from the box office has also risen, though less sharply, from £64,246 in 1947 to £164,634 in 1960. Donations last year totalled £66,500, including £8,000 from the Scottish Command, being half its net profits from the regular military tattoo before Edinburgh Castle, and this shows no substantial increase over the contributions for the initial year; indeed, donations represent only one-fifth of the amount given annually to the Salzburg festival, from a nation with over seven times Austria's population.

Salzburg and Edinburgh, and their climates, possess more than a superficial resemblance, and if he does not have the flair for hospitality which is the Austrian's birthright, the canny Scot is swiftly adapting himself. As the British tourist industry grows, the potential foreign audience for the Edinburgh festival is not so far removed from that for Salzburg. The general repertoire covered by the two festivals is also largely similar, although in Edinburgh the more cosmopolitan nature of the artists engaged is an equal attraction to Salzburg's use of largely indigenous talents—if not a greater.

The fundamental difference between the two festivals is twofold, and in the long term view, both these factors point to the present root weakness of the Edinburgh festival and British music as a whole. The first factor is the vast difference in the amount of subsidy which each festival receives; and the second is that, while all the main events at Salzburg play invariably to a capacity audience—tickets are, in fact, at a considerable premium —ticket sales at Edinburgh last year amounted to only 74 per cent of capacity: of approximately 266,000 available seats, nearly 67,000 remained unsold.

This is not alarming, but it does account for the accumulated Edinburgh deficiency over the years. In 1960 full capacity audiences were achieved in the five concerts by the Leningrad Symphony Orchestra, whose programmes consisted largely of contemporary Russian music; and also by the Royal Ballet, giving two programmes which included no work earlier than Stravinsky's "Petrouchka." The Gateway Theatre achieved 97 per cent capacity with Bjørnsen's "Mary Tudor in Scotland," which undoubtedly excited more local interest than other items in the festival; and the Glyndebourne Festival Opera, in a far from popular programme of operas which included two contemporary works, secured 91 per cent. Other audiences, however, ranged from 85 per cent for the Glasgow Citizens' Theatre to as low as 45 per cent for the Little Ballet Troupe of Bombay and 32 per cent for La Compagnie Roger Planchon.

Opera and ballet, with their very large overheads, always require a subsidy, and it was inevitable that the Glyndebourne company, whose engagement cost £47,000, had a box-office deficiency of £24,583 despite the high attendance figures. The Usher Hall concerts, on the other hand, with their low overheads, made an overall surplus of £6,725 with an average attendance of 83 per cent. Deficits or surpluses, however, give no accurate picture of the broad financial success, to the festival as a whole, of individual enterprises, which is really to be measured by the extent of their patronage; and it is significant that the three items which maintained the highest percentages of attendance—the Royal Ballet, the Glyndebourne opera, and the Leningrad Symphony Orchestra—were the three which certainly possess an internatinal reputation.

The immense subsidy which the Russian orchestra receives (it was extended to cover a large portion of its expenses in coming here, and so enable it to be engaged at the equivalent cost of a major British orchestra) is one reason for its reputation; the benign patronage of Mr Christie has also been a basic factor in the fortunes of the Glyndebourne opera. But the Austrians themselves are prepared to pay much more to secure the artistic qualities which will make a festival ring true not once, but continually. The repertoire for Salzburg is prepared and rehearsed for many weeks in advance; Edinburgh can afford no such special productions, and as far as British orchestras, opera and ballet are concerned, must rely on standard repertoire. The Leningrad Symphony, in particular, made a mockery of the pretensions to internationalism of the Philharmonia orchestra, which was appearing in Edinburgh at the same time.

Importing opera from abroad has not in the past cost appreciably more than the engagement of British companies; the Stockholm opera in 1959 cost £48,000, the Stuttgart State Opera in 1958, £49,000, but it has been so much money lost to the national exchequer. This summer will be predominantly British fare, with the Royal Opera from Covent Garden and the London Symphony Orchestra, fresh from spectacular successes at the Vienna spring festival. It remains to be seen if their financial welfare has been properly attended to.

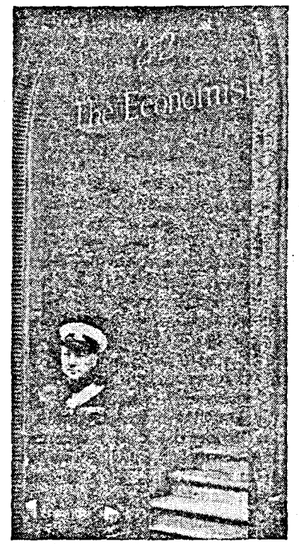
Non-Commissioned Custodians

FROM OUR SPECIAL CORRESPONDENT

To bow the managing director to his Bentley, to "win" an extra filing cabinet for a harassed secretary, or to wean the office boy from his habit of whistling on the stairs, there is nobody like the British commissionaire. Rounded out by innumerable mugs of tea, their bemedalled breasts bring to the motor show or the evening dog track a touch of military dignity: every male, under those searching glances, is on his best behaviour.

Three organisations—the Corps of Commissionaires, the United Services Corps and the Royal Artillery Association—enroll these sturdy veterans; while all three are of unimpeachable respectability, the original Corps of Commissionaires, set up after the Crimean war to provide jobs for disabled veterans returning to a nation in slump, remains the *corps d'élite*. Its commandant is a great-great-nephew of the founder (a brother of the third of the John Walters who ensured that the nineteenth-century *Times* newspaper deserved its soubriquet of Thunderer): the Queen is Chief Life Governor, and—a post he kept when he left the Throne—the Duke of Windsor is Life Governor. The Board of Governors can boast a Field Marshal and a Marshal of the RAF, seventeen officers of general or equivalent rank, and seven members of the Walter family. It is a powerful tradition.

The 4,628 commissionaires are all ex-regulars, mostly ex-warrant officers or NCOs, and all left their service with an "Exemplary" or "Very Good" character. Just a few rose to become officers. On entering the corps they pay £1, and each month subscribe 31s. towards the corps



expenses and to the fund which provides their immaculate black uniforms with the gleaming leather cross-belt. New recruits must also deposit £10 in the corps savings bank. The bank was originally intended to provide a nest-egg against retirement, but with increased prosperity and the growth of other means of saving deposits are now limited to £50, to relieve the corps of the burden of administering a vast fund.

The corps, however, is not an employer but an employment agency. Pay and conditions are worked out between the man and the firm which asks the corps to send a candidate along: the corps' uniform must be worn, and the firm must make a small subscription to the independent fund which pays the salaries of the corps' twelve officers

A wage of £12 a week is about the minimum in London, and many employers also pay the men's corps subscriptions and uniform levies. Duties may range from the purely ceremonial (the doorman at the Institute of Directors is reputed to be seven feet tall) to the utilitarian—Rolls-Royce employ 50 commissionaires on security duties. Many commissionaires also make an extra pound or two in the evenings or at weekends, at exhibitions or race meetings, or as doormen in theatres.

On joining the corps, the new recruit wears the insignia of the rank with which he left the service: he may be promoted within the corps according to his employment record and the number of times he turns up for the annual ceremonial parades. Service rivalries, of course, persist and provide food for the members' own *esprit*; navy men claim that the ex-sergeant majors are good for nothing but shouting and stamping, while others allege that ex-petty officers are a menace to typists. But the army is heavily in the majority: in 1959, 432 joined from the army, against 128 from the navy, the marines and the RAF.

Last year, only Edinburgh, Leeds and Liverpool of the nine provincial headquarters had members for whom they could not find jobs. The corps has at times been sorely tempted to admit former conscripts to membership, so great is the demand for

their services. Full employment means that—with profound tact—the corps can make sure that its men only work for firms of the utmost respectability, and that they do not find themselves lending a spurious gloss to strip-tease joints: it is a far cry from the days when this was a rescue operation for destitute old soldiers. The danger now is that, as the army gets smaller and retirement gratuities get larger, the scarcer veterans will turn away from the continued joys of a smart uniform—and of a much-respected status—and set up in business for themselves.



Motorists' Knock



FROM OUR SPECIAL CORRESPONDENT

NOBODY can blame the insurance companies of Britain—or at any rate those of them who are members of the Accident Offices Association—for wishing to increase their premium rates on motor car risks which, they say, are the only ones which regularly end in disaster and red ink on the balance sheet. The average motorist, however, will continue to blame the companies and to consider that, unless he is involved in a really damaging accident every year, he is not getting his money's worth.

The problem is obviously worse in congested areas. A car being used in London is extremely vulnerable, and may cost twice as much to insure as a similar one in a rural area. It will soon cost more—up to 20 per cent more within the London postal district. This selectivity is fair enough. What is not so fair, in the opinion of the motoring organisations, is that there is very little discrimination between good and bad drivers on the part of the companies, so that the careful, skilled driver is undoubtedly paying for the sins of less accomplished road-users.

Naturally there is some reward for careful driving, in the form of an annual reduction (usually ten per cent) of the premium provided there have been no claims against the company. Unfortunately this process is not indefinitely continuous: 40 per cent is the normal maximum for no-claims bonuses, and at that rate the motorist is still paying, in absolute rather than relative terms, a great deal for the privilege of covering minor damage. After five accident-free years, for instance, the average small British car would have cost about £150 in insurance—and only a really savage "prang" would cost as much to put right. A bad driver, on the other hand, might have paid £200 for those five years and have cost his insurance company as much as £100 a year; which is why insurance companies lose money on cars.

The good driver of a small saloon is in a happy position compared with the owner of even the mildest or oldest of sports cars. For some reason not unconnected with flaming youth in red two-seaters, insurance companies see all sports car drivers as hell-bent demons at full throttle: and annual premiums on this type of car may be as much as 20 per cent of the insured value in London. It is difficult to see how a company could lose, except by a write-off, after the first two years. (Journalists, too, are apparently thought of as drink-crazed maniacs remorselessly speeding after scoops.) Not only is the premium high. No cover is normally allowed to the car's passengers, and the owner must agree to pay the first part (often £50) of any claim.

NO-CLAIMS bonuses are often lost through no fault of even the best of drivers. In any accident in which blame cannot immediately be ascertained, both parties naturally claim that they were in the right. In an ordered world their respective insurance companies would argue the case, taking it to court if necessary, and the guilty party's company would pay the costs of both. It is not, however, an ordered world, and on receipt of a claim, it is the practice for an insurance company to pay up promptly, avoiding litigation, almost certain to get its money back after the next accident, but penalising whichever driver was, in fact, in the right. This is known as "knock-for-knock".

Yet the no-claims bonus seems the fairest way of spreading the burden of insurance costs, and the motoring organisations encourage it. Its great drawback is that it is not large enough to make the process of insurance both economic and an incentive to good driving. But there is some hope of improvement: members of the Institute of Advanced Motorists are usually able to get much larger reductions by way of the bonus. Perhaps the eventual answer will be swingeing premiums (£200 a year would not be too much for some London drivers) and a sliding scale bonus which relieved the careful driver of all but 10 per cent of his premium after five safe years.

BBC Takes Soundings

THE BBC has not, until lately, been a notable blower of its own trumpet; but the possibility of the award of a third and subsequent television channels to blatantly non-Reithian organisations has ended this modesty. The latest coy lifting of the bushel under which its idiot's lantern has been hidden is *Facts and Figures about Viewing and Listening*,* which, though professedly unconnected with anything the Pilkington Commission may be thinking, comes at a clearly convenient time. BBC-TV, with 24.6 million viewers in the average day, is said to be 2 million better off than ITV (and this gap has tended to widen). ITV's viewers, however, spend longer at their sets than the BBC's: and there are more of them at any given moment of the day. But there is apparently a limit (under 13 hours a week) to the amount of time even they can bear the burden and, according to the BBC, this limit is not likely to be raised by starting another channel.

BBC-TV is apparently preferred by 50 per cent of those whose education went on until the age of 17 or longer, ITV by only 37 per cent; on less cultured minds who left school at 15 or 16, ITV (52 per cent) makes a more favourable impression than BBC (30 per cent); and among those who learnt nothing after they were 14, ITV is more than three times as popular. The first group, however, constitutes no more than one-tenth of the population, and the last nearly two-thirds.

Little of the survey is devoted to sound broadcasting, and what there is is depressing. In the past ten years sound has lost 75 per cent of its evening audience, but only 25 per cent of its daytime audience, when TV is off the air. That these and the total patronage are the only significant figures given about sound radio will add further unease to those producers and listeners who believe that sound, if not now dead, will not be long a-dying in its present form. The BBC's plan to operate small, daytime "local" stations, on the other hand, may gain support from these figures.

The purpose of the survey may, as is claimed, be purely to feed the interest of experts on broadcasting. But its superficially convincing arguments for the BBC's worth, its respect for quality, and the unlettered following for ITV are hardly fortuitous. As if to clinch it all, mere numbers, according to the BBC, are meaningless (as, by implication, is TAM rating), for it has found that an audience of 6 million need not necessarily like what it sits through. Could this possibly be special pleading?

* *BBC Publications.* 5s.

AMERICAN SURVEY

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

Caution on the Brink

WASHINGTON, DC

EVERYBODY has been waiting for the American President to speak again. All comment, all official planning, all inter-allied negotiation have had a contingent air because it was evident that Mr Kennedy would soon be rising from his bed and his crutches and facing the television cameras anew. Nothing underlines so clearly the supremacy of his position, as the Chief Executive of the United States, as the leader of the western alliance and as the antagonist of Mr Khrushchev, with his uniformed and bemedalled militancy, in a drama that in personal confrontations takes the classical Greek simplicity of form. The ultimate decisions can come only from Mr Kennedy. On Wednesday he presented himself, erect, hale, forceful, breezy at times, prodigal of statistics and impervious to the probing of the press—much his usual self but looking a little older and a little sterner.

The President said nothing that had not been said before by members of his Cabinet. He refused to be drawn into extremes; he took a "firm but not belligerent" attitude; he restated the determination of the West to stand on its rights but declined to give Mr Khrushchev any clues to future American policy. The President has not yet made up his mind on that policy; nor has he yet made up his mind on the equally important question of how it is to be timed. He is still at the stage of taking advice on the two related issues which face him—Berlin, which overshadows all else, and the intertwined question of resuming atomic tests and organising the disarmament conference.

If this seems a long process, allowance should be made for two considerations. Mr Kennedy was blamed for not taking enough advice before he allowed the plans for the Cuban invasion to go beyond the point of no return, and an extensive if straggling public and private debate is the American way of agreeing on great national issues. The President's advisers, official and unofficial, are, like his allies, divided into two broad central groupings, with extreme elements on either wing: those who oppose any negotiations with the Russians, or at least any that carry a hint of concessions on western rights; and those who would agree to some. Many in the "tough" group would also favour prompt resumption of atomic testing by the United States.

They argue that the *status quo* in Berlin is the most favourable position for the West just because it sticks in the Russian throat; they see no advantage in changing it. They see every advantage in the "escape hatch" in Berlin which drains the lifeblood from East Germany; and they want to challenge the Russians to sign a separate treaty with the East Germans. Above all, they fear that any retreat would destroy the western alliance's belief in itself. Mr Acheson, to whom the President inclines and who is preparing a report on the Berlin situation, is believed to take this line, as do General de Gaulle and the West Germans.

The other group believes that an American refusal to discuss, or even a resistance to discussing, an issue which could detonate a thermonuclear war is no way to maintain the unity of the alliance, or to preserve the freedom of West Berlin. They fear that the neutrals would be antagonised if the threat of war over who should stamp the documents of those travelling to Berlin were brought to the United Nations. They consider that in such a matter it is impossible to refuse to talk, especially when the Russians want to talk, and that the United States would inevitably be dragged to the conference table. But even this group is very "hard" on no concession being made on western rights; even a suspicion of "softness" brings vigorous opposition.

A fortnight ago Senator Mansfield, who is the Democratic leader in the Senate but was speaking for himself, unearthed an old idea of his for uniting both East and West Berlin in a free city under international control—not knowing that Mr Khrushchev had ruled this out to the President in Vienna. Mr Mansfield was attacked for dooming Berlin to the fate of Danzig by a group of Republicans led by the liberal Senator Javits. The supposed tendency of the British to make concessions is no less unpopular, and it is thought rather snaky of them to press the question of military measures as a way of forcing American policy into the open.

Official Washington, like the newspaper columnists, is convinced that Mr Khrushchev must be bluffing. Notwithstanding Russian arrogance (displayed in the preliminary disarmament talks last week), Americans cannot believe that he will risk war over Berlin, or even give irrevocable control of the trigger to the East Germans. They draw attention to "fuzzy" points in Mr Khrushchev's *aide mémoire*, to the hints reaching the White House in devious ways that the Russians are ready to postpone action, if only some sort of talks are started by the end of the year, if only the West Germans are not given nuclear warheads, and to Mr Khrushchev's avoidance in his latest speech of the six-month deadline that might be taken for an ultimatum. They see the whole affair in the light of a big business game of bluff, counter-bluff and double-bluff. In their view Mr Khrushchev has to bluff his East German allies into thinking that he means to ease, at any cost, their desperate plight, and bluff the Chinese people's warmongers into thinking that he is ready for the annihilating war that would hand the leadership of world communism to them. Some officials believe that one condition of any talks will be the closing of the Berlin escape hatch. Others argue that the Russians see in the whole crisis a means of diverting American attention from constructive foreign policies elsewhere in the world.

THE President's reaction seems to be to play it slow; to spend the next months stiffening allied unity and educating the public to believe that what the Russians want is not Berlin, but the liquidation of the West. The reply to the Russian *aide mémoire* will probably be issued soon after the national holiday on July 4th; later may come a lengthy White Paper giving the western case to the world (unless this is incorporated in the official reply). Bargaining positions would not be taken up until after the West German elections and the Communist Party Congress in the early autumn; then the annual United Nations Assembly would provide a world forum for arguing the rightness of the western case as well as for castigating Mr Khrushchev's thermonuclear threats, the Russian torpedoing of the test ban conference and any difficulties which the Russians make over disarmament. Only in late autumn would the West consider trying to get the Russians to back down, or to start the stalling talks that would put Berlin into a condition of permanently suspended crisis.

Though the President declined to be quoted publicly on the subject, it is conceded privately that American words must be backed up by military preparedness. Here, however, the military planners are in a quandary. The voluminous contingency plans provide for only limited "probes" of blocked access routes to Berlin before nuclear weapons are used; and for this the present forces of the North Atlantic Treaty Organisation are adequate. But to impress the Russians something positive must be done; the difficulty is that they could overtrump any strengthening of American forces in Europe easily by moving up more Soviet divisions. Flying a division of the strategic reserve forces to Bavaria, though it may be done, would be little more than a gesture. The Russians can outbid the West on conventional arms; from this military fact emerges the conclusion now being studied in detail in the Department of Defence: that the only moves likely to impress the Russians are preparations for thermonuclear war.

These fall into two parts: the easier part is to increase the state of alert in the Strategic Air Command and the British Bomber Command (which will certainly be expected); the harder part is to put civil defence into a credible state of readiness. The broad plan is to do all that can be done with the resources available in the next six months: this would exclude deep shelters, since they could not be built in time, but fall-out shelters could be made ready and stocked with food, water and medicines; instructions on fall-out and survival techniques could be distributed to the civil population; the organisation for dealing with catastrophes could be overhauled and some exercises in evacuating cities carried out. But all this would require a massive appropriation from Congress at once and this would heat up the crisis atmosphere faster than is envisaged by present plans.

Such a programme would certainly wake the civil population to realities. But the American public's readiness to support anything so drastic is problematic. It is thus hard to imagine how the game of brinkmanship is to be played. The thought of improvising it at the last moment alarms some White House thinkers who foresee that, in view of the importance of striking first with nuclear weapons in a showdown, even the probing by a patrol of the routes to Berlin could start the timetable of nuclear preparations moving on both sides far faster than the fatal military timetable which defeated the frantic efforts of diplomats to avoid war in 1914. The plain fact is that the members of the "tough" school are still using euphemisms like "partial mobilisations," "exerting force" and "exercising power" when they should be facing the implications of nuclear war. For this reason, it may be surmised, if the President continues to play it cool the policy of cautious but time gaining negotiation, backed by cautious but meaningful preparations for a nuclear showdown, may come out on top in the next few months.

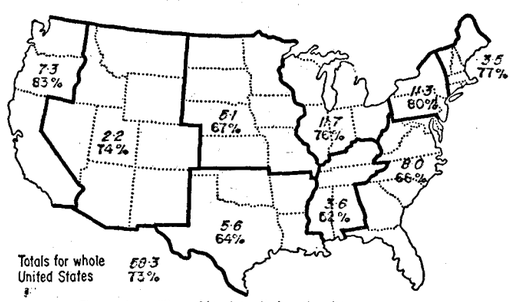
President Overhoused?

CONGRESS has given Mr Kennedy more for housing than any President has a right to expect—practically everything that he asked for, both in programmes and in money. The compromise Bill which came out of the conference between representatives of the House and Senate this week was more generous than either of the Bills that went into it. With the improvement in the economic situation since he sent his request to Congress last March and his growing concern about the inflationary effect of increased government spending, Mr Kennedy may in fact be regretting the legislators' magnanimity. But the Bill will add only about $250 million to federal outlays in the coming fiscal year and the total of $4.9 billion—Republicans maintain that the amount involved is really twice that, because subsidies for public housing have been left out of the calculation—is to be spread over four years.

The President has been given more money than he wanted, for the moment at least, to help cities to solve their public transport problems. As another part of its attempt to improve urban living conditions and to prevent suburban blight—two-fifths of the money is to be devoted to redevelopment projects—the Bill also permits grants to be made to local authorities so that they can set aside land for parks, but only $50 million is allowed for this, not the $100 million which the Administration wanted. However, the President has been given $500 million, instead of the $50 million he requested, for loans to finance local public works and the programme for loans for building houses on farms has been extended. These last two clauses appealed especially to conservatives —Southerners and farmers—who have voted against housing bills in the past. These provisions, and the very expert way in which the Bill was handled and the Democratic majority held together, explain its quick and easy passage through the House of Representatives.

Reversing the usual experience with housing legislation, it was in the Senate that this year's Bill faced a crisis—as the result, oddly enough, of the defection of a liberal southern Senator—which nearly did serious damage to the only really striking new provision in it; otherwise it consists almost entirely of continuations and accelerations of existing programmes. This new provision is for government guarantees for forty-year mortgages made available to people with moderate incomes—$4,000 to $6,000 a year—for the purchase of houses in the $9,000-$15,000 price range. The President wanted these mortgages to be free of down payment but to rescue the scheme in the Senate and to smooth its passage in the House a small down payment was finally required. There are also to be loans to encourage the building of houses and flats for rent to people in this income group who, it is said, have been priced out of the private housing market without being poor enough to qualify for subsidised public housing (which is also to be stepped up under the Bill). The new programme is admittedly an experiment and many experts doubt whether it will prove attractive or practical. The still lagging building industry may get more immediate help from the Bill's provisions encouraging people who already own houses to borrow money for improving them and colleges to build more dormitories for their students.

How Good are American Houses?



Figures show millions of housing units in each region
Percentages show number which are sound with all plumbing facilities

THE 1960 Census of Housing found that 8 per cent of the residential units in the United States which had all plumbing facilities—that is, which had hot and cold running water, a flush toilet and a bath or shower inside the building—were in a deteriorating condition. Another 19 per cent were either dilapidated or lacking one or more of the plumbing facilities. In California only 14 per cent of the housing units were in these groups, while in Mississippi well over half of them were. Housing standards were far below the national average in most of the southern states and in Maine, the Dakotas and Alaska (this state and Hawaii are included in the statistics for the Pacific region but not shown on the map). There are about 5½ million housing units in both New York and California, with over 3 million each in Pennsylvania, Ohio and Illinois and 2.5 million in Michigan.

General to the White House

ALTHOUGH the appointment of General Maxwell Taylor to the White House staff, as Military Representative of the President, is not linked officially with the General's investigation of the Cuban operation, it is undoubtedly the result of the lessons learned from that affair and an attempt to ensure that the fiasco is not repeated —particularly over Berlin, to which the General is to devote his immediate attention. His investigation of the Cuban operation, and especially of the part played there by the Central Intelligence Agency, is complete and he has reported to the President on it orally. What he said is not known but it is thought that he recommended little or no change in the agency, although there may be some reorganisation after the Killian committee has finished its more detailed report. However, what General Taylor may have recommended, and what in any case the President has obviously decided is needed, is someone on the White House staff to analyse and co-ordinate reports from the CIA and other intelligence agencies. This is what General Taylor will do; he will also advise the President on all military matters, representing him abroad when necessary.

General Taylor is known as an intellectual, statesmanlike, soldier who will be able to hold his own with the pride of professors in the White House, and with the politicians too. As Army Chief of Staff he was out of sympathy with the defence planning of the Eisenhower Administration and later elaborated his theories in a book, along lines which the Kennedy Administration has followed in some of its military thinking. In particular he complained that the modernised Army was not being equipped or trained to fight conventional or limited wars. But the fact that General Taylor is so in tune with the President's outlook, coupled with Mr Kennedy's habit of bypassing official government channels of communication, has given rise to fears that the General may be going to usurp, or interfere with, the statutory functions of the Secretary of Defence and the four Joint Chiefs of Staff as the President's military advisers, to act as the single Chief of Staff which Congress has always refused to authorise.

These fears are accentuated because General Taylor's appointment came shortly after there had been a tendency to blame the Joint Chiefs for the Cuban disaster—although the President took trouble to demonstrate his confidence in them—and just as the terms of office of two of the four are ending. But General Le May, the new Chief of the Air Force, who is responsible for building the country's strategic bomber strength up to its present high efficiency, is not a man to permit any encroachment on his rights; nor, probably, is Admiral Anderson who is leaving command of the Sixth Fleet in the Mediterranean to become Chief of Naval Operations. The announcement of General Taylor's appointment stated specifically that he would not be interposed between the President and the Joint Chiefs, although he would assist the President in reaching decisions—assistance which is certainly needed by the President with his lack of experience in military matters.

Storm over the "Tropics"

FROM A CORRESPONDENT IN SAN FRANCISCO



THE pockets or purses of travellers returning from France to the United States need no longer bulge suspiciously because they want to read Mr Henry Miller's famous book, "Tropic of Cancer." June 24th was the official publication date for the Grove Press's first American edition of this controversial work, which for the past twenty-seven years has been legally unobtainable in America. Now those who can afford to pay $7.50 can buy the book openly instead of running the risk of having it confiscated by the Customs because of its allegedly obscene and pornographic passages. In fact, the first edition has been on sale for more than a month and the first printing of 30,000 copies has been nearly exhausted, although some bookshops, including a large chain in New York, have refused, so far, to distribute Mr Miller's most famous book.

"Tropic of Cancer" was written in France in 1931 and published there in 1934 when Mr Miller was 43 years old. By 1939 it had been reprinted five times in Paris and when the war brought thousands of American soldiers to France many of them discovered Mr Miller with joy. He seemed to be speaking directly to the post-war generation. By then he had returned to the United States, and he began to achieve a limited fame in his own country. At that time he was living in an isolated part of the Californian coast and his home, perched high on the side of a mountain, became a Mecca to hundreds of pilgrims.

A very shy man in his personal relationships, Mr Miller has always tried hard to maintain a certain measure of isolation from the world at large. He is a wonderful listener, an erudite and cheerful conversationalist but an unhappy lecturer or party-goer, who is miserable among large groups of strangers. For many years, Mr Miller lived precariously on the edge of poverty and once he even advertised in an American magazine for financial assistance so that he might continue his writing. He was surprised to find himself almost overwhelmed by the number of strangers who sent small and large loans. Since those days, Mr Miller's financial position has improved and it took the Grove Press more than three years to persuade him to allow "Tropic of Cancer" to be printed in the United States, even though he was offered $50,000 for the publication rights. As he himself explained his reluctance:

> I don't want to be the central figure in a great controversy about my books. I don't want to take time from my writing to be interviewed on the radio and television or for the newspapers. Besides, the people whose opinion I most care about have all read the books and I'm not interested in those who want to buy them just to look at what they think are dirty words.

"Tropic of Cancer" has been described by Mr Lawrence Durrell as a work that stands beside "Moby Dick," and as "the book of someone whose fidelity to himself has conquered the narrow confines in which we normally hem the range of subjects permissible to art." This opinion is shared by many other writers and critics, all of whom agree that the book must be regarded as a work of art. But eight years ago a federal judge in San Francisco

ruled that the "Tropics" books—there is a companion work called "Tropic of Capricorn"—were only pornography with an "evil stench" and upheld the seizure of two copies sent into the country by a university professor. Since that time there has been a noticeable retreat from censorship in the courts; in the most recent case the Grove Press was upheld in its right to use the post to distribute its unexpurgated edition of "Lady Chatterley's Lover."

Legal action against allegedly obscene or pornographic books can be taken on the local, state or federal level in the United States. Cities and counties have hundreds of ordinances providing for the arrest and trial of the sellers of books which are obscene in the judgment of the police. In addition, almost all the states have anti-obscenity laws. There is no federal anti-obscenity law, as such, but the federal government can take action through the Post Office and the Bureau of the Customs. Two courses are open to the Postmaster General when he thinks that "obscene" material is being distributed through the post. It can be inspected, provided it has not been sent first class, and if there is any question about its right to be sent it can be held up for a legal opinion—an opinic which may be, and frequently is, appealed to higher courts. T Postmaster General may also order the return of money se through the post in payment for such materials.

When "Tropic of Cancer" appeared last month, the Postmast General moved against it as he had in the case of "Lady Chatte ley's Lover," but this time his legal adviser decided to issue ruling on the book until a court case, involving confiscation of t "Tropics" books by the Customs, is concluded. This is the oth method by which the federal government can take action again books—through the Customs Bureau, which is under the juri diction of the Treasury and which has the legal authority to co fiscate and destroy obscene material imported into the countr For many years, the Treasury has exercised its powers of confisc tion against Mr Miller's work and it has not been possible to bri his "Tropics" or certain of his other books into the count openly. Now, there is a good chance that the Treasury will over-ruled by the courts. Just this week a federal judge in N

Privileged Dollars

NEW YORK

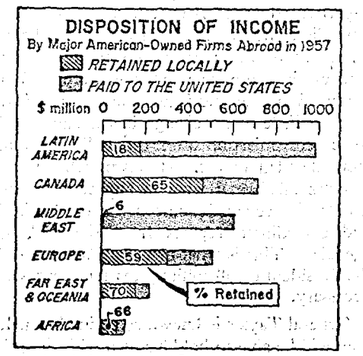
THE Administration has run into strong opposition from businessmen and others in its attempt to tighten up taxation on American subsidiaries operating abroad. As the law now stands, their earnings are subject to American taxation only if and when they are returned to the United States as dividends; funds that are re-employed abroad do not come within the jurisdiction of the Internal Revenue Service. Foreign subsidiaries must, of course, pay local taxes on profits to the country in which they are incorporated, but in many countries (though by no means all) these taxes are substantially below the American rate of 52 per cent. In the second place, earnings that are repatriated now get preferential tax treatment compared with those of domestic companies.

The American tax authorities levy the corporation tax against the sum remitted to the United States and then allow the company a credit for all taxes paid abroad. But since foreign taxes have already been deducted from the money sent home, the tax credit amounts to a second deduction and the combined rate actually paid falls well below 52 per cent. In 1957, the year covered by the great census of business investments in foreign countries which the Department of Commerce published recently, about 60 per cent of the earnings of foreign subsidiaries was retained abroad.

In part of his recent tax message, Mr Kennedy asked Congress to rescind "the privilege of tax deferral" for subsidiaries in developed countries, and to provide that the American corporate tax be levied on the gross income of the subsidiary before foreign taxes are deducted. These changes, it is estimated, would produce an additional $250 million in revenue, but this is not the main consideration. The Administration has tried to emphasise that it is not opposed to foreign investment—that all it wants is equal tax treatment for domestic and foreign operations—but clearly it feels that American corporations are showing quite enough enthusiasm for establishing plants in Western Europe without being encouraged officially to do so.

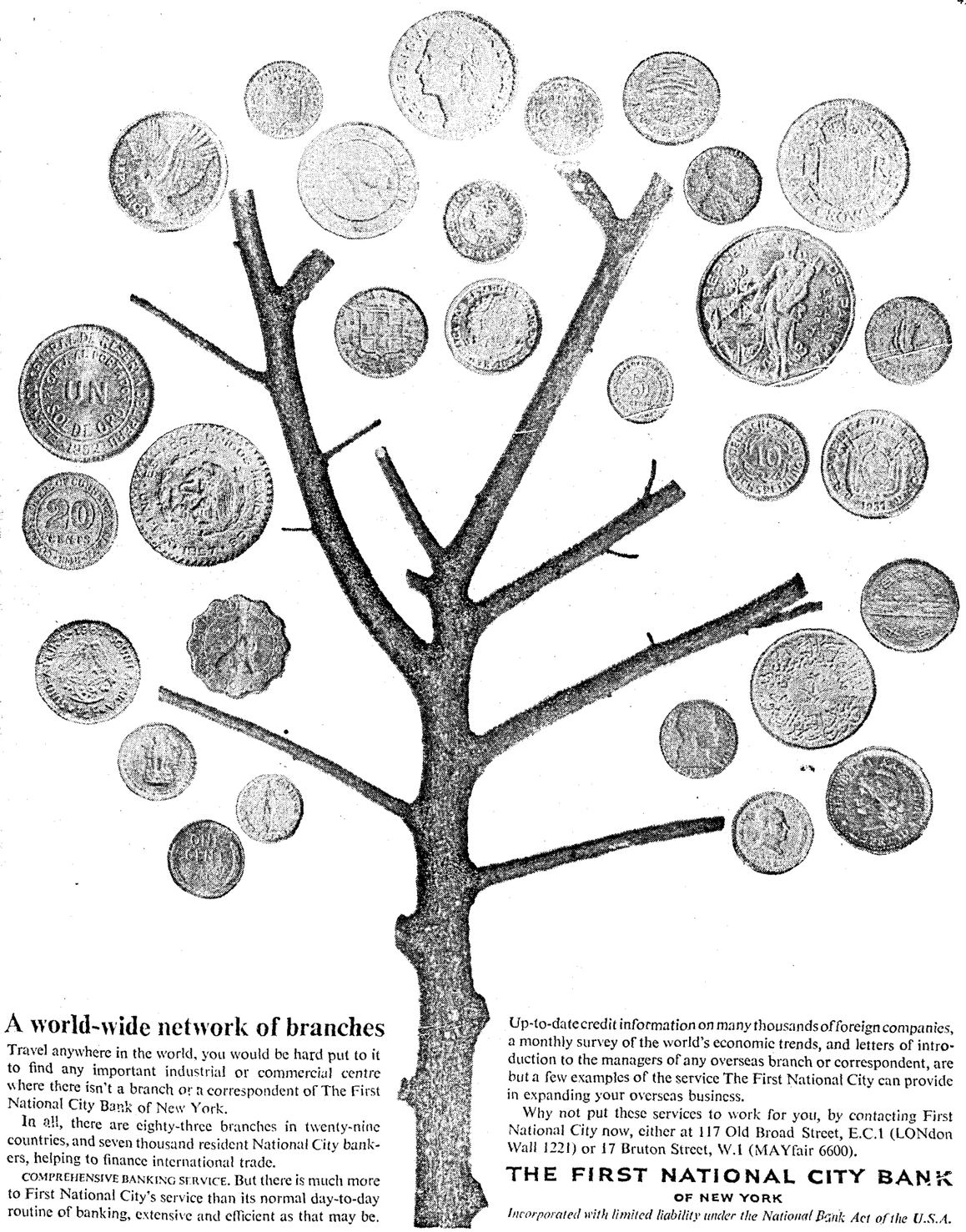
Its first concern is to strengthen the balance of payments, but it is also of the opinion that some of the investment now going into Europe and Japan would be much appreciated in the domestic market; as Mr Stanley Surrey, the chief tax adviser to the Treasury, explained: "The dollar that goes abroad is a dollar not invested at home." Finally the proposed changes would close a sizeable tax "loophole." The existing law makes possible the establishment of a subsidiary in a low-tax or "tax-haven" country for the exclusive purpose of evading United States taxation; these so-called subsidiaries often amount to no more than a printed letterhead. Alternatively, companies which are conducting legitimate business abroad can juggle their finances (by transferring patent rights, management fees and so on) so as to accumulate profits in the foreign subsidiary instead of in the parent company, where they will be taxed.

At the public hearings before the House Ways and Means Committee witnesses from the business community concentrated their fire on the proposal to tax earnings that are re-invested abroad. One of the main arguments for the defence was that this change would bring only temporary relief to the balance of payments since a reduced outflow of capital was bound in the longer run to lower the volume of remittances; in 1957 such remittances were about equal to new capital



obtained from the United States. Other points made were that other countries (including Britain) follow much the same practice as America now does in taxing only repatriated earnings; that in countries where low corporation taxes are offset by high sales taxes American companies will be unfairly burdened; and that in many instances accumulated earnings have been an essential source of new capital. It was also pointed out that advanced countries such as Britain, France, West Germany, the Netherlands, and Canada tax company profits by approximately 50 per cent—so close to the American rate that little or no extra revenue would be gleaned.

It seems likely that Congress will be sympathetic to these arguments and that no changes will be made in the system of "tax deferral." The Administration is getting more support on the question of eliminating tax-havens although many people feel that this could be achieved without any very radical alteration in the law. But even if the proposed changes were accepted, businessmen probably would not curtail their overseas activities very significantly as long as Europe offers a profitable market; the Treasury estimates that the outflow of capital might be curbed by some 7 per cent.



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York decided that "Tropic of Cancer," though "nauseating and repulsive in parts," is not obscene. It is unlikely that the Postmaster General will make any move against the Grove Press until this case is disposed of finally; until then, "Tropic of Cancer" can be sent by post, instead of by freight or railway express, as had to be done with "Lady Chatterley" until it was cleared by the courts.

Perhaps just because the federal courts have become more liberal in defining obscenity and pornography, there has been an increase in local and state censorship. To some extent, this has been stimulated by branches of such groups as the National Organisation for Decency in Literature, which was established in 1938 by a group of Roman Catholic bishops. These groups and others which are purely local attempt to police book shops and news stands and boycott those which refuse to stop selling publications that such organisations consider improper. A good many of the books on these black-lists are the standard works of authors like Mr Hemingway, Mr Faulkner, Emile Zola and a wide range of other writers found in libraries throughout the country.

Court's Wide Net

LAST week the Supreme Court ended its busiest term with a record-breaking volume of decisions in cases of typical diversity; earlier in the session the Justices had ranged from rulings against members of the Communist party to one upholding the "blue laws"—the state statutes which forbid or limit the operation of businesses on Sunday. Most observers consider the hallmark of the session to have been the caution with which the Court handled deeply divisive constitutional issues. In the concluding batch of decisions the following were of particular interest or importance:

1. State courts were forbidden to admit evidence in criminal cases which had been secured illegally. Such evidence has been barred from federal courts since 1914, but to extend the prohibition to state judicial procedure meant overturning a decision handed down by the Supreme Court itself in 1949. It also involved a further stage in the process of applying the Bill of Rights to the states as well as to the federal government. Some 24 states will now have to mend their ways. The end of this double standard means that federal prosecutors will no longer be able to get round the Constitution by turning over to the state authorities evidence procured as a result of unreasonable searches and seizures. The Court was divided 5 to 4.

2. In another 5-4 decision the Justices held that when Congress, in the Railway Labour Act, required railway workers to join trade unions in order to hold their jobs, it did not mean to authorise the use of their dues for political purposes of which they disapproved. The majority reversed the Supreme Court of Georgia, which had sought to remedy this abuse by abolishing compulsory membership in railway trade unions. But the remedy which the Supreme Court suggested—that the part of their dues used for political purposes should be returned to the dissenters—is likely to benefit accountants and lawyers more than the dissident workers. Constitutional issues were not considered by the majority and the practical effect of the ruling does not seem likely to be wide. In a parallel case, in which it upheld the right of Wisconsin to require lawyers to join the state Bar Association, the Court refused to rule on whether the association may spend a member's dues on political projects which he opposes.

3. The Court also refused to rule on the constitutionality of Connecticut's law forbidding doctors to prescribe, and people to use, contraceptive devices, on the ground that the law is not being enforced; only one prosecution has been brought—in 1940 as a test case—since the Act was adopted in 1879. Nevertheless, all birth control clinics in the state were closed after 1940 and they remain closed. About half of Connecticut's residents are Roman Catholics.

4. The Court ruled unanimously that it is unconstitutional for Maryland (and by inference for seven other states) to make a declaration of belief in a supreme being a condition of holding public office.

5. It upheld lower courts in Louisiana in their view that the state's "interposition" laws may not be used to frustrate court orders for the admission of Negro children to white schools.

Four days after the session ended Justice Frankfurter, who wrote the historic decision requiring the Communist party to register as a subversive organisation, granted it a stay to permit an appeal for reconsideration.

Carelessness at the AEC

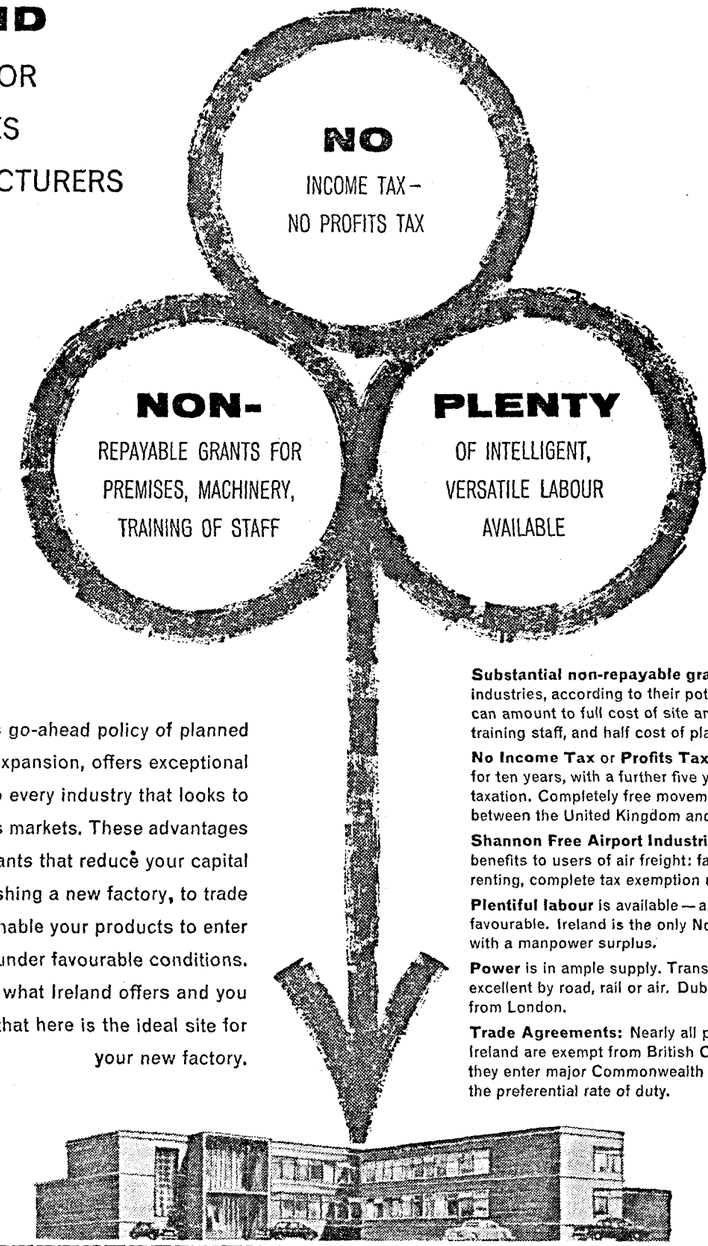
THE Atomic Energy Commission has confessed publicly—to its credit—that the explosion of a nuclear reactor at one of its experimental stations in Idaho last January could have been prevented. It is not clear what caused the accident, which killed three men, the first atomic fatalities in the United States, but there had been plentiful evidence previously that all was not well with the reactor and if the operator had been prudent it would have been closed down earlier. The fault lay, the commission concluded, not only with careless management on the spot but also with confusion in the chain of responsibility within the commission, extending right back to Washington. Some of those involved have now been punished, responsibility has been clarified and precautions have been tightened at all the commission's facilities, something which many experts have long urged. It is pointed out that the reactor involved was of a different type from those which produce power for civilian use and that in any case the commission applies much stricter regulations to privately-operated reactors than it does to its own.

Nevertheless the accident reinforces the view that the AEC has "a light-hearted approach to . . . the most deadly . . . process that man has ever conceived." These are the words of Justice Douglas, dissenting from the Supreme Court's recent decision that the AEC may license private firms to build a nuclear power reactor without definite proof that it will be safe, leaving that until the time comes for granting an operating licence. The case arose over a commercial reactor being built in the neighbourhood of Detroit, the first to be started near a large centre of population. Local trade unions protested that since so much money was being spent on construction the AEC would not be able to refuse an operating licence once the plant was built, even if there were then doubts about its safety. On this the Supreme Court ruled that it could not be assumed in advance that the AEC would fail in its duty of protecting the public health and welfare.

There is still pressure in Congress for taking the whole question of security out of the control of the commission on the grounds that it is too anxious to promote atomic undertakings to insist on all the necessary precautions. But the decision has at least removed one serious obstacle to the commission's policy of leaving commercial development of atomic energy to private groups; it argued that in practice it is almost impossible to devise satisfactory safety measures before a plant is built and it is essential that commercial reactors should be near to potential consumers. Plenty of obstacles remain, however, mainly as regards costs, and the programme is grinding almost to a halt. The reduction in the price to be charged for nuclear fuel well help, but not very much, and once again there is likely to be a demand in Congress for the government to play a more positive part in the industry.

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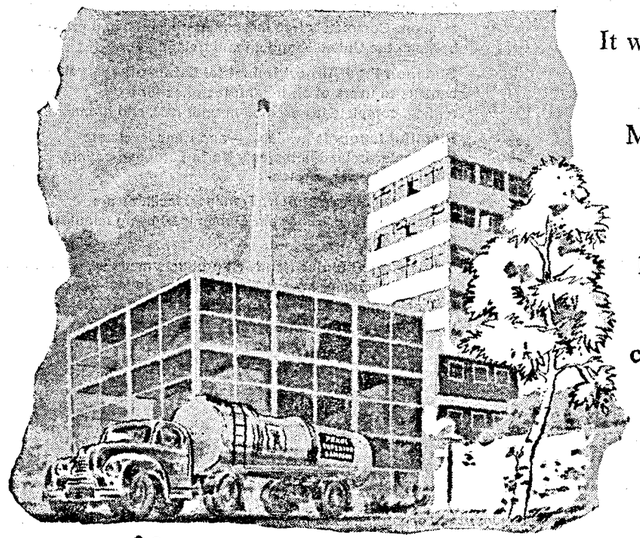
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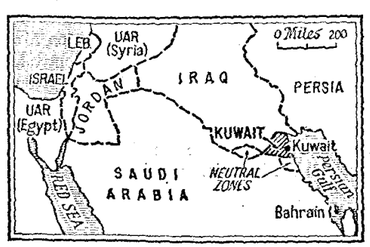
Baghdad Brainstorm

FROM OUR MIDDLE EAST CORRESPONDENT

IRAQ's claim to Kuwait is not in itself dumbfounding; but the brutal manner in which it was announced last Sunday has left the Arab world agape. General Qasim's reference to the ruler, Abdullah Salim Sabah, as "this Sheikh," and his announcement that he would be confirmed in his position as the Qaimmaqam of Kuwait (a sort of district commissioner) under the authority of Basra province, were both calculated insults. The bland announcement that the Iraqi prime minister had in mind a programme for Kuwaiti development, including the provision of schools and hospitals, "which are cruelly lacking," might be funny if it were less foolish.

The first subject of speculation here is the part played by the Iraqi ministry of foreign affairs. Under the able and sophisticated guidance of the foreign minister, Dr Hashim Jawad, Iraq's foreign policy has been conducted with restraint and moderation for over a year. Even in the complicated and acrimonious dispute with Persia over the waters of the Shatt al Arab, Iraq could fairly claim to be the aggrieved party, since it was Persia which unilaterally repudiated longstanding practices. Suddenly all this has changed and Iraq has emerged on the international stage as a singularly maladroit aggressor. It is not difficult to see in this one of General Qasim's periodic brainstorms, and this impression is heightened by his subsequent frivolous claim to all the lands of the former Basra *vilayet*, which include, among other places, the Saudi region of Al Hasa, where the Arabian American Oil Company has its home.

THE quick reaction of the other Arab countries has been damning. The first to enter the fray was King Saud, who has no objection to being one of the Arab world's big three in oil affairs, but would strongly resist demotion to the position of a poor second. He also has a personal interest in the affair as Kuwait sheltered his family during its exile in the late nineteenth century, and he himself was born there. King Hussein, who has just succeeded in re-establishing correct relations with the revolutionary regime in Iraq, has been less forthright than King Saud in his public statements. But it is reliably reported from Amman that he has told the Iraqi ambassador that Baghdad's claim to Kuwait will receive no support from Jordan in the Arab League or anywhere else. The government of the United Arab Republic has issued an official statement condemning General Qasim's claim in terms that gain in effect by virtue of their moderation. The Lebanese government, following its traditional policy of neutrality, is sitting on the fence, but public opinion Christian and Moslem alike, is remarkably unanimous in supposing that General Qasim has gone off his head.



General Qasim's next move is awaited with curiosity and some amusement. A few people fear that, having worked himself up to the requisite pitch of exaltation, he may actually send troops to Kuwait. But as this possibility is largely discounted (if only because Britain is committed to the defence of the sheikhdom against external aggression) the general tendency is to take a calm view of the situation, and to sit back and watch the general wriggle off a hook of his own making. The suggestion that Iraq might try to bring economic pressure to bear on Kuwait is scoffed at: there are only too many suppliers eager to take Iraq's place in the Kuwaiti market. Most well-informed people agree that discontent in Kuwait has been on the wane for several years with the development of the "super welfare" state and that such opposition as still exists looks to Cairo rather than to Baghdad. Indeed, the rift that at one time threatened to set the middle classes against the ruling family has been superseded by the friction between native Kuwaitis and the large foreign element working in the sheikhdom. Now Kuwaitis and most of the foreigners—Lebanese, Palestinians and Egyptians—are likely to forget their differences in the face of the threat from Iraq.



Ruler of Kuwait: Sheik Unshaken

Britain's position in this imbroglio is one of some delicacy. After plumbing the depths in the months immediately after the Iraqi revolution, Iraqi-British relations have been restored to a level slightly better than correct, thanks to tough and supple diplomacy on the British side. Even so, scarcely a week passes without some harassment of the Iraq Petroleum company. There is no desire by the British to throw the fruits of this uphill struggle to the winds, and comment from London has been commendably restrained. It is significant that the ruler of Kuwait, even while negotiating quietly with the British, has made his first public appeal for help to the Arab League. If the league can score one of its rare successes by burying General Qasim's claim without the ruler's having to seek help from the West, it will not only have reduced Middle Eastern tensions, but will also have picked up a *little* prestige for itself on the way.

It is expected that the league will meet shortly to consider Kuwait's application for membership. Since unanimity is not required for the admission of new members, Iraq's veto will not be operative in the almost certain event of its being the only dissentient voice. The most that Iraq could then do would be to withdraw from the league. Baghdad's decision here may well depend on whether General Qasim or his harder-headed foreign minister has the last word when the critical moment arrives.

On the assumption that the dispute will blow over, or linger on without coming to a head, there are lessons in this affair for the Kuwaiti ruling family. Despite the torrents of good advice from British officials, Kuwait has been singularly unresponsive

n the past to any appeals from the other Arab states for a share of he sheikhdom's enormous capital resources. The Kuwaitis have much preferred to invest their money safely in Europe or in real estate in Beirut or Cairo. If Kuwait is effectively defended from Iraqi pretensions by the intervention of the other Arab states, the Arabs will surely look for some return. Unless such a return is forthcoming, the next storm may find the ruler bereft of any protection except the British umbrella, appeals for which would do him little good in the long run and would certainly cause the British Government grave embarrassment.

Backwards to Evian

FROM OUR PARIS CORRESPONDENT

IN Paris, the grapevine confidently predicts that negotiations with the Algerian rebels, which were broken off on June 13th, will begin again soon, possibly next week. When the French decided to break off the talks at Evian they proclaimed publicly that these would not be resumed unless some "new element" were introduced by the other side. So far as is known, the Algerians have not made any concessions during the recess—yet it seems certain that the negotiations will be resumed. The French bluff seems to have been unsuccessful and the pause superfluous. But it is now easier to assess the reasons for the failure of the first round and the chances for the second.

At Evian both sides were trying to find out what the other would concede; neither side was willing to commit itself to anything that might prove prejudicial if the talks broke down. M. Joxe, a skilful diplomat, led the exploration. His task was to induce the rebels to put their faith in General de Gaulle's liberalism and, at the same time, to find out how far they were willing to go on the gaullist road towards "independence in association" with France. Uncertain of the Algerian response, the French tried to keep all their trump cards in hand. The future of the Sahara was not to be discussed until the very end of the conference. The price of independence included a privileged position for the European minority, special status for the main towns and French sovereignty for military bases. If the French could have controlled such commanding heights, they would have had no need to worry about the future of Algeria.

But the Algerian delegates refused to swallow such unappetizing bait. They countered the French efforts in two ways. They made the point that the government of an independent Algeria would be the only authority entitled to commit the country's future in such a way; and since France recognises neither Algeria's independence nor the rebel government, *ipso facto* it cannot expect such commitments. Secondly, they tried to shift the discussions back to the one point—Algeria's right to self-determination—on which, in theory, both sides are agreed. They proposed a discussion about the guarantees for a free vote, insisting that such a vote must be taken over the whole country and that the majority decision should be binding. The Evian talks rapidly turned into what the French call a dialogue of the deaf.

Logically, the French might have reduced their terms in order to test whether the rebels could be tempted into any form of acceptable compromise. Instead, they threatened to break off the talks. It is known that the decision to do this was the general's own. Having failed to produce "a third force" in Algeria, General de Gaulle gave the rebel leaders at Evian a chance to play this role themselves. When they refused to adopt their parts and, indeed, refused "to leave their knives in the cloakroom," the general decided to teach them a lesson. But they also refused to learn, and the only result of the break has been a worsening in the Algerian political situation. And so the talks will now start again. Already it is being whispered in Paris that the insistence on "a new element" was an invention by M. Terrenoire, the minister of information. It is part of the job of the gaullist princelets to take the blame for miscalculations.

The French delegates are likely soon to return to the shores of the lake of Geneva and face again a situation that has hardly altered during the interlude. The only new factor is the general's decision, made known on Tuesday, to bring home a French division from Algeria, and his suggestion that others will follow. The other seeming change in the French position is that more emphasis is being put on the possibility of partition should the rebels finally reject the proposals for association. Yet even this is not new. Partition has for some time been the ultimate weapon in the French arsenal. General de Gaulle himself brandished it on the eve of the Evian talks when he warned the Algerians that, if there were secession, Europeans and Moslems who voted for France would be regrouped in a given area. He repeated this threat at Verdun on Wednesday. Yet is partition really an alternative to war?

Showing some contempt for the idea of self-determination, the French are now drawing up partition plans. It is generally known that the French area would include the fertile, coastal lands near Algiers and Oran, and that it would take in the Saharan oilfields. One snag for the draftsmen is that the outlet of the Hassi-Messaoud pipeline does not quite fit into this territory. But there are other, more serious, difficulties. Moslems outnumber Europeans almost everywhere in Algeria (Oran is the only large town where the numbers are still roughly equal). The French have always argued that they will protect "faithful" Moslems and they have political as well as economic reasons for not setting up a strictly, or even predominantly, European area.

There is not the slightest doubt that the rebels will reject the very idea of partition. The inclusion of a big Moslem population in the new French area would enable the rebels to continue terrorist activities and civil war would thus be coupled with persistent attacks on the new frontiers. In strictly military terms, it might be possible to defend a reduced area with fewer troops, and the withdrawal of a division from Algeria was interpreted in Paris as the first move in such a plan. But this is less important than the fact that the war would go on, and that France's allies would find it awkward, indeed, to defend a solution that gave all the rich lowlands to the French. The theory of partition may one day join other schemes in an arsenal of obsolete weapons. It is not, in fact, an alternative choice. The only realistic alternatives in Algeria are still a settlement negotiated with the rebel leaders—or continued war.

Coyne the Baptist

FROM OUR OTTAWA CORRESPONDENT

THE increasingly shrill fight between Mr Coyne, still governor of the Bank of Canada, and Mr Donald Fleming, now probably feeling more secure as minister of finance than he has for many months, leaves countless questions unresolved. The most serious for thoughtful Canadians is to what extent foreign confidence in the Canadian dollar has been shaken, and how much inflation Mr Fleming's budget portends. Stock values in Toronto and Montreal, which were already too high in relation to earnings, have leapt up in a way that openly proclaims the expectation of inflation. Cynics say that Mr Fleming's handling of his disagreement with Mr Coyne would have been quite enough to depreciate the Canadian dollar without his having to proclaim the intention of using public funds to bring it down. It is worth noting, however, that this week the Canadian authorities have been using the exchange fund to prevent the dollar from going up.

Only last December Mr Fleming was anxiously trying to reassure foreign investors. Now he has frightened them even more than he would have done if he had adopted Mr Coyne's proposals—which he calls autarkic, restrictionist and ultra-nationalist. Yet this very loss of confidence may provide Mr Fleming with a political triumph if it brings the Canadian dollar down to, say, 95 cents without large expenditures by the exchange fund. The announcement of his intention, he may proudly say, was enough to achieve his purpose—once Mr Coyne was out of the way. The great question is how far the Canadian dollar must fall before foreign investors and speculators start to support it. Many factors will be involved in this inevitable international speculation. Probably the crucial one will be the interpretation by investors of Canadian policy.

MR COYNE'S letter to Mr Fleming this week was more unrestrained than any of his previous statements—which is saying a good deal. He said that:

> The position of the governor of Canada's central bank will be destroyed, and the whole institution will become merely an arm of a political machine if the governor is to be terrorised into resigning whenever the government of the day wants him to, without any issue of monetary policy being raised, without the government stating its monetary policy and without the government accepting responsibility for monetary policy.

Mr Coyne undoubtedly had his eye on London opinion when he explained that the directors of the Bank of Canada had acted purely as political tools (with one honourable exception out of ten) when they requested his resignation for no stated reason except that the government insisted on it. He revealed that even before the board of directors made its decision, on June 13th, he had urged that the Bank of Canada Act should be revised along the same lines as the Bank of England Act, so as to make explicit the government's ultimate responsibility for monetary policy.

Fifteen months ago, on March 19, 1960, your correspondent suggested that although Mr Diefenbaker wore a prophet's mantle, the more truly prophetic voice came from the governor of the central bank. Mr Coyne has indeed proved to be a prophet in the same mould as Jeremiah or John the Baptist. But he ends his career in a raiment of camel's hair bound by a leather girdle, eating locusts and wild honey—instead of starting that way. On the other hand, he has a pension of $25,000 a year. When Mr Fleming first emphasised this pension, in his statement on May 30th requesting Mr Coyne's resignation, it appeared to be a sure political winner. The Canadian electorate, it was supposed by all parties, would never support a man who had "voted himself" so large a pension in his early fifties. But the pension is now beginning to look more like a boomerang. It had always seemed curious that the government should suddenly discover this spring what its own directors had done in February, 1960. Mr Coyne now asserts that Mr Fleming had been told of the directors' intention six months before their decision was made, that his deputy minister had agreed that the increase was reasonable, and that the directors had been refused an interview with Mr Fleming on the very day in 1960 when they adopted the new pension rules.

Obviously, Mr Coyne's pension has nothing to do with the basic problem of the relations between the bank and the government, which has implications for central bankers in every country. Yet it is crucial in judging Mr Coyne's intransigence and its political effects. Some of the best informed members of the financial community, who are the most worried about how the status of the central bank will emerge from this controversy, say that Mr Coyne should certainly have resigned in May if this issue had not been raised. Since Mr Fleming did raise it, certainly under Mr Diefenbaker's instructions, Mr Coyne's subsequent self-defence against a palpable smear appears more acceptable.

Six and Sixteen

FROM OUR BRUSSELS CORRESPONDENT

AT Strasbourg last week the European members of the common market started to work out the details of their relationship with their African associates. Nearly 150 members of parliament from the six member countries of the European Economic Community held their first joint session with more than 100 parliamentarians from the 16 African states associated with the common market. These new republics—all of them previously French except for the Congo and Somalia—had all chosen to continue the association with the common market, negotiated for them in the Rome treaty by the respective colonial powers while they were still dependencies.

Association at present involves the gradual establishment of a free trade area between the common market and the African countries, and a development fund of $581 million due for spending before the end of 1962. As this date approaches, the practical details of association need to be adjusted, and this meeting with the European parliament was intended as an important step towards defining the future relationship. The resolutions voted in Strasbourg, which embody African wishes, can serve only as recommendations to the respective governments and to the commission of the EEC, as the European parliament has no legislative power. But the excellent atmosphere in which the session was held is in itself likely to have done something to increase the sense of alliance between the six and the sixteen, as well as encouraging cohesion among the sixteen themselves.

Naturally enough, the Africans were concerned to maintain and to extend the advantages they now enjoy. They urged, in particular, that additional money should be allocated to continue the development fund after 1962, that the fund's work should proceed more rapidly, and that the recipient countries should share effective control over its administration. With regard to technical co-operation, they asked that they themselves should decide on priorities, and they also suggested that occupational training programmes should be accelerated. But the most difficult question concerned preferential treatment for African exports, chiefly coffee, cocoa, bananas, ground nuts and palm oil. So far, since the free trade area between the community and its associates is being evolved in step with the removal of trade barriers in the common market itself, the level of preference for African produce is not yet very high. But the 14 former French colonies already trade with France on terms more favourable than are required by the Rome treaty.

This anomalous situation must be smoothed out but not, th[e] [A]frican [a]ssociates at their expense. What they asked for at Strasbourg last week was that they should receive benefits from a six countries at least equivalent to those that they now receive fro[m] France. In Germany, they complained, their goods are heavil[y] taxed under old sumptuary laws that rate some tropical products [a]s luxuries—the west German revenue from its coffee tax brings i[n] $200 million a year. The Africans asked for these and other fisc[al] barriers to be removed, and pressed for guaranteed markets a[t] prices. A further difficulty, from their point of view, is that bo[th] Germany and the Netherlands at present tend to look to oth[er] suppliers; both are good customers of Ghana and Nigeria, a[nd] Germany, in addition, has long-established trading links with so[me] Latin American countries. They are therefore unwilling to gr[ant] extra privileges to the associated African countries: a point of view that finds some support in the United States, both becau[se] of Washington's known desire to reduce preferential arrangeme[nts] and because of its concern for tropical producers in Latin Ameri[ca].

The Latin American problem is not easy. Suggestions that [the] community's most-favoured-nation tariff on tropical produce mi[ght]

be lowered were not popular either with Africans or with Frenchmen at Strasbourg. But a partial solution of the African problem might be to include Ghana and Nigeria, in some way, in the association, either through Britain's entry into the common market or by direct bilateral negotiations (the suggestion that Mali might act as intermediary with Ghana was firmly rejected by the leader of the Mali delegation, M. Mahamane Alassane Haidara). A bilateral solution, however, is not likely since, despite many expressions of goodwill towards the English-speaking countries of Africa, the conference finally voted for the exclusion of any African state "already belonging to another economic group whose aims are incompatible with those of the association." This seems to leave British membership as the only way out.

Whatever the solution, the African associated countries will have to be compensated for the disappearance of the price and other guarantees they at present enjoy in France. The Africans have certainly made it clear that this compensation will have to be substantial. Indeed, the existing links are to be strengthened by annual meetings, similar to the one held last week, to take place alternately in Africa and Europe. It may be, however, that Africans will be disappointed at the possibly meagre outcome of last week's grand palaver.

Tight Little Island

In spite of a constitution designed in 1958 to iron out racial differences, Mauritius seems as plagued as ever by inter-community frictions. These have been reflected by the delegates to the talks which began in London this week about the island's future. At one extreme the Hindu-dominated Labour party seeks full internal self-government swiftly. At the other extreme are Europeans who cast an envious eye on their French island neighbour, Réunion—a department of France, sending its deputies to Paris.

A speck in the Indian ocean, Mauritius contains within its 720 square miles almost as many problems as the Indian continent itself. It is prone to calamities ; last year it was devastated by cyclones. It is desperately overcrowded, and its one-crop sugar economy cannot, however thriving, provide employment for all. Hindus, Moslems and Christians—of Indian, African, European and Chinese ancestry—tread on each other's toes. The sugar mill owners, largely the descendants of the Frenchmen who colonised an empty island, are confronted by the teeming progeny of the humble Indian immigrants who replaced the emancipated slaves as plantation labourers. Now two-thirds of the population, these Indo-Mauritians, with a forceful elite in the towns, control the powerful Labour party. Both the tiny white population, and the larger number of Mauritians of Negro or mixed Afro-European stock, dislike the idea of full internal self-government under a Labour regime. The sugar mill owners are worried by the Labour party's dabblings with communism, though these are doubtless a local attempt to be fashionably "positive neutralist". The other group's anxieties are more direct. Descendants of the African slaves, they tend to avoid the plantations and have found their place in society as stalwarts of the civil service. Should the Labour party get control of the service—which is at present still the Governor's responsibility—they fear they might get pushed out.

These inter-racial anxieties are aggravated by the expansion of the population. They might be assuaged if the recommendations in the Meade and Titmuss* reports were carried out. These envisage the development of industries that use more labour than the sugar industry does, and a campaign for family planning. Both projects depart drastically from the island's traditions. There must therefore be political stability if they are to win support.

*The Economic and Social Structure of Mauritius, by J. E. Meade and others, Methuen, 1961. Social Policies and Population Growth in Mauritius, by Richard Titmuss and Brian Abel-Smith, Methuen, 1961.

Italian Labour Out of Step

FROM OUR ROME CORRESPONDENT

When the rate of expansion of Italian industry shot up last year by between 15 and 17 per cent (after rising for several years on a gentler curve of 7 or 8 per cent) it was easy to foresee that labour troubles were in store. Only management failed, on the whole, to grasp what was happening. For nearly forty years Italian industry had lived in a hothouse where the temperature was kept up by the enormous pressure of manpower. Industries, on the plea that they would otherwise have to turn away workers and so add to the chronic unemployment, were able in many cases to pass their liabilities on to the state. The institute of industrial reconstruction acted as a shock absorber, and a system grew up based on high returns for limited output, with risks more or less guaranteed by the state.

This static system was suited to the closed economy of the Mussolini period, but under the impact of new conditions it broke down. During the last ten years—and most decisively between 1955 and 1960—a new dynamic seized Italian industry. It was the result partly of technological innovations, partly of new market conditions, including the advent of the common market. But, in great measure, it was the product of new ideas among the political leaders about the function of state industries, thanks in large part to the impulse given to the ENI group (the national hydrocarbon corporation) by Signor Enrico Mattei. The rapid expansion of the last few years has not wiped out unemployment ; in a sense the problem is more acute than ever, because masses of unskilled labour are pouring into the towns. But highly skilled workers are definitely in short supply.

The younger generation, especially the young people from the technical schools, are keenly alive to the new conditions. Boys trained in the Fiat workshops, for instance, are finding better paid jobs outside Fiat. Both management and unions have to grapple with the fact that, for the first time, large numbers of men are entering Italian industry who are not afraid of losing their jobs. Among workers in the most progressive industries, too, the feeling has spread that labour has a right to share the increased profits from technological improvement. The unions no longer oppose dismissals on principle, but claim instead that for every workshop closed a new one must be opened. When Signor Vittorio Valletta, the chairman of Fiat, says, "Once a man joins Fiat we should like never to dismiss him," he is speaking in terms of the conditions of the past—though, to do him justice, the "professor" has an eye to the future when the ascending curve of Italy's motor industry may flatten.

At present the new state of affairs obtains in a few privileged sectors like engineering and steel. Territorially the change affects the industrial triangle of Milan, Genoa and Turin. Its symptoms are the recent protracted strike of the electrical engineering workers in Milan—where strikes have previously always been short and intermittent ; the strikes at the Ansaldo shipyards and Breda, one at Alfa Romeo, and the latent unrest at Fiat, where the management is asking the workers to accept a seasonal distribution of working hours which would introduce a 52-hour week for five months of the year.

With its 74,000 workers and its 19,000 office employees, Fiat has the biggest payroll of any single Italian undertaking. After the war its shop steward elections became a barometer of union strength in in the country, but in 1955 Fiat succeeded in isolating FIOM (the metal workers' union affiliated to the socialist and communist federation, CGIL), and the older union suffered a crushing defeat, to the benefit of the christian democrat CISL. Since then trade union affairs at Fiat have followed a pattern of their own. For several years the catholic union predominated, until it split and gave birth to a "house union" not affiliated to any national federation. In 1960 this *sindicato aziendale* topped the list, but this year it was beaten by the social democrat UIL. These fluctuations illustrate the way management plays off one union against another, withdrawing its support when any union grows too strong. But the new fact at Fiat is the appreciable recovery of FIOM this year. The communist-socialist union is not represented among the office staff, but among the workers alone it has stepped forward to first place with 29.6 per cent of the votes, and this in spite of the fact that Fiat does not allow delegates from this union to sit at the table when it negotiates with the other unions. The irony of this is that, of all the five unions at Fiat, the socialist-communist metal workers' union is the only one strong enough to discuss, or at least to appreciate, the reasons for the 52-hour week.

FIOM's leaders claim that the election results (which match an increase in the communist vote in the local elections last November) denote a strengthening of trade union conscience in the workers. Fiat itself points out that the "communist" union has advanced in the workshops where new young workers are being engaged. Last year Fiat took on 8,000 new workers, as against 4,000 pensioned off. The implication for the future is clear.

This does not mean that FIOM, or any of the unions, is sitting pretty. The bargaining power of labour in certain sectors has increased, but the Italian unions are intrinsically weak. They have no strike funds. Their finances are precarious (FIOM with 210,000 members has a budget of £36,000 a year). They depend too closely on the political parties from which they emanate, and they are bitterly divided between the three political federations. In spite of these inherent weaknesses, the socialist-communist and the christian democrat federations have each set up competent research units and their influence upon Italian economic development is considerable ; but it is exercised at a political rather than a trade union level, through parliament or through organisations such as the national council of economy and labour. Both the catholic and the socialist-communist federations believe that the function of trade unions is not merely to defend the workers' interests against managements, but to put pressure on the government in favour of particular industrial (or agricultural) development policies. Thus FIOM claims that its job is to get industry to produce more production goods and fewer consumer goods. It complains that the large output of utility cars affects the entire economy, and makes the government spend on motorways money that ought to be invested in schools. These criticisms (of Fiat) are tempered by the fact that the socialist-communist union has no wish to crush Turin's major industry and by the genuine admiration of its leaders for Signor Valletta as a great industrialist. FIOM also wants the numerous state-owned industries grouped under the institute of industrial reconstruction and the national hydrocarbon corporation to be used as pilot industries both as regards production policies and trade union relations. These directives, shared on the whole by the christian democrat federation, have certainly influenced government policies over the last two years—witness the steel foundry going up at Taranto, and the ENI foundry at Bari.

There is no closed shop in Italy, and in most sectors union members are less than a third of the total number of workers. The two non-communist federations, the christian democrats and the social democrats, enjoy the advantage of some discrimination by management in their favour, but in the long run such favours are a source of weakness, for they generally entail concessions. Thus the christian democrat federation lost ground in the last Fiat elections partly because it had agreed to defer the agitation against the 52-hour week. In the last analysis trade unionism in Italy is as strong as the socialist-communist CGIL, and no stronger. The old federation sets the tone. This is not to criticise the christian-democrat federation. The catholic unions have a tradition and, were it alone in the field, CISL could probably be tough. But rivalry enervates the weaker federations, while ostracism, at least in the new conditions of the labour market, strengthens the socialist-communist federation.

Between management and unions stands the government, in the person of the young and very able christian democrat minister of labour, Dr Fiorentino Sullo. He believes that big industry must learn that labour relations are not purely a matter for the two sides. There is also the law, and in Italy the law assumes that labour is always the weaker party and will not allow it to contract away its rights. He admits, however, that Italian labour legislation is full of lacunae ; an article of the constitution and a law of 1923 are almost all there is to go on. Signor Sullo has, therefore, invited industry and the unions to thrash out a new labour code to define all matters concerning the drawing-up and application of collective contracts. Such a code was laid down in Denmark in 1899 and is still valid. In Italy it will take months of patience. But Signor Sullo says the important thing is to reach an agreement while industry is expanding. The lack of a recognised labour code could be serious should recession follow the Italian "miracle."

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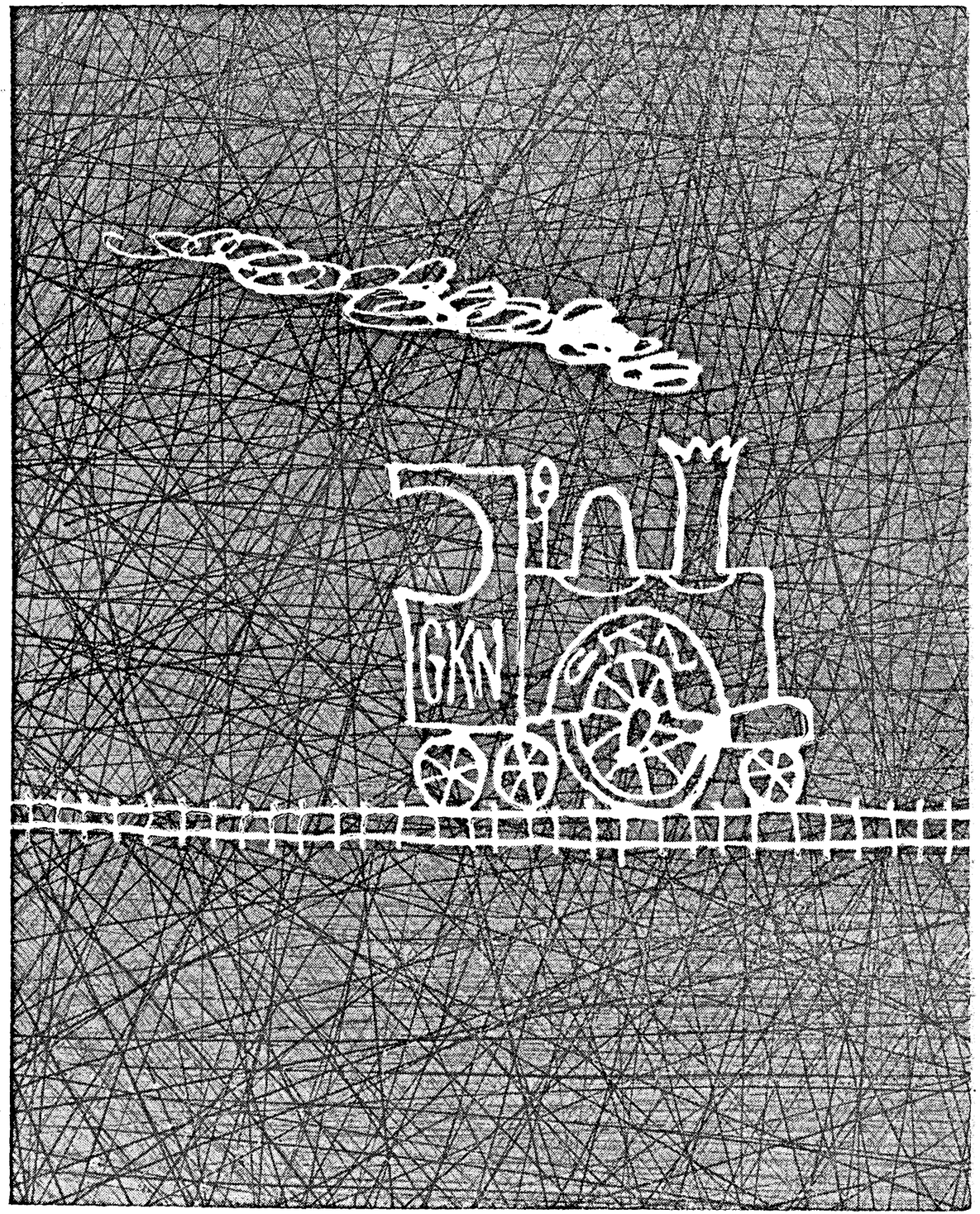
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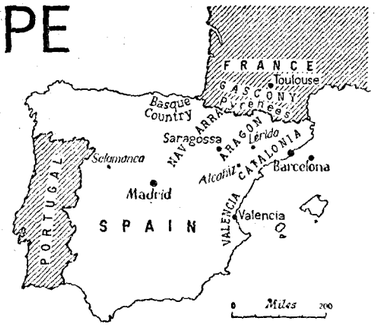
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SPAIN DISCOVERS EUROPE

Spain is at last showing a disposition to emerge from behind the physical and moral entrenchments that have kept it separate from Europe. In the following section our special correspondent examines this process in its political, ecclesiastical, and economic aspects, and in its bearing on western policies.





WHERE EUROPE ENDS

EUROPE has often been said to end at the Pyrenees. French geographers, in particular, tend to consider Iberia a projection of Africa. Driving through Gascony toward the ice-blue battlements that block the southern horizon—and, later, emerging from a cool Pyrenean valley into harsh Spanish sunlight—one is tempted to agree. No frontier could be more emphatic. Might not the Pyrenees be ample explanation of Spain's moral and political remoteness? Behind such a barrier, how could Spain not have been bypassed by *habeas corpus*, the Rights of Man, and the welfare state?

Of course, nothing about Spain is ever quite so clear-cut. The Pyrenees are only for short stretches a serious obstacle to human intercourse. The spurs, and the valleys, run north and south. In the Catalan and Basque regions the Pyrenees seem to act as a link, not a barrier, between the communities to north and south of them; materially and morally, the Catalans and Basques of Spain have more in common with their northern neighbours than with their fellow Iberians. A more significant geographical frontier—the true southern limit of temperate Europe, perhaps—lies undramatically along the inner edge of the "fertile crescent" of cultivation which links the Basque country, Navarra, a strip of Aragon, Catalonia and the province of Valencia. Here, spontaneously, Spaniards echo the geographers. In Lérida one is told: "Africa begins in Aragon." In Saragossa and Alcañiz one's Aragonese friends point down the Madrid road and say: "From here on you are in Morocco." On the coast north of Valencia one is told, contemptuously, of villagers who live a few miles inland: "*Son Moros!*"

Within this fertile crescent there is water for irrigation and hydro-electric schemes. Landscapes are often green, cultivation tends to be intensive, property is widely distributed and holdings are generally small. Villages are neat; houses are built of brick or stone. There is a moderately prosperous middle class with a small surplus of doctors and lawyers, and an increasingly assertive industrial working class. The standard of living approximates to that of south-west France ten or eleven years ago. South and west of Spain's fertile crescent there are oases, but in general water is scarce and most land is given over to grazing and low-yielding dry farming; property owners are few and tend to be pasha-like in their wealth and social irresponsibility; mud is a common rural building material, and many villages look as if they have been acquired second-hand from Syria. The middle class is small, workers are underpaid, apathetic and often under-employed; there is a high rate of emigration to Catalonia, Madrid and France. Living standards are slightly lower than those of rural Lebanon and Cyprus.

No major physical barrier separates fertile Spain from arid Spain. And no geographical obstacles hindered the spread of, for example, the ideas of the eighteenth-century Enlightenment or of nineteenth-century utopianism to the major cities of Spain. Locke, Voltaire and Montesquieu were read by educated noblemen and literate bourgeois on both sides of the Pyrenees on the eve of the French Revolution. Universal suffrage was provided for in the short-lived constitution of 1869, and the Spanish trade union movement took root in 1888. Since the Middle Ages the geographical barriers between Spain and north-west Europe have been less formidable than the religious and political. There was the Moorish apogee, when Spain prospered and the rest of Europe stagnated; there were the long dark nights of crusade, Inquisition and absolutism; there was Spain's deep involvement in America; there were reflexes like Philip II's circumscription of intellectual exchanges with foreign countries lest Spain's students became infected with uncatholic ideas. Europe was trouble—heresy, subversion, English piratry, French expansionism—and, the rulers assumed, the less Spain had to do with it the better.

The Second Republic made a start at tearing down barriers. But, born in 1931 in the depths of the world slump, it was shackled from the start with economic difficulties. It needed

a generation of peace in which to sort out the economy, promote social reforms, generalise education and inculcate democratic ideals: it was faced in its fifth year with a revolt of army officers, ecclesiastics and big landowners, to which it succumbed just too soon to be drawn into the second world war. From 1940 to 1950 the barriers were up again. In April, 1946, Britain and the United States called for General Franco's resignation and the formation of a representative provisional government. In the same year the UN Assembly approved a resolution urging its members to withdraw their ambassadors and ministers from Madrid.



Abolishing the Pyrenees

GENERAL FRANCO's best postwar ally was Stalin. The steady build-up of cold war tension in 1948-50 not only alarmed the United States government—which was understandable enough—but set it scraping the bottom of the anti-communist barrel. Shortly after the outbreak of war in Korea it extended to the Spanish dictator a long-term loan of $62.5 million and re-established normal diplomatic relations with him, a lead which Britain, and most other western states, followed. The Eisenhower Administration concluded a mutual defence agreement with Madrid and opened the dollar tap wide. To his credit, General Franco made no pretence of espousing the democratic cause. (The general's comment on the first sputnik was that it exemplified the "great achievements" which "political unity and discipline" make possible.) But Washington is broadminded, and by the end of fiscal year 1960 Spain had received or been assured of one billion dollars in US economic aid.

During the same decade Spain was admitted, step by step, to Unesco, the United Nations, the International Labour Organisation and the Organisation for European Economic Co-operation. In 1959 General Franco's government sought and obtained advice and loans from OEEC and the International Monetary Fund. Sixty American consultants and almost as many from western Europe have arrived in Spain during the last few years to advise government officials and industrialists. Some 1,400 Spanish officials and business men have been sent abroad under the US aid programme to study American and European methods.

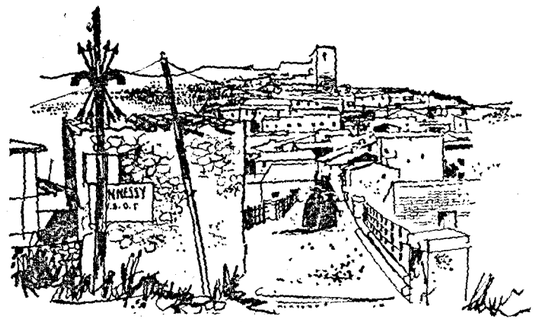
Simultaneously a window on the outside world has been opened for scores of thousands of families by letters and visits from Spaniards living in France, Switzerland and northern Europe. About 400,000 Spanish republicans preferred exile to submission in 1939-40; a further 350,000 Spaniards emigrated in the first postwar decade, and just now the rate of

emigration is high to booming France and Germany. Most emigrants write home in praise of the liberties, social services, amenities and gadgets they have discovered north of the Pyrenees. Many spend their three weeks' holiday-with-pay back home in Spain, dazzling the neighbours with their cars, cameras and transistor radios. (Sr A, a middle-grade bank-clerk in Madrid, has a brother, a former republican civil servant, who is now a housepainter in Bordeaux. Sr A would require four years' salary to buy a locally-produced car similar to the one his brother bought in France with the equivalent of one year's earnings. Dr B, an overworked 40-year-old general practitioner in Valencia, occupies a rented flat, has no refrigerator, and has just ordered his first car—a tiny *Seat*. His younger brother, an engineering worker in Toulouse, owns a car, a caravan and a variety of household gadgets and is buying his own home.) The influx of ten million tourists during the last two years has also alerted Spaniards to the affluent revolution that is transforming north-west Europe. And the interest of business men and economists in Europe has been stimulated by the prospect opened by the common market and the availability of a swelling volume of European capital for investment in Spain.

QUITE suddenly, north-west Europe has assumed in Spanish minds the glamour and glitter of a latter-day Eldorado. Articulate Spaniards seem, like articulate Englishmen, almost ready now to pension off their old catchphrases about overseas ties and special relationships (in Spain's case, with an increasingly indifferent Latin America) and to seek new, more purposeful, ties within Europe. Their most urgent desire is to find some means of connecting Spain to the powerline of western European prosperity; and the surest, in the view of the country's leading economists, would be membership of the common market. Not only is the dynamism of the leading common market countries attractive—their output and living standards are rising faster than those of Britain and her Efta associates—but they are doing more business with Spain than any other group of states.

The directors of the least progressive, most highly protected, private and state-controlled firms are predictably apprehensive; but expert opinion in the more dynamic sectors of Spanish industry and the most influential banking circles—the two overlap—is overwhelmingly favourable to participation in the common market. (Here the American embassy is playing a valuable catalytic role.) Intellectuals critical of the regime—and especially liberal monarchists and socialists—would also like to see Spain join the common market: they believe that the political aims of the Rome treaty, "contagion by example," and, possibly, discreet pressure from other member-states, would guide Spain back into liberal constitutional paths.

"*Il n'y a plus de Pyrénées*"? It would be rash to echo Louis XIV. But an interesting straw in the wind was the Spanish government's sudden acceptance last winter of a century-old French plan for a road tunnel under the central Pyrenees that would reduce by more than a third the travelling time between Saragossa and Toulouse. Until then the Spanish general staff had been permitted to veto far less ambitious Pyrenean road projects than this on "strategic" grounds. Now, overnight, cash down, it is the Spaniards who are forcing the pace. The Pyrenees are still there, but they seem to be shrinking.



SPAIN'S THREE PILLARS

Authority still marks the Spanish state. But the system of authority has become harder to describe than it was; and its three props have begun to sag apart

"WE are a nation of extremists," the minister's *chef de cabinet* said sadly. "We are all anarchists. Frankly, the old Anarchist Federation was probably our most representative institution before the war. That is why we need a strong Church and a strong State. Without them, Spain would be in chaos." "The workers here are not badly off," said the foreign diplomat, straightening the tiny crucifix on his desk. "They have medical insurance; when things are normal they put in a lot of overtime; and employers must obtain official sanction before sacking them. Their syndicates—sort of unions, you know—are represented in the government. And there's the Church: a man who goes regularly to mass can usually get help." "*C'est affreux*," the French lady said. "Did you know that the average Spaniard must work a whole day to be able to buy a kilo of decent meat?" "Nothing annoys me more," said the *English* lady primly, "than journalists who write about Spanish poverty. Everybody *I* know in Madrid runs an enormous Mercedes."

Generalisations and clichés lie in wait for one in Spain through every doorway, round every bend in the road. Spaniards resort to them out of loyalty to ideals and slogans they or their fathers fought for in the civil war; or because they have lost the habit of categorical discussion, political or economic; or simply for safety's sake. Foreign residents indulge in them to avoid giving offence; or to hide private embarrassments and complexes of their own; or because they are diplomats. Most of the generalisations cancel each other out. "Spaniards nowadays," one embassy man said, "are very chary of talking politics." "It's very difficult," said his colleague across the hall, "to keep Spaniards off politics." (Each, in his way, was right. The Spaniard who, in a restaurant or at a formal gathering, will shrug off a politically loaded remark or reply with a brief conformist comment, is apt when he relaxes in private to startle one with the vehemence of his opinions.) Opposition Catholics and monarchists in Madrid favoured Spanish membership of as many international organisations as possible: "Every time we join an international body we open a door into Spain, we have to play host to observers and study groups, and the regime is put on its best behaviour." Opposition Catholics and monarchists in Valencia and Barcelona asked angrily: "What has Unesco done to help us get rid of the censorship? To admit Franco into international organisations merely clothes him in respectability."

Opinion-polling is, in consequence, hazardous. There is even a shade of ambiguity—though only a shade—in the answers one gathers to the basic question: Is the regime a tyranny? That it is a dictatorship, everyone is agreed. But might it not be a more or less benevolent one? In its first few years, General Franco's rule was indeed a brutal tyranny, so vindictive that it shocked those of his Falangist, Catholic and monarchist supporters who had expected a gesture of national reconciliation. Dionisio Ridruejo, then director of the Falange's propaganda, now a left-of-centre critic of the regime, has said of this period: "Morally, the conquered became the victors." The British and American governments referred in their 1946 statement on Spain to the "absolute lack of liberty" and "harsh repression."

The regime still surprises the observer with its acts of vindictiveness. In February, 72 syndicalists were charged before a military tribunal with having attempted to organise a clandestine trade union in 1947-48, when most of them were already in prison on other political charges. In March, twenty persons were accused of having conspired in 1946 to re-establish the Catalan Left-Republican party. The wife of a socialist, now blind, who has been in Burgos prison for more than twenty years, had her jaw broken last year for accepting a remittance from a relief organisation in Toulouse. Released republicans are harried by the police and petty officials: it is dangerous for them to become involved in litigation or to be seen in the vicinity of, say, a café brawl.



Clandestine leaflets.

And yet it is still possible to agree with the American diplomat in Madrid who assures one that "the regime is undoubtedly authoritarian, but it is no longer totalitarian." There is certainly something oddly untotalitarian in the regime's present inconsistency in dealing with its adversaries. On the one hand twelve Catalans are beaten and tortured for singing Maragall's patriotic *Song of the Flag* in a public place; on the other, opposition intellectuals in Madrid distribute packets of well-printed leaflets against the government, and arrange their rendezvous over the telephone with an apparent insouciance that would be inconceivable in Moscow or, for that matter, Cairo. Some two thousand ageing republicans are still in prison, working out sentences of up to sixty years; but members of the "new wave" of resistance to General Franco concede that for political offences that would have been punished by twenty years' imprisonment in 1950, and ten years' in 1955, they now run the risk of no more than two years in jail or simply five or six days of beatings and torture.

All opposition groups agree that unfavourable publicity in the foreign press, the presence of foreign observers at the more important trials, and inquiries like the one conducted by an international committee of lawyers last winter, have played an important part in persuading the government—anxious to raise its international status—to keep its backwoodsmen on a shorter rein. But why the inconsistency? One explanation widely advanced in Madrid is that influential officers and officials are increasingly anxious to insure themselves with the opposition groups they think most likely to be represented in the regime which succeeds General Franco's. A hierarchy of political offenders has thus come into being. Intellectuals can get away with more than industrial workers, monarchists are harassed less than republicans, and

PAIN



Distant view of Burgos jail

Catholic liberals are treated more leniently than non-Catholic liberals; Catalanists and socialists come lower down the scale, while anarchists are at the bottom. Similarly, the regime's relative leniency in recent months is linked by some observers with the tensions that are building up in government circles around the problem of the succession.

THE regime rests on three pillars: the army, the Church and that somewhat shadowy political prop, the Falange. Army officers and NCOs are well paid and well cared for. (Thirty generals still on the reserve are over ninety, and four will soon be centenarians. A sergeant is paid more than twice as much as a teacher.) Their loyalty to General Franco has never been in doubt. But many responsible officers dislike the repressive role that has been thrust on them and the government's use of military tribunals to try civilians charged with political offences. Revulsion from their role is known to have impelled officers serving on military tribunals to impose minimum sentences in at least three cases recently; in one of them the sentence was more than doubled by higher authority.

A senior Spanish officer told his American opposite number recently: "We are becoming divorced from the nation. The people look upon us as their gendarmes, not as their defenders. One reason why I would like to see us join Nato and be integrated fully with other Western armies is that we may thereby become an ordinary army and cease being a political one; the morale of our men and our prestige in the nation would gain immeasurably."

According to qualified observers, about 25 per cent of Spain's senior officers are determined that a "strong" regime must remain in being after General Franco's retirement or death: some of them would like another military man to succeed General Franco (General Muñez Grandes is the favourite candidate), others want an absolute monarchy, most would support either formula. A further 40 per cent are monarchist first and, second, either absolutist or liberal-monarchist; a return to legitimacy, to normality, to a more positive role in national and European affairs, is what concerns them most. The remaining 35 per cent cannot be classified: some are apolitical or look to the Church for a lead, others have political sympathies they take care to keep to themselves, others are ready to serve any regime that respects their pay and privileges.

The Falange (now known as the National Movement for preference, its name having gone out of fashion) remains the official, and only, party of the regime. It has long ceased to have any ideological significance. Its dogmas—a rehash of Italian fascism—are still taught in schools, but their barrenness became embarrassingly plain in 1959 when, after having applied them for twenty years, the government was obliged to do a smart about-face, seek American and western European aid, and swallow a great deal of unpalatable advice, in order to stave off economic collapse. Middle-aged Falangists who joined "the Movement" in the thirties complain, of course, that General Franco has betrayed their ideal, has applied their principles only half-heartedly, and has made too many concessions to foreign opinion and liberal capitalism. More recent recruits admit, in private, that they joined the Falange primarily for the advantages it offers in obtaining employment, promotion and housing. Once the Falange had a certain awesome prestige; now it is generally despised. Its decline is reflected in the sales of the Falangist organ *Arriba*. Despite a sensationalist "popular" style, *Arriba* is now selling only 30,000 copies a day, whereas the Church daily, *Ya*, sells 140,000, the nominally monarchist *ABC* 180,000 and the practically newsless sport-and-gossip paper, *Marca*, about 300,000. (All these figures are estimates: actual circulation figures are not published.)

The secretary-general of the Movement, Sr José Solís Ruiz, is also head of the Syndicates, the "vertical trade union" system which includes workers and employers alike; it is this organisation nowadays that provides Señor Solís with his sinews of power. He leads the populist-corporative wing of the government, in contrast to the more liberal (in economic matters) Europeanising tendency represented by Sr Ullastres, minister of commerce, and Sr Navarro Rubio, minister of finance. The "European" tide in Spanish affairs has been an adverse factor for him to contend with, though he has shown skill and resource in adapting himself. His prestige recently took a dip when the Primate of Spain, Cardinal Pla y Deniel, as well informed of the Falange's unpopularity as of working-class discontent, shrewdly selected Sr Solís as addressee of his recent protest against the disadvantage at which the Catholic Action workers' brotherhoods found themselves in last winter's elections to offices in the syndical movement.

CARDINAL PLA Y DENIEL has a delicate task. He has supported the regime since the end of the civil war. He has approved a catechism which denounces democracy and freedom of the press in crudely fascist terms. He speaks with pride of the state's "model" concordat with the Vatican, and he still refers to the revolt which brought General Franco to power, in the accepted phraseology, as the "National Crusade." For a whole generation his Church has enjoyed the sort of opportunity the propagators of all creeds presumably dream of: it has monopolised religious instruction, dominated education and guided the consciences of the nation's ruler and all his officials. Publications of a religious or philosophical nature are seen by its censors before the government censorship sees them; its inspectors have access to all schools. No non-Catholic may teach or become a journalist, a nurse, a civil servant, a policeman or an officer or non-commissioned officer in the armed forces. Ecclesiastical recommendation is necessary for responsible employment in all state-controlled industries and many branches of private business. It is difficult for non-Catholics even to get married; Protestant religious marriages are illegal, and an application for a civil marriage is turned down unless the couple can prove that neither bride nor bridegroom received a Catholic baptism; this is often difficult. Protestant services may be held only in buildings which bear no outward indication of their function, and may be interrupted by the police or gangs of youths, or banned without notice by the local bishop; such bans were recently—and may still be—in force in Saragossa, Salamanca and three other towns visited by this correspondent. Protestant prayer-books have to be smuggled in from abroad; a hymn-book in use among Spanish Protestants was printed in Barcelona on an "underground" press.

The Cardinal Primate agrees with General Franco that the separation of Church and State is "incomprehensible." ("Who can say, in a Catholic society, where the temporal ends and the spiritual begins?") But he cannot be unmindful of the anti-clericalism which the Church's identification with repressive regimes has provoked in the past, in Spain as in France and Latin Amercia. While seeking to safeguard the Church's present privileges, he must also seek to store up goodwill for the future, and to narrow the gap between the prelates and older priests who played an active propagandist role in Franco's "crusade" and the younger priests whose consciences are troubled by the oppression and moral apathy fostered by 22 years of "crusader" rule.

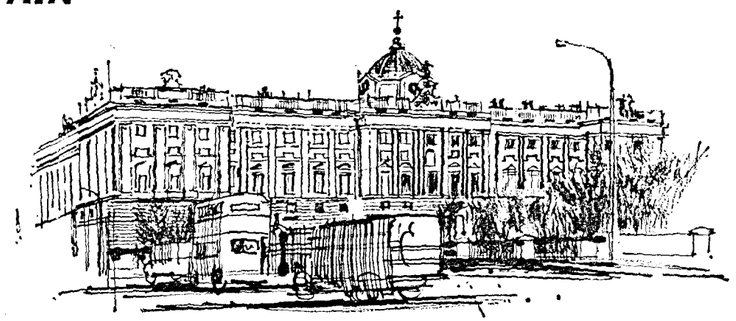


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The Empty Palace

A TIME comes when immobility ceases to reassure and begins to inspire uncertainty. The empty royal palace in the centre of Madrid stands like a symbol of the doubt at the core of the regime. General Franco has said that he will be succeeded by a royal restoration, and has legislated on that assumption. But the pretender, Don Juan, still holds himself aloof in Portugal: his utterances are subject to censorship in Spain (they are occasionally circulated in the form of underground tracts) and it is an offence against the Spanish kingdom to discuss the likely date of his return or the nature of the constitution by which he will reign.

The monarchists are split, not only between branches of the dynasty but between principles. Some are absolutists, most are liberals. The absolutists, found mainly among the landed aristocracy, the army, the higher clergy, and the priesthood of Navarra, are on good terms with the Franco regime and hope to perpetuate its authoritarian features—and their present privileges—under the restored monarchy. Like General Franco himself, many of them wish to bypass Don Juan in favour of his son, Don Juan Carlos, whom they consider more malleable. In the last resort, most absolutists would prefer a military dictatorship or a "strong" presidential system to a genuinely liberal monarchy. The liberal monarchists, whose loosely-built organisation is called *Unión Española*, are the most active underground group in Madrid, though their agitation is confined almost exclusively to professional and intellectual circles. In the provinces they are much thinner on the ground. If their constitutional ideas prevail the king will have more power than British and Scandinavian monarchs but less than General de Gaulle; parliament and provincial and municipal authorities would be elected, and the press and trade unions would be free—"only the Communist party will be banned." It is not unusual to hear the pretender criticised in liberal-monarchist circles—for the somewhat Gaullist vagueness of his public declarations, or because, while remaining in exile himself, he allowed his son to return to Spain and thus lend the regime a cloak of legitimacy. (Don Juan's answers to these criticisms are that only if his declarations are "all-embracing" can he unite the nation; and that it was necessary for his son to return lest the royal house lose touch with the armed forces.) *Unión Española* has no dogmatic party line. Its basic contention is that if the next regime were to be either republican or dictatorial, one side or the other in Spanish politics would be so apprehensive or impatient that violence would ensue; thus, only a liberal monarchy can bridge the gap.

Unión Española is supported by many formerly republican conservatives and liberals. It enjoys the good will of most *Catalanistas* and Catholic democrats (who are the intellectual nucleus of the still embryonic Spanish Christian Democrat movement; their leader, Sr Gil Robles, a former republican minister, is probably the most influential lay Catholic leader in Spain today). On the Mediterranean coast many socialists are willing to support a liberal monarchy, at least for a trial run; in Madrid and the north, socialists tend to approve the demand of the exiled socialist party (PSOE) for a plebiscite on the constitutional issue. The man in the street displays little overt interest. Two or three Madrileños said: "Madrid is a socialist city. I can't imagine a king here." Catalans said: "A king, a taxidriver—anyone rather than Franco!" Basques tended to be republican. But the commonest type of comment in all regions was resigned: "If the Church (or, according to the speaker, the army, or *el Opus*) wants a king, we'll have a king. Who cares what we think?"

Abysmal educational standards, a subservient press and radio, and a general subjection of intellectual life to expediency may, indeed, have combined "to uproot and destroy responsible public opinion," as the Basque priests said in their protest last year; and the bread and circuses of mid-twentieth-century Spain—cheap alcohol and *tapas*, soccer and bullfights—are powerful opiates. But nature abhors this kind of vacuum, too. Most Spanish workers and middle-class intellectuals who own a radio admit that they listen "sometimes" to the communist "Free Spain" station; and most Spaniards now know something about the prosperity that ordinary people enjoy

in Europe north of the Pyrenees. Privation and ignorance can be mutually sustaining; privation and even a grain of enlightenment can be explosive. Socialists and liberal monarchists in Madrid, and communists in Barcelona, are in agreement on one basic point: "Franco is the Spanish Communist party's best recruiting agent."

Do the western powers mind who moves into that empty palace? One wonders. The Americans have an admirably alert, well-informed, well-intentioned aid mission in Madrid; but their aid programme is tainted with the original sin of its conception as the adjunct of a stopgap military policy. Their longer-term political interests have been harmed by an ambassador—now departed—who, as *The Reporter* observed, "often sounded more like Franco's advocate than our own." The French are well-informed on economic and cultural matters. Thanks to the combination of circumstances that has made of France a haven for Spanish refugees, Europe's leading nominally Catholic power and (very likely) Spain's future partner in the common market, the French are fairly popular, for different reasons, with both left and right; but their domestic political troubles have lessened their diplomatic significance in Madrid. The British, it is generally agreed, have never been liked by General Franco or by the more reactionary of his supporters. They have, consequently, little kudos to lose in that quarter, though the ingratiating tone of many official British utterances in Spain in the last two or three years shows little awareness of that fact. The liberal monarchists, on the other hand, say that the British are their natural allies. The once-popular BBC may still wean a few thousand listeners from the "Free Spain" radio if—as the latest signs indicate—it gives more space in its Spanish broadcasts to liberal points of view.

British embassy lumber-rooms the world over are littered with illusions about Britain's "natural allies." The British embassy in Madrid is uncannily like something out of an old film—a film seen in Farouk's Cairo, then in Nuri's Baghdad, again in Batista's Havana. One is responsive to the same rustic charm; one recognises the same philosophical clichés, the same *dolce far niente* dressed up as political wisdom. The film livens up only towards the end. A day comes when hard things are said in the House about Our Man in Wherever-it-may-be. Our Man, packing his bags for some other part of the world, mutters wearily about lack of long-term policy; for embassies, after all, are but instruments. And—the name of the film? Was it *Waiting for Castro*?



SHOCK THERAPY FOR THE PESETA



SPAIN'S per capita national income did not return until 1952 to the level at which it had been on the eve of the civil war. Between 1952 and 1959 it increased by an average of 3 per cent annually. Throughout the nineteen-fifties, industrial investment—much of it strongly autarkic in bias—was high, and by 1959 industrial output was 75 per cent greater than in 1948. It is interesting, however, to compare the percentage increases in representative sectors of Spain's economy with those achieved in two other war-shattered countries, Italy and Greece.

PERCENTAGE INCREASES IN PRODUCTION
1948–1958 (inclusive)

	SPAIN	ITALY	GREECE
Mining	64	165	903
Textiles	30	95	136
Chemicals	151	277	224
Basic metals	131	199	-
Electricity and gas	152	74	286
Agriculture (crops) (1935–1958)	13	32	41

Italy and Greece were, of course, ahead of Spain in the queue for American aid. But the very nature of the regime that emerged from the civil war saddled Spain's economy with a degree of waste, nepotism and inefficiency that would be intolerable in a country where the normal play of political forces could work. "Ours is neither a capitalist nor a socialist economy," a leading Spanish economist told this correspondent. "It is a predatory economy: the sort of economy you would expect an old-fashioned conquering army to impose. Rewards—in the shape of lucrative posts, monopolies and permits—for the victors; subjection for the vanquished. An export tax—the equivalent of a discriminatory tariff in foreign markets—was even imposed on one important sector recently because the economic conjuncture favoured its products and would therefore have benefited a group of business men known to lack enthusiasm for the regime. The minister responsible admits in private that the idea was imposed on him from on high."

Development was, in consequence, more expensive than it need have been, and governed at times by emotional rather than economic considerations. It was patchy and unco-ordinated, and neglected the nation's vital agricultural base. It was financed in part by the kind of forced savings that are levied by rising prices,

Some Spanish Statistics

IN response to pleas from OEEC, the US aid mission and the International Bank, a serious effort is being made to improve the reliability and comprehensiveness of Spanish statistics and speed up their publication. The selective zeal of many officials is still liable to ensnare the unwary. For example, foreign journalists may be informed that by 1959 agricultural output had increased by 59 per cent since the end of the civil war. If 1940 is taken as the base year the index for 1959 is indeed 159. But 1940 was an appallingly bad year. If the average for 1930-35 is taken as 100, the index for 1959 (itself an exceptionally good year) is 124; and 1957, 1958 and 1960 are all within a few tenths of 113. Against this must be set a population increase of 27 per cent during the same period.

Early this year government spokesmen announced that industrial production had increased by nearly 6 per cent in 1960; but the national revenue from industry in 1960 was 2 per cent less than in 1959 (more than 3 per cent at constant prices), and scrutiny of the official index showed its compilers to have given undue weight to growth-leaders. Western embassies in Madrid multiply by 2.5 or even 3 official unemployment figures, which concentrate on redundancies among "permanent" workers who may not be dismissed without official sanction: they cover only a small percentage of the "temporary" workers for whom this protection does not exist (and for whom there is no unemployment insurance), and they ignore teenage job-seekers and the rural unemployed. Similarly, foreign observers divide by 3 official totals of the number of "low-cost" housing units completed.

Skirting this statistical minefield, one gets the impression of an economy broadly similar to that of Greece or the southern half of Italy. Of Spain's active population of 11.7 million (total population: 30.1 million) 44 per cent gain their livelihood from agriculture, 24 per cent from industry and 32 per cent in services. In 1960 the national income was $7,450 million, or $248 a head. Agriculture contributed 26.5 per cent of this, industry 30.5 per cent and services 43 per cent—proportions similar to those for Cyprus and southern Italy. The efficiency of the average agricultural worker, measured in terms of wealth produced, is thus 60 per cent of the national average (the corresponding figures for agricultural workers in Greece, Portugal and Turkey are 75, 59 and 51, respectively). But industrial productivity, too, is generally low by northern European standards: in shipbuilding, for example, only 3 gross registered tons of shipping are produced per worker employed, compared with 20 tons in Sweden.

The income of the average Spaniard is one-third of that of the average citizen of north-west Europe, and he spends 55 to 60 per cent of it on food; his expenditure on consumer durables is about 30 per cent of that of the average Englishman or Frenchman; his annual consumption of steel and electrical energy is only 27 per cent of the OEEC average.

In lumping together the incomes and living-standards of rich and poor, these figures obscure the fact that, except in the north, Spain lacks a substantial middle class, and there is no "average Spaniard" who can be considered the counterpart of the average Englishman or Frenchman. But a useful index of the growth of a middle class is provided by the number of scooters and motor-cycles in use (a scooter costs a middle-grade clerk the equivalent of ten months' salary). In 1950 there were 13,600 scooters and motor-cycles on the roads of Spain; at the end of 1954 there were still only 60,000; but last year there were 650,000.

SPAIN

combined with a wage freeze, on the wage and salary earners; for considerable periods, although the national income rose, their real earnings diminished. Public funds were poured into enterprises unable to attract private capital and of only marginal utility. INI —the National Institute for Industry, established to handle government investments ramified through the economy—became a byword for bureaucratic elephantiasis, inefficiency, and "jobs for the boys."

INFLATION, a flight of capital and a severe balance-of-payments crisis forced the government to seek the aid of the OEEC and the International Monetary Fund; and in July, 1959, taking the advice of the two bodies, it adopted a swingeing stabilisation plan that involved devaluation, a credit squeeze, and a ceiling on government spending. Prices were decontrolled; customs and excise duties, railway fares and telephone rates were increased. To cushion the shock, loans were granted by the IMF, the European Monetary Fund, the United States government and American private bankers. Sixty per cent of Spain's imports were freed from quota restrictions, the state stopped allocating raw materials, and multiple exchange rates were abolished. These last three measures eliminated many corrupt practices.

Inflation was fairly speedily brought under control. The fall in domestic demand helped depress imports and stimulate exports —and receipts from exports and tourism flowed increasingly through official channels instead of into the black market which had been fostered by multiple exchange rates. The capital outflow ceased. Spain's gold and dollar reserves soared from $14 million in 1959 to $600 million in February, 1961.

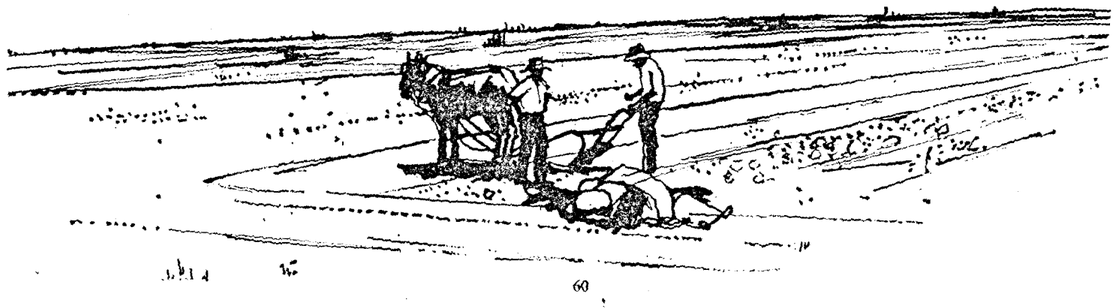
But the social cost was heavy. A hint of the inequality of the sacrifices imposed on different social classes is contained in the fact that between 1958 and 1961 sales of scooters and motor-cycles fell by 60 per cent, while sales of cars for private use rose by 30 per cent. In Madrid 8 per cent of clothing shops (mainly those in the smarter parts of the town) increased their sales in the first half of 1960, while 54 per cent sold considerably less than in the corresponding period of 1959. Industrial unemployment soared to 300,000 (10 per cent of the industrial labour force: the estimate is that of the best-informed western embassy) by the summer of 1960. "Permanent" employees, who normally rely on overtime or a second job to help them maintain a tolerable standard of living, remained at work, but they had to make do with "basic" rates that were less than two-thirds of their normal earnings. Only rigorous security measures, reinforced by the decree of September 21, 1960, warded off disorders in the main towns. Some marginal enterprises, nourished by autarky and inflation, collapsed, as the planners had hoped; but far too many sound firms, whose growth it was important to stimulate, drew in their horns.

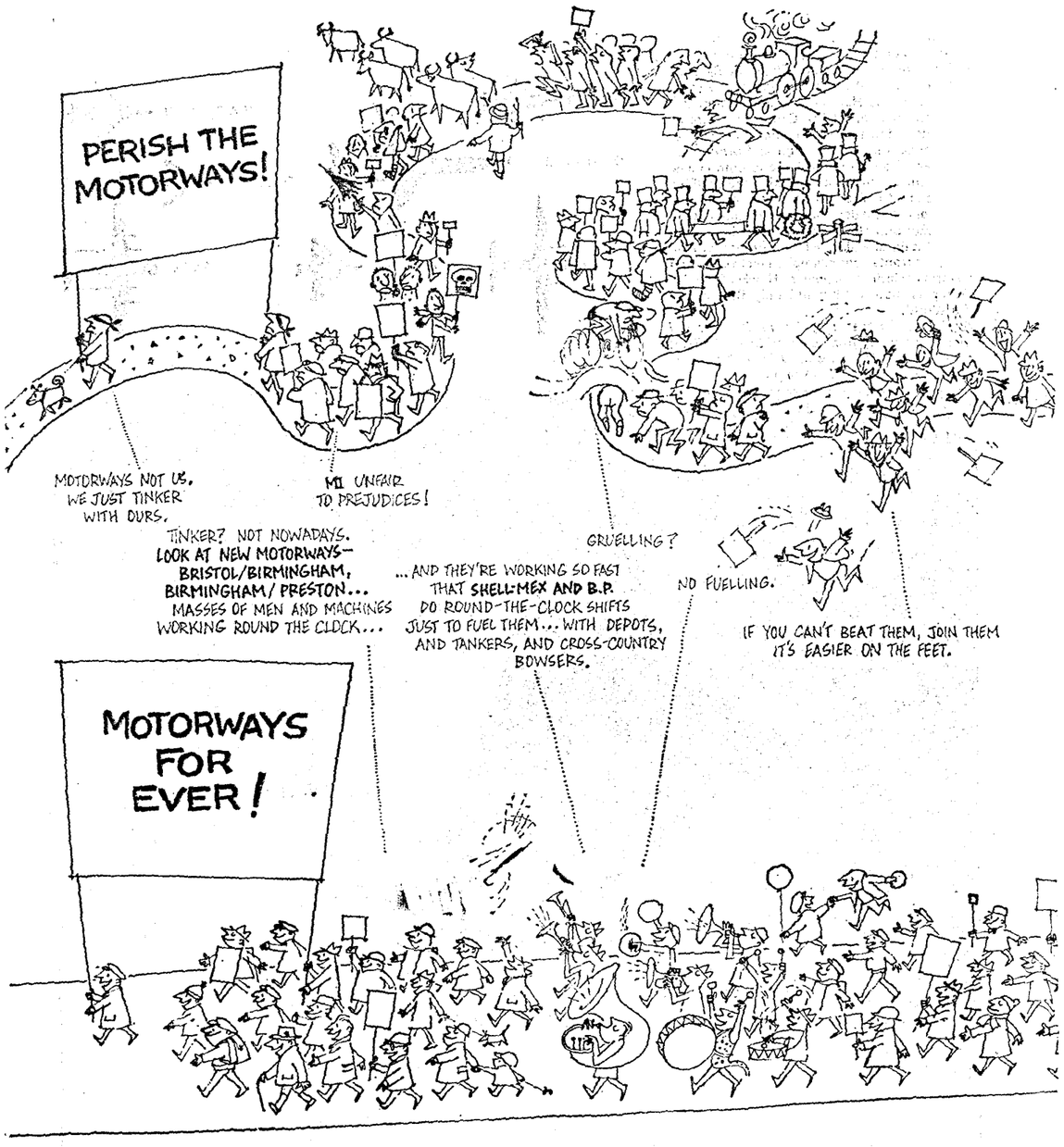
In the opinion of one leading Madrid banker, the authors of the stabilisation plan were very fortunate. They underestimated the severity of their treatment, and were saved from plunging Spain into a major slump—and possibly revolution—only by a remarkable run of good luck: the boom in north-west Europe, and the US steel strike, which helped Spanish exports; Spain's exceptionally good 1959 harvest; the 1959-60 tourist invasion; the high level of hoarded stocks (built up steadily over two years as the peseta sagged) in July, 1959; and the agility displayed by firms in helping one another (for example, in extending credit and even bartering services and materials).

Other critics argue that the results of the stabilisation plan will remain fragile unless there are more profound economic reforms. The reforms urged include the further liberalisation and "globalisation" (freeing from bilateral quotas) of imports, the abolition of the remaining price controls, and the end of the system whereby governmental authorisation must be obtained before new industrial plant is set up or existing plant extended. Foreign investment needs more active encouragement. Legislation against monopolies is required. The banking system needs reform in several directions. Reform of the labour laws is urged, to liberalise the labour market, provide adequate unemployment insurance, increase workers' incentives, and encourage employers to use labour less wastefully. INI should obviously be submitted to normal accounting discipline: although it is allocated investment funds equal to one half of the total capital invested by private industry, it has as yet published only one report, which few economists take seriously. Most urgently, Spain needs a comprehensive development plan.

In fairness it should be said that many of these requirements are being actively studied. A strong World Bank mission which has just completed three months' work in Spain is to indicate the priorities that should be followed in the next stage of development. That the Spanish government should have asked for such a survey to be made is a mark of change.

But labour laws can hardly be liberalised without opening the door to free trade unionism. Anti-monopoly legislation and interference with INI would upset a whole beehive of vested interests great and small. And how can INI be made accountable to the public by a government that does not expose itself to public accountability? In Madrid today both supporters and opponents of the regime are preoccupied with the thought that the liberalisation of economic life is extremely hard to separate from liberalisation in politics.



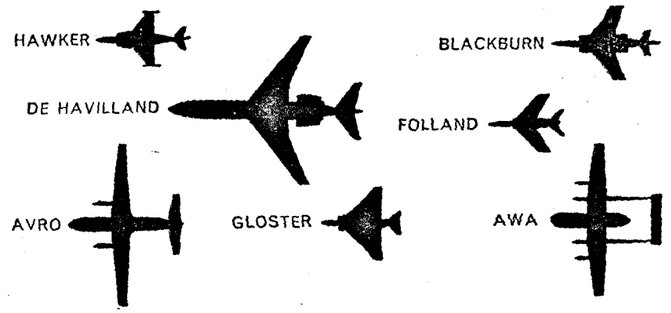


Facts worth remembering:—(1) Shell-Mex and B.P. Ltd are major fuel suppliers on Britain's new Motorways, as they were on M1. (2) They have the most experience in supplying fuels to road-building machinery on the site, day or night.

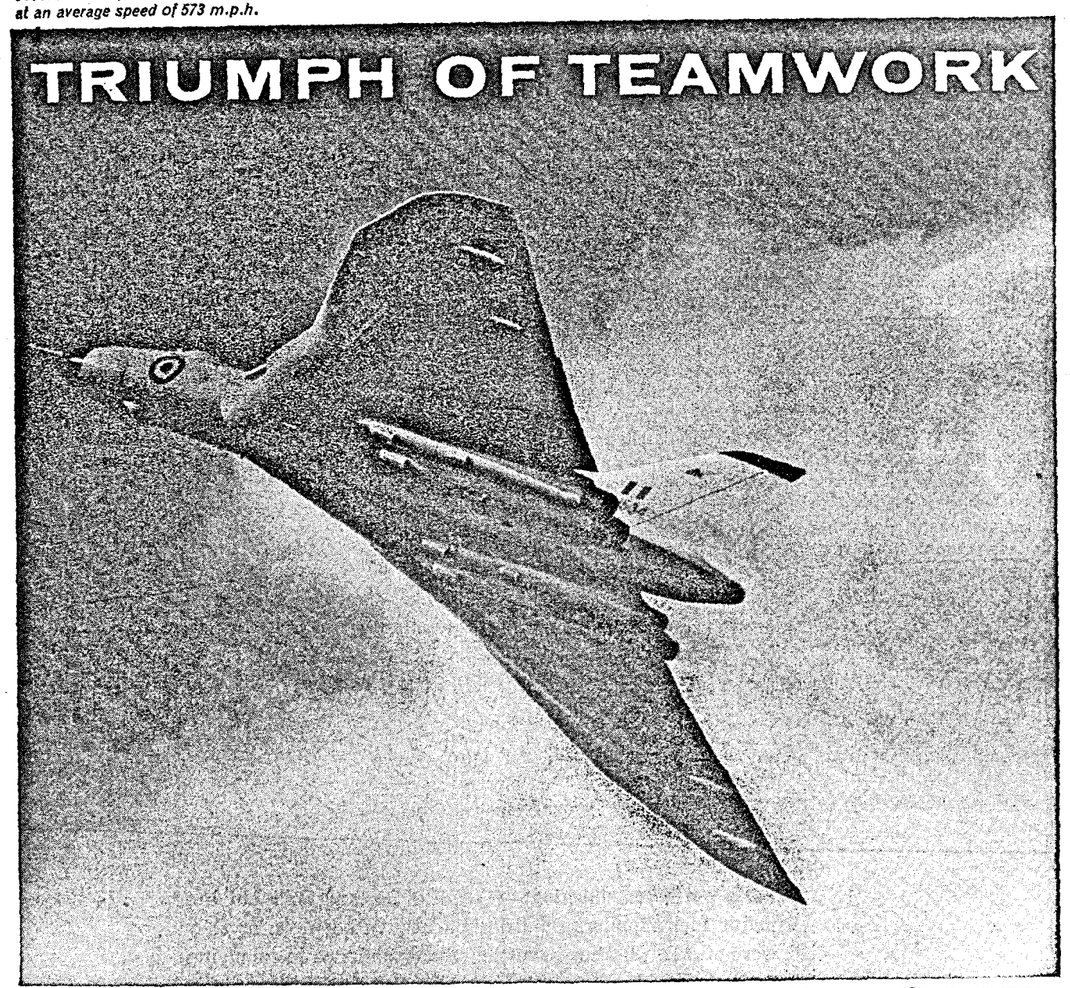
SHELL-MEX AND B.P. LTD — WORKING ROUND-THE-CLOCK ON BRITAIN'S MOTORWAYS

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A Vulcan bomber recently made a record non-stop journey from England to Australia. It covered the 11,500 miles in 20 hours 3 minutes at an average speed of 573 m.p.h.



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Clearing the Air

WHEN Professor Jack and his colleagues at the Air Transport Licensing Board last week admitted Cunard-Eagle Airways to a one service a day operation between London and New York, they struck a notable blow for more freedom in the air. Nothing perhaps will ever be the same again for nationalised airlines and chosen instruments—that is, if the Minister of Aviation, Mr Thorneycroft, endorses what the board has done. He is in for an unquiet life for the next few months. But it is time that the whole structure of international aviation, and not merely the British part in it, was put under the microscope. The rules and regulations; the treaties and quotas; the cartels, revenue pooling and profit sharing; the secret agreements; the horse-trading and knife-in-the-ribs which complicate civil flying are not apparent to the passenger. It does not necessarily follow that flying would be cheaper, more comfortable or more convenient if they were changed, but clearly it might.

For a new airline to get into business, it must first get a licence. It has to comply with the necessary engineering and safety standards as a matter of course. But it cannot get started without a licence which says where it may fly and how often. The British operating monopolies that BOAC and BEA enjoyed on their trunk routes were ended last year by the new civil aviation Act; any British-owned airline can apply to the Air Transport Licensing Board, as Cunard-Eagle did, for permission to fly on any route in competition with the corporations or with other independent airlines. In this first test case, the board was decisively in favour of more competition. Cunard-Eagle got permission to fly to New York, in competition with BOAC and with other operators; but its application to fly to Canada was rejected on the ground of insufficient traffic between London and Montreal to support a new service.

In fact, the form that competition takes will depend less on the economic criteria that enter into the judgment of Professor Jack and his colleagues than upon the attitude of foreign governments. The Air Transport Licensing Board's licence allows a British airline to carry passengers in and out of this country; it gives no assurance that its aircraft will be able freely to land at the other end. Airports are part of a country's sovereign territory and there is no freedom of peaceful entry to them such as ships have in entering docks. No foreign airline can come into an airport unless the two countries have first negotiated a treaty of reciprocal landing rights. In recent years landing rights have become increasingly contentious. For example, an international airline may want to develop its network, or re-shuffle its schedules to benefit from the improved performance of modern aircraft. To do this, it becomes involved in protracted and often unsuccessful re-negotiation of landing rights to make calls at more cities, or to serve two neighbouring cities, such as London and Paris, on one flight instead of making separate flights to each, or even to step up the number of services to points already served.

IN form, landing rights are negotiated between governments; in fact, national airlines in all countries are active behind the scenes and demand a *quid pro quo* for every "concession" their governments make. Before the United States Civil Aeronautics Board allows Cunard-Eagle to exercise its British licence to fly to New York, it may well ask for similar rights to London for an American airline—this might be for Seaboard and Western, which at present is not allowed to carry passengers on the North Atlantic although it does carry freight. Any country can refuse to admit a second British airline on routes already served by one of the corporations, irrespective of the British licence.

These inter-government agreements on landing rights all include the proviso that the airlines they admit must charge fares approved by both governments; they list the cities between which services may be operated and, in some cases, the share of passenger capacity to be allowed each airline. The working out of the details is usually left to the airlines and to serve these purposes they have evolved some of the tightest arrangements since the mediaeval guilds. That competition could ever take the form of lower fares is revolting and anathema to them. The international airlines operate their own fare-fixing cartel under the International Air Transport Association, with the approval and active connivance of their governments. Fares are worked out at the IATA meetings and then presented to the governments for rubber-stamping; this saves governments the trouble of working out each set of rates between themselves, as they have to do in the case of airlines such as Aeroflot or Icelandic Airways that do not belong to IATA.

As IATA's meetings are now organised, it is at least possible for the more enterprising airlines to bring pressure on the less enterprising and force fare cuts on a reluctant majority. When an IATA conference fails to agree (a single dissentient is enough) the airlines in theory become free to charge what they like. In practice they have never got to the point of experimenting with free rates, simply because deadlock at IATA is

always the signal for governments to give their national airlines a sharp talking to and send them back with orders to find a compromise. This happened as recently as in May when the US Civil Aeronautics Board refused to sanction free rates for air freight and insisted on an agreed fixed tariff.

For air transport operators, IATA performs the role of strict yet beloved nanny. Governments and airlines secretly enjoy its nursery tyranny—and this extends well beyond the fixing of fares into such fields as defining the size of seats, the general standards of service, comfort and meals. The result is that airlines can compete neither in price nor in performance. (For the test of this, it is only necessary to compare the lush but meretricious standards of advertising in which the international airlines commonly indulge.) Heavy fines are imposed on any airline that steps out of line. Some enterprising operators have found a temporary way round these restrictions by hiring out aircraft on charter; this allows them to cut fares by half if nearly all the seats are sold on a chartered flight. But now airlines and governments are trying to check the growth of chartering; they are already ruling that only long-established clubs and associations may charter aircraft (and then not if their membership is too big). This effectively stops a group of people combining for the common purpose of a chartered holiday flight. The Ministry of Aviation is now playing its part in this restrictionism by insisting that all chartered flights must apply to Professor Jack for a special licence, whereas formerly they did not need one. Anyone else in the business can object to the granting of a licence, and can appeal to the Minister if one is granted. This is becoming a formidable and expensive hurdle.

FARES are not the only matter in which air transport is controlled. The tendency of certain countries (not, as yet, the United States) to control the amount of capacity to be put on particular routes can severely restrict the implementation of any decisions reached by the Air Transport Licensing Board. Most countries in Europe, Asia, Africa and Australia impose quotas on carrying capacity. France, to take the nearest example, does not mind how many British airlines fly to Paris so long as the total number of seats they offer does not exceed the quota—which is already taken up by BEA. Suppose the board were to allow an independent airline to operate on the route to Paris, in competition with BEA (and others). Unless the quota could be enlarged, BEA would have to part with some of its present traffic to the independent airline. This pattern could be repeated on other routes where a quota system operates; BEA views this prospect with alarm.

Airlines show remarkable ingenuity in surmounting obstacles and their answer to the quota system has been the traffic pool. This is a bilateral cartel with nothing to commend it except that it allows an "intruder" airline to expand on routes where its growth might otherwise be blocked by local airlines appealing to their governments for protection against foreign competition. A traffic pool is simply an agreement not to compete. The two (sometimes three or four) airlines belonging to a pool lump their combined receipts on a given route and share them out in prearranged proportions. British European Airways has 16 pooling agreements, nearly one for every country it serves. The usual form is for BEA and its partner (usually a smaller and more vulnerable airline) to split their joint revenue on a predetermined basis up to a certain amount, and to keep for themselves any earnings over and above this. Such a pooling agreement has two objects: it guarantees the smaller airline a minimum income even if it carries no traffic; and it gives BEA some incentive to expand traffic above the agreed figure, since the local airline has agreed not to object.

Another type of pool, now increasingly used, provides for the sharing of all revenue with no upper limit. There may be an argument of some respectability for allowing a rapidly growing airline to buy off local opposition to its continued expansion. But what is the justification for a traffic pool that exists only to share out the takings? Some of BEA's later pool agreements take this form. So do those completed by BOAC, with the full blessing of Mr Sandys, in India, Australia and Canada. Anti-trust legislation prevents American airlines from joining pools, and so the North Atlantic remains relatively free of them. But airlines generally like the pooling system. They would rather settle differences privately than involve their governments in direct negotiation and a couple of airlines in a pool are not likely to overlook the fact that they can effectively keep out any competitor. Where they concern routes for which the Air Transport Licensing Board is hearing applications for new services, particulars of these agreements may have to be filed—with what enthusiasm can only be guessed. The point is under legal discussion and could conceivably go to a higher Court. The airlines wonder what will happen to the traffic pools if independent airlines are licensed to fly on the same routes.

But everything points at present to the Ministry encouraging, rather than discouraging, this carving-up of traffic. It had, indeed, been hoped that the corporations and the independent airlines would work out an amicable division of traffic without fighting their applications before Professor Jack and his colleagues. The sort of agreement the Ministry would have favoured appeared last year when traffic to Central Africa was divided between BOAC, the independent British United Airways and the local African airlines. Pressure was brought to bear on the corporations to offer the independents a similar cut on the routes now being contested before the Air Transport Licensing Board, so that the board's decisions would have become formal endorsements of private settlements reached out of court. But this time the corporations would not play. They may come to regret their opposition, but passengers ought to thank them for at least taking this stand against one aspect of the cosy conspiracy to hush up the fact that the air is far from free. They make much of the obvious irritants—passports, landing cards, and customs; but these are nothing compared with the restrictions, the cartels and the quotas that are worked behind the scenes with full Government approval. How can the Ministry of Aviation allow British corporations to take part in traffic pools that, at least by analogy if not in fact in law, would have to run the gauntlet of the Restrictive Practices Court in Britain? The corporations join pools because the Ministry cannot apparently protect their interests abroad. How the independent airlines fare will be the test of the Government's policy which started off with fine statements about more competition in the air, but is riddled with equivocation. If the independents need pool protection they will never be independent in any real sense.

H_2O H_2O Water under Control

Mr Brooke is thinking of rationalising the system of water supply in England and Wales by putting control over flood and drought prevention in the same hands

WHEN the Minister of Housing and Local Government was arranging emergency measures to deal with the havoc created by last year's freak combination of the wettest four months and the driest four months for centuries, he was asked by one anxious MP whether he could not "do something to solve the problem of alternating drought and flood." Mr Brooke replied, somewhat tartly but with his customary accuracy: "I am not God." He has, it now transpires, been hard at work "doing something." And the way he recently unveiled to a select few his ideas on how to achieve better regulation of Britain's natural supply of water led one senior figure in the water industry to inquire, with more than just mock acerbity, whether Mr Brooke's proposals are not somewhere to be found engraven on tablets of stone.

This sourness is pardonable, if not wholly fair. A committee was charged almost two years ago to undertake precisely this task of suggesting improvements in the present arrangements for water conservation but only recently has it got down to writing its report. Mr Brooke, who was keen to bring in a new bill in the 1961-62 session of Parliament, decided to wait no longer. Two months ago he sent an outline of the committee's proposals (or his department's: the parentage is obscure), in what was meant to be a confidential circular, to representative bodies and asked for their comments.

The response of the water supply industry to this circular has been arid. This is not merely because of the somewhat unorthodox way in which Mr Brooke has canvassed the industry before it has been presented with the detailed arguments of the Central Advisory Water Committee. The industry dislikes even more its substance: the proposals, it feels, are too radical. What Mr Brooke plans to do, in a nutshell, is to superimpose upon the present patchwork of partially controlled public and private enterprise in water abstraction a number of new "water conservation authorities," each charged with harnessing the water potential of a river basin or a group of basins and armed with full co-ordinating and executive powers to achieve this object. These bodies would take over the responsibilities of the present river boards for land drainage, flood prevention, water pollution, and the protection of fisheries. They would control all water abstraction within their watersheds, from rivers, streams, canals, and underground boreholes, by a new system of licensing. They would have the power of approval over all new development schemes of existing public supply undertakings. And they would be able to go into the business of water supply themselves, as wholesalers, either by constructing river regulating and other kinds of reservoirs on their own account or by getting an existing public water supplier to undertake them as their agent. They would then sell water to public supply undertakings or to anyone else wanting it.

The water industry suspects, probably rightly, that this marriage between flood and drought prevention is the direct result of last year's widespread flooding. Inundations on that scale occur seldom and complete prevention would mean frighteningly expensive schemes of river regulation. Moreover, it can reasonably be argued that the two tasks are not always compatible. At winter's end the public water supplier likes to have his reservoirs full, ready for the peak demand of spring and summer. But this is just the time when, if the risk of flooding is to be avoided, regulating reservoirs should be almost empty, ready to take off surplus water pouring downstream.

The industry particularly fears the proposed powers of control over abstraction and over new investment for conservation. Energetically used, these controls could lead to the freezing of existing water undertakings in their present state of development. The industry is emphatic on what it has done lately to put its own house in order. Amalgamation has reduced the number of undertakings from more than 1,200 five years ago to about 700 now—though only, it should be added, after sustained prodding from Whitehall. In a few more years, the number could come down, perhaps to 200 or 300. Capital expenditure, too, has been steadily rising, to nearly £40 million a year now. In general, the industry is in no doubt about its ability to meet a two or three per cent a year growth in demand for water from the tap.

BUT only part of the water used in England and Wales (and in Scotland) is drawn from the pipes and taps of the water supply industry. Many industrial firms and farmers, and some householders, abstract their own supplies from underground or passing watercourses. Just as any conflict between the requirements of flood and drought prevention might be more easily resolved if the responsibilities were in a single set of hands, so the competing demands of public undertakings and private abstractors ought to be better adjusted by a single conservation authority in each major watershed. There is no real co-ordination among the various drawers of water, reconciling their needs and resources over a period of years. Only in certain declared conservation areas is the tapping of underground water subjected to control under the 1945 Water Act, and nowhere is surface abstraction supervised. Yet the two are interdependent: tapping one can affect supplies from the other, and water tables in a number of areas have been dropping steadily, even alarmingly. The sharp increase in drawings of surface water to irrigate crops, in East Anglia especially, has now begun seriously to deplete the natural—or desirable minimum—flow of several rivers and streams.

Management of river basins is the linchpin of Mr Brooke's new arrangements, and these need a single overseeing eye. Changes in land drainage, in cultivation, or in building development—many things affect the flow of rainwater to streams and rivers. Conflicting interests—fishing and industrial discharge, navigation and flood regulation—have to be reconciled. More and more of the water that industry and the public will want to use will have to come from rivers. And more and more effluent from sewerage plants and factories will have to be discharged into them. In some watersheds, competition between public water undertakings for future sources of supply has already become serious.

The success of Mr Brooke's proposals would turn on what the new conservation authorities made of themselves and their powers. The need is not for blown-up river boards but for a more compact type of authority. River boards each have 30-40 members, representing a variety of local interests. Mr Brooke is deciding between a wholly nominated board of twelve and one twice as large, half appointed and half elected by local interests. Though there are few precedents (the Metropolitan Police being one) for a nominated body with powers of precept on local authorities, which the conservation authorities would have, the right choice would seem to be the fewer the better. They would need to use a judicious blend of their negative and positive powers of control. Apart from the fiat over new investment schemes, the main negative control will be the issuing of licences. In practice these would be mainly effective only over new drawings of water—existing abstractors would be entitled to a licence as of right. But not entirely so. Conservation authorities would have the power to review existing drawings, subject to appeal to the Minister; unrestricted tapping of underground water would be limited to the maximum taken in any of the three years preceding control; and riparian owners would be entitled as of right to draw from water flowing past their land only to the extent that they actually did so in the preceding three years for the "ordinary use of their households and cattle."

The main positive control would be that of planning and carrying out schemes of regulation and conservation. For this the conservation authorities would need money. And their financial powers are perhaps the most sketchily described of any in the Ministry's circular. The functions taken over from the river boards would be financed as now—from Exchequer grants, precepts on local rates, and the general and special drainage charges provided in the Land Drainage Bill now going through Parliament. As conservation authorities, however, the new bodies are to be self-financing; they will not get Government grants. Their principal source of income will be charges for licences authorising new drawings of water. Occasionally, and only as a special device to build up working capital and, presumably, to service their borrowings, they will also be able to levy a precept of up to a penny on local rates. It would seem that either new abstractions would be soaked to pay for large schemes of river regulation and water conservation, or the new authorities would not be able to do much in their early days. In some parts of the country this might not matter; in others it could, very much.

Mr Brooke has rejected arguments favouring some kind of central water authority charged with administering the water needs of the whole country. Instead, he has gone for a kind of regional control, based on watersheds. His ministry will retain general responsibility for water to Parliament, acting partly as an appellate body and partly as a central co-ordinator—for such tasks as transfers of water between watersheds. The merit of these arrangements will ultimately depend upon the resourcefulness and initiative displayed by the men put in charge of the new conservation authorities. They will have the powers; what is less sure is whether they will have money enough to carry them out.

BUSINESS NOTES

THE EXCHANGES

The New Slogan

STERLING regained some ground in the exchange markets at the beginning of the week. The rally, which carried the spot rate on New York up to $2.79 3/16, was almost entirely technical. Some operators had sold too much in their now familiar weekend precautions, and there was more bear covering to prepare for window dressing at the end of the half-year. But the underlying mood has not changed, and by Wednesday afternoon the sellers were back in the market, pulling the rate below $2.79 again. The selling came largely from Germany. But throughout the week sterling has been sold forward from New York, and the forward margins continued to widen even while the spot rate was rising. At mid-week the forward rate on New York steadied at a discount of 2½ cents for three months—equivalent to an annual discount on the spot rate of about 3½ per cent. The glum talk about sterling which a month ago was confined largely to London and the Continent, mainly Germany, is now in general circulation in financial markets everywhere.

The effects of Dr Jacobsson's strong reassurance a fortnight ago have largely worn off—partly because this was followed a week later by the shocks from Canada and South Africa. These are probably not quite what Dr Jacobsson had in mind, and he did refer to "major" financial centres. But exchange dealers do not make these fine distinctions. They felt, once again, a sense of let-down, and see this as confirmation of the new slogan that one must believe nothing and prepare for everything. This week's visit to Washington by Sir Denis Rickett of the Treasury and Mr Maurice Parsons of the Bank of England was described as routine, but that is the last word to apply to the task that faces the few men on whose vision and resolution this summer so much depends.

The Canadian dollar this week, somewhat surprisingly, has been steady at around 3 cents discount on the United States dollar, the rate to which it fell immediately after Mr Fleming announced his intentions ten days ago. This week indeed the Bank of Canada has already had to sell Canadian dollars to stop the discount from narrowing. Operators have been quick to cover short positions, and superimposed on this has been a fair commercial demand, partly for purchases of grain for China. But the volume of business in Canadian dollars has remained small, probably less than one half of its normal level. Dealers still think that the discount may widen to 10 per cent if United States investors begin to fear a slide in the rate. Certainly it is remarkable that operators should have covered their short positions so soon.

In Continental exchange markets, the US dollar has again been in demand at Frankfurt. This movement is believed to be attributable to official operations, but the United States authorities are succeeding in keeping a close cover over their operations.

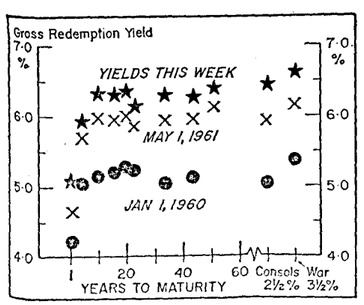
IN THE MARKETS

Gilt-edged Still Falling

THE slide in gilt-edged went further in the first part of this week, and War Loan dipped to 52¾. This is more than four points below its level immediately after the budget, when Treasury spokesmen and most outside observers were looking forward to better times for gilt-edged; and it is eight points below the low point reached after Bank rate was hoisted to 7 per cent in 1957. How much further can the slide go?

The dominating factor in recent weeks has been the pressure on sterling, and the lack of any clear indication of what the government intends to do about it. The buying of gilt-edged earlier in the year by insurance companies and short-term speculators has dried up almost entirely, and a steady stream of selling by private investors has brought prices down further than most people would have thought possible some time ago. War Loan and the other irredeemable stocks are particularly out of favour, but the losses have extended right through the range. Since the beginning of May they amount to around three to four points on long dated stocks and around two points on the medium dated.

Quite rightly, the authorities have made no attempt to support the market, and Treasury spokesmen are again resisting the old cry that something should be done about War Loan. The one real inequity, the trustee legislation, has now been dealt with. Any argument for special support based on the thesis that present yields reflect not the current balance of supply and demand for capital but the overhang from the great lump of old wartime borrowing is specious and fallacious. There is no shortage of institutional money prepared to come in to buy dated fixed interest stock once the rate of interest is judged to be unduly high, and the gilt-edged market is fundamentally a single entity. The institutions showed themselves interested in yields well short of the current 6⅜-⅝ per cent before the balance of payments again upset their calculations.



When these ever-more attractive yields at last begin to attract, the response in prices could be sharp. The obverse of a market that everyone is getting out of is a strong technical position. But until the prospect for sterling becomes clearer few people would venture to call the turn.

A Technical Rally

HAVING fallen steadily for ten days, industrial equities rallied a little in the middle of this week. A few buyers reappeared but the market remained sensitive and uneasy. Dealers characterised the rally as technical, noting that it occurred after the *Financial Times* ordinary index had fallen just below 320. Spanning the sharp drop in prices immediately after the weekend and the subsequent minor rally, *The Economist* indicator fell 8 points to 383.2. At this level, the shares included in this indicator offer an average yield of 4.8 per cent, one half of one per cent more than was offered at the height of the boom in May when the indicator rose to 427.2.

The sharp fall on Wall Street and the news of strikes at home contributed to the decline in equities after the weekend. But the principal reason why buyers refuse to return in any large numbers to the market is the continuing uncertainty about sterling and the economy. In the decline that has taken place, all industrial groups have been affected and only in the special case of two commodity groups—lead-zinc and tin—have rises occurred in the last three weeks. The groups that have suffered the biggest losses include building material and property issues (where yields were very thin) and steel equities (which have been affected by a series of gloomy interim reports from the steel-makers). Other big falls have occurred in bank shares (reflecting a reaction to the misguided speculation that followed the Midland Bank's rights issue) and food and store issues (which have enjoyed the dubious distinction of being labelled at one and the same time "growth" and "defensive" equities and which as a result offer meagre yields). Even, however, in such unsettled conditions as these it has been possible to place a large block of Woolworth shares from a private account with the institutions just under the current price without disturbing the market.

The uncertain factor is whether the looming crisis over Berlin will take any glitter off the mark. On past experience, it may not—though it has led to some foreign liquidations of German shares.

RAILWAYS

The Year of Guillebaud

THE story of British Railways' finances in the last few years is strewn with "might have beens." Three years ago the unexpected collapse of coal and minerals traffic knocked hopes out of court. Last year it was a massive Government-induced surrender on railway wages and salaries that set back—possibly for many years—expectations of real financial improvement. The final cost of this 8-10 per cent increase, following the Guillebaud report in March, 1960, but back-dated to the beginning of that year, was £33 million. Otherwise, the Transport Commission reports for what is probably the penultimate year of its writ over nationalised transport, the results of the railways and its other undertakings in 1960 were "on the whole a little above expectations."

Had railwaymen's pay remained unchanged, British Railways' working deficit, before interest, would have dropped by £7 million. In fact, the deficit jumped by £26 million to £68 million. After charging £45 million for interest on capital borrowings before 1957 and other central expenses, the "overall" railway deficit recorded in the accounts rose by £28½ million to £112½ million, while the "overall" surplus of all the commission's other businesses rose in total by £1½ million to £11¾ million. In reality—if any figuring of railway insolvency can be said to be real in the present state of limbo before the promised financial reconstruction is put into effect—the total loss on the railways last year was £145 million on a turnover of £479 million. Interest totalling £32½ million on modernisation borrowings and deficit advances since 1957 was transferred to special account, as against £25¾ million in 1959. Moreover, since railway losses are now met out of budget revenue above-the-line, grants paid to meet losses incurred since April, 1960, have not borne interest.

The railways took in more money last year, about £21 million or not quite 5 per cent more than in 1959. Passenger traffic fell but higher fares led to a net increase of £11 million in takings or 8 per cent for the year. With freight traffic the railways' experience was almost directly the opposite. More goods were carried but freight charges were cut—for general merchandise and minerals for the fourth year running—though in total freight earnings rose by a net 2½ per cent. In 1960, the commission records, "a massive effort" was made to boost freight revenue, which provides about two-thirds of total railway income. More express freight services, offering arrival the next day, were put on and the special express services for exports were also stepped up: by the end of 1960 almost 350 inland centres were provided with these overnight train services carrying goods for export direct to ten of the country's major ports. By last December, too, almost 40 per cent of the freight train mileage was run by

rolling stock fitted with vacuum brakes. Container services were again expanded and more special tank cars to carry liquids or solids in bulk, with pressure or gravity discharging devices, were put into service. Comments at the end of a Business Note a fortnight ago on the special freight studies the commission's new chairman has put in hand could be read as suggesting that railway management hitherto had been apathetic towards ways of stimulating and encouraging freight traffic, the basic bread and butter of their business. This is far from the truth, and the words then used were unjustified and are regretted. There is need for some central analysis of freight prospects and opportunities—there always is—but that does not mean that railwaymen have not already displayed energy and resource in endeavouring to win back tonnage from the roads. Last year, in fact, they succeeded.

INTERNATIONAL FINANCE

From Square to Beat

In the fast changing world of international finance this year any topical discussion of immediate issues is in danger of being quickly outdated. Thus two high powered articles in the current issue of *Optima*, the magazine of the Anglo American Corporation of South Africa, seek to allay fears about a devaluation of the dollar. The authors are Sir Leslie Rowan, former chief of overseas finance at the Treasury, and Dr Franz Aschinger of the *Neue Zürcher Zeitung*, and they both point convincingly to the sheer irrelevance of the talk about the dollar and gold. In recent months the exchange markets themselves have seen the light, and the focus of critical attention has moved elsewhere.

But stay. This week has seen a flicker of renewed interest in the gold market, with the London dollar price up from $35.06 to $35.08½ and private demand from the Continent described as "substantial." The cause, pretty clearly, has been a remarkable series of articles syndicated among leading European papers by M. Jacques Rueff, whose name is widely respected in conservative banking circles. For M. Rueff, little has changed since 1929, and any "credit" not based on yellow metal is suspect and dangerous. His analysis bears a distant relation to the realities of credit management in the modern world.

While M. Rueff, in the unlikely company of Professor Triffin, gives dire warnings about the precarious foundations of the gold exchange standard, Sir Leslie Rowan emphasises "the dangers that will arise if countries superimpose on the fixed point of an unchanging gold price the rigidity of immobilising any foreign currency or gold reserves they may acquire (as Germany, for example, has done)"; he finds the answer "only through greater concentration of resources and flexibility in the IMF." But he is cryptic about the means, saying simply that Britain should "support to the full any efforts" to increase the Fund's resources to the necessary extent. He is not in favour of mixing up short-term international credit with long term development aid. Dr. Aschinger for his part discusses the Triffin plan specifically; he finds it preferable to an increase in the price of gold but is not convinced that its advantages outweigh its dangers at the moment.

Meanwhile, the most radical scheme of all is put forward in the current issue of the *Three Banks Review* by Professor J. E. Meade. His scheme, not altogether surprisingly, is based on flexible exchange rates. Professor Meade has always argued that under such a system, exchange speculation can play a positive role. He recognises that this may not always occur in practice, and to ensure a sufficient volume of "well-informed" speculative funds, he would like to turn the whole task of influencing exchange rates over to an international exchange fund operated by IMF, which would take over countries' entire international reserves in exchange for gold certificates. Individual countries would then be free to concentrate on economic expansion, foreign aid and free trade while the international monetary authority concerned itself with foreign exchange rates. It is a neat division. The one practical difficulty might be to find the supermen who would not only, as in the Triffin scheme, make the world's most important investment decisions but foresee the future of exchange rates as well.

HIRE PURCHASE

Bowmaker Shock

The troubles of the hire purchase finance companies are not over. On Thursday evening Bowmaker, in which Lloyds Bank has an interest of 25 per cent, announced that it had passed its interim ordinary dividend. In 1959-60, an interim dividend of 5 per cent was followed by a final of 13 per cent. The directors explained that a special investigation of the affairs of the wholly-owned subsidiary, *Midland Counties* Motor Finance, had disclosed that the provision for bad and doubtful debts made by that company in October last was "substantially inadequate." Midland Counties was acquired by Bowmaker at the end of 1958. The Bowmaker directors believe the setback to be temporary and they have taken steps to strengthen the management of Midland Counties. But they say that the exceptional provisions that will have to be made in its accounts this year, together with the normal provisions made by other companies in the Bowmaker group, may absorb the amounts available for ordinary dividends and in these circumstances consideration of any ordinary payment must await the outcome of the year's results.

BRITISH DRUG HOUSES

The Mead Johnson Plan

On July 17th, at a special meeting called by the directors of British Drug Houses to consider the proposed link between BDH and Mead Johnson of Indiana, shareholders will have an opportunity to demonstrate their independence of mind and judgment. They can then voice their protest by rejecting the directors' resolutions. To do so, the small shareholders will have to band together for there are no big institutional holdings in BDH.

The effect of the BDH proposals is to tie the company to the leading strings of Mead Johnson. The proposals are apparently designed to strengthen the trading and research agreements between the two companies; to pump £5 million of new money into BDH from Mead Johnson in the next five years; to reinforce the management by the appointment of four of Mead Johnson's directors to the BDH board; and to give Mead Johnson 35 per cent of the BDH votes. The scheme, which is approved by the two companies' financial advisers, is complicated. Mead Johnson will immediately subscribe at 25s. per share for 390,000 "B" shares, each carrying ten votes to the ordinary share's one. Up to June 30, 1966, Mead Johnson can subscribe at par for £4,563,000 of 5 per cent unsecured notes, convertible at the end of 1964, 1965, or 1966 into ordinary shares at a price corresponding to 26s. per share. As the notes are converted, a proportion of the "B" shares will be converted into ordinary shares until the "B" units are finally extinguished. From the outset, Mead Johnson would have 35 per cent of the votes but, apart from the £487,500 it subscribes initially in "B" shares, it can delay putting its money at full equity risk until the end of 1966. It has agreed to subscribe £1,600,000 in notes immediately but the remaining £2,963,000 may wait at BDH's request until the middle of 1966.

Shareholders to Decide

Mead Johnson, presumably, wants to strengthen its foothold in the British and Commonwealth pharmaceutical market and from its point of view this scheme, giving it an important say in the management of BDH, is valuable. But what does it do for BDH? It provides money at a comparatively cheap rate to repay £1,500,000 in bank loans and for future development; by bringing in new blood, it may strengthen the board of directors; and it widens the range of products that BDH can sell and extends its markets. But, as a result, the present ordinary shareholders may find themselves after 1966 with only 65 per cent of the equity in the company's growth. Nothing is very clear about the developments on which the new money will be spent or whether the prime beneficiaries of any new discoveries or developments will

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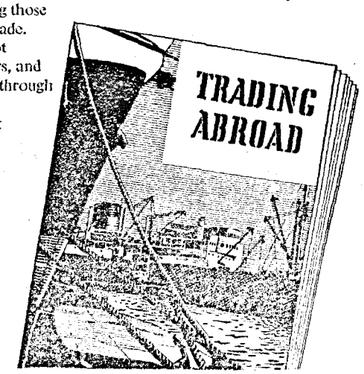
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2. Advice on methods of payment, foreign exchange, credit insurance, etc.;
3. Obtaining the names of buyers or agents abroad interested in British exports;
4. Personal visits to manufacturers and traders for discussions on export trade problems.

In addition the Bank has its own team of specialists to assist British businessmen on questions arising from the Common Market and European Free Trade Association.

A further step has been the preparation of a revised edition of a booklet called **TRADING ABROAD.** It deals with many of the problems confronting those engaged in foreign trade. These services are not confined to customers, and are readily available through any of the many branches of the Bank throughout England and Wales.

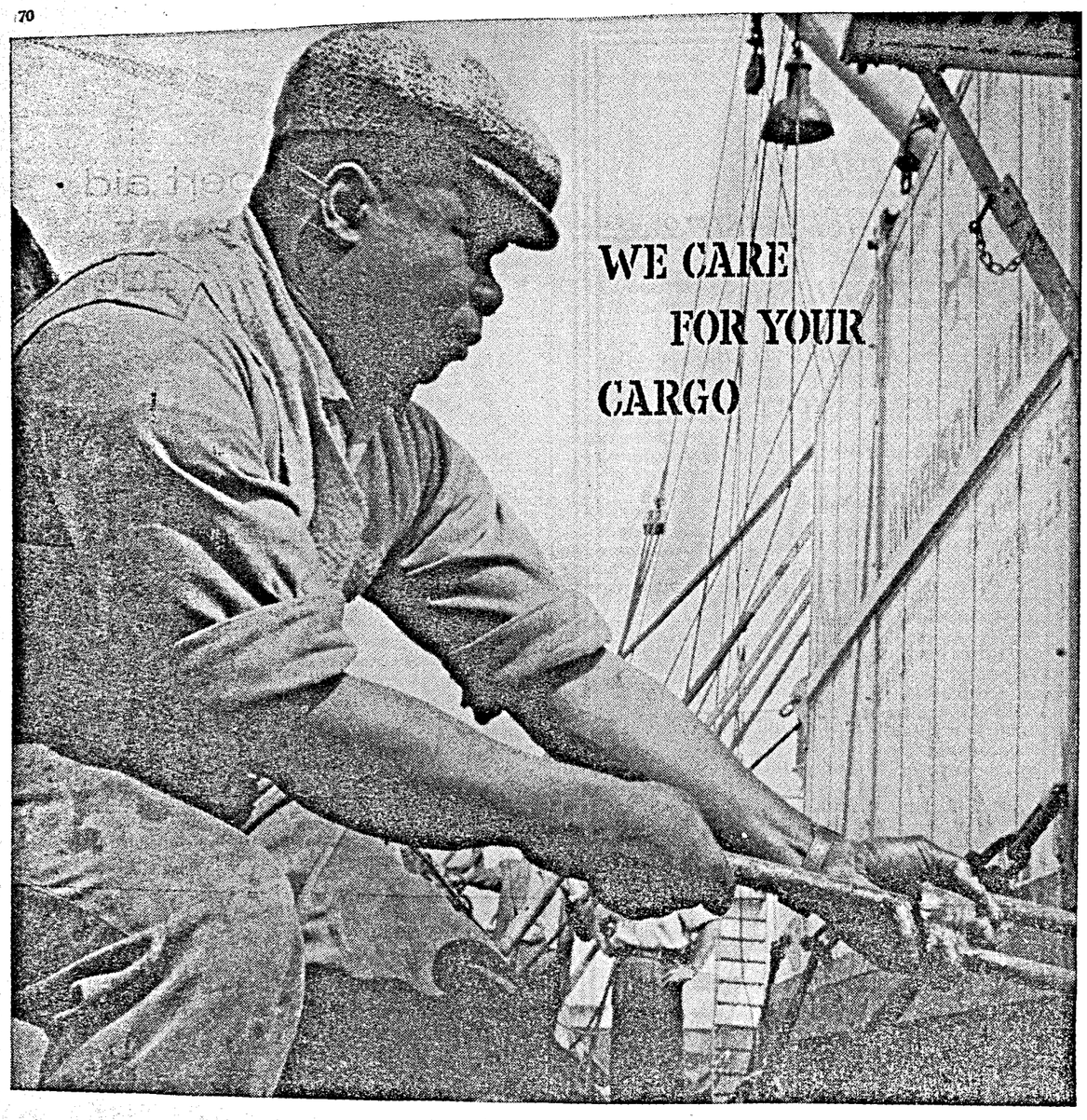


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be BDH or Mead Johnson. The scheme, moreover, leaves the present directors comfortably in office and could effectively block the chance of another company making an offer for the whole of BDH's ordinary capital.

Shareholders are being asked in effect to accept the present directors without future question and to hope that Mead Johnson will put enough life into BDH's profits to provide shareholders with a higher return. Not surprisingly, some of them would prefer a straightforward offer in cash or shares for their holdings. The affairs of BDH have not been beyond criticism. At the time of the Fisons' bid, *The Economist* questioned the advisability of introducing an announcement about an oral contraceptive into a take-over struggle. In answering this criticism, the chairman, Mr Geoffrey Eley, re-emphasised that results from clinical trials would not be available until the middle of this year. In his statement with the annual accounts, issued in May, he said ". . . sufficient clinical evidence to support a decision to market is unlikely to accumulate before the end of the year. We had hoped for rather speedier results but there is nothing that we can do to expedite the trials." This strengthened the impression that it was inadvisable to introduce news of the discovery at the particular moment that the BDH directors chose to do so. Though this may be past history, it has a bearing on the decision that BDH shareholders now have to take. If they are not satisfied with the management, they can force the issue.

OVERSEAS TRADE

Filling the Gap

THE full trade returns for May put a slightly less gloomy complexion on the sudden widening of the trade gap that shocked the City a fortnight ago. The Board of Trade suggests that imports which would have been landed in April but for the dock strike probably slipped into the May figures and therefore helped to cause the apparent interruption of the steady fall in seasonally adjusted imports. But this line of argument was not given such emphasis by the Board of Trade last month when the April figures gave the impression that an exceptionally large reduction in imports had been achieved. It is also suggested in defence of the poor export performance in May that goods that missed the boat because of the strike probably waited until after the end of the month for shipment.

The fact that £15 million of the £24 million seasonally adjusted reduction in exports last month was in exports to the sterling area is slightly reassuring. In the first place it was expected because of the retrenchment forced upon many of the Commonwealth countries, and does not therefore necessarily reflect any weakening in the competitiveness of Britain's exports. Since payment would have been made with sterling balances, it therefore has no implications for sterling, unless the Commonwealth countries import more foreign goods instead. Exports from the United Kingdom fell by £40 million between the three months to February and the three months to May. Of this, all but £5 million was attributable to a fall in exports to the overseas sterling area.

Despite the rise of £10 million to £365 million in seasonally adjusted imports in May, imports in the last three months were still 5½ per cent lower than in the previous three months. In the same period, exports were 4½ per cent lower, but the fall in imports was enough to reduce the crude trade gap between imports valued cif and exports valued fob from a rate of £66 million to £56 million a month.

BUSINESS EXPENSES

The Clubman's Subscription

THE banks are not amused that the Commissioners of Inland Revenue have been fighting a case on business expenses relating to a bank manager's club subscription. The Court of Appeal this week reaffirmed the decision of Mr Justice Danckwerts last November that the subscription was not necessarily incurred in the performance of the manager's duties. Some remarks of the judges *obiter* seem to have wounded bankers' susceptibilities because, they say very reasonably, the allowances made for expenses to bank officials have been hardly more generous than the pittances that civil servants get. But the manager was a victim of the long-standing difference between the treatment of expenses under Schedule D and Schedule E—he being assessed under the latter Schedule which carries the additional criterion for the allowance of expenses in computing taxable income of "necessarily," in addition to the "wholly and exclusively" condition for allowable expenses for assessment under Schedule D.

All this has long been recognised as inequitable and anomalous; the Master of the Rolls is not the first judge to hope that the Revenue authorities will "some day" do something about it. The Royal Commission's report in 1955 suggested the criterion "all expenses reasonably incurred for the appropriate performance of the duties of the office or employment." In the course of discussing the different treatment of expenses under the two schedules the report declared that there was no good reason for treating Schedule E expenses less generously than Schedule D expenses except to the limited extent that some difference of treatment was inherent in the two kinds of income.

But nothing has been done on this point, and when it comes up in Revenue cases there is bound to be a conflict between what the taxpayer regards as "necessary" and what the Commissioners would hold to be so. In this week's case the judicial comments ranged widely to the question of whether a bank manager who did not belong to a suitable club was capable of doing his job properly. The Master of the Rolls scented "some element of social snobbery." Lord Justice Harman asked "Do the bank's shareholders know about this? Are the shareholders told at the end of the year that they are spending so many thousands of pounds in this way?" Some bank shareholders might ask pointed questions if the banks did not spend money in this way. This suggests some element of "necessity" in the bank's mind.

If a bank reimburses a manager's club subscription that is a decision for the bank and its shareholders. It does not follow that the Revenue is bound under the present rules to accept the expenditure as "necessary" merely because the bank has decided to do so. In past cases there has been a fair degree of judicial sympathy with those to whom the strict provisions of Rule 9, which govern this matter, apply. But that has not prevented the strictest interpretation of the rule in the courts, and this has fallen severely on salaried incomes as distinct from profit incomes. The Royal Commission showed up the difficulties of defining the obligations on which the rule depends and a redefinition is long overdue.

POST OFFICE

Redeveloping the Sites

THE Post Office is losing no time in using its new freedom from detailed Treasury control. Mr Reginald Bevins, the Postmaster-General, announced in the Commons on Wednesday that he has now received reports from outside consultants on possibilities of redeveloping Post Office sites, and that these "confirm my view that the potential values that might be realised through more intensive development are considerable." Mr Bevins now plans to go ahead over a broad front. The degree of commercial development will be incidental on the smaller sites, but it will be a major element in redevelopment of valuable sites in the centre of large cities. Mr Bevins's "personal estimate" is that at least 200 postal buildings ought to be redeveloped in the next five years or so—and he expects a return on capital of 15 per cent. The Post Office is setting an example that could profitably be followed by a number of major institutions in both the public and private sector—not least the banks, which the Post Office may soon be confronting with stiffer competition.

BANK CREDIT

Still Advancing

FOR eighteen months now the monetary authorities, outside observers and bankers themselves have been waiting for

advances to stop rising. So far each indication of a check has proved false. Thus the relatively small increase of £25 million in April-May has been followed by an unusually large increase of £51 million in May-June. The bankers point to a number of special influence in the latest period, to June 20th. It covered five weeks instead of the usual four, and the late fall of the make-up day meant that advances at some banks were already swollen by the debiting of half-yearly interest, which in 1960 was reflected wholly in the July figures. Even after the large June increase, moreover, the increase in the first six months of the year as a whole is notably below that of a year before, at £268 million against £340 million. But in face of the liquidity pressures

LONDON CLEARING BANKS
JUNE 21, 1961

		%	Change on Month	Change on Year
	£ mn.		£ mn.	£ mn.
Gross deposits	7,441		+ 91	+274
Net deposits	6,952		+112	+282
		%		
Liquid Assets	2,394	32·2	+ 80	+141
Cash	610	8·2	+ 17	+ 8
Call money	590	7·9	+ 10	+ 42
Treasury bills	967	13·0	+ 55	+ 9
Other bills and "Liquid" credits	227	3·1	− 2	+ 82
Special deposits	145	1·9	Nil	+ 76
Risk Assets:—				
Gilt-edged	972	13·1	− 22	−273
Other market investments	112	1·5	Nil	− 19
Advances*	3,497	48·6	+ 51	+364
(to State Boards)	61		− 1	− 3

* Excluding all transit items except ratio of advances to deposits; all ratios are of gross deposits.

on the banks on the one hand and the slackening in industry's stockbuilding on the other, a much bigger check on advances was expected. The fact that it has not occurred is another sign of the strength of the underlying demand for bank finance, which nowadays is geared to fixed investment as well as floating capital.

Liquidity pressures grew no worse in June, and with a rise of £80 million in liquid assets to set against that of £91 million in gross deposits the liquidity ratio improved from 31.5 to 32.2 per cent. The drying up of demand in the gilt-edged market has checked the raising of government finance in the long-term market, and bank liquidity benefits accordingly. But Barclays, with a May liquidity ratio at the bare 30.0 per cent, still felt obliged to sell a further £20 million of investments in June. This brought its ratio of investments to deposits to 15.1 per cent, below the ratios at the Midland and Lloyds but still well above the 11½ per cent now shown by the District and the National Provincial.

Shift in Lending

THE latest classification of bank advances shows some shift in the direction of lending: the continuing expansion is no longer so heavily concentrated on industrial borrowers. The credit restrictions imposed early in 1960 had only a modest effect in checking the rise in total advances. In the twelve months to mid-February these rose by £474 million, following the rise of £777 million in 1959-60; but three-quarters of the more recent increase was on account of industry and trade. The personal and professional group, hire purchase and other financial borrowers were finding it more difficult to increase their bank borrowing, though the banks were finding it equally difficult to cut it down. In the three months to mid-May, when total advances rose by

BRITISH BANKERS' ASSOCIATION
(£ million)

	3 mths. to May, 1960	3 mths. to May, 1961	12 mths. to May, 1961	Total at May, 1961
Personal & professnl.	+ 42	+ 14	+ 25	705
Hire purchase	+ 22	+ 13	− 2	147
Retail trade	+ 31	+ 15	+ 15	384
Industry & oth. trade	+ 99	+101	+371	2,103
"Other financial"	+ 22	+ 18	+ 15	337
Other groups	− 3	+ 7	+ 4	209
Changes in total	+213	+169	+429	3,886

£169 million, these advances have gone ahead again. The personal and professional group secured a further £14 million, and is £25 million up on the year; hire purchase, with a rise of £13 million, almost offset the three preceding reductions; and, perhaps most surprising of all, the big "other financial" group, which was believed to be one of the first objects of the banks' closer scrutiny, enjoyed a second quarterly increase, of £18 million, making a rise of £15 million on the year.

Industry and trade, excluding retail trade, increased its advances by £101 million in the three months to mid-May. A particularly large increase was shown by chemicals, from £44½ million to £65 million, and by the textile industries other than cotton. Advances to the engineering industries rose further, to £477 million—a rise of over 40 per cent on the year. But advances to iron and steel trades, which had also been rising strongly, were marginally reduced.

RESTRICTIVE PRACTICES

Linoleum Loses

UNLIKE the Monopolies Commission which had to come to its own view of "the public interest," the Restrictive Practices Court has been provided with the presumption that all agreements brought before it are against the public interest unless it finds that they satisfy one of seven special considerations. The system of common minimum prices, discounts, and rebates operated by the Linoleum Manufacturers' Association was accepted by the Monopolies Commission five years ago, subject to certain modifications which the association subsequently adopted where "it considered them practicable." But the amended scheme failed last week to receive the endorsement of the Court (one of whose members, Mr W. L. Heywood, happened also to be a member of the commission five years ago).

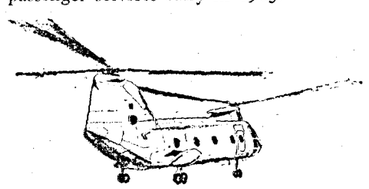
The association's case followed the now familiar pattern of claiming that abolition would lead to a price war, and thus to a debasement of quality (something that the ordinary customer could not be expected to notice on purchasing linoleum), a permanent run down of retail stocks, high prices at times of heavy demand, and a reduction of exports. The seven members of the association, sharing over four-fifths of the industry's production, had been keenly competitive on everything but price, the Court held. If they had made unduly high profits or had become inefficient, Mr Justice Russell commented, the case would have not reached a full hearing.

But fears of a price war, the Court decided, were exaggerated at the present time of buoyant demand and in view of the further fact that three of the nine firms in this well-established industry were "very

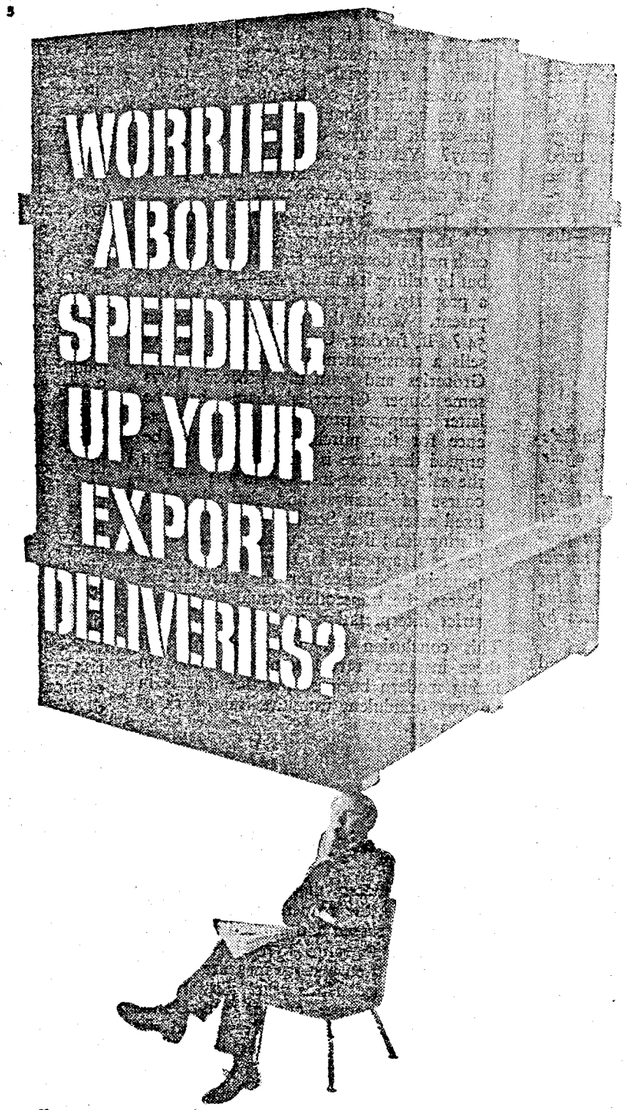
HELICOPTERS

BEA's Choice

BRITISH EUROPEAN AIRWAYS is trying to persuade Mr Thorneycroft to back a request for dollars to buy three American helicopters. The chances look good. The Vertol 107 (the company was recently bought by Boeing) may do for the helicopter what the DC 3 did for the aeroplane—turn it into a commercially viable means of transport. It is certainly the first helicopter to hold any promise of paying its way; it flies at about 150 mph with two engines—this permits cross-Channel operation—and 25 passengers. BEA and the Belgian airline, Sabena, want to start a joint helicopter service between London, Brussels and Paris and would need perhaps six helicopters between them, costing about £250,000 each; they hope that Air France will join the experiment. But even if Air France were to stay out, this would not prevent BEA from running 90-minute flights from the Battersea helicopter station to the grass field that does duty at Paris for a helicopter terminal, against a city-centre to city-centre journey of close on four hours by ordinary aircraft. The London-Brussels flight would take roughly the same time. Turbine engines for the helicopters are built under licence in this country by de Havilland, and if Mr Thorneycroft gives permission, delivery could be made towards the end of next year. BEA could then start passenger services early in 1963.



PROBLEM No. 5



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large." It held, too, that price competition in the home market would not disrupt the export convention the association had with leading continental linoleum makers. The Court can decide to uphold a trade agreement if its removal would lead to a "substantial" reduction in export earnings or volume, and many associations have tried to pass through this gateway. Although the Court has appeared to look less unfavourably upon collaboration between firms where exports are concerned, only one—the Water-Tube Boilermakers Association—has so far succeeded.

SECTION 54

Difficulties of Interpretation

A note last week on Mr Neville Faulks's official report on the Jasper affair recorded the difficulties of the banks in a strict interpretation of Section 54 of the Companies Act and the effect on quite legitimate transactions. This section prohibits a company from providing financial assistance either directly or indirectly for the purchase of its own shares. A banking correspondent illustrates the difficulties by examples:

1. A company of modest size is owned by two shareholder-directors, one of whom, anxious to retire, is willing to sell his shares to his colleague at a bargain price. This colleague, having no ready money, asks the bank to grant the company an overdraft so that he can borrow from the company to pay for the shares. The bank would turn this down as a clear breach of Section 54. But a way round the difficulty might then be found. The bank could grant overdraft facilities to the company, which, having big free reserves, could then make a cash distribution to its two shareholders. The retiring shareholder, having thus received say the equivalent in cash from this distribution of half his asking price, then obtains the other half by selling his shares at a reduced price to his colleague, who uses his portion of the cash distribution to complete the purchase. In this case Section 54 is probably not infringed; but Mr Faulks would seem to hold that the bank has "connived" at a circumvention of the law. Yet no one has been defrauded; the company's creditors are no worse off under either scheme; and the shareholders have both agreed to the scheme. On what grounds, then, should the bank turn the business down?

2. A public company has a running overdraft limit which is not fully used. Within this limit, it purchases for cash the share capital of another company, which has a substantial credit balance with the same bank. After acquiring the shares, the public company promptly borrows the credit balance of its new subsidiary and reduces its own overdraft. Is this a breach of Section 54? If it is not, what is the difference between such an action and the granting by the bank of a special temporary overdraft to cover the cost of the purchase which it was agreed should be repaid out of the credit balance of the acquired company? Yet the second action, involving a prior agreement with the bank, probably offends against Section 54.

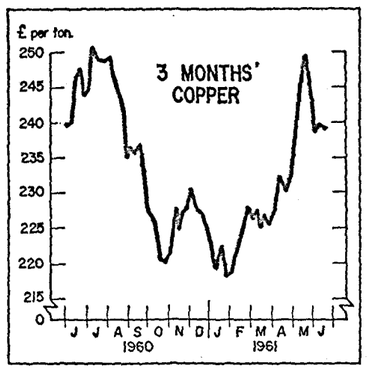
3. The public company, after acquiring the new subsidiary, might obtain the cash not by borrowing from the subsidiary but by selling it a fixed asset—a factory or a property, for example—owned by the parent. Would this circumvent Section 54? If, further, United Cheesemongers sells a consignment of cheese to Super Groceries and with the proceeds buys some Super Groceries' shares, has the latter company provided financial assistance for the purchase? It might be argued that there is a difference between the sale of stock-in-trade in the normal course of business and the sale of a fixed asset. But Section 54 does not so distinguish; if the acquisition of an asset for cash appears in some way to give financial assistance for the purchase of shares, the transaction would seem on a strict interpretation to be unlawful.

This conclusion may seem absurd, but these instances reveal some difficulties in fitting modern business practice that is in no way fraudulent into the framework of Section 54.

COPPER

Fair for All

With a success that eludes finer calculations, the 10 per cent cuts as individually interpreted and applied by the big copper mining groups to their operations seem to have been just the measure of relief that copper needed this year. So far, consumption of copper outside the United States has shown the more restrained rise expected after the enormous increase in 1960. But at the start of the year production cuts still left big tonnages for a recovery in American consumption to absorb, and with surprising speed, American consumption has been doing so. In each month since December daily deliveries of refined copper to fabricators have increased; in the first five months of 1961 average deliveries were higher than in any full year since 1956. In May more copper was used in the products leaving fabricators' factories than in any postwar month.



In January copper dropped slightly below £220 a ton, but last month the forward price jumped to almost £250 a ton. With a vast expansion behind them, but some more development ahead, copper producers are chary of high prices; copper is particularly vulnerable to competition from other materials. Consumption in the United States has never fully regained its level in 1956 when copper climbed to more than £430 a ton. The limits within which producers like to see the price of copper are therefore narrow: some say a price of £240 a ton is fair for all, although if all consumers were equally convinced of its fairness, the perennial talks about stabilising copper prices would presumably move more convincingly towards a conclusion. But since 1958 copper has been comparatively well behaved, with prices keeping roughly within the range of £220 to £280 a ton.

Producers can thank expectations of a rise in copper prices—two separate increases of 1 cent a lb were made by American producers in May—and anticipation of strikes for copper's rapid rehabilitation this year. Though American producers are apparently sold out for June, some of the steam seems to have gone out of the demand for copper, and prices have settled at a convenient level. Dealers who handle a small proportion of copper traded in America have been selling at a slight discount below the producers' price of 31 cents a lb. Japanese purchases of scrap and ore have been sharply reduced. In London, after a dip last week which coincided with sales of copper to finance speculation in tin, spot copper recovered to £234½ a ton. The prospects from this point on are finely balanced: a political strike in Rhodesia is not impossible and strikes over wages at the Kennecott plants in America and at Anaconda's Potrerillos and El Salvador mines are still threatened. But since they restricted output, producers presumably have some unused capacity in reserve.

WOOL

Little Wavering

Although wool prices passed their peak for a dismal season early in May, the subsequent decline has been only of the order of 3 per cent to 95d. a lb for merino 64's. Considering 64's never got beyond 84d. a lb. in the first half of the season, producers ought to be thankful, but small growers in Australia are probably distracted

by the prospect that the inquiry into Australian marketing methods might hatch a scheme that will prevent such inconvenient dips in the first place. Australia's three-man marketing committee arrived in Bradford this week to hear the views of the wool textile industry. The British industry, and all other manufacturers represented by the International Wool Textile Organisation, are flatly opposed to any modification of the present free marketing of wool and are unlikely to accept any changes with good grace. The strong recovery in prices has helped to plug the hole made in Australia's overseas earnings by the prolonged decline in 1960. The gap between this season's wool cheque and last season's narrowed to £A44 million by the end of May and should obviously contract further in June.

Dominion wool prices are currently a little too firm for topmakers in Bradford who in recent weeks have obtained much less than the 111d. a lb which merino 64's tops fetched at one point last month from spinners. Though spinners, in common with the rest of the industry, enjoyed a higher level of activity in April, new orders have been harder to come by and this has been reflected in a pronounced weakening in demand for wool tops. Exports of tops, however, recovered in the first quarter of 1961; world trade in tops rose by 8 per cent, but Britain's exports increased by a fifth between the last quarter of 1960 and the first three months of this year. They were still 6 per cent lower than in the same period of 1960.

Britain imported about 14 per cent more wool in the first four months of the year, and stocks of raw wool held at the end of April increased to 201 million lbs. It is on the low stocks held by consumers that producers' hopes for firm prices up to the end of this year are based. Consumers normally increase their stocks to help to tide them over from the close of one season to the start of the next, though the extention of the Australian selling season has halved the two-month interval that was normal up to 1959. But consumption is still lagging, despite the improvement in April which might not last. British manufacturers used 6 per cent less wool in the first four months of the year. Consumption in the United States in the first quarter of 1961 was 17 per cent less than a year earlier, according to figures published by the Commonwealth Economic Committee.

INSURANCE

Peaks and Trends

If 1959 was the driest year for two hundred years, 1960 was certainly the wettest this century but in both years insurers were badly hit by exceptionally bad fire wastage of around £44 million a year. This year should show whether these were two freak years or whether fire wastage in this country has permanently risen. In order

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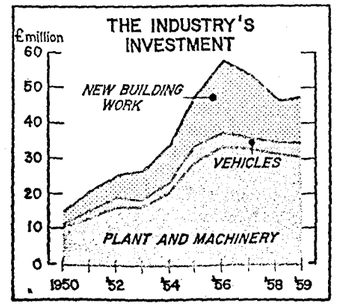
ELECTRICAL MANUFACTURING

Steward's Account

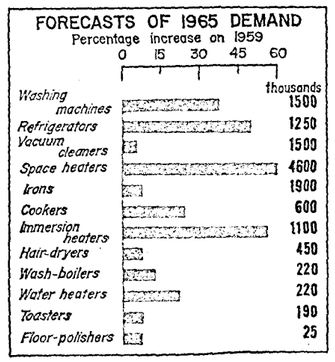
The report that Mr Stanley F. Steward, director of the British Electrical and Allied Manufacturers' Association, gave to the British Electrical Power Convention on the state of his members' collective health raised most of the questions that the industry has been privately discussing since the abortive merger talks between the General Electric Company and English Electric last summer. Crudely put, the gist of those questions is: "Who drops out?" As Mr Steward explained, the pace of capital investment in the electrical industry has been outstripping earnings which "have not risen to anything like the extent of the capital needed to generate them." This tale of falling return on capital has been spelled out in detail in the accounts of each big electrical group.

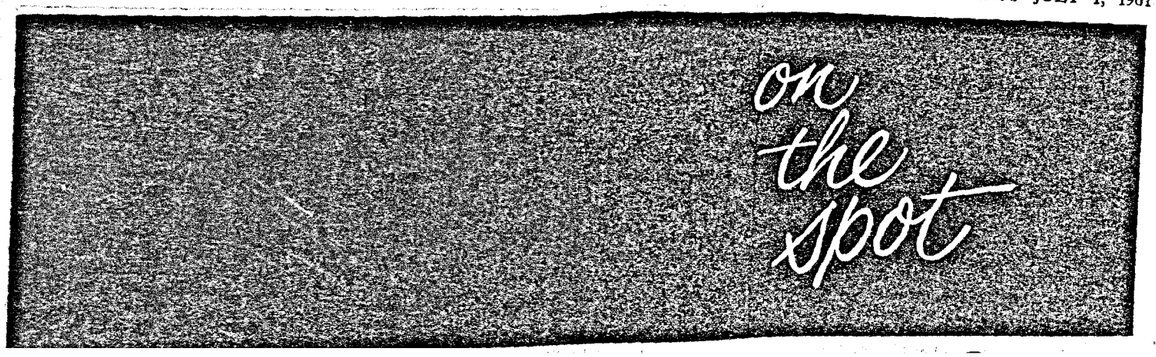
It has been accompanied by a sharp rise in spending on research. Mr Steward calculates that this doubled between 1955 and 1958 from £33 million to £65 million a year; if research done by the Generating Board, the Electricity Council and the Atomic Energy Authority is added, he estimates, the total bill would be between £80 million and £90 million a year. Electrical plant makers have been taking on two dissociated programmes of development, one for the nuclear power programme and the other for advances in thermal generating. The glamour of nuclear power has kept these latter developments out of the public eye, but the building of generating sets up to 500 megawatts working under critical steam conditions is hardly less of a technical revolution.

Big generating sets and big nuclear power stations mean big orders but fewer of them. Here is one source of the industry's present troubles. Four big electrical groups and three nuclear consortiums are competing for the work; it is said in the industry that there is enough for two. Certainly the recent record compels the question whether the rewards at the heavy end of the electrical business—nuclear and thermal—justify the high development cost to stay in the business. Such equipment is not a staple export—the industry's export trade is now running at nearly £300 million a year and its focal point gradually shifting from Commonwealth countries to Western Europe—nor is it specially profitable. Better profits are made, as Mr Steward hinted, in the electronics and domestic ends of the industry's business where development costs are modest.



So it is from the household market that electrical manufacturers get some stability to embark on the chancier business of making big plant. Sales of some appliances, like irons and vacuum cleaners, have reached saturation and the industry must rely on replacement orders; others, like washing machines and refrigerators, have some way to go before saturation. But Mr Steward's most interesting comments were on cookers and space heaters. Is it possible, reading between the lines of his paper, to detect some criticism of the offhand way in which the industry has set about selling such appliances? If a fraction of the development effort that goes into the industry's other products were applied to re-engineering some of the crude devices sold to the housewife, ways might be opened up to improve their efficiency, lower their cost and make headway against competing forms of cooking and space heating. It might, for example, be an education for British manufacturers to look at the layout and finish of some of the American equipment—particularly the cheaper models—on sale at the newly opened American trade centre in London, where they might learn that design is more than a question of fancy colours. This small exhibit contains unfortunately, little in the way of heating appliances. The chart shows Mr Steward's ideas of what a "special and thorough study" could do to sales in five years.





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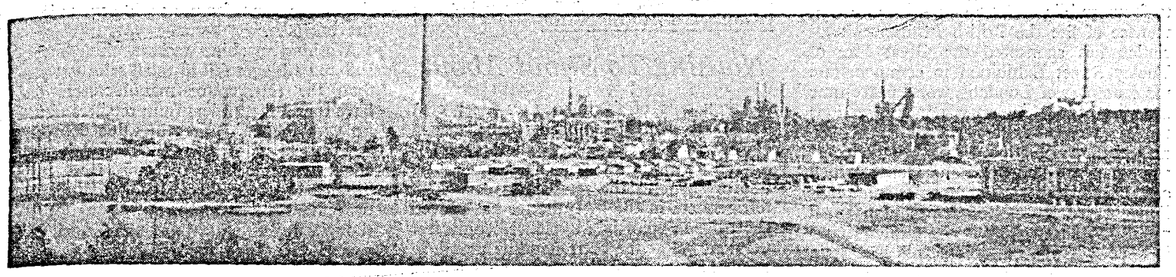
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SWEDISH STEEL

Venture at Oxelösund

FROM A CORRESPONDENT IN SWEDEN

His Majesty the King of Suecorum, Gothorum and some mythical lands across the Baltic—Sweden for short—has lately had a busy time putting the Royal stamp of approval on some major investments in the Swedish steel industry. This has involved not only pressing the ceremonial button but also asking a lot of pressing questions whether the expensive plant is actually going to work. A week or two ago, having set a 20-ton ingot on its thumping noisy journey through a train of slabbing and plate stands, he sat down to sup on the cooling bed of a new rolling mill in the company of some 2,500 steel workers, their wives and invited VIP's from near and far. The occasion was the formal opening of the integrated steel works at Oxelösund, built from scratch in four years at a cost of Kr. 600 million (£45 million).

No doubt the managing director of the Grängesberg Company, Mr E. Waldenström, and the manager of the works, Mr C. Sebarth, had to answer a lot of searching questions. Since 1957 these two gentlemen have pursued an idea unprecedented in the 400-year history of Swedish steel making. To old-timers steeped in the mystique of steel making and wedded to producing kilo batches of fancy metallurgical concoctions for abstruse ends, the new plant at Oxelösund borders on the immoral. Traditional Swedish steel managements regard dropping a customer—no matter how small or difficult—like stepping on bread. They have kept adding items to their production schedules until they find themselves burdened with a miscellaneous load which in alloy, shape and dimensional permutations runs into the tens of thousands. The cost of cataloguing this miscellany goes a long way towards paying for a respectable mill stand.

At Oxelösund, Messrs. Waldenström, Sebarth and colleagues have made life a great deal simpler for themselves, at least in this respect. They plan just to make medium heavy plate to Lloyd's and other underwriters' specifications, some 300,000 tons of it a year. To accomplish this, the Grängesberg Company acquired a peninsula the size of Monaco, jutting out into an ice-free patch of the Baltic, some 50 miles south of Stockholm. The untidy town of Oxelösund has been torn apart and put together again and the craggy peninsula has been levelled to provide a site for the first major coastal steel works in northern Europe. Since 35,000 deadweight ton ships can dock quite close to the mills, the transport economy of the site is impressive.

The major facilities can be summed up briefly. They include two blast furnaces, complete with coking and Cowper stoves using pelletized concentrates, with an annual output of 460,000 tons. The melting shop has two liquid-charged Kaldo oxygen furnaces each producing 100 tons of steel every two hours and a 150-ton open hearth furnace for re-melting the mill scrap, with an annual capacity of 430,000 tons. The 1,800-foot rolling plant has a DC twin-drive Mesta blooming stand capable of breaking down 20-ton ingots. After being cropped into slabs of suitable size and re-heated, the new steel is rolled to gauge in a 4-high reversible Schloeman plate stand, and straightened, sheared and trimmed to delivery size. The whole operation of turning domestic ore and limestone and American coal into ship's plate is a clean, streamlined and crisp performance. Such mechanisation has meant heavy investment, costing about Kr. 2,000 (£140) per annual ton.

The two rotary Kaldo furnaces have aroused furtive headshakings among conservatives. The Kaldo oxygen process is a domestic development that differs from the LD (Linz-Donawitz) and similar oxygenised [illegible] can handle pig iron of different qualities, phosphorous and non-phosphorous, and it is less fussy about the purity of oxygen. But it is somewhat slower. Sloshing 100 tons of liquid steel about in a furnace rotating at 25 rpm is hard on the furnace linings. A Kaldo furnace can be kept in service for only a week, or some 70 charges, before relining. Thus only one of the two expensive units is in operation at any one time.

Moreover, only two Kaldo units have been put into production previously, at the Domnarfvet Steel Works—where the prototype was developed—and at the French Sollac works. It is daring to base the entire operation on such a short run of proven experience, but the faith of the management in the Kaldo process may have been justified. The chief metallurgist claims that the furnace crew got the analysis of the very first charge exactly right and, coming down to sweaty reality, the furnace foreman has had no headaches working with a green crew. Of the present work force at Oxelösund only one in ten had experience of steel making: the others—pastry cooks, sailors, plumbers, tailors, divers, loggers, and whatnot—had to be turned into steel workers double quick. Their stay-at-home wives, fretful and insecure amid bulldozers and swinging crane loads, had also to be conditioned to a new kind of life. No doubt some rugged individualists reacted sharply to this enforced regimen of togetherness, but on the whole the exercise in what is strangely called "human engineering" seems to have worked.

His Majesty no doubt had a lively recollection of an entirely different climate of steel making at the opening of the metallographic laboratory at Sandvik Steel a few days before. Here, in a building full of electron microscopes, metallographic X-ray, and high vacuum equipment, he learned about all the dreadful things done by traces of oxygen and nitrogen to the atomic structure of iron. The two new establishments are significant of the two major trends in Swedish steel making. The traditional so-called "quality approach," enforced originally by lack of capital and by the sheer necessity of having something different to sell from the [illegible] flourishing in the shadow of a global output of 300 million tons of crude steel. The greater the tonnage of steel produced the greater the need for special purpose steels. Towards the other end of the steel spectrum, the age-old problem of making competitive tonnage steels for a slim, unprotected home market has now been tackled by a chancy specialisation on one, or at the most, a few products. On this basis the mill units can be planned to an economic size. The spectre that has haunted Swedish steel makers for more than half a century may at long last have been exorcised.

to focus public attention on the continuing menace of fire the British Insurance Association has sponsored the Great Fire of Tooley Street Exhibition to commemorate the centenary of London's worse peace-time fire since *1666*. In other non life sections too Mr H. A. Walters, the retiring chairman of the association, has far from encouraging news. The hurricane Donna which cost British insurance companies some millions of dollars dashed hopes of a small profit on underwriting in the United States in *1960*. In the motor business in Britain companies have not been able to maintain the small profit—about 2 per cent of premiums—achieved in *1959*.

INVESTMENTS OF BRITISH INSURANCE OFFICES

Life and Non-Life Funds, at Book Values

	1959		1960	
	£ mn.	%	£ mn.	%
Mortgages	813	13·4	927	14·0
British Govt. and British Govt. guaranteed secs.	1,261	20·9	1,332	20·2
Commonwealth Govt. Provincial & Municipal Stocks	243	4·0	255	3·9
Foreign Govt. Provincial and Municipal Stocks	251	4·2	257	3·9
Debentures, Loan Stocks, Preference & Guaranteed Stocks and Shares	1,284	21·2	1,358	20·5
Ordinary Stocks & Shares	1,217	20·1	1,417	21·4
Real Property & Ground Rents	553	9·2	615	9·3
Other Investments	425	7·0	448	6·8
Total	6,047	100·0	6,609	100·0

Premium income of British insurance offices from all business again reached a new peak, amounting to £1,637 million in 1960—£117 million, or 7.7 per cent, more than in 1959. Net new savings through life assurance in 1960 amounted to £490 million, compared with £423 million in 1959.

The continuing growth in premium income is reflected in a further sharp advance in the investment funds of the insurance companies and, as the table shows, once again a large part of the new money (£200 million) went into equities. But gilt edged holdings rose by £72 million, by far the biggest amount put into this section of the market in recent years. This together with increases of £74 million in debentures and preference shares and of £114 million in mortgages, reflects the attraction of high yields on fixed interest securities.

The Committee of Lloyds has decided to drop its idea of forming a company to enter the life assurance market. This would have broken new ground for the Corporation, but the chairman, Mr G. Ewart Thomson, has now said that the working party set up to look into this project has not been able to agree on a recommendation for forming a life company sponsored by the Corporation or to enable individual underwriters to participate in long-term life assurance. At the moment their life business is confined to only temporary cover for not more than five years, but it seems that the door has not been shut to further ventures by individual brokers and underwriters.

DOMESTIC APPLIANCES

Nothing To Shout About

PRICE cuts of from 10 to 15 per cent from Kelvinator, and the dismissal of 500 men by Hotpoint, show that the refrigerator industry remains sickly. The improvement in the retail sales of British refrigerators in the first quarter has proved short-lived; sales in March were only five per cent below the corresponding month in 1960, but in April they were 20 per cent less than in April 1960. Since then sales have continued to be disappointing; a heatwave for the rest of the summer now seems essential for the industry's health. Low retail sales mean that retailers, who had been encouraged by relatively high sales in the winter to build up their stocks of British refrigerators by another 140,000 in the first four months of the year, will now be more cautious buyers; and manufacturers cannot be optimistic about the prospect of ridding themselves of the 268,000 refrigerators that they still had in stock at the end of April—124,000 more than they had had a year before, but 55,000 fewer than at the end of January this year. Price cuts by manufacturers, either on old models, or by introducing new models at lower prices than those they replace, are now becoming common. Companies are still entering the industry, but such plans as those of Birmingham Sound Reproducers to do so with a four cubic foot refrigerator selling for 39 guineas will hasten the day when some of the present manufacturers will have to leav the business.

Washing machine makers, though the suffered a bigger fall in retail sales last yea than the refrigerator manufacturers dic have found that orders from retailers picke up with the new year; in value deliverie to retailers in the first quarter were onl about 10 per cent below those in the firs quarter of 1960. April showed little im provement on March; May was bette though it was still worse than April las year. The recovery in deliveries cam wholly from an increase in demand for autc matic washing machines and those that in corporate spin-dryers; deliveries of thes machines were worth 24 per cent more tha a year before, while those of the simple washing machines were worth 50 per cen less. Part of this swing to more expensiv machines, reflected in the rise in deliveries results from the introduction of new autc matic models such as the Hoover Key matic in the spring. Only the middl and higher income groups, who ar replacing older and simpler washin machines by more elaborate models, appe to be buying more; working-class buyer still seem to be kept out of the market fc the more expensive machines, costing up t £140, by having to put down a 20 pc cent deposit. A cut in the deposit for hirc purchase sales to 10 per cent is still th industry's prescription to raise applianc sales nearer to its capacity. Rumours tha the Chancellor might have to use his powe to increase purchase tax are enough to sen shivers down the industry's spine.

SHORTER NOTES

Following last week's application by the National Farmers' Union under the Customs Duties (Dumping and Subsidies) Act for additional protection against imported barley, Mr Niall Macpherson, Parliamentary Secretary, Board of Trade, announced this week that the matter was being discussed with exporters. Dumping is hard to prove; the Board of Trade often succeeds in obtaining relief for domestic producers without making an order. In the past, it has been possible to withdraw applications for duties on aluminium from Russia, tomatoes from the Canary Islands and potatoes from France. This year negotiations with exporters have covered eggs, butter and barley.

*

The directors of Dorman, Long have declared an unchanged interim ordinary dividend of 3½ per cent. Trading profits for the half year to March 31st have been running at a lower level than for the corresponding period in 1960 and at the moment orders are lower than they were.

*

The Trans Australia Investment Trust Limited is being formed through Helbert Wagg and J. Henry Schroder. It will enable British investors to obtain a spread of investments in Australia and to avoid th complications of individual claims fo double taxation relief. Initially, £3,000,00 of the issued capital of £5,000,000 will b issued in £1 shares and eventually it i intended to establish a market in the share in London.

*

Lord Cromer takes over from Lor Cobbold as Governor of the Bank o England this weekend. The vacancy o the Bank Court is being filled by Mr H. G Nelson, managing director of Englis Electric.

COMPANY AFFAIRS
Comments on pages 87, 88 and 89 on:

Metal Box	Allied Ironfounders
Express Dairy	Hovis-McDougall
Airfix Industries	Chad Valley
Lesney Products	Lines Brothers
Meccano	D. Sebel
British and Commonwealth Shipping	

LONDON AND NEW YORK
Stock prices, yields and security indices o pages 90 and 91

LONDON STOCK EXCHANGE
The week's movements reported on page 8

MONEY AND EXCHANGES
Money market report, exchange rates an public finance on page 92

COMPANY MEETINGS

THE MERCANTILE AND GENERAL REINSURANCE COMPANY, LIMITED

STATEMENT BY THE CHAIRMAN HUGH KENNETH GOSCHEN

LIFE DEPARTMENT NEW BUSINESS AGAIN REACHES RECORD LEVEL

The Annual General Meeting of The Mercantile and General Reinsurance Company, Limited will be held on July 18, 1961, at the Company's chief office at Moorfields House, Tenter Street, Moorgate, E.C.2.

The following is a statement by the Chairman, Mr Hugh Kenneth Goschen, which has been circulated with the Report and Accounts for the year ended December 31, 1960:

I begin my review this year by referring to Mr E. Hurlimann's retirement from the Board. Mr Hurlimann was in fact one of the founders of the Company in its present form as a reinsurance company and he leaves us after an association lasting almost 40 years. He brought us a great deal of business, he helped to guide us on the right lines during the early stages, and throughout we have derived untold benefit from his years of experience and wise counsels. He will be sadly missed. In his place the Directors have elected Professor Paul Keller, the present Chairman of the Swiss Reinsurance Company. We look forward to having the benefit of his help and advice in the years to come.

You will notice that this year the form of the accounts has been changed. Detailed results of each of the companies in the Group have in the past been made available; but with the growth of the organisation this has made the accounts too cumbersome, so this year we are publishing a consolidated account, which gives a better picture of the results and of the strength of the Group.

The overall result for 1960 is, I am glad to say, satisfactory. The business has expanded especially in Life, where once more we can report record figures and now the passing of the £50,000,000 milestone. After several years of continuous losses in the Fire and Miscellaneous Account, we have this year a small underwriting profit. Our Canadian company has at last had a reasonable year and our companies in Australia have continued to make good progress.

An Insurance Executive said to me recently in New York "It is Wall Street which keeps us." That there is substance, as far as the "M. & G." is concerned, in this statement will be apparent to you from a study of our Accounts. The job of the professional reinsurer is to level out the peak profits and losses of the direct insurers. We believe we do a considerable service to the Insurance Market by providing this help, but in recent years there has been an ominous trend towards leaner and leaner profit margins in the business as a whole. Thus during a period of exceptional losses, such as we have been experiencing during the last few years, but which must always be expected, far too large a part of the burden has been borne by the investment income.

This year, in order to provide against the possibility of catastrophies to which I have referred, and to give strength to enable us to undertake the ever-increasing liabilities which we assume, we feel that we have not only to plough back the whole of the profit of the Fire and Miscellaneous, but also to make transfers to strengthen our Underwriting Reserves from what is, in fact, Investment Income. £150,000 has accordingly been transferred from Profit and Loss to Supplementary Provisions and a further £150,000 to Contingency Reserves. The Directors have felt, however, that they could recommend a small increase in the effective dividend and they have taken the opportunity of arranging that the dividend be declared gross instead of free of tax as previously.

Turning now to the individual Accounts.

FIRE DEPARTMENT

In the Fire Department the aggregate net premium income receded slightly from the level reached in the previous year under the impact of some important treaty changes in the home and Canadian markets. At home the concentration of the market into larger units has inevitable repercussions on the volume of business reinsured, whilst in Canada measures for improving underwriting experience and reducing administrative costs have had an even greater effect on our premium volume. Happily this was largely offset by the continued satisfactory development of our business elsewhere overseas.

The experience at home again suffered from a number of heavy fires, but overseas our business was generally profitable and the Fire Account itself closed with a small profit. We were fortunate indeed in escaping serious losses from the natural disasters which were unhappily a feature of the past year, the Chilean earthquakes, Hurricane "Donna" in the USA, and the cyclones over Mauritius. We may, however, be less fortunate in the future, and it is therefore very necessary for us to continue to rebuild up strong reserves against the possibility of these unpredictable catastrophes. As you will see from a study of the Accounts, we have taken steps to do this again in 1960.

With the continuing rise in insured values, we experience a growing demand for facultative reinsurance and we continue to do our utmost to help our friends in this way with their particular cover problems. The tendency towards concentration of the insurance industry into larger units, already referred to, is one which has not been confined to the home market. As reinsurers we are fully alive to the problem of mounting expenses that confronts many of our ceding offices, and we are always ready to consider with them simplified reinsurance methods and plans aimed at reducing their costs in this sector.

ACCIDENT DEPARTMENT

The Accident Department this year only shows a moderate increase of premium income, owing to the pruning effect of measures taken in Canada in regard to the underwriting of Excess of Loss Covers for Motor and Public Liability business. Generally, however, the business continues to advance strongly.

With restoration of the Canadian experience to a profitable basis, the adverse results of the Accident Account as a whole during the recent years have given place to a small surplus, after making due provision for outstanding and unknown claims. The heaviest burden now lies in the Employers' Liability class, more especially in Australia, where the results have been adversely affected by the many increases in benefits payable under the Workers' Compensation Acts of the various State Governments. This situation continues to receive our energetic attention and it is hoped to introduce into the Australian market a new form of treaty which will secure a more equitable distribution of the rising cost of these claims as between ceding company and reinsurer.

Turning to the other various classes of business transacted in the Accident Department, our important Personal Accident Account continues to run profitably. Our Burglary business has again been adversely affected by the scale and frequency of armed robberies that have become almost a current news item in our daily press. Motor business has also brought a loss commensurate with the heavy experience in most of the territories where we operate. This class and Public Liability are mainly reinsured by us on the Excess of Loss basis and the unfavourable results they produce are largely a reflection of the ever higher damages being awarded to the victims of road accidents. It is a pleasure to conclude with Fidelity and Contract Guarantee, both of them profitable, and with the various Miscellaneous classes that have combined to give a surplus overall.

This year the underwriting picture reflected in the Marine, Aviation and Transit Account is adversely affected by certain accounting adjustments of a long-term nature. In spite of the apparent hardening of the claims ratio in our Account, there is not, I am glad to say, any deterioration in the experience and the business continues to expand very satisfactorily. The need for rigorous selection in our Marine writings is not lessened by the guarded optimism voiced in certain sections of the direct market, and as regards Aviation business, which has contributed its full share to our expansion, there are, as is well known, still a variety of problems to be overcome. Much publicity has been given to the high values of new passenger liners and jet aircraft now in service and expected in the near future and we must be fully equipped to meet increasing demands for reinsurance cover.

For this reason the surplus on the closed years is retained in our Fund, no transfer being made to Profit and Loss this time.

LIFE DEPARTMENT

The Life Department new business figures again reached a record level; our target for the year was £50,000,000, but in the event the net new sums assured amounted to £58,832,908. This was a great achievement and compares with £45,031,682 in 1959. In addition, our Subsidiary Life Company in Australia transacted £3,610,355 compared with £2,328,809 in 1959.

The net Life premium income was £4,074,668, as compared with £3,502,519 in 1959. The Life Assurance and Annuity Fund now totals £17,426,996.

The year marked some important extensions of our organisation overseas for Life reassurance. Our organisation in Cape Town has been extended and we are now able to give licensed cover in Rhodesia. In Australia we now provide facilities in Melbourne as well as in Sydney, and we have made arrangements to provide a more complete underwriting service in New Zealand.

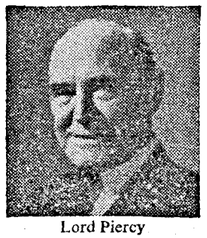
The excellent progress made in our Canadian and Australian Life operations from the commencement continued unabated during 1960, and equally encouraging is the growth of our business elsewhere in the Commonwealth. We received business from no less than 28 countries outside the Commonwealth, and in this sphere also we record an increase in our business. At home, too, we had a successful year: in fact during 1960 we received Life reassurances from over 80 Life offices established in the United Kingdom, and this business accounted for 45 per cent of our new business.

You will see from the Balance Sheet that the Investments and Loans of the Company (General and Life) show, at £28,832,263, an increase of £3,842,810 during the year. The past year began with equity markets reaching a peak early in January, but signs of overstrain in the United Kingdom economy and a deteriorating overseas trading position resulted in the imposition of credit restrictions and an increase in the Bank rate in two stages to 6 per cent by the middle of the year. Although the Bank rate was reduced also in two stages to 5 per cent in the last quarter of the year, the long-term rates of interest showed an upward trend throughout the year due to the continued strong demand for loan capital. In common with many other countries, equity yields in the United Kingdom remained appreciably below the return offered by long-term fixed interest stocks and appeared to discount future growth in dividends for some time ahead. Advantage was taken of high interest rates obtained from fixed interest securities to add to our holdings of British Government bonds and Debenture Stocks and additions were made to equity holdings. Taking our investments as a whole, the amount by which the market value exceeded the book value, although not so large as at the close of the previous year, was still substantial at December 31, 1960.

Finally I want to say thank you to those who have contributed so much to these results: to the local Directors for their help and advice in guiding our Companies and Branches overseas, to the Managements and Staffs of those organisations for their hard work; to our General Manager and his team of Management and his Staff at home for their wholehearted efforts to build up and strengthen the "M. & G." I know that you would like me to express our gratitude to all of them.

INDUSTRIAL AND COMMERCIAL FINANCE CORPORATION LIMITED

Set up by the English and Scottish Banks in 1945 to provide long-period loans and share capital to businesses with no ready access to the capital market.



Lord Piercy

The Corporation's progress during the year ended March 31, 1961, in relation to recent years may be presented compendiously as follows:—

	£'000				
	1956/7	1957/8	1958/9	1959/60	1960/1
New business transacted ...	2,496	3,834	5,017	6,374	**9,503**
Gross investment ... ... (cash outgo)	2,913	3,361	4,100	6,556	**7,451**
Repayments and realisations ...	1,997	2,182	2,690	3,889	**3,725**
Net new investment ... ... (addition to portfolio)	916	1,179	1,410	2,667	**3,726**
Forward commitments	1,105	1,578	2,495	2,313	**4,365**

At the end of the period the total of Advances and Investments (less provisions for bad and doubtful items) stood at £42.1 million (£38.37 million at March 31, 1960).

The profit for the year, before interest and tax was £3,410,974, compared with £2,825,922 for the previous year, an increase of £585,052. Interest paid out amounted to £1,410,360 (£982,767). The figure was high, partly because a full year's interest on the Debentures was paid for the first time, partly because Bank Rate, on which interest payable on the Loan from the Shareholding Banks is based, was high for most of the period. After deducting interest and tax, the balance available is **£1,140,614** (£1,065,155). Adding the surplus brought forward, the amount for disposal is £1,295,270 (£1,215,450). A dividend of 6 per cent is recommended.

During the twelve months under review approaches were received from 599 new customers of which 308 were eligible for detailed consideration. These numbers compare respectively with 392 and 155 in 1959-60. Offers were made to new customers in 131 (71) cases; and to existing customers, on second or subsequent applications, in 112 (73) cases. During the year 77 new accounts were opened, and 43 accounts repaid. At March 31, 1961, the number of open accounts on the books was 694 (660).

Some interest has been manifested in the proportion of small transactions. This year, of the offers made to new customers, 43 (or 33 per cent) were for amounts ranging from £5,000 to £20,000, 79 (or 60 per cent) for amounts from £5,000 to £50,000. These figures are close to our total experience. Out of 994 applications from new customers approved, and completed, up to March 31, 1961, 330 (33 per cent) were in respect of applications up to £20,000.

There was active demand for the Corporation's facilities. Along with a full measure of the ordinary and unexciting business which is our main concern and contribution to industry, we dealt with a number of lively propositions which should have a bright future.

The ability of the UK to benefit from the higher investment in industry of 1960 and 1961 is conditioned by the healthiness of our Balance of Payments, and hence of our Reserves. The obvious solution of this problem is increased exports. The supplement to this Report shows some of the cases where we have been able to assist firms to achieve the type of success in export markets which is needed.

An issue was made in April, 1961, of £6 million 6¼ per cent Debenture Stock 1981-4 at £97 per cent., which was well received by the market. Out of this we repaid £1½ million of the Loan from the Shareholding Banks in accordance with our arrangements with them.

ICFC

Copies of the Annual Report are available from the Secretary: 7 Drapers' Gardens, London, E.C.2.

BRAZILIAN TRACTION, LIGHT AND POWER COMPANY LIMITED

(Incorporated under the L of Canada)

At the Annual Meeting of Brazilian Traction, Light and Power Company, Limited, held in Toronto on June 27th, the President, Henry Borden, CMG, QC, presided. All directors were re-elected.

The shareholders confirmed By-law No. 23 renewing the authority for the payment of dividends in shares.

In addressing the shareholders the President stated that the Company's problem has never been the lack of customers for its services but, on the contrary, the main problems have been to keep pace with an extremely rapid growth of demand and to obtain tariff adjustments so as to maintain the Company's real earning power under conditions of inflation. He pointed out, however, that the more customers the Company has served, the greater the investment in plant and equipment and the larger the scope of the Company's operations, the lower have been the net earnings expressed in dollars. For these unsatisfactory and disappointing results, he continued, there is one overriding reason, "serious and prolonged inflation without adequately compensating tariff adjustments." While the operating companies have been permitted to increase their tariffs in order to recover a high proportion of the increased expenses resulting from inflation, nothing of any significance has been done by the regulatory authorities to permit cruzeiro profits to rise to offset the depreciation in the value of that currency. The result has been that the Company's net earnings, measured on a uniform accounting basis, have been falling steadily for four years and are lower now than in the immediate postwar years.

The President then referred to the measures being taken by the new administration in Brazil of President Janio Quadros in its endeavour to bring a greater measure of stability to the Brazilian economy. He referred to two major steps already taken to restore financial order, namely the simplification of the complicated foreign exchange system and the highly successful International negotiations for financial assistance with the Monetary Fund and with government and financial circles in the USA and Europe. He stressed that it will take time for the new administration in Brazil to deal with the root causes of inflation and to prevent the recurrence of foreign exchange crises.

Mr Borden noted that there seems to be greater confidence in Brazil that measures can and will be taken by the President of Brazil and Congress to give the country the kind of stability so essential to steady and rapid economic growth. "Restoration of economic stability in Brazil," he said, "would not of itself solve the problems of the Company but it would provide the kind of environment in which progress towards solution of these problems could be expected" it, he continued, "at the root of all our problems in Brazil are inadequate earnings which prevent us from either generating or raising, by borrowings or sale of securities, the cruzeiros and the dollars urgently needed to finance improvements and expansion. The result is that not only have dollar profits been declining but the standards of our service and our ability to meet public demands have been deteriorating." This, he said, is regrettable, but in the circumstances unavoidable.

Referring particularly to electric tariffs in Brazil, the President pointed out that a thousand kilowatt hours of electricity in Rio de Janeiro costs approximately $11.00 for domestic use, at prevailing rates of exchange, as compared with $13.50 in Toronto and $41.00 in New York. He stated that the immediate objective is to get the operating companies into a position where they will be permitted to earn a fair and reasonable return on plant in service, adjusted every two years in accordance with the coefficients of monetary correction and, if this was possible, there would be a considerable improvement in earnings over their present unsatisfactory levels.

Mr Borden then referred to the statement of the President of Brazil on electric energy in his state of the union message in March, 1961, and said that from this there is reason to assume that there is an appreciation of the basic problems facing the Company and other electrical utilities in Brazil and that the authorities intend to work toward their solution. However, he added, progress towards our objectives and the stated objectives of the Government itself in the field of electrical energy will at best be gradual although we have reason to hope that progress will be steady.

Mr Borden then went on to make some observations on telephones, the Company's second largest investment in Brazil, and the variety of arrangements and jurisdictions under which the service is provided, with the State and Municipal Authorities exercising authority. This, he said, has resulted in great differences in the basic charge for telephones, for example, the charge for an individual residential automatic telephone in the State of Guanabara is about the equivalent of $1.50 per month, in the city of São Paulo about 75 cents, in the city of Santos less than 50 cents. These varying rates, he said, compare with about $6.00 a month in Toronto.

President Quadros, he noted, has appointed a work group to formulate principles for a federal telephone policy and it is expected that its report will be made public in the near future. In the meantime the Company's three main telephone concession contracts are in the course of renegotiation, and in Guanabara an Intervention Commission is endeavouring to formulate proposals designed to solve the shortage of telephones in that State. The outcome, he said, is uncertain but some fairly radical changes are likely to be proposed.

The coming weeks and months, he said, are therefore a period of major significance for our telephone operations in Brazil and he concluded by saying that it is our belief that the existing difficulties can best be overcome "by broad, national action, but whatever the decision in that respect, you can be assured that the operating companies, as always in the past, will sincerely co-operate with responsible authorities. You can also be assured that everything possible will be done to protect the legitimate interests of the shareholders."

AMALGAMATED DENTAL COMPANY

ANOTHER YEAR OF SUCCESSFUL TRADING

The fifty-sixth annual general meeting of The Amalgamated Dental Company, Limited was held on June 23rd in London, Mr Aiken Watson, QC (Chairman), presiding.

The following is an extract from his circulated statement for the year ended December 31, 1960:

I am pleased to report another year of successful trading.

In my Statement last year I spoke of the problems of fatigue in operative dentistry and the need for equipment expressly designed to avoid its incidence. I am happy to report that, after lengthy clinical tests and the imprint of professional approval, such equipment is within sight of production at our Walton factory and it is expected to be marketed in 1962. We are confident that this, together with a new type of dental chair, soon to undergo test, will become two of the finest weapons in the armoury of the profession.

These new lines with others in prospect have stretched our production capacity at Walton to its limits. A major extension to meet this and effect greater efficiency and economy in production is now under urgent consideration.

RESEARCH FOR NEW AND IMPROVED PRODUCTS

On the consumable poducts side of your business, our research for new and improved products goes on relentlessly. It is safe to say that, during the past fifty years, our standard products have kept pace with every known improvement, and no significantly successful new product has appeared which qualitatively replaces them.

Our instruments continue to enjoy professional acceptance in their conventional and new forms. The "Ash" forceps in particular is a hallmark of quality the world over.

Our medical subsidiary continues to expand both at home and abroad as the quality and ingenuity of its products become better known.

While we, as a Group, have certain advantageous dispositions in Europe we feel impelled to move cautiously pending the outcome of the present division between the Common Market and the European Free Trade Association.

Current trading is satisfactory.

In pursuance of its policy of promoting younger Executives the Board has appointed Mr Peter de Trey and Mr Walter Edser to be Directors. Both have had many years of service with the Group.

The report and accounts were unanimously adopted and a final dividend of 10 per cent on the Ordinary Stock, making a total dividend of 17½ per cent, less income tax for the year was approved.

THE INDUSTRIAL AND GENERAL TRUST

A NOTABLY SUCCESSFUL YEAR

The seventy-third annual general meeting of The Industrial and General Trust Limited was held on June 22 in London.

Sir Edwin Herbert, KBE, LLD (the chairman) presided and, in the course of his speech, said:

The results this year are, I think, exceptionally good but it must be remembered that we have received some benefit from the investment of the proceeds of the £2,000,000 Debenture Stock issued in January, 1960. We have certainly not had the full advantage as yet since half the money raised was not payable until June 1, 1960. On the other hand we have had to meet, this year, nearly a full year's interest on the Stock. It will be clear, therefore, that the greater part of the increase of some £357,000 in our gross income was due to increased revenue from our existing portfolio.

Our tax liability at £810,000 was £68,000 greater and after deducting this sum and management expenses, net Revenue amounted to £1,178,435, an increase of approximately £160,000. We recommend a final dividend of 14 per cent making 26 per cent for the year against 22½ per cent last year.

The valuation of our Investments is, this year, approximately £50½ million which represents an appreciation of more than 263 points over the net cost.

Commenting on a 10-year record of the Trust's progress included with the Report, the chairman said: From that record it can be seen, if the necessary adjustments are made for capitalisation issues and rights issues during the period, that the Ordinary dividend has in 10 years risen from the equivalent of 7½ per cent approximately to 26 per cent while the net asset value of the 5s. Ordinary Shares has gone up from approximately 9s. 2d. per Share in 1952 to 38s. 9d. at March 31st last. I am sure you will agree that this is a record of which we may, very properly be proud.

To sum up, the year under review has been a notably successful one characterised by the exceptional buoyancy of the Revenue and marked by a substantial increase in the Ordinary dividend. In addition we have been able to invest our new money more quickly and more profitably than we had expected to be able to do when it was decided to make the Debenture issue.

So much for the past: but what of the future? No man can foretell that but some of the problems which we shall have to face are clear enough. The Chairman then referred to the European Common Market, the current balance of payments position, the state of the internal economy and continued: These matters are constantly in our minds and our investments are frequently reviewed in the light of them. We do not wait upon events but endeavour as far as we can to anticipate them and thus offset in some measure their effects. The great strength of the Trust is, of course, that we have, and try to maintain a well-balanced portfolio which will see us through difficult times and respond quickly to an improvement in economic conditions. But I do not think we can expect in the immediate future to see our growth continuing at the pace of the last two years.

The report was adopted.

ASSOCIATED NEWSPAPERS LIMITED

LORD ROTHERMERE'S STATEMENT

The fifty-sixth Annual General Meeting of Associated Newspapers Limited will be held, on Tuesday, July 18, 1961, in the Memorial Hall, Farringdon Street, London, E.C., the following is from the statement by the Chairman:

In my address to you last year I said that I expected profits from our National newspapers but to some extent this was likely to be offset by increased interests. This was likely to be offset by increased revenue from our other interests. This revenue from our other interests and, in addition, there have been a number of events which forecast has proved correct and, in addition, there have been a number of events which have had an influence on the trading of our National newspapers.

It has been a year of events and in some ways a tragic year for the Press. Four National newspapers have ceased to exist as separate entities, and some others have been able to carry on only by drawing heavily on their reserves, and, as you know, there is sitting at this moment a Royal Commission to investigate the causes of the difficulties. Early last year the directors of the Daily News Limited approached us to ask if we could help in any way shdd they be compelled to close down the *News Chronicle* and *The Star*. Discussions took place which ended in our making an offer for the whole of the assets and the goodwill of the two papers, but on the clear understanding that his arrangement should only be implemented if and when the Daily News Board came to final and irrevocable decision that in no circumstances could these newspapers be carried on as separate entities and that it would be impossible to sell them as going concerns to any other buyer.

On October 18th last year, the *News Chronicle* and *The Star* were amalgamated with the *Daily Mail* and the London *Evening News* respectively. This operation was carried through with great smoothness and without disruption, and was a great credit to all those members of the staff who were involved, night and day, in the complicated details of this changeover.

"DAILY MAIL" AND THE "EVENING NEWS"

The results of the merger have been even more satisfactory for the *Daily Mail* and the *Evening News* than we had hoped. Nine months after the merger, the sale of the *Daily Mail* is now in excess of 2,660,000, an increase of 575,000 copies per day; that of the *Evening News* is in excess of 1,465,000, an increase of well over 300,000 copies per day.

With such circulation increases, adjustments in advertisement rates were clearly necessary, and revenue in both papers has surpassed all previous figures and remains buoyant in the new financial year.

"SUNDAY DISPATCH"

Two of our National newspapers have been in considerable difficulty during the past year, namely the *Sunday Dispatch* and the *Daily Sketch*. Of these two newspapers the losses on the *Sunday Dispatch* have been the greater, and amounted in the past year to nearly £600,000. This loss was incurred without any of the promotion expenses which would be necessary were we to endeavour to save this newspaper. Such promotion expenses could involve doubling the loss for several years. Your Directors decided that such an expenditure was not warranted since it would be by no means certain that such a course would restore the *Sunday Dispatch* to prosperity.

Accordingly, we have entered into an arrangement with Beaverbrook Newspapers to merge the *Sunday Dispatch* with the *Sunday Express* and at the same time, Beaverbrook Newspapers have contracted with us for the printing of a considerable proportion of the combined paper.

"DAILY SKETCH"

The losses of the *Daily Sketch*, though considerably less in the year than those of the *Sunday Dispatch*, are causing your Directors concern. We bought this newspaper with the object of trying to save it from extinction and we are still hopeful of success. With the support of the Unions considerable economies have recently been achieved and we shall do everything possible to avoid the closure of the *Daily Sketch*.

CANADIAN NEWSPRINT INTERESTS

The trend of the newsprint industry both in Canada and this country has been towards larger groups of Companies. Anglo-Newfoundland Development Company Limited has a relatively small production capacity compared with those of other groups in Canada. With this in mind and following several months of consideration and negotiation, a satisfactory agreement was entered into during April this year between your Company and Price Brothers & Company, Limited, of Quebec, whereby your Company's shares of Anglo-Newfoundland Development Company Limited were exchanged for shares of Price Brothers, resulting in your Company becoming the largest shareholder of Price Brothers. This very considerable interest is supported by our nomination of six Directors to the Board of Price Brothers by this Company.

At current levels of dividends paid on shares of Price Brothers, income to this Company as a result of the exchange of shares will be increased in the coming year.

ACCOUNTS

The profit on trading, owing to the various factors I have mentioned, is reduced to £2,140,266. Our Provincial subsidiaries have again contributed very considerably to this figure. Income from Anglo-Newfoundland Development Company Limited has been at the same rate as last year, and the increase in Trade Investment income to £366,596 is the result of a larger distribution from Southern Television Ltd. and from our Television interests in Australia.

The total profit before Taxation at £3,061,639 is, in fact, only £22,741 less than last year, disregarding the Special Newsprint Supply credit received in that year.

PROVINCIAL NEWSPAPERS

Our newspapers in the provinces have continued to make steady progress. This is the more satisfying quite apart from the purely financial point of view, for, as you are well aware, it is our policy that each paper shall provide a complete service as a local newspaper to the community it serves. The success of this policy can, I feel, be measured by the results and only strengthens our conviction that each paper must be run locally and remain quite independent of any external editorial control.

OTHER INTERESTS

Television

Southern Television is operating very successfully and the Dover satellite is proving its worth in terms of revenue. Income from Australia has increased over last year and is now becoming an appreciable part of our Trade Investment income. Our interests in Brisbane and Adelaide have not yet made any contribution, but their initial results have been satisfactory.

Ideal Home Exhibition

The fine weather in March reduced attendances at the *Daily Mail* Ideal Home Exhibition this year, but over 1,100,000 visited Olympia. Fifteen Commonwealth and foreign countries were represented and all indications are that trade was most satisfactory.

"Weekend"

The last twelve months have been difficult for magazines. *Weekend*, our only magazine, has been profitable, with advertising revenue up over the previous year. A price increase in the magazine itself in 1960 and in national newspapers in 1961 has affected the circulation less than anticipated and less than others in the same field.

Weekend is the largest selling general colour-gravure magazine in the country and we look forward to its steady development.

THE FUTURE

The steps that the Company has taken in the last year in relation to its national newspapers, and in the consolidation of investment in newsprint in Canada, will strengthen the Company and enable our resources to be developed to the full. As an immediate result, coupled with the long overdue increase in the price of national newspapers, the current year's trading is likely to show a considerably increased profit.

SAUNDERS VALVE COMPANY, LTD.

RECORD TURNOVER

BIG INCREASE IN EXPORTS

MR P. T. STEPHENS ON THE OUTLOOK

The Annual General Meeting of Saunders Valve Company, Ltd., will be held on July 20th at 23, Blomfield Street, London, E.C.

The following is an extract from the circulated statement of the Chairman, Mr P. T. Stephens:

Once again the activities of the Company have been on a substantially higher scale and the profit for the year ended March 31st, 1961, amounted to £497,565, subject to taxation of £261,500, representing an advance of 42 per cent as compared with the previous year. An interim dividend of 7½ per cent less Income Tax was paid during the year and we now recommend a maintained final dividend of 12½ per cent less Income Tax on the capital as since increased through the capitalisation of reserves by the issue of one new share for every two shares previously held.

The turnover achieved, a record, was 26 per cent higher than that of the previous year. As usual the major part of the increase is attributable to sales of Saunders diaphragm valves. In these days when this country's export performance is much in the public eye, it is satisfactory to be able to record that whereas home sales of diaphragm valves were 31 per cent higher, the corresponding increase in those directly exported was some 32 per cent higher, representing 57 per cent of total diaphragm valve sales.

EXPORT EXPERIENCE

The experience of this Company which has for years consistently exported over half its output is that there is no magic elixir which ensures success in this field. Export sales are often if not usually obtained through channels different from those at home. Different techniques are necessary but as in all sales promotion, a willingness must always be present to understand the particular problems of the market, to educate those actually responsible for obtaining orders, and lastly to keep the customer fully informed on the range of products available to him. Our experience has been that although overseas business usually takes longer to mature than home business, it is equally rewarding in the long run.

Profit margins have been maintained during the year as a result of higher activity and increased productivity, despite the necessity for absorbing a sizeable part of the increased manufacturing costs—particularly labour costs—which inevitably recur in the inflationary economic conditions in which we live.

PRODUCTION AND SALES

Production must match sales if customers are to be satisfied. A close correlation between these functions is particularly necessary for a product, such as Saunders Valve, where the production cycle is relatively short and where the customer expects a relatively short delivery period. Some assistance can be given to smooth out the effect of a sudden acceleration in the rate of ordering by stocks held in the semi-manufactured state and in the warehouses of distributors.

We plan continuously to improve the flexibility of both our production and distribution organisations and thus to diminish the difficulties which flow from sudden alterations in demand which are seldom spread evenly throughout the range of productions we manufacture. We are also giving immediate attention to increasing certain elements of our productive capacity.

During the year the Company decided to establish a branch in the Netherlands at Leeuwarden. Since then a wholly owned subsidiary company, Saunders Valve (Nederland) N.V., is in course of formation to carry out this activity. Factory premises are being built by the Leeuwarden authorities and rented to the subsidiary with an option to eventual purchase. The Company's investment in the new subsidiary will be a progressive one and the amount required will depend on the volume of production established at this centre.

COMMON MARKET ADVANTAGES

I have already commented on the increase of 32 per cent in sales of Saunders Valves for export. Orders received increased at an even higher rate—46 per cent on the previous year and of these Europe, for which the increase was 72 per cent, clearly accounted for the major part. We have been increasingly aware during the last year of rising industrial tempo in Europe in anticipation of the full economic advantages of a Common Market and that is the major reason for the increased business we have done. At Leeuwarden we shall be able to bring certain supplies nearer to European markets, though it is certainly no part of our plan to relieve our distributors from their responsibility to maintain adequate stocks for their own customers. We shall, at Leeuwarden, manufacture certain ranges of valves to standards which are particularly needed in Europe and, most important, we shall have established a base for the rapid expansion of production within the European Common Market if and when such a course becomes desirable. As to that our decision will naturally be influenced by the eventual decision—and the date when it is taken—whether or not Great Britain on its own or with some or all of the E.F.T.A. countries join with the six in the Common Market.

VALVES FOR AIRCRAFT

Sales of valves for aircraft from our Hereford factory were well maintained but due to the ever increasing technical diversification of this industry the results are not so profitable as in earlier years when long run business could be relied on to carry the bulk of the heavy overheads this industry demands.

Sales of Safran Pumps at Wolverhampton, particularly for overseas, advanced during the year and improved results were obtained. Equally sales of iron castings outside the group were satisfactorily maintained by our subsidiary, Goulds Foundries Limited of Newport.

CAPITAL NEEDS

During the current year various additions to the Cwmbran factory premises will be put in hand. Capital needs for all these expansions will be higher in the current year than last, but our available resources are adequate to provide for them.

Any forecast on profitability over the current year of an industry such as ours with world-wide ramifications must be coloured to some extent by fears of political and economic repercussions in various parts of the world—to say nothing of possible economic difficulties at home on account of the United Kingdom's recurring Balance of Payments problems. However, our order rate in every department is well maintained and I expect to be able to present comparable results in twelve months' time.

GEO. W. KING LTD.

The twenty-fourth annual general meeting of Geo. W. King Ltd. was held on June 27th in London, Mr Donald M. King, MIProdE (the chairman) presiding.

The following is an extract from his circulated statement:

The results for the year 1960 show steady progress and an advance on those for the preceding year and, in fact, the net profit, after taxation, is the largest the Company has achieved, as also is the turnover. Your Board are again recommending a dividend on the Ordinary Share Capital of 12½ per cent less tax, this being the same as has now been paid for a number of years.

Shareholders will notice that the net dividend on the Ordinary Shares costs £46,856, which is nearly three times covered by the available profits. The Directors are proposing to make an issue of Ordinary Capital by way of rights to existing Ordinary shareholders of 816,000 Ordinary Shares of 5s. each. It is proposed to issue the 816,000 new Ordinary Shares at a price of 12s. 6d. per share in the proportion of one share for every three Ordinary shares held. Unless unforeseen circumstances arise, your Board anticipates being able to recommend the same dividend for 1961 on the increased capital.

In view of the present drive for exports and their vital importance to the economy of this country, I feel sure you will be gratified to know that the percentage of direct export work of our very satisfactory order book, including letters of intent from clients, is approximately 50 per cent, which I think it will be agreed, is a high proportion of our total output.

The report was adopted.

FORSTER'S GLASS COMPANY

LARGER SALES

The forty-second Annual General Meeting of Forster's Glass Company Limited will be held on July 19th in London.

The following is an extract from the circulated review by the chairman, Col. Sir Charles Ponsonby, Bt, TD, DL, for the year ended March 31, 1961:

The results are not unsatisfactory. The net profit is £168,964 against £134,676. The improvement is due partly to increased sales, but mainly to the more efficient operation of the plant. The policy of modernising the works is yielding a reasonable return on the heavy investment we have made. This is best illustrated by the fact that the year's record result was obtained on selling prices which have remained unchanged since June, 1957, whereas costs are now £150,000 a year higher than in 1957/58.

What of the future? Although demand for your products is at present good, there are factors which will increase costs and thus make further inroads into our already narrow profit margins. One of these is the fuel oil tax which represents a direct increase of £50,000 a year in our melting costs.

Secondly, wage increases for all our process workers were negotiated in July. In addition, shift differentials affecting 64 per cent of our workers were uplifted in March, 1961. Other grades have also received increases. Considerable justification therefore exists for an increase in our selling prices.

THE FORESTAL LAND, TIMBER & RAILWAYS COMPANY LTD.

The Fifty-fifth Annual General Meeting was held on June 28th in London, Mr G. F. Taylor, CBE, the Vice-Chairman and Managing Director of the Company presided in the absence through illness of the Chairman, Sir Gerard d'Erlanger, CBE, FCA.

In the course of his circulated statement, the Chairman referred to the sharp fall in both Sterling and Pesos trading Profits which represented almost entirely the results of the Group's operations as growers of Wattle and as manufacturers and distributors of Wattle and Quebracho extract. The fundamental factor determining the profitability of those operations in

1960 was the price war which increased in intensity throughout that period.

Sir Gerard continued: The misfortune which has befallen the vegetable tanning extract industry in the shape of a collapse of the price structure obviously renders the execution of Forestal's policy of diversification more important than ever. I am glad, therefore, to be able to report substantial progress along this road and to express a reasoned hope that we are now entering upon a new phase of fairly rapid development.

Commenting on the outlook, the Chairman said that profits for 1961 would not show much if any improvement on those for the year under review. Taking the longer view, he felt that satisfactory profits should ultimately be earned in the tanning extract industry and in any event their policy was directed at a steadily increasing contribution from the non-tanning extract side of the business.

EMPIRE STORES (BRADFORD) LIMITED

YEAR ENDED 31st JANUARY, 1961

RECORD INCREASE IN TURNOVER AND PROFIT

The Fifty-second Annual General Meeting of Empire Stores (Bradford) Ltd., formerly Fattorini & Sons (Holdings) Ltd., was held at the Midland Hotel, Bradford, on June 29th, presided over by the Chairman, Mr Leo Fattorini. The following is an extract from his statement:

I am happy to tell you that once again the Company has had a record year, not only in turnover but in profits.

In the Prospectus issued last December, the Directors gave a forecast of profit of not less than £370,000 subject only to taxation and loan interest. In fact, this forecast has turned out to be conservative and, based on an equivalent calculation, I am delighted to tell you that the profit for the year recently completed amounts to £387,500.

THE COMPANY AND ITS OPERATIONS

The business of the Group is carried on in the names, or through the agency, of subsidiary companies.

By far the largest operating company is Empire Stores Ltd., a mail order departmental store whose activities account for over 90 per cent of the current sales and profits of the Group.

The management of the Company is young and enthusiastic and every opportunity is taken to continue the training of all executives, not only within the organisation, but by the use of outside courses, training schools and colleges. Each year a number of young management trainees enter the Company to ensure that trained executives will be available as the Company's growth demands, and we are always on the look out for young men of the right calibre.

Allied to Empire Stores Ltd., E. Robertshaw & Co. Ltd. is the Buying House for the retail Company, its Directors and executives making constant visits throughout the British Isles and the Continent to ensure that the flow of up-to-the-minute merchandise is continued.

Fattorini & Sons Ltd. has for over 100 years held an enviable reputation as manufacturers of sporting trophies, enamel badges, medals and regalia of all types.

Sports & Pastimes Ltd. allied with its subsidiaries The Bradford Textile Co. Ltd. and Bradford Textile (Sales) Ltd. manufactures sports and school clothing, and distributes them to schools and colleges throughout the country.

ACCOUNTS

The Consolidated Group Trading Profit before deducting directors' emoluments, audit fees, depreciation, loan interest and taxation, amounts to £437,872 compared with £319,340, an increase of more than £118,000. This represents the greatest increase in profit in the history of the Company, and reflects the success of our trading policy during the last year.

DIVIDENDS

The Interim Dividends totalling 5 per cent were paid on the Issued Ordinary Capital of £400,000 prior to the new capital structure in December, and the Directors recommend a final dividend of 15 per cent payable on the Issued Ordinary Share Capital of £750,000 as forecast in the Prospectus.

CURRENT PROSPECTS

I have before me the trading results of the operating Companies for three months of the current year. Expenditure is not increasing relative to turnover and sales to date are considerably in excess of the corresponding period, and at this stage your Directors are cautiously optimistic of another satisfactory year.

CONCLUSION

None of the results that I have been happy to put before you today would have been possible without the continued support of a very hard-working and loyal team of employees at all levels, together with the continued support of many thousands of manufacturers who continued to give us service and support. To all these may I pay my grateful thanks.

HEAD WRIGHTSON & COMPANY LIMITED

SIR JOHN WRIGHTSON'S CONFIDENCE IN THE FUTURE

The seventy-first annual general meeting of Head Wrightson & Company Limited will be held on July 20th at Teesdale Iron Works, Thornaby-on-Tees. The following is an extract from the circulated statement by the chairman, Sir John Wrightson, Bt, TD, DL:

STAFF

I feel it would be appropriate to start my review of the year's work with a well deserved tribute to our staff and workpeople. As I think you will appreciate, under the conditions prevailing during 1960, the results that we have been able to show reflect great credit on the zeal and enthusiasm of all concerned: managers, technical and commercial staff and workpeople. Each has contributed his or her part to the success of the company as a whole. It is also fitting to remember those who have diligently served the subsidiary companies in Australia, India, South Africa and on individual contracts ranging from Fiji to Poland.

We are fortunate in possessing a long-standing tradition of service to the company so that we particularly welcome those young people who have joined us during the past year: may they acquire those attributes of enterprise and enthusiasm to which we are accustomed and of which we are so justly proud.

RESULTS AND ACCOUNTS

Whilst the demand for most of our products has been buoyant, some sections of our business have had a disappointing year and it is, therefore, gratifying that we have been able to show a small increase in the total surplus on trading.

As I mentioned last year, profit margins, both at home and overseas, are lower than we have been accustomed to receive. This tendency persists. We are, however, constantly examining our cost of manufacture and improving our techniques. Furthermore, the effect of capital expenditure undertaken at our various works over the past few years is now beginning to show results. Our surplus on trading for the year was £1,714,412 which compared with a figure of £1,686,250 in the preceding year, is satisfactory considering the conditions under which it was earned. Depreciation of our buildings, fixed and loose plant, is only slightly greater than last year owing to the sale of certain assets to which I refer later.

In view of the satisfactory condition of our works and the present indications of our prospects in the markets in which we have established ourselves, your directors consider that they are justified in recommending, this year, the distribution of a higher proportion of the earnings. We therefore invite you to sanction the payment of a final dividend of 12 per cent which, with the interim of 4 per cent already paid, will total 16 per cent against last year's distribution of 14 per cent on the same capital. We also propose to add a sum of £382,401 to the General Reserve bringing this to a total of £1,000,000. In addition, we have put to Capital Reserve a sum of £108,378 being the profit shown in our books on the sale of one of our subsidiary companies.

In 1955 we acquired Colliery Engineering Limited (now renamed Head Wrightson Minerals Engineering Limited). Included in the purchase was The Cupola Mining and Milling Company, of Stoney Middleton, in Derbyshire. We have been engaged in developing the business by the installation of a modern flotation plant to produce galena, barytes and high purity fluorspar. The production and sale of these chemicals was, however, outside the scope of our engineering interests so that when our neighbours, Glebe Mines, a subsidiary of the Laporte Industries Group, approached us we agreed to the sale to them of our complete shareholding at a satisfactory figure.

EXPORT

Throughout the year under review the deliveries of plant and machinery for abroad continued in a substantial way. We could not hope to repeat every year our intake of export orders at the previous rate. We have, in fact, this year shared the experience of Great Britain in general where we would normally wish to rise above the average. Competition remains fierce and the Government's recent extension to the facilities offered by the Export Credits Guarantee Department is bound to be of great value to the makers of capital equipment like ourselves. The division of the European market into separate camps is becoming more and more evident as the pattern of the two rival trading groups becomes more set. As British makers of specialised heavy plant we are finding ourselves at a disadvantage in the European Common Market with its dynamic record of growth and, although we are pursuing our drive for exports within the European Free Trade Area, we would welcome a unification of these two trading areas within Europe.

Our wholly-owned subsidiary company in Johannesburg continues to design and contract for the full range of our home specialities, by now the majority of the equipment being made in the works of our associated company, Wright Boag and Head Wrightson (Pty). Both companies had a good year in unsettled conditions.

Head Wrightson (Australia) Pty. in Sydney has been most successful in enlarging its business and has been awarded a large contract for oxygen steelmaking equipment by the Broken Hill Proprietary Company in collaboration with Head Wrightson Iron and Steel Works Engineering.

Of our design and contracting companies, Head Wrightson Iron and Steel Works Engineering have been conspicuously successful in securing contracts during the present phase of re-equipment of the iron and steel industry, not only in Great Britain, but in Australia, Rhodesia and South Africa, in collaboration with our overseas companies.

The third of the blast furnaces at Durgapur was completed, ten weeks ahead of the stipulated programme accepted on the signing of the contract. This reflects great credit on the organisation in India and its support from this country. During the same month a further blast furnace was successfully "blown in" in Rhodesia.

At the end of the year under review we formed Head Wrightson India based on Calcutta, with a view to designing and contracting in this expanding market.

HOME

At home the year has been one of intense activity in our foundries and drop forges. In spite of the recession in the motor car industry, we actually increased the tonnage of drop forgings delivered and are now engaged in building up a healthy order book of direct export work in Europe. The capital expenditure schemes at our Steel and Iron Foundries proceeded throughout the year without affecting the tonnages produced at either foundry. The new electric steel melting plant at Stockton Steel Foundry and the new sand handling plant at our Iron Foundries both come into full production in the next few weeks.

Head Wrightson Teesdale and Head Wrightson Stockton were both affected by the difficulty of obtaining their requiremenes of steel to match their growing order books. This situation is not yet corrected and we are finding that in the case of both these companies, the works are not able to effect delivery of considerable tonnages of plant and equipment due to shortage of critical material.

The Head Wrightson Machine Company had a most successful year and the rising value of its output reflects the high level of capital expenditure which we have been investing in these works.

Head Wrightson Processes had the satisfaction of sharing in the award to our consortium of the contract for the Dungeness Nuclear Power Station. This will ensure continuity of work for our large staff of specialists engaged on nuclear designs, as the contracts at Bradwell and Latina enter their final stages. The sale of special products showed a significant advance on the previous year and we are now observing an increasing interest in our latest designs of cooling towers embodying incorrodible plastic fittings.

Head Wrightson Processes has started a new department for effluent treatment. We believe that this new service which we are offering in association with the Alfloc Water Treatment Service of I.C.I. will show steady growth and fulfil a long needed want. At the Bradwell Nuclear Power Station we have been entrusted with the pond cooling and effluent treatment plants, the latter now embodying a dezincification unit to protect the oyster beds.

Head Wrightson Minerals Engineering had a most difficult year. As foreshadowed last year when its name was changed, it is actively pursuing the field of the treatment of minerals other than coal in which its skills may be used to the greatest advantage.

McKee Head Wrightson, our associated company in London specialising in the engineering of oil refineries and petro-chemical plants, has further consolidated its position.

The year has been an exciting one for our Research and Development Division.

I think we may claim that our expenditure on research and development is probably greater than most of our contemporaries in our fields of engineering. We are satisfied that this is a rightful investment towards the future well-being of the company. Great care is taken, however, in the control of the money expended and we are constantly re-examining research projects in the light of the changing demands of our companies and the likely prospect of an early return on our efforts.

THE FUTURE

We can look forward to a year of great activity but as I have mentioned, deliveries of steel —particularly special steels—may lead to costly delays in the next few months.

ALLIED INDUSTRIAL SERVICES

RESULTS SATISFACTORY

The Annual General Meeting of Allied Industrial Services, Ltd., will be held on July 20 at Bradford.

The following is an extract from the statement by the Chairman, Mr. Frank W. R. Douglas sent to Shareholders with the report and accounts:—

Whilst we would have liked to have been able to show a greater increase in profits, we think that in all the circumstances we have not done too badly.

I am not suggesting that 1960-61 was a more than ordinarily difficult year in general but it was one in which there were definite indications that we were in for a general rise in costs. In addition there were shortages of labour in certain of our Works and the complete loss by fire of our plant at Northampton.

I have little doubt that the Northampton property, which is being completely rebuilt, will be in use as a Depot in July of this year. Other encouraging factors have been the gradual increase in output and efficiency in several of our subsidiaries and our developments at Rochdale.

The net profit of the group for the year under review amounted to £593,714 as compared with £545,734 in the previous year. It is proposed to recommend a final dividend of 22½ per cent on the ordinary shares, making a total of 30 per cent for the year as compared with 27½ per cent in the preceding year.

The year has started quite well and I think we will achieve our objective of continued expansion together with satisfactory results.

HONGKONG (SELANGOR) RUBBER

MR ADDINSELL'S STATEMENT

The forty-ninth annual general meeting of Hongkong (Selangor) Rubber, Ltd., was held on June 26th in London, Mr Jack Addinsell, chairman, presiding.

The following is an extract from his circulated statement:

Following the pattern which has been set for the past few years crop was once again in excess of the previous year and, in fact, was up by 70,700 lb., a very satisfactory increase of over 20 per cent. Although returns from our remaining small area of old rubber have continued on a profitable level the higher crop was primarily derived from our mature post-war rubber.

During the year a small area planted in 1955 with clonal seed was brought into tapping and is currently yielding very well considering the short period it has been opened up. Improving crops continue and for the first four months of the current year 136,700 lb. have been harvested as against 114,600 lb. for the year under review.

We are once again in receipt of tin tribute from Hongkong Tin. The income for 1960 is not large as the dredge did not recommence operations until September but we can, given no unforeseen circumstances, look forward to a satisfactory contribution to our profits for 1961 from this source.

It will be seen that from the sale of our rubber net proceeds at £43,593 were £9,330 higher than for the previous year mainly as a result of the larger crop since the average net price was only 1d. per lb. higher. Again as a result of the increased crop cost of production was nearly 1d. per lb. lower than for 1959; a very satisfactory reduction bearing in mind the higher wage rates in operation throughout the year. Export duty and cesses, over which the Company has no control, were up by 1¼d. per lb.

We have a profit on the year's working of £16,748. Your Board recommend a final dividend of 25 per cent making a total of 40 per cent for the year, which compares with the equivalent of 22½ per cent for 1959 prior to the capitalisation issue.

No replanting or new planting was undertaken in 1960 but a programme spread over the next five years comprising 96 acres of replanting, which will complete the rejuvenation of the old rubber, and 159 acres new planting has been provisionally agreed. The new planting is reserve land not yet under rubber which has been pronounced suitable for planting by the soil experts.

The report and accounts were adopted.

GRAND CENTRAL INVESTMENT HOLDINGS LIMITED

The Second Annual General Meeting of Grand Central Investment Holdings Limited was held on June 27th in London. The following is an extract from the Statement by the Chairman, Mr C. A. Meakin:

The profit for the year amounted to £402,000 after allowing for depreciation, etc., but before tax. This represented a reduction of some £30,000 compared with 1959.

The incidence of Taxation shows a considerable increase due to the introduction of two new taxes. The first was a retrospective levy of 15 per cent based on the 1959 profits and this surcharge cost the Company no less than £22,000 which your Directors thought it equitable to finance by reducing the carry-forward from the previous year. If this particular tax continues in 1960 we shall have to find a further £25,000 for which provision has been made. A further and most disagreeable feature of these new taxes was the introduction of a Land Tax payable at the equivalent of £1 2s. 6d. per acre, whether or not cultivated. As will be seen from the acreage statement, this Company possesses large areas under the heading of reserve land and, therefore, this particular liability assumes considerable proportions and in fact amounts to no less than £25,500 per annum. If these taxes continue to operate in addition to the present high rate of tax, the total Ceylon Tax is likely to be in the region of 75—80 per cent of the profits earned in that Country despite the allowance for replanting expenditure. This will explain, I hope, the reasons for what I consider are disappointing results of the year's working.

Our rubber crop was reasonably satisfactory and from the replanted areas we obtained the equivalent of 967 lb. per acre. As to the future and from the most recent forecast that we have received from our Agents in Colombo it is anticipated that by the end of the next ten years and provided the present rate of replanting continues, we can look forward to a crop of about 18,000,000 lb., as compared with the 1960 intake of 12,500,000 lb.

The financial aid of replanting subsidies granted by the Ceylon Government is very welcome but there is little encouragement for the future with the present heavy incidence of taxation. The measures recently taken by the Finance Minister, Mr F. D. Bandaranaike have already borne some results in that Ceylon's foreign assets by the end of March last show an increase, albeit small but certainly in the right direction. The next Ceylon Budget is due to be presented on July 27th when I can only hope that the opportunity will be taken by Government to do what it can to reduce the taxation burden on products which are the main supports of the Island's economy.

The report and accounts were adopted.

APPOINTMENTS

TAXATION. A well-known firm of Chartered Accountants in Singapore and Malaya have a vacancy for a senior appointment in their taxation department. Applicants should have a wide knowledge and experience of taxation but need not necessarily possess an accountancy qualification. The appointment, which should lead to early promotion for the right man, would suit a serving or retired Inspector of Taxes. The starting remuneration will depend upon experience but will be substantial.—Applications, with full details, should be sent to Box 1523.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the CHAIR OF MEDIEVAL HISTORY. Duties to commence as soon as possible. Salary not less than £2,600 per annum. Membership of F.S.S.U. and Children's Allowance Scheme. Applications (twenty copies), giving full details of qualifications, publications, experience, etc., and the names and addresses of at least three persons to whom reference may be made, should be sent not later than July 15, 1961, to the Registrar, the University, Manchester, 13, from whom further particulars may be obtained. Overseas candidates may submit one copy of their application.

HERTFORDSHIRE COUNTY COUNCIL

HATFIELD COLLEGE OF TECHNOLOGY
Dr. W. A. J. Chapman, M.Sc.(Eng.)

Lecturer in Marketing

Applications are invited for this post in Management Studies. Applicants should be graduates in economics and/or statistics, with experience in marketing or sales management and in training or teaching. Salary £1,370-£1,550 according to experience. Details from Registrar.

THE Esso Petroleum Company Limited has a vacancy in its Public Relations Department for AN ESTABLISHED WRITER of real talent for varied and important non-technical assignments.

Applicants should have ten years' writing experience and should be prepared to show published work.

A flair for writing will be considered more important than technical knowledge or industrial experience.

This is a senior appointment with an appropriate salary.

Write to: Head of Recruitment (Ref. 336), Esso Petroleum Co. Ltd., 16 Charles II Street, London, S.W.1.

LEEDS EDUCATION COMMITTEE

LEEDS COLLEGE OF COMMERCE

43, WOODHOUSE LANE, LEEDS, 2
Principal:
E. V. Roberts, B.Com., F.C.A.

Applications are invited for the post of LECTURER in STATISTICS. Experience in the application of statistics to management control, including OPERATIONAL RESEARCH, is looked for. Research and consultancy work with local industry are encouraged.

Salary (under review): £1,370 x £35 — £1,550. An appointment may be made above the minimum of the scale.

Application forms and further particulars may be obtained from the Principal at the College.

GEORGE TAYLOR,
Chief Education Officer.

Education Department,
Calverley Street,
Leeds, 1.

ECONOMIST

Economist with some industrial experience wanted for a new position in its Research and Development Division by engineering firm in N.E. Salary about £1,250. Full details to Box 1524.

For further appointments and other classified advertisements see pages 94 and 95

THE UNIVERSITY OF MANCHESTER

Applications are invited from graduates or holders of a suitable professional qualification for a post as TUTOR in the Department of Social Administration. The duties are concerned with the National Training Scheme for Hospital Administrators and experience in the organisation of training schemes will be an advantage.

The appointment will be for three years in the first instance and the salary will be within the scale £800 x £50 — £950, or £1,050 x £50 — £1,550 (merit bar-line) x £75 — £1,850 according to experience and qualifications. Further details and application forms may be obtained from the Registrar, the University, Manchester 13, to whom applications should be submitted by July 10, 1961.

COMPANY AFFAIRS

Cross Currents for Courtaulds

THERE is no doubt about the scope for expansion in made-made fibres: in the topical example of western Europe consumption might treble in the next ten years. Less certain is the profit margins that will be earned by producers and which groups will gain most. Courtaulds' vigorous drive to develop non-textile interests is some indication of the unpredictability of textiles. A year ago, when production was booming in Britain, investors may well have lost sight of this consideration for Courtaulds' £1 units rose to the equivalent of 60s. But in November, the interim report brought this lesson forcibly home; despite the inclusion of the results of Pinchin Johnson for the half-year, there was no significant increase in profit. After that, the sharp deterioration in demand which resulted in short-time working at one large rayon staple factory before the end of Courtaulds' financial year was evidently making a dent in profits.

Although sales rose by £32 million to £172 million, the group's net profit fell from £11,218,000 to £9,822,000 in the year to March 31st. The directors' report says that the woodpulp, packaging and plastic divisions earned more and it implies that the fabrics, chemicals and engineering divisions did well. A high price was paid for Pinchin Johnson last year, but bad luck brought a slump in motor car production and domestic appliances, the chief outlets for its paints, at the same time that consumption of man-made fibres turned down. The slump in motor production, particularly in Canada, also reduced demand for tyre yarn which normally helps to stabilise rayon consumption, although the domestic demand for replacement tyres remained strong. A factory, due to be closed, was kept in operation to meet the demand, but price cutting by foreign producers led to a substantial reduction in British tyre yarn prices.

	1960 £'000	1961 £'000
Consolidated earnings :—		
Sales	139,924	171,922
Trading profit	25,343*	23,451
Investment income	3,286	4,057
Tax	9,177	8,235
Net profit	11,218	9,822
Ordinary dividends	4,126	4,838
Ordinary dividends (per cent)	9⅜†	10
Retained earnings	6,497	4,390
Consolid. balance sheet :—		
Net fixed assets	119,940	126,117
Trade investments	12,726	15,918
Gilt-edged	20,948	12,200
Stocks	41,421	44,375
Debtors	23,194	28,253
Liquid assets	11,902	10,807
Net current assets	48,400	53,536
Future tax	25,040	24,798
Loan capital	7,144	6,531
Minority interests	8,996	9,002
Reserves	84,409	70,942
Preference capital	17,513	17,513
Ordinary capital	58,912	78,985

* Excludes results of Pinchin Johnson. † Adjusted for scrip issue.

The most discouraging aspect of the full report is the world-wide setback in viscose rayon, the group's principal product. (Textiles still account for 70 per cent of the group's assets, but now for less than 60 per cent of profits.) In Australia, Canada, France and the United States results were poor. Because it is longer-established, rayon usually bears the brunt of a recession in man-made fibres. Courtaulds is making rapid progress with its new fibres, but this is a field in which many groups are competing. The British patent for nylon has expired and more competition and a further cut in prices may follow. Both ICI and Courtaulds, joint owners of British Nylon Spinners, have announced plans to produce caprolactum from which nylon 6 is made. British Enka is also planning to produce nylon 6 in Northern Ireland.

It seems fortunate that the group is able to link with the report an announcement of an agreement with Koppers Company Incorporated, a large American chemical and plastics group. Courtaulds has bought about 4 per cent of Koppers' issued capital for £1½ million and now has two representatives on the Koppers' board. The main point of the agreement seems to be that Courtaulds wishes to develop non-textile interests in the United States as well as in other countries, and an exchange of technical information with Koppers will be an important stepping stone. On the ordinary dividend rounded up to 10 per cent, Courtaulds £1 units at 36s. 9d. yield 5½ per cent.

Metal Box

THE full report from Metal Box confirms the impression given by the preliminary figures that for the moment at least the group must look overseas for higher profits. The chairman, Sir Harold Roxbee Cox, says that the company's performance at home was unremarkable, because costs went up following the increase in wages and the shorter working week and because demand slackened in the last few months of the year to March 31st. Though turnover at home rose from £62.6 to £65.7 million higher wages and salaries cut into gross profits, which fell by £53,000 to £5,477,000. Overseas, sales rose by over 25 per cent, from £20.7 to £26.2 million, and gross profits by 28 per cent, from £2.3 to £2.9 million.

At home the fall in demand in the second half of the year seems to have been largely in cans for processed food and in the standard lines of containers and tubes. Sir Harold says that demand at home is likely to remain depressed for a few more months and although overseas profits should continue to improve, profits in the six months to September 30th are likely to be lower than in the same period in 1960. But the outlook for the second half of the financial year is apparently better and sales in the current financial year are expected to be better than in 1960-61.

The dividend of 12 per cent on the increased capital compares with the equivalent of 10.9 per cent in 1959-60 and at 84s., the £1 shares yield 2.9 per cent, covered 2½ times. Earlier this year the shares touched 100s. 9d. and even now the yield looks a long way ahead. Investors are discounting the rise in sales and profits which should spring from Metal Box's massive capital programme. The group, having spent nearly £6½ million on capital account in 1960-61, is already committed to spending at least £6¼ million more.

Express Dairy

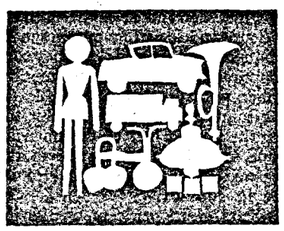
IN an age of take-overs and mergers, preliminary profit statements are often difficult to interpret when the extent to which new acquisitions contributed to profits is not shown. Pre-tax profits of Express Dairy rose by £500,000 from £2.3 million to £2.8 million in the year to March 31st, but it would seem that by far the greater part, if not all, of the increase came from Spiers and Pond, acquired last November. This hotel catering concern was estimated to have earned a gross profit of about £400,000 in the year to end-September and a further £120,000 was expected to arise from Spiers and Pond's own acquisitions. As Express Dairy acquired Spiers and Pond with effect from October 1, 1959, it is to be presumed that its latest present profits include 18 months' earnings from its new subsidiary.

While any true assessment must await the full accounts it seems clear that like most other companies in the food industry, (besides its milk business Express Dairy runs a number of supermarkets) the group's profit margins have been squeezed. On the capital as increased both by rights and scrip issues and by shares issued to Spiers and Pond shareholders, the dividend is effectively maintained at 10 per cent. Not surprisingly since the results the 5s. "A" shares have fallen by 1s. 7½d. to 15s. 3d., to yield 3¼ per cent.

Hovis-McDougall

THE preliminary statement of Hovis-McDougall is another that leaves a number of questions unanswered. Profits before tax for the year to March 31st last rose from £2.4 million to £2.7 million but these included for the first time the profits of E. Marriage, which has flour milling interests in south east England. In addition Hovis-McDougall made a number of smaller acquisitions last year, including Skurrays, the motor distributors and engineers.

Continued on page 89



Boom in Toytown

CHILDREN may be thinking now more of ice cream and the sea—and possibly of the less exciting prospect of school examinations—than of toys. But there is plenty of evidence that toys are never far from their thoughts—or their parents. Evidence of this is supplied by the full report of **Lines Brothers,** by far the biggest toy manufacturer in this country, which sells under the trade mark of Triang Toys and owns Hamleys of Regent Street, the second biggest toyshop in the world. It is also one of the leading pram manufacturers. A change in its financial year to end-December means that the latest accounts cover eighteen months, including two Christmases when the bulk of retail sales are made. On an annual basis its trading profits rose from £1,391,000 to £1,769,000 and the dividend of 40 per cent represents 26⅔ per cent per annum, one third up on 1958-59.

As before, the dividend is covered over three times, the company having ploughed back substantial sums to finance expansion at home and overseas. Lines has a valuable stake in the common market; in France it is building and re-equipping more factories and it has acquired a controlling interest in J. Schowanek, a leading German toy manufacturer. Mr Lines is optimistic.

	1961 prices Jan. 3	June 29	Div. per cent	Yield per cent
Airfix Inds. Ord. (4/-)	35/6	50/-	47½	3·8
Chad Valley (5/-)	5/6	6/3	Nil	—
Lesney Products (5/-)	30/6	46/9	27½	2·9
Lines Brothers (5/-)	27/4½	37/-	26⅔‡	3·6
Meccano 'A' (5/-)	8/6	7/11½	10	5·6
D. Sebel (2/-)	2/10½*	3/2¼	15†	8·1

* Adjusted for scrip issues. † Forecast dividend. ‡ Adjusted to annual basis.

Four other public companies in this field have all recently issued reports, all showing higher profits. Perhaps the most interesting of these is **Lesney Products.** This producer of the popular "Matchbox" models of cars and vehicles became a public company only last September when its shares were offered for sale at 20s. They now stand at 47s., reflecting the rapid growth in gross profits to £332,000 in the year to January 19th. Ten years ago the company was making a small loss and profits have quadrupled in the last five years. Profits comfortably exceeded the estimate made at the time of the offer and the dividend at 27½ per cent was 2½ points above the forecast. It is covered five times by earnings but until 1963 only half the equity ranks for dividend.

With more capacity available the chairman is confident that output can be raised to meet the big demand for its toys and he says that exports to North America and Germany are substantial. But the company has had to work at lower profit margins and the retail price of "Matchbox"

SALES, EXPORTS AND IMPORTS

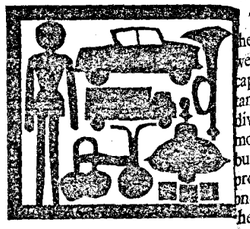
	1951	1955	1957	1959	1960
	(£ million)				
Toy production ...	25·3	32·2	35·9	36·1	40·5
Including :—					
Metal toys	10·5	12·9	14·2	13·3	15·8
Plastic toys ...	2·8	6·2	7·6	8·3	8·6
Exports	7·4	6·8	7·5	8·0	9·3
Imports	1·5	1·9	2·4	3·2	5·5

toys in this country was raised in December from 1s. 6d. to 1s. 8d. Lesney's interests are not entirely confined to the toy industry for its commercial die casting business accounts for 15 per cent of total sales.

D. Sebel, makers of the "Mobo" toys and "Jetex" kits is another company with a policy of diversification; its furniture business, in the words of its chairman, Mr L. Sainer, "works in well during the slacker times of the year." Mr Sainer is better known as one of Mr Clore's right hand men but D. Sebel has shown few signs of the buoyant profits that might perhaps be expected from such management. Even so, apart from a sharp setback in 1957, profits have made a small but steady advance. They seem likely to rise again this year, for Mr Sainer has forecast a maintained 15 per cent dividend on the capital as increased by a one for three scrip issue.

As the table shows the return on **Airfix Industries** shares is less than half that obtainable on D. Sebel. Formed from the "shell" of Ceylon Cocoa and Rubber Company it has subsidiaries making construction kits and toys as well as novelties and household products, all in thermo-plastic materials. Its trading profits have risen from £274,000 in 1958 to £429,000 in 1960 and over that short period the ordinary dividend has been raised from the equivalent of 21¼ to 47½ per cent. This was covered three times by earnings in 1960 even though the final dividend was paid on shares issued as part payment on the acquisition of the LWG Group. The latest accounts do not include any profits from this group, which makes some of the plastic toys displayed on the counters of Woolworth and other chain stores. This acquisition should enable Airfix Industries to maintain its record of growth, while the current year's results will also include for the first time earnings of a French subsidiary. Sales so far this year have again risen following the decision to deal directly with the retailers.

An advance in profits in 1961 has been



forecast by the chairman of **Chad Valley,** which has had a poor trading record since its peak period early in the 1950's. The company makes teddy bears and other toys as well as many indoor games, and incurred a net loss of £28,000 was turned into a profit of £41,000 and this, together with the new management seems to have arrested the decline. In 1960, its centenary year, and loss account from £115,000 to £19,000 at the end of 1960.

From **Meccano** however has come further disappointing news this week. For the third year running gross profits have fallen sharply, from £240,000 to £126,000 in the year to January 31st last. This compares with a gross profit of £636,000 in 1957-58. Not surprisingly the dividend instead of being raised from 9 to 10 per cent as had been forecast has been reduced to 8 per cent. Besides its Meccano kits the company makes Dinky toys and the Hornby Dublo clockwork and electric trains. The latter are now being marketed in two-rail as well as three-rail sets and the holding of purchases by both dealers and the public before the advent of two-rail sets and the late arrival in quantity was said to be a major cause for the earlier decline in profits. The French subsidiary too has had a poor trading record recently. Now it seems that the company has run into production difficulties and costs have risen; but the Meccano directors say that trade this year is substantially higher than a year ago.

The toy industry seems to be reasonably confident about the immediate future though foreign competition is increasing. Following the lifting of most of the severe quotas imports of foreign toys rose sharply last year. Over £2 million of toys, largely of the cheap plastic type, came from Hongkong. There was also a substantial increase in the quota of Japanese toys from £180,000 to £415,000 and it seems possible that these imports will rise still further. But the British manufacturers have built up their exports which last year accounted for over 40 per cent of total production. With almost three-quarters of the toy trade squeezed into the last three months of the year it will not be until Christmas that the full impact of foreign toy imports will be felt. From the investor's point of view it seems likely that it will be the smallest of the 350 toy firms in this country which will be badly hit, for the bigger manufacturers are holding their own in the "quality" market.

The flour trade is very competitive and the chairman said a year ago that margins were limited to a bare commercial return on capital employed. This shows how important are Hovis-McDougall's attempts to diversify its interests not only into the motor industry but also in wholesale grocery, butter packaging and animal foods. The proposal to raise a further £2 million by a one for ten rights issue may indicate that the company is thinking of further acquisitions, for at the end of March, 1960, the group held almost £2¾ million in liquid form. Capital commitments then amounted to only £700,000 and these should have been easily covered by the cash flow.

The directors' present intention is that the new shares should be issued at 12s. 6d. a share, to make the rights worth about 4½d. at the current price of 17s. 3d. Assuming that the bigger dividend of 12½ per cent, against the equivalent of 11¼ per cent, is maintained on the increased capital, the indicated yield ex-rights is 3.8 per cent.

Rediffusion

As sales of television sets now depend much more on replacement demand, it has been possible to predict with confidence a fall in the rate of growth of profits among the companies in the radio and television industry. The market was not therefore surprised that the gross profits of the group rose by 11 per cent from £6,465,000 to £7,158,000 in the year ending March 31st, compared with a rise of 38 per cent in the previous year. The company's stake in Associated-Rediffusion contributed to this increase. After a heavier depreciation charge, a bigger allotment to contingencies reserve and a sharp increase in taxation from £713,000 to £1,292,000, net profits in 1960-61 rose by 13 per cent, from £1,656,000 to £1,867,000.

The group cannot escape from the effects of saturation in the television market but as most of its business lies in the field of relay radio and television it was well placed to withstand the impact of the credit squeeze. The group, through the Redifon organisation, does have manufacturing interests but most of its products, other than those used in its own relay business, go overseas. The dividend, as forecast, has been raised from 20 to 24 per cent free of tax, covered 1½ times; but the new ordinary stock resulting from the recent rights issue does not rank for the dividend. At 42s. 9d. the 5s. shares yield 4.6 per cent.

British and Commonwealth Shipping

An improvement in passenger revenue and in the volume of freight traffic was reflected in the rise of 27 per cent in the gross profits of British and Commonwealth from £6,012,000 to £7,663,000 last year. The introduction of new vessels to the fleet added to earnings but also added to the depreciation charge. The total depreciation charges however were lower as no provision had to be made for aircraft, since these interests were transferred to an associate company and now rank as trade investments. An increase in investment allowances from £1½ million to £2¼ million reduced the tax burden and therefore contributed to the rise in net profits from £2,553,000 to £4,183,000.

The group's re-building programme reached its peak last year when net capital expenditure was about £12½ million, compared with £8¼ million in 1959 and just over £12 million in 1958. The cash flow of £8 million thus covered about two-thirds of the year's expenditure, and inevitably liquid balances were reduced from £15 million to £9½ million.

Four more cargo ships were ordered last year and at the end of December ten ships were on order, against nine at the end of 1959. But the total tonnage on order is lower and capital commitments have fallen from £21¼ million to £14¼ million so that the group may, if it maintains its earnings this year, be able to finance this programme without again drawing down its liquid balances. The directors have maintained the dividend at 20 per cent, covered 4½ times, and at 36s. 6d. the 10s. shares yield 5½ per cent.

Allied Ironfounders

ALLIED IRONFOUNDERS is yet another company to report narrower profit margins on bigger sales. The rise in costs contributed to the fall of 13 per cent in gross profits, from £2,560,000 to £2,225,000 in the year to April 1st. But almost half of this decline was due to higher depreciation charges and a smaller income from investments. After a lower tax charge net profits fell by 11½ per cent from £1,332,000 to £1,183,000. The fall in profit margins seems to have been particularly marked in the latter half of the financial year as profits earned between May and August, when the group made its bid for Bilston Foundries, were higher than in the corresponding period of 1959. The dividend has been maintained at 20 per cent, though the cover has fallen from 2 to 1¾ times.

The chairman, Mr G. S. Steven, says that the building industry, which is the group's principal customer, remains prosperous; this should ensure a high level of demand for the group's wide range of products, including pipes, cookers, boilers and fires. Hardly any of these are subject to purchase tax so that the threat of the Chancellor's "economic regulator" has little meaning for Allied Ironfounders. Mr Steven says that the year ahead offers an opportunity for further expansion, particularly in central heating boilers and plastic piping (which will be marketed before the end of the financial year). The £1 shares fell recently to 66s., their lowest point of the year, but after the chairman's statement they rose by 1s. to 67s., to yield 6 per cent.

London Stock Exchange

FIRST DEALINGS:	June 12	June 26	July 10
LAST DEALINGS:	June 23	July 7	July 21
ACCOUNT DAY:	July 4	July 18	Aug. 1

THE close of the account last weekend saw the stock market in a subdued mood. Small sellers were in a majority and the opening of the new account on Monday did not see any revival of interest among buyers. The chancellor's warnings about the economic situation which, together with uncertainty about the Soviet attitude to Berlin, had discouraged buyers before the weekend continued to influence the market on Monday and Tuesday; labour troubles in the motor industry and the dullness of Wall Street were other factors making for uncertainty. But on Wednesday a small number of buyers seeking stock at low prices was enough to push prices up a little. Their net effect was not enough to outweigh the earlier falls and *The Economist* indicator fell by 8 points to 383.2, its lowest level for four months.

Gilt edged stocks were very weak. Small sellers dominated the scene, as they did in the equity market, but there was no improvement in gilts on Wednesday, and in fact on that day the short-dated stocks fell back although a change in Bank Rate was not generally expected. Conversion 4½ per cent 1964 lost 13/32 to 96⅞ and 3½ per cent War Loan fell to 52 13/32. Dominion and Corporation stocks moved in sympathy with gilt edged stocks and there was widespread selling of high-coupon stocks.

In the equity market, bank shares failed to hold their gains made last Thursday; Barclays lost 1s. 3d. to 81s. 6d. and Lloyds 4s. to 68s. 3d. Insurance shares continued to fall, Legal and General losing a full point to 33 in spite of a gain of ½ on Wednesday. Among hire purchase shares, UDT lost 10s. to 177s. 6d. Store shares met with small selling until Wednesday and House of Fraser lost 3s. 7½d. to 56s. Among food shares Associated British Foods lost 6d. to 13s. and brewery shares were also dull, with Bass losing 9d. to 24s. 6d. Richardsons, Westgarth lost 1s. 1½d. to 5s. 9d. after the dividend had been passed but the news that Cunard Eagle had been granted a licence to fly the North Atlantic resulted in a net rise of 4½d. to 15s. 9d. in Cunard shares.

Steel shares fell back over the week; Dorman Long fell to a new low for the year of 32s. 1½d. before recovering to 32s. 7½d., a net loss of 1s. 9d. over the week. Textile shares lost small amounts and cottons failed to rally on Wednesday; Courtaulds lost 1s. 9d. in all despite a gain of 1s. on Wednesday. Property shares declined on rumours that the government might request the institutions to withhold funds for property development. Oil shares were dull before the week-end and news about Kuwait led to a fall in Shell from 128s. 6d. to 123s. 9d. Tin shares rose again, with Tronoh gaining 3s. 3d. to 85s. 9d. Kaffirs showed net falls despite Wednesday's rally; Western Holdings lost 1s. 3d. to 110s. and Anglo American 3s. 9d. to 117s. 6d.

LONDON AND NEW YORK STOCKS

Prices, 1961 High	Prices, 1961 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, June 21, 1961	Price, June 28, 1961	Net Yield, June 28, 1961 £ s. d.	Gross Yield, June 28, 1961 £ s. d.
92½	89 15/16	Savings Bonds 3%.....1955–65	91 1/4	90 15/16	4 2 8	5 9 8
100 3/32	99 1/8	Conversion 4½%.....1962	99 1/16	99 1/8	2 6 4	5 1 11
96⅞	95 3/16	Exchequer 3%.....1962–63	96 3/16	96	3 19 0	5 3 5
101 5/16	100 3/8	Treasury 5½%.....1962	100 7/16	100 7/16	5 2 6	5 2 10
93 29/32	92 1/8	Exchequer 2½%.....1963–64	93 1/4	93	4 1 9	5 2 10
99 19/32	98 1/2	Conversion 4¾%.....1963	99 3/4	98 1/2	3 13 4	5 11 3
98 32	96⅞	Conversion 4½%.....1964	97 9/32	96⅞	3 16 6	5 13 8
101 5/16	98⅜	Exchequer 5½%.....1966	98 13/16	98⅜	3 11 11	5 17 9
83⅛	80⅝	*Funding 3%*.....1959–69	81 11/16	80⅝	4 18 4	6 5 8
89¼	86⅝	Funding 4%.....1960–90	87⅛	86 11/16	4 12 6	5 9 11
79 13/16	77⅛	Savings Bonds 3½%.....1960–70	78⅝	77¾	4 19 5	6 7 8
84⅞	82¾	Savings Bonds 2½%.....1964–67	83 13/16	83⅝	4 16 7	5 18 9
72 1/16	70	Savings Bonds 3½%.....1965–75	70⅞	70⅛	4 17 0	6 7 2
83 15/16	81 3/16	Funding 3%.....1966–68	82¾	81 3/16*	4 19 10	6 5 8
97 1/2	93 1/4	Victory 4%.....1920–76	96⅛	96 1/8*	3 2 2	4 15 9
85 1/2	83⅜	Conversion 3½%.....1969	84¼	83⅞	4 15 9	6 7 7
93 5/16	89 1/2	Conversion 5%.....1971	90*	89 1/2*	4 6 8	6 4 1
95 11/16	91 9/16	Conversion 5½%.....1974	92¼	91 9/16	4 1 5	6 4 8
73⅛	69 1/16	Treasury 3½%.....1977–80	70	69 1/16	4 12 4	6 6 10
72¼	69 5/16	*Treasury 3½%*.....1979–81	70¼	69 5/16	4 11 11	6 7 11
97 1/16	91⅝	Funding 5½%.....1982–84	92¾*	91⅝*	3 18 5	6 3 6
59 1/2	54⅜	Redemption 3%.....1986–96	55¼	54⅜	4 8 8	6 5 8
88¼	83¼	Treasury 5%.....1986–89	84¾	83¼	4 2 2	6 7 3
63 1/16	58½	*Funding 3½%*.....1999–2004	59⅝*	58½*	4 4 11	6 6 0
94⅝	87 11/16	Treasury 5½%.....2008–12	89¼	87¾	3 19 7	6 8 7
65⅜	59	Consols 4%.....after Feb. 1957	61⅞	59*	4 2 9	6 14 10
59¼	52¾	War Loan 3½%.....after 1952	54⅛	52 13/16	4 1 5	6 13 3
59	52 13/16	Conv. 3½%.....after Apr. 1961	54¼	52 13/16	4 2 0	6 14 9
50⅞	48⅝	Treasury 3%.....after Apr. 1966	46¼	45⅜	4 1 9	6 14 4
44	38⅜	Consols 2½%.....	39⅝*	38⅜*	3 19 9	6 10 2
43 1/2	38⅜	Treasury 2½%...after Apr. 1975	39⅜	38⅜	4 0 7	6 12 5
91 5/16	89⅛	British Electric 4½%.....1967–69	90⅜	90	4 7 10	6 7 5
75 11/16	73 1/16	British Electric 3%.....1968–73	73¾	73⅛	4 18 6	6 7 5
70⅝	68	British Electric 3%.....1974–77	68¾	68	4 16 3	6 6 8
81⅞	79 5/16	*British Electric 4½%*.....1974–79	80⅛	79 5/16	4 6 1	6 6 5
73½	69 13/16	*British Electric 3½%*.....1976–79	70¾	69 13/16	4 12 5	6 6 11
84⅞	82⅛	British Gas 4%.....1969–72	83½	83⅛	4 10 2	6 6 9
81 13/16	79 11/16	British Gas 3½%.....1969–71	80⅜	80	4 14 4	6 6 8
59⅜	54 1/2	British Gas 3%.....1990–95	55¼	54¼	4 10 0	6 6 7
75 11/16	73 1/16	British Transport 3%.....1968–73	73¾	73⅛	4 18 6	6 7 5
80⅞	76¾	British Transport 4%.....1972–77	77½	76¾	4 9 3	6 6 0
61 7/16	56 11/16	British Transport 3%.....1978–88	57¾*	56 11/16*	4 13 7	6 7 8

Prices, 1961 High	Prices, 1961 Low	DOMINION AND CORPORATION STOCKS	Price, June 21, 1961	Price, June 28, 1961	Yield, June 28, 1961 £ s. d.
82⅛	79¼	Australia 3¼%.....1965–69	80¼	80	6 12 0
101	98	Australia 6%.....1974–76	98¼	98	6 6 0
72½	69½	Ceylon 4%.....1973–75	70	69½	7 14 0
101⅛	98	New Zealand 6%.....1976–80	98½	98	6 6 0
80½	71⅛	Rhodesia and Nyasaland 6%.....1978–81	73*	73*	9 0 0
81	75	South Africa 3½%.....1965–67	77½	76½	8 16 0
59	56	Southern Rhodesia 4½%.....1967–92	56¾	56½	8 14 0
94⅝	90⅜	Agricultural Mortgage 5½%.....1980–85	91*	90½	6 5 4
89	84½	Birmingham 4¼%.....1967–70	85½*	84½	6 9 0
92¾	88¼	Bristol 5%.....1971–73	89¼	88¼	6 7 0
93	89½	Corporation of London 5¼%.....1976–79	89¾	89½	6 5 0
48¾	43⅜	L.C.C. 3%.....after 1920	44⅛	43½	6 17 0
89⅛	85¼	L.C.C. 5½%.....1980–83	85⅜	85¼	6 6 0
93	88¾	Middlesex 5¼%.....1980	90½	88¾	6 8 0

NEW YORK PRICES AND INDICES

	June 21 $	June 28 $		June 21 $	June 28 $		June 21 $	June 28 $
Atch. Topeka	25⅜	25½	Boeing	45⅛	47	Int. Harvester	53¾	53¾
Can. Pacific	24	24⅝	Celanese	37¾	37¾	Inter. Nickel	72½	76⅛
Pennsylvania	13½	13¼	Chrysler	46	45	Inter. Paper	31	30⅝
Union Pacific	32⅝	33⅛	Col. Palmolive	44⅜	43½	Kennecott	86⅛	85¼
Amer. Electric	66	67	Crown Zeller.	55	53¼	Monsanto	53⅜	52¾
Am. Tel. & Tel.	117	117⅛	Distillers Seag.	39½	38¼	Nat. Distillers	28¼	27⅞
Cons. Edison	78¼	76	Douglas	32¼	30⅞	Pan-American	18¼	17¾
Int. Tel. & Tel.	52¾	52¾	Dow Chemical	78⅞	77	Procter Gamble	84½	85⅜
Standard Gas	5⅜	5⅝	Du Pont	214⅞	214	Radio Corpn.	58	58½
United Corpn.	8¼	8¼	East. Kodak	106¼	105¼	Sears Roebuck	66⅞	68⅛
Western Union	43⅝	41	Ford Motor	87⅜	81½	Shell Oil	38⅞	39⅞
Alcoa	74¼	71¾	Gen. Electric	62¾	63⅝	Socony-Mobil	46¼	45½
Aluminium	35	34¼	General Foods	82½	82½	Stand. Oil Ind.	51⅜	51⅛
Amer. Can	41½	41⅞	General Motors	45¼	44⅜	Stand. Oil N.J.	44⅜	43⅞
Am. Smelting	66⅞	66	Goodyear	41¼	41	Union Carbide	138¾	139⅛
Am. Viscose	57⅛	56⅝	Gulf Oil	39¾	37¾	U.S. Steel	82⅞	80½
Anaconda	57¾	57½	Heinz	53½	52¾	West. Electric	43⅜	44⅛
Beth. Steel	43¼	42⅛	Int. Bus. Mach.	475	475	Woolworth	77⅝	77¼

Standard and Poor's Indices (1941–43=10)

1961	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
May 31	70·46	2·83	33·05	4·89	59·35	3·25	91·46	3·75
June 7	70·57	2·83	33·04	4·89	59·23	3·23	90·39	3·58
,, 14	69·86	2·89	32·64	4·95	58·81	3·28	90·49	3·84
,, 21	68·99	2·92	32·15	5·03	57·94	3·33	89·96	3·89
,, 28	68·40	2·95	31·68	5·10	57·55	3·36	89·75	3·91

425 Industrials :—High, 71·25 (May 17). Low, 60·87 (Jan. 3).

Prices, 1961 High	Prices, 1961 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, June 21, 1961	Price, June 28, 1961	Yield, June 28, 1961	Cover
		%	%	**BANKS, DISCOUNT & HP**				
29/3	25/3	6 *a*	14 *b*	Albright & Wilson	25/10½	25/7½	3·90	2½
22/-	17/10½	3 *a*	8½ *b*	Borax Defd.	18/10½	18/11½	3·17	3
58/9	43/6	7 *b*	4 *a*	Fons	47/-	44/9	4·92	13⅛
81/6	63/11½	6¼ *a*	7½ *b*	I C I	71/10½	70/-	3·93	2
26/10½	20/9	5 *a*	10 *b*	Monsanto	22/6	22/-	3·41	2½
				DRAPERY & STORES				
36/-	24/-	4 *a*	8 *b*	Boots Pure Drug	29/3	28/3	2·12	2¼
91/3	58/6	20 *b*	7½ *a*	Montague Burton	84/6	80/-	3·44	2
74/3	48/-	13½ *b*	5⅝ *a*	Debenhams	66/9	63/9	3·01	1½
59/4½	45/-	7½ *a*	30 *b*	G.U.S. 'A'	55/-	53/3	3·52	2
70/3	50/-	20 *a*	25 *b*	House of Fraser	59/7½*	56/-	4·02	1¼
21/11½	17/-	5 *a*	7½ *b*	Lewis's Invest. Tst.	17/7½	17/4½	2·84	2¼
117/6	93/7½	15 *a*	32½ *b*	Marks & Spencer 'A'	112/9	112/-	2·12	1½
80/9	52/3	15 *a*	30 *b*	United Drapery	55/-	54/-	3·14	1¾
62/11½	54/6	25 *b*	10⅝ *a*	Woolworth	56/-	55/-*	3·26	1½
				ELECTRICAL & RADIO				
48/6	40/-	5 *a*	10 *b*	A.E.I.	40/9	39/9	7·55	1
15/5¼	11/4½	...	...	Brit. Electronic Inds.	11/4½	11/6	...	...
62/3	50/4½	4 *a*	9½ *b*	B.I.C.C.	60/3	59/3	4·56	2
14/7½	11/4½	2½ *b*	5 *a*	Crompton Parkinson	12/9*	12/6	5·00	2¼
76/-	54/-	23⅓ *c*	3⅓ *a*	Decca Record	63/-	59/6	3·92	2
52/-	40/-	12½ *b*	5 *a*	E.M.I.	41/6	41/-	4·27	2¼
38/-	25/9	5 *a*	8 *b*	Elliott-Automation	34/4½	33/-	1·97	2
40/6	32/3	3 *a*	7 *b*	English Electric	34/3	34/-	5·88	1½
39/6	29/6	3 *a*	7 *b*	General Electric	34/3	33/6	5·97	2
72/9	47/-	4⅞ *a*	8½ *b*	C. A. Parsons	58/-	56/6	4·42	4
52/3	38/6	3¼ *a*	6½ *b*	A. Reyrolle	44/6	44/3	4·41	2¾
63/-	45/3	20 *c*	25 *c*	*Thorn Electrical*	55/-	54/6	2·29	4½
				ENGINEERING				
36/9	30/-	4½ *a*	4½ *b*	Babcock & Wilcox	30/7½	30/3	5·95	1
48/9	39/6	7 *b*	4 *a*	John Brown	43/10½	42/7½	5·16	2½
8/4½	5/10½	3 *a*	9 *b*	Cammell Laird	6/3	5/10½	10·21	1
33/9	24/7½	10 *a*	20 *b*	Internat. Combust.	25/9	26/10½	5·58	1½
9/11½	5/-	...	...	Rich'ds'ns. Westg'th.	10/-	6/10½	5/9	...
40/-	28/10½	2½ *a*	9½ *b*	Swan Hunter	32/9	30/-	6·67	2¼
17/4½	13/6	5 *a*	Nil *b*	John Thompson	15/-	14/9	1·72	...
33/10½	21/8¼	†17½ *a*	†55⅝ *b*	Coventry Gauge	31/10½	31/4½	3·90	2¼
79/9	51/6	†21½ *a*	16 *b*	Alfred Herbert	70/10½	69/6	3·99	1¾
78/-	66/-	7½ *a*	12½ *b*	*Allied Ironfounders*	68/6	67/-*	5·97	1½
110/-	86/-	5 *a*	10 *b*	Averys	92/-*	89/3	3·36	2½
36/10½	24/9	7½ *b*	4 *a*	B.S.A.	25/4½	24/10½	4·69	2¾
14/9	12/3	8½ *b*	4½ *a*	George Cohen	12/6	12/6	5·20	2½
177/6	129/6	15 *c*	22½ *c*	Davy-Ashmore	150/-	150/-	3·33**	...
108/7½	78/6	5 *a*	11 *b*	Guest Keen	90/-	89/9	3·57	3½
31/-	22/-	4 *a*	12 *b*	Head Wrightson	25/-	25/-*	3·20	2½
100/3	68/3	5 *a*	7 *b*	Metal Box	86/6*	84/6	2·84	2¼
24/-	15/6	10 *b*	4 *a*	*Ransome & Marles*	18/-	17/7½	3·97	3
50/6	34/6	8 *b*	3 *a*	Renold Chains	42/-	41/-	5·37	1¾
44/11½	29/7½	10 *a*	17½ *b*	Simon Engineering	39/4½	38/4½	3·58	2
85/6	68/9	14 *c*	7 *a*	Tube Investments	71/6	70/6	3·97	2¾
38/4½	28/-	2½ *b*	7½ *b*	Vickers	33/9	32/3	6·20	1¾
84/6	64/6	11¼ *b*	3¾ *a*	Ward (Thos. W.)	79/-	77/-	3·90	3
40/-	27/6	5 *a*	22½ *b*	Woodall-Duckham	34/6*	34/-	4·04	2¾

Prices, 1961 High	Prices, 1961 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, June 21, 1961	Price, June 28, 1961	Yield, June 28, 1961	Cover
		%	%	**FOOD & TOBACCO**				
34/-	19/-	10 *c*	10 *c*	Allied Suppliers	19/9	19/3	5·19	2¼
15/-	7/9¾	21 *c*	10 *a*	Assoc. British Foods	13/6	13/-	1·62	2½
74/-	57/3	4 *a*	8 *b*	Bovril	61/6	58/-	4·14	2½
15/6	12/9	†47½ *b*	†21½ *a*	Brooke Bond 'B'	13/-	12/9	4·26	3¾
19/3	15/-	10 *b*	2½ *a*	International Tea	15/9	15/-	4·17	1¾
107/9	75/9	5 *a*	10⅝ *b*	J. Lyons 'A'	79/6*	76/6	4·14	1¼
35/6	26/10½	9 *b*	5 *a*	Ranks	30/3	29/4½*	4·07	2
14/03¼	10/9	2½ *a*	7½ *b*	Spillers	11/-	10/6	4·04	2
55/-	45/6	9 *b*	3 *a*	Tate & Lyle	48/4½	46/7½	5·15	2
20/10½	17/6	9 *b*	5 *a*	Unigate	18/4½	17/6	4·00	1¾
73/-	62/-	†21½ *c*	†55⅝ *a*	Brit. Amer. Tobac.	66/3	65/3	5·42	2¾
51/6	40/-	5 *a*	15 *b*	Gallaher	46/6	45/6	4·40	2
71/6	65/3	8½ *a*	14 *b*	Imperial Tobacco	69/-	68/-	6·62	1¾
				INSURANCE				
15¼	11 3/16	†50 *a*	†55 *b*	Britannic	13½	13⅜	3121	...
86/3	61/3	20 *a*	25 *b*	Commercial Union	69/9	68/3	3·30	...
32	17⅜	†41·17*c*	†41·17*c*	Equity & Law Life	27	26*	1·10	...
176/9	103/9	20 *a*	40 *b*	General Accident	163/9	157/3	1·91	...
60/6	42/7½	35 *a*	40 *b*	Guardian	51/3¶	49/6¶	2·69**	...
39½	23¼	80 *a*	110 *b*	Legal & General	34	33	1·44	...
146/-	100/-	8½ *a*	11½ *b*	Northern & Empl.	133/9	127/9	3·13	...
272/6	156/3	†20 *a*	†70 *b*	Pearl	250/-	220/-	3·34	...
29	18	†183½ *c*	†208½ *c*	Prudential 'A'	23½	23 13/16	2·86	...
182/-	140/9	50 *a*	50 *b*	Royal	168/9	166/6	3·00	...
129/3	105/7½	7½ *a*	11½ *b*	Royal Exchange	112/6	108/6	3·46	...
				MOTORS & AIRCRAFT				
18 10½	15/-	12½ *b*	7½ *a*	British Motor	15/5¼	15/11½	6·61	2½
36/3	66/3	20 *c*	20 *c*	Jaguar Cars 'A'	77/-	76/-	1·32	7¾
48/6	41/10½	2½ *a*	8½ *b*	Rolls-Royce	43/10½	46/-	4·78	2¼
10/-	7/7½	12 *c*	12 *c*	Rootes Motors 'A'	7/9	7/8¼	6·24	5¼
88/9	52/2¼	15 *b*	7½ *a*	A.C.V.	80/7½	76/3	4·30**	2½
99 10½	79/-	15 *c*	20 *c*	Leyland Motors	93/6	93/-	4·30	...
18/6	14/-	3½ *a*	9 *b*	Bristol Aeroplane	17/-	16/11½	7·76	2¼
33/3	28/11½	10 *a*	5 *b*	Hawker Siddeley	29/9	29/4½	7·22**	1¼
41/3	34/-	†5½ *b*	†4 *a*	Dowty Group	34/6	35/11½	4·42	3
28 10½	21/6	3½ *a*	12½ *b*	*Dunlop Rubber*	26/3	26/6	5·97	2
72/-	58/9	11¼ *b*	2½ *a*	Joseph Lucas	61/-	58/9	4·68	3
33/3	22/-	9 *a*	21 *b*	Pressed Steel	23/-	22/-	6·82	1¼
46/3	36/-	10 *c*	15 *c*	Triplex Holdings	43/10½	41/10½	3·58	3
				MINES				
168/9	113/9	40 *a*	50 *b*	Anglo-American	121/3	117/6	7·66	1½
67/3	43/-	18¾ *b*	6¼ *a*	Consolid. Gold Fields	47/3	44/-	11·36	2
108/9	77/6	15 *a*	20 *b*	General Mining	86/9	77/6	9·03	2
68/6	40/-	40 *a*	120 *b*	Union Corporation	46/9	44/-	9·09	3
25/3	16/-	40 *a*	100 *b*	Daggafontein	17/6	16/-*	25·00	1½
125/-	81/3	100 *b*	70 *a*	Free State Geduld	85/7½	81/3	10·46	2
54/3	37/6	25 *a*	25 *b*	Hartebeestfontein	40/-	40/-*	12·50	1½
64/6	41/10½	60 *b*	50 *a*	President Brand	51/3	48/9	11·28	1½
157/6	101/3	110 *b*	90 *a*	Western Holdings	111/3	110/-	9·09	1¼
28/6	15/9	...	8½ *a*	Winkelhaak	20/7½	20/3	...	8½
75/3	55/-	13½ *a*	36⅔ *b*	Chartered	60/-	58/-	12·50	2
63/6	51/6	60 *b*	20 *a*	Rhod. Anglo-Amer.	56/6	53/6	14·95h	2
11 7½	8/3	12½ *b*	4 11½ *a*	Rhod. Selection Tst.	9/-	9/4½	9·17h	2¼
6/11½	4/10½	10 15/16 *a*	4½ *b*	Roan Antelope	5/-	5/3	14·38h	1¾
30/9	22/-	22½ *b*	15 *a*	Tanganyika Cons.	24/6	23/9	15·79	1½
81/6	64/-	6¼ *a*	13¾ *b*	Consolidated Zinc	70/6	68/6	5·84	1¾
159 41/2	110/-	100 *a*	150 *b*	De Beers Defd. Reg.	123/9	118/9	10·53	1¾
$152½	$104	$1·50*c*	$1·50*c*	Internat. Nickel	n.p.v.	$137	$142	...
22/6	12/10½	7½ *a*	27½	London Tin	14/-	20/6	21/-	6·67**
45/-	30/-	20 *c*	27½*c*	Rio Tinto	10/-	35/7½	33/9	8·15
85/9	35/6	62½ *c*	70 *a*	Tronoh	5/-	82/6	85/9	4·08**
				OIL				
61/6	46/-	†31·3*d*	†8½ *b*	British Petroleum	£1	49/9	48/3	7·90
49/6	37/6	†21½ *a*	†6⅞ *b*	Burmah Oil	£1	39/3	38/6	7·95
52/-	40/9	6½ *a*	13½ *b*	Castrol, 'A'	41/3*	40/9	4·91	2¼
£15 1/16	£10⅝	10·23*a*	13·64*b*	Royal Dutch	£12 15/16	£12 5/8	3·77	2¾
139/7½	108/9	†8½ *a*	†21½ *b*	Shell Transport	£12 8/6	123/9	5·50	3
41/3	27/9	...	...	Ultramar	10/-	31/-	30/6	... *d*
				PAPER & NEWSPAPERS				
14/7½	9/10½	8 *b*	5 *a*	Daily Mirror	5/-	13/11½	12/-	6·25**
91/-	67/6	4 *a*	8 *b*	W. H. Smith & Son 'A'	£1	68/9	68/11½	3·52
66/3	52/9	5 *a*	8¾ *b*	Bowater Paper	£1	57/3	54/9	5·02
56/6	44/-	9 *a*	7 *b*	Albert E. Reed	£1	49/6	48/9	6·56
54/3	37/6	4 *a*	8½ *b*	Spicers	£1	51/9	50/3	4·98
32/6	25/6	17 *a*	18 *b*	Thomson Pref'd Ord.	5/-	27/6*	28/3	7·96**
68/9	50/6	4 *a*	10 *b*	Wiggins Teape	£1	61/9*	59/3	4·73
				MISCELLANEOUS				
63/6	51/11½	6¼ *a*	8¼ *b*	Allied Publishers	5/-	58/3	58/-	5·17
34/6	26/9	30 *b*	20 *a*	Assoc. Television 'A'	5/-	31/-	29/-	8·62
51/9	41/4½	16 *a*	14 *b*	Beecham Group	5/-	50/-	50/-	3·00
54/3	42/-	6½ *b*	3½ *a*	British Match	£1	45/9	46/-	4·35
28/4½	17/6	6½ *b*	4 *a*	British Oxygen	5/-	21/3	21/9	2·45
13/-	9/9	3 *a*	7 *b*	British Ropes	2/6	10/3	9 10½	5·06
75/-	56/-	7½ *a*	15 *b*	De La Rue	10/-	59/3*	57/3	3·93
50/-	31/9	6 *a*	14 *b*	Gestetner 'A'	5/-	38/6	37/6	2·67
14·4*c*	6 *a*	Glaxo	10/-	60/-	58/-	2·59**	3¾
57/6	48/9	12 *b*	3 *a*	Harrisons & Cr. Defd.	£1	53/-	51/9	5·80
45/9	41/3	5 *a*	10 *b*	Hoover 'A'	5/-	45/9	41/3	5·45
46/6	45/6	4·40	2	Ilford	5/-	27/6	27 4½	3·20
69/-	68/6	5·84	1¾	I.C.T.	£1	95/3*	92/9	2·43
59/9	56/-	3·14	1¾	National Canning	£1	71/3	68/9	3·64
61/-	59/-	3·14	1¼	Powell Duffryn	10/-	35/3	33/6	4·78
30/3	28/11½	7½ *c*	10 *c*	Radio Rentals	5/-	29/7½	30/1½	3·32
13·6*c*	7½ *a*	Rank Organisation	5/-	29/-	27/-	4·17**
13·6½ *b*	Schweppes	5/-	40/-	40/-	3·00
39/-	27/6	20 *c*	25 *c*	Sears 'A'	5/-	35 4½	34 8¼	3·60
12 *a*	11½ *b*	Thomas Tilling	4/-	25/7½	26/3	3·05
12 *c*	4 *a*	Turner & Newall	£1	64/4*	63/6	3·78
9·042*a*	15·5*b*	Unilever	£1	141/9	141/3	3·47
8 *a*	13 *b*	Unilever N.V.	12 fl.	10⅜	10⅛	2·48
5 *a*	10 *b*	United Glass	5/-	18/-	18/-	4·17
†4½ *a*	†10⅜ *b*	United Molasses	10/-	32/3	32/-	7·65
				SHIPPING				
46/3	36/-	6½ *a*	13½ *b*	Brit. & Com'wealth.	10/-	36/6*	36/9	5·44
20/-	15/11½	8 *c*	6 *c*	Cunard	£1	15/4½	15/9	7·62
24/9	20/9	17 *c*	7 *c*	France Fenwick	£1	22/-	22/-	6·36
50/6	41/-	10 *c*	10 *c*	Furness Withy	£1	41/-	41/-	4·85
15/-	11/6	7½ *a*	10 *b*	London & Overseas	5/-	12/-	11/6*	7·61
48/6	39/4½	3 *a*	8 *b*	P & O Defd.	£1	40 10½	40/-	5·50
17/9	12/6	2½ *c*	2½ *c*	Reardon Smith	10/-	12/7½	12/6	2·00
25/-	15/-	8 *c*	5 *c*	Royal Mail	£1	15/6	15/-	6·67
				STEEL				
				Colvilles	£1	69/6*	68 1½	4·70
				Dorman Long	£1	34/4½	32/7½	6·13
				Lancashire Steel	£1	41/4½	39/-	5·64
				South Durham	£1	30/4½*	29/4½	8·17
				Steel Co. of Wales	£1	38/4½	38/9*	6·45
				Stewarts & Lloyds	£1	46/-*	44 10½	6·69
				John Summers	£1	51/-*	50 1½	5·99
				United Steel	£1	55/6	54 1½*	5·76**
				Whitehead	£1	59/4½	58/9	5·11
				TEXTILES				
				English Sewing Cotton	£1	34/1½	34/1½	7·33
				Fine Spinners	£1	28/4½	26/7½*	11·27
				Lancashire Cotton	£1	58 10½	55 7½*	8·99
				Courtaulds	£1	38/3*	36/6	5·48
				Illingworth Morris	4/-	11 1½	10 10½*	7·36
				West Riding Worsted	£1	71/-	69/-*	6·09
				Woolcombers	£1	31/-	31/-	6·45
				Bradford Dyers	£1	16/1½	15 10½	7·56
				Calico Printers	5/-	12 10½	12 7½	7·92**
				Jute Industries	10/-	11/4½	11 1½	11·69
				Tootal	£1	30 10½	30 1½	6·64
				TRUSTS, LAND & PROPERTY				
70/-	52/6	12½ *a*	25 *b*	Alliance Trust	5/-	60/3	59/9	3·14
57 1½	42/6	12½ *a*	37½ *b*	B.E.T. 'A' Defd.	5/-	51/3	50/-*	5·00
20/-	12/7½	10 *c*	10 *c*	Cable & Wireless	5/-	18/3	17/9	2·82
65/-	56/5¼	20 *c*	23½ *a*	*City Centre Props.*	5/-	61/-	56/9	2·23**
10·8	13·6*b*	City Land. Real Prop.	£1	85/9	81/3	2·71
10½	7¼	14·08*a*	18·08*b*	Hudson's Bay	£1	9½ 32	8 16/32	3·76
23½	23/3	2 *a*	4 *a*	Land Securities	10/-	34/3	31/3	1·92
39/t	26/9	10⅝ *c*	12½*c*	Lond. Cnty. Freehld.	10/-	35/1½

Money and Exchanges

EXCHEQUER RETURNS

For the week ended June 24, 1961, there was an "above-line" deficit (after allowing for sinking funds) of £4,532,000 compared with a deficit of £28,032,000 in the previous week and a deficit of £45,662,000 in the corresponding period of last year. There was a net receipt "below-line" of £3,863,000 leaving a total cumulative deficit to date of £158,943,000 compared with £231,946,000 in 1960–61.

£'000	Estimate 1961–62	April 1, 1960, to June 25, 1960	April 1, 1961, to June 24, 1961	Week ended June 25, 1960	Week ended June 24, 1961
Ordinary Revenue					
Income Tax	2,728,500	286,345	334,975	27,556	32,070
Surtax	210,000	23,600	27,900	1,100	1,300
Death Duties	240,000	53,900	68,100	4,100	4,500
Stamps	94,000	21,000	26,000	1,100	2,900
Profits tax, EPT and EPL	325,500	46,600	58,000	3,300	5,700
Other Inland Rev. Duties	...	...	...	...	...
Total Inland Rev.	3,598,000	431,445	514,975	37,156	46,470
Customs	1,550,000	347,191	372,861	28,883	30,521
Excise	960,000	205,205	200,700	3,150	5,245
Total Customs and Excise	2,510,000	552,696	573,561	32,033	35,766
Motor Duties	155,000	14,226	15,853	...	3,036
PO (Net Receipts)	...	9,400	...	Dr. 3,800	...
Broadcast Lic's.	40,000	4,600	6,800	...	1,800
Sundry Loans	205,000	11,344	105,641	200	10961
Miscellaneous		26,894		224	
Total	**6,508,000**	**1,050,605**	**1,216,830**	**65,813**	**98,033**
Ordinary Expenditure					
Debt Interest	660,000	172,287	192,346	5,850	5,462
Payments to N. Ireland Exch.	92,000	20,434	16,879	3,554	...
PO Fund — Initial settlement	15,000	...	...	...	...
Other Consolidated Funds	8,000	1,131	1,133	6	13
Supply Services	5,186,902	1,032,241	1,090,456	101,895	96,570
Total	**5,961,902**	**1,226,093**	**1,300,814**	**111,305**	**102,045**
Sinking Funds	40,000	6,401	6,180	170	520
"Above-line" Surplus or Deficit	**—**	**181,889**	**90,164**	**45,662 Cr.**	**4,532 Cr.**
"Below-line" Net Expenditure*		50,057	68,779	20,707	3,863
Total Surplus or Deficit	**231,946**	**158,943**	**24,955**	**669**	
Net receipts from:					
Tax Reserve Certificates		36,068	39,766	1,084	745
Savings Certificates		22,200	—4,600	2,400	—300
Defence Bonds		23,507	16,352	3,170	1,769
Premium Savings Bonds		10,330	11,050	850	1,300
Total		**92,105**	**62,568**	**7,504**	**3,514**

* Net receipts of the Civil Contingencies Fund of £3 million in 1961–62 compared with a net issue of £8 million in 1960–61.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1960					
June 25	3,460·0	2,022·4	208·9	0·3	5,691·5
1961					
Mar. 18	3,080·0	1,595·9	307·9	...	4,983·7
„ 25	3,100·0	1,606·0	300·5	4·3	5,010·7
„ 31	4,648·1		307·3	...	4,955·4
Apr. 8	3,110·0	1,599·2	299·4	...	5,008·6
„ 15	3,130·0	1,928·5	269·5	6·0	5,333·9
„ 22	3,140·0	1,911·3	336·3	...	5,387·6
„ 29	3,110·0	1,993·1	247·9	...	5,351·0
May 6	3,130·0	1,887·3	293·3	...	5,310·6
„ 13	3,160·0	1,893·0	275·3	...	5,328·2
„ 20	3,180·0	1,839·1	316·3	...	5,335·5
„ 27	3,210·0	1,843·3	249·7	...	5,303·0
June 3	3,240·0	1,825·3	258·5	...	5,323·8
„ 10	3,270·0	1,827·6	242·2	...	5,339·8
„ 17	3,280·0	1,823·6	263·9	...	5,367·5
„ 24	3,290·0	1,874·2	201·6	...	5,365·8

THE MONEY MARKET

REFLECTING the continuing uncertainty over a possible rise in Bank rate, the syndicate of discount houses at last Friday's Treasury bill tender lowered its combined bid for the third week running, by 2d. to £98 17s. 4d. The average rate of discount rose by 8.05d. to £4 10s. 8.47d. Total applications rose only slightly, to £391 million, and with only £250 million of the £260 million bills on offer allotted, the discount houses received 50 per cent of their application compared with 55 per cent in the previous week.

Before the week-end Lombard Street was amply supplied with money and on both Thursday and Saturday the authorities sold back bills to absorb the surplus credit. With the clearing banks preparing their half-yearly statements, the market had considerable difficulty in balancing its books early this week but large purchases of bills by the authorities were just sufficient to save houses from borrowing at Bank rate. By Wednesday conditions had eased again and rates had fallen generally by midday to the clearing banks' minimum of 3½ per cent.

In New York the Treasury bill rate fell slightly from 2.325 to 2.219 per cent.

MONEY RATES

LONDON

	%		
Bank rate (from 5½%, 8/12/60)	5	**Discount rates:** Bank bills:	%
Deposit rates (maximum):		60 days	4 21/32–4 23/32
Banks	3	3 months	4 21/32–4 23/32
Discount houses	3–3¼	4 months	4 21/32–4 23/32
		6 months	4 21/32–4 13/16
		Fine trade bills: 3 months	5½–6
Money:		4 months	5½–6
Day-to-Day	3–4	6 months	5½–6½

NEW YORK

	%		%
Official Discount rate: (from 3½%, 11/8/60)	3	**Treasury bills:** June 19	2·325
		„ 26	2·219

BANK OF ENGLAND RETURNS

(£ million)	June 29, 1960	June 21, 1961	June 28, 1961
Issue Department:			
Notes in circulation	2,225·4	2,311·4	2,320·9
Notes in banking dept.	24·9	14·0	54·4
Govt. debt and securities*	2,247·5	2,323·5	2,373·5
Other securities	0·7	0·8	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	1·8	0·8	0·8
Banking Department:			
Deposits:			
Public accounts	12·5	12·6	13·0
Special deposits	74·2	153·7	153·7
Bankers	261·1	266·3	275·9
Others	70·9	77·4	77·1
Total	418·7	510·0	519·1
Securities:			
Government	365·6	436·8	397·1
Discounts and advances	26·8	58·6	67·2
Other	18·6	17·9	18·4
Total	411·0	513·3	482·7
Banking department reserve	25·9	14·8	55·2
"Proportion"	% 6·1	% 2·8	% 10·6

* Government debt is £11,015,100, capital £14,553,000. *Fiduciary issue increased by £50 million to £2,375 million on June 29th.*

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills: Average Rate of Allotment	Allotted at Max. Rate†
1960	*91 day*		s. d.	%
June 24	290·0	429·1	113 7·40	57
1961				
Mar. 24	250·0	398·3	89 8·46	45
„ 30	260·0	418·1	89 8·41	40
Apr. 7	260·0‡	473·7	88 8·68	42
„ 14	280·0§	414·1	89 7·69	42
„ 21	260·0‡	411·3	89 9·01	38
„ 28	220·0	379·8	88 1·71	67
May 5	240·0	416·2	87 4·27	49
„ 12	250·0	445·8	86 5·04	50
„ 19	260·0	432·5	88 3·18	33
„ 26	270·0	440·2	88 8·74	50
June 2	270·0	419·9	88 9·61	61
„ 9	270·0‡	463·3	89 4·14	39
„ 16	260·0	391·2	90 0·42	55
„ 23	260·0‡	389·1	90 8·47	50

* On June 23rd tenders for 91 day bills at £98 17s. 4d. secured 50 per cent, higher tenders being allotted in full. *The offer for* this week was for £250 million of 91 day bills. ‡ Allotment cut by £10 million. § Allotment cut by £30 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits June 28	Market Rates: Spot June 22	June 23	June 24	June 26	June 27	June 28
United States $	2·78–2·82*	2·78 3/4–7/8	2·78 3/4–7/8	2·78 3/4–7/8	2·78 15/16–79 1/16	2·79–79 1/8	2·78 7/8–79
Canadian $	...	2·86–87	2·87 3/8–7/8	2·87 1/2–88	2·87 7/8–88 1/8	2·87 1/2–3/4	2·87 15/16–7 1/16
French Fr.	13·622–11·027	13·65 7/8–66 1/8	13·65 3/4–66	13·66 1/8–3/8	13·67–67 1/4	13·67–67 1/4	13·66 1/2–3/4
Swiss Fr.	11·94–11·54 7/8	12·02 7/8–03 1/8	12·02 3/4–03	12·02 3/4–03	12·04 1/8–3/8	12·03 3/4–04	12·03 1/4–1/2
Belgian Fr.	137·96– 112·05	139·00–05	139·05–10	139·05–10	139·27–32	139·32–37	139·05– 10
Dutch Gld.	9·98 3/4–10 28 1/2	10·01 3/8–5/8	10·01 1/4–1/2	10·01 1/2–3/4	10·02 3/8–5/8	10·02 3/8–5/8	10·01 7/8–02 1/2
W. Ger. D-Mk.	11·037–11·365	11·08 7/8–09 1/8	11·08 3/4–09	11·08 3/4–09	11·09 3/4–10	11·10–10 1/4	11·10 1/8–3/8
Portug. Esc.	...	79·85–95	79·85–80·00	79·80–80·00	80·05–20	80·10–30	80·05–25
Italian Lire	1725–175·2	17293/4–301/4	17293/4–1301/4	17293/4–301/4	17307/8–313/8	1731–31 1/2	17301/4–31
Swedish Kr.	14·27 1/2–11·70	14·39 1/8–3/8	14·39–39 1/4	14·38 7/8–39 1/8	14·39 3/4–40	14·39 3/4–40	14·39 1/8–3/8
Danish Kr.	19·06 1/2–11·62	19·32 1/8–3/4	19·32 3/8–3/4	19·32 3/8–3/4	19·32 3/8–7/8	19·32 3/8–7/8	19·32 3/8–7/8
Norwegian Kr.	19·71–24·30 1/2	19·99 1/4–1/2	19·99 3/8–7/8	19·99 3/8–7/8	19·99 7/8–20·00 1/8	19·99 7/8–20·00	19·99 7/8–20·00

* Official limits

One Month Forward Rates

United States $	7/8–3/4c. pm	15/16–13/16c. pm	15/16–13/16c. pm	15/16–13/16c. pm	1–7/8c. pm	1–7/8c. pm
Canadian $	1 1/8–7/8c. pm	1–7/8c. pm	1–7/8c. pm	15/16–13/16c. pm	15/16–13/16c. pm	15/16–13/16c. pm
French Fr.	3 1/2–3c. pm	3 1/2–3c. pm	3 1/2–3c. pm	3 3/4–3 1/4c. pm	4 1/4–3 3/4c. pm	4 1/4–4c. pm
Swiss Fr.	5 1/4–4 3/4c. pm	5 3/4–5 1/4c. pm	5 1/2–5c. pm	6–5 1/2c. pm	6–5c. pm	16–15c. pm
Belgian Fr.	20–15c. pm	20–15c. pm	20–15c. pm	20–15c. pm	20–15c. pm	25–20c. pm
Dutch Gld.	6 3/8–6 1/4c. pm	5 1/4–5c. pm	5 1/4–5c. pm	6–5 3/4c. pm	6 1/4–5 3/4c. pm	6–5 1/2c. pm
W. German D-Mk.	6–5 1/2pf. pm	6–5 1/2pf. pm	6–5 1/2pf. pm	6 3/4–6 1/4pf. pm	6 1/4–5 3/4pf. pm	6 1/2–6pf. pm

Three Months Forward Rates

United States $	2 1/8–2c. pm	2 1/4–2 1/8c. pm	2 1/4–2 1/8c. pm	2 7/16–2 5/16c. pm	2 5/16–2 7/16c. pm	2 9/16–2 7/16c. pm
Canadian $	2 1/4–2c. pm	2 5/16–2 1/16c. pm	2 5/16–2 1/16c. pm	2 1/2–2 3/8c. pm	2 1/2–2 3/8c. pm	2 1/2–2 3/8c. pm
Swiss Fr.	12 3/4–12 1/4c. pm	14 1/4–13 3/4c. pm	14–13 1/2c. pm	15–14 1/2c. pm	16–15c. pm	16–15c. pm
W. German D-Mk.	14 3/4–14 1/4pf. pm	15 1/2–14 1/2pf. pm	15 1/2–14 1/2pf. pm	16 3/4–16 1/4pf. pm	16 3/4–16 1/2pf. pm	17–16 1/2pf. pm

Gold Price at Fixing

Price (s. d. per fine oz.)	251/6 1/2	251/6 3/4	...	251/6 1/2	251/4 1/2	251/4 1/2
„ ($ „ „ „)	35·07	35·07	...	35·07	35·08	35·08

UK External Trade

Imports are valued cif; exports fob.
Total trade unless otherwise stated.

	Unit	Monthly averages 1958	1959	1960	1960 Mar.	Apr.	May	1961 Jan.	Feb.	Mar.	Apr.	May
VALUE												
Imports:												
Total	£ million	312·3	332·0	379·9	393·7	373·6	389·8	404·3	353·1	398·9	355·2	394·4
Food, drink and tobacco	„	124·2	126·5	128·8	139·1	129·0	125·0	131·8	117·7	131·7	120·9	132·0
Basic materials	„	74·1	77·6	88·6	86·0	86·0	88·6	95·2	82·9	88·1	82·1	91·6
Fuels	„	36·6	38·9	40·2	43·0	40·2	38·8	48·3	40·2	47·1	40·3	43·2
Manufactures	„	76·1	87·6	120·7	124·4	117·1	136·2	126·8	111·3	130·5	110·7	126·3
Exports of UK produce:												
Total	„	264·7	277·5	296·3	309·3	308·9	318·7	330·1	297·1	309·9	318·6	298·9
Manufactures—Total	„	222·5	234·4	250·1	265·8	265·2	272·4	280·9	253·8	265·7	275·0	257·1
„ Metals	„	36·0	37·8	39·3	43·1	40·7	42·9	43·1	40·5	39·4	41·6	41·9
„ Engineering products	„	115·6	122·4	131·0	141·7	145·0	145·3	149·8	132·1	142·9	151·0	137·9
„ Textiles	„	21·2	20·7	21·8	23·6	21·9	22·5	24·1	21·7	22·2	21·7	20·0
Re-exports	„	11·8	10·9	11·8	13·8	11·5	11·8	12·4	11·2	15·3	12·7	13·6
Balance of trade (exports less imports)	„	−35·8	−43·6	−71·8	−70·6	−53·2	−59·3	−61·8	−44·8	−73·7	−23·9	−81·9
VOLUME(1)												
Imports:												
Total	1954=100	114	122	138	136[3]	...	140[4]	...	143[3]	...	132	145
Food, drink and tobacco	„	119	118	121	122[3]	...	120[4]	...	124[3]	...	...	...
Basic materials	„	94	101	110	107[3]	...	108[4]	...	111[3]	...	...	...
Fuels	„	124	143	157	159[3]	...	154[4]	...	179[3]	...	...	...
Manufactures	„	132	150	201	194[3]	...	215[4]	...	210[3]	...	...	...
Exports:												
Total	„	111	116	122	127[3]	...	124[4]	...	128[3]	...	129	122
Manufactures	„	113	117	124	129[3]	...	128[4]	...	131[3]	...	...	...
BY AREA												
Imports:												
USA	£ million	29·2	30·9	47·2	43·3	41·7	48·2	50·5	38·9	42·9	38·9	39·3
Canada	„	25·7	26·0	31·3	30·0	27·2	34·1	27·0	25·9	28·7	23·5	33·1
Latin America	„	24·6	26·8	26·0	25·2	29·8	29·5	24·9	25·3	30·2	25·5	27·5
West'n Europe—Common Market	„	44·4	46·6	55·2	60·4	54·0	58·2	56·2	52·3	60·5	53·9	59·1
„ „ Free Trade Association	„	30·4	32·6	38·7	38·6	34·9	41·6	44·0	37·2	40·2	35·1	40·9
Soviet Eastern Europe	„	8·5	9·7	11·6	9·4	9·5	8·3	13·4	10·7	11·9	10·2	10·9
Other Non-Sterling	„	36·7	39·2	43·6	44·3	46·7	43·4	51·9	50·9	50·4	41·8	46·9
Sterling area	„	112·8	120·2	126·3	142·5	129·8	126·5	136·4	111·9	135·0	126·3	136·7
Exports of UK produce:												
USA	„	22·6	30·0	26·9	31·9	30·3	36·1	21·1	20·7	20·5	19·8	21·5
Canada	„	15·7	17·3	17·8	19·0	19·5	24·0	14·8	17·6	15·7	31·3	22·3
Latin America	„	12·6	12·9	14·3	15·5	12·7	12·9	14·2	14·5	13·2	13·2	12·2
West'n Europe—Common Market	„	34·9	38·8	43·3	45·6	44·2	47·5	48·3	45·7	54·4	49·1	52·8
„ „ Free Trade Association	„	26·6	28·8	31·9	32·7	31·7	33·5	36·1	33·2	33·7	33·3	34·9
Soviet Eastern Europe	„	3·8	5·1	6·4	6·6	6·3	6·9	8·5	7·7	8·3	7·8	9·4
Other Non-Sterling	„	32·4	32·8	37·8	41·9	37·0	42·7	45·4	37·4	42·9	37·7	36·4
Sterling area	„	116·1	111·8	119·0	116·1	127·2	115·1	141·7	120·3	121·2	126·4	109·4
TRADE IN SELECTED COMMODITIES												
Imports:												
Wheat	'000 tons	376·4	356·3	342·3	367·8	372·0	394·8	205·4	349·5	379·3	343·9	421·3
Meat	„	69·4	67·6	70·3	94·2	72·5	63·1	69·5	60·0	76·9	66·9	68·4
Sugar, unrefined	„	219·3	201·8	184·1	222·4	245·3	236·7	204·5	166·2	148·5	203·9	176·7
Raw cotton (2)	„	21·5	22·5	22·6	26·4	26·5	20·4	21·0	31·6	24·9	24·6	18·4
Raw wool, sheep's and lambs' (2)	mn. lb.	51·1	58·6	49·9	56·9	62·3	60·9	75·7	58·1	66·7	73·4	63·3
Rubber, natural and synthetic (2)	'000 tons	17·0	17·0	16·4	25·4	16·7	14·2	24·2	19·8	24·6	16·7	12·3
Softwood	'000 stds.	106·4	121·7	150·1	75·8	70·5	139·2	129·2	74·3	80·1	77·2	109·3
Woodpulp	'000 tons	175·4	185·4	226·0	214·1	197·5	247·4	264·1	239·3	224·6	208·6	259·1
Crude petroleum	mn. galls.	728	847	969	910	953	918	1,219	1,012	1,257	1,006	1,171
Exports of UK produce:												
Coal, including bunkers	'000 tons	403	342	455	415	400	517	523	397	442	372	579
Woven piece-goods—cotton	mn. sq. yds.	32	29	27	28	31	29	29	24	29	26	24
„ „ „ wool	'000 sq. yds.	7,893	8,536	8,085	9,589	7,193	7,578	8,941	7,973	7,865	7,816	6,882
Passenger cars and chassis	number	40,323	47,414	47,493	65,626	63,321	70,273	31,728	27,119	26,359	31,784	29,827
Commercial vehicles and chassis	„	9,303	10,619	12,121	11,867	12,921	13,360	17,286	16,639	16,447	13,596	12,773
Agricultural tractors	„	8,709	9,474	11,964	14,032	14,587	11,730	12,670	13,682	13,513	11,241	10,705
Machinery—electrical	£'000	5,818	5,706	5,265	5,292	6,804	5,690	7,096	5,422	5,678	5,698	5,707
„ other	„	42,773	47,264	52,926	56,333	55,511	56,774	66,773	59,612	64,355	62,442	60,966
Chemicals, elements and compounds	„	5,027	5,862	6,438	6,267	6,383	7,502	7,149	6,917	6,678	6,769	6,253

(1) Trade with the Channel Islands is included in all 1958 indices and in the total *import and export* indices only from 1959 onwards. (2) *Retained imports.* (3) Average for first quarter. (4) Average for second quarter.

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

BRITISH			
Prices and Wages	June 24th	External Trade	This week
Manpower and Output	June 17th	Industrial Profits	Apr. 29th
OVERSEAS			
Western Europe	June 10th	United States	May 6th

APPOINTMENTS

COMMONWEALTH OF AUSTRALIA

CAREER OPPORTUNITIES IN AUSTRALIA FOR UNIVERSITY GRADUATES

Applications are invited for permanent positions of

RESEARCH OFFICER

£A1,290-£A1,620, in the Public Service of the Government of the Commonwealth of Australia. The vacancies exist in the Bureau of Census and Statistics and in the Departments of Trade and Treasury and are located mainly in the National Capital, Canberra. Applications will also be considered for vacancies in other Departments in the fields of Agriculture and Mineral Economics.

QUALIFICATIONS: *Degree in Arts, Law, Economics, Commerce or Science (Mathematics).*

TYPE OF WORK:

Bureau of Census and Statistics
Investigations into the whole range of official, economic and social statistics; sampling design and electronic data processing.

Department of Trade (including Trade Commissioner Service)
Research into international trade relations including commercial and commodity policy; import and export problems and general economic conditions.

Treasury
Research into economic and financial policies including public investment, balance of payments and external economic relations.

CONDITIONS OF APPOINTMENT: First-class fares paid for successful applicants and their families. Salary determined according to qualifications and experience will be paid from the date of embarkation. Advancement prospects are good and a superannuation scheme applies.

APPLICATIONS: Should be made on forms obtained from the Recruitment Officer, Staff Branch, Office of the High Commissioner for Australia, Australia House, Strand, London, W.C.2, and returned by July 24, 1961.

NORTHAMPTON COLLEGE OF ADVANCED TECHNOLOGY, LONDON
ST. JOHN STREET, LONDON, E.C.1

Additional lecturing staff will be required in the

DEPARTMENT OF SOCIAL AND INDUSTRIAL STUDIES

from September, 1961, or as soon as possible thereafter. Candidates for appointment must have a degree or equivalent and experience in the appropriate field of activity.

The work will involve teaching at both undergraduate and postgraduate levels.

(1) SENIOR LECTURER in Liberal Studies, to teach in one of the social sciences and to help in the development and organisation of courses and special lectures.
Salary scale: £1,588 p.a. x £50 to £1,801 p.a.

(2) LECTURER in Communication, to deal generally with problems in social communication and with emphasis on the presentation of *technical information, effective speaking* and the leading of group discussion.
Salary scale: £1,408 p.a. x £35 to £1,601 p.a.

Further particulars and forms of application available from the Secretary of the College, St. John Street, E.C.1.

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B.Sc., Ph.D., M.I.E.E., M.I.Mech.E.,
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INTERESTING post available in International Reinsurance Company for man, aged up to 35, to be responsible for Information Office and Central Filing of the Company. Knowledge of a language or languages useful. Commencing salary according to ability and qualifications. Five-day week. Non-contributory pension and Group Life schemes available for permanent employees.—Box 1525.

UNIVERSITY OF MELBOURNE
LECTURESHIPS IN ECONOMIC HISTORY

Applications are invited for the following positions in the Department of Economic History:

(1) Lecturer in the Economic History of Europe and (or) in the History of Economic Theory (one Lecturer).

(2) *Lecturer in the Economic History of* Asian Countries.

The salary will be arranged according to *qualifications within the range* £A1,600 to £A2,360 per annum.

Superannuation similar to F.S.S.U. in Great Britain will be provided.

The appointees will be expected to commence duty as soon as possible in 1962.

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

Applications close, in Australia and London, on *August 31, 1961.*

NEWMAN DEMOGRAPHIC SURVEY

It is proposed to establish at the London Headquarters of the Survey a special unit to undertake the assessment of Catholic school needs in Local Education Authority areas. Applications are invited from Catholics for the following appointment:

Statistician (in charge). Preference will be given to candidates (men or women) who have recognised qualifications in statistical method, but candidates with experience as Statistical Assistant will also be considered. The head of the unit will be responsible to the Director of the Survey for all stages of the work from *initial discussions* with Diocesan School Commissions and Local Authority Departments of Education to the *preparation* of final reports. *Starting salary in range* £750-£1,200 p.a., according to qualifications and experience. For further information please apply to the Director, Newman Demographic Survey, 31 *Portman Square, W.1.*

BEECHAM GROUP LIMITED
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a MARKET RESEARCH OFFICER in the Consumer Research Division to be responsible for designing surveys and seeing them through to the report stage.

The successful applicant will probably be around 30 years of age.

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Write stating age, qualifications and experience, and quoting reference MRM 133, to the Personnel Director, Beecham Group Limited, Beecham House, Great West Road, Brentford, Middlesex.

UNIVERSITY COLLEGE OF WALES, ABERYSTWYTH
DEPARTMENT OF ECONOMIC AND SOCIAL RESEARCH

Applications are invited for posts as Assistant Research Officer or Research Officer in the salary ranges £750 x £50 — £1,000; and £1,050 x £50 — £1,400 respectively. Candidates must have a good honours degree in economics. Knowledge of statistics and/or accounting an advantage. Applications, together with the names of two *referees, should be sent by* July 15th to the Registrar, from whom further particulars and forms of application may be obtained.

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AGRICULTURAL ECONOMIST

BOCM Ltd. have a vacancy for an Agricultural Economist in their Agricultural Economics Section at Head Office.

Applicants should have a University degree in Economics and should have *practical farming experience* and suitable post-graduate qualifications. They should also have experience in the application of Farm Business analysis.

Duties would include administrative and field work. Starting salary £1,500-£1,750 according to age and experience.

Applications to: Economic Adviser,

BRITISH OIL & CAKE MILLS,
Unilever House, Blackfriars, London, E.C.4.

CENTRAL OFFICE OF INFORMATION *requires* an INFORMATION OFFICER (unestablished) to take part in the work of a Unit providing a reference information service on *Commonwealth (including Colonial) affairs.* A university degree, a knowledge of relevant sources of information, and experience in writing factual reports, articles or lectures, are desirable qualifications. Applicants should be prepared to *supply examples of written work if required.* Salary £1,282 — £1,490.—Write, giving age, full details of experience and qualifications, to Manager (PE.2255), Ministry of Labour, Professional & Executive Register, Atlantic House, *Farringdon Street, London, E.C.4.*

THE UNIVERSITY OF MANCHESTER

Applications are invited for the post of LECTURER IN INDUSTRIAL RELATIONS in the Faculty of Economic and Social Studies. Salary on a scale £1,050 to £1,850 per annum, initial salary *according to qualifications and* experience. Membership of F.S.S.U. and Children's Allowance Scheme. Applications should be sent not later than *July 15, 1961,* to the Registrar, the University, Manchester, 13, from whom further particulars and forms of application may be obtained.

STATISTICAL RESEARCH ASSISTA required by Nuffield College, Ox Degree in Mathematics, Statistics or Econo necessary. Salary within range £600-£850 *according to experience.*—Apply Mr. I. M. Little.

UNIVERSITY OF DURHAM. Applica are invited for the post of ASSISTA APPOINTMENTS OFFICER, appointed will be chiefly concerned *students and graduates in Arts and co* subjects. Possession of a degree and e ence of work in a field or fields in which graduates are commonly employed are essential. Teaching experience would be ful. The starting salary will be within range £1,050 — £1,550 (on the scale £1,0 £50 — £1,400 x £75 — £1,550 (bar) x £7 £1,850), together with membership of F.S.S.U. and Family Allowance. The appo ment will date from *September 1, 1961,* such later date as may be arranged.—Fu particulars of the post may be obtained f the Appointments Officer, 10 Kensin Terrace, Newcastle upon Tyne, 2, with w 12 copies of applications should be lodged later than July 15, 1961, in envelopes ma "Private, A.A.O." (*Candidates outside British Isles may submit one copy only.*)

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The Reed Paper Group, which has extensive interests in paper production and packaging, in the *U.K. and overseas, invites applications for new appoint*ments at various levels in its Economic Research Unit. These will offer *considerable scope for original thought and initiative.* The work includes:—

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Applicants should have a first or second class honours degree in Economics *or related subjects, although for one position a sound knowledge of European* languages is of greater importance. Appropriate research experience is desirable, but applications will also be considered from *candidates graduating this year.*

Applications, which will be treated in strict confidence, should set out full details of qualifications and experience, and should be addressed to:—

The Group Personnel Officer, Albert E. Reed & Co., Ltd.
Larkfield, Nr. Maidstone, Kent,
quoting reference ERI/ESA/20.

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IMPERIAL CHEMICAL INDUSTRIES LIMITED
Plastics Division,
has a vacancy at *its Headquarters in* Welwyn Garden City for a

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aged 25 to 30, to join the Organisation and Methods Section. The duties comprise the critical analysis of commercial methods and techniques including specific surveys into departmental *organisation and procedures.* The man selected should be adaptable and have the ability to express himself clearly and logically.

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Apply briefly to the Staff Manager, *Imperial Chemical* Industries Limited, Plastics Division, Bessemer Road, Welwyn Garden City, Herts, quoting No. 5125/BI.

STATISTICIAN

LONDON TRANSPORT *require a* qualified STATISTICIAN for Post in Statistical Advisory Service. Responsibilities of the service *include advice to* departments on the application of modern statistical methods, including statistical design of experiments, collaboration in operational research *projects and design* and conduct of surveys. The Advisory Service undertakes the analysis, tabulation and interpretation of the results of investigations.

Applicants must possess a First or Upper Second Class Honours *Degree in* Statistics and have had practical experience of the application of statistical methods.

Salary range: £1,140 p.a. to £1,320 *p.a.* Valuable free travel. Five-day week. Contributory superannuation.

Applications to Staff and Welfare Officer, London Transport, 55 Broadway, S.W.1, quoting reference No. 143/3.

QUALIFIED ACCOUNTANT FOR MIDDLE EAST

Price Waterhouse Peat & Co. require a qualified accountant, preferably single, for appointment to the staff of their office in Addis Ababa. The climate in Addis Ababa is good and the initial tour will be for two years, the last two months of which will be on paid leave in the United Kingdom. Commencing salary after payment of taxation will be *in excess of* £2,000 per annum. Travelling expenses from and to the United Kingdom at the end of contract will be paid by the firm. Applications should be *sent* to Price Waterhouse & Co., 3 Frederick's Place, Old Jewry, London, E.C.2.

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as part of a team providing an advisory service for the Corporation as a whole. *Duties involve the* application of the whole range of research, mathematical and statistical techniques. Qualifications should include a good degree in the Sciences or in Economics, backed up, if possible, with some research experience and/or familiarity with computer programming. Salary in the range of £1,048 p.a. to £1,236 p.a. Contributory Pension Scheme. Opportunity for travel.

Applications, giving details of background and experience, to:

Mr. H. S. Ash,
Recruitment Centre, B.O.A.C.,
London Airport, Hounslow, Middlesex.

STAFFORDSHIRE COUNTY COUNCIL
COUNTY PLANNING AND DEVELOPMENT DEPARTMENT

Applications are invited for the appointment in the Research and Industry Section of the County Planning and Development Department of a Planning Assistant on A.P.T. Grade III (£960-£1,140 per annum) or A.P.T. Grade IV (£1,140-£1,310 per annum). The commencing salary and grading will depend on qualifications *and experience.*

Applicants should have an Honours Degree in either Geography, Economics or Geology, and have had experience in research in any of the subjects with a Local Authority, a Government Department or a Research *Institution.* The work will be concerned with mineral and economic problems connected with the survey for and the implementation of the development plan.

The Council are prepared to grant lodging allowance of 35s. per week for a period of six months and second class railway travel home every two months during the initial six months to married applicants maintaining a home outside the geographical county. *Consideration* will also be given to the granting of financial assistance in appropriate cases towards removal expenses.

Applications, giving details of age, education, *qualifications,* present and previous appointments, experience, and the names of two persons to whom reference may be made, should be sent to D. W. Riley, County Planning and Development Officer, 41a Eastgate Street, Stafford, not later than *July 12, 1961.*

Relationship to any member or senior officer of the County Council must be disclosed. Canvassing will disqualify.

T. H. EVANS,
Clerk of the County Council.

For other appointments see page 66

INDUSTRIAL RELATIONS
OVERSEAS APPOINTMENT—GHANA

Applications are invited for an Industrial Relations Adviser in Ghana for two tours of 18 months in first instance. Sound knowledge of labour relations with particular emphasis on overseas conditions essential including ability to collate details of National Agreements, to advise in meetings of Negotiating Committees and on Labour/Legal *questions, and to attend* meetings of National Advisory Committee on Labour as one of Employer Delegates. Applicant to act in liaison with T.U.C. of Ghana and be responsible to Director of Association for all Industrial Relations matters.

Salary based *on experience* and qualifications at flat rate. £2,750-£3,500.

Overseas leave after 18 months, free furnished house, car and medical attention.

Only applicants with appropriate qualifications will be considered. Applications *(in duplicate),* giving full particulars of age, education, qualifications and experience especially overseas, present salary, married or single, should be addressed to the Secretary of Ghana Employers' *Association.* C/o. The Director, Overseas Employers' Federation, 58 Clifford's Inn, London, E.C.4. Closing date for applications, July 15, 1961.

GOVERNMENT OF THE FEDERATION OF RHODESIA AND NYASALAND

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CENTRAL STATISTICAL OFFICE

Applications are invited from persons of honours (or the equivalent qualifications) in Statistics, or in Economics with *Statistics,* or in Mathematics with Statistics for the following posts:

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Overseas: Director of Census and Statistics, P.O. Box 8063, Causeway, Salisbury, Rhodesia *and Nyasaland.*

Closing date, July 25, 1961.

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THE *Purchasing Officers Association maintains* an Appointments Register, and employers requiring the services of purchasing staff are invited to communicate with the Association at Wardrobe Court, 146a Queen Victoria Street, London, E.C.4. (City 3841.)

ASHANTI GOLDFIELDS CORPORATION LIMITED

Notice is hereby given that the *Board of* Directors have declared an Interim Dividend (No. 129) on the Issued Capital of the Corporation at the rate of 1s. 0d. per Share, less Income Tax at 7s. 9d. in the £. The Dividend, which is in respect of the year ending September 30, 1961, to be payable on and after September 13, 1961, to all Shareholders on the Registers on July 28, 1961.

The TRANSFER BOOKS will be closed from July 29, 1961, to August 5, 1961, both dates inclusive, for the preparation of Dividend Lists.

By Order of the Board,
E. W. MORGAN,
Secretary.

Registered Address:
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June 27, 1961.

EDUCATION AND COURSES

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2. January 8 to February 2, 1962.

Applications are invited.

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Details from:
H. A. Nobes,
Head of Regional Management Studies Department,
Portsmouth College of Technology,
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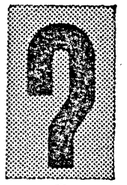
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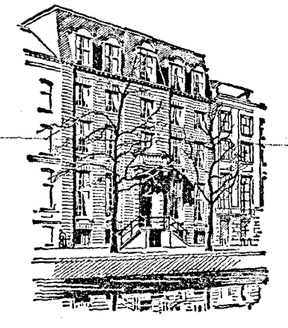
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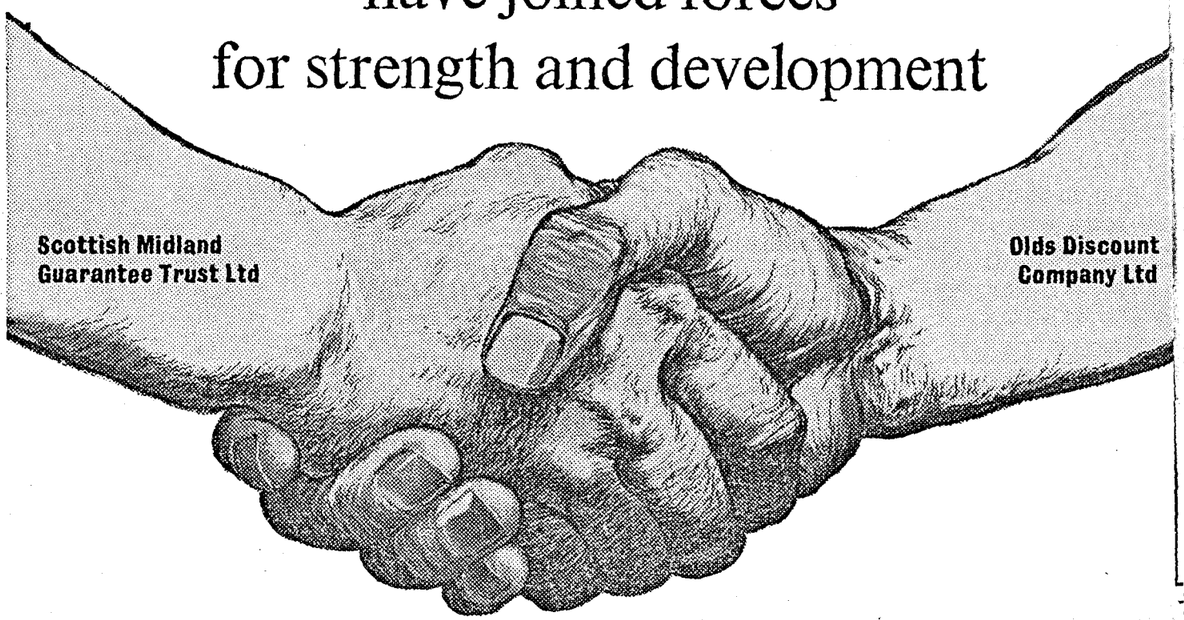
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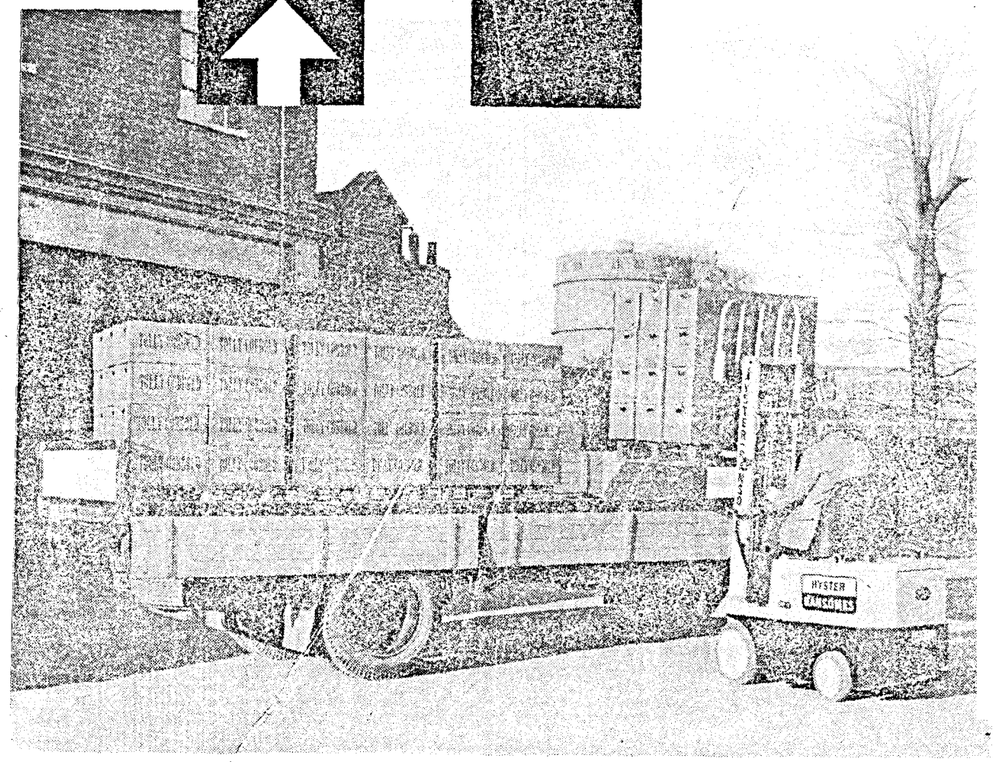
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The Economist

JULY 8, 1961

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FLAGS IN A SANDSTORM: KUWAIT

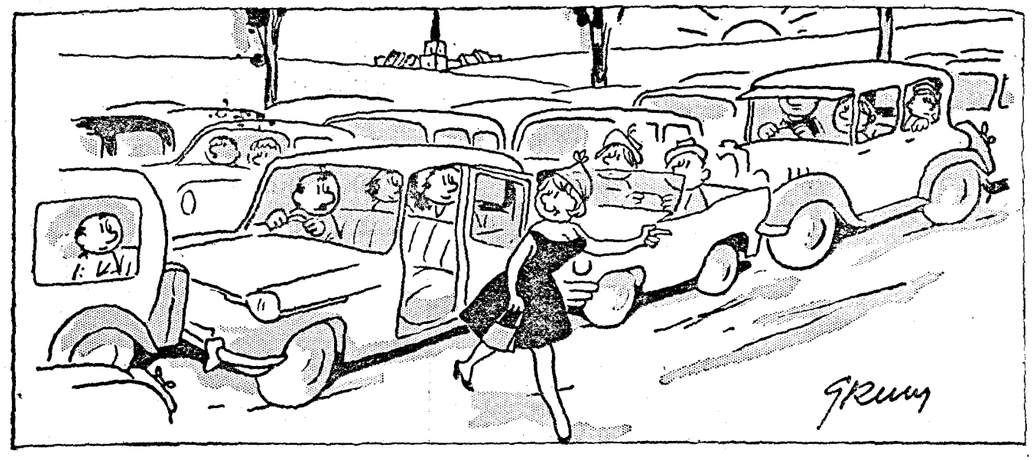
LAISSER FAIRE FOR TRADE UNIONS?

STERLING : THE TEST

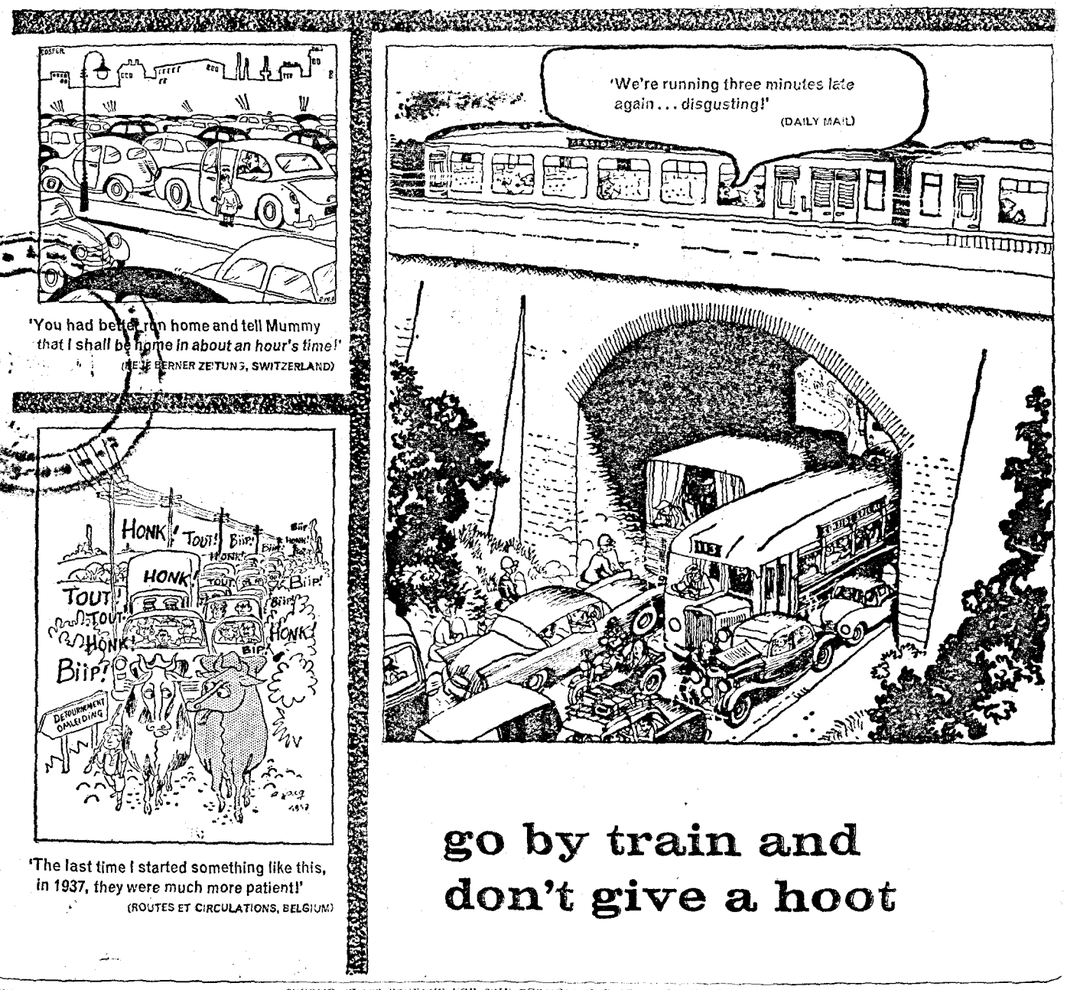
COMMONWEALTH : PILGRIMS' PROGRESS

The Economist . 22 Ryder Street . St. James's . London . SW1

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'I will go ahead and do lunch; it will all be ready when you get home' (LE HERISSON, PARIS)



SECOND CLASS POSTAGE FOR THE ECONOMIST PAID AT NEW YORK, N.Y.
Published weekly every Saturday, fifty-two times a year in London, England.

In The Economist this Week

July 8, 1961

HOME

LAISSER FAIRE

The Government's—and the trade unions'—desire to leave ill alone has given rise to some *intolerable practices*: a reform of union law on the lines of company law is urgently needed (p. 113).

MALADIE DU JOUR

The sickness of sterling needs a new prescription: past placebos have failed, and the future of the pound—and of international credit plans—depends on a long-term cure (p. 151).

The Chancellor's knife will have to cut deep, and let some blood, if Britain's moribund economy is to be revived (p. 119).

EMBARRAS DE RICHESSE

Uranium is in drastic oversupply in an inelastic market: but its prospects may be brighter after 1970 (p. 152).

The Monopolies Commission does not think Imperial Tobacco's near-monopoly a particularly bad thing: but it has advised the company to divest a large shareholding in its big rival (p. 154).

The market in municipal money is quietly booming (p. 159).

AMENDE HONORABLE

Sir Anthony Eden has deserved his earldom (p. 119). The Home Office's report on compensation for victims of violence is disappointingly evasive (p. 124).

ENTENTE CORDIALE

The Russian exhibition at Earls Court is an impressive image of the motherland—and a lesson for co-existers (p. 147).

Lord Robens and Mr Gaitskell may expect co-operation from the mineworkers; Dr Beeching and Mr Marples are not so fortunately placed with the railwaymen (p. 121).

POUR ÉPATER LES AUTRES

The confirmation of the unprecedented sentence on George Blake is open to serious criticisms (p. 122).

FAUTE DE MIEUX

The 12-mile fishing *limits are forcing new ideas* on Britain's trawler owners (p. 148). Sir David Eccles may have to accept the introduction of a new school-leaver's examination against his will (p. 122).

QUEL DOMMAGE

Equity prices are still in retreat as jobbers mark down prices to damp down selling (p. 155). Whisky and gin are to cost more (p. 168).

INTERNATIONAL

ENGLAND EXPECTS

The British Government did not wait to see whether General Qasim intended to make good his threat to Kuwait. Now the problem is to get the British troops out *while continuing* to ensure Kuwait's safety, *preferably through international* action. *Russia may gain* if Britain's stay is too protracted (p. 111).

- *In Kuwait, all is calm* (p. 128).
- Britain has been missing a great opportunity to speak out against what the Portuguese are doing in Angola (p. 118).
- The new department of technical co-operation is a puny approach for the United Kingdom to make to a great world problem (p. 122).

COMMONWEALTH INSPECTS

Australia, New Zealand and Canada are raising the expected objections about Britain's approaching negotiations with the common market. The Asian Commonwealth has made little fuss, but a surprising volume of protest has come from the African capitals (p. 115).

Wellington: Mr Sandys has done well, but New Zealand is still not happy (p. 115).

Canberra: He is finding the Australians worried (p. 116).

Ottawa: And he is not going to have it so good in Canada either (p. 117).

Emerging Commonwealth:

East Africans are inspecting plans for a federation (p. 124).

Southern Rhodesians are being made introspective about segregation (p. 129).

EARTH PROSPECTS

Israel has made a small skyward gesture towards getting away from it all (p. 120).

China and **Russia** have shifted uncomfortably away from one another (p. 120).

South Africa, although asked to go, has no intention of getting away from the International Labour Organisation (p. 124).

German deputies, facing an election, are singing "We don't ever *want to part from each other*" (p. 127).

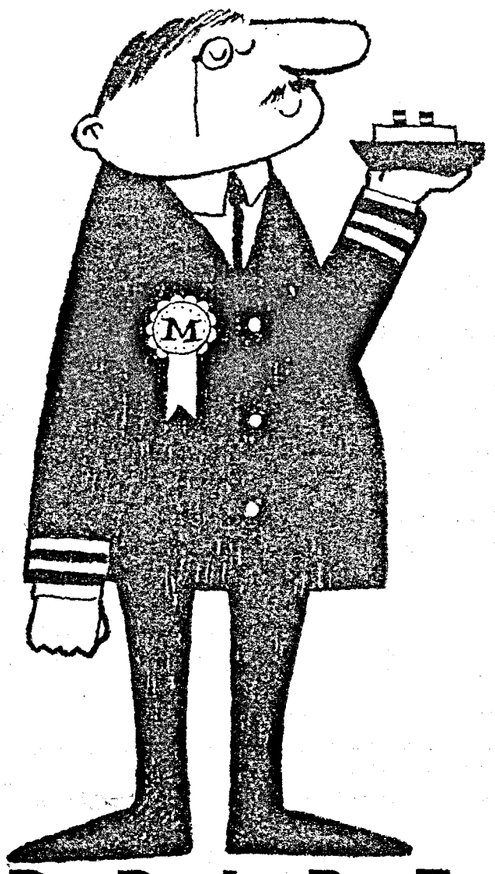
Spain's democrats are getting together (p. 126).

AMERICA REJECTS

- President Kennedy's school Bill is likely to be squeezed to death between church and state (p. 135).
- Congress has been giving him a lot of other legislation but it bears little trace of frontier spirit (p. 136).
- The shipping strike has forced him to use an old piece of legislation which he has never liked (p. 136).
- His new Agency for World Peace is intended to show the world that the United States *is serious about disliking* armaments (p. 139).
- In Switzerland, disarmament is being discussed under private American auspices (p. 140).

American magazines have found a number of new ways to compete with television (p. 138).

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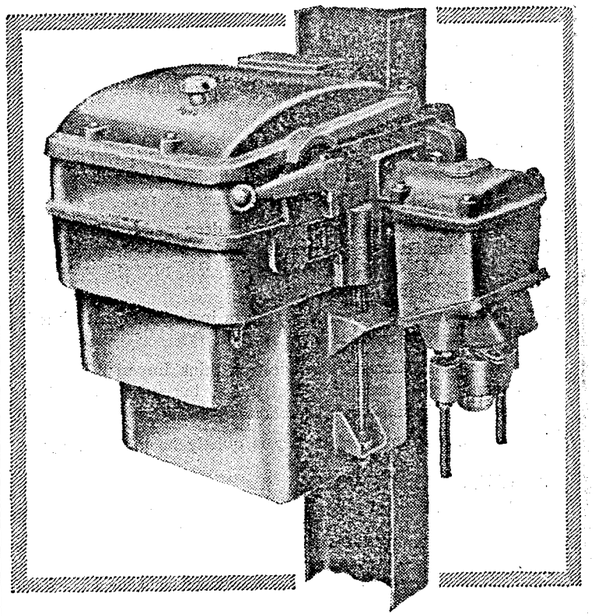
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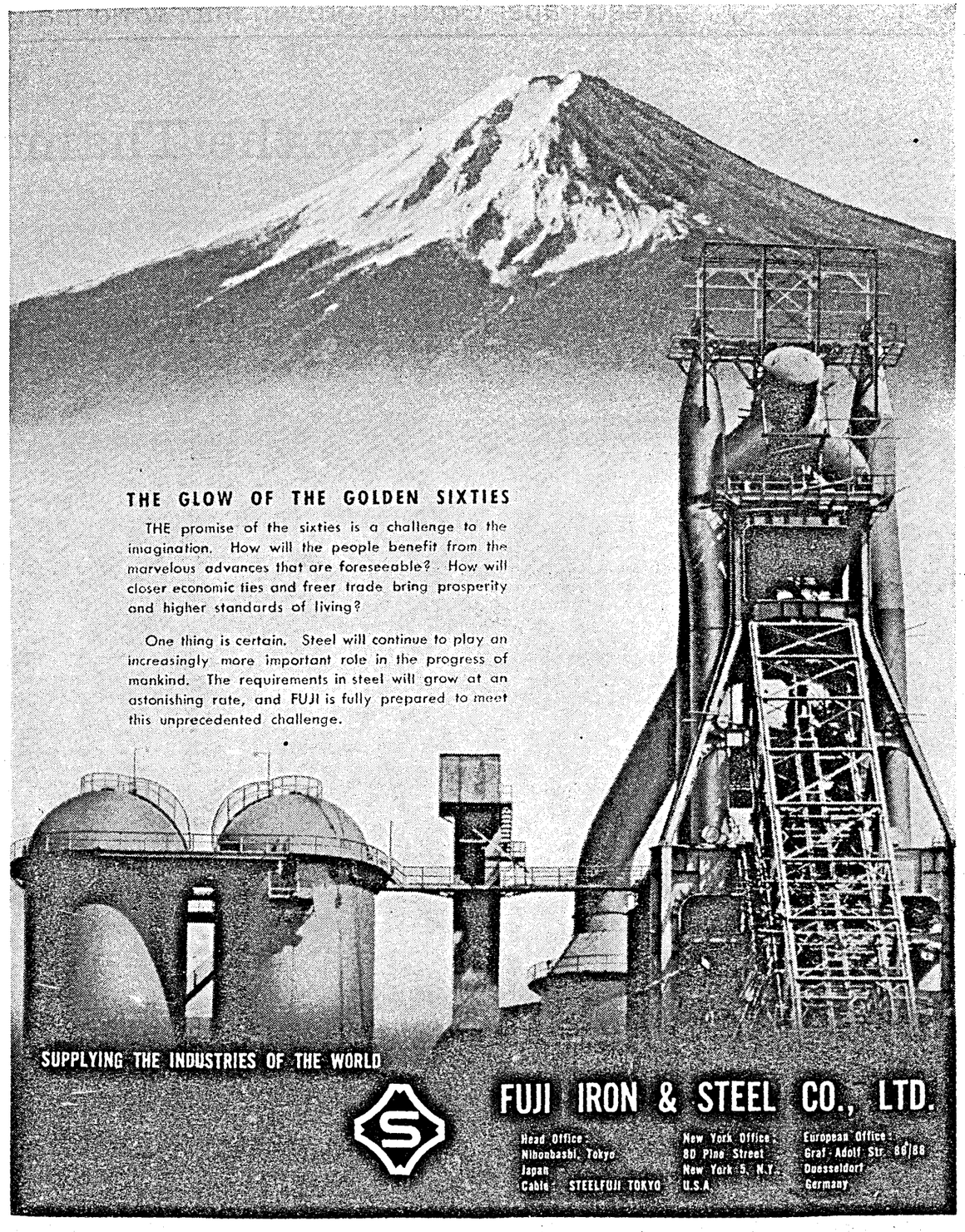
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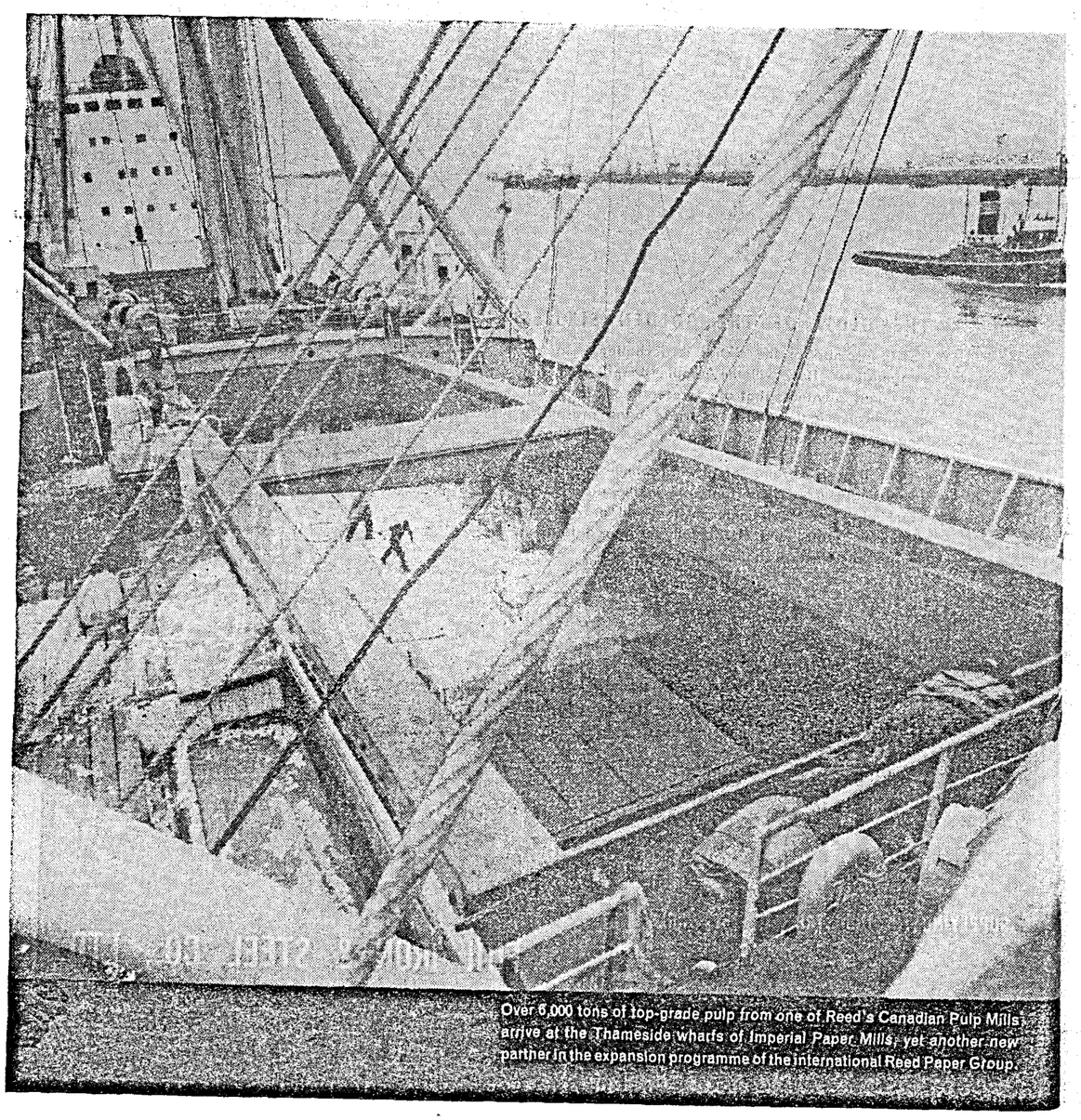
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1960—A MOMENTOUS YEAR IN THE HISTORY OF THE GROUP

says Chairman Lord Cornwallis

The emergence of the Group into a significant *international* enterprise is the theme of the Chairman's statement. Overseas investments now approach £30 million, and the annual turnover exceeds £100 million.

Lord Cornwallis stresses, however, the paramount importance of the home mills and companies. "The Group is seeking means of further diversification in this country."

Here are some of the main points summarising the recent developments.

AT HOME...

The Group has broken new ground by joining with Lantor Ltd. (a member of the Tootal Textile Group) to form a new company, Aerlan Ltd., to conduct research into new methods of manufacturing non-woven materials.

Reed Medway Sacks Ltd. is one of the largest companies in the world making multi-wall paper sacks and new uses are continually being found for these versatile containers: the latest is the disposable 'paper dustbin'.

In order to participate in the fast expanding field of plastic containers, the Group has formed a new company, Reed Plastic Packaging Ltd.

The second machine for the production of the Group's high quality coated printing paper, Aerocote, has been brought into production.

At Aylesford, the largest site in Europe for the production of paper and paper products, the Group is currently investing £500,000 in a new research centre.

AND ABROAD...

Four major expansion projects have established the Group in the main trading areas of the free world—the Dollar Market, the Commonwealth, the European Free Trade Area and the Common Market.

IN CANADA, one of the major producers of newsprint, pulp and board, Anglo-Canadian Pulp and Paper Mills Ltd., its subsidiaries *and* the important Gulf Pulp and Paper Co., have joined the Group to serve the huge U.S.A. market and the fast-expanding Latin American markets.

IN AUSTRALIA, the Group now owns a controlling interest in a £2 million packaging concern —Reed Paper Products Pty. Ltd. It will serve a market that is expected to increase by 50% within 10 years.

IN THE EUROPEAN FREE TRADE AREA, in partnership with Sande Tresliperi A/S, the Group is building a £2½ million pulp and paper mill in Norway. A holding company, Reed Holding A.G., has been formed in Switzerland.

IN THE COMMON MARKET, the Group, in partnership with La Centrale Finanziaria Generale SpA of Milan, has acquired a leading packaging company and is now building a carton board mill.

La Centrale is a very old-established, large and influential company, bringing to the joint operation a background of financial and economic expertise considered by the Group to be unrivalled in Italy.

ON THE FUTURE...

Lord Cornwallis says: "I have no hesitation whatsoever in stating my opinion that the long term prospects of the Group are excellent: we are building for the future and I see no reason why it should not be a successful and profitable one. I cannot, however, be so optimistic about our short term prospects. We have serious factors to contend with, factors [such as EFTA] which are not the normal hazards of buying and selling and are outside our control. We are sure, however, that our efforts to diversify our activities in this country and all over the world will help us to survive the strains of the short term and emerge *into* the greater benefits of the long."

TRADING RESULTS

	Years to 31st March	
	1961	*1960*
	£000	£000
Turnover	87,668	73,996
Profits before Depreciation and Taxation	9,103	6,957
Depreciation	2,513	1,804
Taxation	2,800	1,860
Minority Interests	104	—
Profits attributable to Albert E. Reed & Co. Ltd.	3,686	3,293
Dividends after deduction of Income Tax	1,981	1,636
Profits retained	1,705	1,657

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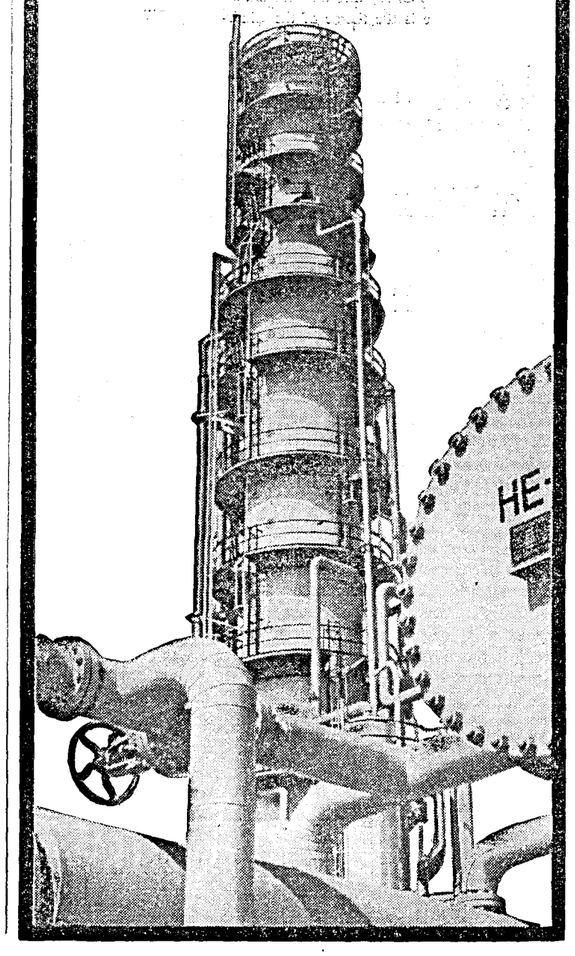
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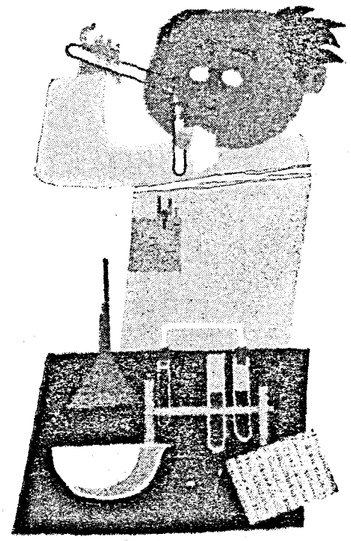
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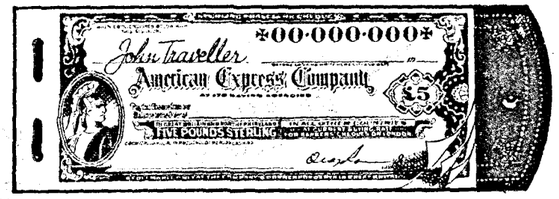
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JULY 8, 1961

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Flags in a Sandstorm

BLOWING some familiar allegiances awry, the latest sandstorm in the *Middle East has* swirled a British task force and a company of Saudi paratroopers into the heat of the Kuwaiti desert. The crisis, generated by Iraq's brusque and rude claim to Kuwait, does not lend itself easily to the kind of black and white treatment that depicts villain and hero neatly in allotted parts. When the sands once more lie still, the contenders will have to look to their next move, if—as now seems likely—the threatened clash does not come. Their way out of the sandpit into which they have dug themselves will be vastly more complicated than their way in.

Britain's response to Sheikh Abdullah al-Salim al-Sabah's urgent summons was quick, decisive and diplomatically impeccable. It can also be argued that it was precipitate. On Monday, Mr Macmillan acknowledged to the House of Commons that it was a difficult decision to take. But the risk of holding out in order to try to determine whether or not General Qasim was bluffing had to be weighed against the enormously increased difficulties of trying to dislodge the Iraqis from Kuwait had it turned out that he was not bluffing. It now seems probable, as our Middle East correspondent suggests on page 128, that General Qasim was flying a kite when he crudely announced his claim on June 25th. At the Security Council on Sunday, and again on Wednesday, the Iraqis disclaimed the intention they had previously plainly implied of using force to back their "rights." The reports of Iraqi troop movements in the direction of the Kuwaiti frontier remain no more than reports. Yet, clearly, preparations were under way that would have enabled the permanent Iraqi garrison at Basra to shift itself swiftly into Kuwait; and the threatening words had been deliberately spoken.

To have banked on General Qasim's eventual prudence would have been worth while only if the political cards had been heavily stacked in favour of hesitation in face of his threat. But there was no division of opinion inside Kuwait itself over the Iraqi claim (as there might possibly have been if the United Arab Republic had had the same idea first); the pledged British troops were assured of unofficial as well as official welcome. The half-reflex dismay with which other Arab governments greeted the fact of the British initiative was bound, at least at first, to have its edge blurred by their evident relief at having the burden of decision, when they were certainly not on Iraq's side in its challenge, taken off their shoulders. For the British themselves, this time only doing their diplomatic duty, the impressive speed and efficiency of a very complex military operation has given the three services a chance to demonstrate the paces that have been learnt since the *longueurs* of 1956. And Mr Macmillan must have counted, too, on the warm glow that the whole operation has sent through cooling right-wing hearts (and, perhaps, others too).

The problem now, as put by Mr Richmond, the British consul-general in Kuwait, is to turn round and go out as efficiently as we came in—as soon as we can. Mr Macmillan has said that our forces will be withdrawn only when Kuwait's ruler considers that its independence is no longer threatened; this could mean only when, which is extremely unlikely, Iraq renounces its claim to Kuwait. This is, basically, a problem for the Arabs themselves to solve both in terms of frontiers and sovereignty and in terms of wealth and oil. In 1958, after the Iraqi revolution and the British and American landings in Lebanon and Jordan,

all ways out of the tangle seemed even more solidly blocked than they seem now. It was only after the United Nations had fruitlessly explored a number of one-way avenues that the Arabs, as if exasperated by all outside interference, made temporary peace among themselves—and the obstacles went overnight.

PERHAPS the makings of a concerted Arab move are now discernible, in the fact that both Baghdad and Cairo have found common ground in regretting the depth and deviousness of the perfidy of Albion. While President Nasser has kept to the letter of the law in raising no objection to the passage of British warships through the Suez canal, his spokesmen in Cairo and at the United Nations have demanded the immediate withdrawal of British troops. Unless the British force is evacuated, the UAR will not back Kuwait's entry into the United Nations, nor, probably, its application to join the Arab League. This is the crux: who, the invading British or the wavering Arab states, will resolve Iraq's original threat? The challenge is as much to the members of the Arab League as it is to the sweaty and entrenched British troops.

Almost certainly, the portentous launching by Israel of its first space missile has galvanised, and affrighted, the Arabs at least as much as the quick response by Britain to an open threat to both its interests and its obligations. It reinforces the fears that have been going round the Middle East since Mr Ben-Gurion returned from his grand tour with the French alliance spelt out in words. The Kuwait-Iraq quarrel, contentious already among fellow Arabs, may have to take second place now. The further it sinks into the background, the better. The hope can only be that, still unsolved, it can be smudged and put among all the other claims that have been made at different times by different countries on the various territories of the Persian Gulf.

While the threat itself, from Iraq to Kuwait, only slowly recedes, the British forces in Kuwait will either have to settle down to a long wait, or be replaced by another defensive force. A long stay will be as undesirable for the British as for all the Arabs. At the best, with every extra day that the troops remain dug in in the desert, Britain is bound to lose ground in the uphill struggle that the Foreign Office has strenuously been making to get back to reasonably good relations with Iraq and the UAR. At the worst, a change in Kuwait's internal political situation might find British troops calamitously involved in local Arab affairs. But, as things are, despite the token force of Saudi paratroopers deployed alongside the British, it seems altogether improbable that replacements for the British defence force can be found from among the Arab countries. (Nor might the ruler himself entirely relish the thought of powerful, and possibly predatory, help from Saudi Arabia or the United Arab Republic.)

Except for the United Arab Republic and Saudi Arabia, which are not at all disinterested in claims on Kuwait, most of the Arab governments have been chiefly concerned to avoid committing themselves. The Arab League itself, which met on Tuesday to consider Kuwait's application for membership, adjourned until July 12th, explaining that the secretary-general, Mr Hassouna, had first to complete his joyless mission round the Arab capitals. This procrastination is not without wisdom; possibly, the most disastrous outcome of the affair would be a weakened and isolated Iraq.

Whether or not, in the present heart-searching among the various Arab countries, Kuwait is accepted into the league, the only feasible alternative to the British troops seems to be some kind of United Nations group to watch Kuwait's frontiers and the dying spasms of what was nearly a world crisis. Here there are two questions. The first straightly affects the Russians: would the Soviet Union veto Kuwait's application to join the United Nations? The second is whether the British Government itself would be prepared to delegate some of its remaining authority in the Persian Gulf.

This sudden rupture in the Arab world was not, at first, to Russia's obvious advantage. Over the past few years, the Russians have usually, without great strain, been able to distil some punch for themselves out of Arab discords. But recently the Soviet Union has been having second (and conflicting) thoughts about its pot-still in the Middle East. After a period of general but fairly restrained sniping at the United Arab Republic's treatment of its local communists, *Pravda* came out in May with a full-blooded protest at Egyptian ingratitude for favours received. Cairo retorted with a burst of righteous indignation; and in June a second article in *Pravda* tried to turn off the heat with words that combined a fatherly reproach with a modified blessing. Meanwhile, General Qasim, in Iraq, has by rule and division equally effectively brought his communists to heel.

UNDERSTANDABLY, Moscow's comments on the Iraq-Kuwait dispute were, to begin with, non-committal. Only on July 2nd did the Russian delegate at the United Nations, Mr Zorin, swing decisively to the Iraqi side, by refusing to allow that the "Kuwait area" was entitled to present its case before the Security Council. By then, the positive British reaction had greatly simplified Mr Zorin's ideological task and at Wednesday's meeting of the Security Council he concentrated his fire on British "colonialism." With some dexterity the Soviet Union seems to be emerging from the imbroglio as the champion both of Iraq and the UAR. Peking, meanwhile, has got somewhat out of step by sending a hasty telegram of congratulation to the ruler of Kuwait on the occasion of his country's independence.

But for the time being, the main initiative outside the Arab world rests with Britain, not with Russia—or Peking. The task, now that the British have discharged their responsibility, is to hand the responsibility back, not to the Russians (or the Chinese) but to the Arabs. If the Iraqis, after the brainstorm in Baghdad, have been halted in their tracks, the responsibility for guarding Kuwait's independence should rest from now on upon the collective shoulders of the neighbouring, and competing, Arabs themselves. Now that Iraq has been brought to stay its hand, after its threatening words, even an international and token force of observers could be deterrent enough in place of the swiftly emplaced and embattled British troops. The other sheikhdoms of the Persian Gulf might, with Kuwait, begin to think in terms of international rather than purely British protection. They will have to think, also, if there is to be peace in their part of the world, of co-operation not only in defence against aggression but also in the distribution of local wealth (from oil) to fuel the growth out of poverty that is the Middle East's greatest need. These should be Britain's aims, too.

Laisser Faire For Trade Unions?

DISCUSSION of reform of trade union law is, once again, in the air. The danger is that, once again, it may stay there. It is terribly difficult to energise this vast jelly of a subject into relevant parliamentary action, partly because of old-fashioned political pusillanimity but also partly because the trade unions still hold the favoured place in the instincts of progressive people that thrusting new industrial manufacturers tended to hold a century ago. Because they played the major part in raising the standard of living of the ordinary people of this country during the second stage of Britain's industrial revolution, it has become an established historical malapertism that trade unions should continue to be the last group towards which Government policy is one of untrammelled and uninquiring *laisser faire*. This week Mr Ted Hill, chairman of the Trades Union Congress, who in all other matters would call himself an ardent advocate of a planned economy, saw no inconsistency in thundering loudly that "what we have to do as a trade union movement is not to allow people from outside to tell us what to do."

One does not need to be as extreme a planner as Mr Hill—indeed, one does not really have to advance beyond about Mr Gladstone—to see that this extreme doctrine of *laisser faire* should no longer be tenable. The trade unions now play an even bigger part in public affairs than large manufacturing interests do; and the effect that a union can wreak on an ordinary worker's life is generally much more intimate and important than, say, the effect that a board of directors can wreak on an investor's shareholding. It must be time to go at least as far in legislation as the measures of company reform went in the second half of the last century. It is no more reactionary to say that the interests of ordinary trade unionists, as well as of the country, would be well served by specific legislation to protect members from depredations by occasional union sharks, than it is to say that the interests of shareholders, as well as of the country, are well served by the existence of specific Companies Acts to guard against occasional company sharks (even although all company directors are, in theory, democratically elected by the small minority of their shareholders who ever bother to vote). And it is no more logical to say that handling of trade union malefactors "is best left to the Trades Union Congress" than it would be to say that policing of the Companies Acts and Restrictive Trade Practices Act "had best be left to the Federation of British Industries."

IT is perhaps unfortunate that the catalyst which has restarted discussion has been the case of the Electrical Trades Union; Mr Justice Winn's judgment that the communist Mr Haxell was declared elected as its general secretary by fraud is subject to appeal, and the details of the case have still to be treated as *sub judice*. The ETU affair was, in any event, exceptional because the skulduggery alleged was said to have taken place in the national executive of a union which had been elected by secret ballot. There is ground for fearing that malpractices occur in some other unions' national ballots, but the communists and others who are sometimes stigmatised as "industrial wreckers" cannot be blamed for these, because communist majorities generally have no chance of getting in on them. The reason why they do not is clear. In parliamentary elections, where all parties put up candidates, experience suggests that about 3 per cent of ordinary British trade unionists are apt to vote Communist, and the other 97 per cent to vote Labour, Conservative or Liberal. In union elections the same 3 per cent generally vote Communist, and about 90 per cent do not vote at all, but there are generally enough votes still left over to make it very rare for a majority of an elected national executive to be composed of men who hold Mr Haxell's political and industrial views.

It is in local factory groups, at shop steward level, that it is much more common to find a majority of men of Mr Haxell's views entrenched in power, and to hear accusations levelled against them of the sort that were levelled against Mr Haxell. The presence of so many unrepresentative extremists in shop stewardships is traditionally explained by saying that these extremists are "close to the rank and file"; but everybody knows that another explanation is that on a local level there is sometimes more opportunity for malpractice and flouting of democracy. The difficulty of raising a campaign against an entrenched union leadership even on a national level was shown in the Electrical Trades Union case. The hardest step of all was the initial one, taken by some individual members who raised the first hue and cry, and who thereby became liable to all sorts of pressures and possible penalties for "bringing the union into disrepute." Any worker who started to work really actively against what he stigmatises as malpractices on a local level must have even more reason to fear that life might be made artificially uncomfortable for him, and that eventually he might even lose his job.

THE big unions are well aware that it is at local level that the worst instances of union malpractice and derogation from the national interest occur. That is why, in their current campaign against wildcat strikes, they are trying to give more power to decisions at the centre. But, in the first place, it is unlikely that this campaign is going to succeed; and, in the second place, it would in many ways be undesirable if it did succeed. In any healthy trade union movement a lot of functions should be, indeed must be, delegated to local union representatives, freely elected by their workmates, and working still on the factory floor. Many of the unions' (and Britain's) troubles today arise from the fact that union executives, having failed to see that these factory elections are properly conducted, like to pretend that these local groups should have less power than they are in fact bound to accumulate. The next stage is that, when these local groups have secured power, the union leaders in London prefer to pretend that they have not got it, and will not look down into the nasty things that are sometimes going on in the local woodshed.

It is at local level, for example, that work-spreading rules forbidding anybody to earn more than a certain amount become most common. It is there that most cases arise of individuals being deprived of their livelihoods because they have offended the local group in some way. It is there that

competition in obstructiveness, sending men to Coventry, individual intimidation and the general translation of trade unions into being a positively anti-productive force can rise to a peak. It is beside the point to argue whether these abuses are now common or still very rare. The point is that some of these powers of personal victimisation against individuals should not be exercisable in any free society, even when the men who are exercising them have been chosen by a majority of their workmates; and that when the stewards or other officers concerned in fact hold their positions against what would be the majority's wishes in a free election, the absence of some sort of Companies Act for trade unions stand revealed as even more intolerable and absurd.

THERE seems to be no hope of securing co-operation from trade union leaders in the legislative changes that are needed. In protesting on Monday against the analogy of the Companies Acts, even Mr George Woodcock, the normally sensible and well-balanced general secretary of the Trades Union Congress, said that, while specific legislation was appropriate for companies, who employ professionals, it would be unfair to apply the same medicine to trade unions, who rely largely on the services of voluntary workers. At first sight, this is a remarkable argument; where bodies have such great social powers as trade unions have, one would have thought that an admitted amateurishness in their organisation provided a reason for a closer guard by the state against possible injustices, not a reason against it. Mr Woodcock's argument would, indeed, have some force if the main object of any new trade union legislation were to hunt down amateur officials who had made honest mistakes, and then suddenly to crucify them by imposing heavy personal penalties. But the prime object of any legislation should be the prevention of abuse not the punishment for it; the authority implementing such legislation should work in the first instance by issuing cease and desist orders, not by starting prosecutions.

The sort of legislation that would seem desirable has often been adumbrated in *The Economist*. All unions should be obliged to register their rules with some official arbiter, who might or might not be the present Chief Registrar of Friendly Societies; the sanction to enforce registration should be that any union which did not register, or which was struck off, should no longer be protected by the main special legal privileges enjoyed by trade unions—especially their general freedom from legal penalties for actions in restraint of trade. When a union does not try to operate a closed shop, the registrar might be obliged to accept virtually any rules that it registers with him; any purely voluntary body should be allowed to conduct itself as and how it likes. But when a union does try to operate a closed shop, so that some British citizen may have to agree to be conscripted into it if he is to earn his livelihood, the registrar should be able to insist on certain conditions in its registered rules: about the proper mode of conduct for union elections; the power for the registrar himself to supervise any elections where suspicions have been aroused; absolute freedom for members to criticise the conduct of their own unions (within the normal law of libel) and to issue statements to their fellow members and the press; and formal rules for the procedure to be followed when members are disciplined for trade union offences. This last

point can be so important for the maintenance of individu liberty that perhaps there ought even to be a right of appe to the registrar against expulsion from a closed shop union the proper criterion here should be that expulsion would n take place if, on balance, the injury to the member concerne seemed to be very much greater than the collective injury i his fellows that would be caused by continuing to accept hi as a workmate.

The registrar ought also to have the power to condu inquiries into allegations of intimidation, into picketing pra tices during some strikes, and alleged breaches of these rule He should issue cease and desist orders when he discove that breaches have occurred, and take action in the cour either against a union (seeking to strike it off the registe or against an individual official only when these orders hav been deliberately flouted. This procedure could also hav relevance to the complicated legal position in respect of som unofficial strikes. Unofficial strikes in deliberate breach of contract between a union and a firm are now nearly peculia to this country, since in most other countries actions fo damages in these strikes would be against their instigator The recent decision in *Rookes v. Barnard* suggests that thi same legal position may in fact obtain here; but for th moment the TUC seems to be trying to ignore this in th hope that most British employers will find it unwise to institut such actions.

The result could be, under present law, precisely the sor of sudden unfairness against particular local union official that Mr Woodcock has indicated he would fear if presen law were changed: some day soon an unexpected action fo damages may bring down ruinous financial penalties o some small shop stewards who may merely have made som technical procedural lapses without realising that they ma thereby have become liable for paying damages for instigatin a strike in breach of their own union's contractual word If some Government-appointed registrar of trade union were set up, it would be reasonable to say that aggrieve parties who felt that they were being illegally damage by some trade union action should first file a notice o complaint with the registrar, and that such actions fo damages (even if they would have been permissible unde present law) would not then lie if the union officials concerne immediately complied with a registrar's order to desist.

IT is unfortunately idle to suppose that any legislation o these lines could now be carried through with the approva of the Trades Union Congress. It is doubly unfortunate tha these matters have come to a head at a time when relation between the Government and the TUC seem bound to becom more strained on other grounds. But the task of statesman ship is to consider the national interest, not particula worthies' *amour propre*. Most of the leaders of Britain's gre trade unions are sober, responsible, hard-working, cautiou patriotic, immensely dignified social workers, who would b likely to feel touchily hurt and insulted by any new law whic implied that they are not managing to control their own move ment in the full interests of the nation and of their ow members. The fact remains—for all but the politicall purblind to see—that under present law they are not no managing to do so.

Commonwealth Pilgrims' Progress



Mr Sandys: burning bright | Mr Thorneycroft: unscathed | Mr Hare: surprised

IT was inevitable that, as negotiations between Britain and the common market approached, Commonwealth countries would make as much noise as possible to assert their interests. The stronger the signs of hesitation in London, the louder the objections were bound to be. The reports from our correspondents on Mr Sandys's circuit of the white dominions show that the three governments most affected are not failing in their duty.

They also bring out, however, the striking differences between both the scale and the kind of problems the Commonwealth countries face. Given an unconditional British entry into the common market, and an adverse development of European farm policies afterwards, New Zealand might obviously face grave economic difficulties. Equally obviously, it should be a first aim in any negotiations to ensure that its losses in the British market are compensated for in some way. A formal association that would bring New Zealand into the common market's agricultural club, or quotas for butter, or help for its secondary industries, are among the ways in which it might be helped.

Canada's problems are of a very different kind. As our Ottawa correspondent points out, many of Mr Diefenbaker's worries are political in origin. The grave economic difficulties his country faces, and the background of pro-Commonwealth emotion that swept him into office, make it inevitable that Canada should protest against any kind of change. But, compared with the threat New Zealand faces, Canada's economic worries are small beer. If wheat and the crucial raw materials and semi-manufactures can be given reasonable access to Europe, the remaining problem for Canadian manufactures is minor in scale. It is the loss of long-term opportunities in Britain that worries Canadian manufacturers; but then it is precisely the long-run potentialities of Europe as a whole that the common market should enhance.

WHILE Mr Sandys has been touring the white dominions, Mr Thorneycroft and Mr Hare have been visiting the Asian and African capitals. By and large Mr Thorneycroft seems to have run the Asian gauntlet unscathed, but earlier this week a surprising volume of protest seemed to be coming from Mr Hare's African beat. The reports were surprising because the African territories comprise the one part of the Commonwealth that is almost bound to gain in the short run as well as the long run if Britain joins the Six. Ghana sends more than half its cocoa to the common market; Nigeria a third. Outside the common market and its African association, these countries face a real danger from the new preferential tariffs that favour France's former territories. Inside, they have a very reasonable prospect of getting access not only to the British market but to the continent as well.

In fact, the earlier reports from Ghana and Nigeria seem to have been false alarms. When President Nkrumah addressed the Ghanaian parliament on Tuesday, he said that Ghana would object to a British move unless three conditions were fulfilled: continued access to the British market; access to the European market on the same terms as the ex-French territories; and aid without strings. Since none of these conditions looks out of reach, Ghana's doubts need not cause lack of sleep. But in Africa, as in the rest of the Commonwealth, one broader lesson did emerge. While the economic difficulties of the Commonwealth may be met, its preservation as a political idea, through the period of inevitable unheaval and adjustment, will place heavy demands on Britain's diplomatic skills. Britain's plunge into Europe will require a new energy and imagination not only in Europe itself, but in Commonwealth affairs.

NEW ZEALAND

Sacrificial Lamb

From our Wellington correspondent



Mr Holyoake: dumped?

ALL Mr Sandys's powers as a diplomat have been needed during his New Zealand visit. The Government of New Zealand, under Mr Holyoake, is strictly reserving its position on the common market, and it remains highly necessary, for the sake of the Commonwealth's public relations, to demonstrate not only privately but publicly that the United Kingdom will not overlook New Zealand's vital interests while it is conserving its own. Some of New Zealand's most vocal spokesmen such as Mr F. P. Walsh, for the trade unions, and Mr John Ormond, for the meat producers, have been using strong and forceful language about the potential threat to New Zealand interests. These ancestral voices are drowning out others which try to explain the reasons why Britain finds it difficult to stay out of the common market.

This is yet another demonstration of the fact that, when unusual periods of diplomatic tension occur between the Old Country and what is left of the old Empire, British diplomacy seems to lapse into throat clearings and shufflings. The lack of any real Commonwealth ingredient in the staffing of the Commonwealth Relations Department, the Central Office of Information and other agencies

concerned with Commonwealth ties becomes painfully apparent at such times.

Mr Sandys did his best with the very difficult situation he encountered in Wellington, but it is doubtful whether he succeeded in allaying any of New Zealand's fears about the effects of the common market upon its economy, still largely based on agriculture. Moreover, even if he did succeed in bringing a measure of reassurance to members of the government, the misgivings and conjectures which are now racking a great number of New Zealanders will continue and multiply.

There is no doubt whatever that the New Zealand cabinet is anxious to be helpful, and that it realises Britain's problems, but it is scarcely to be blamed if it feels New Zealand's own problems must come first. Whatever may be the views of individual ministers, they collectively face the fact that their farming constituents are convinced that anything less than the continuation of guaranteed duty-free entry to the British market for New Zealand dairy products and meat will be tantamount to selling out. Sympathy for the British viewpoint will not allay the growing feeling that New Zealand may be made the sacrificial lamb on new altars.

MR SANDYS has undoubtedly made it plain in Wellington that the United Kingdom cannot go into negotiations with the Six with prior commitments to New Zealand or any other member of the Commonwealth. Yet that is just what New Zealand feels it must have. Arguments that the common market will eventually lead to benefits for New Zealand mean very little when the short-range problems created by loss of the guaranteed British market remain so obvious and so frightening. Last year New Zealand sold 89 per cent of its butter, 94 per cent of its cheese and 94 per cent of its frozen lamb and mutton in Britain. The economy of the country has for years been largely geared to that of the United Kingdom, and the agricultural policy of the Rome Treaty, if it is carried out, means that Britain's trade in, and production of, food must be completely reorganised. New Zealanders, with the best will in the world towards the United Kingdom, cannot see how this can be done without kicking away three of the four major props on which their export income rests. New Zealand ministers found that Mr Sandys fully understood their situation, but there are no pretences behind the scenes that the visit has done more than explain the new uncomfortable facts of life.

This is not to say that the British case for joining the Six is completely misunderstood. In the last two months, while the spate of conjecture has steadily mounted, the majority of New Zealand newspapers have done something to try to inform their readers about the issues. But they have not been greatly helped by New Zealand politicians, most of whom have avoided the subject unless thrust hard up against it. This attitude was even more pronounced during the election campaign last year.

The debate over the common market comes at a time when New Zealand has a number of other preoccupations, none of them pleasant. The Holyoake government, plainly determined to enjoy a honeymoon (even a short one), withheld the application of various restrictions until it became apparent that it could temporise no longer. The financial screws are now on; import licensing is tightening up. It does not appear to be sufficiently realised in either London or Wellington that what used to be called the bonds of Empire may be gravely strained unless the British arguments for entering the European community are more clearly, fully and forcefully expressed in New Zealand. There is an impression abroad in New Zealand that the United Kingdom is more concerned about western Europe than it is with its traditional alliances in the Commonwealth. Mr Holyoake, and the rest of New Zealand, have most of all wanted convincing words from the British side to allay this impression.

AUSTRALIA

Wallaby Worries

From our Canberra correspondent



Mr Menzies: millstone?

BY the time these words reach the press, Mr Sandys will hav had his first discussion about the common market with th Australian government. It will not have been an easy meeting One has the impression that the cabinet will have sat back grimly waiting to hear what Mr Sandys has to propose. The prim minister, Mr Menzies, in a statement earlier this week, recalle that Australia "had been assured of full consultation before an decisions are taken," and he observed that the problem had bee the subject of occasional reference during the past two years. Bu Mr Menzies continued (it would seem rather tartly), the meetin with Mr Sandys would give the cabinet its first opportunity o hearing the views of the British Government "expressed wit authority and in reasonable detail."

Will Mr Sandys be able to supply the "reasonable detail," th practical proposals that are awaited? He seems rather to see hi mission as being to persuade Australians of the advantages t Britain and themselves of negotiations with the Six, and to find out what are the essential Australian positions which should b beyond the scope of negotiation. Now Australians can see vert well the disadvantages to Britain of not joining the common marke They can even see that those disadvantages might be worse fo them than the alternative disadvantages of Britain's joining. Bu what they are anxious to know is what those latter disadvantage would be.

The fact is, however, that there is no simple set of proposa that could be put forward either by Mr Sandys or by Australia ministers. Any concessions to protect Australia's exports woul have to be negotiated commodity by commodity. Of these com modities, one of the most important to Australia is dairy product although this is not as important as it is to New Zealand. Whea would not retain a dwindling market in Britain if it not only ha to surmount the common tariff but also had to compete alongsid wheat—hard wheat, moreover—from elsewhere. Fruit, drie canned and fresh, now holds its own against American competitio only with the aid of the preference. Meat and sugar, too, a important, since in the first case over a third and in the secon over half of total Australian exports of the commodity go to Britai This is to mention only a few items, but almost every expo except wool and ores would be affected either by the loss of fre entry or by the loss or actual reversal of preference.

Economically, the threat to Australia can be summarised thu Between a fifth and a quarter of its total exports would find the present markets (mainly in Britain but also among the Six) i jeopardy. This comes at a time when Australia has a great expo problem anyway. It is true that the balance of payments proble that loomed up last year has been remedied, amid shrieks of di tress, but a fundamental imbalance remains. No one knows wh Australia can export, and to whom, in order to maintain its expa sion. If the more developed countries now gang up to prote themselves against developing countries the prospect is even mo uncertain. If the British market, which in 1959-60 took 26 p cent of Australia's total exports, were to disappear or shrink, would be a grave situation indeed.

Politically the prospect is also disturbing. New political alig ments may weaken the old, and here again the development may come at a time when old ties are weakening anyway—not only as a result of non-British immigration but also, perhaps temporarily, through the current mood. Old friendships fade. The club is not what it was. The far-flung Empire became the glorious Commonwealth; and then suddenly it seemed nothing but a millstone round Britain's neck as it tried to get into the swim with the Six.

CANADA

Awaiting the Tiger

From our Ottawa correspondent



Mr Diefenbaker: Cwthman

TRADITIONAL symbols of the Commonwealth (or, as faithful *Economist* readers would say, of "cwthmanship") are all muddled up as Canada awaits the arrival of Mr Duncan Sandys next week to discuss British negotiations with the common market. The British lion appears as a tiger. (Who could impersonate it better than Mr Sandys?) The Canadian government is cast as the young lady of Niger. Mr Donald Fleming, the finance minister, would make a succulent meal if he let himself be taken for a ride. Thus have legendary fears tended to obscure more realistic consideration of trade possibilities. They are fortified by the Conservative party's instinctive addiction to rhetoric about the Commonwealth.

If the Canadian government appears intransigent about Britain's links with Europe, it is only fair to remember that Mr Diefenbaker's first declared aim in June, 1957, was to organise a Commonwealth trade conference. His unfortunate declaration about diverting fifteen per cent of Canada's trade from the United States to the United Kingdom came later and was dropped with a plop as soon as Mr Thorneycroft and Sir David Eccles trumped it with their idea of an Anglo-Canadian free trade area. But the Commonwealth trade and economic conference of September, 1958, was held in Montreal, thanks largely to Mr Macmillan's understanding support of Mr Diefenbaker. The very fact that the conference was held satisfied Canadian Conservatives, even though it resulted in a reassertion of untarnished devotion to Gatt, a blatant attempt to reassure Washington about the purity of Commonwealth intentions, and a Canadian refusal to bind many preference margins as Britain requested—though it did bind duty-free entry for cars. If these experiences provide any guide to the present Canadian attitude, Canada may prove more realistic than expected in the real backroom bargaining over the common market—if due respect is paid to the sentiments of cwthmanship.

Yet Canadian experts agree that the United Kingdom's decision about Europe confronts Canada with a very grave and far-reaching problem. All the fears that were aroused by the original British proposal for a European free trade area in 1956 now return with redoubled force. At that time Mr Macmillan, as Chancellor of the Exchequer, rather lightly brushed aside Canadian concern about the preference on manufactured goods, saying that they constituted only ten per cent of Canada's exports to the United Kingdom. There was no question then of new tariffs being imposed on Canadian goods, but only of their losing preferential treatment. Now goods described as "manufactured" by the international classification, which includes many semi-fabricated products, constitute more than forty per cent of Canadian exports to Britain, and these goods account for practically all the increase of the last two years. The threat is not just the loss of preference, but the loss of free entry to the British market and the substitution of the same tariff as applies to products from the United States.

Even in 1956, when British currency controls still excluded most Canadian manufactures and when Canadian policy, under the direction of the late C. D. Howe, was obsessed by resources development and the export of unprocessed and semi-processed materials, far-sighted Canadians were worrying about the export of fully manufactured goods. Now, when Canadian manufacturers have had a short run at the British market with highly promising results, it is profoundly annoying to read British comments dismissing their prospects as insignificant. Moreover, it comes at the worst possible time. Mr Howe's former post is now occupied by a former Toronto manufacturer, Mr George Hees, who is vigorously pushing an export promotion drive which has surprised many of the smaller manufacturers by revealing opportunities open to them in the United Kingdom as well as other markets.

To say that Canadian sales to Britain of finished manufactures, like women's clothing, household appliances, chemicals, machinery and plastics, are still small is quite beside the point. Of course they are. But Mr Fleming would be justified in reminding Mr Sandys of repeated statements by the last three Presidents of the Board of Trade that Canada could sell in Britain many "North American type" goods. In this field the preference is vital, if only because so many Canadian manufacturers are subsidiaries of American companies.

This, of course, is not the only field of Canadian concern. Bulk exports remain fundamental. But, so far as metals are concerned, negotiations with the common market have gone moderately well; the threat to the forest industries comes from Efta rather than the EEC and has already been accepted; grains remain in the unpredictable sphere of agriculture. Canadian concern about agriculture and food products is much wider than bulk grain shipments. Again, it is not the total value of exports which matters, but the role which they play in the Canadian economy. Tobacco is vital in parts of southern Ontario, apples in Nova Scotia and British Columbia, canned salmon on both coasts, cheese in rural Ontario and Quebec.

WHEN Britain reaches the stage of detailed negotiation, Canadians should be ready to calculate what kind of concessions from the common market might compensate them for the loss of their present favoured position in the United Kingdom. Saner voices in government councils are trying to prevent rigid opposition to any and every possible British approach to Europe, because they expound the long-term view. But the Diefenbaker government is chiefly preoccupied with short-term political prospects.

In any event, the opening salvoes should not obscure the harsh realities of hand-to-hand combat which must ensue when the two ships of state grapple. Canada is still a more undeveloped country than most Canadians were ready to admit in the euphoria of the 1950s. It is in the middle of a major and structural economic crisis for which the most essential cure is the development of more secondary industries under Canadian control. Admittedly, Canada's need to develop secondary industries will from time to time lead to proposals like the highly ill-advised recommendation for a ten per cent duty on British cars made by Professor Bladen after his appointment as a one-man royal commission on the troubles of Canada's wholly American-owned automobile industry. In this respect Canada was not ready in 1957, and is still not ready in 1961, to take Britain's offer of a free trade area as a basis for negotiation. These facts could have been made much clearer. But if Mr Sandys is to prove that he is no tiger, but only Bottom the weaver, he must accept that young ladies from Niger or anywhere else may have excellent grounds for apprehension, even if their fluttering appears excitable.

Our Job in Angola

Britain can no longer turn a blind eye on Portuguese reprisals and repression

"*Ubi solitudinem faciunt, pacem appellant*": so Tacitus, in the course of the greatest denunciation of imperialism ever written. In northern Angola the Portuguese attempt at pacification involves, according to missionary eye-witnesses, the indiscriminate slaughter of men, women and children. The Angolan rebels, it is indeed true, began the beastly massacres; the Portuguese minister of defence regards them not as human beings but as "savages and wild beasts." But this cannot justify the bombing and machine gunning of villages, or the firing of the jungle grass so that the Africans can be burned out like game. The Baptist Missionary Society's estimate that at least 35,000 Africans have been slaughtered may well be too high. But 103,000 people out of a total African population of 4½ million have found it desirable to flee into exile. Statements by the refugees make it plain that most of them are fleeing from the Portuguese, not from the rebels. If the Portuguese had the confidence of their subjects they could have persuaded them to remain in Angola, and enlisted them in their counter-terrorist campaign—as the British did in Kenya.

But the wrongs done in Angola are not all of commission. Portugal has never made a serious attempt to improve the lot of the main mass of its subjects. Its record was exposed by Senhor Henrique Galvão in the famous report that led to his quarrel with Dr Salazar. Perhaps the most telling detail in that report was the revelation that the population of Angola, under the strains of Portuguese rule, was actually declining, chiefly through the process of clandestine emigration by which Angolans abandoned their own country for what they hoped would prove more agreeable conditions in the Rhodesias—and South Africa. As the illiteracy rate is 98 per cent, the infant mortality rate 60 per cent, and the average wage for Africans £20 a year, it is not surprising that Dr Salazar should feel that, in the matter of "assimilating" native Africans, the Portuguese "may have erred on the side of excessive caution."

It is by now generally accepted, even by the British Government, that such a record is the proper concern of the United Nations, guardian not only of international peace but of the Universal Declaration of Human Rights. It is for this reason that the UN set up a sub-committee to investigate the situation in Angola. So far the committee has not had much success. Its authority has been repudiated by Dr Salazar, and, although its chairman has been invited to Lisbon, it is unlikely that he will be allowed to go to Luanda. (Since the invitation to Lisbon was sent to him in his personal capacity—he is Bolivia's representative—it may not be possible for him to go even there.) Eventually, however, the committee will report, and if, as seems likely after his speech of June 30th, Dr Salazar continues to stand pat, the UN will be faced with the hard question of what to do next.

Military action is out of the question. Economic sanctions may therefore look tempting to many countries. Unfortunately for the West, including Britain, the responsibility for implementing economic sanctions would fall mainly upon western shoulders. Sixty per cent of all Portugal's imports and exports come in trade with European countries; Great Britain, the United States and west Germany account for 45 per cent of its exports and more than 40 per cent of its imports. There is the additional embarrassment that Portugal is a member of the North Atlantic Treaty Organisation. Already the conviction is widespread in Africa and the Middle East that it is Nato that has enabled France to pursue the Algerian war for so long. The suspicion is spreading that Nato, similarly, enables Portugal to fight the Angolan war. Britain has the extra load to bear that she is Portugal's oldest ally (and as such has already incurred Mr Nehru's censure) and that Portugal's only sympathisers in Africa are to be found in the Central African Federation and the Republic of South Africa—to both of which the British Government supplies arms.

If the United Nations asks for some action against the Portuguese, the demand may be awkward for the West but it will be hard to resist—the more so since the United States has, since March, been consistently liberal on the issue, thanks to Mr Stevenson's appreciation of the feelings of the anti-colonial powers. The words and actions of both France and Britain show that their governments recognise this. France has publicly urged Dr Salazar to "draw the necessary conclusions" from the fact that the French make no distinction of race and from France's belief that this principle must prevail throughout Africa. Lord Home dropped some gentle hints during his visit to Lisbon, and has since made it clear in the House of Lords that Britain cannot, for the sake of legal niceties, continue to abstain from voting for UN resolutions which express the world's distress at the events in Angola. Both nations' declarations must be understood as a clear warning to Dr Salazar that they will no longer be able to afford to appear to be on his side unless there is a change.

It is good news that the British Government has at last woken up to the situation. But Britain's reputation will not be redeemed in the eyes of the African world merely by the imposition of an embargo on the sale of arms to Portugal's overseas territories, especially as Mr Macmillan's reservation in favour of Portugal's "reasonable military requirements as a Nato ally" opens a gaping hole in the embargo. A willingness to vote with the majority in the UN is no substitute for action designed to bring the Angolan emergency to an end.

THE British Government may be missing a great opportunity over Angola. If it had the courage of its convictions, it might, basing itself on its own unequalled record as decoloniser, take the lead in persuading Dr Salazar of the course of wisdom. It ought not to be deterred by the memories, which Dr Salazar's apologists evoke, of the Mau Mau uprising in Kenya. Not all that was done in Kenya during the emergency was well done; but the success of Britain's comparatively liberal policy in the colony since then gives the British special warrant for urging a similar course on Portugal. It may be too late; it is very hard to see how Mr Roberto Holden, or any other Angolan leader, can ever now agree to work with Dr Salazar or his associates; but the attempt should be made.

Pressure should be brought to bear on Lisbon to admit the UN sub-committee—and with it the international press—to Angola. Proposals for a generous programme of aid and reconstruction, leading to eventual independence, should be worked out in collaboration with the United States and the United Nations—with the UN especially, because unilateral intervention by the West would risk the charge of neo-colonialism, and because it is only by keeping the nations of the world fully informed of the problem that such a rescue operation can be saved from being brought to nothing by international rivalry and suspicion. Above all, every attempt should be made to point out to Dr Salazar that, since Portugal lacks the resources to wage a colonial war for long, he stands to gain, not lose, in international security and goodwill by modifying his policies; and that the West, either by economic sanctions, or by large-scale aid, could break or make him.

This need not lead to a final rupture with Portugal. But a steady injection of diplomatic counsel might well encourage Dr Salazar to follow a more liberal, and hopeful, policy. If Britain is to give positive help in this, it must act now. To respond as late and as little as possible to pressures as they arise is to invite being found guilty by association with Portuguese repression. To take action to assist in the restoration of peace to Angola, and to ensure its future stability, is the course dictated by both humanity and good sense. The Government's responsibility is clear—and its recent small concessions to its critics show that it knows it.

NOTES OF THE WEEK

THE ECONOMY

Waiting for Go Slow

THE agony of waiting for the Chancellor's axe to fall is going to kill somebody or something soon. Mr Lloyd told the Commons on Tuesday that he "will be very surprised if the House rises for the recess without any statement on the economic position"; if that statement does not announce new measures of restriction, the City will be astounded. But apart from steps "to restrain increasing Government expenditure" at home—and, almost certainly, steps to make specific cuts in Government expenditure abroad—Mr Lloyd intimated that he has not yet decided which particular weapons he should choose from the many possibilities open to me." Fortunately, he seems to have rejected the idea of reintroducing building licences ("on the whole," he said on Tuesday, "the cons outweigh the pros"). He denied that he has yet definitely decided to use his new power to raise all indirect taxes as soon as the enactment of the Finance Bill arms him with it; but Sir Edward Boyle has told a television audience that the Government has "learned the lesson" that it is better to place more reliance on fiscal policy and less on monetary policy.

Where a Conservative minister thinks he has learned that lesson from is puzzling. The Tories' main experience of using fiscal policy as a mid-financial-year regulator was five or six years ago—with Mr Butler's singularly unsuccessful autumn budget in 1955 (which involved almost exactly the same kind of action as use of the new indirect tax regulator would involve now) and Mr Macmillan's "additional measures" the following February; the economy thereupon entered upon its longest-lasting period of stagnation, and also managed to run into two more sterling crises in successive years. The times when the Tories progressed most quickly from emergency to healthy reexpansion were in fact on the only two occasions when Bank rate was raised by more than 1 per cent in a single jump—under Mr Butler's Chancellorship in 1952, and Mr Thorneycroft's in 1957.

Whatever short-term measures are used this time, they are unlikely to bring lasting relief unless they are accompanied by radical new departures in long-term policy. The Government must know perfectly well what are some of the new departures required. First, and possibly significantly, complaints about restrictive practices have begun to find their way back into ministerial speeches; but to mount an assault against these practices both by management (e.g. resale price maintenance) and labour would obviously require time while complicated legislation was drafted. Secondly, and more quickly, competition could be encouraged at home by a sizeable cut in Britain's tariffs; there are signs that this may be done. But, thirdly, the real question will be whether the Government enters the lists this year against wage inflation—by vetoing exorbitant public sector wage increases and by seeing that the Ministry of Labour's arbitrational mechanism no longer encourages exorbitant private sector wage increases as well. Resolutions from a dozen union conferences in a dozen different seaside pavilions have made it clear that the trade unions would not co-operate in this, but the probable implication should be faced and accepted. It may well be that the British economic miracle will only get going after the country has overcome some large official strikes.

EARL EDEN

Four Years On

SIR ANTHONY EDEN left office in circumstances that denied him (and his critics) the normal congratulations addressed to any occupant of No. 10 Downing Street at the conclusion of his ministerial career. This may not be of particular importance to him personally (Sir Winston Churchill was denied the first fruits of the leader-writers' labours in 1955 by resigning during a newspaper strike), but in Sir Anthony's case the circumstances also prevented the balanced assessment of his qualities and services that was his undoubted due. His decision to accept an earldom four and a half years later provides the country with an opportunity to make some necessary amends.

History, with its hindsight, is likely to see Sir Anthony as the British Prime Minister who succeeded to an impossible political job. In the first place, he was the immediate successor to the greatest of Englishmen, so that if he had at once tried to play the role of party and national leader with inspirational éclat—bedecked, say, in Mr Macmillan's type of Edwardian waistcoat—he would have been told that he did not measure up to Churchillian heights; and when he did try to play that role with administrative zeal, the newspaper critics groaned that he was prosaic and dull.

Secondly, in the final fatal crunch, Sir Anthony was the prime minister who happened to preside over British fortunes in the hour when the natural decline of British power was revealed to an extent that had been, even in the earlier crises of the 1950s, unsuspected by friend and foe alike. It was his personal misfortune that the country (and, in the decisive moments, his own party) demanded more of him as prime minister than he—or, in retrospect, any other candidate for his job at that time—could conceivably have given. To say that his former great powers were already failing when he succeeded in 1955 is simply untrue. It may be some deserved satisfaction to Sir Anthony now that his policy in the Indo-Chinese crisis of 1954, one of his last major tasks at the Foreign Office, has been increasingly recognised, not least in the present actions of the British and American governments, as a model of diplomatic sense

and realism. In the balance of achievement it is only one of the counts that deserve to weigh heavily in the scale together with his brilliant record in the years between 1935 and 1945.

Sir Anthony has said that he will now feel able to take part in debates in the Lords. As the Conservative rank and file's reception of his speech at Wetherby last month showed, he will be assured of a wide audience there. It is true that the part of a retired leader who remains in parliamentary life carries its own problems and restraints—and never for a moment should they be forgotten. Even so, if something of the example of Lord Balfour, the predecessor with whose political career his own may most bear comparison, may be ventured upon, one may hope that Sir Anthony is by no means at the end of his counsel and thus service to the country.

ISRAEL

Chariot of Fire

That the Holy Land should have become a launching ground of rockets is a startling reflection on the present way of the world. In its setting of the tensions in the Middle East, Israel's first venture into space is bound to intensify Arab misgivings, excited already by the discovery last year that Israel has a reactor larger than is needed for pure atomic research. Perhaps it is intended to cause misgivings. Israel has the right of any believedly threatened country to argue that its best defence lies in a display of strength. Nor can scientists anywhere be expected to agree that the problems of local diplomacy should stand in the path of scientific research.

For a small state with few resources, Israel's sally into space is a brilliant feat. But the rocket is small, even by the standards of the Italian, Japanese and Australian rockets built for upper atmosphere research (and is even smaller than their big bomb-carrying and satellite-launching brothers in other countries). In its present form, it is almost certainly a harmless research instrument. But the Arabs, and the world, may reasonably ask where Israel goes from here. The Israelis cannot build military rockets now; they will not be able to in the near future unless their scientists are sufficient skilled in electronics to design the necessary guidance systems. Such skill has yet to be divulged. One test for the future may, nevertheless, be applied. If the rocket is a wholly innocent scientific venture, firings should be expected to proceed at the rate of up to one a month. Anything more frequent would be decidedly suspicious, and even a dozen a year would show an exaggerated enthusiasm for upper atmosphere research in so small a country.

Probably Israel is getting technical advice from France. France fires similar rockets in the Sahara, and the now formalised Israeli-French alliance lends colour to the belief. The political aspects of this are more serious than the technical. If Israel even gives the impression of looking to a western power for help in developing nuclear weapons, the Arabs may decide to solicit some of their own from Russia. Thus, whether the Arab suspicions are justified or not, a new arms race may begin. It would be a tragedy if Israel's great scientific gifts, intended to bring peace and plenty to the Middle East, should become so turned in upon themselves that they came to carry the seeds of destruction.

CHINA AND RUSSIA

Peking Duck Egg

"No more cracks can be found in Sino-Soviet unity than on the shell of a duck egg," said Marshal Chen Yi, the Chinese foreign minister, in Geneva this week. He had been nettled by reports, in a dissident French communist journal and (from the apocalyptic pen of Mr Isaac Deutscher) in the *Sunday Times*, of a warning sent by the Russian leaders to comrades in various countries against Chinese attempts to win backing for Peking's policies against Moscow's. The marshal's egg seems to have something in common with the curate's. Its surface may show no yawning fissures; but is all well within?

While China was marking its communist party's fortieth anniversary with due pomp on June 30th, the Soviet leaders, far from appearing in Peking, spent the day discoursing to North Korean visitors about Russo-Korean bonds, without, apparently, mentioning China's considerable role in the preservation of the Pyongyang regime. True, the air between the communist capitals was full of goodwill messages; but no personal message from Mr Khrushchev to Mr Mao was reported, and compliments to Mr Mao were notably lacking in Soviet and east European statements on the Chinese anniversary (Albania always excepted; Rumania, interestingly, provided the only other exception to the cool rule). Several of these statements included pointed reminders that China had signed last November's Moscow formula on peaceful co-existence (the reported Russian circular accuses China of going back on its signature).

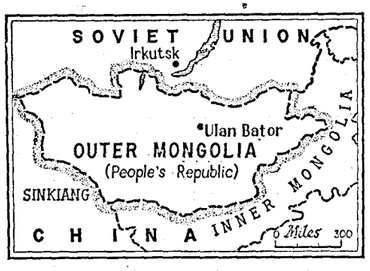
Soviet aid for China was stressed in the Soviet statements, and ignored in the Chinese ones. Moscow's foreign trade journal has just revealed that China, in its 1960 trade with Russia, ran up a debt of $320 million, which is to be paid off mainly in the years 1963-65, and that China is not now selling Russia any of the meat, eggs, rice, soya beans and oils that were formerly among its export staples, while Soviet deliveries of machinery to China have been correspondingly slashed. "China is too big to be anybody's satellite," were Marshal Chen's proud, if not too well chosen, words in Geneva this week. One may yet wonder whether, if China's economic sorrows had not restricted its freedom of manœuvre, the cracks in the Sino-Soviet egg might not already have gaped more widely.

Bone in Mao's Throat

It is surely no accident that *Pravda* reported Peking's festivities on a back page, keeping the front for a build-up of the Mongolian communist party's fourteenth congress; nor that no Soviet dignitaries were spied in Peking last weekend, while Ulan Bator this week had the pleasure of the redoubtable Mr Suslov's company, fresh from his vigil at the Indian communist conference that saw the Peking faction lose a bitter bout with the Moscow one.

If Berlin is the bone that sticks in Mr Khrushchev's throat, then Mongolia must feel the same in Mr Mao Tse-tung's. Although Outer Mongolia, as it is still widely known, rebelled against Chinese rule in 1911 and proclaimed its independence ten years later, neither Chiang Kai-shek's Nationalists nor Mao's communists have ever reconciled themselves to its separate existence, whatever the Sino-Soviet treaties of 1945 and 1950 may have said. In Inner Mongolia—still firmly within China's borders—the Chinese have swamped the local population, both by massive immigration and by a drastic revision of the Mongolian autonomous region's boundaries, so that the region now numbers seven Chinese to each Mongolian. New Chinese text-books were introduced early last year and the hours of study in Chinese were increased in the schools.

Even in the Mongolian People's Republic (Outer Mongolia)—always a Soviet satellite—the Chinese communists seem determined to compete with Soviet influence. Both Soviet and Chinese economic aid programmes for Mongolia are on a huge scale,



considering the smallness of the population—about a million—and its pastoral character. During the past five years, Soviet credits have totalled about $350 million; China's contribution has understandably been much smaller—about $115 million—but modest only relatively to Russia's. It can scarcely be doubted that these economic efforts reflect an underlying rivalry in foreign policy. And now President Kennedy is reported to be considering the despatch of an American ambassador to long-unrecognised Ulan Bator; the Outer Mongolians must be wondering if they have enough fingers to count their wooers on.

KUWAIT LANDING

Brush-fire Capacity

The swift British military build-up in Kuwait, to some 7,000 men by Thursday, is a demonstration that the Middle East forces can carry out a set-piece if they have to. This was evident, on an appreciably smaller scale, in the air lift for 2,500 men from Cyprus to Amman in 1958. Now the use of sea power in the Persian Gulf, including the commando carrier *Bulwark* and the amphibious warfare squadron from Bahrein, has provided the Kuwait intervention with a much more substantial punch. This has given a boost to Britain's pretensions to conduct a sizeable brush-fire operation, and shows that small friendly regimes can be propped up if they ask for help in good time. Nevertheless, some awkward questions remain after the congratulatory signals have been passed round. Would the British air lift have looked at all adequate if General Kassem's armour had begun to roll forward last Saturday? Would there have been sufficient tactical air support if the marines had had to make an opposed landing? Moreover, the geographical course of the Kuwait operation has underlined the growing political limitations on strategic mobility in the Middle East theatre. The 2nd Parachute Battalion was flown in Britannias from Cyprus to the Gulf, using the air space of two Cento members, Turkey and Persia, but the Cypriot government is clearly nervous about upsetting Arab opinion in the future. Within a year or two, it may be necessary to write off the Nairobi base, where the 24th Infantry Brigade has been stationed as a mobile theatre reserve, and Southern Rhodesia (assuming political stability) is too far south for convenience. Just as the passage of the Mediterranean fleet through the Suez canal has depended this time on the United Arab Republic's current political tack, so Arab and neutralist African air space could present a serious barrier in future emergencies.

This trend adds weight to the argument that seaborne task forces, employing commando carriers and the advanced type of tank landing ship, and with their own air cover will have to play the chief role east of Suez both in independent operations and in support of Cento and Seato allies. The advantage for the local commander is that he can keep his force below the horizon when a crisis first looms up, and still be able to move in rapidly with heavy equipment in the initial landing whenever necessary. Mr Watkinson has seen the need to increase this capability, and the second commando carrier, the *Albion*, will be ready next year. But new vessels, particularly among the landing craft, are urgently required if operations in less favourable circumstances than at Kuwait are to be given a fair chance of success.

UNION CONFERENCES

Coal and Rail

With the new chairmen of their industries firmly in the saddle, the railwaymen's and the mineworkers' unions held their annual conferences this week in Scotland and in tranquillity. Uproariousness was left to an outsider, Mr Ted Hill, making his fraternal address to the miners as this year's chairman of the TUC. Casting aside his favourite role as the lovable old eccentric, and appearing instead as a heedless old troublemaker, he appeared publicly to pooh-pooh ballot-rigging in the unions and said that unofficial strikes, which the miners' president Mr Ford had just attacked, can sometimes be a good thing; he thinks that they can give workers a nice rest. It was left to Mr Will Paynter, the miners' communist general secretary, to prove that the left wing need not be the lunatic fringe by making a careful plea for a wage structure in the mines which would give fair incen-



Mr Hill: eccentric or heedless?

tives to men working with the new powered equipment that the coal board is busily installing throughout the country. With Mr Ford to do the denouncing, and with Mr Paynter to work out the painstaking details, it looks as though Lord Robens (who was realistic on costs and prices when he spoke on Thursday) can at present look forward to co-operation from the union—despite the conference's approval of the inevitable wage claim. Mr Gaitskell, anyway, is sure of co-operation after the resounding repetition of last year's vote on multilateral disarmament.

Dr Beeching at the Transport Commission offers a far more tempting target to trade union orators than Lord Robens at the coal board. But in attacking the idea of decentralisation on the railways, delegates could make only hazy onslaughts on what are as yet hazy proposals. Significantly, many of them pointed to the shortage of staff on the railways in certain areas (but nobody suggested that this might make a case for regional wage differentials). The union leaders are in a restless mood and seem to have largely persuaded themselves that the days when Sir Brian Robertson was their boss were a golden age, and that Mr Marples (in particular) and Dr Beeching are the appointed and gleeful gravediggers of the whole railway industry. If they see an issue on which they could count on any measure of public support, they might well act dangerously under pressure from the middle-rank union officials. But the defeat of these militant ncos over the unilateralist issue—or rather their reduction to a state of complete bewilderment during the voting—may suggest that the rather more right wing union executive is well able to bend the union's impulses to its own sober will.

FRANCE

Murky Marks

Examiners who unjustly fail no more than five hundred pupils out of seventy thousand taking the examination—less than one per cent—cannot be regarded as monstrously culpable creatures; but the outburst of fury and distress that followed the announcement of the results of the *baccalauréat* in the Paris area (results which at first seemed more unjust than, in the end, they proved) nevertheless had good causes. The *bachot* dominates the consciousness of French parents and children even more than the 11-plus does that of the English. To pass it is to obtain at once a certificate of education, like the British "A" level, and the passport to university. It is so indispensable as a career-opener that a special word, *bachotage*, is used to express the technique which enables the lazy or less intelligent to squeeze by; and crammers' establishments, known as *boîtes à bachot*, exist solely to coax them through it.

The discovery of muddle and injustice over the *baccalauréat* 1961, therefore, came as a painful shock. Deliberate "marking down" may have been on a small scale; muddle seems to have been widespread. Pupils were told that they had received 87 marks out of 60 for history and geography; examiners in Spanish were given Latin papers to mark. The confusion seems to have arisen from the government's laudable aim of speeding up the process by which marks are decided on and announced, and of eliminating the oral examinations in July, and the supplementary exam in September for those who have failed the first, so as to remove a blight from the summer holidays.

But the result, as the teachers had warned the minister of education, was disastrous. Paid less than half-a-crown an hour for the job, with their ordinary teaching still to do, and having to cram the assessment of one-and-a-quarter million examination papers into three weeks, the teachers understandably made mistakes. The wonder is that they made no more. The blame, as a result, is being turned upon the government, which is accused of cheeseparing in its financial

allotments to education, and of being overhasty with its reforms. The need for reform, however, is generally admitted. No one approves the prevalence of *bachotage*, or the strains involved for those sitting this two-in-one examination.

PRISON SENTENCES

After Blake's Appeal

CRUEL and unusual punishments are expressly forbidden by the eighth amendment to the American constitution; and while English law contains no such formal prohibition it has always been understood that the courts will not pass sentences of such a length as to make it probable that a man will die in prison. This principle has been supplemented by the policy of the Home Office and the Prison Commissioners. When a man has been sentenced to life imprisonment — which is, in theory, the heaviest prison sentence that the law recognises — successive Home Secretaries have used their discretionary powers of release in life sentences to ensure that criminals are not kept in prison for so long that their moral and physical deterioration would prevent them from returning to the life of the community. On these grounds alone the specific sentence of 42 years imprisonment passed on George Blake, which this week has been confirmed by the Court of Criminal Appeal, would be open to grave criticism, since even if he earns his full remission for good conduct he will not be released from prison until he is nearly 70.

But the sentence is open to further objection. Under the Official Secrets Act the maximum penalty which Parliament has laid down for spying is 14 years. To pass consecutive sentences of 14 years on different charges in the indictment, and so impose a penalty in excess of this, is in effect to evade the will of Parliament; when Fuchs pleaded guilty to four charges under the same section of the Official Secrets Act in 1950, Lord Goddard felt constrained to pass the maximum sentence on each charge, but ordered that they should run concurrently. As the Home Secretary has no discretionary power of release when a specific sentence is passed, Blake will be worse off under his present sentence than he would have been had Parliament laid down a life sentence as the appropriate penalty for spying. Mr Justice Hilberry's point this week that a life sentence always remains in force and that the Home Secretary can release only on revocable licence is purely academic since no prisoner so released has ever been recalled. His claim that the sentence was necessary as a safeguard to this country seems odd as Blake would obviously never again have access to secret information; and not everybody will agree that one can deter future communist spies by making Blake's sentence so apparently savage. What the sentence is more likely to achieve is a diminution in respect for British justice —which has been admired, as Blake's counsel pointed out in his closely argued plea before the Court of Criminal Appeal, precisely because political considerations have for long been contrary to its genius and spirit.

TECHNICAL AID

Under-developed

MR VOSPER'S new Department of Technical Co-operation will have to struggle hard to make itself anything more than ordinarily useful. The department will be a source of information, and it will provide the experts, advice, and technical assistance that are at present sent to overseas countries by the Foreign Office, the Colonial Office, and the Commonwealth Relations Office. Mr Vosper will have £30 million to spend this year, taken from the budgets of the three senior departments; the disadvantage is that each of the three senior ministers will be looking over his shoulder as he spends it.

Such a department should co-ordinate Britain's technical assistance overseas, and at the same time achieve the publicity that earns a donor country the thanks for the job. President Kennedy proposes to do the same thing more grandly (and more sensibly) by putting most forms of American aid—including gifts and loans of money—under a single agency. The British Government has fought shy of this idea on the grounds that money-giving involves political decisions that should be taken by each of the three overseas departments. But, as the Americans have begun to learn, all aid should be co-ordinated on an international scale; backward countries need the planning security given by guaranteed payments spread over several years. Mr Vosper's new department should be promoted and given responsibility over the distribution of capital as well as technical assistance.

As it is, its task will be to smooth over the difficulties of pride that affect newly independent countries which have previously received their technical assistance from the Colonial Office and must now be transferred to the Commonwealth Relations Office. The department must also see that the new Commonwealth countries are not neglected altogether because they are no longer colonies. Equally important, it will have to decide orders of priority in giving technical assistance. Sir Andrew Cohen, who is likely to be the department's first Director-General, is exactly the right man for this job. He, and the department, should be given more to do. Otherwise the new department is likely to be looked on in the Civil Service as little more than a convenient way of finding a new home for at least one part of the Colonial Office's staff.

SCHOOL EXAMINATIONS

Beloe Upheld

IT looks as if the pressure building up around Sir David Eccles to implement the Beloe report is becoming irresistible. The Minister of Education has been manifestly reluctant to bring in a new school leaving certificate for children who are insufficiently bright to sit for the General Certificate of Education, but who is left on his side? The Secondary School Examinations Council, in a report this week, has upheld the Beloe recommendations against allcomers, with only minor reservations on organisational matters, including the type of regional examining body that should be set up. The council has confirmed what the Beloe committee reported: that any sixteen-year-old who can possibly pass a local or national external examination, however dubious its standards or whatever its influence on the syllabus, is already being thrust forward willy-nilly by the combined force of parents, teachers and prospective (usually small-scale) employers. It is no longer useful, the council says, to debate whether fifth-year secondary pupils should be examined. The real issue is how best these examinations can be adapted to suit the grade of pupil most likely to sit them.

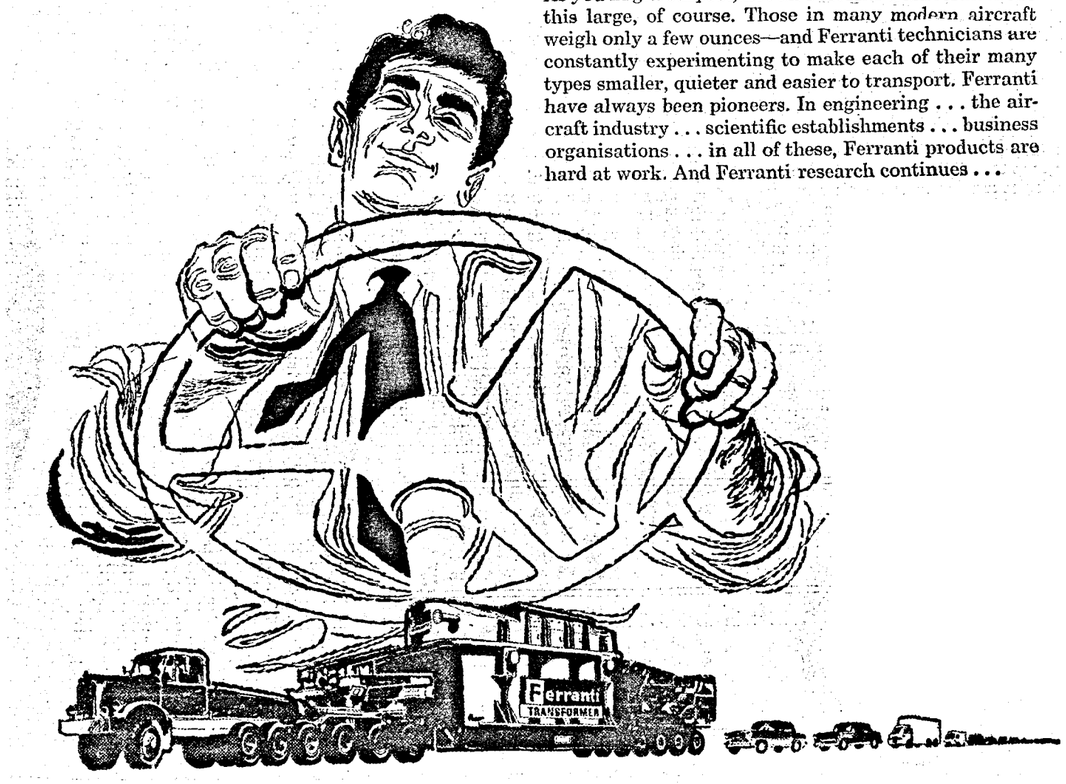
The pupils concerned, as the council sees it, are in the middle strata of intelligence. They do not belong to the upper 20 per cent (the grammar school stream) for whom the GCE is designed, but near the top of the secondary moderns (just below the exceptional children there who do succeed at "O" level) there is a second 20 per cent who could aim at a lower leaving certificate in a number of subjects, and a third 20 per cent below them who might pass in individual subjects. Children of even more limited academic pretensions do not, at present, stay on beyond the leaving age in any numbers, although they may well present a problem in the future. Further stratification inside the schools, and further rigidity of their syllabuses, are among the troubles that the Minister presumably fears if he gives way.

The best, and perhaps the one sound, argument for a Beloe examination is that it may encourage more pupils of middling ability to stay at school for an extra year. The SSEC has wisely declared against entering fourth-year pupils, and against having compulsory subjects. The prime need is for flexibility at all stages and to see that nothing is done, for the sake of a scrap of paper to be read mainly by proud parents, to stop the evolution of, and constant experiment in, the most fitting educational syllabuses for pupils of this calibre. Before Beloe becomes a practical possibility it is highly desirable that there should be more time for local experiment and that the Beloe report's own call for a central research and development unit for school examinations should be implemented.

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EAST AFRICA

Summer Saneness

MR JULIUS NYERERE is no longer the only East African with a smile on his face; even the corners of Mr Tom Mboya's mouth are beginning to twitch. Talks held in London and Nairobi during the past three weeks have brought Kenya, and with it the whole of East Africa, to one of its hopeful periods again. This one may last. The two African parties in Kenya have, on instructions from Mr Jomo Kenyatta, stopped abusing one another. Mr Ngala, the leader of the minority party and the head of the government, has seen Mr Macleod and the governor, and has subsequently said that Mr Kenyatta's return to his house near Nairobi "will soon take place."

Leaders of both parties are meeting the governor in Nairobi to talk about moving Kenya to internal self-government in 1961; if, on top of that, Mr Kenyatta is given his complete freedom he could lead a majority government of Kenya to a conference on federation before Christmas (and perhaps before the more difficult conference on the Rhodesian federation). Uganda's constitutional talks in September remain a hurdle, but an advance was made on Monday when the colony was granted a chief minister and Mr Benedicto Kiwanuka, the leader of the legislative council, was appointed to the post.

Even more helpfully, the East African leaders agreed at their London conference on the future of the East Africa High Commission to create a new body—the Common Services Organisation—which will effectively transfer power from the Colonial Office to representative ministers from the three territories. The new organisation will be run by a triumvirate of the three "principal elected ministers"—Tanganyika's prime minister, Uganda's chief minister, and, with luck, Kenya's chief minister if Kenya gets one in time. Services formerly provided by the High Commission will be run by four committees of three ministers apiece, one from each territory. There will be a central legislative assembly made up of the twelve ministers running the services and nine members from each territory elected by the territorial legislature, as well as two officials. Services may be provided to Zanzibar on an agency basis. These arrangements could be an effective foundation for a federation; the fact that they have been made is a striking example of the desire for unity in all three territories. Before the year is out, the Colonial Secretary himself may be able to smile again.

SOUTH AFRICA

How to Influence People

LAST week, not two months after the new Republic of South Africa left the Commonwealth, the members of the International Labour Organisation asked South Africa to leave their company too. The republic refused to go, and there is no way of making it go. This fact is perhaps the only one in favour of motions for the expulsion of South Africa from UN agencies; where there is no way of enforcing such motions, they are a means of registering the world's disapproval of apartheid. But it would be a pity if South Africa really did leave these agencies, or the UN, for then the world's contact with Dr Verwoerd, and its hope of influencing him (forlorn as that may be) would be destroyed.

Not quite all alone, the new republic is doing its best to keep the few friends it has, and to seek new ones. Pushing aside their distaste for people who are less white than themselves, South Africans are doing business with Japan and even contemplating playing rugby in Tokyo. Trade deals are being sought with some authoritarian governments in east Asia. South African Airways is practising non-stop jet runs to Europe, in case a completely black Africa carries out its threat to close all airfields to South African planes.

Mr Fouché, the South African minister of defence, left Britain on Monday after talks about military pacts and buying arms; there can be little information about what he has achieved until Mr Macmillan is asked about it in the Commons—and there is no guarantee that there will be any information about it then. But South Africa, in need of military friends, is thinking in terms of a pact with its natural allies in Africa, the Portuguese: Mr Fouché has gone on to Lisbon. Southern Rhodesia, dangerously, is toying with the idea of transforming the present white gentlemen's agreement in the southern part of the continent into a formal pact with South Africa and Portugal. The British Government must not get into the kind of muddle over South Africa that it finds itself in over Angola. It must do its best to keep Southern Rhodesia out of such a pact, and it must not give Dr Verwoerd any military assistance that helps to preserve apartheid.

CRIME

No Compensation?

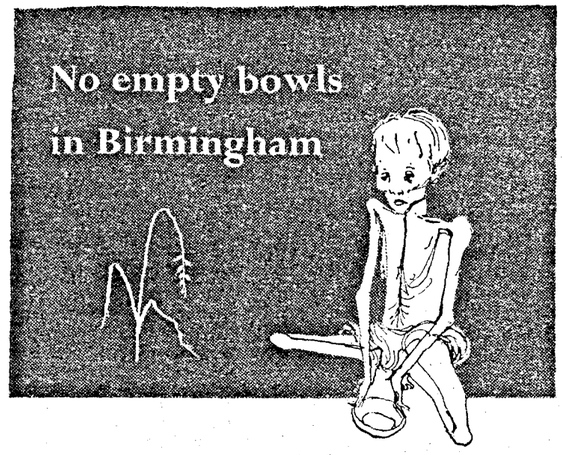
THE report (Cmnd 1406) of the working party set up by the Home Secretary to examine proposals for compensating victims of crimes of violence is a disappointing document, which admits rather grudgingly that two types of scheme might conceivably be put into practice. One, it suggests, would be similar to the National Industrial Injuries Scheme with awards made by a special tribunal; the other would enable victims to claim compensation directly from the Home Secretary with an ultimate appeal to the courts. The first scheme would have the advantages that it would operate more quickly and would be less intricate for claimants. The second, it is suggested, might provide a better mechanism for picking out deserving cases from undeserving ones, a point that has some importance since quite a considerable proportion of modern crimes of violence—the statistics of which have been so widely publicised—are in fact crimes against victims who bear some blame themselves. It would not be a very good idea to allow two rival street bookies' razor gangs to live off public funds provided as a recompense for being successively slashed by each other.

The Economist

JULY 6, 1861

STRIKE IN THE BUILDING TRADES

The present strike in the building trades brings strikingly into view the utter futility of the last. On that occasion a nine hours' day was the single *sine qud non* contended for by the men. They alleged that they were overworked; that they wished for recreation; that they wished to have time to improve their minds; that they wished to have relaxation not on *selfish grounds*, but in order to become better working machines for the benefit of their masters. . . . *We always alleged that the strike*, of which the professed principle was then expounded, was only a strike for higher wages, and that the working men did not much desire briefer hours or more protracted rest. The event has proved the correctness of our conclusions much more conspicuously than we could have hoped. A nine hours' day has been conceded to the workmen, and they refuse to accept it. Many of the masters in the building trade are now willing to pay by the hour; and this of course would permit the workmen to leave off work if they really wished for relaxation, at the period at which they began to want it. But the money difficulty is too distinct. If they were paid by the hour, the working men would not get the same wages for a nine hours' day as for a ten hours' day, and this they do not wish for. The assertion that their wages afford no more than the bare *means of subsistence* is simply contrary to the real facts. An industrious workman in these trades can earn more than 30s. a week—more than thrice the amount upon which a bare *subsistence* can be, and in the agricultural districts is, unfortunately, supported. If we consider the present strike, solely in reference to the history of the last, we shall not be long in deriving an irrefragable inference from it:—we shall say it proves the secret aim of the latter to have been an enhanced remuneration, not a diminished employment.



HUNGER in a British city is now rare, but had you been born in India, Hong Kong, Algeria or a dozen other places, you would probably be desperately hungry. You would be ill from undernourishment, unable to plant the food you need, likely to die before 30.

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We could do much more if we had more voluntary helpers—in universities, schools, offices and in every town and village. Write for details.

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But the difficulty of making distinctions is not one that should be regarded as impossibly daunting. Nor should the Government be put off by the fact that a successful scheme for compensation for crimes of violence might then lead to demands for compensation for crimes against property; one of the advantages of starting off with a limited scheme would be to see how it worked, and how far—if at all—it should be gradually extended to cover other types of offences. The cost of an initial experiment would be tiny. Cmnd 1406 estimates that its suggested "industrial injuries scheme" would cost only £955,000 a year and its courts scheme £1,500,000, a substantial part of the extra money required for the courts scheme being accounted for by extra administrative costs.

The weakest sections of the report are those dealing with the recovery of money from the criminal for payment to the victim, which it pays lip service to as desirable but implies is impracticable. Certainly most offenders would not have the means to make reparation and if sent to prison would be deprived of the opportunity of finding any. Yet this could be in part remedied by raising wages in prisons to a level comparable with those prevailing outside. On this point the report is virtually silent; indeed it shies away from the whole idea of reparation on the Eldonine ground that it would involve a rethinking of our present philosophy of penal treatment. Yet this is exactly what is supposed to be going on at the Home Office and is what Miss Margery Fry had in mind when she first put forward the proposal in respect of which this committee has now laid its very small egg.

SPAIN

Democrats Unite

SPANISH republicans in exile, who subscribed to a pact of union earlier this year, have now had the pact confirmed and expanded inside Spain. The underground socialist party, together with the movement for Catalan autonomy, some left-wing christian democrats and other republican groups, published a joint manifesto in Madrid last week announcing the formation of a Union of Democratic Forces. Its aim is to fight General Franco's dictatorship "by all useful means" and to set up a provisional government which will try to find out how the Spanish people want their country to be run.



Cardinal Pla y Deniel: Support for democrats

The union describes itself as "left of centre," but says it is as firmly opposed to communism as to any other form of totalitarianism. Although republican in sympathy, it is ready to co-operate with liberal monarchists and will accept a constitutional monarchy if a free vote shows that the majority of Spaniards want this form of government. Significantly, one leader of the liberal monarchist movement *Unión Española* has welcomed the new organisation as a step towards the union of all Spanish democrats. The inclusion of the christian democratic left wing in the Union of Democratic Forces is interpreted as meaning that, if a republican regime succeeds General Franco, the church will not oppose it. The Spanish christian democratic movement is still small, but in the right conditions it might grow rapidly; it is the political projection of the mildly left-wing Catholic Action fraternities for workers and youths, and enjoys the discreet support of Cardinal Pla y Deniel.

This move towards unity among democrats has been accompanied by another. The three non-communist trade union movements which commanded the allegiance of the majority of Spanish workers until 1938—the socialist, syndicalist and Basque groups—have also concluded an alliance. Their aim is to re-establish free trade unionism in Spain and—when they can—to take over the property and other assets of the Falangist *sindicatos*, the official "vertical trade unions" in whose favour their property was seized in 1938-39. An unstated purpose of their alliance is to prevent the communists—who are known to be trying to infiltrate the official trade union bureaucracy—from getting in first.

NATIONAL ASSISTANCE

Portrait of the Poor

THE latest annual report of the National Assistance Board (Cmnd 1410) provides a valuable record of the two million or so poorest people in the country. At the end of last year the board was paying out 1,857,000 weekly allowances, two thirds of them to women. About 1.3 million of the recipients were old people, another 270,000 were sick people below retirement age, 130,000 were unemployed, while the other 150,000 odd were mostly widowed or deserted or unmarried mothers who were unable to work because they had young children to care for. In all, the board estimates that only 23.5 per cent of old age pensioners were so bereft of other resources that they needed to draw national assistance last December, as did 17.5 per cent of the unemployed, 15.8 per cent of widows, and 13.3 per cent of recipients of sickness benefit; the rest are people presumed to have had some private income of their own.

But perhaps the most disturbing statistic about Britain's poor is that 732,000 of the 1,857,000 national assistance recipients were living alone; their plight must generally have been much bleaker than that of most of the 313,000 recipients who were living with grown-up sons or daughters or the 404,000 who had grown-up sons or daughters living with them.

It is a mistake to suppose that only the utterly indigent can draw national assistance; 180,000 of last December's recipients owned their own houses, and the board reports that some 641,000 had other capital assets totalling £93.4 million. But this still implies that some 1.2 million of the recipients must have been living pretty well from hand to mouth. 489,000 of the recipients were tenants of local authorities; disappointingly, only 50,000 of these were having their rents abated under differential rent schemes. The board's "ordinary scale rates"—i.e. the national minimum on which Britain now in effect judges that the poorest of its citizens can live—are 90s. a week for a husband and wife, plus dependants' allowances (ranging from 17s. to 49s. 6d. a week according to the dependants' age), plus full payment of the recipients' rent. But the board is allowed to make discretionary additions to these scales, and in approximately half of all cases last year (including three fifths of old peoples' cases) did, in fact, do so.

When a family has over five children—as 19,000 families receiving national assistance last December did—the ordinary scale and dependants' rates plus rent allowance can add up to over £10 a week. This can present something of a social problem when the indolent father of a large family finds that idleness may pay him as well as unskilled work; the board had to undertake 88 prosecutions last year to force such idlers to take jobs. Two other thought-provoking statistics from the report are that there were some 436,000 children under 16 in families receiving assistance last December; and that, in a society where workers are rapidly accumulating private resources, little more than one per cent of men involved in strikes last year had to apply to the board for help for their families while they were out on strike.

Into Europe?

The economic effects on the Commonwealth of Britain's joining the Common Market are thoroughly analysed in 'The Commonwealth and Europe'; essential reading for all concerned with Commonwealth trade and development.

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THE WORLD OVERSEAS

Disappointment on the Rhine

FROM OUR BONN CORRESPONDENT

ONE of the last acts of the Bundestag that has just finished its four-year run was to approve an allowance of DM 25 a month (about two guineas) for the second child of parents earning under DM 7,200 (£700) a year. Since this provision is retroactive to April 1st, and the paying offices need a few weeks to make the necessary arrangements, it is anticipated—indeed, it is most seriously intended—that a gratifying first bounty of DM 150 will be distributed to some 1,870,000 families early in September. On September 17th the west Germans will go to the polls to elect a new Bundestag.

All in all, it is scarcely surprising that most of the 519 deputies have left Bonn feeling pretty confident that they will be back again in the autumn. Some of them, celebrating in the parliamentary club at the close of their last hectic day of work, broke into a ditty much in vogue in Germany these days: "*Wir wollen niemals auseinandergehen*"—"We don't ever want to part from each other." Their glow of self-satisfaction may have been subsequently dimmed by the newspapers' cold appraisal of their four years' performance. "The legislative period of missed opportunities," one commentator has put it. Another says, "The last four years have been distinguished from the previous eight by a stylised boredom." Much worthy work has been done—to the tune of 430 new laws passed, in addition to some patching of faulty laws of earlier making.

Yet on the whole the criticism is true; this has been a boring parliament, in which little has been done to stir the public imagination, and in which few deputies have enhanced their reputations. The memorable but ominous highlights have been the approval in 1958 of nuclear arms (delicately labelled "the best modern weapons") for the Bundeswehr; Herr Wehner's speech a year ago through which the Social Democrats recanted their objections to west German membership of Nato; and the arrest in the Bundestag this year, and conviction at Karlsruhe for espionage, of the trusted, elderly deputy Alfred Frenzel. The legislation on which the deputies probably most pride themselves includes the taxation reform of 1958, which brought substantial relief to married couples both of whom work; the transfer of the Volkswagen works to private ownership through an issue of "people's shares"; and two laws regulating the progressive abolition of forty-year-old rent restrictions, and establishing order in urban building somewhat on the lines of Britain's New Towns Act.

The catalogue of missed opportunities is longer than that of outstanding achievements, and in the circumstances is perplexing. A party commanding (for the first time in German history) an absolute majority in parliament, and led by an authoritarian Chancellor, failed in its attempts to obtain special powers to deal with a public emergency; to make badly-needed readjustments in the sharing out of central and state government revenues; to reform the penal code and the national health insurance system; and even to rearrange the seating in the Bundestag after the model of the House of Commons. The generally accepted explanation of these setbacks is not reassuring. Confusion and delay were caused partly by the influence of the many pressure groups working in Bonn on behalf of minority interests, and partly by the obstructive pedantry of departmental experts, legal and technical, who were called in to advise the several Bundestag committees examining draft legislation. An immense amount of the dispersing Bundestag's work was done behind the scenes in committee: there were only 166 plenary sessions, compared with 221 in the years 1953-57. The Bundestag president's plan to stimulate debate by arranging for the government and opposition parties to face each other in the chamber was frustrated by some who objected to the cost and by others who feared that such a neat disposition of forces would foster the growth of a two-party system.

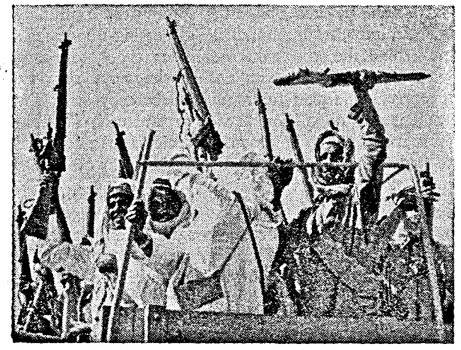
British observers cannot but think that any disadvantages that Dr Gerstenmaier's proposed innovation might entail would be amply offset by the advantages. The standard of speaking in the Bundestag is at present depressingly low. Deputies invariably read their long speeches. Few ever try to make themselves interesting and audible, or to avoid the cloggier swamps of the German language. Some of the ministers—the mumbling Herr von Brentano, for instance—are the worst offenders. The impression taken away by visitors—mostly students, who are encouraged to attend in large numbers—can seldom be a happy one. The German press is sometimes reproached for not reporting parliamentary affairs more fully. But deputies do little to provide reporters with quotable wisdom, or even folly. The west German public is aware, nevertheless, that with all its yawns and failings their Bundestag is a far, far better thing than east Germany's questionably elected, rubber-stamping Volkskammer.

AT the Bundestag's last plenary session, a statement on Mr Khrushchev's latest threat to German unity and the liberties of west Berlin was read by the president and approved unanimously. Dr Gerstenmaier spoke with force and dignity. He had the grace to begin by recalling that it was twenty years ago to the day that the Germans had launched their invasion of Russia, but, recalling also that 2,633,103 persons had fled from eastern to western Germany since the war, Dr Gerstenmaier pleaded that the lasting peace which everybody wanted could not be founded on the present division of the nation against the will of the people. The government of "the so-called German Democratic Republic," he said, could be described at best as "an auxiliary organ of the Soviet occupying power." The west Germans would welcome a peace conference, but not one at which it had been settled in advance that Germany should be perpetually divided.

The next Bundestag, which is to be elected on September 17th, has already been summoned to meet at 3 p.m. on October 15th, and its first major business will be to elect the Chancellor. There is now scarcely any doubt that he will be Dr Adenauer again, not Herr Brandt, the comparatively young hopeful whom the Social Democrats so bravely acclaimed as their alternative at the party conference in Hanover last November only a few days after a man of nearly the same age had been elected President of the United States. Herr Brandt is stamping the country indefatigably: so indefatigably that some Berliners are complaining, not wholly

for patriotic reasons, of their Burgomaster's absence in this critical hour, and Herr Schröder, the ambitious minister of the interior in Dr Adenauer's cabinet, has gibed: "The city's name is Berlin, not Brandt." But economic, political and sentimental circumstances are mostly against Herr Brandt, at least for the time being.

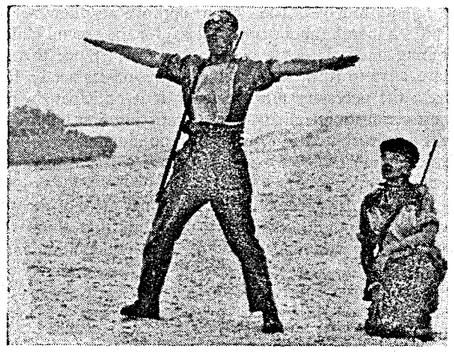
What still remains unpredictable is how long the 85-year-old Chancellor—the only one the Federal Republic has experienced in the twelve years of its existence—will want or be able to stick it out. To the amusement of some, the vexation of others, and the indifference of the majority, Dr Adenauer is, as usual, keeping his own counsel. He has lately dropped remarks which have suggested to some listeners that he is toying with the idea of forming a new ministry of European affairs, and another to administer aid to undeveloped countries. The possibility that he may have to form a coalition with the help of the Free Democrats, and would then require some new offices to distribute, is probably behind Dr Adenauer's ruminations. Beyond these nebulosities, his plans for changes are unknown. But it is hardly credible that Dr Adenauer himself will remain in office until 1965. Before long someone else will have to take over. Who? And for how long? Eastern and western statesmen are deceiving themselves if they really believe that by formally arranging partition they will ensure the continuance of docile parliaments and public opinion in Germany. Somewhere—it may be in western Germany, it may be in eastern—a rabble-rouser is surely awaiting his opportunity to exploit the nation's sense of injustice.



Kuwaiti defenders . . .

Secure Behind the Shield

FROM OUR MIDDLE EAST CORRESPONDENT



. . . British protectors

Kuwait

WAR clouds over Kuwait are disappearing almost as fast as they blew up. The Iraqi army has failed to materialise on the Kuwaiti frontier and the British have succeeded in deploying a small army of considerable fire power in defence of the sheikhdom. Three days after the first British troops arrived, their commanding officer declared that he was satisfied he could deal with any Iraqi attack. Since then, the build-up has continued and helicopters are as busy as bees. British troops in forward areas are suffering with characteristic enthusiasm the oven-like heat, which is aggravated by a severe sand-storm sweeping across an almost waterless desert. "Sand," reflected a marine as he surveyed the swirling desolation around him, "it gets into the bloodstream and comes out in bloody big boils."

It is arguable that if General Qasim had really meant to seize Kuwait by force, he would have acted first and talked afterwards. His choice of the opposite course suggests that he wanted to test Kuwaiti courage and the reaction everywhere else. Since he can no longer be in doubt on any of these points, the likelihood of an Iraqi invasion, always faint, has receded still further. Any lurking doubts that remain stem from General Qasim's own unfathomable character. Will he come down to earth or will he remain hitched to his wayward star? In the circumstances it is difficult to criticise the ruler of Kuwait for appealing for help.

One of the most gratifying features of the operation so far has been the warmth of Kuwaitis—not only government officials—towards the British forces. It is thirty years since a British soldier trod Kuwaiti soil. But the irony of a situation in which the British landed in force within a few days of the independence celebrations has not escaped notice. The question that is being asked with the greatest insistence in Kuwait today is not whether General Qasim means business, but when the British will leave. This is asked by the Kuwaitis without bitterness. It is a question that arises from the exceedingly odd situation in which Kuwaitis, British and Saudis stand shoulder to shoulder against another Arab state.

When confronted with this question, the ruler of Kuwait stated that the British would leave immediately the threat to Kuwait's independence disappeared. He laid the responsibility for the British presence firmly on General Qasim's head. It is taken for granted that the British will stay at least until the middle of July, when Iraq celebrates the anniversary of its 1958 revolution. This is traditionally an occasion for speeches in the course of which General Qasim may clarify his position or, more probably, obscure it in a flood of words, until it ceases to be a position at all. In any case, it should be possible in two weeks' time to form a tolerably accurate estimate of the general's intentions.

Kuwait seems to have profited already from the brief ordeal to which its mixed population has been subjected. The confusion and improvisation that marked the early days of the crisis have been resolved in an orderly fashion. While appealing to the Arab League, Britain and the United Nations, the ruler has discouraged excesses of enthusiasm within his sheikhdom. The press has been enjoined against needlessly provoking General Qasim, and the mass demonstrations that were originally planned for last Saturday were quietly called off with the suggestion that it would be better for people to register in their districts for volunteer duty. When asked why the distribution of arms to volunteers had been stopped, the ruler replied that it was useless to give arms to untrained men. A report, originally attributed to the Kuwaiti representative in Cairo, that a state of emergency had been declared in the sheikhdom has been categorically denied.

Now that the nervousness of last weekend has died down, it is difficult to find in Kuwait any trace of emergency conditions, except in those areas, relatively far from the town, where military movements continue. The accent here is rather on business continuing as usual. Feeling increasingly secure behind the shield of integrated Kuwaiti-British forces, the sheikhdom is awaiting developments in New York with confidence.

Mixed Drinks in Salisbury

FROM A CORRESPONDENT



ONE month of campaigning against the colour bar in Southern Rhodesia was celebrated in the Ambassador hotel, Salisbury, on July 2nd at a party attended by thirty people of all races. Until then the hotel had catered for Europeans only. It was the first target of the 200 black, white and Asian campaigners and sitters-in who have brought a new kind of politics to the country. For many months the Greek proprietor of the Ambassador, Mr S. E. Pafitis, had toyed with the idea of applying for a multi-racial licence under the 1959 Licensing Act, but he was afraid of his white customers. When the anti-colour bar campaign started, hotel proprietors were faced by the prospect of public ridicule. Mr Pafitis took the plunge. Moral pressure on segregated big business, and thus on the government, is the campaign's main claim to success.

The sit-in started spontaneously at the central African trade fair in Bulawayo in May, when three Africans were turned out of a restaurant as "dirty kaffirs." They resisted. Surprisingly, two Europeans promptly came to their rescue. Encouraged by this small victory, a young bank clerk, Mr Artwell Bukwe, organised a sit-in at the OK Bazaars' snack bar. Within two days the bar was converted into a cash-and-carry counter for all races, and Mr Bukwe had been acquitted by a local magistrate on a charge of trespass.

Southern Rhodesia's attorney-general has stated publicly that the restrictions in the Land Apportionment Act do not apply to places of public entertainment. In Salisbury, Dr Terence Ranger, the secretary of Christian Action, has suggested to his group that positive and practical action now be taken against the colour bars. At the same time, but acting separately, the African National Democratic Party has planned to invade all-white establishments. The Christian Action campaign was well planned; £100 was raised from supporters and sympathisers to finance trips on Salisbury's segregated bus services, as well as meals in hotels and restaurants (only the Jameson hotel serves Africans), haircuts in all-white saloons, and the use of other segregated facilities. But the NDP campaign was not properly planned; as a result, in the early stages, Mr Lovemore Chimonyo, the leader, found his sitters-in in a library that was not segregated, in a bar with an under-aged girl, and in an expensive hairdressing saloon without money.

Whatever the mistakes, the intelligent section of the Rhodesian public, lulled into apathy by government and press pronouncements on "partnership" between the races, was shocked by the extent of race discrimination unearthed by the campaigners. Southern Rhodesia's race barriers are painful to the Africans, enforced by proprietors, glossed over by the government, and taken for granted by most Europeans. This is because, in contrast with South Africa, the apartheid is disguised. There are no "whites only" notices on public buildings now—they have been removed. But in most cases the policy has not changed. The notices read, "right of admission reserved" or, rather innocently, "public convenience." It is left to the Europeans to understand the invitation and to Africans to know that they are not "the public." The Salisbury city council has laid such emphasis on the need for separate lavatories that the University College has been unable to use a recreation centre built on the campus for them by a firm of brewers. Even the Rhodesian railways, run by the government, have not been able to employ newly-trained African firemen on long routes because of that seemingly simple problem.

The sit-in campaign has so far achieved three things. First, it has compelled business men to take a new look at their practice of segregation. Several hotel proprietors have met Dr Ranger's committee of citizens against the colour bar at their own request and are now reported to be thinking hard. They have no strong arguments on the side of segregation in common law or in the declared Rhodesian policy of "partnership," however faulty and theoretical this may be. The fact that Northern Rhodesian proprietors have not lost business with the disappearance of the colour bar is another strong point against their southern counterparts. Many are waiting for a lead from Meikle's Trust, which owns the largest chain of hotels and stores in the country. The second main achievement is the desegregation of the Ambassador hotel, Salisbury Garden tea-rooms, the children's playing fields, and the lifts and food counter of OK Bazaars (the largest department store in Salisbury). The United Bus Company has announced a non-racial policy. Thirdly, the campaign has raised the morale of those Rhodesians who oppose the colour bar but did not previously know how to register their protest.

The committee chairman has received encouraging letters from a highly-placed civil servant, among others. Police have been conspicuous by their absence from demonstrations, the government has stood aloof (the secretary for justice, Mr J. W. Pithey, said the government would end racial censorship of films in August—after the referendum) and the reaction of the public generally has not been hostile. The reception of sitters-in has always been polite, except at a bar in the African township where drinkers complained that Europeans should not come into their pub while Africans were not allowed in European hotels. The committee chairman has received threatening letters from the banned but still active Rhodesian Republican Army. He has also had one from a European who signed himself as "Disgusted" and wrote: "Africans are savages and slaves—that is what they are and will always be."

Premier Found Guilty

FROM OUR HELSINKI CORRESPONDENT



Mr Sukselainen's conscience

FINLAND'S 200 members of parliament were on holiday, bathing and fishing in the country's lakes, when last week's political time-bomb went off. After a case that had been in progress more than a year, the Helsinki court of appeal ordered the prime minister, Mr V. J. Sukselainen, to be removed from his post as director-general of the Pensions Board. Three directors of the board, together with

the president of the Supreme Court of Administration, Mr Reino Kuuskoski (a former prime minister) were also removed from office. The case arose out of reported irregularities in the board's housing operations ; employees of the board were alleged to have been lent money at unduly low rates of interest so that they could get homes cheaply.

Mr Sukselainen handed his resignation as prime minister to President Kekkonen on June 29th, the day after the court's decision. Although the supreme court, to which he will appeal, is expected to reconsider the sentence passed upon him, Mr Sukselainen appreciates that the position of his Agrarian party would suffer if he stayed in office—even though it is generally felt that he did not deliberately help in breaking the law. The reaction of Finns has been an odd mixture of shock and indifference. A good many " irregularities " have been discovered in administrative bodies since the war, and officials whose activities have been investigated have not always had the courage to resign. In other countries, similar cases would lead to immediate resignation or dismissal, but in Finland it has become usual to continue in office and disregard public opinion. By contrast, Mr Sukselainen, a likeable man, has not hesitated to follow his conscience. Even his opponents have hastened to acknowledge his merits and regret the way in which his political career, at least for the time being, has come to an end.

The affair has also brought the end of Finland's 45th government in its forty-three years of independence. The minority cabinet which Mr Sukselainen headed, consisting solely of members of the Agrarian party, was formed in January, 1959, after a crisis in Finnish-Soviet relations during which Mr Khrushchev made it clear that he disapproved of the coalition cabinet that preceded it. Now the battle of the parties is resumed. A presidential election is due on February 15th next year, and it will be followed by a general election in the summer.

Undoubtedly last week's court decision means a loss of prestige for the Agrarian party, whose chairman Mr Sukselainen is. It is also embarrassing for President Kekkonen, himself an Agrarian, who is the party's candidate in next February's election. This embarrassment is increased by the fact that it was Mr Olavi Honka —Mr Kekkonen's foremost rival for the presidency and an ex-attorney-general—who drew attention to the building operations of the pensions board in a report last year.

WHAT happens next ? After the resignation of Mr Sukselainen, the opposition parties predictably suggested negotiations to see if a coalition cabinet could be formed. President Kekkonen and the Agrarian party may prefer to continue with a minority cabinet as a temporary solution—at least until next summer's parliamentary elections. Nevertheless, a good many people wonder whether the time has not come for Mr Kekkonen to establish closer links with the opposition in the national interest. Those who know the president report that he would like to regain the confidence of the opposition parties. It is said that the opposition is in no hurry to co-operate with the man who will be opposing their presidential candidate next February. But it cannot be sure that even the election of Mr Honka would result in the coalition it dreams of.

It is clear that President Kekkonen, relying on his popularity in Moscow, could appoint a coalition cabinet with a substantial parliamentary majority without fear of drawing down Russian retaliation in the shape of trade restrictions on Finland's head. Alternatively, if the Social Democrats preferred to stay out of the government, he could appoint a cabinet of the " bourgeois " parties alone, which would be in a very slight minority in the Diet. On the other hand, even if Mr Honka wins the presidency next year, it is likely that the communists will attack a cabinet appointed by him—perhaps with the same result as in 1958, when the last coalition fell.

General Pak's Preferment

FROM OUR CORRESPONDENT
RECENTLY IN SEOUL



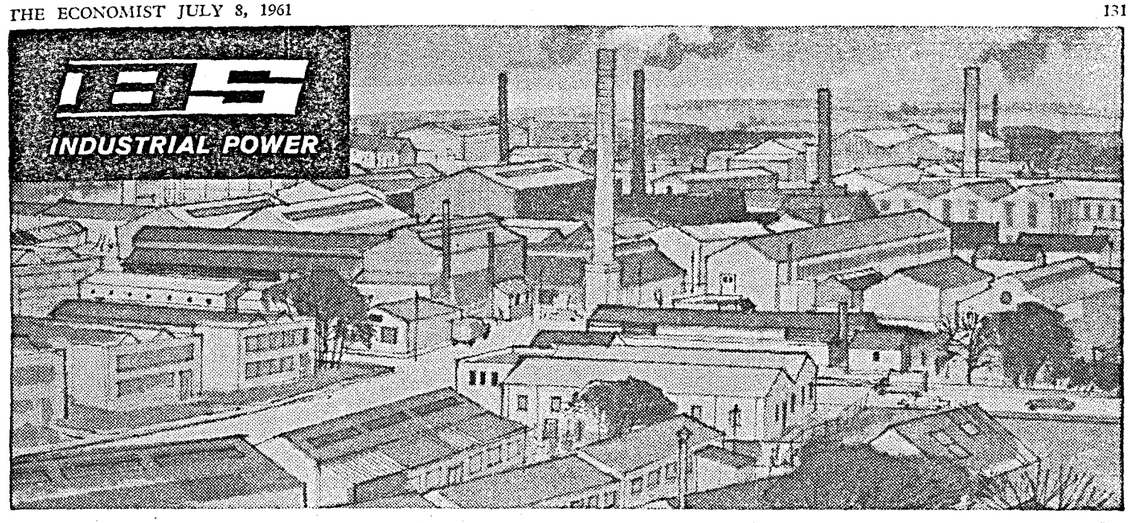
General Pak: out in front

AFTER six weeks, it seems safe to predict that, unless there is a monstrous miscalculation, the South Korean military coup will not develop along the lines of Captain Kong Le's revolt in Laos. Undoubtedly there were elements of nationalism and anti-Americanism in the limited Korean revolt, and the same righteous " throw-the-rascals-out " mood. But the causes were far more complicated than those in Laos. They included the frustrations of young officers who saw no hope of action or promotion ; a weak and inefficient central government ; impatience with some aspects of American aid ; a discontented civilian population and smouldering student unrest ; and a communist scare.

This alarm about the spread of communist influence—even if originally exaggerated and later deliberately magnified—is perhaps the most distinctive feature of the revolt. Western observers who fear that this week's take-over of power by General Pak presages the splintering of the 31-member military junta into rival factions, still do not believe that any of these factions would make a deal with the North Korean communists. The assorted generals and colonels who have been retarding the progress of " national reconstruction " with their conflicting ideas are all dedicated anti-communists ; the majority are expatriates from North Korea. The first move of the new leadership this week was to announce its plan to arrest Dr John Chang, the former prime minister, on suspicion of " links with North Korean communists."

Strangely, the only leader with an equivocal record is Major-General Pak, who on Monday replaced Lieutenant-General Chang as chairman of the Supreme Council for National Reconstruction. General Pak, who always had more influence than his predecessor, was once convicted but later absolved of suspected collaboration with North Korean communists. He is supposed to command more individual support among junta members—especially the colonels—than the less dynamic General Chang. Until this week relations between the two leaders appeared cordial and unrestrained. Neutral South Korean intellectuals insist that the pair are close and devoted friends. In Korea, however, this assurance—as disillusioned American military chiefs now warmly agree—can never be regarded as permanent.

There is no doubt that the planner of the May coup was Colonel Kim Chong-pil, a young, able and ambitious officer who, as undisputed head of the secret police and intelligence operations in the new regime, is probably now the most powerful individual in South Korea. American military authorities are understandably bitter over the coup, which imperilled the security of the front line and has revived the distrust that ex-President Syngman Rhee provoked when he defiantly released communist prisoners held by the United Nations forces in Korea. There can be only surface goodwill

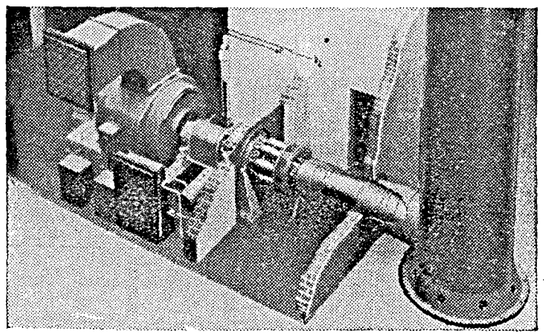


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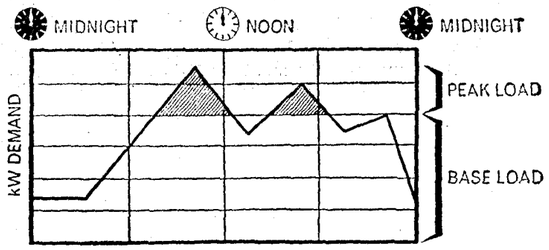
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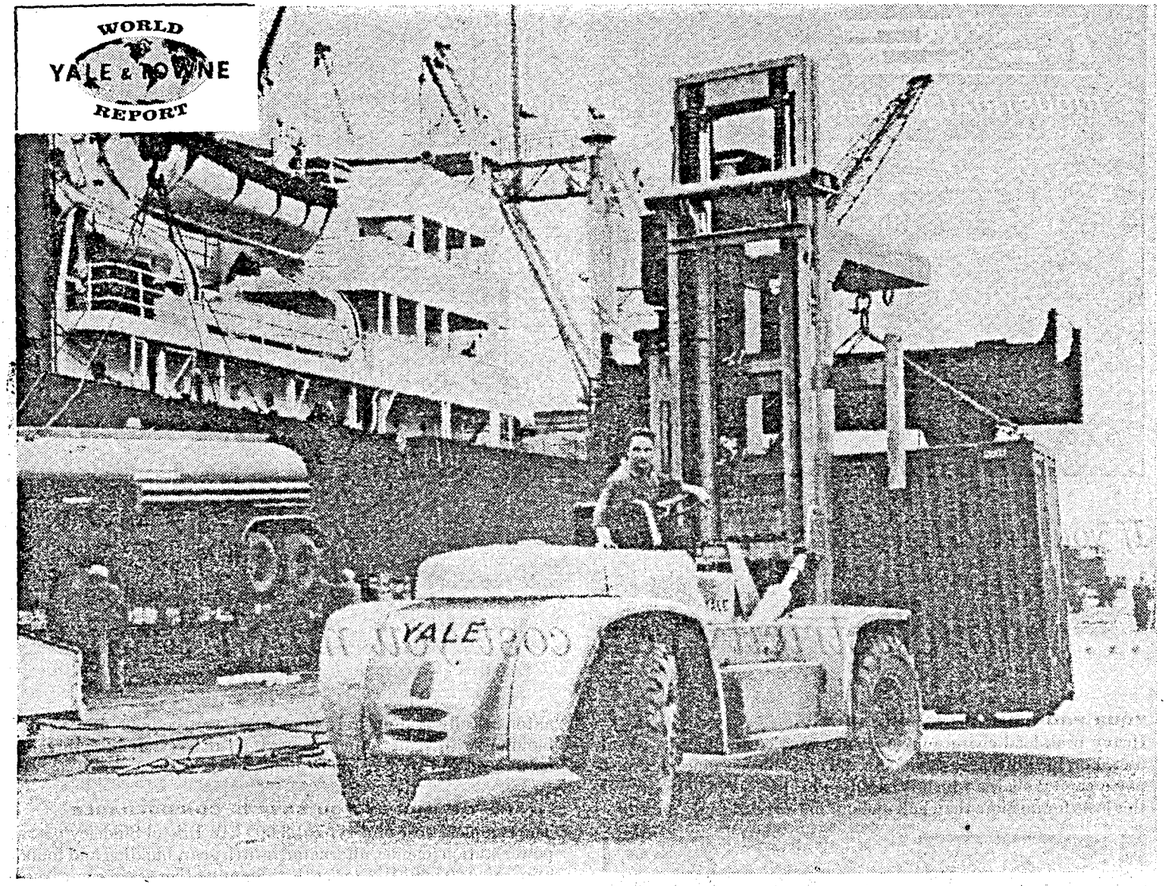
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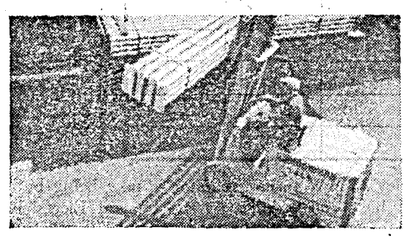
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between the American command and the South Korean military junta until the release of the two front-line generals, four corps commanders and eight other senior South Korean officers who, in the crisis, remained loyal to General Magruder and who as a result are still imprisoned. Even this gesture will not restore the old trust and full harmony.

Despite the anti-communist mood of the country, American military plans now provide, for the first time, for strategy and tactics in the event of a North Korean attack. They visualise such an attack as being helped, first, by "anti-foreigner" riots inside the country, and, secondly, by major defections to North Korea from a bewildered and disunited South Korean army. The United States has two new and impressive leaders in Seoul: General Guy Meloy as military commander and Mr Samuel Berger, a career diplomat, as ambassador. The attitude of General Meloy, a Korean war veteran of disarming and deceptive benevolence, has been toughened and sharpened by his experience during the mutiny of 5,000 South Koreans at Seoul. Ambassador Berger, an intelligent liberal who suffered during the McCarthy period, is one of the State Department's Far Eastern experts. After a period of exile in New Zealand, he has made a vigorous come-back by way of Greece, where the difficulties of a proud and impoverished nationalism have been useful preparation for the troubles of South Korea. His urgent and delicate task is to help the military junta find its feet, while reconciling himself to the unhappy fact that democracy in the western image still remains a dream in South Korea.

Jobs for Whose Boys?

FROM A CORRESPONDENT AT TURTLE BAY

OVERSHADOWED by the more melodramatic activities of Mr Nacvalac (the Czech delegate to the United Nations accused of espionage), the recent report of a committee of experts on the UN Secretariat has barely impinged on the world's consciousness. More will be heard of it before the year is out; for its submission to the next General Assembly may be the signal for the biggest Soviet onslaught to date on the secretariat in general, and on Mr Hammarskjöld in particular.

The recommendations of the committee are hardly revolutionary. Briefly summarised, they mean that in the next two years at least 100 more professional posts in the secretariat would be offered to nationals of the Soviet block; while a sizeable number of additional jobs would also go to Africans and Asians. Thus the geographical lop-sidedness of the present staff would be largely redressed. A majority of the committee (the eight experts, from Britain, the United States, Russia, France, India, the United Arab Republic, Ghana and Colombia, found unanimity virtually impossible) recommended a new formula for allocating the professional posts in the secretariat among the 99 member nations. Under this formula, the population of each country would be a factor in assessing how many staff posts it should be allotted; at present, the "desirable" national quotas are based solely on the amount each country pays to the UN budget. Under the new system, every country should have a basic minimum of two staff members; thereafter, one staff member should be recruited from each country for each ten million of its population up to 150 million, and an additional staff member for each 30 million population in excess of that; the remainder of the available posts (about 1,000) should be allotted in accordance with budget assessments.

This scheme would mean that the Soviet block, whose nationals at present hold only 87 of the 1,360 posts in the category concerned, would be entitled to 253 (a target figure that hardly differs from the present "desirable" entitlement of between 214 and 305); Americans would be entitled to 366 posts (they now hold 359); and some African and Asian states' representation would be greatly increased. Hardest hit would be western Europe (which, for this purpose, extends from the United Kingdom to Greece and Jugoslavia); there the new "target" figure would be 317—against the 415 posts held at present. Britain's quota would be only 90; at the moment 140 Britons are employed in this category. Perhaps not surprisingly, some western delegations view the committee's suggestions with visible caution.

The significance of the report, however, lies less in the statistics than in the diverging political theories expressed, or implied, by the far from unanimous experts. The "troika" concept has been clearly rejected—despite ardent pressure by the Soviet representative, Mr Roshchin, who sought not merely that Mr Hammarskjöld be replaced by a tripartite executive, but that the entire secretariat be staffed on the "troika" formula—one-third from the Soviet block, one-third from the western allies, and one-third from the neutralists. A minority of one, Mr Roshchin hammered home his views, together with the Khrushchev thesis that there are no "neutral" men, in a voluminous appendix; and, into the bargain, made clear that the additional 100 jobs do not begin to satisfy Moscow's demands. The Russians' under-representation is, of course, largely their own fault. Broadly speaking, the conditions for service in the UN have been willingness to devote at least a reasonable period of one's life to the organisation; and willingness to become an international civil servant. The Russians have complied with neither condition.

It would be rash, however, to write the "troika" concept off, merely because of its rejection, in its Soviet form, by the majority of the experts. The germ of the idea is clearly detectable in the proposal put forward by the representatives of India, Ghana and the UAR: that three top-level deputy secretaries-general be appointed. Because this is milder than the Khrushchev concept, it is regarded in some western circles as more dangerous. The sponsors recommend that in selecting this triumvirate, the Secretary-General should take into account "the main political trends in the world today"; which seems to the Americans like the thin end of the wedge. Western critics of the idea argue that the authority of the Secretary-General would inevitably be reduced, and confusion and weakness would appear at the top—which, they claim, is what the Soviet Union wants.

★

MR HAMMARSKJÖLD has now published his comments on the committee's report. He shares its view that more posts should go to the new African member nations, and to the communist countries; but he recalls that his efforts to get the latter to fill their quotas have usually run into "difficulties." He condemns the Russian "troika" demand both as violating the Charter's requirement that UN staff should owe an undivided loyalty to the organisation alone, and as replacing geographical distribution by an ideological formula; he points out that "many of the states included in one or another category may not wish to be thus labelled." His own plan for reshaping the top level is to replace the present 13 officials of under-secretary rank with 9 administrative under-secretaries and 5 political assistant secretaries, one of the latter being American, one Russian, and the other three from "uncommitted" states; while Britain, China and France would have nationals among the 9 under-secretaries. Last week an Indian under-secretary, Mr C. V. Narasimhan, replaced an American, Mr Andrew Cordier, as executive assistant to the secretary-general. Mr Cordier's unrivalled experience of saving the Assembly from tying itself into procedural knots will, however, be available for at least one more session, as he has accepted a special assignment for that purpose.

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U. S. Government Obligations	589,390,766.03	Surplus	248,280,920.00	
State, Municipal and Public Securities	540,859,750.78	Undivided Profits	71,517,427.42	$ 421,517,427.42
Other Bonds and Investments	34,864,800.36	Reserve for Contingencies		10,082,211.97
Loans	2,241,146,158.30	Reserves for Taxes, Expenses, etc.		27,999,359.73
Banking Premises and Equipment	52,653,247.20	Dividend Payable July 1, 1961		5,509,783.50
Customers' Liability on Acceptances	167,769,491.61	Acceptances Outstanding (Net)		170,352,033.63
Accrued Interest and Accounts Receivable	19,695,087.41	Other Liabilities		16,800,545.46
Other Assets	6,643,918.59	Deposits		3,980,166,668.76
	$4,632,428,030.47			$4,632,428,030.47

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State, Church and Children

WASHINGTON, DC

EDUCATION is an explosive compound which politicians in most democracies handle with a caution born of much tragic personal experience. The United States, where education has traditionally been a function of local communities and of the states, is no exception. President Kennedy's proposals for aid from the federal government to education, moderate as they looked five months ago, possessed enough deadly ingredients to blow unwary Congressmen clean out of their seats. Then the main hazard was assumed to be the coalition of conservative Republicans, who oppose increases in either federal interference or federal taxes, and of the southern Democrats who have voted down previous education Bills because aid would have been withheld from tax-supported schools which maintained a colour bar. But the Administration calculated that it could coax its proposals through the House of Representatives once its supporters had won control of the strategic Rules Committee (which can prevent Bills unpopular with conservatives or with Congressmen generally from ever reaching the floor of the House) and once Mr Powell, the champion of civil rights, had agreed not to insist on federal aid being denied to any school which bars Negro children.

But, as so often, the storm then struck from another quarter. No sooner did it look as if, at long last, a Bill to provide federal aid for public education could be passed than the Roman Catholic bishops demanded that their own church schools should also receive such help. Thus they locked horns with the country's first Roman Catholic President, who retorted that federal grants to church schools would violate the First Amendment to the Constitution; this prohibits any law "respecting an establishment of religion." The result has been a brawl between vested interests — religious, racial and political—lasting over four months, which has temporarily cost the Administration its hard-won control of the Rules Committee, has held-up all education Bills whether controversial or not and has created an acrimonious atmosphere in Congress which casts a shadow over the remainder of Mr Kennedy's domestic programme.

Underneath this struggling heap, of course, are the needs of the children. Official surveys show that, although naturally the position varies from state to state, the country-wide shortage of classrooms, at 142,000, remains the same as in 1957; it would cost about $5 billion to remedy this. There is also a shortage of 138,000 teachers, which is reflected in the familiar pattern of oversize classes, part-time attendance, shift-teaching and under-education. On top of this, there is an even more serious shortage of qualified teachers, particularly of science and mathematics. Yet the combined spending of the states on education rises by nearly $1 billion every year. And in the next decade the high school population will increase by over 40 per cent, the college age group by nearly 60 per cent.

"Well, You're The Principal"



Even Republican Administrations have had to take remedial steps which may already have smirched the purity of state sovereignty. These have been in two main forms. The first is a series of federal subsidies for education in areas in which the federal government has set up defence installations (which pay no state taxes); these are the very broadly drawn "impacted areas." The second is the so-called National Defence Education Act, which was passed after the Russians launched the first sputnik to provide federal funds for school facilities for the teaching of mathematics, science and languages; physical culture is now to be included. These existing federal buttresses to education are due to be renewed and strengthened by the Kennedy Administration, which wishes to add to them aid for college students (notably to train more physicians). But the explosive part of this year's package (which in all amounts to about $6 billion) is a further Bill which would provide federal funds, totalling about $2.5 billion over three years, to be used at the discretion of the states for the construction of classrooms, for raising teachers' pay or for recruiting more teachers. Under the version of the Bill which the Senate has already passed this would provide about $850 million in the first year. Roughly this would permit the construction of 7,000 new classrooms plus the raising of the average teacher's salary by $400 a year (about 8 per cent) or the recruitment of 11,000 new teachers.

Measured against needs, even the "big Bill," as it is called, may seem modest. But its conservative critics fear that the states would become steadily more dependent on this aid and that both the federal contribution and the federal taxes to defray it would increase. Federal taxes, unlike state ones, are generally progressive in character and thus hit particularly those who usually vote Republican. The upholders of states' rights, led by ex-President Eisenhower, flourish the bugaboo of federal control of education, asserting that when Washington is paymaster it will want to interfere with the curriculum.

To the troubled consciences of the conservatives are added the fears of the Roman Catholic hierarchy, which sees that if the tax-supported schools improve the church schools will be less and less able to compete with them. These "parochial schools," both elementary and secondary, are also hard hit by rising costs and by the shortage of teachers.

Some 4,800,000 Catholic children attend such schools, while only 200,000 go to Protestant church schools. The Catholic schools are fast falling behind; in the next decade disaster looms unless they can secure help.

The 88 Roman Catholic members of Congress were therefore put under heavy pressure and letters, organised by the clerics, poured on to Congressional desks, addressed particularly to those northern liberals who have narrow majorities in their districts and many Roman Catholic constituents. Such tactics aroused the Protestants, in their turn, and produced a flood of remonstrances which are particularly embarrassing to the southern Democrats with their big Protestant followings. Faced with the prospect of worsened Catholic public relations, Cardinal Spellman stepped reluctantly back to the position he would perhaps have been wiser to adopt at first.

He begged the lawmakers to use their "ingenuity" to get round the First Amendment. They have been trying to do this for months; after various failures, the "ingenuity" takes the form of an amendment to the National Defence Education Act, under which private and parochial schools can get low-interest, 40-year, "soft" loans to carry out the purposes of the Act. This means that they may be used only for gymnasiums, cafeterias and classrooms for mathematics, science and foreign languages. However, the church's handicap in providing a competitive but "God-centred" education would be much reduced; some $375 million may be lent over the next three years.

Last month two Roman Catholic Democrats who are members of the Rules Committee joined the anti-spending forces of both parties on it to hold up the main Bill until this NDEA Bill was cleared. Fortunately the Administration has a lever to force both the Rules Committee and the House to approve the main Bill. This is that it also includes the authority for educational aid to impacted areas, which must be renewed this year. No "big Bill"—no more aid for impacted areas. At this point both Catholics and Baptists begin to quail, for the aid to impacted areas affects 313 Congressmen and amounts, as augmented in the new Bill, to $936 million for three years.

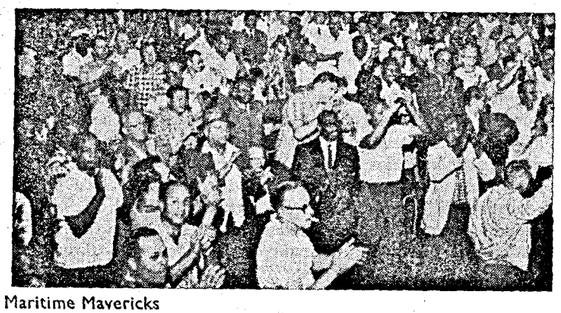
There is no certainty, however, that, if the Rules Committee releases the main Bill to the House floor first, the vital concession to the Roman Catholics in the NDEA Bill would survive the Protestant attack in the House afterwards. So the Roman Catholics on the Rules Committee are demanding that the NDEA Bill should go forward first. Unluckily, a majority on the committee seems likely to oppose clearing this Bill at all. This deadlock is not unwelcome to many Congressmen, who by now would be thankful to blame the Rules Committee for the failure of all the education Bills—except for the money for impacted areas, which they simply must have.

The Administration is still confident that the "big Bill," dragging the others after it, will pass somehow. One thing is clear: eight months after the election of a Roman Catholic President was supposed to have signalled a great step forward in religious toleration the Roman Catholic church is more vulnerable than ever to the charge of political interference and sectarian feeling was never more violently inflamed.

Reluctant Injunction

THIS week a President who voted against the Taft-Hartley Act in Congress in 1947 and a Secretary of Labour who fought it in the Supreme Court in 1959 were forced to use that unpopular Act, and thus to displease the whole labour movement, in order to get back to work the 70,000 sailors who had kept all American shipping in port for eighteen days. Even as Mr Kennedy and Mr Goldberg were asking the courts to issue an injunction against the strike under the emergency provisions of the Act they were still criticising it, pointing out that the present situation was another illustration of the need for more flexible procedures for dealing with labour disputes and that shortly they would be asking Congress to modify the law. Particular objections are that the fact-finding board which is set up under the Act to study this complex dispute is not allowed to recommend a settlement and that after eighty days, when the injunction has expired, the government will have no power to stop the unions striking again—as they threaten to do in late September.

The injunction under which ships have been putting to sea this week is only a temporary one, to be made permanent for the full eighty days on Friday unless the unions succeed in convincing the judge that Mr Kennedy is wrong in believing that the national



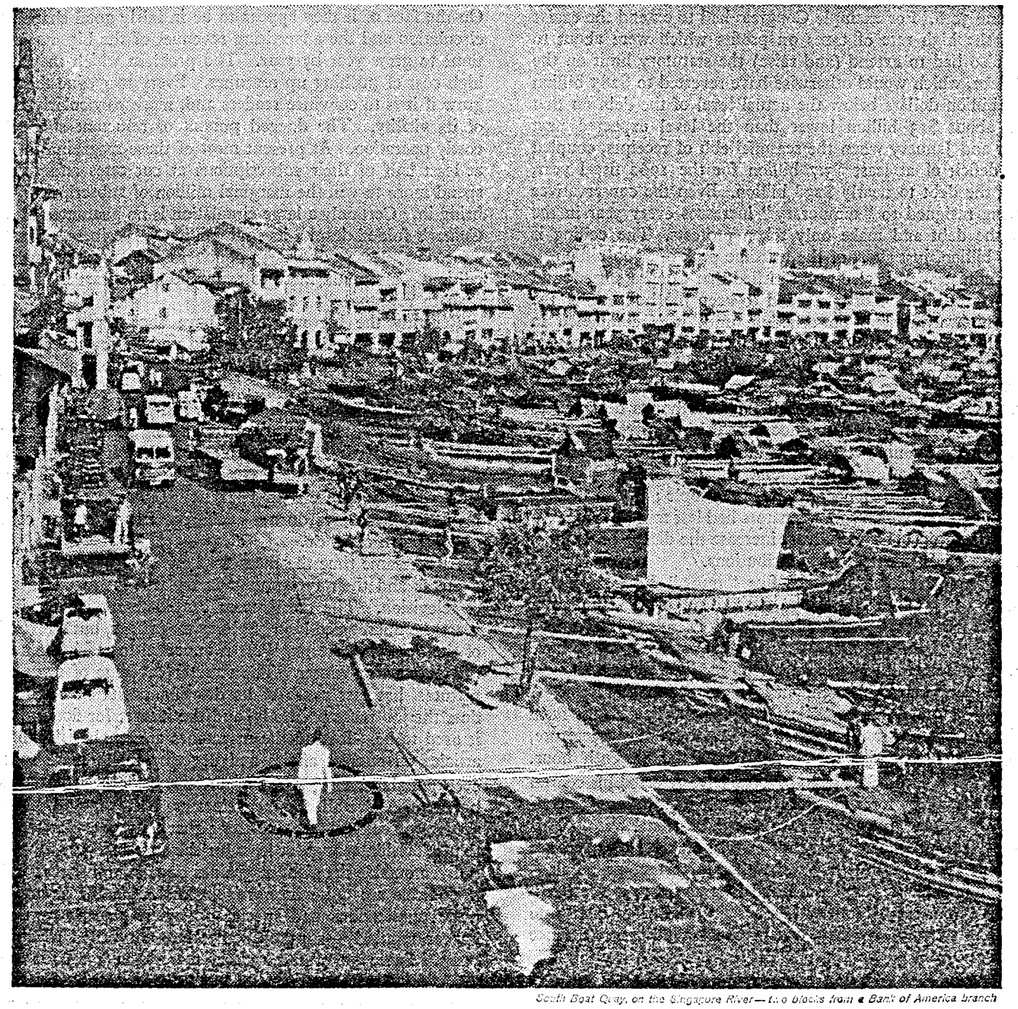
Maritime Mavericks

health and safety have been imperilled by the strike. But no judge is likely to argue with the President about this. Nor are the masters, mates and engineers, without whom ships cannot sail, likely to succeed in delaying the injunction by their contention that as supervisory employees they are not subject to the Act.

Rivalries between and within these and other unions and between the various groups of employers are largely responsible for the fact that not enough agreements between enough companies and enough unions were reached last week to save the President from having to resort to the injunction, hard as Mr Goldberg and his mediators worked to avoid this. Exactly who had settled with whom on which coast was far from clear when the Administration finally went to court but by that time nearly half the merchant fleet seems to have been free to sail. Three of the five main unions involved, including the largest, the National Maritime Union, agreed on a contract at the end of last week with two of the chief organisations of employers. It provided for wage increases of over 20 per cent and by-passed the issue over which negotiations had broken down—the demand of the sea-faring unions for rights on the ships which unsubsidised American companies have registered under foreign flags in order to avoid the high wages which prevail on American vessels—to the fury of the other two unions, the Seafarers' International Union, whose members work mainly on unsubsidised ships, and the engineers.

Few Frontiersmen in Congress

WHILE it has been reasonably easy for the Administration to lead Congress along familiar trails—and a good deal of ground has now been covered—the legislators dig in their toes when they are asked to do any pioneering. Last week there was a rush of legislation to the White House, but little of it was novel and much of it was inspired simply by the end of the financial



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year on June 30th. For example Congress had to extend the excise taxes and the high rate of taxes on profits which were about to lapse ; it also had to extend (and raise) the statutory limit on the national debt, which would otherwise have reverted to $285 billion —several billion dollars below the actual level of the debt on that date and about $13 billion lower than the level expected next December and January when the seasonal ebb of receipts, coupled with the deficit of at least $3.7 billion for the 1962 fiscal year, will bring the debt to nearly $298 billion. Even the conservatives are growing resigned to " temporary " increases every year in the limit on the debt and make only token protests. The ceiling is now $298 billion, just short of the wartime peak of $300 billion.

The Administration is also well satisfied that Congress has found most of the additional money needed to keep the building of the interstate highway system on schedule until it is completed in 1972, partly by extending the full tax on petrol, partly by imposing higher taxes on the road transport and tyre industries. Only $150 million a year will have to be drawn from the Treasury. By narrower margins Congress continued the federal bonus designed to persuade the states to control outdoor advertising along the interstate system ; so far nine states have qualified for this bonus. As usual, Congress was even more enthusiastic—indeed virtually unanimous—about raising benefits for old people ; unlike the big housing Bill—about which some Senators had last minute qualms—the improvement in benefits will not increase the deficit ; it is to be covered by a slight increase in contributions.

Three of the President's list of five " must " Bills have now been safely gathered in: housing, the raising of the minimum wage and aid for depressed areas—all old friends. But it is a different story when new departures are at issue. Hearings have not even been begun in either chamber on medical aid for the aged and the Administration is reconciled to no action this year. A sharper rebuff was administered last week to the President's farm proposals, to which Mr Freeman, the Secretary of Agriculture, clung gallantly (and rather obstinately) past the eleventh hour. Committees of both the Senate and House have rejected his central request for authority for producers to devise new means of controlling production, subject only to a congressional veto. This means that the same old extravagant system of price maintenance will continue for another year. Two other important proposals—long-term financing for foreign aid and federal aid to education—are bogged down. Mr Kennedy has certainly failed to instil into Congress any sense of urgency, except over spending on defence and space.

Magazines on the Rack

NEW YORK

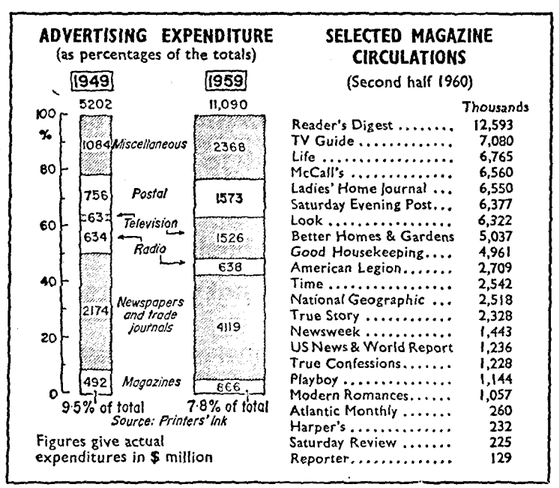
EVER since television began distracting the advertisers, America's big glossy magazines have been searching frantically for a formula that will enable them to prosper under the shadow of Big Brother. For the most part they have tried to compete with the enemy on his own ground. By heavy expenditure on promotion and the lavish use of cut-rate offers, circulations have been pushed steadily upward. But in the last year or two the magazines have been trying another technique to get even with television. One by one they have introduced regional as well as national editions so that advertisers have the option of buying space (at a lower cost) for the region of their choice. One magazine even allows an advertiser to choose the individual states in which his advertisement is to appear.

While the common enemy is television, the energies of the mass-circulation magazines have been spent mainly in hitting at each other, even in full-page advertisements in the press. So far there have been only a few major casualties—*Collier's* magazine, for example—but several of the combatants are now in uncertain health. On the face of it they appear to be in fairly good shape ; both the circulation and the advertising revenues of the big magazines continue to grow year by year. The problem which they face is the high cost of pushing up revenues. Every magazine thinks it must grow if it is to convince readers and, more particularly, advertisers of its virility. The dogged pursuit of reluctant subscribers is a costly operation. At present most of these magazines are carrying at least half of their subscriptions at cut rates and they tend to spend more to win the marginal million of subscriptions than they bring in. Certainly a large circulation is no guarantee of solvency ; *Collier's* folded despite its four million subscribers. Similarly, the efforts to please advertisers—such as the trend towards regional editions—often add more to expenditure, at least in the short run, than to revenue.

Recently the big magazines have shown perceptible signs of changing their tactics. Encouraged perhaps by the cloud that has hung over television as a result of the revelations about rigged quiz programmes and other scandals, the periodicals have joined together in a big campaign (which includes full-page advertisements in the daily press) to point out to the advertising industry that the income of the average reader of magazines is higher than that of the average television viewer ; that many people read each copy of a magazine and that they peruse it in a leisurely fashion ; and that advertisements in magazines do not evoke the irritation that commercials on television often do.

At the same time the magazines are changing their covers, their contents and their typography in an attempt to outdo the appeal of television. The most recent candidate for change is *Life*, for years the uncrowned king of glossy magazines, but a revised version of the *Saturday Evening Post* is expected to reach the news-stands this autumn or winter. The straight coverage of news, largely in pictures, has lost much of its drawing power now that television does the job more promptly, and the market for fiction is not what it used to be. Instead the magazines are emphasising background articles on current affairs and devoting much more space to the ever popular " How to . . . " articles and to such recreations as boating. Above all, the magazines are extracting all they can from the use of colour—the one thing that they can offer to advertisers that television cannot, at least for the time being.

Even outside the giant magazines circulation figures for American periodicals are quite impressive. Excluding the several thousand trade publications and special periodicals, nearly 300 magazines appear regularly—a number that has not varied much in recent years. Some 50 of these claim more than a million subscribers each, ranging from *TV Guide* to *Presbyterian Life* and from *Progressive Farmer* to *Modern Romances*. At the head of the list is the *Reader's Digest*, which until 1954 carried no advertising. But since then it has changed its ways ; in the current issue 112 of its 288 pages consist of advertisements. At the other end of the scale moderately high-brow magazines, such as *Harper's*, the *Saturday Review* and the *Atlantic Monthly*, have in the region of 200,000 subscribers each ; the *Reporter* has about 129,000. A handful of publishing houses accounts for the major part of the magazine business, but concentration has gone no farther than this. In terms of advertising revenue the largest stable is Time Incorporated, out of which come *Fortune*, *Life*, *Sports Illustrated* and *Time*. The Curtis Publishing Company (*Saturday Evening Post*, *Ladies Home Journal* and others) takes second place.



The advent of television has changed drastically the blueprint for a successful magazine. Advertisers are no longer impressed (or so they say) with sheer numbers, because they believe that on this count television can always do better. On the other hand they have evinced a growing interest in magazines that reach a distinctive group of readers. Thus, while the mass-circulation magazines have watched their profit margins narrow or disappear, other periodicals have been doing extremely well. *Sunset*, a west coast publication, rode to success on the postwar craze for outdoor living, California-style ; *Playboy* has found a remunerative market in teaching young Americans how to be men-about-town ; the *New Yorker* has become a national institution ; and *Business Week* has won the favour of advertisers through its novel policy of accepting subscriptions from businessmen only and of keeping the magazine off the news-stands. Many people used to think that new magazines were a thing of the past, but a fairly large crop is coming to market, all of them aiming for a modest circulation among special groups of readers. In the entertainment field there will be *Show Business Illustrated*, *Show*, *Bravo* (for concert-goers) and *Tape* (for record enthusiasts). Others include *Current* which reprints extracts from articles on current affairs, *Country Beautiful* and *Pool Life* which is designed for the proliferating numbers of people who own swimming pools.

Agency for Peace

IT is a fine thing to launch a new agency for peace at a moment when the world's hopes for disarmament are at a low ebb after fifteen years of fruitless discussions and when even the prospect of a ban on atomic tests is fading away. It shows that America still has faith in the possibility of limiting the arms race. No doubt this was one of President Kennedy's purposes when he asked Congress recently to carry out a Democratic pledge by creating a new United States Disarmament Agency for World Peace and Security. Too often in the past America seems to have lost the battle to convince the world that it is sincere and undaunted about the need for disarmament. The President also hopes that this unique body will take bolder initiatives and be much more effective in co-ordinating research and policy than the present Disarmament Administration, a small agency which President Eisenhower buried in the State Department.

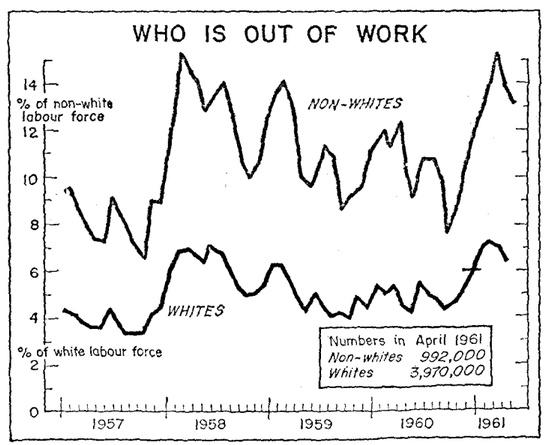
If Congress approves the Bill, on which Mr McCloy, the President's adviser on disarmament, has been working since January, the new agency will have a great deal more power, prestige and money than its predecessor. Primary responsibility for disarmament activities will be vested in its director and the agency, which will be established by legislation, will have its own budget. It will conduct research in its own laboratories into the highly technical problems involved, as well as taking advantage of work done elsewhere, and it will be free to recruit people of outstanding calibre. It will not only draw up recommendations in the disarmament field, but it will also conduct negotiations under the direction of the Secretary of State.

The greatest innovation—and something over which there has been some controversy—is that the director will have direct access to the President because, as Mr McCloy said in the letter accompanying his proposals, " disarmament considerations are so all-pervasive in scope and importance that the President must concern himself with these matters on a continuing basis." But the director will also report to the Secretary of State, in recognition of the fact that disarmament must be co-ordinated closely with foreign policy. Congress, which has been somewhat concerned about the lack of clear lines of responsibility in the Kennedy Administration, may not find this compromise altogether reassuring. The man being talked about to head the new agency is Mr William C. Foster, who was concerned with both defence and foreign aid in the Truman Administration.

Putting Jim Crow to Flight

NOTHING about the new Administration is more heartening than its determination to end discrimination against minority groups, and particularly against Negroes, in employment. It is said that the telephone wires sizzled after President Kennedy noticed that there were no dark faces among the Marines taking part in the inauguration parade and he has made history by appointing Negroes to the highest jobs they have ever held in the government service. Unfortunately one has just had to forgo his appointment because his difficulties with the tax authorities were such that the Senate probably would not have confirmed him. The Secretary of Labour, Mr Goldberg, has sent a recruiting officer to southern Negro colleges to interest their students in applying for federal jobs ; so has the Civil Service Commission. Most of these colleges train their young people for the few professional careers traditionally open to Negroes—in teaching, the churches and social work ; their curricula may have to be broadened if their graduates are to go into business and government service. About 80,000 of the 120,000 Negro college students in the country are in the South where employers tend to overlook them.

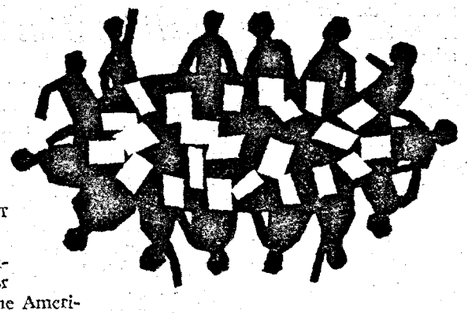
Besides setting an example itself, the Administration is forcing firms which want government contracts to do likewise. Up to now, the theory has been that such firms do not practise racial discrimination but it has remained theory, particularly in the South, to which $2.7 billion in government contracts was awarded last year. In



May the Lockheed Aircraft Corporation, the largest government contractor, signed an agreement not to discriminate against Negroes which applies not only to its plant in Marietta, Georgia, but to all its plants throughout the country, whether or not they are engaged on defence work. The Marietta plant was given a clean bill of health under the Eisenhower Administration, but in April the National Association for the Advancement of Coloured People charged it with still maintaining segregated wash-rooms and canteens; employing only about 500 Negroes out of about 10,000 employees; and keeping Negroes out of skilled and supervisory posts and out of training programmes. The most important reform may well be the admission of Negroes to these programmes, both by the firm and by the state authorities in Georgia. Bias—on the part of employers, trade unions, vocational schools and federal-state employment offices—which prevents Negroes from acquiring needed skills is one of the chief reasons why their rate of unemployment is so much higher than that of whites.

In the Marietta case the government had a tremendous stick to wield—a $1 billion contract (not yet signed) for jet aircraft which is of the first importance not only to Lockheed, but to Georgia and its white workers. But there may be cases—particularly in defence work—when it is not easy for the government to find an alternative contractor. And the government's powers are much more tenuous when it is a question of bringing a trade union to heel. Many, in spite of their protestations of virtue, are "lily white" in practice—and not only in the South. At the Marietta plant the segregated branch for Negroes has just been dissolved. Here one of the difficulties in hiring more Negroes as work expands is that there are over 3,000 redundant employees, mostly white ones who, under the contract with the union, must be recalled first.

Americans of the Round Table



FROM A SPECIAL CORRESPONDENT

A UNIQUE American social invention came to Europe for the first time this week when the American Assembly, a private, non-profit-making organisation, held a meeting at Burgenstock, in Switzerland, in co-operation with the Institute for Strategic Studies to discuss control of armaments. Twelve European countries, including the United Kingdom, provided about forty delegates and the United States and Canada sent about twenty more. Following the pattern set by the American Assembly in the past, there were three days of off-the-record discussion based on background material distributed beforehand to the delegates.

This consists of papers specially collected and edited by Professor Louis Henkin of the University of Pennsylvania and of Mr Hedley Bull's book "Control of the Arms Race." Speeches were scheduled for each of the three evenings by such distinguished specialists as Senator Humphrey of the Senate sub-committee on disarmament, M. Moch of France and Mr Ormsby-Gore, the next British Ambassador to the United States. On the fourth day Dr Henry Wriston, president of the American Assembly, will lead the delegates in hammering out as much agreement as is possible—a task at which he is a virtuoso. The costs are to be met in full by the Americans.

The purpose, as with all meetings of the American Assembly, is to search out wise answers to urgent questions and, in the process of bringing together specialists and informed laymen, to increase their understanding of each other and to make public opinion more articulate and more influential. All of these objects are considered to be essential to the effective functioning of democracy. The cross-fertilisation of ideas between businessmen, educators, professional people, trade unionists and government servants is of particular value in a country as large and as diverse as the United States. It is also in the American tradition of having people inform themselves by public discussion, which runs back as far as the "Federalist" papers. It will be interesting to see if the attempt to extend this tradition abroad—to Latin America last year and to Europe this year—succeeds.

The creation of the American Assembly was one of the best things that General Eisenhower did while he was President of Columbia University. He came back from Europe convinced that the world's problems could be solved if only men of good will could be brought together to talk them over. He persuaded businessmen all over the country to invest a million dollars in this idea and Mr Averell Harriman to donate Arden House, his home overlooking the Hudson near Tuxedo, to provide a quiet setting withdrawn from the hurly-burly of the everyday world.

For the first five years much of the money and energy of the staff went into preparing Arden House for its new functions. But in 1955, when Dr Wriston, who had resigned recently as president of Brown University, became head of the American Assembly and when Columbia University took over the day-to-day operation of Arden House, things began to look up. Dr Wriston lets no grass grow under his feet and keeps other people moving as well. As a presiding officer he is witty, fair, and a driver.

As a result the Assembly is now recognised as an effective institution in the field of adult education; it has a Charter from the Regents who govern education in New York State and, though it has a contractual relationship with Columbia and offices in one of its buildings, the Assembly has its own trustees, a small but able and devoted staff and a record of solid achievement. The great philanthropic foundations, which once passed by on the other side, are now, thanks to Dr Wriston's efforts, steady contributors. During 1959-1960 foundations, corporations and individuals contributed $226 million toward the $300 million or so needed to cover the costs of running the organisation and of the two assemblies which are now held each year; the rest of the money came from the group's own resources. These assemblies take from 12 to 18 months to prepare; the subjects covered in the organisation's ten-year life have ranged from inflation at home to the relations of the United States with the Far East.

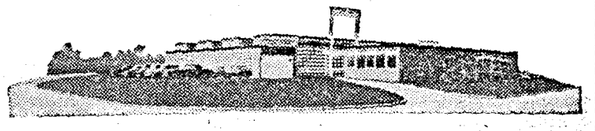
Each assembly at Arden House is followed up by regional and local meetings held under the joint auspices of the American Assembly and other educational organisations; their conclusions are not necessarily the same as those of the original meeting. Since 1959 the findings and background papers of the meetings have been published by Prentice-Hall, Inc.; in 1959 50,000 copies were distributed to schools, universities, discussion groups, government departments, labour and industrial groups and individuals and a television film on the relations of the United States with Latin America was prepared at Arden House and the National Broadcasting Company's studios. This has been shown widely by both educational and commercial television stations.



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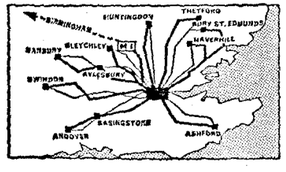
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Piggy-backing in Clover

THE railways, which need some encouragement, have just won a decision from the Interstate Commerce Commission which, if it is not overturned by the courts, should enable them to win back a great deal of the goods traffic which they have lost to road transport. In a ruling on eight cases which have been accumulating since 1958, ten members of the ICC (with one member dissenting) upheld the cut rates offered by the railways on certain types of "piggy-back" service. Piggy-backing means the carrying on railway flat cars of motor trailers loaded with goods. When this began, the railways supplied both the trailers and the flat cars, but now they quote lower rates to customers who supply their own trailers or both trailers and flat cars. These are the rates which have been upheld over the objections of the road transport industry and of the teamsters' (lorry-drivers') trade union. Mr Hoffa, the teamsters' head, feels so strongly about the effect of piggy-backing on his men's jobs that he has insisted upon a clause in some contracts with road hauliers requiring them to pay penalties if they "trade with the enemy." But piggy-backing obviously provides the public with a popular door-to-door service; since 1955 it has tripled in volume and this year, although railway freight in general is nearly 15 per cent lower than last year, piggy-back traffic is up by 2.7 per cent.

The Transportation Act of 1958 was supposed to give the railways more leeway to lower their rates in order to compete with their rivals. The present decision is the clearest and most important step which has been taken to carry out that policy. To reach it the ICC had to satisfy itself that the rates were not so low as to amount to destructive competition; that they would not drive road transport to the wall; and that the rates cover the railways' out-of-pocket expenses, and make some contribution to their overhead costs. Another issue was whether charging the same rate, no matter what the trailers contain, violates the principle of charging different rates for different kinds of goods. On all these points the commission came down heavily in favour of the railways although two of its members think that the charges are getting close to destructive competition and will bear watching. The way now seems open to a great expansion of piggy-backing; some people are talking of the eventual disappearance of the ordinary goods wagon and the Fruehauf Trailer Company, the biggest manufacturer of lorries, thinks that eventually it may be making more piggy-backing equipment than conventional lorries.

SHORTER NOTE

President Kennedy has appointed Mr James Riddleberger, a career diplomat, to be chairman of the Development Assistance Group, which decided in March that its chairman should be an American. He has been Ambassador to Jugoslavia and Greece and in 1959 became Director of the International Co-operation Administration, the foreign aid agency. Mr Kennedy has also appointed Mr Robert McKinney, a newspaper publisher from New Mexico who at one time was American representative on the International Atomic Energy Agency, to be Ambassador to Switzerland. An extremely important post which has gone begging for months was filled three weeks ago when Mr Robert Woodward, a career diplomat and the present Ambassador to Chile, agreed to become Assistant Secretary of State for Inter-American Affairs.

LETTERS

The Laocoon Economy

SIR—The common feature of the successive economic "crises" since the war is an adverse balance of payments due to loss of confidence in the pound. This loss of confidence can be traced in each case to a pronouncement from the Government itself that any further increase in the wage level will price British manufacturers out of their export markets. Thus, Mr Selwyn Lloyd in his speech to the Association of British Chambers of Commerce on June 22nd said: "At present sterling is not over-valued; if our costs go up significantly in comparison with our competitors it will become so." An over-valued money would confront us with the alternatives of unemployment or devaluation. As there is no prospect of the wage advances, which have been accelerated in the past two years, ceasing, speculators can draw the inference that devaluation is imminent.

The Treasury does not appear to consider whether the dollar value of the pound may not itself have been long out of equilibrium. In a letter in *The Economist* of February 18th last, I summarised the statistical grounds for believing that the pound is greatly under-valued at $2.80. If that is so, it makes nonsense of the Chancellor's fears that the pound is in imminent danger of becoming over-valued, and of his valiant promise to defend the pound. But why, it may be asked, is there an adverse balance of payments? The Chancellor quite rightly attributes it to over-spending. But the remedy is not necessarily to be found in a reduction of Government spending abroad.

When there is a prospect of rising wages, traders foresee a rise of prices of manufactured goods, and give anticipatory orders for supplies in excess of their current sales—a form of spending. The balance of payments is affected partly by the direct demand for materials and components from abroad, and partly by the overloading of manufacturers with orders. This tendency can be checked if traders can be discouraged from procuring supplies with borrowed money. So long as the pound is under-valued, employers can afford to grant increases of wages, and even take the initiative in giving them in order to attract or to retain labour. Under these conditions a Bank rate of 4½ or 5½ per cent was found inadequate in 1955 and 1956 to check the expansive tendency. Within a few months of the appointment of the Radcliffe Committee, Bank rate was raised to 7 per cent, and, as Sir Oliver Franks has remarked (*Some Reflections on Monetary Policy*, p. 39), "the drain over the exchanges ceased, and the inflationary pressures at home subsided. We reached a comfortable situation surprisingly quickly."

There is a long list of measures, such as the credit squeeze, capital issues control, hire purchase restrictions, special deposits, which have been devised to regulate the flow of money. All have been inspired by a distrust of Bank rate, and none has proved to be an adequate substitute for it. The Radcliffe Committee itself, misreading the evidence it received, discarded Bank rate, and had no substitute to offer. Only in the two or three years following the rise of Bank rate in September, 1957, has our economy been free from the Laocoon contortions.—Yours faithfully, RALPH HAWTREY

London, W8

Immigrant Workers

SIR—I am astonished at your comments on immigration. Is it seriously your contention that immigrants with a low standard of living and totally different codes of conduct should be encouraged to come to this country to perform menial tasks distasteful to the indigenous Britisher? Surely the fact that the ever-increasing labour force is not matched by a corresponding increase in production points to the uneconomic use of our labour resources. Unrestricted immigration of cheap labour can only pander to this weakness.

You make no reference to the social strains that are arising as a result of this influx. The great majority of these immigrants arrive with no homes to go to, and they swarm into our already overcrowded cities with most regrettable results which must be known to you.

If the present trend continues the ultimate alternatives seem to be complete assimilation of coloured immigrants, or the creation of a minority element, neither of which would appear to be desirable.—Yours faithfully, NORMAN A. PANNELL

House of Commons, SW1

Canada's Economy

SIR—Your Ottawa correspondent's analysis of Canada's economic plight pays undue deference to the merits of a conservative monetary and fiscal policy for that country. Thus, in discussing the "political assassination" of Mr Coyne, he speaks disparagingly of "a new Budget with a Keynesian deficit running high, wide and handsome, to a disregard of the balance of payments deficit, which has always been the core of Mr Coyne's concern. . . ."

Surely this concern has been unwarranted. Because of her flexible exchange rate Canada has had the scope to pursue a vigorous expansionist policy without fear of losing exchange reserves or making her exports non-competitive. Even with long-term interest rates pegged at 3½ per cent and a budget deficit twice as large as exists at present—to pluck some policy choices from the air—Canada could balance her international accounts without the loss of an ounce of official gold or a dollar of official claims on foreign governments. The Canadian dollar would simply depreciate to a level where exports plus private capital inflows would match imports plus private capital outflows.

Actually, a good part of Canada's balance of payments deficit on current account stems from Mr Coyne's misplaced tight money policy. At a time of serious unemployment this policy induced a high level of capital inflow, a premium on the Canadian dollar, and a consequent increase in imports and decrease in exports. A change in this policy seems long overdue.—Yours faithfully, HENRY N. GOLDSTEIN

Washington, DC

Public Schools

SIR—I welcome your note on the suggested adoption of the Fleming Scheme for entry to public schools. I am sure you are right in stressing the undesirability of using public money to send a very small group of boys to these schools. Small though they are in number, these boys are the salt that savours the grammar school system, the ones who are our university candidates and who provide stimulus for their companions and for the staff. For if the public schools themselves chose the boys they would—not unnaturally—take the best. Besides, is it right for local authorities to spend money indirectly subsidising schools whose staffing ratios, accommodation and salaries may well be above the authority's own standards? They should spend it on upgrading their own schools.

Had it not been for the recent injection of much "public" money ("public" in the widest sense, as it came mostly from industry or indirectly in returned tax from the tax payer) into the public schools, the maintained schools might have by now overtaken them in science provision. Surely the solution given by the Minister—to improve the state schools so that there is no need for the keen parent to look elsewhere—is the right one. What is often forgotten, however, is that grammar schools cannot easily compete with public schools if boys coming through the state system begin their education in academic subjects only at 11, while the public schools recruit at 13 boys who are already almost at GCE "O" level after perhaps five or six years of academic subjects. The quality of its intake is a vital factor in any school's success.

As the grammar schools improve and—important point—are given more independence by the local authorities, public schools might voluntarily join the state system and English society might cease to be "two nations."—Yours faithfully,

V. J. WRIGLEY

Hemel Hempstead, Herts — Headmaster, Apsley Grammar School

Turkey

SIR—The more revolutionary 14 Turkish officers led by Colonel Alparslan Turkesh have declined offers to return home to be given high posts, ministerial ones in some cases. They have said that they were not interested in "honorific" posts; they would only return to Turkey to carry out the reforms they stood for. This, I think, is very much to their credit.

But what I also think speaks even more in favour of their ideas and their return home is the disorderly trend of events in Turkey since the National Unity Committee was split and the "14" exiled. As a matter of fact, the more the exile of the "14" lasts, the greater their chances of re-integrating the NUC.

A "coalition government," as suggested by the lords of the Turkish press, parliamentarianism "western-style" and other "democratic" games can only serve to aggravate the situation in Turkey. Whether one likes it or not, the best for Turkey is to have a spell under her own Nassers.

I believe, Sir, that the "14" will inevitably return home and execute the reforms Anatolia so badly needs. The sooner this takes place, the sooner men like Colonels Turkesh and Sami Kutchuk cooperate again, the better it will be for Turkey, the Afro-Asian world and the West.—Yours faithfully, ARSLAN HUMBARACI

Tunis

The Census

SIR—While agreeing with you that unnecessary discrepancies between the Scottish and the Registrar General's census should be removed before 1971, we would challenge the implication of your conclusion that a full census is no longer necessary. It is becoming increasingly apparent that our knowledge of the features and the functioning of our economy is mainly at a national level, while our understanding of local and regional economies within the country is extremely limited.

This is partly because statistics about the national economy (even apart from the census) have become, and are becoming, more plentiful, while those for the constituent parts remain singularly inadequate. It is impossible to produce sufficiently accurate data for each group in the Standard Industrial Classification for an area with, say, a working population of 15,000 or less, if sampling techniques (and only a ten per cent sample) are used. Yet it is at this scale that more information is required. We are falling rapidly behind many other countries where census data is obtained and published in considerable regional detail. What is needed in Britain is not more sampling but more census information for small areas so that students of regional and local economies can belatedly follow the lead of workers in other countries in unravelling the intricacies of intra-national economic growth.—Yours faithfully, G. HUMPHRYS, G. MANNERS

University College of Swansea

Signposts for the Sixties

SIR—In your article on the Labour Party's new policy statement you say: "As enunciated, Labour's plan for the state purchase of all freeholds where building or rebuilding (above the filling station level) is projected, seems best calculated to interpose the maximum discouragement to owner and developer alike." This has certainly not proved to be the case in Coventry, where over one-third of the land is publicly owned, or in the City of London, where the corporation is the biggest single landowner.

Coventry is the most redeveloped city in Britain and the properties under the corporation's management now produce yearly rentals, including ground rents, totalling half a million pounds. In the City of London, the corporation have for some time being doing virtually what the Labour Party propose. They are acquiring sites, particularly those cleared as a result of war damage, and putting blocks of land up for tender. Tenders submitted by the various property groups appear to have trebled in the last three years, and redevelopment in the City has not been noticeably discouraged.—Yours faithfully, STUART GREENSTREET

London, N6

BOOKS

Their Style is the Man

Letters and Documents of Napoleon, Vol. 1: *The Rise to Power*

Selected and translated by John Eldred Howard.
Cresset Press. 574 pages. 55s.

"BE clear, and all the rest will follow." Napoleon seems to have read critically nearly everything he signed, or even initialled. His secretaries, commanders and officials were his pupils: his stepson Eugène's circular "is too long—you would have done better to write six lines." His brother Lucien, ambassador to Spain, is bluntly told that his drafting "is often faulty." A senior officer is "too clever . . . what is wanted is accuracy, character, simplicity." And these are the qualities which hallmark the documents in the gigantic collection begun by Napoleon III, on which editorial committees worked till the end of the nineteenth century—not without some strange additions, suppressions and bowdlerisations, due perhaps to the interferences of French historians, who could be as fiercely pugnacious as Oxford dons.

Mr Howard's preface explains how he sifted and sorted until he got what he needed for the first comprehensive selection in English. Volume I gives this brave undertaking a most promising start. His documents are arranged in six sections: early years; Italy; Egypt; Brumaire; Marengo; Lunèville and Amiens. Each is put into its historical context by an introduction. The volume ends with a table of sources giving the number, date, addressee and subject of every paper. Reproductions of portraits, medals, letter-heads, signatures are worthy of the book's price.

But some of the maps are too reminiscent of the Alpine war maps of 1918—with mountains so realistically hachured that the place names in small print are almost lost—an irritation to the enthusiastic reader hurrying along with one of Bonaparte's rapidly marching columns; tactical thrills do not need the added excitement of a topographical treasure hunt.

This book, moreover, could be as academically valuable as it is enjoyable if its sectional introductions gave more guidance on controversial issues. How much did Bonaparte owe to pre-revolutionary military theorists? A few clues in Mr Howard's description of the Republican armies would encourage speculation by students of military history. Again, although Bonaparte wrote little just before Brumaire ("wise conspirators do not put things on paper"), so much has been written since, sometimes by politicians masquerading as historians, that a proper appreciation of the causes and effects of that crisis is impossible without some discussion of their arguments.

These suggestions need not lessen enjoyment of Bonaparte's superhuman versatility as displayed in his letters, orders, bulletins. In his own phrase he "shuts one drawer and opens another" as he switches his entire attention from problem to problem: the control of rapid movements by which he outfought Austrian forces much larger than his own in 1796; the organisation, equipment and co-ordination of the columns that struggled through the Alpine passes in May, 1800; the improvisation of civilian machinery to govern occupied Italy; the maintenance of morale in Egypt after the disaster of Aboukir—health centres in towns, drastic punishment of incompetent senior officers, insistence on proper inspection of wards and hospital kitchens, the manufacture of games equipment for troops in camp, music for convalescents, actors "*requisitioned*" from France. Nothing, in short, is too large for his capacity, or too small for his attention. In seven hundred documents his own words conjure up the young Bonaparte—their style is, indeed, the man.

Literary Genetics

The Garnett Family

By Carolyn G. Heilbrun.
Allen & Unwin. 214 pages. 30s.

ONE of the happiest phenomena of the nineteenth century in England, brought out by Mr Annan in his well-known study, was the fruitful inter-marriage of intelligent families, leading in some cases to an astonishing continuity of brilliance without uniformity: the younger generations have so many admirable genes to choose from. Fortunately they still intermarry, and the Garnetts are a fine example of it up to the present day. This book chronicles four successive generations of intellectuals, down to Mr David Garnett, and draws modest attention to the epigoni of the fifth and sixth generation, into whose make-up has been cast such a variety of ancestral talent from every side as to make any geneticist's eyes goggle.

Another, more recent tradition is for American scholars to write studies of these same English intellectual families. Mrs Heilbrun's book is one of these, and well above the average. It is short, unpretentious, well written and sensible. She deliberately avoids any rivalry with Mr David Garnett's splendid autobiography, and gives only the barest account of his life and works. She deals briefly with family origins and with the Reverend Richard Garnett, the effective founder of the run of intellectuals in the family, and at fair length with his son, the second Richard Garnett, author and librarian. Half the book goes to his son, Edward, the most celebrated and influential of all publisher's readers. She deals rather more shortly with his wife, Mr David Garnett's mother, Constance, whose translations brought Russian literature to the British reader.

Edward Garnett is the centre of the book: a charming character who did immense good by his devotion to literature. He is a little difficult, at times, to bring alive, because his own writings were not important, and what mattered was his influence on others. By bad luck, few of his letters seem to have survived, but many written to him still exist and some of these make the skeleton of Mrs Heilbrun's book. His closest friend was Joseph Conrad, who always said that without Garnett's encouragement he would not have gone on writing; his stormiest (needless to say) was D. H. Lawrence, and part of Mrs Heilbrun's thesis is that the help which Garnett gave to Lawrence and his influence on him have both been underrated. She has a good deal of hitherto unpublished material to support her.

It is an interesting and readable book about thoroughly nice people—a conjecture less common than one could wish.

Complexities of HP

The Control of Hire Purchase

By F. R. Oliver.
Allen & Unwin. 218 pages. 25s.

Hire Purchase in a Free Society: *Third Edition*

By Ralph Harris, Margot Naylor and Arthur Seldon.
Hutchinson. 319 pages. 30s.

THESE two books complement each other. The first is concerned with the economic consequences of hire purchase, the second with its practical working. Both are useful, but both are in some ways disappointing, and the really satisfactory textbook on instalment lending has still to be written. The third edition of "Hire Purchase in a Free Society," published by the Institute of Economic Affairs, has been extensively revised and enlarged, and now includes descriptions of instalment lending in a number of overseas countries. The book is still probably the best available guide to how hire purchase works, but it comes too close to being an apologia for the finance companies.

Dr Oliver's book is quite different. It is based on a doctoral thesis, and bears some of the marks of it. The style is often tortuous and difficult to follow, the treatment often needlessly comprehensive, exploring every dead-end avenue. On major issues of policy, the argument is inconclusive. The book would have been considerably improved by some heavy editing. But when all this has been said it is a useful contribution, which deserves to be read by economic commentators and administrators.

The economic effects of hire purchase are particularly complex in that they can be analysed only in a dynamic model that can consider the different forces brought into action at successive periods of time. Dr Oliver brings out this complexity very forcibly, though he is not always successful in picking the reader's way through it. He has an interesting discussion on hire purchase and the trade cycle, rightly showing that the effect of the cycle on hire purchase is a weightier influence than the effect of hire purchase on the cycle. Dr Oliver finds that this is confirmed by experience in the United States; British experience is no guide because of official controls.

In the argument about controls, Dr Oliver comes down in favour of them, as a counter-cyclical weapon which, by ironing out fluctuations, should not harm hire purchase or the growth of the durable goods industries in the long run. He points out that since the effect of controls is fully felt only some nine months after they are tightened or relaxed, the controls "should anticipate, if possible, the situations they are designed to rectify." And there, of course, is the rub. In practice governments do not manage to "anticipate" the turn of the business cycle: they are lucky if they spot it months after it has happened. In practice hire purchase controls are, therefore, apt to come at precisely the wrong time. Moreover, Dr Oliver does not follow through the effect of controls on the incidence of terminations, as Mr J. R. Cuthbertson has recently done. This book is a useful beginning, which deserves to be built on.

Symbol of Abundance

Supermarketing

By Frank J. Charvat.
Macmillan Company, New York. 288 pages. 48s. 6d.

SUPERMARKETS, each with a turnover of more than half a million dollars, in 1958 transacted 57 per cent of the total sales through food shops in the United States. Twenty-three years earlier, their share had been negligible. In a generation, they have become a symbol of American abundance, and have profoundly affected activities ranging from market research to town planning. Now they are in the early stages of what may be a similar development in this country.

Dr Charvat's statistical survey of their development, rationale and effects is therefore opportune, and usefully complements M. M. Zimmerman's more detailed and colourful "The Super Market" of 1955. After a sketch of the stages of development, from the Californian experiments of the twenties, through the "cheapies" of the thirties, to the larger and more lavish stores of today, there is a series of chapters on sales, gross margins, costs, and balance sheet factors, which give a comprehensive statistical picture of supermarket operations. Particular attention is paid to purchasing procedures and methods of raising finance. The second half of the book describes some effects of the supermarket: the reaction of the large grocery chains, the strong trend towards horizontal integration, and the decline of the speciality food shop.

The British business man, though he may praise American efficiency, is usually far more hostile to the collection and publication of statistics than his American counterpart, and a book like this could not be written about this country; Dr Charvat relies on material, both from the Federal Government and from the trade, which simply does not exist over here. We learn, for example, that the number of lines stocked by the average supermarket rose from 867 in 1928 to 5,600 in 1958; that trading stamps passed their peak in 1956, when 39 per cent of supermarkets used them; that in 1958, 64 per cent of supermarkets handled men's socks with an average of ten different items; that the largest chain, the "A and P", reduced the number of its branches by half—to a mere 7,073—in the four years to 1940, and that in 1937 no fewer than one-third of them were operating at a loss. The late response of the giant chains to the challenge of the supermarkets provides indeed an interesting parallel with this country, in which the three largest grocery chains have been consistently in the rearguard, with the running being made either by large concerns with their primary interests elsewhere, or by smaller enterprising firms and individuals.

"Supermarketing" is well documented, with six pages of bibliography, and much has been gleaned from the trade press which deserves this more permanent form. The statistical information, both in the text and in seventy tables, is almost always competently handled, though there is no attempt to explain, or even refer to, discrepancies in the material from different sources. When presenting the conclusion of research into the facts and figures, Dr Charvat writes clearly and precisely, without padding, and summarises the work of others effectively if uncritically. It is therefore a pity that he has been tempted into an over-ambitious final chapter, in which he becomes capable of sentences like: "Some of the best creative brainpower should be devoted to the development of new promotion ideas" and "Personalised management can lead to more community acceptance. . . ."

The discussion never goes very deep: marketing, which Dr Charvat has studied, is not economics. Nevertheless, the book can be recommended as a sound, factual and comprehensive survey of an important economic phenomenon.

New Machiavelli

Presidential Power

By Richard E. Neustadt.
John Wiley, London and New York. 237 pages. 48s.

PROFESSOR NEUSTADT, who has earned the title of the Machiavelli of the new American Administration because of his unabashed interest in political power, has written a close and realistic study of how presidents should act to attain their ends and why some recent ones have failed so lamentably to do so. An American president is not omnipotent; even where his writ runs most clearly he has to persuade other people, who have their own responsibilities and interests, to do as he wants them to. His standing with the Washington community, whose sharp eyes are on him continuously, is one great factor; his standing with the public, whose attention is much more intermittent, is another. When Mr Eisenhower abandoned his own Budget in 1957, and acquiesced in the attack on it by Mr Humphrey, the Secretary of the Treasury, the president made himself a laughing-stock, let down people who thought they had commitments from the president and gained a reputation for not knowing his own mind. President Truman made a much graver error when he and his advisers—civilian and military—failed to rein in General MacArthur in Korea; the result was that the name of Truman became asso-

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OF A DISASTROUS
NATION-WIDE FAMINE?

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THE CHINA QUARTERLY

ciated in the mind of the public with a bloody war which it seemed impossible either to win or to stop.

These two examples provide the heart of Mr Neustadt's book; he also includes a short outline of one enterprise which, miraculously and for once, went right—the birth of the Marshall plan. He also sketches the styles of the last three presidents—Roosevelt, Truman and Eisenhower—and comes to the conclusion, not surprisingly, that only Roosevelt had the necessary preoccupation with his own power and the skill and the experience to make the most of it. But the gist of the book—that only the President is in a position to look after his own interests, and that he must act as his own chief of intelligence, sifting and piecing together gossip and making his own decisions—may not be enormously helpful to the man who sits in the White House. Mr Kennedy has done away with many of the layers of staff within which President Eisenhower was insulated and tries to work out every policy for himself. But this did not save him from a disastrous step over Cuba. There are evidently qualities with which a president has to be born or which he has to acquire from experience rather than from books.

Poet as Thinker

W. B. Yeats: ***His Poetry and Thought***
By A. G. Stock.
Cambridge University Press. 267 pages. 27s. 6d.

IT was Blake, one of Yeats's acknowledged masters, who said "I must create a system, or be enslaved by another man's." This hard necessity confronts any poet whose convictions defy the commonly accepted formulae of the society in which he finds himself. Yeats was such a one. His genius rebelled against the values of Christianity and democracy, which colour the assumptions of the average English-speaking reader. He could not write with perfect confidence until he had worked out for himself a system that took into account his own intuitions about life and death, time and eternity, soul and body. Showing better judgment than Blake, Yeats kept his theorising distinct from his poetry, so that his readers are never confronted with such obvious obscurities and enigmas as they are in the "Prophetic Books."

Some of Yeats's critics have denied that we can understand the poems without a knowledge of the underlying principles of his thought. No doubt they are right; and yet there is the undeniable fact that the poems of Yeats can give acute delight to many who would jib at "A Vision," the prose exegesis in which he presents with immense elaboration his own account of man's nature and destiny. It is an extraordinary amalgam of notions drawn from unfamiliar and sometimes bizarre sources, and Yeats himself did not claim for it the status of a gospel. It was to serve his own needs, not to correct the thinking of others, that he evolved it.

Professor Stock, the latest to join the throng of commentators on the poetry of Yeats, is far more concerned to defend the seriousness of his thinking than the general validity of his thought. She writes sympathetically of his beliefs, though it does not appear that she endorses them. What she does show is that the very heterodoxy of his convictions bears witness to his intellectual curiosity and mental activity. To some, Yeats may appear to have been credulous; but there is nothing lazy about his thinking. His system is both intricate and coherent, if his premises can be accepted. And his mature poems, compact of energy, alive with meaning, demonstrate how his own poetic confidence gained from his having formulated a body of doctrine that corresponded to his own intuitions of reality.

Miss Stock traces Yeats's intellectual and artistic development from volume to volume of his poems, giving full weight to the external events that shaped him as well as to the sources from which he derived some of his ideas. She writes with notable lucidity and grace, and with an abundance of good sense. Her book makes an admirable introduction to the serious study of Yeats for anyone who has already been captivated by the brilliant beauty of his poetry.

From History to News

Our Times, 1900-1960
By Stephen King-Hall.
Faber. 352 pages. 28s.

SIR STEPHEN KING-HALL is an indefatigable person. It seems to have occurred to him that it would be a good thing to provide our intelligent but inevitably ignorant youth with a brief and readable account of what happened between the times when school history seems to leave off and their own memories begin—a yawning gulf, is it not, but by no means a vacancy. No sooner had this idea occurred to him than it occurred to him that no one would do the job better than himself, and in less than no time it was done. Elderly and academic persons may occasionally raise an eyebrow and feel for a blue pencil, but what matter? It was not meant for them. It is extremely readable, and extremely fair-minded. Although no one would doubt its author's intense patriotism, the reader will find that neither the Germans in the first half of the period nor the Russians in the second are as black as they are sometimes painted.

And the author seems so surprisingly often to have been there himself:

> Less than five weeks had elapsed since, as a young naval sub-lieutenant, the author had heard the news of the assassination whilst attending a party on board a German warship at the naval base of Kiel, where a British squadron was then paying a social call. On August 28th his ship, HMS *Southampton*, was in action in the Heligoland Bight with the German ship on whose deck he had been dancing when the festivities were interrupted. When the war ended he learnt that a shell from the *Southampton* had burst on the quarter deck of the German ship and killed about forty men on what had been the gay dance floor.

We are told that when the author of the Acts of the Apostles joined in and took part in the proceedings he describes he indicated the fact by surreptitiously introducing the pronoun "we." There are plenty of "we-passages" in this book, and they enliven what is in any case a lively narrative.

Bare Ruin'd Choirs

English Monasteries in the Middle Ages
By G. H. Cook.
Phœnix. 282 pages, 46 plates and 41 plans. 36s.

FINIS CORONAT OPUS: this book concludes its author's four-volume task of delineating the ecclesiastical edifices of England: cathedrals, parish churches, collegiate churches, and this last (correctly including as *monasteria* or minsters what we loosely call convents or nunneries). One does not have to be a Christian, still less a Roman Catholic, to writhe with anger at what Henry VIII's commissioners did at the Suppression to the accumulated beauty of buildings and contents dating back through eight centuries. The enrichment of the new Tudor aristocracy arose from contractors' and spidermen's dilapidation. Our often scorned Victorians over-restored; but at least they revered what had gone before them.

Mr Cook makes elegantly plain what went under Henry VIII, and went for the good of greedy men. But he does more: he describes English monasticism in both its good and less admirable aspects, its administration, ritual, offices, economics, arts and crafts, beside its buildings; and he gives a wealth of useful information to tourists, as well as to expert ecclesiologists. Who would have known, apart from Mr Cook, that the law of copyright probably dates from the judgment of a Dark Ages king of Tara that one of the two monasteries there should not entice pilgrims away from the other by displaying a mere *copy* of the other's genuine treasure? Who, after browsing in this reasonably priced compendium with excellent plans and plates, will not revisit the nearest ecclesiastical buildings and gain enjoyment with interest? Mr Cook's great labour is a monument to ubiquitous beauty created by a few.

OTHER BOOKS

THE INVESTOR'S INDIA YEAR BOOK 1961. Compiled by Place, Siddons & Gough (Private) Ltd. *Orient Longmans.* 502 pages. Rs. 20.

CANADIAN ANNUAL REVIEW FOR 1960. Edited by John T. Saywell. *Toronto University Press.* London: *Benn.* 419 pages. No price given.

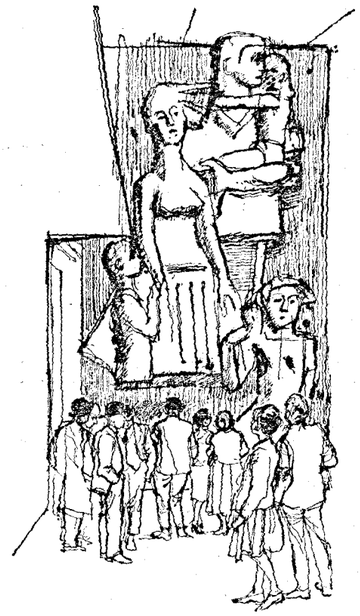
ACCIDENT PREVENTION. *International Labour Office.* 190 pages. 4s. 6d.

HOME REPORT

In HOME REPORT members of the editorial staff and local correspondents report on life and happenings in and around Britain.

Earls Court's Co-existers

FROM OUR SPECIAL CORRESPONDENT



EARLS COURT, that commercial panopticon rising shed-like above the seedy brickwork of the Warwick Road, SW5, has seldom cut it so fine. The Soviet exhibition, in the last throes of storming the norm before Friday's official opening, has already been, in its way, an experience in Russo-British labour relations. Once the word got about that the Russians did not take tea-breaks, unofficial comparisons of working conditions were more or less inevitable. "Me," declared a Cockney voice in a private huddle beside a model hydro-station, "London area rates. No, no, five days, five. . . ." There was much pantomime counting of fingers. "I'd say it was beyond the ordinary chaos," one of the Earls Court regulars allowed. Still, it is always hard to believe that exhibitions will ever really be ready. For their first London appearance the Russians have brought over 10,000 exhibits and done most of their own design and decoration. They mean business.

The exhibition portrays the Russians as a great, ingenious and self-confident people: this is not news. But they make no bones about their desire for trade. Representatives from the ministry of foreign trade in Moscow as well as from the trade delegation in this country will be on hand with authority to sign contracts for unlimited purchases on the spot, a businesslike approach that, they say, has not been demonstrated on such a scale before. British clients are advised that the best time for negotiations will be between 10 and 12 in the morning before the halls fill up with rouble-less exhibition-goers. The message that the Russians insist that they want to get across is not merely that they have machinery and consumer goods to sell here—"even a nuclear power station if you like"—but that their own society is developing at a pace which should open British exporters' eyes to the main chance. On July 30th, the day after the Earls Court show closes, Moscow is due to announce its economic programme for the next twenty years.

There is, naturally, an immense and apparent pride in the Soviet scientific and industrial achievements: the statistics are liberally distributed around the halls (those in the agricultural section are not free from the occasional nuance). The Soviet way of life is presented on two levels. There is the demonstration of state planning, perhaps most tellingly in the Khrushchev housing drive, the new towns and the set-pieces like the rebuilt Stalingrad. There is also the deliberate display of the ordinariness, the approachableness of the Soviet family itself. There is the bride in her wedding dress, the jazz trombonist at the club, the child clinic, the cheap and brassy-looking radiogram that would not be out of place in a Barking or Kilburn living room. There is even a display of tinned fish if you want it.

The captions and exhortatory messages can have a faintly Smilesian ring: "Exercises, gymnastics and sports mean sound health for future workers." Some are baffling: "The labour reserves emblem is known everywhere in the world." Occasionally, and almost disarmingly, the tense on some huge placard is off-beat: "In the USSR sports is taken up by millions of people." It all adds to the effect of a great striving to be understood, of a shout across a void.

The one gimmick to draw the bourgeois audience is the fashion display, with its flourish of blonde models and its intriguing news that there are over thirty Soviet fashion houses ready to set the trends. London's women correspondents, fluttering at the possibility that all this may have to be taken quite, quite seriously one day, have been phoning in for details about Moscow's personal tailors. All this reaches a different public from the massed, grey-green ranks of machine tools and the energetics exhibition. The soft sell is a sound touch. There are surprisingly few claims for Russian inventive "firsts." Lenin is quoted (topically and so excusably) on the relative place of the teacher in socialist and bourgeois societies. But the ideology, right from the opening mural of Nikita and Harold benignly seated at a diplomatic fireside (of yesteryear), is only discreetly present.

WHAT does it add up to? "Co-existence," said one of the Russians, "is really getting to know each other better." The crowds at Earls Court in the next three weeks are likely to come away with knowledge enough for at least two impressions. The first is of the unstinted effort that the Russian people have made since the war and, equally, of their growing consciousness that they now have the material evidence of success to show to any company, however critical or flippant. The second, even more closely related to British ideas of co-existence, is that no people, having toiled so long, could be prepared lightly to jeopardise its exertions and aspirations in an idle or avoidable conflict. Whatever its immediate influence on Anglo-Soviet trade (and the dig in British ribs is not intended to be an aimless gesture at this hour of dithering over the common market), the Soviet exhibition has a message very much of its own.

Hull's New Horizons

FROM OUR SPECIAL CORRESPONDENT

THE extension of fishing limits in northern European waters has hampered the operations, but not yet seriously diminished the yields, of the British trawler fleets. This is particularly true of Hull, where the past season has been unusually satisfactory. The lengthy phasing-in of the new twelve-mile limits, the mild weather of the past year (which, foul as it proved for landlubbers, could not have been better suited to fishermen) and the fact that, from Hull at least, no ship was lost in the past season have helped to cushion the blow and to maintain catches.

But these days of plenty cannot last indefinitely; and, for the conventional distant-water trawler, the early autumn is likely to bring the first constriction of supply as the fish move inshore within the new limits. Rather than continue a futile private war, the fishermen have resigned themselves with what grace they can muster to the inroads of new ideas.

These might not seem new in an industry less conservative than trawling. They consist in going farther to find fish, and in staying longer where the fish are. There is, however, a fairly hard limit to the length of time during which fish will maintain condition packed in ice—something less than the three weeks which is the limit of the conventional trawler's range. New systems of preservation will have to be accepted (and, of course, paid for); and the latest, and German-built, addition to the Hull fleet, the *Lord Nelson* (1,200 tons), is among the first indications of the direction that British trawling will have to take if it is not to die.

Half the *Lord Nelson's* storage space will be given over to quick-frozen whole fish, struck solid within an hour or two of its taking from the sea; the other half (making up 250 tons) will be used for the time being as a conventional wet-fish store. By filling its refrigerated compartments before going on to wet storage it will be able to maintain its catch in prime condition for up to five weeks; and it will stay out until it is full, thereby pretty well assuring itself of profitability. Its journeys will be more expensive than those of smaller trawlers, but the newly announced £17-a-day-at-sea subsidy to distant-water vessels may save the housewife's purse if not the taxpayer's.

The freezer-trawler is an answer, but only a partial one; for the frozen fish will have to be thawed and possibly refrozen for sale, adding at least one more operation to the train between catch and customer. Another company (rather earlier in the field) has built three trawlers, of much greater size, which are in fact floating factories, going farther, staying longer on their (Newfoundland) grounds and processing their catches completely—naturally at considerably higher cost. The *Fairtry* ships stay at sea for up to three months, and, instead of being whole-frozen, their fish are stripped, filleted and made ready for market on board. They employ 90 men apiece: the *Lord Nelson's* crew is 26 and the conventional trawler's 18. Both the *Fairtry* and the *Lord Nelson* have rationalised their working to the extent of hauling their catches up a ramp cut through the stern rather than swinging it, in the traditional manner, over the starboard side.

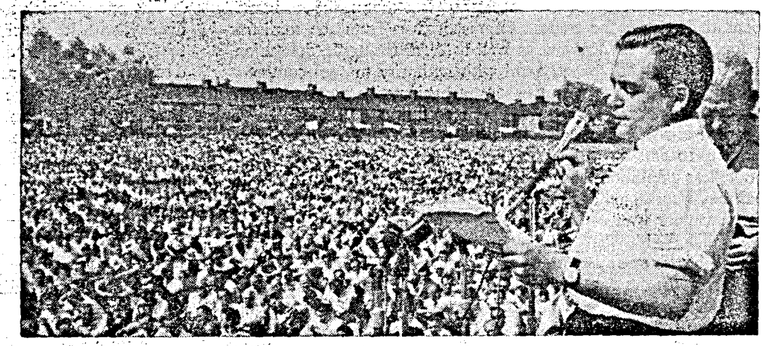
BUT even the factory-fisher is not the whole answer. The logical development is towards larger ships, freezer-equipped, going even farther afield, to the untapped riches of the African and South American coasts (well south of the equator, since tropical fish suffer an unpleasant and irreversible change on freezing). But the relation of manœuvrability and economy to size limits this development unless the *mother-ship system*, used in whaling with a fleet of tiny catchers, is attempted. And this avenue is in turn blocked by the inability of anyone, so far, to devise a means of transferring bulk fish at sea without damaging them and without making the catcher as elaborate a mechanism as its factory ship.

No sort of remotely economical floating "keep" seems feasible (an hour of rough weather would ruin the catch); and a submersible keep, while maintaining excellent condition, still presents almost insuperable handling problems. The Russians, it is said, have gone as far as experimenting with a submarine trawler, unaffected by weather, time, or the proximity of its mother-ship.

Striking Habits

IT is all too easy for the observer of strikes in the motor industry, befogged in the moralising arguments which flow so freely from both sides, to believe that car workers' strikes are merely a symptom of a deeper malaise—boredom or bloody-mindedness—engendered by up to fifty hours a week of repetitiveness on a production line. Two essays by Mr John Bescoby and Mr H. A. Turner, in the current issues of the *Manchester School* and the *Oxford Bulletin of Statistics*, can help the optimist to believe in a more rational causation.

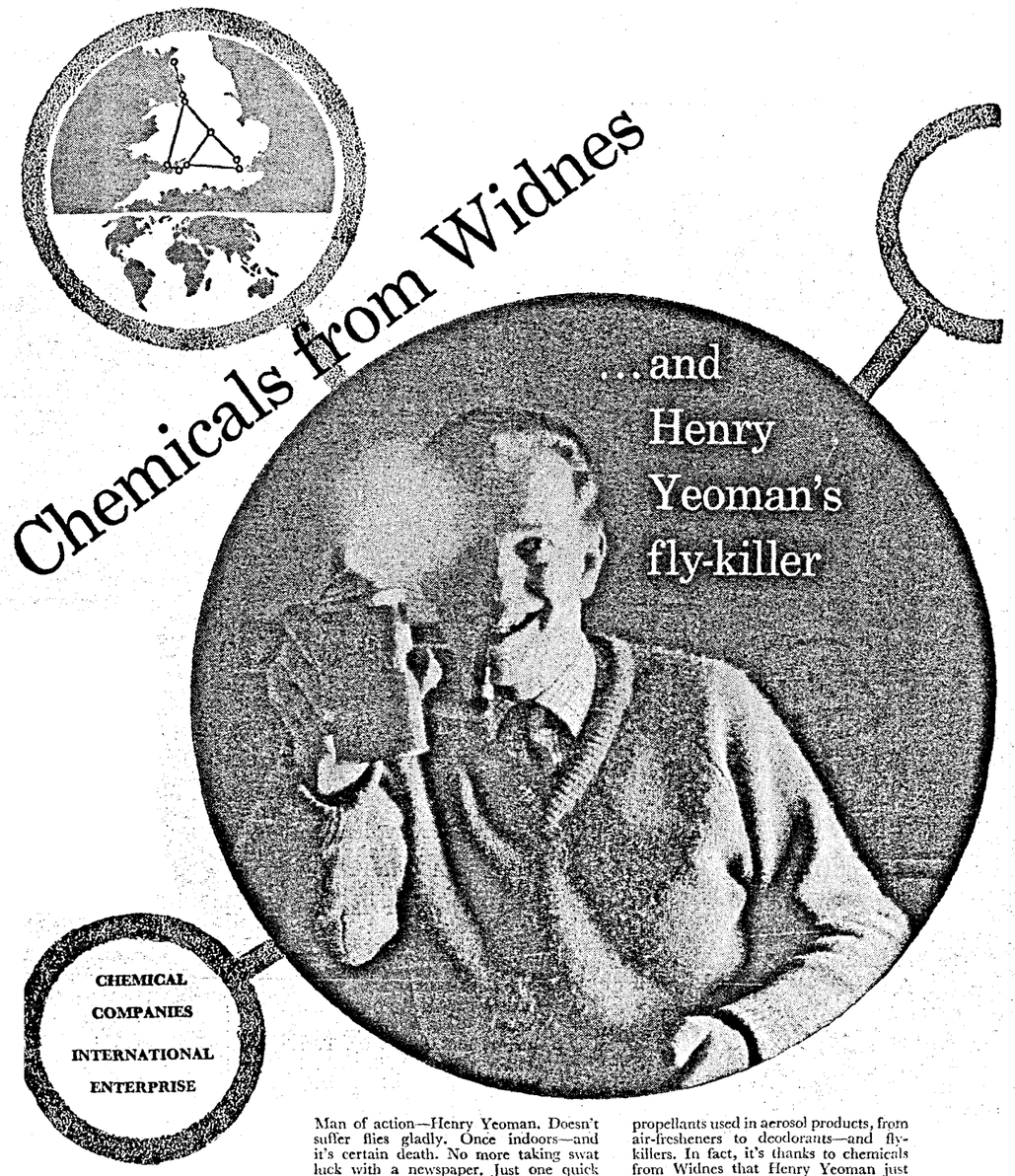
A valid point is that the severity (not the frequency) of strikes depends on whether or not they are declared official by the unions whose members are involved. Another is that in the bigger firms more days are lost through strikes at times when cars are selling badly, although in the small companies the reverse is true. This is the case despite the fact that more strikes begin in periods of boom (perhaps because longer hours are worked, and tired men are more militant). The authors argue that, during a slump, union officials are more inclined to make strikes official in the big firms since they know that loss of production will not annoy the employers, but merely lead to a reduction in subsequent short-time working. In the minor firms, on the other hand, the unions may be aware during recessions that by striking they may drive the weaker employers to the wall, and thus destroy their own jobs in the future.



Dagenham militants: official in slumps

The major issues over which strikes now occur are wage-structures and redundancy: not a single one was traced to threats to reduce the basic wage rate. This, the authors reckon, reflects the fact that workers now demand security of employment as an element in their basic working conditions: they might also have mentioned that few employers would nowadays dare to attempt a wage cut.

Perhaps the most useful observation is the reminder that Vauxhall's, where a senior manager is in charge of labour relations, practically never has a strike at all—while BMC, with no apparent overall labour policy for its scattered factories, has by far the worst recent record, fairly closely followed by Ford: these two firms are responsible for over two-thirds of the car firms' total strike losses. The authors put the problem in its place by showing that, in recent years, the average car operative has only lost two days a year through strikes: they also, dispassionately, make an impressive case for remodelling the industry's negotiating machinery from both sides.



Man of action—Henry Yeoman. Doesn't suffer flies gladly. Once indoors—and it's certain death. No more taking swat luck with a newspaper. Just one quick squirt with deadly aerosol fly-killer. That's where chemicals from Widnes come in.

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This is only one of the ways in which A & W chemicals play a part in the life of Mr. Yeoman. As one of the biggest organisations in the British chemical industry, the Albright & Wilson Group contributes—but we could go on like this ...

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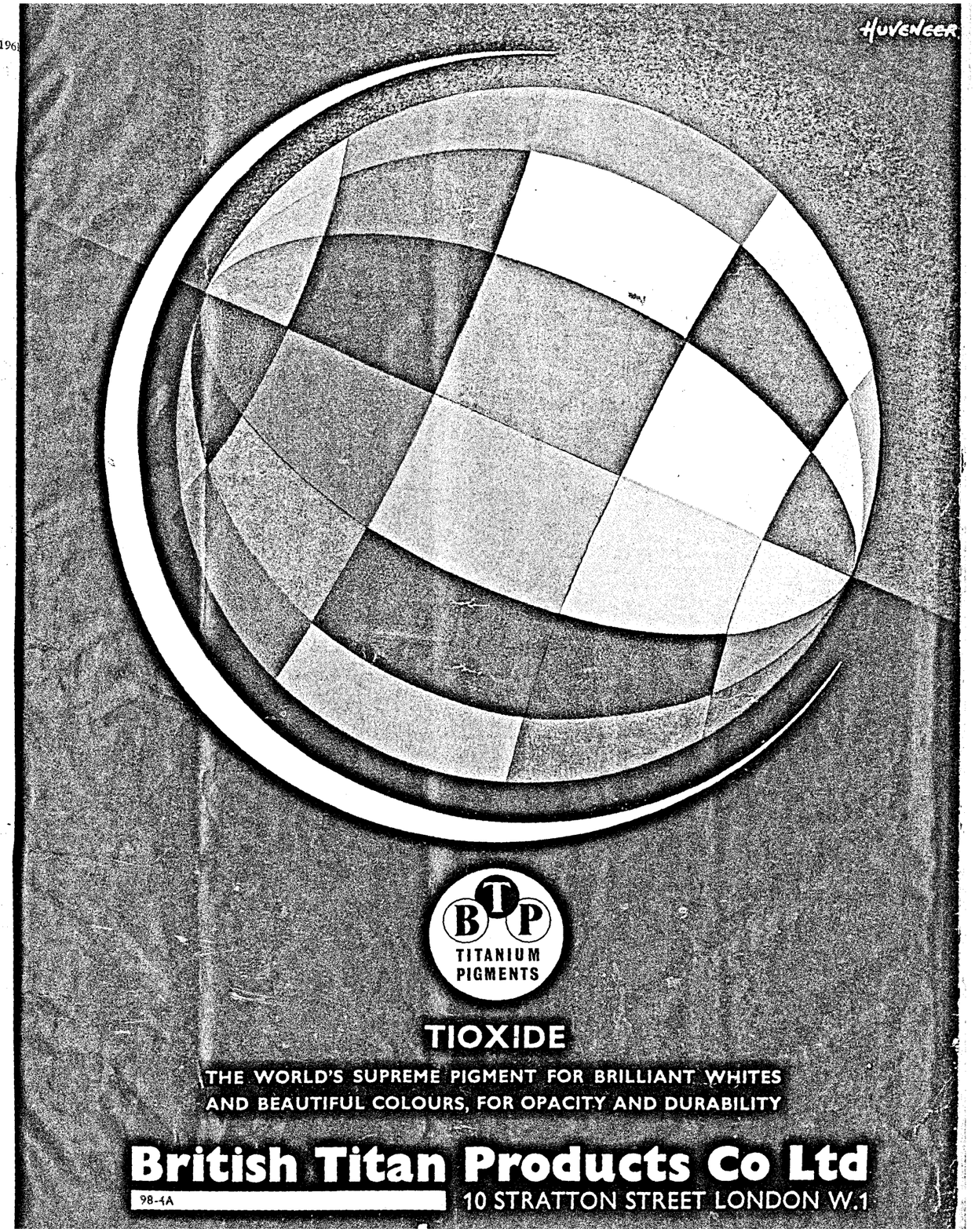
Television makes the weekend There are favourite programmes to look forward to and new ones to try. There's something for all the family on ABC Weekend Television, when all the family are home to enjoy it.

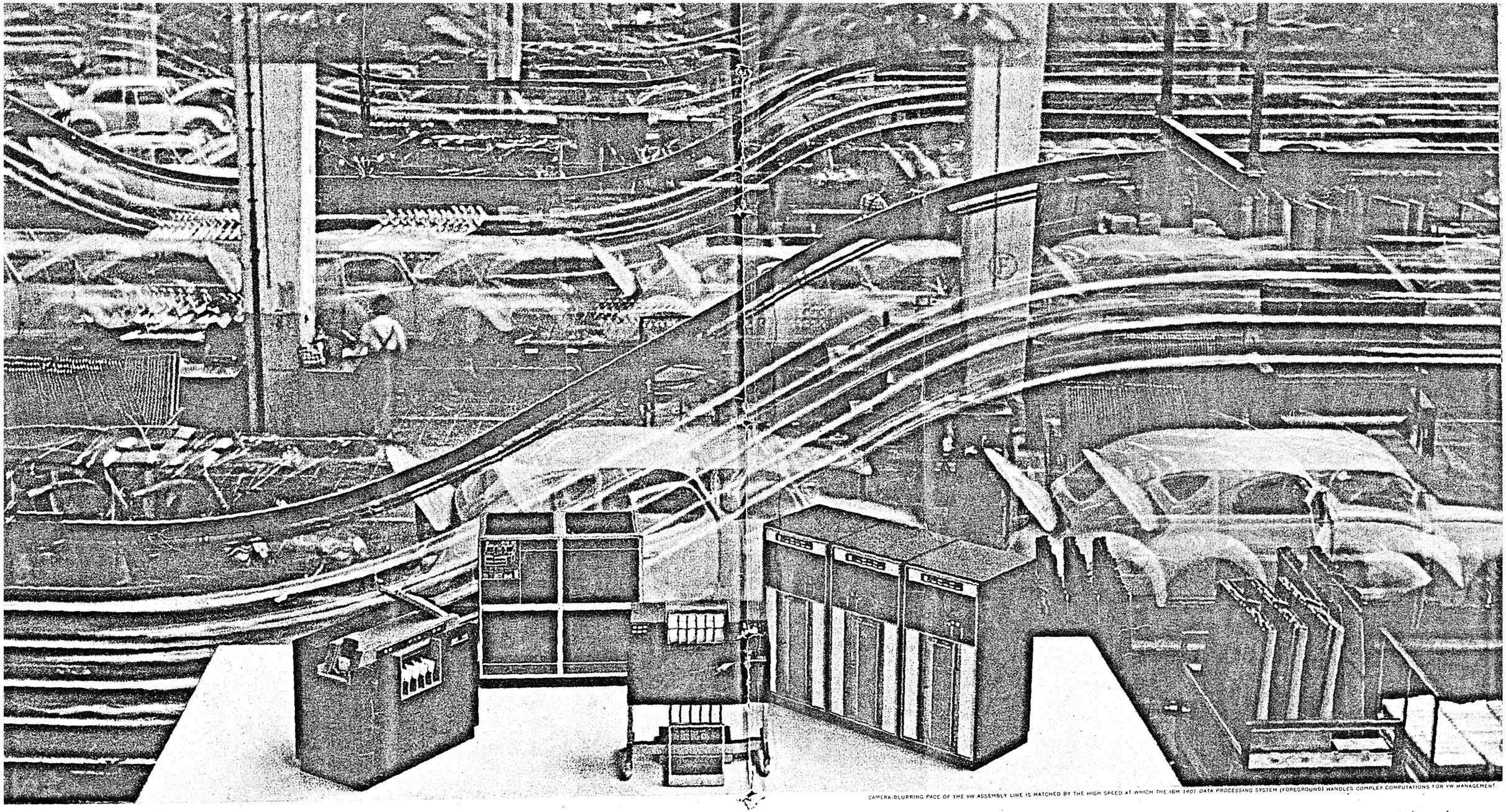
Television sells at weekends when families are relaxed and receptive to new ideas. At the weekend your commercials on ABC Television penetrate deeply: sell effectively.

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How to keep track of 4000 Volkswagens a day

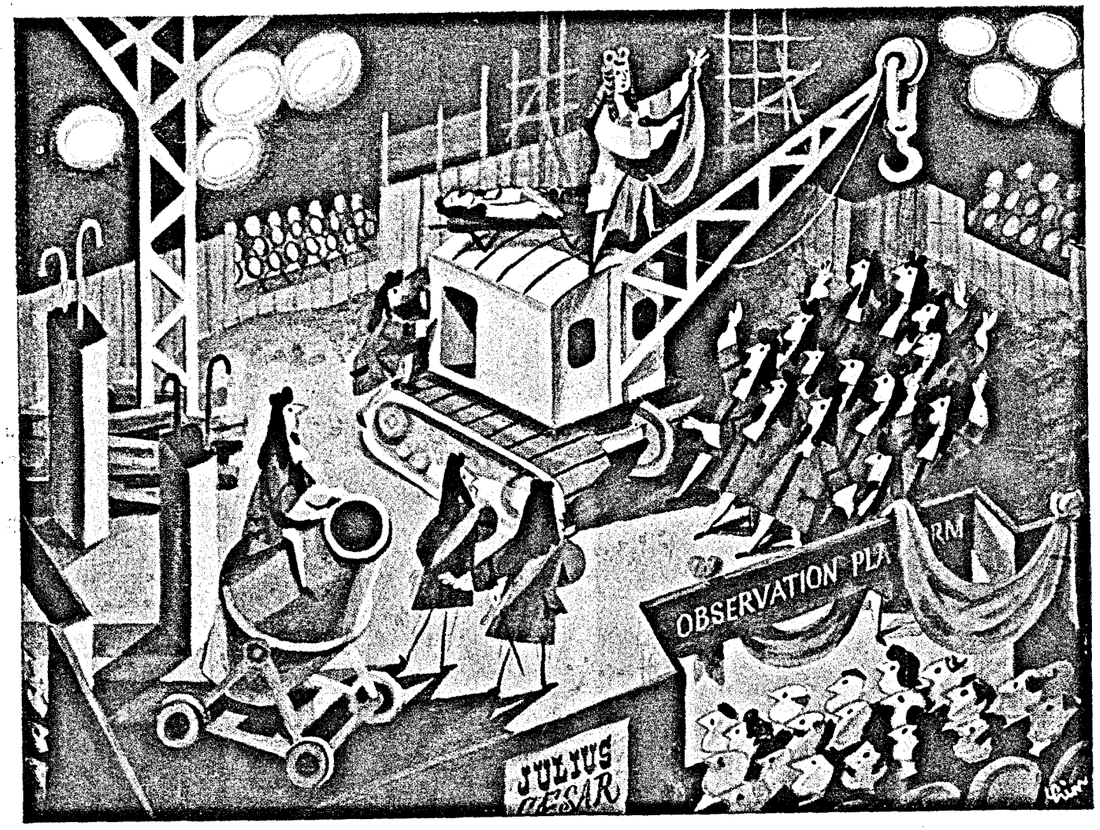
The auto makers are putting a lot of bounce into Western Europe's *economy* these days. Volkswagen, for example, turns out 4,000 cars a day, employs 65,000 people, has risen in just thirteen years to a top spot among West Germany's industrial enterprises.

For this kind of dynamic growth, management must be on top of its problems every minute. At Volkswagen, IBM data processing systems help in maintaining this tight control. An IBM punched card with each order helps schedule colours and accessories to match demand. IBM computers analyse employee and sales statistics, make up payrolls and statements. VW's engineers are using IBM data processing systems for such problems as figuring crankshaft vibrations.

While you've been reading this, half a dozen cars have come off the Volkswagen line. We hesitate to say just how many computations the IBM 1401 computer has carried out—but it multiplies a six-digit by a four-digit number in two thousandths of a second, which gives you an idea.

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REPORT ON DRAMA. The amalgamation of S.H.R.O.U.D.S. and the Foglamps resulted in a successful year, although a modern English play by Schwesker, translated into Rumanian and acted on the circular staircase of the 13th century Tower of All Spirits by 12 bus conductors chosen and rehearsed at random, did not get good notices. "If a play is basically *something* to be seen it must be seen." Accepting this principle, Stükl adapted his version of the Old King Cole story, with its chorus of junior astronomers dressed as nuns, to a specially constructed inverted dome on infra-red telescope lines. Later in the year, deliberately choosing a theatre which was not a theatre, the committee courageously hired, for its *Julius Cæsar* in Old Pretender costume, the building site for the new Budds and Hocking Central Stores. "What we liked about it was that the setting was really *used*," said the *New Schweppsman*. If it seemed natural to the actor saying rhubarb to sit on a concrete mixer when he said it he sat on it.

Future plans are many. Already in rehearsal is the new anonymous drama with its famous television-watching scene set in a nurses home. Though post-sink in tempo, the costumes are Aegean in flavour. Indeed even the director is wearing archipelagic clothes based on recent excavations.

Written by Stephen Potter; designed by George Him

SCHWEPPERVESCENCE LASTS THE WHOLE DRINK THROUGH

1 5 JUL 1961

THE BUSINESS WORLD

Sterling's Test

THE fate of the pound, and therefore of world exchange arrangements as a whole, is likely to be decided before the August holidays: the economic statement that the Chancellor of the Exchequer must make by then may be *its final test*. Sterling has been under heavy and almost unrelieved pressure for four months. It is a forbiddingly long period. In the past uncertainty about sterling has snowballed quickly, and forced the Government to concentrate its policy equally quickly. This year has been different. The Swiss, German and other European central banks have agreed to counter the actions of exchange operators and to put money into London while private holders are pulling it out. In this way the monthly losses of gold shown by the Bank of England have been kept down. The published loss of £151 million in the four months to end-June is considerable for a season in which London should be gaining reserves, but it is much smaller than the outflow of private funds in this period. The extent of this central bank assistance has successfully been kept secret. One of the few clues is a rise of £83 million in disclosed official holdings of sterling in Western Europe in the three months to end-March—covering one month of the four. But while central bank support has given continuing relief, and has prevented speculation from running utterly beyond control, speculation continues with no abatement. The reason is simple. Fears about sterling are not now based on Britain's ability to carry the short-term burden of withdrawals of capital—the international credit arrangements look after that. The fears are about the competitiveness of Britain's economy, about the sluggishness of British exports and the ever-upward course of British costs.

It is now almost a commonplace that previous corrective measures in Britain have largely by-passed the economy's basic weaknesses. The authorities have periodically applied piecemeal measures; their financial policy has been orthodox in the accounting sense; but the economy has manifestly failed to respond. Any such diagnosis—and it is now widely accepted both abroad and at home—must lead to a prescription of a new kind, boldly directed to long-run needs and facing the inevitable short-run resistances that have inhibited its application up till now. Specifically, Britain's chronic postwar weaknesses have been wage inflation, extravagant use of labour and excessive protection; and it is these that must now be frontally assaulted, with rather more attention from the Prime Minister than he has been inclined to give to home economic affairs in the past year or two. The Bank of England, in its quarterly bulletin published this week, is itself pretty blunt. Much further effort must be directed towards increasing British exports; and this

> may only be possible if the pressures that lead to a rising trend in industrial costs are kept under control and if industrial capacity continues to be improved and expanded.

This is no prescription for blinkered retrenchment. Lord Cromer begins his reign as governor of the Bank in critical weeks; it is to be hoped that he will not pull his punches.

The Government ought to be under no illusions. If its forthcoming measures comprise simply some variant of the familiar package—cuts in public expenditure, increases in indirect taxes, perhaps with an increased Bank rate thrown in—they may well be as irrelevant to external confidence as to internal needs. The two animals have always been fundamentally one. This is more than ever true this year. The international credit arrangements entail neither a permanent subsidy, as feared by some people in the creditor countries, nor any artificial ritual of retrenchment, as feared by Labour politicians. What the credit has provided is time for the working out of considered plans of reform that the domestic economy itself has long needed.

The British Government has now had four months' time, following all the time it borrowed in 1960 (again sensibly enough) by pulling in short-term private funds. A convincing programme for improving Britain's competitiveness is itself likely to require further credit in ensuing months. That is no real handicap. It is well recognised in foreign financial circles that the key point for sterling is not whether the current balance improves or deteriorates by a fraction in the second half of 1961, but whether anything is done to put it on a sound basis for 1962 and after. Indeed, if the British Government once again ducks the long-term issues, it cannot be taken for granted that either the European central bankers or the International Monetary Fund would agree to provide much further credit. Why should they?

—

THE responsibility resting on Mr Selwyn Lloyd, and perhaps still more on the Prime Minister, is thus very heavy. An inadequate response will damage not only the immediate future of sterling but also the projects for wider international credit themselves, for which the British authorities have long been rightly pressing. The conservative argument against these schemes has always been that they enable and even encourage the recipients to leave their basic problems untouched, and some critics belonging to this school are

already pointing the finger at Britain. They must be shown to be wrong.

It would be sad indeed if the cause of international credit were to be compromised by Britain itself at this stage. The battle against outdated monetary ideas is difficult enough without giving them a gratuitous boost. The vague misgivings that many conservative bankers instinctively feel were voiced throughout Europe last week by M. Jacques Rueff, who has periodically had wide influence in French economic affairs. Anyone who believes that there is a satisfactory alternative to improving and extending international credit should re-read those articles carefully. For M. Rueff's own analysis carried him to an *impasse*. His unqualified rejection of the "insidious" gold-exchange standard led logically to only two possible solutions: something like the Triffin plan for replacing reserves in national currencies by international credit, or a rise in the price of gold. But neither solution was acceptable to a mind so rooted to the natural discipline of gold; and the end of all M. Rueff's dramatic analysis was a proposal for an international conference—ordered, somehow, to "undo the terrible evils wrought by another conference in Geny forty years ago.

In one sense the Rueff articles served a useful purpos they showed, more convincingly than could anyone of th opposite school, that there is no ordered way of putting th clock back. Gold : gold exchange standard: key currencie backed by IMF: true international credit—this is a natura progression. But the qualified, inarticulate support that M Rueff drew, partly reflected in a revival of private buyin of gold, is a reminder of the resistances that this progress already evokes. These resistances could clearly gain new for if the proponents of wider international credit reached a *impasse* of their own making. If, on the other hand, th British Government now takes the right kind of steps—an one should not assume too readily that it will not—the caus of more ordered international payments could attract dete mined international support, backed by an effective contribu tion from Britain.

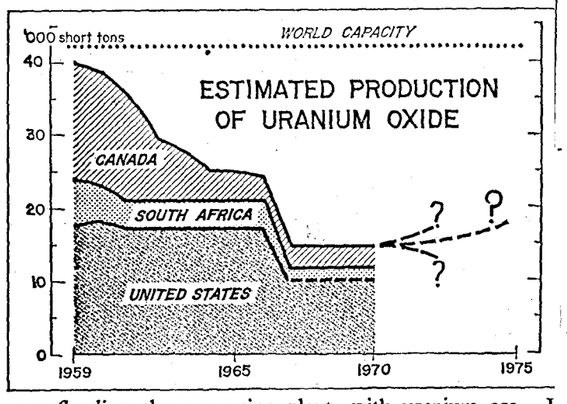
Lifeline for Uranium

Uranium mines face a lean decade with some hope of better times after 1970

URANIUM's descent into hard times is expected to reach its nadir about 1967; it is easy, therefore, to understand the Canadian's government's anxiety to hold the Atomic Energy Authority to its letter of intent to buy 12,000 tons of uranium concentrates. A letter of intent is some way short of a contract—this is the point of argument in Ottawa in recent weeks. But if past intent becomes future fact, this business could give Canada's uranium industry the lifeline it needs between 1966, when the present contracts expire, and the 1970s, which is the earliest that buyers might come back into the market. Between the dates stretches the prospect of five barren years when it will take a miracle or a nuclear war to produce new orders for more than a few tons of uranium. To stay alive, the best mines in Canada need a throughput of 1,500 or 2,000 tons a year—which a windfall deal in 12,000 tons could provide. The Atomic Energy Authority does not want uranium; when outstanding orders have been delivered, it will be holding five years' stocks and the 12,000 tons now being argued about might represent another three or four years' consumption—it is difficult to be sure since no one knows how much will be needed for atomic weapons. If, therefore, the AEA helps the Canadian government in its bridging operation, it will be justified in demanding a slashing cut in prices. Not that a cut in uranium prices would stimulate consumption—even free uranium could not do that.

The uranium industry's troubles are twofold: they combine the effects of over-production of uranium ore and disappointed expectations about nuclear power. These are separate matters and one has quickly followed the other. Over-production arose out of ignorance about the size of the world's uranium deposits and even of the countries where they were to be found. When scientists developed the atom bomb, uranium was a commercially worthless mineral. Rapid search for workable deposits to supplement supplies from the Congo revealed uranium in the South African gold mining belt, i Australia and in Canada. More detailed search revealed deposits all over the United States, with some of markedly high grade.

America's plentiful suppplies did not emerge until Britain and the United States, acting through their joint Combined Development Agency (to which Canada also belongs), had entered into long-term commitments for uranium at high prices with South Africa, Australia and Canada. The American authorities found themselves obliged to take uranium both from Canada and from their own diligent prospectors who



were flooding the processing plants with uranium ore. I was soon clear that the United States was self-sufficient i uranium and that some of its richer deposits could undercu all but the best of the Canadian mines. The United State government, therefore, decided not to renew its contract with the Canadians when it expired in 1963 and so cut the main prop which supported the Canadian uranium industry. Th chances of the United States ever importing uranium again look slim.

Over-production followed directly from these rich dis coveries in the United States which boosted world productio

uranium oxide to more than 42,000 tons a year in recent ears, about a quarter of it added to the stockpile. The riting was on the wall in 1958, when many countries outside ie United States, though still committed on paper to sizeable uclear power programmes, were beginning to think again.)ne by one, these nuclear programmes have been trimmed r postponed to the 1970s. In Britain, the only country with sizeable nuclear building programme in hand, construction as been slowed down and the programme effectively halved; nd it has sufficient uranium on order to meet all foreseeable equirements at least until 1971. Uranium mining faced a irtual shut-down when existing contracts expired.

THREE courses were open to the producers, all of whom had satisfactorily protected themselves against this hazard by the terms of their contracts. (They had received $11 o $12 per pound of uranium oxide, a price high enough to write off the entire cost of the mines during the contract period and to provide the more efficient producers with handsome profits.) The easiest course was to let existing contracts run and close mines piecemeal as each completed its orders. This is being done in Australia. The second course was to re-negotiate the contracts by competitive bids. With plant fully amortised, a number of mines could sell uranium today at prices ranging from just under $3 up to $4. The richest American and Canadian mines can show a profit at $3 a pound, because they use new large extraction plants with costs that are lower by $2 to $3 a pound compared with older treatment plants. Mines with lower grades of ore and smaller throughputs could not live with uranium oxide at $3, but it has been admitted in Canada that the big producers should be able to get along at $4 per pound, and would be in clover at $5. Some South African mines might also show a profit at $3 a pound or perhaps even less. Taking their plant as written off, their costs of producing uranium would be little more than the cost of chemicals to extract the small uranium residues in their gold slimes. In this respect, South Africa stands apart from other uranium producers, since uranium can only be a by-product of gold production.

Unfortunately for these low-cost producers, uranium is currently insensitive to price. The cost of primary uranium is a mere fraction of the total cost of nuclear power; quartering its price will not cause one more nuclear power station to be built. So the mines, seeing the hopelessness of new contracts at competitive prices as a stimulant to demand, have instead preferred to stretch out deliveries at the old, high prices, so keeping a good deal of the old, high profits. Orders that would have been completed in Canada by 1963 have been stretched to 1966 and South African deliveries have been stretched from 1966 to 1970. The lower rate of output involved in this stretch-out puts the less efficient mines out of production, so that the biggest, cheapest producers can be run at maximum efficiency. Ghost towns are re-appearing in the Canadian bush where the empty houses rot during the long, hard winter with three-quarters of the population gone in search of work. Only inside the United States have prices been cut. There the Atomic Energy Commission, instead of negotiating separate prices with separate producers according to costs (these have ranged from $4 to $12 a pound), is offering a flat $8 a pound to home producers—a generous price by today's standards but lower than some of them have received in the past.

UNDER all these arrangements, production of uranium oxide is expected to fall from around 40,000 tons a year to 27,000 tons by the mid-1960s and 16,000 tons by 1967. Whether it goes lower still will depend on the turn of events in Britain and Western Europe. If Britain agrees to take the 12,000 tons of Canadian concentrates, it would provide work for Canadian mines perhaps until 1970, but not enough to solve their difficulties. Some additional output might be sold at home in Canada, in Western Europe, India and Japan—not in France, which has its own mines. Although these stations would not need a big tonnage, supplying their initial charges could make a difference for the uranium mines. The problem is peculiarly Canadian. In the United States, producers look to their own government for protection. In South Africa, the mines have contracts that do not expire before 1970, when nuclear power may be reaching a turning point. From that date onwards, piecemeal investment in nuclear power stations is expected to stimulate a steady volume of demand for uranium.

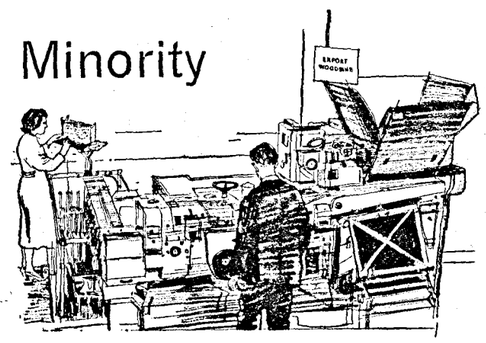
The rate at which demand picks up in the 1970s will be slower if Britain agrees to take the 12,000 tons of uranium from Canada, for this will have to go into an already bulging stockpile and thus postpone by two or three years the date when new supplies are ordered. The Atomic Energy Authority, therefore, is justified in demanding a highly competitive price from Canada, but it is difficult to determine what the "right" price might be. There has never been a free market in uranium, and while some mines could break even at $3 a pound, it is not certain what tonnage they could provide, and for how long, before their developed reserves run out. The Atomic Energy Authority appears more anxious to maintain steady prices than to pick up bargains and perhaps more disturbed by the possibility of a second shortage caused by driving mines out of business than by the present size of its stocks. In its negotiations with Canada, the AEA is making its own complex calculations about prospective world demand, the rate at which this will exhaust known deposits, and the price required to call forth a given tonnage. It is also pondering whether a new agreed price should provide a sufficient margin of profit to encourage producers to continue exploration and if so, how big this margin should be. Amortisation of a new mine, for example, would probably not be much less than $2 a pound. Its calculations seem to be leading towards a price of around $5 a pound, but not more; this seems quite generous enough in view of Canadian admissions that this price yields a good rate of profit.

Some mines would certainly settle for a lower figure if they could get a bigger share of the cake. They have other reasons for appearing to be as competitive as possible at this time. Contrary to the views of the Atomic Energy Authority, the miners think it will be a long time before anyone has to prospect seriously for new uranium deposits; some of them doubt whether demand will catch up with the industry's present capacity of 42,000 tons of oxide a year much before the turn of the century. They expect a competitive battle to develop between uranium producers in Canada and the United States for orders in Europe. The Canadian mines hope to carry the battle into the enemy camp by selling direct

to American companies, if they are allowed to buy nuclear fuel. This could mean selling uranium for $3 a pound or even less—the price would in the end be determined by the production costs of the best mines in the United States. But it may take ten or fifteen years before the consumer of nuclear power begins significantly to feel the benefits of any such price cuts. Britain alone must hold roughly 20,000 tons of uranium in stock bought at old prices and valued in ver round figures at perhaps £150 million. Its civil power nee*d to 1970 are for 2,000 to 3,000 tons a year; its militar* consumption is unknown, but perhaps nearly as much agai As they tighten their belts, the uranium producers can say " w built an industry for nothing while the fun lasted." Ho much of the industry survives will involve a good deal less fu

IMPERIAL TOBACCO

King-Size Minority



BRITAIN'S approach to public policy on "single firm" monopolies has been the empirical one of piecemeal investigation and recommendation. This process has been taken a considerable step further by the proposal of the Monopolies Commission, in its report on the supply of cigarettes and tobacco and the supply of cigarette and tobacco machinery, that Imperial Tobacco Company should divest itself of its 42½ per cent equity holding in Gallaher—its main, and indeed now virtually its only real, competitor. This holding, the commission accepts, has been treated by Imperial purely as a trade investment: Imperial has not influenced, or sought to influence, the Gallaher management in their conduct of their now highly successful business, nor, it told the commission, does it intend to do so in the future. But the commission conceives it to be possible that at some time the company might decide otherwise. Moreover, the stimulus to efficiency provided by Gallaher's recent success, mostly at Imperial's expense, would be even greater if the company were not cushioned, through its shareholding, from complete loss of profit on trade won by Gallaher. A further cause of concern to the commission is that Imperial's holding of such a large minority interest in the only British tobacco company that overseas manufacturers (mainly American) might now be interested in buying effectively safeguards it from this kind of foreign competition.

To this extent the commission is saying, in effect, that Imperial Tobacco has been too successful a monopoly. It was formed by thirteen British tobacco firms almost exactly sixty years ago to head off the threatened invasion of the British market by Duke's American Tobacco Company. It bought shares in Gallaher thirty years later for precisely the same reason after it learned that American Tobacco, which a few years previously had acquired J. Wix (makers of Kensitas and still owned by American Tobacco), contemplated buying control of Gallaher. This, somewhat ironically, was when Gallaher was a very small manufacturer and before it had acquired the company making "Senior Service," the brand upon which Gallaher's subsequent drive to a 30 per cent share of the cigarette trade has been based. Between 1932 and 1946, Imperial actually owned a controlling 51 per cent interest in Gallaher, but chose not to exercise that control. In 1946, shortly after the Cohen committee on company law amendment recommended that holding companies should publish consolidated accounts, Imperial decided to relinquish even nominal control: by not taking up in full its rights in a Gallaher issue Imperial Tobacco brought its holding below 50 per cent.

THIS naturally raises the interesting, but partly speculative, question whether the commission would have come to any different view if Imperial had retained and used its original control over Gallaher. It holds that a minority interest, by a manufacturer with just over 60 per cent of the market, in another manufacturer, with almost 30 per cent, is against the public interest. But would the same view be taken of a group as large as the two companies together and conducting itself with as much restraint and making as reasonable a profit on capital employed (between 11 per cent and 14 per cent) as Imperial does now? In the case of British Oxygen four years ago, which was supplying no less than 98½ per cent of the oxygen and dissolved acetylene used in this country, and which the commission held to have made "unjustifiably high" profits, the commission recommended price control by the Board of Trade. It did not suggest that BOC be broken up into smaller companies. Mr Maudling can now hardly avoid having to lay down some kind of public policy on "single firm" monopolies. Imperial Tobacco, according to its chairman, Mr Roger Clarke, will not willingly accede to the commission's recommendation that it sells its Gallaher stock: an enforced sale of £40 million or more worth of shares is not the easiest transaction to arrange, though this is not the only way. On the day the commission's report appeared, Gallaher 10s. ordinary stock fell by 3s. 7½d. to 40s.

Whatever Imperial's sins in the past in moving to stifle competition, mainly in the 'thirties when it successfully brought coupon trading to a halt, stopped price cutting by tobacconists, and headed off competition from cheaper cigarettes made from Empire leaf paying the preferential rate of duty, the commission takes the view that the company's present, but somewhat shrunken, dominance in the tobacco industry does not offend the public interest. Nor does the 55 per cent grip on the cigarette making machinery market of Molins' Machine Company and Imperial's position as predominant buyer in that market. The commission finds fault in Imperial's rebate scheme for tobacconists, which is based upon the amount of display retailers give to Imperial brands and operates, the commission finds, to restrict competitive efforts by the smaller tobacco companies. It mentions, but does not discuss, the company's long standing agreement with British-American Tobacco Company, which precludes Imperial from exporting and BAT from selling in this country, since this agreement has been registered and will eventually come before the Restrictive Practices Court. Rather surprisingly, the commission accepts Imperial's argument for retaining resale price maintenance on tobacco goods. In a persuasive dissent, Professor G. C. Allen argues that price competition among tobacconists might work back to the manufacturers. This, he comments, would really serve the public interest.

BUSINESS NOTES

IN THE MARKETS

Still in Retreat

EQUITY prices have fallen sharply again this week. By Wednesday the *Financial Times* index, which had stood at 322 before the week end, had dropped to 308, 56 points below its peak in mid-May and only 15 points above its low-point in December. *The Economist* indicator has fallen from 383 to 368 on the week. The volume of selling remained small and the stock market had the appearance of orderly retreat rather than rout. The jobbers have kept their books well balanced, marking down prices sufficiently to damp down selling. Economic uncertainty continues to overshadow the retreat and this was made a little darker this week by another portentous but unspecific statement from the Chancellor, the publication of the gold and dollar figures, fresh news from companies about the pressure on profit margins and of more big issues of capital on the way.

Gilt-edged prices have been just a little steadier, but only because some investors were wondering whether the fall could possibly go much further. They are now asking the same question about equities. The fall in many industrial groups has been sharp, and blue chip yields, though still not lavish in a fair number of cases, at least no longer look as thin as they did in the spring. The average yield on the 30 stocks in the *Financial Times* index and on the 50 stocks in *The Economist* indicator is 5 per cent. Marks and Spencer still offers only 2¼ per cent, but Unilever yields 3¾ per cent and ICI just over 4 per cent.

Such yields are sufficient to make the bargain hunters nibble a little, as they did on Thursday, pushing the *Financial Times* index up to 311.2, but whether they are sufficient to bring buyers back in force is another question. For one thing, investors are faced with big calls for new money. The affairs of some of the companies that will be making their appeals soon are discussed

RECENT RIGHTS ISSUES

	£ mill.		£ mill.
Distillers	31·9	Hudsons Bay	4·0
Midland Bank	24·1	Smith & Nephew	3·0
Royal Insurance	22·0	Ass. Fisheries	2·4
Colvilles	15·3	Rover	2·3
Stewarts & Lloyds	13·2	Transport Dev.	2·2
Wall Paper	10·0	Hovis	2·1
Barclays D.C.O.	6·1	Simms Motor	2·1
Guardian	5·8	Anglo Auto	1·8
Mercantile Invest.	5·5†	Ransome & Marles	1·4
Bk of Lond. & S.A.	4·6	Aveling Barford	1·2

† Includes special offer for sale.

on pages 194-197, and some recent rights issues which have either drawn money from the market in the last two months or will do so in the next few weeks are listed in the accompanying table. These relate only to issues raising more than £1¼ million each, and they add up to the formidable total of more than £150 million. In the boom, these issues would have been welcomed as adding to the supply of stock. Now sentiment has changed and the market realises that these issues will largely pre-empt the money that institutional investors are willing to put into equities.

This lesson was driven home this week when Colvilles announced a £15 million rights issue; the shares will be offered at 57s. 6d. each on the basis of three-for-eight to ordinary shareholders and of 99 shares for every £400 of the 6 per cent convertible debenture. Before the announcement Colvilles shares stood at 66s. They are now 57s. 6d. The fall has occurred despite the directors' indication that the dividend will be 16 per cent, putting the shares on a yield of 5½ per cent. Colvilles, in fact, will be a money stock until the end of 1963 and earnings on it, the directors say, may be reduced. About £83 million still remains to be spent on the Ravenscraig strip mill but the directors hope to finance this without borrowing more than £45 million from the government, which is prepared to lend up to £50 million.

THE EXCHANGES

Quieter, Not Better

TURNOVER in sterling this week has been rather quieter than of late; the pattern has remained much the same. Immediately after the week-end the spot rate showed a temporary recovery, as holders who had gone very short of sterling over the week-end covered their essential needs; by mid-week the rate was drifting down again, being held at $2.78¾ by the Bank of England. Announcement of a gold loss of £47 million in June had little effect. The forward discounts remain high, at the equivalent of 4 per cent per year against the US dollar on three months' swaps, and higher still on an annual basis for shorter periods. The Bank of England has not repeated the aggressive action it adopted at the outset of speculation last March, of first letting the rate fall and then flooding the market with dollars and forcing the rate up. In the present mood of the markets there is little that technical tactics can achieve. But some market dealers had been wondering why the Bank did not let the spot rate fall nearer its limit of $2.78. On Thursday, in response to further market selling, the authorities did let the rate down to near $2.78½.

Holders of sterling everywhere have their eyes glued to the British economy and the Chancellor's forthcoming statement. Somewhat remarkably, they have given hardly a passing thought to Kuwait — which evidently reflects a different estimate from the government's of the nature of the threat. In the House of Commons, the Chancellor of the Exchequer declined to be drawn on Mr Nabarro's contribution to the favourite City game of guessing Kuwait's sterling balances. Mr Nabarro's £300 million is smaller than some of the figures that have been bruited round. The Kuwait affair has, however, had an impact on the gold markets, where buying from the Middle East has followed on the Continental purchases set off last week by the ruminations of M. Rueff. On Thursday the dollar price in London rose to $35.09½—above the New York selling price, though still well short of the notional "shipping parity."

The Canadian dollar has fallen a little this week, to 96¼ US cents. Some dealers report that the Bank of Canada has intervened to check the fall, whereas the previous week it is believed to have operated the other way. So far, however, official intervention on either side has been modest, and more in line with the old policy of steadying minor movements than with the new one of driving the rate down.

SPACE AND ROCKETS

Out of the Wood?

THIS has been a good week for rocketeers. The German decision to join the space club, though grudging and heavily hedged with reservations, saves Blue Streak from the scrap heap. The sizeable Swedish order for the anti-aircraft missile, Bloodhound, cheers on the British Aircraft Corporation. Bloodhound was originally developed by the Bristol Aircraft Company, now in BAC, and Ferranti. The Swedes have been testing a small batch bought some years ago, and since they have come back for more it is possible that this missile may indeed be as good as the RAF claims it to be—perhaps ending the long rivalry between the RAF, which sponsored Bloodhound, and the Army with its Thunderbird.

The reprieve for Blue Streak does not mean that Mr Thorneycroft's space club has arrived. The German decision in principle, to join and to accept Blue Streak as the first stage of a European space rocket, is only a first step. Two further stages are needed to put a satellite in orbit, and the Germans seem less ready to accept an Anglo-French

arrangement that would give France the design of the sizeable second stage and leave the relatively small third stage to other members of the club, presumably Germany. German industry seems determined to demand a larger share and there is likely to be tough bargaining before a settlement is reached on who builds—and pays—for what.

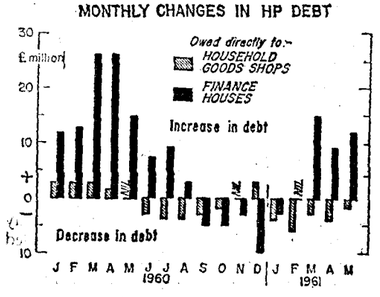
Britain's share of the bill seems likely to work out at the £90 million already spent on its development as a ballistic missile, plus £23 million, or a third of the £70 million thought to be required to complete its conversion into a space launcher. The scientific dividends to be expected from this massive investment are, perhaps, the least important of the returns expected. In canvassing for members of the space club, British spokesmen have stressed the military and commercial rather than the scientific benefits of going into space—military because the United States would not have the monopoly of big rocket engineering, commercial because of the big future expected for communications satellites and the indirect benefits to industry of mastering rocket technology. Scientists in Western Europe, husbanding their not over-generous research budgets, would have settled for something smaller and simpler but this would not launch a communications satellite, the first possibility that the industries of Western Europe wish to exploit.

HIRE PURCHASE

New Boom—Last Squib

THE fall in hire purchase and other instalment debt that followed the reimposition of terms controls in April, 1960, has now been almost reversed. Total debt rose by £10 million in May to £949 million, only £12 million below the peak of July, 1960. By now it may be at a new peak. In May, as in the previous two months, the rise in debt owed directly to finance houses offset the continuing fall in debt owed to household goods shops, whose total debt fell by £2 million to £306 million—£32 million lower than in May of last year. The debt owed directly to finance houses of £643 million has now passed last August's peak of £633 million.

New credit extended by the finance houses, whose main business is in vehicles, which had fallen in April, rose in May by 15 per cent, largely in response to an increase of 9,000 to 99,000 in new and used car contracts recorded with Hire Purchase Information. This buoyancy in motor sales has continued into June with 97,300 contracts registered. Contracts for commercial vehicles are 10 per cent up on a year ago, but contracts for motor cycles and scooters at 32,000 are well down—indeed, they are 14,000 below June, 1959.



Speculation on the troubles of the hire purchase industry was naturally revived last week when Bowmaker passed its interim dividend to meet a loss approaching £1 million by its subsidiary, Midland Counties Motor Finance, through a combination of general mismanagement and fraud in the period to October 31, 1960. A few people suspected that something was wrong, but they had no idea that the eventual loss would be so high. Other finance houses, however, are not unduly perturbed by this new revelation: the loss relates, after all, to the year to October, 1960. The general feeling is that there is always one squib that explodes after the fireworks party is over. For Bowmaker, the lesson appears to rest in the dangers of allowing too much local autonomy, but the question that remains is how a "substantially inadequate" provision for bad and doubtful debts can have been allowed. The directors of Clydesdale Supply Company have failed to find a buyer for this ailing Glasgow company, which operates over one hundred shops doing hire purchase and rental business, and with a trading loss of £800,000 they are recommending voluntary liquidation. One of the few hire purchase companies to get through 1960 without mishap is Regional Facilities, a small private company with outstandings of some £250,000. Its bad debts are just £755—the price of a medium-sized car.

EXPORT CREDITS

The New Facilities

THE Export Credits Guarantee Department has agreed in principle to provide medium-term finance guarantees for three export contracts worth more than £30 million. These will be the first credits guaranteed under the scheme introduced last April to help finance exports of major capital goods for periods of over five years. The contracts are still in negotiation, but it is known that they are for a steel mill, the extension to an existing mill (India's Durgapur?), and a tanker. The steel mill contracts call for credit of thirteen to fifteen years and the finance for the period over seven years will be managed by Lazards through its consortium of 28 insurance companies organised for this purpose. This will absorb the whole of the consortium's present resources of £11½ million, but Lazards hopes that by the time new ventures appear resources will have been augmented by participation from pension funds.

The Bank of England, in its latest quarterly bulletin, has now given an interesting account of why it decided on its own scheme to aid export finance—comprising the introduction of refinance facilities for the banks on export credits with less than eighteen months to run—and why it turned alternative courses down. The problem was to prevent the squeeze on bank liquidity affecting the supply of export credit. A selective release of special deposits was rejected largely because it would prejudice the character of what is intended to be a general credit control. Establishment of an export credit corporation was turned down largely because it would itself be difficult to finance—the banks would be reluctant, deposits from the public could be only short-term, while insurance companies dislike debentures of less than fifteen years. The objection to granting a general right of rediscount for export paper was that it would result in a wholesale increase in liquidity, would saddle the Bank of England with an obligation for substantial sums, and anyway would offend against the principle of rediscounting only paper that is self-liquidating.

RETAIL TRADE

Steady Spending

PEOPLE did not, after all, spend less in the shops in May, as the provisional estimates had suggested. The Board of Trade's final index, after seasonal adjustment, of 115 (1957=100), was the same as in April. But this stability masked a slight fall in the (seasonally adjusted) sales by durable goods shops, offset by a slight increase in sales by food shops; clothing and footwear shops recorded a steady level of business.

The apparent set-back to sales of durable goods was the first since the recovery started last December. A drop of 2 to 3 per cent in the seasonally adjusted index may not be too significant, but the figures suggest that any falling-off was entirely in cash sales. For while the total turnover of the shops failed to show the expected seasonal rise between April and May, credit sales of household goods shops rose by 4 per cent. Multiple shops selling radio and electrical goods, whose trade includes a particularly high proportion of credit business, did especially well; their total turnover rose 5 per cent between the two months, bringing it 22 per cent above the level of a year earlier when trade had dropped sharply following the re-imposition of hire purchase restrictions.

Although the level of retail turnover remained unchanged, seasonal factors apart, between March and May, prices of things bought over the counter rose about 1 per cent; the volume of business, therefore, fell about 1 per cent. This still meant, however, that people were buying about 1 per cent more goods than a year ago.



Economic development in Asia is bringing higher living standards to these young people and to the vast population of that continent. Demand for an ever increasing range of merchandise is steadily rising. If you are interested in trade with these expanding markets, you are invited to avail yourself of the banking and information services of The Chartered Bank and its subsidiary, The Eastern Bank Limited. The combined organisation of the two banks comprises one hundred branches in twenty-five territories extending from the Eastern Mediterranean to the Pacific Ocean.

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DRINKING WATER FROM SEA WATER

R W G

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IN THE WORLD,
TO BE BUILT BY
RICHARDSONS, WESTGARTH & CO. LIMITED

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Richardsons Westgarth, pioneers of the vacuum flash evaporator in Great Britain, now have in operation or on order:

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- More land based vacuum flash evaporators than any other manufacturer.

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Consultants for this contract are Stichting Nederlands Adviesbureau Voor Ingenieurswerken in Het Buitenland, The Hague, in association with Tebodin, Advies-en-Constructionbureau NV., The Hague.

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RW33

INDUSTRIAL RESEARCH

Value for Money

THE rising cost of research has brought new demands of value for money from those who provide the financial backing. The Department of Scientific and Industrial Research, which makes annual grants totalling £1.8 million to various industrial research associations, appears to have done some stern talking to some of them. "It is not possible to lay down an absolute minimum level of expenditure below which co-operative research organisations in general would not be viable or profitable," says the DSIR's report on its industrial grants, but following paragraphs make it plain that some of them are below that limit already and the department threatens to withdraw its support from them.

Strength through combination has become popular. The cotton and rayon industries have agreed to merge their research associations into one organisation covering cotton, silk and synthetic fabrics. The plastics and rubber manufacturing industries have agreed "enthusiastically" on a joint research plan. These cover big and wealthy industries; the knife makers, who have "now placed the Cutlery Research Council on a sounder financial basis," are far smaller. The DSIR appears to have thought carefully about helping small industries that cannot support effective laboratories of their own by farming out research with larger research associations with similar interests. There have been some grumbles that the DSIR is beginning to take on the functions of a Science Ministry—partly because industry is being chivvied into the idea that research should yield results. This is good. So is government support for the new British Industrial Biological Research Association which is to study the effects of chemicals in food.

Civil Engineering

ALL the important recent advances in civil engineering have originated in some country other than Britain, so the appeal launched this week for £250,000 a year to finance research in civil engineering in Britain is one that the industry can hardly afford to ignore. The appeal has been made by the Civil Engineering Research Council, a new body set up by the Institution of Civil Engineers, the Federation of Civil Engineering Contractors, and the Association of Consulting Engineers. The Department of Scientific and Industrial Research has offered to add nearly as much as the industry itself subscribes to the funds of the council. It does not intend setting up its own research facilities. It has plans similar to those of the new machine tool research association, and will finance projects that originate in universities or commission studies by them and in government or industrial laboratories.

Which Way in Gas

THE changes the Wilson committee suggested to the Minister of Power last August concerning the allocation of work between the various bodies conducting research into new processes of making gas from coal could at least be said to make for a tidier arrangement than the present pattern of partly overlapping and, in some directions, possibly fruitless effort. Mr Richard Wood has now announced his acceptance of the committee's logic. The Gas Council—as eventual user—is to take over responsibility for further work on Lurgi plants, on high-pressure slagging gasifiers, which, given sufficient backing and interest, may lead to improvements in the standard Lurgi process of total gasification of coal, and on any other gasifiers suitable for making town gas, such as the Otto-Rummel gasifier. The Gas Council is

Municipal Money Market

HIDDEN within the City's narrow streets an important and little-publicised market is quietly booming. It has none of the City's romantic connections with the past and its real growth dates from the mid-fifties, when the Government turned the 1,761 local authority treasurers away from the doors of the Public Works Loan Board. The market in money for local authorities has few members but a considerable and growing turnover. There are six firms and a number of stockbrokers (who can recognise a good thing when they see it) in the market. The largest firm, Short Loan and Mortgage, has only a dozen employees; with Long, Till and Colvin it does two-thirds of the business. The turnover averages about £7 million a day (i.e., thousands of millions a year) and £20 million is not unknown, although a high portion of this figure involves the turnover of money at call or seven days' notice. Not surprisingly, the commission on any transaction is very small—usually less than one-eighth of one per cent.

Capital investment by local authorities now amounts to £650 million a year, about one-sixth of the national total, and in the year to March 31, 1960, over half of this expenditure was financed by external borrowing. All but £53 million came from mortgages (so-called because the security for the loan is a mortgage on local revenues) and unsecured temporary deposits, which are an alternative to bank overdrafts. Since 1955 the total loan debt of the local authorities has risen from £4,186 million to £6,056 million, just under half of this increase coming from mortgages and about £600 million from temporary borrowing.

Since in 1955 the PWLB became a lender of last resort, it has provided new money only to those authorities that have failed to get satisfaction from the market, which in effect means only some of the very small authorities. At the same time, stock issues can cover only a small part of new borrowing, since the smaller authorities are effectively barred by the minimum of £3 million; and in any case it may take years to reach the head of the new issue queue. Moreover, some treasurers still feel that interest rates are abnormally high—as they have done for years—and rather than pay over 6½ per cent on a 15 to 20 year issue prefer to take a short-term mortgage in the hope that rates will fall.

THE LATEST RATES

Duration of Loans or Deposits	PWLB Dec. 1960	PWLB July 1961	Mortgage market Dec. 1960	Mortgage market July 1961
	Per cent		Per cent	
Seven days	...	...	5	6
Up to 5 years	6¼	6⅜	6¼	6⅜
5–15 years	6¼	6⅜	6¼	6½
15–30 years	6¼	6½	6⅛	6½
Over 30 years	6⅛	6¼	6⅛	6½

Funds invested in local authority loans come mainly from the merchant banks, the foreign and overseas banks, trusts, insurance companies, pension funds—though local sources can also be very important. A considerable part of the inflow of overseas money that came to London in the second half of 1960 was lent on short-term to the local authorities; and when, after the Continental revaluations of early March, this money began to disappear, rates in this market hardened. The market now sets the pace; last month PWLB rates were duly adjusted, as the table shows, but since then there has been a further rise in market rates.

This week, following the new departure made by Derbyshire County Council in June, Staffordshire County Council is making a direct offer of bonds at a discount—of one point on bonds repayable in seven years and bearing interest at 6⅛ per cent. These issues—Derbyshire's brought in £1½ million—are made under local Acts and the discount is limited to ¼ per cent for each year of the bonds' life, with a maximum of £5 per cent. At the moment only a few local authorities have the power to issue unmarketable bonds at a discount, but the next local government legislation is expected to extend this power.

already working on it, despite doubts about its potential usefulness, as it has the merit of not needing oxygen. The Coal Board, on the other hand, will be responsible for all development work on producer gas plants in which the gas supply industry can hardly be said to have a major interest.

At present two different designs of slagging gasifiers (in which the ash waste is turned into a liquid so that it may be removed as slag) are being developed by teams with different objects, at Solihull by the Gas Council and at Leatherhead by Constructors John Brown under a ministry contract. Since it is unlikely that both projects will find a useful application it seemed reasonable for the Wilson committee to suggest that their best features should be combined. But it will not be easy to bring both under one general direction.

Reservations about this rearrangement of responsibilities for research arise, further, from doubts about the depth of interest the gas industry has at present in total gasification of coal among all the other hydrocarbon sources—such as imported methane—that it now considers may be open to it. Until the Minister of Power has adjudicated the dispute between the coal and gas industries over the future sources of supply for British town gas—in essence between reforming imported methane and enriching lean Lurgi gas made from low-grade British coal—the coal industry is hardly likely to have a great deal of confidence in the Gas Council's keenness on complete coal gasification. Development of slagging gasifiers, moreover, is ultimately dependent upon the existence of large-scale Lurgi plants. The Wilson committee, in assuming that carbonisation must remain the most important method of processing coal in this country, may have underestimated the considerable opportunities that total gasification offers to both coal and gas. Mr Wood seems to have appreciated this: the present joint study of Lurgi economics by the Gas Council and the Coal Board, he said two weeks ago, may be extended to include slagging gasification and he hoped that it will also provide a basis for further co-operation between the two boards in work on total gasification.

FUEL DEMAND

More Awkward Facts

Forecasting future fuel demand has gone out of fashion since actual fuel consumption inconveniently, and seemingly inexplicably, fell away some five years ago. The flattening out of industrial output from 1956 until early 1959, higher than normal average temperatures in 1957 and 1959, shifts in the pattern of production between heavy fuel using industries and others, and a decided but not wholly calculable gain in fuel efficiency made varying contributions to this awkward divergence of fuel use from trend after the middle fifties. But part of the change still remains statistically unaccounted for.

INLAND CONSUMPTION OF PRIMARY FUELS
(million tons of coal equivalent)

	1956	1957	1958	1959	1960
Coal	214·0	207·6	198·7	186·9	195·7
Black oil	15·0	15·7	23·1	28·8	35·6
Other oil	23·0	21·5	24·5	27·4	30·1
Nuclear and hydro-electricity	1·3	1·7	1·6	2·0	2·7
Total	253·3	246·5	247·9	245·1	264·1
Coal: per cent of total	*84·5*	*84·0*	*80·0*	*76·0*	*74·0*

Now students of the form have a year of considerably increased fuel consumption to fit into their curves and formulae. Total inland use of primary fuels (in terms of coal equivalent) rose exceptionally by 7¾ per cent in 1960, while industrial production and total output in the economy both rose by 6 per cent. Although last year was still slightly warmer than the long-run average, it was 1.4°F cooler than 1959. The rise in industrial output was led by some of the heavier fuel using industries, such as steel. Household consumption of fuel—mainly taken as electricity—rose sharply. And there was a smaller improvement than usual in fuel efficiency—particularly, for instance, at blast furnaces where the gain was only a third of the improvement achieved in previous years. This combination of circumstances, the June issue of the Treasury's *Economic Trends* points out, was in complete contrast to what happened between 1958 and 1959. Average temperature then rose by 2°F, large fuel using industries, like steel, did not fully share in the rise in industrial output, and there was a substantial improvement in fuel efficiency. Even after allowing for last year's cooler temperatures, the increase in fuel use was still proportionately more than the higher level of activity in the economy would lead fuel statisticians to expect.

INTERNATIONAL LOANS

A Burst of Activity

When the future of the exchanges is uncertain, such private lending and borrowing over national frontiers as continues tends to be guided by an exchange view as much as by comparative lending terms. In the circumstances it is surprising that the momentum of international lending this year has not slowed down more; and an active business is still being done by the international agencies. In the past fortnight a number of important international loans have been announced.

On Wednesday the South African Treasury announced that the International Monetary Fund had agreed to grant further assistance—in a stand-by credit of the equivalent of $75 million, to be drawn in various currencies. This follows South Africa's drawing of $37½ million last December, and makes available 75 per cent of South Africa's quota. Since this aid has been needed entirely to offset an outflow of capital, the current account being in strong surplus, it is to be hoped that no more will be heard of the legal complications for such operations supposedly presented by the Fund's Article VI. The fall in South Africa's reserves has been reversed in the two weeks since exchange controls were imposed on overseas sales of its securities.

The most notable private loan of recent weeks bears the marks of current exchange uncertainties. Argentina, in a loan of $25 million handled by a consortium of European banks, including Barings of London, has agreed to a multi-currency clause that not only guarantees the investor against devaluation of the peso but gives him a stake in appreciation of the mark

From the Bank's Bulletin

Two new tables from the wealth of statistical material, a good part of it new, in the Bank of England's latest quarterly bulletin.

THE PUBLIC BUYS GILT-EDGED

Sales (−) or Purchases (+) by	Mar. 1960	Quarters ended June, 1960	Sept 1, 1960	Dec. 1960	Mar. 1961
	(£ million)				
Clearing banks	−229	−123	− 62	− 24	− 85
Scottish banks & discount houses	+ 30	− 9	+ 23	+ 41	− 67
Overseas official funds	− 33	+ 59	+ 53	− 13	− 2
Home & overseas "public"	−113	+104	+188	+194	+ 44
Total	−345	+ 31	+202	+193	−110
Treasury bills:					
"Public" holdings	+167	− 62	+177	+ 4	−155
Banks & overseas official	−292	+ 28	− 71	+ 48	−288

The pace of public buying of gilt-edged slowed down in the first quarter of 1960, but it was still £44 million—making £530 million in twelve months. It would be surprising if it continued into the latest months of exchange uncertainty.

UK TRANSACTIONS IN OVERSEAS SECURITIES
(£ million)

With:—	Gross new investment	Gross repayment	Market transactions	Net outflow (−) or inflow (+)
1958:—				
Sterling countries	−52	+13	+17	−22
Non-sterling	−19	+ 8	+ 2	− 9
1959:—				
Sterling countries	−41	+16	+22	− 3
Non-sterling	−13	+18	+32	+37
1960:—				
Sterling countries	−33	+15	+33	+15
Non-sterling	−20	+14	+28	+22

These figures, which analyse cash inflows and outflows on overseas securities reported to the Bank, suggest that in both 1959 and 1960 Britain was importing capital on balance through this channel. The big liquidations presumably included South African securities and, in 1960, Wall Street equities.

Miss Woolveridge will be looking after 40,000 accounts



...she is working at the control panel of the first Barclays Bank electronic computer. The opening of our No. 1 Computer Centre this week will make little apparent difference to the customers at the twelve West End branches it will serve. The book-keeping of their 40,000 accounts will be done by the computer; the information, coded on to punched tape, will pass between branch and centre by teleprinter; the only visible change will be that customers' cheques will be 'personalised' – that is, every cheque will have printed on it the customer's name and the number of his account. But the Centre is the heart of one of the most advanced systems of banking automation in the world, and represents a major advance in bank book-keeping and an important step in our continuing attempts to keep the cost of a banking account down.

'Automation' may sound to some a chilly, impersonal kind of process, but it will be operated by people brought up in the Barclays tradition of personal service. Miss Woolveridge and her colleagues have some very wonderful, very modern equipment; it will help us to maintain into the future the high standard of banking service our customers have come to expect.

BARCLAYS BANK LIMITED

'Money is our business'

We roll

red carpets out

all over Europe



Carpet rolling's a service we perform for all kinds of motorists—from first-time tyros with language troubles to seasoned travellers with savoir-faire. All our carpets are red ones, and we roll them out as readily from Lapland to Lisbon as we do from John o' Groat's to the Peloponnesos.

At over a thousand of our Service Stations on the main motorways of Europe you will find Shell Touring Information Centres where you can study maps, check up on routes or mug up on the local lore (or law). En route, you will find maps of most of the major towns to show you the way round or through.

Actually, if you get in touch with a Shell Service Station before you leave home, we will arrange to supply you with maps of the countries you will be passing through, phrase books or other material to help you.

Of course, you may be the sort who deplores planning, who wants to push off and roam at will. So be it. But it's nice to know that wherever you go, you are not far from a Shell Service Station which will do its best to help you—whether you are looking for barbers in Seville or Lautrecs in Toulouse.

YOU CAN BE SURE OF SHELL

or the Swiss franc as well. Redemption is to be by drawings between 1967 and 1973, and the average redemption yield is 7¼ per cent. This is the Argentine government's first loan in Europe since the war, and it presumably regards these stringent terms in the nature of a re-entrance fee. At the same time, Argentina has received its first loan from the World Bank—$48½ million for roads. Interest here is at the bank's usual 5¾ per cent including commission ; the term is sixteen years. Another loan for improvement of road transport has been granted by the World Bank and the International Development Association together, for a total of $25 million. The World Bank is also providing $15 million to the Industrial Credit and Investment Corporation of Pakistan, in a loan that has no fixed schedule of repayment or fixed interest charge.

For its own source of finance the World Bank continues to look mainly to Europe, and this week it has raised its first loan in Italian lire—15 billion lire, equivalent to about $24 million, in 15-year 5 per cent loan bonds at par. This notable operation marks a recognition of Italy's creditor status ; it is the first international issue on the Italian market since the war. At the same time, a traditional Continental capital exporter, Holland, has recently reopened its market for foreign issues. Borrowers include the European Investment Bank—which recently put money into Germany. Finally, the New York capital market is raising a further $25 million for Australia.

LOCAL EMPLOYMENT

Hazy Figuring

THE Select Committee on Estimates came away rather unhappily from its brief look at the administration of last year's Local Employment Act. It was upset first of all to find that, although no forecast of likely expenditure was put into the explanatory and financial memorandum attached to the original bill—unlike that for the Cotton Industry Bill, which has since proved to have been remarkably accurate—the Board of Trade had in fact done some figuring of its own. The board's witnesses explained this omission on the grounds that their calculations were very "rough and ready." They reckoned that about 80,000 jobs would have to be provided to bring unemployment in development districts down to the national average. On the assumptions that each job would require £700 worth of building and £700 worth of plant and that the whole of this capital cost would be provided by the Government in the form of loans and grants, the "upper limit" to Government spending under the Act was calculated to be about £112 million. Since this was the probable maximum, rather than a realistic estimate, the board decided to keep it to itself. The committee took the contrary view. The board's own

estimate bore no relation to figures of past spending under repealed Acts—which were set out in the memorandum—and it argued that even a qualified forecast would have been better than none at all if parliamentary control of expenditure was to be effective.

The Board of Trade, perhaps understandably, was found to have over-estimated the rate at which its provender would initially be drawn upon. It budgeted for an outlay of £19.2 million in 1960-61, the first year the Act was in operation. Principally because of the time taken to process applications, it actually paid out only £11.7 million. This year the board reckons it will have to spend £30.1 million, of which £18.1 million will be on projects already committed. So far it has had no reason to doubt this estimate, and the Select Committee was prepared to accept it. But the committee strongly objected to being given information by the board's witnesses about current activities that had subsequently to be corrected and it was even more displeased to find that the board's officials were not "equipped adequately to deal with the questions asked on the administration of the grants for which the department is responsible." This "undermined" the committee's confidence in the figures it was given and led it to propose that a full inquiry into local employment expenditure should be held in a later session.

PLASTICS

Tales of Over-Capacity

VISITORS to the International Plastics Exhibition at Olympia a week ago were brought back to the harsher realities of their industry if they listened to some of the papers read to the International Plastics Convention. They heard Mr D. G. Owen of Imperial Chemical Industries estimate that world sales of polyvinyl chloride at 1,200,000 tons compared to capacity for 1,700,000 tons ; and Mr W. A. Woodcock,

HONGKONG'S TEXTILES

Terms for a Truce

REPRESENTATIVES of the Cotton Board tactfully omitted to discuss a renewal clause in the three-year pact negotiated with the Hongkong industry in 1958, although the undertaking did make provision for withdrawal by Hongkong if economic conditions in the colony deteriorated. So the colony's manufacturers were originally left with an impression that no extension was contemplated, and recently believed that they still had time to posture before the agreement expires next January. Clearly if the pact was to be renewed it would have to be extended before buyers began to order for the coming year. But now things have come to such a pass in Lancashire that the Government has suddenly dropped its insistence that the two industries should negotiate a new agreement, and is putting forward its own proposals for extending the pact up to the end of 1962. As Mr. H. A. Angus, Hongkong's Director of Commerce and Industry, says in a letter to local manufacturers, the proposals "do not offer any significant scope for further modification." Hongkong's manufacturers are simply asked to volunteer their acceptance.

The proposals contain three main concessions: an increase of one-eighth in quotas; supplementary quotas to be granted after reviews of import requirements next year; and exemption from quotas extended to imported cloth converted into a range of goods for subsequent export. If Hongkong accepts these proposals, a supplementary quota of 10 million square yards of grey cloth would be granted this year. However, if imports of cotton yarn into Britain increase significantly, they would be restricted for the first time.

According to the British Government, restraint will be needed until Lancashire settles down after the re-equipment scheme, which stretches to the summer of 1964. But some manufacturers hold that their re-equipment programmes depend upon some form of assurance that imports will continue to be restricted. However, the advice Lord Rochdale gave manufacturers last year to go ahead with re-equipment in the expectation that the import problem would be satisfactorily solved proved sound. Though quotas are the most harmful means of protection both for the domestic industry and for exporters, if the international textile conference which will be held on July 17th, succeeds in finding any formula for regulating trade in textiles, it will be by this method, and the system is likely to be long-lived.

HONGKONG'S TRADE IN 1960

	With United Kingdom	With United States
Exports :—		
Yarn (mn. lb.)	3·7	...
Piece goods (mn. sq. yds.)	125·2	86·2
Clothing (£ mn.)	13·1	23·5
All exports (£ mn.)	36·6	46·6
All imports (£ mn.)	41·5	45·0
All exports (per cent)	20	26
All imports (per cent)	11	12

RESTRICTION ON COTTON EXPORTS

To Britain	Lancs-Hongkong Pact*	UK Govt.'s proposals‡
Total (mn. sq. yds.)	164 (max.)	185 (max.)†
Of which :—		
Piece goods	118 (max.)	100 (min.)
Garments	46 (min.)	65 (min.)
Yarn	No limit	Restrictions if UK imports increase

To United States :—
US Government's proposals : Reduction of 30 per cent from 1960 level.

** For year to Jan 31, 1962. ‡ For 11 months to December 31, 1962. (Annual rate) † Excluding supplementary quotas.*

of Union Carbide, suggest that the world might use 850,000 tons of low-density polythene this year, though there is now capacity to make 1,200,000 tons—which will soon reach 1,550,000 tons. Mr V. N. Luke, of Shell Chemical, was able to give a slightly less alarming picture of the situation for polystyrene; world capacity will be 850,000 tons next year, and may be matched by sales by 1963.

The result of this massive over-capacity, which seems to be worse in the United States and Italy than it is in Britain, is that prices of these plastics have fallen to levels at which profits are slight, and are especially unsatisfactory for manufacturers who spend much on product development. And some companies are selling polystyrene in export markets for 15 cents a pound, 20 per cent below the already depressed American domestic price. But the authors believe that the low price level gives a great potential for increased sales at the expense of natural materials. Some of this increase in sales, however, would come from the development of new varieties of the basic materials, such as the mixture of polystyrene, acrilonitrile and butadiene now being sold in the United States, and mixtures of low-density and high-density polythene. To develop these and markets for them would require capital expenditure; and the returns on it would probably be slight. The plastics industry is indeed caught in a vicious and unprofitable circle.

CARS FOR CANADA

Bladen's Formula

AN ingenious plan to maintain protection for the Canadian vehicle manufacturing industry while, within limits, remaining expansionist in outlook and offering lower prices to motorists has been presented to the Ottawa government by Professor V. W. Bladen of Toronto University, who was appointed last year as a one man Royal Commission. His key proposal —one of a package of seven—is a new and rather clever variant of the formula providing exemption from duty if a certain percentage of the "content" of vehicles sold on the Canadian market by an overseas company is made within Canada. Professor Bladen proposes that exemption for everything right up to complete vehicles be granted if the importing manufacturer, through a subsidiary or an associated company, uses in Canada or anywhere else vehicle components and parts made in Canada above a certain percentage value of his total Canadian sales. Thus an overseas vehicle maker might be able to ship in complete cars duty free if, say, he uses Canadian clutches for all the cars he makes, provided the total value of these clutches is more than a certain percentage of the total value of his sales on the Canadian market.

The motive behind this contrivance is to strengthen the Canadian vehicle parts industry by offering an incentive for achieving longer runs and greater economies of scale. The more orthodox present arrangements for the protection of domestic manufacturers of parts bear heavily upon the smaller Canadian vehicle manufacturing plants. The Studebaker-Packard plant in Canada, Professor Bladen calculates, incurs duty on imported parts averaging about $85 for every vehicle it makes, while the General Motors plants, with a much larger share of the market and thus in a better position to make or buy parts in Canada, pays in duty only about $20 a vehicle. Under the Bladen scheme Studebaker-Packard could reduce its liability to Canadian import duty by putting Canadian-produced parts in the vehicles it sells in the United States as well as in those it markets in Canada.

A Blow for the British

AMERICAN vehicle makers would stand to gain more than British companies from this tariff innovation, though American subsidiaries in Britain—Ford at Dagenham and Vauxhall—could be counted part of their respective parent group's operations in Canada if their Detroit managements so decided (overseas manufacturing groups would have this option, Professor Bladen suggests). The total expenditure of GM or Ford on Canadian parts would then be set against the group's total sales in Canada, and the British-made part of its sales could enter duty-free if the ratio of Canadian content was high enough. Two years ago General Motors considered—but decided against—assembling Vauxhall cars in Canada; by a long way Vauxhall is the leading British seller there. General Motors may well have to think again if the government in Ottawa shows signs of accepting Professor Bladen's recommendations, but it would now have to consider something rather more than a mere assembly operation of imported bits and pieces.

But the more serious threat to British exports lies in the Royal Commission's other major proposals. Professor Bladen recommends imposing a ten per cent duty on British vehicles and parts, which at present go in duty free while other imports pay 17½ per cent. He also suggests abolishing the excise tax on all cars and changing the basis of valuation for Canadian sales tax on imported cars from the price a foreign manufacturer charges retailers in his home market, less a notional discount, to the actual sale price less discount in the Canadian market. Paying sales tax on the value of a car at the factory gate when the cost of shipping it 3,000 miles has still to be paid to deliver it in Canada, has been a considerable competitive help to European exports. No other country places its own domestic manufacturers at such a disadvantage in meeting import competition.

Since the Canadian vehicle tariff was last reviewed in 1936, the Dominion has passed from being a major net exporter of vehicles to being a net importer. A third of all the vehicles bought in Canada in 1959 were made outside the country. European car manufacturers are now heavy exporters and they are in course of adding substantially to their manufacturing facilities. The Bladen Commission's object was to propose ways, between the extremes of high protection and free trade, by which Canadian manufacture could be strengthened to withstand this prospective intensification of foreign competition. From that point of view the Commission has produced a logical report. But its proposals will hit British sales badly, more heavily than those of perhaps any other exporting country.

BANK MECHANISATION

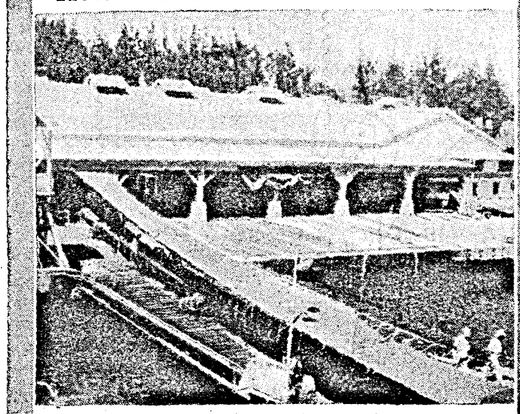
Barclays' Computer

BARCLAYS is the first bank to install a computer in this country and possibly the first in the world to use one for customers' accounts. It is the first major technical advance in bank mechanisation since the accounting machine and may save the banks drowning under a rising flood of cheques. This one computer and its staff of 17 is expected to handle 40,000 accounts from 12 of Barclays' biggest London branches now looked after by about 150 people. With experience it should be possible to post a far greater number of accounts on one installation.

The computer used by Barclays, with transistors instead of valves, costs £150,000 and its ancillary equipment another £100,000. This consists mainly of machines at the branches, linked by cable to the computing centre, which transfer details of the day's business into the computer; this works through details of all the accounts, debiting and crediting them and keeping a watchful electronic eye on overdrafts. Details of any balance that has changed are sent back direct by the computer to the branch and typed automatically on normal bank stationery; once a week the computer prints out details of all the accounts whether their balances have changed or not. This work should take the computer 3½ hours, and Barclays now have to think of ways of occupying it for the rest of the day.

If the experiment succeeds, Barclays might have work for six similar computers in London and for perhaps 50 over its whole network of 2,000 branches (some of which will be too small and remote to justify the expensive teleprinter links). This indicates the heavy investment facing the banks if they change to electronic book-keeping and

How Mitsui Builds World Trade



Since 1957, more than 12,000 tons of frozen tuna meat were shipped to the U.S. and France from these New Hebrides fishing facilities—the result of a joint venture between Mitsui and local industry.

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Does Lord Lud still use the Club, Fortescue?

Indeed, Sir Henry. He is, at this moment, recumbent in his usual armchair—asleep.

I am glad to note, then, that he has conquered his infernal habit of snoring . . .

On the contrary, Sir Henry. It is *we* who have conquered his snoring! Cast your mind back to the last Committee Meeting . . . when I was largely instrumental in getting it agreed that Cullum instal their Acoustic Tiles in here . . .

Ah yes . . . Cullum, the tile people. I had already formed the impression this ceiling looked unusually appealing to the eye. And Gad . . . you mean Lud is snoring now?

Precisely, Sir Henry! But Cullum Acoustic Tiles *control* the sound. Cut down *unwanted* noise. Ensure that air of 'padded' peace and unruffled calm.

Steward! Two more doubles please . . . we must drink a toast to Cullum at once!

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MASTERS OF SOUND

BRITAIN'S MOST EXPERIENCED ACOUSTIC ENGINEERS
SUPPLIERS OF ALL LEADING ACOUSTIC TILES

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BIP

WOULD IT BE BETTER IN PLASTIC?

Plastic pennies? Light and strong, gay colours perhaps? No more holes in trouser pockets. But to a true-blue Englishman—anathema!

Still, Englishmen of all colours are swallowing new ideas about plastics which are almost as revolutionary as plastic coinage, though often more subtle.

Ask us at BIP—we're the people who know. There's the statue in St. David's Cathedral carved in laminated wood (laminated with a BIP adhesive); the "Glass Slipper," one of the world's biggest plastics sailing-boats (glass fibre moulded with BIP resins); and hundreds of everyday objects (made with BIP plastics) which you accept without thinking that they *are* made with plastic, just because they are efficient and pleasing to hand and eye—creaseless cottons, for example, or your steering-wheel.

What about your product? Again, ask us at BIP. British Industrial Plastics runs an Advisory Service which will take your product and tell you if and how plastics can improve it. We have been in the industry from the start and are plastics men to the marrow (we process the raw material, we build the press and tool plant, we make our own moulded products), so we know what plastics can and cannot do: our Product Design Service will work with you or for you at the drop of a hat. Up to you now to drop it...

GO ON—ASK US! WOULD IT BE BETTER WITH PLASTICS?

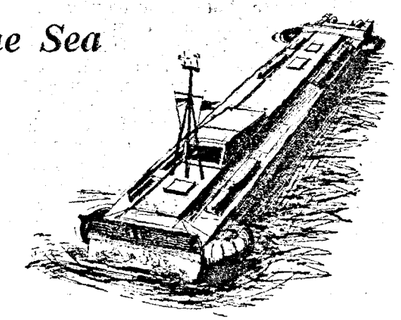
BRITISH INDUSTRIAL PLASTICS LIMITED
OLDBURY, BIRMINGHAM

A Member of the Turner and Newall Group

the potential size of the market for banking computers. Nearly every big bank now has a computer of sorts on order. The next advance must be a proved means of automatic cheque sorting. The first generation of cheque sorting machines being tried out by the more mechanically minded banks like Lloyds and Barclays are said not to be a complete success, but much improved versions are now coming into use in the United States. The end of the operation is to make the whole cycle of cheque sorting and account posting completely automatic with machines sorting, reading, transmitting and printing from magnetic characters and printed codes. Then the traditional bank clerk will have gone the way of Mr Kipps.

HOVERCRAFT

Sledging Over The Sea



THE new sidewall type of hovercraft that has been built by William Denny and Brothers looks like a giant sledge; the air cushion that supports the machine, as with any other hovercraft, is kept in at each side by walls that extend down into the sea, and by air curtains only at the ends. This variant on the usual hovercraft principle has the advantage that it needs much less power to support it, for the losses through the solid wall are nil whereas much power is needed to maintain an air curtain. The Denny craft, weighing 4½ tons and 60 feet long, has only two 30 hp engines to provide the air for its cushion. The power needed to propel the craft is slightly greater than on an ordinary hovercraft; the sidewalls set up some drag in the water, and the economic speed is a good deal lower—40 mph compared with 80-100 mph. But the Denny prototype does 17 knots with two 35 hp outboard motors, so the power needed is still far less than that for an ordinary boat.

The sidewall craft is likely to find most uses as a straight substitute for boats operating on rivers or other sheltered waters; the sidewalls prevent it operating in rough water, for if they rise out of the water the air cushion deflates. But it should not cost more than building a boat, and may well be cheaper than fast launches because it needs engines of so much less power. Running costs will therefore be lower, too. The prototype cost less than £10,000 to develop and build. There seems to be no sharp upper limit on the size of craft that can be built on this principle; Denny will probably make one of 200 tons next, but their limitation to calm waters will restrict their size. Denny is prepared to sell craft the size of its prototype as passenger ferries, and will start taking orders in the spring. It reports many inquiries already; this simple variant may well be the first hovercraft to enter commercial service.

NICKEL

Price of Stability

ACCORDING to Dr Thompson's history of the International Nickel Company of Canada,* it was in February, 1956, that one of his exploration team telephoned from Manitoba: "It looks like we've hit the jackpot." In that year, the United States asked nickel producers to meet "a revised expansion goal, aimed at providing a US annual supply of 440 million lb. of the metal by 1961." In December, 1956, International Nickel announced a $175 million programme for developing the Manitoba deposits. At that time, the company also raised the price of nickel to the equivalent of £600 a ton in Britain and the price remained unaltered until last week. This year, International Nickel's new mine came into production with an annual capacity of 75 million lb. Meanwhile, consumption in the United States is probably running at a level lower than 250 million lb a year and nickel bought for the United States stockpile is actually being released. Fears that the new Thompson mine would cause a sur-

* FOR THE YEARS TO COME. By John F. Thompson and N. Beasley. *Putnam*, New York; *Methuen*, London. 35s.

AGRICULTURAL MACHINERY

Chugging Along



THE agricultural machinery industry is hardly bubbling over with activity. Even at the Royal Show business has been decidedly quiet. Production of tractors, which was the one part of this industry to show any significant increase last year, has so far this year been somewhat lower. The home market for tractors and large farm machinery is now mostly for replacement. The effort now put into persuading farmers that they need better machines than those they already possess is evident from the number of new machines, such as combine harvesters, that have been brought on the market in the past twelve months.

Tractors form the largest part of the farm machinery industry. Output rose 12 per cent last year, for although home sales fell, exports rose by 20 per cent. So far this year home sales have been about seven per cent higher than in 1960, but exports have fallen. Bad weather last autumn, which made farmers postpone much of their ploughing until this spring, seems to have put them off buying tractors. Some tractor firms therefore doubt whether this year's improvement in home sales will be maintained, though better sales and lower stocks of second-hand machines give the tractor market a healthier look than last year. Fordson reports that its total sales for the first five months of the year were nearly 6 per cent higher than a year ago, with 10 per cent more sold at home and 4 per cent more exported. Massey-Ferguson states that it produced a record number of 7,389 tractors in March, but it does not reveal the average rate. It would seem that Fordson has retained its lead in tractor output.

The implement makers had a bad year in 1960; production of almost all types fell. Output of combine harvesters was 25 per cent lower than in 1959; sales are a little better this year, though makers are still having to readjust themselves to what has become a replacement market. The number in use fell by nearly ten per cent last year to 48,000 (though their capacity rose) and this is more than twice as many as were in use in 1954. Farmers are switching from tractor-drawn or small self-propelled models to the larger self-propelled types. Exports have risen a little so far this year. The industry's hopes for growth must now largely lie in overseas markets. The highly-mechanised British farms now offer machinery makers a replacement market only.

plus of nickel, despite the extraordinary growth in consumption outside America, are being borne out. International Nickel does not expect to sell more of its own nickel this year than in 1960. It will therefore have the equivalent of all of its potential production at Thompson unsold at the end of the year.

But last week the price of nickel went up by 10 per cent (to £660 a ton in Britain). Some consumers were annoyed; though many took the opportunity of easier supplies last year to lay in stocks, quite possibly some will now be paying a higher price than they bargained for when taking orders for nickel products. Though they readily accepted the prolonged period of stable prices, when inflated premiums could often be obtained for some metal, they had apparently not fully grasped the logic of the private price stabilisation scheme operated by International Nickel, under which the initiative in price changes and level of output has passed from consumers to the producer.

International Nickel supplies about three-fifths of the West's nickel and therefore cannot avoid some responsibility for its price. Mining costs have risen since 1956 (as they have for other metals whose market prices are now far lower than in that boom year). International Nickel's profit margins have thinned and the capital cost of the Thompson project has probably risen in line with the increase in other costs. Although the new mine and plant is technically superior to older workings, costs may be a little high while the mine is being run in. There will also be the cost of larger stocks of nickel, which as the company's chairman, Mr Henry S. Wingate, points out, gives consumers the assurance that nickel will always be there when wanted. International Nickel therefore raised its price and other nickel producers have followed suit. If history is repeated, the present surplus of nickel will not persist.

DRINK



Dearer Spirits

An extra 1s. 6d. for a bottle of whisky or gin is not a large increase in price—about 4 per cent—but it may make drinkers pause. So far some other companies have followed Distillers' lead in raising the prices of spirits and all are likely to do so soon in order to keep their distributors happy. Distillers is pocketing only 3d. of the extra 1s. 6d., making its share of the 39s. now paid for a bottle of whisky 5s. 9½d. Retailers are to get 6d. more, raising their share to 5s. 7½d., and wholesalers 9d. more, giving them 3s. on a bottle. Increased labour and transport costs since margins were last raised in 1957 are the chief reasons for this increase. But margins on wine and beer have been higher than on spirits since the last cut in wine duty. One of the puzzling practices of the drink trade is to give distributors the same absolute margin when duty—and thus the retail price—is reduced. As a percentage of the retail price, the margin becomes correspondingly greater. Distillers has presumably decided to head off the risk that their distributors might put less effort into promoting sales of spirits by giving them a better return.

The price increase has come when sales of spirits have been rising faster than for some time past; 7½ million proof gallons of whisky were sold in Britain in the year to last March, 15 per cent more than in the previous year and, for the first time, more than before the war. Much of this increase seems to have been concentrated into the second half of this twelve month period; exports also increased sharply with the new year, being 17 per cent higher for the first five months of 1961 than for the same period of 1960. Gin sales have risen too, though comparable figures are not available. Distillers has not taken a very big risk of losing sales as a result of the price increase. But it takes another view again of the threat of a 10 per cent rise in excise duty. This would put the price of whisky 1s. 6d. over the £2 mark, at which it feels buyers might begin to abstain. Predictably perhaps, there ars suggestions of a possible net loss in excise revenue if the Chancellor uses his new "regulator" here.

SHORTER NOTES

The British Motor Corporation has announced that, "after the most careful consideration of the preliminary studies which have been carried out, and in view of the expansion projects of the corporation already in hand," the directors have decided not to buy an interest in the German Borgward group.

*

The London barley futures market has been closed until it is known what steps will be taken to regulate imports of cheap barley. The Government agreed this week that a case had been made out for measures to prevent dumping. A further announcement was promised.

*

The inquiry made by the Northern Ireland Development Council into the effect of transport costs on industry in Ulster shows that the cost of transport to customers exceeds two per cent of sales value for only four out of fifteen industries studied. It is highest, 4.9 per cent, for milk and other food products; for seven industries it is one per cent or less. The cost of transporting raw materials is highest at 1.9 per cent of sales for light engineering and miscellaneous textiles; for ten industries it is one per cent or below.

*

The abolition of entertainments duty has no doubt been the major factor in the improvement in the trading profits of Associated British Picture from £3.7 million to £5.7 million in the year to March 31st last. There was disappointment that the ordinary dividend was left unchanged at 60 per cent but the proposed one-for-one scrip issue suggests that shareholders can expect a bigger payment for the current year.

*

Sales of diamonds through De Beers Central Selling Organisation in the second quarter of 1961 amounted to £21.7 million, £2.6 million less than in the first quarter. Nevertheless total sales for the first six months of this year at £46 million compare with £43.7 million for the same period in 1960.

*

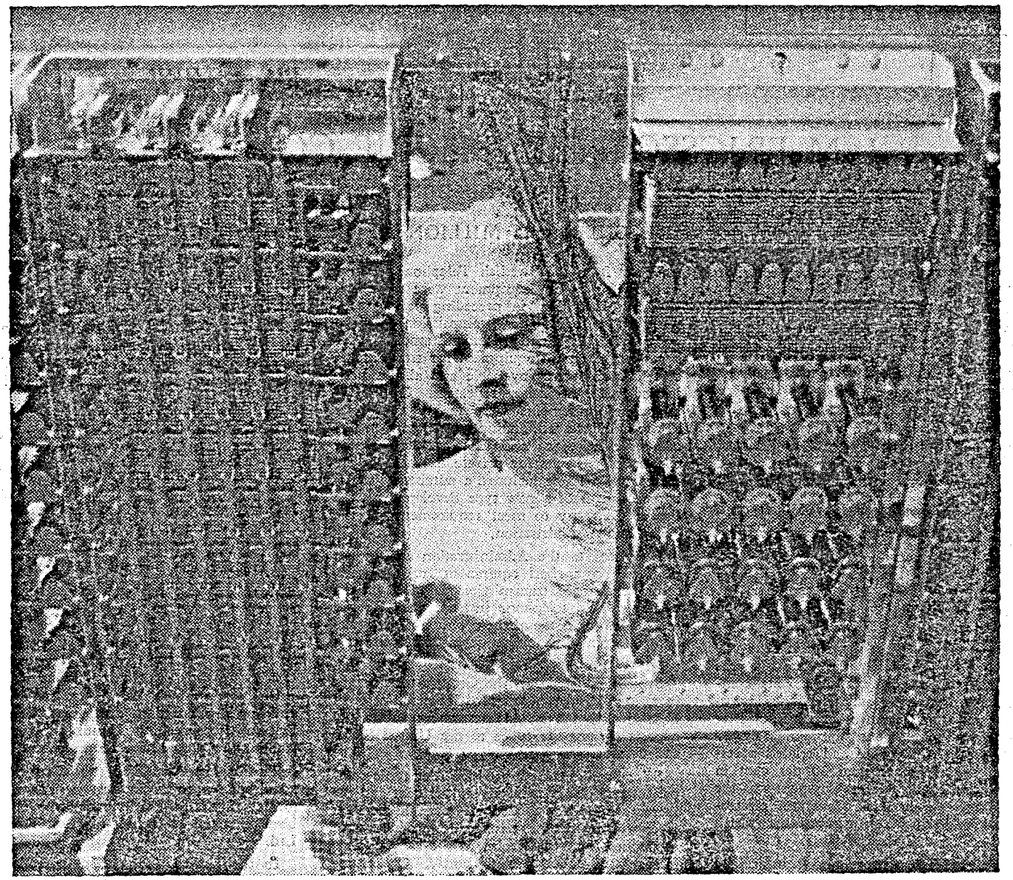
Whitbread is to split its £1 "A" units into 5s. units. This was announced at the annual meeting by Colonel W. H. Whitbread who said that lager sales through the company's own public houses had fallen by 7 per cent in the first half of this year. Lager however accounted for only 3 per cent of its total beer trade.

COMPANY AFFAIRS
Comments on pages 194, 195, 196 and 197 on:
Albert E. Reed — Beecham Group
Hawker Siddeley — Aspro-Nicholas
House of Fraser — De La Rue
Fine Spinners — British Plaster Board
Renold Chains — Rediffusion
Land Securities — Volkswagen
Banking Interims — Trust Houses
Associated Portland Cement

LONDON AND NEW YORK
Stock prices, yields and security indices on pages 198 and 199

LONDON STOCK EXCHANGE
The week's movements reported on page 197

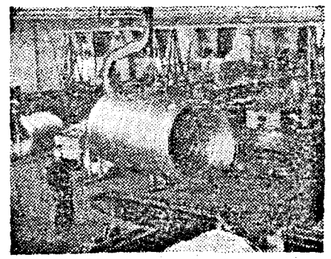
MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 200



A girl in a million

This Swedish blonde is framed by a million contact springs. Although we have only managed to get about 5000 into the picture, there are actually a million of these springs in the crossbar switches and relays which go to make up a medium-sized automatic telephone exchange. The smooth running of the entire exchange is dependent on the operation of each and every spring. Serious breakdowns in telephone traffic would result if just one spring failed its task. That is why reliability and long life have acquired such urgent importance for the L. M. Ericsson Telephone Company. But first-rate products require first-rate raw materials. Among the materials we supply is nickel-silver plate for contact springs. These springs must never tire and, in fact, they never do — a great number of them have to perform as many as 300 million contact operations during the service life of an exchange. If you place equally heavy demands on your products, perhaps we can help you, too.

SVENSKA METALLVERKEN
EXPORT DIVISION • VÄSTERÅS • SWEDEN



Svenska Metallverken for "Semis"

Close collaboration with an extremely particular clientele has given Svenska Metallverken a leading place among companies specializing in non-ferrous metal materials for springs of the highest quality. Metallverken meets the demands of its clients by putting the results of its research work to careful use in the manufacture of the top-grade material in the springs and in turning this material into strips — straight, tensionless and whose thickness is regulated to minute tolerances.

COMPANY MEETINGS

L M ERICSSON TELEPHONE COMPANY

A SATISFACTORY BUSINESS YEAR

BACKLOG OF ORDERS REACHED $232 MILLION AT THE BEGINNING OF 1961

The eighty-fifth annual general meeting of L M Ericsson Telephone Company (Telefonaktiebolaget L M Ericsson), Stockholm, Sweden, was held on June 5th in Stockholm.

The following is an extract from the circulated annual report of the Board and the Managing Director:

REVIEW OF THE YEAR

For the Ericsson Group, 1960 was a successful year marked by expanding activity and an increasing share of business in the telephone markets of the free world. Orders booked by the Parent Company increased by 53 per cent, from $71.0 million in 1959 to $108.8 million and, for the Group as a whole, by 33 per cent, from $188.6 million, to $250.5 million.* Even excluding Power Equipment Company, the new American subsidiary which became a member of the Group during the year, the volume of orders booked was the largest ever recorded. In terms of product classifications, this volume was distributed in approximately the same ratios as in previous years. Nearly 50 per cent comprised station equipment and telephone instruments; 10 per cent was in other types of telecommunications equipment; approximately 20 per cent was in cable, wire and related accessories and slightly more than 20 per cent in other products. A notable development was the substantial increase in sales of various electromechanical and electronic components which were used on a much broader basis.

Sales by the Group were also substantially higher than during the preceding year, increasing from $165.3 million to $196.8 million and exceeded one billion Sw. kronor for the first time.

Orders received exceeded billings. The Group's backlog of orders, which amounted to slightly more than $174 million at the beginning of the year, increased to almost $232 million the year-end.

SWEDEN

For the Group as a whole, sales to the Swedish market totalled $71.2 million, compared with $68.1 million in 1959.

More than half of the Group's manufacturing operations are in Sweden. Thus production costs in this country are of special concern. During 1960 wages of both factory and office employees were increased substantially. These increases were offset to some degree by a reduction from 50 to 40 per cent in the rate of the national income tax on corporations.

Steps have been taken to effect an immediate increase in the production capacity of the Swedish factories but a scarcity of engineers and skilled labour has been felt.

* Swedish kronor have been translated to US dollars at the official parity at December 31, 1960, of Swedish kr.5.17 to US $1.00.

Orders from the Swedish Telephone Administration for station equipment were somewhat lower in 1960 than in preceding years. Offsetting this, orders for transmission material were substantial and included, among other items, amplification equipment for transmission of television signals by cable and also transistorized voice frequency repeaters. Orders for telephone instruments were higher than ever before and involved, among other items, 85,000 one-piece Ericofons and Ericovox loudspeaker telephones. Orders for private exchanges were substantial. These included a number of crossbar exchanges of a new type developed by the Parent Company to meet requirements of the Telephone Administration.

Deliveries to the Administration during the past year comprised equipment for automatic central exchanges, transmission materials, private exchanges and telephone instruments. Special note should be made of the opening of the international trunk line exchange in Stockholm last May.

Svenska Elektronrör, the Group's tube manufacturing subsidiary, recorded increased sales of high quality tubes and continuing substantial exports of long-life tubes to the United States and Canada.

Sales by Rifa, which produces electronic components, rose approximately 40 per cent and the increase in orders booked was even higher. It is expected that the transfer of production of capacitors from Stockholm to the new Gränna factory will be completed shortly. Concentration on quantity production of high quality standard capacitors has improved the profitability of these items.

EUROPE (EXCLUDING SWEDEN)

Exclusive of Sweden, sales in European countries increased to $58.4 million in 1960 compared with $47.4 million the preceding year.

In Italy, the Group's largest individual market in Europe outside Sweden, sales of Ericsson's crossbar exchanges for use in city, rural and transit exchanges were substantial. Construction of a new telephone factory in Rome is now well under way.

The outlook of Group operations in France has improved. At the request of the French Telephone Authority, the French version of the crossbar system will also be manufactured by two French telephone factories outside the Ericsson Group, on license from Société des Téléphones Ericsson.

Denmark continues to be one of the Group's largest markets for city exchanges based on the crossbar system. During 1960 exchanges of this type serving more than 26,000 subscriber lines were placed in operation, along with a number of automatic intercity crossbar exchanges comprising a total of 3,000 lines. During the year an agreement was reached with the Copenhagen Telephone Company covering the delivery of crossbar central exchange equipment for 100,000 lines.

Automation of the telephone system in Yugoslavia, utilizing crossbar central exchanges, is progressing rapidly. It has been decided to expand this program to include intercity exchanges. The Parent Company will deliver to the Yugoslav authorities equipment that will triple the size of the present telex (teletype) network in that country.

Large orders for transmission materials were received during the year from Italy, Norway and Poland, among other European countries.

ASIA, AFRICA, AUSTRALIA

The Ericsson Group's successful operations in recent years in the most important markets in Asia, Africa and Australia resulted in a large increase in the volume of orders booked during 1960. Although sales have not yet reached the same levels, they rose to $11.6 million last year compared with $6.2 million in 1959.

Cooperation with the Australian Post Office and with Australian companies licensed by Ericsson is proceeding according to plan. Substantial new orders have been received.

Through its Australian subsidiary the Group acquired a majority interest in Trimax Transformers Pty. Ltd. (Melbourne) whose name has been changed to L M Ericsson-Trimax Pty. Ltd.

In the United Arab Republic, technical cooperation with the state-owned telephone manufacturing company, licensed by Ericsson, continued as programmed. In order to speed up expansion of the national telephone system, the U.A.R. Telephone Administration concluded a new agreement with the Parent Company covering equipment for more than 100,000 crossbar lines.

The first Ericsson crossbar exchange in Tunisia was cut over during the year and new orders have been booked from that country.

Operations in Burma and Lebanon are proceeding satisfactorily.

An order was received from Thailand for the delivery of a crossbar central exchange to serve 10,000 subscribers in the capital city of Bangkok. The contract was obtained in hard competition and represents a gratifying acceptance of the Group in a new and interesting market. The Parent Company has established a branch office in Thailand.

Among the new markets opened by the Group last year, Iraq and the Eastern section of New Guinea under Australian administration deserve special mention.

LATIN AMERICA

Most of the nations in this part of the world are beset by more or less serious economic

problems—unfavourable balances of trade, inflation and a lack of foreign exchange—which affect business prospects there. Net sales billed by the Group in Latin America decreased from $23.0 million in 1959 to $22.1 million last year. When the economic difficulties in the area are overcome, a great pent-up demand for telephone equipment will certainly be exposed.

Following negotiations with authorities in Argentina, certain problems relating to the Group's operating companies in that country have been resolved and new service tariffs established, permitting a more efficient service operation. The operating companies involved have ordered equipment from the Parent Company for expansion of the telephone system. The orders include a crossbar exchange for 8,000 subscriber lines in the city of Salta and a 10,000-line exchange for the city of Mendoza.

The Group's activities in the Brazilian market have been favourable but the results have been affected adversely by the strong inflation of the economy. The Parent Company has received an order to deliver crossbar equipment for an additional 15,000 lines in Brasilia. The carrier frequency equipment for the radio link between Rio de Janeiro and Brasilia, ordered at the close of 1959, went into service in April, 1960, prior to the dedication of the new capital city. Additional orders for the same type of equipment have also been booked.

In Mexico the Group installed 16,500 lines of its 500-line selector system and also received orders for crossbar exchanges to handle 6,000 lines and transit exchange for 2,400 lines. Other orders received involved a carrier frequency system for a total of 120 telephone circuits and transistorized carrier frequency terminals for the radio link system for a total of 240 telephone circuits.

In Ecuador, where telephone service in both Guayaquil and the capital city of Quito is being

THE ERICSSON GROUP

CONSOLIDATED BALANCE SHEET

LIABILITIES AND STOCKHOLDERS' EQUITY

	December 31 1960	1959
CURRENT LIABILITIES		
Bank loans	$ 5,810,000	$ 4,562,000
Accounts payable—trade	13,717,000	9,203,000
Advances from customers	27,160,000	30,463,000
Accrued income and other taxes	10,975,000	9,721,000
Accounts payable to non-consolidated subsidiary companies	694,000	—
Other current liabilities	20,176,000	15,297,000
	78,532,000	69,246,000
DEFERRED REVENUE	2,440,000	3,275,000
LONG-TERM DEBT		
Mortgage bonds	3,910,000	4,559,000
Debentures	18,057,000	18,430,000
Other long-term liabilities	8,304,000	5,230,000
	30,271,000	28,219,000
NON-CURRENT LIABILITIES TO PENSION FOUNDATIONS	17,564,000	21,466,000
SPECIAL RESERVES		
Special reserves for accounts receivable (Note F)	16,462,000	17,765,000
Special inventory reserves (Note G)	29,100,000	30,515,000
Reserves for future investments (Note H)	6,633,000	2,418,000
	52,195,000	50,698,000
MINORITY INTEREST	9,539,000	8,335,000
STOCKHOLDERS' EQUITY		
Capital stock (Note I)	42,069,000	31,551,000
Reserves not available for distribution	23,741,000	21,919,000
Unappropriated earnings	33,250,000	31,501,000
	99,060,000	84,971,000

	1960	1959
Contingent liabilities	$3,228,000	$3,825,000
Total liabilities and stockholders' equity	$289,601,000	$266,210,000

ASSETS

	December 31 1960	1959
CURRENT ASSETS		
Cash (Note B)	$ 58,093,000	$ 62,959,000
Swedish Government Bonds of 1960	3,869,000	—
Notes and accounts receivable—trade (Note C)	54,752,000	45,965,000
Inventories (Note D)	80,591,000	74,878,000
Other current assets	5,733,000	3,927,000
	203,038,000	187,729,000
CASH ON TIME DEPOSIT NOT AVAILABLE UNTIL AFTER DECEMBER 31, 1961	4,630,000	3,939,000
LONG-TERM RECEIVABLES (Note E)		
Notes and accounts receivable—trade	13,699,000	21,432,000
Other	13,576,000	13,561,000
	27,275,000	34,993,000
INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES		
Unconsolidated subsidiary companies		
Investments	4,124,000	4,137,000
Advances	1,139,000	1,227,000
Associated companies		
Investments	741,000	596,000
Accounts receivable	940,000	1,019,000
	6,944,000	6,979,000
PROPERTY, PLANT AND EQUIPMENT		
Cost	81,976,000	72,017,000
Revaluation	9,671,000	—
	91,647,000	72,017,000
Less—Accumulated depreciation	43,933,000	39,447,000
	47,714,000	32,570,000

	1960	1959
Assets pledged to secure indebtedness	$38,303,000	$35,218,000
Total assets	$289,601,000	$266,210,000

The notes A to H are an integral part of the Consolidated Balance Sheet.
The United States dollar amounts shown in the above statement represent translations from Swedish kronor at the official parity at December 31, 1960, of S. Kr. 5.17 to $1.00.

CONSOLIDATED INCOME STATEMENT

	1960	1959
Net sales	$196,840,000	$165,340,000
Dividends, interest and other revenue		
From unconsolidated subsidiary companies	168,000	179,000
From associated companies	407,000	299,000
From others	5,055,000	4,146,000
	202,470,000	169,964,000
Cost of products and services sold	129,970,000	105,138,000
Selling, experimental, development and administrative expenses	43,079,000	38,503,000
Depreciation	5,268,000	4,376,000
Interest	2,681,000	2,016,000
Unrealized loss on foreign exchange	1,151,000	1,174,000
Income before items at right	20,321,000	18,757,000

	1960	1959
Special adjustments (Note A)		
Transfers to or (from) reserves for accounts receivable (net)	(1,303,000)	(322,000)
Transfers to or (from) special inventory reserves	(1,415,000)	(3,098,000)
Transfers to reserves for future investments	4,814,000	1,064,000
Extraordinary contributions to pension foundations	—	5,428,000
Write-downs of investments	31,000	33,000
	2,127,000	3,105,000
Income before taxes	18,194,000	15,652,000
Taxes on income	9,579,000	8,598,000
	8,615,000	7,054,000
Minority interest	947,000	1,128,000
Net income	$7,668,000	$5,926,000

automated with an Ericsson system, the Group's branch office has been made a capital stock company.

UNITED STATES AND CANADA

Group sales in the USA and Canada totalled $33.5 million in 1960, compared with $20.5 million in 1959. The increase is due almost entirely to the acquisition last May by North Electric Company (NEC) of 96 per cent of the outstanding shares of Power Equipment Company (PEC).

Located in Galion, Ohio, where NEC also has its main plant, PEC manufactures transformers and power supply equipment for computers and telephone exchanges as well as equipment for the electronics industry. Its sales during 1960 totalled $12.5 million.

To adapt the Ericsson crossbar system to American requirements, NEC has developed two distinct systems. One, intended for use in city exchanges, has been installed in 19 communities to date. These installations cover 47,700 lines offering service to 114,000 subscribers.

The Group's Canadian sales company received from Bell Telephone Company of Canada an initial order for five rural exchanges with Ericsson crossbar equipment—which represents a significant breakthrough in this market.

RESEARCH AND DEVELOPMENT

The current growth and progress of the Ericsson Group, as in the past, is due largely to the high technical standards that distinguish Group products, research and development work is therefore pursued intensively. The Group's laboratories are expanded continuously and fitted with the most modern equipment. Activity in this field involves basic research as well as technical applications and materials testing.

During 1960 substantial technical resources of both the Parent Company and North Electric Company were concentrated on electronic telephone systems, with special reference to the electronic exchanges ordered from NEC by the United States Air Force.

A tone code system adapted for local exchanges was perfected during the year as well as a new type of rural exchange. As a result of the development of the tone code system, the latter exchanges now permit more efficient routing of traffic in network groups and better exploitation of the lines between exchanges.

Electronic registers for 500-line selector exchanges were designed during the year and will soon be placed in operation on a test basis.

To meet increasing demand by customers, the Parent Company has expanded into a new field for the Group. This is "telex," or subscriber telegraphy, a convenient and economic method of transmitting written messages between remote points.

Design work on carrier frequency terminals to carry 2,700 simultaneous telephone conversations over one pair of tubes in a coaxial cable has been completed and turned over to the manufacturing departments.

On behalf of the Swedish Telephone Administration, the Parent Company designed and delivered relay-activated, push-button-operated equipment for radio program distribution. Crossbar selectors are used to make the connections.

Development work continues on a system for high-speed transfer of data to electronic computers which are being used increasingly in both civilian and military applications.

A four-wire-terminated telephone with circuits for tone pulsing and voice frequency ringing has been designed for use with electronic exchanges.

Development of so-called reed switches designed for relays has been completed. Svenska Elektronrör has begun production of these units, initially only for the Parent Company.

In other fields and on an increasing scale, the Group's research facilities have been placed at the disposal of the military authorities in Sweden.

PERSONNEL

The large volume of orders booked, which marked operations during 1960, also produced increased personnel requirements in both offices and factories. Despite the high levels of employment created by the upward trend of the economy in Sweden, the Group was able to meet nearly all of its increased personnel requirements.

This was accomplished partly through more efficient scheduling of production in existing and new plants. The number of Group employees in Sweden increased from 14,000 at the beginning of 1960 to 16,400 at year-end. Throughout the Group as a whole, a total of 32,300 was employed at the end of the year.

EXCHANGE LISTINGS

The substantial stock equity which International Telephone and Telegraph Corporation had held in the Parent Company since 1932 was returned to Swedish ownership last Spring. Thereafter a substantial number of the Company's "B" shares were distributed in foreign countries. These shares have been listed on the stock exchanges in London, Paris and Amsterdam.

FINANCIAL STATEMENTS
THE ERICSSON GROUP

In May, 1960, the Group's American manufacturing company, North Electric Company, Galion, Ohio, acquired 96 per cent of the outstanding shares of capital stock of Power Equipment Company, also located in Galion. Inclusion of the newly acquired company in the consolidated financial statements makes them not fully comparable with the statements of the previous year.

The holding company, Teleric Inc., formed a sales company in Ecuador, Teléfonos Ericsson C.A., Quito, with a capital stock of 1.0 million Sucres, and a real estate company in Mexico, Edificio Ericsson S.A., Mexico City, with a capital stock of 2.5 million Pesos.

Through the sale of additional shares at par the capital stock of FATME, Soc. per Az., Italy, was increased from 4,000 million to 5,000 million Lire, and the capital stock of SIELTE, Soc. per Az., from 1,500 million to 2,000 million Lire. These shares have been subscribed and paid for by the holding company, SETEMER, Soc. per Az., Italy, in which the Parent Company holds slightly more than 51 per cent of the stock.

North Electric Company, U.S.A., issued 252,599 new shares of stock with a par value of $10.00 per share. Of this stock issue, which was sold at $25.00 per share, the Parent Company acquired 228,629 shares through conversion of receivables amounting to $5,715,725. This transaction has increased the Parent Company's interest in North Electric Company from 83 per cent to 86 per cent.

In addition several of the Group Companies increased their capital stocks through payment

in cash, conversion of accounts payable to t Parent Company or through stock dividends.

Total income for the Group amounted $202,470,000, an increase of $32,506,000 or per cent over 1959. Net sales of $196,840,0 ($165,340,000 in 1959) exceeded one bill Sw kronor for the first time. The Argentine a Peruvian telephone operating companies, wh accounts are not included in the consolida financial statements, had operating reven totalling $5,800,000 ($4,255,000 in 1959).

After special adjustments totalling $2,127,(($3,105,000 in 1959) and provision for ta totalling $9,579,000 ($8,598,000), the Group h a consolidated net income of $7,668,000 in 19 ($5,926,000). Total consolidated unappropria earnings at December 31, 1960, amounted $33,250,000 ($31,501,000). The Boards Directors of the respective companies propo that a total of $2,084,000 of this amount appropriated to reserves not available distribution.

When considering the consolidated finan position, it should be borne in mind that:

(1) Unappropriated earnings totalling so $8,500,000 will become subject to Swedish ta (in 1961 about 48 per cent) if and when s earnings are transferred to the Parent Compa and

(2) In certain countries currency restricti apply to transfer of dividends.

NOTES TO THE FINANCIAL STATEMENT

Note A—Special adjustments

Swedish tax regulations permit, within cer limits, deduction from taxable income amounts set aside to inventory reserves. the end of 1960, such inventory reserves m in principle, amount to 60 per cent (70 per c in 1959) of the lower of cost or market. Acco ing to accepted Swedish practice, Swedish c panies to a greater or lesser extent avail the selves of this advantage and, consequently, corded net income is affected by changes inventory reserves.

Allocations to reserves for future investme which are tax deductible under certain c ditions, are considered as appropriations earnings and not as operating expenses.

Note B—Cash

Cash includes $16,615,000 deposited on blocked bank account as security for advan received from customers and an extraordin deposit of $2,300,000 on an investment rese account with the Bank of Sweden, repayable December 30, 1961. The Parent Compa deposited $2,089,000 of this amount.

Note C—Notes and accounts receivable—trad

The receivables are shown net of allowan for doubtful accounts amounting to $1,039,0 ($740,000 in 1959).

Note D—Inventories

Inventories are generally valued at stand cost, which approximates cost on a first- first-out basis, not in excess of market. Th are shown net of advance and progress payme from customers amounting to $19,614,0 ($11,938,000 in 1959). In respect of the spec inventory reserves see Note G.

Note E—Long-term receivables

Notes and accounts receivable—trade—a shown net of allowances for doubtful accou amounting to $5,368,000 ($5,681,000 in 195 Other long-term receivables include misc laneous investments in the amount of $1,246,0 ($1,215,000 in 1959).

Note F—Special reserves for accounts receiva

The amounts set aside to these reserves ha

been allowed as deductions from taxable income. The amounts recovered are subject to tax at the rate ruling when the amount is received. (The effective rate of income tax for 1961 is approximately 48%.)

Note G—Special inventory reserves

The Group's Swedish and Finnish companies have set aside inventory reserves, and the amounts so set aside are deductible in computing taxable income for the respective years. To the extent that such reserves are restored to income, they will become subject to tax. (The effective rate of income tax for 1961 is approximately 48%.) See also Notes A and D.

Note H—Reserves for future investments

These reserves were created in accordance with a law enacted in 1955 regarding reserves for the purpose of equalizing fluctuations in business conditions. The use of amounts set aside to these reserves, which are deductible from taxable income on certain conditions, is regulated by the Government. Certain of the amounts provided, a certain portion must be deposited on a blocked account with the Bank of Sweden. In 1960 an amount of $600,000 from the Reserve for future investments was applied by the Parent Company to write down the cost of a new building in Mölndal.

Note I—Capital stock of the Parent Company

2,485,677	Class A shares, par value 35 Swedish Crowns per share	$16,828,000
3,728,512	Class B. shares, par value 35 Swedish Crowns per share	$25,241,000
6,214,189		$42,069,000

All shares carry equal rights to participation in the net assets and profits of the Company. Class A shares are entitled to cast one vote and Class B shares are entitled to cast one 1/1,000 of a vote at Stockholders' meetings.

The 1960 annual meeting of Stockholders approved a proposal by the Board of Directors to increase the Parent Company's capital stock from 163.1 to 217.5 million Crowns through a stock dividend of one new share for each three outstanding.

THE PARENT COMPANY

Orders booked by the Parent Company in 1960 were the highest ever recorded, exceeding 1959 orders by 53 per cent.

Net sales also reached a record level, increasing from $61,713,000 to $66,809,000.

In spite of higher billings, the backlog of orders increased to $140,200,000, compared with $101,500,000 at the end of 1959.

After provision for taxes of $4,681,000, the Parent Company's net income for 1960 amounted to $5,832,000 ($4,466,000).

DISPOSITION OF UNAPPROPRIATED EARNINGS

In addition to the Reserve for contingencies and the General reserve, the sum of $8,883,000, consisting of net income for the year, $5,832,000, and unappropriated earnings, $3,051,000, was available for disposition by stockholders at the annual meeting.

The Board of Directors and the President proposed that the above amount be distributed as follows:

To the Legal Reserve	$ 208,000
To a Special Legal Reserve ...	$1,180,000
To the Stockholders—Sw. kronor 3.50 per share payable against Coupon No. 34	$4,207,000
Unappropriated earnings to be retained in the business ...	$3,288,000
	$8,883,000

The report, the financial statements, and the proposals put forward by the Board of Directors were adopted.

BOARD OF DIRECTORS

Marcus Wallenberg, *Chairman;* Ernfrid Browaldh, *Vice Chairman;* Erik Boheman, *Vice Chairman;* Erik Anderberg, Wilhelm Söderman; Ragnar Woxén, Sven Ture Åberg, *Managing Director.*

DEPUTY MEMBERS

Nils Sterner, Lars-Erik Thunholm, Marc Wallenberg Jr., Stig Ödmark, were re-elected at the 1961 General Meeting.

AUDITORS

Arvid Olsson, Nils Olsson, Swedish Certified Public Accountant; John Dickinson of Price Waterhouse and Co.

LONDON PAYING AGENTS

Warburg and Co.

Readers can obtain the full Annual Report by application to Swedish Ericsson Company, Limited, 329 High Holborn, London, W.C.1.

BRITISH SUGAR CORPORATION
RECORDS AGAIN BROKEN

The Twenty-fifth Annual Ordinary General Meeting of the British Sugar Corporation Limited will be held on July 25 in London.

The following is an extract from the circulated statement by the chairman, Sir Edmund Bacon, Bt, OBE, TD, JP:—

The yield of 7,215,261 tons from the 1960-61 sugar beet crop was a new record for this country. It was over two million tons higher than the average of the previous five years, and almost one-and-a-half million tons above the highest figure previously recorded in 1958-59.

PRODUCTION FIGURES

Production figures for all our products were the highest on record. Sugar production, consisting of 592,775 tons of white and 311,890 tons of raw, was equivalent to a total output in terms of white sugar of 887,525 tons. The production of dried pulp in all forms was 543,253 tons and molasses produced amounted to 321,507 tons.

With such an enormous crop to deal with it is very gratifying to be able to tell you that the capacity of our factories, as the result of many years carefully-planned capital expenditure, reached a record figure of 50,600 tons per day, which is nearly 1,600 tons per day higher than the figure of last year. Nevertheless, it was only on March 1 that the last factory concluded operations.

During the last few years there have been notable changes in methods of sugar distribution, both to industry and to the home. Bulk sugar deliveries during the year to industrial users were more than five times as great as they were five years ago and continue to increase substantially. The manufacturer is able to save the labour which is required for the reception, storage, and emptying of sugar from sacks. This results in a worth-while reduction in costs to manufacturers taking sugar in bulk. Delivery in bulk also enables us to reduce labour in sugar handling, storage and transport, as a result of which we are able to make allowances to the user.

LIQUID SUGAR PLANTS

During the year we have installed liquid sugar plants at two factories and further silo capacity for 20,000 tons refined sugar is also being provided. We intend to construct more silos for storing sugar in bulk in the future.

Our distribution to the grocery trade has also changed in pattern. Self-service stores which are opening in Britain at a high rate have created an increasing demand for pre-packed goods. In the past five years demand for our packeted sugar has increased by more than a third and in the year under review accounted for 48 per cent. of our total sales. For this reason we have embarked on a scheme to expand and modernise the whole of the Corporation's packeting facilities.

We have a free technical service which provides expert advice to customers on the industrial use of sugar and includes guidance on plant installation and layout. Manufacturers contemplating the use of liquid or dry sugar in bulk will find this service of particular value.

In brief our aim is to provide our many customers with good service, and with products of high quality and wide variety, to meet their needs.

IMPORT OF FOREIGN REFINED SUGAR

In my address to you last year I referred to the import of foreign refined sugar which had affected our sales and those of the refiners. During the year under review I regret to tell you that these imports have increased. They are subject only to a small differential duty which has remained unchanged since it was first imposed in 1928 and thus has little effect as a deterrent. Moreover, nearly all foreign refined sugar sold in this country comes from countries which prohibit the import of sugar from the United Kingdom. The Corporation is in touch with the British Sugar Refiners Association and the Government on the problems involved.

At the last Annual General Meeting questions were raised regarding the possibility of obtaining ministerial approval to an increase in dividend above the rate of 7 per cent and of a possible capitalisation of reserves. Subsequently a committee of the Board had discussions with a Shareholders' Committee, then formed, and with the Ministry by whom the Shareholders' Committee had also been received. As a result it has become clear that in present circumstances Ministers would not approve a rate of dividend higher than 7 per cent. or a capitalisation of reserves. The Board recognise that there is an element of anomaly in the status of the ordinary shares, having regard to the special relationship between the Corporation and the Government and it is the Board's intention to continue to explore the possibilities which, subject to Shareholders' approval might remove this.

GODFREY PHILLIPS, LIMITED

CONTINUED IMPROVEMENT IN RESULTS

DIVERSIFICATION POLICY BEARING FRUIT

IMPORTANT AND VITAL EXPORT BUSINESS

OVERSEAS INTERESTS REVIEWED

MR P. A. GODFREY PHILLIPS EXPRESSES CONFIDENCE IN OUTLOOK

The Fifty-second Annual General Meeting of Godfrey Phillips, Limited, was held on June 30th at the registered office of the company, 112, Commercial Street, London, E.

Mr P. A. Godfrey Phillips, the chairman, presided.

Mr A. H. Grindell, the secretary, read the notice convening the meeting and Mr H. C. Medlam, FCA, read the report of the auditors.

The chairman said: Gentlemen,—You have heard read the Notice convening the Meeting and the Auditors' Report. As the Accounts and Directors' Report have been in your hands for some time with your permission we shall consider them as read. (Agreed.)

The year 1960 showed a continuation of the improvement in results which has been a feature of the accounts during the last five years. There was in fact a greater acceleration in the recovery from the nadir of 1955 than the Board could reasonably have forecast twelve months ago.

The effect of the steps which your Board has taken in recent months in divesting your Company of its unprofitable interests is of course not reflected in the Accounts before you, but it is our belief that this reorganisation of our activities should result in a sounder pattern of trade and this should enable us the better to withstand the various set-backs and disappointments, political and non-political, to which our world-wide interests make us vulnerable.

In view of past factors and those foreseeable in the immediate future, your Board feel fully justified in recommending a final dividend which makes the total distribution for the year the highest in the history of the Company.

GROUP ACCOUNTS

If you will turn to the Accounts before you, you will see that the Group Profit for the Year before charging Taxation was substantially increased to the figure of £811,809 compared with £550,303 for 1959. This increase stems from a higher level of Trading Profits together with increased Exceptional Profits due to a reorganisation of part of our Australian interests, which resulted in a profit on the repayment of Preference Shares held by the Parent Company. As might be expected such an increase in Trading Profits was accompanied by higher Depreciation and Interest Charges, the latter accentuated by an increase in the level of Bank Rate during the Year. After providing £392,436 for Taxation and adjusting for Provisions No Longer Required, there results a Profit of £435,927. Deducting £84,673 for the interests of Outside Shareholders in Subsidiary Companies, there remains a Profit attributable to the Members of Godfrey Phillips Limited of £351,254 compared with £227,116 in the previous year.

Arising from the decision to disengage your Company from the home cigarette trade we sold, towards the end of the year, and on a favourable basis, our Scottish and North of England Wholesaling Company, Thomson & Porteous Limited and the Goodwill of its Associate Company, Fairweather & Sons Ltd., of Dundee, and this transaction gives rise to the appearance in the Profit and Loss Account of the item "Transfer of Development & Contingencies Reserve £50,532." After setting aside £75,000 for Pensions, and making the transfers to General Reserve and deducting Dividends paid, accrued and proposed, there remains to be carried forward to 1961 the sum of £1,766,093—an increase of £110,934.

In the Consolidated Balance Sheet, the most marked change arises in the level of Investment in Current Assets reflecting the increased volume of trade carried on by your Companies during the Year. Fixed Assets have increased by some £424,000 and Trade Investments by £35,000. On the other side there has been no change in the Share Capital but Capital Reserves and Revenue Reserves and Surplus, insofar as they relate to the Stock and Shareholders of Godfrey Phillips Limited, are increased by approximately £24,000 and now stand at the substantial figure of £4,770,000.

PARENT COMPANY'S BALANCE SHEET

In the Balance Sheet of Godfrey Phillips Limited, the increase in the value of Shares in Subsidiary Companies at Cost reflects, in the main, the acquisition during the Year of an additional lithographic business, offset by the repayment of Preference Shares already referred to and by the sale of Thomson & Porteous Ltd.; advances and debits on Current Accounts with Subsidiary Companies, higher by £573,000, again underline the increase in your Group's total trade during the year.

In considering these figures, it will be apparent that in both the Balance Sheet of Godfrey Phillips Limited and that of the Group, the ratio of Current Assets to Current Liabilities shows a reduction on the previous year but your Board are satisfied that the resources available to the Group as working capital are adequate; in fact more has been released this year and still more will become available; part of this will be used to pay off the 7 per cent Cumulative Participating Preference Shares of Cohen Weenen & Co. Ltd., which Company it is intended to liquidate within the next two or three months.

The complexion of this Company has changed during the past year or so, as a result of our general reorganisation; it has a large Cash Balance, surplus to its own requirements, which is on loan to ourselves and is thus available as working Capital but at an uneconomic cost to the Group. In these circumstances your Board do not feel justified in prolonging the existence of this Company, the need for which in the structure of the Group has now disappeared.

The repayment of this Participating Preference Capital out of our improving cash resources will benefit Group results, and the liquidation of the Company will make for internal administrative savings. The Board constantly reviews the working Capital requirements of the Group and for many years past and through our most difficult periods we have enjoyed the most excellent relations with our Bankers, who continue to afford us their best advice and facilities.

HOME OPERATIONS—CIGARETTES AND TOBACCO

In surveying our trading during 1960, it is perhaps logical to start with our operations in the Home Market, more particularly with our Cigarette and Tobacco manufacture for consumption in the United Kingdom. The Agreement with Ardath (UK) Limited which was announced in September last and which came into effect on February 1st this year, will be fresh in Shareholders' minds and we have recently completed a virtual withdrawal from the Home Trade, by concluding an arrangement with Messrs Gallaher Limited to whom we have sold the Home Trade rights to the brands of Abdulla & Co. Ltd. Your Board are confident in the determination and ability of Gallaher Limited to promote the sales of Abdulla in the United Kingdom and this should indirectly help our very valuable Export Trade in these brands, and consequently be of great benefit to the Group.

There are many and varied measures of reorganisation which arise as a result of these arrangements including adjustments to our manufacturing capacity and to the level of our leaf stocks and packing materials, and a realignment of our plant and equipment requirements; these are proceeding and it is hoped will be completed by the end of the year.

You will, I am sure, share with your Board very great regret at the considerable number of employees who have become surplus to requirements; these were mainly factory staff and work people, many of whom had served the Company and your interests loyally and faithfully for a number of years, and we believe that the pensions and leaving gratuities which have been granted to them are fair and proper. The cost of these pensions and gratuities will give rise to exceptional charges in the current year; this will, however, not be regarded as entirely chargeable against Trading Profits but more properly to be met in part from our considerable fund of reserves.

VALUE OF FREEHOLD PROPERTIES

The release of investment in Current Assets consequent upon our reorganisation is gradual, but should become fully effective by the end of this year. Certain leasehold property has already been given up and, as already announced, some space will be freed in the Commercial Street factories and plans for its use are well advanced. Much of this space will be taken over by our expanding paper-back interests, the warehousing and storage requirements of which are considerable. We are fortunate in the timing of this reorganisation and in the availability of this much needed space.

I should perhaps take this opportunity of clarifying a matter which has through lack of understanding been somewhat mis-represented in certain sections of the Press: namely the value of our freehold properties and the capital profits which it has been wrongly assumed might be made on their sale. First let me make it clear that there will be no factories in operation which are not being put to profitable use and that such space as might be released, entirely as a result of our Home Trade reorganisation, will be relatively limited in both scope and value. It is too easily overlooked that the Group Balance Sheet figures for freehold land and buildings include not only the considerable factories essential for our diversified interests at home but also our very extensive factories in India, Australia and New Zealand all of which are vitally necessary to the maintenance of your Group's profits.

Of the Group figure of one and three-quarter million pounds for freehold land and building, Stepney freeholds represent only £650,000 and the 250,000 square feet approximately of working space that they provide house our manufacture, despatch and distribution for Export, our still not inconsiderable manufacture for home consumption, our bond storage for leaf tobacco, and all administrative and research services for the whole Group. They also have to cater for the increasing requirements of our paper-back trade to which I have referred. I hope that this brief exposition will make for a clearer understanding of the position.

CONTRIBUTORY PENSION SCHEME

The circumstances of our withdrawal from the Home Trade and the consequent reduction in the number of our employees, the new provisions of the National Insurance Act which came into force in April of this year, and the need for an established uniform Scheme to provide Pensions for our employees and those of our growing Subsidiary Companies at home, decided your Board, in the early part of this year, to introduce a Contributory Pension Scheme. In the past, pensions for retired employees have been charged against current profits but from time to time and in years of buoyant profits sums have been set aside to establish a fund to meet the very considerable liability for back service which has accrued. This fund, after setting aside a further £75,000 out of the Profits for the Year under review, now stands in the Group Balance Sheet at over £350,000, and in the Balance Sheet of the Parent Company, where the greater part of the liability lies, at £260,000. These sums, or the greater part thereof, are thus available for the establishment of the Scheme, which adequately takes care of the pension needs of all those sections of the Group not hitherto covered by a funded scheme.

Final details as to how best to finance the Scheme are now being worked out but I am happy to tell you that by the end of the present year full provision will have been made to cover the pension needs of all the Group's employees. Adequate arrangements in this respect have been in operation for some years in our main overseas Subsidiary Companies, and in the Year under review the decision of the Indian government authorities to regard staff gratuities as a legal liability has resulted in the transfer of some £52,000 from Reserves for this purpose.

Your Board is confident that the arrangement it has been able to make to reorganise the whole responsibility for pensioning its employees will receive your approval, not only for its effect on general morale in the Group amongst its workers and staff, but also for its stabilising effect on the cost of providing for this liability against annual profits in the future.

A VERY REAL INTEREST

Before leaving our Cigarette and Tobacco Trade at Home and the matters arising from the arrangements we have made to disengage ourselves from this Trade, I should remind Shareholders that as a Group we still have a very real interest in the manufacture and sale of our brands by Ardath (UK) Ltd., and by Gallaher Limited, first through the Royalty payments which will be made by the former under our Agreement and second from the benefits which can accrue to our Export Trade from a healthy trade in all these brands in the United Kingdom.

I mentioned that the recent sale of our Abdulla brands amounted to a virtual withdrawal from the Home Trade, the exception being our Boars Head Tobacco, manufactured and marketed by Pritchard & Burton Limited. This self-contained Company has held its own in a fiercely competitive field and is making a most valuable and satisfactory contribution to our profits. Together with Morris & Morris and Melbourne Hart it represents our remaining link with the Retail Tobacco Trade in this country and it is our hope that it may long continue to do so.

EXPORT TRADE

I now turn to our valuable Export Trade, which constitutes the bulk of our proprietary Cigarette manufacture in these factories. This trade is particularly vital to us, not only from its profitability and the fact that exports to a particular market are frequently the forerunner to domestic manufacture of the brand within the market, but also because it enables management and staff to keep abreast of technical developments in the manufacture of our products and to maintain the necessary knowledge and experience to enable us to advise and guide our manufacturing Subsidiaries overseas.

It should be appreciated that the growing consumer demand for tobacco goods in overseas markets is more than being met by protected local manufacture and the total of tobacco and cigarette exports from this country is at present on the decline; furthermore the constant increases in tobacco duty involve extra finance and so adversely affect the cost of manufacture for export, a factor which Chancellors of the Exchequer appear to overlook. Our staff engaged on this side of the business are therefore particularly to be congratulated in not only keeping up but actually expanding our Export sales. I am confident in their ability to maintain this trend.

IMPORTED CIGARS

Our Subsidiaries engaged in the imported cigar trade had yet another year of most successful trading. We are fortunate in possessing the importing rights to brands which have established themselves in the forefront of the wide range available to the cigar smoker. Hoyo de Monterrey, Larranaga, Partagas and Punch are names famous for their consistent quality and the pleasure they afford to the smoker and these brands continue to enjoy as great a demand as ever before.

Unfortunately there must be some concern for the continuity of supplies from Cuba in the future, but we are well served by our supporting Jamaican brands, Jamavana, Larana, and Macanudo which are recognised as among the finest available from Jamaica and are more within the reach of the pocket of many smokers.

PRINTING AND PUBLISHING

I will turn now to our remaining operations at home: our printing and publishing interests. These are a comparatively new side of our Group's business and it would be as well to keep them in their proper perspective and not to give them credit for an undue proportion of the increased profits that we are now enjoying. We occasionally read headlines and comments which refer to the Company as a publishing company; this is wide of the mark for we are still predominantly a Cigarette and Tobacco Manufacturing Group. In terms of investment and profit contribution our more recently acquired printing and publishing Subsidiaries form a relatively minor part of our total business.

In deciding to diversify, your Board pursued a policy of acquiring young businesses, ripe for development and expansion, and did not go into the market for big profit earners at what would have inevitably been a high cost of acquisition. This policy seems to be bearing fruit and we already have a nucleus of growing and developing businesses, the total investment in which barely exceeds a million pounds, and which are now making a most useful contribution to our total profits. It is, however, in their expansion and development that we are mainly interested and all our actions have been directed to nurturing and fostering them so that in due course they become big profit earners in their own right. To this end we have recently taken material steps to strengthen our management, so that not only have we provided the most suitable factories and equipment but also experienced brains.

Our lithographic printing Companies and their associated undertakings are making steady progress and we are gaining in experience of this trade every day. During the year, as I reported at this Meeting a year ago, we acquired a further lithographic Company, H. L. Vickery Limited and this has considerably enhanced the profits of this section of our business. We now have a solid stake in this industry and some degree of flexibility also, and your Board are confident that these investments will prove worthwhile and should in time make a major contribution to our profits.

GREETING CARD INTERESTS

Our Greeting Card interests are similarly placed; in an expanding industry our Subsidiary Company, Forget-Me-Not Cards Limited, is increasing its trade steadily; it has gained in stature and is developing along lines which should ensure that it remains a growing and profitable investment. It should, however, be remembered that our expansion into these fields was designed to take advantage to the full of our existing good relations with trade customers and of our Group organisation and facilities, and the true advantages which stem from these diversifications are often cloaked from view. This is perhaps especially true of our paper back business, which differs from our other recently acquired interests in that we started it ourselves from scratch.

When we launched Four Square Books Limited some three or four years ago, we did so on the basis of our acceptance in the Trade through the considerable Goodwill which we enjoy as a Cigarette and Tobacco manufacturer, and of the wide and powerful knowledge that we have of Export markets and overseas trading generally. Furthermore, we recognised that a useful part of our existing Group selling and distribution forces could be brought to bear towards the establishment of another paper-back

line in a strongly competitive field. This we undoubtedly achieved in a short space of time but without, as has to be expected, any marked degree of profitability.

ACE BOOKS

Towards the turn of the year we had an opportunity of acquiring a further series, Ace Books, together with its experienced management and this marked a step forward towards the earning of profits and the strengthening of our interests generally. Shortly after this acquisition we attracted the attention of the New American Library of World Literature Inc., who entered into negotiations with us aimed at a joint association for the promotion of paper-back books in the United Kingdom, the Commonwealth and the English speaking world. An Agreement has now been concluded, on a favourable basis, whereby we have parted with 51 per cent of our paper-back interests, although we have retained responsibility for the day-to-day operations and business of these Companies.

We shall continue to be closely concerned with the administration and management and our resources for warehousing, despatch and delivery of the product will be used to the full. In short, there is very little outward evidence of any change but we have all the advantage of the knowledge and advice of our American associates in addition to the usual trading benefits which stem from such an arrangement. Your Board firmly believes that this association will have considerable medium and long term benefits for your Company and that jointly we shall make more and quicker progress towards a much larger share of this rapidly expanding market.

FIGHT AGAINST PORNOGRAPHY

Some adverse Press criticism of the so-called American invasion of the paper-back industry has recently been evident. There are undoubtedly grounds for sustained objection to the importation of books of a pornographic variety from less reputable American publishers and we shall unite with all other British publishers to fight this threat. There is no intention on the part of our Associates, or of ourselves, to have anything to do with this type of book, nor is it any part of our plan to flood this market with over-runs or reprints of American editions.

The New American Library, publishers of Signet and Mentor books in the USA, and whom the Trade know to be foremost among American paper-back publishers, has a reputation for quality of production and range of subjects surpassed by none and the availability of their titles in the field of fiction, education and the classics should result in nothing but good for the Trade and the reading public alike.

EXECUTIVE MANAGEMENT

In all these expanding new interests executive management is the key to success and to the rate of our progress. As I have intimated, we have recently taken steps to fill urgent gaps by recruitment from outside where necessary. We believe that we are now adequately staffed at the top and that replacements should in future be available from within the ranks of the Group.

INDIA

I now turn to our overseas Companies, of which pride of place for the year under review must undoubtedly go to our Company in India.

Once again it has achieved a most satisfactory increase, both in trade and profits, and in the present year this substantial improvement is being maintained, although consequent upon this year's Budget profit margins have been cut, despite which we have reasonable hopes of yet a further record result.

I have in the past been cautious when forecasting results in that country for political and economic considerations can, at very short notice, seriously affect and even reverse the trend of our trade. Once again our special thanks are due to the Management of our Indian Company who fortunately are young enough to have many years of activity ahead of them to our great benefit.

AUSTRALIA AND NEW ZEALAND

In Australia, where spectacular advances were made in 1959 as a result of the success of our new brand, "Viscount" and of the merger with the International Tobacco Company, continued progress was made which, if not so spectacular in terms of profit, was none the less highly satisfactory. "Viscount" has continued to expand its sales, supported by a weight of advertising which should ensure the steady expansion of our business and our profits in this important market.

Before leaving the subject of Australia I should like to place on record the Board's appreciation of the great services rendered by Colonel F. H. Wright, OBE, VD, to Godfrey Phillips Holdings Ltd., whose Chairman he has been since its formation in 1951 until his retirement this year. I am glad to be able to report that he is remaining on the Board and I am confident that Mr J. S. Tait, QC, who has taken over the Chairmanship, will prove a worthy successor.

In the neighbouring Dominion of New Zealand, our brands have continued to find favour and our leading line, D. R. Filters, has forged further ahead. This is a country in which your Group has always enjoyed great goodwill and we are eagerly looking forward to the time when economic conditions there will allow some relaxation of import restrictions, thus enabling us fully to meet the at present unsatisfied demand for our imported brands.

RHODESIA

In Rhodesia the reorganisation of our leaf interests to which I referred last year, has resulted in a steady year's trading, the benefits of which under the terms of the financial structure, will accrue during the current year. Our friends and associates in this venture, Dibrell Brothers of Danville, Virginia, have put a great deal of effort and experience into this project which should bring excellent results in the future.

PAKISTAN

Before leaving our overseas interests, I should like to advise you of negotiations which have been going on for the past few months with the Premier Tobacco Company of Karachi, Pakistan. For many years we have had registered in Pakistan a Subsidiary Company which has never traded but which has been ready at the opportune moment to take advantage of the very considerable Goodwill attaching to our leading brands in India, much of the advertising and propaganda for which must flow over the borders into neighbouring Pakistan.

Premier Tobacco Company have approached us to take a substantial but minority interest in their Company, which is highly successful with increasing sales of its own brands. This is a rapidly expanding and still unsatisfied market and Premier has the sanction of Government to increase its manufacturing capacity with the help of foreign capital, and is particularly desirous of manufacturing our leading Indian brand under license. Negotiations to this end are well advanced on the basis of an investment by ourselves in terms of cash, plant and machinery.

It was a fortunate coincidence that the approach from the Premier Tobacco Company came shortly after the decision to withdraw from the Home Market in that much of the plant and machinery required for Pakistan can be supplied immediately from our own resources without the long delays involved in waiting for delivery of new machinery. We are also in a position to provide expert technical assistance, of which Premier are in need, and your Board are of the opinion that this association will be a profitable one and that we are acting wisely in obtaining a foothold in this developing country.

THANKS TO THE STAFF

Once again I should like to thank all our employees, staff and management, at home and overseas, all of whom have contributed to the better results now before you. Special thanks are due to our management and staff here at home, to whom the past few months of our reorganisation have been particularly trying and difficult.

Since I last addressed you a year ago much has happened which is perhaps unusual and outside the ordinary conduct of the business; many have been the discussions, arrangements and negotiations and they have borne heavily on my colleagues who, as always, have given me throughout their help and loyal support.

CURRENT YEAR

In conclusion, I will turn for a moment to the year 1961. Figures which are so far available indicate that we should have another good year and results should be no less favourable than those now before you. We shall complete our reorganisation here at home and will pursue the steady development of our printing and publishing activities, although too much must not be expected too soon of the latest and more recent arrangements which we have been able to make.

Given a continuation of our successful overseas trading and in the absence of any circumstances not foreseeable at this moment, my colleagues and I confidently hope to meet you in a year's time with equal satisfactory results.

ADOPTION OF REPORT AND ACCOUNTS

I now propose that the Report of the Directors and the Balance Sheet be received, approved and adopted; and that the payment of Dividends of all classes of Preference Shares and the proposed Dividend on the Ordinary Stock and Shares and the allocations as shown in the Profit and Loss Account be approved and confirmed.

I will ask Mr D. V. Littlejohn to second the Resolution.

Mr D. V. Littlejohn, TD, FCA (Joint Managing Director) seconded the resolution and it was carried.

The retiring directors, Mr A. M. Borthwick, MC, TD, and Mr C. M. Paynter, having been re-elected, the proceedings terminated with a vote of thanks to the chairman, directors and staff.

REPORT AND STATEMENT OF THE CHAIRMAN

Remarkable Growth of Hawker Siddeley Group

In 25 Years Group has Increased Turnover from £6 million in First Year to £458 million in Last 17 Months



SIR THOMAS SOPWITH REVIEWS WORLDWIDE AVIATION AND INDUSTRIAL ACTIVITIES

Reports U.K. Trading Profit £29 million; Highest Ever Order Book; Exports £56 million
Group writes off £15 million on Civil Aircraft Design and Development
Urgent Plea for British Space Programme, "It's Now or Never"

his is our Silver Jubilee year. Twenty-five years ago I reviewed e first year of operations for the Hawker Siddeley Group. ur gross sales then were £6 million.

Today, 25 years later, I am glad to report gross sales of £458 illion for the 17 months period covered by our Accounts, a gure roughly equal to £324 million for a comparative 12 onth period. I think it can be fairly said that this is a bstantial record of growth.

From this year's U.K. trading profit of £29 million we have written off expenditures on Design and Development amounting to more than £15 million. This represents only a portion of the money expended by your Group on civil transport aircraft, the AWA Argosy, the Avro 748 and the new de Havilland Trident.

Taking our revenue for the 17 months at £458 million, equal to £324 million for 12 months, this shows a gratifying increase of £64 million over our last annual report.

The Group export record continues to grow. In the period of these Accounts we have exported from the United Kingdom about £56 million and our export drive is being intensified around the world.

GROWTH

This has been another period of remarkable growth for the Hawker Siddeley Group. Since my last report we have acquired the de Havilland and Blackburn companies, thus supporting the Government's policy of concentration in the aircraft industry. I now sincerely hope that the Government will do their part and support us.

AVIATION

Hawker Siddeley Aviation has a proud record which we must maintain. We now have the capacity and the experience to produce any kind of aircraft, military or civil, which may be required.

Our range of aviation products is probably the widest of any company in the world, from the small, light aircraft to large jet airliners and powerful nuclear bombers.

We have written off £15 million in our current Accounts on Design and Development for civil aircraft, but we cannot afford to continue to absorb such heavy expenditures. Private venture projects involving this kind of Development expense are essential if we are to maintain our position in the world civil air transport market. But we can only carry forward these projects if we get continuing and substantial Government support.

INDUSTRIAL

On the Industrial side of our activities we have had a good year. Our turnover and profits have increased and the business shows definite signs of further expansion. Export orders increased significantly over the previous year in all markets despite increasingly severe competition.

CANADA

The first signs of economic recovery in Canada are now becoming apparent but it will be some time before the Canadian economy is again in a healthy condition. In spite of current difficulties, our long term confidence in Canada remains unshaken and our companies there are tackling their problems with vigour and imagination.

SPACE

Russia and the United States have put men and satellites into Space, but this country is still debating whether or not we should enter this field of endeavour for which our national skills are so admirably suited. As a Company we have done everything we can and we are now awaiting the vital policy decision from our Government. It is now that Britain must decide to embark on a major space programme—or never!

Communications satellites should be the first general peaceful use of space and the returns from this application will amply justify the investment in developing the necessary capital equipment.

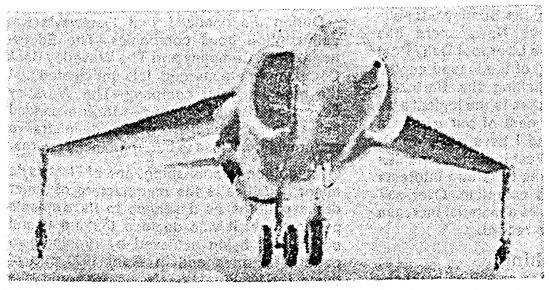
Our whole technical future is inextricably bound up with our future in Space and, to me, it is unthinkable that this nation will stand aside from Space development and allow all its potential advantages to evaporate and disappear by default.

CONCLUSION

Your Group as a whole faces the future with confidence.

Our order book at December 31, 1960, stood at £366 million, a higher figure than ever before.

We have gone through a strenuous period but the Group has emerged in strong and vigorous health. Indeed it has become one of the leading Companies in the world and one of the most powerful, well poised to attack the future.



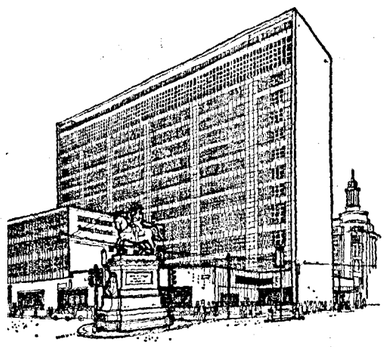
The Hawker P1127 Vertical Take-Off Military Strike Fighter, first of its kind in the world, has a great future with its derivatives.

FINANCIAL HIGHLIGHTS

AUGUST, 1959—DECEMBER, 1960—17 months

	£
Sales : U.K. Group	314,000,000
A. V. Roe Canada Group	144,000,000
	£458,000,000

	£
Order Book at 31st December 1960	366,000,000
Trading Profit : U.K. Group	29,058,000
A. V. Roe Canada Group	2,023,000
Design & Development Expenditure on Major Aircraft Projects written off in the U.K. Group	15,649,000
Taxation : U.K. Group	5,001,000
A. V. Roe Canada Group	2,285,000
Profit after tax and minority interests	7,771,000
Dividends to shareholders	3,739,000
Profits for the period retained in the business	4,032,000
Number of Shareholders : Ordinary	74,746
Preference	7,773
Number of Debenture Holders	22,206
	104,725
Employees at 31st December, 1960: In the U.K.	103,837
Overseas	31,246
	135,083



The Daily Mirror Newspapers Limited

An important and eventful year

New acquisitions at home and overseas

Statement by the Chairman, Mr. Cecil H. King, at the Annual General Meeting of The Daily Mirror Newspapers Limited 5th July 1961

Before reviewing the year's results I would like to take this opportunity of welcoming three new directors to your Board. Mr. C. B. de Launay is joint managing director of the Kelly-Iliffe Group and Mr. F. J. Rogers has taken the place of Mr. E. M. Gray as director in charge of production and personnel. More recently we invited Mr. P. G. Walker, managing director of Albert E. Reed & Company Ltd., to join the Board as representing our paper interests.

As you will be aware, the financial year which ended on 28 February has been one of the most important and eventful in the history of your company. The developments begun in the year will have far-reaching consequences and have already led the Daily Mirror Group to the forefront of world publishing.

The profit before taxation of the Group as a whole was £4,330,696, a reduction on last year of £1,228,027. The decrease was due to a number of factors, the most substantial of which was the very heavy expenditure incurred in promoting the Group's weekly and monthly magazines. The costs of running in new plant at our printing establishments and at the newsprint mill at Gravesend have also played their part in the reduction of trading profit. In addition, there has been an all-round increase in operating costs more than off-setting the increased volume of Group revenues from advertisements and sales.

High Daily Mirror sales

Turning now to the constituent parts of the Group and its associates, the Daily Mirror newspaper, the robust heart of our enterprises, has, under all the circumstances, had a satisfactory year. Revenue from advertisements in the Daily Mirror has surpassed all previous totals and sales of the newspaper have remained exceptionally high. The price of the paper was raised by ½d. to 3d. just after the end of the financial year and it is a measure of the loyalty of our readers that this has had only a minimum effect on sales.

Amongst newspaper staff changes which took place in the spring of this year, Mr. J. S. Nener, the editor of the Daily Mirror for eight spectacular years, relinquished the post on his appointment to the Board of the Sunday Pictorial. Mr. L. A. Lee Howard took over as editor of the Daily Mirror.

Other newspapers

Your sister newspaper, the Sunday Pictorial, which is engaged in a hard-fought circulation battle with The People, had a less successful trading year due in the main to increased promotion and production costs. The price increase of January will go some way to restore profit margins.

Of our other newspaper interests, where we share control with the Sunday Pictorial, Reveille has enjoyed a year of increased profit with sales well maintained.

In Scotland the Daily Record is making excellent progress. When we took over in 1955 the average sale was under 350,000. Since then a much improved paper assisted by a continuous circulation drive has added over 150,000 new buyers and we now have sales in excess of 500,000 copies daily. The Sunday Mail, Scotland's home produced Sunday newspaper, has maintained its sales with well above 600,000 copies a week. I have great faith in the future of our Scottish enterprise, the profits of which, in the current year, are benefiting from the recent price increase to 3d. of the Daily Record.

Newspapers overseas

Our newspaper interests are by no means confined to this country, of course, and one of our most flourishing associated companies controls five newspapers in three territories of West Africa. The name of the company, West African Newspapers Ltd., was changed to Overseas Newspapers Ltd. during the year to embrace a widening sphere of operations. An important step has been taken of moving into the Caribbean area with the acquisition of the two largest papers in British Guiana—the Guiana Graphic and the Sunday Graphic. More recently Overseas Newspapers has acquired jointly with The Liverpool Daily Post and Echo Ltd. over 62% of the issued capital of the company publishing the Barbados Advocate. The West Indies is the logical area for the further development of our overseas publishing activities and I have every confidence that both these West Indian companies will be valuable additions to Group interests when reorganization is complete. Overseas Newspapers' profit shows a material increase over the previous year's record.

Periodical publishing

I would like now to turn to periodical publishing, which exerts a very big influence on the fortunes of the Group. Fleetway Publications, responsible directly for 29 women's, children's and general periodicals, had a poorer year. This was due principally, as I have said, to the heavy expenses of promoting women's magazines.

During the year under review Fleetway launched two new publications and closed down three. First of the new publications was Honey, a full-colour monthly for younger women which has already proved its worth to advertisers. Fleetway's strong position in the children's market was further confirmed in May last year by the launch of Buster, an exceedingly popular weekly for young children, and, in the current year, by a third publication entitled June. June, a colour weekly for girls, is a companion to Princess, which was launched in January 1960 and has been a marked success from its first issue.

Women's magazines

Notable amongst our women's weeklies is Woman's Mirror, which was put into magazine format and full colour in the autumn. Woman and Home, already the best-selling women's monthly in Britain, has substantially increased in sales and Woman's Journal, supreme in its quality market, has attained its highest level for seven years. One of the early results of our acquisition of Odhams Press in the current financial year, will be the merging of Fleetway's Woman's Illustrated with Odhams' Woman in September. By this amalgamation and other means Fleetway may be enabled to reduce costs and achieve more satisfactory results.

During the financial year Fleetway's two subscription book companies—The Educational Book Company and The Waverley Book Company—were merged. It is anticipated that the resulting joint company—The Waverley Educational Book Company—with an expanded sales force coupled with administrative economies, will lead to better financial returns.

In addition to publishing, one of Fleetway's minor activities is the manufacture of paper dress patterns as a service to its women's publications. It was decided that no useful object was being achieved by running two pattern factories and in April 1960 one of these, the Weldons' operation, was sold as a going concern.

The three subsidiaries concerned with printing and book binding—Percy Brothers, Noakes Brothers and the Fisher Bookbinding Company—all had a satisfactory year's trading. Their turnover is, however, small compared with other Group operations.

Kelly-Iliffe Group

Fleetway's technical publishing is the responsibility of the Kelly-Iliffe Group, an 80% owned subsidiary. The Group underwent a structural reorganization last summer. The name of Kelly's Directories Ltd. was changed to Kelly-Iliffe Holdings Ltd. and the directory publishing side of the business was transferred to a new subsidiary company named Kelly's Directories Ltd. Thus Kelly-Iliffe Holdings Ltd. became a holding company co-ordinating the activities of three subsidiaries—Associated Iliffe Press Ltd., Kelly's Directories Ltd., and Thomas Skinner and Company (Publishers) Ltd.

These publishing concerns were added to during the year by the acquisition of Practical Press Ltd., which publishes nine periodicals mainly for the catering trades. I am pleased to tell you that Sir Bracewell Smith, who was chairman of this company at the time of the acquisition, has agreed to continue in that capacity. A further addition to the Group was made by the purchase of The Statist, an old-established economic journal, which, with Mr. Paul Bareau as editor since April, is already widening its influence.

Thomas Skinner and Company (Publishers) Ltd., which, as you know, owns the popular financial weekly for investors, the Stock Exchange Gazette, is also responsible for the famous ABC transportation time-table series and a new printing factory is being planned for their production.

At the close of the year under review the companies of the Kelly-Iliffe Group were publishing 46 trade, technical and specialized journals and well over a hundred directories and year books. Amongst them is a new Associated Iliffe Press monthly, International Plastics Engineering, which was launched to meet the world need for a journal catering exclusively for the manufacturer and user of plastics machinery.

Trade and technical journals are amongst our soundest publishing enterprises, performing an important service to industry and maintaining a high and growing level of profit. In the past year the Kelly-Iliffe Group made a record trading profit of over £1½ million—each of the three main operating subsidiaries exceeding its previous best result.

Acquisition of Odhams' Press

Prominent amongst the year's activities were the events leading up to the acquisition of Odhams Press Ltd. in March of this year. The Odhams publishing combine includes, in addition to the newspapers and periodicals produced from its headquarters in Long Acre, the extensive publishing activities of the George Newnes Group and the Longacre Press. Its technical publishing companies include Tothill Press, Temple Press, and the National Trade Press Group.

Odhams also owns a large book publishing business, a well-equipped printing establishment at Watford and an out-door advertising company, in addition to an interest in a number of profitable trade fairs and exhibitions.

The Odhams Group has a great flair for magazine publishing and I welcome its expertise. Odhams' Woman and Ideal Home, each commanding a huge market of readers and advertisers, are outstanding amongst many examples of good printing married to skilled journalism. Almost equally successful is Newnes' Woman's Own, running second to Woman in the women's field. The two "do-it-yourself" magazines, Practical Householder and Homemaker, are further successful properties.

The Odhams Group controls some 120 British weeklies, monthlies and quarterlies in all, amongst which it is not invidious to single out such contrasting titles as Country Life, Tit-Bits, Amateur Gardening and Wide World Magazine. Some indication of the variety of the Group's trade, technical and specialized publications may be gained from mention of The Contract Journal, Nuclear Engineering, Hairdressers' Journal, Electronics Weekly, Plastics and The Farmers Weekly, amongst a great many others.

Odhams' newspapers

The acquisition of the Odhams Group brought to us, in addition to its large family of periodicals, the three Odhams Press newspapers. The People, the Daily Herald and The Sporting Life.

It is no secret that while The People is a very sound business property, running second in the competitive Sunday market, the Daily Herald is not. It has, in fact, lost considerable sums of money in recent years, largely because it cannot attract sufficient advertisement revenue. No action of ours can speedily reverse that situation. Nevertheless, the linking of the Herald with the Daily Mirror Group, the chief publishers of left-wing newspapers, presents opportunities for the Herald.

We intend to bring to bear on it the full measure of our resources. As I have already announced elsewhere, under our guidance and in association with the Trades Union Congress, its future is assured for a much longer period than might otherwise have been the case. It will have editorial freedom, as a responsible political journal, to speak out strongly for the left to men and women in all walks of life. I look forward to it becoming one of the most quoted dailies in the country.

Integration of Odhams

Since the transfer of Odhams Press was completed just after the end of the financial year Odhams' operations play no part in the accounts before you. The integration of this complex group into our already extensive network of companies is a huge operation and is bound to take some time. We must expect some changes in company structure. We can be certain, however, that under the direction of Mr. Hugh Cudlipp, who became chairman of Odhams Press Ltd. last month, the company will play a vigorous role in the future of the Daily Mirror Group.

Pulp and paper manufacture

Turning now to our interest in pulp and paper manufacture, you will know that the direct control of the Imperial Paper Mills in this country and of the Anglo-Canadian Pulp and Paper Mills in Canada has been transferred to Albert E. Reed and Company Ltd. The transfer involved a share exchange and gave the Daily Mirror company a much enlarged holding in the Reed Paper Group, in whose operations we have had an interest for many years. Reed is now one of the major paper-producing companies of the world.

As a consequence of tariff reductions on many imported papers, prices in the home industry have been reduced. Reed's future is fortified, however, by good management and by diversification both at home and overseas. Reed's overseas interests include participation in the further development of the Tasman Pulp and Paper Company Ltd. in New Zealand, and the acquisition of a large group of companies in Australia. In Europe a joint company has been set up to build a carton board mill in Italy. Reed is one of the largest manufacturers in Europe of corrugated cases and the new pulp and paper mill in Norway for the production of corrugating medium is expected to come into operation in the autumn of this year. Reed is well established to meet the growing opportunities in the international paper and packaging markets. The Reed Group has emerged as a world-wide partnership producing pulp, paper, board and packaging materials in the four main trading areas of the world: Commonwealth, European Free Trade Area, Common Market and Dollar Area.

Associated Television

Our dividend income from the television programme producing company, Associated Television Ltd., continues at the high level of last year. Television advertising in Britain reached a new peak in 1960 of £77 million, an advance of nearly one third on the £58 million spent on this medium in 1959. In his budget of April this year the Chancellor of the Exchequer saw fit to impose a tax of 10% on television advertisements. While it is too early to make forecasts about the year ahead the profits of ATV's financial year ended 30 April are not affected by it. ATV enjoys its full share of the industry's prosperity and, viewed in association with the company's recent moves towards expansion abroad, we can regard its future development with the utmost confidence.

Future prospects

Arising from the very considerable growth and development of our Group you will wish to know something of our prospects for the future. Although it is always unwise to speculate about the trend of costs, I can safely say that expenditure on two of the items I mentioned at the beginning of this review, namely publicity and the running in of new plant, will be reduced in the current year. Furthermore, profit margins will benefit from the rise in newspaper prices and from operating economies made possible by the Group's new acquisitions. Taken together, these factors should lead to substantially improved results.

New premises

A fitting close to the year's events was provided by the occupation of our splendid new premises in Holborn Circus. We are proud of this building, whose imposing structure has become one of the most colourful features of the central London landscape. Within the building new techniques in newspaper production mean that we can operate with a speed and efficiency unmatched by any other newspaper organization.

Special regard has also been paid to working conditions and amenities for the staff employed in the building. To them and to all others at home and overseas who assisted in the manifold activities of the year, I wish to express my sincere thanks.

THE STANDARD BANK
OF SOUTH AFRICA LIMITED
ANNUAL STATEMENT BY THE CHAIRMAN

The Annual General Meeting of The Standard Bank of South Africa Limited will be held on July 26th at 10 Clements Lane, London, E.C.4.

The following is an extract from the statement by the Chairman, Sir Edmund Hall-Patch, GCMG, which has been circulated with the report and accounts:

During the past year developments throughout Africa have been taking place at a swift pace and, owing to increased public interest, are being amply covered by the main organs of public opinion. From this wealth of information, sometimes contradictory in character, the question doubtless arises in shareholders' minds as to how, in general terms, these developments affect the Bank in which they have a stake. I thought this year that I would attempt to answer this question rather than hold to the pattern of the Statements made in previous years.

Last year I stressed dangers then all too apparent: on the one hand the danger of trying to advance more quickly politically and socially than economics will allow; on the other hand the danger of refusing to advance at all, even when it is evident that such refusal is undermining confidence and having a damaging effect economically. Events since then have shown even more clearly that these dangers are very real and still persist. Inevitably the pace of economic advancement has been retarded.

EXTENT OF RECENT ECONOMIC ADVANCE

Despite present uncertainties, great economic strides have been made, and should not be forgotten. For example, in South Africa mineral production has climbed in value during the last five years from £290 million to £415 million, and gold sales from £180 million to £290 million. Mining has made good progress too in the Federation. In both territories primary and secondary industry has gone steadily ahead. Agriculture has shown healthy growth in East, Central and South Africa. Leaving gold aside, the total exports, in money terms, from all three areas realised £781 million in 1960 compared with £623 million in 1955, that is, over £150 million more than five years earlier. Looked at purely from the point of view of visible trade, the external account of all three areas remains strong.

GROWTH OF THE BANK

Against this background it is not surprising that the Bank, too, has grown. In the five years ended in March, 1960, our Balance Sheet total rose by some £50 million and deposits by over £40 million, our issued capital by £4 million and the Reserve Fund by over £3.5 million. The net annual profit has risen steadily and the net amount of dividends paid by more than £400,000. We have now about 850 offices in East, Central and South Africa, that is 130 more than in 1955.

PRESENT ECONOMIC DIFFICULTIES

Thus, the problems which our Bank is now facing in the various territories should be seen against a background of solid achievement and considerable resilience. This is not to minimise those problems or their severity. Not only are there the continuing stresses and strains which naturally arise in any society during the process of transition from a traditional to a modern economy, but there has been the additional shock of the developments in the Congo which, since July of 1960, have cast a shadow over the economic prospects of neighbouring territories.

This has led to a steady outflow of capital from our trading area: in some cases an outflow of domestic capital, in other cases the withdrawal of imported capital. It has been necessary for the South African Authorities to reverse their former expansive monetary policy; Bank Rate has been raised, inducing a higher pattern of interest rates; tighter import restrictions and exchange regulations are in force. In the Federation there has likewise been a steady outflow of capital. In order to check this, exchange control was introduced in February of this year. Previously, interest rates had been raised in order to induce some fall in the demand for credit. In East Africa the flight of capital has been, in the main, from Kenya where banking deposits fell during the year by £9.1 million. In Uganda and Tanganyika in the same period there were seasonable fluctuations but a net increase at the end of the period.

The effect of this loss of capital is all the more serious as every one of these territories, but especially the Federation and East Africa, is dependent on the import of fresh capital for its economic development. The withdrawal of existing funds at once creates problems.

For the banks the immediate consequences of tighter monetary conditions have been increased demands for advances. The deterrent effect of higher interest rates—these have risen in all three territories by between ½ per cent and 1½ per cent during the past year—has, however, not proved sufficient to discourage would-be borrowers. The banks in general have, therefore, been obliged to follow a restrictive advance policy in keeping with the resources available to them.

On a more personal note, all these developments have meant added strain for our staff who are having to bear their full share of the brunt of current difficulties. Shareholders will, I am sure, wish to join me in paying tribute to the unswerving loyalty and continuing efforts of our staff which have made possible the results before you for this year.

BALANCE SHEET

Referring first to the Bank's liabilities, you will see that the amount of current, deposit and other accounts has risen by over £30 million.

Turning now to Current Assets, it will be seen that the total of cash in hand, at call and at short notice, Treasury bills and trade and other bills has risen in all by some £10 million.

It will also be seen that advances have risen by some £25 million. The lower level of investments amounting to about £50 million is due, in part, to sales to meet the demand for increased advances and, in part, to lower market quotations.

PROFIT AND LOSS ACCOUNT

The higher level of Advances has been largely responsible for the increase in the amount of net profit, which this year amounts to £1,338,862. Adding the amount of £567,878 brought forward from the previous year, the total available for allocation is £1,906,740. Your Directors have considered it appropriate to propose the allocation of an increased sum amounting to £250,000 to the Reserve Fund. After allocating a further £50,000 to write down bank premises, they feel able to recommend that the final dividend to shareholders be raised by 1 per cent, making a total distribution for the year of 15 per cent. This will leave £596,115 to be carried forward to the next account.

THE PACE OF FUTURE PROGRESS

I have described how our Bank has continued to make progress despite current problems. Provided law and order is maintained and reasonable political stability assured, I am sure this progress will continue.

Although there has been a net capital outflow, traffic has fortunately not been entirely one way. Overseas investment in developing mineral resources, manufacturing, processing and assembly plants continues. Tanganyika should perhaps, be especially singled out as the subject of growing overseas interest. One cannot but be impressed by the quiet confidence with which this country, under Mr Julius Nyerere, is approaching political independence, which is to be achieved on December 28, 1961. Were evidence needed of confidence in Tanganyika's ability to borrow abroad, it is to hand in the recent Report by the International Bank for Reconstruction and Development (The World Bank). This report recommends a comprehensive programme of improvements and states that the Tanganyika Government should shape their policies on the assumption that the necessary loans will be forthcoming.

Continuing efforts are being made, generally, by national and international organisations to provide funds for essential purposes in the developing countries. It can be argued with force, in the light of present world conditions, that an appropriate proportion of whatever governmental or inter-governmental aid is made available should be channelled to Africa.

Encouraging as are the efforts of national and international organisations, development in East, Central and South Africa will continue to depend largely on the provision of private capital from abroad. In present circumstances such capital is not easy to obtain. It is essential, therefore, that existing capital resources should be husbanded and used to the best advantage.

In this connection reference has been made in past years to the difficulties caused by the provisions of the South African Banking Act of

1942. In the first place, commercial banks have had to maintain with the Reserve Bank a statutory cash reserve, on which no interest is allowed, equivalent to 10 per cent of their demand liabilities to the public and 3 per cent of time liabilities. Thus, these percentages of deposits must be earmarked for the reserve balance and the resources of the banks are to that extent immobilised. The South African Government have, I am glad to say, taken notice of representations by the banks on this point and the law was recently amended so as to give the Reserve Bank power to vary, subject to a minimum of 6 per cent, the percentage of demand deposits to be maintained with it as a statutory balance. This increased flexibility is welcome.

The commercial banks are also required to maintain in South Africa capital and unimpaired reserves equivalent to 10 per cent of their liabilities to the public, after certain allowable deductions. These deductions do not, however, include trade bills. As trade bills eligible for rediscount with the Reserve Bank virtually represent cash, they ought, in my view, to be deductible when calculating capital and unimpaired reserve requirements under the Act. The recent amending law did not, unfortunately, deal with this point.

The present requirements of the South African Banking Act are such, in fact, that any increase in our banking business demands comparatively heavy injection of new capital—either by way of fresh cash or retained reserves. At a time when fresh cash and profits may be harder to find it is gratifying to note that the South African Government have set up a Committee to examine the present banking legislation.

CONCLUSION

I have outlined the general conditions, and some of the more specific problems, which face the Bank today in East, Central and South Africa. That great economic strides have been made and that there is a strong economic foundation for further expansion is unquestionable. It is true that recent political events have slowed down economic progress throughout our trading area except, it seems, in Tanganyika. It must, however, be becoming increasingly apparent to those in authority, or those aspiring to authority, that not least in their own interests, there are certain hard economic facts which cannot be ignored. It is better, surely, if sometimes painful, to learn these hard facts early rather than too late. We are now witnessing how inevitable and inescapable is the link between economic advance and social and political progress.

To press forward hastily with political evolution is in tune with the times. By these methods attractive solutions to thorny short-term problems may sometimes appear to offer themselves. But no political advance built on insecure economic foundations is likely to endure. The development of a modern diversified economy in Central and East Africa will call for continuous effort and great patience over a long period. It is a poor service to Africa to lead its peoples to believe that the possession of political power will, of itself, bring immediately a general rise in the standard of living. These benefits can only come by hard work, increased productivity and some sacrifice of leisure which, by many in Africa, is very highly prized. It is for the leaders of all races to weigh these obvious points as they proceed with their plans for political advancement. Unless close and constructive thought is given to the economic factors involved, the realisation of political ambitions may mean, in many cases, disillusionment both to the leaders and the led. In South Africa the problem is radically different: there the very rigidity of the political system creates widespread misgivings as to the eventual outcome of the otherwise favourable economic prospects. But whatever the future holds, this Bank will seek to maintain an efficient service and continue to play its part in the economic progress of the areas where it is established. Since the earliest days of modern banking in Africa the Standard Bank has shown great resilience in periods of disturbance and I am confident that it will continue to do so.

WEBB'S CRYSTAL GLASS COMPANY

The forty-first annual general meeting of Webb's Crystal Glass Company Limited was held on July 5th in London, Mr R. E. N. d'Abo (the chairman) presiding.

The following is an extract from his circulated statement:

The Group Profit for 1960 amounts to £116,937 compared with £111,070 for the preceding year, and the Net Profit after taxation is £62,822 as against £57,636. We recommend a final dividend of 7½ per cent, less tax, making a total dividend of 12½ per cent, the same as last year.

1960 was our best trading year since 1955 and all our works reported increased sales.

Walthamstow Works: The rebuilding at this factory should be completed by the end of 1961. Turnover has increased during the year and it is gratifying to know that many of the components we manufacture are eventually exported.

Stourbridge and Edinburgh Works: During the year the rebuilding at these two works was completed. Both works enjoyed a year of increased sales and approximately 23 per cent of our crystal class was directly exported, and, in addition, there was a significant increase in the output of industrial glass ware for the Electronic Industry.

Prospects: The pressure on profit margins is becoming even more severe and it may be difficult to maintain the same level as in 1960. I anticipate that our 1961 profits will be reduced, but I am confident that the modernisation of our works will enable us to be fully competitive, and that we will obtain the benefit in future years.

The report was adopted.

HIELD BROTHERS LIMITED
PRODUCTION DEPARTMENTS FULLY EMPLOYED

The thirty-ninth annual general meeting of Hield Brothers Limited was held on June 29th at Briggella Mills, Bradford.

The following is the statement of Mr David H. Hield (Chairman) which had been circulated with the Report and Accounts for the year ended March 31, 1961.

Our Accounts this year are presented in a new and up-to-date form which we consider to be easier to read and simpler to follow than in the past.

I have pleasure in submitting our annual report showing a group profit after taxation of £169,019 as against £256,797 for last year.

From the profit available this year we recommend the payment of the half-year's dividend on the 6 per cent Cumulative Preference Stock and 16⅔ per cent on the Ordinary Stock. This is the same amount of dividend as last year but paid on the increased capital.

In addition, we have transferred £83,116 to Reserve, bringing the Group Revenue Reserves to a total of £666,329.

THE YEAR'S TRADING

You will remember that the excellent results for 1959-60 were in part due to exceptionally favourable circumstances. The same favourable circumstances have not prevailed during the year now under review. Although I am well satisfied with the results achieved I feel they might have been better but for credit restrictions.

Our production departments have been fully employed throughout the year and the output of cloth was the highest for any year since the end of the last war. Deliveries to customers, however, show a reduction compared to last year, when our figures were the highest for twenty years.

We have a full order book and full time running is assured for some months ahead.

Competition is keener throughout the world, and profit margins consequently have been narrower.

Our building programme at Briggella has been much hindered by the continually wet weather, and it will be towards the end of this year before the developments are complete.

GREYSTONE MILL PROJECT

Your Board has decided to double the spinning capacity at Greystone Mill. Work on this project will start shortly and an expenditure of some £20,000 may be incurred in this financial year over and above the commitment shown in the Accounts. The main cost of the Greystone development is expected to fall in 1962-63 and is estimated at £140,000. We are confident that these developments will prove advantageous to the Company.

The Subsidiary Companies show a small trading profit for the year but owing to an adverse movement in exchange rates we show a loss on the Consolidated Profit and Loss Account. In Canada competition is as extreme as ever but the mill has a full order book and is running to capacity.

During the year my grandson, Mr Michael D. A. Hield, has been appointed to the Board of Directors. He has been in the employ of the Company for over 10 years. He will offer himself for re-election at the Annual General Meeting.

In conclusion I wish, on behalf of the Board, to express our thanks and appreciation to the staff and all operatives for their work throughout a busy year.

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

The retiring directors, Mr W. W. S. C. Neville, MC, BEM, and Mr Michael D. A. Hield, were re-elected and the remuneration of the Auditors, Messrs Whinney, Smith & Whinney, having been fixed, the proceedings terminated.

THE BRITISH PLASTER BOARD (HOLDINGS) LIMITED

RECORD LEVEL OF SALES

The 44th annual general meeting of The British Plaster Board (Holdings) Limited will be held on July 27th in London.

The following is the statement of the Chairman, Sir Graham Hayman, which has been circulated with the report and accounts for the year ended March 31, 1961:

FINANCIAL RESULTS FOR THE YEAR

I am glad to report that the Group's profit on trading for the year to March 31, 1961, amounted to £3,193,278, being £23,668 higher than the record profits for the previous year. I must add, however, that due to the imposition of a higher profits tax, the net result is slightly less than that achieved a year ago. The United Kingdom companies of the Group showed higher profits but these were offset, to some extent, by lower earnings of our companies in Canada, where the recent trading recession and credit restrictions have affected the building industry as a whole.

After providing for taxation on the year's results of £1,738,238 (which includes profits tax at 12½ per cent compared with 10 per cent for the previous year) and taking into account adjustments relating to prior years of £27,072, there remains available for appropriation by the Group, the sum of £1,482,112. Subsidiary companies have retained £234,137 as reserves and unappropriated profits and £500,000 has been added to the General Reserve of the Holding Company.

For the second successive year, the Chancellor of the Exchequer has increased the rate of profits tax; a tax on fuel oil, which your Group uses in increasing quantities, has also been imposed. The Chancellor is also seeking powers to impose a Payroll Tax in the United Kingdom, the possible impact of which cannot be assessed at present. Undoubtedly the effect of these additional burdens on industry will either be passed on to consumers in the form of higher prices or will lead to reduced margins. In all the circumstances, your Directors feel that the dividend on the Ordinary Stock ought to be maintained at the same level as last year and they now recommend a final dividend of 7¼ per cent which, with the interim payment made in January of 4 per cent, makes a total for the year of 11¼ per cent.

Amongst the few items on the Balance Sheets which call for comments, there is a small increase of £100,000 in the Company's Ordinary Stock, which was issued to acquire the total issued capital of Britannia Folding Box Company Limited, to which Company I made reference in my Statement last year. The fixed assets of this new acquisition, as well as those of Wesco Paints Limited, Canada, which was purchased for cash during the year, and of Platrieres Modernes de Grozon, whose results are consolidated for the first time, account for £400,000 of the increase in fixed assets. We have also continued with the re-equipment of our plants and various expansion schemes both at home and overseas in order to increase capacities and achieve lower production costs.

It is of interest to recall that the last time cash capital was raised was in 1946 when there was an issue of ordinary capital yielding approximately £1 million. Since then about £14 million (including depreciation reserves) has been retained in the Group to finance new plant and extensions for the purchase of new subsidiaries at home and overseas and to provide additional working capital to finance the rapidly rising scale of our operations.

The larger amount of investments in trade and associate companies reflects the expansion of our interests in associated companies overseas and in companies on which the Group depends for supplies of certain raw materials.

The figures for stocks and debtors at March 31, 1961, totalling £8,023,000 are larger by £1½ million compared with the previous year. This increase, which includes the stocks and debtors of new companies consolidated for the first time, is an indication of the greater activity experienced during the year in all sections of the Group.

The high level of expenditure on capital account and the employment of additional working capital has resulted in the Group's main bank accounts being overdrawn at the end of the year but the Company's arrangement with its Bankers is proving adequate for present needs. As and when the Group's development programme calls for less temporary facilities, consideration will be given by the Board to other methods for providing the necessary finance, possibly by way of a debenture issue.

TRADING ACTIVITIES IN THE UNITED KINGDOM AND EIRE

The demand for building materials in the United Kingdom continued to rise and our sales of gypsum rock, plaster and plasterboard reached record figures.

To maintain our competitive position and taking into account continued improvements in our manufacturing costs, the selling prices of plasterboard were again reduced in November last. The opportunity was also taken to bring into effect a zoned delivery price scheme to the benefit of our customers.

Considerable progress is being made in the use of plasterboard for the internal lining and partitioning of buildings. This development is being assisted by the new system of construction developed by our subsidiary, Drycon Limited. Groups of houses built by this subsidiary to demonstrate the system are being sold readily at satisfactory prices and plans are made available to any contractor who may be interested.

During the year, permission was received from the authorities to enable The Gypsum Mines Limited to open the new mine at Brightling, and work on that important project has now been started. This will enable ample supplies of gypsum rock to be made available to The Gypsum Mines Limited locally to meet its long term requirements.

The Group's output of anhydrite, which is sold by us for the production of sulphuric acid, showed a slight reduction compared with the previous year. Increased quantities of acid are, of course, now being made in this country, but imported natural sulphur is being used as an alternative raw material to a greater extent.

Our Research Department is making an increasing contribution in dealing with the many special problems arising from our manufacturing operations both at home and overseas. Arrangements covering the exchange of technical information with gypsum companies in other parts of the world are also being broadened and should prove mutually beneficial.

The Davidson group of paper and paper board companies in the United Kingdom have again made an increased contribution to the Group's profits. Output for these companies as a whole was a record, both in tonnage and value, despite intense competition in certain lines of packaging products. Although wage rates and the cost of fuel and raw materials have all increased, we have to face the possibility of a fall rather than a rise in selling prices after July 1st when there will be a further reduction in the rate of import duty on paper and paper board. I must also point out that the margin between the price of Scandinavian wood pulp and Scandinavian paper delivered into this country continues to contract and there is no doubt that if this trend goes further, it will become more difficult to compete economically in some of the grades which have been traditional to our mills for many years.

However, in addition to making paper board and wrapping papers the Davidson Companies also manufacture cartons, containers and rigid boxes, paper bags and multi-wall paper sacks, film and wax wrappings on an increasing scale. Through this spread of interests, some of which you will recall have been introduced in recent years, and through our plans for further development in the future, we consider that the Davidson Group should continue to operate at a satisfactory level of profit.

Better trading conditions prevailed in the roofing felt industry, particularly during the latter part of the year, and D. Anderson & Son Ltd. improved their position. They are well placed to avail themselves of the increased activity in the building and contracting industries and to meet the demand from overseas markets.

Our engineering companies in the Midlands have had another successful year. Demand for heavy lorry fittings and agricultural accessories was exceptionally high, and the new equipment installed by our companies during the year has been fully employed.

In Glasgow, William Ross & Sons Limited experienced a difficult year of trading, partly on account of the continuing depression in the shipbuilding industry on Clydeside.

OVERSEAS

As I have already mentioned, our Canadian companies had a less satisfactory year, as the demand for building materials, particularly in the first half of the year, was seriously curtailed. Towards the end of 1960, however, following changes in the National Housing Act regulations covering the financing of house purchases, there was a marked increase in housing construction which has continued into 1961 with a consequent improvement in the demand for the products of our companies.

I am glad to report that the new plasterboard factory in Vancouver, which has now been running for over a year, has settled down well and an important share of the British Columbia market has been secured. Our insulation company, Westroc Industries Limited, had a difficult year's trading mainly through the marked decline in building activity in British Columbia. However, with a return to more normal trading conditions, we are confident that the high degree of insulating efficiency of its products by comparison with competitive materials will bring about an improvement in sales and earnings.

In January, our Canadian subsidiary, Western Gypsum Products Limited, purchased the share capital of Wesco Paints Limited. This company produces joint cement for use with plasterboard and a range of latex paints. Our operations in this latter field are at present on a modest scale but our short experience in this market leads us to be optimistic for the future and this acquisition will help to broaden the base of our Canadian operations.

Taken as a whole, your Directors are well satisfied with the progress which has been made in Canada in a comparatively short period. While the trading results last year were disappointing, they were entirely due to what is regarded as a temporary phase of recession in that country. Our various operating units are well equipped and suitably located to the markets and with the anticipated increase in house construction generally, an upward trend in earnings can be expected. The Company proposes, at the appropriate time, to extend its operations in Eastern Canada, and in the meantime, provisional steps have been taken by securing a site and a gypsum deposit to enable this project to be carried through when trading conditions justify it.

In the main, it is not practicable to export those products of the Group which are based on gypsum, and in consequence, it has been the Board's policy to develop in the Common Market area by increasing investments in plants situated in the countries of that association. In France, our subsidiaries, Platrieres Modernes de Grozon and Platrieres du Sud-Est, have been engaged in the modernisation, extension and resiting of certain plant, which has considerably interrupted their trading activities. These changes are now almost complete and should give rise to improved earnings. Our associate company, Placoplatre S.A., continues to do well. Our Belgian associate company has made progress in the past year towards achieving the desired level of turnover.

Our Swedish associate company has again had a good year, and a further increase in productive capacity is now under consideration.

Our associated and subsidiary companies in Africa continue to do well and we are hopeful that the change in the political status of South Africa will have no significant effect on the prosperity of our associate company there, Gypsum Industries Limited. The newsprint project at our Umtali plant in Southern Rhodesia, which I mentioned in my statement of last year, is up to schedule, and it is expected that the plant will commence production early in 1962 as planned.

Since the end of the financial year, an agreement has been reached with Australian Gypsum Industries Limited of Melbourne, whereby your Company will take up one million shares in the Australian company at a cost of £480,000 sterling. This holding, representing just under 9 per cent of the total issued capital of the Australian company, will make your Company the largest individual shareholder and Mr. R. S. Jukes, the Group Managing Director, is to be your Company's representative on that Board.

Australian Gypsum Industries Limited produces mainly gypsum plasters and plasterboard, and rockwool insulation products, and it has plants in Melbourne, Sydney, Adelaide, Brisbane and Mildura. The agreement between the companies which also provides for collaboration in technical and research information should be beneficial to both.

FUTURE PROSPECTS

There again appears to be a danger of a substantial rise in costs largely influenced by wage demands in excess of increased productivity which, coupled with higher taxation in the form of additional profits tax and fuel oil tax, will tend to reduce profit margins during the coming year. However, there are various projects covered by the Group's development programme, which are beginning to make their contribution to profits, and these, together with the further economies which we hope to make in our traditional operations, give good grounds for anticipating satisfactory results in the current year and continued progress.

PERSONNEL

During the year, the Board decided that the Group should participate in the State Graduated Pension Scheme in respect of all its United Kingdom employees, thereby leaving it free to make changes in the staff and operatives' pension schemes without reference to the state pension authorities.

I am glad to take this opportunity to put on record the sincere thanks of the Board to the Management and all our employees, at home and overseas, for the loyal co-operation and constructive efforts which they have contributed during the past year.

L'AIR LIQUIDE

Paris, France

The Ordinary General Meeting, held on June 16, 1961, under the Chairmanship of Mr Delorme, Chairman and Managing Director, unanimously approved all the resolutions submitted.

The Accounts for the financial year 1960 show a profit balance, after amounts have been set aside for Provisions of 25,238,548.85 New Francs, which makes it possible to fix the net dividend, payable on and after Monday, July 3, 1961, at 6.50 New Francs per share and at 40.12 New Francs per "part bénéficiare." It is to be noted that this dividend of 6.50 New Francs is payable this year on all the shares forming the share capital whereas in 1960, the shares issued at the time of the last increase of capital were only entitled to a half-coupon.

Furthermore, the Meeting re-elected Messrs Jean Delorme, Olivier Moreau-Néret and François Vernes, the retiring Directors.

In his address, the Chairman, after having emphasised the increasing importance of the consumption of oxygen produced as "tonnage oxygen" in the metallurgical and chemical industries, also drew particular attention to the possibilities of using this gas in other industries as a result of research and tests now in hand.

He stated that L'Air Liquide, true to its vocation of producer and vendor of gas, has not hesitated to finance an important investment programme in order to meet these new needs.

Finally, the Chairman stressed the development and intensification of the Company's research resources in the field of very low temperatures and quoted as an example some of the new uses of gas which it produces: the liquefaction of liquid hydrogen and oxygen for the propulsion of rockets, of liquid hydrogen and helium in the field of atomic power, for obtaining industrial vacuums, for the operation of calculating machines or of direction heads in rockets.

PORTALS LIMITED

Extracts from the Report and Accounts for 1960 and from Sir Francis Portal's Statement to the Stockholders

Meeting June 29, 1961

	1960	1959
	£	£
Issued Capital	2,756,262	2,756,262
Group Reserves	2,048,276	1,680,614
Group Trading Surplus	1,280,210	1,204,872
Group Profit, after Tax	645,747	587,120
Dividends	20%	17%

GROUP TRADING

The profit on our papermaking side for 1960 shows a slight improvement compared with the previous year. Apart from the opening months we have consistently worked on an overtime basis. Our Water Purification and Engineering Companies, now grouped under a holding company, Laverstoke Investment Trust, have had an extremely good year. The profits of this Group have again exceeded any previous figure. The in-take of new business also reached record figures, not only for the Group as a whole but for most of the individual companies.

PROSPECTS FOR CURRENT YEAR

The present position in all sections of your organisation is satisfactory with full order books both on the Bank Note papermaking side and on the Water Purification and the Engineering sides. In the absence of unexpected difficulties, the prospects therefore for the current year are promising.

RAND MINES, LIMITED

(Incorporated in the Republic of South Africa)

ADDRESS BY MR P. H. ANDERSON, DEPUTY CHAIRMAN

The sixty-sixth Annual General Meeting of the Company was held at the Board Room, Corner House, Johannesburg, on Monday, June 19, 1961.

Mr P. H. Anderson, who was in the Chair, in the course of his remarks said:

ACCOUNTS

I would refer to the reduction in the dividend from 30 cents to 25 cents announced on June 8, 1961. In their decision to reduce the dividend in respect of the first half of the current financial year your Directors were influenced not by the stringency of the present financial climate, but by long-term considerations of the proportion of earnings which it is essential the Company should retain for building up its portfolio of investments and finding and developing new business. Since Rand Mines assumed greater financial, executive and administrative responsibilities at the end of 1957 the proportion of distributable profits which it has retained for these purposes has been increased year by year; and with this latest adjustment it has now reached a level which in the view of your Board is more appropriate for its present requirements.

EXPLORATION PROGRAMME

The Company's intensive exploration programme continued to be pursued during the year, primarily within South Africa but also in South West Africa, Bechuanaland and Southern Rhodesia. As is usual in this type of work many prospects were rejected out of hand, some after a cursory examination or investigation, and only relatively few proved worthy of large scale exploration. I might mention that it is not our aim at this stage to prove the existence of low grade deposits for "lock-up" purposes. Drilling for gold took place in three areas in South Africa, all of them in the Transvaal. One of these prospects was abandoned early in the year without encouragement; one has recently been abandoned after the promise of an early borehole was unfortunately not confirmed by subsequent drilling; and drilling is continuing in the third. In addition Rand Mines has a participation in an area being drilled for gold by a company in another Group. Although gold remains the main objective of our exploration, several copper, asbestos, manganese and other base mineral propositions were actively explored during the year.

As a result of investigations in the metallurgical field it was decided during the year to incorporate a private company, the Nourse Electro Chemical Corporation (Proprietary) Limited, for the production near Johannesburg of electrolytic copper and certain by-products from scrap obtainable from local sources. Construction of the required plant is expected to commence shortly and it is planned to start production early next year. Further investigations in the chemical and metallurgical fields continue, particularly in regard to ferrochrome where our work has proved sufficiently encouraging for the incorporation of a Company known as RMB Alloys (Proprietary) Limited for the purpose of confirming the pilot plant results on a production basis and to test the market. To this end arrangements have been concluded with a local company for the use of certain of its plant and equipment in conjunction with our own pilot plant which is being transferred to that Company's site.

The total expenditure on exploration, including that of all the exploration companies, was R1,313,000 of which Rand Mines' share was R877,000 compared with R525,000 in the previous year.

While the rate of expenditure, particularly during this past two years, has been at a high level it will be recalled that in previous years comparatively little was spent in this connection. It is planned that expenditure should be at a much lower level during the next two years or so thus reducing the average over the period. Exploration work is competitive and is the life blood of mining houses. I would emphasise the necessity for and the importance of finding and developing new projects for Rand Mines if it is to play its rightful part as a parent company in a major South African mining Group.

GOLD AND URANIUM INDUSTRY

The amount received for gold during the year increased by 14 cents to R25.07 per ounce largely as a result of the high prices ruling in the last four months of the year. It is generally agreed that fears regarding the inherent strength of the dollar and the outflow of gold from the United States were responsible for this rise in the price of gold. The fact that the fears have so far proved to be wrong is significant but also significant is the further illustration that people all over the world are conscious that gold and not paper currency still remains the ultimate value and the finest basis for commercial trade.

GOLD AND URANIUM MINES OF THE GROUP

As announced early this year an important scheme has been evolved for the co-ordination and rationalisation of certain of the mining activities of the Harmony, Virginia and Merriespruit gold mines. A consortium led by Rand Mines has formed a company, Virginia-Merriespruit Investments (Proprietary) Limited, which has acquired, for R7 million, the entire interest of the Kennecott Copper Corporation of America in Virginia Orange Free State Gold Mining Company Limited and Merriespruit (Orange Free State) Gold Mining Company Limited. As part of the scheme the administration and technical management of Merriespruit has been transferred to Rand Mines. While the administrative control of Virginia remains with the Anglo-Transvaal Group, operations at Virginia's mine property will be closely co-ordinated with those of Harmony and Merriespruit. A provisional agreement has been concluded between Harmony and Virginia whereby the former will sell to the latter certain mining rights in extent 397 claims for R6 million. The agreement is subject to ratification by shareholders at meetings to be held. The scheme also provides for Virginia to tribute a portion of Merriespruit's lease area. All the arrangements have been planned with the concurrence and approval of the relevant Government Departments and it is confidently expected that the scheme will benefit both the Harmony and Merriespruit companies and will result in an extension of the profitable life of Virginia with consequential advantages not only to the local community but to the national economy as a whole.

Summarised details of operations and results of the Group's gold and uranium companies on the Witwatersrand and Orange Free State are contained in the Directors' Report.

INDUSTRIAL INTERESTS

The opportunity recently presented itself of concluding an agreement with Leo Computers Limited of London for the acquisition of an electronic computer and the establishment of a computer service bureau in Johannesburg. It is anticipated that satisfactory savings will be effected by the companies of the Group by deputing to the service bureau a great deal of work. It is expected that the bureau will furnish a new and timely service to the business community and that a reasonable return will be made on our investment.

Your Company continues to play its part in the development of the local money market.

FUTURE OUTLOOK

It is obvious that one cannot comment realistically on the future outlook for the Company without at the same time making reference to the outlook for South Africa, to which development and advancement Rand Mines has made no mean contribution and in which its future lies.

Events of the past year or so, including the country's break with the Commonwealth and culminating in the restrictive financial measures announced by the Minister of Finance in the House of Assembly last Friday, June 16th, have naturally affected the confidence of the outside world in relation to South Africa. The circumstances which have rendered it necessary for the Government to take such emergency measures are regrettable, but it is clearly their duty to protect the country's finances against the existing capital outflow. It is to be hoped that these measures will be of the shortest possible duration, because in the final analysis the solution of the country's problems requires an expanding economy.

As I see it, the future of South Africa depends on the ability to carry out new developments which will sustain and progressively advance the living standards of its peoples. As with the country, so our Company depends on new developments, in its case not only to expand but also to replace the gradual shrinkage in its present interests in the mining field. The achievement of all such developments, however, must rest upon suitable social and economic conditions in the Republic. In striving to bring about these conditions it behoves all of us who are intimately concerned with the affairs of South Africa and its future to be constructive in encouraging policies which would be beneficial to the majorities of the various sections of the population and would engender the restoration of overseas confidence in South Africa, not only financially but in the widest sense.

I suggest that in shaping a course through the complex, but not insurmountable, problems which confront South Africa, a policy of planned and gradual social change is far likelier to achieve greater stability and most lasting benefit to the vast majority of the country's inhabitants than would result from precipitate and radical action. There seems to be little doubt that the great majority of the population wish and believe their future to lie along the path of co-operation and steady advancement.

In looking back on the history of South Africa the growth and progress that have taken place over the last half century lead one to feel sure that it is on the continuation of this and the concomitant effect on living standards that the real hope exists of arriving at a successful solution of the country's present difficulties.

RICHARDSONS, WESTGARTH & CO., LIMITED

MR. O. J. PHILIPSON'S REVIEW

The Annual General Meeting of Richardsons, Westgarth & Co., Ltd. will be held on July 26th, at Wallsend.

The following are extracts from the Annual Review of the Chairman, Mr. O. J. Philipson.

The profits of the Group for the financial year to April 1st, 1961 before tax but after providing £611,600 (previous year £491,200) for depreciation, £313,200 (£252,400) for development expenditure and £238,800 (£211,700) for loan and debenture interest amounted to £128,000 (£516,900). After a net tax credit of £59,000 (tax charge of £266,000), the net profit was £187,000 (£250,900).

This unsatisfactory result, as already forecast, has been largely brought about by the intense competition that has existed these past few years and the consequent need to take on certain orders at unremunerative prices to provide reasonable continuity of production in the works. Full provisions against losses have been made in all such cases.

The profits from the use of the new 'Henderson' Graving Dock at Immingham represent its use for only part of the financial year.

No interim dividend was declared in November and in announcing this the Board expressed the hope that it would be possible to make a reduced distribution when the results for the full year ending April 1st were available. In view however of the unchanged trading outlook and as the year's results have been affected by provisions made for losses on contracts booked since November at unremunerative prices, the Directors do not feel justified in recommending any dividend payment for the year out of profits. In order however to mitigate the consequence to shareholders they recommend a tax free capital distribution of 1½d. per share amounting to £73,886 out of capital reserves.

MARINE MARKET

Difficulties facing British Shipowners are too well known to call for comment here. It is evident that there is now a large excess shipbuilding capacity throughout the world and it is clear that the advantages enjoyed by foreign shipbuilders by way of long-term credit facilities and subsidies are prejudicial to the British Shipbuilding Industry. These difficulties have been factors in the scarcity of orders and the fierce competition over such orders as have been placed.

The North Eastern Marine Engineering Co. Ltd. have successfully completed and installed the first engine of Götaverken design to be built in the British Commonwealth.

HEAVY ELECTRICITY GENERATING PLANT

The reductions which took place in the Central Electricity Generating Board's Nuclear Power Station programme and in its requirements for a much reduced number of conventional turbo-alternators of greatly increased size caused manufacturers considerable difficulties.

Following the merging of our atomic consortium interests the circumstances pointed to the desirability of collaboration between The General Electric Company Limited and ourselves by pooling our respective resources for the design, development, sales, and manufacture of heavy electricity generating and industrial power plants generally.

As a consequence the licence arrangement which has been operated for many years with Brown Boveri for power generating plants and turbine machinery in the United Kingdom to their designs is being brought to an end by mutual agreement. It is most regrettable that the course of events has made necessary this termination of a valued relationship which has existed so long and so amicably.

The above radical change in our technical relationship on power plants, by which we will henceforth be engaging in much more design effort and responsibility than hitherto, means redeployment of our technical and commercial organisations. For this increased design effort we have a considerable number of experienced staff available but there will have to be faced a substantial financial burden of design and development costs.

PRESENT AND FUTURE

Regarding Land plant, we confidently expect that the arrangements which have been made will enable us to secure a reasonable share of available turbo-plant orders for home and export and to diversify further our range of engineering products. There must, however, be a time lag, especially with large contracts involved which extend over several years, before the financial benefits can accrue.

The British Shipbuilding and Marine Engineering Industries may well be facing a major and possibly prolonged recession and certainly no positive indication of any early recovery can be seen at the present time. We believe that the importance of the Shipbuilding and Marine Engineering Industries to the economic well-being of this country is widely recognised, and it is to be hoped, therefore, that the Government will give urgent consideration in the needs of these industries.

Competition in all fields both at home and abroad is of the fiercest, and it is a serious matter that at such a time additional manufacturing costs will have to be met, such as increases in wages, steel, fuel and rates, and in respect of graduated pensions and pay-roll tax—all largely resulting from Government policy and wholly beyond our control.

The Hartlepool and Humber Works will be actively engaged during the current year, but the other Works are likely to become progressively less busy as the year proceeds, unless orders for additional marine engines or other products can be secured in the near future.

The present financial year starts with orders on hand, including work-in-progress, totalling £31½ millions, which is only 10 per cent lower than a year ago. It is of extreme concern to your Board that by reason of the combination of basic conditions referred to above and the absolute need to maintain and intensify technical and commercial effort, the figures which will be presented to you at this time next year are bound to show a substantial loss. All possible steps are being taken as part of a long-term programme to restore the profitability of the Company.

A copy of the full Chairman's Review can be obtained on application to: The Group Secretary, P.O. Box 2, Wallsend, Northumberland.

TENNANT BROTHERS

POPULARITY OF DRAUGHT BEERS

The Seventy-ninth Annual General Meeting of Tennant Brothers Limited will be held on July 26 at Sheffield.

The following are extracts from the circulated statement by the chairman, Mr H. K. Wilson:

The financial year ended March, 1960, constituted a record in the history of the Company. In the year under review we have broken that record by 4.8 per cent.

An outstanding feature has been the continued increase in the popularity of the Company's draught beers, particularly those of the stronger qualities.

The national distribution of Gold Label Barley Wine has been considerably extended during the last twelve months. The wine and spirit trade has increased in volume but competition becomes keener. Squires Gin is now accepted by the trade and public alike, accounting for over one-third of our total gin sales.

Our Retail Department has once again shown a very satisfactory return on the capital invested.

Accounts: The Group Profit before taxation at £575,026 reflects an increase of £60,570 over 1960. The dividend of 13 per cent on the Ordinary Shares is in respect of an issued Capital increased by 18,667 Ordinary Shares since the last Balance Sheet.

Your Board recommend a splitting of each Ordinary Share of £1 into four Ordinary Shares of 5s. each. Your directors consider that this will improve the marketability of the Company's equity capital.

THE MANGANESE BRONZE AND BRASS COMPANY

GROUP PRODUCTION AND EARNINGS MAINTAINED

MR J. C. BUDD'S STATEMENT

The sixty-second ordinary annual general meeting of The Manganese Bronze and Brass Company Limited was held on June 29th at 2 London Wall Buildings, London, E.C.2, Mr J. C. Budd (the chairman) presiding.

The following is an extract from the statement by the chairman which had been circulated with the report and accounts for the year ended December 31, 1960:

Your company was incorporated in 1899 and has traded under its present title since that date. For many years the company has been known throughout the industry at home and abroad as "Manganese Bronze" and in view of its present somewhat cumbersome title your Directors recommend that we should shorten the title to "Manganese Bronze Limited" to have effect from January 1, 1962.

THE YEAR'S TRADING

Sales of marine propellers have been well maintained during 1960. Elsewhere in the Group production has remained at a satisfactory level and the results are generally comparable with those of 1959.

It is possible therefore to recommend the same gross rate of dividend distribution as last year.

The Group Accounts for the year ended December 31, 1960, show a profit before taxation of £608,293 (against £610,225 for the year 1959) after charging £152,529 (£125,965) for depreciation. Provisions for taxation require £279,268 (£266,097) leaving a net profit for the year of £329,025 (£344,128).

Your Directors recommend a final dividend of 8d. per share on the Ordinary Shares, making 1s. 0½d. per share for the year (same).

In July, 1960, the Lightalloys factory at Willesden was sold. At the same time the construction of new factory buildings at Beverley to accommodate the transfer of production was put in hand. The completion of this transaction will be largely reflected in the 1961 accounts. The Net Fixed Assets at £2,687,640 show an increase of £379,238 over last year due principally to the new buildings at Beverley and the replacement of plant and machinery at Handford Works, Ipswich. It will also be noted that there is a trade investment of £10,000 shown on the Balance Sheet which is attributable to our interest in the new export sales company—Stone-Manganese Marine Limited.

Net Current Assets at £1,150,463 show a decrease from the previous year of £224,759 and it will be noted that we now have a Bank overdraft of £310,259 due to the heavy calls to finance the reorganisation pending the final settlement of the sale of the factory at Willesden and transfer of production to Beverley. Total Net Assets have risen from £3,683,624 to £3,848,103.

WORKS REPORTS

Stone-Manganese Marine Limited. In conjunction with Stone Platt Industries Limited we formed a new company to promote the export sales of marine propellers and other marine specialities manufactured by both groups of companies. The company has been in existence for less than a year, but I am happy to say that it is making satisfactory progress, and should make a useful contribution to our efforts in the export market.

Birkenhead Works. The demand for our propellers throughout the year remained at a high level and although the output was below the record figure achieved in 1958, the results were satisfactory having regard to the depressed state of the shipbuilding industry. I am also pleased to report that the outstanding commitment at the end of the year shows an increase over the previous year.

Our Proprietary Scimitar designs continue to be favoured by many shipowners and shipbuilders throughout the world and the services of our technical staff are in constant demand. Equally, the severe operating conditions of the modern marine propeller have resulted in an increasing demand for our special alloy Nikalium.

Your technical staff has also been engaged in the further development of controllable pitch propellers and a number of orders were secured during the year.

Handford Works Ipswich. Sales have again increased steadily throughout the year. There has been a greater demand for our special alloys, notably in aluminium bronze and nickel aluminium bronze.

The laboratories were extended to permit the introduction of modern analytical and metallurgical equipment to ensure that our programme of research can be extended with particular reference to the investigation of alloys to withstand the arduous service conditions called for by the engineering industry.

Elton Park Works Ipswich. The demand for sintered metal products was affected by the recession in the domestic appliance and motor car industries during the latter half of the year, but nevertheless sales were exceptionally good.

The new equipment purchased as a result of the tests made in 1959 was installed for the most part by the end of the year with a resultant expansion in production and speed of operation.

STEVEN & STRUTHERS LIMITED

Although the reorganisation of this works has taken longer than originally anticipated, the improvements to the plant and buildings have proceeded steadily during the year.

Production has expanded and towards the end of the year additional premises were leased for the manufacture of rigid foam products transferred from the Willesden factory.

CAPLIN ENGINEERING COMPANY LIMITED

With the sale of the Willesden factory it was necessary to erect new production shops at our Elton Park Works and the transfer of the whole of the plant was completed early in 1961. During 1960 it was necessary to sub-contract a considerable amount of the machining in the Ipswich area, but even under these conditions the financial results were very satisfactory. Production from the new factory should be in full operation by June, 1961.

LIGHTALLOYS LIMITED

A large foundry extension was undertaken at Beverley for the purpose of absorbing the production of the Willesden factory and it had been hoped that the transfer would be completed by the end of 1960. Unfortunately building delays and adverse weather seriously affected the programme, and production on a reducing scale had to be continued at Willesden until the beginning of this year.

DEANS AND SON (YORKSHIRE) LIMITED

The company with Lightalloys Limited now forms the Deans and Lightalloys division of the Parent Company, thus preserving the names and retaining the associations of the former companies.

A substantial building programme was put in hand during the year including a large new aluminium foundry and office block totalling over 90,000 square feet.

The delay in completing the foundry has severely restricted production of aluminium castings as well as other products. It would now appear that the installation of plant will not be complete before next June.

Despite alterations to the railway modernisation programme, the principal business of this company in public transport vehicles, with particular reference to railway carriages and motor buses, was satisfactory. The prospects for the future in these industries indicate a steady demand for our products. Considerable development work has been carried out on improvements to doors and equipment for passenger vehicles and we believe that demand for these specialised products will increase.

GENERAL

The outlook for our range of marine products, while still dependent on shipbuilding, nevertheless appears to be better than was considered possible at the end of the previous year, and the formation of Stone-Manganese Marine Limited should enable us to expand our export sales.

Prospects for wrought products are exceptionally good and our attention to research into new alloys has been more than justified.

The present recession for our sintered metal products is generally thought to be of a limited nature, and there should be a marked improvement particularly when the Motor Car Industry returns to full production.

It is too early for us to benefit from the combination of Lightalloys Limited and Deans and Son (Yorkshire) but the amalgamation of these two companies operating in similar fields should prove a valuable asset. The transfer of a large works from London to Yorkshire is a major operation and the full advantage of this re-organisation will not be obtained before 1962, and we must be prepared for a loss this year.

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

Resolutions having been passed changing the name of the Company to "Manganese Bronze Limited" on or as soon as practicable after January 1, 1962 and amending the Articles of Association, the proceedings then terminated.

THOMAS LOCKER (HOLDINGS) LIMITED

Manufacturers of Screening, Filtration, Conveying and Handling Equipment

RECORD TURNOVER AND PROFIT

MR T. C. LOCKER ON DIVERSE RANGE OF PRODUCTS

The 14th annual general meeting of Thomas Locker (Holdings) Limited was held on June 29th in Warrington, Mr T. C. Locker, MA, M.Sc., A.M.I.Mech.E. (chairman and joint managing director), presiding.

The following is an extract from his circulated statement:

The results of the Group's trading during the past year have again been a record both in turnover and profit.

Profit margins have been narrower, though the increased turnover and increased efficiency within the organisation have enabled the final result to be so good.

I am pleased to report that our Australian Company has made further progress and that their factory has been extended. The Companies in South Africa and Rhodesia have not recovered from the set-back suffered in 1959 due to the slowing down of operations in the Industries which they supply, though they have continued to obtain a fair share, on a profitable basis, of the business available. In Belgium manufacture has now commenced at our Factory near Brussels and we look forward to this Subsidiary making a useful contribution to the future Group results.

We have been able to further strengthen our reserves by appropriating £100,000 from this year's profit to the general reserve and the Directors feel justified in recommending that a final dividend of 12½ per cent be paid, which, with the interim of 7½ per cent which you have already received, makes a total of 20 per cent for the year.

CURRENT PROSPECTS

The prospects for the current year are not unfavourable; our order books are better than at this time last year. Unfortunately, the economies resulting from our reorganisation are being offset by increased costs in labour and raw materials. Conditions are likely to continue difficult, though owing to the diversity of our products the Company should not be adversely affected.

In conclusion, I wish to pay tribute to the members of the staff at all levels, both at home and overseas, for their efforts during the past year.

The report and accounts were adopted and at a subsequent extraordinary general meeting a resolution was passed amending the Articles of Association in connection with the Directors' borrowing powers.

TARMAC LIMITED

REORGANISATION OF GROUP STRUCTURE FOLLOWING RECENT ACQUISITIONS

MARKET FOR ROADSTONE PRODUCTS CONTINUES ACTIVE

BRIGHTER OUTLOOK FOR ENGINEERING AND BUILDING INTERESTS

MR CHARLES E. HICKMAN'S REVIEW

The annual general meeting of Tarmac Limited was held on June 30th at the Company's Registered Office, Tarmac Road, Ettingshall, near Wolverhampton, Mr Charles E. Hickman (the Chairman) presiding.

The following is his address which had been circulated with the reports and accounts:

It is with deep regret that I report the death on October 1, 1960 of Lieut. Commander G. C. Hans Hamilton, CBE, MA, RNVR (Retd). As Chairman of Tarslag Limited, he joined your Board in December 1959 and during his ensuing short period of office he impressed us all with his advice and counsel, based as it was on a long experience in industry.

At a recent Meeting of Directors I informed the Board that, after thirty-two years as Chairman of your Company, I felt the time had come for me to make way for a younger man, and that it was my intention, after the forthcoming annual general meeting, to vacate the Chair, albeit retaining a seat on your Board. Your Directors have accordingly invited Sir Charles Burman to succeed me as Chairman, and his appointment is one which I shall welcome and in which you may have every confidence.

The programme of rationalisation to which I referred last year is now virtually completed and, as indicated in the Directors' Report, the activities of the companies which have recently joined us are now fully integrated within the three main operating subsidiary companies of the Group. While the financial benefits of this reorganisation were not fully felt in 1960, they did help to mitigate the effect of the continued intense competition in certain quarters and the atrocious weather conditions in the second half of the year.

GROUP ACCOUNTS

The Group Accounts disclose a gross profit for the year of £1,960,473 from which is deducted depreciation of £802,651. The charge for taxation is substantially higher at £548,396, partly owing to a further increase in the rate of Profits Tax for the year, and partly to the necessity of adding £96,300 to the Taxation Equalisation Account. After allowing for outside minority interests of £14,158, the net profit for the year becomes £595,268. Capital expenditure in 1960 exceeded one million pounds and forward plans include the building of new roadstone plants, which will be necessary to preserve your Company's status as one of the leading members of the coated macadam and aggregate supply industry. The expansion of trade calls for more working capital, as is indicated in the particulars of net current assets set out in the Consolidated Balance Sheet. To meet these requirements it is more than ever necessary to conserve funds by retaining profits within the Company and it is therefore recommended that £150,000 be placed to subsidiary company General Reserve Accounts and that a dividend of 12 per cent subject to tax, be paid on the Ordinary share capital. The balance carried forward on Profit and Loss Account will then be increased by £163,455 to a total of £481,335, of which £399,082 remains within subsidiary companies and £82,253 is held by the Parent Company.

ROADSTONE ACTIVITIES

Tarmac Roadstone Limited had another highly successful year and contributed profits substantially in excess of those of the previous year. The tonnage of roadstone and other aggregates now being produced continues to increase, largely due to a greater output of slag from the blast-furnaces of the Iron and Steel Companies with which we collaborate. It gives me great pleasure to report a widening of this association with the steel industry through the conclusion of agreements to process the blast-furnace slag of the South Durham Steel & Iron Company Limited and, more recently, with the Workington Iron & Steel Company. The increasing supply of raw materials offers further opportunities for the creation of new markets, many of which are being energetically developed. Considerable progress has been made in the production of foamed slag as a lightweight aggregate and of granulated slag for use in the production of slag cement: the export of crushed and graded slag to Europe is developing appreciably, while a further activity of some note is the recovery of metal from steel slag for re-use in the normal course of steel production.

Meanwhile, the market for your company's roadstone products remains active and it is gratifying to note that sales tonnage for the first four months of 1961 has considerably exceeded that of the corresponding period of last year. This enhanced output of your Company's roadstone plants puts an ever-increasing load on the transport organisation. By constant modernisation of the fleet and first-class administrative efficiency all commitments in 1960 were met expeditiously and at a very satisfactory rate of profit. The results of the long-distance haulage business of Econofreight Transport Limited, one of the former Tarslag companies, showed much improvement, and all credit is due to those responsible for it.

CIVIL ENGINEERING AND BUILDING COMPANIES

The Group's civil engineering and building companies, now concentrated within Tarmac Civil Engineering Limited, experienced a very difficult year. Competition in the industry continued to be extremely keen and the level of prices at which contracts were let was at times ridiculously low. Your Directors declined to subscribe to such a policy, with the result that no large contract was obtained during the year. The wettest summer in living memory was another factor seriously affecting many contracts, particularly two large dams in course of construction. However, prospects for the immediate future are to some extent brighter and levels of prices show some signs of recovery. Several substantial contracts have now been obtained, among them being large civil engineering works in connection with the development

schemes of the Shelton Iron & Steel Company Limited at Stoke-on-Trent and of Steel Peech & Tozer at Rotherham, while the recent award of a contract for fifteen and a half miles of motorway in Cheshire provides a full order book for 1961. Mobile Lifting Services Limited added to its earnings and in so doing justified the capital expended during the year in maintaining the fleet of mobile cranes at a high level of efficiency.

Tarmac Vinculum Limited continued to expand its turnover, particularly in the field of structural and prestressed concrete products. The return obtained from this increased business still falls short of what is required but, here again, the results for the first quarter of 1961 show a notable improvement, and prospects for the remainder of the year seem favourable.

THE OUTLOOK

In looking to the future it is well to bear in mind that our industry is very much at the mercy of national economic conditions and the equally unpredictable weather, any sudden change in either of which can upset the best of long-range forecasts. Present indications give grounds for reasonable optimism but, nevertheless, I prefer to confine my predictions to the more immediate future and to express the view that 1961, having started well, should prove to be another successful year.

Finally, I wish to place on record my appreciation of the support and loyalty of the management, staff and workpeople of the Group. They have all put in much hard work in producing the satisfactory results of the past year and have co-operated admirably in the establishment of an improved group management structure.

The report and accounts were adopted and the dividend of 12 per cent on the Ordinary Shares was approved.

The retiring directors, Sir Charles Burman, Mr T. McMillan, Senr. and Mr G. N. Wright, MBE, TD, FCA, were re-elected and the other formal business having been duly transacted, the proceedings terminated.

AB GÖTAVERKEN

(Shipbuilders and Engineers)
GOTHENBURG, SWEDEN

A SATISFACTORY YEAR IN THE FACE OF ADVERSE CONDITIONS

NEW DIESEL ENGINE WITH RATINGS UP TO 25,000 bhp NOW AVAILABLE

The fifty-fifth Annual General Meeting of AB Götaverken was held in Gothenburg on May 16th, Mr A. Gabrielsson, Chairman, presiding. The following is an extract from the report circulated with the accounts.

ORDERS AND PRODUCTION

Considering the depressed condition of the shipbuilding industry, the results for 1960 must be regarded as satisfactory. The turnover was Kr. 361.7 million, as compared to Kr. 352.1 million for the previous year. However, it should be noted in this context that the deliveries contributing to this result were contracted for in 1955-56 when the demand for new tonnage was altogether different than during the last few years.

Nevertheless, a certain improvement in orders was noted, particularly towards the end of 1960. Six new contracts for ships and 17 for engines were booked during the year, and the total orders for ships were 666,790 dwt at the beginning of 1961, as against 773,000 dwt a year ago.

But the new orders have been accepted at very low prices and unfavourable terms, since long term credits are demanded by customers. In the absence of export credit facilities the Swedish yards have had to finance the credits themselves, although such a scheme is being explored by the domestic banks.

The demand for marine diesels was also slight during the first half of the year, but improved towards the end as a consequence of the upturn in the demand for new tonnage. But engine prices remain depressed, as a result of the competition from engine builders with idle capacity. On the other hand, the development of a large diesel engine with ratings of up to 25,000 hp has put this engine in competition with the steam turbine for installation in large ships. Since the fuel economy of the diesel engine is superior to the turbine it is expected that the new engine will make some inroads into a field hitherto lacking an alternative to the steam turbine.

The prospects of the shipbuilding industry remain obscure. On the one hand, the shipbuilding capacity has increased by the addition of new yards and the rationalisation of existing ones, whereby the output has been materially increased. On the other hand, there exists an oversupply of shipping, as evidenced by the many laid-up ships, and it seems unlikely that orders for new ships will come forth in the volume needed to keep the industry busy.

It is to be hoped, however, that when the new Arendal yard is available the Company will be in a healthy competitive position, particularly in respect of super-tankers, which appear to be the logical successors to the existing tanker tonnage.

DELIVERIES AND LAUNCHINGS

Nine vessels with an aggregate tonnage of 213,700 dwt were completed and delivered in 1960, viz.:

One motor tanker of 40,200 dwt;
One turbine tanker of 40,420 dwt;
Two motor ore-oil carriers of 34,250 dwt;
Two motor tankers of 19,330 dwt;
One cargo motorship of 11,050 dwt;
Two cargo motorships of 7,450 dwt.

Nine merchant vessels of altogether 180,700 dwt were launched during the year.

Main machinery delivered from the engine shop included 23 diesel engines with a combined rating of 197,950 bhp. Fifteen of these engines were delivered to other yards in Belgium, Norway, UK, and Sweden.

The first unit of the Company's new "large-bore" diesel engine was tested and installed in a 40,200 dwt super-tanker built by the subsidiary Öresundsvarvet. This particular engine was a ten-cylinder unit. From the tests the cylinder rating of the new engine has been put at 2,100 bhp, whereby a 12-cylinder engine will obtain a rated output of 25,200 bhp.

THE ARENDAL YARD

The work on the Arendal yard is proceeding according to schedule. The civil engineering, including grading of the rocky site and extensive fills, were completed during the year. About 560,000 cu. m. of rock and 300,000 cu. m. of silt and clay have been excavated. The two graving docks alone necessitated the removal of 190,000 cu. m. of rock. Pouring of some 30,000 cu. m. of concrete for the foundation of the docks and the pier was also nearly completed. The steel members of the assembly bays are being erected. One bay will be provided with two 150-ton overhead cranes, capable of a maximum life of 300 tons; the other will have two 80-ton cranes, in addition to other lifting gear. One of the stores is already under roof. The yard will be put into production in the beginning of 1963.

As previously mentioned, the Arendal yard represents a further development of the method of ship assembly employed by the Company for many years. As presently applied whole sections are being assembled in the open alongside the bed and added to the ship being built. The ship is launched empty and fitted out in the conventional manner.

The new yard is planned for continuous and complete assembly under roof. Work begins with the stern section at the rear end of the dock and as one section after the other is added and fitted out the assembly is moved on rollers towards the gate end of the graving dock. When the ship is completed the dock is filled with water and the finished ship towed out.

The docks permit the building of ships up to 140,000 dwt, but in order to utilise the yard capacity the two graving docks have been made wide enough to permit the assembly of two 20,000 dwt tankers alongside each other.

GROUP ACTIVITIES

During the year a new American sales subsidiary was formed under the name Götaverken American Corporation, with offices in New York City. Other wholly owned subsidiaries are:

Öresundsvarvet AB
AB Göteborgs Skeppsdockor
Rederi AB Zenit
Götaverkens Fönster AB
Götaverken Norsk A/S.

Öresundsvarvet had a satisfactory year with deliveries of five merchant vessels of altogether 106,605 dwt and launching of four vessels of 99,300 dwt. The deliveries included one motor tanker of 40,600 dwt and one 8,100 dwt refrigerated turbine tanker.

Total turnover of Öresundsvarvet reached Kr. 124.8 million (Kr. 106.0 million).

RESULTS

Net earnings after taxes were Kr. 15.0 million (Kr. 15.0 million) which together with Kr. 15.7 million (Kr. 6.7 million) carried forward from the previous year made Kr. 30.7 million available for appropriation, as follows:

	In Kr. '000
Retained in the business, as a new issue of 220,000 shares at Kr. 100.00	22,000
Reserve	1,600
Dividend of Kr.8.00 per share	4,400
Balance carried forward	2,710
	30,710

The reports and accounts were adopted.

The Bovril Group reports...

Seventh successive record sales year for 'Bovril'

Lord Luke's speech

Net profits maintained despite rising costs

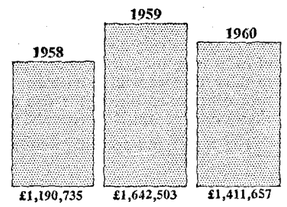
THE Sixty-fourth Annual General Meeting of Bovril Limited was held on 5th July 1961 in London. The following are extracts from the statement by the Chairman Lord Luke for the year ended 31st December 1960.



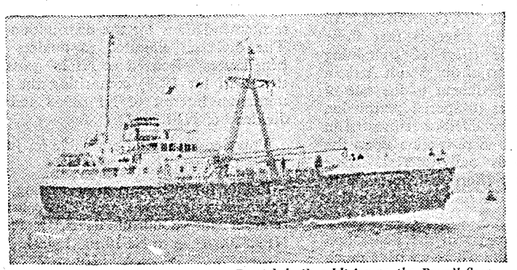
LORD LUKE, *Chairman of Bovril Ltd.*

A Look at the Figures

The Consolidated Profits for the last three years before charging United Kingdom Taxation are as follows:—



The 1959 profits were the highest on record and included exceptional profits for Argentine Estates of Bovril Limited. The profits for 1960 show a substantial increase over those for 1958 as was forecast at the time of the rights issue.



SANTA ELENA, *an important new British-built addition to the Bovril fleet*

So far as 1961 is concerned the demand for Bovril has been very well maintained, despite the mild winter, and sales of most of our other products have shown an improvement, but sales of Corned Beef have not so far been up to last year's level, due to increased costs necessitating higher price levels.

Bovril Boom at Home and Abroad

This has been another year of increased sales of our main product, Bovril. There was also a steady trend towards the purchase by the public of larger sizes.

Export sales in 1960 showed a substantial increase.

Confidence in the Argentine

The Argentine has been continuing steady economic progress and has re-established confidence in itself and the rest of the world.

We have been fulfilling our programme of capital investment with new equipment for the Santa Elena factory and consolidating our cattle position with economically run Camps.

The new refrigerated river boat, the "Santa Elena", built for us by the Grangemouth Shipbuilding Company, was launched by Lady Luke and sailed out under her own steam.

On the Estancias we have further developed our breeding policy using A.I. and made progress re-seeding Camps with improved grasses.

Milk on the Upgrade

We had a very busy year in 1960 and the total volume of milk handled by the Group increased some 12½ per cent.; we are now processing in the region of 100,000 gals. per day, and considerably in excess of this figure during the flush season.

In Devonshire, Ambrosia Limited worked overtime throughout the year in order to keep pace with the demand for Creamed Rice. Sales of Ambrosia Milk Puddings during the year were the highest yet recorded

Citrus

Because of the cool, indifferent summer, sales suffered, but Gold Cup Jaffajuce was in steady demand.

Record for Marmite

Marmite Limited had a very successful year, the net profit having established a record in the annals of the Company.

New Publicity Centre

The Bovril Group has maintained its expenditure on publicity for all products in all available media. Our visitors to Head Office in London will shortly be received in a new centre specially prepared for displays, film shows and demonstrations.

People who give serious thought to the matter realise the important part advertising plays in the distribution of goods and services without which the economy would virtually come to a standstill.

Aid for the Retailer

Our relations with our wholesale friends are most cordial and long-standing and it is our intention to be co-operative at all times as they perform an excellent service by distributing our products. We are assisting the grocer by supplying him with point of sale display window shows, press advertising and television publicity and our sales force is always ready to give advice on merchandising.

A Tribute

At home and overseas our men and women have given unstintingly of their best and for this and for their loyalty we send them all our sincerest thanks.

BOVRIL LIMITED GROUP—SALIENT POINTS

Trading Profit	£1,640,405
Taxation for the year	£665,792
Depreciation	£279,225
Consolidated Net Profit	£798,699
Ordinary Dividend	£225,563
Profit retained in the business ..	£301,740
Capital Employed	£10,594,526

THE CENTRAL MINING & INVESTMENT CORPORATION LIMITED

SIR ARCHIBALD FORBES'S SPEECH

The fifty-sixth annual general meeting of The Central Mining & Investment Corporation Limited was held on July 3rd in London.

Sir Archibald Forbes, GBE (the chairman), presided and, in the course of his speech, said:

The outcome of the year's operations was, as expected, closely in line with that for 1959-60, a further rise in revenue from investments being partly offset by a fall in profits from share dealing. The net result was a profit, before taxation, of £2,448,000 which was £86,000 greater than for the previous year. Taxation (after deduction of an over-provision of £85,000 in past years) amounted to £1,029,000 leaving a disposable balance of £1,419,000.

INVESTMENTS

Net investment during the year amounted to approximately £1.5 million of which 72 per cent was in the United Kingdom, 21 per cent in Africa (or in companies with African connections), and 7 per cent elsewhere. Investment in the United Kingdom included the acquisition of a controlling interest in one industrial company (Elastic Rail Spike Co. Ltd.) and a substantial interest in another (Heatrae Ltd.). While our interests are predominantly in the mining sphere it is our intention to expand in the industrial and commercial fields in the United Kingdom and elsewhere as suitable opportunities occur. We believe that the broadening of the base of our activities in this manner will be in the best interests of the Corporation and its shareholders.

In the light of the valuation at the year end the net assets amounted to £27.1 million a fall of £1.6 million as compared with the previous balancing date which was due to the weakening of the prices of African securities as a result of the political difficulties in that continent. Of the net assets 50 per cent was represented by investments in the Republic of South Africa. Another 13¼ per cent comprised holdings in companies with mining connections in Africa generally, although it is right to mention that two major investments in this category are in companies which have substantial interests outside Africa. These proportions have changed to 44 per cent and 15 per cent respectively in terms of the latest valuation of the net assets totalling some £26 million, the fall since the close of the financial year being largely due to the further decline in the prices of holdings in companies in the Republic. It is an interesting reflection of the African situation that the current market valuation of the Corporation's own shares represents little more than the current value of the 41 per cent of the net assets which has no connection with the African continent.

AFRICAN SITUATION

Last year I commented upon the need for South Africa to restore external confidence if its future economic progress was not to be arrested and expressed the hope that a solution to the political and racial problems would be found which would be acceptable to opinion both within and outside that country.

Unhappily since then the situation has further deteriorated. The confidence of investors was seriously undermined by the events culminating in the break with the Commonwealth and was marked by a flight of capital from the country. This in turn gave rise to such pressure on the reserves of gold and foreign exchange as compelled restriction of credit and imports and subsequently the imposition of measures forbidding free movement of capital.

It is sad—especially to those of us so deeply concerned with her affairs—that a country with such a great potential for development should have so alienated world opinion that for the time being there is little possibility of South Africa being able to attract the external capital which is essential if such development is to be continued at a reasonable pace. While it is fortunate that the major part of the capital programme of the new mines in the Far West Rand, Orange Free State and Klerksdorp fields has already been carried out, a substantial amount remains to be done and it will not be easy in existing circumstances to finance this except from the internal resources of the Groups concerned. Outside mining a continuing scarcity of capital would impede the building up of secondary industry which is so important to the future economic and social stability of the country. Indeed if existing conditions persist it is difficult to see how South Africa can avoid a general slowing down of economic growth and may indeed have to face some lowering of living standards. And it would seem to me that it is only against a background of rising standards flowing from steady economic development that long-term solutions to the difficult problems which now confront the country will be possible.

It is as yet difficult to say with precision what the effect of the recently imposed financial restrictions may be on our direct operations. All that can be said at this stage is that these measures will have the effect of containing within South Africa a part of our South African assets. There is no impediment to the sale of these assets but—subject to special permission—the proceeds must be retained or reinvested in South Africa There is no restriction upon the remittance of dividends and interest. One would expect that every effort will be made to avoid any extension of the restrictions into this field.

Conditions are also uneasy in the Federation of Rhodesia and Nyasaland where we have much smaller but still significant interests. There the impact of the internal problems on outside investors arises from a different reason. The latter's confidence in South Africa has been shaken because of the impression that what is interpreted as an unduly repressive racial policy may eventually disrupt the political and economic structures. In the case of the Federation the fear is that in Northern Rhodesia the same situation may be brought about by undue haste in advancing the African to political power ahead of his acquiring the necessary sense of responsibility to exercise it. One can only hope that in both cases means will ultimately be found to enable the political, social and educational advancement of the African to move forward in balance and with reasonable speed, while at the same time protecting the interests of the European population and external investors who together have done so much to bring about the high degree of development already achieved in the countries concerned.

OTHER INTERESTS

Through our investments outside the Group we have an interest in a wide range of mining and industrial activities in Australia, North America, Rhodesia, Portugal and the United Kingdom. In all these cases dividends were, as indicated in the summary attached to the Annual Report, maintained or increased as compared with the previous year. Western Decalta Petroleum Ltd. in accordance with previous policy did not make any distribution of profit but applied the earnings to further developments.

As to the outlook for our affairs in the current year, I have indicated the anxieties which naturally surround our African interests. Nevertheless on the best judgment that one can make at this early stage I believe that even after allowing for a further decrease in share dealing profits the total revenue should in the absence of some unforeseen happening be reasonably well maintained. Moreover, bearing in mind our position as a whole and also that at the present time our activities are largely those of a holding company receiving dividends which in a number of cases have underlying cover, I see no reason to think that we will be unable to maintain our own distribution (i.e. at the rate of 2s. 6d. per share) on the capital as recently increased.

The report and accounts were adopted.

CREDIT LYONNAIS

The Bank Control Commission, at its meeting of June 14, 1961, approved the accounts for the 1960 financial year, together with the Board's recommendations for the distribution of profits. The dividend allocated to holders of "Parts bénéficiares" is fixed at NF2.- gross (equal to that paid for 1959) comprising the guaranteed minimum interest of NF0.6963 and a surplus dividend of NF1.3037.

This dividend will be payable on July 3, 1961, at NF1.76 net.

Profits for the year, after writing off sundry preliminary expenses and the constitution of reserves for doubtful debts, increased from NF9,820,783.96 to NF10,103,134.94.

The report contains a detailed review of the French economic, financial and monetary situation, and it emphasizes the excellent financial and monetary situation which prevailed, favouring the Bank's activities to such an extent that total resources increased by 20 per cent, compared with 1959.

However, in spite of the vitality and expansion of the Crédit Lyonnais in 1960, the net results show only a slight improvement, as the increase of gross receipts has been impeded by the full incidence of the reductions in interest rates and bank charges progressively applied during the previous financial year.

M. SAMUEL & CO.

PROFIT FORECAST EXCEEDED

VISCOUNT BEARSTED'S STATEMENT

The Forty-second annual general meeting of M. Samuel & Co. Limited was held on July 6th at Shell House, 55, Bishopsgate, London, E.C.

The following is the statement by the chairman, Viscount Bearsted, TD, DL, circulated with the report and accounts for the year ended March 31, 1961:

CHAIRMAN'S STATEMENT

It gives me much pleasure to welcome you to our Annual General Meeting and to present to you the Accounts for our first year as a Public Company.

In the Prospectus, your Board forecast that the profits before Taxation, but exclusive of special transactions which might arise, would be about the average of the last four years (£370,000). I am pleased to be able to tell you that, in the event, profits for 1961 exceeded those of 1960 (£495,740) as published in the Prospectus.

These results are not the outcome of an unusual number of exceptional transactions in the Parent Company, giving rise to distributable profits, but reflect the expansion of the general business of the Company, which I am glad to say is still continuing.

As was stated in the Prospectus, the published Accounts are not comparable with the Auditors' Report therein, since profits are shown after providing for Taxation and after making transfers to Contingencies Reserves (in the manner authorised for Banking Companies).

RESULT OF YEAR'S OPERATIONS

In reviewing the Consolidated Profit and Loss Account, you will notice a rise in the profits of M. Samuel & Co., Limited and an increase in receipts from the non-banking subsidiaries. The latter increase is, in the main, due to the fact that a large part of the capital of the Investment Subsidiary Company, Glendaruel Investments Limited, was invested for only part of last year, whereas during the whole of the year ending March 31, 1961, the Company was fully invested.

After transfers to Taxation and Contingencies Reserves, the consolidated profits available for appropriation show a figure of £197,111. The Preference dividend, less Tax, amounting to £11,944, was paid to September 30, 1960, on the Preference Capital, which has since been converted into Ordinary Capital.

Your Directors now recommend an Ordinary dividend for the year ended March 31, 1961, of 7½ per cent, less Tax, which, together with the Preference dividend, will absorb £126,788, leaving £70,323 of profits to be retained in the Company.

EXPANSION OF BANKING BUSINESS

During the year, the banking business continued its expansion, which you will see evinced in the Balance Sheet by an increase of nearly £2,000,000 in outstanding Acceptances and of over £4,000,000 under the heading of "Current Liabilities, Provisions and other Accounts."

The Investment Company, Glendaruel Investments Limited, which holds a varied portfolio of both quoted and unquoted shares, had a most satisfactory year and the Issue Department was also very active.

During the course of the year, the Company, in partnership with the First National Bank of Boston and Messrs Tozer, Kemsley & Millbourn Limited, has formed International Factors Limited, for the purpose of assisting trade between this country, the USA, and the Continent of Europe. The business of factoring has, for many years, played a prominent part in the economy of the USA, but it is a comparatively new activity in Europe and we hope that it will be equally successful here.

DEMAND FOR ACCEPTANCE FACILITIES

The demand for Acceptance facilities continues to be very strong but, following upon the narrowing of the differential in rates between London and other financial centres and the continued weakness in Sterling, there has been a considerable falling off in the volume of foreign deposits.

I should like to end by extending, on behalf of all Shareholders, our thanks to the Executive and Staff for the amount of time and energy they have given us in the past year.

ROTAPRINT LIMITED

SUBSTANTIALLY INCREASED TURNOVER

MR V. H. COUSIN ON GROWING POPULARITY OF PRODUCTS

The thirty-fourth annual general meeting of Rotaprint Limited was held on June 30th at the Company's Offices, Honeypot Lane, London, N.W.9, Mr V. H. Cousin (chairman and managing director) presiding.

The following is his circulated statement:

I am happy that I am able to present you with results for the year ended March 31st last which, in my view, are satisfactory. You will have seen that our profits, before taxation, rose from £510,026 to £565,842.

Higher taxation, regrettably, detracts from these higher profits and the comparative figures, after taking taxation into account, are not so pleasing, taxed profits for the year ended March 31, 1961, of £283,817 being only £7,601 higher than the figure of £276,216 for the previous year. The effect of this heavier taxation is unfortunate, and it is but human for me to consider with resentment the effect of the burden of taxation which is still further to be increased by a higher profits tax in the current year.

You will see that there are items other than taxation which affected the profits available for the shareholders; the increased capital investment in fixed assets during the year has called for higher depreciation and none of the realisable profits have been taken by the sale of investments.

THE YEAR'S TRADING

In the year under review, our turnover in Rotaprint machines both in home and overseas markets increased substantially over the previous year, leaving us with the not unreasonable hope that we shall go further ahead in the current year, having regard to the ever-growing popularity of small offset lithographic machines throughout the world.

From my last report it was clear that the benefit of the extension of our premises would not be available to us during the whole of the twelve months' period ended March 31, 1961, but we are now in full production and, subject to no deterioration in present trading conditions, we should show an improvement in the current year, which has commenced well.

The motor car industry, although by no means of major importance to the prosperity of your Company, has an increasing influence on the economy of our country and now involves a large number of ancillary trades. It was noticeable during the past year that the difficulties and setbacks in the motor industry affected our order book in some measure.

In recognition of the fact that our pre-taxed profits increased by £55,816, and bearing in mind the substantial revenue reserves, your Directors feel justified in recommending a final dividend of 23½ per cent payable on July 7, 1961, on the Ordinary share capital of £540,000, making a total dividend of 37½ per cent for the year ended March 31, 1961. This compares with the previous year's dividend of 33 per cent on the smaller Ordinary share capital of £450,000.

NEW PRODUCTS

During the year we marketed a new version of the Rotaprint Model 30/90 which has proved to be very popular. It is fitted with a chain delivery which increases the scope of the machine which will now handle a greater variety of paper and card material. In the course of the current year we hope to introduce to the market a new product, namely a pre-sensitised printing plate which, in America, has already become so popular as to have almost ended the sale of some types of non-sensitised metal plates with their lesser advantages.

The popularity of the pre-sensitised plate is gaining momentum both at home and overseas and a new department will, we hope, eventually add worthwhile profits to those arising from the machines and other products of your Company.

Important development work in other directions is proceeding as fast as the increase in our production allows, and we hope to introduce other products in the not too distant future, which should be of interest and assure further progress.

DIRECTORATE

I am sorry to report that Mr Hewitt, who has worked so closely with me for twenty-five years, retired from active service with the Company on March 31st last at the age of seventy. His presence amongst us will be greatly missed by me and my colleagues. He is happy, however, to remain a Director of your Company so that we shall continue to have the benefit of his past knowledge, sound judgment and advice.

He retires today by rotation under the Company's Articles of Association, but I shall confidently seek your support for a resolution under which I shall have great pleasure in proposing his re-election.

In the last two years the pre-taxed profits of the Company have practically doubled and it would be clear from the figures in the Balance Sheet that an achievement of this kind could not be reached without very hard work on the part of our loyal staff, who are deserving of my own, my co-Directors' and your thanks in goodly measure. It is to them that I confidently look to enable me to present you with results at our next Annual General Meeting which I hope will again portray our history of continued expansion.

The report and accounts were adopted.

HAZELL SUN LTD.

MR T. R. WALKER ON RECORD RESULTS

The Seventy-seventh annual general meeting of Hazell Sun Limited will be held on July 27th at 44 Great Queen Street, London, W.C. The following is an extract from the statement by Mr T. R. Walker, the chairman, which has been circulated with the accounts to March 31, 1961:

Last year I said that only by operating our various plants near to the maximum capacity could we hope to achieve results commensurate with the amount of capital employed in the business, and that for the first three months of the year now under review the state of our order book was most encouraging.

Unfortunately the position was less satisfactory later in the year. Nevertheless our turnover was higher than ever before, although this increase was not due entirely to higher production as price increases followed new wages and hours concessions. The profit on trading, £1,182,388 (against £756,899 last year and £882,660 in 1959) was also a record.

After provision for taxation before deducting £104,500 relief from Investment Allowances (transferred to Reserves) and the proportion of profits (after tax) attributable to minority shareholders, the balance available to members is £440,098.

Of this sum £202,611 is transferred to Reserve and £237,487 is available for dividend on the Preference Shares and the recommended 12 per cent and a Bonus of 3 per cent for the year on the Ordinary and Employees Shares.

OPERATING COMPANIES

Our letterpress plants have contributed their quota to the increased turnover and additional colour rotaries have been installed. The demand for 'paper-backs' continues to grow, and further modern equipment is on order.

Book-binding has been hard pressed throughout the year. Increasing demand for all classes of books has accentuated floor space problems, particularly the increasing proportion of the larger subscription type of book. A factory has been rented in South Wales for additional storage and binding work.

In photogravure the periodicals continued to be reasonably buoyant during at least three-quarters of the year and the demand for colour continued. The development of new techniques and new plant receives constant attention.

In offset it has been a year of progress technically and otherwise, particularly with the web-fed offset presses which we pioneered in this country. The carton side of the business continues to develop satisfactorily.

THE OUTLOOK

It is especially difficult this year to forecast the future. For the first three months of the current year there has been no marked falling off in orders in our Letterpress, Bookbinding and Offset Divisions but unfortunately the same cannot be said about Photogravure. During recent months conditions in the periodical field have changed. Circulations have fallen, particularly those of the popular women's weeklies, and mergers of journals have been announced. One of the merged journals is a product of our presses, and this loss, together with other casualties, is a matter of grave concern to your Directors.

The closing down of periodicals is no new experience; it has happened on several occasions during recent years, and in the course of time we have been successful in replacing the lost turnover.

Production costs however have increased very considerably in the last three or four years and the contraction of demand will inevitably lead to still greater competition. Management and staff will accept these new conditions as a serious challenge, and strenuous efforts are already being made to fill the gap that will arise in our production schedules in the early autumn.

Looking ahead, it would seem certain that our turnover will fall this year and a drop in profits must be expected.

STOLL THEATRES CORPORATION LIMITED

DIRECTORS:
PRINCE LITTLER, C.B.E. (*Chairman and Managing Director*)
T. FLEMING BIRCH, F.C.A.
STEWART CRUIKSHANK
EMILE LITTLER
S. H. NEWSOME, J.P.
OSWALD L. STOLL
P. J. P. DONALD
D. M. LEAPMAN

SUBSIDIARY COMPANIES:
Moss' Empires Limited
Winter Gardens Morecambe Limited
Potteries Theatres Limited
Prince Littler Productions Limited
Brunskill & Loveday Limited
Roadshows Limited
Associated Theatre Properties (London) Limited
Theatre Properties (South) Limited
Apollo Theatre Company Limited
H. M. & S. Limited
Theatre Royal Drury Lane Limited
Globe & Queen's Theatres (London) Limited
Associated Catering Company Limited
Theatrical & General Advertising Company Limited
Theatrical Investments Limited
Cardinal Productions Limited
General Building and Theatre Equipment Limited

ASSOCIATED COMPANIES:
S. J. & L. Limited
Lyric Theatrical Company Limited

CAPITAL:

	Authorised	Issued
Ordinary Stock	£1,601,934	£1,601,934
Management Stock	£80,000	£80,000
Ordinary Shares of 4/- each	£508,066	—
	£2,190,000	£1,681,934

Consolidated Trading Profit	£536,355
Net Trading Profit after taxation	£311,930
Dividend for Year to December 31, 1960 on the Ordinary and Management Stock, 10%	
Distribution out of Capital Reserves on the Ordinary and Management Stock, 2½% (Not liable to Tax).	

The Report and Accounts were adopted and the Dividends were approved.

The retiring Directors, Mr Emile Littler, Mr S. H. Newsome and Mr D. M. Leapman, were re-elected, and the remuneration of the Auditors, Messrs Allan, Charlesworth & Company, was approved.

THE MORGAN CRUCIBLE COMPANY LIMITED

A CONSIDERABLE TRADING ACHIEVEMENT

The twenty-seventh annual general meeting of The Morgan Crucible Company Limited will be held on July 27th at Battersea Works, Battersea Church Road, London S.W.11.

The following is an extract from the Review by Mr A. L. Stock (the Chairman) which has been circulated with the Report and Accounts:

The Group Profit before tax but after loan interest is £2,235,815 compared with £2,043,417 last year. The increase in the surplus of income over expenditure at £192,000 compares with the preceding year's rise of £323,000.

The increase in sales is 9 per cent as opposed to 17½ per cent in the previous year. Whilst overseas sales have risen in total value their percentage to total sales has dropped from 45 per cent to 43 per cent.

Though pressure on trading profit has been felt in some units of the Group, the profit rate for the Group as a whole is the same as in the preceding year. The steadying influence of a wide range of products sold in many countries made possible this considerable achievement.

Earnings before tax on Capital Employed have increased slightly to 14.1 per cent as against 13.5 per cent in 1959/60.

It is proposed to pay a Final Dividend on the Ordinary Capital of 9 per cent less tax which, together with the Interim payment of 5 per cent, gives a total of 14 per cent for the year against 13 per cent for the previous year.

TRADING RESULTS

Parent Company.—Trading results continued satisfactory in both the Electrical and Mechanical Carbon Departments, although export delivery dates were adversely affected by the high demands from the home market in the earlier part of the year.

The Crucible Department also made good progress both at home and overseas.

Home Subsidiaries.—Amongst the home subsidiaries the greatest progress was made by Morgan Refractories Ltd., whose results confirm the faith of those who launched this project with the aid of a £1,000,000 loan ten years ago.

The other principal subsidiaries do not call for special comment but have had a year of satisfactory progress.

Overseas Subsidiaries.—The general depression in business throughout North America had its effect on Morganite Canada Ltd., though not to the same extent as on Morganite Inc., New York.

Our other overseas companies held their own in the more competitive international conditions.

PROSPECTS

While the review of the accounts gives some indication of the future, it is predominantly concerned with the results of the past year, which was one of steady progress.

Despite the inroads of the additional 2½ per cent Profits Tax arising from the 1961 Budget and the additional tax on oil, but ignoring the threat of a Payroll Tax, it is expected that this year profits will reach last year's level even though the new subsidiaries will have only a nine months' financial year.

THE ARTIZANS' & GENERAL PROPERTIES

SATISFACTORY PROGRESS AT HOME AND OVERSEAS

The ninety-fourth annual general meeting of The Artizans' & General Properties Company, Limited was held on July 5th in London, Brigadier Sir Richard A-G. Calthorpe, Bt, CBE (the chairman), presiding.

The following is an extract from his circulated statement:

At home, sales of some older properties have continued and the money realised, together with new capital now represented by the £1,750,000 5¾ per cent Debentures raised in 1960, is being reinvested in the development of new office, shop, industrial and residential properties and in modernisation. Developments for sale are being undertaken in London and Birmingham by our subsidiaries Pinner Properties, Vista Flats and Vista Developments; in many cases these developments also create a very satisfactory ground rent investment for the parent company.

The active investment market for modern commercial properties continues to emphasise the long term benefits which can accrue from the development of well chosen sites; competition for sites is therefore keen and prices continue to rise. Delays arising in obtaining planning permission and shortages of building materials or labour become increasingly significant.

During 1960 construction was completed or put in hand of the following new developments, many of which had been let or sold prior to completion: 183 houses and 97 flats in London and Birmingham; 2 factories at Bedford and 3 office blocks in London, Watford and Birmingham.

In America, the Terminal Tower Company of Cleveland, Ohio, in which we hold half the issued Common Stock, has had a successful year of operations.

In Canada, Artagen Properties Investments has acquired two modern office properties in Hamilton, Ontario, to show a satisfactory return.

Pancoast Properties Developments still holds 160 acres of land at Calgary and has participated to its advantage in the purchase and resale of a Vancouver property in conjunction with our Canadian Associates.

POLICY OF REDEPLOYMENT AND EXPANSION

I commented last year upon the stable character of the Group's rental income; while some further measure of increase may be looked for from rents of properties which are still within the provisions of the Rent Acts, the main expansion of the Group's rental income must now rest upon modernisation and the completion of new developments. It is in this direction that we are concentrating our attention, but under a policy of redeployment and expansion it is inevitable that some capital must be unproductive while developments fructify. At December 31, 1960, about £1,250,000 of the Group's resources were so employed on current projects. In the light of this the accounts submitted exemplify the strength of the Group's position.

Earnings before interest and taxation have again increased. Trading income for the Group including income from investments was £709,964 as compared with £649,080 for 1959.

Gross profits from property sales and developments for sale undertaken in London and Birmingham by Pinner Properties and Vista Flats aggregated £153,000 as compared with £70,000 for 1959.

The capital surplus arising from the sale of properties by the parent Company amounted to £147,000 as compared with £87,000 for 1959 and has been credited to Capital Reserves, which now stand at £2,351,224.

Interest charges absorbed £73,000 as compared with £8,000 for 1959. The taxation charge is up by £30,000 at £333,000. Profits tax was increased last year by 2½ per cent. This approximates to £16,000 in a full year. A further increase of 2½ per cent is proposed this year: this can but have an effect, as is no doubt intended, on the amount of cash available for net dividends.

An interim dividend at the rate of 5½ per cent on the issued Ordinary Share Capital was paid in September, 1960, and the Directors now propose a final dividend of 7 per cent.

Addressing the meeting, the chairman said that Melton House, Watford, a nine-storey office block of 58,000 sq. ft., had been let to British Railways Midland Region, and an office block of 41,000 sq. ft. in Hagley Road, Birmingham, for which the building contract had recently started, had also been let—both in their entirety and on satisfactory terms.

The report and accounts were adopted.

BERTHIEZ S.A.

The Ordinary General Meeting of Shareholders met on June 23rd at the Registered Office, 5 rue Montalivet, to approve the results of the year ended December 31, 1960.

The accounts presented to the Meeting show a net profit of NF679,631 against NF397,993 in 1959. This profit was reached after allowing NF497,921 for stock in hand as against NF350,000 in 1959, and NF1,058,162 for amortisation against NF726,317 for the preceding year.

The Meeting approved payment on October 10, 1961, of a coupon of NF10 gross per NF50 (nominal) share. It should be noted that this dividend, the same as that paid the year before, applies to 60,000 shares, as opposed to 36,000 shares, as the result of the increase in capital in 1960.

The Report of the Board brings out the importance of the order book at the end of the year 1960. Seventy per cent of the orders are for export to Germany, Austria, Belgium, Spain, Roumania, Sweden, Czechoslovakia, Australia, Argentina, Canada and Japan.

It also underlines the success of the Company in increasing its manufacturing potential by the purchase of NF1,270,000 worth of new machinery and buildings at Givors, and of a new construction shop as an extension of the existing shops.

The Company in addition has continued the study of new types of machine using the most modern techniques of automation, by electronic processes, or by perforated tape.

The Meeting confirmed the retirement of M. Wilz from his position as Director and called to a seat on the Board M. Y. Pallet, Director of the Société Fives Lille Cail.

DE WENDEL & CIE

SOCIÉTÉ ANONYME PARIS

(Iron and Steel)

The Annual General Meeting of DE WENDEL & CIE. S.A. was held in Paris on May 19 with Monsieur le Comte Emmanuel de Mitry in the Chair. The following is a summary of the report presented by the Board of Directors:

REVIEW

Output and sales of DE WENDEL & CIE. S.A. rose once again and production figures comprised 6,963,262 tons of iron ore; 2,292,811 tons of pig iron; 2,703,649 tons of processed steel (including the share of DE WENDEL & CIE. S.A. in the tonnage processed by *Société Lorraine de Laminage Continu "SOLLAC"*).

Deliveries of finished and semi-finished products amounted to 2,031,965 tons and turnover for the year amounted to NF 1,620,897,167.02, including all taxes.

INVESTMENTS

During 1960 the level of investments rose once again to reach NF 141,268,668.16, and this sum was spent on new projects which included:

commencement of work on a second ore-sintering plant;

the completion of the modernisation of a blast furnace;

the construction of the first unit of a new battery of modern blast furnaces;

the installation of finishing equipment for rails and of a rolling mill for joists.

The investment programme will be continued in the coming years with the erection of ore-crushing and screening installations and an ore-sintering plant, the building of a new blast furnace and of a high capacity steel plant, and the expansion of rail and port facilities.

SUBSIDIARIES

All the subsidiaries and affiliated companies of DE WENDEL & CIE. S.A. are also continuing their expansion. This applies particularly to *Société Lorraine de Laminage Continu "SOLLAC"* which, in 1960, produced 1,683,000 tons of steel and rolled 2,023,000 tons of hot rolled strip. A third cold rolling mill with a capacity of 800,000 tons will shortly complete the *SOLLAC* plant.

PROFIT AND DIVIDEND

After provisions for depreciation amounting to NF195,093,624.31, net profit for the year amounted to NF14,118,370.70. It is accordingly proposed to distribute a gross dividend of 8 per cent, equivalent to NF4 per share.

The report, the accounts, and the proposals put forward by the Board of Directors were adopted.

CAPITAL

At an Extraordinary General Meeting held immediately after the Annual General Meeting, the Board of Directors was authorised to increase the capital from NF150m to NF250m, half of the increase to be realised by the capitalisation of reserves and the remainder by the issue of new shares for cash. The Board decided to proceed with the increase immediately, and the issue will be made very shortly.

COMPANY AFFAIRS

Associated Portland Cement

At the height of the May boom, building material shares were overvalued. Price have tumbled sharply since and are currently offering yields less thin and uninviting than they were. Associated Portland Cement, which touched 96s. 9d. earlier this year, are now 77s. 10½d. and yield just over 3 per cent, covered 2½ times by earnings. This yield assumes that after the one-for-two scrip issue the 1960 dividend will be scaled down to the odd amount of 8½ per cent. If, on the other hand, the 1961 dividend were put up to 10 per cent, the yield would be 3¾ per cent.

A dividend of 10 per cent indeed seems possible, for this year—and perhaps 1962 also—is likely to produce better results for APC than did 1960, when the group's home deliveries rose by just over 5 per cent and its share of the market declined fractionally. Already this year home deliveries have risen by nearly 10 per cent. The rise in cement prices has restored margins eroded by rises in wages and fuel prices. Export sales did reasonably well last year but they will be reduced this year and so make a smaller contribution to profits—the main exporting

Years to Dec. 31	1958	1959	1960
	£'000s	£'000s	£'000s
Fixed assets	49,519	52,147	62,766†
Trade & other investments	4,671	5,155	7,650
Net current assets	22,995	24,789	20,300
Cash	9,604	14,127	10,177
Net equity assets	56,129	61,721	72,080
Trading profit	15,070	15,287	15,940
Investment income	457	677	734
Depreciation	4,795	4,520	5,072
Profit before tax	10,468	11,182	11,432
Tax	5,875	5,592	5,740
Net profit	3,954	4,993	5,170
Ordinary dividend	1,202	2,020	2,076
	%	%	%
Ordinary dividend	9·6*	11·0	12·5
Net profit/net equity assets	7·1	8·1	7·2

* Adjusted for scrip issue. † Fixed assets revalued.

kilns, it seems, are fired by fuel oil on which the budget imposed a duty. Some cement from these kilns can be re-directed to the home trade even though the works are not ideally sited for serving the domestic market. Because of transport costs, cement so diverted will earn a lower margin than normal home deliveries but a higher one than could be earned in export markets. Last year home sales of cement, aggregates and cement products produced nearly 65 per cent of the gross profit and exports about 10 per cent, with the remainder coming from investments and works sited abroad. In 1959, sales at home produced nearly 70 per cent of the gross profit and exports about 7 per cent; this 1959 pattern may recur this year, and with a higher tonnage sold than then.

The directors of APC appear to be satisfied that the demand for cement and associated products will remain buoyant for they have revised the three years capital programme to add 1½ million tons per annum to capacity instead of the 1 million tons originally planned. In all, this programme will cost about £20 million, but some money has already been spent and some new capacity is already being used. The extensions can therefore be financed from the cash flow without putting a brake on distributions to ordinary shareholders.

Beecham Group

THE Beecham Group is beginning to reap the benefit of the substantial sums spent on promoting and developing overseas markets. In the year to March 31st last the trading profits in the home market rose only fractionally, from £6,041,000 to £6,093,000; but earnings overseas jumped by 26 per cent, from £1,802,000 to £2,270,000 and contributed ninety per cent of the total increase in trading profits from £7,843,000 to £8,364,000.

At home, soft drink sales fell in a poor summer. The company also faced fiercer competition in toilet products and, as the table shows, margins again fell. The chairman, Mr H. G. Lazell, points out that some of the decline in margins can be attributed to the considerable proportion of sales now represented by soft drinks and confectionery, following the acquisition of the Corona soft drink business in 1958 and the Pascall confectionery business a year later. Though they have fallen, profit margins at home are still much higher than those earned abroad, where the cost of launching new products is heavy. Only in the current financial year do the directors expect to earn a "normal rate of profit" on sales of Brylcreem in the United States, where it is now firmly established as the biggest selling hairdressing product; but not a little of this profit will go to support the launching of Silvikrin Shampoo in that market.

Last year total advertising expenditure rose by another £1 million and spending on research by £150,000 to £750,000, half of it being devoted to basic pharmaceutical research.

PROFIT MARGINS

Years to Mar. 31	1957	1958	1959	1960	1961
	%	%	%	%	%
Trading profit/sales:					
Home trade	17·4	19·4	18·4	17·5	16·4
Overseas trade	12·3	14·6	12·7	11·7	11·8
Total	15·6	17·8	16·7	15·7	14·8
Trading profit/avge. capital employed	19·0	24·0	21·7	21·3	21·6

Mr Lazell says that several new penicillins are being developed which "will revolutionise the antibiotic treatment of disease." With the new plant at Worthing now producing the Beecham penicillins and fine chemicals, royalties are increasing and should make a useful contribution to profits this year. But heavy sums are being spent on advertising both at home and overseas and it is perhaps hot weather and improved soft drink sales that will provide higher profits this year. Further ahead, shareholders will expect the current costs of promotion to produce bigger sales. The market's assessment of the group's growth prospects is reflected in the yield of 3 per cent offered by the 5s. shares at 49s. 9d. on a 30 per cent dividend, twice covered.

Albert E. Reed

THE year which ended on March 31st was one of transition for the Reed Paper Group. By acquiring 96 per cent of the stock of the Anglo-Canadian Pulp and Paper Mills it has taken a big step towards becoming an international group; it has also set up a wholly-owned Australian subsidiary. The group has thus become less dependent upon the British market, but its interests here still bulk very large.

At home, the chairman, Lord Cornwallis, says that competition in the papermaking and converting industry is intense. Rising costs of fuel as well as higher wages have

Years to March 31	1959	1960	1961
	£'000s	£'000s	£'000s
Sales	66,234	73,996	87,667
Trading profits	6,001	6,958	9,103
Depreciation	1,723	1,804	2,512
Taxation	1,762	1,860	2,800
Net profit	2,515	3,293	3,790
	%	%	%
Ordinary dividend	14	16	16
Trading profit/sales	9·1	9·4	10·4
Net profit/sales	3·8	4·5	4·3

squeezed profits and a fall in demand by manufacturers supplying the consumer durables market has forced prices down. In addition, home paper manufacturers are beginning to feel the effects of the EFTA tariff cuts: the first of these came last July which resulted in a reduction in the price of Scandinavian paper products in the British market. Lord Cornwallis says that this substantially reduced profit margins, particularly towards the end of the financial year. As tariffs were cut further at the beginning of this month, it may be that the worst is still to come.

The effect of competition on profits is masked only slightly by the acquisition of the Canadian subsidiary, three months of whose profits are included in the accounts. The effect on the balance sheet is clearer; liquid assets of nearly £4¼ million have been reduced to £1¼ million and a bank overdraft of over £2 million has appeared. This gives the group a net overdraft of £831,000 and at the year-end capital commitments amounted to £3,674,000, against £1,432,000. The need, therefore, to conserve resources at a time when profits are under pressure helps to explain why the £1 ordinary shares at 45s. 6d. yield as much as 7 per cent on the unchanged dividend of 16 per cent.

Bankers' Half-Year

So far 1961 has plainly been profitable for the banks. Interest rates have remained relatively high and advances have continued to rise, to almost one-half of deposits. Average advances outstanding in the first six months were 11 per cent more than a year before. But general economic uncertainties have recently dampened enthusiasm for bank shares, which up to May had been among the leaders in the rising equity market. Since then they have fallen sharply and the foreshadowed rights issue by **Barclays** on Thursday produced a further fall—in marked contrast to the effect of the Midland rights issue of last April.

Both Barclays and the Westminster have increased their interims. But in both cases they are exactly half of last year's total, and the market is not counting on a rise in the totals for 1961. Barclays is paying 6½ per cent., an increase of ½ per cent. Westminster's total last year was 2s. 8d. per share and it is now paying 1s. 4d.—an increase of 3d.

Martins, which paid 7 per cent and 8 per cent last year, is again paying an interim of 7 per cent. The **Royal Bank of Scotland** has raised its previous interim by ½ per cent to 9 per cent, and the market hopes that this will be followed by a final of 11 per cent to make 20 per cent for the year against last year's 18½ per cent.

Hawker Siddeley

THE statement by the chairman of Hawker Siddeley, Sir Thomas Sopwith, at the annual meeting of the group painted an intricate picture of the group's wide-ranging activities. The addition of Blackburn, de Havilland and Folland to the group makes any worthwhile comparison of profits practically impossible and in any case the latest accounts cover a seventeen-month period. The group has several promising commercial aircraft either in production or nearly ready to be produced but their financial success will depend largely on winning foreign orders. The Argosy freighter seems well set, having won orders from the RAF and an American operator. But over £15 million has been written off for design and development of civil aircraft, the AWA Argosy, the Avro 748 and the new de Havilland Trident; this seems to be a big sum for basically conventional aircraft, and shareholders must hope it will not recur in the current year. This heavy charge is over half the trading profit for the period and almost double the net profit of the British group.

The overdrafts of the British group have risen to £22.4 million, which is the same level they reached in 1958 before the £15 million issue of convertible debentures. This was no doubt aggravated by the acquisition of de Havilland, whose overdrafts totalled £7.7 million at the time of the last balance sheet in September, 1959. However, the overdrafts of the group's Canadian interests have been reduced from £10½ million in 1958 to less than £2 million mainly as a result of the sale of the group's holding in Algoma Steel.

The industrial side, which now produces 35 per cent of the group's sales, did well in 1959-60. Diesel engines and locomotives sold well and both sales and profits increased. The future for the group's profits is difficult to predict. There may be some improvement in the profits of the Canadian subsidiary, which made a net loss of £262,000 in the 17 months. The development charges should be lighter and this may enable bank overdrafts to be reduced if profits are maintained. A record order book of £366 million at the beginning of this year suggests that the group could do well; this compares with a turnover of £458 million in the previous 17 months. The virtual certainty that Blue Streak will be rescued from limbo now that Germany has joined the European space club puts Hawker Siddeley back into the front line of the rocket business with the likelihood of a foothold in space. But the ultimate well-being of the group depends on winning further orders for earth-bound equipment, especially in the highly competitive international aircraft business. At 29s. 6d. the £1 ordinary shares yield 7.2 per cent on the dividend of 10.6 per cent.

De La Rue

By far the biggest of De La Rue's three principal subsidiaries is Formica, in which American Cyanamid has a 40 per cent interest. Largely as a result of the setback in the furniture trade following the re-imposition of credit restrictions its profits fell back in the year to April 1st by 15 per cent from £1,787,000 to £1,507,000. Shareholders will no doubt be pleased that this sharp fall in profits has been more than made good on the printing and banknote side (where Thomas De La Rue reported a jump in profits of 83 per cent, from £321,000 to £588,000) and on gas and oil fired heaters (where, despite increased competition and credit restrictions, Thomas Potterton raised its profits from £257,000 to £352,000).

There are some signs of an improvement in the demand for Formica products and this together with the introduction of new materials could well set the profits of the De La Rue group moving ahead again. The chairman, Mr B. C. Westall, expects a further decline in profit margins, which fell last year from 13.4 to 12.3 per cent, but he expects this to be more than offset by higher sales.

Investment in plant and machinery last year amounted to £2¼ million and working capital absorbed a further £800,000; although the cash flow amounted to almost £1 million, net liquid assets have been reduced from £1,700,000 to only £55,000. It is not surprising that with capital commitments of £400,000 (and these do not take into account schemes under negotiation) the directors are considering the most advantageous way of raising new capital. Just over £1 million was raised by a rights issue two years ago and prior charges so far amount to only £500,000 in a 3½ per cent preference stock. The stock market, however, is expecting another rights issue; the 10s. shares at 55s. stand at their low point of the year to yield 4.1 per cent on the dividend of 22½ per cent maintained on the capital as increased by a one for four scrip issue.

Over the past two years the directors have done much to encourage shareholders to take a greater interest. Board meetings have been held in a number of cities to which shareholders have been invited to meet the directors. This year the annual meeting is to be held in London at the unusual time of 5 p.m. in the hope that more than the usual fifty of the 9,000 shareholders will be able to attend. The chairman has invited shareholders who cannot attend personally to send in questions.

House of Fraser

A CHANGE in House of Fraser's bankers from the National Commercial Bank of Scotland to the Midland Bank sparked off fresh rumours this week that the House of Fraser was intending to make a bid for Debenhams. While Sir Hugh Fraser denies having any fresh bids in mind at the moment shareholders will surely hope that at the annual meeting he will give the reasons why the bankers have been changed. A year ago the accounts showed a loan of £10 million from the National Commercial Bank (of which until last month Sir Hugh was a director) and this had been instrumental in financing the Harrods take-over.

As expected the latest accounts to January 31, 1961, show that this loan has been almost entirely repaid and at that date the bank overdraft amounted to only £817,000. Funding has been made possible through the sale of some of Harrods' properties (which have then been leased back). As a result of the sales, which reduced freehold and leasehold properties in Harrods' balance sheet from £21.6 million to £14.1 million, both Harrods' and the House of Fraser's balance sheets showed "premiums receivable" of £7½ million arising from the new leases. Harrods has lent £9.1 million to House of Fraser; this is balanced in part by a rise of £3 million in the debentures and mortgages of Harrods' subsidiaries and by the replacement of a cash balance of £766,000 by a net overdraft of £827,000. Harrods' capital reserves have been increased by just over £3 million arising from a "surplus on premiums receivable and sales of property." Shareholders will be forgiven for feeling baffled at these financial intricacies. Sir Hugh should tell them plainly what they mean and what effect they may have upon the rents the group will have to pay.

The two major subsidiaries, Harrods and John Barker, both earned higher profits last

year and contributed £330,000 to the increase of £539,000 in the House of Fraser's trading profit from £5,892,000 to £6,431,00. Moreover their contribution to the increase in net profits amounted to over two-thirds, following the substantial rise in the charge for interest in House of Fraser's accounts from £336,000 to £762,000. Presumably with the virtual elimination of the bank overdraft this charge will be reduced in the current year.

Sir Hugh says that the past year has been one of consolidation and internal reconstruction but he warns shareholders that it will be some time before the full benefits of the capital programme emerge. The new Birmingham store operated by a Harrods' subsidiary was opened last November a few months after fire had destroyed the store of another subsidiary, William Henderson. The rebuilding of this store should be completed next year but no profit from it was included in the accounts. The current year has opened with another rise in sales. In creating the shares for a one-for-two scrip issue the directors propose to leave a balance of £1¾ million of unissued ordinary stock but they say that they are not at the moment considering issuing any of these shares. On a 45 per cent dividend, covered 1¼ times, the 5s. shares at 53s. 3d. yield just over 4 per cent.

British Plaster Board

THIS is another company likely to be coming to the market for new money before long. Its chairman, Sir Graham Hayman, hints that this may take the form of a debenture issue. At the moment the company has adequate overdraft facilities with its bankers; at the end of March the group's net overdraft amounted to £517,000, against an earlier cash surplus of £737,000, but its holdings of investments, largely gilt-edged securities, were virtually unchanged at £244,000. While capital expenditure of £2.3 million was almost matched by a cash flow of £2 million, the group's working capital rose by £1½ million. At the end of March capital commitments stood at £1½ million; whether that included the £500,000 paid in May for an interest in Australian Gypsum is not clear.

Consolidated profits were little changed at £3,194,000, against £3,170,000, and after tax net profits were £20,000 lower at £1,455,000. Despite the reduction in plasterboard prices in this country last November, the companies at home earned higher profits; these were offset by lower profits in Canada, though a recent increase in house building in Canada has led to an improvement in demand. Sir Graham is concerned about lower profit margins in this country, but he expects new projects to make a contribution to profits this year and with the continuing high level of activity in the building trades he looks forward to "satisfactory results." On the maintained dividend of 11¼ per cent, covered 2¼ times, the 10s. shares at 22s. 3d. yield 5 per cent.

Fine Spinners

UNDER the current agreement with Commonwealth producers, exports of cotton yarn to the United Kingdom are not restricted. But the government's proposals for extending the agreement with Hongkong have a particular significance for Fine Spinners, which is one of the biggest yarn manufacturers. If imports of yarn into Britain increase sharply, the government proposes to impose quotas. Read in the light of the government's sudden intervention in the dispute between Lancashire and Hongkong, the review by Mr W. T. Winterbottom, the chairman of Fine Spinners, accompanying the full accounts for the year to March 31st becomes quite encouraging. Mr Winterbottom believes that once the problem of imports is settled, order books, which have shrunk, will soon be restored to a healthy level. The group has already shown its confidence by raising the ordinary dividend by 2½ per cent to 15 per cent, the highest level since the war, even though dividend payments had actually exceeded equity earnings since the boom years of 1951-52.

By any standard, Fine Spinners has had an exceptionally good year; trading profits rose from £1,822,000 to £2,682,000, and although depreciation rose by £119,000 to £693,000 and tax by £287,000 to £871,000, net profits rose from £624,000 to £1,094,000. Fine Spinners increased its output of single yarn despite the scrapping of 57 per cent of its machinery, and apparently maintained its production of doubled yarn fairly successfully after scrapping 65 per cent of its capacity. In the financial year, the group spent £1,331,000 on re-equipment and had capital commitments of £324,000 at the end of March Compensation received for scrapped machinery amounted to £1,127,000.

The recovery in profits last year understated the extent of the improvement in the group's home market. Cotton growing and livestock farming in the United States was less profitable and comparatively low profit margins in France limited the improvement reported by the group's French mills. Fine Spinners is the largest producer of yarn made entirely from man-made fibres in Britain, and has integrated the production of high-quality goods right through from raw cotton to the finished article. The group is also financially strong, holding net liquid assets of £1 million, and it should continue to do well while the cotton industry prospers in Lancashire. The £1 shares at 25s. 6d. yield 11.8 per cent.

Rediffusion

THE overseas revenue of Rediffusion rose to over £6 million last year and profit from this source helped the company to escape comparatively lightly from the effects of credit restrictions on the sale of television sets in this country. But over one-third of the increase of 11 per cent in consolidated profits came from trade investments—that is, bigger dividends from Associated Rediffusion.

For the current year the chairman of Rediffusion, Mr J. Spencer Wills, does not expect much more than unchanged profits. In the longer term he believes that the company's system of wired networks is capable of carrying colour television signals and also particularly suitable for the development of subscription television. In this field the company has now entered into a long term agreement with the Rank Organisation.

Like most companies in relay television Rediffusion has spent heavily on capital in recent years. Despite an injection of £4.5 million from a rights issue last November net cash assets by the end of March were no higher than £1.8 million while net fixed assets rose by £3.6 million in the year. The new shares resulting from the issue did not rank for dividends in 1960-61. In all the tax-free dividend was raised from 20 to 22 per cent and the 5s. shares at 39s. 7½d. yield 5 per cent.

Renold Chains

THE year to April 2, 1961, opened well for Renold Chains; its order book was strong; it had just completed a highly successful year which brought out the benefits of extensive modernisation and re-equipment between 1956 and 1959 and a rise of 60 per cent in profits. Further improvement in the past year is marked by a rise in trading profits of 13½ per cent, from £2,508,000 to £2,854,000. Depreciation costs slightly more and taxation is up from £887,000 to £1,125,000, leaving net profits 10 per cent higher at £1,019,000 against £927,000.

The group has a wide range of products, which include chains for conveyors and motor cars as well as power transmission equipment; it has several manufacturing and selling subsidiaries abroad whose profits appear to have risen faster than profits earned at home. The directors have played safe in maintaining the ordinary dividend at 10 per cent, on which the cover has risen to just over twice; at 41s. 3d. the £1 shares yield 4.9 per cent.

Land Securities

IT seemed clear from the big development programme recently outlined by Mr Harold Samuel that Land Securities would have to get more new money; and it is no surprise that Land Securities' link with the Legal and General Assurance is now to be further strengthened. Over the course of two or three years this should bring about £17¼ million into the property company. Legal and General has already subscribed £6 million in a 6¼ per cent convertible debenture and has the right to subscribe for up to 1½ million ordinary shares. Now it has agreed to take up £15 million of a debenture, to be issued effectively at 99, at a similar rate of interest. It will make an initial advance of £3 million and subscribe a maximum of £6 million in any one year up to June 30, 1964.

This new debenture is not strictly convertible but it gives Legal and General the right to subscribe for a further 1½ million ordinary shares at 30s. per share; this compares with the current price of 31s. 9d. Thus if Legal and General exercises all its conversion and subscription rights it will hold 3 million 10s. shares, or 10 per cent of the bigger and more highly geared capital.

Trust Houses

PERHAPS the most impressive point in Sir Geoffrey Crowther's statement to shareholders of Trust Houses is the size and scope of the company's development programme. Last year Trust Houses acquired the Shelbourne Hotel in Dublin and at the close of the financial year it opened the Dragon Hotel in Swansea. In August the Hertford Hotel will be opened, giving Trust Houses its third London hotel, while plans are in hand for a fourth. In Winchester and just outside Sheffield new hotels are also planned. These are in addition to a programme of extensions to existing hotels, where the plan is to add over 700 bedrooms and 800 private bathrooms.

This capital programme is expected to cost over £2 million in the next four years. This compares with a cash balance of £2.3 million, reflecting the £1 million raised last January by the rights issue. As then forecast, the ordinary dividend has been maintained at 12½ per cent on an increased capital. Net profits for the year to March 31st rose from £298,000 to £323,000, to cover the ordinary dividend just under 1½ times, but profits do not include a full year's earnings from Shelbourne Hotel (which before tax are estimated at £80,000) nor a full year's earnings on the money raised by the rights issue. If they did, Sir Geoffrey estimates the cover would be 1¾ times.

To keep to the forefront in the hotel business, Trust Houses may well have to come to the market again and benefits may accrue to shareholders through their participation in new issues on favourable terms rather than through big increases in the ordinary dividend rate (this, in any case, is limited to 20 per cent). It will clearly be some years before the new hotels produce a satisfactory return on the money invested. At 69s. the £1 shares are 13s. below their 1961 peak but still yield no more than 3.6 per cent.

Aspro-Nicholas

ASPRO-NICHOLAS added to its sales of pharmaceuticals, household products and toilet requisites in the year to March 31st and its total turnover rose by 15 per cent. Gross profits did not quite match this, rising by 12¾ per cent from £1 million to £1,128,000. The tax charge rose steeply so that net profits in fact fell back from £446,000 to £412,000. These profits were disappointing, for the directors had been hoping for gross profits of £1½ million after the acquisition of Griffiths Hughes.

The principal reason for the disappointing results was the loss incurred by a new North American subsidiary whose sales of veterinary products failed to come up to expectations. At home there were several weak spots as well. The veterinary and pharmaceutical activities yielded a low return on capital invested. Integration with Griffiths Hughes had its own costs and though the chairman, Mr Maurice Nicholas, says that greater efficiency and bigger output have helped to offset the rise in prime costs a further increase in advertising both at home and abroad has put some pressure on margins.

The reorganisation following the merger has had its effect on the balance sheet. Though an issue of 6¼ per cent debenture raised £2 million, the bank overdraft still amounts to nearly £1 million. The chairman has little to say about future prospects but clearly economies of integration must be fully exploited if rising costs are to be contained. The dividend of 14 per cent represents a small increase over the previous year's equivalent payment of 13⅜ per cent but the shares issued in the acquisition of Griffiths Hughes did not rank for the earlier payment. It is covered 1.4 times and the 5s. shares at 17s. 3d. xd yield 4.1 per cent.

Volkswagen

VOLKSWAGEN is the biggest of the European motor producers. Last year it made 724,000 cars and 139,000 commercial vehicles, all of the same basic model. Last year 30 per cent more VWs were sold in western Germany than in 1959 and they accounted for 34.3 per cent of the market, against 31.5 per cent. In the United States, sales of the VW have continued to rise while the sales of other imported cars have fallen; in 1960 VWs represented 31 per cent of imported car sales in the United States and this year the percentage share is likely to be over 40 per cent. The directors say that the sales prospects are still good but they warn shareholders that the effects of the mark revaluation cannot be determined until the end of the year. Dr Nordhoff, in his address to shareholders last week, spoke of the increase in competition and the reduction in profits that would result from the increase in the German motor industry's capacity. Volkswagen had already had its margins cut by increased costs and it might now have to raise prices.

The new 1½ litre VW that is being introduced next September is the first step to a change in the present model; though Dr Nordhoff said that the existing car will remain the basis of production for many years. At some date it will have to be replaced. This will be the testing time for the company, which has been founded on a design that it inherited.

London Stock Exchange

FIRST DEALINGS:	June 12	June 26	July 10
LAST DEALINGS:	June 23	July 7	July 21
ACCOUNT DAY:	July 4	July 18	Aug. 1

EQUITY prices, having held reasonably steady before the week-end, fell very sharply this week. Economic uncertainties still clouded the market and another statement from the Chancellor contributed to the gloom. The volume of selling, however, was not heavy as the jobbers were quick to mark prices down. The extent of the falls after the week-end is shown by *The Economist* indicator, which lost 15.2 points to 368.0, its heaviest fall this year—taking it back to the levels at the end of January. Immediately after the week-end there was some investment buying of medium dated stocks, but this was overshadowed on Tuesday by the effects of the June figures for gold and convertible currency reserves, which fell more than the market expected, and by the Chancellor's statement the following day. Over the week, however, the *Financial Times* index of government security prices showed only a small net fall. Short and medium dated stocks held steady and the fall in the irredeemables was halted: 3½ per cent War Loan gained ⅛ to 53 16/32 despite a fall on Wednesday.

Among bank shares Barclays lost 5s. 9d. to 76s. 9d. and Lloyds 5s. 6d. to 63s. 3d. The news of substantial hire purchase losses led to a fall in Bowmaker from 19s. 4½d. to 16s. 7½d. Insurance shares were also rather depressed, Pearl losing 10s. to 210s. and Legal and General ⅜ to 32⅝. The news that the Chancellor did not intend to restrict building was not enough to prevent net falls in building shares; Associated Portland lost 2s. 3d. to 75s. 6d. Among brewery shares Courage Barclay were down on the results and J. and R. Tennent lost 2s. 6d. to 36s. on the news of the rights issue. Debenhams failed to hold their gains after Sir Hugh Fraser denied rumours of a bid and they lost 4s. 7½d. to 59s. 1½d. Shipbuilding shares were depressed by the forecast from Richardsons Westgarth of a substantial loss in the current year.

Steel share prices fell back after disappointing results from Whitehead Iron and the news of Colville's rights issue. Among the blue chips ICI were 3s. 7½d. lower at 66s. 4½d. Motors lie under the shadow of the possibility of economic measures and BMC fell to a new low for the year of 14s. Engineering shares were also dull. Oil share prices held up when prompt British reactions to the Kuwait crisis reduced the extent of Continental selling. The news of difficult prospects from A. E. Reed influenced other paper shares; Bowater lost 2s. 9d. to 52s. The conclusion of the Monopolies Commission that Imperial Tobacco should sell its interest in Gallaher led to a fall in Gallaher of 5s. 6d. to 40s. Kaffirs fell once more, F. S. Geduld losing 5s. to 76s. 3d. and Anglo American 7s. 6d. to 110s.

LONDON AND NEW

Prices, 1961 High	Prices, 1961 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, June 28, 1961	Price, July 5, 1961	Net Yield, July 5, 1961 §	Gross Yield, July 5, 1961
92½	89 15/16	Savings Bonds 3%.....1955–65	90 15/16	90 31/32	£ s. d. 4 2 7	£ s. d. 5 9 9
100 1/32	99⅛	Conversion 4½%.....1962	99⅝	99 23/32	4 1 11	4 19 2
96⅞	95 3/16	Exchequer 3½%.....1962–63	96	96 5/32	3 17 5	5 2 11
101 5/16	100⅜	Exchequer 4½%.....1962	100⅞	100⅞	4 12 11	4 19 10
93 29/32	92⅛	Treasury 5½%.....1963–64	93	93 1/16	4 1 5	5 2 8
93 29/32	92⅛	*Exchequer 2½%*.....*1963*	93½	92 27/32	3 9 4	5 7 7
99 19/32	98½	Conversion 4¾%.....1963	97/3	97/3–	4 15 10	5 13 3
98 9/32	96⅞	*Conversion 4½%*.....*1964*	96⅞	96 15/16	3 11 6	5 17 6
101 5/16	98⅜	Exchequer 5½%.....1959–69	98⅝	98⅞	4 18 2	6 5 6
83 1/8	80⅝	Funding 3%.....1960–90	80⅝	80⅜	3 14 11	5 9 5
89¾	86⅛	Funding 4%.....1960–90	86 11/16	86 15/16	4 18 10	6 7 2
79 13/16	77 5/16	Savings Bonds 3%.....1964–67	77¾	77⅞	4 15 7	5 17 9
84 7/8	82¾	Savings Bonds 2½%.....1965–75	83⅝	83 15/16	4 16 10	6 7 0
72 11/16	70	Savings Bonds 3%.....1965–75	70⅛	70¼	4 16 10	6 7 0
83 5/16	81 3/16	*Funding 3%*.....*1966–68*	81 7/16*	81 7/16*	4 19 2	6 5. 0
97 1/2	93 1/4	Victory 4%.....1920–76	96 1/8*	96 7/16	3 2 2	4 15 10
85 1/2	83⅜	*Conversion 3½%*.....*1969*	83⅞	84 1/16	4 15 5	6 7 3
85 1/2	83⅜	Conversion 5½%.....1971	89½*	89 3/4	4 6 6	6 7 8
93 5/16	89⅛	Conversion 5½%.....1974	91⅞	91 7/8	4 0 11	6 4 2
95 11/16	91 9/16					
73 1/8	69 1/16	Treasury 3½%.....1977–80	69 1/16	69¼	4 12 1	6 6 7
72 1/8	69⅝	*Treasury 3½%*.....*1979–81*	69⅝	69⅝	4 11 8	6 7 11
72 1/8	69⅝	Treasury 5½%.....1979–84	91⅝*	91 15/16*	3 18 1	6 3 11
97 9/16	91⅝	Redemption 3%.....1986–96	54⅜	54⅜	4 8 9	6 5 10
59 1/2	54⅜					
88 1/4	83 1/4	Treasury 5%.....1986–89	83¼	83¼	4 2 3	6 7 5
63 1/16	58⅜	Funding 3½%.....1999–2004	58⅜*	58⅜*	4 5 2	6 6 5
94⅝	87 11/16	Treasury 5½%.....2008–12	87¾	87⅞	3 19 6	6 8 7
65⅞	59	Consols 4%.....after Feb. 1957	59*	59⅛*	4 2 8	6 14 8
59¼	52⅜	War Loan 3½%.....after 1952	52 13/16	53 1/16	4 1 2	6 12 9
59	52 13/16	Conv. 3½%.....after Apr. 1961	52 13/16	53 1/16	4 1 6	6 13 11
59	52 13/16	Treasury 3%.....after Apr. 1966	45⅜	45⅝	4 1 5	6 13 9
44	38⅜	Consols 2½%.....	38⅜*	38⅜	3 19 4	6 9 6
43 1/2	38⅜	Treasury 2½%.....after Apr. 1975	38⅜	38⅜	4 0 2	6 11 9
91 5/16	83 1/4	British Electric 4½%.....1967–69	90	88 1/8*	4 9 7	6 6 7
75 11/16	73 1/16	British Electric 3%.....1968–73	73⅛	73 5/16	4 18 3	6 7 11
70⅝	68	British Electric 3%.....1974–77	68	68¼	4 15 10	6 6 2
81⅞	79 5/16	British Electric 4½%.....1974–79	79 1/16	79 5/16	4 5 11	6 2 2
73 1/2	69 1/8	British Electric 3%.....1968–84	69 1/16	69 1/16	4 12 2	6 6 8
70	62	British Electric 3%.....after 1968	62	62	4 11 6	6 5 7
84⅞	81⅝	British Gas 4%.....1969–72	83 1/8	81 5/8*	4 11 1	6 3 11
81 13/16	79 11/16	British Gas 3½%.....1969–71	80	80⅜	4 13 6	6 5 9
59⅜	54 1/4	British Gas 3%.....1990–95	54 1/4	54⅜	4 9 10	6 6 6
75 11/16	73 1/16	British Transport 3%.....1968–73	73⅛	72 15/16	4 18 3	6 5 11
80⅞	76¾	British Transport 4½%.....1972–77	77	76¾	4 8 11	6 2 11
61 7/16	56 11/16	*British Transport 3%*.....*1978–88*	57	56¾	4 13 6	6 7 8

Prices, 1961 High	Prices, 1961 Low	DOMINION AND CORPORATION STOCKS	Price, June 28, 1961	Price, July 5, 1961	Yield, July 5, 1961
					£ s. d.
82⅛	78⅝	Australia 3¼%.....1965–69	80	78⅝*	6 11 0
101	98	Australia 6%.....1974–76	98	98	6 6 0
72½	68½	Ceylon 4%.....1973–75	69½	69½	7 18 0
101⅛	98	New Zealand 6%.....1976–80	98	98	6 16 0
80½	71½	*Rhodesia and Nyasaland 6%*.....*1956–81*	72*	71¼*	8 19 0
81	75	South Africa 3½%.....1965–67	76½	75½	8 17 0
59	56	Southern Rhodesia 4½%.....1987–92	56½	56⅜	8 14 0
94⅝	90⅜	Agricultural Mortgage 5½%.....1980–85	90½	91	6 5 0
89	84⅛	Birmingham 4¼%.....1967–70	84½	84½	6 10 0
92¾	88	Bristol 5%.....1971–73	88¼	88¼	6 8 0
93	89½	Corporation of London 5¼%.....1976–79	89½	89½	6 5 0
48¾	43⅜	L.C.C. 3%.....after 1920	43½	44	6 16 0
89⅛	85¼	L.C.C. 5%.....1980–83	85¼	85¼	6 6 0
93	88½	Middlesex 5¼%.....1980	88¾	89¼	6 8 0

NEW YORK PRICES AND INDICES

	June 28 $	July 5 $		June 28 $	July 5 $		June 28 $	July 5 $
Atch. Topeka....	25½	26½	*Boeing*.....	47	49¾	Int. Harvester..	53¾	54½
Can. Pacific....	24⅜	24½	Celanese.....	37¾	39	Inter. Nickel...	76⅛	79⅜
Pennsylvania....	13¼	13¼	Chrysler.....	45	45⅞	Inter. Paper....	30⅜	30⅜
Union Pacific...	33¼	34	Col. Palmolive..	43½	45¾	Kennecott.....	85¼	85¾
Amer. Electric ..	67	69⅜	Crown Zeller....	53¼	53¼	Monsanto.....	52⅜	54⅞
Am. Tel. & Tel..	117⅛	119⅜	Distillers Seag..	38¼	38⅝	Nat. Distillers..	27⅞	28⅜
Cons. Edison....	76	77½	Douglas.....	30⅞	33⅝	Pan-American...	17¾	18⅛
Int. Tel. & Tel....	*52¾*	*54½*	*Dow Chemical*..	*77*	*78¾*	Procter Gamble	85⅜	87½
Standard Gas....	5⅜	5⅜	Du Pont.....	214	216	Radio Corpn...	58¼	59⅜
United Corpn....	8¼	8⅜	East. Kodak....	105¼	109⅞	Sears Roebuck..	68⅛	69¾
Western Union..	41	43⅞	Ford Motor....	81½	83⅞	Shell Oil.....	39⅞	40½
Alcoa.....	71¾	74¼	Gen. Electric...	63⅝	64⅝	Socony-Mobil....	45¼	45⅞
Aluminium.....	34¼	34	General Foods..	82½	82¼	Stand. Oil Ind...	51⅝	51
Amer. Can.....	41⅞	41⅞	General Motors..	44⅜	44¾	Stand. Oil N.J....	43⅝	44⅞
Am. Smelting....	666	66⅝	Goodyear.....	41	43	Union Carbide..	139⅛	138
Am. Viscose....	56⅜	58	Gulf Oil.....	37⅜	37⅜	U.S. Steel.....	80½	81⅝
Anaconda.....	57½	58	Heinz.....	52⅜	57¾	West. Electric..	44⅛	43⅜
Beth. Steel.....	42⅛	42	Int. Bus. Mach..	475	475	Woolworth.....	77¼	75

Standard and Poor's Indices (1941–43=10)

1961	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
June 7	70·57	2·83	33·04	4·89	59·23	3·23	90·39	3·58
„ 14	69·86	2·89	32·64	4·95	58·81	3·28	90·49	3·84
„ 21	68·99	2·92	32·15	5·03	57·94	3·33	89·96	*3·89*
„ 28	68·40	2·95	31·68	5·10	57·55	3·36	89·75	3·91
July 5	69·43	2·90	32·38	4·99	58·92	3·28	89·85	3·90

425 Industrials:—High, 71·25 (May 17). Low, 60·87 (Jan. 3).

* Ex dividend. † Tax free. ‡ Assumed average life 8 years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all.
(a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution of 1s. 6d. per share. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling.
(h) After Rhodesian tax. (l) To latest date.

YORK STOCKS

Prices, 1961 High	Prices, 1961 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, June 28, 1961	Price, July 5, 1961	Yield, July 5, 1961	Cover
		%	%	**FOOD & TOBACCO**				
34/–	18/–	10 c	10 c	Allied Suppliers....10/–	19/3	18/–	5·56	2¼
15/–	7/9¾	4 c	10 a	Assoc. British Foods..1/–	13/–	12/9	1·65	2½
74/–	55/–	4 a	8 b	Bovril.....£1	58/–	55/–	4·36	2½
15/6	12/3	†47½ b	†21½ a	Brooke Bond 'B'.....5/–	12/9	12/3	4·44	3¾
19/3	14/–	10 b	2½ a	International Tea.....5/–	15/–	14/–	4·46	13¼
107/9	74/6	5 a	10⅝ b	J. Lyons 'A'.....£1	76/6	74/6	4·25	11¼
35/6	26/10½	9 b	5 a	Ranks.....10/–	29/4½*	28/3*	4·96	2
14/0¾	10/9	2½ a	7½ b	Spillers.....5/–	12/4½	10/10½	4·60	2
5⅝	4⅜	9 b	3 a	Tate & Lyle.....£1	46/7½	44/–	5·45	2
20/10½	16/–	9 b	3 a	Unigate.....5/–	17/6	16/33	4·29	13¼
73/–	62/–	†21½ c	†9½ a	Unit. Amer. Tobac.....10/–	65/3	64/3	5·51	23¼
51/6	40/–	5 a	15 b	Gallaher.....10/–	45/6	41/–	4·88	2
71/6	65/3	8½ a	14 b	Imperial Tobacco.....£1	66/–	65/9	6·84	13¼
				INSURANCE				
151¼	115 16	†50 a	†55 b	Britannic.....5/–	13⅞	13⅞	3·27	...
86/3	61/3	20 a	25 b	Commercial Union..5/–	68/3	65/–	3·46	...
32	17⅞	†41·17c	†41·17c	Equity & Law Life...8/6	28*	27⅞*	1·05	...
176/9	103/9	20 c	40 b	General Accident....5/–	157/3	152/6	1·97	...
60/6	42/7½	35 a	40 b	Guardian.....5/–	49/6¶	47/6	2·81**	...
39½	23¼	80 a	110 b	Legal & General.....5/–	33	32⅝	1·46	...
146/–	100/–	8½ a	11½ b	Northern & Empl.....£1	127/9	126/6	3·16	...
272/6	156/3	†20 a	†70 b	Pearl.....5/–	220/–	210/–	3·50	...
29	18	†183½ c	†208½ c	Prudential 'A'.....4/–	23 13/16	23¼	2·90	...
182/–	140/9	50 a	50 b	Royal.....5/–	166/6	158/6	3·15	...
129/3	104/6	7½ a	11¼ b	Royal Exchange.....£1	108/6	104/6	3·59	...
				MOTORS & AIRCRAFT				
18/10½	14/–	12½ b	7½ a	British Motor.....5/–	15/11½	14/–	7·14	2½
86/3	66/3	20 c	20 c	Jaguar Cars 'A'.....5/–	76/–	72/10½	1·37	73¼
48/6	41/10½	2½ a	8½ b	Rolls-Royce.....£1	46/–	44/41	4·96	25¼
10/–	7/3¾	12 c	12 c	Rootes Motors 'A'...4/–	7/8¼	7/3¾	6·56	5¼
88/9	52/2¼	15 b	2 a	A.C.V.....£1	76/3	75/–	4·27**	2½
99/10½	79/–	15 c	20 c	Leyland Motors.....£1	93/–	90/–	4·44	...
18/6	14/–	3½ a	9 b	Bristol Aeroplane...10/–	16/11½	16/–	7·81	2¼
33/3	28/11½	10 a	5 b	Hawker Siddeley.....£1	29/4½	28/6	7·44**	11¼
41/3	34/–	†51½ b	†4 a	Dowty Group.....10/–	35/11½	34/6	4·48	3
28/10½	21/6	3½ a	12½ b	Dunlop Rubber.....10/–	26/6	25/10½	6·12	2
72/–	57/3	11 a	21 a	*Joseph Lucas*.....*£1*	58/9	57/3	4·80	3
33/3	21/6	9 c	21 c	Pressed Steel.....5/–	22/3	21/6	6·98	11¼
46/3	36/–	10 c	15 c	Triplex Holdings....10/–	41/10½	39/10½	3·76	3
				MINES				
168/9	110/–	40 a	50 b	Anglo-American.....10/–	117/6	110/–	8·18	1½
67/3	43/–	18¾ b	6¼ a	Consolid. Gold Fields..£1	44/–	44/–	11·36	2
108/9	75/–	15 a	25 b	General Mining.....£1	77/6	73/–	9·25	3
68/6	40/–	40 a	120 b	Union Corporation...2/6	43/3	43/3	9·25	3
25/3	15/6	40 a	40 b	Daggafontein.....5/–	16/–*	15/6*	25·81	1½
125/–	76/3	100 b	70 a	Free State Geduld.....5/–	81/3	76/3	11·15	2
54/3	37/6	25 a	25 b	Hartebeestfontein...10/–	40/–*	41/3*	12·12	1½
64/6	41/10½	60 b	50 a	President Brand.....5/–	48/9	46/10½	11·73	1½
157/6	101/3	110 b	90 a	Western Holdings....5/–	110/–	106/10½	9·36	1¼
28/6	15/9	...	8½ a	Winkelhaak.....10/–	20/3	19/3	....	8½
75/3	55/–	13½ a	36¾ b	Chartered.....15/–	60/–	61/6	12·20	2
63/6	51/3	60 b	20 a	Rhod. Anglo-Amer..10/–	53/6	51/3	15·61b	2
11/7½	8/3	12½ a	41½a	Rhod. Selection Tst..5/–	9 4½	9/3	9·29b	2¼
6/1½	4/10½	10 15½a	4½ b	Roan Antelope.....5/–	5/3	5/1½	14·74b	13¼
30/9	22/–	22½ b	15 a	Tanganyika Cons....10/–	23/9	22/6	16·67	1½
81/6	64/–	6¼ a	13¾ b	Consolidated Zinc....£1	68/6	67/9	5·90	13¼
159/4½	110/–	100 a	150 b	De Beers Defd. Reg..5/–	118/9	116/10½	10·70	13¼
$152½	$104	$1·50c	$1·50c	Internat. Nickel ...n.p.v.	$142	$149½	1·80	...
22/6	12/10½	7½ a	27½	London Tin.....4/–	21/–	19/9	7·09**	11¼
45/–	30/–	20 c	27½c	Rio Tinto.....10/–	33/9	35/–	7·86	1½
87/–	35/6	62½ c	70 a	Tronoh.....5/–	85/9	84/6	4·14**	...
				OIL				
61/6	46/–	†31 3a	†8½ b	British Petroleum....£1	48/3	47/3	8·06	2¼
49/6	36/9	†21½ a	†6⅞ b	Burmah Oil.....£1	38/6	37/–	8·28	1¼
52/–	40/–	6¼ a	13¾ b	Castrol.....10/–	40/9	40/–	5·00	2½
£151/16	£105⅛	10·25a	13·64b	Royal Dutch.....£12⅝	£13	£123/8	3·67	29¼
139/7½	103/9	†81½ a	†121½ b	Shell Transport.....£1	123/9	123/–	5·53	3
41/3	27/9	...	...	Ultramar.....10/–	30/6	31/–	... d	...
				PAPER & NEWSPAPERS				
14/7½	9/10½	8 b	5 a	Daily Mirror.....5/–	12/–	11/10½	6·32**	11¼
91/–	63/9	4 a	8 b	W. H. Smith & Son 'A'..£1	68/1½	63/9	3·76	2
66/3	52/–	5 a	8½ b	Bowater Paper.....£1	54/9	52/–	5·29	11½
56/6	44/–	9 a	7 b	Albert E. Reed.....£1	48/9	45/9	6·99	13¼
54/3	37/6	4 a	8½ b	Spicers.....£1	50/3	46/10½	5·33	13¼
32/6	25/6	17 a	18 b	*Thomson Pref'd Ord.*..5/–	28/3	28/–	8·04**	2½
68/9	50/6	4 a	10 b	Wiggins Teape.....£1	59/3	56/6	4·96	2

Prices, 1961 High	Prices, 1961 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, June 28, 1961	Price, July 5, 1961	Yield, July 5 1961	Cover
		%	%	**MISCELLANEOUS**				
82½	78⅝	10 a	60 b	Assoc. British Picture..5/–	58/–	56/3	5·33	13¼
101	98	30 b	20 a	Assoc. Television 'A'..5/–	29/–	28/–	8·93	2
72½	68½	16 a	14 b	Beecham Group.....5/–	51/9	41/41½	4·63¼	3·03
101⅛	98	6 3½ a	3 1½ a	British Match.....£1	54/3	42/–	4·42	2½
80½	71¼	28 3½	17 6	British Oxygen.....5/–	21/9	20/6	2·60	2½
81	75	7 a	4 a	British Ropes.....2/6	13/–	9/9	5·06	2¼
59	56	7½ a	15 b	De La Rue.....10/–	57/3	55/6	4·05	2
94⅝	90⅜	5 a	10 b	Gestetner 'A'.....5/–	37/6	37/–	2·70	3¼
89	84⅛	6 a	14 b	Glaxo.....10/–	58/–	54/3	2·76**	3¾
92¾	88	12 b	3 a	Harrisons & Cr. Defd..£1	51/9	51/3	5·85	2¾
93	89½	5 a	40 b	Hoover 'A'.....5/–	41/3	41/6	5·42	2¼
79 13/16	77 5/16	5 a	12½ b	Ilford.....5/–	27/4½	26/3	3·33	2
84⅞	82¾	5 a	12½ b	I.C.T.....£1	92/9	93/3	2·41	23¼
72 11/16	70	4 a	11 b	National Canning....£1	68/9	66/3	3·77	2¼
83 5/16	81 3/16	6 a	12½ c	Powell Duffryn.....10/–	33/6	32/–	5·00	2½
97½	93¼	5 a	9 a	Radio Rentals.....5/–	30/11½	28/7½	3·49	3
85½	83⅜	15 c	5 a	Rank Organisation.....5/–	40/–	38/9	3·10	13¼
95 5/16	89⅛	6 a	14 b	Schweppes.....5/–	33/6	32/6	3·70	2¼
63/–	45/3	20 c	25 c	Sears 'A'.....5/–	39/–	34/8½	3·71	2
63 1/2	54⅜	8 a	10 b	Thomas Tilling.....4/–	26/3	25/9	3·11	2
91 5/16	83 1/4	4 a	8 a	Turner & Newall.....£1	63/6	61/–	3·93	2¼
146/–	100/–	8½ a	11½ b	Unilever.....£1	141/3	133/9	3·67	3¼
272/6	156/3	†20 a	†70 b	Unilever N.V. .....12 fl.	108	101⅜	2·48	3¼
29	18	†183½ c	†208½ c	United Glass.....5/–	18/–	17/6	4·29	2½
182/–	140/9	50 a	50 b	United Molasses.....10/–	32/–	31/3	7·84	1
129/3	104/6	7½ a	11¼ b					
				SHIPPING				
18/10½	14/–	12½ b	7½ a	Brit. & Com'wealth. 10/–	36/9	36/9	5·44	2
86/3	66/3	20 c	20 c	Cunard.....£1	15/9	15/3	7·87	1¼
48/6	41/10½	2½ a	8½ b	France Fenwick.....£1	22/–	22/–	6·36	1½
10/–	7/3¾	12 c	12 c	Furness Withy.....£1	41/–	40/–	5·00	23¼
88/9	52/2¼	15 b	2 a	London & Overseas..5/–	11/6*	11/–*	7·95	...
99/10½	79/–	15 c	20 c	P & O Defd.....£1	40/–	38/6	5·71	1
18/6	14/–	3½ a	9 b	Reardon Smith.....10/–	12/6	12/6	2·00	...
33/3	28/11½	10 a	5 b	Royal Mail.....£1	15/–	15/–	6·67	...
41/3	34/–	†51½ b	†4 a					
28/10½	21/6	3½ a	12½ b					
72/–	57/3	11 a	21 a	**STEEL**				
33/3	21/6	9 c	21 c	Colvilles.....£1	68/11½	58/6	5·47	4½
46/3	36/–	10 c	15 c	Dorman Long.....£1	32/7½	29/9	6·72	2½
				Lancashire Stee.....£1	39/–	35/6	6·20	3½
				South Durham.....£1	29/4½	28/–	8·57	2
				Steel Co. o Wales....£1	38/9*	36/7½*	6·83	23¼
				Stewarts & Lloyds....£1	44/10½	42/–	7·14	3½
				John Summers.....£1	50/11½	48/9	6·15	23¼
				United Steel.....£1	54/7½*	49/–*	6·37**	3
				Whitehead.....£1	58/9	48/9	6·15	3¼
				TEXTILES				
				English Sewing Cotton £1	34/11½	33/11½	7·55	1½
				Fine Spinners.....*£1*	26/7½*	25/11½*	11·94	2
				Lancashire Cotton.....£1	55/7½*	54/–*	9·26	1½
				Courtaulds.....£1	36/6	34/6	5·80	13¼
				Illingworth Morris...4/–	10/10½*	10/11½*	7·90	1½
				West Riding Worsted .£1	69/–*	67/3*	6·25	2
				Woolcombers.....£1	31/–	30/6	6·56	2
				Bradford Dyers.....£1	15/10½	15/4½	7·80	1¼
				Calico Printers.....5/–	12/7½	11/9	8·51**	3½
				Coats, Patons & B....£1	44/4½	41/10½	5·97**	2
				Jute Industries.....10/–	11/11½	10/7½	12·24	3
				Tootal.....£1	30/11½	29/7½	6·75	1
				TRUSTS, LAND & PROPERTY				
				Alliance Trust.....5/–	59/9	57/9	3·25	1¼
				B.E.T. 'A' Defd.....5/–	50/–*	47/9*	5·24	1½
				Cable & Wireless.....5/–	17/9	17/–	2·94	1¾
				City Centre Props. ..5/–	56/9	56/–	2·26**	3¼
				City Lond. Real Prop..£1	81/3	79/3	2·78	1
				Hudson's Bay.....£1	8 16/16	7 29/32	4·07	13¼
				Land Securities.....10/–	31/3	32/9	1·83	1
				Lond. Cnty. Freehld. 10/–	30/6	30/9	3·93	1
				TEA & RUBBER				
				Cons. Tea & Lands....*£1*	43/9	44/3	20·30	1
				Jokai (Assam).....£1	29/9	30/6	12·85	2
				Nuwara Eliya.....£1	10/6	10/9	....	1¼
				Highlands & Lowlands 2/–	5/2¼	5/6 3/4	14·98	1½
				London Asiatic.....2/–	5/9 3/4	6/0 3/4	14·85	2
				United Sua Betong....£1	77/6	80/–	12·50	1½

The Economist Indicator (1953=100)

1961	Indicator	Yield %
May 31	412·7	4·47
June 7	410·7	4·48
„ 14	402·3	4·57
„ 21	391·2	4·71
„ 28	383·2	4·81
July 5	368·0	5·02

1961	High	Low
	427·2 (May 10)	359·4 (Jan. 4)

Financial Times Indices

1961	Ord. Index†	Ord. Yield	Fixed Int. ‡	2½% Consols Yield	Bargains Marked
June 29	322·8	4·86	83·05	6·47	12,030
„ 30	322·0	4·87	82·96	6·45	11,545
July 3	318·7	4·92	82·97	6·45	13,455
„ 4	314·4	4·98	82·89	6·47	12,671
„ 5	308·1	5·09	82·80	6·47	12,696

High, 365·7 (May 15). Low, 305·9 (Jan. 3).
† July 1, 1935=100. ‡ 1928=100.

THE ACTUARIES' INVESTMENT INDEX
(December 31, 1957=100)

GROUP	Price Index June 28, 1960	Price Index May 30, 1961	Price Index June 27, 1961	Average Yield per cent June 28, 1960	Average Yield per cent May 30, 1961	Average Yield per cent June 27, 1961
FINANCIAL :—						
Banks.....	199·5	300·6	268·5	3·91	2·99	3·37
Investment trusts.....	201·6	270·5	244·2	3·59	3·00	3·38
INDUSTRIALS :—						
Electrical engineering.....	156·3	161·4	151·3	4·66	4·89	5·22
Engineering.....	164·1	192·2	175·7	4·20	4·11	4·49
Steel.....	268·0	254·7	221·4	4·62	5·47	6·36
Breweries.....	222·3	206·1	266·5	4·18	3·87	4·11
Chain stores.....	182·9	259·4	246·7	3·18	2·54	2·69
Cotton and rayon textiles.....	192·5	199·3	182·6	5·50	6·77	7·44
Wool textiles.....	194·7	207·8	198·8	5·39	5·57	5·80
Chemicals.....	223·6	234·9	214·9	3·51	3·66	4·01
Oil.....	119·3	139·7	127·8	6·29	6·10	6·69
Shipping.....	111·3	108·2	99·0	5·44	5·01	5·44
All classes combined.....	178·5	209·9	192·1	4·80	4·64	5·07
Total—*Capital Goods*.....	172·4	189·9	173·3	4·63	4·74	5·22
Total—*Consumption Goods*.....	217·2	271·9	252·2	4·50	4·19	4·52

** Yields based on assumed dividends :—A.C.V., 16%. Bass, Mitchells & B., 11%. Calico Printers, 20%. Chartered Bank, 15%. City & Centre Props., 25⅓%. Coats, Patons & B., 12½%. Daily Mirror, 15%. Distillers, 15%. Glaxo, 15%. Guardian, 26⅔%. Guinness, 22%. Hawker Siddeley, 10·6%. Ind Coope, T.A., 12% on merger terms. Lloyds Bank, 10⅝%. Midland Bank, 15%. Rank Organisation, 22½%. Thomson Pref'd. Ord., 45%. Tronoh, 70%. United Steel, 15·6%.

Money and Exchanges

EXCHEQUER RETURNS

For the 6 days ended June 30, 1961, there was an "above-line" deficit (after allowing for sinking funds) of £38,603,000 compared with a deficit of £4,532,000 in the previous week and a deficit of £21,169,000 in the corresponding period of last year. There was a net receipt "below-line" of £29,652,000 leaving a total cumulative deficit to date of £167,894,000 compared with £308,862,000 in 1960–61.

£'000	Estimate 1961–62	April 1, 1960, to June 30, 1960	April 1, 1961, to June 30, 1961	5 days ended June 30, 1960	6 days ended June 30, 1961
Ordinary Revenue					
Income Tax	2,728,500	321,203	376,823	34,858	41,849
Surtax	210,000	24,300	29,200	700	3,300
Death Duties	240,000	56,200	73,300	2,300	5,200
Stamps	61,000	21,900	28,300	900	2,300
Profits tax, EPT and EPL	325,500	48,600	61,200	2,000	3,200
Other Inland Rev. Duties	...	...	...	...	...
Total Inland Rev.	3,598,000	472,203	569,823	40,758	53,848
Customs	1,550,000	366,315	398,067	18,824	25,206
Excise	960,000	215,030	221,245	9,825	20,545
Total Customs and Excise	2,510,000	581,345	619,312	28,649	45,751
Motor Duties	155,000	14,503	15,853	277	...
PO (Net Receipts)	...	5,600	...	Dr. 3,800	...
Broadcast Lic's.	40,000	6,800	6,800	2,200	...
Sundry Loans	205,000	11,344	106,175	...	534
Miscellaneous		26,994		100	
Total	**6,508,000**	**1,118,789**	**1,316,963**	**68,184**	**100,133**
Ordinary Expenditure					
Debt Interest	660,000	174,349	195,100	2,062	2,754
Payments to N. Ireland Exch.	92,000	20,434	20,876	...	3,997
PO Fund — Initial settlement	15,000	...	...	...	...
Other Consolidated Funds	8,000	1,168	1,186	37	55
Supply Services	5,186,902	1,119,295	1,222,076	87,054	131,620
Total	**5,961,902**	**1,315,246**	**1,439,240**	**89,153**	**138,426**
Sinking Funds	40,000	6,601	6,490	200	310
"Above-line" Surplus or Deficit	**203,058**	**128,767**	**21,169**	**38,603** Cr.	
"Below-line" Net Expenditure*	105,804	39,127	55,747	29,652	
Total Surplus or Deficit	**308,862**	**167,894**	**76,916**	**8,951**	
Net receipts from:					
Tax Reserve Certificates	45,218	44,842	9,150	5,076	
Savings Certificates	22,200	*–5,500*	...	*–900*	
Defence Bonds	23,507	17,400	...	1,048	
Premium Saving Bonds	10,330	12,150	...	1,100	
Total		**101,255**	**68,892**	**9,150**	**6,324**

* Net issue of the Civil Contingencies Fund of £4 million in 1961–62 compared with a net issue of £13 million in 1960–61.

FLOATING DEBT

(£ million)

	Treasury Bills		Ways and Means Advances		Total Floating Debt
	Tender	Tap	Public Dept.	Bank of England	
1960					
June 30	5,510·7		260·4	...	5,771·1
1961					
Mar. 25	3,100·0	1,606·0	300·5	4·3	5,010·7
,, 31	4,648·1		307·3	...	4,955·4
Apr. 8	3,110·0	1,599·2	299·4	...	5,008·6
,, 15	3,130·0	1,928·5	269·5	6·0	5,333·9
,, 22	3,140·0	1,911·3	336·3	...	5,387·6
,, 29	3,110·0	1,993·1	247·9	...	5,351·0
May 6	3,130·0	1,887·3	293·3	...	5,310·6
,, 13	3,160·0	1,893·0	275·3	...	5,328·2
,, 20	3,180·0	1,839·1	316·3	...	5,335·5
,, 27	3,210·0	1,843·3	249·7	...	5,303·0
June 3	3,240·0	1,825·3	258·5	...	5,323·8
,, 10	3,270·0	1,827·6	242·2	...	5,339·8
,, 17	3,280·0	1,823·6	263·9	...	5,367·5
,, 24	3,290·0	1,874·2	201·6	...	5,365·8
,, 30	3,290·0	1,909·6	283·3	...	5,483·0

THE MONEY MARKET

At £98 17s. 4d. the combined bid of the discount houses remained unchanged at last Friday's bill tender. The market is still prepared for a rise in Bank rate, but would now be very surprised to see it in advance of the Chancellor's general measures expected later this month. The average rate of discount last week rose marginally by 0.47d. to £4 8s. 8.94d. per cent. Total application rose by £12 million to £491 million and the market received 46 per cent of its application compared with 50 per cent a week earlier.

The incidence of the half-year end produced unsettled conditions in Lombard Street. On Friday, even after the Bank had helped the market by purchasing a substantial number of bills, funds were still insufficient to meet the strains of the half-year and eight or nine houses called on the Bank of England to share a very large amount of assistance. On Saturday, in contrast, the market opened with money on offer at the clearing banks' minimum of 3½ per cent. After the weekend credit was again tight; on Monday and Tuesday the authorities provided the market with large amounts of help.

MONEY RATES

LONDON

	%
Bank rate (from 5½%, 8/12/60)	5
Deposit rates (maximum):	
Banks	3
Discount houses	3–3¼
Money: Day-to-Day	3⅜–4⅜

Discount rates:	%
Bank bills:	
60 days	4 21/32–4 23/32
3 months	4 21/32–4 23/32
4 months	4 21/32–4 23/32
6 months	4 21/32–4 13/16
Fine trade bills:	
3 months	5½–6
4 months	5½–6
6 months	5½–6½

NEW YORK

	%
Official Discount rate: (from 31/5%, 11/8/60)	3

Treasury bills:	%
June 26	2·2⅞
,, 30	2·30⅝

BANK OF ENGLAND RETURNS

(£ million)	July 6, 1960	June 28, 1961	July 5, 1961
Issue Department:*			
Notes in circulation	2,245·6	2,320·9	2,337·9
Notes in banking dept.	54·7	54·4	37·4
Govt. debt and securities†	2,297·5	2,373·5	2,373·5
Other securities	0·7	0·7	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	1·8	0·8	0·8
Banking Department:			
Deposits:			
Public accounts	10·9	13·0	12·2
Special deposits	87·5	153·7	153·7
Bankers	255·7	275·9	270·6
Others	67·5	77·2	77·6
Total	421·6	519·8	514·1
Securities:			
Government	333·3	397·1	368·2
Discounts and advances	30·4	67·2	107·7
Other	18·5	18·4	18·2
Total	384·1	482·7	494·1
Banking department reserve	55·6	55·2	38·2
	%	%	%
"Proportion"	13·1	10·6	7·4

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £50 million to £2,375 million on June 29th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills Average Rate of Allotment	Allotted at Max. Rate*
	91 day		s. d.	%
1960 July 1	290·0‡	449·6	113 6·14	54
1961 Mar. 30	260·0	418·1	89 8·41	40
Apr. 7	260·0‡	473·7	88 8·68	42
,, 14	280·0‡	414·1	89 7·69	42
,, 21	260·0‡	411·3	89 9·01	38
,, 28	220·0	379·8	88 1·71	67
May 5	240·0	416·2	87 4·27	49
,, 12	250·0	445·8	86 5·04	50
,, 19	260·0	432·5	88 3·18	33
,, 26	270·0	440·2	88 8·74	50
June 2	270·0	419·9	88 9·61	61
,, 9	270·0‡	463·3	89 4·14	39
,, 16	260·0	391·2	90 0·42	55
,, 23	260·0‡	389·1	90 8·47	50
,, 30	250·0	400·8	90 8·94	46

* On June 30th tenders for 91 day bills at £98 17s. 4d. secured 46 per cent, higher tenders being allotted in full. The offer for this week was for £240 million of 91 day bills. ‡ Allotment cut by £10 million. $ Allotment cut by £30 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits July 5th	Market Rates: Spot June 29	June 30	July 1	July 3	July 4	July 5
United States $	2·78–2·82*	2·78 11/16–13/16	2·78 3/4–7/8	2·78 3/4–7/8	2·78 13/16–15/16	2·78 3/4–7/8	2·78 11/16–13/16
Canadian $	...	2·87 3/4–7/8	2·88 1/2–5/8	2·88 1/2–5/8	2·89 1/8–1/4	2·89 3/8–1/2	2·89 3/8–1/2
French Fr.	13·622–14·027	13·65 5/8–7/8	13·65 5/8–7/8	13·66–66 1/4	13·66 3/8–5/8	13·65 7/8–66 1/8	13·65 3/4–66
Swiss Fr.	11·94–12·54 7/8	12·02 7/8–03 1/8	12·02 7/8–03 1/8	12·02 1/2–3/4	12·03 3/8–7/8	12·02 3/4–03	12·02 3/8–7/8
Belgian Fr.	137·96–142·05	138·85–90	138·75–85	138·70–80	138·80–85	138·75–80	138·70–75
Dutch Gld.	9·98 3/4–10·28 1/8	10·01 1/4–1/2	10·01 1/2–3/4	10·01 3/8–5/8	10·01 7/8–02 1/8	10·01 1/2–3/4	10·01 1/4–1/2
W. Ger. D-Mk.	11·037–11·365	11·08 3/4–09	11·08 1/2–3/4	11·08 1/4–1/2	11·09–09 1/4	11·08 1/2–09 1/2	11·08 7/8–09 1/8
Portug. Esc.	...	80·05–20	80·00–10	80·00–10	80·00–10	80·05–20	80·05–20
Italian Lire	1725–1775	17293/8–7/8	17291/2–30	17293/4–30 1/4	17301/4–3/4	17293/4–30 1/4	17291/2–30
Swedish Kr.	14·27 1/2–14·70	14·39 1/8–3/8	14·39 1/2–3/4	14·39 1/2–3/4	14·40 3/8–5/8	14·40 7/8–41 1/8	14·41–41 1/4
Danish Kr.	19·06 1/2–19·62	19·32 3/8–5/8	19·32 3/8–5/8	19·32 1/4–1/2	19·32 3/8–5/8	19·32–32 1/4	19·31 7/8–32 1/8
Norwegian Kr.	19·71–20·30 1/2	19·99–99 1/4	19·98 3/4–99	19·98 3/4–99	19·99–99 1/4	19·99–99 1/4	19·98 7/8–99 1/8
	* Official Limits						
One Month Forward Rates							
United States $		1–7c. pm	1–7c. pm	11/16–15/16c. pm	1/8–1c. pm	11/16–15/16c. pm	1/8–1c. pm
Canadian $		15/16–13/16c. pm	1–7c. pm	1–7c. pm	1–7c. pm	1–7c. pm	1–7c. pm
French Fr.		43/4–33/4c. pm	4 1/2–3 1/2c. pm	4 1/2–3 1/2c. pm	4 1/2–3 1/2c. pm	4 1/2–4c. pm	4 1/2–4c. pm
Swiss Fr.		5 3/4–5 1/4c. pm	6–5 1/2c. pm	6–5 1/2c. pm	6 3/8–5 7/8c. pm	6 3/8–5 7/8c. pm	6 3/8–5 7/8c. pm
Belgian Fr.		23–18c. pm	32–27c. pm	32–27c. pm	32–27c. pm	32–27c. pm	32–27c. pm
Dutch Gld.		6–5c. pm	6–5 1/2c. pm	6–5 1/2c. pm	6–5 1/2c. pm	6 1/4–5 3/4c. pm	6 3/8–5 7/8c. pm
W. German D-Mk.		6 1/4–5 3/4pf. pm	6 1/2–6pf. pm	6 1/4–5 3/4pf. pm	6 1/2–6pf. pm	6 1/2–6pf. pm	6 1/2–6pf. pm
Three Months Forward Rates							
United States $		2 9/16–2 7/16c. pm	2 5/8–2 1/2c. pm	2 5/8–2 1/2c. pm	2 3/4–2 5/8c. pm	2 3/4–2 5/8c. pm	2 7/8–2 3/4c. pm
Canadian $		2 7/16–2 5/16c. pm	2 9/16–2 7/16c. pm	2 9/16–2 7/16c. pm	2 5/8–2 7/16c. pm	2 5/8–2 7/16c. pm	2 11/16–2 5/16c. pm
Swiss Fr.		16–15c. pm	16–15c. pm	16–15c. pm	16 3/8–15 5/8c. pm	16 3/8–15 7/8c. pm	16 3/8–15 7/8c. pm
W. German D-Mk.		16 1/2–16pf. pm	16 1/2–16pf. pm	16 1/2–16pf. pm	17 1/8–16 1/2pf. pm	17 1/2–16 1/2pf. pm	18 1/4–17 1/4pf. pm
Gold Price at Fixing							
Price (s. d. per fine oz.)		251/8	251/8 1/2	...	251/6 3/4	251/7 1/2	251/8 3/4
,, ($,, ,, ,,)		35·03 5/8	35·03 1/2	...	35·08 1/2	35·03 1/2	35·08 3/4

The United States

Monthly averages or calendar months except where annual rates are shown.

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

BRITISH			
Prices and Wages	June 24th	External Trade	July 1st
Manpower and Output	June 17th	Industrial Profits	Apr. 29th
OVERSEAS			
Western Europe	June 10th	United States	This week

PRICES AND WAGES

	Wholesale prices		Consumer prices				External prices			Stock prices Composite index	Average weekly earnings in manufacturing	
	All commodities	Farm products	All items	Food	Clothing	Housing	Import	Export	Terms of trade	1957–59 = 100	At current prices	At 1960 prices
	1947–49 = 100						1948 = 100				$	
1948	104·4	107·3	102·8	104·1	103·5	101·7	100	100	100	36·6	54·14	65·54
1959	119·5	89·1	124·6	118·3	107·9	129·2	117	110	106	116·7	89·47	90·83
1960	119·6	88·8	126·5	119·7	109·4	131·5	118	111	106	113·9	90·91	90·91
1961, February	119·9	90·3	127·5	121·4	109·6	132·4	118	113	104	125·4	90·25	89·53
,, March	119·8	90·1	127·5	121·2	109·8	132·5	116	113	103	129·8	90·71	89·99
,, April	119·3	88·1	127·5	121·2	109·5	132·3	...	...	...	133·0	91·57	90·84
,, May	119·0	87·0	127·4	120·7	109·6	132·2	...	...	...	134·9	92·66	...

PRODUCTION AND MANPOWER

	Gross national product Seasonally adjusted annual rate	Total industrial production	Manufacturing production: Durable goods Total	Metals	Vehicles, etc.	Non-durable goods Total	Textiles, clothing	Chemicals and petroleum products	Building New construction; seasonally adjusted annual rates	Civilian employment† Total labour force	Total employment	Unemployed as per cent of labour force; seasonally adjusted
	$ billion	1957 = 100; seasonally adjusted							$ billion	thousands		
1948	259·4	68	64	84	44	72	87	54	23·2	61,442	59,378	3·4
1959	482·1	105	102	90	98	110	115	113	56·2	69,394	65,581	5·5
1960	503·2	104	104	91	102	114	115	118	55·1	70,612	66,671	5·6
1961, January	499·8?	102	95	71	89	111	105	114	55·3	69,837	64,452	6·6
,, February		102	94	73	88	111	107	113	54·8	70,360	64,655	6·8
,, March		102	95	74	88	112	110	113	55·2	71,011	65,516	6·9
,, April	...	105	99	82	94	113	112	117	55·3	70,696	65,734	6·8
,, May	...	108	103	91	97	115	113	121	56·5	71,546	66,778	6·9

TRADE

	Personal consumption Annual rates	Wholesale Sales	Wholesale Stocks[2]	Retail Sales	Retail Stocks[2]	Imports for US consumption Total	Crude materials	Semi-manuf'res.	Exports of US merchandise Total	Finished goods	Volume of trade Imports	Exports
	$ billion; seasonally adjusted					$ million					1948 = 100	
1948	178·3	7·5	7·9	10·9	15·8	591	179	136	1,044	591	100	100
1959	313·8	12·3	12·6	18·0	24·3	1,249	258	275	1,453	878	182	127
1960	327·8	12·3	13·2	18·3	25·4	1,221	251	258	1,692	953	175	147
1960, December	330·8?	12·3	13·2	17·9	25·4	1,151	232	243	1,778	948	167	155
1961, January		12·2	13·1	17·8	25·2	1,112	235	235	1,619	903	161	140
,, February	328·8?	12·4	13·2	17·8	24·9	1,037	210	228	1,659	922	150	142
,, March		12·4	13·3	18·1	24·4	1,235	237	265	1,904	1,096	180	163
,, April	...	12·0	13·3	17·9[6]	24·4	1,046	203	225	1,688	991	...	...

PURCHASING POWER AND FINANCE

	Personal income Total	Labour income	Farm income	Consumer credit[2] Total	Instalment	Banking statistics[3] Investments	Loans	Budget expenditure[4] Total	Surplus or deficit	Bond yields 3-month Treasury bills	Taxable Govt. bonds[5]	Corporate Aaa bonds
	$ billion: seasonally adjusted annual rates			$ billion; end of period		$ billion; end of period		$ billion		Per cent per annum		
1948	210·4	137·9	17·8	14·45	9·00	71·8	42·5	33·1	+ 8·4	1·040	2·44	2·82
1959	383·3	268·3	11·8	52·12	39·85	79·4	110·8	80·3	– 12·4	3·405	4·08	4·38
1960	404·2	283·5	12·0	56·05	43·28	81·9	117·6	76·5	+ 1·2	2·928	4·02	4·41
1961, January	406·6	282·4	12·9	55·02	42·78	82·8	114·2	6·5	– 1·6	2·302	3·89	4·32
,, February	406·2	281·9	13·0	54·10	42·26	82·6	116·7	6·2	+ 0·3	2·408	3·81	4·27
,, March	409·8	283·0	13·0	53·91	42·06	81·4	116·6	7·0	+ 1·5	2·420	3·78	4·22
,, April	411·1	286·0	12·9	53·97	41·99	82·5	117·2	6·5	+ 1·3	2·327	3·80	4·25
,, May	413·7	287·8	13·1	...	...	83·4	117·6	...	...	2·288	3·73	4·27

(1) 1948 figures are not strictly comparable. (2) End of period. (3) All commercial banks. (4) Annual figures are totals for the fiscal years ended June 30th (5) Bonds due or callable from 10 to 20 years (except 1948: *due or callable after 15 years*). (6) May, 18·1. (7) Average for first quarter. (8) Average for fourth quarter

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RESEARCH OFFICER

for their MARKET RESEARCH DEPARTMENT, which employs a permanent Field Force of forty interviewers.

Applicants (Male or Female) should not be over 30 years of age and preference will be given to graduates in the Social Sciences. Previous Market Research experience is not essential but would be a definite advantage. This is a managerial position and the selected candidate will be required to take charge of a small market intelligence unit and will also be expected to take part in all activities of the Department which include Consumer Surveys, retail panel work, etc.

Starting salary will not be less than £1,000 per annum and the Company operates a non-contributory pensions plan, sickness benefits and life assurance cover.

Applications giving full details of education, etc., should be sent to :—

The Chief Personnel Officer,
PETFOODS LIMITED,
Melton Mowbray, Leics.

UNIVERSITY OF OXFORD ALL SOULS COLLEGE

SENIOR RESEARCH FELLOWSHIPS

The College proposes to elect during 1962, if suitable candidates present themselves, to not more than two Senior Research Fellowships.

1. Each Fellowship is of seven years' duration and carries an emolument of £1,250 rising at £1,500* (inclusive of allowance other than children's allowance, housing allowance and table allowance) ; its tenure is compatible with the tenure of a lecturing grant of £550 to £750.
2. The person elected must have attained distinction in one of the following branches of knowledge : Law; History (including the History of Art or of Science) ; Philosophy ; Literature ; Economics, Social Anthropology, Politics, Sociology, and other Social Studies. He will be required to undertake some definite project of research at Oxford or with the permission of the College elsewhere.
3. Candidates should send their application to the Warden, not later than October 31, 1961, together with any statement they may think it desirable to submit in support of it, and to name the names of not more than three referees. They may be required to present themselves for an interview. Further particulars concerning the Fellowships may be obtained from the Warden. All envelopes relating to applications should be marked "Fellowship Application."

The choice of the College will not be limited to those who apply.

* An increase, to £1,400 rising to £1,650, is now before the Privy Council for approval.

UNIVERSITY COLLEGE OF SWANSEA

DEPARTMENT OF ECONOMICS

Applications are invited for the post of RESEARCH ASSISTANT in connection with studies in the History and Organisation of British Overseas Trade. Applicants must be graduates in Economics or Economic History. Salary in the range £500-£700 per annum together with F.S.S.U. benefits.

Further particulars can be obtained from the Registrar, University College, Singleton Park, Swansea, by whom applications (six copies) must be received by *Saturday, July 22, 1961.*

THE UNIVERSITY OF CANTERBURY

CHRISTCHURCH, NEW ZEALAND

The growing Department of Economics requires additional staff, and a new LECTURESHIP or SENIOR LECTURESHIP has been created.

The salary range for a Lecturer is from £1,250 to £1,700 per annum and for a Senior Lecturer £1,750 to £2,000 per annum.

Economists who are interested in this position are invited to write (*air mail*) to the Head of the Department before the end of July, 1961, giving some provisional information about their qualifications, special interests and other relevant facts.

Full details of the position and information regarding the University of Canterbury and its Department of Economics will then be sent to those whose applications would be welcomed.

G. G. TURBOTT,
Registrar,
P.O. Box 1471, Christchurch,
New Zealand.

UNIVERSITY OF OTAGO

Dunedin, New Zealand

SENIOR LECTURER OR LECTURER IN ECONOMICS

There are two vacancies and applications are invited for these positions.

Salary Scales : Senior Lecturer £1,750-£2,000 or Lecturer £1,250 x 75-£1,700.

Further particulars are available from the Secretary, Association of Universities of the British Commonwealth, Marlborough House, Pall Mall, London, S.W.1, or from the Registrar, University of Otago, Dunedin, New Zealand.

Applications close in New Zealand and London on *August 20, 1961.*

A WOMAN Graduate under 24 is required for the Consumer Research Section. Candidates should have the ability to interview and some aptitude for figure work. Previous experience useful but not essential.—Details to Mrs. Jarrett, Metal Box Company, 37 Baker Street, W.1.

NORTHERN RHODESIA

Statistician required for Pneumoconiosis Medical Research Bureau, Kitwe. Duties will consist of the recording, analysis and interpretation of the medical statistics of the Medical and Research Bureau and Mines Department under the Hollerith system, the supervision of Hollerith Operators and the general organisation of the statistical section of the Bureau. The officer will also have to organise statistical investigations in relation to pneumoconiosis research including the correlation of dust exposure to radiological and pathological appearance in miners, for which accurate industrial, clinical and radiological data are available. Experimental investigations in animals are also carried out. Such investigations would be done in close liaison with the medical staff of the Bureau and the candidate would be expected to participate in the preparation of scientific papers for publication. Candidates must possess a university degree in either Mathematics or Economics, and practical experience in statistical work, preferably medical statistics, is desirable.

Appointment on contract for one tour of 36 months with gratuity to in the range of £237 10s. for each completed three months of service payable on satisfactory completion of contract. Salary scale £1,020 to £2,245 a year. Starting point determined by experience and qualifications. Income tax at local rates. Free passages are provided on appointment and on satisfactory completion of contract, for officer and wife; assisted passages for children. Overseas leave at the rate of 84 days for each completed month of resident service also granted on satisfactory completion of contract. Local leave of 14 days per year granted subject to the exigencies of the service. Government quarters available at a rental between £50 and £120 a year according to salary.

Application forms from Director of Recruitment, Colonial Office, London, S.W.1 (quoting BCD 117/3/08A3).

GLASGOW UNIVERSITY

CERTIFICATE IN INDUSTRIAL ADMINISTRATION

The course for the Certificate in Industrial Administration commences on October 3, 1961 and extends over three terms concluding in June, 1962. It is designed to prepare men for managerial responsibilities by giving an insight into the background against which management decisions are taken and imparting a systematic and rational approach to business problems.

The course is intended for recent graduates in any faculty and for men in industry, commerce or the professions who are likely to be promoted to more senior posts. The latter need not be graduates but must be able to show in interview that they possess the necessary qualifications to profit from a University course.

Full details and application forms can be obtained from the Department of Social and Economic Research, Glasgow University, 11 Bute Gardens, Glasgow, W.2. The number of places is limited and those wishing to apply are asked to do so as soon as possible.

PURCHASING OFFICERS ASSOCIATION

AN EXECUTIVE APPOINTMENT

The Purchasing Officers Association is to appoint an Executive responsible for editing "The *Purchasing Journal*" and as an Economic Adviser to the Association.

A fundamental knowledge of journalism and printing will be required as well as a *thorough grounding in economics.* Responsibilities will include the preparation of publications and educational programmes, as well as *instituting* and carrying out original research on economic matters. The applicant should have speaking ability and be *willing* to travel *extensively* in the United Kingdom.

Applications, marked "Executive Appointment," should be addressed to the Director, Purchasing Officers Association, Wardrobe Court, 146a Queen Victoria Street, London, E.C.4.

TAXATION. A well-known firm of Chartered Accountants in Singapore and Malaya have a vacancy for a senior appointment in their taxation department. Applicants should have a wide knowledge and experience of taxation but need not necessarily possess an accountancy qualification. The appointment, which should lead to early promotion for the right man, would suit a serving or retired Inspector of Taxes. The starting remuneration will depend upon experience but will be substantial.—Applications, with full details, should be sent to Box 1523.

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We are an advertising agency. We are up to our necks in facts. We want someone to dissect some of them and report on where they lead. The problems are various, and clarity of thought and expression, with some feeling for figures, are of more importance than previous experience in the marketing field. We will pay well, and there will be prospects of empire building. Please write to Box 1529.

YOUNG ECONOMIST wanted in office 25 miles north of London for code numbering news items, using card indexed set of code numbers, knowledge of German an advantage. —Write full particulars and salary required. Box 1527.

INTERESTING post for competent woman of 23 years or over. Secretarial Assistant to Secretary of Scientific Society with offices in Cannon Street. *Duties include* shorthand-typing, membership records, routine correspondence and minor accounting. Salary £600-£675 according to experience, etc. Superannuated post.—Written applications please to Operational Research Society, c/o 11, Park Lane, London, W.1.

Binding Cases

Binding cases for THE ECONOMIST *are available from* EASIBIND LTD. *The cases are in stiff, dark blue cloth covers, and are gilt-lettered on the spine ; they provide an extremely effective and firm binding and will hold 13 issues of the normal edition together with the quarterly Index, or 26 issues of the air edition with two quarterly Indexes. The year can be stamped on the spine. The cost per case, post free throughout the world, is 12/6. Orders, stating requirements clearly and enclosing a remittance, should be sent, not to* THE ECONOMIST, *but to—*

EASIBIND Ltd
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84 Newman St., London, W.1

NORTHAMPTON COLLEGE OF ADVANCED TECHNOLOGY

St. John Street, London, E.C.1.

DEPARTMENT OF SOCIAL AND INDUSTRIAL STUDIES

Owing to expansion in the work of the Department additional lecturing staff will be required from September 1961, or as soon as possible thereafter.

Candidates for appointment should have the appropriate University qualifications and industrial or related experience.

The work will involve developing and organising postgraduate studies, and teaching at both undergraduate and postgraduate levels. Emphasis will be on quantitative or statistical methods in investigating problems in the organisation and planning of industrial effort. Outside consultancy is encouraged, subject to College commitments.

(1) READER in Industrial Sociology : To conduct and to supervise research into the structure and operation of industrial organisations, having regard to management theory and practice.

(2) SENIOR LECTURER in Industrial Engineering, specialising in the quantitative aspects of management practice.

(3) SENIOR LECTURER in Social and Experimental Psychology, specialising in the structure, characteristics and norms of human groups and their interrelation and control.

SALARY SCALES :

Reader : £1,838 by increments of £50 to a maximum of £2,353 p.a.

Senior Lecturer : £1,588 by increments of £50 to a maximum of £1,801 p.a.

Further particulars and forms of application obtainable from the Secretary of the College, St. John Street, E.C.1.

J. S. TAIT, B.Sc., Ph.D., M.I.E.E., M.I.Mech.E.,
Principal.

ESSEX

MID-ESSEX TECHNICAL COLLEGE AND SCHOOL OF ART

Market Road, Chelmsford.

Required to commence duties in September (if possible) or not later than January 1, 1962 : LECTURER IN ECONOMICS.

Candidates should have a degree in ECONOMICS or COMMERCE. Ability to assist in the teaching of some aspect of Law would be an advantage.

Salary in accordance with the 1959 Burnham Report : £1,370 by £35 (4) and one final increment of £40 to a maximum of £1,550 per annum.

Further details and application form (to be returned in 14 days) from the Clerk to the Governors.

WELSH COLLEGE OF ADVANCED TECHNOLOGY

CATHAYS PARK, CARDIFF

DEPARTMENT OF MATHEMATICS

The Department of Scientific and Industrial Research has accepted the one year postgraduate course in Operational Research at this college as suitable for the tenure of its ADVANCED COURSE STUDENTSHIPS. Applications are invited from good Honours Graduates and those holding recognised equivalent qualifications for a limited number of these awards. The minimum value of a studentship for those living away from home is £340 p.a. plus fees. There are additions for those with some previous graduate experience and possible additions for demonstrating with the college. Full particulars are available from the Head of the Department of Mathematics.

ROBERT E. PRESSWOOD,
Clerk to the Governors.

INTERESTING post available in International Reinsurance Company for man, aged up to 35, to responsible Information Office and Central Filing of the Company. Knowledge of a language or languages useful. Commencing salary according to ability and qualifications. Five-day week. Non-contributory pension and Group Life schemes available for permanent employees.—Box 1525.

UNIVERSITY LOVANIUM OF LEOPOLDVILLE

Applications are invited from candidates with doctor's degree for appointment as lecturer in chemistry (lecturing in French language) to teach up to master's degree. Duties to commence in October, 1961.

Salary scale, including overseas pay, £2,500 to £2,900 per annum.

Free housing, medical care and insurance. Post is pensionable. Free passage, once each way for each tour of service for person appointed and wife; either passage allowance or maintenance allowance for children under 18. Tours of service : 9 months.

Write for further information (with curriculum vitae) to Rector L. Gillon, University Lovanium, B.P. 121, Leopoldville XI, Republique du Congo.

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APPOINTMENTS REQUIRED

WORKS MANAGEMENT/ ADMINISTRATION

Economics graduate, 37, ten years in plastics and printing, shop floor, planning, production control, costing, *company administration*, interested in worth while appointment, possibly new project, expanding field, etc.—Please reply *Box 1528.*

CIVIL ENGINEER

Age 32—5 foreign languages, including perfect French and Italian. 11 Years' experience with public works, international contracting firms, both field and design, mainly hydro-electric and tunnelling contracts. Widely travelled, *near-middle and Far East, Europe, etc.* Seeks fully responsible position with contractor or consulting engineer, preferably abroad.—*Box 1530.*

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Methods are closely integrated with the requirements of management development programmes of major industries and include (i) lectures and seminars by nationally known speakers and (ii) project work and investigations into modern methods in co-operating companies.

Dates of courses (21 places in each) :

1. October 30 to November 24, 1961—three places remaining.
2. January 8 to February 2, 1962.
3. April 30 to May 25, 1962.

Applications are invited.

DIPLOMA IN MANAGEMENT STUDIES

Courses for the new Diploma will be available from September, 1961, for suitably qualified persons. They will be of either two or three weeks full-time per term over two or three years.

From January, 1962, courses of two months full-time per year for three years, interspersed with guided work and reading, will be offered.

Applications from firms sponsoring employees or from individuals are invited.

Details from :

H. A. Nobes,
Head of Regional Management Studies Department,
Portsmouth College of Technology,
Anglesea Road, Portsmouth.

Woolwich Polytechnic
London, S.E.18.

EVENING B.SC. (ECON.) DEGREE COURSE

Applications are now being considered for admission to this Course. Students interested should write NOW for further information or attend for *enrolment on Tuesday*, September 19th, at 6 p.m.

PROSPECTUS OBTAINABLE *FROM : The Secretary, Woolwich* Polytechnic, Thomas Street, London, S.E.18.

SELLING IN AUSTRALASIA ?

All Industrial Marketing Research Services, including export outlets, licensing arrangements, supply sources, etc.

J. S. JACKSON, M.A., M.I.I.T.,
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BOX 1526

SECOND CHANCE. Has your purchase let you down? *SHOPPER'S GUIDE* (15s. per annum) offers a Complaints Service that can help you put things right.—Write Consumer Council, Orchard House, Orchard Street, W.1.

School of Art, Watford Technical College, Hempstead Road, Watford, Herts

COURSE IN ADVERTISING COPYWRITING

It is proposed to run a two-term full-time course in advertising copywriting commencing in *September next.*

Full particulars are available on application to the Registrar.

YOUR KNOWLEDGE OF OUR NEED

. . . is our best guarantee of continuing financial support. Without legacies, donations, bequests, we cannot continue to provide for the needs of British seamen throughout the world. Our hundred and fifty years of service has only been possible through the goodwill of those who know our work. **We are not State-aided.** That's why your professional knowledge of our need is so important.

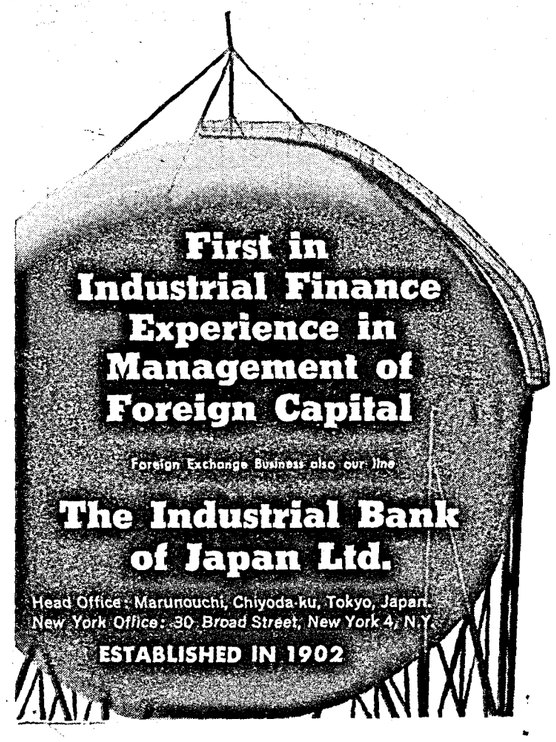
We provide—*World-wide Welfare Service; Welfare Home for Seamen's Children; Residential Clubs; Ocean Libraries; Sea Training School for Boys; Chaplains and Port Missionaries.*

We look forward to your enquiries and will be pleased to answer any questions.

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Hon. Treasurer: **The Rt. Hon. Lord Coleraine, P.C., 680 Commercial Road, London, E.14.**

General Secretary: **Stanley Heesom, O.B.E.**



FC

FIRTH CLEVELAND LIMITED

ENGINEERING · ELECTRONICS · INSTRUMENTS
STEEL · LEAD · RETAIL STORES

Highlights from Supplementary Statement by Mr. C. W. Hayward, Chairman and Managing Director, at the Annual General Meeting.

Profit Breakdown—1960

The following profit breakdown by Divisions will be of interest to shareholders:—

	%
Engineering, Electronics and Instruments ...	19.8
Metals ...	24.8
Overseas Companies ...	2.7
Retail ...	52.7
	100.0

Percentage of earnings to equity, 67.3 (57.2 in 1959) is a figure not bettered by many companies of equal size, despite Company's heavy development investment in electronics, instruments and cold forging which has not yet significantly contributed to earnings.

Fram Filters

The Filter Division of Simmonds Aerocessories, which has been selling Fram filters and separators to the Automotive and Oil Industries under licence, has been sold to Fram Canada Ltd. The latter had planned to set up their own manufacturing facilities in Europe and this would have had a marked effect on the Group's export business in these products. All personnel will be re-employed by the new Company and their pensions have been safeguarded.

Capital Proposals

It is not proposed to issue the whole of the 4 million £1 Preference shares by which authorised capital was increased last January. Necessity of raising more than approximately £2 million is not envisaged in view of additional liquidity arising from the sale of Filter Division and certain trade and other investments which will add more than £1 million to Group's cash resources.

Outlook for 1961

All Divisions are continuing to make progress. Landmaster is showing record sales in U.K. and export markets, and 1961 turnover is expected to show substantial increase.

Solartron's new factory at Farnborough will be opened by the President of the Board of Trade, The Rt. Hon. Reginald Maudling, on July 17th and since the Report was issued they have had successful showing at Moscow Fair which resulted in some £200,000 of orders. Order book now stands at record level.

Orders worth some £300,000 have been received for the Firth Cleveland Tangential Fan which will be in production at Solartron next month.

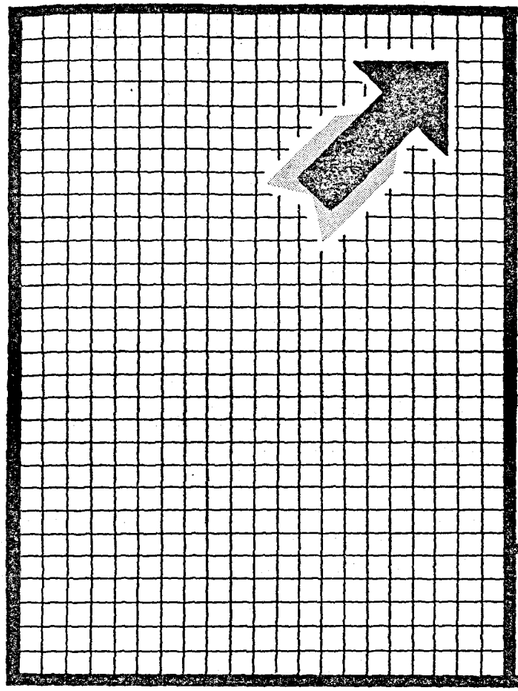
Current year's results should not give cause for dissatisfaction provided there are no unforeseen Government or other restrictions.

The Chairman concluded by emphasising Group's inherent strength and reiterating his confidence that they would maintain in future a rate of progress in keeping with their past record.

	Turnover £	*Profit Before Tax* £
1955	14,250,000	1,379,122
1956	16,250,000	1,542,619
1957	17,250,000	1,725,519
1958*	21,000,000	1,854,050
1959	21,500,000	2,144,806
1960	36,000,000	3,067,263

*=14 months

Head Office:
Stornoway House, St. James's, London, S.W.1.



Investment Opportunities in Japan!

In 1959 Japan attained the highest economic expansion of all the industrial countries of the world. Its gross national products that year increased by 16 per cent over the previous year and has seen a yearly increase ever since. This upward trend has increasingly induced overseas investments in Japanese securities.

Daiwa Securities, as one of the four largest securities companies in Japan . . . capitalized at £8 million sterling and having 4,000 employees . . . is engaged in a wide range of business, acting as broker, dealer and underwriter of securities and distributor of investment trusts. The "pioneering spirit" which has been the motivating power behind its 60 years of expansion is still very predominant today.

Make your money work for you in Japan's booming industries by investing through expert and experienced hands. For investment trusts, etc., write

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Issued and Subscribed Capital	**Pak. Rs.**	**30,000,000/-**
Paid-up Capital	**Pak. Rs.**	**30,000,000/-**
Reserve Funds	**Pak. Rs.**	**20,000,000/-**
Deposits as on Dec. 31, 1960 ...	**Pak. Rs.**	**772,300,000/-**

With a network of 108 branches in all the important trade centres of East and West Pakistan, Habib Bank Limited is in a position to assist those desiring to establish contacts for exports or imports. The Bank's services are always available for any banking requirements in Pakistan.

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

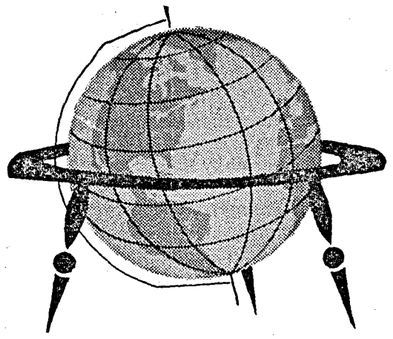
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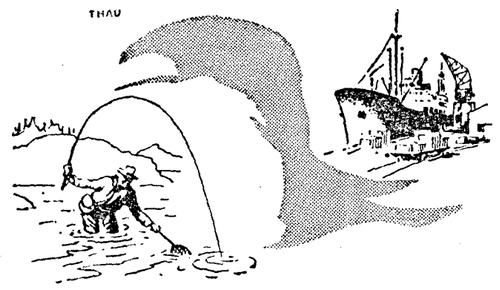
Paid-up Capital and Surplus exceeds £600,000
Group Assets exceed £5,000,000

Campbell Discount Co. Ltd., 24-28 Cheapside, E.C.2
Please send me a copy of your Accounts & Booklet EC.2761

NAME .....

ADDRESS .....

.....

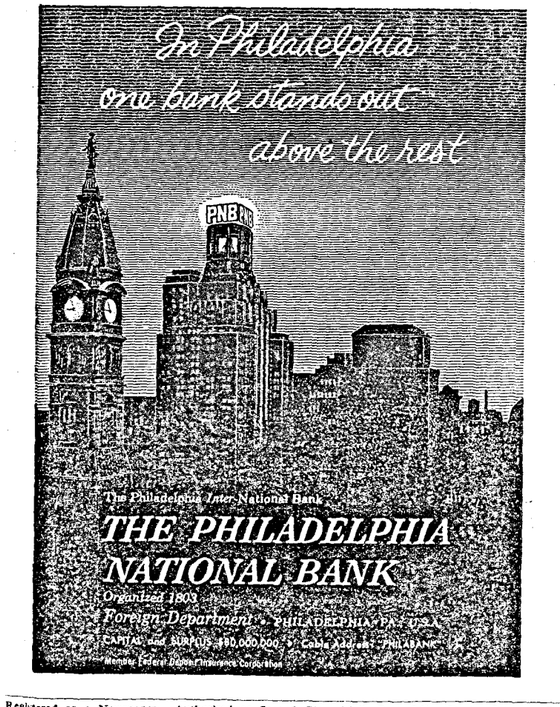


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Reason No. 1:
Japan produces a vast range of quality products under a tremendous industrial boom sparked off by widespread technical innovation and improvement in productivity.

Reason No. 2:
The rate of Japan's economic growth has been and still is the highest in the world, even surpassing that of West Germany, and the introduction into Japan of much more foreign capital is required.

Reason No. 3:
Japan has adopted a policy of gradual liberalization of her foreign trade and new business opportunities arise daily in Japan.

Reason No. 4:
Japan has already freed foreign exchange to a significant degree. The establishment of the Non-Resident Free Yen Account System, under which Yen is freely convertible into the main foreign currencies, will especially facilitate overseas investment in Japan.

Business transactions with Japan promote our business development

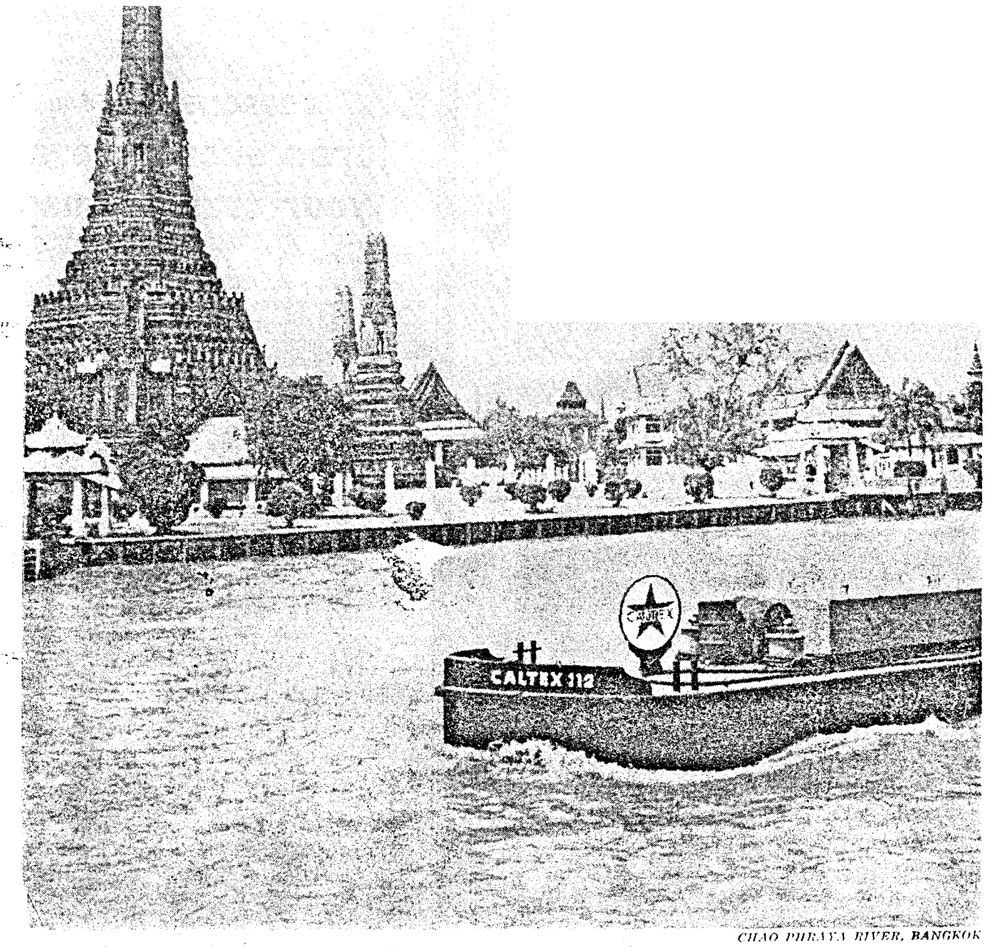
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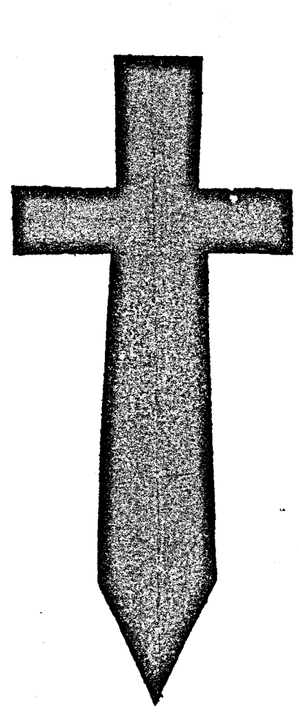
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JULY 15, 1961

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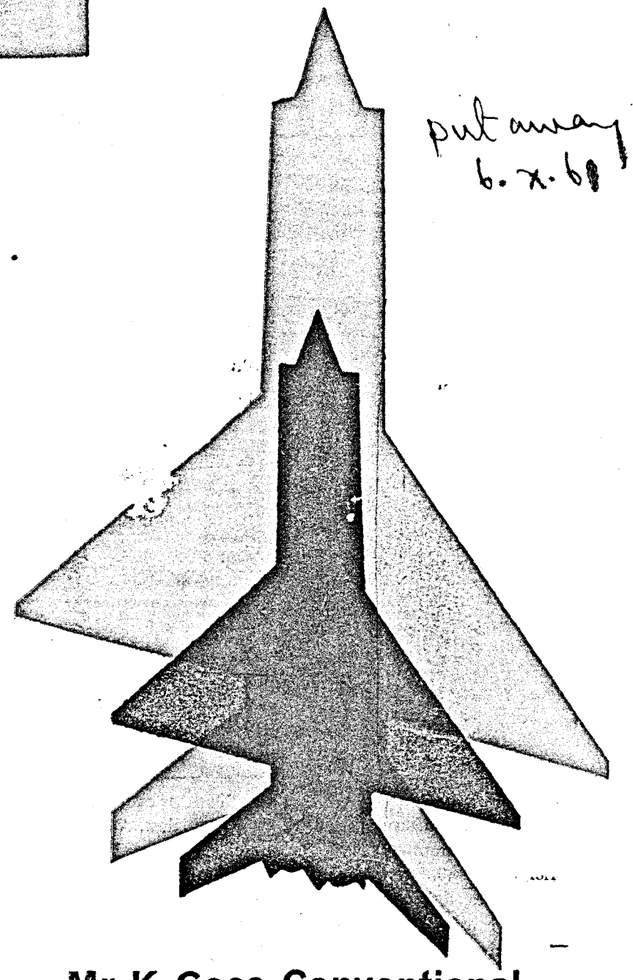
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The Axe of Damocles

The announcement of Mr Selwyn Lloyd's measures to save the pound cannot be long delayed



Mr K Goes Conventional

Trustees on their Mark

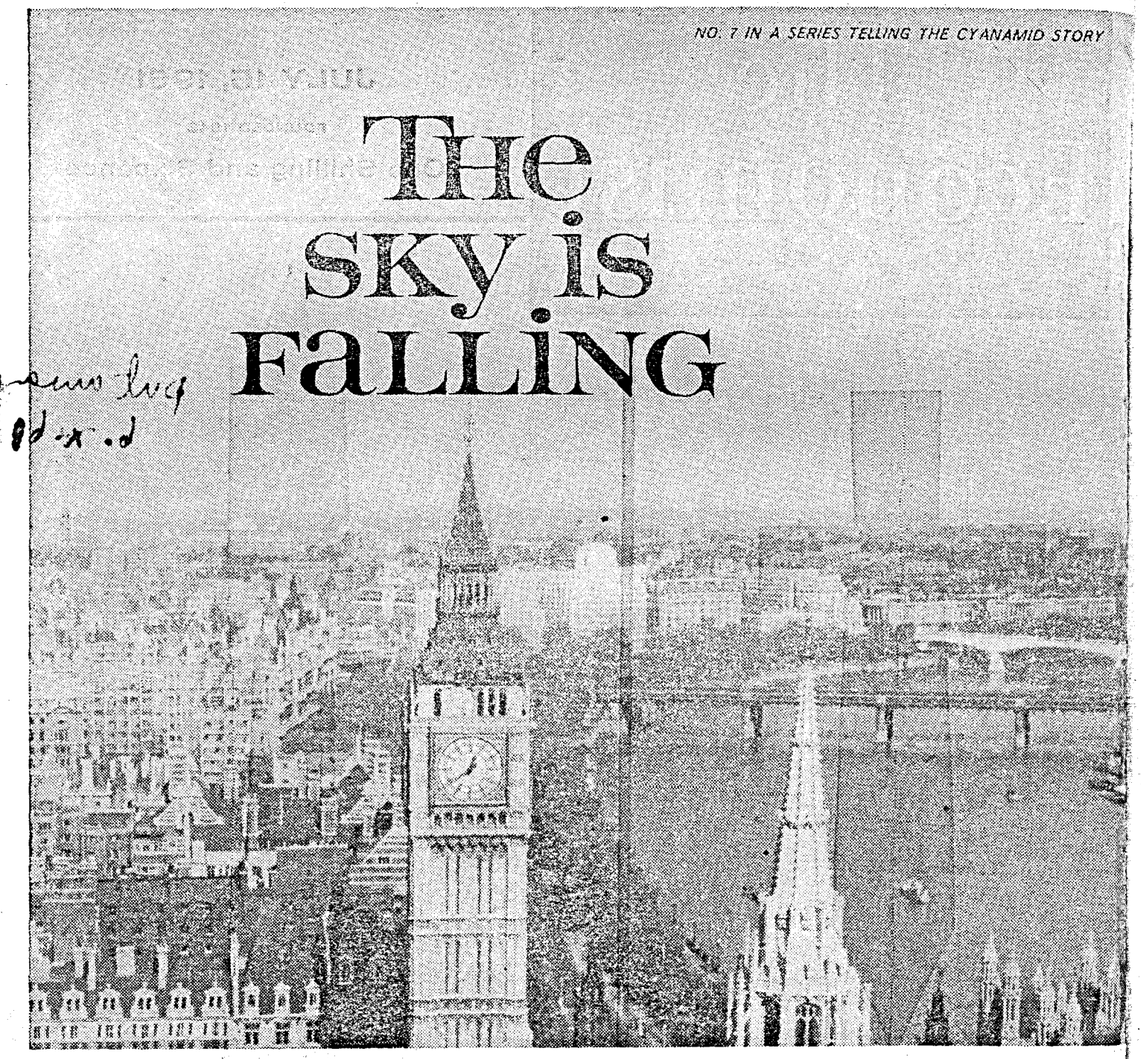
Cotton in Torment

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SEE OVER

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HOME

TOUGH

Higher Bank rate and higher indirect taxes are the Chancellor's best short-term weapons against economic crisis: fewer subsidies to dying industries, more competition at home and abroad, and a firm stand against wage inflation are the necessary concurrent prescriptions for a long-term cure (p. 217).

Crisis remedies of the past (p. 270).

Abroad the rising bill for housing troops needs a closer look, in the light of Britain's promises—and its political prospects (p. 227).

At home the stock market and the exchange dealers are biting their nails and wearing out their nerves while waiting for the Chancellor's grand cure (p. 271).

Whips in the Commons—firm persuaders of stern flagellants? (p. 220).

Tough battle won: An analysis of the Trustee bill (p. 267).

ROUGH

People who try to control the trade in cotton textiles can expect a rough reply from the "rice-standard" countries (p. 265).

Scandinavian Airlines is in for a rough time and has called in a doctor (p. 280).

Rough on the honest. The latest proposals of the finance houses look like making the good customers pay for the faults of the bad (p. 272).

Taking the rough-ride out of motoring (p. 279).

REBUFF

The transport workers' conference at Brighton showed that Mr Cousins has his union's backing in his unilateral fight against Mr Gaitskell (p. 236).

Income tax: Do the pleasures of life depend, for professional men, on their tax schedule? (p. 232).

Minicabs: The minimum five-mile haul may look like a friendly gesture to taxi operators but it may take their most lucrative fares (p. 235).

Ulster's resistance to the payroll tax may lead to greater economic autonomy for the province (p. 237).

A NEW HOME FOR THE ECONOMIST (pp. 224-226).

INTERNATIONAL

ARMS AND MR K

Mr Khrushchev has halted the reduction of Soviet armed forces and increased the defence budget. But the road to Russia's place in the sun is still meant to be an economic one as well (p. 219).

He seems to have needled the United States into another increase of its own defence spending (p. 248); and the Moscow air show has shown the extent of Russia's achievement in an aircraft manufacturer's dreamland (p. 271).

Britain has been welcoming Major Gagarin as the symbol of that achievement—and as an agreeable young ambassador (p. 227).

HANDS ACROSS THE CHANNEL

Mr Sandys may not be a passionate pilgrim, but his arguments in favour of Britain joining the common market have provoked high-tempered objections in **Canberra** (p. 258) and he found a first-rate domestic political storm raging when he got to **Ottawa** (p. 261). Mr Thorneycroft has been more fortunate in both **Pakistan** and **Malaya** (p. 226); and Malaya is in process of effecting its own rapprochement with Singapore (p. 262).

On the **French** side of the Channel, economists ancient and modern are united in opposition, though for different reasons, to the "Anglo-Saxon" Bernstein plan for monetary reform. But the radical moderns hope that if the British join the common market, they will support Professor Triffin's more far-reaching proposals (p. 259). For this and other reasons Britain can be more hopeful of a welcome from the Six if it does try to join them (p. 227).

FINGERS IN THE PIES

The **Kuwait** affair has given warning to the sheikhs of Gulfdom that they must make radical adjustments of their Victorian politics to meet the realities of today (p. 222). The withdrawal of British troops from Kuwait itself may not be so knotty a problem as it looks (p. 226)—but the whole affair has not made business negotiations about Iraq's oil any easier (p. 272).

In the **Laotian** murk it is at least clear that the Americans are at last willing to extract their finger if the Chinese and Vietnamese will remove theirs too; and that is not at all what the Chinese and their friends want (p. 258).

Germans Face to Face: Dr Adenauer and Mr Brandt have been disagreeing about foreign policy (p. 238) but they are agreed that the women voters are important (p. 260).

Shouldering On: General Gürsel will, it is to be hoped, persist in his attempt to bring back democracy to Turkey (p. 231). General de Gaulle must make some final concessions if he is to succeed in bringing back peace to Algeria (p. 228).

Britain on the Wrong Foot: The CRO has got itself, instead of Dr Verwoerd, into a fix over **South West Africa** (p. 223); and the prospects of the Central-African Federation have not been helped by the treatment of Mr Kaunda (p. 235).

IN THE UNITED STATES

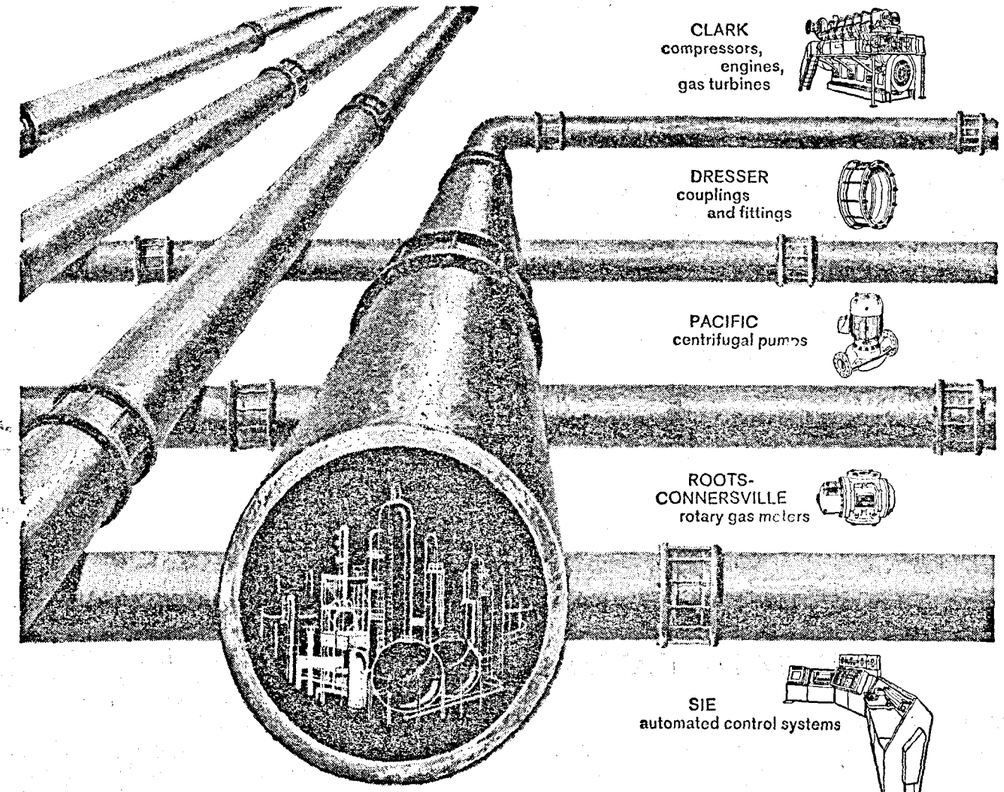
That Mr James Hoffa is still in complete control of the lorry-drivers' huge trade union instead of in prison is the most important fact in the American labour movement today (p. 247). Unemployment is still severe in the United States, for understandable reasons, even though the recession is over (p. 248).

Virginia remains depressingly unprogressive (p. 251).

The need to end racial discrimination against African diplomats in Washington may help American Negroes as well (p. 251).

Tourist traffic between the United States and the rest of the world is still very unbalanced (p. 252).

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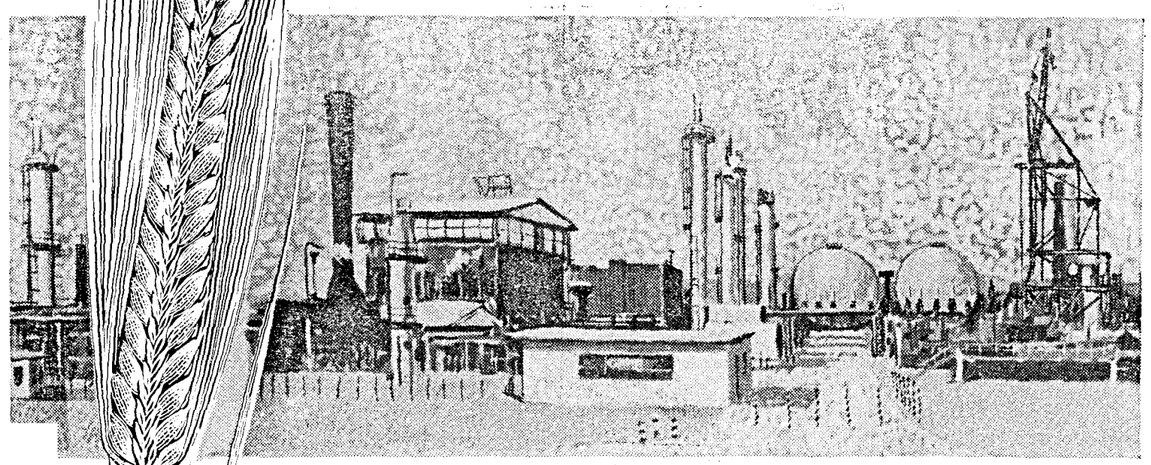
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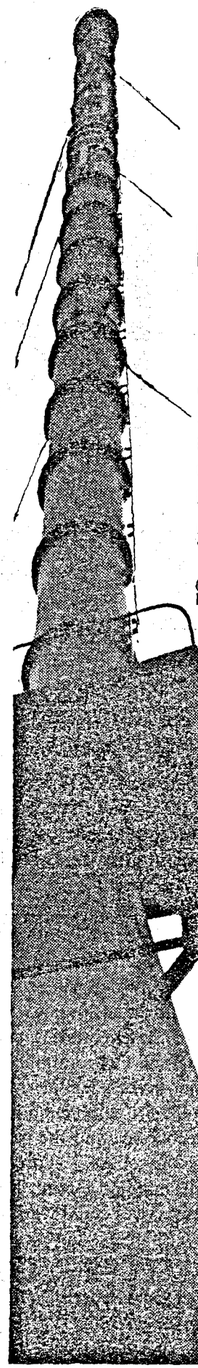
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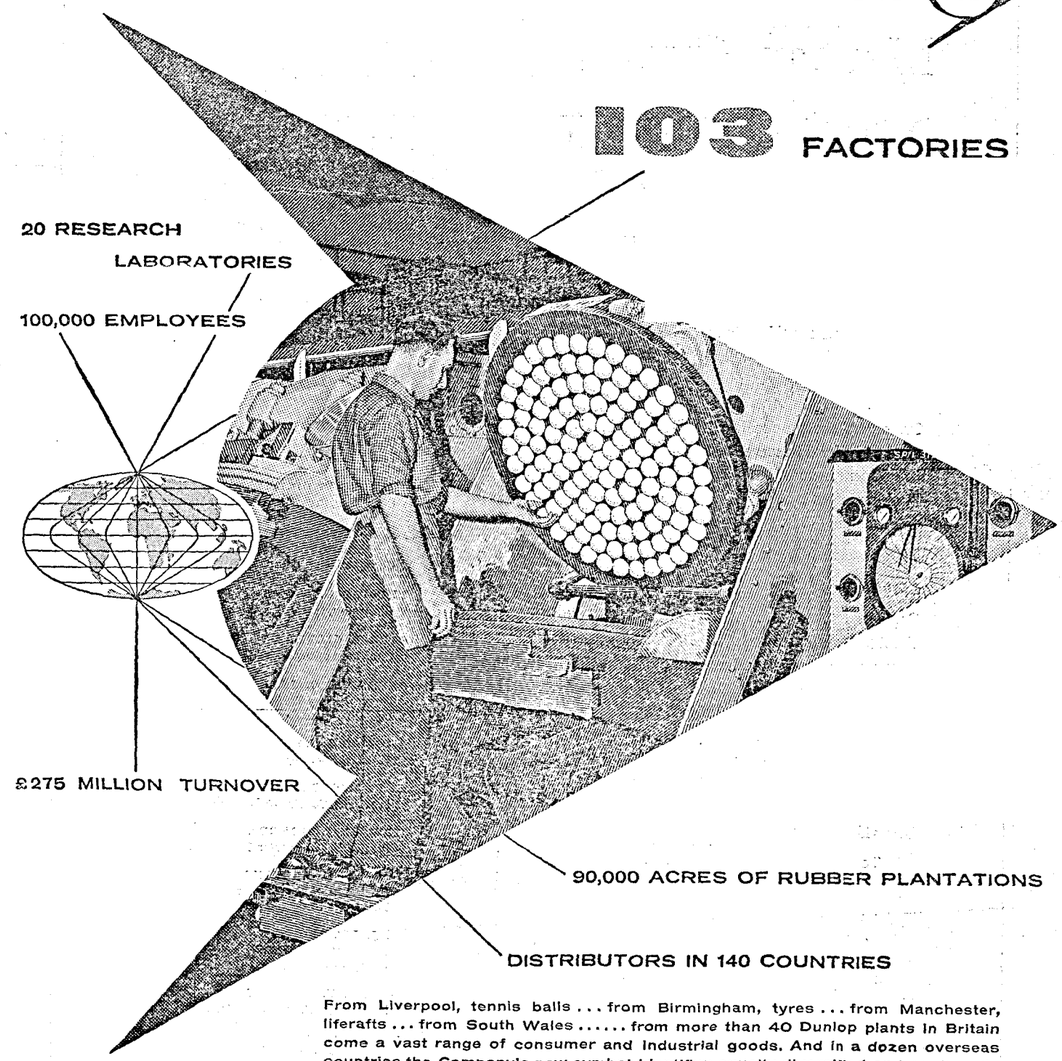
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Loans	2,353,843,924
Customers' acceptance liability	132,805,162
Stock of Federal Reserve Bank	12,750,000
Investment in subsidiary companies	7,020,496
Bank premises	35,057,356
Other assets	129,307,922
	$4,518,891,095

Liabilities

Deposits		$3,649,707,361
Foreign funds borrowed		1,412,372
Reserve for expenses and taxes		37,842,709
Liability on acceptances		134,400,931
Dividend payable July 14, 1961		7,540,000
Other liabilities		126,964,731
Capital—7,540,000 shares —$25 par	$188,500,000	
Surplus	236,500,000	
Undivided profits	136,022,991	
Total capital funds		561,022,991
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The Axe of Damocles

MR BUTLER told an audience of Yorkshire Conservatives last weekend that good might yet stem from Britain's economic difficulties "especially if our party gives a lead to the country in calling for moral values to emerge instead of materialist appetites." It is awfully difficult to see what this means; but it is to be hoped that Mr Butler is not pretending that the drab defeat which is now to be forced upon the Government as the Chancellor puts the country on to shorter commons can somehow be disguised as an act of great moral virtue. The last straw on top of economic failure will be if the British people are invited to linger and admire it. The sole criterion by which the Chancellor should choose the short and long-term remedial measures which he is now to be obliged to take is: which are likely to have the most direct and bee-line economic effect in dragging the country most quickly out of its present mess and back on the road towards prosperity?

The main short-term needs are to stop the run from the pound, and to reduce the present overload of demand at home. The most obvious direct way of inducing foreigners to keep their funds in Britain would be to make it more profitable for those funds to stay here. There is therefore some reason to feel disturbed that another Thursday has passed without Bank rate being raised: all past experience suggests that it should now go up to 7 per cent. Of the two main excuses for not using Bank rate so far, one has been that foreign central banks, under the Basle agreement, have kindly been holding on to their sterling balances at the present level of interest rates, and that it seems gratuitous to pay them 2 per cent or so more per annum for doing something they are doing already. But the answer to this is that private foreign investors are now hurrying out of sterling at an alarming pace, and that this is laying up penalties for us for when the Basle agreement is relaxed (which, some day soon, it will be). The second excuse, which does have more validity, is that by now action on Bank rate alone would not be enough, and that it will be best to fire all the Chancellor's counter-measures in a single salvo. This may be defensible provided Bank rate plays a main part when the curtain goes up. Unfortunately, the Chancellor is being urged by a motley collection of experts that interest rates should not be used at all at the present time; there are strong grounds for the suspicion that these analysts are being too expert to have any common sense.

Very much *faute de mieux*, the best auxiliary short-term weapon in the salvo might be to raise all indirect taxes by 10 per cent. There are considerable disadvantages in this idea of damping down demand inflation by heating up apparent price inflation, but use of the new regulator seems the most obvious way of cutting over £200 million a year from effective consumer incomes immediately. If it is used, it might be best to impose the full 10 per cent rise straightaway, and to emphasise that this maximum rate is intended as a short-term shift, so that the public would know that the next movement in indirect tax rates would have to be downward; they might then hold back some purchases this summer while waiting for this reduction, and with great good fortune the Government might even manage to effect the return to lower rates round about late autumn, just as the new crop of trade union wage demands will come forward and have to be refused (that they should be refused is the crux of all, if the remedial measures are to "stick"). The worst mistake would be to push the new regulator only half way, to 5 per cent, and then to find that the situation did not improve

sufficiently; everybody might then begin to expect that the other permitted 5 per cent increase would have to follow, and hurry forward purchases accordingly.

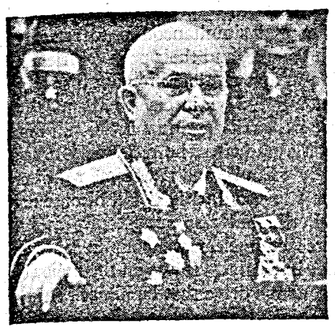
It is difficult to see how any other short-term weapons to which the Chancellor may set his hand can have any sensible value. Mr Lloyd is almost certain to announce the customary cuts in public investment at home and abroad; but as usual these cuts could not easily take effect until well into 1962, when they may not be needed. The same applies to any idea of making further nibbles at the social services, which would require legislation that presumably could not become effective until well after the summer recess. There are lots of serious long-term problems about the finance of Government investment and of the social services to which the Government needs to give its thoughtful attention (the Plowden report ought to have something to say about them), but any cuts that were made in the heat of emergency would be unlikely to be thought out at all. Similarly, "instructions" to the banks to cut advances will be superfluous if the Government raises Bank rate sufficiently and handles its own monetary operations in the short-term market with proper stringency; if it does not do this, they are likely to be ineffective. One of the possible cuts that officialdom has been talking about is in overseas aid, which hardly accords well with Mr Butler's phrase about encouraging "moral values." Elsewhere in the overseas capital account, there may be more substance in the argument that some of Britain's strictly commercial investment overseas, which successive governments have hitherto eagerly encouraged, has proved a bad bargain for the country. There may be a case for changing tax law here, but once again the best way out would surely be to encourage investment funds to stay at home by raising interest rates in Britain.

If the Government does include a mass of small spending economies among its short-term "crisis" measures, instead of relying on large increases in interest rates and indirect taxes, this will be another sign of the Treasury's long-standing misconception about what impresses foreigners. The Treasury always thinks that foreigners need to be shown that Britain is not a rake but a stern counter of pennies, full of what Mr Butler calls moral worth. But in fact the most damaging foreign image of Britain is that of an insular and fussy old grandma, who fiddles continually with little things but allows big evils (like wage inflation) to go rip; the image that Britain needs to spread is that of a modern business executive, who concentrates on making big decisions to save or earn millions of pounds, and who can rely for the saving of pennies on the continuing daily work of some junior cost accounting clerk. Contrary to Treasury myth, most practical businessmen would not be encouraged to invest in a company which, having found itself in difficulties, called an extraordinary shareholders' meeting to announce such steps as the imposition of 2d. on the staff's canteen meals. That sort of economy, when it is justified, should be picked up and made in the normal course of business, not trumpeted out to devalue big occasions.

A big complication this time is that the short-term threat to sterling, if Mr Lloyd fails to impress foreigners with a change in Britain's image, is going to be inextricably bound up with the long-term measures that the Chancellor takes. The Chancellor's statement of remedial measures to Parliament is expected to come at just about the time when Britain will have to make some announcement about the next stage in negotiations with the common market; if Britain's decision is that because of Commonwealth difficulties those negotiations with Europe must be further delayed—and one is getting steadily more frightened that it may be—then it is going to become much more difficult to bolster foreign confidence in the pound. This is the big new threat close behind us, and it is a misfortune that Mr Sandys has not had more success in pointing it out to the Commonwealth. It is also a factor that makes it more than ever important that Mr Lloyd's short-term crisis measures should be accompanied by specific remedies for Britain's longer-term debilities.

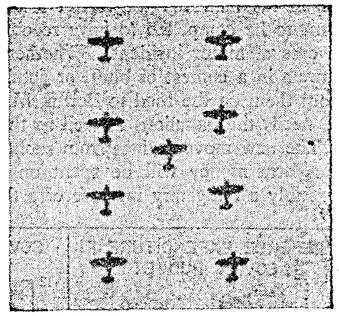
Everybody ought to know by now what these two real long-term ailments in Britain's internal economy are, and what is the physic needed to remove them. The first reason for our long-term economic weakness is that Britain has constantly restricted success, and as constantly subsidised failure. A cardinal long-term error of the nineteen-fifties was that restrictions each crisis-time were specifically directed towards consumer goods bought on hire purchase, so that the main clamp was placed always on the biggest natural growing points of the economy; a precisely similar error in the nineteen-sixties would be to direct restrictions specifically to the new natural growing point of building. Always in a dynamic economy the bias should be towards shaking resources free from dying industries instead of blocking their employment in expanding ones. If the Government were really serious in its professed intention to probe down to the roots of the persistent weakness of sterling, and to cut and graft wherever a real improvement can be made, it is towards the weaker and cosseted industries that it would direct its crisis cuts: towards no more subsidies for Cunarders or horticulture or fishing, towards a real drive to close down uneconomic coal mines even in awkward unemployment areas, and so on. But everybody knows that it will not be really bold about this. What just conceivably might, and certainly ought to, happen this time, however, is that the Government may seek to encourage some more generalised weeding out of particular inefficient firms and manufacturing industries by exposing them to more competition: the logical long-term weapons to use here would be a cut in tariffs on manufactured goods, the abolition of legal protection for resale price maintenance, and legislation to curb restrictive practices enforced by trade unions.

The second and even more staring long-term ailment in the economy is that Britain cannot regain economic health so long as collectively bargained wage increases run ahead of increases in productivity by some £400 million or £500 million a year. The change needed here is to see that the vast conciliation and arbitrational mechanisms of the Ministry of Labour, together with the direct influence of Government departments as employers and the every syllable of Cabinet ministers' speeches, become directed towards an entirely new objective. The prime purpose in this field henceforth should be that of avoiding inflationary settlements instead of avoiding strikes. If a serious shift were made in this direction, then the economic crisis of 1961 could yet prove to be a moment of real recovery in Britain's affairs; otherwise the long-awaited performance that is supposed to save the pound will once again be one of Hamlet without the Prince, and with Mr Selwyn Lloyd being cast in foreign eyes as yet another grave-digger.



Mr K Goes Conventional

The Soviet policy of military retrenchment has lasted just eighteen months. But Mr Khrushchev may still hope to return to it



Without doubt the "prolonged applause" that greeted Mr Khrushchev's speech in the Kremlin hall on July 8th was genuine. He had just announced that the reduction of the Soviet armed forces was suspended, and that the current year's defence budget would be stepped up by a third; and he was addressing an audience of graduates from the military academies. From the civilian public of the Soviet Union, in private, a quite different reaction might be expected. By any standards, Mr Khrushchev's announcement is startling. True, budgetary defence expenditure is not an accurate yardstick of the whole Soviet military effort. It is, however, a rough guide; and a third, at one blow, is a big increase. Ordinary Russians can have received the news only with the familiar worries about the relationship between guns and butter. Outsiders have to ponder whether the measure is really "temporary," as Mr Khrushchev suggested—or whether it marks a turning point in post-stalinist history.

Stalin's successors laid less emphasis on direct military expenditure than their master had done. Nobody can accuse them of having neglected defence; but, surveying the field of national and world policy after the autocrat was gone, they did conclude that Soviet—or communist—aims could also be furthered, and probably better served, by other methods as well. Thus, the relative share of defence declined year by year in a fast growing national income. Technological change, and particularly progress in rocketry, next made it possible, and indeed necessary, to release to the economy some of the masses of manpower tied up in the conventional forces. An important step in this direction was taken in January, 1960, when Mr Khrushchev proclaimed the demobilisation that he has now suspended. Within two years, he then promised, the Soviet armed forces would be cut from 3,623,000 to about 2,400,000; and other reforms would follow. Marshal Malinovsky revealed on the same occasion that the 1,200,000 men thus returned to civilian life would include no fewer than a quarter of a million officers.

Mr Khrushchev could plausibly claim, when he announced that reduction in military manpower, that it would in no way diminish Russia's striking power. But the special stress he put upon the point left little doubt that he was answering critics at home. It was equally obvious who some of these critics were: the officers threatened by the axe and their spokesmen, the marshals clinging to their big battalions. Barely two years after Marshal Zhukov's fall, however, the service commanders were not strong enough on their own to put effective pressure on Mr Khrushchev. That he took their resistance into account at all was a sign that they still had powerful allies within the party hierarchy. The communist leaders who viewed Mr Khrushchev's policy towards the western powers sceptically were to be found in Moscow as well as Peking.

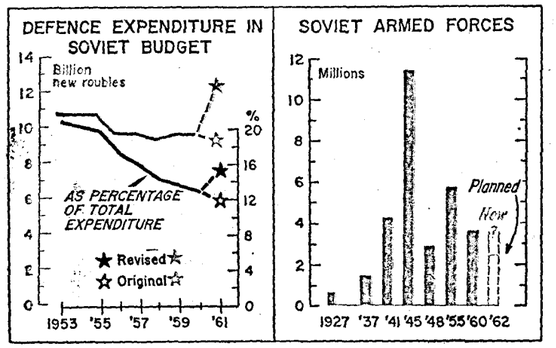
Four months after the January gesture of appeasement, Mr Khrushchev's co-existentialist line suffered its first major setback with the U-2 affair and the fiasco of the summit conference that never opened. In the period that followed, while Moscow and Peking were throwing hardly veiled accusations of heresy at each other, it was difficult to tell where the pendulum of communist policy would come to rest. An attempt to fix it was made in Moscow in November, at the gathering of the 81 communist parties. The final declaration suggested that a tentative compromise had been reached: Mr Khrushchev promised to show more revolutionary zeal in the uncommitted countries in exchange for a reluctant blessing on another attempt to come to terms with the new American President. As a proof that the door was being kept open for negotiation, the Berlin issue has been kept for months in a curious state of suspension.

December's Moscow manifesto did not end the tug-of-war within the communist world. Evidence has been piling up recently of renewed Chinese pressure. Mr Khrushchev himself has, finally, warned the western powers that the Berlin dispute will have to be settled this year. In Russia, military commanders have been coming back into the limelight—for instance, last month in the celebrations of the anniversary of the German invasion, when Mr Khrushchev put on his military uniform, no doubt for symbolistic reasons. Last Saturday's announcement is, thus, not entirely a surprise. One may even deduce what the arguments of Mr Khrushchev's critics have been from those he is now using to justify the reversal of his policy. The talk of increased defence preparations in the United States and in west Germany must have weighed heavily in the argument.

Once again—as in January, 1960, but in reverse—several factors have combined to precipitate the latest Soviet decision. Politics and strategy are here strongly mixed. Mr Khrushchev has just warned the western powers that a frontier clash in Germany carries a strong risk of turning into a nuclear conflagration. He added that such a war would spell the doom of capitalism, implying—without much evident justification—that the communist world would somehow be spared. But,

for all his boasting, the Soviet leader presumably does not want to be compelled to have recourse to ultimate weapons in case of minor incident. Whether to outface the western powers in a contest of bluff, or actually to meet a challenge from them on the road to Berlin, Mr Khrushchev now feels he needs the battalions as well as the nuclear armoury.

The new move springs from such considerations. Not all the extra money will be spent on conventional divisions; certainly a budgetary increase of a third is much more than



would have been required simply to pay for the upkeep of existing standing forces (how many have actually been demobilised so far is not known). Last Sunday's display at the Tushino airport was a deliberate demonstration of Soviet air power. Major Gagarin's presence in London is a personal reminder of the effort that Soviet rocketry represents. There will be no slackening in these fields; quite the contrary. But whereas eighteen months ago Mr Khrushchev was foreshadowing the end of conventional armies, he has now changed his mind. In Russia, as in the United States and elsewhere, the advocates of conventional forces have lately scored points against the press-button strategists.

It can be argued that Mr Khrushchev is trying to kill two birds with one stone. He wants to impress foreigners with his earnestness about Berlin and simultaneously to reassure his officers, threatened with the axe, and their political friends. Yet he gives the impression at any rate of throwing his stone with some reluctance. Not only did he, in his speech, present the new measure as provisional, pending a new decision. But, over the heads of the military graduates, he repeatedly urged President Kennedy, General de Gaulle and the Prime Minister to a conference. There, he suggested, they could discuss not only the future status of Berlin but also such topics as the Rapacki plan for a zone free of nuclear weapons in Europe. Mr Khrushchev's reluctance is natural. It was on the policy of smaller armies and more economic drive that he himself staked his reputation.

Even in his Saturday performance, Mr Khrushchev again attempted a calculation of when Soviet industrial output (estimated by him now at 60 per cent of the American) would exceed the United States level. He has not abandoned his economic challenge. Indeed, the challenge is likely to be reiterated in the new party programme, to be presented to the Russian public within two weeks. This is to be a grandiose document, tracing the uncharted road towards communism. The signposts on the road are to be economic.

Thus the heavier defence burden does not mean that the Soviet Union is abandoning the economic course it has set itself. But it does, and must, mean that the pace of advance is going to be slower as long as the "provisional" increase in the burden lasts. Mr Khrushchev may be hoping that the threat contained in his new defence programme will bring his western opponents to a conference; blackmail it may be, but it is a hope as well. From such a conference he could hope to return with something or other gained, to announce that, because of his diplomacy from strength, the alarm was over, and to revert to the course of January, 1960, with his critics confounded. This may be Mr Khrushchev's hope. It does not follow that events will obligingly conform. Nor does it imply either the abandonment, or the revision, of any basic Soviet aim.

Whips of Parliament

Are party whips increasingly, or decreasingly, important figures in the current political scene?

WHIPS—the members charged with the maintenance of party discipline at Westminster—are familiar enough creatures to their fellow members, but to the general public are shadowy and rather remote figures, flagellants whose functions, if necessary, remain somewhat unpleasant. In the last year a major (but squashed ?) revolt in the Labour party and a familiar (but increasing?) restiveness among Conservatives has brought them back into the news again.

The Government employs eleven whips as well as the Chief Whip and his deputy. Its Chief Whip, besides being responsible for party discipline, holds two official posts. First, he is Parliamentary Secretary to the Treasury and so responsible (subject to the Leader of the House) for arranging Commons business. In making these arrangements, full consultations take place with the Opposition Chief Whip. Of the eleven ordinary Government whips, four are Lords Commissioners of the Treasury, three are officers of the royal household, and four are unpaid. The Opposition appoints its own Chief Whip and assistants. It is a general rule among wise parties that their whips should be people who are not personal anathema to whips on the other side, so that the "usual channels" of Parliament should not become unnecessarily blocked. This year, in spite of the strains caused by such incidents as Labour's filibusters against Mr Powell's health charges, this tradition seems to have been very civilisedly maintained.

Secondly, the Government Chief Whip holds the office of Patronage Secretary, and is thus theoretically the source of the honours that help to sweeten the lot of the party workers in the country, as well as relieving the frustrations of those in the House. How far he really is such a source in these days, when the party's central offices have become great bureaucratic machines, and when ministers have so many other means of picking out promising youngsters, is open to argument. But the view that Government Chief Whips play a major part in recommending aspirants for minor office is important in giving them some of their power. And one source of patronage in the hands of both whips' offices which certainly is increasing now is the allotment of places on parliamentary delegations for pleasant and interesting trips abroad.

The third function of the whips—and one which the present Government Chief Whip, Mr Martin Redmayne, has called their most important—is to act as an intelligence service for the party leaders about the viewpoints of backbenchers. This is always regarded as especially important under a Tory Government. When the Labour party is in office Labour ministers continue to attend party meetings. Conservative ministers do not. Tory Cabinet leaders are therefore largely dependent on the whips to interpret the mood of the party. Because MPs and parliamentary journalists are always eager to report that cabinet ministers need to keep in close touch with the mood of their backbenchers all the time, a whispered tradition eventually grows up around every chief government whip that "he is a much more important figure in the counsels of the Government than outsiders suppose." Conservative Chief Whips, in particular, are always going to be the next-Prime-Minister-but-three. But among the most obvious recent examples the last Tory Chief Whip-but-two, Mr Buchan-Hepburn followed Belloc's parody about next-Prime-Ministers-but-three almost exactly. He never rose higher in the cabinet than Minister of Works, and has now gone off to be Governor-General of the West Indies as Lord Hailes. It remains to be seen whether his immediate successor as Chief Whip, Mr Heath, will scale the highest pinnacle now that he has gone into the cabinet, or whether he too will find the old obstacles in his way: some professional observers argue that the jollying, politicking, ear-to-the-ground activities of a Chief Whip, besides being apt to make some enemies among existing senior ministers, are not always the best training ground for very senior ministerial office where decisions have to be promptly taken.

THERE remains the third function of the whips, and the one that the public hears most about: that of maintaining party discipline and party leaders' morale by making sure that as many members as possible vote in each division. The whips summon members to vote by one, two or three line "whips." A single line whip is merely routine: a two line whip carries an obligation to vote unless paired: and absence from voting on a three line whip is excused only on the most serious grounds. In securing obedience to these instructions, information, persuasion and bullying are nicely mixed.

Information from the whips about how to vote obviously causes no heart burning, although sometimes one feels that it would be better if the information given to whipped MPs were a bit fuller. During the passage of the Milford Haven Bill, which provided government aid for the reconstruction of that port, one Tory MP was heard to complain about the number of divisions he had been dragooned through "just so that that young man can marry Eva Bartok." It is when information shades into attempted persuasion, or something more, that discontent arises. There have been distinct signs of such discontent with the Government whips in Parliament's present session. In April, 67 Tory members defied the whip and voted for a proposal to re-introduce birching. In May, 7 members voted in favour of Mr Wedgwood Benn's being heard by the House. Only one member voted against the Government's



Labour's Mr Bowden



Conservatives' Mr Redmayne

proposal to pay an £18 million subsidy for a new liner in place of the Queen Mary, but three members deliberately abstained, at least 60 were absent without pairs, and the Government majority fell to 46. During the committee stage of the Finance Bill 13 Tories came out against the Government about Schedule A. Last Wednesday two more voted with the Opposition after the Welsh leaseholds debate.

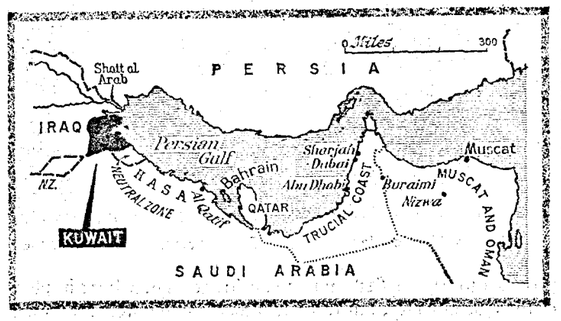
The initial reaction of the Government Chief Whip, Mr Martin Redmayne, to these signs of rebelliousness was sharp. Members were carpeted and parliamentary private secretaries warned that if they voted against the Government they were liable to lose their jobs. This schoolmasterly astringency caused further resentment among Conservative backbenchers, epitomised in Mr Humphry Berkeley's tart remark that "six mildly rebellious backbenchers are of more value to a favourable Conservative image than 100 faceless men, however obedient." Mr Berkeley, one of the abler younger members returned in 1959, has voted against the Government three times in the last three months.

Since 1955 126 new members under the age of 45 have entered Parliament, but only a handful have obtained office. The rest—especially those who have been in since 1955—have grown increasingly restive. In these circumstances the Tories would make a great mistake if they put their most spirited young colts too fiercely under the whip. However appropriate rigid discipline may have been in the 1951 Parliament when the Government majority was only 17, it is singularly inopportune with a Government majority of over 100. Allowing members to vote against the Government on minor issues—and all the issues have been minor—far from weakening the party, provides it with a necessary safety valve. Nor does it harm the party in the country where constituents like to see an independent member thinking for himself (on minor issues) rather than acting as a voting machine.

On a major issue of confidence, or on any division where the rebels' real object was to break up the existing structure of their party, quite different considerations would prevail. There is no parallel between the five Labour members who defied their leaders in March over defence and were rightly suspended from the parliamentary party, and the small specific revolts of the present Conservative malcontents. What is needed now in the Patronage Secretary's office is unworried tolerance. Two of the Tories who rebelled on the Schedule A vote were parliamentary private secretaries, but they were not made to resign so it looks as if the lesson may have been learned.

A Quiver of Sheikhs

Come what may of the Kuwaiti predicament, things will never be quite the same again along the Persian Gulf





QATAR MUSCAT BAHRAIN SHARJAH

THE British silver cord has been loosed; all the Queen's gunboats and men cannot perfectly restore the peace of mind of the rich Gulf sheikhs round their oil wells, or the poor ones on their barren shores. After generations of basking under British protection, Kuwait's frightening encounter with freedom has shaken its neighbour sheikhdoms. Though they all have treaties with Britain and can call, like Kuwait, for help, they know that Kuwait's dilemma is theirs.

Briefly their dilemma, whether they are rich or poor, is that they are thoroughly dated. And the rich ones are fabulously rich without the responsibilities that great inheritance should normally bring. Tiny principalities playing at independence (under cover of being not protectorates but merely "British protected"), they may charm the curio hunter in search of Victoriana. But they disturb rational thought by their unabashed feudal systems and general untidiness. It is no sin to be small; but it is dangerous to be so small and so emphatically outmoded.

A million people, divided, and ruled by eleven proud rulers: this is the sum and content of the Persian Gulf principalities, including Kuwait at their west and Muscat and Oman facing the Indian Ocean. The Sultan of Muscat disposes, more or less, of at least half their population. So the rest of the rulers can count their subjects in handfuls. The oil-rich communities, Kuwait, Qatar and Bahrain, have a joint population of less than 400,000. The remaining 100,000 are dispersed among the Cinderella states: Abu Dhabi, Dubai, Sharjah, Ajman, Umm al Qaiwain, Ras al Khaimah and Fujairah. These are mostly lean and hungry sheikhdoms, dreaming of oil and scraping their deserts for a living. Only one is as yet, Cinderalla-wise, set along the path of its dreams. This one is Abu Dhabi. With an offshore oil strike that seems to be full of promise, Abu Dhabi expects a big oil inheritance.

The Persian Gulf region is divided not only by the utmost extremes of wealth and poverty but also by geographical differences. The seafaring men of the coasts have practically nothing in common with the pastoral tribes of the interior. How easy it is to drive a wedge between them was witnessed by the Omani revolt, urged on by Saudi Arabia, against the Sultan of Muscat and Oman (Muscat representing the seaboard and Oman the hinterland). Nor have the rulers of each state much aptitude in getting together. Though pledged by their treaties with Britain to keep the peace amongst themselves, they incline to parochial squabbles. The general form of relationship is that no ruler cares for his neighbour, but most are friends with the ruler next door but one.

With their uncertain frontiers, dispiriting feudal structures and young generations growing up with a yearning for wide horizons, these sheikhdoms are natural targets for territorial claims. Their large neighbours see no point in them, and covet their oil and their wide seaboards. If Iraq claims Kuwait today, we shall doubtless hear more tomorrow of the other claims, Saudi Arabian and Persian, that persistently hammer on the Gulf.

In Iraqi foreign policy the claim to Kuwait has been a recurrent theme ever since 1936, when King Ghazi advanced it publicly. His action caused a stir in Baghdad, where, in contrast to today's apparent apathy, there were spirited demonstrations. The fantastic rumour that his death in a motor accident soon afterwards was engineered by the British gathered strength from the theory that Britain feared his designs on Kuwait. Yet Nuri Said nursed the same ambition pursued it in private conversations, and openly declared it in 1939—when the first Kuwaiti oil had been struck.

Saudi Arabia is altogether subtler, swifter of action and not so sharp of word. Restlessly seeking advantage, it has pushed for oil and the sea wherever a weak spot offered. It disputes its frontiers with Qatar, but in friendly fashion since Qatar is a Wahhabi enclave; and more bitterly with Abu Dhabi and Muscat and Oman, who share sovereignty over Buraimi. Saudi Arabia was also embarrassingly affectionate in referring to Kuwait and itself as "one country" when it recently sent its soldiers to the defence of threatened Kuwait.

Persia claims Bahrain on historical precedents fetched up from the eighteenth century. Consistently since 1927 it has lodged formal protests against the treaties that gave it its present status as a British protected state. This legalistic approach reached its culmination in 1957 when a law was enacted in Persia making Bahrain a Persian province. The Shah has since reaffirmed this, and he can always be sure of a handclap when he points to the seats in the Persian Majlis that await the Bahraini deputies. No doubt, in designating Kuwait as an Iraqi sub-district, General Qasim was taking a leaf from Persia's book.

Could Iraq's claim be instrumental in making the Arab States confer on their future relationships with all the Persian Gulf sheikhdoms, some good might eventually come of it. If the Arabs could combine in substituting aims for claims, then the claims could be shelved in return for bargains in oil. By sharing their stupendous oil wealth with the rest of the Arab East in order to advance its industrial revolution, the oil sheikhs would make themselves more honoured, more responsible—and far less vulnerable.

The patchwork of Persian Gulf sheikhdoms, preserved in its quaintness by Britain since the late eighteenth century, has been in its time a brilliant diplomatic accomplishment. Protecting first Britain's commerce and, later, the strategic routes to India, it survived to ensure that the astonishing oil discoveries made in the region in modern times were safely available to the western world. Until recently the advantages of this coast in bringing profit to Britain far outweighed the embarrassments it caused by its anomolous political character. In the oil industry's formative years, it could seriously be called a vital British interest. But now that oil is welling up more freely, and in such a variety of places, not only down the Gulf but in North Africa and the Americas, the sheikhs have little choice but to revise the pattern of their political life to meet the needs of the mid-century. These are Arab needs as well as Britain's. The sheikhs' problem, in fact, is to discover how to be their age.

Deference and Shop Windows

A DESERT the size of France, with a population the size of Lyons, South West Africa might well be Dr Verwoerd's misfortune. Instead, it has become Britain's. Most delegates to the United Nations see the territory as a possible lever to prise apartheid out of the southern tip of Africa. By voting on the wrong side and, more understandably, by refusing to allow a United Nations committee to use Bechuanaland as a base from which to get a UN presence into South West Africa, the British Government has made itself appear to support Dr Verwoerd. This is as unfortunate as appearing to support Dr Salazar. The British Government is opposed to apartheid and to the killing of people in Angola, but the world is finding this hard to believe.

Britain was one of the nine countries that abstained when, in April, the General Assembly voted by 83 to none for its committee to visit South West Africa with South Africa's co-operation and "without it if necessary." The territory is at least as much the UN's business as it is South Africa's. The International Court has advised that the old League of Nations mandate, which put the administration in South African hands, did not die with the League, and General Assembly votes have repeatedly confirmed this judgment. South Africa has virtually annexed the territory given to it as a trust, and for Britain to argue that the UN cannot be allowed to break South African law by entering South West Africa makes it seem very much as if Britain endorses the integration of the territory in the new Republic.

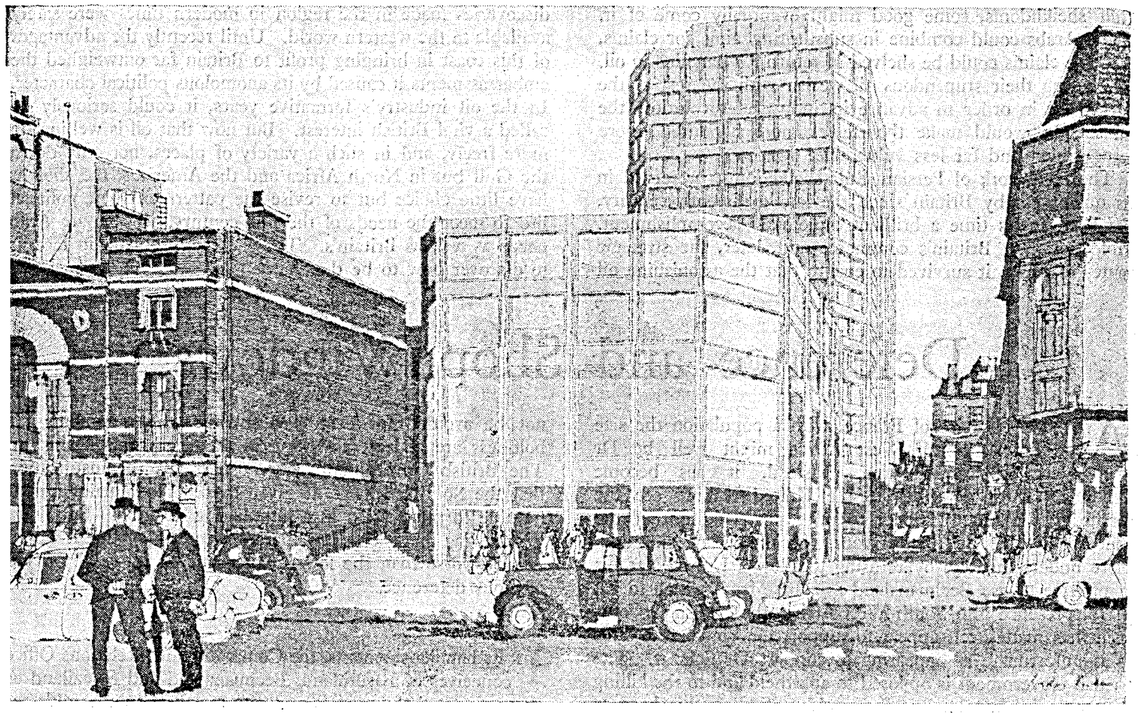
A more easily explainable reason for not allowing the UN committee through is that South Africa could hit back at Bechuanaland itself. This is less of a danger than it seems at first sight. Bechuanaland, Basutoland and Swaziland depend for their economic lives on their ability to sell their labour and primary products to South Africa. By sealing the borders Dr Verwoerd could speeze the protectorates to death. But would he? South Africa's own livelihood would suffer by the cutting off of protectorate labour. Again, Whitehall may fear a South African attempt to annex the three territories by force—but South Africa must equally fear Britain's, and the world's, wrath if it were to try.

By their very nature the protectorates will increasingly irritate South Africa—as much when they let refugees out as if they let the United Nations in. A clash between Britain and the Republic over the status of the three territories cannot be avoided for ever. Meanwhile, the arguments for boldness are at least as strong as the arguments against it. The British Government's nervousness has the justification that the South Africans, if given cause of complaint, might be able to put Britain in a humiliating position. But there is no saying that such a humiliation is certain, or that it would be any worse than the loss of international stature by a too officious deference.

IN its happier moments, the Commonwealth Relations Office conceives of Basutoland, Bechuanaland and Swaziland as shop-windows of progress and non-racialism in the midst of the apartheid republic of South Africa. There is quite a lot of non-racialism in Bechuanaland, where Seretse Khama and his English wife are leaders of society. Mr Khama emerged three weeks ago as the most powerful figure in the territory's new elective legislature, and he can be relied on to lead Bechuanaland peacefully towards self-government.

In Basutoland there is almost as much non-racialism, and what there is could well be increased if the British Government changed its attitude towards the Catholic University College at Roma. The college needs money and official backing; in spite of its denominational character (though it admits students of every religion), it should get both from Britain. Genuine university education is no longer available to Africans in South Africa. A contribution towards the $3 million which Roma needs over the next five years would put something really bright in the shop-window.

In Swaziland the amount of non-racialism is smaller. Many South Africans live there. Its economy is the soundest of the three territories, but its political advance is the most retarded. To give Africans more say in its government will require firmness from the CRO; this is the main obstacle to that kind of progress. As for economic progress, Britain's showing is not good in any of these three territories. A year ago a commission led by Professor Chandler Morse recommended additional aid of nearly £7 million for the three territories; the British Government has taken a year to decide to give £1,200,000 over the next two years. As a result, South Africa will surely stay well ahead in this peaceful economic competition: its Africans are better off than those in the protectorates, and they are likely to stay better off. The shop-windows are being shabbily stocked.



A new home for The Economist

THE ECONOMIST and The Economist Intelligence Unit are planning to build a new home for themselves on the site in St James's now occupied by the present main office and by some adjoining buildings. Consent has been given by the London County Council, and, subject to one or two final negotiations, it is hoped to begin work in June 1962 and to finish early in 1964. The contractors will be Sir Robert McAlpine & Sons.

The site to be developed is shown on the plan. In addition to the present building occupied by *The Economist*, it includes three buildings on St James's Street, one on Ryder Street (all of nineteenth-century construction) and three eighteenth-century brick houses in Bury Street. On the St James's Street side, the boundaries of the site begin at (but do not include) Boodle's Club, which, with its bow-window, is perhaps the best-remembered landmark of the street. They go down to the corner of Ryder Street, along that street to its junction with Bury Street and then some fifty yards north, taking in some of the back quarters of Boodle's Club. The whole site is held on Crown leases; its acquisition, involving negotiations with the head lessees and tenants of the seven buildings concerned, has necessarily been a lengthy business in which our surveyors, Messrs Collins & Collins & Rawlence, have guided us with patience and skill.

The plans to deal with this site have from the start been governed by two considerations. First, the greatest care should be taken to ensure that any new building fits in with its neighbours, and, in particular, that the general aspect of St James's Street is not damaged. This is almost entirely a matter of proportions. The individual buildings of the street include few that are really good, and some that are downright hideous. If the street as a whole is one of the most satisfactory in London, that is a function of the ratio between its width and the general height of the buildings that line it. But, the proportions having been preserved, the second principle was that there should be no fake antiquarianism. There should be an attempt to produce a building or buildings expressing the contemporary era, and designed to take advantage of the latest technological developments.

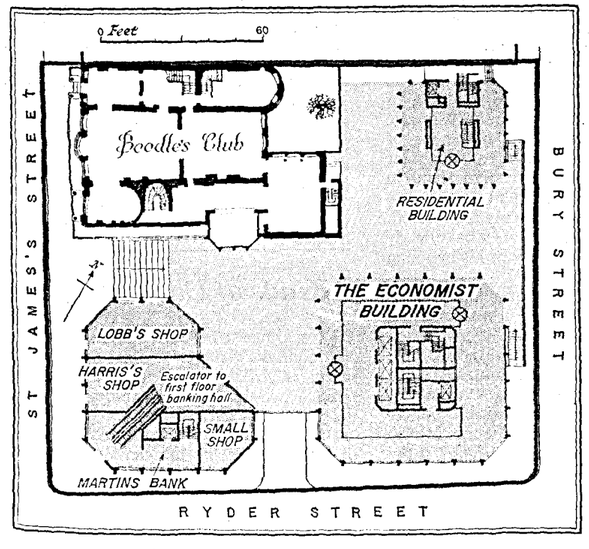
It was also desired, other things being equal, to give an opportunity to a British architect whose work has not yet had the chance to become widely known. This was not conceived of simply as a piece of artistic patronage. The complications of modern construction produce the double result that the work of successful practitioners rapidly degenerates into salaried team-work, and that it is very difficult for fresh ideas to break in. We thought we stood a better chance of getting a building thought out afresh from first principles by going to an architect who represented himself and not a large office. After the most careful inquiry, the husband-and-wife team of Alison and Peter Smithson were appointed. Mr Maurice Bebb, who has been involved as our architectural adviser right from the start, has been appointed as associated architect.

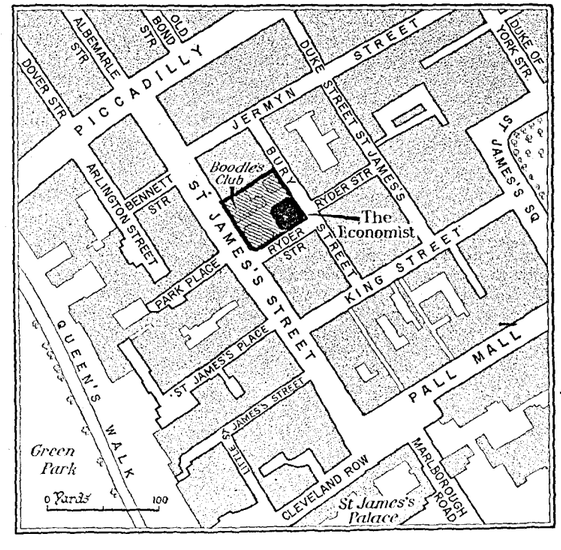
The plans that Mr and Mrs Smithson have produced have won our enthusiastic acceptance; they have been approved by the Crown Estate Commissioners, the London County Council, the Royal Fine Art Commission and, not least, by those whose premises will be affected—Boodle's Club, Martins Bank, Messrs Lobb and Harris (both well-known St James's names) and others. It would be absurd to suppose that they will be to everyone's taste; but we are confident that they admirably serve the triple purpose of providing *The Economist* with a handsome and efficient home, of making use of the site to the best economic advantage, and of making a worthy, and novel, contribution to the civic architecture of London and the town landscape of St James's.

In all urban development nowadays, the governing consideration is the permitted plot ratio—that is, the ratio of the total floor area of the buildings to be erected to the area of the site on which they are built. In this case, the permitted ratio is 5 to 1. In theory, the whole site could be covered with a building five storeys high. Or the same amount of floor area can be provided by going up high on one part of the site, leaving the rest free, in which case the possibilities are further restricted by the angles of light to neighbouring buildings and by an overall height limit. Mr and Mrs Smithson's plan makes a decided choice of the latter alternative. Not only does this make it possible to lift up a good proportion of the accommodation provided to where it will enjoy unrestricted light, but it also makes it possible to open up a large part of the site for use as a small *piazza*, open to the public.

The penalty of such a plan (if indeed it be a penalty) is quite a high tower. This has hitherto been thought alien to London. But opinions are changing very rapidly; and we believe it will not be long before the double advantage of space at ground level, and of light up above, produce a complete revolution in the accepted canons of British urban architecture.

Not all the space could, however, be put into a single tower. For one thing, there would not be room for it within the light angles and the height ceiling. For another thing, we wanted to do our duty by St James's Street. The plan as finally developed therefore provides for three separate buildings. One of these is to be at the corner of St James's Street and Ryder Street. This building has been carefully designed to be neighbourly to Boodle's Club, not merely in its overall proportions but in the balance of its elevation. It would be fatuous to reproduce the eighteenth-century decoration of the façade. But the roof line continues that of Boodle's (which will be a great improvement on the present line) and a *piano nobile* has been introduced to provide another factor of continuity. This creates the opportunity for a fine first-floor banking hall for Martins Bank Ltd., to be approached by escalator from an entrance at the corner. We are confident that by rescuing Boodle's from its present submersion between much higher buildings on either flank, the plan will be judged a distinct improvement.





Between this first building and Boodle's Club there will be a short flight of steps leading up to the *piazza*, which will extend all the way through to Bury Street. This open space will not be large—indeed, no more than a *piazzetta*—but it will be larger than is apparent from either the plans or the model, since the other two buildings will be raised above it on stilts, and the vista will continue beneath them.

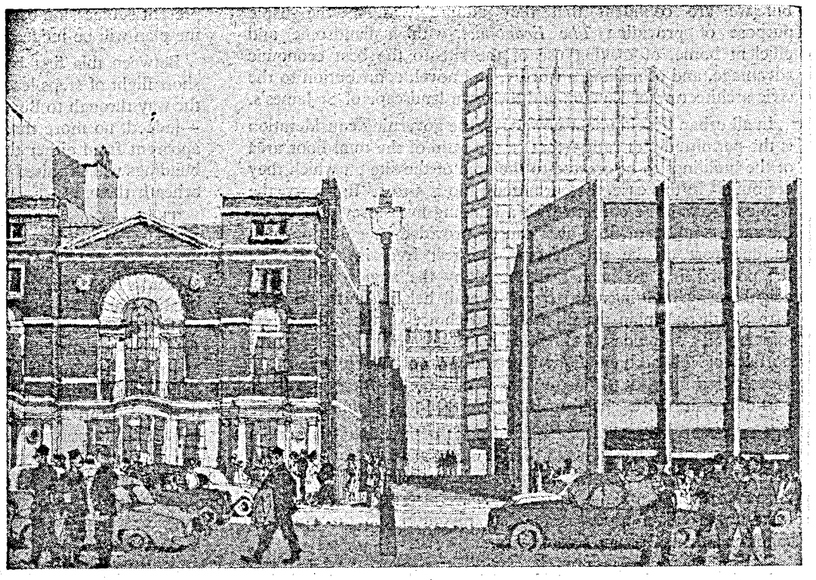
The large tower, at the corner of Ryder Street and Bury Street, will rise for 14 floors above the entrance level. But the floor of the *piazza* is also the roof of another storey which, at Ryder Street, is at street level (the ground falls away to the south). The total height of the building is therefore 16 floors above street level, with a basement beneath. In spite of its height, this tower will be visible from a stretch of only 60 yards in the total 380 yards length of St James's Street itself. In plan, the tower is to be octagonal—or more accurately, square with chamfered corners. Each floor is designed to provide a ring of offices round a central core. Apart from lifts, staircases and lavatories, no part of the building will be more than 18 feet from a window. There will be no inside rooms and no dark corners whatever. *The Economist* and The Economist Intelligence Unit will occupy the greater part of this tower building, but a few floors will be available for letting.

The construction is to be of reinforced concrete, but the visible portions, especially the prominent vertical ribs, will be of Portland stone, Roach bed. Whatever it may be in plan and elevation, therefore, in colour and surface texture the building will look much more like the traditional London than if it were to be built of steel and glass. It is intended that the building shall be fully air-conditioned and the windows will not be designed to open, except for cleaning. There is no climatic case for air conditioning in London, but we believe that the arguments for it on the score of quiet and, above all, of cleanliness are decisive.

The third building, at the north-eastern corner of the site, is designed as a miniature version of the tower. All its major horizontal dimensions will be exactly half those of the larger building and it has been conceived as a link between the tower and the street architecture of Bury Street. The basement of this building will provide a Ladies' Annexe, and the first three floors residential

chambers for Boodle's Club. The remainder of the building is designed as flats, to meet the "residential component" insisted on by the town planners.

For us at *The Economist*, this whole scheme has been, and still is, an adventure. The present point, when matured and approved plans can be presented to the public, is just about the halfway stage in a process which, from start to finish, will have lasted about six years. So far, our efforts have enjoyed the sympathetic co-operation of all the persons and institutions who have had to be called into consultation. Now we come to the stage when we must hold our breath while plans are converted into reality. We trust that our readers, our neighbours and Londoners in general, as well as ourselves, will be pleased with the result when they see it.



NOTES OF THE WEEK

KUWAIT

Order of Going

GIVEN the relatively imposing size of the force that the War Office decided was necessary to defend Kuwait against the Iraqi threat, the gradual withdrawal of troops, now in process, is no more than a continuation of a successful military operation. The crux comes when a token British force is left, and it is no longer possible to postpone a decision whether to replace it with some less contentious group of observers. Whatever may have been General Qasim's original intention—or vaguer hope—Iraq has now patently put aggressive designs to one side. On the other hand, while the Iraqi claim is fresh in the air, and unrenounced, it is reasonable for the ruler of Kuwait to demand positive evidence of international, or better still Arab, support for his country's independence.

If the various public statements that have been made in these ten days were taken seriously, most of the ways out of this dusty tangle would be blocked. At his press conference on July 6th, General Qasim reaffirmed that Kuwait was an indivisible part of Iraq, adducing as part evidence that Iraqi postal services existed in Kuwait until June, 1941. The Kuwaitis have declared that their state's admittance as a member of the United Nations was a precondition of their agreeing to the withdrawal of British troops. The United Arab Republic has said that the British evacuation must come first. The Security Council meeting ended on July 7th in deadlock, with the mild British resolution affirming Kuwait's independence vetoed by the Soviet Union, and a rival resolution calling for an immediate British withdrawal supported only by Russia, the UAR and Ceylon.

In fact the diplomatic knots are far less tightly tied than this tangled spinning of propaganda would imply. The British have made it plain that they want to get out of Kuwait as soon as they can, and the ruler is far too shrewd a statesman to stand in their way. With a little ingenuity, the problem of timing can certainly be solved, especially since President Nasser has already shown considerable subtlety in his handling of the affair.

One of the significant questions now is whether the remaining British troops should be eased out by a United Nations group, probably composed mainly of Arab soldiers, or by a group under the command of the Arab League defence council. On the past history of the league, most people understandably place more confidence in the United Nations. On the other hand, if the league is not to be written off, there are good reasons for giving it, now, a chance to prove itself. At the League's meeting on Wednesday, the UAR is believed to have come out roundly in favour of a purely Arab force—with the diplomatic proviso that no troops should be drawn from countries sharing a frontier with Israel. This not only short-circuits Iraq's outrage at the prospect of Egyptian soldiers in Kuwait but also draws attention back to what the Arabs believe to be their common danger. Kuwait, for its part, if it is to have any enjoyment of its independence, has to regulate its relationship with the Arab League; and the Kuwaitis are aware of this. A Kuwaiti delegation is at present visiting Cairo and other Arab capitals. Behind the scenes, some meaningful deals may be going on that, in the end, may benefit not only Kuwait but some of its financially less fortunate neighbours.

EUROPE AND COMMONWEALTH

Kinds of Cwthmanship

THE contrast between the results of Mr Sandys's visits to Wellington and Canberra is striking. Though New Zealand sends two-thirds of its exports to Britain, its ministers agreed, in the final communiqué, that they "would understand it if, after considering the views of Commonwealth countries, the British Government should open negotiations with the European Economic Community." They emphasised, it is true, that they "could not at present see any way of protecting New Zealand's vital interests other than by the maintenance of unrestricted duty-free entry" to the British market. But they agreed, all the same, "to examine alternative methods for protecting New Zealand interests in the course of the negotiation." This positive result is a tribute not merely to Mr Sandys's power of persuasion, but to Mr Holyoake's ability to take a long view. His loyalty to Britain and to the Commonwealth idea takes the honourable form of a willingness to make sacrifices and adjustments when a vital British—and with it Commonwealth—interest is at stake.

Australia, by contrast, has much less to lose. Something like a quarter of Australia's exports come to Britain and of these nearly half may be unaffected. Only some 15 per cent of Australia's current exports would run risks if Britain joined, and hence would have to be fought for in negotiation. Yet Mr Menzies seems to have joined the no-men, opposing any British move to join. As our Canberra correspondent points out on page 258, elections are in the offing. But whatever the tactical considerations, Australia's strategy remains hard to fathom. Drawing, as it does, a growing volume of immigration from the Continent (which it is trying hard, and desperately need, to increase); and turning increasingly, as it is, to other markets, it can hardly believe that the Australian future can be sustained exclusively by a Britain cut off from Europe. Defence, politics, economics and demography all make it a natural appendage of a future Atlantic community, distant in geography but close in everything else. Mr Menzies must know this perfectly well; why, then, the display of obstruction?

In Asia Mr Thorneycroft's persuasive progress continues to make much less din. Naturally enough all the Asian countries continue to press for markets for their jute, tea, and cheap manufactures. But in Pakistan, as well as in Malaya, Mr Thorneycroft has been rewarded by clear support for a British initiative. Delhi, which he reached on Wednesday, is his most important port of call, above all for political reasons. Mr Nehru has to be persuaded that the Commonwealth can only play the part of bridge between races and continents if the bridgehead in the west is broad.

Conditional Surrender

DESPITE the grumblings from Canberra and Ottawa the British Government may yet be in a position to announce a decision to seek negotiations with the Six before the end of the month. The meeting of the Council of the seven-power Western European Union on August 1st, suggested by the Six this week, could therefore be timely. The meeting is in a sense a routine one; the six common market heads of government—whose meeting has been twice postponed—are now expected to gather in Bonn on July 18th. A meeting of the WEU Council afterwards has been expected for some time. But obviously this one could provide a special opportunity to discuss British participation both in the common market, and in any new political arrangements the Six may agree on.

Further encouragement for a British move came on Tuesday from M. Monnet's Action Committee for a United States of Europe, which renewed its urging that Britain should join the common market. M. Monnet's group are particularly anxious that the British should move fast. They regard the British move to join as the key to an accelerating process of integration throughout the west. Once Britain were to join, they argue, new arrangements for pooling currency reserves in Europe—of great value to both the sterling system and the West generally—might be made. (The background to these is discussed in an article on page 259.) More generally, integration on an Atlantic basis might get swiftly under way.

For the sake of speed these Europeans inevitably hope that Britain will not approach the community with too many detailed demands on the Commonwealth's behalf. Their preference is for general institutional guarantees, leaving the details to be worked out later. It is true that in temperate agriculture there are limits to what can be negotiated beforehand when the agricultural policy of the community is still not settled. But on some specific matters, despite the gloomy stories being spread in London, the French government, and for that matter "European" circles in Paris, do seem prepared to be more specifically helpful. Against these evidences of more helpfulness — concerning, for instance, British Africa, New Zealand, and the possible re-negotiation of certain items of the common tariff—President de Gaulle's statement of July 2nd that Britain must join "without conditions" is perhaps misleading.

DEFENCE SPENDING

The Overseas Bill

BRITAIN'S rising military expenditure overseas (which has gone up from £163 million in 1957 to £215 million last year) has earned a long, hard look from the Chancellor in his search for economies. Mr Lloyd may have some of the more dispersed, and militarily questionable, garrisons in mind. And if he decides to ask awkward questions about Hong Kong, it will do no harm at all. But although the Ministry of Defence takes a devious pride in the multiplicity of its commitments and fire brigades around the world, the basic problem is not one of the services' own making. The decision to abandon conscription and rely on attracting sufficient men into a professional army in conditions of full employment has necessarily compelled the services to embark on a series of major constructional programmes for new accommodation —including quarters for married men, hospitals and other modern amenities overseas. This has been particularly noticeable in the past three years:

MILITARY CONSTRUCTION OVERSEAS

(£ millions)

	New services to be started in year	Money voted in year	Money voted for new accommodation
Army:			
1959–60	17,026	6,700	5,055
1960–61	20,352	9,110	7,678
1961–62	35,268	14,300	11,698
Air Force:			
1959–60	10,080	5,250	1,445
1960–61	16,579	8,475	2,367
1961–62	18,138	10,230	3,662

This doubling of expenditure is by no means excessive in the circumstances: recruiting figures would be worse if it had not taken place, and the cost to the economy of reintroducing conscription would be much bigger. The chief obligation on the services is to see to it that their new buildings are going up in the right places. What, for example, is the estimated political life of the expensive new quarters under construction in Kenya? Mr Lloyd should make a fuss here.

The other major factor in the Chancellor's calculations is the cost of maintaining the British forces in west Germany, estimated to be some £60 million a year. The final west German payment of £12 million of support costs has been made and no more is forthcoming. Under the Paris treaty of 1954 Britain undertook a military commitment that has to be honoured, except in exceptional economic difficulties. While the Chancellor may be anxious about the additional sterling drain caused by the revaluation of the D-mark, he should also blanch at the prospect that would open up if (assuming the worst) Rhine Army had to be called home and rehoused in anything like the quarters that the German taxpayer has, in effect, provided for it. Since the American Treasury has also been disturbed by its military spending in Germany it is conceivable that Mr Lloyd may eventually benefit from a general inter-allied arrangement. But the immediate economies in Germany that are possible, or desirable, look small indeed.

MAJOR GAGARIN

Mr K's Ambassador

YURI GAGARIN is a personable, resplendently uniformed and well-mannered young Russian who is also the first human being to have escaped from and orbited our planet. This has been more than enough to make him the visitor of the week, if not of the year. During his rapturous stay he has contrived to add respect for himself as an individual to respect for his country's scientific achievement. He has appeared to be modestly shrewd (or shrewdly modest: it is difficult to tell in so short an acquaintance) in dealing with the press, and unaffectedly diligent in his diplomatic duties.

The acclamation that he has received in London and Manchester this week could not have been accorded to any other Soviet citizen. It is not in the least surprising that this shining ambassador of Mr Khrushchev's should now be detailed for similar triumphs elsewhere.

Major Gagarin's politics are not irrelevant to his present employment, but they have been irrelevant to the sudden popular impulse to lionise this particular young man. The qualities that have put his features on the front page of every newspaper are very far removed from those supposedly propagated by the rash of show business personalities and the trash of the gossip columns. He makes a change. If Commander Alan Shepard, of the United States Navy, likes to visit London at any time he will be no less welcome on the same terms.

The British authorities took a knocking earlier this week for their initial lack of enthusiasm over a visitor whose intended arrival seems to have caught someone palpably off balance. The eventual amends, in the form of an invitation to Buckingham Palace on Friday and a meeting with the Prime Minister at Admiralty House, have in fact been handsome. Even the most censorious cannot have expected Mr Macmillan to trail out to the airport to make an astronaut's holiday ; he has certain other tasks to perform, in running the country. But if other people's plans could be adjusted to receive Major Gagarin, could not Lord Hailsham's have been on Tuesday morning?

FRANCE

General Riddle

If President de Gaulle's television address on Wednesday contained nothing that was altogether new, it did make plain the direction in which his thoughts are at present moving. He spoke in a mellow mood of quiet confidence on the destiny of France, which he justified by a lengthy exposition of the country's economic progress—a grave rebuke for the peasant demonstrators, here—and a pat on the back for his ministers. Perhaps it is this serenity that is behind the new readiness to stiffen the western cause, on such matters as the defence of Berlin, with something more substantial than exhortations to be resolute. The recall of a division from Algeria to strengthen Nato is an encouraging event. So, in another way, is the announcement that the period of French national service is to be reduced from twenty-seven months to two years: this will weaken nobody, please many, and, by increasing the labour force slightly, will give an extra fillip to the French economy.

But it is impossible to avoid the suspicion that one topic to some extent determined the allusions to the others, although General de Gaulle dealt with it only briefly. All his visions of the future are dependent on a settlement in Algeria. Without an early one, what he can do even for Berlin is severely limited. Unfortunately there was no sign, in the condescending allusions to decolonisation, that he has yet understood what is required of him if he is to get his Algerian peace.

As his speeches during his tour of Lorraine showed, and as this one confirms, he understands so well the generosity of France's proposed scheme of "association" with Algeria, which involves a vast aid programme, that he fails to grasp the repugnance the Algerians feel to some of its details. Essentially, whether it is a question of the Sahara, the military bases, the status of the European settlers, a cease-fire, or recognition of the provisional government, the matter at stake is the full Algerian sovereignty for which the nationalists have fought for so long, and for which they are prepared to go on fighting. No proposals that seem to impair that sovereignty have a chance of being accepted ; and it can only be a question of time before the sphinx of the Elysée, as the Tunisians call him, recognises this. But the riddle is, when?

GERMANY

An Unexpected Emigrant

While the western powers have been answering Mr Khrushchev's proposals on Berlin in notes to the Russian government, Dr Adenauer and Herr Brandt have been publicly duelling on the subject in a fairly surprising way. On July 7th Herr Brandt proposed that the West should try and get away from the cold war by producing proposals on the German question as a whole. The West should be prepared to discuss the political and military status of a reunited Germany. It should propose a peace conference of 52 governments ; representatives of the two German states could be consulted beforehand.

Holes can obviously be picked in this proposal. Except as a way of buying time, a peace conference of 52 states hardly looks a practical way of making progress over Germany. But in general outline Herr Brandt's idea has much to be said for it. For the West the only way of getting off the Berlin hook in the long run must lie through a serious discussion of the German question as a whole. And if such a discussion is to be fruitful, it will necessarily cover not only the character of a future German government, but the reunited Germany's alliances, armaments and frontiers.

Dr Adenauer's reaction, however, has been brusque and bitter: "Mr Khrushchev is anxious to hear just this sort of thing". If Herr Brandt became Chancellor, the best thing to do would be to emigrate to the United States, he told a rally of Christian Democratic women (discussed in its other aspects on page 260) on Monday. Thus Herr Brandt's, suggestions, like most suggestions concerning the German question, are branded as dangerous appeasement.

Some of the reasons for Dr Adenauer's attack are understandable in electoral terms. It is extremely irritating for him that Herr Brandt has been able to quote in support the suggestions for a German peace treaty made two weeks ago by Herr Gerstenmaier, the Christian Democratic President of the Bonn parliament. For once it is the Christian Democrats, more than their opponents, who look divided about foreign policy.

THE CHURCH

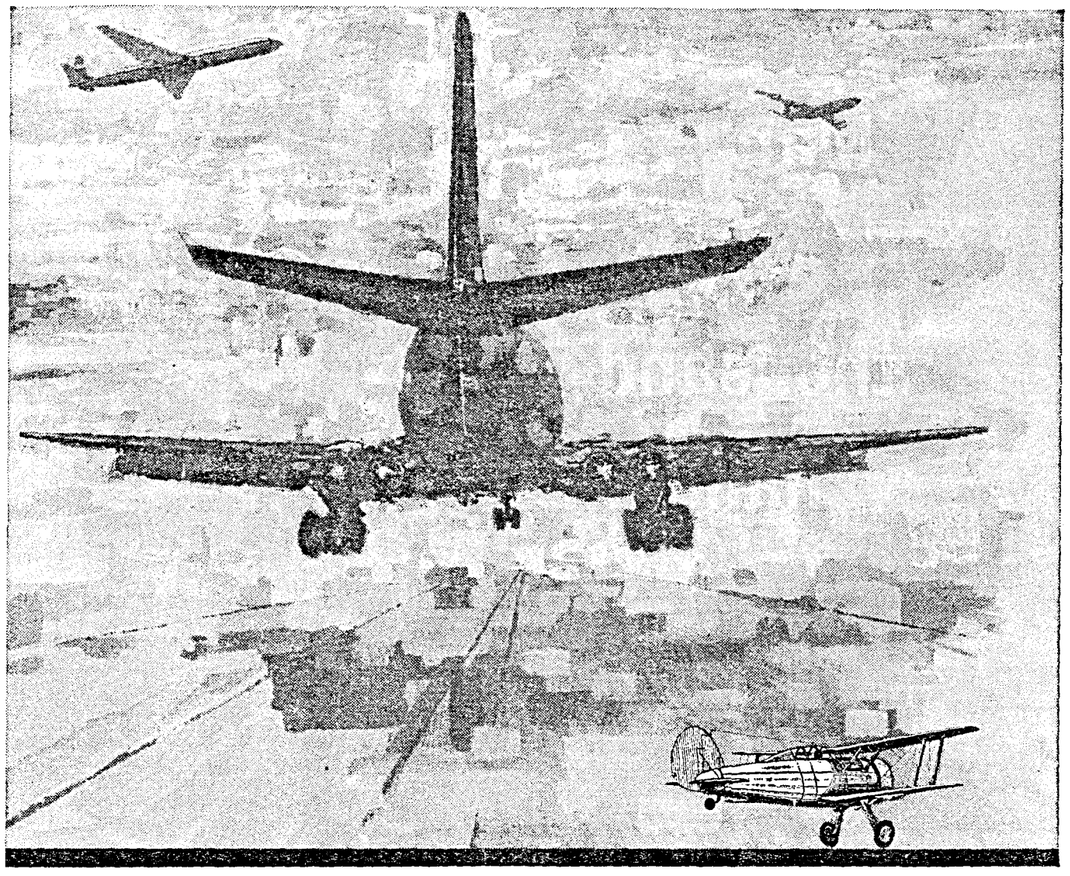
Self-Government?

The system by which the state appoints the bishops, deans and certain other office holders in the Church of England has often before been under fire. Two fairly recent commissions on church and state—under Lord Cecil in 1935 and then under Sir Walter Moberley in 1952—recommended that it should be modified, and in 1954 the Church Assembly passed a motion calling for greater autonomy. Now, after the unfortunate affair of the Guildford deanery and in line with his own expressed desire for more autonomy for his church, the new Archbishop of Canterbury has promised, if the Church Assembly wishes, to co-operate with York in appointing a commission to consider all church appointments that are in the gift of the crown.

From the church point of view the present system is theoretically indefensible. It is made worse, not better, by the final "election procedure" by the cathedral chapter. The chapter is ordered by letters patent (*congé d'élire*) to hold an election which is quite free provided the candidate named by Downing Street is elected. The solemn farce by which the chapter prays for guidance to the Holy Spirit, knowing that if His promptings are different from those of the Prime Minister they can only be followed at the price of incurring all the penalties of *praemunire* (including outlawry and confiscation of goods), causes more offence to churchmen than anything else.

What can be put in the place of prime ministerial appointment ? One suggestion is that a return could be made to the practice of the early church where clergy and laity joined together to elect their bishops. This method is used throughout the Anglican communion outside England. The Church of Ireland uses synods of clergy and laity to elect its bishops: the Church in Wales has special electoral colleges for the same purpose: the Protestant Episcopal Church in the United States uses synodal election subject to a veto (largely theoretical) of the house of bishops. But the drawback of the system is that mediocrities can tend to get entrenched in the lower levels of ecclesiastical as well as in political life, and might tend to elect others like themselves to high office. Moreover, such complete autonomy in England could probably be pur-

in a changing world



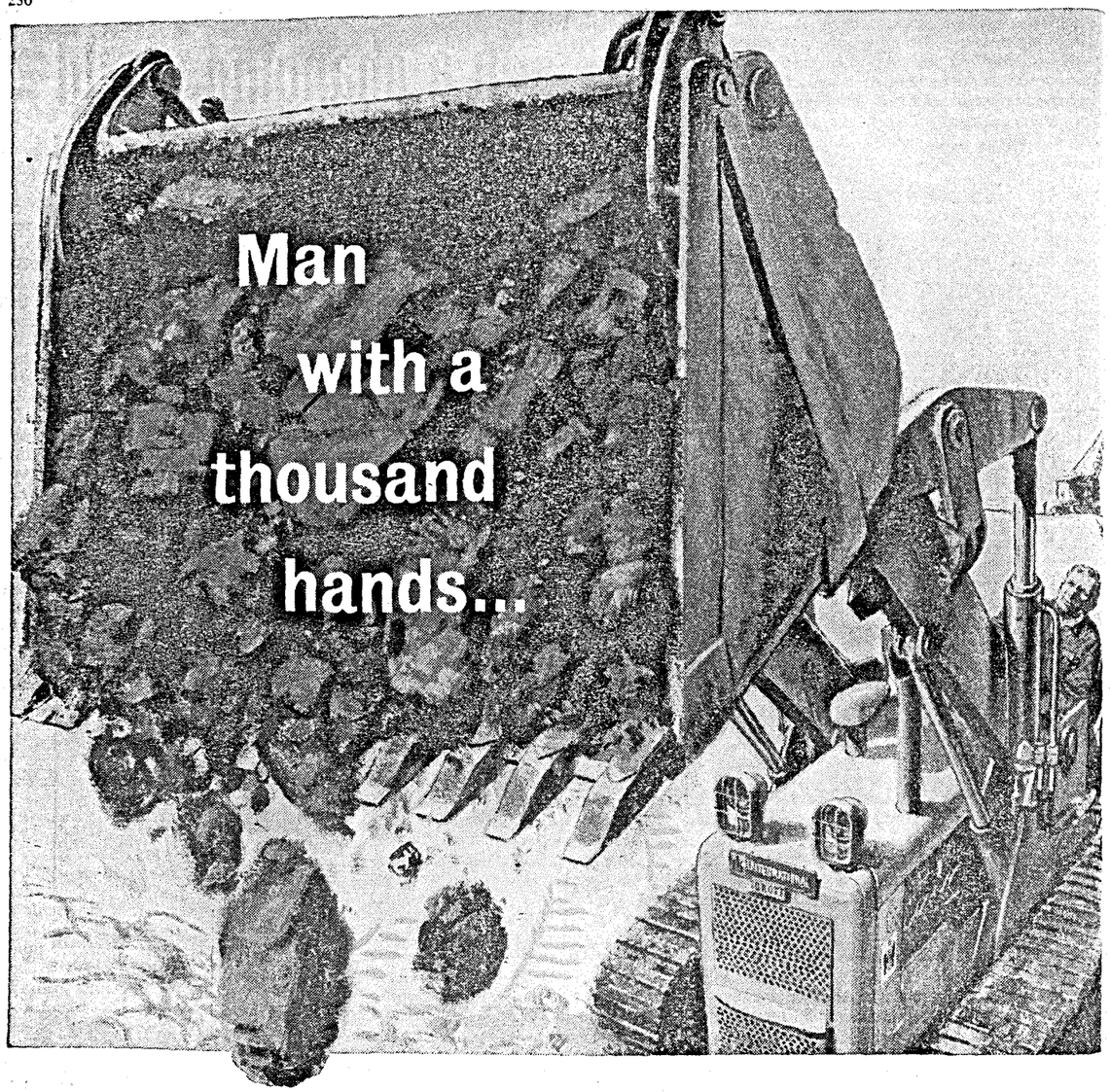
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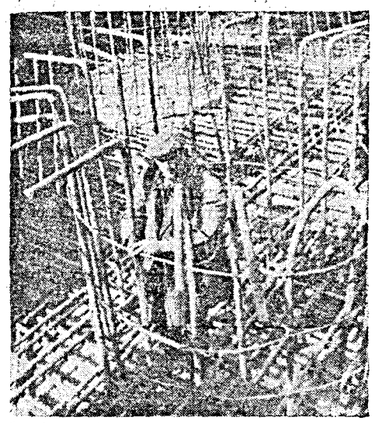
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chased only at the cost of disestablishment. A better solution might be to set up consultative bodies in each diocese to submit nominations to the crown when a vacancy occurs. The crown would be free to choose one of the names or in exceptional circumstances to reject them all and select another. This is the system used in the Roman Catholic Church where chapters send up three names to the Pope, one of which he normally accepts, but which on occasion he rejects, making his own appointment.

FYLINGDALES

In the Spidermen's Grip



On the wuthering heights.

A correspondent in Yorkshire reports :

THE construction of the early warning radar station on Fylingdales moor, near Whitby, where work stopped again last week, has been persistently disrupted by strikes and disputes. Although agreement was reached between the contractors and the steel erectors' union on Tuesday, under which talks are to go on at a site conference next week and the 72 erectors who were dismissed have been reinstated, this need not be the end of the story. The men say they are dissatisfied over bonus payments and safety conditions. Five of them had been dismissed for refusing to work 100 feet up in the high wind that often sweeps across the moors ; when the remainder came out on a protest strike they were sacked too. The management claims that the bonus scheme previously agreed to by the men allows for earnings of up to £32 a week. (The men say that the scheme is too complicated, but it is a safe assumption that they really want more money.) To add insult to supposed injury the British spidermen's complaints about the wind-force on the moors have been dismissed as thoroughly namby-pamby by visiting American constructional engineers.

Fylingdales is an Anglo-American project with a fixed (though undisclosed) date for completion. The United States is bearing £35 million of the cost and Britain £8 million. The station is part of a missile detection system linked with other posts at Clear in Alaska and Thule in Greenland—both of which have been completed. Delay at Fylingdales caused by a week's stoppage in April led to questions in the Commons, and Government assurances were given that the station would be completed on time. The pace was speeded up, but by the beginning of this month there had been no fewer than six strikes or stoppages by the men.

The spidermen are not alone in making difficulties. The use of the site itself, occupying 2,800 acres in the North Yorkshire National Park, has been bitterly opposed. Housewives have organised petitions, farmers, ramblers, local councillors and everybody with a yen for the moors have protested. But a wooden town to house about 1,500 workmen has sprung up, though only a quarter of that number are yet on the site. When, and if, construction is completed, towers supporting three antennae, each weighing 175 tons and encased in plastic spheres, will stand 200 ft. above the ground. It is a matter of minor relief to the authorities that the labour troubles among the steel erectors have not, so far, spread to labour employed by other contractors.

TURKEY

A Step towards Democracy

BEFORE the referendum on the new Turkish constitution, held last Sunday, General Gürsel and his colleagues stoutly maintained that it was an essential step in their country's return to a western-type democracy. *One hopes that they do not* now regret their idealism. For the provisional unofficial returns show that some quarter of the electorate abstained, and that of those who voted, about a third voted No. This is far from the overwhelming approval for which General Gürsel had hoped and asked.

The military regime might understandably have expected a more enthusiastic response. Whatever its faults, the new constitution has been carefully drawn up with the object of preventing the abuses of power which the Menderes regime managed to get away with ; it introduces, for example, both a second legislative chamber, and a special court for determining whether or not laws are constitutional. And energetic efforts *have been made both by members of the* National Unity Committee—many of whom have been touring the country—and by most of the press and the political parties to arouse enthusiastic approval for the constitution. A good many Turks, however, are not convinced that it was either necessary or *right to overthrow Mr Menderes.* For all these, last Sunday's referendum was the first opportunity they have had of registering their disapproval of the military coup.

That so many feel this way is discouraging to those who hope that the present regime may lead Turkey back in good order to representative institutions. On the credit side, the referendum was evidently fair and secret ; the voters felt able to vote as they pleased ; and the government has apparently attempted neither to tamper with the results nor to disguise them. In short, the Turks have in fact taken a step on the road to democratic government, and General Gürsel deserves credit for it. What matters now is that he and his colleagues should have the courage and steadfastness to pursue the admittedly difficult course they have set themselves.

The Economist

JULY 13, 1861

FINANCING EDUCATION

The expense of a local outlay from the Imperial revenue has always been an object of dread and apprehension to the Chancellor of the Exchequer as far back as financial tradition extends. He has always had a dread of defraying the special wants of a district in any other way than by a special tax on that district ; he has always been aware that those wants would increase with what they fed on, if that food were provided from a distance. This has been felt even as to the most definite and palpable of wants—the subsistence of the people. The late Mr Ricardo laid it down amidst general applause, that nothing but the local check of local taxation had prevented the burden of the poor rate from becoming greater than even we, rich as we are, could bear. Much more would this be the case with the most metaphysical, indefinite, impalpable of wants—education,—a want which no two persons will agree in limiting in the same manner,—a want which is in reality vague and infinite. We might spend untold millions from the Imperial revenue, and yet be told after all that the nation *was not educated ; that it was only* half educated ; that we had spoiled the coarse natural man, but had not produced the refined and cultivated man ; that we had spent our money with no result, or with a poor result, and, as the most eloquent of our opponents would be sure to say, with a pernicious result. *And in all probability we should not have* achieved anything very beneficial. A delicate, diffused, undetectable, or nearly undetectable quality, such as the education of a people, peculiarly requires local care, local energy, and local superintendence. Unless you interest the persons on the spot in the work to be done on the spot, the funds which are sent from London will be wasted, and the superintendence of London will be unavailing.

COMMUNIST BLOCK

Mr Popovic in Moscow



THE visit of Mr Koca Popovic, the Jugoslav foreign minister, to Moscow this week, may have made no great splash, but it is safe to assume that both guest and hosts regarded it as of particular importance. Official relations between the two countries have been steadily improving in recent years ; and although on occasion the Jugoslavs have shown a sturdy independence of the Soviet line, there are several important international issues, such as disarmament and Germany, on which their views are very close to those of Moscow. Yet in the talks this week both sides will have had grievances to air.

On the Jugoslav side there is growing irritation at the persistent, if intermittent, attacks by the other communist countries not only on Jugoslav "revisionism" but on all things Jugoslav ; China and Albania are the worst but by no means the only offenders. In a speech at Titovo Uzice last week, Marshal Tito—no doubt with an eye on Mr Popovic's imminent visit to Moscow—expressed his irritation with unusual frankness. He complained that not only were China and Albania waging "the most violent cold war" against Jugoslavia, but that other east European countries were trying to damage and traduce his country under the cloak of an ideological struggle.

What seemed to upset Marshal Tito most—and he was quite open about it—was the effect that this anti-Jugoslav propaganda might have on other "friendly" countries, by which he no doubt principally meant the uncommitted countries of Africa and Asia. But the Russians who always have been, and still are, worried about the effect of Jugoslav revisionist heresies on other communist parties, are now also greatly exercised by the effectiveness of Jugoslav diplomacy among the uncommitted countries. The Jugoslav criticism of power blocks and advocacy of non-alignment obviously hold great attractions for those countries, and Marshal Tito no doubt hopes to gain influence from this fact at the neutrals' conference in Belgrade in September. Doubtless it is no coincidence that the preparations for this conference should coincide with renewed attacks on Jugoslavia in east European capitals. Marshal Tito can expect these attacks to continue so long as he persists in a policy that must tend to damage Soviet influence in Africa and Asia.

INCOME TAX DECISIONS

Under Which Schedule?

LAST week two more of the recent clutch of tax cases heard in the courts raised the old question of the different treatment of expenses under schedules D (for professional earnings) and E (for employees' salaries). One case concerned a man whose employers paid the rent of his flat—£500 a year—and charged him £150. The question at issue was whether the £350 difference should be included in the employee's emoluments and taxed under schedule E, and if so whether it could be regarded as a deductible expense under that schedule. The tax commissioners answered yes on both counts ; now a judge, on appeal by the Crown, has ruled that the £350 cannot be included by the man as a schedule E expense because it was not incurred "wholly, exclusively and necessarily in the performance of his duties."

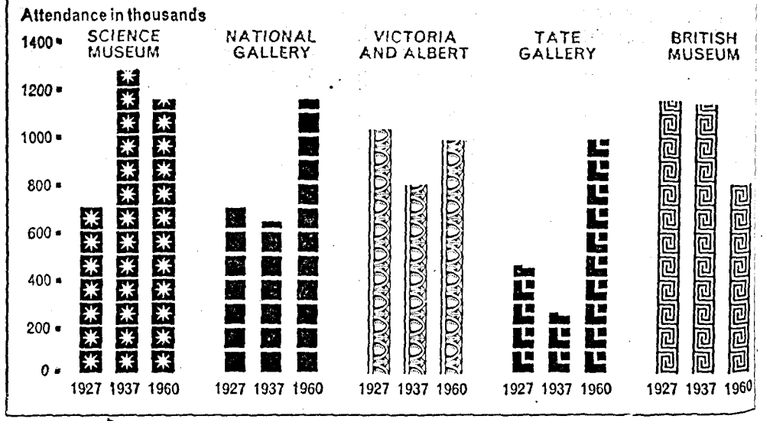
The second case has seen the culmination of the long fight between the Crown and part-time consultants in the health service. Ought the remuneration received by these consultants in respect of their hospital appointments in the health service to be assessed under schedule E? Or should these appointments be treated as incidental to the consultants' practice of their profession and the remuneration from them assessed with their private practice earnings under schedule D ? In five test cases, the special commissioners held that the whole of the consultants' income could be assessed under schedule D, and that all their professional expenses (including, for instance, the overhead expenses of running a car) could be deducted under the more liberal rule of that schedule. On appeal, however, this decision was reversed, the judge holding that the health service earnings were assessable under schedule E, and that the expenses incurred in carrying them out could not be deducted in determining the amount of tax payable under schedule D.

It was now the doctors' turn to appeal and in March last year the Court of Appea

Too Stingy about Museums ?

The more-leisured, better-educated, television-instructed Briton is less museum-minded than his ancestors. He has much more taste for contemporary art, reflected in the success of the Tate, but this alone of the national institutions has really attracted modern support. The National Gallery, although it has become more popular since the 1930s, could boast of an annual attendance of upwards of a million as long ago as 1875. And visitors to the British Museum last year were fewer than three-quarters of prewar numbers. What has gone wrong ?

The standing commission on museums and galleries is at present making a survey of provincial museums and galleries. Its concern, in its sixth report, is with the need to improve the national institutions by enlarging the staff (to provide, among other things, for more late opening of galleries) and speeding-up the building programmes to relieve overcrowding (there are still war-damaged rooms at the British Museum). The commission again urges that there should be tax reliefs to encourage donation of money or works of art to public galleries.



Danish molecules dance an English jig



PRIBIH

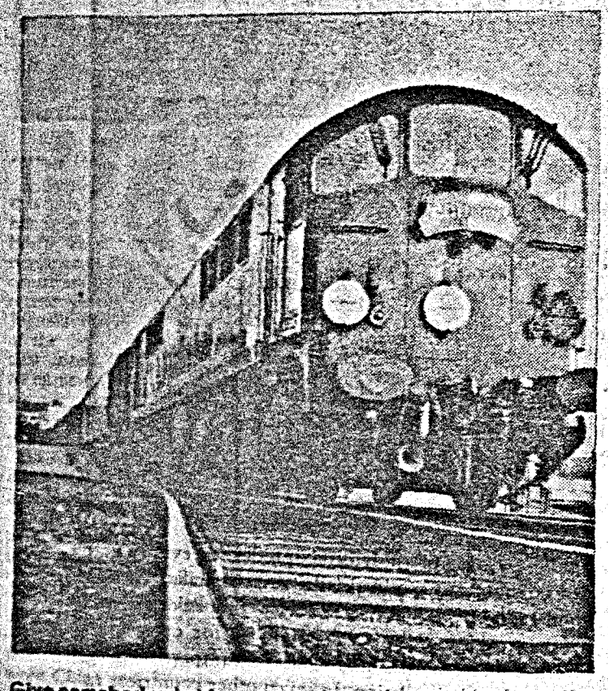
New landmarks are appearing on Copenhagen's waterfront. Soon after Christmas a valve will be opened in a pipeline from the Maersk refinery, which supplies the city with most of its gas, and a stream of ethylene will begin the intricate journey through compressors and reaction vessels that will transform it into one of the world's most versatile plastics: polythene. The high-pressure process that persuades the invisible molecules of an invisible gas to choose partners, link up in long chains and form a tough, resilient plastic, was discovered by I.C.I., Britain's leading chemical company; and today it is used to make most of the one million tons of polythene produced every year throughout the world. In Britain, Australia, Canada and India, I.C.I. and its subsidiary companies operate plants making 'Alkathene' polythene for everything from squeeze-bottles and nailbrushes to packaging film and cable insulation. In seven other countries, 14 manufacturers are licensed by I.C.I. to make polythene, and to build the new polythene plant in Copenhagen, I.C.I. has joined forces with the A. P. Möller Shipping Companies. Once again, I.C.I.'s mastery of mammoth pressures and capricious temperatures will make the molecules dance.

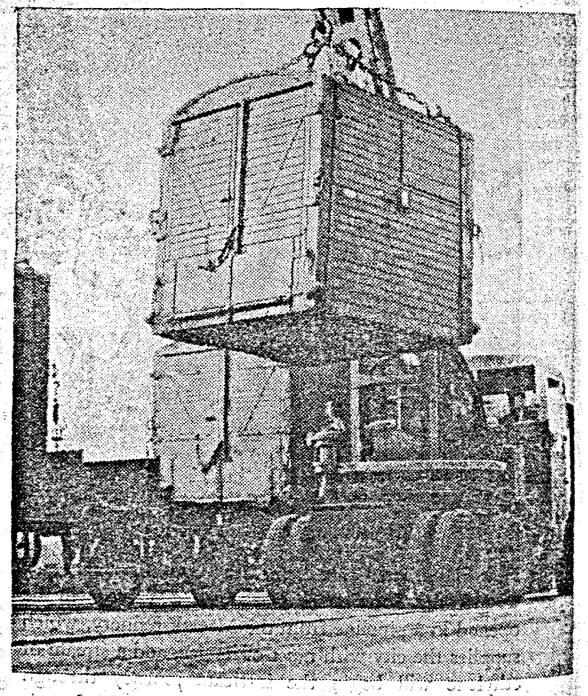
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CONDOR–PART OF THE NEW LOOK OF TODAY'S LONDON MIDLAND

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came down firmly on their side. Health service earnings were assessable under schedule E, but the word "profession" in the expenses rule of schedule D must refer to the practice of a profession as a whole, not merely to that part of it for which the earnings were taxable under schedule D. Last week, however, the House of Lords upheld the decision of the judge in the Chancery Division. It held that the rules for each schedule were mutually exclusive; for income tax purposes the consultants concerned were not engaged in a single activity, as the Court of Appeal had maintained.

If the House of Lords had decided in favour of the doctors, there would doubtless have been repercussions in other professions —journalists, for example, might start to lay off many more expenses against part-time freelance earnings. But the fact that the case has gone ding-dong through the whole machinery of the law, with the balance of legal opinion pretty equally divided on it, must reopen the case for saying that expenses under the two schedules should be brought more into line.

MINICABS

Strategic Withdrawal

Last weekend the proprietors of London's largest fleet of minicabs announced that their cars would no longer accept fares in Central London for journeys of less than five miles. The reasons for this withdrawal were given as (a) a desire to placate the drivers of conventional taxis; and (b) an inability to cope with the present flood of demand for their services.

The placating of the taxi-drivers is not likely to be altogether successful: the regular operators were not noticeably mollified by the news that the minicab owners had been advising short-trip customers to "take a taxi," and this formalisation of the practice will mean little to them. Indeed, the decision to impose a low limit of five miles may lead the taxi-drivers to believe that they are being attacked at one of their weakest spots. The archaic Public Carriage Laws, which control the operation of cars plying for hire, apply to fares only when these are for less than six miles (or an hour's run), after which the driver can bargain or impose what fare he likes. A journey from, say, Liverpool Street Station to Hammersmith may cost as much as twice the fare indicated on the meter—about £1. The same journey in a minicab would cost 7s. Taxi-men argue that the preference for minicabs will therefore take effect just where their cabs become profitable. Unless he can find a fare on his return journey, the taximan's run is only marginally economic between four and six miles. The sight of a taxi, Public Carriage Office type, may now become a rarity at London airport.

What has prevented the rout of the regular taxi-drivers has been the inability of anyone with limited patience to book a minicab; telephone calls for one have received only the engaged signal for hours on end. This shows how large the unsatisfied demand for minicabs is. If the first big firm in the field has withdrawn from the centre of the city, this does not mean that other operators will not open up and enter the market there. Indeed they now seem to have every economic incentive to do so. And, from the London traveller's point of view, there is every reason why they should.

NORTHERN RHODESIA

Kaffirs Are Lively

In London Mr Kenneth Kaunda, leader of the United National Independence Party of Northern Rhodesia, can walk upright. He is able to visit the Colonial Secretary as an important leader of opinion in one of the colonies. In Salisbury, apparently, he is just Kenneth the Kaffir. Exactly what happened to Mr Kaunda when he passed through Salisbury airport on his way home to Lusaka ten days ago has become a matter of public dispute between himself and Sir Roy Welensky. It is bad enough that Mr Kaunda is still a prohibited immigrant in Southern Rhodesia, the federal partner of Northern Rhodesia—and that the incidents at the airport were sufficient to provoke some Westminster supporters of Sir Roy into muttering that this was a pretty silly way of trying to keep a federation going.

Mr Kaunda has, however, proved to be the master of his temper. A three-day meeting of his party was held at Broken Hill this week, and discipline in the ranks of the 5,000 delegates was remarkably good. Mr Kaunda sensibly asked for, and got, complete personal power to direct, call, halt, or prolong any non-violent campaign against Mr Macleod's new constitution. This is Northern Rhodesia's best guarantee that the campaign will be kept as free of excess as possible; Mr Kaunda will go no further than he feels he must to retain his leadership and achieve his objectives—and there is evidence that he is the sort of man who would lay down the leadership if that meant violence.

The call must now be for Mr Kaunda's more excitable advisers to keep their tempers, too. Rightly or wrongly, the complex new constitution for Northern Rhodesia is seen by the African nationalists as being so heavily weighted in favour of Sir Roy's party that they have chosen to carry on with strikes, boycotts and passive resistance until the next constitution. They may use the ballot box as well: this does not get round the need, which apparently still exists in Rhodesian politics, for the kind of catharsis experienced in other emerging countries in east and central Africa. The tricky constitutional way may be attractive in London. But in Britain's Deep South in 1961, the kaffirs are lively.

COUNCIL ON TRIBUNALS

Business Picks Up

The second report of the Council on Tribunals (HMSO, 2s. 6d.) shows that the council had much more work to do last year, and has evidently become more conscious of its importance. Fifty-two new complaints were dealt with (31 concerning tribunals and 21 statutory inquiries), more than twice those of the previous year. As was reiterated during the Lords debate on Wednesday, the council, unless reconstituted, will soon be unable to cope with the volume of work. If it is to continue to be composed of part-time members it is desirable to increase its numbers so that a rota system can be introduced. The largest single group of complaints came from rent tribunals in the London area, but in half the council thought it unnecessary to take any action. Applications to rent tribunals have apparently fallen off partly because of the amalgamation of local tribunals, and partly because of an erroneous public belief that they were abolished by the 1957 Rent Act. The Essex chalkpit case will be treated in a special report.

The council's principal criticism of rent tribunals, apart from their restriction of appeals to points of law, is their lack of any agreed system of procedure. Presumably it would not be outside the council's powers or abilities to draw up a proper code. It considers the ban on legal representation before national health service tribunals to cause no injustice: certainly, if legal representation were allowed it would be invoked more by doctors than by complainants. The council wants the right to be present at these tribunals, but its complaint last year about lack of status at pensions tribunals has gone unheeded.

The council considered two recommendations of the Franks committee, that absolute privilege should be accorded to tribunal witnesses, at any rate when on oath, and that tribunals should have the power of *sub poena*. It rejected both of them, the first on the inadequate ground that such privilege might encourage the making of malicious statements, and the second for the more reasonable reason that individuals have the right to apply to the courts for a *sub poena*, which has never been refused because a witness must appear before an inferior tribunal. The council has not considered the pressing problem of payment of costs, which at present are irrevocable, but the Lord Chancellor indicated on Wednesday that he intended to refer the question to it. Little consideration has been given by the council to increasing its own powers. The suggestions put forward in the Lords ranged from Lord Denning's proposal that it should have power to settle whether decisions should be taken inside Government departments or before the tribunal, to Lord Lucas's plea that it should be able to call for papers and summon witnesses.

HOME REPORT

In HOME REPORT members of the editorial staff and local correspondents report on life and happenings in and around Britain.

Brothers in Conference



Left . . . Mr. Cousins Right . . . Mr. Brown

FROM OUR SPECIAL CORRESPONDENT

THE Transport and General Workers' Union, whose 1,300,000 members provide so much of the infantry for the labour movement and for the country's second political party, held its biennial delegate conference this week amid the domes and terraces of sunny Brighton. Eight hundred working men, elected by their fellow activists in the union's regional and trade groups, had their chance of giving instructions to the General Executive Council —the elected body which runs the union's day-to-day affairs—and to the paid officials who do the business of negotiating and bargaining on behalf of the members. The massive list of 658 resolutions from branches and trade groups throughout the British Isles having been whittled down by agreement and compression to manageable size, or bundled up into a "statement of executive policy" for delivery from the platform, each was moved by a speaker with a maximum of five minutes' talking time (and a remorseless red light to shine in his eyes when this was up): three minutes were allowed for supporting speeches.

Devon's burr, Glasgow's glottal hesitation, Ulster's nasal brogue (and the rich southern Irishness of the London building workers) promptly indicated the speakers' origins, and gave a clue to the vastly predictable local viewpoints which recurred throughout the debates. "We don't have the speakers we had two years ago," confided a genial lorry-driver from the brewing trade, "they've made them all into local officers, so they can't be delegates." With a yawn the listeners agreed: in mid-discussion a cry of "Vote" would go up from a weary audience, and the little queues of would-be orators waiting by the rostrum faded away, mouthing the phrases they were burning to deliver.

Each debate, however, was summed up by the general secretary, his time limited only by the discretion of the chair—and the chairman, sitting under Mr Cousins's massive elbow, had little inclination to intervene. Refuting, subtly rephrasing or magisterially blessing the arguments presented at the rostrum; facts at his fingertips, authority in his massive shoulders, socialist faith glittering behind his horn-rims, Mr Cousins had the conference in the palm of his hand. Brother Frank to many of the delegates, this brother was certainly big. Like Ernest Bevin, who created the union, or like Arthur Deakin, whom a veteran delegate remembered pushing a long-winded conference president forcibly down into his seat, the transport workers' leader is unmistakably a strong man—and his strength lies largely in his intelligence among a swarm of decent mediocrities. His strength—and his idealism—showed at their best in curbing a mindless movement to call for restriction on Commonwealth immigration ("I know, brothers, we have to go on being brothers, but there's a limit to which brotherhood can go"): passionately, Mr Cousins stamped out the embers of xenophobia, and only seven hands were raised to vote against him.

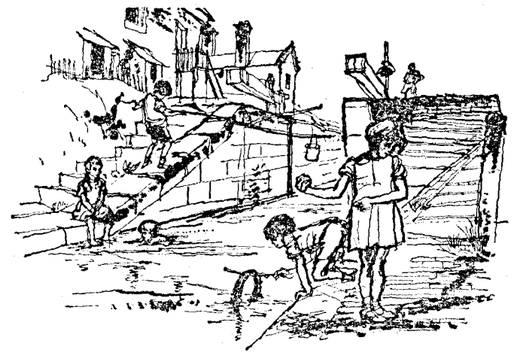
But while Bevin and Deakin were concerned to keep the right-hand end of the Labour see-saw firmly on the ground, Mr Cousins exerts the union's massive weight to tip the balance the other way. The decision of the conference to reject appeals for wage restraint, and to launch itself into a new campaign ("as long as there is this free-for-all we shall regard ourselves as part of the 'all'", said Mr Cousins) is the most serious threat it levelled at the government—or at the nation, depending on the point of view —but this has, after all, been the unanimous reaction of all trade unionists. It is Mr Gaitskell, not Mr Macmillan, who is threatened by some other decisions.

The first threat may come on the new Labour policy document *Signposts for the Sixties*: the success of this rallying-point for divided socialists must surely depend on its unspecificness over certain issues—notably that of nationalisation. But the conference approved a statement by Mr Cousins which leaves him free—as he explained—to seek assurances from the party leadership that it means what he wants it to mean. And what he wants it to mean is very unlikely to be what Mr Gaitskell (rightly) believes the floating voter to want it to mean.

INEVITABLY the big fight was over The Bomb: and its first round was fought out between Mr Cousins and Mr George Brown, the deputy leader of the Labour party, whose candidature for parliament is sponsored by the TGWU. Mr Brown, as an official of the union, knew very well that he had no possible right to speak at the conference: he also knew that no one else could muster the speaking time, the command of facts or the persuasiveness of Mr Cousins to swing the vital few uncommitted delegates to his side.

His first move was to get as much publicity as possible for his point of view (leading to complaints from Mr Cousins of "pressure groups" trying to influence the internal affairs of the delegate conference): no fewer than seven MPs—six sponsored by the transport workers and Mr Philip Noel-Baker, armed with his credit as a Nobel prize winner—turned up on the Sunday before the conference to address a public meeting. But the police nabbed the loudspeaker van advertising this meeting, and the Midlands delegates were tempted away by a party. Some seventy people, including a puzzled French student and Mr Brown's whole family, were all that turned up to fill the cinema hired for the evening (next week: Michèle Morgan in *Torment*). Whatever the resentment of some delegates at Mr Cousins's authoritarian organisation of the conference debates, even more of them deplored the free-lance activities of Mr Brown: his actions may even have lost as many votes for his party leader as they gained, and Mr Cousins's triumph, when it came on Thursday afternoon to rapturous applause, seemed depressingly predictable.

Death in the Water



FROM OUR SPECIAL CORRESPONDENT

THE British public does well to be obsessed with the rapacious motor car, which kills 7,000 people each year: it does less well to be so little troubled by water, in which 1,200 people perish annually. Some 700 children die each year on the roads, and strenuous attempts are made to educate the young in the perils of traffic; but the 350 childish deaths by drowning cause less of a stir. Far too many British children are still not able to swim.

This week the Thames Conservancy Board expressed concern that between 20 and 30 swimmers (mostly young boys) are drowned in the non-tidal reaches of the river (of which the Conservancy is the guardian) each year. Below Teddington, where the stream meets the noisome tidal scum, the Metropolitan Police last year recovered the bodies of 78 drowned, and rescued a further 51. In the canals of Britain, most of them unused, weed-grown and treacherous, 25 people died in 1960. Another 43 found that even swimming pools may be fatal. From their holidays, from high summer days in the river and the sea, 753 did not return. Messing about in small boats, worthwhile as the Water Rat thought it, can hardly have been as valuable as the 68 lives it claimed in 1959.

Drowning is an unnatural death. It is also avoidable. The meanest swimmer may keep himself afloat for a few minutes, but his strength will not last long. The strongest swimmer, slapped by a wave, concussed by a gybing boom or trapped by tide or current, may succumb. The boy on a dare may come safely to the opposite bank, only to find it sheer and unclimbable. The old or infirm in too hot a bath may feel momentarily faint. All or any of these may mean another death; but they need not.

The Royal Society for the Prevention of Accidents is the chief organisation currently concerned to reduce the toll. In May it launched a campaign against ignorance and complacency which, if it has effect, could cut the number of deaths on the water to those (such as the wrecking of fishing vessels in violent seas) which are truly unavoidable. Most people drown while swimming for pleasure, and the main force of the campaign is directed at persuading the great majority of Englishmen that it is dangerous to boast that they cannot swim. There is no exact figure, but an informed guess has put the proportion of swimmers able to take care of themselves in an emergency as low as one in ten of the population.

CLIMATICALLY, Britain is not conducive to training in swimming, and, perhaps depending on a nautical past, most Britons prefer to learn to sail on the surface of the water rather than swim through it. This discouragement by wind and weather is partly responsible for the dearth of facilities; possibly the proximity of the sea itself has deterred local authorities from spending too much on mere pleasure pools. The London County Council region, with its population of 3.25 million, is comparatively well provided for: in its 29 boroughs there are 80 indoor and outdoor pools (although four of the boroughs have no baths at all). Each pool must therefore cater for 40,000 or more people. But Coventry has only a single pool for 280,000 people; Swansea, two for its 160,000; and York, three for its 105,000.

Where pools do exist the facilities for learning are not always good. In London, the courses organised by the Central Council for Physical Recreation can only be attended in September, when the summer rush is over. In many centres, no facilities for teaching are available, and children must learn, possibly to their injury, from their contemporaries or elders willing (but not therefore qualified) to devote time to them. There is much in this field that could profitably occupy the time of more than one MP.

Ulster Likes Lloyd

FROM A CORRESPONDENT IN BELFAST

NORTHERN IRELAND'S resolute opposition to the payroll tax (whether or not Mr Selwyn Lloyd sees fit to impose it elsewhere) ended in as famous a victory as its Unionist MPs at Westminster have secured. Mr Lloyd has now agreed to exempt Ulster and has thereby rejoiced the hearts of the Northern Ireland Minister of Finance, Mr Terence O'Neill, who had earlier expressed his perturbation, and the *Belfast Telegraph* which, although it seldom criticises Tory policy, had declared that "the tax would arouse misgivings in those areas where unemployment is high and alternative jobs scarce, as in Northern Ireland." The sight of three Ulster Unionist MPs going into the Opposition lobby during the passage of the Finance Bill may finally have persuaded the Chancellor to desert this particular charge. But by allowing Ulster exemption Mr Lloyd has set some tongues wagging again in Belfast in the cause of a more complete separation of Northern Ireland's fiscal system from the Treasury in Whitehall.

This has long been a matter of hardened faith among a minority in Belfast. Some seven years ago Mr W. F. McCoy, a Unionist MP, began to propagate the idea that Northern Ireland would make better economic progress if it had "dominion status" with the specific power to arrange its own system of taxation. Mr McCoy's campaign managed to win the support of a small number of members in the Stormont Parliament: it looked attractive to those Ulstermen who were then complaining about the high levels of British taxation. But the idea never appealed to the Northern Ireland government nor to Lord Brookeborough, the prime minister, whose opposition was based essentially on the contention that with dominion status Northern Ireland would cease to be an integral part of the United Kingdom; any change would weaken the 1920 Government of Ireland Act which brought the Northern Ireland Parliament and state into existence.

The 1920 Act defines the financial relationship between Northern Ireland and Great Britain with the utmost clarity. The Act gave the British Exchequer power to levy and collect almost all Ulster's taxes. This is called the Reserved Revenue, although in the annual settling of accounts all the money is handed back to the Northern Ireland government. The Northern Ireland government itself merely has the power to control what is known as Transferred Taxation, chiefly death duties, entertainments tax, some stamp duties and road taxes. Even in levying these taxes the Northern Ireland Minister of Finance never departs very far from the policy of the British Chancellor. The last, and highly debatable, item in the accounting is the

annual Imperial Contribution, which Ulster pays towards the cost of United Kingdom defence, consular services and other joint charges. This contribution has varied enormously over the past forty years. In 1946 it stood in the books at £34 million: by last year it had fallen to £9 million and is expected to be even lower (provisionally £3 million) this year.

In effect Northern Ireland bears exactly the same burden of taxation as the rest of the United Kingdom. But is this satisfactory when Northern Ireland's economy, with its persistently high level of unemployment, has very different needs and problems from the British economy as a whole? Many Ulster industrialists, politicians and economists say that it is not. Professor C. F. Carter, formerly professor of economics at Queen's University, Belfast, has gone so far as to say that the Constitution of Northern Ireland (the 1920 Act) is "an economic failure." It seems to give the Northern Ireland government responsibility without power and the Treasury and Board of Trade in London power without responsibility. There has been a growing belief that financial policy determined in London, often demonstrably without consideration for local economic problems, is one of the main reasons why Ulster's industrial development has been retarded. It was no surprise that the payroll tax promptly met such stiff resistance.

A number of Ulster's industrialists, especially those concerned in the new industries that have been set up in the past 15 years, argue that the Northern Ireland government should have the power to make tax concessions that would compensate, for example, for the heavy transport costs that



Lord Brookeborough: Imperial tie

manufacturing in Ulster incurs. Another argument, particularly favoured by some politicians, is that if Northern Ireland had fiscal independence the government could use its power (as the government in Dublin has been doing for the past six or seven years) to increase its inducements to potential manufacturers. Some members of the Northern Ireland Parliament (and they are not confined to any one political party) say that the time has come for a serious review of the financial relationship with Britain. A favourite theme of these critics is that the Imperial Contribution should be abolished, because financially it means very little to the British Treasury, and the money could be used to promote and improve tourism, industry, and housing at home.

THE full consequences of such a change, however, have never been fully studied. Constitutionally, of course, fiscal independence would require amendments to the 1920 Government of Ireland Act, and that, as Lord Brookeborough has repeatedly pointed out, would mean a loosening of the ties with the United Kingdom. Changing the level of taxation in Northern Ireland also raises the ticklish question of sustaining the social services, which at present are equal to those in Britain: Ulstermen pay the same weekly contributions and draw the same benefits. But Northern Ireland is in deficit on this account and under an agreement between the two governments the British Treasury pays the Northern Ireland Ministry of Finance some £13 million a year to make up the difference. Lower taxation in Ulster without the British grant would mean fewer social services.

It is the easiest thing in the world to call for a system of taxation that would recognise Ulster's economic problems, encourage investment and attract new industries. It is no less easy to insist that the people of the area should retain all the benefits that they enjoy as part of the United Kingdom. But can the two be combined? No coherent plan has so far been put forward by the revisionists, but there are some who believe that Mr Lloyd's leniency could be a precedent that might lead eventually to a parting of the ways.

BOOKS

The First Liberals

The Levellers and the English Revolution

By H. N. Brailsford. Edited by Christopher Hill.

Cresset Press. 731 pages. 55s.

FOR a brief interval in the middle of the seventeenth century it looked as if the upheavals of the Civil War were about to lead to genuine social revolution. Before the horrified gaze of both sides in the struggle, there suddenly emerged in 1647 a party advocating liberty, equality and fraternity. Drawing support partly from the lower ranks of the New Model Army, partly from civilian backing in London and the home counties, the Levellers, as they were dubbed by their enemies in an attempt to smear them with the taint of communism, were the first genuine liberals in history. The modernity of their views is astonishing. Two or three hundred years before such notions became respectable, they were advocating equal rights for men and women, colonial freedom (they bitterly opposed Cromwell's bloody reconquest of Ireland), full equality before a thoroughly reformed law, abolition of the death penalty for petty crimes, the ending of imprisonment for debt, electoral reform on a broad based (though not full manhood) suffrage, abolition of the veto of the Crown and the House of Lords, the overthrow of clerical authority and the abolition of tithes, complete religious toleration, including Roman Catholics, and untrammelled freedom of the press.

During his later years, Mr H. N. Brailsford devoted himself to a full-length study of the movement, but unfortunately died before fully completing his task, leaving his material to be tidied up and edited by Mr Christopher Hill. Written with love and fire and passion, his book provides the most vivid and comprehensible account of the tangled events of 1647-49 that we have, based on a most detailed study of the pamphleteering of the Levellers and their opponents. It also contains some extremely shrewd assessments of the characters of the protagonists, Cromwell and Ireton on the one side, Lilburne, Overton, Walwyn, Rainsborough and Sexby on the other. Never has the dramatic story been better told of the meeting in Putney Church of the General Council of the Army in 1647, in which the believers in property rights as the foundation of the state clashed starkly with the advocates of complete human equality. On the other hand the book has done little to increase our knowledge of the intellectual or economic roots of Leveller power. The origins of Leveller ideas, perhaps in Anabaptist literature, perhaps in a traditional egalitarianism among the peasantry, are still to be explored. We still do not

know how far the movement attracted support from the urban workers or the peasantry, from the artisan, the small shopkeeper or the yeoman. Mr Brailsford does not even seem quite sure whether it was a proletarian or a petit bourgeois movement. The organisation behind the demonstrations in London and the mass signatures to petitions is still obscure.

Mr Brailsford did not live to write the concluding chapter, so we can only guess what were his final reflections. It is clear from his narrative, however, that the Leveller leaders, though eloquent propagandists, lacked the cynicism in exploiting popular economic grievances, the duplicity in tactical manoeuvres, the ruthlessness in crushing opponents and the secrecy in conspiratorial organisation that are needed to seize power and carry out a true social revolution. They were not Robespierre, not Lenin. While they were earnestly proclaiming their misty ideal of a humane, tolerant and democratic world, men more practical —and more selfish—than they were busy destroying their power. The Agitators of the Army, those remarkable precursors of the Workers' and Soldiers' Councils of 1917 Russia, were out-manoeuvred by Cromwell and military discipline was forcibly reasserted. The civilian leaders were both unwilling and unable to bring into action the London mob (which was apparently royalist by now), and they hardly even tried to arouse the peasantry. In any case it was only the very exceptional and temporary conditions of the disunity of the gentry, the freedom of the press and the burning grievances of the soldiery that had given them their chance. Their liberal ideas could have appealed to few in any class at this time, and the social structure of pre-industrial England offered no scope for a movement that threatened the authority of the landed classes.

The practical consequences of this abortive episode were entirely negative and harmful. All it did was to alarm the squirearchy into blocking the mildest of social reforms for a hundred and fifty years. Even such obvious measures as the redistribution of parliamentary seats, the speeding up and cheapening of the processes of the law, or the abolition of imprisonment for debt had to wait for the great reforming tide of the early nineteenth century, led by men who knew little of these seventeenth century radicals and owed nothing to them. The Levellers were a noble but a tragic failure.

"Il vengea Calas"

Voltaire and the Calas Case

By Edna Nixon.

Gollancz. 224 pages. 21s.

THE suicide—or murder by an intruder —of a moody Protestant youth named Marc-Antoine Calas, the attempts of a sinister society of "White Penitents" and other interested parties to claim him as a recent convert to Roman Catholicism and establish him as a martyr, the outrageous trial which led to his family's condemnation and his father's execution, Voltaire's impassioned struggle to obtain a reversal of that condemnation: these are the elements of the Calas case, an enthralling, inspiring story that has never been better told than in this exciting book.

It is a story that, as a film producer once said, "has everything." (He added: "Of course, I daren't touch it.") The scene shifts from the noisome streets and dungeons of Toulouse to Voltaire's glorious estates at Ferney and Les Délices, and thence, for the climax, to Louis XV's court at Versailles. The principal characters are of heroic stature: the noble Jean Calas, his English-born wife Rose, the sturdy Gaubert Lavaysse, above all Voltaire at his most vigorous, most compassionate, most sublime. (Voltaire's defence of the Calas family and other victims of injustice so deeply impressed his contemporaries that his sarcophagus was inscribed: "*Il vengea Calas, la Barre, Sirven et Montbailly.*") Even the minor characters are memorable: the weak, treacherous Louis Calas; the Catholic servant Jeanne who, by converting Louis, unwittingly planted the seed of the whole affair, but remained loyal to her Protestant employers when disaster struck; the splendid nun Anne-Julie; and La Pompadour, who said of the people of Toulouse: "These hotheads are more religious than is necessary for good Christians."

Mrs Nixon's book makes far more compulsive reading than most novels; but it is also a valuable work of reference, and her publishers have let her down by issuing it without an index.

The Poet as Man

The Late Lord Byron

By Doris Langley Moore.

Murray. 542 pages. 42s.

IT is bad luck for a writer when his personality exerts a spell over his contemporaries. The chances are that after his death there will be a proliferation of memoirs, portraits, impressions of "the man as I knew him," to the detriment of a sane assessment of his work. This happened with D. H. Lawrence, but more devastatingly still it happened with Byron. He has been dead now for a hundred and twenty-five years, and his poems and plays might well, one would think, have produced an impressive corpus of genuine literary criticism; but no, interest in his life has always eclipsed interest in his writings, and it still does.

Perhaps the publication of this massive book, coming so soon after the three-volume biography by Mr Leslie Marchand, may signalise the turning of the tide. There can no longer be any really large sources of biographical material untapped by research. Mr Marchand was hampered by being refused access to the Lovelace papers, the important collection of letters and documents bequeathed by Lady Byron to her



'Just the thing for busy morons'

THIS remark was Miss Fenella Fielding's inspired verdict on "The Week", that splendid piece of news-gathering that goes on at the back of The Observer Weekend Review each Sunday. If you read your paper in the train, or at the breakfast-table, and your reading is habitually punctuated by either passing the marmalade or hunting for your season ticket, the news is apt to get unbalanced. Sometimes the papers themselves contribute to this confusion by not knowing what really matters. But come Sunday, The Observer settles the count perfectly in "The Week." The man who's responsible for panning the gold from the immense amount of dross that clutters up front pages during the week is Edward Crankshaw.

If ever there was a danger (and I think there is) of regarding the more literate Sunday newspapers as weekly magazines, I think Mr. Crankshaw goes a long way to putting this right. There, on a single page, the news of the week is brilliantly evaluated. It's not just useful in case you happen to have missed it when it was at its topical best. It's a good thing to train yourself to take a cool backward glance at recent events occasionally. Otherwise, like Pavlov's dogs, you tend to salivate furiously every time you hear the newsboy's voice.

Spotting the Aphorism . . .

I never was much of a sportsman, but there's one quiet little sport I can never resist: that of trying to decide, as the week sidles by, what will appear in the 'Sayings of the Week' section. It's a good game. Some people (Marilyn Monroe, Dr. Fisher, Gerald Nabarro, Queen Soraya, Frank Sinatra) have a genius for tossing off sayings of the week. Those winners are relatively easy to ~~pick~~, if you study form carefully. Discerning a likely outsider before the 'off' is less easy. Were you onto the Minister of Agriculture the other day? "For once," he said, "one can mention pigs with a sense of sober satisfaction." It's snippets like this which add the final touch of spice to a page which I have always found to be already very well-seasoned.

I'm storing up one or two bets for next Sunday's Observer already. But I daresay, as usual, I shall be surprised. And what a good thing that is! **J.B.L.**
ADVT.

descendants and for a long time jealously guarded by them from outside scrutiny. Much speculation had been aroused by the concealment of this obviously significant material ; but some months before her death Lady Wentworth, Byron's great-granddaughter, allowed Mrs. Langley Moore to read, catalogue and transcribe these hitherto unpublished documents, and the essential fruits of her labour are incorporated in this book. So now the great bulk of the evidence is before those who want to assess the character of Byron as a husband ; and they, of course, far outnumber those who care about what he accomplished as a poet.

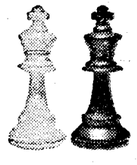
Mrs Langley Moore does not by any means confine herself to what she found at Crabbet Park. Her book is a long and thorough examination of the treatment " the late Lord Byron " received at the hands of his relations, friends, acquaintances and enemies. She begins with the destruction of the poet's own memoirs, which so dramatically set the world wondering what dark secrets had been consigned to the flames on John Murray's hearth ; and she goes on to consider the exploitation of Byron's fame by some who, like Dallas, Medwin, Trelawny or Leigh Hunt, were ill-qualified to write about him, and the apprehensive moves on the part of Hobhouse, Lady Byron and Augusta Leigh whenever a new biographer entered the field.

"Drama " is indeed the word for all that concerned Byron during his lifetime and in the subsequent decades, when his enigmatic personality still kept its hold over people who had actually crossed his path. Even today, scholarly volumes are devoted to investigating his sexual aberrations. But Mrs Langley Moore's book is far from being a sensational affair or a *chronique scandaleuse*. On the contrary, it is a work of serious research, almost too heavily documented at times for the reader who is not already something of a connoisseur of Byron's reputation. The poet himself, far from being damaged by the evidence of the Lovelace papers, emerges in a less sinister light than the implacable Lady Byron, brooding for well over forty years on the wrongs she had sustained, utterly convinced of her own rectitude. The person whose reputation is utterly damned by the new revelations is Lady Caroline Lamb, whose deliberate malice in breaking up the Byron marriage has never before been made fully evident.

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Analysis of Companies

Ownership, Control and Success of Large Companies: *An Analysis of English Industrial Structure and Policy, 1936-1951*

By P. Sargant Florence.
Sweet & Maxwell. 293 pages. 63s.

IN this book, Professor Sargant Florence, assisted by five other research economists at the University of Birmingham, has analysed the accounts and share registers of a large sample of English companies from 1936 to 1951. He attempts to find relationships between a company's size, its industry, its gearing, its directors, its dividend policy, its asset growth, the dispersion of its shareholdings, and the gains that would have accrued from dividends, bonus issues and capital appreciation to anyone buying its shares in 1936. Selected items from his enormous collection of data occupy the last third of the book: the first two-thirds consists of a well written commentary based on a series of two-way tables and dashes of expert economic intuition. The number of relationships between these many variables, through time and at points of time, is too large to attempt to summarise his conclusions. It is enough to say that this book is so full of facts that it will both become a standard work for economics undergraduates and be studied in detail by many investors in the stock market. Unfortunately, there are so many difficulties in the subject matter, which are not removed by Professor Florence's analysis, that it is by no means certain that all his findings are valid.

The statistical difficulties are formidable. The size distribution of companies is highly skew and presents many sampling problems. Professor Sargant Florence simply enumerates all companies above £3 million issued capital in 1951 and takes random samples from two other size strata. There is inadequate discussion of the optimum distribution of the sample among the strata and there is certainly no suggestion that the dispersion of firms' sizes within each stratum should influence the choice of sampling fraction. Professor Florence ignores the sampling problem and, indeed, all too frequently forgets that his tables are based on a sample. He cheerfully compares one average with another and makes long lists of conclusions, but rarely mentions sampling errors or puts his conclusions to standard statistical tests.

Again, one hopes that his conclusions are unaffected by his sampling scheme or by sampling error, but it is clearly dangerous to rely on figures and intuition alone. For example, one of his many interesting conclusions is that the proportion of profits ploughed back tends to increase with the size of company ; this claim appears to be justified by Table VI B, because the largest companies distribute 36.2 per cent of "Earned for Ordinary," whereas the medium and smaller companies distribute 38.9 per cent and 47.1 per cent respectively. But the sizes of his companies range from £0.2 million to £70 million and a variation from 47 per cent to 36 per cent is unlikely to be important against a background of a three-hundredfold increase in size. In a paper read to the Econometric Society in 1956, Dr S. J. Prais analysed the dividend policies of a sample of quoted companies and presented a table which suggested that the proportion of profits saved tended to increase from 60 per cent for smaller companies to 70 per cent for larger companies. These findings are consistent with those of Professor Florence, but Dr Prais was very careful not to rely on this impression and fitted a regression equation which suggests that, as we pass from small to large companies, a 1 per cent increase in the size of profit results in only a 1.04 per cent increase in companies' savings so that the proportion of profits ploughed back is much the same for companies of all sizes. One suspects that a systematic analysis of Professor Florence's data would yield similar results and would nullify his intuitive conclusion.

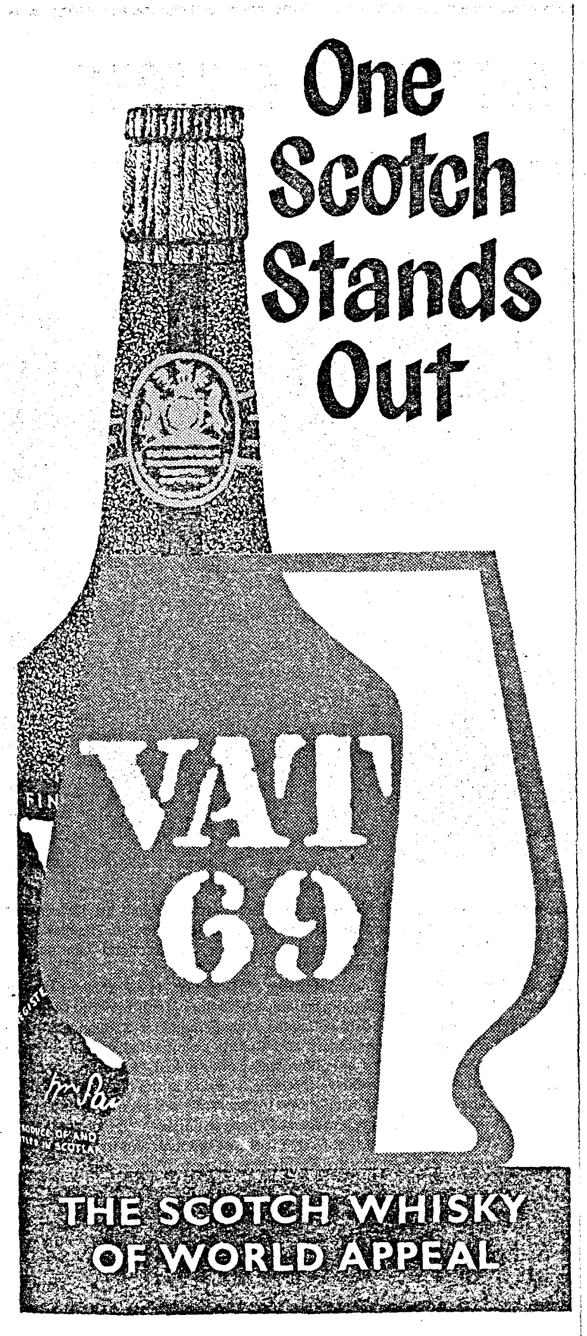
The trouble is that his fellow economists may notice these limitations and be reluctant to accept Professor Florence's conclusions, even when they are probably true. This would be most unfortunate, but it is liable to happen to anyone whose research techniques are insufficiently rigorous, no matter how high is his standing in his profession.

Roman Architecture

The Golden House of Nero

By Axel Boëthius.
Michigan University Press. London: *Cresset Press.* 195 pages. 105s.

PROFESSOR BOËTHIUS'S chapter on the Golden House can perhaps be described as the Scherzo in a symphony of Roman architecture, coming as it does between major movements unfolding, on the one hand, the story of the Hellenised Italic town, and, on the other, the urban domestic architecture of the imperial age. The Golden House was "a fantastic country seat in the middle of Rome," the culmination of the Roman luxury villa, expressing



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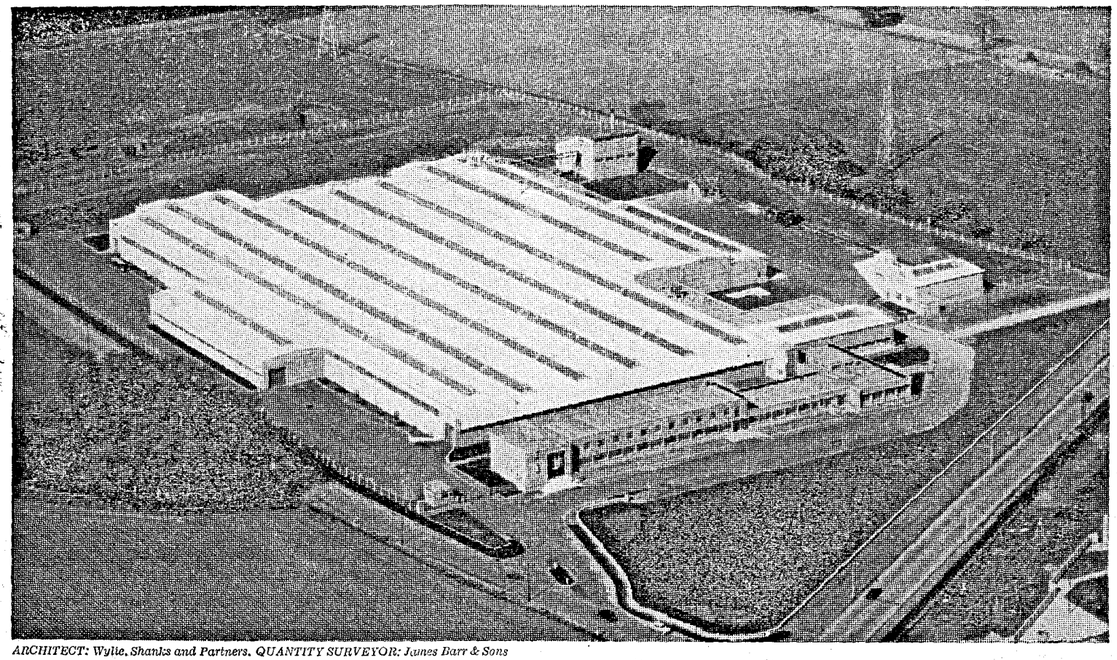
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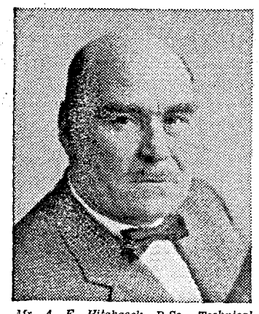
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Mr. A. E. Hitchcock, B.Sc., Technical Director of Morphy-Richards (Astral) Ltd., says: "Having been closely concerned with the development of the project, I have been able to appreciate the way in which the many problems of site preparation and construction had to be overcome. Building for industry requires the closest co-operation from the Contractor who must combine speed of construction with an understanding of the specific needs of his Client. The completion of this plant on schedule demonstrates the value of this kind of co-operation."



Mr. A. F. Keary, Managing Director of Holland & Hannen and Cubitts (Scotland) Ltd., says: "From commencement to completion of a contract we like to work in very close collaboration with the clients and their consultants. Such a relationship ensures an up-to-the-minute appreciation of clients' requirements and job problems. At Dundee this close co-operation has enabled extensive areas of the factory to be handed over to Morphy-Richards (Astral) Limited for plant installation many months before the due completion date."

Close programming of construction enabled Cubitts to make half the factory floor area available for plant installation four months ahead of schedule. Thanks to this time-saving the newest domestic appliance factory in Scotland can go into production earlier than anticipated.

The new Astral factory at Dundee, covering 350,000 sq. ft., is an excellent example of how Cubitts' policy of precision planning saves time—and benefits the client. From the very beginning, Industrial Estates Management for Scotland, Morphy-Richards (Astral) Ltd., the consultants and Cubitts co-operated on detailed construction planning. Every major operation was work studied—for example, it was discovered that the best way to tackle the initial clearing of the eight acre site was by using only one excavator and ten dump trucks. They moved over 100,000 cubic yards of earth and rock within a few weeks. Then, in under three months the vast steel framework measuring 750 feet by 450 feet was erected, and the remainder of the construction work moved forward swiftly according to plan.

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"the love of nature . . . and the fanciful luxury and refinement that one meets in the world of the Roman aristocracy." But the people of Rome, shut out from this great demesne, were not amused. "What an artist perishes in me," Nero was to cry, and with the artist went the palace, his most original creation. Forty years later its last vestiges were to disappear under the public baths of Trajan.

The greater part of this exciting book is concerned with the less flamboyant sides of Roman architecture. In its beginnings what matters to Professor Boëthius is not the shepherds' huts on the Palatine but "the Greek and Etruscan urban system that suddenly transformed life in Rome." He shows, after that, the way that the Roman sense of symmetry reacted on Greek and especially on Hellenistic models. At the other end of his book he marshals the knowledge that has accumulated in recent years about the shops and blocks of flats in towns like Rome and Ostia and discusses their survival into medieval and modern Italy.

Coral Islands

Limuria: *The Lesser Dependencies of Mauritius*

By Robert Scott.
Oxford University Press. 320 pages 35s.

WHEN Sir Robert Scott was Governor of Mauritius he visited most of the small empty islands that were dotted about the broad maritime acres of his Indian Ocean parish. Like some other densely populated islands in the tropics Mauritius itself is a tiresome, temperamental place to govern, and one can sense from the dedicated care with which the author noted every detail of fauna and flora and scene on his travels, and the meticulous research that he carried out afterwards in archives and libraries, that these peaceful coral islands served him as a kind of mental and physical retreat. To visit them and study their history became, one feels, the thing that gave him the balance and ease of mind to carry on with the frustrations and front-window stuff of his daily gubernatorial grind.

It is this which gives light and spirit to what would otherwise have been an uninspiring book on a rather limited subject. The sub-title "The lesser dependencies of Mauritius" would have been a less exciting but more truthful title than Limuria; but one would perhaps have been less disappointed. Limuria is the name given to a submerged continent, but unfortunately the book misses out the best parts of what remains—the granite islands of the Seychelles in which Gordon of Khartoum thought he had found the garden of Eden and where others have since sought and found paradise on a pension.

Most of the islands described in this book have Portuguese names, and the author has delved deeply to find out why the Portuguese went there and when, in their fifteenth and sixteenth century search for shorter and safer routes to India. He describes the efforts of the Dutch and the French to oust them, and shows how in the end it was the perfidious English who came last into the field and stole all the plums.

One of the most interesting things about all the Limurian islands is that they were uninhabited when the Europeans found them, except by survivals like the Dodo. They were therefore virgin land as far as man and domesticated animals and plants were concerned. It is fascinating to read what man and nature, working for the most part uninhibitedly together, have done since then in the settlement and development of these islands.

Sir Robert Scott uses two distinct stylistic brushes to paint his picture. One is clearly marked Official Despatches, and though they are good of their kind, and clear, they pall after 182 pages. For the second part of the book an entirely different brush is used, and one is tempted to wonder whether the author was not trying to gear himself down to the requirements of the *National Geographic Magazine*.

Vast and Varied

The Face of Canada

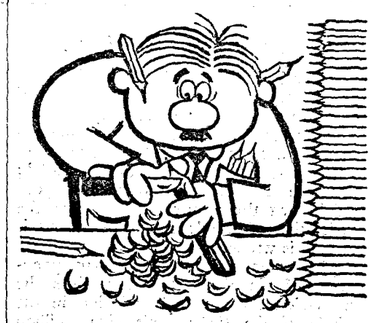
By C. L. Bennet, G. Filion, G. Clark, M. W. Campbell and R. Haig-Brown.
Harrap. 229 pages. 21s.

THERE can be "no single key." "no simple evocation of the *quality*" of a country "so varied and so vast" as Canada. In this pleasant little book five writers have each contributed a description of a well-known, well-loved region. The summing-up of the westernmost province, British Columbia, applies also to the whole nation; "We are pockets of people, set down in a vast area and linked only by difficult ways." Perhaps it is this that gives its special quality to the Canadian character, the "vivid and exciting diversity," which is "the most distinctive feature of Canada herself."

There is some graphic and discerning writing, in the descriptions of both the Canadian people and Canadian scenery, especially in the descriptions of the Atlantic Provinces and British Columbia. There is a portfolio of excellent and well chosen illustrations, but there are no regional maps; the general end-paper map is quite inadequate to guide the reader through the geographic complexities of the text. There are a number of inaccuracies: the original uranium mine, for example, is misplaced on Great Slave Lake, instead of on Great Bear Lake; there are also some questionable generalisations—surely some areas in Toronto qualified as slums at least as late as the 1930s.

Despite such discrepancies in detail, these two hundred odd pages give a remarkably effective picture of a vigorous, lively and interesting people, who, cherishing both time-honoured traditions and up-to-the-minute innovations, live in a land of many-sided beauties, a land offering a fine and stimulating mixture of problems and opportunities.

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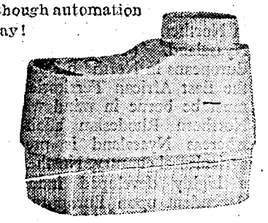
But the Chairman told our reporter: "It's fantastic, Sir. Entirely automatic, y'know. Not even a switch to press. You simply *dip* your pencil in, hold it there just a couple o' seconds, and you've got a *perfect* point.

"It's an immaculate-looking instrument too (not like old Stubby!). Self-contained . . . no flex trailing about. Looks extremely smart on me desk."

Stubby's dismissal is causing consternation in the pencil sharpening trade, and a Union meeting has been called for tomorrow to "ascertain the seriousness of the situation."

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LETTERS

Rhodesian Troika

SIR—Your leading article of July 1st does not, in my opinion, represent the kind of objective survey one normally expects from *The Economist*. The Monckton Commission did not recommend "the certainty of self-government under African control"; therefore the conclusion reached in your article that the eventual break-up of the Federation of Rhodesia and Nyasaland is certain, is wrong.

The generalisation made about the population of the three territories gives the impression that the only solution in the minds of the Federation's eight million people is a hand-over to black government, with the whites participating as individuals. The fundamental difference between this point of view and that held by both Africans and Europeans who believe in inter-racial partnership is that the latter believe that European political supremacy should give way to a direct partnership between the races in the Federation of Rhodesia and Nyasaland. Any suggestion that there should be an immediate hand-over to extremists of either colour would be strongly resisted by the moderates of all races, who constitute the majority of opinion in the Federation.

Your article implies that whites in the Federation are virtual newcomers and temporary settlers. This is quite wrong. Although there are many Europeans who have gone to live in the Federation in recent years, these people have only strengthened the ranks of a community that has deep roots socially, politically and economically in the Rhodesias and Nyasaland. The fact is that the Europeans in Central Africa are as permanent a part of the nation as the Africans, a large percentage of whom entered the territories only a short while before the arrival of the first European pioneers.

Your correspondent states that there is no reason in the nature of the two territories why Northern Rhodesia should not have the same constitution as the one granted to Nyasaland. The answer is, of course, that the two territories are totally different. Firstly, the ratio of Europeans to Africans in Northern Rhodesia is far higher than in Nyasaland. (There are, in fact, more Europeans in Northern Rhodesia than in all the East African Territories, and this fact must be borne in mind when considering Northern Rhodesian affairs.) Secondly, whereas Nyasaland is predominantly an agricultural country, Northern Rhodesia has a highly developed industrial economy dependent upon European enterprise and skills coupled with increasing African initiative and competence.

You state that the only hope for a parliamentary solution in Northern Rhodesia lies in coalition. If this is so, it is not necessarily something to be deplored—in fact, if such a coalition brought the various races together to form a government, then it would serve a good purpose. But the best solution is for a genuinely multi-racial party to be returned by the electorate. It is a grave reflection on the Colonial Office to suggest that it would require the manipulation of constituency boundaries and a trafficking in votes to give its policies any chance of success. The fact should be emphasised that the delimitation of constituencies is to be the responsibility of a judicial commission presided over by a judge or a former judge. Impartiality is thus assured.

I would hope that you would consider giving the new constitution a fair chance, and that you would exercise your great influence in the United Kingdom and elsewhere to support what we believe will be a major step forward, despite its complexity.

The Monckton Commission said:

> To break up the Federation at this crucial moment in the history of Africa would, we believe, amount to an admission that there is no hope of survival for any multi-racial society on the African continent, and that differences of colour and race are irreconcilable. We cannot agree to such a conclusion. We believe rather that the object should be to preserve the benefits of the Federation by re-casting the structure of the present association in a form more acceptable to its inhabitants.

One might fairly expect responsible opinion to encourage acceptance of the new arrangements in Northern Rhodesia as a step in that direction, and it is for this reason that I plead for an objective examination of current developments in my country rather than the abandonment of faith in the possibility of achieving a truly inter-racial solution to our affairs.—Yours faithfully,

A. E. P. ROBINSON
High Commissioner for Rhodesia and Nyasaland

London, WC2

[The Monckton Report, chapter 7, paragraph 114, states that a "comparable advance" to that in Nyasaland will be essential in Northern Rhodesia in the near future. It calls for a public declaration from the British Government "*as soon as possible*" that "*further constitutional* advance towards full self-government will be made there in the near future." It adds: "Most of us . . . are content to recommend that there should be an African majority in the Legislature and an unofficial majority in the Executive Council, so constituted as to reflect the composition of the Legislature."]

Motorists' Knock

SIR—The average motorist does not insure to get "his money's worth," as your Special Correspondent states in your issue of July 1st, but in order to secure protection. In confining his references to claims to those arising from collision damage, your correspondent ignores the fact that many cars are stolen and some catch fire. These quite normal occurrences tend to produce a heavier claim than the "really savage 'prang.'" Third party claims, to which your correspondent never once refers, may also cost thousands of pounds each to settle. Court awards in the region of £10,000, or considerably more in cases where severe injury leaves disfigurement or disablement or both, are commonplace, and the daily press reports these sad cases with sickening frequency.

"The careful, skilled driver" does not pay for the sins of the "less accomplished road user." The published rates of insurance companies are minima, and many motorists pay considerably more or have to accept restrictions in cover because of their accident records, though being human they do not advertise the fact. It is quite incorrect to suggest that a bad driver who "cost his insurance company as much as £100 a year" over a period of five years would suffer nothing more by way of penalty than the loss of his no-claims discount. Well before the end of this period remedial action would have been taken, probably by an increase in premium, and a requirement that the motorist should pay a portion of each claim himself.

Your correspondent, however, is quite correct in stating that "No claims bonuses are often lost through no fault of even the best of drivers." The bonus or discount is just what it says it is. The policyholder is only entitled to it if he does not make a claim, but it is usual to continue to allow it if his insurance company is in a position to recover his loss or is prevented from doing so solely because of an inter-office agreement.

The suggestion that insurance companies should "argue the case, taking it to court if necessary" where "blame cannot immediately be ascertained," is quite unrealistic. The great majority of motor claims come within this category and not, as your correspondent infers, a small minority of them. Cases where the liability of one party or the other is clear cut are comparatively rare. One wonders what levels premiums would reach if insurance companies did as your correspondent suggests, with all the attendant legal costs and vexing delays for policyholders in the settlement of claims while the law takes its course.

Finally, whatever incentive the no claims discount may be in practice, it must clearly have a limit: only by maintaining a certain level of premiums can insurance companies obtain the necessary pool of income with which to meet claims. The principle of insurance is that "the losses of the few light upon the many," and the premiums of those not making claims very often—which means most of us—cannot be reduced below a certain level. Accident-free motorists pay minimum rates and enjoy *maximum discounts*, but even for them the stolen car or the £15,000 third party claim may be around the corner.—Yours faithfully,

ROGER BARNETT
Chairman, British Insurance Association

London, EC2

Bank Staffs

SIR—My attention has been drawn to an article appearing in *The Economist* on June 3rd, entitled "More Starch for the White Collar," in which the term "quisling" was used synonymously with membership of bank staff associations. Care was exercised by your contributor in that it was made clear that this was an interpretation by him placed upon propaganda emanating from the National Union of Bank Employees.

At its best, the word quisling could imply a puppet, but the generally accepted meaning is surely that one so styled is a calculating betrayer of his fellows, aided and abetted by his masters.

The members of my association deeply resent this insinuation, possibly made unwittingly, and certainly without foundation, since the trade union concerned has never dared to use the word in its publications and has been careful to exclude this association from its recent campaign, supported by the Trades Union Congress, against some bank staff associations as being allegedly dominated by their respective employers. Furthermore, a few years ago representatives of the trade union freely signed a *joint agreement* at the Ministry of Labour, concluding with the statement that both the National Union of Bank Employees and the bank staff associations are properly constituted organisations entirely controlled by their members independently of the employers.

In these circumstances I consider that the linking, however inadvertent, of the word quisling with members of bank staff associations was, to say the least, unfair and not in accordance with the established facts.—Yours faithfully,

J. J. ELLIS
Chairman

Lloyds Bank Staff Association

[The phrase in our article of June 3rd to which Mr Ellis takes exception—that the *National Union of Bank Employees* "affects in its public pronouncements to regard the staff association members as dupes or even quislings"—was not intended, either directly or by implication, to express the view of *The Economist* itself, as indeed the wording should have made clear; nor did the phrase, which was simply our interpretation of the union's public attitude towards the bank staff associations generally, have any specific reference to the members of the Lloyds Bank Staff Association—who are not, we are sure, either "dupes" or "quislings."]

Spain Discovers Europe

SIR—There is light and shade in Spanish life, as in that of any other country. For this very reason a good picture of the whole can only be obtained if details, open either to praise or criticism, are inserted within a comprehensive and objective appreciation of what a country is and what its people stand for. The report in your issue of June 30th gives an impression of Spain which is fragmentary and biased.

To take a few examples. The only idea we get from your article about the Spanish Church makes it appear as a body dedicated to political intrigues and the persecution of dissidents. Not a word is said about the church's role in guiding and stimulating the ample and rich spiritual life of millions of Spaniards—an asset for Europe from whatever point of view you look at it.

If the Spanish Army worries only about securing for itself privileges and good pensions, then why should Spain be linked with the United States by defence agreements of undeniable military value?

The economic development and rising prosperity in Spain seem, in your article, to be solely the result of a series of external circumstances and of the action of a number of international organisations. We must recognise the importance of all this, but I find no reference to the hard work of Spaniards, or to their inventiveness and tenacity. Nor is there acknowledgement of the administrative planning and effort, of the political courage shown in decisions as important as the setting up of the stabilisation plan.

Equally, your correspondent's appreciation of Spanish political life shows an obsession with certain marginal groups. By adopting that method, one could describe the British scene solely by referring to the Independent Labour Party, the Communist Party, the Fascist sympathisers and the League of Empire Loyalists.

In the introduction to your report, the writer juggles with the frontiers and he does the same with the centuries. From the Arab apogee in the south (circa 932), down to the Second Spanish Republic (1931), there is only a series of dark nights. But what do we make of our most European Middle Ages, when the English princes looked for the natural alliance of Castille? What happened in our splendid Renaissance? What is dismissed as "deep involvement in America" had as its result the birth of international law and of some twenty civilised and independent countries. What sort of dark night is that, which has produced Cervantes, Lope de Vega, Velasquez and Goya?—Yours faithfully,

London LUIS GUTIERREZ SOTO
President of the Supreme Council for the Colleges of Architects of Spain

Used Cars for Export

SIR—The article entitled "New Regulators for Old" in your issue of May 27th cites two factors which have an important bearing on the home market for new cars. These are the "Cuthbertson effect" of the incidence of hire purchase commitments and—partly depending on this at the moment—the demand for second-hand cars.

The second of these factors could undergo a startling change if in this country the motor trade were enabled and, indeed, encouraged to take advantage of the tremendous demand for good second-hand cars which exists in many countries overseas. Our competitors among car manufacturing nations, notably Germany, have a thriving export business in this trade, and the second-hand cars may well be the forerunners of increasing demand also for new models. British dealers are entirely prevented from even attempting to enter this lucrative export market because purchase tax distorts values of used cars on the home market from which they must originate. Thus a car which is twelve months old may well carry a second-hand value in this country above the ex works price of the new vehicle overseas.

The export of second-hand cars could be made possible if purchase tax were to be refunded in full as the vehicle leaves these shores. The procedure for this could be arranged quite simply on the lines of the well-established duty drawback which is now applicable where items are re-exported.

—Yours faithfully, H. W. HEYMAN

Gateshead-on-Tyne

Canadian Questions

SIR—I have read with great interest and respect the articles on May 27th by your special correspondent on our Bank of Canada—Department of Finance situation.

I cannot resist, however, making two semi-critical comments. I passed on the article to a colleague with the comment: "Will you tell me the meaning of the last paragraph on page 919—which way is he going?" To which my colleague replied: "He is comfortably impaled on the picket fence and can in future take either side."

My other comment is this: I question your correspondent's somewhat patronising attitude towards the members of our cabinet, with the exception of Fleming. I often have occasion to say that I regard you English as the greatest people in the world, but sometimes you lessen your influence by a kind of unnecessary attitude of superiority. I have some knowledge from my undergraduate days (I was one of those queer creatures—a Rhodes Scholar—at Balliol) of people in the top echelon in England, and much as I admire them I do not feel it necessary to put our own best people below them, with the exception, of course, of a few like Churchill.—Yours faithfully,

J. M. MACDONNELL

House of Commons, Ottawa

[Our special correspondent was, and still is, uncomfortably impaled on the horns of his Canadian dilemma, seeing no easy way to get off. Hence his inconclusiveness. He still regards his comments on Canadian ministers as fair, and apologises for any unintended loftiness towards the men with whom Mr Macdonnell served until recently.]

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THE BANK OF NEW YORK

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STATEMENT OF CONDITION

June 30, 1961

RESOURCES

Cash and due from Banks	$175,831,561
United States Government Securities	108,783,875
Municipal and Other Public Securities	16,261,589
Other Securities	2,889,022
Loans and Discounts	289,333,672
Banking Houses and Equipment	10,399,556
Customers' Liability for Acceptances	20,880,781
Accrued Interest and Other Resources	4,399,832
	$628,779,888

LIABILITIES

Capital (270,000 Shares—$100 Par)	$ 27,000,000
Surplus	20,000,000
Undivided Profits	10,093,625
Reserve for Contingencies	5,486,862
Dividend Payable July 1, 1961	810,000
Deposits	535,490,131
Acceptances	21,666,566
Reserve for Taxes, Interest, etc.	5,024,821
Other Liabilities	3,207,883
	$628,779,888

Securities pledged to secure U. S. Government Deposits and for other purposes as required or permitted by law $23,014,115.

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AMERICAN SURVEY

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

Hoffa the Elect

FROM A SPECIAL CORRESPONDENT

"STICKS and stones may break my bones but words are only yesterday's whispers," Mr James Hoffa told 2,000 wildly cheering delegates to the convention of the International *Brotherhood* of Teamsters last week when they re-elected him overwhelmingly as president of the largest trade union in America. This triumph, in the face of continual attack from the press and the government upon his use of the power which he has won in the trade union movement, symbolises some of the most pressing problems faced by American society.

No member of the teamsters' union was surprised by the virtual unanimity with which Mr Hoffa was confirmed in his control over the huge organisation which once represented only lorry drivers, but which is now far more comparable to a general trade union in Britain. Mr Hoffa enjoys so much support from the members that there was no need for him to rig the election of pro-Hoffa delegates from the local branches. It is one of the paradoxes of the American labour scene today that his election was carried out *in strict conformity* with the provisions of the Landrum-Griffin Act—a law to punish abuses by the trade unions which was designed, partly at least, in the hope of trapping the apparently invulnerable leader of the teamsters. But Mr Hoffa was determined that there should be no grounds for challenging his election this year, as there were last time. The board of monitors appointed by the courts to supervise the affairs of the union after a group of rank-and-file members brought a suit to contest his first election was dissolved only in March.

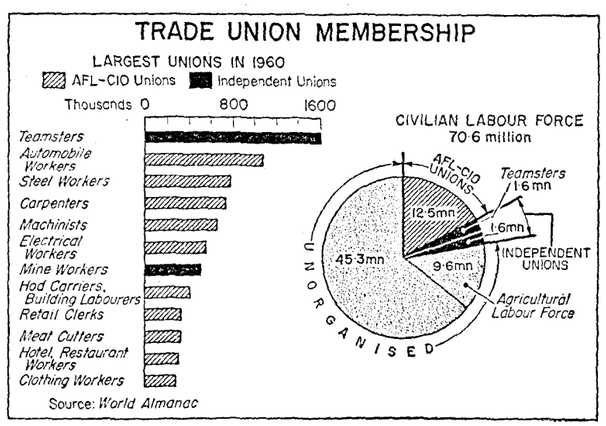
Few trade union gatherings have received as much attention as the one that the teamsters have just concluded in Miami Beach, Florida. According to Mr Hoffa, the watchers included the government forces which are still actively pursuing him. Before the convention he charged that more than 150 agents of the Federal Bureau of Investigation were scouring the country looking for any signs of illegality in the choice of delegates or anything else that might be used to prevent him from being confirmed in the presidency, to which he thought he was more than entitled. During the convention Mr Hoffa warned the delegates that female agents of the government might use their wiles to uncover evidence against him; and later during the proceedings he showed the delegates an electronic listening device which he said had been hidden in a television set to eavesdrop on his conversations.

Whether such accusations were true or not made little difference to the delegates, many of whom were officials of the union, but the convention acted as if it believed the charges. Mr Hoffa, sure of himself and his re-election, used the campaign against him as another opportunity to flay those business groups and politicians who, he said, fought him only because he represented the best interests of the workers. The press, radio and television were also castigated for their attacks on his "dictatorship" and his association with figures from the underworld. Mr Hoffa pointed out that in spite of these allegations the union had grown under his leadership in a period when almost every other trade union in the country had lost members.

It is certainly true that the Brotherhood of Teamsters has grown, although perhaps not as much as its public statements claim. Mr Hoffa also seems to be winning his fight with Mr Meany, the president of the American Federation of Labour and Congress of Industrial Organisations, whom Mr Hoffa characterised at the convention as a "dopey, thick-headed Irishman." The presidents of three unions belonging to the AFL-CIO addressed the convention even though the teamsters had been expelled, on grounds of corruption, by the federation and the AFL-CIO had put a ban on any pact with the outcasts. This ban has proved impossible to enforce because the help of the teamsters, with their control over road transport, can mean the difference between success or defeat to other trade unions when they engage in strikes.

Mr Hoffa announced confidently that the teamsters are going to seek new members in so many fields (some of them already occupied by AFL-CIO unions) that it would "take a Sears Roebuck catalogue to list them." He went on to predict that the teamsters will be readmitted into the AFL-CIO within 18 months adding, as an afterthought, the threat that, if they were not, he would start a rival federation. He also underlined his determination to step up vigorously the legislative lobbying and other political action already being carried on by the teamsters political arm, DRIVE, whose initials stand for Democrat Republican Independent Voter Education.

To finance the campaign for new members the convention approved Mr Hoffa's request that union dues should be raised a dollar a month and that 60 cents of this—about $12 million a year—should go to the headquarters. Part of this money will also be used to meet the rise in Mr Hoffa's salary which was approved by the delegates. He will now receive $75,000 a year, making him the highest paid trade union official in the world. His explanation for the increase—that if he were president of a corporation representing 1,600,000 people he would be paid a great deal more—reflects



his philosophy of trade unionism: it is a business like any other business in America. This attitude is obviously shared by most members of his union for, in addition to voting him an increase in salary, they gave him more power to conduct the "business" without the burden of frequent consultations with the members. Real authority is now vested formally in the headquarters; power flows from the centre to the branches, not the other way round.

The potential strength represented by that central authority poses a problem for the American economy. In recent years the teamsters' union has reflected the tendency toward larger business units in the transport industry and has also helped to accelerate that development. Now some employers and legislators profess to feel that the country may be held to ransom if Mr Hoffa succeeds in welding together a trade union structure with effective economic control over all transport by road, sea and air. Even the railways would not be immune because goods must be delivered to them and picked up by motor transport and because more and more loaded lorries are being carried "piggy-back" on the railways. To meet this possible threat there are ominous rumbles of federal legislation which would seek somehow to break up the teamsters' control of transport.

Perhaps the most astonishing aspect of the entire convention was that it revolved around a man who, most people believed four years ago, would be in prison by now. Instead, Mr Hoffa has been acquitted on the charges of bribery and wiretapping of which it seemed almost certain that he would be convicted. A third charge now pending against him, of having used the post to defraud members of his trade union in a property deal, is hung up in the courts with a good likelihood that it will drag on for years and come to nothing.

All his successes have made Mr Hoffa cockier than ever: "I may have faults but being wrong isn't one of them." Some of his less savoury associates, who worked their way up from the underworld, are still holding office in the union even though it is hard to believe that they have cut themselves off completely from their old connections. But Mr Hoffa shows no disposition to get rid of them and the convention did not seem to be disturbed by his refusal to dismiss them from their posts. At the conclusion of the election for the presidency Mr Hoffa's lone opponent, who gathered a few sickly votes, announced that he would support him as head of the union against any attacks made from outside. And so long as Mr Hoffa continues to concentrate on increasing the standard of living for his members he can probably count on similar support from all the teamsters.

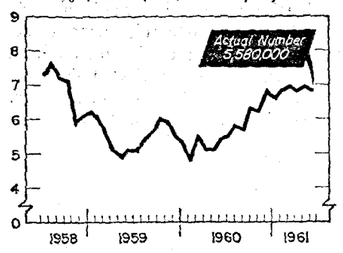
Lagging Jobs

With the present worry about the long-term demand for the ever-growing supply of labour in the United States, there is naturally concern at the way in which unemployment has held steady for seven months at only just under 7 per cent of the labour force. But in fact the figures for June are fairly encouraging, especially from the short-term point of view. Total employment at 68,706,000 showed a satisfactory gain over May and was at a record for the month; admittedly this was by only a few thousand jobs and admittedly unemployment was also at a record. But both records were the result of an unprecedented influx of teenagers into the labour market as the schools and colleges closed for the summer; 1,600,000 of this first wave of war-babies found jobs while 900,000 were out of work, but only about a quarter of all of them wanted permanent employment; the rest plan to continue their education in the autumn. There was little change in the number of people out of work for long periods, although there was a drop, from 96 to 88 out of 150, in the number of industrial centres having "substantial unemployment." There was also a marked improvement in the number of adult men in jobs, which went up by 500,000 in the month; this increase was more than is expected at this time of year as was the increase in manufacturing employment which, however, still lags behind the summer of 1960.

There is nothing unusual about the failure of employment to pick up as sharply as other economic indicators after a recession. Not only do manufacturers who have dismissed employees when business has fallen off find that they can manage permanently with fewer workers on a particular operation; they also hesitate to rehire people until they are sure that there will be steady jobs for them. A recent study by the Department of Labour of the steel industry illustrates the effects of this: output of steel went up by 13 per cent between February and April, but employment in steel rose by only 2 per cent; the industry laid off 150,000 workers, one in four, during the recession and apparently does not intend to rehire more than about one-sixth of these for the present, although it has been doing well recently and does not expect the summer slow-down to be as severe as usual.

UNEMPLOYMENT

as % of labour force, seasonally adjusted



Much of the sharp increase in the country's industrial output since March has been achieved by working existing employees overtime; in June the average work week in factories was back to the 40.1 hours (including 2.4 hours of overtime) of early 1960 and average weekly earnings in manufacturing went up to a record of $94.24. This has much to do with the cheering rise in retail sales in June, for the second month in succession, a rise which is likely to continue.

Defence Tactics

The experimental Midas (Missile Defence Alarm System) which the Air Force launched this week is the first of these "sky spies" to have an orbit taking it across the Soviet Union. The function of its infra-red sensors—which are so delicate that they are said to be able to pick up the heat of a lighted cigarette eight miles away—is to detect, from the heat of their exhaust, any missiles which may be launched from Russian territory. When the whole Midas network of satellites is in orbit, it should double the present fifteen-minute warning of any missile attack which is provided by the radar screens in Britain, Greenland and Alaska. But this is rather remote comfort in a week when Mr Khrushchev has been threatening to increase Russian military spending by a third and to postpone his promised reduction in Soviet military manpower—particularly as no one knows how the Russians will react to this intruder into their air space.

The likelihood seems to be that further increases in military spending will be the American response to the heightened tension over Berlin. Last Saturday Mr Kennedy, after consulting Mr McNamara, the Secretary of Defence, Mr Rusk, the Secretary of State, and General Taylor, the President's own military adviser, decided upon a new review of the adequacy of American military strength. This call for "more words" instead of action which would impress the Russians evoked nothing but scorn from the *New York Times* and *New York Herald Tribune*. But it is being taken seriously in Washington. The report is said to be due this week or next and the Senate Appropriations subcommittee is urg-

MANUFACTURERS TRUST COMPANY

NEW YORK

STATEMENT OF CONDITION, JUNE 30, 1961

RESOURCES		LIABILITIES		
Cash and Due from Banks	$ 994,743,213	Deposits		$3,236,511,175
U.S. Government Securities	783,309,237	Outstanding Acceptances		130,853,887
U.S. Government Insured F.H.A. Mortgages	73,231,221	Liability as Endorser on Acceptances and Foreign Bills		49,842,416
State, Municipal and Public Securities	265,670,567	Other Liabilities		6,455,480
Stock of Federal Reserve Bank	6,023,400	Reserve for Taxes, Unearned Discount, Interest, etc.		39,656,074
Other Securities	25,870,643	*Reserve for Possible Loan Losses		54,879,293
Loans, Bills Purchased and Bankers' Acceptances	1,408,815,211	Dividend Payable July 15, 1961		3,275,350
Mortgages	46,195,830	Capital Funds:		
Banking Houses and Equipment	24,188,045	Capital (5,039,000 shares—$20 par)	$100,780,000	
Customers' Liability for Acceptances	128,759,568	Surplus	100,000,000	
Accrued Interest and Other Resources	15,293,909	Undivided Profits	49,847,169	250,627,169
	$3,772,100,844			$3,772,100,844

*Applicable to cover such future loan losses as may develop. None are at present known.

United States Government and Other Securities carried at $177,370,337 *are pledged to secure public funds and trust deposits and for other purposes as required or permitted by law.*

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BANKERS TRUST COMPANY

NEW YORK

Condensed Statement of Condition — June 30th, 1961

ASSETS	
Cash and Due from Banks	$ 790,700,089
U.S. Government Securities	671,801,000
Loans	1,683,820,128
State and Municipal Securities	104,946,822
Other Securities and Investments	23,943,055
Banking Premises and Equipment	27,401,412
Accrued Interest, Accounts Receivable, etc.	12,551,089
Customers' Liability on Acceptances	82,047,063
Assets Deposited for Bonds Borrowed	9,044,506
	$3,406,255,164

LIABILITIES		
Capital (Par value $10 per share) Authorised 8,460,000 shares Outstanding 8,077,900 shares	$ 80,779,000	
Surplus	160,300,000	
Undivided Profits	57,015,415	
		$ 298,094,415
Dividend Payable July 15, 1961		3,473,497
Deposits		2,975,422,241
Reserve for Taxes, Accrued Expenses, etc.		32,767,967
Liability on Acceptances		84,772,218
Liability for Bonds Borrowed		9,044,506
Other Liabilities		2,680,320
		$3,406,255,164

Assets carried at $190,593,207 on June 30th, 1961, were pledged to secure deposits and for other purposes.

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STATEMENT OF CONDITION, JUNE 30, 1961

ASSETS

Cash and Due from Banks	$1,975,837,187
U.S. Government Obligations	1,614,883,362
State, Municipal and Other Securities	438,094,031
Mortgages	226,595,886
Loans	4,317,743,222
Less: Reserve for Loans	*113,171,468*
Banking Premises and Investment in Realty Affiliates	73,301,495
Customers' Acceptance Liability	265,505,136
Other Assets	68,791,335
	$8,867,580,186

LIABILITIES

Deposits		$7,735,265,443
Foreign Funds Borrowed		3,640,076
Reserve for Taxes		45,949,636
Acceptances Outstanding		272,221,502
Other Liabilities		84,832,952
Reserve for Contingencies		19,304,911
Capital Funds:		
Capital Stock	$174,594,425	
(Par Value $12.50 Per Share) Authorised 14,639,071 Shares Outstanding 13,967,554 Shares		
Surplus	400,000,000	
Undivided Profits	131,771,241	
		706,365,666
		$8,867,580,186

Of the above assets $554,576,318 are pledged to secure public deposits and for other purposes, and trust and certain other deposits are preferred as provided by law. Securities with a book value of $64,415,766 are loaned to customers against collateral.

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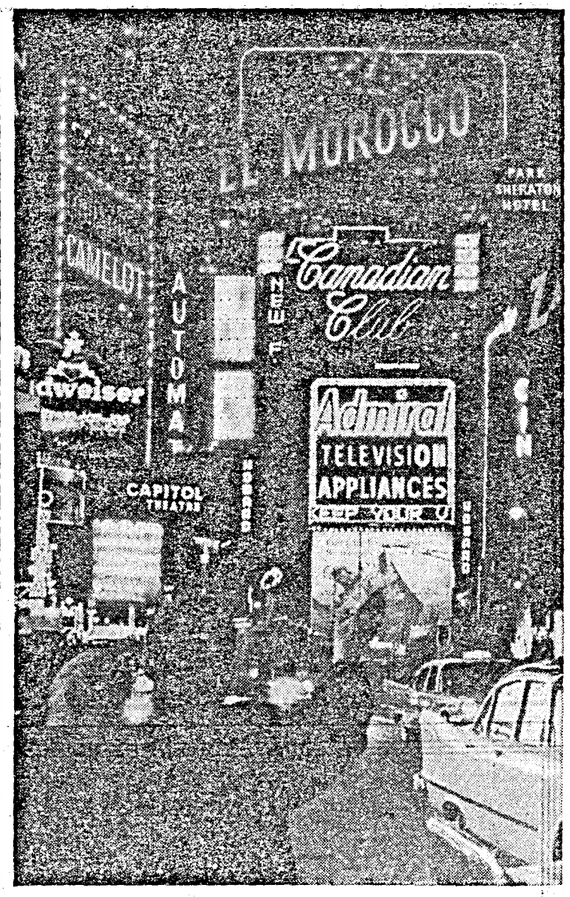
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ing the Administration to hurry if it means to ask for more money, so that the funds can be included in the $43 billion defence appropriations Bill for the current year which the House passed a fortnight ago.

The amount being talked about ranges from $1 billion to $2 billion and even as high as $5 billion—though how so much could be spent in time to affect the Berlin crisis this autumn is difficult to see. This would be in addition to increases of about $2 billion already added by Mr Kennedy to the Eisenhower defence budget. (It is these past increases which, Mr Khrushchev considers, justify the Russians in spending more.) The Air Force is already trying to obtain part of any such additional money for more manned bombers, by exploiting the alarm in Congress over the impressive display of Soviet air power last Sunday. But the Administration's view is that at the moment no more is needed for aircraft or for nuclear weapons; any new funds would be used for conventional arms and for the training of the National Guard and of the reserves if some or all of these million or so men were called up to strengthen the Army.

Senator Byrd's Dominion

SENATOR BYRD and his 35-year old political machine—the most indestructible personal one in the country—still rule Virginia, the "old dominion." On Tuesday, when Democrats went to the polls to choose their candidates for Governor, Lieutenant Governor and Attorney General (who are certain to defeat the Republicans in November), the machine and its reactionary approach to the problems facing the state triumphed all along the line. This was a bitter disappointment to the moderate progressives who had felt strong enough, for the first time, to put up a full list of candidates. It is also a set-back for better race relations and the expansion of government services necessary in the twentieth century, not only in Virginia but throughout the South. The only consolation is that Mr Albertis Harrison is a shade more liberal than the candidate for Governor whom the machine would have picked if it had not been alarmed by the challenge of the rebels.

Mr Harrison's victory had been expected. He was a much more urbane candidate, and a much more attractive one to women, than his opponent, Mr Stephens. Moreover Mr Stephens made one deplorable mistake: he denied, during the campaign, that he had ever sought the endorsement of Senator Byrd. When the Senator made public a letter, written last December, asking for just such an endorsement Mr Stephen's attacks on the machine looked hollow and self-serving. There still seemed hope, however, for Mr Stephen's running mates, State Senator Boothe and Professor Boyd, because the rest of Mr Harrison's team was too much for many influential people and some influential newspapers to swallow. The next Lieutenant Governor, Mr Godwin, favours the utmost possible segregation of the races. Both he and Mr Button, the next Attorney General, believe, like Senator Byrd, in keeping state spending and state taxes as low as possible, even at the expense of the schools and local communities.

But Virginians seem to have been unmoved by the threat to public education or by the need to foster economic growth, particularly in the depressed coal-mining areas, and thus to rescue Virginia from its present stagnation. As usual only about a third of the eligible voters went to the polls. Both Mr Boothe and Mr Boyd did better than Mr Stephens but they all failed to stimulate the outpouring of votes in the dormitory areas near Washington, in Norfolk, the great port, or in the mining towns which they needed to offset the machine's pulling power in the conservative rural areas. The rebels lacked money, and the support of trade unions and Negro organisations from outside the state was a mixed blessing, lending colour as it did to charges that the reformers were no better than "socialist spenders." Senator Byrd's sway over the old dominion has thus won a new four-year lease of life unless Mr Harrison sheds his political skin in office as has the present Governor, Mr Almond.

Bars against Diplomats

WASHINGTON, DC

IT is commonly said that one factor in the growing determination of the American Negro to assert his civil rights is the rapid spread of independent black-ruled states in Africa; it may be less well-known that the presence of growing numbers of African diplomats in Washington and at the United Nations in New York is exerting direct pressure on Americans to end racial discrimination, at least in certain limited areas. The new Administration had the good sense to realise that it was part of its policy of good-neighbourliness towards Africa to overcome the difficulties which African diplomats encountered in obtaining accommodation suited to their status in Washington; the nation's capital has not been racially desegregated for very long and, while strict colour blindness obtains in all public services, there is a considerable if unofficial racial discrimination in the large blocks of flats in good districts, mainly in the northwest area, to which the Diplomatic Corps gravitates when it does not want to live in the colonial shade of Georgetown.

Accordingly Mr Biddle Duke, the chief of protocol in the State Department, set up at the request of President Kennedy a special section to deal with these difficulties. The State Department has now called in the wealthiest property owners in the city and, with strong representations that the national security is involved, has induced them to desegregate a proportion at least of Washington's better-class housing—enough, in Mr Biddle's view, to break the back of the problem. A short time ago only 8 out of 211 flat buildings of the right kind would accept African diplomats. The State Department has always, of course, tried to help diplomats to find accommodation and a few estate agents have been willing to let flats to Africans on a "diplomats only" basis. But the department realises and has now made the property owners realise also—and state publicly—that special arrangements for black diplomats, with coloured Americans not being eligible for them, are not only intolerable to American pride, but also self-defeating insofar as they are aimed at giving the growing number of incoming Africans a favourable impression of the United States.

To provide homes for Africans has been made a test of the patriotism and wisdom of the real estate proprietors (who stand to lose money if in lowering the colour bar they lose some profitable white tenants). Equally the situation will be a test of the patriotism and good manners of the better-off white flat-dwellers in north-west Washington. The objective is now, quite simply, to open luxury apartments even in the most hallowed areas to all Negroes who can pay the high rents. Since diplomats, who cannot be sued for damages, are often classed as undesirable tenants (whatever their colour), the effect may be to give the well-off American Negro family (of which there is a fair number in the capital) a slight preference. And as some of the modern blocks offer tenants other facilities, such as swimming pools, it is even possible to foresee the breaking down of the colour bar in other directions.

The time, it is felt, is ripe; the African diplomat, senior and junior, is becoming a familiar feature of the city—though he sometimes wears his colourful national robes protectively to distinguish himself from mere black Americans. Fifteen years ago Asian diplomats from newly emancipated countries ran into some of the same prejudice, but this has now disappeared almost totally (though some Asians are darker in hue than some Africans). Another problem, however, is the great poverty of many of the

African states sending representatives to Washington and New York. They must live modestly on their meagre budgets, but they are all the more conscious of their rights and status. A snub to one is taken as an affront to a whole continent which, in this matter, has a very noticeable solidarity—enough, in fact, to affect the casting of votes in the UN Assembly.

THERE are now about 14 embassies of African states south of the Sahara in Washington, populated by about 80 diplomats and their families; this number will certainly increase and another 100 African diplomats are expected. At present the department's special section has about 30 African families on its books who want better places to live—which means flats in the "white" quarter. What the department aims at is a situation in which a black diplomat can enter any flat building advertising a vacancy without risk of being snubbed; that he should be able, in fact, to obtain housing not through the department's good offices, but on the open market. There has never been much difficulty for Africans trying to buy a house for an ambassador's or minister's residence, or for an embassy or chancellery; the department has, however, had to step in to stop them being ruinously fleeced. As discreetly as possible the department has also been working to end the snubs that Washington hairdressers, private schools, other service establishments and nearby seaside resorts sometimes hand out to Negro Africans.

But the department is also working beyond Washington. African diplomats there often represent their countries also at the United Nations and constantly drive to New York, where the United Nations works with civic organisations to handle the problem of accommodation. So the State Department has moved to end discrimination at bars, cafeterias and petrol stations along the route between the two cities. This passes through Maryland, a relatively broad-minded state; but a succession of incidents has made Africans assume that it is as apartheid-conscious as Mississippi. Now, however, the Governor has thrown his weight behind desegregation and, as the assessment of taxes on the property-owners along the road is more an art than a science, results seem assured. To maintain a colour bar and find that taxes are doubled will not appeal to many proprietors of cafés.

The State Department has a travel section whose duty is not merely to design tours for African diplomats in the United States but to make sure that there are no untoward incidents on the way. It also actively encourages African diplomats to move about with the express idea of getting white Americans, including Southerners, used to the representatives of independent Africa, and thus used to the idea that all coloured travellers ought to be received with courtesy and respect.

Unbalanced Travel

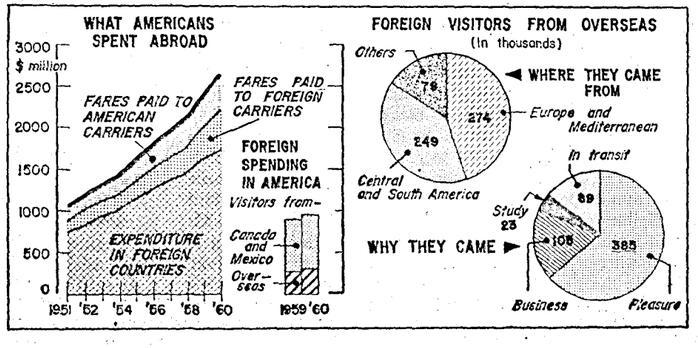
LAST year Americans continued to be the world's greatest travellers, though there are some signs that political unrest in various parts of the world and the effects of the recession are making them more cautious this year. In 1960 Americans spent $2.6 billion, 11 per cent more than in 1959, to satisfy their thirst for foreign places. In the days of the dollar gap this would have been a source of public as well as private satisfaction but, now that it is the American balance of payments which needs correction, the salient fact is that Americans spent $1.7 billion more on foreign travel than foreigners spent on visiting the United States. An article in the June issue of the Department of Commerce's *Survey of Current Business*, from which the charts and other figures in this article are drawn, devotes as much attention to incoming as to outgoing tourists.

The imbalance is worst in Europe, which is becoming more popular than ever with Americans; two-thirds of the increase last year in their total spending abroad went on travel to Europe and the Mediterranean. Their numbers rose even more sharply (by 20 per cent) than their spending (17 per cent), probably because people who go by air tend to stay a shorter time abroad than those who go by sea. Last year 602,000 Americans flew to Europe, compared with 230,000 who came by ship; even so, this was the largest number to come by sea for five years.

For the sixth year running Italy led the European attractions, partly perhaps because the Olympic games were held in Rome but primarily because so many Americans of Italian descent return to visit their families and friends and to see the old country. France and the United Kingdom were close behind. On the other hand, spending by American tourists in Mexico and Canada, which together exceeds spending in Europe by Americans, rose only slightly. The West Indies and Central America suffered because the growing vogue of the Bahamas did not offset the big drop in the numbers who went to Cuba.

Americans visiting Europe spent about six times as much there as did Europeans visiting the United States—$704 million compared with $115 million. Partly this was a matter simply of numbers: 1,634,000 Americans went abroad—832,000 of them to Europe—while there were only 602,000 overseas visitors (exclusive of Canadians and Mexicans) to the United States, 274,000 of them from Europe and the Mediterranean area. But the average American visitor spent about $840 in Europe in addition to fares; European travellers in America spent only about half that. Europeans, it seems, have the bad habit of staying with relatives when they go to the United States and thus they economise. The new United States Travel Service, which Congress has just authorised, will have to stir up interest among people with no American cousins if the campaign to persuade foreigners to "See USA" is to bear fruit in the balance of payments.

Congress has not yet appropriated any money for this new drive but the Department of Commerce, anxious to get to grips with the problem before the 1961 season is over, is already looking for a firm to do the preliminary research work in the countries which the government considers should be tackled first: the United Kingdom, Germany, France, Venezuela, Japan, Australia, Brazil, Colombia, Italy, Holland, Belgium and Switzerland.



Legislators at Odds

FROM A CORRESPONDENT IN MINNEAPOLIS

SHAKESPEARE said that there was divinity in odd numbers, but he had no experience of those American State Legislatures which meet in odd-numbered years. Originally they all met every year but by 1900 forty-three states had abandoned yearly sessions in favour of biennial ones; more recently the trend has been changing slowly back again, as government at all levels has grown bigger with the increase in the population and in the demand for public services. Nineteen of the fifty Legislatures now meet annually, although nine of them may deal only with fiscal matters in even-numbered years. Minnesota, however, is still limited by its constitution not only to biennial sessions but to a duration of no more than ninety days for each of the regular sessions.

Yet Minnesota is no exception to the trend toward bigger government. It ranks midway among the states in population, with 3,413,864 people in 1960 as compared with 2,982,483 a decade ago, and the State Legislature, which appropriated $280 million in 1951, appropriated $567 million in 1961 for the two-year period which began this month. This year, Minnesota's 67-member Senate—the largest in the country—and 131-member House of Representatives met from January 3rd to April 17th in regular session. But, as in the preceding three biennial sessions, the Legislature adjourned without having come to grips with the major problems that required solution. So, on April 24th, the new Republican Governor, Mr Anderson, summoned the Legislature back for an extra session which lasted for another six and a half weeks.

DURING this extra session the legislators did manage to settle not only the question of appropriations but also that of how to find the necessary revenue with relatively little trouble, to everyone's surprise. Two years ago, the extra session dallied for the longest time in state history over whether to enact a withholding system of collecting state income taxes; but this year Minnesota became the twenty-sixth state, out of thirty-five which impose taxes on income, to withhold a percentage of the wage earner's pay at the source. The new Minnesota law stirred up ill-will in Wisconsin, the neighbouring state to the east, by providing for withholding taxes from the wages of Wisconsin residents who work in Minnesota. This meant that the Wisconsin Legislature, which was also in session, had to change its law in order to save those unfortunates from being taxed in two states. Two years ago Minnesota had had to do exactly the same thing when North Dakota, on the state's western border, changed its law to require Minnesotans working in North Dakota to pay taxes there.

Taxes in neighbouring states are frequently a factor in determining tax policy. Governor Anderson, casting about for new sources of revenue in 1961, fixed upon a 3 per cent levy on the sale of new motor vehicles as one such source. The House agreed but automobile salesmen fell upon the Legislature in hordes to protest that this would mean the collapse of an already sick business, because people would buy their cars in Wisconsin to escape the tax. That loophole was easily plugged by levying the tax upon new cars as they were registered in Minnesota. Nevertheless, the tax on motor vehicles fell by the wayside in the extra session. So did the 3 per cent tax on all retail sales which the Senate had recommended as a substitute, and which brought cries of protest from merchants in cities on the borders of other states which have a sales tax of only 2 per cent. The state budget was balanced in the end by raising existing taxes slightly.

Such complex issues are obviously intensely political, even though the Minnesotan legislators, back in 1913, abandoned political party designations for themselves (and for judges and all officials elected locally); the only other state to elect law-makers without party labels is Nebraska. Once the candidates are elected they observe a strict factionalism which divides them into "Liberals" and "Conservatives" for the organisational purposes of choosing leaders, naming committees and dispensing patronage. It is no secret that Liberals are usually Democrats and Conservatives are Republicans—no secret to the initiated, that is. But it is never acknowledged on the ballot and as a consequence many voters choose their candidates on the basis of a familiar name. This tends to perpetuate the same people in office and, quite understandably, these old timers lead the fight against efforts to restore party designations.

Although they have no official ties with the two major political parties, the lawmakers reveal their colour when the chips are down. This year, for example, the Legislature had to arrange Minnesota's nine federal congressional districts into eight, because the state lost one of its seats in the House of Representatives in Washington as a result of last year's census. At the regular session the Liberal House adopted a redistricting plan under which two Republican incumbents would be pitted against one another, thus giving the Democrats an advantage. The Conservative Senate paired off a Democrat and a Republican. In spite of twenty-six joint conferences no solution was reached at the special session. This means that, unless the Governor calls another special session, which he says he will not do, all the congressional contenders in Minnesota will run "at large" in 1962 instead of for individual districts, with every voter in the state entitled to vote for eight candidates.

One thing the Legislature did do at the extra session, however, was to approve an amendment to the State Constitution, to be submitted to the electorate in November, 1962, which would lengthen the maximum duration of the regular biennial session of the Legislature from ninety to one hundred and twenty days. But some observers doubt whether any solution that fixes a deadline, no matter how distant, can be effective. They argue that the leaders of the majority party or any strong minority can always delay decisions until the closing day of a session so that pet Bills may be pushed through with little consideration during the chaotic rush to meet the deadline. The Council of State Governments believes that Legislatures should be able to meet as often and as long as their responsibilities require. But many part-time lawmakers object to unlimited sessions. Farmers, who must plant their crops in the spring, say that they would be unable to serve and there are others who feel that they could not be spared from their regular jobs to attend long sessions. Some day service in State Legislatures may become a full-time vocation with sufficient pay to make it attractive. This happened in the Congress of the United States, but it took a long time to arrive even there.

Vaccines—Dead or Alive?

RECENTLY when Atlanta was threatened with an epidemic of poliomyelitis 300,000 doses of Dr Sabin's new vaccine—which is given by mouth and contains weakened live viruses—were rushed to the city to immunise all the children under fifteen years of age and over six weeks old. This stock—Dr Sabin's own—represented nearly all of the vaccine in existence in the United States. But its use has been sanctioned on an experimental basis by the Public Health Service and in June the House of Delegates of the American Medical Association approved of it in principle—much to the indignation of Dr Salk, the developer of the dead-virus vaccine which has been used in the United States since 1954 and which cut the number of cases of paralytic polio to 2,218 last year; there were only 260 deaths. Only 160 of the 2,218 people who suffered paralysis had had the recommended four doses of the Salk vaccine.

The advantages of the vaccine which contains live viruses were said by the experts of the AMA to be that it confers immunity more rapidly, a matter of importance when an epidemic is threatened; that the immunity lasts longer—perhaps as long as that gained by actually having the disease; and that it prevents those who are inoculated from acting as carriers of a disease to which they themselves are immune. Moreover, it is likely to protect everyone; the Salk vaccine is effective for only 80 per cent of those who are inoculated. This means that there is real hope of stamping polio out completely, if people co-operate—as they may when it is only a matter of swallowing a few drops of cherry-flavoured syrup. Rather less than half of all Americans between the ages of 20 and 39 have received three doses of the Salk vaccine, although the proportion is higher at younger ages, and there are disturbing signs of an increase in the paralytic forms of the disease. All authorities are urging people who have not had the full series of Salk doses to have them at once, because the Sabin vaccine is unlikely to be licensed for large-scale production until late this autumn. Six years ago, when the Salk vaccine was first put on the market, some people contracted polio from it; so far the Cutter Laboratories, the unlucky manufacturers, have had to agree to pay over $1 million in damages and they have just been ordered by the courts to pay another $675,000 to a single victim.

The pharmaceutical industry is also excited over the likelihood that by next year a vaccine will be on the market to control measles, a highly infectious disease from which there are more deaths than from polio and which may produce serious complications. In this case a "live" vaccine is also pitted against a "dead" one; the live virus gives more effective protection and requires only one dose, but, unfortunately, so far it produces too many of the uncomfortable symptoms of the disease. Further in the future—perhaps two years off—is a vaccine for infectious hepatitis, a serious and growing liver ailment.

New Haven off the Rails

THE fact that the New Haven Railroad is to be reorganised by a trustee under the Bankruptcy Act does not mean that the 30,000 commuters who rely on this line to bring them in and out of New York every day from Connecticut, Rhode Island and Massachusetts will have to add to the congestion on the already overcrowded roads or move into town. Bankrupt or not, the railway is not allowed to abandon its services without the permission of the Interstate Commerce Commission. But how the trustee will be able to keep the trains running is another matter. He will be excused from paying taxes, rent and interest but he will have to find cash for wages and supplies. Operating costs amount to about $11 million a month and average revenues come to slightly less; the $4.5 million which the company has in hand at the moment is likely to be exhausted by the end of July. The New Haven has not made a profit since 1956 and it lost $11 million during the first six months of this year. The purpose of the trusteeship is to get the company back on to a sound financial basis by cutting out inefficient operations; but most of the possibilities for such reorganisation were exhausted during the railway's previous trusteeship from 1935-47.

The new trustee may, however, find the federal government more willing to go on coming to the rescue than did the present management. For months only federal loans have kept the trains running and the company owes $35 million on loans granted or guaranteed by the government. But finally the ICC called a halt and last week the New Haven was ruled ineligible for a special emergency loan and thus was forced finally into reorganisation. Early this year the governments of the four states served by the line had agreed on a scheme for saving it but this was delayed too long to achieve its purpose; in any case two elements in it—lower wages for railway employees and the abolition of federal taxes on railway fares—failed to materialise.

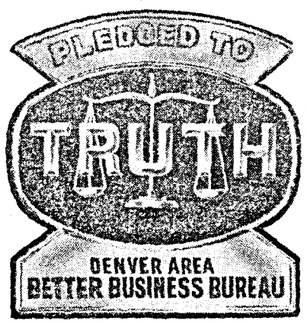
The New Haven's difficulties are the result of a long-term declin in industry, and therefore in profitable freight traffic, in the are covered by its 1,760 miles of line, of competition from road trans port, accentuated recently by the opening of a super-highway run ning parallel to the railway, and of the increasingly uneconomi nature of the passenger services which provide a third of its revenu but on which it lost $13 million last year. Nevertheless the Ne Haven is essential both for passengers and freight and it is incon ceivable that it should be allowed to crash completely. Its pligh underlines that of similar railway companies all over the countr and the need for some special effort to save them.

Even Better Business

FROM A CORRESPONDENT IN COLORADO

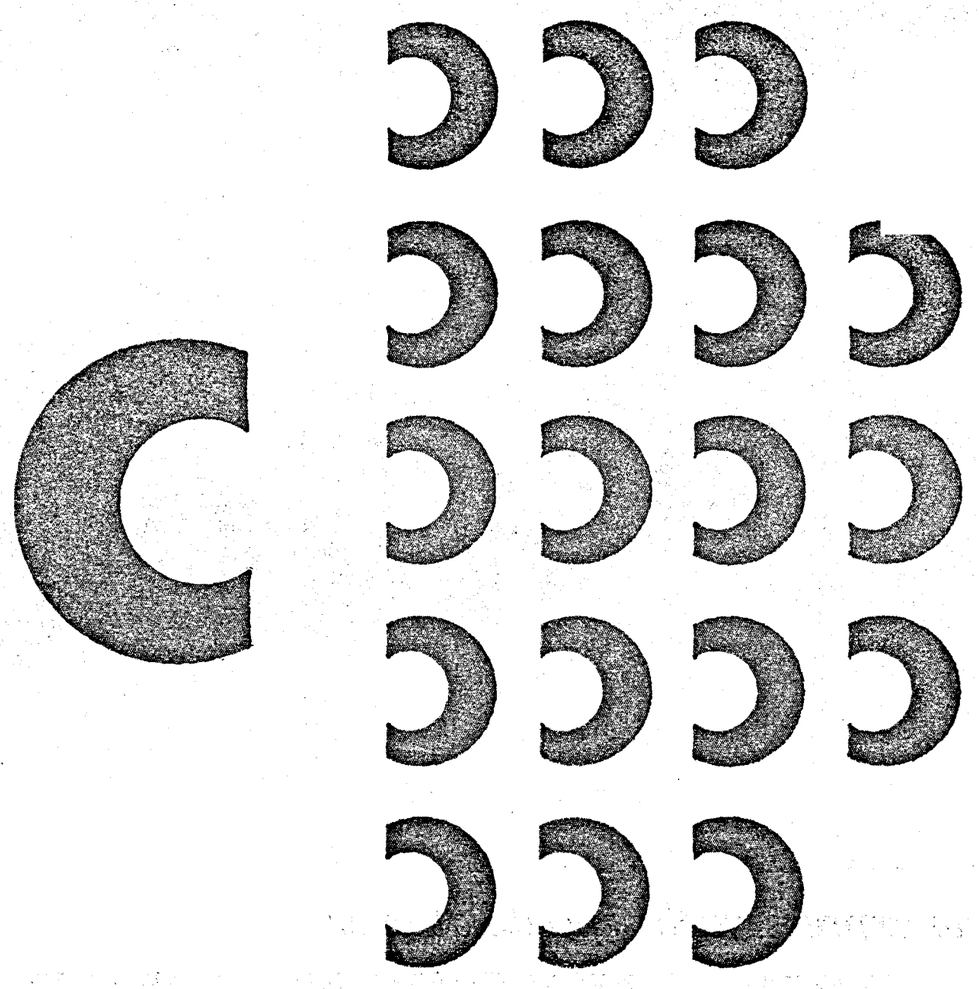
HONESTY may be the best policy but it is to be advertised wit caution. That at least would seem to be the lesson learne by the Better Business Bureau for the Denver area which has bee put on probation by the national association of Better Busine Bureaux because it sponsored a "truth emblem." Its member firm could display this in their establishments and use it in their adve tising if they subscribed to a rigid code of ethical practice in the dealings with the public and paid $180 each a year to cover th cost of policing the code. About 110 shopkeepers and servic concerns had qualified when the national association condemne the arrangement at its annual meeting in May.

The goal of this association is to inculcate high ethical standard into businessmen's dealing with the public, by means of "pe suasion, publicity, prosecution." The bureaux are financed by the members and most of the larger retail and service companies in metropolitan area usually belong. With varying degrees of circun spection they try to expose at least downright "gyps" with the ai of the press and other media of publicity. But the bureaux hav always shrunk from letting members make a sales point or take commercial advantage in other ways out of being affiliated to a BBB. This is where the Denver scheme went wrong.



Its directors claim that theirs is a new and potent means of establishing a standard for the contacts of businessmen with the public and of convincing the public that there is such a standard; this, they maintain, benefits all business. They refuse to give up their idea, but they have asked the national organisation to help them to get around the objections. One way might be to get local trade associations, rather than individual companies, to join the truth emblem organisation and to have the necessary policing financed by these associations. The whole affair has caused a considerable flutter in the advertising industry, with most people apparently feeling that the Denver scheme's guarantees of ethical treatment to the public go far too far, particularly since the benefits are reaped by individual firms.

Correction: Mr Max Ascoli informs us that the present circulation of *The Reporter* is about 170,000, not 129,000 as stated incorrectly in *The Economist* of July 8, 1961.



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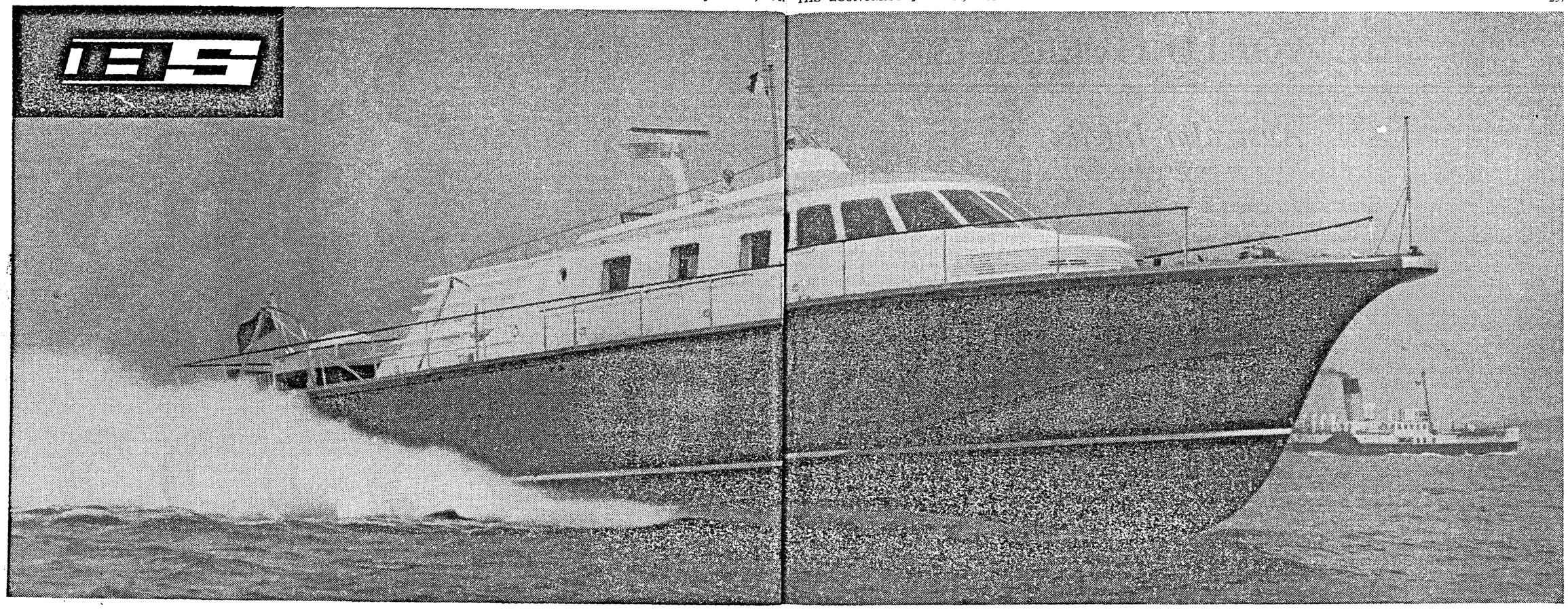
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THE ECONOMIST JULY 15, 1961



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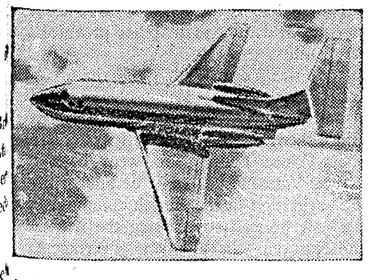
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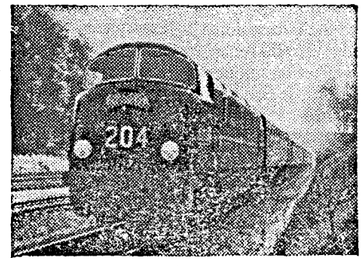
The Bristol Siddeley Proteus has proved itself to be one of the most versatile and dependable gas turbines ever built. As the powerplant of the Britannia airliner, the Proteus has accumulated nearly two million engine flying hours in service with 12 national airlines and RAF Transport Command.

The first marine application of the Proteus was in the "B" class fast patrol boats, designed and built by Vosper L[td] collaboration with the Admiralty. These vessels went into s[ervice] with the Royal Navy in 1959, after the engines had carried 1,600 hours rigorous testing to Admiralty schedules.

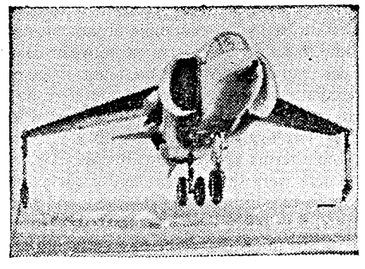
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Australia Infelix

FROM OUR CANBERRA CORRESPONDENT

In his discussions about the common market in Canberra this week, Mr Sandys is believed to have been twice surprised—first by the quiet attention with which his long, and it is said very able, exposition was received (he had presumably been warned to expect a hostile reception) and secondly by the sudden onslaught of Australian objections on the third day of the talks. Mr Sandys was unable to outline to the Australian cabinet the kind of concessions to Commonwealth exports that Britain might hope to negotiate with the common market; the explanation given here is that the Six have refused to discuss these with British ministers in advance of actual negotiations. For the present, Mr Sandys was arguing in general terms the disadvantages of remaining outside and the importance of not being a small economic unit in these days of vast ones. All these points were well taken by his listeners. But when the time came for Australia to make its reply, this turned out to be a veritable blast.

The economic case was presented by the Minister for Trade, Mr John McEwan, who explained what was at stake—namely a market for £A170 million worth of Australian exports which are now sold to Britain and the Six and which would be badly hit unless special concessions could be obtained. Unlike New Zealand, whose difficulties, although acute, would be confined to three or four commodities, Australia would suffer over a wide range of exports. If and when detailed items of trade were discussed with the Six, Australia would expect to negotiate on its own behalf. Then Mr Menzies took up the tale with the political implications, arguing that the trend towards political unity within the common market would be certain to weaken the Commonwealth relationship whose strength was already impaired by the affair of South Africa. Mr Sandys argued that declining political power would weaken the Commonwealth, too, and even—less convincingly—that closer unity in Europe might strengthen Commonwealth ties.

These unresolved difficulties of opinion are reflected in the communiqué which was the result of hours of drafting and controversy. Mr Sandys would have preferred less emphasis on political points on the ground that these were matters of opinion and not of fact (in contrast to the economic arguments) and that their inclusion would make the disagreement between Britain and Australia seem wider than it is. Mindful no doubt of the possible effect on public confidence at home of a communiqué of no agreement, Mr Sandys also sought to persuade the Australians at least to express approval of exploratory negotiations, with a view to discovering the best possible terms of accession. But the Australians were adamant.

There were several reasons for their stand. The first perhaps is not a reason but a mood—the mood referred to in these pages last week. There was a hangover of distrust and resentment from the prime ministers' conference, a hangover which may since have been dispelled by pleasant plain speaking but which, when the talks opened, was hardly such as to produce a ready accommodation. Secondly, no concessions that can be negotiated on Australia's exports will be as helpful as the existing trade arrangements; and the present is a hard time to contemplate their abandonment. The balance of payments gap is only recently remedied; unemployment, though still low, is high by Australian standards; elections are near—the Victorian state election is on Saturday and federal elections will probably be held in December. This is a time when parties and politicians vie with one another to appear as the implacable watchdogs of Australia's interests. It may be argued in reply that approval to start negotiations to explore the possibility of concessions would do no harm, and could be withdrawn if they seemed to be turning against Australia's interests. The fear is, however, that once negotiations are started pressure to continue them is great and might end with acceptance of a harmful compromise. The communiqué says that the question of accession is one for the British Government alone to decide; but that a lack of objection to opening negotiations does not imply Australia's approval. Disapproval is what is really implied, but perhaps not of a force that is intended to deter the British Government if it is convinced of the wisdom of its course.

Silhouettes by Twilight

FROM OUR SPECIAL CORRESPONDENT IN GENEVA

In the grey penumbra of the international conference on the future of Laos, the greatest difficulty is to find enough shadows to enable the current bout of shadow-boxing to continue for as long as may be necessary. By twilight, shadow-boxing is more than usually strenuous, so the sixteen delegations—including three Laotian ones—though they show willing by meeting nearly every weekday, seem tacitly agreed to limit sessions to about an hour a day. That there is a need to prolong the bout is, again, tacitly agreed; just as it was hard to get the conference off the ground in the first place, so it is hard to get to grips in the absence of a single, representative and recognised Laotian government. Indeed, if the presence of three delegations, representing the right-wing Boun Oum government, the neutralist Souvanna Phouma one and the Communist Pathet Lao movement, is taken as an example of the troika principle in action, then it has provided a useful demonstration of its futility.

Widely, but prematurely, it was assumed that the three rival princes meant what they said when they met at Zurich last month and announced agreement on the procedure for forming a government of national unity. Since then, however, the participants have gone their separate ways. Prince Boun Oum went back to Vientiane, where King Savang Vatthana has let it be known that he does not agree with the suggestion in the Zurich communiqué that he should nominate a new premier, by-passing the national assembly. General Phoumi Nosavan—the Vientiane government's strong man—made a detour to Washington, where he told his American friends that he would not agree to the admission of Communists to a Laotian government. In Paris, Prince Souvanna Phouma has been telling callers that the next Laotian government of which only he can be prime minister, will have to include an equal number of Communists and rightists. His half-brother, Prince Souphannouvong, the Pathet Lao leader, is back in Hanoi after the inevitable stops in Moscow and Peking; out-Souvannaing the neutralist prince, he is saying that the only question now is to enlarge Souvanna Phouma's "legal" government, an argument that causes teeth to gnash among Prince Boun Oum's representatives who rightly point out that the Zurich communiqué made no such provision.

As for Prince Sihanouk of Cambodia, who first proposed the present conference and brought the Laotian princes together, he is again sulking in his tent. This cannot be called new; but it is always a disappointment when it happens. The burden of Prince Sihanouk's complaint is that "the great powers" did not like Cambodia's draft agreement on controlled neutrality for Laos. Like every draft, the Cambodian one had its imperfections, but it appears that Prince Sihanouk was hurt and discouraged by American—and even more by Chinese—criticisms of his proposals. The Americans did not like the Cambodian provision for a veto in the control commission, which was a concession to the Russians. The Chinese rejected out of hand his proposal for comprehensive control along the borders of Laos, including permanent control posts as well as mobile units; and indeed a control system that really worked would be a serious blow to Chinese and North Vietnamese plans.

To conclude from this unpromising background that the conference is a waste of time would be wrong; indeed, the two shadows that enable the shadow-boxing to continue are thrown by matters of real substance. One is the Communist insistence that the conference should give priority to a discussion of proposals for Laotian neutrality; the other, the American insistence that before doing anything else the conference should send comprehensive instructions to the international control commission in Laos, give it freedom to roam the countryside in search of violations of the cease-fire and provide it with vehicles, airborne or landborne, in which to do the job.

On Monday Mr Pushkin, the Soviet delegate, rejected Mr Malcolm Macdonald's compromise suggestion that the conference should discuss neutrality and instructions to the commission on alternate days. Nothing could sound more procedural; but in fact it is a wrangle that goes to the heart of the matter. The Americans, with British and French support, are advocating a "truly neutral" Laos—detached, that is, from the great power blocks and protected from Communist or other encroachments by a foolproof inspection system. The four Communist delegations want an "independent and neutral" Laos which Marshal Chen Yi, the Chinese foreign minister—now back in Peking—has almost shamelessly defined as a Laos from which American and French military advisers, and alleged intruders from Siam and South Vietnam, together with "Chiang Kai-shek remnants" would be excluded, the control system being purely nominal. By implication—since the Communists do not admit the well-authenticated North Vietnamese military presence in Laos—the Chinese and their friends would therefore like to leave Laos wide open to infiltration from North Vietnam—or, when the time comes, from China itself. In the light of this approach the Americans are surely right to insist on the pressing need to define the control commission's powers and give it the tools for the job, for if the commission is kept impotent at this stage it will be almost impossible to give it potency later on.

In this and other ways the Americans are leaving no stone unturned in their efforts to undo past errors. Mr Harriman, permanent head of their delegation, has been to Paris to assure Prince Souvanna Phouma of full support in the event of his following a really neutral policy, and to Rome to assure Prince Sihanouk that his efforts have not gone unappreciated. A working understanding seems to have been reached between him and the neutralist Laotian prince, and though the Americans are cool towards Souvanna Phouma's determination to place the control commission under his future government's orders, they have even recognised the inevitability of Communist participation in the next Laotian government. The prince, for his part, seems well aware of the danger of giving key posts to Pathet Lao ministers.

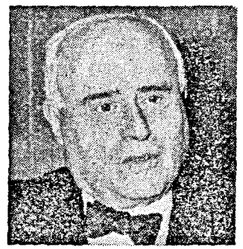
A new element in the conference is the return to Geneva on Tuesday of Mr Krishna Menon. Rightly or wrongly, everybody assumes that he sees himself in the role of peacemaker lately vacated by Prince Sihanouk; and expectancy runs high.

Francs, Ancient and Modern

FROM OUR CORRESPONDENT



Monnet: common currency



Rueff: back on gold

Historians may see the West's current groping towards a new international monetary system as the beginning of a new epoch, comparable in importance to the development of banking within national economies. But this groping process may also appear as a striking example of the national differences which have, in so many fields, obstructed the road to a new international order in the postwar years. On one side the two Anglo-Saxon powers, whose "key currencies," pound and dollar, are widely used as reserves by trading nations (the gold exchange standard), are proposing pragmatic measures to strengthen the present system. With their two "key currencies" under strain, they are suggesting that the International Monetary Fund be strengthened by allowing it to grant credits in the new strong currencies, the franc and the mark. Most countries have acquiesced in these ideas, but strong objections are being put by France.

Behind the French resistance lies a wide range of doubts. Plain national motives play some part. Having been forced to come so often, cap in hand, to London and New York, to get support for an ailing franc, the French are relishing their first opportunity to throw back at the Anglo-Saxons the oft-repeated advice on good housekeeping to which they were so often subjected, pointing out, in their turn, that he who pays the piper calls the tune. As in politics, the French dislike the predominance in world economic affairs which the pound and dollar have enjoyed in the postwar years. Now that the franc and mark are strong they are anxious that their new strength shall not be used just to prop up the two "key currencies" and the system associated with them. The last part of the argument seems open to dispute. The Bernstein plan, after all, which would provide greater drawing facilities in marks and francs, may well tend to make the franc and mark "key currencies" too, held, like the pound and dollar, as reserves of trading nations. But the French dislike the IMF as the arena for collaboration because its voting arrangements give America and Britain a bigger say. They regard it as the keystone of a postwar system designed to preserve the pre-eminence of pound and dollar.

A series of articles published in many parts of Europe last month by M. Rueff, the main architect of France's economic reforms two years ago, have suggested a second reason for French doubts. In

his analysis the gold exchange standard is dangerous, not because it is Anglo-Saxon, but because it is unstable and has allowed deficit countries to avoid paying their debts ; he looks nostalgically back to the gold standard. M. Rueff cannot be identified with French government policy. But his articles are a pointer to one strand in French thinking. Like the Poincaré reforms of 1926-28, the Rueff measures in 1958 marked a sharp swing in French policy away from postwar fecklessness to bourgeois orthodoxy. The conservative trait that has led so many Frenchmen to put their money in a stocking and to invest in *rentes* has come out once more. Now that France is at last able to take a respectable place in the postwar financial community, it is peering suspiciously at the improvident habits which the western world has developed in the past few years.

It would be a great mistake, however, to imagine that French opposition to the Bernstein plan stems purely from conservatism or nationalism. Another school of thought—the integrationists of the Monnet school—also takes a critical view. To them, patching up the present system (à la Bernstein) is unattractive, because it does not go far enough, and might deflect attention from the need, later on, for more radical reforms, such as Professor Triffin's plan for a pooling of international reserves. As far back as last summer M. Monnet spoke in an interview with *US News and World Report* of the possibility of "a common currency," first for Europe and later for the West as a whole.

At first sight the juxtaposition of French conservatives and integrationists may seem strange. Yet they do have vital points in common. When orthodox economists, like M. Rueff, complain about the gold exchange standard and about the schemes to prop it up, their main criticism is that it permits governments to drift into random inflationary policies. The old-fashioned bankers' remedy is to return to the automatic discipline of gold. The modern-minded integrationist puts economic growth at the top of his priorities and so will have none of this. But he, too, feels that no currency system can work without a full-blooded integration of economic policies. Where the orthodox shirk the far-reaching political implications of Professor Triffin's scheme, the integrationists feel that the plunge is necessary if western states are to regain control of their economic destiny.

Such considerations have led both ancient and modern economists in France to feel that the new currency arrangements are best made, not in the 70-nation International Monetary Fund, but in the tighter Organisation for Economic Co-operation and Development, whose members hold 90 per cent of the western world's reserves. To the ancients, the International Monetary Fund reeks dangerously of improvidence ; its location in Washington gives the undeveloped members too many opportunities for political blackmail. To the moderns, the essential integration of economic policies will simply not be possible in the sprawling IMF. They regard currency assistance to undeveloped countries—particularly when commodity prices collapse—as a vital task. But they feel that this is best carried out as an integral part of the collective effort the Atlantic community should make to develop within OECD common trade, aid and financial policies.

The French opposition to the Bernstein plan has a striking resemblance to the opposition that broke the old British plan for a free trade area. On the French side, a similar mixture of worthy and unworthy motives is leading to a growing resistance, still largely veiled in technicalities. As in the free trade area, there is the nationalist element—the *Schadenfreude* at the Anglo-Saxon plight, and the wish to assert France's role (and nuisance value). But there is also the more radical, constructive feeling that the new plans do not go to the heart of the matter. And just as over the common market it is proving possible to bypass French protectionism by coming to terms with the radical "Europeans," so, in the long run, more radical proposals than the Bernstein plan may bring new French allies against the bankers' excessive caution.

Certainly the integrationists see Britain as a potential ally in all this. They feel that if Britain, with its sterling problem, joins the common market it will be a powerful force for a radical reshaping of the world's currency system. More than any other country, Britain, with its overseas commitments and strains, has, they feel, an interest in a pooling of reserves on the lines of the Triffin plan.

At its meeting on Tuesday M. Monnet's Action Committee for a United States of Europe put forward two resolutions—one urging British membership of the common market, the other a plan for a European reserve pool (à la Triffin) for the enlarged community. The reserves of the Six, they point out, are now as large as those of the United States, and less encumbered by short-term debt. With part or all of this massive weight behind it, the position of sterling would be transformed. And once Europe had pioneered the way towards a new currency order, America would have a greater incentive than ever to join in more ambitious Atlantic monetary arrangements in OECD.

Germany's Hidden Majority

FROM OUR BONN CORRESPONDENT

The two major parties contending the Bundestag election in September have these last ten days been notably wooing the woman voter. Herr Deist, the homely-looking economics "minister" in the Social Democrats' shadow cabinet, was the star speaker at a women's conference held under party auspices last weekend in the sombre Ruhr setting of the Oberhausen steelworks. (Herr Brandt disappointingly exercised his charms only by greetings telegram from farthest Schleswig-Holstein.) While it drizzled darkly outside, Herr Deist engendered warmth and light among the long tables in the works guest house. He assured the three hundred delegates from west Germany and Berlin that German women were numerically strong enough to determine the pattern of German society.

Dr Adenauer—by the nature of things a greater luminary—was in principle not quite so encouraging when he addressed a rally of 15,000 Ruhr women staged by the Christian Democrats at Essen on Monday evening. Yet, in his way, Dr Adenauer was being just as mindful as Dr Deist of the fact that more German women than ever before are likely to vote on September 17th according to their own lights rather than those of their immediate male mentor, and that more of them than ever before are weighing the pros and cons of the rival parties from the point of view of persons who earn their own living.

Of those entitled to vote in September, the women outnumber the men by approximately 20.3 million to 16.8 million. But the women do not usually poll in such strength as the men ; and if the respective participation is roughly the same as it was four years ago—86.4 per cent of the qualified women to 89.5 per cent of the men—September's voters will consist of 17.5 million women and 15 million men. Of these potential women voters, some 9.3 million go out regularly to work ; and of these working women, 3.6 million are married, and 2.4 million have children. Some 400,000 are war widows, who have had, and perhaps are still having, to look after families on their own.

The proverbial confinement of German women's interests to *Kirche, Kinder und Küche* was broken, not so much by the upheavals and exigencies of total war, as by the tremendous demands that were made particularly upon the womenfolk after Germany had capitulated. They had to go on struggling when the menfolk were at least being fed in prison camps. With immense courage and resourcefulness, millions of widows, grass widows, and single women fended for themselves, their children and dependants in what must have often seemed hopeless circumstances. Many of them managed somehow to maintain the highest possible standards, as is testified by British observers of those days who so often saw the neat, clean figures emerging miraculously from the ruins of towns largely deprived of the normal public services. In the story of Germany's postwar recovery the early contribution of German women deserves special mention, as it does also in that of Berlin's resistance to the Soviet blockade thirteen years ago. Yet the circumstances of their increased responsibilities were at the same time peculiarly limiting. For they were occupied almost exclusively in providing the primitive necessities ; the more widening social and administrative duties that also had to be undertaken in the absence of the men were mainly performed by the armies of occupation.

At Oberhausen, the "minister" for family affairs in the Social Democrats' shadow cabinet, Frau Käthe Strobel, justly chided today's German working women for not raising their sights. Too many of these nine million, often overworked, women, she said, considered their economic and social problems to be caused by some private fate of their own rather than by changeable faults in the structure of society. In theory, women enjoyed equality with men. In practice, there were still few signs of it. A Social Democratic government would make it its business to develop the part played by women in society and see that they had a larger say in the ordering of public affairs. In what she called "the pyramid of political power" in the Federal Republic, Frau Strobel estimated that women formed 2 per cent of the government and administration ; 8 to 10 per cent of the parliamentary deputies ; 10 per cent of the parliamentary candidates ; 25 per cent of the party members ; over 50 per cent of the active voters ; and 55 per cent of the qualified voters.

Frau Strobel protested further that only 2.4 per cent of the judges were women, and only 186 university professors out of a total of 6,340. She also complained that there was a tacit conspiracy among employers to underpay women, and that most girl students at the universities and technical colleges (23 per cent of the total number of students) were inspired by anachronistic conventional ideas of a woman's career, not by a desire to cultivate their special talents or to make the most of the new opportunities for scientific and technical careers. Why, she demanded, had the Christian Democratic women in the Bundestag not done more, with their party majority, to raise the standing of German women?

But the delegates at Oberhausen were shrewd enough not to give the impression that it was career women they were chiefly concerned with. Pointing out—with one of those confident comparative calculations that leave one feeling terribly ignorant—that it takes the German worker 185 minutes to earn one pound of coffee while it takes an Englishman only 82, they promised the housewife that a Socialist government would progressively abolish the unspeakable coffee tax so beloved by the heartless Dr Erhard. And, among other kitchen promises, there would be a price council, on which women would be represented, to look after the general interests of the consumer.

No awkward questions were put to Dr Adenauer at his rally at Essen. He was among the faithful, schooled and happy to concede that father always knows best—particularly in the nasty rough and tumble of foreign politics. He appealed confidently for the women's vote on the score of the prosperity and security that his policies had given the Federal Republic. Should the Social Democrats win the election ("which I don't believe"), and if Herr Brandt were to become Chancellor, then, he said, the best thing to do would be to emigrate to the United States. This was not a very nice thing to say on the eve of his visit to Berlin whose elected and very popular burgomaster Herr Brandt is. But his listeners were delighted. At the close of the meeting, Frau Aenne Brauksiepe, one of the Bundestag deputies criticised by Frau Strobel, gave the Chancellor a present to accompany him on his electioneering campaign. It was a case containing chocolate, eau-de-Cologne, handkerchiefs, a drinking cup, a detective novel, and a copy of "Women in World History."

Testing Time for Dief.

FROM OUR OTTAWA CORRESPONDENT

After all the delays of Mr Duncan Sandys's visit to discuss the common market, he arrived on Wednesday at the height of a Canadian political crisis, with the parliamentary situation at its most explosive. The crisis has taken a form so personal and so dramatic that some observers compared it with "the Winthrop case" and others with ancient Greek drama.

It revolves, of course, round Mr James Coyne, the governor of the Bank of Canada. When the House of Commons debated the one-line government bill declaring his office vacant, the opposition parties refused to defend him, fearing, first, to take the side of a man whom Messrs Diefenbaker and Fleming attacked as having voted himself a $25,000 pension, and fearing also to be associated with the popular idea of Mr Coyne's prescriptions for the Canadian economy which they assumed to imply a measure of austerity. They attacked only the method of Mr Coyne's removal and the government's refusal to give him a hearing before the usual house committee. The government's victory seemed almost complete.

But there then appeared a *deus ex machina* in the highly improbable shape of the Senate, an appointed body often regarded as a futile anachronism. Canadian senators are appointed for life, so many for each province, by the government of the day. The Conservatives have been able to appoint only a few since they gained power in 1957, so that even now the Liberal appointments number 75 against 25 Conservatives, with two vacancies. Out of a hundred senators today, only eleven are under sixty. But these old gentlemen, who are assured of $12,000 a year for life, include at least a score of lawyers and former politicians of considerable intellectual distinction. Moreover, party ties are somewhat looser among them than in the Commons. It was natural for the Liberal majority to give Mr Coyne the public hearing that Mr Pearson's followers in the Commons could not secure. They gave him his "day in court," knowing that this would embarrass the government, and expecting that they could avoid later political embarrassment by passing the bill once Mr Coyne had been heard.

But it did not prove so easy for the senators. Mr Coyne appeared for two and a half sultry, sweaty days, in a jam-packed small committee room where reporters, senators and MPs often had to stand. He piled up a record, which no government spokesman and none of the Bank's directors appeared to answer, showing that the government had attacked the integrity of the Bank of Canada and impugned his own honour without proving any single respect in which he had violated the statutory requirement of "good behaviour," or in which he had failed to co-operate with government policy. Under hostile questioning by Conservative senators he never flinched and never failed to answer. Canadian and foreign reporters were first enthralled, then impressed and finally convinced.

The Conservative minority abandoned their attacks on his conduct before May 30th, when Mr Fleming had first demanded his resignation, and concentrated on his open defiance since. In spite of an open invitation, no one put in an appearance to refute him. The Liberal majority was satisfied that he had been unjustly accused by false government witnesses. They were quite prepared to say so—and then to pass the bill so as to keep out of political

trouble. But this easy way out was blocked by Mr Coyne in his final speech on July 12th. He reminded the senators that the governor of the Bank is appointed "during good behaviour," not during the government's "pleasure." They could not pass the Bill, he said, without declaring him guilty of misconduct. If they thought he was not guilty—as the majority certainly did—then they need not fear that he would cling to office. Since he had been thrust into political controversy against his will, he said, he knew the Bank must have new management. But unless they defeated the bill first, they must condemn him and leave the Bank of Canada forever open to similar assaults in the partisan interest of the government of the day.

Mr Coyne ended his thirty days' battle by walking out of the committee and leaving the senators with their consciences. At the time of writing, most of them appear to be ready to take the noble road and say *fiat justitia ruat coelum*. But Mr Diefenbaker and his threats of an election and reform of the senate still hang as major threats over the old gentlemen who are now financially secure until death. The way they voted was a test of them, not of Mr Coyne. In the event, on Thursday morning the Senate committee voted to defeat the government bill, and added a rider that it found Mr Coyne had not been guilty of misconduct in office. Senate rejection of the bill was expected to follow.

New Horizons for Singapore

FROM A CORRESPONDENT

In the by-election in the Anson division of Singapore this week-end the ruling People's Action party is for the first time competing with a coherent and nearly united right wing, the newly formed Singapore Alliance. Mr David Marshall and others are also running. This is the culmination of an eventful six months which, though it has not made the headlines, will occupy many pages in the Malayan history books.

Towards the end of January Malaya's prime minister, Tunku Abdul Rahman, and Singapore's prime minister, Mr Lee Kuan Yew, went on a launch trip. The ostensible object was to inspect the mangrove swamps of Jurong which, under Singapore's new five-year development plan, are to be solidified into the city's future industrial base. Since that day many signs of new thinking have reached a climax in the Tunku's speech in Singapore on May 27th; he then proposed an eventual association of Malaya, Singapore and the three territories of British Borneo. "For us in Malaya," he said to the foreign correspondents' association, "and I include Singapore in my remarks, loyalty to the Malayan ideal and way of life is fundamental." No spokesman of the Federation of Malaya has ever before "included Singapore" in his remarks in quite this way, as part of "us." Mr Lee Kuan Yew was quick to respond in his Singapore National Day speech on June 3rd, when he said: "Independence through merger is now clearly before us, and will be achieved sooner than anyone imagined two years ago."

Wider association with Borneo has its own problems and possibilities which need separate examination. But the background of political events in Singapore and the Federation is of immediate importance. In the Malayan town council elections there has been a swing away from the racialist Pan-Malayan Islamic party, even in its stronghold of Kelantan. But the ruling Alliance party has itself lost seats to the non-communal Socialist Front in many towns elsewhere. And in the parliamentary by-election at Teluk Anson (not to be confused with Singapore's Anson by-election) the former assistant minister of education, standing as an independent, won the seat from the Alliance on the issue of national education. The Tunku is now less pressed by Malay extremism, but is being forced by election defeats to pay more attention to left-wing dissatisfactions. The result is wholly admirable: renewed emphasis on racial unity and on a Malayan outlook, and the opportunity swiftly taken, to focus attention on bigger and less parochial ideals for the future.

In Singapore political events have been remarkable for their apparent complexity and apparent contradictions, yet in their unravelling as brilliantly obvious as Hercule Poirot. Their direction whether by manifest destiny or by the two prime ministers, has been masterly. In April the People's Action party lost the Hong Lim by-election to that charming, ruthless and irresponsible opportunist Mr Ong Eng Guan, chiefly remembered as the first mayor of Singapore and for his breach with the government in which he was minister of national development. The government did not expect to win the election, but its defeat was overwhelming. Mr Ong, having no party to back him, won as a magnetic individual in his old constituency, where he has an enthusiastic personal following. (He has subsequently formed the United People's party from PAP dissidents.) The PAP party machine (than which none is more efficient) created Mr Ong but failed to destroy him. No one doubts that the PAP, if it were totalitarian in its wishes, had the power of liquidation. The fact that it did not use this power is clear evidence that the PAP dictionary does not define democracy in the Russian or Chinese sense. That is comforting knowledge, not least to the Federation.

But while at the end of May the Tunku, on increasingly friendly terms with Mr Lee Kuan Yew, was proposing a joint future for the Federation and Singapore, he was also forming an alliance of opposition parties in Singapore. The Singapore People's Alliance (headed by the previous chief minister, Tun Lim Yew Hock) and the Singapore branches of the three components of the Federation's Alliance government (the United Malays National Organisation, Malayan Chinese Association and Malayan Indian Congress) are uniting in a single Alliance party, based on the constitution of the Alliance party in the Federation. In sending his PAP party machine into action for the Anson by-election, Mr Lee Kuan Yew has told his men not to be so beastly to the Alliance candidate as to endanger relations with the Federation. As at Hong Lim it is not the balance of voting that will matter. The important point is that Singapore now has a right-wing opposition closely allied with the ruling Federation party, while in the Federation the Socialist Front is beginning to form a recognisable national left-wing opposition.

Two results, of historic significance, emerge: first, that a pan-Malayan political pattern has been created, non-communal and based on democratic left and right-wing parties in each territory; second, that it is now possible for the PAP to about-face. Lacking an effective right-wing opposition, the PAP has had nothing to fight except the dragon of its own extremists, the people Mr Lee himself has called the "lunatic left." Colonial mud has been flung at the government for pursuing realistic economic policies and some of that mud has stuck. The way is now open for the PAP to resume its role as leader of the Singapore revolution and champion of the under-privileged masses. And, if one may be so bold as to predict the completion of the pan-Malayan pattern, it is now free to reach an understanding with the Federation's Socialist Front without endangering relations with the Federation government.

It is likely that Singapore and the Federation are now set on a straight highway acceptable to almost everyone. If so, history will rate the tortuous routes and clover-leaf cross-overs of the past six months as manifestations of genius. No one yet appears to have consulted the Borneo territories, who have been the catalyst of the compound.



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IN THE SPACE OF 10 YEARS...

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THE BUSINESS WORLD

Cotton in Torment

The American industry would resist governmental limitation of its exports or restriction of its market.—
Robert T. Stevens, chairman of the American delegation to the international cotton textile conference, September, 1952.

COTTON textiles are now threatening principles embodied in the General Agreement on Tariffs and Trade. Gatt's purpose is to increase international trade by reducing discrimination, tariffs and other barriers. Its slogan might be: one world, one trading area. But last year this noble aim seemed to be qualified by setting up a study of "disruptive competition." This is an old form of competition, but it is now being seen in a new light by the industrialised countries of the West. The upshot is that the United States, Britain and Canada are now trying to slip into the Gatt agreement, wrapped in its own escape clause, quite contrary means of attaining its ends. Because their domestic textile industries are threatened, the three countries want a system of quotas so that international trade in textiles can be disciplined within their notions of orderly expansion.

Next Monday, delegates from nearly a score of exporting and importing countries will be bringing to the Gatt meeting at Geneva their inflated estimates of what they ought to export or their deflated ideas of what they should import. It will be a meeting of the white West, whose textile industries are in the toils, and the so-called "low-cost producers," less reverently called the "rice standard countries," who once helped to make Lancashire's fortune.

It was Lancashire's luck to be first in the field and to remain firmly on top until 1914. Cotton textile industries are the first arrivals in industrial revolution and they are being expanded throughout the developing world. So world trade in cottons is being transformed—older producers would say distorted—by the onrush of new manufacturing centres. No exporter can now expect to stay on top for long. Cotton is easy to grow in many countries, and workers as easily adapted to make textiles from it. After the war, protectionism in developing countries cut down international trade in textiles although world demand was still growing. It was an experience, as Lancashire found, of the snares in expanding export markets: after an initial spurt in demand following the first rise above a subsistence standard the market grows less rapidly. Developing countries soon learn to produce their own cheap cottons. When, later, they try to export them, they run into the same troubles that Lancashire experienced.

At the Anglo-American cotton textile conference held only thirteen years ago in 1948, Britain and the United States met as two major exporters, whose immediate concern was that Japan's future exports to their established markets should be moderated. A tripartite agreement followed, and in 1952 the big exporters (then reckoned to number five, including west Europe as a single unit) met to discuss markets. Ignoring objections that they were carving up the market—"serving the Empire to Japan on a plate" as some said—they managed a curious compromise based on the threat of government sanctions if the projections of future exports, accepted by the meeting, were radically exceeded.

Lancashire thought that expansion in India and Japan had been moderated by its counsel. That was not true of Hongkong, whose cotton industry had gained from the diversion of textile machinery consigned to strife-torn Shanghai in 1948 and 1949 and, no doubt, from Chinese managerial talent escaping from communism. But after its contraction and the injection of government money into the re-equipment of spinning mills, the British industry was confident. American exporters also had their heyday in the postwar boom, and the pristine liberalism voiced by the British and American delegates at the confence in 1952 will certainly sound sour in the ears of Asians at next week's meeting.

BY 1955, Lancashire woke up to what was happening in Hongkong, went, saw and came back pleading for protection. By then the industry was forgetting its earlier insistence that its export trade was absolutely essential to itself and to Britain; its main concern had become a last-ditch defence of its home market. In 1958, Britain became a net importer of cotton cloth—as did the United States for a period of about six months last year. About three years ago, both countries began to bargain with their chief suppliers for voluntary limitation of their exports. Hongkong's industry was persuaded to sign a restrictive pact with Lancashire in 1958, to which India and Pakistan acceded. Japan's exports to the United States and Canada were curbed in the same way. In 1959, the United States asked Hongkong for a similar undertaking, Hongkong asked too much in return and negotiations broke down. Canada also approached Hongkong last year, but the colony's attitude has been stiffening into a stubborness which is irritating western importers. It is a measure of the turbulence in cotton textiles that Japan has complained that, through its restraint, it has lost business in America to Hongkong. Hongkong is no less concerned about the British business it has

been losing to other exporters while voluntarily clamping down on exports. A large part of the trade in cottons has become enmeshed in a web of bilateral agreements like the tangle of driving belts that clutter an old-fashioned mill. The Geneva conference will do well if it can sort out the mess.

But the deeper significance of the meeting is that the British and American governments have taken the final short step to assuming direct responsibility for their ailing cotton textile industries: the Americans in full knowledge that quotas will reduce the efficiency of every industry they affect and the British clearly aware that Lancashire may never again be prepared to face unbridled foreign competition in its home market. Three years ago Mr Macmillan professed scant knowledge of the cotton industry but a faith that its problems could be settled "in the Commonwealth way" without intervention by the government. (He nevertheless wanted an agreement to restrict duty-free imports retained in this country in that pre-election year and skilfully helped to get it.) But when the Prime Minister recently visited President Kennedy and Mr Diefenbaker, he was apparently well equipped to talk textiles and it is not certain who got in the first word.

After its long rearguard action, Lancashire is always looking for a new defence point where it can make a stand. Thinking in the industry has been veering towards seeking safety within the confines of the European common market. British manufacturers say they would be competitive in the common market, but the Six are important net exporters and countries outside are interpreting British hopes in a common market for textiles as a move to get in to shut others out. Commonwealth producers currently have the advantage of tariff preferences of 7½ per cent on cotton yarns and 17½ per cent on cloth in Britain. As India and Hongkong see it, Britain in the common market would leave them outside a 15 per cent tariff wall while the west European textile industries worked out their own salvation. Some producers in Hongkong would not be deterred by reasonable tariffs if they were unfettered by export quotas. They have already successfully tapped the German market. But when it comes to bargaining among the big countries, the colony with its 3 million population, 99 per cent Chinese and new to the Commonwealth, does not expect its interests to top the British list of priorities.

THE argument with low-cost producers is not about unbalanced trade. Hongkong, for instance, just about balances its trade with Britain and the United States. Nor does it concern dumping, export subsidies and other malpractices which are also injuring the market. It is simply that their costs of production are so low and the quality of their output so respectable, that it is doubtful whether any western textile industry could survive free competition. Fears of this kind of disaster are calling forth great bitterness. Hongkong's industrialists are depicted by one prominent British manufacturer as a bunch of greedy rascals who aim at wiping out the British industry in order to exploit their sweated labour still further. If in fact that happened, Hongkong's labour might at any rate become less sweated; last year's boom enabled the workers to force the first general rise, of 15 per cent, in wages since the postwar re-adjustment. This was one factor causing Hongkong's exports to be less competitive with those of other producers. Now work is short in Hongkong, and workers are short in Lancashire.

After more than a generation of fierce contraction, it might be argued that Lancashire has done enough to earn a pension. The £19 million lump sum the industry will get under the scrapping and re-equipment scheme could be regarded as bare compensation for past service. Lancashire still held 35 per cent of world trade in cloth before the war, but now its share has shrunk to about 7 per cent. Lancashire's losses can be gauged by the decline in cloth production and the increase in imports, compared with the two other big importers shown in the table. Imports, which are causing such a furore in the United States, account in all for only about 5 per cent of total domestic trade in cloth. In some types of garment, however, imports are making far deeper inroads into the American market. Certainly, Lancashire could fairly argue that any sacrifices it is still required to make for the sake of bigger exports of machinery (and any political advantages) should be shared by other industrialised countries. If a favoured producer were to grow fat at the expense of Lancashire, it might in turn be gobbled up by the newer producer. The restrictionist bars are already going up in Africa, and Africa, Asia and Latin America show an undiminished desire to grow up and manufacture cottons like the rest of the world.

TRADE IN COTTON PIECE GOODS

(mn. sq. yds.)

	1937–8*	1956	1957	1958	1959	1960
Britain :—						
Production	3,640	1,612	1,628	1,429	1,337	1,294
Imports	51	306	416	387	537	728
Exports	1,654	474	456	384	347	327
United States :—						
Production	8,646	10,317	9,534	8,974	9,599	9,328
Imports	103	197	127	146	250	464
Exports	267	519	559	506	473	439
Canada :—						
Production	258	306	283	268	263	263
Imports (quintals)	87	226	245	256	270	282
Asian Exporters :—						
Hongkong	82	141	196	220	235	312
India (yds.)	204	747	881	622	850	723
Japan	2,625	1,262	1,468	1,245	1,263	1,425

* 1937 for production.

While the Geneva hopefuls grapple with these problems, they should take time to consider the deeper implications of what they are doing. Cotton textiles are a major test of the practicability of free trade in manufactures between the two halves of the free world. Wool and other textiles are already lined up for the same treatment. Once hope of free trade founders in cottons, many other industries in the white West will want to shelter under the same umbrella. Before Japan has been integrated into the western trading area, a host of equally intractable problems are arising. Any agreement arrived at as a consequence of the next week's meeting at Geneva must recognise the dangers of dividing the free world's trade into white and non-white camps through a rapid dismemberment of Commonwealth trade or a hasty construction of trade blocks. The prospect of a liberal outcome at Geneva does not look good.

Lancashire conceded more to Commonwealth producers than it considered reasonable three years ago. The British Government's proposal for an increase in Hongkong's quota on renewal of the pact in January has already been rejected by the island's manufacturers. Canada and Australia wish to limit imports which their industrialists consider too high. Members of the common market might regard the request for bigger markets as just another irritating call on their generosity. American manufacturers will press for higher protective tariffs unless quotas impose a significant curb on imports. In effect the developing countries are asking for trade, not aid. Unfortunately, some industries in the West want things exactly the other way round.

Trustees on Their Mark

ANY stick is good enough to beat the gilt-edged market with nowadays. On Monday it was a belated amendment to the Trustee Investments Bill that was held responsible for its poor state. This will empower the Treasury to vary the permissive division of trust funds from 50:50 up to 25:75—the former figure in the two ratios being, in rough terms, the gilt-edged and debenture portion and the latter the maximum for equities and preference shares. It seems a little odd to have brought in such a radical shift in the bill at so late a stage, but it is not likely that the Treasury will be quick to use its new discretionary power, though it may be useful to have in reserve in future years. The critics who have been demanding greater flexibility in the bill have scored a distinct hit. Now the bill is through its final stages in the House of Commons and its enactment is to be expected in the next two or three weeks.

It is not an easy bill to analyse, and it may not be an easy Act for many trustees to operate. Most modern trust instruments give trustees wide investment powers. The bill is not intended for them, but rather for old trusts with restricted powers, for intestacies, and for future cases where no specific provisions about investments are laid down. Trustees operating under any instrument made before the Royal Assent will be able to use the powers under the Act, if they wish—the decision is entirely theirs. The same is true of, say, a local authority operating a superannuation fund with powers of equity investment under a private act. It can stay with its own act if it wishes—as it is likely to do until its equity holdings are worth half of the whole portfolio. But it will be free at any future time to adopt the new powers. Those authorities that have no private act will be able to use the new arrangements if they wish to bring ordinary shares into their superannuation funds. Trustees for private funds can free themselves of any restrictive or exclusive clauses in their trust instruments—again, if they wish. Any exclusive powers that are written into instruments drawn up after the bill is enacted will not be escapable in this way.

A number of cases can be distinguished, among the infinite variety that present themselves, as examples of what trustees may be able to do under the bill—subject to the obvious points that it is not yet law and that lawyers themselves find it awkward to interpret. In due course it is likely to produce a crop of case law.

1. A trust where investment powers were confined to the original trustee list.

At a moment of his own choosing, and with no other formality, the trustee values his fund (the bill does not define the prices to be used) and divides it equally between "narrower range" and "wider range" parts (hereinafter "NR" and "WR"). The WR part at this stage can be in only NR securities; thereafter they can be retained or, as is to be presumed, switched into WR securities. The trustee cannot transfer cash or investments from the NR fund to the WR fund unless he makes a compensating transfer of NR securities from the WR part—which for practical purposes means gilt-edged.

When property accrues to the trust from the investments it holds (for example, from realised profits) it belongs to the appropriate portion, NR or WR. But a late amendment now requires that all interest and dividends accumulated in the trust fund must be split 50 : 50 between NR and WR, no matter from which part they arise. A scrip issue in respect of an existing holding of ordinary shares would belong to the WR portion. The same must be true of a rights issue, for which the subscription price must be found from existing WR funds or from new funds accruing for WR investments. If an NR security yields a rights issue in the form of a WR security, the WR fund must find the money. The result could be, over time, that the WR part comes to represent more than half of the fund, taken at current values, and perhaps a lot more.

When property accrues to the trust from new funds it must be divided equally between the two parts. But when capital is released from the trust, it appears from section 2 (4) that the trustee has absolute discretion about what securities to release. If, however, he were tempted, say, to eliminate the NR investments and retain all the WR investments, he might offend against the "prudent man" rules long established in case law.

Splitting of trusts may involve complications under the bill. Assume that a trust originally equally divided between NR and WR investments is valued at the time of the split £600 in gilt-edged (NR) and £1,400 in ordinary shares (WR) and that two equal continuing trusts are to be created. Then the trustee must create two equal funds, each consisting of £700 in equities and £300 in gilt-edged. Where he has to distribute one portion and to maintain the other in trust, he has a wider range of choice. He can appropriate £700 in equities and £300 in gilt-edged to the continuing trust, or £500 in each, or some proportions

NARROWER RANGE INVESTMENTS

1. * *Defence Bonds* and National Savings Certificates (including Ulster).
2. * Deposits in *Post Office* Savings Bank, Trustee Savings Banks and clearing banks.
3. British Government stocks, Government guaranteed stocks, Treasury bills and tax reserve certificates.
4. Fixed interest securities of British public authorities and nationalised industries (including Agricultural Mortgage Corporation and Scottish Agricultural Mortgage Corporation).
5. Fixed interest securities issued in Britain and repayable in sterling by Commonwealth governments, local and public authorities and the stock of the Bank of Ireland.

* *These two categories do not require advice.*

6. Fixed interest securities and mortgage loans of British local authorities.
7. Fixed interest securities issued in Britain by the International Bank.
8. Debenture and loan stocks issued in Britain by a British company that has a share capital of not less than £1 million and has paid dividends on all its share capital in the five preceding years.
9. Debenture, guaranteed and preference stocks of British water companies.
10. Deposits in special investment departments of the Trustee Savings Banks.
11. Deposits in a building society designated under the House Purchase and Housing Act, 1959.
12. Freehold mortgages and leasehold mortgages with not less than 60 years to run.
13. Perpetual rent charges on land.

WIDER RANGE INVESTMENTS†

1. Any quoted securities issued in Britain by a British company which has a share capital of not less than £1 million and has paid dividends on all its share capital in the five preceding years.
2. Shares in a building society designated under the House Purchase and Housing Act, 1959.
3. Units in a unit trust authorised by the Board of Trade.

† Having split the trust fund 50 : 50 between the "narrower" and "wider" ranges, the trustee need not, unless he so wishes, confine 50 per cent of the investments simply to those listed in the "wider" range but can include in that part securities and properties listed in the "narrower" range.

between the two limits. If the continuing trust is set up with £500 in equities and £500 in gilt-edged, the distributable share would consist of £900 in equities and £100 in gilt-edged.

2. A trust confined to trustee investments plus positive power to invest in specified securities.

Section 3 enables the trustee to set aside the specified securities in a "special range" fund, and to split the remainder 50:50. When "special range" property is sold it must be reinvested in "special range" holdings or split equally between the NR and WR parts. Money to be subscribed for rights arising on "special range" property, or indeed for any investment in "special range" property, may be found from any part of the fund.

3. A trust composed of trustee securities plus the power to retain other securities from the original estate.

This is likely to be a common case, and a tricky one, since it involves an attempt to combine the powers under the trust instrument with the powers under the bill. Where the retained securities include any now detailed in the NR list, these must be taken into the NR or WR parts. All others, whether WR investments or otherwise, can be put into a "special range" fund which, as under example 2, is left entirely separate, leaving the rest of the fund to be plit 50 : 50. Since the trustee has the right only to retain these securities, with no power of reinvestment, he must divide the proceeds of sale of any "special range" securities equally between NR and WR parts. Rights on "special range" securities can be financed from any part of the fund.

4. Local authority superannuation funds.

Resort to "special range" machinery is not open to trusts that have secured a variation in their instruments by court order in the ten years before the bill is enacted; they will have to fall in with the bill or go to the court for a new variation. Nor is it open to local authorities that have private acts governing the investment of their superannuation funds—there are 19 of these. In general, their maximum power of investment in non-trustee investments is 50 per cent, which includes debentures, preference shares and ordinary shares. There may be a few that started early and pursued an aggressive equity policy, who now find themselves with 50 per cent or more of their portfolio, at current values, in ordinary shares, preference shares, and debenture stocks. These are likely to consider seriously the division of their funds under the bill. The following *pro forma* example illustrates the point:

	Cost	Current values
	£	£
Gilt-edged	1,000,000	800,000
Debentures	150,000	100,000
Preference shares	150,000	100,000
Ordinary shares	700,000	1,000,000

Under the private powers, the funds have been invested 50:50 as between gilt-edged and industrial securities. If the authority uses the new powers, its holdings will have to be divided:

NR	WR
Gilt-edged, £800,000	Equities, £1,000,000
Debentures, £100,000	
Other NR from WR realisations £100,000	

The table assumes, as would be likely, that the preference shares would be reinvested in debentures or gilt-edged in the NR. Accumulating interest and dividends must be equally divided between NR and WR. For the time being, a 6 per cent plus return on the NR part would help a WR part invested largely in growth equities at 3 per cent or less. But when these latter come to yield, say, 10 per cent on the values at which they were taken into the WR part, the accumulation of the equity fund will be correspondingly prejudiced.

These examples may be of some partial enlightenment to those responsible for administering trust funds. Plenty of uncertainties remain. One relates to the need for "proper advice," in writing, about buying or retaining any security from "a person who is reasonably believed by the trustee to be qualified by his ability in and practical experience of financial matters." Some lawyers regard this clause as a speculative attempt to codify the case law of several hundred years and do not feel too confident about it. But it seems capable of working satisfactorily and certainly less restrictively than the narrow original qualifications laid down for advisers would have done. For some trustees a lot of preparation will be necessary before they are able to take advantage of the bill. The professional trustees, on the other hand, have already gone some considerable way in preparation—selling gilt-edged and holding temporary short-term investments (with a minimal sacrifice of income, under present market conditions). To measure the gilt-edged holdings of trust accounts is a chancy exercise, and to guess what proportion of these will be switched into wider range securities even chancier. Undoubtedly, there is a considerable volume of mobilised trust money awaiting the enacting of the bill for immediate investment in equities. The recent setback in the equity market has put this section on a more attractive yield basis for trustees and the latter, if they are well organised, will in some cases have already taken firm decisions to switch a given proportion of their funds into equities as soon as this is lawful, without much or perhaps any regard to prevailing prices.

This is the basis of the argument that the Royal Assent will be the signal for a buying boom across the whole equity market. It may be so. Yet the timing may also coincide with the Chancellor's package of remedial measures for the economy which could have the opposite effect. In the longer run, after the first excitement (if there is any) is over, the consequences will become increasingly clear—more and more equities destined for the deep-freeze of long-term investment. *The Economist*, which in its modest way was urging the need for reforming the Trustee Act a generation ago, rejoices that here, at any rate, is one cause that has not been lost.

INVESTMENT SERVICES ON LATER PAGES

PROFITS ANALYSIS

Profits for the quarter ended June 30th are discussed on page 276
A full analysis of the figures is given on pages 296 and 297

COMPANY AFFAIRS

Comments on pages 291, 292 and 293 on:

Butlin's
Pontin's
Warner's Holiday Camps
Thomson Newspapers
British Drug Houses
John Thompson
Consett Iron
London County Freehold
Express Dairy
George Cohen
Ruston and Hornsby

LONDON AND NEW YORK

Stocks, prices, yields and security indices on pages 294 and 295

LONDON STOCK EXCHANGE

The week's movements reported on page 293

MONEY AND EXCHANGES

Money market report, exchange rates and public finance on page 298

BUSINESS NOTES

STERLING

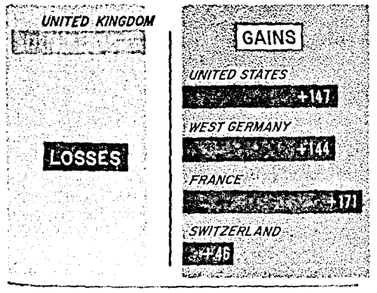
Touching Wood and Going Short

To *nobody's surprise*, sterling has continued weak in the foreign exchange market, and the volume of selling has increased. No one expects any change until the Chancellor at last tells the world what he proposes to do; and his measures will need to be convincing, on the key point of improving Britain's competitiveness, if they are to do their job in the exchange market. By postponing action for so long, leaving the financial markets thinking about nothing else, the Chancellor has stiffened the test that he has to pass.

The Bank of England has had to give substantial official support this week, even though it has let the spot rate on the dollar fall below $2.78½. Discounts on forward sterling continue high—though at the equivalent of 4½ per cent per annum on the dollar and 6 per cent on the Swiss franc and the mark they are still sensibly less than the discounts in the 1957 crisis. The market detects no evidence now of official support in the forward market. But the outflow of funds from London is probably heavier than at any time since the movement began last March. There is no reason to believe a report in the *Sunday Telegraph* that the Continental central banks stopped giving support to sterling in June and that the gold loss of £47 million was a true indication of that month's withdrawals of private funds. After the annual meeting of the Bank for International Settlements in the middle of June it was made clear that "effective co-operation" was continuing—though it was also clear that the bankers were thinking about how they could consolidate the credits. The obvious way is through the International Monetary Fund.

Britain has been inhibited from making such a drawing hitherto by its reluctance to draw US dollars. But it now seems clear that a drawing cannot wait until the proposals for increasing the Fund's resources of Continental currencies by borrowing have gone through. A drawing might therefore be announced at the time of the Chancellor's measures—with the size of the credit possibly dependent on the content of the measures. The international creditors, reasonably, may soon be getting tougher about the kind of prospectus on which they are prepared to provide more money.

GOLD AND FOREIGN EXCHANGE RESERVES IN JUNE — $ million



Accumulations of sterling by Continental central banks have reduced losses of reserves shown by the United Kingdom; but they are included in the reserve gains shown by the creditors.

IN THE MARKETS

Around and Around

The London stock markets, too, are biting their nails and wearing out their nerves while they wait for the great economic statement. While investors and dealers try to guess what the Chancellor's measures might be, and whether the markets have over-discounted them, the volume of business has contracted. Equity prices, having rallied slightly, fell again in mid-week—on Thursday the *Financial Times* index lost 5.3 points to 308.60. Gilt-edged appear to have reached some sort of resistance point. With yields on irredeemables up to 6¾ per cent the market has this week seen some switching out of dated stocks—an unfamiliar movement. But it is impossible to be optimistic about gilt-edged while sterling is in jeopardy. This is the major influence; the minor one is the trustee legislation. Thus the line up for coming months could be said to be:

Chancellor's Measures *v.* Sterling and Trustee Act.

All will depend on the strength of the home team.

In the most general terms, one may risk some hypothetical guesses about market responses to whatever the measures turn out to be. If the measures are generally judged to be inadequate for sterling the worst impact would presumably be on gilt-edged. Any indication that the government might let the exchange rate fall could be seen as an alleviating influence for equities; but if the prospect was rather for further restriction, equities could be hit equally hard. A series of measures consisting of piecemeal cuts and new imposts could affect some shares quite sharply—thus a 10 per cent surcharge on purchase tax could cause a bad knock in the car market, especially if it coincides with stiffer hire purchase. Cuts in public investment could obviously hit particular supplying firms. But a rise in Bank rate would not necessarily be bad for banks. A package that was restrictionist but of uncertain efficacy for sterling could easily depress both gilt-edged and equities together.

Really tough measures directed to reducing costs—that is, acting on wages and tariffs—ought to be a tonic for gilt-edged, even if Bank rate is raised at the same time. With the prospect of lower profit margins and strikes, such measures would bring no immediate joy to dividend prospects—but they would strengthen industry's long-term prospects. Initially, however, gilt-edged could rise and equities fall. In that case, as the market is now asking itself, would a trustee with newly gained freedom be more impressed by the rise in equity yields than he is put off by the demonstration that equities can fall in value too? So the argument goes around and around, while the prudent hedge their bets and lend to corporations at 6 per cent plus.

Berlin over Wall Street

A correspondent cables:

At 690 the Dow Jones industrial average is now midway between the peak of 710 touched in the middle of May and the 670 level to which it fell in the subsequent reaction. While a good many dealers are confident that equity prices have begun their usual summer rise there is still enough uncertainty and nervousness among investors to prompt the questions whether the rally is really yet under way and, if it is, how far it can be expected to go. There is no doubt that business is recovering but the improvement in corporate earnings is not yet marked and a rash of price cuts in chemicals, plastics, paper and appliances may hold profits down despite the rise in sales. Moreover, though Wall Street is accustomed to international crises there is plenty of worry about Berlin; while some military issues, notably aircraft shares, have attracted renewed support investors do not appear to be eager to make new commitments in any great volume. In contrast to past war scares, which usually sparked off almost indiscriminate buying on the grounds that inflation was sure to result, the

Berlin crisis is being treated more soberly—and more fearfully.

It may be significant that electronics, Wall Street's favourite growth stocks in the 1950s which were pushed up to new peaks by every earlier war scare, are now in a bear market. Competitive prices and the slowdown in defence contracts have not merely checked the growth of the industry but have led to losses for some of the prominent companies. This shake-out in electronics stocks has long been predicted but it has come at a time when the economy is recovering and when defence spending seems to be heading to new peaks. It has therefore come as a shock to Wall Street and it is responsible for a good deal of the caution now evident among speculators. The managers of those institutional funds that still have plenty of money to invest are now complaining that it is harder than ever to make a judicious choice, for the market has already discounted a vigorous recovery and the issues that can be thought to be undervalued are few and far between. Dealers do not expect any serious decline but they are not bidding prices up as they did earlier this year. Thus if the summer rally has started, it is at a walk rather than a canter.

NEW ISSUES

Hiccups in the City?

As always happens when stock markets are uncertain, the number and weight of recent new issues has been named as one of the contributing causes of the weakness. Certainly, the stock market is finding it difficult to digest all the issues and looks, indeed, as if it may soon be suffering from indigestion. This is most evident in fixed interest securities, with the 6 per cent New Zealand loan standing at 2 discount, the British Insulated and Rolls-Royce debentures at 1½ discount and the steel prior charges (on which the final call has still to be made) below their issue prices. To be certain of success a first class industrial debenture issue has now to offer about 6¾ per cent, as the announcement this week by Scottish and Newcastle Breweries shows; its offer is £4½ million of a 6¼ per cent debenture 1978-83 at 94½. But although dealings in the new shares arising from the Distillers rights issue began at a small premium, the equity market is hardly less comfortable. Rights issues press heavily upon it and the Colvilles shares, for example, have fallen to the issue price of 57s. 6d. so that the rights are worth nothing. The chance of success for the smaller issues is therefore open to doubt and several companies, indeed, have announced this week that they would be postponing their appeals. The bigger issues, moreover, are absorbing institutional money that otherwise would have been used to buy existing stocks and it must be wondered whether the life offices, after taking up their rights, will be willing to add much more to their equity holdings this year.

In these circumstances, the directors of City Centre Properties were faced with a difficult problem in deciding upon the right method to raise permanent capital to sustain their property development programme. Clearly, they did not want to limit the company's freedom to charge its properties or to borrow money; nor did they want to pay a high rate of fixed interest while the property developments were maturing; nor, equally, did they want to dilute the equity before the investments began to yield dividends. Not surprisingly, they have decided upon the issue of a convertible loan. This hybrid is not, as the institutions have made clear in the past, suitable for an industrial company; but it admirably suits the needs of a property company and the institutions which help to finance its developments. By offering attractive conversion rights, CCP is getting the money cheaply, issuing at par £18,939,830 of the convertible loan at 4½ per cent until the conversion options expire in December, 1964, and at 6½ per cent thereafter. The loan is finally redeemable in 1970. Effectively, ordinary shareholders in CCP who subscribe by right to this loan can convert each £1 of loan stock into one ordinary share at a price equivalent to 60s. in 1962, 62s. in 1963 and 64s. in 1964. The present price of the CCP shares is 56s. 3d. and before the options finally expire the directors expect to pay a dividend of not less than 40 per cent (against the current 25½ per cent). Mr Cotton and Mr Clore and certain institutional shareholders have agreed to take up the rights on £9,669,690 of the stock (that is about 51 per cent) and in doing so they will receive a commission of 1¼ per cent from CCP. This is the same as the commission paid to the sub-underwriters of the rest of the issue. The advantages of being a shareholder and a sub-underwriter at the same time were underlined when dealings began in the new loan stock at 6d. premium.

Crisis Measures of the Past

The patient underwent a major surgical operation twelve years ago but has contracted the same disease at regular intervals ever since. The doctors, although swayed periodically by changes in fashion, have shown much the same consistency in their remedies.

Measures:	1949 (*Summer and autumn*)	1951-52 (*Nov., '51; Mar., '52*)	1955-56 (*Feb., July, Oct. '55; Feb., '56*)	1956 (Suez) (*Dec.*)	1957 (*Sept.*)	1960-61 (*Jan., April, June 196; Mar.-April, '61*)
Exchange and trade	Sterling devalued from $4·03 to $2·80. Import quotas cut.	Import quotas cut.	Official support for transferable sterling ("market convertibility").	Credits from IMF, on understanding that import controls to be avoided.	Restrictions on sterling credits to non-residents.	(1961) Support for sterling from Continental central banks under "Basle" arrangements.
Fiscal	Cuts in government expenditure (notably next year's investment programmes).	Food subsidies cut, to finance income tax reliefs.	Income tax cut in April budget; purchase tax and profits tax raised in autumn budget. Tougher borrowing for local authorities. Freeze, then cuts, in public investment programmes. Ending of investment allowances.	Surcharge of 1s. a gallon on petrol.	Public investment to be frozen at previous year's level.	In mid-1960, public investment programme for 1961-62 scheduled to be kept to level of 1960-61. (1961) Smallest budgeted overall deficit since Cripps: power for two new regulators.
Monetary	Capital Issues Committee told to disallow scrip ("bonus") issues. Banks requested to curtail advances. Gloom in gilt-edged lifts yields above 3½ per cent.	Bank rate reactivated and raised from 2–2½ per cent, then 4 per cent. CIC asked to tighten scrutiny and banks to check advances.	Bank rate 3–3½–4½–5½ per cent. HP restrictions reimposed, and then stiffened twice. CIC asked to tighten scrutiny and banks to cut advances.		Bank rate 5–7 per cent. CIC asked to tighten scrutiny and banks told to cut advances.	(1960) Bank rate 4–5–6–5½–5 per cent. Special deposits called. HP restrictions reimposed—later eased. Gloom in gilt-edged lifts yields above 6½ per cent.

BANK SHARES

Prospects and the Chancellor

All the big banks have now declared their interim dividends. The announcements offered the market no surprises. The interims were all either as forecast or were raised to exactly half the 1960 total payment.

The first half of 1961 has been profitable for the banks; their dividend caution was evidently based on the uncertain outlook. What happens to bank profits in coming months depends largely on the Chancellor's new measures. An increase in Bank rate would raise the banks' earnings on advances; and average advances outstanding are almost certain to remain higher. On the other hand, use of the new tax regulators would, by increasing government revenue and in all likelihood producing an overall Exchequer surplus, tend to squeeze floating debt and bank liquidity still further. In any case, the banks face a continuing rise in staff costs: Barclays this week conceded a cut in its standard working week from 42 to 40 hours, which in practice will mean more overtime pay.

In these circumstances, and in the stock market's mood of general uncertainty, last week's announcement by Barclays of a rights issue surprised both the market and the other banks. The Midland, admittedly, announced a new issue in April, to raise £24 million. But at this time the Midland's capital funds were only 2.6 per cent of its deposits compared with an average of around 4.1 per cent for the other banks. As the table shows it is now Barclays that is in lowest place, being the only bank with a ratio below 4 per cent. If the Barclays issue were to bring the ratio to the average of the other banks, it would be in the region of £13 million.

A bank is much less dependent than an industrial company on its capital funds, since expansion depends basically on the liquid assets the Government makes available rather than on new money raised on the market. But there is a general principle that capital funds should cover at least the fixed assets. Barclays published fixed assets at June 30th were in the books at £50 million; its capital funds were £64 million. The margin is small, especially as there are certain other long-term commitments that might also be considered fixed assets. Nowadays the banks recognise that some of their advances are in fact more in the nature of fixed investments than self-liquidating loans; and while the book valuation of premises is ludicrously low, this does not strictly affect the argument about matching fixed assets with fixed capital. The other banks, except Lloyds, have their published fixed assets covered almost twice over by capital funds.

BANK DIVIDENDS AND CAPITAL

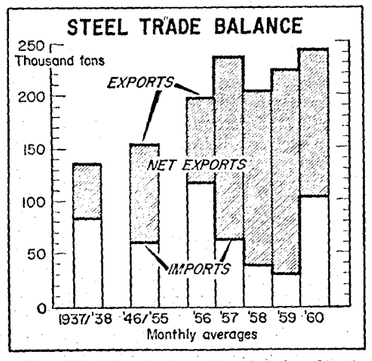
	DIVIDENDS† 1959 Int.	1959 Fin.	1960 Int.	1960 Fin.	1961 Int.	CAPITAL Ratio of capital funds to deposits (per cent) End-1958	End-1960	June 30, 1961	SHARE PRICES‡ Jan. 18, 1961	May 17, 1961	July 13, 1961	Current yield (per cent)
Barclays	5*	5	6	7	6½	3·1	3·7	3·6	65/9	93/3	77/3	3·4
Lloyds	4⅙	5⅝	5	5⅝	5	3·6	4·4	5·0	58/4	77/–	60/6	3·6
Midland	7½	9½	8½	10½	9½	2·1	2·6	4·0§	69/3	103/2	75/6	4·0
National Provincial	8¾*	6⅛	6⅛	6⅛	7	2·8	4·1	4·4	74/–	97/–	77/9	3·6
Westminster	5	5⅝	5⅝	7 11/12	6⅔	3·2	4·0	4·0	62/9	95/6	75/–	3·6
District	8½*	7	7	9	8	3·2	4·2	4·2	74/3	98/3	84/9	3·8
Martins	8*	8	7	8	7	3·3	4·6	4·5	18/7½	25/6	21/4½	3·5

*On capital before rights issue. † Dividends adjusted for scrip issues. ‡ Prices adjusted for scrip issues. § Allowing for £24 million rights issue.

STEEL

Direct Exports Improve

In May Britain exported a greater tonnage of steel products than in any other month since the war except October, 1959, when there was an American steel strike. And as imports of steel have gone on declining, net exports of steel have risen strongly this year. The chart shows the medium-term record: in the first five months of 1961 net exports amounted to 224,000 tons against 181,000 tons in January-May, 1960. Exports of plates and heavy sections are now running at about 800,000 tons a year: those of sheet, cut back when home demand is clamant and running free when the manufacture of motors and consumer durables slackens off, have recently risen to about half a million tons a year, against the total of 528,000 tons in 1957 during an earlier motor recession; and there has been some revival of the traditional export trade in rails (to India, following a release of interim credits from this country).



Competition in the world steel market, the Iron and Steel Board commented this month, has been strong and growing. Yet not all the world's major producing industries switch as readily to the export market when home demand softens as Britain (steel output in the first half of 1961 was 1½ per cent below that of the same months of 1960): in particular, the United States has never made the massive drive for overseas sales, at prices that could be low when it is running far below capacity, that would often have seemed possible for it. Some students explain this on the grounds that American steelmakers are unwilling to do anything that might undermine home prices which offer comfortable margins even at very low operating rates. But of late, inside the United States considerable erosion of those firm home prices has developed, with certain major companies withdrawing price lists and making deals customer by customer. Modifications of some American steelmakers' attitudes towards export prices could follow.

RUSSIAN AVIATION

On All Fronts

When that mature young Soviet technologist, Major Gagarin, told his London audience that space flight was merely a matter of training and "a little knowledge" he was displaying a good many of the psychological features considered essential for an astronaut. Space is no place for the introvert, the worrier, the dreamer or the fool. It demands all the characteristics that Major Gagarin has shown during his London visit, a cheerful, uncomplicated temperament not easily ruffled and possibly not easily hurried either; physical stamina rather than strength, quick intelligence and an assured acceptance of responsibility. The Russians have been anxious to show their hero to a wider audience; they had accepted an invitation for him to visit the Paris air show early in June only to have it withdrawn by the French with an unaccustomed lack of finesse when it was discovered that his visit would clash with that of President Kennedy. They had also prepared with great care the début of their new military aircraft at the Moscow air display, held two days before Major Gagarin's arrival in this country.

The two events provided a unique opportunity to underline Russia's technical progress in aviation by demonstrating that the great effort that has gone into the development of the biggest and most powerful rockets in the world has also been matched by equal advances in manned aircraft. The Moscow show demonstrated that Russia today is probably the nearest thing on earth to an aircraft manufacturers' dreamland, covering every conceivable line

of development down to a Soviet version of that white elephant, the Rotodyne. Russia today is in the same state as Britain was in the pre-Sandys era and as the United States was before the cut-back in military programmes. Whether such great variety of aircraft is necessary, from a military point of view, is a question strictly for the birds.

Although nearly all the military aircraft on show have been identified by Western observers before, this was the first time the new types had appeared at a public display; during the past three of four years remarkably few military aircraft have been seen at Soviet air shows. During that period these new types, mainly 1,500 mile-an-hour fighters and bombers able to fly at twice the speed of sound, some with intercontinental range, were presumably still under development and the Soviet public had to make do with civil aircraft which, Western designers may be glad to note, seem to run into as many delays and teething troubles as new airliners in the West. The appearance of the new military machines will cause a flurry in the United States, not because they represent an advance on anything that the United States can build but because they represent just those types of which production has been cut back or cancelled in favour of missiles. If Mr Khrushchev wished to strain the western economies by intensifying the arms race he could not have thought of a better way to do it.

HIRE PURCHASE

Stiffer Terms and Higher Charges?

WHILE a stiffening of hire purchase terms is not expected to be enforced by the Chancellor in his forthcoming measures, it now seems likely to be voluntarily effected by the finance houses themselves. A statement last weekend by the Finance Houses Association, representing the larger companies in the business, drew attention to the "appreciable increase" in interest rates in recent weeks and to the "continuation of the trend for normal operating expenses to rise." The finance companies are therefore considering two steps: a rise in the minimum deposit to 25 per cent on new cars (compared with the statutory 20 per cent) and to 33⅓ per cent on used cars (compared with the present FHA minimum of 25 per cent); and an increase in service charges, which at present rise upwards from 7½ per cent a year on the initial amount for new cars, and may soon rise nearer the FHA maximum range of 9 per cent for new cars to 12 per cent for cars over three years old. The finance companies are also thinking about making an assault on dealers' commissions, at least to stop these rising as they automatically would in line with increased service charges.

The Finance Houses Association has not yet taken a firm decision, and in any case whatever it decides is not likely to be followed by all outside houses and by dealers financing their own business. But in the past few months, chastened by their earlier over-trading, hire purchase men have begun to see the virtues of self-imposed restraints, and have been much less ready to go ahead for more business on any terms. There is good logic, on the principles of sound hire purchase finance, for a rise in minimum deposits to ensure that the hirer has a sufficient stake in the vehicle he is using.

But an all round increase in service charges is a different matter. Admittedly, the finance houses have had to raise the interest allowances on large deposits placed with them by companies and institutions to counter the withdrawal of foreign funds. This has also greatly increased competition for money in the local authority mortgage market, which now offers 6¼ per cent for seven-day loans. But interest rates on bank overdrafts—at least at the time of writing—have not risen, and are below their level in the second half of 1960. As everybody knows, the main recent worry in hire purchase has been not the cost of borrowing money but getting hirers to repay. Apart from the 1960 crop of defaults, the finance houses feel that their costs of collection may be rising generally. Wage earners, with fluctuating weekly incomes, often find it more difficult than salary earners to meet relatively high instalments regularly. But the many people who meet their instalments meticulously will have a legitimate complaint if their own charges, which are already high, are raised in order to provide a sufficient cushion for the defaulters and the poor risks. The proper course for the finance houses is surely to introduce some kind of differential in their charges, whether by rebates for regular payment or by preferential rates on new transactions. If they do not, they will deserve to lose their best customers.

TRADE UNION INVESTMENT

Owners Now

THE setting up of the Trades Union Unit Trust is the realisation of an idea first put forward by Mr Desmond Hirshfield over eighteen months ago. His firm acts as auditors to the National Union of Railwaymen and he was the author of a scheme to establish a new unit trust fund, designed primarily to facilitate the investment of trade union funds in equities. The new trust will be managed by M. Samuel, the merchant bankers, who will also act as investment advisers to a board which includes representatives from the City and Westminster.

In the past, trade union funds have been invested almost entirely in gilt-edged, co poration and Commonwealth loans a other fixed income stocks. The mark value of most of these funds has declin steadily. The managers claim that t new trust will provide an alternative mea for trade union investment, the por folio of the trust being chosen to meet t specific needs of the unions for income (which some escapes tax). About thr quarters of the portfolio, it is thought, w be in equities and the remainder in fix interest stocks. When the units, initial of £1,000 each, are offered later this mon there should be a good response, for mo than a dozen unions have either indicat their intention to invest in the trust or a showing a close interest in the scheme though, presumably for political reaso some have shown no liking for it.

Unions will be able to purchase un with newly accruing funds or to recei them in exchange for some of their existi investments (provided that these are co sidered suitable by the managers for incl sion in the trust's portfolio). To keep cos low, units will be available only on one da a month and the charges will be below tho of other unit trusts—a ¼ per cent initi sales charge, ⅜ per cent per annum on t value of the fund up to £2 million, ¼ p cent on any excess up to a further £2 m lion and ⅛ per cent on anything above million.

Mr Hirshfield is also trying to intere the trade unions in the merits of proper investments for a part of their superannu tion, pension and provident funds. He proposing to set up a panel of proper experts, including valuers and surveyo to advise unions interested in acquiri first class property investments where t emphasis is on income rather than develo ment.

OIL

Not the Right Time?

NO invitation to Baghdad has yet be received by the reshuffled team negotiators from the Iraq Petroleum Co pany and its shareholder companies that h been preparing to recommence talks wi General Qasim since contacts were r established some weeks ago; and it m well be that in the immediate state of Ang Iraqi relations, neither side is anxious to r start the negotiations that were suspend in April. Since the original messag seeking to re-open contact were despatch by Lord Monckton of IPC and the Ho Maurice Bridgeman of BP, letters have bee sent from the Western end accepting t Iraqi demands on "dead rents," discussin other points such as relinquishment and t disposal of natural gas from oil wells in Ira and expressing general optimism in princip that a mutually satisfactory result to t negotiations could be reached. The letters had appeared before the Iraqi clai

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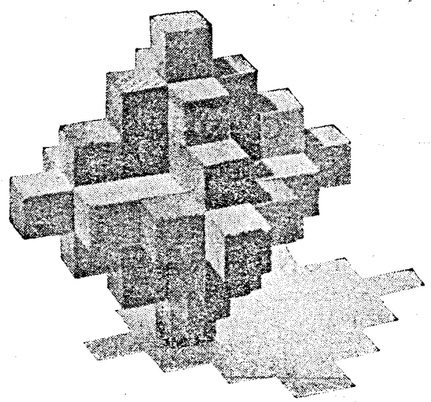
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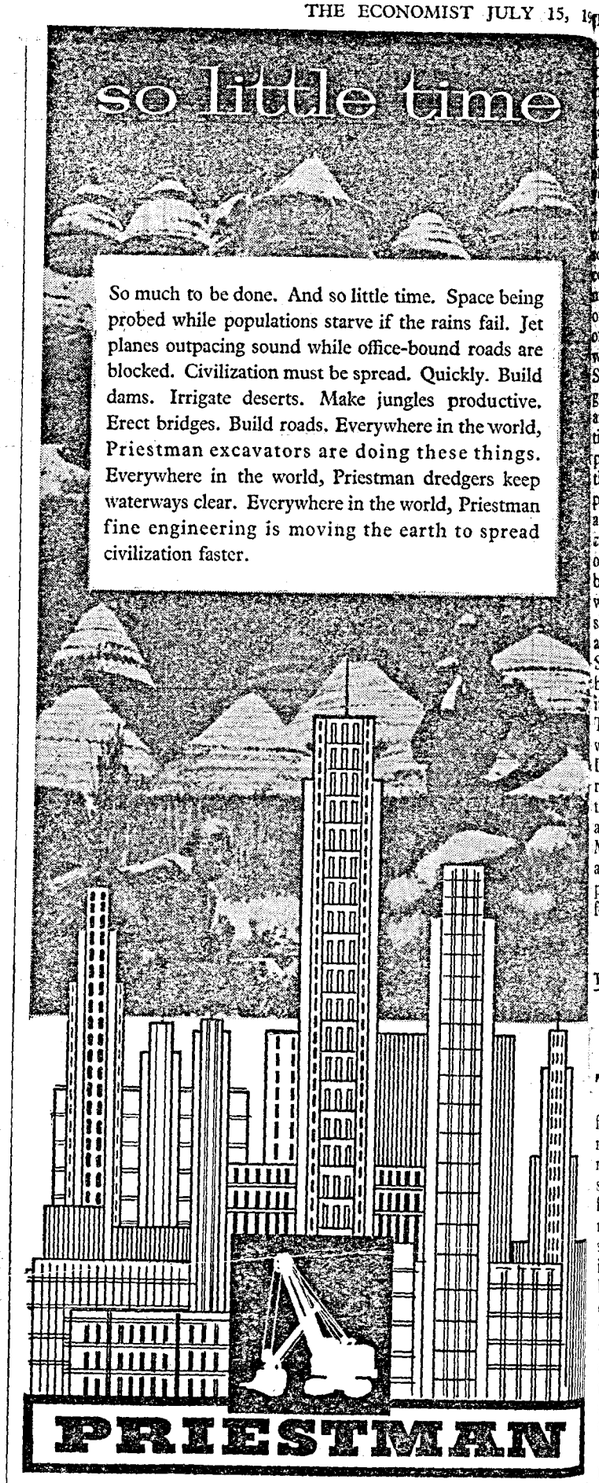
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Kuwait was put forward to have evoked me tempered satisfaction in Baghdad: aking some changes from the original egotiating team, IPC and its shareholders ad made ready to resume the discussions at originally began, with representatives f this government of Iraq, more than two ears ago.

Le quartorze Juillet is Iraq's national day f independence as well as France's ; and for ome weeks past there have been ominous onjectures about what General Qasim ight or might not do to IPC or some part of it on that day. There have been hints of nationalisation, though not of exactly what or how much might be nationalised. Since negotiations ended in April, the Iraq government has after all exercised a ban, and nominally a military one, on exploration in IPC concession areas not already in production, and some further gesture in these non-producing areas might be displayed to the Baghdad mob without absolutely jeopardising the country's precious current income from IPC's actual operations. Smarting under his rebuff before Kuwait, it might be that the General would like some alternative triumph to show the noble sons of the people: guesses among oilmen in Britain and the United States varied a good deal, but some of the best-informed held that he would not seek it via any extreme measure towards IPC. The Iraqis chose to heighten uneasiness last week with reports of an approach to the Italian state concern ENI for technicians to run IPC facilities. These reports were true, though they were denied in Baghdad as soon as it became clear that the Italian Foreign Ministry had instructed Signor Mattei that any such "alternative to the major oil companies" would be at variance with Italy's foreign policy and obligations to its allies.

TIN

In America's Court

THE International Tin Council now has no tin to sell and no export quotas in force. Effectively, it has been out of business for the past three weeks, but it has nevertheless been exceedingly busy. The second international tin agreement came formally into being on July 1st when the required number of producers and consumers of tin ratified or gave notice of their intention to ratify it. Contributions to the buffer stock were accepted in cash: producers will therefore pay £14.6 million into the buffer pool, equivalent to 20,000 tons of tin at the current "floor" price under the agreement, and will comfortably meet that from the liquidation of the old buffer stock's assets with profits from the previous five years' dealings.

Because the council tried to control tin prices and failed, it has understandably, if a little unfairly, attracted blame for the current shortage of tin. Speculation last week as the price of tin bobbed back and forth revolved round what immediate action the council might take to try to redeem its lost reputation. The obvious courses of action were three: to raise the floor price now to encourage greater production at the earliest possible moment; to begin to allocate supplies, a thorny path that it is unnecessary to follow at the present time ; or to ask the United States for help. The council decided to invoke America's help and appears to be allowing the United States six weeks in which to reply.

The council informed the American Administration of its wish to hold talks about possible disposals from the United States stockpile and fixed August 22nd as the date of its next meeting. Until it is known whether and under what circumstances short of war tin will be forthcoming from the American stockpile, the council and the market can make little of the estimates of consumption and supply with which they are now juggling. The same difficulty applies to giving producers incentives to mine more tin.

After what appears to have been a definitely two-side discussion—consumers and producers have equal voting rights within the agreement—the question of fixing new price ranges was left over until next month. Producers have agreed to examine their costs of production and presumably to present estimates for perusal at the next meeting. At the moment, there seems no case for precipitate action before some of the uncertainties are cleared up. Consumers have increased their stocks and are not particularly anxious to buy, and some speculators are willing to take their profit with prices at the current level. The spot price in London is hovering around £912 a ton, not yet dramatically higher than the council's shattered "ceiling" of £880 a ton.

GHANA

Tighter Exchange Controls

EFFECTIVE economic planning, Dr Nkrumah has decided, demands a knowledge of private capital movements ; consequently, he has extended Ghana's system of exchange control to include all foreign countries and not only, as under present law, those countries outside the sterling area. All companies and financial institutions operating in Ghana must now maintain their "uncommitted capital," or temporary surpluses, in Ghana—surrendering their sterling assets to the Bank of Ghana for Ghanaian pounds. Banks and life insurance companies however, will be allowed to maintain working balances in sterling. This move, while it should have no effect on Ghana's total sterling assets, will consolidate these assets in the hands of the central bank. It will also mean that with the London market closed the Accra money market will be asked to absorb funds beyond its means. The supply of Treasury bills is limited and at the moment the bills yield just under 4 per cent. Dr Nkrumah has also foreshadowed measures for the closer control of imports, directed in particular at non-essentials.

Full details of the new controls have still to be confirmed from Ghana and a lot must depend on how the Bank of Ghana interprets them. But it is clear that no one, resident or non-resident, may transfer funds out of Ghana without the approval of the Bank of Ghana. The intention, however, is that where in the past guarantees have been given to foreign investors, approval will be automatic. The generous compensation paid to the shareholders of the British-owned gold mines earlier in the year is generally taken in the City as a sign that this promise will be honoured.

These measures, Dr Nkrumah maintains, are not the result of weakness in the exchange position. In the four years since independence, he says, Ghana has spent £55 million of its foreign assets, and its total sterling assets still amount to £100 million—equivalent to one year's import bill. They would have been £15 million higher but for the fall in gilt-edged prices on the London market. At present Ghana has medium-dated debts of £35 million, repayable over the next eight years, and in future all external purchases for the development programme will be financed by foreign borrowing. In the coming financial year this is scheduled at £33 million.

ATOMIC ENERGY AUTHORITY

Getting at the Facts

THE Atomic Energy Authority devotes, as usual, considerable space in its current annual report to describing how it spends its time, but gives no information on how it spends its money. This is not, perhaps, entirely the AEA's fault. It is inhibited by a security system that fails to recognise that anyone who wants to know the number of people working in this country on atomic weapons has only to stand at the gates of Aldermaston any day of the week counting heads as the men go in. At a guess, however, perhaps a third of the AEA's staff of 40,000 and the lion's share of its 5,000 professionally qualified scientists and engineers work on civil research and development. This accounts for most of the staff in the research (Harwell) and reactor groups and for some of those working in its engineering divisions. The rest, apart from a London headquarters of 500, are engaged in routine production of uranium, plutonium and other nuclear materials, the manufacture of reactor fuel and its subsequent treatment ; the design, maintenance and engineering of these basic production plants, and the manufacture and development of weapons.

None of this can be elicited from the AEA's report, nor is it possible to find anywhere in its pages the fact that nearly half

Continued on page 279

Profits: Still Slowing Down

THE accounts of 892 companies were analysed in the second quarter of the year and the detailed figures of this analysis appear on pages 296 and 297. The gross trading profits of these companies rose by 6¾ per cent to £1,308 million. Most of these profits were earned in the calendar year, 1960, though about 15 per cent of the companies which published their reports in the second quarter drew up their accounts on March 31st.

The rise of 6¾ per cent in trading profits is the lowest recorded since the last quarter of 1959 and it reflects in part the large influence played by oil and food companies. The oil companies included in the latest analysis reported a rise of just under 4 per cent in profits while the food companies, including the Unilever giant, reported a fall of 1¾ per cent. A number of food companies earned higher profits and this offset all but £3¼ million of the £9 million fall in trading profits reported by Unilever. Of the other important groups, the profits of the chemical and paint companies, including Imperial Chemical Industries, rose by 13¾ per cent and those of engineering companies by 11½ per cent. The profits of companies in the miscellaneous manufacturing group rose by 6 per cent, just a little less than the industrial average. The biggest increase in profits was reported by the tobacco group and this rise of 22 per cent was closely followed by the increase of 21½ per cent reported by cotton companies. Falls in profits occurred in motors (down by 1½ per cent), shipping (down by less than 1 per cent), silk and rayon (down by 5¾ per cent) and wool (down by 7½ per cent). Unlike the rubber plantation companies, whose profits rose by 19 per cent, the profits of the tea companies fell by 6½ per cent. The latter was one of only three sections where ordinary dividends were reduced. Not surprisingly, the other two were shipping and shipbuilding, for though shipbuilding profits were slightly higher they were earned in orders that have not been replaced in the shipbuilding yards.

NET ordinary dividends rose by £25 million. This more than absorbed the increase in net ordinary earnings from £469 million to £493 million, so that the average dividend cover fell from 2⅓ to 2 times. Thus it would appear that these particular companies have reverted to the tendency discernible early last year of distributing a bigger proportion of their available earnings. While shareholders can be thankful that the directors were more generous they should view with some misgivings the decline in the rate of return on capital employed. This return can be calculated by expressing net ordinary earnings (after deducting non-recurring credits) as a proportion of net assets attributable to the ordinary capital. In the latest quarter this return fell from 8.6 to 8.2 per cent. This was the first time in two years that the average rate of return for all industrial groups showed a decline. Only three groups went against the trend: shops and stores, where the return went up from 13.6 to 14.1 per cent, chemicals and paints, where it went up from 8.0 to 8.6 per cent and cotton, where it jumped sharply from 5.8 to 7 per cent (reflecting, no doubt, the scrapping of old and surplus machinery in that industry).

The analysis of balance sheets shows that gross fixed assets rose by £523 million, or over 10 per cent. This is the bigg increase for some years. Some part of i increase can be attributed to revaluatio but the bulk of it appears to represent n investment in plant and property. In so cases this will simply reflect new acqui tions, often made on a share exchange ba This is reflected in the rise of £310 milli in ordinary and preference capital in iss This increase includes scrip issues amou ing to £128 million. The amount of n money raised by these 892 companies l year was therefore not much more th £150 million.

This left a good deal to be found el where, to finance not only the substant increase in fixed assets but also the additi of £245 million to stocks and of £1 million to debtors. In the circumstanc it is perhaps surprising that "quick" ass fell by only £53 million. The bulk of t additional investment was financed increases of £184 million in depreciati £317 million in reserves and £124 milli in creditors. In the light of this yea spate of rights issues the most notab increase was in bank overdrafts. They ro by £99 million, or 37½ per cent, from £2 million to £363 million. The intenti behind a number of the recent issu appears to have been to fund these ove drafts rather than to provide new finan for further expansion. And there may w be more to come though stock market co ditions at the moment are not very encoura ing. Whether the pressure on profit margi brought about by the rise in costs, pa ticularly of wages, will be relieved by t more intensive use of the new plant that h been installed is far from certain. With t Chancellor standing in the wings and wi such profit figures on stage it is not sur prising that investors are waiting to see wh will happen before committing themselve

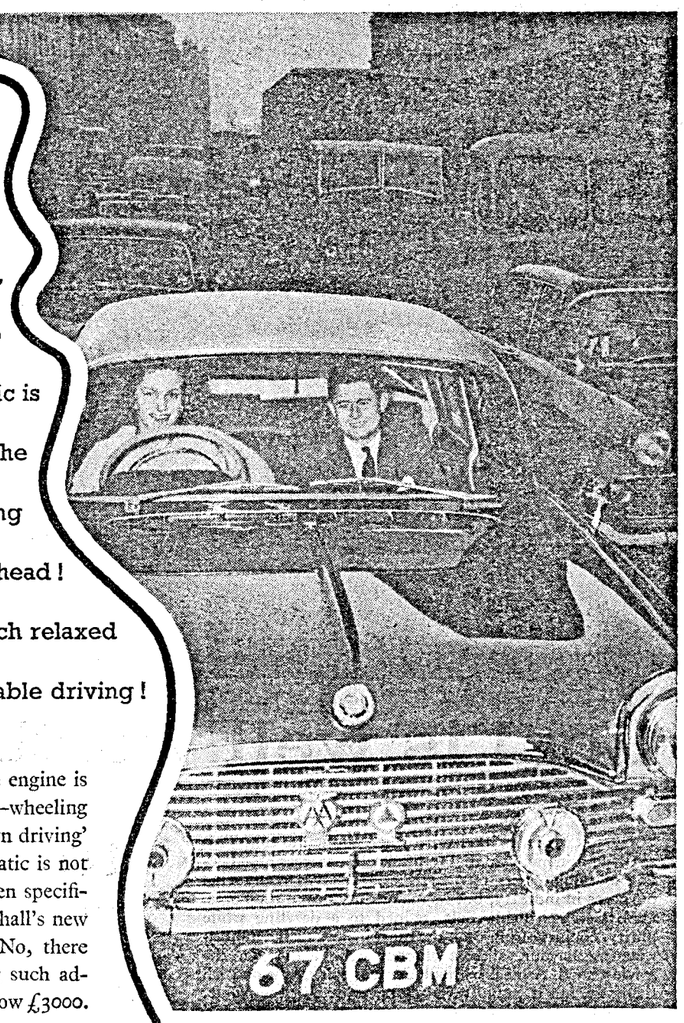
PROFITS, PROVISIONS AND DEPRECIATION
(£'000)

	Reports Published April to June 1961		Reports Published July 1960 to June 1961	
	892 Companies		2,300 Companies	
	Previous Year	Latest Year	Previous Year	Latest Year
Gross trading profit	1,226,214	1,308,093	2,442,374	2,732,371
Income from investments	89,491	103,247	140,265	163,361
Other current income	888	980	1,979	1,851
Non-recurring credits	23,546	21,753	71,554	52,540
Total Income	**1,340,139**	**1,434,073**	**2,656,172**	**2,950,123**
Depreciation	265,035	286,176	509,437	562,199
Income tax	370,936	397,109	733,824	810,799
Profits tax	65,981	88,175	144,906	185,695
Directors' emoluments	28,235	29,588	64,449	68,965
Administrative charges	5,915	7,373	18,644	23,555
Contingencies, provisions, etc.	28,802	22,935	47,058	42,443
Pensions	18,381	19,807	32,684	35,776
Minority interests	13,841	14,633	29,723	34,121
Loan interest	32,561	35,288	71,260	78,525
Preference dividends	17,555	17,942	34,084	35,629
Profits retained by subsidiaries	83,488	82,441	183,384	193,681
Ordinary dividends	218,175	243,130	419,460	475,188
Reserves (parent company)	136,916	141,583	288,627	335,692
Brought in (parent company)	256,672	310,990	505,238	583,870
Carried forward (parent company)	310,990	358,883	583,870	651,725

ANALYSIS OF BALANCE SHEETS
Published April to June, 1961 (£'000)

Capital Liabilities and Reserves	892 Companies		Assets	892 Companies	
	Previous Year	Latest Year		Previous Year	Latest Year
Capital:—			**Fixed Assets:—**		
Debenture	678,963	695,721	Land, property and plant	5,023,775	5,546,44
Preference	454,294	465,583	Less depreciation	1,583,605	1,767,42
Ordinary	2,069,548	2,267,938		3,440,170	3,779,02
	3,202,785	3,429,242			
Reserves and Surplus:—					
Capital reserves	1,646,586	1,769,834			
Revenue res. and carry forward	1,763,588	1,956,563			
Total Capital Reserves and Surplus	6,612,959	7,155,639	**Trade Investments**	1,322,074	1,464,01
Outside Interests in subsidiaries	207,506	224,795	**Intangible Assets**	91,955	106,56
Current Liabilities and Provisions:—			**Current Assets:—**		
Bank overdrafts and loans	264,378	363,367	Stocks	1,766,132	2,011,10
Creditors	977,117	1,101,128	Debtors	1,434,087	1,627,12
Other current liabilities	500,253	552,564	Gilt-edged securities	133,589	140,15
Future taxation	338,623	368,584	Other marketable investments	158,749	151,57
Other provisions	85,796	100,249	Cash	639,876	586,75
	2,166,167	2,485,892		4,132,433	4,516,72
	8,986,632	9,866,326		8,986,632	9,866,32

Talk about weaving through the traffic! Here's the car to do it—
the wonderful way-ahead **HYDRA-MATIC VAUXHALL!**



While others change up, change down, clutch in, clutch out, you're eeling ahead with two pedals only: one to *go*, one to *slow*. No effort, no tension. Hydra-matic is always automatically in the right gear. Without forcing the pace, you're streets ahead!

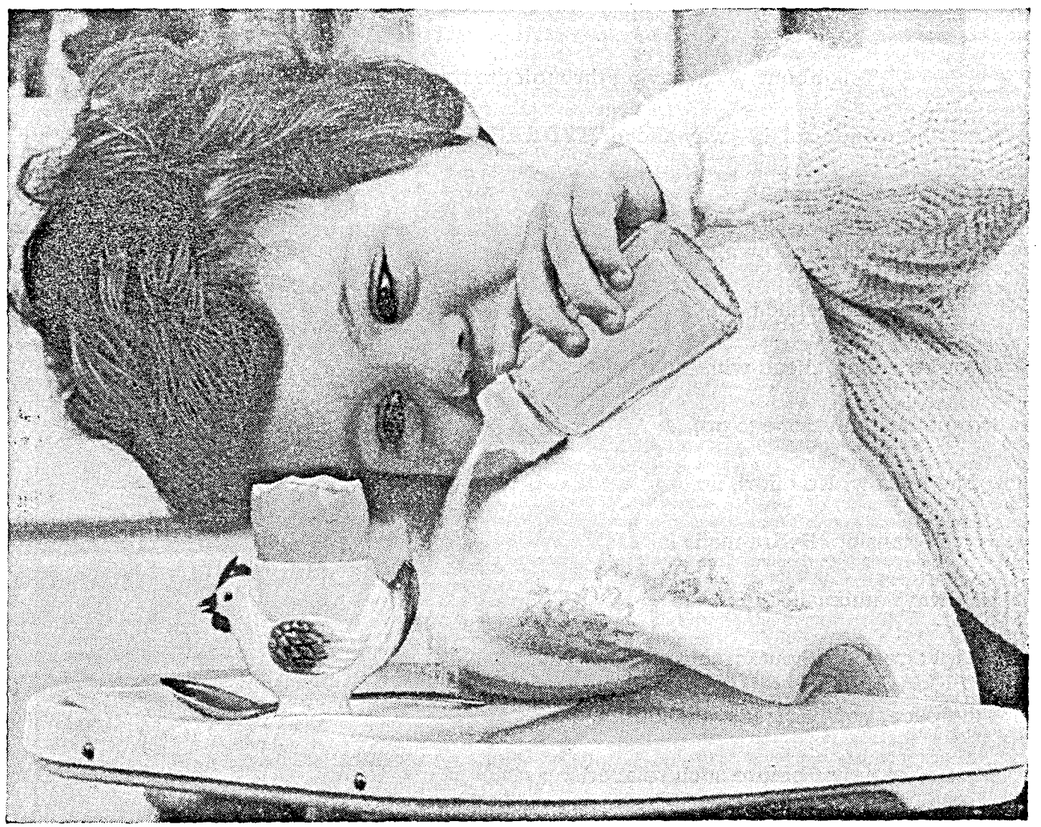
Yet never before such relaxed and pleasurable driving!

Yes, the full braking power of the engine is always available; there's no free-wheeling ... Yes, you can still 'do your own driving' when you wish ... No, Hydra-matic is not a grafted-on accessory; it has been specifically designed to team with Vauxhall's new 2.6 litre six-cylinder engine ... No, there isn't another British car offering such advanced automatic transmission below £3000.

See your Vauxhall dealer. Drive the HYDRA-MATIC VAUXHALL yourself!

HYDRA-MATIC VELOX: £775 plus £324.0.10 PT = £1,099.0.10.
HYDRA-MATIC CRESTA: £835 plus £349.0.10 PT = £1,184.0.10.
HYDRA-MATIC VELOX FRIARY ESTATE CAR: £1,392.5.10 inc. PT

Vauxhall Motors Limited, Luton, Bedfordshire.
HYDRA-MATIC is a Registered Trade Mark.



Coal is well worth its salt —to Cerebos

"COMMON" is an unkind word when applied to salt. This amazing mineral, essential to life itself, deserves an adjective as noble as its many virtues. It serves many vital purposes in industry, but its major duty lies in the home. Here Cerebos Table Salt, refined to a dazzling white purity, conjures from even the most insipid dish a mouth-watering flavour, adds a sharper delight to even the spiciest food. A meal without Cerebos salt might nourish the body, but it would certainly never delight the palate.

The men who make the big decisions at Cerebos—controlling company of the majority of domestic salt-processing firms in Britain—choose *coal* to heat their giant boilers. They choose coal because coal gives them the maximum heat for the minimum cost; because coal, mechanically stoked, is smokeless, and because coal, the home produced fuel, is reliable. Our coalfields can supply all the needs of British industry for generations to come.

When it is your duty to make decisions about fuel, remember Cerebos. They've proved that coal is well worth its salt. Follow their example—and you'll get the same palatable proof.

Some key facts and figures about the boilerhouse at Middlewich, Cheshire and Greatham, West Hartlepool

Boilers:	8 water tube
Method of firing:	Chain grate stokers
Steam pressure:	180 and 160 p.s.i. respectively
Steam temperature:	490° F. and 450° F. respectively
Max. continuous rating:	110,000 and 73,000 lbs. of steam per hour respectively
Annual fuel consumption:	39,000 tons of coal

SOLID FUEL—
more heat at less cost—and it's British
PROGRESSIVE INDUSTRY IS GOING FORWARD ON
COAL

ISSUED BY THE NATIONAL COAL BOARD

Continued from page 275

the authority's research effort—or to be precise, 45 per cent—goes on the development of new reactors (accounting for perhaps between 5,000 and 6,000 men), while another 15 per cent—say 2,000 men—are still doing research and development on the now-classic Calder Hall type of reactor. General research, including pure physics, thermonuclear research and work on isotopes, accounts for the balance; when the programme of research into thermonuclear fusion is fully developed it will make up 8 per cent of the authority's total research effort, employing between 800 and 1,000 people.

A Slight Change in Direction

THE authority does appear to have been scrutinising closely most of its research programmes; it has already recast its research into fusion in a new form, described in the annual report in great detail. It appears to be attempting now to change the direction of its reactor research, channelling it into lines previously neglected in this country. This is not an easy step since the AEA has been committed for many years to a three-stage programme of reactor development that would carry it, if successful, into the mid-1970s. But the very rigidity of this programme, the fact that it was narrowly based on one class of reactor using a graphite structure and cooled in the main with gas, has been a source of concern both in and outside the authority.

The newly formed reactor division of the authority is attempting to back down from this limb by proposing a joint research project with Canada into a reactor using heavy water in place of graphite and steam cooling in place of gas. There is much to be said for this proposal; it will use considerable Canadian experience of heavy water, which has many advantages over graphite, and give British engineers an opportunity to experiment with steam cooling, over which sections of the authority are most enthusiastic. The proposal is put forward under the guise of an alternative reactor for use in shipping which might be substantially cheaper than those studied by the Ministry of Transport—the AEA makes no bones about its dislike of these. But it must also mean that the authority is less confident than it was a few years ago about the progress of research already in hand. The next stage in commercial nuclear power, the advanced gas-cooled reactor, has recently been making heavy weather and still falls some way short of what is required of nuclear power in the late 1960s.

Is it not time now that the authority presented its accounts in a way that showed how its effort is divided between these various projects and how it spends the £78 million income that it admits to receiving

MOTORS

Smoothing the Ride

CAR springing is passing through a time of change; rubber and air springs have already replaced steel on some cars, and air has supplemented steel on others, though in the United States at least steel springs have mounted a successful counter-offensive. As cars get smaller and lighter, it becomes more difficult to design springs that give a comfortable ride while the car is empty, but are stiff enough to prevent the car sagging when it is fully loaded; passengers may make a difference of 50 per cent to its unladen weight. What is needed is a spring that will get stiffer as it is compressed—what is called a progressive-rate spring—or some means of keeping the car at the same height whatever the load. Rubber springs, as used by the British Motor Corporation on its baby cars, can have the first characteristic; so do pneumatic springs. Air springs can also be designed to provide automatic levelling, and can give much softer springing than other springs. In practice, however, this advantage has not been fully exploited because soft suspension brings problems such as roll on corners.

Pneumatic suspension was first used on a mass-produced car by Citroën when it introduced the DS 19 in 1956; three years ago most American companies began offering it as an optional fitting on their cars, and there were optimistic assumptions that it would soon replace steel springs. But it flopped; on the big and heavy American car there was little difference in riding comfort, and buyers were not prepared to pay the high cost—caused by the need for an air or oil pump driven off the engine, pipes to the wheels, and valves at each wheel to control the height. Citroën remains the most successful user of pneumatic suspension. On the road its cars do not give an immediate impression of being better sprung than a normal large car, and small irregularities in the road surface can be felt. It is when they are driven on bumpy roads that the superiority of the suspension becomes noticeable: the ride remains virtually the same as it is on smooth roads. The advantage it provides is, in fact, springing that is the same under all conditions. Borgward also uses air springing on its 2½ litre model, but to achieve automatic levelling more than to provide softer springing.

An air springing system that might cost no more than a steel independent rear suspension system has recently been announced by Armstrong Patents, the makers of shock absorbers. It is said that this would cost only £10 more than steel springs on the rear wheels. This unit is completely self-contained, needing no compressor to supply it with air, which saves much of the cost of other air springing systems, and efficient sealing means that the unit should never need more air added. Movement of the wheel compresses air, which acts as the spring, and displaces a piston in a cylinder full of oil as in an ordinary hydraulic shock-absorber—to "damp" the movement of the vehicle. Levelling is simply provided by making the movement of the wheel over bumps operate a small oil pump, which comes into use whenever the piston moves from its central position, and passes oil from one side of it to the other until it is centralised again. To provide levelling alone, Armstrong uses the same principle with ordinary shock absorbers and springs. The extra cost of this device would be about £3 if it was used on the rear wheels only.

Another simple way of compensating for the effect of increase in the load carried is used by Renault; its "Aerostable" system consists of a bag filled with air at atmospheric pressure that is used to supplement the ordinary springs on the rear wheels. When the car is empty the bag is not compressed, but it is increasingly compressed as the load grows heavier. There is therefore little change in the height of the car, and the springing gets stiffer the more the wheel tries to rise. This allows softer springs than normal to be used; the ride is smooth over small bumps, but the progressive stiffening of the springs means that larger bumps are felt though the springs cannot bottom.

The ride is not very different from that provided by the rubber springing system that BMC uses on its baby cars, which seems one of the more attractive types of progressive-rate springing for the producer of cheap cars. It costs rather more than a conventional suspension system; though the rubber spring itself is cheaper than steel spring, and can do with a simpler damper because rubber is self-damping. Even the Armstrong air spring seems a little expensive for small cars at £10 extra for two wheels; but in the medium-sized class there seems no reason why makers should not be prepared to pay £10 for better springing since they are already prepared to pay £18 for disc brakes. In America, however, cost seems now to be the dominant motive in the design of suspensions: the next change may be the single-leaf half-elliptic spring for a normal rear axle.

this year from the government, plus the unspecified millions received from the Ministry of Defence for nuclear weapons? The public image of the AEA is that of a vast research organisation; in fact it appears to devote only about a third of its effort to research and rather to be a large-scale production network. But this can only be deduced and surmised—just as the public must make what it can of the statement that the AEA's trading income last year was "nearly" £21 million, "about half" of which represented the sale of fuel elements, "approximately" £5 million the sale of electricity and "over" £1.3 million the sale of isotopes (leaving probably £5 million for the sale of graphite). Does no member of the authority ever glance at the annual budget of the Atomic Energy Commission in the United States which sub-divides expenditure under a large number of heads, including weapons ($495 million in the current financial year plus $27½ million for plant)? The same practice is followed in France by the atomic energy commission. The elaborate lengths to which the AEA in this country goes to conceal the scale of its activities merely feed existing suspicions that the public has been sold an atomic pig in a poke.

LUBRICATING OIL

Enter Veedol

TIDEWATER'S decision to enter the British market for lubricating oil with "Veedol" comes after the American independent, Ashland, has had to admit defeat in its efforts to get national distribution in Britain for its oil—and has reported its troubles to the Monopolies Commission, which is now inquiring into the workings of the "solus site" petrol station system. Of the 32,000 garages in Britain, about 2,500 are owned by the oil companies and 3,000 are mortgaged to them; in these no lubricating oil other than that of the company concerned can be sold. Of the rest, more than 95 per cent are tied to one oil company, and though most are able to sell other oils, they are usually prevented by the terms of their contracts from exhibiting other oils in the forecourt or the lubricating bay—in return for which they get bigger discounts from their main supplier. Of the 13,000 Shell-Mex and BP garages, 25 per cent sell no other lubricating oils than those companies produce; and the rest agree that these will form at least 75 per cent of their total lube sales. Such agreements, with the retailers in their present strong bargaining position, may not be easy to police.

In this sticky market for an independent, Castrol claims that it still gets roughly half the country's sales, which must account for nearly all the 25 per cent that Shell-Mex and BP allows garages marketing its products to sell. But it is much easier for an established company such as Castrol to go on selling its oil even when many garages have been induced to stop showing it, than it is for a newcomer to gain a significant share of the market under these conditions. Though Tidewater seems prepared to spend heavily on advertising and promotion—free oil changes, for example—to get its name known and its oil used, such methods are expensive, and could hardly be justified by sales if few garages stock it. But Tidewater reports that the initial response from the trade to their announcement has been encouraging, and it expects to get a large number of outlets soon; bigger discounts for retailers are one method it is employing to lure them to its sign.

Margins on lubricating oil are rather better than on most oil products now, and sales rose by nearly 10 per cent last year to reach 325,000 tons; but one may doubt whether Tidewater would find that sales could be adequate to justify a heavy investment in marketing Veedol. To enter the British gasoline market as a major would involve a far heavier investment, but might be rather more relevant to Tidewater's problems—especially after its new Danish refinery comes into operation. Selling and advertising oil will at least make the name of Veedol known to the British public.

OTHER AIRLINES' TROUBLES

SAS in Stormy Weather

BY A CORRESPONDENT IN SWEDEN

OUT of the dirty Scandinavian skies came last week a clap of lightning which flung Mr A. Rusck out of his pilot seat of running Scandinavian Airlines System, jointly owned by Norway, Denmark and Sweden, and incidentally robbed the International Air Transport Association of this year's chairman. No reason has been given by the executive committee meeting in Oslo for tossing out Mr. Rusck from his top inter-Scandinavian job in full view of the northern tax payers. Presumably it is less a case of mismanagement than a reversion by the committee to the ancient Norse custom of human sacrifice to placate the angry gods of economics.

SAS is in trouble, like any modest-sized airline with expensive jet equipment operated below the break-even point. But in addition to this common malaise, SAS is suffering from acute disorders brought about by the board's decision to engage the airline in joint ventures with local airlines in Mexico and Thailand. By these ventures the board hoped that SAS would get bridgeheads on the South American and Far Eastern markets, only to learn that such manœuvres cost high; by the last count the corporation stands to lose £2.8 million.

SAS is also in hot water with its new air terminal in Copenhagen incorporating a luxury hotel, the cost of which rose while building from the estimated £1.7 million to £3.0 million. The airline has also had to treble its terminal facilities at Arlanda, the new airport built amidst Viking graves in the woods some 50 miles north of Stockholm. When completed after 14 years of building and at costs in excess of £17 million, the Swedish air transport authority found to its dismay that the 11,000 feet runways were used only for landing practice by shrimp-like Piper Cubs. The Airlines, including SAS, stayed away because they disliked the awkward location. To appease the angry authority SAS has had to agree to move to the new field and undertake to fly direct from Arlanda to New York with near-empty DC8's.

Although SAS's business rose by 15 per cent during the last operating year the corporation lost £5.8 million flying some 270 million ton-miles. Paying for seven new DC8's and 16 Caravelles on top of these other liabilities has absorbed its share capital, and in recent weeks the Scandinavian parliaments have voted £14.5 million to keep the Corporation airborne. The private stockholders have been less eager to contribute to the prestige of maintaining an international airline The brief of the new managing director, Mr C. Nicolin, is simply to slash away at costs by some unspecified means and to fire 10 to 15 per cent of SAS's 14,600 employees. Having performed this emergency surgery Mr Nicolin will go back to his regular job as managing director of ASEA, the electrical group. A more patient and enduring person will then have to step in to nurse the convalescent through the anxious years ahead.

Until SAS is back on its feet financially, there can be no hope of resuming negotiations with the Dutch airline KLM about possible sharing of routes and equipment. But a working arrangement of this kind may be the means by which a medium-sized airline like SAS can stay alive in the jet age.

BARLEY

Dumping Dammed

LAST week's announcement by the President of the Board of Trade that a case had been made out for restricting imports of cheap barley and that he was about to make a further statement put the market in a dither. If he proposed to use his powers under the anti-dumping act to place an additional levy on these imports futures should fall. Bargains are struck on a cif basis and buyers are responsible for import duties payable on delivery. If duties here increased, the fixed discount on Russian barley would be too small. If, on the other hand, Mr Maudling took the course of action that he did in fact adopt at the end of last week, the market could be expected to rise. Because of the uncertainty, the barley futures market in London was therefore suspended from Wednesday to the end of last week.

Mr Maudling has persuaded Russia to stop delivering barley to Britain at less than £20 a ton, including import duty of ten per cent. This figure has the dual merit of being easily remembered and just about in line with barley prices at the start of last season. If Australia and France resume their sales, a minimum price will also be fixed with them. Mr Maudling's course of action may have been dictated more by the cumbersome procedure laid down in anti-dumping legislation, which his department is reviewing, than by choice. The Board of Trade never invokes the Act where persuasion will achieve the same ends. But the £20 a ton "target" did, however, come to the aid of some buyers who apparently thought that any protectionist move would raise the price of barley futures. Barley for delivery in November has now risen from £16 to £19½ a ton. Mr Maudling's target is comfortably within reach, although his edict does not apparently apply to reshipments of Russian barley.

In part that rise is a reflection of world conditions. China is absorbing large quantities of last season's crop, and the prospect for the new crop in North America is bleak. Drought threatens severe damage to crops in some areas. Manitoba has been declared a disaster area, and the United States has withdrawn export subsidies on barley and oats and is extending its price support scheme to lower grades of barley to ensure adequate supplies of feeding stuffs. Prospects for crops in the southern hemisphere have also deteriorated, but the recent rain and cooler weather should improve yields in Britain and western Europe.

SHORTER NOTES

Starways, an independent airline that already operates some scheduled services in Britain, is the first company to apply for licences to operate hovercraft ferry services; it hopes to start 19 around the British coast and across the Channel and the Irish Sea. It states that it will initially spend more than £500,000 on hovercraft for these services, which it hopes to start in about two years. It is waiting to see how the various types now under development perform before deciding which to buy; the sidewall type would be suitable for some services but not all, because it cannot operate across the mudbanks that are found in some of the estuaries over which services are planned. The company believes that hovercraft will prove more economic than aircraft over these relatively short routes.

★

Relocation of the motor industry begins to backfire: Wilmot Breeden announces that it is closing its car accessory factory at Bridgwater to concentrate its production for the motor industry in Birmingham.

★

Egypt has agreed to order capital goods worth £5 million from Britain in the next twelve months. Britain will take 25,000 bales of cotton valued at £2½ million in return. Egyptian exports of cotton have fallen sharply this season, particularly to non-communist countries; exports to Britain dropped from 28,000 to 6,000 bales in the season to June 28th. It was earlier hoped that Egypt would agree to take £10 million of British capital goods.

★

ICI has cut the price of Terylene staple fibres by 10d. a lb., a reduction of just over 8 per cent for best-selling varieties. A larger reduction has been made in 1½ denier fibre, whose price has been cut from 10s. 6d. to 9s. 2d. a lb., the same price as standard varieties.

Despite opposition led by the Industrial and General Trust a one-for-two scrip issue by Illingworth Morris in the form of non-voting "A" shares was approved at an extraordinary meeting this week. Shareholders owning 368,000 shares voted against the proposal, which was described as a "retrograde and wrong step."

★

United Breweries, which already holds 10 per cent of the ordinary capital of Catterall and Swarbricks Brewery, Blackpool, is bidding for the preference capital and the rest of the ordinary capital of that company. The offer of eight of United's ordinary shares plus 56s. in cash for every one of Catterall's ordinary shares values the latter at about 148s. Twenty-seven 6 per cent £1 cumulative preference shares in United are offered for every twenty 7 per cent £1 preference shares in Catterall.

★

South Africa has clarified its exchange controls. Overseas investors who use their blocked rands to purchase government, municipal and utility stocks with five or more years to run, will be able to take their money out of South Africa when the bonds mature.

★

Sales of domestic appliances by the area electricity boards last May can now be compared with those of May 1960, the first month after the hire purchase regulations had been imposed. Seventeen per cent fewer refrigerators were sold, explaining the present troubles of the industry, but washing machine sales were the same in numbers, confirming impressions that this industry has scarcely recovered from the blow: in value, however, its sales will have been higher because more washing machines are now of the automatic type. Sales of electric cookers were seven per cent higher, suggesting that they are continuing to gain ground at the expense of gas.

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COMPANY MEETINGS

RECORD STEEL OUTPUT AT CONSETT

NEW PLANT BRINGS GREATER WORKING ECONOMY

LORD RIDLEY'S ENCOURAGING REPORT

The Annual General Meeting of Consett Iron Co. Limited will be held on August 1, 1961, in Newcastle.

The following is the Statement by the chairman, Lord Ridley, circulated with the Report and Accounts for the year ended April 1, 1961:

I said last year that the prospects at least for the first six months of the coming financial year were very good. In fact all departments worked at full capacity until the end of January, when there was some slackening in demand throughout the industry. At the end of the year we still had a full order book for plates and for light sections and strip, which are rolled in our Jarrow Mills, but for the last two months we had not been able to sell as high a tonnage of slabs, blooms and billets for further processing by other firms in the industry. Nevertheless, in the financial year we produced 979,000 ingot tons of steel. This is a record for the company, and compares with the last record output of 966,000 tons in the financial year ended September 1957.

OUTLOOK

At the time of writing, it is extremely difficult to forecast the demand for the next 12 months. We expect to sell more plates than last year, certainly for the next few months and probably to the end of the financial year, but we do not expect yet to be able to work the new mill to full capacity. There seems to be a revival in demand from consumer goods industries and motor manufacturers which should have an indirect effect on the sales of our other products, and there are some prospects of sales abroad, although at prices which are not very remunerative. Demand for our light re-rolled products from Jarrow is still good.

On the whole it looks as if for the coming year we shall be working a little below our maximum ingot capacity, but we shall have the benefit of a reduction in the cost of rolling plates, due to our new mill, and we shall be more competitive in sales of plates since this mill can roll to a high standard of accuracy and includes a wide range of finishing processes.

EFFECT OF STOCK FLUCTUATIONS

One of the difficulties of the steel industry, as of other industries, is that when there is a strong demand for steel both consumers and stockholders tend to increase their stocks, and conversely when trade is slack these stocks are reduced. This happened to a very striking degree in the recession in 1958-9 when the published figure for stocks of finished steel was reduced by over one million tons in under two years, and again in 1960 when stocks were increased by nearly one million tons.

It is very natural that in a time of shortage of steel and of high demand consumers should wish to be sure of supplies of steel and so to increase their stocks, but the resulting fluctuations in demand are very damaging to the steel industry, since a steady level of production throughout would be far more economical. I hope that the industry will be able to work out some arrangements with customers to achieve this.

NEW PLATE MILL RUNNING WELL

The new plate mill started rolling in September 1960; at that time very little of the finishing plant was completed. The output has increased gradually and in March the mill was put on to three shifts. The whole of the finishing equipment was not due for completion till the end of May, and for that reason and also because of the inevitable delays to production associated with starting up new plant, the weekly output by the end of the financial year had not reached the planned amount, though it had been steadily increasing. The quality of the product was however excellent, and by the end of March, both the yield and the operating cost were approaching the standards expected. There is no doubt that the mill and its associated plant is capable of the performance for which it was planned. One of our old plate mills was taken out of commission some months ago but the other has been kept working to supplement output until all the finishing plant in the new mill is complete.

The mill was formally opened on April 26, 1961, by Lord Mills, H.M. Paymaster General, on which occasion many of our customers and many representatives of other steel firms were present and were able to see the mill in operation. We are greatly indebted to Lord Mills for coming to help us in that way.

NEW STEEL PLANT PROGRESSING

Progress on the new steel plant continues satisfactorily, though our engineers, in conjunction with our consultants, took longer with the design of the pneumatic vessels and other necessary plant than we had expected, largely because the vessels for both types of plant are to be larger than any so far made in this country. As a result of this design work, however, there are indications that the cost of operating may be lower than originally expected.

As I said last year, one of our three blast furnaces was blown out for relining last April. It was blown in again in August after the works' holiday. Another one was taken out in April this year for relining.

REDUCED TRADING MARGINS

Although the ingot output was the highest achieved since 1957, and in spite of technical improvements and additions to plant leading to reduced costs, the gross trading margin this year was not so high as for 1957. This is accounted for by the fact that between 1957 and 1961 the Iron and Steel Board have made a gradual reduction in the maximum prices that the industry is allowed by law to charge for scheduled products, while at the same time there have been increases in wages, in the costs of coal and of other supplies, and in rates. Although these have been to some extent offset by reductions in the effective cost of ore and scrap, the trading surplus that steel companies can earn has been reduced.

Further increases of costs will result from the increase in coal prices in October 1960, the tax on oil introduced in the 1961 budget, with the possible payroll tax and the proposed abolition of industrial derating in 1963. All these together will have a noticeable effect on the cost of steel and consequentially on the resources that can be accumulated in the industry to meet the cost of replacement of plant, while the increase of profits tax in the 1961 Finance Bill will further reduce the sums available for this purpose. At the same time both the size and cost of new plant are increasing; the Iron and Steel Board should therefore see the necessity of allowing steel companies to earn enough to finance their very large programmes for replacement and development.

In the steel industry prices have been reduced continually since 1957. If the other basic industries, upon which steel depends, could similarly reduce their prices, and if additional taxation were not to be imposed, it would still be possible that relatively low prices could assist the export both of steel and of products manufactured from it.

RESULTS

The trading surplus before depreciation for this year is £5,008,659 compared to £3,906,625 last year. This is a satisfactory increase which reflects the improvement in trading conditions and a gradual increase in the economy of operation of the plant. Depreciation is higher due to the fact that the new mill became operative before the end of the year, and interest is higher at £951,492 compared to £420,256 last year, on account of increased borrowing to meet the cost of construction of new plant. The net income before tax comes to £2,473,203 as against £1,997,158 last year. Taxation would have been £1,300,000 but for investment allowances of £666,250 on account of expenditure on new plant. Profit after tax is therefore £1,839,453 compared to £1,693,990 last year.

Last year your directors felt that, in view of the large development programme, it would be prudent to recommend the same dividend as for earlier years.

I said at the last annual meeting that I hoped that a favourable year's trading, combined with successful working in the new plate mill for the last few months of the year, would enable your directors to consider recommending an increase in dividend.

Although, as I have already said, trade was good for most of the year, demand for steel fell off a little in the last few months and the prospects for the present year are a little uncertain. The new plate mill, which is far the largest item in the present capital expenditure programme, is now working and in the last months of the year has proved itself capable of making a useful contribution to the earnings of the company, but there is still the need to conserve financial resources in view of the large expenditure which the new steel plant will need. Nevertheless your directors consider that a stage in the development programme has now been reached at which they are fully justified in recommending an increased dividend of 9¼ per cent, compared to the 8¾ per cent which has been paid since 1957.

Last year we made some changes in the form in which the accounts were presented; this year we have continued this process so that we now show both the profit and loss account and the balance sheet under simple headings followed by notes which give as much detail as possible. I hope that shareholders will find these both easier to read and more informative than the older form of accounts. We have also included statistics covering the last ten years of the Company's operations which should be of interest to shareholders. It is our intention to continue this form of presentation of accounts for future years.

The Capital Reserves and General Revenue Reserves have been combined in a single General Reserve, leaving the unappropriated profit shown separately as before. This simplifies the Balance Sheet and recognises the fact that most of the Revenue Reserves as well as the Capital Reserves are now invested in new plant.

We have transferred £511,310 from this General Reserve to Deferred Liabilities under the heading of Future Taxation; this adjustment, which relates to other years, has the effect that the amount set aside for future taxation now represents the estimated tax (including the additional profits tax imposed by the 1961 Finance Bill) on the difference between the written-down value of the plant as shown in the Balance Sheet and its written-down value for tax purposes.

The company suffered a great loss on October 1, 1960, by the death of Sir Charles Bruce-Gardner, who had been a Director since 1946. Due to his lifelong experience in the steel industry and his wise judgment he made a very valuable contribution over those years to the direction of the company.

Mr E. J. Hunter was appointed to the Board on November 1, 1960; this appointment will come up for confirmation at the Annual General Meeting. I am sure that his knowledge and experience of industry will be a very great help to us.

THANKS TO STAFF

The staff and workmen of the company deserve our thanks for the way they have worked during the year, sometimes under difficult conditions. A blast furnace had to be relined and blown in, and there was a great deal of extra work involved in getting the new mill started and in the planning of the new steel plant.

The changes involved in the closing of the old plate mill and the starting up of the new mill have also had their effect on the shifts worked by a large number of men employed.

All this has been satisfactorily accomplished and shows that the company is well served by good management and loyal workers.

SENA SUGAR ESTATES

LOWER PRODUCTION AND PROFIT

The forty-first annual general meeting of Sena Sugar Estates, Limited, will be held on July 20th at Winchester House, Old Broad Street, London, E.C.

The following are extracts from the circulated statement by the Chairman, Lieutenant Colonel C. B. R. Hornung, DL, for the year ended December 31, 1960:

The result of our operations in 1960 shows a considerable reduction in the profit on trading due to a reduction in the sugar output and an increase in cost of production. I warned you last year that the persistence of dry climatic conditions would have an adverse effect on the sugar output with the result that the factories produced 102,862 tons sugar compared to 114,087 tons in the previous year. This reduction was not due to any deterioration in the quality of the cane crushed, but to the reduced tonnage per acre due to drought.

Our Lisbon Subsidiary, Sidul, refined rather more sugar than previously which was brought about by the increased consumption in Portugal. The Commission, which has to report on the reorganisation of the refining industry and the closure of the many small inefficient refineries, has not yet made its report.

Due to the reduced profit on trading, the tax charge for the Group is lower at £278,295 compared to £389,907. I pointed out last year that in future it would be necessary to increase the annual charge for depreciation and the charge in the Parent Company's Accounts is now £300,000 compared to £200,000. On the other hand, it is proposed that the amount of £100,000 for additional depreciation appropriated from profits in previous years should not be repeated. Thus the total amount written off the Fixed Assets remains the same.

RESULT OF OPERATIONS

After making provision for all charges and the retention of £14,472 by our Subsidiary, we are left with a profit of £361,402 to which must be added £191,647 brought forward from the previous year and £54,000 for taxation provision no longer required, making a total of £607,049 available for appropriation compared to £850,415.

The Preference Dividend for the year absorbs £17,916 and the interim Ordinary Dividend of 2½ per cent free of tax paid in February, 1961, required £76,781. We now propose that the final dividend on the Ordinary Stock should be 6½ per cent free from tax and thus the total dividend for the year is 9 per cent free of tax. We further propose that £100,000 should be transferred to General Reserve and £212,721 remains to carry forward.

IRRIGATION SCHEME FORESHADOWED

Having dealt with the past year, I can now turn to the future. Both Luabo and Marromeu factories started crushing on May 1st. It is still too early to make a reliable forecast of sugar production for the year 1961. A preliminary estimate of tonnage of cane available for crushing indicates rather more than in the previous year, but the tonnage of sugar will depend on the quality of the juice which cannot be foreseen. Late rains depressed the sugar content of the cane at the start of the crop.

We are actively studying the problem of installing an irrigation system to ensure the plantations against the risk of droughts such as we have experienced of late. This is a very large-scale problem indeed, but the benefits to be derived could be very substantial if thereby we could ensure a sufficiency of water at the right time. Before embarking on the very considerable expenditure entailed, we are obtaining expert advice and must continue with our experiments. Modifications of the Luabo factory mills will be completed in time for Crop 1962, enabling the factory to deal with a larger crop of cane when this becomes available.

COMPAGNIE MARITIME DES CHARGEURS RÉUNIS

(Paris)

The General Meeting of the Compagnie Maritime des Chargeurs Réunis was held on June 20, 1961, M. Francis C. Fabre presiding, and approved the resolutions proposed by the Board.

OPERATIONS

The Report of the Board of Directors gives information on the different services operated by the Company: Europe/South America, Europe/West Coast of Africa, Europe/South Africa, Europe/Far East, USA/West Coast of Africa, Far East/West Coast of Africa, Round the World (USA/Far East/Europe/USA). Taking all these lines together, there were in 1960 222 voyages, 16,995 passengers were carried and cargo amounted to 1,472,900 tons, which was a volume of business substantially equal to that of 1959.

FLEET

On January 1, 1961, the Company was operating 49 ships representing a tonnage of 314,427 gross tons of which nine ships (63,301 tons) were on bare-boat charter. Five new ships entered the fleet in 1960; one ship has been sold. A tanker of 51,500 tons is to be delivered to the Company at the end of the year. At the beginning of 1962 an ore carrier of 28,700 tons, ordered by a subsidiary company, will be delivered.

UAT

The business of l'Union Aéromaritime de Transport (UAT/Aéromaritime), the airline subsidiary of the company, has again been increased on the routes that it serves (Central Africa, South Africa, Rhodesia and Libya). The number of passenger/Km exceeded the 1959 figure of 425,544,000 and reached 503,992,000. The fleet in operation on January 1, 1961, included two four-jet DC8s, 10 four-engined DC6s, four DC4s, seven Herons, making a total of 23 aircraft.

PROFIT AND DIVIDEND

The net profit for the year 1960 was raised to NF 4,800,522 and it has been decided to distribute a net dividend of NF 3.40 per share, equal to last year.

FERRANTI LTD

The Fifty-sixth Annual General Meeting of Ferranti Ltd. will be held on July 28 at 68/71 Newman Street, London W.1.

The following are extracts from the review by the chairman Sir VINCENT DE FERRANTI, M.C., LL.D., M.I.E.E., which has been circulated with the report and accounts for the year ended March 31, 1961:—

PROFIT AND LOSS ACCOUNT

The Consolidated profit for the year amounts to £3,401,023 as compared with £4,014,890 for the year to 31st March, 1960. After provision for tax the net profit is £1,661,023 against £2,123,390 last year.

Profits brought forward at 31st March, 1960, were £541,882 and, after providing £85,750 for Preference Dividends, we have transferred to General Reserve Account £1,300,000. A Dividend of 6 per cent on the Ordinary Stock (£73,500 after deduction of tax at 7s. 9d.) is recommended, leaving undistributed profits carried forward of £603,655.

BALANCE SHEET

Net Assets as shown by the Consolidated Balance Sheet, after allowing for Deferred Liabilities and Provisions (£2,186,916) amount to £11,670,994, an increase of £1,502,803 on last year's figures, and are represented by the ISSUED CAPITAL of £4,500,000 and RESERVES AND SURPLUS of £7,170,994.

FIXED ASSETS, less depreciation, at £6,411,265 show an increase of £835,491, representing mainly the modernisation and extension of the existing plants called for by the continued expansion of output, expenditure on the new factory at Long Island, New York, and new laboratories at Edinburgh and Bracknell, and the cost of equipping the initial stages of the new London Computer Centre.

The Consolidated input, output and unexecuted orders have all increased, but the profit is below the peak figure for last year, mainly due to the depressed state of the markets in North America. **In Great Britain, also, expenditure on research and development has increased in order to maintain our position in the forefront of the fields of computers and electronics, whilst profit margins have decreased in the case of the various types of equipment which we make for the electricity supply industry.**

DIGITAL COMPUTERS

One branch of our activities making a substantial contribution towards the increased input is the sales of **Electronic Digital Computers,** in which the Orion fully transistorised Computer accounts for a large proportion of the orders taken during the year. These orders have come in from Insurance Companies, Banks, and other Institutions, and the factory at West Gorton has been completely reorganised and extended to deal with the increased business. A pilot model of the high-speed Atlas Computer, designed in collaboration with Professor Kilburn and his staff at Manchester University, is now working, and shows every promise of fulfilling the predictions made last year for its performance.

The Argus Computer, developed originally in connection with Guided Missile Systems, has also proved suitable for a wide range of major Industrial Process Control Applications, and orders have been received from Imperial Chemical Industries Ltd. for a large chemical plant control installation, and from Babcock and Wilcox Ltd. for the push-button start-up and shut-down of a large boiler installation at the Central Electricity Generating Board's West Thurrock Power Station. Both these computer control installations are milestones in technological progress and are the first of their kind in Europe.

The new Computer Centre in London, referred to last year, is now in operation, and *has already become a scene of great activity.* The Pegasus 2 and Sirius Computers have been installed.

POWER TRANSFORMERS

The total sales input of **Power Transformers** has also increased, and the input from the home market has surpassed all previous figures. Deliveries overseas include the completion of the original contract for the supply of transformers for the Kariba Project in Northern Rhodesia, and of the contract for the New York Power Authority's Niagara Scheme in the U.S.A.; for the five years ended 31st March, 1961, our export output of transformers has averaged 28 per cent. of our total transformer output.

An event of considerable importance in the transformer field is the recent judgment of the Restrictive Trade Practices Court against the Associated Transformer Manufacturers' Price Agreement. The view of the Court, that discontinuation of this Agreement should not lead to a depression of profit margins below an economic level, is open to considerable doubt, but it is too early as yet for the full effects to become apparent.

OTHER PRODUCTS

Downward pressure upon the prices of **Electricity Meters** continues, and in line with the national trend for these devices there has been a small reduction in our sales input from overseas; nevertheless, our export output of meters over the last five years (including the year under review) has averaged 57 per cent of our total meter output during that period. This fall has been more than offset by a considerable rise in home business, so that the total output for the year has exceeded all previous figures. A large programme has been put in hand for extending the department and installing more special-purpose machinery, as part of a continuous effort to lower manufacturing costs, and five new special-type meters are being brought into production.

INSTRUMENTATION FIELD

In the field of **Instrumentation,** the volume of business continues to increase slowly. Orders have been received for the Transient Fault Locator for high-voltage transmission lines, mentioned last year, and new developments introduced since then include an Electronic Summator for metering bulk electricity supplies, which has been favourably received by the Supply Authorities.

Work continues on the development of **Semi-Conductor Devices,** and the installation of automatic machinery has lowered the production costs of our Silicon Diodes and Rectifiers to levels at which they can be sold in markets that, up till now, have been met by cheaper forms of rectification. We have maintained our lead in the design and production of **T. R. Cells** and other radar duplexing components, and research into high-voltage thermionic cathodes has enabled us to extend our range of **Ceramic Diodes** to cover higher voltages and currents.

AIRCRAFT EQUIPMENT

The sales input for **Aircraft Navigation and Control Equipment** shows a substantial increase. Research and development work on Stabilised Inertial Platforms continues on a considerable scale, and very great interest has been shown in the design of a miniature platform of exceptional promise. Trials of the Flight Director Systems for the control of helicopters are expected to commence during the forthcoming year.

Our **Airpass I Radar** and Fire Control System has been in squadron service with the Royal Air Force for most of the past year, and a production order for the later mark has been received.

The year under review has been one of maximum production activity on the Bloodhound **I Guided Missile System,** and the order for Sweden has been delivered and installed; that for Australia will be completed during 1961. Development is proceeding on a highly sophisticated, fully air transportable, and longer range version, known as Bloodhound II.

The volume both of output and of development work on **Fuzes** has increased substantially. Much of the latter is based on established fuze technique, but, in addition, it includes specialised development which is required for safety and arming mechanisms for guided weapons.

RESEARCH AND DEVELOPMENT

As mentioned earlier, the scale of our **Research and Development** work continues to increase, particularly in connection with computers and electronics. A new laboratory block has been built at Silverknowes, Edinburgh, and another is under construction at Bracknell in Berkshire, the first part of which should be ready for occupation by the Autumn of 1961. **This emphasises the importance of retaining substantial funds in the business.**

In Canada, Ferranti-Packard Electric Limited still faces difficult trading conditions, but cost reductions continue to be made by improving designs and manufacturing methods, and many new product developments are under way, particularly of an electronic character, which are finding a market in the U.S.A. as well as in Canada.

FERRANTI

LONDON TIN CORPORATION

NEED FOR FRESH THINKING ON THE TIN POSITION

SIR DOUGLAS WARING'S STATEMENT

The Thirty-fifth Annual General Meeting of London Tin Corporation Limited will be held on July 14th at The Chartered Insurance Institute, 20, Aldermanbury, London, E.C.

The following is an extract from the statement by Sir Douglas Waring, CBE (the chairman), which has been circulated to Shareholders.

The Corporation's net profit for the year ended March 31, 1961, after providing for taxation, was £1,006,369 compared with £598,943 for the previous year.

The dividends paid (35 per cent against 25 per cent) took £775,660, leaving a balance of £230,709, which raised the balance on profit and loss account to £633,804. The sum of £300,000 has been transferred to General Reserve leaving £333,804 to be carried forward.

The substantial increase in our income was due in the main to the higher dividends received during the year from our tin investments, as a result of increases in exports allowed by the International Tin Council.

CAPITALISATION PROPOSALS

The capital Reserve now stands at £200,000 and the General Reserve at £1,500,000. The Directors propose that the whole of the Capital Reserve and part of the General Reserve should be capitalised and that shareholders should receive one new fully paid ordinary share for every five ordinary shares held.

INVESTMENT PORTFOLIO

The investments held by the Corporation and its wholly-owned subsidiaries, consist, to the extent of 79.2 per cent of book cost, in shares in the leading tin mining companies.

The remainder of the portfolio comprises equity holdings in Commercial and Industrial Undertakings, other minerals including Oil, Public Utilities and Trust Companies. This forms a useful counterbalance to the fluctuations which are inevitably connected with the Tin Mining Industry and it can be expanded as and when suitable opportunities occur.

The market value of the Investments shows a considerable increase as against the previous year.

THE TIN POSITION

Free world consumption of Tin in 1960 was the highest ever recorded. The latest revised figures issued by The International Tin Council show a total for that year of 169,000 tons of metal excluding the Sino-Soviet countries. A change is apparent in the pattern of world consumption. Demand has increased from the Continent of Europe and from Japan reflecting the industrial upsurge which is gaining momentum in the countries most severely devastated in the World War of 1939 to 1945, whilst the gradual emergence since that time of some of the lesser developed countries is now creating a new demand for Tin which must increase as they progress, especially because by far the largest end-use for tin is tinplate.

Free world mine production in 1960 was reported at 135,000 tons of metal. Exports from the main producing countries which are signatories to the International Tin Agreement, and the stocks they were allowed to build up, were controlled for the first three quarters of the year. Thereafter all controls were lifted. Since then, production, particularly in Bolivia and Indonesia, has not increased, and supplies from the Republic of Congo have been interrupted. Meanwhile demand for Tin has continued at a high rate.

The price of Cash Tin in London, which averaged £796 per ton in 1960 had reached £830 by early April, 1961. In June it reached £880 per ton, the price at which the Buffer Stock Manager of the International Tin Council was bound to sell, and the whole of the Buffer Stock of Tin was quickly exhausted. Since then the price has advanced to a substantially higher level, and demand continues strong.

At the time of the preparation of this statement, the International Tin Council is in session, and no doubt the whole position of estimated future production and consumption will be under review. In particular the inability of some producing countries to increase exports during a period of nine months free from Control must call for close attention, and it is pertinent to raise the question as to whether the price range agreed by the Council in the past is, as a whole, a realistic one in the light of present day conditions. Exactly a year ago this matter was discussed exhaustively by producer and consumer delegations at the United Nations Conference on Tin in New York and the delegation for Bolivia, which pre-war was for many years the second largest producer of Tin in the World, made it clear that the existing price range of £730 to £880 a ton was uneconomic to the mining industry of that country. So long as world production exceeded demand it was understandable that consumer delegations should remain unresponsive even if they were sympathetic, but fresh thinking now seems necessary and the problem should be re-examined on a long term basis especially because, in spite of intensive prospecting, no new large fields of tin have been located in the free-world as we know it for the past thirty years or more.

THE UBIQUITOUS TIN CAN

In this context it is of course relevant to raise the question of substitution of other materials in place of Tin if the price of the metal were to rise too steeply. As I have already mentioned, the main outlet for tin is tinplate. The total quantity produced in 1960 was a record of 8,640,000 long tons, which is an increase of 1½ million tons over the figure for 1959. Most of it is used in the manufacture of the ubiquitous tin can. The governing factor in the cost of materials used in the manufacture of tinplate is the price of steel and not the price of tin. The weight of a standard basis box of electrolytic tinplate in the UK is 108 lbs. Of this weight 107½ lbs. is steel and ½ lb. is tin. From this quantity of tinplate about 500 cans of a popular size are made by the can manufacturers. With Tin at £880 per ton, namely the ceiling of the price range under the 1954 International Tin Agreement, the cost of the tin in a basis box is 3s. 11½d. which is equivalent to 0.095 pence per can. A rise in the price of tin by £100 above the ceiling would account for an increase in the cost of the use of this material by about one hundredth of a penny per can. Therefore, whilst accepting the fact that there is very keen competition over various forms of packaging which makes the can manufacturer alive to every aspect of his costs, I hope that the figures which I have quoted might tend to dispose of any argument that the price of the tin element is the deciding factor in the cost of the tin container against the cost of some other type of substitute.

I would have thought that a matter of far greater concern was the assurance of future supplies of tin by means of production on a long term basis, and it is probable that too little attention in the past has been paid to this in a practical manner at the level of the International Tin Council. Even in the case of Malaya, which is the world's largest and cheapest producer of Tin, we are continually reminded by spokesmen of the Industry and by Government mining officials that the future must rest in the working of lower grade deposits by large capacity plants. This is a challenge which the Malayan miners will I know readily accept and are capable of meeting, but as the cost of these plants is now in the order of 1½ million pounds sterling per dredge it is necessary to be reasonably assured of a future Tin price range which in the long term will allow for amortisation over the definite limited life of an alluvial property and an economic return on the capital to be provided.

In spite of the probable shortfall in tin supplies this year, I have no doubt that in the long term the producing countries—given fair prices—will, between them, be able to meet all the demands of the consuming countries.

GENERAL: The outlook for Tin in the current year appears to be good, and on that basis our income for the year to March 31, 1962 will probably show an increase over that recorded in the accounts under review. It is however too early in the current year to make any reliable estimate of dividends to be received, and it is not possible to predict financial policy and other considerations affecting the distributions of individual mining companies which constitute our revenue. If no adverse conditions arise, we would hope to be able to maintain the existing rate of dividend on the increased capital proposed.

KREDITANSTALT FÜR WIEDERAUFBAU

(Reconstruction Loan Corporation)

FRANKFURT-ON-MAIN GERMANY

BALANCE SHEET AS AT 31st DECEMBER, 1960

ASSETS

	DM	DM	DM
1. Cash Reserve :—			
(a) Cash in hand		11,770.02	
(b) Balances on Giro Account at the Deutsche Bundesbank and on Postal Cheque Account		15,346,298.77	15,358,068.79
2. Balances at Banks :—			
(a) Sight balances		126,415,629.42	
(b) Due within 3 months ...		164,297,104.34	
(c) Due after 3 months or later		6,800,000.—	297,512,733.76
3. Bills of Exchange and Promissory Notes :— including :			
Foreign promissory notes (Rourkela) DM.51,635,778.82 ...			58,016,028.82
4. Cheques			266,887.48
5. Securities :—			
(a) Own bonds, at par value DM.1,077,800.—		1,051,812.50	
(b) Other fixed-interest securities...		477,213.96	1,529 026.46
6. Debtors :—			
(a) Loans granted :			
To banks, for passing on to borrowers ...	3,524,038,377.30		
Direct to borrowers ...	2,470,342,266.91	5,994,380.604.21	
(b) Interest :			
Proportionate interest	6,508,517.44		
Due interest	6,215,647.56	12,724,165.—	
(c) Other claims		2,745,155.74	6,009,849,924.95
7. Loans channelled to Borrowers on a Trust Basis :—			
(a) In our own name ...		897,977,024.37	
(b) In the name of others...	347,263,959.45		
(c) Other trust transactions in our own name ...		115,383,277.58	1,013,360,301.95
8. Participations			15,000.—
9. Real Estate and Buildings ...			1.—
10. Office Furniture and Materials			1.—
11. Items for the purpose of distinguishing between separate Accounting Periods			9,364,088.22
12. Customers' Liability on Guarantees	549,931,076.67		
			7,405,272,062.43

LIABILITIES

	DM	DM	DM
1. Creditors :—			
(a) Federal Republic of Germany	3,927,227,917.85		
(b) Deutsche Bundesbank...	1,063,275.28		
(c) Other Lenders	760,917,000.—	4,689,208,193.13	
(d) Interest :			
Proportionate interest	2,481,322.78		
Due interest	62,533,984.16	65,015,306.94	
(e) Other Liabilities... ...		68,575,872.56	4,822,799,372.63
2. Promissory Notes			275,000,000.—
3. Bonds, etc. in Circulation :—			
(a) Bonded Loans :			
5½% Reconstruction Loan 1949	150,000,000.—		
3½% Housing Loan 1949	3,200,000.—		
6% Loan 1958... ...	100,000,000.—		
5% Loan 1959... ...	110,000,000.—	363,200,000.—	
(b) Medium-term Notes :—			
4½% 3-year Notes 1958	80,000,000.—		
4½% 3-year Notes 1959	10,000,000.—		
4½% 3-year Notes 1960	50,000,000.—		
3½% 4-year Notes 1959	150,000,000.—		
4 % 4-year Notes 1959	80,000,000.—		
4½% 4-year Notes 1960	150,000,000.—	520,000,000.—	
(c) Drawn Bonds		38,205,300.—	
(d) Interest :—			
Proportionate interest	8,547,395.82		
Due interest	7,243,063.—	15,790,458.82	937,195,758.82
4. Loans channelled to Borrowers on a Trust Basis :—			
(a) In our own name ...		897,977,024.37	
(b) In the name of others ...	347,263,959.45		
(c) Other trust transactions in our own name ...		115,383,277.58	1,013,360,301.95
5. Capital Funds :—			
(a) Capital		1,000,000.—	
(b) Reserve formed from resources of the ERP Special Fund		157,653,278.—	
(c) Legal Reserve		181,015,368.32	339,668,646.32
6. Reserves for Special Purposes			12,149,386.96
7. Items for the purpose of distinguishing between separate Accounting Periods			5,098,595.75
8. Liabilities in respect of Guarantees	549,931,076.67		
			7,405,272,062.43

PROFIT AND LOSS ACCOUNT FOR 1960

EXPENDITURE

	DM	DM
1. Operating Expenses		4,620,820.84
2. Depreciation :—		
On Real Estate and Buildings	2,349.32	
On Office Furniture and Materials	169,824.11	172,173.43
3. Allocation to Reserves for Special Purposes ...		286,000.—
4. Other Expenditure		7,370,646.18
5. Net Profit for 1960 (transferred to Legal Reserve)		21,913,106.02
		34,362,746.47

RECEIPTS

	DM
1. Interest received in excess of interest paid	25,712,445.73
2. Other Receipts	8,198,957.68
3. Extraordinary Receipts	451,343.06
	34,362,746.47

Frankfurt on Main, 20th February, 1961.

Reconstruction Loan Corporation
DR. MARTINI ROHDEWALD
von ILBERG DR. POPRAWE DR. RIECK

According to the conclusive result of our audit, which was duly carried out on the basis of the books and records of the Reconstruction Loan Corporation as well as of the explanations and statements supplied by the Board of Management, the bookkeeping and the Annual Statement of Accounts as at 31st December, 1960, are in accordance with the provisions of the law.

Deutsche Revisions- und Treuhand-Aktiengesellschaft
(German Auditing and Trust Company)

DR. ADLER, Certified Auditor — PROF. DR. BIRCK, Certified Auditor

Frankfurt on Main, 10th March, 1961.

THE BRITISH THERMOSTAT COMPANY LIMITED

RECORD GROUP RESULTS

The thirty-third annual general meeting of The British Thermostat Company Limited was held on July 8 at Sunbury-on-Thames, Middlesex, Mr J. E. Sherlock (chairman and managing director) presiding.

The following is an extract from his circulated statement:

The profit before tax for the financial year ended January 31, 1961, amounted to £1,063,690 and was the highest in the history of the Group.

I am pleased to report that the re-organisation of Teddington Aircraft Controls Ltd., our largest subsidiary, has resulted in increased efficiency, turnover and profit. In my last report I mentioned that efforts were being made to diversify the production of this subsidiary and good progress is being made in this connection. The Pontardulais Works are now manufacturing stainless steel bellows and components for use in power stations, both nuclear and conventional, and other industrial equipment, and the capacity for this work is being increased.

The results of the subsidiary companies located at Sunbury, although to some extent affected by the credit squeeze and the fall off in the demand for controls for domestic appliances, generally showed an improvement in both home and export sales.

Referring now to our foreign subsidiaries, the Dutch company has made a small loss, and the reward from the French company has declined still further owing to the lifting of import restrictions; and it has been decided not to expand the manufacturing activities of these two subsidiaries until there is a clearer picture of Britain's relationship with the European Common Market.

FUTURE PROSPECTS

It is becoming increasingly difficult to predict future trends and profits. Not only is the whole pattern of trade and industry becoming more complex but action by Governments can seriously affect the profitability of a given sector of industry.

It will be some time before any benefit is reflected in the Teddington Group's Accounts of the efforts of Teddington Autocontrols Ltd., which company was formed during April, 1960, for the purpose of developing and selling new instruments in new fields. We already enjoy a large share of the home market for our present domestic and industrial products, and therefore we must look to the export market for any immediate extra business.

This is an era of full employment, increasing costs, and keener competition at home and abroad. In the circumstances it would be foolish for me to predict an increase in profitability for the current year. However, unless there is a deterioration in trading conditions, I am hopeful that the result for 1961 will not fall far short of the record result for the year under review.

Towards the end of 1960 takeover bid rumours were circulating and on no less than two occasions your Directors categorically denied that any such approach had been made. I can only repeat that no approach whatsoever was made in this connection and one can only assume that the rumours were put around by foolish and unscrupulous people.

The report and accounts were adopted and a final dividend of 9d. per share and a bonus of 4½d. per share, both less tax, making a total distribution of 1s. 4½d. per share against 1s. 0d. per share for the previous year, were approved.

MONTE DEI PASCHI DI SIENA

Bank Established 1624

Reserve Funds : Lit. 10,435,650,278

Head Office : SIENA
303 Offices in Italy

Comparative Condensed Statement of Condition at December 31, 1960

LIABILITIES

	Dec. 31, 1960 Lit.	*Dec. 31, 1959 Lit.*
Deposits	325,612,326,444	*276,334,838,364*
Mortgage Bonds	40,840,479,500	*29,986,610,000*
Circular Cheques outstanding	6,601,428,449	*6,424,899,736*
Sundry Liabilities	24,509,685,725	*22,428,317,419*
Staff Indemnity Fund..	7,818,723,743	*6,824,690,369*
Pension Fund	7,906,788,306	*7,216,277,777*
Reserve Funds	9,646,212,212	*9,959,570,778*
Net Operating Earnings	1,127,768,667	*981,525,110*
Acceptances, Guarantees, Credits opened, etc., for account of Customers and Bills rediscounted.....	4,902,718,194	*4,863,340,299*
	428,969,631,240	*362,021,919,852*
Depositors of Securities	109,473,766,256	*95,315,422,199*
Total	Lit. 538,443,397,496	*457,337,342,051*

ASSETS

	Dec. 31, 1960 Lit.	*Dec. 31, 1959 Lit.*
Cash & Due from Banks	60,423,293,221	*58,326,244,724*
Securities :		
Treasury Bills	54,464,250,000	*39,210,550,000*
Treasury Bonds.....	22,240,148,770	*19,643,580,077*
Other securities	34,165,636,526	*20,324,054,732*
Receivables	103,710,146,550	*94,834,675,574*
Loans	77,592,162,774	*91,911,638,670*
Mortgage Loans	41,142,345,086	*30,316,281,622*
Sundry Assets	23,935,244,187	*27,469,927,615*
Participations.....	2,808,957,631	*1,953,820,847*
Real Estate and Bank Premises	3,584,728,300	*3,167,885,691*
Furniture, Equipment, etc.	1	*1*
Liabilities of Customers in respect of Acceptances, Guarantees, Credits opened, etc., and Bills rediscounted	4,902,718,194	*4,863,340,299*
	428,969,631,240	*362,021,919,852*
Securities on Deposits .	109,473,766,256	*95,315,422,199*
Total	Lit. 538,443,397,496	*457,337,342,051*

PECHINEY

PARIS

(Electro-Metallurgical and Chemical Products)

The report of the Board of Directors of the Company was presented to the Annual General Meeting in Lyon on May 29th.

In the course of a review of the year 1960, the report pointed out that this year marked a new stage in the growth of the Company. There were important developments in its productive capacity of aluminium; and the regrouping of its sales of chemicals under the name Pechiney-Saint-Gobain had assisted the Company in maintaining its position in this very competitive market.

The turnover before tax rose to NF 963 million, an increase of 22.5 per cent on the 1959 figure; exports at NF 281 million (as compared with 250 million for 1959) represent 30.5 per cent of the total. Expansion has thus proceeded satisfactorily but the advent of the Common Market necessitates a continued effort if the Company is to compete effectively both within the Market and outside it.

The report then reviewed the situation in various aspects of the Company's activities: electricity, aluminium and light alloys, special metals, chemicals, and overseas trade. It also gave a résumé of the progress of various companies in the metallurgical, chemical and nuclear-energy industries in which Pechiney holds an interest.

W. E. NORTON (HOLDINGS) LTD.

The annual general meeting of W. E. Norton (Machine Tools) Ltd, was held on July 10th in London, Mr W. E. Norton (the chairman) presiding.

The following is an extract from his circulated statement:

The results achieved by the Company for the period ended March 31, 1961, reflect the continued progressive growth of the profits of the companies which are now its subsidiaries.

The net group profits (before taxation and Directors' remuneration) for the full year to March 31, 1961, show an increase of 67 per cent over the adjusted comparable profits for the preceding year. These profits have come from a corresponding growth in purchases and sales.

The final dividend of 7½ per cent for the period ended March 31, 1961, compares with the forecast of 6¼ per cent made when the Stock Exchange quotation was obtained for the Company's shares on September 23, 1960. In addition, the Directors anticipate paying an interim dividend of 7½ per cent before December 31, 1961, in respect of the current year ending March 31, 1962.

Current sales continue to be buoyant and our earnings for the first quarter of our current financial year will be substantially in advance of the results achieved during the same period last year.

The report was adopted.

ASSAM FRONTIER TEA

The 73rd annual general meeting of The Assam Frontier Tea Company Limited will be held on August 2nd in London.

The following is an extract from the circulated statement of the chairman, Sir Charles Miles, OBE:

The profit for the year ended December 31, 1960, amounts to £498,726, and after charging Depreciation of £74,000, there is a balance of £424,726, which compares with £302,624 for the year 1959.

Contrary to the experience of some Assam producers, your Company was not affected by the drought, and, with an increasing yield from the young tea areas, the crop was the highest so far secured in the Company's history, the yield from our Assam estates rising from 1,100 lbs. to 1,204 lbs. per acre. Sales proceeds increased by over £230,000 but against this there was a rise of approximately £100,000 in upkeep expenditure, largely due to the extra crop harvested.

We recommend the payment of a final dividend of 7 per cent on the Preferred Stock, making 10 per cent for the year, and a dividend of 25 per cent on the Ordinary Stock.

With regard to the current year, our crop to the middle of June is 1,279,920 lbs., a decrease of 224,400 lbs. when compared with the same period last year. During the latter part of May and early in June the weather was unusually cold and wet, and growth was checked at a time when the quality teas of the year are made. Reports on our early manufacture, however, are satisfactory.

LONDON SUMATRA PLANTATIONS

MR F. W. HARPER'S REVIEW

The Annual General Meeting of London Sumatra Plantations Ltd., will be held on July 31st at 19, Fenchurch Street, London, E.C.

The following is an extract from the statement by Mr F. W. Harper, the chairman, circulated with the report and accounts for the year ended March 31, 1961:

During the period covered by the sterling accounts now presented the majority of the plantation companies in the Group received remittances based on their Rupiah currency profits for the Indonesian tax year 1957. These constituted the largest component of the Group's sterling profit for the period, out of which the board are recommending the payment of a dividend of 16 per cent less income tax.

During the year ended March 31, 1961, total crops of 31,361,317 lb. of rubber and 6,815 tons of palm oil and kernels were harvested on the Group's estates in Sumatra, these being higher by 11 per cent and 24 per cent respectively than the crops harvested in the preceding 12 months.

Local finance has caused us acute problems and is still doing so. As you will remember, the greater part of the subsidiaries' Indonesian bank balances was frozen in 1959 and we were left in the position of having to pay taxes in respect of earlier periods out of current earnings.

Within the limits imposed by these liquidity problems, it has been the policy of the Group to maintain as progressive a rejuvenation programme as possible and to press forward the modernisation where necessary of workers' accommodation and factories. Replanting and extensions carried out on the Group's estates in the 1960 planting season totalled 2,928 acres of rubber and 321 acres of oil palms, bringing the total area planted in the last five years up to approximately 12,000 acres.

LAND TENURE

In recent years reference has been made in chairmen's addresses of companies in the London Sumatra Group to the doubts and uncertainties which existed on the subject of land tenure. Various official pronouncements had led us to expect that we should be granted new titles to all our estates for a uniform period of 30 years, but following the enactment of a new Basic Agrarian Law in September, 1960, it has now been made clear that this will not be the case. Under the Law all existing estate titles are cancelled, but the holders are eligible to apply for new rights of exploitation which in the case of foreign holders will expire on the same dates as their original titles, subject however to a maximum validity period of 20 years. The question of compensation for buildings and plant remaining on the estates at the date of expiry of the title and for immature areas planted on the strength of the above-mentioned assurances is open for negotiation through diplomatic channels.

The disappointment which is naturally felt at the change in the Indonesian Government's agrarian policy must be kept in its proper perspective and related to practical politics. From the planted area statement at the end of the report you will see that the Company will still have a very substantial stake in Indonesia for as far ahead as it is at present possible to plan.

Although there will naturally have to be some adjustments to programmes and priorities, it is your board's intention to adhere to our existing policy of good husbandry so as not merely to maintain but to enhance our reputation as efficient producers.

NEW MERGER PROPOSALS

Simultaneously with this report members will receive a copy of a letter of offer which is being addressed to the members of certain other companies operating in Indonesia with a view to their incorporation into the London Sumatra Group. Practical experience of the results of the initial merger carried out last year has left the directors more than ever convinced of its advantages to shareholders. We and the other boards concerned are confident that the further extension of the Group which is now proposed will also prove beneficial from the point of view of estate operations in Indonesia. In addition it will bring into the Group Kulai Rubber Estate, Limited, a company owning a high-yielding rubber estate in Malaya and valuable trade investments. The income from this source and from Auxiliary Investments Limited, which will be a wholly owned subsidiary if all the offers become effective, will supplement the amount available for dividend in any year during which remittances from Indonesia may be delayed. To achieve this object it has been essential to ensure that shareholders of the Bah Lias, Central Sumatra and Sialang Companies are adequately compensated in cash for the reduction in the non-Indonesian element of their investments which will result from acceptance of our offers. The consolidated balance sheet shows that the necessary sterling funds are available for the purpose, thanks to the pooling of resources which resulted from last year's merger.

THE INVESTMENT TRUST CORPORATION

The seventy-third annual general meeting of The Investment Trust Corporation Limited was held on July 6th in London. The Right Honourable Lord Latymer (the chairman) presiding.

The following is an extract from his circulated statement:

The Accounts show that the upward trend in Gross Revenue has continued. The amount at £1,597,008 (including Double Taxation Relief funds) shows an increase of £190,376 as compared with the previous year. The balance available for Ordinary Shareholders is £724,76 which represents earnings of approximately 3 per cent. We recommend that the dividend for the year on the Ordinary Shares be increased to 26 per cent. This compares with 24 per cent on a smaller capital for the previous year.

The valuation of the investments at £32,117,760 is satisfactory, being £7,410,25 greater than the previous year.

In many industries profit margins are falling and the recent increase in the rate of profits tax from 12½ per cent to 15 per cent must of necessity render increases in dividends from those British companies in which we have holdings less likely in the future. The increased charge which your company will itself have to meet in respect of unfranked income seems likely to be about £17,000. I do not think, therefore, that we should expect an increase in income during the current year comparable to the increase achieved in recent years, though perhaps some improvement will continue.

The report and accounts were unanimously adopted.

DUFF DEVELOPMENT COMPANY

The 30th ordinary general meeting of Duff Development Company, Limited, was held on July 7th in London, Mr John A. Lord (the chairman) presiding.

The following is an extract from his circulated statement:

From the Report and Accounts you will note that there was little change in the trading results from those of the previous year and I feel sure you will agree that they are equally satisfactory.

The increase in profit was in the main due to larger output, for £8,559 of the additional profit came from the increased poundage, the total output for the year 1960 of 5,137,591 lbs being an all time record, and 290,326 lbs. larger than that for 1959.

I might add that it is confidently expected that our annual production will progressively increase from now onwards, not in any spectacular fashion, but consistently, as more of the post-war replanted areas and ultimately the new extensions come into tapping. In the current year (1961) the crop is estimated at 5,250,000 lbs. of which 2,186,440 lbs. have been harvested in the first five months ending May 31st.

Your Directors have authorised the total replanting of 341 acres of rubber in 1961 and work is already well in hand on clearing a further 480 acres of jungle at Kerilla Estate, where trees for budding with the most modern clones will be planted out later this year.

The report was adopted and a dividend of 50 per cent approved.

ALLAN KENNEDY & CO.

IMPROVED TRADE

The Annual General Meeting of Allan Kennedy & Co. Ltd. was held on July 13th at Stockton-on-Tees, Mr H. W. Hollands presided in the absence of Mr T. A. Kennedy, the chairman and joint managing director. The following are extracts from Mr Kennedy's circulated statement:

I would refer first of all to the points I made last year. These were the impact upon ourselves of the recession which occurred in industry generally some time ago and the position regarding supplies of mild steel flats. As I told you we had made only a slow start to the year. We did expect to improve later in the year when two large contracts we had on the order book were due to commence. These contracts were delayed and we did not start on them till the end of December. Trade in general has improved since that time also and we have entered the current year on a better note and we feel quietly optimistic that this improvement will be maintained.

Regarding supplies of steel we remained on quota for nearly all of the year; in March, however, all our outstanding orders were suddenly fulfilled.

The profit for the year was better than it looked like being due to the improvement in trade in the final quarter and your directors recommend a final dividend of 7 per cent, less tax, which makes 10 per cent, less tax, for the year.

During the year we purchased a further piece of land adjoining our present site and this should prove to be of great value to us in the near future. Since the end of March we have completed a further extension to our main factory and without the additional land purchased we would have had little space left for expansion.

We also, during the year, patented a new method of construction of a rectangular open mesh flooring and it is our intention to commence production initially in the new extension. If our hopes are justified it may be necessary to carry out further extensions to provide adequate manufacturing facilities. We expect to be in production in the very near future.

The report and accounts were adopted.

THE STRAITS RUBBER COMPANY, LIMITED

CHAIRMAN'S ANNUAL REVIEW

The Annual General Meeting of The Straits Rubber Company, Limited will be held on August 4, 1961 in London.

The following are extracts from the Annual Review of the chairman, Mr A. P. Hamilton OBE, which has been circulated with the Directors' Report and Accounts for the year ended December 31, 1960:

The Report and Accounts now presented reflect a considerable change in the capital structure of our Company, arising out of the total acquisition in 1960 of The Sabrang Rubber Estate Limited and The Rubana Rubber Estates, Limited, the latter being already a subsidiary of this Company.

During the current year we have also acquired as subsidiaries three more companies, Badenoch Rubber Estate Limited, Bagan Serai Rubber Estates Limited and Paloh Plantations Limited, and there will therefore be further changes in the accounts next year.

All five of these companies have for many years been members of the Oriental Estates Agency Group, of which our Company was the largest unit. Further reference to these acquisitions is made in the Directors' Report.

The Accounts of the Parent Company show a working profit, after taxation, of £225,571 as compared with £199,722 for 1959. This profit includes only a proportion of the income from subsidiaries since approximately one-half of the dividends from Sabrang and approximately one-quarter of those from Rubana are not available for distribution by the Parent Company as they are deemed to be pre-acquisition profits. Dividends totalling 25 per cent have been paid by our Company in respect of 1960, which is at the same rate as for 1959.

The year under review was again a very profitable one for Rubber Producing Companies, the average spot price for No. 1 Smoked Sheet at just over 2s. 8d. per pound being some 2d. per pound higher than during the previous year. This increase in price was however to some extent offset by increased duty and wages both of which are related to the price of rubber.

REPLANTING

The majority of the areas replanted and new planted on all estates prior to 1957 are now in tapping or approaching maturity. During the five years 1957-61 approximately 9,000 acres will have been dealt with, which is at the rate of 5 per cent per annum of the total planted acreage. This means that we can look forward to some 1,800 acres of pedigree rubber reaching maturity annually over the next five years. We had intended to continue our replanting programme at approximately the same rate but owing to the recent fall in the price of rubber and taking into account the heavy cost of bringing our immature areas to maturity, we have decided to reduce our programme for 1962 to some 3 per cent of the total acreage, i.e., 1,100 acres.

PROSPECTS FOR THE CURRENT YEAR

The price of rubber (No. 1 RSS) during the first half of this year has averaged 2s. 1½d. per pound, nearly 7d. per pound less than the average price for the whole of 1960, and slightly higher than the current price. Any marked increase from these levels would appear unlikely for the following reasons.

Firstly although production and consumption of natural rubber are expected to be in balance in 1961, any substantial advance over the present price would result in considerable quantities of natural rubber being released from stockpiles in certain countries, mainly in the USA.

The second factor is the recent advent of stereo rubbers which are said to possess those technical qualities in which, hitherto, natural rubber was held to be supreme. It is understood that these new synthetic rubbers can be produced at prices equivalent to the current selling price of natural but they are unlikely to become available in substantial quantities for some time to come.

Current prices are still profitable but from the above it seems inevitable that we must expect an appreciable reduction in our profits for 1961 even after taking into account the lower export duty and wages which will be payable as a result of the fall in the selling price for our crop.

SHEFFIELD TWIST DRILL AND STEEL CO. LTD.

EXPANSION OF EXPORT TRADE

The Fourteenth Annual General Meeting of The Sheffield Twist Drill and Steel Co. Ltd. was held on July 12th at Sheffield, Mr Alexander Dormer (chairman and joint managing director) presiding.

The following is an extract from his circulated statement:

Trading conditions, which showed an upward tendency in 1959, continued to improve in 1960. Your Company's turnover was the highest ever, but the profit margins are not as good as in the past due to an overall increase in costs. The net profit of the Group before taxation for the year 1960 was £698,139, an increase of £181,061 over the previous year.

Our exports, which were a record, showed an increase of no less than 47 per cent over the previous year. Your Company's products are highly esteemed in Europe and your Board look forward confidently to big increases in sales here if Britain becomes a member of the European Common Market. We also expect to increase our exports to all other countries throughout the world where free trade is recognised.

Sales for the first five months of 1961 show a further improvement over the corresponding months of the previous year and it is expected that 1961 will be another prosperous year for your Company.

The report and accounts were adopted.

THE BUDLA BETA TEA COMPANY

The 66th annual general meeting of The Budla Beta Tea Company, Limited, will be held on August 1st in London.

The following is an extract from the circulated statement of the chairman, Sir Charles Miles, OBE:

The profit for the year ended December 31, 1960, after charging Depreciation of £24,000, is £143,251, which compares with £92,476 for the year 1959.

In a year when many estates in Assam suffered from drought, your Company, fortunately, experienced good growing weather, and as a result there was a substantial increase in crop, the total yield being over 1,250 pounds per acre. Our teas sold well, and both in London and Calcutta the Company's final sale averages exceeded those of 1959. Sales Proceeds increased by over £113,000, but against this there was a rise of some £63,000 in upkeep expenditure, largely due to the extra crop harvested.

Your Board recommend a dividend of 20 per cent, less income tax.

With regard to the current year, our crop to the middle of June is 586,720 lbs., a decrease of 45,760 lbs. when compared with the same period last year. This shortfall can be attributed to hail damage. Every effort is being made to produce clean teas and reports on early manufacture are satisfactory, both in regard to quality and appearance.

Our programme of uprooting and replanting the older tea is making steady progress and where suitable land is available we are taking the opportunity of planting out on virgin soil.

E. V. INDUSTRIALS

STEPS TO STRENGTHEN GROUP STRUCTURE

The sixty-second annual general meeting of E. V. Industrials Limited was held on July 12th in London, Sir Donald Banks, KCB, DSO, MC, TD, the Chairman, presiding.

The following is an extract from his circulated statement for the year 1960:

I accepted on December 1st of last year an invitation to join the board and was appointed chairman. Mr Michael Q. Walters also joined the board with me. In May of this year Major C. Frankland Moore, MIMechE, joined the board and was appointed deputy chairman.

After providing for taxation of £94,620 the Group's net profit for 1960 is £127,374 compared with £150,042 for the previous year. The main factors in the reduction in the aggregate profit were the increased charges for interest and a loss incurred by S. E. Opperman Limited.

Deducting the proportion of profit due to minority interests, the surplus available to be dealt with amounts to £117,795. Preference dividend absorbs £11,637 and your directors propose a dividend of 15 per cent on the Ordinary shares of the Company, against 25 per cent last year. If this proposal is approved there will remain a balance of £44,232 to carry forward against £5,211 carried forward in the 1959 accounts.

FINANCIAL POSITION

Finances were seriously overstretched by the purchase of the Westminster Construction Company Limited and H. & C. Davis and Company Limited, for which purpose a Bank Loan of £500,000 was obtained. It was hoped that this could be repaid by the raising of additional permanent capital, but when this proved impracticable the existence of the Loan and the consequent interest charges hampered the activities of the whole Group. We are advised that the circumstances are still unpropitious for inviting subscription and cannot avoid the conclusion that they are likely to remain so until the attenuation of the financial structure is remedied.

After the fullest exploration, we consider that the best course in the interests of the shareholders and of the Group as a whole is t strengthen the structure by the sale of one o more of the subsidiary companies. This cours of action is being pursued energetically and if successful sale is concluded we should be abl to repay the £500,000 Bank Loan. Moreove there will remain a limited balance of funds t meet some modest capital requirements of othe member companies and to finance measures o development which we are so anxious to under take. This proposed disposition of funds ha the full support of the bank.

Although we should obtain some relief i interest charges, an appreciable sacrifice of ne revenue would have to be faced and met. I however, trading trends to date continue, an subject to there being no unforeseen advers circumstances, we consider that the present leve of Ordinary dividend can be maintained fo 1961, although it is not your board's intentio to declare an interim dividend.

As to your Group's future, time, effort an good fortune will all be needed before the ful possibilities of these promising enterprises ca be realised.

The report was adopted.

BLUEBIRD INVESTMENTS LIMITED

The annual general meeting of Bluebird Investments Limited will be held on August 3rd in London.

The following are extracts from the circulated statement of the chairman, Mr Ralph C. Yablon, LL.B:

The profits for the year, before taxation, amounted to £645,006. Your directors recommend a final dividend of 25 per cent, maintaining the rate of the previous year at 40 per cent.

The Board proposes to increase the issued capital of your Company by a free scrip issue of one share for every four shares held on June 30, 1961.

Your Directors are pleased to be able to report that trading in the current year continues at a satisfactory level, and subject to unforeseen circumstances, it is expected that your Board will be able to recommend an increased dividend for the current year as compared with that of the past year.

Commenting on the Company's export trade, Mr Yablon said: Exports have improved particularly to Holland and Germany. In order to give some measure of our export achievement i relation to the Continental market, it is reliabl estimated that your Company exports more t the Continent annually than any Continenta manufacturer actually produces.

I believe that the prospects for our Compan are just as favourable now as ever and that w can look forward confidently to the future.

Once again you will wish me to express you thanks to our Managing Director, Mr W. E. C Knott, for his devotion to your Company' affairs and for the success which has attende those efforts and also to the staff and work people.

EDUCATION; BUSINESS AND PERSONAL

SURREY EDUCATION COMMITTEE
KINGSTON TECHNICAL COLLEGE
DEPARTMENT OF COMMERCE, LANGUAGES AND PROFESSIONAL STUDIES

BACHELOR OF SCIENCE (ECONOMICS) DEGREE UNIVERSITY OF LONDON

Applications are invited for the course commencing September, 1961. Forms and full details can be obtained from the Principal, Kingston Technical College, Fassett Road, Kingston-upon-Thames, Surrey.

EXPERT POSTAL TUITION

for Examinations—B.Sc.(Econ.), Law, Accountancy, Costing, Secretarial, Civil Service, Management, Export, Commercial. General Certificate of Education, etc. Also many practical (non-examination) courses in business subjects.—Write to-day for free prospectus and/or advice, mentioning examination or subjects in which interested, to the Secretary (G9/2).

METROPOLITAN COLLEGE, ST. ALBANS

or call at 30 Queen Victoria Street, London, E.C.4. Established 1910.

STAFFORDSHIRE EDUCATION COMMITTEE
THE STAFFORDSHIRE COLLEGE OF COMMERCE, WEDNESBURY

Principal: H. Harman, B.Com. Telephone: WED. 1831-2.

As an introduction to a career in business the College conducts a One-Year Course of PRELIMINARY BUSINESS STUDIES for boys in the age group 16-18 years.

An admirable course for learning the principles of accounting and business organisation. Those with sons about to embark on a business career would be well advised to obtain further particulars of this course, which begins in September next, from the Registrar, Staffordshire College of Commerce, Wood Green, Wednesbury.

SECRETARIAL TRAINING, especially for university graduates and older students, six-month and intensive 14-week courses.—Write Organising Secretary, Davies's, 158 Holland Park Avenue, W.11. PARK 4654.

RUSSIA TODAY. Her history, development and resources are explained in map form with supplementary notes in *Soviet Union in Maps*, 5s. net.—Obtain this 32-page brochure from Your Bookseller, George Philip & Son Ltd., 30-32 Fleet Street, E.C.4.

School of Art, Watford Technical College, Hempstead Road, Watford, Herts.

COURSE IN ADVERTISING COPYWRITING

It is proposed to run a two-term full-time course in advertising copywriting commencing in September next.

Full particulars are available on application to the Registrar.

SECOND CHANCE. Has your purchase let you down? SHOPPER'S GUIDE (15s. per annum) offers a Complaints Service that can help you put things right.—Write Consumer Council, Orchard House, Orchard Street, W.1.

WELL-KNOWN FIRM OF Motor Accessories Manufacturers would like to contact a manufacturer of **CAR SAFETY BELTS** with a view to marketing their product. BOX 1526.

DIRECTORS NEED NOT ENVY associates' better secretaries: they were probably recruited through STELLA FISHER BUREAU in the Strand.

TRANSPORT ECONOMICS AND FINANCE

ANALYSIS SURVEYS PROGRAMMING PROJECT APPRAISALS

GATES, AUSTIN & PARTNERS

TRANSPORT ECONOMICS CONSULTANTS, 17 NEW BOND STREET, LONDON, W.1.

AN ADMIRABLE CRICHTON! That man's a wizard at every household detail. Where he shines most is his care in keeping a good cellar of superb f.i. CID Sherry, the fine Amontillado we all prefer.

NORANDA MINES, LIMITED
DIVIDEND NOTICE

NOTICE is hereby given that an interim dividend of Fifty Cents (50c) per share, Canadian funds, has been declared by the Directors of NORANDA MINES, LIMITED, payable September 15, 1961, to Shareholders of record August 18, 1961.

By Order of the Board,
C. H. WINDEYER,
Secretary.

Toronto, Ontario.
July 10, 1961.

APPOINTMENTS

NORTHAMPTON COLLEGE OF ADVANCED TECHNOLOGY LONDON

ST. JOHN STREET, LONDON, E.C.1.

Additional lecturing staff will be required in the DEPARTMENT OF SOCIAL AND INDUSTRIAL STUDIES from September, 1961, or as soon as possible thereafter. Candidates for appointment must have a degree or equivalent and experience in the appropriate field of activity.

The work will involve teaching at both undergraduate and postgraduate levels.

(1) SENIOR LECTURER in Liberal Studies to teach in one of the social sciences and to help in the development and organisation of courses and special lectures.

Salary scale: £1,588 p.a. x £50 to £1,801 p.a.

(2) LECTURER in Communication, to deal generally with problems in social communication and with emphasis on the presentation of technical information, effective speaking and the leading of group discussion.

Salary scale: £1,408 p.a. x £35 to £1,601 p.a.

Further particulars and forms of application available from the Secretary of the College, St. John Street, E.C.1.

J. S. TAIT, B.Sc., Ph.D., M.I.E.E., M.I.Mech.E., Principal.

For other appointments see page 299

THE UNIVERSITY OF CANTERBURY

CHRISTCHURCH, NEW ZEALAND

The growing Department of Economics requires additional staff, and a new LECTURESHIP or SENIOR LECTURESHIP has been created.

The salary range for a Lecturer is from £1,250 to £1,700 per annum and for a Senior Lecturer £1,750 to £2,000 per annum.

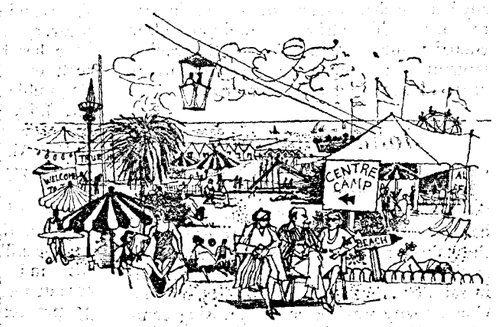
Economists who are interested in this position are invited to write (air mail) to the Head of the Department before the end of July, 1961, giving some provisional information about their qualifications, special interests and other relevant facts.

Full details of the position and information regarding the University of Canterbury and its Department of Economics will then be sent to those whose applications would be welcomed.

G. G. TURBOTT,
Registrar,
P.O. Box 1471, Christchurch,
New Zealand.

COMPANY AFFAIRS

Happy Camping



HOLIDAYS are now big business in this country and those getting high wages and three weeks holiday with pay are demanding more for their money than the bed and breakfast provided by the seaside boarding house. The gregarious have found the answer in the holiday camps. Their popularity, publicity and down-to-earth showmanship are associated with the name of Mr Billy Butlin. His early struggles are well known: he arrived in this country with very little money and progressed from a hoopla stall to a seaside amusement park before that most depressing of all sights, holidaymakers in the rain, gave birth in his mind to the idea of a holiday camp. He opened the first at Skegness in 1936 and the second at Clacton followed a year later. Now **Butlin's** runs seven as well as three large hotels.

About 600,000 people chose a Butlin holiday last year and at the annual meeting of the company held this week Mr Butlin was able to tell shareholders that this figure would be well exceeded this year. Bookings are up by about 15 per cent on 1960; this is due in part to the development of Butlin's newest camp at Bognor Regis, which will accommodate over 100,000 visitors this year compared with 29,000 in its first year of operation. Thus Butlin's now has accommodation for over 65,000 people a week at the camps scattered throughout Great Britain and the newly-acquired one in Southern Ireland. At the peak periods Butlins has to turn away many thousands of bookings each year and it is trying to encourage visitors to stagger their holidays, by improving amenities in the off-peak periods. This has already had the result of keeping the camps full for longer periods of time.

A large number of shareholders turned up at the meeting—a sign, Mr Butlin noted, that normally indicated that a company was doing badly. He was speaking from first hand experience for Butlin's has not always been booming. Largely as a result of disastrous ventures in the West Indies its profits slumped in the late forties and early fifties and the dividend was cut in terms of the present capital (after this week's scrip issue) from 25 per cent in 1947 to 5 per cent in 1952. It is a very different story today with turnover in 1960 rising from £7 million to over £8½ million and profits before tax from £1.2 million to £1.8 million. The dividend, again in terms of the doubled capital, has been raised from 25 to 40 per cent and Mr Butlin is confident that profits will be higher this year. On the present dividend the 1s. shares at 10s. 6d. yield 3.8 per cent.

The rights issue left Butlin's at the end of 1960 with over £2 million in cash and short term loans so that it is well placed to finance further expansion. Once official approval has been obtained work can begin on a new camp at Minehead in Somerset. This should be opened by 1962. A new site is also being sought in the South Wales area. Clearly there is still ample room for further expansion if costs can be kept down sufficiently for a reasonable profit to be earned from prices which visitors are prepared to pay. Even on the present tariffs, a bill of £45 a week at the peak season for a couple with one child aged six and another aged three must be enough to deter a number of would be campers.

Mr Butlin estimates that his camps take half of all those who choose this kind of holiday. **Pontin's** is almost certainly the next biggest company in this field and it has been very actively taking over others, adding the Middleton Tower camp at Morecambe and Parkins camp in Jersey to its interests. This week it has sent out offers for Squires Gate camp in Blackpool and the Dolphin camp in Devon; the former offer carries with it the recommendations of the Squires' directors but the Dolphin directors, who claim to control a majority of the shares, have rejected a proposed one for one exchange into Pontin's shares. The Pontin's directors have, however, sent their offer directly to Dolphin shareholders. This is not the first offer they have made for Dolphin and Mr F. W. Pontin, the chairman, has pointed out to Dolphin shareholders that if an earlier offer made in 1958 had been accepted a holder of 4 Dolphin shares would now hold, assuming that the rights costing 28s. had been exercised, shares in Pontin's worth close to £11. The Dolphin shares have no official quotation and have apparently recently changed hands at 7s. 6d.

Pontin's profits before tax in the year to end-May are estimated to have risen by 50 per cent to nearly £250,000. A further substantial advance is expected in the current year, for at the old camps alone bookings are up by 25 per cent despite price increases and improved results are expected from the new acquisitions. A dividend of 35 per cent has already been forecast on the capital as increased by last February's one for six rights issue so that the 2s. shares at 16s. 6d. yield 4¼ per cent.

Increases in prices of up to £1 a week have also been made at **Warner's Holiday Camps** but the camps in this group also report record bookings. Last year turnover exceeded £1 million and over 100,000 people stayed at Warner's camps. Both these figures should be exceeded by good margins in 1961. The company's financial year ends in March but the accounts are usually presented early in October when the next season is usually over. Profits seem certain to show a further increase when they are announced later this year, though it is understood that the Sinah Warren camp on Hayling Island, where both the amenities and the price (17 guineas per week at the peak of the season compared with £12 in the other Warner camps) are both in the luxury class for holiday camps, again made a loss. It is apparently proving more successful this summer and is booked almost to capacity. A rise in Warner's dividend certainly seems to be discounted in the present low yield of 3¼ per cent. Last year, the chairman, Mr E. H. S. Warner, said that the directors were considering further extensions but nothing apparently has yet been decided. Any moves in this direction would probably involve the raising of fresh capital for at the date of the last balance sheet there was a net overdraft of £260,000.

British Drug Houses

THE proposed deal between British Drug Houses and Mead Johnson of America has run into a lot of criticism. But time to organise this into an effective opposition is short, since the meeting to consider the proposals is to be held next Monday. In these circumstances, hints of a prospective bidder for the company if the present directors are replaced and the Mead Johnson plan defeated are not much help to shareholders who have to decide what action to take.

The claim that a "well known public company with wide experience in the pharmaceutical field" is prepared to make a bid on these conditions has come from Mr John Horn, an accountant who has been leading the opposition to the Mead Johnson deal. But shareholders cannot become very excited over an unspecified bidder and an undisclosed bid. They might indeed be more attracted to the latest document from

Mr Geoffrey Eley, the chairman of British Drug Houses (this has some appearance of an election address rather than a circular to shareholders) though it provides little fresh information.

Mr Eley says that £3 million of the £5 million which would come from Mead Johnson would be needed by the end of 1962 and that the remaining £2 million would certainly be spent within the five year period. These are large sums and Mr Eley admits that at the time of the Fisons' bid for BDH shares he had said that no external help was needed to achieve expansion. But he continues: "That was eighteen months ago in a quickly changing world." The circular does not answer questions about how the money is to be spent and what profits may accrue. Mr Eley lists the general advantages he expects from the link with Mead Johnson: a faster rate of expansion; more extensive research and development facilities; and enhanced marketing prospects. But Mr Eley is entitled to emphasise that the directors have "not received any other offer or indeed any alternative proposal" and to describe Mr Horn's vague references to a possible bidder as "pie in the sky." Monday's meeting may be lively and many of the shareholders who, in the end, support the board will probably do so with reluctance that BDH affairs have not been better ordered.

Thomson Newspapers

LAST year was one of consolidation and reorganisation for Thomson Newspapers, which is to be known in future as the Thomson Organisation. It also produced bigger earnings, with gross profits rising by 32 per cent from £3,103,000 to £4,108,000, but profits in 1959 were adversely affected by the printing strike. The closing down of the *Sunday Graphic* and the *Empire News* late last year and a rationalisation of the group's interests in Manchester should have some effect on earnings this year.

Recent attempts by Mr Roy Thomson to add to his empire have not met with much success: Odhams finally went to the Daily Mirror group and Mr Thomson's bid for the *Belfast Telegraph* is still held up by legal difficulties. Mr Thomson is still thought to be anxious to add to his interests, and this week he has bought Odhams South Africa, but in the past his hands were tied because the company was virtually debarred from making an offer in the form of ordinary shares. Now the capital reorganisation scheme creates an ordinary capital which could be used for this purpose and it also increases the authorised share capital to £15½ million. For every ten preferred ordinary units of 5s. each held, shareholders are offered eleven 30 per cent cumulative non-voting preference shares of 5s. each and five ordinary voting shares of 5s. each. Thomson Scottish Investments holds all the 8 million of 5s. deferred ordinary shares and these are to be converted into 9.4 million of 5s. ordinary shares. The preferred ordinary stockholders receive a substantial gain in income from the new arrangements. Last year their dividend was 35 per cent. On the board's assumption of a 24 per cent ordinary dividend (covered twice by earnings), the total accruing to the original preferred ordinary shareholders will this year be 45 per cent. Although Mr Thomson says he does not contemplate at the moment any issue of shares to acquire new businesses he makes his ultimate ambitions clear enough: the reorganisation of the capital structure "will open the way for further great advancement of the company."

John Thompson

THE statement by the chairman, Mr Edward Thompson, reveals that while the John Thompson group has been hit hardest in nuclear power it has also found the going hard in its other activities. The earlier fall in orders is reflected in the fall in sales from £28½ million to £25 million. One casualty was the motor pressing company, which earned much reduced profits, while the output of the boiler division fell by almost £3 million. These two factors reduced gross trading profits from £1,332,000 in 1959 to £994,000 and, in addition, there were provisions for losses on the Berkeley power station contract and on the Australian contract. After these provisions, tax and depreciation, the group made a loss of £1,777,000, compared with a profit of £324,000 in 1959.

The residual loss on the Berkeley contract amounted to £1,687,000, but there are still possible losses of up to £850,000 to be bought into the accounts of the nuclear power company, which John Thompson owns jointly with AEL. In all, then, the nuclear contract could produce a loss of nearly £2 million. So far the group has found it possible to deal with the nuclear power losses as they arose and in this sense the group, as its commitments on the Dungeness nuclear station are comparatively small and have been more realistically costed, may have seen the worst. The losses on an Australian contract are also expected to be non-recurring. The chairman frankly admits that the unprofitable work undertaken has had a further effect in the nature of a classical opportunity cost; for John Thompson in pursuing the nuclear contracts, turned away other orders and had to lengthen its delivery dates. In all, he estimates, work which would have produced profits of between £1½ and £2 million was lost in this manner.

The final dividend was passed and the 5s. ordinary shares at 14s. 9d. yield only 1.7 per cent on the 5 per cent interim dividend. It is not clear how well the group will do in the current year. Orders now amount to nearly £38½ million, compared with £29¼ million at the beginning of last year, and some of the recent orders have been at slightly better margins of profits. However, margins in the water tube boiler-making section remain depressed. Even so, the directors hope to resume the ordinary dividend payments with an interim in November.

London County Freehold

AT 31s. 6d., London County Freehold 10s shares are some way below their earlier peak this year of 39s. 6d. They have experienced the sharp setback common to property shares and seem unlikely to stage much of a recovery until a firm decision about a rights issue has been made. It seems clear that such an issue will be needed soon. Some £3½ million was raised by a debenture issue last July, but bank advances secured on properties amounted to £1.3 million at the end of March and the chairman Mr T. J. Cullen expects another substantial increase in property assets this year. In 1960-61, they rose by £3½ million and as investment opportunities in suitable residential properties are still scarce the swing towards industrial and commercial properties has been accentuated. These now represent about 35 per cent of London County Freehold properties.

A highlight of the past financial year was the completion of Livingstone House in Salisbury, which is let largely to Rhodesian Selection Trust. The building was completed last November, so that this year will have the benefit of a full year's rent. In 1960-61, gross rents rose from £3,195,000 to £3,471,000, and at the end of March income was running at an annual rate of £3,615,000, excluding buildings under construction. Not surprisingly London County Freehold is not adding to its interests in Rhodesia, where it already owns properties worth £1½ million. It is now turning its attention to Australia, where it has purchased one building and is negotiating the purchase of two others. On the dividend as increased from 10.8 to 12.1 per cent, the shares yield 3.8 per cent. There is a prospect of a further increase in net income this year even though profits tax will take more and it is possible that within the next two years the dividend will be raised to 15 per cent. This would raise the yield to 4¼ per cent.

Express Dairy

IN his annual statement to shareholders of Express Dairy Mr Walter A. Nell, the president, makes some interesting comments on the past history of Spiers and Pond, the company's new subsidiary. A hundred years ago, its founders catered for miners in Australia and from their profits they financed the tour of the first English cricket team to Australia in 1861. But, unfortunately, Mr Nell does not tell shareholders much about the current results of the company. What contribution it made to consolidated profits last year has still to be revealed, though Mr Nell confirms that profits before tax, which rose from £2.4 million to £2.9 million in the year to March 31st, included eighteen months' profits from Spiers and Pond. At the time of the merger, Spiers and Pond's pre-tax profits from its thirteen hotels, Chicken Inns and other restaurants were estimated at £400,000 for the year to September 30th last. This would suggest that Express Dairy's other interests added little, if anything, to the advance in profits.

The group's sales last year amounted to £70 million, double those in 1955. No less than 221 million gallons of milk were handled. The emphasis in the milk distribution side of the business is still on rationalisation through acquisition, the group having acquired new retail milk businesses in the Manchester area and in Scotland. Express Dairy has been a pioneer in supermarkets, operating 25 now with 12 more planned. Turnover and profits from the supermarkets are rising; though still a small part of the group's activities, they are, Mr Nell believes, becoming increasingly important.

Last year substantial sums were spent on modernisation and development, and in spite of the injection of £1.7 million from last year's rights issue and a cash flow of £2 million, a net overdraft of £831,000 appears at the end of March, with future capital commitments amounting to £1.3 million. The growth of the business has imposed some financial strain but investors are clearly expecting earnings to rise. At 14s. 10½d. the "A" shares yield 3½ per cent on a 10 per cent dividend.

George Cohen

A YEAR ago the George Cohen 600 Group announced a 20 per cent rise in its profits and when the rights issue was announced in September the directors said they expected profits in the year to March 31, 1961, to match those of the previous year. But in the event consolidated gross profits fell by nearly 11 per cent, from £1,573,000 to £1,401,000.

The group has interests in steel-founding and steel-stockholding, machine tools, scrap metal, constructional engineering and plant hire. How these have fared individually it is impossible at this stage to judge, but it is possible that the group has been affected by narrowing margins in the capital goods industries while the introduction of a shorter working week in the engineering industry may have added to its prime costs. The dividend is maintained, as forecast, at 13 per cent, and the 5s. ordinary shares at 11s. yield almost 6 per cent.

Consett Iron

CONSETT IRON is the odd man out among the leading steel producers, for it ends its financial year on April 2nd while the others draw up their accounts at the end of September. The yield on its £1 shares at 27s. of 7 per cent is higher than those of some other steel equities. This reflects the heavy capital commitments of the company as much as the uncertainties about future profits. In 1960-61 Consett achieved a record output of 979,000 ingot tons of steel and its sales rose in value from £29½ million to over £34½ million. There was only a slight increase in depreciation but both the tax and interest charges more than doubled, to £634,000 and £951,000 respectively, so that net profits rose by only 8½ per cent from £1,694,000 to £1,839,000.

The chairman, Lord Ridley, says that last year Consett was working to capacity for all but the last two months of the year, when the demand for slabs, blooms and billets fell. He emphasises the difficulty of predicting demand this year but expects the company to work a little below full capacity. But it may sell more plates than it did in 1960-61 and there is a revival in demand from the consumer goods and motor industries for Consett's other products. Higher fuel and labour costs, however, are squeezing margins and this may not be fully offset either by the recent increase in steel prices or by the full operation of the new plate mill.

The balance sheet reveals the extent of Consett's reliance on outside funds to pay for expansion; in 1960-61, net fixed assets rose by £5 million to £30½ million and loans from FCI rose from £6 million to £9 million. A bank overdraft of £1.8 million has also been utilised; though this is but a fraction of the overdraft facilities of £9 million available to Consett, repayments of the overdrafts and the FCI loan fall due in 1965. In all, capital commitments amount to £11 million and Consett's cash flow cannot be much more than £3 million. Not surprisingly, therefore the directors have acknowledged the need to conserve resources; but they have raised the dividend from 8¾ to 9½ per cent.

Ruston and Hornsby

LAST August the chairman of Ruston and Hornsby, Mr. W. J. Ruston, reported a decided improvement in the trend of business. Shareholders must therefore have hoped that after seven lean years of declining profits this maker of diesel and turbine engines, locomotives and boilers would be able to report better trading results in the year to March 31st last. In fact, profits have again fallen, suggesting that the group has not benefited from the higher level of activity prevailing in the British engineering industry. Rising costs must be one reason for the fall of 12 per cent in trading profits from £1,367,000 to £1,205,000. The group's investment income, however, rose from £366,000 to £406,000: a year ago about 97 per cent of the group's investments were in Ruston-Bucyrus and it must therefore appear that this investment has once more added to its contribution to the group's income.

But the group's net profits fell by 21½ per cent from £626,000 to £491,000 to reduce the cover on the unchanged dividend of 9 per cent from 1.8 to 1.4 times. After the results the £1 ordinary shares lost 1s. to 25s., the lowest point so far this year, at which they yield over 7 per cent.

London Stock Exchange

FIRST DEALINGS:	June 26	July 10	July 25
LAST DEALINGS:	July 7	July 21	Aug. 3
ACCOUNT DAY:	July 18	Aug. 1	Aug. 14

THE London Stock Market enjoyed a slight rally over the week to Wednesday. The rise began last Thursday and when jobbers marked up prices the new levels held. Bear closing helped to keep prices up and the amount of investment buying increased, particularly among the leading stocks. However, the new account opened quietly on Monday as the market was uncertain about the Chancellor's intentions in dealing with the economic situation. There was an improvement on Tuesday but on Wednesday buyers held off again in the present uncertain atmosphere. Selling was still very light and prices drifted lower. But over the week *The Economist* indicator gained 5.8 points to 373.8. On Thursday, prices fell sharply.

Gilt-edged stocks fell back slightly over the week. The amendment to the Trustee Investments Bill to give the Treasury power to permit 75 per cent investment in equities instead of 50 per cent brought fears of increased switching out of gilt-edged and added to the pressure of small selling. Several stocks fell to new low levels, including Funding 5½ per cent 1982-84 which lost 7/16 to 91⅝ xd. The irredeemables continued to fall, 3½ per cent War Loan losing 7/16 to 52⅜ and 2½ per cent Consols ¼ to 38⅜—both fractionally above their lowest points. Dominion and Corporation stocks also lost ground over the week.

Among bank shares, Barclays rebounded after being marked down on news of the prospective rights issue, and showed a net gain of 3s. to 79s. 9d. Insurance shares rose but there were falls among hire-purchase shares on the news that stiffer credit terms were likely in the near future: UDT lost 5s. to 167s. 6d. ICI was one of the leaders to benefit from the slightly firmer tone advancing 1s. to 67s. 4½d. and Marks and Spencer gained 1s. 6d. to 110s. 3d. There was no consistent movement among electrical shares though both AEI and EMI hit low points during the week and each closed at 37s. 9d. Steel shares made some gains though Colvilles lost 2s. to 56s. 6d. which is 1s. below the price of the coming rights issue. Among motor shares BMC gained 9d. to 14s. 9d. and rumours that it might bid for ACV following its withdrawal from the Borgward deal pushed the price of ACV shares up by 2s. 7½d. to 77s. 7½d.

Among textile shares, cottons fell back but Courtaulds gained 2s. 3d. to 36s. 9d. Unilever improved a little after the heavy falls of the previous week and gained 1s. to 134s. 3d. despite a fall on Wednesday. Oil shares were lower, Shell Transport losing 2s. to 121s. Kaffirs generally continued to fall, though Anglo-American, Union Corporation and Free State Geduld made small gains. Tin shares also lost ground and Tronoh were 5s. lower at 79s. 6d.

LONDON AND NEW

YORK STOCKS

Prices, 1961 High	Prices, 1961 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, July 5, 1961	Price, July 12, 1961	Net Yield, July 12, 1961 £ s. d.	Gross Yield, July 12, 1961 £ s. d.	Cover
92½	89 15/16	Savings Bonds 3%.....1955–65	90 31/32	90 13/16	4 6 9	5 10 10½	
100 1/32	99⅛	Conversion 4½%.....1962	99 3/32	99⅜	3 8 10	4 18 5	
96⅞	95⅜	Exchequer 3%.....1962–63	96 5/32	95 13/16	4 0 0	5 4 11½	
101 3/16	100 31/32	Treasury 5½%.....1962	100⅜	100 31/32	2 16 4	5 4 0	
93 29/32	92⅛	Exchequer 2½%.....1963–64	93 1/16	92⅞	4 3 1	5 4 6½	
99 19/32	98½	Conversion 4¾%.....1963	98 27/32	98 9/16	3 12 2	5 10 10	
98 3/32	96 19/32	Conversion 4½%.....1964	96 15/16	96 19/32	3 18 5	5 16 2	
101 3/16	98	Exchequer 5½%.....1966	98 7/16	98	3 13 4	5 19 9	
83⅛	80⅜	Funding 3%.....1959–69	80¼	80⅜	4 18 11	6 6 4½	
89¼	86⅜	Funding 4%.....1960–90	86 15/16	86⅞	3 15 2	5 9 9½	
79 15/16	77⅛	Savings Bonds 3%.....1960–70	78	77 13/16	4 19 8	6 8 11	
84⅞	82¾	Savings Bonds 2½%.....1964–67	83 15/16	83¼	4 16 9	5 19 11	
72 11/16	68 11/16	Savings Bonds 3%.....1965–75	70¼	68¾*	4 18 5	6 7 3½	
83 15/16	81 3/16	Funding 3%.....1966–68	81 7/16*	81⅛*	5 0 2	6 6 2½	
97½	93¼	Victory 4%.....1920–76	96 3/16	96	3 2 10	4 16 9½	
85½	83⅜	Conversion 3½%.....1969	84 1/16	83 15/16	4 16 1	6 8 1	
93 15/16	89½	Conversion 5%.....1971	89¾*	89⅝*	4 7 0	6 8 4	
95 1/16	91 9/16	Conversion 5¼%.....1974	91⅞	91⅝	4 1 7	6 5 10½	
73⅛	68⅞	Treasury 3½%.....1977–80	69¼	68⅞	4 12 11	6 7 7½	
72¼	67 11/16	Treasury 3½%.....1979–81	69¼	67¾*	4 13 2	6 7 7½	
91 7/16	91⅜	Funding 5½%.....1982–84	91 13/16*	91⅜°	3 18 8	6 3 10½	
59 7/16	54⅜	Redemption 3%.....1986–96	54⅜	53⅞	4 9 8	6 7 11	
88¼	82¾	Treasury 5%.....1986–89	83¼	82¾	4 3 0	6 8 6½	
63 1/16	57⅞	Funding 3½%.....1999–2004	58⅜*	58⅛	4 5 10	6 7 4½	
94⅝	87½	Treasury 5½%.....2008–12	87⅞	87½	3 19 11	6 9 4½	
65⅜	58⅜	Consols 4%.....after Feb. 1957	59 1/16*	58⅝*	4 3 5	6 16 0½	
59¼	52 9/16	War Loan 3½%.....after 1952	53 1/16	52⅝	4 1 10	6 14 1½	
59	52⅝	Conv. 3½%.....after Apr. 1961	53 1/16	52⅝	4 2 5	6 15 7½	
50⅞	45	Treasury 3%.....after Apr. 1966	45⅝	45	4 2 7	6 15 10½	
44	38¼	Consols 2½%.....	38⅜	38⅜	3 19 11	6 10 6½	
43½	38⅜	Treasury 2½%.....after Apr. 1975	38⅜	38⅜	4 0 9	6 12 9½	
91 7/16	88	British Electric 4½%.....1967–69	88 1/16*	88⅝*	4 10 3	6 7 4½	
75 11/16	72⅞	British Electric 3%.....1968–73	73⅛	73	4 19 3	6 8 4½	
70⅝	67⅞	British Electric 3%.....1974–77	68¼	67⅞	4 16 10	6 7 5½	
81⅞	79⅛	British Electric 4½%.....1974–79	79½	79⅛	4 6 8	6 6 3½	
73½	69¾	British Electric 3½%.....1976–79	70	69¾	4 12 9	6 7 5½	
84⅞	81¼	British Gas 4%.....1969–72	81⅝*	81¼*	4 12 3	6 7 0½	
81 13/16	79 11/16	British Gas 3½%.....1969–71	80⅜	80⅛	4 14 5	6 6 10½	
59⅜	54	British Gas 3%.....1990–95	54⅜	54	4 10 7	6 7 6½	
75 11/16	72⅞	British Transport 3%.....1968–73	73⅛	73	4 19 3	6 8 4½	
80⅛	76¾	British Transport 4%.....1972–77	77	76¾	4 9 6	6 6 5½	
61 7/16	56½	British Transport 3%.....1978–88	56¾	56¼	4 14 7	6 9 0½	

Prices, 1961 High	Prices, 1961 Low	DOMINION AND CORPORATION STOCKS	Price, July 5, 1961	Price, July 12, 1961	Yield, July 12, 1961 £ s. d.
82⅛	78⅜	Australia 3½%.....1965–69	78⅜*	78⅜*	6 13 0½
101	97½	Australia 6%.....1974–76	98	97½	6 7 0c
72½	68½	Ceylon 4%.....1973–75	68½	68½	7 18 0½
101⅛	97⅝	New Zealand 6%.....1976–80	98	97⅝	6 8 0e
80½	71½	Rhodesia and Nyasaland 6%.....1978–81	72¼*	72¼	8 19 3 0½
81	75	South Africa 3½%.....1965–67	75½	75½	9 3 0½
59	54¾	Southern Rhodesia 4½%.....1967–92	56¾	54¾*	8 14 0½
94⅝	90 3/8	Agricultural Mortgage 5½%.....1980–85	91	91	6 5 0½
89	84¼	Birmingham 4¼%.....1967–70	84½	84¼	6 11 0½
92¾	88	Bristol 5%.....1971–73	88¼	88	6 9 0½
93	89¼	Corporation of London 5¼%.....1976–79	89½	89¼	6 5 0½
48¾	43⅜	L.C.C. 3%.....after 1920	44	43½	6 17 0½
89⅛	84½	L.C.C. 5%.....1980–83	85¼	84½	6 8 0½
93	88¼	Middlesex 5¼%.....1980	88½	88¼	6 9 0½

NEW YORK PRICES AND INDICES

	July 5 $	July 12 $		July 5 $	July 12 $		July 5 $	July 12 $
Atch. Topeka	26½	26⅝	Boeing	49¾	49⅝	Int. Harvester	54¾	54⅜
Can. Pacific	24½	23⅞	Celanese	39	36	Inter. Nickel	79⅜	80
Pennsylvania	13¼	13⅛	Chrysler	45⅞	44¼	Inter. Paper	30⅜	30
Union Pacific	34	34¼	Col. Palmolive	45¾	45¼	Kennecott	85⅜	86⅜
Amer. Electric	69⅝	68	Crown Zeller	53¼	54	Monsanto	54¾	54
Am. Tel. & Tel.	119⅜	118⅞	Distillers Seag.	38⅝	39¼	Nat. Distillers	28⅜	27½
Cons. Edison	77½	78¾	Douglas	33⅝	33⅛	Pan-American	18⅛	18
Int. Tel. & Tel.	54½	55⅜	Dow Chemical	78¾	78½	Procter Gamble	87½	87½
Standard Gas	57⅛	57⅛	Du Pont	216	215½	Radio Corpn.	59⅜	59
United Corpn.	83⅜	81½	East. Kodak	109⅞	107¼	Sears Roebuck	69¾	69¾
Western Union	43⅞	44⅝	Ford Motor	83⅞	82⅞	Shell Oil	40½	40⅛
Alcoa	74¼	74½	Gen. Electric	64⅜	62¾	Socony-Mobil	45⅞	46¾
Aluminium	34	32⅜	General Foods	82¼	81⅝	Stand. Oil Ind.	51	51½
Amer. Can	41⅞	43	General Motors	44¾	44⅜	Stand. Oil N.J.	44⅞	44¼
Am. Smelting	66⅝	67	Goodyear	43	43⅛	Union Carbide	138	136⅜
Am. Viscose	58	58	Gulf Oil	37⅜	37⅛	U.S. Steel	81⅝	81
Anaconda	58	55⅜	Heinz	57¾	58¼	West. Electric	43⅜	42⅝
Beth. Steel	42	40⅜	Int. Bus. Mach.	475	473	Woolworth	75	75⅞

Standard and Poor's Indices (1941–43=10)

1961	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
June 14	69·86	2·89	32·64	4·95	58·81	3·28	90·49	3·84
,, 21	68·99	2·92	32·15	5·03	57·94	3·33	89·96	3·89
,, 28	68·40	2·95	31·68	5·10	57·55	3·36	89·75	3·91
July 5	69·43	2·90	32·38	4·99	58·92	3·28	89·85	3·90
,, 12	68·97	2·92	31·91	5·07	59·63	3·24	89·54	3·93

425 Industrials :—High, 71·25 (May 17). Low, 60·87 (Jan. 3).

Prices, 1961 High	Prices, 1961 Low	Last Two Dividends (a) (b) (c)	ORDINARY STOCKS	Price, July 5, 1961	Price, July 12, 1961	Yield, July 12, 1961	Cover
		% %	BANKS, DISCOUNT & HP				
94/6	65/9	6 a 7 b	Barclays.....£1	76/9	79/9*	3·26	...
100/3	74/3	16 c 8 a	District.....£1	86/9	85/6	3·74	...
80/–	58/7½	13 c 5 a	Lloyds.....£1	63/3	61/3*	3·55°°	...
26/4½	18/7½	8 b 7 a	Martins.....5/–	21/9	21/10½	3·43	...
91/6	67/3	19 c 9 a	Midland.....£1	73/3‡‡	77/–*	3·90°°	...
97/3	73/–	7 b 7 a	Nat Provincial.....£1	77/6	77/6*	3·61	...
71 1/32	58/9	6 b 6 a	Westminster 'B'.....£1	76/9	75/3*	3·88	...
44/9	37/3	8 b 4 a	Australia & N.Z...£1 p.p.	39/3	39/–	6·15	...
52/–	46/6	4 a 6 b	Bk. Lond. & S. Amer..£1	48/–	46/9	4·28	...
$1·85c	$2·05c		Bank of Montreal....$10	£24 1/16	£23 15/16	2·98	...
30⅜	27	8 c 9 c	Bank of New S. Wales £20	27½	27	5·33g	...
44/9	33/5 1/4	10 c 5 a	Barclays D.C.O.....£1	35/6	35/3	5·67	...
64/9	48/–	8 a 7½ b	Chartered.....£1	55/3	54/6	5·50°°	...
57/– a	£14 5/8	10/– b	Hongk'g. & Shang....$25	£17½	£18 1/4	4·11	...
70/6	53/3	9 b 7½ a	Nat. Com. Bk. Scot..10/–	58/3	55/3	2·99	...
$2·32½c	$2·37½c		Royal Bk. Canada....$10	£27 9/16	£28	2·95	...
119/6	96/3	10 b 9 a	Royal Bk. of Scotland .£1	102/–	100/–	3·80	...
40/3	34/6	5 a 10 b	Stand. Bk. S. Africa...£1	35/3	35/–	8·57	...
165/–	95/–	22½ c 22½ c	Hambros .....£1 f.p.	135/–	130/–	3·46	...
89/6	59/6	7½ a 5 b	Schroders.....£1	77/6	77/6	2·07	...
60/6	49/–	6¼ a 10/– b	Union Discount.....£1	49/6	49/–*	5·10	...
18 c	13/–	Nil a	Bowmaker.....5/–	16/7½	16/10½	...	11 4
23/6	17/–	9½ a 9½ b	Lombard Banking...5/–	17/10½	17/4½	5·47	1 2/6
21/9	15/–	7½ b 5 a	Mercantile Credit ...5/–	15/1½	15/1½	4·13	11 4
210/–	155/–	22½ b 4 a	United Dominions. Tst...£1	172/6	167/6	3·16	2½ 2/–
			BREWERIES, Etc.				
59/–	52/–	6 a 6 a	Bass M.+B. 5/–	12/10½	13/–	4·23°°	8 10½
45/–	38/–	12½ c 6 a	Distillers.....10/–	34/10½	34/3¶	3·94°°	2¼ 6/3
26/9	13/–	6½ b 4 a	Flowers.....5/–	18/10½	18/9	2·80	2 8/6
26/6	20/6	14½ b 8 a	Guinness.....10/–	52/3	51/6	4·27°°	2 0/–
14/9	13/–	... ...	Ind Coope T.A. ...5/–	13/–	13/–	4·62°°	... 8/9
5/– a	7½ b	Teacher (Distillers) .10/–	32/–	31/–	4·03	2½ 8/10½
12 b	6 a	Watney Mann.....£1	92/–*	91/6	3·93	2 8/6
8 a	19 b	Whitbread 'A'.....£1	122/6*	122/6	4·41	19¼ 13/3
96/9	70/3	3 a 8½ b	BUILDING, PAINT, Etc.	75/6	78/6	3·18	2½ 2/–
21/11½	14 a	7¼ b	Associated Portland...£1	22/11½*	22/10½	5·46	2¼ 3/3
26/10½	18/3	6 a 10 b	British Plaster Bd. .10/–	19/7½	20/1½	3·98	2¾ 4/6
13/–	9/6	10 b 5 a	Richard Costain 5/–	9/9	9/9	7·69	2 13/–
16/6	14 b	6 a 6 b	Crittall Mfg.....5/–	11/6	11/6	6·96	1½ 8/6
14/–	12½ b	5 a 12½ b	International Paints ..4/–	16/–	16/–	5·00	2½ 6/3
105/6	85/–	5 a 12½ b	London Brick.....£1	92/6	94/–	3·72	13½ 8/9
66/9	40/6	217½ c 25 c	Rugby Portland 5/–	52/6	53/9	2·33	3¼ 6/3
28/4½	22/11½	12½ b 7½ a	Taylor Woodrow.....5/–	22/11½	22/11½*	4·52	1¼ 9/8
167/11½	119/6	17½ b 7½ a	Wall Paper Defd.....£1	119/6¶	122/–	4·10	3¾ 8/6
			CHEMICAL				
29/3	23/10½	6 a 14 b	Albright & Wilson...5/–	24/11½	23/10½	3·19	2½ 5/3
22/–	17/6	3 a 8½ b	Borax Defd. 5/–	17/6	17/10½	3·22	3 6/6
58/9	43/3	7 b 4 a	Fisons.....£1	43/3	44/3	4·97	1¾ 8/6
81/6	63/11½	6¼ a 7½ b	I.C.I.....£1	66/4½	67/4½	4·08	2 10/6
26/10½	20/9	5 a 10 b	Monsanto.....5/–	20/9	21/3	3·53	2½ 15/3
			DRAPERY & STORES				
63/6	51/3	6 b 20 a	Boots Pure Drug 5/–	29/–	28/3	2·12	2¼ 6/11½
25/6	22/–	12½ b 7½ a	Montague Burton....10/–	79/3	78/9	3·49	2 10/9
13½ b	5⅝ a	30 b	Debenhams.....10/–	59/11½	58/–	3·31	1½ 11/6
7½ a	12½ b	30 b	G.U.S. 'A'.....5/–	51/6	53/11½	3·53	2 8/4½
20 a	25 b	30 b	House of Fraser 5/–	53/9	53/9	4·19	1¼ 52½
5 a	7½ b	Lewis's Invest. Tst. ..4/–	16/–	16/6	4·99	2¼ 22/6
15 a	32½ b	Hertz & Spencer 'A'..5/–	108/9	110/3	2·15	1½ 45/–
15 a	30 b	United Drapery.....5/–	72/7½	73/6	3·06	1¾ 28/6
25 b	10⅝ a	Woolworth.....5/–	52/11½*	53/11½	3·37	1½
			ELECTRICAL & RADIO				
48/6	37/6	5 a 10 b	A.E.I.....£1	38/4½	37/9	7·95	1 61/6
15/5¼	10/9	... ...	Brit. Electric Inds..5/–	11/–	10/10½	...	... 49/6
62/3	49/–	4 a 9½ b	B.I.C.C.....£1	56/6	57/–	4·74	2¼ £15 1/16
14/7½	11/4½	7½ b 5 a	Crompton Parkinson.5/–	11/9	12/–	5·21	2¼ £9 7/16
76/–	54/–	23¾ c 31 a	Decca Record.....10/–	54/–	58/–	4·02	2 103/9
52/–	37/9	12½ b 5 a	E.M.I.....10/–	38/9	37/9	4·64	2¼ 20
38/–	25/9	5 a 8 b	Elliott-Automation...5/–	32/6	32/9	1·98	2 42/7½
40/6	31/3	3 a 7 b	English Electric £1	32/4½	31/3	6·40	1½ 14/7½
3 a	7 b	General Electric.....£1	32/1½	32/9	6·11	2 91/–
87/6 a	81 a	C. A. Parsons £1	53/9	54/–	4·63	4 66/3
3/4 a	6½ b	A. Reyrolle.....£1	42/9	41/–	4·76	2¾ 56/6
25 c	Thorn Electrical.....5/–	51/6	50/–	2·50	4¼ 54/3
			ENGINEERING				
39/9	29/–	4½ a 4½ b	Babcock & Wilcox....£1	29/4½	29/–	6·21	1 32/6
48/9	36/3	7 b 4 a	John Brown £1	39/6	36/3	6·07	2½ 48/9
8/4½	5/7½	3 a 9 b	Cammell Laird.....5/–	5/9	5/7½	10·67	1
33/9	24/7½	10 a 20 b	Internat. Combust. ..5/–	26/7½	26/10½	5·58	1½
4/9	3/9	Rich'ds. Westg'th. 10/–	4/9	5/1½	...	...	2¼
21/3 a	9½ b	Swan Hunter £1	30/–	29/6	6·78	2¼ 40/–
5 a	Nil b	John Thompson 5/–	13/9	14/9	1·69	...
11/8 a	15½ b	Coventry Gauge.....10/–	31/–	28/10½	4·24	2¼
21/2 a	16 b	Alfred Herbert £1	68/6	64/6	4·30	1¾
12½ b	Allied Ironfounders...£1	65/–*	65/9	6·08	1½
9 a	10 b	Averys.....£1	84/–	85/6	3·51	2½
12½ b	4 a	B.S.A.....10/–	24/11½	24/11½	4·84	2¾
8½ b	4½ a	George Cohen 5/–	12/6	11/–	5·91	2½
17½ b	Davy-Ashmore £1	148/9	146/3	3·76	2½
5 a	11 b	Guest Keen.....£1	85/3	88/–	3·64	3½
4 a	12 b	Head Wrightson.....5/–	24/6	24/1½*	9·23	2½
5 a	7 b	Metal Box.....£1	79/6	85/–	2·82	2¼
10 b	4 a	Ransome & Marles...5/–	15/4½	14/9¶	4·75	3
3 a	7 b	Renold Chains £1	41/–	39/–*	5·13	1¾
10 a	17½ b	Simon Engineering ..5/–	37/–	36/9	3·74	2
14 c	7 a	Tube Investments.....£1	67/3	69/–	4·06	2¾
2½ b	7½ b	Vickers £1	31/–	31/1½	6·43	1¾
11¼ b	33¼ a	Ward (Thos. W.) £1	73/6	73/–	4·11	3
5 a	22½ b	Woodall-Duckham...5/–	24/4½ ||	23/– ||	4·57°°	2¾

Prices, 1961 High	Prices, 1961 Low	Last Two Dividends (a) (b) (c)	ORDINARY STOCKS	Price, July 5, 1961	Price, July 12, 1961	Yield, July 12, 1961	Cover
		% %	FOOD & TOBACCO				
18/–	10/– c	10 c	Allied Suppliers....10/–	18/–	18/6	5·41	2¼
7/9¾	21 c	10 a	Assoc. British Foods..1/–	12/9	12/9	1·65	2½
55/–	4 a	8 b	Bovril.....£1	55/–	56/–	4·29	2½
12/3	†47½ b	†21½ a	Brooke Bond 'B' 5/–	12/3	12/6	4·35	3¾
13/3	10 b	2½ a	International Tea 5/–	14/–	13/3	4·72	13¾
74/3	5 a	10½ b	J. Lyons 'A'.....£1	74/6	74/3	4·27	11¼
26/10½	9 b	5 a	Ranks.....10/–	28/3*	27/9	5·05	2
43/9	9 b	3 a	Tate & Lyle.....£1	44/–	44/3	5·42	2
16/3¾	9 b	5 a	Unigate 5/–	16/3¾	18/1½	3·86	13¾
62/–	†21½ c	†5½ a	Brit. Amer. Tobac. .10/–	64/3	65/–	5·44	23¾
40/–	5 a	15 b	Gallaher 10/–	41/–	42/4½	4·72	2
65/3	8½ a	14 b	Imperial Tobacco.....£1	65/9	70/3	6·41	13¼
			INSURANCE				
115/16	†50 a	†55 b	Britannic 5/–	131⅛	13	3·30	...
61/3	20	25 b	Commercial Union ..5/–	65/–	69/3	3·25	...
17⅛	†41·17c	†41·17c	Equity & Law Life ..8/6	27⅛*	28⅛	1·02	...
103/9	20 a	40 b	General Accident....5/–	152/6	152/–	1·97	...
42/7½	35 a	40 b	Guardian.....5/–	47/6	50/–	2·67°°	...
23¼	80 a	110 b	Legal & General.....5/–	32⅜	33½	1·42	...
100/–	81½ a	111½ b	Northern & Empi.....£1	126/6	128/9	3·11	...
56/3	†20 a	†70 b	Pearl 5/–	210/–	225/–	3·27	...
18	†183½ c	†208½ c	Prudential 'A'.....4/–	23½	22 11/16	3·00	...
140/9	50 a	50 b	Royal 5/–	158/6	161/6	3·10	...
104/6	71½ a	111¼ b	Royal Exchange £1	104/6	107/–	3·50	...
			MOTORS & AIRCRAFT				
14/–	12½ b	7½ a	British Motor 5/–	14/–	14/9	6·78	2½
66/3	20 c	20 c	Jaguar Cars 'A'.....5/–	72/10½	73/11½	1·37	7¾
41/10½	21½ a	8½ b	Rolls-Royce.....£1	44/4½	45/6	4·84	2¼
73/3¼	12 c	12 c	Rootes Motors 'A'.../–	7/3¾	7/3¼	6·56	5¼
52/2¼	15 b	7½ a	A.C.V.....5/–	75/–	78/11½	4·10°°	2½
79/–	15 a	20 c	Leyland Motors £1	90/–	93/4½	4·28	2½
96/–	16/–	16/4½	Bristol Aeroplane ..10/–	16/–	16/4½	7·63	2¼
28/11½	10 a	5 b	Hawker Siddeley £1	28/6	29/6	7·19°°	1¼
33/10½	†5½ b	†4 a	Dowty Group.....10/–	34/6	33/10½	4·58	3
21/6	3½ a	12½ b	Dunlop Rubber 10/–	25/10½	26/6	5·97	2
57/3	11¼ a	21 c	Joseph Lucas.....£1	57/3	57/3	4·80	3
20/7½	9 a	21 b	Pressed Steel.....5/–	21/6	21/6	6·98	1¼
36/–	10 c	15 c	Triplex Holdings ...10/–	39/10½	38/6	3·90	3
			MINES				
110/–	40 a	50 b	Anglo-American....10/–	110/–	112/6	8·00	1½
43/–	18¾ a	61¼ a	Consolid. Gold Fields .£1	44/–	45/6	10·99	2
75/–	15 a	20 b	General Mining £1	75/–	75/–	9·33	2
40/–	40 a	120 b	Union Corporation .2/6	43/3	43/6	9·20	3
40/–	40 a	40 b	Daggafontein 5/–	15/6*	15/6	25·81	1½
76/3	100 b	70 a	Free State Geduld ...5/–	76/3	77/6	10·97	2
37/6	25 a	25 b	Hartebeestfontein ..10/–	41/3*	41/3	12·12	1½
41/10½	60 b	50 a	President Brand 5/–	46/10½	48/1½	11·43	1½
101/3	110 b	90 a	Western Holdings ...5/–	106/10½	108/9	9·20	1½
...	...	81½ a	Winkelhaak.....10/–	19/3	19/–	...	8½
36⅜ b	81½ a	Chartered 15/–	61/6	61/6	12·20	2
51/3	60 b	20 a	Rhod. Anglo-Amer..10/–	51/3	51/9	15·46h	2
12½ b	41 1/16 a	Rhod. Selection Tst. .5/–	9/3	9/4½	9·17h	2¼
10 15/16 a	41/6 b	Roan Antelope.....5/–	5/1½	5/3	14·38h	12¾
15 a	139¼ b	Tanganyika Cons....10/–	22/6	22/–	17·05	1½
6¼ a	41/6 b	Consolidated Zinc....£1	67/9	66/3	6·04	13¾
100 a	150 b	De Beers Defd. Reg. .5/–	116/10½	123/9	10·10	13¾
$1·50c	$1·50c	Internat. Nickel ...n.p.v.	$149½	$150	1·80	...
71½ a	27½ c	London Tin.....4/–	19/9	20/4½	6·87°°	11¼
12/10½	27½ c	Rio Tinto.....10/–	35/–	35/7½	7·72	1½
20 c	27½ c	Tronoh 5/–	84/6	80/–	4·38°°	...
62½ c	70 a					
		OIL				
46/–	†31½ a	†81½ b	British Petroleum £1	47/3	47/3	8·06	2¼
36/3	†21½ a	†67½ b	Burmah Oil £1	37/–	37/9	8·11	1½
39/6	6¼ a	13¾ b	Castrol.....10/–	39/–	39/9	5·03	2½
20 a	25 b	Shell Transport £1	£12 7/16	£13	£12 7/16	3·83	2½
†81½ a	†121½ b	Shell Transport £1	123/–	121/–	5·62	3
... ...		Ultramar.....10/–	31/–	28/9	... d	...
		PAPER & NEWSPAPERS				
8 b	5 a	Daily Mirror.....5/–	11/10½	12/6	6·00°°	1¼
4 a	8 b	W. H. Smith & Son 'A'.£1	63/9	64/3	3·74	2
5 a	8¾ b	Bowater Paper.....£1	52/–	52/9	5·21	1½
9 a	7 b	Albert E. Reed.....£1	45/9	46/–	6·96	1¾
4 a	8½ b	Spicers.....£1	46/10½	47/6	5·26	1¾
17 a	18 b	Thomson Pref'd Ord. 5/–	28/–	28/6	7·89°°	2½
4 a	10 b	Wiggins Teape £1	56/6	56/6	4·96	2
		MISCELLANEOUS				
20 a	60 b	Assoc. British Picture..5/–	56/3	55/6*	5·41	2¾
30 b	20 a	Assoc. Television 'A' .5/–	28/–	29/9	8·40	2
16 a	14 b	Beecham Group.....5/–	49/6¾	50/–	3·00	13¼
62½ b	31½ a	British Match £1	45/3	44/6	4·49	2½
63½ b	4 a	British Oxygen.....5/–	20/6	22/03*	2·42	2½
3 a	7 b	British Printing 2/6	9/10½	9/9	5·13	2¼
7½ a	15 b	De La Rue.....10/–	55/6	55/–	4·09	2
2	5 a	Gestetner 'A' 5/–	37/–	35/6	2·82	31·
2	3 a	Glaxo.....10/–	54/3	57/9	2·60°°	33¼
12 b	3 a	Harrisons & Cr. Defd..£1	51/3	50/–	6·00	23¼
4 a	40 b	Hoover 'A' 5/–	41/6	41/6	5·42	21¼
5 a	12½ b	Ilford 5/–	26/3	26/–	3·37	2
2 a	4 a	I.C.T.....£1	93/3	93/9	2·40	23¾
5 a	12½ c	National Canning £1	66/3	65/–	3·85	21¼
2 a	8 b	Powell Duffryn.....10/–	32/–	31/3	5·12	2½
5 a	5 a	Radio Rentals.....5/–	28/7½	27/10½	3·59	3
6 c	7½ a	Rank Organisation....5/–	28/9	27/9	4·05°°	23¼
2 a	4 b	Schweppes 5/–	38/9	38/9	3·10	19¼
20 c	25 c	Sears 'A' 5/–	33/9¶	33/6¶	3·73	21¼
12 a	11½ b	Thomas Tilling 4/–	25/9	25/6	3·14	2
78/–	55/–	Turner & Newall.....£1	61/–	62/9	3·84	2¼
9·042a	15·56	Unilever £1	133/9	134/3	3·66	3¼
11 15/32	8 a	Unilever N.V. .....12 fl.	10⅛	9¾	2·58	3¼
5 a	10 b	United Glass.....5/–	17/6	17/3	4·35	21½
†4½ a	†10⅝ b	United Molasses.....10

Industrial Profits and Assets

The tables below continue the analysis of company balance sheets and profit and loss accounts which was introduced in *The Economist* of January 22, 1949; the figures are discussed on an earlier page in this issue.

Comparative analysis of 892 profit and loss accounts published April - June, 1961 (£'000)

Industry	Breweries and Distilleries		Clothing and Footwear		Food and Confectionery		Shops and Stores		Tobacco		Building		Engineering		Iron and Steel	
No. of Companies	(15)		(47)		(42)		(32)		(4)		(73)		(122)		(16)	
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Gross trading profit	14,700	16,551	17,271	20,158	198,780	195,410	38,219	45,048	13,105	15,935	49,296	51,690	139,501	155,411	10,450	12,...
Income from investments	623	445	228	314	3,236	4,129	615	706	63	61	1,439	1,797	4,865	4,543	354	...
Other current income	...	...	1	...	...	...	14	14	...	...	...	...	38	12	...	...
Non-recurring credits	366	360	584	364	4,704	2,691	468	246	22	67	1,128	630	3,846	5,215	517	...
Total Income	**15,689**	**17,356**	**18,084**	**20,836**	**206,720**	**202,230**	**39,316**	**46,014**	**13,190**	**16,113**	**51,863**	**54,117**	**148,250**	**165,181**	**11,321**	**12,...**
Depreciation	1,752	1,995	2,894	3,227	36,515	40,107	2,684	3,214	1,088	1,285	11,480	12,722	27,996	30,073	1,598	1,...
Income tax	4,746	5,304	5,139	6,014	73,331	71,375	13,054	15,093	3,929	5,045	14,401	13,885	38,960	45,705	3,289	3,...
Profits tax	1,071	1,474	1,231	1,725	3,582	4,511	3,357	4,781	979	1,462	2,841	3,503	8,621	11,068	806	1,...
Directors' emoluments	512	486	1,168	1,228	2,236	2,305	1,082	1,144	331	322	2,094	2,216	4,413	4,735	509	...
Administrative charges	90	58	103	110	443	555	350	362	65	147	281	376	504	783	10	...
Contingencies, provisions, etc.	81	97	414	284	751	801	179	143	80	...	476	270	8,461	6,100	63	...
Pensions	123	78	123	153	505	495	286	332	...	175	459	343	470	523	115	...
Minority interests	38	37	49	46	3,010	2,988	205	166	97	91	587	611	1,779	2,265	...	...
Loan interest	1,055	1,197	204	210	2,412	2,672	703	823	1,338	1,340	605	765	3,388	3,558	60	...
Preference dividends	374	386	254	258	4,792	4,905	443	497	244	245	529	575	1,660	1,692	86	...
Profits retained by subsidiaries	760	660	1,428	1,617	28,696	19,318	1,686	2,618	8	331	3,950	4,601	7,214	10,389	299	...
Ordinary dividends	2,815	3,150	2,591	3,126	23,053	24,412	9,176	10,920	2,681	3,217	6,376	7,061	21,291	25,930	1,676	1,...
Reserves (parent company)	2,079	2,275	2,466	2,567	5,510	6,520	5,523	5,270	2,226	2,710	7,696	7,123	20,140	22,454	2,444	1,...
Brought in (parent company)	3,102	3,295	3,428	3,448	66,883	88,767	5,674	6,062	3,453	3,577	8,904	8,992	28,498	31,851	2,793	3,...
Carried forward (parent company)	3,295	3,454	3,448	3,719	88,767	110,033	6,062	6,713	3,577	3,320	8,992	9,058	31,851	31,757	3,159	3,...

Industry	Shipbuilding		Chemicals and Paint		Electrical Manufacturing		Motors, Cycles and Aircraft		Newspapers, Paper & Printing		Miscellaneous Manufacturing		Shipping		Cotton	
No. of Companies	(4)		(32)		(31)		(23)		(41)		(159)		(20)		(16)	
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Late...
Gross trading profit	5,771	6,089	153,753	174,421	34,450	35,933	49,043	43,247	67,980	78,044	113,356	120,082	25,699	25,652	6,669	8...
Income from investments	1,042	1,110	6,287	8,826	1,940	2,039	1,038	886	4,737	5,385	4,216	5,250	3,172	3,157	118	...
Other current income	...	...	3	3	...	...	234	327	5	...	15	17	...	...	...	...
Non-recurring credits	315	56	2,014	845	1,813	1,804	98	123	731	1,388	2,192	2,165	1,135	2,123	222	...
Total Income	**7,128**	**7,255**	**162,057**	**184,095**	**38,203**	**39,776**	**50,413**	**49,583**	**73,453**	**84,817**	**119,779**	**127,514**	**30,006**	**30,932**	**7,009**	**8...**
Depreciation	2,101	2,260	38,683	43,339	6,692	7,486	13,770	14,583	13,687	16,439	25,026	27,659	16,877	16,391	1,755	1...
Income tax	1,506	1,325	37,061	41,951	9,790	9,957	12,089	10,310	19,418	22,338	33,718	35,635	3,399	3,228	1,802	2...
Profits tax	263	325	7,280	11,704	2,216	2,589	3,589	3,609	4,056	5,645	6,866	8,457	702	861	413	...
Directors' emoluments	271	278	1,861	1,986	1,084	1,116	971	902	2,075	2,205	4,576	4,767	621	651	350	...
Administrative charges	26	34	229	317	76	87	185	58	368	312	753	1,024	284	548	14	...
Contingencies, provisions, etc.	21	150	9,304	9,516	335	326	1,431	712	254	509	835	893	217	182	15	...
Pensions	105	...	8,634	9,539	1,110	1,103	1,440	1,629	1,598	1,466	667	1,025	...	...	13	...
Minority interests	Dr. 69	18	2,603	2,625	401	538	36	24	2,080	2,137	2,111	1,971	152	186	117	...
Loan interest	351	502	5,165	4,835	650	615	1,710	1,596	3,437	4,094	2,245	2,507	572	735	130	...
Preference dividends	112	112	1,538	1,527	251	283	398	416	1,049	1,120	1,830	1,817	288	288	117	...
Profits retained by subsidiaries	356	644	6,620	7,234	2,873	2,362	1,154	873	5,445	5,574	9,754	9,517	2,139	3,391	226	...
Ordinary dividends	1,291	1,117	23,198	27,115	6,423	6,610	5,984	7,685	11,792	14,605	17,622	19,348	3,585	3,190	1,152	1...
Reserves (parent company)	694	528	6,990	8,979	5,814	6,232	3,433	3,767	6,230	6,785	11,383	11,483	611	841	770	1...
Brought in (parent company)	982	1,082	36,656	49,547	8,461	8,949	15,914	20,138	9,607	11,571	23,619	26,012	7,130	7,689	1,242	1...
Carried forward (parent company)	1,082	1,044	49,547	62,975	8,949	9,421	20,138	23,557	11,571	13,159	26,012	27,423	7,689	8,129	1,377	1...

Industry	Silk and Rayon		Wool		Other Textiles		Oil		Rubber		Tea		Other Companies*		TOTALS ALL GROUP...	
No. of Companies	(9)		(22)		(29)		(14)		(47)		(38)		(56)		892 Companie...	
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Late...
Gross trading profit	28,649	26,988	6,465	5,985	7,905	8,212	194,800	202,388	8,597	10,257	5,702	5,333	36,053	39,775	1,226,214	1,309...
Income from investments	3,322	4,135	168	219	607	663	48,941	56,089	625	846	619	682	1,236	1,438	89,491	103...
Other current income	6	5	3	...	...	...	40	71	47	70	28	6	454	455	888	1...
Non-recurring credits	311	45	133	136	235	359	874	137	379	283	280	660	1,179	1,762	23,546	21...
Total Income	**32,288**	**31,173**	**6,769**	**6,340**	**8,747**	**9,234**	**244,655**	**258,685**	**9,648**	**11,456**	**6,629**	**6,681**	**38,922**	**43,430**	**1,340,139**	**1,434...**
Depreciation	7,907	9,096	850	1,045	2,098	2,136	42,306	41,235	611	810	767	762	5,698	6,388	265,035	286...
Income tax	8,816	7,721	1,973	1,676	1,958	2,001	66,461	75,189	3,343	4,039	2,935	2,991	9,818	10,513	370,924	397...
Profits tax	1,435	1,753	470	546	424	584	13,995	19,616	52	96	97	88	1,636	2,176	65,981	88...
Directors' emoluments	526	512	597	609	599	621	992	1,044	140	138	110	109	1,117	1,285	28,235	29,9...
Administrative charges	80	86	24	83	100	85	1,305	1,525	208	242	88	90	329	431	5,915	7,7...
Contingencies, provisions, etc.	19	23	30	24	95	237	4,385	1,526	84	508	84	58	827	433	28,802	23,...
Pensions	...	...	16	16	96	78	1,356	1,193	...	...	111	292	1,154	1,222	18,381	19,...
Minority interests	652	645	9	18	62	51	Dr. 211	Dr. 115	60	25	...	...	73	206	13,841	14,...
Loan interest	323	428	41	45	210	210	5,217	5,316	17	8	25	24	2,703	3,554	32,561	35,...
Preference dividends	674	675	121	113	276	277	1,425	1,415	28	28	118	118	948	977	17,555	17,...
Profits retained by subsidiaries	1,506	2,467	401	402	462	483	6,107	5,807	309	751	69	87	2,026	2,013	83,488	82,...
Ordinary dividends	4,446	5,334	930	1,025	1,236	1,474	59,000	61,022	3,403	3,919	1,422	1,394	7,032	8,178	218,175	243,...
Reserves (parent company)	5,253	2,332	620	477	661	910	40,599	41,376	987	981	733	1,017	4,054	4,246	136,916	141,...
Brought in (parent company)	783	1,434	1,769	2,456	2,353	2,823	15,808	17,526	1,044	1,089	1,689	1,759	6,880	8,387	256,672	310,...
Carried forward (parent company)	1,434	1,535	2,456	2,717	2,823	2,910	17,526	20,062	1,089	1,000	1,759	1,410	8,387	10,195	310,990	358,...

* This group includes canals and docks, entertainment, finance and land, hotels and restaurants and warehousing.

Comparative analysis of 892 balance sheets published April - June, 1961 (£'000)

Industry	Breweries and Distilleries		Clothing and Footwear		Food and Confectionery		Shops and Stores		Tobacco		Building		Engineering		Iron and Steel	
No. of Companies	(15)		(47)		(42)		(32)		(4)		(73)		(122)		(16)	
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
...ed assets	82,472	90,163	51,926	59,799	627,998	713,587	128,061	143,385	17,257	20,190	189,001	206,428	499,123	540,322	31,443	37,738
...ade investments	6,478	5,251	457	248	21,286	25,488	3,538	4,177	239	264	9,113	11,048	36,364	50,835	1,200	1,144
...ocks	21,200	23,721	31,419	36,529	348,745	374,098	37,431	41,399	66,433	75,137	69,521	87,741	282,583	331,304	12,231	18,351
...btors	15,699	18,063	12,490	15,406	186,358	212,944	32,700	34,506	30,736	35,934	69,161	84,634	234,915	269,563	12,249	14,568
...e balances due to parent company	...	...	311	194	369	457	37	...	...	...	113	170	4,293	5,048	94	62
...t-edged	3,387	4,642	707	349	22,047	31,569	663	689	...	...	3,667	3,751	2,620	1,985	182	281
...sh	5,458	4,533	12,506	12,506	115,231	86,736	18,498	22,124	914	949	37,076	29,557	83,004	71,072	7,320	6,052
...her marketable investments	813	819	396	335	3,079	2,094	408	1,393	...	...	4,996	5,798	10,312	9,791	1,499	761
...ngible assets	813	1,429	1,592	2,198	25,246	21,886	1,210	1,679	2,646	2,836	2,667	2,956	2,121	7,233	1,025	2,573
Total Assets	**136,320**	**148,621**	**111,804**	**127,564**	**1,350,359**	**1,468,859**	**222,546**	**249,352**	**118,215**	**135,310**	**385,315**	**432,083**	**1,155,335**	**1,287,153**	**67,243**	**81,500**
...nk overdrafts and loans	3,485	4,228	3,991	4,806	40,463	49,032	6,126	5,972	19,149	17,328	14,842	25,051	19,359	41,079	188	665
...serve for future income tax	4,206	4,793	5,184	6,073	58,019	60,054	13,096	15,292	4,280	5,667	12,238	14,362	46,602	53,996	3,456	3,954
...preciation	12,059	13,288	22,844	26,069	217,308	242,165	13,701	15,742	4,510	5,269	70,332	68,275	186,263	202,698	13,757	16,092
...pital reserves	7,190	10,002	4,400	9,442	37,167	31,766	32,327	37,345	2,443	9,096	39,891	49,545	93,722	112,921	2,973	5,006
...her provisions	1,297	1,330	656	386	2,580	12,646	394	873	633	760	5,102	4,734	10,559	12,258	418	399
...editors	12,170	14,870	9,376	10,603	147,644	163,049	21,233	22,800	9,095	10,079	57,203	70,880	125,679	141,148	7,473	10,713
...her current liabilities	7,932	8,928	6,543	8,115	76,419	83,739	17,459	19,502	6,772	8,455	19,368	19,054	61,764	62,934	3,292	3,783
...venue reserves and carried forward	25,658	27,428	22,956	23,232	392,237	426,606	37,834	45,929	15,379	18,901	60,356	65,646	233,037	256,858	16,159	18,997
...e balances due to subsidiaries	...	...	25	72	15	25	15	99	...	...	25	...	9,058	9,773	...	...
...nority interests	1,041	1,005	1,430	1,403	32,885	32,116	4,212	2,390	2,480	2,433	9,946	7,447	25,318	29,388	8	11
...an capital	27,624	26,764	3,783	3,821	57,339	64,244	15,907	18,381	24,103	24,076	15,193	19,603	66,144	62,408	1,231	1,392
...eference capital	11,449	11,578	6,668	6,565	104,656	109,019	10,386	12,269	7,000	7,000	14,394	14,470	43,597	44,166	2,565	2,715
...dinary capital	22,209	24,402	23,948	26,977	183,627	194,398	49,856	52,758	22,371	26,246	66,425	73,016	234,213	257,526	15,723	17,773
Total Liabilities	**136,320**	**148,621**	**111,804**	**127,564**	**1,350,359**	**1,468,859**	**222,546**	**249,352**	**118,215**	**135,310**	**385,315**	**432,083**	**1,155,335**	**1,287,153**	**67,243**	**81,500**
Year's Free Scrip Issues	589	1,570	2,944	2,000	19,583	8,843	6,917	1,177	6,875	200	7,347	4,478	15,643	10,777	1,417	502

Industry	Shipbuilding		Chemicals and Paint		Electrical Manufacturing		Motors, Cycles and Aircraft		Newspapers, Paper & Printing		Miscellaneous Manufacturing		Shipping		Cotton	
No. of Companies	(4)		(32)		(31)		(23)		(41)		(159)		(20)		(16)	
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
...ed assets	56,637	61,187	717,782	773,231	115,702	130,454	141,715	164,256	344,356	392,070	443,826	491,985	288,769	309,302	40,113	42,405
...ade investments	5,617	5,551	49,932	60,248	15,221	16,383	1,205	2,035	28,975	31,783	27,556	29,217	11,932	14,698	611	705
...ocks	12,854	12,124	170,537	197,357	81,256	91,830	69,877	94,843	75,371	90,883	227,661	260,505	3,811	3,763	21,205	23,957
...btors	12,665	12,191	122,121	132,670	66,548	76,933	60,225	65,268	86,037	96,416	203,015	225,150	23,769	26,747	9,696	8,52
...e balances due to parent company	...	...	17	182	...	19	85	130	45	3	749	733	...	...	...	...
...t-edged	1,464	1,374	199	178	2,645	1,829	723	429	7,265	7,145	15,783	16,754	4,450	1,655	246	24.
...sh	11,371	9,253	30,650	28,561	23,496	19,006	25,146	24,486	55,150	55,223	60,011	56,382	37,676	34,067	2,919	1,747
...her marketable investments	1,024	1,068	9,852	9,160	1,634	1,969	869	1,175	8,651	5,710	5,210	6,053	35,897	29,670	212	249
...ngible assets	...	...	1,517	3,022	3,194	4,856	795	743	28,417	29,207	13,707	16,610	277	277	356	332
Total Assets	**101,632**	**102,748**	**1,102,607**	**1,204,609**	**309,696**	**343,279**	**300,640**	**353,365**	**634,267**	**708,440**	**997,518**	**1,103,389**	**406,580**	**421,906**	**75,358**	**80,163**
...nk overdrafts and loans	514	797	9,693	12,805	7,201	15,271	2,831	11,732	16,763	15,186	55,123	67,441	11,475	16,884	5,105	2,965
...serve for future income tax	2,886	3,151	47,184	52,341	10,113	10,451	12,435	12,188	22,155	27,728	30,116	31,142	14,351	13,522	918	1,051
...preciation	20,144	22,132	137,138	165,826	44,973	52,030	60,056	69,961	87,832	109,551	197,786	220,336	55,229	58,319	17,754	18,736
...pital reserves	10,206	10,810	177,592	186,914	42,634	42,660	9,618	20,838	54,339	55,543	55,622	57,285	124,964	134,108	9,524	9,222
...her provisions	299	290	1,475	1,447	2,114	1,950	4,980	4,581	12,241	14,380	13,277	12,380	1,779	1,645	48	45
...editors	9,430	10,472	77,162	84,342	33,720	38,529	48,488	51,102	52,685	61,370	121,944	141,286	61,502	61,268	4,557	4,983
...her current liabilities	9,700	5,472	63,647	79,350	21,628	19,968	15,302	23,391	24,633	30,196	53,784	59,051	8,137	6,035	2,643	3,065
...venue reserves and carried forward	19,623	20,453	129,123	149,421	58,711	63,070	52,548	58,468	104,083	108,059	164,598	177,072	46,403	45,030	14,908	15,931
...e balances due to subsidiaries	...	...	178	12	125	...	2	1	...	...	516	348	129	...	...	...
...nority interests	439	596	29,426	40,105	4,889	6,654	429	523	34,849	33,844	30,560	32,866	6,063	6,232	2,237	2,17
...an capital	7,015	7,199	94,187	68,163	12,058	11,857	30,429	30,863	83,081	85,020	48,176	56,076	12,772	12,563	3,120	4,144
...eference capital	3,696	3,696	46,815	46,795	8,034	9,662	11,017	11,647	29,418	29,927	50,402	52,131	8,831	8,831	3,673	3,443
...dinary capital	17,680	17,680	288,987	317,088	63,496	71,177	52,505	58,070	112,188	137,636	175,614	195,975	54,945	57,469	10,871	14,399
Total Liabilities	**101,632**	**102,748**	**1,102,607**	**1,204,609**	**309,696**	**343,279**	**300,640**	**353,365**	**634,267**	**708,440**	**997,518**	**1,103,389**	**406,580**	**421,906**	**75,358**	**80,163**
Year's Free Scrip Issues	3,792	—	157	21,558	7,353	5,836	619	2,411	9,902	11,491	14,204	16,337	—	—	422	2,51...

Industry	Silk and Rayon		Wool		Other Textiles		Oil		Rubber		Tea		Other Companies*		TOTALS ALL GROUPS	
No. of Companies	(9)		(22)		(29)		(14)		(47)		(38)		(56)		892 Companies	
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
...ed assets	198,434	213,785	15,871	18,729	42,529	45,877	629,175	671,152	10,094	33,704	37,311	39,596	294,181	347,101	5,022,775	5,546,446
...ade investments	13,713	16,765	147	186	3,543	3,433	1,060,956	1,161,744	2,244	2,346	3,568	3,789	18,189	16,705	1,322,074	1,464,013
...ocks	50,369	55,472	14,125	15,562	17,153	20,704	105,212	104,289	3,479	3,180	9,583	10,209	34,076	38,151	1,766,132	2,011,109
...btors	27,549	33,392	5,515	6,484	10,176	11,173	151,529	176,125	1,416	1,276	1,750	1,935	32,458	42,216	1,408,777	1,602,117
...e balances due to parent company	154	160	...	...	...	...	18,997	16,051	...	...	...	...	46	71	25,310	25,007
...t-edged	20,949	12,201	333	267	348	339	39,497	48,377	3,595	3,303	1,356	1,217	1,463	1,579	133,589	140,158
...sh	14,026	12,084	3,767	5,839	4,368	3,794	58,528	68,194	6,497	8,865	8,207	7,384	16,057	16,345	639,876	586,759
...her marketable investments	...	7	493	527	2,661	2,606	62,503	52,520	733	783	4,719	5,298	2,768	3,784	158,749	151,570
...ngible assets	187	192	113	117	458	1,138	2,130	3,071	191	185	169	147	3,124	3,890	91,955	106,567
Total Assets	**325,381**	**344,048**	**42,364**	**47,711**	**81,236**	**89,064**	**2,128,527**	**2,311,523**	**48,269**	**53,642**	**66,663**	**69,575**	**402,362**	**469,842**	**10,570,237**	**11,633,746**
...nk overdrafts and loans	2,339	3,940	1,661	2,649	2,254	3,166	21,549	28,959	37	37	4,040	4,209	16,190	29,162	264,378	363,367
...serve for future income tax	25,795	25,822	2,018	1,751	1,744	1,806	13,886	14,960	351	544	1,844	1,769	5,746	6,162	338,623	368,584
...preciation	70,986	78,256	7,624	8,756	20,346	21,996	268,053	290,833	3,054	5,943	9,242	9,868	40,614	45,279	1,583,606	1,767,410
...pital reserves	74,646	61,380	1,932	2,552	3,456	3,569	763,286	820,174	8,198	8,862	15,281	16,079	75,175	74,715	1,646,586	1,769,834
...her provisions	1,944	1,024	370	340	803	842	19,521	20,972	1,145	1,353	105	127	5,064	5,487	85,796	100,249
...editors	20,895	22,199	3,852	4,830	5,896	7,609	112,756	129,829	3,729	3,786	4,303	4,256	26,325	31,125	977,117	1,101,128
...her current liabilities	6,397	7,990	1,895	2,247	3,020	3,564	49,552	52,004	5,055	6,295	4,858	5,221	14,274	17,092	484,094	535,451
...venue reserves and carried forward	17,768	18,471	9,758	9,992	16,771	17,481	258,122	313,780	7,493	8,278	12,225	12,886	47,838	54,574	1,763,588	1,956,563
...e balances due to subsidiaries	2,305	2,100	...	...	17	...	3,433	4,588	...	...	...	...	316	95	16,159	17,113
...nority interests	9,188	9,366	258	468	213	91	8,546	10,164	500	226	...	...	2,589	5,291	207,506	224,795
...an capital	8,185	7,485	656	884	5,110	5,070	100,600	109,012	87	44	386	349	61,557	76,303	670,943	695,721
...eference capital	19,787	19,787	3,353	3,145	7,937	7,937	31,096	31,119	115	115	3,421	3,421	25,984	26,145	454,294	465,583
...dinary capital	66,156	86,228	8,787	10,097	13,669	15,933	478,127	485,129	16,503	18,159	10,958	11,390	80,690	98,412	2,069,548	2,267,938
Total Liabilities	**325,381**	**344,048**	**42,364**	**47,711**	**81,236**	**89,064**	**2,128,527**	**2,311,523**	**48,269**	**53,642**	**66,663**	**69,575**	**402,362**	**469,842**	**10,570,237**	**11,633,746**
Year's Free Scrip Issues	—	19,718	255	890	52	1,185	41,310	2,423	886	170	70	393	4,601	13,769	144,938	128,23...

* This group includes canals and docks, entertainment, finance and land, hotels and restaurants and warehousing.

Money and Exchanges

EXCHEQUER RETURNS

For the 8 days ended July 8, 1961, there was an "above-line" surplus (after allowing for sinking funds) of £22,260,000 compared with a deficit of £38,603,000 in the previous 6 days and a deficit of £18,386,000 in the corresponding period of last year. There was a net expenditure "below-line" of £94,771,000 leaving a total cumulative deficit to date of £240,405,000 compared with £298,834,000 in 1960–61.

£'000	Estimate 1961–62	April 1, 1960, to July 9, 1960	April 1, 1961, to July 8, 1961	9 days ended July 9, 1960	8 days ended July 8, 1961
Ordinary Revenue					
Income Tax	2,728,500	349,760	406,071	28,557	29,248
Surtax	210,000	25,800	30,700	1,500	1,500
Death Duties	240,000	62,400	79,800	6,200	6,500
Stamps	94,000	24,300	30,100	2,400	1,900
Profits tax, EPT and EPL	325,500	58,700	82,000	10,100	20,800
Other Inland Rev. Duties	...	50	...	50	...
Total Inland Rev.	3,598,000	521,010	628,671	48,807	59,848
Customs	1,550,000	402,443	434,713	36,128	36,646
Excise	960,000	230,935	228,450	15,905	7,205
Total Customs and Excise	2,510,000	633,378	663,163	52,033	43,851
Motor Duties	155,000	16,039	16,569	1,536	716
PO (Net Recpts)	...	...	...	Dr. 5,600	...
Broadcast Lic's.	40,000	6,800	6,800	...	...
Sundry Loans	205,000	11,365	106,826	21	651
Miscellaneous		28,078		1,084	
Total	6,508,000	1,216,670	1,422,029	97,881	105,066
Ordinary Expenditure					
Debt Interest	660,000	174,349	195,100	...	...
Payments to N. Ireland Exch.	92,000	23,462	24,042	3,028	3,166
PO Fund—Initial settlement	15,000	...	...	...	...
Other Consolidated Funds	8,000	3,134	3,145	1,966	1,957
Supply Services	5,186,902	1,229,295	1,298,975	110,000	76,899
Total	5,961,902	1,430,240	1,521,262	114,994	82,022
Sinking Funds	40,000	7,874	7,274	1,273	784
"Above-line" Surplus or Deficit	–	221,444	106,507	18,386	22,260
"Below-line" Net Expenditure*		77,390	133,898	20,414	94,771
Total Surplus or Deficit	–	298,834	240,405	10,028	72,511
Net receipts from:					
Tax Reserve Certificates		70,313	61,091	25,095	16,249
Savings Certificates		24,300	–4,800	2,100	700
Defence Bonds		31,311	18,525	7,804	1,125
Premium Savings Bonds		10,920	12,550	590	400
Total		136,844	87,366	35,589	18,474

* Net issue of the Civil Contingencies Fund of £17 million in 1961–62 compared with a net issue of £23 million in 1960–61.

FLOATING DEBT

(£ million)

	Treasury Bills		Ways and Means Advances		Total Floating Debt
	Tender	Tap	Public Dept.	Bank of England	
1960					
July 9	3,480·0	2,101·4	209·0	...	5,790·5
1961					
Mar. 31	4,648·1		307·3	...	4,955·4
Apr. 8	3,110·0	1,599·2	299·4	...	5,008·6
,, 15	3,130·0	1,928·5	269·5	6·0	5,333·9
,, 22	3,140·0	1,911·3	336·3	...	5,387·6
,, 29	3,110·0	1,993·1	247·9	...	5,351·0
May 6	3,130·0	1,887·3	293·3	...	5,310·6
,, 13	3,160·0	1,893·0	275·3	...	5,328·2
,, 20	3,180·0	1,839·1	316·3	...	5,335·5
,, 27	3,210·0	1,843·3	249·7	...	5,303·0
June 3	3,240·0	1,825·3	258·5	...	5,323·8
,, 10	3,270·0	1,827·6	242·2	...	5,339·8
,, 17	3,280·0	1,823·6	263·9	...	5,367·5
,, 24	3,290·0	1,874·2	201·6	...	5,365·8
,, 30	3,290·0	1,909·6	283·3	...	5,483·0
July 8	3,280·0	1,853·1	265·2	0·8	5,399·0

THE MONEY MARKET

IN spite of the possibility that the Chancellor's crisis measures may include an increase in Bank rate, the syndicate of discount houses maintained its bid at £98 17s. 4d. for the third week running at last Friday's Treasury bill tender. The average rate of discount last week was hardly changed at £4 10s. 8.80d. per cent. Outside interest in Treasury bills has, not surprisingly, waned of late and total applications rose by only £4 million to £405 million. The market received a satisfactory 42 per cent of its application compared with 46 per cent a week earlier.

Lombard Street has had a difficult week. Money has been tight but help from the authorities has allowed the discount houses to stay clear of penal borrowing from the Bank of England. The official help was large on Friday, when credit was short following repayment to the Bank of the substantial amount borrowed a week earlier. Conditions eased on Saturday and a small amount of help was sufficient to balance the market's books, but after the weekend credit was again in short supply and the authorities provided assistance on each of the first three days of this week.

MONEY RATES

LONDON

	%		%
Bank rate (from 5½%, 8/12/60)	5	**Discount rates:**	
		Bank bills:	
Deposit rates (*maximum*):		60 days	$42\frac{1}{32}$–$42\frac{3}{32}$
Banks	3	3 months	$42\frac{1}{32}$–$42\frac{3}{32}$
Discount houses	3–3¼	4 months	$42\frac{1}{32}$–$42\frac{3}{32}$
		6 months	$42\frac{1}{32}$–$41\frac{13}{16}$
		Fine trade bills:	
		3 months	5½–6
		4 months	5½–6
Money:		6 months	5½–6½
Day-to-Day	$3\frac{3}{8}$–$4\frac{7}{16}$		

NEW YORK

	%		%
Official Discount rate: (from 3½%, 11/8/60)	3	**Treasury bills:**	
		June 30	2·305
		July 10	2·322

BANK OF ENGLAND RETURNS

(£ million)	July 13, 1960	July 5, 1961	July 12, 1961
*Issue Department**:			
Notes in circulation	2,269·7	2,337·9	2,348·3
Notes in banking dept.	30·6	37·4	27·1
Govt. debt and securities*	2,297·5	2,373·5	2,373·7
Other securities	0·7	0·7	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	1·8	0·8	0·5
Banking Department:			
Deposits:			
Public accounts	10·8	12·2	10·0
Special deposits	95·4	153·7	155·2
Bankers	255·3	270·6	262·0
Others	66·7	77·6	75·6
Total	428·2	514·1	502·8
Securities:			
Government	363·6	368·2	391·4
Discounts and advances	32·7	107·7	83·2
Other	18·5	18·2	18·4
Total	414·8	494·1	492·9
Banking department reserve	31·5	38·2	28·1
"Proportion"	% 7·3	% 7·4	% 5·5

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £50 million to £2,375 million on June 29th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills Average Rate of Allotment		Allotted at Max. Rate*
			s.	d.	%
1960	*91 days*				
July 8	280·0†	507·5	113	3·06	20
1961					
Apr. 7	260·0‡	473·7	88	8·68	42
,, 14	280·0§	414·1	89	7·69	42
,, 21	260·0‡	411·3	89	9·01	38
,, 28	220·0	379·8	88	1·71	67
May 5	240·0	416·2	87	4·27	49
,, 12	250·0	445·8	86	5·04	50
,, 19	260·0	432·5	88	3·18	33
,, 26	270·0	440·2	88	8·74	50
June 2	270·0	419·9	88	9·61	61
,, 9	270·0‡	463·3	89	4·14	39
,, 16	260·0	391·2	90	0·42	55
,, 23	260·0‡	389·1	90	8·47	50
,, 30	250·0	400·8	90	8·94	46
July 7	240·0	405·2	90	8·80	42

* On July 7th tenders for 91 day bills at £98 17s. 4d. secured 42 per cent, higher tenders being allotted in full. The offer for this week was for £240 million of 91 day bills. † Allotment cut by £20 million. ‡ Allotment cut by £10 million. § Allotment cut by £30 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits	Market Rates: Spot					
	July 12th	July 6	July 7	July 8	July 10	July 11	July 12
United States $	2·78–2·82*	$2·78\frac{1}{2}$–$\frac{5}{8}$	$2·78\frac{1}{2}$–$\frac{5}{8}$	$2·78\frac{9}{16}$–$\frac{11}{16}$	$2·78\frac{1}{2}$–$\frac{5}{8}$	$2·78\frac{7}{16}$–$\frac{9}{16}$	$2·78\frac{7}{16}$–$\frac{9}{16}$
Canadian $	...	$2·89\frac{15}{16}$–$\frac{11}{16}$	$2·89\frac{15}{16}$–$\frac{3}{16}$	$2·88\frac{9}{16}$–$\frac{3}{4}$	$2·88\frac{13}{16}$–$89\frac{1}{16}$	$2·88\frac{1}{4}$–$\frac{3}{8}$	$2·88\frac{3}{8}$–$\frac{3}{4}$
French Fr.	13·622–14·027	$13·64\frac{3}{8}$–65	$13·64\frac{3}{8}$–65	$13·65$–$65\frac{1}{4}$	$13·65$–$65\frac{1}{4}$	$13·64\frac{3}{8}$–$\frac{5}{8}$	$13·64$–$64\frac{1}{4}$
Swiss Fr.	11·94–12·54⅞	$12·01\frac{7}{8}$–$02\frac{1}{8}$	$12·01\frac{3}{8}$–02	$12·02$–$02\frac{1}{4}$	$12·01\frac{7}{8}$–$02\frac{1}{8}$	$12·01\frac{1}{2}$–$\frac{3}{4}$	$12·01\frac{5}{8}$–$\frac{7}{8}$
Belgian Fr.	137·96– 142·05	137·57– 62	138·75– 80	138·82– 87	138·70– 75	138·72½– 77½	138·65– 70
Dutch Gld.	9·98¾–10·28½	$10·00\frac{5}{8}$–$\frac{7}{8}$	$10·00\frac{3}{4}$–01	$10·00\frac{3}{4}$–01	$10·00\frac{5}{8}$–$\frac{7}{8}$	$10·00\frac{1}{4}$–$\frac{1}{2}$	$10·00\frac{3}{8}$–$\frac{5}{8}$
W. Ger. D-Mk.	11·037–11·365	$11·07\frac{3}{8}$–$08\frac{1}{8}$	$11·07\frac{3}{8}$–$08\frac{1}{8}$	$11·07\frac{3}{8}$–$08\frac{1}{8}$	$11·08\frac{1}{8}$–$\frac{3}{8}$	$11·07\frac{1}{4}$–08	$11·07\frac{3}{8}$–$08\frac{1}{8}$
Portug. Esc.	...	80·05–20	80·05–20	80·05–25	80·15–30	80·15–30	80·15–30
Italian Lire	1725–1775	$1728\frac{1}{4}$–$\frac{3}{4}$	$1728\frac{1}{4}$–$\frac{3}{4}$	$1728\frac{1}{2}$–29	$1728\frac{1}{4}$–$\frac{3}{4}$	1728–$28\frac{1}{2}$	$1729\frac{1}{2}$–$\frac{3}{4}$
Swedish Kr.	14·27½–14·70	$14·40\frac{1}{2}$–$\frac{3}{4}$	$14·40\frac{1}{2}$–$\frac{3}{4}$	$14·40\frac{1}{2}$–$40\frac{3}{4}$	$14·40\frac{1}{8}$–$\frac{3}{8}$	$14·39\frac{5}{8}$–$\frac{7}{8}$	$14·39\frac{5}{8}$–$\frac{7}{8}$
Danish Kr.	19·06½–19·62	$19·31\frac{5}{8}$–$\frac{7}{8}$	$19·31\frac{5}{8}$–$\frac{7}{8}$	$19·31\frac{3}{8}$–$\frac{5}{8}$	$19·31\frac{1}{4}$–$\frac{1}{2}$	$19·31$–$31\frac{1}{4}$	$19·30\frac{3}{4}$–31
Norweglan Kr.	19·71–20·30½	$19·97\frac{3}{8}$–$98\frac{1}{8}$	$19·97\frac{1}{4}$–$\frac{1}{2}$	$19·97\frac{3}{8}$–$\frac{5}{8}$	$19·97\frac{3}{8}$–$98\frac{1}{8}$	$19·97\frac{5}{8}$–$98\frac{1}{8}$	$19·97\frac{1}{2}$–$\frac{3}{4}$
	* Official Limits	**One Month Forward Rates**					
United States $		$\frac{15}{16}$–$\frac{15}{16}$c. pm	$\frac{1}{8}$–$\frac{1}{4}$c. pm	$\frac{1}{8}$–$\frac{1}{4}$c. pm	$\frac{1}{8}$–$\frac{1}{4}$c. pm	$\frac{1}{8}$–$\frac{1}{4}$c. pm	$\frac{15}{16}$–$\frac{15}{16}$c. pm
Canadian $		1–7c. pm	1–7c. pm	1–7c. pm	1–7c. pm	1–7c. pm	1–7c. pm
French Fr.		$4\frac{1}{2}$–4c. pm	$4\frac{3}{4}$–$4\frac{1}{4}$c. pm	$4\frac{3}{4}$–$4\frac{1}{4}$c. pm	$4\frac{3}{4}$–$4\frac{1}{4}$c. pm	5–$4\frac{1}{2}$c. pm	$4\frac{3}{4}$–$4\frac{1}{4}$c. pm
Swiss Fr.		$6\frac{1}{4}$–$5\frac{3}{4}$c. pm	$6\frac{1}{4}$–$5\frac{3}{4}$c. pm	$6\frac{1}{8}$–$6\frac{1}{4}$c. pm	$6\frac{3}{8}$–$6\frac{1}{4}$c. pm	$6\frac{3}{4}$–$6\frac{1}{4}$c. pm	$6\frac{1}{2}$–6c. pm
Belgian Fr.		2–$2\frac{1}{2}$c. pm	40–35c. pm	45–35c. pm	55–45c. pm	55–45c. pm	45–35c. pm
Dutch Gld.		$6\frac{3}{8}$–$5\frac{7}{8}$c. pm	$6\frac{1}{2}$–6c. pm	$6\frac{1}{2}$–6c. pm	$6\frac{3}{4}$–$6\frac{1}{4}$c. pm	$6\frac{1}{2}$–6c. pm	$5\frac{3}{4}$–$5\frac{1}{4}$c. pm
W. German D-Mk.		$6\frac{1}{2}$–6pf. pm	$6\frac{1}{2}$–6pf. pm	$6\frac{1}{2}$–6pf. pm	$6\frac{1}{2}$–6pf. pm	$6\frac{1}{4}$–$5\frac{3}{4}$pf. pm	5–$4\frac{1}{2}$pf. pm
		Three Months Forward Rates					
United States $		$2\frac{7}{8}$–$2\frac{3}{4}$c. pm	3–$2\frac{7}{8}$c. pm	$3\frac{1}{16}$–$2\frac{15}{16}$c. pm	$3\frac{1}{8}$–3c. pm	$3\frac{1}{8}$–3c. pm	$3\frac{1}{16}$–$2\frac{15}{16}$c. pm
Canadian $		$2\frac{11}{16}$–$2\frac{5}{8}$c. pm	$2\frac{11}{16}$–$2\frac{5}{8}$c. pm	$2\frac{11}{16}$–$2\frac{5}{8}$c. pm	$2\frac{13}{16}$–$2\frac{11}{16}$c. pm	$2\frac{15}{16}$–$2\frac{13}{16}$c. pm	$2\frac{15}{16}$–$2\frac{13}{16}$c. pm
Swiss Fr.		$16\frac{1}{2}$–16c. pm	$17\frac{1}{8}$–$16\frac{5}{8}$c. pm	$17\frac{1}{8}$–$16\frac{5}{8}$c. pm	$17\frac{5}{8}$–$17\frac{1}{8}$c. pm	$17\frac{5}{8}$–$17\frac{1}{4}$c. pm	$18\frac{1}{4}$–$17\frac{3}{4}$c. pm
W. German D-Mk.		$18\frac{1}{4}$–$17\frac{1}{4}$pf. pm	$17\frac{3}{4}$–$17\frac{1}{4}$pf. pm	$17\frac{3}{4}$–$17\frac{1}{4}$pf. pm	18–$17\frac{3}{4}$pf. pm	18–$17\frac{3}{4}$pf. pm	$17\frac{1}{2}$–17pf. pm
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Investigations into specification, design and operation of statistical collections and analysis of data.
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Should be made on forms obtained from the Recruitment Officer, Staff Branch Office of the High Commissioner for Australia, Australia House, Strand, London, W.C.2, *and returned by August 5, 1961.*

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Dounreay Experimental Reactor Establishment, Dounreay, Thurso, Caithness, to be responsible to the Labour Manager for the interpretation of labour policy in respect of industrial employees, including interviewing, job evaluation, industrial welfare and joint consultation.

Applicants must have had industrial experience in all aspects of personnel management. A degree in social studies or equivalent qualification may be an advantage.

Salary on the scale £900 to £1,320 p.a. according to age, qualifications and experience.

Rented housing and house purchase assistance is available for married officers living beyond daily travelling distance. Single accommodation available. Contributory superannuation.

Send postcard for application form to Personnel Manager at above address, quoting Ref 273/211.

ASSISTANT SECRETARY TO TRADE ASSOCIATION

Vacancy exists for Assistant Secretary to the National Trade Association of Department Stores. Duties embrace administration, committee work, report writing and simple accounts. Knowledge of statistical work also desirable but personality and ability more important than qualifications. Starting salary dependent upon age and experience but not less than £800. Applications, in writing, to the Director, Retail Distributors Association, Ideal House, 1 Argyll Street, W.1.

THE UNIVERSITY OF BELFAST

The Senate of the Queen's University of Belfast invites applications for the post of Assistant Tutor in Practical Work in the Department of Social Studies. The date of commencement will be October 1, 1961, or such other date as may be arranged, and the salary scale will be £700 x £25 to £875. Candidates should possess a University degree, and a diploma in social studies or the equivalent. A specialist post-graduate qualification in social work or experience in a family case work agency will be considered an advantage. Applications should be submitted by *July 31, 1961*. Further particulars can be obtained from G. R. Cowie, M.A., LL.B., J.P., Secretary to the University.

THE MILK MARKETING BOARD invite applications for the appointment of Assistant in the Statistics and Surveys Department of its Production Division. This department is concerned with the study of factors governing milk production, feeding practices, cattle population trends, etc.

Applicants should recently have graduated in agricultural science or economics. The commencing salary will be according to qualifications and experience, and there are excellent prospects for the future. The appointment is permanent and pensionable after a probationary period.—Application forms from the Personnel Officer, Milk Marketing Board, Thames Ditton, Surrey.

UNIVERSITY COLLEGE OF SWANSEA

DEPARTMENT OF ECONOMICS

Applications are invited for the post of RESEARCH ASSISTANT in connection with studies in the History and Organisation of British Overseas Trade. Applicants must be graduates in Economics or Economic History. Salary in the range £500-£700 per annum together with F.S.S.U. Benefits.

Further particulars can be obtained from *the Registrar, University College, Singleton Park, Swansea*, by whom applications (six copies) must be received by *Saturday, July 22, 1961.*

THE CO-OPERATIVE UNION LIMITED

DEVELOPMENT DEPARTMENT

Applications are invited from suitably qualified candidates for the following important and interesting positions in an expanding department. Both in positions are superannuated and based in Manchester.

(1) ASSISTANT DEVELOPMENT OFFICER
Duties involve preparation of material on financial aspects of Co-operative Movement's development problems, and particularly assessment of and advice on specific development projects of retail societies. Qualifications sought are a lively and relevant mind, a detailed knowledge of co-operative finance and trade, and appreciation of trading trends, and the ability to summarise conclusions clearly and concisely. A degree or recognised secretarial or accountancy qualification would be an advantage, as would be personal experience of development costing. As development projects need to be assessed on the spot, a fair amount of travelling will be involved. Salary, £1,450 p.a.

(2) SENIOR ASSISTANT
Duties involve research into changing patterns of trade and consumer expenditure and into possibilities of co-operative expansion into new fields of trade. Qualifications sought are familiarity with research sources and techniques, sound knowledge of retail trade, and ability in expression. Previous experience of this kind of work would be useful, and the possession of a good degree or professional qualification would be an advantage. Some travelling might be required. Salary, £1,200 p.a.

Candidates should state which position they are interested in when they write for application forms and further particulars to the Development Officer, Co-operative Union, Holyoake House, Hanover Street, Manchester 4. Closing date, *July 24, 1961.*

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have a vacancy for a young woman graduate with a good degree in Economics. Some knowledge of statistical methods is an advantage. The post is a specialised one dealing with the interpretation of the effects of economic trends on the Company's business.

Applications, giving details of academic background, should be addressed to:
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UNIVERSITY OF OXFORD ALL SOULS COLLEGE

SENIOR RESEARCH FELLOWSHIPS

The College proposes to elect during 1962, if suitable candidates present themselves, to not more than two Senior Research Fellowships.

1. Each Fellowship is of seven years' duration and carries an emolument of £1,250 rising to £1,500* (inclusive of allowances other than children's allowance, housing allowance and table allowance); its tenure is compatible with the tenure of a lecturership not exceeding £550 in £750.
2. The person elected must have attained distinction in one of the following branches of knowledge: Law; History (including the History of Art or of Science); Philosophy; Literature; Economics, Social Anthropology, Politics, Sociology, and other Social Studies. He will be required to undertake some definite project of research in Oxford or with the permission of the College elsewhere.
3. Candidates should send their application to the Warden, not later than October 31, 1961, together with any statement they may think it desirable to submit in support of it and the names of not more than three referees. They may be required to present themselves for an interview. Further particulars concerning the Fellowships may be obtained from the Warden. All envelopes relating to applications should be marked "Fellowship Application."

The choice of the College will not be limited to those who apply.

* An increase, to £1,400 rising to £1,650, is now before the Privy Council for approval.

THE QUEEN'S UNIVERSITY OF BELFAST

The Senate of the Queen's University of Belfast invites applications for a Chair in Economics or Applied Economics from January 1, 1962, or such later date as may be arranged. The salary will be £3,000 plus F.S.S.U. Applications should be received by October 16, 1961. Further particulars may be obtained from G. R. Gowie, M.A., LL.B., J.P., Secretary.

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ROAD RESEARCH LABORATORY (D.S.I.R.), Harmondsworth, Middlesex, requires Civil Engineers, Physicists, Mathematicians, Statisticians in the Senior Scientific and Scientific Officer grades for work in the Tropical Section. Duties concern problems of road building and road transport in tropical and sub-tropical areas, involving soil mechanics, traffic engineering, and economics studies. Section is based at Harmondsworth and work involves regular visits overseas with, in some instances, postings for periods of one or two years on specific projects: usual Foreign Service Allowances apply. Qualifications: 1st or 2nd Class Hons. degree. For S.S.O. some years of appropriate post-graduate research is required. Salary—within range—S.O. £773–£1,267; S.S.O. £1,392–£1,714. Prospects of promotion to Principal Scientific Officer (range up to £2,478) with possibility of higher posts. Laboratory is expected to move to Crowthorne, Near Bracknell, Berkshire, in 1963–64.—Application Form and further information from Director of Road Research (address above) quoting ROAD 8YNW.

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Applications are invited for the post of Lecturer or Assistant Lecturer in Economics (Economic Theory). The salary will be in the range:

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Further particulars may be obtained from the Secretary of the University. Closing date for applications (*eight* copies, overseas applicants one copy), July 21, 1961.

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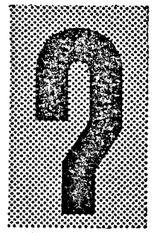
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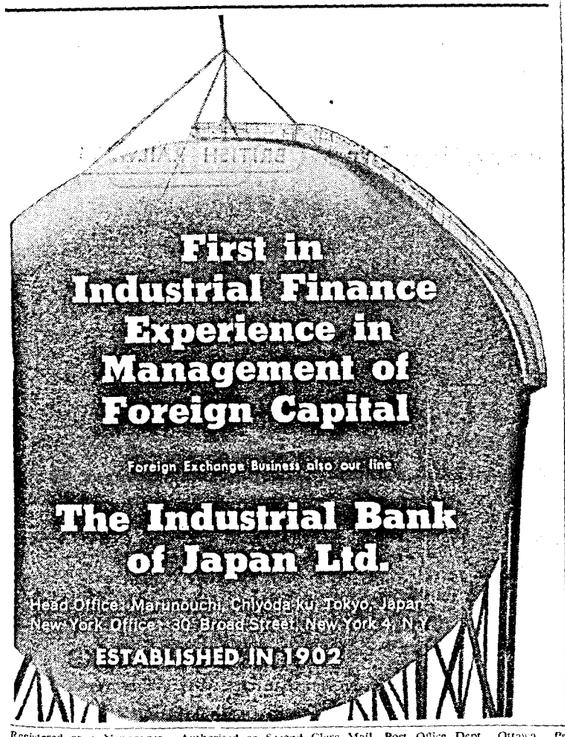
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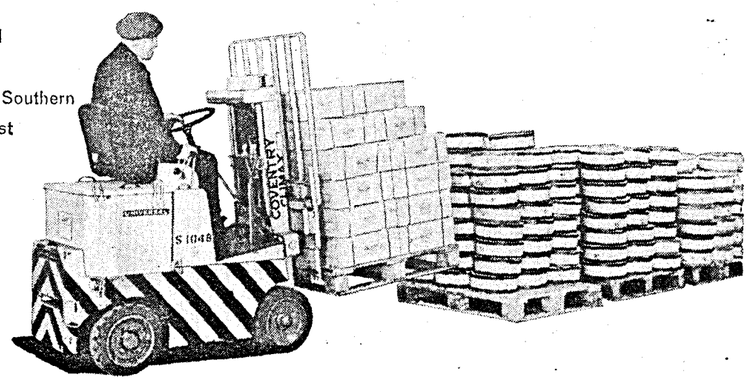
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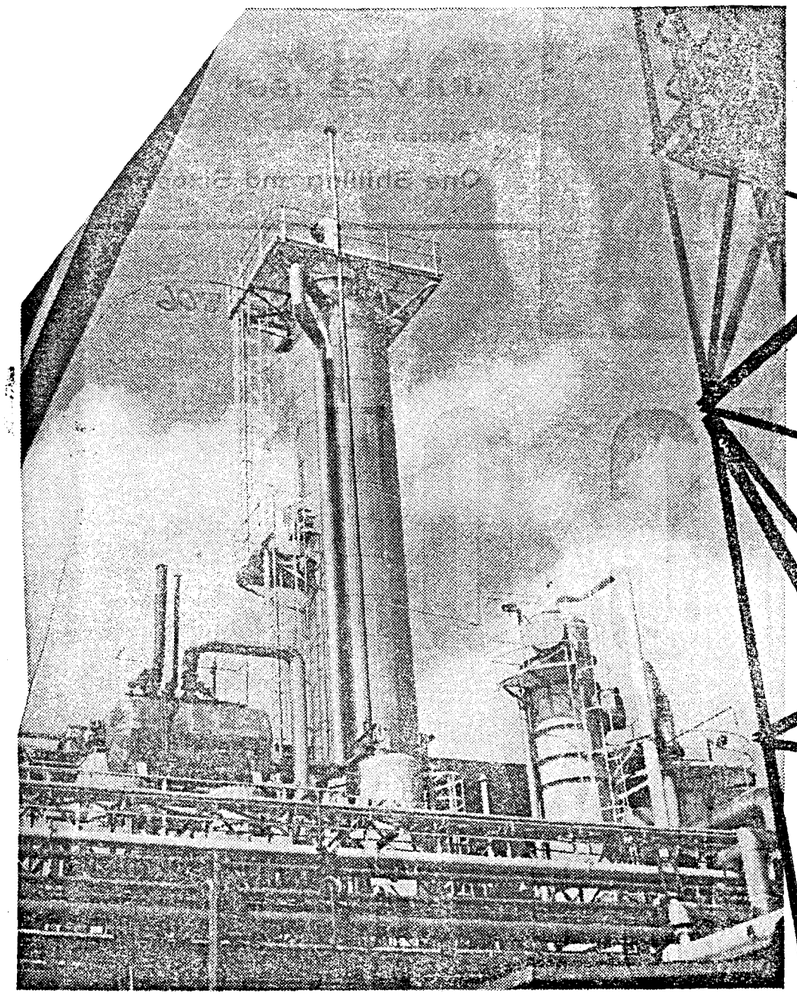
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HOME

A DANGEROUS THING

The Government's trepidation, during the present "crisis", over plainly desirable but awkward remedies for the real, long-standing sickness of the economy could lead to necessities as awkward and far less desirable (p. 315).

Hesitation on the threshold of Europe, if prolonged, might cost Britain its chance of having its own voice, and place, in the new world (p. 317).

A LITTLE LEARNING

Lack of scientific knowledge—and some disinclination to use it where there is no lack—bedevils British industry (p. 367).

The Plowden report on the control of public spending makes valuable suggestions; but it displays a distressing support for public ignorance of economic facts (p. 320).

Three educational experiments now afoot set out to aid the weak and civilise the strong (p. 328).

SURVIVAL OF THE FITTEST

The "big five" British motor manufacturers are becoming the Gigantic Two plus the three also-runners (p. 365).

A hire-purchase house has decided that cars are too old at five (p. 371).

PLACES NOT LIKE HOME

Expansion abroad is one industrialist's answer to Board of Trade embargoes on extending existing factories (p. 372).

Birmingham's hospitals for the aged have been the subject of a damning report (p. 360).

The outcry against German troops in Wales is mis-guided where it is not wrong-headed (p. 324).

THE WAGES OF SIN

The antique splendours of the Sunday observance laws may be chipped away by Mr Butler's committee (p. 328).

There is little the TUC can do to reform the ETU: its best hope lies in publicising the union's September elections (p. 327).

STRAWS IN THE WIND

The fortunes of the Conservative Party depend more on Mr Selwyn Lloyd than on the Prime Minister (p. 322).

Welsh leaseholders' distress may not be altogether logical: but it could present the Minister of Housing with a serious problem (p. 360).

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INTERNATIONAL

ARMS AND THE MAN

The gloom of the growing arms race leaves the necessities of **disarmament** more starkly exposed than ever (p. 319).

The firm western notes on **Berlin** expound a willingness to face the threat of war but do not explain how to meet Mr Khrushchev's threat to make peace with the east Germans (p. 322).

President Kennedy is preparing America for military action over Berlin, should it become unavoidable (p. 335). At the same time he is becoming annoyed at criticism from the press to which he has been so friendly (p. 336). The Peace Corps, one of his most imaginative proposals, is now on its way (p. 334).

Prices are going down in the United States even though economic activity is going up (p. 339). Whether wages will go up depends in part on the current negotiations in the automobile industry (p. 341). Drought has brought a temporary easing of the farm problem (p. 336).

BONN AND THE BEAVER

Canada has based its case against British entry to the common market on grounds of high political principle (p. 344). But the summit meeting of the Six in Bonn rubs home the political arguments for a British move. Though their ship is going slow to give Britain a chance to join, it is still steering towards closer unity (p. 344).

FALLEN IDOLS

Signor Fanfani's image as leader of **Italian** catholicism's "opening to the left" is tarnished (p. 349).

But the latest **Papal Encyclical** takes sides against colonialism and allows respectability to certain socialist ideas (p. 327).

President de Gaulle has described his Prime Minister, **M. Debré,** as St. Sebastian. But some of the arrows which it is fashionable to shoot at him might have been aimed at the President himself (p. 349).

In **Singapore** a left-wing victory reflects disillusion with moderate government (p. 328).

The hope that **Persia's** new Prime Minister, Dr Amini, will bring radical reform is waning as he is forced into compromise with the Right (p. 346).

ARAB AMBITIONS

President Nasser has wisely taken up a cautious position on Kuwait (p. 323). But **President Bourguiba** of Tunis has courted the whirlwind by backing his claim to Bizerta with force (p. 323).

The **Sudan** government has imprisoned political leaders in the hope of breaking a growing opposition (p. 324).

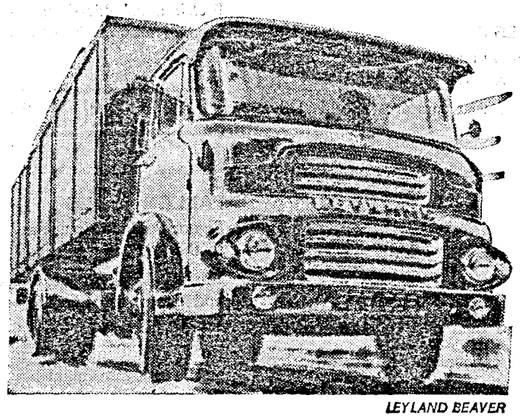
AFRICAN ANODYNE

Mr Macleod's new proposals for **Northern Rhodesia's** constitution have maimed African trust in him. But the territory's success in avoiding trouble until now is dulling awareness of the trouble to come (p. 343).

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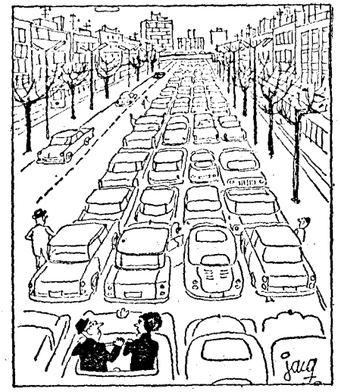
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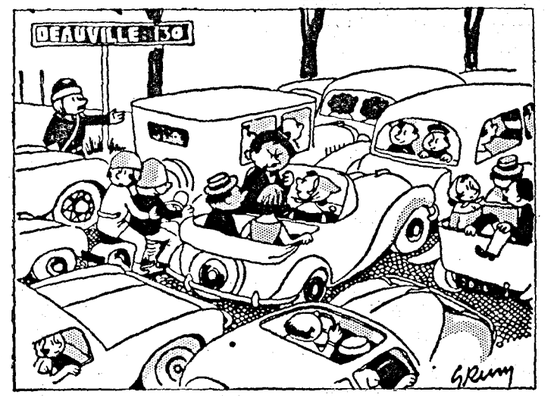
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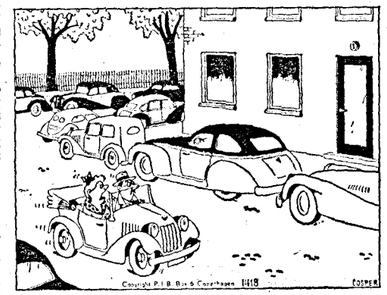


'I can only see one answer: do your business at home and live at the office'
(ROUTES ET CIRCULATIONS, BELGIUM)

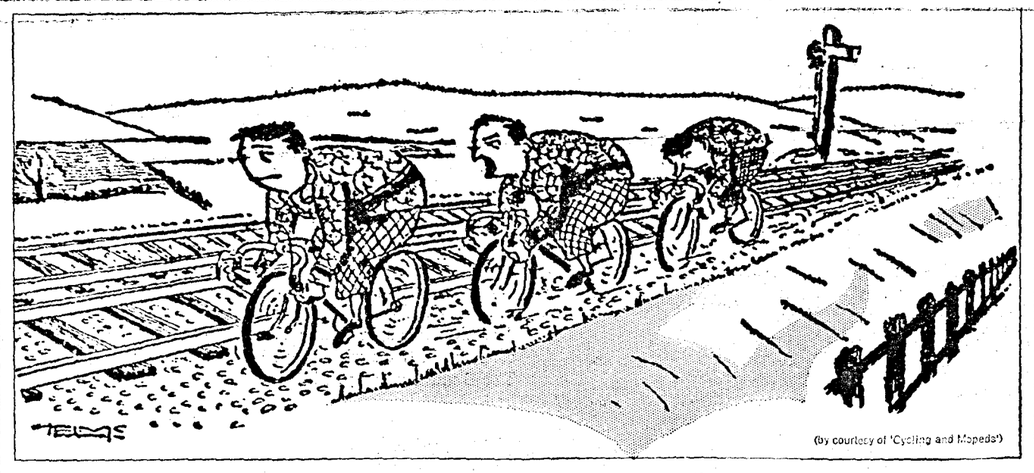


'... and if you tell me again that we should have gone by train, I'll kill you!...'
(LA PRESSE, FRANCE)

go by train
and don't give
a hoot



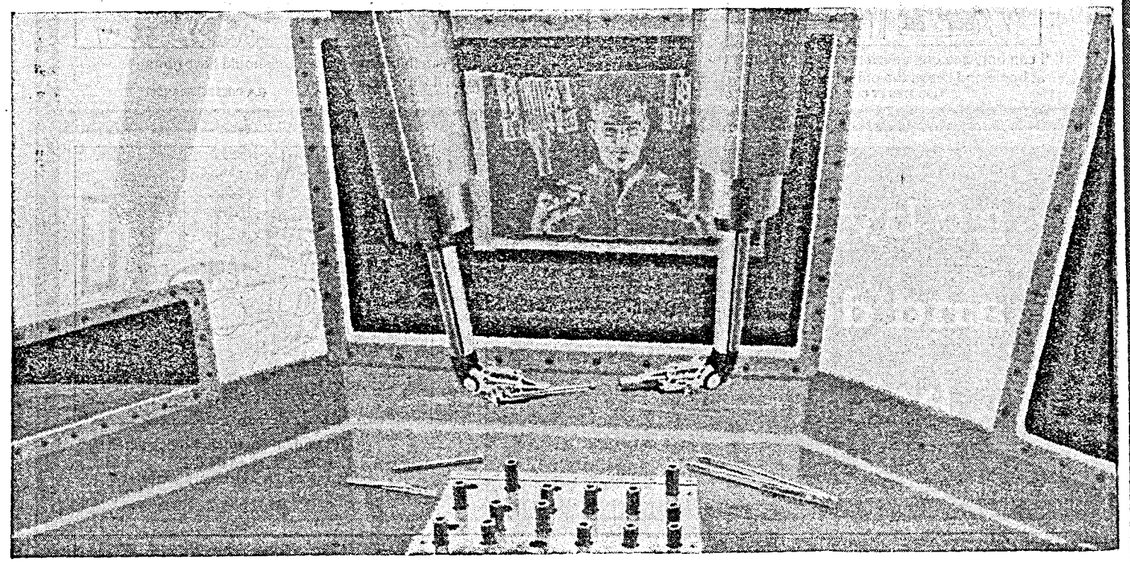
'Why can't you find a parking place when everyone else seems to do it?'
(NEUE BERNER ZEITUNG, SWITZERLAND)



(by courtesy of 'Cycling and Mopeds')

'Do we always have to travel by the shortest Route?'

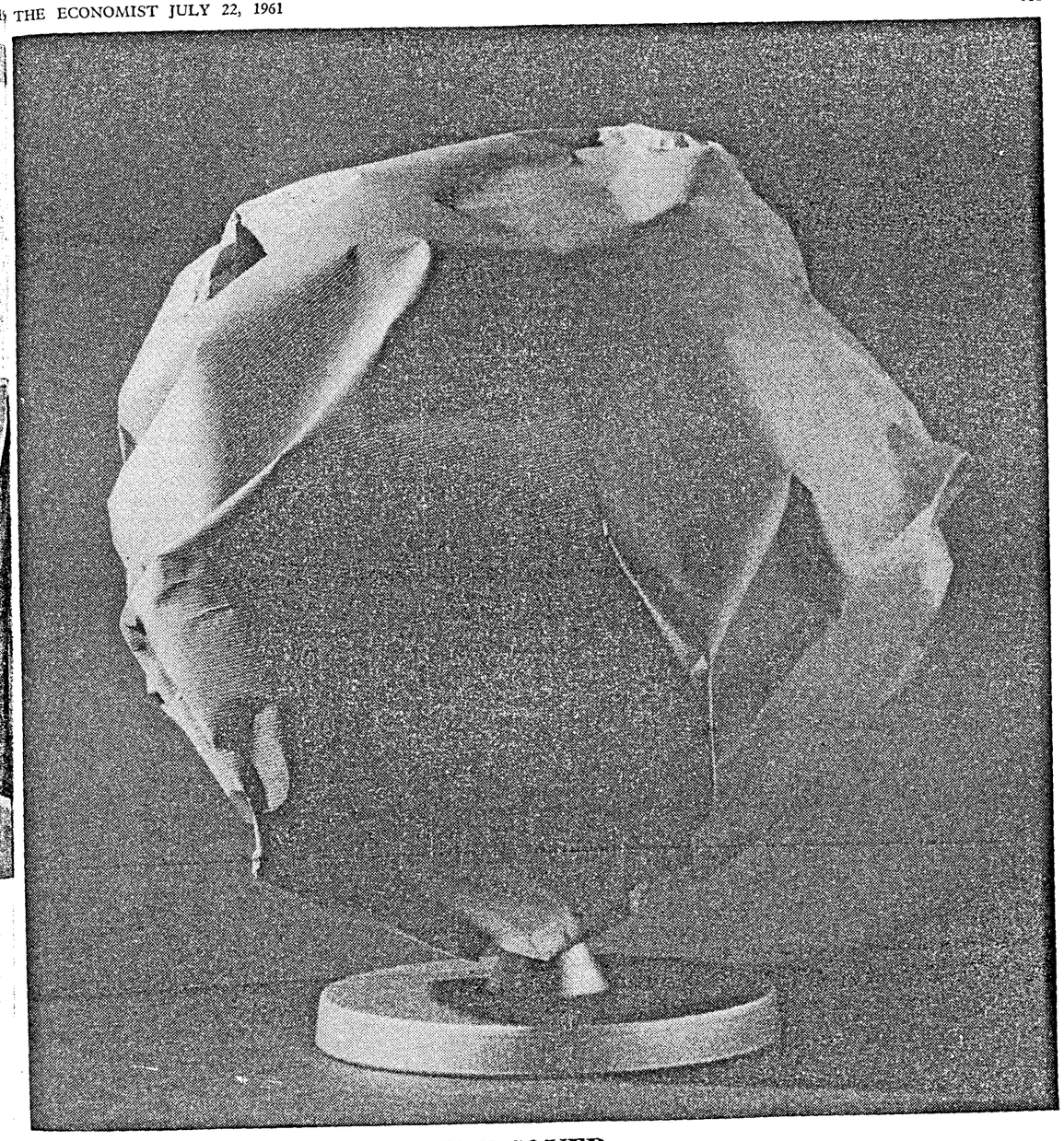
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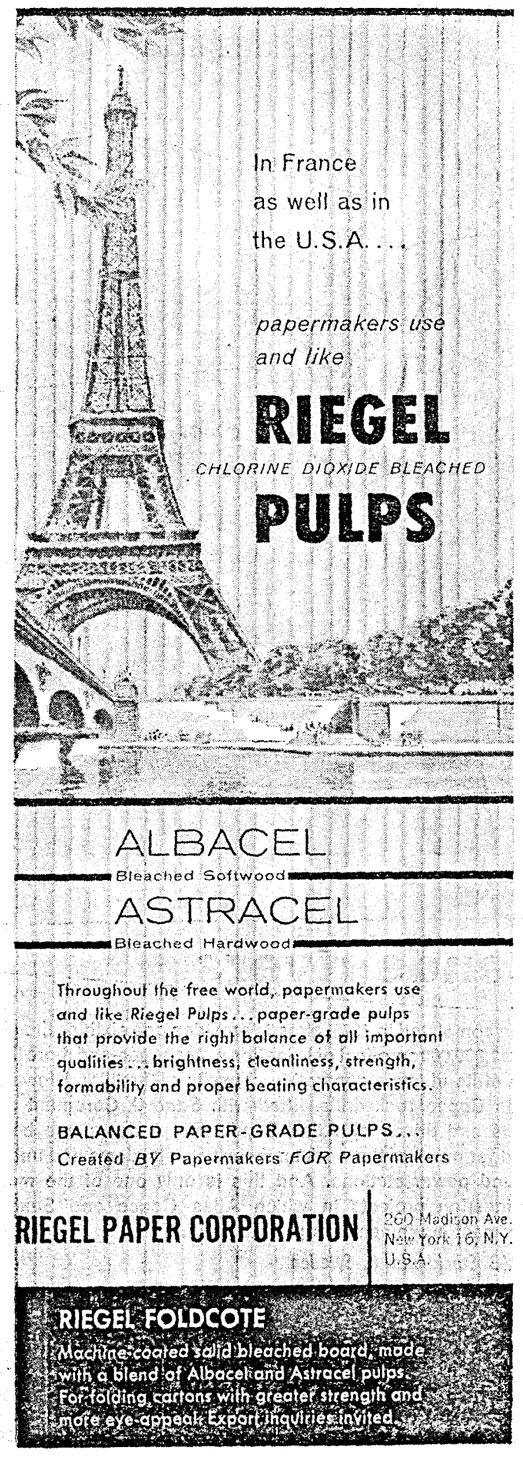


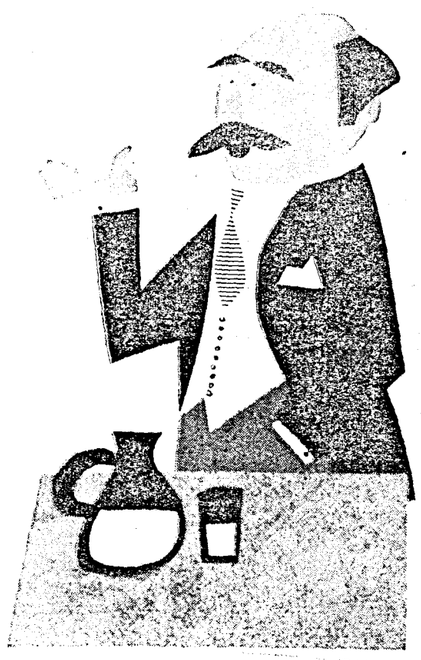
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The man who bends rivers

Joe, taking time off in the boom town of Cooma, is just one of the thousands working on the great Snowy Mountains hydro-electric scheme in south-eastern Australia. He and his fellow-workers have already dammed the eastward-flowing Snowy River, the Eucumbene and other rivers, harnessed them for power and turned them back *westward* through a system of long tunnels deep in the mountains, to carry precious water to the desert interior.

After ten years' heavy work the Snowy Mountains scheme, due to be completed in 1975, already provides one sixth of the ultimate 1,800,000 acre/feet of irrigation water a year–and more than 10% of its ultimate generating capacity of 3 million kilowatts. Atlas Copco rock drills, fitted with Sandvik Coromant drill steels and driven by Atlas Copco compressors, are being used for much of the work on these tunnels, dams and underground power stations. And this is only one of the major engineering projects in which Atlas Copco and Sandvik Coromant equipment has played a part.

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The Economist

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Panic or Policy?

THE loud caterwauling of ministers in advance of next Tuesday's strangely delayed emergency measures has been a great mistake. Its most likely result is either that the measures themselves will appear as an anticlimax; or else that, in order to avoid looking anticlimactic, they will be made to look much more terrifying than they originally need have been. At present, the latter course seems more probable. It would now be so embarrassing to the Government if the mountain brought forth an ordinary mouse that Mr Lloyd's alternatives may appear to be to bring forth either a dressed-up bombastic mouse (possibly a very pink one, playing the anti-capitalist fool) or else a real rampaging heffalump of disinflation. Either beast would be a sign that the Chancellor is giving way to panic instead of soberly hammering out a policy that distinguishes carefully between Britain's short-term economic problems and its all-important long-term ones.

At the risk of being called complacent, one still needs to say that this country's short-term problems are by no means unmanageable, even though in the past few weeks they have been so appallingly mismanaged. It is not even necessarily true that the economy is faced this year by the threat of a sudden and persisting increase in the overload of domestic demand against supply; retail sales last month were at just about the same real level as a year before, although some temporary overheating of consumption has certainly been created since then by Mr Lloyd's extraordinary trailer advertisement that most consumer prices and taxes are likely to rise after Tuesday next.

In cool retrospect, the main thing that has happened in 1961 is that the previous illogical speculation against the dollar, which had dominated the international currency scene in the first two years after Europe's return to convertibility at the end of 1958, pretty well stopped in its tracks shortly after America's new image Kennedy administration came to power in January; and the diverted tide of speculation then turned strongly against sterling instead. This unwillingness of foreigners to hold sterling at the existing level of interest rates was in itself a warning that Britain's long-term weaknesses—its continuing cost inflation and adverse balance of current payments—had made sterling seem to be a sensible currency to speculate against. But the immediate new short-term threat to the exchange rate was one that could and should have been largely met by a rise in Britain's Bank rate several weeks ago. Unfortunately, partly because the authorities were lulled by foreign central banks' helpful willingness to hold sterling under the so-called Basle agreement, this was not done; and the fact that another Thursday has passed without action being taken must increase the apprehension that maintenance of the mistake in not raising Bank rate may conceivably have become a matter of face.

The Prime Minister told Tory backbenchers last week that old-fashioned methods of correction were not appropriate this time, which is an extraordinary conclusion for him to have drawn from the fact that neither the new-fangled method of no-correction under the Basle agreement nor Mr Lloyd's austerely increased budget surplus has so far looked like working. A decision not to raise interest rates now would be a decision to abjure use of an efficient double-barrelled weapon, in favour of using various single-barrelled weapons twice as hard. The big short-term mistake which the Government may now be making can be summed up in two sentences. A two per cent rise in Bank rate would

have the double advantage of being a bait to make it more profitable for foreigners to hold sterling and a regulator to cut down home demand. If Britain is not going to use the bait, then it will have to operate other forms of regulator (whether tax increases or very large public expenditure cuts or both) much more sternly than it would otherwise need to do.

Until these last two weeks, the one heartening feature of ministers' speeches had been their insistence that this time, at last, the Government intended to try to rectify the long-term weaknesses of the British economy as well as to meet the short-term threat before it. But now there must be an increasing doubt whether they are allowing themselves to understand what those long-term weaknesses are. *Pace* the moral puritans, it is a bleak acceptance of poverty to abandon the aim, and castigate the idea, of having it so good; one should not confuse that phrase's bad grammar with its excellent dynamic principles. Britain's ailment most certainly is not that its people are earning too much money in profits and wages in free-for-all markets. On the contrary, the trouble is that in free-for-all markets—such as markets abroad are—Britons are not earning enough; but that in some monopoly-influenced or trade-union-rigged or subsidy-protected markets at home they are too often getting profits or wages that they do not earn.

The ways to cut out the cancerous element in profits are, first, to introduce more competition into every industry (by reducing tariffs and barring legal enforcement of resale price maintenance), so that the only firms that can make large profits are those that are dynamic enough to thrive in really free markets at home and abroad; and, secondly, to stop giving Government subsidies to lame dogs. The ways to cut out the uneconomic element in wage rises are, first, to recognise that a monopoly and cost-inflating element occurs whenever Britain's present system of collective bludgeoning by trade unions pushes money wage rates higher than they would go in a free market; and, secondly, for the Government to rise strikes by turning down all above-the-market wage demands in its own sector, thus giving encouragement to private industry to do the same. This is not the same thing as a freeze in incomes; in all industries that are economically expanding and that need to attract more workers, earnings of all sorts should go ahead.

THESE are relatively simple and direct steps. It is only the extraordinary milksoppery which has soddened British political attitudes that makes it seem difficult for the Government to take them, and that gives rise to the view that one had better in fairness hit out at irrelevant targets first, with the pretence of thereby making it "psychologically easier" to hit out at relevant targets later. Here is the major and abiding curse of British politics today: the assumption that awkward things that are desirable for their own sake should never be done directly, but should always be approached deviously.

This sort of approach has lately brought a grievous threat to Britain's policy for associating with Europe, which the next article discusses. The cautious way of tackling difficulties in the way of a British entry into the common market has been assumed to be to talk a great deal about these difficulties and to talk very little about the advantages of riding past them. The theory has been that this would make those who have a vested interest in those difficulties more placated and amenable; in fact, its main result has simply been to give them more encouragement and incentive to dig in their toes. In the same way, it really would not be sensible to send Mr Sandys, Mr Hare, or Mr Thorneycroft as special emissaries to the trade union movement to talk about the Government's difficulties in saying "no" to it; and it would be worse than senseless to try to light the way to that approach by sacrificially burning at the stake a few anti-capitalist offerings, such as shareholders in any successful and expanding industries.

Yet there is now an obvious danger that Mr Lloyd may resort to some such theatrical and irrelevant action as demanding or imposing a general dividend freeze—which then by its nature would hit hardest at investment in precisely those industries that ought to be growing; which by holding back these growth industries would stunt the nation's best hopes of improving its standard of life; which by frightening away foreign and British investors could directly heighten the strain on sterling that the measures were meant to be designed to abate. The cardinal error in this crisis would be to slide into the assumption that the best way of cutting out waste in the economy is to cut down the most natural growing points first.

Possibly, these fears are too gloomy. In the short term, one suspects that almost any of the disinflationary measures which Mr Lloyd is now obviously going to take will succeed in damping down home demand pretty effectively, partly because that demand is probably not nearly as buoyant as the Government seems to assume. Unless the manner of his action succeeds in frightening foreign speculators as much as the matter of some of his speeches has already frightened his domestic friends, this plunge into disinflation should bring quick succour to the pound. In the long term, it is still possible that the heartening things that the Chancellor has said about fostering more competition should be taken at their face value, and that the more transcendental moonshine hinted at in some of his other statements should not. But the fear remains; some recent ministerial statements have been most redolent of George Bernard Shaw's aphorisms that "when a stupid man is doing something which he is ashamed of, he always declares that it is his duty" and that "an Englishman thinks he is moral when he is only uncomfortable." This seems to be a dubious form of morals; the point to make before next Tuesday is that it is certainly a chuckle-headed form of economics, which a great trading country cannot afford.

The Economist

JULY 20, 1861

ASYLUMS FOR MONEY

We have heard a great deal lately of the poverty of bankers, and this has been assigned as a concurring cause for the tightness of the money market and for the low value of public securities. The accounts, however, of the London Joint Stock Banks for the half-year do not show any indication of this poverty. . . . It has surprised many persons that these great establishments should not show any signs of the poverty which has been attributed, doubtless correctly, to banks in general. *As these banks have large country* connections, it might be especially thought that they would be affected by the poverty which the bad harvest of last year has caused through the agricultural districts and among country bankers. But the peculiar nature of the business of the London Joint Stock Banks must be remembered. They are the reservoirs of *hesitating* money. Whenever there is a period of uncertainty they thrive. When a man is in doubt as to what he shall do with his money, he puts it out at interest in a London Joint Stock Bank; whenever he hesitates to buy anything because he thinks the price will be lower, he puts it at interest in a London Joint Stock Bank; whenever he is dubious whether he can continue to do his usual business with a profit, he deposits the money in a London Joint Stock Bank. He can have his money in a moment, and he obtains a high interest; for these banks are in the very best market for *making money, and can obtain the aid of the most practised* intelligence. No other establishment can compete with them in these respects. They are a sort of asylum for unemployed money, because they can bid more highly for it than any one else can bid. During the last half-year there has been much unemployed money, and therefore they have not suffered as other banks have done during the same trying period.

Britain's New Frontier

The opposition to British entry into the Common Market is mounting; but no serious alternative exists, and the opportunity will not wait

IN the past two months the reasons that have impelled the British Government to consider joining the European common market have become obscured. No wave of opinion on such a major issue, however strong, can roll forward indefinitely without some backwash, and at home the dawning realisation that Britain is on the verge of a historic departure from its insular traditions has brought out into the open those who look back instinctively to those traditions. The three ministers who have been consulting the Commonwealth have come home laden with problems—which, in fact, they went out to collect. Only two governments, it is true—those of Canada and Australia—have been open in their opposition. But each Commonwealth country has naturally pleaded for its special trading interests, and most have brought up doubts about the future of the Commonwealth as a political idea.

Yet events have meanwhile put the case for joining more forcefully than any arguments. In Bonn, on Tuesday, the heads of the six common market governments met and agreed on more steps towards political unity. They are not at present envisaging federation and even the French plans for confederation have been toned down. As our Bonn correspondent points out on page 344, the Six are indeed pausing to give Britain the chance to board the ship. They have, however, made certain decisions: that the heads of governments should henceforth meet regularly; the foreign ministers, who already do meet regularly, should go on doing so; and a commission should draft a European political statute. A further step has thus been taken towards a new system of political consultation and power.

Europe—as Mr Khrushchev's Berlin threats show—has by no means yet been displaced as the central arena of world politics. But Britain now faces the prospect of becoming increasingly peripheral in shaping its affairs as a new, incomparably bigger, group emerges on its doorstep. In the broader Atlantic context, too, the postwar phase when Britain, as the leading European state, could still hope for a special influence as America's first ally, is at an end; for the shifting facts of power force America to give the European community greater weight. The Commonwealth rightly attaches importance to maintaining Britain's voice in world affairs. If Britain finds no place in the new European structure, that voice seems destined to become increasingly plaintive and unheard, in America as elsewhere.

Meanwhile the country's sixth postwar economic crisis provides the economic writing on the wall. Through fifteen years one improvisation after another has masked the need for a radical shake-up of the British economy. The pretence cannot be kept up much longer. For a decade Britain's share of the world's exports has been steadily declining; it now faces the prospect of exclusion from the world's most swiftly growing major market. Joining the common market will not solve Britain's economic problem; but it will bring the problem home in tangible terms—and present the opportunity to solve it. Certainly no other step offers the combination of both a salutary competitive discipline and the access to new markets that should stimulate investment and growth at the same time. In sheer tactical terms a new hesitation at this stage could be disastrous for sterling; while, to glance aside at a more hopeful prospect, the plans for a pooling of reserves on a European basis now being hatched amongst the key thinkers in Paris and Brussels do seem to offer a more radical remedy for the sterling problem than any yet put forward. The pooling of power can bring, not just sacrifices, but real remedies for problems that have outgrown this island nation.

For all that, the British Government would seem to be under sore temptation to put off a decision once more, as Tories and others react nervously to the protests that have been invited from across the sea. The Federation of British Industries, which once gave a fair wind to the move towards Europe, has already succumbed to this temptation. A resolution, passed by the grand council on July 15th, accepts the idea of a common tariff, advocates a common European policy towards low-wage countries which will shift some of the burden of Asian import from British to Continental shoulders, and even grudgingly acknowledges the possibility of losing existing preferences in Commonwealth markets. But it comes out directly against "formal negotiations with the Six until existing differences have been so far narrowed as to offer the prospect of a satisfactory outcome."

FRANKLY, there now seems no likelihood that further hesitation will bring any further narrowing. A year of patient, perhaps excessively patient, British diplomacy has brought a great change for the better in the climate across the Channel, but hope and expectation cannot last for ever. The French in private exchanges have gone as far as they are prepared to go on the Commonwealth problem in advance of a formal negotiation—and that is quite a long way. They have agreed to associate British African territories on the same terms as their own, and to extend free entry arrangements to vital Asian tropical products like tea. They are prepared, it seems, to re-negotiate items of the common tariff; this could presumably take care of the vital Canadian raw materials, like aluminium

and newsprint. In Geneva, under the auspices of the General Agreement on Tariffs and Trade, a conference is meeting to work out a joint western policy to share the burden of importing Asian textiles. Here, in embryo, is the answer to the problems of India and Hongkong. Finally, the French recognise that New Zealand's agriculture must have special treatment.

There remains the problem of agriculture generally—above all, of meat and grain from Australia and Canada. With French peasants out on the barricades, German ones barracking Dr Adenauer on the hustings, and the prairies under drought, no-one can pretend this will be easy to solve. But here, too, difficulty is not a reason for delay. The common market's agricultural policies (like its African association) are now at a crucial formative stage ; it will not help New Zealand and Australia (or Ghana and Nigeria) if Britain waits to try to join until the plans have crystallised. Almost every week, some new feature of the common market takes final shape, narrowing the field open to negotiation.

The Federation of British Industries, whose resolution, though remarkably reticent on the interests of industry, contains strong views on politics, agriculture and the Commonwealth which sound very like those of the Board of Trade, declares that the common market in agriculture "*is likely to* be restrictive." That is the danger, it is true. But there is also another danger—that the British will overestimate their own present liberality, and underestimate the opportunities that would exist to make European policy more liberal if they themselves were to throw their weight on the liberal side. The latest bulletin of the United Nations Economic Commission for Europe shows that British grain prices (where subsidies protect home producers against the Commonwealth and all comers), though lower than prices in Germany, were far above those in France in the years 1956 to 1959. If Britain were to throw its weight on the side of the efficient European producers (Holland, Denmark, France) who want prices down, there could be a strong combination in favour of a relatively low-price liberal common market.

Agriculture is not the only field where mistrust may be as great an obstacle as the difficulties themselves. The FBI is worried by the uncertainty of the provisions of the Rome treaty about restrictive practices. Here the Six have, indeed, not yet decided what to do. But a visit to Brussels might have shown the FBI that there are key men in the community anxious to learn from Britain in this field. The head of the "competition" directorate of the European Commission has himself studied the working of the British restrictive practices court, and regards it as a better model for the community's arrangements than any system yet existing on the Continent. Here is a good example of the suspicious insular habit of, in case of doubt, assuming the worst.

When all the objections have been aired, an alternative to the policy of applying to join the European community, and negotiating to protect the interests of the Commonwealth and the European Free Trade Association, is impossible to find. On their side the Six have made it clear again and again that they are not prepared to accept a looser association with a large power like Britain that will water down the essential institutions and principles of the Rome treaty. Nor, for that matter, will the walls of the community's African association come tumbling down at the blast of the Commonwealth trumpet, as Dr Nkrumah still seems to hope. Unity in western Europe remains, at this stage of African emancipation, a condition of unity in Africa.

ONE other idea that has been resurrected in the past few days—that of a Commonwealth common market—merely shows up starkly the limitations of the Commonwealth (for all its reality in other ways) as an economic, or indeed a political community. Is Mr Diefenbaker or Mr Menzies prepared to tear down the tariffs and quotas against British goods behind which Australia and Canada are building up their infant industries? Is Dr Nkrumah prepared to give up his idea of an African common market for the sake of a Commonwealth one ? They are not ; their stage of national development is against it. Eighty years ago the Continental countries moved into their era of protection as they built up their infant industries, while Britain enjoyed free access to Commonwealth markets. Today, as mature economies, they are ready to bring the barriers down, while the Commonwealth countries are protecting themselves as they, in their turn, industrialise. The health of the Commonwealth itself requires Britain—free and independent just like other Commonwealth countries—to be able to adapt itself to this changing pattern.

That does not mean at all that the unique network of the Commonwealth countries cannot keep what are its real ties, and develop them. Indeed, in the new world of regional groupings, the Commonwealth's role as bridge—between regions as well as between races—should actually grow. The Commonwealth, changing fast anyway, will change as Britain becomes a part of the new Europe, but this need not be any weakening ; the alternative is a fatal debility at the heart.

Sir Roy Welensky has remarked that a British decision to join might pose a "threat to the whole Commonwealth structure," because it would impair Britain's political identity and influence ; that is the plea which Canada has entered, too. But how long will the Commonwealth mean anything at all if Britain cannot make up its own mind to take this plunge ? It is precisely in order to preserve and refashion Britain's political identity and influence that the decision is demanded. The head of a body like the Commonwealth cannot persist merely as a reflex of the limbs. Only Britain can weigh, for itself, the facts of power and wealth, and politics and defence in its home continent, Europe, and decide to do what is needed to secure its future—and so, in part, the future of all its friends.

Throughout the years of erosion of the British imperial position the British people have tended to react defensively, drawing in their horns abroad, falling back on the consolations and myths of island life. But the state of our economy today —and of the world polity—should make it plain that the Dunkirk spirit is not enough. In the common market British industry will face a rigorous challenge ; but opportunity will be there as well. In politics Britain will have to produce new energies if it is to carry its great traditions into the new Europe and not be swamped. But there, too, lies opportunity: the case for joining Europe is not just *faute de mieux* ; there is the new frontier there, political as well as economic, that this old country much needs now. It is not an opportunity that can be toyed with for long. The European Community is taking shape fast ; 1961 may well be the last year in which Britain can enter with a fair hope of helping to shape it.

A B C D of Disarmament

Fresh spurts in the arms race make it the more urgently necessary to plumb the full depth of the disarmament problem

SHAPES are sometimes clearer under dull skies than in the bright shimmer of hope. This is particularly true of the disarmament problem. Its essential outlines are too seldom recalled. Either attention is focused on those aspects of it that seem most hopeful at a given moment, or it is shrugged off altogether because there appears no prospect of progress at all. Yet a recall to fundamentals is not only needed when the outlook is grim ; it is also at such moments that the fundamentals, unobscured by fleeting hopes, emerge most craggily.

This is surely such a moment. True, Mr McCloy is in Moscow this week, still patiently prodding the Russians toward a resumption of the disarmament talks that they broke off so brusquely more than a year ago. But—especially after *Pravda's* weekend leader—nobody now envisages a serious resumption of talks before the United Nations Assembly meets in September; and nobody dares to expect from the Assembly more than another inconclusive wrangling match such as marred (and lengthened) its last session. Nor are the Geneva talks on nuclear tests any longer seen as a potential pathmaker for a comprehensive disarmament agreement. The senior American and British delegates have withdrawn from Geneva, and their governments have asked the UN Assembly to consider the deadlock created there, after thirty-two months of negotiation, by Russia's insistence on new conditions. Over all hangs the shadow of Mr Khrushchev's announcement of a dramatically increased Soviet arms effort, presented as a response to recent American moves and in turn setting off fresh American discussion of further moves, including the calling up of some reserves.

Yet even the prospect of a trial of nerves—if not of strength —over Berlin cannot altogether still the continuing debate on disarmament. The greater the danger, indeed, the more urgent becomes the need for a really searching re-examination of a problem whose full depth has still not been plumbed.

NOTHING now remains of Mr Khrushchev's 1959 formula for general disarmament except a kind of Cheshire-cat grin and whiskers. Such body as lay behind the grin has been gradually dismantled by its own sponsors. They have abandoned the four-year timetable, after Mr Tsarapkin had given the show away by insisting at Geneva on an even longer period merely to mount the monitoring of nuclear tests. They have abandoned (after light-heartedly reversing) Mr Khrushchev's absurd programme of staging, under which all non-nuclear powers were to be completely disarmed before the hydrogen-headed ICBMs were touched. The Russians have grudgingly revealed that when they say "complete" disarmament they do not mean it; they mean that each state would keep enough force to sustain its rulers in power—that is, the less democratic a regime, the stronger it would be militarily. And they now accept the need for an international force under UN authority to keep peace in a disarmed world—an idea which, less than a year ago, was reviled by Soviet spokesmen as one of imperialism's most evil devices.

Western formulae have stood up better to the test of two gruelling years. One can trace a continuous pattern of generally realistic thinking through the British outline offered to the United Nations in September, 1959, the five-power plan of March, 1960, the American elaborations of June, and the Anglo-American-Italian resolution tabled in the Assembly last November. The essential idea, that general disarmament must be so staged that nobody should obtain a dangerous military advantage at any point, has been faithfully preserved (it has now, indeed, been formally accepted by Russia, but unfortunately in a context that shows the acceptance to be purely formal). There remains, however, a glaring gap in the western formulation. The fact that the same gap is equally unfilled in the Soviet proposals, and in the suggestions offered at the UN by India and other uncommitted nations, does not absolve the western governments from the responsibility of filling it in, if they wish their plans to be taken seriously.

The gap is papered over with vague references to new peace-keeping machinery necessitating the use of a UN force. But such phrases raise rather than answer the crucial questions. In a generally disarmed world, in which, however, some states retained the substantial forces they would need to control their own peoples, how strong must the international force be to keep the peace? (Russians, at least in talk with foreigners, now throw up the idea of a force of 100,000 men, possibly with naval and air elements, but without "heavy" weapons.) Would the force be an international legion with a single loyalty, or just a congeries of national units, like the existing UN forces, whose elements are available only if their governments permit? Above all, how could the peace-keeping authority be constituted so that its necessarily irresistible military power could not be abused, without crippling its effectiveness by a system of vetoes?

At first sight, no doubt, these seem highly hypothetical questions that need not be answered until Utopia is in clearer view than it is today. But their gradual and vexing intrusion into the great debate on disarmament during the past two years suggests that they have a much more immediate bearing. Mr Khrushchev has raised the issue in the course of his onslaught on Mr Hammarskjöld, arguing that no one man can be given the power that might accrue to the secretary-general if a UN force of decisive strength began to evolve. More generally, no government is likely to commit itself seriously to the road that leads to general disarmament if it sees, at the end of the road, a system fatal to its most cherished ambitions —a system from which, once it has been established, it will be too late to escape.

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The fundamentals of the disarmament problem are, after all, pretty simple, however unavoidably complex its superstructure. These fundamentals even lend themselves conveniently to an alphabetical arrangement. In this alphabet A stands for anarchy—regrettably, the natural condition of relations between sovereign states—and B for balance of power, the most familiar device for moderating an anarchical rivalry in arms. For all our anxious thought, we have not yet, in execution, got beyond B ; we have merely explored its limitations, while still, necessarily, relying on such security as it offers us. Meanwhile, both in negotiation and in unofficial debate, our concern is divided between the various new moderating devices that are usually lumped together under the heading of arms control (C) and the sweeping reductions involved in general disarmament (D). (The alphabet need not, of course, end there ; beyond D one might cite, for instance, E for the economic consequences of general disarmament—a whole field for study in itself, and one to which the UN is now committed ; but, for the present, the argument may be kept to four-letter terms.)

If D is now dominant in the public eye thanks to Mr Khrushchev's vestigial but still hypnotic grin and whiskers, among the pundits it is C—arms control—to which the greatest amount of brainpower is being devoted, at any rate in the West. (There is, as yet, practically no published evidence of serious analytical thinking about either general disarmament or arms control among Russians.) Mr Kennedy is still being bombarded with suggestions elaborating the existing body of ideas about how to avert "accidental" war by providing mutual reassurances ; how to check the spread of nuclear arms to other powers or into outer space ; and how to make the deterrent less dependent on vulnerably sited missiles and inadequately dispersed bombers, with their attendant risks of over-hasty trigger-quickness. Here, with such devices as the Polaris-firing submarine, C visibly overlaps with B ; the goal is to stabilise, even defuse, the balance of power.

Soviet doctrine—for example, Mr Bogdanov's pamphlet on "Nuclear Disarmament," lately published by the Institute for International Relations in Moscow—remains scathingly hostile to the whole concept of balance, and thus to all forms of arms control designed to perfect the balance. But Mr Khrushchev's latest spurt in the arms race is a reminder that, in practice, Russia too pursues balance—at tremendous cost to an economy much less productive than America's ; and the present western concentration on those forms of arms control that aim at a better balance is largely the result of the Soviet resistance to control through mutual inspection that has bedevilled the Geneva talks on tests. But it is the pace of technological advance that most seriously affects the validity of the idea of security through balance. Such a breakthrough as the successful development of an anti-missile missile or a "neutron" bomb, or a dramatically cheaper method of producing weapons of mass destruction, could only too easily upset either the balance between the super-powers or their dominant position in the world. In alphabetical terms, this would mean being driven back from B to the armed anarchy of A.

THE apparent choice between approaches to disarmament that some partisans have urged is in fact an unreal one. So long as the road to D—general disarmament—remains uncharted by reason of the nations' refusal to face its full implications, the immediate task is that of perfecting B as far as technical factors permit and piling as much of C as possible on top of it. But B and C together, however successfully developed, can yield no final security ; the road to D, however misty, must still be reconnoitred. The western governments have already looked far enough ahead along that road to glimpse the inevitable at the end of it—world government—and have shrunk back ; the Russians have steadfastly shut their eyes to it. On neither side (nor, it should be added, among the uncommitted countries) can sincerity about general disarmament be claimed until the plain facts are faced more frankly.

Several Billion Candle Ends

A first judgment on the Plowden report which was published just before we went to press

THE Plowden report on "Control of Public Expenditure" bears many of the marks of an intelligent civil servant's document ; senior officials from several departments sat on the committee with Lord Plowden and three other outsiders, and although the published report is issued solely in the names of these last four men, the views expressed carry with them a certain cachet of what is thought to be best by the wisest men in Whitehall. It is therefore reasonable to consider them with that leaning in mind. The report's main recommendation is quite obviously right. Whether or not Government planning is to be regarded as a dirty word for outside industry, it is high time that Government expenditure itself was planned. At present, says the report, "the tendency is for expenditure decisions to be taken piecemeal"; henceforth or, rather, once the necessary organisational changes have been made, "decisions involving substantial future expenditure should always be taken in the light of surveys of public expenditure as a whole, over a period of years, and in relation to the prospective resources."

The pill in the pudding is that, once the Government has made these long-term surveys, the report assumes that it should not tell anybody about them:

> It is . . . doubtful whether any Government will feel able to place these surveys before Parliament and the public. To do this would involve disclosing the Government's long-term intention for a wide range of public expenditure; and also explaining the survey's assumptions about employment, wages, prices and all the other main elements in the national economy. It would be surprising if any Government were prepared to do this.

This is an argument that no government should be allowed to get away with—at least in the extreme form that appears to be adumbrated in this so authoritative report.

In fact, the case for maximum and informed and pertinacious public debate is strengthened by a consideration of the three examples of the sorts of decisions through which the committee sagely suspects that the largest amounts of public money may be being wasted today. The main fields of waste, it believes, lie in the "no-man's land between policy and administration." The first typical sort of case "may be a subsidy to a farm or an industry or an area, given as a temporary pump-primer yet continued despite the fact that the recipient has poor prospects of ever becoming self-sufficient again." Secondly, "the social changes of the last fifteen years have altered the incidence of hardship, so that there now may well be excessive social services for some purposes and inadequate ones for others" (the report boldly suggests that some agricultural grants may come into this category). Third are cases in which quick changes and happenings in the military or international field, or in industry, agriculture or transport lead to a strong pressure for governmental action, often in the form of large capital projects: these cases often arise at short notice and with what appears to be pressing urgency, fanned by parliamentary and public opinion. The consequence may often be that they are not subjected to adequate financial examination. These are all cases in which subsequent history often shows great waste. The first two sorts of waste are of a kind that politicians find it difficult to cut out, until a mass of newspaper articles has helped to create an informed opinion in favour of doing so. The third sort of waste is implicitly blamed by the report on pressure by uninformed public opinion, but that pressure will certainly not be made easier to resist if the trend in any new system of long-term planning is for the Government to keep its long-term expenditure estimates secret to its pristine self and leave the public in the dark.

The second major potentiality for waste in the public service lies not in the way that the state takes its expenditure decisions, but in its system of control over the way in which those decisions to spend are carried out. Basically, the right trend here—to which the committee gives its blessing—must surely be to make the Treasury more of an efficiency audit organisation and to leave more of the purely detailed management of expenditure to the departments themselves. "The Treasury," says the report, "should use the submissions on individual expenditures mainly to form a judgment on the efficiency of the department's administrative machine ; and it should express its views about the administration rather than about the individual submissions themselves." In performing this salient Treasury task, the report notes that

> increasing attention has been paid in recent years in the Civil Service to comparisons of performance of units in different departments but engaged in the same field of work, such as regional offices, hospitals, research establishments ; and to comparisons of the way in which the same job is done by many departments, e.g., information work, building costs and so on.

It is important that these comparisons should be increasingly made, throughout the public service. And, once again, although one suspects that Whitehall would hate this, why on earth not publish them ?

Within the individual departments, the report recognises "the burden of work which falls on Permanent Secretaries in carrying out their triple function of policy advice, finance and management"; but hints delicately that some permanent secretaries should devote more time to the last. To help them, it recognises that "the post of Principal Establishment Officer, as adviser to the Permanent Secretary on staffing and organisation, should be regarded as one of the most important posts." Does this go far enough ? Should not most of the bigger departments have the equivalent of a general manager in them, separate from and just below the policy-advising Permanent Secretary ? Any big commercial organisation would be likely to arrange things that way ; in a newspaper, which is not an entirely jejeune analogy, the editor (as policy-maker) and general manager are always separate posts.

THE other big and remaining problem, which is not really solved by this report, is that of securing effective outside supervision over the whole machine. The report makes no mention of the case for having a senior Cabinet minister, separate from the Chancellor of the Exchequer, as a sort of director of the bureau of the Budget to oversee government expenditure as a whole. It says merely (and somewhat idealistically ?) that there should be an improvement in the arrangements to enable ministers to discharge their "collective responsibility" for this ; ministers should not regard themselves as poachers whose job is to get the biggest vote for their department, leaving the Chancellor as the sole gamekeeper.

The report also does not exactly overdo its enthusiasm for the parliamentary watchdogs in their Estimates and Public Accounts Committees. "We have not formed the impression," it says in one of several loaded negatives, "that the work of the committees, taken as a whole, is imposing an unreasonable load upon the Permanent Secretaries or upon the departments in relation to its intrinsic importance." But it does hope that the committees will realise that the Treasury cannot constantly be expected to give as much independent advice and comment to them on detailed points as it did when Government expenditure was much smaller and more directly Treasury-controlled than now. As for parliamentary control of the nationalised industries, "the over-riding consideration in our view is to strengthen the managements"; once that is done, the report implies, Parliament should be careful not to keep getting in their hair.

Undoubtedly, there is a great deal of good sense in this. There is equally good sense in another polite dig that the report makes at the politicians—and one that is especially topical at this time: the committee is all against "attempts, at moments of inflationary pressure, to impose short-term 'economies'" in current Government expenditure. These "are rarely successful and sometimes damaging"; they are "frustrating to efficiency and economy in the running of the public services."

But, when all this has been said and fairly granted, and when tribute has been paid to the high value of much of this report, the main problem of watching over so many thousands of millions of pounds of public money remains. Perhaps the best solution would be to have some such body as the Plowden committee set up to review the situation and the mechanism every seven years or so ; but next time to make it even more an outside, and less an internal, committee ; and all the time, instead of tending to hide both improvements and weaknesses under a bushel, to lay much more information about trends in the expenditure of taxpayers' money, and about internal audits of efficiency in spending it, frankly before the public.

NOTES OF THE WEEK

BERLIN

In the Web

"WE are in danger of becoming prisoners of our own pronouncements," the Foreign Secretary told the Lords on Wednesday, discussing Berlin, "and of a rigidity growing up from which no one can escape, and which might possibly lead the world into war." This kind of sensible talk is liable to be represented nowadays as feeble shilly-shallying. As President Kennedy made clear at his press conference on Wednesday, there is a mood of irritation among the western allies at the length of time it took to agree upon the latest salvo of western utterances. These were the replies, delivered on Monday, to Mr Khrushchev's Vienna memorandum of June 4th about Germany and Berlin.

Neither of these broadsides has served any purpose but to imprison each side a degree more tightly in its own web of argument. Mr Khrushchev's promise of a separate peace treaty with the east German regime by the end of this year seems to have become inescapable. The West's commitment to maintain both the liberties of west Berlin, and its own presence there, was inescapable already. But the dispute is really about something different, and this, presumably, is what made it hard to formulate the western replies. Mr Khrushchev does not threaten, in words, to interfere with west Berlin's liberties or with western access to the city. What he threatens is to hand the matter over to Herr Ulbricht's regime, which, in turn, disclaims any intention of obstructing anybody.

It is here that the West is imprisoned by its past utterances: as the American Note reiterated on Monday, the east German government "is not representative of these people" and therefore "cannot be regarded as an independent sovereign state." Therefore there can be no dealings with it. There are many parts of the world where such a doctrine would bring diplomacy to a standstill. In Berlin, it obliges the West to rely on vague threats of force to meet a situation as yet shadowy and hypothetical. This week's Notes have not, in fact, made matters any worse; if they leave uneasiness behind them, it is because the course of action to be followed by the western powers, when their difficulties come upon them, remains shrouded in perplexity.

THE ECONOMY

Playing Cluedo

IN the past week there have been six speeches by ministers who must know what Mr Lloyd is going to do next Tuesday. Inevitably, they have set off a national guessing game. The one common feature to all of them was a claim that "things have been too easy in the home market" and that "home demand is rising very fast"; one doubts if this last statement is necessarily true, but there is here a clear implication that the cuts to be laid on the domestic consumer will be pretty heavy. Everybody now seems to be expecting the Chancellor to increase all indirect taxes by up to 10 per cent.; this expectation was heightened on Tuesday when Mr Lloyd went out of his way to deny that consumer taxes are already unfairly high. Until Tuesday most people had assumed that the payroll tax regulator would not be used, but then Mr Maudling (followed on Wednesday by Mr Hare) included a passage about the need to encourage industries that have surplus labour to release it much more quickly to those that have unfilled vacancies and full order books. Other points in Mr Maudling's speech were that, unfortunately, he does "not believe in unilateral tariff reductions," but that our negotiators at Gatt have been instructed "to aim at getting for industry generally the maximum reduction in our protective tariffs that we can hope to be paid for by other people reciprocally"; and that, fortunately, he is "sure that quotas and import restrictions are wrong."

At Hawarden last weekend Mr Lloyd talked about his measures being "unexpected" as well as unpopular, and Mr Macmillan's semi-private speech to Tory backbenchers the previous Thursday twanged at the same note. Inevitably, this attracted attention to Mr Maudling's remarks on Tuesday that while wages were over 7 per cent up on a year ago ("faster than can possibly be justified by the rise in productivity"), dividends were up by 23 per cent ("far too high by any reckoning whatever"). But it was not very clear whether Mr Maudling was saying here that the Government could not legitimately do anything directly about wages (he talked later about "tragedy if we abandoned . . . social and economic freedom"), or whether he was presaging dividend controls. The most common interpretation was that the Government is going to ask for a "voluntary" freeze all round. Oddly, in the Lor on the previous day, Lord Hailsham h chosen to cite a different selection of figu about recent movements in incomes ("b tween the first quarter of 1960 and the fi quarter of 1961 profits actually fell by much as 6½ per cent while wages a salaries during the same period rose b 8½ per cent"). Lord Hailsham also stresse the need for "fairness," but added th "while profits are, in fact, at least contr lable in principle by an appropriate instr ment, that is by taxation, . . . no appr priate instrument for the direct control wage and salary increases has as yet bee devised."

All the ministers referred to the need f encouraging competition and overcomi restrictive practices, but on Wednesday M Lloyd's usual distinction between long-ter and short-term measures seemed a litt blurred. In the past, he said, "when w have averted a short-term crisis, we rath tend to sit back and congratulate ourselves and that was not going to happen this tim It is to be hoped that Mr Lloyd's definitio of "long-term measures" does not mea "short-term restrictions for ever."

THE GOVERNMENT BENCHES

Tories before the Squeez

THE Conservative parliamentary part like the Prime Minister, is anxious b not demoralised. Some of the new membe who have not got the memories of 1957 console them are a little rattled, but the o hands have seen it all before and accept th situation with a certain cynical gratitud that it has all happened now when the ele tion is still two or more years away. The are no signs of panic, only some neurosis; hence the querulous and insister demand for "leadership." Economics not the average Tory backbencher's stron point, and it is therefore difficult interpret what the party as a whole want But, in general, the most puritanical d mands for "stern measures" seem to com from only a vocal minority; the majorit although prepared for a sacrifice of orth doxy, do not really want a panic-stricke return to restriction, but will probably first follow obediently wherever Mr Lloy leads.

Mr Lloyd still holds all the cards in h hand. His budget could hardly be as popul as it once was, but his own personal stock despite the appalling insensitivity of h speech on Tuesday, has not been devalued By contrast to Labour hoots and jeers, th Tories received Mr Gaitskell in what wa almost a respectful silence as he savaged th

Government with Mr Macmillan's former slogans. The Prime Minister's prestige has certainly ebbed; the previous sublime faith in his judgment is impossible to detect and difficult to remember; but it would be absurd to conclude that the party as a whole had lost confidence in him. Certainly the Commonwealth lobby, who have never liked him anyhow, have been heartened by the ambiguous results of the recent high ministerial flittings. But if, as seems likely, what has really happened is that the white dominions have agreed reluctantly to a British approach to the Six, most Tories assume that the Cabinet will back him and that there will be no real party split. Berlin, of course, looms ahead, but here Tory anxieties are cosmic rather than partisan. The party's future—and this is the extent of its vulnerability—now probably depends more on Mr Selwyn Lloyd than on the Prime Minister. If his measures succeed in putting the economy on a secure basis for the long term then he will restore at a stroke the country's and the party's and his own fortunes. If he fails, all three will go down together.

NORTH AFRICA

Bizerta Bombshell

PRESIDENT BOURGUIBA'S motives for firing on the French naval base at Bizerta—assuming that his subordinates, panicked and angered by the appearance of French paratroopers, have not exceeded his instructions—can only be guessed at. At first sight the simplest hypothesis must be that he has suffered from a total loss of judgment, which the French commanders appear to have found infectious. This quarrel has flared up over a long quiescent grievance, outstanding since 1956, and subject to a gentlemen's agreement that the matter would not be raised until the end of the Algerian war. The moment is ill-chosen in view of the Franco-Algerian talks, which began again this week and require the utmost harmony between all parties involved in North Africa. The affray of Bizerta is therefore unlikely to improve Tunisia's already strained relations with the Algerian nationalists (which are discussed in the following note). Finally, Tunisia has resorted to violence without anything like sufficient justification. It is hard to think that President Bourguiba will cut a very impressive figure at the Security Council, to which he has now appealed; and it must earnestly be hoped that he will manage to extricate himself from his adventure as soon as possible.

The beginnings of a theory to account for so strange a blunder on the part of so sage a statesman do, however, exist. As the months since their Rambouillet talks have gone by without producing any real progress towards the end of the Algerian war, and without any French gesture to reward the Tunisians, President Bourguiba has increasingly felt let down by President de Gaulle. He has been attacked as a tool of the colonialists. Anxious, perhaps, to find some way of demonstrating, both to the French and the North Africans, that, in his own words, "I am not de Gaulle's crutch," he has seized on the ever present pretext of Bizerta. But it is clear that he has gone too far. General de Gaulle will hardly be prepared to make concessions now that so much blood has been spilt if he refused to do so when threatened by the Tunisian mob. He has never appeared to question Tunisian sovereignty over the base, so he can assume all the airs of injured innocence. Just now, any French retreat over Bizerta might strain the loyalty of the navy, which stood by the general during the April mutiny, and would serve as a precedent for the surrender of the Algerian naval base of Mers el Kebir, which he wants to keep.

Saharan Spanner

LINKED with President Bourguiba's Bizerta demand is one for some 11,000 or 12,000 square miles of the Algerian Sahara to the south-west of Tunisia; he claims that this area was unilaterally appropriated by the French in 1910. He now asks for it back, citing a Tunisian-Algerian agreement of 1901, and states that he is not prepared to negotiate a final frontier settlement with anyone except an independent Algerian state. But he has also said that he does not think that all the Sahara should be Algerian, and he made derogatory allusions to the patriotism of the Algerian leadership in his speech on Monday. The provisional Algerian government counter-attacked with a communiqué expressing regret at President Bourguiba's language, and restating its claim to all the Algerian Sahara. The quarrel between the allies was made palpable when not a single Tunisian minister was present to see the Algerian delegates off for Thursday's resumption of the Evian talks.

This evidence of Maghrebian disunity can hardly be called timely in view of the resumption of the Franco-Algerian negotiations; but its harm to the Algerian cause is perhaps diminished by President Bourguiba's remark that the French have no claim to sovereignty in the desert—which is the Algerian contention. It remains, however, hard to see why the Tunisian president chose to throw this particular spanner in the works at such a time. He may be convinced that "an independent Algerian government" would make no concessions over the Sahara—this would explain his hostile remarks. Or he may hope to jolt French and Algerians alike into arriving at some compromise, internationalising agreement about the future status of the Sahara; or he may merely want to reserve Tunisia's right to a voice in any permanent North African settlement.

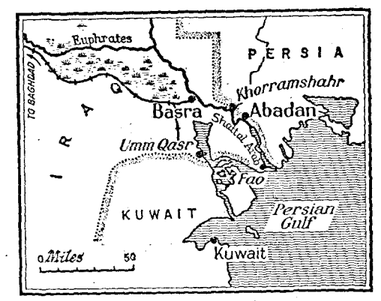
It remains probable, however, that in the long run President Bourguiba will have achieved little by his move; and it is certain that the prospects of Algerian peace still depend on what new thoughts, if any, General de Gaulle has had since he suspended the Evian talks. In this respect it was encouraging that General de Gaulle did not mention the Sahara in his last television speech. Perhaps one, at least, of the interested parties has decided to try for what he can get rather than to stick out for everything he would like.

KUWAIT

Arab Courtesies

AS the Arab League renewed its discussions on Kuwait on Thursday the ruler of Kuwait had before him a report of the United Arab Republic's attitude. This statement appears to have been sent to him after the visit to Cairo of the Kuwaiti mission under Sheikh Jabr al Ahmad (the ruler's likely successor) and was reported in *Al Ahram* on July 17th. According to *Al Ahram*, the Arab Republic pays tribute to the ruler for never having before—neither at the time of the Suez crisis, nor the Lebanon and Jordan landings—allowed British troops on his soil.

The statement recognises that when the Iraqi claim was first made "the danger



threatening Kuwait . . . was an immediate one." British forces, it urges, must forthwith be replaced by Arab ones, while Kuwait strives to join the Arab League and the United Nations. But any suggestion that Kuwait should surrender some oil revenues, as security for Arab support, is repudiated. Cairo does not offer to lend its own army, thus attesting not only the now approved Arab principle that Arab countries bordering Israel should not do so, but also its own desire to avoid provoking the sensitive Iraqis. Thus the hard facts are faced in a conscientious way.

General Qasim, meanwhile, in his July 14th orations, flew some kites which, could they be brought to earth in a calmer political atmosphere, would make economic sense. These were his allusions to extending the Baghdad railway to "our port in Kuwait" and building a canal to carry to Kuwait the waters of the Euphrates. Both are well-rehearsed ideas and only seemed cryptic because uttered out of the blue.

They simply refer to the schemes for developing Iraq's new port, a mile from the Kuwaiti frontier, and for irrigating southern Iraq. Construction of this port, Umm Qasr, was begun this year. Designed to reduce Iraq's dependence on the Persian-shared Shatt al Arab, the first plans envisaged—ideally—a small overlap into Kuwaiti waters. The Russians are now handling the rail link; the port, amongst many useful functions, could facilitate Kuwait's own trade.

The companion project to bring water south from the Euphrates is still no more than a paper one. Nor is it to be confused with earlier plans to pipe drinking water to Kuwait from the Shatt al Arab—a neighbourly offer that Kuwait, for fear of its neighbour's motives, has steadily refused. The canal plan is, on the contrary, primarily horticultural—a means of repeating the pattern of cultivation round Basra in the whole southern corner of Iraq. The extension to Kuwait of such a prospect of greenery could obviously have great attractions: many Kuwaitis already have summer homes round Basra for the sake of its shady orchards and murmuring streams. That Basra should be brought to Kuwait may sound as portentous as Burnham Wood coming to Dunsinane. And yet it would be pleasant and feasible, if ever political good will could be established.

ARAB WORLD

Political Prisoners

AGAIN the bell tolls for democracy in the Sudan. Before setting out on his state visit to Moscow on July 17th General Abboud locked up fifteen political leaders. Two are former prime ministers, the rest prominent members of the old political parties, which are all officially banned. By contrast, General Qasim in Baghdad made the anniversary of Iraq's July 14th revolution an occasion for releasing six old school politicians, indicted for pre-revolutionary offences. These include four former prime ministers. Such political prisoners as remain in Iraqi jails are those who, like the Nasserist Colonel Arif, were convicted of subversive activities after General Qasim came to power.



The bellringer: General Abboud

These arrests and releases reflect the respective strength and weakness of the western-type liberal virus in either country. In Iraq it is dead. General Qasim, torn in the conflict between Nasserism and communism, has little to fear from the errant pre-revolutionaries, those plodders along western paths. In the Sudan, on the other hand, liberal aspirations are alive and kicking. And the military regime has been finding the kicks of a concerted opposition rather rough. This opposition fused in June, 1960, at the call of Sayid Siddik el Mahdi, the religious and political leader, whose following is great, if not altogether predictable, and who is himself, by family and religious tradition, a little above the law. Nearly all the former parties then combined to appeal for a return to democracy; and they have recently worked to such purpose as to bring about a big railway workers' strike last month. Hitherto the battle has been waged in an overt, almost gentlemanly manner. But now the gloves are off. General Abboud has challenged the Mahdi, who remains at large with his family, the ex-officio head of a democratic leadership whose tail has been rudely cut off.

GERMAN TROOPS

Occupational Resistance

THE organised clamour against German troops coming to train in Pembrokeshire has begun to fall into the familiar pattern: a minority demonstration in the Commons (where 12 Labour MPs divided the House on Wednesday night), protest marches in the nearest large industrial towns and acquiescence (partly with an eye to the main chance) in the countryside directly affected. This was true of Clydeside's reaction to the Polaris submarine base in the Holy Loch, and it is what is happening in South Wales now. Last week-end Cardiff saw a cluster of Labour MPs on the platform and a muster of some five hundred demonstrators in the street. But Haverfordwest, more directly concerned, heard its Labour member, Mr Desmond Donnelly, categorise the protesters as puppets of a foreign government whose aim was to disrupt the western alliance at a critical time. The Castlemartin area, which will actually receive the first German tank battalion to use the War Office firing range there, has been content to ruminate on what its unemployment figures might be if the range were to go out of business.

It would be wrong to discount the sensitivities and anxieties which the arrival of 600 German troops will arouse in Wales: this is understood perfectly well in west Germany itself. But the simple fact of the matter is that alliances which this country has accepted have to be honoured, whether this means keeping the contractual number of British troops in west Germany or providing (at Nato's request) training facilities for German forces here. Fifteen years after the end of the war, there is no reason why either should be considered in any way as an army of occupation. Western defence depends on progressive military integration among its members—as Wednesday's announcement of the Midas tracking station to be set up in Cumberland has emphasised once more. The German formation is coming this autumn as an experiment; if the unit is on its best behaviour its hosts should make the effort to be too. In France (where occupation is a word with some meaning) German troops have neither caused nor aroused any fracas except among professed communists. If the Germans encounter gratuitous provocation or disturbance in South Wales Mr Donnelly's opinion of the current campaign is liable to wit substantial credence.

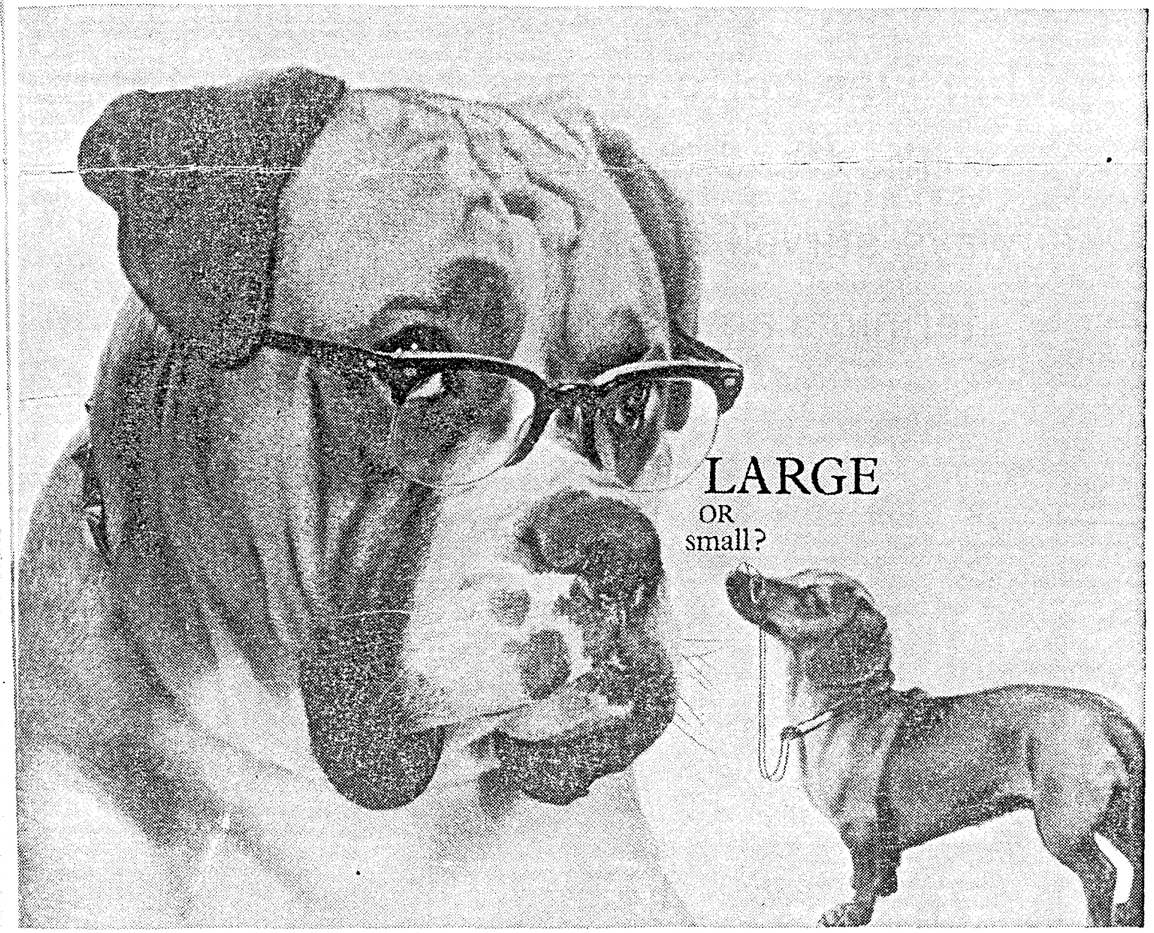
ARMY STRENGTH

Profumo's Plug

ALTHOUGH the Secretary of State for War exudes mild confidence that the army will reach its basic target of 165,000 men by January, 1963, he is still wisely raising his inducements to the troops. Mr Profumo told the Commons on Wednesday that regulars with nine years' service or less who sign on for another three years before next May will get a bounty of £200. This may look an attractive sum, particularly to men who are unlikely to have an immediate civilian job awaiting them. Every 5,000 men that Mr Profumo retains in this way will cost the country an extra £1 million, but they would still be at a bargain price compared with training the same number of raw recruits from scratch. The Minister should certainly do better than he did with the (appreciably lower) bounties offered to national service technicians.

The second new bid is to improve service conditions in west Germany. A further 8,000 married quarters are to be provided for BAOR in the next three years: this will double the present number. Since the Chancellor is likely to look askance at requests for substantial capital expenditure, the new quarters are to be rented from German contractors. The signs are that the services do not expect to feel the full weight of Mr Lloyd's axe on their overseas accommodation programmes. Free leaves in Britain for single and unaccompanied married men stationed in Germany are also to be increased. This is another of the minor, but sensible, measures that may now be beginning to plug the army's wastage rate.

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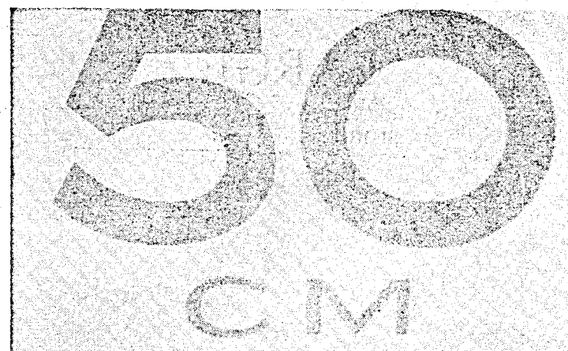
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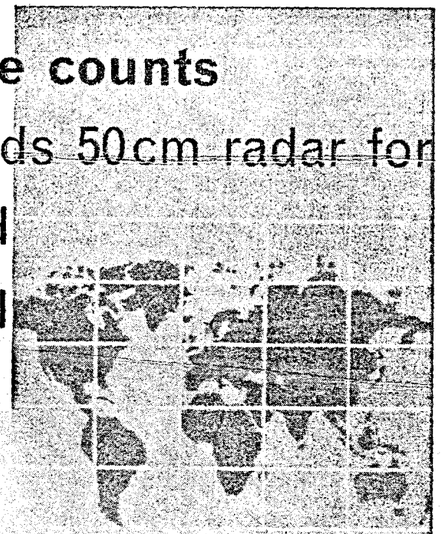
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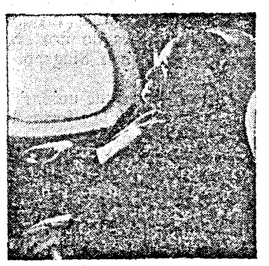
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compared with the same three months of last year. The need is now recognised to be to get these new entrants safely over the initial hump of basic training, when the change from civilian life is liable to be most apparent. Even so, the real test is whether the army will attract enough technicians and tradesmen to satisfy its rising demands in the coming years. In this sphere selective service could still be necessary.



THE PAPACY

Taking Sides



POPE JOHN, who on his election was so injudiciously hailed as "a caretaker" pope, has once again made history by issuing the longest encyclical (over 20,000 words) ever to come from the Holy See ; in it he makes an urgent call to the richer communities of the world to help those countries which are struggling against hunger and poverty. *Mater et Magistra Gentium*, although just published, is dated May 15th ; it is plainly intended to bring the church's social teaching, which received its first modern formulation on May 15, 1891, in Leo XIII's *Rerum Novarum*, up to date.

Broadly speaking the encyclical represents a shift to the left in the church's attitude, and ranges the Vatican against the dying cause of colonialism and on the side of the newly emergent nations of Africa and Asia. Emergency charitable measures to help these nations are scouted by the Pope as of little use, and he calls for a full-scale, permanent, multilateral co-operation, to develop education and technology and supply the capital required for the economic development of poorer countries. The Pope is emphatic that aid should be without strings, and that the old colonialism should not be re-established in a new form. Sharing of world resources was the subject of Pius XII's first encyclical *Summi Pontificatus* in 1939, but the stressing of the autonomy of the former colonial territories is new. Science is praised for its part in raising living standards, but its use to provide "terrible instruments of ruin and death" deplored. Notably there is no condemnation of nuclear weapons as such, which some churchmen have been pressing for, and which would place considerable strain on the close understanding that has been established between the Vatican and Washington.

Socialism is discussed, with an important shift from the qualified condemnations of earlier popes, made in *Rerum Novarum* and in Pius XI's *Quadragesimo Anno*. Socialisation is now positively approved, provided there is no abolition of the right to private property—of which there should be "effective distribution amongst all classes." The encyclical ends, as is suitable for a Pope from a *contadini* family, with a declaration that urban development should not be allowed to thwart agricultural prosperity. British farmers, as they peruse the encyclical, will be pleased to see that the Pope supports price protection for agricultural products.

Counsel of Silence

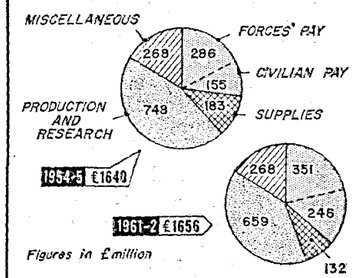
POPE JOHN'S enthusiasm for his projected Ecumenical Council continues unabated, and the date is now confidently predicted as January, 1963. This is a year later than expected, a delay due, not to machinations of members of the Roman curia, but to the German bishops, who personally asked the Pope to postpone the opening so that they could give further consideration to questions on the agenda. The council will essentially be a domestic affair of the Catholic church, and it is still undecided whether observers from other churches will be invited. If they are, an invitation is more likely to go to the professors of theology at the ancient universities than to members of the Anglican bench. Interest in the Church of England continues in Rome, and there have even been complaints that Dr Fisher's visit to the Pope has switched ecumenical interest in the Vatican away from the Orthodox towards Protestants. Canon Pauley, the Archbishop of Canterbury's personal representative in Rome, has established very cordial relations with Cardinal Bea's secretariat for Christian Unity. The Vatican's handling of the press has not been so happy. Archbishop Felici, who is in charge of the preparatory work for the council, has instructed journalists to avoid "any incompetent intervention in the preparation of the council," which they are to approach with "respectful silence." This hardly squares with the Pope's own statement a week later to the World Union of the Catholic Press, stressing "the importance of the press in creating a climate of public opinion favourable to the aims of the council."

ETU

Loose Wires

THE really important moves concerning the Electrical Trades Union this week took place outside the union's uneasy and self-exculpatory conference at Southsea. (Whatever the difficulties of Mr Byrne, popped into the general secretary's hot seat by the judge's award, he could do little to alter the realities of power among the conference delegates, over 200 of whom, out of a total of 364, were the long-familiar shock troops who support the communist leadership.) But away from Southsea trade union MPs have been searching around for an attitude to the various projects for a reform of trade union legislation ; communist spokesmen have simultaneously declared their solidarity with the ETU's leaders and denied that their party would ever condone electoral malpractices by its members. The vital fact, however, was the summons issued by the TUC general council to the union executive to meet it on Monday. At present the executive, backed by a conference vote on Wednesday, is balk-

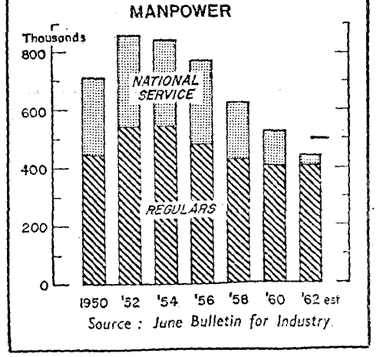
DEFENCE COSTS



Defence expenditure has been about £1,640 million a year since 1952. It was 7.4 per cent of the gross national product in 1950, rose to 11.2 per cent in 1952 largely because of the Korean war, and has gradually fallen to 7.4 per cent in 1960.

In spite of an overall reduction in manpower from 846 thousand in 1954 to 485 thousand in 1961, forces' pay has risen from £286 million to £351 million.

MANPOWER



Source : *June Bulletin for Industry*

ing Mr Byrne's every move: the TUC, egged on by Mr Hare, naturally wants to show that it can itself do something to put its constituent bodies' affairs in order.

But the TUC's only available sanction would seem to be to expel the ETU and to try to foster a new electricians' union within the fold. Such an action would be anathema to most trade unionists, and American experience with the Teamsters suggests that it might also be unsuccessful. Mr Byrne himself has said that he does not want it—for one thing, it might mean that the present ETU's large funds would thus pass back into communist control. Perhaps the best hope for a sane outcome is that the union rank and file will elect some new faces to the executive in September. The TUC's most useful contribution would be to ensure that these elections get the maximum publicity, and that the count receives impartial scrutiny. If it cannot ensure this, and one should not necessarily blame it if it can't, then even Mr Hare has intimated that he may at last recognise that the case for new trade union legislation is overwhelming.

SINGAPORE

Warning Signs

Too much ought not, at this stage, to be read into the defeat of the ruling People's Action party in the Anson by-election in Singapore on July 15th. Mr David Marshall, who was Singapore's first chief minister, and whose victory marks the turn of his political luck, was wildly premature in calling for the resignation of "Emperor Lee Kuan-yew"—the prime minister—although, as a victory cry, his outburst was pardonable.

There are, however, useful cautionary lessons to be read in the result. One is that, contrary to previsions, Singapore is not yet ready to vote for right-wing candidates, as it was under the more restricted colonial franchise: the new Singapore Alliance formed by Tun Lim Yew-hock, another ex-chief minister, polled only 1,482 of the 8,500 votes cast. Another lesson lies in the growing power of the trade unions to influence politics, for Mr Marshall's Workers' party was stridently supported by unionists hostile to Mr Lee's basic policy of making sure that his generally anti-colonial speeches do not scare away the business on which Singapore's prosperity depends.



Mr. Marshall: luck turning

The burden of the unions' attack, led by Mr Lim Chin-siong, formerly one of the wilder fellow-travellers in the PAP, is that the government has lost its anti-colonial fervour. For the sin of knowing which side Singapore's bread is buttered on, Mr Lee has indeed seen his parliamentary strength whittled down by about a quarter, until he now has only 31 reliable members in the Assembly, compared with 43 when he came to power two years ago. He still has an absolute majority of twenty, however, and the PAP trailed Mr Marshall's party by only 546 votes in the Anson by-election.

Now that Tunku Abdul Rahman fully realises the value of Mr Lee, however different their politics, the best outlook for stability in Singapore will lie in a speedy conversion of the Tunku's dream of a greater Malaysian federation—linking Malaya, Singapore and the Borneo territories—into reality. If the matter is allowed to drag unreasonably, Mr Lee, who has pledged himself to eradicate colonialism by 1963, may be either swept aside, or tempted to compete with the lunatic left in irresponsibility.

SUNDAY OBSERVANCE

Mr Butler's Vessels

The Home Office's announcement that a departmental committee is to be set up to examine the antiquated laws on trading, sport, and entertainment on Sunday is very welcome. The legal jungle dating from the seventeenth century should afford its members some happy hunting. Why, for instance, should fish and chips be freely saleable everywhere on Sundays except at a fish and chip shop? Why does cooked (or partly cooked) tripe enjoy a privileged sales position while more sophisticated foods are banned? Cream may be sold but not in a tin, unless it is clotted cream which is saleable whether in a tin or not. Fodder for donkeys can be obtained provided it is sold at an hotel or stables. Fodder for humans can be brought to a shop and cooked there, but unlike donkey food must be consumed on the same day. Hairdressers may not ply their trade on Sundays but the mentally weak may summon them to cut their hair at home. Assemblies of spectators to watch sport outside their parish are punishable with fines of 3s. 4d. each, but within the parish they are safe—provided, of course, they are not watching bull-baiting. Sunday even affects the majestic operation of the law: writs may not be issued, and prisoners, if due to be released on a Sunday (or Christmas Day or Good Friday), are let out the day before.

Mr Butler may have been so confident that the ridiculousness of the law speaks for itself that he felt he could afford to include in his committee a number of persons who are not exactly zealots for reform. He may also have calculated (probably wisely) that changes will be more acceptable to sabbatarian opinion when first recommended by such exemplary vessels. According to the members' advance billing in the press, Lord Crathorne (formerly Sir Thomas Dugdale), the chairman, is a mild churchman, and he is flanked by Mr John Arbuthnot, the Tory member for Dover, who is a very keen one. Mr Chuter Ede is a unitarian but also a sabbatarian, and Mr W. A. Morrison, one of the printing trades union officials, has been taken to represent similar persuasions. Of the others, Mr Peter Rawlinson (who is a Roman Catholic) is likely to lead the liberal wing, supported by Mr Norman Pentland, who spends a busy Sunday conferring with his constituents at Chester-le-Street, and Miss Sylvia Fletcher Moulton, who is a practising Anglican and approves of gardening and entertaining on a Sunday, provided it does not disturb other people. The last member of the committee is Mr Robin Huws Jones, who is both a Welshman and a sociologist, and whose attitude therefore is unpredictable.

EDUCATION

Time for Experiment

Experiment is essential to the educational system, and it is something which British schools have often been too unwilling (or unable) to attempt as they should. Now avenues are opening up. Sir David Eccles, confronted by the massive demand for a lower leaving certificate for sixteen-year-olds who cannot reach GCE standards, has reluctantly given way. But, as he told the Commons on Monday, much more knowledge of this type of examination is needed, and he intends to use both the

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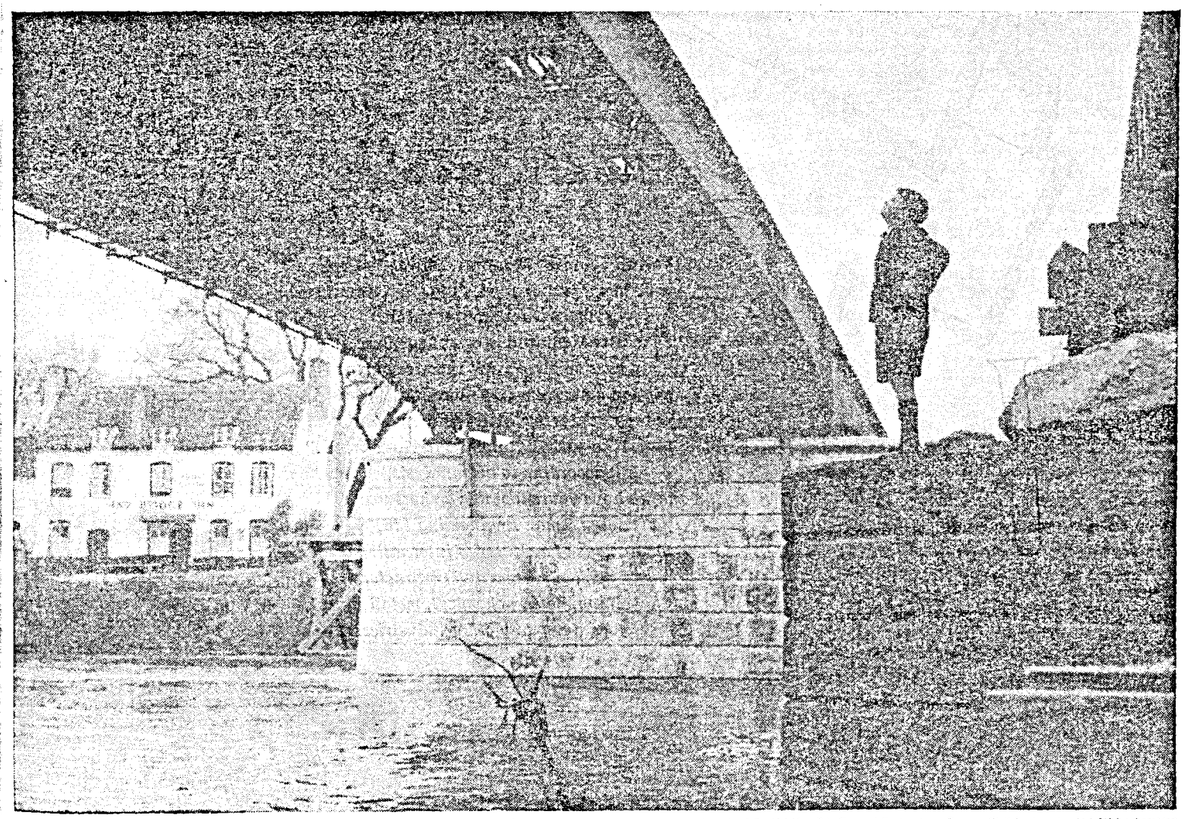
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boy on the bridge

From where I'm standing the new Haw Bridge looks simply super because of the graceful shape of the welded plate girders and all this steelwork is being supplied and erected by the United Steel Structural Company (which is one of US) and when it's finished the Gloucester-Ledbury road will soar across the River Severn on three lovely spans using a total weight of 280 tons of steel which is quite a thing and just the sort of job for United Steel Structural.

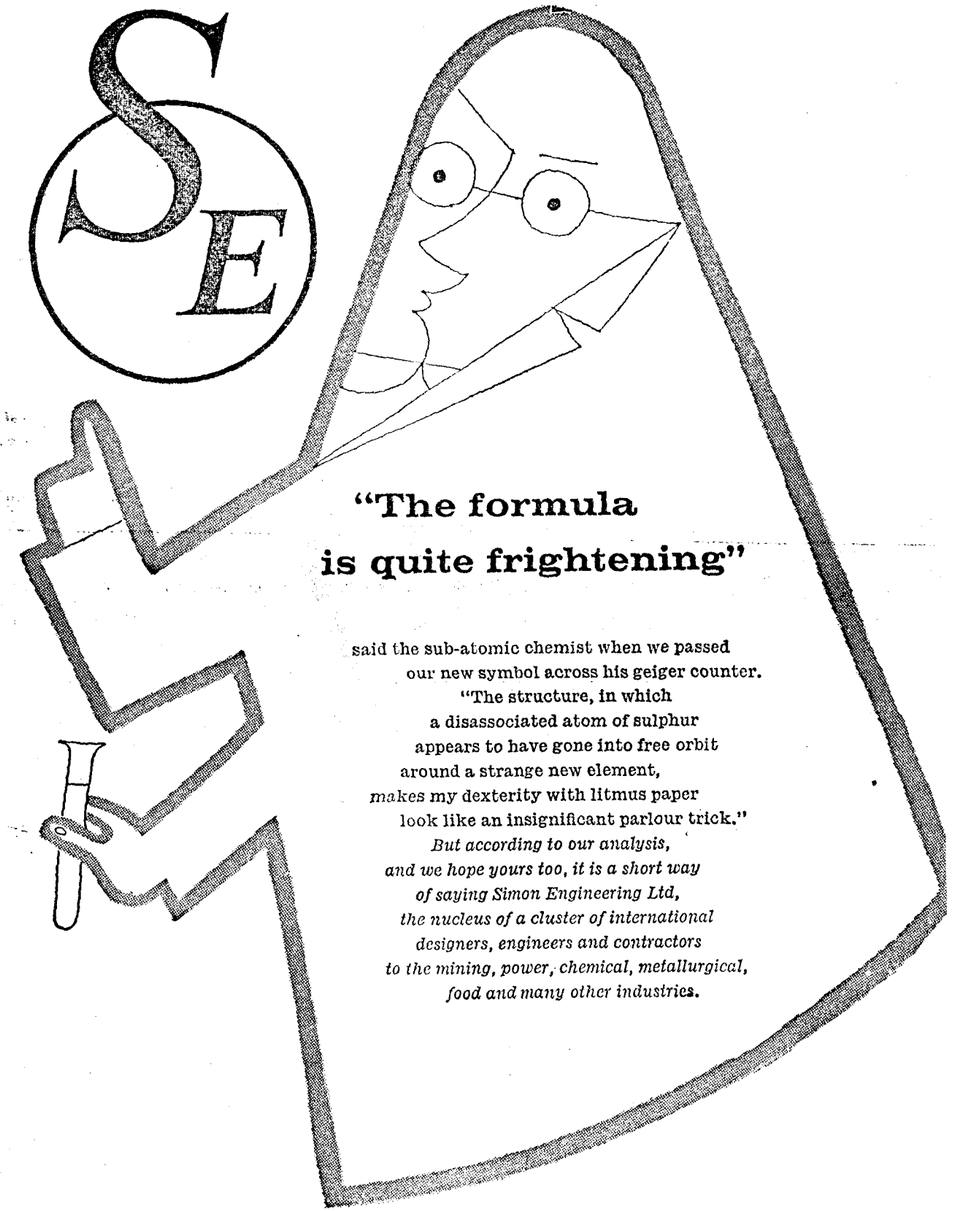


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advice of the Secondary School Examinations Council and a new research and development group inside his Ministry before deciding on action : no starting date for the new certificate has therefore been given. But a good deal of the onus now lies on those schools and authorities which have been participating in external examinations on their own to produce examination schemes that will improve the secondary modern syllabus, not disrupt or rigidify it. The Minister should insist on a number of pilot schemes before imposing general regulations.

A second experiment announced this week is the 43-letter alphabet devised by Sir James Pitman to help children up to the age of seven to read more quickly and rewardingly. This Augmented Roman style will be introduced at 24 schools in Staffordshire, Lancashire and Middlesex next term. Previous tests have shown promising results, most noticeably among the weaker readers for whom this phonetic aid is designed. (Any reservations about the idea stem from the prospect of some augmented letters turning up in secretarial spelling in a dozen years' time.) At the other end of the educational scale, an encouraging response is reported from the public and selective secondary school headmasters who have been invited to broaden their curriculum for sixth form work. These ABC schools (as they wish to be identified) will ensure that one-third of the periods for sixth-form pupils will be devoted to subjects other than those in which the pupils are specialising. This expansion of minority time, sponsored by 21 headmasters and Mr Boris Ford of Sheffield University, deserves sympathetic support, not least from the universities when the time comes to choose marginal candidates for places. While this is happening at the top, it will be disastrous if the trend in secondary moderns is now to concentrate on a group of "examinable" academic subjects with less regard for the "minority" time best suited to the pupils themselves.

AID AND ADVICE

Sharers and Planners

THE very poorly reported meeting which the ten-nation Development Assistance Group held in Tokyo last week was, presumably, its last. Come October, with the setting up of the new Organisation for Economic Co-operation and Development, the DAG is to become a committee of the OECD ; all the group's members—the United States, Canada, Japan, Britain, France, west Germany, Italy, Belgium, Netherlands, Portugal—will also be members of the organisation. Once established in Paris with a permanent staff of its own, the development assistance committee may be better equipped to cut through the fog that still obscures the whole problem of burden-sharing in aid for under-developed countries. At present, lip service to the idea that each advanced country ought to allot one per cent of its income to aid is hardly adequate ; for one thing, the Tokyo meeting did not manage to define what aid is, and various "donor" governments' claims to be pulling their full weight would not bear much examination if any realistic definition were adopted.

Among specific items discussed in Tokyo was the proposal, tossed rather casually by Mr Kennedy into his address to the Canadian parliament on May 17th, that the OECD should set up a "development centre" for joint studies by officials and others drawn from both the advanced and the under-developed countries. There seem to be reservations, in Washington as well as in the DAG, about even this modest-sounding idea. Is there any chance for the more definitive project, lately canvassed by Mr Gustav Papanek* of Harvard and others, for an independent "Institute for Development Planning" that would send teams of advisers on economic planning to under-developed countries at their request ?

The main argument for an independent institute is that the advisory services already provided by the World Bank and other international agencies are not always acceptable to the receiving governments, some of which might feel happier if they could get planning advice from competent people wholly free from connections with aid-giving agencies of any kind. It has been suggested that the new institute might ensure itself a reputation for complete independence and objectivity by having a kind of international consortium of universities as its main sponsors. Admittedly, the mere thought of adding one more organisation to the many already crowding the field of development aid and advice must evoke a few winces, and not only in the Bank and other UN agencies. But it may prove that this is a real gap that needs filling ; if so, it is likely to yawn wider as more and more emergent countries come to take their planning seriously.

* "A Plan for Planning." By Gustav F. Papanek. 25 cents. Harvard University Center for International Affairs.

CONGO

Sitting Tight

FOR a province that claims to be an independent African state, Katanga has odd friends—among them Sir Roy Welensky, Dr Verwoerd, and Dr Salazar. The source of inspiration for Katanga policy may not be directly traceable to these authorities, or to the Belgians who advise its ministers and run its army ; nor is it certain that *Union Minière* has everything to do with it. On the other hand Mr Moise Tshombe, head of the administration, is either a more devious politician than even his worst enemies say he is, or he is being prevented from being as receptive as he would like to be to overtures from Leopoldville.

Since his release from detention by President Kasavubu's central government seven weeks ago, Mr Tshombe, according to all reports, has hovered between "yes" and "no" to invitations to send a parliamentary delegation to join others from Stanleyville and the rest of the Congo (including "King" Kalonji of South Kasai) in Leopoldville. This week Mr Tshombe was prevented from making a decision by a sudden attack of fever. Mr Gizenga of Stanleyville was similarly laid low, but he at least sent a delegation ; and he is able to point to a statement he made on June 24th, expressing willingness to co-operate with the United Nations and the Leopoldville government. As evidence of good intentions, Mr Gizenga's administration released the eight Belgian soldiers captured when they crossed the border from Ruanda-Urundi in January. Mr Tshombe's troops, on the other hand, have once again clashed with the UN ; and two were killed by Indian troops west of Albertville on Monday. The central government officers sent by General Mobutu from Leopoldville to take over the Katanga Army have, by all accounts, not yet been allowed to take up their duties in Elizabethville. In spite of his friends, however, Mr Tshombe cannot hope to remain in his present apparently strong position for long. If the meeting of the rest of the Congo's parliamentarians at Leopoldville proves a success, Mr Tshombe, sitting on his pile of copper, will be arguing with a united opposition. Further patience and firmness from the United Nations could make his position as the black ant of Congo unity even more untenable.

GAMBIA

Paper Serpent

ONE of those curled-up paper snakes that straighten out when puffed, smacking party-goers in the face, should appear on the Gambia flag if it becomes independent. Britain's first West African possession giggles across the map like a saucy joke on Africa and on colonialism. A strip between seven and twenty miles wide, it runs 230 miles inland along the banks of the river Gambia. Most of its population of about 280,000 live in the backward Protectorate; 35,000 Gambians live in the 29 square miles marked out at the river mouth as the Colony. The Protectorate is jealous of the more advanced Colony, but no one has seriously proposed to give independence to each part separately.



What is proposed is that after the next elections, which are expected in February or March, the territory should assume full internal self-government ; and then, by two

stages of nine months each, to full independence. There are also proposals for keeping the chiefs happy (but not as happy as if they were sheikhs) and for holding a balance of power between the Colony and the Protectorate. All this was put forward at a conference in May and will be discussed on Monday under the solemn chairmanship of the Colonial Secretary.

Gambia's mistress should be Senegal, in whose close embrace the territory lies. Fortunately, the main Gambia political parties seem to be just as much for "closer co-operation" with their French-speaking neighbour as they are for independence. Only one or two small groups say they want nothing but independence within the Commonwealth, or a link with Sierra Leone down the coast. As experience in the Southern Cameroons, even further down the coast, is showing, it is hard to unite an English-administered country with one brought up in the French tradition. But Gambia has already given in on several points: its motorists have agreed to drive on the right to avoid the confusion that arose when Gambian and Senegalese traffic shared the same road; and Gambia ministers serve on co-operation committees with Senegal ministers. Just in case the joke does go sour, both the British Government and the Senegal Government are continually saying that the choice is entirely up to a representative government elected by the people of Gambia. So far, this has always been said with a straight face.

PAKISTAN

Plain Spoken

A TICKER-TAPE parade through New York, and a state dinner at Mount Vernon with almost gaullist trappings of *grandeur*, might have served as adequate highlights of President Ayub Khan's visit to the United States. But the president of Pakistan is an unconventional head of state. His address to a joint session of both houses of Congress on July 12th was no mere reading out of a prepared list of pieties. Instead, he spoke from rough notes, and struck rougher ones. The legislators he was confronting were already sharply at odds over Mr Kennedy's foreign aid programme, the sharpest opposition of all being aroused by the request for five-year borrowing powers to help aided countries plan long-term development. President Ayub told this audience bluntly that, however tired they might be of aid hand-outs, "you had better not get tired." He got an ovation.

He was as plain spoken in his private talks with President Kennedy as in his public utterances. The talks were officially described as "frank and cordial;" cordial or not, there can be very little doubt that they were frank. Inevitably, the president of Pakistan took the opportunity to press for American support in the Kashmir dispute; equally inevitably, he was disappointed. His argument that Pakistanis are America's only real foul-weather friends in Asia runs up against the Kennedy Administration's keen awareness of the need to help "neutral" countries stand on their own feet. However often Pakistanis publicly express resentment at the United States' readiness to aid India without putting pressure on it, it remains true that they have as great an interest as anybody in India's success in its economic struggle. President Ayub Khan's plain words to Congress, spoken, it would seem, in the name of the whole under-developed group of countries, may well further the cause not only of Pakistan but of its big neighbour too.

SOUTH TYROL

Terrorists Miscalculate

THE terrorists who have been sabotaging railway lines and electricity supplies in the Alto Adige (South Tyrol) are defeating their own ends, however much they may disrupt this year's tourist traffic to Italy. Their activities, which began some six weeks ago, have not aroused any noticeable response among the German-speaking minority in the Alto Adige. But they are, for the time being at any rate, effectively preventing the Austrian government from making any further attempts to secure separate provincial autonomy for this minority through bilateral talks with the Italians. If negotiations are resumed—as one hopes they soon will be—the terrorists will have made it easier for the Italians to resist the Austrian demands.

Vienna appears to be getting increasingly uncomfortable about the activities of the terrorists, who are fairly widely believed to be based on Austrian soil. Naturally it has dissociated itself from them, but the Italians are not alone in feeling that it might have done so more vigorously. On Wednesday the Austrians, who are strongly opposed to the Italian wish to take the matter to the International Court at the Hague, formally asked that the South Tyrol should be put on the agenda of the next session of the United Nations General Assembly. But they can hardly hope that the cool attitude of a large part of the UN to the Austrian case last year will be much warmer now.

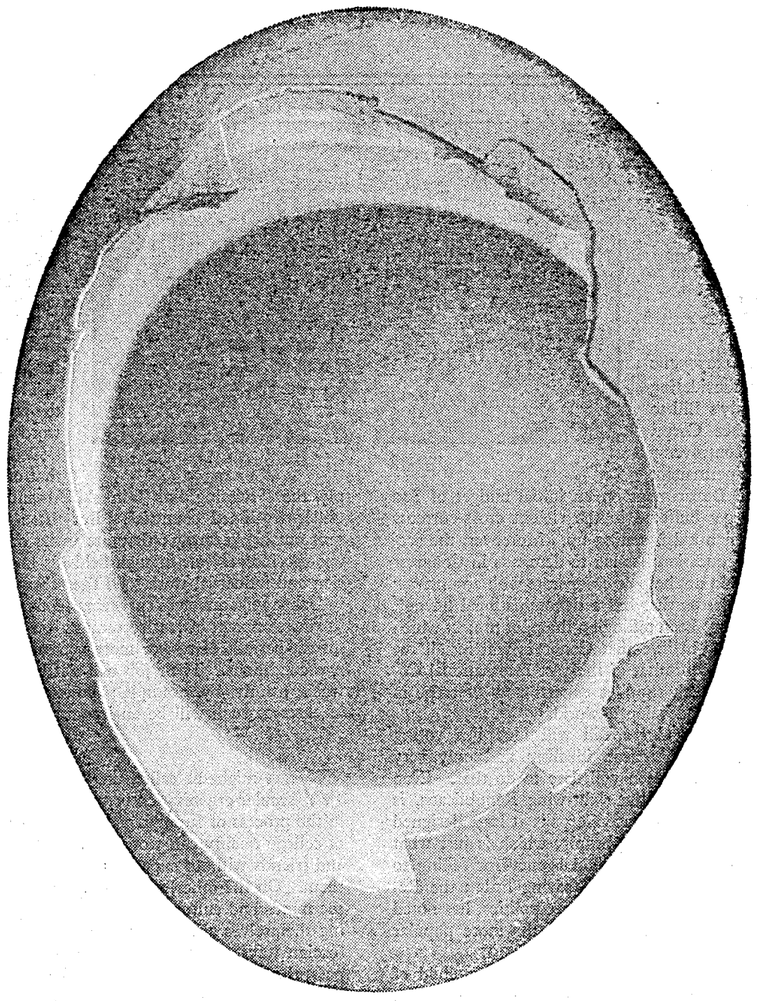
The Italian government, on the other hand, now enjoys the moral strength of the injured party. In the Italian Chamber last week, Signor Fanfani very reasonably pointed out that there could be no search for a peaceful settlement while terrorism continued; he did not, however slam the door on further negotiations if violence ceased. At the same time the Italian government is making a vigorous effort on its own account to stamp out the terrorism. Italian visas have been reintroduced for Austrian visitors (this unfortunately impedes tourists as well as terrorists). The Italian police in the Alto Adige have been discovering large quantities of arms and explosives (1,700 lb of explosives in the course of five days); they have also made a number of arrests. It remains to be seen whether the terrorists will be deterred by police action; some (like the Sudeten Germans in 1937) may be more interested in blocking any kind of peaceful settlement than in reaching one.

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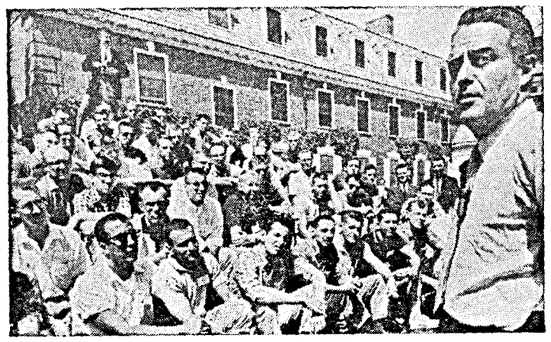
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AMERICAN SURVEY

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Peace Corps in Training



WASHINGTON, DC

CONGRESS is now considering President Kennedy's Bill to establish the Peace Corps, the centre of so much controversy and publicity, as a permanent agency within the State Department on an initial budget of $40 million. The Bill may get buffeted in the violent cross-currents which the debate on foreign aid is setting up. Moreover, the sectarian storm over aid to education has led to demands in Congress that the Peace Corps should not help or co-operate with any private organisation operating overseas that has a denominational flavour. Nevertheless, those who have been toiling on the pilot project which was established in February believe that Congress will install the Peace Corps as a very junior brother of the vast International Co-operation Administration which supplies experts and expertise in large quantities to the under-developed world.

To vote against the Peace Corps Bill will look like voting against American youth and American idealism and only very curmudgeonly southern Congressmen will dare to do that. Even Senator Goldwater, the leader of the right-wing Republicans, is claimed as a backer. Besides, the Peace Corps is at least designed to get certain things done, and done cheaply, which is just what many Congressmen criticise the foreign aid agency for failing to do. The cynics, though unconvinced, are saying little ; the Republican opposition, though eager to play party politics, has noted that in the country the Peace Corps is one of the more popular Kennedy gimmicks.

The Peace Corps is not, of course, simply the dream-child of one of Mr Kennedy's election speeches. Its origins go back ten years ; there has been much discussion of the idea and some voluntary effort to send Americans abroad for short periods to render personal service where it is needed. Proposals to create a "Point Four Youth Corps" were discussed last year in Congress, which authorised $10,000 for a preliminary study by Colorado State University. The concept of an organised national service to enable young men and women to undertake skilled functions in under-developed countries in ways that the ICA cannot do has taken firm hold in many university (and religious) circles. When the task force to prepare the scheme was set up under Mr Sargent Shriver, it was manned by people with some ideas of what was wanted and some, if limited, experience of what it means to work in the bush, the outback and the up-country village.

Since then two things have become clearer: first, that a considerable number of graduates and undergraduates want to volunteer and second, that help from the Peace Corps is acceptable to almost every government to which it has been explained by Mr Shriver or his aides in a series of explor tory visits ranging from Ind and Burma to Guinea a Ghana. From these have sprut a score of projects, five of whi (in Tanganyika, the Philippine Colombia, St Lucia and Chil have been announced, and f which personnel has been sele ted. About 440 people will b needed, and some began the training at the end of June.

The objective of the corps to provide talented (its ow word) Americans to do needs skilled jobs at the level belo that of the top experts: to sup ply the "missing link" in skilled and technical manpower i under-developed countries. But these volunteers are not to b sent out haphazardly ; they are to be organised in teams to carr out specific projects in such fields as health, agriculture, construc tion and industrial work. Of the schemes already announced, th in Tanganyika involves surveying feeder roads and another in Chi the development of local communities. The volunteers are to serv for set periods of two or more years under austere but not prim tive conditions. Their job will not be to advise but to do and t teach mainly by example ; however, the provision of school teachers as such will be an important activity of the corps.

WHAT might be called the "spiritual mission" of this entirel secular organisation is twofold. On the one hand it is to show in the process of supplying the much-wanted skills that American of college quality can work with local people as colleagues, equal and friends without superiority or material advantages to underpin them. On the other, its members are to gain an understanding o the minds and culture of the people they work with, thus broaden ing themselves and building up a pool of American know-how i foreign ways. The Americans thus hope to match, or rather sur pass, the advantages of countries that have had a cadre of overseas or colonial servants. The quiet statement of the Peace Corps, when offering its services, that "gladly will it learn and gladly teach," like Chaucer's pilgrim, has been received with warmth, if some incredulity.

To achieve this there must be an adequate organisation in America and abroad (where the agents and "team leaders" of the corps will come under the Ambassador in each country) ; even more important is the correct selection and training of the people who are sent. Selecting for skill and competence is comparatively easy and on paper the corps has a nucleus of skilled workers and mechanics that any African, and many Asian, countries could put to good use. Selecting for character and suitability is harder. The psychologists have their tests for "emotional maturity" as well as for flair for languages. But reliance is placed mainly on the taking of extensive references combined with elaborate biographical data, and on a further weeding-out during actual training. Willingness to serve for little more than one's expenses and a gratuity, at the end, of $75 for every month's service is a pre-

liminary screen for keenness. Training is to be arduous and is being devised by the universities that are the matrix of the idea. It will include local and area studies, brushing up skills, work in the needed languages, some "Robinson Crusoe" techniques, indoctrination in American democracy, and a physical toughening course in Puerto Rico ; further training is to take place on location. One short but valuable course for those going to Colombia consists of instruction in how to load and ride a mule. The training will take three to six months.

THE Peace Corps plans to have 2,700 volunteers overseas by the end of 1962 ; at least 5,000 have taken the qualifying test out of the 11,000 who have applied, and applications are still coming in at the rate of 200 a month. The problem may seem, therefore, to be one of finding enough projects rather than enough volunteers, even though some thirty countries have shown an interest and ideas for programmes are developing fast. The real trouble is the nature of the skills which are needed. The corps now has a reservoir of minor technicians and graduates, but it appears that most of the skills in request abroad are scarce in the United States. Teachers—even leftist Ghana is ready to snap up American secondary school-teachers—are in short supply in America. So are doctors, nurses, medical auxiliaries and veterinary surgeons, largely because of the restrictive practices of the professional bodies. America is an importer (though also a trainer) of such skills rather than a supplier of them to the needy. Even in agriculture there are difficulties: American farms no longer need, and the colleges no longer train, the type of all-round craftsman who would be useful abroad—the type produced, for a largely bygone system of mixed family farming, by the land grant colleges started at the time of Abraham Lincoln. The Peace Corps believes that this sort of college is what is wanted abroad and it is thinking of offering to create a modified version for the under-developed countries. In all this, there is refreshing evidence of flexibility, courage and a readiness to make drastic changes which would cause a British academic to curl up.

But it would be foolish to assume that the Peace Corps can or should hasten to expand its overseas service. It may be wise to go slowly (if the involvement of the President's personal prestige allows this), since the agency can begin to accumulate its own expertise only when its first teams have been tested in the field (where the psychologists, of course, intend to visit them and take their mental pulse). Nobody knows how the volunteers will react to the rigours of the job ; American cynics do not believe that they will be able to stand such a long separation from television and coca-cola and some observers prophesy that anxious mothers will soon be bombarding Senators for help. It may be true that the social and health hazards are being ludicrously over-stressed. But the mental strain of working for several years on or, rather, below the living standards of missionaries (American missionaries often have aircraft, freezers and cokes *ad lib*) but without the missionary theology or vocation can be much underestimated.

All this may be reminiscent of the Romans learning to sail triremes on land: but the Romans won the ensuing sea-battle with the Carthaginians. The organisers of the Peace Corps intend to forge this new instrument of foreign aid and influence against all odds, if Congress permits. Judgment can only await the event. Probably the greatest immediate hazard is not tropical disease or amateur organisation, but the press. Television teams are preparing to film (or fake) the heroes at work ; journalists are taking the tests ; publishers are trying to sign up volunteers to write their experiences. If this ballyhoo does not harm the corps this will probably be because its work will prove solid and unspectacular, with its joys and frustrations individual, and because its successes will be achieved in places uncomfortable to pressmen. Very much, as members of the ICA remark bitterly, like their own.

Bracing Talk

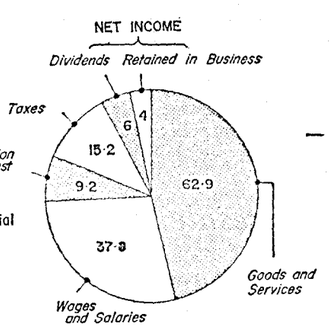
NEXT Tuesday night President Kennedy appears on television to tell Americans about the hazards which they face and the steps which the National Security Council decided, on Wednesday, should be taken to meet them. These hazards concern Berlin primarily but the Administration also fears that new crises may erupt—in south-east Asia, for example—while the attention of the free world and its military capacity are being directed toward eastern Europe. In Washington it is thought that Mr Kennedy may proclaim a limited national emergency ; this would empower him to call up a million of America's 2.4 million ready reservists. It is also thought that the proposals which he is to send to Congress on Wednesday may include a request for $3-$4 billion more in military spending—an increase of almost 10 per cent.

Such moves would go some way towards satisfying the bellicose right wing, which is likely to break away from the general bipartisan support for the President only if it feels that he is taking too soft a line over Berlin. Such a demonstration of American resolve—the details of which were being put before the partners in the North Atlantic alliance this week—would also put pressure on America's allies in Europe to show that, however slow they have proved in council, they also are willing to take unpleasant steps in the present crisis. Finally, the President, who has been criticised for giving the country too little in the way of leadership, will be able to explain what sort of dangers America faces. His problem does not seem to be altogether one of ringing an alarm bell ; surveys of public opinion suggest that most Americans feel that the risk of a showdown over Berlin—even a nuclear one—must be faced this year. But the President is seeking an alternative to the use of nuclear weapons which may require wider military service and heavier financial burdens over a considerable period.

Firms At The Top

IN 1960 the hundred largest non-financial corporations in the United States had total assets of $176 billion and revenues of $135 billion. The list of firms, which is given by the First National City Bank in its monthly letter for July, includes 55 manufacturing concerns, 26 utility companies, 16 railways and 3 retail trading companies. The largest was the American Telephone and Telegraph Company, with $22.6 billion in assets, the smallest the Erie-Lackawanna Rail Road, with $698 million. Ten years ago it was possible to get into this list of top firms with a mere $329 million in assets. Last year there were 54 "billion dollar" corporations compared with 22 in 1950 and 20 worth over $2 billion each, compared with 5 ten years earlier. The hundred largest firms had an average investment of $30,300 for each of their 5.8 million workers; their shareholders, without allowance for duplication, totalled 12.5 million.

Where The Money Went



The 100 largest non-financial corporations in 1960

Figures give actual amount in $ billion

While preparing for military action if this becomes unavoidable, the President is not losing sight of the battle in Congress over foreign aid which will determine how effectively the United States can speed the progress and retain the friendship of the under-developed countries. The over-riding issue this year is whether Congress will make efficient long-term planning possible by agreeing to give the Administration permission, in advance, to spend over $7 billion in development loans over the next five years. Mr Kennedy was sufficiently confident last week to reject one compromise. But the Bill will not reach the floors of the Senate and House for about three weeks. The President, forewarned, perhaps, by the way the House Rules Committee has killed his education Bill, has decided that it is even more important for him to win this vital battle in Washington than to go to Montevideo early next month to launch in person the "Alliance for Progress" which he hopes will mark an historic turning-point for Latin America.

Drought with a Silver Lining

THE July crop report, the most significant of the year, offers some badly-needed cheer to the Department of Agriculture but much of it is at the expense of drought-stricken farmers in the northern great plains. There more than a hundred counties have already been declared disaster areas, eligible for special loans and other aid. One reason why the total output from American fields is showing a sharp reduction this year is that the unusual dryness, and the ravages of the grasshoppers that come with lack of rain, in Montana, the Dakotas and northern Wyoming and Minnesota mean that the harvest of spring wheat is expected to be only a little more than half last year's 246 million bushels and the lowest since the era of the dust bowl. This is the grain used for high grade flour; durum wheat, for marcaroni and noodles, will be reduced even more severely. Admittedly the winter wheat crop, forecast at 1.1 billion bushels, is likely to be the second largest on record but even so the total wheat harvest will probably be roughly equal to demand in the coming year and so for once will not mean an addition to the country's huge surplus.

In any case Congress is about to approve legislation which should cut wheat plantings substantially next year along the lines of the emergency programme for feed grains—maize and sorghums—which was introduced this spring and which is the other main reason why agricultural output is going down so satisfactorily this year. As a result of this programme farmers have reduced their plantings of maize to the smallest since 1882 and the crop, estimated at 3.2 billion bushels, will be 20 per cent less than last year's. To meet demand at home and abroad will mean drawing heavily on the government's stocks, now amounting to over 2 billion bushels. The scheme involves large payments to farmers for maize which they have not grown, enough in one case to buy a Cadillac car, a dramatic incident which was exploited by the city-dwelling critics of the Administration. Nevertheless the success of his feed grain programme compensates the Secretary of Agriculture slightly for his complete failure to convince Congress of the advantages of his imaginative and long-term proposals for putting farm policy on a new and—he hoped—less costly basis.

President and Press Gang

WASHINGTON, DC

WHEN Mr Kennedy was inaugurated as President he let it be known that he intended to maintain the many direct personal relationships with newspaper publishers, columnists and reporters which had served him so well as Senator and presidential candidate. This delighted the pressmen—especially the upper crust with direct access to him—but the Cuban fiasco showed that private friendships would not give Mr Kennedy permanent immunity from newspaper criticism. From that time the press asserted its independence increasingly and in the last few weeks the gloves have come right off, notably with complaints about shortcomings in the organisation of the White House and the State Department, with particular reference to Mr Chester Bowles's failure to run the department efficiently. This attack mobilised support for Mr Bowles, the darling of the liberals. As a result and as happens so often, it has become impossible for the President to replace him as Under Secretary of State—if that is what Mr Kennedy wanted to do—at least for some time.

More serious are the allegations of presidential haverings between the tough and the soft lines over the Berlin situation. But the most disquieting aspect of all this is not the upsurge of press criticism, but the thin-skinned reaction of the President. After Cuba Mr Kennedy appealed to newspaper publishers for restraint on matters of "national security," an appeal which fell on closed ears, and in recent weeks the President has also protested to them about editorial fault-finding. To those who support him and the liberal Democratic line, he has even used words reminiscent of Mr Bevin's famous accusation of being stabbed in the back when he was Britain's Foreign Secretary. This hypersensitivity has extended to the foreign press; reports in leading British papers of indecision and disorganisation in Washington caused the White House not only grief but even a faint suspicion that Downing Street was involved in them.

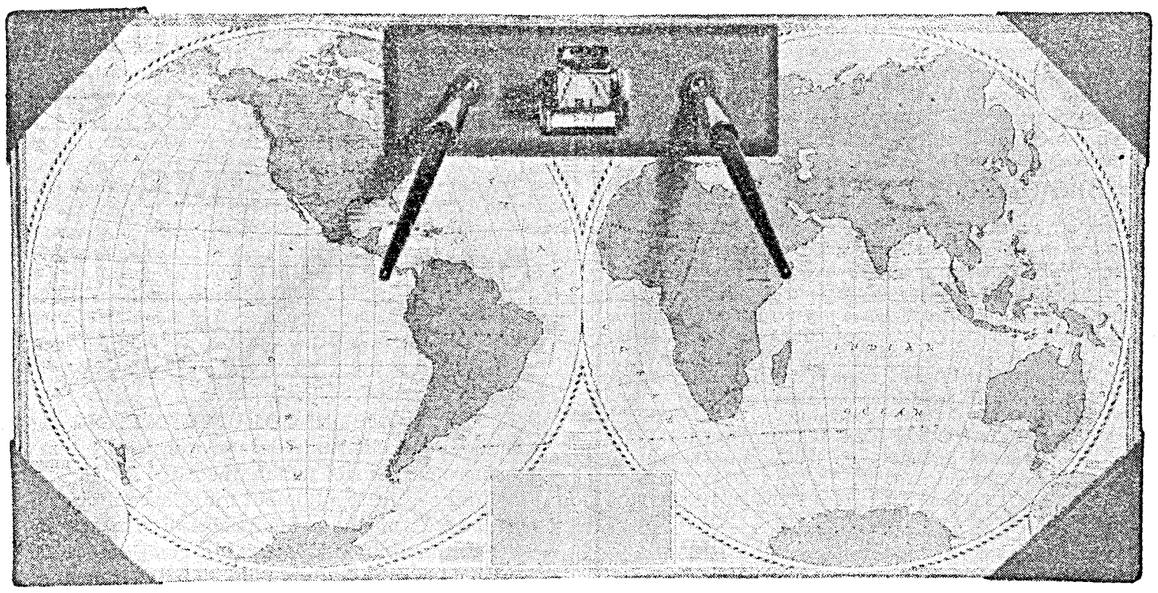
It is surprising that Mr Kennedy, who endured the usual hard knocks of the presidential campaign, should have imagined that he could keep the press in his pocket for any length of time. Such a notion points to a rash over-confidence in the early weeks of his Administration and to a grave underestimate of the troubles that lay ahead. Mr Kennedy is credited with the ambition—no unworthy one—of being classed with the great Presidents; certainly the hour is calling for the man. But surely he must see that events, whether shaped by himself or forced on him, will inevitably determine the tone of press comment; and he should know, too, that the decisions of a President must often await history for a true verdict. Misunderstanding goes with the office.

Electrifying the West

FROM A CORRESPONDENT IN COLORADO

THE first important battle in the present Congress over whether the government should move further into the production of electricity is being closely fought: last week the House denied, and this week the Senate granted, the Administration's request for $95 million which would enable electricity to be generated from the heat given off by a plutonium plant which is being built at Hanford, Washington. Normally such heat is simply wasted. But if it were put to use in this case it would be sufficient to generate 550,000 to 700,000 kilowatts of electricity—several times as much as the biggest atomic plant now in existence in the United States, that near Chicago, which has a capacity of 140,000 kilowatts. As a by-product of the plutonium operations at Hanford the electricity would be produced cheaply enough to enter the pool of hydro-electric power in the northwest at the going wholesale rate and still make money for the government. The dual-purpose plant was authorised by Congress in 1958 over the objections of President Eisenhower, but no money has been provided for the electrical facilities.

Up to now steam generators—as opposed to hydro-electric dams—have been established by the government only in the Tennessee Valley and the proposal that it should produce electricity from



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Other Marketable Securities	4,445,185.91
Loans and Discounts	85,875,211.26
Customers' Liability on Acceptances . .	22,315,019.71
Other Assets	3,946,614.64
	$277,267,172.39

LIABILITIES

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Acceptances: Less Amount in Portfolio . .		23,306,177.72
Accrued Interest, Expenses, etc.		955,560.56
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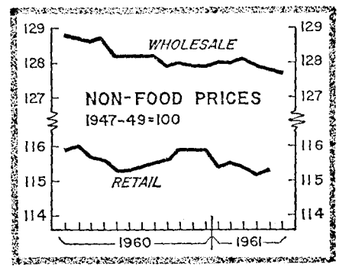
nuclear energy has provoked the intense opposition of two powerful groups. The coal industry and its trade unions fear the loss of their markets and the private electricity companies view the scheme as a government foot in the door of atomic development and a dangerous extension of its operations in the field of generating and distributing electricity. In particular, they fear that the production of more electricity in the northwest, which is suffering already from at least a temporary surplus of capacity at its great federal dams along the Columbia River, will strengthen the case for a federal transmission system to carry this electric power to the markets of central and southern California. These lines, according to an official of the private companies, would "almost surely become the first link in a coast-to-coast federal grid tying in all the regional [public] power systems."

Such links would make economic sense. The peak in the demand for electric power ripples across the country with the changes in the clock; furthermore, other savings in generating facilities may be possible by directing electricity to the south in the summer, for air-conditioning, and to the north in the winter to satisfy the growing demand for it to heat houses. But the private firms fear a big loss of markets if cheap federal electricity becomes available from the Tennessee Valley to the Pacific coast.

This is no idle fear. In February Mr Kennedy ordered plans to be prepared for such inter-connection of areas where the government sells electricity; a committee is to report on the feasibility of the line between California and the northwest by November 1st. Moreover, during his election campaign Mr Kennedy promised to reverse the Eisenhower policy of "no new starts" on federal hydro-electric projects which was designed to encourage private exploitation of promising sites; he also endorsed the building, by the government, of steam plants to supplement hydro-electric resources. In the past, even under Roosevelt's policy of favouring public

Why Prices are Weak

FROM A CORRESPONDENT IN CHICAGO



PARADOXICALLY, manufacturers' prices have been moving down as their output has moved up. After a decline last year and a brief recovery early this spring, the government's index of the wholesale prices of products other than farm commodities and food has slipped recently more than a full point below the peak reached in January, 1960. This index is based on 1,750 items and shows normally only the smallest fractional changes. Moreover, retail prices, which continued to rise through most of the recession, are now falling as well, reflecting this price cutting at the factory. The monthly index of the prices which consumers pay for non-food commodities—this figure also excludes the cost of services—dropped by what is, for it, a large amount this year.

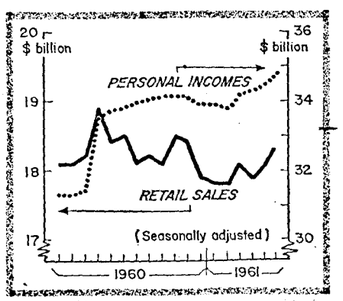
Nor do these figures tell the whole story. Much of the price trimming takes the form of quiet concessions by manufacturers, especially where large orders are at stake, which do not show on published price lists. This activity came to light in May when the United States Steel Corporation and other big producers began announcing a series of price reductions for many kinds of steel, including reinforcing bars, some types of stainless steel and line pipe. Individually, none of these are major items, but together they are important to the industry. It was explained that price shading by smaller mills had eaten into the sales of the big concerns and forced them to cut their prices officially.

More recently there have been similar developments in many other materials and components—aluminium, insulation fabrics, chemicals, electric motors and shipping cartons, to name a few. Now purchasing agents for shops are finding that producers of consumer goods are also reducing their prices. Sears, Roebuck and Company, the country's biggest retailer of non-food items, and other large Chicago firms say that they are getting their merchandise for less in almost every department, from clothing to television sets. As a result, prices in the autumn mail-order catalogues are on an average 1½ per cent lower than a year ago.

This price shaving takes a variety of forms in addition to direct cuts. The huge Frigidaire Division of the General Motors Corporation in Dayton, Ohio, for example, is handing out $25 as a "promotional allowance" for each of two models which it sells to retail shops, fully expecting them to deduct this money from the selling price of the refrigerator and spend not a penny more on promotion. Hence, a refrigerator that sold for $278 in the spring now costs $252. Steel producers are among those who are absorbing more freight charges for their customers and producers of television sets are introducing new models that contain all the features of last year's line but sell at lower prices.

Over-capacity in many industries, which makes manufacturers hungry for orders, is a basic reason for this spreading weakness in prices. Many companies expanded too rapidly in the early nineteen-fifties and their sales have never justified the full use of their plants. Appliance makers could produce twice as much as they do at present. Even after the sharp rebound in their activity this spring, steel and aluminium companies are running at barely 75 per cent of capacity. Then producers of components have lost business over recent years as manufacturers of finished goods have turned to making their own parts. For example, the Ford Motor Company now makes transmissions which it used to purchase from the Borg-Warner Corporation in Chicago. The impatience of manufacturers has been heightened by the sluggish recovery in retail sales. While they are improving now, they have lagged far behind the rise in personal incomes and shopkeepers say that the consumer has emerged from the recession reluctant to spend or to go into debt.

Lower prices have reduced some costs for both manufacturers and retail traders, but wages and other operating expenses continue to mount. Wages in the steel industry will rise on October 1st and a higher minimum wage, which will affect many factories and shops, comes in on September 3rd under a new federal law. Publicly there is more and more talk of prices going up in the near future, but privately many businessmen doubt whether there will be more than a few increases in the coming months, unless sales show enough buoyancy to employ more of the country's excess capacity.





Two facts worth remembering: (1) The fuel oil pipeline devised by Shell-Mex and B.P. Ltd was laid 23 miles from Stanlow refinery to Partington, in the Manchester area.

(2) Fuel oil is currently being pumped in at Stanlow at 240°F and coming out at the other end to feed Manchester's industries flowing merrily at 100°F.

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ownership and distribution of electric power—to which the new Administration wishes to return—power was regarded as an incidental by-product of dams built primarily for the purposes of flood control and irrigation. Now the Westerners at the helm in the Department of the Interior talk of the provision of cheap electric power as an end in itself. Only last week, when the Tennessee Valley Authority observed the centenary of Senator Norris's birth by announcing a new low rate for electricity, President Kennedy said that he wanted to see the TVA go forward along this path, not rest on its laurels. Cheap electric power is of just as great importance to the fast-growing west as it has been to the southeast, where the TVA has worked such miracles.

DURING the eight Eisenhower years there was little change in the proportion of electricity generated by public authorities; it amounts to about 20 per cent of the total. But the industry is fighting tooth and nail and using all its influence with Congress to prevent this proportion from being increased. For example, it is asking Congress to refuse to provide the money to build the Burns Creek project in Idaho. The industry feels that there is a strong case for rejection of this scheme, which would provide virtually no water for local irrigation and thus departs widely from the traditional policy of generating electricity only as a by-product of irrigation. Because of this controversial aspect of the project, the Administration seems to have decided not to stir up a bitter fight by pressing Congress to authorise it this year.

But in another dispute the advantage appears to lie with the Administration. Private electrical firms are battling for the right to build the main transmission lines to distribute some 1.2 million kilowatts of power which will be generated, eventually, by the Upper Colorado Basin Storage scheme. Studies carried out for Mr Seaton, Mr Eisenhower's Secretary of the Interior, convinced him that money would be saved if the federal government built the transmission system and Mr Udall, his Democratic successor, has naturally concurred. The Administration may well make its strongest stand on this issue.

The country's new masters have already reversed the restrictive policies imposed by President Eisenhower on rural electrical co-operatives which, in the past twenty-five years and with the help of low-cost federal loans, have brought electricity and telephone service to almost every farm house. These co-operatives depend, in many cases, upon private firms for their supply of electricity and many wish to band together to build their own joint generating plants and transmission facilities. The policy of the Republicans was to grant loans for this purpose only when they were convinced that the REAs were unable to obtain adequate, reliable and reasonably priced supplies from private sources. They would also have liked to charge the REAs interest high enough to cover the government's cost of borrowing the money in the first place.

All this has changed under the Kennedy Administration. Last month the Rural Electrification Administration granted the largest loan in its history: one for $60 million to a group of co-operatives in Indiana to enable them to build a 198,000-kilowatt generating plant and the transmission lines to distribute the electricity. The loan is for 35 years and bears interest of only 2 per cent. The co-operatives first applied for the loan in 1957, but the Eisenhower Administration never acted upon it largely because of the opposition of the private firm which now supplies these co-operatives with almost all of their electric power. Having their own generating plant will save them about $5.5 million during the next ten years. This was the main reason for granting the loan. But the Rural Electrification Administration has also announced publicly its determination to "guarantee the co-operative device a permanent place in the American (electrical) power industry" and has promised not to let the co-operatives be victimised in any way by the commercial companies.

Wary Negotiators in Detroit

THE automobile manufacturers and the United Automobile Workers, whose contracts with the three major companies expire on August 31st, are still taking each other's measure. Neither side wants a strike and neither side wants to provoke the intervention of the government. Both are aware—the managements to their satisfaction, the workers to their irritation—that the Administration regards these negotiations as an important test of the country's ability to avoid inflation. The President's Labour-Management Advisory Committee, which met last week to seize the nettle of wage and price restraint—on which so many similar committees have come to grief—may not have been able to do so; it simply set up a number of sub-committees to consider various aspects of the nettle. But other members of the Administration have been forthright about the need for restraint; the settlement in Detroit is, as usual, likely to set a pattern for many other contracts.

Mr Reuther's task is unenviable. He needs to cut a dash to wipe out the memory of 1958, when he came away from the bargaining-table almost empty-handed; to bolster his own prestige if, as seems likely, he has hopes of unseating Mr Meany as president of the American Federation of Labour and Congress of Industrial Organisations; and to put heart into his members who have had a hard year. Over a million fewer motor cars were produced in the first six months of 1961 than in the corresponding period of 1960 and the assembly lines are slowing down for the introduction, earlier than usual, of the new models. There will be little enthusiasm for a strike. Mr Reuther's only trump is that the companies would also hate a strike which prevented them from recouping, in what they hope will be a glittering fourth quarter, the sales and profits which they have lost so far.

Last week Mr Reuther unveiled the centre-piece of his proposals; it justifies his reputation for ingenuity. Since 1948 automobile workers have benefited to the extent of $1.18 an hour from two concessions won in that year: a cost-of-living adjustment and a "productivity payment" of an additional 2.5 per cent a year. Mr Reuther suggests that 17 cents of the cost-of-living bonus should be incorporated in the basic wage structure—a "raise" which would cost the companies nothing (except the right to withdraw the bonus if prices fall). In addition he wants an increase in the productivity payment to 3.4 per cent a year, something which, it can at least be argued, is also non-inflationary. Yet on this basis Mr Reuther could claim that he had won a wage increase of 26 cents an hour. He also produced his expected demand that workers should be paid weekly salaries instead of hourly wages because this might reduce the risk of their being laid off when production falls. But his members are more interested in two other things: an improvement in the company payments which supplement the state's unemployment benefits and the assumption by the managements of the full premiums paid for health and medical insurance; at present they pay half. Late this week the representatives of the companies will begin to outline their stand; at least they cannot complain that Mr Reuther has not given them a wide variety of ideas from which to strike a bargain.

—

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THE WORLD OVERSEAS

Lusaka's Marshmallow World

FROM OUR SPECIAL CORRESPONDENT

NORTHERN RHODESIA is the victim of its own relatively tranquil past. For at least three years widespread trouble over the issue of constitutional advance has seemed imminent but has always been averted. Now when a collision between nationalism and the government seems both inevitable and immediate most people fall back for comfort on the past and assure each other that this crisis will dissolve like all the rest. There is a general feeling among government officials and Northern Rhodesian Europeans that they are driving through a marshmallow world: maybe there will be a slight collision but it will hurt hardly at all.

Yet since Mr Macleod last month published the complex proposals for a new constitution, African and liberal disillusionment with the Colonial Secretary and the British Government has been almost complete. For two years Mr Kenneth Kaunda, president of the United National Independence party, has been sustained with hopes of a peaceful transition to majority rule. First the Devlin report diagnosed the malaise in Nyasaland and he could trust that the same cure would not be applied to his country. Then a majority of the Monckton commission had recommended an African legislative majority for Northern Rhodesia; and Mr Macleod himself confided during a weekend at Chequers that he was thinking of "something similar to Nyasaland." The preliminary White Paper in February was a compromise but still acceptable. The Europeans were busy adjusting their views to the prospect of an African government. Then on June 26th all Mr Kaunda's hopes were shattered.

Although Mr Macleod has maintained that the new proposals are "within the framework and spirit of the White Paper," senior officials in Lusaka will admit that fundamental changes have been made. In the White Paper, they explain, there was an attempt to equalise the two voters' rolls, each having 15 exclusive seats and a reasonably equal share in a third group of 15 seats. The new proposals are aimed at equalising the voting influence of what they call "the two major races" (a phrase which passes lightly over the fact that Africans outnumber Europeans 38 to one). In this scheme the Asian and coloured population was a complicating factor, and so it was segregated by being given a single national seat of its own. It was also successfully argued by Sir Roy Welensky's United Federal party that it would be easier for an African to gain a 12.5 per cent minimum vote among the 50,000 on the upper roll than for a European to achieve this quota among the 70,000 on the lower roll; so an alternative of 400 minimum votes on both rolls was added.

The UNIP claims (and it seems accurately) that the UFP will almost certainly win nearly all the 14 remaining national seats, especially since they have now been grouped into double member constituencies with the provision that at least four of them must return Europeans. They have only to find 400 susceptible voters among seven groups of 10,000, and no salesman worth his salt would consider that much of a challenge, so why should a party that has long been under the loving care of Messrs Coleman, Prentis and Varley and has large funds to spend on advertising.

While the UFP wags its newly acquired second tail, the other three parties are in various stages of dismay. The UNIP, which is by far the largest, has rejected the proposals and announced a boycott of any elections. The African National Congress, the rump of Mr Harry Nkumbula's old party, which claims a million members in the same unconvincing way that a fading beauty will romanticise about her age, is trying to make the best of both worlds: it has rejected the proposals "without reservation" but intends to contest the elections in order to destroy the constitution "from inside." The Liberal party is bitterly disappointed, but its leader, Sir John Moffat, has said he will try to make the constitution work; others in his small party are less amenable and would have liked to see Sir John resign his ministry rather than be seen proposing the ironically named motion of thanks to the Governor for propounding this constitution.

All three of these parties would support the proposals if the 2,000 Asian voters were returned to the national roll and the 400 minimum vote alternative was dropped. Mr Mistry has led an Indian delegation to tell the Governor they do not want separate representation. The Bishop of Northern Rhodesia has led another from the Christian Council to plead for urgent changes. Both he and Sir John Moffat have appealed for an all party conference. But the government's attitude is that any further conference is purposeless since the proposals are "irrevocable"; it will not let any part be reviewed for fear that every part might be objected to and scrapped.

There seems now no room left to manoeuvre and both sides find themselves increasing speed towards the collision. The special UNIP congress last week gave Mr Kaunda full backing for his unrevealed "master plan" to shake the foundations of government by non-violent action. The trades unions have declared they would show solidarity by striking, a threat which worries the government more than the Copperbelt managers, whose problem is world over-production. The government has provided itself with the widest imaginable security powers; thus even boycotts, whether of beer halls or of registration for voting, can be designated an offence carrying a six months' prison penalty. The police have been considerably strengthened since the proscription in 1959 of Mr Kaunda's previous Zambia Congress party, and many Europeans take particular comfort in the fierce appearance of the police mobile units which are largely composed of selected illiterates.

As a result of hurried federal legislation all European men between 18 and 50 are required to register for federal military service before August 15th. Several among the 280 European members of UNIP—who include clergymen, lawyers, school teachers and a knight—have decided not to register despite the threat of a year's imprisonment. They see all Northern Rhodesia's troubles stemming from the British Government's determination to continue federation; otherwise, they urge, the gentle, ascetic Mr Kaunda would be as acceptable as Mr Nyerere and his country's copper wealth could have made for swift development.

In March a peaceful transition for Northern Rhodesia seemed so close, after Sir Roy's call-up of territorials had been morally defeated by the forbearance of Africans trusting in Mr Macleod. Now, with that trust gone, the situation is extremely grave. There are nightly incidents between police and crowds, any one of which could flare into a riot and throw the country into turmoil.

It is widely said among liberals that one move only can avert

an early explosion. This is the resignation of the Governor, Sir Evelyn Hone, who is known to be deeply unhappy about the constitution to which he found himself finally putting his hand. It would give Africans heart and patience and would assuredly make alarm bells ring in Whitehall. Failing such a sacrifice, they see the country doomed to a state of emergency in which the detention of the UNIP leaders will be followed by bloodshed and disruption of the economy, which anyway is far from healthy now. When this is said unemotionally by decent people, who are now busy putting their property in their wives' names as they hard-headedly contemplate detention in the camps they hear are being renovated, there are surely grounds for Mr Macleod to be dissatisfied with his handiwork.

Canada Stands on Principle

FROM OUR OTTAWA CORRESPONDENT

MR DUNCAN SANDYS'S talks here, which concluded the world-wide consultations of the three horsemen of Mr Macmillan's apocalypse, were nothing like as terse or unfriendly as the exceptionally blunt communiqué suggested. The conflict with Mr Sandys's views was as definite as the communiqué indicated, but the difference was not primarily based on Canada's trade interests, nor did it involve any clash of personalities. Mr Sandys had been billed as the tiger luring the young Canadian maiden into what Hollywood would call a "death ride." But two things went wrong with this advance billing.

Mr Sandys, far from appearing as a tiger, impressed Mr Diefenbaker as a man whom he could trust absolutely; and the austere Mr Howard Green, secretary of state for external affairs, surprised himself as well as everybody else by concluding, "You know, I like him." On the other side, the Canadian ministers surprised Mr Sandys by stating their objection to British negotiations with the common market on high political grounds, and by leaving Canadian trade interests on the periphery of the argument.

After his gruelling flight from Sydney to Ottawa, Mr Sandys had 24 hours' rest before meeting the Canadian ministers. He spent an important part of it grilling British officials here about Canadian attitudes. When he first met the Canadians on July 13th he confronted an impressive group of officials besides four senior ministers. Mr Diefenbaker, who had a private meeting with Mr Sandys later, was represented by his chief confidential adviser, Mr Robert Bryce, secretary to the cabinet. Mr Howard Green was accompanied by his permanent under-secretary and his other economic experts. Mr Donald Fleming, the finance minister, who was obviously tired by his bitter tussle with Mr Coyne, acted as chairman; and British sources say he did it admirably. Mr George Hees, minister of trade and commerce, and Mr Alvin Hamilton, minister of agriculture, were there; and Mr Louis Rasminsky, Canada's executive director on the International Monetary Fund and at present the hottest tip to succeed Mr Coyne as Governor of the Bank of Canada, came up from Washington for the meeting, though he was having a sticky enough time down there defending Canada's new policy of devaluation.

At the opening meeting Mr Sandys took more than two hours to expound the British attitude towards the common market. He admitted his own belief that negotiations should be started, while insisting that the Cabinet had not reached a decision. The Canadian ministers then spoke in turn, challenging Mr Sandys's view on the basic ground that British integration with Europe would remove "the British influence" from the world. Even the minister of agriculture, Mr Hamilton, hardly mentioned wheat in his concern about "the Commonwealth idea." In so far as Canadian trade interests were mentioned, it was clear to both sides that the crux of the problem was the export of Canadian manufactured goods. Mr Sandys, while he emphasised their relative insignificance in the present totals, had to recognise Canada's concern about what they might become.

From the British point of view three things have been gained from these talks. First, the Canadians recognise that Britain will decide in the near future whether to open negotiations with the Six, and there will be no more argument about holding a full Commonwealth conference or further talks before that decision is taken. Second, Mr Sandys showed the Canadian ministers that a decision to stay out of Europe would be as fateful as a decision to start negotiations. Third, if the Canadian government in its present state of confusion and defensiveness is at all able to recognise the force of logic, its arguments about the Commonwealth will become a farcical pretence unless it maintains to the fullest extent every existing British preference in this market.

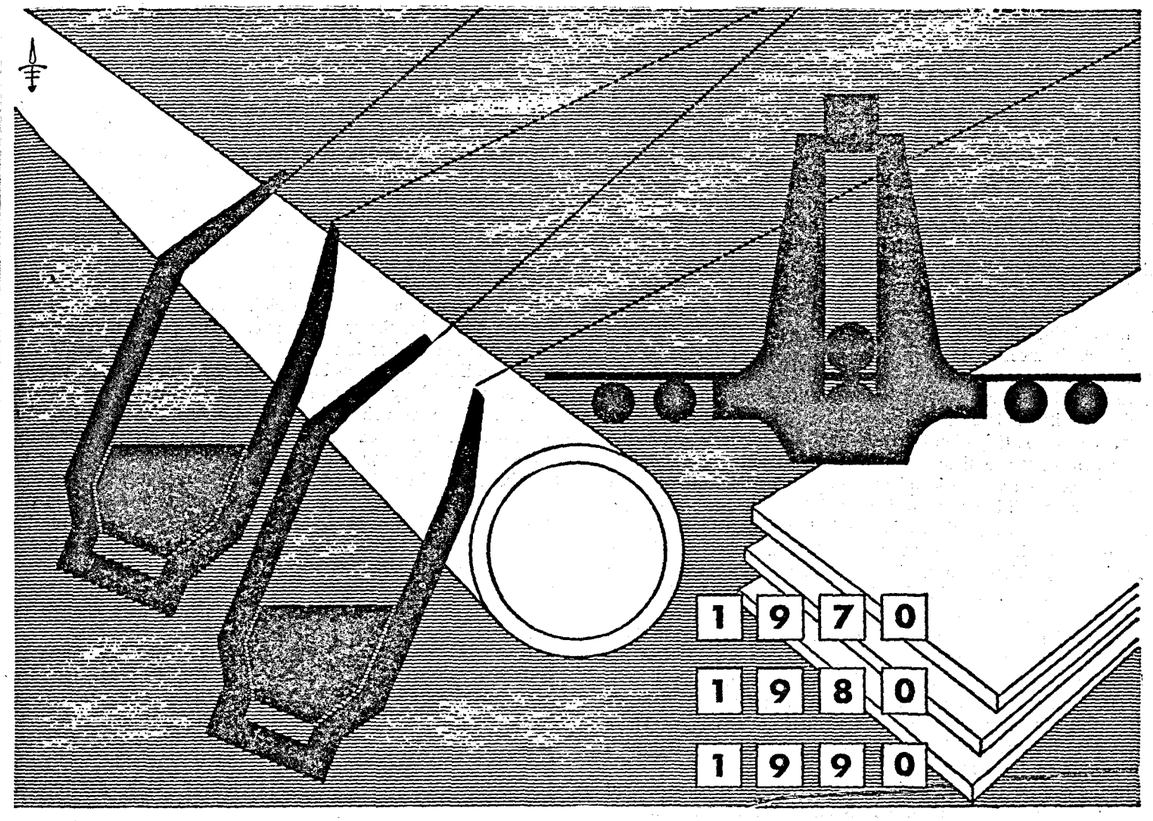
Much British comment attributing Canadian intransigence to the domestic political convenience of the Diefenbaker government has been unfair. It could be very misleading if it makes Britain underestimate the genuine Canadian interest in maintaining "a British voice" to which Canada and the rest of the Commonwealth can lend support as circumstances permit. It is true, however, that the Conservative ministers are displaying their party's historic bias in favour of imperial ties, now semantically transformed by that obscure word, Commonwealth, which is untranslatable into any other language, including American. If the Liberal party were in power this bias would be much less apparent. The Liberals, who did much during their long period of power to resist centralising tendencies in the Commonwealth, would be quicker to admit that what is sauce for the goose should be sauce for the gosling too. But the fundamental Canadian concern, to maintain British and Commonwealth equipoise against the almost overwhelming influence of the United States, would be the same whatever party were in power.

Tactically, the Canadian ministers' choice of ground may have been more skilful than gentlemanly. They remain free to claim that they never regarded Britain's arrangements with the Six as a fit subject for bargaining in sordid terms of trade advantage. They were faithful to the great Commonwealth ideals even if Britain was not. But they may also have calculated that retaliatory tariff action can be taken more easily from this elevated pedestal than from the earth-bound equality of a more realistic approach.

A European Conclave

FROM OUR BONN CORRESPONDENT

HAD enthusiasm for the cause been alone the criterion, then Federal Germany's modest capital was as fitting a place as any for Tuesday's gathering of the common market's heads of government and foreign ministers. The proclaimed object of the conference was to get on with the business of integrating the Six politically as well as economically. For several days Bonn citizens had been addressed all over town by a poster advocating democratic, parliamentary control of the new European institutions and their growing force of bureaucrats. The deputies to such a parliament, it was urged, should be elected directly, not delegated, as at present, by the various national parliaments. To make control more effective, the three existing institutions—the European Commission at Brussels, the Coal and Steel Community, and Euratom—should be merged into one executive. And there was a line or two proposing that Britain and its partners of



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the European Free Trade Association should be encouraged to join in.

The poster was the combined work of the German council of the European Movement ; a German organisation, Europa-Union ; and the German branch of the young European federalists. At a public meeting held in Bonn before the heads of government arrived, sundry representatives of these eager German Europeans—among them Herr Furler, president of the European parliament, and Herr Mommer, the Social Democrats' European expert—announced that they had sent Dr Adenauer a telegram in which they restated their demands—but with one interesting modification. As a first stage towards political integration through an elected common parliament, the European Movement, the telegram said, would accept regular consultation by the heads of government so long as these meetings did not undermine the authority of the existing European institutions.

Tuesday's meeting in Bonn had been planned originally for May 19th. The two principal reasons for postponement seem to have been the unreadiness of concrete proposals for strengthening political unity, and the more encouraging swing of British sentiment towards participation in Europe. Expressing its regret at the postponement "at a time when the political unity of Europe is urgently necessary," the incipient European parliament cancelled the debate on political co-operation that it had called for May 10th. The report of the parliament's political committee, which was drawn up by M. Dehousse and was to have launched the debate, stated that political co-operation made sense only so long as it involved agreement to take decisions in common and accept the consequences. It was impossible to separate political from economic issues, as the Community was at present trying to do. If there were to be four community summit conferences a year, then the European parliament should hold at least two foreign policy debates a year. Political co-operation should be based not on a gentleman's agreement but on precisely worded written undertakings. These ideas were incorporated in the resolution passed by the European parliament on June 29th.

In the context of these aspirations the verbose declaration put out by the heads of government in Bonn on Tuesday evening can mean everything or nothing. By far the greater part of it was already composed before the statesmen met, most of it by the foreign ministers at their meeting in Rome on July 10th. All that emerges is that the heads of government and the foreign ministers will continue to meet regularly (how often is not stated, but the next meeting is to be in Rome in October) ; that political consultation is to be complemented by similar collaboration in the fields of education, culture and research ; that the European parliament's proposals of June 29th are to be studied ; and that a committee is to be appointed to consider ways and means of giving political integration "an institutional character." All this circumspection can scarcely please the enthusiastic federalists. But it is intended not only to bridge the narrowing differences among the Six but also to leave things open a little longer while Britain is making up its mind.

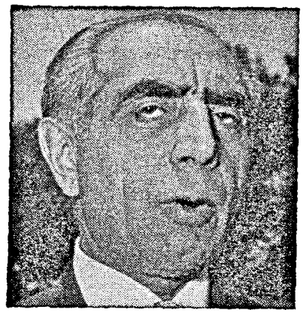
Nothing was arranged in Bonn that would make it any more difficult than it has been before for Britain to throw in its lot with the European community ; indeed, any such queering of the pitch was most carefully avoided. Unhappily, the purpose of British European policy has of late been exceptionally inscrutable to outsiders. Just when it seemed that the government and the country as a whole were ready to take the plunge into the common market, the three cabinet emissaries to the Commonwealth have returned with chilling reports that have apparently shaken everybody's confidence. At the same time wild rumours are rife of Britain's economic predicament. Britain's well-wishers are hoping that the expected statements in Parliament by the Prime Minister and the Chancellor of the Exchequer will clear the air before the council of Western European Union meets on August 1st.

Persian Road to Nowhere

FROM A CORRESPONDENT IN TEHERAN

REFORM or revolution is still the constant theme of the speeches of Dr Ali Amini, who has been Persia's prime minister since May 5th. But the public is getting weary of waiting for him to translate his words into action, and his reforming zeal has visibly dimmed now that he is faced with the hard realities of the political situation. Few people doubt the sincerity of his desire to root out corruption and stabilise the country's shaky economy. But powerful vested interests are ranged against his reform programme.

At first, it was believed that the National Front presented the only effective opposition to Dr Amini. But now it is not the front that is giving him the most trouble. The prime minister met National Front leaders last month and seems to have convinced them that, if their agitations brought his government down, it could only be replaced by a government repressive enough to put the front out of operation altogether. The National Front leaders, who are still more concerned with keeping up their pressure for early elections than with urging a social reform programme, appear to have been partially satisfied by Dr Amini's assurance that they will be able to participate in the next elections and in the next parliament. It is hopefully assumed, of course, that Dr Amini will remain in power long enough to hold these elections.



Dr Amini: honeymoon over

The chief opposition to Dr Amini's programme for social reform has come from the right ; from the landlords, the armed services, the very wealthy, and from former high government officials, all of whose interests would be affected if the reforms went deep. The last few weeks have seen one concession after another to these groups. The proudly acclaimed programme for land distribution has not yet begun ; there is no longer any talk about reducing the size and importance of the army ; there are no signs of elections, and proceedings have not yet been started against any of the generals who were arrested earlier on charges of corruption or of the misuse of funds. Dr Amini's drive against corruption had to stop sooner or later when the chain of evidence inevitably began to involve names high up on the official ladder. Unfortunately for the prime minister, he is the apparent initiator of these concessions, and it is he, not those responsible who will bear the most blame.

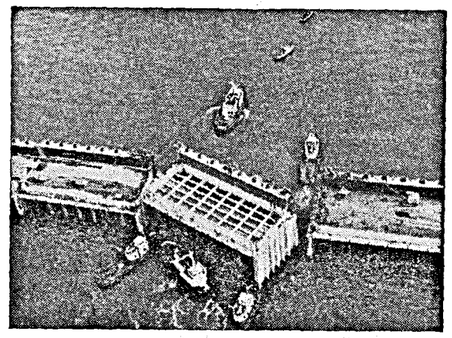
It is becoming increasingly clear that Dr Amini has little control over the army, the police, or the security forces. Although he was allowed to make some cabinet changes when the Shah appointed him prime minister, he had to leave posts in these three crucial departments untouched. A few weeks ago, the National Front was prevented from holding a meeting in Qazvin, a town forty miles from Teheran, and there have been other signs that the security forces and the police are reasserting themselves. If these signs spell a return to the repressive practices of the past, then many people—intellectuals, students, civil servants, and workers too—will be alienated, and Dr Amini's honeymoon with the National Front will be over. The leadership of the front is already split and one faction is demanding a tougher line towards the prime minister.

Dr Amini, it appears, is basing many of his hopes on a substantial loan from the United States. This would help the country to get over its immediate economic crisis, and would enable the prime minister to relax the credit and import restrictions that have recently been imposed. These were highly necessary, and indeed were adopted at the insistence of international banks and lending agencies who made them a condition before they would offer further loans to Persia. But they are making the merchants grumble ; and Dr Amini, in his present situation, can ill afford to alienate another powerful group. Mr Arsanzani, the minister of agriculture, recently left for Europe, where he is trying to enlist European, and especially German, aid and investment for Persia. A second delegation is expected to leave for the United States next month in an attempt to interest the World Bank in Persia's third development plan. The American Administration itself seems, at the moment, to be holding tightly on to the purse-strings—possibly waiting for signs of genuine reform before backing Dr Amini decisively.

With his hopes pinned to the United States, the prime minister has chosen to disregard the increasing pressure in favour of Persia's withdrawal from the Central Treaty Organisation and its adoption of a policy of neutrality. He has, in fact, staunchly reaffirmed Persian adherence to all existing pacts and treaties. But support for neutrality has come from surprising quarters. Non-alignment was

Holland's Growing Pains

FROM A CORRESPONDENT IN HOLLAND



FOR the Dutch there is no slackening off in the struggle against the sea that they have waged ever since the 13th century. The ambitious scheme, started in 1927, of partially reclaiming the Zuyderzee and thus adding 550,000 acres of new fertile land to Holland, is now more than half completed. Three of the five projected polders have been drained and two have been brought into complete cultivation (Wieringermeer and the Northeast polder). Blueprints for the fourth polder are ready and work on Southern Flevoland—endiking and drainage—will start before long.

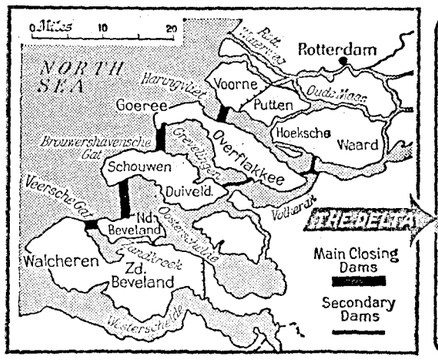
The floods caused by the great storm of February, 1953, did enormous damage to the entire south-western part of the Netherlands. Immediately afterwards, the government drew up a plan to close off four of the five estuaries, leaving only the entrance to the river Scheldt open. From a hydraulic point of view this "Delta plan" is much more difficult than the Zuyderzee scheme, because the engineers have to contend directly with the open sea and very strong currents.

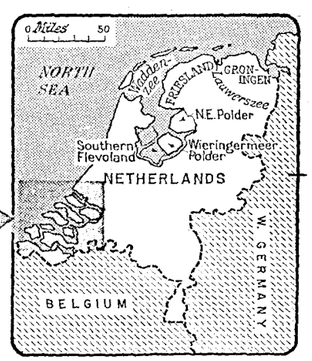
Briefly, the Delta plan envisages the construction of four unusually strong dams of a total length of 15 miles, which will replace the hundreds of miles of dikes around the various islands. This closely resembles the building of the "big dam" across the Zuyderzee, but the Delta plan, unlike the Zuyderzee scheme, will add hardly any new territory to the Netherlands. Its objects are to make the southern part of the country safer against any future attacks by the sea, to create some big fresh water lakes for recreation purposes and, perhaps most important of all, to reduce the salinity of the soil in that region.

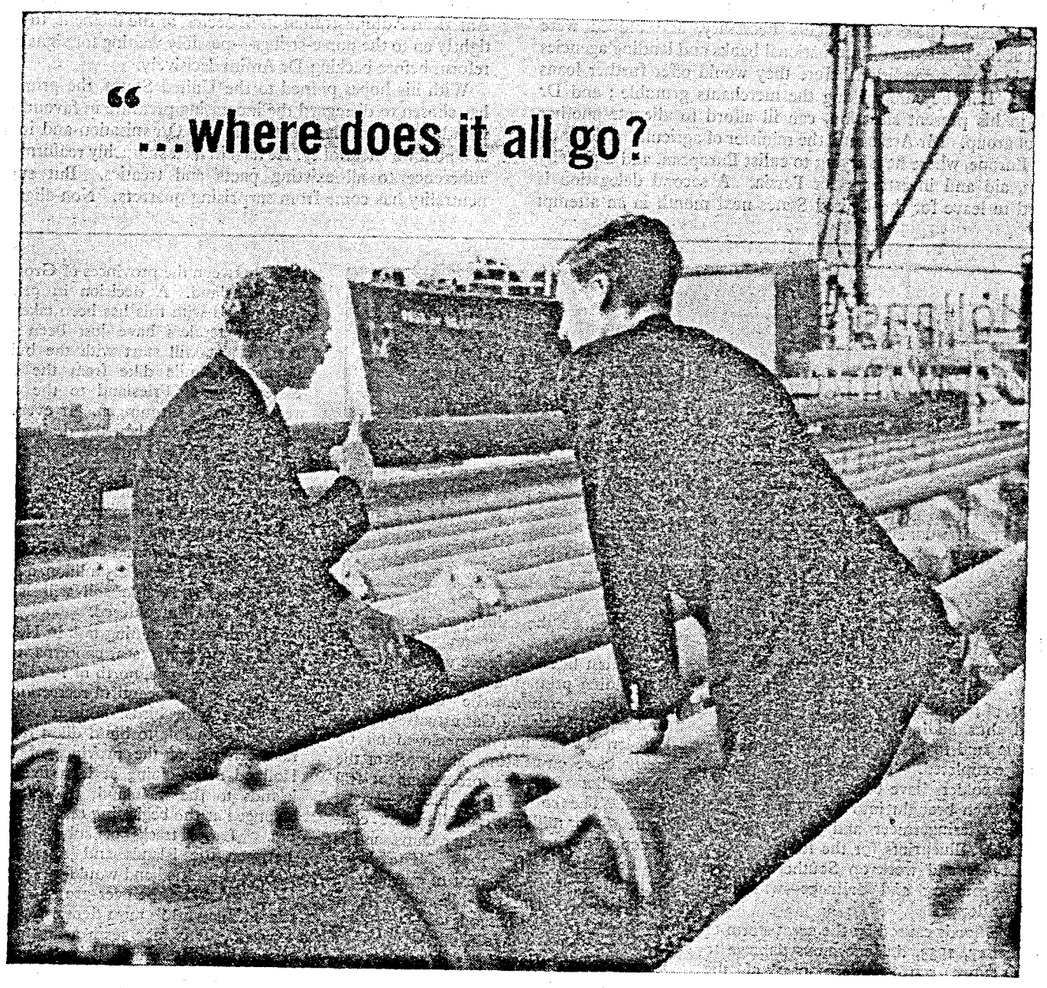
The first line of defence will be formed by building primary dams in the Haringvliet, Brouwershavensche Gat, Oosterschelde and Veersche Gat estuaries. This last estuary has just been closed off by means of seven caissons, and work at the Haringvliet estuary is proceeding at full speed. The entire Delta plan will cost some £250 million, including the construction of three secondary dams, and is to be finished by 1978. The latest hydraulic techniques, most of which have been developed in the Netherlands, are being used, and thousands of foreign engineers are coming to Holland to study them in operation.

When the Zuyderzee and Delta plans have been completed, only two further jobs remain to be done. The first one is the comparatively simple task of closing off the Lauwerszee, the small bay in the north between the provinces of Groningen and Friesland. A decision in principle to go ahead with this has been taken, and the first tenders have just been made. The project will start with the building of an eight-mile dike from the north-eastern tip of Friesland to the north-western tip of Groningen. If everything goes according to plan, the drainage and reclamation of the Lauwerszee area (some 16,500 acres) should be completed in nine years' time at a cost of some £10 million. When the dike has been constructed, 3,375 acres of arable soil and 6,500 acres of woodland will automatically be drained. At a cost of an extra £2.5 million, a further 8,500 acres of arable soil will later be reclaimed and impoldered.

The second remaining task in Holland's battle against the sea concerns the six "Wadden" islands, north of Friesland. At present they are beautiful recreation spots and haunts for birds. But it would no doubt be feasible to build dikes from the northern tip of the province of North-Holland thus joining at least five of the islands to the mainland, to which they belonged at the beginning of the Christian era. Large tracts of submerged land between the islands and the mainland would be drained and would provide extra living space for the ever-growing population of the world's most densely populated country. This may seem a dream of the future, but hydraulically nothing seems impossible and one may be sure that somewhere in one of the desks of the ministry of traffic and waterways some rough blueprints or sketches of the "Wadden plan" may be found.







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not a policy one proposed publicly three months ago. But the easing of press control has provided an indication of the country's temper. Not only has the National Front given neutrality its blessing, as was expected, but support has also come from several prominent and usually conservative political figures, including a former minister, Mr Ahmad Aramesh, and a member of the present cabinet. Mr Aramesh, who is now under arrest, has claimed that during his term in the previous government, the Soviet Union offered massive aid to Persia. He also claims that Russia was prepared to help Persia exploit its northern oil fields on very favourable terms. Both these claims have been categorically denied by Dr Amini and by his foreign minister. The denials should be taken at face value, and Mr Aramesh's statements with a grain of salt. But many Persians believe Russia would be willing to pay a heavy price for Persian neutrality.

Dr Amini has no party of his own to support him through these difficult days. He can, of course, always threaten to resign in the hope of persuading the Shah to give him stronger backing than hitherto. This would have been a powerful weapon eight weeks ago when Dr Amini was at the height of his popularity. Today, its effectiveness is more questionable.

In Defence of M. Debré

FROM OUR PARIS CORRESPONDENT



THE Tsar is good and wise, it is his councillors who are wicked and foolish. Sophisticated Frenchmen have recently evolved a modern version of this old muzhik belief and M. Debré is its victim. The French President collects popular applause as he passes through Lorraine, while angry peasants hang his prime minister in effigy. General de Gaulle represents greatness, prestige, success. But if the peasants are angry, parliament thwarted or the Algerian war unfinished, the blame must be put on M. Debré. The editor of *Le Figaro* has even seriously suggested that the solution for the present French malaise lies in a change of prime minister.

The amount of abuse now poured on M. Debré is in itself a proof of how well he does his job; to be a scapegoat is part of his duties. It was not written as such into the constitution of the Fifth Republic, but it is implied there effectively enough. When vast powers were granted to a president not responsible to parliament, it might be guessed that his prime minister would fight only mock parliamentary battles. In keeping with the spirit, if not with the letter, of the constitution, General de Gaulle rapidly extended his exclusive domain to all the decisions that matter, including foreign affairs, Algerian affairs and the key questions of economic policy. There was nothing left for his lieutenant but to carry out orders and shoulder the blame for unpopular moves. In this part M. Debré's rather abrupt manner proved an asset. If France's European policies displeased foreigners the fault lay in the prime minister's exacerbated nationalism; if deputies complained that they were bullied—it was due to M. Debré's distaste for parliamentary democracy.

Poor M. Debré. The only people with legitimate grudges against him were his old companions from the banner of *Algérie Française*. Those who had plotted against the previous regime, but did not stay on the gaullist bandwagon, accused him of betrayal. No opportunity was lost for the tart reproach that the senator of yesterday, *Michou La Colère*, as they used to call him, was not to be recognised in the obedient, pliable prime minister of today. And, indeed, even in politics, where the volte-face is no rarity, seldom has a man been obliged to swallow so many of his words on so many occasions and in such a short time.

General de Gaulle does appreciate his prime minister's faithful services and his usefulness as a scapegoat. He has no need to change him now, as he made plain in his broadcast last week. Should the general's republic last long and M. Debré outlive his usefulness, there will be plenty of gaullist candidates of all complexions, from pink to true blue, for the succession. M. Debré was the right man to bamboozle the lunatic fringe on the Right. A Mollet Socialist might be more suitable, if the trade unions were to get too restless. But the premiership is unlikely to change hands before the end of the Algerian war or before a general election, whichever comes first. And whoever has the job, his duties will not change without a radical reform of the regime.

Thus justice could be rendered to M. Debré only if sophisticated Frenchmen were to discover, as the muzhiks finally did, that not all virtues are the monarch's, or all the vices those of his servants. That would be the last thing the loyal M. Debré would wish.

Signor Fanfani's Twelve Months

FROM OUR ROME CORRESPONDENT

A MOTION of no confidence in Signor Fanfani's government, presented by the Socialist leader, Signor Nenni, was defeated in the Italian Chamber on July 13th. The Socialists complained that after benefiting from their neutrality at the beginning of its career, the government had failed to keep its pledges—real or implicit—and that the prime minister was marking time while toying with grandiose development plans which he had neither the strength nor the will to put through. The outcome of the debate was a foregone conclusion, since the two left-centre parties, which have supported the government since it was formed a year ago, remained loyal.

Signor Nenni himself, it is known, considered the motion ill-timed and tried to persuade his central committee to suspend it. From a tactical point of view, as usual, he was right. This vote makes it more difficult for the Republican party, which itself is critical of the government, to carry out its plan of attacking Signor Fanfani in October, when President Gronchi's power to dissolve parliament lapses and it becomes possible to have a government crisis without risking a general election.

The skirmish last week would hardly be worth mentioning were it not for the general feeling that Signor Fanfani's parliamentary victory marks the end of a phase in Italian affairs. Since about 1954 Signor Fanfani has been generally believed to be the man who, in spite of repeated setbacks, would some day lead the Christian Democrats into a working alliance with the Socialists. Few people expect this any more. Twelve months in office have given Signor Fanfani his second great chance; but at the end of them he no longer stands out as the man of the "opening to the Left." The opponents of this policy, in his own party and outside, have ceased to fear him. The Christian Democrat left wing is looking for a new leader capable of steering the party towards the Socialists; and it has cast its eye on Signor Sullo. In the country Signor Fanfani's image has become as blurred and flickering as that of the party secretary, Signor Moro. To the Italian public the two men appear as well-intentioned Catholics who would, indeed, like to put their party and their country on a

"socialising" course, but who cannot stand up to the opposing ecclesiastical and conservative pressures.

This does not mean that no more will be heard about Catholic-Socialist collaboration, the search for which is a recurring theme in Italian politics. The new papal Encyclical, *Mater et Magistra* [published on July 14th and separately discussed on page 327], clearly opens a new chapter in the story of the relations between Catholics and Socialists. Italian Socialists have hailed it as a break with the narrow, corporative tradition of Catholic sociology (of which Signor Fanfani, in his early years, was an exponent) and as a step forward to a position from which further evolution of Catholic social thought may be possible. In the long run, it is being said here, the new doctrine should influence the political behaviour even of Italian Catholics. In the short run, this behaviour is controlled by the hierarchy, upon whom, at the beginning of his reign, Pope John devolved authority in national affairs; and the hierarchy's record in Italian politics is not encouraging.

In the immediate future, however, it looks as if Italian political alignments may settle back into quite a different mould, one in which the Socialists will be drawn into closer collaboration, not with the Catholics, but with the Communists. Such an alliance would not be on the ideological plane, but in practical matters where the two parties are thrown together by the circumstances of Italy's industrial expansion and agricultural crisis. Italian labour, demanding a bigger share of the profits of Italy's industrial expansion, looks to the Communists and, in a lesser degree, to the Socialists to press its interests. At the same time the rural community is being thrown into a turmoil by the decline in agricultural incomes. All the weaknesses of the land reform—which was conceived primarily to produce a crop of Christian Democrat votes—have come to the surface; drastic remedies, including a reform of the system of land tenure, are urgently needed. But instead of announcing a policy for agriculture—which the "Green Plan" is not—Signor Fanfani called a ponderous national agricultural conference which has merely ploughed its discordant and inconclusive way through a mass of reports.

In their dissatisfaction the industrial and agricultural workers are making common cause. Last week in Florence the workers came out on strike in sympathy with the peasants. Such a thing has not happened since the time, before the land reform began to be introduced, when the landless peasants squatted on the uncultivated estates. Probably Signor Togliatti had direct action of this kind in mind when he scandalised Parliament last week by saying that to vote against the government was the least one could do.

Plainly this climate does not favour a Socialist-Catholic entente. Unless the Catholic politicians take their cue from the Encyclical instead of from the cardinal archbishops who have so far dominated the application of Catholic sociology in Italy, something like a Popular Front may threaten to reappear.

Switzerland's Foreign Invasion

BY A CORRESPONDENT

FOR the last year or so the talk in Switzerland has been about *Überfremdung*, too much land in foreign hands, too much foreign capital, too much foreign labour. There has been something of a popular outcry over the purchase of land in the Ticino canton by industrial magnates and film stars from—as it is supposed—west Germany. This led to a Swiss federal decision, which came into force at the beginning of April, that people domiciled outside Switzerland, whether they are Swiss or not, may acquire land in Switzerland only with the approval of the cantonal authorities. In actual fact these complaints tend to exaggerate the amount of property that has been acquired in the Ticino by foreigners. An article published by the Swiss Bank Corporation in June refers to 6.4 per cent of the value of the 107 most important communes at the end of 1958. The biggest foreign share almost certainly belongs to Italians, who tend to invest in building flats in Locarno (or villas in the Engadine), particularly when a heavy Communist poll in Italy has alarmed them. The people who buy up plots of poor land from the Ticinese peasants, which they then develop very profitably, are mostly German-Swiss. In the canton of Geneva a considerable amount of property has been acquired by Americans, but chiefly for administrative offices for American concerns in other parts of Europe. It is in this canton that a few Arabs have established themselves in feudal splendour.

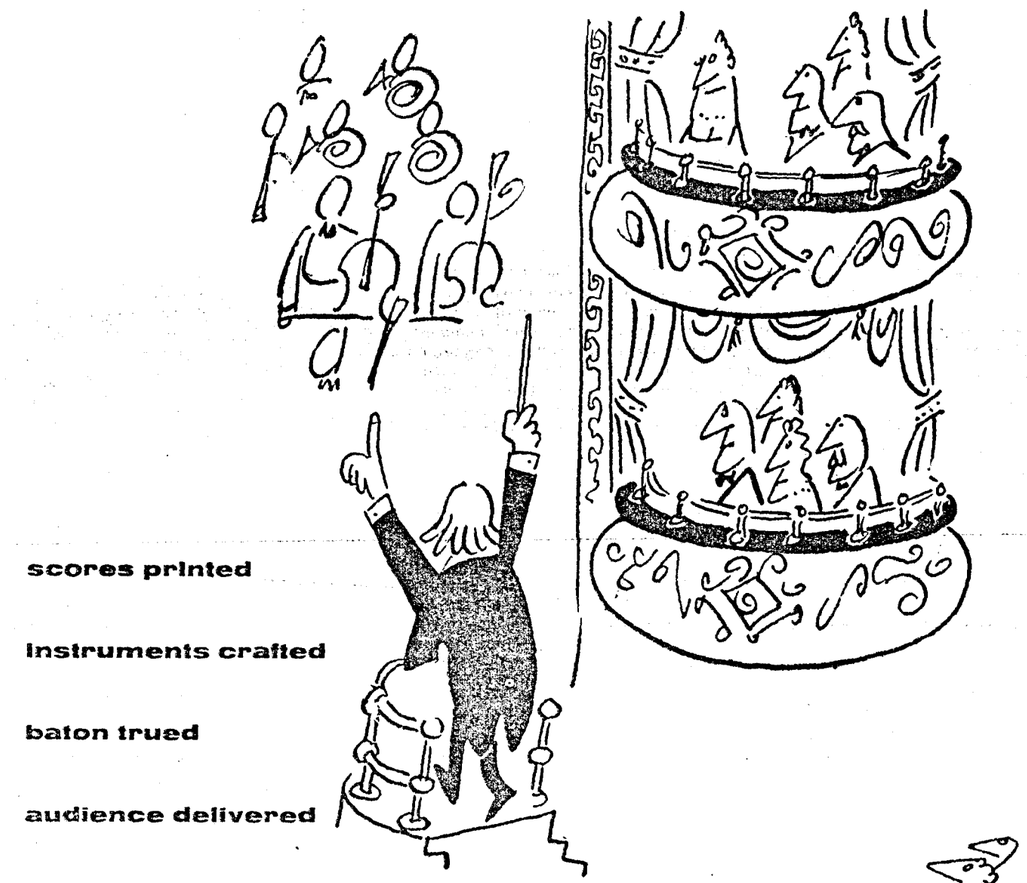
Of late years foreign capital has shown a strong tendency to infiltrate the prosperous Swiss economy. In August, 1960, a so-called gentlemen's agreement was made by the three leading Swiss banks, to which the others subsequently adhered: it was agreed that foreign investors should be penalised if their money was put into Swiss concerns for too short a time. Owing to the persistence of the rumour that the exchange value of the Swiss franc, like that of the German mark earlier, was to be increased it is uncertain whether this merely encouraged foreign capital to remain. Another protective measure adopted by various big Swiss firms since 1959 has been to convert their bearer shares into registered shares. There is however more Swiss capital invested abroad than foreign capital in Switzerland.

More interesting, indeed, more critical, is the influx of foreign labour. It is popularly supposed that Italians naturally crowd in for the season to work on the land or in the hotels—and why not? By now, however, much more than this is happening. The number of foreign workers with temporary permits valid for up to a year, issued by the cantonal authorities, is published for February and August each year. The peak figure of 435,000 in August, 1960, will easily be surpassed in August, 1961. In addition to those with temporary permits, there is a fairly substantial population of foreigners who have been allowed to settle without becoming Swiss citizens. Thus it may be presumed that, of the whole labour force of 2½ million, well over 500,000, or a fifth, are not Swiss. About two-thirds of these foreigners are Italian. Switzerland, with a tenth of the population, has as many foreign workers as west Germany.

Many people would feel concern about this state of affairs in any case, since several types of essential work, in the building industry as well as on the farms, have virtually ceased to be done by the Swiss. In Switzerland's major skilled industry, mechanical engineering, a quarter of the labour force was foreign at the end of 1960; 67 per cent of these foreigners were Italian. (These figures, which come from the employers' federation, do not include the watchmakers.) During last winter the foreign workers in this, as in the Swiss textile industry, increased considerably, regardless of the season.

Those Swiss who are alarmed by this dependence on foreign labour are able to point out that already Italian workers are becoming hard to find. In northern Italy itself skilled labour is short; what is more, west German employers are offering better living conditions than the Swiss cantons offer. In Switzerland it has been quite exceptional for the Italians to be provided with lodging or to be allowed to bring their families; but the Germans now offer both these amenities, while the development of the common market also tends to draw Italian labour away from a non-member country. Thus the Swiss either have to revise the terms they offer, or to content themselves with unskilled labour from southern Italy and, more recently, from Spain and Greece. An agreement was made with the Spanish government in March.

Thoughtful Swiss patriots who want their country to preserve its particular political character are afraid of what they see: a choice between absorption into an integrated, industrialised Europe, and the continuing risk of a grave economic setback.



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LETTERS

Europe and the Commonwealth

SIR—I was frightened to read Mr Douglas Jay's letter in your issue of June 24th. It is strange indeed to hear Labour supporting Commonwealth free trade, which, after all, is a kind of common market between English-speaking territories and some others with which Great Britain had imperial ties. But the Commonwealth trade area consists of a dominant industrial country vis-à-vis mainly underdeveloped ones which barely interpenetrate one another (for instance, Canada is more orientated to the US than to the UK), while the EEC contains regional industrial specialisation and overall interdependence. The Commonwealth economic system is in many ways another name for the colonial trade type relationship, while the EEC is a repetition of the market revolution similar to the earlier US one.

Of course, the EEC would make imports of foodstuffs and raw materials from the Commonwealth more expensive because of common tariffs on them. That is only natural. But the arguments used against that are exactly the same as those used by 19th century colonialists against the abrogation of the colonial trade monopolies. It is strange that a modern economist should support old-fashioned trade imperialism by appealing to the Englishman's cheap cup of tea.

First of all, true liberalism must not be a relationship between rich and poor (as is the Commonwealth trade area nowadays), but between more or less equal partners. Then, competition might produce the usual benefits. That is what happened in the US and what is happening on the continent, first in the Benelux Union, now in the EEC area.

Secondly, cheaper and better products in the EEC will then largely compensate Great Britain for the higher cost of tea, if the British government decides not to subsidise it. Everybody knows, and *The Economist* foremost, that British industry, every year since 1931, has lost a little more of its relative advantages over other countries because of the protective illusion of the imperial tariff barriers. To wake up to today's realities, British industries will have to face true competition from industrial countries. Then they will recover many of their comparative losses. But only true competition, and not government laws or exhortations, will do it, as recent European experience has shown.

We believe *The Economist* to be right to support Britain's entrance into the EEC. It is not a matter of political dogmatism to be pro or con. Continental socialists have been among the promoters of the common market idea and still are supporting it. Are they less social-minded than the British Labourites?

Many people here feel that something ought to be done to help underdeveloped countries in solving their particular raw materials and agricultural problems. But Douglas Jay should know that the EEC is more aware of that than many countries, studying long-term contracts and permanent assistance through special funds. Thanks to its successful experience in this specific field, and to its special interests, Great Britain, inside the EEC institutions, could contribute to an overall solution of the output, price and distribution of raw materials and the main agricultural products. Stabilisation of these is needed, inside (as shown by recent French troubles) as well as outside Europe and even the most liberal country of all, the US, has done it for most of its own products now. That seems the way of reviewing positively the relations between Great Britain and most of its Commonwealth partners and not the continuance of the glorious but in the long-term disastrous imperial preference tariffs system of 1931.—Yours faithfully,

Brussels JULES A. HORN

West Indian Workers

SIR—In your issue of June 24th you say of the West Indian Federation: "The small islands, still undeveloped, must harness their resources of land, water and labour (they have plenty of labour) and follow Jamaica's example in building up small local industries."

Owing largely to the rush to England, seemingly irrational as the flight of lemmings, it is emphatically not true that we in the small islands have plenty of labour. Agricultural production is on this account severely restricted. Artisans are disappearing from the human species. Policemen and school teachers, trained at the expense of the taxpayer, are taking unskilled jobs in British factories or on the London Underground. If our labour force were to be further depleted by "small industries," our exports (bananas, copra, cocoa, citrus fruits) would inevitably dwindle and the economic situation deteriorate further.

Incidentally, it is a misconception, encouraged by the bleating of politicians, that this wholesale emigration is the result of adverse conditions in the "small islands." Our people are going to England for the sake of change, for adventure, or because the man next door has done so. If one is tired of carrying bananas or husking coconuts it is apparently agreeable to collect fares on a bus or hump luggage at King's Cross. But the flight is of choice rather than necessity.

All this applies essentially to the units known as the Leewards and Windwards. In the large islands—Jamaica, Trinidad, Barbados—there are admittedly problems of unemployment and slum conditions. But it savours of absurdity that the same "large island" statesmen who insist, under threat of Communism in the Caribbean, that unrestricted emigration to the UK must continue, should deny right of entry into their own territories to their "poor relations," thus denying "federal kinship" and indeed making a farce of the whole federal concept.—Yours faithfully, E. NAPIER

Dominica, BWI

★

SIR—Mr Norman Pannell, MP, in his letter of July 8th, presents two alternatives as a result of the present trend in immigration into the United Kingdom: the complete assimilation of coloured immigrants, or the creation of a minority element, neither of which would appear to be desirable to Mr Pannell.

If we are to avoid hypocrisy, it must be admitted that a minority problem is already in the process of being created, and could become a permanent feature of our society if we refuse to face (as South Africa refuses) the implications of the first alternative, assimilation.

It is possibly hopeful for the future of race relations in the Commonwealth that many members of the public who belong to such bodies as the British Caribbean Association and other inter-racial organisations, try to put into practice their belief that the integration of all immigrants into the life of our community is the answer.

It would be interesting to know for what reason Mr Pannell disapproves of assimilation, considering that the present population of the British Isles is very largely the result of the assimilation of peoples from many different races throughout history.—Yours faithfully, FELICITY BOLTON,

Secretary,
The British-Caribbean Association

London, WC1

Trader or Haulier?

SIR—Your article of June 17th is a timely reminder that many of the restrictions which affect industry and trade are based upon statutory provisions. There are, moreover, strong grounds for believing that the goods licensing system is moving away from general vehicle licensing by tonnage, which was the basis of the 1933 act, and towards much stricter control over the type of goods carried, as well as over "route and area served" after the United States pattern. This belief is founded on the enormous growth, since the passing of the act of 1933, in the application of "normal user" conditions to "A" licences, even upon the renewal of formerly unrestricted licences.

Normal user conditions are not specifically provided for in either act. It is arguable that, contrary to the intentions of Parliament, there has since 1953 been a tightening rather than a loosening of statutory restrictions on public hauliers.

J. A. B. HIBBS
A. L. COLEBY

Saffron Walden, Essex

Oil Sales

SIR—In your issue of July 15th you make statements regarding the sale of lubricating oils "at Shell-Mex and BP garages" from which your readers may gain the impression that Shell-Mex and BP is in a position to dictate whether or not competitors' lubricating oils are sold at these garages. You refer, for example, to that percentage of competitors' oils which Shell-Mex and BP "allows the garages marketing its products to sell."

Shell-Mex and BP, in common with all other companies with a national network, has sales contracts freely negotiated with garage proprietors whereby the latter undertake to sell only the petrol marketed by the company in question, and all have been offered terms whereby competitors' lubricating oils can be sold, if they so desire. If some of these garages choose to sell only Shell-Mex and BP oils, it is naturally not a cause for dissatisfaction on our part.

You also state that garages which have mortgages with oil companies as security for loans are prevented from stocking competitors' lubricating oils. Again, so far as Shell-Mex and BP is concerned, this is not so. For several years, these garages have been free to stock any other company's lubricating oil.—Yours faithfully,

CHRISTOPHER T. BRUNNER
Director

Shell-Mex and BP Ltd.,
London, WC2

The Axe of Damocles

SIR—I am frankly flabbergasted by the suggestion that indirect taxes should be raised by 10 per cent and that foreigners might be impressed by such a move.

If the cost of living index goes up, so will the wage claims, in my view rightly so. There is absolutely no limit, other than the exchange value of the pound, to the level to which indirect taxes could be raised, because the Bank of England is a printing machine. In no sense, however, could this be called an "economy" because all that would happen, in effect, is a temporary transfer to the Government of spending power which otherwise would belong to consumers. The money gets spent just the same. The remedy is for the Government to cut its own spending, which it steadfastly refuses to do.—Yours faithfully,

OLIVER SMEDLEY,
Hon. Treasurer,
Council for the Reduction of Taxation

London, EC2

BOOKS

The Cold Odd Man

Mr Secretary Peel

By Norman Gash.
Longmans. 707 pages. 70s.

"SUCH a cold, odd man" was Queen Victoria's first impression of the Prince Consort's favourite Prime Minister. When he died in 1850, however, Peel was already a legend, embodying for Cobden "the idea of the age." Historians have agreed with both verdicts. Peel features in all the books as a major architect of mid-Victorian England; but for over a century he has remained without a full-scale biography of any sort. The sheer mass of material is clearly forbidding. Peel's papers, carefully preserved in red morocco, are voluminous and revealing, while the array of secondary sources is enormous. Yet Mr Gladstone, after a long career even more tortuous than his mentor's, left a vaster collection of papers without intimidating the biographers. Something more is needed to explain this remarkable neglect.

Bagehot declared that Peel had "the powers of a first-rate man and the creed of a second-rate man, never in advance of his time"; and Balfour, looking back in old age on his own troubles with the Conservative party, could still say that "I never can hear Peel praised with patience." Proper consideration must come late to a man whose personality repels, whose talents and beliefs can be patronised, and whose actions provide the basis for a protracted controversy. For long many Tories could not forget that Peel had "betrayed" his party and his class. Liberals might praise him for seeing the light, but anyone so slow to realise that he was in "the wrong party" could not be compared to Cobden, Bright or, above all, Gladstone as one of the true prophets.

Though the arguments need restating, it remains possible to regard Peel as a prig, a hypocrite and a timeserver; but his stock is rising. This is partly a matter of fashion, for administrators have recently come up in the estimation of historians. But an improved analysis of early nineteenth-century politics, and a better understanding of economic growth and social adjustment in that unique phenomenon, the industrial revolution in England, have also combined to focus new attention on Peel as the dominant figure of his day. The moment for the big biography has arrived, and it looks as though we are going to get it from Professor Gash.

His first volume takes the story up to 1830. The elder Peel, a cotton spinner of yeoman stock, saw his gifted son as a means of consolidating the family's new standing; and from boyhood Peel was groomed for success in the great world. Irish Secretary at twenty-four and Home Secretary at thirty-three, he had displayed his apparently effortless superiority in high office for fifteen years by 1830, and his father could die contented. But Catholic emancipation, the first real crisis in Peel's career, had given the old man some qualms, and badly damaged the image of his son as the risen hope of the stern, unbending Tories, the blue-eyed boy of the *ancien régime*. Out of power and out of sympathy with the times, Peel's future was far from certain.

Like many parvenus, Peel began by taking as immutable the conventional wisdom of the milieu into which he was projected by his father's wealth and ambition. As an overworked executive, he tended to rely on the short view, seeing life "as it appeared from a desk" cluttered with immediate problems. Yet once the pressure was strong enough, Peel's experience as an administrator and his belief that the politician's first duty was to carry on the king's government made him all the readier to change course for reasons of state. His behaviour over Catholic emancipation thus allowed him to be seen as a traitor to his convictions or a martyr to necessity, according to taste. There had been a minor precedent over the currency in 1819—and there was to be a major sequel over the corn laws.

Though he never had to struggle, Peel was an uneasy man, subject to much inner stress. Professor Gash detects a "discordancy" between his public and private faces. Compelled to create "an artificial self to deal with others," he became increasingly sensitive to criticism, and often yearned for an unthinkable escape to the secure happiness of domestic life. Given Peel's outstanding ability, sense of duty and unfortunate combination of intelligent realism with slowness to learn, there was a danger in times of change that his agony over Catholic emancipation would be repeated, and that in the end he might succumb to a vindictive, merely negative bitterness. After 1846 this is precisely what occurred.

Professor Gash sometmes seems to suggest more prescience in Peel's outlook than his evidence here will justify, and a usually admirable commentary occasionally sees that the anti-establishment dogs do not get the best of it. But this superbly produced book is worth every penny of its high price, and is not a page too long. Well written, scholarly, perceptive and thoroughly documented, this is biography in the grand manner, and its companion volume will be eagerly awaited.

Whose Freedom?

I Speak of Freedom

By Kwame Nkrumah.
Heinemann. 307 pages. 25s.

"TODAY there is a new African in the world and that new African is ready to fight his own battle and show that, after all, the black man is capable of managing his own affairs." The Osagyefo Kwame Nkrumah said this on March 6, 1957, the day Ghana became independent. The statement is included in Dr Nkrumah's new book, and it is what the book is all about. More important, it is what African politics today is all about. The black man will prove to all the world—and to himself—that he is as good as anyone else. This is "the positive assertion of the African personality"—a phrase Dr Nkrumah is almost as fond of as "Africa has a vested interest in peace."

The Osagyefo is, above all things, a personification of this need and the pity is that, in asserting Africa, he also asserts himself. He was proud, he writes, as an African to be the first African Prime Minister; to speak to the world's leaders at the United Nations; to be the first African Privy Councillor. It may be that the two personalities—the individual's and the continent's—are so much part of one another that to honour Dr Nkrumah is to honour all Africans. So there are pictures of the "victorious leader" with Mr Macmillan, with Mr Nehru, and President Nasser, and President Eisenhower, and Mr Khrushchev, and President Tito, and Mr Hammarskjöld. There is also a picture with Patrice Lumumba.

The book is a collection of speeches made over the last dozen years, interspersed with sparse comment and an unsettling amount of self-praise. Dr Nkrumah quotes the editor of his party paper, who wrote about what a good speech Dr Nkrumah made; he rarely leaves a room or hall except to tumultuous and enthusiastic applause. This lack of humility is Dr Nkrumah's greatest misfortune, for his speeches, heavy going though some of them are, embody a consistent ideology for the new Africa. It is an ideology that may not be immediately practicable, but one that cannot be laughed off.

Pan-African unity, as a means to economic and political strength, makes sense; the difficulty is that even its most dedicated proponent—the Osagyefo—would not attend the recent conference of 21 states at Monrovia because he did not convene it and because he did not like what he suspected it was going to decide. The call for the "total liberation" of Africa is unexceptionable—except, perhaps, to other African leaders, who fear that Dr Nkrumah's methods amount to subversion in countries that are already under African government.

In the long run, however, Dr Nkrumah may well be seen as the most powerful of the early continental revolutionaries, as a man whose ideal of unity may eventually turn out to be no more difficult to achieve than, say, getting Britain into the common market. He points out that the idea of independent African states was once thought of as impossible. Accra is still the capital of radical African thought, and it is far too early to say that Nkrumahism is finished.

But the ideology may be in need of a new exponent. The Osagyefo's fight against "imperialism and colonialism" in the French African states (whose leaders he regards as puppets) is basically the same fight as the one being fought by Alhaji Sir Abubakar, Prime Minister of Nigeria. But Sir Abubakar is using different tactics—at Monrovia he aligned himself with the French "puppets" in an effort to give them more self-confidence by giving them more economic and political strength.

Ghana's internal policies revolve around the idea of a total mobilisation of its people towards building up the economy and, above all, the dignity of the black man. This concept appears again and again in Dr Nkrumah's speeches. There is a constant attack on bribery and corruption, a constant call for harder work and more learning, a repeated exhortation to "serve Ghana now." In this, there can be little room for organised opposition.

In a passage from a speech made in 1959, the Osagyefo complains that, while 90 per cent of the students at the University College were being maintained by government scholarships, the college was a "breeding-ground for unpatriotic and anti-government elements." This is the Osagyefo's greatest disservice to his cause. If Africans are to prove their worth by increasingly contributing to the world's fund of knowledge and ideas, then restrictions on the freedom of African academic thought cannot be tolerated.

Victorian Vigour

Wilfred Scawen Blunt

By the Earl of Lytton.
Macdonald. 368 pages. 30s.

LORD LYTTON has written a strange book about his grandfather: vigorous, charming, informative, and yet utterly unsystematic. He skips about, in a desultory and disjointed way, from subject to subject—the constancy of wood fires in Victorian country houses, the nesting habits of Egyptian birds, the value of virginity, the Gorham judgment, the best soil for fruit trees: it is more like conversation than biography. Yet Blunt's rational radicalism and engaging humanity keep showing through. Maddening he may have been, particularly to established authorities; but it is hard not to like the hedonist who could write to a young woman much attracted to him: "My creed about these things is that it is always right to be happy, and that the fact that one is happy proves that one is good."

A Greek poet once recommended his readers first to acquire a competence, and then to practise virtue. Blunt had the good fortune to be born to riches, and could spend his life in the virtues of squirearchy and opposition. He did not fail to tell his contemporaries how he abominated their imperial pretensions; treating Asians and Africans as equals, he made many friends among them, and left a great name in Islam. Sometimes his prescience was remarkable. "The best chance of the East is that the nations of Europe destroy each other," he wrote in his diary thirty years before the Great War began the liberation of Asia. Earlier, in 1884, he had written to General Gordon: "consider what your death will mean; the certainty of a cry for vengeance in England, and an excuse with those who ask no better than a war of conquest. I wish I could be sure that all those who are sending you on your mission do not foresee this end." His grandson sympathises with his views, and writes with feeling that

> It is inexcusably unfair that Moslems and Pagans, Hindus and Confucians should have our accusing finger pointed at them out of the darkness we have tolerated at home in the name of Christ.

Much of the book is taken up by various aspects of the prolonged and bitter quarrel between the author's mother and her father; neither party comes out of it wholly with credit, and a good deal of the story makes painful reading. But it is useful to have an inside account of it before the remaining written secrets of Blunt's extraordinary career become available in his most private diaries. These papers, which Lord Lytton has not been able to see, are being kept under lock and key at Cambridge until 1972. This book makes it seem more likely than ever that they will be interesting reading.

Too Little and Too Late

The German Opposition to Hitler

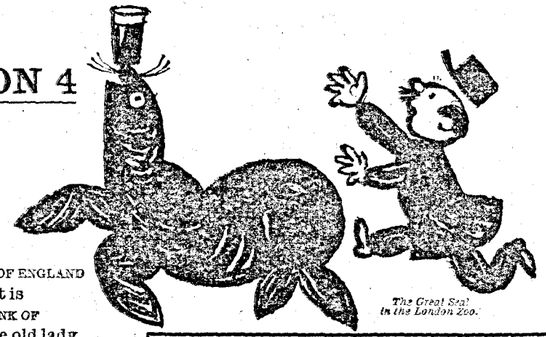
By Hans Rothfels.
Oswald Wolff. 166 pages. 18s.

A SERIES of excited announcements by the *Reichsrundfunk* on the evening of July 20, 1944, informed the outside world that there had been a very nearly successful attempt to assassinate Hitler and overthrow the Nazi government, and that a considerable number of senior army officers were involved in the conspiracy. For some days the listening allies did not know how much to make of it. On August 9th the *New York Times* commented that the plot smacked more of "the atmosphere of a gangster's lurid underworld" than of what "one would normally expect within an officers' corps and a civilised state." The high-ranking officers had tried to carry out their plan "with a bomb, the typical weapon of the underworld." On the same day the *New York Herald Tribune* remarked

> American people as a whole will not feel sorry that the bomb spared Hitler for the liquidation of his generals. Americans hold no brief for aristocrats such as these and least of all for those given to the goosestep, and, when it suits their purpose, to collaboration with low-born, rabble-rousing corporals. Let the Generals kill the Corporal, or vice versa, preferably both.

We know now that these judgments were unjust. Herr Rothfels argues convincingly that the abortive deed of July 20th was not

LESSON 4



The Great Seal in the London Zoo.

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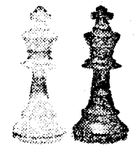
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the desperate throw of a guilty military clique trying to insure itself against now certain defeat. The staff officers were in the limelight because they alone were in a position to act. Behind them was a numerous and various group of conscientious citizens, who had known each other for years and repudiated Hitlerism long before its end could be expected. Herr Rothfels discusses the general sources and trends of the opposition to Hitler more than the fate of the individuals concerned, whose undeniable nobility lives in their statements before the People's Court, and in their letters from prison.

It is easy to ask questions comfortably from an armchair seventeen years after the event. But perplexing flaws in the conspiracy urge one to do so. How, for instance, could such a momentous issue have ever been left to the gamble of a small bomb? And why did the conspirators expect foreign help before they had proved their seriousness, and feel sorry for themselves, apparently, when they did not receive it? Herr Rothfels tells of a request made through contacts in Sweden in the summer of 1943 that the RAF should spare Berlin, Leipzig and Stuttgart until the middle of October since "the oppositional movement has its centres there and the interruption of communications would make the putsch" (then planned for September 1943) "more difficult." All this was passed to the British, Herr Rothfels observes, "but provoked no response."

The opposition to Hitler had left things until too late. Their tragedy was that not enough Germans of public standing in 1933 and 1934, who knew and detested what Hitler meant, had had the courage of their convictions. Herr Rothfels's admirable study should be read by everybody interested in the individual's response to the challenge of totalitarianism.

Social View of Religion

The Birth of the Gods

By Guy E. Swanson.
Cresset Press. 271 pages. 30*s.*

Sects and Society

By Bryan R. Wilson.
Heinemann. 397 pages. 35*s.*

Both these books are handicapped by the tendency of contemporary sociologists to desert ordinary language and to create one of their own. This is unfortunate, for each author has something of interest to say. Both of them follow in the footsteps of Durkheim in treating religion as an essentially social phenomenon, and so they look to the social needs that a creed satisfies in order to explain and analyse its character. Professor Swanson has subtitled his book "The origin of primitive beliefs," but in fact he does little to elucidate this mysterious question. What he is more concerned with is to correlate particular religious beliefs with particular types of primitive societies that practise them. On this theme he has some fairly thorough statistical tables, based on a sample of fifty primitive groups.

The difficulty here, as Professor Swanson is aware, is that he has to rely on material collected by others, and different schools of anthropology have varied notoriously in their interpretation of this material. Still, in testing his main thesis—which is that the nature of group life will determine the types of beliefs held—he comes up with some interesting correlations. For instance, he found that monotheism occurs most often in hierarchically organised groups where the authority of rulers and elders is strong. Belief in witchcraft, on the other hand, is seen as a characteristic of societies lacking a clear-cut system of political control and moral law. As he follows up such comparisons, Professor Swanson probably provides some valuable pointers to the better understanding of primitive societies; he throws less light on the actual origin of religious belief, for in a sense he starts half way along his own argument by already assuming that some kind of belief in the supernatural is universal even among the most primitive groups.

Mr Wilson leaves out the vexed question of religious origins. He has concerned himself with the way in which three Christian sects have developed in this country and how the particular needs they fulfil are related to the structure of present-day British society. The reader who can delve below the surface of Mr Wilson's technical language will find that he has made a detailed analysis of the history, the teaching, the organisation and social composition of the three religious movements. His most interesting contribution has been to highlight the relation between the doctrinal teaching of each sect, and the social status and aspirations of its adherents. Thus he argues that Christian Scientists are mainly well-to-do and the creed they follow is concerned essentially with life in this world, in this way according with Max Weber's theory that what the prosperous demand of religion is that it should justify their prosperity. On the other hand, the Elim Foursquare movement has its eyes firmly fixed on the next world where compensation is offered for the misery of this one, and its members are drawn almost entirely from the poor and underprivileged, the majority being women. The third sect, Christadelphianism, is, according to Mr Wilson, essentially a revolutionary creed that rejects present-day society and looks to God to provide a new and better social order. It is also a family-centred faith, with a strong patriarchal Old Testament streak, and while its early recruits came mainly from the poor it has today a large and increasing following among the white-collar middle class.

All this is no doubt true; but what both authors fail in some way to reveal is the precise meaning of religious experience to the individual man or woman concerned. It certainly adds to our knowledge that sociologists as well as theologians should study religion, but the danger is that among the

statistics the nature of this individual experience is left too far behind. The contribution of these two books has been to illuminate, not so much the ultimate nature of religious belief, as some of the concrete problems that currently face the churches as they try to adjust themselves to the changed tempo of modern life. In fact what is to be the social role of organised religion *in a scientific age?* This is a very big question indeed, and one on which sociological investigation ought to be able to throw a good deal of light.

France Dominant

The New Cambridge Modern History, Vol. V: *The Ascendancy of France, 1648-88*

Edited by F. L. Carsten.
Cambridge University Press. 656 pages. 40*s.*

This volume of the "New Cambridge Modern History" has been ambitiously planned: a third of the contributors come from universities abroad, so that there can be no charge of isolationism. Unity of theme is provided by the cultural and political dominance of France and by the scientific and intellectual revolutions that in each state "encountered special conditions which clothed them in unique local wrappings." The volume is also firmly planned. The first eight chapters consider the general economic problems and policies, intellectual developments, cultural and social history. Nine chapters, of which three are devoted to France, deal with western Europe and colonial relations. The last eight chapters are concerned with central, eastern and northern Europe. There are some admirable studies. Professor Betts makes a compact survey of the Hapsburg lands; Professor Skalweit of Saarbrücken has a penetrating study of political thought; Professor Wittkower writes with distinction on art and architecture; and Sir George Clark contributes a judicious and enlightening chapter on the social foundations of states.

But there are disappointments in a volume entitled "the ascendancy of France." A professor of French literature has written on the internal history of the reign of Louis XIV, while an historian, Mr Ogg, has been assigned to French culture. Professor Zeller of the Sorbonne, whose own original work has been characterised by liveliness and independence, has lowered his sights for an English audience. He is content to repeat the old myth that Louis XIV's foreign policy was primarily a search for glory, a theme loudly played in the editor's introductory chapter also. The absence of an assessment of Lionne, the master mind of French diplomacy, and of Vauban, with his great influence on strategy, devitalises M. Zeller's chapter. It is difficult to reconcile Sir George Glark's view that the peasant revolts "never overtaxed the resources of the authorities" with the fact that the breakthrough on France's eastern front by imperialist forces in 1675 coincided with the withdrawal of French troops to put down the rising in Brittany. Mr Coleman produces the traditional picture of Colbert as the uncritical mercantilist trapped by the theory of a fixed volume of trade, and fails to relate Colbert's programme firmly enough to its setting of depression economics. Professor Lough does not stress the novelty of the "new deal" inaugurated by Louis XIV in 1661, and it is unfortunate that the plan of the volume means that there is no rounded appraisal of Colbert's programme as a whole.

For an editor of a co-operative history there is the inevitable problem of discrepancies. Both Mr Carsten himself and Mr Coleman consider that Bohemia did not suffer much economic damage from the Thirty Years' War, while Professor Betts takes the opposite view. From Professor Betts's account of the famous relief of Vienna in 1683 the reader would suppose that Charles of Lorraine was far away and that the whole credit must go to the Poles. But if the reader pursues the cross-reference to the account given by Professor Kurat of Ankara, he gathers that Sobieski of Poland was merely a figure-head and that the credit must go to the generalship of Charles of Lorraine and the fighting qualities of the German troops. Again, while the editor argues for the ascendancy of France throughout this period Professor Betts claims that it was the Emperor Leopold, and not Louis XIV, who stood "at the pinnacle of glory" in 1683 and the following years.

No editor should attempt to impose an orthodoxy on his contributors, and perhaps he could best serve his readers by noting these discrepancies and disagreements. But there is a strong case for persuading historians to use the epithet "baroque" with restraint, for it is fast becoming as devoid of meaning as "feudal." Mr Kossman in his chapter on the Dutch Republic writes of "baroque absolutism," "baroque *raison d'état*," and even describes the war of 1672 as "an adventure in baroque power-politics."

Sunspots

Retire Into the Sun

By Cecil Chisholm.
Phoenix House. 199 pages. 18*s.*

An American observer suggested recently that the clause in the Rome treaty which worries the British government most concerns neither agriculture nor the Commonwealth but mobility of labour. Who, he asked, will want to work in Preston or Middlesbrough if he can obtain equivalent employment, and enjoy far pleasanter living conditions, in Pau or Milan? Here, now, is Mr Chisholm to tempt Britain's middle classes with the question: why retire to Bognor or Bridlington when Menton and Malaga are only a short flight away? Unless the British government is resigned to an outflow of skill and capital as Europe's frontiers fall, it ought at least to launch a major programme of weather-control research—an appropriate British counterploy to the Jones's man-on-the-moon projects.

Sizeable communities of British *retraités* already exist along the French and Spanish Mediterranean coasts, and in Portugal and the Canary islands, and are growing fast. Mr Chisholm, a sprightly Scotsman of 74, has recently toured what he considers the nine most promising "paradises" (his word), interviewing expatriates and collecting cost-of-living data and other useful information. He summarises the results on a very British scorecard: a possible 20 points are awarded for climate, 15 for a low cost of living, 10 each for social life, low taxation and a "clean and healthy" environment, 5 for "beauty and charm" and 3 for cultural amenities. Tenerife scores 90, Estoril 86, the coast of Andalusia 79, Languedoc 67. (East Sussex and the Isle of Wight, given for comparison, each earn 48.) The chatty but businesslike chapters in which he describes each area in turn will be of assistance both to readers contemplating retirement overseas and to anyone planning a holiday in Andalusia, Portugal or the Canary Islands.

Inevitably, a few errors have crept in. The Spanish government is praised for its economic achievements at a time when it was dependent on American and OEEC aid and advice to stave off bankruptcy; the mortgage rate in France is nearer six than one per cent; a heavy tax is payable on cars taken into Spain; the Canal du Midi was built to link the Mediterranean with the Atlantic, not the North Sea. But the basic information provided is reliable. One is inclined to disagree with Mr Chisholm only over his relative neglect of France, where property can be much cheaper—and social life far less stodgy—than he seems to think, and where both rural and urban scenery is more congenial to British eyes than some of the harsh "paradises" he recommends. In future editions his scorecard might usefully be given an extra column headed: "Possibility of violent revolution, followed by swingeing luxury taxes, property taxes and inflation." One ought, ideally, to be a prophet—or to have good contacts with the political underground—before sinking one's life-savings in Andalusia or Estoril.

OTHER BOOKS

Blue Guide to Holland. Edited by L. Russell Muirhead. 2nd edition. *Benn.* 283 pages and 28 maps. 32*s.* 6*d.*

Britannica Book of the Year 1961. *Encyclopaedia Britannica.* 564 pages. From 5 gns., according to binding.

Economics. By Paul A. Samuelson— 5th edition. *McGraw-Hill.* 863 pages. 58*s.*

Veteran and Vintage Motor Cycles. By James Sheldon. *Batsford.* 208 pages. 30*s.*

The Sports Car Pocketbook. By William Boddy. *Batsford.* 254 pages. 8*s.* 6*d.*

Guide to the Coalfields 1961. Edited by G. R. Strong and E. G. Corbin. *The Colliery Guardian.* 721 pages, 20*s.*

Willing's Press Guide 1961. *Willing's Press Service.* 658 pages. 40*s.*

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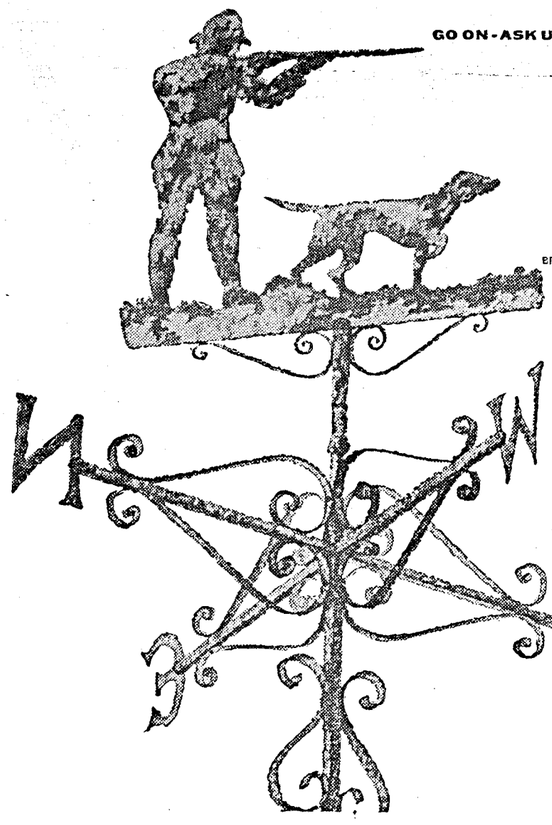
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The Slipstream Strike

FROM OUR SPECIAL CORRESPONDENT

TRUNDLING through the suburbs to Feltham Green in their carefully polished, ageing cars, delicately skirting the flower-beds to get a fair view of the speakers, a thousand-odd unofficial strikers from BOAC's maintenance shops at London Airport formed a far from wild assembly at their mass meeting on Tuesday morning. Patiently they listened while two union officials urged them to return to work with none of their demands satisfied ("Not because we like it but because we are over a barrel"): gleefully they culled misrepresentations about themselves from the rich crop in the morning's papers. The officials dutifully went through the details of the talks which had lasted from 3 p.m. the previous day until 3 a.m. that morning, while the audience weighed up nice points of procedure and jovially interjected when, as it frequently did, the account demonstrated a further stage in the officials' climb-down. Then one member of the local shop stewards' committee urged the men to stay out, and all but one hundred hands went up to agree with him: without jubilation, the fight was to go on. "We're not out for money, you know," urged an upholsterer, "it's the principle of the thing."

The thing in question, and the cause of all the trouble, was a new system of supervision which the corporation wishes to introduce in the hangars that prepare the long-haul planes for their next flight. The corporation has itself acknowledged that the ratio of supervisors to operatives in these shops has been far too high, and a plan for reorganisation has slowly been brought into force. The present aim is to introduce a new grade of supervisor, called a "section leader," to combine the existing grades of charge-hand and inspector. The union which represents the supervisory grades—the Association of Supervisory Staffs, Executives and Technicians—has accepted the creation of the new grade, at a rate of pay £2 4s. a week higher than before for its members who will take the jobs.

The corporation argues that agreement on the new grade was reached in the appropriate negotiating panel, the trade union side of which is largely composed of representatives of ASSET: the men-to-be-supervised claim that the corporation should also have consulted the panel on which the dozen or so unions of manual workers are represented. They believe that the new system will lead to unnecessary supervision ("As if we didn't know our jobs by now"): and they believe that it will block their chances of promotion. The lurking jealousy of the manual unions against ASSET, with its higher-paid membership, was fanned by the knowledge that (say) an electrician whom it promoted to a supervisory job may, very reasonably, prefer to switch from the ETU to membership of ASSET. But the strike has not been fomented by a narrow group, or by members of one union: in startling contrast to many unofficial strikes, most of those involved actually seem to know why they have stopped work—and they are highly skilled men, earning around £18 a week (with overtime), whose spending pattern is likely to be seriously disrupted by a fortnight's loss of earnings.

They are, however, craftsmen with a very clear idea of the dignity and responsibility of their job—and, traditionally, of solid



left-wing views. A big laugh was raised by the leading shop steward, who claimed: "Even Big Jim Matthews is on our side this time"—Mr Matthews being the right-wing leader of the Municipal and General Workers. The same speaker, at a meeting on Monday, was applauded for saying that it was a "criminal shame that the nationalised airlines should have to be brought to a halt" before discussions could begin on these proposals. He was claiming it as a victory that the strikers had caused the National Joint Council for the aviation industry—the top-level negotiating body for unions and management—to discuss the new supervisory proposals for the first time. Nationalisation, to these men, ought to have meant that they were getting an active say in how their airline should be run: but they unanimously claim that they never see any member of the senior management and that decisions are taken by small committees and panels (such as the one which agreed on this new scheme) on which only a few of the interested unions negotiate with corporation officials who have no real power to take decisions.

AGAINST this background press reports of sabre-rattling by the most senior management can only increase the men's conviction that a sinister plot is afoot. Perhaps, the strike leaders will admit, the supervisory system does need revising: but, if so, why cannot the management consult them about it? The management, tired of continuous obstructionism from the airport shop stewards' movement (which led to an inquiry, and to the replacement of several stewards, in 1958), has wearied of trying to put into effect the continuous co-operation with the unions imposed on them by the act *nationalising* the airlines.

But if the theory that a few trouble-makers are at work is correct, the best move would be an appeal directly to the workpeople—1,000 men is not an unmanageable number. A series of circular letters from the chief engineer to the workpeople evidently failed to convince them of the corporation's argument that their interests were unaffected by the agreement on supervisors—which was presented to them as a fait accompli. Whatever the immediate success of the settlement reached on Thursday afternoon, when the strikers returned to work on BOAC's terms (backed by a firm order from Mr Carron, leader of the Amalgamated Engineering Union) this strike should lead to more sharp questions about BOAC's ideas on personnel management. If its scheme is really so innocuous and so properly negotiated as it claims, might not a clear explanation have avoided the loss of a quarter of a million pounds a day?

Wales on the Lease



FROM OUR SPECIAL CORRESPONDENT

LEASEHOLD enfranchisement, once an essential parcel of the Gladstonian baggage, is now a rallying cry only in South Wales. Even so, whenever Welshmen start talking about their landlords the blast still approaches incandescence. It is one of the causes which always keeps the local Labour party in good heart, but when Tory associations in the principality call for reform, when Tory MPs from South Wales (few as they are) vote with Mr George Thomas in the Commons, and when the *Western Mail* fulminates regularly against "robber barons" it means that something is up.

This, then, is the issue that unites Welshmen even when Sunday drinking divides them. They are mortified (although not wholly surprised) that so far they have not noticeably persuaded Mr Henry Brooke, wearing all three of his ministerial hats, of the justice of their complaint. Mr Brooke did allow, however, in a Welsh debate last week, that he would look into any difficulties that were made known to him, and solicitors in the principality have been sent an official circular to state their views on the current market in leasehold renewal and purchase of freeholds. The Ministry of Housing, Local Government and Welsh Affairs could be submerged quite soon.

Ground leases of 99 years or less, giving the right to the landlord to take possession of any building erected on the site when the lease itself falls in, are not exclusive to South Wales, although elsewhere freeholds and 999-year leases are more common. Short leases also exist chiefly in London (where the tenantry takes such practices more in its stride), on Merseyside and in some seaside towns like Bournemouth, Eastbourne and Southport. They are the result of a landlord, or group of landlords working in concert, choosing to take a small annual ground rent, plus the right of reversion, instead of selling the freehold outright. How seriously the landlords of a century ago counted on eventually securing the homes other people had built on their ground is a moot point. (They had to give up their claims on chapels under the Places of Worship (Enfranchisement) Act of 1920.) The initial leaseholds did, however, assist housing development at the time when, in the South Wales valleys and towns like Cardiff (with three original landowning families) and Swansea, a first rash of working-class houses was springing up.

Now the early leases are running out and in the next twenty years many more will do so. The present outcry has come because Welsh householders, either in order to be provident or because they want to sell the actual houses that they own and move away, have tried to buy their ground freeholds and found that prices have suddenly jumped in value.

There are inevitably some householders in South Wales who have not previously grasped what the leasehold system implies: those that have built or bought the bricks and mortar of their own homes are understandably distressed to find that they do not own in perpetuity what they thought they owned. (It is estimated that something of the order of one-third of leasehold property is occupied by the ground lessee: in the remainder the lessee is renting to the sitting tenant.) It is disingenuous, however, to make too much of this. Over half a century of political agitation for leasehold enfranchisement has, in effect, persuaded every householder with half an ear cocked that 20 years' purchase of the ground rent is a fair and normal price for the freehold. So it may have been (and some landlords were bought out for this) in the past, but rising property values and the closeness of reversion have substantially inflated the market. The popular feeling is that, whatever the majority finding of the Jenkins committee ten years ago against drastic reform, the situation in South Wales is now radically changed.

THE focus of discontent has threatened to centre on Western Ground Rents, Ltd., which controls a number of Cardiff leases and which, its critics claim, has been both reluctant to sell freeholds and demanding more than the occupiers want to fork out for a renewal of leases. The company (largely through one of its directors, Mr John Foster, who sits in the Commons for Northwich) has answered that it is prepared to sell freeholds, but that it charges the market price, which is not unfair when the usual object of the householder applying for the freehold is to sell at the market price himself. The company also says that, in fact, only two of its leases have fallen in during the past three years and only 7 more will do so in the next ten years.

The burden of complaint, both in th Commons and on the spot, is that whil there may be exemplary landlords there ar also bad ones. It is not too difficult, eithe to find the impoverished widow who ha been lucky enough to pay a few shillings year and now, on market values, may hav to find £20 or more. And there are inc dental problems, too, which account fc middle-class distress. Mortgages, fc example, are hard to come by if the leas has less than 30 or 35 years to run. Som landlords are also insisting that the house holder shall only use the insurance firr that they select. (The Church of Wales ha been criticised for insisting on giving bus ness to an ecclesiastical insurance com pany.) All this adds to the hereditary feel ing that the absentee ground landlords hav never contributed a penny to development that the leases exist for speculation an profit, and that the original landlords ha merely appropriated common land in th beginning.

There have been signs that some of th leading opponents of the system ar coming round to the view that, if and whei reform does arrive, the landlord who ma be compelled to sell the freehold at th occupier's demand will have to get com pensation at more than the old 20 years purchase. This is not quite what a numbe of their supporters have in mind. So far however, Mr Brooke seems to believe tha the protection available to the occupie under the 1954 Landlord and Tenant Ac is sufficient. The act gives the householde continued occupancy in the event of a dispute over renewing the lease, but at ful economic rent—which is also unpopular There may be a case for separate treatment in South Wales if general reform is held tc be out of the question. Leasehold arouses little dissatisfaction where the tenant has a choice of the property he can occupy. In many of the South Wales valleys and ever in parts of the larger towns freeholds or indefinite leases are still very few and far between. Unless the choice is loosened up, Mr Brooke may find himself with a serious revolt on his hands.



Mr Powell's Headache

FROM A CORRESPONDENT IN BIRMINGHAM

THE Minister of Health, Mr Enoch Powell, again refused in the Commons on Monday to set up an inquiry into the state of affairs revealed by the report on medical services for old people in the Birmingham hospital region. But if the public surprise and anxiety in the Midlands are any guide the Minister has not heard the last of the affair. Rarely has an official document discussed so openly and in such documentary detail the shortcomings of any part of the hospital service.

The author of the report, Dr J. H. Sheldon, is a member of the hospital board and has worked for many years in Wolverhampton, Mr Powell's own town. Dr Sheldon assumed the report was to be confidential and consequently "there are many places where the phraseology has not been

emasculated to such a level of neutrality as might be thought more apt for general publication."

It fairly bristles with comments such as: "After adequate pictorial records have been taken (for the sake of the social history of the future) the only thing to be done with East Hamlet Hospital, Ludlow, is to blow it up and rebuild," or "These buildings [Burton Road Hospital, Dudley] were inherited by the regional hospital board as slum property and, as with similar structures in other groups, their only value for the future would lie in preservation as a museum of Victorian social history."

Dr Sheldon minces no words in talking of primitive facilities, typical Victorian workhouses, appalling fire risks, overcrowding, insanitary barrack-like buildings and degrading conditions for patients and staff. His findings have been described by the vice-chairman of the board, Mr David Rhydderch, as "the most damning yet publicised by a regional hospital board. Every word is true, and we have known it for a long time. We accept the report as a challenge, and I can promise the public that if we get the money we shall tackle and resolve the problem."

There, indeed, lies the heart of the difficulty. Since the report appeared Mr Powell has been under pressure from Midland and other MPs to act swiftly, but the official attitude is that the report was part of the board's 10-year development programme and that reports from all the 14 regional boards must be considered before priorities can be decided. This is an answer which has scarcely satisfied some of the questioners, who, as Mr Victor Yates, the Labour member for Ladywood, said on Monday, are concerned about the "great anxiety" the report has engendered.

DR SHELDON comments, in particular, that: "The dominant feature of the geriatric services is that their problems are not static but actively increasing." Although the regional figure of 1.34 geriatric beds per thousand of population is reasonable compared with the generally accepted yardstick of 1.2, there are serious deficiencies. In the Black Country the figure is only .70; in the West Bromwich area it is .56—a level at which "it becomes virtually impossible for the hospitals to provide a service for the older ages except at the expense of the younger, or vice versa." In any case, Dr Sheldon suggests, a figure of 3 geriatric beds per thousand would be a more reasonable estimate at the present time.

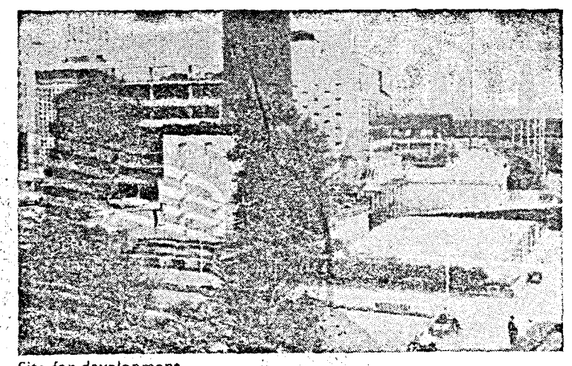
At least six hospitals in the region have conditions so deplorable that he recommends replacement. "Many of our present hospital buildings were never designed to be anything more than human warehouses. An immense effort has been made by many hospital management committees to upgrade these institutions and make them more suitable for modern geriatric work. Nevertheless it would seem better to plan in future for replacement rather than rejuvenation."

But there are brighter spots. "It would be wrong to leave the matter of buildings without paying a tribute to the devoted work of the nursing staff, who so regularly make the patients happy and contented while themselves working under conditions that are often difficult and occasionally even disgusting." Further, under the chairmanship of Mr Rhydderch, a design team has prepared plans for a Midland geriatric unit designed to be put up quickly and economically at a cost of between £45,000 and £50,000. The board is asking for more than 80 of these units to be included in its 10-year programme.

The units can be used with existing hospitals, thus allowing the patients to stay within their own area. This is regarded as a cardinal principle: "The community should endeavour to look after their own aged sick." The units incorporate space for exercise and occupational therapy, a general purpose room, four single rooms for the noisy patient or the seriously ill and adequate toilet and bathing facilities. Each provides beds for 32 patients and room for day patients: "Patients are happier if they attend a unit where they are known to the staff . . . patients can become absorbed into a small community where they can fit in and even help in the care of their less fortunate colleagues."

The report fills 227 pages, and took almost 18 months to compile. It reaffirms, in local terms and with great detail, what has been accepted for some time, that the growing pressure on the hospital services in support of the elderly is "a major challenge of the immediate future."

Thespian Chancellor



Site for development

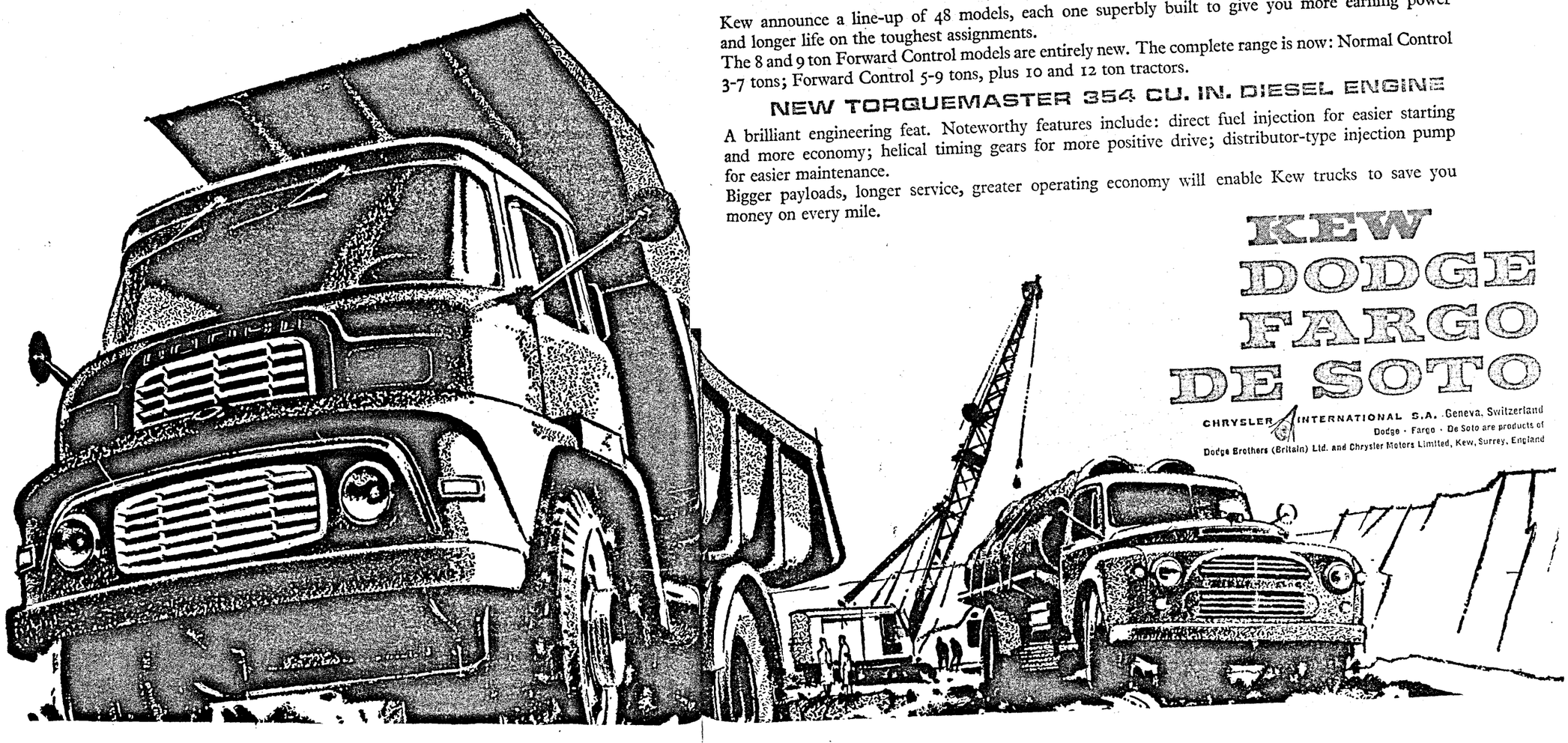
MR SELWYN LLOYD'S one-night stand in the role of patron of the arts, when he announced last week that the Government is to make available the £1 million allotted to the National Theatre in 1949, was a boon to cartoonists, who promptly portrayed various ministers performing in funny economy hats. This moment of impending stringency does, indeed, seem a funny time to make such an announcement: but, as far as it goes, the Chancellor's statement seems to provide a satisfactory way in which the Government can fulfil its obligation and match London County Council's bold offer to put up the other £1,300,000 which (according to present estimates) will be needed to build the theatre. The Government is also to subsidise the new theatre to the tune of £400,000 a year, to cover drama, opera and ballet performances in the new building.

And there, for some critics, is the rub. Clearly the Chancellor intends opera and ballet to be worked into the scheme. But how, precisely, is it to be done? The Joint Council for the National Theatre includes representatives of all the various quasi-national stages in the country—the Old Vic, the Royal Shakespeare Theatre at Stratford, and Sadler's Wells. The new theatre, for which the joint council now has to work yet another set of plans, would necessarily have to include two auditoria—and there could still be a need for the Old Vic, just down-river, to provide a second straight theatre auditorium. The LCC, however, seems inclined to leave the present Old Vic building sternly alone. There is a good deal of negotiation and planning to be completed before anyone can pronounce on how the project is likely to shape. But the drawing together of the best existing institutions (with, most desirably, a restaurant serving better food than that at the Royal Festival Hall) might go some way to making a real entertainment centre on the South Bank site. This would make the best use of the Government subsidy (as well as any further grants from the LCC or private bodies). The necessary proviso is, however, that the theatrical performances are put on by a director competent enough—and subjected to criticism tough enough—to ensure that the national theatre does not become yet another monument to the British lack of official taste.

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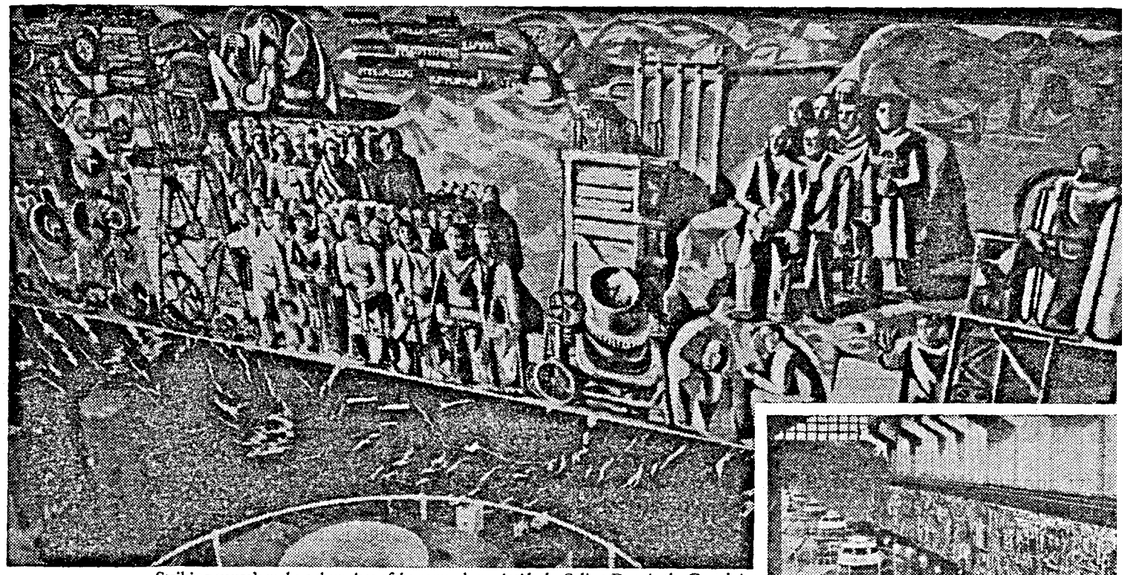
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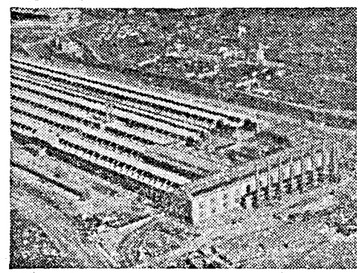
It is in the development and use of her electric power resources that Spain can point to her most telling successes. The plentiful supply of power is fundamental to all industrial growth, and Spain plans to treble her 1950 consumption of electricity by 1963.

English Electric in Spain

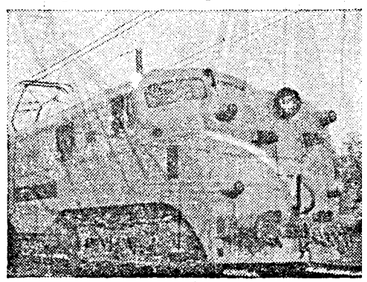
Britain has had a considerable share in this development, notably as Spain's principal supplier of hydro-electric plant, and The English Electric Company is playing a leading part in many enterprises. Dams at Salime and Silvon in Asturias to feed hydro-electric power to the industries of the north, power-stations to supply Madrid—for these and other projects English Electric has supplied generating plant, switchgear and motors, while work is now in progress for new stations on the Tagus at Torrejon and Valdecañas, which will together feed 400,000 kilowatts into the Spanish power network.

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One of the 75 English Electric 3,000-h.p. Co-Co electric locomotives supplied to the Spanish National Railways (RENFE).

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THE BUSINESS WORLD

Big Two in Motors?

IT is high time that familiar expression, the "Big Five," as applied to the British motor industry, was publicly interred. As at an international conference table, it is more realistic nowadays to talk of the "Big Two." By the spring of 1960, British Motor Corporation and Ford Motor Company between them accounted for about 70 per cent of all cars sold in this country (with roughly four BMC cars selling for every three Fords) and more than 75 per cent of British car exports. The three smaller members of the big league, Rootes, Vauxhall, and Standard-Triumph International—in that order—share another 20 per cent of the home market, leaving the remainder to imported makes and the British sports and specialised cars, such as Jaguar and Rover. Rootes has roughly maintained its share in the last year, if not in the last two, but S-TI and Vauxhall have lost heavily.

On the assumption that about 800,000 new cars will be sold in Britain this year, which is reasonable unless Mr Lloyd tips the industry back into recession, BMC is likely to market about 320,000, Ford about 240,000, and the smaller three about 160,000 between them. In the boom conditions of 1959 and early 1960, the three smaller companies were in a much happier position; they had increased their share of the home market to more than a quarter as sales rose after the Suez recession, and had been able to attain production runs for certain models comparable with those of BMC and Ford: output of the Minx, for example, was second in numbers only to that of the Anglia. Now their chances in the low-priced car market have become, even for Rootes, problematical.

The competitive position of these "Next Three" appears even less comfortable in view of the rate at which their present manufacturing capacity is being worked. In May this year, their output averaged only about 50 per cent of capacity, while both Ford and BMC were running as close to their capacity as labour troubles among BMC's suppliers and at Ford's Dagenham plant allowed. The difference in the profitability of operations between the "Big Two" and the "Next Three" has probably been even greater than the difference in their actual production: only Vauxhall among the smaller three has a very large commercial vehicle section to fall back upon. Out of the entire industry, only BMC and perhaps Ford (since it introduced the Classic) still lack capacity to meet demand for all their cars at this summer season of peak sales.

Why have the two largest car manufacturers strengthened their hold on the British car market? Last winter's slump in home sales and exports was the immediate cause, for it cut demand below the industry's capacity for the first time in three years. The smaller firms, too, had relied heavily on sales in the North American market; and the collapse there undermined their efforts at home. BMC and Ford, again, had introduced new models more recently than the other three companies: except for S-TI, which had brought out the Triumph Herald, the smaller groups were caught with relatively old models as their biggest selling lines. The BMC babies and the Anglia would not nominally be considered competitors for the Minx, Herald and Victor. But the upgrading of style and performance in small cars that they represent has made them competitive. The Anglia in particular has taken sales from the Minx and the Victor, and the Minis from the Herald. The combination of excellent handling qualities and good performance, even at the expense of appearance, that was intended to put the Mini-Minor and Austin Seven in the utility car market has in fact given them a social status and an appeal to sporting drivers that has made them competitive, in a sense, with almost any car up to a Jaguar. They have limited the opportunity for any more expensive small car avowedly designed to confer social status on its owners. Mini-Minors now account for a quarter of BMC's sales in Britain, and have been the most important factor in its growing competitive strength.

BUT BMC and Ford have not gained all their increased dominance from the appeal of their small cars. Their older and larger models, such as the various versions of the A55 and the Consul and Zephyr, have all proved to have a stronger sales appeal than comparable models from the smaller manufacturers. The BMC bigger cars still sell well, if for exactly the opposite reasons to those for the Minis' success. Ford added to its range last month with the Classic; though this clearly will not sell in such large numbers as a cheap car like the Mini-Minor, its sales may for the most part be a net addition to those of the company and so to its market share—partly at the expense of BMC's 1½ litre cars, but more, one might expect, of the Minx and Victor. One factor that has helped the biggest companies and hampered the others, Vauxhall and S-TI more than Rootes, is the resale value of their cars; when prices fell last year, those of the biggest companies' cars fell less than those of the others.

Alterations in the expansion plans of the smaller companies, following this further decline in their market share, have been smaller than one might expect. Either the optimism that characterises the motor industry is indestructible, or these makers consider that their only hope of survival is to increase production with help from new models. Vauxhall is the only firm that has publicly admitted modifying its plans, though it seems that S-TI has also quietly postponed a large part of its new schemes.

Vauxhall has switched its emphasis from cars, its fastest-growing market when the plans were made eighteen months ago, to lorries which have become the brighter part of its business. While Vauxhall's share of the car market has fallen, Bedford trucks have gained sales both at home and overseas. The new plan for 1963 is for a manufacturing capacity of 250,000 cars against 200,000 at present, and against an increase to 300,000 that had been announced earlier. But the company now envisages being able to produce 150,000 commercial vehicles, instead of the 100,000 for which it was planning earlier (a figure that has in fact already been attained). Vauxhall still intends to build a new factory at Ellesmere Port on the Mersey; but this will make mechanical parts for assembly into vehicles at the firm's car and lorry factories in Luton and Dunstable, instead of complete commercial vehicles.

The S-TI group says that its long-term expansion plans remain unchanged, and that it still intends to build a new press shop and sub-assembly factory on Merseyside, in addition to an extension, which is now nearly finished, to its existing body plant there. This extension is intended as much to make the company less dependent on outside suppliers as to increase capacity. But no date for starting the new factory has been given.

Rootes has more plainly kept to its original expansion plan. The principal feature is the new factory now going up at Linwood, in Scotland, to assemble the small car that the company intends to add to its range in the autumn of 1962. This plant will be capable of turning out about 150,000 cars a year. In addition, Rootes is still doggedly pursuing its intention of increasing the capacity of its existing factories in the Midlands for the size of car it makes now and for commercial vehicles. In all, it seems that Rootes is aiming to step up its capacity for cars by as much as 80 per cent.

The new facilities planned by the two bigger companies are more certain of being fairly fully used soon after they are available. The first of the new BMC factories, that at Bathgate in Scotland for lorries and tractors, should be ready this autumn; when truck and tractor production is shifted there from Longbridge and other Midland factories, BMC will have capacity for another 1,500 baby cars a week. When the new assembly hall at Longbridge and the new body pressing plant at Llanelly start production next spring, capacity for the BMC babies will reach the target of 8,000 a week. The new Pressed Steel body plant at Swindon to make bodies for BMC will be ready early next year too, though the date of its commissioning has yet to be announced. This may add perhaps a further 4,000 cars a week to BMC's capacity, with the ample room for additional assembly at Longbridge.

Ford will have to wait a little longer for a substantial increase in capacity. Although it has now moved all lorry and van production from Dagenham to Slough and Southampton respectively, making more space at Dagenham to produce mechanical parts, its assembly capacity for cars is not much higher than the present output of around 9,000 a week. The new plant at Hailewood on Merseyside will provide body building and assembly capacity for an extra 4,000 cars a week, but it is not due to become available until the autumn of 1962 and appears, too, to be slightly behind schedule.

WHAT chances have the three smaller companies of winning back a bigger share of the market from BMC and Ford? They have gained a little from shortages of BMC and Ford cars this summer; in the longer run, all depends on the next round of new models that they introduce. S-TI, for example, has been able to make something of a come-back with its Herald 1200. But the three companies are likely to find, as have smaller firms in the American motor industry, that the biggest manufacturers can afford to change models more often because they have so much larger annual outputs over which to spread the cost of tooling. The improvement in the engineering standards of BMC, which is likely in the long term to change all its popular cars to the front-wheel-drive layout that has proved so successful on its baby cars, will make it more difficult for the smaller companies to offer better engineered cars; while the increasing emphasis placed by Ford on styling is making it more difficult for them to offer cars that are decisively smarter.

ESTIMATES OF THE INDUSTRY'S CAPACITY

	Now		1963	
	Cars	Comm. Vehicles	Cars	Comm. Vehicles
BMC	575,000	185,000	900,000	275,000
Ford	500,000	125,000	700,000	160,000
Rootes	220,000	30,000	400,000	50,000
Vauxhall	200,000	110,000	250,000	150,000
S-TI	175,000	25,000	200,000	50,000
Others	60,000	50,000	75,000	75,000
Total	1,730,000	525,000	2,525,000	760,000

Their best chance of winning a substantial increase in their share of the market may be to find some need that the bigger firms are failing to satisfy, as American Motors did with the compact car in the United States. Its achievement showed that a small firm can save itself from the jaws of death with one successful model. But the traditional diversity of the British makers' model ranges makes it more difficult to find such a gap: S-TI's intelligent though slightly expensive entry into one has been partly spoiled by the unexpected popularity of the BMC babies. Though we may see fewer models in the future, it is all too easy for a big producer to offer a variant on a basic model made in really large numbers to satisfy the sort of specialised market that the smaller concerns might seek to concentrate on. Rootes faces a difficult task indeed with its plan to invade the small car market with a car "different" from those of BMC and Ford.

The first test of the smaller concerns' ability to earn their living will come this winter; the decisive one may be in 1963, when BMC and Ford will have all the capacity they are likely to need, and the other firms can no longer get orders that these firms cannot meet. Unless they have been able by then to produce some new models of significantly greater sales appeal than those of BMC and Ford, one must doubt their ability to claw back a big enough share of the market to allow them to go on competing in the mass-produced car market—barring any technical innovation that might radically reduce the cost of tooling.

The association of two of the three smaller companies, S-TI and Vauxhall, with flourishing commercial vehicle manufacture at least assures their future existence. If new models should fail to raise their car production to adequately profitable levels, one can see them concentrating their activities on commercial vehicles. It is certainly hard to imagine General Motors or even Leyland (the respective parent companies) amalgamating with BMC or Ford, though they might be prepared to sell parts of their car factories that they did not need to make light vans. Rootes has nowadays only a small commercial vehicle business, though it is trying to enlarge this; and must stand or fall as a car maker. So far it has declined possible amalgamations with S-TI or Rover, and chosen to stand alone. There should be room for another company after BMC and Ford in large-scale production: probably Rootes and Vauxhall will have to fight it out for this place of third producer. At present Rootes is in much the better position; but General Motors is likely to fight for its place in British car manufacture.

Government in Science

THE day after the House of Commons held its first-ever debate on science policy, Major Yuri Gagarin arrived in this country and Soviet officials took the opportunity over lunch to give the new Parliamentary Secretary to the Minister for Science a lecture on the effectiveness of Soviet planning in research. It so happens that Lord Hailsham's unique un-Ministry is currently preoccupied with the more delicate exercise of planning scientific research without appearing to do so. His appointment as Minister for Science nearly two years ago was an attempt to find a workable compromise between this country's old and honourable traditions of scientific freedom and the obvious fact that large sections of British industry could fossilise during the next decade, failing an injection of technological plasma into their thickening arteries. Despite a noticeable change in the air since Lord Hailsham's appointment, has the compromise come off?

In the first place, Lord Hailsham is not Minister for Science, period; he is only Minister for Some Forms of Science. The government as a whole is spending more than £300 million a year on research and development in its various forms, but only a third of this comes within Lord Hailsham's bailiwick. To be precise, he is answerable to Parliament for the £80 million that the Atomic Energy Authority will spend on research, production (though not weapon production) and building this year, for the £15 million that will be spent by the Department of Scientific and Industrial Research, the £6 million to be spent by the Agricultural Research Council, the £4 million of the Medical Research Council and the £500,000 of the Nature Conservancy. Apart from atomic energy, none of these is a spender of big money.

Much larger sums, probably running now at about £250 million a year, are spent by the defence departments on research, though not exclusively on weapons research. The Ministry of Aviation, which handles most of these funds, is responsible for research on civil as well as military aircraft and for a sizeable whack of space development; it also sponsors much research in the electronics industry, one of the fastest-growing forms of technology in this generation. Other departments than Lord Hailsham's office, again, are responsible for fuel research and research into communications; and he has virtually no say in the affairs of the National Research Development Corporation, which answers to the Board of Trade for the way that it lends out its £10 million grant to finance new technical developments.

There may be good administrative reasons for this division of responsibility, although the suspicion must remain that it has just grow'd like Topsy; and no one is specially anxious to have the trouble of un-growing it again. Since the government is paying for an estimated two-thirds of all the research done in this country, there might be some advantage in having the whole distribution of scarce scientific resources under continuous review from one central point.

The present arrangement seems to place almost excessive reliance on Lord Hailsham's powers of persuasion, impressive though these are. He has no financial control even over those institutions for which he is nominally responsible. Each of them negotiates directly with the Treasury each year and calls on the Minister for Science only if the Treasury refuses to give them all they ask. This is said to result in a higher general level of government support for science than would be the case if the Minister had a science budget out of which he allocated resources at his own discretion. But it deprives him of the authority of handling the purse-strings.

An analogy is sometimes drawn between the powers and the position of the Minister for Science and those of the Minister of Defence. Both, it is true, are nominal overlords of a group of spending departments, and both are formally responsible for co-ordinating the policies of those departments. But here the resemblance ends. There is such a thing as a defence budget and there is an annually reviewed defence programme. Science has no equivalent of either of these and perhaps could never have; so the weakness of the historic first debate on science policy arose in no small part from the fact that MPs did not know what they were talking about. They had no information about what, precisely, the government was doing in the field of science, how much it was spending, how the effort was distributed among the various disciplines, and its policy for the future. To discover even so simple and basic a fact as the amount the government spends on research, it is necessary to wait for the three year review carried out by the Department of Scientific and Industrial Research: the latest available figures are themselves three years old. They show that in 1958-59, the government spent more than £300 million, and the country as a whole about £480 million, on research and development. Half this total came then from the defence departments and 28 per cent from industry; but a rapid shift may have been taking place between the ratios of civil and military spending since then. Yet accurate information is

essential: the government is constantly under pressure from sectional interests to support, in the name of "science," projects that are not scientific.

Scientific research is a means to more than one end; but one of the most important is certainly the technical strengthening of British industry to help keep the economy viable. Lord Hailsham's main interest at present is not so much extracting money from the Treasury for science, but trying to arrange that what research is done is properly done and that its potential results get practical application. Heavy government-financed spending on research in the aircraft, electronics and atomic energy industries at least enables them to make use of the results. Indeed, these industries actively press for advances at the extremes of technique; and the new processes, degrees of precision and new materials that they require do filter back into the general practice of the engineering industries.

In spite of its vast importance as a spender on advancing technique in defence-orientated industries that offer considerable by-products to the rest of the economy, there are inherent limits to the government's power to promote technical development in a free economy. It can pump money into the Department of Scientific and Industrial Research. It can subsidise collective research for industries from the largest to the smallest. It can get rough, as it has done recently, with the staffs and directors of its research establishments, hoping to make these operate efficiently on projects that should be of value to the industries they serve. But it cannot drag managing directors of individual companies by the hair into those laboratories and force them to apply the results to their own atrophying production techniques. Too many companies seem to think the annual subscription to their research association absolves them from the need to take any further interest in the distasteful subject of research and new methods. It is not inevitably the small industries that are at fault; many small and some very old industries make quite good use of co-operative research through government-sponsored research associations. It could be argued that the bigger, stronger companies can be relied on to do their own research, or at least develop the results of research into commercial production; and many do. But some of the country's most powerful industries, and even of its biggest traditional exporters, are coasting along on past knowledge. These illustrate what is happening to the British manufacturing economy today: less developed countries are catching us up, and more lively developed competitors are bringing out new products that we cannot match.

LACK of interest in or respect for government research is not always industry's fault. Some industries may shut their eyes to the need for research, but sometimes whole laboratories shut their eyes to the needs of industry or to the need to make results intelligible. The purpose of a given piece of research and the way it could be used in industry very often need to be spelled out in fairly simple language before the average production manager can begin to grasp its importance. This may reflect badly on a company's lack of properly qualified staff, but scientists must take industry as they find it. The DSIR realises the need for improving communication here: it is trying to make it easier for industry to understand what the government-sponsored research associations are doing.

There are signs also that the government intends to put more positive pressure on industries that are not making adequate efforts in research and it has several means of doing so. One is the type of public inquiry that recently pilloried the machine tool and shipbuilding industries for their scientific backwardness, and that is now being carried out in, among others, the textile machinery industry. This has its own problems: official reports pillorying British industries are gleefully quoted by competitors abroad, and the quality of the investigators is not always beyond challenge. But these reports do offer some spur to further action. Conversely, there is the threat to withdraw government support from co-operative research associations that are not properly supported by their industries; this reverses the old policy of doing everything possible to keep research alive among the unbelievers. Yet a third might be the rarely-used power to enforce a compulsory research levy on a whole industry.

A fourth, positive step is the industrial development contract. All defence work and much civil aircraft development are done by this means; the government sometimes finances all, and sometimes only part of the cost of development, on the argument that this is too heavy for a manufacturer to bear alone—particularly in defence where there is primarily only one customer. The DSIR was given powers, a year or so ago, to place the same kind of contracts in industry. This is a new, and so far hardly tried tool outside the specialised defence industries, though the Post Office and other nationalised industries sometimes use it. Some development contracts are being placed for advanced machine tools; and there is probably a case for offering development contracts for certain high-speed computers.

Gaps exist also in basic research; the Advisory Council on Scientific Policy, last autumn, singled out astronomy, seismology, pure mathematics, oceanography, and taxonomy, and readers may like to make their own additions. Where progress is hampered by the high cost of equipment, the government can help by paying for one large installation to be used co-operatively by several universities; it is providing experimental nuclear reactors on these conditions and may do the same for telescopes. But where the scientific discipline is unpopular, there is little the government can do; graduates cannot be forced into branches of science in which they are not interested, nor can universities be forced to make those branches more attractive. It has taken much coaxing to persuade Cambridge to aid seismology.

If the purpose of Lord Hailsham's appointment was to introduce some over-riding co-ordination into the government's scientific policy, then he cannot be said to have got very far. But if its purpose was rather to plug some of the gaps in British science, then he has probably done as much in two years as any man can. Drastic reviews have been carried forward of the work of the laboratories directly under his control; some have been closed down and others may be opening others. Major shortcomings, in the laboratories, in industry and in the universities have been publicly exposed—and so, incidentally has the myth that Britain is short of scientists. Some of this was in train before he was appointed; but he has supported a fairly radical scrutiny and given it a public voice. Positive, corrective action to improve the shortcomings will prove more difficult and it is not even clear whether Lord Hailsham has yet a fully adequate prescription, let alone the powers that he would need to apply it.

BUSINESS NOTES

THE ECONOMY

More Input, But No More Output

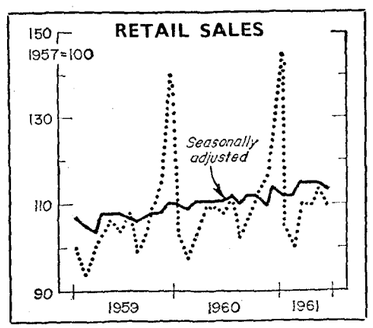
IF the Chancellor did not happen to be in the final stages of devising measures to restrain demand and cut output back, the conventional reaction to this week's news of industrial production in May would be concern that it still showed no significant rise from the plateau along which it has jogged for over a year. As he will presumably be anxious to ease the pressure of home demand on the factories, the failure of total industrial output to rise may not bother Mr Lloyd much; his anxieties centre on costs and on the amount of their output that industries manage to export. The rise in costs, particularly labour costs, has resulted primarily, however, because employment and wages have risen while output has not. Whether lowering total demand and output, which will probably further increase labour costs, would be more successful than letting home demand flow unchecked and just possibly getting some more output out of the existing labour force, though leaving management freer not to bother about exports, is one of the nice points he is no doubt still considering.

In itself, however, this little-more-than-level course of total industrial production remains puzzling. Since output turned upward in late 1958, we have had an increase of some 15 per cent in production, with an increase of about 3 per cent in industrial employment; but that was achieved by the beginning of last year. It seems a rather limited return on the biggest wave of industrial investment ever put into this economy. Was much of the investment between 1954 and 1960, then, misdirected or misapplied? The current pattern of demand, perhaps, is geared a little less towards consumer goods and a little more towards investment (construction and capital goods manufacture, both relatively labour-intensive) than the businessmen deciding on that investment may have expected. And the builders of plant and machinery have certainly given more thought to re-equipping their customers, which yields money, than to re-equipping themselves, which costs it—though the one process cannot sharply be dissociated from the other. Much capital equipment is wholly or largely custom-built; and certainly Britain's capital goods industries have been modernised much less than most of the engineering or process industries that make intermediates or goods for the final consumer. Britain in recent years has drummed up some business, not quite as cyclical as of old, for the capital goods industries; but perhaps the task of strengthening resources in these industries to do that business efficiently is largely still before us. It would certainly be disconcerting to have to accept that the successful diversion of resources into capital investment (and machinery exports) from consumption, which is a gain in economic efficiency, must needs mean employing these resources with lower technical efficiency.

Is Consumption Moderating?

ON the side of demand, retail sales are said to have dropped somewhat in June, with the value of total sales, allowing for seasonal variations, likely to be about 113-114 (1957=100) against 115 for each of the previous three months. This probably means that retail sales last month—when the warm weather may have tended to reduce the amount of food people bought—will have been lower in actual volume than a year before, in June, 1960. In that month, the index of retail sales stood at 111, so that the value last month was only 1½-2 per cent higher. And during the twelve months prices in the shops had probably risen nearly 3 per cent. The total index of retail prices, which takes account of elements of spending such as rents which have risen more than prices in the shops, had reached 114.6 (January, 1956=100) by June, against 110.9 in June, 1960. One cannot make too much out of one unusually slow month in the shops; but there are hints from manufacturers of durables and cars that even apart from what Mr Lloyd may do the shine was already gone off their orderbooks.

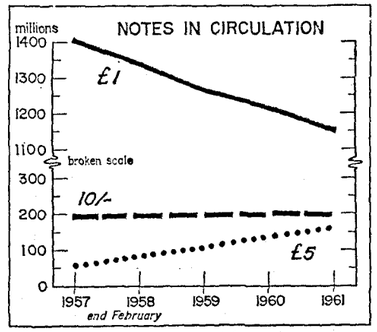
The latest indicator of capital investment, provisional statistics of industrial building schemes issues with development certificates during the second quarter of the year, shows that rather fewer schemes, which however totalled about 28 per cent more floor space, were approved than in the first quarter of this year. Both the number and the factory area approved, however, were much lower than in the early months of 1960. So far as the building of new plant is concerned, that 1960 peak may by now have moved onward to the actual sites; and emphasis may be shifting to the hardware to fit into the factories.



The Bank's Prescription

THIS year the Bank of England's annual report returns to the slim shape it enjoyed before the Radcliffe Committee goaded it into explaining the Bank's policy. Since the bulk of the explaining is now done, and of late much better done, by the quarterly bulletin, it remains for the annual report to put the year in perspective.

The report has no doubts about the causes of our present troubles. It is the repetition of the old story: increasing home demand; rising stocks of imported materials; and full employment—all coinciding with a deterioration in the balance of payments, this time intensified by the virtual disappearance of invisible earnings and hidden by the inflow of foreign funds. Not that the report disapproves of capital movements: generally they "can be welcomed if they take place in response to changes in interest rates" since they can provide time for steps to be taken to correct underlying disequilibrium. This is the chance that Britain missed in 1960. Speculative movements on the chance of parity changes however are a different matter. In this connection the Bank characterises the revaluations of March as "a serious shock to confidence" from which recovery is likely to take some time.



Under the Basle arrangements between the European central banks and the active policy of the IMF, the Bank concludes, "the major currencies are now in a far stronger position than they were before to withstand the pressure of short-term money

movements." But these arrangements do not change basic situations; they only give time for longer-term policies to have effect:

> No effort should be spared to correct any underlying weakness in the balance of payments. The United Kingdom is enjoying high levels of prosperity and employment. If they are to be maintained they will have to be earned in an increasingly competitive world.

IN THE MARKETS

Man Tuesday

On Thursday there was no prologue to Mr Selwyn Lloyd's swelling act, Bank rate being left unchanged at 5 per cent. But by the middle of the week the money market and gilt-edged markets had even stopped asking whether there would be a change before next Tuesday. They like the rest of the stock market were apprehensive Robinson Crusoes, wondering quite what the faint footprints in the sands of the Chancellor's week-end statement and the economic debate foretold. Would their Man Tuesday be a cannibal or a savage friend? They could not guess, but what was significant was not that gilt-edged prices drifted idly or that equities fell to the lowest point of the year on Monday following the Chancellor's week-end speech but that equity prices rallied sharply in the following days.

The volume of selling was small and the jobbers slashed prices ruthlessly to discourage selling. But once the *Financial Times* index had fallen close to the 300 mark, a fair number of private investors were prepared to take a chance and buy. The hint in the economic debate that dividends as well as wages might be frozen did not lead to another fall in prices. Indeed, they continued to rise, rather to the jobbers' surprise, though admittedly, the bids were only for small quantities of the bluest of blue chips. Buyers were taking the long view that at current prices and yields some equities are cheap and might even offer a short term gamble that Mr Lloyd's measures and regulators will not be terrifyingly savage and that he may draw back from imposing the absurd clamp of dividend limitation.

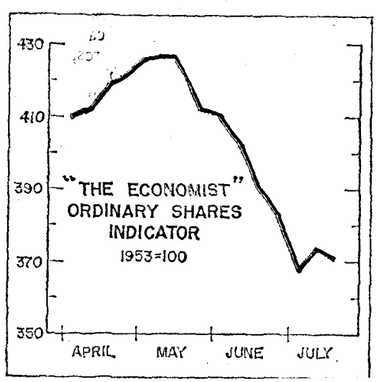
Private investors have made all the running and the institutions have stayed out of the market. They have reasons of their own for doing so in addition to the economic uncertainty; not the least of these is the call being made on their funds by new issues and property participations (of which the arrangement between Capital and Counties and Norwich Union Life and the Prudential is the latest). With fixed interest securities, the institutions are now calling the tune: the Rothschild Investment Trust has placed a small debenture at just under 7 per cent to redemption while Wiggins Teape's £4 million issue for a 6¾ per cent debenture, 1981-86, at 98 offers £6 18s. 5d. per cent to redemption. With such fixed interest yields on offer and with plenty of rights issues around, it would be extraordinary if the insurance offices' appetite for equities was as keen as it used to be. But those who look for silver linings will not miss the significance of the remarks by the sponsors of the Tilmanstone Investment Trust that "profitable opportunities for investment will continue to arise" and by the sponsors of the Rothschild Investment Trust issue that "over the next few months there are likely to be attractive investment opportunities in the United Kingdom."

STERLING

A Little Stronger

The underlying mood in the exchange markets appears to have moved in sterling's favour this week. Certainly there seems to be an inverse relation between the amount of misery British Chancellors offer as a solution to Britain's problems and the outside world's confidence in sterling. Mr Selwyn Lloyd seems to have offered just the right amount of gloom in his speech of last Saturday to provide a rally in sterling.

On Monday the spot rate on the dollar hardened from $2.78½ to $2.78⅝, a rise that was more than could be accounted for by the covering of essential needs by holders who had gone short of sterling over the



weekend. The market put the improvement down to bear covering in the belief that neither Tuesday's measures will remove any chance of a fall in the sterling exchange rate. The Bank of England has given no official support this week and the market has detected small purchases of dollars by the Bank when the spot rate has improved beyond $2.78¾. This improvement in the spot rate has been accompanied by reductions in the discount on forward sterling. By mid-week the forward discount on the dollar on three months' swap had fallen to the equivalent of 3¼ per cent per annum, against 4 per cent in the previous week, while that on the Swiss franc was 5 per cent after touching 6 per cent last week. Some of the firmness may have been attributable to reports from New York that Britain intends making a "substantial drawing" on the IMF. These reports have not been confirmed in London, but such a move would certainly be a welcome adjunct to next Tuesday's measures. Following the announcement of an unchanged Bank rate the spot rate weakened to $2.78½ in a very quiet market.

OVERSEAS TRADE

Half-Way Stage

If the provisional figures for overseas trade in June are not exactly glorious they at least dispel fears that an even bigger trade gap was budding in May. Exports (seasonally adjusted) which had dropped from £306 million fob to £282 million in May, recovered promptly to £331 million in June. In the past two months, exports have therefore been running at about the same level as in the first half of the year and about 3 per cent higher than the average for the whole of 1960. The dock strike that was prolonged into May seems to have shifted into June some exports that rightly belonged to May, but whether £24 million of exports would have been affected in this way is doubtful. Disappointing motor car exports have been holding back the improvement in total exports this year and some recovery in June would not be unexpected.

Imports at £366 million cif show scarcely

HOW EQUITIES HAVE FALLEN

Leading equities are ranked here in the order of percentage falls since the peak in the middle of May

	Price and Yield per cent May 15		Price and Yield per cent July 20		Changes since May 15 per cent
FT Ordinary Index	365·7	4·22	312·0	5·04§	−14·7
The Economist Indicator	427·2†	4·23†	370·4	4·99§	−13·3
Beecham	51/9	2·90	49/3	3·05	− 4·8
Marks & Spencer 'A'	115/10½	2·05	109/9	2·16	− 5·3
Sears 'A'	34/10½‡	3·53	32/10½	3·80	− 5·7
Lancs Cotton	59/3	8·44	54/4½	9·20	− 8·2
AEI	42/9	7·02	39/6	7·79	− 9·9
Watney Mann	96/9	3·72	87/−	4·14	−10·1
Unilever	154/3	3·13	138/−	3·56	−10·6
Turner & Newall	72/−	3·33	63/7½	3·77	−11·6
Dunlop Rubber	23/9	5·51	25/11½	6·30	−12·6
"Shell" Transport	139/−‡	4·89	120/9	5·63	−13·1
Legal & General	37⅜	1·26	32½	1·46	−13·6
ICI	80/−	3·44	67/10½	4·05	−15·2
GUS 'A'	59/−	3·18	50/−	3·75	−15·3
BMC	17/−	5·88	14/4½	6·96	−15·4
Tube Invest.	80/9*	3·47	68/3	4·10	−15·5
GKN	108/7½	2·95	89/9	3·57	−17·4
Bowater	66/3	4·15	54/7½	5·03	−17·5
P & O	43/7½	5·04	35/9	6·15	−17·5
City Centre	64/3	1·97	52/6	2·41	−18·3
APC	96/9	2·27	78/4½	2·81	−19·0
United Steel	66/9	4·67	53/6	5·83	−19·9
UDT	205/−	2·59	162/6	3·26	−20·7
Lloyds Bank	78/−	2·79	61/9	3·53	−20·8
EMI	49/3	3·63	37/3	4·70	−22·8

* Ex dividend. † May 10th. ‡ Adjusted for scrip issue. § July 19th.

any change from the figure for May, but in the second quarter imports were 6 per cent smaller than in the first three months of the year, and in the first half of the year they were 1½ per cent lower than the average for 1960. The average for the second quarter was £7 million a month lower than the most favourable quarter in 1960. Even so, in view of the relatively static level of industrial production for most of this period they could have been expected to fall further.

However, the nightmare of a trade gap of the proportions of that of 1960 seems to have vanished with May. After the bulge in exports in June the crude trade gap (exports valued fob and imports on a cif basis) has been cut from £72 million to £53 million a month in the first half of the year. A further improvement of about the same order will be necessary in the next six

UNITED KINGDOM TRADE

(Seasonally adjusted: £ million per month)

		Exports fob	Imports cif	Re-exports fob
1960	2nd qtr.	295	375	11
	3rd ,,	290	385	13
	4th ,,	295	390	12
1961	1st ,,	309	385	12
	2nd ,,	306	362	13
1961	Jan.	318	398	12
	Feb.	307	383	11
	Mar.	301	375	12
	April	306	354	12
	May	282	365	13
	June*	331	366	15
Jan.–June*		308	374	13

* Provisional.

months to put the true balance of merchandise trade into credit this year. During the second quarter, some further deterioration in invisibles might have occurred. To judge from the Chancellor's statement last month, the government was only then beginning to draw in its horns and cut its expenditure abroad; the revaluation of the deutschemark in March will not have helped here. The balance of payments for the half-year is therefore unlikely to provide any pleasant surprises.

Although the export credit guarantees offered by ECGD have been improved, the latest quarterly figures show only a modest increase in business. Complaints about the inadequacy of its services may therefore have been exaggerated. New commercial insurance in the second quarter of 1961 was £189 million, 17 per cent higher than a year ago, but below the £195 million recorded in the first quarter of 1961. The value of short-term policies outstanding rose by only £17 million to £777 million during the quarter. The volume of medium-term business, which tends to fluctuate fairly widely between quarters, fell to £13 million, compared with £30 million in the previous quarter and £39 million in the corresponding quarter of 1960. The bright spot is the guaranteed loan scheme introduced last April. Already five projects involving some £40 million have been authorised, although this does not necessarily mean that the British exporter will get the contract.

HIRE PURCHASE

Thumbs Down for Old Cars—and New?

United Dominions Trust has made itself popular with its fellow finance houses, but alarmed the motor trade, by its decision to handle no hire purchase business on cars more than five years old unless the dealer selling one takes responsibility for any losses. These older cars are the sort on which the finance houses have lost most in the past, because they have fallen sharply in value—so that the owner may find that the car is worth less than he owes on it—and they are the most likely to break down. In either case the owner is tempted to default. The other finance houses are therefore likely to follow UDT's lead, though they may not all draw the line at the same age of car; some think that five-year-old cars are still reasonable risks, but none wants to finance cars that will be ten years old by the time that they have been paid for. The reason for this decision is underlined by the results of UDT for the year to June 30th, when profits fell sharply from £3.8 million to £2.4 million. UDT has made substantial provisions for bad debts and unexpired risks, of which an exceptional provision of £500,000 forms part. The ordinary dividend has been maintained at 26½ per cent on the capital as increased by a one-for-two rights issue and it is now covered 1¼ times.

The motor trade fears that the result of UDT's move will be a sharp fall in the prices of the older cars, which have already been declining in the past three months. The finance houses may then find that they have more defaulters on recent hire-purchase contracts, as owners see the value of their cars fall below the amount they owe for them. The lower prices will also affect new car sales; even though few owners of really elderly cars are numbered amongst the buyers of new cars, they are likely to be potential buyers of the used cars that are part-exchanged for new ones. A sharp fall in the value of their cars can quickly affect that of newer models, and at one remove the part-exchange allowances that dealers can give when selling new cars. And if dealers find it difficult to sell their stocks of old cars, as they did a year ago, these will form a block to the movement of cars through the trade that will make dealers unwilling to take any used cars in part-exchange for new ones. There are already signs that this is happening, with dealers offering cash buyers discounts, or at least free accessories. But new car sales remain high; in June they equalled those of a year before at 84,000.

An autumn recession in new car sales is more probable after this latest move from the finance houses; a combination of lower prices for used cars and perhaps of increased purchase tax on new cars might well produce a repetition of last winter's conditions. These would seem certain to arise if the industry's worst fears are realised, and any increase in purchase tax is regarded as temporary. Buyers might then hold off during the winter, much exaggerating the seasonal fall in sales, perhaps returning in the spring—when, according to past experience, the Chancellor might feel able to ease the industry's lot and thus to heighten the seasonal boom.

SHIPBUILDING

Investigations for Ever

The latest prescription that Mr Marples has produced for the ills of the British shipbuilding industry is an investigation of the reasons why some British shipbuilders have placed orders abroad. This, he told the House of Commons last week, should show where the British yards are less efficient than their foreign competitors—something which, one might have thought, any British management that had the qualities necessary for its future survival might already have found out for itself. Certainly any shipyard that does not know whether its foreign competitors work one or two shifts a day, which was the example Mr Marples gave of the sort of information that this survey could produce, is ignorant of the ways of the business world. And though Mr Marples was at pains to emphasise that this investigation implied no criticism of British shipowners who have bought ships abroad—which would scarcely be appropriate since the British industry presumably hopes to go on getting export orders itself—his many references to the £140 million of orders lost to the British shipyards in the last three years are liable to produce this impression. So are the remarks of Vice-Admiral Hughes Hallett, parliamentary secretary to the Ministry of Transport, who said that "British shipowners would very soon be in jeopardy if they were forced to depend to any large extent upon foreign shipbuilders." This is, after all, just what Britain wants foreign shipowners to do.

Research in the shipbuilding industry is still, it appears, a matter for discussions between the Ministry of Transport, the industry, and the Department of Industrial and Scientific Research. The most positive statement that Admiral Hughes Hallett would make was that the British Shipbuilding Research Association might be developed into a research organisation that studied the design of ships—which is at present outside its scope—as well as methods of building them.

Mr Marples pointed out that the British shipbuilding industry has one great advantage over those of most other countries; the needs of British shipowners account for about 70 per cent of its normal output. And the greater ease with which the building of a British ship can be supervised if it is built here goes some way to offsetting higher building costs. This seems quite a large enough cushion to soften the effects of foreign competition—much of which comes

from countries such as Sweden and Germany, which can hardly be accused of obtaining lower costs by paying lower wages.

LONDON AND MANCHESTER ASSURANCE

Directors at Odds

Now that the former chairman of the London and Manchester Assurance, Lord Grantchester, and the new chairman, Mr Lewis G. Whyte, have published their statements it is clear that there was a genuine difference of opinion between Lord Grantchester and the rest of the directors on how to respond to tentative proposals for a merger from Eagle Star. It does no injustice to either party to say that the kernel of the matter was that Lord Grantchester was prepared to consider the letter from Sir Brian Mountain as a possible basis for further discussion and negotiation and that the other directors, interpreting Sir Brian's reference to an "auction" as precluding a negotiation about terms, were not. Lord Grantchester's interpretation was that Sir Brian was not willing to engage in a "battle" with a rival bidder. He says that Sir Brian's memorandum "did not rule out the possibility of a cash offer, or an exchange partly in shares and partly in cash."

The directors met on June 8th to consider Sir Brian's letter. On this, Mr Whyte says to the shareholders:

> At the end of the meeting all your six directors agreed that a reply should be sent to Sir Brian Mountain declining his proposals. You will see, therefore, that there is no truth in any suggestion that Lord Grantchester reached a different conclusion from the rest of the Board in this matter.

Lord Grantchester, referring to these sentences, says:

> This statement is strictly accurate but fails to disclose that my attitude throughout had been to keep an open mind and seek more information. All my co-directors, however, were unwilling to consider the matter further and, as I was in a minority of one, I agreed to concur in the decision at which they had arrived. It was in these circumstances that I signed the reply sent to Sir Brian declining his proposals.

In his statement Lord Grantchester then goes on to explain that at the next board meeting on June 22nd his colleagues indicated that they wanted a new chairman. He continues:

> I had the impression that they did not like the way I regarded Sir Brian's approach and they asked for my answer there and then. However, it was later agreed that my answer should be deferred until another meeting of the directors had been held on June 27th.

At that meeting, Lord Grantchester indicated that he would resign on July 13th. Thus it is apparent that while Lord Grantchester was prepared to consider the possibility of a merger with Eagle Star the other directors on the grounds set out in Mr Whyte's letter, were not. The proper course of resolving such a dispute is resignation.

LOCATION OF INDUSTRY

Nuneaton or Giessen?

A lively and fast-growing firm of toolmakers, Clarkson (Engineers), has told the Board of Trade that, as it has been *refused permission* to expand its existing factories at Nuneaton in Warwickshire and told it must go to some area of high unemployment, it will instead expand its factory in Giessen, near Frankfurt. The company maintains that in some place like Jarrow or Clydeside it would lack the services of the sub-contractors that it needs, and it doubts whether it could recruit suitable labour. It already has a branch factory at Giessen, for Germany is the company's biggest export market; it knows that it can find the sub-contractors and labour that it needs there, so this seems the more economic site. It would then supply the British market and some exports from Nuneaton, but the new markets that it wants to exploit in the Far East, Australia and south America, for which much of the new capacity is intended, would be served from Germany.

The Board of Trade and the depressed areas have done well in the past out of motor manufacturers who were too anxious to start their expansion schemes to worry overmuch about the effect of moving into a new area on their costs. It takes a case such as this one to expose the absurdity of a blanket refusal of permission to build factories that may add to employment in currently prosperous industrial regions. Nuneaton is near Coventry, and Clarksons says that it could recruit the 1,000 new workers *that it would* like to employ from the men who now go from Nuneaton to Coventry to work. With immediate prospects for the motor industry clouded by Mr Selwyn Lloyd, and the long-term prospects of sharper competition for the two Coventry car makers, Rootes and Standard-Triumph, the Board of Trade might have felt it worth encouraging firms that are not dependent on the motor industry to expand in this area.

COURTAULDS

A Revealing Speech

The report of Sir John Hanbury-Williams read in his absence at Courtaulds' meeting this week was important both for the facts it disclosed and also for the insight it afforded into the company's philosophy. Sir John could give little guidance on the results shareholders might expect from the group this year and no consolation for past misfortunes other than the steady and impressive rise in income from non-textile interests. In the first three months of the current financial year profits were less than in the corresponding period in 1960. As that was the most profitable period for the group in 1960 this is not surprising. In the remaining nine months of the current financial year, profits are expected to improve on last year's performance, but in alluding to the increased difficulty in maintaining profits at the 1960-61 level, Sir John implies that 1961-62 might not be the year of recovery that some shareholders had hoped.

Exactly half of Courtauld's income was derived from textiles last year, compared with 60 per cent in 1959-60. Textiles still accounted for 70 per cent of the group's assets. Of the group's net assets of £208 million, a third was invested overseas, and exports rose from £14 million to £21 million in 1960-61. The turnover of the whole group was £172 million.

SOURCES OF PROFIT*

(£ million)

	1958–59	1959–60	1960–61
Textiles	5·4	10·5	6·6
Raw materials	2·3	3·2	3·1
Non-textiles	3·1	4·3	5·3

* Excluding income from trade investments.

In his statement, Sir John focused attention on viscose rayon, which was at the root of the group's disappointing results last year. Viscose rayon is the dominant man-made fibre, holding 70 per cent of the world market. In terms of weight, the expansion in viscose and acetate between 1950 and 1960 was 50 per cent greater than in the newer man-made fibres. However, in that period the new synthetic fibres increased their share of the market from 4 to 21 per cent. Sir John claims that man-made fibres tend to be complementary rather than competitive with each other, and that in the long term the continuing expansion in cellulosic fibres is more significant than their relative rate of growth. They are nevertheless more prone to temporary setbacks, and are subject to more intensive competition than the newer synthetic fibres. On the important subject of the group's recently acquired paint interests, the chairman has little to say. The group is pressing forward with the reorganisation that is necessary "before the full benefit of this investment can be realised."

IRAQ OIL

Relinquishment in Iraq

General Qasim of Iraq this week announced that in addition to accepting his position on the "dead rents" issue, the Iraq Petroleum Company had agreed to relinquish 90 per cent of the unexplored territories that it holds under its various concessions; he added that his negotiations with IPC "would end in the second half

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—whether payments are made satisfactorily, and why it is so necessary to ensure that the terms of a contract are punctiliously observed?

Did you know—

—that the Soviet Government authorised the purchase of no less than 95 per cent of the exhibits displayed at the recent British Trade Fair in Moscow—and that there is hope of a substantial increase in next year's quotas for British goods?
—that Poland is at present negotiating British contracts worth about £10 million, and that her purchases of capital goods from Britain could increase to some £30 million a year?

These points, as well as many other aspects of East-West Trade, are dealt with in a report prepared by Barclays Bank. Other reports revised in July deal with Argentina, Australia, France, Iceland, Italy, South Korea, Thailand and Uruguay.
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of *next month* definitely in our favour." This figure of 90 per cent of the unexplored areas has never been revealed by IPC, but is in fact the figure over which negotiations had long gone on: relinquishment of 75 per cent would take effect immediately revision of the agreement was completed, and the remaining 15 per cent would be handed back to the government by instalments over a period. Nor is there any reason to doubt that in the letters recently sent to Baghdad seeking a resumption of talks IPC may have accepted this percentage of relinquishment, though the question of just how the areas for relinquishment should be demarcated may still not be agreed.

Relinquishment—which is a principle common where oil is developed under mining laws, but which appeared in the main Middle East oil countries for the first time (though in a special form) in the Iran Consortium agreement, and was later incorporated into the Aramco agreement in Saudi Arabia—was not provided for in the Iraq concessions. But in practice any improvement in the terms granted to one government soon spreads to all others in the Middle East. Relinquishment is a reasonable principle in resource development, which has come to the fore in oil of recent years: Libya, for example, has had territories relinquished by exploring companies and has let these out to others before actually achieving any commercial exports of oil. But it does, if the areas surrendered are relet and successfully developed, mean yet more potential production to sustain the oil surplus.

Up to the time that *The Economist* went to press, an invitation to Baghdad to reopen negotiations had still not been received by the team from IPC and its shareholder companies that has been waiting in London for the opportunity to start bargaining again. General Qasim has received an acceptance of his position on dead rents and on relinquishment, and substantial agreement on certain other matters such as Iraqisation of staff and directors had already been reached before the negotiations were suspended in April: but his demands about natural gas do not seem to have been accepted, and nothing has been said recently on either side about the knottiest point of all—Iraqi participation in ownership of the operating company. The general obviously has it within his power to show his people "a decision definitely in our favour" at any time, by simply settling for what the oil companies have agreed already. But further significant advances on what he has gained so far might not be had so easily.

IMF

Help for India

INDIA'S foreign exchange reserves at 103 crores, equivalent to £77 million, have never been lower; combined with the statutory gold holding of 118 crores, they are perilously close to the Reserve Bank's legal minimum reserve of 200 crores. Last week the International Monetary Fund agreed to a drawing by the Government of India equivalent to $250 millions. This is no mere bolster for the reserves; the exchange is needed for immediate payments. For this reason the drawing is to be in six currencies: $110 million in United States dollars; $60 million in pounds sterling; $45 million in Deutsche marks; $15 million in French francs; $15 million in Italian lire; and $5 million in Japanese yen. This is the first-ever drawing of Japanese yen, which is not a convertible currency. The total drawing is 42 per cent of India's quota; India has still outstanding $63 million from a drawing of $200 million made in 1957.

India's present problem is to cover the payments deficit until the first payments of the $2,225 million of aid promised in May by the World Bank and the Aid India consortium are received. Although the loans are promised, negotiations on the terms have still to take place; and it seems unlikely that payments into the government's accounts with the Reserve Bank will occur before the end of the year.

BUILDING SOCIETIES

A Time to Worry

WHETHER the increase in rates recommended by the Building Societies Association from 3¼ to 3½ per cent, tax paid on shares and 6 to 6½ per cent on mortgage

COTTON TEXTILES

Gatt Not Playing Ball?

From a correspondent in Geneva

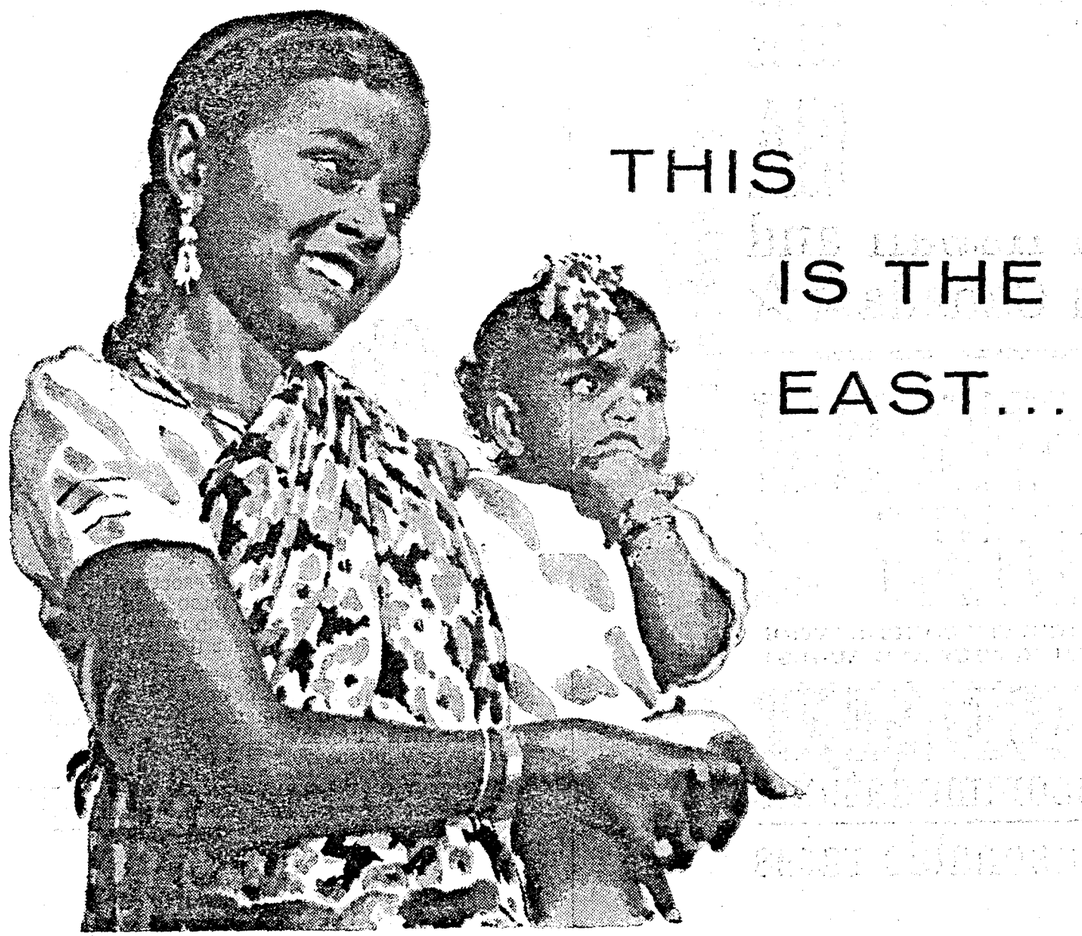
THE cotton textile conference has turned out to be one of the most exciting things that have happened to GATT for a long time. More than a hundred textile lobbyists followed in the wake of powerful national delegations, ready to pop champagne at anyone willing to listen to their story. Mr George Ball, the United States Under-secretary of State for Economic Affairs, turned up with a hastily prepared scheme to solve present and future textile problems. His proposals were divided into two parts: a long-term plan dealing with the orderly expansion of trade in cotton textiles from 1963 onwards and an interim scheme to deal with the current problem.

It reaffirmed the principle of giving the developing countries access to markets in industrial countries; these are asked to give the developing countries a chance to earn foreign exchange by the export of products in which their special skills and circumstances made them most competitive. As expected, his short-run solution was a call on countries at present applying absolute prohibitions or quotas to open their market or enlarge their quotas and to establish a multilateral system of trading, instead of the various actual bilateral agreements.

As a long-term solution, he proposed that an international textile committee should be set up within GATT to guide exporting countries into gradually opening markets without disrupting anyone or anything in the process. Naturally, there is as much disagreement among the exporters as the importers. The Japanese might be willing to support the committee if a quantitative scheme could be negotiated at the five-day conference—they are unwilling to support a vague plan of good intentions only. India and Pakistan do not want their bilateral agreement with the UK to suffer multilateral dilution. Hongkong is suspicious of any restraint on its exports and sees traps everywhere. A short-term agreement seems to depend on the attitude of the members of the European Economic Community. Unless Italy and France liberalise their imports, relieving the United States' textile industry of some of the pressure of foreign imports, it may adopt a sterner policy towards imports. Everyone, except the thirty very prosperous-looking American textile lobbyists in town, agrees that this would be a bad thing.

On Wednesday, the EEC countries thrashed out a counter proposal to be presented on Thursday. They are likely to resist any long-term engagement. They feel that if they agree to the establishment of the ITC they will be committed to IT_2C, IT_3C, IT_4C, etc., standing for toys, transistors and typewriters, but they realise that an immediate solution has to be found for the pressing problem of textiles.

The American delegation obviously needs some tangible signs of progress to take home. This is most likely to take the form of an offer of quota extensions by some countries for 1962 and a proposal to set up a working party to study a longer-term solution before 1963. Though it is the EEC countries who are being asked to expand their quotas, half-way through the conference, it is the United Kingdom which holds the key to the success or failure of the meeting. Britain is responsible for Hongkong and might restrain its representatives. But Britain faces increased imports if a multilateral solution is found. If all exporters had equal access to all markets, Japan would gain greater access to British and Commonwealth markets. But policy dictates that there should be no cutting down of imports from Commonwealth countries. No wonder leaders of Commonwealth delegations had to miss cocktail parties to thrash this one out among themselves.



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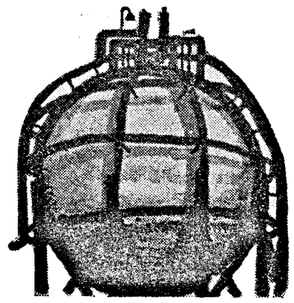
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Kingston (opens June 1962)
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ISRAEL
TEL AVIV
Sheraton-Tel Aviv

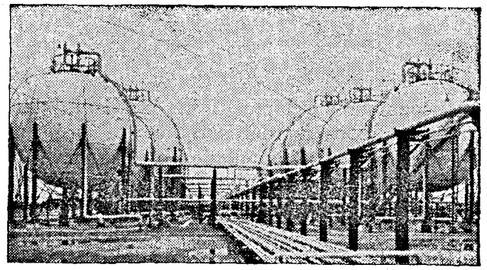


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was sufficient was open to doubt at the beginning of June when the recommendation was made. The doubts must be even stronger now, for though the increase in the share rate does not become generally effective until October, many societies believe that the small stimulus to the net inflow of money arising from the recommended increase has already occurred. The societies, like the rest of the economy, are faced with a period of austerity. Restrictions on building development, if they are introduced, could reduce the demand for mortgages and so, too, could a rise in taxes on consumer goods. But the latter could have an equal, if not greater, effect on the flow of new savings to the building societies. So would a tightening of the screws on credit. All the societies feel they could do in such circumstances would be to tighten their belts and to ration mortgages to accord with a diminished flow of savings. But patient acceptance of what they hope will be only a temporary check to expansion should not prevent them from asking what are the proper rates for shares and mortgages. Many of them have, in fact, already canvassed the answer: not less than 4 per cent on shares and not less than 7 per cent on mortgages.

CO-OPERATIVE PERMANENT BUSINESS

	Dec. 31, 1959	June 30, 1960	Dec. 31, 1960	June 30, 1961
Receipts	20,572	21,017	18,241	18,674
Withdrawals	21,967†	17,793†	18,326	17,855
Mortgage advances	18,849	15,249	20,181	19,598
Mortgage repayments	17,203	15,474	18,337	16,441
*Liquidity ratio per cent**	*15·2*	*14·0*	*16·0*	*14·0*
Reserve ratio per cent*	2·4	2·0	2·7	2·8

* At market values. † Includes accumulated interest.

The inadequacy of the rate of shares has long been recognised by societies which offer, in some form or another, subscription shares at a higher rate. The Co-operative Permanent, which as its latest figures show has been deliberately going slow so as to build up its reserve ratio, is now to join this number, offering 4½ per cent, tax paid, to savers who agree to subscribe regularly up to £10 a month for four years with an option to continue their subscriptions for another four years at the end of the initial period. It hopes to raise its net reserve ratio to 3 per cent by the end of this year and it has been one of the societies making eager use of Government money for lending on mortgage on older properties. In the present mood, a further extension of these facilities looks highly improbable.

BRITISH DRUG HOUSES

Another American Bid?

THE affairs of British Drug Houses are still undetermined. Just when it seemed likely that the link-up with Mead Johnson would receive the necessary approval from shareholders, a second proposal was received from William R. Warner, the British subsidiary of the American company, Warner-Lambert Pharmaceutical. Mr Geoffrey Eley proposed formally to adjourn for a fortnight Monday's meeting to consider the Mead Johnson scheme, the maximum period for which Mead Johnson will keep open the proposed deal.

The meeting, however, turned out to be anything but formal. About 50 shareholders attended and it lasted about 45 minutes, mainly occupied by questions to the chairman about the spending of the £5 million from the Mead Johnson deal and the current valuation of the company's properties. The one point of substance to emerge was that the link-up with Mead Johnson would have been approved but for the Warner intervention, for Mr Eley said that proxies showed 2,400,000 in favour and just under 500,000 against the resolutions.

Up to late on Thursday nothing in the way of firm proposals had been announced by William R. Warner. British Drug Houses and its advisers Hambros Bank, were still engaged in discussions with Warner's British subsidiary, which is advised by Samuel Montagu. According to Warner's letter to BDH last week, its business in this country is comparable to that of BDH and the group has ample resources to finance any reasonable expansion. It claimed that its range of products, which includes Richard Hudnut and Du Barry cosmetics, Veganin, Listerine, and Sloan's Liniment, is wider than that of Mead Johnson. The letter suggested that a merger might be achieved through a new holding company acquiring the shares of both companies or "by such other means as may be advised."

Shareholders must await the terms that Warner is prepared to offer and see whether they hold out a better prospect than the Mead Johnson scheme. So far, the latest development has evoked no response from the "well known company with wide experience in the pharmaceutical field" which Mr John Horn, leading the opposition to the Mead Johnson scheme, declared was prepared to make a bid if that deal fell through.

HOSIERY AND KNITWEAR

Trends and Fashion

AFTER many fat years of new materials to use and new markets to exploit, expansion comes easily to the hosiery and knitwear industry. This year, while sales of other textiles have slipped into decline, knitted goods have been scoring gains of up to 10 per cent. In May, when sales of all textiles fell by 7 per cent, sales of knitted goods were still 3 per cent higher than a year ago. But not all knitters are on velvet, and contraction, where it is necessary, is not being taken in such good part. To judge from complaints, some degree of distress is being suffered in socks, stockings and gloves and even underwear has felt the chill. Some exacerbation of this distress seems likely. Gloves have been hit by imports from Hongkong and Italy, and underwear is beginning to be exposed to similar competition. Socks have suffered from their almost total immunity to fashion and stockings from their susceptibility to the same force.

Hard-wearing synthetic fibres have prolonged the life of the humble sock to the point at which contraction of the industry had to follow. Feet that are insensitive to the greater comfort of woollen socks are likely to be equally unimpressed by the wider range of socks, including the more garish varieties, now on sale. Stockings are readily destructible and sales are increasing, but the switch to seamless types has taken business from some manufacturers. The switch entails ordering new machinery, and its acquisition takes time—too much time, say some manufacturers. They claim that by the time they get their new machines, fashion might have changed, and it is better to import foreign stockings, pay 33⅓ per cent import duty and supply them to their pressing customers. More than 2,000 new machines were installed in the year to March 31st, and more than 3,000 were still on order at that date.

Profits are no longer so lush in the stocking trade and production costs are probably higher than they need be. Imports account for about 5 per cent of total supplies, but imports, partly as the result of the temporary shortage of suitable machinery, are rising sharply. Last year imports of socks and stockings—mainly the latter—leapt from 14 million to 20½ million pairs and up to May of this year, imports were a sixth higher than in 1960. That may be a foretaste of what is to come rather than a temporary stopgap. Exports stuck at 24½ million pairs last year and they have since fallen steeply.

A productivity team that visited Italy last year and issued its report in June was certainly impressed by the efficiency of its stocking industry and its export potential. In other knitted goods, the Italian flair for style has sold Italian products in competition with garments of allegedly superior quality. Competition from Continental knitters therefore seems likely to intensify. At the same time a back door into the United States market has been partially sealed. By reducing the quantity of goods than can be imported from Canada by American visitors, the United States has reduced imports.

HARDWOOD

Log-jam in Ghana

GHANA'S proposed nationalisation of exports of unsawn timber threatens to bring the log trade to a standstill. Unless a form of contract is agreed soon business may dry up before the date for the inauguration of the new marketing scheme—already postponed from July to September—arrives. Ghana's demand that in future the trade should be subject to Ghanaian law is one stumbling block.

Though many countries, jealous of their sovereignty, wish to impose their own conditions, few succeed. Even Russia, an important exporter of timber to the United Kingdom, has failed to obtain this concession for timber. Export taxes of 5 or 7½ per cent have also been suggested in Ghana, but the proposals have been withdrawn. Four agents for Ghanaian timber in the United Kingdom have been appointed after a delay, but they have been unable to make any progress in drawing up a new form of buying contract, mainly because of apparent inefficiency on the part of Ghanaian officials. Ghanaian shippers would like to sell more timber, but cannot until an agreed contract exists. A pilot marketing scheme involving wawa logs has already come to grief; it has merely resulted in a sharp reduction in exports. Ghana's hardwood exports to Britain last year were worth £7 million. Half of those exports consisted of logs.

British buyers also have been reluctant to invest heavily in hardwood before they know what steps the Chancellor will take next week. Prospects for the furniture industry looked brighter in May; orders on hand rose to £9.3 million, compared with £8.5 million a year earlier, despite an increase in deliveries. But stocks of hardwood are adequate, and the level of activity is not too encouraging. Some demand for hardwood has been met from alternative sources; the Ivory Coast and the Congo have obtained some of the business that would have gone to Ghana. Prices are unlikely to weaken: freight charges on imports from the Far East are to rise in September.

ROYAL MINT

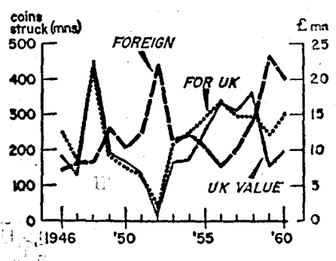
Numismatist's Delight

The ninety-first annual report of the Royal Mint, complete with full page cartoon of the Mint in operation, is the third since Mr J. H. James brought his lively mind and pen to the post of deputy master. This year's report is well worth seven shillings of any numismatist's money. The number of sixpences in circulation has doubled in the past ten years and, at 1,400 million, they are joining pennies as the most common coins in circulation. Although 300 million pennies were returned to the Mint as surplus in the last decade, a sudden demand in the autumn of last year exhausted stocks and the penny is likely to be struck again this year.

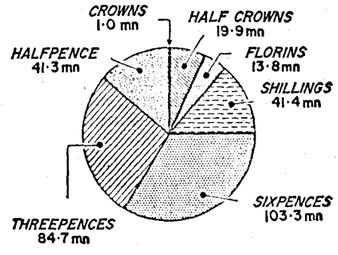
In a "requiem for the farthing" the deputy master traces the history of this small coin from its inception in 1279 by Edward I, to its demonetisation last New Year's eve. It was one of the oldest British coins and originally weighed one quarter of the obsolescent silver threepenny piece of our own times. It was the first coin to use the figure of Britannia, adopting this design in 1672 from a bronze coin of Antonius Pius issued 1,500 years earlier. The artistic conception in modern coins, Mr James feels, does not compare well with that of former times. The artist and engraver have lost contact and they, he suggests, must be brought together again. The last great design in English coinage was probably Pistrucci's George and Dragon, adopted one hundred and forty years ago and Mr James regrets that the "art of coinage attracts so little attention from the general public." It is a regret that some people in this country who have come to appreciate the convenience and style of many European coins will share.

COINS STRUCK AT THE ROYAL MINT

TOTAL 1946-60



UNITED KINGDOM 1960



The Royal Mint works continually at full capacity by supplementing its UK coinage demands with overseas orders. Although no pennies have been struck since 1953, there are still more of them circulating than any other denomination; in the total of 6,600 million coins in circulation at the end of 1960 there were 1,500 million pennies, 1,400 million sixpences, 1,000 million halfpence, 900 million shillings, and 700 million threepences.

SHORTER NOTES

There were 258,500 people unemployed in Great Britain on July 10th, which represented a slightly smaller fall since the month before than is expected seasonally. The figure, allowing for seasonal variations, has not altered much since the beginning of the year: it still represents only about 1.2 per cent of the estimated total of employees in Britain.

★

Arrangements have been made for Norwich Union Life Insurance and Prudential Assurance to make available to Capital and Counties Property £18.3 million on a secured debenture to cover the cost of principal developments planned over the next seven years.

★

There has been further evidence this week of cross fertilisation between the leading European stock markets. Following the placing of a large block of shares in Finsider, the biggest Italian steel company, arrangements have been made for the issue by S. G. Warburg, the paying agents, of deposit certificates. These will be in varying denominations of units of 500 lira each. The shares which can be dealt in under rule 163(1)e on the London Stock Exchange now stand at 20s. 9d. to yield 2¾ per cent. This is to be followed shortly by a full quotation in London of the shares of Montecatini, the Italian chemical group. The shares of Imperial Chemical Industries are already quoted on various foreign stock exchanges and soon they are to have a quotation on the Amsterdam Stock Exchange.

★

In a reference to a scrip issue in non voting shares by Illingworth Morris in last week's issue it was stated that holders owning 368,000 shares voted against this proposal. Votes in favour of the issue totalled 5,804,000.

★

Subscriptions are being invited for 3¼ million 2s. shares at 4s. each in Tilmanstone Investment Trust. The chairman is Mr Harold Drayton. In February, almost 84 per cent of its funds was in equities and at the end of June the net asset value per share was 3s. 9½d.

COMPANY AFFAIRS
Comments on pages 409 and 412 on:
Distillers — Arusha
Hoover — Balfour and Darwins
Hadfields — Associated British Picture

LONDON AND NEW YORK
Stock prices, yields and security indices on pages 410 and 411

LONDON STOCK EXCHANGE
The week's movements reported on page 412

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 413

THE ECONOMIST JULY 22, 1961

BRITISH INSURANCE SURVEY 1961

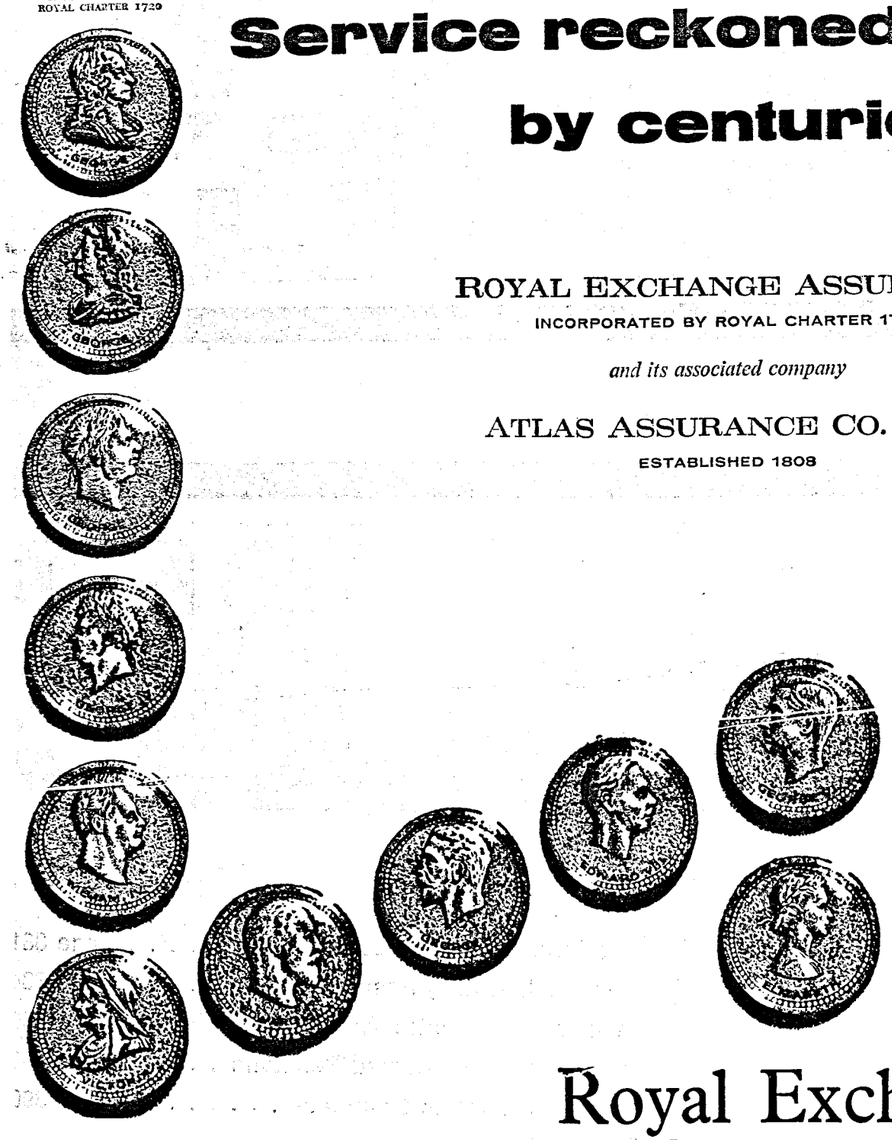
POLICIES AND PENSIONS

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THE ECONOMIST JULY 22, 1961

Are Investment Policies Changing?

The growth in the volume of new money to be invested by the insurance industry continues. In 1959 the article in this series, referring to 1958, was entitled "Investing £1 million a Day." Last year the average daily increase in assets was over £1½ million.

THE percentage distribution of insurance office assets at book values shows little evidence of any significant change in investment policies; the movements were almost all of the same pattern that has persisted now for a decade. Variations in policy emerge more clearly, however, though still only approximately, when the total yearly increases in assets are broken down into categories:

PERCENTAGE OF YEAR'S INCREASE IN ASSETS REFLECTED IN CHANGE IN CATEGORIES†

	Increase in Total Assets* £ m.	Gilt-edged	Debenture	Pref.	Ord. shares	Other S.E. Securities	Mortgages	Property
1952	181	—	17·7	Decrease	22·1	10·5	27·6	14·9
1953	234	26·1	19·7	5·6	17·9	4·7	15·0	11·5
1954	289	10·7	24·2	10·0	33·6	3·8	12·5	8·0
1955	283	Decrease	19·8	7·1	29·0	2·5	31·1	11·3
1956	265	Decrease	17·4	3·0	27·5	0·8	36·2	10·6
1957	321	Decrease	26·2	2·2	30·8	Decrease	27·1	14·6
1958	358	10·9	17·0	0·3	24·6	6·4	18·7	14·5
1959	486	6·6	16·9	1·9	36·0	6·2	15·4	11·5
1960	530	11·9	11·5	0·2	34·2	2·7	21·1	11·1

*Figures refer to 44 offices between 1952–1956 and to 45 offices between 1957–1960. †The percentage may not add up to 100 owing to the incidence of decreases, changes in current assets, etc. The figures allow for the writing up of assets by the Royal Group in 1956 and for the redistribution of book values as between equities and fixed interest securities by the Prudential in 1958.

On these figures, gilt-edged attracted a higher proportion of funds in 1960 than in any year since 1953. It seems that insurance portfolios may have absorbed some part of the considerable volume of stock sold to investors other than the banks by the authorities in the latter part of 1960. In all these sales totalled about £370 million of gilt-edged securities and the increase in the gilt-edged holdings of the insurance offices is equivalent to about one-sixth of this. Debentures seem to have declined in attraction, though the expectation of heavy commitments in steel prior charges may have accounted for some reluctance to buy other debentures. Even in 1960, however, the increase in insurance companies' holdings of debentures equalled half the new issues of industrial debentures during the year.

Possibly the most surprising figure is the relative decline in the allocation to property in a year when the interest of the companies in this field was so frequently in the news. "Property" in insurance company balance sheets refers to properties held directly on their own account. Interests acquired in property companies would appear under the respective headings of debentures, mortgages, or ordinary shares. Many large projects announced recently have involved commitments to advance money in the future, with more limited current investment; again, this form of property interest would not appear under "property." Such participations may go some way to explain the buoyancy of investment in mortgages. Growing competition among property companies, fed by insurance funds, for sites ripe for development and for attractive property investments may also help to explain the slowing down in the proportion of new investment money going into property investments on the offices' own account.

Ordinary shares accounted for a higher proportion of the increase in assets than in any year except 1959. Yet, paradoxically, it might well be that 1960 introduced a period in which the appetite of insurance companies for ordinary shares will be less eager. Insurance companies have for some time been building up their interest in ordinary shares by allotting a higher share of investible funds to equities than the proportion which ordinary shares previously represented of their total assets, either at book values or in most cases at market values. But in all probability the proportion of assets at market values in ordinary shares at the end of 1959 was greater than the proportion of investible funds devoted to equities in 1960. A number of insurance company reports have specifically mentioned the fact that the level of equity purchases on the market fell quite sharply last year, and that the continued high level of investment in equities owed much to the high level of rights issues. Such issues typically offer the chance of investment at higher yields than those offered by stocks of equivalent status purchased normally in the market, and in most circumstances will be taken up almost as a matter of course by insurance companies. Thus the insurance companies may have been less active purchasers in the open market in 1960 than in 1959, and their purchases did not have the effect of increasing further the proportion which ordinary shares represented of the market value of total assets.

THIS was partly the result of the movements in stock prices. The Actuaries' Investment Index showed a 4.7 per cent fall in industrial ordinary shares over the year, while the price of 2½ per cent Consols fell by 10 per cent. In practice the fall in the value of insurance companies' fixed interest holdings, which are largely in redeemable securities, will not have been as great as this. Thus with ordinary share values falling slightly less than fixed interest values and new investment going slightly more heavily into fixed interest securities than equities and property, then if at the end of 1959 the distribution of invested assets at market values was roughly half and half as between fixed interest investments and equity investments (ordinary shares and property taken together), this relationship would have been about maintained by the year's purchases.

Perhaps there is some evidence of a reluctance to see the proportion of equity investments in the total (using market values) rise much beyond the present level. The recent distribution of increases in balance sheet assets for those companies that led the way in equity investment suggests that some consideration inhibits the increase in the proportion of assets at risk beyond a certain point. The companies listed below each had at least 20 per cent of their assets at book value in ordinary shares in 1953:—

PERCENTAGE HOLDINGS OF ORDINARY SHARES AT BOOK VALUES FOR SELECTED COMPANIES

	1953	1957	1958	1959	1960
Eagle Star.....	20·0	25·1	24·2	24·6	26·8
Equity & Law	22·8	34·9	36·5	37·8	32·8
National Provincial	20·6	31·6	30·5	31·3	35·4
Provident Mutual..	21·0	24·4	25·0	25·6	25·9
Scottish Equitable..	22·5	23·7	24·7	25·7	27·0
Scottish Widows...	30·1	41·4	37·6	36·7	35·3
Scottish Life	24·7	26·3	26·8	26·2	26·1
UK Provident.....	25·0	30·8	30·2	36·8	36·5
45 Offices.....	11·9	16·4	17·7	19·3	20·5

It would seem reasonable to expect these offices to have the highest margins between book and market values for their equity holdings, and to have been faced earliest with the problem of deciding the extent to which they were prepared to see their portfolios consist of "risk" assets. Clearly some of them have been more restrained in recent years in adding to equity holdings than the industry as a whole. There may be some significance in the fact that equities as a proportion of assets at book value fell in nine of the 43 life funds analysed last year, whereas in 1959 falls were recorded in only four cases.

Because an insurance company's liabilities are fixed in money terms, and its policies assume some minimum rate of return upon investment, to be dependent beyond some point upon assets of which both the market value and the earning power are in principle highly variable, would leave too much open—which the insurance industry does not like doing. The actuarial principle of matching the average term of assets to that of liabilities also serves to limit the willingness to hold equities, by giving rise to a positive requirement for a substantial volume of redeemable fixed interest securities, since equities are perpetual securities while the average term of liabilities might be 20 or 30 years in many cases. It may be on these grounds that some offices have over the last year or so begun to feel the need for restraint in their equity purchases. A continuation of the pattern of investment of recent years, in which big investments have been made in equities and the value of equities in general has been rising, might gradually augment the number of offices finding it necessary to reconsider the balance of equities in their portfolios.

The present structure of stock market yields may also inhibit the life offices' purchases of ordinary shares. The purchase of low yielding "growth" stocks has always presented life offices with a problem. Even if one is convinced of the long run superiority of a low yielding growth equity to a more conservatively priced ordinary share, the fact that for some years the income from the higher yielding investment would exceed that from the "growth" stock implies that to purchase the "growth" stock favours those policyholders whose interest in the fund stretches well into the future and is to the prejudice of those whose policies are nearing maturity. This problem of fairness between generations of policyholders has today been extended to the whole field of equity investment by the apparently firm establishment of the so-called reverse yield gap. In 1959 and early in 1960, perhaps, the acceptance of low yields on ordinary shares, despite this consideration, seemed justified by the imminence of substantial increases in earnings and dividends. More recently it has begun to seem possible that the lapse of time before low yields are justified by future income growth may prove a more serious matter than it appeared to be in 1959.

Whether the impact of the changing mood of insurance investment policy will be apparent in the balance sheet figures for 1961 is uncertain. It was noticeable that, during the period of strongly rising equity markets early this year, insurance companies were generally believed to be participating in the market only to a very limited extent. This could be ascribed to their greater sophistication in appraising economic uncertainties. But it is unusual for them to stand aside at a time when active markets provide one of the few occasions when stock is available in sufficient quantities. That they appeared to be standing aside in the spring, therefore, suggests that they were less anxious to add to their "risk" assets. It is true that there are again plenty of rights issues this year, and the possibly more modest requirements of equities by insurance funds this year may be largely satisfied by them. Nonetheless, the proportion of new funds allocated to equities may still exceed the 20 per cent at book value of existing total assets, so that a further rise in the percentage of assets at book value in ordinary shares is possible. The real test of the theoretical and practical limits that should be set upon "risk" assets as a proportion of total funds would be presented by a renewed strong rise in equities, taking their proportion at market value to new high levels. The allocation of money in new investment might then assume a quite different pattern from that of recent years.

TABLE I.—INSURANCE EARNINGS AND DIVIDENDS, 1960

Company	Total Premium income*	Underwriting Profits: Net Trading Surplus or Deficit*	Underwriting Profits: Ratio (2) to (1)	Underwriting Profits: Transferred from Life, Annuity and Capital Redemption Funds	Underwriting Profits: Total (2) + (4)	Interest Earnings and Dividends: Net Interest Earnings*‡	Interest Earnings and Dividends: Net Ordinary Dividends	Interest Earnings and Dividends: Ratio (6) to (7)	Reserves to Premiums *†	Ordinary Shares: Price, Mid-July, 1961	Ordinary Shares: Yield per cent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	£	£	per cent	£	£	£	£	per cent	per cent		
Alliance	21,743,377	319,708	1·5	104,993	424,701	916,114	939,167	97·5	122·4	77/9 (a)	3·42
Commercial Union (b)	112,739,745	−1,667,626	−1·5	298,615	−1,369,011c	5,277,748	3,867,536	136·5	110·5	66/11½	3·40
Eagle Star	27,272,754	− 118,232	−0·4	310,000	191,768	1,583,263	1,429,655	110·7	128·9	107/3	2·56
Employers' Liability	43,701,917	− 411,452	−0·9	74,450	− 337,002	1,375,539	560,438	245·4	64·0	126/9 (d)	3·16
General Accident	74,910,018	535,100	0·7	52,726	587,826e	3,057,019	1,984,500	154·0	80·8	143/3	2·09
Guardian	35,130,682	− 924,180	−2·6	119,458	− 804,722	2,029,658	1,225,092	165·7	109·8	47/3	2·81
London Assurance (f)	34,772,166	88,459	0·3	175,000	263,459g	1,366,063**	892,604	153·0	118·0	58/11½	3·01
London & Lancashire	37,017,627	− 750,830	−2·0	33,308	− 717,522	1,463,964	1,069,957	136·8	98·9	157/9 (q)	3·28
Northern	35,172,406	198,192	0·6	231,956	430,148h	1,264,792	806,662	156·8	118·6	126/9 (d)	3·16
Norwich Union (j)	34,113,951	− 517,647	−1·5	330,000	− 187,647	785,797	382,812	205·3	74·5	(k)	
Phoenix	40,862,080	− 222,732	−0·5	125,000	− 97,732l	1,488,840	995,085	149·6	89·0	157/6	3·97
Prudential (m)	18,771,540	263,132	1·4	51,626	314,758n	672,141**	488,889	137·5	84·1	136/10½	2·19
Royal (o)	144,163,080	1,126,855	0·8	128,000	1,254,855	4,487,807	3,429,957	130·8	97·8	157/9	3·28
Royal Exchange (p)	50,705,712	− 949,376	−1·9	173,802	− 775,574	2,188,644	1,512,126	144·7	103·0	106/3	3·53
Sun	23,728,944	330,943	1·4	...	330,943	1,046,521	826,875	126·6	99·1	77/9 (a)	3·42
Yorkshire	15,647,580	− 213,785	−1·4	208,455	− 5,330	441,068	382,812	115·2	85·2	130/–	3·21
Total	750,453,579	−2,913,471	− 0·4	2,417,389	− 496,032	29,444,978	20,794,167	141·6	98·7	...	...

* Excluding life, annuity and capital redemption business. † "Reserves" include share capital, all free reserves and the underwriting and additional reserves maintained for fire, accident and marine insurance. ‡ After debenture interest and preference dividends. ** Estimated. (a) Sun Alliance shares. (b) Including North British and Mercantile. (c) Before £100,000 to contingencies reserve. (d) Northern & Employers' shares. (e) Before £500,000 to general reserve. (f) Including Sea/Beacon. (g) Before £57,622 to general reserve. (h) Before £100,000 to investment and contingency reserve. (j) Including Scottish Union and National. (k) Shares held by Norwich Union Life Insurance Society. (l) Before £4,750,000 from investment and taxation reserves, £2,000,000 to general reserve and £3,000,000 to pension fund. (m) General branch only, i.e., all business other than life and annuity : £10,000 plus one-quarter of the balance of the net profits belongs to the "A" shareholders and the remainder to the "B" shareholders. Price and yield of "B" shares. (n) Before £10,000 to investment reserve and £500,000 to branch contingency fund. (o) Including Liverpool and London and Globe. (p) Including Atlas. (q) Royal Insurance shares.

TABLE II.—DISTRIBUTION OF INSURANCE ASSETS TOTAL CONSOLIDATED ASSETS OF 45 OFFICES

Class of Asset	1958	1959		1960	
	Per cent	£mn.	Per cent	£mn.	Per cent
Mortgages, including policy loans	15·7	885·1	15·7	996·8	16·2
Brit. Govt. and Govt. guaranteed stocks	20·6	1,095·8	19·4	1,159·0	18·8
British Municipal, Overseas Government and Municipal stocks	8·6	471·5	8·4	486·0	7·9
Debenture stocks	14·5	829·3	14·7	890·3	14·4
Preference shares	6·1	324·1	5·7	325·3	5·3
Ordinary shares	17·7	1,085·9	19·3	1,267·2	20·6
Other Investments	1·1	70·9	1·3	64·7	1·0
Property	8·6	498·9	8·9	557·4	9·0
Cash, agents' balances, etc.	7·1	375·3	6·6	420·0	6·8
Total Assets of 45 Offices	100·0	5,636·8	100·0	6,166·7	100·0

TABLE III.—RATES OF INTEREST PER CENT, LIFE AND ANNUITY FUNDS : 43 OFFICES

Company	Gross			Net		
	1958	1959	1960	1958	1959	1960
Mutual						
Equitable	5·88	6·07	6·30	4·74	4·81	4·99
Friends' Provident	5·90	6·03	6·36	5·21	5·40	5·33
London Life	5·89	6·08	6·22	4·54	4·66	4·88
Marine & General	5·92	6·22	6·26	4·97	4·99	5·11
National Mutual	5·59	5·96	5·98	4·47	4·79	4·85
National Provident	7·00	7·14	7·14	5·35	5·41	5·36
Norwich Union	5·26	5·45	5·72	4·58	4·75	5·02
Provident Mutual	5·85	6·09	6·50	4·82	4·96	5·19
Scottish Amicable	5·40	5·57	5·84	4·55	4·84	5·08
Scottish Equitable	6·32	6·52	6·85	5·05	5·22	5·44
Scottish Mutual	6·25	6·36	6·88	5·54	5·53	5·66
Scottish Provident	6·38	6·61	7·04	5·06	5·20	5·60
Scottish Widows'	6·25	6·41	6·68	4·82	5·05	5·15
Standard	5·43	5·64	6·08	4·91	5·16	5·52
United Kingdom Provident	7·16	7·45	7·66	5·28	5·43	5·58
Average	6·03	6·24	6·50	4·93	5·08	5·25
Proprietary						
Clerical, Medical & General	6·38	6·82	7·10	4·71	5·15	5·54
Equity & Law	6·85	7·22	7·40	3·86	5·97	6·26
Scottish Life	5·98	6·12	6·56	5·25	5·33	5·54
Sun Life	5·47	5·63	5·87	4·42	4·55	4·74
Average	6·17	6·45	6·73	4·56	5·25	5·52
Industrial-cum-Ordinary*						
Britannic	5·74	5·93	6·26	4·17	4·28	4·56
Co-operative	5·47	5·76	5·99	4·11	4·29	4·39
Pearl	6·32	6·56	6·79	5·08	5·14	5·39
Prudential	5·81	6·08	6·50	5·03	5·16	5·65
Refuge	5·42	5·58	5·86	4·09	4·21	4·44
Royal London Mutual	5·63	5·98	6·28	4·24	4·44	4·72
Wesleyan & General	4·97	5·18	5·43	3·93	4·07	4·12
Average	5·62	5·87	6·16	4·38	4·51	4·75
Composite						
Alliance	5·43	5·62	5·51	3·63	3·97	3·92
Atlas	5·88	5·97	6·38	4·34	4·60	5·21
Caledonian	5·94	6·47	7·00	4·64	4·98	5·57
Commercial Union	5·74	5·79	5·98	4·45	4·25	4·52
Eagle Star	5·64	5·80	5·99	4·45	4·60	5·04
Guardian	6·25	6·41	6·82	5·41	5·43	5·74
Law Union & Rock	5·50	5·63	5·81	4·45	4·47	4·65
Legal & General	5·16	5·51	5·84	4·48	5·19	5·41
Liverpool & London & Globe	5·52	5·66	5·86	4·04	4·20	4·37
London Assurance	5·86	6·06	6·40	4·44	4·61	4·89
North British & Mercantile	5·14	5·24	5·52	4·05	4·04	4·26
Northern	5·83	6·07	6·58	4·79	4·92	5·30
Phoenix	5·55	5·71	6·12	4·45	4·86	5·30
Royal	5·33	5·40	5·60	4·35	4·50	4·69
Royal Exchange	6·17	6·28	6·64	4·59	4·78	5·05
Scottish Union & National	5·91	6·17	6·56	4·73	4·72	5·06
Yorkshire	5·60	5·76	6·14	4·17	4·56	5·43
Average	5·67	5·86	6·16	4·44	4·63	4·99
Average of 43 Offices	5·83	6·05	6·33	4·61	4·82	5·08

* Excluding industrial life funds.

TABLE IV.—PERCENTAGE DISTRIBUTION OF NON-LIFE ASSETS OF 16 OFFICES—END 1960

Company	Mortgages, incl. Policy Loans	British Government Securities	Home and Overseas Govt. & Municipal	Debenture Stocks	Preference Shares	Ordinary Shares	Other Investments	Property	Cash, Agents' Balances, etc.
Alliance	17·4	15·4	10·3	3·2	3·9	13·0	...	7·9	28·9
Atlas	8·3	17·2	17·7	10·6	1·6	7·5	0·2	5·5	31·4
Commercial Union	3·2	11·7	21·0	14·4	6·3	11·8	...	5·2	26·4
Eagle Star	17·1	8·5	7·4	8·1	1·5	27·8	...	8·1	21·5
Employers' Liability	...	3·6	36·3	25·1	0·1	6·9	3·1	1·4	23·5
Guardian	6·4	6·6	11·3	11·0	3·1	12·7	14·1	5·2	29·6
Liverpool & London & Globe	3·4	5·0	39·2	19·0	1·8	14·3	...	0·6	16·7
London & Lancashire	4·6	11·5	17·1	22·5	3·6	11·6	...	5·2	23·9
London Assurance	4·1	12·7	16·9	14·3	1·4	19·2	...	5·0	26·4
North British & Mercantile	3·0	11·7	33·1	10·4	5·2	13·1	...	1·7	23·8
Northern	6·2	14·7	15·7	11·0	2·9	15·1	...	4·4	30·0
Phoenix	3·6	8·8	17·5	19·9	5·0	11·5	0·3	9·4	24·0
Royal	2·7	5·9	36·9	18·6	1·8	15·0	0·2	2·8	16·1
Royal Exchange	6·1	29·3	13·2	8·4	3·6	7·6	0·1	6·8	24·9
Scottish Union & National	2·7	10·3	18·7	9·8	10·4	14·7	...	1·2	32·2
Yorkshire	6·4	15·5	23·6	5·3	1·6	9·3	...	3·8	34·5
Average Non-Life Assets of 16 Offices	5·1	10·5	23·2	14·8	3·2	13·4	1·4	4·5	23·9

TABLE V.—PERCENTAGE DISTRIBUTION OF LIFE, ANNUITY AND CAPITAL REDEMPTION ASSETS OF 43 OFFICES—END 1960

Company	Mortgages, incl. Policy Loans	British Government Securities	Home and Overseas Govt. & Municipal	Debenture Stocks	Preference Shares	Ordinary Shares	Other Investments	Property	Cash, Agents' Balances, etc.
15 Mutual Life Offices									
Equitable	18·9	10·5	4·4	21·9	5·7	18·3	9·1	9·7	1·5
Friends' Provident (n)	35·6	14·9	1·0	7·3	2·5	17·0	10·7	8·1	2·9
London Life	19·4	23·4	2·0	11·0	3·8	28·2	...	9·5	2·7
Marine & General	17·7	22·5	0·2	9·4	9·9	23·3	0·9	12·1	4·0
National Mutual	15·8	18·5	1·7	10·1	7·7	35·4	...	7·9	2·9
National Provident	12·2	19·3	1·8	15·2	5·7	35·4	...	8·0	2·4
Norwich Union	38·2	8·0	5·2	7·9	1·3	14·3	4·8	17·6	2·7
Provident Mutual	4·5	20·6	3·1	28·0	10·7	25·9	...	1·3	5·9
Scottish Amicable	19·3	34·1	2·4	14·1	9·1	15·3	0·3	2·4	3·0
Scottish Equitable	24·1	18·6	1·7	14·9	9·8	26·9	...	0·7	3·3
Scottish Mutual	14·3	24·0	1·7	11·8	11·3	27·8	0·4	4·0	4·7
Scottish Provident	21·0	27·4	4·3	15·4	8·1	17·5	...	3·2	3·1
Scottish Widows'	2·7	39·9	0·8	9·3	8·3	35·3	...	1·6	2·1
Standard	18·7	8·8	8·5	26·9	9·7	25·4	...	1·0	1·0
UK Provident	11·6	11·4	11·6	5·3	6·3	36·5	...	14·9	2·4
Average	20·7	17·9	4·6	15·1	6·7	24·0	2·0	6·7	2·3
4 Proprietary Life Offices									
Clerical, Medical & General	26·5	9·2	0·1	1·9	1·9	27·9	8·9	18·6	5·0
Equity & Law	6·4	22·3	1·4	13·1	7·7	32·8	5·6	8·0	2·7
Scottish Life	23·8	15·5	0·6	17·7	10·0	26·1	...	2·6	3·7
Sun Life	35·1	19·0	2·1	21·6	2·4	12·3	...	5·0	2·5
Average	25·5	18·1	1·5	16·2	4·4	21·1	2·7	7·5	3·0
7 Industrial-cum-Ordinary Life Offices									
Britannic	29·8	25·5	5·3	8·2	3·0	24·1	0·1	1·5	2·5
Co-operative (b)	31·9	19·9	1·9	6·1	5·5	17·9	2·1	12·0	2·7
Pearl (b)	8·9	20·3	8·1	19·3	6·2	24·2	0·2	8·8	4·0
Prudential (b)	9·9	23·6	5·4	14·5	5·2	24·9	0·1	13·5	2·9
Refuge	22·3	26·4	4·6	14·3	9·8	14·8	0·5	4·5	2·8
Royal London	8·5	35·1	2·7	8·2	12·7	28·0	...	3·5	1·3
Wesleyan & General	33·3	24·5	3·6	7·1	10·5	14·5	...	4·9	1·6
Average	14·9	23·9	5·0	13·1	6·3	23·2	0·4	10·3	2·9
17 Composite Offices (c)									
Alliance	11·1	25·8	3·1	28·4	5·5	21·4	...	1·6	3·1
Atlas	19·8	28·7	1·2	15·9	6·5	15·6	0·1	8·6	3·6
Caledonian	20·5	25·8	4·3	15·8	10·1	16·4	...	3·7	3·4
Commercial Union	8·1	16·9	4·1	26·6	7·9	20·6	...	11·4	4·4
Eagle Star	21·8	20·1	2·9	13·0	4·0	26·8	...	8·7	2·7
Guardian	18·9	16·6	0·8	18·4	8·1	19·8	0·8	9·7	6·9
Law Union & Rock	21·8	23·2	6·5	19·1	6·2	16·6	...	4·2	2·3
Legal & General (b)	26·0	20·1	7·3	10·0	2·2	11·5	0·1	26·5	6·3
Liverpool & London & Globe	11·6	34·8	3·5	21·5	2·1	20·7	...	2·1	3·7
London Assurance	27·5	10·0	1·1	9·7	3·5	38·3	...	7·4	2·5
North British & Mercantile	24·6	29·1	5·4	15·3	3·2	17·4	0·8	0·8	3·4
Northern	15·6	12·9	5·1	23·7	8·6	30·6	...	0·5	3·0
Phoenix	24·6	17·9	4·1	19·7	5·9	21·6	...	3·8	2·4
Royal	17·7	34·0	5·9	17·5	1·7	18·3	...	1·4	3·5
Royal Exchange	12·6	20·0	1·6	26·9	7·0	13·9	2·3	10·4	5·3
Scottish Union & National	20·3	24·0	3·9	12·8	9·3	24·2	...	3·3	2·2
Yorkshire	12·8	18·8	1·3	7·0	0·8	26·8	9·9	18·7	3·9
Average	20·7	18·1	4·7	15·3	4·3	18·8	0·6	13·1	4·4
Average of 43 Offices	18·5	20·5	4·6	14·4	5·7	22·1	1·0	10·0	3·2

(n) Excluding Century assets. (b) Including assets of fire and accident branches. (c) Excluding assets of capital redemption branch.

Poor Underwriting Results

HOPES that general underwriting would show a profit in 1960 have been disappointed. In spite of record fire losses and severe storm damage on both sides of the Atlantic, fire account profits before charging overhead expenses were not far short of the balance in hand at the end of 1959. There was, however, a considerable setback on the much larger accident side of the business. The leading insurance companies, whose accounts are analysed in Table I, showed losses on general underwriting to the tune of £2.9 million, after providing for overhead expenses and tax. Increased transfers from life annuity and capital redemption funds still left the deficit at £500,000. Interest income had to meet this loss as well as the cost of higher dividends; but the buoyancy of the revenue from the assets of the general funds yielded £8,155,000, only marginally less than the surplus in 1959, to be added to free reserves.

A further improvement in the profitability of the bulk of the business done by British insurers in the United States was swamped by the havoc wrought last September by the hurricane Donna. Most of the British insurance companies that operate in America once again made an underwriting loss which, as Table X shows, totalled $12.4 million, compared with a loss of $8.3 million in 1959. Last year's fire wastage in America exceeded the record damage in 1959; on the other hand, the rise in motor premium rates in the United States has at last gone a fair way towards eliminating the heavy losses on this side of the business. Though familiar cries of woe have arisen from the marine underwriters and though cargo premium rates are still under pressure, surpluses transferred from marine funds in 1960 by the offices included in Table I amounted to £4.1 million, the largest profit since 1956.

This was the fifth successive year in which the insurance companies lost money from non-life underwriting. Profits are bound to fluctuate from year to year when premiums are based on long-term experience that includes (except in accident insurance) large, but relatively infrequent, claims. But the record of the past five years, and in particular the relapse in 1960, poses the question whether there may have been a fundamental change since 1955, when the offices included in Table VI made a net underwriting profit of £4.2 million from non-life premiums of £500 million.

UNDERWRITING losses in the United States have been the main cause of the trouble. The American system of control, with its frustrating delays in securing approval for rate increases no matter how justified these may be, has rightly received most of the blame. Fierce competition for the most desirable business abroad and, to a lesser extent, at home has also eroded profit margins. There is, nevertheless, no reason why general underwriting should not make money once again, though a return to the profits of the earlier postwar years does not seem likely; the net underwriting profits of the companies included in Table VI was £7¼ million in 1950 from premiums of less than half the £750 million received in 1960. The increase in rates for British motor insurance will help but it will not have a marked effect on this year's figures. If fire and accident underwriting breaks even after meeting overhead expenses, most insurance men will regard 1961 as successful. Fire losses in the first half of this year rose in North America, amounting to $670 million (against $604 million). At home there was a welcome reduction with fire losses amounting to £20.6 million (against £26.9 million). But it is too soon to assume that the abnormal losses of 1959 and 1960 are over; in each of these ye fire wastage was about £44 million, co pared with a previous annual average about £25 million.

Interest income from non-life assets h comfortably covered the underwriti deficits, financed higher dividends and making useful contributions to free reserv It is this buoyancy of non-life inter income which has made insurance shar popular with investors. They look for, a have duly received, steadily increasing di dends, although for many insurance co panies, non-life underwriting profits ha been few and far between. Insurers do n do badly if they can avoid underwriti losses on their non-life business, for t increase in premium income floats intere earnings up with it. Transfers from t rapidly growing life, annuity and capit redemption funds are also rising. Com pared with an annual average of £800,00 in the preceding ten years, £1,300,000 w brought into the profit and loss accoun of the leading composite insurance co panies included in Table I and X in 195 but the transfer was £1,500,000 in 1959 a £2,400,000 in 1960. Following bon declarations, the Eagle Star transferre £310,000 in 1960 (against £136,000 i 1959), the London Assurance £175,00 (against £30,000), the Northern £232,00 (against £33,000), the Norwich Union Fir £330,000 (against £25,000) from the Sco tish Union National fund, the Phœni £125,000 (against £7,000) and the York shire £208,000 (against £114,000). Mor than one quarter of the 1960 dividends o the Northern, Norwich Union Fire and Yorkshire were covered by life departmen transfers. For the offices as a whole th proportion of dividends covered by life department transfers was 12 per cent i 1960, 11 per cent in 1955 and 13 per cen in 1950.

TABLE VI.—PREMIUMS, UNDERWRITING, INTEREST AND DIVIDENDS—16 OFFICES*

Year	Premium Income†	Underwriting Profits†		Transferred from Life, Annuity and Capital Redemption Funds	Interest Earnings and Dividends		
		Amount	Ratio		Net Interest Earnings‡	Net Ord. Divs.	Ratio
	a	*b*	*b* to *a*	*c*	*d*	*e*	*d* to *e*
	£ mn.	£ mn.	%	£ mn.	£ mn.	£ mn.	%
1956	581·7	−5·4	−0·9	0·9	18·0	11·2	161·0
1957	634·6	−8·6	−1·4	1·0	19·5	11·8	164·6
1958	661·2	−5·3	−0·8	1·3	21·4	13·1	163·5
1959	701·9	−0·8	−0·1	1·5	24·9	16·8	148·4
1960	750·5	−2·9	−0·4	2·4	29·4	20·8	141·6

* Reduced by mergers from 20 offices in 1956 and 19 offices in 1957 and 1958.
† Excluding life, annuity and capital redemption business.

TABLE VII.—UNITED STATES' BUSINESS OF BRITISH INSURANCE COMPANIES AND THEIR AMERICAN SUBSIDIARIES TEN YEARS' EXPERIENCE
$'000

Year	Total Premium Income	Underwriting Profits	Investment Earnings*	Branch remittances and subsidiaries' dividends
1951	585,048	−11,742	29,364	14,519
1952	625,663	14,149	31,052	14,088
1953	654,223	21,970	33,234	14,650
1954	651,415	17,483	36,025	15,104
1955	663,170	7,808	37,933	18,042
1956	711,783	−33,504	41,036	17,047
1957	770,850	−58,373	42,893	16,606
1958	776,667	−34,404	44,771	14,322
1959	806,890	− 8,258	46,604	21,773
1960	842,616	−12,354	49,728	26,784

* Gross interest dividends and rents less investment expenses.
Source: Best's *Insurance Guide*.



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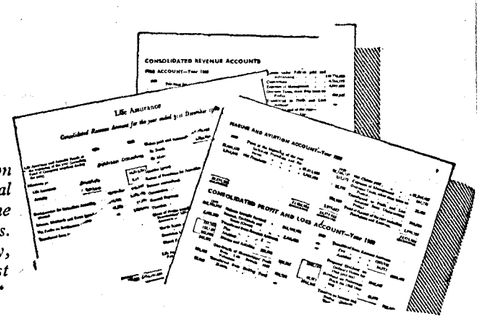
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Insurance Accounts: An Investor's Guide



Insurance shares are now ranked among the growth stocks of the London Stock Exchange but they are a type of equity investment requiring special knowledge and understanding. Much of their recent popularity is due to the energy and skill of a handful of stockbrokers in explaining their complexities. Without such guidance the lay investor, lacking the expertise of an actuary, may find it difficult to judge the merits of an individual share. The most serious obstacle to his understanding is the necessarily complicated form and matter of an insurance company's accounts.

THE form in which insurance company accounts are returned to the Board of Trade is minutely prescribed by the Insurance Companies Act, 1958. Because of the considerable amount of detail required, the Board of Trade returns are only rarely available for publication at the time of the annual general meeting, and the abridged accounts which are then presented to shareholders inevitably give considerably less information. The investor, in fact, has to look at three distinct sections of the accounts: the departmental revenue accounts; the profit and loss account; and the balance sheet.

The departmental revenue accounts are the trading accounts of an insurance company. Normally they are presented separately for fire, accident and general, and marine business, though some companies in their published accounts—and all must in their Board of Trade returns—further subdivide the accident and general account into personal accident, motor vehicle, and miscellaneous business. Revenue accounts are also presented for life and annuity business. The income of a fire or accident account as normally published consists of the premiums received, and the outgo includes claims (both paid and outstanding), commission, expenses of management, certain taxes and the increase in departmental reserves. The balance of premiums that is not actually required to pay claims and expenses is available for investment and the income from the investment of these departmental funds, though earned by the fire or accident premiums, is normally carried straight to the profit and loss account and not shown separately in the departmental revenue accounts.

A large proportion of fire and accident business is transacted on a yearly basis—although the long term business is increasing—and on December 31st the business on the books for which premiums have been paid in the preceeding year will range from policies taken out on January 1st, for which there will be virtually no liability (apart from unnotified claims), to policies taken out on December 31st, which will be at risk for the whole of the ensuing year. It is therefore customary to set aside a fixed percentage of the year's premiums for this "unexpired risk"; a common figure is 40 per cent, though higher percentages up to 60 per cent are not unusual. This reserve forms the fund of the fire or accident department on December 31st. Any difference of income over outgo, less any increase in the reserve required by an increase in the premium income, is available for transfer to the profit and loss account and may be regarded as the profit of the particular account. This amount can be expressed as a percentage of the year's premiums and the "profit ratio" so calculated provides a basis of comparison between different accounts and different companies. An expanding premium income will appear to reduce the profit, because at least 40 per cent of the additional premiums will be required to augment the reserve against unexpired risks. But provided that underwriting is profitable shareholders will look for an expanding premium income as pointing to an increase in earnings and an increase in investment income from the larger fund.

The marine revenue account is similar in form to the fire and accident account, but owing to the length of time taken to settle claims this account is usually kept open for two, three or four years. Accounts are often shown separately for "current year," "last preceding year" and "previous years," and transfers are made to the profit and loss account only from the accounts of "previous years." The total reserve for outstanding claims for all years is always more than the premium income for the current year. The ratio of reserves to premium income is often used as a rough indicator of the strength of the fund. A steep rise in premiums will have the effect of reducing the ratio for merely statistical reasons. Similarly a transfer to the profit and loss account will reduce the ratio. But, provided such points are kept in mind, this ratio is one of the few yardsticks that an investor can apply to a marine fund.

THE life and annuity revenue accounts cannot be interpreted in the same way as the accounts of the other departments. These accounts show each year the fund at the beginning of the accounting period, the additions by way of premium income and interest (less tax) and the outgoings consisting of claims, surrenders and expenses, the balancing item being the fund at the end of the accounting period. What the revenue accounts do not show is how the fund compares with the liabilities which it has to meet. In order to assess the liabilities an actuarial valuation must be made at the end of every five years; this is the minimum requirement but many offices value at three-yearly intervals while industrial-ordinary offices value annually. A comparison of the amount of the fund with the value of the liabilities shows how much surplus there is available. What proportion of the surplus the directors consider is distributable is shared between policyholders and shareholders according to the company's articles, but the shareholders' portion is nowadays rarely more than 10 per cent and generally rather less. It will be seen that life department revenue accounts unaccompanied by the periodical valuation tell the investor very little. The most helpful factor therefore to watch, between valuations, is the net rate of interest earned on the fund. This is normally found by the formula:

$$\text{Rate per cent} = \frac{2 \times I}{A + B - I} \times 100$$

Where A = fund at beginning of year; B = fund at end of year; I = net interest earned in the year.

Since the surplus on a life fund consists to a large extent of interest profit a comparison of the rate of interest so calculated with the rate assumed in the previous valuation will give some rough indication of the emerging surplus on the life fund; but such a comparison leaves a considerable margin for error, not least because the

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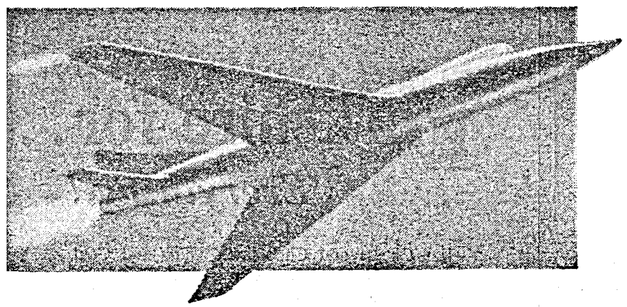
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necessity of setting up adequate reserves for an increase in business will almost certainly have the effect of holding up the emergence of surplus.

For a composite company (one transacting life business together with fire, accident and marine business), the chief items of income in the profit and loss account are the transfers from the revenue accounts (underwriting profits) and interest, dividends and rents (investment income). When a surplus is declared after an actuarial valuation of the life, annuity, or capital redemption funds, it is usual for the shareholders' allocation to be transferred to the profit and loss account in equal annual amounts over the intervening period—the two to five years—before the next valuation. Other miscellaneous sources of income include transfer fees (for those companies which still charge them), trustee fees, and exchange and investment profits. Profit and loss outgo consists mainly of taxation on investment income, other UK taxation, and any overseas taxation not already charged in the departmental accounts. Provision for staff superannuation is also fairly heavy and, in addition, there are miscellaneous provisions such as bad debts or losses on exchange. The balance between income and outgo, which includes the office's underwriting results for the year, may be regarded as the net earnings after tax for the year available for the payment of dividends. Underwriting is notoriously a cyclical business and no company would be expected to show a consistently upward trend of underwriting profits. The investor commonly uses as a guide the ratio of net earnings to the net dividend to establish the earnings cover; he would be well advised to use this ratio in conjunction with the cover provided by the gross investment income for the gross dividend. It is, in fact, investment income that is the yardstick of success and the indicator of dividend prospects. In 1957, the worst of recent years in underwriting experience, the dividends of twenty large companies were barely covered by earnings; but they were covered one and a half times by investment income. In 1960, the dividends of the same companies were some 75 per cent higher, and they were covered one and one third times by both net earnings and investment income.

In the balance sheet, liabilities include the capital, capital and revenue reserves, the departmental funds and various other liabilities and provisions (of which the most important is "claims admitted but not paid"). The life fund assets and life fund liabilities usually cancel each other out in the consolidated balance sheet, and a life fund balance sheet is presented separately. The total of capital and the capital and revenue reserves represents the "free reserves" and when divided by the number of shares corresponds roughly to the "net asset value" of an industrial share. Assets include fixed and current assets, and it is usual to group together the fixed assets in categories—mortgages and loans, government and municipal stocks, debentures, preference shares, ordinary shares, property and other investments—and to express each category as a percentage of the total.

An assurance company is not required to show the market value of its investments but only to certify that they are, in the aggregate, fully of the value stated. For the majority of insurance companies, government stocks are worth less than their book value while ordinary shares are worth considerably more. The percentage in each category, by book value, may therefore be misleading in terms of market value but by subtracting the book values of the previous year from those of the current year the investor can gain some idea of the categories in which new money has been invested over the year. Then by examining the various stock indexes, he can judge whether a policy of, say, investing in debentures rather than industrial shares is likely to have been successful.

Prospects for Graduated Pensions

Easter Monday, April 3, 1961, brought into force the scheme of graduated pensions introduced by the National Insurance Act, 1959, with its provisions for contracting out, by their employers, of employees covered under adequate occupational schemes.

A LARGE number of pension schemes are based on insurance contracts, and in respect of these the life offices, pension consultants and insurance brokers shouldered a great burden of work in the preceding months to ensure that employers were fully advised. Virtually all employers who elected to contract out received their "Certificates of Non-participation" in time—clear evidence of the success of their efforts and those of the Registrar and his staff. In addition, many new schemes, with benefits generally above the maximum provided in the state scheme, were introduced for the specific purpose of contracting out.

It was heartening to the life offices that in the event the number of employees contracted out was over 4¼ million, against an original estimate by the government of 2½ million. There is good reason to believe that this number will increase. Many offices, consultants and brokers will be encouraged to persuade employers to bring their employees under an occupational pension scheme and then contract them out. The contracting out arrangements will involve considerable administrative work, but schemes secured by insurance contracts will carry the assistance of the life offices in these and other matters. The co-operative attitude adopted by both the Ministry of Pensions and the Registrar of Non-participating Employments has been of the greatest assistance to those concerned with the detailed arrangements.

Immediate thought has concentrated on the specific question of whether or not to contract out of the graduated part of the new state scheme. But in the long run the most important aspect of the National Insurance Act, 1959, may well be that it introduced compulsory preservation rights into occupational schemes. This matter has been under considerable discussion since the war, figuring prominently in the reports of as many as three official committees and in the discussions of professional bodies such as the Institute of Actuaries. The broad consensus of informed opinion was that preservation of pension rights on a basis graduated according to length of service was desirable but that, in the absence of compulsion, it was likely to develop only slowly. This element of compulsion has been introduced by the National Insurance Act, 1959. The outcome of the provision for contracting out is that no fewer than 4¼ million people are now entitled to compulsory preservation of pension rights at the maximum level of benefits provided by the state graduated scheme. Admittedly, this level of preservation is low, but since the beneficiaries represent some 40 per cent of the total present membership of occupational schemes, there can be no doubt that an entirely new situation has been created and that the level of preservation itself will rise.

Compulsory preservation of pension rights in respect of contracted-out employment may be effected either under the occupa-

tional scheme or by means of a "payment in lieu" under the state scheme. There is clearly a practical minimum to the pension which can be preserved under occupational schemes, and for this reason it will be some years before employees acquire preserved pensions under a number of different occupational schemes. When this situation does arise, however, co-ordinating the payment of such pensions may present a problem. No formal announcement has been made by the representative bodies of the life offices, but they have already given a great deal of thought to the matter and when the problem becomes a reality they are likely to be operating suitable arrangements for co-ordinating the payments in respect of a number of pensions preserved for one individual under schemes secured by insurance contracts.

Since the possibility of a graduated element in the state scheme was first raised in the Labour Party's booklet *National Superannuation* in February, 1957, there has been much speculation about the effect on the pensions business transacted by the life offices. There can be little doubt that, as on previous occasions when extensions have been made to the state scheme, it has brought a considerable net increase in business to the offices. Even where employers have decided not to contract out, they have in most cases decided to continue their own private arrangements unaltered and very few have entirely cancelled their arrangements.

So there is plenty of encouragement for life offices, consultants and brokers to direct their main efforts to the provision of more adequate pensions for the so-called "uncovered 50 per cent" who are not at present covered by an occupational scheme. An obvious corollary to this is that time spent in altering existing private arrangements of whatever kind for insubstantial reasons will not be in the widest interests of the private sector as a whole.

The burdens imposed on the life offices, consultants and brokers by the alterations to the pensions background brought about by the *Finance Act, 1956*, and by the *National Insurance Act, 1959*, have inhibited the spread of private pension schemes. The Finance Act, 1956, led to the wholesale remaking of existing schemes secured by insurance contracts so as to afford employees and employers the advantages of more favourable tax treatment. For offices running a large number of schemes, this task was far from complete when they had to give detailed attention to the proposals which culminated in the National Insurance Act, 1959. It would assist the spread of private pension provision if the government forbore from further legislation in this field for some years.

Variable Insurance Contracts

Insurance contracts providing variable forms of annuity and life benefits are comparatively new in this country, the first appearing in 1957 and the latest this year. These policies link the value of the benefits with the price movement of units in a unit trust or with the value of the investments in a special fund.

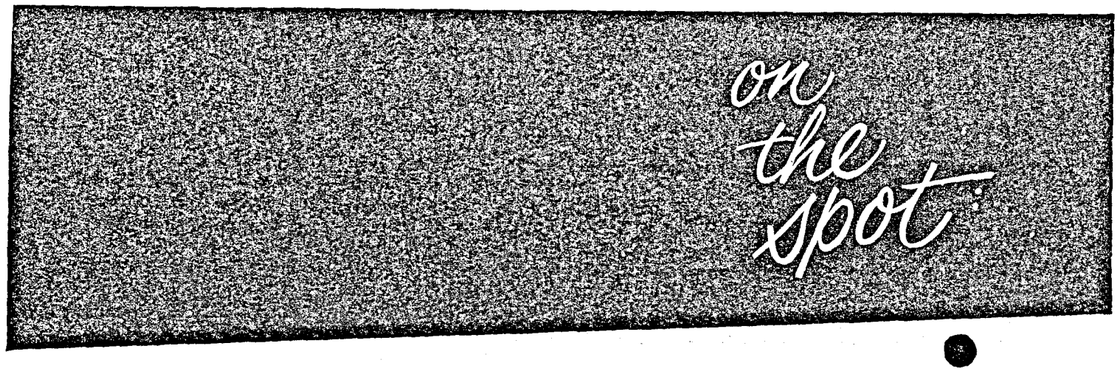
THE reasoning behind the variable annuity is that, broadly speaking, ordinary share prices should move in line with other prices and that on retirement the annuitant's real income will be protected to some extent against any fall in the value of money. The policyholder secures the maximum return (it could, in theory, be a loss) and the office writing the policy shoulders none of the investment risk, as it would if it backed a conventional annuity by a fund of ordinary shares. The policyholder gains the full equity advantage but he also carries the full equity risk. This, in other words, is an annuity for the sophisticated policyholder who realises that his income on retirement may vary quite widely. The variable endowment schemes link the sum payable on death or maturity to the price of the underlying units and the policyholder carries the risks and advantages of an equity portfolio.

VARIABLE ANNUITIES

THESE specialised forms of contract have been issued by two offices, the London and Manchester and the Northern, for several years. The policies are issued only to self-employed and other persons for whom no approved pension arrangement is available. Those who can hold these policies and the amounts of premium which they can pay are set out in the 1956 Finance Act, which allows the premiums paid to be offset against relevant taxable income. The offices can recover most of the tax deducted from dividends received on investments so that in effect there is a gross roll-up of premiums.

The London and Manchester plan provides benefits linked in value to the day-to-day price of Investment Trust Units. The minimum premium is £200 in any year and the premiums are converted into a number of variable annuity units which are payable from an agreed pension age between the 60th and 70th birthdays. Normally the annuity is payable for a guaranteed minimum period of five years and for life thereafter. The current price of Investment Trust Units determines the number of annuity units secured by each premium paid; similarly, when annuity payments fall due in the future, the value of each payment will be based on the then current price of Investment Trust Units. The London and Manchester contract guarantees the rate of expense, investment yield and the mortality risk, so that the policyholder is concerned only with fluctuations in the price of Investment Trust Units; any profit or loss on the other factors is the affair of the London and Manchester. If the policyholder dies before the selected pension age a return is made to the estate in cash of all premiums paid under the policy. The policyholder can also elect to accept a reduced personal annuity to provide for a reversionary annuity to his wife should she survive him.

The **Northern** plan works on different lines. All premiums paid are carried to a special variable annuity fund which, normally, is invested entirely in ordinary shares. The fund has to bear the expenses of running the business within certain limits; but subject to this, all the benefits—capital appreciation, investment income and mortality profit—accrue to the policyholders. The minimum first premium is £100 and the method of operation is to allocate for each premium received a number of "accumulation units" based on the current value of these units, which is tied to the value of the investments in the special fund. The policyholder need not decide at the outset when the annuity will begin and may choose, in due course, any date between the 60th and 70th birthdays. A variety of options are available: he can choose an annuity in variable form or for a fixed amount; he may take it for life only or for a period not exceeding 10 years and for life thereafter; and he can reduce his personal annuity to include his dependants' reversionary annuity in the contract. If a variable annuity is selected, the "accumulation units" are exchanged for a number of "variable annuity units" when the annuity begins and the quarterly annuity payments then vary with the value of these units. Should



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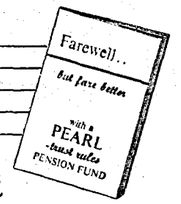
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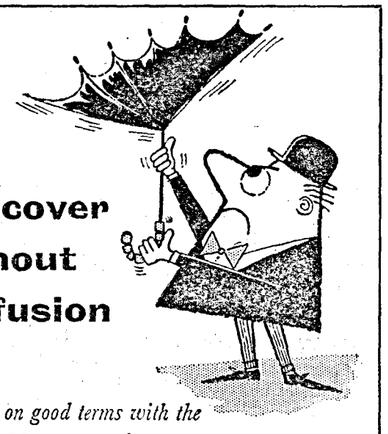
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the policyholder die before his annuity instalments begin, his estate receives the net value as at the date of death of the accumulation units standing to his credit.

VARIABLE ENDOWMENT ASSURANCE

THE premiums under the first four of the five plans discussed below are eligible for life assurance tax relief within the usual limits. Under the fifth plan the endowment assurance policy forms part of an approved pension arrangement where the premiums are paid by the employer and therefore attract tax relief.

The **Equitas** policy issued by the London and Edinburgh is an endowment assurance which guarantees a basic sum but links the value of the benefit with the price movement of shares in the Unicorn Trust. The policies are issued for terms of 5 to 25 years. For a policy for a basic £1,000 for a term of 10 years, as an example, each year's premium can be regarded as securing one-tenth of the basic sum assured. On the first premium, the policyholder obtains a benefit related to the value of a number of share units corresponding to a purchase price of £100. Further calculations are made at each renewal date on the basis of the then current price of the share units. When the policy matures, a cash settlement is made on the basis of the value of the share units deemed to have accumulated over the term, but with the guarantee that the sum payable will not be less than the basic £1,000. If the policyholder dies during the term of the policy, the cash settlement is made up of the value of the share units deemed to have been purchased to date of death plus the proportion of the basic sum assured not converted into share units. This again is subject to the guaranteed minimum payment. So far this is the only policy offered with a guaranteed minimum sum payable on death or maturity and this is allowed for in the premium.

British Life Office and British Life Units offer another plan, **British Life Unit Assurance.** This provides by means of an endowment assurance an initial sum assured and a target of not less than £1,000 to be invested over the life of the policy in the units. Policies are issued for terms of 12, 15 or 20 years and the premiums are payable quarterly. The plan includes an investment programme showing the amount available for investment in British Life Units on each quarterly renewal date at the current price. The essence of this scheme, as distinct from the Equitas plan, is that the investment of cash into units steadily increases with each premium paid. At the end of the period the accumulated holding of British Life Units is passed to the policyholder. Should the policyholder die during the period of a contract designed, say, to implement the minimum investment programme of £1,000, the amount available would be the British Life Units already secured plus a cash payment of the balance of the investment programme not completed (that is £1,000 less the sums already invested in British Life Units).

The **M & G Trust Assurance Plan** is a variable endowment assurance issued by M & G Trust (Assurance) Ltd in association with London Life. The initial cash sum assured is equal to the total premiums to be paid over the term of the policy. Each premium paid, less a fixed management charge and the cost of assuring the cash payment on death, is invested in units of the M & G General Trust Fund, which are allocated to the policy, together with the income from accumulated units, which is invested in further units which are similarly allocated. In effect, this is a roll-up of dividend income. Policies are usually for terms of 10 to 35 years but with maturity age not beyond 70. The minimum annual premium is £20. At the maturity date the accumulated trust units are passed to the policyholder. On the death of the policyholder during the term, the benefit is made up of the fund of units built up under the contract plus a cash sum equal to the whole of the annual premiums which would have been paid from the date of death up to the end of the term.

The British Shareholders International Trust, in association with Eagle Star and Guardian, offer the **Executive Savings Scheme,** which provides a variable endowment assurance where the sum assured is shown as a number of BSIT units equivalent to a cash sum of between £1,000 and £4,000 based on the price of units on the date the policy begins. The initial premium is one-quarter of the cost of the units followed by uniform annual premiums over the term of the policy. In effect, the office immediately purchases BSIT units equivalent to the total sum assured in advance of the receipt of most of the premiums. On maturity the BSIT units secured by the policy are transferred to the policyholder ; on death during the term, the units secured are transferred to the estate.

The British Shareholders Trust in association with the Eagle Star has recently introduced a plan—**BST Unit Retirement Scheme**—similar in method of operation to the Equitas policy. The BST policy, however, is not generally available to the public but is intended to provide part of the benefit under an approved " top hat " pension scheme. A feature of a " top hat " arrangement is that normally a part (usually one-quarter) of the value of the benefits at pensionable age may be commuted for a cash payment, which under current regulations is not liable to income tax or surtax. Under the scheme an endowment assurance policy is effected by the employer in terms of BST units to a value not exceeding the part of the member's total retirement benefits which it is expected may be commuted. Over the term of the policy the sum so assured is gradually changed into the value of a number of BST units. On retirement the BST units are transferred to the member who can retain them as an investment or sell them ; the balance of the pension arrangement securing an annuity is provided by a separate policy. On death during the term, the amount payable will be a proportion of the basic sum assured plus the value of the number of BST units deemed to have been purchased.

REGULAR SAVING IN A UNIT TRUST PLUS LIFE ASSURANCE COVER

BRITISH SHAREHOLDERS INTERNATIONAL TRUST in association with the Eagle Star has produced a plan called the **Regular Savings Scheme,** for regular savings in BSIT units, by which any individual aged under 55 can contract with BSI Trust to buy a fixed number of units (between 10 and 100) each month at the price then ruling. The contract is for one, two or three years. Should the person die during the period of the contract the life cover provides the value of the balance of the units which would have been purchased to the end of the contract. Thus if a policyholder who has contracted to buy 10 units per month for three years dies at the end of the second year, his estate will receive the 240 units already accumulated plus a cash sum equivalent to the value of 120 units at the date of the death. To the extent that the death benefit is the value of a number of units of fluctuating price this is a form of variable assurance. The cost of the life cover is met by the trust.

*

DEFERRED annuity contracts, as a rule, cover a long period of years, partly while the premiums paid are accumulating and thereafter while the annuity is being paid. Variable annuities appeal to that section of the public who believe that, taking a long view, an investment in equities will give the best results. Premiums received by the two offices concerned amounted to about £380,000 in 1960. It is reasonable to suggest that a combination of a fixed annuity contract and a variable annuity contract may provide the ideal method of providing a retirement annuity of the self-employed type permitted by the 1956 Finance Act. Some of the variable endowment assurance plans have only recently been offered and it is too early to assess the success of this form of life assurance. If variable life assurance proves popular, then similar plans may well be devised to meet the public demand.

BRITISH INSURANCE

Pension Schemes with Profits

This article is based on answers to a questionnaire sent out to twenty-eight insurance offices that offer deferred annuity policies with a participation in profits.

In their nature, life assurance and pension policies are long-term contracts. In a pension policy, the period between entry into a scheme and normal retiring date may be as long as 40 years and the pension may be paid for 15 years or more; the complete span may thus cover over 50 years. To determine the premiums which ought to be paid, the actuary of the office concerned has particularly to take into account the rate of interest he should earn on the premiums received and the rates of mortality which are expected. Economic and fiscal considerations which may vary from time to time will affect the rate of interest while rates of mortality may be positively affected by medical discoveries.

Before 1939 the rate of interest which could be earned by an office on its funds was relatively stable. In 1928 some offices were assuming in their premium calculations a net rate of interest as high as 4½ per cent and were prepared to guarantee premium rates in respect of all benefits to be bought for then members of a scheme. Since 1946 interest rates have fluctuated widely and may continue to do so in the future; this has made the assumption of a rate for calculating premiums more problematical. An actuary has to exercise reasonable caution, and at times the interest earned exceeds what he assumed. This has led, within the last decade, to the development of with profit deferred annuity policies which benefit the employer if the rate of interest earned is higher than the rate assumed. The policy premium under a with profit contract is, however, higher than under a non profit contract, but against this the employer is entitled to receive a bonus based on the profits of the office. At the moment this bonus may be sufficient to reduce his total outlay under a with profit contract below that under a non profit contract. But a marked fall in interest rates or an appreciable lengthening of the expectation of life would result in lower bonuses—or in an extreme case, perhaps, no bonus at all.

The number of offices offering a deferred annuity policy with participation in profits has steadily increased. There are now twenty-eight, representing about one-half of those transacting life business. Three of these offices issue policies only on a with profits basis for new schemes. For most of the offices which have been offering a choice between the two types at least 50 per cent of the premium income under new schemes last year was in respect of with profit policies, and in some cases practically all the new business was with profits. Many offices require a minimum number of employees or a minimum annual premium before they are prepared to undertake a with profit scheme. Seven offices have no minimum, but broadly speaking the smaller the scheme the more restricted is the field of choice of an office. On the other hand, there is no maximum limit on the number of employees or the premium payable.

The conditions applicable to a with profit policy, the methods of sharing in the valuation surplus and the methods of arriving at the cost to the employer vary from office to office. There are also different ways in which the contributions payable by the employer may be calculated. Any comparisons of outlay, unless accompanied by a detailed explanation which would be outside the scope of this article, would therefore be misleading. But irrespective of whether the pension benefits are secured under a with profit or a non profit policy, there are three methods by which the costing of a scheme can be carried out—annual premium, single premium and controlled funding.

Under the **annual premium method,** when an employee enters the scheme, the cost of his prospective pension at the normal retiring date is spread evenly over the years of his future service and the cost of any future increases in pension are similarly spread. In a contributory scheme the employee bears his proportionate share of the cost.

Under the **single premium method** pensions are purchased from year to year as they accrue. For example, if according to an employee's salary grade he earned £15 of pension for each year of service in that grade, that amount of pension would be bought each year. In a contributory scheme the employee's contribution is applied in the first place to purchase as much as possible of the pension due to be purchased for him in a particular year and then the employer purchases any balance. The actual amount of the pension purchased by the employee's contributions and the cost to the employer of the balance will depend upon the age of the employee on the date on which the pension is purchased. As the employee becomes older so his contributions will purchase a smaller amount of pension, leaving a greater amount to be purchased by the employer. Taking two schemes similar in all respects, under which both numbers and benefits remain static, the cost under the annual premium method in the earlier years is greater than under the single premium method and lower in the later years. In practice, employees leave or retire and their places are taken by younger employees so that taking into account all factors the single premium method is the one usually adopted. It is, however, unsuitable for very small schemes where it could lead to wide fluctuations in cost.

The third method, **controlled funding,** attempts to keep the cost of pensions to employers more level. On certain assumptions about rates of interest and rates of mortality and taking into account the ages of the employees covered by the scheme and their salaries, it is possible to estimate what contributions will purchase the pensions as they emerge. The employer's contributions are therefore allocated as they are paid towards the pensions according to the seniority in age of the members of the fund. Such a method of funding is more suitable for large schemes and when used in conjunction with a with profit policy produces an arrangement similar to a self-administered fund. Not all three methods are offered as choices by all offices transacting with profit business. Nine offices, for example, only offer the controlled funding method. But of the other offices practically all offer the employer a choice of at least two, and some offer all three.

Another method of securing the pensions of employees is to build up a fund by a **deposit administration contract.** The aim here is to set up a fund from which the necessary amount of capital is transferred to purchase pensions as and when they become payable. Two offices issue this particular type of policy and a charge of 5 per cent is made only if the moneys are applied to purchase a pension elsewhere in the market. The contributions to the fund are, broadly speaking, calculated on the same principles as those used in the controlled funding method. The interest element in these schemes is, in the case of one office, geared to the yield on its life and annuity fund and in the other to the rate of bonus declared on a defined class of endowment assurances.

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The offices with one exception are prepared to attach guarantees to their premium rates. The guarantees vary from office to office and in order to compare the guarantees offered by any two offices regard has to be paid to the rates of interest assumed in the calculation of the premiums. A lower rate of interest assumed should, for example, enable an office to grant a longer period of guarantee. The outlay on, or the amount of, the pension is affected by the bonuses declared and there are various methods by which the bonus is translated into relief or benefit to the employer or pensioner. The simplest form is adopted by a number of offices which declare their bonuses as cash discounts of premiums. The actual method of calculation varies as between one office and another ; for example, one office calculates the bonus on the average actuarial reserves held during the triennium under review, while another calculates it on the total premiums actually paid. In other cases the bonus is calculated by reference to more than one factor, including, for example, the yield on the office's life and annuity fund or the yield on 2½ per cent Treasury stock. In such cases the aim is to give the employer the benefit of the difference between the assumed rate of interest and the rate earned.

Other offices declare bonuses as a percentage increase in the pension and four offices declare a maturity bonus when a pension becomes payable. In these cases the bonus may be allowed to remain as a permanent increment to the pension. This gives employees an increase in benefits without an increase in outlay. Alternatively, the bonus may be taken into account in calculating the amount of pension to be bought by the employer ; this reduces the amount of pension to be bought by him in any particular year and consequently the total cost of the scheme in that year. In their initial calculations some offices assume that a certain rate of bonus will be declared, and the employers' outlay is then calculated on this assumption. In such cases the outlay will be reduced only if the rate of bonus declared exceeds the rate assumed. A reduction in interest rates would, however, be slow to depress bonuses because of the yields obtained on past investments.

THUS there are several methods of costing, various guarantees attaching to the premium rates and various forms of bonus or rebate. The variety of contracts offered makes it easier to meet the varying requirements of employers. In some cases the benefit is immediate ; in others it is deferred. An employer who prefers to rely upon an insurance company to guarantee the payment of pensions and other benefits can, by effecting a suitable with profit policy, secure advantages comparable with those which, in current economic circumstances, are available to a self-administered fund. Such an arrangement could, taking into consideration all factors, prove no more costly, and might even be cheaper, than a self-administered fund. Moreover, it is not necessary to secure all the benefits under a pension scheme on the same basis ; an employer can, for example, secure one half on a non profit basis and the other half on a with profit basis. These matters are obviously complex ; and any employer who feels that a with profit policy might be the most suitable means of providing pension benefits for his employees will need the guidance of an expert in pension business.

Home Service Insurance

HOME service life assurance has been out of the public eye during a decade of Conservative rule. Its progress has been more pedestrian than that of the ordinary life and pensions departments, but industrial life funds now exceed £1,400 million and the business makes an annual contribution to savings of the order of £75 million. Last year, in fact, industrial assurance funds rose by more than £80 million, though the number of industrial assurance policies in force has continued to decline. The decline has been wholly in policies for which premiums are being paid and the number of free paid-up assurances has risen.

New industrial life sums assured in 1960 by the ten leading offices included in table VIII, which account for over 90 per cent of the total business done by the 14 insurance companies and 90 or so friendly societies in this field, rose by £21 million to £357 million. As in the ordinary life branch, endowment assurances have predominated. The aggregate industrial life premium income of the ten companies was £178½ million, compared with £170¼ million in 1959. Expenses absorbed 32.6 per cent of these premiums, a slight reduction on 1959. Expense ratios in industrial assurance run at about twice the average level in ordinary life business, but the offices towards the lower end of the scale cannot fairly be criticised, when the cost of collecting premiums at the policyholder's door weekly or monthly is taken into account ; this is, after all, the essence of the business. Costs in fact are being held down in the face of increases in wages, which form a substantial part of industrial life expenses. In 1949, the average expense ratios for insurance companies and for collecting friendly societies were 29.0 per cent and 39.5 per cent respectively ; in 1959, the corresponding figures were 31.6 per cent and 36.1 per cent. High expense ratios are nowadays confined almost entirely to small collecting societies whose annual premium income does not exceed £2,000. In 1959, the latest year for which official statistics are available, the average expense ratio for the 55 societies in this category was 63 per cent.

Industrial branch policyholders share in the prosperity of the offices. In the Prudential, for example, the current industrial branch bonus is 38s. per £100 assured, plus an additional bonus on death or maturity at the same rate as in the ordinary branch.

The lapse ratio rose in 1959 against the postwar trend. For industrial assurance companies it was 17.1 per cent in 1959, compared with 15.2 per cent in 1958 and 24.3 per cent in 1949 ; for the friendly societies the lapse ratio was 18.0 per cent in 1959, compared with 16.5 per cent in 1958 and 23.2 per cent in 1949.

TABLE VIII.—INDUSTRIAL LIFE ASSURANCE, 1959–1960

	Fund at End of Year		Premium Income		Net New Sums Assured		Expense Ratio		Net Yield per cent on Funds	
	1959	1960	1959	1960	1959	1960	1959	1960	1959	1960
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	%	%	£ s. d.	£ s. d.
Britannic	67·9	73·7	9·8	10·3	16·4	17·1	30·7	30·9	5 15 6	6 2 10
Co-operative	131·0	144·9	26·5	27·9	49·3	50·4	27·3	27·0	5 14 11	5 18 2
Liverpool Victoria	135·2	143·9	18·2	19·4	40·5	44·0	32·5	32·1	4 17 7	4 19 6
London & Manchester	32·5	34·8	4·1	4·4	7·3	7·7	30·3	30·7	5 17 1	5 19 7
Pearl	149·2	158·5	21 2	22·3	43·4	52·1	31·2	31 3	5 19 10	6 7 1
Prudential	472·6	497·0	56·0	58·2	110·1	115·3	30·9	30·4	5 7 0	5 12 7
Refuge	74·3	78·7	11·2	11 7	19·6	20·0	35·5	34·6	5 15 0	5 17 0
Royal Liver	70·5	74·0	9·5	10·0	19·4	18·3	33·9	33·0	4 11 9	4 14 2
Royal London Mutual	96·8	103·4	11·0	11·5	24·1	26·5	36·2	36·0	5 12 2	5 15 8
Wesleyan & General	18·6	19·4	2·7	2·8	5·4	5·3	41·1	39·7	5 4 6	5 8 7
Total 10 Offices	1,248·6	1,328·3	170·2	178·5	335·5	356·7	33·0*	32·6*	5 9 6*	5 13 6*

* Average.

BRITISH INSURANCE

Bumper Bonuses

HOLDERS of life policies that participate in profits are doing better than ever before. Competition for new business ensures that the unprecedented prosperity of the offices is reflected fully in bonus rates and bonus declarations this year have left the 1959 high water mark well behind. These bonuses stem largely from high interest rates and buoyant income from equities (including property let at rack rentals). They do not owe a great deal to increasing longevity. The charge for the death risk in the predominant endowment assurance class is now so small that there is little scope for profit from this source. Nor, given booming new business, can economy in management contribute much. New whole life and endowment assurance policies at first show a book-keeping loss; the costs of getting the business and setting up the policy can absorb the whole of the first year's premium and are written off immediately, being recouped over the whole term of the contract. The majority of with-profits policyholders benefit also from the gearing effect of the surplus from non-participating business (including pension schemes), though a few offices keep separate participating and non-participating funds.

ORDINARY LIFE PARTICIPATING POLICIES REGULAR BONUSES PER CENT PER ANNUM **

	1950	1955	1960
ANNUAL DECLARATIONS			
Co-operative	28/–S	38/–S	48/–S
Pearl*	28/–S	40/–S	52/–S
Prudential*	28/–S	42/–S†	56/–S†
QUINQUENNIAL DECLARATIONS			
London Assurance	30/–C	45/–C	55/–C†
Northern	37/6S	40/–S	58/–S
Norwich Union‡	32/–S	42/–S*	55/–S*
Scottish Amicable	32/6C	42/6C	52/6C
Average net yield on the life annuity and capital redemption assets of 43 offices	% 3·50‖	% 4·22‖	% 5·09
TRIENNIAL DECLARATIONS			
	1954	1957	1960
Commercial Union	37/6C (1952)	50/–C	55/–C
National Provident‡§	42/6S	52/6S	45/–S†
Sun Life	40/–S	46/–S	56/–S
Average net yield on the life, annuity and capital redemption assets of 43 offices	% 4·06‖	% 4·52	% 5·03

** Examples of recent bonus increases.
S=Simple bonus. C=Compound bonus. *On UK policies: different rates apply overseas. † Excluding special bonuses. ‡ On endowment assurances; a higher rate of bonus is paid on whole life policies. § Minimum rate: bonuses on sliding scale. ‖ 42 offices.

Two of the leaders in the industrial-cum-ordinary field have improved on the rough justice that is done by the simple bonus system which is usually adopted by the offices. Neither simple bonuses (based on the sum assured alone) nor compound bonuses (which get nearer the mark by bringing existing bonuses into account) closely relate the period that each policy has been in force to the incidence of the profits which are being allocated. Since 1956 the Prudential has been declaring a supplementary bonus on policies which become claims by death or maturity, in recognition of the prior claim of older policyholders to "the substantial increases in the dividends on our holdings of ordinary shares in this country . . . that had largely arisen from investments made in the past." The current rate (additional to the normal bonus for 1960 of 56s. per cent simple) is 15s. per cent simple for each year that the policy was in force before 1959, with a ceiling of £27 for each £100 of participating sum assured. The Royal London Mutual, which exceptionally for an industrial-cum ordinary office declares its bonuses qui quennially, has allotted simple bonuses 40s. per cent for 1956 and 1957, 44s. f 1958, 48s. for 1959 and 50s. for 196 together with a special bonus of 10s. P cent for each year of the quinquennium.

What is the scope for further increases the bonuses on ordinary life policies? Pr vided that the yield on their assets continu to rise, many life offices should be able improve on current bonus rates. But furth progress by those at the top of the tab may be more difficult. Life offices do n

SPECIAL BONUSES FROM CAPITAL GAINS

Office	Valuation period ending 31.12.60	Special bonus	Capital gains brought into account	Ordinary Shares at end 1960*	
	Years	% per annum	£'000	£ mn.	% of total assets
London Assurance	5	20/–C	750	12·9	33·3
Marine and General	3	30/–S†	350	2·6	23·3
National Provident	3	30/–S	1,400	15·2	35·4
Scott. Union & National	5	20/–S	550	8·3	24·2

* At book value. † Single payment. C=Compound S=Simple.

declare bonuses that they cannot reasonabl hope to maintain. At current premium rates, an average gross yield on new money of well over six per cent is required to cove a reversionary bonus of 50s. per cent pe annum compound. Unless investment of significant proportion of the accruing funds in the right sort of equity is abandoned it will be hard to get this kind of return.

With-profits policies should give a very fair measure of protection against inflation if current bonus rates are maintained. Future bonuses depend mainly upon the interest surplus (which is measured by the excess of the yield on the invested funds over the net rate of interest assumed in the premiums). Bonuses are thus vulnerable to ultra-cheap money and to dividend limitation. Neither of these nightmares of earlier postwar years seems likely to keep investment managers awake at nights in the foreseeable future.

TABLE IX.—FIRE AND ACCIDENT SUMMARY

	Fire								Accident and Miscellaneous							
	1957		1958		1959		1960		1957		1958		1959		1960	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	£'000s		£'000s		£'000s		£'000s		£'000s		£'000s		£'000s		£'000s	
Claims	122,390	51·9	120,054	50·1	126,934	50·5	136,059	52·2	229,544	60·4	251,644	61·9	264,443	60·6	288,230	61·1
Commission	53,289	22·6	54,249	22·6	56,345	22·4	57,539	22·1	67,215	17·7	70,122	17·3	74,036	17·0	77,120	16·4
Expenses and overseas taxes	53,898	22·9	55,995	23·4	57,627	23·0	58,728	22·5	69,874	18·4	74,878	18·4	80,106	18·4	88,200	18·7
Increase in reserves for unexpired risks	3,792	1·6	2,145	0·9	5,324	2·1	4,117	1·6	16,757	4·4	11,830	2·9	9,710	2·2	13,667	2·9
Profit	2,451	1·0	7,151	3·0	4,948	2·0	4,088	1·6	*–3,517*	*–0·9*	*–2,192*	*–0·5*	7,743	1·8	4,217	0·9
Premiums	235,820	100·0	239,594	100·0	251,178	100·0	260,521	100·0	379,873	100·0	406,282	100·0	436,038	100·0	471,434	100·0

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TABLE X.—UNITED STATES BUSINESS OF BRITISH COMPANIES ($'000)

Company	1958 Premiums	1958 Underwriting Profits	1958 Investment Earnings*	1958 Branch remittances and subsidiaries' dividends	1959 Premiums	1959 Underwriting Profits	1959 Investment Earnings*	1959 Branch remittances and subsidiaries' dividends	1960 Premiums	1960 Underwriting Profits	1960 Investment Earnings*	1960 Branch remittances and subsidiaries' dividends
Royal (1)	221,578	— 3,477	13,850	5,429	234,159	4,798	14,045	5,757	244,384	2,577	14,689	5,850
Commercial Union (2)	122,918	— 6,592	7,455	4,423	131,046	— 4,007	7,824	4,008	135,569	— 2,883	8,134	4,126
General Accident	107,239	— 4,117	5,744	2,000	115,652	— 3,272	6,585	2,122	123,332	1,330	7,484	2,832
Employers' Liability (3)	81,884	— 3,640	3,544	2,994	88,055	— 3,340	4,102	2,974	91,731	— 66	4,533	2,951
Phoenix	48,626	— 3,980	2,773	188	50,075	— 1,788	2,711	200	51,952	— 3,368	2,890	237
London & Lancashire	34,939	— 1,778	1,580	— 1,131	35,902	— 1,395	1,989	1,430	38,079	— 1,013	2,057	1,345
London Assurance (4)	29,897	— 2,162	1,523	956	32,056	372	1,569	1,124	35,394	— 1,348	1,738	1,525
Pearl	22,246	— 1,214	1,535	...	18,487	— 237	1 556	2 450	17,572	— 971	1,409	7,550
Sun (5) (7)	21,427	— 1,735	1,265	— 1,053	22,084	— 176	1,327	706	20,857	— 888	1,406	705
Royal Exchange (6) (7)	20,653	— 3,079	1,168	— 1,106	22,457	— 4,359	1,195	59	20,263	— 1,528	1,301	— 1,467
Norwich Union (8)	18,649	— 860	1,262	— 1,233	18,311	— 813	1,266	212	18,863	— 1,295	1,269	184
Yorkshire (9)	12,435	— 1 175	700	90	...	...	...	...	...	...	...	...
Northern (3)	10,066	— 49	740	26	11,102	— 314	730	95	17,557 (10)	— 2,779 (10)	957 (10)	255 (10)
Prudential	6,522	48	381	113	8,355	47	400	113	9,303	— 66	430	150
Century	5,644	— 61	488	161	5,480	— 133	497	261	5,065	59	512	257
Alliance (5)	5,465	— 18	260	266	5,903	— 136	293	292	4,201	206	337	297
Eagle Star	3,058	— 278	216	285	3,497	— 172	224	— 104	3,424	1	227	— 91
Co-operative	1,729	— 208	79	...	2,135	— 8	94	40	2,787	— 196	116	40
Guardian	1,692	— 29	203	1,914	2,134	— 5	197	34	2,283	— 136	229	38
Total	776,667	— 34,404	44,771	14,322	806,890	— 8,258	46,604	21,773	842,616	— 12,364	49,728	26,784

Source: *Best's Insurance Guide.* * Gross interest dividends and rents less investment expenses. (1) Including Liverpool & London & Globe. (2) Including North British & Mercantile. (3) Shares held by Northern & Employers' Assurance. (4) Including Sea. (5) Shares held by Sun Alliance Insurance. (6) Including Atlas. (7) Under one management since the end of 1958. (8) Including Scottish Union & National. (9) US business sold to America Fire Loyalty Group in December, 1958: the 1958 figures were not included in the underwriting accounts of the Yorkshire. (10) Including Halifax (of Mass.) previously consolidated with Employers' Liability.

TABLE XI.—UNDERWRITING EXPERIENCE OF 20 OFFICES

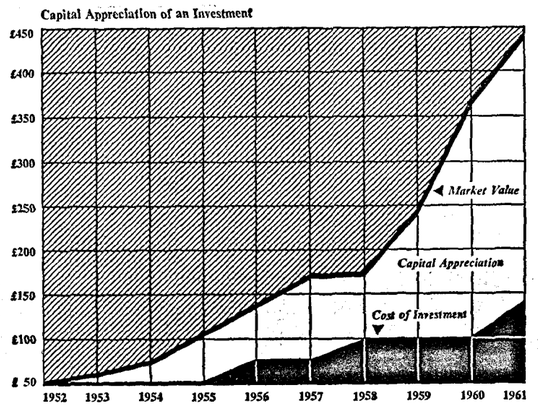
Company and Year	Fire Insurance, 1959–60: Premiums (1)	Claims (2)	Ratio (2) to (1) (3)	Profit (4)	Ratio (4) to (1) (5)	Fund at end of year* (6)	Accident and Miscellaneous Insurance, 1959–60: Premiums (1)	Claims (2)	Ratio (2) to (1) (3)	Profit (4)	Ratio (4) to (1) (5)	Fund at end of year* (6)
	£000's	£000's		£000's		£000's	£000's	£000's		£000's		£000's
Alliance 1959	8,328	3,343	40·1	829	10·0	3,331	9,934	5,007	50·4	696	7·0	4,594
Alliance 1960	8,918	3,740	41·9	658	7·4	3,567	10,383	5,236	50·4	901	8·7	4,902
Century 1959	2,591	1,436	55·4	55	2·1	1,577	2,699	1,483	54·9	— 22	— 0·8	2,265
Century 1960	2,515	1,385	55·1	123	4·9	1,484	2,852	1,647	57·8	— 151	— 5·3	2,473
Commercial Union (a) 1959	47,002	24,526	52·2	563	1·2	36,001	55,439	33,566	60·6	53	0·1	30,926
Commercial Union (a) 1960	47,724	26,459	55·4	— 391	— 0·8	36,362	59,727	36,123	60·5	— 147	— 0·2	32,641
Co-operative 1959	2,153	1,010	46·9	289	13·4	1,549	11,037	6,748	61·1	377	3·4	6,570
Co-operative 1960	2,270	1,142	50·3	307	13·5	1,664	13,099	7,993	61·0	493	3·8	7,595
Eagle Star 1959	5,831	2,887	49·5	289	4·9	3,039	16,429	9,788	59·6	598	3·6	6,886
Eagle Star 1960	6,184	3,124	50·5	275	4·4	3,167	18,445	11,001	59·6	358	2·0	7,706
Employers' Liability 1959	6,782	3,111	45·9	104	1·5	4,423	33,137	19,600	59·1	1,426	4·3	12,360
Employers' Liability 1960	7,694	3,614	47·0	172	2·2	5,020	35,443	22,898	64·6	182	0·5	13,053
General Accident 1959	6,619	2,935	44·3	827	12·5	6,298	61,478	38,558	62·7	1,100	1·8	30,791
General Accident 1960	7,668	3,602	47·0	603	7·8	7,317	66,580	42,417	63·7	1,096	1·7	33,332
Guardian 1959	9,795	4,920	50·2	241	2·5	4,997	19,504	11,694	60·0	394	2·0	9,777
Guardian 1960	10,661	5,438	51·0	144	1·3	5,331	20,262	12,044	59·4	460	2·3	9,118
Legal & General 1959	2,885	1,159	42·2	335	11·6	1,619	2,953	1,413	47·8	224	7·6	2,159
Legal & General 1960	3,051	1,285	42·1	303	9·9	1,686	3,280	1,720	52·4	157	4·8	2,454
London Assurance 1959	9,165	4,570	49·9	20	0·2	4,583	13,771	8,822	64·1	36	0·3	5,508
London Assurance 1960	11,283	6,131	54·3	42	0·4	6,569	17,198	11,099	64·5	— 358	— 2·1	6,879
London & Lancashire 1959	13,287	6,942	52·2	78	0·6	5,315	17,280	10,750	62·2	— 284	— 1·6	6,912
London & Lancashire 1960	12,960	6,905	53·3	— 364	— 2·8	5,184	19,287	11,948	61·9	— 287	— 1·5	7,715
Northern 1959	11,119	5,911	53·2	— 717	— 6·4	5,559	15,489	9,195	59·4	— 268	— 1·7	7,744
Northern 1960	12,277	6,215	50·6	— 468	— 3·8	6,138	16,115	9,233	57·3	32	0·2	8,085
Norwich Union (b) 1959	13,699	7,061	51·5	115	0·8	8,141	14,983	8,800	58·7	5	0·1	6,667
Norwich Union (b) 1960	14,106	7,185	50·9	356	2·5	7,979	16,628	9,826	59·1	— 233	— 1·4	7,400
Pearl 1959	4,586	2,586	56·4	— 249	— 5·4	3,034	5,365	3,409	63·5	532	9·9	1,928
Pearl 1960	3,177	1,740	54·8	— 87	— 2·7	1,772	5,104	3,057	59·9	— 124	— 2·5	2,127
Phoenix 1959	12,550	6,126	48·8	114	0·9	6,276	23,090	13,983	60·6	— 287	— 1·2	9,237
Phoenix 1960	13,018	6,837	52·5	— 60	— 0·4	6,510	24,684	14,903	60·4	— 278	— 1·1	9,874
Prudential 1959	5,510	2,672	48·5	123	2·2	2,673	11,436	5,840	51·1	823	7·2	5,620
Prudential 1960	5,755	2,768	48·1	230	4·0	2,763	12,520	6,624	52·9	558	4·5	6,052
Royal (c) 1959	56,502	28,612	50·6	1,007	1·8	47,601	74,359	47,059	63·3	1,307	1·8	34,744
Royal (c) 1960	58,159	30,862	53·1	1,132	1·9	48,264	79,133	49,396	62·4	1,076	1·4	36,653
Royal Exchange (d) 1959	18,434	9,965	54·1	— 215	— 1·2	9,217	27,436	16,684	60·8	195	0·7	10,574
Royal Exchange (d) 1960	18,566	10,027	54·0	296	1·6	9,283	29,249	17,946	61·3	153	0·5	11,700
Sun 1959	10,464	5,335	51·0	1,007	9·6	5,231	11,695	7,100	60·7	549	4·7	4,678
Sun 1960	10,376	5,513	53·1	668	6·4	5,094	12,170	7,529	61·9	353	2·9	4,866
Yorkshire 1959	3,876	1,827	47·1	133	3·4	1,959	8,524	4,944	58·0	289	3·4	3,697
Yorkshire 1960	4,159	2,087	50·2	149	3·6	2,095	9,275	5,590	60·3	— 24	— 0·3	3,966
Total Offices 1959	251,178	126,934	50·5	4,948	2·0	162,323	436,038	264,443	60·6	7,743	1·8	203,037
Total Offices 1960	260,521	136,059	52·2	4,088	1·6	167,249	471,434	288,230	61·1	4,217	0·9	218,568

* Reserves for unexpired risks, estimated liability under outstanding accident and disability claims and additional departmental reserves (where maintained). (a) Including North British & Mercantile. (b) Including Scottish Union & National. (c) Including Liverpool & London & Globe. (d) Including Atlas.

COMPANY MEETINGS

LAPORTE INDUSTRIES LIMITED

Extracts from
the Statement by the Chairman
Mr. P. D. O'Brien



The Year's Trading

Group income for the year of £3,333,525 before taxation is not substantially different from that of the previous year. In common with many other companies we have experienced higher expenses, increased competition and reduced profit margins.

One year's results, however, must be viewed in perspective, both in relation to the past and to the future. Over the last ten years the history of Laporte has been one of growth, but between each major advancement there has been a period of consolidation. We are broadly in that position today. We have reached a period in which we are reaping the benefit of past capital expenditure, but also in which new plants are being erected which are not yet contributing to Group earnings.

Research and Development

Research and development work is of fundamental importance to the future growth of the Group.

Most companies of the Laporte Group have their own research teams but it is felt that there is a pressing need to devote attention to longer-range research in broader fields.

Personnel

Our personnel department pays constant attention to ensuring that conditions of employment are fully in keeping with modern trends and also that recruitment is on such a scale and of such a standard that the efficiency of the Company can always be maintained.

During the current financial year the Company has announced details of an improved scheme designed to reward employees for long service whilst as regards recruitment, methods consist of regular contact with all the major seats of learning in the country.

The Future

It is the responsibility of your Board continuously to be looking forward with the object of developing the Company, and I should now like to mention individually some of the steps taken in this direction.

TITANIUM OXIDE. Such is our faith in the future prospects of this product that certain decisions have been taken which we believe will enhance the opportunity of the Company to share in the development of this product overseas.

(*a*) *Australia.* As a result of the findings of a technical team sent to Western Australia in late 1960, an agreement has been concluded with the Premier of Western Australia and his Government to establish a £A4 million plant in Bunbury.

We believe that there should be no difficulty in finding a ready market for the output of the plant.

(*b*) *U.S.A.* An agreement has also been made with the internationally known American Potash & Chemical Corporation to erect a plant on the west coast of the U.S. and design teams on both sides of the Atlantic are hard at work to bring these plans to fruition.

(*c*) *India.* It is proposed to extend our Group interest in conjunction with our Indian partners by the establishment of a new company which will manufacture titanium oxide under an agreement with Laporte Titanium Ltd. The Laporte Group interest will be substantial, but a minority one.

ORGANIC CHEMISTRY. This branch of chemical manufacture is expanding more rapidly than any other. Consequently, when the possibility arose to acquire the shares of Howards & Sons Ltd., who are already well established in this field, we took advantage of the opportunity to negotiate the acquisition of this company.

ELEKTROCHEMISCHE WERKE MUNCHEN AKTIENGESELLSCHAFT. For a number of years your Company has had a friendly relationship with EWM, and as your Directors had decided that an established position in the European continent was in the best interests of the Group, we negotiated with the previous owners of EWM to acquire that company. Together we stand a great chance of reaping some of the rewards that should arise from manufacture and sale within the European Economic Community.

Conclusion

We are living in a world of change; but a world of change is also a world of challenge and it is the responsibility of your Board to grasp such opportunities as these newer conditions may offer. The plans and actions I have outlined above are positive measures designed to promote the growth and prosperity of the Laporte Group.

Copies of the Report and Accounts may be obtained from the Secretary, Laporte Industries Limited, Hanover House, Hanover Square, London, W.1.

L A P O R T E

COURTAULDS

MAN-MADE FIBRES - FABRICS - CHEMICALS - WOODPULP
PACKAGING - PAINT - PLASTICS - ENGINEERING

Points from the Report of the Directors and the Statement made by the Chairman, Sir John Hanbury-Williams, C.V.O., to the Annual General Meeting on 19th July, 1961.

	1961	1960 *
	£	£
GROUP SALES	171,921,840	139,924,379
GROUP PROFIT	18,696,544	21,044,043
GROUP PROFIT AFTER TAX	9,822,430	11,217,524
DIVIDENDS (*less tax*)	5,432,441	4,720,839
ORDINARY DIVIDEND PER £1 UNIT	2 -d.	1/10½d. †
GROUP CAPITAL EMPLOYED	207,770,588	202,013,458

* *1960 figures do not include the results of Pinchin, Johnson & Associates Limited.*
† *Adjusted to allow for scrip issue of 1 for 3.*

TRADING

Business in fibres was steady at the start of the year and advances were made notably in 'Courtelle', 'Tricel' and nylon, but towards the late autumn sales of viscose staple fell off in the United Kingdom with a consequent effect on profits. Rising costs and lower average selling prices in export markets affected the profitability of some products.

The results of our Canadian and American subsidiaries suffered severely from intense price cutting, and this unsatisfactory state of affairs continues.

Trading in some of our non-textile activities, e.g. chemicals, woodpulp and packaging film, showed an improvement, but the profits of Pinchin, Johnson & Associates were lower than last year due to the reduced demand for paint as a result of credit restrictions on sales of motor cars and domestic appliances.

RESEARCH

The major part of the research effort continues to be in fibres. Considerable increases have been achieved in the strength of viscose tyre yarn and improvements made in the strength and abrasion resistance of 'Tricel' yarns. Work has also been done in developing modified forms of 'Courtelle' acrylic fibre which will in due course extend the market for this important fibre.

Two new finishes for viscose fabrics have been brought to a commercial stage. The first produces very stable fabrics which can be boiled without noticeable shrinking; the second is applied to washable linings.

Work on petrochemicals has been accelerated and a development plant erected at Spondon to make peracetic acid and various epoxy derivatives.

NEW INVESTMENT

'Courtelle' capacity is being trebled at Grimsby, and a 10 million lb. plant has been built in France. British Cellophane are again extending capacity at Barrow-in-Furness.

We are further expanding our chemical activities at Spondon and at Trafford Park. Plans have been announced to build a 10,000 ton plant for caprolactam monomer under the new Snia Viscosa process.

We have maintained our minority interest in Snia Viscosa by taking up our rights in last year's issue at a cost of £1.8m., and have invested a further £1.5m. in the Usutu project in Swaziland to produce pulp for paper and board. A 4 per cent. holding has been acquired for £1.5m. in the Koppers Co. Inc., a leading American chemicals and plastics firm, as a first step in exploring areas of mutual interest.

FUTURE PROSPECTS

Concluding his statement, Sir John Hanbury-Williams said: "Group profits in the first three months of this financial year were less than those for April, May and June, 1960, which was the best quarter of last year. The remaining nine months of the year should show some improvement over those of last year, although the widespread uncertainty of the present economic situation must increase the difficulty of maintaining profits at last year's level."

Copies of the Directors' Report and Chairman's Statement can be obtained from the Secretary, Courtaulds, Ltd., 16, St. Martin's-le-Grand, London, E.C.1.

Courtaulds have important manufacturing interests in the United Kingdom, Europe, Africa, Asia, Australia and America, and world-wide trading connections.

PORT OF LONDON AUTHORITY

NET REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 1961

	£	£
Contribution to Capital Outlay :—		
Estimated reduction in income tax liabilities due to Investment Allowances		136,000
Interest on Port Stock :—		
3 per cent. "A" Stock, 1929–99	259,509	
3½ per cent. Stock, 1949–99	62,467	
3½ per cent. Registered Stock, 1965–75	452,565	
3½ per cent. Registered Stock, 1960–65	91,494	
3½ per cent. Redeemable Stock, 1966–71	59,500	
3½ per cent. Registered Stock, 1966–68	175,000	
5½ per cent. Registered Stock, 1975–78	275,000	
		1,375,535
Stock (Redemption) Funds :—		
Interest and Instalments		407,523
Transfer to Provision for Renewal of Machinery and Plant		500,000
Transfer to Insurance Fund		77,455
Balance—Net Revenue for the Year Carried Down		137,730
		2,634,243
Transfer to Provision for Renewal of Machinery and Plant :—		
In addition to the provision for the current year shown above		100,000
Transfer to *General* Reserve Fund		100,000
		£200,000

	£	£
Balance from Revenue Account		2,074,312
Income Tax :—		
Surplus of tax deducted from Port Stock Interest over net liabilities for the year (including £180,000 in respect of credits relating to prior years' assessments)		261,756
Interest on Investments, held for :—		
Stock (Redemption) Funds	118,734	
General Reserve Fund	55,355	
Other purposes	61,229	
		235,318
Other Interest		51,430
Properties Purchased for Dock Extension and Head Office Estate :—		
Excess of Income over Expenditure		11,427
		2,634,243
Balance—Net Revenue for the Year Brought Down		137,730
Balance (Deficit) carried to General Balance Sheet		62,270
		£200,000

GENERAL BALANCE SHEET AT 31st MARCH, 1961

	£	£	£	£
Capital Liabilities			**Capital Expenditure**		49,751,316
Port Stock Outstanding :—			**Investments**		
3 per cent. "A" Stock, 1929–99		8,650,299	British and Dominion Government, Corporation, and Public Board Stocks held for :—		
3½ per cent. Stock, 1949–99		1,784,783	Stock (Redemption) Funds	4,241,886	
3½ per cent. Registered Stock, 1965–75		12,930,424	(*Market Value £3,675,382*)		
3½ per cent. Registered Stock, 1960–65		2,588,483	General Reserve Fund	1,500,000	
3½ per cent. Redeemable Stock, 1966–71		1,700,000	(*Market Value £1,545,099*)		
3½ per cent. Registered Stock, 1966–68		5,000,000	Insurance Fund	1,068,634	
5½ per cent. Registered Stock, 1975–78		5,000,000	(*Market Value* £832,854)		
		37,653,989	Unappropriated	1,399,433	
Capital Redemption Accounts			(*Market Value* £1,387,103)		
Stock (Redemption) Funds		4,241,886			8,209,953
(*Investments at cost per contra* £4,241,886)			**Current Assets**		
Capital Redeemed :—	£		Stores and Materials on Hand	501,963	
Port Stock extinguished	5,653,968		Debtors and Payments in Advance	1,835,418	
Amounts withdrawn from Stock (Redemption) Funds and applied in exercise of Borrowing Powers	5,485,352		Accrued Charges, Dues, Rents, etc.	1,852,373	
	11,139,320		Recoverable Expenditure	84,292	
					4,274,046
Less: Sums written off Capital Expenditure in respect of demolished properties, expenses of Port of London Acts, etc.	2,999,250		*Short-term Loans to* Local Authorities		100,000
		8,140,070	Treasury Bills		148,348
		12,381,956	Balances at Bank and Cash in Hand		111,690
Capital Reserves					
War Damage :—					
Balance of compensation received under the War Damage (Public Utility Undertakings, etc.) Act, 1949		3,807,848			
Revenue Contributions to Capital Outlay :—					
Balance at 31st March, 1960	633,000				
Add: Transfer from Net Revenue Account	136,000				
		769,000			
		4,576,848			
Revenue Reserves and Net Revenue Account					
General Reserve Fund :—					
Balance at 31st March, 1960	1,400,000				
Add: Transfer from Net Revenue Account	100,000				
(*Investments at cost per contra* £1,500,000)		1,500,000			
Insurance Fund :—					
Balance at 31st March, 1960	1,011,018				
Add: Income from Investments	34,620				
Transfer from Net Revenue Account	77,455				
	1,123,093				
Less: Losses, Re-insurances, etc., during the year, after adjustment of Income Tax	54,459				
(*Investments at cost per contra* £1,068,634)		1,068,634			
Reserve for Income Tax :—					
Amount set aside for future income tax		101,000			
Reserve for Losses on Sale or Redemption of Investments	306,766				
Add: Net Profit on sale of investments during the year	107,885				
		414,651			
Net Revenue Account :—					
Balance (Surplus) at 31st March, 1960	756,986				
Less: Deficit for the year ended 31st March, 1961	62,270				
		694,716			
		3,779,001			
Provisions					
Provision for Renewal of Machinery and Plant:—					
Amount unexpended at 31st March, 1960		1,044,327			
Add: Transfer from Net Revenue Account		600,000			
		1,644,327			
Less: Expenditure during the year		831,766			
		812,561			
Current Liabilities					
Creditors and Accrued Expenses		2,845,203			
Revenue, etc., Collected in Advance		364,621			
Interest (*Less* Income Tax) Accrued on Port Stocks		181,174			
		3,390,998			
		£62,595,353			£62,595,353

NOTES

1. Under the Port of London Act, 1928, Sections 7 (3) (*d*) and 8 (2) the Authority are liable to pay out of gross revenue, to secure the solvency of the Pension Fund, annual sums as under :—
   (*a*) £67,672 for a period of 40 years from 1st April, 1929.
   (*b*) £34,795 for a period of 40 years from 1st April, 1939.
   (*c*) £133,517 for a period of 30 years from 1st April, 1954.
   (*d*) £145,094 for a period of 40 years from 1st April, 1959.
2. Under Clause 20 of the Port of London Authority (Upper Division Staff) Widows' and Orphans' Pension Fund Trust Deed, 1955, the Authority are liable to pay out of gross revenue, to secure the solvency of the Pension Fund, an annual sum of £3,960 for a period of 27 years from 31st March, 1958.
3. Under Clause 8 of the Port of London Authority (Industrial Division Staff) Pension Fund Trust Deed, 1959, the Authority have given certain guarantees to secure the solvency of the Pension Fund.
4. There were outstanding contractual commitments at 31st March, 1961, in respect of Capital Expenditure, estimated to amount to £1,300,000.

SIMON,
Chairman of the Authority.

J. TAIT,
Chairman of the Finance Committee.

G. EDNEY,
Chief Accountant.

REPORT OF THE AUDITORS TO THE PORT OF LONDON AUTHORITY

As Auditors appointed by the Ministry of Transport under the 109th Section of the Port of London (Consolidation) Act, 1920, we report that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion proper books of account have been kept by the Authority so far as appears from our examination of those books. We have examined the annexed Balance Sheet and Revenue Accounts which are in agreement with the books of account. In our opinion, and to the best of our information and according to the explanations given to us, the said Balance Sheet, and the Revenue Accounts, together with the notes thereon, respectively, give a true and fair view of the state of affairs of the Authority as at 31st March, 1961, and of the operating results for the year ended on that date.

DELOITTE, PLENDER, GRIFFITHS & CO., Chartered Accountants.
5 London Wall Buildings, London, E.C.2. 10th July, 1961.

Published by Order of the Port of London Authority pursuant to the provisions of Section 109 (4) of the Port of London (Consolidation) Act, 1920
London, E.C.3. 11th July, 1961 E. S. BIRCH, Secretary.

THE LONDON & EDINBURGH INSURANCE COMPANY LIMITED

A VERY SUCCESSFUL YEAR

MR G. J. STEWART'S REVIEW OF WORLD-WIDE OPERATIONS

The forty-second annual general meeting of the London & Edinburgh Insurance Company Limited was held on July 13th in London.

The following is the circulated statement of the Chairman, Mr G. J. Stewart.

The increased profit for 1960 is a welcome sign that some, at least, of the troubles that have beset the insurance market for the past few years are behind us. However, it is as well to remember that profits and losses in our business are quite largely geared to such unpredictable and uncontrollable causes as economic trends, political upheavals and even vagaries of the weather.

The end months of 1960 were not favourable on the American scene. Nevertheless, our business is now very diversified and, with our world-wide operations, losses in one territory are usually compensated elsewhere.

Our participation in Marine underwriting is now getting too small in relation to our total premium volume, and we shall be taking steps to increase this section when suitable arrangements can be made. The results for 1960 were better than in the preceding year, and the carry forward in the Marine Fund amounts to 210 per cent of our 1960 premium income.

The Non-Marine portfolio underwritten by our London agents, B. D. Cooke and Partners, suffered from some of the prevalent problems of the American casualty field, and we sustained a small loss.

The Aviation account, always expanding with the new high-valued equipment, shows a gradual improvement in loss ratio, and the company is participating substantially in the new premiums that are flowing in.

HOME AGENCY BUSINESS

Our Home Agency business once more produced satisfactory results—the premium income increased by 15 per cent and, for the first time, gross premiums reached £500,000. As in the previous year, fire losses in the United Kingdom were again heavy and there was also no improvement in burglary losses. This is the experience of the market generally and I regret to say adverse results are likely to continue in the absence of a substantial increase in rates. In spite of these difficulties, however, and although providing for a corresponding increase in premium reserve—the account once again made a useful contribution to our overall profit.

Canada again was our star performer, all the more creditable because our main business there is automobile. We seem to have now secured the pattern of turning out an annual profit from this otherwise most difficult branch of insurance; but here I must sound a note of caution. A reinsurance contract, hitherto profitable, has been showing considerable losses in 1961, and although this contract has now been terminated, we shall have to absorb the run-off during the year.

LIFE DEPARTMENT

Our Life Department had another very good year and, although no attempt has been made to force the pace, we actually received in the year new orders which bring our total sums assured to more than £1,000,000. The bulk of these orders were for our now universally known "Equitas" policy, which is still the only Endowment contract geared to equity shares, in our case the shares of Unicorn Trust, with a built-in guarantee of the Sum Assured.

It is well known that in the early years of a life fund the expense ratio must of necessity be high and you will be pleased to hear that for 1960 the expense ratio—excluding commission—has been reduced from 30 per cent to 20 per cent of our net annual premium income, whilst the fund at the year end has more than doubled at £119,657. This account has now developed into a strong financial position, but nevertheless we have decided to increase its reserves still further by an addition of £5,000 from Profit and Loss Account.

Another good turning point is that we have received an initial dividend from each of our two subsidiaries, Unicorn Securities Limited and Dillon, Walker & Company Limited, which adds £10,100 to our gross profit.

The market value of our investments at the year end was £66,865 greater than the book value, and this surplus had increased to £125,000 by mid-June, 1961.

INVESTMENT INCOME

The investment income climbed to £105,852 and in view of this, and the generally strong position of the Company, your Board has recommended the dividend be increased to 15 per cent, which is covered more than one and a half times by the investment income alone.

We transferred a further £25,000 to our General Reserve Fund, increasing it to £150,000. The balance carried forward in our Profit and Loss Account now stands at £39,194, which compares with £34,787 brought in at the beginning of 1960.

All in all, a very successful and satisfactory year, due largely to the untiring efforts of our agents, staff and many loyal friends to whom once again we extend our grateful and sincere thanks.

CHAIRMAN'S ADDITIONAL REMARKS

My annual review for 1960 has been in your hands for some time now giving a brief report of your company's position and progress.

You have probably noticed in the Fire and Accident Revenue accounts that an item of fully earned premium, for which no reserve provision is necessary, increased quite considerably during 1960. The volume of these special contracts, quite profitable to the company, has substantially reduced during the current year and will more approximate to the 1959 figure by the end of 1961. Our regular term and treaty business carries the customary reserve.

I would like now to mention a personal matter. In June, 1960, the whole market suffered a severe loss by the death of my friend Reginald Cheesman, who had given such valuable service to this Company, particularly in the early years when we took over the management. I would like to express the sympathy of us all to our marine underwriting agents, Bland, Welch & Company, in the great loss they have sustained.

The report and accounts were adopted.

BRICKWOODS LIMITED

SATISFACTORY CURRENT TRADING POSITION

The 70th annual ordinary general meeting of Brickwoods Limited will be held on August 11 at Portsmouth.

The following are extracts from the Directors' General Report:—

The very poor summer of 1960 militated against all businesses such as ours, whose main area of operations are concentrated on the south coast and which rely to a great extent upon seasonal demand. However, soon after the turn of the year there was a marked recovery in our trade and we were able to finish up with a small overall increase in sales.

Smeeds Limited and Sunshine Hotels Limited, which Companies respectively control the Group's Off Licence Shops and Managed Houses and Hotels, and The Southern Table Water Company Limited, manufacturers of the well known SOTA Mineral Waters, all played their usual important part in the organisation's prosperity.

The Profit of the Group before Taxation amounted to £901,420, an increase of £13,206 over the preceding year. Taxation takes £441,484 against £416,964 the previous year. The Directors propose a Final dividend on the Ordinary Stock of 10 per cent plus a Bonus of 2 per cent making, with the interim dividend already paid, a total of 17 per cent for the year (1960 15 per cent plus a bonus of 2 per cent)

In the Directors' General Report of 1957 mention was made of steps being taken which would clear the way for the closing of our King Street, Southsea brewery, but we thought that at least five years would elapse before this could be done.

Since 1957, large works have been and are still being carried out at Admiralty Road Brewery and it is hoped that the substantial brewing output of King Street will be brought over to Admiralty Road towards the end of 1962. Considerable economies in certain overhead costs should then become apparent.

FUTURE OUTLOOK

The increase in Profits Tax levied by the Chancellor in 1960 has adversely affected the net profit in the accounts now presented and unfortunately a further rise in this penal tax imposed this year will have to be found in respect of the current trading period. With the Standard Rate at its present level of 7s. 6d. in the £, the total of Income Tax and Profits Tax in the current year will be no less than 53¾ per cent of the taxable profits.

The benefit of the Easter trade was felt in March this year, but a warm and generally dry spring and a fine Whitsun have made the first three months' trading in the current financial year satisfactory, but only a long fine summer will produce really good trading prospects for an essentially holiday area such as ours.

LORRAINE-ESCAUT

At the annual general meeting held on June 13, 1961, and presided over by M. Roland Labbe, the balance sheet for the year 1960 was adopted. Net profits stood at NF 18,737,000 and the meeting approved a gross dividend of NF 7.65 per share on capital which during the past year was increased from NF 206,250,000 to NF 226,875,000. This represents a net dividend after tax of NF 5.82, as against NF 5.35 for the preceding period.

Both the Board's Report and the Chairman's address indicated that output of Lorraine-Escaut in 1960 had risen to 2,120,000 tons, as against 1,874,000 in the previous year, an increase of more than 13 per cent, equivalent to the increase in total national output of iron and steel.

The output of the French tube industry in 1960, exclusive of heavy welded tubular products, rose from the 1959 figure of 862,000 tons to 990,000 tons, and the contribution of Lorraine-Escaut towards this output was 359,000 tons as opposed to 326,000 tons in the previous year, showing an increase of 10 per cent. On the other hand, the output of heavy pipe-line and gas conduit products fell, owing to the unusually urgent circumstances which governed the placing of these large orders. Output of heavy welded tubular products from the Lorraine-Escaut foundry at Sedan was 40,000 tons, against 110,000 tons in 1959.

However, since the beginning of the 1961 period the output of heavy tubular products has picked up and is henceforth secure as far as the Sedan works is concerned until February, 1962.

The Company's turnover rose from NF 1.196 million in 1959 to NF 1.340 million in 1960, representing a 12 per cent increase.

Concerning future development by the Company, account should be taken of the recent important agreement made between Lorraine-Escaut and Usinor, which provides for the use by Lorraine-Escaut, in return for financial assistance, of 10 per cent of the hot rolling and 20 per cent of the cold rolling capacity of the new Dunkirk works in the course of construction by Usinor. This agreement will enable Lorraine-Escaut to improve its position considerably with regard to sheet steel and to the supplies for its works producing tubular steel products, whilst limiting its financial undertakings to its real needs on this score.

The same principle was behind the agreement made at the end of 1960 with the Société des Hauts Fourneaux et Forges de Saulnes et Gorcy for the mutual development of a wire rolling mill which is to be set up by the latter firm in its foundries. Lorraine-Escaut will be in a position to use half the output of this mill, which is of the order of 30,000 tons a month.

New equipment which has been brought into use in the different premises of Lorraine-Escaut are: an ore crushing plant at the Moulaine mine, a large blast furnace and a Martin process furnace at Longwy, as well as an electric furnace at Anzin. Other undertakings are in progress or are being initiated within the framework of the Fourth Equipment and Modernisation scheme—amongst which may be mentioned the expansion of the Thomas de Senelle steelworks by the setting up at Longwy of a pure-oxygen steel plant and the equipping of a new mill for commercial sheet steel and small girders.

For the first five months of the present financial year Lorraine-Escaut has produced 944,420 tons of steel as against an output of 892,660 tons for the same period in 1960, which represents an increase in output of 6 per cent; output of heavy tubular products exclusive of heavy welded tubular products at Sedan has fallen off slightly in comparison with the corresponding five months of 1960, with 153,000 tons against 156,000 tons, but output remains nevertheless slightly up on last year's monthly average. With regard to the Sedan mills, output at end of May was 46,560 tons of tubular products as against 33,000 tons at the same date in 1960.

The total sales, at May 31st, was of the order of NF 605 million, 7 per cent above turnover for the first five months of 1960.

THE GOLDEN HOPE RUBBER ESTATE, LIMITED

AND ITS SUBSIDIARIES

Issued Capital : £1,160,423 in 2s. shares at 28th February, 1961 (since increased to £1,246,666)

Directors : Sir Eric Macfadyen (Chairman), H. B. E. Hake, C.B.E., R. O. Jenkins, M.C., A. Arbuthnott, M.B.E.

Secretaries and Agents : Harrisons & Crosfield, Limited

TOTAL ASSETS (including minority interest £85,960)	£3,626,348
PROFIT AND DIVIDEND FOR 1960/61 :—	
Profit after tax	£525,880
Replanting	£143,720
New planting	£83,408
Dividend for year—40 per cent., less tax	£284,304
NET CURRENT ASSETS	£332,150

CROPS :—	1960/61	Estimate 1961/62
Rubber	13,168,600 lb.	13,600,000 lb.
Palm products	6,891 tons	7,400 tons
ESTATES :—		
Planted—Rubber		21,219 acres
Oil Palms		7,787 acres
		29,006 acres

A.G.M. at 1/4, Great Tower Street, London, E.C.3, on 9th August, 1961, at noon.

ANGLO ORIENTAL PLANTATIONS

CONTINUING PROGRAMME OF CAPITAL EXPENDITURE

The second annual general meeting of Anglo-Oriental Plantations Limited was held on July 12 in London, Mr G. F. A. Burgess (the Chairman) presiding. The following is an extract from his circulated statement:

The consolidated net profit before tax is smaller than for 1959, largely because of lower net sale prices of rubber.

Palm oil prices have also been lower but thanks to a larger crop and some reduction in costs, the total working profit of this commodity (including Kernels) showed an increase.

The Copra crop and the small profit on it are down and will soon be reduced almost to vanishing point as the bulk of the remaining acreage is felled and replanted in oil palms.

There was a small loss on Manila Hemp. The position will right itself as the productive acreage increases.

The replanting programme, to which I referred last year, has been fully implemented during 1960, and we have spent £49,529. We intend that replanting shall proceed steadily at much the same rate as in 1959 and 1960.

Capital Expenditure by the Group on the replacement and improvement of the Buildings, Machinery, etc., amounted to over £24,000. To maintain full efficiency will require annual expenditure on average of at least this amount and probably more. We expect to have to enlarge this year the factory at Sungei Choh where crops are increasing rapidly and we must also anticipate having to spend considerable sums on improving our capacity to process palm oil and kernels.

THE OUTLOOK

So far as the short term future is concerned, the fortunes of your company, like the fortunes of all companies engaged in producing primary commodities, depend largely on the state of world trade, particularly in the USA and Europe. In my view there are many signs that the USA recession is a thing of the past, whilst industrial activity is elsewhere on the upgrade. Moreover, producers of commodities cannot now disregard the growing marginal importance of Japan.

The results of your company for 1961 are likely to be adversely affected, unless there is a sudden and substantial rise in the price of natural rubber during the second half of this year. It should not be thought that I am advocating too high a price for rubber, but it is at least to be hoped that the price will remain relatively stable, and thus enable the producers of that commodity, including your own company, to make a fair and reasonable profit and to maintain the replanting programme, which continues to be a vital necessity.

In 1961, we hope to harvest 9.2 million pounds of rubber and 1,460 tons of Palm Oil. As I have already said, profits are likely to be lower this year than in 1960, unless there is an appreciable upturn in rubber prices, but I hope that when we next meet I shall be able to put before you results which you will not find unsatisfactory.

The report and accounts were adopted.

THE METAL BOX COMPANY LIMITED

EXTRACTS FROM THE REVIEW BY THE CHAIRMAN SIR HAROLD ROXBEE COX

The company's income from sales and investments during the year was a record at £91,918,000, which is an increase of £8,526,000 over the previous year. The profits have risen, after all charges and taxation, by £384,000 to £4,843,000.

Both in sales and in profits the Overseas Company has had an outstanding year and is responsible for all the increase in the company's profit. The performance at home, despite an increase of over £3 million in turnover and a good start to the year, was in total unremarkable, chiefly because of an easing in demand in the last few months of the year and an increase in costs due to shorter working week and higher wages.

The year has also been noteworthy for the unusually heavy expenditure on buildings and equipment of £6,349,000, and expenditure on a similar scale is likely in the present year.

Sir Robert Barlow retired from the Chairmanship of the Board on 31st December, 1960, after nearly twenty years' distinguished service as Chairman, and became honorary President.

HOME

At the time of the issue of ordinary shares to stockholders at 57s. 6d. employees were given the opportunity of acquiring up to 300,000 shares at the same price. Loan facilities of 47s. 6d. per share were made available to them and it was a condition of the issue that the shares were to be held until April, 1963.

The result was gratifying, 3,757 employees applying for a total of 287,935 shares, which were allotted to them in March, 1961; 78,831 shares were bought outright and 209,104 were bought with the assistance of a loan.

OVERSEAS

The overseas subsidiaries have had a particularly good trading year. Their sales in total were 26 per cent higher than last year, at a record figure of £26 million.

The profit yield on sales was more than maintained and the profits before tax rose by £647,000 to £2,947,000, another record.

ASIA

India. The Indian company has had another record year though the tinplate situation remains precarious.

At Bombay the volume of business extended the present capacity to the utmost. Negotiations for a new site are, however, well advanced, and it is hoped before long to begin building a new factory.

Pakistan. In our associated company in Pakistan progress is continuing. Extensions to the Karachi plant are in hand and it has been decided to build a factory near Chittagong, East Pakistan.

Malaya. During the year there was a revival in the demand for canned pineapples. Meanwhile the company continued to widen the range of its production and is no longer entirely dependent on one industry for its prosperity.

Malayan Breweries have started to can beer and this will necessitate the production of beer cans in Malaya. A fish canning industry has been set up in the Federation and at Petaling Jaya milk canning has begun.

At Petaling Jaya we have opened a new research centre.

AFRICA

South Africa. Despite the difficult conditions, the company enjoyed its most successful trading year and the Walvis Bay factory was kept exceptionally busy meeting their demands.

The South African company began to make plastic containers in Johannesburg.

Central Africa. The Central African company made good progress. The second factory, at Bulawayo, should be ready early in 1962.

East Africa. The demand for meat cans and other products is increasing and we are putting down additional equipment both at Thika and Dar-es-Salaam. Our new acquisition, Plastics (Africa) Limited, has also received additional equipment.

West Africa. We have been granted pioneer status by the Federal Government.

WEST INDIES

In October a two-year agreement was negotiated which we hope will ensure settled labour conditions during that period.

We have decided to build a factory in Trinidad, and our application for pioneer status has been granted.

EUROPE

Italy. Now that the S. Ilario factory and offices have been completed we have a unit which is second to none in Italy, equipped to give Italian canners a service far ahead of anything available to them before.

During the year we acquired the business of Italbox with a factory at Lesmo, just north of Milan. The Italian company has also embarked on plastic bottle production. It is intended to use the Sesto factory for the development of plastics, general line and cap business.

Our company has not yet reached the profit-making stage but prospects in Italy are good.

EXPORTS

Export orders booked were a record at £4,085,000 of which £1,865,000 was for machinery. Shipments were also a record at £3,117,000. There were considerably increased demands from overseas customers for our plastic laminations and aerosol cans.

THE OUTLOOK

The reduced home demand which characterized the last few months of the year under review is likely to continue for the first few months of 1961-62. Consequently, although the overseas subsidiaries show every sign of continuing their progress, we do not expect the half-year ending on 30th September, 1961, for the company as a whole to be as good as the half-year which ended on 30th September last.

There are signs of home demand increasing later in the year; I shall be disappointed if overall sales do not surpass this year's record.

The Metal Box Company is, in two senses, widely spread. It has a great many different products and it makes them in a great many different places. It makes them of metal, of paper, of plastics. If the advance slows up a little on one front, it can quicken on another. Looking at the company as a whole, I see its steady advance continuing.

At the Annual General Meeting held last Thursday the report and accounts were approved.

NATIONAL MORTGAGE BANK OF GREECE

BANQUE NATIONALE DE CREDIT FONCIER DE GRECE
40, Venizelou Street, Athens, Greece
Established 1927
Governor—CHARLES C. ARLIOTIS
Sub-Governor—ELIAS D. KRIMPAS

GENERAL BALANCE SHEET AS AT 31st DECEMBER, 1960

LIABILITIES

Share Capital	Drs.	29,200,000.—
Reserves	,,	11,840,000.—
Deposits	,,	241,764,461.60
Bank of Greece—Financing Account	,,	658,871,579.95
Greek State—Financing Account	,,	8,150,898.50
Various Financing Accounts	,,	70,913,609.20
Outstanding Mortgage Bonds	,,	159,558,000.—
Greek State—Loan Account	,,	261,591,546.40
Dollar Liabilities	,,	1,541,380,654.80
Third Parties Loan Accounts	,,	51,452,035.45
Sundry Accounts	,,	13,858,655.65
Dividend for the Year 1960	,,	1,760,000.—
Profit and Loss (balance carried forward)	,,	55,984.85
Total	Drs.	3,050,397,426.40

ASSETS

Cash in Hand and at Banks	Drs.	80,257,973.10
Securities Owned by the Bank	,,	13,415,070.45
Mortgage Bonds Owned by the Bank	,,	58,777,382.—

Loans and Arrears	Housing Loan Branch	Industry & Public Utility Loans Branch		
Out of Own and other Funds	46,505,580.25	144,014,483.60	,,	190,520,063.85
Out of Bank of Greece Funds	461,470,740.10	234,664,740.65	,,	696,135,480.75
Out of Greek State Funds	9,464,606.80	—	,,	9,464,606.80
Out of Sterling Bond Funds	2,244,336.95	81,031,011.50	,,	83,275,348.54
Loans Financed by and for Account of the Greek State	93,255,048.80	138,262,633.55	,,	231,517,682.35
Out of American Aid Funds	—	1,541,380,654.80	,,	1,541,380,654.80
For Account of Third Parties	6,068,811.25	45,383,224.20	,,	51,452,035.45
Total Loans by Branches	619,009,124.15	2,184,736,748.30		

Bank premises and real estate	,,	11,595,004.—
Fixtures and fittings	,,	1.—
Difference arising from Settlement of the Bank's Sterling Mortgage Loans in accordance with Article 12 of Legislative Decree 3393/1955	,,	82,612,137.40
Total	Drs.	3,050,397,426.40

KULIM RUBBER PLANTATIONS LIMITED

Issued Capital (£1,750,000 authorised):—£1,603,237 fully paid.

Summary of first Group Accounts (covering the eighteen-month period ended December 31, 1960, for Kulim and one wholly-owned subsidiary, fifteen months for one other, and the twelve months to that date for the remaining two wholly-owned subsidiaries):—

Group Trading Profit (after charging £92,000 for renewals and replacements)	£436,799
Taxation	£173,437
Dividends paid (Gross £357,407)	£218,910
Net Current Assets	£345,281

The following are extracts from the annual report and circulated review of the Chairman (Mr P. B. L. COGHLAN):—

EXPANSION.—The Accounts cover a period of great expansion in the Company's interests and activities. From being the owner of three Estates having a total planted area of 5,180 acres, the Company (by the acquisition of the whole of the issued capitals of its four subsidiaries) now possesses ten Estates having a total planted area of 20,854 acres with a current rubber output of about 12,000,000 lbs. per annum. This represents a highly satisfactory yield of 830 lbs. per acre in tapping and it is hoped that this will be increased to nearly 1,000 lbs. per acre within the next two or three years.

IRON ORE DEPOSITS.—Prospecting for iron ore was carried out during 1960 over parts of one of the Group's Kedah Estates by a Chinese mining firm. Prospecting is continuing and, to date, the mining firm has exercised its option to lease areas for mining on terms which provide for the payment to the Company of a total minimum royalty of approximately £53,000, subject to Government mining certificates being obtained. It is now expected that the first of such certificates will be received shortly.

FUTURE PROSPECTS. — Generally speaking, the outlook for natural rubber is favourable and, as world trade conditions improve, there should be a steady demand for our product. Certainly, it would appear that although we are entering into a more competitive era, it should at least be one of more stable market conditions than hitherto.

Annual General Meeting:—July 21, 1961 (19, Fenchurch Street, E.C.3).

LONDON & OVERSEAS FREIGHTERS

A REMARKABLE ACHIEVEMENT IN YEAR OF CONTINUED DEPRESSION

MR BASIL M. MAVROLEON'S STATEMENT

The thirteenth annual general meeting of London & Overseas Freighters Ltd. was held on July 17th in London, Mr Basil M. Mavroleon (Chairman and Managing Director) presiding.

The following is an extract from his circulated review:

The passage of another year must have brought us closer to the improved freight markets which I am confident lie ahead, but the prospects for the immediate future are no brighter than they were at this time last year.

That our Operating Surplus has been halved is known to you, but the maintenance of this level of trading profits is little short of remarkable in the prevailing depression.

For many years we have enjoyed the security, stability and profitability of long-term charters with the major British oil companies. All but three of these fixtures have now expired and the charterers concerned were not able to offer any further employment for the tankers thus becoming free. Fortunately this state of affairs coincided with the entry into the chartering market of the Government of the USSR. They were seeking tonnage for world-wide trading on a period basis, and it thus became possible for for us to secure 3 to 4 years' employment for 9 of our tankers. Moreover, the freight receivable under this arrangement is linked to the "going" market rate, thus not only is your Company assured of a minimum income during the difficult time ahead, but it stands to benefit from any substantial improvement in tanker rates. These fixtures will contribute at least *£3,000,000 annually to this country's invisible* exports.

DIVIDEND

The aggregate dividend on the Ordinary Shares—the Restricted Shares not ranking for dividend—is at the rate of 17½ per cent in accordance with the intention expressed at this time last year. It is gratifying to be able to make this distribution without encroaching upon the accumulated profits of previous years.

FLEET AND BUILDING PROGRAMME

The fleet has remained unchanged throughout the year, but two of the five tankers on order referred to last year have been launched and should commence trading during the current financial year. Arrangements have been made to substitute two dry-cargo ships of 12,500 dwt for the second 32,000 dwt tanker on order in Holland and your Board is at present negotiating for the substitution of dry-cargo ships for the two remaining 34,000 dwt tankers on order in Sweden.

These changes are in accordance with the declared long-term policy of building up a mixed fleet of tankers and dry-cargo ships and will have the effect of placing the earning-capacity of the fleet on a broader footing at any time when the tonnage competing for the carriage of oil proves to be greater than that for other cargoes.

ASSOCIATED COMPANIES

London and Overseas Tankers Ltd. has also been affected by the depression in the tanker freight market, but earned an Operating Surplus of about £570,000. The two tankers belonging to this Company are now trading on a similar basis to those of your Company.

The first of the two 34,000 dwt tankers on order in Sweden is due to be launched this month and should be completed next February. The second tanker is due for delivery later in 1962 and will complete the present building programme.

London and Overseas Bulk Carriers Ltd. has enjoyed a successful year's trading with its bulk carrier, making an Operating Surplus of some *£280,000*. Arrangements have been made to change the contract for the construction of a dry-cargo vessel in Germany to provide a 19,000 dwt tanker to fulfil a Time Charter which the Company has acquired.

Austin & Pickersgill Ltd. are now benefiting from their modernisation programme and are in a position to quote prices which are competitive with those of any other shipbuilding nation. For the time being profit margins are being reduced—in some cases forfeited entirely—in order to secure the flow of orders necessary to keep the Yard in operation. The output of the Yard during 1960 was the highest on the River Weir and the time required to build ships is being constantly reduced.

DIRECTORS

Mr W. E. Loveridge and Mr. W. F. Pascoe, OBE, retired at the end of the financial year. Sir Gilmour Jenkins, KCB, KBE, MC, and Brigadier E. J. Shearer, CB, CBE, MC, have been appointed Directors in their place.

The report and accounts were adopted.

MILLARS' TIMBER & TRADING CO., LTD.

RECORD TURNOVER

The annual general meeting of this company was held on July 13th in London, Major A. W. Bird, DSO, managing director, presiding.

The following is an extract from the directors' statement for 1960:

The consolidated profit and loss account shows a trading surplus of £312,035, an increase of some £44,000. After allowing for taxation and depreciation, the net profit is £120,500 (£98,251). A dividend of 8 per cent on the Ordinary capital is proposed.

Exports of Jarrah and Karri throughout the world were well maintained, but owing to the high cost of production and competition, profits were not as good as they ought to have been.

Millars' Machinery Company again increased their turnover, but profits fell away somewhat. There is intense competition in this trade. The Wellpoint Service which operates for de-watering foundations continues to be highly successful. In India we continued to forge ahead and again achieved a record turnover and a fair profit. David Roberts Son & Co. (Bootle) Limited had a successful year and showed improved profits.

The total Group turnover showed an increase of over 10 per cent and constituted an all-time record. Regarding the current year, it seems on the facts as we know them at present that the results should be as good as those for 1960 and possibly better.

The report and accounts were adopted.

COMPANY AFFAIRS

Distillers Plans Ahead

SHAREHOLDERS in Distillers now have to decide whether to take up their new shares resulting from the one for ten rights issue. To aid shareholders in their decision Sir Graham Hayman, the chairman, has brought his statement forward by a month so as to fill in a few of the gaps left by the circular which accompanied the allotment letters. Sir Graham tells shareholders that total sales last year rose by 13 per cent to £263 million but, as the table shows, the increase in profits was smaller than this as margins were lower.

In the year to March 31st all the increase in earnings came from the whisky and gin divisions, which earned 82 per cent of total profits. On the industrial side keen competition was reflected in reduced profit margins and for the first time in seven years investment income remained virtually unchanged at £2.4 million. By far the biggest of these investments is a 50 per cent stake in British Hydrocarbon Chemicals, which has started to build a new petroleum chemical centre in South Wales. Sales of chemicals and plastics showed a "satisfactory increase" and while he expects no relaxation in competition Sir Graham is confident that Distillers can share in the potential expansion of demand in the future. It is on the expansion of these sides of the business in the next three years that much of the £30 million of development money will be spent. One project recently announced by the directors is a synthetic rubber plant using a process developed by Distillers' research department; this may be a Neoprene type of rubber, as the company has done much work on new methods of producing it.

Year ended	Mar. 31, 1960 £'000s	Mar. 31, 1961 £'000s
Sales	233,000	263,000
Trading profit	32,906	34,839
Net profit	16,866	17,224
	%	%
Trading profit/sales	14·1	13·2
Net profit/sales	7·2	6·5

As already announced additional whisky warehouses are being built to house increasing stocks of whisky; for the industry as a whole stocks had risen from 267 million to 297 million proof gallons at the end of March. The industry still seems to be confident about the future trend in sales. Last year Distillers' sales at home rose by 14 per cent to 7½ million proof gallons. Domestic sales were thus restored to the prewar level, but they now represent only about one quarter of total sales. Exports again rose but at a slower rate than in recent years. North America continues to be the biggest single export market even though competition is intense but Sir Graham draws particular attention to the substantial increase in sales in European markets.

In the short term the increase of 1s. 6d. per bottle of whisky and gin should go some way to restoring margins, even though Distillers retains only 3d. of this increase. Against this, however, is the threat of the Chancellor's regulator, although the export trade would remain unaffected. But however well whisky and gin sales thrive, shareholders must be conscious of the cost of the group's industrial developments. They may well be encouraged however by Sir Graham's statement that these developments should enable the company "substantially to increase the present volume of trading and to achieve further improvement in earnings."

The new 10s. shares issued at 32s. 6d., having fallen to a premium of only 3d. at one stage, now stand at 10½d. in their present unpaid form. The old shares at 33s. 7½d. yield just over 4 per cent on the forecast of a maintained dividend of 13½ per cent on the enlarged capital.

Hoover

THE 5s. shares of Hoover fell by 6s. 6d. to 36s. 6d., the lowest point so far this year, following an interim report which revealed a further sharp fall in profits in the first half of this year. Profits are now running at about half the level of a year ago. Compared with the second half of last year, which was itself a lean period, gross profits are nearly 22 per cent lower and net profits nearly 40 per cent lower. Last year it was possible to blame hire-purchase restrictions, but the Hoover directors have now revealed that sales in the first half of this year were only marginally lower in the home market than those of a year ago. Thus, while the credit squeeze may have prevented sales from rising at home, clearly narrower margins account for the latest decline in profits. Wages and material costs have risen and Hoover has had to bear the cost of introducing new models on a highly competitive market. Moreover, Hoover is the biggest British exporter of washing machines and vacuum cleaners and this year it has met intense competition in Europe. The directors are not optimistic, saying that "with the general economic uncertainty prevailing there is little evidence of any improvement in trading conditions during the coming six months."

Six months to	June 30, 1960 £'000s	Dec. 31, 1960 £'000s	June 30, 1961 £'000s
Gross profits	4,013	2,360	1,965
Taxation	1,980	872	1,069
Net profit	1,960	1,423	859

The directors have maintained the interim dividend at 5 per cent, but a maintained final dividend of 40 per cent must at least be open to doubt, especially if the Chancellor's measures have some bite to them. The price of the shares would seem, indeed, to discount some reduction in the dividend, for on last year's payment the yield is 6.8 per cent.

Arusha Industries

WITH the exception of Mr Lindsay Carstairs, the former chairman, the directors of Arusha Industries have recommended the rejection of the proposed loan of £1½ million to the company from Federated Mortgagee Corporation of New York. Now the issue is left to shareholders to decide at a meeting to be held on the last day of this month. If the loan is rejected Mr Carstairs will resign from the board; if it is approved, Sir Harold Gillett, the present chairman, and his fellow directors will resign.

Sir Harold has strong grounds for recommending rejection of a loan which carries interest of 6½ per cent and which is repayable in equal quarterly instalments within three years. This, as Sir Harold points out, would involve Arusha in repayments of £585,000 in the first year, £553,000 in the second and £520,000 in the final year and Mr Carstairs has given no clear indication of how these payments could be met beyond saying that "non income producing assets" could be sold. The directors are indeed doubtful whether repayment from capital resources would be practicable in view of the prior charge which the proposed debenture would create.

The directors also object to the conversion option on the loan, which gives the lenders the right to convert 50 per cent of the outstanding loan into ordinary shares at a price equivalent to 8s. a share. This option, they submit, could result in a substantial interest in the company's equity passing at the discretion of the lenders into other hands without the consent of the main body of shareholders.

Clearly if the loan is to be endorsed, shareholders will require more specific assurances from Mr Carstairs as to how the repayments are to be met. On the other hand, no specific proposals have been made by the other directors of Arusha beyond the suggestion made by Sir Harold in his statement in March that the raising of further capital would have to be linked to those businesses which can stand on their own feet. He has however assured shareholders that if the loan is rejected the directors will consider urgently other means of resolving the company's financial difficulties. The most pressing problem is the repayment of the £1,257,000 bank loan; it is now four months since Sir Harold told shareholders that the bankers had said their patience was not inexhaustible. Meanwhile the 4s. shares which jumped to 12s. on the first announcement of the loan have fallen back to 8s. 7½d. Shareholders must be patient while Sir Harold and his fellow directors frame their plans and, in the mean-

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LONDON AND NEW YORK STOCKS

Prices, 1961 High	Prices, 1961 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, July 12, 1961	Price, July 19, 1961	Net Yield, July 19 1961 § £ s. d.	Gross Yield, July 19, 1961 £ s. d.
92½	89 15/16	Savings Bonds 3%.....1955–65	90 13/16	90 3/8	4 9 5	5 13 7
100 3/32	99 1/8	Conversion 4½%.....1962	99 3/4	99 3/32	4 6 9	4 19 9
96 7/8	95 3/16	Exchequer 3%.....1962–63	95 15/16	95 3/8	4 6 2	5 11 10
101 5/16	100 1/16	Treasury 5½%.....1962	100 1/32	100 1/16	2 17 0	5 5 5
93 25/32	92 1/8	Exchequer 2½%.....1963–64	92 3/8	92 3/8	4 7 3	5 8 11
99 19/32	98	Conversion 4½%.....1963	98 7/16	98 1/16	3 17 5	5 16 7
98 3/32	96	Conversion 4½%.....1964	96 19/32	96 1/16	4 2 5	6 0 6
101 5/16	97 3/8	Exchequer 5½%.....1966	98	97 3/8	3 16 2	6 2 11
83 1/4	80 3/8	Funding 3½%.....1959–69	80 5/8	80 1/16	4 18 11	6 6 6
89 3/4	86 5/8	Funding 4%.....1960–90	86 7/8	86 7/8	3 15 4	5 9 11
79 13/16	77 1/16	Savings Bonds 3%.....1960–70	77 13/16	77 15/16	4 19 6	6 8 0
84 7/8	82 3/4	Savings Bonds 2½%.....1964–67	83 3/4	83 9/16	4 17 11	6 0 4
72 1/16	68 11/16	Savings Bonds 3%.....1965–75	68 3/4 *	68 13/16 *	4 18 5	6 7 4
83 15/16	81 5/16	Funding 3%.....1966–68	81 1/4 *	81 1/4 *	5 0 6	6 6 6
97 1/2	93 1/4	Victory 4%.....1920–76	96	96	3 3 0	4 17 0
85 1/2	83 3/8	Conversion 3½%.....1969	83 15/16	84	4 16 2	6 8 3
93 1/2	89 1/2	Conversion 5%.....1971	89 3/8 *	89 7/16	4 7 4	6 8 10
95 11/16	91 1/2	Conversion 5½%.....1974	91 3/8 *	91 5/16	4 1 11	6 5 5
73 1/8	68 13/16	Treasury 3½%.....1977–80	68 3/8	68 13/16	4 13 2	6 7 11
72 1/4	67 11/16	Treasury 3½%.....1979–81	67 3/4 *	67 11/16 *	4 13 4	6 7 11
97 1/2	91 1/16	Funding 5½%.....1982–84	91 5/8 *	91 5/16 *	3 18 10	6 4 2
59 1/2	53 3/4	Redemption 3%.....1986–96	53 7/8	53 7/8	4 9 9	6 7 3
88 1/4	82 3/4	Treasury 5%.....1986–89	82 3/4	82 13/16	4 3 8	6 8 7
63 1/16	57 3/8	Funding 3½%.....1999–2004	58 *	58	4 5 11	6 7 6
94 5/8	87 3/8	Treasury 5½%.....2008–12	87 1/2	87 1/16	4 0 1	6 9 7
65 15/16	58 1/2	Consols 4%.....after Feb. 1957	58 5/8 *	58 1/2 *	4 3 8	6 16 6
53 1/4	52 9/16	War Loan 3½%.....after 1952	52 5/8	52 13/16	4 1 8	6 13 9
59	52 3/4	Conv. 3½%.....after Apr. 1961	52 5/8	52 3/4	4 2 4	6 15 5
59 1/8	45	Treasury 4%.....after Apr. 1966	45	45 1/8	4 2 5	6 15 7
44	38 1/4	Consols 2½%.....	38 3/8	38 1/2	3 19 8	6 10 3
43 1/2	38 9/16	Treasury 2½%.....after Apr. 1975	38 3/8	38 1/2	4 0 6	6 12 6
91 5/16	88	British Electric 4½%.....1967–69	88 *	88 *	4 10 6	6 7 8
75 11/16	72 3/8	British Electric 3%.....1968–73	73	72 15/16	4 19 7	6 8 9
70 5/8	67 3/8	British Electric 3%.....1974–77	67 3/8	67 1/8	4 16 11	6 7 7
81 7/8	79 1/16	British Electric 4½%.....1974–79	79 1/8	79 1/16	4 6 11	6 6 7
73 1/2	69 3/4	British Electric 3½%.....1976–79	69 3/4	69 11/16	4 13 0	6 7 9
84 3/8	81 1/4	British Gas 4%.....1969–72	81 1/4 *	81 1/4 *	4 12 5	6 7 3
81 13/16	79 11/16	British Gas 3½%.....1969–71	80 1/8	80 1/8	4 14 7	6 7 2
59 3/8	53 15/16	British Gas 3%.....1990–95	54	54	4 10 8	6 7 8
75 3/16	72 3/8	British Transport 3%.....1962	73	72 15/16	4 19 7	6 8 9
80 7/8	76 3/4	British Transport 4½%.....1972–77	76 3/4	76 3/4	4 9 8	6 6 7
61 7/16	56 9/16	British Transport 3%.....1978–88	56 1/4	56 9/16	4 14 7	6 9 0

Prices, 1961 High	Prices, 1961 Low	DOMINION AND CORPORATION STOCKS	Price, July 12, 1961	Price, July 19, 1961	Yield, July 19, 1961 £ s. d.
82 1/8	78 3/8	Australia 3½%.....1965–69	79 3/8 *	78 1/2 *	6 13 0
101	97 1/4	Australia 6%.....1974–76	97 1/2	97 1/4	6 8 0
72 1/2	68	Ceylon 4½%.....1972–75	68 1/2	68	6 8 0
101 1/8	97 1/2	New Zealand 6%.....1976–80	97 5/8	97 1/2	6 8 0
80 1/2	71 1/2	Rhodesia and Nyasaland 6%.....1978–81	72 1/4	72	9 0 0
81	75	South Africa 3½%.....1965–67	75 1/2	75	9 6 0
59	54 3/4	Southern Rhodesia 4½%.....1937–92	54 3/4 *	54 3/4 *	8 14 0
94 5/8	88 1/2	Agricultural Mortgage 5½%.....1930–85	91	88 3/4	6 8 7
89	84	Birmingham 4½%.....1967–70	84 1/4	84 1/4	6 11 0
92 3/4	88	Bristol 5%.....1971–73	88	88	6 9 0
93	89 1/4	Corporation of London 5½%.....1976–79	89 1/4	89 1/4	6 5 0
43 3/4	43 3/8	L.C.C. 3%.....after 1920	43 3/4	43 3/4	6 17 0
89 1/2	84	L.C.C. 5%.....1930–83	84 1/2	84	6 9 0
93	88	Middlesex 5½%.....1930	89 1/2	89	6 10 0

NEW YORK PRICES AND INDICES

	July 12 $	July 19 $		July 12 $	July 19 $		July 12 $	July 19 $
Atch. Topeka ...	26 5/8	25 5/8	Boeing	49 5/8	49	Int. Harvester ..	54 3/8	50
Can. Pacific	23 5/8	23 1/8	Celanese	36	35 3/8	Inter. Nickel ...	80	81 3/8
Pennsylvania	13 1/8	12 3/4	Chrysler	44 1/4	43 7/8	Inter. Paper	30	30 3/4
Union Pacific	34 1/4	33 3/4	Col. Palmolive ..	45 1/4	44	Kennecott	86 3/8	84 3/4
Amer. Electric ..	63	66 3/4	Crown Zeller. .	54	51 3/4	Monsanto	54	52 7/8
Am. Tel. & Tel. .	118 7/8	120 1/8	Distillers Seag. .	39 1/4	38 7/8	Nat. Distillers ..	27 1/2	27 3/4
Cons. Edison	78 3/4	77	Douglas	33 1/8	31	Pan-American ..	18	17 3/8
Int. Tel. & Tel. ...	55 3/8	53 3/4	Dow Chemical .	78 1/2	75 1/2	Procter Gamble	87 1/2	84 1/2
Standard Gas....	5 3/8	5 3/8	Du Pont.....	215 1/2	218 3/8	Radio Corpn....	59	56 3/4
United Corpn....	8 1/4	8 1/8	East. Kodak	107 1/4	105	Sears Roebuck .	69 3/4	67 3/8
Western Union..	44 5/8	42 3/4	Ford Motor	82 7/8	85 1/4	Shell Oil	40 1/8	41 5/8
Alcoa	74 1/2	71	Gen. Electric....	62 3/4	63 1/8	Socony-Mobil	46 3/4	46
Aluminium	32 3/8	31 3/4	General Foods .	81 5/8	81 1/2	Stand. Oil Ind...	51 1/2	49 7/8
Amer. Can.....	43	42	General Motors	44 3/8	45 1/4	Stand. Oil N.J...	44 1/4	43 1/2
Am. Smelting ...	67	64 3/8	Goodyear	43 1/8	42 5/8	Union Carbide .	136 3/8	130
Am. Viscose	58	56 1/4	Gulf Oil.....	37 1/8	35 3/8	U.S. Steel	81	80 1/8
Anaconda	55 3/8	53 1/4	Heinz.....	58 1/4	56 1/2	West. Electric ..	42 5/8	41 1/2
Beth. Steel.....	40 3/8	40	Int. Bus. Mach..	473	464	Woolworth	75 7/8	76 1/4

Standard and Poor's Indices (1941–43=10)

1961	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
June 21	63·99	2·92	32·15	5·03	57·94	3·33	89·96	3·89
„ 28	63·40	2·95	31·68	5·10	57·55	3·36	89·75	3·91
July 5	63·43	2·90	32·38	4·99	58·92	3·28	89·85	3·90
„ 12	63·97	2·92	31·91	5·07	59·63	3·24	89·54	3·93
„ 19	63·35	2·95	30·89	5·23	59·03	3·27	89·64	3·92

425 Industrials :—High, 71·25 (May 17). Low, 60·87 (Jan. 3).

Prices, 1961 High	Prices, 1961 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, July 12, 1961	Price, July 19, 1961	Yield, July 19, 1961	Cover
		%	%	BANKS, DISCOUNT & HP				
17/6	10	c	10	c	Barclays.....£1	79/9*	73/3*	3·32	...
7/9 3/4	21	c	10	a	District £1	85/6	84/–	3·81	...
55/–	4	a	8	b	Lloyds £1	61/3*	61/9	3·53**	...
11/9	†47 1/2	b	†21 1/2	a	Martins 5/–	21/10 1/2	21/10 1/2	3·43	...
13/3	10	b	2 1/2	a	Midland.....£1	77/–*	77/9	3·86**	...
71/6	5	a	10 5/8	b	Nat Provincial £1	77/6*	79/3*	3·53	...
25/9	9	b	5	a	Westminster 'B'.....£1	75/3*	73/6*	3·97	...
44/9	2 1/2	a	7 1/2	b	Australia & N.Z....£1 p.p.	39/–	37/–	6·49	...
43/11 1/2	9	b	5	a	Bk. Lond. & S. Amer..£1	46/9	44/3	4·52	...
£24 7/8	£1	3·85c	$2·05c	Bank of Montreal....$10	£23 15/16	£23 3/16	3·03	...
16/3 3/4	9	b	5	a	Bank of New S. Wales £20	27	26 1/2	5·43	...
62/–	† 21	3 c	† 5 5/6	a	Barclays D.C.O.....£1	35/3	34/6	5·80	...
40/–	5	a	15	b	Chartered.....£1	54/6	51/3	5·85**	...
65/3	8 1/2	a	14	b	Hongk'g. & Shang....$25	£18 1/4	£18	4·17	...
	5/–	a	10/–	b	Nat. Com. Bk. Scot..10/–	55/3	53/6	3·08	...
	$2·32 1/2	c	$2·37 1/2	c	Royal Bk. Canada....$10	£28	£28 1/2	2·94	...
	10	b	9	b	Royal Bk. of Scotland .£1	102/–	96/6	3·94	...
	40/3	a	40	b	Stand. Bk. S. Africa....£1	35/–	34/6	8·70	...
115/16	† 50	a	† 55	b	Hambros .....£1 f.p.	130/–	125/–	3·60	2
61/3	20	a	25	b	Schroders £1	72/6	70/6	2·13	...
177/8	† 41·17	c	† 41·17	c	Union Discount £1	49/–*	48/9*	5·13	...
103/9	20	a	40	b					
42 7/16	35	a	40	b					
80	10	a	110	b					
8 1/2	† 1	a	† 1 1/2	b					
100/–	8 1/2	a	11 1/2	b					
156/3	† 20	a	† 70	b					
† 183 1/3	c	† 208 1/3	c						
18	† 7 1/2	a	† 5	a					
140/9	50	a	50	b					
104/6	7 1/2	a	11 1/4	b					
14/–	12 1/2	b	7 1/2	a					
66/11 2	20	c	20	c					
41/10 1/2	2 1/2	a	8 1/2	b					
6/8 1/4	12	c	12	c					
52/2 1/4	15	b	7 1/2	a					
79/–	15	c	20	c					
14/–	3 1/2	a	9	b					
28/11 2	10	a	5	b					
† 51 3/8	† 4	a							
21/6	3 1/2	a	12 1/2	b					
52/–	11 4	b	2 1/2	a					
20/–	9	a	21	b					
36/–	10	c	15	c					
					MINES				
110/–	40	a	50	b	Anglo-American....10/–	112/6	111/6	8·07	1 1/2
43/–	18 3/4	b	6 1/4	a	Consolid. Gold Fields ..£1	45/6	49/6	10·10	2
72/6	15	a	20	b	General Mining £1	75/–	73/9	9·49	2
40/–	40	a	120	b	Union Corporation ..2/6	43/6	45/6	8·79	3
15/3	40	a	40	b	Daggafontein 5/–	15/6	16/–	25·00	1 1/2
73/9	100	b	70	a	Free State Geduld 5/–	77/6	75/7 1/2	11·24	2
25	25	a	25	a	Harteebeestfontein ..10/–	41/3	40/7 1/2	12·31	1 1/2
41/10 1/2	60	b	50	a	President Brand 5/–	48/1 1/2	48/11 2	11·43	1 1/2
101/3	110	b	90	a	Western Holdings 5/–	108/9	108/9	9·20	1 1/4
15/9	...		8 1/3	a	Winkelhaak.....10/–	19/–	18/–	...	...
55/–	13 1/3	a	36 2/3	b	Chartered 15/–	61/6	62/6	12·00	2
51/3	60	b	20	a	Rhod. Anglo-Amer..10/–	51/9	54/9	14·61h	2
8/3	12 1/2	b	41 1/4	a	Rhod. Selection Tst. .5/–	9 1/4 2	9/6	9·05h	2 1/4
41 1/2	10 15	a	4 1/2	b	Roan Antelope.....5/–	5/3	5/4 1/2	14·05h	1 3/4
22/–	22 1/2	b	15	a	Tanganyika Cons....10/–	22/–	22/6	16·67	1 1/2
66/3	6 1/4	a	13 3/4	b	Consolidated Zinc....£1	66/3	63/6	6·30	1 3/4
110/–	100	a	150	b	De Beers Defd. Reg. .5/–	123/9	123/9	10·10	1 3/4
$104	$1·50	c	$1·50	c	Internat. Nickel ...n.p.v.	$150	$150 1/2	1·79	...
12/10 1/2	7 1/2	a	27 1/2		London Tin.....4/–	20/4 1/2	19/–	7·37**	1 1/4
30/–	20	c	27 1/2	c	Rio Tinto.....5/–	35/7 1/2	34/4 1/2	8·00	1 1/2
35/6	6 2 1/2	c	70	a	Tronoh 5/–	80/–	76/–	4·61**	...
					OIL				
46/–	† 31	3 a	† 81	3 b	British Petroleum £1	47/3	47/–	8·11	2 1/4
36/3	† 21	2 a	† 67	8 b	Burmah Oil £1	37/9	37/–	8·28	1 1/4
37/–	6 1/4	a	13 3/4	b	Castrol.....10/–	37/–	38/6	5·19	2 1/2
£105	9	10·23a	13·64b	Royal Dutch.....20 fl.	£12 7/16	£12 1/8	3·93	2 3/4
108/9	† 81	3 a	† 121	2 b	Shell Transport £1	121/–	119/–	5·72	3
27/9	...		...		Ultramar 10/–	28/9	28/6	... d	...
					PAPER & NEWSPAPERS				
9/10 1/2	8	b	5	a	Daily Mirror.....5/–	12/6	12/6	6·00**	1 1/4
61/3	4	a	8	b	W. H. Smith & Son 'A'..£1	64/3	61/3	3·92	2
52/–	5	a	8 3/4	b	Bowater Paper.....£1	52/9	54/6	5·05	1 1/2
44/–	9	a	7	b	Albert E. Reed.....£1	46/–	47/3	6·77	1 3/4
37/6	4	a	8	a	Spicers.....£1	47/6	46/9	5·35	1 3/4
25/6	17	a	18	b	Thomson Pref'd Ord. 5/–	28/6	28/–	8·04**	2 1/2
50/6	4	a	10	b	Wiggins Teape £1	56/6	57/6	4·87	2

Prices, 1961 High	Prices, 1961 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, July 12, 1961	Price, July 19, 1961	Yield, July 19, 1961	Cover
		%	%	MISCELLANEOUS				
56/–	51/10 1/2 *	20	a	60	b	Assoc. British Picture..5/–	55/6*	51/10 1/2 *	5·78	2 3/4
29/9	29/3	30	b	20	a	Assoc. Television 'A' .5/–	29/9	29/3	8·55	2
50/–	48/6	16	a	14	b	Beecham Group.....5/–	50/–	48/6	3·09	1 3/4
44/6	41/–	6 2 3	b	3 1 9	a	British Match £1	44/6	41/–	4·88	2 1/2
56/–	22/03 4 *	28 1/2	a	21/–	a*	British Oxygen.....5/–	22/03 4 *	21/–	2·52	2 1/2
9/9	9/9	4	a	7	b	British Ropes 2/6	9/9	9/9	5·13	2 1/4
55/–	52/9	4	a	7	b	De La Rue.....10/–	55/–	52/9	4·27	2
35/6	34/–	7 1/2	b	15	b	Gestetner 'A' 5/–	35/6	34/–	2·94	3 1/2
57/9	57/6	10	a	5	a	Glaxo.....10/–	57/9	57/6	2·61**	3 3/4
50/–	47/6	12	b	3	a	Harrisons & Cr. Defd..£1	50/–	47/6	6·32	2 3/4
41/6	36/–	40	b	5	a	Hoover 'A' 5/–	41/6	36/–	6·25	2 1/4
26/–	24/3	5	a	12 1/2	b	Ilford 5/–	26/–	24/3	3·61	2
93/9	87/9	5	a	5	a	I.C.T. £1	93/9	87/9	2·56	2 3/4
65/–	57/6	4	a	35	a	National Canning £1	65/–	57/6	4·35	2 1/4
31/3	30/–	5	a	33	a	Powell Duffryn.....10/–	31/3	30/–	5·33	2 1/2
27/10 1/2	26/9	3	a	3	a	Radio Rentals 5/–	27/10 1/2	26/9	3·74	3
27/9	25/–	4	a	4·50**		Rank Organisation....5/–	27/9	25/–	4·50**	2 3/4
38/9	38/–	3	a	3·16		Schweppes 5/–	38/9	38/–	3·16	1 3/4
33/6 ‖	32/–	3	a	3·91		Sears 'A' 5/–	33/6 ‖	32/–	3·91	2 1/4
25/6	25/–	3	a	3·20		Thomas Tilling 4/–	25/6	25/–	3·20	2
62/–	63/6	3	a	3·78		Turner & Newall.....£1	62/–	63/6	3·78	2 1/4
134/3	135/6	3	a	3·62		Unilever £1	134/3	135/6	3·62	3 1/4
9·04 2 a	15 5 b			2·67		Unilever N.V.....12 fl.	93 4	97 16	4·29	3 1/4
17/3	17/6	4	a	4·29		United Glass 5/–	17/3	17/6	4·29	2 1/2
31/9	32/1 2	7	a	7·62		United Molasses 10/–	31/9	32/1 2	7·62	1
				SHIPPING				
36/6	36/3	5	a	5·52		Brit. & Com'wealth. 10/–	36/6	36/3	5·52	2
15/3	15/3	7	a	7·87		Cunard £1	15/3	15/3	7·87	1 4
22/–	21/9	6	a	6·44		France Fenwick £1	22/–	21/9	6·44	1 2
39/6	38/6	5	a	5·19		Furness Withy £1	39/6	38/6	5·19	2 3/4
11/–	10/7 1/2	5	a	8·24		London & Overseas..5/–	11/–	10/7 1/2	8·24	...
37/6	35/10 1/2	3	a	6·13		P & O Defd. £1	37/6	35/10 1/2	6·13	1
13/–	12/6	2	a	2·04		Reardon Smith 10/–	12/6	12/3	2·04	...
14/6	14/–	5	c	7·14		Royal Mail.....£1	14/6	14/–	7·14	...
				STEEL				
56/6	56/10 1/2	5	a	5·63	4 1/2	Colvilles £1	56/6	56/10 1/2	5·63	4 1/2
29/4 1/2 *	29/10 1/2 *	5	a	6·59	2	Dorman Long.....£1	29/4 1/2 *	29/10 1/2 *	6·59	2
36/3	35/4 1/2	5	a	6·22	3 1/2	Lancashire Steel.....£1	36/3	35/4 1/2	6·22	3 1/2
29/9	30/4 1/2	5	a	7·90	2	South Durham £1	29/9	30/4 1/2	7·90	2
36/9	38/4 1/2	5	a	6·51	2 3/4	Steel Co. of Wales.....£1	36/9	38/4 1/2	6·51	2 3/4
43/11 2	45/1 1/2	5	a	6·65	3 1/2	Stewarts & Lloyds £1	43/11 2	45/1 1/2	6·65	3 1/2
50/–	51/4 1/2	5	a	5·84	2 3/4	John Summers £1	50/–	51/4 1/2	5·84	2 3/4
52/–	52/4 1/2	5	a	5·96**	3	United Steel.....£1	50/10 1/2	52/4 1/2	5·96**	3
48/9*	46/6*	6	a	6·45	3 3/4	Whitehead £1	48/9*	46/6*	6·45	3 3/4
				TEXTILES				
33/4 1/2	32/4 1/2	7	a	7·72	1 1/2	English Sewing Cotton £1	33/4 1/2	32/4 1/2	7·72	1 1/2
26/–	26/4 1/2	11	a	11·37	2	Fine Spinners £1	26/–	26/4 1/2	11·37	2
54/9	54/9	9	a	9·13	1 1/2	Lancashire Cotton £1	54/9	53/3	9·13	1 1/2
37/3	36/9	5	a	5·37	1 3/4	Courtaulds £1	37/3	36/9	5·37	1 3/4
6/5 ‖	6/4 1/2 ‖	6	a	8·37	1 1/2	Illingworth Morris...4/–	6/5 ‖	6/4 1/2 ‖	8·37	1 1/2
65/–	63/6	6	a	6·61	2	West Riding Worsted .£1	65/–	63/6	6·61	2
29/6	29/6	6	a	6·78	2	Woolcombers.....£1	29/6	29/6	6·91	1 1/4
16/10 1/2	17/4 1/2	5	a	6·91	1 1/4	Bradford Dyers £1	16/10 1/2	17/4 1/2	6·91	1 1/4
12/4 1/2	13/1 1/2	7	a	7·62**	3 1/2	Calico Printers 5/–	12/4 1/2	13/1 1/2	7·62**	3 1/2
41/10 1/2	41/11 2	3	a	6·08**	3	Coats, Patons & B....£1	41/10 1/2	41/11 2	6·08**	3
30/10 1/2	30/4 1/2	10	a	12·53	3	Jute Industries.....10/–	10/7 1/2	10/4 1/2	12·53	3
30/11 2	29/4 1/2	6	a	6·81	1	Tootal £1	30/11 2	29/4 1/2	6·81	1
				TRUSTS, LAND & PROPERTY				
58/–	55/–	3	a	3·41	1 1/4	Alliance Trust.....5/–	58/–	55/–	3·41	1 1/4
49/6	48/–	3	a	5·21	1 1/2	B.E.T. 'A' Defd.....5/–	49/6	48/–	5·21	1 1/2
17/3	17/6	3	a	3·03	1 3/4	Cable & Wireless.....5/–	17/3	17/6	3·03	1 3/4
55/6 ¶	52/4 1/2 ¶	2	a	2·42**	3 4	City Centre Props. ..5/–	55/6 ¶	52/4 1/2 ¶	2·42**	3 4
80/3	75/3	2	a	2·92	1	City Lond. Real Prop..£1	80/3	75/3	2·92	1
8 5 16	8 13 32	3	a	3·83	1 3/4	Hudson's Bay £1	8 5 16	8 13 32	3·83	1 3/4
30/4 1/2	29/6	2	a	2·03	1	Land Securities.....10/–	30/4 1/2	29/6	2·03	1
31/9	31/9	3	a	3·81	1	Lond. Cnty. Freehld. 10/–	31/9	31/9	3·81	1
				TEA & RUBBER				
44/–	43/6	20·65		1		Cons. Tea & Lands ...£1	44/–	43/6	20·65	1
30/6	30/–	13·06		2		Jokai (Assam) £1	30/6	30/–	13·06	2
10/9	10/9	...		1 1/4		Nuwara Eliya £1	10/9	10/9	...	1 1/4
5/6	6/0 3/4	15·15		1 1/2		Highlands & Lowlands 2/–	6/0 3/4	5/6	15·15	1 1/2
14·69	6/1 1/2	14·69		2		London Asiatic 2/–	6/7 1/2	6/1 1/2	14·69	2
12·42	80/6	12·42		1 1/2		United Sua Betong £1	84/–	80/6	12·42	1 1/2

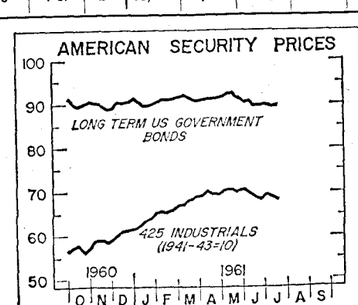
The Economist Indicator (1953=100)

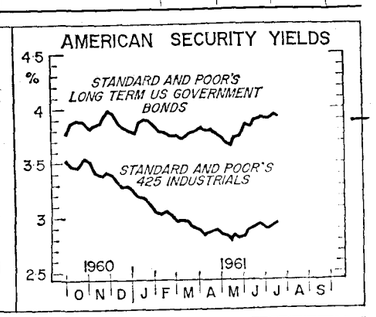
1961	Indicator	Yield %	1961 High	1961 Low
June 14	402·3	4·57		
„ 21	391·2	4·71		
„ 28	383·2	4·81		
July 5	368·0	5·02	427·2 (May 10)	359·4 (Jan. 4)
„ 12	373·8	4·97		
„ 19	370·4	4·99		

Financial Times Indices

1961	Ord. Index †	Ord. Yield	Fixed Int. ‡	2½% Consols Yield	Bargains Marked
July 13	308·6	5·08	82·11	6·54	13,096
„ 14	306·2	5·13	81·91	6·50	13,498
„ 17	301·4	5·21	81·85	6·51	15,621
„ 18	307·6	5·11	81·73	6·51	14,088
„ 19	312·0	5·04	81·84	6·49	13,935

High, 365·7 (May 15). Low, 305·9 (Jan. 3).
† July 1, 1935=100. ‡ 1928=100.





* Ex dividend. † Tax free. ‡ Assumed average life 8 years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all.
(a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution of 1s. 6d. per share. (e) To earliest date. (f) Flat yie
(h) After Rhodesian tax. (l) To latest date.

Yields based on assumed dividends:—A.C.V., 16%. Bass, Mitchells & B., 11%. Calico Printers, 20%. Chartered Bank, 15%. City & Centre Props., 25 1/3%. Coats, Patons & B., 12 1/2%. Daily Mirror, 15%. Glaxo, 15%. Guardian, 26 2/3%. Guinness, 22%. Hawker Siddeley, 10·6%. Ind Coope, T.A., 12% on merger terms. Lloyds Bank, 10 5/6%. Midland Bank, 15%. Rank Organisation, 22 1/2%. Thomson Pref'd. Ord., 45%. Tronoh, 70%. United

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time, they should not hesitate to reject the loan proposals as they now stand.

Balfour and Darwins

A NEW holding company, Balfour and Darwins, has been formed to merge the two Sheffield steel companies, Arthur Balfour and the Darwins group. As a preliminary step, Arthur Balfour is making a one-for-ten scrip issue. Then the 10s. shares of both companies will be exchanged on a one for one basis for 10s. shares in the new company. Holders of Darwins 6 per cent £1 preference shares will receive a 6 per cent preference share in the new company. On a full acceptance Darwins' shareholders will hold about 49 per cent of the new equity and Balfour shareholders about 51 per cent.

Combined profits for 1961 should not be substantially less than those for 1960, but profits earned before June 30th will be treated as capital reserves in the new holding company. Only those earned in the record six months will be available to pay a forecast final dividend of 10 per cent, making a total of 16 per cent for shareholders of both companies. This will be a maintained payment for Darwins' shareholders but it will raise the dividend to Balfour shareholders from the equivalent of 10.9 per cent. The directors of the holding company consider this increase is justified because while the equity earnings of the two companies have been similar in the past, Balfour shareholders have received a lower rate of dividend.

The merger will not immediately lead to an improvement in profits but the directors are explicit about the long-term advantages. Balfour and Darwins are of similar size, with about 75 per cent of their products complementary and 25 per cent. parallel. The merger will widen the range of products and markets. Balfour has an extensive range of tool steels and engineers' tools and has built up many export connections through foreign subsidiaries and agencies, while Darwins has a Dutch interest which could be readily expanded if Britain joined the Common Market. At 27s. Balfour 10s. shares are on a prospective yield basis of 6½ per cent and at 25s. 3d. Darwins 10s. shares yield 6¼ per cent.

Associated British Picture

THERE is enough in the report and accounts of Associated British Picture Corporation to encourage shareholders, but they will be wise to adopt the generally cautious attitude of the chairman, Sir Philip Warter. In the year to March 31st last both the cinema and television interests of ABP made a good recovery from the 1959-60 setback. The profits of the group's cinemas nearly doubled from £1,413,000 to £2,701,000, largely as a result of the abolition of entertainments duty, and following a reorganisation of its facilities, ABC Television achieved an increase in profits from £2,347,000 to £3,017,000. In all, the group's trading profit rose by over 50 per cent from £3,761,000 to £5,717,000 and net profits now cover the maintained dividend of 60 per cent 2¾ times.

Sir Philip tells shareholders that the company must retain its cash resources to take advantage of any new developments in the entertainment field and the decision to leave the dividend unchanged has given the balance-sheet a very different appearance, a net cash balance of £181,000 being replaced by liquid assets of £3,923,000. The proposed one for one scrip issue could therefore herald a bigger dividend—profits and the Chancellor permitting. Last year cinema attendances fell by only 3 per cent, the smallest decline for some years, but Sir Philip is not yet certain whether attendances are now levelling off. Like the Rank Organisation, ABP is investing some of its money in bowling alleys; four cinemas have already been converted into bowling alleys and two others will be converted this year. On the commercial television side of the business, no one can be certain what is in store when the present contracts expire in 1964, though it is not unnatural for Sir Philip to hope that ABC Television, now only a weekend contractor, will be given wider responsibilities. On the unchanged dividend the 5s. shares at 51s. 3d. xd yield 5.9 per cent.

Hadfields

IN April an industrial and financial consortium, Steel Trust Limited, was formed to provide much-needed capital for Hadfields, which has interests both in steel rolling and in the manufacture of paper-making machinery. Following an extraordinary general meeting in May, five new directors were appointed to the board, including the head of the consortium, Sir Peter Roberts, MP, who is now the vice-chairman. The directors have now announced that in view of the uncertain state of demand for steel, the increase in costs and the comparatively small rise in steel prices the interim dividend is to be reduced from 3 to 2 per cent.

Steel Trust is subscribing for 2,616,184 ordinary shares of £1 each at par, of which 10s. per share was paid last month with the second instalment due in October. These shares do not rank for the interim dividend but will be eligible for the final dividend for the year to September 30th on the partly paid capital. The consortium will hold over 41 per cent of the Hadfields' equity and it has a strong say in its management. But it made the investment in the full knowledge that there was no prospect of quick returns. The tone of the latest announcement suggests that with higher costs this year and additional ranking capital the final payment may also have to be cut. The 6 per cent dividend paid for 1959-60 was not fully covered by earnings and profits this year will almost certainly be lower. On news of the lower dividend the ordinary shares were marked down to 17s. 1½d., but they recovered later to 18s. Earlier this year the shares stood at 25s.

London Stock Exchange

FIRST DEALINGS:	June 26	July 10	Ju
LAST DEALINGS:	July 7	July 21	A
ACCOUNT DAY:	July 13	Aug. 1	A

THE stock market has spent another w under the shadow of the Chancell axe, a prey to rumours of higher purc tax, payroll tax and dividend limitation. extreme sensitivity of investors was reflec in the small volume of trading, which itself helped to exaggerate price moveme Before and immediately after the week buyers held off and jobbers marked pr down; on Monday the *Financial Times* dustrial ordinary index fell to 301.4 lowest point for the year. This lower l of prices tempted some buyers intere mainly in the blue-chips. Together bear covering as the end of the Acc drew near this demand was sufficien push prices up on Tuesday and Wednes But over the week *The Economist* indic showed a net fall of 3.4 points to 370.4 lowest level since the beginning of F ruary.

Gilt-edged stocks held their prices be the week-end, supported by the impro trade figures for June and the fact that B Rate was not raised. Immediately after week-end, however, prices fell a little, e cially at the short end of the mar Exchequer 5½ per cent 1966 lost ⅝ to but irredeemable stocks made small ga 2½ per cent Consols rising by ¼ to 38

Among bank shares Barclays lost 1s. to 78s. 3d. xd, though Lloyds, Midl and National Provincial moved against trend and registered small gains. Un Dominions Trust gained 2s. 6d. after news that it would not finance the purch of cars over five years old, but this was enough to offset earlier losses and the sha made a net loss of 2s. 6d. to 165s. Ins ance shares fell before the week-end, many of them made good their losses; R Exchange, indeed, gained 5s. 6d. to 112s. Brewery shares fell back, Watney M losing 5s. to 86s. 6d. Building shares w also lower, Taylor Woodrow losing 1s. to 20s. 9d. Fear of the Chancellor's int tions and the news that retail sales w lower last month caused an initial drop store share prices, but Woolworth House of Fraser were slightly up on balan Debenhams lost 3s. 3d. to 54s. 9d. over week, and Marks and Spencer 1s. 7½d. 108s. 7½d.

On balance steel shares made small g over the week, notably Stewarts and Llo which gained 2s. to 45s. 1½d. Unile gained 5s. 3d. on Wednesday, recovering earlier falls and gaining 1s. 3d. over week to 135s. 6d. BMC lost 4½d. 14s. 4½d., in a dull market for motor shar Property shares again declined, but follo ing news of its financial arrangements w Norwich Union and the Pru' Capital a Counties showed a net gain of 10½d. at 4 Oil shares also continued to fall, Sh Transport losing 2s. to 119s.

EXCHEQUER RETURNS

For the week ended July 15, 1961, there was an "above-line" surplus (after allowing for sinking funds) of £5,294,000 compared with a deficit of £22,260,000 in the previous 8 days and a deficit of £4,327,000 in the corresponding period of last year. There was a net expenditure "below-line" of £4,649,000 leaving a total cumulative deficit to date of £250,348,000 compared with £220,000 in 1960-61.

£'000	Estimate 1961-62	April 1, 1960, to July 16, 1960	April 1, 1961, to July 15, 1961	Week ended July 16, 1960	Week ended July 15, 1961
Ordinary Revenue					
Income Tax	2,728,500	380,501	442,823	30,741	36,752
Profits Tax	210,000	26,800	32,100	1,000	1,400
Estate Duties	240,000	67,300	84,100	4,900	4,300
Stamps	94,000	26,200	32,100	1,900	2,000
Profits tax, EPT and EPL	325,500	64,900	89,400	6,200	7,400
Other Inland Rev. Duties		50	...	...	...
Inland Rev.	3,598,000	565,751	680,523	44,741	51,852
Customs	1,550,000	429,480	467,453	27,037	32,740
Excise	960,000	234,265	234,170	3,330	5,720
Customs and Excise	2,510,000	663,745	701,623	30,367	38,460
Other Duties	155,000	17,955	21,649	1,916	5,080
Sundry (Net Receipts)	40,000	6,800	6,800	...	...
Broadcast Lic's.				...	...
Sundry Loans	205,000	11,365	107,133	...	307
Miscellaneous		28,138		60	
Total	6,508,000	1,293,754	1,517,728	77,084	95,699
Ordinary Expenditure					
Net Interest	660,000	181,241	211,525	6,892	16,425
Payments to N. Ireland Exch. Fund — Initial settlement	92,000	23,462	24,042	...	...
Other Consolidated Funds	15,000	...	...	...	...
Supply Services	8,000	3,153	3,272	19	127
	5,186,902	1,312,595	1,382,776	83,300	83,801
Total	5,961,902	1,520,451	1,621,615	90,211	100,353
Sinking Funds	40,000	9,074	7,914	1,200	640
"Above-line" Surplus or Deficit		235,771	111,801	14,327	5,294
"Below-line" Net Expenditure*		95,049	138,547	17,659	4,649
Total Surplus or Deficit		330,820	250,348	31,986	9,943
Net receipts from:					
Tax Reserve Certificates		70,028	60,230	-285	-861
Savings Certificates		25,700	-3,200	1,400	1,600
Defence Bonds		34,080	19,770	2,769	1,245
Premium Savings Bonds		12,280	13,050	1,360	500
Total		142,088	89,850	5,244	2,484

* Net issue of the Civil Contingencies Fund of £17 million in 1961-62 compared with a net issue of £23 million in 1960-61.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1960					
July 16	3,480·0	1,818·3	229·3	...	5,527·5
1961					
Apr. 8	3,110·0	1,599·2	299·4	...	5,008·6
" 15	3,130·0	1,928·5	269·5	6·0	5,333·9
" 22	3,140·0	1,911·3	336·3	...	5,387·6
" 29	3,110·0	1,993·1	247·9	...	5,351·0
May 6	3,130·0	1,887·3	293·3	...	5,310·6
" 13	3,160·0	1,893·0	275·3	...	5,328·2
" 20	3,180·0	1,839·1	316·3	...	5,335·5
" 27	3,210·0	1,843·3	249·7	...	5,303·0
June 3	3,240·0	1,825·3	258·5	...	5,323·8
" 10	3,270·0	1,827·6	242·2	...	5,339·8
" 17	3,280·0	1,823·6	263·9	...	5,367·5
" 24	3,290·0	1,909·6	201·6	...	5,365·8
" 30	3,290·0		283·3	...	5,483·0
July 8	3,280·0	1,853·1	265·2	0·8	5,399·0
" 15	3,270·0	1,866·0	269·0	...	5,405·0

Money and Exchanges

THE MONEY MARKET

AFTER submitting an unchanged bid for three weeks running, the syndicate of discount houses reduced its bid by a modest 2d. to £98 17s. 2d. at last Friday's Treasury bill tender, and the average rate of discount rose by 7.67d. to £4 11s. 4.47d. Another week has passed without the market making any real attempt to anticipate an increase in Bank rate. Outside bidders, however, take a different view of the Chancellor's likely measures, and total applications fell by £27 million to £378 million. The market received 47 per cent of its application against 42 per cent a week earlier.

It has been an easy week in Lombard Street. For the first time in several months, a week has passed in which the authorities have not had to give any assistance to the market by the special purchase of bills. This week the authorities sold a small number of bills on Friday and Tuesday to absorb the surplus credit. On Wednesday, although it was the clearing banks' make-up day, credit was again comfortable. This unaccustomed ease was due to Government disbursements, large bill maturities, and, it was suggested, to the influx of foreign money following the recovery in sterling.

MONEY RATES

LONDON

	%		%
Bank rate (from 5½%, 8/12/60)	5	Discount rates:	
		Bank bills:	
		60 days	4 11/16–4¾
Deposit rates		3 months	4 11/16–4¾
(maximum):		4 months	4 11/16–4 13/16
Banks	3	6 months	4 11/16–4 7/8
Discount houses	3–3¼	Fine trade bills:	
		3 months	5½–6
Money:		4 months	5½–6
Day-to-Day	3⅜–4⅜	6 months	5¾–6½

NEW YORK

	%		%
Official Discount rate: (from 3½%, 11/8/60)	3	Treasury bills: July 10	2·322
		" 17	2·200

BANK OF ENGLAND RETURNS

(£ million)	July 20, 1960	July 12, 1961	July 19, 1961
Issue Department*:			
Notes in circulation	2,299·6	2,348·3	2,364·9
Notes in banking dept.	50·7	27·1	60·5
Govt. debt and securities*	2,347·5	2,373·7	2,423·7
Other securities	0·8	0·8	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	1·8	0·5	0·5
Banking Department			
Deposits:			
Public accounts	11·4	10·0	15·7
Special deposits	111·5	155·2	155·2
Bankers	232·1	262·0	254·7
Others	67·2	75·6	76·4
Total	422·2	502·8	502·0
Securities:			
Government	330·9	391·4	405·8
Discounts and advances	39·3	83·2	35·0
Other	18·7	18·4	18·0
Total	388·9	492·9	458·9
Banking department reserve	51·6	28·1	61·4
	%	%	%
"Proportion"	12·2	5·5	12·2

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £50 million to £2,375 million on June 29th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills Average Rate of Allotment	Allotted at Max. Rate
1960	91 day		s. d.	%
July 15	250·0†	379·6	110 2·49	67
1961				
Apr. 14	280·0§	414·1	89 7·69	42
" 21	260·0‡	411·3	89 9·01	38
" 28	220·0	379·8	88 1·71	67
May 5	240·0	416·2	87 4·27	49
" 12	250·0	445·8	86 5·04	50
" 19	260·0	432·5	86 3·18	33
" 26	270·0	440·2	88 8·74	50
June 2	270·0	419·9	88 9·61	61
" 9	270·0‡	463·3	89 4·14	39
" 16	260·0	391·2	90 0·42	55
" 23	260·0‡	389·1	90 8·47	50
" 30	250·0	400·8	90 8·94	46
July 7	240·0	405·2	90 8·80	42
" 14	240·0	378·2	91 4·47	47

† On July 14th tenders for 91 day bills at £98 17s. 2d. secured 47 per cent; higher tenders being allotted in full. The offer for this week was for £240 million of 91 day bills. ‡ Allotment cut by £20 million. § Allotment cut by £10 million. ‖ Allotment cut by £30 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits July 19	Market Rates: Spot July 13	July 14	July 15	July 17.	July 18	July 19
United States $	2·78–2·82*	2·78 7/16–9/16	2·78 7/16–9/16	2·78 7/16–9/16	2·78 7/16–11/16	2·78 7/16–11/16	2·78 7/16–11/16
Canadian $		2·87½–88	2·87½–7/8	2·87½–7/8	2·87½–11/16	2·86 15/16–87 1/16	2·87 1/16–1/8
French Fr.	13·622–14·077	13·64 1/2–3/4	13·64 1/2–1/2	13·64 1/2–1/2	13·65–65 1/4	13·65 3/8–5/8	13·64 3/8–65
Swiss Fr.	11·94–12·547⅛	12·01 1/2–3/4	12·01 1/2–1/2	12·01 1/2–1/2	12·02–02 1/4	12·02 1/2–3/4	12·02 1/2–1/2
Belgian Fr.	137·96–142·05	138·60–65	138·55–60	138·52–57	138·67 1/2–67 1/2	138·67 1/2–72 1/2	138·60–65
Dutch Gld.	9·983⅛–10·28 1/2	10·00 1/4–1/2	10·00 1/4–1/2	10·00 1/4–1/2	10·01–01 1/4	10·01 3/8–5/8	10·01 1/4–1/2
W. Ger. D-Mk.	11·037–11·365	11·07 3/4–08	11·07 3/4–08	11·07 3/4–7/8	11·08 1/4–3/4	11·08 7/8–09 1/8	11·08 1/4–5/8
Portug. Esc.		80·15–30	80·05–20	80·05–20	80·05–25	80·10–25	80·10–25
Italian Lire	1725–1775	17277 1/2–28 1/4	17277 1/2–28 1/4	17277 1/2–28 1/4	17281 1/2–29	17291 1/2–3/4	17281 1/2029
Swedish Kr.	14·27½–14·70	14·39 5/8–7/8	14·39 1/2–3/4	14·39 1/2–3/4	14·39 5/8–7/8	14·39 1/8–3/8	14·38 3/8–39
Danish Kr.	19·06½–19·62	19·30 7/8–31 1/8	19·30 7/8–31 1/8	19·30 3/4–31 1/8	19·30 3/4–31 1/8	19·31–31 1/4	19·31–31 1/4
Norwegian Kr.	19·71–20·30½	19·97 1/4–1/2	19·97 1/8–3/8	19·97 1/8–3/8	19·97 1/8–3/8	19·97 1/2–3/4	19·97 1/2–3/4

* Official Limits

One Month Forward Rates

United States $	15 16–13 16c. pm	15 16–13 16c. pm	15 16–13 16c. pm	13 16–11 16c. pm	13 16–11 16c. pm	13 16–11 16c. pm
Canadian $	15 16–13 16c. pm	15 16–13 16c. pm	7/8–3c. pm	3/4–5c. pm	13 16–11 16c. pm	13 16–11 16c. pm
French Fr.	4 3/8–4 1/4c. pm	4 1/4–3 3/8c. pm	4 1/4–3 3/8c. pm	4–3 1/8c. pm	3 1/2–3c. pm	3 3/8–2 7/8c. pm
Swiss Fr.	6 1/4–5 3/4c. pm	6 1/4–5 3/4c. pm	6 1/4–5 1/4c. pm	5 3/4–5 1/4c. pm	5 1/4–4 3/4c. pm	5 1/4–4 3/4c. pm
Belgian Fr.	45–35c. pm	35–25c. pm	35–25c. pm	35–25c. pm	35–25c. pm	35–25c. pm
Dutch Gld.	5 3/4–5 1/4c. pm	5 1/2–5c. pm	5 1/4–4 3/4c. pm	5 1/4–4 3/4c. pm	5–4 1/2c. pm	5–4 1/2c. pm
W. German D-Mk.	5 3/4–5 1/4pf. pm	5 1/2–5pf. pm	5 1/2–5pf. pm	4 1/4–3 3/4pf. pm	4 1/2–4pf. pm	5–4 1/2pf. pm

Three Months Forward Rates

United States $	27 8–23 8c. pm	23 4–23 8c. pm	23 4–25 8c. pm	27 16–25 16c. pm	25 16–23 16c. pm	22 8–21 4c. pm
Canadian $	2 13 16–2 11 16c. pm	2 13 16–2 11 16c. pm	2 13 16–2 11 16c. pm	2 13 16–2 11 16c. pm	2 13 16–2 11 16c. pm	2 13 16–2 11 16c. pm
Swiss Fr.	16–17 1/2c. pm	17 1/4–16 3/4c. pm	17 1/4–16 3/4c. pm	16 3/4–16 1/4c. pm	15 1/2–14 3/4c. pm	15 1/4–14 3/4c. pm
W. German D-Mk.	16 1/2–16pf. pm	16–15 1/2pf. pm	16–15 1/2pf. pm	13 1/2–13pf. pm	14–13pf. pm	14 1/2–13 1/2pf. pm

Gold Price at Fixing

Price (s. d. per fine oz.)	252/2	252/2	...	252/1 3/4	252/1 1/4
" ($ " " ")	35·10 1/2	35·10 1/2	...	35·10 1/2	35·11	35·13 1/2

Manpower and Output

Labour figures relate to Great Britain and production figures to United Kingdom unless otherwise stated.
M = Monthly averages or calendar months.
W = Weekly averages.

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

BRITISH

Prices and Wages.....	June 24th	External Trade	July
Manpower and Output....	This week	Industrial Profits	July

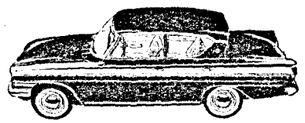
OVERSEAS

Western Europe.....	June 10th	United States.....	July 8

	Unit	Mid-year or averages			1960			1961				
		1958	1959	1960	April	May	June	Feb.	Mar.	April	May	Ju
TOTAL MANPOWER		June figures										
Working population:												
Total	'000s	24,070	24,145	24,436	24,327	24,394	24,436	24,521	24,517	24,547	24,558	
Men	,,	16,160	16,137	16,239	16,196	16,229	16,239	16,288	16,284	16,285	16,282	
Women	,,	7,910	8,008	8,197	8,131	8,165	8,197	8,233	8,233	8,262	8,276	
Armed Forces	,,	614	565	518	521	521	518	494	485	479	478	
Civil employment:												
Total	,,	23,080	23,197	23,628	23,451	23,559	23,628	23,695	23,710	23,768	23,809	
Manufacturing industries (1)	,,	...	8,477	8,811	8,768	8,794	8,811	8,903	8,894	8,916	8,913	
Manufacturing industries (old basis) (1)	,,	9,147	9,169	...	...	...	...	...	...	...	...	
Employees (1):												
in engineering (2)	,,	...	3,544	3,732	3,725	3,730	3,732	3,787	3,785	3,797	...	
in consumer goods industries (3)	,,	...	3,102	3,183	3,135	3,171	3,183	3,170	3,162	3,168	...	
UNEMPLOYMENT		Monthly averages										
By duration:												
All durations—total	,,	457·4	475·2	360·4	391·2	341·2	305·1	389·7	350·8	340·1	299·3	265
Temporary or under 2 weeks	,,	141·0	120·8	89·8	90·3	73·2	66·2	119·9	99·8	92·2	77·2	67
Over 8 weeks	,,	197·7	243·4	187·6	222·1	198·3	172·1	180·8	174·3	171·8	158·2	140
By regions (4):												
Great Britain	%	2·1	2·2	1·6	1·8	1·5	1·4	1·7	1·6	1·5	1·3	1
London and South Eastern	,,	1·3	1·3	0·9	1·0	0·9	0·8	1·1	1·0	1·0	0·9	0
Eastern	,,	1·7	} 1·5	1·3	1·4	1·1	0·9	1·6	1·2	1·2	0·9	0
Southern (5)	,,	1·6										
South Western (5)	,,	2·2	2·2	1·7	1·9	1·5	1·3	1·7	1·6	1·4	1·2	1
Midland	,,	1·6	1·5	1·0	0·9	0·7	0·7	1·8	1·5	1·3	0·9	0
North Midland	,,	1·6	1·5	1·1	1·2	1·0	0·9	1·3	1·2	1·0	1·0	0
East and West Ridings	,,	1·9	1·9	1·2	1·3	1·1	1·0	1·0	1·0	1·0	0·9	0
North Western	,,	2·7	2·8	1·9	2·2	2·0	1·8	1·7	1·6	1·7	1·5	1
Northern	,,	2·4	3·3	2·8	3·0	2·8	2·5	2·6	2·4	2·4	2·3	2
Scotland	,,	3·8	4·4	3·6	4·0	3·5	3·2	3·5	3·3	3·2	3·0	2
Wales	,,	3·8	3·8	2·7	2·9	2·5	2·3	2·9	2·6	2·5	2·2	2
VACANCIES												
Unfilled vacancies notified to Employment Exchanges: Total	'000s	198	224	314	306	327	361	290	314	337	354	39
INDUSTRIAL PRODUCTION												
Index:												
All industries	1954=100	106	113	120	120	125	119	125	125	123	...	...
,, ,, *seasonally adjusted*	,,	...	...	...	*121*	*121*	*120*	*121*	*121*	*122*	...	...
Mining and quarrying	,,	94	92	89	88	95	88	91	89	88	...	...
Construction	,,	105	111	118	...	117	...	121	...	...	...	...
Gas, electricity and water	,,	119	123	133	127	119	111	156	146	133	...	...
Manufacturing, total	,,	107	114	123	123	129	123	126	128	125	...	...
,, ,, *seasonally adjusted*	,,	...	...	...	*124*	*124*	*123*	*123*	*124*	...	...	...
Engineering and electrical goods	,,	111	118	127	123	128	127	133	139	134	...	...
Shipbuilding	,,	109	101	92	92	92	93	94	94	94	...	...
Vehicles	,,	118	131	139	148	158	144	140	140	140	...	...
Chemical trades	,,	115	131	145	146	150	144	155	154	151	...	...
Textiles, leather and clothing	,,	91	93	102	101	105	96	106	109	103	...	...
BASIC MATERIALS		M/W averages										
Production of:												
Coal (7) (8)	W	'000 tons	4,150	3,963	3,725	3,665	3,988	3,628	3,849	3,763	3,679	3,630	3,79
Pig iron	W	,,	245	242	303	311	299	295	302	313	308	300	29
Steel, ingots and castings	W	,,	369	388	467	478	475	466	485	471	472	466	44
Sulphuric acid	M	,,	186·8	202·3	225·1	221·8	215·4	217·0	210·2	242·0	218·8	...	...
Newsprint	W	,,	11·81	12·87	14·25	14·10	15·48	15·59	14·39	15·06	14·34	...	...
Electricity (7) (11)	M	mn. kwh	8,208	8,764	9,904	9,155	8,781	7,782	11,033	11,236	9,835	9,697	...
MANUFACTURING												
Textile production:												
Cotton yarn, single	W	mn. lb.	14·77	14·58	14·44	14·02	15·65	13·25	14·47	14·28	14·33	14·34	...
Worsted yarn (12)	M	,,	17·18	19·34	20·40	18·81	21·30	19·29	20·23	22·89	19·20	21·10	...
Rayon and synthetic fibres	M	,,	35·18	42·89	49·33	49·29	51·99	48·34	43·13	47·53	42·18	46·0	...
Cotton cloth, woven	W	mn. yds.	27·0	25·7	24·9	24·9	26·5	24·9	25·2	25·4	25·7	25·3	...
Wool fabrics, woven (12)	M	mn. sq. yds.	29·1	30·4	30·6	25·9	30·4	29·5	28·4	31·7	24·6	29·4	...
Engineering production:												
Passenger cars and chassis	W	'000s	19·84	22·88	26·01	30·17	34·13	29·62	15·11	19·56	19·35	22·58	...
Commercial vehicles and chassis	W	,,	5·90	7·13	8·81	8·60	9·48	9·68	10·03	9·27	9·41	9·70	...
Internal combustion engines (12)	M	'000 BHP	378	468	577	574	606	592	586	737	...	...	...
Metal-working machine tools (12)	M	£'000	6,993	6,564	7,911	6,435	7,107	7,520	9,574	11,158	9,358	...	...
BUILDING ACTIVITY (10)												
Permanent houses completed:												
Total	M	'000s	20·13	20·78	22·44	22·37	22·99	24·31	20·42	22·97	21·12	22·78	...
For local housing authorities	M	,,	9·43	8·29	8·60	8·27	9·14	9·44	6·95	8·98	7·14	7·72	...

(1) Current statistics of employment by industry, based on the 1958 Standard Industrial Classification, go back only to May, 1959. Manufacturing employment for earlier dates is shown on the old basis (1948 SIC). (2) Engineering and electrical goods, shipbuilding and marine engineering, vehicles, metal goods. (3) Textiles, leather goods clothing, food, drink and tobacco, timber, furniture, paper, printing and publishing. (4) Number registered as unemployed expressed as a percentage of the estimated number of employees. (5) Dorset (excluding Poole) was transferred from the Southern to the South Western Region on May 12, 1958. (6) Average for first quarter. (7) Great Britain. (8) Excluding all screening losses normally amounting to around 5,000 tons a week. (9) Average for second quarter. (10) England and Wales (11) Generation for public supply. (12) Deliveries. (13) July 258·5. (14) July 1·2. (15) July 396.

APPOINTMENTS



MODERN MANAGEMENT TECHNIQUES

OPPORTUNITIES FOR ACCOUNTANTS AND ECONOMISTS UNDER 30

The modern techniques employed by the finance staffs of Ford Motor Company Limited range from broad studies of economic affairs through complex financial analysis to systematic cost controls and mechanised accounting. A number of vacancies at different levels and on widely differing work are available in these staffs for men under the age of 30 with a university degree or professional qualification. These positions require ability and provide exceptional background for progress into senior management positions. Applicants are invited to send brief particulars (marking envelope CC/109E) to

H. G. PEARMAN
TRAINING AND RECRUITMENT DEPARTMENT
FORD MOTOR COMPANY LTD., DAGENHAM, ESSEX

AGRICULTURAL ECONOMISTS (one main grade, one Assistant, two main grade or Assistant) in Ministry of Agriculture, Fisheries and Food. Pensionable posts in London for men and women. Age on June 1, 1961, at least 26 (main grade); at least 21 and normally under 28 (Assistant). Qualifications: 1st or 2nd Class honours degree in economics, agriculture, horticulture or closely related subject, or comparable relevant qualification; also, for main grade at least three years' appropriate post-graduate or other experience. Knowledge of statistical methods or practical experience of agriculture or horticulture an advantage. Duties include investigation of changes in financial conditions of agriculture and factors affecting agricultural output, analysis of farm accounting data, and preparation of memoranda on farms and trends of agricultural management advisory work. Inclusive London salary scale: (main grade) £1,402-£1,719; (Assistant) £793-£1,282. Starting salary may be above minimum in both grades. Promotion prospects.—Write Civil Service Commission, Burlington Gardens, London, W.1, for application form quoting 5342/61. Closing date August 10, 1961.

YOUNG ECONOMIST WANTED

for training in Research and Survey Work by Economic Adviser of world-wide Organisation. Training starts with code numbering of newspaper articles, simple system of code numbers reference files for Survey Data. Knowledge of foreign languages an advantage.—Write, giving particulars and starting salary required, Box 1532, Economist Office.

UNIVERSITY COLLEGE OF RHODESIA AND NYASALAND

Applications are invited for the post of DIRECTOR OF THE RHODES-LIVINGSTONE INSTITUTE OF SOCIAL RESEARCH, LUSAKA, NORTHERN RHODESIA.

The Director will be a full time member of the staff of the College, but will be stationed at the Institute headquarters in Lusaka. He will be the responsible administrative officer of the Institute, and will be expected to direct the research activities of the Institute staff, to plan further research and in general to stimulate social research in both the Rhodesias and Nyasaland. A sound academic training in one of the social sciences and a broad interest in other social sciences is essential. Salary scale: £2,350 x £100—£2,650 p.a. Passages to Rhodesia for appointee, wife and dependent children on appointment, with allowance for transport of effects. Superannuation and Medical Aid Schemes. Unfurnished accommodation at rent of 15 per cent. of salary. Overseas passage for appointee every second year. Detailed applications (eight copies), naming three referees, by August 18, 1961, to Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

ARTHUR GUINNESS SON AND CO. (PARK ROYAL) LTD. require a Statistician for their Statistical Department at Park Royal. Qualifications: an Honours Degree either in Maths with a Diploma in Statistics or B.Sc. (Statistics) or B.Sc. (Econ.) with Statistics or Computational Methods in Part II. Applications from those who have graduated this summer will be considered. Salary: £875 to £1,700 (the point of entry will depend on age, qualifications and experience). Five-day week; three/four weeks' leave per year (this year's holiday arrangements honoured), non-contributory pension scheme.—Please write, stating age education and experience, to Personnel Manager, Park Royal Brewery, N.W.10.

THE METAL BOX COMPANY LIMITED
requires an
INFORMATION OFFICER
to take charge of its Commercial Information Service and Library at Head Office, Baker Street, London, W.1. The work covers all aspects of packaging and its user industries. Previous experience an advantage.
Apply to
Head of Staff Division,
THE METAL BOX COMPANY LIMITED.

UNIVERSITY OF ST. ANDREWS

Applications are invited for the post of LECTURER IN POLITICAL ECONOMY in St. Salvator's College, St. Andrews. Preference will be given to particular qualification in the teaching of welfare theory and social economics. Salary scale £1,050-£1,850; starting salary according to qualifications and experience. F.S.S.U.; family allowance; grant towards cost of furniture removal. Six copies of applications, with the names of three referees, should be lodged by August 19, 1961, with the Secretary of the University Court, College Gate, St. Andrews, from whom further particulars may be obtained.

FIRCROFT COLLEGE
SELLY OAK, BIRMINGHAM 29

Applications are invited for the post of *Resident Tutor*. Fircroft provides one-year residential courses in liberal studies for workingmen. The applicant should be qualified by his degree and experience to lecture in the range of ECONOMICS, POLITICS, TRADE UNION STUDIES or INDUSTRIAL RELATIONS and to undertake individual tutorial work.

Salary on University scales: £800 by £50 to £950 with possible promotion to next grade (£1,050 by £50 to £1,400). Only bachelor accommodation available.

Further particulars from the Warden.

CITY AND COUNTY OF NEWCASTLE UPON TYNE
CITY PLANNING DEPARTMENT

PLANNING ASSISTANTS, Grade A.P.T. I (£645-£815 p.a.).

Two vacancies exist for research workers in the Research Group of the Policy Division of the Department. A wide range of basic and specialist research projects are included in the programme which should interest young graduates with initiative and an interest in physical, social and economic problems. Preference will be given to graduates in economics, geography, statistics or sociology.

The appointments are subject to the National Scheme of Conditions of Service, the Local Government Superannuation Acts and the passing of a medical examination.

Applications, stating age, qualifications and experience, together with the names of two referees, to reach the City Planning Officer, 2 St. Nicholas Buildings, Newcastle upon Tyne, 1, by Thursday, July 27, 1961.

JOHN ATKINSON,
Town Clerk.

Town Hall, Newcastle upon Tyne.
July 12, 1961.

PHILIPS ELECTRICAL INDUSTRIES LTD.
have a vacancy for an
ACCOUNTANT
as a
SENIOR DEPARTMENTAL ASSISTANT

The requirements is for a man aged about 30, at or about A.C.C.A. qualification. Experience in financial budgetting, the analysis of company balance sheets and methods of company finance would be essential, and the post calls for the ability to write concise reports. A knowledge of the fundamental principles of Dominion taxation and of costing would also be advantageous.

This pensionable post offers interesting and varied duties, and will carry good conditions of employment.

Please apply in writing, with details of experience and qualifications, to:

Personnel Officer (D/743/4),
Philips Electrical Industries Ltd.,
Century House,
Shaftesbury Avenue,
London, W.C.2.

THE SCOTSMAN requires a young
FINANCIAL REPORTER
who will join their City Office in London after an initial six months' training in Edinburgh. He must have a sound, basic knowledge of finance and commerce and must be able to report on Company affairs, stock market trends, &c. Applications to *Production Editor*, North Bridge, Edinburgh.

BIRMINGHAM CHAMBER OF COMMERCE

Applications are invited for the post of male Assistant to the Secretary. Age group 21-30. Personality, tact, educational background and ability to write clearly and to express ideas well are important. Preference will be given to graduates in arts, commerce, economics or law, or to persons with professional qualifications. Good prospects for promotion. Contributory pension scheme.

Applications must be "Confidential" giving full personal details and salary required should be sent to the Secretary, Birmingham Chamber of Commerce, P.O. Box 360, 75 Harborne Road, Birmingham, 15. Applications should be received by 28th July.

THE MILK MARKETING BOARD invite applications for the appointment of Assistant in the Statistics and Surveys Department of its Production Division. This department is concerned with the study of factors governing milk production, feeding practices, cattle population trends, etc.

Applicants should recently have graduated with honours degree or experience, and there are excellent prospects for the future. The appointment is permanent and pensionable after a probationary period. Application forms from the Personnel Officer, Milk Marketing Board, Thames Ditton, Surrey.

BUCKINGHAMSHIRE EDUCATION COMMITTEE
SLOUGH COLLEGE OF FURTHER EDUCATION
Principal: R. Edgar, M.Sc., M.A.
DEPARTMENT OF MANAGEMENT, COMMERCE AND GENERAL EDUCATION

Applications are invited for the post of Lecturer to teach Economics and Statistics up to and including Final Professional level.

Candidates should be suitably qualified. Experience in teaching and industry or Commerce would be an advantage.

Salary on the Burnham Technical scale for Lecturers Gr.:—£1,370 x £38 to £1,550.

Application forms and further particulars may be obtained from the Principal, College of Further Education, William Street, Slough, Bucks, to whom completed forms should be returned within fourteen days of the appearance of the advertisement.

ECONOMIST

Young Economics Graduate required by Turner Brothers Asbestos Co. Ltd., Rochdale, manufacturers of asbestos and glass textiles, belting and specialised products, to assist in market research, sales analysis and economic intelligence work. The position will provide an excellent opening for someone intending to make a career in industrial market research and it could also be the avenue to wider opportunities for the man who makes a success of it. Applicants who are interested in this permanent and well-paid career should send full details to the Chief Personnel Manager, Turner Brothers Asbestos Co. Ltd., Rochdale.

GOVERNMENT OF HONG KONG

A Statistician (Special Duties) is required in the Commerce and Industry Department, Hong Kong. Candidates, preferably under 35, should possess an Honours Degree in Economics (with Statistics as one of the subjects taken). Previous experience in the preparation of National Income Statistics is essential. Duties will consist of the preparation of National Income Statistics and of estimates in respect of recent years; also the setting up of machinery and training of local staff for the compilation of future estimates of National Income.

Appointment will be on contract for 18-24 months. Salary, depending on experience, in scale £2,955, £3,045, £3,135, £3,225 (male): £2,216, £2,284, £2,351, £2,419 (female). Contract gratuity of £68 15s. (male) or £56 5s. (female) for every completed period of three months' resident service. Free passages. Generous home leave. Free medical attention. Apply, in first instance with summary of personal particulars, to Director of Recruitment, Colonial Office, Sanctuary Buildings, Great Smith Street, London, S.W.1, from whom further details may be obtained. Please quote reference No. BCD 149/51/06A3, and state full name.

MATHEMATICAL ECONOMIST

I.C.T seek a Mathematical Economist for their Planning Division in Park Lane to assist in the development of a mathematical model of the Company. Applicants (male or female) should be aged between 21 and 35 and possess a good honours degree.

Write to the Manager, Personnel and Training Division, International Computers and Tabulators Limited, 149 Park Lane, London, W.1, quoting reference PD/5ME on letter and envelope.

SECRETARY/RESEARCH ASSISTANT required for Commercial and Economic Analyst of large industrial Company, S.W.1. Must have first-class shorthand typing and ability to extract and tabulate statistical and commercial data. University degree and statistical experience an advantage but not essential. Good salary and luncheon vouchers. —Write Box 1531.

UNIVERSITY OF OXFORD
ALL SOULS COLLEGE
SENIOR RESEARCH FELLOWSHIPS

The College proposes to elect during 1962, if suitable candidates present themselves, to not more than two Senior Research Fellowships and carries an emolument of £1,250 rising to £1,500* (inclusive of allowances other than children's allowance, housing allowance and table allowance); its tenure is compatible with the tenure of a lecturing grant of £550 to £750.

2. The person elected must have attained distinction in one of the following branches of knowledge: Law; History (including the History of Art or of Science); Philosophy; Literature; Economics, Social Anthropology, Politics, Sociology, and other Social Studies. He will be required to undertake some definite project of research in Oxford or with the permission of the College elsewhere.

3. Candidates should send their application to the Warden, not later than October 31, 1961, together with any statement they may think it desirable to submit in support of it and the names of not more than three referees. They may be required to present themselves for an interview. Further particulars concerning the Fellowships may be obtained from the Warden. All envelopes relating to applications should be marked "Fellowship Application."

The choice of the College will not be limited to those who apply.

* An increase, to £1,400 rising to £1,650, is now before the Privy Council for approval.

CADBURY'S

Seek applicants for the senior post in their Consumer Research Department at Bournville. A man in the age range 25-35, experienced in Market Research, and preferably with a degree in economics and a working knowledge of statistics, is required to carry out social and economic research relevant to the Company's affairs. Through his Department he will handle a wide variety of consumer research enquiries; initiate consumer surveys both qualitative and quantitative with Agencies, follow the progress of such surveys to the report stage and interpret results and present them to policy making bodies. He will direct general economic research; supervise a small team of investigators; and himself undertake occasional pilot enquiries in the field. Applicants, who should state age, experience in this field and present salary, should write to:

Personnel Manager,
Cadbury Brothers Ltd.,
Bournville, Birmingham, 30.

TRANSLATOR FROM AND INTO FRENCH/ENGLISH

Applications are invited for post with the Air Ministry as Civilian Translator from and into French, at Fontainebleau, France, for a period of three years in the first instance.

Candidates should be British subjects by birth and should have at least a 2nd class honours degree in French but exceptional applications may be considered from candidates without this academic qualification if they are able to show that they possess the required command of French and English.

Both male and female candidates may apply. *Commencing salary* £788 p.a. (at age 25 or over) on scale £618 at age 21 to £1,184 p.a. plus Foreign Service and Rent Allowances. *Application Form* from Manager (PE.2378), Ministry of Labour, Professional & Executive *Register, Atlantic House, Farringdon Street,* London, E.C.4.

THE National Federation of Housing Societies (recognised under the Housing Act, 1957, as the central organisation for non-profit housing), is expanding its organisation to launch and direct a national campaign for providing both family housing and housing suitable for old people through Housing Associations and Co-partnerships.

Applications are invited for the newly created post of Director at the Federation's office in central London. Appointment initially for three years. Age 40-55. Salary of the order of £3,000 according to qualifications. Experience of housing association work an advantage but not essential.—Application forms should be obtained before July 31st from the Secretary to the Federation, 12 Suffolk Street, S.W.1.

MARKET SURVEY AND PRODUCT RESEARCH

A vacancy exists for a man with first-class training and experience to be responsible for the market survey and *product research activities of a major Company in the motor industry in the* Midlands.

quainted and it is desirable that they should possess sound Sales or Commercial experience.

It is desired to appoint a man within the age limits 35/45 to this important position and the salary associated is up to £2,250 per annum.

Letters of application, which will be treated in the strictest confidence, should give full details of age, training, experience and present salary.—Write, Box No. 1533.

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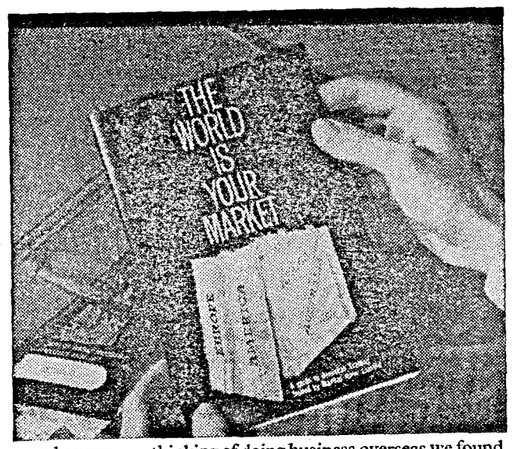
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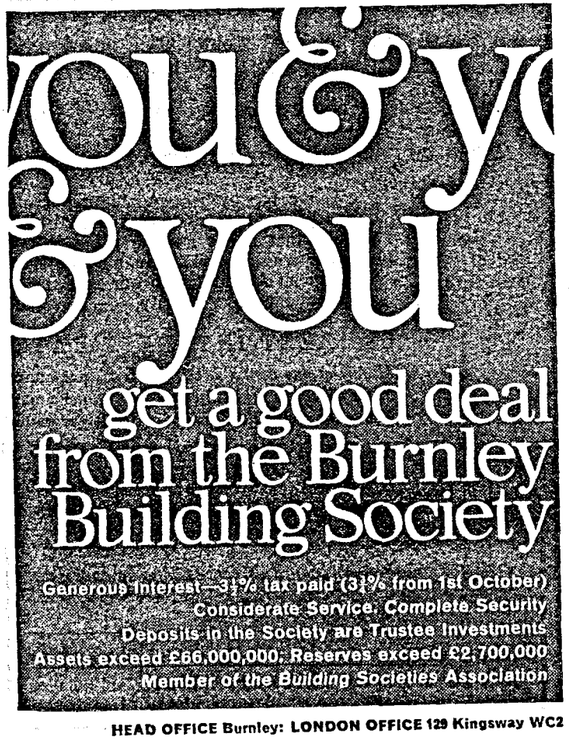
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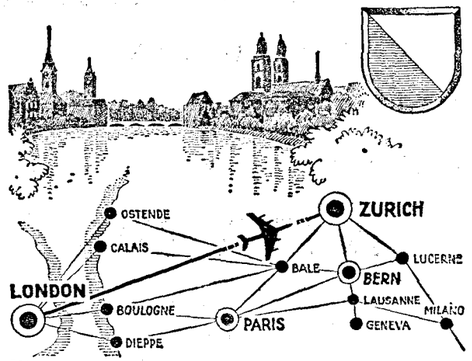
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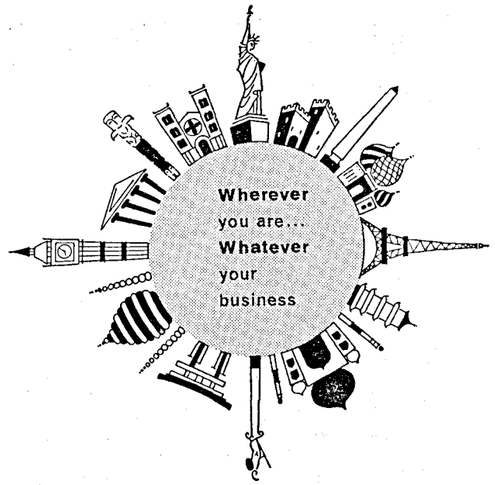
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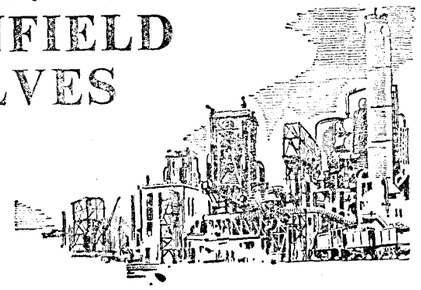
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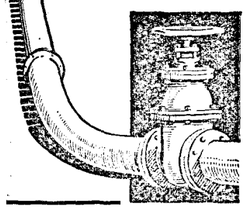
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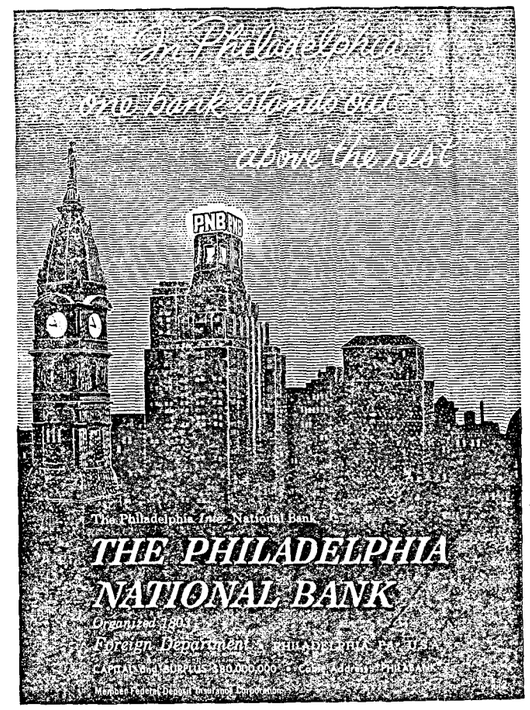
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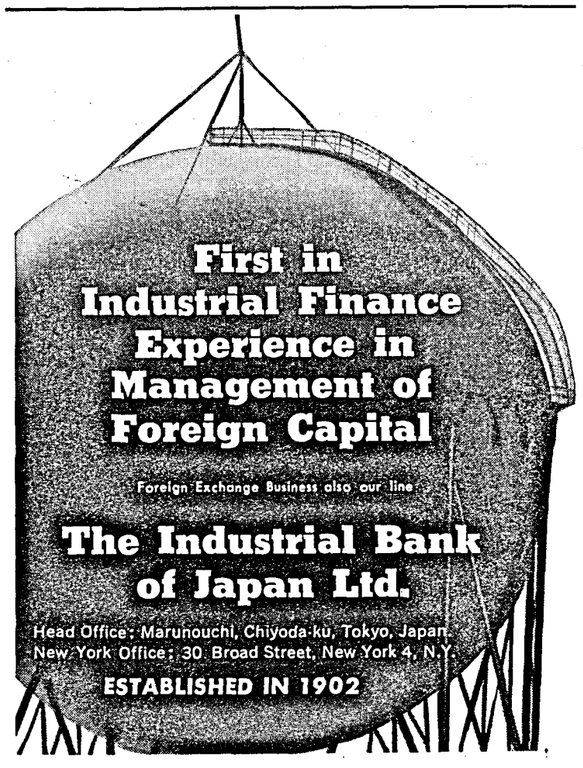
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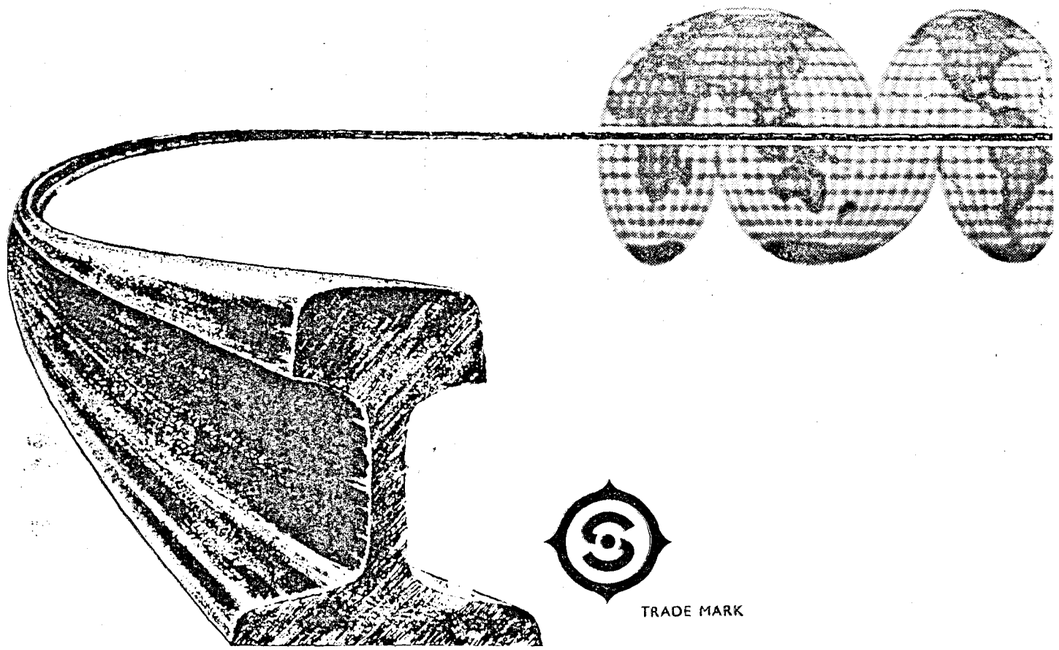
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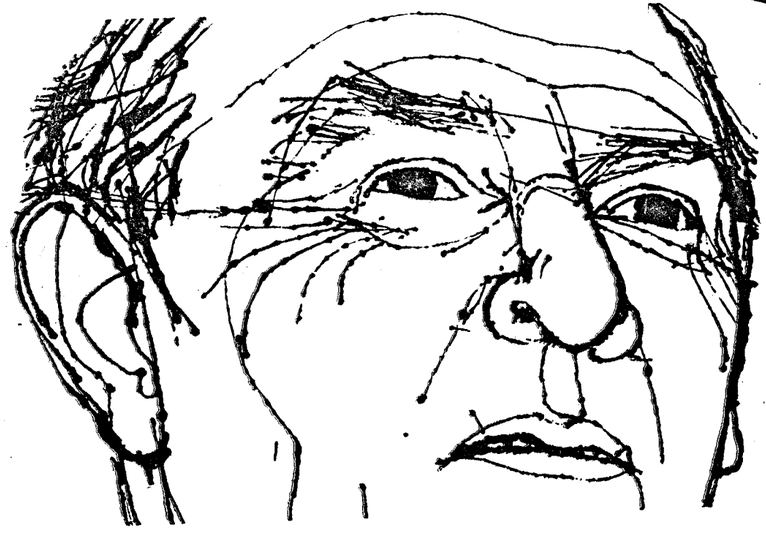
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THE GREAT DEFLATION



Mr Lloyd's Measures pages 467 to 471

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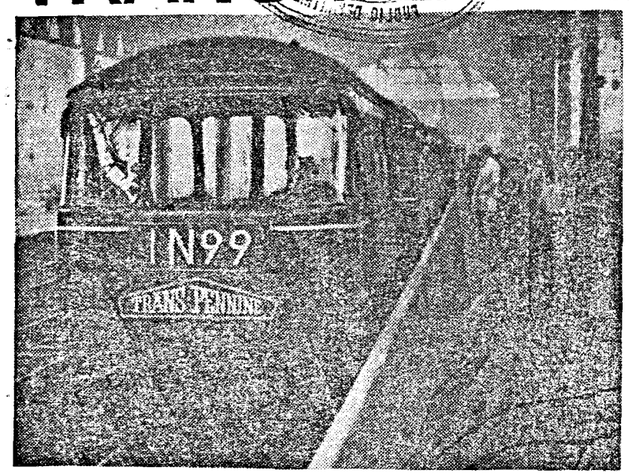
BERLIN AND BEYOND pages 451 and 436

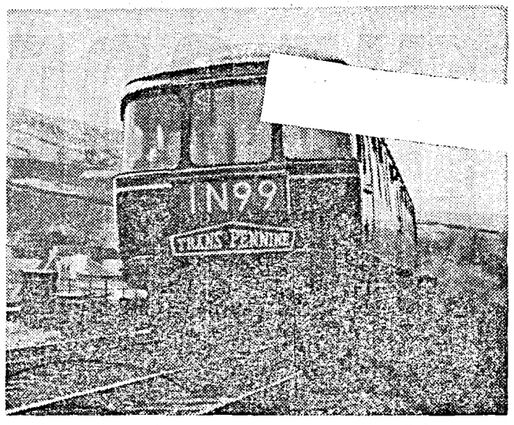
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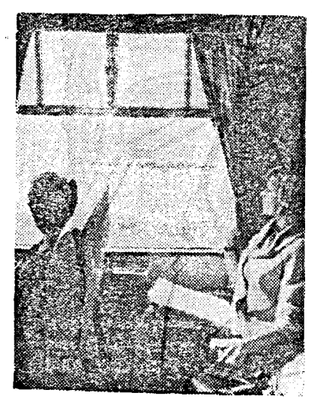
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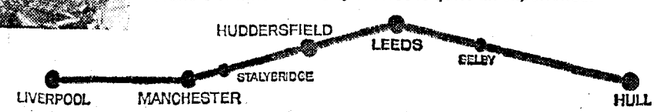




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INTERNATIONAL

COUNT-DOWN?

President Kennedy's firm but unprovocative speech on Berlin has given a lead which Americans are ready to support (p. 451).

The President is searching for a third course between retreat and nuclear war (p. 438).

• In Britain, the Ministry of Defence seems to be marching on a third course between the Foreign Office and the Treasury (p. 438).

ON THE PAD

Once Britain and the European common market have made up their minds about one another, it will be time for launching the idea of Atlantic union—a thought that might give cheer to the Commonwealth (p. 435).

• The British Government is on the point of announcing its intentions about the common market (p. 439).

• *The work of the "Eurocrats" who serve the European Economic Community is described* (p. 449).

BLAST-OFF

Bizerta: Mr Bourguiba's precipitation of the clash is to be deplored but, even so, Bizerta is not worth the destruction of the remaining hopes of a peaceful Maghreb friendly to the West (p. 434).

Tunis: Bourguibism—moderation, friendliness towards France and the West, fiery oratory, and skilful bargaining—may be one of the casualties of the battle of Bizerta (p. 448).

Morocco: American bases may seem to be too high a price for Moroccan politicians to pay for getting as much aid as all the rest of Africa put together (p. 447).

Angola: Portugal's foothold on the west coast of Africa looks less secure than ever (p. 444).

REFUELLING

US Aid: The long-term authority for development loans, which is the heart of this year's foreign aid Bill in Washington, has surmounted its first hurdle. But stiffer ones will follow (p. 452).

Washington: For the time being the American budget may seem to be slipping out of control, but the Treasury's recent refinancing shows that it is solving its problems in managing the debt (p. 454).

UK Aid: British economic difficulties have hit plans to give Tanganyika a much needed £12 million (p. 444).

Rhodesia: White voters in Southern Rhodesia have decided to feed 15 Africans into the colony's previously all-white parliament (p. 440).

• But the referendum campaign has injected more bitter racial feeling into Southern Rhodesia (p. 446).

Space Note: Builders in Chicago—including one British firm—are tapping one kind of space in which the country's railway capital is unusually rich—the "air rights" over stations and the permanent way (p. 445).

HOME

SURGERY

Mr Selwyn Lloyd's harsh surgery is not as crude as some have been saying: if the patient can weather the post-operative shocks—and if the surgeon can keep his nerve—a good recovery may be hoped for (p. 431).

WHERE THE KNIFE WAS USED (pp. 467-471)

The TUC has taken a lancet to the swollen effrontery of the ETU's executive, and may heal itself in the process (p. 440).

The amputation of English teachers' hopes for a larger pay rise might have been more drastic but for the recent award to their Scottish colleagues (p. 439).

Labour's plan for building land purchase has atrophied, and will have to be quietly excised (p. 443).

THERAPY

Mr Gaitskell's stay at the Labour Party conference at Blackpool could be something of a rest-cure (p. 443).

The healthy revulsion of the public and the local council is the good blown in by the ill wind of Smethwick's colour-conscious council tenants (p. 444).

REMEDY

The Postmaster General's medicine has not altogether cured the Post Office's ills (p. 473).

England's provincial theatre is in a parlous state: an Arts Council report explores means of reviving it (p. 457).

A breakthrough in research has brought a vaccine for the common cold nearer—but hopes should not be too high (p. 445).

MALADY

Tory members' reception of the Chancellor's measures has not been rapturous; but the party is far from rupture, and its unity could be strengthened by the crisis (p. 439).

Merseyside is suffering a congestion of the tunnel, and will need to resolve conflicts of prescription to arrive at a cure (p. 458).

The fevered spending in some (but by no means all) shops just prior to the Chancellor's cuts may give way to lassitude or coma in months to come (p. 457).

MIDWIFERY

The boom in Britain's birthrate is the major factor in the breakdown of official population forecasts (p. 437).

Detailed contents on page 431



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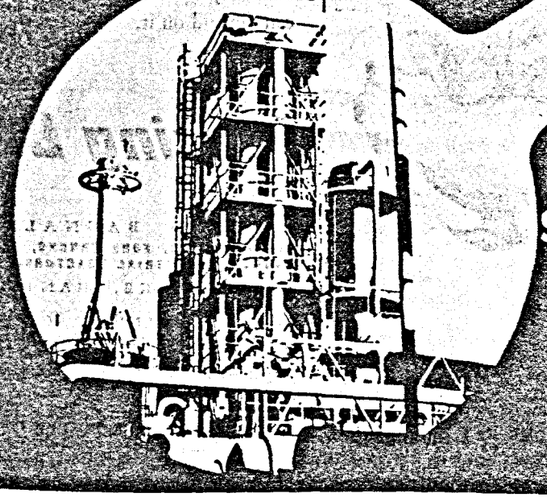
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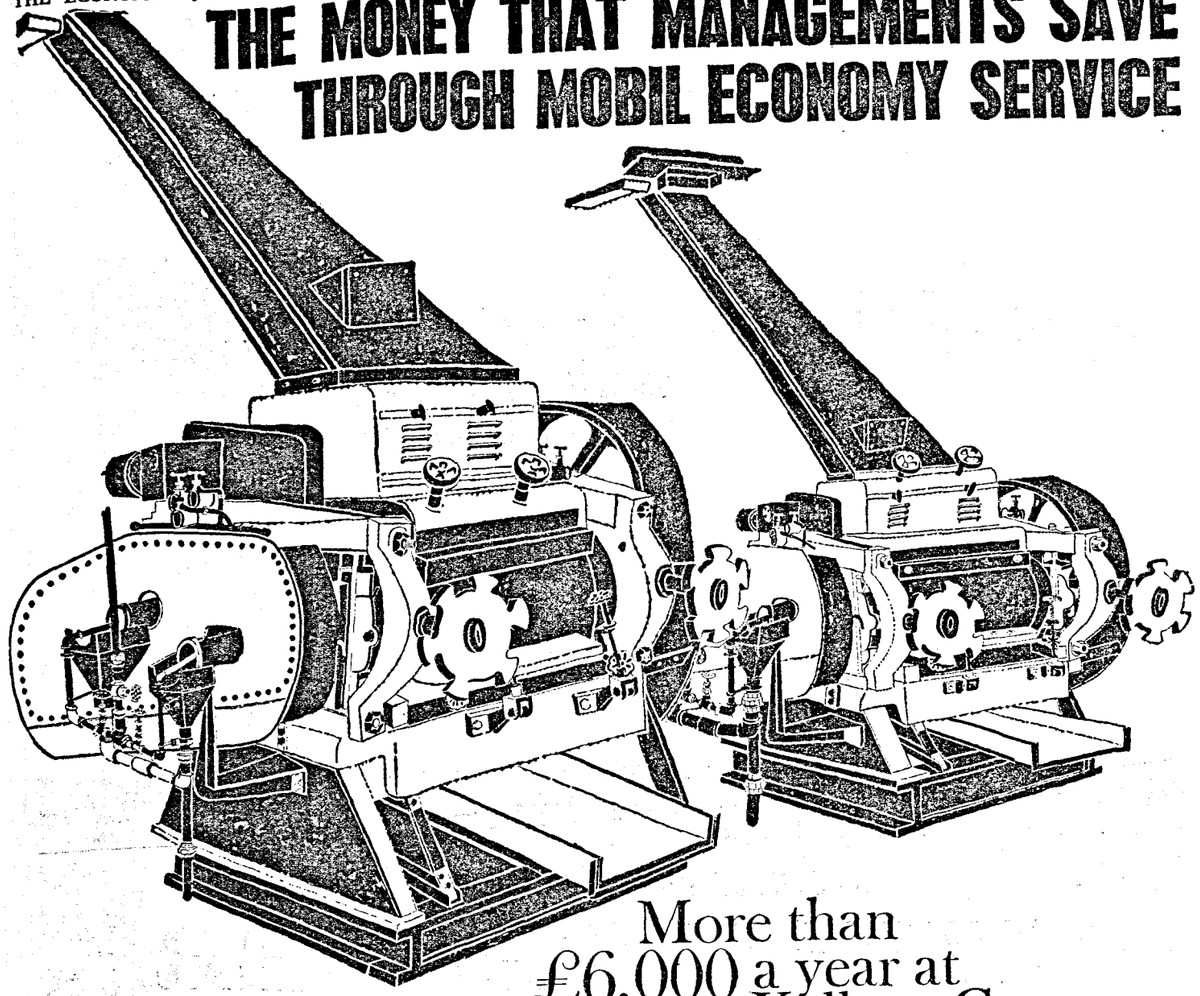
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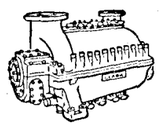
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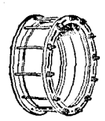
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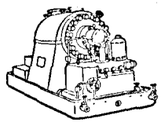
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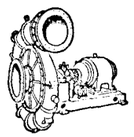
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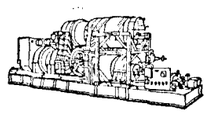
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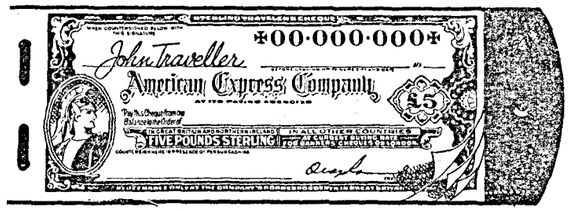
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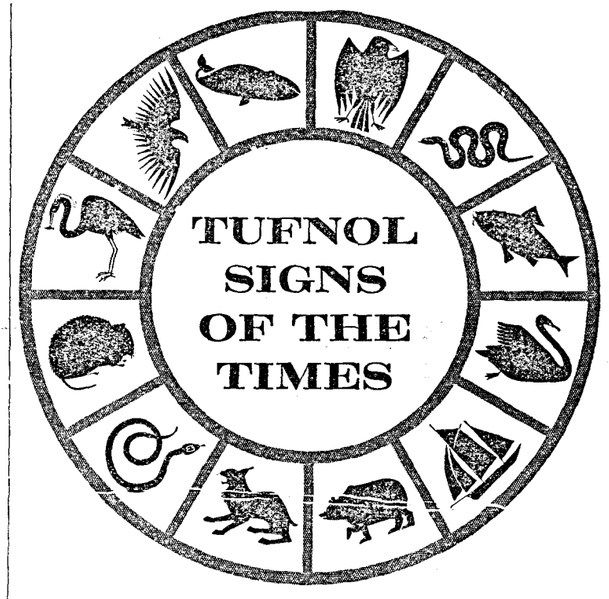
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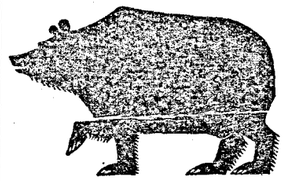
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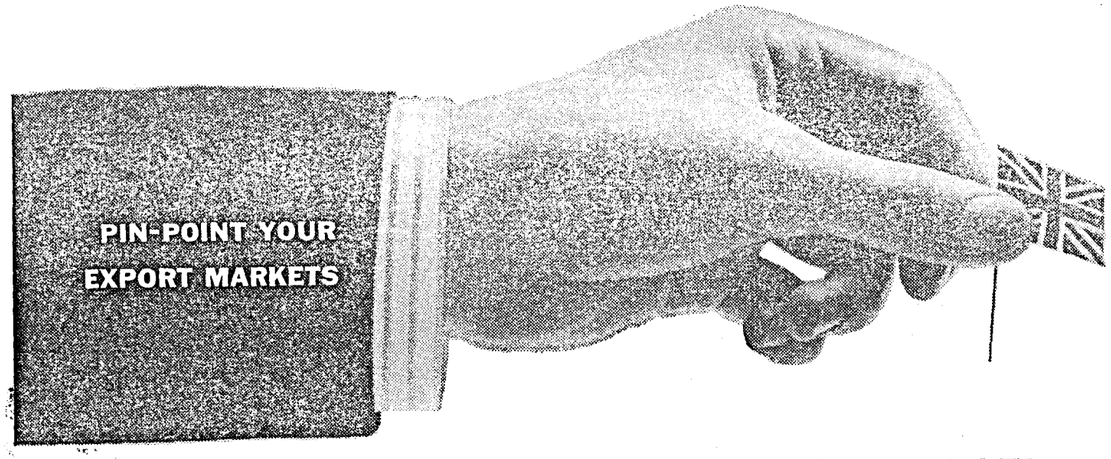
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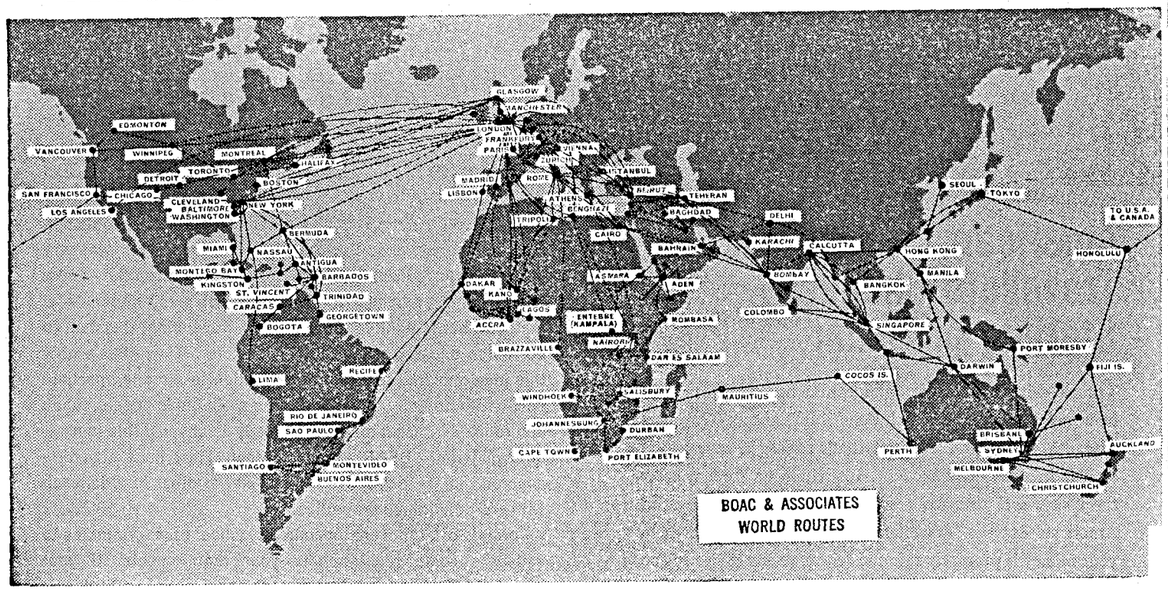
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The Economist

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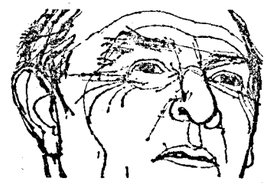
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The Great Deflation

MR SELWYN LLOYD's statement of measures on Tuesday was much more sensible than most of the minatory noises that he and his colleagues had made before it. It also looks a good deal more radical than many people have so far credited. The Chancellor seems to have made a very sharp step indeed in the direction of short-term deflation, and has intimated that this is meant to prepare the way for a major (though much vaguer) change in the Government's methods of long-term economic management. The questions to be asked this weekend are whether his short-term cuts have gone too far, and whether his new long-term policy will be translated from rather mottled words into enduring action.

Because most of his immediate cuts have been familiar in their manner, there has been some tendency to underestimate how tough they may prove to be in extent. The main key to them is the 7 per cent Bank rate. This is certainly the right first key to have turned; indeed everything that the Chancellor said on Tuesday confirms one's belief that it should have been turned several weeks ago. The deficit on Britain's current balance of payments is now "substantially" lower than a year ago, but a flight of short-term capital has turned last year's rise in the reserves into this year's substantial fall; this is the classic situation in which interest rates need to be raised to attract short-term capital back to Britain. But on top of its orthodox, though quite stringent, two per cent rise in Bank rate, the Bank of England has also called for more special deposits from a banking system that is already very short of funds for commercial lending. The consequent squeeze on credit looks as if it could be severer than anything known since the war. And on top of all this the Chancellor has raised all indirect tax rates by 10 per cent, which he estimates should "withdraw purchasing power from the economy at the rate of £210 million per year." In previous crises there has been lengthy discussion whether the Government should use mainly monetary or mainly fiscal policy; this time Mr Lloyd has used both.

Taken together, these measures probably add up to the biggest immediate cut in demand that has been deliberately imposed by a British government on any single afternoon in peacetime history. And it is very difficult to believe that the state of demand is now nearly as buoyant as it has been on several occasions when much milder measures have been used. Although the Chancellor said on Tuesday that "in the three months since the budget, home demand has continued to increase and is likely to increase even more than was then foreseen," the suspicion persists that he still does not quite know which copy of Bradshaw to look at. When the budget was drawn up, the Chancellor was relying mainly on the economic indicators for February, which suggested that the trend towards demand inflation was relatively mild. Thereafter, most of the figures for March and April pointed to a fiercer increase in inflationary pressure and it was apparently at this stage that the Government decided that it must bring forward fierce measures of restriction. But, since then, the retail trade statistics for May and June have seemed to suggest that demand was moderating, and it is a little surprising that the Government has decided quite so easily that these are indicators to be disregarded. If Mr Lloyd's judgment has been wrong, and if he has imposed his cuts on to a home market that was already off the boil, then domestic demand for a wide range of consumer goods could now spill over into quite a pronounced recession.

There will be differing views why Mr Lloyd has decided to risk this. Critics will allege that unnecessary loquacity may be the mother of some of this austerity; that Mr Lloyd had made so many speeches in recent weeks saying how tough he was going to be that a real squeezing had to follow so much squawking. But there are at least two good economic reasons why his sternness may have come at the right time. Although demand in the home market may now fall quite sharply, there are signs that in overseas markets (especially America) it may go on increasing quite fast; if there is anything in the theory that goods which are thwarted from being sold at home then flock into ships' holds to be exported, the next few months could provide excellent conditions for testing it. Secondly, there may be a need for a cold short-term nip in the air if Mr Lloyd's new long-term policies of planning are to begin to take effect. And that these should take effect is now the real thing that matters.

What Planning Means

THE road to more planning will not be easy. Although the Trades Union Congress has long proposed that the Government should plan, it is going to scream blue murder now that the Government tries to do so. For it has been obvious for years past that the main thing that needs to be planned is that trade unionists and other earners should not annually get much more money before they have earned it. What the Chancellor said about the need for "better co-ordination" of "the Economic Planning Board, the National Production Advisory Council on Industry and various other advisory councils" adds up, first and foremost, to a recognition that they should henceforth actually tell people the facts and figures and current aspirations of economic life. And the figure that in future they most need to proclaim with a loud voice—even though it cannot be with a unanimous voice, because their trade union members will not at first agree to this—is their planned estimate of what is the safe average increase in personal incomes that has been made possible each year by the previous year's increase in productivity.

On Tuesday, the Chancellor intimated in rather muffled terms what his view is of the safe average increase for this year; it is a pity that he did not phrase this part of his speech much more brutally. Between 1959-60 and 1960-61, he said, personal incomes rose by £1,450 million and production by only £650 million, so that this year "there must be a pause until productivity has caught up." What this means is that in most occupations, except those where expanding sales make it sensible to raise rewards in order to attract more people into the trade, the safe average increase for wage and salary rates will be nought. For the longer term, the Chancellor said that he wanted to "discuss with both sides of industry the implications for the various sectors of the economy" of his belief that "an annual increase of 3 per cent in the gross national product is feasible, but only if we have a 6 per cent annual increase in exports." What this means is that even when production starts to rise again the Government's guess (which can of course be amended if production manages to rise by more) is that the safe general increase in personal incomes in the average year will be only about 3 per cent.

Everything now depends on whether, when each major wage claim reaches its crunch, some figure for the year's relevant "safe increase" can be riveted into the public mind—instead of its attention being diverted to a different and irrelevant figure which some Mr Guillebaud has advocated as being necessary to avoid a strike. It is no good supposing that even moderate trade union leaders will willingly accept this new sort of anti-inflationary policy, towards which the Government is now trying to fumble its way. On each occasion the unions will determine their actions, quite naturally, by whether they think that they can get more than the nationally "safe increase" by threatening or calling a strike. In the public sector, the outcome will depend mainly on whether the Government makes it steadfastly clear that it is no good any arbitration tribunal fixing up any compromise beyond the year's safe increase, because the Government simply will not pay out taxpayers' money to finance it. In the much larger private sector, it will depend on whether public opinion stands resolutely behind the policy against inflation—or whether, when each official strike threat flares into the headlines, the public will always slide away into the convenient assumption that an unsafe increase should be given in this "very special case."

It is not entirely inappropriate that the first test should come in the case of the teachers. During these last few weeks *The Economist*, in rather lonely isolation, has been urging the Government to do almost exactly what it has now done. This has not been a popular stand to be taken by a newspaper which is proud to count many teachers among its readers, and which believes that the largest extension of education is a first national need. But the facts in this dispute are really pretty plain to any unprejudiced observer who bothers to sit down and study them. Everybody who cares about education agrees that there is an actual or threatened shortage of special sorts of teacher with particular qualifications or responsibilities, who have devoted (or intend to devote) a lifetime's service to the profession; there is a strong case for higher differentials for graduates and for those who have already been in teaching for more than five years. But it is just not possible to argue that there is a similar shortage of young women queueing up at the ordinary training colleges, many of whom will spend only a year or two in the schools on the basic Burnham scale before they get married.

The heavy and expensive overemphasis in the rejected Burnham recommendation on increases for this mass of teachers at the bottom of the basic scale, and its underemphasis on differentials, stems from the fact that these young (and mainly women) teachers hold the balance of power in the National Union of Teachers. This is a classic case where trade unionisation has threatened to distort a pay award in a way contrary to the needs both of the market and of a profession's efficiency. No muttered truisms about the great worthiness of British teachers can alter the conviction that Sir David Eccles's decision (see page 439) looks abundantly right. Educationists will have cause to complain about unfairness only if other ministers who have control over wage and salary levels fail to follow his lead.

Not Exactly Plowden

THE other sections of Tuesday's statement that referred to longer-term policy were the Chancellor's expressed determination to encourage more competition and his expected promises about cutting Government expenditure. The references to competition and to attacking restrictive practices were disappointingly imprecise, and those to Government expenditure seemed more than a little muddled. It is altogether welcome that Mr Lloyd has accepted the main Plowden recommendations: that this year "it would be a waste of resources to delay work in progress or to postpone necessary maintenance," but that Government expenditure needs to be planned for the long term. His promise about current Government expenditure in 1962-63—that he will do his "utmost to keep its increase [above 1961-62] at a level not more than 2½ per cent in real terms"—also fits in well with what he had said about long-term aims and plans. But having announced this, he seems suddenly to have remembered that the "safe figure" he is likely to want to enunciate for other people's real incomes in the year ahead is not 2½ per cent but nought. If he felt under an obligation to do the same for Government expenditure in 1962-63, the right course would have been to bring forward various plans for reshaping the social services which will almost certainly be necessary later in the 1960s. But despite some heartening promises that expensive aid for lame dog industries will soon be tapering off and that "we will have to look critically at the level of agricultural support during the 1962 review," he has not really done this; indeed, he seems later to have cancelled the good impression made by his remark about the farmers by assuring a private meeting of Tory back-benchers that no really big cuts to them need be expected.

Instead he is going to seek to offset the increase in supply expenditure by planning downwards some of the items of below-the-line and other expenditure which are least easily plannable. He hopes to make a sizeable cut next year in Government military expenditure overseas, although nobody can possibly tell in advance the number of Berlins and Kuwaits there may be. He intends to restrain the rise in assistance to under-developed countries, an item that it is perfectly reasonable to watch but quite lunatic to rigidify; Mr Nyerere's unfortunately timed appearance and consequent snub in London in the middle of crisis week is an illustration of the dangers here. Other economies are to be sought by suspending Government loans to building societies, ensuring that "authorisations and loan sanctions to local authorities will be considerably reduced" and asking for several "desirable proposals to be postponed or abandoned." Most of these measures, decided upon at a moment of presumed demand inflation, will take effect next year at a time when Mr Lloyd's general demand deflation may already have bitten deep. Mr Lloyd said on Tuesday that the word planning did not frighten him, but sometimes his conception of it may legitimately frighten us.

Which Prognosis?

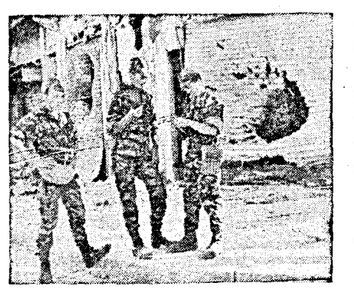
BUT it would be wrong to end on this note of acidity. The worst possible result of Tuesday's deflationary measures would be if they issued in a period of unnecessary unemployment and loss of production, but then failed to stop a rise in wage costs at the end of the year, so that economy measures and stagnation or deflation still had to be continued throughout next year. The second worst result (which on past form might be the most likely danger) would be if Britain now repeated the story played out after Mr Thorneycroft's somewhat milder measures in 1957; these measures saved the pound from its immediate plight; they helped temporarily to stem wage inflation after the defeat of Mr Cousins's bus strike in early 1958; they paved the way for Britain's best eighteen months of industrial expansion from the summer of 1958 onwards; but then the lessons failed to stick as Britain ran away from the threatened railway strike of February, 1960 (and in so doing plunged itself into these last seventeen months of continuing inflationary crisis and economic stagnation).

The best result would be if this year the lessons could at last be made to stick; if the country emerged from 1961's wages and salaries battles without cost inflation, and also with a new formula for mobilising public support against inflationary settlements in future; if by about the beginning of next year, expansion could be allowed to go forward again (when the first step should be to cut back the new indirect taxes); and if the new techniques of Government planning and publicity kept the country's eyes both on the almost boundless things it can achieve and on the obvious traps it must avoid. Although nobody should underestimate the short-term shock of deflation that probably lies ahead, the hope of real regeneration can reasonably be pitched just a little higher than seemed likely before the Chancellor spoke on Tuesday.

The Bill for Bizerta

While the damage of the flare-up at Bizerta will not soon be mended, its causes deserve study

BIZERTA is not worth the destruction of the remaining hopes of a peaceful Maghreb friendly to the West. On this occasion, there is no real doubt, it was President Bourguiba, leader of the weaker and innocent party to the dispute, whose miscalculations were the immediate cause of the battle that started on July 19th. Four days' fighting took the lives of a handful of French soldiers and more than 600 Tunisians. It has added refugees from Bizerta to the Algerians already crowding the camps in Tunisia; a mass departure of French citizens can be expected as soon as the Tunisian government allows them exit permits; and there is all too



much reason to fear further bloodshed. Such is the price—paid, as usual, by third parties—for the burial of President Bourguiba's reputation as a man of common sense.

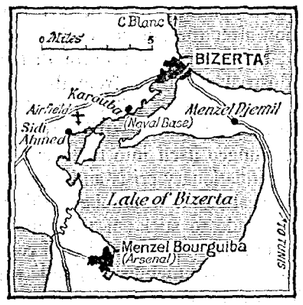
Mr Bourguiba's conduct of the business is, indeed, its most disconcerting aspect. The Bizerta question has been pending ever since Tunisia gained its independence in 1956, sometimes in cold storage, sometimes near boiling point; and Mr. Bourguiba had reasons for turning on the heat just now. His understanding with General de Gaulle, reached at Rambouillet

in February, had brought him no results, either in the form of a swift peace in Algeria, or of the evacuation of Bizerta. He needed to re-establish his position as an Arab nationalist leader, somewhat undermined by a good name for moderation. Like others, he could see no advantage in allowing foreign bases to remain on his soil when such states as Mali and Morocco had got rid of them, at little cost to themselves.

The issue, to his mind, grew urgent as the time approached for the resumption of talks between the French and the Algerians, which, in fact, began at the chateau of Lugrin on Lake Geneva on July 20th. He feared that, should these talks prove abortive, General de Gaulle might at once set about his last-ditch "regroupment" project, by which the French civilians in Algeria would be gathered into enclaves supported from Algerian military bases; and he feared that a continuing French base at Bizerta might be made part and parcel of this system. It therefore seemed imperative to show his repugnance for such a conception by pressing hard for a firm promise that Bizerta would eventually be dismantled.

But the diplomatic campaign had hardly started, and there was no sufficient reason to assume that it must have been unsuccessful. The Tunisians had many good cards to play. Their scrupulous request for agreement on "the principle of evacuation"; the sympathy of the West and the uncommitted nations; the help of the Algerian nationalists; and President Bourguiba's own relations with Paris and President de Gaulle —none of these assets could be said to be exhausted. At the least their failure would have made the use of force appear as a very last resort. But by firing on the French, in spite of warnings, President Bourguiba put himself in the wrong and invited the bloody and excessive French retaliation. The gulf he has opened between himself and his own past, between himself and the French, and between himself and the West, is still widening; the outcome cannot be foretold.

Base of Bizerta



BIZERTA was established as a base by the French in 1882, when they cut a channel linking the lake of Bizerta with the sea. Its defences were directed towards the sea, on the assumption that the hinterland would be friendly. But the base left in French hands when Tunisia became independent is limited to four points, surrounded by Tunisian territory: (1) the naval and air bases proper (at Karouba and Sidi Ahmed); (2) the telecommunications and radar installations to the north (cap Blanc); (3) air defences on the other side of the channel (Menzel Djemil); (4) the arsenal (at Menzel Bourguiba).

Thus the Tunisians were able to block French communications without leaving their own ground. Secondly, the French needed reinforcements to defend their positions, and it was after the French decision to send troops on July 19th that the Tunisians started shooting. Thirdly, once the French had sufficient strength they had to enter Tunisian territory to protect their communications. This question is of significance in the interpretation of the Security Council's recommendation. The Tunisians claim that the French must simply return to their dispersed bases. The French argue that they must first have a Tunisian guarantee that the roads will not be blocked again.

Bizerta is described as one of the four main French naval bases, the others being Brest, Toulon and Mers-el-Kebir, near Oran. It owes its importance largely to its situation on the Sicilian narrows. But how important is the base, really, whether for France or for its Nato partners? Experts say that its chief use is as a control (and listening) point for air traffic and, even more, submarines. If Bizerta were evacuated its anti-submarine functions would have to be transferred elsewhere, perhaps to Sicily. The French are particularly worried because the evacuation of Bizerta would be treated by the Algerians as a precedent for Mers-el-Kebir. M. Jean Planchais has reminded them that "a base like Bizerta cannot be kept in the long run in a resolutely hostile country."

THE Tunisian reaction to what is now called "the massacre of Bizerta" is as dangerous as the original mistake. Mixed with horror at the dead and wounded is an emotional revulsion from all that is western and "colonialist," and a total incomprehension of the dilemma in which Britain and the United States now find themselves. There is no trace of recognition that the calamity, though of French doing, was, in an immediate sense, of Tunisian making. If only for this reason, the English-speaking powers cannot immediately put pressure on the French to withdraw their troops from the town of Bizerta —as the Security Council on July 22nd called on them to do as part of its cease-fire resolution—let alone to begin the evacuation of the base. General de Gaulle would be unlikely to listen to them if they made the attempt. He would not wish to damage his own position in France by appearing to give way. The western powers, bracing themselves for a bigger conflict over Berlin, cannot afford to quarrel among themselves about Bizerta. Unavoidably, the United States and Britain incur odium in Tunis for their failure to help. But they have not forgotten (and General de Gaulle certainly has not) that it was the Anglo-American attempt to exercise "good offices" after the bombing of Sakiet in 1958 that started the chain of events which brought down the Fourth Republic. This is a powerful deterrent for them; but it is not a reason that the Tunisians in their emotion can be expected to understand.

Disappointed in the limited scope of the Security Council's resolution which stopped the fighting for the moment but offered no remedy for the future, they still hugged the hope this week that a further appeal to the Council might win Anglo-American support for a more explicit directive. Whether Mr Hammarskjöld, in their midst, can conjure up a painless formula that could lead in the very long run to negotiations on evacuation remains deeply problematical. The French are not yet willing to withdraw to their starting positions, as the Security Council required and as their representative in New York was believed to have promised. They have made matters worse by unmannerly treatment of Mr Hammarskjöld, whose offer to come on from Tunis to Paris they have turned down.

While the Tunisians put themselves in the wrong on July 20th, the French errors that drove them to it go back a long way. Whether from cynicism, or to compensate

or their other North African reverses, or from a mistaken stimate of the strength of Tunisian feelings on the subject, he French appear always to have assumed that they must and night hang on to Bizerta. The customary theory that the lace was essential to Nato defence was called in aid. More ecently President de Gaulle may have feared that, by giving t up, he would produce the same bitterness in his navy hat, in the army and air force, led to the attempted coup f April 22nd. Hence the stiff refusal to negotiate that was he final reply to President Bourguiba's earnest letter of uly 6th.

But the theory that a base has any value when the country here it is situated is hostile is well-nigh discredited nowadays; and when an issue is evaded for domestic convenience t another country's expense, there is always a bill to be footed n the end. The persistent deafness of successive French overnments about Bizerta made trouble, sooner or later, ertain. To refuse to negotiate with Tunis under threat of iolence was characteristic of General de Gaulle; but it as pointless when he was preparing to do precisely that at he chateau of Lugrin, on Lake Geneva, with the Algerians. The French did not want the crisis they got; but their conduct made a crisis of some sort inevitable.

The other French mistakes arose from the first. It now seems certain that Paris was given every warning that trouble was brewing, and paid no attention. When, at last, firing broke out, orders were given, to the stupefaction of those on the spot, for a retaliation which, in scale and kind, could only wreck the cautious friendship which the French and Tunisian leaders had managed, against odds, to construct. Can Paris really have calculated that the only way to ensure the safety of Bizerta in the future was to frighten the Tunisians into good behaviour?

Unfortunately such a mistake fits far too well into the recent pattern of French affairs. General de Gaulle's responses to events and problems in Europe are often sagacious and alert; but further afield he is often inclined firmly to refuse to take into account the existence of new forces in world politics. In the United Nations, in Africa and Asia, France continues to speak a political language that is no longer understood. At Bizerta the refusal to consider unfamiliar ideas has involved the whole western alliance in a misfortune it cannot afford.

Atlantic Union Next

Mr Macmillan's imminent statement on the Common Market could be the signpost to a bigger, more distant objective

FOR twenty years the basis of national survival for half Europe, the Atlantic alliance has always lacked institutions, political coherence, and any sense of permanence. In their economic life and in their politics the western countries have been interdependent in fact. But only in defence have they as yet devised formal institutions—first in the wartime alliance, then in Nato. For all the great common interests that lie beneath it, the Atlantic partnership has been a creaking, improvised affair, a series of hasty defensive huddles in the face of danger. Little has been done to cement the common interests together into a structure.

That, at least, was the position in the postwar period when he European countries circled like satellites round the American giant. But in the last three years, three new factors have hanged the outlook. First, the new weakness of the dollar, ased for the moment but still latent, and the new pressure of Communist economic competition, have given the United tates a new interest in economic partnership. With Europe ecovered and groping towards unity, America is beginning to eed Europe as much as Europe needs America.

This new feeling has coincided with the advent of a new American administration more open to ideas of economic coperation and indeed integration. The plans for a new joint id effort by the West as a whole beneath the umbrella of the Organisation for Economic Co-operation and Development are well known. In trade policy, new ideas are in the Washington air. There is President Kennedy's plan for a joint effort by the developed western countries to share the burden of increasing imports of textiles from the young industrial ones. There is Mr Dillon's current offer to cut tariffs in the General Agreement on Tariffs and Trade. In Africa, America is pressing the European Six and Britain to sweep away tariff preferences for tropical products and offering a new deal in American policy in return—cuts in American tariffs on products like oil-seeds, participation in a joint aid programme for Africa, and new efforts to stabilise world commodity prices.

Behind all these projects lies a crude American interest—to load some of the burden of the trade and aid effort on to European shoulders. But that does not make the projects any less valuable. What is encouraging is that the new Administration seems to have realised that its own pressing problems can be solved only through a joint western effort. In the postwar years America helped Europe, and did what it could to egg the Europeans on to work together. Now the age of benevolent patronage is over, and a need for partnership is beginning to be felt.

The third and most important force for Atlantic integration is still hypothetical; it is the possible British move to join the common market. Though most of the new ideas in Washington are excellent, few have yet got off the ground. Europe is still preoccupied with its own divisions. America is not yet persuaded that it has in Europe a partner to be reckoned with. The Congressional debates on the ratification of the Organisation for Economic Co-operation and Development this spring were coloured by an intense dislike of pooling sovereignty, whose tone seemed to echo British discussions of integration before the common market reared its head. But just as the emergence of the common market has forced Britain to reconsider its position in the world, so British membership of the community, creating in Europe a partner comparable in wealth and stature to the United States, would accelerate America's reappraisal. Those in Washington who are for an Atlantic union make no secret of the fact that their task will be easier if Britain joins the Six. British membership of the European community would provide the political impetus, in terms of power, to bring an Atlantic partnership within reach.

In detailed economic terms, the American Administration's new deal for African aid and trade would be the more easily

realised if British membership of the community were first to set the process going by merging the French and British preference systems; this would create a factor of unity in Africa as well as in Europe. Inside the community, Britain would be bound to press, like America outside, for a common European policy liberal enough to satisfy the new industries of India and Japan. Nor would the catalytic effect of British membership stop short there. In Gatt, the European governments and the United States are already working out a first 20 per cent cut in their tariffs against one another. The addition of Britain to the weight and bargaining power of Europe could open the way to a further drive to cut tariffs between the Atlantic countries. Their high tariffs on cars, chemicals, machinery and durable consumer goods are an obsolete relic of the nineteen-thirties. Tariffs on these goods, which are still made almost exclusively by the developed countries, could be slashed *easily, without touching* on the more delicate problem of industrial imports from low-wage Asia.

AGRICULTURE presents another field where British membership could be the catalyst of a wider western effort. The problems raised for American exporters (as well as for Commonwealth ones) would increase American pressure for liberal farm policies by the European community. Europe, on the other hand, would be in a stronger position than ever before to urge the Americans to practise what they preach. The time would be ripe for an effort to free trade in farm products between all the developed western countries, and for a more determined search for ways of using farm surpluses to feed the hungry undeveloped world.

Most radical of all, a British move into Europe might precipitate more serious attempts to meet the twin needs to fill out the cushion of reserves (international liquidity) which backs the world's foreign trade and to integrate western economic policies much more effectively than in the past. A start may be made this autumn with proposals for reforming the International Monetary Fund. But these are palliatives, not cures, and on the Continent (and in Paris in particular) the IMF is not considered the right place to solve the problem. The Continental governments are far more willing to be radical about joint currency arrangements—with their far-reaching political implications—in the context of tight western groups that have political guts. If Britain joins the community, bringing the sterling system, with all its problems, with it, the need to reshape the international monetary system will be brought to a head while a new opportunity to do so will be at hand.

What of political institutions on an Atlantic level? These will no doubt grow slowest of all. But if OECD does become a centre where Atlantic policies are formed, the formation of an Atlantic assembly to criticise and ginger it up would seem a logical next step. *Ad hoc* meetings between the European Parliament and Congress, like those organised in the early 'fifties by the Council of Europe, might provide a starting point. How far the road led in politics would depend on how far economic integration developed.

BRITAIN'S decision, when it is made, could thus have creative effects far beyond Europe, which would in themselves put many of the Commonwealth difficulties of the moment *in a different light. The value to the Commonwealth of a joint* western approach to the problem of temperate agriculture or of a common policy to increase imports of manufactures from low-wage Asia, needs no emphasis. In Africa, the American pressure to reduce preferences, and the American offer to come in on commodity stabilisation plans, are helping to persuade the French—and the former French territories—to be ready for change. Canada's current worry about exports of manufactures to Britain would dwindle to insignificance if something approaching an Atlantic free trade area were to follow on British membership, as Mr Lester Pearson, leader of the Canadian opposition, has suggested. Problems that loom ominously large in isolation dwindle in the context of a *dynamic, swiftly integrating western world.*

This is the prospect we need to keep our eyes on during what may be a period of distracting tactical manœuvre. The new western partnership needs two strong pillars—western Europe and America—to support it. It cannot be built on one only. Growing unity in Europe remains an essential of the Atlantic edifice. And to the next stage in this unity, Britain holds the key. But at the same time, those in Britain who are still reluctant to turn the key can gain reassurance from the wider Atlantic prospect that is opening up. What is already on the cards in Washington—and in Brussels, where thinking about Atlantic integration has gone far—is more than an extension of free trade; it is the beginning of a joint attempt *to manage the economy of the West on Keynesian lines,* as national economies are managed today.

The Atlantic prospect also provides a weighty argument for speed in making a British move in Europe. If the negotiations about British membership drag on interminably, the broader process of integration is likely to go slowly too. Obviously Britain cannot jettison specific Commonwealth export interests for the sake of uncertain hopes. But there is a strong case for satisfying Commonwealth interests by simple general guarantees rather than complicated detailed ones. If difficult tariffs are popped into a British "List G," to be negotiated later, a general western effort to cut tariffs may have reduced the critical items before they come up in the community at all. If *general institutional devices—like the* opportunity for a veto on further progress after a first phase of British membership—are used to safeguard Commonwealth export interests, broader western plans to satisfy them may have matured before the devices have to be used.

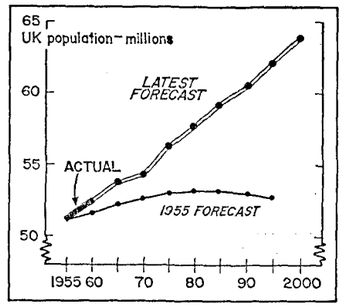
Some people in Britain are still worried by the feeling that the plunge into Europe will be an act of abdication from Britain's world-wide role. The Atlantic prospect should allay their fears. For when Britain joins the community, if it does join, it will take its world-wide interests with it. What follows then ought to be a new phase for the whole Atlantic world

Into Europe?

The Economist Intelligence Unit
5 Bury Street
London S.W.1
WHI 0353 Ext. 131

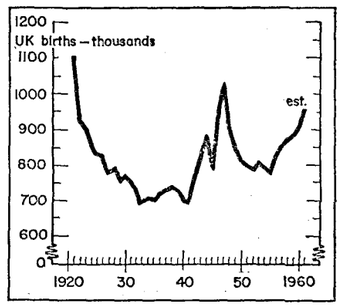
The economic effects on the Commonwealth of Britain's joining the Common Market are thoroughly analysed in 'The Commonwealth and Europe'; essential reading for all concerned with Commonwealth trade and development.

The Commonwealth and Europe *(42/- inc. postage)*



Britain's Baby Boom

At a time when long-term official forecasting is in the news, it is surprising there has been very little public discussion of one field where such forecasting has already gone quite wildly wrong: the size of the population of these islands



LESS than five years ago nearly all official demographers thought that Britain was entering a period when its population would mark time; they guessed that there would be a gradual addition to the number of Britons of up to two million until about the mid-1980s, and then a gentle turn of the tide. Everything then seemed to suggest that it would be surprising if this century saw much change in the size of the population in Britain. Everything now seems to suggest that it will be surprising if it does not.

The forecast of the population of the United Kingdom in 1995 has shot up from 52.8 million to 62.2 million. The growth that is now predicted for the second half of this century is slightly larger than the actual increase in the first half. This drastic revision of ideas spotlights the hazards of these predictions; perhaps it argues that forecasting forty or fifty years ahead should be looked upon as no more than a diversion for demographers. But the changed outlook much nearer to the present certainly cannot be ignored. Five years ago, the population forecast for 1965 was 52.2 million; as it has turned out, this figure had already been exceeded by the middle of last year. And the increase of 2 million over the 1955 level, previously foreseen by 1979, can now pretty confidently be expected as soon as 1964.

TABLE I.—HOW THE POPULATION IS EXPECTED TO CHANGE
(Millions: United Kingdom)

	Ages 0–14	Ages 15–64	Ages 65 and over	Total Population
1960	12·2	34·2	6·1	52·5
1965	12·2	34·9	6·5	53·7
1970	12·8	34·9	7·2	54·9
1975	13·4	35·1	7·8	56·3
1980	13·8	35·6	8·3	57·7
1990	14·7	37·3	8·6	60·6
2000	15·6	40·0	8·3	63·8

No miraculous lengthening of life has occurred to put the demographers out: they have stuck to the same view about the likely improvement in mortality rates. Nor have they done more than pare down fractionally the anticipated annual loss on the turnover of people moving in and out of the country.

Where they have gone wrong, and quite badly wrong, is over the birth rate: each year many more babies have been born than they had expected. In 1955, the experts forecast a decline in births; instead they suddenly shot up in 1956 and have gone up and up, increasing by about 25,000 each year.

Last year 916,000 babies were born in the United Kingdom, more than in any year since 1947 (which was the year after most fathers came home from the war). From the first six months' experience in 1961, it looks as if this year's total is going to be still higher. The latest population forecasts are already out of date—for the immediate future anyway. Stemming from the middle of last year, these projections assumed that births would average 880,000 in the first five years. It seems as if births go on growing in defiance of all reasonable assumptions—not only in Britain but in many other western countries, including the United States where demographers also failed to anticipate the population growth of recent years.

Two factors largely account for this boom in babies. First, people are marrying younger. Secondly, they are having their families earlier in married life. The effects are rather complicated. A sudden reduction in the average age at marriage of, say, one year means that during the year of change there are roughly twice as many marriages as usual. At first thought, it might seem that the resulting extra crop of babies would be offset by a deficit later on, provided the ultimate size of family stays the same. This is not so. In effect, the whole childbearing cycle of all cohorts subsequently coming into the marriageable ages is brought forward a year; and during the twenty-five years following the change in age at marriage there will be extra births equal to the total offspring of one cohort. This extra batch of babies, and their offspring, are a permanent, not a temporary, addition to the population. Much the same happens when the timing of births is brought forward earlier in married life. But, since there is a limit to earlier marriage and faster childbearing, these factors cannot go on accelerating population growth for ever; eventually births will once more settle down to a normal level—provided there is no increase in family size as distinct from faster completion.

But will the completed size of the family remain the same? There are some reasons to suppose that women who marry earlier may have larger families. For one thing, fertility is comparatively high at the younger ages. For another, whether or not early marriage is associated with a desire to have more children, it certainly lengthens the time of risk to childbearing. Some sociologists say that families in the future might be expected to be smaller because of the development and spread of knowledge about contraceptives. On the other hand, there may well be a desire to have more children as income rises. Admittedly, this last point is largely guesswork. Although short-term economic fluctuations seem to have a pretty definite effect (the depression in the 1930s, for instance, soon dragged the birth-rate down), little is known about how continued prosperity or continued depression is likely to affect fertility. The statistician is hampered here by the fact that women married since the war have not yet completed their reproductive history; the available evidence can there-

fore be only of the fragmentary kind set out in Table II below. Though this shows that in the first five or ten years of marriage, British women are now having more children than in the 1930s, it does no more than suggest that the prewar downward trend in family size has been reversed.

TABLE II.—AVERAGE FAMILY SIZE*

Year of marriage	Marriage duration in years :— 5	10	15	20	25	30
1920	1·38	2·02	2·34	2·49	2·53	2·53
1923	1·27	1·84	2·12	2·25	2·29	2·30
1928	1·17	1·69	1·95	2·10	2·14	2·14
1933	1·12	1·63	1·98	2·10	2·12	...
1938	1·05	1·72	1·99	2·07	...	...
1948	1·25	1·84	...	...	...	...
1953	1·25	...	...	...	...	...

* Of women in Great Britain in 1958 who had been married once only at all ages under 45.

Demographers are reluctant to accept the view that the British family is going to become noticeably bigger. But even if the current baby boom eventually exhausts itself with a return to a more normal level of birth rates, as the latest forecasts imply, the number of babies will still go on growing although at a slower rate. By the end of this century, on this reckoning, births will number about 1,100,000, or as many babies will be born at the close of the twentieth century as at its start.

If the population is going to grow as fast as this, or perhaps even faster, the implications are far-reaching. The postwar bulge in the school population will not disappear: there will be more schoolchildren even by 1970 than in 1960. And although high fertility means high levels of employment, some very crude calculations in Table III below suggest that, except in the years immediately ahead, those at work will form a declining proportion of the total population.

TABLE III.—HOW MANY WORKING IN GREAT BRITAIN? (Millions)

	Labour Force*	Non-Working Population
1960 numbers.....	24·44	26·68
Increase over 1960 :—		
By 1965	+0·61	+0·52
By 1970	+0·77	+1·55
By 1975	+1·03	+2·64
By 1980	+1·45	+3·57

* Assuming the same working habits as today (i.e., that any tendency towards later retirement is offset by a fall in the proportion of teenagers at work as further education is increased).

This discussion is not intended to re-fuel gloomy fears that population is about to outstrip resources. Malthusianism is pretty well dead in a country like Britain today; its extreme form, which was based on the assumption that agricultural production is inelastic, hardly stands up in a period when technological advances (e.g., broiler houses for chickens) or even tiny increases in short-term subsidies can send production of many foods soaring by embarrassing amounts. Nevertheless nobody concerned with planning for the future can afford to ignore the speculation that for every five people in Britain today there may, before the end of the twentieth century, be six.

NOTES OF THE WEEK

REARMAMENT

Reassurance or Warning?

MR KENNEDY, when he announced his new rearmament measures to the American nation on Tuesday night, called the Berlin crisis a "manufactured crisis"; and he showed himself aware that the Russians have it in their power to manufacture a crisis somewhere else whenever it seems expedient. Thus, in one way, he was resisting pressure for a premature military demonstration which not only might make the Berlin question harder to regulate by agreement than it is already, but might cause the United States, with its guard up in Germany, to be caught off guard in some other sensitive spot.

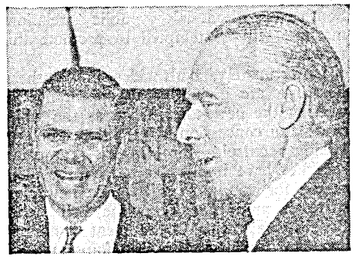
His speech (discussed in detail on page 451) contained many elements, as it had to. There was the now inevitable warning, addressed both to Moscow and to the American grassroots, that the Berlin conflict may lead to war: "An attack upon that city will be regarded as an attack upon us all." There was the necessary offer of negotiation to meet specific Communist grievances: "We do not intend to abandon our duty to mankind to seek a peaceful solution." Hardly less necessary was the refusal "to call up or send abroad excessive numbers of these troops before they are needed." While the Russians had to be warned and reassured, the North Atlantic allies had to be reassured and, at the same time, warned that a bigger defence effort would be expected from them, too. This last warning will fall on preoccupied ears—in west Germany, already deep in its election campaign; in Paris, where the maintenance of dignity at Bizerta is the first concern; and in London, where Mr Selwyn Lloyd's intentions towards the Rhine Army, expressed in another Tuesday speech (and discussed in the Note that follows this one), are formed by Britain's domestic inadequacies and, for all the talk at the Foreign Office of "special preparations," by little else.

In the end, it was perhaps the determination to find a third course between retreat and nuclear war that came out most strongly among the various notes Mr Kennedy had to strike. The costly new American defence measures are preponderantly aimed at a strengthening of conventional fighting power, designed to produce some military freedom of action without recourse to the ultimate weapons. To draw easy reassurance from this idea would be foolish; since both sides possess nuclear weapons, it is unlikely that either will permit itself to be defeated—above all, in Germany—without using them. But east and west are now engaged in an arms race, arising, as Mr Kennedy made clear, not from the Berlin dispute alone but from a world-wide conflict. Any doctrine would be false that made such a contest look foolproof.

Who's in Step?

JUST how tough was Monday evening's table-talk between Mr McNamara, the American Secretary of Defence, and Mr Watkinson on contingency planning for the Berlin crisis is a nice question. There was no communiqué on Mr McNamara's departure, which may have meant that none was necessary. Mr Watkinson's line was understood to have been that it was essential not to build up a prolonged period of tension; that such British reinforcements as are immediately available (the two brigade groups of the strategic reserve) could be sent to BAOR very quickly if needed; and that this was certainly not the time for such emergency measures. Into this hiatus there stepped on Wednesday afternoon a Foreign Office spokesman who, displaying some anxiety to keep in step with President Kennedy, contrived to encourage the impression that a call-up of British reservists was now imminent.

There is a good military case for bringing BAOR to establishment, particularly in technicians and tradesmen, in order to ensure the efficiency and mobility of the seven brigade groups there long before there could be any question of the balloon going up in Berlin. This would probably involve sending some 5,000 men to the Continent. There is equally a diplomatic case for keeping quiet about any troop



Messrs McNamara and Watkinson: how tough?

movements that may be envisaged. The perplexing aspect this week has been that the Ministries apparently insist on doing each other's job. It would be the reverse of surprising if the reserve machinery were now, in fact, receiving a hard looking-over. But if the army were to be given a massive influx of rusty soldiery, its energies this autumn would have to be directed to training them, not facing up to the Russians.

Just how tough the Chancellor intended his threat to be to cut military spending (now £65 million a year) in Germany next year is another puzzle. The North Atlantic Council has been asked to review the financial conditions under which British forces are maintained on the Continent. It is conceivable that the Americans may have similar ideas; if so, something may come of it. But it is idle to bank on a state of tension in central Europe being somehow safely over in time for the next accounting.

EUROPE

On the Eve

THE council meeting of the European Free Trade Association in Geneva this Friday, July 28th, might suggest that the British Government has decided to seek membership of the European common market. The possibility that such a meeting might follow the Commonwealth tours of the three British ministers was aired last month when Efta met in London. The decision to hold it is strong evidence that the objections the pilgrims brought back have not deterred the Government. Three days later, on Monday, Mr Macmillan will make a statement to the House of Commons—followed, on Wednesday and Thursday, by a two-day debate. In the meantime, on Tuesday, the Council of Western European Union will have met in Paris. There the Six will be able to tell Britain about their Bonn meeting, while Britain will be able to lay its common market cards on the table if it wants to. It could be an eventful week.

On Wednesday Mr Spaak, who has been playing a vigorous part in the life of the communities since his return to the Belgian government, flew to London for talks with Lord Home and Mr Heath—another harbinger, perhaps? Light should come at last from the Prime Minister on Monday. But, even then, the speed with which negotiations can be got going will depend on the precise terms of his offer, if he makes it.

The Efta meeting is bound to have some bearing on this. When they met in London, most of the members seemed to have taken in that sooner or later Britain would seek to join the common market, but many uncertainties were left about the degree of help the smaller countries could expect from Britain in negotiations, and about the form these would take. In general terms the British Government went a long way to satisfy its partners, with the undertaking to "remain united" in negotiations and to maintain Efta until the "legitimate interests" of all members were satisfied. Which interests are legitimate, and in what way each national negotiation is to be linked to the others, was not, however, defined. The smaller countries, and the neutrals particularly, are entitled to British support. The question is whether Britain can help them best by moving at their pace in the negotiations, or by getting in quickly and helping to open the door from the inside.

TEACHERS' PAY

Burnham Rewritten

IN the weeks when the Chancellor was publicly whetting his axe the teaching profession in England did little else but ensure that its neck was hopelessly stretched on the chopping block. When the blow did fall on Tuesday, English teachers can probably thank their stars that teachers in Scotland already had a rise of 14 per cent (decided on by the Secretary of State but not by their own negotiating committee); by then the National Union of Teachers in England, having rejected the Burnham award of £47.5 million, had got precisely nothing. The Government could not go back on the Scottish decision, but it also felt obliged to offer English teachers approximately what the Scots had got. The outcome now is that the Minister of Education has told the Burnham committee that no more than £42 million a year can go into the kitty (with another £11 million for teachers in technical colleges), which is probably the sum that the Government was prepared to accept from Burnham in the first place. This means a rise of 14.6 per cent, roughly in line with comparable professional salary increases over the full period of the last Burnham award, but £5.5 million a year less than Burnham had recommended. The Burnham committee has been told that this saving of £5.5 million a year must come off its recommended basic scale of £600-£1,200: there must be no reduction in the differential payments for special qualifications and responsibilities, some of which indeed should be increased.

This is undoubtedly the right way in which to make the cut. There is no shortage of entrants to the profession on the basic scale, but severe shortages exist higher up (particularly among graduate teachers of science and mathematics); and the normal professional expectation of good salaries in the top jobs has steadily been eroded by the NUT's own policy. The country now gets increasingly little return for training and reimbursing young women teachers, 15,000 of whom left to get married last year, most of them with less than three years' service. It is patently more desirable to give substantial inducements both to graduates (thus raising the status of the profession) and to those following a career who stay in the schools for five years or more. This also helps the young man who is by then taking on the responsibilities of marriage and a family.

Since the Government's stand was signalled well in advance from Scotland there should be no surprise in the profession now. (In some sections there will certainly be relief, even if it is not expressed aloud.) If the NUT decides to strike (it got round to a belated acceptance of the original award on Thursday) it will be on a very sticky wicket. In future, the Minister is to enter the Burnham negotiations at their start to indicate the magnitude and (to some extent) the nature of the award that he is willing to consider—although he apparently will not assume the full authority that the Secretary of State for Scotland already possesses to write the salary award himself. The idea is that considerable discretion can still be left to the teachers' panel and the local authorities on the Burnham committee, provided that the economic realities are injected at the outset. This new pattern will be in line with what seems likely to be the Government's policy for wages in the public service as a whole.

CONSERVATIVES

No Real Revolts

THE press has attached great significance to the subdued reception given to the Chancellor and his measures by Tory backbenchers, first in the Commons and then—

reputedly—at a private party meeting. But what else could be expected? Restrictive measures, however necessary, can hardly be an occasion for scenes of wild Conservative enthusiasm. What has been largely ignored is the enormous qualitative gap between restraint and hostility. Mr Lloyd certainly had every disadvantage to contend with when he finally got to the despatch box on Tuesday. His statement had been so long delayed, every possibility had been so thoroughly canvassed, so many remedies had been suggested and so many hints of drastic novel remedies dropped, that an initial element of anti-climax was unavoidable. When, three-quarters of the way through his statement, his actual proposals began to emerge, they came so thick and fast that Tory members did not seem to realise how very tough the Chancellor was being; it is not clear that they realise it yet. But if the Government really does stick firmly to its policy—and finds itself, for example, faced with the threat of widespread strikes—it will have a united party behind it preferring a fight to a surrender.

The economic crisis may have weakened the Government's bargaining position *vis-à-vis* the Six, but it has probably strengthened its hand on Europe with its own backbenchers. Mr Turton's warning motion on Britain's entry into EEC had attracted more than 30 signatories by Thursday morning, and will attract some more; but ultimately it is likely to be as ineffective as his similiar manoeuvres over Rhodesia. Economic adversity has brought home to the party the opportunities the common market offers, and its existence on Britain's doorstep is beginning to be viewed more as a godsend than a curse. In private, Tory members are freely admitting that much blame for present difficulties lies with inefficient managements and that tariff cuts would do more to revive British industry in the long term than any other measure. Conveniently enough, entry into the common market would provide precisely this. If the Prime Minister announces on Monday that negotiations (which may, or may not, be described as "soundings") are to be opened with the Six he is likely to find the majority of the party giving him fairly solid if unenthusiastic support—with probably no more than twenty carrying their convictions into the division lobby and voting against the Government, when some opportunity for a vote is ultimately given.

KUWAIT

Eleventh Member

If in the past the Arab League has been doddery and indecisive, its decision on July 20th to underwrite Kuwait's independence was splendidly out of character. After a series of characteristic adjournments, the league approved a resolution that welcomed Kuwait as a new member and undertook to offer "effective aid" to preserve the sheikhdom's independence. The Iraqi delegate, who walked out of the meeting, has said that his government considers the resolution null and void. But the mere fact that the league has brought itself to act firmly calls forth the same kind of rather startled respect as when, say, the Commonwealth made up its mind about South Africa.

A mission from the league secretariat is now in Kuwait to discuss with the ruler the composition of an Arab force to take over guard duty from the British. Since Iraq has not in any way modified its claim to the sheikhdom, Kuwait's admission to the Arab League is not by itself thought to be security enough. Some sort of Arab force is believed to be necessary. The question is whether it should be a token group of a few men who would act as a political tripwire, or whether, between them, the Arab countries should try to raise a force that could stand up to armed attack. In other words, is the need for a political or for a military deterrent?

Despite Iraq's repeated assurance that it will only pursue its claims by unspecified peaceful means, the British Government is disinclined, at present, to withdraw its troops if no more than a token substitute can be found. The suggestion, first put forward by the United Arab Republic, that any Arab force should exclude troops from countries bordering on Israel seems to have been dropped. But the negotiations about where the soldiers should come from, who should command them and how they should be paid are still very much in the air. By the middle of this week, about 2,500 British soldiers were still in Kuwait, and the Government was apparently hoping for a substitute Arab force of around brigade strength. Even this, according to the present way of thinking, would only be an intermediary stage; the long term aim would be for Kuwait to have an effective defence force of its own, composed, presumably, mainly of mercenaries.

This foresees an uneasy future for the sheikhdom. The Persian Gulf territories can hardly hope to preserve their independence by turning themselves into garrisons. The more they are drawn into the Arab world the better, and the Arab League's decision was a long step in the right direction. It would be a pity if the flexibility shown by all the Arabs, except Iraq, were to come to grief against a too defensive British attitude.

SOUTHERN RHODESIA

Mess of Votage

Whenever Britain has urged Southern Rhodesia to lift away another boulder of apartheid, Sir Edgar Whitehead has reached for his sugar-tongs. This has worked before. The method is to sweeten the white electorate by talking like Dr Verwoerd, while, whenever it becomes unavoidable, putting through another progressive measure. In an attempt to save the federation, Britain has lately put more pressure on Southern Rhodesia than ever before. Sir Edgar Whitehead, the prime minister, has used his sugar-tongs with fair success. In Wednesday's referendum (the campaign for which is discussed on page 446) he persuaded three-quarters of his 80,000 voters (of whom all but 6,500 are white) to choose, by a two to one majority, a constitution that puts Africans into Southern Rhodesia's parliament for the first time. It does little else: there will be 15 Africans in a house of 65, and a Bill of Rights that is by no means watertight.

Nevertheless, the decision is welcome, even if only as a sign that the voters of Southern Rhodesia can be talked into moving forward, however slowly. Ideally, the decision could be regarded as a first step towards real racial co-operation. Southern Rhodesia's public relations machine will be tempted to promote this view.

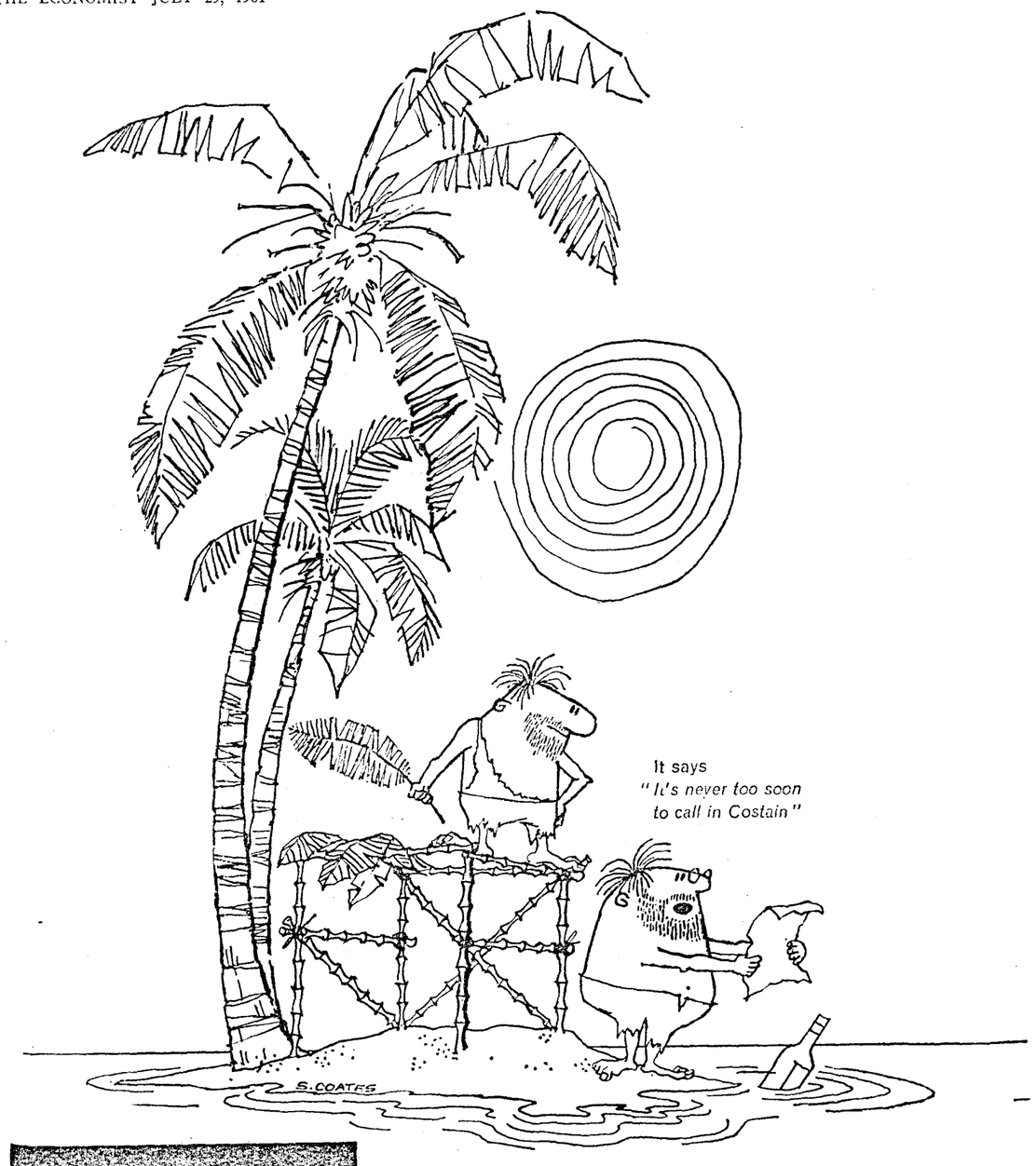
Unfortunately, both sides in Southern Rhodesia are giving every appearance of viewing the new constitution as the white man's last concession in the interests of retaining control. Sir Edgar's campaign speeches have implied as much: the main reason for voting "yes" to the new constitution may have been the belief that Britain was willing in the event of acceptance to withdraw its remaining reserve powers over the colony's constitution. Africans, in their way, have said the same thing: the National Democratic Party view is that their birthright of British protection from settler excesses has been given up in return for a mess of votage. That is why, in their unofficial referendum on Sunday, the leaders of the NDP persuaded 300,000 disfranchised Africans to come to little grass huts and register a "no" vote.

The NDP was not so successful, however, in its attempt to frighten whites into a negative referendum vote by calling Africans out on strike. The strike flopped; Sir Edgar was able to call out his troops, to the apparent satisfaction of the white voters. What the new constitution means is that the era of rule by sugar-tongs is over: now the struggle for power in Southern Rhodesia begins in earnest. At least there is 15/65th of a chance that some of it will be fought out in parliament.

ETU

Talking Tough

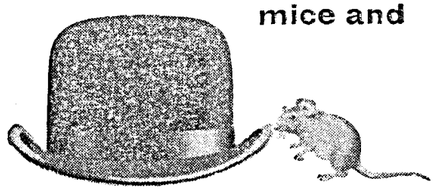
Never in its history has the general council of the TUC spoken so roughly to a constituent body as it did this week to the Electrical Trades Union. True, no major British union has ever been enmeshed in such a web of intrigue as the ETU: no has public opinion ever so bitterly condemned a union—and by implication the whole trade union movement—for allowing such a state of affairs to arise. But the general council's ultimatum, which orders the ETU on pain of suspension to ban five communists from union jobs for five years;



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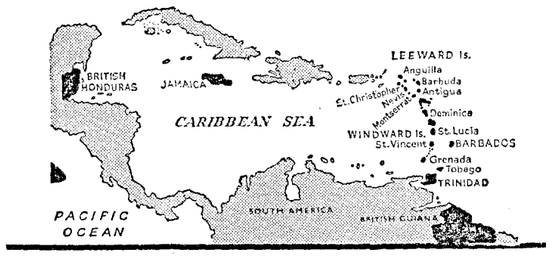
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to secure the resignation of Mr Foulkes and hold a new election for president, and to restore authority to the new non-communist general secretary, is very tough talking indeed. At the meeting on Wednesday the president of the TUC, Mr Ted Hill, was persuaded publicly to swallow the words of a speech in which he had appeared not to worry about ballot-rigging in the unions: for a moment it looked as though the old cart-horse was actually galloping at the head of a charge of knights in shining armour.

The importance of this is that it may enable Mr George Woodcock, who took over the job of the TUC general secretary last year, to rally behind him those who share his strong views on the unions' need to regain public esteem and support. Many people believe that a step towards this recovery could be taken by transforming the TUC from a talking shop into an effective general staff for the movement; and once a trend towards centralisation of power in the TUC set in for this almost accidental reason, the long-term consequences, in all sorts of fields, could be both intriguing and immense. Whether the TUC has the necessary weapons to begin to exert such leadership is now under trial. Its main weapon is, quite simply, publicity. The threat of suspension of the union from TUC membership might do something to make its electrician members realise the undignified and unworthy position into which their association has been manœuvred: Mr Woodcock's aims can best be fulfilled if they vote the right men on to the union executive at the elections in September.

LAND PRICES

Death of a Plan

LAST week's debate in the Commons on land prices made it clear that the authors of Labour's plan for a public land commission to buy the freehold of all building land will have quietly to let it drop. Mr Brooke and two or three surveyors among Tory backbenchers had the debate all their own way, and have set some Labour MPs visibly blanching. The only real remedy for high land prices, said Mr Brooke, is to bring more building land on to the market, and to run an economy in which more and more existing sites are redeveloped to allow the land to be used more efficiently. Labour's plan would do precisely the opposite. As its land commission would pay the owner less than the market value for any land that he frees for building operations, obviously less land would be offered for sale; and any owner who started to redevelop his own site more efficiently would know that at that precise moment he would lose his freehold to the public land commission.

Still, suppose that one ignores this. Suppose that the commission tracks down, say, some farmer who admits that he is going to sell his land to a builder, and swipes it from that protesting yokel at the below-market price that it is to be ordered to pay. Does the commission then itself lease the land to the builder or developer at the new full market value, as affected by the new shortage of building land it has created? In that case the net effect of this plan that was supposed to bring down building costs is to put them up. Or does the commission lease it at less than full market value? Labour speakers indicated the latter. Then how does it stop its favoured lessee from promptly sub-letting at the new full market value and pocketing the profit himself? Presumably Labour is not thinking that it can ban or control all sub-letting in England.

Labour front bench speakers suggested that under their scheme occupiers of new or redeveloped houses would not own a freehold, but would have a lease from the land commission that would last as long as they or their heirs occupied their house or until their house was demolished. This would mean that occupiers of a rotting house would have an incentive to patch it up for ever, never to pull it down and rebuild it—because the moment they started rebuilding they would lose their interest in the land under a compulsory purchase order. Moreover, it would be impossible for anyone to obtain a mortgage on a leasehold property where the term was indeterminate as to its length, so that it would seem that eventually nobody would be able to buy on mortgage any house that had been built or rebuilt after Labour's law came into effect. And. . . .

But really there is no point in going on flogging this dead horse.

LABOUR

Blackpool Rest Cure?

THE 419 resolutions submitted for Labour's Blackpool conference (October 2nd to 6th) are not a very significant list; they will be composited down to two or three resolutions on each main subject at Blackpool itself. Just over a hundred of the resolutions set the stage for fighting again the Scarborough battle about unilateralism, which the Gaitskellites are now triumphantly going to win right along the line. Probably Mr Gaitskell will not even have to worry about any embarrassingly specific vote being carried against Polaris bases. In any case, the main foreign policy issue by Blackpool-time will almost certainly be the Berlin crisis, which most authors of these resolutions apparently did not realise exists. On home policy Mr Gaitskell looks like having a relatively easy passage. The delegates are going to enjoy themselves supporting his land purchase scheme (which he will then quietly have to ditch); and attacking the Tories about housing, about health charges and, above all, of course, about last Tuesday's measures. But once again these resolutions were tabled before their authors realised that Mr Lloyd would be swinging his axe.

Possibly the most interesting debate at Blackpool will be the one about the common market, which the left wing of the party is now going all out to oppose. In time this could conceivably succeed unilateralism in being the bitter issue that splits Labour's Bourbons from its progressives—which would be an extraordinarily perverse achievement for the party since the issue has seemed to be tailor-made to split the Conservatives instead. There will also be an attempt at Blackpool by four constituency parties to secure reforms in the present absurd system of voting at the Labour conference, but the national executive seems unlikely to do much about this. The great gain for Labour and British democracy in the past few months is that the importance of this annual conference's decisions has been devalued; and, until he runs into his next crisis, Mr Gaitskell's policy can be one of letting sleeping hornets lie.

ITALY

Another Pilgrim

SIGNOR FANFANI and his foreign minister, Signor Segni, are to visit Moscow next week from August 2nd to 5th. This official announcement, made on Monday, confirmed rumours of a Russian invitation that had been circulating in Rome for some days. The invitation was given early this month by the Soviet ambassador in Rome, who is reported to have appeared anxious that the visit should take place as soon as possible. Signor Fanfani, for his part, made it clear that if he went, he wanted his visit to include talks on the troubled international scene and not to be a mere courtesy affair.

For once the Russians may have had little difficulty in falling in with the wishes of a western leader; their invitation to Signor Fanfani at this particular juncture probably has some special object, although what exactly it is remains unclear. Italy is not directly concerned in the Berlin question, although as a member of Nato it has a lively indirect interest. Mr Khrushchev must know that if he chooses to divulge his thoughts on the Berlin problem to his Italian guests, they will pass them on to the British, American and French foreign ministers who are meeting in Paris next week. He could find this a useful exercise. But Mr Khrushchev may merely be counting on Italy as a weak link in the western chain, to be weakened still further by judicious tugging, and by anti-German propaganda, for which the trouble in South Tyrol comes in handy. Some evidence for this miscalculation was to be found in the Italian communist press this week.

But whatever the motives behind the Soviet invitation, Signor Fanfani's decision to accept it has been officially welcomed by

all the parties supporting his government, whatever their private misgivings; it looks like causing less controversy in Rome than did President Gronchi's visit to Moscow eighteen months ago. Signor Fanfani himself is no doubt willing to treat the journey as an opportunity for Italy to play a more important—and conceivably very useful—part in the western alliance. The risks of being subjected to Mr Khrushchev's threats and wiles, or that the visit may cause domestic political difficulties, are occupational hazards that must be accepted.

EAST AFRICA

Poor Little Poor Boy

In Africa, the wages of sin is a benevolent British Treasury. Tanganyika, whose prime minister everybody approves of, has received £3 million in loans and £4½ million in grants from Britain in the last three financial years. Across the border Kenya, whose politicians are approved of by few, has received £12 million in loans and £5 million in grants in the same period. Tanganyika has nine million people and no political troubles; its assistance amounted to £7½ million in the same three years as Kenya, with under seven million people, was given £17 million worth of assistance. All that is done. The question now is how far the balance could, or should, be redressed.



Mr. Nyerere: Too reliable?

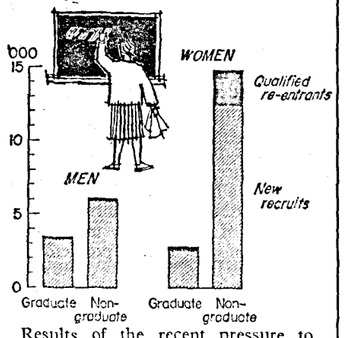
As commitments stand at present, Kenya is due for grants of up to £13 million and loans of £5½ million, plus further assistance towards land settlement schemes. Tanganyika is due for grants of about £5 million; a loan of £2 million was issued in June; and further assistance is being haggled over. The amount Tanganyika wants is small; and the Colonial Secretary promised in March that the British Government would not be ungenerous. Over the next three years what is asked for, according to the Tanganyika government's report on its own development plan, is under £12 million—less than £4 million a year. The total cost of the three-year plan is estimated at £24 million, £6 million more than the World Bank thinks Tanganyika can afford to plan for. But Mr Nyerere confesses to optimism and, on the threshold of independence, who can blame him? Of the £24 million, £5 million is to be raised locally, £4 million is already available from the British Government; and £3 million is expected from "other sources"—like the Rockefeller and Ford Foundations.

To judge from Mr Nyerere's bitterness when he left London a week ago the £12 million cannot be extracted from the British Government; the inference to be drawn from Mr Macleod's statements in Parliament on Tuesday is that it cannot, at any rate, be had for a year or two. Instead, East Africa's good boy has had to turn to America and Germany to see if his *pourboire* from the West can be made up to the amount he needs.

According to Mr Nyerere one argument put forward by the British Government was that Tanganyika is politically stable and therefore does not qualify for extensive aid. It is precisely because Tanganyika's stability is such a vital asset in Africa that it should be granted the means to develop its economy. The only practical argument is the Chancellor's new and necessary restraint on overseas expenditure. Is this particular cut really worth while—or fair?

NEW TEACHERS

(Entering service in maintained primary and secondary schools in England and Wales in the year ended March, 1961.)



Results of the recent pressure to persuade married women to return to teaching would scarcely be evident in the statistics for the year ended last March. Now that the campaign has been bolstered by the promise of surtax reliefs that will exempt many joint incomes, the authorities hope that the number of women re-entrants may increase substantially this year and, particularly, that they will emerge in the home counties.

ANGOLA

Rope of Sand

According to the Rev. Michael Scott, just back from a refugee camp, about 128,000 Angolans have now crossed the Congo border. Mr Roberto Holden has put the Portuguese casualties at 2,000. *The Observer* correspondent estimates that

50,000 Africans are dead or missing as a result of Portuguese reprisals. All sources agree that the military campaign against the rebels has so far proved ineffective, that the settlers and the secret police have gone much too far in their panic reactions to the bloody revolt, and that the Portuguese-Angolan economy is suffering severely from the strain, especially as the greater proportion of the coffee-producing areas is in rebel hands. There is a legend to the effect that a mediæval Michael Scott once set the devil to making a rope out of sand. Dr Salazar and his subjects seem to have found a similarly endless occupation—a full-scale colonial war.

Official Portuguese reaction to this has been negative for too long. Communist agitators are still blamed for launching and sustaining the rebellion, and the foreign press for presenting a distorted picture of it. Allegations of indiscriminate slaughter, however carefully based on eye-witness reports, are still dismissed as slanders. The Protestant missions and their pupils, where rebellion is thought to be bred, are harried. The secret police are active everywhere except in the north, where the army, the one relatively moderate force in Angola today, exercises some degree of restraint, at least in those places where it is genuinely in control.

It is still possible to hope, nevertheless, for some modification of policy in the direction of common sense. The unconvincing denials of forced labour in Angola, the rumour of trouble in Portuguese Guinea and Mozambique, even, perhaps, the growth of knowledge among the Portuguese at large of just what is going on in Angola, suggest, in their various ways, that circumstances could still force a change of heart. It is impossible, as yet, to foresee what the terms of a final settlement could be. But it seems clear that the term of Dr Salazar's policy of total repression is approaching; it has next to be seen if it is too late for an attempt at reform.

COLOURED IMMIGRANTS

Prejudice Street

No harm at all has been done by the deluge of publicity that the tenants of Price Street, Smethwick, have brought down on themselves this week. The rent strike which they have called because they *dislike having a Pakistani family as their* neighbours in a slum clearance scheme is a small matter in itself: eviction notices will ensure that it collapses in a matter of weeks, if not sooner. The essential point about the drubbing that Price Street has received throughout the press and on television is that it should help to convince any racial dimwits and small-town bully-boys who may be watching that there is no ready mileage to be got from such behaviour. As it happens, the Smethwick councillors have shown up particularly well in handling the business. The restraint of Mr Sardar Mohammed and his family has

helped to discredit still further the prejudice surrounding them. The national reaction has been healthy, but it is important that in Smethwick (or anywhere else) the sense of outside support and sympathy for those bearing the brunt of racial discrimination should continue after the initial row has dropped out of the headlines.

This particular Pakistani family happens to be the only one to be included in Smethwick's present rehousing scheme: when the programme reaches the other end of the town many more Pakistanis will be affected. Although the Pakistanis have generally made their way successfully in industry in the Midlands (and are now said to restrict entry to some jobs in the foundries to their fellow-countrymen) housing is a more difficult problem that needs to be faced openly. There is a language and cultural barrier between the Midlander and the Pakistani that West Indians do not encounter to the same extent: practices like slaughtering hens in back gardens, and even the prevalent smell of curry on the stove, are matters which the ordinary Midlands housewife needs time to get used to. Sensitivity is all the more natural when people have just moved from slum dwellings and are determinedly displaying a new gentility of their own. The need is to instill a willingness to discover and understand other ways of life next door. This can never be induced by hysteria (which in Smethwick appears to have been deliberately stirred up) or by local authorities taking the easy way out and imposing unofficial segregation. The Smethwick authority cannot do better than stick to its guns.

CHINA

Unhappy Customers

Making more than 18 million tons of steel, as the Chinese communists say they did last year, is one thing; competing for export markets with advanced industrial countries is quite another. One of China's main difficulties in the export field is that its potential customers in south-east Asia have standards of quality formed by their long trading association with the West. They will not readily be satisfied with inferior machinery, for instance, even if the interests of political neutralism are served by purchasing at least part of their requirements in China. During the past few weeks, there have been rumblings of discontent from two of China's smaller but politically valuable customers, Burma and Cambodia.

Burma's dilemma is that the growing imbalance of its trade with China forces it to buy more from the Chinese, whereas they have little to supply at competitive prices. The imbalance has grown worse since the current trade pact was signed in January, and Burma is now exporting about twice as much (in value) to China as it is importing in return. At the end of June, the ministry of trade development understandably instructed trade organisations to give preference to purchases from China whenever possible. There is, however, little enthusiasm for this course among the people who have to use Chinese equipment. Broken bolts, electric motors dripping oil, and shortages of spare parts have led to breakdowns in one of the two main spinning and weaving factories in Rangoon. The machinery for this factory had been supplied by China, which has still not delivered spares ordered more than a year ago. The other spinning and weaving factory, using Japanese and American plant, is in full production.

In Cambodia, a plywood factory built by the Chinese ceased production in April because the Cambodians preferred to buy imported plywood of higher quality, selling at lower prices than the home-produced stuff. A textile factory also built under the Chinese aid programme is losing money for the same reason. All these are symptoms of industrial growing pains, which may be protracted.

MEDICAL RESEARCH

Cold War Victory?

For nearly fifteen years a steady stream of volunteers has been given a fortnight's holiday, at the expense of the Medical Research Council, in an isolated hospital on the Wiltshire Downs. In return they have presented their upper respiratory tracts for experiments in the council's efforts to isolate the virus causing the common cold. Now there are some hopes that this exchange of board and lodging for drops in the nose may come to a triumphant end. In its latest report (Cmnd 1422. 15s. 6d.) the council reveals that a major advance occurred in 1959-60. Quite by accident it was discovered that, in order to be cultivated consistently, cold viruses needed a more acid culture tissue and a lower temperature than are usual in similar experiments with other viruses.

Aided by this discovery, the Common Cold Research Unit of the council has isolated six distinct types of virus that can cause the common cold. These have been named the rhinoviruses, and they are believed to cause somewhere between a quarter and a half of all the upper respiratory infections which the layman simply calls a cold. The important question now is whether a vaccine can be produced from the six types of rhinovirus, or from groupings of them, which will give effective protection. The Medical Research Council is collaborating with Glaxo, Burroughs Wellcome and Pfizer in an attempt to produce an effective vaccine; but the council's report points out that if many more distinct types of rhinovirus are found to exist, the prospects of successful vaccination are not very good.

IRELAND AND EUROPE

Following the British?

Our Dublin correspondent writes:—

Returning from his talks in London, Mr Lemass has declared that an application by the Irish Republic to join the European Economic Community would follow immediately on a British decision to do so. Such willingness to follow a lead from London has hitherto been more usually associated with Belfast than with Dublin. But there is a surprisingly large measure of agreement that the Republic should act with Great Britain; more, that Irish interests will best be served by membership of EEC. The government will have little difficulty in obtaining parliamentary approval if and when an application is made to join.

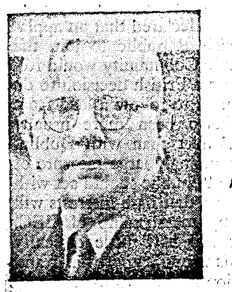
No doubt the opposition parties will have more to say as the general election, expected in the autumn, comes nearer. In fact the issues involved were very fully discussed in 1957 over the original free trade area plan. It was apparent then, as now, that entry into a wider association would mean reduction of the very high tariffs which, in the early thirties, Mr Lemass imposed to promote industrialisation. It was also widely felt that free entry to the continental market would benefit agriculture.

British policy, however, remains a major factor. Slightly less than three-quarters of Irish exports go to the United Kingdom. Under existing trade agreements each country grants preferential treatment to goods coming in from the other. The preferences received by Irish goods are by no means as valuable as they were, granted the trend of British agricultural policy. Nevertheless, there is little disposition to risk their loss by joining EEC if Britain stays out. On the other hand, they will gradually lose their remaining value as Britain grants further privileges to its associates in EFTA. Irish membership of EFTA would bring no great gain as trade with these associates is almost negligible.

There are some doubts in Dublin on the amount of freedom that will be granted by EEC to trade in agricultural products; and more doubts as to the present ability of agriculture to use it fully. There will be hard bargaining over the length of time allowed for the reduction of tariffs. But Irish exports are expanding rapidly. Their value in 1960 was 14 per cent greater than in 1959; and in the first half of this year there was an increase of 20 per cent over the corresponding period in 1960. It is hoped that the British statement of policy will be both positive and definite.

Appointments, Business and Personal notices and other Classified Advertisements pages 500 and 508

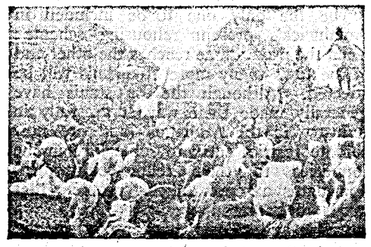
THE WORLD OVERSEAS



The winner

Sir Edgar's Referendum

FROM OUR SPECIAL CORRESPONDENT IN SALISBURY



Mr. Nkomo: the loser—temporarily?

A REFERENDUM campaign does not bring out the best in the Rhodesian character. The campaign which ended in Southern Rhodesia on Wednesday with a vote by about 60,000 Europeans and 6,500 Asians, Coloureds and Africans on the new constitutional proposals was by local admission the most acrimonious of them all. What is worse, the campaign has almost certainly done permanent damage to race relations, since Sir Edgar Whitehead's United Federal party has found itself fighting for votes on its right wing and has spent virtually no time assuring Africans that they will have a larger share in a brighter future.

The Southern Rhodesian government had a good case to put to its European electorate; and Sir Edgar, with his pipe and his two pairs of thick glasses as professorial props, has put it well. He has silenced his critics by offering them an enlightening lecture rather than controversial oratory; he has pleased his audience with gentle scorn of the British Government's ignorance of their country.

With the referendum won (the result is discussed on page 440), the party should give credit to him rather than to Sir Roy Welensky, who has been packing into his argument more emotional bulk than brain. Sir Edgar has been claiming that the proposals give Southern Rhodesia, a self-governing colony since 1923, virtual independence—that is, as much as is enjoyed by the states of Australia. He has wiped away clauses requiring any laws that technically discriminate against Africans to be submitted to the British Government, which has also surrendered its power to veto any legislation within its first year of enactment. After an extra three-month tussle with Mr Duncan Sandys, he extracted a written convention that the British Government would never legislate on its own initiative for Southern Rhodesia unless the country was in palpable chaos.

Sir Edgar has presented the enlargement of the 50-strong assembly to 65, to include Africans elected on a lower roll, as common sense rather than as the concession his right-wing Dominion party opponents would term it. The African MPs, he has explained blandly, will be good at constituency work. He has left it to his lieutenants to suggest, in language better understood by the fearful white Rhodesian, that "even if some extremists do get in, it is better to have them saying their piece where they can be shot down than in the back alleys of some township."

The Dominion party, led by Mr William Harper, has attacked from all quarters, realising that it is the party's last chance to gain the power which only the transferable vote system deprived it of three years ago. It has claimed that the reserved powers could have been removed without conceding any seats to Africans. On Mr Sandys's prompt denial, the party began scaring the electorate with tales that a left-wing party with only one-sixth of the upper roll votes could win the next election and that Africans would swamp the polls within ten years. "Vote No or he will get no vote," shrieked a poster portraying a young white boy, hostage to this appalling fortune.

This made the UFP present its right side. Lord Malvern, veteran among prime ministers, was brought from retirement to rumble "rubbish" at ideas of being swamped, or of compulsory social integration, and to point out that "Southern Rhodesia will in spite of the changes still be the most difficult country in the Commonwealth in which to become a registered voter." It was spread about that the government could and would eliminate the 15 lower roll seats if Africans "proved unco-operative." A clever series of newspaper advertisements urged that voting "No" would create a "no-man's land" where economic depression would leave ghost towns of abandoned playgrounds and deserted villas. The Federation itself would probably break up.

Another three European-led groups, disturbed by all this alarmism, have taken separate paths. The liberal Central Africa party eventually stuck to its support of the proposals because the alternative of a Dominion party government was too disastrous for it to contemplate. Several of these liberals, after many disappointments, cling to the belief that the government can be reformed "from alongside if not from inside." They are strengthened in this hope by the remarkable success of Mr Victor Tarica, a university lecturer turned bookseller, who in two years of organisation round the wards has turned the Salisbury city council from reactionary ridicule into a progressive body. Slightly further left, the New Opportunity Group, linked with the former premier, Mr Garfield Todd, has urged a "no" vote, denying that this would bring in the Dominion party and relying on tattered hopes that Britain will acknowledge its moral responsibility to three million subjects and institute democracy here through a second constitutional conference. The United Group, a collection of paternalists, much heartened by alliance with the ex-federal chief justice, Sir Robert Tredgold, has campaigned for racial harmony and hopes in a rather old-fashioned way to gain it on the strength of their leaders' honoured names and a gift of ten seats to Africans.

These last three groups have one thing in common: they all acknowledge that which side wins is of no account unless any new constitution is accepted by a significant part of the 93 per cent of the population who are African. Sir Edgar claims that his proposals have considerable support already among Africans and will gain more when their benefits are tasted. To many Africans this sounds suspiciously like what was said of federation eight years ago. The National Democratic party, hampered by the strictest of security laws, did all it could to publicise African alarm that Britain should be handing over nearly all remaining power to the settlers.

The struggle between Sir Edgar and the NDP president, Mr Joshua Nkomo, seems temporarily to have been won by the prime minister. A three-day general strike largely failed because the NDP leaders decided only on the last day to defy the laws openly, and by then their supporters had been dispirited by two disorganised days during which clandestine orders caused only confusion. Worse still, from the point of view of world consumption, the charge of intimidation so often levelled by the government at the NDP was made to stick on some party members during pathetic fights between strikers and workers.

Less convincing was Sir Edgar's mockery of the NDP's own referendum for not being made foolproof against multiple voting or incomplete secrecy. More than 300,000 Africans walked miles last Sunday to express their deep discontent with the government by means of their first ballot tin. As they queued patiently they did not offer lucid criticisms of the White Paper: they complained of unemployment, bad housing and of having to exchange, under the Land Husbandry Act, some well-prepared acres for "land where the beetles bore."

Sir Edgar proved himself a clever tactician in reaching referendum day without having to arrest the NDP leaders. But any praise for his political strategy should be reserved for a few months. He forced the NDP leaders into open defiance of the law and both sides have now to face the unpleasant consequences of that collision. The toll of four Africans killed and hundreds arrested is hardly a good advertisement, and the deploying of 24,000 troops and police round the townships and country suggests that the government doubted its own claim to be opposed by only "a small band of agitators." The United Nations has fewer troops in the Congo. A general strike for a large minimum wage increase, to be organised by the African trade union congress next month, will be a tougher test of the government's strength. Sir Edgar has won the referendum and his virtual independence from Britain, but his problems are still ahead of him; and their number has been increased by the way his party has fought the campaign.

Two Moroccan Worlds

FROM OUR SPECIAL CORRESPONDENT

AMERICANS, as they consider what they are giving up in Morocco and what it is costing them, in hard cash, to give it up gracefully, may be forgiven a touch of impatience at the sight of France sitting tight at Bizerta, cost what it may in political goodwill or diplomatic convenience. Neither for its position on the Strait of Gibraltar, nor for its long Atlantic coastline opposite their own, could the Americans very well contemplate a Morocco in hostile hands.

Their air bases in Morocco, built in the early nineteen-fifties under agreements with the French, were designed (like Bizerta) not to hold the country but to make strategic use of it. Since then Morocco has become independent, and the United States has made alternative air and naval arrangements in Spain. Still, the installations in Morocco remain a valuable part of the American strategic chain, and the United States Navy and Air Force would have liked to hold on to them. But Moroccan feelings had hardened against it, and the Americans decided that the political drawbacks outweighed the military advantages. President Eisenhower, when he visited the late King in December, 1959, agreed that all the American installations should be evacuated by the end of 1963; and this withdrawal is now going on by stages.

No doubt the American military presence had something to do with the fact that Morocco, up to last year, was getting as much American aid as the rest of Africa put together. Neither this, nor the flow of foreign exchange and of desperately needed employment which the bases brought, inclined the Moroccan government to ask the American forces to stay. Both sides, however, are fairly clear that the loss of their bases will not enable the Americans to treat Morocco with indifference. When the Moroccans found themselves this spring facing an agricultural crisis, it was to the Americans that they turned, and the United States has responded with wheat and animal feeding stuffs to the value of $23 million.



Maghreb men: Mr Bourguiba, King Hassan II, Mr. Ferhat Abbas

Behind this gift are crop failures for 1961 that are variously estimated between two-thirds and three-quarters; and the grain is being used to relieve acute distress among the peasants. The talent of Moroccan politicians for presenting a hastily-improvised relief scheme as a far-sighted programme of public improvement makes it hard to tell precisely what happens. It appears that some of the grain is simply handed out as a dole. But public works and agricultural improvement schemes are being hurriedly set in motion in the worst-hit areas; workless peasants are enrolled in the schemes, and are paid partly in kind.

Freakish weather, such as has damaged this year's crops in parts of Europe and of the Mediterranean basin—drought at growing-time, unseasonable storms during the ripening period—is the immediate cause of Morocco's present agricultural distress. Among the impressive paper reforms announced since the new government took office on June 2nd is the abolition of the *tertib*, a tax on agricultural output which it is customary to blame on the French occupation, though in fact it was introduced by the last independent Sultan, Moulay Abd-al-Aziz, in 1901. As the government pointed out when it decided to do away with this tax, the *tertib* has been retrograde in its effects and tends actually to discourage higher yields. Further (to quote the minister of information, Mr Ahmed Alaoui, on June 20th), the whole policy of concentrating on industrial and urban development has tended to leave the rural population, some 79 per cent of the whole, outside the "modern" sector of the economy. For this, he suggested, French policy during the protectorate was to blame. What was wanted, he said, was an agricultural community advancing at the same pace as the modern sector, and able to provide the broadly-based mass of purchasing power without which the industrial sector could hardly flourish.

Nothing (apart from the jibe at the French, which convention dictates) could be more enlightened or more true. All that has really happened, however, is that the agricultural economy has come as close to collapse as an agricultural economy can come, and it has become quite impossible, in large areas, to go on collecting the *tertib* at all. Mr Reda Guedira, the minister of the interior and of agriculture and possibly the key man in the new King's new government, complained on June 29th that, during the years 1955-1960, the first five years after independence, while the area under cultivation had been extended, agricultural output was no higher than it had been twenty years before; and in many regions, yields were actually going down. All this was before the agricultural collapse of 1961. Thus Moroccan agriculture was completely failing to meet the requirements forced upon it by the country's dynamic increase in population, now running at about 300,000 a year in a country of 11,650,000 people. And the average peasant was unemployed on 200 days a year.

Again as convention prescribes, Mr Reda Guedira announced in

the same speech a vast new scheme to deal with the problem—nothing less than the mobilisation of all men between 18 and 30 for compulsory labour service, so that a huge programme of necessary agricultural improvements (water and soil conservation, irrigation works, tree-planting, pest control), big enough, he said, to occupy a million and a half labourers for thirty years, could be put in hand at once. Philosophically speaking, everything Mr Guedira said was just as true as everything Mr Alaoui had said ten days earlier. In sordid fact, however, what has happened is simply that the state of agriculture has become too pressing a matter to be passed by in silence, and has forced the government to make a gesture of concern. How much action will follow, or how little, nobody knows.

It is, of course, "traditional" agriculture that is in such a mess, and to which Mr Guedira's appalling statistics apply. Relatively small areas of land, in large parcels, continue to be profitably cultivated by the modern agricultural enterprises, established mostly with French capital and expertise; these provide high yields and, in such sectors as citrus fruit, buoyant exports. These enterprises even provide steady employment and, since the withdrawal of French authority left them exposed to the full force of union pressure, relatively high wages. In the traditional sector, by contrast, the peasant community turns in upon itself and survives by cultivating for subsistence, until a major crop disaster leaves no recourse but to look for outside aid.

Thus the peasant community, the majority of the people of Morocco, reproduces in itself the strange division of an ancient and a modern economy living side by side which makes a journey through the country such a remarkable experience for the European tourist. Outside the walls of the old Moorish towns, the *nouvelle ville* is forbiddingly new, planned and prosperous. Within the walls, children spin wool in dark back rooms, jellabas are woven and stitched, copper is hammered, leather stamped, cedar-wood planed and carved, iron wrought, slowly, patiently, and by hand. What is traditional and admired in Arab taste and craftsmanship survives with more vitality and in greater perfection, by far, than anywhere else in the Arab world. Unlike most Arab peoples, the Moroccans are actively attached to the traditional things and the old ways of making them; yet, like the others, they desire to be a modern community possessing the outward marks, as well as enjoying the benefits, of technical progress. The sudden withdrawal of French authority six years ago did not resolve the dilemma which any tourist can see implicit in the rich Moroccan scene. It was not to be expected that it would. But the Moroccan leaders have employed these six years in discovering that their country's economic and social progress had not, as they thought, been artificially held back by foreign rule, and would, therefore, not automatically leap forward. The way forward is something they still have to find for themselves.

Epitaph on Bourguibism

FROM OUR PARIS CORRESPONDENT

BOURGUIBISM may well prove one of the casualties of the battle of Bizerta. The name of the Tunisian president—who can combine fiery Arab oratory with the bargaining skill of a Mediterranean merchant—had become a symbol. Bourguibism stood not only for skilful diplomacy and the art of compromise; it also stood for moderation and collaboration with the West. Habib Bourguiba used to be opposed to Abdul Nasser as the other pole of the Arab world. He never concealed that his great ambition was to sponsor a North African federation and keep the Arab West, the Maghreb, within the western world through association with France.

The Algerian war stood in the way of such a policy; so did a strange French reluctance to use President Bourguiba's services. Undismayed, the Tunisian leader made a supreme bid, five months ago, to achieve his aim. On February 27th he was General de Gaulle's guest at Rambouillet. It was obvious then that he was playing a risky game for high stakes. The nationalist tide was running against him. The Congo crisis had widened the gap between the moderate and the militant nations of Africa. Mr Bourguiba had to contend not merely with President Nasser. His two potential Maghreb partners—the Moroccans and the Algerian insurgents—joined the militant Casablanca group. Tunisia, which had stuck faithfully by Mr Hammarskjöld, was left in the moderate camp together with those ex-French colonies of black Africa that were still in the French orbit. It was falling increasingly under the suspicion of "collusion with neo-colonialism."

In spite of this, or rather because of it, President Bourguiba intensified his efforts. At Rambouillet he pleaded with his host to bring the Algerian war to an end rapidly. He argued that France's reward for a wise and generous policy would be the preservation of a privileged economic—and probably military—position throughout North Africa. Thanks to this association, France should also be able to keep a hold on the remaining African members of its community. Mr Bourguiba must have been satisfied with the general's response to this Mediterranean vision, since he afterwards paid public tribute to General de Gaulle's "spirit of decolonisation" and urged his Algerian "brothers" to show similar understanding. What has happened, within less than five months, to lead from the euphoria of Rambouillet to the slaughter of Bizerta?

The reasons are complex and the answer must still be tentative. The Franco-Algerian negotiations, started at Evian and resumed last week at Lugrin, did not proceed as fast or as well as Mr Bourguiba had expected. On their own behalf, too, the Tunisians felt disappointed. A farcical dispute about the French embassy's wall in Tunis prevented an exchange of ambassadors. The Tunisians concluded that unless one banged on the table one could not get a hearing in Paris; and they badly needed some concessions to restore Tunisia's anti-colonial reputation. The base of Bizerta was the obvious one. This does not mean that by the middle of this month the Tunisian leader had written off his gaullist gamble and admitted the bankruptcy of bourguibism. If he had decided on such a reversal of policy he would not have simultaneously staked claims to the Sahara that were bound to put him at odds with the Algerian insurgents. He seems to have been moved to action by a mixture of reasons that included disillusion with the French, nationalist pressure and a miscalculation about French reactions. Once the Tunisians decided to press for the evacuation of Bizerta and the French turned a deaf ear to their demands the situation was clearly explosive. But it seems certain that when President Bourguiba triggered off the conflict on July 19th he did not foresee how violent the French reaction would be.

A provisional list puts the number of Tunisian casualties at 670 dead and 1,155 wounded. French losses are estimated at 30 killed and 50 wounded. But the loss to France is incomparably greater. It cannot be measured by the threat now hanging over the 60,000 Frenchmen who have remained in Tunisia and over the still important French interests in the country (one of the first Tunisian reprisals was to seize the Edjele-La Skirrah pipeline which was carrying Saharan oil at an annual rate of 9 million tons). All Franco-African co-operation is at stake. The bourguibist doctrine that there is a third way between colonial subservience and intransigent nationalism has been undermined. And this may rapidly have repercussions throughout French-speaking Africa.

M. Bechir Ben Yahmed, the influential editor of the lively Tunisian weekly *Afrique-Action*, which has recently been preaching peace in Algeria and Franco-African collaboration, now draws a bitter lesson from the events at Bizerta:

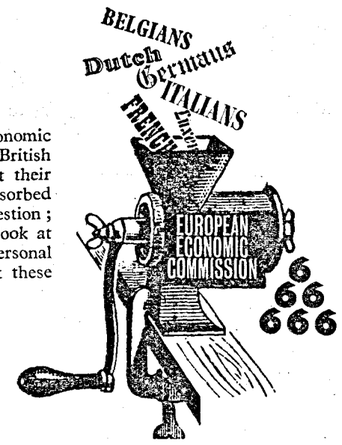
> Any co-operation with the West—*a fortiori* any form of association or alliance—cannot but be tainted with neo-colonialism. As such, it is humiliating for the whole of the under-developed countries, sterile and harmful for the country which accepts it. . . .

This almost sounds like a funeral oration on bourguibism and, indeed, there are signs that the doctrine is being buried. M. Masmoudi is negotiating an imminent resumption of diplomatic relations with Egypt. The Arab League has welcomed its prodigal son, returning after three years of absence, and has promised Tunisia the help of its volunteers.

President Bourguiba is still trying to salvage something of his previous position. The cease-fire, sponsored by the Security Council, has given him a respite. He is using it to find a diplomatic solution and has called Mr Hammarskjöld to the rescue. He is appealing to his Anglo-American friends to use their good offices to persuade the French to open negotiations for the evacuation of the base at Bizerta. His son, the Tunisian ambassador in Washington, urges "the free world to act before another world intervenes. . . ." The Russians, while backing the Tunisian case, show no zeal in assisting a man whom yesterday they treated as a lackey

The Eurocrats

FROM OUR BRUSSELS CORRESPONDENT



THE new civil servants of the European Economic Community in Brussels receive more British callers nowadays than they used to do. But their visitors are for the most part journalists absorbed in some particular economic or political question; few have had time to take a comprehensive look at the new bureaucracy scattered in four impersonal white office blocks throughout the city. Yet these new 'Eurocrats' are worth taking a look at.

Many visitors have been struck by two obvious qualities in the best of them; their 'European' spirit, and their dynamism. Although the internal structure of their organisation in any case prevents them from ganging up into national cliques, it seems true that they really do largely forget questions of nationality while on the job. Very often one can't tell what country they come from until one hears their accents. But by now the game of guessing national stereotypes is over in Brussels, and the general impression is one of offices filled with multilingual tough-minded Europeans mostly aged around 35-40. No doubt they include a certain amount of dead wood and they may have been 'Angries' in their adolescence, but now they are convinced they are doing something worth while: Europe's Sanguine Young Men.

At the beginning of 1961 the Commission was 1,846 strong; it does not expect to grow much bigger unless it acquires other member countries. France, Germany and Italy provide a quarter each, the other quarter being drawn from Benelux, which shares out its 25 per cent by separate internal agreement (in fact Belgium gets more than its proportion, as a good deal of local labour is naturally recruited for the minor jobs). Heading the Community are the nine Commissioners; although some of them were formerly ministers in their own governments, and all are appointed by the member governments, they are entirely independent once the appointment is made. According to the Treaty of Rome no more than two of them may have the same nationality, and each of them heads one of the nine divisions of the Community: external relations, finance, internal market, competition, labour, agriculture, transport, overseas development and administration. Working under each commissioner is a director-general of a different nationality and so on down the scale of the three administrative grades; a complex system of balances ensures that the work is fairly divided. The Community is aware that this structure does not make for flexibility, and it is not inevitable for an Italian, for example, to replace an Italian in any particular sector; but if he is followed by, say, a Dutchman, then fairly soon in some other sector one Dutchman less and one Italian more will be given precedence.

When the Community was set up in January, 1958, several of the six governments supplied lists of men from their own national bureaucracies, thus providing a large proportion of the total initial staff. Other candidates proposed themselves by personal application to the Commission, and this is the only method of recruitment now used.

There is as yet no entrance examination, but according to the personnel statute due to come into force by January 1, 1962, an examination similar to that required by the Coal and Steel Community in Luxemburg will be instituted. The Commission prefers candidates who are university graduates with a few years' experience in jobs, not necessarily in the civil service. The present staff includes former university teachers, bankers, industrialists and others. (The transport division, for example, includes an ex-manager of a Rhine shipping firm, and the labour division an ex-official of the International Confederation of Free Trade Unions.) They are almost all technocrats; recruits with a background of the humanities or classical studies alone are very few. Though the Community contains many federalists, neither the political affiliation nor the religion of recruits is inquired into. But unlike most Protestants or Jews in the Community, the Catholics tend to be practising rather than nominal. In Luxemburg the Catholics belonging to the Coal and Steel Community even have their own chapel; some have felt that this increases the sense of community, whereas sceptics have been heard to murmur that it is a way of keeping tabs on the *non-bien-pensants* who fail to turn up to Mass.

All men in the top 'A' grade must be proficient in a second language. French and German are most used, though all four official languages (Dutch, French, German and Italian) have equal status. The corps of translators number 140, and includes several British and other non-Community nationals. Apart from them, the 'A' men in Brussels belong exclusively to the Six, except for one lone Englishman who has been in the Community from the start. Women of 'A' rank are exceedingly rare, possibly because they are not tough enough to stand the pace or the long office hours (8.30-6.30), which are, however, considered fairly normal on this side of the Channel.

If Britain joins, its nationals will, of course, have something to say about all these arrangements and will have the right to ask for modifications. Some here feel that the organisation is already complex and unwieldy enough without the added complication of the British; delighted at the way in which the new Community is striding forward in the economic field, they are impatient at its painful inching along on the political front and they fear that if Britain joins, bringing with it not only the Commonwealth but most of the European Free Trade Association, the whole undertaking may become unmanageable. Even the dynamic Eurocrats have come to have something of a vested interest in the existing framework for their dynamism. Yet the entry of Britain could put this Little Europe into a better perspective; and with a combination of the best brains of the Six and of Great Britain, the organisation could be a determining factor in the history of our century.

of imperialism. And President Bourguiba shows no haste for Algerian or other foreign volunteers to fight a new battle.

But there is another side to the story. The cease-fire is precarious. The other recommendation of the Security Council—that both sides should return to their previous positions—is interpreted in diametrically opposite ways by the two protagonists. The French have no intention of evacuating the base and official Paris shudders at the very suggestion of Anglo-American good offices (which remind them of the fall of the Fourth Republic), or any other. Washington has no wish to quarrel with a Nato partner when a Berlin crisis seems imminent. Where, then, can President Bourguiba look for western support? Few observers in Paris believe that the Franco-Algerian talks at Lugrin can now provide a by-pass to reconciliation. Yet, if the western powers do not help the Tunisian leader to stage some spectacular recovery, the bullets of Bizerta will have written an epitaph on bourguibism that western statesmen may not enjoy reading.

Beyond the Berlin Gate

FROM OUR BONN CORRESPONDENT

BONN, as everybody knows, is a four-letter word—to some people a very dirty one indeed. It has the chief qualities of a good expletive, loadable at will with anger, derision, or contempt. More: unlike most imprecatory monosyllables it can be used in the headlines without shocking aunty or corrupting the kids. To the harassed journalist, juggling with space, it is, like the word "Krupp," a veritable godsend. A single recent issue of the leading east German communist daily, *Neues Deutschland,* spits out the amazing revelations that "Bonn pays head-money for traffic in humans; Bonn demands unconditional surrender to common market; Bonn pays terrorists in Alto Adige; Bonn spies in Jugoslavia." That so circumscribed and somnolent a town can be up to so much mischief is intriguing.



Arrivals at Marienfelde

But the communists' rage against Bonn is understandable. Just at the moment when their combined voices are loud in demand for world-wide recognition of the fact that there are two German states, the one they are rooting for, the Democratic Republic, is looking wretchedly unconvincing. *Die Welt's* cartoonist drew this week a column of refugees pouring endlessly from a distant line of barbed wire, behind which Mr Khrushchev ruefully contemplates the deserted scene, and asks: "Whom am I supposed to be making a peace treaty with?" Herr Ulbricht's natural reaction to the latest exposures of his weakness has been to intensify the barrage of hate against the capital of the other German state, which, for all its shortcomings, is on a much sounder political and economic footing. How humiliating at this moment to be offered five thousand tons of butter by, of all people, Dr Adenauer.

Striking examples of the main sources of the discontent that impels so many citizens of the Democratic Republic westward are continually cropping up. West German opinion is much exercised at present by the kidnapping of Heinz Brandt, a west German trades union journalist. Herr Brandt, a former Communist who spent ten years in Nazi prisons and concentration camps, lived in east Berlin after the war until he quarrelled with the party and went west in 1958. Early in June he travelled by air to west Berlin to report a union conference. Naturally, he had every intention of avoiding east Berlin. No more was heard of him until June 16th, when the east German news agency announced that "the spy Brandt" had been arrested while working for "a western intelligence agency" in the neighbourhood of Potsdam. The west German metalworkers' union, who are as convinced of Brandt's innocence as they are of his punitive abduction, are doing what the east German public would so often like to be able to do—namely, asking why the man was arrested and on what evidence, and where he is.

The east German regime's oppressive jealousy of all inspiration and organisation other than its own was conspicuously demonstrated during the Evangelical Church congress held last week in west Berlin. The affiliated meetings that were to have taken place in east Berlin were banned, and hundreds, if not thousands, of east German Protestants on their way to the Berlin gathering were turned back at the border. *Neues Deutschland* accused the chairman of the German Evangelical Church Council, Dr Scharf (a pacific man who lives in east Berlin) of being "an apostle of the 'front-line-city' policy," and of "acting on behalf of a militaristic church that advocates the Nato solution for Berlin." A catalogue of the possessive state's interference in public and private life would never end. The portentous propaganda with which the pushing about is excused makes it all the more irksome to the adult citizen. Over the past seven years 16,000 teachers have left east Germany, 15,536 engineers and technicians, 11,705 students, 3,110 physicians and surgeons, 1,224 dentists, 901 dispensing chemists, and 658 solicitors. This month alone, another 24,000 of both sexes and all trades have arrived at the west Berlin reception centre. They are being flown to the Federal Republic at the rate of 1,000 a day. About three-quarters of the arrivals are under 45. Happily, 570,000 jobs are still going begging in the golden west.

The motives for flight are naturally often mixed. The spiritual malaise caused by the all-pervading oppressiveness of the political atmosphere is aggravated by the unabating irritations of a dreary diet, sudden shortages of simple things like needles, and travel restrictions. It has been a bad summer in east Germany. The farms have not yet recovered from their precipitate collectivisation, partly because too many land workers have quit, partly because many of the dispossessed become obstinate and decide to work industrial hours themselves. There are the usual queues for fresh fruit and vegetables. Supplies of margarine have run short; the butter allocation has been fixed at 200 grammes a head a week. Even bread and potatoes have been rationed in some places. Last year's proud promise of abundance and surplus round the corner has died away.

Many of these are standing grievances. This summer's increase in the flow of refugees must be attributed mainly to what the Germans call *Torschlusspanik,* the anxiety, or hysteria, engendered by the prospect of being too late to get through a gate that appears about to close. Believing, as they have believed before, that the west Berlin gate may soon shut for ever, thousands of east Germans are surreptitiously on the move. But there is no evidence of any recrudescence in east Germany of the desperate, militant mood that exploded in the rising of June, 1953. At least, not now. But who can be sure what might happen should the gate in fact close, and should conditions in the Democratic Republic worsen?

AMERICAN SURVEY

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

Berlin and Beyond

WASHINGTON, DC

PRESIDENT KENNEDY has faced this week the familiar problem of leadership in a democracy: how to arouse the public without alarming it and how to stir Congress to action without manufacturing a false crisis. The calm, sober tone of his address to the nation and the limited, though costly, scope of his military recommendations to Congress reflected Mr Kennedy's fundamental conviction that the Berlin problem is not an isolated crisis likely to lead to a single dramatic climax but is only part of the worldwide confrontation between the two power blocks and is not likely to be resolved soon.

The President's proposals for increasing airlift capacity, for raising the army's strength from 870,000 to a million men and for modernising its non-nuclear weapons are measures which he and his military advisers would favour even if there were no immediate crisis over Berlin. These are desirable for their own sake to build up the country's strength in conventional arms; they have been taken secondarily for their impact on Russian opinion and least of all for their effect on American opinion. Each of them, it may be noted, also serves to implement the Administration's determination to strengthen the North Atlantic Alliance, an aim of Mr Kennedy's policy from the first. Calling up the reserves, which had been considered, found little favour in the final round of decision-making because the masses of men in the National Guard would be of no use at this juncture and because the proclamation of a state of national emergency, which would have been required before they could be called up, was thought to be needlessly inflammatory. The increase in conscription for the regular army, combined with the ordering to active duty of reserve air transport and tactical air squadrons, was thought to be a less cumbersome solution for the manpower needs of the forces. However, the President asked Congress to give him authority to call up 250,000 members of the reserve forces if he feels that this is necessary during the coming year.

In marshalling public opinion Mr Kennedy was helped by the fact that to most Americans Berlin is comparatively familiar ground. Unlike Laos or the Congo, where the geography and the personalities are unfamiliar, and unlike the nuclear test ban treaty, with its baffling technical complexities, west Berlin seems to the man in the street a comprehensible and straightforward question. Only a small faction on the extreme right still worries the bone of why the United States and its allies permitted themselves at the end of the war to be tied down in a city surrounded by Russian-controlled territory. The anomaly of west Berlin's isolation is accepted as an inevitable trick of fate, and most people assume that if the Russians were not making difficulties over Berlin they would be making them over something else. The President expressed this view when he said "The source of world trouble and tension is Moscow not Berlin. And if war begins it will have begun in Moscow, not in Berlin." It is a short step from this generalised view to the conviction that a military threat to Berlin is the same as a menace to Paris, London or New York and must be resisted with equal firmness.

In the United States there is very little of the anti-German attitude and war-bred resentment that colours feeling in western Europe about the problem of Berlin. Except for a relatively small segment of pacifist and liberal opinion, west Germany is accepted fully as a military ally and the commitment to defend west Berlin is unquestioned. The basic reason for the extraordinary uniformity of opinion on this question is that the American people learned well, perhaps too well, the lessons of Munich; rarely in history can a spectator have taken so much to heart the wisdom to be derived from the errors of others. Now that the United States plays one of the two principal parts on the world stage, Americans are determined not to repeat the mistakes of the Chamberlain era in their dealings with another dictator. There are no harsher words in the American political lexicon than "Munich" and "appeasement." The people have been told so many times that dictators respect only force in being and that preparedness and a firm policy would have stopped Hitler and prevented the war that they respond instinctively in these terms to any menacing gesture by Mr Khrushchev. President Kennedy's speech was in this central tradition, which dates back to Roosevelt's speeches on the eve of the war and the "Truman Doctrine" of 1949.

It is difficult to estimate how deep and how steady is the willingness to risk nuclear war over Berlin, since the very logic of the analogy with Munich persuades most people that military strength combined with a policy of firmness will make war unnecessary. However, since most Americans have never known the devastation of war at first-hand and the character of nuclear warfare seems unreal, their national optimism and self-confidence would probably enable them to follow the President without panic to the brink of war, should that ever prove necessary. Only time can tell whether the construction of fall-out shelters in public buildings, which the President suggested should be initiated on a modest scale, will alter the popular mood. The President and his advisers think that an accelerated programme of civil defence will make it clear to the Russians that the American government takes seriously the possibility of war, but it is also conceivable that this same programme, by shocking many people into an awareness of what a nuclear war might mean, may soften public opinion.

MR KENNEDY took care on Tuesday night, as he had done in his press conference the previous week, to stress the importance of working in co-operation with America's allies. Here he was helped by the fact that Americans are much more alliance-minded on European issues than they are on questions arising elsewhere in the world, particularly in Asia. British criticisms of American policy toward Communist China only arouse resentment, but the man in the street is more open to British and other allied arguments on Berlin. In spite of the prevailing desire to talk tough and call Mr Khrushchev's bluff, Mr Kennedy was not speaking to deaf ears when he counselled patient moderation as well as firmness and expressed renewed willingness to seek political solutions. Although basically the President said nothing that had not been said before by his predecessors, he went further than had been expected at this time in trying to calm any legitimate Russian fears when he said:

> We recognise the Soviet Union's historical concerns about their security in central and eastern Europe, after a series of ravaging invasions—and we believe arrangements can be worked out which will help to meet those concerns.

Most observers are of the view that the President chose just about the right time to speak out on Berlin. On Laos, where it was contemplating possible military intervention last winter, the Administration was far ahead of public opinion, which was apathetic and confused. On Cuba, on the other hand, public opinion ran far ahead of the Administration in its eagerness to smash Dr Castro by military force. That is why Mr Kennedy followed his half-hearted initiative of April with a speech of dazzling but empty bombast and then with a deep and, he hoped, calming silence on all things Cuban. On Berlin, opinion has neither lagged behind nor outrun the President. The people have been waiting for a lead and Mr Kennedy, within broad limits, could have turned them in any direction he chose.

The President has been remarkably free of congressional harassment in making up his mind on Berlin. At one time Senator Dirksen and Representative Halleck, the leaders of the Republican minority, were under some pressure from within their own ranks to produce a party manifesto sternly pointing out the dangers of appeasement and warning the President of dire retribution if he did not stand firm against the blandishments of the Russians. But neither of these party stalwarts has his heart in issues of foreign policy, and former President Eisenhower had no great difficulty in persuading them, during a conference at his Gettysburg farm earlier this month, that they would serve their party and their country best by simply keeping quiet about Berlin.

Senator Cooper of Kentucky, Mr Kennedy's closest friend in the opposition party, soon afterward made a thoughtful speech noting that an attitude of firmness, while all very well, is not in itself a policy. Senator Kuchel of California, the assistant minority leader, has struck the useful if familiar note of bipartisanship in a time of crisis. Mr Nixon, in his new series of newspaper articles, has been more hectoring in tone but, lacking any specifics, his admonitions to the President boil down to the stock phrase: stand firm.

The Democrats, for their part, have naturally deferred to the President. When the Soviet ambassador, Mr Menshikov, was reported to have said at a party that the American people would not fight for Berlin, the members of the House of Representatives took his remarks so seriously that they rushed in with a resolution assuring him that the contrary is true. But otherwise the House and, to an almost equal extent, the Senate have abdicated to the President their policy-making role on major foreign issues such as Berlin. Congressional reaction to the President's speech indicated that approval of his request for an increase of $3.5 billion in military funds was virtually certain.

The British response and reaction to the President's lead are discussed on page 438.

Critical Days for Aid

ALTHOUGH the President did not fail to include an appeal for his foreign aid programme—and for his stranded Bill to aid education—in his speech on Berlin, it would be optimistic to conclude that the Soviet Union has once more saved the foreign aid programme. Some members of Congress who will not hesitate to vote for more money for defence feel that other spending should be cut accordingly. This is particularly true in the House, where opposition was already strong to the President's request that Congress should give up its year-by-year control over development loans for foreign countries. The Administration feels that it is hardly reasonable to ask undeveloped areas to initiate far-reaching social and economic reforms if the loans on which they count may dry up overnight. It is asking permission to spend $8.8 billion over the next five years. Normally the authorisation Bill for foreign aid, which Congress is now considering, merely sets a ceiling and the actual amounts which may be spent are fixed by the appropriations which are granted at a later stage. This year it is the authorisation Bill which may have the last word over much of the spending.

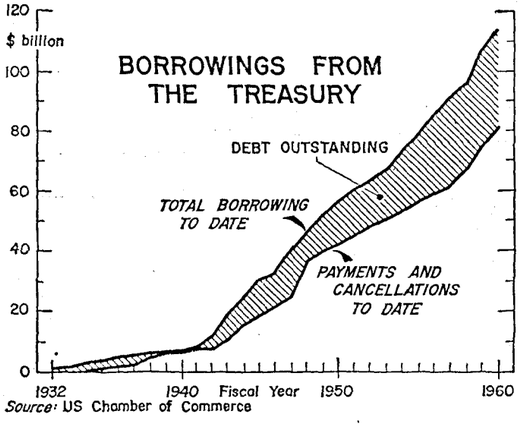
No one will be able to accuse President Kennedy of not fighting for the principle of long-term financing. He has been pulling out every stop in a series of meetings with members of Congress; he has been on the telephone to others late into the night; and he has encouraged the formation of a Citizens Committee for International Development to bring pressure to bear on the legislators. Behind the scenes the State Department has been organising meetings all over the country with leaders of local opinion. Last week the President tasted the first fruits of these efforts when, by a vote of 10 to 7, the Senate Foreign Relations Committee accepted, without any material change, the President's proposal that he should be allowed to borrow $7.3 billion directly from the Treasury for development loans and use another $1.5 billion in repayments of earlier loans which are expected before 1966.

The next hurdles will be higher. Voting in the House Foreign Affairs Committee—which has been held up to allow pressure for

"Backdoor" Spending

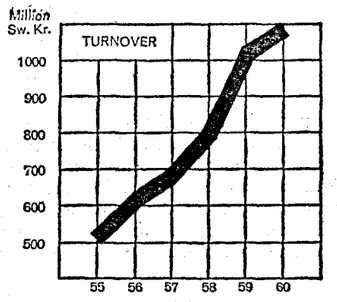
THE financing of government activities, chiefly lending programmes, by direct withdrawals of funds from the Treasury is of long standing. Its great virtue in the eyes of its advocates is that once permission for this has been obtained from Congress there is no need to submit every year to the penny-pinching of the appropriation committees. Borrowing from the Treasury—usually through an "authorisation to expend from public debt receipts" which permits the Treasury, in its turn, to borrow the money from the public—began in 1932 when the Reconstruction Finance Corporation was trying to keep hard-pressed business firms afloat with loans. As the loans were expected to be repaid congressional appropriations seemed inappropriate.

Since then "backdoor spending," as the conservatives like to call it, has been used to finance houses for both servicemen and ex-servicemen, for agricultural price supports and for the Export-Import Bank's loans to foreign traders. Recently it was incorporated in the legislation to aid depressed areas. In all, $140 billion in such authorisations have been placed upon the books of the Treasury; $114 billion of this has been used; and $65 billion has been paid back. Another $16 billion has been forgiven by Congress. Conservatives regard the evasion of the appropriation process as iniquitous, even when applied only to domestic programmes, and they have tried unsuccessfully to outlaw it.

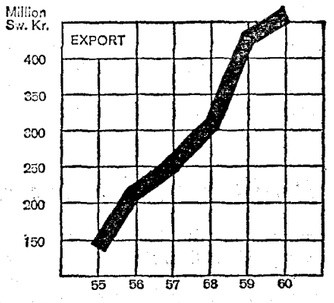


Source: US Chamber of Commerce

VOLVO
diagrams



Volvo Group turnover during 1955—1960

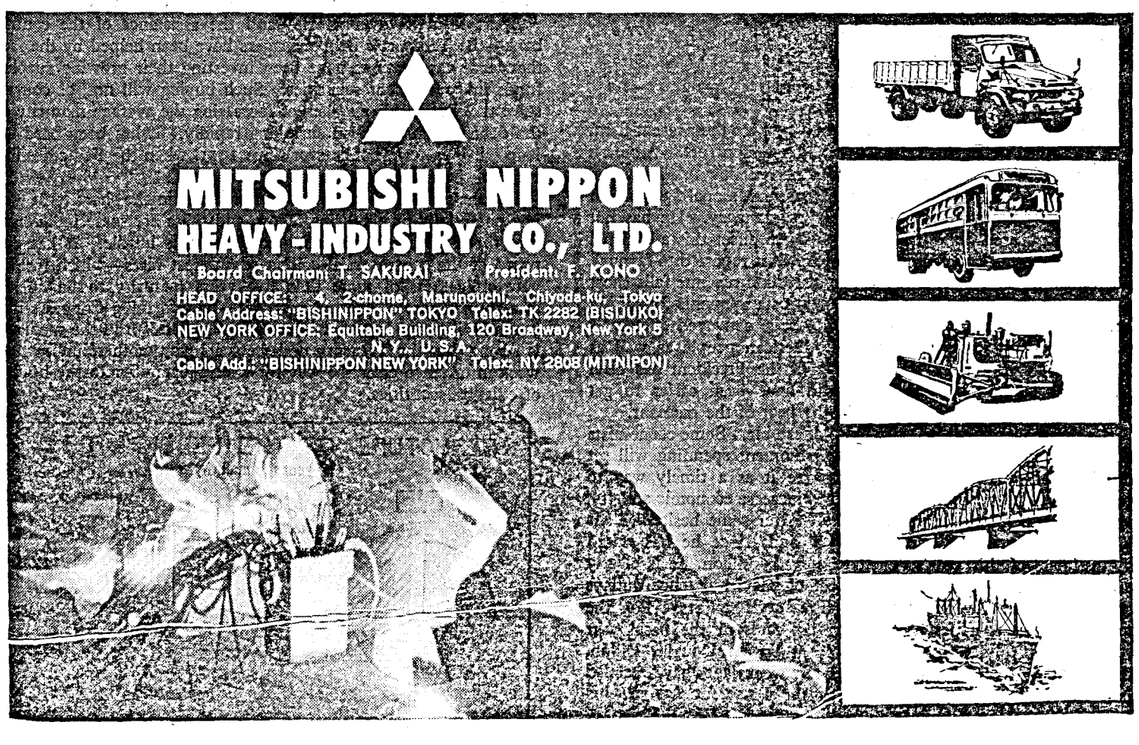


Volvo Group exports during 1955—1960

The total value of the Volvo Group exports during 1960 was Sw.kr. 548,500,000 (£38,100,000), i.e. 4.7 % of all exports from Sweden. A total of 48,452 vehicles was exported.

Volvo products were sold on 102 markets through 15 subsidiary companies and 323 distributors.

The Volvo Group has become the second largest industrial corporation in Sweden and Scandinavia within slightly more than 3 decades. About 1.5 % of the total Swedish population earn their living directly or indirectly through the Volvo Companies. The rapid expansion of the Volvo Group and its exports can be explained by one single word: quality.



long-term financing to have its effect—may begin late this week. The chairman must do his best to secure approval of the full five-year authority since on the floor determined attempts will be made to reduce this to three or even two years. Even in the Senate debate which begins next week, Republican votes will be needed to offset the expected defection of almost all the conservative Democrats from the South. One possible compromise, which has been put forward by Senator Dirksen, the Republican leader, and accepted tentatively by Senator Mansfield, the Democratic one, involves the creation of a congressional watch-dog committee for the development programme; this might reassure Republicans who fear that they are being asked to give up all control over it. Some such compromise should not be beyond the wit of Americans when so many of their leaders—including former President Eisenhower and Mr Nixon—are convinced that a longer-range foreign aid programme is essential.

Budget under Pressure

THE proposals in Mr Kennedy's report to the nation last Tuesday piled additional troubles on an already troubled budget. When the Treasury made up its books for the fiscal year which has just ended the deficit turned out to be a good deal larger than had been expected three months ago ($3.9 billion instead of $2.2 billion). And this was a year which originally looked like producing a surplus of $4.2 billion and which, as recently as last January, seemed to promise a balanced budget. In the final accounting total revenue was fractionally below that of fiscal 1960, while expenditure had climbed by $5 billion.

	1959/60	1960/61			
	Actual	Jan. 1960 estimate	Jan. 1961 estimate	Mar. 1961 estimate	actual
			$billion		
Receipts	77·8	84·0	79·0	78·5	77·6
Expenditure	76·5	79·8	78·9	80·7	81·5
Balance	+1·2	+4·2	+0·1	−2·2	−3·9

Even before this week's changes the budget for the present fiscal year contained an estimated deficit of $3.7 billion (or $4.4 billion if the proposal to raise postal rates is turned down). Now the President has asked Congress to authorise an additional $3.5 billion for defence—the third such increase since January. He has not proposed any immediate increase in taxes to offset this additional outlay (a course of action that the Treasury was reported to favour), but he will do so next year if the rise in federal revenue falls short of current hopes. There were strong political arguments for raising taxes now rather than later: this would have conveyed effectively the desired sense of urgency to the American people as well as giving substance to the "sacrifices" that the President has been calling for for months; and it would have been easier to get Congress to agree to higher taxes in the heat of the moment.

But the economic merits were more debatable. Some economists claim that any additional excess in government spending will set the inflationary ball rolling. Others see it as a timely way to get the unemployed back to work and to increase economic activity, profits and therefore federal revenues. After some hesitation Mr Kennedy has accepted the latter view and, since he has raised the estimate of this year's deficit to only $5 billion, he is clearly taking an optimistic view of the effect of heavier defence outlays on the flow of revenue into the Treasury's coffers. For the moment at least, hopes of lowering tax rates in the fiscal year starting next July, which were hinted at by Mr Douglas Dillon, the Secretary of the Treasury, only a few weeks ago, have receded into the background, particularly as the President has set his heart on a balanced budget in 1962-63.

Success at the Treasury

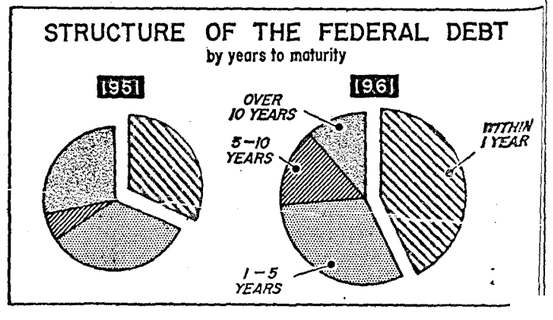
FROM A CORRESPONDENT IN NEW YORK

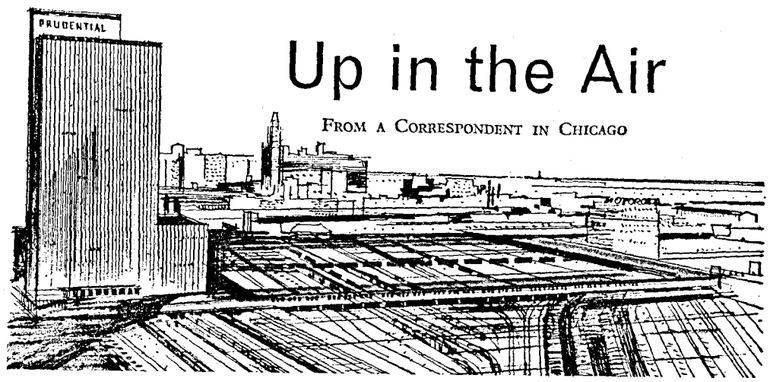
WHILE the Treasury is experiencing difficulties in gaining control over the federal budget, it is demonstrating both boldness and skill in its management of the public debt. This is clear from the success of last week's financing, which involved raising $3.5 billion in cash and refunding $12.5 billion of maturing obligations—one of the biggest operations of this kind on record. The Treasury deliberately increased the size of this refunding by including all issues maturing between August and October, evidently reasoning that as the amount was so large already a little more would not matter, and that one big package was preferable to repeated trips to the market. It offered a choice of three issues with maturities ranging from 15 months to six and three-quarter years at yields (from 3¾ per cent to nearly 4 per cent) that the market found attractive. With the Federal Reserve System maintaining a policy of easy credit, the refunding went smoothly: the Treasury announced that it will have to redeem only $732 million of the maturing securities, and it managed to attract $745 million into the longest-term issue.

By sweeping up all the near-term debt, the Treasury has put itself in a much better position to consider the best means of financing the deficit which is expected during the present fiscal year. At the same time it has avoided any marked impact on interest rates or on the psychology of investors who had feared unsettled conditions and a sharp rise in rates. Its success is due partly to a willingness to experiment, partly to a professional "feel" for the market (provided mainly by Mr Roosa, who came from the New York Federal Reserve Bank to handle the Treasury's monetary affairs) and partly to the central bank's decision to abandon its "bills only" policy in favour of the more flexible technique of dealing in the entire range of government securities.

Apart from its own efforts—and the assistance of the central bank—the Treasury's debt managers have been helped by the fact that large corporations have been investing their growing surplus funds in government securities. Such buying will not, of course, solve the Treasury's problem of increasing the average maturity of the debt, which has been shrinking rapidly. It has been hard for it to sell long-term bonds ever since 1951, when the Fed ceased to support the market for them.

But the increasing concentration of issues in the short-term area is a potentially unstabilising factor, and there are some indications that the Treasury is preparing to tackle this hurdle. It has disposed of the controversial ceiling on interest rates—which forbids new obligations of more than five years maturity to be offered at a coupon rate of over 4¼ per cent—by informing Congress that it would, if necessary, offer issues at a discount. And the suspicion is strong that the Treasury undertook its mammoth refunding last week in order to clear the way for a long-term offer to the holders of existing securities.





Up in the Air

FROM A CORRESPONDENT IN CHICAGO

WHEN Queen Elizabeth first saw Chicago from Lake Michigan two summers ago, the shimmering aluminium, glass and stone façade of the Prudential Plaza must have been one of the first things to catch her eye. It represents the beginning of a building boom in the second largest of American cities. More particularly, it was the first concrete evidence of renewed interest in a largely untapped source of space for new buildings in Chicago—the rights owned by the railways over the space above their permanent way.

The Prudential Plaza rises 41 storeys above a tangle of lines which are part of the passenger and goods yard of the Illinois Central Railroad; these lie along the lake front. The Prudential Insurance Company of America purchased the air rights and completed this office building in 1955. Now five other similar projects are planned, including one which, as the sketch shows, is to go up next to the Prudential Plaza; this is the proposed Illinois Centre, a 60-storey office and hotel complex, on which work is due to start in eighteen months.

The latest and biggest of these projects, which was announced just last week, has an international flavour. City Centre Properties Ltd. of London and a group of New York investors headed by Mr Erwin Wolfson, which together are putting up the Pan-American Building over Grand Central Station in New York City, are to co-operate equally in erecting a complex of office buildings costing close to $200 million. The concerns have bought a 70-year lease of the air rights over the permanent way and covered passenger platforms on the north and south sides of Chicago's big Union Station. Work on part of the project will begin before the end of the year.

Construction began last winter on the Marina City project. It will combine office space and luxury flats in a pair of unusual towers on the north bank of the Chicago River at Dearborn Street, over the lines of the Chicago and Northwestern Railway. Coming soon is a 750-room hotel over the main right of way of the Illinois Central near the lake front just south of the Loop (the heart of the business district). It will serve the new exhibition hall completed last year. And negotiations are under way for the air rights for a block of flats on the far edge of the same railway yards, nearer the lake. Private investors are financing the ventures.

The scarcity of land in the centre of the city is the principal reason for this rush to acquire air rights. While smaller cities such as Cleveland are still dotted with car parks and even with vacant plots close to the centre of things, the down-town area in Chicago is crammed with skyscrapers and frequently even the car parks are multi-storey buildings. Inside the Loop, which is less than a mile square, there are a number of relatively small old structures. But it is far from easy to buy out all the owners on a site large enough for a major building. Recently an insurance company had to design its new office around a tiny dingy bar whose owner was persuaded to sell only at the last minute.

But scarcity of land is not the only important reason why air rights are being developed in Chicago. The city is the country's railway capital; it has more than half a dozen big passenger stations, not to mention goods yards. Many of the desirable sites for new buildings are occupied by railway lines. The Illinois Central switch yard, by itself, probably gives Chicago greater possibilities for the development of air rights than any other city. The yard, which contains only low warehouses in addition to the permanent way, occupies 80 choice acres along the lake next to the central business district. The second-biggest of the five air rights structures, the $150 million Illinois Centre, will cover 18 acres near the Prudential Plaza. Even with the block of flats planned for this area the Illinois Central estimates that there will be 27 acres left within a 10 to 20 minute walk of LaSalle Street, the Wall Street of the mid-west.

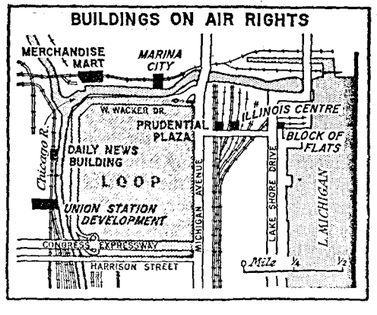
It costs more, naturally, to build on air rights even though there is usually less demolition of old structures to do than on an ordinary site. The railway lines make it difficult to move heavy construction machinery about and the concrete supports for the buildings must be arranged so that they will not obstruct the trains. But the price paid for the purchase or lease of air rights is lower than that paid for other desirable sites so that the costs, as a whole, work out about the same.

The use of air rights is not completely new. Other cities, notably New York, have buildings over railway lines. And even in Chicago builders tapped this source of space as early as the nineteen twenties though only for two structures: the massive Merchandise Mart north of the Chicago River and the Daily News Building around the bend of the river just west of the Loop. But the depression of the nineteen-thirties discouraged further pioneering and this has revived only with a new boom in office building.

This boom has been a long time in coming to Chicago, primarily because so much office space was provided after the war by the remodelling of old structures, mostly department stores and warehouses. Now, however, the steel and concrete skeletons of new buildings promise about 3 million square feet of extra office space. This is more than has been added through new construction in the decade and a half since the war.

Such growth is in step with the demand for desirable office space. This is going up steadily, basically because the rising standard of living of Chicagoans means that more services are required—from the government, banks, insurance and communications companies and advertising agencies. The growth of industry since the war has also increased the need for office space. There has been a substantial rise in the proportion of white-collar jobs in manufacturing; in the steel industry, one of Chicago's biggest businesses, it has grown from 12 per cent of the total twenty years ago to 23 per cent today.

New buildings in themselves have great attractions for big corporations. The Inland Steel Company, for example, first planned to rent new quarters when it outgrew its old ones a few years ago. In the end it chose to build and now it has a luxurious structure bearing its name which also is, incidentally, a monument to the material it produces. New buildings not only publicise a company's name and catch the eye of workers who are scarce—such as secretaries—but they also make it possible to provide for future growth. Space can be let to other firms until it is needed. The present boom also reflects at least a partial reversal of the flight to the suburbs by big business.



Warfare Over Welfare

THE little town of Newburgh, New York, 60 miles up the Hudson from New York City, has declared war against the welfare state and has attracted the sympathetic interest of many taxpayers and of local governments all over the country which are struggling to fit the heavy costs of public assistance into their thin budgets. Newburgh, a city of 31,000 people, has had about 1,380 of them on its relief rolls; out of its total budget of $3 million, $1 million goes on various welfare schemes, although over half of this is contributed by the federal and state governments. What makes matters seem worse is that few of the recipients are natives. Many are Negroes or Puerto Ricans who were brought in to harvest fruit on nearby farms and who decided not to go home, although there is little year-round demand for so much unskilled, uneducated labour. There was hardly anywhere for these people to live, either; they had to crowd themselves, three or four families to a house, into the oldest part of town. Violence and immorality followed; property values sank and white people began to move out.

The city itself turned a blind eye while this was going on but, when it became a matter of raising the rates 30 per cent to meet the cost of assistance, the city manager drew up a 13-point code to trim the relief rolls. It provides, among other things, that able-bodied men receiving help must work for the city or lose their assistance; that payments will not be made for more than three months of any year; that no one giving up a job voluntarily or refusing work of any kind may receive assistance; and that unmarried mothers who continue to give birth to illegitimate children shall cease to receive help.

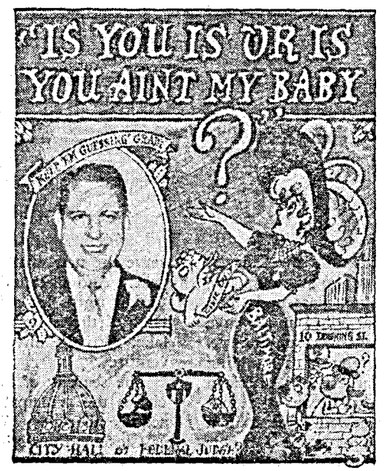
This code went into effect two weeks ago, to the plaudits of Senator Goldwater and other extreme conservatives, although the city's Welfare Commissioner resigned rather than administer it, although Negro organisations condemn it as racially discriminatory and although the state welfare authorities declare that it contravenes both federal and state laws. For example, Congress has passed legislation denying federal aid, under the scheme to help dependent children, to states where there is discrimination against illegitimate ones. This means that New York State as a whole may lose up to $200 million a year in federal grants. Moreover, Newburgh's claim that it is particularly hard done-by is disputed and so far it has been able to find only one man on assistance who can be put to work. The legal merits of Newburgh's protest will be decided in the courts but it draws attention to a real problem. America can well afford to look after its poor and afflicted, but towns and cities which are confined almost entirely to a property tax can be swamped financially by tides of unskilled and needy people flowing into them.

Room on the Bench

FROM A CORRESPONDENT IN BALTIMORE

WITH an unprecedented number of seats to be filled on the federal bench—93—as the result of deaths and resignations and the recent creation of 73 new judgeships by Congress, there is turmoil in the interlocked worlds of law and politics. Few of the appointments are expected before Congress rises, since to have such patronage in hand can win many valuable votes for the Administration. In any case, it takes time to choose "the best men available" from the point of view not only of legal qualifications, but also of race, religion, political affiliations and acceptability to the Senators who must confirm the nominations. Something which is almost a caricature of what the President has to cope with in making these appointments can be seen in Maryland, where local politics are old-fashioned, rough and wide open.

The central figure here is Mr Harold Grady, a large, amiable man of forty-four, a Democrat elected two years ago as Mayor of Baltimore on a platform of reform and now aspiring to a place on the federal bench with half his term as Mayor still to run. Mr Grady defeated his predecessor, an able machine politician, in the contest for the Democratic nomination and a popular Republican in the election itself. As Mayor of a city which returned Mr Kennedy by a handsome margin last autumn and thus ensured that he carried the whole State of Maryland, Mr Grady has claims to consideration by the White House, although locally it is doubted whether he had much to do with the votes gained by the President in this heavily Democratic and Roman Catholic area. Mr Grady's former supporters are largely disillusioned by his blandly ineffectual performance in office and he is having trouble with his reforming partners in the city government. Mr Goodman, President of the Council, seems to be helping Mr Grady to a judgeship because he wants to be Mayor himself. Mr Grady's other running mate is the Comptroller, Dr Graham, a multi-millionaire who seems to be opposing a judgeship for the Mayor partly from cantankerousness and partly because he likes Mr Goodman even less than he likes Mr Grady.



Yardley in the *Baltimore Sun.*

Also involved are several more would-be Mayors, the Governor of Maryland, Mr Tawes, who would prefer to have Mr Grady out of City Hall before he himself runs for a second term, and the leaders of the various bar associations, whose recommendations are supposed to have a decisive effect on judicial appointments. The city and state bar associations pointedly omitted Mr Grady's name from their lists of potential judges, although he has been endorsed by three minor local groups of lawyers. One most influential voice still to be heard is that of the American Bar Association which, it is reported, is unlikely to approve Mr Grady, if only because he has never appeared in a federal court and is unfamiliar with federal procedure and civil law. On the other hand, he had a distinguished record at law school and was an agent of the Federal Bureau of Investigation before becoming State's Attorney for Baltimore.

Throughout the spring Mr Grady denied that he had judicial aspirations, though he was known to have interceded with members of Congress and others whose advice will be taken when the judges are appointed. "No comment" greeted the suggestion that he had visited the patronage advisers in the White House. But Dr Graham, the guardian of the city's purse, remarked that on the day in question the Mayor's official car had travelled 123 miles though he had no official engagements; after that it was confirmed that Mr Grady had crept into 1600 Pennsylvania Avenue by the back door. Since then the presidential doormat has been worn thin by the feet of Maryland Democrats of all groups and factions, all anxious for pressing reasons of their own that Mr Grady should or should not become a judge.

HOME REPORT

In HOME REPORT members of the editorial staff and local correspondents report on life and happenings in and around Britain.

Christmas In July

FROM OUR CORRESPONDENTS

THIRTY hours before the Chancellor's hatchet-work began the papers were loud with the news that he would be carving chips out of so much dead wood: it was said that the prescience of the British public had led it into a luxury spending spree of tremendous proportions and millions of pounds had been gobbled up in exchange for such necessities of life as new cars, old cars, television sets, whisky and cigarettes, washing machines and refrigerators. But this was not everyone's impression. The largest London stores stoutly maintained that there had been little extraordinary trading done in the previous week. The Retail Distributors' Association merely allowed that there might well have been an increase over the month, but even if this was not due solely to the summer sales just ended, the extent of tax-beating buying had undoubtedly been exaggerated.

Among those said to have been overwhelmed by a panicking citizenry were the secondhand car dealers, one of whom "had not had so much business for months." But wider inquiry tended to elicit not-too-polite suggestions that someone had been having someone on, that business was as bad as it had been for a year or more and likely to continue that way. Nor was the sanctuary hush of the wine merchants' shops noticeably disturbed by frenzied whisky-drinkers unable to bear the thought of another half-crown a bottle. London, at any rate, did not seem unduly anxious; possibly because Londoners are neither thrifty nor impoverished. The retail trade figures alone will settle the matter.

Elsewhere, however, reactions were more lively. At this time of year the Scottish cities take their fortnight's industrial holiday, and the expectations of the retail trade are not over-ambitious. But from Glasgow a brisk trade was reported in such household goods as vacuum cleaners, refrigerators and washing machines; so much so that one big store expected to be reduced to wrappings and sawdust by Wednesday. In Aberdeen the reputed canniness of the inhabitants was confirmed by news of "fantastic sales, like a Christmas rush" in the middle of what should have been the worst retail period of the year. Only the car dealers were without comfort: people had, indeed, been asking about cars—but no one was driving away in a panic. Whisky and gin were being bought by the case, but, as in London, there was no clamour for cigarettes, the ineluctibly rising price of which seems to be accepted with resignation by British smokers.



By Tuesday nature had begun to imitate art even in London, and a spree of sorts was more readily admitted. Stores reported brisker trading, and a large electronics dealer had "had no peace since Monday" as his stocks of hi-fi equipment and transistor radios (the Chancellor may have a lot to answer for this summer) disappeared. Refrigerators and washing machines were going, but less swiftly, and the market in television sets was dull—perhaps because it has been in a low state for so long. There was some whisky buying, but smokers had not generally thought to lay in supplies of thousands, in spite of the warning that their price would probably be up by fourpence to 4s. 6d. for twenty that afternoon. The car dealers were still glum.

Such rush as there was may have been the result of a popular misapprehension about the likely effect of the new regulators. Promised a 10 per cent rise in purchase tax and excise duties, many people naturally deduced that a tax of 50 per cent would be increased to 60 per cent, and one of 5 to 15. Only the more sophisticated grasped that the 10 per cent was of the tax itself, so that 5 per cent became 5½ per cent.

AT seventeen minutes to four on Tuesday the Chancellor struck—but nothing was to come into effect until midnight, and most increases not until Thursday or Friday. If the rising sales of the day were an indication of true hysteria, the afternoon shops should have been jammed with people and the car dealers should have been telephoning for immediate deliveries. But the spree had shot its bolt. Nothing happened.

The retailers who did see the crowds believe that spending which would normally have been done over the next three or four months was advanced, where it was possible, to take advantage of the lower tax; and many stores expect a gloomy quarter, when stagnation may be broken only by the approach of Christmas. By that time smokers will ungrudgingly be paying 4s. 6d. for their daily twenty, motorists will be uncomplainingly filling up at 4s. 10½d. a gallon, whisky-drinkers will be suffering mild euphoria at 40s. a bottle and barflies will be unaware that beer was ever less than 1s. 7d. a pint. But very few people give cars for Christmas, and the motor dealers could still be gloomy.

Theatre All Round

FROM OUR SPECIAL CORRESPONDENT

THE lugubrious plight of the English provincial theatre, detailed and documented by an Arts Council report* this week, is familiar enough to the determined theatregoers who still patronise (with a fierce but hopeless loyalty) its dim and quaking premises. But the majority of the provincial public does not, and probably will not ever, care: it will not be ruffled now even by denunciations of "artistic slums" or of the provincial barbarism that earns the Arts Council's conclusion that the intelligent foreigner can discover "little of significance and interest outside London." As any intelligent foreigner has discovered for himself, Bruddersford's theatre is probably as run-down as its football stadium; the state of mind that bleakly puts up with either tends to be beyond self-help.

The capital and instructive point, however, about the spreading tundra of telly-land is just how little money is in fact needed to set the theatre, that increasingly minority art, back on its shaky provincial feet. The message of the Arts Council's report should not merely be addressed to the Treasury and the local aldermen. Just 2d. or 3d. on Bruddersford's rates could do wonders, of course, but if that is unthinkable to subsidised householders it is high time the point were driven home to other potential patrons. Development councils, regional planners and industry-begging municipalities have still to be persuaded that if they are to get, or retain, the intelligent young people or the executives that

* Housing the Arts in Great Britain: Part II.

they and their areas have grumblingly lost to London for two generations they will have to have something to offer besides advance factories. If the chance is not taken while a struggling nucleus remains it will not recur.



The Arts Council's committee of inquiry has set out the minimum requirements both for touring and repertory theatre. For touring companies in opera, ballet, and West End stage productions a circuit of between 12 and 18 "No. 1" theatres, each capable of seating an audience of 2,000, is essential. A number of suitable, if antiquated, provincial theatres exist, although often devoted to variety, but there is nowhere outside Manchester and Liverpool that can cope with the Covent Garden Opera. Again, as Mr Stephen Arlen, administrative director of Sadler's Wells, has pointed out this month, provincial closures have also driven his company out of wide sections of the country.

He referred particularly to the area between Leeds and Newcastle, to which other blank zones are regularly being added: the sale of the Theatre Royal, Hanley, to Mecca Ltd. at the end of June has now shut out the Potteries. (There is a case for making it harder to change a theatre's function—at least to give the local authority time to act if it wants to.) As an imaginative but desperate resort Sadler's Wells is seriously considering the continental idea of a "balloon" theatre (capacity 1,800) which would be inflated on vacant provincial sites. Performers may find it less of an insult (and inconvenience) to appear in a Big Top than in some of the dingy barns they now have to use.

For repertory the committee aims at providing first-class theatres (capacity 800-900) in the main cities or "catchment areas" in the next ten years. Eight of these centres have built, or have serious plans to build, good premises (although capital expenditure promises to be appreciably above Nottingham's estimate of £380,000 which the committee seems to accept). This leaves another six or seven to be started in the badlands. The development of an existing theatre at Newcastle-on-Tyne is recommended, and Hull probably ought to have a repertory theatre of its own. Other towns, however, could conceivably work in pairs if that is the best they can do, particularly Leeds and Bradford, Stoke-on-Trent and Newcastle-under-Lyme, and Portsmouth and Southampton. (None of these cities, with populations ranging up to Leeds's half-million, currently sustains a professional repertory company.) The ideal would be to provide a circuit which the better companies could use, improving both their performances and receipts by longer runs. Postwar repertory has proved a sturdier growth than most of its critics allow: with more encouraging premises and amenities its worries could be halved overnight.

Further to shame the Aldermen Bugginses, the committee lists fourteen other towns (in the 180,000-80,000 population range) which do not even have suitable accommodation for orchestral performances. Some of these places—Oxford, Cambridge, Bath—are not without cultural pretensions: what they do to sustain them is a very different story. Sunday afternoon concerts in the local picture palace is not the most rewarding musical experience, whatever the dons may believe. The northern choral societies have a little more pride in themselves.

How can change be brought about? The committee looks for financial help from the Chancellor to the extent of £150,000 a year, two-thirds of which would be to provide capital for new theatres and concert halls, and one-third for refurbishing and renovating existing buildings. This sum could be administered either by the Arts Council itself or a national theatre trust. It is not an amount that could normally be thought beyond the Treasury's resources; in fact, it looks to be something of the order that Mr Lloyd promised to the provincial theatres earlier this year.

But any help from the centre must be meaningless unless it serves to prime the local pumps. The committee recalls the statutory power of local councils to allocate up to a 6d. rate (4⅝d. in Scotland) for sustaining the arts. How little is actually done is revealed by the following sample figures of local expenditure on all artistic ventures, including dubious museums, river carnivals, bandstands and the rest:

	Product of 6d. rate	Annual expenditure on the arts
	£	£
Leeds	166,650	18,313
Newcastle-upon-Tyne	117,600	4,830
Leicester	115,500	319
Coventry	113,898	5,150
Nottingham	112,050	15,098
Portsmouth	99,990	1,601
Southampton	90,810	1,020
Stoke-on-Trent	69,426	3,862

Precisely how small the margin of help need be to allow a repertory company to struggle on has been shown in Dundee (the Scottish towns are outside the present report), where the local council has made a grant this year of £1,500 together with a further guarantee to make up losses to another £1,500. This will cost the town less than ½d. on the rates. The arrangement (for one year only) came in the nick of time: if the council could bring itself to offer twice as much over a specific period it would go a long way towards putting the theatre on its feet permanently. When so little can sustain a company that has not only produced its quota of famous names but given Dundee a life and status it would not otherwise possess, the moral ought to be observed more widely—and purposefully.

The Mersey Molehole

FROM OUR SPECIAL CORRESPONDENT

In the last few miles of its course into the Irish Sea the River Mersey spreads itself into an estuary, over a mile wide, dividing Lancashire on its right bank from Cheshire and the Wirral peninsula on its left. Facing each other across this divide lie Liverpool and Birkenhead, each with its attendant minor boroughs. Linking them in commercial symbiosis are a network of ferries and the single umbilical cord of the Mersey Tunnel.

Until 1885 there was no direct crossing. But the squalid blooming of Liverpool as a great port and the rise in popularity of the Wirral as a place to live in had made some sort of swift link essential, and in that year the Mersey railway tunnel was completed, taking most of the passenger traffic from the overworked ferries. Tradespeople, however, had still to cope with the cycle of delays and haste which characterises even the best of ferries; and by the early years of this century there was a general and sustained clamour for better communications between the two towns. By 1920 the despotism of the internal combustion engine had aggravated the situation: ferries were crammed with vehicles and loads and streets were choked with waiting traffic.

The administrative machinery for the building of a crossing was started in 1922 with the formation of a joint Merseyside committee to decide on its form and to inquire into the possibility of a federation of Mersey authorities (which last was defeated by staunch parochialism). Consultant engineers were employed, and on their recommendation a tunnel was decided upon, the idea of a bridge having been rejected on the grounds of its vulnerability in wartime and the expense of its upkeep and building. The first hole was bored in 1925, the beginning, so it was imagined, of a cure for all the ills of Merseyside.

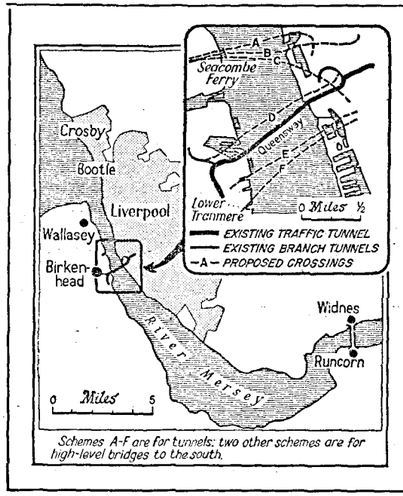
Much, however, was unforeseen. The costs of construction rose regularly, the government was unhelpful until late in the decade and only Liverpool and Birkenhead collaborated in its building. Eventually opened in 1934, it had cost £7.72 million, of which the government's share was £2.5 million, Birkenhead's £55,500 and Liverpool's £5 million. And no sooner was it opened than estimates of its useful life were being revised for, instead of being timelessly adequate for the traffic between the towns, it attracted more traffic, and was soon taking more in tolls than had ever been planned. By 1958 the toll revenue was three times what had been estimated, over £1 million a year, and traffic was passing through it at the rate of 44,000 vehicles a day.

Every year the traffic through the tunnel increases by 10 per cent, and during rush hours, a sixth of the day, over a third of the daily traffic is carried. The ultimate capacity of its four carriageways is rapidly being reached. The necessity for each vehicle to stop, pay its toll and start up again imposes delays. The sale of contracts at a rate which, taken at two trips a day, is cheaper than the payment of individual tolls has made matters worse. There are 6,000 contract users who, to make their contracts worth the money, must use the tunnel twice a day—and some of them use it six to ten times a day. This adds 15,000 journeys a day to the total flow, perhaps half of which are unnecessary.

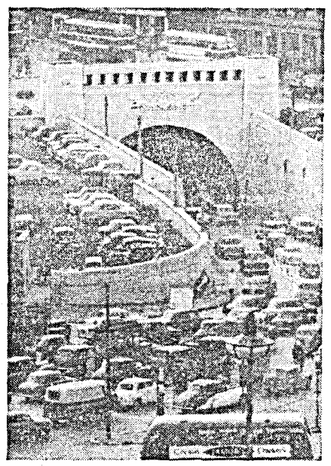
A new crossing is urgently needed, and the Merseyside authorities, overcoming their veiled repugnance for each other, met in 1958 to decide what form it should take, asking the consulting engineers who had been responsible for the planning of the original tunnel to report on the possibilities. Their conclusion, presented last year, details eight schemes, each a compromise between what is desirable and what can be afforded.

The first three plans, all twin four-lane tunnels (marked A, B, C, on the map) leave the Cheshire bank at the same point, Seacombe Ferry, and emerge at points in Liverpool all of which are open to criticism on the ground of congestion; and they would, in addition, be completed just in time for the additional facilities they offer to be inadequate for the conditions they are designed to alleviate in 1967 (when traffic flow will be nearly twice as heavy as it is now). They are also expensive, the cheapest of them (including extensive access road works) estimated at £20.4 million.

The fourth, scheme D (the one most favoured by the Merseyside authorities), would be a two-lane link between the branch tunnels which at present take traffic from the main existing tunnel to the dock areas on either side of the river. This has the advantage of cheapness (about £9 million) and swiftness of execution: it could be completed by 1966—also just at the time when its capacity would be too small.



Schemes A-F are for tunnels: two other schemes are for high-level bridges to the south.



The fifth and sixth schemes (E and F) are new twin tunnels. Scheme E is expensive, offers very small relief to present problems, and would be out of date on completion. Scheme F is even more expensive, though it does offer greater reliefs, and again could not be built in time to be useful for more than a year or two.

The seventh and eighth schemes, in the southern area, are both bridges, of six lanes each; they would be the most expensive undertakings, but would offer at least the consolation of being adequate to the demands made on them for five or six years after their completion—or so it is thought (and that the thought may not be an accurate one is suggested by the overwhelming flow of traffic on the brand new Runcorn-Widnes bridge 10 miles upstream).

Very boldly, the consultants have outrun their brief and suggested that, in the light of their findings, none of the plans examined would be adequate by itself. Their conclusion has been that their own favourite, scheme G (not shown on the map), a high-level bridge between Tranmere and a point about a mile to the south of the present tunnel entrance, should be combined with the palliative of Scheme D, the linking of the two existing branch tunnels, giving an increased capacity of something like 9,000 vehicles an hour, fitting in admirably with the road improvements planned on both sides of the river and retaining their usefulness as far ahead as 1979. There is, however, the matter of financing such a combination: the bridge alone would cost £27 million, and the combined scheme no less than £36 million. There is also opposition to a bridge of such a size and construction from the Mersey Dock and Harbour Board (which believes that silting and consequent damage to its installations would follow) and an oil company, across whose tank farm the bridge would pass.

The prospect of the Government paying for a crossing or even of aiding its construction to any great extent is, in present circumstances, remote. In the queue for crossing grants the Severn, Forth, Tay, Tyne, Clyde and Thames have all got ahead of Merseyside; and the squabbling and disagreement between the nine authorities concerned with Merseyside have not been helpful. Indeed, it has been hinted that the Government might be persuaded to grant aid to the project only if some firm collaboration between the authorities can be arranged. So far, Wallasey will only support one of the northern schemes; Liverpool and Birkenhead are prepared to co-operate on this as they did on the previous tunnel; the two county councils concerned are not interested enough; and the smaller authorities, who will benefit least, are willing to leave it in the hands of their big brothers. On the grounds of cheapness, expedition and the unwillingness of others to contribute, Liverpool and Birkenhead are likely to plump for Scheme D, by itself the least satisfactory of the proposals. Such an error could be avoided only by a really far-sighted decision.

When *The Economist* went to press this week representatives of all the authorities concerned were meeting in Liverpool in the hope of setting up a joint council to decide the future crossing's form. It is hinted that such a co-operative effort would attract the favourable attention of the Ministry; and that the favours might extend to a 75 per cent grant. In it, too, may lie the seeds of that far-sighted decision: the eventual amalgamation of Merseyside into one local authority.

LETTERS

Leasehold in Wales

SIR—As a member of the Welsh League for the Taxation of Land Values, I should like to reply to your article "Wales on the Lease," of July 22nd. The various "leasehold reform" organisations in Wales are vaguely aware that an injustice exists, but none (especially the MPs who have been recently jousting on the issue) has come up with any satisfactory solution. The reason is that they fail to get the problem of leasehold into its proper national perspective of soaring land-values, and so their solution of "reasonable redemption" is at best unconvincing and at worst an attempt to replace one injustice with another.

The only equitable solution is an indirect one: the taxation of land, whether freehold or leasehold, nationally. This will not prevent land values rising, since land prices depend on supply and demand; but it will return to the community community-created land values and leave landlord and tenant with no pickings to argue over. This would lead to a decay of the leasehold system altogether, and it would be replaced by a just and logical system in which the state appropriated all land values but left the individual the absolute right (as opposed to the present restrictionism of both leasehold and freehold schemes) to develop land in the most economic way possible.

Thus it will be seen that the real problem underlying the leasehold system in Wales is by no means a local one; it is even more pressing around London than around Cardiff, except that it is not recognised as such.—Yours faithfully, FREDERIC J. JONES
Cardiff

The Economist's *New Home*

SIR—The consumer durables boom of the late fifties could reasonably be encouraged because many of its products could be exported; the present building boom is not quite so desirable, because very few of its products will be exported.

The higher Bank rate that you recommend will cut down on building. Still, let us be clear about this; the income-producing buildings, such as offices, will not be checked as much as bond-financed buildings, such as schools. This is a pity, because while a three-year delay in putting up *The Economist's* offices will cause a relatively short-term inconvenience, the products of cheap and nasty education will be walking round in forty or fifty years' time—Yours faithfully, TREVOR LLOYD
Northwood, Middlesex

The Economist
JULY 27, 1861

PAUCITY OF POLITICAL TALENT

The retirement of Lord John Russell from the scene of action in which he has so long been so distinguished, from the scene which he so much loves,—the retirement of Lord Herbert from an assembly which always listened to him with pleasure, though he never rose to address it without reluctance,—cannot but raise a very serious question in the minds of thinking men:—Why have we so few statesmen of eminence in the House of Commons? Great man after great man passes into the still calm of the superior assembly or into the tomb, but no adequate successor to them springs up. Their constituencies elect in their places fair men, but they do not elect their equals or their similars. . . . It is useless to attempt to evade the existing difficulty by alleging that there are still great men in the House of Lords,—that when they migrate from one assembly to the other, they remain the same men that they were before,—that the country can as much have their services in the place where they are, as it could in the place which they have left. The truth is not so. These men are the same men, perhaps, but we have not the same use of them. One of the principal duties of a Parliamentary administrator in the present day is to answer Parliamentary questions. We boast that for better or for worse our administration lives in the face of day; that it has no indefensible secrets—no hidden defalcations; that it is searched into during half the year by the incessant inquiry of 658 inquisitors, and especially by certain of them who are stimulated by public spirit, by personal vanity, by the wish to be thought active by their constituents, by the wish to become great men with the public. As this is so, it is advisable that such questions should be answered well, and experience shows that a subordinate official, as a rule, does not answer questions well. Except under circumstances exceptionally advantageous, he cannot feel sufficiently at home to state the past actions of his chief as if they were his own actions—the past motives of his chief as if they were his own motives—the future policy of his chief as if it were his own policy. . . . And in consequence the public service will suffer. If false impressions are given by incomplete, hesitating, or inaccurate replies in Parliament, an erroneous opinion is formed in the country and perhaps in other countries; and the characteristic usefulness of "question-and-answer" administration is wholly sacrificed, even if such mistaken impressions should chance by good fortune to cause no absolute evil.

Department of Technical Co-operation

SIR—In commenting on Mr Vosper's new department you make some wise suggestions on what it should do, but you pass rather lightly over its duty to "provide experts, advice and technical assistance." To do this effectively requires finding or building up for each specific assignment a team with the expert knowledge and appreciation of local conditions—no easy task when such a great range of engineering and technical advice has to be covered. However, over a great part of the field there are in existence organisations with teams already versed in these types of work with wide knowledge of local conditions. They are the staffs of the firms of British consulting engineers, who are used to working in almost every country in the world, and who are at the present time engaged in projects abroad having a total value of over £700 million. It would seem directly in the country's interest to make use of their knowhow, knowledge and experience in providing advice and technical assistance overseas.

There would be other advantages. The British consulting engineer is well known to be entirely independent and able to give unbiased advice to his clients, who would be the undeveloped countries concerned. This impartiality would also go a long way to avoid the suspicions of interference and difficulties of pride which you mention as arising in newly independent countries where a British government department, in spite of the care with which its name has been chosen, is directly involved.—Yours faithfully, R. L. PITT
Chairman, The Association of Consulting Engineers
London, SW1

Infant Mortality in Angola

SIR—In your article "Our Job in Angola" (issue of July 8th) you state that the infant mortality rate in that unfortunate country is sixty per cent. To anyone with the smallest knowledge of demography, such a statement appears ridiculous. What, one is tempted to ask, is the source of this absurd figure? And how, when and where were the statistics of births and deaths compiled?

Six years ago the United Nations published a series of model life tables for use in under-developed countries where mortality statistics are incomplete; these models have proved invaluable tools for students of African demography. The highest mortality envisaged in the series is represented by a life table for which the expectation of life at birth is just under 19 years and which starts with an infant mortality rate of 33 per cent. This rate the authors of the United Nations study regard as "catastrophic." They write: "This last mortality experience . . . represents an extremely heavy toll, requiring a fertility of about seven live births per woman in the

reproductive ages, if the population is to survive and maintain its numbers. It is rather doubtful that such extreme mortality experience can be found today in any sufficiently large population, except for short periods of time when major epidemics or famines are prevailing."

Are your readers therefore to believe that in Angola an infant mortality rate almost twice that regarded by the United Nations experts as the maximum is—as you imply—the normal course of events? The political arguments you advance would be more convincing if the statistics you cite to support them could at least have the semblance of plausibility.—Yours faithfully,
Nairobi, Kenya J. G. C. BLACKER

New Zealand Progress

SIR—I read with great interest your article of July 8th. Should the United Kingdom decide to join the common market, Commonwealth relations will be seriously prejudiced and there is a danger that the Commonwealth might disintegrate. I am sure that you will agree that the Commonwealth is one of the greatest conceptions of history bringing together, as it does, people of all races from all parts of the world and it should not be abandoned for economic reasons.

It seems clear to me that the United Kingdom is being forced to seek membership of the common market because it is unable to balance its trade with the rest of the world and hopes to rectify the position by membership. I believe that a major factor in this lack of balance is that many United Kingdom manufacturers are no longer particularly interested in exports because they can sell their products in bulk

quantities easily on the home market, and this is proved by the booming company balance sheets appearing in your pages. In many instances, deliveries quoted for export are so long that buyers are forced to make their purchases elsewhere, despite the high preferential rates of tariff which exist in New Zealand.

Immediately after the war, manufacturers in the United Kingdom were keenly interested in exports because prices were controlled in the home market while there was no control on prices for export and, in fact, they were encouraged to make an extra profit. A major contribution to restoring the balance of trade would, therefore, be some form of tax remission to manufacturers who engage substantially in the export business.

The reaction of New Zealand to the common market appears to have been greatly misunderstood in the United Kingdom. New Zealanders are a friendly people and they do not like to make a fuss. Further than that, they wished to make Mr Sandys welcome on what was obviously a difficult and painful mission. Nevertheless, most New Zealanders feel intensely on the subject as they consider they may be abandoned by the country which they have always regarded as home, and they realise that they cannot support any reasonable standard of living without freedom of access to the United Kingdom market. They remember that it is not so long since the United Kingdom depended almost entirely for its supplies of meat and butter on New Zealand, and New Zealanders rationed themselves to make the supplies available.

The terms of trade today are heavily weighted against the agricultural countries of the world by high tariffs and restrictive quotas imposed by the developed countries. The last world depression was started by a disastrous fall in the world prices of agricultural products and the cycle will probably be repeated unless more freedom of access to world markets is granted to producers of primary products.—Yours faithfully, JACK HARRIS
Wellington, NZ

Northern Rhodesia

SIR—In your issue of July 22nd it is stated, in a message from Northern Rhodesia, that the United Federal Party "has long been under the loving care" of Colman, Prentis and Varley Limited. Perhaps you will give equal publicity to the fact: neither Colman, Prentis and Varley Limited nor its public relations associate, Voice and Vision Limited, has at any time been employed by the United Federal Party.—Yours faithfully,
S. E. R. WYNNE
Managing Director, Voice and Vision Ltd.
London, W1

[Voice and Vision Limited is in fact employed by the government of the Federation of Rhodesia and Nyasaland. The government is headed by Sir Roy Welensky, leader of the United Federal Party.]

ABCD of Disarmament

SIR—We ought to get to U (Unilateral) in your disarmament alphabet. This is the U-policy for the UK and the most realistic approach to the problem of power politics in the nuclear age. U will be U one day I hope!—Yours faithfully,
Bordon, Hants STEPHEN KING-HALL

BOOKS

Case History of a Limited War

The Diplomacy of the Winter War

By Max Jakobson.
Harvard University Press. London: *Oxford University Press.* 281 pages. 46s.

LIKE the Spanish Civil War, the Russo-Finnish conflict of 1939-40 produced many a hot-tempered pamphlet, a number of suspect military judgments and journalistic war cries. The war, though it had many a chronicle, lacked its reckoning. Although the memoirs of Marshal Mannerheim and Väinö Tanner have been translated into English, not until the advent of Mr Jakobson's study has there been a sober, unsentimental and comprehensive balance sheet of the Finnish effort to resist "satellisation." If nothing else, this book would stand as an interesting and relevant account of what principles and political necessities are compounded into the formulation of a small nation's foreign policy, facts which are by no means understood even now. It is also a commentary on the political reality of the "Nordic bloc." The contortion and necessities of Soviet policy similarly occupy a large part of this study. The real mysteries of the Winter War concern the manner of its coming and why, when it had burst over Finn and Russian alike, it stopped short of complete Russian mastery over Finland. This was a "limited war," and those who propound the formula as an article of faith would do well to look into this case-history, where the dangers and miscalculations are so clearly examined.

Mr Jakobson renders a service in assembling all the available information on the mysterious mission of the Soviet diplomat Yartsev to Helsinki in 1938. On whose authority Yartsev was acting has never been fully explained. The Finnish position was by no means simple. In answer to Soviet overtures for strategic concessions, Tanner could offer only neutrality, while pressing for closer association between Sweden and Finland. Yet the Soviet notion of "neutrality," as it applied to Finland, ruled out any closing of the Scandinavian ranks. The author exploits all the available material on the "Yartsev mission," though the cloud of secrecy still obscures much of importance from the Finnish side. What he makes abundantly clear, however, is that any surrender to Russian overtures would have smashed up Finnish policy completely. In March, 1939, with yet another devious diplomatic play, Moscow sent Stein to Helsinki to talk once more about military concessions. This time Marshal Mannerheim was informed of what was afoot. His discarded advice was to accept these minimum Soviet requests. Mr Jakobson admits that the contention of the Finnish political leaders—that public opinion would never tolerate territorial concessions—was never

put to the test. The Finnish parliament remained in blissful ignorance. March, 1939, was Finland's "last chance" to bargain. But the author's interpretation of the tense talks in Moscow in October-November, 1939, is that they reveal above all the basic motivation of Finnish policy: it was the realisation that acquiescence in today's "reasonable and modest" proposals would ruin Finland's power to resist the exorbitant demands which must surely follow. Moreover, the context of the Anglo-French-Soviet negotiations in 1939 confirmed that, for the Soviet Union, Finland was a "Baltic state," delineated on the map as it had been in the days of Imperial Russia. Over the question of a "guarantee," however benevolent it might appear, Finland struggled to be distinguished from "Rumania, Poland and all that."

In presenting the Soviet aspect, Mr Jakobson has carefully mobilised all his scruples. If anything, at this crucial juncture the benefit of the doubt goes to the Russians. But this does not prevent the author from disposing of a number of damaging myths which have gathered over Finnish policy. The agonies and misunderstandings of the Moscow negotiations are set out carefully and clearly. These were an open challenge to Finland's national independence. In view of what had happened to the Baltic states, the inference was plain. The war itself, which was precipitated by the still unexplained Mainila shooting, Mr Jakobson sees as a miscalculation from both sides. Erkko's optimism was as fatal as Zhdanov's rashness and ill-conceived promptings to Stalin. The brunt of the responsibility, however, rests with the Soviet Union, whose divisions had been massing since October. And not only the Finns erred in estimating the final Russian reaction.

There can be no dispute with Mr Jakobson's contention that in the war, which had burst so disastrously on Finn and Russian, the Finns gained enormously by a resistance that forced the Russians to abandon the political fiction of the Red Army marching under Kuusinen's Communist standard. Even though a policy of resistance may at times have appeared politically unrealistic, and may have stemmed from misunderstanding the situation, in the event it proved to be instinctively right. The analysis of the involved diplomacy of the war after January, 1940, is excellent and fully supports the contention of "victory in defeat," which is no mere turn of phrase here. As for the "Continuation War" and Finland's going to war in 1941, Mr Jakobson is right to leave the judgment on that until further research has lighted up many dark corners. While many points of the Winter War wait on fuller evidence, especially from the Finnish side, this survey admirably sets out from a wide variety of materials questions which had hitherto been cast in terms much too simple or even ignored. New information may modify some of the judgments on Finnish political leaders. But the reckoning over the issue of survival remains exact.

Stomach Upsets

The French Radical Party. *From Herriot to Mendès-France.*

By Francis de Tarr.
Oxford University Press. 285 pages. 35s.

In his foreword to this excellent book, M. Pierre Mendès-France offers an apologia for his attempt, between 1954 and 1957, to refashion and revitalise the French Radical party. "The mass of the party's members," he writes, "had remained sincerely and deeply attached to an ideal of progress and of democracy of which radicalism, in other times, had been the interpreter and the instrument . . . it was not . . . a *coup d'état* which took place in the heart of the party. It was a revolt of the rank and file." "The Fourth Republic did not take long to die. One might dream about what might have happened if the republican politicians, if the ministers of the Left, Radicals and others, instead of giving way had had the strength of will to keep their promises . . ." instead of indulging their taste for office. Mr de Tarr's study explains sufficiently why they did not; why the *mendèsiste* movement failed; and consequently why the Fourth Republic fell. It is a tragic story, and in it the radicals played a central part.

Essentially, the radical party had always *regarded itself as a party of government.* It tried to reconcile and mobilise, within its ranks, all good Frenchmen, in the cause of liberty and the public interest. "The main task of a great political party is the same as that of a good stomach, not to reject but to assimilate." As the history of the American parties shows, this is a perfectly viable theory; and the radical genius for compromise and skill at the parliamentary game meant that, again and again after 1945, it was able, as an honest broker, to patch up coalitions and resolve governmental crises. Such a radical as M. Queuille, who regarded himself as "a premier who raises himself above doctrines in order to deal with reality and prevent disaster," and did prevent disaster on several occasions, deserved well of the state. Unfortunately for this traditional radicalism the history of the Fourth Republic mercilessly required more of a party than a willingness to govern pragmatically, without party doctrine. All in their turn, radicals of the left, gaullist radicals, neo-radicals and *radicaux mendèsistes* propounded stiff recipes and regimens for the ailing French political system; all in their turn were rejected by the radical instinct for *immobilisme,* of which M. Queuille was the father. In the end the venerable party began to look less like a stomach than an artichoke stripped of its leaves. The events of 1958 proved, among other things, that in such a condition, deprived of their most vital elements (deprived, by an irony, even of M. Queuille), the radicals had outlived their usefulness. Today their function of making government acceptable to parliament is performed, albeit under vastly changed conditions, by the gaullist *omnium gatherum,* the Union de la Nouvelle République.

Mr de Tarr tells this story with a wealth and command of telling detail that has to be directly savoured to be appreciated. He is, perhaps, a little too austere in his exclusion of all matter that is not immediately relevant to the evolution of the party; one would have welcomed a fuller account of M. Mendès-France's premiership, which inspired the last, crucial attempt (forming the book's climax) to rescue the radical party and, through it, the Fourth Republic. The great reforming wave that carried the *radicaux mendèsistes* forward cannot be properly appreciated without such an account. The chapter on the gaullist radicals similarly suffers from too allusive an approach to the Rassemblement du Peuple Français. But these are quibbles. Mr de Tarr succeeds brilliantly in conveying the feelings and preoccupations of politics under the Fourth Republic, above all that sensation of time wasting, which provoked M. Mendès-France, in 1955, to announce "We are in 1788!", but which failed to stimulate the French into averting 1789.

From James to George

The Century of Revolution, 1603-1714

By Christopher Hill.
Nelson. 352 pages. 25s.

This is the second volume to appear of a series designed to survey English history from 55 BC to 1955 in eight volumes. It is intended that each volume should combine a political narrative with an analysis of economic, social and cultural developments and, while incorporating the results of modern research, should be "a stimulus to further reading rather than a substitute for it." Mr Hill's volume admirably fulfils these ambitious aims. His narrative chapters are brief, and he has concentrated on analysis and explanation. In attempting to do so much in so short a space it is easy to produce desiccated history, to rattle the bones without ever reminding us that they once belonged to a living body. But Mr Hill's book is both condensed and lively, realistic and revealing. He makes his own points briefly and pungently, and there is hardly a paragraph in which he does not enforce his points by quotations from the sources, all of which are apt and many of which will be new even to professional historians. The quotation from T. S. Eliot at the head of the introductory chapter shows Mr Hill's preoccupation and anxiety:

> But how can I explain, how can I explain to *you*? You will understand less after I have explained it.

Mr Hill is too modest: he has explained, and the more convincingly because he has allowed us to see how men and women of the seventeenth century expressed themselves and explained events at the time. He is no Pangloss, for he is as much concerned with the failures as with the achievements. It is this twofold concern that makes his book so stimulating, searching and humane.

As Mr Hill sees it there were two revolutions in this period. The political revolution succeeded when Charles I was executed, marking the end of any attempt at absolute monarchy. But the same year saw the defeat of the social revolution. Mr Hill puts it neatly. After crushing the Leveller revolt at Burford, Cromwell and Fairfax "were awarded honorary degrees by the grateful Royalist university of Oxford." The franchise was not extended and radical legal reform was stopped. In 1660 a state church was re-established and dissenters driven from political life for a century and a half. The society that emerged was divided into "the ruling classes and the masses," and "British freedom by 1714 meant among other things the unimpeded right of the Justice to regulate in minutest detail the lives of his social subordinates." The qualification "among other things" is a pointer to Mr Hill's fairness, for he also shows the gains that were made in liberalising the treason laws and in the field of commercial law.

A particular strength of his book lies in his appreciation of the intellectual and scientific history of the period. He pays a just tribute to Bacon, who saw the new empiricism leading to the "relief of man's estate." Before 1640 Bacon's was a voice in the wilderness: after 1660 his was "the dominant intellectual influence." Mr Hill has a nice contrast between Donne, safely ensconced as Dean of St. Paul's, fearing the individualism of the new philosophy, and Sir John Eliot in prison, embracing its optimism. Sometimes brevity leads Mr Hill into making statements that are too sweeping. He describes the shift in Leveller thought from the assertion of Anglo-Saxon liberties to the demand for the inalienable rights of man, and comments "Bogus history was abandoned for political theory based on natural rights." He cannot think that bogus history ceased to serve political ends after 1660.

Mr Hill writes so well and trenchantly and knows the period so thoroughly that the occasional infelicities and slips stand out the more prominently. He has no need to descend to such colloquialisms as "the fun of the thing," or "who was the boss." He repeats the textbook error that Elizabeth left a debt of £400,000 and, perhaps partly for this reason, seems needlessly charitable to James I. It is curious to find Robert Cecil described as "frugal and reforming." The latter epithet is fashionable but debatable: the former seems inapposite both for the builder of Hatfield and the Lord Treasurer of James I. Mr Hill regards Cromwell's foreign policy as fitting into a trend that saw foreign policy increasingly dominated by commercial interests. But this was not the opinion of one of the most perceptive observers of the century, who saw Cromwell "for a separate interest of his own" shaping foreign policy to other and more ideological ends. But it would be ungracious to emphasise flaws or register disagreements when Mr Hill has placed us so heavily in his debt. The general editors of this series will be fortunate indeed if the volumes still to come can approach the standard he has set.

In Search of Information

Information and Investment.

By G. B. Richardson.
Oxford University Press (1960). 226 pages. 21s.

Mr Richardson has discovered an omission in the accepted theory of the determination of prices and output in competitive markets. Perfect competition, as posited in this theory, implies conditions where entrepreneurs would not be able to obtain information which they need in order to plan investment. If, for instance, there is a permanent rise in the demand for a product, each of its producers will be reluctant to expand his capacity unless he has some assurance that all his competitors, taken together, are not planning excessive increases in their total capacity. In the same way, information is needed about the planned capacity of raw materials or of customer industries. Yet where, ex hypothesi, all that the entrepreneur knows is the prices currently paid for the product and for the factors of production used in making it, the necessary information is lacking. Thus Mr Richardson regards the theory as a mechanical account of equilibrium that fails to explain how equilibrium is brought about and therefore "cannot serve as a model of the working of actual competitive economies."

As a criticism of the theory this rather misses the mark. Theory deliberately abstracts from some aspects of reality in order to concentrate on others, so that it should not be judged by its descriptive realism but by its results. In the present case the results consist of an extremely useful taxonomy of the factors that may explain changes in prices and output.

Nevertheless, although it is a different one, Mr Richardson's problem is certainly interesting. How do entrepreneurs get the information they need in order to plan investment? He suggests that friction and market imperfections may serve to provide it, so that some divergences from the competitive ideal may promote rather than impede the efficiency with which the economic system adjusts itself to changes in circumstances. Since the available information will never be sufficient to abolish uncertainty, however, the problem of adapting economic behaviour to cope with it remains, and Mr Richardson devotes the last third of his book to a discussion of its influence.

Throughout the book Mr Richardson remains on a theoretical plane. Since he is an intelligent man, the result is interesting. Yet if he had clambered down from his ivory tower and gone into the world (as other Oxford economists have done) he could have written an even more interesting book. Trade journals, market research, public announcements and judicious applications of alcohol all enable some businessmen to obtain some useful information, but

The Age War





Nowadays age is probably as important as class in determining how people talk, how they dress and how they look at life. Of course there has always been a certain amount of friction between young and old, and both enjoy the martyrdom of being slightly misunderstood. But we are now approaching a complete breakdown in communication between age-groups.

A very refreshing thing about The Observer is that it frequently gives the points of view of both sides in the Age War. Bridget Colgan, for example, when she writes about avoiding frustrations in babies never forgets that parents get frustrated too. And a recent correspondence following the series "Miserable Married Women" included a tart lecture from a 7-year-old girl who thought that women should look after their children properly and try to love them, and if they are bored why did they have them in the first place?

Fads Exposed

Somehow or other, The Observer seems to have posted spies in most of the age-cliques, and as soon as anything new happens, whether it's a major trend or a minor fad, back come intelligence reports that are informative, unselfconscious and equally free from the stuffiness that plagues some ageing writers and the private intolerance that walls in some young ones.

Why did teenagers flock to buy music that sounds like a needle-scratchy dance record of the late twenties? What makes the staid and middle-aged rush lemming-like to Sunday afternoon tombola sessions? Both of these questions have recently been answered in The Observer.

Fogeys Defended

New waves and old guard meet hostilely but on reasonably equal terms in the review pages.

The Observer is generally among the first to notice new movements in writing, art and music. Yet recently Harold Nicolson published a spirited and witty defence of literary old-fogeyism.

More important, the atmosphere of the paper makes it possible for the different ages to talk freely and frankly about touchy subjects. They've just concluded a discussion on "Teens and Sex" that was thoughtful, unsensational and very helpful as a basis for discussion.

Just for the way in which it helps you keep up with how the other age-half lives, The Observer is worth every penny of the sixpence it costs. But this isn't the only reason for taking it. J.B.L.

ADVT.

Mr Richardson never mentions them. Again, he suggests that, in the absence of co-ordination, agriculture is an industry where "there would be every reason to expect" inefficient supply adjustments, but the thought of examining the facts to demonstrate this does not occur to him. Economics should not, after all, consist solely of pure ratiocination, seasoned with quotations from Alfred Marshall.

Bricks and Mortar

A History of Building Materials

By Norman Davey.
Phoenix House. 260 pages and 48 pages of plates. 65s.

THE author is a scientist, a civil engineer and an archaeologist, and much of his working life has been spent at the Government's Building Research Station. It is hard to imagine more promising circumstances for a good history of building materials and the result is indeed very successful.

Mr Davey writes economically. Virtually the whole gamut of materials has been encompassed (one curious omission is vitreous enamel, and plastics are only briefly mentioned). There are many necessary excursions into techniques of construction, and there is a short account of building tools, all in 237 pages. Yet we are taken back to the earliest known uses of each material, the critical stages in its development are identified, and many interesting buildings and events are described. It is really rather remarkable.

Although the writing is restrained in character, this restraint never gets in the way of interest and information, and it is warmed by two happy attributes. The first is the lucidity of the introductory passage to each new group of materials, which gives us at once a brief but clear view of their essential nature, their origins, and their place in the scheme of things; and the second is the feeling it reveals in the author for qualities other than the functional and the technical which are valued in materials.

The pattern of discussion follows a free and pleasant logic. Gypsum takes in its stride gesso, scagliola and graffito. Their relatives, the limes and cements, come on the scene and we learn how they were and are made, and of what raw materials. This is followed by stucco, and, after considering it all over the Middle East and Italy, we find ourselves in Roman Britain and Henry VIII's Nonsuch Palace, Mortar and concrete follow naturally, but asphaltic bitumens less obviously until we realise they, too, were often used as mortar in antiquity. Their use for paving is only about 100 years old. And so the story of each material unfolds from place to place, through one use to another until today's familiar picture is before us.

The production of the book unfortunately lets the author down a little, for the typography is rather insensitive and the chapter headings, in particular, are a bit brutal. The binding, too, does not seem quite tough enough for its job, and it seems reasonable to ask if it is necessary to take six pages at the outset to index illustrations. The text is virtually fault-free, except for a few needless reiterations.

Architects and archaeologists will naturally be readers of the book, but builders and materials producers will find it useful, and so will travellers and others who like to contemplate their environment perceptively. Its relevance to Britain gives it only the slightest of biases, not strong enough to reduce its value to readers elsewhere.

There are 48 pages of photographs and 134 drawings, apparently by the author.

Songs of Protest

The Outlaws of Medieval Legend.

By Maurice Keen.
Routledge. 235 pages. 28s.

WHAT did all the outlaw ballads of medieval England, those that were sung of well-known figures like Hereward and Fulk Fitzwarin and those that recorded the deeds of the elusive Robin Hood, have in common? It was, Mr Keen contends in his sensitive and engaging study of them, their protest against social injustice, oppressive laws and the men who enforced and used them for their own ends: royal justices, sheriffs and greedy prelates. We hear in these tales the authentic voice of the poor, especially the peasantry, of later medieval England fighting for freedom from villein-status and against the intolerable vexations of the forest customs. Mr Keen describes the behaviour of royal officials from the Norman Conquest to the sixteenth century in harrowing and sombre tones. Against their endless depredations the writers of the poems created a world of wishful fantasy, where the outlaw king of the forest stood for true justice and avenged the wrongs of those who resorted to him and, of course, his own with even greater cruelty and violence than the forces of law and order commanded. There had to be plenty of bloodshed in these tales and the outlaws' enemies were also those of the poor.

Historians of social and economic change have perhaps not been catholic enough in the choice of their sources. Manorial records and court-rolls reveal next to nothing of what those who had to render services or pay routine mulcts felt about their situation. To use the ballads and legends for this purpose is at once an inviting and dangerous expedient. The penumbra of the real past is to be lit up with the darkness that surrounds the origins and literary history of, for instance, the Robin Hood poems, the values and interests of the men who sang them and above all their audience. Mr Keen excels in drawing the moral from his refractory materials, but he is also in danger of forgetting quite a lot of old history as he discovers new in the outlaw legends. For their traditional villains, the sheriffs, had, by the fourteenth and fifteenth centuries, long lost their once frightening powers for good or ill in the shires. They packed juries for their friends among the nobility and gentry but in litigation which for the most part did not concern the underdog at all. Conversely it is rather hard to believe that substantial freeholders and their like were unable to look after their own as if they could not avail themselves of good-lordship just like their betters. Lastly the royal forests of the later middle ages were not all they had been in the twelfth century in the way of oppression and exploitation. Perhaps the ballads were after all enjoyed by their public—whether gentle or rustic—mainly as stories. Yet these doubts detract from neither the interest nor the enjoyment of Mr Keen's book.

Concrete and Fastidious

Somerset Maugham

By Richard Cordell.
Heinemann. 250 pages. 25s.

THE odd contrast between Mr Maugham's evident talent and enormous popularity, and their neglect by most critics, is beginning to be resolved by time. Most writers go out of fashion as they grow old, and still more after their death; and the fortunate are reborn into fame at their centenary. Fortunately Mr Maugham has consented to defer his death, and we may hope that he will still be alive and active at his centenary. By that time the well-known English love for aged authors will have worked on his side; a half-century of critical neglect will seem strangely old-fashioned; and we may hope that he will be the idol of the young. But not yet: though long usage and some change of fashion make it difficult nowadays to ignore him, he remains out of mode, however attractive to the ordinary reader who is eclectic in time and fashion.

Mr Cordell's useful, if rather dull, book helps to provide the material for a reassessment; not so much by what he says, which is not strikingly original, as by the care with which he describes, and briefly annotates, pretty well everything which Mr Maugham has written. A great deal is, and doubtless deserves to be, forgotten—much of it suppressed by its author so far as he can. But there remain a few novels that give lasting pleasure; plays which are right out of fashion now and may or may not bear revival; a few pararga of great merit, but not heavyweights; and, above all, the short stories. Having read through the catalogue and remembered all that one has read and re-read with immense pleasure, one asks again, why this neglect?

Mr Cordell hints at the answer without ever coming right out with it. He defends Mr Maugham against the charge of cynicism, but never once uses the obvious word—scepticism. Mr Maugham observes people as they are, describes them, and sets his own values. He is an ecologist; and the discipline which is most fashionable in science is right out of mode in literature. Think of a few contemporary words: commitment, dignity, integrity; and then think of the characters in Mr Maugham's stories.

It all depends on what you want of an author. Mr Maugham does not fit into the requirements of today; but with immense skill he describes the people of one generation in a mode that is not committed—there it goes again—to the ideas of any particular time. He may not be one of the world's greatest writers, but in the long run he is as little likely to date as Defoe.

Study of Man

Human Behaviour: *A New Approach*

By Claire Russell and W. M. S. Russell.
André Deutsch. 532 pages. 42s.

THE Eichmann trial and Gagarin's achievement, in their different ways, lead one to agree with Pope that "The proper study of mankind is man," who cannot yet "describe or fix one movement of his mind." But how is he to be studied? The authors of this book have attempted a synthetic approach, drawing from the inspiration obtained by artists, dramatists, sociologists, psychologists, neurologists and a host of others. To do this they have had to read widely, think comprehensively and to select. Whether or not we agree with their conclusions or are daunted by the many approximations and generalisations which the integration of such an amorphous mass of knowledge must involve, we must feel the greatest admiration for anyone prepared to undertake such a task.

Much of the early part of the book consists of an account of the instinctive mechanisms of lower vertebrates, with detailed discussions of the mating of the clawed toad, Diebschlag's choice experiments with pigeons, and so on. Much of this material has an intrinsic interest of its own, but in addition it is used here to throw light on the instinctive mechanisms of man. These are contrasted with man's intelligence, which gives him his power to escape from automatism. Intelligence, however, is thwarted by rationalisation; constructive social communication is held in check by competition, exploitation and deception. These conflicts can be understood only by tracing the development of the individual through its different phases to maturity. The Russells devote much of the book to trying to disentangle the mechanisms by which personality is forged by early social relationships. Their approach owes much to Freud, though its details are original. They make great use of literary allusions—some of which are more pertinent than others.

This is a book liable to irritate experts in any one of the many fields into which the authors stray. The psychologist will be worried when "intelligence" is equated with "the capacity to enjoy life"; the psychiatrist by the slick parallel between change of mood in toads and "dissociation" in man; and most of us when the observations of Tolstoy are written off as "made and recorded through a moralistic fog, condensing here and there into puddles of mysticism." However, such lapses are almost inevitable in a book so ambitious in its scope. Many of the authors' conclusions ring true, and one cannot help being stimulated even when one disagrees. As a gallant attempt on a mammoth task the book deserves both respect and admiration.

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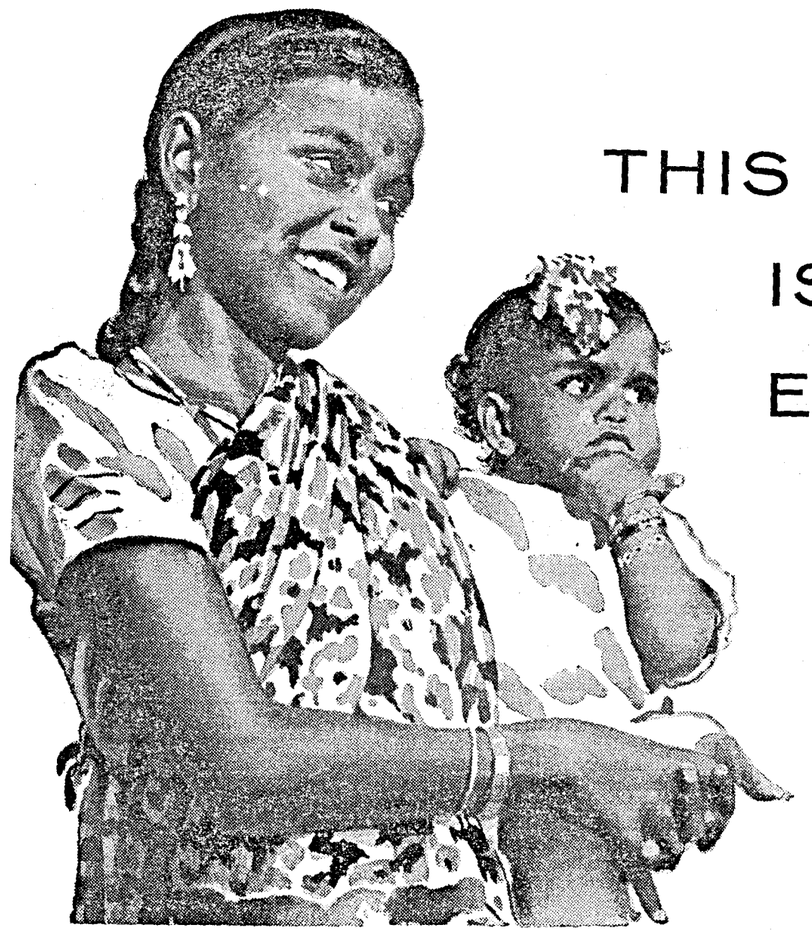
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Pakistan	£9 0s.	—
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THE BUSINESS WORLD

Mr Lloyd's Measures

MR SELWYN LLOYD related his crisis measures to the two familiar facets of economic overstrain, the domestic and the external. Domestically, his diagnosis is far from proven. The Chancellor's assertion that in the three months since the budget home demand "has continued to increase and is likely to increase even more than was then foreseen" may appear as a logical justification for administering this record dose of disinflation on the eve of the August holidays rather than in the budget itself; but the assertion is a difficult one for outside observers to square with the latest generally available economic indicators. There can be no quarrel, however, with the Chancellor's diagnosis of the "critical" external situation; and because the fundamental weakness is in Britain's current overseas earnings, a knock to home consumption may have rather more relevance than if the weakness of sterling reflected an outflow of short-term capital alone. Britain's trade balance improved a shade in the first half of 1961, but Government spending abroad increased further, and the current account was still in deficit. Thus it seems certain that for the third successive year Britain's overseas earnings will fall short of its external payments and capital commitments. This is the critical situation which has to be put right.

The sustained external deficit, inevitably, has to be financed by short-term borrowing, whether through the market or by official credits. Mr Lloyd's measures, besides attempting to eliminate the basic deficit itself, provide short-term relief on both fronts. The increase from 5 to 7 per cent in Bank rate is a powerful instrument for reversing the outflow of private funds from London. While this increase naturally has had nothing like the psychological shock effect as the same movement in September, 1957, its impact in the foreign exchange market has been immediate, though still limited. A rally in sterling started as soon as the Chancellor sat down on Tuesday afternoon, and by Wednesday afternoon a general demand had lifted the spot rate to $2.79\frac{7}{8}$, compared with $2.78\frac{1}{2}$ before the announcement. Observers abroad, as at home, are generally withholding judgment about the efficacy of the long-term part of the package. But in financial markets which are notably more sensitive to interest rates than they were four years ago, seven per cent talks—even if not yet loud enough to persuade operators to dispense with exchange cover in the forward market. An essential part of the Government's short-term task was to produce a quick recovery in sterling, and Bank rate has again shown its effectiveness for that purpose.

The Chancellor is also fortifying the reserves by resort to the International Monetary Fund. A drawing from the Fund was to be expected, if only to help pay off at least a good part of the temporary credits that have been made available by Continental central banks. The amount and form of the IMF credit will be announced shortly, when discussions are concluded. Britain already holds the record for an IMF operation in its Suez drawing of $\$561\frac{1}{2}$ million and additional stand-by credit of $\$738\frac{1}{2}$ million, covering the whole quota of $1,300 million. Since then, IMF quotas have been raised by 50 per cent, and Britain has repaid its Suez drawing and further increased its credit line at the Fund by voluntary repurchases of sterling for dollars. As a result, Britain's "gold tranche" in the Fund, which is available virtually automatically, now amounts to $531 million; addition of the first 25 per cent of Britain's quota would provide over $1 billion with little formality. The whole quota plus the gold tranche is a shade short of $\$2\frac{1}{2}$ billion. It seems pretty certain that a "substantial" drawing by Britain will have to include a fair portion of United States dollars, as the Fund's existing holdings of marks, French francs, guilders and lire together total only about $\$1\frac{1}{4}$ billion. It remains to be seen whether the Continental creditor countries develop any new expedients to take the strain off the United States in advance of the rather slow moving project for establishing new borrowing powers for IMF itself. For sterling, the IMF credit and the pull of Bank rate should provide adequate special relief in the months ahead.

Crisis Bank Rate

SEVEN per cent Bank rate, the Chancellor said, was directed not only to the "unsettled international situation" (a phrase which covers Mr Khrushchev and Berlin as well as Swiss bankers and the pound), but also to "the need to restrain credit internally." To this end, the authorities have added a further call of special deposits, and a request to both the banks and the insurance companies to be "particularly severe" on proposals to finance personal consumption, including hire purchase, and speculative property development. Together, these restrictions could produce severe stringency in the capital market. It was evident that some sporting buyers who came into the market on Wednesday had underestimated the implications of market interest rates of over 7 per cent for the best borrowers and a tightening of credit from all the main institutional lenders—all at a time when the business

outlook is almost certain to be clouded. As in 1957, cash is at a premium.

The banks themselves now need little exhortation from the authorities. Their own balance sheets were enforcing a tighter scrutiny of lending before the new imposts. Now the call of special deposits, payable in two instalments by the August and September make-up dates, siphons off a further 1 per cent of deposits from the London clearing banks, bringing their total to 3 per cent, and ½ per cent from the Scottish banks, bringing them to 1½ per cent. The latest bank statements for mid-July, discussed in detail on a later page, show a slight easing in liquidity; this is not surprising in a period when the gilt-edged market had virtually dried up. But even if the Government raises no new money in the gilt-edged market this year the banks cannot count on expanding their holdings of Treasury bills and other liquid assets. The Chancellor's surcharge on revenue duties will turn his small overall Exchequer deficit into a surplus—a phenomenon unseen since the days of Sir Stafford Cripps, when personal savings were almost non-existent. Now the banks may find themselves faced with increased outside competition for Treasury bills, which will presumably yield around 6½ per cent; while if the public were to resume its buying of gilt-edged, the supply of liquid assets remaining in the hands of the banks could be painfully reduced. In that case, no doubt, the authorities might contemplate a release of special deposits. The banks will remember that when liquidity became uncomfortably tight this spring the Bank of England came to the rescue indirectly, by helping to absorb the banks' sales of bonds on special terms. It is a debatable point whether special deposits, as used so far, have helped or hindered official attempts to curb advances.

Certainly advances showed remarkably little response to the restraints of 1960. In the past year total advances by the clearing banks have risen by a further £313 million, around 10 per cent; and while at first there was a notable switch in the direction of lending towards industry, the three months to mid-May showed some switch back to the personal and professional and the financial categories. Most banks have already put on the brakes here; and with the average advances ratio at 48.8 per cent and the ratio of gilt-edged at 12.4 per cent, the indication by the Governor that the impact of the call to special deposits "should fall on advances" reinforces the views of bankers themselves.

The bankers are likely to turn their attention first to the borrowers singled out for tough treatment by the Chancellor. In addition, many of them hope for a quick reduction in overdrafts to local authorities, which have risen unusually sharply in recent months as conditions have tightened in the mortgage market. Now foreign money may return to that market, and while the quotation for seven-day money has risen to 7⅜-7½ per cent, local treasurers no longer find bank money any cheaper.

The hire purchase houses, too, are likely to find themselves under pressure to get their finance in the market, and they have been obliged to raise their deposit rates—in some cases by the full 2 per cent, in others by less. The tightening of money is sure to be yet another influence encouraging the finance companies to draw in their horns. They had already planned to raise their charges to the public, and seem likely to keep to the new scales they had in mind—a rise from 7½ to 9 per cent a year on the initial amount advanced on new cars, and from 11 to 12 per cent on cars over three years old.

THE NEW MONEY RATES

	From per cent.	To per cent.
Bank rate	5	7
Treasury bill rate	4⅞	?
Overdraft rates :—		
England	5—6½	7—8½
Scotland (minimum)	6½—7	8½—9
Personal loans (Midland Bank)	6*	7*
Deposit rates :—		
Clearing banks	3	5
Big HP houses : 3 months	5—6	6—8
6 months	6—6½	7—8¼
Money market loans :—		
To Discount houses—		
Clearing bank minimum	3⅜	5⅜
Average call money rate	3⅞	5⅞
To local authorities—		
Two days	5¼	7⅜
Seven days	5⅞	7⅛
2–5 years	6⅜	7¼
Discount Rates :—		
Bank bills (3 months)	4¹⁵⁄₁₆—5	6¼—6⅜
Fine trade bills (3 months)	5½—6	7½—8
Hire purchase charges :—		
New cars	7½*	9*
Cars up to 3 years old	9*	10*
Cars over 3 years old and motor cycles	11*	12*

Building Society rates, no further change.
*Rate on initial amount outstanding—around one half the true rate.

One Regulator

AFTER reminding the House of Commons that he now had "two new powers, the regulators" on indirect taxes and payrolls, the Chancellor used one to the full and never mentioned the other. Applying a surcharge to the revenue duties, including purchase tax, to the full 10 per cent that he had gained power to impose in the Finance Act, he made an effective cut of £17½ million a month in home purchasing power (£210 million in a full year, £130 million to the end of 1961-62), which would be the equivalent of, say, 1¼ per cent of the current rate of total consumer expenditure. Not quite all of this extra duty will come from private consumers, in fact; the wide range of duties involved include those on motor fuels of which business pays a sizeable proportion and the new one on the black oils of which business—suppliers and consumers—has to bear almost all. This incidental effect was inevitable in the drafting of the clause that provided this new regulator, which gave the Chancellor power to make by order only a uniform change in all of the duties concerned up or down, not to discriminate in parts of the field; it adds one more straw to industrial costs. The only other business duties affected are those imposed on television advertising in this year's budget and the bookmakers' licence duty.

What 10 per cent on the duty means to any given form of consumption depends on the basic rate of duty concerned; and the biggest impact on prices, through the biggest proportionate rates, falls upon "soft" rather than "hard" consumption. Fourpence on a packet of 20 cigarettes, half-a-crown on a bottle of whisky, and threepence a gallon on petrol are a good deal more significant than about 19s. on a £65 refrigerator or even £15-£20 on a cheap car, though expenditure on smoking and drink may well be less elastic to higher prices. For some durable goods, the surcharge will not be passed on. Sales of new cars are likely to be affected also, by higher charges on hire purchase, directly and indirectly via the second-hand market (discussed in a later note). And the fact that this surcharge is temporary may strengthen the actual disincentive to buy that could arise from an increase of say 6 per cent in the price of a car.*

The surcharge is expected to raise the cost of living index by 1½ points. Its incidence on the index is irregular: for example, the only car prices in the index are those of second-hand cars, and the possible softening in their values as a result of the measures and repercussions would have a downward rather than an upward influence on it. But the surcharge will raise prices (and/or cut profit margins) on a wide selection of purchases ranging from a packet of tea to a diamond engagement ring.

The Chancellor spoke of the excess pressure of total home demand, citing "strongly rising" investment and an overload on building and some engineering work "in the three months since the budget." Personal incomes and consumer credit, he said, had risen more than he had expected at budget time; and the recent fall in stockbuilding could not be expected to go on. Official glosses from the Treasury later emphasised that indicators of consumption for March and April were much higher than for February, on which budget estimates had to be made, but chose to disregard indications that in May and June retail trade, at any rate, appeared to have levelled off—though the Chancellor, telegraphing his punch so long, may have provoked some minor "spend before the duties go up" spree during July. It could be that these latest figures regarding the consumption of goods will be confounded later; or that this may have been more than offset by the continued rise in the consumption of services. But for what they are worth these indicators of consumer demand do not fit the Chancellor's premise that the internal economy is over-burdened by demand. Nor do the figures of engineering output and orders released the day he spoke, which together with the latest records of machine tool orders and of factory building approvals suggest that there may already be some easing of demand in train for the plant and machinery industries. In the economic debate, however, Mr Lloyd added that he now "had later forecasts about our situation for the first half of 1962"—prophesying a greater demand on resources, likely to affect exports and the balance of payments."

The Public Sector

ONE conventional measure missing from this familiar if formidable array—an omission much to the Chancellor's credit—was the usual selection of cuts in public investment, which have in the past been so damaging in minor detail and so delayed in broad effect. "We must see," he said, "that priority is given to what directly affects national efficiency, and that we do not wastefully disrupt programmes under way. We shall, therefore, not interfere with the investment that the nationalised industries require for attaining their financial targets and providing essential supplies and services." This autumn, he said, the government would be agreeing with the public industries the new financial targets they are to aim for over the next five years. The whole of public expenditure, indeed, he added, needed "a long-term redeployment of the public services over a period of several years," slowing down the rate of increase in the total and changing priorities.

The cuts that Mr Lloyd proposed in capital items of public expenditure (for 1962-63 as against this financial year) will come mainly from not lending as much to steel companies and to private industry in general, and from not offering governmental assistance to private purchase of cheap, older houses. "We shall apply very strict criteria to any new proposals as well as looking critically at farm subsidies," he added. (The Cunarder loan, committed but still to be made, remains as one of the few vestiges of industry's never having had it so good.)

Not repeating much of this year's capital assistance to the private sector will offer an actual reduction of £125 million below the line next year, as against this year. Mr Lloyd reserved his bigger economies in next year's public expenditure for Government supply expenditure (basically, current spending) and for loan sanctions to local authorities, mainly for minor works and miscellaneous local investment. But here he could not hope for actual reductions—only to keep increases below what they would otherwise have been. Together expenditure under these two categories should thus be £175 million less than it would have become.

Supply expenditure itself will be held back to an increase of £125 million: this increase can be justified as "a level not more than 2½ per cent in real terms, which should be within our expanding capacity to carry." This financial year is too far committed for significant economies to be achieved; but there will be "a stringent re-examination to see what savings can be made in administration and in other respects."

Spending Overseas

As he had foreshadowed in June, Mr Lloyd extended his knife to Government spending overseas; and here too, it deserves to be said, he has avoided any panic or irrelevant slashing. Total Government expenditure on overseas aid, defence and administration has risen from £330 million in 1958-59 to a rate of £450 million in the current year, and it was threatening to rise to £500 million in 1962-63. Mr Lloyd aims to hold it down to £400 million. The Minister of Defence is making "another review" of the whole defence programme. More specifically, Mr Lloyd has concluded that the £65 million drain of foreign exchange for maintenance of forces in Germany "cannot be allowed to continue" in the next financial year, and the Government has "invited" the NATO council to review the financial conditions. Britain invoked this clause in the Treaty before, in 1957, and after months of acrimonious discussion the Germans agreed to an annual contribution of £12 million for three years.

On aid, the Government is happily proposing no cuts in its contribution, but proposes to see that it "does not rise much above the present level." This is about £180 million, compared with £150 million in 1960 and £80 million in 1957-58. The diplomats, however, are to be asked to save 10 per cent in overseas administrative expenditure in 1962-63—about £2½ million.

* Purchase tax surcharge adds effectively about 3 per cent to the price including tax; and an increase of 1½ per cent in charges for two years on 80 per cent of the value would add another 2½ per cent.

Dividends and Remittances

EVERY board of directors is now faced with the problem of framing its dividend recommendations to conform with the Chancellor's broad comment that a general increase in dividends in the coming year would not be justified. It is not a stop on dividend increases, and where growth or a fair reward for shareholders justifies an increase, some boards will no doubt feel morally justified in making themselves an exception to the new rule. The Chancellor said that gross dividends in 1960-61 rose by £161 million, or 20 per cent. They had increased "substantially," even though they represented less than 7 per cent of the net total of wages and salaries. For the record, the gross dividends of companies whose accounts were analysed in this office in the first half of this year rose by about 12 per cent and a good part of that increase represented the remuneration of £100 million more of hard cash subscribed in ordinary shares.

This is an easy time at which to appeal for voluntary dividend restraint, for, on the Chancellor's showing company profits earned in 1960-61 fell by £13 million—which implies a sharp fall in January-March last. Profit margins, reckoned either by sales or by capital employed, are falling in most sectors of industry (it would be interesting to know what industries in the Chancellor's opinion are earning "too high" a margin). Most companies, and especially those still busy with investment programmes,, simply will not be able to afford to pay higher dividends. Moreover, they will be forced by the severity of the credit squeeze to go to the capital market for new money at high rates and that is bound to keep dividends down. Indeed, investors are already thinking about the industries and companies that might have to cut their dividends. What dividend, for example, will a company like Hoover, whose profits have fallen sharply and whose goods have attracted additional purchase tax, be able to pay this year ? And some of the favourite growth stocks may have to wait longer for already discounted increases in dividend—Great Universal Stores shares were one of the first victims, on Thursday's announcement of a merely maintained dividend.

While asking companies to pay no more to shareholders, the Chancellor "requests" all companies operating overseas to examine their policies in order to ensure that a higher proportion of earnings is remitted home. For companies in the sterling area, this can be nothing more than a request; for subsidiaries outside the sterling area, the Chancellor intends to make use of exchange control and to reinstitute "on a selective basis" the examination of company accounts to ensure that a policy of higher remittances is followed. These proposals are not easy to reconcile with the Government's earlier policies as incorporated in the tax legislation on overseas trade corporations, which encouraged companies to invest their retained earnings abroad instead of remitting them back to this country. They may involve difficulties for companies which have been encouraged by the British tax system to retain profits abroad, which are under local pressure to invest as much as possible on the spot and are now asked to bring more profits home.

Proposals for new investment outside the sterling area will be submitted to the test that it will produce "clear and commensurate benefits to United Kingdom export earnings and to the balance of payments."

PROFITS AND DIVIDENDS

(£ million)

1,298 companies reporting January 1–June 30, 1961	Previous year	Latest year
Gross trading profit	1,803·2	1,966·1
Net Ordinary earnings*	680·8	740·9
Net Ordinary dividends	313·2	349·0
Cover	2·17 times	2·12 times
Ordinary capital	2,917·0	3,238·9†
Net Ordinary assets	7,731·0	8,500·4
Trading profit net %	23·33	23·13
Net earnings/net assets %	8·81	8·72

* Excludes non-recurring credits. † The increase includes £219·4 million of free scrip issues.

Tax-free Profits

IN April, the Chancellor said that he was looking again at some means of taxing capital gains—not, he insisted, a capital gains tax as generally understood, which would produce too little to justify the complications of administering it. He has now given notice that his next budget will include measures "designed to impose a clear liability to tax over a wider field than at present." The activities that Mr Lloyd wants to see taxed are of two main kinds: first, those seeking short term profits "which are more in the nature of speculation than investment, for example, short term transactions in shares and securities"; secondly, trading activities (often, he said, in real estate) that are cloaked in such a form as to escape liability under the present tax law.

It is evident nowadays that the British polity has some form of capital gains taxation that it must get out of its system. But Mr Lloyd's determination to bring it to birth will, it must be hoped, be accompanied by close pre-natal study of the fifteen pages and thirty-seven complicated but subtle paragraphs that the Royal Commission on Taxation devoted to the subject. This is a deceptively simple field in its aim of social justice; it is, however, a desperately difficult field in which to square the two principles, often conflicting, of convenience of administration with equity to the tax payer. What will short-term mean ? What property will be brought in, apart from the apparently easy (but in practice not all that easy) field of security transactions ? Is a flat rate tax to be imposed, treating these tax-free accruals as a new class of incomes, or will they be taxed on the top band of incomes and so be submitted to the full weight of the progressive incidence of income tax and surtax ?

Property and Housing

ONE sector of the economy is singled out for particularly stern treatment—property and housing. Authorisations and loan sanctions to local authorities are to be "considerably reduced" and this, together with the pressure on interest rates exerted through the market, must incidentally affect their new housing developments as well as their other (and nowadays bigger) items of capital expenditure. The private developer is caught in the same vice. The banks have been asked to be particularly severe when reviewing existing commitments or in considering new advances for "speculative building" and "property development" and the first victims of the squeeze are likely to be the private builders who have always looked to the banks for development finance. New development schemes which have been planned but for which finance is not assured will in most cases have to be put in cold storage. Most builders have more than enough work on hand

d the first result of this restriction could be to speed up completions so that the builders can release some of their cash. his could add to the supply of houses just at the point when e purchaser finds it most difficult to raise a mortgage and so eck the rise in house prices and even lead eventually to a fall. The Governor has asked the insurance companies, through e British Insurance Association, to pursue the same policies the banks on development finance for property. With this quest before them, the insurance companies which already ve a big stake in property development will not contemplate y new commitments. Some of them may have been wonderg if they could extend their property commitments much rther in any case. The stand-still, presumably, will not predice engagements into which they entered before the Chanllor's request, though these are sometimes in the nature broad commitments to lend up to a given limit in a given riod and fall short of formal contracts. Further arrangents of this kind may have reached some stage of mutual bligation, but still awaited completion and public announcent when the Chancellor spoke. It will now be up to the surance companies and property companies to see how far y part of such schemes can be trimmed or postponed. Higher terest rates in themselves may in some cases reduce the calls their funds under these commitments. Some of the proerty companies may be able to make some use of the links ey have recently forged with pension funds (which, formally any rate, fall outside the scope of the official request) ut for almost all of them, big and small alike, the purport of e Chancellor's measures and requests is: no finance until rther notice for new projects. For the big ones which have ready arranged finance, this may not be a crippling blow; ut it will lead to a pause in their growth, which may become pparent as developments now under way near completion. maller concerns which lack a financial tie with the institutions which may have hoped for re-finance from their bigger others, may suffer more directly from the stand-still. Unless ey are prepared to pay extremely high rates in the capital market, they will have to limit their ambitions to what they ready have on hand—and hope that they will quickly secure full letting or a buyer with cash.

Potential owner-occupiers as well as builders and developers re caught in the squeeze. The building societies have decided or the time being to try to weather the storm, standing pat n the recommendation made by the Building Societies Assoiation in June that the mortgage rate should be increased rom 6 to 6½ per cent and the share rate from 3½ to 3¾ per ent, net. The inflow of money into the societies has already llen to a low level and their decision not to go to 7 per cent n mortgages and 4 per cent, net, on shares when interest tes elsewhere have been jerked up to a higher level must ean that they will have only the normal flow of capital payments and the minimum of new money for lending out n mortgage. And with money tight everywhere withdrawals ay well increase. Quotas on mortgages will be harsher than ver and, clearly, if the squeeze lasts for any length of time he societies will have seriously to re-consider their policy n interest rates. Many people contemplating buying a house will now have to think again.

In addition, the Chancellor has said that in consultation with the association he will suspend the house purchase cheme, under which money from the Government is hannelled through the building societies to mortgages on pre-1919 property. Up to the end of June the societies had lent £78 million in this way and the Chancellor has to give the societies' three months notice of suspension. Without immediately reducing the drain on the Exchequer the suspension adds to the building societies' problems and may well depress the prices of old houses.

Long-Term Objectives

MOST of the elements in Mr Lloyd's statement that were relevant specifically to the long-term problems of the British economy were the things he had not done but said he might do later—though his check to public sector wages and his refusal to tamper directly with productive investment in either the private or the public sector was in line with putting "the long-term growth of the economy" as his first objective. The Chancellor called for his "pause" in increases in distributed incomes—dividends, wages and salaries—to mark the beginning of a new long-term policy: during it "methods of securing a sensible long-term relationship between increases in incomes of all sorts and increases in productivity" would have to be worked out. He did not elaborate much, though junior economic ministers—immediately after his speech, and more vociferously the morning after a generally sour press reaction to it—were at pains to emphasise how comprehensive and important these intentions might in fact become in practice.

In the economic debate, admittedly, the Chancellor himself elaborated on his feeling "that the time has come for a better co-ordination" of the activities of the Economic Planning Board, the National Production Advisory Council on Industry, and "various other advisory councils" (Three Wise Men and all ?) He said that five-year planning in public expenditure might be supplemented by "something more purposeful" than these bodies for the whole economy. This he envisaged as a joint "examination" by the Government and both sides of industry looking five or more years ahead, considering the prospects for output and the different sectors of demand, the supply of labour and capital, balance of payments prospects and the growth of incomes. "Above all it will try to establish what are the essential conditions for realising potential growth."

After his first statement, the idea that the Government might feel able, in a wage policy for the public sector, to say early on in all negotiations what kind of percentage increase might be acceptable "in the national interest" was also put about. Yet another interpretation of what the Chancellor meant, indeed, brought in an element that he simply had not mentioned: "action" (undefined) on resale price maintenance.

These supplementary glosses about policy for the long term, that is to say, were not merely more detailed but went much farther than the Chancellor's own bald statements; it seems impossible to assess them before they are put, firmly, on the record. So far Mr Lloyd has administered one of the sharpest short-term checks to total demand from any Chancellor since the war, at a time when, quite apart from the state of the internal economy, sterling needed such a stiffening draught. He has set reasonable objectives for long-term policy. The policies themselves, however far they may or may not have taken shape in his own mind, have still to be set out—or worked out—in public.

BUSINESS NOTES

THE EXCHANGES

First Hurdle

STERLING responded immediately and sharply to the Chancellor's measures, and demand from all over the Continent lifted the spot rate against the dollar from $2.78½ on Tuesday midday to $2.79⅞ at one time on Wednesday afternoon. At this point the recovery was checked, partly as a result of some sales from New York, though the undertone remained favourable. The volume of turnover has not been large—it has probably been smaller than last week, when the first tentative signs of a recovery appeared. Not unexpectedly, exchange operators are biding their time. In 1957, it may be recalled, the rise in Bank rate was followed by two days of vacillation in the exchange market, and it was only after the week-end that the weight of opinion decisively interpreted the move as an act of determination rather than desperation.

This time there are few doubts about the short-term efficacy of the measures, and operators have seen no reason to delay the covering of short positions. At the same time, there are few signs yet of a return of investment funds to London. The London money market itself has not yet fully settled down to the new pattern of rates—the Treasury bill rate was not seriously tested in advance of Friday's tender and the sterling picture will not be completed until announcement of the size and form of the credit from IMF. Few operators therefore have felt ready to put money into London without covering themselves in the forward market; and as the forward discount works out at an annual rate of 3¾-4 per cent on New York (and more on Frankfurt and Zurich) this virtually wipes out the interest differential. A sharp rise in the interest differential is naturally associated with a widening in the forward margin, and this movement on Wednesday could not therefore be attributed to a worsening of confidence. On Thursday forward rates were a little stronger, though dealings were not large.

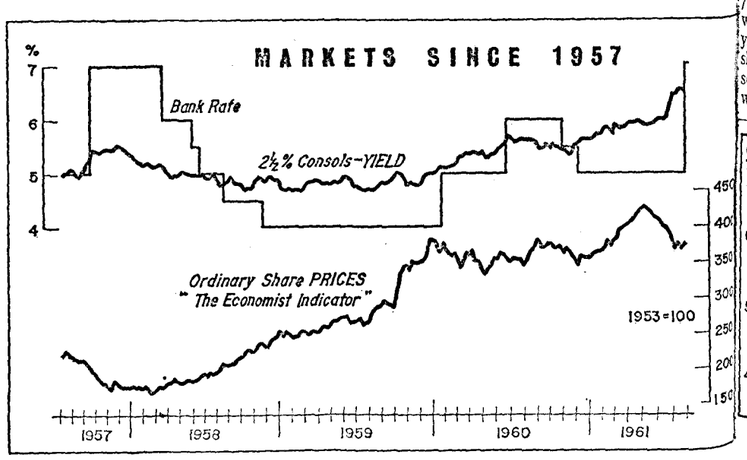
Partly because the recovery in sterling has so far been limited there have been few sharp repercussions on other currencies, including the dollar. The whole currency scene is overlaid by the alarums and excursions over Berlin, though whether these portend pressure on the pound, the dollar or the mark no one seems quite sure—which has not stopped the British Treasury from invoking them as one reason for 7 per cent Bank rate in London. The one clear effect of the political troubles of the past few weeks—not only Berlin but also Bizerta and Kuwait—has been to revive private buying of gold, on a moderate if not spectacular scale. Since the coincidence a month ago of M. Rueff's fulminations on the gold exchange standard and General Qasim's claim to Kuwait, the dollar price of gold in London has been creeping up slowly but steadily, from $35.06 to $35.13-15.

MEASURES IN THE MARKETS

Second Thoughts

DISINFLATION is the Chancellor's policy; but equity prices at first went slightly ahead, while even long-dated gilt-edged fell. This might be attributed to a sense of confusion in the minds of dealers and investors on Wednesday, for when the jobbers immediately marked prices down, they discovered to their surprise that there were buyers at these levels. As a result, the *Financial Times* ordinary index gained 0.8 points to 316.0 on Wednesday. As prices had been reasonably firm ahead of the Chancellor's statement *The Economist* indicator gained 5.7 points to 376.1 over the week to Wednesday's close. Hire purchase issues and some domestic appliance stocks were slightly lower; but stores, tobacco, bank, building material and property shares made a number of gains, though it was notable that the rise in property shares was confined to those companies which had already made their arrangements for finance. Not too much could be made of this immedia response, and on Thursday the market wa definitely weaker: the *Financial Time* index fell very sharply by 8.7 points 307. Investors will need some time to measu the implications of the Chancellor measures and exhortations. But, at firs there was some relief that he had asked fo voluntary dividend restraint instead of pr posing a freeze by compulsion; and th stock market may not be wrong in assumi that the real proof of disinflationary polici lies ahead—with Berlin and the possibili of industrial disputes to cloud the issue.

In its "might have been worse" attitud the industrial market initially underes mated some of the tougher implications the Chancellor's policies. First, he has bee able to ask for voluntary dividend restrai in the knowledge that profits will be mo difficult to earn and that margins will rema low. Long before his request, it was cle that there would be no marked increase dividends in the coming months. Second if the pressure on credit is kept up f some time, building and property develo ment will be checked; hence to buy pr perty shares now is to assume that befo present development schemes are complet the restrictions will have been relaxed a new schemes put in hand. But ma builders and developers will be effectiv prevented from embarking on new projec thus for the moment there is no new grow in shares whose prices have been tied the prospect of continuing expansi Thirdly, the result of the credit squeeze w be to force many companies into the mark either to fund their temporary borrowi or to raise money for new investment. Th will have to pay high rates in a lende market. There are still major imponde ables—the pound, industrial disputes,

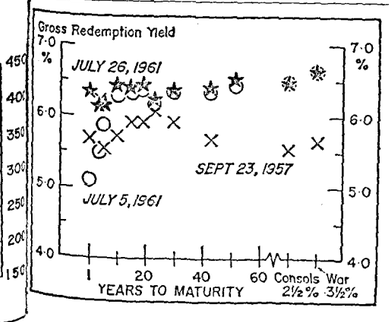


common market, the behaviour of trustees when they get their new powers—and for the time being investors are likely to stay on the side lines. They can get up to 7½ per cent from short-term deposits with local authorities. The fall on Thursday indicated that the stock market had begun to have second and more pessimistic thoughts and to take notice of the real purport of the Chancellor's measures.

No Foundation for Gilt-edged

IN the gilt-edged market prices fell by up to 1½ points in the short bond market and up to one point in the irredeemables. In relation to Mr Lloyd's actual measures this reaction is by no means large: in 1957, with the same increase in Bank rate and far less severe auxiliary measures, War Loan dropped by over four points on the news. This time, however, the measures had long been awaited, and while the short bond market was surprisingly ill prepared for a sharp increase in Bank rate, yields on long-dated and irredeemable securities were already, at around 6½ per cent, a full point higher than in 1957. So dealers had some reason for disappointment that there should be any further fall at all. At this level of yields, the fall can only reflect fears that the Chancellor's measures may not be strong enough. In fact the City has already modified some of its early scepticism—witness the sharp fall in equities on Thursday. But before they commit themselves at the long end of the gilt-edged market, investors, not unreasonably, are waiting for clearer indications of how much weight the government means to put behind the Chancellor's stand against wage inflation. This is the key factor that will almost certainly determine the fate of sterling, and while the higher Bank rate and the IMF credit will surely give adequate support for the next few months, the stock market investor needs to look further ahead.

The sober view taken by investors is illustrated by the contrast in the yield curve now and as it was after the first move to 7 per cent Bank rate. In 1957, the downward slope of this curve—towards lower yields on long-dated securities than on the short—indicated a view that rates would soon come down, and that investors were willing to sacrifice a little in order to make



sure of existing yields over a long period. Today, although yields on short bonds are notably higher than in 1957, yields at the long end are higher still. The curve is almost a straight line. Since shorter dated securities will normally yield less than long, on account of their greater liquidity, this shape of curve still indicates a feeling that short-term rates are unusually high. But the market is still guarded in its view of the future of long-term rates.

POST OFFICE CHARGES

A Commercial Bite

"THE tariff increases I am proposing," Mr Bevins informed the House of Commons on Monday, "apply either to services running at a loss, or to services which produce an inadequate return on capital and where there is a high investment demand." The second of these criteria is plainly the more significant. It marks a decided shift in Post Office policy. Gone for the time being at least is all talk of "a telephone in every home." This would require an astronomical sum in capital investment to implement, which unless the Post Office were to succeed in persuading Britons to use the telephone more would be rewarded by a hopelessly insufficient return.

The initial connection charge for new telephone subscribers is to be doubled to £10 and the annual rental fee is to be raised by £2—to, for instance, £14 a year for a non-party residential line. In addition new subscribers living more than three miles away from an exchange are to pay an initial "excess mileage" charge of £40 a mile (after the first three miles) instead of the existing annual excess mileage levy of £16 a mile—though this will mean that after two and a half years new subscribers will pay less. These and other increases are designed to deter the marginal telephone user and free more of the Post Office's capital resources for investment providing a better use of the existing network—in subscriber trunk dialling for instance. "STD" has boosted trunk call business, one of the best money makers in the agglomeration of Post Office services, at every place it has so far been introduced, though it has not yet brought a comparable extra increase in revenue from local calls. These are only just about paying their way, mainly because the majority of these calls now last less than three minutes.

All told, the Post Office is faced with a £25 million increase in working costs this year, mostly from higher wages. Mr Bevins expects to absorb about £10 million of this £25 million in higher efficiency and to raise £16½ million a year from the increased telephone charges. As in 1957, the last time a round of increased charges took place, the Post Office is taking a bigger bite than it immediately needs. Mr Bevins proposes to raise another £8½ million a year by increasing the inland postage rates on printed papers, samples, and newspapers and on parcels. All of these services are presently losing money. But there are a number of other loss-makers whose charges he has not changed—such as registered post, overseas mails other than airmail, money orders, and calls made at telephone kiosks. Inland telegrams, which lose proportionately more money than any other Post Office service, have been written off as a deficit service beyond redemption at any scale of charges. But Mr Bevins might have been a little bolder by raising charges for more of his department's services that do not show a profit.

RESTRICTIVE PRACTICES

A Clear Warning

THE Restrictive Practices Court has bared its teeth. After giving judgment against the scheme operated by the National Federation of Retail Newsagents which restricted the number of places where morning dailies published in London could be sold, the Court, under Mr Justice Diplock, warned the Federation and its members that any "deliberate attempt to evade orders of the Court" would incur the severest penalties, including imprisonment. This was after the Registrar of Restrictive Trade Practices had told the Court that the Federation had already decided, in anticipation of the Court's decision, to compile a list of "recognised points of sale" to be sent to anyone asking for it but not, the Federation claimed, to imply "any kind of recommendation."

The Federation's intention, Mr Justice

	Jan. 3	May 15	July 24	July 27	Yield %
Exchequer 3% 1962/3	95⅝	96 23/32	95⅜	93⅞	6·52
Conversion 5% 1971	90½	91 19/32	89 17/32	88 5/16	6·62
Treasury 5½% 2008/12	93¼	90 7/32	85⅝	84⅝	6·55
Consols 2½%	43 15/16	42 3/32	39⅛	38 3/32	6·57
War Loan 3½%	58 29/32	56 15/32	53 11/32	52 3/16	6·71
AEI	40/3	42/9	38/6	36/9	8·16
APC	70/3	96/9	78/–	76/–	3·29
Bowater	53/6	66/3	55/3	15/3	...
Bowmaker	21/4½	24/10½	15/7½	53/6	5·14
BMC	15/3	17/–	14/10½	14/–	7·14
Capital & Counties	36/6	47/3	39/6	40/3	2·00
City Centre	60/3	64/3	54/–	55/–	2·30
Distillers	31/9	41/–†	33/9	33/4½	4·04
Dunlop	22/11½	28/9	25/3	24/6	6·46
EMI	43/6	48/3	37/–	36/3	4·83
GUS 'A'	47/–*	59/–	50/9	46/9	4·01

	Jan. 3	May 15	July 24‡	July 27	Yield %
Guest Keen	78/6	108/7½	88/10½	87/7½	3·65
Hoover 'A'	41/9	54/9	36/6	36/3	6·21
Imps	69/11½	68/3	68/9	67/9	6·64
Lancs Cotton	69/4½*	59/3	54/9	54/4½	9·20
Legal & General	22/4	37/9	32/5 16	32	2·97
Lloyds Bank	72/6	78/–	65/6	63/3	3·44
Marks & Sp. 'A'	94/7½	115/10½	109/–	107/6	2·21
P. & O. Defd.	41/3	43/7½	37/4½	36/3	6·07
Sears 'A'	26/3‡	34/10½‡	34/4½	32/9	3·02
'Shell' Transport	108/9‡	139/–‡	122/–	121/3	5·61
Tube Investments	74/6	80/9*	68/9	66/11½	4·23
Turner & Newall	55/4½	72/–	65/6	65/–	3·69
UDT	155/–	205/–	147/6*	137/6	3·85
Unilever	148/–	154/3	138/6	137/6	3·57
United Steel	58/9	66/9	54/10½	49/9	6·27
Watney Mann	76/9	96/9	87/6	87/–	4·14
F.T. Ord. Index	**305·9**	**365·7**	**315·2**	**307·3**	**5·14**

Gilt-edged prices are shown net. * Ex dividend. † Adjusted for "rights" issue. ‡ Adjusted for scrip issue.

Diplock commented, was "plainly not to frame the list and hang it up in the Federation's offices." Clearly it was "a preliminary step to restrict entry" to the trade in another way. And, since the Federation argued that any such list was not registrable under the 1956 Act, Mr Justice Diplock added that the Court would not consider it mitigating circumstances in any action for contempt for a breach of the Court's injunction that the manœuvre had been made on the advice of a trade association's lawyers.

OVERSEAS TRADE

Switch in Exports

UNITED KINGDOM exports in the second quarter of 1961 were at best no better that in the first quarter and, if no allowance is made for the disruption of shipments caused by the dock strike at the end of last year, they were one per cent lower. But "bogged down" is not quite a fair description of the present state of the export drive. Apart from the United States, exports to industrialised countries continued to grow; exports to western Europe expanded by 5 per cent (seasonally adjusted) in the second quarter, and over the year the expansion was evenly spread between members of EFTA and the common market. In the second quarter, exports to western Europe were a sixth higher than in the corresponding period of 1960, but exports to the United States fell by 27 per cent and there is as yet little sign of recovery.

Exports to Canada were rising in the second quarter and the economic revival in America must have improved prospects for exporters to this market in the second half of the year. Exports to countries where trade is partly subject to trade quotas (the communist countries and Japan) advanced strongly, but shipments to the sterling area fell 8 per cent in the second quarter and were 2 per cent lower than a year earlier. Following the decline in commodity prices, exports to the remaining countries, which are also mainly producers of primary products, were reduced in the second quarter, although there was little change in exports to Latin America.

Even if it is accepted that the 4 per cent rise in exports in the first half of the year over the average for the whole of 1960, is a reasonably encouraging effort in the circumstances, imports hold the key to an immediate contraction in the trade gap. They have been tracing an unmistakably downward course since the third quarter of 1960. At first the decline was chiefly in imports of food, beverages and tobacco. But between the first and second quarters of 1961, the principal fall has occurred in imports of industrial materials, which dropped by 8 per cent. Imports of finished manufactures levelled off; more capital goods were imported, but imports of clothing and other consumer goods appear to be declining.

COTTON TEXTILES

Restrictions First

IN the five days at its disposal, the Gatt conference of major importers and exporters of cotton textiles hammered out a fixed procedure for restricting "excessive *imports*" that can be put into effect in October, obtained agreement that quotas for imports would be liberalised in January and set up a committee to produce a lasting solution to the whole problem by next April. Restriction of imports can be imposed when the cotton industry of an importing country is threatened with "disruption." However, no producer can be asked to cut exports below the level achieved in the twelve months to the end of June, and importers have undertaken to prevent non-participants disrupting the new scheme.

A considerable expansion of imports by members of the Common Market is in prospect next year, but presumably because governments have not yet had an opportunity of approving the arrangements, no details of actual concessions have been released. Britain will not be expected to make any substantial new concessions because its imports are already high. The question of admitting Japanese textiles to the British market will be settled when a full Anglo-Japanese trade agreement is negotiated. The cotton textile committee formed to deal with the long-term problem of cheap imports will meet in October, and will obviously have its work cut out to construct within six months a scheme that combines with the worthy objectives set out in the preamble to the new agreement an effective and acceptable solution.

Hongkong and Japan appear to be sceptical about the advantages of the agreement. The United States, for instance, now has a moral right to restrict imports from Hongkong. In effect, it can achieve the 30 per cent reduction in these imports below their level in 1960 that it has been seeking. Japan had hoped that such a move would redound to its advantage, but the immediate prospects seem a little less hopeful now. Special provisions have been made which will allow Canada to restrict imports unilaterally, although its government lacks the powers to bring about a decrease in the prescribed manner. The new provisions do not exclude other restrictive arrangements agreed between producers and importers. Producers will possibly get better than basic terms when actual restrictions are discussed. The Hongkong industry now appears ready to strike a bargain with Lancashire on the lines of the more favourable terms that have already been suggested by the British government.

WALL STREET

Equities Move Up

A correspondent cables:

INVESTORS in New York responded to the news of a fresh increase in defence spending by vigorously bidding for equities carrying the Dow Jones average to 695 on Wednesday, compared with 682 a week earlie Wall Street talked in terms of a new leg the Kennedy bull market. Interest was co centrated on issues that might bene directly from military spending, particular aircraft shares; but demand was in eviden on a broad front for the first time since t bullish fever of early spring, covering t cyclical groups—steel and motors—and ra material stocks. Brokers reported that good deal of the buying was by individua rather than institutions, which have becom increasingly selective in their purchases. fact some institutions have adopted cautious attitude, taking the view that t government's new programme is supe ficially bullish but fundamentally beari because it may be followed by restrictio on either prices or profits. But Wall Stre as a whole now feels that a new boom definitely in prospect, and while nervou ness about the Berlin situation still exis the concensus of opinion is that equit remain the best hedge against anythi except nuclear war.

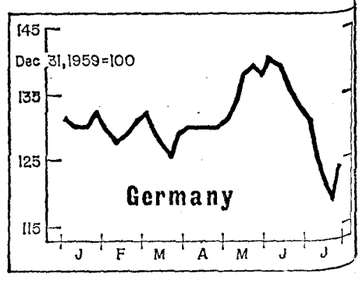
While President Kennedy's message ga the market a decided stimulus, investo were also cheered by second quarter repor from the leading corporations, which for t most part revealed a decided improveme over the first quarter both in profits a profit margins. Corporate earnings still l behind those of a year ago, but the peak 1960 was reached in the first quarter, wh this year the expectation is for a steady r in profits from the first quarter low. Equ prices, especially of growth stocks, alrea discount a substantial improvement in ear ings and cyclical issues appear to offer re tively better value for the investor's mon Partly because they seem less of a risk w business activity assured of a sustained r they are now coming back into favour. T real danger is a new wave of speculati enthusiasm that could carry equity pric too far too fast.

CONTINENTAL BOURSES

Berlin Shadows

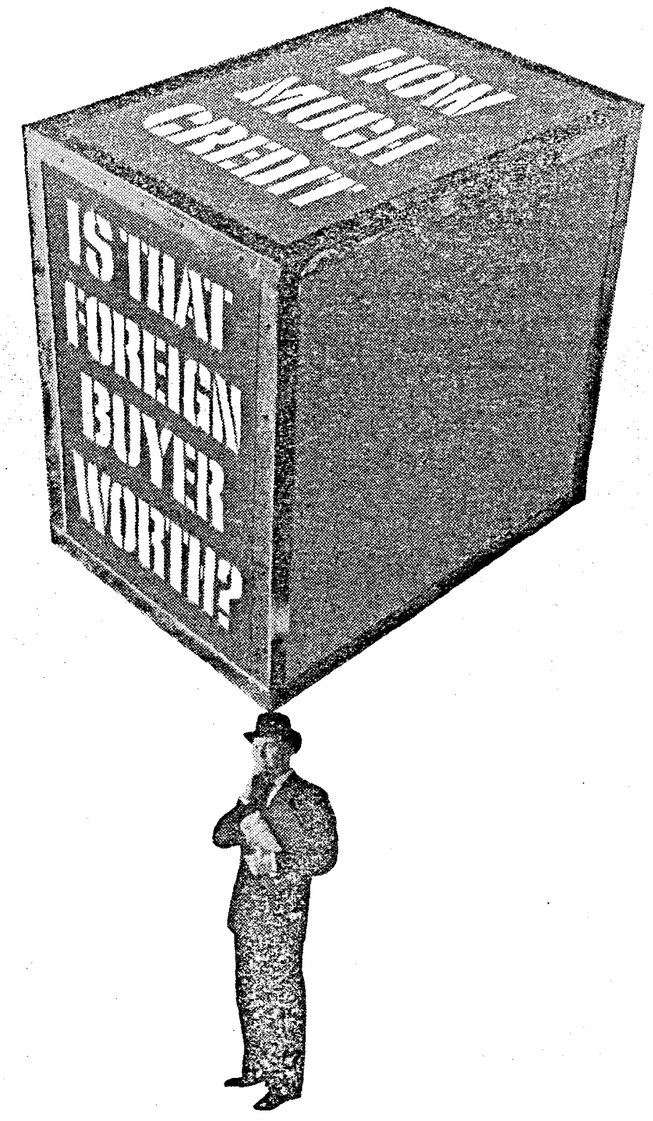
Our correspondent cables from German

THE international crisis over Berlin h as the accompanying charts show, ca its shadow over share prices on the Co tinental bourses. Inevitably, the fall h been most marked in Germany. At t beginning of June the official index sto at 754; it now stands at 639. Such bl



THE ECONOMIST JULY 29, 1961

PROBLEM No. 2



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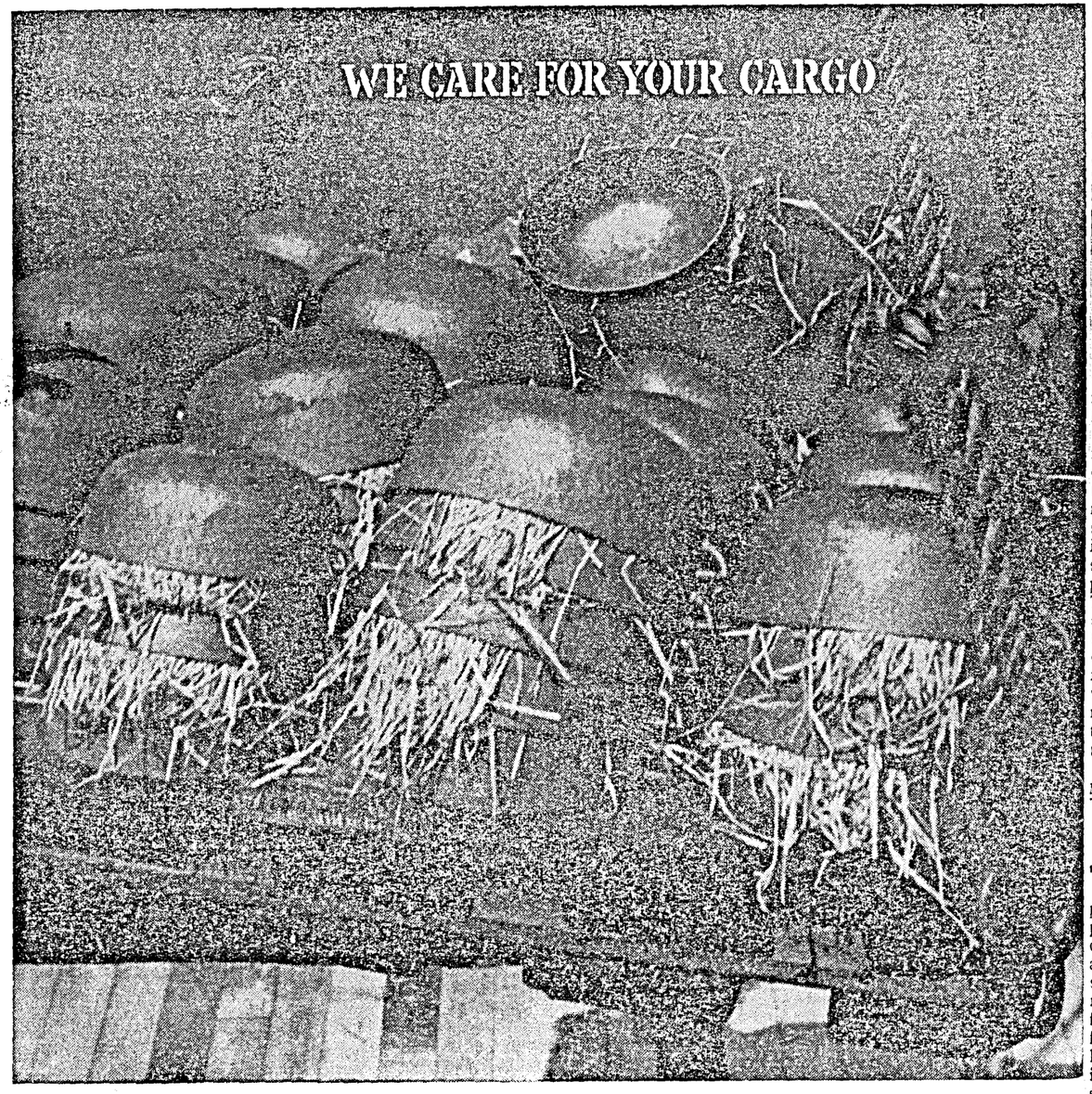
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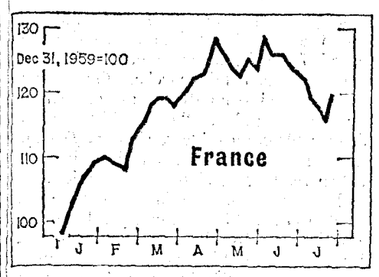


WHAT'S THIS LINE? Not steel helmets but native cooking pots being shipped aboard a Harrison Liner for The West Indies.

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chips as Daimler-Benz have fallen from 2,900 to 2,520, Bayer from 820 to 714 and the sturdy newcomer, Volkswagen, from 1,100 to 895. Only steel and textile shares have remained fairly steady. At the same time—German memories being what they are—the price of a pre-1914 gold twenty mark piece has risen from DM 60 to over DM 65.

One might almost suppose, as one German commentator has noted, that an economic catastrophe had occurred in the Federal Republic. In fact, there has been no visible deterioration in the economic situation. The economy may not be booming quite as spectacularly as it was but it is still ticking over very comfortably and good profits look assured for some time to come. The fall in share prices is due to nerves about the Berlin crisis reflected, in particular, in sales by non-resident investors withdrawing their money from Germany. Prices recovered a little early this week, and then weakened after President Kennedy's statement about Berlin. Erratic movements in the market are expected to continue until the clouds over Berlin lift.

MOTORS

Will Car Buyers Wait?

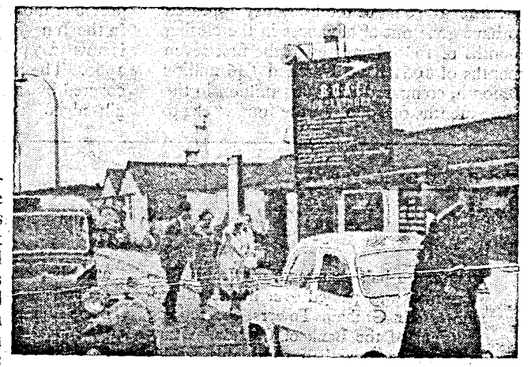
THE Chancellor has done no more than was expected in increasing the rate of purchase tax on cars from 50 per cent to 55 per cent. Though this puts the cash price of a car up by only three per cent, hardly a big enough rise to have, by itself, a substantial effect on demand, some owners might postpone replacing their cars if they felt that this margin might come off again fairly soon. This is why the industry hoped that Mr Lloyd would say that the increase was a long-term one; instead he said that it could be reduced or removed at any time. There is therefore a risk that sales may fall off much more than they usually do at the end of the summer, and the effect of more difficult hire purchase on used car prices will also help to depress sales; some guesses, put the extra fall at from 15 to 25 per cent, but they cannot be more than guesses until the public's reactions become apparent. If the guesses prove correct, however, the industry will be on short-time again this winter, and the smaller firms will be weakened again. New models such as the Singer Vogue may, however, help to keep output above last winter's level. The industry is even less likely to release labour than it was last winter, with the rapid recovery of this spring to confirm its ideas of fluctuation in demand and the difficulty it is still encountering in getting all the skilled labour it wants.

Seven per cent bank rate is bound to increase hire purchase charges, which the finance houses had intended to raise in any case. What is more, credit may be difficult to obtain for hire purchase, so that the restrictions that the finance houses were intending to impose on the type of car they finance may well become more stringent. Combined with the higher interest charges, this could depress the market for second-hand cars further; prices have already fallen by nearly ten per cent from the spring peak.

This threat of another check in home sales has come after a month in which the output of the industry was 23,192 a week, little more than two-thirds of its capacity. Strikes were partly to blame; at Dagenham one cost Ford about a week's output, while the stop in deliveries of Smiths' instruments slowed down production for other manufacturers, notably the British Motor Corporation. The combined effect may have been a drop of over 3,000 a week in the month's rate of output. But strikes seem to have had little effect on the three smaller makers, whose output still averaged only about 50 per cent of capacity, compared with nearly 90 per cent at BMC and rather under 70 per cent at Ford, despite their strike losses. Standard-Triumph International did raise its output somewhat, but that of Rootes may

AIRPORTS

Commercial Management



AFTER six months' investigation of the way the Government runs London's three civil airports, the Select Committee on Estimates had no hesitation in swinging its august weight firmly behind the airlines' proposal that an independent authority should be set up to run these airports rather in the way that the Port of London Authority manages London's docks. The committee disposed of the principal possible objection—that such a change would mean less Parliamentary control—by claiming that Parliament would agree if it were shown that more efficient and economic management would result. Of that, the committee had no doubts itself: an autonomous body "would be able to take decisions more quickly, would provide a more satisfactory career structure for its own specialised staff, and in general would be able to react in a commercial manner to what is essentially a commercial situation." It quotes the deputy-secretary at the Ministry of Aviation as saying that there were difficulties in "running a commercial concern by civil service machinery." The ministry's general manager for London airports told it that "with a civil service machine answerable to Parliament one has sometimes to take steps which in commerce one would forget."

The long-drawn out processes of Government planning by committee and working party are particularly inappropriate for a fast-growing and supposedly commercial operation like major civil airports. The new long-haul terminal at Heathrow was held up for two years while the Millbourn Committee deliberated in 1955-57, then delayed for another six months "to test public opinion," and is now not expected to be ready until early next year. A multi-storey car park has been held up by similar bouts of official hesitation and, the select committee argues, by a failure to appreciate its full potential as a source of revenue. A more commercially-minded airport organisation would not have been so slow as the Government has been in practice to extract more income from rents and concessions. In particular it would not have entered into thirty-five year leases with the two oil companies supplying fuel at Heathrow under which the rents were based upon land values instead of throughput. A rent of halfpenny a gallon, the select committee calculates, would have provided Heathrow with an income of over £250,000 last year and probably over £500,000 by 1970. Above all, a commercial management would have provided itself much sooner than last April with current information about the costs and revenue earned by its various services.

Successive sharp increases in airport charges, culminating in the one-third increase in landing fees last April, have put London's airports in sight of breaking even. Provided "costs are controlled," the Ministry now reckons that Heathrow, Gatwick and (on a care and maintenance basis) Stansted will together just about cover all costs, including depreciation and interest on capital and their share of the cost of the Ministry's air traffic control by 1963-64. An independent authority should thus be able to start with a clean slate.

have been reduced by the production changes caused by introducing the Singer Vogue. Exports showed little sign of recovery; at 31,000 they were 2,000 more than in May but the same as those of April.

BANK CREDIT

Final Fling?

THE bankers now know what they have to face in the months ahead, and will surely tighten their grip on new lending. The Chancellor's measures may not hurt their profits. A 7 per cent Bank rate for the next six months, even if advances are held at their present level, would mean a considerable increase in earnings, and it would be surprising if this were fully offset by the likely switch to deposit accounts (now offering 5 per cent) and by losses on short bonds.

Although some of the buoyancy appeared to have gone out of advances in the closing months of 1960, increases in the first seven months of 1961 have averaged £46 million a month, compared with £64 million in the same months of 1960. In the four weeks to July 19th, advances increased by £52 million, of which £10 million was to state boards, following a similar rise in the previous month. Liquidity, however, rose in the June-July period by 0.7 per cent and is now 32.9 per cent—1.7 points above July, 1960. The increase in advances was largely covered by sales of a further £36 million of gilt-edged, and gross deposits rose little more than the increase of £77 million in liquid assets. Bank liquidity continues to benefit from the weakness of the gilt-edged market, which has checked Government funding, and from the re-finance facilities for export credits. "Other bills and re financeable credits" have risen by £91 million since the scheme was introduced in February, to a total of £255 million.

The latest increase in advances is due partly to the debiting of half-yearly interest. The increase for the two months to mid July, at £102 million, is almost the same as a year before. The increases, however, are unevenly spread: the Midland's advances rose by £19 million; the National Provincial's by £11 million; and the Westminster's by £24 million. With another 1 per cent to be paid in special deposits by September, the Midland appears the most vulnerable of the big banks with a July liquidity ratio of 31.3 per cent. However, its investment ratio at 14.1 per cent is above the average, and compares with 11.5 per cent at the District and the National Provincial—whose liquidity is a shade more comfortable.

LONDON CLEARING BANKS

	£mn.	%	Change on Month £mn.	Change on Year £mn.
Gross deposits*	7,523		+82	+275
Net deposits	7,037		+86	+258
Liquid assets	2,472	32·9	+77	+213
Cash	620	8·2	+10	+ 24
Call money	580	7·8	−10	+ 21
Treasury bills	1,017	13·5	+49	+ 51
Other bills and "Liquid" credits	255	3·4	+28	+117
Special deposits	147	2·0	+ 2	+ 42
Risk Assets :—				
Gilt-edged	936	12·4	−36	−274
Other market investments	113	1·5	+ 1	− 18
Advances*	3,549	48·8	+52	+313
(to State Boards).	71		+10	−3

* Excluding all transit items except ratio of advances to deposits; all ratios are of gross deposits.

BANK OF CANADA

The New Governor

SIX and a half years ago, Mr Louis Rasminsky was passed over in the succession to Mr Graham Towers, the retiring governor of the Bank of Canada. Whatever the reasons then were, this week's news of Mr Rasminsky's appointment to succeed Mr James Coyne will be widely welcomed, not least because he is the "insider" who could do most to restore the prestige of the Bank after the painful business between Mr Coyne and Mr Fleming. The wounds sustained by the Bank, and indeed by the government, will take time to heal. Mr Coyne's success in his "You can't sack me, I resign" campaign was adroit to the point of brilliance but it was bound to inflict further damage on the prestige of the Bank already marred by Mr Coyne's altruistic but misguided speechmaking in the past two years. The respect for Mr Rasminsky outside Canada will doubtless help him in his urgent task of fence mending at the Bank.

Wider problems, however, remain to be solved before the relations between the Canadian government and the Bank are wholly satisfactory. In the end, a government must be master. Its wise course is to give a central bank independence of operation within a framework of economic and monetary policy for which government alone in these days can be responsible. The wisdom of central banking is to combine authority of view with discretion in its public expression, to conduct its technical business with high efficiency, and to earn the respect of the financial and business community and of the general public. These principles have been admirably set out in a recent review by the well-known firm of bond dealers in Toronto, Saunders Cameron Ltd. The extracts below are printed with their permission:

> The forthcoming Royal Commission on Finance will have broad terms of reference, but we think the structure, legislation and relationship with government of the Bank of Canada ought to be one of their earliest concerns.
>
> As Mr Coyne suggests, government should be legally responsible for the Bank's monetary policy, leaving the details to the Bank's discretion. Government should not be able to accept plaudits for popular actions, leaving the Bank to take the brickbats for unpleasant acts.
>
> Legislation defining the status and responsibility of the Governor, directors and the Minister of Finance merits scrutiny. We would think that directors ought to enjoy more responsibility in the management of the Bank, meeting more often than the customary four or five times a year, even if this means having a few full-time executive directors living in Ottawa. The fetish of regional representation and diversity of occupation might be abandoned, with an eye to securing persons of broad financial experience, even if this means weighting the board with banking, trust and investment types from major financial centres. The more expertly the directors comprehend what the Bank (or Governor) is doing, and why, the better they will be able to advise.
>
> Legal powers of Bank of Canada over other financial institutions are rather few. The Bank may vary the cash reserve ratios of the banks, and it may set Bank Rate—although it has rejected this latter responsibility. . . . We hope the old system of fixed Bank Rate returns.
>
> Probably the powers of the Bank ought to be enlarged, not only as concerns chartered banks, but also as regards non-banking financial institutions (now beyond its control), whose independence may frustrate monetary policy. . . . We think the Bank's powers in this regard should be most carefully spelled out.
>
> In recent years, the Bank . . . has been making suggestions, beyond its legal powers, and has had mixed success in having these adopted. . . . Collectively the suggestions created resentments which might have been absent had the Bank been merely the executor of Parliament's legislation. . . . Some of the Bank's suggestions, in recent years, are thoroughly worthy, such as the secondary reserve ratios, although there are differences of opinion as to the level thereof. The "notional segregation of savings deposits" provoked a public uproar, yet may not be too far removed from the actual practices of some banks. . . .
>
> Surely there is a case for Parliament giving Bank of Canada every specific power which Parliament is convinced the Bank should have, and not one bit more, after hearings involving all interested parties. . . . Emergencies might be met by orders-in-council, valid until the next session of Parliament, which must be given a chance to replace them with legislation, or let them lapse.
>
> The Bank's voice on the subject of monetary policy should always be heard with respect and attention. Its views on other matters ought to be welcomed (when expressed privately) by the appropriate Minister in the government. But when the Bank, or its officials (even when they may try to assume a private capacity) publicly propagate views on general taxation policy, tariffs, nationalistic or socialistic schemes, or foreign investment, there is grave danger.

These are matters on which the Canadian government and the Bank ought to be ready to agree after their recent public miseries.

BRITISH DRUG HOUSES

No Real Alternative

SHAREHOLDERS in British Drug Houses have been deluged with more circulars this week, but their situation remains much as it was before the intervention of William R. Warner, which led to the postponement of the meeting to consider the proposed link up with Mead Johnson for a fortnight. When shareholders meet next Monday the only concrete proposals before them will be the proposed deal with Mead Johnson, in which the latter proposes to lend £5 million in cash to BDH in exchange for a 35 per cent stake in the equity.

The proposals from William R. Warner, the British subsidiary of the American company, Warner-Lambert Pharmaceutical, boil down to the suggestion that BDH should make a reverse bid for Warner on terms to be worked out by the accountants of the two companies. The fact that these proposals are so imprecise is attributed by Samuel Montagu, Warners' advisers, to "the continued refusal of the BDH management, in spite of repeated requests, to interchange information and financial data which we and Warners consider to be essential to the formulation of a specific proposal fair to all concerned."

In a spirited reply to this criticism Mr Geoffrey Eley says that no accountants could evaluate the growth potential created by BDH's developments, either in progress or contemplated. In addition he says that the proposal that BDH should exchange information "upon all practical and business matters . . . and prepare detailed information as to the very substantial capital and development expenditure (estimated by BDH at over £5,000,000) incurred and contemplated by BDH" would mean that if the merger came to nothing valuable information would have been given to a keen competitor. Mr Eley says that the Mead Johnson link-up has many advantages over the Warner proposals; perhaps his strongest argument with Bank rate at 7 per cent is that Mead Johnson is offering £5 million at 5 per cent for 7½ years while Warners propose "to procure that loan facilities at current interest rates . . . will be made available in such amounts to as are agreed to be necessary and profitable." It seems clear that while the Mead Johnson plan is well short of ideal, it is in fact the only runner and in view of the earlier tally of proxies it now seems likely to be approved.

UNIT TRUSTS

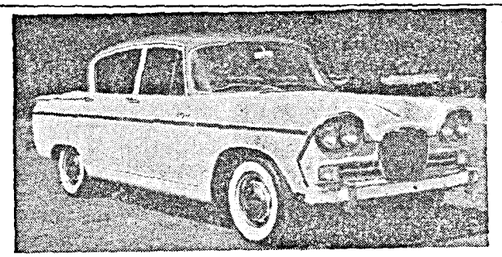
Secession and Disunity

AT the first annual meeting of the Association of Unit Trust Managers the late Sir Oscar Hobson, the first chairman of the association, said that he was impressed with the spirit among the members of the association; he also assured the meeting that there had been plenty of argument. Events have now taken on a different complexion with the resignation of the National group from the association.

Formally, the split is over the National group's refusal to supply for the individual trusts within its group the value of their funds and the number and value of units sold and repurchased in each. This rule of the association was made six months ago and other unit trusts have complied with it. They supplied the association with the necessary information "in confidence" and the association only published a total figure for the movement. Mr T. D. Mullins, the managing director of the National group at last week's meeting put forward an amendment to this rule (with which it has never complied for it has always submitted "global" figures for all its trusts) and as this did not receive the necessary majority he resigned on behalf of his group.

That the dispute between the association and the National group went deeper than just a divergence of views on this particular issue is evident from the latter's statement that the cost of the association was "inordinately high and out of all proportion to the benefits which the managers receive." Yet Mr Mullins was on the general purposes committee that drew up the association's constitution and presumably approved the fees and contributions which were laid down. The National group has now resurrected the Unit Trust Association, originally formed in 1936, and it has invited other unit trusts to join it. Thus two major groups are now outside the association—the National group and the Municipal and General group which has never been a member. The latter's relations with the association have, however, remained good and M and G has supplied it with its monthly figures. M and G has been critical of the association in the past, initially because the association did not have any rules and later because the rules it laid down were not strict enough. But the association's firm attitude in the present dispute has not gone unnoticed by Municipal and General and it has welcomed the appointment of Mr Kenneth Cole as the new chairman of the association. He has not an easy task ahead of him, for the movement is far from united in its attitude to managerial practices and to block offers and the association has now been weakened by the secession of the National group. The split, in fact, lessens the strength of the argument put by the association to the Jenkins Committee last

In the Rootes Vogue



THE new Singer Vogue is very much the style of car that Rootes has specialised in for the past decade: a reasonably compact four-seater saloon, which makes some concession to current styling trends but in so restrained a manner that, with revised trimmings, the basic body shell should be able to survive for many years. In mechanical design Rootes has stuck strictly to conventional answers with this car, which differs from the Gazelle chiefly in having an engine of 1,600 cc instead of 1,500 cc—it is in fact the unit used in the Sunbeam Rapier, but fitted with one carburettor instead of two—which develops 62 bhp, compared with 56 bhp from the old engine; while the wheelbase is five inches longer, and the front track 2½ inches wider. The latter, which is combined with stiffer front springs, should help to provide better cornering; the extra wheelbase has been used mainly to bring the passenger compartment clear of the wheel arches, with the front seat set further back and the rear seat further forward, than to increase body space. The length of the car is increased by only 1¼ inches, but the weight is 1 cwt more. There are only four points that need greasing; nylon and rubber bushes have replaced metal bearings on the suspension and steering.

Selling for £956 at the new rate of purchase tax, the Vogue is competing with the Ford Zephyr and Vauxhall Velox; the Gazelle used to be nearer to the price of the Consul and A55, but its basic price has now been cut by £23, with the heater thrown in free, so that it will undercut these models. That Rootes has found it necessary to charge effectively £40 more for the Vogue than it used to ask for the Gazelle suggests that it finds an increase in its margins necessary; the new car should not cost much more to make than the Gazelle. The low rate of output that Rootes has experienced over the past year will have raised its costs, but so have increases in the costs of raw materials. The rather unexpectedly high price of the Ford Classic shows that other makers are suffering from this and it is likely that other new models that appear this year will also cost more than the models that they replace.

year that "the many details of the operation of unit trusts which the board now attempt to regulate should in future be dealt with by the association acting in collaboration with the individual managers and trustees."

SUGAR

A Stir in Sugar

World production of sugar grew from about 5 million tons in 1880 to 58 million tons in 1960*. Since the war, growth in consumption has been more rapid than in any previous period and greater than that of any other major food. In general, sugar producers have not prospered to the degree that might have been expected; the "real" price of sugar in the free market (which covers only a third of all exports) in the five years to 1958 was only half the average for the first five years of the century. Despite the efforts of the International Sugar Council to match exports with the requirements of the free market, the price of sugar has dropped about £5 to just over £25 a ton since May. Apart from a brief period in 1959, it is now cheaper than at any time since the five-year international price support agreement came into force at the beginning of that year.

A prospective sugar beet crop in Europe of above average proportions was a major factor in the latest slide. For some time forward supplies of sugar have been offered at sizeable discounts; with deliveries from beet crops available in October, spot prices have now fallen, but forward discounts have narrowed. After alternating periods of ascendancy, beet sugar production again appears to be squeezing cane sugar in some of its markets. West Germany had a three-year trade agreement with Cuba under which it was obliged to take sugar. Because of its large domestic beet crops, 30,000 tons of Cuban sugar that should have been absorbed at the beginning of last year are now on offer in London. On a larger scale, the import needs of the whole of western Europe have been reduced by the largely unexpected increase in sugar beet production.

The influence of the maturing beet crop on prices is not a factor that the International Sugar Council can easily control. It set export quotas for suppliers as close to the minimum allowed under the agreement as practicable this year to produce an apparent balance between supply and demand. There is therefore little scope for shortening the lead still further next year, but after an exceptional season, European sugar beet production may be several millions of tons lower in 1961-62. Though the problem of finding alternative markets for Cuban sugar has been solved the world market has been knocked severely and there appears to be almost no bottom to prices for large tenders.

* *The World Sugar Economy*, 1880-1959, by The UN Food and Agriculture Organisation.

FOREIGN BONDS

Activity in Amsterdam

A correspondent writes:

The Amsterdam bourse was closed to foreign bond issues in 1955. In May it was reopened with a quota of Fls. 365 million, equivalent to £36.5 million, and this week the final balance of the quota was absorbed by a proposed Fls. 12.5 million 5½ per cent bond loan of the Norwegian Shipping Mortgage Bank. Ten loans have squeezed into this narrow allotment and most of them were heavily oversubscribed. The Dutch stags worked hard, submitting multiple application forms, and dealings in the bonds have begun at a premium. A queue of new borrowers waits for the Nederlandsche Bank to extend the quota, and some Dutch observers feel that in view of the continued liquidity of the capital market they will not have long to wait.

Foreign loans were originally barred from Amsterdam because of the heavy capital

THE TEN LOANS

Borrower	Amount (£mn.)	Rate %	Issue price	Price, July 25
World Bank	5	4½	100	101
Wagon-Lits	1¼	4¾	98½	100⁷/₁₆
Kingdom of Belgium	7½	4¾	100	101½
Eur. Investment Bank	5	4½	100	100½
Eur. Coal and Steel Community	5	4½	100	100⅞
Copenhagen Tel Co.	2½	4¾	100	101⅞
Belgium Petroleum Refinery	1	5	100	100
Nat. Co. for Waterworks, Brussels	5	4¾	100	101⅛
Eurofina	3	4¾	100	100⅜
Norwegian Shipping Mortgage Bank	1¼	5½	100	—

demands of the Dutch local authorities. But in the past six years these demands have been largely satisfied and the Netherlands has acquired, in common with some other continental countries, the problem of a large balance of payments surplus. Its gold and foreign exchange reserves rose from £477 million at the beginning of 1960 to £592 million immediately before the guilder revaluation in March. The government's success in restraining Holland's internal boom had the effect of maintaining the payments surplus, which produced two policy decisions: first to follow the revaluation of the deutschmark by a similar revaluation of the guilder; and secondly to open the Dutch capital market to a limited extent to foreign loans. Such loans are seen as an important influence in controlling domestic liquidity and reducing the balance of payments surplus.

COFFEE

More Agreement

Nor a month passes without coffee producers meeting somewhere to discuss ways of supporting prices, but July's crop of conferences has probably been more significant than any earlier discussions this year. There are now several bodies concerned with coffee in Africa and Latin America, but this fact has not diminished the support of producers generally for a stronger International Coffee Agreement. Though some African exporters have been in ICA for only one season and they now have an Inter-African Coffee Organisation of their own, they have sensibly used it as a stepping stone towards greater co-operation with the more powerful Latin American producers. A "declaration"—a favoured form of agreement among coffee producers—was made this month in Rio de Janeiro binding Brazil and African countries to early discussions of their joint problems. Imports of green African coffee into the United States accounted for less than 2 per cent of that country's total imports in 1949. In 1955, Africa held 11 per cent of the market; in 1960 its share rose to 17 per cent, and in the first four months of this year it rose to 21 per cent. African producers already enjoy protected markets in Europe, and Brazil's concern at what Africans might do to the biggest exporter in its largest market is easy to imagine.

After the "declaration," coffee producers moved to Washington to look at suggestions for strengthening the present international agreement, and found the United States prepared to lend its powerful support. It is putting forward its own scheme for supporting coffee prices at a meeting of American states called for August 5th, and has been advised by its domestic trade association to join the ICA.

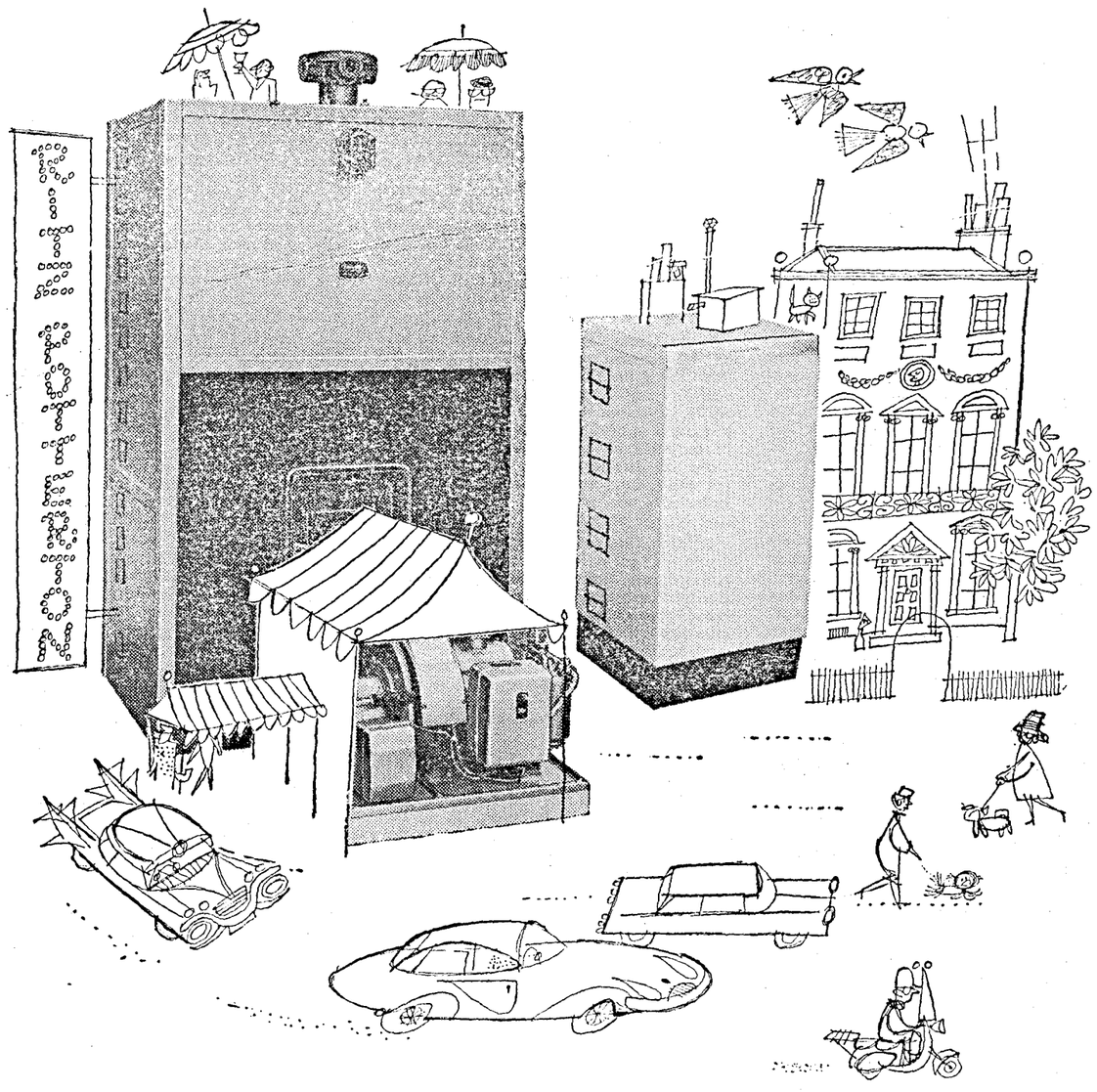
According to the United States Department of Agriculture, 62 million bags of coffee will be available for export next season, compared with 55 million bags (of 60 kilos) in 1960-61. It is estimated that importers took about 42 million bags in 1960, and the ICA fixed export quotas to controlled markets at 36 million bags for the quota year to September. Despite the massive surplus, which Brazil is to alleviate by consigning 6 million bags of poor quality coffee to the fire and effectively discouraging its production by adjusting growers' receipts, like eager beavers the coffee producers have already thrown up such a strong dam between surplus output and calamity that one American broker claims that confidence in coffee—in contrast to the current level of prices—has never been higher.

COMPANY AFFAIRS
Comments on pages 501, 502 and 503 on:
Great Universal Stores — General Electric
United Dominions Tst. — Arusha Industries
Vaux and Associated — Associated Television
Associated-Rediffusion — Montecatini
Ruston and Hornsby — International Tea
Courage, Barclay & Simonds
Truman Hanbury Buxton

LONDON AND NEW YORK
Stock prices, yields and security indices on pages 504 and 505

LONDON STOCK EXCHANGE
The week's movements reported on page 505

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 506



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COMPANY MEETINGS

THE DISTILLERS COMPANY LIMITED

CHAIRMAN'S STATEMENT

In view of the current Rights Issue the Board of The Distillers Company Limited has deemed it desirable to publish the Chairman's Statement in advance of the publication of the accounts. The accounts are now being printed and will be posted to shareholders on the 23rd August.

GENERAL OBSERVATIONS ON TRADING

The trading results for the year were again a new record in earnings, which when considered in relation to the exceptional profit last year, and taking into account the rather unsettled conditions in industry generally, can justifiably be regarded as very satisfactory.

The total value of the Group's turnover was £263 million, which was an increase of 13 per cent over the previous year. Scotch Whisky and Gin Companies on this occasion entirely accounted for the increased profit, and their proportion of the total is at present 82 per cent, the Industrial Group accounting for the balance of 18 per cent. More detailed reference to these Groups will be made later in this report.

Turning now to the Accounts, the profit for the year to March 31, 1961, was £32,079,568 compared with £30,419,758 last year. Income from trade investments was practically the same at £2,378,592 and interest on Loan Stocks was some £60,000 lower at £590,432 as a result of the repayment last September of the last £2 million of the 3½ per cent Unsecured Loan. The profits attributable to outside shareholders in subsidiary companies were £377,122 against £533,715 last year, and the profit of the Group before taxation was thus £33,490,606 compared with £31,610,124.

With the increase in profits tax to 12½ per cent, taxation required £16,266,382 against £14,743,700 and therefore the Net Profit after tax was not much higher than last year at £17,224,224 (£16,866,424). Of this, £3,493,637 has been retained by subsidiary companies and, after charging the cost of the recent capitalisation of reserves, £109,780, and adjusting taxation for the previous year, the sum of £13,656,219 remains to be dealt with by the Company.

Your Board recommend that a final dividend be paid on the Ordinary capital at the rate of 8½ per cent, which, with the interim dividend at 6 per cent paid prior to the two issues of capital mentioned later, is equivalent to 13½ per cent for the year on the capital as augmented by the capitalisation of reserves. For the purpose of comparison, the rate last year corresponding to 13½ per cent this year would be 12½ per cent on the capital as increased by the scrip issue.

The Board have reviewed the prospects for the current year, and, having regard to the further increase in profits tax levied in this year's Finance Act, intend to declare an interim dividend in December at the same rate as last year, namely 6 per cent, but on the higher capital created by the capitalisation of reserves and the current Rights issue.

At March 31, 1960, the issued Ordinary capital of the Company was 157,516,931 shares of 10s. each. By the capitalisation of reserves, the capital was increased by 31,503,386 shares and, in connection with the offer to the ordinary stockholders of The British Xylonite Company Ltd., 7,443,437 Ordinary shares had been issued at March 31, 1961, making the total Ordinary capital at that date 196,463,754 shares of 10s. each fully paid.

In the Consolidated Balance Sheet, we have on this occasion incorporated the assets and liabilities of the British Xylonite Group as at that Company's former date of balance, December 31, 1960, as in view of the date of acquisition of the capital of the Xylonite Company, it was impracticable to arrange for a change in its accounting date to coincide with ours. If, on examining the position in detail, there is no serious objection from a taxation viewpoint, we shall arrange accordingly.

However, the consolidation of the Xylonite figures with our own make comparison with the previous year somewhat less easy than usual. Our own investment in buildings and plant increased by approximately £7½ million. The main items were the construction of additional warehousing facilities for our Scotch Whisky business, and part of the cost of our new acetic acid plant at Hull, and of the latest extension to our polyvinyl chloride plant at Barry. Our stocks again increased, owing mainly to the larger quantity of Scotch Whisky held in warehouse.

The reserves of the Group have diminished by the amount applied in payment of our recent scrip issue, £15,751,693, and increased by the retention of profits for investment in the business, amounting to £9,060,436. They have also been augmented by the premium attributable to the issue to the stockholders of The British Xylonite Company Ltd., computed at £3,117,909 on the basis of net assets acquired. The total reserves of the Group now stand at £27,687,135.

In my Statement three years ago, I foreshadowed the possibility of fresh capital being required. The increased volume of trading since then and projected capital investment programme over the next few years make it clear that it is now desirable to provide additional funds by way of new capital. The Board therefore decided to make a Rights issue in the proportion of one new Ordinary share for every ten held at June 1, 1961, at a price of 32s. 6d. per share. Shareholders have already received full information on this in the circular letter dated July 7th, which accompanied the provisional allotment letters.

Before dealing with the year's operations in detail, I would refer to the increase from July 1st in the retail prices of Group standard brands of Scotch Whisky and Gin in the home market of 1s. 6d. per bottle to 39s. for Scotch Whisky and 37s. 3d. for Gin.

This increase was necessary because of rising costs, particularly in the distributive sectors of the industry.

SCOTCH WHISKY

Distilling operations by our Malt and Grain Distilleries have been maintained at a high level of output and efficiency throughout the season.

A new technical control establishment has been erected in Elgin, Morayshire, to provide closer and more effective control of the operations of our forty-one Malt Whisky Distilleries, the majority of which are located within easy reach of Elgin, and beneficial results have already been achieved through this arrangement.

Cardow Distillery, Morayshire, has been completely reconstructed and re-equipped. Distilling was resumed last May with a substantial increase in production. A large part of Talisker Distillery, Isle of Skye, is also in course of construction following upon the destruction of the still-house by fire.

I referred last year to the new blending and bottling plant and offices of John Dewar & Sons Ltd., near Perth. Good progress is being made and the plant will be in operation by the end of this year.

Additional Scotch Whisky bonded warehouses are now being constructed at Menstrie, Clackmannanshire, to accommodate our increased stocks.

Scotch Whisky stocks held by the entire industry at March 31st last once again showed an increase, and amounted to 296.9 million proof gallons, as compared with 267 million proof gallons the previous year.

The constantly rising levels of stocks reflect the current optimism of the industry in general regarding the future trend of sales. As I have stated previously, our own production policy is based on our best forward estimate of market conditions, taking into account the rising consumption of recent years and the evidence that Scotch Whisky has a wider appeal and acceptance than ever before in all parts of the world.

The total sales of the industry during the year under review have shown a substantial increase in both home and export markets.

A marked increase of approximately 14 per cent has taken place in home trade sales, and it is a special point of interest that this is the first time that home sales have reached the pre-war level.

I am glad to say that our brands have shared in these increased sales, and they enjoy a very satisfactory proportion of the home market. Having regard to the growth in population and the higher standard of living in recent years, there should be opportunities for still further expansion.

It is also not without significance that while home and export sales prior to the war were approximately equal, viz., 7 million proof gallons each, exports of Scotch Whisky have more than trebled since that date.

The Scotch Whisky Association again made strong representations to the Chancellor for a reduction in the present exorbitant rate of spirit duty. It should be noted that duties on alcoholic beverages other than spirits have been materially reduced in recent years.

So far as exports are concerned, the U.S.A. continues to be the largest single market, although competition has become more intense. Last year I referred to the USA tax regulations under which imports of Scotch Whisky in bottle at the normal marketing strength of 86° American proof are taxed on an assumed basis of 100° proof, whereas American Whiskies incur duty only on the actual alcohol content. We consider this to be an unfair handicap to our industry and the assistance of the Board of Trade has been sought in an endeavour to have this discrimination removed.

In Canada the present state of the economy has militated against any substantial increase in sales. The main problem, however, is the basis of assessing duty and the method adopted by the Provincial Liquor Commissioners for determining selling prices, which operate unreasonably to the disadvantage of Scotch Whisky.

Last year I referred to the substantial increase in our sales to Australia as a result of the removal of import restrictions, and I am glad to say that our position in that market has been fully maintained.

In New Zealand, too, we are in a strong position, but unfortunately, after a period of progressive relaxation of controls the New Zealand government has again found it necessary to take steps to reduce the volume of imports of Scotch Whisky and other spirits.

Perhaps one of the most significant and encouraging features in the last few years has been the very substantial increase in the Industry's sales to Europe.

So far as the Common Market is concerned our investigations to date indicate that our position should not be materially affected if and when HM Government decides that the United Kingdom should join the Common Market.

In Cuba, also, business has been severely curtailed and exports to that market are at present negligible.

I am glad to report that there has been a distinct revival of business in the Argentine which, for the period under review, has taken a leading place in the list of Central and South American markets. This is a position which the Argentine held before the war but it has not done so for many years past.

In surveying the export position generally the outlook is reasonably promising, but we are, as always, affected by local import restrictions. Competition too is becoming much more severe, but the strength of our brands in most world markets gives us every reason to hope for continued progress in those countries where import business can be carried on under more or less normal conditions.

GIN

I am glad to report that home sales of our brands—in particular Gordon's and Booth's—continue to increase and, during the year under review, reached a record level. This is particularly gratifying because, as I have indicated previously, our London Gin Companies are meeting growing competition, but there is evidence that the public's preference for our leading brands is based on our high and unvarying standards of quality.

The new bottling plant for Booth's Distilleries Limited at Brentford, Middlesex, was completed during the year, and is now operating well.

Once again, our total export shipments showed a substantial increase. As a Group we are the largest exporters of Gin in the United Kingdom.

With regard to overseas, the sales of our brands of Gin produced in the United States again showed a marked increase.

Our Gordon's Gin Distillery in South Africa continues in full production and sales show an

COMPANY MEETING REPORTS

encouraging increase. Our Brazilian unit, Destilaria Gordon Ltda., has now been in operation for two years, but sales have not yet reached a satisfactory level. We have now also commenced local manufacture of Gordon's Gin in Venezuela.

In France, local production of Booth's Gin has recently commenced, and sales are satisfactory.

VODKA

The potential market for Vodka in the United Kingdom has been under consideration for some time. It is now proposed to produce a brand for the home market under the trade name "COSSACK," which will be available for sale very shortly.

AUSTRALIA

Our subsidiary, United Distillers Pty. Ltd., has established a prominent position in Australasia in the production of Australian Whisky and Gin.

As was recently announced in the Press, your Company has acquired the entire capital of an old-established Brandy business in Australia, Tolley Scott & Tolley Limited, Adelaide. This acquisition will broaden the base of our present operations in Australia.

INDUSTRIAL GROUP

There was a satisfactory increase in volume of turnover of the Group, particularly in chemicals and plastics, but in the latter part of the year this was largely offset by lower selling prices which led to reduced profit margins. Competition was keen and was aggravated by the large increase in dumping. This applies, of course, not only to the chemical and plastics industries but over a large range of manufactures. In view of the deterioration in the national balance of payments, it is noteworthy that the criticisms which have been directed at the competitive ability of British industry have largely failed to emphasize this extremely important factor, which adversely affects not only our home market but also our ability to export.

However, while it is clear that strong competitive influences will continue to prevail, at least for some time, there is a substantial growth potential in the chemical and plastics industries and we expect to share in the expansion of demand which may be foreseen with reasonable confidence.

CHEMICAL DIVISION

During the past year, new plants were commissioned at Hull and Carshalton which have increased both the range and volume of our production of intermediates and speciality chemicals, for which there is a steadily growing demand.

The erection of the large acetic acid plant to which I referred last year, is proceeding well. The continuous phthalate plasticiser plant has proved entirely satisfactory but, unfortunately, had to be operated below capacity for much of the year owing to the world shortage of phthalic anhydride. Our associate company, Grange Chemicals Limited, has recently announced its intention to construct a plant with a capacity of 15,000 tons per annum for the manufacture of phthalic anhydride.

Our calcium carbide factory at Kenfig worked to capacity and all production was sold.

Carbon dioxide capacity was substantially increased and sales reached a new record level.

Much attention has been given to improving the efficiency of existing plants, and there has been steady progress in instrumentation and automation.

There have been increased sales by the associated companies of the Chemical Division. Orobis Limited, which produces lubricating oil additives, had its most successful year. Extensions to the Hedon Chemicals Limited vinyl acetate plant have been successfully commissioned on schedule and further expansion is now under consideration.

BRITISH HYDROCARBON CHEMICALS LIMITED

This Company, in which we have a 50 per cent interest, and its subsidiaries, Forth Chemicals Limited and Grange Chemicals Limited, have all had satisfactory trading results during the year under review.

Last October, plans were announced in the Press covering the establishment of a new petroleum chemical centre at Baglan Bay, South Wales, and work is now proceeding.

This new development at Baglan Bay is, of course, a progressive one, and it will afford the Company adequate facilities in the years ahead for increasing its scale and range of petroleum chemicals.

PLASTICS DIVISION

The increased capacity for Geon polyvinyl chloride authorised last year is nearing completion, and in view of the prospective growth in demand, consideration is now being given to a further extension.

Sales of styron polystyrene, produced by Distrene Limited were good and our plant is operating at full capacity. This result has been achieved by marketing additional grades to supply new outlets in the packaging and industrial fields.

British Resin Products have also had increased sales, and polyester resins in particular have been well received for reinforced plastics applications. New water soluble resins, developed in our Research Laboratories at Barry, have created widespread interest.

The amalgamation of the operations of the British Xylonite Company Ltd. with our present activities in the chemical and plastics fields should produce economies and also benefit both companies in the pooling of research and engineering facilities.

BIOCHEMICALS DIVISION

This Division had a more successful year in spite of further deterioration in export prices of basic antibiotics. This improvement in trading results was achieved by reorganisation of production and research facilities, and by increasing diversification of the Company's range of products.

Overseas, our two subsidiary companies in Australia and New Zealand continue to make progress.

Sales of our unique sedative "DISTAVAL" have expanded considerably both at home and overseas. A number of new products incorporating this substance are being established.

There is constant need to develop new products in the highly competitive conditions which exist in the pharmaceutical industry. To this end, a new Pharmacological Laboratory has been established at Speke, thereby increasing the facilities available for screening of substances

which may have therapeutic value. Additionally, improved plants for processing antibiotics have been commissioned which incorporate new techniques evolved from our development work.

FOOD DIVISION

Home sales of yeast have remained steady at last year's levels, but our exports have continued to expand and additional capacity is now being installed for the production of dried yeast.

The Peerless Refining Company (Liverpool) Limited has successfully maintained its position as one of the principal suppliers of oils and fats to the Flour and Sugar Confectionery industries.

The Division as a whole had a very satisfactory year's trading.

AUSTRALIA

Our associated company, C.S.R. Chemicals Pty. Ltd., has had a difficult and disappointing year due to two main causes: decreased demand from many industries resulting from the credit restrictions imposed by the Australian Government, and severe import competition following the virtual abolition of import licensing. Unsettled conditions have resulted. It is to be hoped that the Australian Government will take steps to assist the young and necessarily high-cost Australian industries in these adverse circumstances. At the same time, every possible step will have to be taken by the industries concerned to improve their competitive position.

SOUTH AFRICA

In spite of the disturbed political situation in the Union, our associated company, National Chemical Products Limited, has made good progress with increased turnover and profits.

TECHNICAL DEVELOPMENT

Our Research and Engineering staffs, who play an important part in our diverse operations, have again been fully extended during the year.

In view of the increasing technical complexity of our activities, additional laboratory and library facilities are being installed at the central Research Department, Epsom. The total budget for research for the year under review was nearly £2.5 million.

PERSONNEL

We have had a successful year under increasingly competitive conditions, and the achievement of this success has been greatly assisted by the loyalty and keenness of all our employees, both at home and overseas. On behalf of the Board, I should like to record our grateful thanks to them for their untiring efforts in the service of the Company.

FUTURE PROSPECTS

As will be clear from the earlier part of this Statement concerning the raising of fresh capital, the Company is planning for expansion.

Scotch Whisky and Gin sales continue to be good and while we have to take into account a greater degree of competition in all markets, your Directors are of the opinion that over a periods of years the demand may well rise to appreciably higher levels. On that assumption, your Company will be well-equipped to take advantage of expanding and new markets.

The outlook for the Industrial Group is

generally favourable, subject, of course, to a return to more normal conditions in a number of industries which the Group supplies. In order to counteract the trend of world prices to lower levels, we are pursuing a policy of broadening the range of our products and increasing the production of certain existing materials. By this means your Company hopes to be in a position substantially to increase the present volume of trading and to achieve further improvement in earnings.

ALLIED IRONFOUNDERS LIMITED

GROUP SALES INCREASED:

PROFIT MARGINS REDUCED

MR G. S. STEVEN'S REVIEW

The thirty-second annual general meeting of Allied Ironfounders Limited was held on July 20th at Caxton Hall, Westminster, S.W., Mr G. S. Steven (Chairman and Managing Director) presiding.

The following is an extract from his circulated statement:

The trading profit of the Group for the 52 weeks ended April 1, 1961, is £2,829,425 compared with £3,005,081 last year the decline being attributable to increased costs of both manufacture and distribution which were absorbed in sales without corresponding increases in selling prices.

The profit available for disposal after retentions is £993,068, which, with the balance of £289,423 brought forward from last year, gives a total of £1,282,491 available for distribution and transfers to reserve.

The Directors recommend that £249,330 should be transferred to General Reserve to bring the total to £3,750,000, which, together with the balance of Unappropriated Profit of £676,569, makes up total Revenue Reserves of £4,426,569. The Directors also recommend that a final Ordinary Dividend should be paid, making 20 per cent for the year.

We have spent in total over £1,300,000 on modernisation and development in the year to April 1, 1961.

SOUTH AFRICA: Our plants at Durban and Newcastle were kept fully employed during the year, although there has been some reduction in sales during the last two months. We are excellently placed to take full advantage of any improvement in local conditions. There is no doubt that the standard of living of the native population is rising and that they are demanding increasingly more expensive appliances including electric cookers of which we are the largest makers in the Union.

After referring to the acquisition of Bilston Foundries Ltd. and J. S. & F. Folkard Ltd., the Chairman continued:

FUTURE PROSPECTS

The Building Industry, which absorbs the greater part of our production, remains prosperous and, provided there are no serious international complications or internal economic crises, the year ahead appears to offer an opportunity for the continued expansion of business.

Virtually none of our products attra Purchase Tax and we are therefore less likely suffer directly from the Chancellor's "econor regulator"—should he decide to use it—th many other companies.

The sales of the Group showed a signific increase during 1960/61, without taking i account the turnover of recently acquired Co panies, but the increased costs of selling a manufacture, which we absorbed to keep pri stable, have reduced profit margins. Recent however, we have been compelled to ease t burden by increasing prices for certain produc

In my statement last year I mentioned t growing interest in central heating boilers a our awareness of the potential of this market our acquisition of Frederick Kay (Engineerin Ltd. and Watts Metal Industries Ltd. Th market continues to develop, and we have ne formed a new Sales Division to exploit it to t best advantage. The new Division is known the Aga Heating Division. The solid fu appliance industry as a whole has benefited fro the new marketing policy of the National C Board, and our sales of Aga solid fuel boile in particular show an encouraging increase.

We have installed plant and equipment f the production of plastic goods during the ye and many of the Group's requirements are bei met from our own resources. Rainwater a soil pipes and fittings are now available on t market in plastic as an alternative to cast ir and our own new plant for the manufacture plastic pipes and fittings is now in producti and the output is undergoing user trials. It our intention to enter the market during the c rent year, and the results of the advanced te niques which we are employing are m encouraging. As the largest producers of pip and fittings in cast iron for the building indus we shall be in a position to supply them in b the new and the traditional materials.

The report and accounts were adopted.

G.R.A. TRUST

POINTS FROM MR F. S. GENTLE'S STATEMENT

The 33rd Annual General Meeting was he on July 26th.

In the Chairman's Statement, previously c culated, Mr Francis S. Gentle, CBE, a referring to the improved results, reported t the £200,000 Olympic Enclosure at the Wh City had been widely acclaimed and wo strengthen the Company's competitive positi

The effects of the new Betting Act were be closely watched. Any move to enable bet offices to remain open after 6.30 would resisted.

The Board was also alive to the restric effect which the recommendations of the Ro Commission on Local Government in Gre London might have on the choice of Appoin Days. This could lead to increased competi between Tracks in the Greater London are

On freehold property, Mr Gentle war against the impression that greyhound st could quickly and profitably be turned over other uses. This was to reckon without Planning Authorities.

But, taking the long-term view, the entery was soundly based and Mr Gentle expre confidence in its future.

PRINTING · PLASTICS · HEATING · DATA PROCESSING

THE DE LA RUE COMPANY LIMITED

De La Rue

The value of diversification & international expansion

MAIN POINTS FROM MR. B. C. WESTALL'S REVIEW 1961

HIGHER CONTRIBUTION TO PROFITS BY BANKNOTE AND HEATING SUBSIDIARIES

Although the results of the Formica Group are lower this year, those of the Thomas De La Rue Group and the Potterton subsidiary are substantially better. Group profits before tax are fractionally above last year. Net profit after tax is slightly lower, because Thomas De La Rue and Potterton are wholly owned subsidiaries (American Cyanamid own 40 per cent of the equity in Formica International Limited), the net profit attributable to The De La Rue Company is some £30,000 better for 52 weeks, as compared with 53 weeks last year.

PROFITS OF MAIN SUBSIDIARIES

	1960/61 £	1959/60 £
Thomas De La Rue & Co. Ltd.	587,899	321,186
Formica International Ltd.	1,506,548	1,786,819
Thomas Potterton Ltd.	351,570	257,124

FURTHER INCREASE OF EXPORTS AND OVERSEAS BUSINESS

Our exports rose from £4,592,000 to £5,243,000. Output of our overseas companies rose from £4,337,000 to £5,217,000. Of the total turnover of £18¼ million, exports and overseas business accounted for £10½ million this year, compared with £9 million out of £17 million last year. Of the total capital of the Group, 35 per cent is now invested outside the U.K.

INCREASED TURNOVER EXPECTED TO OFF-SET CONTRACTION IN MARGINS

Profits before tax as percentage of turnover fell from 13.4 per cent to 12.3 per cent, but it is likely that this contraction will be more than off-set in future by the Group's expanding turnover.

BALANCE SHEET

Due to heavy investment in plant and machinery, the surplus of current assets over current liabilities is now £3,338,343 compared with £4,202,199. Consideration is being given to the best course to adopt when the Company will need further finance.

PROGRESS OF SUBSIDIARY AND ASSOCIATED COMPANIES

The Thomas De La Rue Group

Orders for banknotes have increased and additional business in banknotes and stamps has been taken over from Waterlows. Thomas De La Rue's banknote factories are working to capacity and the order book is fuller than last year. A contract has been obtained from the Japanese Government for banknote printing machines. The new financial printing business is expected to develop steadily in the next two to three years; the subsidiary in New York has turned the corner and it is hoped will obtain a bigger share of bond and share certificate business in America. Our Mexican and Colombian companies have only just been incorporated—Latin America has good prospects for expansion. De La Rue Instruments have made remarkable strides with 80 per cent export business in banknote counting machines and there has been a rapid expansion in the Security Express transport services for cash and valuables now extending to cities outside London.

Formica International Limited

This has been a mixed year. The French and Australian subsidiaries show a substantial improvement, and in its first year the New Zealand company has done surprisingly well, with an initial loss of only £6,000. The German company has been slower to develop due to technical and plant construction difficulties. The results of Formica Limited in the United Kingdom have been a little disappointing because of credit restriction on the furniture industry but this was partly off-set by expansion of industrial laminates. Since the close of the year, sales of FORMICA BEAUTYBOARD and decorative laminates have been improving, and a new grade of Formica laminate for exterior use has been produced.

Thomas Potterton Limited

Turnover has increased substantially in spite of credit restrictions and the number of boilers sold has increased even more. Increased profit has come partly from turnover, but mainly from reduced costs of production. The range of gas boilers has been re-modelled and the range of oil boilers extended and a new gas-fired, warm air circulator introduced. A new Works has been bought at Leamington Spa to handle increased production and a new subsidiary has been formed in Australia.

De La Rue Bull Machines Limited

Progress has been as expected and a number of important contracts obtained. Energetic efforts are being made to train more personnel for this highly technical business. As previously stated, this is a long term project which cannot be productive of profit for several years.

OUTLOOK

This must depend on the general conditions of trade throughout the world. Subject to this reservation, and bearing in mind our investments abroad, the prospects for the current year appear satisfactory, and in years to come we shall reap the reward of our investments in the last year or two.

Copies of the full Report and Accounts can be obtained from De La Rue House, 84-86, Regent Street, London, W.1.

SALIENT FEATURES

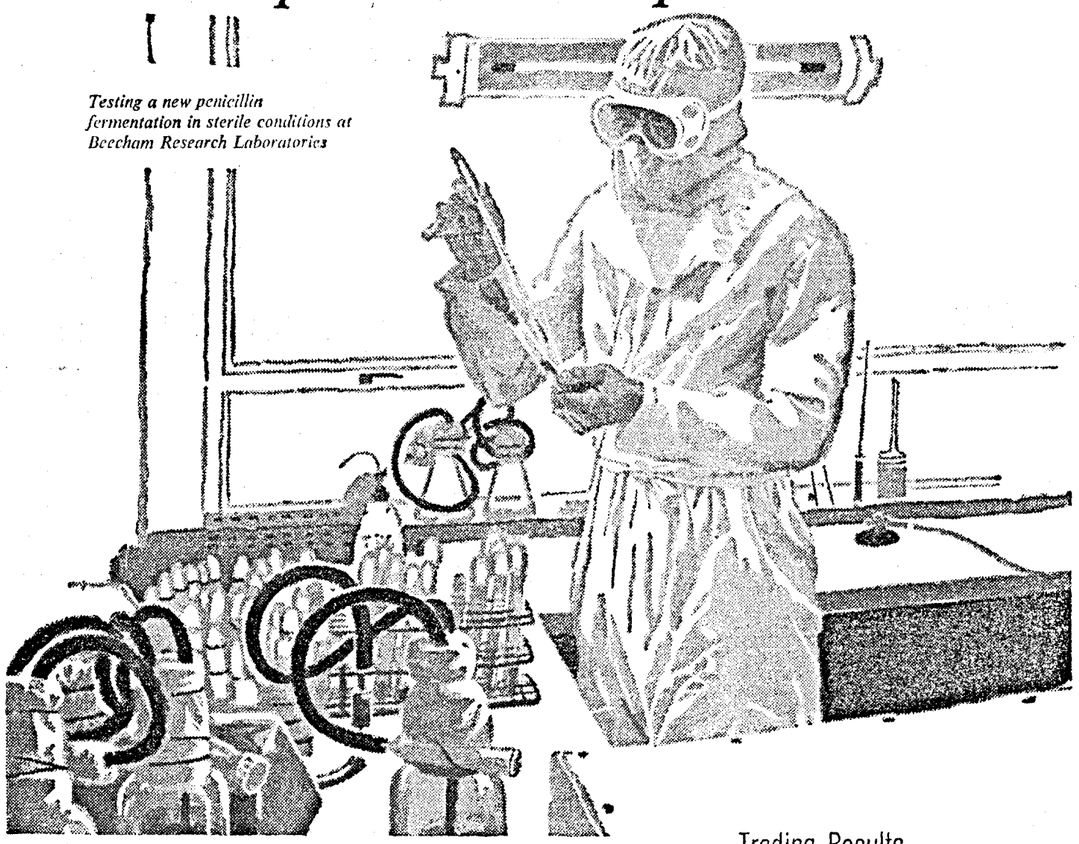
	1961	1960
Group Turnover:	£	£
Home Sales	8,082,000	8,127,000
Export Sales	5,243,000	4,592,000
Sales by Overseas Companies	5,217,000	4,337,000
	18,542,000	17,056,000
Group Profit before Tax	2,287,000	2,282,000
Profit before Tax as a percentage of Turnover	12·3%	13·4%
Group Capital Employed	11,306,000	10,140,000
Profit before Tax as a percentage of Capital Employed	20·2%	22·5%
Profit after Tax attributable to the Ordinary Shareholders	750,000	720,000
Ordinary Shareholders Equity Interest	6,895,000	6,253,000
Profit attributable as a percentage of Equity Interest	10·9%	11·5%
Profit attributable to the Ordinary Shareholders	750,000	720,000
Ordinary Dividend (less Income Tax):		
Interim paid—9d. per share (1960, 6d. per share)	128,000	68,000
Final proposed—1s. 6d. per share (1960, 1s. 9d. per share)	255,000	238,000
Total Dividend	383,000	306,000
Cover for Dividend on Ordinary Shares	2·0	2·3

FORMICA PLASTICS · POTTERTON BOILERS
DE LA RUE BANKNOTES · COUNTING MACHINES
STAMPS · FINANCIAL AND COMMERCIAL PRINT
TRANSPORTATION OF VALUABLES
DE LA RUE BULL DATA PROCESSING EQUIPMENT

De La Rue

BEECHAM GROUP
LIMITED
Record sales and profit

New penicillins in production



Testing a new penicillin fermentation in sterile conditions at Beecham Research Laboratories

MR. H. G. LAZELL, Chairman of Beecham Group Limited, presided over the 33rd Annual General Meeting of the Group held in London on July 26th. The following are the salient points from his statement.

Trading Results

Record world-wide sales of £56,344,000 were achieved by increases of 7% in the home market and 25% in markets overseas. Trading profit increased by 7% to a record total of £8,364,000. Results of the year's operations are summarised below with comparative figures for the previous year.

	1960/61 £	1959/60 £
Home sales	37,092,000	34,510,000
Overseas sales	19,252,000	15,449,000
Total sales	56,344,000	49,959,000
Trading profit	8,364,000	7,843,000
Ordinary dividends	2,014,000	1,812,000
Profit retention	2,004,000	1,866,000
Ordinary dividend rate	30%	27%

Research and Drug Prices

The second of the new Beecham penicillins, Celbenin, was introduced to the medical profession in September 1960. Celbenin is effective in grave infections caused by virulent staphylococci which are resistant to the traditional penicillins and other antibiotics. Broxil and Celbenin will be followed shortly by several new penicillins which are at present undergoing the final stages of evaluation.

In view of these achievements it is disturbing to note the growing attacks on the whole pharmaceutical industry and particularly on that section of it which serves the National Health Service. The main accusation is that the industry is making excessive profit which materially increases the cost of the Health Service. The cost of the whole National Health Service is £740 million. Out of this total, only £55 million, or 7·4%, was paid to the pharmaceutical industry in respect of all drugs.

The primary factor governing drug pricing policy is the need to make adequate provision for research. The industry's progress depends on research which is becoming increasingly costly and increasingly speculative. For one successful product, hundreds are tested and rejected. If the industry is to have a sound financial basis, it must be allowed to recover its research expenditure from the very few marketable products which emerge.

We increased our expenditure on research last year to £750,000, of which half was devoted to basic pharmaceutical research. In addition, a sum in excess of £2¼ million is being spent on our Worthing plant. These figures will, I hope, demonstrate confidence in our ability to hold our own in this highly competitive field provided the British pharmaceutical industry is not subjected to ill-informed attacks and ill-considered restrictions.

Selling Overseas

During the past ten years our overseas sales have increased from £7¼ million to £19¼ million and, last year, overseas profit exceeded £2 million for the first time. Our important business in the United States continues to expand. Brylcreem is increasing its lead in the hairdressing market there and Silvikrin shampoo was launched in the autumn of 1960, supported by a national television campaign.

In my view marketing techniques have to be developed in a competitive home market before they can be used overseas. There is, indeed, good reason to believe that lack of competitive environment at home is, in many industries, a serious impediment to the expansion of overseas trade. Beechams have been fortunate in that they have had to operate in highly competitive markets in this country and consequently great pressure has been exerted on our research laboratories to produce better products, and on our marketing divisions to evolve better selling techniques. When, therefore, we venture overseas we can compete with the best that is there. In particular, the experience of television advertising gained in the home market enables us to use this medium with some degree of confidence in every overseas territory in which it becomes available.

Advertising

Serious attacks have been made recently on advertising in general and on television advertising in particular. Your company is the second largest advertiser in the country and I would like to emphasise what our experience of marketing consumer goods has taught us. It is this—that advertising alone is incapable of establishing a large and continuing sale for a product which does not possess some advantages recognizable by the public at large.

In general, heavy advertising is evidence of fierce competition and this usually arises when a few efficient companies are battling for supremacy. The result of such competition is, inevitably, that the nondescript products fall out of public favour and eventually disappear. In due course there remains a small number of heavily advertised products competing one with another, each perhaps with a marginal appeal to a particular segment of the population but none with a clear advantage. Critics contend that this exemplifies wasteful advertising. They overlook the fact that the public has been provided with products infinitely superior to those which would have been available in the absence of competition and which give better value than would otherwise have been possible. I must emphasise also that advertising is essential to a competitive economy and that unjustified interference with it in this country will certainly have a serious effect on our ability to develop competitive selling techniques and thus our ability to sell goods overseas. I can say with confidence that your company has been successful only because it has recognized certain principles:

It is unprofitable to advertise a product which does not present a distinct advantage to a substantial section of the public:

This advantage cannot always be pre-determined, however much is spent on scientific research and however carefully the evidence of consumer requirements is studied:

Much advertising is dramatised and some is exaggerated but it does not pay to exceed reasonable bounds because a product claim unfulfilled creates a reaction from the consumer who refuses to purchase a second time:

The consumer is always right: if a manufacturer indulges in the fallacy that the consumer has neither judgment nor sense—views which many critics of advertising appear to hold—he will make some very expensive mistakes:

The ultimate consumer panel is the mass of the British public, and very largely the housewife.

The final verdict on a product is passed when sales rise steadily to a figure which covers advertising costs and produces a profit.

THE GENERAL ELECTRIC COMPANY LIMITED

EXTRACT FROM DIRECTORS' REPORT

The Sixty-first Annual General Meeting of The General Electric Company Limited will be held on September 7 in London.

The following is an extract from the report of the directors for the year ended March 31, 1961:—

Of the consolidated profit of the Group the following amount has been dealt with in the accounts of the Holding Company:—

Profit for the year	£950,885
Net loss relating to previous years	48,702
	902,183
to which is added the profit brought forward from the previous year	2,342,006
	£3,244,189

The directors have made the following appropriations therefrom:—

Preference dividends for the year to March 31, 1961, less income tax	206,413
First interim dividend of 3 per cent on the ordinary stock, less income tax, paid April 7, 1961 ...	330,750
Second interim dividend of 7 per cent on the ordinary stock, less income tax, paid June 1, 1961 ...	771,750
leaving balance carried forward to the next account	1,935,276
	£3,244,189

TRADING EXPERIENCE

The sales for the year amounted to £118,595,000, or an increase of 1.4 per cent over last year. The direct exports of the G.E.C. Group from the United Kingdom amounted to £18,405,000 in 1960-61 against £19,813,000 last year. An increase in sales by overseas subsidiaries to £31.5 million from £28.6 million in the preceding year was achieved from locally manufactured products rather than by exports to them from the Company's factories in the United Kingdom.

The gross trading profit, before charges listed in Note 1 to the accounts amounted to £9,519,000 as against £11,074,000 for the previous year. After higher charges for depreciation, a further substantial provision for liabilities the amounts of which are estimated, and a provision of £266,000 against trade investments, the profit before taxation was £3,259,000 reflecting a reduction of £1,554,000 by comparison with the previous year.

Two factors are mainly responsible for this reduction in profits. In the first place, margins in the heavy engineering industry are meagre and this part of the Company's activities has contributed little to the earnings for the year, and secondly, the extremely unsatisfactory state of trade during the year in the radio, television, and domestic equipment industries has resulted in substantal losses.

When the announcements of the interim dividends were made the full extent of the losses in the Radio and Television and Domestic Equipment Groups was not apparent nor was the need at that time appreciated for substantial provisions in connection with traction activities. The unsatisfactory position which is now revealed in the accounts for the full year has confirmed your directors in the strong support which they gave to drastic decisions made by the management early in 1961. Your directors wish to say again that it will be some time before the full benefit of these decisions is felt.

The considerable increase in stocks of raw materials, work in progress, and manufactured goods which is largely associated with atomic and other heavy engineering contracts has caused the Company to draw heavily upon its overdraft facilities.

NUCLEAR POWER

A major issue still under discussion at the close of the year was the financial settlement with regard to the Hunterston atomic power contract. Your directors have the position constantly under review and believe that the provisions already made are adequate. It will be recalled that an amount of £500,000 was added to the provision against this contract in the previous year.

RADIO & ALLIED (HOLDINGS) LTD.

As part of the negotiations for the acquisition of Radio & Allied (Holdings) Ltd. which was successfully completed in April of this year, your directors declared a second interim dividend of 7 per cent on the ordinary stock of the Company in lieu of a final dividend. After taking account of the first interim dividend of 3 per cent, the total distribution for the year is 10 per cent, which is the same as last year.

CONTRACT CONTINGENCIES

The scale of the Company's contract operations generally is continuously increasing and your directors now feel it wise to nominate part of the general reserves of the Company as an insurance against contingencies which may occur in the future in any part of the contract field whether it be power, heavy mechanical equipment, traction, or communications. The amount of £3,000,000 has, therefore, been transferred from the reserve against future stock depreciation as a first step in the creation of a reserve against contract contingencies, pending a complete re-organisation of the reserves which is under consideration for adoption next year.

BOARD CHANGES

The Board extends its thanks to Sir Leslie Gamage, MC, who retired from the Chairmanship of the Company on December 31, 1960. Sir Leslie has served your Company with distinction for 42 years. He has been a Director for 36 years and Chairman for 3 years. His efforts and encouragement in stimulating exports, both within the Company and nationally as President of the Institute of Export, have contributed to the present high level of overseas trade in the electrical and allied industries.

The Board has elected Mr A. L. G. Lindley Chairman and Managing Director.

Mr Harold Hobson, a leading figure in the electricity supply industry, and a Director of your Company since 1950, has decided to retire from the Board. As mentioned in last year's Report, Mr A. S. Black, and Mr J. J. Gracie, CBE, retired during the year. You will certainly wish to endorse the Board's expression of appreciation for their service.

Sir Toby Low, PC, KCMG, CBE, DSO, MP, has been appointed Vice-Chairman, and Mr T. B. O. Kerr has been appointed Deputy Managing Director. Lord Coleraine, PC, and Mr E. H. Davison, as Director of Finance, have joined the Board, as well as Mr M. Sobell and Mr A. Weinstock, who have joined the Board following the acquisition of Radio & Allied (Holdings).

To strengthen the Company's management, a Management Committee of executive directors has been formed; its members are Mr A. L. G. Lindley, Mr T. B. O. Kerr, Mr E. H. Davison, Mr O. W. Humphreys, Mr R. N. Millar and Mr A. Weinstock.

CORPORATE DEVELOPMENTS

During the year your Company made an offer to the stockholders of Radio & Allied (Holdings) for the acquisition of their shares in that company in exchange for shares of your Company and a cash addition. This offer was successful and your Company has consequently secured a profitable business with high earnings and first-class management.

To increase their share in home and export markets in capital equipment, the G.E.C and Richardsons, Westgarth & Co. have decided to collaborate in the design, development, manufacture and sale of heavy electrical generating and power plant.

The G.E.C. is entering the field of industrial process control computer systems in conjunction with Thompson Ramo Wooldridge Inc. of Los Angeles, California. A joint company—International Systems Control—has been formed to market this equipment in the United Kingdom, in the European Free Trade Area and in the Commonwealth.

In co-operation with Associated Electrical Industries two joint companies are being formed for the manufacture and sale of glass and metal products respectively used in the electric lamp and valve industries.

The Company's close association with International Computers and Tabulators continues. A new company has been formed, I.C.T. (Engineering) in which the G.E.C. has a minority holding, to carry out research and development previously handled separately by the two parent companies.

During the year discussions took place with the English Electric Company to explore the possibilities of a merger of the two Groups by means of a holding company; it was not possible, however, to reach agreement and the negotiations were discontinued.

The Chairman, at the forthcoming annual general meeting, will inform the stockholders regarding the progress of the Company in the current year and will also give up-to-date information regarding matters of importance. The Chairman's statement will be circulated to stockholders after the general meeting.

WOODHEADS BREWERY LIMITED

The twenty-fifth annual general meeting of Woodheads Brewery, Ltd., was held on July 20th in London, Mr Richard P. Beamish, chairman and managing director, presiding.

The following is an extract from his circulated statement for the year ended January 31, 1961:

The trading profit of the Group amounts to £113,744, as compared with £123,894 for the previous year. The decrease of £10,150 is wholly accounted for by a drop in trade of our Mineral Waters subsidiary.

The year has been a rather difficult one in that we have had to meet an intensification of what can only be called a price war in the brewing and its ancillary industries. This price cutting is, of course, almost entirely confined to the free trade, which constitutes a very large number of the outlets we serve.

For some time past, shrinking margins have been absorbed by the brewing industry, but at long last there is a move for increased prices which, if its effect is not neutralised by the continuance of this practice, should maintain and perhaps increase the profits of the group.

Depreciation and other charges, less credits, amount to £48,286, leaving a balance of £65,458. Taxation based on the profits of the Group absorbed £38,266, or no less than 58 per cent of the profits. There remains £22,244 available to the holding company for appropriation.

The report was adopted and the proposed dividend of 15 per cent, and bonus of 2½ per cent, on the Ordinary shares were approved.

BILLERUDS AKTIEBOLAG

(Pulp and Paper Manufacturers)

Säffle — Sweden

Founded in 1883

HIGH PRODUCTION AT RISING COSTS

Share Capital: Kr. 140,000,000

Board of Directors: Landshövding Bo Hammarskjöld (Chairman), Godsägare Gösta Liedberg, Direktör K. I. Hising, Riksdagsman Leif Cassel, Direktör L.-E. Thunholm, Direktör Anders Smith, Disponent F. Hartmann and Brukdisponent Ake Pihlgren.

Registered Office of the Company: Säffle.

Managing Director: Åke Pihlgren.

SUMMARY OF 1960 RESULT

	Million £ 1959	1960
Net invoiced value	19·3	20·9
Gross profit from industrial operations	3·9	4·0
Earnings from forestry	1·1	0·9
Depreciation and appropriations	3·0	3·3
Taxes	1·1	1·0
Net profit	1·0	1·0
Dividend	0·7	0·7

PROPERTY AND PERSONNEL

Land: productive woodland	706,000 acres
Buildings and Plant: insured value	£56·7 million
Employees: total	8,400

1960 IN SHORT

Sold quantities:	Sulphite pulp	154,000 metric tons
	Paper	132,000 metric tons
	Timber	42,000 standards

Acquired companies:

Ohs Bruk AB	6,000 tons of bleached sulphite pulp per annum 12,600 acres of productive woodland
Sörstafors Pappersbruks AB	12,500 tons of unbleached sulphite pulp per annum 3,500 tons of unbleached MG sulphite paper

Investments: A new MG paper machine started production at the Gruvön mill.

Total investments at the eight pulp and paper mills, six sawmills and about 60 water power stations belonging to the Company exceeded £2 million.

Research: The work carried out by the Company in developing pulping and paper-making processes was further accelerated by more than 120 employees at the Research Laboratory.

COX AND WYMAN LIMITED

SUBSTANTIALLY INCREASED TURNOVER

The second annual general meeting of Cox and Wyman Limited was held on July 25th in London, Sir Christopher Bullock, KCB, CBE, (the chairman), presiding.

The following is an extract from his circulated statement:

In my Statement of last June I informed you that both our main Works had healthy Order Books which should keep them fully occupied until the autumn; and that, if this state of affairs continued, I saw no reason why we should not be able to produce satisfactory results for the year ended April 1st last. In the event we found that there was a substantial overlap into 1960-61 of the accumulation of orders which resulted from the printing stoppage of 1959; and in consequence conditions during the year were to some extent abnormal. The Company's turnover was not only maintained but substantially increased, and all three of our Works produced a larger Operating Profit. As a result, I am glad to be able to report a successful financial out-turn for 1960-61.

The Group Trading Profit for the period before Debenture Interest and Taxation is £112,084, as compared with £75,750 in 1959-60, an increase of £36,334. The Net Profit comes out at £50,525 as compared with £33,644 last year. We recommend a final dividend of 6 per cent making a total of 9 per cent for the year, as compared with the 8 per cent mentioned in the original Advertisement of December, 1959.

Competition remains very keen; and we are experiencing to the full the pressure on profit margins that seems to be almost universal, whilst the regrettable upward trend in costs under all heads continues.

We have made a good start to the current year. For the first two months our Sales were ahead of those for the corresponding period of 1960-61; and our Order Books remain in good shape and should ensure that our main Works are kept busy for some months to come. Accordingly, if only costs do not run away, and in the absence of adverse developments at home or overseas, I see no reason why we should not have another satisfactory year in 1961-62.

CAPITAL PROPOSALS

Your Directors have reached the conclusion that additional finance is desirable. A Resolution will be put before you for the increase of the Company's Authorised Capital from £280,000 to £350,000 by the creation of an additional 280,000 Ordinary Shares of 5s. each. If conditions are suitable, we intend at an early date to make a Rights issue of one share for every four shares at present held at a price still to be fixed. Whilst it is too early in the current year to make a firm forecast, provided sales are maintained we would expect to recommend for 1961-62 not less than the same rate of dividend, viz., 9 per cent, on the capital as increased by this issue. Its main purpose is to enable us to acquire new plant and machinery with a view to increasing the capacity of our Works to deal with the large volume of business at present offering and at the same time yet further improving efficiency. It will also provide some additional Working Capital, which will assist to finance our expanding Sales.

The report was adopted and the increase of capital approved.

THE ASSOCIATED PORTLAND CEMENT MANUFACTURERS LIMITED

THE PARENT COMPANY OF THE BLUE CIRCLE GROUP

CONTINUING POLICY OF EXPANSION AT HOME AND OVERSEAS

REVALUATION OF INVESTMENTS : SCRIP ISSUE PROPOSED

ISSUED EQUITY CAPITAL INCREASED TENFOLD SINCE 1952

MR J. A. E. REISS REVIEWS OPERATIONS OF THE LARGEST CEMENT ORGANISATION IN THE WORLD

The Annual General Meeting of The Associated Portland Cement Manufacturers Limited was held on 25th July in London.

The following is an extract from the statement by Mr J. A. E. Reiss, BEM (Chairman and Managing Director) which accompanied the Report and Accounts sent to Stockholders:

ACCOUNTS

The Working Capital of the Group has decreased by £4,489,503 to £20,299,996 at 31st December, 1960; the fall in the Company's Working Capital (during the year 1960) was £4,302,251. The reduction is attributable to our expansion both at home and overseas. Fixed Assets include capital expenditure by the Group during the year which amounted to £11,558,878 as compared with £5,921,857 in 1959, an increase of £5,637,021. During the fifteen years since the last war we have expended on capital account £65,828,953, an average of £4,388,597 a year; during the same fifteen years we have provided out of profits £34,995,163 for depreciation and transferred £13,213,366 to Fixed Assets Replacement Reserve, which together cover nearly three-quarters of the outlay. The whole of the expenditure on Fixed Assets and Trade Investments has been financed so far without your Company having to invite fresh capital subscription.

The Associated Portland Cement Manufacturers Limited holds 100 per cent of the equities of The British Portland Cement Manufacturers Limited and Alpha Cement Limited, so a clearer picture of our past year's working in the United Kingdom is produced by combining the results of these three companies than is shown in the Consolidated Accounts, which include our overseas interests. The figures to the nearest thousand pounds are as follows:

The Excess of Trading Income over expenditure after deducting Directors' and Trustees' Emoluments, Subvention payments to Subsidiaries, provision for amount payable to Workmen's Pension Fund (1959) and Share Issue Expenses (1959) decreased by £123,000 to £9,724,000. We set aside for depreciation £2,860,000 which was £422,000 more than a year ago and the allocation for replacement of fixed assets of £400,000 was £325,000 less; the total provision under these headings was £3,260,000. Investment Income and Interest amounting to £2,150,000 was £46,000 more than in 1959; Debenture Service at £166,000 showed a reduction of £93,000 as compared with the previous year. The net Surplus, before providing for Taxation, was £8,448,000, a decrease of £81,000. Provision for Taxation decreased by £169,000 to £4,085,000 leaving available for appropriation and payment of dividends £4,363,000, which was £88,000 more than in 1959. The amount of £2,117,000 has been transferred to Unappropriated Profit (£153,000 less than in 1959) leaving for distribution as dividends £2,246,000 or £241,000 more than in 1959, after eliminating the special interim dividends of that year.

REVALUATION OF INVESTMENTS

The Capital Reserves in the Balance Sheets have increased very considerably as compared with a year ago and now include a new item—Investment Revaluation Reserve £24,522,924. In December 1960, in accordance with Schemes of Arrangement under Section 206 of the Companies Act, 1948, the Preference Stocks of our wholly owned subsidiaries, The British Portland Cement Manufacturers Limited and Alpha Cement Limited, were cancelled together with the outstanding Debenture Stock of Alpha Cement Limited. Following upon this we decided to revalue the equities of those Companies; the revaluation was carried out on the basis of the Balance Sheet values of the net tangible assets of the Companies as at 31st December, 1959, after adjustment to give effect to the revaluation of their fixed assets on 1st January, 1960, and the Schemes of Arrangement. The excess arising on this revaluation, which we are satisfied is conservative, was the amount of £24,522,924 transferred to Investment Revaluation Reserve.

Following upon this revaluation, it is proposed that the authorised share capital of the Company should be increased to £47,500,000 and that £13,559,900 of the amount transferred to Investment Revaluation Reserve should be capitalised and applied in payment of one new £1 share for every £2 of Ordinary Stock. It is of interest to record that in 1952 the issued equity capital of the Company was £4,000,000. After you have approved of the proposals the issued ordinary capital will amount to £40,679,701. The holder of £100 stock in 1952, when the price was much in line with recent prices, who has retained his holding, will have received additional stock as a result of capitalisations to increase his holding to £937.

PAST YEAR

Demand at home continued to increase last year and our deliveries were 5.2 per cent higher. Our programme of converting the first four of our works to oil firing was completed in the early Spring and resulted in marked fuel economies. Unfortunately, the price reduction which was made in February and the absorption of wages and coal increases later on rather more than cancelled out these savings.

Our export trade showed a further moderate reduction in tonnage but profit margins improved somewhat and our sales of special cements showed a gratifying increase.

THIS YEAR

Deliveries in the early months of this year showed a heavier increase than we have ever experienced and were 9.8 per cent up for the first twenty weeks. The output of the Building Industry has shown a marked rise this year which, coupled with the increasing use of concrete building materials for all purposes, points to the need for a rather faster expansion of capacity than was expected twelve months ago. At that time I announced a three-year plan to add nearly 1,000,000 tons per annum to our production and the first fruits of this programme are already coming to hand in that the second kiln at Cauldon went into full production in January and the new kiln at Plymouth is expected to be in operation by the middle of this year. We are shortly commencing the building of a 400,000-ton works near Dunbar in Scotland and building work has already begun on our site at Westbury. Your Board has recently reached a decision in principle to increase this programme to the extent of about 500,000 tons per annum, part of which will be by increasing capacity at existing works. Expansion can be carried out more quickly in this way than by starting on a new site.

OVERSEAS WORKS

Once again the Companies in which we are interested overseas played an important part in our overall activities. Sales of 2,489,500 tons surpassed previous figures and, notwithstanding the political influences which affect trade in some areas, we look forward with confidence to continued progress.

Our Australian subsidiary, The Commonwealth Portland Cement Company Limited, made record deliveries. It has now acquired the complete ownership of Metropolitan Portland Cement Limited and the measures introduced at that Company's works have resulted in increased output. The operations of the two companies have produced results in excess of the previous record.

During the year we acquired an extensive limestone deposit in Victoria, near Geelong, and have formed a new company, The Victoria Portland Cement Company Pty. Limited, with the object of erecting a new works to produce 300,000 tons per annum. Work on site is proceeding.

Our subsidiary, Malayan Cement Limited, again achieved record results and plans for further expansion of capacity are in hand.

In Mexico the Mixcoac and Tolteca Companies experienced a satisfactory year's working.

The new works at Atotonilco has recently come into production and we look forward to continued satisfactory trading during the ensuing year.

The Golden Bay Cement Company Limited in New Zealand surpassed its previous record results. Since the end of the year this Company has acquired over 90 per cent of the share capital of The Waitomo Portland Cement Company Limited which operates a 60,000-ton plant at Te Kuiti in the North Island. Measures are in hand to acquire the remaining share interests and plans are being put into operation to modernise and expand production at Te Kuiti.

In South Africa the picture has been influenced by political developments. The creation of the Republic and withdrawal from the Commonwealth have affected trade generally and, while on balance the results of our subsidiary, White's South African Portland Cement Company Limited, showed little change last year, the course of trade this year must be viewed with some uncertainty.

Much the same position obtains in Southern Rhodesia. The Salisbury Portland Cement Company Limited made record deliveries and showed satisfactorily increased trading results last year but there has since been a marked reduction in construction work and, until the political situation has been clarified and confidence restored, trade will inevitably be at a lower ebb.

In Canada our interests in British Columbia have been affected by the low level of building activity. Cement production capacity is in excess of the present demand and there appears little prospect of improvement in the position this year. Steps have been taken however to increase efficiency and to reduce costs. The company in which we are interested, Ocean Cement and Supplies Limited, is well placed to take advantage of improved trading conditions when these materialise. During the year we decided to secure an interest in Eastern Canada by acquiring a minority share holding in Canada Cement Company Limited, the largest producer, which operates nine plants throughout the Dominion. We are satisfied that this will prove a profitable investment.

In Kenya the East African Portland Cement Company Limited, in which we have a substantial interest, had a very successful year's trading. Here again, however, political developments in recent months have had an adverse effect on trade and lower profits this year are inevitable.

The new works which we have constructed in Nigeria, with a capacity of 200,000 tons a year, came into production towards the end of 1960, the official opening taking place in December. The company finds a ready market for its output and prospects are regarded as good.

CONCLUSION

Our investigations as to the possibility of expansion in areas where we are already represented and elsewhere continue. The building of a modern cement works takes both time and capital and, with an expansion policy such as ours, it is inevitable that a period must elapse before part of the capital employed earns its due return. Our policy of expansion however, which has stood us in such good stead in the past and which has preserved our position as the largest cement makers in the world, will I am satisfied, continue amply to justify itself.

The report and accounts were adopted and the proposed increase of capital and scrip issue were approved.

DERBYSHIRE STONE LIMITED

25 YEARS OF ACHIEVEMENT

The Twenty-fifth Annual General Meeting of Derbyshire Stone Limited was held on July 20th in London, Mr John Hadfield, the Executive Chairman, presiding.

The following is an extract from his circulated statement for the year ended March 31, 1961:

Your Company has been in existence 25 years and from comparatively small beginnings it has become a large and progressive organisation. It is in the real sense a "growth" company and its expansion is in its early stages. Although I am proud of the Company's achievements, I am sure that its greatest days are to come and I look with confidence for a considerably accelerated rate of growth and prosperity.

The Group Accounts show a trading profit for the year of £793,018, an increase of £55,319 over the previous year. The Group net profit before taxation was £498,934 compared with £459,646 for the previous year. The Quarrying Group contributed 71.6 per cent of the net profit before taxation, 25.5 per cent was contributed by the Baird & Tatlock Group and 2.9 per cent is the net income from trade and other investments of the Holding Company. The charge for taxation of £251,106 is substantially higher than the comparable figure of £205,117 in the previous year. It is recommended that a dividend of 22½ per cent be paid on the issued Ordinary stock as against 21 per cent last year.

Last year I referred to the Directors' policy of expanding your Company's activities. In this connection I think it appropriate to say that it is not the intention to dilute the strength of the profit earning capacity of the main core of the business, that is quarrying and the production of road materials, by bringing in companies which have a doubtful expansionist potential.

The acquisition of the Baird & Tatlock Group of Companies was in line with the policy set out above. The activities of that Group, scientific instrumentation and the manufacture of highly pure and specialist chemicals, offer great opportunities of expansion.

I am confident that higher profits will be earned in the year 1961/62 by the Baird & Tatlock Group than the very useful profits which were forthcoming in 1960/61, and I anticipate that in the Quarrying Group larger profits will be forthcoming, provided that there are no untoward national developments.

At some of your larger quarries, the plants are capable of giving outputs considerably in excess of present demand and this excess capacity should be useful when the construction of new motorways is carried out in areas which we serve. In this connection it may be interesting for our shareholders to note that it is predicted that as against 8½ million vehicles on the roads of Great Britain today there will be 15 million in 1975. New roads must come and existing roads must be widened and improved if transport strangulation is to be avoided and if we are efficiently to gear our national economy with the rest of Europe's Common Market.

With your Company's interests in the blast furnace slag industry and those in natural stone, which are essentials of the roadmaking industry, one can look forward, I believe, to a satisfactory and busy future.

The report was adopted.

ÖSTERREICHISCHE LÄNDERBANK

VIENNA, AUSTRIA

The Annual General Meeting of ÖSTERREICHISCHE LÄNDERBANK was held in Vienna recently, and the following are details of the report presented by the Board of Directors:

REVIEW

The year under review was marked by the continued economic upturn which is also clearly reflected in the Bank's annual report for 1960.

The Bank's earning power is clearly shown by the size of the interest and commission surplus earned, which exceeded the comparable 1959 figure by S 20m. This surplus income contrasts, however, with a rise of S 8m. in personnel and social security costs, and with an increase of S 4.7m. in depreciation as a result of intensified building activities on the part of the Bank.

For the business year 1960 ÖSTERREICHISCHE LÄNDERBANK showed a net profit after tax of some S 91m. This result can be considered very satisfactory even though it does not equal the figure achieved in the previous year, since the Bank felt a conservative valuation was more important than increased appropriations to reserves.

The balance sheet total rose by S 440m. to S 7,588m. Credit balances, which advanced by altogether S 349m. to S 6,551m., showed the following development: whilst savings deposits rose by S 240m. to S 1,778m. and sundry creditors increased by S 596m. to S 4,020m., the remaining liabilities showed a drop of S 487m. The rate of increase of savings deposits amounted to 15.4 per cent and was thus again 1½ per cent above the average realised by Austrian joint stock banks.

Cash reserves on December 31, 1960, amounted to app. S 776m. and thus maintained the level reached in the previous year. The sound growth of business on the assets side led to a rise of S 121m. to S 1,663m. in the total of bills of exchange held, and to an expansion of S 238m. to S 3,204m. in cash credits supplied to industry and trade. Security holdings rose by S 51m. to S 529.8m.

The number of clients served by ÖSTERREICHISCHE LÄNDERBANK passed the 200,000 mark during the year under review. The number of cheques handled rose appreciably by 19.1 per cent, and the number of cash transactions increased by 4.8 per cent.

The share capital (S 250m.) and the reserves of altogether S 582m. produced a total of S 832m. The total of the Bank's capital resources bearing full liability in accordance with the law on credit institutions—excluding special reserves—amounted to S 600m. on December 31, 1960.

The net profit of S 91m. shown above was used for appropriations to reserves totalling S 69m. as follows: to the reconstruction reserve S 25m.; to the free reserve S 30m.; to the superannuation reserve S 9m.; and to the pension reserve S 5m. As a result the Bank's capital resources of S 832m. reached 12.7 per cent of liabilities (compared with 12.3 per cent in 1959). The balance of the net profit of S 23.6m. (1959: 21.5m.), which remained after the appropriations to reserves, will be used for the distribution of an increased dividend of 9 per cent (1959: 8 per cent).

The report, the accounts, and the proposals put forward by the Board were adopted.

THE BRITISH & COMMONWEALTH SHIPPING COMPANY

SIR W. NICHOLAS CAYZER'S REVIEW OF GROUP'S PROGRESS AND DEVELOPMENTS

The sixth annual general meeting of The British & Commonwealth Shipping Company Limited was held on July 19th in London.

Sir W. Nicholas Cayzer, Bt. (the chairman) presided and, in the course of his speech, said:

1960 was the fifth full year of the operation of this Group and I think there is no doubt that time is proving that the concept of a merger between Union-Castle and Clan Line was fundamentally sound. Of course, there are many difficulties to face, for we are living in a period of great change and wherever there is change there is often a degree of uncertainty, and uncertainty is bad for trade.

We have been helped by some events and hindered by others. For instance, we carried a record quantity of fruit from South Africa. On the other hand, a strike at the London Docks paralysed shipping in the Port, and what did it achieve? So far as I can see nothing other than to endanger the economy of the country at a time when we can least afford it. And all the time costs continue to rise.

By greater efficiency we can limit to some extent the burden of these costs, but there comes a time when only increased rates of freight and passage money will serve to redress the balance, and even these measures are only effective when the cargo is there to be carried or the passengers travel.

SENSELESS COMPETITION

I have talked before of the emergence of new or enlarged merchant fleets, flying the flags of countries who previously took little or no interest in such activities. I have suggested that not always will money invested in such enterprises prove as profitable nationally as it would if applied in other directions. At the same time I have tried to understand the situation and there is one thing which is abundantly clear to me. Neither this country nor any other country will profit by senseless competition which only ensures that no ships sail full. Today, as never before, we must make the best possible use of every available asset, for in a world short of capital for essential development every penny wasted is retarding progress in some other direction.

We are progressively securing a more modern fleet. During the year WINDSOR CASTLE came into service and good progress has been made with TRANSVAAL CASTLE. This latter ship is particularly interesting as it represents a departure from the traditional Mail Ship in that we are attempting to create the impression of a floating hotel.

It may be that the Mail Ships steal the limelight, but it will not have escaped your notice that we have been and are proceeding energetically with a policy of scrapping our older cargo ships and replacing them with new and more economic units.

Naturally, expenditure of the magnitude which we have undertaken in recent years has tended to run down our cash resources, but expenditure at such a level is largely cyclical and, happily, as a result of the taxation allowances granted to the industry our cash flow has been well maintained.

Fortunately or unfortunately, a business can never stand still. It must go forward or go back, and it will go forward only if, while dealing in detail with the affairs of today, much thought is given to the future.

RESEARCH

Research in the minds of some means the development of a new product or machine and, obviously, this is a very important aspect of the subject. It is that saving of an additional ton or two of oil per ship per day or an alteration in design which facilitates and thereby cheapens the loading and discharging of cargo, which can make a reasonable result good or a poor one passable. This, however, is only one aspect of research. The future pattern of trade is fundamental when considering any building programme. The likely consequences of the introduction of supersonic aircraft or the comparable economics of the large transport plane pose other questions. Again, there is the day to day research into the most economic means of propelling the ship or evolving a method of steering a course which eliminates those fractional deviations which over a long journey can lengthen the voyage by many miles and increase the fuel consumption. We in the Group undertake a very considerable amount of this fundamental and detailed research, but I believe that there is still more that could be done by the industry as a whole, and I am pleased to say that Her Majesty's Government is very alive to this problem and, in conjunction with the industry, will be examining it.

AIR INTERESTS

I suppose that in recent years more research has been concentrated in the development of the aircraft than in any other transport vehicle. There is no doubt in my mind that there is room for the two means of transportation, sea and air, for the sea offers quite different facilities both to the passenger and to the shipper of cargo. Nevertheless, I think it right that we should have air interests, and I am satisfied that the merging of Hunting-Clan with Airwork to create BUA has given us a share in a live, versatile and enthusiastic organisation where there is a determination to succeed and where service to the customer and the profit element are more important than the hours flown.

Another matter of importance which is somewhat outside the range of our general shipping activities and to which I should refer is the acquisition of control of Hector Whaling Limited. The main business of this Company is that of shipowning, and I am satisfied that the translation of the price paid for the shares into the cost of the underlying assets represents the acquisition of control of these assets at a reasonable price.

As I survey the world scene, and in particular those continents and countries with which we trade, I realise the challenge which confronts all responsible people, and I am troubled when I see scare-mongering headlines or hear misleading statements made by people, sometimes unfortunately by those who should know better. No great country was built in a day, and man's greatest achievements, whatever they may be, were only evolved by long and patient effort.

SOUTH AFRICA

We cannot but feel sad that since last we met South Africa has left the Commonwealth. What has happened has happened and whatever our views regarding any particular aspect of policy we must never forget that those who live 6,000 miles away are likely to think very differently from those who are living with a problem in their midst.

We are living in a period of constant change, and at the moment the South African Authorities have found it necessary to impose import restrictions and other safeguards to protect their foreign exchange position. In the short run, all measures such as these are bound to reduce the movement of goods and passengers between our countries.

As South Africa plays a considerable part in our fortunes it follows that it will be a hard struggle to match the 1960 results in 1961. It is too early to be dogmatic, but present indications are that profits will be lower than 1960 and will lie somewhere between the results achieved for that year and 1959.

The main thought which I should like to leave with you today is my confidence that with our modern fleet we are in a position to take advantage of any upturn in trade and that we can hold our own even when trading conditions are not altogether satisfactory.

We are in good heart. We will spare no effort to shape the future to our benefit.

The report and accounts were adopted.

MACOWARDS LIMITED

The twenty-third annual general meeting of Macowards Limited was held on July 19th in Cardiff, Mr Arran Lermon (chairman and joint managing director) presiding.

The following is an extract from his circulated statement:

The Group profit before taxation for the year ended January 31, 1961, of £276,409 compares with £196,512 earned in the previous year.

The effective total dividend rate for the year on the increased capital is 16⅔rds compared with an equivalent rate of 12½th.

In reviewing the Board's policy of expansion, the chairman referred to the acquisition of properties at Derby, Brighton and Wilmslow and also the extension of the company's store at Sidcup, and continued:

In view of the Company's expanding interests and activity in the development of its store properties, I am pleased to announce that negotiations have been successfully completed for the formation of a company, in which The Murrayfield Real Estate Company Limited and Macowards Limited will participate jointly for promoting the development of properties of mutual interest.

Our policy of expansion and development continues and subject to unforeseen circumstances, we are again looking forward to a busying and profitable year.

The report was adopted.

Copies of the Report and Accounts can be obtained from the Secretary, 6-9 Hayes Bridge Road, Cardiff.

HUMPHREYS LIMITED

(Building and Civil Engineering Contractors)

SUBSTANTIALLY INCREASED VOLUME OF BUSINESS

SIR AYNSLEY BRIDGLAND ON THE ENCOURAGING OUTLOOK

The 69th annual general meeting of Humphreys Limited will be held on August 14th at Winchester House, Old Broad Street, London, EC2.

The following is the statement by the chairman, Sir Aynsley Bridgland, CBE, which has been circulated with the report and accounts:

As I told you last year, our order book, which had suffered from cancellations due to the credit squeeze, was rapidly mounting and I am happy to say that this rise has continued throughout the year under review. In consequence the value of our work in progress has increased from £602,506 to £1,366,630 whilst the trading profit has risen from £52,484 to £103,049, an increase of £50,565. On the other hand our bank charges have gone up by £27,888 from £6,609 to £34,497.

These bank charges are, of course, a reflection of the rapidly increasing turnover that has been attained during the year although the company has not yet felt the full benefit of the profit from that increase.

The rise in our order book continues and there are indications from our various customers that additional large contracts are in view.

Whilst the net profit, after tax, this year has risen by only £5,916, it has to be remembered that the profit in the early stages of new work does not fully reflect the ultimate result.

The accounts of our subsidiary, R. H. Morris (Pty.) Limited as at November 30, 1960, show a deficit on Profit and Loss Account of £106,242 and a note on the accounts warns us that in arriving at this figure further substantial provision will have to be made in respect of one particular large contract. These losses are subject to substantial claims which our subsidiary has yet to establish and may be offset to an unknown extent by these claims.

In order to provide for this position in our Balance Sheet we have written down the value of our investment in R. H. Morris (Pty.) Limited by £150,000.

If there is a satisfactory outcome from the claims which our subsidiary hopes to establish, it will enable us to restore some of this write-off in subsequent accounts. This sum of £150,000 has been debited to our Reserves.

Having established this write-off and bearing in mind the substantial increase in the volume of our own business your Board feels justified in recommending that a final dividend of 9 per cent be paid.

It is satisfactory to note that our second mortgage on the London Clinic is steadily decreasing and today is £65,000 as against the original figure of £75,000. Moreover as from January 9, 1961 your Company no longer guarantees the repayment of Bankers' Loans to Trustees of the London Clinic Limited.

OVERSEAS

Speaking more explicitly of our South African interests than we could last year, we can now set out the position, bearing in mind the provision to which reference has already been made.

The affairs of our subsidiary companies in South Africa were dealt with by local Boards under a full-time Chairman.

Some weeks after the year ended November 30, 1959, reports coming from South Africa indicated that serious losses were being made by the contracting subsidiary, R. H. Morris (Pty.) Limited, which was quite contrary to the information we had received up to that date. These had to be investigated and it was clear to our officials who were sent out early in 1960 that it would take at least 18 months to clarify the position. In August, 1960, the Chairman and General Manager of R. H. Morris (Pty.) Limited resigned.

The Chairman was replaced by Mr C. M. Goldsbury, who was already a Director of the company, and Mr B. A. Lansdown was seconded from our Head Office to act as Managing Director. In order to strengthen further the managerial direction of the company Mr E. W. Gibson was seconded also from Head Office to act as Assistant General Manager.

In the meantime R. H. Morris (Pty.) Limited have sold the manufacturing side of their business to R. H. Morris Industries (Pty.) Limited, who are concerned with making school furniture, motor car seats and similar products, and we have retained a half interest in this business. Large orders for their goods are in hand and, whilst the anticipated profit on the first year which ended on May 31, 1961 is likely to be modest, the prospects for the succeeding year are good.

National Quarries (Pty.) Limited have had a good year despite profits being affected by a fair amount of development costs. It is evident that this business with its competitors will be very hard put to meet the present and future demand for stone and steps are being taken to open another favourable site to cope with the increased needs of Cape Town and its vicinity.

Overhanging the whole of South Africa, as you know, is the vexed question of apartheid but, nevertheless, there is no denying that this wealthy part of Africa has a great future. We hope by the time we present our accounts next year to have a much clearer picture to put before you, and as I said in my supplementary statement sent to you in October last year, we see no reason to be pessimistic about the long-term prospects in South Africa.

BURDEN OF CLAIMS

Shareholders will, no doubt, have read in the newspapers that during the past year other contracting firms have experienced sharp losses which have been ascribed generally to the evil of price cutting and also to the atrocious weather conditions which maintained throughout the year. In these conditions it is more than ever essential that the work is preplanned to the last detail by the client and the architect. If this is not done, and it rarely is, an abundance of variations occur.

These variations give rise to claims to recover the extra costs incurred in carrying out the work involved. Such claims result in long and protracted negotiations between architect, quantity surveyors and contractors, sometimes taking up to two years or even longer before they are settled.

It has always appeared to us that the cost in loss of interest on the money in dispute and the work of the staff in preparing the claims reaches a very high figure and unless the methods of reaching a mutually agreeable solution are speeded up, this burden will continue to arise out of this present system of tendering. There is no doubt that the question of claims and the method of their settlement are matters for which contractors as a body will, in the near future, have to enforce some kind of protection in their tenders.

On large contracts it is becoming increasingly evident that with the growth of technical services incorporated in buildings it is of prime importance to building owners to know that their contractors have at their disposal the means to deal with all the aspects of the proposed building and the technical skill to overcome the problems. Time in building is saved through these arrangements and this is a very important factor, for not only do undue delays cost interest on the money invested, but they also result in additional loss of revenue from rents and services. In large contracts these delays can run into many thousands of pounds.

SHORTAGE OF LABOUR

Another matter that causes concern to contractors is the shortage of labour and skilled operatives. The large amount of work offering causes each contractor to endeavour to outbid his rival for such men.

Coupled with this is a steady fall in output per man as against pre-war days. It is a tragedy that the men cannot see that with these conditions the cost of building must rise and with it rents and services. The inevitable result of all this will be eventually a curb on new business because of these and other costs.

Whether in building or other spheres these conditions arise. Every day one sees the call to cut costs to meet overseas competition and it is idle for each and everyone of us to deny that the very life of this country and its standard of living depends on all of us to see that output per man is increased. Increases of salaries and wages without increase of output is the main cause of our country's financial difficulties with which we are being faced from time to time.

THE CURRENT YEAR

We have received large contracts in recent months, as already mentioned, and other substantial contracts are in view. So far, then, as this country is concerned, more profitable work is in sight and we are getting our share of building and civil engineering contracts on a profitable basis. Overseas we have contracts in Gibraltar,

Cyprus and Jordan, with prospects of further work to come.

We are, of course, very dependent on the weather and other unforeseen contingencies which can unfortunately upset our plans, but all precautions are taken to minimise the effect of these and to ensure that each contract produces its proper profit. Our future, therefore, is encouraging.

Once again I take this opportunity of expressing the Board's appreciation of the work of all our staff and employees both at home and overseas during the past year.

CHARRINGTON, GARDNER, LOCKET & CO.

RECORD TRADING RESULTS

The fifty-eighth annual general meeting of Charrington, Gardner, Locket & Co. Limited was held on July 21st in London, Sir John Charrington, the chairman, presiding.

The following is an extract from his circulated statement:

What could have been a remarkable year for your Company was adversely affected by the mild weather in February and almost summer temperatures in March. The winter was never severe, but the weather was sufficiently unpleasant to maintain a good demand for domestic coal and coke until the end of January. Sales of oil for heating were not as large as they might have been, though they were in total at an appreciably higher level than during the previous year.

I am, however, pleased to be able to report a trading profit for the year which reached a record level at £695,177. The profit after taxation is £363,323, which compares with £216,841 a year ago. Your Directors recommend a Final Dividend of 8 per cent on the Ordinary Stock as increased by the rights issue made a year ago. With the Interim Dividend of 4 per cent, the total Ordinary Dividend is 12 per cent, which compares with a total distribution of 11 per cent on the Ordinary Capital before the rights issue.

Oil sales have continued to expand satisfactorily, and this applies to the Eastern Counties and the areas covered by the Birmingham and Manchester offices as well as to London.

The Lighterage Department has been kept well employed during the year. Imports of timber to the Port of London have been at a high level and, with the expansion in sales of fuel oils, greater tonnages have had to be moved by river from Mobil Oil Company's Coryton Refinery to our Poplar and Isleworth terminals.

Our subsidiary, Charrold Limited, has had a successful year, and an increasing number of orders is being placed for the vehicles in which they specialise.

Another of our subsidiaries, Groves and Company, of Braintree, Builders' Merchants operating in Essex and its surrounding counties, is becoming increasingly involved in the supply of equipment to heating engineers in the domestic market.

Since the end of the financial year we have, in agreement with Mobil Oil Company, concluded negotiations with our old friends, Hargreaves (Leeds) Ltd., for the formation of a jointly-owned Company to market Mobil fuel oils in the North of England.

The report was adopted.

FRANCIS SHAW & COMPANY LIMITED

The fifty-second Annual General Meeting of Francis Shaw & Co. Ltd. was held in Manchester on July 20th, the Chairman, Dr J. G. Mackay, C.B.E., presiding. The following are extracts from his statement as circulated with the report and accounts for the year ended December 31, 1960:

The final balance of group trading of £217,757 is considerably less than the Directors' forecast of £374,160 which was given to the shareholders in May, 1960. The anticipated increase in production to meet the heavy volume of orders on hand was not achieved and is a major reason for the fall in profit.

During 1958 and 1959 a substantial part of production of Shaw-McNeil Bag-o-Matic presses was supported by one major sub-contractor whose factory closed down during the first quarter of 1960. New sub-contracting arrangements did not operate smoothly until the last quarter of the year and output from our increased production facilities was restricted by delays in delivery of components, which also resulted in a very considerable increase in the stock in hand and work in progress. A further reason for lower profits is that certain export contracts taken at keen prices in face of severe competition from abroad proved unremunerative, partly on account of unforeseen difficulties in design and manufacture.

The introduction of the shorter working week in March 1960 caused an immediate increase in our wage bill and in prices for most materials, supplies and services. Certain contracts then in hand were at fixed prices.

PROGRESS BY SUBSIDIARIES

Our new subsidiary—Joseph Robinson & Co. (Holdings) Ltd., made a useful contribution to the profits of the group and has a good order book.

During 1960 our Canadian subsidiary increased its profit. The additional manufacturing facilities mentioned in last year's report are now in operation and permit us to offer a wider range of machinery.

During 1960 we exported 73 per cent of our output to 31 countries and last year I reported that we were establishing subsidiary selling companies in Australia, in the Netherlands and in Italy, each having a manufacturing association with a local engineering company.

In Italy in association with Maina S.p.A. of Asti, a well-established general engineering company and our former agent Mr V. A. Leone we have formed Francis Shaw-Maina S.p.A. Turin to sell Shaw and McNeil machines.

In partnership with our Dutch agents, Messrs Vaillant and Sluyterman, we have set up Francis Shaw & Co. (Nederland) N.V. The Hague, to promote the sale in Benelux and Western Germany of Shaw-McNeil and other Shaw products, manufactured by N.V. Machinefabriek A. Fontijne of Schiedam.

To promote sales in Australia and New Zealand a company is being set up in Melbourne, under the title of Francis Shaw Pty. Ltd. Our partners in this venture will be our agents Harrisons Ramsay Pty. Ltd. Melbourne and the old-established engineering firm of John Welsh Pty. Ltd. of Melbourne.

DEVELOPMENT PLANS

During 1960 progress was made in developing additions to the company's range of machines and it is our policy to apply still more effort in this field.

The introduction of the shorter working week and the national engineering wage award during 1960 resulted in further increases in our costs for wages, salaries, materials and supplies and in face of the keen competition both at home and overseas, it is not always possible fully to recover these costs by increases in selling prices. Nevertheless it is the view of the Directors that a good level of profits can be achieved.

Steps to increase productivity and to reduce expenses have already been taken during the current year. We have a good order book, our works are modern and well equipped and our international standing in the rubber and plastics industries produces a constant flow of enquiries from all parts of the world. We are expanding our programme of research and development.

The report and accounts were adopted.

UGINE

(Manufacturers of Electro-chemical, Electro-metallurgical and Electric Steel Products)

PARIS

The Annual General Meeting of UGINE was held in Paris on June 27th with Monsieur Rene Perrin in the Chair. The following are details of the report presented by the Board of Directors:—

As a result of increased output and extended production facilities, turnover rose to NF. 943m., and net sales of NF. 831.7m showed an increase of 31.5 per cent over the 1959 figure.

Sales of special steel by UGINE and its subsidiaries rose to 154,000 tons as against some 128,000 tons in 1959, largely as a result of increased deliveries of stainless steel and special steels for roller bearings.

Following the entry into production of the Lannemezan plant, aluminium output rose from 33,500 tons in 1959 to 49,600 tons in 1960 and UGINE output now accounts for 20 per cent of French production as a whole.

Output of chloride, sodium, and sodium cyanide as well as most other chemicals also increased satisfactorily.

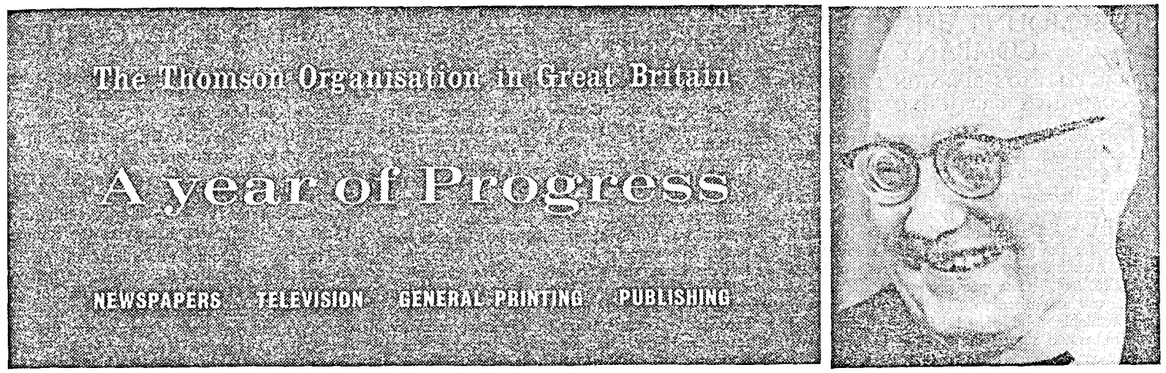
In the field of ferro-alloys, too, the commissioning of new plants helped to increase output of refined and over-refined ferro-chrome and ferro-manganese alloys.

UGINE subsidiaries and affiliated companies active in many sectors of the chemical and metallurgical industries also continued to make satisfactory progress.

New investments made during 1960 amounted to NF. 90m.

Net profit for the year amounted to NF. 28,093,673.27, and it is accordingly proposed to distribute NF. 25,682,914.00 in the form of a net dividend of NF. 5 in respect of each of the 4,060,000 shares, as against NF. 4.2 in respect of 2,920,320 shares last year.

The report, the accounts, and the proposals put forward by the Board were adopted.



Extracts from the Statement of the Chairman, Mr Roy Thomson, circulated with the Report and Accounts for the year ended December 31, 1960, to be submitted to the Annual General Meeting of Thomson Newspapers Limited on July 28, 1961.

This is the first Annual Report which I have had the honour to place before you incorporating a full year's operation of this Company under my Chairmanship. I am pleased to be able to tell you that the result of the Company's operations for 1960 was eminently satisfactory. In my last review I advised you that 1960 would be largely a year of consolidation and reorganisation. That has certainly been the case but, nevertheless, it has also resulted in a substantially improved profit position.

During the year, much reorganisation and planning took place and is still going on. The horizon of business for the Company has materially widened. We envisage that our expansion will take place not only in our present operations in newspapers and printing but also in trade and technical papers, educational books, and, indeed, other fields as well. We are investigating other prospects which could be allied with our present operations on an efficient and profitable basis.

The Group profit for the year, after providing for depreciation and debenture and loan interest was £4,107,834—an increase of 32 per cent over 1959. Income Tax and Profits Tax charges absorbed £1,979,811 and, after deducting £5,041 for minority interests, the balance of the year's profit available for reserves and dividends was £2,122,982.

Dealing first of all with reserves, it is proposed to augment the Capital Reserve by the surplus of £64,060 arising from the sale of properties and to make a further appropriation to General Reserve of £790,000. As regards dividends, the servicing of the two Preference Stocks takes £312,375, whilst on the Preferred Ordinary Stock an interim of 17 per cent has already been paid and a final of 18 per cent is proposed requiring a further £535,938. The proposed dividend on the Deferred Ordinary Stock amounts to £413,438.

After these appropriations there remains £7,171 of the year's profit which, added to the balance of £683,424 from last year, makes £690,595 of unappropriated profit to be carried forward to next year. In all, the Group's capital and revenue reserves have now reached the impressive figure of £6,953,908.

At the Extraordinary General Meeting, which will immediately follow the Annual General Meeting, proposals will be placed before you to alter materially the capital structure of the Company as well as to change the name of the Company to The Thomson Organisation Limited. My remarks to the Extraordinary General Meeting will completely cover those important developments in the company's affairs and I will only say here that in my opinion they will open the way for further great advancement of the Company.

Expenditure on modernising and enlarging the plant and buildings throughout the Group during 1960 was £2,446,250 whilst the outstanding commitments at the end of the year were £3,215,000.

THE SUNDAY TIMES

Printing of a portion of *The Sunday Times* productions started at Thomson House, 200 Gray's Inn Road, London, in December and by the end of January of this year we were handling the entire Southern print. We had only a year in which to transfer the entire production from the *Daily Telegraph* office in Fleet Street to Thomson House and by impressive organisation we achieved what many people said could not be done in under two years.

Apart from the installation of several new presses an entirely new composing room was created while the full output of the publishing department was mechanised for the first time by any newspaper group.

The future of *The Sunday Times* holds exciting possibilities. We have reached the million figure, symbolic of remarkable achievement in the field of quality newspapers. We have introduced 48-page issues, indicative of the natural growth of a newspaper which strives to meet the needs of the ever widening intelligent public.

The demand by advertisers for space in *The Sunday Times* is now greater than ever. In particular there has been a considerable increase in consumer product advertising during the year and it is quite clear that this advertising has achieved most effective results. There is no more powerful selling medium than *The Sunday Times* for advertisers who wish to reach the quality market.

As our new plant at Gray's Inn Road has abundant production capacity we are making arrangements to print the London and southern editions of *The Guardian* from this autumn. We have facilities for further developments which we are exploring.

ALL ROUND EXPANSION

Our regional newspapers show increasing strength in the great industrial areas and cities of England, Scotland and Wales where they reflect the infinite variety, character and vitality of the British people. These newspapers are members of a family, not identical links in a chain.

New targets for sales and advertisement revenues have been set. There is confidence that growth is possible everywhere. As is the case with business anywhere in the world, expansion is largely a question of executive talent.

The advertisement and circulation revenues of our papers for the year 1960 were substantially higher than those for 1959 and the advertising revenue was the largest in our history. You will be pleased to know that these revenues have continued to increase during the present year and I am able to tell you that results to date are substantially improved over the corresponding period of last year.

The range and output of our general printing business continues to expand. Our broad strategy is to build up at each centre where we operate, a unit which, while carrying out the all round services of the general printer, has a particular speciality in which it excels.

SCOTTISH TELEVISION

You will be anxious to know about the progress being made by Scottish Television. In round figures, we are approaching a three million audience able to view STV programmes in the Central Scotland area, which has a population of four million and eighty thousand. The most recent survey by T.A.M. Ltd. for the week ended February 19, 1961, indicates that 71 per cent of the population in private houses receive STV programmes.

The figure of 2,895,000 viewers at the week ended February 19th represents a total of 823,000 homes, an increase of 636,000 homes over the opening night audience—August 31, 1957. For every STV home, there is an average of 3.52 people, a larger number than that for any other independent television area except Ulster.

THE FUTURE

Looking to the future for the company as a whole, I see not only challenge but opportunity in abundance. Newspaper publication and television appeal to me as the most fascinating forms of business enterprise. I do not regard them as instruments for securing or wielding personal power. They are designed to serve the people and it is only by winning the appropriate measure of public approval that they are and will continue to be successful

I know I am speaking for all, the Board and Shareholders alike, when I express our gratitude to all staffs for their loyal services, and for the team spirit throughout the Thomson Group, which not only have earned success in the past year but will ensure further expansion and new triumphs in the years ahead

THE MOUNTAIN COPPER COMPANY

MR R. ELLERTON BINNS ON CHEMICAL COMPANY'S GRATIFYING RESULTS

The Fifty-ninth annual general meeting of The Mountain Copper Company Limited was held on July 26th in London.

In his statement circulated with the Report and Accounts, Mr R. Ellerton Binns, BSc, MIMM, the Chairman, reviewed the financial results for the year and said that the Profit and Loss Account showed a Group Profit on sales of £167,044. The net profit for the Parent Company amounted to £14,750 and there was an available total of £103,064. The Board recommended a total dividend of 1s. per share, less income tax.

Mr Binns then commented on the operations at Shasta, where the year had proved to be a difficult one. Referring to the current year he said that results to May 31st were not up to those for the same period last year. In the early months, January and February, pyrites sales were disappointingly low. Since then they had recovered fairly well, although still fluctuating and running rather below normal for the time of year. However, there were, he thought, definite signs of continued improvement and it need not be such a very marked or strong one to enable them to catch up in the end with the 1960 results.

The year 1960 was a disappointing one for Martinez, but for the current year Mr Binns said he was able to report improved prospects. To date, orders in hand and sales of Copper Sulphate were practically up to those for the corresponding period of last year, while sales of copper chemicals were higher than last year's. *In short, the current year should be a better* one than was 1960.

SAN FRANCISCO CHEMICAL COMPANY

Reviewing the Company's operations, Mr Binns said: The year 1960 has been a very satisfactory one for San Francisco Chemical Company from practically every point of view. Not only have production and sales of Phosphate rock advanced sharply during the year, but the important expansion scheme at Vernal proceeded even more rapidly than anticipated, so that the plant was actually in operation by December last. Since then operations have continued without interruption with most gratifying results. In fact results from the new plant have exceeded expectations, with capacity, recovery ratios and grade of concentrates better than estimated. In short, the results supply the most practical possible proof of the tremendous possibilities and value of the huge Vernal deposit.

The Company on May 1st last exercised its option on the remainder of the Vernal property and accordingly now holds, under a deferred payment agreement, the freehold totalling 14,800 acres which embrace the entire deposit. Besides this it maintains its valuable leaseholds in Utah, Wyoming and Idaho with its major production still coming from the Cherokee Mine in the Crawford Mountains, and from Leefe in Wyoming. In the light of all these facts it may be well to point out that valuable as are the assets and business of the Parent Company and its Subsidiary in California together with the prospects thereof, they are hardly to be compared with the 50 per cent holding in the San Francisco Chemical Company.

The report and accounts were adopted.

RELIANCE CLIFTON CABLES
& Industrial Products Limited

SUMMARY OF RESULTS FOR 1960

		£
PROFITS BEFORE TAX		475,892
	£	
Taxation	49·9%	237,430
Preference dividend	1·2%	5,671
*Ordinary dividend (20%)	14·4%	68,600
Retained	34·5%	164,191
* *and a capital distribution (not subject to tax)* 7½%.		
Retained profits and depreciation		201,158
Capital expenditure		228,695
ISSUED CAPITAL: Ordinary		560,000
Preference		185,190
RESERVES (excluding future tax)		1,607,621
NET CURRENT ASSETS		1,845,856

Copies of the full Report and Accounts can be obtained from

THE REGISTRARS, 33, KING WILLIAM STREET, E.C.4.

SMITH'S POTATO CRISPS

The Thirty-second Ordinary General Meeting of Smith's Potato Crisps Limited was held on July 25th in London.

Mr F. Le Neve-Foster, chairman, in the course of his speech, said:

The Net Profit after taxation is £876,158 compared with £1,010,831. The results achieved for the year are the second best, by a large margin, in the history of the company.

The Board recommends a final dividend of 30 per cent, plus a cash bonus of 10 per cent, which makes a total distribution for the year of 55 per cent on the one class of issued share capital as enlarged by the one for five free scrip issue made last year. The distribution for the year, therefore, represents an effective increase of 9.94 per cent.

The last eight months of the year were an exceptionally difficult period for Production owing to the very poor quality of potatoes which were available from the 1960 crop. From July onwards for the rest of 1960 continual wet weather was experienced, which seriously affected what originally looked to be a promising crop and the conditions under which it was lifted. As a result although prices per ton looked cheap, the potatoes came to us full of excessive water and in bad condition, which not only led to high processing costs but gave a low yield per ton of the quality of crisps we look to produce.

We believe that with the increased productive capacity now available from the extensions made during the year we are now in a position to supply all requirements of the trade.

Up to the end of June last year the Parent Company's sales showed a nice increase on the figures for the similar period of the previous year. The prolonged spell of bad weather which followed and continued through most of the holiday period, however, seriously affected demand in our peak period of sales. Nevertheless, over the whole year and exclusive of sales of Tudor Crisps we exceeded the sales for the previous year by a small margin.

QUALITY THE KEYNOTE

Looking into the future, we are sure that the demand for our product will continue to grow. Quality is the keynote of our policy and we pay the greatest attention to all matters which are necessary to maintain it, using the finest ingredients available and methods of processing to impart just that difference in flavour and keeping qualities for which Smith's are famous. I make no apologies for repeating our slogan, "There are no Crisps to equal Smith's." To the Public, Crisps still mean Smith's Crisps.

For the first three months of the current year, sales of the Parent Company show an appreciable improvement. On the other hand, our profit margins have continued to be seriously affected by the poor quality of potatoes from the last part of the 1960 crop and high prices for suitable new potatoes. On a longer view, we have good reason for confidence that, with the dominating position we have established in the Crisp trade and our experience and widespread interests in it, your Company will continue to give a good account of itself and add to the fame of our product, Smith's Potato Crisps, with satisfaction to our customers and shareholders alike.

The report was adopted.

CSF-COMPAGNIE GÉNÉRALE DE TÉLÉGRAPHIE SANS FIL

PARIS

The Annual General Meeting of CSF-Compagnie générale de télégraphie Sans Fil was held in Paris on June 16 with Monsieur Maurice Ponte in the Chair, and the following are details of the Chairman's statement and of the report presented by the Board of Directors:

In his statement, Monsieur Ponte mentioned that the policy of diversification maintained during the past ten years had borne fruit, and had played a major part in the progress of the Company during that period.

The Chairman went on to underline the value of the work carried out by the laboratories and research centres, which also made an important contribution to the expansion of CSF. In view of the new possibilities now facing the Company as regards the numerous industrial applications of electronic equipment, and in spite of certain factors giving some cause for concern, such as the difficulties encountered in the engagement of qualified technicians and the unplanned setting-up of electronic companies of foreign origin in the Common Market, the Chairman concluded his statement by expressing his confidence in the Company's future.

Replying to a shareholder's question, Monsieur Ponte mentioned that a bonus share issue was under consideration and that, whilst the principle had been accepted, the details were still to be announced.

The following are details of the report:

Turnover rose again to reach NF. 394.721.000 as against NF. 331.206.000 for 1959, although the 1960 figure does not include the results of the semi-conductors division which had been operated by a subsidiary—Compagnie Générale des Semi-Conducteurs (COSEM)—as from January 1, 1960.

Exports rose once again and the value reached NF. 105.816.000 representing some 27 per cent. of total sales. CSF subsidiaries also expanded their operations, particularly in the field of consumer goods. The consolidated turnover of the Group's French companies totalled NF 608.249.000 as against NF. 468.890.000 in 1959.

Profit for 1960 amounted to NF. 13.869.000 as against NF. 7.480.000 in 1959. After deduction of NF. 11,4m. in respect of an appropriation to the Stock Reserve, it was resolved to distribute dividends of NF. 1,25m. in respect of shares participating in profits as from January 1, 1960, and of NF. 0,62m. in respect of shares participating as from July 1, 1960.

It was also resolved to raise the limit of bonds or debentures which the Board of Directors are authorised to issue from NF. 30m. to NF. 50m.

At an Extraordinary General Meeting held immediately after the Annual General Meeting, the Board of Directors was authorised to increase the capital to NF. 140m. in several stages, by cash issues or by the capitalisation of profits, reserves, bonuses or provisions, or by both methods simultaneously.

The meeting also resolved to change the Company's title by adding the prefix CSF.

W.G.I. LTD.

(West's Group of Industries)

comprising
West's Gas Improvement Co. Ltd.
West's (Manchester) Ltd.
West's Piling and Construction Co. Ltd.
West's Works Ltd.
Tully Engineering Co. Ltd.

The eighty-eighth annual general meeting of W.G.I. Limited was held in Manchester on July 25th. The chairman, Mr Ernest West, M.I.Mech.E., M.Inst.Gas.E., presided. The following is an extract from his circulated statement for the year ended March 31, 1961:

This has been an outstanding year for the Group in that it has achieved an increase in the profit available for distribution on last year's figure of £128,680, which was itself a record. A considerable contribution to this total has been achieved by West's Piling & Construction Co. Ltd., who have had a year of remarkable activity. Their work during the year included a large contract at Newport for the new Steelworks of Richard Thomas & Baldwins, where some 49,000 piles were driven, but in addition to this order the company had a very busy year on many other contracts.

We do not anticipate that they will repeat this remarkable turnover during the current year as large contracts like Newport only occur occasionally, but they have quite good prospects and I am confident that they will continue to do well.

As I indicated last year, the Gas Industry has required little new conventional carbonising plant.

Following the policy of looking to other fields of activity which I indicated last year, we have been successful in finding work in the Atomic Energy and Chemical worlds in addition to the Gas Industry, and we have just completed our first Lime Kiln which has now gone to work, using the Catagas oil-burning process.

STABLE TURNOVER

These projects have allowed a stable turnover for West's Gas Improvement Co. Ltd. and also for West's Works Limited, who have had in addition a considerable amount of work from West's (Manchester) Limited in the coal and mineral fields, and from West's Piling & Construction Co. Ltd.

I am glad to be able to report that West's (Manchester) Limited has now achieved considerable status in the Coal Preparation field and the Sand and Gravel Industry and their future order book is more encouraging.

Tully Engineering Co. Ltd. has been successful in reorientating its activities and has maintained its turnover by obtaining orders in different spheres, notably the automation of valve operation in various industries and also in agricultural buildings.

West's-Loyne Limited, the newly formed Associate Company, to whose formation I referred last year, has commenced trading and has had a very satisfactory beginning; we are confident that this promise will be fulfilled during the current year.

DIVIDEND POLICY

You may perhaps feel that in recommending a dividend of no more than 22½ per cent out of the total available for distribution, the Directors are not being sufficiently generous to the Shareholders but there are two reasons—in our opinion good ones—for this restraint. First, we feel that the profit for this year is an exceptional one in that a fair part of it is due to the very large turnover of West's Piling & Construction Co. Ltd. and although we are confident that the current year's results will be good, we cannot rely on maintaining this year's peak. We prefer to maintain a steady dividend rather than a fluctuating one and we feel that you will agree with us on this point.

Secondly, we are anxious at the moment to conserve our available cash to the greatest possible extent; I have referred to the urgent necessity of spending a large sum in plant re-equipment for West's Piling & Construction Co. Ltd., and in addition there is an urgent need for further office accommodation here in Manchester which cannot be ignored. Further, if we are to provide adequate pensions for our staff on retirement, we have to supplement our existing Pension Scheme to meet the problem of inflation. All these things have to be paid for in cash and we are of the opinion therefore that our recommendations are sound on a longer term basis.

The Report and Accounts were adopted.

EAST RAND CONSOLIDATED

NEW SHARE ISSUE

The thirty-fifth annual general meeting of East Rand Consolidated, Ltd., was held on July 20th at the Chartered Insurance Institute, London, E.C.

Mr C. J. Burns, Chairman, presided.

The Chairman said: It is usual, in view of the length of notice imposed upon us by conditions attaching to a Johannesburg share quotation, for me to address a few remarks to Members to bring them up to date and this year I intend to deal also with our proposal to increase the Issued Capital of the Company in view of its importance to Members.

It is my opinion that we have at the present time reached a stage in the Company's existence when it may not be inopportune to review the considerable change which has taken place in the Company's financial and profit-earning structure during the past few years, and especially since the majority of the present Directors were elected to office.

INCREASING REVENUE

In 1957 our Income from dividends was £30,759 and sundry revenue was £1,703, while our quoted investments had a book value of £536,904. By 1960 our dividend income had increased to £55,547 while our income from royalties and sundry revenue was £13,110. The book value of our investments at the present time has advanced to £665,636; that is to say, an increase of £130,000 in four years. During this period dividends paid to Members have increased from a maiden dividend of 6¼ per cent to 10 per cent together with increased cover therefor, and, in spite of the sound asset backing together with two secure and increasing sources of revenue, our shares, owing to the economic uncertainties in this country and the political situation in South Africa, are priced at little more than their par value. This is a situation over which the Company itself has little control. Incidentally, it is a provoking thought that, whereas in 1950 when the Company's investment and other income totalled as little as £10,000 and when a loss of £17,000 was

made on the year's operations and with a poor asset backing, our shares were priced at twice what they are today. At that date, 75 per cent of the Company's investments were in gold mining shares as against 30 per cent in 1961. Included in the 1950 total were substantial holdings in Eastern Rand gold shares which represented 60 per cent of the Company's total portfolio. Today they form only 5 per cent of the total.

FUTURE OUTLOOK

It is the considered view of your Directors that the Company has now recovered successfully from the difficulties of its inheritance and is in the process of establishing itself with the investment public as a Company giving a secure and above-average return for its shares, coupled with the promise of better dividends to come in the future.

This future can be enhanced by ensuring that the Company has adequate working capital to take full advantage of its special tax position, which enables it to earn for its members returns higher than those available to others. It is clearly desirable to press this advantage for current benefit.

While current political and economic conditions have resulted in lower share prices generally, such conditions also render more opportune the investment of the new monies resulting from the issue. It is interesting in this connection that, in spite of present lower share quotations, our portfolio other than South African holdings has an appreciation of some £57,000 at the present time over book cost which, however, is almost entirely cancelled by the major decline in South African gold shares which has occurred. While we anticipate that a large part of this fall in South African share prices will be made good when the present South African Exchange Control Regulations are relaxed, the appreciation in the remainder of our portfolio is evidence of the Board's financial judgment.

The present Board's financial policy has been amply justified by the growth in secure sources of income and a more solid asset backing together with an increasing dividend distribution since 1956. The only limiting factor has been the inadequacy of working capital, and the proposed issue will enable the Board to accelerate the programme which has so fundamentally improved the Company's fortunes. It is in this way that the Company's status in the market will be based not on past remembrances but on present performance and expectations.

Letters for the provisional allotments, together with a formal circular to Members dealing with the share issue and a copy of these remarks are to be posted to all Members on July 26th. The right to take up and pay for these shares will remain open for three weeks, after which time the receipted allotment letters in respect of acceptances will remain in currency for a further three weeks. The new shares allotted as a result of this issue will be entitled to any dividend declared in respect of the year to December 31, 1961, and income from investments, together with our increasing revenue from royalties, should ensure the maintenance of the present dividend of 10 per cent on the new capital. My Review mentioned that Vanadium Royalties should again show a material increase. For the first five months of this year they total £16,377 as against £10,583 for the whole of 1960.

The very large number of proxies received supporting the proposals for this issue not only augurs well for its success but can be read as a mark of confidence by the general body of shareholders in the Directors' ability to provide for them a rewarding investment.

The report and accounts were adopted; the dividend was approved and a Resolution was passed authorising the issue of 3,000,000 shares of 2s. each to members at par in the proportion of one such share for every two shares held.

ISTITUTO MOBILIARE ITALIANO IMI

(Italian Finance Corporation)

121 Via delle Quattro Fontane, ROME, ITALY

The twenty-ninth Annual General Meeting of Istituto Mobiliare Italiano (IMI) was held in Rome on June 7, 1961, under the Chairmanship of Mr Stefano Siglienti, to examine and approve the balance sheet for the fiscal year ending March 31, 1961.

In the first part of its Report, the Board of Directors reviews, as usual, the general activities of IMI during the period, against the background of the Italian economic situation as a whole and examines some problems of industrial credit.

After noting that at the end of 1960 more than 40 per cent of total lending by special credit institutions to industry and public works was accounted for by IMI, the Report stresses the necessity for bringing the structure of the financial market into line with the constantly increasing degree of internationalisation of the Italian economy and the growing needs of the productive apparatus by perfecting already existing institutions and techniques and, possibly, setting up new ones. This process the report states must be carried forward with great care in order to avoid disturbing the existing system, which has made no mean contribution to the reconstruction and development of Italy's productive apparatus.

As regards the IMI's activity during the period under review, this may be summed up in the following data: a 20.2 per cent rise in applications for financing and a 19.2 per cent rise in credit operations concluded.

New applications received totalled more than 280,400 million lire, 76.2 per cent of which came from manufacturing industries. As regards the geographical distribution of applications, those from southern Italy rose fourfold on 1959-1960 and accounted for 19.3 per cent of total applications during the 29th fiscal year.

During the same period, credit operations effected amounted to 192,437 million lire, of which 181,341 million lire came out of IMI funds and 11,096 million lire out of "special loans funds." In the latter category, the report underlines the recovery in the IMI's financing activities in its capacity as Italian agent of the European Coal and Steel Community, which has attained a total of 5,750 million lire, representing Italy's quota out of the 35 million dollar loan launched by the Community in the United States in October 1960.

Out of the 181,341 million lire operations made with funds taken up by IMI on the capital market, *157,957 million lire was absorbed by* industrial investment financing in Italy and 23,384 million lire by export credit operations.

Financial assistance given to Italian exporters was 20.6 per cent higher than in the preceding period, and once more the highest precentage of such export financing (about 50 per cent of the total) referred to exports to Latin America. Operations in respect of exports to Europe, India and some African countries also gained in importance.

The report points out that in January 1961 IMI signed a new financial co-operation agreement—the fifth to be entered into with credit institutions in importing countries—namely, with the Bank Handlowy in Warsaw within the framework of the Italian-Polish agreement for the delivery of equipment goods. Moreover, in order to promote Italian activities abroad, new participations have been taken up in financial companies in Morocco and Mexico as well as in an Italian committee set up to study new opportunities for Italian ventures in Canada.

As far as investment finance is concerned, the report underlines the growing share of loans received by manufacturers, particularly those producing investment goods in the mechanical, steel and chemical industries. Lending activity on behalf of southern Italy increased to 24 per cent of the aggregate of IMI's credit operations during the period.

As a consequence of this greater activity loans outstanding at March 31, 1961, showed a further record rise of 14.8 per cent over the preceding year, with a total of 896,760 million lire.

IMI's activity was facilitated by the remarkable liquidity of the financial market, which permitted the placing of an increased amount of bonds. New bonds issued during the period under review totalled more than 142,500 million lire, a 40 per cent increase over the preceding period. Consequently bonds outstanding at March 31, 1961 reached a total of 543,746 million lire showing a net increase of 101,922 million lire. All new issues carried interest at 5 per cent, which permitted a further slight reduction in the interest rates charged on borrowers from IMI.

Funds taken up abroad totalled 13,400 million lire and were practically fully accounted for by the funds made available by the Export-Import Bank of Washington. Yet a new bond issue on the Swiss market and a further borrowing operation from Export-Import Bank worth 34 million dollars, to finance a large nuclear plant in Italy, are announced.

The assets situation of IMI was also very satisfactory. Reserve funds once again increased from 43,197 million lire to more than 50,559 million lire and net profits rose to 1,947 million lire as against 1,847 million lire in the preceding year. Net profits were confirmed by the statement of income and expenditure, which showed an amount of 35,757 million lire, under the item "income" and of 33,810 million lire for "expenditure."

It was consequently proposed to distribute, as usual, a dividend of 8 per cent on the paid-up capital and to appropriate some 1,468 million lire to the reserve funds, which thus reached a total of more than 52,000 million lire. The report, the accounts and the proposals put forward by the Board of Directors were adopted unanimously.

THE MIDLAND TAR DISTILLERS LIMITED

BOARD'S DEVELOPMENT POLICY

MR R. B. ROBINSON ON NEW PRODUCTION METHODS

The thirty-ninth annual meeting of The Midland Tar Distillers Limited was held on July 21st at the registered office, Springfield Chemical Works, Oldbury, Mr R. B. Robinson, BA (the chairman), presiding.

The following is an extract from the statement by the chairman which had been circulated with the report and accounts for the year ended March 31, 1961:

In my statement accompanying the Accounts for the year ending March 31, 1960, I referred to our future policy, as follows:

"Our policy, thus, is to extend our chemical manufacture by isolation and development of the constituents of our tar, by the manufacture and development of chemical derivatives of the finished products so obtained, and by the adoption of other processes of chemical manufacture, which either use one or more of our existing products, or may depend on quite other raw materials. Obviously this policy raises the question of the fair allocation of proceeds between the tar producers as such and the Company. We have already faced this problem and there is no insurmountable difficulty here."

This policy has had an important bearing on the Accounts for the year ending March 31, 1961.

We have quite extensive Research and Development Departments, the work in which, up till last year, was devoted to matters strictly connected with our business as distillers and refiners of tar. The costs of the Departments were a proper charge, therefore, in the Accounts drawn up in conformity with the provisions of the Tar Agreement to arrive at the price payable for our Crude Tar. We have now begun, however, to study and develop projects which are wholly or partly for the benefit of the Company rather than for the benefit of the Crude Tar Producers. It follows that in these cases the costs of the preliminary Research and Development expenses must also be borne in whole or in part by the Company and this change of allocation has been mainly responsible for the reduction in trading profit for last year.

This should cause no despondency but rather encouragement because expenditure of this class is made today so as to earn profits tomorrow and we should begin to feel the benefit of it in 1962-63, though the projects in hand which have already committed us to Capital Expenditure of £500,000 are not likely to yield a full year's benefit until 1963-64.

Our supplies of Crude Tar have fallen only slightly. We paid to our Tar Producers the highest price we have ever paid, and you might well suppose that this also implies a higher revenue for the Company. So it does, but the lion's share goes to the Producers under the provisions of the Crude Tar Agreement.

Despite the somewhat lower profit, the Directors, as you will see, propose a repetition of last year's distribution of 12½ per cent on Ordinary Capital. This absorbs just over 50 per cent of the net profit.

TRADING ACTIVITIES AND DEVELOPMENTS

At home our Phenol sales have been very good: indeed Tar Acid sales as a whole are limited only by our ability to produce, which we have carried as far as efficiency permits.

The picture presented by White Products sales, however, is by no means so attractive. We are up against the ability of the Oil Companies to produce solvents by the use of modern techniques. When one bears in mind, in addition, the doubt about the continuation of the present preferential excise duty of 1s. 3d. per gallon after 1964, it will be seen that the outlook for our White Products is not good. Needless to say, the whole problem is receiving our very close attention.

As you know, we are developing the production and exploitation of Pyridine and Pyridine Bases and their derivatives and you may have seen in the Press the announcement of our plans to increase considerably our production of Pyridine. The Pyridine Bases are only found in Crude Tar in very small proportion and even so, few Distillers practise full extraction. In the 1920s blends of Pyridine Bases meeting either of two international specifications were used at home, in Europe and the United States for the denaturing of industrial alcohol. These markets have dwindled over the years and they could not in any case be said to involve chemical exploitation. However, during the last 15-20 years Pyridine itself has found its place as a versatile organic chemical. We ourselves use relatively large quantities of Alpha Picoline for the production of 2-Vinylpyridine. Beta Picoline is used in the production of Nicotinic Acid and Nicotinamide, components of the Vitamin B complex, and Gamma Picoline is the starting point for the anti-TB drug, Isoniazid.

You may have noticed in the Press references to the production and development of "Promintic." This product consists of a Pyridine-base derivative which was one of a number of research-scale chemicals which we produced and offered to industry for examination. ICI Limited found that this particular chemical had great value as a veterinary anthelmintic and after very extensive trials are marketing it for that purpose. We have an agreement with ICI with regard to the supply of the chemical

This is far from being the whole story, but obviously chemical exploitation would always be subject to limitation if availablity were confined to the quantities extractable from Crude Tar. This is why we decided to increase our production by new methods

During the year a new continuous Naphthalene crystallising plant was put to work at Four Ashes and after the inevitable teething troubles, has settled down well and is a credit to our Technical Staff. It has enabled us to reduce costs and increase output.

Road tar continues to be a large and important market for us and our good position here has been well maintained. On the other hand, the Tar Fuels market, which on the whole has been a successful feature in our sales, has been considerably disturbed by the Hydrocarbon Oils duty in the Budget and has not yet settled down.

The exploitation of Pitch and Creosote constitutes a field that has been exhaustively worked over already for very many years past, a fact which the Coal Tar Research Association discovered when it began life in 1918. We have developed and are continuing to develop and explore outlets for special qualities of Pitch and Creosote, but these are not likely at best to yield anything massive. The ancient export markets for these materials have virtually disappeared as far as we are concerned.

BUILD-UP OF EXPORT ORGANISATION

Quite apart from these, however, we are not at present able to allocate very large quantities of our other products for export. Nonetheless, and particularly having in mind future expansion in new directions, we are building up our export organisation so as to be able to handle business in every country. We already have, as you know, an American Company selling, in the main, Tar Acids, and a subsidiary thereof which handles the import arrangements for the Tar Acids and sells bulk liquid storage facilities as well.

During the year, as you may have seen from the Press, we have formed a Company known as Schenectady-Midland Limited, in conjunction with Schenectady Varnish Inc. of America, to manufacture and sell the special resins, adhesives, varnishes, etc., for which Schenectady have earned a great reputation in the States. This step is responsible for the increase in Trade Investments as shown on the Balance Sheet. The new Company was incorporated in the Autumn and so far we have been exploring outlets and developing sales by way of importation from Schenectady. Prospects, however, are sufficiently encouraging to support a case for the erection of manufacturing plant and with this in view we have already cleared and serviced a portion of our 60 acre site across the canal from our existing Works at Four Ashes. The building up of an enterprise like this, although it is not spectacular in size, takes time and patience, but we can see the prospect of useful business which we intend to expand by every means possible. This development is one in which the Tar Producers, as such, are not concerned.

The new Market Development Department to which I referred last year is proving most valuable. The relationship between Sales, Market Development, Research and Development and Production can always present something of a problem; in our case the Departmental Heads meet together quite frequently and so ensure that each point of view is given its full weight. The optimism I expressed in referring to all this in general terms last year is proving to be justified.

Despite what I have just said about particular Departments nothing must cause us to forget our gratitude to our Staff in general and to our workpeople whose united efforts are vital to our progress.

The report and accounts were adopted and the dividend of 12½ per cent on the Ordinary Shares was approved.

Copy for the insertion of Company Meeting reports must reach this office not later than Wednesday of each week and should be addressed to:

The Company Meetings Department,
The Economist,
22, Ryder Street, S.W.1.

THE TRUSTEES CORPORATION LIMITED

SIR EDWIN HERBERT'S REVIEW

The Seventy-third Annual General Meeting was held on July 26th at Winchester House, EC2. Sir Edwin Herbert, KBE, LLD, the Chairman, in the course of his speech said:

Once again I am able to present to you Accounts which I am sure you will consider satisfactory.

The Gross Revenue from Interest and Dividends shows an increase of £105,169. We received £75,873 from Double Taxation Relief as against £73,431 last year. Underwriting Commission at £6,559 compares favourably with the previous year's receipts. The net receipts from our Safe Deposit, at £3,059, are slightly down when compared with the previous year. Trustee and other fees remain practically unchanged at £11,068.

Expenses show only a slight increase over the year. Net Revenue for the year, after charging £368,080 for *Taxation*, is £506,469. This shows an increase of £54,110 for the year. We recommend a final dividend of 17 per cent on the Ordinary Stock (making 25 per cent for the year). We have transferred £130,000 to the General Reserve—bringing it up to £1,000,000—and increased our carry-forward by £7,821.

The value of our investments at £21,052,997 constitutes a record in the history of this Corporation.

In order that we may be in a position to take advantage of any favourable investment opportunities and to meet the frequent calls upon our treasury to take up our "rights" in new issues we have since the end of our financial year placed £1,000,000 6½ per cent Debenture Stock 1987-92 at 98½ per cent.

In addition, as we have already announced, it is our intention to offer to Ordinary Stockholders the right to apply for New Shares in the proportion of one new share for every ten stock units held. We have now fixed the issue price at 25s. per Share which shows a good bonus for our Stockholders. It is not intended that these new shares will rank for the *interim* dividend payable in January, 1962, but in all other respects will rank *pari passu* with the existing Ordinary stock. This issue will raise approximately a net sum of £1,122,500 which will be used for the general purposes of our business.

I do not think that we can look for a continuance of the rapid growth of our income which has taken place in the last few years. Nearly all the annual accounts which we are now receiving show that profit margins are being squeezed. It is clear that the increase in productivity is not keeping pace with the wages demands and in these circumstances I feel that we are going to see another bout of inflation. In fact perhaps it is already with us.

It is to be hoped that the corrective measures announced by the Chancellor of the Exchequer yesterday will provide a solution to this problem. If in fact this does happen it must in the longer term have a beneficial effect upon our economy and therefore upon the fortunes of this Trust.

In the normal course the income from the new monies being raised will augment our earnings for this year, but beyond that we do not look for a greatly increased revenue from our existing investments. We intend to pay an interim dividend of 8 per cent on the existing Ordinary Stock and subject to any unforeseen circumstances we would hope to be able to recommend a final dividend of not less than 17 per cent on the capital as increased.

The report and accounts were adopted.

BOARDMAN, MARDEN LTD.

The statement presented by Mr K. O. Boardman, chairman and managing director, to the annual general meeting of Boardman, Marden Ltd. in Manchester on July 26th said the result for the year, 1960-61 had exceeded the previous year's record by £199,341 with a net profit of £621,086.

After providing for taxation and the Ordinary dividend of 31½ per cent, a revenue surplus of £159,903 remained, making a total carry-forward of £472,083. All the principal subsidiaries made considerable progress and returned record profits with only one exception. The group's increased turnover was derived mainly from the garment trade.

COMPETITIVE CONDITIONS

Mr Boardman said that the cloth and garment shortages of last year had now mainly disappeared, leaving ample reserve stock and in consequence more competitive conditions were ruling. Current order books in the cloth manufacturing trade were at a reduced level compared with the same time last year due, to a great extent, to loss of confidence within the industry created by the still unresolved position of future Commonwealth imports. The prospect of Britain's early entry in the Common Market was a situation he welcomed as he did not believe the challenge of this vast European market with its enormous potentials should be resisted.

Turnover for the first three months of the current year was slightly below that of last year, but conditions for the remainder of the year should improve as bookings for the autumn season were good.

The report and accounts were adopted.

EDUCATION; BUSINESS AND PERSONAL

SECRETARIAL TRAINING, especially for university graduates and older students, six-month and intensive 14-week courses.—Write *Organising Secretary*, Davies's, 158 Holland Park Avenue, W.11. PARK 4654.

THE POLYTECHNIC
309 REGENT STREET, W.1.

A four-year sandwich course—DIPLOMA IN COMMERCIAL ADMINISTRATION WITH ENGINEERING—will commence in January, 1962.

The course is industry based, and firms considering training members of staff in the field of commercial engineering are invited to apply for further information. Careers masters would be furnished also with names of firms offering careers under this scheme.

SUCCESSFUL TUITION FOR THE B.Sc. ECON. DEGREE

Wolsey Hall (Est 1894) provides Postal Courses in a wide range of subjects for the two examinations for London Univ. B.Sc.Econ. (three if entrance is included) at moderate fees. 1,431 Wolsey Hall students passed London Univ. B.Sc.Econ. exams., 1950-60. Tuition also for G.C.E., Law, Statistical, other exams.—Prospectus (mention examination) from E. W. Shaw Fletcher, C.B.E., LL.B., Director of Studies, Dept. P16, WOLSEY HALL, OXFORD.

EXPERT POSTAL TUITION

for Examinations—B.Sc.(Econ.), Law, Accountancy, Costing, Secretarial, Civil Service, Management, Export, Commercial, General Certificate of Education, etc. Also many practical (non-examination) courses in business subjects.—Write to-day for free prospectus and/or advice, mentioning examination or subjects in which interested, to the Secretary (G9/2).

METROPOLITAN COLLEGE, ST. ALBANS
or call at 30 Queen Victoria Street, London, E.C.4. Established 1910.

MISTAKES MADE GOOD. The Complaints Service will help you rectify a bad buy. It's available to all subscribers to SHOPPER'S GUIDE (15s. per annum).—Write Consumer Council, Orchard House, Orchard Street, W.1.

SAVILE ROW CLOTHES. We specialise in, and have in our showrooms, a wide selection of the finest hand made town and country clothes for the discriminating gentleman. Lounge and Sports Suits. Dress clothes, Overcoats, Hunting and Riding Kit are purchased direct from leading Savile Row Tailors—Huntsman, Sandon, etc. Our prices range from 10 gns. Alterations carried out. Banker's orders and orders by post accepted.—REGENT DRESS COMPANY, 14 Dover Street, 2nd floor (lift), Piccadilly, W.1. HYD 7180. Established 1922. Open 9 a.m.-5 p.m.; Sats., 1 p.m.

ALMOST any learned and scientific journals, transactions, proceedings, etc., wanted. Items such as Nature (before 1945), Royal Statistical Soc. Journal, Royal Society Philosophical Trans. and Procs. A and B, as well as Bibliography Incl. Palmer's/Official Index To The Times, cumulative volumes of "The English Catalogue of Books," etc., constantly sought.—H. Fordes, 138 New Cavendish Street, London, W.1. MUSeum 5250.

YOUR DAUGHTER would enjoy finding her *job through STELLA FISHER BUREAU* in the STRAND.

BRITISH ASSOCIATION OF ACCOUNTANTS AND AUDITORS LTD. (Incorporated 1923). The next examinations will be held from November 21 to 24, 1961. Membership can only be obtained by those who have passed the prescribed examinations. Copies of the Syllabus are obtainable from the Secretary, Stamford House, 2/4 High Road, London, W.4.

THE COMMITTEE OF LONDON CLEARING BANKERS.

Notice is hereby given that the MAXIMUM RATE of INTEREST allowed by the undermentioned London Clearing Banks on deposits, which must be lodged for a minimum period of seven days and be subject to a minimum notice of withdrawal of seven days, will be FIVE per cent per annum until further notice.
BARCLAYS BANK LIMITED.
COUTTS & CO.
DISTRICT BANK LIMITED.
GLYN, MILLS & CO.
LLOYDS BANK LIMITED.
MARTINS BANK LIMITED.
MIDLAND BANK LIMITED.
THE NATIONAL BANK LIMITED.
NATIONAL PROVINCIAL BANK LIMITED.
WESTMINSTER BANK LIMITED.
WILLIAMS DEACON'S BANK LIMITED.
R. H. BARKSHIRE,
Secretary.
10 Lombard Street, London, E.C.3. July 26, 1961.

APPOINTMENTS

THE IMPERIAL TOBACCO COMPANY

have a vacancy for a young woman graduate with a good degree in Economics. Some knowledge of statistical methods is an advantage. The post is a specialised one dealing with the interpretation of the effects of economic trends on the Company's business.

Applications, giving details of academic background, should be addressed to:
THE STAFF SECRETARY,
THE IMPERIAL TOBACCO CO. LTD.,
BRISTOL, 3.

MASSEY AGRICULTURAL COLLEGE
(University of New Zealand)
PALMERSTON NORTH
NEW ZEALAND.

Senior Lecturer/Lecturer in Agricultural Economics
Assistant Lecturer in Economics

Applications are invited for the above positions.
Salaries:
Snr. Lecturer £1,750—£2,000 p.a.
Lecturer ... £1,250—£1,700 p.a.
Asst. Lecturer £900—£1,000 p.a.
Fares paid.

For further details and conditions of appointment, please apply to the undersigned, with whom applications close on 18th September, 1961.
A. J. WEIR,
18th July, 1961. *Registrar.*

UNIVERSITY OF TASMANIA
LECTURESHIP IN POLITICAL SCIENCE

The University invites applications for a Lectureship in the Department of Political Science. Candidates should have competence in one of the following fields: Political theory, institutions, international relations, and public administration.

The salary scales for Lecturers are Grade II £A1,650-£70-£1,860, and Grade I £A1,860-£70-£2,350. Appointment will be offered within either of these grades according to qualifications and experience.

Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth, Marlborough House, Pall Mall, London, S.W.1.

Applications close, in Australia and London, on *September 11, 1961.*

For other appointments see page 508

MARKET RESEARCH

Within our marketing team we propose to appoint a Research Officer (male or female) who will be required to interpret published recurring information and recommend action; also suggest and commence research and interpret results in relation to marketing problems affecting this developing Food Company within Unilever.

Candidates should have an Economics degree and an interest in statistical methods. A success story of a few years' experience in this stimulating work will, however, be more important.

Salary range is wide, and starting salary will depend upon experience and qualifications.

Apply, giving brief personal details, to Company Personnel Adviser, T. Wall & Sons (Meat & Handy Foods) Ltd., Atlas Road, Willesden, N.W.10, quoting reference No. 100.

COMPANY AFFAIRS

Great Universal Stores

SCHOOLTEACHERS have been joined by the ordinary shareholders of Great Universal Stores as early victims of the Chancellor's measures. In maintaining the ordinary dividend for the year at 37½ per cent the directors say that this decision is a direct result of the Chancellor's exhortations. Before Tuesday it had been their intention to declare a bigger dividend. The interim dividend was raised last November from 7½ to 12½ per cent but with the usual disclaimer; even so the stock market was confidently looking for a maintained final payment of 30 per cent, to bring the total dividend to 42½ per cent, and after the announcement of an unchanged dividend the 5s. "A" shares were marked down by 4s. 3d. to 46s. 9d. to yield 4 per cent. The market was also hoping for a further scrip issue—and not without justification for reserves now stand at over £73 million, against an ordinary capital of £23 million.

In fact the results for the year do not really justify an increase in dividend for profits in the second half of the year to March 31st have shown nothing like the buoyancy of those for the first six months of the group's trading year. In that period trading profits rose from £12,110,000 to £13,194,000 but in the second half the increase was only about 2 per cent, from £15,058,000 to £15,388,000. Thus over the year trading profits are up by only 5½ per cent, from £27,168,000 to £28,583,000; this increase is more than matched by a rise of £1,601,000 in the tax charge, of which £645,000 is due to the increased rate of profits tax. Higher investment income and lower depreciation, interest charges and minority payments enable the group to show a 3½ per cent increase in net profits from £11,419,000 to £11,827,000. This represents earnings of 82½ per cent, against 79½ per cent, so that the cover for the unchanged dividend has risen only slightly to 2.2 times.

In comparing these results it must be noted that unlike last year when a provision of £5,666,000 was made for unearned hire purchase profits the total provision this year has been reduced by £1,169,000 and stands in the balance sheet at £19,413,000. As expected with the reimposition of hire purchase controls last year the swing has been towards cash and short term credit sales and at March 31st other instalment debts were shown in the balance sheet at £33,771,000, against £29,457,000. It seems clear from the figures that the decline in trade in furniture and other household goods largely brought about by hire purchase controls has been greater than expected and that this has been barely offset by the still buoyant demand for clothing and footwear.

General Electric

SHAREHOLDERS in General Electric who have just sustained the shock of another sharp fall in profits in the year to March 31st last will find little of comfort in the full report and accounts. They will have to wait until the annual meeting in six weeks' time for a report from their new chairman, Mr A. L. G. Lindley, on the company's progress in the current year. Then he has also promised them "up-to-date information regarding matters of importance."

The reasons for the fall in profits before tax from £4.8 million to £3.3 million are all too apparent—very low margins in the heavy electrical division and heavy losses in the domestic equipment and radio and television business. The directors admit frankly that when the two dividends for 1960-61 were declared in January and April of this year so as to maintain the payment at 10 per cent the full extent of the losses in the radio, television and domestic equipment divisions was not apparent. Nor was the need for substantial provisions in the electric traction division then clear. The implication of these statements is that the dividend, which is not fully covered by earnings of 8 per cent, might well have been cut if General Electric had not brought forward its dividend payments at the time of its offer for Radio and Allied Holdings.

SALES AND PROFITS
(£ million)

	1955	1959	1960	1961
Home sales	60·4	80·3	88·3	87·1
Overseas sales	18·9	27·7	28·6	31·5
Total sales	79·3	108·0	116·9	118·6
Profit before tax	7·5	4·2	4·8	3·3
Profit before tax/sales %	9·5	3·9	4·1	2·7
Orders outstanding	81·3	132·8	137·8	149·0

What are the prospects that this payment will be maintained in the current year as the directors forecast it would be last March? The directors emphasise that the benefits from the reorganisation scheme will not be apparent for some time. There is little likelihood of much improvement from the heavy engineering division for while a number of orders have been received margins remain low. Development projects not only in nuclear but also in the field of heavy electrical plant remain an additional and heavy burden, though the directors believe that provisions already made to cover the Hunterston atomic power contract should be sufficient.

Prospects for domestic equipment and radio and television sets depend to a large extent on the effects of the Chancellor's measures, in the form of higher purchase tax and also higher hire purchase interest charges. The radio and television division has been strengthened by the Radio and Allied acquisition and the group is now making substantial economies through the pooling of common services. Both the lamps and telecommunications divisions earned higher profits last year and orders are good. At March 31st the group's total orders amounted to £149 million, £11 million more than at the end of March, 1960.

Not the least difficult problem facing the new chairman and his fellow directors is the present net overdraft of £11 million which largely reflects an increase of £10 million in stocks. Clearly every effort must be made to restore the group to a more normal basis of profitability for as the table shows, gross profit margins in the last few years have been extraordinarily low. At 29s. 9d. the £1 shares yield 6.7 per cent which is below the 8.1 per cent offered by Associated Electrical at 36s. 9d. but above the 6.3 per cent offered by English Electric at 31s. 6d. In the present credit squeeze, shareholders could hardly blame the GEC directors if they went back on their earlier forecast and reduced the dividend.

Arusha Industries

IN recommending shareholders of Arusha Industries to accept the revised terms of Federated Mortgagee Corporation's loan of £1½ million to the company Sir Harold Gillett and his fellow directors seem in fact to have admitted their inability to put forward other proposals to resolve the company's financial difficulties. The revised terms negotiated by Mr Lindsay Carstairs, who if the proposals are approved by Arusha, will again become chairman of the company, are certainly far less onerous than those originally proposed.

Now it is proposed that only half the £1½ million should be advanced by way of debenture, the remaining £750,000 coming from a straightforward purchase of 1,875,000 shares in Arusha at 8s. each. This will give the corporation a 33 per cent stake in Arusha; this is virtually a controlling interest which it could presumably sell if it so desired. Against this, however, the repayment of the £750,000 debenture will not start until eighteen months after the completion of the loan agreement and will be repayable in quarterly instalments of about £73,000 each spread over three years. This compares with the £585,000 which the company would have had to find in the first year for repayment under the original proposals; the size of this and subsequent repayments was one of the features most strongly criticised by Sir Harold Gillett and his fellow directors in recommending shareholders to reject the original proposals. He and some of the other directors will resign if shareholders accept the new proposals. If these are rejected Mr Carstairs will resign while Sir Harold and the other directors will endeavour to resolve the company's difficulties by finding other means of finance. But it now seems unlikely that they will have to do so.

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United Dominions Trust

WITH a fall in profits from £3.78 million to £2.35 million, and in earnings from 64½ to 20½ per cent, which leaves the unchanged dividend of 26½ per cent short-earned, United Dominions Trust, Britain's biggest hire-purchase finance house, provides another shock from an industry that in the past ten months has recorded many setbacks. This sharp fall in profits in the year to June 30th partly reflects an exceptional provision of £500,000 towards estimated bad and doubtful debts. The usual explanations for the setback are given—higher interest charges, heavy non-recurring expenditure, and greater losses—but most disturbing is the chairman's remark that "in order to maintain our connections we had to take transactions which were almost certain one day to result in losses." Shareholders might be excused for thinking such connections expensive.

Total assets at June 30th amounted to £215 million, an increase of £40 million on the year, while hire purchase and other advances rose from £151 million to £188 million. Deferred income, comprising earnings on transactions that have not yet run their full course, rose by only £1.6 million, a modest increase reflecting the shortening of the credit periods offered. To finance this increase in business UDT, in contrast to the previous year, relied more heavily on bank borrowing (which increased from £33 million to £58 million) while deposits rose by only £8 million to £110 million. The group's liquid resources still remain high at £15.7 million.

Following the one-for-two rights issue, capital funds have risen from £20.3 million to £26.3 million. The £1 shares, which may soon be subdivided, have fallen to 137s. 6d. xd., yield 3.9 per cent.

Brewers Three

LAST weekend brought goods news for shareholders in three brewery companies. Earlier this month the directors of **Courage, Barclay and Simonds**, the London brewers, had announced that profits of £4,027,000 in the year to March 31st compared with a total of £2,587,000 in 1959-60 before the acquisition of H. and G. Simonds. The chairman, Mr R. H. Courage, has now revealed that, including Simonds, profits in 1959-60 would have been about £3,535,000. Thus the profits of CBS have risen by 14 per cent and the total dividend at 14 per cent compares with 13½ per cent forecast at the time of the Simonds merger.

CBS formally acquired Bristol Brewery Georges on April 1st at what to some observers outside the industry seemed to be a high price. This acquisition involved not only a share issue but also a cash payment of £7.3 million. As CBS held only £2½ million in liquid assets on March 31st, it is clear that CBS must have secured substantial loans from its bankers and Mr Courage says that the directors are now considering what will be the appropriate time to fund the loans, though he does not make clear quite how the permanent finance required will be raised.

The properties of the group, including those of BBG and Simonds, have recently been revalued, and net assets attributable to the ordinary capital are now estimated at £43.6 million, which imputes a break-up value of 63s. to each ordinary share, compared with a market price of 61s. 6d. The group has set up the Horselydown Property Investment Company which will advise on the development of "specialised properties" and it will provide a link with specialist property developers in making the fullest use of the group's assets. How much CBS will be able to realise on its properties remains to be seen but in the meantime Mr Courage has said that trading results in the first three months were satisfactory and he looks forward to a "very busy year" though he warns shareholders that the full benefits of recent acquisitions must take some time to appear. At 61s. 6d. the £1 ordinary shares yield 4½ per cent, covered 1¾ times by earnings.

Sharing the same financial year with Courage and brewing in Burton as well as London, **Truman Hanbury Buxton** raised its sales by 4¾ per cent in 1960-61, compared with the national rise in beer consumption of 3¾ per cent. Its trading profit rose by 17 per cent from £1,462,000 to £1,715,000; but after heavier charges for tax and depreciation its net profits rose by 6 per cent from £583,000 to £618,000, to leave the cover on the dividend as raised from 17 to 18 per cent, practically unchanged at 1¾ times.

	Gross profit (£'000s)		Ordinary dividend (per cent,)	
	Previous year	Latest year	Previous year	Latest year
Courage Barclay	3,525*	4,027	13	14
Truman Hanbury	1,122	1,328	17	18
Vaux	1,087	1,292	20†	30

* Adjusted to take account of Simonds' profits.
† Adjusted for scrip issue.

Courage and Truman have different views about the future of lager sales in this country. The chairman of Truman, Mr G. Bent, shares the view of Whitbread, with which it has certain links, that the traditional quality beers will hold their own against lager, which at the moment accounts for about 3 per cent of total consumption, and he says that Truman will rely on established foreign brewed lager in its houses. CBS, on the other hand, has long brewed Barclay's Pilsner Lager and it has now joined Guinness and Mitchells and Butlers in the development of a new lager brewery at Alton. CBS's own lager brewery at Southwark will eventually be closed. Mr Courage admits that the heavy initial expenses of launching "Harp" lager will mean that it will be some time before this venture is profitable but he believes that this development is "in keeping with the trend of the beer market." Mr Bent is guarded in his comments about the more immediate prospect, saying simply that sales so far in the current year have been maintained but that it will not be easy to keep pace with rising costs and taxes. At 80s. 6d. the £1 ordinary shares of Truman yield 4½ per cent, covered 1.8 times by earnings.

Vaux and Associated brews in Sunderland, Kendal and Edinburgh. It falls into a different category in the market in brewing shares for even after a sharp dividend increase its £1 ordinary shares at 165s. yield only 3.6 per cent. This can be attributed largely to earlier take-over rumours. The group has a good record of profits. In the year to April 30, 1960, its gross profits rose by 40 per cent but this reflected the acquisition of Thomas Usher, the Edinburgh brewer, and the rise of 19 per cent from £1,087,000 to £1,292,000 in 1960-61 must be judged to be satisfactory. Its dividend has been raised from the equivalent of 20 to 30 per cent, covered over twice by earnings, and there is to be a one-for-one scrip issue. Clearly, any bidder for Vaux will have to pay a good price.

Television Results

THIS week two leading independent television companies have announced higher profits and dividends for the year to April 30th. The preliminary report from **Associated Television** is as cryptic as usual, revealing only the gross profit figure and the dividends; but the news it contained was good enough to push the price of the 5s. "A" shares up by 5s. 9d. They now stand at 32s. 9d. and yield 9.1 per cent. Gross profits rose by little more than one per cent in 1959-60 but last year they rose by 19 per cent from £5,388,000 to £6,412,000. What surprised the market was the increase in the dividend from 50 to 60 per cent, which on a normal tax charge should be covered about 1½ times. Last September the chairman, Mr Prince Littler, said that the group was more diversified than ever, with its interests in television in this country, North America and Australia, in British Relay and Wireless, in Muzak background music and Pye gramophone records.

The gross profits of **Associated Rediffusion** rose by 7½ per cent from £7,849,000 to £8,431,000 but the £500,000 charged for obsolescence in 1959-60 has not been repeated. The tax charge of £4½ million is heavy but net profits also rose by 7½ per cent from £3,659,000 to £3,932,000. The total tax free dividend has been raised from 25 to 30 per cent. Most of this will accrue to British Electric Traction, which holds a 50 per cent interest, and Rediffusion, which holds a 37½ per cent interest. These results bear out the chairman's forecast last year that the loss of the receipts from the ending of the networking agreement with Granada last July would be more than made good from other sources.

Montecatini

THE newcomer in the growing list of European companies with a London Stock Exchange quotation is Montecatini, the largest chemical and mining group in Italy and one of the largest in Europe.

A large part of the company's capacity was destroyed in the last war and there has been an intensive programme of reorganisation and reconstruction since then. The group has added to its interests in the agricultural field, including insecticides, while its power stations now produce 85 per cent of its power requirements in Italy. Like other chemical companies Montecatini has devoted a good deal of its research effort to plastics and it recently developed isotactic polypropylene, which shows a greater resistance than ordinary plastics to heat and mechanical wear.

Montecatini now produces about half of Italy's total output of agricultural chemicals, synthetic fibres, dyes and plastic materials and in the metallurgical field it accounted in 1960 for about 62 per cent of the country's aluminium output, 35 per cent of its lead production and 25 per cent of its zinc output. Sales last year amounted to £136 million, of which about 18 per cent represented exports; in the first four months of the current year sales were 11 per cent higher than in the corresponding period in 1960. The company's profit record over the last five years is uneven but this largely reflects the sharp increase in depreciation provisions arising from the group's programme of capital expenditure. The group is continuing to spend heavily on capital account and commitments for the next two years amount to £75 million, of which a substantial part is earmarked for new petrochemical facilities at Brindisi.

The lire 1,000 shares are being introduced through Hambros Bank, which will issue deposit certificates in London representing shares deposited in its name with Credit Italiano of Milan. At a London price of 53s. 7½d. the shares yield about 2½ per cent, more than one point less than the current return on the £1 shares of Imperial Chemical Industries.

Ruston and Hornsby

THE hopes of a brighter future for Ruston and Hornsby expressed nearly a year ago by the chairman, Mr W. J. Ruston, were not realised in the year to March 31st, for profits fell for the eighth consecutive year. The chairman cites three main reasons for this further setback: the improvement in general trading conditions did not come early enough to have much influence on the year's results; a heavier wage burden cut into profit margins and there was a shortage of suitable labour; and technical problems arose which hindered deliveries. As a result, trading profits fell by 12 per cent from £1,367,000 to £1,205,000, even though there was some improvement in the group's sales.

Output of the Davey, Paxman subsidiary, which makes diesel engines and boilers, fell last year, and it was left with some idle capacity in its factories. This company added to its profits but this was due mainly to the inclusion of non-recurrent items. In contrast the record of the associate company, Ruston-Bucyrus, is one of full employment and overtime working; but even then demand was unsatisfied and the order book for the company's earth-moving products lengthened. The group benefited from the higher dividends paid by this subsidiary; these were reflected in the increase in investment income from £366,000 to £406,000.

A sharp increase of £2 million in working capital left the group at the end of March with a net overdraft of £192,000. Capital commitments then amounted to £248,000, so that with the maintained 9 per cent dividend covered little more than 1¼ times, it appears that the company will have to conserve resources this year. Mr Ruston indicates that the group should hold its own in the current year as orders have risen and as the effects of the managerial reorganisation begin to make themselves felt. By 1962-3, he hopes that there will be an improvement in profits. The £1 shares now stand at their lowest point for the year at 23s. 6d. to yield 7.6 per cent.

International Tea

THE disappointing results from Allied Suppliers had already made an impact upon food shares and in particular on the 5s. shares of International Tea, and when that company announced its results this week its shares were marked down again, so that at 14s., compared with this year's peak of 19s. 3d., the yield is 4½ per cent on the maintained dividend of 12½ per cent.

The group's trading profits in the year to April 30th fell slightly, from £2,645,000 to £2,563,000, and its net profits declined from £1,021,000 to £947,000. It seems clear that benefits arising from the group's modernisation scheme involving the conversions to date of about 300 branches into self service stores, have been more than offset by competitive price cutting. *International* Tea's sales may have again been higher, but its margins must have been lower.

The group is still going ahead with its development programme and capital commitments of £765,000 at the end of April were very little different from those outstanding in April, 1960. Development has been largely financed by the sale and leaseback of freehold properties and the surplus on properties sold last year (as distinct from the actual sum of money raised) was £421,000. Sales under existing agreements with the Legal and General are expected to produce a further surplus of £100,000. Freehold properties of the group a year ago were shown at cost at £6.3 million, so that International Tea, whose annual cash flow is not much less than £950,000, could presumably continue to finance further development by lease-backs.

London Stock Exchange

FIRST DEALINGS	July 10	July 24	Aug. 4
LAST DEALINGS	July 21	Aug. 3	Aug 18
ACCOUNT DAY	Aug. 1	Aug 15	Aug. 29

THE improvement in prices which took place in the London stock market in the middle of last week was not maintained at the end of the Account on Friday although gilt-edged stocks finished the week on a firm note. Anticipation of the Chancellor's speech after the week end was once again having its effect. Small buying and selling and the decrease in recent small investment buying led to sensitive and irregular price movements from Thursday onwards. The tendency to mark time continued on Monday and Tuesday (the Chancellor's statement came after official hours) but although the business remained small prices were a little better. On Wednesday however the market reacted strongly to the previous day's announcements. At first there were widespread losses but later a number of equities rallied and some wiped out earlier falls to close with moderate gains, but on Thursday shares fell sharply. Over the week to Wednesday *The Economist* indicator showed a net gain of 5.7 points at 376.1.

Short dated gilt-edged stocks improved before the week-end on a little bear covering and investment buying. At the same time War Loan and other undated stocks rose on the assumption that gilt-edged might benefit from stringent long term government measures. But the 2 per cent rise in Bank rate caused some sharp falls of up to 1⅛ on Wednesday. War Loan 3½ per cent fell one point but over the week to Wednesday still showed a net gain of 1/16 to 53¼, but all short dated stocks showed net falls with Exchequer 3 per cent 1962-63 down 1¼ to 94⅛.

On balance bank and insurance shares showed moderate gains, notably Lloyds Bank rose by 3s. 9d. to 65s. 6d. and General Accident by 9s. 3d. to 155s. 6d. Hire purchase shares showed sharp falls especially United Dominions Trust which following its disappointing results lost 25s. to 140s. Stores shares recovered slightly, Marks and Spencer "A" gained 1s. 4½d. to 110s. Steel shares dropped, Summers losing 3s. to 48s. 4½d. but Dorman Long went against the trend and gained 2s. to 31s. 10½d. There was a fair turnover in Colvilles new rights which closed on Wednesday at 6d. premium. Property shares showed no decided trend but City Centre gained 3s. 1½d. to 55s. 6d. xr. Electrical shares were generally lower especially General Electric which lost 1s. 9d. to 30s. 9d. folowing its sharp fall in profits. Engineering shares rose moderately in some cases, Guest Keen and Nettlefolds gaining 1s. 4½d. to 90s. 6d. Food shares showed a few gains particularly Bovril which improved by 7s. 9d. to 63s. Steady demand led to an uninterrupted rise in gold mining shares, Western Holding gained 8s. 9d. to 117s. 6d. and among the finance houses Union Corporation gained 4s. 6d. to 50s.

LONDON AND NEW YORK STOCKS

Prices, 1961 High	Prices, 1961 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, July 19, 1961	Price, July 26, 1961	Net Yield, July 26, 1961 § £ s. d.	Gross Yield, July 26, 1961 £ s. d.
92½	88¼	Savings Bonds 3% 1955–65	90⅜	88⅞	4 18 3	6 2 10
100⅛₂	99⅛	Conversion 4½% 1962	99²³/₃₂	99⅝₁₆	4 3 5	5 15 3
96⅞	94	Exchequer 3% 1962–63	95⅜	94⅛	5 1 4	6 2 6
101⅝₁₆	99⅛	Treasury 5½% 1962	100¼	99⅜₁₆	3 13 0	6 0 8
93³³/₃₂	91	Exchequer 2½% 1963–64	92⅜	91	4 18 7	6 9 1
99¹⁹/₃₂	97	*Conversion 4¾% 1963*	98⅛₁₆	97	4 9 2	6 9 1
98³²/₃₂	95	Conversion 4½% 1964	96⅛₁₆	95	4 10 8	6 9 4
101⅝₁₆	96½	Exchequer 5½% 1966	97⅜	96⅞	3 18 5	6 5 7
83¼	80⅛	Funding 3% 1959–69	80¹¹/₁₆	80¼	5 0 9	6 8 6
89¼	86⅝	Funding 4% 1960–90	86⅞	86⅞	3 15 5	6 10 2
79¹³/₁₆	76¼	Savings Bonds 3% 1960–70	77¹⁵/₁₆	76¼*	5 2 3	6 9 11
84⅞	82¾	Savings Bonds 2½% 1964–67	83⅜	83	5 0 9	6 3 5
72¹¹/₁₆	68¾	Savings Bonds 3% 1965–75	68¹³/₁₆	68½*	4 19 5	6 8 11
83¹⁵/₁₆	80⅝	Funding 3% 1966–68	81¼*	80¾*	5 2 9	6 8 11
97½	93¼	Victory 4% 1920–76	96	94¼	3 4 9	4 16 6
85½	81⅞	Conversion 3½% 1969	84	82*	4 19 10	6 9 9
93⅝₁₆	89	Conversion 5% 1971	89⅜	89	4 9 1	6 10 10
95¹¹/₁₆	91	Conversion 5½% 1974	91⅜	91	4 3 3	6 7 0
73⅛	68⅝	Treasury 3½% 1977–80	68¹³/₁₆	68½	4 14 0	6 8 11
72¼	67½	Treasury 3½% 1979–81	67¹¹/₁₆	67½*	4 13 10	6 8 6
97¹⁵/₁₆	91⅞	Funding 5½% 1982–84	91⅞	91¾	3 19 4	6 4 10
59½	53¾	Redemption 3% 1986–96	53⅛	54¼	4 9 2	6 6 7
88¼	82¾	Treasury 5% 1986–89	82¹³/₁₆	83	4 2 10	6 8 5
63¹¹/₁₆	57⅜	Funding 3½% 1999–2004	58	58	4 6 0	6 7 8
94⅝	87⅛	Treasury 5½% 2008–12	87⅞	87¼	4 5 4	6 10 01
65⅜	58½	Consols 4% ..... after Feb. 1957	59¼*	59*	4 3 0	6 15 6
59¼	52¹⁵/₁₆	War Loan 3½% ..... after 1952	52¹³/₁₆	53¼	4 1 0	6 12 10
59	52⅝	Conv. 3½% ..... after Apr. 1961	52⅜	53¼	4 1 7	6 13 11
50⅞	45	Treasury 3% ..... after Apr. 1966	45⅛	45⅛	4 1 4	6 13 11
44	38¼	*Consols 2½% ..... after 1923*	38½	38¾	3 19 3	6 9 7
43½	38⅜	Treasury 2½% ..... after Apr. 1975	38½	38¾	4 0 1	6 11 9
91¹⁵/₁₆	87⅜	British Electric 4½% 1967–69	88¼	87½*	4 12 4	6 9 10
75¹¹/₁₆	72⅜	British Electric 3% 1968–73	72½	72¹⅛	5 1 0	6 10 4
70⅝	67½	British Electric 3% 1974–77	67⅞	67¾	4 10 4	6 7 5
81⅞	78⅜	British Electric 4½% 1974–79	79¹⁄₁₆	78¾	4 7 8	6 7 6
73½	69¼	British Electric 3½% 1976–79	69¹¹/₁₆	69½	4 13 6	6 8 5
84⅞	80¾	British Gas 4% 1969–72	81¼*	80¾*	4 13 11	6 9 01
81¹³/₁₆	79⅝	British Gas 3½% 1969–71	80⅛	79¾	4 15 11	6 8 81
59⅜	53¹³/₁₆	British Gas 3% 1990–95	54	54¼	4 10 4	6 7 21
75¹¹/₁₆	72⅜	British Transport 3% 1968–73	72¹³/₁₆	72½	5 1 0	6 10 41
80⅞	76¼	British Transport 4% 1972–77	76¾	76½	4 10 4	6 7 51
61¹⁵/₁₆	56⅛	British Transport 3% 1978–88	56¹⁵/₁₆	56¼	4 14 9	6 9 41

Prices, 1961 High	Prices, 1961 Low	DOMINION AND CORPORATION STOCKS	Price, July 19, 1961	Price, July 26, 1961	Yield, July 26, 1961 £ s. d.
82⅛	79	Australia 3½% 1965–69	78½*	78	6 15 01
101	96¾	Australia 6% 1974–76	97¼	96¾	6 9 0a
72⅛	67½	Ceylon 4% 1973–75	68	67½	6 8 2 01
101⅛	97	New Zealand 6% 1976–80	97½	97	6 9 0a
80½	71½	Rhodesia and Nyasaland 6% 1978–81	72	71½	9 2 01
81	74½	*South Africa 3½% 1965–67*	75	74½	8 16 01
59	54	Southern Rhodesia 4½% 1967–92	54¾*	54	8 16 01
94⅝	88¼	Agricultural Mortgage 5½% 1980–85	89¾	88¼	6 9 41
89	84	Birmingham 4½% 1967–70	84¼	84	6 13 01
92¾	88	Bristol 5% 1971–73	88	88¼	6 8 01
93	89¼	Corporation of London 5¼% 1976–79	89¼	89½	6 5 01
48¾	43⅝	L.C.C. 3% ..... after 1920	43¾	44¼	6 15 01
89⅝	84	L.C.C. 5% 1980–83	84	84	6 9 01
93	87⅛	Middlesex 5½% 1980	88	87½	6 11 01

NEW YORK PRICES AND INDICES

	July 19 $	July 26 $		July 19 $	July 26 $		July 19 $	July 26 $
Atch. Topeka	25⅝	25⅞	Boeing	49	51¾	Int. Harvester	50	51
Can. Pacific	23⅛	24⅛	Calumet & Hecla	35⅜	36⅞	*Inter. Nickel*	81⅜	81¾
Pennsylvania	12⅛	13⅜	Chrysler	43⅞	44½	Inter. Paper	30¾	31¾
Union Pacific	33⅝	34⅜	Col. Palmolive	44	43⅝	Kennecott	84¾	85⅝
Amer. Electric	66¾	67⅞	Crown Zeller.	51¾	52¼	Monsanto	52⅞	52
Am. Tel. & Tel.	120⅛	122	Distillers Seag.	38⅞	38⅜	Nat. Distillers	27¾	28
Cons. Edison	77	76⅝	Douglas	31	34⅞	Pan-American	17⅜	17⅝
Int. Tel. & Tel.	53¾	55⅛	Dow Chemical	75½	75½	Procter Gamble	84½	87⅜
Standard Gas	8⅜	8¼	Du Pont	218⅝	218½	Radio Corpn.	56¾	58½
United Corpn.	8⅛	8¼	East. Kodak	105	103¼	Sears Roebuck	67⅞	68⅛
Western Union	42¾	43⅛	Ford Motor	85¼	90	Shell Oil	41⅝	43⅛
Alcoa	71	73	Gen. Electric	63⅛	64¼	Socony-Mobil	46	45⅞
Aluminium	31¾	31⅞	General Foods	81½	82	Stand. Oil Ind.	49⅞	50⅜
Amer. Can	42	44¼	General Motors	45¼	47½	Stand. Oil N.J.	43½	44⅛
Am. Smelting	64⅞	64½	Goodyear	42⅝	43¾	*Union Carbide*	130	133⅜
Am. Viscose	56¼	56⅛	Gulf Oil	35⅜	38⅛	U.S. Steel	80⅛	85½
Anaconda	53⅞	56¼	Heinz	56½	59⅞	West. Electric	41½	42¾
Beth. Steel	40	43⅛	Int. Bus. Mach.	464	470	Woolworth	76¾	76⅞

Standard and Poor's Indices (1941–43=10)

1961	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
June 28	68·90	2·95	31·68	5·10	57·55	3·36	89·75	3·91
July 5	69·43	2·90	32·28	4·99	58·92	3·28	89·85	3·90
" 12	68·97	2·92	31·91	5·07	59·63	3·24	89·54	3·93
" 19	68·35	2·95	30·89	5·23	59·03	3·27	89·64	3·92
" 26	69·61	2·89	31·81	5·08	59·58	3·25	89·96	3·89

425 Industrials :—High, 71·25 (May 17). Low, 60·87 (Jan. 3).

Prices, 1961 High	Prices, 1961 Low	ORDINARY STOCKS	Price, July 19, 1961	Price, July 26, 1961	Yield, July 26, 1961	Cover
		BANKS, DISCOUNT & HP				
94/6	65/9	Barclays £1	78/3*	76/10½	3·38	...
100/3	74/3	District £1	84/–	84/3*	3·80	...
80/–	58/7½	Lloyds £1	61/9	65/6	3·32**	...
26/4½	18/7½	Martins 5/–	21/10½	22/11½	3·39	...
94/6	67/3	Midland £1	77/9	79/3	3·79**	...
97/3	73/–	Nat Provincial £1	79/3*	82/3	3·40	...
95/6	58/9	Westminster 'B' £1	73/6*	76/–	3·84	...
44/9	36/9	Australia & N.Z. ..£1 p.p.	37/–	36/9	6·53	...
52/–	43/9	Bk. Lond. & S. Amer. .£1	44/3	46/6	4·30	...
$1·85c	$2·05c	Bank of Montreal $10	£23⁹/₁₆	£23¹³/₁₆	2·99	...
30⅜	26	Bank of New S. Wales £20	26½	26¼	5·49 g	...
44/9	32/9	Barclays D.C.O. £1	34/6	37/–	5·41	...
64/9	48/–	Chartered £1	51/3	53/9	5·58**	...
£21	£14⅝ g	Hongk'g. & Shang. ...$25	£18	£18¼*	4·11	...
70/6	50/–	Nat. Com. Bk. Scot. ..10/–	53/6	53/6	3·08	...
£29⅛	£25¹⁵/₁₆	Royal Bk. Canada ...$10	£28¹/₁₆	£28³/₁₆	2·92	...
119/6	96/3	Royal Bk. of Scotland .£1	96/6	99/6	3·82	...
40/3	34/–	Stand. Bk. S. Africa ..£1	34/6	35/6	8·45	...
		BREWERIES, Etc.				
165/–	95/–	Bass, M. & B. 5/–	125/–	130/–	3·46	...
89/6	59/6	Distillers 10/–	33/6₩	33/6₩	4·03	2
60/6	48/9	Flowers 5/–	17/3	17/6	3·00	2
		Guinness 10/–	51/–	52/–	4·23**	2
14/9	12/–	Ind Coope T.A. 5/–	13/–	13/7½	4·40**	...
36/10½	21/6	Teacher (Distillers) .10/–	31/3	31/9	3·94	2½
14/9	10/9	Watney Mann £1	86/6	87/9	4·10	2
177/6	129/6	Whitbread 'A' £1	118/–	117/6	4·60	1¾
		BUILDING, PAINT, Etc.				
96/9	70/3	Associated Portland ...£1	78/6	79/3	3·15	2½
108/7½	78/6	British Plaster Bd. ..10/–	22/10½	23/11½	5·41	2¼
26/10½	17/9	Richard Costain 5/–	18/–	18/–	4·44	2¾
13/–	9/6	Crittall Mfg. 5/–	9/6	9/9	7·69	2
36/10½	21/6	Albright & Wilson ...5/–	23/10½	24/10½	4·02	2½
14/9	10/9	Borax Defd. 5/–	17/9	17/7½	3·26	3
177/6	129/6	Fisons £1	43/3	46/–	4·78	3¾
108/7½	78/6	I C I £1	67/6	68/9	4·00	2
26/10½	20/–	Monsanto 5/–	20/6	20/9	3·61	2½
		DRAPERY & STORES				
44/9	36/9	Boots Pure Drug 5/–	27/6	28/9	2·09	2¼
91/3	58/6	Montague Burton 10/–	76/–	76/3	3·61	2
131⅜	55⅝	Debenhams 10/–	54/9	57/9	3·32	1½
30	25	House of Fraser 5/–	54/–	56/–	4·02	1¼
71⅜	55	Lewis's Invest. Tst. ..4/–	16/4½	16/8¼	2·96	2¼
32½	20	Marks & Spencer 'A' .5/–	108/7½	110/–	2·16	1½
20	16	United Drapery 5/–	45/3‖	48/–‖	3·13	1¾
109⅜	85/–	Woolworth 5/–	53/3	54/3	3·30	1½
		ELECTRICAL & RADIO				
36/6	25/6	A.E.I. £1	38/–	37/9	7·95	1
...	...	Brit. Electronic Inds. .5/–	10/3	10/11½	...	...
91½	49/–	B.I.C.C. £1	56/–	56/7½	4·77	2
71½	41/–	*Crompton Parkinson .5/–*	11/6	11/9	5·32	2¼
31⅜	23¹³/₁₆	Decca Record 10/–	57/6	59/6	3·92	2
12½	5	E.M.I. 10/–	37/–	36/9	4·76	2¼
8	5	Elliott-Automation 5/–	21/6	21/9	1·90	2
40/6	30/6	English Electric £1	32/–	32/3	6·20	1½
3	2	General Electric £1	32/6	30/9	6·50	2
84⅜	81⅜	C. A. Parsons £1	53/3	54/9	4·57	4
61½	40/6	A. Reyrolle £1	40/6	42/6	4·59	2½
20	25	Thorn Electrical 5/–	46/6	47/–	2·66	4¼
		ENGINEERING				
41½	28/–	Babcock & Wilcox £1	29/11½	28/10½	6·23	1
9½	5	John Brown £1	35/3	36/6	6·03	2½
Nil	5/10½	Cammell Laird 5/–	6/4½	9/4½	9·41	1
20	10	Internat. Combust. ..5/–	26/10½	26/10½	5·58	1½
		Rich'ds'ns. Westg'th. 10/–	4/10½	5/3	...	...
9½	2½	*Swan Hunter £1*	30/–	30/6	6·56	2¼
Nil	5	John Thompson 5/–	14/6	14/9	1·69	...
12½	7½	Coventry Gauge 10/–	27/6	27/–*	4·53	2¼
12½	6	Alfred Herbert £1	63/–	66/6	4·17	1¾
12½	7½	*Allied Ironfounders...£1*	65/6	66/6	6·02	1½
10	5	Averys £1	84/–	89/–	3·37	2½
4	3	B.S.A. 10/–	23/–	23/6	4·97	2¾
11	6	George Cohen 5/–	11/3	11/6	5·65	2½
12½	10	Davy-Ashmore £1	142/6	145/–	3·79	2½
11	5	Guest Keen £1	89/11½	90/6	3·54	3½
12	4	*Head Wrightson 5/–*	25/–	25/9	3·11	2½
7	5	Metal Box £1	88/–	89/6	2·68	2¼
4	10	Ransome & Marles 5/–	14/9₩	15/3	4·59	3
7	3	Renold Chains £1	39/–*	43/–	4·65	1¾
17½	10	Simon Engineering ..5/–	35/7½	35/11½	3·91	2
7	14	Tube Investments £1	68/6	68/9	4·07	2¾
7½	2½	Vickers £1	31/7½	34/6	5·80	1¾
33¼	14	Ward (Thos. W.) £1	69/–	70/–	4·29	3
22½	5	*Woodall-Duckham ...5/–*	22/6‖	21/9‖	4·83**	2¼

* Ex dividend. † Tax free. ‡ Assumed average life 8 years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ₩ Ex rights. ‡‡ Ex all.
(a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) *Capital distribution of 1s. 6d. per share.* (e) *To earliest date.* (f) Flat yield. (g) Equivalent to 7·2 sterling.
(h) After Rhodesian tax. (f) To latest date.

YORK STOCKS

Prices, 1961 High	Prices, 1961 Low	ORDINARY STOCKS	Price, July 19, 1961	Price, July 26, 1961	Yield, July 26, 1961	Cover
		FOOD & TOBACCO				
34/–	17/6	Allied Suppliers 10/–	18/6	19/10½	5·03	2¼
15/–	7/9³⁄₄	Assoc. British Foods ..1/–	11/6	13/3	1·70	2½
74/–	55/–	Bovril £1	56/–	63/9	3·76	2½
15/6	11/9	Brooke Bond 'B' 5/–	12/4½	13/11½	4·14	3¾
19/3	13/3	International Tea 5/–	14/3	14/4½	4·35	1¾
107/9	71/6	J. Lyons 'A' £1	74/–	75/–	4·22	1¼
35/6	25/9	Ranks 10/–	27/3	28/3	4·96	2
14/03⁄4	10/9	Spillers 5/–	11/9	11/6	4·35	2
55/–	43/11½	Tate & Lyle £1	46/9	45/9	5·25	2
20/10½	16/3¾	Unigate 5/–	17/7½	18/3	3·84	1¾
73/–	62/–	Brit. Amer. Tobac. ..10/–	64/–	65/6	5·40	2¾
51/6	40/–	Gallaher 10/–	41/7½	41/6	4·82	2
71/6	65/3	Imperial Tobacco £1	68/6	68/6	6·57	1¾
		INSURANCE				
151⅛	115/16	Britannic 5/–	121⅝₁₆	131⅝₁₆	3·08	...
86/3	61/3	Commercial Union ..5/–	69/6	72/–	3·13	...
32	17⅞	Equity & Law Life ...8/6	27¾	28½	1·00	...
176/9	103/9	General Accident ..5/–	146/3	155/6	1·93	...
60/6	42/7½	Guardian 5/–	48/9	51/6	2·59**	...
52/–	35	*Legal & General. 5/–*	32¾	32¹¹/₁₆	1·45	...
146/–	100/–	Northern & Empl. £1	131/3	135/6	2·95	...
272/6	156/3	Pearl 5/–	228/9	242/6	3·03	...
29	18	Prudential 'A' 4/–	22⅛	22⅜	3·04	...
182/–	140/9	Royal 5/–	161/9	168/6	2·97	...
129/3	104/6	Royal Exchange £1	112/6	119/6	3·14	...
		MOTORS & AIRCRAFT				
18/10½	14/–	British Motor 5/–	14/4½	14/2¼	7·05	2½
86/3	66/11½	*Jaguar Cars 'A' 5/–*	69/6	71/–	1·41	2¾
48/6	41/10½	Rolls-Royce £1	44/6	45/10½	4·80	2¼
10/–	6/8¼	Rootes Motors 'A' 4/–	6/9	7/1½	6·74	5¼
88/9	52/2¼	A.C.V. £1	75/–	75/–	4·26**	2½
99/10½	79/–	Leyland Motors £1	93/–	95/–	4·21	...
18/6	14/–	Bristol Aeroplane ..10/–	16/10½	17/6	7·14	2¼
33/3	28/11½	Hawker Siddeley £1	29/7½	30/–	7·07**	1¼
41/3	31/9	Dowty Group 10/–	32/9	35/4½	4·38	3
28/10½	21/6	Dunlop Rubber 10/–	25/3	25/1½	6·30	2
72/–	52/–	Joseph Lucas £1	53/6	55/3	4·98	3
33/3	20/–	Pressed Steel 5/–	21/9	22/9	6·59	1¼
46/3	36/–	Triplex Holdings ..10/–	38/–	37/6	4·00	3
		MINES				
168/9	110/–	Anglo-American 10/–	111/6	122/6	7·35	1½
67/3	43/–	Consolid. Gold Fields .£1	49/6	55/7½	8·99	2
108/9	72/6	General Mining £1	73/9	83/11½	8·42	2
68/6	40/–	Union Corporation .2/6	45/6	50/–	8·00	3
25/3	15/3	Daggafontein 5/–	16/–	18/–	22·22	1½
125/–	73/9	Free State Geduld 5/–	75/7½	80/7½	10·54	2
54/3	37/6	Hartebeestfontein ..10/–	40/7½	41/3	12·12	1½
64/6	41/10½	President Brand 5/–	48/11½	51/10½	10·60	1½
157/6	101/3	Rand Mines 10/–	117/6	118/9	8·51	1¼
28/6	15/9	Winkelhaak 10/–	18/–	19/3	...	1½
75/3	55/–	Chartered 15/–	62/6	64/3	11·67	2
63/6	51/3	Rhod. Anglo-Amer. ..10/–	54/9	57/3	13·97h	2
11/7½	8/3	Rhod. Selection Tst. .5/–	9/6	9/4½	9·17h	2¼
6/1½	4/10½	Roan Antelope 5/–	5/4½	5/4½	14·05h	1¾
30/9	21/9	Tanganyika Cons. 10/–	22/6	21/9	17·24	1½
81/6	63/–	Consolidated Zinc £1	63/6	66/6	6·02	1¾
159/4½	110/–	De Beers Defd. Reg. .5/–	123/9	129/6	9·80	1¾
$153	$104	Internat. Nickel ...n.p.v.	$115½	$155	1·73	...
22/6	12/10½	London Tin 4/–	19/–	19/11½	7·32**	1¼
45/–	30/–	Rio Tinto 10/–	34/4½	33/9	8·15	1½
88/6	35/6	Tronoh 5/–	76/–	76/–*	4·61**	...
		OIL				
41/6	46/–	British Petroleum £1	47/–	48/–	7·94	2¼
49/6	36/3	Burmah Oil £1	37/–	37/–	8·28	1¼
52/–	37/–	Castrol 10/–	38/6	39/6	5·08	2½
£15⅛	£10⅝	Royal Dutch ..... 20 fl.	£12⅛	£12¼	3·88	2¾
139⅞	108/9	Shell Transport	119/–	122/9	5·54	3
41/3	27/9	Ultramar 10/–	28/6	31/–	... d	...
		PAPER & NEWSPAPERS				
14/7½	9/10½	Daily Mirror 5/–	12/6	12/9	5·88**	1¼
91/–	61/3	W. H. Smith & Son 'A' .£1	61/3	62/6	3·84	2
66/3	52/–	Bowater Paper £1	54/6	54/9	5·02	1½
56/6	44/–	Albert E. Reed £1	47/3	47/9	6·70	1¾
54/3	37/6	Spicers £1	46/9	46/9	5·35	1¾
31/6	25/6	Thomson Pref'd Ord. 5/–	28/–	28/9	7·83**	2½
68/9	50/6	Wiggins Teape £1	57/6	59/3	4·73	2½

Prices, 1961 High	Prices, 1961 Low	ORDINARY STOCKS	Price, July 19, 1961	Price, July 26, 1961	Yield, July 26, 1961	Cover
		MISCELLANEOUS				
62/–	43/–	Assoc. British Picture .5/–	51/10½*	50/6	5·94	2¾
34/6	26/9	Assoc. Television 'A' .5/–	29/3	33/3	9·02	2
51/9	41/4½	Beecham Group 5/–	48/6	49/10½	3·01	1¾
54/3	41/–	Bowater £1	41/–	43/9	4·57	2½
17/6	6²³/₄	British Match £1	6²³/₄	6²³/₄	4·57	2½
9/9	7/–	British Oxygen 5/–	8	8	4·59	2¼
70/–	51/9	British Ropes 2/6	71½	71½	5·13	2¼
50/–	31/9	De La Rue 10/–	42½	42¾	4·19	2
50/–	31/9	Gestetner 'A' 5/–	34/–	34/–	2·94	3½
73/9	53/6	Glaxo 10/–	57/6	57/9	2·60**	3¾
57/6	47/6	Harrisons & Cr. Defd. .£1	47/6	48/9	6·15	2¾
55/6	36/–	Hoover 'A' 5/–	36/–	36/6	6·16	2¼
28/–	21/6	Ilford 5/–	24/3	21/6	4·07	2
107/3	56/3	I.C.T. £1	87/9	92/9	2·43	2¾
78/9	57/6	National Canning £1	57/6	63/9	3·92	2¼
37/3	29/6	*Powell Duffryn..... 10/–*	30/–	31/6	5·08	2½
30/3	24/7½	Radio Rentals 5/–	26/9	28/–	3·57	3
37/6	18/9	Rank Organisation 5/–	25/–	27/–	4·17**	2¾
43/3	32/10½	Schweppes 5/–	38/–	40/7½	2·95	1¾
39/–	27/6	Sears 'A' 5/–	32/–	32/–	3·57	2¼
29/3	22/–	Thomas Tilling 4/–	25/–	25/3	3·17	2
78/–	55/–	*Turner & Newall.....£1*	63/6	67/6	3·56	2¼
166/6	130/–	Unilever £1	135/6	141/–	3·48	3¼
111³²/₃₂	81¹³/₁₆	Unilever N.V. ..... 12 fl.	97⅛	93⅜	2·68	3¼
48/6	34/10½	United Glass 5/–	17/6	18/–	4·17	2½
42/11½	31/–	United Molasses 10/–	32/11½	33/4½	7·34	1
		SHIPPING				
46/3	36/–	Brit. & Com'wealth. 10/–	36/3	38/3	5·23	2
20/–	15/–	*Cunard £1*	15/3	15/4½	7·80	¼
24/9	20/9	France Fenwick £1	21/9	21/6	6·51	½
10/–	7/–	Furness Withy £1	38/–	40/–	5·00	2¾
17/6	10/–	Ocean Steam. Overseas..5/–	12/–	10/–	7·50	...
48/6	34/10½	P & O Defd. £1	35/10½	37/7½	5·85	1
17/9	12/–	Reardon Smith 10/–	12/3	13/–	1·92	...
25/–	13/9	*Royal Mail..... £1*	14/–	14/6	6·90	...
		STEEL				
74/10½	54/6	Colvilles £1	56/10½	56/–₩	5·71	4½
43/7½	27/6	Dorman Long £1	29/10½*	31/10½	6·27	2½
49/10½	33/9	Lancashire Steel £1	35/4½	36/3	6·07	3½
42/–	28/–	South Durham £1	30/4½	29/7½	8·10	2
47/8¼	26/11½	*Steel Co. of Wales..... £1*	38/4½	37/11½	6·73	2¾
57/4½	40/10½	Stewarts & Lloyds £1	45/11½	45/4½	6·61	3½
68/7½	48/4½	John Summers £1	51/4½	48/4½	6·20	2¼
69/6	48/4½	United Steel £1	52/10½	52/10½	5·90**	3
63/6	46/6	Whitehead £1	46/6*	48/–	6·25	3¾
		TEXTILES				
70/–	52/6	Alliance Trust..... 5/–	55/–	55/6	3·38	1¼
57/10½	42/6	B.E.T. 'A' Defd. 5/

Money and Exchanges

EXCHEQUER RETURNS

For the week ended July 22, 1961, there was an "above-line" deficit (after allowing for sinking funds) of £5,956,000 compared with a deficit of £5,294,000 in the pervious week and a surplus of £6,856,000 in the corresponding period of last year. There was a net receipt "below-line" of £27,922,000 leaving a total cumulative deficit to date of £228,382,000 compared with £312,893,000 in 1960–61.

£'000	Estimate 1961–62	April 1, 1960, to July 23, 1960	April 1, 1961, to July 22, 1961	Week ended July 23 1960	Week ended July 22, 1961
Ordinary Revenue					
Income Tax	2,728,500	409,398	472,459	28,897	29,636
Surtax	210,000	27,800	33,100	1,000	1,000
Death Duties	240,000	71,100	89,300	3,800	5,200
Stamps	94,000	27,800	34,400	1,600	2,300
Profits tax, EPT and EPL	325,500	71,100	94,400	6,200	5,000
Other Inland Rev. Duties	...	50	...	...	...
Total Inland Rev.	3,598,000	607,248	723,659	41,497	43,136
Customs	1,550,000	457,382	501,484	27,902	34,031
Excise	960,000	238,925	241,325	4,660	7,155
Total Customs and Excise	2,510,000	696,307	742,809	32,562	41,186
Motor Duties	155,000	17,955	22,426	...	777
PO (Net Receipts)	...	...	...	...	...
Broadcast Lic's.	40,000	6,800	8,800	...	2,000
Sundry Loans	205,000	12,027 / 32,870	107,490	662 / 4,732	357
Miscellaneous					
Total	6,508,000	1,373,207	1,605,184	79,453	87,456
Ordinary Expenditure					
Debt Interest	660,000	186,976	218,684	5,735	7,159
Payments to N. Ireland Exch.	92,000	23,462	24,042	...	...
PO Fund — Initial settlement	15,000	...	...	...	...
Other Consolidated Funds	8,000	3,165	3,285	12	13
Supply Services	5,186,902	1,379,355	1,468,556	66,760	85,780
Total	5,961,902	1,592,958	1,714,567	72,507	92,952
Sinking Funds	40,000	9,164	8,374	90	460
"Above-line" Surplus or Deficit	— 228,915	— 117,757	+ 6,856 Cr.	— 5,956 Cr.	
"Below-line" Net Expenditure*	83,978	110,625	11,071	27,922	
Total Surplus or Deficit	— 312,893	— 228,382	+ 17,927	+ 21,966	
Net receipts from:					
Tax Reserve Certificates	69,604	60,829	— 424	599	
Savings Certificates	27,100	— 4,300	1,400	— 1,100	
Defence Bonds	36,364	20,244	2,284	474	
Premium Savings Bonds	12,670	13,650	390	600	
Total	145,738	90,423	3,650	573	

* Net Issue of the Civil Contingencies Fund of £23 million in 1961–62 compared with a net issue of £28 million in 1960–61.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1960					
July 23	3,450·0	1,856·1	207·3	0·3	5,513·6
1961					
Apr. 15	3,130·0	1,928·5	269·5	6·0	5,333·9
,, 22	3,140·0	1,911·3	336·3	...	5,387·6
,, 29	3,110·0	1,993·1	247·9	...	5,351·0
May 6	3,130·0	1,887·3	293·3	...	5,310·6
,, 13	3,160·0	1,893·0	275·3	...	5,328·2
,, 20	3,180·0	1,839·1	316·3	...	5,335·5
,, 27	3,210·0	1,843·3	249·7	...	5,303·0
June 3	3,240·0	1,825·3	258·5	...	5,323·8
,, 10	3,270·0	1,827·6	242·2	...	5,339·8
,, 17	3,280·0	1,823·6	263·9	...	5,367·5
,, 24	3,290·0	1,909·6	201·6	...	5,365·8
,, 30	3,290·0		283·3	...	5,483·0
July 8	3,280·0	1,033·1	265·2	0·8	5,399·0
,, 15	3,270·0	1,866·0	269·0	...	5,405·0
,, 22	3,260·0	1,894·4	214·3	...	5,368·7

THE MONEY MARKET

THE rise of 2 per cent in Bank rate to 7 per cent on Tuesday left a longer than usual gap before the next Treasury bill tender. The market referred back to September, 1957, for a rough guide in fixing rates. On that occasion the 7 per cent Bank rate was followed by a rise from 4½ to 6⅞ per cent in the Treasury bill rate. On Wednesday three month trade bills rose to 7⅛-8 per cent, an increase of 2 per cent, and bank bills of a similar maturity rose to 6¼-6½ per cent.

At the Treasury bill tender on the Friday before the change in Bank rate the discount market again made no real attempt to anticipate a possible change in Bank rate, although the syndicate did lower its bid by 3d. to £98 16s. 11d., and the average rate of discount rose by just under 1/16 per cent to 4⅝ per cent. Outside bidders kept out of the tender, and total applications fell by £45 million to £333 million. In these circumstances the market allotment rose from 47 per cent to 66 per cent. Credit was tight on the Monday and Tuesday before the Bank rate change and on Wednesday one or two houses borrowed small amounts from the Bank at 7 per cent.

MONEY RATES

LONDON

	%		%
Bank rate (from 5%, 26/7/61)	**7**	**Discount rates:** Bank bills:	
		60 days	6¼–6⅜
Deposit rates (maximum):		3 months	6¼–6⅜
Banks	5	4 months	6¼–6⅜
Discount houses	5–5¼	6 months	6¼–6⅜
		Fine trade bills:	
		3 months	7⅛–8
Money:		4 months	7⅛–8
Day-to-Day	5⅞–6	6 months	7¾–8⅛

NEW YORK

	%		%
Official Discount rate: (from 3½%, 11/8/60)	3	**Treasury bills:** July 17	2·200
		,, 24	2·244

BANK OF ENGLAND RETURNS

(£ million)	July 27, 1960	July 19, 1961	July 26, 1961
*Issue Department**:			
Notes in circulation	2,319·2	2,364·9	2,400·2
Notes in banking dept.	31·2	60·5	25·1
Govt. debt and securities*	2,347·5	2,423·7	2,423·8
Other securities	0·7	0·8	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	1·8	0·5	0·5
Banking Department:			
Deposits:			
Public accounts	10·5	15·7	12·4
Special deposits	117·9	155·2	155·2
Bankers	226·4	254·7	258·3
Others	68·4	76·4	77·9
Total	423·4	502·0	50·38
Securities:			
Government	423·3	405·8	429·7
Discounts and advances	43·5	35·0	48·0
Other	18·8	18·0	18·3
Total	409·5	458·9	496·0
Banking department reserve	32·1	61·4	26·0
	%	%	%
"Proportion"	7·5	12·2	5·1

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £50 million to £2,425 million on July 27th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million): Offered	Amount (£ million): Applied for	Three Months' Bills: Average Rate of Allotment	Three Months' Bills: Allotted at Max. Rate*
1960			s. d.	%
July 22	250·0	419·7	109 9·27	43
1961				
Apr. 21	260·0‡	411·3	89 9·01	38
,, 28	220·0	379·8	88 1·71	67
May 5	240·0	416·2	87 4·27	49
,, 12	250·0	445·8	86 5·04	50
,, 19	260·0	432·5	88 3·18	33
,, 26	270·0	440·2	88 8·74	50
June 2	270·0	419·9	88 9·61	61
,, 9	270·0‡	463·3	89 4·14	39
,, 16	260·0	391·2	90 0·42	55
,, 23	260·0‡	389·1	90 8·47	50
,, 30	250·0	400·8	90 8·94	46
July 7	240·0	405·2	90 8·80	42
,, 14	240·0	378·2	91 4·47	47
,, 21	240·0	333·3	92 5·62	66

* On July 21st tenders for 91 day bills at £98 16s. 11d. secured 66 per cent, higher tenders being allotted in full. The offer for this week was for £250 million of 91 day bills. ‡ Allotment cut by £10 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits: July 26	Market Rates: Spot: July 20	July 21	July 22	July 24	July 25	July 26
United States $	2·78–2·82*	2·787/16–9/16	2·787/16–9/16	2·787/16–9/16	2·787/16–9/16	2·787/8–79	2·793/16–5/16
Canadian $	...	2·879/16–11/16	2·875/16–7/16	2·873/8–1/2	2·873/16–5/16	2·873/8–1/2	2·881/8–1/4
French Fr.	13·622–14·027	13·641/4–1/2	13·641/4–1/2	13·641/4–1/2	13·643/8–5/8	13·65–66 1/2	13·681/2–3/4
Swiss Fr.	11·94–12·547/8	12·015/8–7/8	12·011/4–1/2	12·011/4–1/2	12·013/4–02	12·031/2–041/2	12·051/4–3/4
Belgian Fr.	137·96–142·05	138·571/2–621/2	138·571/2–621/2	138·55–60	138·571/2–621/2	139·75–95	139·05–15
Dutch Gld.	9·983/8–10·281/2	10·001/2–3/4	10·001/4–1/2	10·001/8–3/8	10·005/8–7/8	10·013/4–021/4	10·033/4–041/4
W. Ger. D-Mk.	11·037–11·365	11·077/8–081/8	11·073/8–7/8	11·073/8–5/8	11·081/8–3/8	11·091/2–10	11·111/2–12
Portug. Esc.	...	80·10–25	80·10–25	80·10–25	80·10–25	80·10–25	80·15–20
Italian Lire	1725–1775	1728–281/2	17271/4–3/4	14·36–361/4	1730–31	1730–31	17321/2–33
Swedish Kr.	14·271/2–14·70	14·377/8–381/8	14·361/4–37	14·361/4–361/2	14·361/4–1/2	14·383/4–391/4	14·401/2–41
Danish Kr.	19·061/2–19·62	19·305/8–7/8	19·301/2–3/4	19·301/2–3/4	19·301/2–3/4	19·301/2–31	19·313/4–321/4
Norwegian Kr.	19·71–20·301/2	19·973/8–7/8	19·971/2–3/4	19·971/2–3/4	19·971/4–1/2	19·971/4–3/4	19·99–991/2
* Official Limits		**One Month Forward Rates**					
United States $		13/16–11/16c. pm	3/4–5/8c. pm	3/4–5/8c. pm	3/4–5/8c. pm	1–3/4c. pm	1–7/8c. pm
Canadian $		13/16–11/16c. pm	3/4–5/8c. pm	3/4–5/8c. pm	3/4–5/8c. pm	1–3/4c. pm	1–3/8c. pm
French Fr.		31/2–3c. pm	31/4–23/4c. pm	31/4–23/4c. pm	31/4–23/4c. pm	31/2–21/2c. pm	41/2–31/2c. pm
Swiss Fr.		5–41/2c. pm	5–41/2c. pm	5–41/2c. pm	41/2–4c. pm	6–5c. pm	6–5c. pm
Belgian Fr.		35–25c. pm	35–25c. pm	35–25c. pm	35–25c. pm	45–25c. pm	45–25c. pm
Dutch Gld.		5–41/2c. pm	5–41/2c. pm	41/2–4c. pm	41/2–4c. pm	5–4c. pm	51/2–41/2c. pm
W. German D-Mk.		51/4–43/4pf. pm	41/2–4pf. pm	43/8–37/8pf. pm	41/2–4pf. pm	6–5pf. pm	61/2–51/2pf. pm
		Three Months Forward Rates					
United States $		21/4–21/8c. pm	21/8–2c. pm	21/8–2c. pm	21/8–2c. pm	23/8–23/8c. pm	27/8–25/8c. pm
Canadian $		21/4–21/8c. pm	21/8–2c. pm	2 1/16–1 15/16c. pm	2 1/16–1 15/16c. pm	25/8–23/8c. pm	27/8–23/8c. pm
Swiss Fr.		15–141/2c. pm	15–141/2c. pm	15–141/2c. pm	141/4–133/4c. pm	16–15c. pm	161/2–151/2c. pm
W. German D-Mk.		14–131/2pf. pm	131/2–13pf. pm	131/2–13pf. pm	131/2–13pf. pm	16–14pf. pm	16–14pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		252/3	252/41/2	...	252/31/2	252/21/4	251/91/2
,, ($,, ,, ,,)		35·131/2	35·131/2	...	35·131/2	35·131/2	35·14

Prices and Wages

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

BRITISH			
Prices and Wages	This week	External Trade	July 1s
Manpower and Output	July 22nd	Industrial Profits	July 15t
OVERSEAS			
Western Europe	June 10th	United States	July 8t

	Unit	1958	1959	1960	1960			1961				
		mid-June			July 12	July 19	July 26	June 27	July 4	July 11	July 18	July 25
WORLD PRICES												
Commodity Price Indicator(4):												
All items	1958=100	99·7	96·8	98·3	97·2	96·3	96·5	94·1	93·9	94·4	94·6	94·1
Food	,,	100·0	95·8	93·0	94·1	92·7	93·5	91·1	91·2	92·1	92·5	91·7
Fibres	,,	104·2	95·3	98·7	95·4	95·4	96·0	103·1	102·4	102·1	101·8	101·6
Metals	,,	101·2	113·0	122·4	124·7	123·2	123·0	116·4	114·1	114·6	113·1	114·5
		Monthly averages			1960			1961				
BRITISH WHOLESALE PRICES		1958	1959	1960	Apr.	May	June	Feb.	Mar.	Apr.	May	June
Materials used in:												
All manufacturing industries	1954=100	100·8	101·7	101·8	102·6	102·5	102·3	100·7	100·9	101·4	101·5	101·1
Mechanical engineering	,,	123·5	124·5	126·2	126·5	126·7	126·7	127·0	127·7	127·8	128·3	128·3
Electrical machinery	,,	114·5	115·6	116·9	117·1	117·0	117·0	116·9	117·3	117·5	118·3	118·3
Building and civil engineering	,,	114·2	113·4	115·1	114·6	114·7	115·0	116·8	117·3	117·4	117·7	117·8
House building	,,	111·9	111·0	114·0	113·2	113·3	113·9	116·6	117·2	117·3	117·5	117·6
Products of:												
All manufacturing industries	,,	111·1	111·5	113·0	112·5	113·0	113·2	114·6	115·1	115·2	115·4	115·5
Chemicals and allied trades	,,	105·6	106·6	106·0	106·5	106·5	106·2	105·3	105·4	105·4	105·4	105·2
Iron and steel	,,	129·9	129·0	128·5	128·3	128·3	128·3	128·9	128·9	128·9	129·0	129·4
Textile industry	,,	97·9	96·0	100·8	100·1	100·7	100·8	103·8	104·4	104·3	104·6	104·2
Food manufacturing	,,	104·9	106·9	106·9	106·1	106·4	106·6	106·4	106·4	107·1	107·6	107·3
Commodities:												
Cotton, raw (7)	,,	76·8	68·6	75·0	72·8	75·3	76·1	75·8	75·9	75·5	75·0	74·9
Wool, raw	,,	72·4	76·6	76·3	82·5	79·3	78·9	74·2	74·4	78·3	80·5	80·5
Rubber, No. 1 RSS, one month future	,,	118·2	148·1	158·0	173·7	182·1	180·4	118·0	125·1	128·4	131·1	124·2
Softwood, imported	,,	102·1	95·4	104·9	103 2	103·7	106·6	107·3	107·5	107·3	107·3	107·6
Copper, ex-warehouse	,,	79·4	95·6	99·0	105 5	99·9	100·9	90·0	90·6	92·2	97·5	95·1
UK RETAIL PRICES												
All items (1)	Jan. 17, 1956=100	109·0	109·6	110·7	110·3	110·3	110·9	112·3	112·7	113·3	113·6	114·6
Food	,,	107·1	108·2	107·4	106·6	107·3	108·9	107·5	107·4	108·0	109·5	111·4
All items	1938=100?	271	273	276	275	275	276	280	281	282	283	285
Food	,,	282	285	282	280	282	286	283	282	284	288	293
Housing	,,	172	180	186	186	186	186	190	190	193	194	194
Clothing	,,	269	268	271	271	271	271	274	275	275	275	275
Fuel and light	,,	281	284	291	295	279	279	313	313	313	300	302
Household durable goods	,,	307	300	300	297	298	298	303	303	304	304	305
Drink	,,	276	261	256	256	256	256	257	257	257	257	258
Tobacco	,,	428	428	444	449	449	449	449	449	449	449	454
Purchasing power of £ (based on all consumer spending)	1938=100	35·9	35·7	35·4	35·6	35·6	35·5	34·9	34·8	34·6	34·5	34·2
UK TERMS OF TRADE												
Import prices:												
All items	1954=100	99	98	99	99	99	98	97	97	98	99	98
Food, drink and tobacco	,,	97	98	97	95	95	95	94	95	96	96	95
Basic materials	,,	96	93	96	98	98	98	94	94	95	97	96
Fuels	,,	112	104	98	100	100	97	96	96	97	96	95
Manufactured goods	,,	101	104	107	108	108	106	107	107	108	109	108
Export prices:												
All items	,,	110	109	111	112	111	111	112	112	112	112	112
All manufactures	,,	111	111	114	114	113	113	115	115	115	115	115
Metals	,,	118	115	118	119	119	118	119	118	118	117	116
Engineering products	,,	115	117	120	121	120	121	122	121	121	120	121
Textiles (excluding clothing)	,,	101	98	102	99	102	101	107	106	107	107	108
Terms of trade:												
Ratio of import to export prices	,,	90	90	89	88	89	88	87	87	88	88	88
SHIPPING FREIGHTS (8)												
Tramp shipping freights	1960=100	90·4	96·9	100·0	105·4	102·8	95·6	106·0	103·2	106·9	111·3	103·7
UK WAGES												
Weekly wage rates:	Jan. 31,											
All workers (3)	1956=100	114·0	117·0	120·0	119·6	119·9	119·9	123·7	123·9	124·2	124·5	125·0
Men	,,	113·8	116·8	119·7	119·4	119·6	119·6	123·4	123·6	123·9	124·1	124·5
Women	,,	114·0	117·0	120·8	120·4	120·7	120·7	123·6	124·0	124·2	124·8	125·6
Juveniles (4)	,,	115·8	119·0	123·2	121·8	122·0	122·0	128·8	129·0	129·2	129·8	130·6
All workers	Sept., 1939=100	296	304	317	311	311	311	321	322	323	324	325
Weekly earnings (5):												
Men	s. d.	256 8	271 1	290 8	282 1	...	...	...	...	301 4	...	...
Women (full time)	,,	134 1	140 11	148 4	145 0	...	...	...	...	152 7	...	...
Youths (4)	,,	112 0	117 6	130 0	123 1	...	...	...	...	135 9	...	...
Girls (4)	,,	86 9	90 10	96 10	93 1	...	...	...	...	99 1	...	...
Men	Oct., 1938=100	372	393	421	409	...	...	...	...	437	...	...
Women (full time)	,,	412	432	456	446	...	...	...	...	470	...	...

(1) For a rough conversion to basis of June, 1947, multiply throughout by 1·534. (2) The interim index of retail prices has been linked back to 1938 with the aid of calculations made by Professor R. G. D. Allen for the London and Cambridge Economic Service. (3) For a rough conversion to basis of June, 1947, multiply throughout by 1·561. (4) In general males under 21 and females under 18 years of age. (5) Surveys made twice a year; annual figures relate to October survey. (6) Index revised and rebased on 1958=100 (see *The Economist*, January 7, 1961, page 59). (7) Revised series. (8) The series has been revised by the Chamber of Shipping to reflect a more up-to-date pattern of tramp shipping movements and uses the average freights in 1960 as the basis of comparison; 1958 and 1959 figures on the old basis of 1952=100 have been linked to 1960=100 by multiplying by 1·348, freights in 1960 being considerably lower than they were in 1952.

APPOINTMENTS

Senior Commercial Executive

Turbine Gears Limited, a company specialising in the design and sale of gears and gear units of all kinds, wish to recruit a first-class Commercial Executive who will be directly responsible to the Managing Director.

Applicants, aged 30-40, should have had experience in the sale of capital goods including dealing with customers and staff, estimating, budgetary and cost control, and the co-ordination of production problems. A sound engineering background would be an advantage.

This is an important post offering every opportunity for advancement with a member company of the progressive and fast-growing Simon Engineering Limited at their Cheadle Heath headquarters. A first-class salary will be offered to the right man. Excellent conditions and pension scheme.

Please write, giving full career details and quoting reference HS.51/C, to: The Chief Personnel Officer, HENRY SIMON (HOLDINGS) LTD., Cheadle Heath, Stockport, Cheshire.

Turbine Gears LTD

SE MEMBER COMPANY SIMON ENGINEERING LTD

UNESTABLISHED DISTRICT COMMISSIONERS

NATIONAL SAVINGS COMMITTEE

Several vacancies, mainly in the Provinces, for men or women with knowledge of economics, organising ability, preferably with experience of public speaking and voluntary organisations. University education desirable. National salary £775 (age 25 and over) to £1,430. Possible establishment later. Application forms from Manager (PE 1847), Ministry of Labour, Professional & Executive Register, Atlantic House, Farringdon Street, London, E.C.4. Closing date for completed application forms, Friday, August 18, 1961.

ROAD RESEARCH LABORATORY (D.S.I.R.), Harmondsworth, Middlesex, requires Civil Engineers, Physicists, Mathematicians, Statisticians in the Senior Scientific and Scientific Officer grades for work in the Tropical Section. Duties concern problems of road building and road transport in tropical and sub-tropical areas, involving soil mechanics, traffic engineering, and economics studies. Section is based at Harmondsworth and work involves regular visits overseas with, in some instances, postings for periods of one or two years on specific projects: usual Foreign Service Allowances apply. Qualifications: 1st or 2nd Class Hons. degree. For S.S.O. some years of appropriate post-graduate research is required. Salary—within range—S.O. £773-£1,267; S.S.O. £1,392-£1,714. Prospects of promotion to Principal Scientific Officer (range up to £2,478) with possibility of higher posts. Laboratory is expected to move to Crowthorne, Near Bracknell, Berkshire, in 1963-64.—Application Form and further information from Director of Road Research (address above) quoting ROAD 8YXW.

BP has a vacancy for a male SENIOR MARKET RESEARCH ASSISTANT aged 35-40 to work in London Head Office. A graduate in Economics, Statistics or Mathematics is required. He must have at least five years' experience in the supervision of Market Surveys and the interpretation of results with an Advertising Agency, Market Research Agency or Commercial Organisation. A knowledge of French and German would be useful. Some travel abroad is involved. Part of the duties will be the co-ordination of market research activities throughout the BP Group. Salary according to qualifications and experience. Non-contributory Pension Scheme.—Write giving full particulars, quoting reference H.5568, to Box 6760 c/o Hanway House, Clark's Place, E.C.2.

For further appointments and other classified advertisements see page 500

BBC requires Trainees for posts in News and Current Affairs covering Sound and Television News and Sound Current Affairs departments. Candidates must have writing ability and be able to show keen interest in current affairs. After a training period trainees will be able to compete for posts as sub-editors, script-writers, reporters, or producers, in London or the Regions. Candidates with a strong preference for Regional work should say so. Progress is possible, in competition, to senior editorial/production posts. Training salary, according to qualifications, not less than £1,060 p.a. Requests for application forms (enclosing addressed envelope and quoting reference 61.G.329) should reach Appointments Officer, Broadcasting House, London, W.1, within five days.

HEINZ 57 MARKET ANALYST

An Economist, aged 24-28, is required to study sales, market research, test market results and other data and to provide an efficient market intelligence service to senior executives of the Company.

A graduate in Economics or Statistics would be preferred but the really essential qualifications are an enquiring mind and at least two years' practical experience in the consumer goods field.

This appointment carries excellent conditions of employment and a good commencing salary which will be progressive on a personal merit basis.

Applications detailing qualifications and briefly outlining experience to date should be addressed

The Personnel Officer,
H. J. Heinz Company Limited,
Waxlow Road, Harlesden,
London, N.W.10.

MARKETING RESEARCH

B Nylon S

What do people think of a product? How and why do people's preferences and buying habits change? How much should be spent on consumer advertising, and how much on retail promotion? Is direct mail a useful promotion method, or is it wasteful?

The Marketing Research Section of British Nylon Spinners (located in modern offices in Knightsbridge) is trying to answer these questions and others like them. The Company makes yarn only, not cloth or clothes, and problems arise at every stage in the clothing production and distribution industries. A large continuous programme of research is already in operation (much of it pioneering in nature). This is now being expanded, and the central planning unit of the Section needs strengthening.

We are looking for graduates (preferably Economists, Sociologists or Psychologists) to take part in this interesting work. Applications from men or women, aged not more than thirty, should be addressed to The Personnel Manager,

British Nylon Spinners Limited,
PONTYPOOL, MONMOUTHSHIRE,
and should quote ref. M/12.

ECONOMIST/STATISTICIAN

Applications are invited from Honours Graduates for the appointment of Economist/Statistician with the Committee for Scotland and Northern Ireland of the White Fish Authority.

Generally the duties are to undertake economic surveys and research covering the various sections of the fishing industry and to maintain and analyse fishery statistics.

Applications should be made on the prescribed form. Intending applicants may obtain further particulars regarding duties and conditions of service and the form of application from the Secretary/Solicitor, Committee for Scotland and Northern Ireland, 5 Forres Street, Edinburgh.

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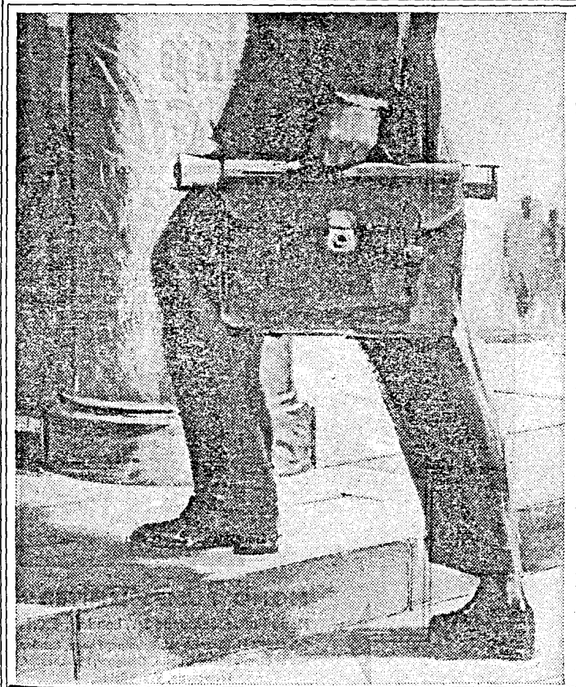
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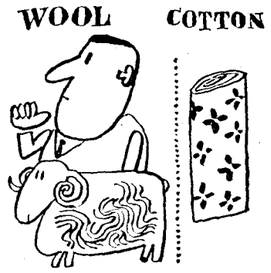
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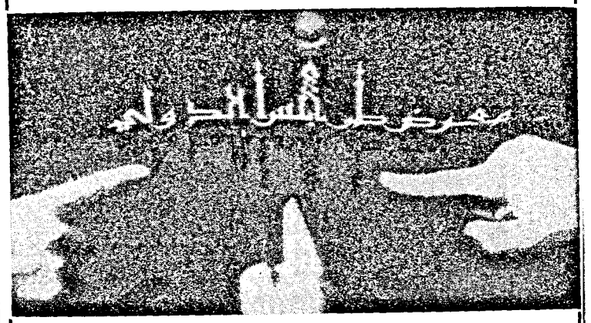
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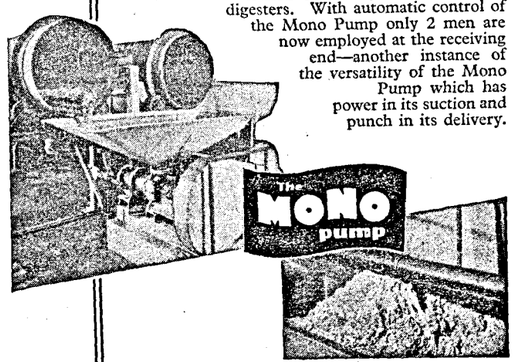
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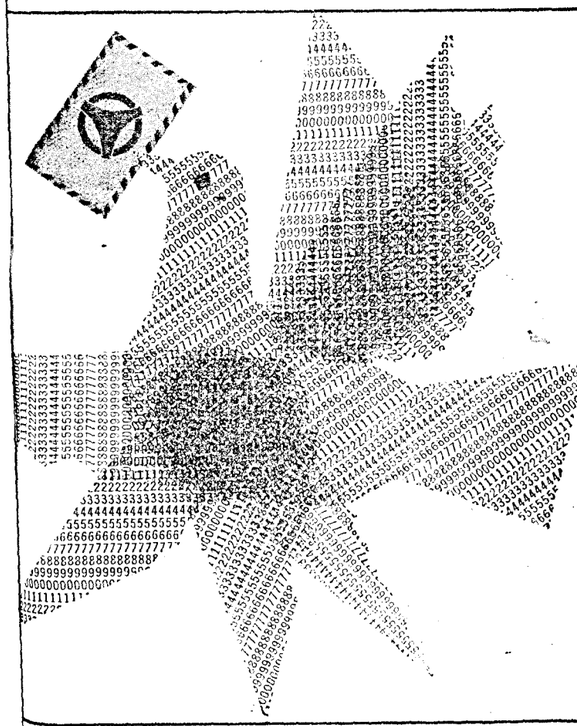
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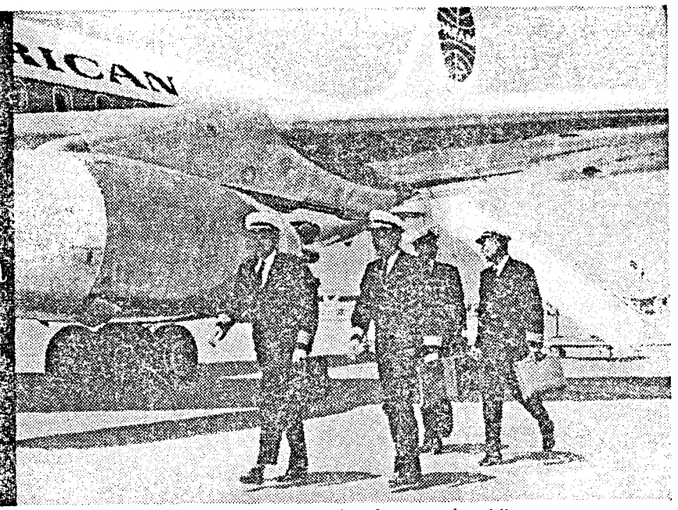
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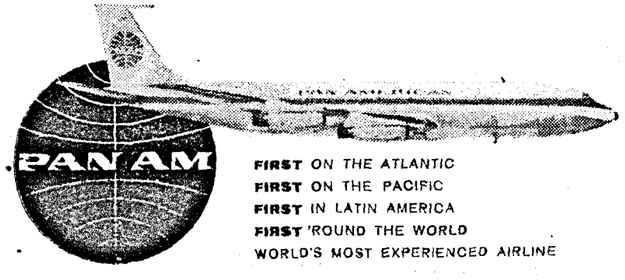
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ARTICLE 237

Any European State may apply to become a member of the Community. It shall address its application to the Council which, after obtaining the opinion of the Commission, shall act by means of a unanimous vote.

The conditions of admission and the amendments to this Treaty necessitated thereby shall be the subject of an agreement between the Member States and the applicant State. Such agreement shall be submitted to all the contracting States for ratification in accordance with their respective constitutional rules.

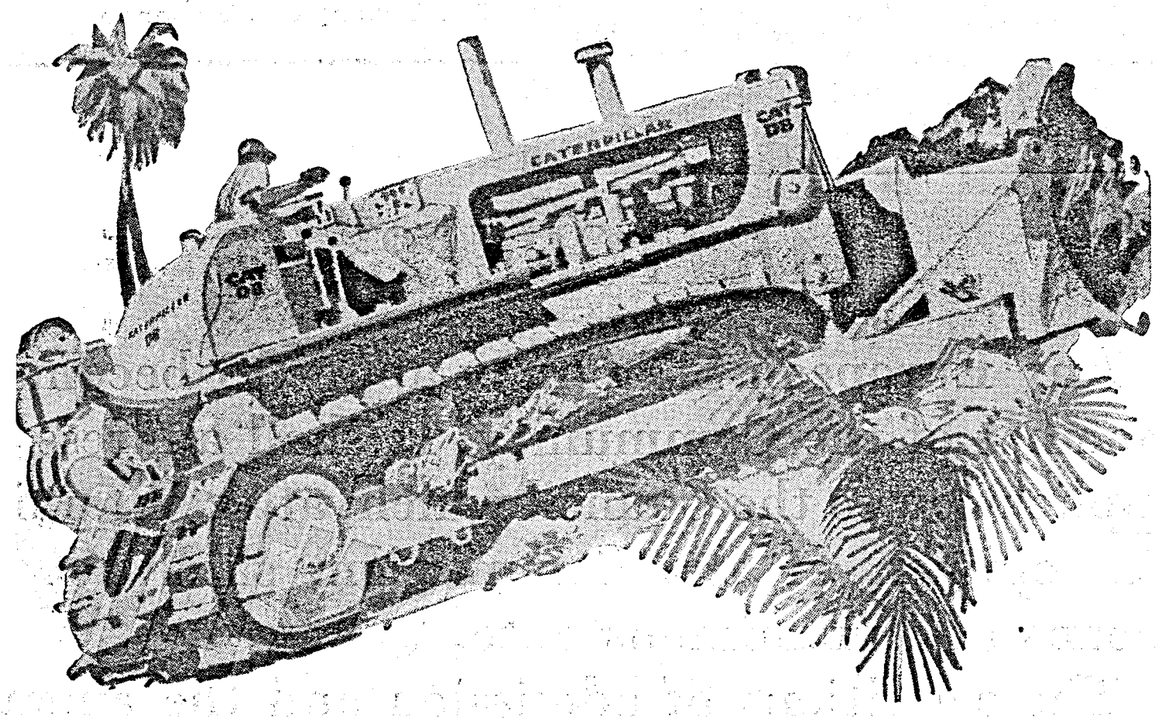
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For Communists: Mr Khrushchev's Manifesto
For the Hungry: Food for Propaganda
For Teachers: Sir David in the Pillory
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August 5, 1961

HOME

BRAVE MUSIC

The British entry, *andante*, into the European symphony is less a solo incursion than the working out of a larger theme, and is at least in part—too negatively in fact—a counterpoint to the rude blare of Soviet brass. The score is not going to be easy to follow, and close attention will have to be paid in the discordant passages ahead if accord is to be reached (p. 523).

• The trumpets have sounded on the other side—less muted in Germany than in France (p. 553).

• At home, Mr Macmillan's *piano* introduction has developed into a display of instrumental virtuosity (p. 529).

DISCORD

Sharp notes are being heard in the teachers' quarrel with the Exchequer : it is right that more money should be paid over, but the recipients ought to be the better-qualified and "career" teachers rather than those *débutantes* whom the NUT—and the Burnham Committee—are now championing (p. 526).

The Trades Union Congress has been joined by the Labour party in its efforts to stop the ETU playing its own tune: but if attempts to drown its noise fail, the government may feel it has to rewrite the rules of harmony for all the unions (p. 532).

CONDUCTOR'S CHORES

Mr Gaitskell is wielding his baton with renewed vigour and skill, and the loud playing on his left has been toned down (p. 533).

The stopping of Mr Wedgwood Benn's pipe was to be expected —but not the elevation of the second fiddle to his seat (p. 532).

The Irish Congress of Trade Unions has hopes of reducing its instruments to a smaller and more harmonious combination (p. 547).

ON THE DOWNBEAT

The critics have been at work on Mr Lloyd's stately measures (p. 566), shortly to become *fortissimo* with the loan from the IMF (p. 565): a note of confidence in sterling has offset the hollowness of the gold reserves (p. 565): borrowers may have to pay for having their tune called for them (p. 568).

Many manufacturers' guarantees have been blowing false notes on consumers' common law rights: a movement is under way to put them into tune (p. 570).

HARMONY

After 15 years of rehearsal, Stevenage New Town is settling down into something like a well-conducted community (p. 545).

INTERNATIONAL

THE FUTURE AND . . .

. . . Russia

Mr Khrushchev's manifesto plotting the course of the Soviet Union's economic and political development during the next twenty years is spelt on p. 552. The vistas of plenty it opens are, on the whole, not unrealistic, and it recognises that war would interfere with their attainment (p. 524).

Berlin remains the most pressing danger to the peaceful hopes of East and West alike ; there may be more negotiation soon (p. 530).

In **Antarctica**, twelve nations, including Russia, Britain, and the United States, have agreed to collaborate rather than squabble (p. 554).

It is now possible that the **Pope** may receive Mr Khrushchev if he visits Rome (p. 536).

Relations between Russia and **Persia** have gone through a sharp drop of temperature (p. 557).

. . . America

The Two Continents : now that the United States has accepted the burden of Latin America's economic problems, it remains to be seen whether the southern republics will be prepared to do their bit by working and planning together (p. 528).

Propaganda Food : The billions of dollars worth of free food which the United States sends abroad each year for the needy could be used more effectively and receive the recognition that generosity deserves, if it were not for congressional short-sightedness (p. 539).

Arms and the Men : Mr Kennedy's call for more of both for the conventional forces has been answered without delay, but his proposal for a modest new beginning on civil defence has a more doubtful future (p. 540).

Detroit : The big motor car companies are alarmed by the proposal of one of the small ones to give their employees a share of the profits (p. 542).

Children : At this time of year United States parents pack their children off to summer camp with a sigh of relief (p. 541).

. . . Africa

The freeing of **Mr Kenyatta**, symbol of African nationalism, is not the green light for Mau Mau terrorism (p. 527). Nor are **Dr Nkrumah's** anti-colonialist allusions to the past proof that he has a communist future (p. 533).

Libyan oil comes on the world market next month: it may well provoke some readjustment of the politically explosive posted prices of oil (p. 561).

Both the old **Portuguese** empire (p. 536) and the new **Cameroun** confederation (p. 534) are under a cloud just now. The collapse of the Evian talks has plunged the prospects of **Algeria** back into obscurity (p. 530).

. . . Asia

Malaya: the difficulties that impede the realisation of the Malayan prime minister's plan for a confederation of Singapore, Borneo and Malaya are serious but not, perhaps, insuperable (p. 557).

Vietnam: President Diem's government is having an unaccustomed run of success against the communist terrorists (p. 536).

Detailed contents on page 523



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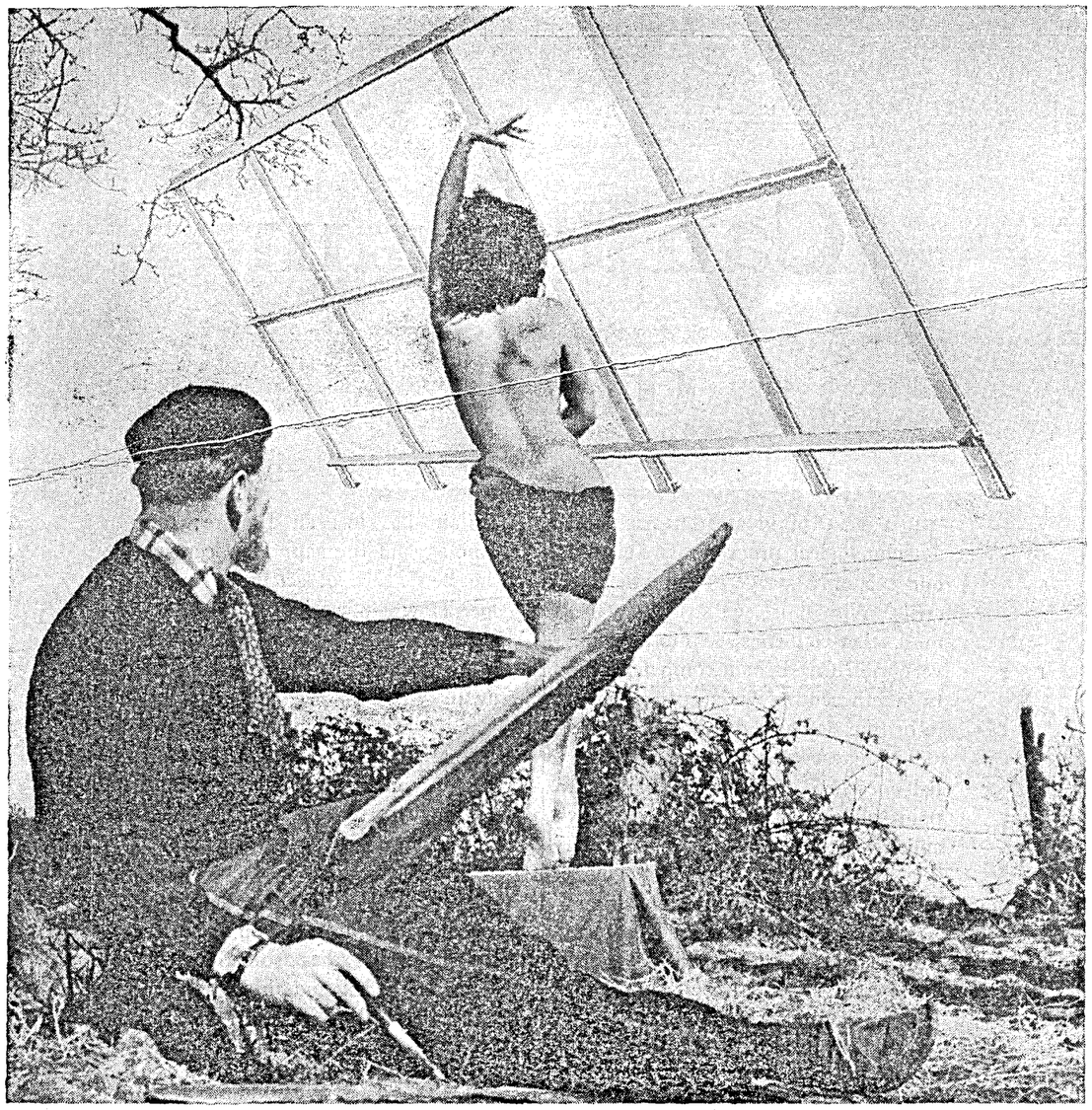
Britain has lost an Empire; can technology fill the gap? How can we make better use of scientific knowledge? How can we increase production faster? What is more important—the pound sterling or economic growth?

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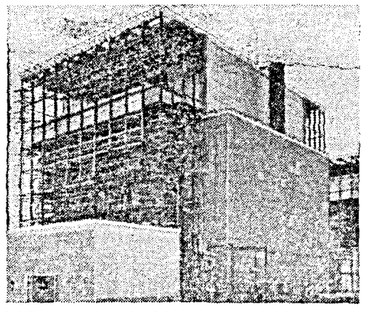
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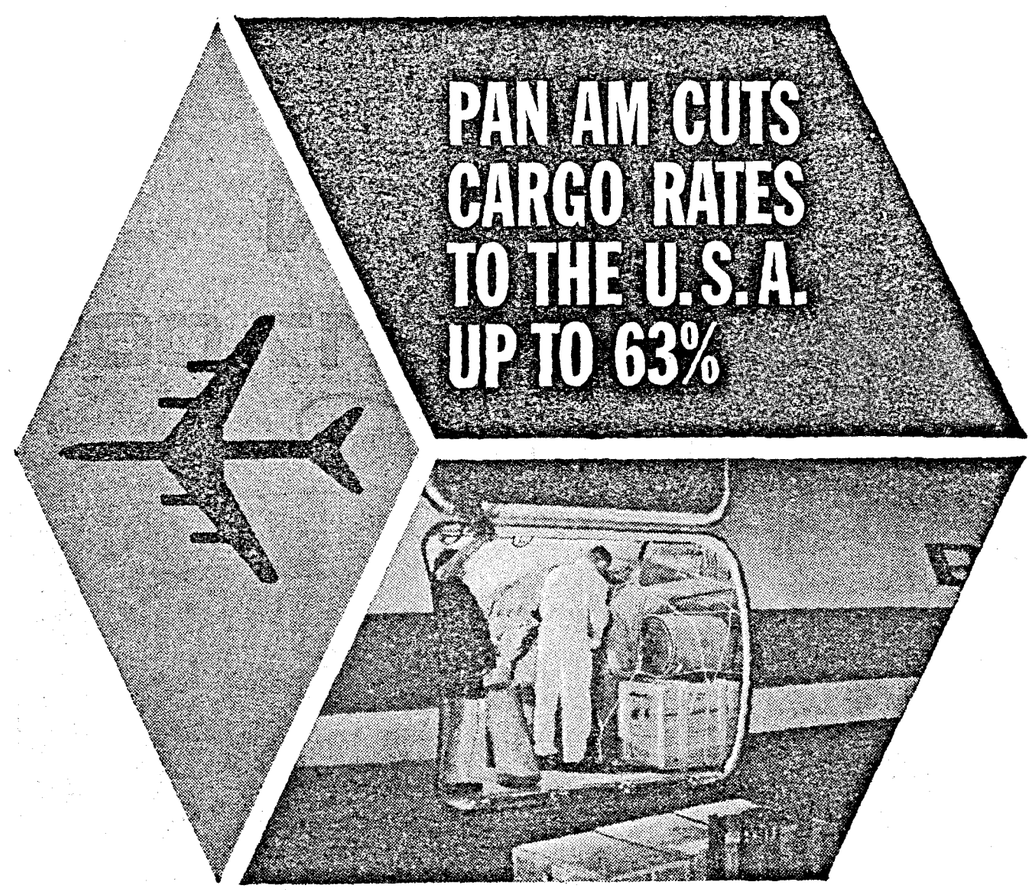
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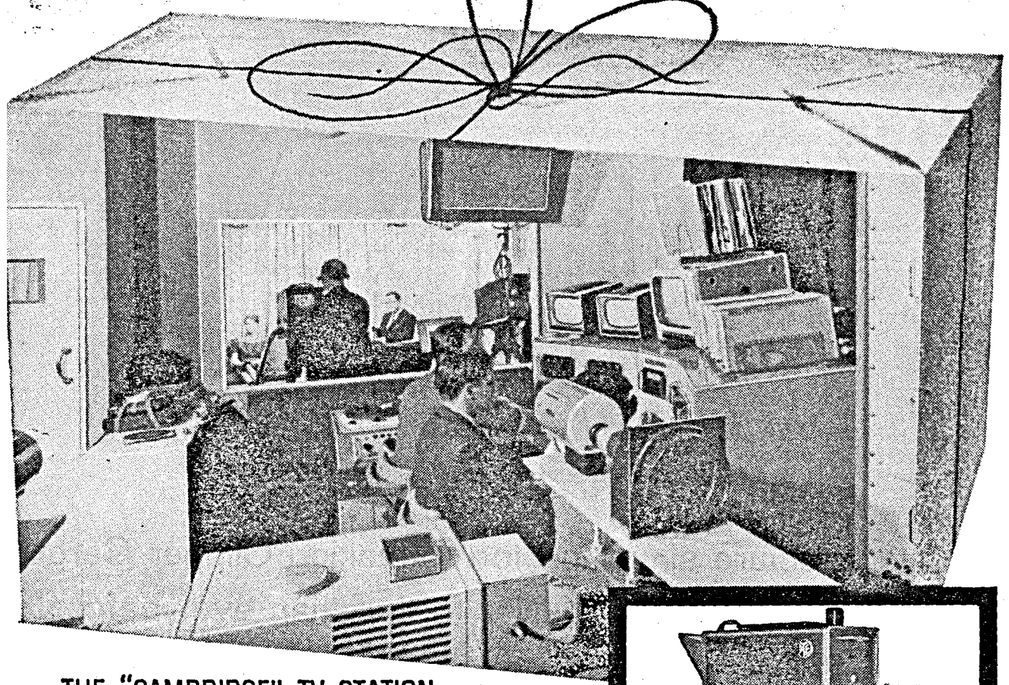
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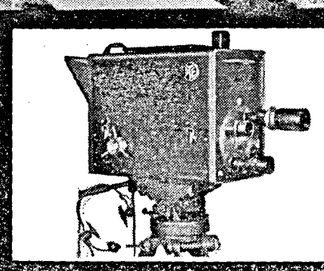
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The Economist

AUGUST 5, 1961

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The European Venture

WITH the Prime Minister's statement on Monday, a twelve months' reappraisal of Britain's European policy reached, and passed, the point of decision: formal application is to be made, he told the House of Commons, to join the Treaty of Rome. Of the various possible solutions to the problem of this country's European relations, this is not only the best; it is also the one that (against the long-held and sometimes lonely opinion of this newspaper) has most often been authoritatively declared to be out of the question. What happened?

In fact, the turn-about has not been as abrupt, and by most of the country will not be found as shocking, as this fact would suggest. July and August a year ago saw the wind of change blowing first through the debates at Westminster, and next through Mr Macmillan's talks with Dr Adenauer at Bonn. This was the time when east-west diplomacy was drifting, dismasted, after the shipwreck of the Paris summit conference. Mr Khrushchev may have driven the statesmen back to the topic of a wider European unity by imposing on them a sense of common danger. Or, in more prosaic terms, he may have removed a source of suspicion between London and Bonn, and of rivalry between London and Paris, by making the pursuit of better east-west relations temporarily pointless.

Whichever it was, it is worth while to remind ourselves of the part that this negative force of Soviet hostility has played and continues to play in bringing European union about. Mr Macmillan showed himself aware of it on Monday when he justified his decision by "*the enormous monolithic strength of Soviet* power." Quite right: but the reminder carries a clear warning with it. To rely on this negative force as the unifying factor would not only put the European negotiation at the mercy of Mr Khrushchev's power to blow hot or cold at will; it would also tend to stamp the end-product itself as a negative and defensive-minded thing. British opinion, by and large, has come round to perceiving the dangers of having western Europe divided and the disadvantages to this country of steering a course, in hazardous times, relatively alone. If only for these reasons, the Government's decision to negotiate with the common market powers will have wide support and fairly general acquiescence in this country. What remains to be established in the public mind is the positive purpose that might make the enlarged European Community not merely a defence-mechanism, but also a system better, and more useful to the world, than modern Europe has yet known.

Basically, it is this that gave importance on Monday to the bower of "ifs" and "buts" in which Mr Macmillan found it necessary to wreathe his momentous statement. Everybody knew that, to carry his own party with him, he had to state conditions. These were in effect that the interests of the Commonwealth, the European Free Trade Association partners, and the British farmers were going to be respected; and it follows that he cannot promise to sign the Treaty of Rome until negotiations have shown what protection for those interests can be obtained. He had to accept the real risk that his reservations would give ammunition to those Europeans already in the common market who do not want Britain in. First reactions from the Continental capitals suggest that this risk was not excessive. Mr Macmillan's assurance that "we shall spare no efforts to reach a satisfactory agreement" has been given more weight than his "ifs" and "buts." For this confidence the pertinacity of his European course over the *past twelve months deserves the credit.*

Nobody ought to conclude from the good first reaction that the negotiations are going to be anything but hard; it can, however, be hoped that they will not be dominated, as past negotiations have been, by the suspicion that the British are bent on sharing the benefits of European union without sharing the obligations. At last, Mr Macmillan has managed to get British relations with western Europe out of the rut of stale resentments in which they had been allowed, for too long, to run. This has required, and will go on requiring, an effort of goodwill from the Europeans. What has now to be most anxiously watched is that the Prime Minister's tactical emphasis on the safeguards and the reservations does not overimpress the British public itself. European union is not a *pis aller,* to be followed with reluctance and backward glances; it is a great and hopeful pooling of interests to produce something new in world society—and in the progress of Britain.

Such an idea would, of course, be meaningless to the British unless the rediscovery that they are, after all, a European nation can somehow be kept clear and central among the distractions of economic pessimism, colonial deadlocks, cold-war alarms, and diplomatic setbacks which will not obligingly cease while the negotiations with the Six are going on. At whatever point in time these negotiations had been attempted, these distractions would have been there. This winter, more than likely, will see the endemic great-power crisis about the German question come to a head yet again, providing the usual fertile soil for differences and resentments among the western nations. We shall be fortunate if it does not also see France, now openly and rather unnecessarily at loggerheads with the United Nations, plunged in a still more acute phase of its North African troubles.

British diplomacy will find itself in a perhaps uneasy intermediate position, having given up the eccentric isolation of the last few years without yet having fully entered the European consensus. This will be no time for shrewd initiatives at Dr Adenauer's or General de Gaulle's expense. The compulsion to tread delicately will be new and uncomfortable, hardly to be borne unless the British collectively realise where it is they want to go. Whether it will do any actual harm is another matter. If the French cannot get their own interests clear in North Africa, their allies can hardly do it for them; and France, without doubt the toughest of Mr Macmillan's negotiating partners this coming winter, remains an ally, and more than an ally, warts and all.

Sometimes Mr Macmillan looks larger than life, sometimes he is thought on all sides to be wearily losing his grip. These last ten days he has achieved both these illusions at once. His European decision has shown him in the combined role of political tactician and man of imagination—Euromac in fact: producing the rabbit from the hat at perhaps the first moment that was safe in party politics, but not very far from the last moment when the chance of success with the Europeans was at all good. The dimness of presentation that masked, on Monday, the boldness of the decision he had taken seemed to fall away in Wednesday's full debate.

Two and a half years ago, when the Free Trade Area project had collapsed, it would have been bold to say that Parliament and the public would have come round to this move by now—and even bolder to say that, by now, the chance would still be open. But during this time another vista, then blurred and vague, has come into focus: to suppose that the enlarged European union may lead in turn to an Atlantic union no longer smacks of fantasy. It may be this, and the new perspectives it could open up for the Commonwealth, that will enable the British nation to make its entry into Europe without looking back.

The Khrushchev Manifesto

The spectre of 1848 has been clothed with solid but bureaucratic flesh

MAN'S political imagination is normally timid: Communism, which believes only in the earthly paradise, has always derived part of its pull from its capacity to draw visions of the future. Moscow has shown this again, on July 30th, in publishing a new draft programme for the Communist Party of the Soviet Union. The preceding programme had been drafted by the bolsheviks back in 1919, when they had a precarious hold on a barefooted, isolated country, in the throes of a civil war. They had, therefore, to reconcile their ambitious goals with the harsh realities of backward Russia.

Nowadays Mr Khrushchev is at the head of a vast block and in command of a powerful, planned economy. Hence, his manifesto can map out a twenty years' road which, in his contention, should lead the Soviet people to the threshold of the communist society of plenty. Though it may cause some raised eyebrows in Peking, this programme will be received by most communists throughout the world as a charter to be studied, interpreted and applied. Outsiders must seek in the nine pages published by *Pravda* the answer to two kinds of questions: is the programme fairly realistic? And even if only partly so, what challenge does it contain for the outside world, what impact will it have on international relations?

A major communist document, like a papal encyclical, is international by definition, not only because of the present spread of the Soviet block, but also because the communists see the whole area of discourse (and action) in world-wide terms. Yet, the manifesto (if such a muddily-written, jargon-ridden document can be so called) is least original in the part dealing with foreign affairs. It provides a restatement of the Khrushchev doctrine of peaceful co-existence, elaborated in 1956 and amended, after a Sino-Soviet compromise, at the Moscow gathering of the 81 communist parties last November. The diagnosis of western ills is similarly gloomy. Led by the "international gendarme," the United States, the "capitalist" world is ridden by contradictions and rivalries and unable to harness modern forces of production. It may still be ahead in productivity, it may show resilience in some branches and countries, but it is, "historically" as the communists say, on the decline and doomed. What form the demise will take depends on circumstances in each case. The possibility of a peaceful and parliamentary way to communism is repeated, but the illusions of Soviet mellowing or revisionism, raised in some western quarters when this suggestion was first made, are pricked: all roads, parliamentary or not, must pass through the "dictatorship of the proletariat."

A REVERSION to stricter orthodoxy can also be discerned in the passages dealing with the undeveloped countries. The programme claims that neither revolutions nor counter-revolutions are exportable commodities. In plainer terms this is an echo of Mr Khrushchev's Viennese warning to President Kennedy that direct American military interference in Asia, Africa or Latin America might precipitate Russian interference and, hence, a world conflict. Generally, the position and prospects in uncommitted countries are analysed with less smugness and complacence than was Mr Khrushchev's fashion before he had the Chinese strictures to meet. It is now admitted that most of the newly independent states are still, economically, within the western orbit; and that, as the "class war" grows in these countries, their "nationalist bourgeoisie" may turn westward for support. Communists are thus being warned not to trust a neutral until he has moved to the Soviet side of the fence.

Yet, for all its militant language, the programme preserves the essence of Mr Khrushchev's co-existentialist doctrine. *Pace* Peking, wars are not inevitable. They can and must be avoided. Not only does the programme dwell on the horror of nuclear war. It recognises, more plainly than usual, that Soviet economic plans can be slowed down by international crises and arms races, or speeded up if these are avoided. And it is on the relentless rhythm of its economic expansion that Moscow has pinned its main hope of ultimate communist victory.

A conviction of the coming benefits of economic progress provides the intellectual foundation of the programme. But, strangely enough, the vision as it is set out seems to owe more to chartered accountancy than to a revolutionary imagination. The few indicators for 1980 that are offered—such as the planned sixfold increase in gross industrial output or the crude steel capacity of 250 million tons—are almost exact projections of rates of growth in recent years. When the future is presented as a projection of the past, it has to be judged by past performance, with certain qualifications. It has often been suggested that the Soviet pace of growth will inevitably slacken once Russia has lost its relative "advantages of backwardness." This is a debatable point. A more pertinent argument is the strain on Soviet resources, should Moscow keep its promise to guide the other economies of its block towards the communist goal, if not simultaneously, then all roughly concurrently with the vast domestic effort. The strain will be particularly heavy if the promise is to cover China or any other backward country that might still join the communist block. Subject to these reservations, there is no reason why Soviet industrial output should not forge ahead towards its planned targets. Heavy industry is the traditional best performer; light industry will require more flexibility and imagination than it has been getting.

In agriculture, by contrast, past performance is a poor guide to future success. To increase farm output by 150 per cent within a decade, to raise farming productivity sixfold within twenty years (and the promised rise in farm incomes depends on such an achievement) will require a revolutionary break with precedent. On the score of such a revolution, however, Mr Khrushchev's programme is less than limpid. It revives the old communist dream of bridging the gap between town and countryside. Probably intentionally, it does not specify clearly how the collective farms will be turned into state farms or even how the small private plots will be eliminated. There is nothing unattainable in themselves about the targets set for Soviet agriculture. Even if they are reached, Soviet farm productivity in 1980 will merely be about the present American standard. Yet this achievement implies that the planners can, finally, overcome passive peasant resistance, and that communism has cracked its hardest nut—the peasantry's property instinct.

If this agricultural question mark is kept in mind, and if it is assumed that the industrial objectives will at least be approached, even the more spectacular and headline-attracting promises in the manifesto do not look fanciful. A country with an industrial output of, say, twice the present American level ought not to find it impossible to provide its citizens with free communal transport, free housing, or other free public utilities if it chooses. (The reported promise of free bread is not in the programme at all.) The pledges are not quixotic, but a projection of current trends. Already rents are not calculated economically in communist countries (or in a number of others, for that matter); public transport is heavily subsidised. The extension of social services is a favourite path of income redistribution for planners of more than one political colour; this is one of the fields in which the new draftsmen have proved more timid than the 1919 bolsheviks, who placed among their long-term aims equality of wages and the abolition of money.

SOME of the benefits now promised to the Russians—three weeks' holiday, free medicines—are not unknown in the West. It is the cumulative effect of all the new pledges that gives them their political impact. The promised cuts in the working week to 35 hours at the end of this decade, and less afterwards; matriculation for all—these are some of the slogans likely to catch. Herein lies the first challenge to western leaders. The advanced countries of the West still have an advantage in living standards and need not match Soviet output ton for ton. Should they, however, give the impression of relative stagnation, facing a Soviet Union boasting of greater leisure and better living, the psychological effect would do its work. When the comparison was dramatically to its disadvantage, the Soviet block was kept isolated from the outside world. Should it work to their advantage, the Russians will know how to turn their successes into international political capital.

This is one side of the picture. To the millions in the backward countries, the Soviet success story of poverty to riches within the span of a man's life, if it comes true, will certainly look dazzling. The privileged citizens of the western world, if it can keep up a steady growth, can afford the luxury of free choice and need not be impressed. Above all, they will be willing to pay a certain price for the supreme luxury of free political choice.

In communist theory, the age of plenty coincides with the withering away of the state. Mr Khrushchev's manifesto is more concerned with goods and services than with the dis-

mantling of dictatorship, which is carefully kept within the traditional Soviet world of make-believe. Trade unions and local authorities are offered a more active part in running the country. A device is proposed to enable some millions more to learn the trade of government: a given proportion of newcomers should be introduced into all elected offices every term. Conversely, nobody will be permitted to keep his office beyond a given number of terms. Or hardly anybody. It is not necessary to worry about Mr Khrushchev's own tenure, since a saving clause provides that outstanding servants can be re-elected by a qualified majority in a secret ballot.

All this is fine. But, on paper, the Soviet constitution is already splendidly democratic. The snag is that, in practice, all decisions, even electoral decisions, come down from the apex to the bottom of the pyramid of power. But materia conditions even approaching those promised to the Russian for the nineteen-eighties may not easily be kept compatibl with even a softened version of Orwell's political world o 1984. The young men with their matriculation certificate their greater leisure, their lesser material cares and their grow ing itch for wider horizons, may yet fill in, to Mr Khrushchev surprise, the unwritten political section of his communis manifesto. This is the grain of hope contained within th Soviet challenge, and another reason for wishing that the east west contest may yet be waged more in economic and socia than in military and power-political terms.

The rate of growth in eleven industrial countries, recently an during the past hundred years, is reviewed on page 564. Mr Khrush chev's programme is further analysed on page 552.

Sir David in the Pillory

When it comes to investing in education, substantially more money should go to the better qualified, and scarcest, teachers—which is not at all what the Burnham award recommended

THE staggering and unforgivable crime of the Minister of Education, by all accounts, is that he has offered the teachers of England and Wales a pay rise of 14.5 per cent, not one of 16 per cent. This is what has set off all the hullabaloo. Sir David Eccles wants the £5.5 million in dispute to come off the basic scale of £600-£1,200 which the Burnham committee recommended: that is to say, the change will not affect the majority of teachers who are above the basic scale already, some of whom stand to get more (and rightly so) under the Minister's ideas than they do from Burnham. It should not even affect any teachers on the basic scale who have five or more years' service behind them. It is really high time that those people who have spent the past ten days clucking over investment in education and the undeniable need to attract more teachers into the schools learned something about the educational system they are so anxious to improve. (And those, like Mr George Brown, who try to draw comparisons with secretarial and clerical wages should find out what the national rates are before they speak.) It may even be possible to get people worrying about the kind of investment that is likely to be for the greatest benefit of the children, the teaching profession and the country at large.

There is no doubt that there is a serious shortage of teachers. By 1970 England and Wales will need up to 80,000 more of them (roughly 27,500 in primary and 52,500 in secondary schools) to cope with the rising birthrate and to reduce oversize classes (that is, classes of over 40 pupils in primary and over 30 in secondary schools). Even this estimate may be too low, because the behaviour of the birthrate is hard to forecast (the educational planners were taken unawares by the latest surge) and the number of pupils staying on after the age of 15 is liable, very desirably, to increase over the decade. The Ministry of Education's latest report shows that the new bulge has now entered the infant schools, which last year had their first rise in numbers (16,000) since 1953: they will go on growing until 1970 at least. The need for more primary teachers is evident, and the training colleges have already bee told to turn four-fifths of their output of qualified teache into the primaries.

At the same time, 50,000 more pupils of 15 and over staye on in the secondary schools last year. There is now an eve greater need to reduce class sizes in these senior schoo (where 63 per cent of pupils are in oversize classes) than i junior ones (22 per cent). It would be splendid, and a relie to everyone, if an extra £100 or so at the bottom of the basi salary scale could be relied on to bring in droves of qualifie people to absorb the approaching primary bulge, raise th general educational standard of the secondary moderns, an teach mathematics and science to "A" level in the gramma schools. But this is not how the system works at all.

Two factors govern the intake into the teaching profession The first, applying to the majority of non-graduates who hav to take a two-year (henceforward three-year) training cours is the number of training college places actually in existence Until the late 1950s (and here the Ministry of Education i vulnerable) there were 23,000 training places in England an Wales. This number is now being doubled: 12,000 mor places were authorised in 1958, 4,000 in 1959 and 8,000 las year. The last batch of places will be open by September 1966. More may still be required. But the fact of the matte is that at present there are more suitably qualified applicant than the colleges can accept. For the first time in year selectivity has been increasing and young women with goo "O" levels who would have been snapped up in the past ar being turned away. This does not suggest that the teachers starting pay is a *serious disincentive* now; it remains to b seen what happens in three or four years when the extra place are there to be filled.

The second factor, affecting the graduate entry, is mor immediately bound up with financial rewards. The need fo more graduates entering the education service is threefold. First, although recruitment is improving slowly, the grammar schools are still short of necessary specialists (particularly science and mathematics teachers) who are capable of becom ing heads of departments—precisely the people to whom industry is offering its biggest inducements. As more children stay on after fifteen, these shortages are likely to become even more serious. Secondly, the most encouraging trend at the top of the secondary moderns is that a growing number of late-developing pupils who failed their 11-plus examinations are now managing to take their general certificates of education: if facilities could be improved and qualified teachers were available more successes of this kind could be expected. At the same time, the institution of a lower leaving certificate (the Beloe examination) is likely to stimulate further interest in "academic" studies among children whose minds are not sufficiently exercised by the demands at present made on them. Thirdly, the necessary and rapid expansion of further education in the technical colleges means that many more highly qualified teachers will be needed there, and their salaries are tied to the Burnham system: the shortage of mechanical and electrical specialists is already causing concern.

HOW do the Burnham recommendations and the policy of the National Union of Teachers shape up to this challenge? The facts, when they are understood, are pretty discreditable. England and Wales do not adhere to the Scottish rule that all male teachers in secondary schools should be graduates: this is not necessarily an ultimate good, because non-graduates can do a very useful job in a number of subjects at this level, but a substantial body of highly qualified graduate teachers is the necessary backbone to any system of secondary education. Under the Secretary of State's award a good honours graduate in Scotland now receives a starting salary of £840, rising to £1,600 in 10 years. The Burnham parallel is damning: in England and Wales he (or she) would get £835-£1,460 in 16 years. A hullabaloo over this would make altogether better sense, and it is precisely what the Minister of Education is now eagerly inviting. But has anyone heard a murmur from the indignant defenders of English education? Before anyone outside the National Union of Teachers starts wringing their hands over interference with free wage bargaining they should grasp that the Minister has always had power to reject a bad award.

The case against the Burnham recommendations and the NUT does not stop there by any means. The additional £42 million a year that is now in the kitty ought, on any standard of values, moral or educational, to go to those members of the profession who are seriously making it their career and who have taken the pains to have an extra qualification behind them. These are the people who should be able to aim at a good middle-class salary of £3,000 a year or more when they reach a headship or a post of special responsibility. This is the normal ambition attached to professional status everywhere but in teaching. Instead, as *The Economist* has constantly had to reiterate, the bias in Burnham has been towards the young woman who joins for a few years and then promptly leaves to get married: 15,000 of them did so last year, and thereby helped to keep the net increase in the profession to no more than 5,000. What possible investment can it be to shell out an extra £100 annually to these estimable but preoccupied young females for the three to four years of their career? Yet this is what the row about the £5.5 million is all about.

It goes without saying that after a qualified woman teacher has had her family there should be a real inducement to her to return to the profession. If she does not the public investment in her training is lost and the national shortage of teachers cannot be made up. There are several ways of making it worth her while: better pension prospects would be one, and surtax relief in 1963 is another. The sizeable salary "step" after five years' service, now accepted by Burnham, is intended to be an encouragement to the returning woman, as it ought to be to the one making a continuous career and to the man who is by then taking on family responsibilities. There are sound reasons for making this step even higher in a revised award.

It is thoroughly good news that public concern over the educational system and teachers' salaries is being expressed so determinedly. May the campaign to keep the Minister up to the mark swell in fervour and vigour. But let it, above all, be directed to the right causes, the relevant needs and a raising of the teacher's status that has meaning and purpose. A teachers' strike for anything else would be nonsense.

Speech for Jomo Kenyatta

(He begins with the long-drawn-out "eeeeeee" which prefaces all his speeches.)



I WANT you to know the purpose of the Kenya African Union, a child that has been born again from new *parents*—from Kanu and Kadu. I have been free for one day, and "I want you to know the purpose of KAU. It is the biggest purpose the African has. It involves every African in Kenya, and it is *their mouthpiece* which asks for freedom. KAU is you and you are the KAU. If we unite now, each and every one of us, and each tribe to another, we will cause the implementation in this country of that which the European calls democracy. True democracy has no colour distinction. It does not choose between black and white. . . . We are not worried that other races are here with us in our country, but we insist that we are the leaders here, and what we want we insist we get. . . . He who calls us the Mau Mau is not truthful. We do not know this thing Mau Mau. . . . KAU is not a fighting union that uses fists and weapons . . . remember the old saying that he who is hit with a *rungu* returns, but he who is hit with justice never comes back."

Between the quotation marks the words are those that Jomo Kenyatta did speak almost exactly nine years ago*. Many lines were also spoken which reflect less favourably on Mr Kenyatta. There are people who are convinced that other, bestial

*At a meeting in Nyeri, as reported in the Corfield Report on Mau Mau, Cmnd. 1030, 1960.

words were uttered by this same man under cover of the dark. Because of this belief, Mr Kenyatta stands in many men's eyes as the equivocal symbol of atavistic Africa. That is why the British Raj has so long affirmed that he could never be allowed back into society; it is because he is after all to be set free that he is becoming, to all Africans, the supreme symbol of their victory over colonialism.

The British Government has not allowed the victory to be seen as a glorious one. Wisely, it seems in retrospect, Mr Kenyatta has been fed to his enemies in slow doses, so that many of them have come to see why it is better for him to be free and mortal than in restriction and seemingly supernatural. Although he has been allowed a progressively longer lead, the collar around his neck has yet to be cut, and, no doubt, the argument will be allowed to continue until enough people see the necessity for the final release—the amendment of the order that prevents him, as an ex-convict, from standing for the Kenya legislature.

The arguments for allowing this are, of course, the same as the arguments for his release: that there is more danger in frustrating legitimate African demands than in allowing them; that only Kenyatta can unite the tribes of Kenya; that since he already wields power, he must bear responsibility; above all, that if he uses his power in the right direction (as the indications so far have been that he will), he can lead Kenya into a grand east African federation.

When he is set free, in a week or two, Mr Kenyatta could do worse than repeat those words of his in 1952, quoted above. Perhaps he will in fact be able to fuse the rival Kenyan parties. He has the means, because his following is so devoted, to do more. He could lead Kenya Africans—and with them many others in other parts of the continent—into a greater victory than they have already won by his release. He could use his freedom to affirm the Africans' own victory over the shadow of the past. In the words quoted he has already spoken against tribalism, racialism and violence. Let him now continue on these lines:

"This thing called Mau Mau. People say I have never condemned it. Very well then, let me condemn it, now. We are not robbers and animals. We of the KAU reject any such thing as Mau Mau. Nine years ago I said that he who has ears should now hear that KAU claims this land as its own gift from God, and I wish those who are black, white or brown at this meeting to know this. I said that we want our cattle to get fat on our land so that our children grow up in prosperity; we do not want that fat removed to feed others. Let me say today that all people of Kenya, black, white or brown, are Kenyans. Let me say that if Europeans and Asians who have their homes here want to stay and to become Africans with us, then they have nothing to fear. This land is a gift from God to us, but those people who are part of us may share this land with us. We do not want them to have more than they are entitled to just because they are white. But we do not want them to have less. What is theirs is theirs and we shall not take it away without good reason and without paying money for it. This is the foundation of justice."

And, if Mr Kenyatta wanted to add another long "eeeeeeee" after that, it would indeed not be grudged.

Hemispheric Planners

Latin America's urge for economic improvement makes demands on its political imagination as well

For the first time since the end of the war, economic surgeons from north and south America are preparing to plunge their knives into the ailing economic anatomy of Latin America, in welcome change from flashing them sourly at one another. The Organisation of American States opens its special economic and social conference today, Saturday, at Punta del Este in Uruguay. The discussion, which is to range over the broad sweep of Latin America's economic troubles, might in less urgent days have meandered into familiar generalisations and oratory on the desirability, rather than the feasibility, of social and economic development, economic integration and life-saving operations on exports. But if the items on the agenda are familiar, the expectations are new and rising. The surgeons are at last feeling their way towards a common and unclichéd language.

A glance back to the last full-dress discussion on economic co-operation, four years ago at Buenos Aires, illustrates this remarkable change in mood. Then, the leader of the American delegation slipped back to Washington on the second day of the conference after taking all the wind out of Latin hopes in the first day with a bracing speech about the tonic effects of private investment; a disconsolate moan about Yankee obtuseness and meanness trailed in the air as he left. Today, this would all be inconceivable. Mr Dillon, the Secretary of the United States Treasury, is confidently expected to produce audacious ideas, not to puncture them. And bit by bit over the last years, months and finally days, the complaints against Washington are losing body and soul.

The United States now strongly backs schemes for long-term economic planning and aid programmes, favours the growth of some form of Latin American common market, and, more recently, has made it plain that it is prepared to support projects for stabilising the price of some of Latin America's export commodities, including coffee and non-ferrous metals. The policy of excluding nationalised oil and metal industries from its aid programmes is crumbling. Most recent of all, Washington seems to have abandoned the hope of extracting, overtly, a political *quid* for an economic *quo*. The wreck of America's policy towards Cuba lies, at least for the time being, in silence, and if the ruins are dug over in Uruguay, it is unlikely to be at Washington's bidding. And Brazil, which announced last week its intention to resume the diplomatic relations with the Soviet Union that were cut off in 1947, is leading the way to a less circumscribed and less haunted political relationship between north and south America.

By themselves these remarkable changes ensure that the conference is a joint effort rather than a headmaster's desultory reproof to delinquent pupils. They do not ensure success. The high expectations could come tumbling down

in two possible ways: first, if the American administration fails to raise the kind of money that is needed to build from the economic blueprints; and, second, if the Latin Americans, while blandly accepting what the United States has to offer, resist any proposals that involve deep-cutting change for themselves.

Eventually, the Latin American republics will have to meet the challenge presented by the pressure for fundamental social change that underlies President Kennedy's *alianza para progreso*. At Punta del Este, this challenge can probably still be submerged under a fuzzy padding of good sentiment. Only later will the earnestness—or the frivolity—of these sentiments be tested, and the political future of Latin America be decided. But one challenge that ineluctably confronts the Latin Americans today is whether, in the interest of economic co-operation, they are prepared to pool some of the power of action. It would be ironic for a British newspaper now to expect any easy or quick acceptance of this idea.

At previous inter-American conferences, delegates individually presented their papers on the various items of the agenda. At Punta del Este the homework has been done more thoroughly than usual, and by international, rather than national, groups. The programme has been drafted by the secretariats of the Inter-American Development Bank, the United Nations Economic Commission for Latin America and the Organisation of American States; the working papers have been sweated out by economists and civil servants drawn from all quarters of the hemisphere. One of the chief aims of the conference is to keep this international machinery going by creating an inter-American council, probably of seven members, to supervise each country's individual development plan.

The study group that has been working on development projects has calculated that over the next ten years Latin America's rate of growth a head needs to average 2½ per cent a year. Since the population increases at least as fast as this, the total rate of growth should be more than 5 per cent. This target has already been incorporated in the individual development plans of several countries, including Chile and Colombia, and, more positively, has been the goal of Brazilian development. Except in Brazil, Mexico and Colombia, they are still entirely theoretical targets; production a head has either been static or sagging over the last three years. But quite apart from the overwhelming problem of how these massive development plans can be devised, paid for and put into practice, there is the pin-pricking question whether any Latin American republic would agree to submit its plan to a higher inter-American authority.

From a slightly different angle, another conference, also in Uruguay, has been squeezing some of the southern republics to look at their development plans from a hemispheric rather than a purely national point of view. Last week, the seven members of the Latin American Free Trade Association began a series of meetings expected to continue until late September. The seven members of the association, Brazil, Argentina, Chile, Uruguay, Mexico, Peru and Paraguay (with observers from Colombia and Ecuador, still hovering on the brink) are trying to work out the stages by which in twelve years' time they are supposed to remove all tariffs within the association.

The free trade treaty was signed in February, 1960; as Dr Raul Prebisch has complained, the members have so far proceeded with parsimony. At present the trade between Latin American countries is insignificant and almost entirely confined to primary products; members of the association are, on the whole, more concerned to find loopholes for their own monopolies than to pursue the bolder possibilities of free trade and the international division of labour, and, beyond that, a customs union. But, in the long run, the advantages of the republics developing on a complementary basis rather than in blinkered competition seem too self-evident to be lost in the bog of fear and national jealousy.

At Punta del Este, the publicity will be splashed on whatever sum of money Mr Dillon is able to commit himself to. All the plans and hopes for economic and social improvement will come to nothing if the United States does not fulfil the expectations of immediate and continuing financial help. The exciting change is the nimbleness with which President Kennedy and his advisers have adapted their policy to Latin America's needs. But from some point in the future, looking back, it will be the Latin Americans' acceptance, or failure to accept, the need to end their own isolation that will matter most.

NOTES OF THE WEEK

INTO EUROPE

Perking Up

So it came to pass. The Prime Minister's first statement of intent to join the Six, on Monday afternoon, fell prosaically on the Commons' ear: it sounded sufficiently below form to start up murmurs that he was physically exhausted. Portentous changes of policy are none the worse, however, for being underplayed, and prime ministers concerned to keep the political thermometer at normal are apt to contrive that they are. When Mr Fell rose in premeditated wrath from the Tory benches to bellow that Mr Macmillan was a national disaster (he said later that there was nothing personal in this) it struck even the glum imperial band as an incredible blunder and did as much as anything to rally the waverers to the Prime Minister's side. By the time he came to open the two-day debate on Wednesday Mr Macmillan had perked up visibly. He could be entirely confident that any Tory revolt would be puny and ineffective and he had been further encouraged by commendatory nods from the Continent (although no one, even among the enthusiastic Europeans, actually claimed to have seen General de Gaulle nodding). The House was attentive, and even the ITV companies plucked up courage and allowed that they could fit a full recording of the Prime Minister's broadcast to the country on Friday into their programme schedules.

Mr Macmillan's expositions of the political merits of European Union have amounted so far to little more than an anglicised Gaullism (which may, or may not, help in a *tête-à-tête* at Rambouillet). But even his emphases on the guarantees that he would seek for the Commonwealth, the farmers and the Efta partners have seemed to be approaching positive statesmanship beside Mr Gaitskell's tactical doubts and hesitations. Labour has made up its mind not to be left holding the European baby at all costs, but in its determination not to speak as an alternative government it has come dangerously close to concealing the fact that a majority of the parliamentary party is actually in favour of going in.

The debate has brought few surprises. Once Lord Hinchingbrooke had enunciated his " small ship " philosophy (" the one that defeated Napoleon and defeated the King of Spain ") a familiar gaggle of brigantines and barques, flying conflicting colours, hove into line to spray the offending Continent with such random shot as they could muster: the national sovereignty Tories, the Labour Commonwealth group, Miss Lee on socialist planning. It is from the failure of these congeries to find any common counter-image to the European movement that Mr Macmillan plainly possesses a stronger political hand than he cares to make out.

BERLIN

Back to Negotiation?

WHILE the stage has been occupied by the drama of the British move into Europe, diplomats from France, west Germany, Britain and the United States have been at work in the wings towards a common position on the Berlin question. The efforts of a working party which has been meeting in Washington and Paris are being carried a stage further this weekend, when the four foreign ministers meet in Paris.

Allies sceptical of British firmness may be reassured by the inclusion in the British delegation of Field-Marshal Festing, the Chief of the Imperial General Staff. But military men can be the last to urge military solutions ; and there are other signs of a western, including an American, trend towards seeking a negotiated political solution to the Berlin problems in preference to a military one.

The meeting this weekend will not complete the common western position. France, for one, still feels that since Mr Khrushchev has no wish for a nuclear war over Berlin in any case, a negotiation would bring the West more loss than gain. The working party will have to go on working after the weekend and might have to be punctuated by a further foreign ministers' meeting in September. In the Commons on Tuesday Mr Macmillan even mentioned the possibility of a meeting of western heads of government.

To have a useful effect, a western offer to negotiate would have to reach Mr Khrushchev before the communist party Congress on October 17th. If his diplomatic efforts have not by then produced some positive result in the form of a western gesture, he seems likely to produce a new display of truculence instead. On the other hand Dr Adenauer will be reluctant to be anything but firm, in public, before the Bundestag elections on September 17th. If there are to be negotiations, it is the western interest to make them as broad as possible, getting away from the narrow Berlin issue where the West is vulnerable to the broader German framework in which alone the Berlin question can be solved ; but this, too, is treacherous electoral ground in west Germany.

NORTH AFRICA

Chagrin at Lugrin

PREDICTABLY, but regrettably, the Algerian truce talks have broken down again. They were resumed at the Chateau de Lugrin, near Evian, on July 20th, and at one stage seemed not to be going badly; but on July 28th, at the request of the Algerians, they were adjourned without any prospect of a resumption. Even the private contacts that were maintained after the breakdown in June appear to have been discontinued.

As always in such cases, it is necessary to distinguish between pretext and substance in accounting for the event. The French declare that the Algerians broke their undertaking to discuss the various subjects concurrently in different committees ; the Algerians say that as the French were plainly determined not to admit Algerian sovereignty over the Sahara, there was no point in going on. They readily admit that the Algerian war may now become a " war for oil " ; but they blame the French for that. Unspoken on both sides, but probably potent, is the thought of Bizerta, a crisis which, by exacerbating French relations with Tunisia, has made it difficult for the Algerians to continue negotiations without appearing indifferent to Maghreb solidarity.

It is difficult to see where the French can go from here. Partition of Algeria is still a solution that would solve nothing. Military operations against the Algerian rebels on Tunisian soil would lead to nothing but an internationalisation of the war which it would be folly, on the French side, to invite. Yet the government can hardly do nothing, either ; already rumours have begun to circulate predicting another military coup, like that of April, and General de Gaulle, the nation's peacemaker, can barely afford to admit that he cannot succeed in his appointed task. The only way forward for him, in fact, is to concede the nationalist Saharan demands, which are, at least, no less reasonable than anyone else's. But the difficulty here is the President's famous obstinacy, already much in display over Bizerta, and which, as has been repeatedly demonstrated, only time can erode. How much time has he got ?

FISHING INDUSTRY

No Pensioners

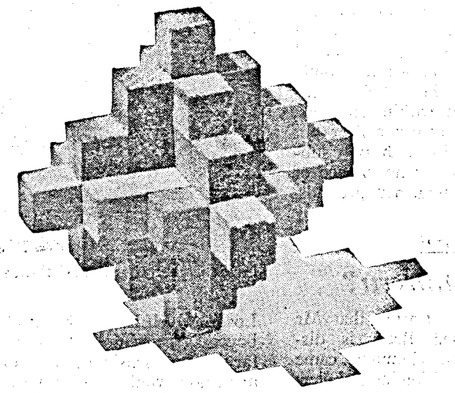
THE white paper on the fishing industry (Cmnd 1453), published on Tuesday, has not been greeted with open arms by the

The Economist

AUGUST 3, 1861

ENGLAND TO OPEN TRADE TALKS?

It is certainly a curious fact that the prepossessions of Belgian Ministers, in commercial matters at least, seem to be in favour of France rather than England. . . . Our export trade is subject to the conditions of the General Tariff of Belgium, while several other nations, France especially, have had special privileges accorded which put English merchants at a great disadvantage. . . . We cannot wonder that our English merchants are taking alarm. We observe that they have just addressed a memorial to Lord Palmerston, in which they request that a special embassy shall be sent to Brussels and Berlin to demand that England shall be placed upon the footing of the most favoured nation both in Belgium and in the Zollverein. It is understood that the memorialists wish for the appointment of Mr Cobden, hoping that he will be as successful with the constitutional Governments of Belgium and the united German States as he has been with the virtually absolutist Government of France. This or some equivalent step is well worthy of the consideration of our Government. . . . There is no Power whose hearty good will is more necessary to Belgium than England. It may be, and it is, to her advantage to conciliate France. But she can never depend upon the aid of France to maintain her independence. If once isolated from England, the affection of France would be more likely to be shown by actual annexation than by any international aid. England, on the other hand, has not only guaranteed to Belgium its independence, but it is the avowed purpose of all our statesmen to watch jealously and ward off all that endangers Belgium. Under such circumstances, if we ask commercial equality with France in Belgium, pertinaciously enough, and in the right way, it cannot be long refused,—and it is both our right and our duty to do so. Whether a special messenger be sent for this purpose to Brussels or not,—we are sure that our Government ought to take the highest ground in demanding from Belgium what not only in common justice, but in both ordinary gratitude and gratitude of that prospective kind which has been defined to be " a vivid sense of favours to come," Belgium is bound to concede.



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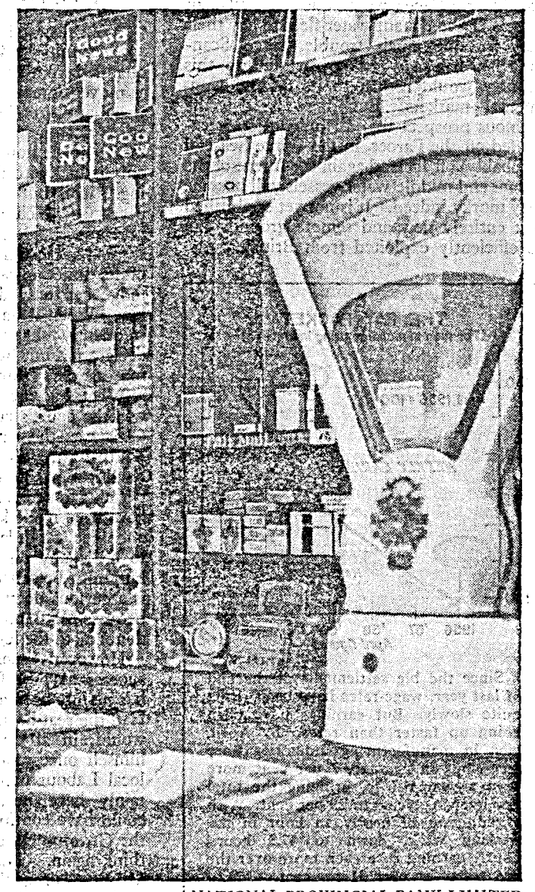
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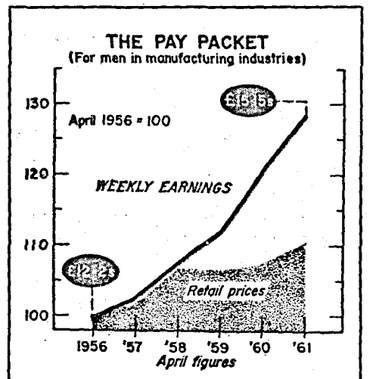
BANK WITH THE National Provincial AS SO MANY BUSINESSES DO



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fishermen, and it is very doubtful whether the taxpayer should do so either. As the Fleck committee recommended, the white paper extends an operating subsidy, for the first time, to the distant-water trawler fleet. It also offers a limited, and unspecified, amount of financial aid for building vessels suitable for the new conditions caused by the extension of fishery limits off Iceland, Norway and elsewhere. This is intended to make the distant-water section of the industry viable within ten years and, to their credit, ten years is all that the trawler owners have asked for. They do not like the details of the Minister's proposals (particularly the annual review of subsidies that Mr Soames wants) but many of these are still not specific and seem open to negotiation. An initial two-year subsidy platform, for example, might soothe a number of troubled breasts. The point of public policy that needs to be taken up is whether there is a real prospect that this once-for-all aid will do the trick, or whether it merely opens the door to yet another body of permanent fishing pensioners.

One contingency could be very much in the trawlermen's favour: a merger between the Six and Seven would allow the efficient vessels of the distant-water fleet to pay their way without much trouble, since Scandinavian fish now being diverted to this country would return to its normal Continental markets. But there is also the ominous prospect that as limit lines are extended off the Faroes, in the White Sea and (probably) off Iceland again the future of the distant and middle-water vessels will become very murky indeed. It is not yet established that entirely new and remote grounds can be efficiently exploited from British ports.



Since the big settlements at the end of last year, wage-rates have been rising quite slowly. But earnings have been going up faster than rates. By April, men in manufacturing industries were receiving, on average, 7 per cent more than a year before, bringing the total rise over five years to 29 per cent. With a reduction of nearly an hour in the working week, down to 47.3 hours, hourly earning rose even more over the five years—by over 31 per cent.

The political changes that have robbed them of their existing grounds are not the trawlermen's fault. And when, as in the last fishery debate, so many blatant constituency speeches can be made in the Commons (apparently with success) for the even more uneconomic near and inshore vessels, they have a case for believing that they should get their chance to become viable. This is, however, a claim that has been made by successive sections of the industry already without satisfactory results. While the Government should cushion the immediate effects of the recent limit-line changes to prevent a total breakdown and also encourage new, experimental vessels for an initial and limited period, not a penny should go to keep ancient and wildly uneconomic craft of any kind at sea. The whole operation ought to end strictly within ten years, not merely for the distant-water fleet but for the smaller trawlers, already heavily subsidised, which have little or no chance of developing, or even reaching, new grounds.

WEDGWOOD BENN CASE

Bristol to Chiltern?

THE electoral court's decision that Mr Anthony Wedgwood Benn is disqualified from sitting in the Commons came as no very great surprise. The judges' view was that disqualification from the Commons arises not on receipt of a writ of summons to the upper house (which by convention is only issued with the consent of the succeeding peer), but on actual succession to a peerage—which occurs with the death of the previous holder. The court, however, seemed to take an unnecessarily narrow view of its function when it maintained that a judge can only declare and not shape the law. When it has suited them judges have frequently shaped the law, not by open declaration but by the device of distinguishing one case from another.

What had not been generally expected was the court's ruling that Mr Malcolm St Clair was the rightful member for Bristol South-East. The court held that if the disqualification of a parliamentary candidate pertains to status and the facts of that status have been made known to the electors, then once the candidate is subsequently found to be legally disqualified all votes cast for him must be considered thrown away. This is a curious doctrine to apply when, simply because Mr Benn's was a test case, a genuine doubt as to the legal disqualification existed.

However inconvenient Mr St Clair's success may be for the Bristol electors, it has plainly been a relief to the Government. Had the seat been declared vacant Mr Benn would, in all probability, have presented himself once more with the support of the local Labour party, and would almost certainly have been re-elected. The farce could have continued indefinitely. As it is, the Government has been given a chance to think again. The one condition on which Mr St Clair is thought to be prepared to apply for the Chiltern Hundreds is that Mr

Benn should agree not to stand at Bristol unless, or until, the law is amended. The Government's hypothetical committee to examine the future constitution of the



Mr St Clair : the judges' choice

Lords, which Labour has declared it would boycott, seems unlikely to be set up. By far the most sensible course for the Government now would be to sponsor a simple bill allowing Mr Benn and those in a similar position to opt for eligibility for either house. The Tories cannot afford to be known as Colonel Luttrell's party.

ETU AND TUC

Talking Back

ALTHOUGH they had not said so officially before *The Economist* went to press this week, Mr Foulkes and the executive of the Electrical Trades Union had given every indication that they meant to reject all, or most, of the demands in the TUC's ultimatum. If the ETU does refuse to bring about Mr Foulkes's resignation as president, restore authority to Mr Byrne, the general secretary, and ban five communists from union jobs, it will repeat, much more gravely, its truculence of 1958 and 1959 in spurning successive requests from the TUC to put its house in order. It is perfectly clear this time that Mr George Woodcock and his colleagues cannot take even a qualified rejection lying down: for one thing, the TUC is plainly relying on the threat of expulsion to encourage the non-communist majority in the union to show its teeth in the elections to the ETU executive next month. The very tough line adopted last week is likely to be repeated for the benefit of anyone who has woken up at the TUC's annual conference just before the ETU votes are counted.

Pressure to keep the TUC up to scratch has been visibly growing inside the Labour party which (after years of consent to the

policy of giving the ETU a loose rein) has grown wide awake to the political consequences of the appalling publicity that the ETU has provided for the trade union movement as a whole. A stiff warning has now been sent to the union by the party. Patently there are hopes that the ETU membership will take matters into its own hands, but the prospect of suspending or expelling the union from the TUC and the party must be faced. Action



Mr Woodcock : tough line

under rule 13 of the TUC's rules and standing orders was invoked in 1954 against the Stevedores and Dockers Union and in 1956 against the National Engineers' Association. It has not always been successful when those cast out felt that they had a legitimate (and non-political) case for running their affairs as they wanted to. The ETU has a membership of 230,000, which has hitherto seemed fully satisfied with Mr Foulkes's conduct of its wages policy. If it were to be expelled its funds would be taken over into communist hands outright (and the TUC would lose £8,000 a year in affiliation fees). Should matters come to this point and the TUC is shown to be powerless to influence the union's behaviour, it will reinforce the case for Government action to institute legislation tightening up union election procedure.

GHANA

Bearer of Tales

IT is not so much what Dr Nkrumah said as where he said it. By now it is reasonable to assume that most people in the West—including British diplomats—know that Dr Nkrumah is against imperialism. In his own way, he said little more than that in Moscow, Warsaw, Prague and Budapest—and he is likely to say little more when he visits Jugoslavia, Rumania, Bulgaria, Albania and China. To judge by the record of his words to these communist audiences so far, Dr Nkrumah has only one

speech, a speech written in Accra years ago and since spoken many times.

He is a socialist ; Ghana's freedom will not be real until every inch of African soil is free ; his people (that is, all the African people) suffered "for centuries" under colonialist oppression ; Africans want peace and disarmament ; they had to struggle for independence ; they aim at pan-African unity ; they intend to fight "neo-colonialism" as hard as they fought colonialism. It seems, too, that communist China should be admitted to the United Nations ; and, in a carefully phrased Warsaw declaration, "for the effective functioning of the UN, it is indispensable that the secretariat and other organs of this organisation reflect in their composition the real relationship of forces in the world"—which is by no means an endorsement of Mr Khrushchev's *troika* plan.

It is far too soon to conclude that Ghana has joined the communist camp—much as Dr Nkrumah may be tempted to seek in the East the support he has found he cannot command in Africa. His choice of platform for his speech is, however, deplorable. If he denounces past western colonialism at receptions in Prague and Budapest he has a duty—to himself and to African independence—to denounce present communist colonialism too. It is hard enough as it is for him to speak of freedom without being apologetic about his domestic policies ; he is unwise to do so in the strongholds of anti-freedom without acknowledging where he is.

Even so, it may not be altogether in Britain's real interests for its diplomats to walk out of receptions when such statements are made—as happened in Prague and Budapest a week ago. Such walk-outs, outside eastern Europe, may be interpreted as colonialist pique at being told off. Dr Nkrumah has yet to learn the lessons of objectivity and politeness—as his failure to

achieve leadership in Africa is bringing home to him. But it is in Britain's interests to disavow the past too, by refusing to take umbrage at reminders of it. The accusers of Prague, Budapest—and Accra—are best answered by holding up a mirror.

LABOUR PARTY

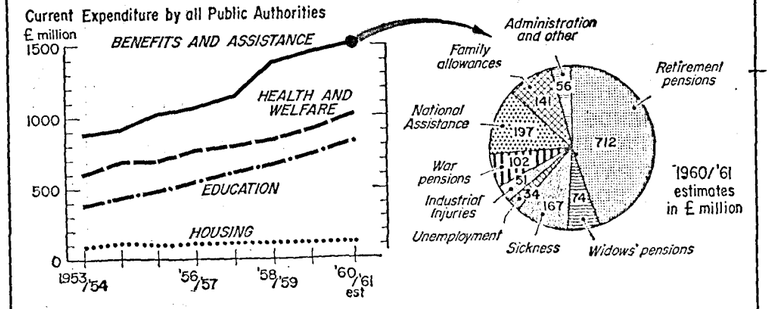
Under Orders

MR GAITSKELL'S personal prestige inside the Labour party is mounting skyward like a Russian rocket, although this has not yet been reflected in the public opinion polls. His ascendancy within the party was confirmed, rather than challenged, when only seven Labour members disobeyed instructions last month and voted against the Government order authorising German troops to be administered under German military law while training in Wales. As a result of this rebellion, however, the standing orders of the parliamentary party, which were suspended in November, 1959, are to be reintroduced in the next session. This new sense of discipline was apparent in Monday's debate on foreign affairs when hardly a left wing peep was heard and not a single dissident vote sighted.

Almost as a display of self-confidence the leadership has let the seven rebels off with a carpeting. This was probably the best course in the circumstances. The difficulty about expelling a group of members who have defied the party on a particular and emotive issue is that inevitably one throws out a mixed bag. Of the present seven, Mr Fenner Brockway and Mr Victor Yates are pacifists ; Mr Weitzman has racial memories to justify his protest ; Mr Abse is an eccentric ; and Mr Leslie Hale rather too ruggedly independent. The best way to get rid of malcontents is to wait until they have

THE RISING COST OF SOCIAL SERVICES

Nearly half of last year's current expenditure of £3,481 million on social services went on direct grants to people—that is, on payments that redistribute purchasing power. These payments will take an even larger slice of the total this year following the increase in benefit and assistance rates in April. The largest rise will be in the cost of retirement pensions, expected to go up from £667 million in 1959-60 to £776 million in 1961-62.



built up such an impressive dossier against themselves that action can come as the natural retribution for determined rebellion. In essence, this is what happened to Mr Zilliacus, who is now endeavouring to make his way back into the fold but who is likely to receive a dusty answer. Unless his suspension is rescinded he will not be able to attend the Blackpool conference in October. Whether the other five independent Labour members (the Foot brigade), who lost the whip some months ago, are entitled to attend is now being debated. On a strict interpretation of party rules they could not turn up as members of the parliamentary party, but it is open to their constituencies to elect them as delegates.

HOUSING

The Unfilled Need

IT is a sign of the appalling statistical ignorance on which British housing policy is based that an interim report from the Rowntree Trust Housing Study*, based on interviews with some 3,137 households in England, can justly call itself "the most comprehensive study of housing made in this country since the war." Not everybody will agree with all its conclusions, but all should be grateful for its research. Of the 13.4 million households in England in 1958, the report estimates that about 5 million were let by private landlords; many of these rented dwellings are in an appalling state (56 per cent of those in the survey had no fixed bath), renovations are going forward at only a snail's pace, and virtually no new private dwellings for rent are being built. The reasons are obvious. Although new lettings have been freed from rent control since 1957, most existing tenancies have remained controlled for over four decades; and landlords are not going to risk capital on new building as they think that control even of new lettings might return.

Tories like to think that the obvious course for young workers' families is to swell the ranks of England's 5.3 million owner occupiers straightaway. But this survey reports that in 1958 many of those moving into owner-occupied houses for the first time were larger adult households. "Manual workers who wish to buy their own home may too often be forced to delay this step until their children become self-supporting." Hitherto the problem of young workers' families—and thus of Britain's children—has been mitigated by the allocation of most new council houses to them. Today three out of five council houses have children under sixteen. But this means that soon council houses "will be full of young earners," a stage of life when these families will be very well off. "Then, in twenty years' time whole [council] estates of two and three bedroom houses will be peopled with small, elderly householders," who will have no incentive to move out of them. Where, then, will the next generation of new young families go to, now that council building for general need is being reduced?

Obviously, one need is that British builders and local authorities imitate experiments in Western Germany and elsewhere, where houses have been built in a fashion that permits them to be combined or subdivided "with a minimum of alteration" as the needs of occupants change. Secondly, to provide rented housing for new young families, the authors of this survey call for some new (and apparently semi-public) institution to build houses for renting on a system under which "down payments should be modest, but subsequent payments may well be higher than council rents. Security of tenure should be assured. The occupier should be given responsibility and incentives for maintaining his own house, but should be insured against the costs of major repairs." There is food for thought here—even though the authors have probably overdiscounted the extent to which much of the problem might well be solved automatically, and eventually without any public subsidy, if only the market for all private rented housing could be permanently set free.

* "Housing since the Rent Act." By D. V. Donnison, Christine Cockburn and T. Corlett. 105 pages. 10s. 6d.

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CAMEROONS

Leaky Banana Boat

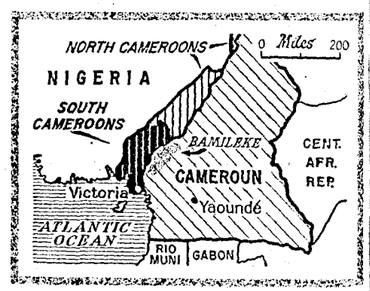
LIKE an orphan leaving a guardian for a husband, the British protectorate of the Southern Cameroons will exchange, on October 1st, one dependent status for another. It is to merge with the former French protectorate, the Republic of Cameroun. But the rejoicings usually attendant on weddings are somewhat muted in this case, for it is by no means clear that the shotgun will be left behind with the baked meats. Rather the contrary—the sporadic terrorism among the Bamileke in the southern part of the republic of Cameroun may well spread, it is feared, to the new territory the moment the protection of the Brigade of Guards is withdrawn. Nor is the constitutional structure to be adopted in the enlarged republic crystal clear. Basically, Mr Foncha, the prime minister of the Southern Cameroons, does not want to lose his independent authority, and Mr Ahidjo, president of the Cameroun republic, does not want to undertake expensive extra responsibilities.

The two views are not incompatible, and some sort of federal structure has been



Mr Foncha : orphan prime minister

agreed on in talks between the two leaders. But much remains to be settled if both are not to regret this first experiment in the fusion of French-speaking with English-speaking pieces of Africa. (Mr Foncha and Mr Ahidjo communicate in pidgin English.) The security question is the predominating one. British troops cannot stay beyond the term of the United Kingdom's mandate, and Cameroun has not been able to spare more than a battalion of police to replace them. It is hoped to raise a local police force in due course, and to train it with Nigerian assistance. But in the meantime the wives and children of the British community are returning to Britain by banana boat, and its male members have been provided with guns. It is even feared that there will be a trek into Nigeria by large numbers of



anxious Africans. The tripartite conference now opening at Youndé, at which representatives from the Colonial Office will form the third team, has much to discuss.

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THE VATICAN

Cardinal Secretary

THE death of Cardinal Tardini, Secretary of State to Pope John XXIII, severs an important link with the reign of his predecessor, Pius XII. Although the cardinal's appointment was one of the first acts of this pontificate, it was really a rationalisation of an existing situation. Pius XII had done without a secretary of state since 1944, but in 1952 he appointed Mgr Tardini and Mgr Montini as pro-secretaries of state, the former having charge of foreign and the latter of Italian affairs. Mgr Montini became Archbishop of Milan in 1954—a promotion and an exile at the



Montini



Tardini

same time—and both men received the red hat in the December consistory of 1958. By Cardinal Tardini's death the Vatican has lost one of its ablest officials and the Pope is now faced with the urgent task of finding a successor.

The most popular appointment in Italy—although not in the curia itself—would be that of Cardinal Montini. A man of liberal views, thought by many to be a future Pope, his appointment would advance the progressive policies initiated by Pope John. To bring him back from Milan is the sort of bold stroke of which the present Pope has shown himself capable. Much more welcome to the curial officials would be the appointment of Cardinal Marella, whose views are moderate and who at 66 is still young by Vatican standards. If one of the two present under-secretaries is promoted, the more likely choice is Archbishop Samorè, who has specialised in foreign affairs and is a good linguist; during Dr Fisher's visit to Rome he interpreted between the Archbishop and the Pope. Archbishop Dell'Acqua speaks French but no English, and is in charge of Italian affairs.

Cardinal Tardini's death has removed a major obstacle to a possible meeting between the Pope and Mr Khrushchev, which is once again being mooted because of Signor Fanfani's visit to Moscow this week. The traditionalist and strongly anti-communist cardinal would not have taken kindly to the apparition of the arch-enemy in the Pope's private library. As Mr Khrushchev is not (except when he wishes to be) a head of state, protocol would not demand a Vatican visit, and the Pope would hardly grant him an official one since it would be so widely misinterpreted. Catholics in communist countries might feel that the Pope was abandoning them. But a private meeting would be another matter. The Pope, who is not unduly impressed by protocol, would probably receive the Soviet prime minister if he thought that he could thereby relieve the lot of Catholics behind the iron curtain.

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PORTUGUESE AFRICA

End of Term?

DR SALAZAR'S harsh schooling in the facts of contemporary life in African empires continues. From Angola, unrest is spreading to the other Portuguese possessions. A fortnight ago a small force of guerrillas crossed the Senegalese frontier into Portuguese Guinea and did some damage there; and on July 25th Senegal duly broke off diplomatic relations with Lisbon, alleging that there had been violations of its air-space. On the same day the president of Dahomey gave Portugal a week to evacuate the fort (so-called) of John the Baptist, consisting of a house, garage, and flag, an ancient enclave which Portugal had hung on to so far for reasons of prestige. On August 1st the "fort" was duly taken over by the Dahomeans. Meanwhile, military reinforcements have been sent to Guinea, to Mozambique, and to Angola, where there has been renewed terrorist activity and renewed demands for effective government action.

There are some signs that Dr Salazar realises that, if he is to hold the Portuguese imperial school together a little while longer, concessions to the turbulent pupils will have to be made. It is unforunate that he has not been a quicker learner himself. If the Lisbon rumours reported in last week's *New York Times* are correct, he intends to introduce legislation to extend to all his ten million African subjects the political privileges of his European ones: but in the *Estado Novo* these are, of course, somewhat limited advantages. Nor is it clear how, in the prevailing state of uncertainty, the new policy can be carried out, in Angola at any rate. More promising is the reported intention of building more schools and stamping out forced labour (which has never been officially admitted to exist). But it remains to be seen how seriously any of these reforms is intended, or if the government has the means to carry them out. Settler resistance is likely, in Angola at least, to be strong, and Portuguese finances are already strained by the huge operation of repression to which the Portuguese army is committed. Nor are the rumoured reforms likely to satisfy Africans, whose demands do not stop at personal and economic liberty, but extend to national separateness.

VIETNAM

Rough and Smooth

PERENNIALLY bad, the news from Indo-China sometimes offers a grain of encouragement. It makes unhappy reading to record that more than 2,500 Vietnamese have been killed in battle in south Vietnam since the beginning of the year; but it is heartening to find signs that President Diem's army may now be gaining the upper hand over the well-organised communist guerrillas who have brought terror to large areas in recent months.

The latest, and one of the most spectacular, of the communist exploits was the murder, made known last week in Saigon, of two members of the south Vietnamese National Assembly. The two men, who had been ambushed, were the first deputies elected by the minority tribes in the central plateau; their murder may well, therefore, turn out to have been a psychological blunder on the part of the communists. In other respects, too, the communists may be overstepping the line beyond which popular revulsion causes terrorism to yield a diminishing return. For instance, there have been a number of attacks, some murderous, on unarmed anti-malaria workers in the remoter villages. Tactics like these alienated the population during an earlier phase of communist terrorism in south Vietnam, from 1946 onward; incidentally, they violate the principles of revolutionary warfare laid down by no less an authority than Mao Tse-tung.

The recent successes of the south Vietnamese army could well reflect the growing unpopularity of communist methods, for an army operating against guerrilla forces in jungle territory is heavily dependent on information from the local people, as the British found in Malaya. In a battle lasting two days in mid-July, the Vietnamese army defeated a strong communist force, killing 167. There has been a continuous run of less spectacular successes since then. Some of the credit seems due to the strengthening of Vietnamese morale by the firm promises of increased American aid made by Vice-President Johnson in May, at a time when western setbacks in Laos were spreading gloom among Asian allies of the United States.

Advertiser's Announcement

Full Text of Chalk Pit Letter

OBJECTOR REPLIES TO THE MINISTER

Right Hon. Henry Brooke, P.C., M.P.,
House of Commons,
Westminster,
London, S.W.1.

17th July, 1961.

Dear Mr. Brooke,

It was with regret that I read the letter signed by yourself of July 12th, in which it is stated once again "I shall not be persuaded to revoke the planning permission which I gave in 1959". The Ministry has adopted this intractable attitude before, the first time in 1959, and you would surely agree that it is the negation of the spirit of "openness, fairness and impartiality", which is the declared policy of the Government. This latest letter was posted at the very moment when peer after peer was expressing grave concern about the case in the House of Lords—in spite of it having been dealt with there twice already. Lord Chorley regarded it as "the acid test of the sincerity of the Government", and the mildest view was expressed by Lord Birkett who pointed out "how strange an anomaly it was".

The ordinary citizen is no match for the deft drafting of Ministry letters but it really is beyond a joke to say that the points brought up in our memorandum "have been dealt with in detail, either in the Lord Chancellor's statements or my own". How could statements "deal" with a memorandum which had not yet been written? The Ministry well understands that the memorandum deals with the statements: it has been circulated to all M.P.s and remains unanswered.

I attach an appendix to the memorandum on the basic point of new factual evidence. There seems no room left for doubt that your Ministry obtained new factual evidence on production need from the Ministry of Agriculture, unless conceivably you confirm that "production need" means "commercial opportunity for the benefit of a private contractor", as the Lord Chancellor had to affirm unequivocably when we met—in which case the Ministry of Housing is surely right out of court in concerning itself with such a factor in a matter of planning.

The part of this letter which now creates an entirely new situation is the startling admission on policy that "it is in the national interest to allow the minerals to be worked, unless the objections on agricultural or amenity grounds are in the particular instance so strong as to justify refusal". Since the objections on all grounds in this case, made by the County Council, the County Planning Officer, the Rural District Council, the Parish Council, qualified authorities and the four objectors were overwhelming, the second part of the sentence quoted has hardly any significance. If this is the Ministry's policy and it can outweigh such a mass of objections, why have a public inquiry at all after which an inspector advises: "The production of chalk from this site is likely to result in dust being blown on to adjoining land with serious detriment to agricultural interests and also to the occupants of property in the vicinity of the site"?

Why has this policy never been made public, so that all the local authorities, experts and people involved in the inquiry did not waste two days arguing without knowledge of it? And why was it not part of the Lord Chancellor's brief in the House of Lords, where it was made clear that there was no question of national or departmental policy involved? He referred only to the merits of the case and made no mention in Parliament of it being "in the national interest" for the chalk to be worked, and he certainly appeared to have no knowledge of it during our meeting.

More remarkable still is the fact that even a former Minister of Housing knows nothing about this policy—Lord Silkin stated in the Lords on May 8th "In a case of this kind, where no serious questions of policy arise, he should accept the advice of his Inspector unless he has overwhelming reasons for rejecting it".

Furthermore the Ministry cannot just ignore the fact that it was proved beyond doubt and to the satisfaction of your Inspector that it was not in either the local or the national interest to allow the working; but if there was such a Ministry policy surely the Inspector would have known of it and would have taken it into account in making his recommendation?

This tardy disclosure presents a new, and much more unsatisfactory stage in the affair.

The letter states once again that you must "scrupulously adhere to the rules", and that this was done. With great respect the rules serve little purpose unless they are adhered to in the spirit of the Government's policy. May I recall very briefly the sequence of events.

1. In the face of the most straightforward case, and the most workmanlike Inspector's report, the decision was delayed for ten months and then popped out in what seemed a calculated manner in the middle of the General Election. Can this be explained?

2. In this letter of July 12th you discuss your powers of revocation in Section 100 of the Town and Country Planning Act and say that you only use them occasionally. On two occasions after the decision in 1959 you told me that you had no such powers. On September 30th, 1959, you wrote "I am bound to say that there is no way by which I could re-open the case, now that my decision has been given", and on October 6th, 1959, "I am bound to say that the position under the law is that, having given my decision, I have no jurisdiction or power to re-open the matter". I am embarrassed to know how to comment on this, but will await the explanation.

3. In spite of the routine exchange of documents, sworn evidence and so on during the months preceding our High Court action, your Ministry let the proceedings drag on for two days and waited until defeat was staring them in the face before stabbing four bona fide citizens in the back with a new technical issue. It was only when it became clear from the Judge's observations that the game was up that the Ministry shamelessly used this escape hatch. Surely the Ministry itself could not claim that this was openness and fairness?

The Lord Chancellor has now been left to make a valiant defence of the Ministry's conduct on two occasions in the House of Lords, without the substance of a case to convince anybody. He had the considerable courtesy to see me for two and a half hours, and it was certainly to my embarrassment as well that he was unable to give a satisfactory answer to any single point.

The Lord Chancellor stated in the House of Lords that "it is of the utmost importance that public confidence in the way in which these planning procedures are carried out should not be undermined and that people should feel that the procedure which is followed should be fair to all". To our knowledge, only two people of standing in the whole country have suggested that the decision or the procedure was fair, the Lord Chancellor and yourself—and the Lord Chancellor was at pains to impress on me at our meeting that he was only concerned with procedure, and could not comment on the decision. The case has now been dealt with in the House of Lords on three occasions, with damaging consequences. It has not yet been properly dealt with in the Commons; a brief adjournment debate in the small hours did nothing to prevent public confidence being undermined.

May I add how sorry I am to have to address this letter to you personally? Frankly we have been driven to it by the official replies. We have been severely handicapped by our desire not to involve and embarrass our M.P., since he is also a Minister, but he was reported to "agree with the leaders in The Times and the view expressed in The Times," which Lord Lucas of Chilworth obviously had in mind when he said last week "Press criticism, by responsible journals of public opinion, has been devastating over the procedure adopted in the chalk pit case."

In the face of all this, I find it hard to believe that you will not wish to win universal respect by reviewing at once this departmental error of judgment, which, if the Ministry forces a continuance of the case, will not only severely damage our homes but certainly official prestige in equal or greater degree.

AUBREY BUXTON

P.S. We have never suggested that the Ministry should automatically endorse the Inspector's verdict. This would be quite absurd.

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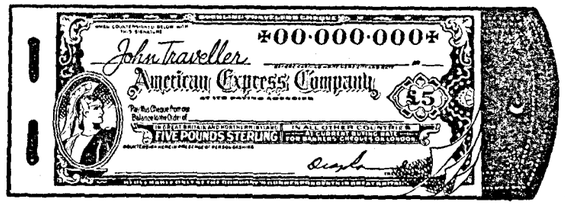
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Food for Propaganda

WASHINGTON, DC

GRUDGINGLY, grumbling about waste and ingratitude, Congress every year passes a multi-billion-dollar programme of foreign aid—though never as much as the President asks, which this year was over $4.8 billion. At the same time, with the warm approval of Congress, the United States spends up to $2 billion a year on sending food abroad for the needy. The taxpayer foots both bills, one glumly, one with relative gladness. He believes fervently (or at least most Congressmen do) that the two processes are as different as chalk from cheese. Foreign aid is felt to be a heavy burden (even the President called it that) while "food for peace" is just the opposite—the lightening of the back-breaking burden of the surplus foodstuffs produced by high price supports, modern science and capitalist enterprise which have piled up in the custody of the Commodity Credit Corporation to the total value of $9 billion. One reason for the difference is that although many industries have come to have a vested interest in foreign aid (since the machinery and other goods sent abroad generate employment and incomes in America) no business pressure group fights for it. On the other hand, "food for peace" is backed vigorously by the Farm Bureau, an organisation representing the large agricultural producers.

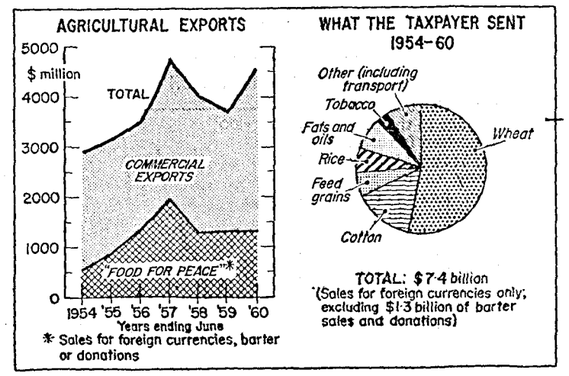
A clear indication that the two types of transaction have a totally different political impact was found in the Administration's attempt to sweeten the pill of the unpopular farm Bill by tacking on to it provisions for funds to extend and increase the purchase of "food for peace" after December 31st, when current appropriations will be nearly exhausted. It knows that Public Law 480 (which lays down the "food for peace" programme) is generally popular, and that Congress would be appalled if the Department of Agriculture and the several other agencies involved were to run out of money for making agreements with hungry lands to reduce the mountain of surpluses. Congress is even ready to allow the Administration some freedom to make flexible forward commitments to supply food, although when a similar freedom is proposed in connection with foreign aid it is immediately attacked as "back-door financing."

One of the creative ideas of President Kennedy's Administration was to switch the emphasis of the "food for peace" operations from the dumping of agricultural overproduction to the positive employment of American agricultural prowess to speed up development as part of the whole foreign aid policy, using the agricultural surplus overtly as a tool in the war of ideologies instead of simply as a waste-pipe of the American price support system for maintaining farm incomes. As the programme stands it provides ingenious ways whereby the surplus, overwhelmingly grain, can be acquired by foreign countries—once they have spent all they can afford on normal imports. Over three-quarters of the food exported under PL 480 is "sold" for blocked local currencies under long-term "soft" loan agreements. The Treasury issues a purchase authorisation to an exporter, who buys and ships through commercial channels. His debit notes are duly redeemed by the Commodity Credit Corporation and the CCC, as the final link in the chain, is reimbursed by the Department of Agriculture out of its appropriations under PL 480. Most of the remainder of the food is bartered for various strategic raw materials; about $1 billion worth of these has been obtained. A small additional amount is given as an outright gift or grant, mainly through voluntary distributing bodies.

The blocked currencies so acquired amount to $4 billion (with billions more resulting from foreign aid). Most of them are unspendable and sterilised, but many elaborate devices have been thought out to give Congress the impression that they are "used" and that there are no unduly debilitating eleemosynary effects. These funds are spent, for example, to pay the salaries of local American officials, for educational purposes and to develop markets for American exports. Most important of all, in countries where the monetary and credit system is still rudimentary, the counterpart funds are used as a source of credit and finance capital—a procedure often preferred to burdening local budgets. But in general, these vast sums cannot be used *without causing local inflation*, and most "food for peace" is a gift from the American taxpayer.

Since 1954 the United States has sent abroad food (under PL 480 and some other minor programmes) worth nearly $9 billion, representing about a third of its total exports of food including 70 per cent of its exports of wheat. But such figures do not bring the realities home. In terms of calories, the basic unit which measures the intake of human energy (2,500 a day are necessary to human efficiency—Americans take in 3,200), the wheat, flour, maize, rice, other grains, fats and dairy produce sent abroad under PL 480 in the financial year 1960 were enough wholly to feed over 31 million adult human beings throughout that twelvemonth. This food was, of course, spread more thinly over many more millions who were already being locally but inadequately fed: thus, the food sent to India now represents, on the average, 90 to 100 calories a day for every Indian, against a deficiency estimated at 250 calories in 1958. The diet of 54 million children has been eked out by "food for peace." But it does not constitute a balanced diet, which requires proteins and vitamins as well as calories.

The Administration plans to increase both the quantity of this food and its protein content. Unfortunately, in extending PL 480 in the new farm Bill which was passed last week, neither the



House nor the Senate granted the full 5-year authorisation which the Administration sought and the Senate refused to increase the amount of money which may be spent. Whether the amount of food sent abroad will rise by 15-20 per cent, as the Administration hoped, depends on the outcome of the conference between the Senate and the House. But the volume of shipments is in any case limited by the severe bottlenecks in transport, storage, distribution and administrative arrangements at the receiving ends. It is hoped to tie more and more foreign aid projects directly to the food programme by supplying grain to areas where wages are generated by the employment of much local labour on construction of, for example, dams or irrigation systems. Hitherto such sudden increases in incomes have inflated local food prices disastrously. "Food for peace" can operate as a brake on this inflation, which is normal in rapid phases of development.

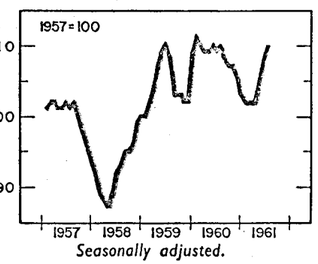
To provide more protein for foreign diets the Administration is raising price supports for soya beans, cottonseed and peanuts in relation to those for wheat. A more ambitious plan is to work with the foreign aid agency to persuade the recipients to convert grain into protein by raising hogs and cattle. This is still confined to a few pilot projects. Yet another idea is to purchase more American processed foods with PL 480 funds (baby food is an obvious example). This would stimulate the food industry even more. But all these plans are, in varying degrees, dearer than the simple device of shovelling out surplus wheat as the basic human fuel.

Many words have been spun—by the President, by Mr McGovern, who directs the programme, and by Mr Freeman, the Secretary of Agriculture—about making American agricultural prowess a great prestige talking-point among the underdeveloped countries, an argument to which the communists, whose people are hungry, starving or even dying of famine, have no reply. But the President did not dare to point up this devastating contrast by offering famine relief to China, which has used up its exchange reserves to buy from Canada and Australia; American public opinion would not have stood for such a move. Popular as PL 480 is, it is so in a hole-and-corner way.

The legislators lack any vision about the use which might be made of it in a world where the food deficit has reached 36 million tons a year for wheat alone. The dollar sign, the cry of "extravagance" and the fears of commercial exporters, both in America and other countries, that their markets will suffer hang sullenly over any such initiative, shrilly as the President's critics call for successful anti-communist propaganda. The same mental straitjacket stands in the way of rationalising the counterpart funds. This means that America fails to get full credit for what is in every sense a remarkable work of mercy and of generosity, as well as a demonstration of capitalist efficiency. Once again, the President and his idea-men may have to be satisfied with doing just a little more good, still very largely by stealth.

INDUSTRIAL PRODUCTION

The sharp rise between April and June in the output of American factories and mines brought it back very nearly to its pre-recession peak; this may be matched in July since the rise is continuing. Production of consumer goods actually reached a new high point in June and the gross national product broke all records in the second quarter of the year.



Seasonally adjusted.

Arms and the Men

FROM A SPECIAL CORRESPONDENT

CONGRESS has lost no time in putting its stamp of approval upon the President's programme to give the United States greater and more flexible military strength to meet any calls—in Berlin or elsewhere—that may be made upon it. The President has already signed the Bill giving him the authority to call up 250,000 of the reserves without having first to proclaim a national emergency; this was passed unanimously in the Senate and with only two dissentients in the House. The new money which he requested (and perhaps some more for bombers which he did not) is likely to be in his hands by next week: it brings this year's total for defence to at least $47.5 billion, the largest defence budget ever demanded in peace-time. Many members of Congress wish that they could rely on America's allies to respond as unhesitatingly.

The most notable thing about the new programme is its rebuilding of the army, the neglected step-child of the Eisenhower Administration, which preferred to put its main reliance on nuclear weapons. Now, partly no doubt at the urging of General Taylor, the President's new personal military adviser, the aim is to have "a wider choice than that between humiliation and all-out nuclear action." Of the proposed increase of 225,000 men for the forces, 138,000 are destined for the army—more than twice as many as the army itself vainly requested "as a minimum" only a few weeks ago. The money now allotted to the army for new weapons and equipment is also slightly more than the army sought and 40 per cent more than President Eisenhower recommended in January. Moreover, much of the new money that is going to the navy and the air force is to be spent on increasing their ability to move soldiers and their equipment to any threatened point.

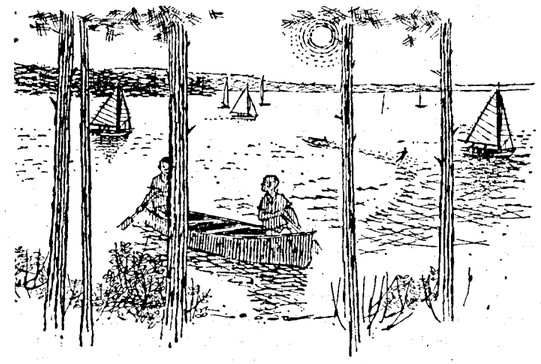
The army will now be able to afford a far greater degree of readiness for combat—something it has long desired. Even the best of its fourteen divisions (the five in west Germany and three in the mobile Strategic Army Corps at home) are seriously deficient in combat-support elements without which no infantry or tank division can function in battle. The first step will be to "flesh out" these ordnance, engineering, signalling and medical units. The three other divisions in the United States (there are two under strength ones in Korea and one in Hawaii) will be relieved of the training of recruits with which they have been occupied. They will be built up into combat divisions ready for duty overseas, although it is not expected that any more divisions will be sent to Europe before the late autumn. The army's new manpower will be drawn from three sources. The monthly intake of conscripts is being increased; men who would have completed their normal tours of duty before July may be retained, thereby keeping in service each month 15,000 prime troops who would otherwise have been lost; and some reservists will be recalled to active duty, though only when they are clearly needed. The Army will then have the million men under arms which General Taylor has long insisted that it needs to carry out its responsibilities.

Unsheltered Americans

ONE of the smallest items in the President's programme is the $204 million which he is asking Congress to provide for a fresh start on civil defence. This may or may not convince Mr Khrushchev that Americans are in deadly earnest about risking a nuclear war to defend Berlin, but it triples this year's money for shelter against radioactive fall-out. During the past ten years Congress has given successive Administrations only about a quarter of what they have asked for civil defence—a miserly total of $619

Camp Fire Days

FROM A SPECIAL CORRESPONDENT



ALTHOUGH few Americans go to boarding school, millions between the ages of about 9 and 16 leave home every summer to go away to camp—an annual migration which began in New England precisely a hundred years ago. What to do with their children during the long summer holidays is an increasingly serious problem for most Americans, two-thirds of whom now live in urban surroundings. There, three months of freedom for the young to roam the streets or watch television is neither a safe nor a happy prospect, especially as in most of the country the temperature in July rises on an average day to 80 or 90 degrees. Older children might profit from having a job but employers are reluctant to pay high wages to temporary and inexperienced help. As a result, during the last ten years between three and four million children have been sent off each year to camp for periods of from one to eight weeks. Many more would go and stay for longer if their families could afford the expense.

Altogether there are probably 7,500 resident camps scattered all over the United States which fall into three principal categories: private camps run for profit, which attract only 8 per cent of the campers, church camps, which number about 3,000, and, by far the largest group, camps operated by about twenty youth-serving organisations such as the Young Men's and Women's Christian Associations, and the Boy and Girl Scouts. Such non-profit institutions provide their members with a holiday at camp, usually within easy distance from their homes, at a cost of from $15 to $35 a week. Children stay at them, on the average, for only one or two weeks which, though probably better than nothing, is often barely long enough for them to settle down. A month for each child is the ideal. But many parents cannot afford this and the camps themselves have trouble accommodating, even for a brief stay, all the children who want to come during the ten-week season.

The original camps were founded for boys but camps for girls have also existed for many years (though there are not as many of them) and recently co-educational camps have gained in popularity. Their primary purpose is to provide an opportunity for city children to have fun in the country, to learn to be self-sufficient in the woods and in and on the water, to fish, to ride and to study nature. Their secondary purpose is to give the child greater emotional independence through the experience of living away from home.

Camps are usually situated in woods close to a body of water, though some have swimming pools; the use of 2 acres for each camper is desirable. The number of children ranges from 12 to 300 (the average is 134) depending on the type of camp, the age group it caters for, and the emphasis of its programme. The children, who usually come by special train or bus, are sorted out by ages and interests into small groups and assigned to tents or cabins where they sleep in the charge of counsellors who will be their teachers and guardians in everything from bed-making to mountain-climbing. In some private camps there may be as few as three campers to a counsellor and no one recommends more than eight. The whole camp generally meets together only at meals, team sports, prayers or for the traditional ceremonies such as flag-raising and camp fire singing.

The small handful of directors of eastern camps who fifty years ago represented the industry has grown into the American Camping Association, a national organisation which recommends minimum standards for the management of camps, operates a system of inspection (a service not always pleasing to the well-established camps), and publishes a magazine called *Camping*. Bewildered parents can turn to its directory of camps, though they would do well also to consult a camp bureau in one of the larger cities or to get advice from a school whose teaching staff has camp connections (90 per cent of the counsellors at the private ones are either college students or graduates).

Although private camps prefer to take a child for eight weeks, many of them divide the season into two four-week (occasionally five-week) periods for each of which they charge from $200 to $400, plus extras. For families who have three or four children this is no small financial outlay. But there are so many kinds of private camps that even parents with means may still find it difficult to choose.

If climate is a factor they will want to investigate those in the dry mountains of the West or those on the cool and misty coast of Maine, which is still one of the most popular areas. There are hundreds of these camps—many with unpronounceable Indian names—which, in addition to the more usual activities, offer special attractions (to the parents at least) such as tutoring, or instruction in French, or in the arts and sciences. Some appeal to the adventuresome by offering elaborate pack trips by horse or canoe into the wilderness.

Families well supplied with labour-saving gadgets at home must also decide whether a few austerities, in the form of plain food, no television or comics, rustic plumbing and perhaps a few tiresome chores is likely to benefit their child or whether more hot water, a fancier menu, the latest thing in athletic equipment and instruction, plus the greater protection made possible where the ratio of counsellors is high, will make the better use of the child's vacation. At one extreme are the summer work camps run by the American Friends Service Committee which cost $150; at the other are the plush establishments costing nearly $1,000 that cater especially to wealthy Jewish children from New York.

THE operation of all types of camps is now a large and, in the case of the ones run for profit, a highly competitive business with an estimated capital investment of $500 million. Private camps without a connection with schools have to advertise extensively and some resort to high pressure salesmanship. Costs are a great problem. They have tripled since the war, though fees have only about doubled, and the difficulty of finding suitable young counsellors (who must be able to cope with homesickness, poison ivy and bites, as well as being skilled in such things as water skiing or archery) has increased. Some camps have their own training programme for those who are interested in making this a part-time career.

One trend which the operators welcome is that of sending children to camp at an earlier age (some 13,000 who were eight years old or even younger went in a recent year). This is due in part to the scarcity of competent baby sitters at home as well as to the greatly improved methods of safeguarding the children's health at camp. But this good omen is offset by other trends. Children stay for shorter periods; teenagers tend to get bored with camp at an earlier age; and often parents want to make the most of the comparatively low cost of foreign travel by taking or sending their children abroad.

Another, and perhaps the most discouraging development for the operators of resident camps, is the fast growing popularity of day camps. Already there are about 5,000 of these in and around large cities which collect children five days a week after breakfast, teach them a number of the outdoor skills and return them to their parents in time for the evening meal. The fees are around $30 or less a week with no extras for uniform or travel and there are no problems of distance in cases of illness or simple homesickness.

million with which very little has been done. Such penny-pinching has been made possible by public apathy; civil defence provoked only a yawn. The crisis over Berlin may change this. And the President's decision to transfer most matters concerning civil defence from the Office of Civil and Defence Mobilisation to the Department of Defence should make the money flow more freely. Mr Ellis, the energetic new director of the OCDM, fought hard to retain his control of civil defence and he was backed up by many Governors and Mayors who dislike the thought of having to work under the military. But Mr McNamara, the Secretary of Defence, insisted quite properly that if civil defence is to be included in the military budget he must have effective control over it. This control is, however, to be exercised by civilians.

The new start is a modest one compared with the grandiose plans—with a price-tag of $20 billion or more—recommended in the past by the Gaither committee and backed by Mr Ellis. About a third of the $300 million or so which Mr McNamara hopes to have will be spent on identifying existing shelter spaces in the basements, corridors and inner rooms of large buildings. He expects to find about 50 million of these although, as he pointed out chillingly this week, such shelters could be expected to save no more than 10 or 15 million lives if the United States is attacked; nothing can protect people against direct hits by an atomic bomb or near misses. The rest of the money is to be spent on research, putting shelters in new government buildings, increasing the capacity of make-shift shelters by installing better ventilation, supplying them with emergency rations of food and developing a more efficient alarm system.

The House Government Operations Committee, which is holding hearings on the proposal, is probably sympathetic to a bigger effort, but the members of the Appropriations Committee, which holds the purse-strings, are not. The Administration was probably wise to start slowly; it can ask for more money next year when it has a firmer idea of what it wants to do. Even the identification of existing shelter space probably will not be complete until late next year. Meanwhile there is nothing to prevent individual Americans from providing themselves with shelters; any householder can obtain a loan for this purpose from the housing authorities.

Profit-Sharing in Detroit?

LABOUR negotiations in the automobile industry, after dragging on for a month with little outward sign of progress, took a turn last week that shocked both sides of the bargaining table into temporary silence. The American Motors Corporation, the only small company to co-exist profitably with the three big producers, seized the initiative from its larger colleagues (it had refused earlier to join them in "parallel" negotiations) and made a formal offer to Mr Reuther's United Automobile Workers. The proposed contract contains two provisions that the union has been trying unsuccessfully to extract from the companies for years: a profit-sharing scheme and a continuing management-labour committee to consider mutual problems. In return, the company wants to replace the annual productivity increase (now at 2.5 per cent a year) with a flat 7 cents an hour rise in each of the next three years; to cease adjusting wages to the cost of living (while incorporating the gains that have accrued so far into the basic wage); and a number of other changes designed to strengthen the hand of management.

The proposed "progress-sharing" plan is not as generous as the schemes suggested in earlier years by the union, but it is by no means negligible. The company would set aside a reserve equal to 10 per cent of shareholders' equity and would then allocate 10 per cent of the remaining profits before tax to a fund which would be distributed according to the decisions of a joint company-union committee. If the plan had been in operation last year, workers at American Motors would have received a bonus of $360 in cash or in benefits. The big companies are dismayed by the proposal since any concession by American Motors would be used by the union to extract a similar concession from them. On the other hand, Mr Reuther is not altogether elated. He has committed himself repeatedly in public to retain both the cost of living and productivity provisions of the present contract (which expires at the end of August) and it would be hard for him to bargain these away in exchange for a share of profits.

Sales of motor cars in the middle weeks of July soared unexpectedly to a 6-year high for the time of year, stimulated no doubt by the possibility of a strike, and stocks in the hands of dealers are shrinking nicely as the arrival of the new models nears. In the meantime, the smallest member of the "big three"—the Chrysler Corporation—has enacted yet another scene in its long drawn-out internal drama. Last week Mr Colbert gave up his determined struggle to ride the "conflict-of-interest" storm and resigned his positions as chairman, president, director and chief executive officer of the company in exchange for a comparatively minor role as chairman of its Canadian subsidiary. He has been replaced, not by an outsider as had been generally expected, but by a protégé of his from within the company, Mr Townsend—a change that does not appear to be sufficiently radical to satisfy critical shareholders.



Prosperity at a Discount

NEW YORK

IN the United States discount houses—stores that sell products at prices well below those prevailing in regular retail shops—are invading the field of general merchandising in much the same way as the supermarket has overwhelmed the food-selling business. Already in 1960 sales by discount houses were estimated at $5 billion, equal to about a third of all department store sales, and any remaining doubts about the respectability of this type of shop will surely be removed when a large eight-storey building on New York's Fifth Avenue opens its doors for discount selling.

As they grow in popularity, discount stores are changing in character. Originally they were hole-in-the-wall operations where goods were sold below the retail prices set by manufacturers. But with the gradual erosion of retail price maintenance laws in most of the states (the courts have tended to find that they violate the anti-trust laws) discount houses have come out into the open. They rely on a large turnover and a minimum of "frills" to enable them to cut the retail mark-up on their products to perhaps one half that of the department stores. In pre-war days discount selling was confined to relatively few consumer products, with household appliances a top favourite, and individual stores usually concentrated on a single line of goods. Today practically everything, from patent medicines to life insurance and from shoes to automobiles, can be bought at a discount house, and many of the latest stores offer a full range of products under one roof.

Today's discount stores still keep their retail mark-up relatively low, but price is by no means their only selling point. Indeed, one department store recently converted part of its business to so-called "discount" selling, importing all the trappings (open shelves, customer pushcarts and a line of cashiers instead of sales-girls) but kept its price unchanged; the customers flocked in with the responsiveness of Pavlov dogs. There is no doubt that the very words "discount store" produce a flutter in the American shopper's breast. And whatever the joys of personal service, many customers seem to prefer to rummage at leisure through open shelves and racks without an eager assistant at their elbow. (They also tend to buy more when they do not have to contemplate a bill until they reach the cashier at the exit). Even more appealingly, discount stores, which are operated by very small staffs, keep their doors open for long hours, particularly at weekends when families get a chance to shop together.

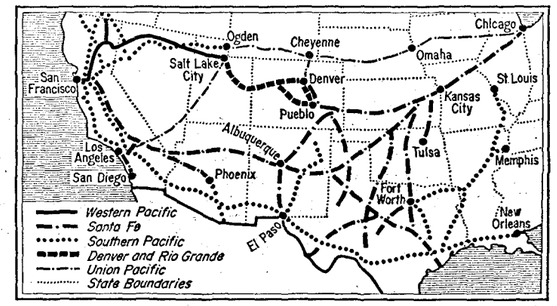
The question of what is and what is not a discount store is increasingly unclear. For one thing, discount houses are getting more like department stores every day. One of the main sources of saving for the discount operator has been that he has supplied relatively little in the way of services—no wrapping, no delivery, no credit and (often) no returned articles. Now one chain of discount stores has announced its intention of introducing most of these services and others are looking in this direction. In the past, discount stores have chalked up further economies on advertising; now many of them are contemplating heavy expenditures on promotion. For their part, the regular department stores are getting involved increasingly in discount selling. Shops such as Ohrbach's in New York have been undercutting their competitors for years without ever calling themselves discount houses. Others are establishing or expanding bargain basements to cater to discount fanciers, or cutting many of their prices to compete directly with the discount houses. Still others are setting up their own discount stores, usually under a different name. As discount houses take on more of the characteristics of a department store, room may even be created for the re-emergence of the old hole-in-the-wall operator to discount the discounters.

The great boom in discount stores (there are now 3,000 of them operating in the United States) has come in the last ten years or so. The E. J. Korvette Company, which with a present tally of 14 stores in four states has the largest discounting empire, has pushed up its sales from $2 million in 1951 to an expected $175 million this year. This spring and summer one after another of the big names in retailing have announced their plans to go into the discount field. The F. W. Woolworth Company will open a chain of Woolco discount houses (their traditional "Five and Ten" stores will not be affected); the May Department Stores Company, which now runs 50 shops in eleven cities, plans to convert a part of each store to supermarket-type operations; and many of the other large chains are eyeing the discount field. In addition, several of the large companies operating food supermarkets are buying their way into the non-food discount business. Some observers are already wondering whether the market will be able to digest so many new recruits.

Duel on Rails

LAST month two major American railways—the Southern Pacific Company and the Atchison, Topeka and Santa Fe Railway Company (commonly known as the Santa Fe)—began putting before the Interstate Commerce Commission their rival claims for control of the Western Pacific Railway Company. The latter is a relatively small concern, as American railways go, whose passenger and goods trains ply along the 1,100 miles between Salt Lake City and San Francisco and up into northern California. But the question of a possible change of ownership has touched off a lively battle among the nine railways with direct or indirect interests in the region.

The Southern Pacific and the Santa Fe have a long history of bitter competition, since both operate systems that start in the mid-west, curve southward to avoid the worst of the Rocky Mountains, and end up on the west coast; neither is prepared to let the other acquire control of a valuable stretch of line. The Southern Pacific is basing its claim on grounds of economic efficiency. It hopes to persuade the ICC that, since it already operates a route parallel to that of the Western Pacific, a co-ordination of the two systems would substantially lower its operating costs. The Santa Fe, on the other hand, is putting forward the opposite argument that, if it controlled the Western Pacific, it would be able to compete more directly with the Southern Pacific—with a possibility of lower tariffs all round.



The other giant railway companies, after carefully viewing the disposition of pawns on the western chessboard, are lining up behind one contender or the other, and the object of the dispute itself is by no means impartial as between its two suitors. The line was, after all, built originally (under armed cover) to break the monopoly of the Southern Pacific and the present directors of the Western Pacific, true to this tradition, hastily accepted the advances of the Santa Fe in order to frustrate the designs of their old enemy. The line's future is now in the hands of the ICC. The Justice Department has asked the commission to throw out both applications because the companies concerned bought up large blocks of stock in the Western Pacific before putting their case to the ICC.

This skirmish has aroused a good deal of speculation over the future of an adjoining line, the Denver and Rio Grande Western, which funnels off traffic from the major routes at Denver and Pueblo, carries it along a short cut through the heart of the Rockies, and empties it into the Western Pacific system at Salt Lake City to continue the journey westward. This railway was conceived soon after the Civil War in the fertile brain of General Palmer, the founder of Colorado Springs. Thinking that the narrow crooked canyons and the two mile high passes of the central Rockies would bar broad-gauge tracks for ever, he planned a vast narrow-gauge system to extend ultimately from Mexico to Seattle, which would take freight and passengers from the broad-gauge lines through the forbidding mountains. The Denver and Rio Grande still has the reputation of being a "romantic" line but it is today a modern broad-gauge system which has performed such practical feats as carrying the whole traffic of the mighty Union Pacific in the great blizzards of 1949 when the latter was unable to keep clear its routes through lower passes. If the Santa Fe were to succeed in getting control over the Western Pacific, only the Denver and Rio Grande would stand in the way of its operating a second transcontinental route between Chicago and the west coast. As a result, the price of Denver and Rio Grande shares has been rising sharply; the Union Pacific is believed to have been the principal purchaser.

SHORTER NOTE

The Bill reducing from $500 to $100 the value of the goods which American tourists returning home can bring in duty-free has been passed by both the Senate and the House. It is estimated that it may cut the outflow of dollars by as much as $140 million a year.



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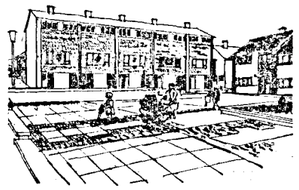
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HOME REPORT

In HOME REPORT members of the editorial staff and local correspondents report on life and happenings in and around Britain.



Stevenage Growing Up

FROM OUR SPECIAL CORRESPONDENT



To build a self-contained community of 60,000 souls in 20 years, and to keep them happy while you are doing it, is a herculean task. The new towns do not need Mr Henry Brooke to tell them of the artificiality that pervades a controlled sociological experiment, and the rootlessness that inevitably accompanies immigration. But Stevenage, fifteen years after it was designated under the New Towns Act (its original inhabitants, then a small north Hertfordshire community of 6,000, fought tooth and nail against this ungodly imposition) has achieved a hearty measure of success. The planners can now see their man-made beehive buzzing smoothly, and the inhabitants, after many initial frustrations, are discovering not that "there is nothing to do, and nowhere to go"—as the papers are apt to proclaim—but that there is a growing number of diversions whose only shortcoming is their strangeness to big city immigrants.

Stevenage, like Britain's fourteen other new towns, still requires a mentor. This is the Stevenage Development Corporation (a non-elected body responsible to the Ministry of Housing and Local Government) which, from its Daneshill House headquarters, overlooks both the drawing boards and the bustling town itself. The corporation controls the town's expansion by balancing the number of jobs it attracts with the number of dwellings it constructs. Firms moving to Stevenage are allotted houses, which the corporation finances with money borrowed directly from the Treasury, for the workers they bring and for further employees as they are hired. (Priority is given to qualified applicants from the London area.) The present demand for housing far exceeds supply, for the corporation, which is having labour trouble and finding it hard to secure building materials, is finishing only twenty houses a month. It needs roughly four times this number to provide for existing firms, new ones (such as Bowaters, which will need some 500 homes in a year), public servants and teachers.

One disconcerting element is the high concentration of employment in the electronics and armaments industries. About a quarter of the working force is employed by English Electric, and a further sizeable proportion by de Havilland, International Computers and Tabulators, and Kodak. The danger is not that the town's economy is vulnerable to change in defence policy—although that is always possible—but that the choice of occupation for school leavers wanting to stay in Stevenage is limited. The corporation is trying to diversify employment by inducing more commercial firms, rather than industrial ones, to move in. Yet in spite of the fact that rents are appreciably lower than in London, only two major organisations—Lloyd's Bank and British Railways—have taken office space in Stevenage.

The corporation's goal, when the population reaches 80,000 in 1985 (20,000 more than the original plan), is to have no more than 45-55 per cent of the estimated 40,000 jobs in manufacturing. Since 15,000 have already been allocated to manufacturing firms, it is going to take a lot of hard talking to attract the service and commercial jobs needed to achieve the balance.

The presence of a paternalistic corporation, however benevolent, creates an impression of dualism about Stevenage: inside Daneshill House, architects and sociologists work with master plans and population statistics; outside there is the reality of 43,000 people, each leading an individual life of his own. Neither side, of course, stands unaffected by the other. Few townspeople are more concerned about the running of their community than Stevenage's inhabitants: Stevenage is on their tongues even more often than the weather. In the earlier days, when there was more to grumble about, residents' associations were formed to get grievances heard. On at least two occasions—the decisions to make the town centre an all-pedestrian one, and to begin work on the projected by-pass for the Great North Road—public opinion probably changed the minds of both the corporation and the Minister of Transport.

At the beginning, employment and housing claimed priority. The early settlers lacked many amenities, and even necessities. Shopping was still a major expedition, and buses were then non-existent (taxis still are). People demanded more entertainment and transport. It was too easy to place the onus for all personal ills on the town itself: if one disagreed with one's husband, if one's child was uncooperative (or had urges to rip cinema seats) it was all Stevenage's fault.

Now the days of hardship are ended. The components of a balanced community are almost, although not yet, in equilibrium. Just coming up are the completion in the town centre of a large dance hall, an indoor swimming pool, and (a bit further into the future) a youth centre and a 26-lane American-style bowling alley. With these visible advances the immigrants have become less negative; they have stopped judging Stevenage by London standards. Although many have retained a romantic remembrance of the congested and congenial streets, the myriad of pubs and haunts enjoyed by closely-knit family groups and lifelong friends, they are accepting the new life of raising children in open-air surroundings, comparing neighbourly horticultural prowess, and participating occasionally in some planned festivities at a community centre or a church. At first it was just the more adventurous ones, seeking new friends to replace the old, who went out and joined a dramatics club, or attended a dance at the town square. The Broadhall community centre, one of Stevenage's two such institutions (another is contemplated) now runs the entire gamut of "activities" from keep-fit sessions for housewives to bingo. Except for the warden's salary, the centre is in no way subsidised: the 2,500 enthusiasts of one thing or another who use it each week enable it to pay its way.

Yet there are not a few more retiring persons who are still unhappy. Many find it hard to break away from the lonesome security of the television set; frequently they miss that hereditary sense of belonging which the distance from their families greatly

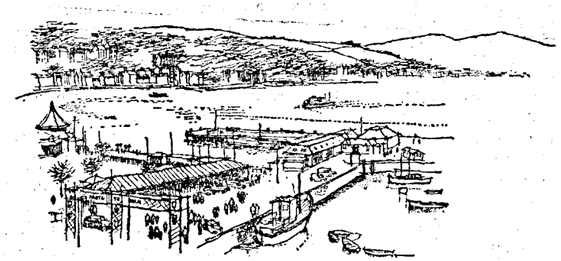
aggravates. Sometimes friction develops between a non-working wife, kept at home all day by her children, and the husband, who himself is able to establish a circle of friends at the factory. Other sufferers of "new town neuroses" are those who are simply unable to cope with the financial challenge of making ends meet in an environment where the pressure to keep up with the Joneses is tantalisingly strong. To deal with these problems of adjustment, a family centre has just been opened with the aid of a four-year grant from the Nuffield Foundation.

The real fruition of Stevenage as a community now depends on its second generation, who will not be the rootless immigrants their parents once were. Stevenage is brimming with adults of child-bearing age and, not surprisingly, their children. The fresh air, the three-bedroom houses, the new and well-staffed schools that the parents never had, and the mere proximity of other people's families are all boosting the birthrate. For the moment, prams outnumber cars; and, once in school, Stevenage's children seem to thrive on education (half of the fifteen-year-olds choose to stay on, against a national average of 30 per cent).

The great challenge will come when the prams are discarded for motor-bikes, and the proportion of teenagers, now unusually low, jumps into predominance. The corporation has been fortunate that the irregular age distribution has allowed it to put off major youth developments until now, and to suffer only the slings and arrows of a few disgruntled hoodlums (many of them from outside Stevenage). The problem is, of course, inextricably tied to the expansion and diversification of employment opportunities; but leisure hours may be an even more formidable nut to crack. The first moves are a full-time youth officer and a trust fund (target £100,000, to date £45,000). This will be the crucial test of Stevenage's coming of age.

Tartan Towns

FROM A CORRESPONDENT IN ROTHESAY



THE Clyde Coast, which last month entertained the conference of the National Union of Mineworkers at Rothesay (some Rothesay entrepreneurs would not have been averse to entertaining the Holy Loch base either) is by way of being Scotland's chief holiday resort, in volume of traffic at least. The Clyde now earns almost *£20 million a year, nearly one-third* of Scotland's total income from tourism, which has soared spectacularly since the war to become worth more than *£60 million annually* and is still rising.

But in spite of this the coast has its problems. Most of its clients (they probably number, day excursionists apart, nearly 1 million a year) continue to flock in from Glasgow and industrial Clydeside, the region which has nourished the resorts since the family holiday trek first got under way in the 1840s. The trouble now, however, is that an increasing number of the citizens of Glasgow, Paisley, Greenock, and Motherwell have acquired the postwar taste for English and European pleasures, so that while the pattern of the Clyde tourist trade is changing it is not conspicuously expanding.

At best, the Clyde appears to be holding its own by attracting ever-greater numbers of English tourists, who base themselves almost exclusively on the leading resorts of Rothesay and Dunoon. The English traffic is now estimated in these towns to be anything up to 40 per cent of the seasonal total.

The Scottish Tourist Board, which mostly gets along without government finance, spends some £35,000 each year on Scottish tourist publicity within the United Kingdom and overseas. Ten Clyde resorts, in conjunction with British Railways, find £1,600 annually to promote themselves in England, especially in the North and Midlands. Some extra individual effort also exists (Rothesay has commissioned a colour film for commercial exhibition), but more extensive co-operation is needed to fill hotels and boarding houses which still tend to stand half-empty from April to June and again in September and October.

Scotland generally suffers from a short tourist season, but the Clyde is one of the regions beginning to profit from off-peak English holiday-making. This is especially so in Rothesay, capital of the sheltered and prosperous Isle of Bute, and in Dunoon, the more austere principal town of the mainland of Cowal. The affection of English tourists is chiefly captured by the peace and quiet of the resorts (even the bustling ones), the estuary's scenic attraction, and the cruises run by British Railways' 18 pleasure steamers in 1,200 square miles of inland sea, studded by islands and ending in lochs that run up into the Highland hills.

TOURISTS, however, look for gaiety as well, and even the busiest Clyde resorts cannot compete with their English or European rivals in entertainments. This explains why many Scots now head south, and why English traffic to the Clyde remains relatively light. January, the peak month for accommodation inquiries, produced in Rothesay a total of 4,500 inquiries, of which 3,700 were from England (the Scots, knowing the ground much better, usually by-pass the burgh tourist department). Even Rothesay and Dunoon boast only modest man-made attractions. They have nightly dancing and tartan-flavoured revue, but little else. It is hard to find the suave comfort of heated bathing lidos, and beaches are in the main undeveloped. The local town councils can be complacent about what they lay on for tourists, but many hoteliers feel that more ought to be tried, although even they consider that big dippers and jazzy attractions would merely remove the major attraction they have to offer: scenery.

Rothesay demonstrates how capital investment is urgently needed. It requires a new pier to replace the picturesque but aged structure which local legend claims is held together only by innumerable coats of paint. Complete reconstruction would cost about £100,000, and, since Bute is not one of the crofting counties where government grants might be had, the onus is on the town itself to find the cash. There are plans for a pier which would include café and orchestral facilities, besides the main function of serving the steamer links with the mainland. But even if this money were found there are the equally archaic Winter Gardens, where present box-office economics makes a modern theatre impracticable.

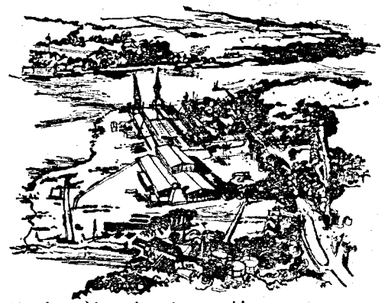
ROTHESAY has a tourist association which spends about £8,000 a year and contributes to tourist development by a legal lottery (the first in Britain) which last year put £1,400 in the kitty. It has now turned to bingo to finance the construction of an illuminated fountain. Most of the Clyde resort associations do a good job of sales promotion by straightening out accommodation problems and reassuring distraught inquirers, including one woman who wanted to know how severe the quarantine regulations on Bute were.

All the estuary towns have long-term anxieties over the future of the British Railways steamer fleet, recently modernised at a cost of £2 million but now cut to half its prewar strength. Last year the Clyde steamers carried over 4 million passengers and also 97,000 vehicles on the four new car ferries which have helped revolutionise the type of tourist coming to the region. But the fleet operates at a loss, largely because the seven big cruise ships are expensive to run. Some resorts fear that British Railways will try to use smaller and less comfortable ships in future (the replacement of the bigger steamers at current prices would cost up to about £450,000).

The resorts have accepted the Scottish Tourist Board's recent pronouncement that they lie outside the triangle bounded by Edinburgh, Perth, and Ayr in which most cosmopolitan visitors to Scotland still circulate. But they feel that they cannot afford to lose a single potential customer because of inadequate publicity or insufficient amenity. The Clyde towns and British Railways will need to combine if they are going to work out the answers.

Irish Unions Unite?

FROM A CORRESPONDENT IN IRELAND



Verolme shipyard: union trouble.

THE Irish Congress of Trade Unions, which held its annual conference in Cork last week, has taken a step ahead of the British TUC in reconciling its internal problems. The congress (which covers the whole of Ireland) has set up a permanent tribunal to study the structure of the trade union movement in Northern Ireland and in the Republic. The tribunal will also be a disputes court for the settlement, presumably, of demarcation and perhaps also poaching disputes.

The object of the new tribunal is to try to reduce the number of trade unions in Ireland to round about 14—one union for each main industry. This is understood to have impressed Mr Frank Cousins, who attended the Cork conference as a fraternal delegate. Ireland has a number of directly competing unions, all in fierce rivalry for members, in the engineering industry, transport, building and agriculture. Not only are there the normal differences between crafts and occupations. There is the additional complication of some unions being Irish-based (that is: with head offices in Ireland) while others are British-based.

The conflict between Irish and British unions has been aptly illustrated by the two months' strike at the new Verolme shipyard at Cork. Several British shipbuilding unions have objected to a unilateral negotiating agreement between the company and the Irish Engineering and Electrical Trades Union. The British unions want to retain the old, familiar system of multilateral negotiations.

This strike has led to bitter inter-union exchanges in Cork and it has had unpleasant repercussions in Belfast, where the firm of Harland and Wolff, under union pressure, has now had to cancel a £250,000 order for electrical switch gear for the Verolme yard. Belfast, with its high unemployment among shipyard workers, can ill afford to lose such orders. It is one good reason why hopes are being placed in the new union tribunal.

BOOKS

1914-18 in Retrospect

The Donkeys
By Alan Clark.
Hutchinson. 216 pages. 25s.

Brass Hat
By Basil Collier.
Secker and Warburg. 362 pages. 30s.

THE Great War has been demoted and now takes precedence only in time; but quite suddenly it has begun to attract the attention of younger historians. It may simply be that, sensing that there is a ready market for military history and that momentarily the vein of the second world war has been thoroughly mined, they find an obvious commodity in the war that their fathers fought but which to them, the first generation for which this is so, is now history. And it may also be that they sense that the problems of 1914-18 are more pertinent to military thought today than those of 1939-45. Military thinking in the first world war was trapped in a cul de sac, hedged by barbed wire and swept by machine gun and shell fire. The way out—the tank and infiltration tactics by the infantry—was discerned but not fully exploited until the second world war. The price paid was the terrible list of casualties and for the next twenty years it haunted British and French politics. Today, military thinking appears to have run into another impasse, created by the development of nuclear weapons and offering an even more terrible butcher's bill. It may therefore seem worth going back to discover what went wrong and why.

Enough time, it may be thought, has elapsed for analysis to take the place of temper and certainly no harm is done if young historians who claim no direct experience of war sharpen their bayonets of criticism. But it is up to them to prove that they have sympathy and understanding for the trials and achievements of an earlier generation and that their re-assessments are not prejudiced from the start. One trap is to assume that the Allied generals were necessarily stupid and insensible men—the donkeys of Mr Clark's title. The other is to assume that they were lions, as Mr Collier's biography of Sir Henry Wilson gets perilously near suggesting—at least for the subject of his portrait. A strong case for the prosecution can be drawn up; but there is also something to be said for the defence and neither case is strengthened by displays of rhetorical brilliance.

It is easy, however, to preach objectivity from the outside and it has to be admitted that even today writing about the first world war cannot but help being coloured by past emotions. One of these is common to many survivors of the war, who in some way seem to sense that criticism, say, of Haig is an attack on their own hardihood. This gallant feeling pervaded Professor Cyril Falls's account of the war; and it appears to inform Mr John Terraine's book on the Mons campaign. The other is a feeling of distasteful repulsion, based emotionally on the poems and memoirs of protest and intellectually on the writings of such men as Major General Fuller and Captain Liddell Hart, who in the 1920s and 1930s were trying to drag military thinking out of the morass of the trenches.

Today the military historian has to be sensitive to these echoes, but he will fail in his task if he simply seeks to reproduce them. To aid him in his search for dispassionate judgment he has, fortunately, two excellent models: Sir Philip Magnus's "Kitchener" and Mr Alan Moorehead's "Gallipoli." These certainly destroyed any lingering ideas that this was a war fought by titans; but equally they did not suggest that these were battles among pygmies. They were both scholarly and fair and, par-

ticularly in Mr Moorehead's book, enlivened by a brilliant and sympathetic pen. Unfortunately, neither Mr Clark nor Mr Collier seems to have learnt much from these models. Charitably it has to be assumed that Mr Clark was so seized with the horrors of the 1915 campaigns that his pen ran away with him, for his use of the evidence is both biased and slipshod. This is the more to be regretted because his descriptions of the battles are vivid and they demonstrate that he is quite capable of handling the detailed intricacies of military history. This is a shell burst of a book, scattering its fragments powerfully but indiscriminately.

Mr Collier's biography, though more sober in tone, is hardly less startling, for it seeks to defend what to many may seem indefensible. Mr Collier has had access to all Sir Henry's diaries ; yet it is surprising how little he quotes directly from them. As with Lord Alanbrooke's memoirs, the reader is left wondering whether this is what Sir Henry Wilson said or thought or the gloss that the author has chosen to put upon it. Closed politics were the oxygen of Sir Henry's life and, try hard though he does, Mr Collier does not quite wipe out the impression that Sir Henry often played the game of political intrigue for its own sake and was somewhat reckless of its consequences. This, of course, is an opinion that Mr Collier does not share, but his enthusiastic defence of Sir Henry may damage the arguments for rehabilitation. It could be that Sir Henry Wilson was no better and no worse than some other brasshats. That may not say much for them. But if that is to be said it should be said soberly and fairly, with all the evidence weighed. There are too many cenotaphs for this generation to want to build new memorials, as Mr Collier appears to have sought to do; but equally greater care than Mr Clark displays is wanted before they are all blown up.

Picture of Tomorrow?

Children of the Ashes

By Robert Jungk.
Heinemann. 317 pages. 25s.

AMONG the few who were not surprised when radiation sickness began stalking the survivors of Hiroshima was Dr Masao Tsuzuki: he had once done research into the effects of Roentgen rays on rabbits. Most of the survivors were kept too busy trying to stay alive to give thought to possible delayed after-effects—though there was an early Japanese theory that the bomb, as well as being a super-explosive, had contained some new form of poison gas.

Hiroshima in August, 1945, was a vast, flattened, scorched, blackened rubble, with grotesquely clad human beings grubbing about in it. All the living, including children and pregnant women, wore brand new army uniforms, "liberated" from military stores. But a year later the atomic desert had become more like a huge market garden, as people grew food among the ruins and life reasserted itself. Once rebuilding began, some actually made speculators' fortunes. True, there were 6,000 orphaned boys and girls, most of whom took to black marketing and other forms of crime. One was Kazuo, who finally committed a squalid murder, more from nihilist despair than for gain. His father begged the authorities to sentence him to honourable execution rather than life imprisonment, and gave the boy, as a parting gift, a pair of straw sandals with black and white straps, which only the dead wear.

Such tragedies could be, and were, forgotten. Hiroshima became a "boom" town, with higher living standards for more people than lived there in 1945. The "boom" came partly because Hiroshima emerged as a leading Japanese manufacturer of military weapons of the sort that, since 1945, have been downgraded as "conventional." Only comparatively recently has there also emerged a chilly awareness of a creeping death still at work among the survivors, including some who were children at the time. Sixteen years after the bomb was dropped about one person a week dies in Hiroshima, probably of radiation sickness. People are also still dying of it in Nagasaki. Some betray no symptoms until the morning they wake up feeling "languid." Loss of weight, vomiting, bleeding and death may follow, but death is sometimes the least that the survivors have to fear. To admit that one is an atomic bomb survivor is to risk being refused a job in case one goes sick, and being refused in marriage in case one's children turn out to be genetic freaks. Some survivors wish they had died sixteen years ago, and a few commit suicide each year, without waiting to find out if they are secretly dying.

Mr Jungk tells this grim tale for the most part in a competent grey style, but not without indignation and occasional heavy-handed sentiment. Sometimes his pathos becomes bathos: "Father and mother have been sickly ever since the atom bomb. They rely on what I earn. Sister has set her heart on an aluminium breakfast tin. No hope of it now." But his moral about future Hiroshimas is surely worth underlining:

> What would be left after such a war would not be totally dead desert without human inhabitants, but rather a single huge hospital, a world in which everyone was sick and wounded.

Young Spaak

Mr Europe: *A Political Biography of Paul Henri Spaak*

By J. H. Huizinga.
Weidenfeld and Nicolson. 248 pages. 25s.

IT is disappointing that a book on M. Spaak with the title "Mr Europe" should contain so little of what it seems to promise. The biography that Mr Huizinga has chosen to write centres on M. Spaak's Belgian career and in particular on his long drawn out quarrel with King Leopold III; only the last chapter concerns M. Spaak's activities as one of the chief builders of united Europe. The balance of the book may seem misplaced to those who are more interested in the new Europe than in the old "royal question" that so bitterly divided postwar Belgium.

Yet Mr Huizinga handles his chosen subject-matter extremely well, and obviously tries, with great success, to be fair to his two protagonists. They, ironically, have long felt a personal liking for each other, despite the fact that the early Spaak for some fifteen years made himself the mouthpiece of the extreme socialists, who thought and spoke in terms of the class struggle however much that image was at variance with their reformist achievements. The break between the two men came in 1940, when M. Spaak and other ministers opposed the king's decision to remain in occupied Belgium, although after the fall of France they themselves wished to return home and went unwillingly to exile in England.

When after the war the socialists repudiated King Leopold, M. Spaak was absent in San Francisco, at the founding of the United Nations organisation, but he soon realised that if he wished to remain in public life he had no choice but to adopt his party's line on the royal question. Hence the march by the portly, 51-year-old exminister at the head of a crowd of demonstrators to the Palace of Laeken—an episode hopelessly inappropriate, as Mr Huizinga emphasises, to a man who was by then of some international stature, yet featured as the dominant theme of the book.

Although Mr Huizinga acknowledges generous help from M. Spaak in the preparation of this biography, it is a portrait that certainly shows him warts and all ; far from flattering his subject, Mr Huizinga seems almost to delight in emphasising M. Spaak's mistakes and errors of judgment. As a political biography it perhaps insufficiently describes the rival groups and factions within Belgian domestic politics, among whose shifting currents ministers find it difficult to tread water successfully and almost impossible to bear any fixed course. It is silent on M. Spaak's formative years in London, when he arrived a Belgian and left a European (it is an interesting point, although Mr Huizinga does not mention it, that M. Spaak first became a foreign minister very unwillingly, having as a good socialist wanted the ministry of labour) ; also, in spite of Mr Huizinga's superb mastery of English, he has occasionally melodramatised his narrative: "the vengeful King's welcome took the form of an imperious demand that they grovel in the dust at his royal feet."

What emerges from the book, however, is an extremely attractive picture of a man who indeed, as many have said, shares the Churchillian characteristics of intelligence, eloquence, warmth and spontaneity, capacity for work as well as talent for relaxation and enjoyment of food and drink: a man of vision as well as of mistakes. Perhaps Mr Huizinga will add a second volume to his work, next time genuinely telling the story of one of the half-dozen makers of Europe.

Psephology Criticised

Floating Voters and the Floating Vote

By H. Daudt.
H. E. Stenfert Kroese, Leyden. 171 pages. 10 guilders.

IN the last twenty years social surveys have thrown much light on electoral behaviour. Solid statistics have been supplied to confirm or contradict what had previously only been known by politician's hunch or *a priori* reasoning. As in so many branches of social service, America has led the way and many ingenious and perceptive studies have appeared, measuring how each ethnic and religious sub-group of the population divides its political allegiance ; how many people change their minds during campaigns or between elections ; and how the results correlate with the influences to which the various voters were exposed.

Now a Dutch scholar has examined the material so far assembled and subjected it to a thorough and humourless scrutiny. Anyone wishing to find evidence of the absence of scientific rigour among self-proclaimed social scientists will rejoice in the ammunition offered by this slim volume. Anyone planning a sample survey, electoral or otherwise, will profit by its awful warnings. But working politicians and party agents will find it of little service, for it is a highly technical work.

The psephologist, too, may challenge Mr Daudt's assumptions. He is emphatically a social *scientist* himself and he writes as one disappointed in his colleagues for their imprecise language, logic and arithmetic, and their failure to use identical technical terms. But can political phenomena, in their infinite complexity, ever be explained "scientifically"? The realistic observer has to content himself with an arbitrary selection of the variables that seem significant.

The layman, struggling through this book, might well get the impression that all evidence from sample surveys is to be disregarded. All such evidence is undoubtedly to some extent suspect—and Mr Daudt's warnings are very healthy—but it remains better evidence on voting than is available from any other source. We are a long way from understanding electoral behaviour and we may never reach conclusions that are valid for more than one country at one particular period. But we are a lot more knowledgeable than we were twenty years ago.

An Imperial Myth?

A Modern History of the Sudan

By P. M. Holt.
Weidenfeld and Nicolson. 254 pages. 27s. 6d.

THE Sudan holds a high place in British imperial mythology. First it was a realm of darkness—a nest of slave-traders, of Mahdist fanatics pouring up the steps to murder Gordon, and of European prisoners mouldering in chains at the mercy of the Khalifa. Then it underwent a romantic change and became a scene of light and glory—the site of the last classic cavalry charge of the British army at Omdurman, of the worsting of French poachers at Fashoda, and the breeding ground for a flower of British overseas administration, the Sudan Civil Service. As a byword for selfless devotion, this handpicked body set standards for a whole generation.

The bulk of books in English about the Sudan are by its ex-servants and see the place through their loving eyes. Mr Holt's book, without ceasing to be loving, is different, and different in a most spirited and readable way. He is a historian as well as a good Arabic scholar, and, during employment by the Department of Education, used his spare time to dig into the archives of the pre-Condominium period, which had been captured by Kitchener but had remained untouched ever since. These cover the period of Egyptian rule, the Mahdist revolution and the reign of the Khalifa. They reveal that, when Africans ran Africans, administration was far from inefficient. They also show that the legend that the Mahdist revolt was directed against Egyptian misrule is "unwarranted and unhistorical" and that the Khalifa, though he was wayward (for instance, in his alternations between consulting Slatin Pasha and throwing him into chains), was "much less a malevolent despot and much more the prisoner of his circumstances than contemporary European writers were willing to perceive." The Queen, wringing her hands over Gordon at Balmoral, had much of the misjudgment to answer for.

When Mr Holt's fresh eye lights on the reign of the British he is equally invigorating. He sees their merits but also their shortcomings ; these include their tendency (which they will be surprised to learn they share with the Khalifa) to cosset and advance the tribes in order to keep sway over the towns. His analysis of why fifty years of education for democracy produced only four years (1954-58) of parliamentary government is as lucid and informative as the rest of his short and excellent book.

It inaugurates a new series, and much though your reviewer dislikes series, with their propensity to be uniform for uniformity's sake, this one will be useful if it goes on as it has begun.

Comparative Politics

Government and Politics in the Twentieth Century

By Gwendolen M. Carter and John H. Herz.
Thames and Hudson. 218 pages. 18s.

THE main interest of political scientists has been shifting from the study of well-established systems of government to the problems of those newly emancipated nations now making their own experiments in self-rule, to the accompaniment of much exhortation and not a little intervention from more or less interested parties outside. Professors Carter and Herz in their new little book on comparative politics take this fact into account by using material from a wider variety of countries than has been usual in such introductory accounts, by accepting the evidence of countries' international relationships and by squarely tackling the democracy versus totalitarianism debate and making it the centre of the argument. In the hands of a good teacher this might be a useful introductory text at a not very advanced level ; the difficulty is that for prospective students at that level the amount of contemporary knowledge assumed is perhaps too high.

It may seem churlish to cavil at a book in which British government gets such high marks from two American authors—the number of alphas is rather too high perhaps —but there are some points which one is bound to call into question. It is, for instance, misleading in practice (though not of course in theory) to talk of the British second chamber resting on hereditary succession—try eliminating from any debate all those not there by virtue of being their fathers' sons. It is very misleading to say that "a postwar British statute goes so far as to provide that Security Council decisions with binding force on member states shall be directly binding on British subjects." The impression is given (wrongly) that the idea of a neutral civil service is peculiar to Britain and the Commonwealth, and that countries with nationalised industries normally limit the rights of workers in them on the analogy of civil servants. And if one had to find reasons for believing that the political systems of Western Germany and France today are not fully parliamentary, one would hardly find those reasons in limitations on the use of votes of no confidence.

Nevertheless, the book is both an intelligent and a useful one, not least for its insistence that democracy can be of many kinds ; the only thing is that in politics it is hard to be at once accurate, penetrating and brief.

Nigeria's Brainpower

The New Nigerian Elite

By Hugh H. Smythe and Mabel M. Smythe.
Stanford University Press. London: *Oxford University Press.* 208 pages. 40s.

AMONG the unknowns attendant on the road to independence perhaps the biggest are the supply of, and demand for, the elite required to fill the critical posts where experience and intellectual capacity are most needed. There have always been misgivings on this score, particularly in Nigeria where the government machine has so often been redesigned to allow for the political requirements of racial diversity and the rapid evolution of the country's economy.

This study is largely descriptive and does not explicitly attempt to solve the crucial equation. Yet a solution is in part the

answer to the western world's anxiety whether the new states so rapidly emerging in Africa can possibly evolve peaceably, or must relapse, at worst, to a Congolese chaos. It could also answer the frequently voiced question whether Nigeria will become the stable nucleus around which sound African regimes will crystallise. The nearest the authors come to an explicit solution is their statement that "the moderates are in control." This conclusion is supported indirectly by their picture of the westernised part of the Nigerian elite, which is a reasonably accurate "still" of the fast-changing society now emerging in the major centres of Nigeria. There are some inaccuracies of detail and of perspective; in particular, the Muslim half of the elite society is inadequately pictured, and the authors tend to lose sight of the vast rural background in dealing with an essentially urban foreground.

The authors have necessarily devoted a large part of their book to the historical events leading up to independence, and their description of the present rather stilted social relations between the "moderates" and Europeans on social occasions is basically correct, even if at times it makes uncomfortable reading. It may be captious to detect faint traces of diehard American anti-colonialism when, for example, they wonder what feelings of "guilt for the past . . . lie behind the conventional smile and handshake" of Britons meeting the Nigerian elite.

The authors have, however, put their fingers accurately upon some little publicised legacies of the British past that may trouble Nigerian governments for a long while to come. For example, the relatively high standards of pay and conditions that have had to be offered, with doubtful success, to attract adequately qualified expatriate staff have tended to set the standards for indigenous staff. One consequence has been that housing for officials at grossly uneconomic rents has absorbed many millions of badly needed capital in recent years, and the readjustment of standards is bound to be painful.

It may seem curious that the standards of living of government employees should require such emphasis, but the importance of the civil service element is one of the peculiar characteristics of the Nigerian elite brought out in this study. It will undoubtedly be required reading in any effort to appraise the chances of social stability in black Africa.

Blossoming Desert?

The Awakening Sahara

By Nicolas Bodington.
André Deutsch. 175 pages. 18s.

In the Sahara Major Bodington has chosen a subject of considerable actuality, though he seems to exaggerate in saying that France's achievement in causing the Sahara to "blossom" will "call for a re-appraisal of global economic, political and strategic factors in the close years to come." In reality his subject, as this quotation indicates, is the development of that portion of the Sahara which is at present under French control. The only reference to the Spanish Sahara and to Tarfaya is the statement that Villa Cisneros is the first port down the Atlantic coast after Agadir. In the opening pages Libya is mentioned as including parts of the Sahara, but the only subsequent mention seems to be the statement that a "gesture to Libya" offering to bring it into OCRS (*Organisation Commune des Régions Sahariennes*) might "tone down French bitterness over the Fezzan and allay fears of competition between Libyan and Saharan oilfields." This is the only indication which we are given that oil has been found in Libya and that the Libyan desert may blossom also. In any case, it would surely not be the offer but Libyan willingness to accept it that might bring the change about; this is hardly conceivable until there is a settlement of the Algerian issue, a subject on which the author confines himself to two pages. On the other hand, he is no doubt correct in supposing that an independent Algeria (including the Sahara) would be willing to come to terms with France over the exploitation of the minerals.

The book opens with a rather sketchy and not always correct account of early exploration; the main portion is concerned with the extraction of oil in a desert area and the problems of adaptation which it poses for both foreign workers and native Saharans. This contains a great deal of information, clearly expressed and easy to read. Major Bodington expresses the enlightened view which is now customary in such matters, but there is nothing in the text to suggest that he has the intimate knowledge of the Saharan tribes which his publishers claim for him. His outlook is rather that of the French intelligence service with which he was connected during the war. There is no comparison with the problems of the extraction of oil in other desert areas and one would almost suppose from this account that the French undertaking was the first of its kind.

But in spite of these limitations, the book can be recommended as a good popular account of the financial, climatic, geographic and labour problems involved in the French exploitation of that very large portion of the Sahara which they control.

OTHER BOOKS

Middle Eastern Affairs, No. 2. St. Antony's Papers No. 11. Edited by Albert Hourani. *Chatto & Windus* 167 pages. 18s.

This admirable collection of essays plunges into Middle Eastern history at a variety of points and dates. Professor William Polk analyses contemporary American policy and shows that its anti-communist inspiration has been too limited in conception to produce constructive results. Mr Allan Cunningham writes of the ups and downs of those nimble witted people, the Levantine dragomans (interpreters) who, during the nineteenth century, served the British Embassy in Turkey. And, still in the nineteenth century, Professor André Raymond describes how Lord Salisbury "traded" Tunisia to France as a *quid pro quo* for Britain's acquisition of Cyprus. From Professor Elie Kedourie comes a study of Sa'ad Zaghlul, the redoubtable Egyptian nationalist, and his tortuous relations with the British; from Mr Emile Marmorstein an ingenious explanation of that famously debatable phrase in Sir Henry MacMahon's note to the Sharif Husain (October, 1915); ". . . portions of Syria lying to the West of the districts of Damascus, Homs, Hama, and Aleppo, cannot be said to be purely Arab. . . ." Mr Marmorstein traces the terminology to Gibbon's eighteenth century description of the ethnic position at the time of the twelfth century Crusader kingdom and suggests that Sir Mark Sykes, with his fervour for historical analogies, may have wafted the phrase—romantically—into the MacMahon draft.

The leading essay in this series comes from Miss Elizabeth Monroe. Writing on "Mr Bevin's 'Arab Policy'" she places it in its perspective of British perplexities at the time. She shows that, at a period of near war with Russia and bread rationing in Britain, Palestine was one of the lesser of British problems and decisions on it subordinated to matters of greater moment. Mr Bevin emerges as pro-British rather than pro-Arab. This study would call for fuller discussion were it not for the fact that for many years its author wrote on precisely these Middle Eastern affairs for this paper.

Demographic and Economic Change in Developed Countries: *A Conference of the Universities.* National Bureau of Economic Research. *Princeton University Press.* London: *Oxford University Press.* 547 pages. 96s.

These papers by demographers and economists on the causes and effects of variations in fertility and mortality in industrially advanced countries were presented at a conference held in Princeton towards the end of 1958. The experts are still working in the dark to some extent, as is evident from the inability of demographers to predict western birth rates. But these proceedings bring together some interesting views on the sensitivity of marriages and births to changes in economic prosperity and the effect of population changes on the demand for consumer goods and services.

The Design of Research Laboratories. Nuffield Foundation Division for Architectural Studies. *Oxford University Press.* 231 pages. 45s.

If all architects studied this book before they began to design a laboratory they would have less difficulty in understanding what it is that scientists want and why they want it. Laboratories cannot be mass-produced from standard blue prints like so many bijou residences, but architects and contractors are often taken by surprise at the elaborate and complex services that research workers do now expect to be provided on tap. Directors of research centres might also pick up some useful tips

A History of South Carolina 1865-1960. By Ernest McPherson Lander, Jr. *North Carolina University Press.* London: *Oxford University Press.* 260 pages. 40s.

This is the straightforward history of one of the great slave states, which still does not permit a single Negro to enter its white schools and which was a centre of the Dixiecrat rebellion against the Democratic party. Although Professor Lander teaches at Clemson College in South Carolina, he is a racial realist; his views on the quality of higher education in the state are also remarkably outspoken.

Gold and International Liquidity. By W. J. Busschau. *South African Institute of International Affairs.* 102 pages. 1 rand. (10s.)

Dr Busschau expounds his familiar argument for a rise in the price of gold. There are some useful tables.

LETTERS

Immigrant Workers

Sir—It is now generally agreed that the main bottleneck to an increased production is the shortage of qualified labour in this country. One should have thought that in these circumstances the government would consider it politic to liberalise the immigration laws. On the contrary, there have been indications that Mr Butler proposes to tighten up the immigration law, as far as the influx of coloured labour from the Commonwealth is concerned. It is true that the majority of coloured labour falls into the unskilled category. But even an addition of unskilled labour is useful, as it allows for the grading up of unskilled English workers.

It has been one of the secrets of the German economic miracle that west Germany had an influx of about ten million people from east Germany and other parts of Central Europe after the end of the war. Could we not learn from the German experience?

The English immigration laws were framed after the first world war when there were millions of unemployed in this country. The time has come for a change now that there are more vacancies than unemployed. It is not to be expected that the unions would strenuously resist a liberal immigration policy provided there is a provision against undercutting union rates.

It would be essential for the implementation of a more liberalised immigration policy that the Foreign Labour Division at the Ministry of Labour should be strengthened with a view to speeding up and simplifying the procedure for the grant of labour permits to foreign nationals.—Yours faithfully,

A. M. Kraft

New Barnet, Herts

Northern Rhodesia

Sir—In your issue of July 22nd the article "Lusaka's Marshmallow World" seems to have been written from the standpoint of one of the African political parties only (the African National Congress is written off just as KADU was before the Kenya elections). It presents as fact, or as assumptions which can be taken for granted, what can only be described as highly biased and most disputable opinions. It can only exacerbate a difficult situation.

Your correspondent says: "Now when a collision between nationalism and the government seems both inevitable and immediate . . ." Apparently this collision does not seem so imminent to Mr Macleod, who said in the Commons on July 25th: "With all the difficulties that there are at present, I remain optimistic, quite frankly, about Northern Rhodesia."

Your correspondent's statement that "the Europeans were busy adjusting their views to the prospect of an African government" is presented as fact, not opinion. It is difficult to reconcile with the following paragraph, where the February white paper is described as aiming at 15 exclusive seats for each race and a reasonably equal share in a third group of 15 seats. Your correspondent deplorably attempts to imply that officials ultimately responsible to Mr. Macleod are, in effect, calling him a liar. The declared objective of the February white paper is to secure "substantially increased African representation in the council, while maintaining the principle of non-racial political approach in which political parties are obliged to seek support from both races."

This is, to my mind, the key to the whole situation and one which your correspondent, seemingly writing from an exclusively UNIP standpoint, seeks to obscure. Even on the basis of the February white paper, if UNIP stood on an African nationalist platform and gained no substantial European support it could never have gained a single "national" seat. Similarly the UFP without African support could never have hoped to gain a single one of these seats. The whole object of the wording quoted above was to produce political groupings which did gain support from "both races." Under the revised arrangement, a successful candidate will have to gain support from both races. If the February white paper had remained unaltered candidates could have secured election with support from one race only, as was made clear in the dispatch from the Governor.

Your correspondent, in his picture of gloom and impending tragedy, states that UNIP, ANC and the Liberal Party would support the proposals if the 2,000 Asian voters were returned to the National roll, and the 400 minimum vote alternative was dropped. Is this really all the difference between having millions of happy smiling Africans and a country verging on revolution? It would be a sad state of affairs if the Northern Rhodesian government were unable to resolve the present fears of Mr Kaunda and others on this point.

First, the Asians. The point is whether the return of the 2,000 Asian voters to the national roll would affect the chances of what might be termed the white and the black political parties. The electorate is about 100,000. There are 2,000 Asian voters spread over a number of constituencies; one assumes that the actual poll would be perhaps 70-80 per cent—and that these voters would be spread over more than one party. Can it really be said that they would make any appreciable difference to the result?

Second, the 400 minimum votes. Your correspondent says: "The UNIP claim (and it seems accurately) that the UFP will almost certainly win all the 14 remaining national seats." While the UNIP is entitled to claim this, your correspondent is most certainly not entitled to add the words in parenthesis. It was pointed out by a Conservative MP by no means friendly to the UFP in the Commons that an African would have to get the support of considerably less than 400 Europeans (he suggested between 250-280); on the other hand the UFP candidate would have to get 400 African voters in each constituency in order to qualify. The UFP now has to get as many African votes in each constituency as it got in the whole of Northern Rhodesia in 1959.

Your correspondent's article will be widely read in many countries and it will be assumed that his very positive statements reflect accurately the position in Northern Rhodesia. This, I submit, is not true and consequently is highly to be regretted—Yours faithfully,

House of Lords, SW1 Colyton

Oman

Sir—The article "A Quiver of Sheikhs," which appeared in your issue of July 15th, in suggesting that the seafaring population of the coast has practically nothing in common with the pastoral tribes of the interior, exaggerates the diversity within Persian Gulf states. In fact, not only do a common language and religion obtain, but some tribes participate in both pastoral and seafaring pursuits.

Nor is it correct to suggest that political loyalties in Oman follow a division of coast versus interior. Certain tribes of central Oman—who in any case are as much agricultural as pastoral—have in recent years consistently adhered to the Sultan's cause. None of the four major Omani tribes who can be described as pastoral came out in support of the Imam; but the Duru' (the most widespread of them) at the height of the 1957 revolt reaffirmed their allegiance to the Sultan.—Yours faithfully,

Umm Said, Qatar M. O. Watterson

Car Exports

Sir—On a recent visit to Vienna I was shocked to find British cars virtually invisible. Even Italian ones, though a poor third to the Germans and the French, greatly outnumbered the British, in spite of the fact that Austria is one of the Seven.

A friend gave me an explanation. Pointing to a line of parked Volkswagens, he said: "Not many of us would buy one of those, if we could get a Morris for the same money."

Can you tell me how putting 3d. on petrol, 4d. on cigarettes, and raising the home price of cars at the fag end of the season is going to help Morris to compete with VW? I should have thought it would have the opposite result.—Yours faithfully,

Wheatley, Oxford Balfour Barwise

THE WORLD OVERSEAS

Nineteen Eighty-four, New Style

NINE full pages in all Soviet papers, special supplements in foreign communist ones, the full text in the *New York Times*, and long extracts in the western press generally—Mr Khrushchev's programme for the next twenty years, with its few catchy slogans, has certainly not passed unnoticed. But since this lengthy document is written in dreary jargon, few outsiders will have the courage to go far beyond the headlines. The purpose of the following notes is to sum up some of the more interesting aspects of this challenging, though pedestrian, document.

Goodbye to Stalin : Since the new programme replaces one written in 1919, it must review the past as well as look to the future. But as Moscow apparently does not know what to do with Stalin, his name is not mentioned once throughout the document. There is a curious gap between Lenin's death and Khrushchev's accession, as a result of which Lenin is given the "credit" for some of Stalin's performances. The theory of socialism in a single state is attributed to him, while collectivisation is described both as "voluntary" and as carried out in accordance with Lenin's directives. The cult of Stalin has vanished, but his habit of rewriting history has, so far, survived.

Twenty Years After : The economic plan for the next twenty years (1960-80) forms the backbone of the programme for the future. But its details are withheld, probably so that Mr Khrushchev can reveal them at the party congress. The programme contains only the broad lines of the plan, and these show little change from current trends.

Soviet gross industrial output is scheduled to increase by 150 per cent by 1970 and six times by 1980 (all comparisons are with 1959). The figure seems startling because it covers such a long period. In fact, the targets would be slightly exceeded if the current annual rate of growth by about 10 per cent were to be kept up throughout the whole period. (It can be argued that the Soviet calculation of industrial output is not valid for international comparisons ; but this need not affect comparisons of the Soviet performance itself year by year.) Other figures confirm the same pattern. Soviet output of crude steel, now running at an annual rate of 71 million tons, will top the 250 million tons mark in 1980, if the present rate of progress is maintained ; the expansion of electricity generation will have to increase very slightly to reach the appointed targets of 900 to 1,000 billion kWh in 1970 and 2,700 to 3,000 billion kWh in 1980.

If the Russians can go on advancing at their present fast pace this will be a feat in itself. They hope to achieve this mainly through the increased productivity that automation and the spread of education should make possible. Productivity is to be doubled in the first decade and more than quadrupled by 1980. By then, the Russians claim, it will be twice the present American level. The United States is often used as a yardstick. The programme states that Soviet output will exceed current American production in 1970 and "leave it far behind" ten years later. Mr Khrushchev has made even bolder claims before. But when the yardstick itself is growing, accurate measurement becomes difficult.

Farming Hopes : Soviet national income is to grow almost as fast as industrial production. This assumption is explained by sanguine hopes of an expansion of farm output. The grain harvest, which last year was estimated at 131 million tons, is "only" to be doubled within twenty years, but the output of meat and dairy produce is to grow faster, so that total farm production should increase by three and a half times. Since immigration from the countryside is to go on, here, even more than in industry, the increment is to come through higher productivity: by 1980 productivity in farming is expected to be five or six times higher than it is at present.

As a reward for such an effort farmers are promised a faster rise in living standards than the town dwellers are to get. The real incomes of farmers are to be quadrupled within twenty years, while town incomes are only to increase by something more than three times. The programme seems to suggest that this enrichment of the farming community will pave the way for the communist transformation of the countryside. Collective farmers earning high incomes, it is hoped, will no longer care about their small private plots and will also agree to be turned into employees of the state. All this sounds very much like wishful thinking. The staggering agricultural programme may well prove, once again, to be the weakest link in communist planning.

Welfare State : The improvement in living standards is not to come only from higher wages and lower prices. During the present decade the working week of Soviet citizens is to be reduced to 34-36 hours and, with some exceptions that will be gradually eliminated, full secondary education for all is to become the rule. In the next decade the working week is to be cut still further. During the seventies the Russians should get free public transport and free lunches in factories and offices, schools and collective farms. By 1980 they are promised a free flat for each family, with no payment either for water, gas or heating. Finally, at an unspecified period, holidays with pay will be increased from two to three and then to four weeks ; they will be extended to collective farmers ; free medicines will be added to existing free medical treatment ; and kindergartens or boarding schools will be provided for parents wishing to send their children there.

Altogether, according to the official calculation, the social services should account, by 1980, for roughly half the real income of the Soviet people.

The Party and the Unwithering State : The state will not "wither away" until a classless society has been established at home and communism has won its "contest with capitalism in the international arena." In the meantime, the state remains, with its defence forces, and the party is its guide and keeper.

In theory, many measures are to be taken to get the "masses" to play a real part in running the country. In order to bring in new blood, at each election to Soviets (or councils) at least one-third of those elected must be new members. To prevent "abuses of power," no holder of an elected office is to be permitted to keep it for more than three successive terms. Similar rules are to be applied to the party. The leading bodies in primary organisations will have to change half their membership every term, the regional and republican central committees will have to change a third, while the All-Union central committee and its presidium must fill a quarter of the available seats with newcomers. The limit of three successive terms is also to be the rule at all levels. It is tempered, however, by a significant exception. Outstanding members can be re-elected for a further period by a majority of three-quarters, in a secret ballot.

It is all more impressive than real. Yet one probably cannot involve millions in the forms of representative institutions without, finally, having to reckon with the consequences, particularly when one is no longer dealing with backward *muzhiks*. One day the Russians will begin to take the forms seriously, and the joke will be on the author of the new manifesto.

A German Welcome for Britain

FROM OUR BONN CORRESPONDENT

WHATEVER misgivings the small minority of Germany's "Little Europeans" may have at the prospect of Britain joining the common market, they have not been humoured this week by the German press. The Prime Minister's statement in the House of Commons has everywhere been considered to be the news of the day and has been very graciously welcomed. With so much past strife on their conscience, the Germans are now proud of the part they believe themselves to be playing in bringing western Europe together, and particularly of their role as mediator between the two leading western European powers, each of which is touchily trying to adjust itself to reduced circumstances.

Herr Erhard, the federal minister of economics, has been advocating all along that Britain and its partners in the European Free Trade Association should not be excluded from the economic arrangements of the Six. So has the influential Federation of German Industries, and so have the leading trade unionists and party politicians. The bankers see interesting possibilities for all concerned. It is Germany, in company with Holland, that has been tactfully applying the brake at recent common market planning conferences, chiefly in order to give Britain time to think. The amount of impatience that has been shown at British hesitations is surprisingly small. The cruder manifestations of isolationism expressed in the House of Commons and the British press have been politely ignored. Indeed, German commentators have explained with a good deal of imaginative sympathy how peculiarly revolutionary and painful to most Britons the idea of diminished sovereignty is. Herr von Brentano, the foreign minister, was unquestionably sincere when he said that Germany would do as much as possible to ease Britain's thorny approach—and pricking conscience.

Naturally, self-interest is a substantial factor in these considerations. Britain is a major customer of Germany, just as Germany is of Britain. In recent years the Federal Republic has been exporting more to Britain and to the countries of the European Free Trade Association than it has to its common market partners. Germany has much to gain from preventing the rise of Efta's tariff walls, and most German business men reckon that in the long run they will profit from a general loosening of the Commonwealth's present economic ties. The farmers like to think that Britain would be a capacious new absorber of the common market's agricultural produce.

Material considerations apart, most Germans see in the prospect of British collaboration a steadying and an enrichment of western European political life. Because of their unhappy political past, and because their own country is divided by the border beyond which the communist system orders society all the way to the Pacific, they are convinced that west Europeans must concert much of their activities if they want to preserve a relatively unregimented way of living.

It would be unnatural if in all this there were no misgivings. The farmers, already disturbed by French, Italian and Dutch competition, see an additional danger in the Commonwealth countries looking for new markets. The German chemical industry, except for the fertiliser branch, sees in Britain a formidable rival. But it is on the political sector that doubts are strongest. Many of the "Little Europeans," and even some others, suspect that a Britain apparently so reluctant to part with accustomed sovereign rights might try to obstruct the process of the political integration which is the ultimate goal.

How to be European

FROM A SPECIAL CORRESPONDENT

MR MACMILLAN'S proposal to join the Six, said *Le Monde* on Tuesday, was proof that tenacity pays. It was referring to the tenacity of the Six, not to Mr Macmillan's own. Whether "tenacity" will be the dominating French attitude in the forthcoming negotiations for British membership of the common market remains to be seen. The French government's attitude has moved a long way from the time when it felt that the central British purpose was to sow discord in Europe ; French addiction to logic does not always make Frenchmen unreasonable. But the French know their partners will back them in resisting British requests for "special arrangements" that would destroy a principle, or an obligation, of the treaty of Rome.

The Six, and not only France, will start with a position that again has been well expressed by *Le Monde*:

> It is a question simply of making sure that the big Europe of tomorrow is no less European than the Little Europe of today.

To be "European," in the eyes of the Six, is to make changes and almost inevitably to make sacrifices. It is to find a method of agreement rather than to stonewall. It is to thrust constantly, annoyingly, from a common European centre into all sorts of dark corners of national life. The Six do not know themselves whether they can become as "European" as their treaty says they should. The devilish problem of agriculture strikes dismay into the hardiest of them. But the last thing they are likely to do is to try to escape from the various obligations of the treaty by using the British application as an excuse.

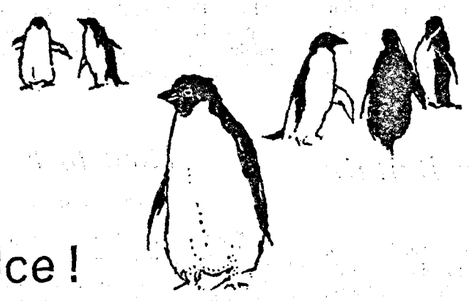
All of this was an unstated background to the undoubtedly friendly atmosphere of Tuesday's meeting of the Western European Union foreign ministers here. The British were pleased both by the warmth of the welcome Mr Heath's statement received and by the acknowledgement by most of the ministers of the value of the Commonwealth. Not only was it agreed that negotiations should be conducted in a spirit of "reciprocal good will." There was a widespread wish for speed.

For the French, M. Couve de Murville emphasised that his welcome to Britain was as warm as anyone else's. But the problem in the negotiations, he explained, would be to preserve the delicate balance of interests achieved by the Six while fitting Britain, the major newcomer, into the system.

That, Mr Heath agreed, was indeed the central difficulty. The formal British application to the common market was not actually presented at the WEU meeting. That will be done next week, when Parliament has approved the Government's resolution. But Mr Heath did reaffirm his Government's willingness to join the two sister communities, Euratom and the Coal and Steel Community, and this, too, the Six welcomed.

The meeting confirmed M. Spaak's prediction last week to Lord Home and Mr Heath, that Britain could expect a good reception from the Six. But they remain deeply anxious that the islanders shall come in, if at all, wholeheartedly. Perhaps most credit for persuading the more devoted "Europeans" to set aside their doubts about the British should go to Mr Khrushchev.

Keep off the Ice!



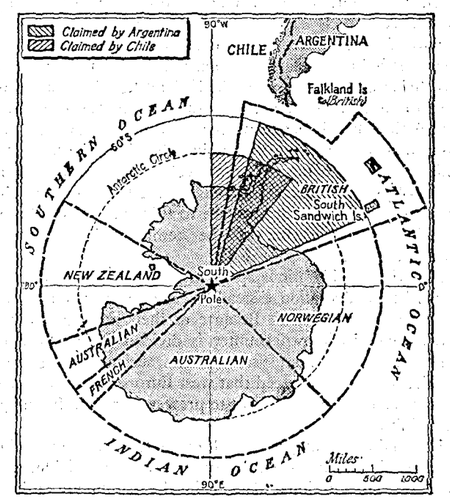
A CONTINENT wholly demilitarised and open to unlimited inspection: this is not Utopia, but Antarctica as proposed by the Antarctic Treaty, to which twelve governments have subscribed. There, at the bottom of the world, an ice-locked, blizzard-wracked region, bigger by a half than Europe, has been marked as a peace reserve. Peace for scientists and explorers, peace for penguins, the only permanent residents; no military bases or stores, no rocket launching sites and no nuclear explosions are to sully its unplumbed whiteness. The treaty is impressive not so much for what it says (after all, if there have got to be explosions, why should penguins be better protected than fishermen in the Pacific, or bedouin in the Sahara?) but for what it is: the first truly self-denying ordinance to be signed by, among others, all the nuclear powers.

This peace in a solitude was not made in a day. It grew from the teamwork of the International Geophysical Year (1957, 1958), when the seven countries with claims to Antarctic territory—Australia, Britain, France, New Zealand, Norway, Argentina, Chile—welcomed five others—the United States, Russia, Belgium, Japan, South Africa—in a joint scientific adventure. From their well-concerted efforts two political conclusions emerged. The first was that when man fights the elements international co-operation is something well worth preserving; the second, that Russia's debut into the Antarctic circle had made the time ripe for deciding just what Antarctica is for. So the twelve governments got together and agreed that, though some have their quarrels about territorial claims, Antarctica is not for war. This quite remarkable agreement was enshrined in the Antarctic Treaty signed in 1959.

Under its terms the twelve nations not only themselves forswear warmongery but will try to stop other countries from warlike acts. Their peace club is open to all. Their system for inspection seems simple. Any one of them may name its observers who are then free to pry, wherever they like, into base buildings, aircraft or ships. The treaty lasts thirty years. During that period scientific exploration is to be as co-operative as possible, and claims to territory will be frozen. This freezing of claims was the slipperiest slope that the treaty powers had to negotiate and the last is not heard of it yet.

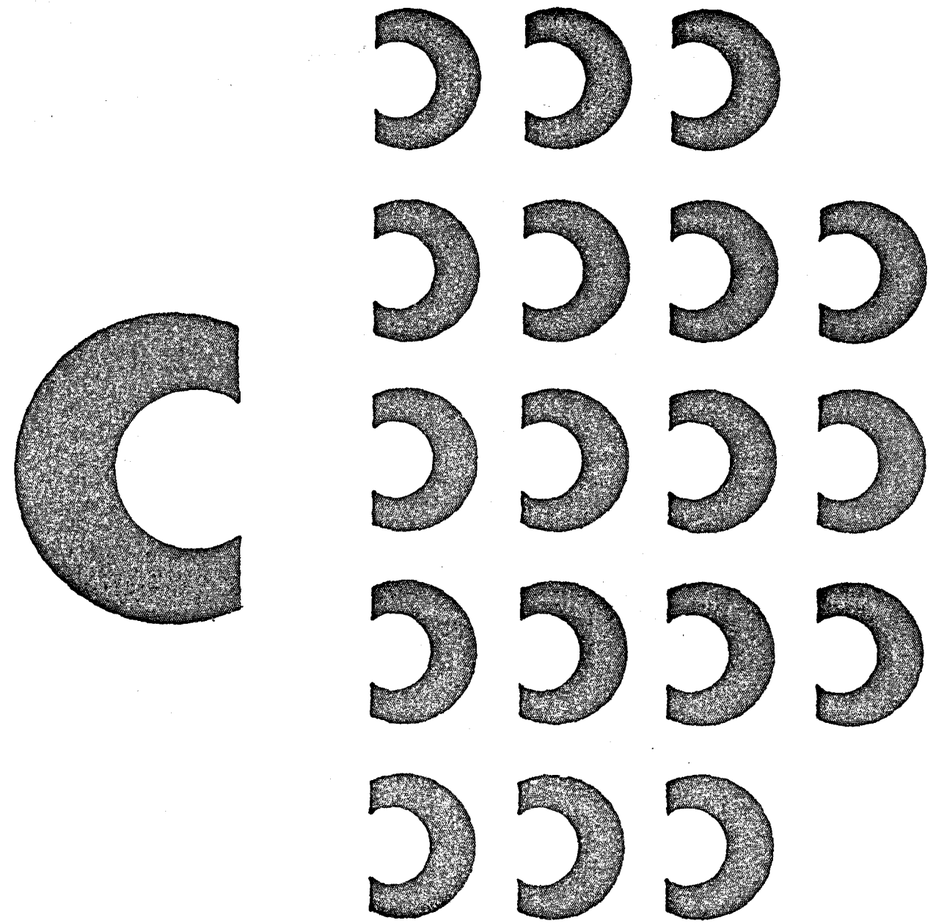
The claims to Antarctica might be likened to those in Jerusalem's Holy Places. Some overlap. There is no concordat of view. Nor does the action of freezing them altogether simplify the problem. As everyone knows in Jerusalem, it is a ticklish business to administer a *status quo*.

IN Antarctica the straightforward claims of Australia, Britain, France, New Zealand and Norway have been partly connected with discovery and partly with the whaling industry. They are marked out like slices of cake and are more or less mutually respected. Argentina and Chile, on the other hand, make claims across the British ration that are based on the doctrine of "continuity." They see the Graham Land peninsula and wide areas beneath it as a natural physical extension of their South American mainland. Since this tip of Antarctica is separated from South America's toe by only 700 miles of ocean, the South American claimants are naturally more sensitive about what goes on just below them than are nations farther away. Whilst the British Government has always rejected their claims, those of Britain itself and the four other stake-in countries are recognised neither by the United States nor by Russia. Both powers reserve the right to range freely over Antarctica, and regard these little essays in sovereignty as being now out of place. Nor is this unreasonable reasoning, since for all scientific purposes the IGY share-out prevails. Argentina still cheerfully runs its station in the area disputed with Britain; the Russians keep up theirs in Australia's hospitable sector; and the United States remains the king-pin, bestriding the South Pole.



In Canberra last month the treaty powers met in conference—the first to be held since all had ratified their treaty, Argentina and Chile, the laggards, having acquiesced finally in June. Nearly all the sessions were secret, and a short final communiqué issued on July 24th referred mainly to scientific collaboration. This appears to advance very favourably. The more controversial questions of how to administer the treaty will need more prolonged discussion and must crop up again at the next consultative meeting—to be held in Buenos Aires.

There are several schools of thought among the governments. These range from the British fancy for firm administrative machinery—with a bias towards internationalisation—to the Latin American preference for easy-come, easy-go methods that could prejudice nobody's claims. There is much to be said for not knotting red tape in a hurry round the "gentlemen's agreements" that have so far worked so amicably. Yet nobody can be quite sure what future pitfalls need to be guarded against. Could the unexplored continent uncover mineral deposits that might later be a cause of friction? Or could the Antarctic treaty ever be held as a precedent for controlling—or failing to control—the military use of outer space? These questions seem rather remote. But one can never be perfectly sure about empty spaces.



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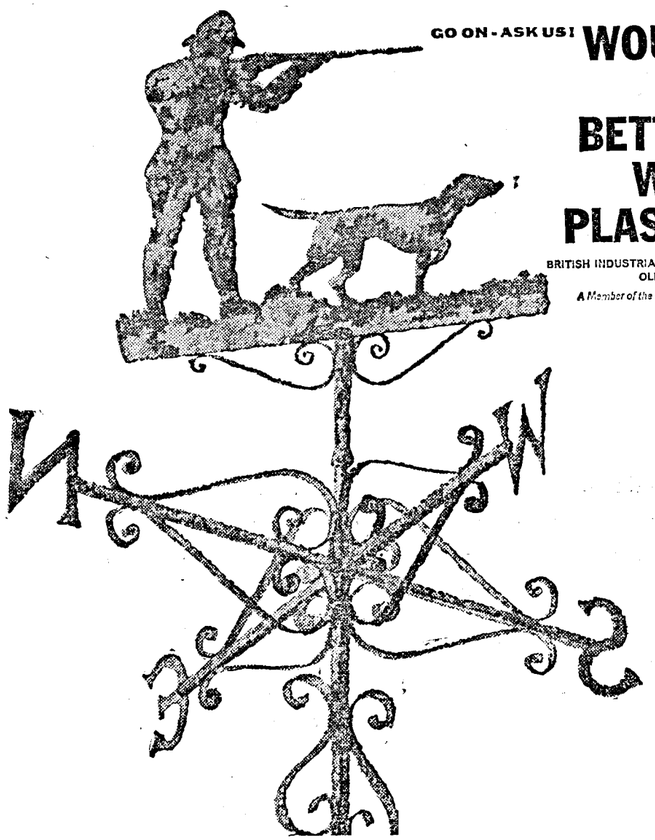
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Check for Neutralists

FROM A CORRESPONDENT IN TEHERAN

PERSIA'S relations with Russia are never easy, but few people expected them to reach their present low level so soon after Dr Ali Amini became the Shah's chief minister. Because he came to office as an avowed reformer, there were some who hoped, and some who feared, that he would prove to be a neutralist as well. In fact he has rejected neutralism more firmly than many of his predecessors and, three months after he formed his government, *Russo-Persian relations have reached their lowest pitch* since the Americans squashed the Persian attempt to negotiate a non-aggression pact with Moscow in the spring of 1959.

The immediate occasion for the present ill-feeling has been the increased virulence of communist broadcasts to Persia in the last few weeks. In the days before the abortive demonstration called by the opposition National Front on July 21st to commemorate Dr Mossadeq's return to power in 1952, these broadcasts were urging the Persians not merely to support the National Front, but to strike, and even to revolt, against the government. And the appeals were coming from Moscow Radio itself as well as from the clandestine "free Persian" stations in the Caucasus and in east Germany. Dr Amini had good grounds for instructing his foreign minister, Dr Hussein Ghods Nakhaie, to protest strongly to the Russian ambassador about Soviet meddling in Persian internal affairs. The Persian ambassador in Moscow came home "for consultations" shortly before July 21st, announcing that he was in no hurry to return.

This sharp drop in the temperature between Teheran and Moscow has frightened a few normally imperturbable Persians and surprised a number more. The tradition of neutrality between East and West—or rather, in Persia, between north and south—dies hard. It is only since the second world war that Persia has been totally committed to one side. Russian is still widely spoken as a second language in the north, and the Anglo-Russian convention of 1907, dividing Persia into southern and northern spheres of influence, merely formalised a historical balance of power. There are still many Persians who hanker after its restoration, and accuse the United States—who now takes Britain's place—of forcing Persia into unnecessary military spending. To them, Persia's membership of the Central Treaty Organisation is a threat to, rather than a safeguard of, its security.

These ideas are mostly entertained by members of the National Front. They make a fertile seedbed for Russian propaganda, ably helped by the outlawed, but active, Tudeh party. But the front is far from solidly neutral—or, indeed, solidly anything, except discontented, being largely a conglomeration of the outs against the ins. Its presumptive leader, Dr Aliyah Saleh, who was in hospital throughout the fuss over the July 21st affair, would probably try to keep Persia in Cento if he ever secured office. Only the Tudeh would go the whole hog for a pro-Russian policy; and before their ideas prevailed the Persian army might have threatened, or staged, a right-wing coup; and then Dr Saleh and half the rest of the front would break openly with the Tudeh as, eventually, even Dr Mossadeq had to do in 1953.

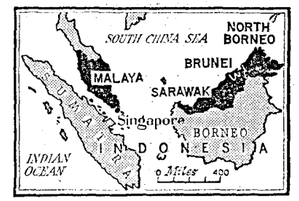
Aware of these divisions in the National Front, the Russians might have been wise to be more careful in their recent efforts to get Dr Amini overthrown. Instead, by openly intervening in what are supposed to be domestic Persian politics, they gave Dr Amini the chance to crack down on his opponents on grounds that only a few of them could contest with conviction. The result must have been reassuring to the prime minister. Surprisingly little outcry attended the arrest of several of the National Front leaders before the demonstrations, and the protest to the Russians has been fairly widely approved. At the same time, by using the army to help him to suppress "communist-inspired" manifestations, Dr Amini has improved his personal standing with the senior officers, who are now ready to forgive him for some tactless pursuit of corruption in the army a few weeks ago.

Above all, Dr Amini has strengthened his appearance of decisiveness. By acting in the face of opposition, he has given both the Russians and the National Front a sharp knock. Now, however, if he is to maintain his authority, he must act quickly on the urgent domestic reforms he has promised, or risk the early rejuvenation of his opponents, while being written off himself as yet another American man of straw. This will be more difficult, not only because of the intrinsic awkwardness of domestic reform, but also because the more successful he is, the more likely he is to annoy the Russians and the worse his relations with Moscow may become. Few things irritate the Soviet Union more than the sight of reform without revolution; and as it is in precisely this role of the non-revolutionary reformer that Dr Amini has chosen to appear he must expect from now on short shrift from Moscow.

Towards a Greater Malaysia

FROM A CORRESPONDENT

IT was announced last week that Singapore had agreed to take part in discussions on the proposal for an eventual political association between Malaya, Singapore and the three territories of North Borneo, Brunei and Sarawak that the Malayan prime minister, Tunku Abdul Rahman, had proposed on May 27th. Before the Tunku's speech the Malayan Federation had taken the line that it could not consider union with Singapore because the large Chinese population of Singapore would upset the Federation's racial balance. It had also been felt that the loyalty of many Singapore Chinese was to China rather than to the Federation, although there are signs, including a steady and substantial decrease in money remittances to China, that this may be changing.



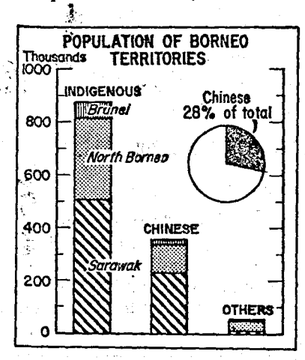
Early last month the Tunku visited the Borneo territories, where he found mixed reactions to his "Greater Malaysia" plan. In the Federation itself, the reaction of the Malays will largely depend on whether the Borneo populations can hold the balance between Singapore and the Federation. In the Federation there are 3.5 million Malaysians (50 per cent), 2.6 million Chinese (37 per cent) and 900,000 others (13 per cent). In Singapore there are 1.3 million Chinese (75 per cent), 230,000 Malaysians (14 per cent) and 180,000 others (11 per cent). In the two territories combined the Chinese outnumber the Malaysians by rather over 100,000. In the three Borneo territories there is a clear majority of indigenous peoples, but only about one-sixth of the total population are Malays (that is to say people who speak the Malay language and profess the Muslim religion). The rest of the indigenous peoples are of differing ethnic and linguistic groups—Christian, pagan and Muslim. They have the same economic interests as the Malays of the Federation. But, unlike the Malays, those who are not Muslim intermarry widely with the Chinese.

Of the indigenous population of 876,000, about one quarter are Malays in the sense used in the Federation of Malaya, and well under half are Muslims. In a union of the five territories the Chinese would comprise the biggest group, 42 per cent of the total; the Malays would be in a weaker position than they are now in Malaya, unless they could rely on the votes of the non-Muslim

indigenous peoples of Borneo. For this reason, apart from other equally compelling considerations, a union with a common voting roll would be politically unacceptable.

In Malaya the central government is tending to absorb more power from the eleven states, and that process of centralisation is certain to continue. For reasons of distance and circumstance, as well as of sentiment, it would be impossible for Kuala Lumpur departments to control events in North Borneo, a thousand miles away. Thus from every viewpoint one must reject as impracticable a single federation of Malaysia that would absorb Singapore, Sarawak, Brunei and North Borneo as the twelfth, thirteenth, fourteenth and fifteenth states of the present Federation.

A confederation of three states does, however, have attractions and possibilities. If (as discussed in *The Economist* of April 1, 1961) there could be formed in the near future a single state of Borneo, it would be well placed to hold a balance between Singapore and Malaya. Malaya and Borneo between them would have the final say on foreign affairs, including immigration policy, which is what matters most to them. Singapore would have a currency and trading area of sufficient potentiality to ensure economic growth and full employment, and could continue to pursue the different internal policies that are suited to its cosmopolitan urban structure.



The Tunku's initiative would also reduce by three the number of small dependent Commonwealth territories whose future has been exercising the minds of Commonwealth prime ministers as well as of their own people. The fact that Sarawak and North Borneo still have a crown colony form of government need not prevent the early establishment of permanent consultative machinery, the steady whittling away of unnecessary barriers, and a clear declaration of objectives before the next Singapore constitutional review in 1963. And if the Tunku's proposal is seriously taken up, a more urgent Commonwealth effort to help the Dyaks and others of Borneo to catch up with their future partners would clearly become as important to Malaya and Singapore as it is to the peoples of Borneo themselves.

Uganda's Economic Challenge

FROM OUR CORRESPONDENT IN KAMPALA

UGANDA faces difficult economic, as well as political problems. When the bowlers send up as many political googlies as they do in Uganda, it is hard for government batsmen to keep their eyes steadily on the economic ball. But the report of the World Bank's economic survey mission, now in draft and due for publication in about two months' time, deserves as serious attention as the constitutional conference which is also arranged for September.

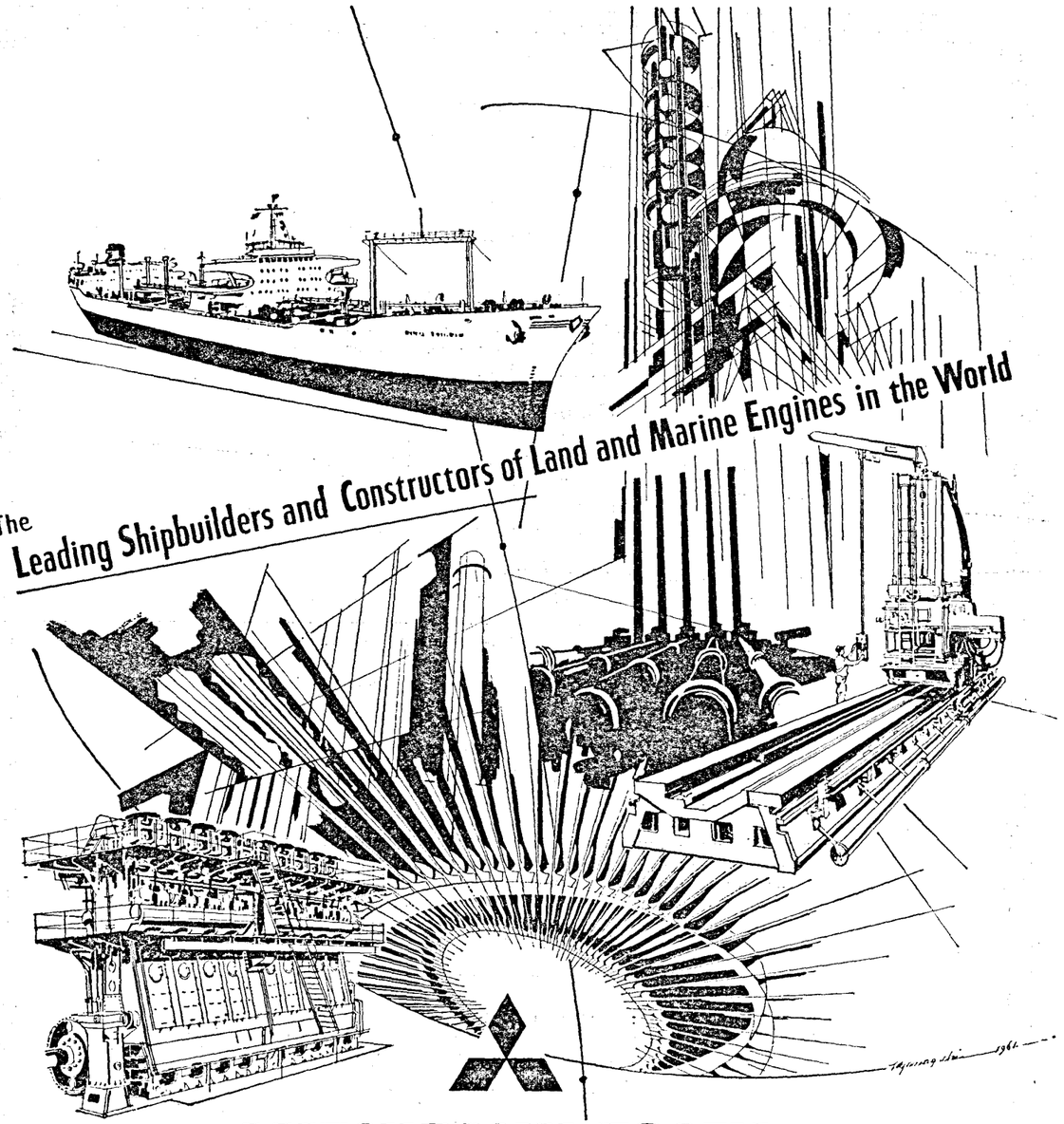
On July 6th the country's financial difficulties were underlined by the announcement that Britain would lend Uganda £3 million to finance the 1961-62 capital budget. World commodity prices for the country's two major exports—cotton and coffee—have declined from the record levels of 1945-55. Adverse terms of trade have almost wiped out the effects of increased production: the gross domestic product increased by only one per cent in 1960. The national income of the country depends essentially on its two big cash crops and on government investment. Prospects are not bright in either of these directions, and the national income will not rise unless a sound development plan is adopted soon.

The most helpful thing that the World Bank experts can do is to classify the priorities for economic development. It is becoming increasingly plain that the great need is for more attention to be paid to agriculture. In the past there has been a tendency to allow much precious capital to go elsewhere, and in the future independent Uganda the government will no doubt be strongly tempted to find capital first for showy industrial investment. A member of the legislative council recently pointed out that over the past fifteen years about £15 million has gone into agriculture, whereas £32 million has been put into the Uganda Electricity Board, and about £2 million into the Nyanza textile industry (which employs 1,500 workers as against around 5 million in agriculture).

The Owen Falls hydro-electric scheme was planned on a much too ambitious scale because of fanciful plans for founding large-scale industries nearby. Clustered round the dam at Jinja are a textile mill, a copper smelter and a brewery; and a scrap-iron plant is being built. This hardly amounts to the lesser Chicago on the Nile that was once envisaged, and in this its seventh year of operation, the productive capacity of the Owen Falls dam is considerably greater than the demand for electricity—even without the installation of more generating equipment for which room has been allowed. The demand for electric power from industries close by the dam has proved so disappointing that the electricity board is having to take electric power to the more remote parts of Uganda; in May it borrowed £3 million from the World Bank and £2.5 million from the British Government in order to extend its distribution network.

MEANWHILE, the chairman of the Uganda Development Corporation estimates that for every cultivated acre in Uganda there are six acres untouched. This gives some idea of the potential for investment in agriculture. Of course, there are many difficulties to be overcome, ranging from physical factors, such as tsetse fly infestation and soil erosion, to the barriers to progress presented by customary land tenure and the slow adaptation of the African peasantry to a cash economy. Nevertheless, ways must be found to improve the productive capacity of agriculture, since this is Uganda's real wealth. Crops could be diversified and the land put to better use. Improved rural credit schemes would help. To some extent other things, like investment in transport and processing, would follow from any attempt to increase agricultural production; but the development of agriculture itself is basic.

The government's budgetary position, as well as the country's general prosperity, depends directly on increasing agricultural production. Export taxes are a main source of revenue; they are estimated to bring in £2.4 million out of a total recurrent revenue of £16.6 million in 1961-62. They are especially important because in Uganda there is no African income tax, and the African poll tax, paid to the central government, produces under £500,000, compared with rather more than the £3.5 million produced by direct taxes on non-Africans. Unless there is a radical change in the tax system, which seems unlikely before independence, export taxes on cotton and coffee will continue to be a vital source of revenue. The budget may be reckoned, on present indications, to amount to roughly £20 million in the next few years. Yet demands for government spending seem to increase daily. To take only one example, Mr J. C. Kiwanuka, minister of education, would like £6 million for building schools in the next two years: "Put us in touch with those who have kind hearts and deep pockets," he said at the Unesco conference on education in Africa at Addis Ababa in May. Similarly, the chief minister, Mr Benedicto Kiwanuka, declared on May 23rd, "My education programme alone calls for overseas help. . . . Unless we get it, it appears to us that there is very little hope for the future of Uganda." But even if generous overseas aid were to be forthcoming, Uganda would still be faced with a formidable economic challenge.



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THE BUSINESS WORLD

What Price Libyan Oil?

FEW prices in world commerce excite as much curiosity—indeed, as much political controversy—as the posted prices of crude oil in the world oil business. These are the prices "posted", i.e. published, mainly by producing or trading affiliates of the major international oil companies, for sales in cargo lots to all comers at the tanker terminals all round the world from which they are prepared to sell crude oil. They are also—generally—the prices at which these producing affiliates transfer crude oil to other affiliates in later stages of the business. Third, but not least important, they are the prices according to which, in the Middle East, the profits are calculated, of which host governments in producing countries draw 50 per cent in taxes, whether all the crude oil is sold at these prices or not.

In times of surplus such as the present, practically all of the oil actually sold in "arm's length" deals to independent buyers is in fact sold at discounts, varying according to the bargaining power of buyer and seller. But any move to cut posted prices towards those actually realised in such bargains automatically cuts the host government's share of profits based on postings; and comparatively small cuts made last year in the Middle East provoked the formation of the Organisation of Petroleum Exporting Countries.

How, in practice, are these politically emotive prices set—and how should those in one part of the world be related to those in another? Logically, the price of any crude oil should bear some relation to the price at which its dominant customer could secure alternative supplies from other sources; and it ought to bear some relation to the value of the saleable oil products that he proposes to refine out of the crude. But refined products can be traded around the world too; so there remains some relation between the prices of different petroleum products throughout the world.

Some of these contrary factors, and the effects they can have on posting a price for a given crude, will be observable shortly in the price posted for oil from Libya, the next major source of oil supply to enter the world oil business. For once, the outside observer can consider the factors just before the price is set; and consider, perhaps, "What should J. do?"

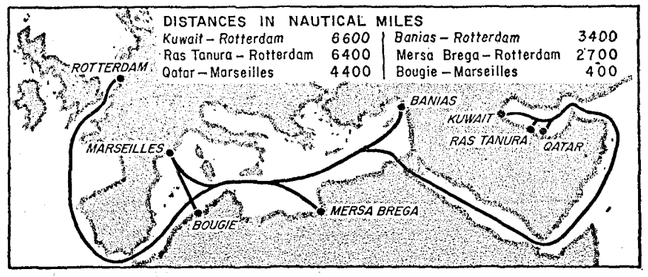
DURING this month crude oil from the Zelten oilfield in Libya will begin to flow into the 100-mile pipeline to Mersa el Brega on the Gulf of Sirte, and by September, with the pipeline and terminal facilities there fully "charged up," Esso International, trading affiliate of Standard Oil of New Jersey, will begin to sell Libyan oil to Jersey's refining affiliates around Europe. This will be the first direct commercial reward of oil searches in Libya that began in 1955 and first struck it rich with Jersey's famous "Zelten Number One" in 1959; an exploration effort that began five years after the French recommenced exploration in the Sahara after the war, and will be coming to fruition within two years of the first shipments of Hassi Messaoud oil from Bône in Algeria. Libyan oil, moreover, has a special significance for the world oil market which the developers of Saharan oil were able initially to avoid. It will be the first crude oil from North Africa to compete on wholly commercial terms in what is currently a very soft world market for oil.

The first price for North African crude oil was posted by the French in 1958; it has since been revised. But since the French government is in a position to compel all refiners in France to take oil from its partly-nationalised Saharan industry, the price it quotes for this oil need bear no real relation to the amount that its main customers have to take. It required *force majeure* of this kind to get prices for North African oil that are not far out of line with what European customers have to pay for the crude oil which they actually choose to buy from other areas. For this African oil, geographically so well-placed that in logic it must penetrate the markets of Europe, is physically unsuited to the needs of those markets.

Libyan and Saharan crudes differ somewhat in composition: but in general it can be said that refining yields from these North African crudes would be almost perfectly suited to the product demand of the North-East United States, and by the same token quite unsuited to the product demand of Western Europe. In Table I the straight distillation yields from Libyan and Saharan crudes are compared first, with the present patterns of demand for the United States and Western Europe and second, with the demand patterns that some experts expect in Europe by the time that these crude oils will be coming in much larger quantities. The French were exporting about 350,000 barrels a day of Saharan crude before Tunisia turned the tap off roughly half of it, and say they will be able to export 500,000-600,000 barrels a day by 1965. Jersey and Oasis, the other group prepared to export Libyan oil next year, expect to move 165,000 b/d during 1962, and twice

that in 1963; they reckon to export some 850,000 b/d by 1967. (The pipeline already completed from Zelten has had a capacity of 160,000 b/d on gravity flow; pumping power might treble that.)

The high yields of gasoline and low yields of fuel oil available from North African oil would make it hard for any European refinery to consider taking say Zelten crude as its single feedstock. Technically, refinery engineers are accustomed to make more gasoline and better gasoline from any given crude oil than it yields by straight distillation; but they do not normally try to make more residual fuel oil out of a given crude because this product is low in value. One way to take part of a European refinery's feedstock in such light crude would be to balance it with an offsetting amount of heavier crude than the plant used before, providing this were available. But this basic incompatibility with what the market wants is not the only problem for the refiner in Libyan crude, in particular. It is a very waxy crude oil, with twice as much wax in it as Arabian crude; and as few refiners are interested in producing wax, this simply means difficulty in "pour point" (i.e., the temperature below which its heavier fractions will fail to flow through pipes). It would add something to costs to reduce this viscosity. The crude would give a good yield of "middle distillates" such as diesel oil, which are at present in strong demand in Europe; and it would also be a good one for making lubricating oil, though the capital equipment for this is costly and demand for it is not rising very strongly. Libyan and Saharan oils are very low in sulphur content, which is a desirable property: but since neither is likely to be used as the total feedstock for any refinery, and all refineries in Europe are from now on certain to be equipped with plant to de-sulphurise the relatively sour Middle East crudes, the refiner is unlikely to be able to take maximum advantage of this virtue.



Deals and Discounts

IT is when one comes to translate geographical advantages and physical disadvantages into a price for Libyan oil that one collides with the traditional price structures of the international oil market. The prices published for petroleum products all around the world—mainly by affiliates of the major international oil companies—still generally tend to relate prices of the different products much on the lines of those posted at export refineries in the Caribbean; and these in turn still to some degree reflect the pattern of product demand reigning in the largest single market (and producing area) of the world, the United States. In particular, oil marketers the world over publish much higher prices for gasoline than for other products from the barrel of crude, and gasoline is expected to supply a disproportionate share of the "refiner's margin." And this higher value for gasoline throughout the world is reflected in a premium for those lighter crudes that yield larger proportions of gasoline—usually though not invariably all around the world where crude prices are posted, of two cents a barrel for every extra degree API*.

TABLE I.—SAHARAN AND LIBYAN OIL YIELDS, COMPARED WITH FORECAST EUROPEAN PRODUCT DEMAND

	Distillation Yields		Forecast Pattern of European Demand
	Hassi Messaoud	Zelten	1967
	Per cent. of Refining Output		
Motor gasolines.....	36	25	17
Distillate	42	39	28
Fuel Oil	22	37	44
Lube oil and other...	...	...	11

The value of geographical advantage to any crude oil producing area depends considerably on the freight rates one applies in making comparisons of transport cost and posted price with more distant sources of supply. In setting a price for Saharan oil, the French semi-nationalised companies used a complex formula that took full credit for the high gasoline yield of their crude according to this tradition. At present, they have posted a price of $2.65 a barrel for crude of "40 degrees API and above" fob Bougie in Algeria. The facts that the elements involved in building up such a price—Middle East posted price, gravity differential, or averaged freight rates—were all somewhat unrealistic did not worry the French unduly (though it might worry them later if they ever have to pay this posted price, or half the profits on it, to any government of "independent Algeria"). It is fair to note that they give these involuntary customers, the owners of refineries in France, a discount of 15 cents a barrel off the posted price of $2.65. But they probably have to give fully independent buyers far larger discounts than that to induce them to take Saharan crude.

Companies bringing Libyan oil into production for sale on commercial terms will not be able to afford to ignore realism in setting their prices. Nor will they be able to ignore the crudest comparisons with nearby "arm's length" deals—those of prospective customers in Italy who can land Russian crude *at around $1.50 a barrel.* So far, no prospective Libyan producer has posted a price, or indeed publicly said anything about one. Ohio Oil Company, one of the three partner companies in Oasis, which has discovered oil somewhat to the south of Jersey's Zelten field, has made a complex deal with Spanish governmental companies that involves the building of a local refinery to process some Libyan crude, as well as other unpublished clauses. It has not said what price it reckons this deal will imply for its Libyan oil: some of its rivals reckon that as closely as they can figure it the deal would "net back" to an fob price, when the crude begins to move next year, of roughly $1.80 a barrel. Continental Oil, another Oasis partner, is also rumoured to have made deals with Deutsch Erdöl for the eventual supply of Libyan crude, but the prices have not been disclosed.

* Gravity, in American Petroleum Institute degrees = 141.5 divided by the specific gravity, minus 131.5.

Such prices, arising in particular deals by companies short of market outlets in this hemisphere, are much lower than an established marketer such as Jersey, or perhaps even the Oasis partners themselves, might care to post for sales to all comers. Nor would such prices bring much joy to the Libyan government. But the facts remain. Discounts of, say, 15 cents a barrel on heavy and 30 cents a barrel on light crude are now regularly available to most independent buyers in the Middle East (largely, indeed, wiping out the traditional gravity differentials) and at today's prices there would appear to be some discounting of Middle East crude prices to refining affiliates of the certain international groups in parts of Western Europe. Spot freights are well below the "averaged freight rated assessments" of one kind and another that major groups employ for pricing purposes. And the differential for high gasoline yield still current in posted prices for crude everywhere puts a premium on just the qualities that prospective customers for North African crude do not want. Jersey Standard's general hankering for "realism" in international oil prices over the last twelve months has not been popular with the rest of the industry or with oil-producing governments. When it comes to post the first price for crude from this new source, will it lean towards realism, at the expense of tradition—and if so, with what repercussions?

Realistic Prices and Profits

THE range between posting a price for Libyan crude according, within the tradition, with the posted prices of Middle East crudes or going for utter realism is a pretty wide one. The Jersey group may well be chary, in "building up" its Libyan price from comparisons with oil prices elsewhere, of beginning with anything lower than posted prices in the Persian Gulf, even though discounts are granted on these in virtually all "arm's length deals" nowadays. On the other hand there would not be the same political delicacy in being more realistic about tanker freights than is usual. And Esso may well, for Libyan oil, be prepared to post a price for "crude as crude," ignoring gravity differences. It did so once before, in the Eastern Mediterranean, with Arabian oil, but later withdrew this posting. The group certainly seems doubtful whether there is any sense in this case in the traditional "two cents extra per degree API higher"—though Continental Oil, another supplier from Libya, would argue that, in terms of sulphur and gravity, Libyan oil "might have as much as 15-30 cents a barrel of advantage over Kuwait."

What kind of price comparisons would these approaches imply? If one were to take the price of some "reference crude," say Arabian or Kuwait in the Persian Gulf or in the Eastern Mediterranean; to ignore any credit for gravity at all; and for one's freight rates to take a current ruling rate for a term charter, say Scale No 3 minus 50 per cent, one would come somewhere in between the Saharan price and the sharply discounted prices that have been reported for particular deals with Libyan oil. Table II sets out some approximate figuring on this basis. It will be seen that ignoring gravity differentials, one might arrive at fob prices for Libya in the range of, say, $2 to $2.20 a barrel. If one should take Continental's line and expect to get 15-30 cents over a price related to Kuwait, this would push the price range up 10 cents—to $2.30 a barrel. It may be noted that Jersey is the largest oil group in the world, which will be moving its oil for sale mainly to affiliates and partly in its own tankers: Continental is a large American company but a relative newcomer to the international market, now edging its way into European marketing, particularly into the service station market. Jersey thus has considerable flexibility to play with between its prices fob Libya and its cif prices delivered in Europe, or its ex-refinery prices for products; but it is unlikely to want to set any fob price in Libya that it might later have to discount to affiliates. Continental, on the other hand, in its own marketing, might be relatively more interested in gasoline and less in the whole spread of products: and it may in any case have to envisage selling much more of its Libyan crude initially at discounts to independents.

ONE element that affects the discounting of posted prices in the Middle East is absent in this new area. Libya (like Venezuela) is "on realisations," which means that its 50 per cent share of profits is based on what companies actually get for their oil, not on whatever profits would be shown at posted price regardless of what is actually paid. Libya has been unusual, too, in that it originally gave the earliest bidders for oil concessions tax allowances for depletion of the oil that they take out, before computing their liability for income tax. Depletion allowances—a kind of depreciation

TABLE II.—POSSIBLE "BUILD UP" OF PRICES FOR NORTH AFRICAN CRUDE AS COMPARED WITH PERSIAN GULF CRUDES, 1960 AND 1961

($ per barrel)

At Posted Price in Gulf, Term charter freight rate (Scale No. 3–50%), ignoring gravity differential:*

Arabian crude ex Ras Tanura		Freight, Persian Gulf—Rotterdam		Cif Price Rotterdam		Freight Rotterdam from Mersa el Brega		Libyan crude fob Mersa el Brega
$1·80	plus	$0·57	=	$2·37	less	$0·23		$2·14
ex Sidon		Sidon-Rotterdam						
$2·17	plus	$0·26	=	$2·43	less	$0·23		$2·20
Kuwait crude ex Mina al Ahmadi		Ahmadi—Rotterdam						
$1·59	plus	$0·59	=	$2·18	less	$0·23		$1·95

(*N.B.—Discounts 15–30 cents a barrel, generally available Persian Gulf, left out of above calculations.)

allowance for the exhaustion of oil reserves in a company's workings—are unfamiliar in Britain, though an important fact of life in any oil company owned by Americans. Their significance in this Libyan context would be to make the Libyan half-share in profits amount to less than 50 per cent of profits calculated on the basis before depletion that is used for Middle East oil taxes. But the Libyan government did not grant this allowance to more recent concessionnaires and has abolished it in the revised petroleum law that it recently published. In considering the government's share as one factor in setting the price of Libyan oil, it might be politic to consider this both with and without depletion. Libya began as an eager and hospitable host to the Western oil companies, as it was wise to be in trying to attract risk capital for oil exploration over the last few years. Now that the oil is found, the companies will probably be anxious that its moderation should not bring it rewards markedly and obviously below those of any other Arab government. And it is also worth noting that while Jersey has not promised the Libyan government prior consultation in setting its prices—no major

oil company is willing to promise any host government "consultation," an actual say, in setting prices—the group does seem likely to offer Libya a full explanation of its pricing decisions before these are published.

Middle East governments are conventionally reckoned to get about 70-80 cents of profit on each barrel of oil from their soil that companies sell, which at prices of $1.59 to $1.80 a barrel implies average costs per barrel of the order of 20 cents a barrel (though costs in different areas range widely). Libyan oil, in Zelten at least, exists in what one of Jersey's competitors described last week as "conditions approximating more to those of an oil tank rather than those of a normally permeable oil structure," though it is farther from the coast than some of the most prolific Middle East fields: it is said to be markedly cheaper to produce than, for example, the Hassi Messaoud oil of the Algerian Sahara. There will be a considerable initial investment to be amortised out of the proceeds once oil comes into production; but if for the sake of argument one reckoned its costs as being of the same order as the average in the Middle East, about 20 cents a barrel, there might well be quite $1.50-$2.00 of profit in prices ranging from $2.00-$2.30 a barrel. All one could hazard from such shaky calculations is that the price of Libyan oil could probably be brought down well below Saharan postings, to a basis more realistically reflecting the demand of the refiners to which most of it will probably need to be sold, before the Libyan government need do worse, in cents per barrel of shared profit, than most Middle East governments do.

These are some of the considerations that must be exercising anyone who has to decide what price should be posted for Libyan oil. It can be argued, on the other side, that Jersey will be selling this oil primarily to its own affiliated refineries around Europe, and that this will not be a price on which discounts will matter much politically; why not price this oil according to tradition, and give these affiliates discounts? One might alternatively argue that producers should exchange Libyan oil for Middle East oil that might otherwise be moving to the United States: in terms of refinery yield and relative demand for different products in the two markets, a swap might make sense but it would give away Libya's freight advantage. But Libyan offtake seems destined to grow much faster than import quotas on oil are increased for the United States: and it is always unwise for any outsider to assume that he can guess what market strategy is best for any internationally integrated company in terms of its net return after taxes in various countries.

What the outsider can perhaps conclude is that the price that Jersey chooses to post for Libyan oil could accelerate changes that are already under the surface evident in world oil prices. This would be important. Western Europe is not the only market in which posted prices that reflect at two removes the pattern of American product demand no longer make much sense, and in which discounted, necessarily realistic prices show different though still shifting patterns. When, and just how, a distinct European pattern of product prices will emerge remains to be seen. But the first posting for crude to recognise that "Europe is different" may well accelerate this overdue acceptance of change.

A Century of Growth

"I stated some time ago, in February, that I thought that an annual increase of 3 per cent in the gross national product was feasible, but only if we have a 6 per cent annual expansion of exports."

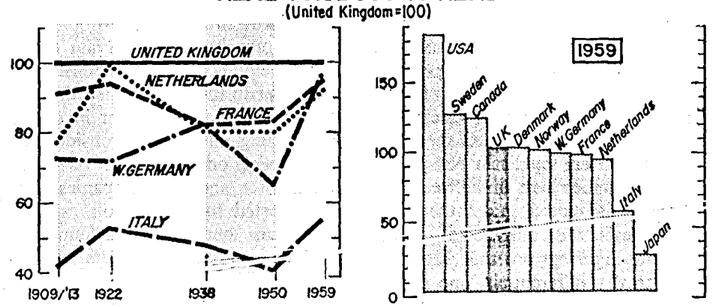
Mr Selwyn Lloyd, House of Commons, July 25, 1961.

At the bottom of a list of eleven industrial countries, Britain's national product increased in the 1950s at an average rate "per man-year" of little more than 1½ per cent. Looking back over a hundred years, a study published this week in the National Institute *Economic Review* finds that really sustained rapid growth has never occurred in Britain. "At one time or another, every country except two [out of the eleven] has grown for eight years or more at a rate faster than 3 per cent a year; one of the exceptions—Britain—reached 2.7 per cent for the eight years before 1875, and 3 per cent for six of them."

Last week, Mr Selwyn Lloyd spoke of a 3 per cent annual growth in national product as being feasible. In the years immediately ahead, because of the help expected from a growing labour force, this rate might be achieved by a rise of about 2 per cent in productivity. Even so, it looks optimistic in the light of past experience; moreover, after 1965, the labour force can be expected to grow more slowly. On the other hand, there are no obvious rules about economic growth; the main lesson from this study is that the past is not necessarily a guide to the future.

It is clear, however, that since 1950 it is the richest countries that have had the slowest growth. As a result, the levelling-up in standards of living has been considerable. The *Economic Review*, leaning on an earlier OEEC investigation, attempts the elusive comparison of the level of real product a head in different countries. The charts show that, in 1959, among the continental countries studied, only Sweden was well ahead of Britain; but only Italy was way behind.

REAL PRODUCT A HEAD
(United Kingdom=100)



BUSINESS NOTES

IMF

Massive Support

Details of Britain's credit from IMF were expected to be made known by the weekend, but anticipatory reports from Washington indicated that the total will be $2,000 million—split roughly 50-50 in a drawing and standby credit. These amounts are decidedly higher than many people expected: such a credit has no parallel in the Fund's previous operations. It represents 81½ per cent of the total reserves at the end of July, as disclosed on Wednesday. Part of the drawing will be used to repay a major part, though not necessarily the whole, of the credits granted by Continental central banks since the beginning of March.

The figuring here is uncertain, because the size of the credits has never been disclosed. Assuming that these approach £200 million (higher figures have been mentioned this week, but they seem open to doubt) the loss of reserves plus central bank support since the beginning of March to the end of July may have reached a total of £465 million. To calculate what the net accession of support will be from the IMF arrangements involves making assumptions about the flow of hot money and its responsiveness to interest rates. There have been signs this week of money returning in response to 7 per cent.

The credit has effectively stifled any remaining talk of immediate danger for the pound. Once again, Mr Jacobsson has recognised that the only credit operation worth mounting is a demonstrably decisive one, and he has not been deterred by the considerable complications of an operation on this scale at this time. It will be particularly interesting to see how the Fund has tackled the limitations imposed by its own shortage of Continental currencies and by the undesirability of imposing any new strains on the United States, such as would result if drawings of dollars under the credit were converted into gold.

One way of mitigating this would be for Britain to hold on to the dollars it receives and finance any running deficit by sales of gold from its reserve. Any such course would involve a breach in the traditional practice of the Exchange Account of keeping all but a small portion of the reserves in gold metal; but the credit operations of this year through which sterling has been supported themselves involved not inconsiderable departures from traditional practice, and it would not be unreasonable to ask the British financial authorities to make a departure of this kind. This mammoth IMF operation shows what impressive things the present machinery of international credit can do; but it points equally sharply to its limitations.

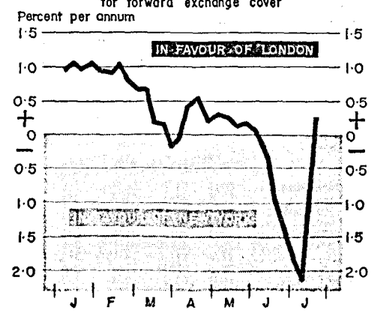
EXCHANGES AND RESERVES

Technically Sound

The disclosure of a fall of £114 million in Britain's gold and convertible currency reserves last month was preceded by a steady improvement in sterling from $2.78½ immediately before the Chancellor's statement, to $2.80 and parity with the dollar at one stage on Wednesday. Even the announcement itself brought only a slight easing in the rate to 2.79⅞—a marginal setback marking the effect on world opinion of 7 per cent Bank rate, the imminent IMF drawing, and the formal application to join the common market. Thursday's quiet market brought a further improvement in the spot rate to 2.79 15/16.

The reasons given for the fall, the largest for nearly ten years, were the pressure on sterling and the outflow of hot money before the Chancellor's measures were announced, and the continuing balance of payments deficit. There were also some repayments to the European Central Banks that have since March been holding sterling under the Basle agreement. Although their co-operation continued in July, no new operations to increase sterling holdings were undertaken. Possibly the Government had already decided that the effect of publishing a "true" fall in the gold reserves would be outweighed by the new economic measures and the proposed IMF drawing and that further increases in the sterling held by the central banks were unnecessary. It is possible that the United Kingdom was close to the maximum aid that the central banks felt able to provide. In any case the IMF drawing comes none too early.

"CONFIDENCE"— BACK TO NEUTRAL
The yield differential on Treasury bills between London and New York, allowing for forward exchange cover
Percent per annum



In spite of all the talk and the sharp rise in the spot rate, confidence in sterling, as the chart shows, is still no better than back to neutral. Forward rates are still high and all but wipe out the interest differential between London and New York on a covered transaction. Once these rates start to fall appreciably, confidence in sterling will really have returned and operators will be willing to leave their sterling purchases uncovered. So far, many of them remain cautiously short of pounds.

This said, however, there are signs of returning confidence and fears of devaluation have gone. On Wednesday there was a significant increase in the demand for sterling, with buying orders from the Continent and from London itself and suggestions that even the most pessimistic were beginning to cover short positions. A good deal of the demand, and the turnover has been very high, was on commercial account and it is felt the leads and lags of international trade may not now be quite so hard against the United Kingdom. The only large seller of sterling has been the Bank of England which has been replenishing dollar stocks previously dispensed in support of sterling. But this did not stop the climb in the spot rate and the Bank was probably out to sting the bears.

IN THE MARKETS

New Perspectives

In looking at both sides of the stock market in the light of the Chancellor's measures and the credit squeeze, investors have to keep one fact firmly in mind: the volume of trading is likely to remain low for some time and hence price movements, swayed by the vaguest hopes and fears, are likely to be exaggerated. The market tended to lose sight of this fact this week and allowed itself to be rather more depressed by the fall in gilt-edged prices and more impressed by the rise in equities than was perhaps justified.

The gilt-edged market's adjustment to 7 per cent Bank rate produced further falls but, as yields were already high, these were not startlingly big. Immediately after the weekend the gilt-edged market had a steadier appearance but it soon became disturbed by the possibility of sales on the passing of the trustee bill and after antici-

patory selling on Wednesday and Thursday War Loan fell to a new low of 51. The heavy fall in the reserves did nothing to help but the principal influence was a misconceived report on the attitude of the authorities if trustees sold large blocks of gilt-edged stocks. The authorities do not support the market in the sense of pegging prices at a particular level, but they are concerned to see that orderly dealings can continue at a price. The market has to find its own level. Hence heavy sales of gilt-edged stocks by trustees would be reflected in the prices at which the government broker would be prepared to buy. This does not mean, as the first reports suggested, that the market has no support; it means that it has no automatic support and that if selling develops prices may fall. Whether trustees should rush into the market to sell is a different question and one which they must decide themselves; if they are headstrong, they could depress market prices to their own disadvantage.

The Trustee Act, the strong advance in prices on Wall Street and Britain's application to join the common market have all been cited to explain the rise in equities this week. The *Financial Times* index, which dropped sharply from 316.0 to 306.5 in two days' trading before the week-end, had recovered to 314.9 by the close on Wednesday, while *The Economist* indicator, spanning the fall and subsequent recovery, lost only 4.7 points to 371.4 to give an average yield of a shade under 5 per cent. On Thursday equity prices continued to rise, so that 323.4 the *Financial Times* index was higher than it had been on the eve of the Chancellor's statement. The recovery looks to impressive, for the volume of trading was thin and the jobbers were not willing to go short of any sizeable amount of stock. They slashed prices sharply at the end of last week and marked them up almost as sharply this week. Once again, a resistance point has occurred around the 300 mark for the *Financial Times* index. On the other hand, with the credit squeeze pressing on industry and the stock market, there is no strong reason, even with the Trustee Act, for expecting the market to continue to rise at this week's pace. Many dealers would expect prices to move within fairly narrow limits for the rest of the year.

Wall Street's New Peak

A correspondent cables:

THE Dow Jones industrial average rose to a new peak of close to 715 this week before falling back slightly on Wednesday, and the expectation is for still higher prices. Wall Street, which is pleased with both the higher prices and the increase in trading volume, was also impressed with the nature of the advance, as it was led by the standard industrial issues, such as Dupont, General Motors, Dow Chemical and Union Carbide which have been comparatively neglected in recent months. A report that the Department of Justice was considering anti-trust action against American Telephone over foreign communications systems was mainly responsible for checking the rise, but it is not believed that this will damp the new enthusiasm for long. Indeed, brokers think that demand will spread from the blue chips to second-rank issues, particularly in industries which are likely to benefit from higher defence spending and the general business recovery. Thus, there has been a good demand for aircraft, motors, steels and chemicals, while some of the more ostentatious market performers—in, for example, publishing, electronics, recreation—were being snubbed.

Since President Kennedy's speech on the Berlin crisis, the market can be said to have launched its summer rally, with the Dow Jones average rising by almost five per cent in a week and many individual issues by over ten per cent. Followers of the Dow theory are not entirely convinced, however, because the railroad industry is plagued with drought in the west and a combination of severe competition and financial burdens in the east, which have already put the New Haven into bankruptcy. As a result, the investors' interest in cyclical stocks does not extend to the railroads, and the validity of the Dow theory, which is subject to various interpretations, appears questionable. Those who follow other technical guides are predicting that the rally will continue, punctuated from time to time by profit taking.

It may be significant that some institutional investors, which have in the past been adding to their holdings of foreign issues, are now buying American stocks once again. European equities are still considered attractive, but the feeling is growing that over the short run at least there may be better opportunities in Wall Street. Similarly, the prospect of increased deficit financing at a time when business is raising its sights is leading to a switch out of bonds into equities. While Washington is not showing any signs of shifting away from its easy money policy, Wall Street is taking a boom for granted and it regards the tightening of the credit brakes as inevitable. In the meantime, equities are in vogue again.

PRICES AND YIELDS

	May 15	July 24	Aug. 3	Div. Cover	Yield %
Boots	32/6	28/–	30/–	2·2	2·00
Marks & Sp. 'A'	115/10½	109/–	113/6	1·4	2·09
Brit. Oxygen	27/3	21/–	20/–	2·6	2·67
Metal Box	99/3	89/–	88/–	2·7	2·73
Beecham Group	51/9	50/–	50/3	2·0	2·99
United Drapery	52/3*	47/3	49/3	1·8	3·05
APC	96/9	78/–	78/10½	3·2	3·17
Woolworths	61/4½	53/3	54/–	1·4	3·32
Debenhams	65/3	56/6	56/9	1·6	3·38
Guest Keen	108/7½	88/10½	93/7½	3·1	3·42
Lancashire Cotton	59/3	54/9	56/4½	1·5	8·87
Brit. Petroleum	53/9	48/3	46/9	2·3	9·15
United Molasses	39/–	33/4½	33/6	1·1	7·31
A. E. Reed	54/6	47/9	47/3	1·7	6·77
Hawker Siddeley	29/11½	30/–	31/3	2·0	6·79
Stewarts & Lloyds	55/–	46/10½	44/11½	3·6	6·80
BMC	17/–	14/10½	14/10½	2·5	6·72
GEC	38/6	30/3	31/–	0·8	6·45
Imperial Tobacco	68/3	68/9	70/6	1·7	6·38
Dunlop Rubber	28/9	25/3	26/11½	1·9	6·06

* Adjusted for scrip issue.

PUNDITS, BEFORE AND AFTER

Wisdom and the Chancellor

BEFORE the Chancellor announced his measures to restrain demand in the economy last week, the Council on Prices, Productivity and Incomes had recorded their views that doing some of the things he decided to do would be unwise; within a day or so of his statement the National Institute of Economic and Social Research, jerking into an unwonted and journalistic rapidity of assessment, had decided to give him a kind of "Beta-plus" mark for them. The Council (no longer Cohen's but Heyworth's) had argued that both an increase in indirect taxes (the "regulator" that the Chancellor did use) and the pay-roll tax (the one he did not) "give the economy a push in just the opposite direction to the one needed at the time"; and that "stop and go" policies (on which he is mainly relying) "have cut investment back sharply at times, particularly in the public sector, and exerted a disturbing and discouraging influence more widely." Mr Lloyd has moderated the effect of his "stop" so far as productive public investment is concerned, but hardly his general discouragements.

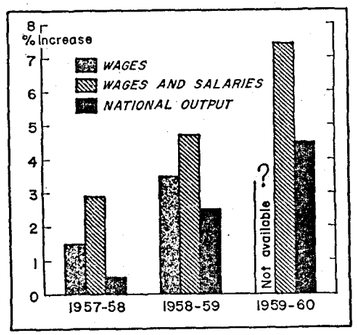
The National Institute tended, in its latest bulletin, to agree with the Chancellor more than some of his critics have done that home consumption was still building up very strongly: it thinks that his measures will moderate this rise and could possibly lead to a sharp cut in stock accumulation, which would level output off. It also believes the measures will increase the margin of idle capacity in the economy: reduce the current account deficit more than this would have come down anyway: and through their effects on government spending and private investment overseas reduce the overall payments deficit next year. It thinks the drawing on the IMF should "stem the speculative flight from the pound." But it believes the measures "unlikely to solve the underlying foreign payments problem," holding that "it would be quite inadequate merely to achieve overall balance in the favourable years, particularly if they were also years when domestic activity was stagnating."

Pull and Push

ONE significant change in the flavour of the latest report from these three wise men is its acceptance and detailed discussion of the concept of "cost-push" inflation. In earlier days an earlier council adhered fairly firmly to the school that reckoned (or reckon) that inflation, and wage increases, are mainly a result of excessive demand, as against those who put much of the responsibility down to the monopoly or countervailing power of trade unions in wage bargaining.

There is now a wide measure of agreement (says the Council) that both "demand pull" and "cost push" have been achieved, that they have reinforced one another, and that policy has to tackle both.

The agreement is perhaps not universal. Lord Robbins and some of his supporters, econometricians and others, at the London



School of Economics may still feel that the pressure of demand for labour offers an adequate explanation for the long-run rise in the cost of it. The comment that domestic servants, quite unorganised, are the kind of labour for which wages have risen most, which probably originated from Sir Arnold Plant, is still an effective one. And over the last few years national income statistics, as shown in the chart, indicate a significantly sharper rise in the wages and salaries bill than in the wage bill alone. This means that the national salary bill is rising faster than the wage bill. At one time this simply meant that the number of earners drawing salaries was rising faster than the number of wage earners, but of late average salaries have been rising more than average wages. This does not preclude the effect of institutional factors in the inflation of incomes—"relativities," for example, are a potent factor in formal or informal negotiations over salaries. But even though the strength of white-collar unions is becoming steadily greater, the fact remains that trade union bargaining affects a far smaller proportion of salaries than of wages.

AIRPORTS

Under New Management

THE government, said Mr Thorneycroft in explaining his new scheme for airport management this week, does not regard airports as part of the welfare state, although he might have added that the airlines have tried hard to convince him that they should be. The loss on all 26 government-owned airports has probably halved since the last published accounts for 1959-60 and may be running at around £3 million a year. These costs the Ministry intends to be met in future by (a) airlines and (b) local ratepayers. This is the implication behind the proposals contained in Wednesday's white paper, some of which can be put into effect immediately and some of which will need legislation.

The difficulty of devising an equitable scheme was that the airports closest to breaking even were the big international ones, while those with the least chance of doing so were the small provincial ones. To put them all under the same authority would mean that international airlines would be subsidising airports in Land's End and the Outer Hebrides that they themselves could not use. What the Ministry therefore proposes is to set up a commercial airport authority for the international airports only, that is the London group consisting of Heath Row itself, Gatwick and Stansted, together with Prestwick in Scotland. This group should be paying its way by the time that the necessary legislation setting up the authority has reached the statute book.

The Ministry intends to wash its hands of seven provincial airports in England, Ulster and Scotland which have no visible prospect of breaking even: if local authorities will not take responsibility for these they will, presumably, close. In the last published accounts, losses at these airports amounted to more than their total revenue, £1.5 million compared with receipts of £1.3 million. Matters have since improved, but ratepayers will have to dig deep into their pockets if they want to keep these airports open and should not place much hope in the Ministry's soft words about making a contribution to those which serve a "national" as well as a local need. The eight little landing strips serving the Scottish islands are being treated by the Ministry as a separate case; these cost the Exchequer somewhere between £300,000 and £400,000 a year and are regarded as a social service. What the Ministry hopes is to find an agent to run these and the equally small airfields in the Scilly Islands.

The handing over of provincial airports to local authorities can go ahead without legislation, which should bring an immediate relief to the Treasury. Mr Thorneycroft had, however, another card up his sleeve which will not please the airlines at all. The privately-run airports will charge them for the cost of landing; the Ministry now intends to charge them for the cost of the navigation services it provides to guide them en route across the country. The cost of these has been roughly assessed as £3 million a year. These services are usually provided free: attempts made by other countries to charge for them have had receptions ranging from anguished howls to downright defiance.

RESTRICTIVE PRACTICES

Straight and Narrow

LAST week the Restrictive Practices Court began exploring its own special kind of limbo, a region of the law where trade agreements may be found to be not void

but not necessarily in the public interest. The Registrar of Restrictive Trading Agreements had asked the Court to declare that a new price agreement made by the Black Bolt and Nut Association was "to the like effect" of restrictions the Court had condemned in July, 1960. Then, as a pendant to the notable judgment which held that fixed prices for black nuts and bolts conferred a "specific and substantial benefit" upon small buyers as it saved them from having to go shopping from one manufacturer to another, the Court found contrary to the public interest the association's arrangement for sales to large buyers whereby its secretary circularised the lowest tender among member firms as their minimum price for each contract.

The association, like every other unsuccessful respondent, had undertaken not to make any new agreement "to the like effect." Under its new scheme large buyers were to be charged on the basis of the association's price list for small buyers, less any discount that member firms individually thought justified by any savings arising from the size or circumstances of each order. This, the Court decided, was not "to the like effect." The comparison was with the "characteristics" of the restrictions previously condemned. Would the reasoning in the previous judgment, based upon those characteristics, Mr Justice Diplock asked, "necessarily lead to the conclusion that the new agreement was contrary to the public interest"? Since the old restrictions did not save large users from having to shop around, they had not been upheld. But "the same might not be true of the restrictions in the new agreement." This did not mean however that, on full consideration, the new scheme would or would not pass the test of public interest. That would be decided when the scheme had been registered and referred to the Court for a full hearing. The registrar's application last week was made before the new scheme was due to come into force; it was perhaps in the manner of a ranging shot that might have scored a hit.

On first glance the case opens up a vista of protracted rearguard actions by unsuccessful trade associations. But not many associations are likely to be in as favourable a position as the black bolt and nut manufacturers, with certain of their practices already approved by the Court. It may not be easy, either, to put together a new scheme that is not "to the like effect" and which can also be shown to be not contrary to the public interest in a full hearing. The Court's sharply worded warning in the newspaper case last week that any "deliberate attempt to evade orders of the Court" could lead to imprisonment, even if offenders had acted on legal advice, was made before the Court heard the two applications for contempt put in by the Registrar. The first was against the Black Bolt and Nut Association itself. Before the association's new scheme was due to take effect, the Registrar had learnt of an instance of identical tendering to the National Coal Board. But the

Registrar decided not to proceed with this application after the Court's judgment on the association's new scheme. The second was against the National Federated Electrical Association, and its director personally, for sending out a copy of its recommended schedule of charges for electrical jobbing work the very day after the association had given the Court an undertaking to abandon its price agreement. This, it was found, was the result of sloppy office management, not wilful defiance, and the contempt was purged by apology. Mr Justice Diplock once again declared, however, that any attempt to get round the Act would be "playing with fire." The Registrar's two applications for contempt were clearly meant to put trade associations on notice that a keen watch was being kept for any signs of smoke.

THE MONEY MARKET

Squeeze on the Discount Houses

THE syndicate of discount houses followed the 2 per cent increase in Bank rate with a rise of 2⅛ per cent to £6 14s. 8d. per cent in its bid at last Friday's Treasury bill tender. The market had hoped that, as in the past, outside bidders would allow it to set the new rate before they returned to the tender. In fact the outsiders decided not to wait, and total applications rose by £93 million to £427 million. They raised their bids less sharply than the syndicate and the average rate of discount rose by 2⅛ per cent to £6 13s. 9d. per cent. As a result outside bidders took the bulk of the bills and left the market with only 28 per cent of its application.

The discount market is unlikely to have pleasant memories of the last two or three weeks. Before the change in Bank rate, outside bidders anticipated the move by keeping out of the Treasury bill tenders, and when the change came the market was left with unusually large bill portfolios at low rates. By entering the tender in force on Friday the outsiders prevented the syndicate from enjoying the large margin on the finance of new bills and so recouping part of the running loss on existing bill portfolios. In 1957 the market secured an allotment of 60 per cent at the tender following the increase in Bank rate to 7 per cent.

The profits of discount houses will suffer as a result of this increase in rates. For the next six or seven weeks they will make a running loss on the bills taken up before Bank rate changed, to say nothing of a book loss on their short bonds, and in the weeks ahead their task will be to secure high bill quotas without pushing their bid too low and incurring the displeasure of the authorities (which could be reflected ultimately in borrowing from the Bank of England at 7 per cent). The bill rate at 6 11/16 per cent will give the syndicate room to manœuvre but this rate is bound to come under pressure. Some foreign money was noticed at last Friday's tender and once confidence returns and buyers of sterling are willing to leave their purchases uncovered the competition for bills will be heavy since the interest differential over the New York bill rate is approaching 4⅜ per cent.

Local Authority Loans

TURNOVER in the mortgage market has been very large since the Bank rate increase, although this activity has been concentrated in the short end of the market. Money on two and seven days call, which commanded 5¼-5⅜ per cent, is now quoted at 7¼-7½ per cent and local authority treasurers are quite sensibly turning to temporary finance in the belief that a 7 per cent Bank rate is itself no more than a temporary measure. The short-term borrowing of some authorities is now very high and pressure to go still shorter has come at an inopportune moment. In spite of the high rates a number of twenty-year mortgages have been arranged at 7 per cent.

Up to Wednesday the market reported little interest from foreign lenders. Such money that was coming in was on a covered basis and going to hire purchase companies, some of which are paying over 8 per cent for three months' money. On Wednesday, however, substantial enquiries on foreign account were reported and one part of the market confirmed receiving moderate sums from abroad that afternoon. The suggestion was that the money that had so far gone to the hire purchase companies and into Treasury bills was spilling over into the local authority market. Local authority advertising in the national press is still offering pre-7 per cent rates—a sign that their appeal is directed at local support rather than sophisticated investment.

On Thursday the Public Works Loan Board followed the movement in market rates in announcing its own rate increases. Loans for periods up to fifteen years will cost 7½ per cent in future, and loans over fifteen years 7 per cent. Before the Bank rate increase the Board was charging 6¼ per cent for medium range money.

INDUSTRIAL PRIOR CHARGES

What Sort of Rates?

WELL before Bank rate was raised to 7 per cent, the yields on gilt-edged securities and on industrial prior charges were well above what once would have been thought "normal" with Bank rate at 5 per cent. The long end of the market was prepared in advance for higher interest rates and the adjustments it has had to make this week to the Chancellor's measures have been comparatively small, though they have been significant. Until the market in industrial prior charges has been fully tested, the establishing of firm rates will have to wait—conceivably for a month or two.

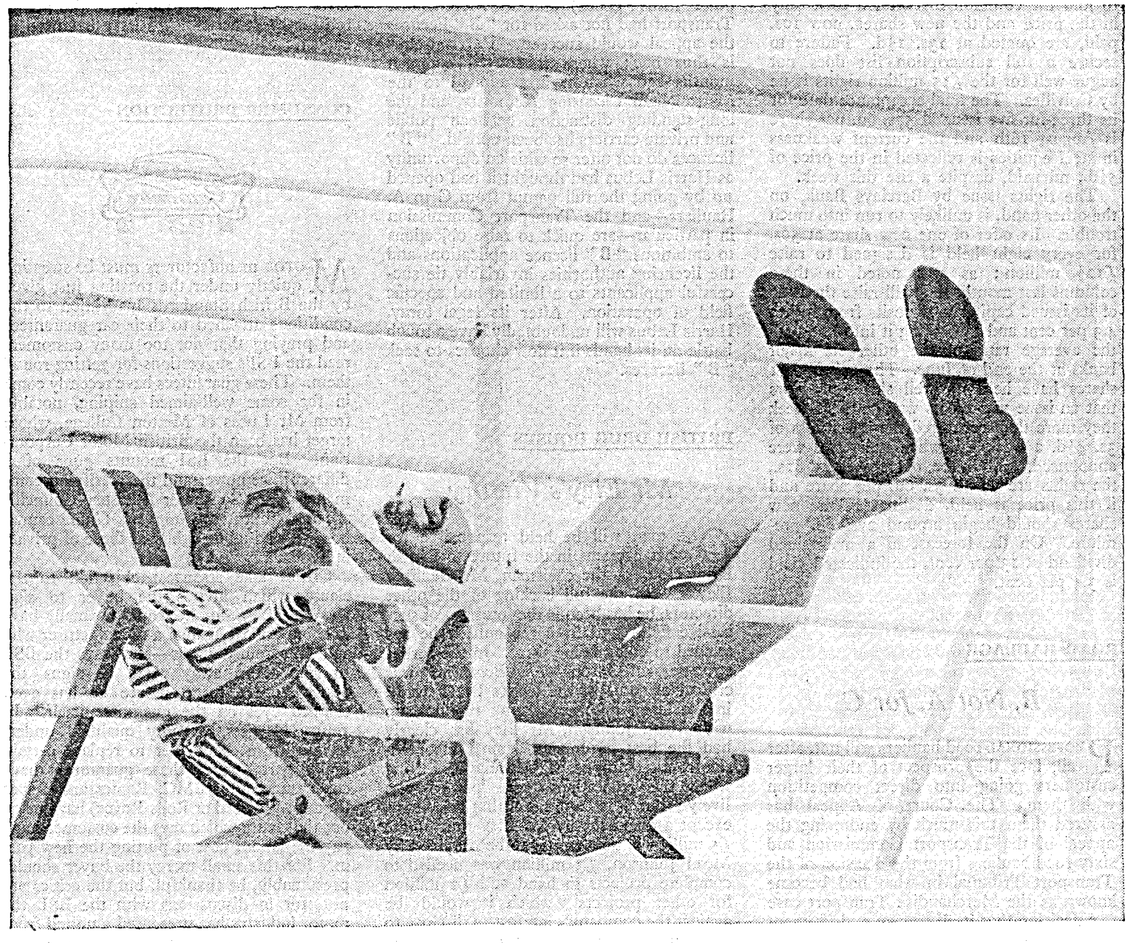
Broadly, however, yields on redeemable debentures have risen from about 6⅝-6¾ per cent at the end of June to around 7 per cent; on irredeemable debentures from 6¾-6⅞ per cent to 7⅛-7¼ per cent; and on preference shares from 6⅞-7 per cent to 7-7¼ per cent (in the view of some dealers this still leaves them rather overvalued). The Chancellor's measures will thrust more borrowers on a lenders' market and if they opt for a prior charge rather than a rights issue of ordinary shares they will have to pay a steep price. Borrowers will wish to secure as low a coupon as possible for the shortest period of time, but the lenders will dictate the terms. There may be some attempt to shorten the life of new redeemable prior charges and the convertible debenture may reappear in a few cases. But the institutions like long-dated stocks are not overfond of hybrids. This week, about half of the stock offered directly to the public by City Centre Properties (this is convertible up to 1964 and finally redeemable in 1970) was left with the underwriters.

Other borrowers may find themselves having to offer a 7 per cent stock at 99 (whose high running yield would have an obvious appeal to gross funds and to trustees concerned with the income of the life tenant) or a 6¾ per cent stock at a sufficient discount to produce a gross redemption yield of a touch over 7 per cent. Some funds may already be holding money on short-term deposit in preparation for prior charges issues at such rates and for rights issues (which would have to be on attractive terms) in the autumn. At the moment they are prepared to wait, not least because they want to see whether the Trustee Act will promote any further selling of gilt-edged.

RIGHTS ISSUES

Finding the Money

THE alternative to issuing a debenture or loan stock is a rights issue of ordinary shares and this presents the difficulty of fixing terms that are attractive to shareholders without being over-generous. A sudden movement in stock exchange values can easily upset calculations and this, indeed, happened with the £30 million issue of Distillers. Of the 19,600,000 shares offered at 32s. 6d., one for ten, 2,300,000 shares (or 11.7 per cent of the issue) were left with the underwriters. The original intention was to sell any rights not taken up and to distribute the proceeds to the appropriate shareholders; but when the offer closed last week this was nugatory as the rights then had no value. This week, however, the news of Britain's application

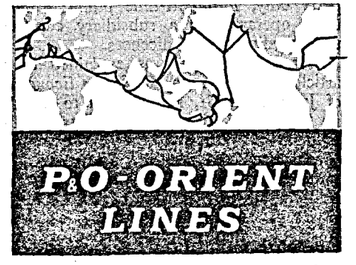


MR. SMITH ACHIEVES A THREE MINUTE MILE

Nobody's taking much notice of it. There are no crowds to go mad, no flashbulbs to go pop and the only reporter on board is away on the starboard side throwing a nifty quoit.

Normally Mr. Smith's not the athletic type. The only thing he runs is his own business—and very successfully, too. That's why he's got to be on the top of his form when he gets to Australia. Relaxed. Assured. Confident. That's why he's going by P & O-Orient Lines—the laziest, liveliest, most soothing way ever devised of doing a mile in three minutes flat.

Mr. Smith closes his eyes again. All this activity can make a man sleepy . . .



The world's largest passenger line

SEE YOUR TRAVEL AGENT OR P & O—ORIENT LINES
16 Cockspur St. S.W.1. 130 Leadenhall St. E.C.3.

to join the common market led to a rally in the price and the new shares, now 10s. paid, are quoted at 13s. 1½d. Failure to secure a full subscription list does not augur well for the £15 million rights issue by Colvilles. The final acceptance date for its three-for-five issue at 57s. 6d. per share is August 16th and the current weakness in steel equities is reflected in the price of 5½d., nil paid, despite a rise this week.

The rights issue by Barclays Bank, on the other hand, is unlikely to run into much trouble. Its offer of one new share at 50s. for every eight held is designed to raise £12½ million; as was noted in these columns last month, this will raise the ratio of its issued capital to deposits from 3.6 to 4.3 per cent and thus bring it into line with the average ratio of the other six major banks at the end of June. The existing £1 shares have held up well since the news that an issue was on its way and this week they more than recovered the initial loss of 3s. 4½d. a week ago when the terms were announced. With the old shares at 81s., the rights are worth 3s. 6d. per share and if this price is held, dealings in the new shares should begin around 27s. 6d. premium. On the forecast of a maintained dividend of 13 per cent, the indicated yield is 3.4 per cent.

ROAD HAULAGE

B, Not A, for C

PROFESSIONAL road hauliers will not, after all, face the prospect of their larger customers going into direct competition with them. The Court of Appeal has assured them this much by endorsing the appeal of the Transport Commission and sixty road hauliers from the decision of the Transport Tribunal in what had become known as the Merchandise Transport case—a decision that itself was an endorsement of an appeal from the Metropolitan Licensing Authority. Last January the tribunal uncovered a possible hole in the haulage licensing system whereby industrial firms could convert their private transport fleets, run under "C" licences which authorise the movement of the firm's own property only, into part-time public haulage units operated by a subsidiary company under ordinary "A" licences.

Harris Lebus, as was explained in an article on pages 1247-48 of *The Economist* of June 17, 1961, had applied to transfer its large "C" licence fleet to its wholly-owned transport subsidiary, Merchandise Transport, who would run the vehicles under "A" licences. The company gave an undertaking to the tribunal that its lorries would look for outside work only on return journeys when normally most of them would be running empty. The Court of Appeal decided that this is not what "A" licences are for: the appropriate licence would have been a "B" licence (which sanctions the carriage of a firm's own and other firms' goods) and as Merchandise Transport had not asked for "B" licences the appeal would succeed. Harris Lebus is thus back where it started eighteen months ago when it first applied to the Metropolitan Licensing Authority, and the long-standing distinction between public and private carriers has been upheld. "B" licences do not offer so wide an opportunity as Harris Lebus had thought it had opened up by going the full gamut from C to A. Hauliers—and the Transport Commission in particular—are quick to raise objections to ambitious "B" licence applications and the licensing authorities invariably tie successful applicants to a limited and specific field of operation. After its legal foray, Harris Lebus will undoubtedly have a tough battle on its hands if it now chooses to seek "B" licences.

BRITISH DRUG HOUSES

Mr Eley's Victory

ONE man will be held responsible for what happens in the future to British Drug Houses—the chairman, Mr Geoffrey Eley. With the full backing of the other directors, he has been in the forefront of successive fights and from the outside he has seemed to enjoy being there. In the earlier struggle with Fisons, *The Economist* was critical of some of the tactics BDH used; in the latest one, concerning the link up with Mead Johnson, Mr Eley has clearly had the best arguments against inconclusive counter-proposals. Monday's meeting when the resolutions were passed was lively; but it added little that was new, except a comment by Mr Eley that of the £5 million in new money to be provided by Mead Johnson, £3 million was needed to complete projects in hand and £2 million for other projects "which it would be against the company's interest to disclose to competitors." The opposition to the plan was vocal rather than effective and on a poll the resolutions received more than the necessary 75 per cent majority.

Throughout Mr Eley has argued that the Mead Johnson plan is in the best interests of BDH and its shareholders. Events may prove him to be right. But criticism of the scheme on two points is still valid. First, while it provides BDH with new money cheaply, Mead Johnson immediately gains 35 per cent of the equity votes and ultimately 35 per cent of the issued ordinary capital, so that after 1966 present shareholders will have only 65 per cent of the equity in the company's growth. Secondly, while it introduces new blood to the board and management, it preserves the present directors and management. In passing the resolutions, the shareholders have in effect given a vote of confidence in the present direction of the company. Perhaps their interests would have been better served if BDH had been taken over lock, stock and barrel. It rests with Mr Eley and his team, new and old, to produce the higher returns that shareholders have been led to expect.

CONSUMER PROTECTION

MOTOR manufacturers must be sweating quietly under the roasting just given by the British Standards Institution to the conditions attached to their car guarantees and praying that not too many customers read the BSI's suggestions for getting round them. These guarantees have recently come in for some well-aimed sniping, notably from Mr Lucas of Merton College, whose target has been the British Motor Corporation. But the BSI mounts guns of a different fire power and the scarifying comments of its Consumer Advisory Council's special publication *Shopper's Guide* cannot be shrugged off as lightly as those of private individuals.

Critics take strongest objection to the clause which invites the buyer to sign away all the rights he would normally have in common law against a manufacturer who sold him faulty goods—and, says the BSI, to sign these away when he signs the dealer's order form, before he has even clapped eyes on the guarantee itself. In return he gets carefully qualified undertakings from the maker to replace certain faulty parts—since these guarantees have come under fire, BMC, Rootes and Rover (but not yet Ford or Rolls-Royce) have taken out the clause which says the customer must pay the labour cost of putting the new part in. For this small mercy the buyer should, presumably, be thankful, but the critics are not, for in discussions with the BSI, the motor industry has presented a united front and refused to amend the guarantee in a way that would preserve the customer's common law rights. The Sale of Goods Act, says the motor industry, is both out of date and unsuitable for such complex things as cars. Why?

The BSI suggests that potential customers try amending the guarantee forms themselves. The current issue of *Shopper's Guide* suggests a simple form of words which would protect the buyer's legal rights if the car makers would accept it—which, the BSI sadly admits, they are unlikely to do. This type of guarantee is widely used by manufacturers of consumer durables to protect themselves, one can only assume, from heavy claims for damages, but it is under fire from every side. Some manufacturers are ceasing to use it and only the motor industry makes the acceptance of such a guarantee something closely approximating to a condition of sale. Indeed the motor industry takes such pains to protect itself that some lawyers think certain companies have defeated their own ends and produced a warranty form that might not stand up in the courts. A test case is badly needed; unfortunately this is expensive and the law prevents any interested body, such as the BSI, from helping towards the costs.

COMMODITY PRICES

Fair or Phoney?

PEOPLE—and not only primary producers—are showing increasing concern at the level of commodity prices. Depressed prices last year have slowed the growth in exports of manufactured products, and it is a tenable view that danger, though not disaster, lies ahead. So far, 1961 can hardly be called a year of revival. The year began encouragingly; prices of metals, fibres and foodstuffs rose simultaneously—a fairly rare occurrence—and by the beginning of May they were collectively 5 per cent higher, an improvement that, if maintained, might have put something like $1000 million into producers' pockets this year. But prices have declined since. May: metals are still 3¼ per cent higher than in January; fibres have gained 4½ per cent; but foodstuffs have risen only 0.2 per cent. Given its proper weight this small rise in food prices and a fall in the price of rubber have eliminated nearly all the earlier improvement in prices. *The Economist* commodity price indicator stood at 93.3 on January 4th and rose to 98.0 in May but this week it dipped once more to 93.8.

The Australian minister for trade complained this week about phoney prices for commodities. His thesis that "world" prices were rigged by subsidies to producers in importing countries was aimed at industrialised countries, but to some extent it also seems true of primary producers. Price "rigging" by commodity stabilisation schemes, though often aided and abetted by consumers, has been largely ineffectual this year. "Free" sugar is thoroughly depressed despite attempts to rub out the surplus. Cocoa has not responded much to the construction of a commodity scheme, and the coffee agreement is currently keeping its end up rather than forcing a recovery. The price of lead has not been lifted by the agreement to cut production; the strength of tin owes little to the efforts of the Tin Council; and the weakness of zinc follows naturally from the decision not to limit output this year.

In part, the early recovery this year was suspect, if not phoney. Speculation about strikes, political troubles, incipient price fixing agreements and over-optimism about the extent and pace of industrial recovery in the United States played an important role. But after their relapse, prices are on firmer ground. Political uncertainties have not diminished, and a rise in defence spending is planned in the United States. Industrial expansion is continuing and the threat of strikes by copper miners persists. Some producers are already predicting a turn for the better in wheat and other grains, after years of surplus that naturally brought a degree of disregard in consuming countries for the welfare of these important staples. Moisture levels in the soil have been falling for several years in Canada. With China in the market, a bigger demand will coincide with poor harvests this year.

SHIPPING

Higher Freight Costs

THE Atlantic westbound freight conferences have announced that a surcharge of 2½ per cent on freight tariffs will be imposed from the beginning of November, owing to recent rises in costs that the companies are unable to absorb. This follows a general increase of 10 per cent dating from the beginning of February, since when seafarers' wages have been stepped up substantially. Since this wage claim was agreed (some shipowners have suggested that their wages bill has increased by 20 per cent), several liner conferences have increased their tariffs by amounts generally in the region of 10 per cent, including conferences serving the Mediterranean, West Africa, South America, the Indian Ocean and the Far East.

The increase in seamen's wages affects tramps and tankers just as much as cargo liners, but the rates they can charge for their services depend more on the balance between supply and demand. In recent weeks demand for the major bulk commodities, grain, coal, ore and fertilisers, has been well maintained, so much so that the volume of laid-up dry-cargo tonnage was reduced to 662,169 tons gross by the beginning of July. Most of the ships still laid up are either war-built standard ships or were built in 1935 or earlier, and are no longer acting as a brake on freight rates. Laid-up tankers, on the other hand, do have a restraining effect on freight rates for dry cargo, since they can be and are being used to carry grain. If it had not been for the incursion of large tankers into the grain trades, there can be little doubt that dry-cargo freight rates would be at much higher levels today.

As it is, the Chamber of Shipping voyage charter index reached 111.3 in May, an improvement of 11.3 points on last year's average rate. The figure for June fell back to 108.7, but recent fixtures at higher rates indicate that the July figure will show a recovery again. A feature of the present pattern of trading is the predominance of Japan and China as importers of grain and fertilisers, coal, ore and scrap. The procession of ships steaming to the Far East has caused a shortfall of ships available on this side of the world, so that transatlantic grain charterers have been forced to concede higher rates, even for tankers. Ships discharging in the Far East (there has been some congestion in Japanese ports) will have to ballast long distances to find follow-on cargo, and shippers may have to offer higher rates to induce them to return for more outward cargoes.

CARS

More Minx For Less

THE cuts the Rootes Group has made in the prices of the Hillman Minx saloon, convertible and station wagon are not simply a stock clearing device. A year ago Vauxhall released its dealers from their commitment to charge list prices a few weeks before a new model was introduced. But the new Hillman car Rootes intends to put on the market in October will not replace the Minx. Although the new Hillman will have roughly the same engine capacity as the re-vamped Minx, the group intends to keep the new Minx in production and specifically calls it the 1962 model. In appearance the new Minx shows little change but it has a more powerful engine—1,592 cc against 1,494 cc, or basically the same cylinder block as in the new Singer Vogue and the Sunbeam Rapier. The rear axle ratio has also been increased to give a higher cruising speed and more economic consumption.

The group has lopped £41 off the basic price of the Minx saloon. With tax included, this has brought the showroom price down by almost £60 to £727—or by £37 from the old price of £764 before the increase in purchase tax last week. The reductions for the convertible and station wagon are much smaller, £8 and £10 respectively. But the significance lies in the fact, rather than the amount of the price cuts. The costs of all car manufacturers have been going up as the result both of raw material price increases and of low rates of output. Obviously the cuts are intended to stimulate sales; but the full meaning of these price changes may not become apparent until the new Hillman model appears.

SPAIN

Convertible Peseta

CONVERTIBILITY "in principle" for the Spanish peseta marks a formal acknowledgment of the success of the financial stabilisation inaugurated just two years ago through exchange reform, large external credits and Spain's entry into OEEC. Earlier this year the Spanish government was able to pay off virtually all its credit drawings and to cancel credit lines granted under stand-by arrangements. External reserves have been built up from virtually nothing to around $700 million, and a good start has been made in liberalising imports—though even after the latest relaxations it seems that restrictive quotas are still to be maintained on many manufactured goods. The wider benefits of stabilisation, admittedly, have been rather

slow to appear. There have been signs that industrial production in Spain has at last turned upward in the first months of this year. But the paucity of Spanish statistics makes it difficult to say whether this marks the beginning of a sustained recovery or simply a temporary replenishing of stocks.

External convertibility for the peseta is still subject to qualifications, and the exact details of the new regulations are not yet entirely clear. Broadly, non-residents' holdings of pesetas are divided into two forms of account. Pesetas acquired from exports to Spain or from the sale of convertible currencies on the Spanish market will be credited to convertible peseta accounts. These may be used to buy other convertible currencies, to finance imports from Spain, or to purchase Spanish property or securities. But the use of peseta holdings derived from transactions within Spain, such as the sale of Spanish property or earnings by non-residents working in Spain, will remain restricted.

It is not yet clear how far this relaxation will broaden the international market in the peseta. The Spanish banks are being authorised to deal abroad in spot transactions, but for the time being selling rates for the peseta will continue to be fixed daily by the Madrid exchange control, so that there will be no effective scope for market fluctuation. This limitation may, however, be temporary, and some observers believe that once the new system is run in the Spanish peseta may be put on broadly the same basis in the foreign exchange market as other west European currencies.

TRUSTEE INVESTMENT

Unit Trust for Trustees

Just before the Trustee bill received the Royal Assent this week, the Municipal and General Group of unit trusts announced that it was forming a new trust specially designed for trustees. Units in any unit trust authorised by the Board of Trade rank as "wider range" investments under the Trustee Act; but M and G, which has pioneered a similar trust for charities, was quick to see the advantages of offering a trust which deliberately caters for the need of trustees. For trustees who have no extensive knowledge of equity investment a well-managed unit trust offers great convenience and enables them to have a stake in certain securities—as, for example, in new companies, small companies and overseas companies—which however desirable in themselves are not eligible as direct investments under the terms of the act.

In addition, the new M and G trust claims two special advantages. First, its management charges will be levied on a reducing scale, the initial charge being lower for big purchases and the annual running charge being reduced as the unit trust grows in size. Secondly, the income arising from the underlying investments will be distributed as far as possible in accordance with the requirements of trust law. The intention here is that in following the law the unit trust managers will try to strike a just balance between the claims of the life tenant and the remainderman. Thus, in addition to normal trading dividends, tax free capital distributions other than those arising from a reduction in capital will be passed on to the life tenants while any capital profit arising, for example, from a successful takeover bid will be retained by the fund. The new trust will be open to all investors and on the basis of current prices the initial yield is likely to be about 5 per cent. Trustees themselves must decide whether they wish to invest in a unit trust and if so, whether in a specially designed trust or a general trust; in either case they ought to be looking for expert management.

AIRLINE RESULTS

All Catching the Same Cold?

The British Overseas Airways Corporation, which published its accounts last week, claims to rank second only to Pan American World Airways among international airlines in the west (both are dwarfed by the internal American giants). Last year, Pan American made a £2½ million profit and BOAC, a £2½ million loss. It is a distressing fact that the corporation seems to take one step forward towards solvency only to slip two paces back the next year: its 1960-61 deficit is twice the size of that recorded the previous year. The accumulated loss now stands at £17 million on a capital of £154 million, with revenue running at £88 million last year.

The chairman has no doubt where the responsibility lies, in the small associated airlines in which BOAC has a substantial shareholding. These cost it, in some cases, more than £600,000 a year. Yet he makes it plain that in common with many other big operators, BOAC finds it expedient to maintain links with these airlines to protect its traffic rights. And this usually implies subsidising the small airline, since the latter would not seek partnership if it were able to stand financially on its own feet. So although the amounts some of them succeed in extracting from the corporation are obviously excessive, BOAC must, if it considers these overseas traffic rights worth having, budget for sufficient surplus on its own operations to be able to meet their losses. And the small profit that it had been making on its own operations turned into a loss of nearly £500,000 last year.

This loss is an ominous pointer to the outturn for all airlines in 1961. There are inefficiencies inside BOAC, any one of which could explain why it should have made losses over a period when most other airlines were making profits. But the most important single fact about the current returns is that they include the first three months of 1961; other airlines' results do not. And it was during this period that airlines first caught the draught that has kept them snuffling all the summer and might easily develop into pneumonia in the autumn. During 1960 most airlines this side of the Iron Curtain were, if not exactly in the pink, still well out of the red. The International Civil Aviation Organisation calculates that airlines this side of the Iron Curtain made a combined profit on internal and international services of $57 million on a revenue of $5,500 million. These preliminary estimates frequently need correcting, but they suggest that the rate of profit, as well as the actual profit, was halved between 1959 and 1960. BOAC's returns suggest that it may vanish in 1961.

The North Atlantic was hit first, but airlines inside the United States are now reported to have made losses totalling $20 million during the first half of the year. Repercussions on this side of the Atlantic may have been less severe, British European Airways has made a profit of £1½ million during the same period covered by the BOAC accounts, and the troubles of medium-sized airlines like Sabena and SAS (KLM, Aer Lingus and Swissair are among those showing profits) seem due more to internal cost levels than to falling traffic.

The tendency to blame the jets for the air transport industry's snuffles is a bit unfair on the most efficient flying machine yet developed. BOAC's accounts show that the cost of carrying a ton of payload one mile in a Boeing 707 is 1s. 3d. against 1s. 8d. in a Britannia and 1s. 9d. in a Comet, a 25 per cent advantage. But the airlines bought jets expecting the same yearly traffic increase of 13 to 15 per cent to which they have become accustomed, and the passengers went on strike. There was no increase in traffic and falls on some routes. Since then, prospects have brightened considerably; July and August bookings appear heavy and the aircraft are filling up again.

EGYPTIAN COTTON

The New Firm

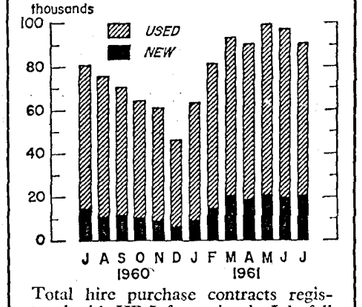
Once Egypt decided to slip the communist countries' hold on its cotton exports, a reversal of its previous selling policy was inevitable. When a delegation of western cotton experts was invited to Egypt earlier this year to advise on how to restore trade with the West they took as their text that if the price was right the trade would follow. Egypt seems to have been misled by the nominal values attributed to its cotton in barter deals with communist countries and by its success in disposing of cotton last season into demanding too much for its cotton from western purchasers. Official minimum export prices —though subject to reduction for desirable currencies—kept prices too high to attract business, and unofficial discounts and seepages of re-exported Egyptian cotton from communist countries in contravention of agreements undermined confidence.

Egypt apparently wishes to split its trade between East and West in the proportions of 60-40 per cent. Though the projected division might look unflattering politically, it is limited by Egypt's commitments to the communist bloc, particularly as a result of the building of the Aswan dam. However, it also reflects the need to finance imports of spare parts for installed western machinery and possibly the realisation that suitable capital goods are more readily available in the West. In the first nine months of the current season, communist countries took two-thirds of Egypt's cotton. The overhaul of prices has been drastic. The old price structure and its discounts have gone, but the Egyptian authorities have also swept up the cotton futures market and the formerly controlled but independent export houses. The futures market has been eliminated and exporters are to be Egyptianised; Egypt evidently wants big deals with the West to balance those with communist countries and is not very interested in reviving the free market in Alexandria. A rash of barters similar to the £2½ million deal recently arranged by an adventurous British merchanting syndicate seems likely.

A further deal is under discussion and the market expects others to follow. Under the first, Egypt will take £5 million of British capital goods. The merchant can hope to make his profit either on the cotton or the capital goods, but in this case the sale of the 25,000 bales of cotton is proving unexpectedly difficult. Spinners are currently not feeling too venturesome. Since the Suez crisis they have used Sudanese cotton and are reluctant to change again. Stocks of long-staple cotton have built up and certain technical changes—the resin finish in drip-dry shirts is one example—favour shorter fibres. Egyptian cotton is said to be offered at 3d. a lb. below the new level of official Egyptian prices and the Sudan has cut its prices by 2d. a lb. Sudanese representatives arrived in Britain to discuss cotton sales this week. One view is that these two suppliers will concert their selling policies. Before spinners are attracted by lower prices they will want to see whether co-operation or competition will result.

CARS SOLD ON HIRE PURCHASE

Contracts registered with H P Information



Total hire purchase contracts registered with HP Information in July fell to 157,746, compared with 160,962 in June. This fall occurred in spite of buying in anticipation of the Chancellor's measures and the threatened increase in interest charges by the Finance Houses Association. August will feel the full force of these changes and sales will probably suffer.

SHORTER NOTES

Export orders for machine tools have been rising since April, but the decline in home orders, since last year's peak, still continues. All told, home orders in the first five months of this year were a fifth less than last year, but orders from overseas buyers have in total just about kept level. Despite increased output, however, the machine tool industry's total order book is still growing.

★

Spot checks of vehicles on the roads, the companion scheme to the annual testing of older cars and lorries, will start early in September.

★

The plastics market never stays quiet for long. ICI has started another round of competitive price reductions in polythene by lopping 3d. to 4d. a pound—roughly a seventh—off every grade of Alkathene, only eight months after a similar cut of 3d. a pound. Monsanto Chemical quickly followed this new lead. In three years the price of polythene has been cut by almost half under the pressure of surplus capacity. In addition, ICI and Metal Box have both taken steps to strengthen their positions in plastic packaging materials. ICI has formed a joint company with E. S. & A. Robinson to "develop the use of plastic packaging Films." Metal Box has joined with Shell Chemical and the National Distillers and Chemical Corporation of New York in their plans, announced last November, to run a joint factory to make packaging film here, particularly polypropylene.

★

After considering last week's request by the Chancellor of the Exchequer to hold dividends down, the directors of Powell Duffryn have decided to leave the ordinary dividend unchanged at 16 per cent for the sixth successive year. The group's gross profits in the year to March 31st rose from £2,157,000 to £2,537,000, which the directors say would have justified a dividend of 18 per cent.

Courtaulds has teamed up with United Merchants and Manufacturers Inc. of New York to manufacture and sell glass fibres and fabrics in Britain. This market has been growing in the last few years and is at present supplied by Fibreglass (a subsidiary of Pilkington Brothers), Turner and Newall, and Deeglass. Courtaulds has not so far given any details about its plans for this new venture.

★

Hambros Bank, in conjunction with Credito Italiano of Milan, is seeking a London quotation for the whole of the ordinary and privileged shares of Snia Viscosa, a limited number of whose ordinary shares have been quoted in London for 35 years. Snia Viscosa is the biggest producer of artificial fibres in Italy and it has close links with Courtaulds, which is one of its shareholders.

★

Spillers is to subscribe at par for £500,000 of an 8 per cent unsecured loan stock issued by Buxted Chicken, and also for 250,000 5s. ordinary shares at 22s. 6d. each in this company. The agreement, which is subject to the approval of the Buxted shareholders, will also give Spillers an option to buy 150,000 Buxted shares at 27s. 6d. each between January 1, 1962, and June 30, 1964. The shares are currently quoted at 28s. 3d.

COMPANY AFFAIRS
Comments on pages 582 and 583 on:
John Brown
Fitch Lovell
Thorn Electrical
Ultra
Harper Engineering
Wellman Smith Owen
Metal Industries
Associated British Foods

LONDON AND NEW YORK
Stock prices, yields and security indices on pages 584 and 585

LONDON STOCK EXCHANGE
The week's movements reported on page 583

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 586

COMPANY MEETINGS

HOVIS-McDOUGALL LIMITED

YEAR OF PROGRESS AND EXPANSION

MR KENNETH MOORE ON TAKE-OVER BIDS

The 28th annual general meeting of Hovis-McDougall Limited was held on July 27 at the Connaught Rooms, Great Queen Street, London, W.C.2, Mr Kenneth Moore (the chairman) presiding.

The following is an extract from his Statement which had been circulated with the Report and Accounts for the year ended March 31, 1961:

Our trading experience during the past year was very much as expected in that keen and sometimes over-keen competition within the Flour Milling Industry tended to reduce profit margins. Sales, however, were well maintained particularly in the case of our main proprietary brands—Hovis Bread Flour and McDougalls Self-Raising and Plain Flours.

The results of E. Marriage and Son Limited and its subsidiaries were well up to expectations and this acquisiton early in April, 1960, has not only strengthened our position in the Flour Milling Industry but has brought opportunities for development in other branches of the food industry—for example, in the field of a variety of cooked-foods including potato crisps, etc.

Our non-milling subsidiaries had a good year and made a substantial contribution to the over-all Group results which, for purposes of record, are set out at the foot of this report in comparative form for the four full years which have elapsed since the merger of the Hovis and McDougall businesses.

It will be seen that in spite of the factors I have mentioned the Group has made further progress during the year. For this our warmest thanks are due to those responsible for the management of the various businesses within the Group and to all who work in them, and in this I am sure our shareholders will wish to join.

Capital expenditure during the past year amounted to more than two million pounds. Much of this sum was for additions and improvements to plant, buildings and equipment and the remainder was for the acquisition of controlling interests and investments in various businesses complementary to our existing activities.

TAKE-OVER BIDS

To our regret the company has recently been the subject of various rumours of take-over bids which led, for a time, to some speculative activity in its ordinary stock. The Press, as is their duty, duly reported not only the rumours but also the fact that we informed them that, to the best of our knowledge, the rumours were entirely without foundation.

That remains the position to-day but I think it right to mention the matter because of an aspect which is often overlooked, namely the disturbing effect which such rumours have on those who work in the businesses concerned. I hope that what I have said and what I say hereafter will reassure them.

Having dealt with the particular it is perhaps appropriate to add some general comments which may help to keep such matters in perspective. There is nothing new or inherently wrong in amalgamations, mergers and take-over bids. On the contrary, they have been going on throughout the growth of industrial and commercial activity. Almost every large business one can think of is a product of these processes—the great banks, the insurance companies, the major engineering, ship-building and chemical companies, the breweries and so on all bear witness to the advantages, indeed the necessity in modern conditions, of large-scale organisation—advantages, generally speaking, for customers, stockholders and employees alike and, indeed, for the national economy.

GROUP'S GROWING STRENGTH

In its modest way the Hovis-McDougall Group is a case in point. It has been built up by the amalgamation of complementary businesses after friendly and private negotiations and is stronger technically, financially and in terms of human resources than the constituent parts would be on their own. Moreover, the growing strength of the Group has enabled us to look after our employees even better than was the case in years gone by.

The trouble is that, particularly in the tax-distorted economy of the post-war years, there have been cases which have given the process a bad name. I have in mind those which savoured not of the marriage of complementary businesses but rather of rape. It is to this aspect of the matter that those concerned should direct their attention.

To return to our domestic affairs, you will be glad to know that our trading experience for the first three months of the current year has been satisfactory; it is too early to hazard a forecast for the remaining nine months but we shall be disappointed if we cannot, once again, present results reflecting the growth and broadening of the businesses within the Group.

RIGHTS ISSUE

In addressing the meeting Mr Moore announced that, for the reasons and purposes indicated in his Statement circulated with the Report and Accounts, the Directors have now decided to proceed with the Issue to Ordinary Stockholders by way of "rights" 3,295,190 new Ordinary Shares of 5s. each for subscription at the price of 12s. 6d. per Share in the proportion of one new share for each ten existing Ordinary Stock Units of 5s. each. This will provide some two million pounds additional development and working capital. Provisional allotment letters in respect of such "rights" issue will be posted on August 18, 1961, to Ordinary Stockholders on the Register at the close of business on July 10, 1961.

The report and accounts were adopted and the other formal business duly transacted.

Comparative Table of Principal Figures

	Year ended March 31, 1958 £	1959 £	1960 £	1961 £
Group Profit before Taxation (after deducting Pre-acquisition Profits of newly acquired Subsidiaries)	1,825,536	2,050,362	2,472,114	2,734,832
Taxation and various adjustments	982,608	986,043	1,253,073	1,412,241
Group Surplus	842,928	1,064,319	1,219,041	1,322,591
Dividends (net)	359,805	427,396	558,460	678,093
Ploughed-in by way of additions to Reserves	£483,123	£636,923	£660,581	£644,498

HOUSE OF FRASER LIMITED

RECORD LEVEL OF GROUP TURNOVER

SIR HUGH FRASER ON BOARD'S CAPITAL PROPOSALS

The twentieth annual general meeting of House of Fraser Limited was held on July 28th in Glasgow, Sir Hugh Fraser, BT, DL (Chairman and managing director), presiding.

The following is an extract from his circulated statement:

The Net Profits of the Group as shown in the Consolidated Profit and Loss Account amount to £2,663,466 (£2,351,605) after providing £2,742,613 (£2,073,341) for Taxation. Of this amount the Profit for the year applicable to Members is £2,432,963 (£2,196,741).

The Dividends, less Income Tax, paid and recommended for payment are shown in detail in the Profit and Loss Account, and amount to £1,887,322 as against a distribution last year of £1,541,971. The balances of Unappropriated Profits to be carried forward in the Accounts of the Company and its Subsidiaries amount to £2,377,500 (£1,809,891).

The Consolidated Balance Sheet shows the Net Assets of the Group at £30,997,208 (£26,851,299), an improvement of £4,145,909, represented by an increase of £324,401 in Ordinary Stock and £3,821,508 in Reserves.

The surplus of Current Assets over Current Liabilities at the end of the year exceeded £13,000,000 without taking into account the appreciation in market value of Quoted Investments held by the Group as noted in the Balance Sheet. The liquid position of the Group is sufficient to meet any financial commitments already incurred, or contemplated.

Turnover of the Group during the past year reached a record level and by achieving this we were able to contain the rising trend of operating expenses. I might mention here that no Profit has been brought into the Accounts from William Henderson & Sons, Limited, whose premises in Liverpool were destroyed by fire in June 1960. The Board feel that pending agreement on the Fire and Consequential Loss Claims with the Insurance Companies concerned, the full financial consequences of the fire cannot be determined, and the Net Profit is meantime held in a Suspense Account.

Apart from the completion of the purchase for cash of the Share Capital of J. W. Mackie & Sons, Limited, the Edinburgh Caterers, to which I referred in my previous Statement, the year has been one of consolidation and internal reconstruction.

BUILDING PROGRAMME

As I indicated last year, we are engaged in an extensive building and reconstruction programme, the full benefits of which will not be apparent for some time. The new Store operated by Rackhams Limited in Birmingham, and acknowledged to be one of the finest in Europe, was officially opened by the Lord Mayor of Birmingham on November 29, 1960. An arcade of twenty-five shops, all of which have been satisfactorily let, is situated on the same site adjacent to the Store. The Office block, also forming part of this development and containing extensive premises available for letting, is nearing completion.

The first phase in the re-building of Arnott Simpsons in Glasgow was completed in April 1961, and the premises opened for trading. It is hoped that the building of the remaining part of the premises, work on which is proceeding satisfactorily, will be completed in the spring of 1963.

The construction of new premises in Fawcett Street, Sunderland, opposite the main store of Binns Limited, is well advanced, and the building should be available for trading in the early part of 1962. Re-building of the Liverpool Store occupied by William Henderson & Sons, Limited, has been commenced, and should be completed by the latter part of 1962. Work is also in progress at Hourstons of Ayr, which will double the present capacity, and at McDonalds Ltd. in Harrogate.

At the Annual General Meeting, Stockholders will be asked to approve an allotment to Ordinary Stockholders of one Ordinary Share of 5s., credited as fully paid, for every two Ordinary Stock units registered in their names on June 9, 1961, and to this end the Share Premium Account will be capitalised to the extent of £3,406,213 15s. The new Shares, when converted into Ordinary Stock, will be identical in all respects to the existing Ordinary Stock, except as regards participation in the Final Dividend recommended for the year to January 31, 1961.

An increase in the Authorised Capital of the Company is necessary for this purpose, and the Board feel that the suggested new figure of £12,000,000 will leave an adequate margin of unissued Capital. The Board are not at present considering the issuing of any of the remaining Ordinary Shares.

Applications for permission to deal in and for quotations for the new Ordinary Stock will be made in due course to the Stock Exchanges in London, Glasgow, Edinburgh and Newcastle.

FUTURE PROSPECTS

So far as the current year is concerned, I am pleased to say that the upward trend in turnover has continued. This is satisfactory and is, indeed, necessary to combat constantly rising expenses. These can be further offset by improved efficiency and service, and everything possible will be done in this direction. We cannot, of course, anticipate National and Local Government policies, which by the imposition of increased taxation can aggravate an already heavy burden on industry and business generally. Subject to these observations and given reasonably stable economic conditions, I view the outcome of the current year's trading and the future of the Company with confidence.

It must be appreciated that much of the success of the Company is due to the efforts of the Executives and other employees throughout the country, and I take this opportunity of thanking them once again for the great contribution which they have made to what I regard as a very successful year.

The report and accounts were adopted and the proposed increase of capital and scrip issue were approved.

'COALITE'

AND CHEMICAL PRODUCTS LIMITED

CHESTERFIELD

The following points were taken from the statement made by the Chairman, Commander Buist, to the 44th Annual General Meeting of the Company.

★ For the year ended March 31, 1961, the Profit after Depreciation and before Taxation totalled £852,133 compared with £935,913 for the previous year. Net Profits were £449,083. The total dividend absorbs £194,921 compared with £194,925 in 1960. £247,471 has been transferred to General Reserve.

★ Problems arising from the introduction of the 42-hour week combined with other increases in the costs of Coal and Wages have raised our production costs and in consequence the price of "Coalite."

★ "Coalite" remains the pre-eminent domestic solid smokeless fuel. It still retains its competitive position and demand continues to exceed supply.

★ "Coalite" burns in all types of open fires and closed stoves. Our policy is to make a fuel to fit the grate, not to expect our customers to buy a grate to fit the fuel.

★ The strong demand for our Oil and Chemical Products continued throughout, although competition intensified.

★ Subject to planning permission it has been decided to build 6 new Batteries of Retorts at Askern. This will be a major scheme and will increase the output of the Askern Works by at least two-thirds.

★ Sales to date are satisfactory and the order books look promising for both "Coalite" and Chemicals. The year has started well.

TRUST HOUSES LIMITED

AN EVENTFUL YEAR

The fifty-eighth annual general meeting of Trust Houses Limited was held on July 28th in London, Sir Geoffrey Crowther (the chairman) presiding.

The following is an extract from his circulated statement:

The year whose results are now reported to you was an eventful one for the company. The most important thing that happened was our acquisition of The Shelbourne Hotel, Dublin, by an exchange of shares. We have every confidence in its future profit-earning capacity, since a new block of 48 additional bedrooms with private bathrooms is now in course of construction.

In January we made a one-for-five rights issue to the Ordinary and Trust shareholders at 46.6d. a share, which brought in £1,092,401.

As a result of these two operations, the margin of authorised but unissued capital has been reduced to £380,900 and though we have no projects in mind at the moment that would result in the issue of more than a few shares, we think it prudent to restore an ample margin of unissued capital. A resolution will accordingly be submitted to increase the authorised capital by £1 million to £5 million. No substantial issue of capital will be made without the shareholders being informed.

The turnover of our business showed another increase. If the figures for the Shelbourne (for twelve months) and for the Surrey Trust are added to those of Trust Houses, the total comes to £11,182,000. Trading profits also show an increase. The final dividend recommended is 1s. 6d. per share, making a total for the year of 2s. 6d., which is the same as the total rate paid for the previous year. However, the final dividend is being paid on a larger capital.

As for the current year, I can only, at this moment, when the bulk of our summer trading still lies ahead of us, say that it has begun well so far as the volume of business done is concerned. We shall hope also to be able to maintain the ratio of profit, but I must add that it is very disheartening to be faced with a Budget, many of the items in which might have been specially designed to hurt the hotel industry. A duty on fuel oil, the threat of a payroll tax, the possibility of still further increases in Purchase Tax (which, unlike other industries, we have to pay on the tools of our trade)—all these bear on us with particular severity. I hope we shall be forgiven if we return a cynical, and possibly rude, answer next time we are officially exhorted to do our duty to the nation.

The report was adopted.

JAMES HOWELL & COMPANY LTD. CARDIFF

(Departmental Stores and Motor Vehicle Distributors)

1960 A YEAR OF DEVELOPMENT

NEW TRADING RECORDS

A TOTAL DIVIDEND OF 17½%

The Annual General Meeting of James Howell & Company Ltd., was held on July 31st at the Park Hotel, Cardiff.

The following is an extract from the statement by the chairman, Mr A. A. Thorpe:

DEVELOPMENT AND EXPANSION

The year 1960 has seen a further stage of development throughout the whole of our group of Companies, we have concentrated on the consolidation of these Companies and arrangements for their further extensions as well as for the expansion of the Main Store.

The developments in the Main Store and Subsidiaries have involved very considerable Capital Expenditure which in turn has increased the charges for interest, etc., but turnover has increased and the management feels that this is a direct reflection of our expansion plans which have brought a steady increase in the number of customers, and I am happy to say that this trend is being maintained to date.

Rising Wages, Loan Interest, Publicity and Renovations have resulted in substantial increases in expenses which although adversely affecting this year's profits should be viewed in relation to our policy of expansion and planning for the future.

MAIN STORE—NEW TRADING RECORDS

Trading has created new records as far as turnover is concerned in spite of a recession in trade in Radio and Television and similar departments due to the Hire Purchase restrictions for several months of the year.

The new premises on the corner of Wharton Street and Trinity Street have been completed. We have now considerably extended the showroom area for Carpets, Furniture, China and Glass. In addition we have introduced the following new departments: Photography, Handyman's, Flowers and Horticulture, including the agency for Suttons Seeds Ltd. All these new departments are making considerable progress.

These large scale developments and renewals within the Main Store have not only consolidated the existing business and show some immediate benefit, but have provided a very firm base for the future. However, the full benefit of the Capital outlay will show in our future trading.

Since the end of the year the extension to the Grocery Department has commenced and when completed will enable full use to be made of the bridge over Wharton Street. There will then be free access under cover between both sides of the Company's premises.

REYNOLDS AND COMPANY LIMITED

Trade continues to show good progress. This business is maintaining its position as the leading store in Newport and considerable sums are being spent in re-equipping the premises. Plans are now in hand for further extensions and for better access to the premises from the busy side street.

MOTOR DIVISION

It will be remembered that the Hire Purchase restrictions imposed by the Government affected very seriously all garage businesses so that trading in the latter half of the year became almost impossible throughout the country and belatedly the Government eased the restrictions. The effect was that in common with all other distributors and retailers we were called upon to stock a large number of cars and vehicles in order to safeguard our future trading. This has always proved a correct policy in the beneficial effect shown in trading for the first half of the current year.

ROLLS-ROYCE AND BENTLEY

A new development of the Company's Motor activities is the Special Retailership for Rolls-Royce and Bentley cars for South Wales. This additional representation does, in some way account for the extra expansion now necessary.

CARDIFF. LARGE EXTENSIONS

The land leased in Newport Road from the Cardiff City Corporation was adequate to enable us to provide facilities for increased business and to proceed with further large extensions for workshops, showrooms for second-hand cars and additional space for stores of spare parts.

As I mentioned in last year's report we have a fine showroom on the ground floor of new premises at Central Square, Cardiff, adjoining the main railway and bus station. This is already proving successful.

NEWPORT. FURTHER EXPANSION

Arthur Alsop Limited, after becoming main distributors for Austin vehicles for Monmouthshire, have outgrown the existing premises. Arrangements are now being made for the building of a first-class Service Station in Corporation Road with sufficient land which will be available for further expansion. In this connection satisfactory long-term financial arrangements are nearing completion which will avoid interference with the Company's own finances.

SWANSEA. NEW PREMISES

Fletchers (Swansea) Limited are now main Distributors of Austin vehicles for West Glamorganshire and East Carmarthenshire. First class premises are being erected in Dillwyn Street, Swansea, giving a fine frontage to the main shopping thoroughfare and here again satisfactory arrangements have been made for financing the project without interference with the Company's own finances. A further Service Station has been planned for erection at Fforestfach on the outskirts of Swansea. It is hoped that building of these premises will commence in the near future.

OTHER MOTOR BUSINESSES

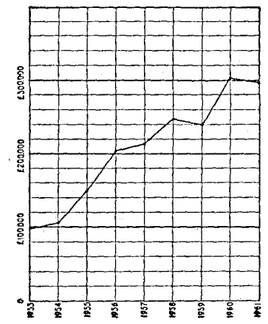
Alfred Chaston Limited and Central Garages (Llandeilo) Limited are both making satisfactory progress.

THE RESULTS

The consolidated Trading Profit for the year amounts to £295,626. After charging the various items specified in the Profit and Loss Account, the net profit for the year, after providing for taxation amounts to £84,910. After paying the dividend on the 8 per cent Cumulative Preference shares for the year and an interim dividend on the Ordinary and 6 per cent

Cumulative Participating Preferred Ordinary shares, the Directors recommend the payment of a final dividend on the Ordinary and 6 per cent Cumulative Participating Preferred Ordinary Shares of 12½ per cent less Income Tax, making a total of 17½ per cent for the year.

Group Trading Profit covering period of Nine Years to January 31, 1961.



THE BESTWOOD COMPANY LIMITED

CHAIRMAN'S RESTRAINED CONFIDENCE IN BETTER FUTURE

The Annual General Meeting of the Bestwood Company Ltd. was held on July 27th in London.

Colonel C. G. Lancaster, MP, chairman and managing director, in the course of his speech, said:

I had purposely delayed today's meeting for three months beyond our normal date as I felt it essential to be able to speak with firmness on the position today.

The very considerable reorganisation of which I have made mention has begun to have its effect. We found that in the first quarter of this year we had turned the corner, however slightly, and in the second quarter this trend has continued. Our order book for this year is almost full and 1962, despite the ever increasing keenness of competition, is filling up reasonably well.

I make no attempt to hide the fact that our incursion into two new fields involved buying our experience in a highly competitive market. I am, however, of the opinion that that phase of development is now complete and that these two new activities undertaken at Chesterfield are playing their part alongside the traditional work of colliery engineering. I do not pretend to you that conditions are easy but, with the very considerable economies I have introduced, I look forward to the second half of the year with restrained confidence.

It is a source of considerable regret to me that 1960 should have turned out so unsatisfactorily, but I hope the review I have today given you will satisfy you that the right steps have been taken and that the position has been retrieved. I have considerable faith in the young management I have recruited.

During the past year we have submitted plans and the design for an important Colliery installation in Yugoslavia. We were up against other firms in this country as well as in Italy, France and Germany. Quite recently we have heard that in final competition with Krupps in Germany we have been passed this contract, not on the basis of lower prices but on the excellence of the design and planning. If we can maintain this standard, the future, I think, is not unhopeful for us.

The report was adopted.

THE ATTOCK OIL COMPANY

HIGHER PRODUCTION AND SALES

The forty-ninth annual general meeting of The Attock Oil Company Limited was held on July 27th in London, Mr A. McGilvray (the chairman) presiding.

The following is an extract from his circulated statement: The Profit and Loss Account shows that the profits earned in Pakistan amounted to £1,223,933 compared with £1,248,144 in 1959, a decrease of £24,211.

Although production of crude oil increased by 16.5 per cent on the previous year and sales of refined products were in step, profits have not shown any benefit from this expansion due in the main to the lower nett returns on sales consequent on the drop in world prices of petroleum products. Further contributory causes are a substantial increase in the rate of royalty now payable in terms of the renewed Mining Lease over the Dhulian Field and an increase in the cost of exploration over that already commented on in last year's Statement.

Current assets totalled £2,973,156 against current liabilities exclusive of the year's dividends of £1,324,088 leaving a surplus of £1,649,068, a decrease of £64,208 over the comparative figure at December 31, 1959. We have provided for Depreciation on Field and Refinery Plant, Motor Vehicles and Chattels £228,512 compared with £196,100 in 1959. Capital Expenditure at £279,837 in 1960 includes the completion of the Wah Gas Line commenced in 1959.

Ex the profit in 1960 amounting to £1,204,721 we have set aside for taxation and depreciation £710,674 and there remains £494,047.

Your Board have appropriated £100,000 to General Reserve and recommend a Final Dividend, free of United Kingdom Income Tax, of 1s. 8d. per £1 unit, making a total distribution of 2s. 8d. for the year. This dividend, if approved, coupled with the Interim Dividend of 1s., will absorb £386,667 and leave a balance unappropriated of £7,380 which, added to last year's carry forward of £43,208, results in £50,588 being carried forward to 1961. Crude Oil production for the year amounted to 1,859,867 barrels compared with 1,597,522 barrels in 1959.

It has been a busy year with all available resources employed on development and deeper testing at Dhulian and also on exploratory work, including geophysical surveys and the drilling of test wells on concessions granted to our Subsidiary, Pakistan Oilfields Ltd.

During the year extensive exploration work was carried out on behalf of Pakistan Oilfields Ltd., again I regret to say, without finding any new oilfields. Our competitors fared no better.

Since 1947 a number of the leading International Oil Companies have been actively engaged in prospecting work in West Pakistan but, with the notable exception of Sui Gas, there has been so far no recompense for the expenditure incurred. Some have given up the quest but the Government of Pakistan have decided to enter the field of active exploration with Russian aid in finance and equipment.

After reviewing the activities at the various fields, the chairman continued:

Forecasting the future is doubly difficult at a time when world oil prices continue to be unsettled and costs are rising, but the Company production position is being well maintained and in the absence of unforeseen developments I look forward to results not greatly different from those of the past year.

The report was adopted.

HUDSONS BAY OIL AND GAS COMPANY LIMITED

Hudsons Bay Oil & Gas Company Limited achieved new records in most phases of its business during the first half of 1961. Net income was higher than comparable earnings in any previous half year and new highs were also established in rates of production for crude Oil, natural gas liquids and natural gas. The company and its subsidiaries had net income of DLRS3,090,000 or 17 cents per share for the first half of 1961 that compares with net income of DLRS614,000 or three cents per share for the same period of last year. G. T. Pearson, President, said the company's net production of crude oil and natural gas liquids averaged 26,144 barrels per day for the first half of 1961 an increase of 3,684 barrels per day or 16.4 per cent over the first half of 1960. In comparison total Canadian production of crude oil and natural gas liquids increased nine per cent to 613,000 barrels per day for the first half of this year. Although this represents substantial improvement over the rate of growth in Canadian production experienced during the past few years, further expansion of market outlets will be required if domestic production for the full year 1961 is to reach an average of 640,000 barrels per day, the objective under the national oil policy said Mr Pearson. The company's sales of natural gas averaged 60.4 million cubic feet per day an increase of 15.7 million cubic feet per day or 35.2 per cent; about 80 per cent of this increase was attributable to greater deliveries from the Cessford Field during the first half of 1961. Hudsons Bay Oil and Gas participated in the drilling of 13 gross or 5.2 net exploratory wells of which three gross or 1.0 net wells were successfully completed as discoveries or extensions of natural gas reservoirs. The company participated in 24 gross or 18.1 net development wells. Successful development completions totalled 17.0 net oil wells. Capital and operating expenditures for finding and developing reserves of crude oil and natural gas totalled DLRS11,644,000 for the first half of this year, down DLRS366,000 from a year ago. During the period under review DLRS4,331,000 was expended in the West Whitecourt area where facilities are being installed for the production of the company's large reserves of natural gas and related products in the Windfall Pine Creek and Beaver Creek fields. These facilities estimated to cost a total of DLRS11,256,000 are expected to be completed on or about year end. Exclusive of outlays on the West Whitecourt project Hudsons Bay Oil and Gas spent DLRS7,313,000 in the first half of 1961 for finding and developing reserves, a decrease of DLRS4,697,000 compared with the first half of 1960. The company plans a considerably higher level of expenditures for the second half of this year.

PORT DICKSON-LUKUT RUBBER ESTATES LIMITED

COMPANY'S JUBILEE YEAR

MR K. M. G. ANDERSON REVIEWS "LONG HISTORY OF SUCCESS"

The fiftieth annual general meeting of Port Dickson-Lukut Rubber Estates Limited was held on August 3rd in London, Mr K. M. G. Anderson (the chairman) presiding.

The following is an extract from his statement which had been circulated with the report and accounts:

HISTORY

Historical facts, unless woven into a tale by a skilled hand, are usually dull, but the occasion of a Company's Jubilee seems to call for some comment on how that Company has grown and survived. I hope that Stockholders will find the following notes of some interest.

The Company, which was incorporated on April 20, 1911, as Port Dickson-Lukut (F.M.S.) Rubber Estates Limited, was formed to acquire two small proprietary estates owned by two planters, John Alister McGregor and Charles Malcolm Cumming, a small rubber company (Port Dickson Rubber Company Limited) and an area of about 265 acres, the property of Linggi Plantations Limited, together with some reserve land contiguous—in all a total area of 3,665 acres. In 1920 another estate, Perhentian Siput, of 1,205 acres, was acquired, and in 1959 the Sendayan Company, comprising 7,941 acres, was bought.

The acreage planted with rubber on the formation of the Company was 1,244 (of which only 106 acres were "mature"—five years in those days). During the intervening 50 years it has grown nine-fold to 11,078 acres, of which 7,740 acres are mature.

The first issue of capital was 700,000 shares of 2s. each, gradually increasing, as the original properties were developed, to 1,741,000 shares. The original Directors were Sir William Hood-Treacher, KCMG, Chairman (first Governor of North Borneo and a director of many other rubber companies), Charles Malcolm Cumming, John Alister McGregor and Robert Frederick McNair Scott (a doctor who had large interests in a number of rubber companies).

In common with most rubber producers, the Company has passed through many vicissitudes and, in our case, they started early. Although a dividend of 5 per cent was paid in respect of the second year of operations, the slump in the price of rubber in the following year caused some of the more faint-hearted of the shareholders to urge amalgamation with some dividend-paying concern.

Negotiations to effect that fell through, however, and despite the difficulties caused by the war, dividends were resumed in 1916. The ill-fated Stevenson scheme in 1922, the International Rubber Regulation Scheme in the 1930's, the Second World War—with our properties occupied by the Japanese and allowed to deteriorate—and the Emergency in Malaya from 1948 to 1960, all had considerable impact on the Company's operations And, of course, the ups and downs of prices, which a volatile commodity such as rubber has experienced during the last five decades, have not eased the task of planning the Company's progress.

It is perhaps remarkable that, despite all these difficulties, in only two years of its existence has the Company failed to make a profit—1920/21 and 1945/46. Dividends paid out have averaged 13.1 per cent on the capital in issue from time to time.

Throughout this long history of success, our Company has been served by a loyal and efficient staff and, on the whole, a contented labour force. While the Annual General Meeting is being held today celebrations of the Jubilee will be taking place on the estates.

METAL INDUSTRIES LIMITED

Summary of results for the year ended 31st March 1961

Consolidated profit before tax	£2,436,043
Taxation	£1,039,794
	£1,396,249
Profit before tax is 17% on net tangible assets	
Preference dividends *(net)*	£72,949
Ordinary dividends *(net)*	£688,431
Retained in business	£634,869
Cash flow (retained profits plus depreciation)	£1,313,291
Earnings per £1 ordinary stock (after tax)	3/6½d
Dividends per £1 ordinary stock (after tax)	1/10d
Cash flow per £1 ordinary stock	3/6d
Number of stockholders	11,722
Number of employees	12,638

Copies of the Accounts and of the Statement by the Chairman, Sir Charles Westlake, may be obtained from the Secretary, Metal Industries Limited, Brook House, Park Lane, London W.1.

DARNALL INDUSTRIES LIMITED

ACCOUNTS YEAR TO 31st MARCH, 1961

		£
Fixed Assets at original cost less Depreciation		388,220
Current Assets		569,500
Investments (Market value £78,545)		39,892
Dividend Yield		8.3%
Cover		1.9%
Asset Value per 5s. share		8/6
Market Quotation	HIGH	LOW
1961	12/6	10/-

MAIN ABBREVIATED POINTS FROM CHAIRMAN'S SPEECH.

The Chairman applauds the determined bid by the National Coal Board to meet competition of oil and adds that the Company, by its new developments; improvements in standard products, and its use of coal for heating its Works, has made its contribution.

Recent developments resulting in increased strength of conveyor belting, provided challenge to Research and Development Department to provide adequate fasteners. The Field and Scientific trials of their findings are most encouraging.

Sales of specialised valves and springs are most satisfactory and the new extensions to the buildings and foundry of these Subsidiaries are now complete.

Export sales are running at a high level and generally the prospects for the coming year are bright.

ACQUISITION

George E. Tupholme and Company, Limited acquired during year. This medium-sized firm, engaged in sheet metal work, specialises in air ducting. Plans already prepared for expansion.

FUTURE ACQUISITIONS

Directors wish to continue their policy of further diversifying the Company's interests by acquisition of other businesses from existing resources.

F. H. LLOYD & CO. LIMITED

(Steelfounders and Engineers)

FURTHER IMPROVEMENT IN TRADING AND PROFITS

A "RIGHTS" ISSUE

MR F. N. LLOYD'S STATEMENT

The seventy-fourth annual general meeting of F. H. Lloyd & Co. Limited was held on July 28th at the registered office, James Bridge Steel Works, Near Wednesbury, Mr F. N. Lloyd (Chairman and Joint Managing Director) presiding.

The following is the statement by the chairman circulated with the report and accounts for the 52 weeks ended April 1, 1961:

Ladies and Gentlemen, I am glad to be able to report a further improvement in last year's trading. The profit before tax has increased by £291,490 to £975,236 and available profits after deducting taxation and profits attributable to outside shareholders are £452,244.

ADDITIONAL CAPITAL FOR DEVELOPMENT

Your Directors accordingly recommend a Final Dividend of 12½ per cent on the Ordinary Share Capital, making 15 per cent for the year. They have also decided to make a "rights" issue of 450,000 Ordinary Shares of £1 each, in the proportion of one new share for every four held. Full particulars are given in separate documents enclosed. It was in 1953 that we last raised additional finance by the issue of 150,000 Ordinary Shares and since then the ordinary capital has been increased from £750,000 to £1,800,000 by two bonus issues. The proceeds of this issue, about one million pounds, will be required for development expenditure over the next few years.

During the year, Mr A. C. Corbett, Director of N. Hingley & Sons, Limited, and Chairman and Managing Director of Wright's Forge & Engineering Co. Limited, became a Director of this Company. At the same time, Mr M. C. Lloyd became a Director of N. Hingley & Sons, Limited. This continues the policy of interchange of Directors between the two companies which began when Mr C. E. Lloyd became a Director of this Company in 1940 and I myself became a Director of N. Hingley & Sons, Limited in 1949. Mr M. C. Lloyd has also been appointed a Joint Managing Director of F. H. Lloyd & Co. Limited with myself.

TRADING CONDITIONS

Trading conditions last year have been rather more active and we have been able to keep our plants economically employed. Competition has been quite severe, particularly from Continental steel founders and we must expect this condition to continue. Our output is limited not only by plant capacity but also by the number of technicians and skilled operatives, although we now have the assistance of those who graduated from our training centre which was established some twelve years ago. Our ability to recruit and train skilled operatives and technicians will be an important factor in our future progress.

In November, 1960, we acquired the whole of the Share Capital of E. C. & J. Keay, Limited of James Bridge, Darlaston, the old-established structural engineering company whose premises adjoin our own. For the past twenty years the offices have been at Henley-in-Arden, but it is intended to accommodate all staff at Darlaston, thereby effecting economies. It is apparent that expenditure on plant and buildings is unavoidable, as existing assets have not been fully maintained. At the same time, it will be necessary to increase output and reduce costs to maintain a satisfactory position in a very competitive market.

INCREASE IN SCALE OF OPERATIONS

The improvement in this year's profits comes mainly from F. H. Lloyd & Co. Limited and Lloyds (Burton) Limited. This has come about both from an increase in the scale of operations and improvements in operating efficiency. At F. H. Lloyd there has been a further increase in machining operations and the sale of engineering products. A Products Department has been established for the purpose of designing and manufacturing engineering machinery for our customers, which can consist of fabricating work, steel castings, machining, fitting and assembly work. Facilities for steel casting manufacture are being constantly enlarged and improved.

The recovery at Lloyds (Burton) Limited, reported last year, has continued and there has been a further substantial increase in turnover. The chief improvement was made in sales of Thermalloy products, one of the lines manufactured in conjunction with the American Brake Shoe Company. The market for these goods appears favourable and we are hoping to increase sales even more during the present year.

PARKER FOUNDRY'S IMPROVEMENT

The trading results of Parker Foundry (1929) Limited show an improvement on those of last year, which was a record since its acquisition by us. This result is particularly gratifying, as it has been achieved at the same time as several major capital projects have been in progress. A new amenities block has been built which provides modern accommodation for medical facilities, lockers and drying rooms, new canteen and dining rooms and several offices. A complete re-organisation of the light machine moulding section has also been carried out and individual machines have been replaced by an almost fully automatic installation. The full benefits of this change are not yet reflected in these accounts and it is hoped that, provided sufficient suitable work can be secured, this plant will make an important contribution to future profits.

The Mechanical & Electrical Engineering Co. (Walsall) Limited and Emco, Limited had another good year. The new premises at Rollingmill Street, Walsall, were completed and occupied in July, 1960. The turnover has been increased and profit margins maintained.

PROGRESS OF INDIAN CONTRACT

The work for which we are responsible under our contract for the Steel Foundry at Chittaranjan is now gathering momentum. We have been able to assemble a competent technical team for this task, partly from our own organisation and partly from recruitment outside, and they are now busily engaged on the work of preparing plans and specifications and assessing tenders. The first party of Indian trainees arrived in January, 1961, and are now undergoing training in all departments of our Works. We understand that the size of this project is to be increased and in this event the scope of our own responsibilities will also be enlarged.

All our companies have made a good start in the current year and profits to date show an improvement. The size of the market for steel castings has always been difficult—if not impossible—to predict and the most that can be said at the present time is that we have a reasonable prospect of being able to maintain the share of it that we now possess. Our prospects will improve or diminish in line with those of the industries which we supply.

THANKS TO EMPLOYEES

Our employees are an enthusiastic and hard-working lot and our thanks are once more due to them for the way in which they have supported the Company in its efforts during the past year. In this connection, I would like to say a special word of thanks to those who have assisted us by imparting their experience to the younger generation, upon whom everything will depend in the future.

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

ST. MARTIN'S LE GRAND PROPERTY CO., LTD.

The following is a summary of Mr. J. B. Andrews' Statement circulated with the Accounts to March 31, 1961:—

Profit & Dividends.—Net profit, after amortisation, taxation and all outgoings increased by £38,938 over 1960. Dividends totalling 14 per cent. already paid.

Future Finance.—Finance arrangements have been made on permanent basis sufficient to repay Bank advance and to provide for all present and forseeable commitments.

Development Programme.—Developments in hand include new office blocks at Euston Road/Tottenham Court Road; Winchester House, Old Broad Street; Site at corner of Foster Lane, Cheapside; Offices, flats and shops at Southport, Lancs.; modernisation of 15-23 Carter Lane, E.C.4.

Industrial Properties.—Joint venture with Union Corporation, Ltd., through subsidiary company in which Group holds 60 per cent., to purchase industrial properties or develop suitable sites; about £700,000 invested to date.

Prospects.—Group engaged in expansion by investment in properties already built, coupled with development of important sites. Ample scope exists for continued growth. Chairman expresses optimism in future of company.

	1961	1960
	£	£
Share Capital	2,503,009	2,503,009
Property Assets	15,841,161	11,174,830
Loan Capital	6,772,221	4,657,101
Group Profit (before tax)	434,053	362,404
Net Profit (after tax)	242,393	208,611

THE LONDON COUNTY FREEHOLD AND LEASEHOLD PROPERTIES

AN ACTIVE AND PROGRESSIVE YEAR

The fifty-first annual general meeting of The London County Freehold & Leasehold Properties Limited was held on July 31st in London.

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

The consolidated revenue balance for the year to March 31st last was £1,731,000, that is £330,000 more than the previous year. After income tax, profits tax and interest, the increase is £79,000. Adding £350,000 brought forward from the previous year and £2,871 taxation provisions for past years no longer required there is an available revenue balance of £1,017,200 compared with £936,400 last year. The proposed final dividend of 8d. per 10s. ordinary stock unit will make a total dividend of 1s. 2½d. against 1s. 1d. last year.

The gross value of the property assets at March 31st last shows an increase of £3,452,500. In addition we have entered into contracts for, or are negotiating, further substantial investments that will materially benefit stockholders in the current and the following years.

During the past year we have continued the policy adopted for the last few years of increasing our investments in industrial and commercial premises. We are satisfied we have been able to obtain reliable investments in this field.

PROFITS TAX "BAD AND INEQUITABLE"

All costs continue to rise and in particular profits tax at 15 per cent will cost £40,000 more in the current year. This tax is bad and inequitable and falls only on the ordinary shareholders in a Limited Company.

I must draw attention to the heavy burden of taxation now imposed on property companies and destined to be increased as from April 1, 1961. This taxation falls under two heads: Income Tax (Mainly Schedule A—Property Tax and Schedule D—Excess Rents) and Profits Tax. The amounts payable for the year under review were respectively £558,459 and £179,564, a total of £738,023. Truly a substantial contribution to the National Exchequer! In all, this represents just over 10s. 6d. of every pound earned by the Company and over 11s. 0d. from April 1st last.

A company such as ours, when acquiring a building, must obtain a return with sufficient margin to cover the actual cost of depreciation or amortisation. The annual actuarial sum to cover that depreciation or amortisation being taken out of taxed income costs more than double that amount so long as income tax and profits exceed 10s. 0d. in the £.

This tax is an important contributory reason for our inability to expand in the purchase of flats, until rents are even higher. Every tenant in the country should appreciate this and should help us to fight against this discriminating tax.

Mr Cullen then reviewed the progress of the Company's overseas interests in Canada, Australia and Rhodesia, and concluded:

The year under review has been a very active one and we have every reason to believe that, coupled with our continuing activities, our future prospects are good.

The report and accounts were adopted.

CHAMBERS WHARF & COLD STORES LTD.

HIGHER REVENUE OFFSET BY ADDITIONAL COSTS

SIR DALLAS G. M. BERNARD ON EFFECTS OF STRIKES IN THE PORT OF LONDON

The thirty-fourth annual general meeting of Chambers Wharf & Cold Stores Limited was held on July 28th at 3, Lombard Street, London, E.C.3, Sir Dallas G. M. Bernard, Bart. (the vice-chairman), presiding.

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

It is with the deepest regret that I have to record the great loss we have suffered since our last Annual General Meeting—through the death of our Chairman and Managing Director, Mr Charles Goldrei on April 24th last, after a short illness. He had been Chairman and Managing Director for the last thirty-four years and the efficient organisation built up during that period has been due to his vision and energy. His colleagues and all members of the Staff will sadly miss his sympathetic help and advice.

I am sorry to report that Mr J. F. Owen decided to retire on December 31st last, and I am sure we will all wish him health and happiness in his well-earned retirement.

Mr G. N. Bezer was appointed an Executive Director early this year. His knowledge and experience of the riverside industry will be valuable to the Company.

TRADING CONDITIONS

Despite the energetic efforts of all concerned during a very difficult period, the Trading results for the fifty-three weeks ended March 31, 1961, were disappointing. The continuance of troubles in the Port of London interrupted the Company's riverside business The unofficial Tally Clerks' strike affected us severely and unofficial local dock labour stoppages, coupled with a shortage of Registered Dock Workers during the summer months of last year disrupted the service we normally give to our customers. These factors all increased the cost of our operations. Moreover, dock labour wages were increased on August 29, 1960, and increases in Clerical and Supervisory salaries followed, but the consequential increase in our charges was not obtained until November 21st. The result of all this was that, although our Gross Revenue was greater than the previous year, this was offset by additional costs.

Conditions in the Port obviously cannot be allowed to continue with the constant threat of disruption and the concern shown by Port Users, Employers and the Trade Unions, indicates that a constructive attempt is being made to deal with this problem. Unless this is solved the reputation of the Port of London will suffer and the livelihood of all those concerned be jeopardised.

THE ACCOUNTS

After charging Interest on Bank Loan of £23,353 (last year £3,611), the Net Profit before Taxation was £232,017, against £272,988. The provision for taxation of £108,507, against £120,460, incorporates provision for Profits Tax at the rate of 12½ per cent, compared with 10 per cent for the previous year. Investment Allowances, Initial Allowances, Excess Provisions for previous periods, less the transfer to Tax Equalisation Reserve, produce a net relief in taxation of £22,412 (£23,129 last year).

The balance of Net Profit after tax was £123,510, against £152,528 for the previous year. Your Directors have transferred £25,000 to General Reserve and recommend a Final Ordinary Share Dividend of 11½ per cent, as last year, making 17½ per cent for the year. This will leave £21,331 to carry forward to next year.

DEVELOPMENTS

The Walthamstow Cold Store became fully operational as an Inland Palletised Cold Store in July, 1960, and has proved a valuable addition to the Company's services

The new Riverside Warehouse referred to in last year's report was completed in September last, and the alterations to Sterling Wharf were completed in May this year. Additional cranes have been added to our Jetty and the delivery services at our main Wharf have been considerably improved.

The commencement of the current year has shown that the dry goods storage has been somewhat affected by the diversion of goods to other ports, due to the labour troubles in London; on the other hand there has been an improvement in cold store tonnages.

In conclusion, may I take this opportunity to express the Company's appreciation of the hard work and earnest endeavour of the Executives and Staff who have so loyally supported the Company during a most difficult year.

CHAIRMAN'S ADDITIONAL REMARKS

Addressing the meeting, the Chairman said: Ladies and gentlemen, I am sure that it must be a great disappointment to you all not to see our late Chairman and Managing Director, Mr Charles Goldrei, presiding at this meeting as he has done since the incorporation of the company nearly thirty years ago. We have suffered a grave loss through his death on April 24th.

This company has really sprung from a small cold chamber which Mr Goldrei built in the late twenties in Albany Road to provide cold space for his own imports of frozen goods. He subsequently enlarged it so as to be able to take in frozen goods from other importers and turned it into a limited company known as South London Cold Storage Ltd. He saw that there was a great future for cold stores and decided to enter the business in a larger way. So in 1934 Chambers Wharf was acquired and the company's name changed to Chambers Wharf & Cold Stores Ltd.

He developed the new premises into their present successful and efficient organisation. Some time ago, he felt that we could not stand alone and thought was given to some sort of working arrangement with our friends, Hay's Wharf. It became clear, however, that a fusion of the two companies was the only practical arrangement and negotiations were entered into to see if a basis could be found to effect a merger. Messrs Baring Bros. acted for us and Messrs Morgan Grenfell & Co. for Hay's Wharf. After very careful consideration they suggested that rather than establishing a new holding company, it would be administratively more convenient for Hay's Wharf to offer to acquire the whole of the issued capital of Chambers Wharf. The full terms were announced to the Press on July 18th. Your Board felt that the proposal was very fair to both companies, and if Mr Goldrei were alive today I feel sure he would be happy with the terms proposed.

I am satisfied, and so are all the members of your Board, that a merger on the terms proposed is in the best interests of our shareholders.

Detailed information regarding the merger and forms of acceptance will be posted to shareholders in the middle of August and I trust that all our shareholders will accept the offer.

May I add that your Board have appointed me Chairman in succession to Mr Goldrei, and I am glad to say that they have appointed Mr Jaeger Managing Director. As you may know, Mr Jaeger was associated with Mr Goldrei from the very beginning of his entry into the cold store business and it is fitting that he should now succeed him as Managing Director.

We, of course, informed Hay's Wharf of the appointments and it has been agreed that they are to be continuing appointments if the merger is effected. This follows the declared policy that Chambers Wharf will operate as a separate entity but full advantage will be taken of combined working in every sphere possible.

The report and accounts were adopted.

CONSETT IRON CO. LTD.

LORD RIDLEY'S STATEMENT TO THE ANNUAL GENERAL MEETING HELD IN NEWCASTLE ON AUGUST 1, 1961

"For 10 months of the year to the end of March 1961 we were able to sell as much steel as we could make and roll, and for the last two months we did very nearly as well, consequently the profit was quite satisfactory and your directors felt justified in recommending a small increase in the dividend in respect of that year. I do not think that this recommendation should be affected by the statement made by the Chancellor of the Exchequer last week, when he asked that there should not be a further general increase in dividends for the coming year.

We made last year a little more steel than we did in 1957, the last financial year in which there was a consistently high demand for steel. Nevertheless, as I have said in my circulated statement, the profit was less in spite of improvements in works technique. This was due to increases in costs outside our own control, and to reduced prices imposed by the Iron and Steel Board.

Early this year the steel industry, as a result of increases in costs of coal, oil, transport and wages, felt obliged to ask the Iron and Steel Board for an increase in prices so as to maintain a reasonable margin of profit from which to accumulate resources for plant replacement. As a result, the Board in June approved an increase of 1 per cent in selling prices, a purely arbitrary decision which represents about one-third of the increases of costs which have occurred since the last price determination.

This company has long had a reputation for supplying plates for the shipbuilding and heavy engineering industries of the North East, and we value many of these firms among our best customers. At the same time, as our output has increased, we have over the years become much less dependent on sales to heavy industry, having obtained many customers in other industries not only for plates but other products also.

Of our ingot output, some 25 per cent is rolled in our Jarrow plant to light sections, flats, bar and strip which is sold to customers in many industries at home and abroad.

A further 20 per cent is rolled into billets which are sold to re-rollers and other steelmakers who roll light products from it, such as wire, sections and strip.

We also sell semi-finished steel to other steelmakers for conversion into sheet, and last year in particular we sold quite a high tonnage for this purpose.

Plate production has taken up to now some 30 per cent of our make of ingots, and of this shipbuilders and ship repairers have been taking less than 20 per cent during the last two years. The remainder has been sold to stockholders and to a wide variety of other customers.

While it is very difficult to make an accurate analysis of the ultimate use of our products, it appears that only about 40 per cent of our steel is now used by heavy industry.

I hope that shareholders have found that the 10 year statistics included in the report are informative and interesting. They show that over this time we have spent £32,000,000 on new plant, of which £19,000,000 has come from our own resources. We have of course considerable sums yet to spend on our present development programme.

The next phase of capital expenditure throughout the industry will probably be aimed at increasing economy and reducing costs, rather than at increased outputs, though often expenditure on increased economy of manufacture leads to some increase of capacity.

When my circulated statement was written we were working a little below capacity and the outlook was uncertain. Since then, the demand for steel throughout the industry has fallen rather rapidly, and in common with other firms we have had to reduce our level of output. I am sorry that this means that we have had to reduce the number of men employed. I hope that this will only last for a short time.

Though the engineering and allied industries at home seem to be fairly busy, it is probable that they are largely drawing on the very high tonnage of stocks held by stockholders and consumers. If that is so it may be some months before the industry can expect to get back to full production.

I myself think that the economic measures recently introduced by the government are likely to have an unfavourable effect on the steel industry and on industry generally in this country. The reduction in demand which will be caused both by higher indirect taxation and by shortage of credit may in the short term reduce inflationary pressure, but it will also increase costs and is unaccompanied by any long term proposals to enable industry to reduce costs and to make the substantial increase in our export trade which is necessary.

I am convinced that the greatest need of this country now is to reduce manufacturing costs, so that we can be more competitive both at home and abroad, yet every action taken by the government in respect of industry seems up to now to work directly or indirectly in the opposite direction."

GROSVENOR HOUSE (PARK LANE)

RESULTS AGAIN A RECORD

The 33rd annual general meeting of Grosvenor House (Park Lane) Limited was held on July 27th in London, Sir Charles Taylor, T.D., D.L., M.P., the chairman, presiding.

The following is an extract from his circulated statement:

I am very pleased to report that we have once again achieved record results. The trading profit for the year, before tax, was £652,352, which is the highest in the history of the Company. Your Directors recommend a final dividend of 10½d. making a total for the year of 1s. 3d. on each 5s. ordinary stock unit compared with 1s. 1½d. paid last year.

Referring to the modernisation programme, the chairman said: During the past year a new canopy has been built at the entrance in our courtyard off Park Street, and at the same time a canopy has been built over the pavement which is alongside the shops in the courtyard.

Two new cloakrooms have also been completely re-designed and re-furnished, both in accordance with the most up-to-date ideas.

The shops in the courtyard which were previously used as offices have now been entirely restyled and rebuilt and will soon be available for letting as shops.

The new flower shop on the corner of the courtyard and which is known as Elizabeth Gardener is, I think you will agree, a very great improvement on the previous shop. It will, we are sure, be a service to our clients and an asset to the business.

The Grill Room which has remained unchanged for more than 30 years is being completely redecorated in a delightful way, and we are installing in it the most modern air-conditioning plant. This should be completed this year. It will be known as the Burghley Room and should provide one of the most charming luncheon and dining rooms in the whole of London.

Grosvenor House is justly famous for the Great Room, where a large number of banquets take place throughout the year. During the coming year we have made plans to modernise this room also and the scheme will include eight modern and magnificent chandeliers which have been specially designed for us.

Those of you who have seen the modernisation that has been done so far, and who will, in due course, see the modernisation which is now planned, will, I am sure, be as proud of the hotel as your Directors are and regard the money as being well spent.

Towards the end of the Financial Year, the Company purchased all the Share Capital of the company owning the Polygon Hotel in Southampton. The Polygon has a fine reputation and is much used by transatlantic and other travellers as well as having a substantial business in Southampton and Hampshire.

I am happy to be able to tell you that there is every indication that we shall have a good year as far as turnover is concerned this year. But I am afraid that expenses will be higher and I should be a very brave man indeed if I prophesied other than a consequent reduction in our net profits for the year ending next March.

The report and accounts were adopted.

COMPANY AFFAIRS

John Brown

SHIPBUILDING and boilermaking are ailing and shareholders in John Brown must be relieved that in the year to last March, as in the previous year, satisfactory results from the group's machine tool interests have made the group's earnings as a whole so buoyant. John Brown's consolidated gross profits rose by almost 24 per cent, from £3,645,000 to £4,491,000, and net profits by 11 per cent, from £1,962,000 to £2,178,900, as the higher profits of the two wholly-owned subsidiaries producing machine tools more than made good the fall in profits elsewhere. Net profits of Firth Brown rose by 35 per cent, from £255,000 to £344,000, after a lower depreciation charge but after bigger provisions for fixed assets replacement and "exceptional expenditure." Net profits of the other machine tool maker, Wickman, rose by 32½ per cent from £516,000 to £683,000. Since the rise in combined net profits of Firth Brown and Wickman exceeds that of the group as a whole by £40,000, it seems likely that even after allowing for a reduction in the dividend income from Westland Aircraft there must have been some fall in profits from shipbuilding and boilermaking.

Equity earnings have risen from 28 to 31 per cent, but the chairman, Lord Aberconway, says that though the directors originally intended to raise the final payment the ordinary dividend has been left unchanged at 11 per cent in complying with the Chancellor's request for dividend restraint. As Lord Aberconway points out, an unchanged dividend represents a smaller rate of return on the funds attributable to the ordinary capital, amounting to 2.8 per cent in 1960-61 compared with 3 per cent in 1959-60. At 39s. 6d. the £1 ordinary shares yield 5.7 per cent, whereas shipbuilding shares as a whole yield rather more.

Harper Engineering

IN 1959 and 1960 when Harper Engineering and Electronics was busily acquiring new subsidiaries, the price of its shares rose rapidly, to touch a peak of 13s. last year. Many of the newly acquired companies were family concerns, usually acquired against an issue of Harper shares, taking the price apparently in relation to the current value of the shares. The fall in the value of Harper Engineering shares since the middle of last year is not likely therefore to strengthen the relations between the parent holding company and the subsidiaries.

The company now has a new chairman, Sir Stanley Rawson, and a new managing director, Mr A. Neate. Mr Weaver has left the board but Mr Harper, the former managing director who is believed to be a substantial shareholder, has remained on it. Relations between Mr Harper and the new directors started well at the beginning of the year, with Sir Stanley referring publicly to Mr Harper's "imaginative thinking." Sir Stanley now describes the operations of most of the subsidiaries as "essentially sound and capable of earning profits substantially higher than are being earned at present," but last year's ambitious extensions in one or two directions are leading to difficulty. There are questions whether the group can provide enough work to keep the Spembly research and design centre busy and whether the attempt to re-equip the Harper Engineering works has been successful.

In an interim statement, Sir Stanley Rawson says that profits of the principal subsidiaries have been maintained but the directors consider it wise to make provision for losses, possibly amounting to more than £250,000, that may arise from certain commitments entered into before this year. These losses are described as of "an exceptional character"; but in addition "certain over-valuations of stocks and work-in-progress" have to be dealt with and as a result the group's profits will be lower. The completion of a number of capital schemes has placed a "severe strain" upon cash resources and the directors are still considering plans to raise additional finance. In a letter to the share and loan department of the London Stock Exchange Mr Harper dissents from Sir Stanley's statement, and says that "steps are being taken by me in conjunction with other substantial shareholders to deal with the situation created by the chairman's latest statement." In reply, Sir Stanley says that the exceptional losses of about £250,000 arise "from ventures initiated by Mr Harper himself while he still held the office of managing director."

He adds that much has been achieved in the past few months "in creating a new understanding" between the parent company and its subsidiaries but it comes as no surprise that no interim dividend is proposed for the year to June 30th last. The shares now stand at 4s. 4½d.

Wellman Smith Owen

THE Wellman Smith Owen Engineering Corporation has the steel industry as its principal customer. Its shares and those of the leading steel producers are at their lowest levels for the year, but while steel shares are yielding 6 per cent and more, the 5s. ordinary shares of Wellman yield only 3¾ per cent. In part this reflects the reasonable assumption that Wellman will continue to do well while the latest phase of the development of the steel industry lasts and in part it reflects Wellman's progressive record of profits over the last eight years. This record was unmarred in the year to March 31st when gross profits rose

by 18 per cent from £1,635,000 to £1,923,000. This includes some of the profits of the Incandescent Heat Company, for which an offer was made by Wellman in February and whose accounts have been made up for a fifteen month period.

As forecast, the ordinary dividend has been maintained at 25 per cent, but as a result of an increase in minority payments and the increase in issued capital the cover has fallen slightly to 2¼ times. The announcement of a one-for-seven scrip issue, suggests that in a year's time shareholders can expect an effectively higher payment, if by that time dividends should be out of the Chancellor's deep freeze.

The group's strength can be attributed partly to the variety of its interests, which include agreements with the Austrian firm which evolved the LD Oxygen process for steel-making and with the German company, Schloemann A.G., to collaborate in the construction of rolling mills in the United Kingdom and the Commonwealth. The Incandescent Heat Company added a wide range of businesses complementary to those of Wellman. This lessens Wellman's dependence upon the steel industry but orders from that industry in the immediate future will largely determine the group's profits.

Metal Industries

THE acquisition of Lancashire Dynamo by Metal Industries early last year clearly put the emphasis of the group's interest on electrical engineering and industrial automation. Now the latest report makes it clear that the name, Metal Industries, is a misnomer, for it shows that even before the Lancashire Dynamo acquisition 55 per cent of its profits came from electrical engineering and in the year to March 31st last, when Lancashire Dynamo's profits were consolidated, 73 per cent of profits came from that side of the business while the metals and shipbreaking side contributed less than 10 per cent.

A full breakdown of profits section by section and company by company clearly reveals weaknesses in the group's structure, especially on the metals side. The profits of the two companies concerned with metals and scrap recovery fell from £317,000 to £83,000, and while the hydraulic companies generally had a satisfactory year Fawcett Preston incurred a loss and so did the marine salvage company. The latter has been making losses for some years and it has now been closed down. On the electrical side by far the biggest subsidiary is Brookhirst Igranic and following an increase of 9 per cent in its profits to £882,000 contributed 37¾ per cent of the group's total earnings.

Companies in the Lancashire Dynamo group have not made too auspicious a start under the management of Metal Industries, and their profits for the 15 months to March 31st at £872,000 were only £9,000 above those for the previous twelve months. Sir Charles Westlake, the chairman of Metal Industries, says that the integration of these

companies is a slow and complex process but he is satisfied that the acquisition is proving its worth. The acquisition was not made cheaply, for competing against Electrical and Musical Industries Lancashire Dynamo paid in share and cash the equivalent of £12 million.

With the company's financial year ending on March 31st the £3.9 million rights issue made some 15 months ago is only now reflected in the latest balance sheet, which shows a reduction in the net overdraft from £2,820,000 to £113,000. Bank interest charges, which rose from £35,000 to £103,000 in 1960-61, should therefore fall in the current year. But as margins in the engineering industry are still under pressure the chairman is cautious about the future, saying no more than that he expects profits at least to be maintained. On the current dividend of 15 per cent, covered about 1½ times, the £1 shares at 56s. 3d. yield 5⅓ per cent.

Profits from Food

THE dynamic policies of the wholesale and retail provision merchants, **Fitch Lovell,** based on an expansion of sales through existing outlets and the acquisition of further outlets, has made it one of the biggest food groups in the country. In the face of more difficult trading conditions in the year to April 29th, trading profits rose by 18 per cent from £1,814,000 to £2,145,000 and net profits by 24 per cent from £635,000 to £790,000, though some part of this increase must reflect the inclusion of profits from R. Gunner which Fitch Lovell acquired in September, 1960. The ordinary dividend of 15 per cent has been maintained on the capital as increased by last year's one-for-four rights issue and the customary tax-free bonus of one per cent is also paid.

Fitch Lovell presumably has interests diverse enough to offset the vagaries of prices in dairy products (earlier in the year, it may be recalled, Allied Suppliers reported that the fall in butter and cheese prices had resulted in stock losses). The group is in cheese processing, meat and bacon, baking, ships' stores, and plywood and timber. It has done well in adding to its sales through a retail system which is still based largely on service shops rather than supermarkets (of which there were only 46 out of a total of over 400 outlets last September). But further shops are no doubt being converted to self-service.

The 2s. 6d. ordinary shares at 10s. 7½d. yield just under 4 per cent on the combined dividend and tax-free bonus, which is more than twice that of Associated British Foods, and higher than the earnings yield of London Grocers.

Associated British Foods, under the chairmanship of Mr Garfield Weston, is a much bigger undertaking, with interests in bakeries, biscuits, wholesale and retail groceries, ice cream and frozen foods. In the year to April 1st it too reported higher trading profits—up 11 per cent, from

£11,471,000 to £12,775,000—and net profits—up 10 per cent, from £3,942,000 to £4,340,000.

The ordinary dividend has been raised from 21 to 22½ per cent and the cover is fractionally higher at 2½ times. At 12s. 4½d. the 1s. ordinary shares yield only 1.8 per cent. This puts them firmly in the growth stock category, though in the past year ABF's profit record has not been so dynamic as that of the smaller Tesco, London Grocers and Fitch Lovell groups.

Thorn and Ultra

SHAREHOLDERS in Thorn Electrical probably expected that in the year to March 31st its profits would fall but, in fact, the preliminary announcement reveals a 5 per cent rise in consolidated trading profits. The rise in trading profits from £3,917,000 to £4,114,000 is however more than absorbed by a rise of £206,000 in depreciation so that after a lower tax charge, reflecting the benefit of investment allowances; the rise in net profit is limited to 1½ per cent, from £1,526,000 to £1,549,000.

The directors have left the dividend on the ordinary and the "A" shares unchanged at 25 per cent and the cover is fractionally higher at 4½ times. As the total output of television sets fell by about 50 per cent in the year to March 31st it seems probable that Thorn was faced with narrower margins and lower profits on this side of the business and that the advance in earnings came from its other interests, including lighting, radios and cookers. After the results were announced the 5s. ordinary shares gained 3s. and now stand at 49s. 6d. to yield 2.6 per cent.

Thorn purchased Ultra's radio and television subsidiary in May and Ultra also sold a 40 per cent interest in its electronics subsidiary after its financial year ended on March 31st. Then Ultra's gross profits rose from £432,000 to £452,000, but these profits relate only to the holding and electronic company. The radio and television division, which made a net loss of £196,000, was excluded from the accounts. The chairman, Mr E. E. Rosen, says that the prospects for Ultra Electronics are promising and he appears to be reasonably confident that partly as a result of the know-how agreement with the American group, Electronics International, which bought a 40 per cent interest in Ultra Electronics in April, the electronics company will ultimately return as high a profit to its parent as it did when it was wholly-owned. The sale of the radio and television division to Thorn will eventually add £2.4 million to Ultra's cash balances, which can be used to reduce its bank overdrafts and to provide finance for the future development of the electronics division. The dividend has been maintained at 25 per cent but it remains to be seen whether profits from a 60 per cent interest in Ultra Electronics will be sufficient to keep the payment at that level in the immediate future. The 5s. ordinary shares at 25s. 3d. yield 4.9 per cent.

London Stock Exchange

FIRST DEALINGS	July 10	July 24	Aug. 4
LAST DEALINGS	July 21	Aug. 3	Aug. 18
ACCOUNT DAY	Aug. 1	Aug. 15	Aug. 29

OVER the week to Wednesday the London stock market was subject to the influence of several diverse factors. On Thursday of last week equities suffered one of the worst days on record and the *Financial Times* index dropped 8.7 points. This was mainly delayed reaction to the Chancellor's measures of the previous Tuesday, but the Berlin situation and in particular President Kennedy's speech was a contributing factor to the sharp setback. This downward movement continued both before and after the weekend but there was no repetition of Thursday's slide. After the announcement of Britain's intention to negotiate for membership of the Common Market there was a general improvement in prices particularly among the leaders likely to fare best if such a link was made. But business generally was very small and on Tuesday bargains marked totalled under 9,000. The improvement widened later on anticipation of the passing of the trustee bill.

Gilt-edged stocks have had another bad week; further reaction to 7 per cent Bank rate, the sharpness in the rise of the Treasury bill rate and the trustee act (having a reverse effect to that on equities) have left most stocks sharply lower and War Loan 3½ per cent fell to a new low of 51. The only exceptions were among short dated stocks and Exchequer 3 per cent 1962-63 showed a net gain of ¼ to 94⅜.

After some sharp falls, bank shares rallied after the weekend but generally showed net losses over the week. Exceptionally, Westminster "B" gained 3s. 6d. to 79s. 6d. Steel shares showed further falls and John Summers lost a further 2s. 6d. to a new low this year of 45s. 10½d. In the engineering section John Brown's higher profit figures led to a net rise of 3d. at 36s. 9d. and Guest Keen and Nettlefolds gained 1s. 1½d. to 91s. 7½d. Property shares continued weak as a result of fears of the impact of the credit squeeze and City of London Real Property lost 3s. 6d. to 68s. 9d. Following the dividend standstill, Great Universal Stores "A" lost 1s. 3d. to 49s. 9d. while Unigate lost 1s. 4½d. to 16s. 10½d. on a disappointing dividend. Motor shares generally benefited from common market hopes and Jaguar "A" gained 4s. 9d. to 75s. 9d. after publication of its peak output figures. Among other leaders Imperial Chemical Industries gained 1s. to 69s. 9d.

Oil shares continued weak and British Petroleum lost 2s. 6d. to a 1961 low of 45s. 6d. The recent upward trend in gold shares was halted before the weekend, but they remained fairly firm later. Tins fluctuated widely and Tronoh lost 2s. 6d. to 73s. 6d.

LONDON AND NEW YORK

Prices, 1961 High	Prices, 1961 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, July 26, 1961	Price, Aug. 2, 1961	Net Yield, Aug. 2, 1961 £ s. d.	Gross Yield, Aug. 2, 1961 £ s. d.
92½	88⅜	Savings Bonds 3%.....1955–65	88⅞	88⅞32	5 0 1	6 4 9
100⅜2	99	Conversion 4½%.....1962	99⅝	99⅝32	4 9 1	6 2 1
96⅞	93¾	Exchequer 3%.....1962–63	94⅛	94⅛	4 18 9	6 4 9
101⅞4	98¼	Treasury 5½%.....1962	99⅜	99⅜16	3 14 5	6 4 9
93⅜32	90¼	Exchequer 2½%.....1963–64	91	90⅝16	5 2 6	6 4 10½
99⅛32	96⅝	Conversion 4½%.....1963	97	96⅝16	4 9 10	6 10 2
98⅜32	94½	Conversion 4½%.....1964	95	94⅝16	4 11 2	6 10 1
101⅞16	96	Exchequer 5½%.....1966	96⅞	96⅜32	4 13 10	6 8 8
83⅛	79¼	Funding 3%.....1959–69	80¼	79¼	5 4 8	6 12 9½
89¾	86½	Funding 4%.....1960–90	86⅞	86½	4 12 4	6 11 3
79⅜16	75⅜	Savings Bonds 3%.....1960–70	76¼*	75⅜*	5 5 5	6 12 6
84⅞	81⅝	Savings Bonds 2½%.....1964–67	83	81⅝	5 5 7	6 10 5
72⅛16	67⅛	Savings Bonds 3%.....1965–75	68⅛*	67⅛*	5 3 0	6 12 5
83⅝16	79⅜	Funding 3½%.....1966–68	80¾*	79⅝	5 7 5	6 13 11
97½	93⅛	Victory 4%.....1920–76	94¼	93¼*	5 0 3½	6 13 0
85½	80⅞	Conversion 3½%.....1969	82*	80⅞*	5 4 2	6 14 6
93⅝16	87⅞	Conversion 5%.....1971	89	87⅞	4 12 4	6 14 6
95⅛16	89⅝	Conversion 5½%.....1974	91	89⅝	4 6 5	6 10 9
73⅛	67	Treasury 3½%.....1977–80	68½	67⅛	4 16 11	6 12 5
72¼	66	Treasury 3½%.....1979–81	67½*	66⅛*	4 16 9	6 12 0
97⅞16	89½	Funding 5½%.....1982–84	91¼	89⅝	4 1 10	6 8 0
59½	52½	Redemption 3%.....1986–96	54¼	52½		6 10 10
88¼	81⅜	Treasury 5%.....1986–89	83	81⅝	4 4 10	6 11 1
63⅛6	56⅜	Funding 3½%.....1999–2004	58	56⅜	4 8 7	6 11 5
94⅝	85¾	Treasury 5½%.....2008–12	87¼	85¾	4 2 0	6 12 7
65⅜	57¼	Consols 4%.....after Feb. 1957	59*	57⅜	4 5 5	6 19 6
59¼	51½	War Loan 3½%.....after 1952	53¼	51¾	4 3 5	6 16 11
59	51½	Conv. 3½%.....after Apr. 1961	53¼	51¾	4 4 0	6 18 6
50⅞8	44¼	Treasury 3%.....after Apr. 1966	44¼	44¼	4 4 3	6 18 9
44	37⅞	Consols 2½%.....	38¾	37⅞	4 2 3	6 14 6
43½	37⅞	Treasury 2½%.....after Apr. 1975	39¾	37⅞	4 3 1	6 16 11
91⅞16	86½	British Electric 4½%.....1967–69	87⅞*	86½*	4 15 10	6 13 8
75⅛16	71⅜	British Electric 3%.....1968–73	72½	71½	5 4 0	6 13 8
70⅝	66⅜	British Electric 3%.....1974–77	67¾	66⅜	5 0 9	6 12 0
81⅞	77⅛	British Electric 4¼%.....1974–79	78¾	77⅛	4 10 10	6 11 4
73½	68⅛	British Electric 3½%.....1976–79	69½	68⅛	4 16 6	6 12 0
84⅞	79⅝	British Gas 4%.....1969–72	80¾*	79⅝*	4 17 1	6 12 7
81¾16	78⅜	British Gas 3½%.....1969–71	79¾	78⅜	5 0 1	6 13 4
59⅜	52¼	British Gas 3%.....1990–95	54¼	52¾	4 13 1	6 10 11
75⅛16	71⅜	British Transport 3%.....1968–73	72½	71½	5 4 0	6 13 8
80⅞	74⅜	British Transport 4%.....1972–77	76½	74⅜	4 13 10	6 11 6
61⅞16	54¾	British Transport 3%.....1978–88	56¼	54¾	4 17 10	6 13 2

Prices, 1961 High	Prices, 1961 Low	DOMINION AND CORPORATION STOCKS	Price, July 26, 1961	Price, Aug. 2, 1961	Yield, Aug. 2, 1961 £ s. d.
82⅛8	77¼	Australia 3¼%.....1965–69	78	77¼	6 18 01
101	96	Australia 6%.....1974–76	96¾	96	6 11 0e
72½	67½	Ceylon 4%.....1973–75	67½	67½	8 10 01
101⅛	93¾	New Zealand 6%.....1976–80	97*	93¾*	6 9 0e
80½	71	Rhodesia and Nyasaland 6%.....1978–81	71½	71½	9 3 01
81	74	South Africa 3½%.....1965–67	74½	74	9 13 01
59	53¾	Southern Rhodesia 4½%.....1967–92	54	54	8 16 01
94⅝8	87½	Agricultural Mortgage 5½%.....1980–85	88¼	87½	6 11 9
89	83¼	Birmingham 4¼%.....1967–70	84	83¼	6 15 01
92⅜4	87¼	Bristol 5%.....1971–73	88¼	87¼	6 12 01
93	88¼	Corporation of London 5¼%.....1976–79	89½	88¼	6 8 01
48¾4	42¼	L.C.C. 3%.....after 1920	44¼	42¼*	6 19 0f
89⅛8	83	L.C.C. 5%.....1980–83	84	83	6 11 01
93	87¼	Middlesex 5¼%.....1980	87½	87¼	6 12 01

NEW YORK PRICES AND INDICES

	July 26 $	Aug. 2 $		July 26 $	Aug. 2 $		July 26 $	Aug. 2 $
Atch. Topeka ...	25⅜8	25	Boeing.....	51¾	53¼	Int. Harvester ..	51	51⅞
Can. Pacific.....	24⅛	24¾	Celanese.....	36⅞	37⅛	Inter. Nickel....	81¾	84⅜
Pennsylvania....	13⅜	13⅝	Chrysler.....	44½	48	Inter. Paper....	31¾	31½
Union Pacific ...	34⅜	34¼	Col. Palmolive .	43⅝	44⅜	Kennecott.....	85⅜	88
Amer. Electric ..	67¾	69⅞	Crown Zeller..	52¼	53¼	Monsanto.....	52	54⅞
Am. Tel. & Tel..	122	121	Distillers Seag..	38⅜	38	Nat. Distillers ..	28	28½
Cons. Edison....	76⅜	76¼	Douglas.....	37⅜	38¼	Pan-American ..	17⅞	18
Int. Tel. & Tel..	55⅛	58½	Dow Chemical ..	75½	80¼	Procter Gamble	87⅝	90¾
South'n Nat. Gas	43½	43	Du Pont.....	218½	230¼	Radio Corpn....	58½	60¼
United Corpn...	8⅝	8⅝	East. Kodak....	103¼	105¼	Sears Roebuck .	68⅛	70½
Western Union..	43¼	46½	Ford Motor....	90	90¼	Shell Oil.....	43⅜	43½
Alcoa.....	73	72⅞	Gen. Electric...	64¼	67⅜	Socony-Mobil ..	45⅞	46¾*
Aluminium	31⅜	31⅛	General Foods .	82	86¼	Stand. Oil Ind...	50⅝	51¼
Amer. Can.....	44¼	45⅜	General Motors .	47½	47¼	Stand. Oil N.J...	44½	45⅝
Am. Smelting ..	64½	67¼	Goodyear.....	43¾	44½	Union Carbide .	133¾	137½
Am. Viscose	56¼	55½	Gulf Oil.....	38⅛	38⅝	U.S. Steel	85⅛	85⅞
Anaconda	56¼	56⅜	Heinz.....	59⅜	62¼	West. Electric..	42¾	43⅜*
Beth. Steel.....	43⅛	43*	Int. Bus. Mach..	470	482	Woolworth	76⅞	76⅞

Standard and Poor's Indices (1941–43=10)

1961	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
July 5	69·43	2·90	32·38	4·99	58·92	3·28	89·85	3·90
,, 12	68·97	2·92	31·91	5·07	59·63	3·24	89·54	3·93
,, 19	68·35	2·95	30·89	5·23	59·03	3·27	89·64	3·92
,, 26	69·61	2·89	31·81	5·08	59·58	3·25	89·96	3·89
Aug. 2	70·89	2·84	31·83	5·08	59·98	3·22	89·64	3·92

425 Industrials :—High, 71·35 (Aug. 1). Low, 60·87 (Jan. 3).

Prices, 1961 High	Prices, 1961 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, July 26, 1961	Price, Aug. 2, 1961	Yield, Aug. 2, 1961	Cover
		%	%	**BANKS, DISCOUNT & HP**				
94/6	65/9	6 *a*	7½ *b*	Barclays.....£1	76/10½	79/–	3·29	...
100/3	74/3	16 *c*	8 *a*	District.....£1	84/3*	83/9*	3·82	...
80/–	58/7½	13 *c*	5 *a*	Lloyds.....£1	65/6	66/3	3·29**	...
26/4½	18/7½	8 *b*	7 *a*	Martins.....5/–	22/11½	21/6	3·49	...
94/6	67/3	19 *c*	9½ *a*	Midland.....£1	79/3	80/9	3·72**	...
97/3	73/–	7 *b*	7 *a*	Nat Provincial.....£1	82/3	81/3	3·45	...
95/6	58/9	7¹¹/₁₂*b*	6³/₄ *a*	Westminster 'B'.....£1	76/–	79/6	3·67	...
44/9	35/9	8 *b*	4 *a*	Australia & N.Z...£1 p.p.	36/9	36/–	6·67	...
52/–	43/9	4 *a*	6 *b*	Bk. Lond. & S. Amer..£1	46/6	45/6	4·40	...
£247/8	£213/16	$1·85*c*	$2·05*c*	Bank of Montreal....$10	£23³/₁₆	£24⁹/₁₆	2·89	...
30¾	26	8 *c*	9 *c*	Bank of New S. Wales £20	26¼	26	5·54*g*	...
42/6	32/9	10 *c*	5 *a*	Barclays D.C.O.....£1	37/–	36/–	5·56	...
64/9	48/–	8 *a*	7½ *b*	Chartered.....£1	53/9	54/–	5·56***	...
£21	£14⅝ *g*	5/– *a*	10/– *b*	Hongk'g. & Shang....$25	£18¼*	£18*	4·17	...
70/6	50/–	9 *b*	7½ *a*	Nat. Com. Bk. Scot..10/–	53/6	55/6	2·97	...
£29⁵/₁₆	£25¹⁵/₁₆	$2·32½*c*	$2·37½*c*	Royal Bk. Canada....$10	£28³/₁₆	£29³/₁₆	2·82	...
119/6	96/3	10 *b*	9 *a*	Royal Bk. of Scotland .£1	99/6	100/–	3·80	...
40/3	34/–	5 *a*	10 *b*	Stand. Bk. S. Africa...£1	35/6	36/6	8·22	...
165/–	95/–	22½ *c*	22½ *c*	Hambros .....£1 f.p.	130/–	130/–	3·46	...
89/6	59/6	2½ *a*	5 *b*	Schroders.....£1	74/–	72/–	2·08	...
60/6	48/9	6¼ *a*	6¼ *b*	Union Discount.....£1	48/–	48/–	5·21	...
27/4½	13/–	18 *c*	Nil *a*	Bowmaker 5/–	15/4½	13/10½	...	1¼
23/6	16/6	9½ *a*	9½ *b*	Lombard Banking ...5/–	17/–	16/6	5·76	1
21/9	14/6	7½ *b*	5 *a*	*Mercantile Credit* ...5/–	14/9	14/6	4·31	1¼
210/–	137/6	4 *a*	22½ *b*	United Domins. Tst. ...£1	140/–	137/6*	3·85	2½
...	...	...	...	**BREWERIES, Etc.**				
13/–	11/10½	...	...	Bass, M. & B.....5/–	12/3	12/11½	4·54**	...
41/11½	31/–	5 *a*	8½ *b*	Distillers.....10/–	33/6¶	35/–	3·86	2
26/9	13/–	6½ *b*	4 *a*	Flowers.....5/–	17/6	17/6	3·00	2
60/6	50/–	14⅔ *b*	8 *a*	Guinness.....10/–	52/–	50/6	4·36**	2
14/9	12/–	...	...	Ind Coope T.A.....5/–	13/7½	12/10½	4·66**	...
42/–	30/–	5 *a*	7½ *b*	Teacher (Distillers) ..10/–	31/9	31/9	4·96	2½
89/–	76/9	12 *b*	6 *a*	Watney Mann.....£1	87/9	87/6	4·11	2
135/–	106/6	8 *a*	19 *b*	Whitbread 'A'.....£1	117/6	117/–	4·62	1¾
96/9	70/3	4 *a*	8½ *b*	**BUILDING, PAINT, Etc.** Associated Portland...£1	79/3	77/9	3·22	2½
28/11½	21/11½	4 *a*	7¼ *b*	British Plaster Bd. ..10/–	22/6	22/11½	5·65	2¼
26/10½	17/6	6 *a*	10 *b*	Richard Costain 5/–	18/–	18/–	4·44	2¾
13/–	9/4½	10 *b*	5 *a*	Crittall Mfg.....5/–	9/9	9/7½	7·69	2
18/6	10/6	6 *a*	14 *b*	International Paints ..4/–	11/–	10/9	7·44	1½
105/6	85/–	5 *a*	12½ *b*	London Brick.....£1	91/–	89/6	3·91	1¾
66/9	40/6	21⅞ *c*	25 *c*	Rugby Portland 5/–	56/–	54/–	2·31	3¼
28/4½	18/3	12½ *b*	7½ *a*	Taylor Woodrow 5/–	20/–	20/3	4·94	1¼
167/11½	119/6	17½ *b*	7½ *a*	Wall Paper Defd.....£1	126/–	123/–	4·07	3¾
29/3	22/6	6 *a*	14 *b*	**CHEMICAL** Albright & Wilson ...5/–	24/10½	23/7½	4·23	2½
22/–	17/11½	11½ *c*	4 *a*	Borax Defd.....5/–	17/7½	17/1¼	3·36	3
58/9	41/6	7 *b*	4 *a*	Fisons.....£1	46/–	44/6	4·94	1¾
81/6	63/11½	6¼ *a*	7½ *b*	I C I.....£1	68/9	69/9	3·94	2
26/10½	20/–	5 *a*	10 *b*	Monsanto.....5/–	20/9	20/9	3·61	2½
28/9	28/9	2·09	2¼	**DRAPERY & STORES** Boots Pure Drug 5/–	28/9	28/9	2·09	2¼
91/3	58/6	20 *b*	7½ *a*	Montague Burton....10/–	76/3	73/9	3·73	2
74/3	48/–	13½ *b*	5⅝ *a*	Debenhams.....10/–	57/9	55/7½	3·45	1½
59/4½	45/–	12½ *a*	25 *b*	G.U.S. 'A'.....5/–	51/–	49/9	3·77	2
70/3	50/–	20 *a*	25 *b*	House of Fraser 5/–	56/–	55/9	4·04	1¼
21/11½	15/9	5 *a*	7½ *b*	Lewis's Invest. Tst. ..4/–	16/8½	16/2¼	3·05	2¼
117/6	93/7½	15 *a*	32½ *b*	Marks & Spencer 'A'..5/–	110/–	112/–	2·12	1½
53/10½	34/10½	10 *a*	20 *b*	United Drapery 5/–	48/–‖	47/6‖	3·16	1¾
62/11½	50/3	25 *b*	10⅝ *a*	Woolworth 5/–	54/3	53/11½	3·37	1½
48/6	35/9	5 *a*	10 *b*	**ELECTRICAL & RADIO** A.E.I.....£1	37/9	36/3	8·28	1
15/5¼	9/7½	...	...	Brit. Electric Inds..5/–	10/11½	9/7½	...	...
62/3	49/–	4 *a*	9½ *b*	B.I.C.C.....£1	56/7½	54/9	4·93	2
14/7½	11/3	7½ *b*	5 *a*	Crompton Parkinson .5/–	11/9	11/9	5·32	2¼
76/–	54/–	23½ *c*	3½ *a*	Decca Record.....10/–	59/6	60/9	3·84	2
52/–	36/9	12½ *b*	5 *a*	E.M.I.....10/–	36/9	37/6	4·67	2¼
38/–	25/9	5 *a*	8 *b*	Elliott-Automation ..5/–	34/11½	34/9	1·87	2
40/6	30/3	3 *a*	7 *b*	English Electric £1	32/3	31/3	6·40	1½
79/6	29/–	3 *a*	7 *b*	General Electric.....£1	30/9	30/6	6·56	2
31/–	21/–	4 *a*	8½ *b*	C. A. Parsons £1	54/9	55/–	4·55	4
72/9	47/–	4¾ *a*	8½ *b*	A. Reyrolle.....£1	42/6	42/9	4·56	2¾
52/3	38/6	3½ *a*	6½ *b*	Thorn Electrical.....5/–	47/–	48/6	2·58	4½
63/–	45/3	25 *c*	25 *c*	**ENGINEERING** Babcock & Wilcox....£1	28/10½	28/11½	6·40	1
36/9	27/7½	4½ *a*	4½ *b*	John Brown £1	36/6	36/9	5·99	2½
48/9	33/–	4 *a*	7 *b*	Cammell Laird 5/–	6/4½	6/2¼	9·50	1
8/4½	5/7½	3 *a*	9 *b*	Internat. Combust. ..5/–	26/10½	26/7½	5·63	1½
33/9	24/7½	10 *a*	20 *b*	Rich'ds'ns. Westg'th. 10/–	5/3	4/9	...	...
9/11½	4/9	...	...	Swan Hunter £1	30/6	30/–	6·67	2¼
40/–	28/–	2½ *a*	9½ *b*	John Thompson 5/–	14/9	14/6	1·72	...
17/4½	13/6	5 *a*	Nil *b*	Coventry Gauge....10/–	27/–*	26/9*	4·58	2¼
33/10½	21/8¼	17½ *c*	12½ *c*	Alfred Herbert £1	66/6	64/9	4·29	1¾
78/–	64/–	7½ *a*	12½ *b*	Allied Ironfounders...£1	66/6	66/–	6·06	1½
110/–	83/–	5 *a*	10 *b*	Averys.....£1	89/–	89/6	3·35	2½
36/10½	20/7½	7½ *b*	4 *a*	B.S.A.....10/–	23/6	22/–	5·30	2¾
14/9	10/9	8½ *b*	4½ *a*	George Cohen 5/–	11/6	11/–	5·91	2½
177/6	129/6	10 *a*	17½ *b*	Davy-Ashmore £1	145/–	140/–	3·93	2½
108/7½	78/6	5 *a*	11 *b*	Guest Keen £1	90/6	91/–	3·52	3½
31/–	22/–	4 *a*	12 *b*	Head Wrightson.....5/–	25/9	24/6	3·27	2½
100/3	68/3	5 *a*	7 *b*	Metal Box.....£1	89/6	87/7½	2·74	2¼
22/6	14/–	10 *b*	4 *a*	Ransome & Marles...5/–	15/3	16/4½	4·27	3
50/6	34/6	3 *a*	7 *b*	Renold Chains £1	43/–	42/9	4·68	1¾
44/11½	29/7½	10 *a*	17½ *b*	Simon Engineering ..5/–	35/1½	35/11½	3·91	2
85/6	66/3	14 *c*	7 *a*	Tube Investments.....£1	68/9	67/6	4·15	2¾
38/4½	28/–	2½ *b*	7½ *b*	Vickers £1	34/6	33/–	6·06	1¾
84/6	64/6	11½ *b*	3¾ *a*	Ward (Thos. W.) £1	70/–	70/–	4·29	3
30/–	20/6	5 *a*	22½ *b*	Woodall-Duckham...5/–	21/9‖	20/6‖	5·12**	2¾

* Ex dividend. † Tax free. ‡ Assumed average life 8 years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all.
(*a*) Interim dividend. (*b*) Final dividend. (*c*) Year's dividend. (*d*) Capital distribution of 1s. 6d. per share. (*e*) To earliest date. (*f*) Flat yield. (g) Equivalent to 7·2 sterling.
(*h*) After Rhodesian tax. (*l*) To latest date.

YORK STOCKS

Prices, 1961 High	Prices, 1961 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, July 26, 1961	Price, Aug. 2, 1961	Yield, Aug. 2, 1961	Cover
		%	%	**FOOD & TOBACCO**				
34/–	17/6	10 *c*	10 *c*	Allied Suppliers.....10/–	19/10½	18/9	5·33	2¼
15/–	7/9¾	10 *a*	12½ *b*	Assoc. British Foods..1/–	13/3	12/3	1·84	2½
74/–	55/–	4 *a*	8 *b*	Bovril.....£1	63/9	63/–	3·81	2½
15/6	11/9	†4⁷/₁₂*b*	†2¹¹/₁₂*b*	Brooke Bond 'B'.....5/–	13/11½	12/6	4·35	3¾
19/3	13/3	2½ *a*	10 *b*	International Tea 5/–	14/4½	13/4½	4·67	1¾
107/9	71/6	5 *a*	10⅝ *b*	J. Lyons 'A'.....£1	75/–	72/9	4·35	1¼
35/6	25/9	9 *b*	5 *a*	Ranks.....10/–	28/3	28/–	5·00	2
14/03¼	10/9	2½ *a*	7½ *b*	Spillers.....5/–	11/6	11/6	4·35	2
55/–	43/11½	9 *b*	3 *a*	Tate & Lyle.....5/–	45/9	45/9	5·25	2
20/10½	16/3¾	5 *a*	9 *b*	Unigate 5/–	18/3	16/10½	4·35	1¾
73/–	62/–	†2½ *c*	†5⅝ *a*	Brit. Amer. Tobac. 10/–	65/6	66/6	5·32	2¾
51/6	40/–	5 *a*	15 *b*	Gallaher 10/–	41/6	40/9	4·91	2
71/6	65/3	14 *b*	8½ *a*	*Imperial Tobacco*.....£1	68/6	68/6	6·57	1¾
				INSURANCE				
15¼	11⅝	†50 *a*	†55 *b*	Britannic 5/–	13⅝16	13⅝16	3·08	...
86/3	61/3	20 *a*	25 *b*	Commercial Union ...5/–	72/–	71/3	3·16	...
32	17⅞	†41·17*c*	†41·17*c*	Equity & Law Life ...8/6	28½	26⅝	1·07	...
176/9	103/9	20 *a*	40 *b*	General Accident.....5/–	155/6	148/–	2·03	...
60/6	42/7½	35 *a*	40 *b*	Guardian.....5/–	51/6	52/9	2·53**	...
39½	23¼	80 *a*	110 *b*	Legal & General.....5/–	32¹¹/₁₆	32	1·48	...
146/–	100/–	8½ *a*	11½ *b*	Northern & Empl.....£1	135/6	133/6	3·00	...
272/6	156/3	†20 *a*	†70 *b*	Pearl 5/–	242/6	236/3	3·11	...
29	18	†183⅓ *c*	†209⅓ *c*	Prudential 'A'.....4/–	22⅜	22	3·09	...
140/9	50 *a*	50 *b*		Royal 5/–	168/6	167/6	2·99	...
129/3	104/6	7½ *a*	11¼ *b*	Royal Exchange £1	119/6	116/9	3·21	...
				MOTORS & AIRCRAFT				
18/10½	14/–	12½ *b*	7½ *a*	British Motor 5/–	14/2¼	14/7½	6·84	2½
86/3	66/11½	20 *c*	20 *c*	Jaguar Cars 'A'.....5/–	71/–	75/9	1·32	7¾
48/6	41/10½	2½ *a*	8½ *b*	Rolls-Royce.....£1	45/10½	46/10½	4·69	2¼
10/–	6/8¼	12 *c*	12 *c*	Rootes Motors 'A'...4/–	7/11½	7/3	6·62	5¼
88/9	52/2¼	15 *b*	7½ *a*	A.C.V.....£1	95/–	75/7½	4·23**	2½
99/10½	79/–	15 *a*	20 *b*	Leyland Motors 5/–	95/–	98/–	4·08	2¼
18/6	14/–	3½ *a*	9 *b*	Bristol Aeroplane ..10/–	17/6	17/9	7·04	2¼
33/3	28/11½	10 *a*	5 *b*	Hawker Siddeley £1	30/–	30/7½	6·92**	1¼
41/3	31/9	†4 *a*	†5½ *b*	Dowty Group.....10/–	35/4½	34/6	4·50	3
28/10½	21/6	3½ *a*	12½ *b*	Dunlop Rubber 10/–	25/11½	25/3	6·27	2
72/–	52/–	11¼ *b*	2½ *a*	Joseph Lucas.....£1	55/3	54/3	5·07	3
33/3	23/3	9 *a*	21 *b*	Pressed Steel.....5/–	23/9	21/3	7·06	1¼
46/3	36/–	10 *c*	15 *c*	Triplex Holdings ...10/–	37/6	38/3	3·92	3
				MINES				
168/9	110/–	40 *a*	50 *b*	Anglo-American.....10/–	122/6	121/3	7·42	1½
67/3	43/–	18¾ *b*	6¼ *a*	Consolid. Gold Fields .£1	55⁷/₁₂	53/6	9·35	2
108/9	72/6	15 *a*	20 *b*	General Mining £1	83¹¹/₁₂	76⁷/₁₂	9·14	2
68/6	40/–	40 *a*	120 *b*	Union Corporation ...2/6	50/–	50/6	7·92	3
25/3	15/3	40 *a*	40 *b*	Daggafontein 5/–	18/–	18/3	21·92	1½
125/–	73/9	100 *b*	70 *a*	Free State Geduld ..5/–	80/7½	76/3	11·15	2
54/3	37/6	25 *a*	25 *b*	Hartebeestfontein ..10/–	41/3	41/3	12·12	1½
64/6	41/10½	60 *b*	50 *a*	President Brand 5/–	51/10½	51/10½	10·60	1½
157/6	101/3	110 *b*	90 *a*	Western Holdings ...5/–	117/6	121/3	8·25	1¼
28/6	15/9	...	8½ *a*	Winkelhaak.....10/–	19/3	18/6	...	8½
75/3	55/–	13½ *a*	36⅔ *b*	Chartered 15/–	64/3	65/–	11·54	2
63/6	51/3	60 *b*	20 *a*	Rhod. Anglo-Amer..10/–	57/3	58/3	13·73h	2
11/7½	8/3	12½ *b*	4½ *a*	Rhod. Selection Tst. .5/–	9/4½	7/7½	8·93h	2¼
6/11½	4/10½	10¹³/₁₆*a*	4⅛ *b*	Roan Antelope.....5/–	5/4½	5/4½	14·05h	1¾
30/9	21/9	22½ *b*	15 *a*	Tanganyika Cons....10/–	21/9	22/–	17·05	1½
81/6	63/–	6¼ *a*	13¾ *b*	Consolidated Zinc....£1	66/6	69/–	5·80	1¾
159/4½	110/–	100 *a*	150 *b*	De Beers Defd. Reg. .5/–	127/6	126/3	9·90	1¾
$159	$104½	$1·50*c*	$1·50*c*	Internat. Nickel ....n.p.v.	$155	$159	1·68	...
22/6	12/10½	7½ *a*	27½ *b*	London Tin.....4/–	19/11½	18⁷/₁₂	7·52**	1¼
45/–	30/–	20 *c*	27½ *c*	Rio Tinto.....10/–	33/9	33¹¹/₁₂	8·30	1½
88/6	35/6	62½ *c*	70 *a*	Tronoh 5/–	76/–*	73/6	4·76**	...
				OIL				
61/6	45/6	†3½ *a*	†8½ *b*	British Petroleum £1	48/–	45/6	8·37	2¼
49/6	36/3	†2½ *a*	†6⅞ *b*	Burmah Oil £1	37/–	35/9	8·57	1¼
52/–	37/–	6¼ *a*	13¾ *b*	Castrol.....10/–	39/6	38/6	5·19	2½
£15¹¹/₁₆	£10⅝	10·23*a*	13·64*b*	Royal Dutch.....20 fl.	£12¹⁴	£12⁹/₁₆	3·78	2¾
139⁷/₁₂	108/9	†8½ *a*	†12½ *b*	Shell Transport £1	122/9	122/–	5·58	3
41/3	27/9	...	...	Ultramar 10

Money and Exchanges

EXCHEQUER RETURNS

For the week ended July 29, 1961, there was an "above-line" deficit (after allowing for sinking funds) of £2,467,000 compared with a deficit of £5,956,000 in the previous week and a deficit of £51,562,000 in the corresponding period of last year. There was a net expenditure "below-line" of £17,893,000 leaving a total cumulative deficit to date of £248,742,000 compared with £382,015,000 in 1960–61.

£'000	Estimate 1961–62	April 1, 1960 to July 30, 1960	April 1, 1961 to July 29, 1961	Week ended July 30, 1960	Week ended July 29, 1961
Ordinary Revenue					
Income Tax	2,728,500	434,589	514,315	25,191	41,856
Surtax	210,000	28,600	34,200	800	1,100
Death Duties	240,000	75,000	94,300	3,900	5,000
Stamps	94,000	29,000	36,200	1,200	1,800
Profits tax, EPT and EPL	325,500	78,700	101,000	7,600	6,600
Other Inland Rev. Duties	...	50	...	...	...
Total Inland Rev.	3,598,000	645,939	780,015	38,691	56,356
Customs	1,550,000	485,692	534,905	28,310	33,421
Excise	960,000	252,905	268,285	13,980	26,960
Total Customs and Excise	2,510,000	738,597	803,190	42,290	60,381
Motor Duties	155,000	20,310	22,426	2,355	...
PO (Net Receipts)	...	...	...	...	...
Broadcast Lic's., Sundry Loans, Miscellaneous	40,000 / 205,000	8,500 / 12,027 / 34,537	8,800 / 111,989	1,700 / ... / 1,667	... / 4,499
Total	**6,508,000**	**1,459,910**	**1,726,420**	**86,703**	**121,236**
Ordinary Expenditure					
Debt Interest	660,000	195,988	223,873	9,012	5,189
Payments to N. Ireland Exch.	92,000	27,039	27,782	3,577	3,740
PO Fund — Initial settlement	15,000	...	...	...	...
Other Consolidated Funds	8,000	3,786	3,887	621	602
Supply Services	5,186,902	1,504,170	1,581,918	124,815	113,362
Total	**5,961,902**	**1,730,983**	**1,837,460**	**138,025**	**122,893**
Sinking Funds	40,000	9,404	9,184	240	810
"Above-line" Surplus or Deficit	**280,477**	**120,224**	**51,562**	**—**	**2,467**
"Below-line" Net Expenditure*	**101,538**	**128,518**	**17,560**	**17,893**	
Total Surplus or Deficit	**382,015**	**248,742**	**69,122**	**20,360**	
Net receipts from:					
Tax Reserve Certificates	88,257	61,240	18,653	411	
Savings Certificates	27,900	—5,100	800	—800	
Defence Bonds	39,879	21,268	2,515	1,024	
Premium Savings Bonds	14,120	15,050	1,450	1,400	
Total	**169,156**	**92,458**	**23,418**	**2,035**	

* Net issue to the Civil Contingencies Fund of £28 million in 1961–62 compared with a net issue of £30 million in 1960–61.

FLOATING DEBT

(£ million)

	Treasury Bills		Ways and Means Advances		Total Floating Debt
	Tender	Tap	Public Dept.	Bank of England	
1960					
July 30	3,430·0	1,942·6	198·8	...	5,571·3
1961					
Apr. 22	3,140·0	1,911·3	336·3	...	5,387·6
,, 29	3,110·0	1,993·1	247·9	...	5,351·0
May 6	3,130·0	1,887·3	293·3	...	5,310·6
,, 13	3,160·0	1,893·0	275·3	...	5,328·2
,, 20	3,180·0	1,839·1	316·3	...	5,335·5
,, 27	3,210·0	1,843·3	249·7	...	5,303·0
June 3	3,240·0	1,825·3	258·5	...	5,323·8
,, 10	3,270·0	1,827·6	242·2	...	5,339·8
,, 17	3,280·0	1,823·6	263·9	...	5,367·5
,, 24	3,290·0	1,909·6	201·6	...	5,365·8
,, 30	3,290·0		283·3	...	5,483·0
July 8	3,280·0	1,853·1	265·2	0·8	5,399·0
,, 15	3,270·0	1,866·0	269·0	...	5,405·0
,, 22	3,260·0	1,894·4	214·3	...	5,368·7
,, 29	3,250·0	1,920·3	220·4	3·3	5,393·9

THE MONEY MARKET

THE syndicate of discount houses came out of last Friday's Treasury bill tender with an allotment of only 28 per cent. Outside bidders expected that the syndicate would push its bid as high as possible to leave room for reductions in the weeks ahead. It raised its bid by 2⅛ per cent, but the rise in the average rate of discount of £2 1s. 4d. to £6 13s. 9d. per cent was slightly smaller, and the bulk of the bills went to outside bidders. This outside interest was reflected in a rise of £93 million to £427 million in total applications.

Although one or two houses were forced to borrow a small amount from the Bank of England at 7 per cent on the day after the Bank rate change, credit was very comfortable for the remainder of last week. On each of the three days to the weekend the authorities bought bills to absorb the surplus credit and some balances were obtained from the outside banks at 4 per cent. After the weekend credit was tighter and the rate for overnight money hardened to 6⅛ per cent in some cases. The authorities helped the market by the purchase of bills on each day to Wednesday and on Tuesday the help was fairly large.

MONEY RATES

LONDON

	%		%
Bank rate (from 5%, 26/7/61)	7	**Discount rates:**	
		Bank bills:	
Deposit rates (maximum):		60 days	6⅞–6 15/16
Banks	5	3 months	6⅞–6 15/16
Discount houses	5–5¼	4 months	6⅞–6 15/16
		6 months	6⅞–7
		Fine trade bills:	
		3 months	7½–8½
Money:		4 months	7½–8½
Day-to-Day	5⅜–6½	6 months	8–9

NEW YORK

	%		%
Official Discount rate; (from 3½%, 11/8/60)	3	**Treasury bills:** July 24	2·244
		,, 31	2·300

BANK OF ENGLAND RETURNS

(£ million)	Aug. 3, 1960	July 26, 1961	Aug. 2, 1961
*Issue Department**:			
Notes in circulation	2,319·0	2,400·2	2,415·3
Notes in banking dept.	31·4	25·1	35·0
Govt. debt and securities*	2,347·5	2,423·8	2,448·7
Other securities	0·7	0·7	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	1·8	0·5	0·5
Banking Department:			
Deposits:			
Public accounts	10·4	12·4	13·2
Special deposits	125·4	155·2	163·1
Bankers	229·0	258·3	243·8
Others	66·2	77·9	68·3
Total	431·1	503·8	488·4
Securities:			
Government	356·5	429·7	415·8
Discounts and advances	42·1	48·0	37·3
Other	18·6	18·3	17·7
Total	417·2	496·0	470·8
Banking department reserve	31·4	26·0	35·9
	%	%	%
"Proportion"	7·4	5·1	7·3

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £50 million to £2,425 million on August 2nd.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills: Average Rate of Allotment	Allotted at Max. Rate*
1960	*91 day*		s. d.	%
July 29	250·0	408·7	110 10·96	39
1961				
Apr. 28	220·0	379·8	88 1·71	67
May 5	240·0	416·2	87 4·27	49
,, 12	250·0	445·8	86 5·04	50
,, 19	260·0	432·5	88 3·18	33
,, 26	270·0	440·2	89 8·74	50
June 2	270·0	419·9	88 9·61	61
,, 9	270·0‡	463·3	89 4·14	39
,, 16	260·0	391·2	90 0·42	55
,, 23	260·0‡	389·1	90 8·47	50
,, 30	250·0	400·8	90 8·94	46
July 7	240·0	405·2	90 8·80	42
,, 14	240·0	378·2	91 4·47	47
,, 21	240·0	333·3	92 5·67	66
,, 28	250·0	426·6	133 9·22	28

* On July 28th tenders for 91 day bills at £98 6s. 4d. secured 28 per cent, higher tenders being allotted in full. The offer for this week was for £250 million of 91 day bills. ‡ Allotment cut by £10 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits August 2	Market Rates: Spot July 27	July 28	July 29	July 31	August 1	August 2
United States $	2·78–2·82*	2·79 1/8–1/4	2·79 3/16–5/16	2·79 1/4–3/8	2·79 7/16–9/16	2·79 5/8–3/4	2·79 13/16–15/16
Canadian $	...	2·87 7/8–88	2·87 7/8–88	2·87 13/16–15/16	2·88 1/16–3/16	2·88 1/4–3/8	2·88 7/16–11/16
French Fr.	13·622–14·027	13·67 5/8–68 1/8	13·68–68 1/4	13·68 1/4–1/2	13·69 1/8–5/8	13·70 1/4–1/2	13·71 3/8–7/8
Swiss Fr.	11·94–12·54 7/8	12·05 1/8–3/8	12·05 1/4–1/2	12·05 3/4—06	12·06 7/8–07 1/8	12·07 3/4–08	12·08 3/4–09
Belgian Fr.	137·96–142·05	139·00–10	138·95–139·05	138·95–139·05	139·00–10	139·10–20	139·20–30
Dutch Gld.	9·98 3/4–10·28 1/2	10·03 1/8–5/8	10·03 1/8–5/8	10·03 1/4–04	10·04 1/4–1/2	10·04 5/8–7/8	10·05 3/4–06
W. Ger. D-Mk.	11·037–11·365	11·11 3/8–7/8	11·11 3/4–12	11·11 3/4–12	11·13 1/8–7/8	11·14–14 1/4	11·14 3/8–7/8
Portug. Esc.	...	80·15–30	80·15–30	80·15–30	80·15–30	80·15–30	80·15–30
Italian Lire	1725–1775	1732–32 1/2	1732 1/2–33	1732 3/4–33 1/4	1734–34 1/2	1734 3/4–35 1/4	1735 3/4–36 1/4
Swedish Kr.	14·27 1/2–14·70	14·40 1/2–41	14·39 3/4–40	14·40–40 1/4	14·41 1/8–3/8	14·42 1/8–3/8	14·43 5/8–7/8
Danish Kr.	19·06 1/2–19·62	19·32 1/8–3/8	19·32 1/8–3/8	19·32 1/4–1/2	19·32 3/4–33	19·32 7/8–33 1/8	19·33 1/8–3/8
Norwegian Kr.	19·71–20·30 1/2	19·99 1/4–3/4	19·99 1/4–3/4	19·99 1/2–3/4	20·00 1/8–3/8	20·00 5/8–7/8	20·01 1/8–3/8
	* Official Limits						
United States $		15/16–13/16c. pm	11/16–15/16c. pm	1–7/8c. pm	1 1/8–1c. pm	1–7/8c. pm	1–7/8c. pm
Canadian $		15/16–13/16c. pm	1–7/8c. pm	1–7/8c. pm	1 1/8–1c. pm	15/16–13/16c. pm	1–7/8c. pm
French Fr.		4 1/2–3 1/2c. pm	4 1/2–3 1/2c. pm	4 1/2–3 1/2c. pm	4 1/2–3 1/2c. pm	5–4c. pm	4 1/2–3 1/2c. pm
Swiss Fr.		6–5c. pm	6–5c. pm	6–5c. pm	6–5c. pm	6–5c. pm	5 3/4–4 3/4c. pm
Belgian Fr.		45–35c. pm	40–30c. pm	40–30c. pm	40–30c. pm	40–30c. pm	35–25c. pm
Dutch Gld.		6–5c. pm	6–5c. pm	6–5c. pm	6–5c. pm	5 1/2–4 1/2c. pm	5 1/2–4 1/2c. pm
W. German D-Mk.		6–5pf. pm	6 1/2–5 1/2pf. pm	6–5pf. pm	6–5pf. pm	5–4pf. pm	5–4pf. pm
		One Month Forward Rates					
United States $		2 13/16–2 11/16c. pm	2 15/16–2 13/16c. pm	2 7/8–2 3/4c. pm	2 15/16–2 13/16c. pm	2 11/16–2 9/16c. pm	2 3/4–2 5/8c. pm
Canadian $		2 3/4–2 5/8c. pm	2 7/8–2 3/4c. pm	2 7/8–2 3/4c. pm	2 7/8–2 3/4c. pm	2 5/8–2 7/16c. pm	2 11/16–2 9/16c. pm
Swiss Fr.		1 61/2–1 51/2c. pm	1 71/4–1 61/4c. pm	1 71/4–1 61/4c. pm	17–16c. pm	1 61/2–1 51/2c. pm	16–15c. pm
W. German D-Mk.		16–15pf. pm	16–15pf. pm	16–15pf. pm	16–15pf. pm	14 3/4–13 3/4pf. pm	15–14pf. pm
		Three Months Forward Rates					
United States $		2 13/16–2 11/16c. pm	2 15/16–2 13/16c. pm	2 7/8–2 3/4c. pm	2 15/16–2 13/16c. pm	2 11/16–2 9/16c. pm	2 3/4–2 5/8c. pm
Canadian $		2 3/4–2 5/8c. pm	2 7/8–2 3/4c. pm	2 7/8–2 3/4c. pm	2 7/8–2 3/4c. pm	2 5/8–2 7/16c. pm	2 11/16–2 9/16c. pm
Swiss Fr.		1 61/2–1 51/2c. pm	1 71/4–1 61/4c. pm	1 71/4–1 61/4c. pm	17–16c. pm	1 61/2–1 51/2c. pm	16–15c. pm
W. German D-Mk.		16–15pf. pm	16–15pf. pm	16–15pf. pm	16–15pf. pm	14 3/4–13 3/4pf. pm	15–14pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		251/8 3/4	251/9	...	251/6 1/2	251/5 3/4	251/11 1/4
,, ($,, ,, ,,)		35·14 1/2	35·14 1/2	...	35·14 1/2	35·14 1/2	35·14 1/2

UK External Trade

Imports are valued cif: exports fob.
Total trade unless otherwise stated.

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

BRITISH

Prices and Wages	July 29th	External Trade	This week
Manpower and Output	July 22nd	Industrial Profits	July 15th

OVERSEAS

Western Europe	June 10th	United States	July 8th

	Unit	Monthly averages 1958	1959	1960	1960 Apr.	May	June	1961 Feb.	Mar.	Apr.	May	June
VALUE												
Imports:												
Total	£ million	312·3	331·9	379·9	373·6	389·8	384·2	353·1	398·9	355·2	394·4	371·3
Food, drink and tobacco	,,	124·2	126·5	128·8	129·0	125·0	121·1	117·7	131·7	120·9	132·0	122·9
Basic materials	,,	74·1	77·6	88·6	86·0	88·6	90·2	82·9	88·1	82·1	91·6	84·6
Fuels	,,	36·6	38·9	40·2	40·2	38·8	43·3	40·2	47·1	40·3	43·2	37·8
Manufactures	,,	76·1	87·6	120·7	117·1	136·2	127·8	111·3	130·5	110·8	126·3	124·1
Exports of UK produce:												
Total	,,	264·7	277·5	296·3	308·9	318·7	276·2	297·1	309·9	318 6	298·9	316·3
Manufactures—Total	,,	222·5	234·5	250·1	265·3	272·4	236·6	253·9	265·7	275·0	257·1	270·2
,, Metals	,,	36·0	37·8	39·3	40·7	42·9	37·2	40·5	39·4	41·6	41·9	39·9
,, Engineering products	,,	115·6	122·4	131·0	145·0	145·3	126·4	132·1	142·9	151·0	137·9	150·3
,, Textiles	,,	21·2	20·7	21·8	21·9	22·5	19·2	21·7	22·2	21·7	20·0	19·6
Re-exports	,,	11·8	10·9	11·8	11·5	11·8	10·3	11·2	15·3	12·7	13·6	13·8
Balance of trade (exports less imports)	,,	−35·8	−43·5	−71·8	−53·2	−59·3	−97·7	−44·8	−73·7	−23·9	−81·9	−41·2
VOLUME(1)												
Imports:												
Total	1954=100	114	122	138	...	140[4]	...	143[3]	...	132	145	138
Food, drink and tobacco	,,	119	118	121	...	120[4]	...	124[3]	...	...	...	...
Basic materials	,,	94	101	110	...	108[4]	...	111[3]	...	...	...	...
Fuels	,,	124	143	157	...	154[4]	...	179[3]	...	...	...	...
Manufactures	,,	132	150	201	...	215[4]	...	210[3]	...	...	...	...
Exports:												
Total	,,	111	116	122	...	124[4]	...	128[3]	...	129	122	129
Manufactures	,,	113	117	124	...	128[4]	...	131[3]	...	...	...	...
BY AREA												
Imports:												
USA	£ million	29·2	30·9	47·3	41·7	48·2	48·4	38·9	42·9	38·9	39·3	32·7
Canada	,,	25·7	26·0	31·3	27·2	34·1	35·1	25·9	28·7	23·5	33·1	30·3
Latin America	,,	24·6	26·8	26·0	29·8	29·5	28·0	25·3	30·2	25·5	27·5	26·2
West'n Europe—Common Market	,,	44·4	46·6	55·2	54·0	58·2	60·0	52·3	60·5	53·9	59·1	60·1
,, ,, Free Trade Association	,,	30·4	32·6	38·7	34·9	41·6	40·9	37·2	40·2	35·1	40·8	42·8
Soviet Eastern Europe	,,	8·5	9·7	11·6	9·5	8·3	11·3	10·7	11·9	10·2	10·9	11·7
Other Non-Sterling	,,	36·7	39·1	43·5	46·7	43·4	40·3	50·9	49·5	41·8	47·0	40·2
Sterling area	,,	112·8	120·2	126·3	129·8	126·5	120·2	111·9	135·0	126·3	136·7	127·3
Exports of UK produce:												
USA	,,	22·6	30·0	27·1	30·3	36·1	21·6	20·7	20·5	19·8	21·5	23·0
Canada	,,	15·7	17·3	17·9	19·5	24·0	15·0	17·6	15·7	31·3	22·3	18·4
Latin America	,,	12·6	12·9	14·3	12·7	12·9	13·4	14·5	13·2	13·2	12·2	14·3
West'n Europe—Common Market	,,	34·9	38·8	43·3	44·2	47·5	39·8	45·7	54·4	49·2	52·8	52·3
,, ,, Free Trade Association	,,	26·6	28·8	31·9	31·7	33·5	28·7	33·2	33·7	33·3	34·8	44·2
Soviet Eastern Europe	,,	3·8	5·1	6·4	6·3	6·9	7·4	7·7	8·3	7·8	9·4	9·7
Other Non-Sterling	,,	32·4	32·8	36 4	37·0	42·7	35·4	37·4	42·9	37·7	36·5	40·3
Sterling area	,,	116·1	111·8	119·0	127·2	115·1	114·9	120·3	121·2	126·4	109·4	114·1
TRADE IN SELECTED COMMODITIES												
Imports:												
Wheat	'000 tons	376·4	356·3	342·3	372·0	394·8	309·8	349·5	379·3	343·9	421·3	309·8
Meat	,,	69·4	67·6	70·3	72·5	63·1	73·8	60·0	76·9	67·0	68·4	74·9
Sugar, unrefined	,,	219·3	201·8	184·1	245·3	236·7	182·2	166·2	148·5	203·9	176·7	168·8
Raw cotton (2)	,,	21·5	22·5	22·6	26·5	20·4	18·7	31·6	24·9	24·6	16·8	16·2
Raw wool, sheep's and lambs' (2)	mn. lb.	51·1	58·6	49·9	62·3	60·9	44·0	58·1	66·7	73·4	63·3	48·7
Rubber, natural and synthetic (2)	'000 tons	17·0	17·0	16·4	16·7	14·2	20·4	19·8	24·6	16·7	12·3	14·0
Softwood	'000 stds.	106·4	121·7	150·1	70·5	139·2	201·5	74·3	80·1	77·2	109·3	173·8
Woodpulp	'000 tons	175·4	185·4	226·0	197·5	247·4	242·3	239·3	224·6	208·6	259·1	226·5
Crude petroleum	mn. galls.	728	847	969	953	918	1,055	1,012	1,257	1,006	1,171	1,010
Exports of UK produce:												
Coal, including bunkers	'000 tons	403	342	455	400	517	341	397	442	372	579	505
Woven piece-goods—cotton	mn. sq. yds.	32	29	27	31	29	25	24	29	26	24	22
,, ,, ,, wool	'000 sq. yds.	7,893	8,536	8,085	7,193	7,578	6,374	7,973	7,865	7,816	6,882	7,043
Passenger cars and chassis	number	40,323	47,414	47,493	63,321	70,273	46,241	27,119	26,359	31,784	29,827	31,937
Commercial vehicles and chassis	,,	9,303	10,619	12,127	12,921	13,360	11,910	16,689	16,447	13,596	12,773	16,437
Agricultural tractors	,,	8,709	9,474	11,964	14,587	11,730	12,635	13,682	13,513	11,241	10,705	12,218
Machinery—electrical	£'000	5,818	5,706	5,265	6,804	5,690	4,970	5,422	5,678	5,698	5,707	5,924
,, other	,,	42,773	47,264	52,926	55,511	56,774	48,098	59,612	64,355	62,442	60,966	62,665
Chemicals, elements and compounds	,,	5,027	5,862	6,438	6,383	7,502	6,448	6,917	6,678	6,769	6,253	5,970

(1) Trade with the Channel Islands is included in all 1958 indices and in the total import and export indices only from 1959 onwards. (2) Retained imports. (3) Average for first quarter. (4) Average for second quarter.

APPOINTMENTS

Petfoods LIMITED

ADMINISTRATION OFFICER

PETFOODS LIMITED wish to appoint an Administration Officer in their Market Research Department. Applications are invited from proven administrators (men) below the age of 40 years. Previous Market Research experience is not essential but some knowledge of machine tabulation would be an advantage.

The successful applicant will have overall control of the field force and clerical personnel of the Market Research Department (approximately 70 women) and the co-operation of fieldwork and office work with particular reference to the scheduling and timing of all surveys.

The job will be centred at Melton but a considerable amount of travelling is envisaged.

The starting salary will not be less than £1,700 per annum and the Company operates a comprehensive Social Security Plan covering life assurance, non-contributory pension and sickness benefit.

Applications giving details of qualifications and experience to date, to :—

The Chief Personnel Officer,
PETFOODS LIMITED,
Melton Mowbray, Leicestershire.

THE MANCHESTER COLLEGE OF SCIENCE AND TECHNOLOGY
(Faculty of Technology in the University of Manchester)

Applications are invited from honours graduates for appointment as RESEARCH ASSISTANT in the Department of INDUSTRIAL ADMINISTRATION to work in one of the following fields :—

Data Processing, Managerial Economics, Industrial Psychology, Work Study, Operational Research.

Salary, £675 per annum. F.S.S.U. and Family Allowances.

Application forms may be obtained from the Registrar of the College, Sackville Street, Manchester, 1, to whom applications should be forwarded by August 13, 1961.

London County Council

ARCHITECT'S DEPARTMENT.

TOWN PLANNING RESEARCH ASSISTANTS wanted in the Town Planning Division for research on location of industry, population, employment and land use statistics and open space requirements, etc.

Applications are invited from persons holding an Honours degree (2nd class or above) in Geography, Economics or the Social Sciences. Applicants should intend to make a career in planning and to qualify as Associate Members of the Town Planning Institute by evening study.

Commencing salary in the range £680 — £960 or £830 — £1,250 according to age and experience. Particulars and form returnable by 19th AUGUST, from Hubert Bennett, F.R.I.B.A., Architect to the Council (EK/E/223/36), County Hall, S.E.1.

MALAYAN INDUSTRIAL DEVELOPMENT FINANCE LIMITED

ECONOMICS RESEARCH EXECUTIVE

This public company seeks the services of an economics research executive. He would be responsible to the General Manager for the work of the new research department. His functions would be the study and analysis of imports and exports, the discernment of economic trends and their influence on the manufacture of selected industrial products in Malaya. The work will call for ability to analyse and interpret statistical and economic information.

Candidates should be between 25 and 35 and possess an Honours Degree in Economics or Commerce. Previous experience in planning, market research and the assessment of development problems is desirable. Salary will be in the region of £2,500 per annum including allowances for car and housing. Free passages for successful candidate, wife and family. Outfit allowance. Gratuity on satisfactory completion of service. The appointment will be for two tours not exceeding five years, with liberal fully paid leave between tours. Interviews will take place in London during September.

Applications, setting out full details of age, qualifications and experience, together with names and addresses of referees, should be addressed to The General Manager, Malayan Industrial Development Finance Limited, 13-15 Ampang Street, Kuala Lumpur, Malaya.

ICI

WOMAN GRADUATE

Heavy Organic Chemicals Division requires a woman graduate for work in the Economic Study Section. This Section is responsible for the collection and analysis of economic and statistical information in the heavy organic chemicals field and long term trends have to be identified so that forecasts can be made.

Applications are invited from women who have recently graduated in Commerce, Economics, or Geography, as principal subjects. Mathematics up to subsidiary level is desirable ; some knowledge of chemistry and an ability to read German or French, would be valuable additional qualifications.

Please write to:—

Personnel Manager,
Imperial Chemical Industries Limited,
Heavy Organic Chemicals Division,
Organic House,
Billingham,
Co Durham.

Quoting reference no. WG/JM/6.

LANCASHIRE COUNTY COUNCIL

ORGANISATION AND METHODS TEAM LEADER required. Grade A.P.T. V (£1,310-£1,480). Experience and training in O. & M. techniques essential. Knowledge of Work Study Procedures an advantage. Applications stating age, qualifications, education, experience, present appointment, etc., together with the names and addresses of two referees, to the Clerk of the County Council (B), County Hall, Preston, by August 9, 1961.

GRANGE CHEMICALS LIMITED
a subsidiary of
BRITISH HYDROCARBON CHEMICALS LIMITED
(Manufacturers of Petroleum Chemicals)
requires for its London Office

A TECHNICAL SALES ASSISTANT

Applicants should be approximately 28-30 with a science degree and preferably some experience in the paint, plastics or detergents industries as duties will include sales of raw materials in these fields in the U.K.

This post carries an attractive starting salary, is pensionable (non-contributory), and has prospects of increasing responsibility.

Apply, quoting Serial No. SA/74, in strict confidence, with full details to: Personnel Dept., British Hydrocarbon Chemicals Limited, Devonshire House, Mayfair Place, London, W.1.

NATIONAL EMPLOYERS' ASSOCIATION

in Westminster requires man aged 25-30 as Economics Secretary. Not less than £1,000 p.a. Applicants must be graduates, preferably with a degree in economics.—Apply to Box 1535.

Assistant Statistician

Kodak Limited seek an ASSISTANT STATISTICIAN for the Statistics and Market Research Department who will specialise in the analysis of markets for photographic equipment. He will also assist in forecasting and survey planning.

Applicants should be in the 20-25 age group and graduates with a degree in one of the social sciences including statistics. Some experience in the application of statistics in marketing would be useful but not essential. An interest in photography is desirable.

The Company offers a range of benefits including a generous bonus scheme, and a starting salary of not less than £750 p.a. for a man qualifying this year. Candidates for this post should write to the Personnel Manager, Kodak Ltd., Kingsway, W.C.2.

MARKET INFORMATION AND STATISTICS

Pritchard Wood & Partners require an Executive, preferably with an Economics and Market Research background, to develop an existing Market Information and Statistics Department. Advertising experience would be an advantage, but is not essential.

Please write giving personal details and salary required to : Personnel Manager, Pritchard Wood & Partners, 197 Knightsbridge, S.W.7.

THE NATIONAL FEDERATION OF HOUSING SOCIETIES

APPOINTMENT OF DIRECTOR

The National Federation of Housing Societies (recognised under the Housing Act, 1957, as the central organisation for non-profit housing) is expanding its organisation to launch and direct a national campaign for providing both family housing and housing suitable for old people through Housing Associations and Co-partnerships.

Applications are invited for the newly created post of Director at the Federation's office in central London. Appointment initially for three years. Age 40-55. Salary of the order of £3,000 according to qualifications. Experience of housing association work an advantage but not essential. Application to be made by 21st AUGUST on forms to be obtained from the Secretary to the Federation, 12 Suffolk Street, S.W.1.

ADMINISTRATION MANAGER responsible for Accounting and Administrative functions of factory employing 6,000 people and engaged in precision engineering of aircraft accessories. The position calls for the ability to provide a complete and virile management accounting service to an expanding Company situated in North West London.

A standard cost system is in operation.

The Company is a member of an old-established Group of Companies and the position carries an attractive starting salary ; Pension and life Assurance benefits.

Apply in confidence to Box No. 1538.

UNIVERSITY OF BRISTOL

Applications are invited from graduates for the post of Research Assistant in the Department of Economics, to work on an econometric study of company dividend policies. The appointment will be for one year in the first instance, renewable annually, and will carry a salary within the range £700 to £800 p.a. Applicants should have at least a second class honours degree in economics and preference will be given to those with some knowledge of mathematical statistics. Applications should be sent not later than August 18th to the Registrar, the University, Bristol 8, from whom further particulars may be obtained.

MARKET RESEARCH. Part-time interviewers (male or female) under 45 required anywhere in the U.K. Experience in interviewing or related fields essential. Hard work and good pay. Full details of experience and availability to Box No. 1537.

UNIVERSITY OF NIGERIA, NSUKKA

Applications are invited for the posts of (a) 1 SENIOR LECTURER, (b) 1 LECTURER in the College of Business Administration and (c) 1 SENIOR LECTURER in the College of Finance at the University of Nigeria, Nsukka. Qualifications for posts (a) and (c) : A good honours degree with professional qualifications, at least five years of teaching experience in an institution of University standing, ability to initiate and develop research projects, some recognised publications, experience in directing group discussions, preferably some experience in inter cultural education. For post (b) : A good honours degree with some teaching experience and research experience is desirable.

Salary scales for posts (a) and (c) £2,275 by £75 to £2,575 per annum. For post (b) £1,200 by £75 to £1,650 bar ; £1,725 by £75 to £2,175. Point of entry depending on qualifications and experience.

Passages paid for appointee, wife and five children under 21 years, on appointment, leave after 21 months' tour and termination. Children's allowances and car allowances, superannuation scheme. Accommodation with hard standard furniture. Detailed type-written application in sextuplicate naming 3 referees by August 20, 1961, to London Representative, University of Nigeria, 33 Craven Terrace, W.2. from whom further details may be obtained.

PRICE WATERHOUSE & Co.

EXPERIENCED CHARTERED ACCOUNTANT FOR FAR EAST

Price Waterhouse & Co. (Malayan Firm) requires experienced chartered accountant for managerial position in MALAYA or SINGAPORE. Terms according to age and experience but are attractive and adequate to provide comfortable standard of living and margin for saving. Passages for successful applicant and his family paid both ways: provident fund. Applicants for this post should have had at least five years' experience in professional firm since date of qualifying.

Normal initial contract three years with six months' leave on full pay at conclusion (three months if not returning to firm). Excellent prospects for further advancement for suitable candidate. A partner of the Malayan firm will shortly be in London to interview applicants.

Replies with full particulars to Price Waterhouse & Co., 3 Frederick's Place, Old Jewry, London, E.C.2.

NATIONAL FARMERS' UNION require economist (male aged 25-35) to assist primarily on International trade matters. Salary according to age and experience. Contributory superannuation scheme. Graduates, with good degree in Economics or allied subjects, should send details of qualifications and experience to the General Secretary, National Farmers' Union, Agriculture House, Knightsbridge, S.W.1, marking envelope "Personnel."

BRITISH ASSOCIATION OF ACCOUNTANTS AND AUDITORS LTD. (incorporated 1923). The next examinations will be held from November 21 to 24, 1961. Membership can only be obtained by those who have passed the prescribed examinations. Copies of the Syllabus are obtainable from the Secretary, Stamford House, 2/4 High Road, London, W.4.

PROFESSIONAL PROGRAMMING

A. J. BURTON AND CO. require one fully-trained PROGRAMMER, with working experience of National-Elliott computers, for a special assignment. This vacancy provides entry to a professional career leading to other independent assignments, with prospects of partnership in a young, virile and expanding professional programming organisation. There are also vacancies for younger programmers of either sex and for trainees to be trained to control and staff clients' installations now in course of development. All applications will be treated confidentially.—Phone FOX 0956.

ICI

MARKET RESEARCH IN THE PHARMACEUTICAL INDUSTRY

The Pharmaceuticals Division of Imperial Chemical Industries Limited has a vacancy for a

MARKET RESEARCH ASSISTANT

at Division Headquarters in Wilmslow, Cheshire. Candidates, under 30 years of age, should be graduates in Pharmacy, Agriculture or Economics and have a flair for figures and the presentation of concise reports relating to the medical and veterinary fields. A knowledge of statistical methods and foreign languages would be an advantage. Applications with brief particulars should be sent to

The Division Staff Manager, Imperial Chemical Industries Ltd., Pharmaceuticals Division, Fulshaw Hall, Wilmslow, Cheshire

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Rhodesia (N. & S.)	£9 0s.	—
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Applicants should send a summary of qualifications and experience to Box 1536.

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ALMOST any learned and scientific journals, transactions, proceedings, etc., wanted. Items such as Nature (before 1945), Royal Statistical Soc. Journal, Royal Society Philosophical Trans. and Procs. A and B, as well as Bibliography Incl. Palmer's/Official Index To The Times, cumulative volumes of "The English Catalogue of Books," etc., constantly sought.—H. Pordes, 138 New Cavendish Street, London, W.1. MUSeum 5250.

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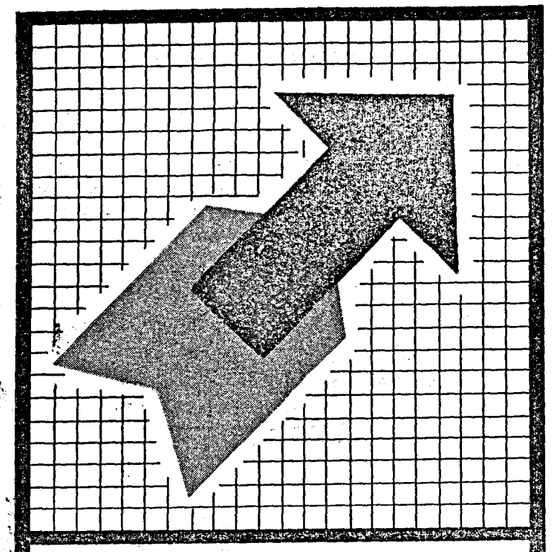
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	1961 Tons	1961 Escudos	1960 Tons	1960 Escudos
Kilometres run		*3,871,382*		*3,717,453*
Passenger Traffic	620—	6,500,000	919—	9,052,000
Local Traffic :				
Minerals	228,438—	26,005,000	238,494—	29,638,000
Other	252,557—	34,164,000	240,657—	33,463,000
Transit Traffic :				
Minerals	295,949—	159,244,000	297,468—	139,252,000
Other	78,820—	59,485,000	50,719—	38,667,000
Miscellaneous Receipts	—	6,057,000	—	7,289,000
TONS (Excluding Service Traffic)	856,384—	291,455,000	828,257—	257,361,000
Working Expenses in Africa		158,499,000		141,131,000
Net Operating Receipts		132,956,000		116,230,000

Tanganyika Concessions Limited owns all the Debentures and 90 per cent of the equity of the Benguela Railway.



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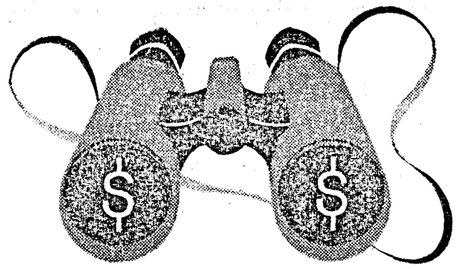
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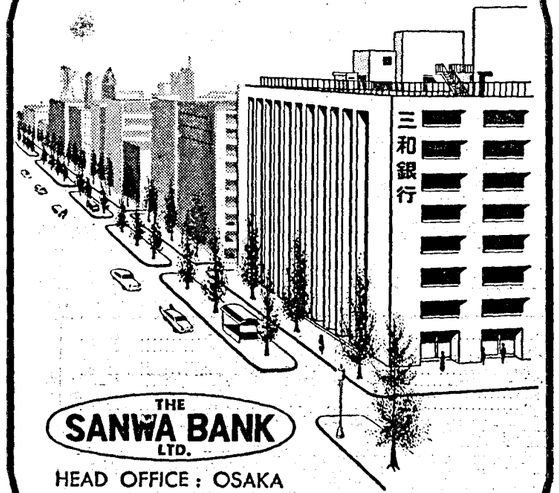
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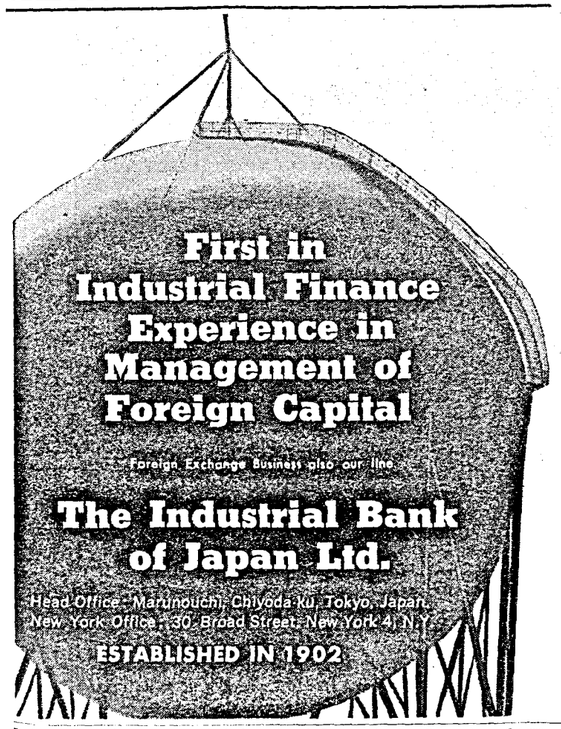
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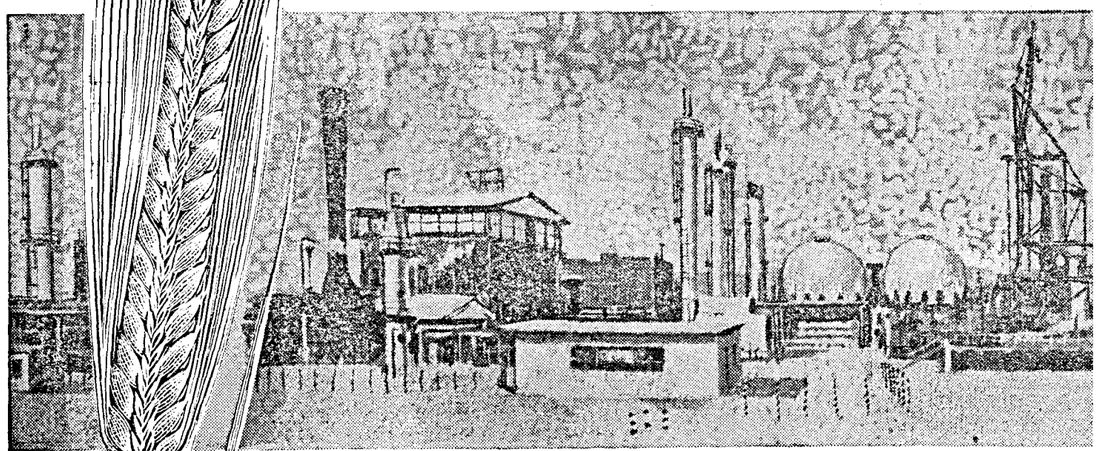
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HOME

SOFT CENTRE

The mammoth handout from the IMF has put a respectable foreign currency balance into the Bank of England: but the hole this makes in the IMF's resources re-emphasises that the fund needs strengthening if it is to be a really effective central bankers' bank (p. 645).

IRON HAND

The white-collar unions which set out to shoot Mr Lloyd's trucial flag—and its bearer—to tatters may feel less confident now that he has unmasked his heavy batteries (p. 606).

The pruning of the Foreign Office's spending (for the third time in ten years) could impair both the value and efficiency of Britain's representation abroad (p. 607).

SOLID SUPPORT

The growing solidarity of Labour and Mr Gaitskell's control of it have somewhat unnerved the weaker Tory vessels: but the Government ended the session with a final flourish—and with some achievements to show (p. 610): one of them is the Mental Health Act, the penological implications of which are still somewhat unclear (p. 611).

STRONG-ARMERS

The troubles among Smethwick's council tenants over their new Pakistani neighbours should be seen in a context wider than pure racism, which is only one element in a general problem being exploited by real racists (p. 627).

Plaid Cymru has been on the warpath: but if the significance of home-rulers and nationalists is fading, their xenophobic antics serve to shame jingoes in the European debate (p. 612).

Violence by malice and carelessness is increasing, and its perpetrators are disturbingly younger (p. 611).

VELVET GLOVE

The Inland Revenue has explained its treatment of top people's tax allowances: and on most points it is prepared to be reasonable (p. 648).

Industrial policies for easing the lot of redundant workers are confused where they exist at all: some guidance from the Ministry of Labour would be helpful (p. 612).

The Chancellor's measures dealt kindly with hire-purchase businesses, who have responded by biting their customers (p. 650).

INTERNATIONAL

DOWN TO EARTH

Berlin: The time is coming for the diplomats, still orbiting in the outer space of grand phrases and military posturings, to come to earth and negotiate (p. 603). The western foreign ministers last weekend spent too little time preparing for re-entry to a calmer atmosphere (p. 637).

Heads of Neutral Nations *are to meet in* Belgrade in September; the leverage of the uncommitted peoples can only be used effectively if they bury faction amongst themselves (p. 604).

Major Titov's prolonged flight and controlled descent are military as well as scientific portents (p. 611). They have been taken calmly in the United States, where Congress has been getting on with providing the money for the President's new answer to the Russian challenge (p. 620). Wall Street, unlike the President, believes that this answer will prove inflationary (p. 620). Far more excitement has been caused by the outbreak of piracy in the high skies (p. 622).

UP TO AMERICA

Cuban criticism of Mr Dillon's massive aid offer to the inter-American social and economic conference has missed the mark. But while **Latin Americans** procrastinate over domestic reform and continental integration, the United States still hesitates on trade policy (p. 615).

This autumn's fight for the New York mayoralty has political implications far beyond the city itself (p. 619).

The increase in long-term unemployment is causing concern (p. 622). Californian farmers have won no more than a respite from trade union interference (p. 623). What that interference can do is shown by the abandonment of New York's opera season (p. 624).

Getting into college is as complex a procedure in America as in Britain (p. 623).

PIECES OF CHINA

The United States may just be spared the embarrassment of **Chinese** admission to the United Nations this year (p. 611). France will not be spared the embarrassment of a UN assembly session on **Tunisia** (p. 610).

President de Gaulle has been grumbling at the rumblings of his critics, but his own fumbling may be partly responsible for the intractability of Algerians, Tunisians and French farmers (p. 615).

The lull in **Algerian** diplomacy is being filled by threats and rumours of right-wing violence (p. 612).

Bombs in the **South Tyrol** may not blow up the Austrian coalition, but their blast has shaken Austria's bargaining position (p. 642).

The outbreak of violence in **Northern Rhodesia** is directed as much against Mr Kaunda's policy of non-violence as against the new Constitution (p. 616).

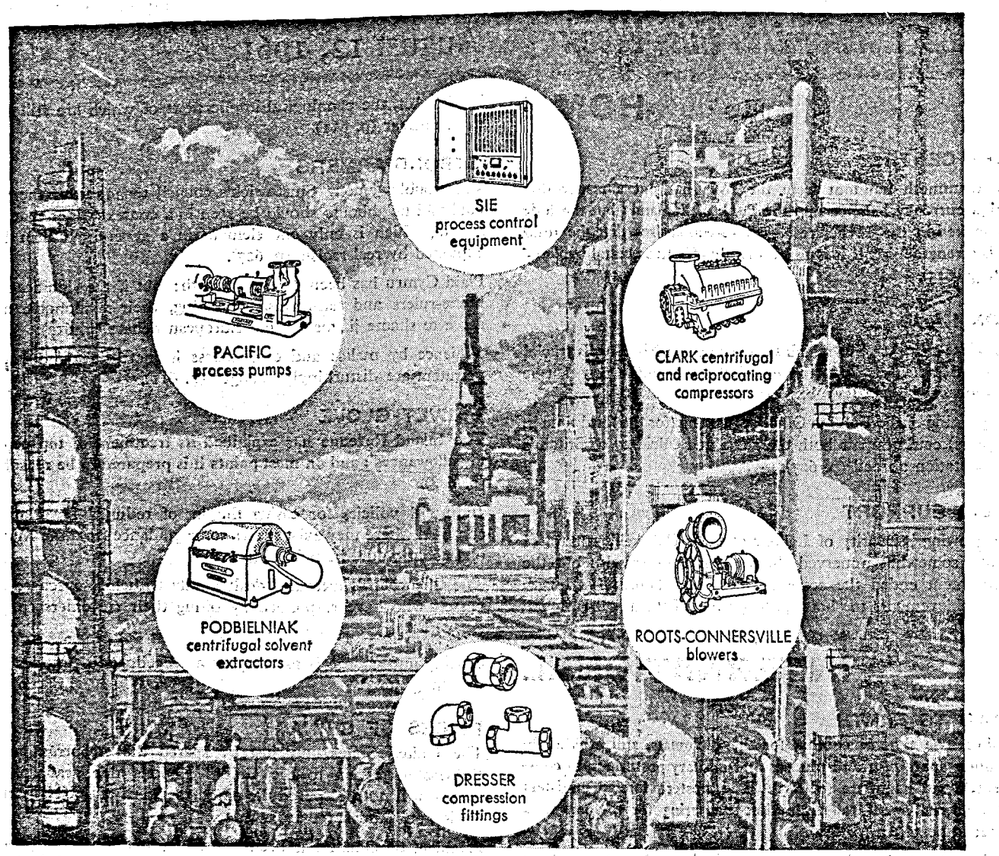
UNITING NATIONS

The formation of a new **Congolese** government, which is beginning to draw support from all regions of the divided country, is a notable success for the United Nations' patient effort to put Congo Humpty together again (p. 608).

There is no easy economic answer for **Nyasaland,** but it has leaders and potentialities which could together provide a viable alternative to Federation (p. 638).

South Africa's general election will merely endorse the policy of **apartheid.** The white opposition to Dr Verwoerd is divided and dissents only marginally from his well-known principles (p. 640).

Detailed contents on page 603



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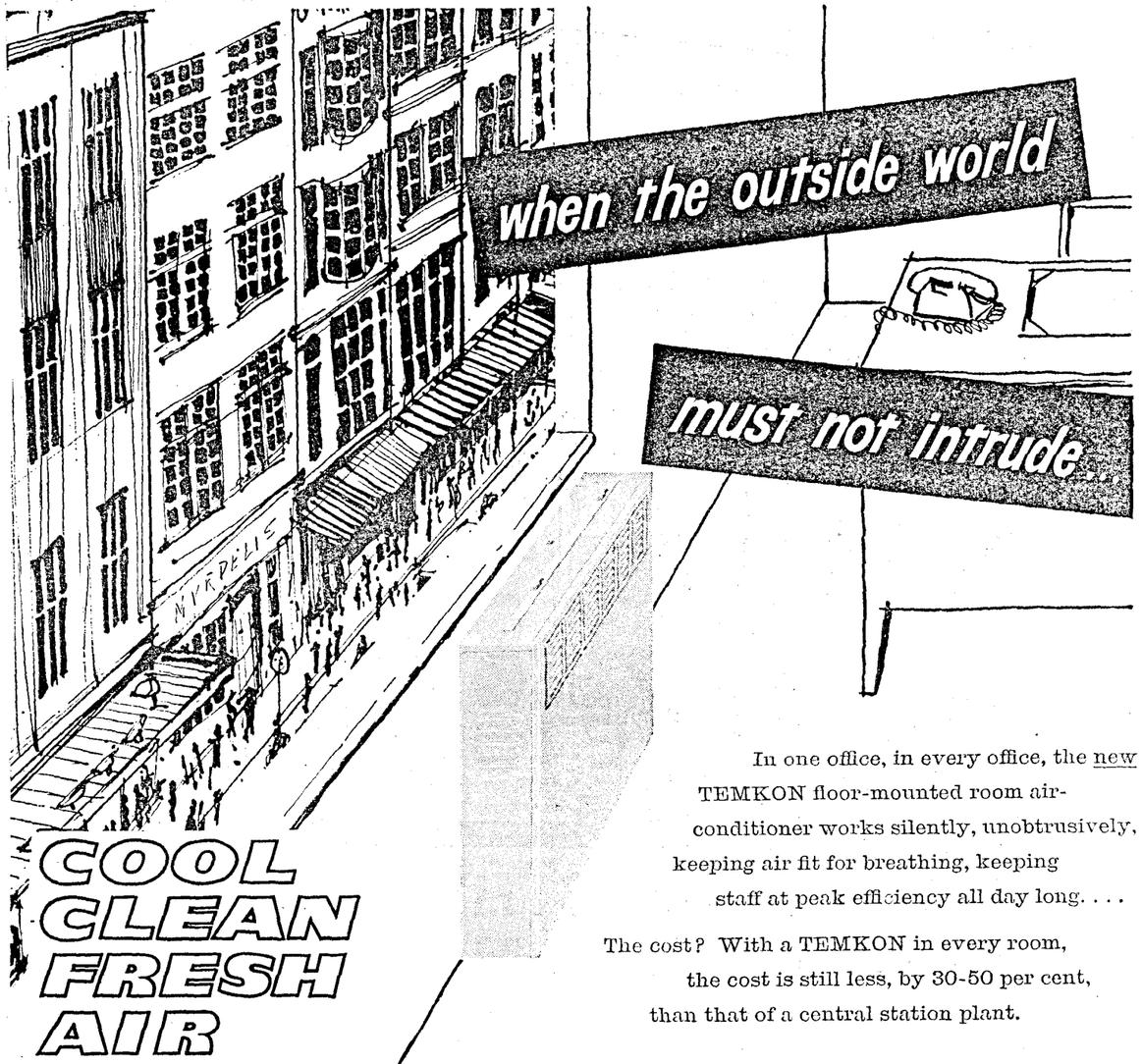
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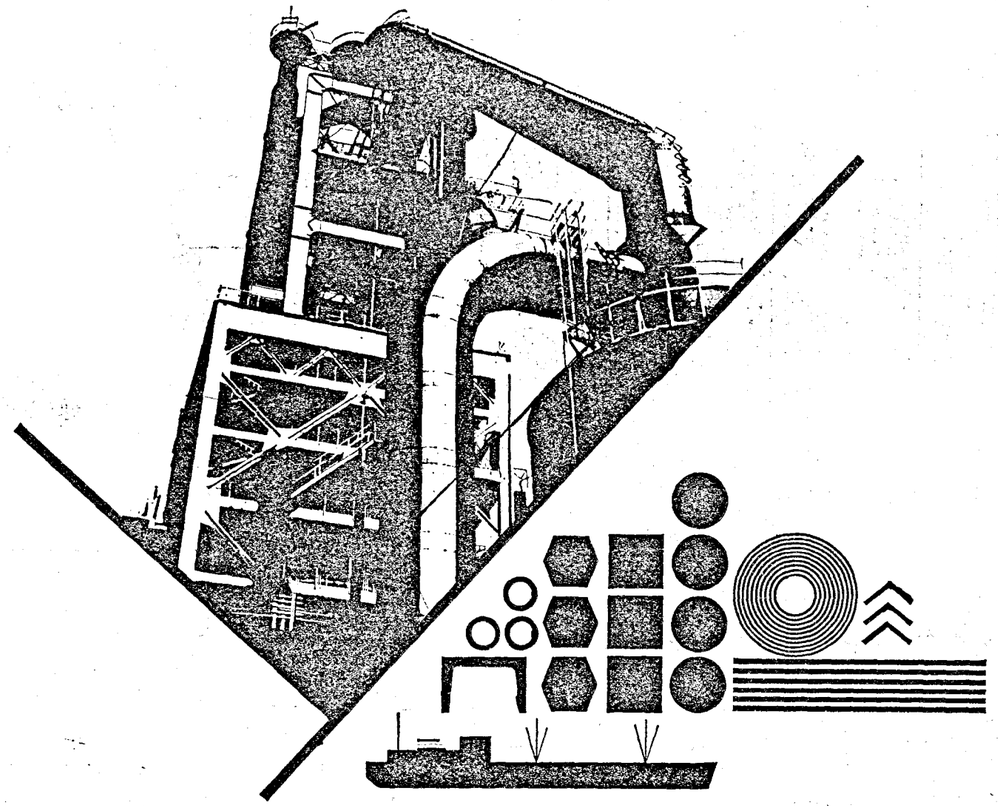
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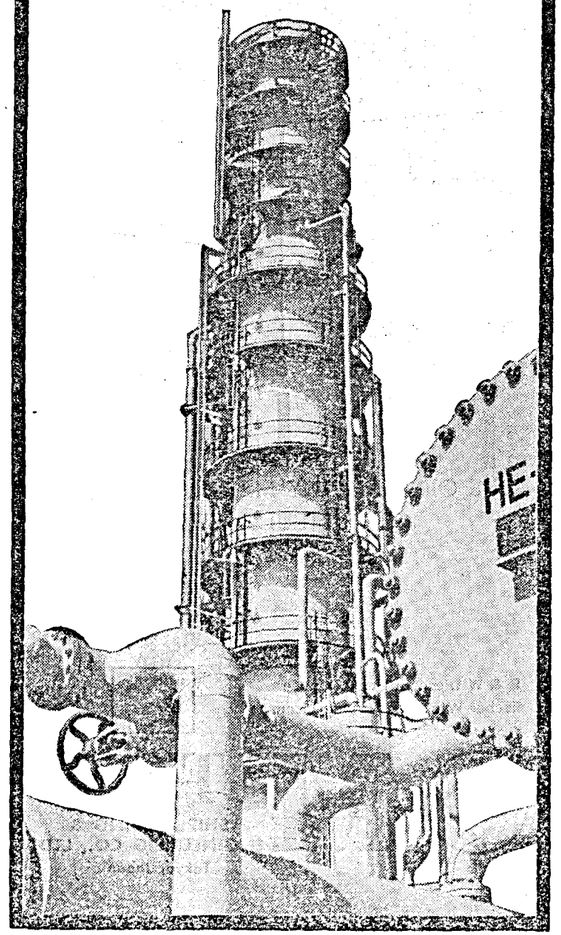
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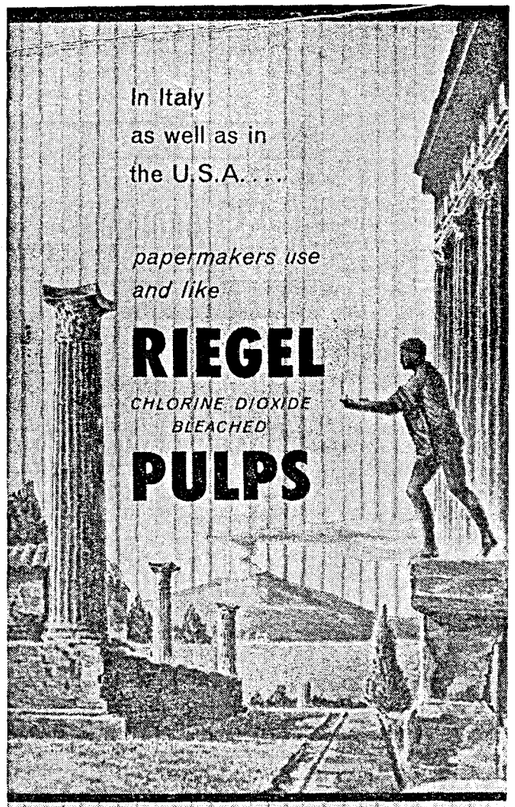
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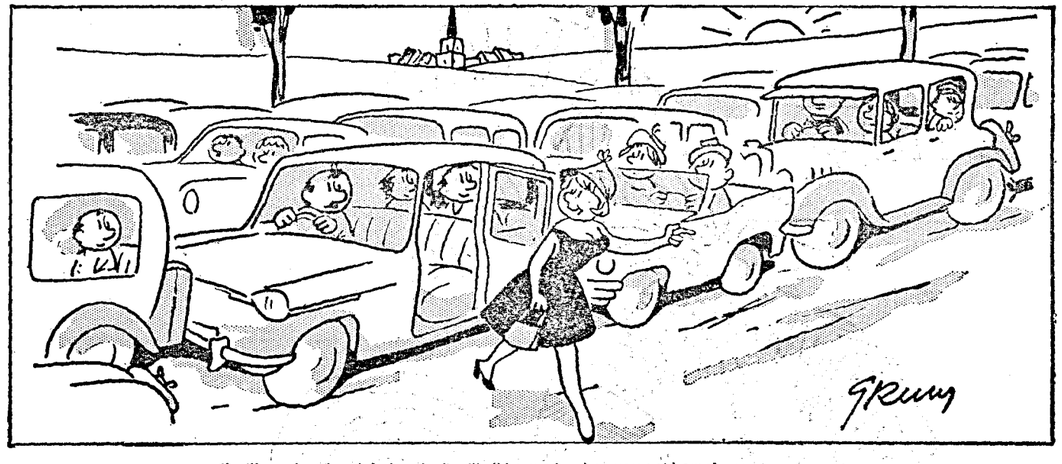
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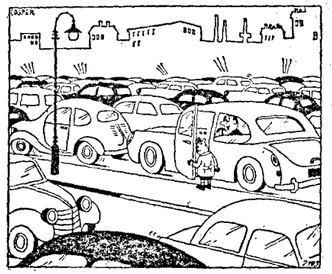
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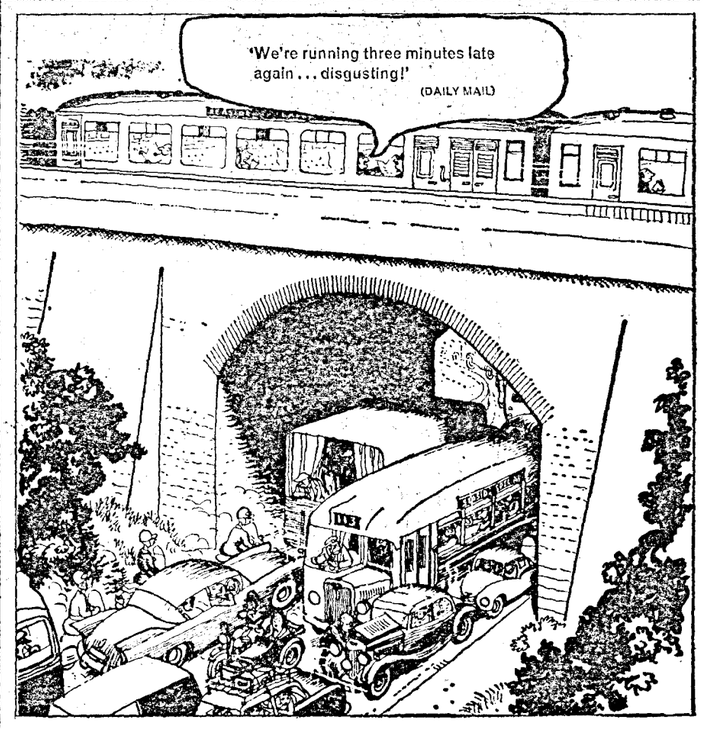


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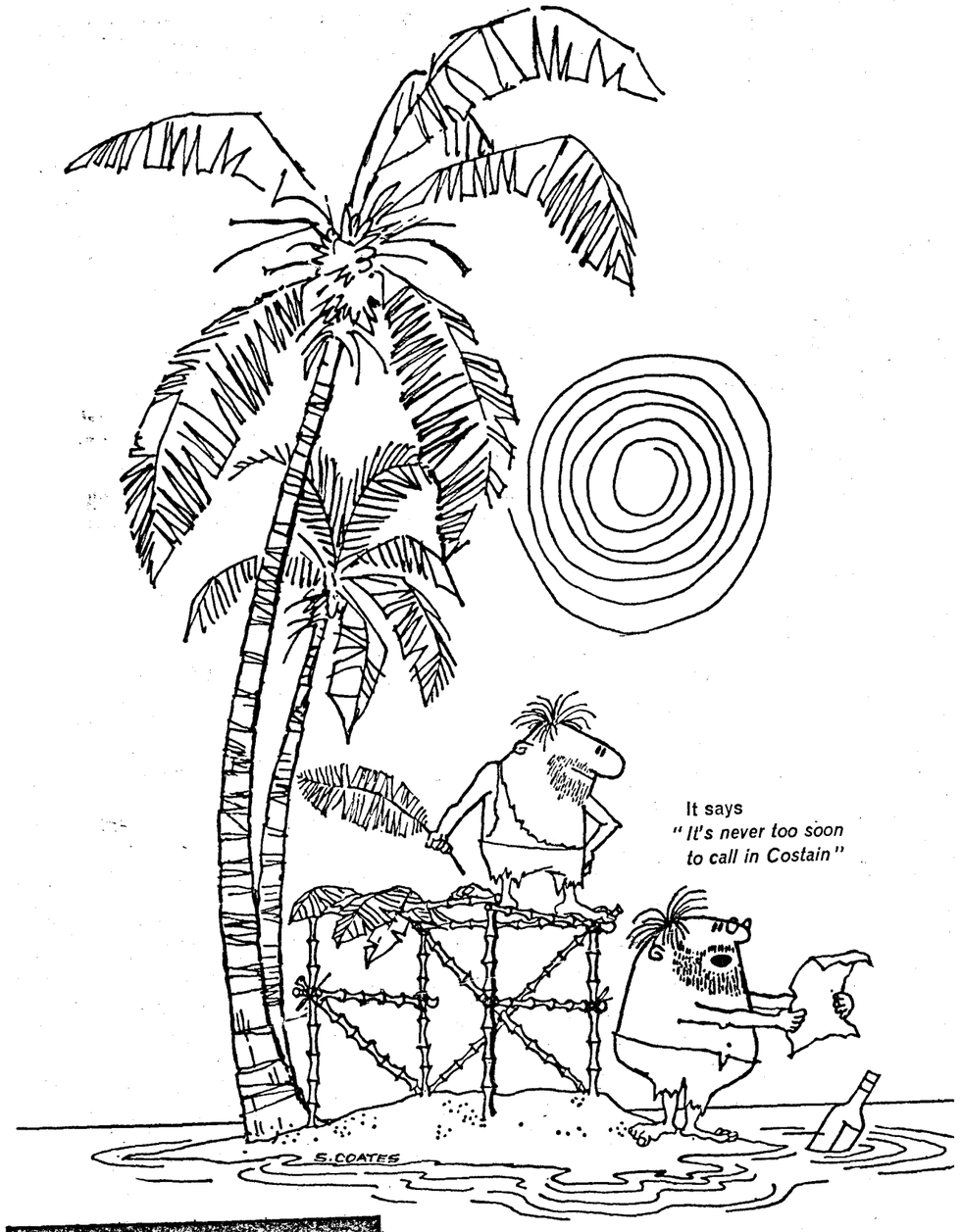


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Diplomatic Circles



LIKE Major Titov, the statesmen in charge of the Berlin crisis, both communist and non-communist, are going round and round the subject in circles. Unlike Major Titov, the diplomatic orbiters can be congratulated neither on their spirit of adventure nor on their contribution to progress. The western foreign ministers, meeting in Paris last weekend, talked vaguely of the need to negotiate about Berlin but studiously avoided what a layman might consider the logical next step: a proposal for some kind of conference. As a result, they left the impression of having been more precise in discussing the military and economic measures they might have to take if things went wrong over Berlin, with perhaps apocalyptic consequences, than in considering how to stop things going wrong. Similarly, Mr Khrushchev, speaking to the Russians on television on Monday night, said once again that he was determined to sign a peace treaty with east Germany (which, in his view, would make the allies' present rights of access to Berlin "null and void") without specifying how this was to be reconciled with the promise, which he also made, not to infringe the lawful interests of the western powers. It is time somebody threw the re-entry switch and brought the circling statesmen to a soft landing on the conference table.

Mr Khrushchev, for his part, has now done at least some of the things that are necessary to make a conference possible. The communiqué issued in Moscow last Saturday after the meeting of the Warsaw Treaty powers said that the communist countries had no intention of trying to change the existing social system in Berlin; Mr Khrushchev added on Monday that there was no question of a blockade of the city. Of course, it is necessary to provide some sure guarantees that these promises will be kept, and the guarantees will have to include arrangements for an effective western guardianship of Berlin (the chief point on which Mr Khrushchev remains most ominously obscure). But this is just the sort of thing that conferences are for. The West's failure to take up the matter from here, and say that it is ready to talk, cannot be explained solely on the grounds offered by the foreign ministers—that the Russians are imposing unreasonable conditions by saying that the conference must aim at producing a peace treaty. It would be easy enough to counter this by issuing an invitation to a general discussion of the problems of central Europe without specifying what its end-product ought to be. Plainly there is still a body of opinion in the West, led by General de Gaulle but including some influential men in Washington and Bonn, which prefers not to negotiate at all. It is worth considering what would happen if their advice were followed.

It is no longer plausible for the advocates of golden silence to argue that a policy of refusing to talk, coupled with a flexing of military muscles, might deter Mr Khrushchev from doing anything at all: that is, even from signing a unilateral peace treaty with the east Germans. He has sworn to do this (if no other agreement is forthcoming) so often and so solemnly that a man of his temper cannot be expected to say meekly that it was all his little joke. The most that might be hoped for, if the West continues to keep its mouth shut and its jaw out, is that the east Germans—who would take over control of the routes to Berlin under the separate treaty—might wave the allied traffic along the autobahns, the railways and the air corridors without trying to assert their newly acquired powers. But the western position in Berlin would then float

upon a juridical vacuum. It would rest neither upon the post-war occupation agreement, which would have been denounced by the Russians, nor on a new agreement, which might be negotiated now, spelling out the Russians' and the east Germans' joint assent to the allies' presence in the city. How long do those whose job is to keep the supply routes open feel that it would be comfortable to persevere with this demonstration of walking to Berlin on the waters ?

There are thus marked limitations to the usefulness of the " policy of firmness " which—until and unless the allies come up with an offer to negotiate on Berlin and related matters—*must be taken as the West's response to the Russian challenge.* The expansion of the alliance's conventional armies set in progress by President Kennedy is desirable in itself (and has long been advocated by this paper) as an attempt to create a balance of strength that does not depend on nuclear weapons. (Some implications of Major Titov's flight for the nuclear balance are discussed on page 611.) It is unfortunate that conventional rearmament had to coincide with a seasonal crisis. No doubt the crisis makes it easier for President Kennedy to get Congress's approval for spending more money and calling up more men ; but it also means that the effect of the increases is liable to be nullified by tit-for-tat expansions of the Russian forces. Mr Khrushchev, whose legislators are not accustomed to orate about balancing the budget, announced one such addition on July 8th ; on Monday, while cautiously doubting whether another general increase was needed, he said he might transfer a number of divisions westward.

Some reinforcement of the allied troops available for European service is plainly necessary, even if it were to be matched (perhaps over-matched) by the Russians. It is necessary as a token of the West's determination to fight rather than to give up the one thing in Berlin it cannot compromise on—the securely guaranteed right of the Berliners to live under the kind of system they want. But Mr Kennedy might bear two things in mind before he lets rearmament go, for the time being, past this quasi-symbolic point. One is that Mr Khrushchev can create new divisions faster than the United States can, because he has large reserves of recently demobilised troops to call on. The other is that a large and sudden expansion of the Nato forces in central Europe, if balanced by similar Russian reinforcements, would not decisively improve the relative military position of the West, while it would sharply reduce the chances that the argument can be settled by calm discussion in a rational atmosphere.

BOTH halves of the allies' current position—to rearm, but not to propose negotiations—are therefore entangled in difficulties. It is hard to see any way out of the difficulties except by sending an invitation to Mr Khrushchev to sit down and discuss a new statute safeguarding the freedom of Berlin within the context of a fresh look at the whole problem of central Europe. It is just possible to argue that the invitation need not be issued until after the west German elections on September 17th, in order to avoid tossing an explosive subject into the heat of the German party conflict. Perhaps this is what M. Couve de Murville, who is said to have told his fellow foreign ministers last weekend that the West should not be " rushed " into negotiations, had at the back of his mind. But the decision to make such an invitation, as distinct from the actual mailing of it to Moscow, cannot be delayed much longer. Mr Khrushchev rises to address his party congress on October 17th, and he has said that, if nothing else happens, he will sign a treaty within ten weeks after that.

If the West makes up its mind to negotiate, it should have its arguments ready for presentation rather early in those ten weeks. Not much time is left for the radical decisions that will have to be taken before then. If the allies hope to persuade Mr Khrushchev to sign a new agreement on Berlin without his insisting on adding the east Germans as co-signatories (which is what some reports say the Americans want) they will have to decide what inducements they can offer him to do so. If, on the other hand, it turns out that east Germany is unavoidable as a co-signatory, this would yet be better for the West than no agreement at all, or than being obliged to make terms with the east Germans separately. In either case, the West must peer down into the foundations of its post-war policy on Germany. If it wants to avoid being thrust into half-meditated and perilous acts by the pressure of an exploding crisis, the necessary decisions will not wait much longer.

Can Neutrals Help?

If the "non-aligned" governments are to make their Belgrade conference a success, they must reconcile their own varied alignments

UP to a point, Mr Khrushchev is quite right to doubt whether anybody can be strictly " neutral " in today's world. Most of the heads of government who have been invited to Belgrade on September 1st for the first summit conference of " uncommitted " or " non-aligned " states are in truth heavily committed and aligned on one issue or another. Some are visibly inclined to favour one of the two super powers ; others are involved in cold wars of their own—the Arabs against Israel, India and Afghanistan against Pakistan, Ghana against Togo and Ivory Coast, Iraq against Kuwait and Saudi Arabia, and so on.



Often their particular local involvements shape—or seem to shape—their postures toward the wider world. Morocco's frustrated claims on Mauritania have turned it to the " Casablanca " group in Africa instead of to the " Monrovia " group that values western friendships (and, since the fighting at

Bizerta, Tunisia has moved in the same direction). Indian and Egyptian bitterness about western alliances dates largely from Pakistani and Iraqi entry into western pacts. Jugoslavia's local feud with Albania may be deeper rooted than its doctrinal hostility to distant China, whose present patronage of Tirana emerged only after the Albanians had long been at loggerheads with Belgrade over minority problems as well as ideological ones.

Who, then, are the true " neutrals " ? The skirmishing before the Belgrade conference has been enlightening on this point. During the preliminary wrangle about who should be invited to the September " summit," some attempt has been made to find an objective definition. Direct allies of either America or Russia have been ruled out without difficulty. But the declared intention of disqualifying any state that had foreign bases on its soil was promptly robbed of meaning by the inclusion of Morocco and Saudi Arabia (which still have American bases) in the preliminary talks. And there has been little clarity in the further attempt to classify countries according to their " pursuit of an active policy of non-alignment " and their " support for liberation movements." If one takes, say, the Congo dispute as a yardstick, Jugoslavia, Morocco, Indonesia and Guinea have condemned and withdrawn from the United Nations operations there, while India, Ethiopia, and Ghana have continued to sustain it with troops as well as votes. Both those groups have been bidden to Belgrade ; but Malaya, Ireland and Sweden, although aligned with India on this as on other African issues, have not.

MR NEHRU's long hesitation about accepting an invitation to the " neutral summit " arose from his justifiable doubts about the value of an arbitrarily restricted gathering. His own decision to attend has been a crucial one. Without India, without Nigeria, Malaya, the European neutrals and most of the ex-French republics of Africa, the Belgrade conference, whether or not others among the thirty governments invited were to follow an Indian lead in staying away, would have been reduced to a factional rally. The African " Casablancans "—notably the United Arab Republic, Guinea and Ghana—and Cuba would have had their way ; but the greater part of the non-western world would have been either absent or uncomfortably involved in a display of sad disunity. And it is disunity, above all, that these countries must now seek to avoid if they want their voices to be effective in the world.

Their potential effectiveness is great. It is by now almost trite to say that in the world of two great power blocks, with their bombs held (so far) in a mutual deadlock, the casting vote is held by Asia, Africa and Latin America. They have neither nuclear arms nor great riches ; but they have only to swing their weight one way or the other to decide the outcome of the struggle—at least so long as the cold war stays cold. They are no longer mere passive objects upon which the older powers can direct their influence at will. They have discovered their value and their power. What they have now to discover is how to use their new power in ways that will reduce the general danger of our time, and help to convert the hostility between communist and western blocks into a genuinely peaceful competition. From such a competition, the underdeveloped countries have everything to gain.

In the light of this fundamental interest, the present varied alignments among the " non-aligned " and their neighbours are surely of only secondary importance. It is the accidents of geography and history that have, for the most part, determined that some underdeveloped countries are now allied with or cosily associated with the West, while others have come to look to Moscow as a new Mecca. At bottom, the needs of, say, Pakistan and Egypt, the Philippines and Indonesia, Cuba and Chile, Guinea and Nigeria are the same. They must get all the external help they can to enable them to advance economically; they must preserve the domestic order without which they cannot advance, while meeting the growing demand for individual liberty that comes with education and prosperity; they must help to create an international order in which weak states can be sure of survival among their stronger neighbours. Regardless of tactical and doubtless temporary alignments, their true community is that of the underdeveloped world as a whole; and they want to be able to draw upon the more advanced countries for whatever seems relevant to their needs, without necessarily accepting either western or communist institutions as a model.

Awareness that the Belgrade meeting itself may endanger this broader community is not confined to Mr Nehru. President Sukarno of Indonesia, one of the original sponsors of the conference, felt it necessary to answer similar criticism in a speech at Medan, in Sumatra, on July 30th:

> Some people have already started to think whether the Belgrade conference will affect the existing Asian-African solidarity. My answer is no, not at all. . . .

But the proof of this pudding will be in the eating. To make the conference succeed, the participants will have to take full account of the viewpoints of those who have not been invited, or who have declined to come because they feared involvement in too narrowly partisan an affair. Only if they succeed in doing that will they be able to speak for the underdeveloped world as a whole. If they fail, their utterances will be easily brushed aside as unrepresentative.

AT the same time, they will have to try to produce something more substantial than benevolent generalities. On disarmament, for example, the non-aligned countries have in the past been too easily content to declare themselves in effect against sin, and to urge the more heavily armed powers to compromise their differences. They will have a lot of homework to do on this and other problems. If Belgrade were to produce—or to initiate—a serious analysis of the disarmament problem that takes account of the real obstacles to agreement, it could provide a very useful spur to progress. If it were to yield some constructive suggestions (with offers of practical assistance) toward a solution of the Berlin problem, it could improve the prospects of disarmament in another way—and thus improve the prospects of massive economic aid for the underdeveloped world.

Neither the western nor the Sino-Soviet governments have viewed the approach of the Belgrade meeting with enthusiasm. (Both in Russia and China the press has, in fact, suppressed all news of it.) The West can expect it to fire many anti-colonial salvoes. The communist powers are fast losing their earlier rapture about neutrality; the neutrals whom they once regarded almost as protégés have shown an unpleasing ability to oppose Moscow's ukases, in particular over the Congo; and Mr Khrushchev's new " troika " doctrine is essentially a device

to prevent such independent-minded people getting a grip on the machinery of the United Nations, on the control of disarmament measures, or on the surveillance of troubled places like Laos. But both blocks must face the need to co-exist not only with each other, but also with the under-developed and mainly uncommitted world. A third of mankind cannot b ignored. All that outsiders are entitled to do is to urge th non-aligned countries to look hard at the facts of life befor shaping a course that will affect the future of all other nation as well as of their own.

In the Freezer

Mr Lloyd has shown how tough he is prepared to be with the white-collar unions. He now has to follow through elsewhere

THE Chancellor's five-year plan is still very much on the stocks. The employers and unions have been asked round before the launching: this is meant as more than a courtesy, but it is not at all clear what influence their blueprints can have on the design of the craft that eventually takes the water. Before Mr Lloyd saw the civil service unions on Thursday afternoon very little had been forthcoming (except to the teachers) on how the wages "pause" in the public sector might be intended to work. But the figures that ministers have been muttering to themselves, and have been most impressed by, are last year's comparison between the rise of £1,450 million in personal incomes and £650 million in production. The initial outcome of this calculation that wages are at the nub of the economic tangle has been the discovery, through the need for drastic intervention in the Burnham and Whitley machinery, that the tangle involves a quantity of much-hallowed and jealously protected negotiating procedure besides.

Both the current balance-of-payments crisis, and the more profoundly structural problem of how to get the economy into the right gear for tackling the sharp incline up to Europe, depend in considerable part for their solution on staunching the cost-inflation gush. If Mr Lloyd's wages pause proves to be no more than a lop-sided touch on the brakes, the lack of confidence in sterling will prove sadly well-founded, and British manufacturers on the brink of the common market will find that their prices are flatly uncompetitive. No one expected much of Mr Lloyd's original exhortation to the unions to ask for no more because they would not get it. In fact two arbitration tribunals which have announced awards since the Chancellor spoke have paid no attention to the pause. One case concerned 10,000 clerical and administrative workers in air transport; the other, a handful of craftsmen at the Victoria and Albert Museum whose employer happens to be the (by now hard-faced) Ministry of Education. All previously agreed awards to the civil service are now, apparently, to be honoured—although this does not include the teachers, whose rejection of the Burnham recommendations until after the pause was announced has been a costly tactical blunder by their militants.

WHETHER the Government willed it or not, the first crunch has come with the white-collar organisations, which only in the last year or two have really begun to realise that they are trade unions too. The teachers are claiming not only that they are badly done by (which need not necessarily be accepted) but that, after all, they are, as indeed they are, among the most important people in the country: a similar reaction has come from the eminently respectable Society o Civil Servants. A good part of the trouble is that thes people's pay claims go in as a matter of course after worker in industry have got their rises: the councils and tribunal which, on the shifting soil of "comparability of remunera tion" for public servants with private employees, struggle t ascertain how much they are entitled to, only swing into actio after one year's crop of industrial rises have been granted The white-collar men thus feel themselves thwarted just whe the national bonanza seemed on the point of overflowing int their own bank balances. Among those also hit in this way ar the blue-collar men who work in Government factories ordnance depots and the rest.

The whole question of public servants' wages is complicate by the system on which they are reckoned. The basic patter is that of the teachers' Burnham committee and the civ servants' Whitley council: on these bodies the employee representatives meet representatives of the Treasury or of th local authorities (previously thought to be susceptible to ministerial whisper). The award is arrived at by negotiatio (based, in the case of the civil service, on the report of a pa research unit charged with finding out just how salaries i comparable outside jobs have moved). It is then passed t the appropriate minister for simple confirmation or rejectio In the particular case of the Scottish teachers, the Secretar of State has always been able to put aside the recommendatio of the negotiating body, write his own award and put it int the teachers' pay packets. The Minister of Education i England has only had power to accept or reject outright. No that he has rejected an award for the first time, his onl effective tactic is to state just what he would be prepared t agree to, and trust that the committee will eventually decid that this is better than nothing at all.

The present shock and horror of the teachers, and of som of the local authorities, is only partly simulated. Burnha and Whitley have come to be regarded as sacred—perha largely because they provide a "dignified" way in whic dignified professional people can get more money. Th negotiators of both sides genuinely believe that the preceden must not be broken—even if the nation is spending so muc more than it earns. But this ought not to bamboozle anyo else into believing that it is necessarily good that the Minister sole function in the Burnham machinery should be to stum up the cash without the right to say at the beginning ju how much is likely to be in the kitty. Nor should there b anything sacrosanct about the Whitley council system if means that jobs for which there is no shortage of applican merely get a permanent ride on the general escalator. Th Government seems to hope that it may get by without breakir

up the machinery altogether. Comparability will still be the principle for civil servants, but arbitration tribunal awards on new claims are to be frozen—at least until the Chancellor reviews the situation early next year. This is the broadest possible hint to all other employers. In the past the white-collar organisations have been those most open to persuasion, and, given the social attitudes of their members, strikes by their unions are likely to be brief and ineffective. What is more, if the Chancellor's plans do pay off—that is to say, if inflation is halted—the middle-income professional people are likely to be the first and main beneficiaries.

SINCE the teachers are now on holiday their dickering with Sir David Eccles may well settle down into a leisurely process until the opening of the autumn term, when they will actually have the opportunity to withdraw their labour if they see fit. But by then the Government will have had the chance to show whether (as is now being shouted from the most respectable housetops) the white-collar people have been picked on or not. The railwaymen and the miners are the first two large industrial unions whose claims will come forward in the next few months. These declining industries which the taxpayer is already underwriting are not in a particularly strong strategic position, unless the Government itself first buckles at the knees. In high circles the Guillebaud report, which sold the pass in March, 1960, is now a most unpopular document; but the right-wing union leaderships, which have spent the last six months reasserting their authority against unilateralists and unofficial strikers, are not in the best tactical order themselves to go slow now on wage claims.

The TUC's short answer to the Chancellor has been to growl away against coming surtax relief. The Confederation of Shipbuilding and Engineering Unions has used precisely these grounds for rejecting any restraint this week. There will be much more along these lines from the Portsmouth conference. But the unions have wisely decided to meet the Chancellor about his long-term planning, and they are perfectly well aware that surtax and the rest is an inadequate answer to plans that set out to tackle inflation, exports and the balance of payments. They will be foolish if they jump the gun.

The Chancellor's broad intention seems to be to inject into all wage negotiations, from the outset, an indication of the magnitude of the sum that the Government is prepared to accept in proportion to the general rise in production. But this is very far from being enough in itself. A general freeze, irrespective of economic (and in the public services, social) priorities is not an inducement at all to get labour out of the decaying and somnolent industries into the active and expanding ones. The right principle is the one already adopted with the police: to put up the rewards substantially and deliberately to attract men where they are most wanted. Equally, no service union is going to accept a wage policy in direct ratio to productivity increases and nothing else. The first thing to be looked for in Mr Lloyd's programme when it finally emerges is the flexibility it allows within the broad figure of the permissible national increase.

This ability to discriminate will take as much political courage to insist upon as will the act of standing firm against wage inflation as a whole. The teachers' present insistence on the bottom of the basic scale to the virtual disregard of the need to encourage entrants to the scarcest and most responsible jobs is one that is sure to be repeated elsewhere this autumn. If the logic of the present test with the teachers sinks in now, the Chancellor's hand will be greatly strengthened with the public at large when any greater confrontation with the unions develops.

What Price Diplomacy?

For the third time in a decade the Treasury pruning shears are being brandished at the proliferating Foreign Service

MR SELWYN LLOYD'S call for a 10 per cent cut in the overseas budget of the Foreign Service may sound nothing out of the way when a national bout of retrenchment is on. Yet the Foreign Service growth, on inspection, turns out to be far from luxuriant. To cut, for the mere sake of cutting, may not be good husbandry.

Since the second world war the Foreign Service has certainly branched out tremendously. But its increase is not in diplomatic manpower; it is in the missions that are manned. New embassies have had to be opened in countries becoming independent—Burma, Indonesia, the Philippines, Israel, Jordan, some Central American countries, Laos, Cambodia, Vietnam. There is also the staffing of the Commissioner General's office in S.E. Asia and political representation—a legacy of the old India Office—to Afghanistan and Nepal, and throughout the Persian Gulf. Again, with hardly a pause for breath, come more and more calls from Africa. Excluding the embassy in Cairo, there are now no fewer than fifteen ambassadors accredited to twenty-three African territories. Then there are all the international commitments—two permanent delegations to the United Nations Headquarters in Geneva and New York; seven permanent delegations to such international bodies as NATO, OECD and the European communities.

Simultaneously the burden of capturing and holding new markets is borne on the much broadened shoulders of the service's commercial branch. Information offices spring up alongside. Yet, when all this is said and done, what is called "the UK-based manpower" of the service (which means all its members recruited here in Britain) has merely returned, after being twice cut down, to roughly its 1946 strength of just over 4,000.

If making so few go so far is not actually done by mirrors, it requires an administrative finesse that verges on sleight of hand. Any drastic reduction in numbers might lead England to expect every man in the Foreign Service to do one and a half times his duty. This might make good bookkeeping; but, as far as results are concerned, our man in Havana,

Baghdad, Tokyo or anywhere else in the world would be just that much less alert and well-informed. Could the country afford it?

RECOLLECTIONS of the earlier slashings—in 1951 and 1956—serve only to increase present doubts. Every Government service carries its dead wood, and would not be human if it did not. But much that was alive and irreplaceable was sacrificed in those years. Experienced men were axed—to be replaced by greenhorns when the national finances were mysteriously held to have recovered. Among the sorriest stories was the closing in 1956 of 25 consulates—a throwing of little victims to the monster of centralisation, whom accountancy loves but diplomacy ought to abhor. Many provincial consulates are run on a shoestring. But, with sometimes generations of local friendship behind them, they are invaluable listening posts. The visiting embassy official can often glean much in their snuggeries about what goes on in the host country that could never have come his way in the marble halls of the capital. With every closure a source of information dries up, usually permanently.

No doubt there are missions where some trimming would do no harm. Advances in Africa might be offset by curtailments in places where British interests no longer need intensive diplomatic cultivation. In a number of communist capitals, abstention from actual diplomatic work is practically *de rigueur*; if this is to be accepted, as it seems to be, then the well-paid, accomplished diplomatists who are maintained there might conceivably step aside in favour of the simpler research workers who can tunnel through the mazes of communist printed matter for clues to political trends. No doubt there are some minor extravagances in the diplomatic manner of living. But although the British diplomatists live, if not exactly in comfort, then at least in style, their *train de vie* is often less striking than that of their *chers collègues*. Nor can they quite detach themselves from keeping up with the Joneses; and in foreign relations the Joneses, whether allies like the French (who would not dream of allowing domestic vicissitudes to interfere with diplomacy), or communist countries that stint themselves at home in order to impress abroad, do set a formidable pace.

The Chancellor's requirement of a 10 per cent cut next year applies to all the civil administrative services overseas, whose total upkeep now runs at £26 million. (This excludes £15 million for pensions to overseas residents and £7 million for international subscriptions—fixed items that cannot be changed.) Of this the Foreign Service spends the lion's share and its manner of spending is a paramount national concern. That is all the more reason why economy campaigns should not—in the long run—be wasteful through jettisoning assets in a panic that will later cost much to recover or never be recovered at all.

The question might indeed be debated whether representation abroad should too faithfully reflect a country's economic reverses. Diplomacy is certainly handicapped in being too rigidly governed by financial ups and downs. By all means let there be thrift, and plenty of economy measures, wherever they can be afforded. But such economies should be part of steady long-term planning, not hastily devised retrenchments for short-term expediency.

Humpty Congo

The Congolese—and everyone else—may have learned something from the past year's jigsaw operation



Sture Linner, Cyrille Adoula, Joseph Ileo

ALL the world's horses and all the world's men may yet succeed in putting the Congo together again. The prime task of the United Nations in the past year has been to guard against ambitious countries pulling the infant state apart in attempts to acquire bits of it for themselves. This task has now been carried out, except, perhaps, in parts of the province of Katanga. But the threat to international peace thus averted must not be allowed to arise again. Thus the UN's job is now more subtly difficult than ever. While still treating the Congo as a sovereign state, it has to help the Congolese people to establish a government able to maintain the country's independence on its own.

If the Congolese freely decided to pull their country apart and divide the bits among themselves, that would be their affair—however much Dr Nkrumah may dislike it. But it becomes the world's affair when each section of a country calls on different allies abroad for help, or when a recognised central government is threatened with revolt by a province that draws military support from outside. This is why the UN has patiently guided the Congolese back from the looking-glass world of battles by press conference and private armies. Now, at last, there is hope of achieving a modest degree of stability. On August 2nd the Congolese parliament, for what it is yet worth in the conduct of the Congo's affairs, voted overwhelmingly in favour of a new prime minister, Mr Cyrille Adoula. Mr Adoula founded the Congolese National Movement with Mr Patrice Lumumba, but the two men parted political company in 1959. Though a moderate man, Mr Adoula is a socialist and a supporter of the Lumumba vision of a strong unitary form of government for the Congo. Despite this, President Kasavubu, a federalist and no socialist, has welcomed the new prime minister. More important, the followers of Mr Lumumba—now led by Mr Gizenga, who succeeded to the leadership of his movement and has led the separate regime at Stanleyville—have apparently recognised the new central government and are joining it. Mr Gizenga himself has been offered the first deputy premiership, and his right-hand man, Mr Christophe Gbenye, is minister of the interior. The resultant government of national unity has the support of a parliament which deputies from every part of the Congo have attended; even Mr Tshombe's deputies, from Katanga, began to trickle through to Leopoldville this week.

That this parliament is able to sit at all is a triumph for the persistent work of Dr Sture Linner and his United Nations staff in the Congo. This group of men has been represented, in parts of the world's press, as no more than a band of clumsy do-gooders. It would indeed be surprising if an international administration drawn at short notice from 29 countries, and presented with such a chaos, did not commit blunders. But it is to the credit of Dr Linner's men that they have managed to gather the far-flung deputies at Leopoldville in an orderly assembly.

There is very much more work ahead. It is urgently necessary that the soldiers of the Congo be disciplined. They are still very highly paid (privates get $100 a month plus board), and they still have the means of holding their politicians up to ransom for more money. The UN General Assembly has charged its administration in the Congo with the job of re-organising the Congolese army. Now that a central government has been formed, Dr Linner should do his utmost to persuade it to bring the army under control.

Then there is Katanga. The UN certainly cannot invade Katanga on behalf of the central government, though it could legally stand aside while central government forces carried out an invasion. But, in any case, Mr Tshombe is becoming increasingly isolated. At the elections in May, 1960, Mr Tshombe's Conakat party won less than half of Katanga province to itself; most of the rest went to Mr Jason Sendwe's Balubakat party. Mr Sendwe has been named second vice-premier in the new central government. His Baluba fellow-tribesmen have not been as thoroughly pacified as Mr Tshombe's generals claim; only UN supervision is keeping the northern part of Katanga from civil war. But Mr Sendwe has followers in Elizabethville as well; and, recognising the weakness of their position, Mr Tshombe's supporters have begun to waver.

Some of them want to seek continued political and military support from the white governments to the south. There have even been kite-flying suggestions from Elizabethville of an interest in seeking support from communist countries—advances that were roundly snubbed by Moscow radio. But others among Mr Tshombe's followers, it appears, are urging him to come to terms with the central government in an attempt to save a degree of autonomy for Katanga. The Belgians, too, are showing signs of acknowledging that Katanga's position is weakening. The new Belgian government is not pro-Tshombe, and Belgians in Elisabethville are beginning to sense the way the wind is blowing. Some of Mr Tshombe's mercenaries have left him and there is a chance that some of his advisers, asked by the UN to leave, will do so.

NONE of this means that Katanga separatism is finished. Mr Adoula apparently feels secure enough to be able to snub Mr Tshombe, but he would do well to defeat his enemy politically before proclaiming him liquidated. The more determined advocates of Katangan autonomy may yet force a battle, and there is still no predicting who, in that case, would win. Mr Tshombe has expressed willingness to share some of Katanga's wealth with the rest of the country; if he were also to relinquish his claim to some of his provincial power, Mr Adoula would have achieved much. In this situation General Mobutu, who knows about *coups d'états*, and who once formed a firm friendship with Mr Tshombe, remains a question-mark.

The politicians of the Congo may have learned some lessons. But perhaps the outside world has learned some as well. By now the West ought to realise that it is a mistake to jump to quick conclusions about African politicians. Many Americans, hasty to find an enemy in Mr Gizenga, still speak of "Lumumbists" as so many black Khrushchevs. In fact, Mr Gizenga's followers attended the session at Leopoldville against the advice and predictions of Moscow radio. The sensible view of a "Lumumbist" is to see him as no more than a militant African nationalist—as capable as anyone else of being driven into the communist camp, but not eager to go.

MR KHRUSHCHEV, for his part, may have revised his assessment of the feasibility of capturing African allegiances. (The capitalists at *Union Minière du Haut Katanga* share the same experience.) The Afro-Asians as a whole have taken some time to realise that only by uniting behind the UN can they help it to save the Congo from dismemberment by cold-war antagonists. But they deserve much credit for sensible voting in New York since they became aware of the need to make their weight felt on this issue. The African members, in particular, have sensed that chaos in the Congo is, in some eyes, a continuing affront to the black man's dignity. They are still divided about the kind of Congo they want, but they have been able to overcome some of their passions. Two of Dr Linner's most successful negotiators come from Nigeria and Ghana; they have been able to work well together inside the Congo, for all their countries' differences.

The Americans may not like to see so many posts in the infant central government go to "Lumumbists"; the Russians may think there are too few. That neither country has got its way is the result of Dr Linner's work and of the new power of the Afro-Asians in the General Assembly. In the first 14 months of the Congo's independence the UN has kept foreign powers out of the Congo; it has provided a skeleton administration; given technical and economic aid; and ended civil war and reconvened parliament. It has much more to do. The world can only wish it luck. Further Humpty Dumpties are sure to fall (perhaps some near the Congo borders) and the horses and men will be needed once again.

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NOTES OF THE WEEK

PARLIAMENT

Closing Rally

It has been the Tories who, not unnaturally, have been most anxious to escape from Westminster for the recess until October 24th. At the end of last week they went on their ways mildly rejoicing that the Prime Minister's tactical touch had seen the party safe and sound through the first skirmish over Europe. This last fillip to morale came chiefly through Labour's default. If Mr Lloyd's presentation of his little budget had failed quite painfully to hit the apt key for the Tories' own mood, let alone the electorate's, Mr Gaitskell's humming and hawing in the European debate appeared a lamentable misreading of the initial public reaction to joining the common market. (Lord Attlee, who had advised this course, was not infallible even when at the helm.) The return of Mr MacWonder to the television screen was thus allowed to be both avuncular and buoyant: this performance should have brought Labour up with a start, and set it pondering about just how substantial the gains of the last nine months may seem in two years' time.

Even so, the reversal of party fortunes since last autumn has been cumulative and, in the eyes of the younger Tory members in marginal seats, remorseless. As the conference season advances, not a few Tories will look wistfully back at the two Scarborough carnivals a year ago when the Prime Minister enjoyed his Roman triumph and the Leader of the Opposition was almost thrown to the lions. There is no longer any Tory talk of the duty to provide an opposition as well as a government. The party has grown both nervous and nagging, and there were outspoken complaints that Mr Lloyd had failed to take anyone into his confidence about how the wages "pause" would actually operate. There have been no splits (over both Rhodesia and the common market the Right revealed its inherent impotence) but, despite Mr Lloyd's signs of toughness with the unions, restlessness at the humiliation of a return to restrictions and 7 per cent after ten years of Conservative rule is likely to get worse until the Chancellor shows signs of getting down to the business of long-term growth—which is all the talk now.

Mr Gaitskell's hold on the parliamentary Labour party is now secure: the flamboyant abstention of the 50 defence rebels now seems not nine months but nine aeons ago. The turning point for the leadership came with the expulsion of the seven left-wing troublemakers from Labour's comprehensive fold. As the election draws gradually nearer there will be a natural strengthening of Mr Gaitskell's authority, and feeling will harden even more against any attempt at disruption. The Asquithian approach to the common market may have made sense in terms of party unity last week; the TUC, although divided, has managed to look more enterprising. If Mr Macmillan achieves any kind of progress with the Six, Labour's abstention could make the party appear more monumentally irrelevant to the twentieth century than ever.

Squeezing Home

Throughout the session, with enforced pauses, particularly when Labour took exception to Mr Powell's health charges, the Government's legislative programme has been lumbering on: some 40 bills have been squeezed into the statute book. Mr Butler was, however, a trifle optimistic in his timetable and the Government has in fact lost two major measures, the Weights and Measures Bill (mark 1) and the Road Traffic Bill. Many backbench Tories would have been happy to swap for these the bills providing for the reorganisation of Covent Garden and the subsidy for the new Cunarder, which are now through. Mr Brooke's Housing Bill has got jammed in the machinery, but the Lords' amendments will be taken on October 24th, the day the Commons resumes after the recess. The new session will be opened on October 31st.

Mr Butler's own department has done rather well this term. Its three major measures, the Criminal Justice Bill, the Licensing Bill and the Betting Levy Bill have all received the royal assent, as well as two minor ones, the Suicide Bill and the Human Tissue Bill. The session has also seen the passing of measures to put the Post Office on a better business basis, make more economic use of crofting land, increase pensions and improve land drainage. The Rating and Valuation Bill (England and Wales) has now reached the statute book and stock exchange prices were given a sudden boost by the Trustee Investment Bill which also received the royal assent just before the House rose. Private members bills have not been particularly exciting, but a number of modest little measures have passed into law. These include a bill penalising mock auctions, a printers' imprint bill, and one encouraging greater safety in the home.

UNITED NATIONS

Wheels in Treacle

Support has been slow to gather for the demand by a group of Asian and African governments for a special United Nations Assembly session to discuss the Bizerta dispute. True, until a few days ago the Tunisians themselves were ready to hold back in hopes that the United States' very active diplomacy would make possible direct negotiation with France. But the bid to convene the assembly had, in any case, run into difficulties.

Special sessions may be held under either of two assembly procedures. If the 1950 "uniting for peace" resolution is invoked, after the Security Council has failed to cope with a dangerous situation "because of lack of unanimity of the permanent members," the assembly must meet within 24 hours of a request for an emergency session made either by seven members of the council or by a majority of the 99 member states. If it is not, either the council or a majority of member states may still request a special session within 15 days.

Soviet opposition forced the Afro-Asians to abandon the "uniting for peace" procedure almost as soon as they had announced their wish to use it. Russia has, at times—as in the 1956 Suez crisis—gone along with this procedure, but more often it denounces it as an illegal transfer to the assembly of powers that should stay with the council. Then came the problem of mustering fifty signatures for the request. On Tuesday, the count had reached the irritating figure of forty-nine—35 out of the 45 Asian and African members (the missing ten being ex-French African republics), four Latin Americans, Jugoslavia, and the nine of the Soviet group. (The Russians, intent on their vendetta against Mr Hammarskjöld, had insisted on putting in a separate letter, addressed to the secretariat, not the secretary-general; but this did not affect the substance of the request.) But now that the request has at last been formalised and circulated to all members, it is gathering enough additional backers to carry it past the mark. A last-minute modification of France's unyielding position can hardly be expected, with the Ides of August evidently ringed red for danger on General de Gaulle's calendar. The fact that the UN's wheels have seemed to be slowly rotating through procedural treacle for the past two weeks should not now mislead anybody into hope of still avoiding a special assembly, with al its awkward implications for France's allies

Close Thing for Peking

The annual lobbying on China's representation at the United Nations has got off to a brisk start this year; it promises to be a close-run thing, and more confused than usual. President Kennedy has placed his bet already, committing himself publicly to continued opposition to the seating of communist China.

This pledge appeared in the joint statement issued after Mr Kennedy's talks last week in Washington with vice-president Chen Cheng of the "Republic of China" (Formosa). Although the Chinese Nationalist leader, who left the United States this week, had reason to be pleased, the statement did not really dispose of persistent reports that the President had stratagems up his sleeve that may, in the end, disappoint the Nationalists. Mr Kennedy renewed American support for "continued representation of the Republic of China in the United Nations," but said nothing about reserving Formosa's great power seat on the Security Council. Should the voting go against the United States and its Nationlist ally, the President has thus left himself a loophole for keeping Formosa in the General Assembly, even if communist China gets in and claims China's permanent seat on the Council.

In fact, however, all indications are that President Kennedy will fight tooth and nail to keep the Chinese communists out altogether, and he could well succeed for another year. True, the coming session could easily bring a simple majority in favour of discussing the subject. But even if it is discussed, it may be difficult for Peking's supporters to muster the necessary two-thirds majority for actually getting communist China in.

A complicating factor is the candidacy of Outer Mongolia, which the Americans have consistently opposed in the past. This year, with diplomatic relations between the United States and Mongolia in the air, they are unlikely to do so, but the Chinese Nationalists have announced that they will use their veto. The Russians have said that if they do, Russia will veto the admission of Mauretania. This is cunning, for Mauretania's admission is supported by eleven other former French colonies in Africa, whose votes the Nationalists badly need against Peking. All things considered, it will be surprising if China, or Mauretania, or Mongolia gets in this year.

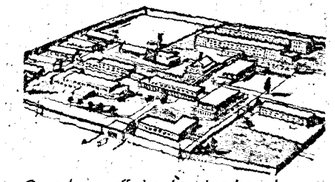
PRISONS AND HOSPITALS

Where is the Dividing Line?

The Mental Health Act, whose main provisions came into force last November, had three main effects in the penal sphere. First, it enabled the higher courts to commit a convicted offender to hospital instead of to prison. Secondly, dangerous or violent patients can now be admitted to Broadmoor hospital without being charged before a court, as was always the case with the two other special hospitals—Rampton and Moss Side. Thirdly, the Home Secretary can now transfer prisoners suffering from psychopathic disorder from prison to a mental hospital or to a special hospital; previously, prisoners had to be certifiably insane or mentally defective.

The working party on the special hospitals, whose report was published in April, recommended that admission to one of those hospitals should be regarded as a last resort and that regional boards should provide secure units within their hospital services, which could deal with patients not needing the particularly strict precautions of the special hospitals. The working party also suggested that some diagnostic and treatment centres, with facilities for research, should be set up for patients who are especially difficult because of their aggressive, anti-social or criminal tendencies, whether diagnosed as psychopaths or not. These centres would receive some of their patients from prison; and they would, it was hoped, be closely linked with the remand and observation centres to be established within the penal system.

Where, in all this, will the new psychiatric prison at Grendon Underwood stand? In conception it dates from 1939, in a recommendation in the report by Dr East and Dr Hubert on the psychological treatment of crime. Although the building is well advanced, the plans for using it still



Grendon: off the drawing board

seem vague and Mr Fletcher-Cooke gave little indication in the Commons debate last week. The psychiatric work now carried out at Wormwood Scrubs, Wakefield and Holloway prisons is to be transferred there, which means that many of the 350 inmates (300 men and boys and 50 women and girls) will be those needing psychiatric treatment but not ill enough to be transferred to hospital under the Mental Health Act; some sexual offenders will presumably be among them. But exactly what criterion will determine whether a prisoner will be sent to Grendon Underwood for treatment and observation or to one of the working party's proposed units or centres will presumably be settled empirically.

CRIME STATISTICS

The Dark Side

Three disturbing trends emerge in the crime statistics for England and Wales last year (Cmnd. 1437). The increase in cases of malicious wounding follows the pattern of recent years, but in 1960 it mounted alarmingly. In the 1930s the annual average was around 1,600 cases; the late 1950s saw averages of 9,600. Last year's total was 14,142. Cases of causing death through careless driving are equally disturbing. From 1955 to 1959, the annual average was 231: last year's total was 470. Part of this increase can be attributed to the greater number of vehicles on the roads, but there is equally an implication of growing carelessness, despite accident prevention publicity.

The third and most disturbing trend of all is that teenagers account for an increasingly high proportion of crime. Under the category of offences against the person, the total for those between the ages of 14 and 21 was more than double the total for those between 30 and 40. Teenagers were responsible for 61 out of 147 cases of rape, and for 309 out of 841 cases of malicious wounding.

The sharp decrease in the number of prostitution offences in the country (from 19,000 in 1958 to 2,800 last year) is clearly the result of the Street Offences Act in driving the trade underground. This legislation was necessary to clean up London's streets, but respect for the law depends far more on the attitudes and habits of the greater part of the population than on new laws or the police. It is doubtful how much use the amnesty on firearms will be in taking weapons effectively out of circulation. At a time when speeches in the Commons (whether on education or economics) are apparently incomplete without reflections on declining morality, the crime statistics mirror the health and condition of society: at present, the reflections in the mirror are hardly pleasant even if the number of young delinquents is only a tiny fraction of the teenage population as a whole. The behaviour of the "pressured" young delinquent tends to ape the image of adult society that is widely presented through the mass media: this is the dark side of affluence.

SPACE TRAVEL

Vistas of Gadgetry

Major Titov's 25 hours in orbit are a great human achievement, without doubt. But the statesmen of the West, whose weekend meeting in Paris was pushed into the shadows last Sunday and Monday by this latest piece of Russian spacemanship, have its military implications to ponder as well. Certainly the Russians' addiction to space travel is a genuine passion; this is their escape from drabness and from claustrophobia. Sentiment apart, however, the Russian defence planners can hardly be neglecting to think about the military uses of this new technology.

It is far from clear yet what forms the

military use of space will take; American experiments with reconnaissance and early warning satellites have barely skimmed the possibilities. What Major Titov's outstandingly successful flight has made painfully obvious is that when the military men do find tasks for men in space, Russian engineers will be able to translate these into hardware straight away. They are mastering the technical and human details of space engineering with terrifying speed. The idea of a space platform, or bomber-in-orbit, has been toyed with in the West in only a dilettante fashion; to the Russians, it can hardly now seem beyond reach. A bomb-laden space ship in orbit would pose a twin threat. The shape of its orbit should enable it to despatch its bombs to any part of the globe. The difficulty of distinguishing such a vessel from an innocent, unarmed scientific space ship increases the danger from surprise attack and thus complicates the problem of retaliation.

This menace, it can be argued, has been visible ever since the night, as it seems so long ago, when the first sputnik wobbled across the horizon. But it is by flying into space and staying there that the possibility is made practical. The human brain is still the most flexible and reliable computing machine there is; and a manned space ship might conceivably be entrusted with the kind of bombing patrol that it would be madness to entrust to a robot in orbit. A power to retaliate will still remain in western hands, and with it some sort of a balance of terror. But not since the Russians exploded their first hydrogen bomb can western military complacency have been given such a nasty jolt.

NATIONALISTS

Mirror for Prejudice

PLAID CYMRU, the Welsh nationalist party, ran entirely true to form at its annual conference last weekend. (Has the west German 84th tank battalion been fully briefed about this aspect of the Principality's puzzling and xenophobic peculiarities?) The real occupying army, seen from Llangollen, came not from across the Rhine but from beyond Offa's Dyke. The call for "direct action," which the executive eventually managed to quash, was directed not against any military installations as much as against the rumoured intention of Birmingham corporation (a familiar juggernaut) to lay waste the Llywedog valley in Montgomeryshire. In the course of heated exchanges Welshmen were exhorted not to sell houses or land to Englishmen (apparently some zealots have been backsliding in this respect recently), not to take jobs in England and not to welcome English children into Welsh schools, where they may challenge the accepted superiority of the native tongue. These sentiments are not entirely disingenuous. They come from within a party which received 77,000 votes in 20 Welsh constituencies at the last election: in two seats, Caernarvon and Merioneth, Plaid Cymru took over 20 per cent of the poll.

The chief result of the sustained public campaigning by the Welsh (and Scottish) nationalist movements has been to reveal not only the political and economic absurdity of many of their arguments and attitudes, but also the signal lack of popular support that they receive in general elections. Their nuisance value to the big parties tends to be exaggerated in occasional by-elections (one example was the intervention of a Home Ruler at Glasgow Kelvingrove in 1958), but their importance as a reforming influence in social policy, or even in securing further administrative devolution, is now very much on the decline. The Plaid Cymru conference conveniently provides most of the explanations why this has come about. It all looks very silly from a distance. But it would be an experience for a good many Little Englanders, both left and right wing, who have taken immediate umbrage at the idea of going into Europe to hold the Llangollen mirror up to some of their notions and prejudices.

REDUNDANCY

Bridging the Gap

THE Ministry of Labour pamphlet *Security and Change—Progress in Provision for Redundancy**—does little to solve the problem first seriously acknowledged in the automation scare of a few years ago. Largely a summary of existing policies, in private and nationalised industries, for easing the blow to workers declared "surplus to requirements," it does not seek to lay down any pattern to be followed by industry as a whole and may be thought, therefore, to fail in a clear duty. But if it does not guide, it is highly informative.

Redundancy is caused by slackening demand, automation or the closing of uneconomic or inconvenient units or sections; and it can be partly avoided by restrictions on recruiting, the cutting of overtime and short-time working. Nearly all of the 236 firms questioned in the preparation of the pamphlet say they would use these means to keep dismissals to a minimum. They would also follow some scheme (generally "last in, first out") in selecting workers for the axe, would generally offer priority of re-engagement to redundant men and quite often would allow time off for impending redundancies to look for other work. But far too few of them make special provisions for alleviating inevitable individual hardship.

More than half the firms canvassed would not go as far as to offer what seems the obvious means of softening the dismissal—some form of financial compensation or severance pay; many would not take the trouble to give advance warning of probable redundancy. Some firms give a flat-rate severance pay without regard to length of service or other factors, and only 41 would give both extra warning and graduated compensatory payments.

In these confused circumstances, some thought might beneficially be given by the Ministry, industry and the unions to the creation of compensation funds. Severance pay at present is drawn by most firms from general revenue, not from special funds: there seems scope for legislation requiring the establishment of such buffer funds, perhaps by contribution from both management and workers, with employers bearing the main burden. Its use in redundancy might then be by the payment of an agreed lump sum to cover, say, three weeks of work-seeking, after which, failing a worker's re-engagement or entry into another firm, weekly assistance might be given up to a maximum governed by length of service.

* HMSO. 2s. 0d.

ALGERIA

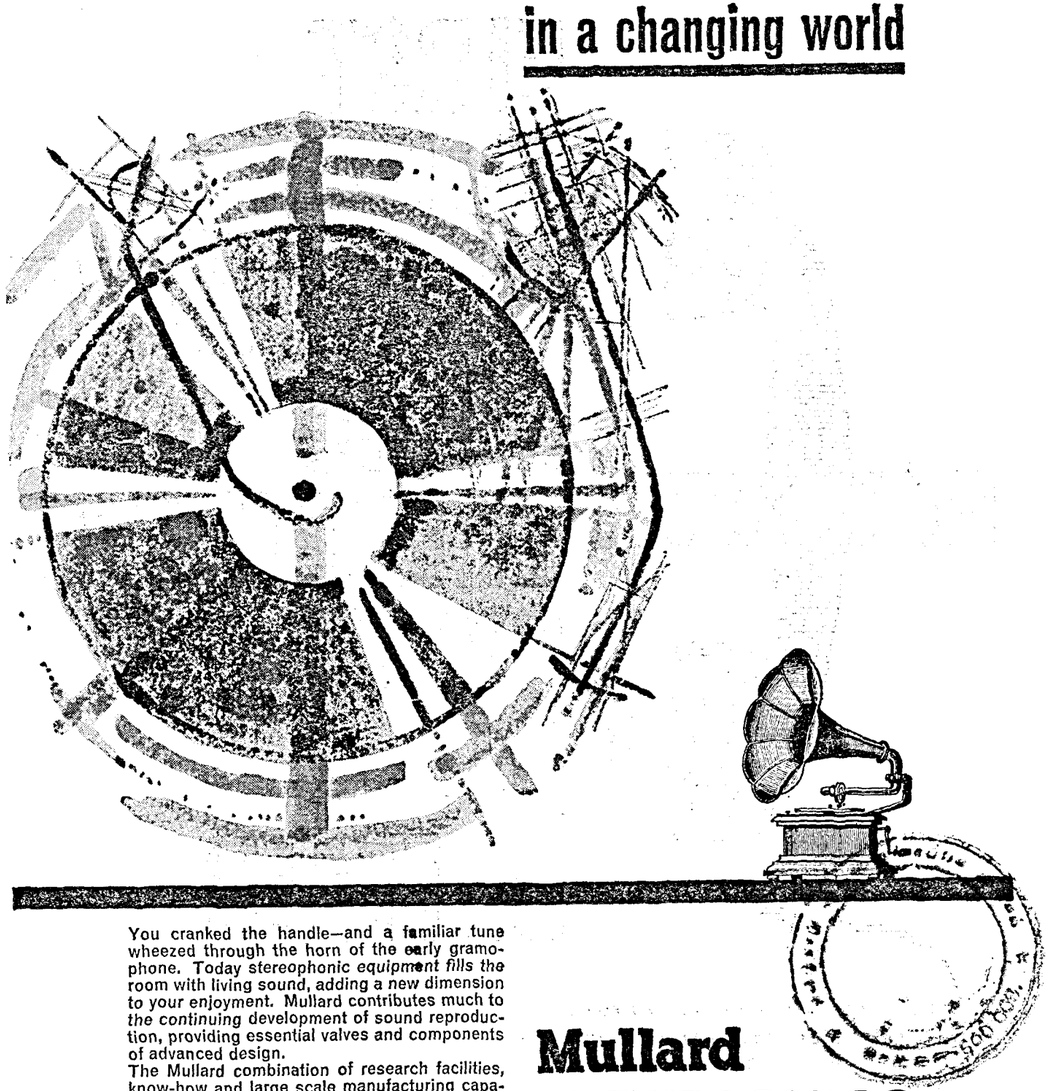
Noisy Lull

REGULAR explosions in Paris and Algeria make it impossible to describe the situation as quiet; but it is certainly less dramatic than it was when the talks were in process by Lake Geneva, or than it will be when the next step is taken towards an Algerian settlement. At present both the French and the Algerians are casting about to decide what the next step shall be. The Algerian revolutionary national council has arranged to meet at Tripoli instead of in Tunis—evidently a mark of disapproval of President Bourguiba's designs on some of the Sahara. M. Joxe, negotiator-in-chief at Evian and minister for Algeria, has been visiting Algiers for consultations, it is thought in Paris with a view to the "regroupment" of the Algerian populations—or in other words, to the partition of Algeria between the nationalists and loyalists, with the French settlers, naturally, getting the best of the bargain.

During this diplomatic lull life has been enlivened only by the activities of the underground Organisation of the Secret Army, the right-wing conspiracy in the interests of French Algeria. Its most spectacular exploit has been the temporary silencing of Radio Algiers last Saturday, and the transmission of a brief broadcast of its own on the same wavelength from a secret transmitter. It has also threatened to murder Signor Mattei, the head of the Italian state hydrocarbon concern, because, it is said, he had agreed to undertake the exploitation of Saharan oil for Mr Ferhat Abbas after Algerian independence.

This organisation is partly responsible for the continuing stream of leaflets, pamphlets and manifestos now urging, now predicting, the violent overthrow of the Fifth

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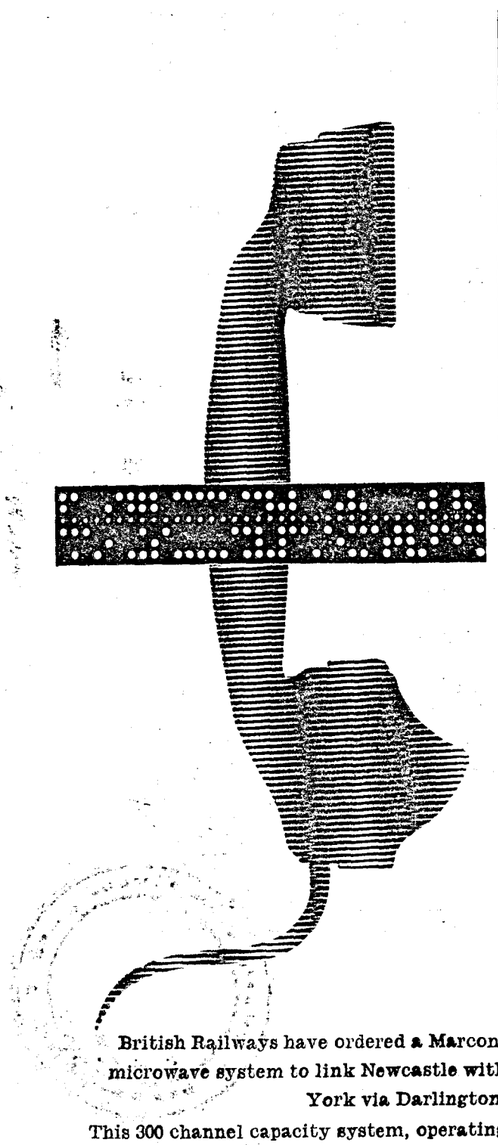
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Republic. Recipients complain that the mere volume of this supply of literature suggests a lack of vigilance on the part of the post office, or the police, or both. What nobody is certain of is how wide the sedition spreads, or what substance there is in its threats of action. The date of August 15th has been freely mentioned as the date for the next attempt at a coup d'etat; so freely, indeed, that it can probably be ignored. But French political life remains explosive, and will stay so while the Algerian war is unfinished.

FRANCE

Fumble?

WHEN President de Gaulle, addressing the French on television a month ago, dismissed critics of his policy as mere exponents of *la hargne, la grogne et la rogne,* he can scarcely have foreseen how quickly each of the "équipes diverses" would retaliate. But now negotiations have been broken off by the Algerian nationalists, cannot be begun with the Tunisians, and have failed to satisfy the French peasants. Negotiation must be a hateful word in the Elysée. Rumble, grumble and mumble, as they may be rendered in English, are having it too much their own way.

The President must look on the farmers as ingrates. After four "round-table" meetings between their representatives and those of the government, presided over by the prime minister, M. Debré, himself, a new and generous agricultural programme was announced. Next year's budget will allocate the equivalent of £129 million in aid to agriculture, which is twice as much as any government has given before. The agricultural marketing organisation has been reorganised and allotted increased funds, the better to fit it to deal with sudden emergencies like the collapse in the price of potatoes to the producer, which was what first brought the peasants out on their tractors in June. Young farmers setting out in life will find it easier to get loans from the government to set them up in business. Regional associations of producers are to be created to bargain on equal terms with the middlemen who carry the food to the housewife at enormous profit to themselves. Finally, as a solid token that it means business, the government has raised the selling prices of cereals, and hence of bread to the consumer.

This programme is by no means contemptible, but the farmers want more. For instance, they want to see the facilities for training in modern agricultural methods expanded; reforms in the distribution of vegetables and fruit; the improvement of rural housing and services. Rural living standards lie at the heart of the matter, and until they have been raised trouble can be expected to continue. The farmers have decided to turn to parliamentary pressure for the next stage of their campaign. This, however, expresses no radical change of heart, but a sense of the inexpediency of blocking the roads and railways with their tractors just now, at holiday-time.

INTER-AMERICAN AFFAIRS

Traps for Aid...

MAJOR ("Che" to his friends) Guevara is popularly supposed to have become the architect of Cuba's economy because he misheard Dr Castro's call for an *economista* as a call for a *comunista*. Certainly, as leader of the Cuban delegation attending the inter-American economic and social conference at Punta del Este, his punch has, so far, been more political than economic. His two-hour speech on Tuesday ranged widely over United States misdemeanours, at the same time warning his fellow Latin Americans against allowing the alliance for progress (for which, after all, the Cuban revolution can claim some responsibility) to degenerate into an alliance for exploitation. If he had chosen to aim more precisely and more constructively he might, as the exponent of a swifter, if not better, way of doing things, have pinpointed obstacles that may yet prevent Latin America's rising expectations from becoming, in Mr Dillon's phrase, rising satisfactions.

President Kennedy's pledge to allocate more than one billion dollars (about £350 million) towards economic development in the first year of the economic alliance comes up to Latin American expectations. The sum includes about half of the $500 million that was pledged during the final months of the last American Administration. Mr Dillon suggested that Latin America should set out to find $20 billion in public and private investments, including United States aid, in the next ten years; at least this gives the hemispheric development programme a firmer outline than it has had. He impressed on the conference that the success of the economic alliance turns on Latin America's readiness to face social change; he spoke of tax reform, land reform, and better housing, education and health. Mildly, he even proposed that some of the Latin governments might divert some of their money from defence to development. This touches a sensitive spot; local reformers have long, and unsuccessfully, been urging the same change. Several of the republics still believe reform to be best for others. More immediately, the Latin Americans have balked at the idea of submitting their development plans to the scrutiny of an inter-American committee. The draft charter, embodying the principles of the alliance, leaves it to them whether they co-ordinate their plans or not.

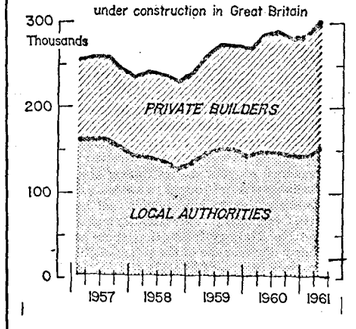
...and for Trade

PROGRESS at Punta del Este is jerky: while the Latin Americans procrastinate over economic reform and integration, the United States hesitates to commit itself about trade policy. Mr Dillon has reaffirmed that the United States is willing to join a new, and broader, coffee agreement that embraces consumers as well as producers; more vaguely, he has said that it is ready to discuss terms for joining the international tin agreement. The proposal for an export stabilisation fund of $900 million has been diplomatically put on one side as "worthy of careful study."

Most of the Latin American republics depend on a single commodity for at least half of their export earnings. Several of them are even more vulnerable; since Colombia, for instance, gets more than three-quarters of its foreign currency from coffee, a drop in price could wipe out its development plans. American membership of the international coffee agreement would help to make the export quota system more effective by discouraging the under-cover shipments that now go on all the time; it would not, in itself, support the price.

The over-supply and sliding price of coffee vitally affect the economies of six Latin American republics. But it is far from being the only commodity where Latin and United States interests clash. Bolivia, leaning heavily on its tin exports, is urgently concerned by reports that the United States is thinking of releasing some of its colossal buffer stock. American quotas on oil and metal imports have cut into the export earnings of Venezuela and Mexico. Argentina sourly traces the droop in its meat exports to the United States. And so the story goes on. If Venezuela is excluded, Latin America's total exports have risen only 4 per cent in the last ten years. There are many reasons for this; the United States, as chief customer, gets most of the blame.

HOUSES AND FLATS



The Minister of Housing and Local Government said on Wednesday that the number of council dwellings authorised or under construction amounted to eighteen months' work. As the construction industry was overloaded it was taking longer to complete buildings. A go-slow would operate on new schemes for council houses, but slum clearance would not be held up.

NORTHERN RHODESIA

Warning Explosions

FIVE explosions — and five African deaths—in Northern Rhodesia during the past seven days must be seen as a warning of the extreme danger facing the colony in the coming months. On Saturday night two Africans were found dead after skirmishes with police reservists, and many were arrested; reports of arson, kidnapping, and the setting up of road-blocks poured in in profusion. On Wednesday three more Africans were killed when the police fired on a crowd armed with spears and bows near Chingali.

The Northern Rhodesia government has declared the United National Independence Party unlawful in the Copperbelt; emergency amendments are being made to the penal code, and federal troops have been sent from Salisbury to replace the King's African Rifles flown into the Northern Province of Northern Rhodesia. The leader of UNIP, Mr Kenneth Kaunda, has condemned violence and called for peace and calm. His appeal may have some effect, but a curious malaise has come over UNIP since its conference rejected the new constitution for Northern Rhodesia last month.

That conference also rejected violence and charged Mr Kaunda with the conduct of a non-violent campaign. Mr Kaunda's more radical lieutenants have since left Northern Rhodesia; one is in London, one in Cairo, two in Dar-es-Salaam. Mr Kaunda has now also left for Tanganyika, after postponing his call for a non-violent passive resistance campaign in Northern Rhodesia. The result of this dispersal of the Northern Rhodesia nationalist leaders has, according to some reports, been a loss of confidence in the non-violent policy of UNIP: the present outbreak of violence is as much directed against Mr Kaunda's moderate methods as it is against the new constitution imposed by the British Government. Only a change in that constitution—which would make Mr Kaunda's methods be seen to pay—could guarantee peace in Northern Rhodesia now.

EUROPE

Warning Shot

WHILE the members of the British cabinet disperse to their shooting coverts and spas, Mr Menzies is still busying himself with the common market. Australia, he said in a speech on Tuesday, will not give up the preferential system of Commonwealth trade without a powerful struggle. The fight for Australian markets would be his most important task when he left Australia to express opposition to British membership of the common market.

This hint of an early trip abroad by Mr Menzies also looks like a pretty forthright declaration of war against the British Government's plan to join the Six. But a second look suggests that Mr Menzies' view is not altogether intransigent. Though Australia cannot expect to preserve what is left of the Ottawa system, its fight for export markets is natural. And when Mr Menzies talked politics, he was by no means purely negative. A united Europe would give a balance to the world that it did not possess today, he said. True, he went on to say that if Britain were in that Europe, the Commonwealth would change. But on this occasion at any rate he did not say that the change would necessarily be for the worse. As a senior Commonwealth prime minister, Mr Menzies evidently feels he has a task, not only of opposition, but of education to perform.

ITALY

Signor Fanfani's Journey

SIGNOR FANFANI went to Moscow last week in the hope that his visit might be of some use in resolving the east-west crisis over Germany and Berlin, subjects on which Italy is often insufficiently consulted. Whether or not his firm exposition of the western case made some impact on Mr Khrushchev remains to be seen. But the Italian prime minister has at any rate the satisfaction of knowing that, by his pilgrimage to Moscow, he has asserted an Italian claim to join in the counsels of the great within the western alliance. Mr Dean Rusk's flying visit to Rome to see Signor Fanfani on Wednesday, at the end of the foreign ministers' meetings in Paris, was a more than polite acknowledgment of this claim.

Signor Fanfani's visit may have served another purpose, to bring home to the Italian people that the present international crisis concerns them closely, perhaps dangerously. Leaks of some of the more bellicose utterances that Mr Khrushchev is alleged to have made to his Italian guests prompted alarming headlines in the Italian press; these may not have done any harm.

If Signor Fanfani did in fact find Mr Khrushchev in a tough and uncompromising mood, he did not comment on it when he returned to Rome. He called the situation "delicate," but indicated that he did not think it beyond redemption. At least he seems to have been spared any display of hectoring bad temper by the Soviet leader, and had parted from him on friendly terms. Mr Khrushchev, in fact, did Signor Fanfani the unusual honour of taking him in his own car to the airport—which, perhaps significantly, gave the two men an opportunity for a final, entirely private chat. Perhaps in the present climate it may be considered a gain that what seems to have been a frank and, even at times brutal, confrontation between Mr Khrushchev and a western statesman should have ended politely and in agreement on the need for calm.

HOW TO JOIN A COMMON MARKET
page 618

The Economist

AUGUST 10, 1861

THE QUEEN'S SPEECH

PARLIAMENT was prorogued by commission on Tuesday last. The Royal Speech was as follows:—

MY LORDS AND GENTLEMEN,

We are commanded by Her Majesty to release you from further attendance in Parliament, and at the same time to convey to you Her Majesty's acknowledgments for the zeal and assiduity with which you have applied yourselves to the performance of your duties during the Session of Parliament now brought to a close. Her Majesty commands us to inform you that her relations with foreign Powers are friendly and satisfactory, and Her Majesty trusts that there is no danger of any disturbance of the peace of Europe. The progress of events in Italy has led to the union of the greater part of that peninsula in one monarchy under King Victor Emanuel. Her Majesty has throughout abstained from any active interference in the transactions which have led to this result, and her earnest wish as to these affairs is that it may be settled in the manner best suited to the welfare and happiness of the Italian people. The dissensions which arose some months ago in the United States of North America have, unfortunately, assumed the character of open war. Her Majesty, deeply lamenting this calamitous result, has determined, in common with the other Powers of Europe, to preserve a strict neutrality between the contending parties. Her Majesty commands us to inform you that the measures adopted for the restoration of order and tranquillity in Syria, in virtue of Conventions between Her Majesty, the Emperor of Austria, the Emperor of the French, the King of Prussia, the Emperor of Russia, and the Sultan, having accomplished their purpose, the European troops which, in pursuance of those Conventions, were for a time stationed in Syria to co-operate with the troops and authorities of the Sultan have been withdrawn; . . .

GENTLEMEN OF THE HOUSE OF COMMONS,

Her Majesty commands us to convey to you her warm acknowledgments for the liberal supplies which you have granted for the service of the present year; and Her Majesty has seen with satisfaction that, after amply providing for the wants of the public service, you have been able to make a sensible diminution in the taxes levied upon her people.

MY LORDS AND GENTLEMEN,

Her Majesty commands us to express to you the deep gratification with which she has witnessed the spirit of devoted patriotism which continues to animate her volunteer forces; and the admiration with which she has observed their rapid progress in discipline and military efficiency. . . . Her Majesty has observed, with heartfelt satisfaction, the spirit of loyalty, of order, and of obedience to law, which prevails throughout all her dominions, and she trusts that by wise legislation, and a just administration of the law, the continuance of this happy state of things will be secured.



A beak... a peck... a natural break. From shell to cygnet... naturally ... as naturally as weekend follows weekday. The weekend: that most natural of all natural breaks...
the weekend everyone looks forward to

The weekend is the most natural break of all

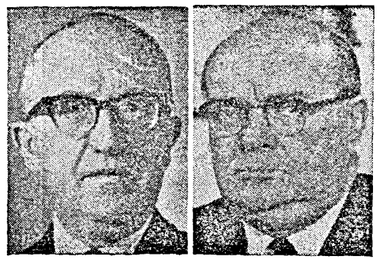
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NORTH AND MIDLANDS



Hallstein, Spaak: Founding Fathers.

How to Join a Common Market



Heath, Thorneycroft: Which Mr Europe?

AFTER decision, negotiation: the British Government on Thursday followed up Mr Macmillan's statement of July 31st to the House of Commons with a formal application to the European Economic Community. This took the form of a letter, signed by the Prime Minister, to the chairman of the community's Council of Ministers, who happens at the moment to be Dr Erhard. The council is likely to pass the letter to the European Commission for an opinion, which it will give, presumably, at its next meeting on September 5th. The council can then consider the commission's views at its own meeting on September 26th and draft a reply.

If this is encouraging, and there seems no reason to doubt that it will be, negotiations between Britain and the Six might start early in October. All seven governments involved are anxious for speed. But the Six may need time to prepare their negotiating position, and this could cause delay. They also have to decide what kind of negotiating team they will employ. One widely canvassed idea is that of a joint team of officials, from both the commission and the governments, led by a prominent figure such as M. Spaak, now the Belgian foreign minister. Other ministers will obviously have to be brought into the negotiations at critical moments. Both Mr Heath and Mr Thorneycroft—who would presumably give up his duties as Minister of Aviation—have been suggested as leaders of the British team.

Commonwealth exports will provide the main topic of negotiation between Britain and the Six. The British African territories have to decide how many of them want to be associated with the community under Part IV of the Treaty of Rome. All have an economic interest in association on the same terms as the French territories, but Ghana evidently has strong political doubts. On their side the Six—and their associated territories—have to decide whether to admit new associates of this kind. So far the signs are that they will, provided that Britain is prepared to take part in joint aid and commodity stabilisation plans. Here the new American offer to back world-wide commodity stabilisation arrangements, if preferential tariffs are removed, is a helpful factor. And the fact that the community's African association is now being renegotiated from scratch means that British territories would have a chance to give the association the flavour they prefer.

Other Commonwealth countries, notably New Zealand and Australia, also have to decide whether to seek association under Article 238—a solution not ruled out, in the case of New Zealand at any rate, by the founding fathers on the Continent. If these countries decide not to seek association, Britain will presumably seek to protect their principal farm exports—grain, butter and meat—in other ways. Tariff-free quotas (for which provision is made under Article 25) provide one way of doing this, but large-scale use of these, except as a transitional measure, arouses little enthusiasm in the community, since it would jeopardise a common agricultural policy. Quantitative contracts or ceilings on European prices provide alternative means of guaranteeing Commonwealth exports.

ONE decision to be made early in the negotiations will be whether to try to work out detailed solutions for all Commonwealth commodities before Britain signs, or to make use of general safeguards and leave the details to be worked out later. A factor in favour of the second course is that the community has not yet worked out its own agricultural policy. It might be easier to work the Commonwealth interests into the new fabric as it is being woven than to negotiate about hypothetical plans in advance.

In non-tropical agriculture, as in tropical products, world-wide arrangements, such as new plans in the Food and Agriculture Organisation for the disposal of farm surpluses in the undeveloped countries, will have relevance to the negotiations. So, in manufactures, will the October conference of the General Agreement on Tariffs and Trade about the import of Asian textiles.

Britain's application to join seems likely to be followed at once by a similar application from Denmark. The Norwegian government is expected to put a proposal for joining before the Storting in October. Eire has already formally applied for membership. Whether, when, and in what form Austria, Switzerland, Sweden and Portugal, the other members of the European Free Trade Association (not to mention Finland and Cyprus), apply for association remains to be seen. On some matters there will have to be separate negotiations with each of these countries; on others negotiations will have to be collective.

One such subject will be the level of the future common tariff. The thought that it may have to be renegotiated from scratch—an interminable task—sends shivers down the backs of those who made the Treaty of Rome. How would Britain's tariff (higher towards third countries than the common market tariff, lower towards the Commonwealth) be weighted in the final averaging? What weight would the new small members or associates carry in the new tariff? Perhaps the simplest solution would be to take as starting-point the original common market tariff minus 20 per cent, and to negotiate any changes. Britain would certainly wish to renegotiate certain tariffs on raw materials in the interest of the Commonwealth. A second matter for collective negotiation would be timing. Should the tariffs between the Six and the new members be cut in one fell swoop by 50 per cent or in, say, two cuts of 25 per cent? What would be the timing of the difficult agricultural merger between Britain and the continent?

Finally, the institutions will have to be adjusted to fit in new members—a problem simple in principle but technically complex. The size of contributions to the various common funds—the Social Fund, the Investment Bank, the Fund for Africa—will have to be worked out. New members will have to be appointed to the European Commission and voting weights worked out for the new entrants in the council of ministers. At present the three large powers get four votes each, Belgium and Holland two, and Luxembourg one. Would Britain simply be given four votes and Norway and Denmark two each, or would a complete new weighting system have to be worked out? How many votes would make up a qualified majority (13 out of 17 at present)?

All these matters could be negotiated within a few months, given the will to agree. But quite apart from the many potential sticking points, consultation, especially between Britain on one side and the Commonwealth and the Seven on the other, could consume an immense amount of time. The time taken may turn as much on the way this consultation is organised as on the substance of the bargaining.

AMERICAN SURVEY

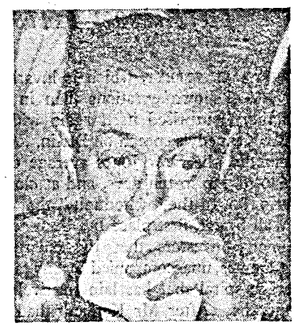
AMERICAN SURVEY is prepared partly in the United States, partly in London. Those items which are written in the United States carry an indication to that effect; all others are the work of the editorial staff in London.

Fall-Out in New York

FROM A SPECIAL CORRESPONDENT

THE Democrats of New York, whose conduct has often baffled and frustrated their party's Presidents in the past, may well give Mr Kennedy his first major political setback since he took office. The mayoral election in New York City, which will be decided in a primary (intra-party) contest on September 7th and a final election on November 7th, has produced a complete and open rupture between the party organisation and those who want to reform it, making it wholly possible for the first time in this century that the Republican party may capture the city government. This would be an immense, if indirect, personal triumph for the Republican Governor, Mr Rockefeller, in his long-term drive to win his party's presidential nomination and stand against Mr Kennedy in 1964. Even if the Democrats avert such a defeat for their party, the election of either of the candidates of the two Democratic factions will still leave hatreds and rivalries which will severely tax Mr Kennedy's political skill.

The President's choice for Mayor is the incumbent, Mr Wagner, a dull, procrastinating, often ineffectual and yet impressively durable man. Mr Wagner's two greatest strengths are his personal honesty and his good intentions. These may seem pretty meagre credentials for what is usually and accurately described as the nation's second most demanding executive post but, in a city repeatedly disgraced by corruption and cynicism in high places, these personal virtues carry more than ordinary weight. For several months after the serious manœuvrings got under way at the beginning of the year, it appeared as if Mr Wagner might bring off a strategic coup and obtain the support of both the reform and machine factions, even though neither of them really wanted him to run again.



Mayor on a Hot Seat

The leaders of the party machine, a coterie of dreary, hard-bitten narrow-minded old-timers for whom politics is a year-round operation profitably interlocked with their law and insurance businesses, had been instrumental in electing Mr Wagner to his first term in 1953 and re-electing him four years later. But this year they wanted to dispense with him because they knew that his popularity had waned. Moreover, the Mayor, who had never been wholly docile in following their advice, had become increasingly stubborn in disputes over patronage as he strove to offset his loss of popularity by building a fresh image of independence. With Mr De Sapio, the Democratic leader in Manhattan and the most prominent of these bosses, Mr Wagner had broken relations publicly last winter. The reformers, who include many energetic, younger people but whose best-known leaders are those venerable stalwarts from the party's liberal past, Mrs Eleanor Roosevelt and Mr Herbert Lehman, the octogenarian ex-Governor and ex-Senator, were equally dissatisfied with Mr Wagner because of his lack of initiative in rooting out corruption and his refusal to break cleanly and on principle with the party bosses.

Mr Wagner's strength was that he was the only figure upon whom both groups could conceivably agree. His strategy throughout the spring was to make enough of a show of independence to become acceptable to the reformers without severing all his remaining ties to the party organisation. The manœuvring turned upon his choice of new candidates for the two subordinate offices which are also filled at the city-wide election—the President of the Council and the Controller. The former is an empty office comparable to the Vice Presidency in the federal government, but its occupant succeeds to the Mayoralty if a vacancy occurs. For the past eight years, the incumbent has been an amiable retired businessman from Brooklyn. When Mr Wagner ran unsuccessfully for the Senate in 1956, he found this circumstance a serious handicap because many otherwise sympathetic voters were reluctant to turn the city government over to his putative successor. Since Mr Wagner might again decide to escape the rigours of life in City Hall by standing for the Senate or accepting a high appointment from the Kennedy Administration, he insisted upon a new man for President of the Council.

The bargaining over these not very important offices gradually took on a symbolic importance. Mr Wagner, departing from past practice, finally proposed two career civil servants. This was acceptable not only to Mr Lehman and the reform Democrats but also to the Liberals, an independent third party existing only in New York, which promptly gave Mr Wagner its endorsement. But the leaders of the party organisation, who detest the reform Democrats and the maverick Liberals, insisted that the Mayor accord them their traditional prerogative of naming the other members of his team. This would have been an act of fealty to the organisation and to the old values. When he proved unexpectedly adamant, they decided, with varying degrees of reluctance, to force the issue by entering a candidate of their own against him. President Kennedy intervened behind the scenes belatedly but vigorously in a futile effort to persuade the party leaders to paper over their differences with Mr Wagner.

The candidates who have emerged from this scramble are a uniformly undistinguished lot. Mr Arthur Levitt, the machine candidate, is, like Mr Wagner, a colourless and respectable lawyer but he is more conservative. Mr Lefkowitz, whom the Republican party nominated when Senator Javits proved unwilling to leave his seat in Washington, is the State Attorney General and an agreeable professional politician but by no stretch of the imagination or desire is he a crusading reformer or a gifted administrator. Mr Gerosa, the incumbent Controller whom both Mayor Wagner and the party leaders were content to drop but who insists upon making a hopeless bid as an independent candidate for Mayor, is the most negligible of all.

It is often asked why a metropolis the size of New York, with great men active in almost every field of endeavour, cannot produce a great man, or at least an outstanding man, to serve as Mayor. It should be remembered that when most people think of New York they think only of Manhattan, which is the city's

glittering facade but casts less than one-quarter of the vote. The outlying boroughs, Brooklyn, Queens, the Bronx and Richmond (Staten Island) are made up of middle-class and working-class voters, whose interests are no different from those of most Americans. There is no reason, for example, why the Bronx or Queens should produce political leaders more interesting or more impressive than other American communities of medium size such as Topeka, Kansas, or Akron, Ohio. It is significant that the reform Democrats have substantial strength only in Manhattan.



If Mayor Wagner overcomes Mr Levitt in the Democratic primary, he will be unbeatable in an overwhelmingly Democratic city. However, the odds are at least even that the party machine will be strong enough to wrest the nomination from the Mayor. In that event, Mr Wagner would continue in the contest as the candidate of the Liberals and also of a newly-organised Freedom Party. The latter is being put together by trade union leaders whose ambition is to emulate the success of Mr Reuther and the United Automobile Workers in Detroit by taking over effective control of the city's politics. In such a three-cornered race, with Mr Wagner and Mr Levitt splitting the Democratic vote, Mr Lefkowitz, the Republican, would have an excellent chance of slipping into first place as a minority victor. Besides strengthening Mr Rockefeller, a victory for Mr Lefkowitz would give the Republicans an unparalleled opportunity to rebuild their strength in the country's largest urban centre, where they have never had outright control. The late Fiorello LaGuardia, who was Mayor from 1933 to 1945, was nominally a Republican but actually he was a free-wheeling independent who disdained the Republican party organisation and held power through a complex set of personal alliances.

A victory for Mayor Wagner would end the career of one or two of the party bosses, notably Mr De Sapio, but there would eventually be a reconciliation, in practice, with the party organisation. The reformers are just not strong enough in the boroughs outside Manhattan to supplant completely the present leaders of the organisation. But should Mr Levitt and the bosses emerge triumphant it would not be equally easy to re-establish party unity. Reformers do not come so readily to terms with defeat and the practical necessities of politics. Their bitterness and disillusionment would have unpredictable consequences. This prospect does not worry the local party bosses, whose concerns are exclusively parochial, but it must give Mr Kennedy and Mr Bailey, the Democratic National Chairman, serious pause for they know that they cannot hold New York in 1964 without the active support of the reformers as well as of the party machine. That is why the White House, in the coming weeks, can be expected to make some significant gestures in favour of Mayor Wagner, though they will stop short of an outright presidential endorsement.

Challenge in Congress

UNLIKE Major Gagarin, Major Titov will not impose any new burden on the American taxpayer—at least not immediately. For this cosmonaut's repeated circlings of the globe, admired and envied as they are in the United States, are recognised as being merely an expected extension of the Gagarin feat. To this Russian success the United States had already reacted with its determination that the first men on the moon must be Americans—the only way, it is felt, of offsetting the effect on world opinion of having fallen so far behind in the race to put men in space. As Major Titov was being welcomed back Congress was finally giving the President the extra money which he had requested after Major Gagarin's return for accelerating the American drive for the moon. The total appropriation just voted for the National Aeronautics and Space Agency for the current fiscal year is $1.7 billion ; this is $77 million less than the President asked but officials do not appear concerned.

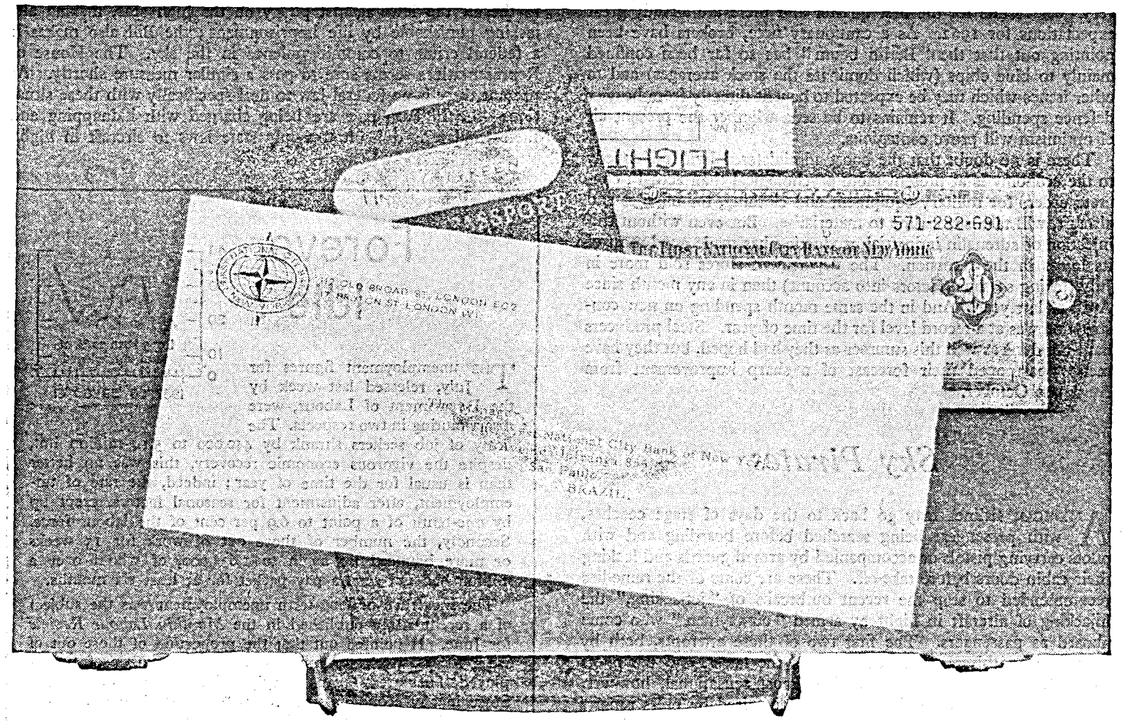
The general feeling is that America's space programme is now being pushed as hard as it can be—although some people think that NASA could be organised more effectively—and that there is no point at present in providing it with more money. The Air Force, however, does not agree ; it does not like the present policy of keeping the military out of all manned space activities and in particular it wants development of its Dynasoar project to be speeded up. This, still in its early stages, is a manned and manœuvrable glider which would be shot into space by a rocket and which might have military uses. Congress, already more interested in this scheme than is the Department of Defence, will probably become even more so as a result of Major Titov's achievement since to many members—although not, apparently, to the department—this has obvious military potentialities.

Final approval of the appropriations for ordinary defence this year is being held up by the reluctance of the House of Representatives, always unenthusiastic about civil defence, to give the President the extra funds which he requested for bomb shelters. Otherwise all of his additions to the defence budget seem to have been agreed by the conferees from the two houses who are also insisting on giving him $525,000,000 for long-range bombers which he does not want. The third and only controversial part of this year's answer to the Soviet challenge, the foreign aid programme, has also been held up this week by Senator Proxmire's one-man, twenty-five-hour, protest against the nomination of a representative of the oil and gas industry to be a member of the Federal Power Commission which regulates that industry.

Inflation Hits Wall Street

WALL STREET, which is invariably less skilled in anticipating its own gyrations than in forecasting swings in business activity, surprised itself again with the vigour of its response to Mr Kennedy's speech on Berlin. After fluctuating aimlessly for 2½ months, the Dow Jones average of industrial shares soared from 680 to 720 in ten days, and at closing time this Wednesday stood at 718. In the "whodunit" that follows any change of mood on Wall Street, first place has been accorded to the widespread belief among investors that the enlarged government spending programmes, unaccompanied by any tax increases, will revive the price-wage spiral that has lain relatively dormant for the last eighteen months. After Mr Kennedy had made his request for an extra $3.5 billion for defence this year, the pundits on Wall Street did their own sums and came to the conclusion that the deficit for the financial year that has just begun, which Mr Kennedy put at $5 billion, was more likely to approach $10 billion. Investors therefore turned their backs on the government bond market (where interest rates rose to their highest level in a year) and bought equities as a hedge against inflation.

At the same time the market is confirming its faith in the business recovery which it anticipated with such singleness of mind throughout the winter. Indeed, with additional government spending for housing, roads, public works and social welfare, as well as for defence, the recovery is now being rechristened a full-scale boom. Company profits for the second quarter of the year were still below those of the like period of 1960, but they looked well beside the



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very poor results for the first quarter and there are already great expectations for 1962. As a cautionary note, brokers have been pointing out that the "Berlin boom" has so far been confined mainly to blue chips (which dominate the stock averages) and to other issues which may be expected to benefit directly from heavier defence spending. It remains to be seen whether the present air of optimism will prove contagious.

There is no doubt that the boost administered by Mr Kennedy to the economy is at present more psychological than actual; concrete orders for military equipment and clothing, for missiles and aircraft, will take some time to materialise. But even without this injection of adrenalin industrial production has made good most of its losses in the recession. The department stores sold more in July (taking seasonal factors into account) than in any month since April of last year. And in the same month spending on new construction was at a record level for the time of year. Steel producers have not done as well this summer as they had hoped, but they have merely postponed their forecast of a sharp improvement from August to October.

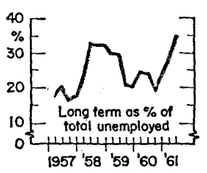
Sky Pirates

AMERICAN airlines may go back to the days of stage coaches, with passengers being searched before boarding and with pilots carrying pistols or accompanied by armed guards and locking their cabin doors before take-off. These are some of the remedies recommended to stop the recent outbreaks of "jetjacking," the hijacking of aircraft in flight by armed "airwaymen" who come aboard as passengers. The first two of these attempts, both by Cuban sympathisers, succeeded, as has the latest, and the pilots were forced to fly to Havana. The most sensational, however, which came last week and was probably inspired by press reports of the others, was a failure: a father and his young son tried to get themselves to Cuba in a Boeing 707 carrying 67 passengers, only to be frustrated after holding the crew and four hostages at pistol point for nine gruelling hours, mostly on the ground at El Paso, Texas. It turned out that the two men had had no communication with Dr Castro, but merely wanted to move to Cuba—the father had a criminal record—without having money for fares and hoped to be welcome there if they arrived with the present of a jet aircraft.

Meanwhile, however, the whole of the United States, including the President, followed the nine-hour drama and several members of Congress were guilty of intemperate threats against Dr Castro, who was presumed to be responsible for this act of piracy in the air. They repeated these threats this week when the pilot of a Pan American DC-8 carrying 81 people was ordered by a pistol-waving passenger to fly it to Havana. There were even demands that the Marines should be sent to fetch the aircraft but Dr Castro released it at once, as he had the one flown to Cuba in May, even though he had said that he would hold on to any more he could get—there were rumours of plans to skyjack at least five—to compensate for the ten Cuban aircraft which have been impounded and sold in the United States to pay off some of Cuba's debtors there. Dr Castro still has an Electra which arrived in July but he has indicated that it will be returned if the United States frees a Cuban patrol boat which brought refugees to America.

Now both Congress and the Administration are concentrating on discouraging would-be jetjackers by increasing the penalties against such piracy. Pilots contend that the use of pistols in pressurised cabins would be a cure much more dangerous than the disease, while the airlines abhor the delays—and maybe legal complications—which would arise from searching passengers. But this week the Senate is rushing through a Bill which would take to the air the laws against piracy on the high seas, making air-jacking punishable by life imprisonment; the Bill also makes it a federal crime to commit violence in the sky. The House of Representatives seems sure to pass a similar measure shortly. At present there is no federal law to deal specifically with these situations—the El Paso pair are being charged with kidnapping and theft—and it is difficult to apply state laws to aircraft in flight.

Forever Idle?

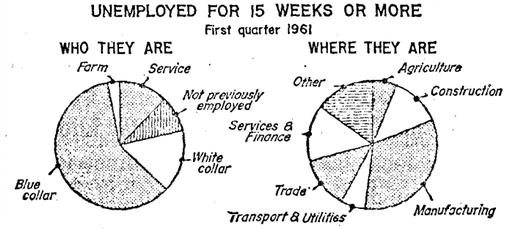


THE unemployment figures for July, released last week by the Department of Labour, were disappointing in two respects. The army of job seekers shrank by 440,000 to 5.14 million but, despite the vigorous economic recovery, this was no better than is usual for the time of year; indeed, the rate of unemployment, after adjustment for seasonal factors, crept up by one-tenth of a point to 6.9 per cent of the labour force. Secondly, the number of those out of work for 15 weeks or more bounced up again to 1,634,000, of whom over a million had not seen a pay packet for at least six months.

The incidence of long-term unemployment was the subject of a recent study published in the *Monthly Labour Review* for June. It pointed out that the proportion of those out of work for 15 weeks or more to the total number of unemployed fluctuates fairly sharply with the business cycle. Since in any economic upturn employers tend to rehire first the people who were fired last the ranks of those who have been out of work a long time continue to expand for several months after business has started to pick up. What is particularly worrying to the authorities is that, in boom as in recession, the proportion of prolonged unemployment to the total is creeping steadily upward.

Apart from the unknown number of people who make little effort to find a job, long-term joblessness is more likely to affect some groups of workers than others. Partly it is a matter of geography and partly a matter of age. Prolonged unemployment is very common in those industrial centres which have a chronic surplus of a particular kind of labour, while a middle-aged man who loses his job is less likely to find another than a younger man; 36 per cent of those of 45 and over who are now out of work have been unemployed for 15 weeks or more against 28 per cent in the 18 to 24 years group. The white-collar worker is less likely to face prolonged idleness than the manual labourer, and a white-skinned worker has better prospects than a dark-skinned one, though the difference (28 per cent of the white unemployed have been out of work for 15 weeks or more against 32 per cent of the non-white) is not perhaps as wide as might be expected.

UNEMPLOYED FOR 15 WEEKS OR MORE
First quarter 1961



Trade Unions' Bitter Harvest

FROM A CORRESPONDENT IN CALIFORNIA

IT took less than a minute for the executive board of the American Federation of Labour and Congress of Industrial Organisations to decide at its last meeting to end the federation's year-old attempt to bring California's farm workers into a trade union. In another few weeks the union offices in the northern and southern parts of the state will close and, on the surface at least, another victory will have been achieved by the growers. But the drive left its mark on California. The union forced the farmers to pay higher wages and provide better working conditions, even if it did not force them to sign many contracts. The union was also able to cut down, to some extent, the use of *braceros*—the Mexicans imported into the United States for farm work.

In California attempts to organise the farm workers, who rank among the lowest paid in the country, have been made for many years with little success. Many of them are ill-educated migrants, who work at one place for only a few weeks before they leave to follow the harvest. There is no tradition of organisation among them and little chance of developing one in the depressed parts of the South where the great majority of them eke out an existence when they are not moving around looking for farm work. In California itself farms are so large—some cover thousands of acres—that workers are separated by great distances. The size of the farms, which are owned in many cases by corporations rather than by individual farmers, has made mechanisation feasible on a large scale; this means that the number of potential trade union members is reduced. In the San Joaquin Valley, for example, more and more of the huge cotton crop is being harvested by "Big Red," the mechanical picker which moves down the rows of cotton methodically swallowing the bolls and disgorging the cotton.

The use of Mexican workers puts further obstacles in the way of recruiting for a trade union. As aliens *braceros* are legally permitted to remain in the country only during the growing season and so are not likely to be interested in joining a union. The wages they earn, no matter how low, are generally higher than those paid in the rural parts of Mexico from which they come and, since they speak hardly any English, it is often difficult to communicate with them. This year the union adopted the technique of quick hit-and-run strikes in the hope that, with sympathetic Democratic administrations in power in Washington and at the state capital,

Ivy League Crush

FROM A SPECIAL CORRESPONDENT

THE United States now sends 40 per cent of its young people to college as against 5 per cent for the United Kingdom and 8 per cent for the Soviet Union. Of the 3½ million American students currently enrolled, 2 million are at publicly-supported institutions. For these students the choice of college was decided primarily by geography, and the institution in most cases required of those admitted nothing more complicated than a creditable graduation from their secondary school. But the 1½ million now at the 666 private colleges and universities had to endure a more rigorous procedure, requiring detailed records of their performance at high school, the results of national scholastic tests and of national scholarship competitions, numerous personal interviews with college officials and so on.

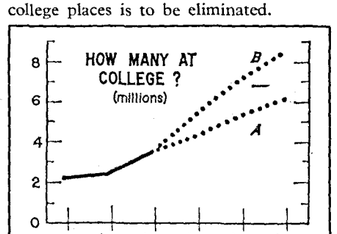
The business of choosing, and being admitted by, a private college has increasingly taken on the characteristics of a national lottery. The crux of the problem is that some colleges are much more desirable in the eyes of applicants than others, so that the demand for admission to the relatively small group of "prestige" colleges far exceeds the number of places available. And the more these institutions can confine themselves to taking only the best students, the greater their reputation and desirability. This year the eight "Ivy League" colleges (Columbia, Harvard, Yale, Princeton, Dartmouth, Brown, Pennsylvania, Cornell) received some 35,000 applications for the 8,700 places they had to offer in next autumn's freshman class.

Since so many students will be rejected by the college of their choice, they normally apply for admission to several colleges simultaneously. Each college is assured that it is indeed the candidate's first choice and each discounts the truth of the candidate's vow and proceeds to admit substantially more students than it can take in the sure knowledge that a proportion of those admitted will accept places elsewhere. This system of "multiple" applications puts a heavy burden on those concerned with admissions and wastes a great deal of time and effort all round. Moreover, college officials are well aware that the situation is going to get markedly worse as the postwar "baby bulge" moves into the colleges.

THERE will always be a disproportionate demand for entrance to prestige colleges, but some fundamental revisions in admissions procedures could ease the situation considerably. In the first place, more objective information (in a standardised form) should be supplied both by the candidates and the colleges. At present the colleges get a good deal of data on prospective students but they supply shamefully little about themselves. Their catalogues and brochures are filled with pious utterances about their founders, details of their new building programmes and an endless listing of courses of study but they provide the prospective students with little guidance on the nature of a particular college or on the standards that are expected of entrants.

In the second place, many teachers and admissions officials are convinced that only rapid joint action will help to bring the situation under control. A logical first step would be to require students to file their applications with a central clearing house—a step that would cut out much of the multiplication of applications and interviews. (*It is interesting to note that* the Harvard Business School has abandoned the traditional personal interview, at a saving of $35,000 a year, believing it to be of relatively little value in the consideration of an applicant.) In the past American colleges and universities have not distinguished themselves in co-operative action, but a College Admissions Centre, sponsored by the Association of College Admissions Counsellors, has enjoyed great success in its short history.

So far the centre has sought to match only those students who have been rejected by the colleges of their choice with institutions still having vacancies—thus assuring students of finding a place somewhere. But the scheme has worked so smoothly that some would like the centre to take on the whole complex task of fitting students into the available college places; in this connection there has been a good deal of interest in a similar British scheme being pressed by the "red-brick" universities. Any progress in this direction, however, will depend on the prestige universities whose leadership is necessary if the disappointment and waste of effort that now characterise the search for college places is to be eliminated.



(A) Assumes that the proportion of young people going to college remains at the current level of 40 per cent.

(B) Assumes that the proportion increases to 50 per cent by 1975.

the *braceros* would be treated as strike-breakers and their employment forbidden. But the union's pickets were few and this hope was disappointed.

The victory of the growers over the AFL-CIO gives them only a respite. Mr Hoffa's teamsters—originally a lorry-drivers' union which now accepts all comers—have announced that they are going to organise the farm workers and there is no doubt that Mr Hoffa can bring extremely heavy pressure on the growers through his union's control over the canneries. The teamsters not only control the lorries that bring perishable goods to the plants, but they also represent the workers inside them. Indeed, Californian farmers fear that the teamsters' fire may turn out to be a great deal hotter for them than the AFL-CIO frying pan in which they thought they were sizzling.

No Sound of Music?

BARRING an eleventh-hour change of heart all round, New York's heavily Victorian Metropolitan Opera House will keep its doors closed throughout the coming season. On two previous occasions New Yorkers have been threatened with an opera-less winter (in 1948 and in 1956), but in each case the dispute was settled almost immediately. But this week spokesmen for the "Met" announced that the difference of opinion between themselves and Local 802 (the New York chapter of the American Federation of Musicians) on the appropriate pay for members of the orchestra was too wide to be bridged, even with President Kennedy's intervention. The union is now asking for basic salaries of $248 a week for six performances, while the Met is offering to continue last season's rate of $170 for seven; it claims that the union's demands would add $750,000 to an operating deficit that reached $840,000 last year.

Local 802 (together with about a dozen other unions) is also unpopular in the adjacent theatre district. Broadway has had one of its most unprofitable seasons ever; while "My Fair Lady" continues to enrich its sponsors and has played to more audiences than any other musical, only a half-dozen or so of the 46 shows that opened last season are likely to pay their way. Occasionally producers blame a public that is increasingly indifferent to the live theatre and that concentrates its patronage on a few "hit" shows. They also blame the city, which has failed so far to reconsider the 5 per cent tax it levies on tickets, and the federal government which adds on another 10 per cent. But much of the criticism is levelled at loyal union members who shift props, rig up lighting and sit in the orchestra pits. The major bone of contention is the mass of restrictive practices which prevent a producer from, say, asking an idle electrician to bang in a nail and force him to pay for services not rendered. For instance, Local 802 insists that, for any show in which music occurs, four musicians must be paid, whether or not they can be used.

The unions, of course, feel that they are blamed unjustly, and they point to examples in which they have gone out of their way to ease the path of individual producers. There is also no doubt that the producers themselves could do a lot to cut Broadway's losses—by watching costs more closely, by curbing aesthetic fancies that make heavy demands on labour behind the scenes, and by taking a firmer line with the unions. They might even, in time, be able to persuade the unions to drop some of the restrictive practices for a *quid pro quo*; last week seven unions in the picture-making industry in New York agreed to do just this in exchange for 16½ per cent of the gross profit of each of five low-budget films, in order to keep them from being made in lower cost studios abroad. Already the Dramatists' Guild has agreed to smaller royalties in the early stages of a run and in the case of plays by new authors.

SHORTER NOTES

The last unsettled return of the 1960 election has now been decided. An investigating committee has ruled that a Democrat, Mr Roush, won the closely-fought right to represent Indiana's Fifth District in the House of Representatives. The House, now with its full complement, totals 263 Democrats and 174 Republicans. Two special elections have been held to fill seats vacated by death, but in both cases a Republican follows a Republican.

* * *

President Kennedy has chosen Mr George Mitchell, a vice president and chief economist of the Federal Reserve Bank of Chicago, to succeed Mr Szymczak, who is retiring from the Board of Governors of the Federal Reserve System. This cautious selection ends the speculation that the President might appoint a critic of the board's present policies, with a view to having him succeed Mr Martin when the latter's term as chairman ends in 1963.

* * *

With the severance of its exclusive link with the Department of Commerce and its new status as an independent instead of an official body, the Business Advisory Council has dropped the second word of its name. But this group of prominent industrialists, financiers and businessmen is in fact now prepared to give more advice than before—to any government agency instead of to one department only—provided it is asked to do so. It is unlikely that any request will come from its old sponsor, the Department of Commerce, since the council's change of status is largely the result of friction between its chairman and the Secretary of Commerce.

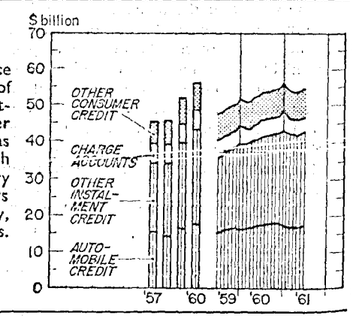
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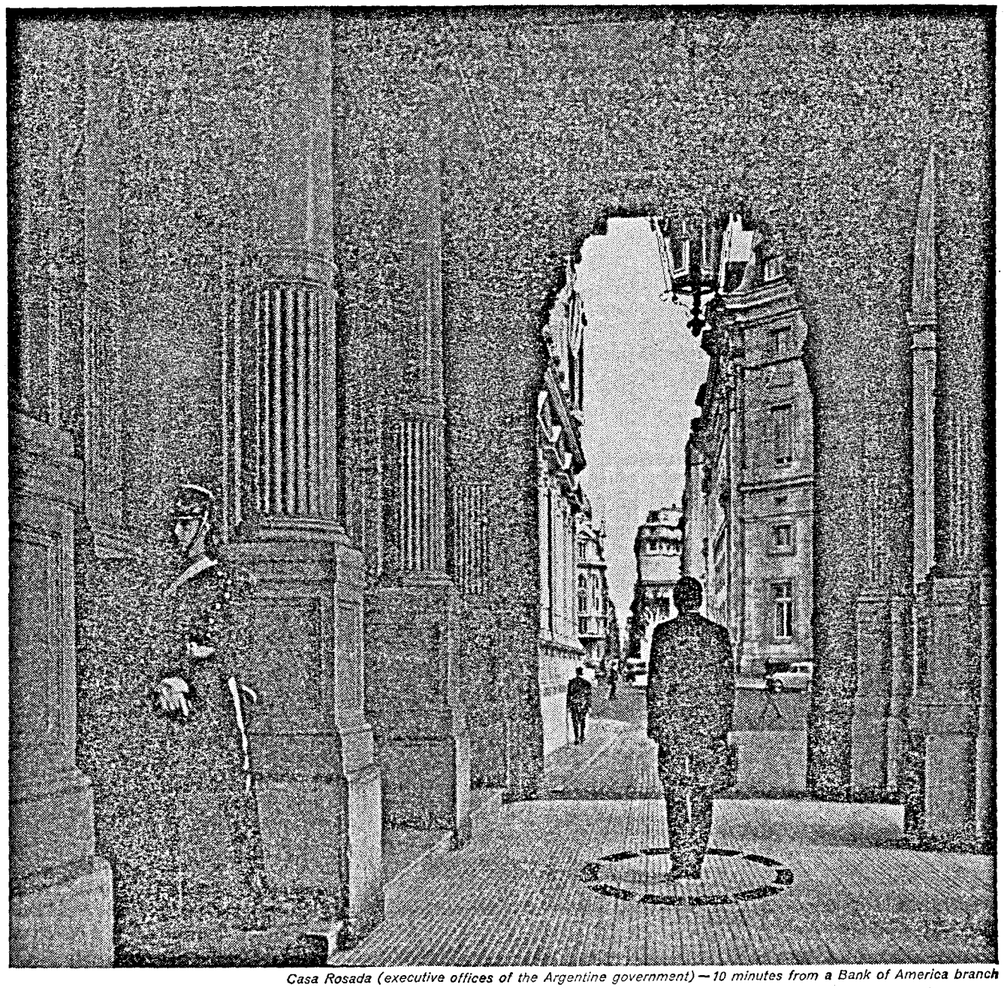
The first full-length study of Nevada's gambling industry has been made by a University of Colorado group for the Nevada State Legislature—for economic, not moral, reasons. It finds that the 12 million tourists who visit Nevada each year—40 times its own population—are attracted by the prospect of gambling; half of them come from neighbouring California. They leave $163 million yearly with the proprietors of 1,010 gambling places, which in turn pay about $15.5 million in taxes to state and local governments. One-third of Nevada's 280,000 inhabitants depend directly or indirectly upon gambling for a livelihood, and one-fifth of the public revenue comes from it. There are about 16,000 slot machines in the state, and 1,188 tables for gambling games; blackjack, "craps" and roulette, in that order, are the most popular. The tables take in twice as much revenue as the "slots," and the 300 "big operators," the hotels and casinos, provide 97 per cent of all revenue. It is no good other western states trying to tap this pot of gold, because they lack Nevada's proximity to the huge and growing population of Southern California.

CONSUMER CREDIT

The substantial increase in June in the amount of hire purchase credit outstanding and in consumer credit as a whole was another sign that, with signs of economic recovery multiplying, consumers were again ready to buy, especially durable goods.

Outstanding at end of period.





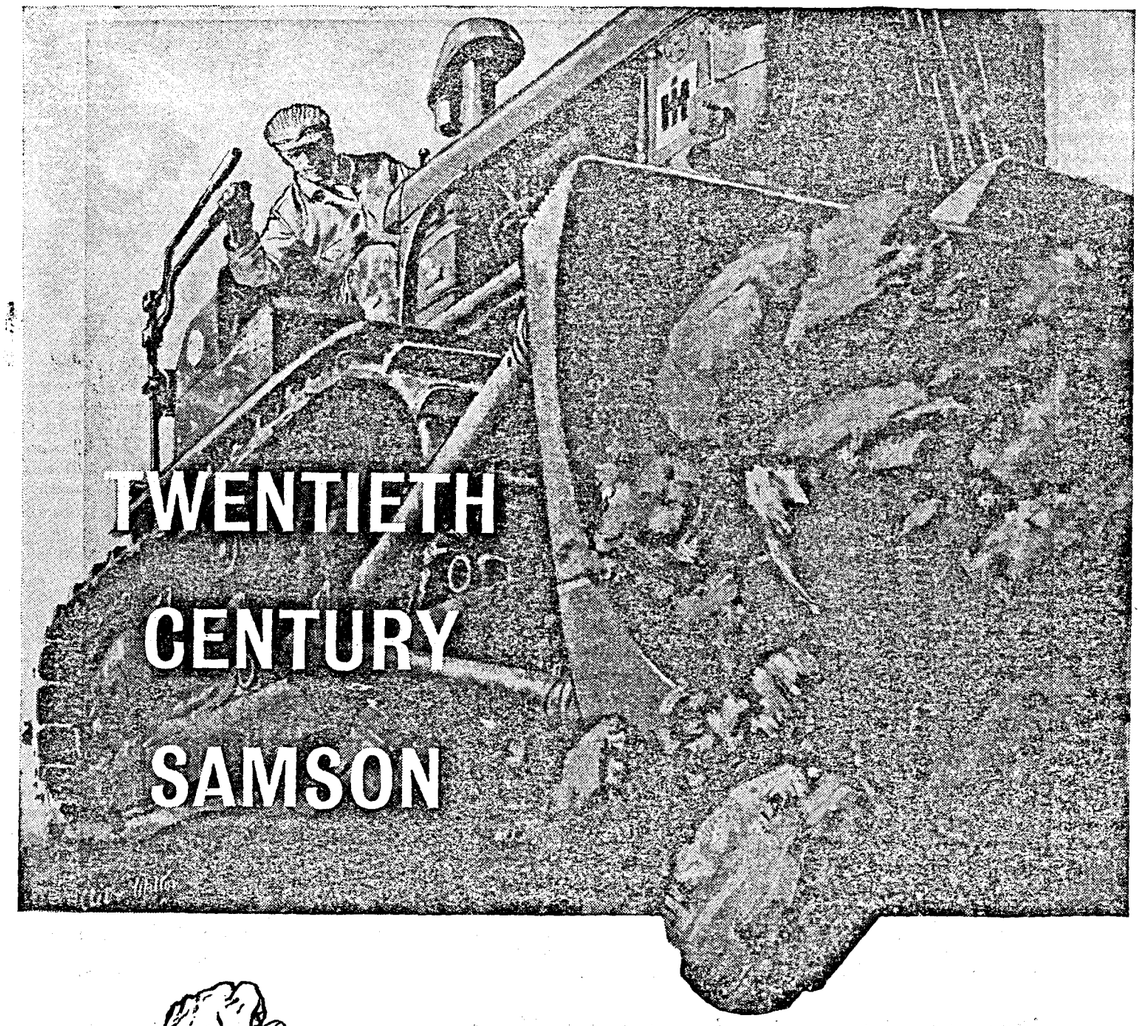
Casa Rosada (executive offices of the Argentine government)—10 minutes from a Bank of America branch

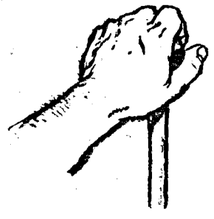
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HOME REPORT

In HOME REPORT members of the editorial staff and local correspondents report on life and happenings in and around Britain.

Parable of Price Street

FROM A CORRESPONDENT IN BIRMINGHAM



THAT quiet Pakistini moulder Mr Sardar Mohammed (his workmates call him Sam) and the council tenants of Price Street, Smethwick, have still got to settle down as neighbours. Price Street's attempted rent strike revealed, almost for the first time, the true extent of the colour problem in the Midlands, as well as exposing some of the rawer nerves of local racial hatred. In one sense, there could have been no better test case than Mr Mohammed's ; in other ways, it must be admitted, it has been far from typical.

The point of the Price Street affair is that over a period of years Mr Mohammed and his family have proved themselves to be exemplary neighbours in their own district. The opposition to this family's rehousing was therefore (even to the alarm of people in Price Street itself) interpreted as being simply on the ground of colour, and accordingly condemned universally. But others among the coloured population of Smethwick might not have evoked popular sympathy, still less have deserved it.

Colour is only one factor in the general problem among the Smethwicks of this world of too few houses, too many people, and too-ready acceptance of low standards ; isolating the racial difficulty is easy but dangerous. There has, in fact, been a significant change in the general attitude of the West Midlands towns, especially Birmingham, towards coloured immigrants in the last few years. Unlike ports such as Cardiff or Liverpool, Birmingham and the Black Country had, until quite recently, little experience of coloured people other than the Indian carpet-hawker or the Nigerian student, neither of whom was exactly representative.

So the influx of the 1950s released waves of lower middle-class apprehension. West Indian immigrants flocked into the lucrative car factories where even the unskilled could earn enough to exist in Britain and send home princely sums each week. Inevitably, they concentrated in the depressed areas ; there was, and is, overcrowding, though West Indian standards of living are rising steadily. As their numbers grew so did public alarm ; news that " the blacks " had taken over a vacant house in a decaying street was enough to send sitting tenants on a search for other accommodation.

Assimilation has begun, but only gradually. Prompted by firm leadership by civic and church heads, Birmingham has started to tolerate the West Indians. The simple fact is that without them the city transport would stop tomorrow and most hospitals would have to close several wards. In the factories, they have fitted into many heavy unskilled and semi-skilled production jobs. Car workers will tell of the way one West Indian is introduced to a track and within months has formed a complete crew from his friends and acquaintances.

In Birmingham, where they number about 30,000, the West Indians are probably better off than in other parts of the country (this is the assessment of their own leaders and of visiting Caribbean journalists). They are constantly exhorted from platform and pulpit to regard themselves as individual ambassadors, and many have responded well, rehousing themselves out of the " twilight areas " once they discovered that buying a house could be cheaper than exploitation by landlords. West Indian children are, indeed, furthest on the way to full integration. Relationships established at primary school level are being continued into higher age groups.

But with Indians and Pakistanis the story is different. In Birmingham alone it is estimated there are 10,000 Indians, many of whom came in on illegal passports, and plans to regularise these so that families can be brought over could mean an increase of up to 70,000. They have crowded into one or two problem areas, so that a visit to Birmingham's Belgrave Road in Balsall Heath is commonly known as " going down the Burma Road." The houses are usually overcrowded, often insanitary, and the population baffles health visitors by its constant fluctuations. Indians (the term covers Pakistanis to the man in the street), far from wanting to conform, are apt to congregate clannishly with those who speak their own language and share their customs.

And the customs worry the Midlander. Not all the immigration control agitation comes from the lunatic fringe. Many who could never be accused of racial prejudice, including social workers, are genuinely concerned about the problem of integrating the worker who refuses to see a doctor for tuberculosis or venereal disease, and who accepts as normal the " pit bed " rota for sharing sleeping accommodation. This is the core of the problem. Industrially, the Indian or Pakistani is generally accepted (there are workers' associations to look after the interests of both groups) ; he works hard in the foundry or press shop, often doing jobs the white worker is glad to leave to him, but he goes home in self imposed isolation.

This apparent indifference provides fuel for the flames fanned so assiduously by such bodies as the British Immigration Control Association, which since its foundation last year in Birmingham has sprouted branches in Smethwick and Wolverhampton, and plans others in Manchester and Liverpool. Its success at the polls—in May its chairman secured 24 per cent of the vote in one Birmingham ward—shows it does not lack popular support.

NEVERTHELESS, a great deal of quiet work is being carried on by churches, social organisations and local authorities. Birmingham has for years had a coloured peoples' liaison officer, and several denominations have their own full-time workers. Long before the Price Street affair Smethwick was running classes for overseas workers and advertising them in leaflets printed in several scripts (including Gurmukhi ; for some reason there is in the town a sizeable Sikh community which a fortnight ago opened its own temple, just as last Sunday Birmingham's 1,000 Arabs from Aden opened their own mosque).

It must be said that pressure for immigration control is likely to increase rather than diminish from several Midland MPs. The subject has been ventilated along fairly orthodox lines, and restraint urged, but for members hard pressed by their constituents (one had 500 letters in six weeks on this topic) Government action probably cannot come too quickly when the House reassembles.

Morley's Thrift

FROM OUR SPECIAL CORRESPONDENT

ONE by one, the more percipient of the northern industrial towns are beginning to look about them and at the gaunt factories and unsavoury slums which still crowd in upon the town centres, ripe for demolition. The majority of small boroughs, however, cannot hope to finance the redevelopment of their central areas without imposing an intolerable burden on the ratepayers. The cost of development is high, that of borrowing much higher. A town can promote a capital fund, but the maximum rate which can be levied for this purpose is 4d. In a place of, say, 40,000 inhabitants this could produce little more than £6,000 a year, and even the beginning of a redevelopment scheme would have to wait 10 to 12 years while money accumulated.

There are, however, other sources than the rates. Many boroughs were the owners of gas and electricity undertakings before nationalisation. Some have squandered the compensation, others have generally used it for short-term development.

But Morley, a little mill borough five miles from the dark centre of Leeds, is an exception. The borough treasurer there has husbanded the gas undertaking compensation (£44,000), added to it an accumulated income tax surplus (£40,000) and refused to be parted from the £20,000 paid over for the amalgamation of its water undertaking into the Wakefield and District Water Board. Now the resulting £106,000 is to be turned into a capital fund for the razing and reconstruction of Morley's town centre. About 10 acres are to be bought around the splendid town hall and, if present ideas are followed, rebuilt as a traffic-free precinct derived from those in Coventry and the new towns.

Morley believes that shopping and living away from city centres is the coming thing: on the doorstep of Leeds it hopes to become, much more than it is, a dormitory town, and to collect within its sparsely-inhabited 15 square miles the sizeable and affluent community necessary to support traders taking long leases in its new centre.

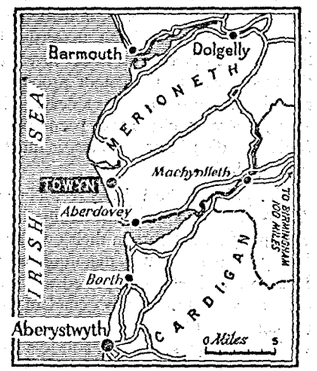
The development will eliminate about ten acres of mill and slum. Financing of the first stage will be by interest-free loans to the departments concerned. After the initial development, land will be leased to private contractors willing to build to a master plan prepared by the borough.

Two mills, suitably dark if not satanic and standing solidly cheek by jowl with the town hall, have come into the market at the same time. One is in liquidation, the other vacant as a result of its owners' centralisation of their activities: the cloth trade is not what it was. The price asked is high (£26,000 and £28,000 respectively), in sum exceeding by £24,000 the limit for any two transactions laid down by the Ministry of Housing and Local Government. No difficulty is expected, however, in obtaining approval for the excess spending, and it will bring the fund comfortably below the £80,000 which is the Ministry's top limit for the capital fund's net balance.

This purchase of about 4¼ acres (and a vast quantity of superbly-dressed local stone) constitutes the first phase of the projected 10-year development. The razing and improvement of the site will take about five years, after which income to the fund is expected from the leasing of land and repayments from loans to other accounts. At that stage, the demolition and preparation of a further six acres of slum to the south-east of the town hall will be begun. The whole scheme is expected to cost upwards of £300,000, of which half will go in the provision of public services. Apart from rents and repayments Morley expects to be able to add to the capital fund from the sale of property and other undefined sources: a flat assurance has been given that the permitted imposition of a rate will not be used in the foreseeable future. There is a lesson in all this for towns of greater name.

Cambrian Capri?

FROM A CORRESPONDENT IN MID-WALES



THE coast of mid-Wales has never quite seized its share of holiday traffic from the English. Apart from a holiday camp at Pwllheli—which is in North Wales anyway—the small towns which cling to the narrow coastal plain around Cardigan Bay have rarely adapted themselves to modern trends. And where they have, the result has usually been a rash of caravan sites of almost unrelieved ugliness.

As in Wales generally, hotel accommodation is notoriously short. Along the coastline of Merionethshire and Cardiganshire the Automobile Association lists nothing higher than a three-star hotel, and there are only eight of these in more than 100 miles of some of the finest scenery in Britain.

There have been attempts to develop the potential of the region. In the 1890s an enterprising Midlander, John Corbett of Droitwich, began a development scheme in Towyn aimed at creating a middle-class town there. It petered out after he had laid down roads and services and built a promenade and a dozen or so houses. The area has lain more or less fallow since then, cut off from the rest of Towyn by the Cambrian Coast railway, oddly deserted except in the season.

Now a new life is promised for Towyn. On about 40 acres of this site a Bromsgrove company has now announced "a multi-million pound project to build a completely new concept of a seaside resort." It has been designed by Mr John Madin, a 37-year-old architect who is replanning Birmingham's uppercrust Calthorpe Estate and is responsible for most of that city's better new buildings.

It has been named Bron-y-Mor—Sea Brink—and Mr Madin's team intends to create "a place for relaxation and the carefree life, free from the frustrations that spoil most seaside holidays such as traffic and the continual anxiety of parents for the safety of their young children."

Mr Madin talks in terms of Cornish fishing villages blended with the casual splendour of the main piazza in Capri; his scheme is based on precincts and paved squares linked by pedestrian ways, rich with willows and fountains, with balconied houses of varying heights, and pubs and restaurants sporting outdoor tables under coloured sunshades and awnings. Bron-y-Mor will have about 1,000 houses and flats for permanent and seasonal use, and about 3,000 people (Towyn urban district has only 4,360). It will have 30 shops, a motel, a 12-storey hotel with between 300 and 350 bedrooms (150 rooms make a large hotel by Welsh standards), a conference hall, a craft centre to display native skills in weaving or pottery, an entertainments centre and parking for 2,000 cars.

EVERYONE seems to love the developers and Mr Madin—the Ministry of Housing and Local Government (Lord Brecon, Minister of State for Welsh Affairs, gave his official blessing on the very day that the Chancellor announced his austerity programme), the Welsh Tourist and Holidays Board, the local authority, even the Mid-Wales Industrial Development Association, which has already talked of attracting industry of the right kind.

The first stage of the plan should be completed in four to six years. With Birmingham only just over 100 miles away along roads which have consistently improved over the past few years, Bron-y-Mor should have very fair prospects.



BOOKS

One Choice and Another

Decision, Order and Time in Human Affairs

By G. L. S. Shackle.
Cambridge University Press. 316 pages. 35s.

FOR twenty-three years Professor Shackle has been thinking and writing about the theory of choice under conditions of uncertainty. In this, his latest book, he restates his theory in more general terms than before, taking account of what his critics have said about his ideas. The result is impeccably elegant; in lucid prose, with only a minimum of elementary mathematical apparatus, the exposition follows a logical and satisfying scheme. Philosophers and psychologists as well as economists have enjoyed arguing about this theory, and if economists have predominated that is because Professor Shackle is himself an economist and economists spend a lot of time taking in one another's washing. In this latest version, however, what little economics there is serves to illustrate the argument rather than constituting its end product.

According to the argument, a decision is a creative act that cannot be fully explained or predicted. If this were not the case, the world would be completely deterministic. As it is, however, uncertainty is ubiquitous, so the idea that human behaviour can be regarded as a rational and unique calculated response to a specifiable set of objective circumstances is rejected. What people do depends upon what, in their imagination, can happen in the future, and the possibilities they visualise cannot be objectively ascertained and evalued by other people.

Recognition of the importance of uncertainty is not new in economics. Many theorists have developed models of decision-making by entrepreneurs and by investors in which some concept of probability is used. Professor Shackle's objections to this approach, which are restated in this book, are well known, and intuitively convincing. Each of the various possible outcomes of a possible course of action will not, in his view, be taken into account proportionately to its probability in the selecting or rejecting of that action. One reason is that in once-and-for-all choices probability has no *meaning*. Another reason is that prospects are epitomised by focusing upon only two of the possible outcomes (one favourable and one unfavourable), which attract more attention than any of the others.

The exposition of this approach occupies much of the book. It amounts to a formalised description of decision-taking. It is formalised in the sense not merely that it is propounded in a generalised form but also in that it does not seek to isolate any factors which explain why one actual person will choose differently from another; thus the role of the unconscious is scarcely mentioned. The analysis is, furthermore, a description in that it is justified by appeal to introspection.

This raises the question of the epistemological status of the theory. Professor Shackle seems to take the position that pure logic and arguments designed to show the intuitive reasonableness of his assumptions suffice to establish his analysis. He denies that "any scheme of thought which purports to give understanding of how things happen . . . must therefore make possible prediction of what will happen." He is not therefore worried about the fact that his theory does not yield predictions that can be tested in order to see whether the theory holds or not. Others will not share this lack of concern, however, even if they share the author's intellectual delight in his construction. Granted the basic argument about the nature of choice, complete prediction is clearly impossible. Yet science is possible even though omniscience is not; theories can and do yield limited predictions. Theories of human behaviour that do so can be useful; theories that do not, at least in economics, are merely good, clean intellectual fun.

Straight Record?

The Genesis of the British National Health Service

By John and Sylvia Jewkes.
Blackwell. 78 pages. 6s. 6d.

"THERE is something to be said for getting the record straight." With these words, Professor and Mrs Jewkes conclude the first of a proposed series of essays on "the economic and administrative aspects of medical systems." The record which they are claiming to put straight is that of Britain's national health service—in particular, how it came into being, what it has achieved and whether it was necessary at all.

The authors' thesis is that the prewar health services in Britain were not nearly so bad as they were generally made out to be; that the natural way of developing them would have been through an extension of the health insurance scheme; that the national health service, as an organisation, has not achieved all that is claimed for it; and that it may have positively hindered the growth of British medical services. There is some truth in this thesis. A great deal of mystique has grown up around the health service, and until it has been blown away, politicians are bound to run into trouble whenever they try to make any changes—as Mr Powell recently found. As prickers of bubbles of complacency and dispellers of myths, the Jewkeses have performed a service.

But a lot of what they say just does not stand up, and in one or two respects at least the statistics they use to prove their points are faulty. Thus, one might concede their claim that the general level of prewar hospitals was not so bad in fact as in some imaginations—or, rather, one would be prepared to put it another way round and admit that some health service hospitals are just as slummy. But one cannot agree that the distribution of consultants in the hospital service, as between London and the provinces, is no better than it was before the war. In citing figures to prove this, the Jewkeses compare prewar figures for London (with 37 per cent of all consultants) with recent figures (42 per cent) for the whole of the metropolitan regions, an area stretching as far as Dover in the south-east and beyond Winchester in the south-west, whose population is about a third of England's total. In any case, the essence of the prewar criticism was the heavy concentration of consultants in Harley Street and in the teaching hospitals. The health service has achieved a better distribution of consultants within each region, between the teaching hospitals and the general hospitals. Could the local authorities, faced as they were after the war with the need to reorganise and develop their schools and to build houses, have built up a consultant service to the same extent? Moreover, the pattern for the health service hospitals was set during the war by the "emergency hospital scheme"; Professor and Mrs Jewkes have the barest of mentions to this scheme and, that in a quite different context.

In fact, their essay is highly selective, and so loses much of its force. It quotes the increase in hospital waiting lists as an instance of failure on the part of the health service (though it could be regarded as an indication of success); but it does not point out that, between 1949 and 1960, the number of in-patients treated rose by 44 per cent. Early on, the essay says that the health service "created conditions inimical to voluntary insurance." Later, it cites the large increase in voluntary insurance for private hospital and consultant services as evidence of how dissatisfied people are with the health service—though it does not point out that the amount of voluntary insurance is inflated by the large number of people insured by their employers through the works schemes of provident associations. The essay even seizes on the British people's indulgence in self-medication with aspirins, tonics and laxatives as an indication of the health service's inadequacy.

For all the dissatisfaction they may express from time to time—and with good cause—the British people as a whole would rather have the health service, in its present form, than not have it. This essay is not therefore likely to carry much weight in this country, except in the area of pressure group politics. But it may be taken up by such bodies as the American Medical Association and presented to the American people to show that Britain's health service is not an article of export. So there is something to be said for attempting to get the Jewkeses' record straight.

Military Gleanings

Men in Uniform

By M. R. D. Foot.
Weidenfeld and Nicolson. 173 pages. 21s.

THE national debate on the institution of some form of selective military service has not (*pace* Sir Fitzroy Maclean and Mr George Wigg) been joined as yet. It is still possible to hope, as the Government fervently does, that it will not materialise. But if and when it does Mr Foot's researches on behalf of the Institute of Strategic Studies are going to inform and illuminate a good many speeches and articles. Not all his inquiries are entirely relevant: it is difficult to suppose that the Soviet and Swiss systems, for example, have much bearing on British needs and circumstances. But there is a good deal to be gleaned from some surprising quarters. The military value of the Danish system of short-term conscription may be highly questionable, but there is everything to be said for the care with which men are posted into arms and units for which they are particularly adapted and where they are likely to do themselves and the country most good. The Canadian and Australian experiences emphasise the limitations of even wastefully high rates of pay when it comes to securing technicians and tradesmen from private life.

If Britain has to resort to a mixed system (regular volunteers chiefly on overseas service and in a mobile reserve, conscripts stationed either at home or in west Germany) the two pertinent examples are the American and German ones. The comparative flexibility of the American draft in providing substantially more men in any emergency has just been demonstrated by Mr Kennedy's latest measures. But the immediate need for Britain, as for everyone else, is to get the specialists required for an increasingly specialised army, and to get them for a reasonable period of service. The only answer is to make it worthwhile for the intelligent young man to spend three to five years improving himself as well as serving his country.

The German system of graduated entitlement, after various periods with the colours, to training at a forces' technical school to fit the soldier for a civil trade is a case in point. The Belgians, too, have their "Nato technicians," who also get the more interesting jobs while in the forces. This kind of inducement is by no means unknown to the British services, although Mr Profumo's bounty to the last national servicemen with technical training was woefully inadequate to encourage them to stay on. Much more can be done in this field if the country is prepared to pay for it. If employers and unions can be persuaded, or compelled, to accept a national apprenticeship scheme the door might then be opened to the brighter young men to continue their training at public expense for another three years inside the forces—possibly with a technical college place waiting at the end of it. This dual economic and military investment in the 18-23 age group would be cheap at the price for the taxpayer.

The Anti-Jacobins

The Girondins

By M. J. Sydenham.
Athlone Press. 252 pages. 35s.

FEW re-worked PhD theses deserve the title of history so honourably as this one. Dr Sydenham has written a lucid, convincing and exciting account of the unfortunate Brissot and his friends, known as the Girondins, during the period of their greatest influence and notoriety—the period, that is, when they helped to push France into war with Austria, thus disastrously affecting the course of the French Revolution, and led the opposition to Robespierre and the Mountain's rise to power. The book is warmly to be welcomed both in itself and as further evidence that British historians are at last overcoming their characteristic parochialism. In the future we may, perhaps, hear less of Namier, or at least of George III, and more of Professor Lefebvre and the men of '89.

Dr Sydenham has, moreover, made a truly original contribution to our understanding of the great revolution. He has taken to pieces the legend, more current in England than in France, of a "Girondin party," with a coherent membership, ideology and programme of action, and shown that it does not work. Even the name, "Girondin," as used to describe all the victims of Robespierre's purge of the Convention in June, 1793, rather than just the deputies from the Gironde who were among them, is shown to have been primarily a nineteenth-century coinage. A party, as it is usually understood, was totally unacceptable in theory and practice to the eighteenth century French, who could only distinguish, whether Robespierrist or Brissotin, between the "friends" and "enemies" of the people. There was no class or geographical distinction setting the Girondins apart from the rest of the Convention, including the Montagnards. They had no coherent war or economic policy, and the philosophical beliefs, and hostility to the power of Paris, that cut them off from Robespierre united them to the majority in both the Legislative Assembly and the Convention. Dr Sydenham speaks, indeed, at one stage, of the first Brissotins having "merged" with the Conventional majority, and throughout makes it plain that it was the revolutionary Mountain that made the running, dominated events, provoked reaction and most resembled a genuine political party.

Instead of the old stereotype Dr Syden-

Horse sense in dog days

WHEN this advertisement appears, it may well start to rain and wash my pretty headline away. However, let's risk it.

For, temperatures apart, the 'silly season' is no more: it has gone, gone, gone with the giant gooseberry and the sea serpent (now scientificated in Loch Ness). As you and your neighbours head for Cornwall and the Costa Brava, the international pot will start to hiss and steam. Somewhere else, if you're lucky



. . . but many a jolly family holiday has been spoilt by tear-gas and the pyongg of ricochetting bullets.

No news is bad news

We are talking of grave matters, of course, but let me just go bravely on and leave the tears to you. News is always being made, at all times of the year. Should you ignore it? Only gaunt philosophers and little fluffy demi-mondaines succeed in this, and I can't believe you belong to either class. Once you have locked your front door and cancelled your daily papers, once you are launched on an uncertain sea of strange food and suntan lotion, you will *need* the news . . . not the BBC time-signal overheard through the window of a bungalow, not a crime passionel in Nice, but the *news*.

Keep your hooks on realities. There is a newspaper called The Observer which publishes on Sundays and can be read with profit and enjoyment then and thereafter. It posts brilliant correspondents to all corners of the globe, sends special envoys scuttling up and down the sidelines, catches news with strange prescience the second it happens, gives you the background, gives you moreover (a masterstroke) the pith and pertinence of everything that has taken place in the *previous* six days, while you were paddling and bullfighting.

A lifeboat for the holiday maker. Let me add that it wraps chips, absorbs beer, saves shoulders from sunburn, swats hornets, and is worth every peseta, lira or zloty or whatever is the equivalent of the tanner it costs you in Britain. Order it, and see that your orders are obeyed. **J.B.L.**

ADVT.

ham suggests that the leading "Girondins" were merely men of outstanding ability and character who formed a loose "connection" with Brissot in 1791 and were guillotined with him in 1793. He calls them *arrivistes*, "avid and irresponsible in their pursuit of place and power," "irresolute in everything but their endeavour to retain" these things, but "not themselves serious enemies of society." They resisted Robespierre at first out of fear and jealousy, but at the end because they saw that his ruthless invocation of the general will and national necessity threatened the rule of law and individual freedom. For these ideals, in the end, they suffered their martyrdom; and, concludes Dr Sydenham, they did not die in vain. Since the rejection of the Jacobins at Thermidor, French politics have been Girondin—dedicated to the freedom of the private conscience, and irredeemably individualistic.

Attitude to Change

Blossoms in the Dust

By Kusum Nair.
Duckworth. 201 pages. 21s.

MRS NAIR spent two years wandering round India. Most of the time she spent just talking to villagers about everything from land reform to change, from community development to the modern world. This admirable work is the result.

Mrs Nair is a journalist. She writes well; she has an eye for a scene and an ear for a conversation; she knows how to report without constantly obtruding herself. But that is not why her book is so good. Its real quality is the way in which she has succeeded in conveying the confusion and contradictions of the villager's attitude to change.

The reaction to the plans, to change, even to something as simple as an irrigation-water, varies enormously. The Punjabis in the Ganga Canal area of Rajasthan grow cash crops, use tractors, and build themselves brick houses with electric light, radios and sofas. The local Bagdis next door, on exactly the same land, live in mud huts, buy tractors only for prestige, and spend their money more on jewellery for their women; the main sign of the prosperity water has brought them is that they eat wheat instead of millet. On the Bhakra-Nangal dam an untouchable can become a fitter who has tea with his engineer. In Tanjore the untouchables are still so humble that they do not even have an active desire for land reform. In one Bihar village the widow of the zemindar keeps the village council running efficiently because every faction does as she wishes; in another, the council is letting the local irrigation works go to pieces because they expect the Government to maintain them for them. In Kaira men with a few acres build tube wells for themselves; in Raichur much bigger men do not even bother to use the water the Tungabhadra provides. The Bhil villager in Rajasthan did not know whether Congress was a man or a woman; an equally aboriginal woman in Surat had picketed under Gandhi and gone to gaol.

A few generalisations are nevertheless possible. Some parts of the country, like the Punjab and Kaira, are developing quite quickly; in most something is happening, even if it is only a change over to better ploughs. Everywhere education is spreading rapidly, though often it leads only to a disdain for farming and a desire for bush-coats and bicycles. There is still little demand for land reform among the landless, and some of the reform that has taken place has been frustrated by evasion. In the Ganges valley, especially in Bengal, the villages are still run by the upper castes. Everywhere there is much lack of enterprise, much acceptance of things as they are. One may, with Mrs Nair, refuse to be defeatist; but the task is herculean.

Economists in Debate

The Theory of Capital

Edited by F. A. Lutz and D. C. Hague.
Macmillan. 428 pages. 50s.

NOBODY has ever put all the economists in the world end to end in order to see whether they would reach a conclusion. The International Economic Association, however, has tried a more modest experiment. In 1958 it put thirty economists on an island for a week and got them to discuss capital theory. This volume contains the papers that were presented, together with a summary of their discussion—evidence that they did not reach a conclusion.

Since the thirty included some exceptionally able people, the book is first class. Most readers will find the papers of greater interest than the summary of the discussion, despite its able reporting. A debate set out in print lacks the nuances of expression that gave it continuity and meaningfulness at the time, while the papers were designed to be read. Since there were thirteen of them, the book really requires thirteen reviews. Ten of them can be skipped here, however, as they are pieces of highbrow theorising written by specialists for specialists. Professors Lutz, Hicks, Samuelson and Fellner, a most distinguished quadrumvirate, lead off by examining the theory of the measurement of capital and income and the classification of inventions. After an empirical interlude a Frenchman and a Norwegian then present micro-economic analyses of capital intensity and the interest-elasticity of investment. These are followed by three papers on the pure theory of growth, all of them littered with algebra and none of them required reading for either the Chancellor of the Exchequer or Mr Harold Wilson, so remote are they from immediate problems. Lastly, there is a paper on the theory of income distribution.

In the discussions the statisticians frequently complained that they were getting little help from the theorists. The latter, on the other hand, were ready to admit that there was little hope of ever measuring some of the concepts they dealt with. It is to be hoped, however, that the statisticians will not be deterred from continuing to measure what can be measured, since the results reported here are extremely interesting. These results are described in the three papers on measurements of capital and of capital-output ratios in the United Kingdom, Germany and the United States. The British paper is the most general of the three, since the author, Dr Barna, not only presents data but also discusses some of the practical problems of measurement. As is well known, his own estimates of the capital stock in United Kingdom manufacturing (using a sample survey method) and Mr Redfern's (using a perpetual inventory method) gave wildly different results, so there is plenty to discuss, and Dr Barna does not hesitate to explain why Mr Redfern's estimate was out of step.

Curiously enough, one of the issues on which the thirty economists failed to agree related to the empirical material concerning Germany and the United States. Some of them thought that the recorded changes in capital-output ratios were large changes, while others considered that they were sufficiently small for the aggregate capital-output ratio to be regarded as fairly stable. But on this, as on other issues, the interchange of ideas was clearly stimulating, so the experiment was a success even though no conclusions were produced.

High and Low Finance

Kreuger: *Genius and Swindler*

By Robert Shaplen.
André Deutsch. 277 pages. 21s.

IVAR KREUGER, the Swedish match king, was probably the world's greatest swindler: he took $650 million from its pocket in return for a share in his eventual ruin. The moneys he raised, shuffled around the world, and disposed of as he thought fit were so enormous that any study of Kreuger must first establish his credibility. Secondly, the web of financial transactions and intrigues that were the essentials of his life must be unravelled and made clear.

Mr Shaplen tackles both tasks expertly and successfully. Out of extensive research he presents the amoral Kreuger with a predilection for adding zeros to figures; the actor who won the confidence of bankers, corporations, governments, and, above all, of his own employees; the genius who carried in his head the ramifications of his vast enterprises and who was able to counter the chain reaction of his falsehoods before they betrayed the original lie, but who had not the imagination to restrain himself and withdraw when circumstances demanded that he should do so.

The depression was the chief cause of Kreuger's downfall; in the end he was unable to find the cash. Had there been no depression he might possibly have survived, since there was a considerable industrial empire beneath the froth of his financial adventures. But survival would have entailed his adopting the rules of honest conduct, and it is doubtful if he ever knew that such rules existed.

LETTERS

Wages Pause

SIR—How sound is your weekly call for no restraint on wages in the "growth" industries? Would it be correct to group the nation's industries into one (smallish) section of growth industries; one (largish) section of "not so growth" industries; one (smallish) section of contracting industries? Do you imagine that increased rewards in the growth section will pull workers direct from the contracting section? Is it not more probable that, as with a pair of trousers, a hitch up at the waist will be reflected all the way down the legs? Unfortunately, geography has not arranged that the growth section is side by side the contracting section, with the "not so growth" miles away.

Certainly there must be movement and change; we all know that a static society is impossible. But if, as you never tire of telling us, it is increasing wage demands (and wage grants) that is the basic malady, it might be that the policy of free for all in the growth industries that you advocate is just about as unsound a policy as could be suggested. It might indeed be that it is just in this section that the "pause" could be most effective.—Yours faithfully,
Kendal, Westmorland GEOFFREY ACLAND

Soviet Manifesto

SIR—Mr Khrushchev now invites criticism. Here goes:

It is difficult to believe that even the Russians can take him seriously when he tells them that in a few years' time they will receive "free" meals, housing and this-that-and-t'other. Is it not obvious that, in the absence of outright slavery, these things must be produced by the paid efforts of the Russian people—just as they are at present; and that, if not distributed by commercial exchange for the pieces of paper and stamped metal discs which are called money, they must be exchanged for some kind of official tokens, e.g., the detested ration cards. Is this what Mr K has in mind? Or scrambles at dumps by the roadside?

In any case, let him think again and, in the ever-memorable words of a former British Minister, "Come orf it!" For no government can provide anything *free*—as is being currently impressed on this country.—Yours faithfully,
London, N2 C. E. G. NYE

Southern Rhodesia

SIR—One would expect responsible opinion in the United Kingdom to have welcomed with enthusiasm the result of the Southern Rhodesian referendum. A predominantly white electorate registered an overwhelming vote in favour of a new constitution which ensures that at least 15 Africans will sit in the Southern Rhodesian parliament for the first time; provides for an extension of the franchise to enable a greater number of Africans to qualify; enshrines in a Declaration of Rights the fundamental rights and freedoms of every citizen without distinction of race, colour or creed, and prevents the enactment of discriminatory legislation.

Yet reports in *The Economist* of July 29th from both Salisbury and London seek to denigrate this tremendously encouraging victory for liberalism and multi-racial co-operation by giving only a grudging welcome to the electorate's decision "as a sign that the voters of Southern Rhodesia can be talked into moving forward, however slowly." You state blandly that the new constitution "does little else" but put Africans into Southern Rhodesia's parliament for the first time.

But the new constitution does a great deal more than this. It encourages non-racial politics by making members of Parliament responsible to both races; it guarantees the rights and liberties of the individual instead of those of one race (the Africans) only, and ensures the beginning of the end of racial discrimination. In so doing, it represents a vote of confidence for the great experiment in race relations which is being pursued in the Federation.

Even more deplorable still was your Salisbury correspondent's complete disregard for fact. He stated it had been "spread about that the government could and would eliminate the 15 lower roll seats if Africans 'proved unco-operative'." Quite apart from a strong official denial of this rumour a week previously, an intelligent study of the new constitution shows such action to be constitutionally impossible without a two-thirds majority of Parliament, and in addition the agreement of each of the four principal racial communities voting separately in a referendum (or, alternatively, by seeking the approval of the United Kingdom Government) to alter the franchise qualifications which in effect determine the composition of the Legislature.

You also reported as fact that four Africans were killed prior to the referendum. The truth is that one African was killed in disturbances designed to thwart the orderly conduct of the referendum. Your correspondent's statement that 300,000 Africans voted in the National Democratic Party's mock referendum "to express their deep discontent with the government" contrasts strangely with the estimate of official observers that approximately 90,000 people participated in this so-called "referendum" which paid no regard to the secrecy of the ballot box, did not preclude multiple voting and was "supervised" not by an independent authority but by a political party.

A fantastic example of distortion of the facts is the unqualified statement that Sir Edgar Whitehead has "wiped away" reserved clauses covering laws which technically discriminate against Africans. What has happened, under the new constitution, is that these clauses have been replaced by a Declaration of Rights safeguarding the liberties of, and preventing discrimination against, every inhabitant of Southern Rhodesia without regard to race.—Yours faithfully, PATRICK WALL
House of Commons, SW1

Air Safety

SIR—The article "How Safe In The Air?" in your issue of June 24th, suggests that the testimony presented by the Air Transport Association of America to the United States Senate Aviation Subcommittee contains dishonest and distorted statistics on commercial air transportation safety.

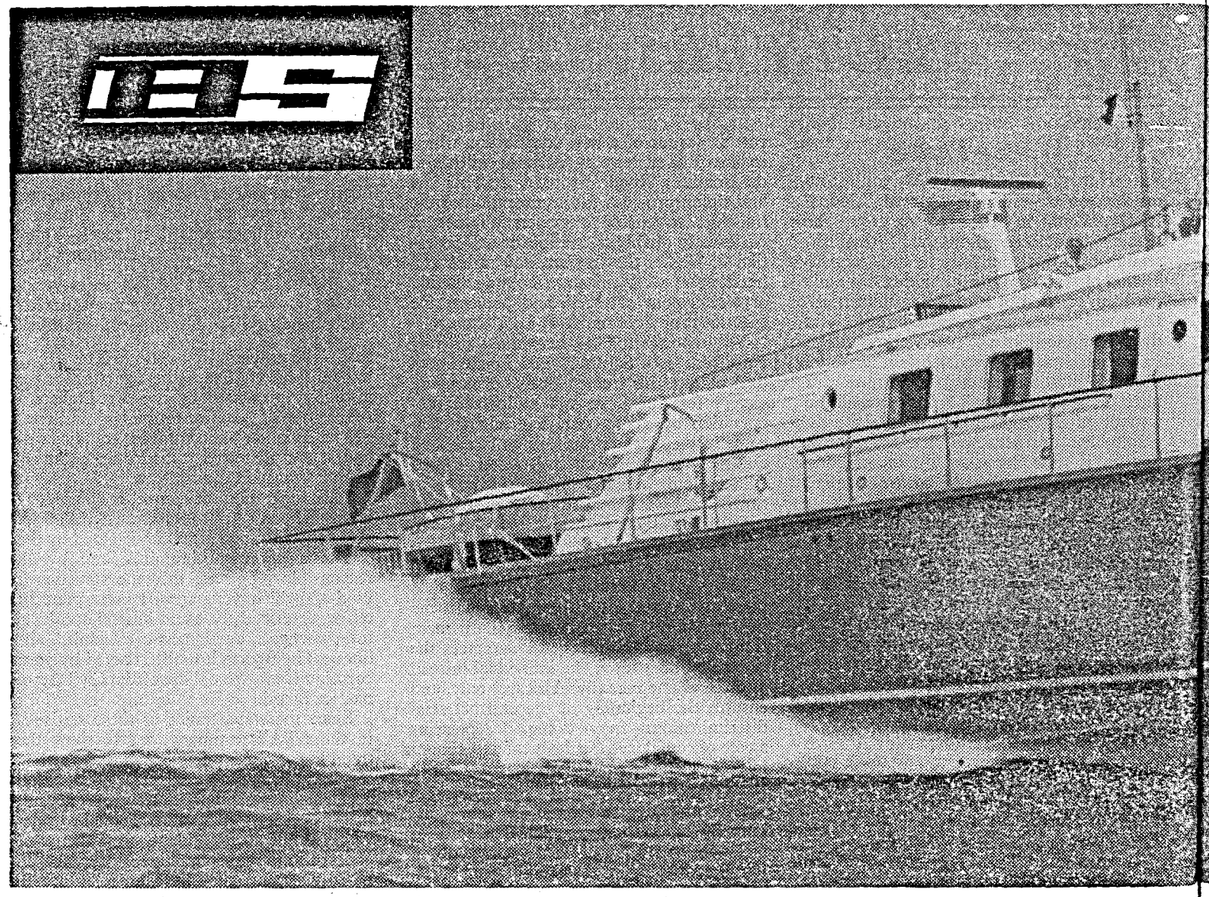
This suggestion, of course, is completely false. The ATA, in its testimony, made it perfectly clear, and it was understood by the Senate aviation subcommittee and by all responsible reporters, that the statistics it used to which your special correspondent refers, described the trend in fatal accidents for passengers on domestic scheduled airlines. The figures it used, as noted by your correspondent, were those of the Civil Aeronautics Board.

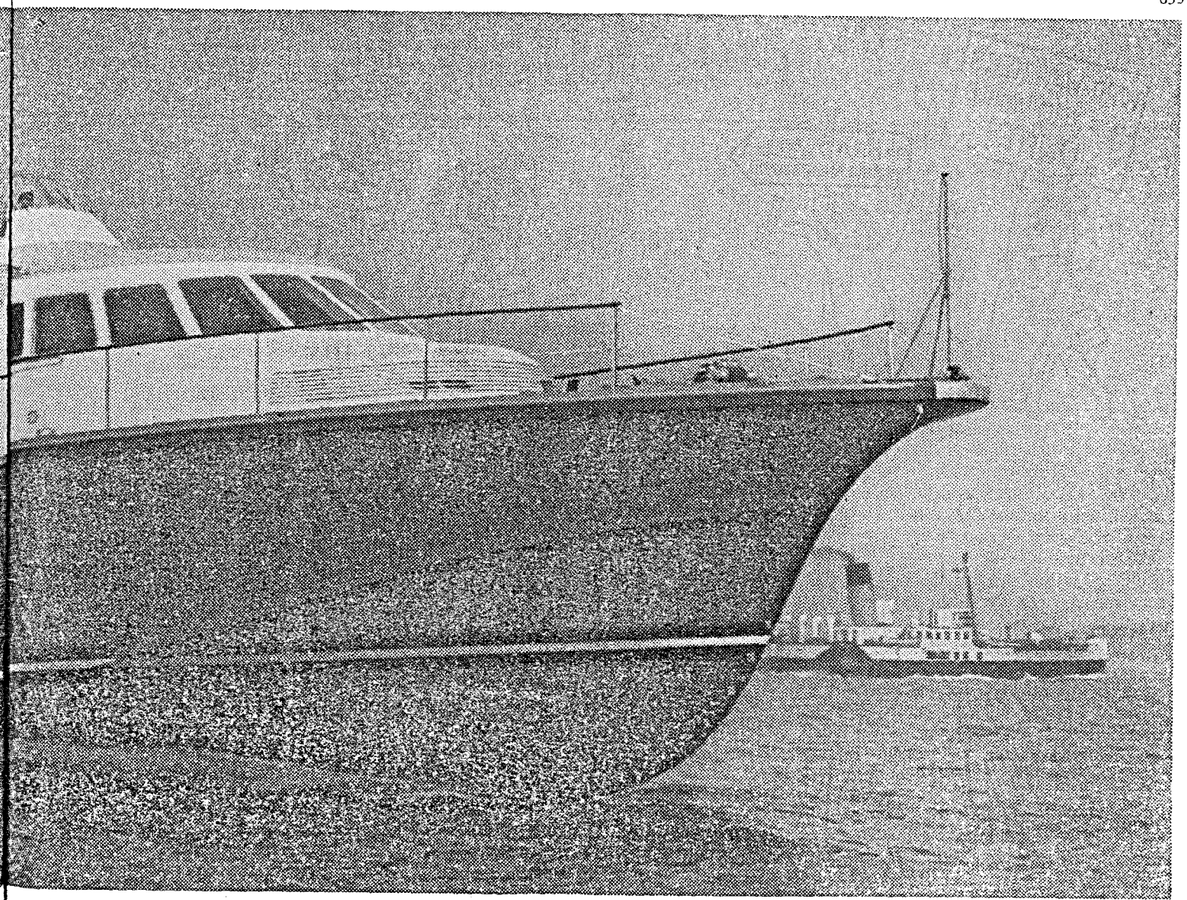
Since the stated point of these statistics in the ATA's testimony was to show the trend in passenger safety in scheduled airline service, obviously training accidents and accidents in general aviation were irrelevant, just as accidents in elevators would be irrelevant. While such accidents are a matter of concern to the subcommittee, as they should be to everyone, they have no relevance to whether or not scheduled airline passenger travel is getting more or less safe.

Scheduled airline travel is getting more safe, of course, as the long term trend indicates. The airlines, nevertheless, are not satisfied with their safety record, despite its improvement. This was stated explicitly by Mr Stuart G. Tipton, president of the ATA, who told the subcommittee: "We do not intend to rest on the record for 1950 or 1960. There is no satisfaction in saying that it is three times as safe to go by air as to drive. Our industry does not live by a standard that compares our safety rate with someone else's. We have our own standards and goals, and they are quite simple. They are to eliminate accidents and to achieve a rate of zero."—Yours faithfully,

THOMAS F. MCGARRY,
Director of Public Relations
Air Transport Association of America
Washington, DC

[Our correspondent's particular complaint against the Air Transport Association concerned its use of 5-year averages in a chart; these concealed the fact that the number of deaths for each 100 million passenger miles flown by the scheduled airlines increased in 1958, 1959 and 1960.]





New express yacht speeds at over 50 knots...

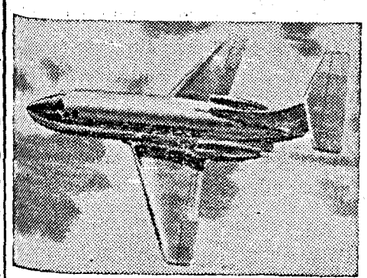
...AND BRISTOL SIDDELEY SUPPLY THE POWER

Specially designed and built by Vosper Ltd, Portsmouth, for Mr Stavros Niarchos, the 100-ft express yacht "Mercury" has a top speed of over 50 knots. With spacious accommodation for the owner, guests and a crew of up to 11, "Mercury" has a range of approximately 400 miles, cruising at 46 knots. Believed to be the world's fastest yacht, "Mercury" is powered by three Bristol Siddeley Marine Proteus gas turbine engines, running on diesel fuel and delivering a total of 10,500 hp.

The Bristol Siddeley Proteus has proved itself to be one of the most versatile and dependable gas turbines ever built. As the powerplant of the Britannia airliner, the Proteus has accumulated nearly two million engine flying hours in service with 12 international airlines and RAF Transport Command.

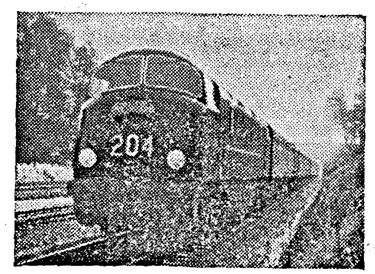
The first marine application of the Proteus was in the "Brave" class fast patrol boats, designed and built by Vosper Ltd. in collaboration with the Admiralty. These vessels went into service with the Royal Navy in 1959, after the engines had carried out 1,600 hours rigorous testing to Admiralty schedules.

Industrial versions of the Proteus gas turbine engine are now in service with the South Western Electricity Board, as prime movers of 3,000-kilowatt generating sets.



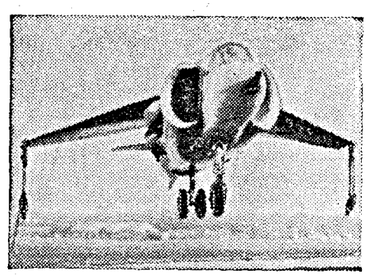
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The Bristol Siddeley Viper turbojet will power De Havilland's new executive transport—the Jet Dragon. Two Viper 20's, each delivering 3,000-lb thrust, will give the new aircraft a cruising speed of 500 mph and a range of 1,000 miles. The Jet Dragon will carry up to 9 passengers and a crew of 2 in great comfort.



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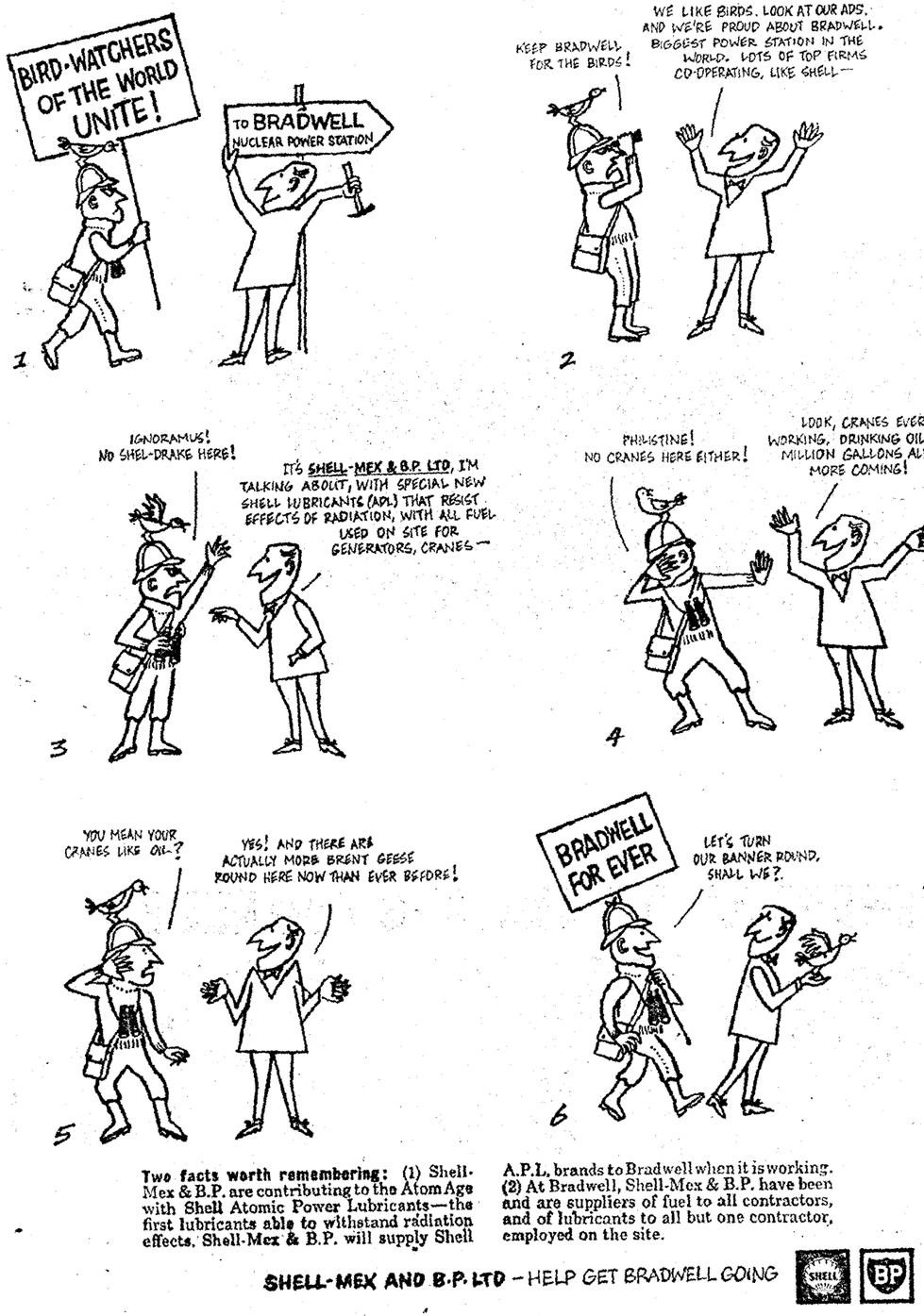


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THE WORLD OVERSEAS

Lost Weekend?

AND ROUND AND ROUND AND ROUND BERLIN

FROM OUR PARIS CORRESPONDENT

Two men facing one another in threatening attitudes, with red faces and muscles tense, turn now and then to the audience with the plea, "Hold me back or I shall do something terrible." This classical scene of burlesque is part of the folklore of southern France. Such irreverent associations sprang to mind as the western foreign ministers spent the whole of last weekend in Paris making known their firm, unyielding stand over Berlin, while the eastern echo brought similarly resolute noises. Moscow, indeed, furnished them with plenty of material for ministerial reflection. First came the four Soviet notes to the western powers (August 3rd). These were followed by a joint statement on August 5th by the heads of the communist parties of the Warsaw Pact countries, who, after a secret session, endorsed the Soviet view that the Berlin question must be settled by the end of the year. Finally, on Monday, came Mr Khrushchev's own broadcast, described as a reply to President Kennedy, to which the President will in turn reply in this strange sequence of television diplomacy.

Yet nobody here really believed that the world's statesmen were preparing to drift into nuclear war without exploring the chances of negotiation. In fact, Mr Khrushchev ended his series of warnings with an invitation to a conference table, while the western ministers, too, expressed their preference for a negotiation, provided it could be held on "a reasonable basis" and not under duress. But it was in the nature of the Paris exercise that more emphasis should be put on determination than on diplomacy. The western ministers having decided, in Lord Home's words, that they, too, could play poker, they were determined not to show their cards. Not only did they keep their minimum position secret; they gave no clue to whether a western summit meeting is to be summoned to prepare a conference with Mr Khrushchev.

So Mr Dean Rusk, Lord Home and M. Couve de Murville, joined in the afternoon by Herr von Brentano, spent all Saturday, if not longer, discussing preparations for the worst. Military precautions are not, as a rule, public property, and outsiders have to pick them up through rumour. This time the leakages were particularly alarming: the crisis, they suggested, was to be faced with an airlift of American divisions to Europe, the strengthening of the British Army of the Rhine, a call-up of French reservists, the acceleration of the west German build-up and parallel moves by other Nato members. (A quieter version said that it had been merely decided progressively to speed up Nato's existing plans, embodied in the staff paper MC 70.) The echo from Moscow brought Mr Khrushchev's warning that he, too, could call up reservists and move divisions westward. Some excited correspondents started calculating how much nuclear damage each side could inflict on the other.

With the diplomatic possibilities of initiative carefully hidden, like poker cards, the possible military measures were naturally kept secret. Nobody takes the idea of economic sanctions seriously. Thus the Paris meeting could not produce anything spectacular. Its purpose was to show determination and unanimity, and that much was achieved. The impression was left, nevertheless, that if this unanimity were put to the test, it might prove, at least in tactics, superficial. The French have made it plain from the very start that, since the Berlin crisis was of Mr Khrushchev's choosing, the western powers had merely to stand firm and call his bluff. When M. Couve de Murville (excellent though his English is) spoke with this strong Bonn accent, there was not much need for Herr von Brentano to intervene. The British, according to most accounts, are taking great pains not to appear as "appeasers"; it is even supposed that this may have something to do with the approaching common market negotiations. At all events, it was left to the Americans to make constructive proposals for a negotiating position. Some thought that Mr Dean Rusk made them during the Sunday session, but this has been denied. What is known is that he came to Paris with an open mind, ready to sketch out a flexible position which might even, if necessary, infringe such German taboos as the Oder-Neisse line and the non-recognition of the German Democratic Republic.

Which view prevails will soon be seen. For all the tight-lipped discretion of the western spokesmen, it is generally held here that the next few weeks will be taken up with diplomatic reconnaissance of Moscow's position, and that the announcement of some kind of meeting with the Russians should come somewhere between mid-September and mid-October—that is, between the German elections and the Soviet party congress, an assembly which Mr Khrushchev may be reluctant to face with empty hands. The test of western unity cannot be delayed for long.

After Herr von Brentano's departure the three western ministers spent Monday morning in a vast *tour d'horizon* ranging from Latin America, through Bizerta and Laos, to China and the United Nations. This rapid review by the three western powers of world questions other than the German one could be taken as a practical implementation of one of General de Gaulle's well-known demands. As if to spare other susceptibilities, Mr Rusk not only addressed the Nato permanent council on Tuesday; on Wednesday he went to Rome to consult the Italian government, and then to Lake Como where Dr Adenauer is on holiday.

It is perfectly natural, in a diplomatic game, not to reveal your concessions until the shape of the bargain is clear. It is also



understandable to prepare, militarily, for the worst, while taking diplomatic initiatives to avert it. What is absurd is to appear as if one were dragged into the conference room, and then to face

the negotiation unprepared. A sneaking suspicion lingers in Paris that the western ministers partly wasted their long weekend, and that the secrecy that now surrounds the subject of western diplomatic initiatives is a cloak enfolding a void.

Nyasaland's Choice

FROM OUR SPECIAL CORRESPONDENT

SIR ROY WELENSKY, on his brief electioneering tour of Nyasaland last week, several times claimed that he had an open mind. In proof of this, he went on, he had been asking people for a long time what alternative there was for Nyasaland except to stay in the Central African Federation. Never, he concluded, had he received a satisfactory answer. Nor indeed did he receive one last week, for his well-screened audiences consisted either of his own supporters, or of civil servants who do not see it as part of their job to challenge the federal prime minister publicly.

All the same, the elections next Tuesday are being fought on the issue of continued federation or secession; and it requires little skill at clairvoyance to predict that the secessionists, led by Dr Banda's Malawi Congress party, will defeat the federalists of Sir Roy's United Federal party. Under the last constitution of 1956 there were only five elected Africans in a legislative council of 23 and none at all in the executive council. Under the new constitution Nyasaland has leapt forward to a clear African legislative majority and Dr Banda has considerable hopes of controlling half the seats in the executive council as well.

The twenty seats on the lower roll are by general acknowledgment almost a gift to the Malawi party. This will give Dr Banda a majority in the legislative council of 33 members, which is completed by five officials and eight elected on the higher roll. But to achieve parity with these five officials in the executive council he needs to win not only the twenty lower roll seats (which give him three ministries) but at least two of the eight upper roll seats (which provide the other two ministers). The chances of winning some of these eight, with the help of European independents who dislike the UFP and the federation it stands for as much as he does, seem good. But even if he does not manage to take all five ministries this month, the constitution provides for the handing over of two official ministries "at any time in the light of the working of the new arrangements." Almost certainly, then, by the beginning of next year Malawi will control both councils.

Sir Roy's question—"What alternative is there to federation?"—will then need to be answered. The first part of Malawi's answer consists in repudiating arguments that federation has benefited Nyasaland. Last week Sir Roy offered these figures to support his case: in seven years, he said, Nyasaland had received £39 million in the redistribution of federal income tax and had contributed only £5.5 million. Expenditure on health, non-African education and public works (the main federal responsibilities) had multiplied by from three to seven times. If Nyasaland seceded, he claimed, it would either sink into deepest poverty or become a permanent pensioner of Britain or else be helped for a time by an "inimical power" plotting to establish a communist foothold in central Africa.

Neither Malawi politicians nor those quiet civil servants think much of Sir Roy's calculations. He had, for instance, ignored all the customs and excise duties—probably about £20 million—which Nyasaland has poured into the federal coffers without any return or any trace, since these statistics are "scrambled" federally. He had not explained that, while enormous loan funds have been available for the government-owned Rhodesia railways and Kariba dam which provides hydro-electric power only for the Rhodesias, Nyasaland's modest Nkula Falls power scheme is still shelved and its chances of attracting much industry are blighted by an inadequate communications system for which discouragingly high freight rates have to be charged by the privately owned Nyasaland railways. The federal argument is damaged further by the number of investors who have recently been showing interest in the prospect of an independent and separate Nyasaland. Blanket and clothing and cigarette manufacturers, who have been supplying Nyasaland from factories in Southern Rhodesia, see this market of three million people disappearing behind a tariff wall; and they have journeyed to the presidential palace outside Blantyre for cordial conferences with Dr Banda about setting up factories in Nyasaland.

Nor while the present Malawi leaders are in power does there seem much possibility of the country offering any welcome to communism. Probably no other country in Africa, except Liberia, sets so much store by American goodwill. When with Homeric phrases Dr Banda tells the Nyasa crowds of his latest journey, the climax of his Odyssey is always the visit to the White House. There is good hope that the American universities, which gave him such an impressive education, will now give his country a liberal arts college (and ultimately a university) to be set up at Livingstonia. On his living-room wall, Mr Dunduzu Chisiza, the Malawi party secretary-general, has hung a framed copy of President Kennedy's inaugural address. Mr Mennen Williams, however harassed elsewhere, can count on a relaxed and friendly reception when he reaches Blantyre later this month.

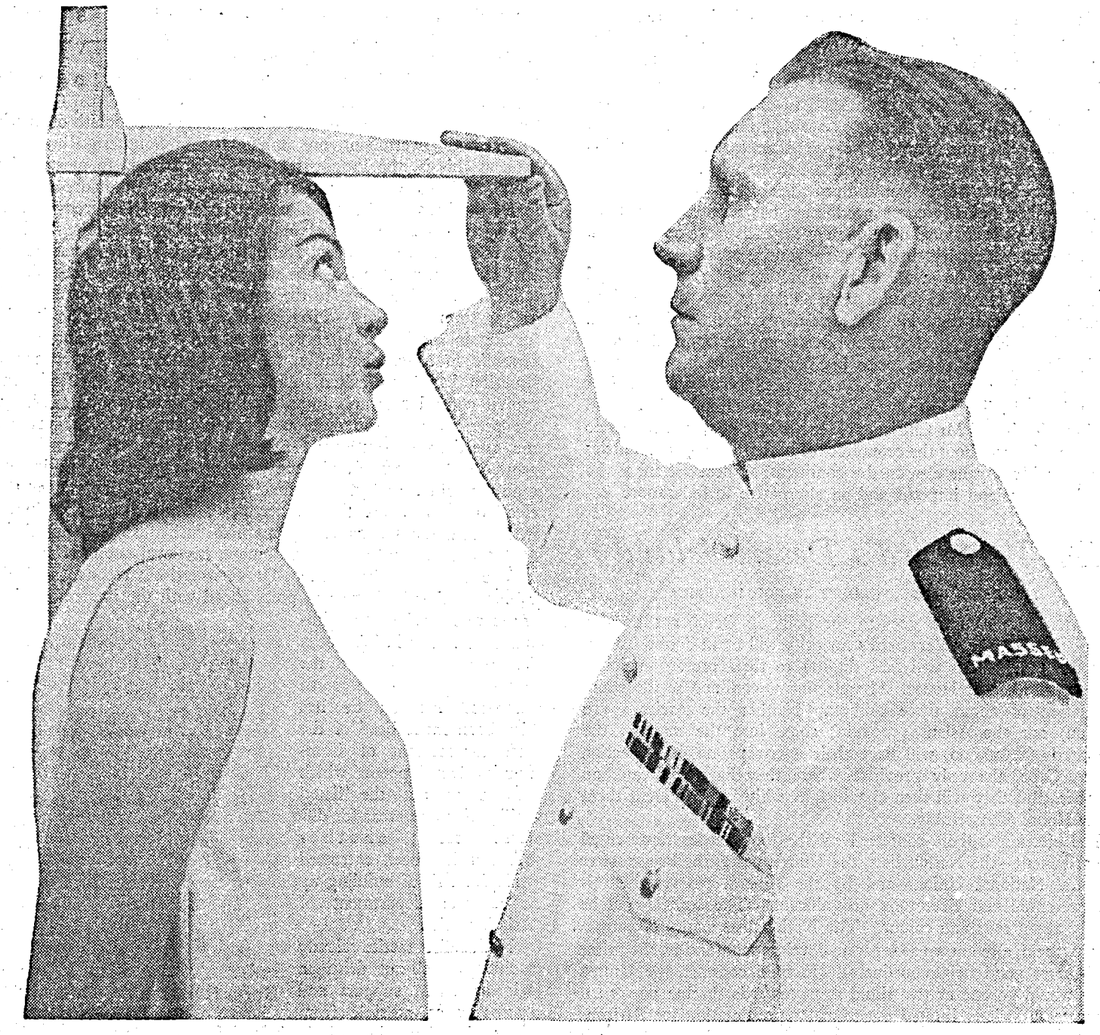
And yet no one is pretending that Nyasaland, when quit of federation, will thrive effortlessly. Although a diamond survey is in progress, the easy dream of great mineral wealth deliberately concealed by the federalists has been sternly dismissed by Dr Banda. The Malawi election manifesto is sensible and downright and offers no Utopia. Universal primary education is set down honestly as only an "ultimate aim." The first necessity for economic development is "the commercialisation of agriculture on a massive scale."



No Utopian: Dr Banda

Dr Banda himself has a favourite phrase about "creating a central African Denmark." With good soil and better rainfall than elsewhere in Central Africa, Nyasaland might succeed in achieving the great increase in cash crop production which is necessary to prime any development. At present the population pressures, especially in the southern province, are, according to Mr Dick Kettlewell, the secretary for natural resources, making the subsistence mentality more deeply ingrained than ever. Concentration on mono-cropping with maize is ruining much good soil. Nor have political preoccupations these last few years contributed to good husbandry: instead, as in Ghana and Kenya, it became a point of nationalist honour to break agricultural rules as a symbol of anti-government feeling. Mr Kettlewell now frankly says: "I hope Dr Banda and company will succeed where they caused us to fail. I think they will succeed before it is too late."

Tea production, which last year at £4 million in value provided more than half Nyasaland's export earnings, is limited to large European estates. Dr Banda has assured the London heads of the Nyasaland tea association that he will cherish this golden goose; what slightly alarms them is the probability that he will want to rear another gosling. Kenya has proved that African smallholders can produce excellent tea and there is room for Nyasas to follow this prosperous path. But European planters need to be shown



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that quality and reputation will not suffer when Africans are among the sellers. There are several other crops where great expansion seems feasible. Cotton, a peasant crop with a record value last year of £928,000, is foremost among these; but Turkish tobacco could also be more widely established in the northern province, fishing on Lake Nyasa can become a sizeable industry, and increased groundnut production would give the African diet the proteins that maize lacks. A £5 million scheme to empolder the elephant marsh on the lower Shire river and provide at least 50,000 acres for sugar, rice and possibly cocoa production has reached the experimental stage; but national development depends more on a general increase of productivity than on a showpiece area.

The possibilities, however, are there waiting to be explored, and Dr Banda has picked as good a team as nearly any other African country could boast to go into the legislative council. His personal choice of candidates shocked many Europeans accustomed to local nomination. But his move seems justified. Among his candidates are three graduate teachers, a lawyer, an archdeacon and the chief of the Angoni tribe. Fifteen of them went to Church of Scotland mission schools and Mr Chisiza, at Her Majesty's expense in Gwelo prison, read more about the economics of under-developed countries than probably anyone else on the continent. These are men who can give Nyasaland impetus and an alternative to federation.

Dr Verwoerd's Desert Island

FROM OUR CORRESPONDENT IN SOUTH AFRICA

WHEN South Africa goes to the polls on October 18th only the size of Dr Verwoerd's majority will be in doubt. Probably the Nationalists will add slightly to their present majority of 44 in the Lower House. The election is confined to the white population of about three million. Neither the Africans (10 million) nor the Asians (500,000) come into the matter; the Coloureds (1,500,000) will have their own separate little election in the Cape, the only province where they have the vote, on October 4th; they will then choose four whites to represent them in the House of Assembly.

The election will be contested by the four parties represented in Parliament—the Nationalists, the United party, the Progressives and the National Union—and by the Liberal party, which is unrepresented and electorally insignificant. The contest will be wholly about race and colour. The Nationalists stand, of course, for apartheid, also known as separate development (and by the prime minister as good neighbourliness). In mild contrast, the United party would go one or two timid steps towards sharing power; it advocates a strictly limited communal representation for Africans (eight seats out of a total of 168) and common roll representation for the Coloureds; its attitude to the Asians is so far still only nebulously defined. The party stands for "White leadership with justice" and an "ordered advance" in colour policy; this is almost as unacceptable to articulate non-whites as is the Nationalists' government without consent.

The United party has come to an electoral agreement with the recently established and very tiny pro-republican National Union party founded by a former Nationalist MP, Mr Japie Basson, and now led by him and ex-Chief Justice H. A. Fagan, a former moderate Nationalist. An astute politician with an indeterminate following, Mr Basson has apparently convinced the United party that he can win some dissident Nationalist votes for the new combine in marginal and even Nationalist constituencies. On the strength of this, he has been promised relatively safe seats for himself and Mr Fagan, who will, however, enter Parliament very reluctantly and only because he has been persuaded that his influence might help to halt the Nationalists' progress.

The United party will have no truck whatever with the liberal Progressives, who have never been forgiven for breaking away from the United party twenty months ago; there is thus likely to be a number of three-cornered contests from which only the Nationalists can benefit. Just now the Progressives have eleven representatives in Parliament; they are unlikely to have any in the new House, the election having come a year or two too soon for them. They stand for a cautious policy of franchise on merit and shared government, not unlike that in Southern Rhodesia; little as this is, the Progressive party is anathema to most white South Africans, whose political thinking is only gradually advancing beyond that of the late nineteenth century. The irony is that the party makes an appeal only to the more moderate African leaders like ex-Chief Albert Luthuli, a Christian democrat whose very name gives otherwise sane whites hallucinations of red ruin.

Dr Verwoerd is going to the country two years before he need go for several reasons. First, the tide of public opinion is still flowing in his favour after the "peaceful" establishment of the republic in May. Secondly, the deterioration in the economic situation has been halted, albeit temporarily, by the stringent capital control measures introduced some months ago. Thirdly, the pressure of world opinion, through the United Nations, on the questions of south-west Africa and of apartheid itself may grow in the years ahead, and may make political life in the republic a little prickly. And finally, Dr Verwoerd wants to get the elections over before the intellectuals and Afrikaner churchmen in his own ranks become any more disenchanted with apartheid and start spreading disaffection among his loyal supporters.

As a prelude to the election, Dr Verwoerd has reconstituted his cabinet so that he is able to press ahead with the implementation of separate development without delay. Mr P. W. Botha has been appointed to the new post of Minister of Coloured Affairs; he has also been made head of the new Department of Community Development which will carry out the hated policy of group areas for different races; another minister has been entrusted with the task of building up a separate department of Asiatic affairs.



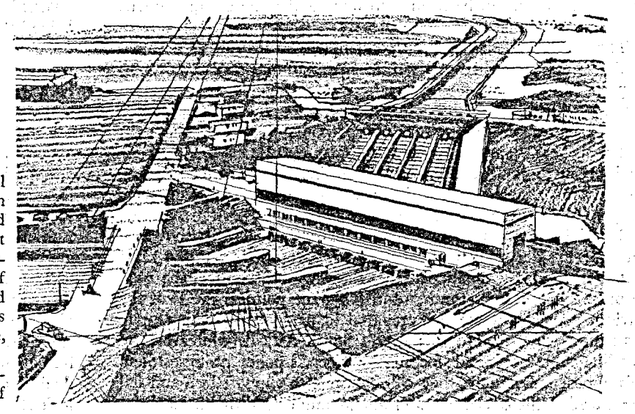
Mr Apartheid: P. W. Botha

Nationalist tactics clearly include an all-out drive to win as much support and sympathy as possible from non-whites themselves within the apartheid framework, largely by a technique of "soft-sell" and concessions on various fronts. The police, for instance, are under strict orders to "go slow" in their dealings with the black people, particularly with regard to illicit liquor and pass raids, and already there is some improvement in relations between them and the Africans. "European liquor" is soon to become available to Africans, to the deep distress of the powerful Dutch Reformed Church. And a start has been made with the establishment of urban councils for Africans in some selected areas. This is the Nationalists' response to the growing demand of black people for some say in their own affairs. Local councils are to be created very gradually and on ethnic lines where possible, half the members being elected and half nominated by the government. Potentially the councils will have some elementary powers of self-government, but for many years their function will be almost wholly advisory and of so primary a nature that they will do nothing to meet the demand for real civic self-government. In addition "Bantu courts" are to be set up with circumscribed powers to hear certain civil and criminal matters. African com-

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A Mediterranean TVA

FROM OUR CORRESPONDENT IN SOUTH-WEST FRANCE

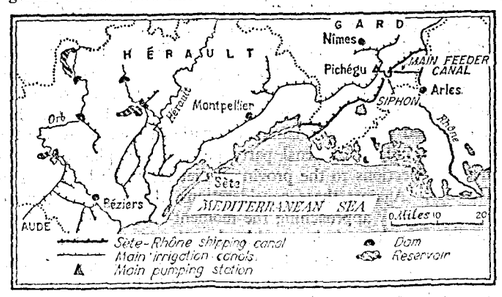


THE long handsome building straddling the canal at Pichégu excited Mr Khrushchev's admiration when he toured France last year and has been visited since by several busloads of Soviet engineers. At first sight it looks like a hydro-electric power station. Turbines hum, and there is the usual convergence of powerlines and transformer gear. Only fishermen and small boys will notice that the water in the canal is flowing backwards—toward the building, and thence, presumably, up into the dam behind it.

This is, in fact, Europe's—probably the world's—biggest irrigation pumping station, and the heart of an ambitious development project. The project's birth certificate was signed by M. Pierre Mendès-France (then prime minister) in February, 1955; by the time work is completed in 1971 it will have brought water to 360,000 acres of coastal Languedoc and transformed the economy of an area nearly half the size of Wales.

The Pichégu station's fifteen electric turbine pumps are designed to handle a flow of water equal to that of the Seine through Paris. Their normal task will be to pump 62 cubic metres (that is, 62 tons) of water every second to another canal 60 feet above the level of the lower one, and to raise a further 13 cubic metres (13 tons) of water per second to a smaller canal, nearly half a mile away, 200 feet above the level of the first.

The water flows to the pumping station from the Rhône along a canal, 8 miles long and 60 yards wide, which a gigantic siphon carries under the Sète-Rhône shipping channel. From Pichégu it will be distributed by a main canal 305 miles long and 5,600 miles of secondary canals and pipes. (Final delivery, on the farm, will be by pipe and sprinkler.) In the western half of the region more water will be channelled into the network from reservoirs (total capacity 280 million cubic metres) created by damming the Orb and a tributary of the Hérault; and hydro-electric plant on the same rivers will generate about two-thirds of the current used by the eleven pumping stations of the whole irrigation complex.



For almost a century, the economy of eastern Languedoc (the departments of Gard, Hérault and Aude) has been perilously dependent on a near-monoculture of the vine. The strong, vigorous wines of the region are drinkable enough, but they rarely rise above the level of *vins ordinaires*. In the past they have suffered from Algerian competition; in future, as the European Economic Community gets into its stride, they will have to do battle with imports from Italy, Greece and possibly Spain. However deeply attached the farmers of Languedoc may feel to their traditional way of life, they are bitterly aware that in the booming, affluent France of 1961 their annual income is less than half the national average; and they would be foolish to try to ignore the implications of the common market. As an official connected with the Languedoc development scheme told a meeting of farmers' representatives recently: "The basic lesson European integration has already taught us is: 'If in doubt, reconvert; produce something the other fellow can't match.'" French agricultural planners have their eyes fixed on the rich west German market, in which (they say) France's share has hitherto been slight compared with the shares of, say Holland, Denmark and Italy.

In Languedoc a vigorous campaign has been launched to persuade farmers to switch to exportable crops. Generous loans and subsidies are available to those who uproot their vines, bring neglected *garrigue* into cultivation, and plant fruit trees, vegetables and industrial crops. Teams of chemists, agronomists and demonstrators move from village to village, analysing the soil of every irrigable plot, advising on crops and equipment, and persuading teachers, priests and pastors to act as voluntary propagandists for the cause. Coachloads of villagers are taken to visit farms where yields of 20 tons of tomatoes an acre, 15 tons of potatoes and 25 tons of dessert apples are already being obtained on irrigated land that was arid vineyard five years ago. They are shown an equipment-testing centre at Nimes, where agricultural gadgets from many countries are carefully compared and classified on their merits—with rude comments, in some cases, on their makers' advertised claims. Marketing circuits in the region are being revised with export needs in mind. An important *marché-gare* is nearing completion on the outskirts of Nimes.

The Languedoc scheme is one of six provincial development projects called for by the second and third modernisation plans. (The others are under way in, or scheduled for, Gascony, Provence, Corsica, Vendée and the Limagne.) The instrument favoured by French planners for carrying out projects of this type is the autonomous *société d'économie mixte*, a partnership of public and private enterprise. Eighty per cent of the shares of the Languedoc company are owned by the state and local authorities, and twenty per cent by private investors; the public element predominates more weightily than usual here only because local authorities were quicker on the uptake than private investors. Its operations are financed by a government subsidy, now running at 80 million new francs a year, and by long-term loans at low interest rates from development funds. Within eight or nine years, when the majority of farmers in the region are using its water and equipment and paying between £20 and £40 a year for the privilege, it will be self-supporting.

Continued from page 640

munity guards are to be formed to work under the urban councils as a police auxiliary.

The whole system has been condemned by liberals as a sham. It denies to the urban African any real administrative powers; it perpetuates in the financial sphere the principle of separation between African and other town-dwellers; it confers judicial powers on unqualified persons; it perpetuates ethnic grouping; and it makes no provision for the direct representation of urban Africans in the local authorities, which are the only effective local government agencies. Dr Verwoerd may, however, win some support for this move from the less sophisticated Africans, as well as from the most cynical, who welcome the spoils system which must be a side product of what is now proposed. At the same time he will also win support from those whites who feel the need to make some gesture towards satisfying the political needs of the African people, but are not prepared to part with anything more than the merest shadow of power. South Africa's whites believe in white supremacy, and since Dr Verwoerd's policy promises them this almost indefinitely, they will continue to support him and tell the world, United Nations and all, to mind its own business.

There are two other reasons why Dr Verwoerd will win in October: the inability of the opposition forces to agree even on a common *modus operandi* in fighting him; and the part that the government-controlled South African Broadcasting Corporation is likely to play now that it has all but shed its objectivity and makes little or no distinction between national and Nationalist.

Thus, while whites squabble and non-whites remain uninterested, sullen or bitter on the periphery, Afrikaner Nationalism and its English-speaking allies will once again make off with the loot of parliamentary power. The dice, moreover, will be loaded in favour of the conservative rural folk who are unaccustomed to deal with any non-white people except the most primitive and unsophisticated, and who in addition are totally unaware of the nature and meaning of the revolution that has been taking place in Africa in the postwar years. Confined within the laager mentality, they are as determined as ever to fight for "survival" in a "black sea."

Ballhausplatz Ballistics

FROM OUR VIENNA CORRESPONDENT

THE disarray into which the South Tyrol conflict has brought Austria's foreign relations has been reported to be destroying the cohesion of the coalition; and indeed one might expect this to be so. In fact, however, the Austrian coalition system is too tough a thing to be easily disrupted, and the signs are that the recriminations and apologetics about tactics in the South Tyrol are not going to bring on a government crisis. After all, the issue is not a party one. Even when it comes to reproaches about fostering or tolerating extremism, men of both parties are compromised: who is going to throw the fatal stone? Over all, and perhaps decisively, hang the grim clouds of the gathering world crisis, and Austria's own nagging fear of political and economic isolation. Bipartisanship is not going to be abandoned at such a time.

It is none the less hard to understand why the Austrians should have got their external relations into such a mess, and none the less lamentable that their foreign policy should be so flawed with their characteristic domestic weaknesses: a love of playing the poor man's Machiavelli; a weakness for dazzling the domestic voter with acrobatics abroad; and a fatal habit of extending to the international field the foot-dragging techniques that belong to coalition government. All in all, Vienna was not well placed to withstand the broadside that came on July 22nd from so unexpected a quarter as Zurich.

The Vienna correspondent of the *Neue Zürcher Zeitung* then charged a varied selection of Austrian politicians with having helped the building up of a South Tyrol partisan (that is, terrorist) organisation, at various stages, "partly by direct participation, partly by active assistance, partly as passive accessories." The men named were Herr Oberhammer, leader of the Tyrol People's party, and Herr Gschnitzer, former secretary of state in the foreign ministry, both Tyrolese; Herr Graf, the former minister of defence; and the present minister of the interior, Herr Afritsch, and foreign minister, Dr Kreisky. As it happens, when Dr Gorbach formed his new government this year he got rid of Herr Graf and Herr Gschnitzer; so that, of the men accused by the *Neue Zürcher Zeitung*, only the two Socialists, Herr Afritsch and Dr Kreisky, are still members of the government.

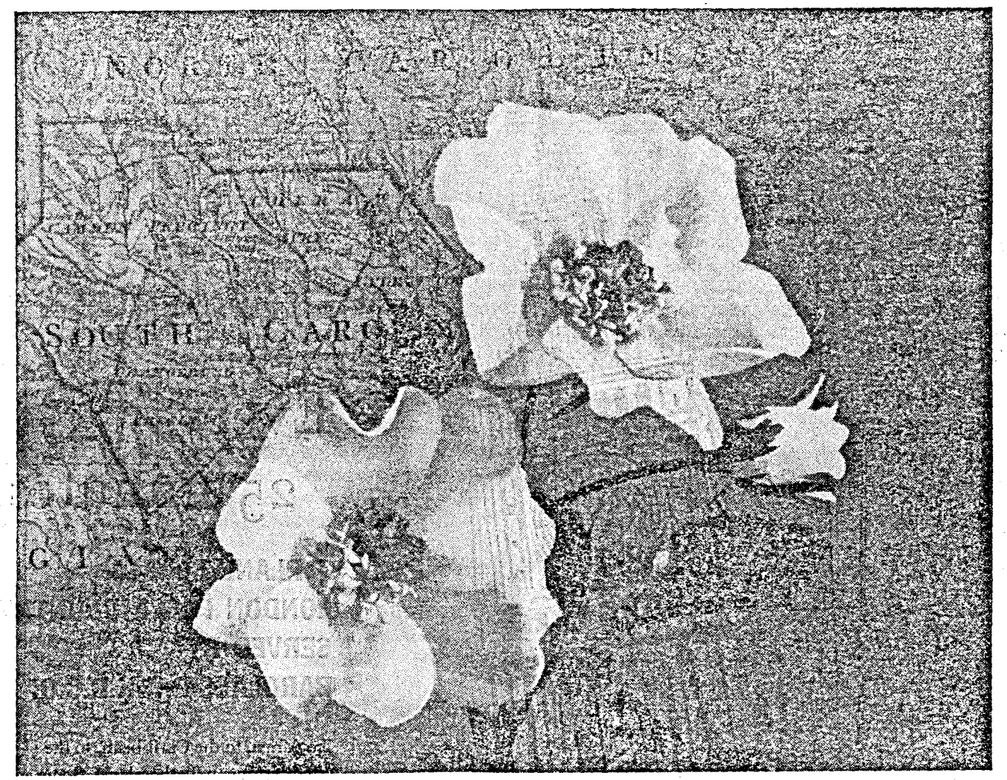
The chancellor himself, Dr Gorbach, was not among those named; and he is in fact well enough known to have no taste for violence or extremism in the pursuit of political aims, internal or external. (He is also known to be on bad terms with his Socialist foreign minister.) Dr Gorbach did, however, join in the flood of denials that followed the broadside from Zurich; and he added to it the statement that he could not restrict the freedom of action of the South Tyrolese—thus depriving his repudiation of much of its force. In extenuation it has to be said that any statement by an Austrian Chancellor is a coalition matter; and this particular statement was the work of no fewer than four hands.

HERR KREISKY fell into the error of making his denial the subject of a press conference on July 26th, during which he let fall the admission that he had known of the burgeoning terrorist activity as long as two years ago. It seemed to follow that he knew that Austrian subjects were engaged in the passage of arms and explosives between north and south Tyrol, and that terrorist activity was being organised, to some extent, from Austrian soil. This by no means implies that the foreign minister, or anyone else in the government, was in the vanguard of any of this activity. In so far as there was active leadership in Vienna, it was in a quarter outside the government, and it ceased about twelve months ago, after official orders to pipe down. Herr Kreisky is not the only politician who has turned a blind eye on events which he did not instigate, hoping that they would not get out of hand, that they might serve some purpose, and that responsibility might be disclaimed if the worst came to the worst. One of the obstacles to the Austrian case was the almost world-wide indifference to the South Tyrol issue; a few bombs might step up South Tyrol's news value. At the same time, the extremists helped the government to appear reasonable. Their cry for self-determination enabled Herr Kreisky to open his bargaining at a high price while keeping well to the rear of demands which he could denounce as absurd.

To the extent that Herr Kreisky, or others in the Austrian government, indulged in such a train of thought they may now be likened to the sorcerer's apprentice, who miscalculated the violence of the forces that were being played with. Austria's moral position in the South Tyrol dispute has been heavily compromised; Austrian bargaining power can only have suffered.

Abstract reason might now suggest drawing back. But Herr Kreisky, for one, does not seem to have lost hope that he may yet succeed with this inflammatory national issue on which Gruber and Figl failed. Internal party politics, too, play a part in the matter; elections to the provincial diet are to be held in Tyrol in October. Against these considerations, the Austrian government is now rapidly approaching the moment when it will have to seek to regulate its relations with the European common market, presumably by a form of association, which Italy, if it chooses, will be able to veto. For Austria, the term for achieving anything in the South Tyrol dispute is shortening.

Yorkshire accent in North Carolina



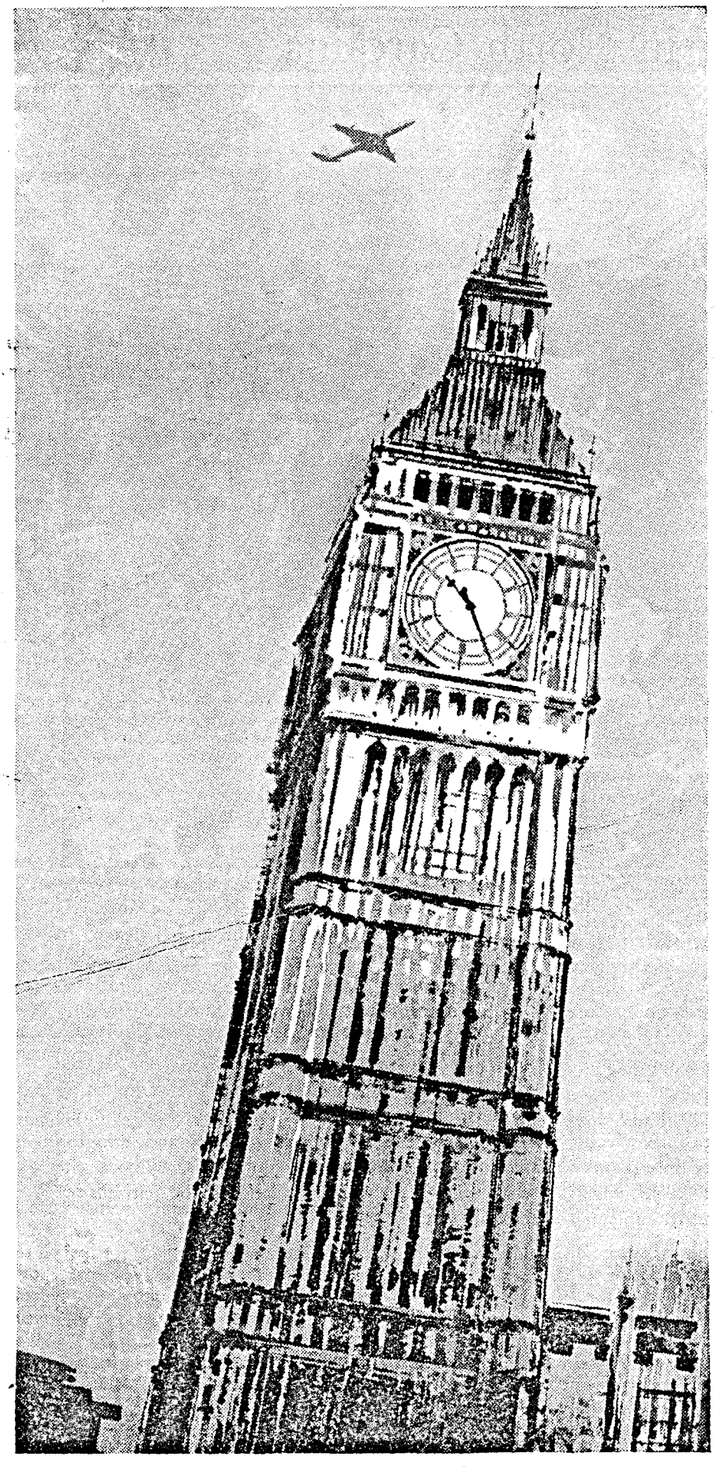
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THE BUSINESS WORLD

Exchanges after the Storm

THE biggest speculative drain that sterling, or any other currency, has ever experienced has been followed by the biggest stabilisation credit that the International Monetary Fund, or any other international institution, has ever made available. A deep breath is needed to consider the wide ranging implications for the Fund, the pound and exchange arrangements at large. First there are the vital but sometimes shrouded points of fact—details of the Fund credits, calculations of the drain from London, assessment of the sterling balance-sheet now (*ex* the private capital that has flown and *ex* the money that will have to be repaid to Continental central bankers but *cum* the money that is now to be drawn from IMF). Then there are the points of principle that thrust themselves forward. Did these "Basle" bankers' credits, in retrospect, serve a useful purpose? Should these or similar arrangements have a place in the improvements in the credit machinery that will be considered at the annual meetings of the Fund and the World Bank in Vienna next month? Finally, does this latest upheaval bring any lessons in exchange management to the national authorities?

Britain's credit from IMF comprises an immediate drawing of nine currencies to the equivalent of $1,500 million (£535 million) and a stand-by arrangement for an additional $500 million during the next twelve months. The total of $2,000 million is roughly equal to Britain's gold tranche plus three-quarters of its quota. The large drawing has involved the Fund in a complicated exercise. Less than one-third of the total, $450 million, is being advanced in United States dollars, though this is still the largest single contribution. In the first seven months of 1961, for the first time, drawings from IMF in D-marks exceeded drawings in dollars; the Fund had only some $300 million in D-marks left. The only way in which the Fund can at present increase its stock of currencies on its own initiative is by buying them for gold. It has now released $500 million of its gold stock of some $2,500 million in this way, and although the Fund's specific shortage is of marks, it has thought it diplomatic to spread its gold sales among all the countries participating—so that they will each recoup one-third of their credit to the Fund in gold.

Even after these purchases, the Fund has been able to make no more than $270 million available in D-marks. This has been fully matched in French francs, which have been much less widely used in Fund drawings in the past. In addition, Italy and the Netherlands are each providing the equivalent of $120 million; Belgium $90 million; Canada and Japan each $75 million—the Japanese yen being made convertible into dollars for this purpose—and Sweden $30 million. The operation thus brings some unaccustomed currencies into Britain's official reserves. It is understood that the Exchange Account will generally retain them, except where the lack of an organised money market in the countries concerned makes this impracticable.

THIS mammoth credit, by biting deep into Britain's quota, requires under Fund procedure "substantial justification"; and there has been no attempt to hide its connection with Britain's own domestic measures. The request was put in on the day of the Chancellor's announcement, and the statement by the Fund announcing the credit ten days later is direct and carefully worded:

> The United Kingdom has adopted a series of fiscal and monetary measures and certain other policies which together are designed to restore a strong balance of payments position at the existing exchange rate and without imposing restrictions on trade and current payments. The drawing on the Fund will place at the disposal of the United Kingdom substantial amounts of foreign exchange while the new policies are taking effect. The stand-by arrangement will give a specific guarantee of further support for the United Kingdom's efforts to maintain the strength of sterling and thus promote exchange stability generally.

This "condition," some people have already complained, will oblige the Chancellor to stand by his tough measures, including the proposed pause in wages, until the balance of payments improves decisively; and the critics also point out that Britain can hardly now respectably devalue or impose import controls before the credit is repaid. But that, after all, was the object of the exercise.

Why has as much as three-quarters of this very large credit been drawn by Britain in cash? The credit to Britain in the Suez crisis, which was the Fund's previous record operation, comprised a drawing of $561½ million backed by a stand-by facility of $738½ million—which was twice renewed but never drawn. A stand-by facility incurs a charge of only one-quarter of one per cent a year, whereas a drawing beyond the gold tranche—i.e., some $1,000 million of Britain's present drawing—incurs interest at an effective rate of between 2 and 3 per cent a year, depending on how long it is outstanding. Fund credits are normally repayable in three to five years; the Suez credit was repaid in just under four; and the present drawing is repayable "within an outside limit" of three to five years. Apart from scraping the barrel at the Fund, Britain's large cash drawing will thus entail a sizeable interest

cost, perhaps $75 million over three years—much less, of course, than would be paid for these sums in the market, but not negligible.

Arithmetic of the Drain

THE rationale of this operation becomes clearer against the background of the past months of strain. The drawing of £535 million augments Britain's central reserves by no less than three-fifths from their end-July total to £1,411 million, a new postwar peak. This seems lavish enough. But some £200 million of the drawing will be used " over the next month or two to meet short-term liabilities to central banks under the Basle arrangements " ; and—a more sobering comparison—at £1,211 million the reserves would be less than £60 million above those of last December. Any lesser drawing, in other words, would have left the reserves below their level on the eve of the crisis, and unfavourable comparisons might well have been drawn.

It is now possible to make some sort of estimate of the size of the outflow from London, as in the accompanying table. The published loss of gold in the first seven months of 1961 is £278 million—all but £13 million occurring since the revaluation of the mark and guilder at the beginning of March. Since then the reserves have been greatly cushioned by the short-term help from Continental central banks agreed at the Bank for International Settlements in Basle. The United Kingdom announcement now puts a lower limit of £200 million on that support. It is known that the operation is not being unwound completely—London interest rates, after all, are attractive enough—and total help from Basle since March may be put at £250-300 million. In addition, the reserves have benefited since the beginning of the year by purchases of sterling by Germany for advance repayments of debts to Britain, and by Australia's deposit in London of part of its IMF drawing. In all, total special aid might be put at around £350 million. This would bring the true drain to £600-650 million—equivalent to around $1,750 million, or over one-half of Britain's end-1960 reserves.

The figure is a shattering one. The only parallel on record is the loss of over $2¼ billion in the reserves in the aftermath of the Korean boom—which reflected the collapse of the incomes and sterling balances of the overseas sterling countries. Yet an outflow of the order of £600 million in half a year is by no means incredible. This, after all, is the figure that has been put forward by the Bank of England for the inflow of " mainly short-term " capital in 1960, excluding the Ford purchase. Another gloomy yardstick is the estimate, admittedly not very reliable, of the deficit in Britain's payments after allowing for net long-term capital outflows: *minus* £545 million in 1960 and *minus* possibly another £200 million in the first half of 1961. These deficits have to be financed. Last year they were financed with embarrassing success through the market. In 1961, in effect, these temporary borrowings of private money have been funded—in the first instance by the Continental central banks, and now by IMF. Holdings of sterling by private operators in non-sterling countries—these are the most volatile portion of the sterling balances and the few hundred million held by Kuwait may perhaps come in the same category—must certainly be far below their end-March figure of £708 million, and may quite possibly be below their end-1959 figure of £478 million ; in September, 1957, they were run down to £229 million.

	(£ million)	
THE DRAIN :		
UK reserves, end-1960	1,154	
end-July, 1961	876	
Gold loss		278
Special help from :		
Basle credits, say	250–300	
German debt prepayment, say	35	
Australia's IMF credit, say	35	
Total special help		320–370
True drain		600–650
THE REINFORCEMENT :		
Reserves at end-July	876	
IMF drawing	535	
	1,411	(with stand-by, 1,589)
Less Basle repayments	200	
	1,211	

On present indications, however, there may be a quick turnround. Sterling has been almost consistently in demand since the Chancellor's statement two and a half weeks ago, and the return of funds has been gathering strength—though the buying of sterling is still steady rather than massive. By mid-week the spot rate had risen by a full two cents to $2.80½, more than half-way back to its upper limit of $2.82, and at the same time the official exchange account had recouped dollars for the reserves. On Thursday the spot rate slipped back a little in response to small selling from Paris on a quiet market. Recent purchases of sterling have been partly to cover short positions, but funds are also beginning to come back for short-term investment. Most of these transfers at present are covered against the exchange risk, so that the forward discount on sterling stands near its interest parity at around 4 per cent.

This suits the authorities quite well. They have no desire to see a large margin on covered arbitrage—and they are not inclined to take even short-term confidence for granted until the wages issue reaches its crunch and satisfactorily passes it. Foreign operators will look not only at London interest rates and at London's quick reserves, but also to indications of Britain's competitiveness and, more deeply than usual, to Britain's underlying balance of payments. It was weakness here that, in the perspective of 1960-61 as a whole, necessitated the large call on the IMF. The existence of the sterling bank simply affected the timing, providing a few months' respite.

Was Basle Worth It?

THIS, too, was the effect of the central banking assistance, which acted as a bridge between the withdrawal of private credits and the mobilisation of what may be thought of as inter-governmental credits through the IMF. The Basle experiment has been much misunderstood. Misgivings have been expressed about its sudden curtailment in July, which caused the full impact of the withdrawals from London to be shown in a loss of £114 million in the reserves—this was indeed a little swollen by some net repayments to Continental central banks. But the scheme was never intended to be permanent. It was drummed up at the end of a chaotic week in March, and it was then designed as an official counter to the ill-informed speculator. It succeeded in its first object of quieting the speculative fever, but the success was

ephemeral. As speculation against the pound revived and gathered strength, it became clear that the Basle credits would have to be consolidated as soon as possible by a drawing from the Fund. Once this was in train there was no longer any need to disguise the true outflow from London. Indeed the British government may have seen some virtue in demonstrating to its own public that before the Chancellor acted money was leaving London at a rate that would have left precious little of the reserves at all by the end of the year.

What, then, did the Basle agreement achieve ? It has been criticised from two opposite sides. One familiar school raises the classic objection to all credits, that they are obtained only at the price of putting the country in pawn to foreign bankers, who have restrictionist and harmful ideas about economic policy. In fact the influence of the foreign bankers this year has been preponderantly in favour of a break-through by Britain to new long-term correctives ; and it happens that the one economic prejudice that is most common to bankers, the prejudice against public expenditure, was not particularly respected by the Chancellor. A more reasoned complaint is that the Basle operations in the end made no difference—that they only postponed the reckoning and in the process gave false comfort. This argument too is in essence applicable to any credit operation.

Basle did make a difference. On the most limited view, it averted a real panic in the second half of March, following the shift of $500 million around Europe in a single week. The alternative to the central bankers getting together in this way to help was the more ancient expedient, which has acquired some surprising adherents lately, of letting nature take its course. In practice that could have meant one or a number of things—floating exchange rates, import quotas, exchange controls, sharp increases in Bank rates. One may approve or disapprove of one or other of these particular expedients and still consider it a great misfortune if they have to be imposed blindly at the instance of speculators. The four months of time that the Basle arrangements lent the British government should have been very valuable for the working out of a constructive programme ; and if Whitehall only began to wake up to the facts when the reprieve was nearing its end, that points to a defect in the machinery of British government rather than in the principle of short-term central banking credits. Looking back through this haze, one might hazard the guess that at the annual meeting of the Bank for International Settlements at Basle in mid-June the Continental central bankers agreed to continue their assistance after an indication from Dr Jacobsson that he aimed to get these credits repaid shortly by a credit from the Fund ; and at the same time Dr Jacobsson is likely to have told the British government that the large Fund credit that it needed would be favourably considered on the presentation of a convincing British programme for external recovery.

There seems little doubt that this first essay in central banking co-operation on a big scale served a constructive purpose and acted as a useful precedent. Perhaps inevitably the scheme worked clumsily at some points. The markets at times were allowed to get the impression that some central banks had little genuine enthusiasm for the scheme, and this naturally vitiated much of its psychological effect. Central banking operations can be mounted swiftly and can be worked very smoothly and informally: that is their particular merit. But in practice they are limited in scope. This is not necessarily true in Britain, where central bank and Treasury work closely together and the only limiting statutes are those of historic interest. In many Continental countries, however, and in the United States, the activities of the central bank are strictly limited by legislation ; this, paradoxically, is one facet of a greater degree of formal independence. In the context of international credit, this means that while central banking arrangements of the Basle type can be a useful supplement to (and precursor of) the medium-term operations of governments themselves, and of the international agencies that are financed by governments, they cannot in modern days be an alternative. The Basle initiative has shown that co-operation on the lines developed by Montagu Norman and Benjamin Strong in the twenties has an important place in managing the exchanges today. It has also shown that this place is essentially a subsidiary one.

Tasks for Vienna

A STRENGTHENING of the International Monetary Fund, in other words, is still more urgent than before. Britain's drawing has openly exposed the Fund's two main existing weaknesses—the pitifully small holdings of the creditor currencies, and the creaky administrative machine. It is now clear beyond a doubt that even a medium-sized drawing by the United States is impossible before the Fund's resources are expanded. It has been known for some months that Dr Jacobsson will propose at Vienna a variant of the Bernstein plan, to replenish the Fund's resources by supplementing the paid-up quotas with stand-by commitments by the main industrial countries to provide medium-term credit to the Fund to an agreed limit, when requested. It has also been known that, while the United States administration is wholly in favour, and might indeed support a more radical proposal, some Continental opinion, particularly in France, is critical.

It is a nice question whether Britain's drawing will strengthen or weaken the forces of reform. On the one hand it clearly exposes the Fund's need ; on the other the French may see this as another confirmation that the Fund is a show run by, and for, the Anglo-Saxons. On one point there is a real need to meet French hesitations: it is only reasonable that if the Continental countries are likely to be leading contributors under the new stand-by credits to the Fund, they should have larger voting rights than they enjoy by dint of the quotas alone. There are some tricky practical difficulties here, but they should not be insuperable.

This adjustment could also be made the occasion for making the direction of the Fund less unwieldy ; is it really impossible to establish a kind of inner directorate, recognising the reality that the health of world exchanges in practice is determined very largely by a small group of countries—the United States, Britain and the Six ? Any discrimination among individual countries is bound to cause great diplomatic resistance and ill will, and it may be that a close body of this kind is best left without formal recognition. Dr Jacobsson is a tremendous one-man band, and the success of the Fund is in large measure his personal achievement. Yet although the Fund is admirably but discreetly served by its officials and its executive directors, some compact creative and decision-making group, keeping touch with the informed public, seems desirable.

Here is a task for Dr Jacobsson in the two and a half years of his now extended term. These administrative questions must be treated as urgently as the various proposals for the extension of the Fund's powers, for the degree to which its members are willing to trust the Fund depends pretty directly on their confidence in the way it is run.

The other issues that should be given quiet but high-level consideration at Vienna are gold and exchange rates. The United States still tends to make the grave psychological error of treating its formal commitment to sell gold to central banks at $35.08¾ an ounce as a special and burdensome obligation that true friends do not ask it to fulfil. Instead, it should make it abundantly clear that it is only too happy to sell gold above the official parity. There may, indeed, be a case for raising the margin between its buying and selling price, perhaps to the 1 per cent permitted by the IMF. A spread of $34.65-$35.35 would offer the United States a better margin of profit for being the only country to operate an external gold standard, and provided the change was properly timed and presented it could be a great deterrent to private hoarding and speculation.

The time may also have come for some calm re-thinking about margins in the exchange markets. It has long been clear that, within the principle of broadly stable rates, a wider margin of fluctuation would help the authorities against the speculators, and discourage transient movements of funds. The twin difficulty has always been to make the change quite clearly a definitive one, and to avoid choking off the movement of private funds altogether. The authorities should now seriously consider taking the next opportunity when the exchanges are calm to widen the margins to give a swing of, say, 10 per cent, compared with the present 1½ per cent.

In the unnatural calm of the City of London that has followed the raging storm, it is easy to feel that the exchange upheavals, at least, are now over. But the situation remains delicate. Within less than a year both the world's key currencies have come under major attack. That is no surprise to either Professor Triffin or M. Rueff, but those who flinch from both the extreme courses that these two advocate cannot close their eyes to the stresses around them. The IMF's huge credit to Britain is, in one sense, a great victory for the gradualists. But it has left their cupboard bare, and it has emphasised the scale on which effective measures nowadays have to be mounted. The Jacobsson-Bernstein proposals provide a useful start; they should be backed by administrative reforms in the IMF, perhaps by technical changes in exchange rate margins. Within Britain a sustained effort is needed to vindicate the confidence shown by the international creditors; and on the Continent the monetary conservatives should ask themselves what logic is left in the sanctity of gold metal, as opposed to gold guaranteed and interest-bearing paper, in an age of the common market and common nuclear risk.

Expenses and Taxation

I have been exercised in my mind about the tax treatment of expense allowances and benefits in kind received by directors and other senior executives. The question of business entertaining is closely linked. . . . The Inland Revenue propose for the first time to issue a leaflet setting out the rules they follow in dealing with expense claims. . . . I intend that the special form which employers are required to return to the Revenue . . . should be revised so as to provide the Revenue with more precise information initially.

Mr Selwyn Lloyd: Budget Statement, April 17, 1961.



THE Inland Revenue has now issued 100,000 copies of the notes promised by the Chancellor. In them it sets out the practices (it does not describe them as rules) which it has built up to deal with the legislation, first introduced in 1948, which treats as remuneration (subject to specific claims for allowances) all expense payments and the cost of all benefits and facilities provided for a limited class of senior businessmen.

The notes serve a useful purpose, not because they add much to what was already known by informed taxpayers and their advisers, but because they bring clarity to the complexity of the Finance Acts and act as a corrective to exaggerated talk about what some people are allowed to get away with—claims made by smoking-room braggarts and by politicians who ought to know better. Somerset House should be encouraged to issue more explanatory pamphlets of this kind—those on capital allowances and double tax relief are invaluable—and an annual one, setting out in comprehensible terms the meaning of the Finance Bill, would enable it to be debated intelligently.

One possible objection to the issue of practice notes is that they may be regarded too rigidly by individual tax inspectors and fetter the exercise of wise discretion—which is particularly needed when dealing with expenses. What a responsible taxpayer lays out on an intensive business trip may correspond in form with the expenses incurred by a less conscientious business man in a leisurely tour of inspection of unimportant subsidiaries situated in agreeable places overseas; but they are different in essence and merit different treatment.

The notes record two changes in practice promised by the Chancellor. The first is the abolition of the restriction of allowable expenses by reference to so-called "home savings." These are usually unimportant, but their clawing back has caused immense irritation. The Revenue will probably be as relieved as anyone and will no longer be plagued with counter claims for the cost of a nurse to look after a delicate wife or the expense of boarding out a dog during the taxpayer's absence.

The second is the increase from 9 per cent to 12½ per cent of the cost of a car, which is to be taken as the annual value of its use by a director or employee. This is not unreasonable—few cars have lives exceeding eight years and the annual allowances given by the Revenue are based on 25 per cent of the diminishing value. But the general tone of the notes shows that the provision of cars is regarded as one of the most important forms of benefit that ought to be restrained, and they emphasise repeatedly that travel between home and the ordinary place of work does not count as business travel. There is ample case law to support this principle and it was endorsed by the Royal Commission. Any weakening of it—as indeed occurs in practice—gives those who have the use of business cars privileges denied to those who travel to work by other forms of transport. But to enforce the rule rigidly would bring out the hard fact that few offices could garage the cars used by their staff; they often find it convenient that the cars should be kept at the homes of their employees. Some employees may also complain that 12½ per cent may be all very well for the type of car that they would choose for themselves but unduly heavy when applied to the kind of prestige car provided for them. Conversely, employers may find it unfair that while their capital allowances are now limited to £2,000, even though the car may cost more, their employees are charged for private use at the full cost with no such limit. It is clear, too, that the Inland Revenue is concerned to control the expenses of wives accompanying their husbands on business trips. It is difficult to fault their approach—where there is a genuine business need the expense will be allowed but purely personal choice or the desire for a tax-free holiday will not be countenanced.

It is this inherently reasonable approach which will make these notes acceptable: they have already been given a cautious welcome by the Institute of Directors. Let the expense be genuine and supported by adequate records and the taxpayer will have little to fear. Only those who go too far like the managing director who demanded his mother's funeral expenses on the ground that, without her, his company would not have had its managing director, need worry.

Difficulties with expenses and benefits are endemic. In some measure they stem from the justified feeling that the narrow class affected by the 1948 legislation is being discriminated against. If the legislation was extended to cover incomes under £2,000 and employees of non-trading organisations, including trade union organisers and members of parliament, there would be fewer complaints. The exploiting of expenses and benefits by the under £2,000 class has become impressive in recent years. The fact that the tax inspector does not turn his quizzing glass on these expenses does not make them any more acceptable fiscally than similar exploitation by earners of more than £2,000. The main hope must be that the improvements in recent years in earned income and surtax allowances will increase the taxpayer's propensity to look for his reward in cash rather than in kind.

The Revenue Notes

Since 1948 the Taxing Acts have contained special provisions the effect of which, with some exceptions, is to treat all expense s payments made to certain persons and the cost of all benefits and facilities provided for them as taxable remuneration

Directors and Employees affected: These special provisions apply to directors, and to those employees whose remuneration, together with the expense payments and benefits, amounts to £2,000 a year or more, of trading companies, bodies and societies. They do not apply to directors or employees of charities, non trading bodies such as trade unions, trade associations, local authorities or schools.

Dispensations: If the employer explains to the Inspector his arrangements and satisfies him that they would be covered by an expense deduction a dispensation may be given and the special provisions will not apply. Such dispensations are often given for the expenses of business journeys in the United Kingdom.

Taxable Expenses: Unless there is a dispensation, all reimbursements of expenses incurred, allowances for specific expenses such as car mileage, round sum allowances and advances on account of expenses are taxable. These items are dealt with as follows:

Travelling: Fares and incidental travelling expenses of a business journey are allowed in full. Travel between home and ordinary place of work does not count as business travel.

Subsistence: Strictly it is only the extra cost of living away from home that qualifies as a deduction but since April 17, 1961, the whole cost is, by concession, allowed in full if there are continuing financial commitments at home. This concession is not made if the director or employee has no permanent residence, for example a bachelor who lives in a hotel or club and who gives up his accommodation when he is travelling.

Travelling and subsistence expenses of wives: If the employer pays the expenses of a wife who travels with her husband, expenses may be admissible where she has some practical qualification directly associated with her husband's mission which she uses to assist him regularly during the tour, or where her presence is necessary to act as hostess at a series of business entertaining occasions which are an essential part of the mission. Her expenses may also be allowed where the husband's health is so poor that it would be unreasonable to expect him to travel alone. Where, however, the part played by the wife is relatively unimportant, or the main reason for her journey is personal (for example to avoid the separation from her husband or to visit relatives abroad) her expenses are not allowed.

Taxable benefits and facilities: Subject to limited exceptions, the special provisions apply to all benefits and facilities provided by the employer including the provision of living accommodation, the use of any asset, travelling in the company's car, gifts of assets or their sale at less than market price including clothing, wines or groceries, the discharge of liabilities incurred by the employer and all other benefits including the provision of holidays, shooting, fishing and other sporting facilities, and medical treatment except where incurred abroad on a business visit.

Cars: Where the employer provides a car the value of its use and the expenses incurred rank as remuneration subject to a deduction for expenses for business use which satisfy the ordinary expenses rule. If the car is owned by the employer the amount on which tax is payable is the proportion attributable to private use of the annual value of the use of the car, which is now 12½ per cent of the original cost of the car (compared with 9 per cent formerly) and the running costs including licence, insurance, oil and repairs.

Entertainment: The allowance of entertaining expenses must be related to genuine business occasions. Reciprocal entertaining between business acquaintances may be really for social and not business reasons. The expense of entertaining colleagues in the same organisation is not normally allowed and will be admissible only in exceptional circumstances.

Records: In all cases where a claim for the deduction of expenses is likely to be made it is emphasised that it is desirable that the employee should maintain reasonable records, covering costs, mileages, itineraries and meetings.

Procedure: At the end of each year the employer is required to give particulars on the form P.11.D.

BUSINESS NOTES

IN THE MARKETS

Facts, not Fantasies

HAVING run recklessly wild before the holiday weekend, the market has now collected itself and begun to see facts as facts and not as fantasies. Equities have come off the boil and gilt-edged stocks have begun to simmer. The reverse side of the sudden spurt in equity prices before the week-end was a fall in gilt-edged prices to new low points. At this stage shrewder investors, including some of the institutions, began to buy gilt-edged—and also to sell some high-priced equities—on yield considerations. Yields ranging up to 7 per cent flat on the irredeemables were high and attractive, not least because with Bank rate also at 7 per cent it is pretty clear that the next move, however much it has to be delayed, will be downwards. Sterling's strength this week contributed to the heightening of morale of the gilt-edged market and buying broadened, carrying prices at the long end of the market up by nearly a full point on Wednesday and again on Thursday.

The logic of this rise is that if the credit squeeze and the Chancellor's other measures succeed in stabilising retail prices this must, for a short space of time at least, be good for gilt-edged stocks; while equities will be restrained by the pressure on profit margins and the Chancellor's exhortation on dividends. How far this will overcome the dislike of fixed interest securities that has been built up in the past few years remains an open question. Much is still uncertain and investors, for example, cannot be sure at this moment how firm an attitude the Government will take to wage claims in the autumn. Disinflationary policies—and gilt-edged prices—are still on test; but it would be churlish not to hope that this week's rally may be the first faint flush of health coming back into the cheeks of the gilt-edged market.

Sobering Down

WHILE it is possible to see some rational thought underlying the behaviour of the gilt-edged market, the movement in equity prices has to be characterised as extraordinary. That there were some sums of money waiting to move into equities as soon as the Trustee bill received the Royal Assent was always obvious; nor can it be disputed that speculators exaggerated the weight of this money and that some of them assumed that trustees would buy in complete disregard of prices. Their actions in a market where the jobbers have consistently protected themselves by keeping their books balanced from day to day and by marking prices sharply up or down led last week to a rise of 22.1 points to 328.6 in the *Financial Times* ordinary share index. The long weekend provided time for more sober reflection and for the digestion of reports that some institutions were selling small quantities of equity stocks. Inevitably, this led investors to consider the implications of the credit squeeze, the dividend freeze, the depressing prospect for profits and the heavy further calls for new capital in the coming months. These factors were not new, but they had been overlooked in the excitement about the Trustee Act.

Ultimately, this Act must lead to some switching into equities, not least by the local authorities whose own vehicle for mutual investment, LAMIT, was formally incorporated the day after the Trustee bill received the Royal Assent. But just as it is hazardous to guess at the amount of money that will be switched, so is it rash to exaggerate the pace at which the switch will be made. At the moment of freedom trustees are confronted with high fixed interest yields; many of them still need time to review their portfolios and policies; and they could charge themselves with imprudence if they rushed to buy before the market sobered down. Reflections such as these were recognised in the fall in equity prices this week, which brought the *Financial Times* index down to 313.3 on Thursday. Having experienced the pleasures and pains of a few days of excitement the equity market should now be better able to appreciate the virtues of restraint in the next few months.

MONEY AND THE BANKS

Pulling Both Ways

THE London money market is now seeing clear evidence of the return of foreign funds, though the amounts involved are not yet large. At the same time there is a widespread tendency among home investors, and notably trustees, to "go liquid" for the time being; and together these influences may bring short money rates down a shade from the very high levels established immediately after Bank rate was raised to 7 per cent. In the local authority mortgage market the quotation for short term deposits is still 7¼-7½ per cent, but these rates are only just being held. August is a relatively comfortable month for local authority treasurers, and the response from the general public to the advertised rates of 6¼-6½ per cent for medium term deposits has been sufficient to allow some repayment of seven day deposits in the mortgage market. At the same time, the local authorities need to fund their bank overdrafts, which were temporarily increased during the months when the withdrawal of foreign money made the mortgage market very tight.

The banks are now tightening up all round in an attempt to hold down their total advances and still make room for "exports and productive industry" that were singled out by the Chancellor for special consideration. Hire purchase, property development and personal borrowing were singled out at the other end for special scrutiny. The instructions sent out by bank head offices to their branch managers are said to be among the toughest ever, and this is not surprising. Advances are almost 50 per cent of deposits, the cushion of surplus investments has almost gone, liquidity is tight and the banks' prospect of increasing their holdings of liquid assets in coming months is by no means assured. The banks would therefore like to see an actual downturn in advances. High overdraft rates and possibly, at last, the lower rate of stockbuilding in the economy might in fact curtail the demand for advances. The circulars have told branch managers that they must in any case restrict the supply.

HIRE PURCHASE

Public Requests and Private Restrictions

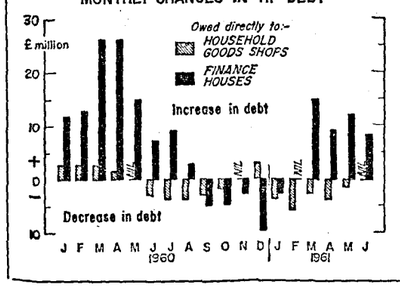
THE Chancellor dispensed with any stiffening of hire purchase terms in his July measures. But, as he knew, the finance houses were about to do the job for him; and in addition, official requests were made to the banks to curtail advances for hire purchase. It has now emerged that the Bank of England has flanked these by a request to the finance houses too. A letter to the Finance Houses Association, which has duly been passed on to its members, asks the finance houses not to circumvent the squeeze on their bank facilities by means of deposits from the public. It seems that the Bank is not expecting the finance houses to refrain from taking deposits in place of bank money in order to meet existing commitments. The official aim is to stop the volume of hire purchase debt from rising, and the request from the Bank is designed to prevent a competitive bidding for deposits to finance an expansion of HP business. This is the first time the Bank has approached the hire purchase houses in this way, and it will be interesting to see the response. On the one hand the companies themselves are drawing in their horns, concentrating on rebuilding their profit margins and reserves rather than chasing new business—which in any case is far from buoyant. On the other hand the finance houses' deposit rates, at around 8 per cent, are highly attractive—and are already beginning to draw in foreign money again in a small way.

The finance houses announced their intention of increasing their charges and stiffening their terms two weeks before Bank rate went to 7 per cent. No figure was given for the proposed increase in charges. When Bank rate was raised, members of the Finance Houses Association increased their charges from 7½ to 9 per cent flat on new cars and to 12 per cent on cars over three years old and on all motorcycles—which brought rates up to the Association's agreed maximum. This week it announced an increase in these formal maximum rates, of one per cent all round, but at the moment the finance houses are not contemplating an immediate increase to these levels.

As foreshadowed before the Chancellor's statement, the increases in minimum deposits are from 20 to 25 per cent for both new and used vehicles under three years old and from 25 to 33⅓ per cent for older vehicles. Maximum repayment periods remain the same, 36 and 30 months respectively. The FHA terms are now considerably stiffer than the statutory minimum of 20 per cent down and three years to pay. The new terms come into operation on September 1st, and it is possible therefore that hire purchase sales in August may receive a boost.

One company that appears to have gone further than others to limit the type of new business it takes is United Dominions Trust. Three weeks ago it decided not to finance cars over five years old without a dealer's guarantee; this week it has announced that it will not continue to finance credit purchases of air tickets after September when its current agreement with BOAC expires. Lombard Banking, the only other group that does this type of business extensively, is quite satisfied with its own experience and would be willing, on the right terms, to increase its turnover in this field.

MONTHLY CHANGES IN HP DEBT



The increase in hire purchase debt in June of £8 million pushed total debt to £957 million, that is within £4 million of the peak of July 1960. Debt owed to finance houses accounted for the whole of this rise; that owed to the household goods shops remaining unchanged at £306 million. The index of new hire purchase business extended by the finance houses fell from 220 to 204, but this is in line with the seasonal trend.

UNILEVER

Slightly Better Margins

MOST sections of the Unilever business deal in widely advertised products for the housewife and the implication of its trading results for the first half of this year suggests that the diarchy has recently gained slightly more from its promotional efforts than it did in the second half of 1960 and that, temporarily at least, the decline in margins has been checked. But though sales have continued to rise, profits and margins are still below what they were in the first half of 1960. The profits of Unilever NV in 1960 were adversely affected by a loss on the Planta margarine venture and by particularly fierce competitive promotional activities in France and Italy while the profits of Unilever Limited (in which the results of the United Africa Group are consolidated) were slightly affected by the loss arising from operations in the Congo. The influence of these factors in the latest results will have been less, and, in addition, the effect of the revaluation of the German and Dutch currencies early in March has been to add three quarters of one per cent to the sterling value of the group's combined turnover and 1½ per cent to the sterling value of its combined profits. Limited's gross profits at £29 million are, indeed, higher than the £27.3 million in the second half of last year and not far short of the £30.6 million earned in the first half. This suggests that margins in the British market have been maintained and that UAG has continued to prosper. NV's gross profits at £22.9 million, on the other hand, are slightly lower than the £23 million earned in the second half of last year and well down on the £25.2 million earned in the first half (to say nothing of the £29 million NV earned in each half of 1959). This does not suggest that competition on the Continent has become any less fierce. The group as a whole may be said to be marking time on profits; but it is still adding to its sales and the stabilisation of profit margins is no mean achievement.

COMBINED SALES AND PROFITS

(£ million)

Six months ended	June 30, 1959	Dec. 31, 1959	June 30, 1960	Dec. 31, 1960	June 30, 1961
Gross sales	861	926	908	939	947
Net sales	642	687	682	705	720
Gross profit	54	60	56	50	52
Net profit	30	30	28	23	27
	%	%	%	%	%
Gross profit/net sales	*8·4*	*8·8*	*8·2*	*7·1*	*7·2*
Net profit/net sales	*4·6*	*4·4*	*4·2*	*3·3*	*3·7*

OIL

A Price for Libyan Oil

ESSO INTERNATIONAL, trading affiliate of Standard Oil of New Jersey, this week posted a price of $2.21 per barrel for crude oil with a gravity of 39.0-39.9 degrees API fob Marsa el Brega in Libya. The company said that this price for Libyan oil, now flowing into the 30-inch pipeline to this terminal from Jersey's Zelten oilfield

> reflects its proximity to the major refining centres in Europe and is competitive with crude oil from the Middle East when quality and transportation factors are taken into account.

But Esso's judgment of these market factors—as was anticipated in these columns last week—has turned out to be a more realistic one than simply following the traditional pattern of crude oil pricing. It is perhaps significant that it mentions "quality" and not "gravity." The price posted appears to be based upon market tanker rates, rather than the various "long-term fleet costs" formulæ often applied by the major companies in setting posted prices; and on that basis to be in line with the price of Arabian crudes with a gravity about five degrees lower.

One may rationalise this either as ignoring the traditional "gravity differential" of two cents per degree—in "building up" the price, at any rate—or as taking account of the fact that discounts on Middle East crude prices to independent buyers nowadays just about wash out the gravity differential anyway. For this price is over 40 cents a barrel cheaper than the French posting of $2.65 per barrel for Saharan crude only one degree higher in gravity from Algeria, which is not much closer to Europe. Nobody else will have Libyan crude to sell before next spring at the earliest; Esso will presumably begin moving test cargoes in September to Fawley and other refineries in North-West Europe.

Back to Baghdad

MR MOHAMMED SALMAN, petroleum minister of Iraq, this week finally asked the negotiating team of the Iraq Petroleum Company, that has been waiting in London for some time to meet him in Baghdad on August 24th; this presumably means that the negotiators, Mr Fisher of Standard Oil of New Jersey, Mr Stephens of Royal Dutch/Shell, and Mr Herridge of IPC, will see General Qasim very soon after. The general, who has been giving his mind lately more to the "liberation" or "annexation" of Kuwait (his newspapers were asking this week whether an Arab League "token force" might not soon be

despatched to Aden to defend it against the Yemen), was two weeks ago promising his people a "victory" in the forthcoming negotiations. But whether he is likely to gain any more than he has been promised already is anyone's guess.

One new move in the steady creep of concession formulae between companies and governments in the Middle East came last week when the American Independent Oil Company, which has a concession in the Kuwait-Saudi Arabia Neutral Zone, announced a revision of its profit-sharing deal with the ruler of Kuwait to 50 per cent of profits reckoned at posted prices, or to 57 per cent of profits reckoned on "realisations"—i.e. the prices at which oil may actually be sold to independent buyers making use of their bargaining power to exact discounts below the artificially high posted prices. The 57:43 sharing formula is not unknown in the Middle East: the Japanese Arabian Oil Company has one concession in the Neutral Zone offshore at 57:43 and another at 56:44. But those refer to profits at posted prices: the Japanese company, which is now having to concede a discount of 12 cents a barrel on its oil, all of which goes to Japan, is indeed having its margin squeezed at both ends. Aminoil may have avoided this: but how its new deal will work out is not clear.

GHANA

Volta Flows at Last

Reports from Accra indicate that the Volta river scheme, first recommended in 1953, has at last reached the point where talking ends and work begins. External loans for the dam arranged last year were made dependent on Ghana finding aluminium companies willing to build an alumina smelter that would use the bulk of the dam's power on the basis of a long-term contract. This week the United States government agreed to lend Valco (the Volta Aluminium Company) £34.6 million towards the construction of a smelter; with Valco ready to go ahead the loan condition was thus satisfied, and it was announced that Ghana would receive a loan of £35 million (an increase of £5 million over the original agreement) jointly from the World Bank, the United States, and Britain. Ghana will provide the remaining finance for the £70 million dam, taking a £35 million equity interest in the Volta River Authority; the July budget set aside £16 million for the project during the 1961-62 financial year. In May Impresit of Italy, head contractor at Kariba and now rescuing the Nubian temples, was awarded the contract for the initial stages of construction with a tender of £15.7 million.

The cost of the smelter is reckoned at about £60 million, but political and economic trends, not surprisingly, have made the aluminium companies reluctant to commit themselves on this scale. Both British Aluminium and Aluminium Limited of Canada sniffed and withdrew. Then the Henry J. Kaiser company "reassessed" the project; it moved the proposed site of the dam 1½ miles downstream and declared the whole project financially viable on a steady demand by the smelter for 300,000 kilowatts of power (that is, on full year running 2,628 million units).

By September, 1959, Kaiser Aluminium had formed the Valco consortium, which now includes Reynolds Metals, the Aluminum Company of America, and Olin Mathieson; and in December of the same year a letter of intent was signed. In November, 1960, the master agreement with Ghana was signed. The stumbling block over the period appears to have been Valco's inability to find the finance for the smelter. With the US government loan and a thirteen year power contract between Valco and the River Authority the final obstacles seem to have been removed. Valco will pay 0.225d. a unit for its power, which means that the Authority's assured revenue by the sixth year, when the smelter will have worked up to its agreed demand, will be £2½ million—a sum that will be paid in foreign exchange.

STEEL

Stocks Down

The turnround in steel stocks is now an accomplished fact. As against an average quarterly increase of about 250,000 tons in users' and merchants' holdings of steel in 1960 and a sharply reduced increase of about 92,000 tons in the first three months of this year, there was a fall of about 80,000 tons—or two per cent—in the second quarter, the Iron and Steel Board estimates from returns it has received so far from its latest stock census which cover about half of all stockholdings. Stocks of all main steel products, apart from plate, are reported to be down; stocks of sheet steel fell substantially.

This change in the stocks of the industry's customers has directly affected output, as actual consumption of steel appears to have levelled off for the time being at about two to three per cent below the peak of last summer and autumn. Consumption

STEEL CONSUMPTION
('000 tons)

	Actual	Seasonally corrected	Per cent change over previous year
1960—I	3,799	3,660	+21·6
II	3,878	3,770	+14·9
III	3,435	3,780	+15·2
IV	3,729	3,630	+ 7·7
1961—I	3,846	3,710	+ 1·4
II	3,790	3,690	− 2·1

recovered slightly at the end of last year, after car output had hit bottom; but while it has not fallen back since then it has not shown any sign of improving either. Production is now about six per cent lower than last autumn and some of the industry's older and smaller works have been shut down. Consett has closed down a plate mill and restricted output at other plants, involving all told the dismissal of about 600 men. Earlier Dorman Long closed three of its smaller steel furnaces and Steel Company of Wales a melting shop. This latter plant has been permanently closed. The others may be only temporary measures to match the fall in demand, but many of the industry's older plants are due to go out some time in the next few years as new plants come in and the industry moves into the novel situation of having capacity to spare. Surplus steel capacity may also have the effect of inclining the industry's customers to be content with smaller stocks—as the American steel industry has already found out. If such a once-and-for-all rundown of stock levels were to coincide with a more normal, cyclical type of stock liquidation, steel producers could be hit heavily. But it may be some time yet before this more radical kind of change in policy towards stocks occurs.

"No" to American Coal

As could have been expected, the Board of Trade last week announced that in consultation with the Ministry of Power, it had decided to refuse the application of the Steel Company of Wales to import American coking coal to use in the blast furnaces at its Port Talbot works. Steel of Wales first put in the application in November after an increase in the price of coal that discriminated against the iron and steel industry in particular. It was turned down then, but after the imposition of a tax of nearly £2 a ton in this year's budget on the fuel oil that it uses in its openhearth steel furnaces, the company revived the application in May. Mr Maudling, announcing the decision, said in the Commons last week that private coal imports, for which licences have not been granted since nationalisation would be a new departure to which the government could not agree while the chairman of the National Coal Board was reconsidering its capital investment programme. But he added that his refusal dealt with on particular application: he was not establishing a principle.

In practice, a licence to import granted to one coastal steelworks would immediately have brought in applications from several others: this made approval harder and may also have precluded any gesture by Lord Robens towards this aggrieved customer. Any revision of prices to remove



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last autumn's discrimination would either have meant shifting more of the increase on to domestic consumers—which is believed to be what the Coal Board intended then, but the government prevented; or cutting total coal revenue, which the board probably cannot afford. Lord Robens, too, is probably now under pressure to consider the return that his industry ought to commit itself to earn on investment over the next five years, in preparation for the exercise he will have to undertake with the Treasury this autumn under the new policy for nationalised industries, and has also a national wage claim to face. This is not the easiest time to think of tempering prices, even though he is not anxious to be on bad terms with any significant group of customers.

The fact remains that this customer's fortunes and British coal's have traditionally been closely linked: and that it is now obliged by fiat rather than the market to accept fuel costs significantly higher than those of its competitors on the Continent of Europe. British steel is still cheaper than many of its competitors in Europe, as British coal is. But how long will its coastal works be able to keep this margin under similar works in Germany and now Italy, built to operate not only on imported ore but also on cheap imported coal?

PLESSEY MERGER

Suitable Marriage

THREE of the consortium of seven manufacturers which last year unsuccessfully opposed Pye's bid for Telephone Manufacturing are to merge. They are Plessey, Automatic Telephone and Electric and Ericsson Telephones. With the Post Office bulking so large as a buyer of telephones and telecommunication equipment, some degree of rationalisation within the industry has to be accepted as inevitable. The directors of the three companies concerned believe it will avoid considerable over-lapping of effort and lead to a more intensive and efficient use of research and productive facilities. The merger must, indeed, do so if it is to make sense; and it must be hoped that it will provide some answer to the strictures on design and exports that Mr C. O. Stanley bandied about quite freely last year. The merger, however, is concerned with more than telephones, for Plessey emerges as the kingpin of the trio and Plessey's reputation for growth rests upon its business as a supplier of electronic equipment to many industries. The merger makes Plessey's interests more widely spread and gives shareholders in ATE and Ericsson a considerable interest in the domestic electronics industry.

In framing the terms of the merger, the financial advisers had to reconcile the strength of Plessey and the prospects for its further growth with the income that shareholders in ATE and Ericsson are already receiving. They have hit upon an ingenious solution, involving the issue of a convertible loan stock. The first step is Plessey's one-for-three scrip issue to its shareholders and the promise of a dividend of not less than 15 per cent on the new capital for 1961-62; this will add to the income of Plessey shareholders. Then, for every 20 5s. ordinary shares in ATE Plessey is offering four of its new 10s. shares plus 10s. in cash plus £10 of a 5 per cent loan stock (convertible into ordinary shares between 1962 and 1964); thus, excluding any return on the cash part of the consideration, ATE shareholders are offered an income of 16 per cent, which is no more than the ATE directors were prepared to pay this year. For every 20 5s. ordinary shares in Ericsson Plessey is offering 15 of its new ordinary shares plus £1 in cash; thus, again ignoring the cash consideration, the income of Ericsson shareholders goes up slightly from 21¼ to 22½ per cent.

On the full conversion of the loan stock, Plessey shareholders would hold 61.7 per cent of the equity, ATE shareholders 21.1 per cent and Ericsson shareholders 17.2 per cent. This is not far out of line with contributions to earnings as revealed by the last published figures. But such a calculation takes no account of the current difficulties of ATE and it seems likely that after the conversion of the loan stock Plessey shareholders may have to accept some dilution in the dividend cover. This was recognised in the fall in Plessey shares by 5s. 6d. to 50s. on Thursday. On this price, the bid imputes a value of 29s 1½d. to Ericcson (against Wednesday's price of 27s. 3d.) and, on the assumption of an immediate conversion of the loan stock, a value of 16s. 4½d. to ATE (against Wednesday's price of 14s. 9d.).

Ceylon and Foreign Business

BY OUR CORRESPONDENT IN COLOMBO

THOUGH unexpected, the nationalisation of the Ceylon Bank announced by the Finance Minister recently is the culmination of many years of political agitation against the Ceylon banking system. The main criticism is that the banks in Ceylon have not responded to the new needs of industrial development. Naturally this stricture, frequently made in budget debates, has been severest against the Ceylon Bank, which was established in the late thirties under Government patronage. The Ceylon Bank flourished as a financial institution assisting Ceylonese traders to break through the foreign domination of the island's large and lucrative import and export business. But in recent years the charge has been levelled against it that it thrived as the instrument of external trade and was utterly insensitive to the economic development plans of successive Governments. These had to establish state-sponsored credit institutions such as the Agricultural and Industrial Credit Corporation, the Development Finance Corporation, the State Mortgage Bank and now the People's Bank.

This is the Government's chief argument—apart from a popular ideological one—for the take over of the Bank of Ceylon. Previously the Government with one-third of the shares had two directors and could exercise control over the bank's business through the bank rate. Now the bank is to become the central instrument of the Government's economic development plans, which assign a strictly defined place to the private sector, and list industrial projects that require private capital.

Business circles are dismayed by the nationalisation of the bank, fearing that bureaucratic control may result in the kind of inefficiency that is evident in other state-sponsored institutions, and alarmed also at the prospect that nationalisation of Ceylon's leading bank plus the new law prohibiting deposits in foreign banks, may create an unhealthy government monopoly that could be abused.

It is possible that the Government will use the bank to curb the active competition of local importers with the Government's co-operative wholesale establishment. In the past few months the Trade Minister, Mr Ilangaratne, who has been responsible for many radical measures such as the Petroleum Corporation and the People's Bank, has tried to make this the main importer of essential articles. But private trade has frustrated this, and there are fears that credit facilities may be controlled to curtail private trade.

The new directive to curtail loan and overdraft facilities to non-Ceylonese enterprises marks an attempt to marshall all local resources of capital. Though the private investor has an assigned place, the Government has undertaken an enormous degree of direct responsibility for industrial development, towards which the 4 per cent tax on incomes over three hundred rupees per month, and the regulation prohibiting fresh accounts in foreign banks will contribute.

Repatriation of foreign capital, and the running of many foreign-owned businesses on overdrafts have worried a government desperately in need of money. It hopes that such companies may bring in their own money for their business. In fact, however, the government has done everything to curtail foreign business in Ceylon and stopped just short of nationalising the foreign banks. Problems of compensation and fears of reactions abroad must have restrained the government from such a drastic step, especially as it relies heavily on foreign aid and bankers after foreign investment.

In the preparatory stage, the State Petroleum Corporation has taken over certain properties including eight storage tanks belonging to Shell. But the State Corporation is anxious that oil in these tanks and other properties shall continue to be used by Shell in order to prevent any break in supplies, and negotiations are under way to cover the interim period.

FILM INDUSTRY

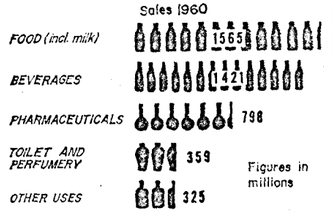
Lion not so Mangy

THE second "reconstruction" of British Lion, the film producing and distributing company that Sir Alexander Korda ran and which eventually lost £3 million of the money the Government had put up for loans to British film production, is showing definite signs of attaining some success. The new company, British Lion Films Ltd, formed after the original one had been put in the hands of the receiver, lost almost £500,000 in 1957 and 1958. But three and a half years ago the novel experiment—for this industry—was tried of putting film producers, instead of film salesmen, in charge: the Boulting brothers, Mr Sidney Gilliat and Mr Frank Lauder were appointed to its board of directors. Since then the company has moved smartly out of the red. In the year to last March it made a handsome profit of £635,000. Over half of this was an exceptional realisation on its "library" of films: the company received £317,000 from the Film Industry Defence Organisation for agreeing not to let 76 of its films be shown on television and a further £52,000 was earned by old films taken over from the original company (making almost £500,000 earned in this way since the British Lion Film Corporation was wound up six years ago). But the £266,000 net profit the company made from its current operations as a film producer and distributor and as owner of Shepperton studios, against £16,000 in the previous year, 1959-60, is nonetheless a marked improvement.

British Lion, through its film producer board members, makes about six films a year and another nine or ten through its associated companies, such as Bryanston, Britannia, and Independent Film Distributors, which it provided with starting capital but whose films it does not finance. Film making is British Lion's only genuine hope of making large profits. So far it has had considerable success with a limited number of its films (*I'm All Right, Jack* was one) and at the same time it has avoided any big disasters. But Shepperton, with its overheads of some £300,000 a year to cover, and the British Lion film distribution organisation, costing some £250,000 a year to keep going in this country alone, have to be kept profitable even though they are useful adjuncts to the film production core of the company's business. Shepperton has been re-equipped and has also gained from the closing down of many other British film studios. The distribution organisation has been amalgamated with Columbia Pictures Corporation's selling organisation in this country—a suitable manoeuvre in face of the continued decline of the number of cinemas still open. But neither studio nor sales force are much use without films that make money. And, though British Lion has shown that some films can, production is still basically a gamble. The company will have to keep out of the red for a number of years before the Government's ultimate intention of selling it to private shareholders is likely to be realised.

BOTTLES AND JARS

Sales 1960



Glass, though lighter and stronger than it used to be, is struggling against disposable and unbreakable materials in the packaging market. However, it holds 10 per cent of this flourishing £500 million market and 4,468 million glass containers were sold in 1960. Bottles are cheap when they are returnable: canned beer has not overcome its handicap but more milk is being sold in cartons.

Source: Glass Manufacturers' Federation.

LEAD AND ZINC

The Dullest Metals

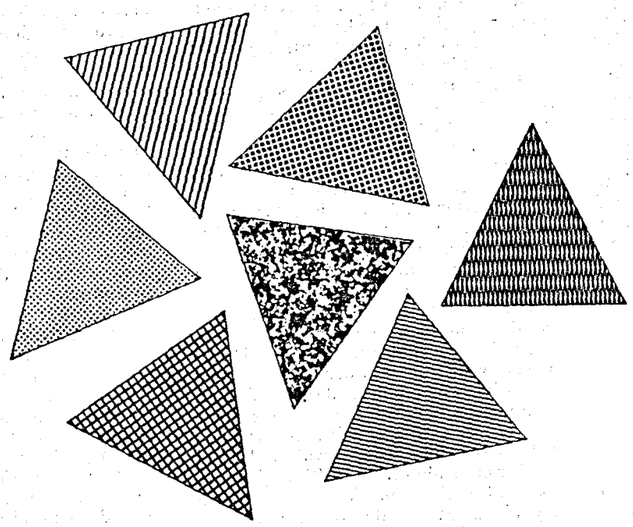
SOME metals have had the rub of the green this year, but not lead and zinc. Despite several false glimmers of hope, nothing has yet come along to shake these metals out of their fit of depression. When output of lead was restricted earlier this year, zinc was in balance outside the United States and producers were therefore left free to exploit the prospective expansion in demand. After last year's impressive rise, the growth in consumption of zinc in Europe was expected to moderate, but American consumption might have been expected to take up the running at that stage. Unfortunately, the changeover seems to have been fumbled. The extra output of zinc with which some companies have tried to replace part of their lost production of lead, has helped to weigh down the zinc price. Spot zinc has fallen £10 a ton from its peak in March, and at £78 a ton is about £5 cheaper than at the start of the year. The attempt to curtail lead production by two per cent below the expected level of consumption this year has produced an insignificant rise of £1 to £64½ a ton in its price.

The barter deals under which the United States would absorb in its stockpile last year's surplus lead production have therefore achieved little. In fact, the conclusion of deals has been delayed almost to the point of annoyance, but the risk that this huge clearance sale will not be consummated is negligible, and cannot therefore be expected to influence prices in future. The American government's plan to sell foodstuffs abroad to finance the stockpiling of American-produced lead and zinc, which strongly echoed the barter deals arranged with foreign producers, has been dropped. Instead, small subsidies for very small producers for an extremely limited period were offered. This flirtation with the devil of subsidies may be no more than venial, but it is a measure of the failure of other more constructive proposals to right the prices of lead and zinc.

PORTS

Self-help for Shippers

NOT every port user who complains about the state of working at the docks recognises that some of the responsibility rests upon his own shoulders. So it is refreshing to find that the London Chamber of Commerce in its evidence to the Rochdale Committee on Britain's major docks and harbours—speaking for the users of London's docks—readily accepts that responsibility.(Much of the congestion on the quays and access roads of London and other British docks would be eased if shippers were to spread deliveries more evenly over the receiving periods for ships loading up. The extreme view of some shippers is that as they are the port's customers the service should be available on terms most convenient to them and so they should be able to send their goods when it suits them. But a third of a ship's cargo arriving on the last day for loading, which is common experience at the port of London, is not conducive to dock efficiency. The chamber suggests to the committee that if voluntary action to change these habits fails, then "more drastic measures, such as a surcharge on late deliveries or even some form of overall regulation, may become necessary." But the means by which exports are sent to the docks, as well as timings, have grown out of balance. With the growing preference for road transport, port access roads have become heavily congested while railway facilities are under-used. While the cham-



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ber would like to see these access roads given higher priority in the roads programme, it also thinks more should be done to encourage greater use of rail. In a recent survey it found that over 90 per cent of the users of the railways' export express service were wholly satisfied with its reliability, packing conditions, and timings.

But labour troubles are the main cause of the lamentable record of London's docks and the prime reason why the port has lost trade to other British ports and entrepot traffic to the continent. The chamber again comes forward with its argument that the dock labour scheme is the real source of all the trouble and suggests that it be replaced with the more traditional employer-employee type of management-labour relationship, and that far more dockers should be permanently employed by the various firms in the port. This argument fails to appreciate the reality of dock working, with its constant and unpredictable fluctuations in traffic and the daily variation in the firms requiring labour and the number of men they need. The dock labour scheme has ended the "casualisation" of labour and is not likely to be relinquished peacefully by the unions. At heart an improvement in labour relations and a readier acceptance of mechanisation will be best promoted by a commensurate improvement in the attitudes of the employers. A number of the disputes that have plagued the efficient working of London and other British ports can be traced back to some fault or omission on the part of management.

ROADS

More Works Ahead

Not for the first time road investment has passed unscathed through a tightening up of Government spending. Even more, as the Chancellor announced in the economic debate two weeks ago, "the Government has decided upon a firm five-year programme, which will involve a considerable increase above the present rate of expenditure." Just how much of an increase was indicated by Mr Marples last week. Investment from central funds on roads in England and Wales is expected to grow annually from £90½ million in 1962-63 to reach a total of about £540 million over the five years ending 1966-67. Adding commensurately for Government spending on Scottish roads and for local authorities' expenditure from rate funds, it would seem from this that total investment in new roads will be averaging about £150 million a year in the middle sixties. This would be almost half as much again as the projected rate of investment for this year.

ROAD EXPENDITURE
(£ million)

Years ending Mar. 31	Investment: Government Voted	Investment: Government Spent	Investment: Local Auths. Spent	Investment: Total Spent	Maint. and Other Expn. Total	All Expn. Total
1956–57	16	15	7	22	100	122
1957–58	27	22	8	30	107	137
1958–59	53	47	10	57	109	166
1959–60	64	60	13	73	115	188
1960–61	79	(75)	(15)	(90)	(120)	(210)
1961–62	89	(88)	(17)	(105)	(125)	(230)
1962–63	103	(100)	(20)	(120)	(130)	(250)

Figures in brackets are estimates.

When the first post-war roads programme was launched by Mr Lennox Boyd eight years ago investment in British roads was running at only £8 million a year. The big increase came three years ago when the first of the motorways was constructed. And most of the spending in the coming few years will still be going into the five major trunk routes that form the core of the Government roads programme. Despite all Mr Marple's talk of doubling grants to local authorities in urban areas, total investment in new or reconstructed roads in the places where congestion is worst will still be only about a third (that is, £50 million a year) of the country's whole outlay on new roads even in five years' time. By itself this is a considerable sum of money, and it could be argued that ideas about how to relieve urban congestion are still far from clear. But the Government does not appear to have arrived even now at a reasonable balance between urban and cross-country road schemes.

SUBSCRIPTIONS TO THE ECONOMIST

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By air see below

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	Airmail	Air Freight		Airmail	Air Freight
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Europe	£6 0s.	—	Philippines	£10 6s.	—
Ghana	£9 0s.	£6 10s.	Rhodesia	£9 0s.	—
Gibraltar, Malta	£5 0s.	—	S. Africa	£9 0s.	£7 10s.
Hongkong	—	£8 15s.	Sch. & Cen. America	£9 0s.	—
India	£9 0s.	£7 10s.	Sudan	£7 15s.	£6 15s.
Indonesia	£9 0s.	—	USA	—	$25 or £9
Iran & Iraq	£7 15s.	—	W. Indies	£9 0s.	—

SHORTER NOTES

Britain has now improved considerably on its original offer of assistance to Tanganyika. Grants of £8.75 million will be supplemented by a Commonwealth assistance loan of up to £4 million, an interest-free loan of £6 million towards the compensation scheme, and a loan of £3 million towards commutation of pensions.

★

The annual bonus to employees in Imperial Chemical Industries in respect of 1960 amounts to £8,555,000 gross, compared with £7,306,000 for the previous year. After deduction of tax this represents an average of £68 17s. 6d. for each of the 92,000 employees qualified for the bonus. The net bonus will be used to buy £1,883,000 of ICI ordinary stock. Stock is registered in the name of an employee either every second year or as soon as he is entitled to 40 units. Thus in October 63,000 employees will have certificates for a total of £2,615,000 stock. Of the £1,247,000 stock issued to employees last year more than half has been retained.

★

The latest circular to shareholders in London and Manchester Assurance comes from Lord Tenby and Mr Douglas Kay, an accountant, who are seeking support for the formation of a shareholders committee. They believe that the possibilities of a merger with Eagle Star should be explored to the full and say that they "have no reason to suppose that Sir Brian Mountain (the chairman of Eagle Star) would be unwilling to co-operate."

As with Great Universal Stores Mr Isaac Wolfson, the chairman of Drages, is leaving the dividend unchanged at 2s. 6d. per 1s. share, in view of the Chancellor's recent request for restraint. Profits available for the ordinary dividend rose by 32 per cent in 1960. The company's principal asset is a holding of shares in Great Universal Stores.

★

Profits of Cable and Wireless for the year to March 31st rose by just over £1 million from £3.43 million to £4.44 million. The dividend of this state-owned company has been raised from 4 to 5½ per cent.

★

Representatives from Hongkong are to discuss with British officials next week the proposed extension of quotas on exports of cotton textiles from the colony to the United Kingdom up to the end of 1962.

COMPANY AFFAIRS
Comments on pages 666 and 667 on :
Triplex
Thorn Electrical
W. Hollins
Nchanga
Capital and Counties Properties
Central and District Properties
Scottish and Newcastle Breweries
H. S. Whiteside

LONDON AND NEW YORK
Stock prices, yields and security indices on pages 668 and 669

LONDON STOCK EXCHANGE
The week's movements reported on page 667

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 670

JOHN BROWN AND COMPANY LIMITED

Engineers and Shipbuilders

IMPROVED RESULTS IN DIFFICULT TRADING CONDITIONS

Dividend Restraint Exercised

LORD ABERCONWAY'S REVIEW

THE Ninety-seventh Annual General Meeting of John Brown and Company Limited will be held on September 1st in London.

The following is an extract from Lord Aberconway's statement circulated with the Report and Accounts for the year ended March 31, 1961:

The Consolidated Profit before tax (to the nearest £1,000) is £4,491,000, an increase of £846,000 over the corresponding figure of the previous year. Taxation absorbs no less than £2,314,000 of this profit.

The profit is struck, after providing for any known and foreseeable losses on contracts by reason of circumstances already apparent; the provisions made this year should, as usual, suffice to meet such losses, but are greater than usual.

Several of the Company's subsidiaries are operating in difficult fields, where capacity exceeds demand, and where in consequence orders are few, and can be obtained only after intense competition and at a disappointing margin of profit. It is noteworthy that in years when some subsidiaries have found the going difficult, others have experienced more favourable conditions; last year has been no exception.

It is not easy to foretell the effect, on the business of your Company's subsidiaries, of the economic difficulties which beset the country, and of the measures for dealing with these recently announced by the Chancellor. But if there are reasonable trading conditions at home and overseas, the prospects for the current year appear, in the light of current demand and orders on hand, to be reasonable.

Dividend Restraint

Consolidated Profit after taxation and after deducting the interest of other shareholders is £2,056,000, compared with £1,864,000 last year and in the circumstances outlined above, your Directors are unanimous that, but for the Chancellor's appeal, they would have recommended to Stockholders a higher final Ordinary dividend. They strongly support the Chancellor's stand, and regard, in the interests of their stockholders and employees alike, the maintenance of a sound and stable currency as of paramount importance. Therefore they recommend to Stockholders the payment of the same final dividend of 7 per cent., less tax, making the same total dividend as last year of 11 per cent., less tax. This total dividend for the year would absorb some £707,000, which is some 36 per cent. of the Consolidated Profit, after tax, available to the Ordinary Stockholders. In making this recommendation the Directors fully recognise that, because of the sums, applicable to the Ordinary Stockholders, that are retained each year in the business, the same rate and amount of dividend for the year under review as for the previous year represents a smaller rate of return to Stockholders upon their funds: a dividend of 11 per cent. this year represents a return, after tax, of 2.8 per cent., upon their funds, compared with a return of 3.0 per cent. for the previous year from the same rate of dividend. They feel confident that Stockholders will accept the desirability of this sacrifice on their part, if it contributes to a stable economy, and if others equally exercise restraint.

The Shipyard and the Q3

Her Royal Highness The Princess Margaret honoured Clydebank on March 16th last by naming and launching H.M.S. *Hampshire*, a Guided Missile Destroyer. S.S. *Transvaal Castle* was launched in January, 1961, and work on her continues with a view to handing over next December. The fitting out of these two ships, each requiring a special standard of finish, demonstrates Clydebank's resources in skilled and experienced personnel for this kind of work.

Prospects of orders for ships are poor and therefore, unless we win the contract for the new "Queen" it will be impossible to maintain continuity of employment, and to hold together Clydebank's skilled labour force; the yard will be severely underemployed, and basic overhead expenditure will not be covered. We have accordingly, after much earnest consideration, quoted a price which we hope will secure the contract in the face of what we are certain will be the most intense competition for an order yet known by the industry. The contract, if Clydebank secures it, will not be profitable; all that can be said is that viewing the interests of employees and stockholders alike, we shall be better off with than without it.

Land Boiler Consortium

John Brown Land Boilers Ltd. commissioned in the United Kingdom during the year a total steam generating capacity of some 480 megawatts. As in previous years the delivery date was maintained in each case and satisfactory operation was achieved. During the year a consortium was formed with Foster Wheeler Ltd., on the basis of equal partnership, for the design and construction of central station boilers for generating authorities in the United Kingdom and Eire. John Brown Land Boilers will continue to deal with inquiries and orders for industrial boilers and for boilers overseas, and will themselves execute contracts on their books at the date of the formation of the consortium. The Foster Wheeler-John Brown consortium has been entrusted by the Central Electricity Generating Board with a contract for four 350 megawatt boilers for the new Tilbury station, for commissioning successively from 1965 to 1966. It will be tendering for other boilers, including some of 500 megawatts. The great increase in the size of individual units means that relatively few boilers are being ordered, and competition is consequently keen, and price margins are quite inadequate in relation to the skill, the technical risk, and the capital involved in such large and complex engineering structures. Indeed this observation applies with equal force to many other products made by the Company's subsidiaries, ranging from ships to water turbines, from rolling stock to chemical plants.

The Tilbury order, whilst by no means absorbing the capacity of Whitecrook Works, will bring a substantial and welcome volume of work. Meanwhile regretfully the labour force has had to be greatly reduced by lack of work. In face of this prospect, and despite an outlook far from assured, plans were boldly made, and have been carried out, to reorganise and re-equip the works to manufacture, in addition to steam generating plant, a diversity of engineering products and thereby help to maintain employment.

Machine Tools and Engineers' Tools

Wickman Ltd. experienced a continuance of the high level of demand for machine tools generally and multi-spindle automatics in particular, that had arisen towards the end of the previous year. Orders for automatics from overseas were satisfactory. The Factored Machine Division was kept busy distributing the machines made by its many excellent principals. Wickman's current year has in fact started with an order book greater than ever before.

The Wimet Division which manufactures and sells tungsten carbide cutting tools, has benefited from the high level of activity in the metal-working industries.

Wickman acquired for cash during the year the shares of the Coventry Machine Tool Works Ltd. of Halifax. This company and its wholly-owned subsidiary, John Stirk & Sons Ltd., manufacture Covmac horizontal forging machines and Stirk planing machines. To cover broadly the cost of this acquisition, John Brown & Co. has subscribed £700,000 for Ordinary shares in Wickman at par.

Firth Brown Tools Ltd. has had a very busy year in both its home and export trade. Far-reaching schemes of reorganisation are in hand to increase capacity and improve efficiency; a new shop is nearing completion in Sheffield, and the former Royal Ordnance Factory at Maltby has been acquired, comprising over 300,000 square feet of manufacturing area with ample land, into which Hack Saws Ltd., a subsidiary of Firth Brown Tools, is being moved. To meet some of this expenditure, and to provide further working capital, John Brown & Co. will subscribe £400,000 for Ordinary shares in Firth Brown Tools at par.

Webster & Bennett Ltd., as forecast last year, was forced to make a moderate reduction in output; but in fact loss of skilled labour was the cause. Skilled labour is still difficult to obtain, but the position now is somewhat better. Incoming orders have improved steadily, but it is still possible to quote attractive deliveries.

Other U.K. Engineering Subsidiaries

Markham & Co. has experienced a steady demand for its medium and heavy engineering products. Orders were booked for three large colliery winders, while orders for stowing machines have steadily increased. Despite international competition, orders were obtained from Boving's for three Francis turbines and one Pelton turbine for New Zealand. Under the arrangement made with Demag A.G. of Duisburg, Markham's are manufacturing part of the new beam rolling mill for the South Durham Steel & Iron Co.

S. N. Bridges & Co. has maintained its turnover of portable electric tools, despite intense competition. Sales have increased in the industrial field, for which pneumatic tools are also being made. Domestic appliances under the name of "Luxury Life" have been introduced to the market and have been well received.

Cravens Ltd. started delivery against its order for 464 light alloy cars for London Transport Executive. In adapting and reorganising the works and the labour force for this large contract considerable difficulties have had to be surmounted, but production is now running smoothly at a high level and in line with the delivery programme. Delays however have been costly, and the contract will at best show a substantial loss.

The future prospects of the rolling stock industry give rise to considerable anxiety, and are bound up with the policy of British Railways as to the manufacture of their rolling stock in their own works. Unless the industry has a stable home market, it cannot survive and continue to earn foreign exchange by its exports as it has done to good effect in the past. No pains have been spared to ensure that Her Majesty's Government appreciate the position: it is up to them whether or not this industry survives.

In view of the uncertain outlook, Cravens has for some years past been developing other fields of engineering activity, notably the manufacture of injection moulding machines for plastics and of diecasting machines. A separate company, **Cravens (Machines) Ltd.,** has been formed to carry on this business. John Brown and Co. has acquired all the shares in a complementary business, **Bone Brothers Ltd.,** of Wembley, designers and manufacturers of paper making and converting machinery and plastic extrusion machines.

Constructors John Brown Ltd.

Constructors John Brown Ltd. has had a difficult year in Persia, and anxiety must continue as to the eventual financial outcome of contracts especially as some have extended credit terms, not wholly covered by E.C.G.D. guarantee. Although the Kharg Island project, in which C.J.B. played a leading part, was concluded profitably, two of C.J.B.'s major contracts now in course of execution in Persia, in association with other concerns, are taking longer, and proving costlier to complete, than was expected. Negotiations regarding these matters are proceeding with the clients.

In this country, business in C.J.B.'s wide field of activity has for some time been both scarce and highly competitive. C.J.B. continues to complete its contracts on time, and it has a good forward order book for the current year and next year, though further work is needed for which capacity exists.

Overseas Companies

The many overseas businesses in which the Company has interests have, in the main, operated satisfactorily but exchange restrictions, competition and other factors have made trading more difficult.

Westland Aircraft Ltd.

The Directors continue to be very well pleased with their large investment in Westland Aircraft Ltd. Following the acquisition by Westland in the previous year of the other three helicopter businesses in this country, complete and happy integration into one organisation has been achieved.

Conclusion

From the foregoing survey of the development and progress, and the difficulties and problems, of the Company and its subsidiaries, Stockholders will appreciate how fortunate they and the Directors are to have in each company at home and overseas first-class management and staff. To their loyal and strenuous efforts the successful results of the year are largely due. To them and to our workpeople we offer our thanks.

THE GRÄNGESBERG COMPANY

SWEDEN

RECORD MINING YEAR; NEW STEEL MILL IN PRODUCTION

The sixty-fifth Annual General Meeting of the Grängesberg Company was held on May 19th at the Company's offices in Stockholm. The following is an extract of the report submitted by the Managing Director E. Waldenström and the Board of Directors.

Mining Operations and Steel Works.—The marked improvement noted during the latter half of 1959 continued throughout 1960 when most of the steel industry in Western Europe worked at capacity. As a consequence of the brisk business the output of the Company's mines increased to 2.24 million tons, of which 1.72 million tons were exported, as against total shipments of 1.62 million tons the previous year. However, since ore was in adequate supply prices remained stable. The revenue from the mining operations rose to Kr. 47.2M, from Kr. 35.3M in 1959.

At Strassa, the plant is now working at full capacity producing low-phosphorus concentrates.

At the new Oxelösund steel works a number of mill units were taken into service during 1960. The plate mill began working in April and the open hearth furnace in July, followed by the blooming mill in November. Plate deliveries began during the second half of the year.

A sintering plant and the new coking stoves were put into production in March this year, and the new 300,000-ton blast furnace in April. The first Kaldo furnace and the oxygen plant followed in May. The second Kaldo unit is expected to be put into service later this year, as well as the limestone and dolomite kilns.

A by-products plant for the recovery of coal tar, benzene and toluol, and for the production of ammonium sulphate was also put into service last year.

The output of the existing blast furnace rose to 143,000 tons, the sponge iron works turned out 33,000 tons and the glass works 400,000 cases of plate glass.

Early in 1961 a contract was signed for the delivery of 135,000 tons of welded steel pipe to USSR during 1962-63. The plate will be delivered by the Oxelösund works and fabricated in the pipe mill of a new subsidiary company, which also produces structural steel, etc.

Shipping.—The Company's fleet was kept fully employed during the year. Gross earnings of the shipping business increased from Kr. 29.4M in the previous year to Kr. 42.2M. The improvement in revenue is principally due to the increased size of the fleet and the size of the individual ships.

At the end of 1960 the Company's fleet included 32 vessels, totalling 546,000 dwt. During the year deliveries were made of the combination ore/oil carrier "Mertainen" of 34,250 dwt., as mentioned in last year's report, followed by the sister ship "Matarengi" in November. Early in 1961, the Götaverken yard delivered the "A" vessel "Aurivaara" of 14,120 dwt. Outstanding orders now include four ships totalling 100,000 dwt., for delivery 1962-63.

Liberian American-Swedish Minerals Co. (Lamco).—A Joint Venture Agreement has been reached with the Bethlehem Steel Corporation whereby this company enters as a partner for the development of the Nimba range in Liberia. The original concession has been revised to the effect that Lamco now holds 75 per cent and Bethlehem Steel 25 per cent. Under the agreement the American partner has contracted for certain annual shipments of Nimba ore. The Company is to serve as Manager of the Lamco project.

On behalf of Lamco the Company has negotiated with a number of German steel companies for deliveries of Nimba ores totalling 2.5 million tons per year for a duration of 17 years after commencement of the mining operations, with buyers' option to extend the contract. A 5-year contract for annual deliveries of about 500,000 tons has been concluded with a French group.

Through the participation of Bethlehem Steel and with contracted annual deliveries totalling about 5 million tons, the financing of the project has been secured. Of the Lamco share in the financing, the Swedish partners have guaranteed $50 million, while the balance has been raised by loans, including $50 million from the Kreditanstalt für Wiederaufbau in Frankfurt, $30 million from the Export-Import Bank in Washington and $5.7 million from the First National City Bank of New York.

The construction work in Liberia is proceeding according to plan. As contractor for the railway and harbour construction has been chosen the American firm Raymond International Incorporated. Machines and other equipment were purchased in 1960 at firm estimated prices. The first ore deliveries from the Nimba range are expected to take place as scheduled, in the first half of 1963.

The new operating subsidiary, the Lamco Joint Venture Operating Company, began business early in 1961. It had at the start 1,740 employees, of whom 1,620 were Liberians, 70 Swedish and 50 other nationals.

Personnel and Results.—Total number of employees of the Grängesberg Group, excluding the Liberian operations, averaged 7,307 (6,706).

Total turnover of the Company for 1960 was Kr. 363.2M (238.0) and for the Group Kr. 415.5 million (329.4). Depreciations were carried at Kr. 89.5M, of which Kr. 27.8M for ships in service.

Profits of the Parent Company for the year were Kr. 38,787,251 (Kr. 29.1M) which together with the balance brought forward from 1959 made available for appropriation the total sum of Kr. 165,943,499 (Kr. 162.9M). The Board proposes that the sum be allocated as follows:

	In Kr.
To Dividends of Kr. 12 per share	35,700,000
To Free Reserves	3,217,000
Carried Forward to new account	127,026,499
Total	165,943,499

The Board also proposed an increase of the share capital from Kr. 298M to Kr. 496M by the issue of two new shares for three old. Of the remainder of "Free Reserve II," which at the end of the year amounted to Kr. 790M Kr. 200M will be used for plant depreciation and Kr. 40M transferred to Legal Reserve.

The report and accounts were adopted.

GRÄNGESBERGSBOLAGET
SUMMARIZED BALANCE SHEET, DECEMBER 31, 1960

LIABILITIES	1960 Kr. '000		1959 Kr. '000	
Long-term Debts		74,252		70,028
Short-term Debts		132,101		155,366
Share Capital		297,500		297,500
Legal Reserves		60,000		60,000
Free Reserves I and II		915,116		915,116
Profits Adjustment Reserve		20,000		20,000
Fire and Ships' Insurance Reserve		9,421		9,983
Profits brought forward	162,856		169,503	
Dividends	35,700		35,700	
		127,156		133,803
Net Profit for the year		38,787		29,053
	Kr. '000	1,674,333	Kr. '000	1,690,849

ASSETS	1960 Kr. '000		1959 Kr. '000	
Fixed Assets:				
Mines and Mining Claims	14,343		14,245	
Buildings and Plant	238,508		313,221	
Machinery and Fixtures	254,422		45,585	
Frövi-Ludvika Railway	25,488		24,762	
Ships on Hand and Order	214,562		229,155	
Shares in Subsidiaries	45,080		49,253	
Shares in Other Companies	109,300		108,484	
Debtors (Subsidiaries)	65,836		81,453	
Claims on Swedish Government	160,023		320,046	
Debtors (Sundry)	143,052		147,584	
		1,270,614		1,333,79
Current Assets:				
Stocks and Supplies	46,167		20,216	
Debtors (Subsidiaries)	3,245		3,120	
Debtors (Sundry)	72,015		40,780	
Notes Receivable	375		582	
Government bonds	121,704		—	
Cash and Demand Deposits	160,213		292,363	
		403,719		357,06
	Kr. '000	1,674,333	Kr. '000	1,690,84

PROFIT AND LOSS ACCOUNT

EXPENDITURES	1960 Kr. '000	1959 Kr. '000
Interest Payments	4,178	1,473
Taxes	27,200	20,600
Depreciation	89,525	73,097
General Administrative Expenditures	4,885	4,342
Net Profit	38,787	29,053
	Kr. '000 158,575	128,565

INCOME	1960 Kr. '000	1959 Kr. '00
Operating Revenue	101,567	67,32
Dividends from Subsidiaries	4,093	8,47
Dividends from LKAB	4,300	—
Dividends from Others	3,638	3,33
Interest Received	33,561	38,21
Miscellaneous Revenue	11,416	11,21
Kr. '000	158,575	128,56

AER LINGUS

IRISH INTERNATIONAL AIRLINES

ANNUAL REPORT AND ACCOUNTS, 1960/61

Following the General Meetings of the Shareholders on July 28, 1961, at which the Accounts and Balance Sheets were adopted, the Irish Air Companies announced record results for the year ended March 31, 1961.

In his introduction to the printed Report and Accounts just published the Chairman, Mr Patrick Lynch, said: "In legal structure, Aer Lingus and Aerlinte are separate companies; they present separate accounts as the reports that follow indicate, their finances are separate and where services are rendered by one to the other the charges are made in the normal way. Both companies, however, have a common management and a joint organisation; operationally, they are fully integrated and known as Aer Lingus—Irish International Airlines."

Taking the two operating airlines as one, their combined revenues for 1960/61 amounted to £7,298,000, and of this the transatlantic route contributed 33⅓ per cent although the passengers on that route were only 5 per cent of the total. The surplus, i.e. the excess of the combined revenue over combined expenditure, after payment of loan interest was £103,000. These excellent results coincide with the 25th anniversary of commencement of operations.

Aer Lingus made an operating surplus of £277,000. A charge of £81,000 for loan interest and an incoming credit balance of £6,800 reduced that figure to £203,000, out of which was written down the cost of training and development (£30,000) and £50,000 transferred to fleet replacement reserve. These adjustments left over £122,748 on Profit and Loss Account carried forward into the current financial year. Revenue at £4,919,000 was nearly £1,000,000 higher than the previous year. Total passenger figure at 690,964 was 25 per cent up on 1959/60; between Ireland and Great Britain 587,505 passengers were carried. 70,394 passengers—32 per cent over the previous year—were carried on continental routes.

The passenger load factor (i.e. relationship of seats sold to seats provided) was 71 per cent—the highest of any European airline. Total cargo carried on both scheduled services and cargo charters was 11,952 tons, compared with 8,617 tons for the year 1959-60. Total expenditure at £4,642,000 (excluding interest on capital) was 20 per cent higher than the previous year. Commenting on the increase of 32 per cent in landing fees and handling charges the Company's General Manager, Mr. J. F. Dempsey, said "We have the unique distinction and disadvantage of operating an international airline system with the lowest average fare and with the major section of the system (cross-Channel) operating between airports with the highest landing charges in the world." Achievement of the Company's primary aim, which is to reduce costs to bring its services within the range of the greatest possible number of people, is consistently hampered by such high costs.

Provision has been made for £454,400 for depreciation and in addition £50,000 has been transferred to fleet replacement reserve. This is the first step in preparation for development and replacement of the existing aircraft fleet of Viscounts and Friendships.

Aerlinte, the associate company, operating on the North Atlantic route, carried 35,176 passengers or 51 per cent more than in 1959/60 and about 250 per cent more cargo. The introduction on the route, in December, 1960, by the company, of its Boeing jet aircraft, was the most important event of the year and these, coupled with a concentrated sales drive and the introduction in October, 1960, of a special 17-day excursion fare, were largely responsible for the satisfactory increase in traffic.

Revenue at £2,379,000 was £733,959, or 45 per cent higher. While operating expenditure exceeded revenue by £93,000 the excess in the previous year was £589,000 and in the year 1958/59 £788,000. Having only commenced operating in April, 1958, with leased aircraft, it was inevitable that the company had heavy costs of development expenditure to establish itself on the transatlantic route and on March 31, 1961, this had accumulated to £1,681,000 and will be written off against future profits.

In his introduction to the Report, the Chairman, Mr Patrick Lynch, emphasised that the return of the Nation's investment in the Air Companies (£10m. approximately) should not be measured by cash dividends though he said it was reasonable that the Companies should be expected to pay some interest on their capital. He pointed out the Companies value to the Irish community derives from the contribution made to the economy as a whole in the provision of an essential air service "that is safe, efficient and economically priced; by the transport of tourists; by the generation of tourist traffic through its advertising abroad; by facilitating Irish economic development in establishing services to countries with which Ireland has increasing commercial relations and sometimes to countries where, until the advent of the aeroplane, Ireland had little direct trading; by providing good employment with security of tenure and satisfactory conditions for Irish men and women in Ireland and overseas; and by stimulating productive employment throughout the country in other industries."

Aer Rianta, which is the parent company and the shares of which are held by the State, has over £10 million invested in the two operating airlines, Aer Lingus and Aerlinte (including £42,000 invested in Irish and Intercontinental Hotels for development of hotels in Dublin, Cork and Limerick, for the benefit of those travellers to Ireland who seek first-class hotel accommodation). Aer Rianta's total revenue, mainly from landing fees at Dublin Airport, was £291,694, an increase of some £64,000 on the previous year. With the net profit on catering (£30,770) added, and allowing for certain expenses, that company had a net surplus of £91,375, which will be transferred to the State as a contribution towards the expense of airport State services and interest on capital not provided for in the company's accounts. Dublin Airport has had to be extended again and again to meet ever growing traffic and in 1960/61 854,582 passengers were handled compared with 657,820 in the previous year. Long-term development planning is continuing and more building projects are under way to meet the growing requirements of the travelling public and cargo traffic.

WILLIAM HANCOCK AND COMPANY LIMITED

SUBSTANTIALLY IMPROVED RESULTS

In his circulated statement, Mr Joseph G. Gaskell, TD, chairman and managing director, reported that all Departments, with the exception of the Mineral Water Department, had contributed to the substantially improved group profit of £503,113. Sales of the Company's own beers as well as those supplied by other brewers had shown a satisfactory increase. The introduction of their keg beer, Barleybrite, had been most successful. The total distribution recommended on the Ordinary Stock was 17½ per cent compared with 14 per cent forecast on the increased Capital.

The purchase of David Roberts had proved to be worthwhile. In order, however, to obtain the full benefit considerable reorganisation had been carried out.

Capital expenditure during the year had been heavy amounting to approximately £430,000 as a result of which the current position had been adversely affected, current assets only just exceeding liabilities. That situation would not improve because capital commitments at March 31, 1961 amounted to £319,000. The Board were of the opinion that if the Company was to continue to go ahead, it could not be done without such expenditure. Mr Gaskell considered that the policy had been fully justified by the results of recent years.

It was always a most difficult matter to forecast the future but the chairman saw no reason why the Company should not continue to make progress provided conditions did not change so as to have an adverse effect on trade generally.

The report was adopted.

SOCIETE METALLURGIQUE DE NORMANDIE

(Paris)

The Annual General Meeting of SOCIETE METALLURGIQUE DE NORMANDIE was held in Paris on June 27, and the following are details of the report presented by the Board of Directors:

As a result of the completion of the re-equipment programme last year, the Company was able to make full use of its additional capacity throughout 1960. The target of 600,000 tons of steel a year was exceeded by nearly 9,000 tons, and output rose by 15.2 per cent over 1959. A new investment programme was launched in 1960, with a view to expanding capacity by 20 per cent within the next three years.

Gross operating profit amounted to NF. 64,874,169.04 as against NF. 48m. in 1959, representing an increase of 33 per cent.

The report, the accounts, and the proposals put forward by the Board of Directors were adopted.

NCHANGA CONSOLIDATED COPPER MINES LIMITED

(Incorporated in Northern Rhodesia)

REMARKABLE EXPANSION OVER 20 YEARS

FLEXIBILITY OF MINING OPERATIONS

The following are extracts from the statement by the chairman, Mr H. F. Oppenheimer, which has been circulated with the annual report and accounts.

The mine, which is at present the second largest single copper producer in the world, has been developed in such a way that its operations are, perhaps, uniquely flexible. Its ore reserves are extensive and of high grade. In spite of mining more than five million tons during the year, the ore reserves of 184,166,000 short tons at 4.6 per cent grade have increased by four million tons. As the mine is opened up and future geological work is undertaken, there is every likelihood of substantial additions being made to the reserves.

Nchanga, with its flexibility and large reserves, and the extensions to the plant now being made, is very well placed to take advantage of any increased demand for copper. In 1960, world consumption increased by as much as 21 per cent over 1959 in spite of a decline in consumption in the United States. Nevertheless, at present, world productive capacity appears to be still slightly in excess of consumption. In view of this Nchanga, in common with many other producers, took steps last October to reduce by approximately 10 per cent the amount of copper it made available to the market. We decided to reduce sales rather than to cut production, as this would enable us to build up a buffer stock. In this way we hope to be able to take much prompter action to help prevent a shortage of copper and an unduly high metal price than we could by restoring cuts in production. The policy also has the great advantage of ensuring stable operations at the mine.

FEDERAL TAXATION

While production at Nchanga during the year ended March 31, 1961, reached 184,000 tons, only 172,670 tons were sold and the balance withheld. Our net profit was £12.4 million, which is £1.2 million less than last year when the average prices realised were about £4 a ton higher. The net profit was also affected by the increased taxation on *public companies* announced by the Federal Minister of Finance in his budget in June, which in the case of Nchanga has meant additional tax amounting to about £490,000. We have appropriated £1.5 million for capital expenditure and a further £1 million to general reserve, partly to take care of our final subscription for Federal Development Bonds. We have nevertheless been able to recommend a net final dividend of 5s. 6d. per stock unit which, together with the interim dividend of 1s. 6d. makes a total of 7s. net for the year, the same dividend as was paid last year.

I referred a year ago to proposals being examined by the consulting engineers which were designed to improve extraction at the mine. Work has begun on the first stage of these extensions: a low grade oxide leach plant is being constructed to increase the recovery of copper by the reduction of residue losses. The second stage, which will follow shortly, involves the erection of a roasting plant to deal with low grade sulphides. The roasting plant should not only increase production by some 300 short tons a month by improved extraction, without increasing the mining rate, but also recover more economically about 600 short tons of copper a month from concentrates which are currently smelted at Nkana. These extensions will cost about £3.7 millions and we are satisfied that this outlay will be recovered within a few years from increased profitability. Every effort is also being made by the general manager and his staff to improve efficiencies underground and in the surface plant, and great progress has been made during the last year.

The process of African advancement which was started in 1955 as a result of the agreement between the Northern Rhodesia Mine Workers' Union and the copper companies was carried forward in November, 1960, when, after many months of painstaking negotiations, a further scheme was formulated. The gap between the present advancement jobs and those previously performed only by European employees has been effectively bridged by the excision of some categories from higher levels and the creation of a number of new jobs. Thus we have established an integrated wage scale and it will be possible for any employee to progress in accordance with his ability, qualifications and experience.

TECHNICAL TRAINING

A training scheme for young learners which is already in operation will give further practical effect to the agreement in the near future. Young men of both races are being accepted for training over a two-year period after which they will be placed in jobs according to merit. While this agreement effectively removes the problem of African advancement as such from the field of major negotiations with the Mine Workers' Union, it would be ambitious to claim that the plan provides the complete answer to the problem of advancement in the industry.

Apart from providing openings for youths

through the learner scheme, the agreement enables us to advance existing African employees of proved ability and experience to higher posts. At the time of writing a number of suitably qualified Africans have been selected for promotion. There have been delays in negotiations on implementing the new agreement with the Mines' African Staff Association and the Northern Rhodesia African Mineworkers' Trade Union but we hope that the discussions which are now under way with these organisations will shortly reach a satisfactory conclusion.

The companies have transferred all Africans from their present gratuity schemes to the group pension and life assurance schemes. This change will not affect the pension and other rights of existing members of the scheme, but the majority of African employees now joining the schemes will receive increased benefits. It will also remove one further racial distinction from conditions of employment on the mines.

AFRICAN EDUCATION

In the field of education, I am happy to say that striking progress has been made, through the Northern Rhodesia Educational Trust established by the copper companies in the provision of primary and secondary school facilities for Africans in addition to the Northern Rhodesia Government's expansion programme. The work of the trust, which has been extended to include Broken Hill, has been widely welcomed and there seems little doubt that the objective of providing at least a six year primary schooling on the Copperbelt and at Broken Hill for every African child will be achieved. I feel sure that members will be pleased at the contribution which our company has been able to make to the expansion of education in Northern Rhodesia.

The consulting engineers, the general manager and all employees of the mine have this year earned our thanks in many ways. At a time when costs generally are rising they have kept production costs steady and its efficiency and its appearance are a great credit to all our employees. With their continued co-operation and given political stability, I have every hope that the next 20 years will see progress at Nchanga comparable to the achievements of the last twenty years.

Copies of the annual report and accounts may be obtained from the London office of the company, 40 Holborn Viaduct, London, EC1.

Commercial Bank of Greece

STATEMENT AS AT 31st DECEMBER, 1960

LIABILITIES	Drs.	Drs.
Capital	89,100,000	
Reserves	85,042,776	174,142,776
Sight and time deposits	1,992,616,503	
Savings deposits ...	2,016,457,396	
Sundry creditors, etc....	1,722,721,074	5,731,794,973
Other liabilities ...		278,829,407
Profit balance		670,471
Contra accounts ...		2,571,259,975
	Drs.	8,756,697,602

ASSETS	Drs.
Cash and bankers ...	1,391,473,366
Investments	158,086,109
Loans and discounts ...	4,326,085,510
Sundry accounts ...	166,307,733
Bank premises and other real estate ...	143,484,909
Contra accounts ...	2,571,259,975
Drs.	8,756,697,602

Athens, 27th June, 1961.

EDGAR ALLEN & CO. LIMITED

(Steel Makers and Engineers)

LARGER SALES TURNOVER

MR W. H. HIGGINBOTHAM'S REVIEW

The 62nd Annual General Meeting of Edgar Allen & Co. Limited, was held on August 3rd at Sheffield, Mr W. H. Higginbotham, FCA, JSS, chairman, presiding.

The following are extracts from his statement on the accounts:—

The conditions which have attended the operations of the Company and its subsidiary companies during the year ended on April 1st last appear in retrospect as those of a trade recession, gradually diminishing in severity, but in some ways even more unequal in its impact than in the preceding year. They are reflected in an increase of 3.4 per cent in the aggregate value of the sales turnover of the Group coupled with an overall reduction of 11.4 per cent in its total untaxed profits; but this apparently disappointing result derives mainly from the operations of certain subsidiary companies, and conceals much that is otherwise satisfactory, and even encouraging.

PARENT COMPANY

The parent company's sales, which amounted to 65 per cent of the aggregate sales value of the Group, were 3.24 per cent greater than those of the preceding year and represent 81 per cent of those of the year 1957/58, immediately preceding the onset of the recession; its net untaxed profits, after provision for depreciation, were £20,518 (or 4.6 per cent) higher than those of 1959/60, though still only 70 per cent of their record high level of 1957/58.

SUBSIDIARY COMPANIES

Although the sales turnover of the eight subsidiary companies whose accounts are included in the consolidated accounts increased by some 4 per cent in value over that of the previous year, the total of their untaxed profits shows a severe decline. This is attributable, in the main, to the loss incurred by Buell Limited and to the very small profit made by Acieries d'Hirson, S.A. as against the very significant contribution to the total subsidiary company profits made by those two companies in previous years. From information now available it is believed that both companies will show considerably improved results for the current year.

Of the remaining three United Kingdom subsidiary companies, J. H. Humphreys & Sons Limited, with a considerable increase in sales turnover, showed a commensurate increase in profit; the British "Rema" Manufacturing Company Limited also showed improvement in both turnover and profit; the profit of Park View Steel Works Limited was roughly equal to that of the previous year, although the value of its sales turnover increased.

Turning to the other three overseas subsidiary companies; the South African company, through a considerably increased sales turnover, was able to show a small profit as against the losses sustained in the previous two years; the Rhodesian company also showed a small increase in profit; but the Canadian company showed a large reduction in turnover and a loss in excess of that for the last year. Reference was made in my last year's statement to the fact that its future was being given special consideration; and it has since been decided to close down its trading activities before the end of August, 1961.

On December 21, 1960, the parent company acquired full control of Edgar Allen Noyes Pty. Limited of Melbourne, Australia, a company in which it had previously held only a 50 per cent interest; and the name of the company was changed to Edgar Allen & Co. (Australia) Pty. Limited. Whilst this new subsidiary company is now responsible for the sale of all the Group's products in Australia and continues to carry on its former business of specialist heat treatment of steels, it is hoped that in due course it will develop the Australian manufacture of many of such products, including those of engineering character, in what is believed to be a sound and expanding market.

CAPITAL NEEDS AND FUTURE PROSPECTS

Your directors have been giving consideration to the consolidation of reserves into share capital and, at the same time, to the problem of providing for the Company's prospective capital needs.

If, as we hope, the effect of re-organisation now in progress is to increase and expand the business and the earning capacity of the Group, it is clear that not only will further capital investment in plant and equipment be required, but also that such expansion will involve the provision of additional working capital in current asset forms. The policy of development which underlies that re-organisation includes not only development of products and processes, but also the forming of associations which will supplement and make good deficiencies in manufacturing equipment and services which, in the past, have hampered the Company's operations very considerably.

If these purposes are to be carried into effect it is clear that they cannot be dependent only on availability of taxed profits, or the making of reserves therefrom; opportunities must be seized as they appear. The Company must be put into a position whereby when the time is opportune it can obtain further capital from the investing public; and to that end its authorised share capital should be increased and re-constituted. It is hoped therefore before the end of the current financial year to submit proposals to the members of the Company with that object in view.

At no time in recent years have future prospects and trading conditions been more difficult to forecast, but if history should repeat itself, we may still look forward to a prosperity in the fashioning and the sharing of which we may all participate.

The report was adopted.

"The popularity of our products outstripped our production"

REPORTING TO SHAREHOLDERS OF DANSETTE PRODUCTS LTD.
MR L. MARGOLIN SAID

In March I forecast a net profit in excess of £250,000 for the year to 31st March, 1961. This has turned out to be a conservative estimate as the accounts show the net profit for the year to be £316,497. Taking into account the costs of the capital issue, the trading profit has been maintained at the same level as 1960. Your directors have considered it reasonable to recommend a dividend of 30 per cent as against 25 per cent forecast in March.

I should like to take this opportunity of mentioning our major products. We make a wide range of record reproducers, radiograms and transistorised portable radios under the trade names Dansette and Plusagram. Since these were introduced their sales have increased considerably. We have been undertaking research into fully transistorised miniature radios and during the current year we hope to increase our range.

Addressing the meeting the chairman said:

At the time our Report was issued we were still engaged in concluding negotiations for the date of entry into our new factory accommodation. Although we have had what is in the main a newly built factory, the popularity of our products has outstripped our production capacity and we have been annoying our best customers in not being able to satisfy their orders promptly. We needed additional space—I am happy to say we have now got it, and we shall be taking possession in ten days' time.

I now come to our range of DANSETTE record reproducers, radiograms and portable radios and accessories. These go from strength to strength. At the Radio Exhibition to be held later this month in London we shall introduce our new transistorised pocket radio sets. In the year just past our turnover increased by over one-third over a previous record figure. It cannot necessarily be expected that we will maintain this rate of progress, but I can assure you that our sales for the first four months of the current year are substantially in excess of corresponding months in previous years.

Dansette

DANSETTE PRODUCTS LTD., 112/116, OLD ST., LONDON, E.C.1.

Copies of the report and accounts can be obtained from the above address.

CLIFFORD MOTOR COMPONENTS

WIDENING FIELD OF OPERATIONS

The thirty-second ordinary general meeting of Clifford Motor Components Limited will be held on August 31 in Birmingham. The following is an extract from the circulated statement of the chairman, Mr S. C. Joseph:

The Trading Profits of the Group after all charges, but before Taxation, together with Income from Trade Investments and Miscellaneous items amount to £851,779, an increase of £42,723 over the previous year.

The charge for Taxation (including Profits Tax at 12½ per cent compared with 10 per cent previously) amounts to £412,655, an increase of £19,880. This figure has been reduced by £26,206 being over provisions in previous years, leaving a charge against the profits of £386,449. After deducting this amount the Group Net Profit is £465,330, an increase of £40,928.

Having regard to the trading results your Directors recommend a Final Dividend of 20 per cent on the Issued Ordinary Capital. After the transfer of £225,000 to General Revenue Reserve and the proposed Dividend there remains a balance to be carried forward to next year of £160,526 compared with £151,437 brought in.

The General Capital Reserve now stands at £628,613. Out of this Reserve your Directors recommend the payment of a dividend of 2½ per cent amounting to £29,150 (not subject to Income Tax) on the issued Ordinary Stock which would leave the General Capital Reserve at £599,463.

AUTOMOBILE TRADE: During the second half of our financial year, those of our operating Companies which rely on the Automobile trade for the sale of their products suffered from the recession in that industry, but during the current year there has been some recovery.

AIRCRAFT AND GENERAL ENGINEERING: During the year under review this division has expanded satisfactorily.

RISE IN COSTS

We have had to absorb in considerable measure the increased cost of raw material and labour, but improved methods of production and widening our field of operation help to maintain our overall results.

In April, 1960, we acquired the whole of the Share Capital of North Bridge Engineering Company Limited of Leicester. Eleven months' profits from this Company are included in Group results. We are extending these Works to cope with increased demands.

Trading conditions in Canada have been difficult and N. C. Joseph (Canada) Limited is not yet profit earning. There has been some reorganisation and the situation is now more promising.

During the year under review, we have spent throughout the Group £385,000 on Plant and Factory extensions. At the close of the year there were commitments of £328,922 outstanding.

It is difficult to foresee the effects of a possible closer tie with European markets, but I believe that the future prospects of your Company are good.

STEEL BROTHERS AND COMPANY LIMITED

IMPROVED TRADING RESULTS

The seventieth annual general meeting of Steel Brothers and Company Limited will be held on August 24th, in London. The following are extracts from the circulated statement of the chairman and managing director, Mr P. G. G. Salkeld, CBE:

A year ago I stated that I was hopeful that better times were ahead of us and I am glad to be able to report that our profits for the year at least substantiate this hope.

Profits are £544,079 as against £423,906 for 1959. Provision for taxation less adjustments in respect of previous years is £295,000, leaving a net profit for the year of £249,079 against £158,906 for 1959. It is satisfactory to be able to record that after meeting the Preference and Preferred Ordinary Dividends the distribution to the Deferred Ordinary Shareholders for the year totalled 25 per cent, of which 20 per cent was paid out of Capital Profits.

I now comment on our operations under various headings.

UNITED KINGDOM.—Profits have been maintained at about the same level as for 1959.

Sondes Place Research Laboratories, Ltd.—There was again a moderate profit on the operations. Plans are in hand further to extend the premises to meet the need for greater space in which to handle certain new business.

Steel Brothers (Insurance) Limited.—This Company has continued to expand and as from 1st January, 1961, has joined forces with the old-established Lloyd's broking firm of S. E. Higgins & Co. and is now operating as Steel Brothers & Higgins (Insurance) Ltd.—a wholly-owned subsidiary in the Group.

BURMA.—Though our trading opportunities continue to be restricted a reasonable profit was earned.

The Burma Cement Company, Limited.—I am indeed pleased to be able to advise that just recently we have received the remittance of the final distribution due to Shareholders and liquidation is therefore almost complete.

INDIA.—The Agency on behalf of the Indian Tea Association has continued to work smoothly.

Our other business in India has been on a profitable basis.

The Indo-Burma Petroleum Co. Ltd.—Had another good year in that they again maintained fully their share of the expanding trade in petroleum products, but due to reduced margins the increase in trading profit was moderate only.

The dividend however is raised from 25 per cent to 30 per cent by means of a special distribution of 5 per cent.

PAKISTAN.—Results continue to improve and we have had another satisfactory year.

CEYLON.—Both E. B. Creasy & Co. Ltd. and Darley, Butler & Co. Ltd. had a poor year and profits were small.

MIDDLE EAST.—I am glad to report that both our Subsidiary Companies, Rafidain Developments Ltd. and W. J. Coker & Co. Ltd. turned their previous heavy losses into small profits and given settled conditions prospects this year are good. Our Associated Company, Spinney's (1948) Ltd., had another satisfactory year.

EAST AFRICA.—The trading climate ha has not been a happy one in these Territories i recent months, but our Associate Company Messrs. A. Baumann & Co. Ltd., has had reasonably satisfactory year.

CANADA.—*It is well known* that there wa a general recession in Canadian business durin the year and in particular one of the industrie *most affected* was the building industry in whic we are primarily involved through our Canadia Subsidiaries.

PROSPECTS.—*I will confine* myself t reporting that results obtained to date this yea confirm that the improvement in our affairs a *indicated in the Accounts* before you is bein maintained.

HICK, HARGREAVES & COMPANY LIMITED

STRONG FINANCIAL POSITION

MR W. D'ARCY MADDEN'S SPEECH

The Seventieth Annual Ordinary Genera Meeting of Hick, Hargreaves & Company Limited, was held on August 2, 1961, at Bolton

Mr W. D'Arcy Madden, CBE, JP, the Chairman and Managing Director, presided, and in the course of his speech said:

You will have seen from the Accounts tha the Final Group Profit of £397,503 is practically the same as the previous year and my forecast a year ago has proved correct—actually a 3 per cent increase in the profit before tax has compensated for the higher rate of Profits Tax. In view of the difficulties Heavy Engineering has experienced during the past year, these results are certainly satisfactory and with the large revenue reserves and the strong financial position, your Directors feel that the distribution of 20 per cent for the year is well justified, the dividends being covered two-and-a-half times. You will also have noticed that the capital employed by the Group is £3,842,876 and the profit before taxation, viz. £794,381, represents 20.5 per cent of the capital employed.

SATISFACTORY INCREASE IN PRODUCTION

HICK, HARGREAVES have again been responsible for nearly 80 per cent of the Group results. Notwithstanding lower margins the profits have been maintained through a satisfactory increase in production which has been assisted by a 6 per cent increase in the labour force over the year and with the acute shortage this in itself is an achievement.

The pioneer work carried out by Hick, Hargreaves some time ago in connection with vacuum degassing of steel has resulted in several orders being placed totalling £120,000. Sales of rotary vacuum and compressor units have continued to expand, showing a 30 per cent increase over the previous year. The sales for this type of plant will be further enhanced by the recent acquisition of a liquid ring pump of proved and tried design which will appreciably widen the field of application.

Work is proceeding satisfactorily on our Central Power Station contracts at Northfleet, Rugeley, Drakelow 'C,' Blyth 'B,' Thorpe Marsh and the Atomic Power Station at Hunterston. Future contracts in this field will

inevitably be less than in the past due to the smaller number of the very large units now planned. This will in part be offset by the development of ancillary plant for these units, notable amongst these being the hydraulic air pump I mentioned in my last Address. Since its development some two and a-half years ago, orders have been received for 48 units totalling over £360,000.

ORDER BOOK AT OVER £5 MILLION

The order book today still stands at over £5 million but trading may well become more difficult in the coming months owing to the continued adverse national trading balance.

The FOSTER, YATES & THOM results have been disappointing. The turnover has been rather more than last year and is, in itself, satisfactory, but the profit margins continue to remain too low. It has been in many respects a difficult year at Blackburn but the potential is there and this Company will ultimately carry its proper share of the Group results.

FINCH, WATSON have again had a most successful year with increased production and higher profits. The new Works are now completed and will shortly be in operation and this will enable the Company to substantially increase its present satisfactory if small contribution to the Group results.

CHANGES ON THE BOARD

Last January Mr Harold B. Finch, Chairman and Managing Director of Finch, Watson Limited, was appointed a Director to fill the vacancy caused by the death of Group Captain E. C. Lewis and you will be invited this afternoon to confirm his appointment.

Mr John Aspinall, for health reasons, wishes to retire at the end of next month. Mr Aspinall joined Hick, Hargreaves as an apprentice 50 years ago and he has been responsible for the Works and for Production since his appointment in 1929 as Works Manager. He was elected a Director of the Company in 1935 and appointed Deputy Managing Director in 1956. Mr Aspinall will continue to be a Director and will also accept an appointment in an advisory capacity whereby his unrivalled knowledge and experience will continue to be available to the Company.

The relations between the Management and the Employees of the Company continue to be happy and satisfactory and the Directors wish to express appreciation of their work and co-operation during the past year.

The report and accounts were adopted.

GEGR. BV 1869

BAYERISCHE VEREINSBANK

MUNICH NUREMBERG

Condensed Statement of Condition June 30, 1961

ASSETS	in 1000 DM
Cash	22 472
Balances at Deutsche Bundesbank	149 728
Balances on Postal Cheque Account	3 724
Balances at Credit Institutions (Nostro-Balances)	181 623
Matured Bonds, Interest and Dividend Coupons	1 121
Uncleared Cheques on other Banks	6 750
Bills of Exchange	225 237
Treasury Bills and Non-Interest-Bearing Treasury Bonds	62 888
Medium-Term Bonds and Notes	34 354
Securities	237 060
Own Mortgage and Other Bonds	8 598
Equalisation Claims and Covering Claims on the Public Authorities	109 399
Holdings in Syndicates	39 347
Debtors	670 843
Long-Term Lendings of the Banking Department	187 105
Long-Term Lendings of the Mortgage Department (against Mortgages on Real Estate and to Municipalities)	1 144 617
Loans on a Trust Basis at Third Party Risk	26 649
Participations	41 684
Bank Premises	31 460
Other Real Estate and Buildings	3 677
Office Furniture and Equipment	—
Own Shares	—
Other Assets	42 799
	3 230 535

LIABILITIES	in 1000 DM
Deposits	1 489 441
thereof	
a) Sight Deposits	528 817
b) Time Deposits	479 999
c) Saving Deposits	480 625
Monies Borrowed at Short Term	3 775
Own Acceptances	—
Monies Borrowed at Medium Term	17 887
Loans taken at Long Term by the Banking Department	128 358
Loans taken at Long Term by the Mortgage Department	62 353
Bonds issued outstanding in the Market (Mortgage and Municipal Bonds)	1 191 669
Loans on a Trust Basis at Third Party Risk	26 649
Capital	70 000
Reserves	85 000
Pensions Reserve	27 600
Other Reserves for Special Purposes	48 548
Value Adjustments (unless set off on other items)	1 000
Other Liabilities	78 253
	3 230 535
Own Drawings in Circulation	—
Liabilities arising from Guarantees, including Guarantees of Bills and Cheques, and from Indemnity Agreements	108 204
Endorsement Liabilities on Bills of Exchange in Circulation	5 171

Board of Management: Wilhelm tom Dieck, Munich; Albin Hartlig, Munich; Jürgen von Köller, Munich; Dr. Werner Premauer, Munich; Dr. German Schweiger, Nuremberg; Dr. Franz Steffan, Munich; Dr. Werner Teichmann, Munich; Dr. Hans Christoph Freiherr von Tucher, Munich; Elmar Warning, Munich. **Alternate:** Dr. Heribald Närger, Munich.
Board of Directors: Dr. Ludwig Mellinger, Munich, Chairman; Dr.-Ing. E. h. Karl Butzengeiger, Kommerzienrat, Munich, Vice-Chairman.

COMPANY AFFAIRS

Triplex

THE preliminary statement from Triplex Holdings contains two surprises: profits for the year to June 30th are not as bad as had been feared but, against this, the ordinary dividend, which the stock market had expected to be maintained, has been reduced from 15 per cent to 12½ per cent. At the half way stage pre-tax profits of this leading supplier of safety glass to the motor industry had slumped from £870,000 to £348,000 but they made a better showing in the last six months. Reflecting some recovery in production in the motor industry the fall in profits has been limited to £215,000 at £659,000. But net profits for the year as a whole have fallen by some 42 per cent from £798,000 to £460,000.

The cut in dividend upset the market and the 10s. shares were marked down by 4s. to 33s. 7½d. so that they now yield 3.7 per cent on the 12½ per cent dividend, covered almost twice by earnings. A maintained 15 per cent dividend would have been covered 1.6 times. The directors, now headed by Mr Lincoln Steel, give no reason in the preliminary statement for the reduction. Have they been influenced by the Chancellor's plea for restraint or are they concerned about the course of profits in a period when credit will be tight?

William Hollins

EARLIER this year, William Hollins acquired Gainsborough Cornard and with it entry into the promising field of knitted man-made fibres. The group's principal branded products, "Viyella" and "Clydella," are well established and recently its range of newer brands have been extensively advertised and much in evidence in the shops. A £1 million rights issue was proposed, from which the cash outlay of about £850,000 involved in the Cornard acquisition was to be funded and the remainder applied in expanding the group's manufacturing capacity that was unable to satisfy demand for its products.

Instead, however, of expansion, the group appears to be taking consolidating steps this year. The chairman's report for the year to December 31st said that "if no worse things happen in the world than occurred in 1960" profits would be satisfactory this year. It now seems likely that profits will be lower this year, though the directors hope to maintain the dividend at 10 per cent. Sales have not deteriorated but production has had to be slowed down to reduce stocks of finished products to an "adequate" level and the merger with Cornard will set in train a "substantial" reorganisation. The rights issue is off: more use will be made of bank overdrafts, which amounted to £174,000 net at December 31st, and by rationalising production and reducing stocks the group hopes to generate its own finance.

The reshuffling of the board of directors that goes hand-in-hand with the reorganisation of the group under a holding company, to be known as Viyella International, and the reconstitution of William Hollins to hold the trading assets are moves of evident significance. It is also proposed that the directors and the executives be given the right to subscribe for 200,000 of the group's £1 ordinary shares at prices ranging from 30s. a share this year to 37s. 6d. in 1966. Currently, William Hollins' shares stand at 27s. 1½d., to yield 7.4 per cent.

Thorn

THE full report of Thorn Electrical Industries came hard on the heels of the preliminary statement, which revealed a rather unexpected rise of 5 per cent in trading profits from £3,917,000 to £4,114,000. In it, the chairman, Mr Jules Thorn, says that new records in turnover and profit have been achieved by the lighting division. The group has added to its sales of electric cookers, and Mr Thorn says that the new furniture-styled refrigerator has been "well received." The total sales of the radio and television division declined, as was to be expected, but Thorn has added to its share of the market. It is now the biggest producer of radio and television sets in this country, having under its wing Ferguson, Philco, Ultra and Pilot, as well as interests in HMV and Marconiphone. The sheer size of Thorn's interests as well as the dividend cover of 4½ times is recognised in the yield of 2.6 per cent offered by the 5s. shares at 48s. 9d. on a dividend of 25 per cent.

The yield looks a long way ahead and does not perhaps take enough account of the immediate difficulties. First, the credit squeeze darkens the prospects for a market which, in television sets at least, is close to saturation point. Secondly the Thorn group, partly as a result of this purchase, is short of liquid resources. Last year its stocks rose from £13¼ million to £18 million and even after the £3 million loan stock issue in December the group had a net bank overdraft of £1,432,000 at the end of March. As the group has to pay £2.4 million in cash for Ultra Electric before next April and is committed to spend at least another £500,000 on capital account and as its cash flow amounts to little more than £2 million the directors will have to do some hard thinking about the sources of new finance.

Nchanga

THE current yield of 15 per cent on the £1 shares of the Rhodesian copper producer, Nchanga, has to be seen against a spotty background—a fairly optimistic long term outlook for the mine, as the chairman, Mr Harry Oppenheimer shows, but present unrest in the Copperbelt. High yields on copper shares have been brought about more by political and racial tensions in Central Africa than by over-production, which led to a 10 per cent cut in sales last October following a slide in copper prices.

Nchanga's accounting year ends on March 31st so the latest results reflect the relatively high price of copper in the second quarter of 1960 before it began to slide. Restrictions on sales have not yet been lifted but copper has recovered by about £15 to £230 a ton since the beginning of this year. Clearly lower prices and the voluntary reduction in sales were the main reasons for the fall of £1,346,000 to £20,078,000 in Nchanga's operating profits in the year to March 31st. The report shows that while Nchanga's output went up from 178,045 tons to 184,000 tons its sales fell from 177,886 tons to 172,670 tons and the average price it received fell from £240 to £237 per ton. But the building up of stocks—at the end of March they amounted to £6.9 million, against £5.5 million—suggests that Nchanga is well placed to satisfy any improvement in demand.

Ore reserves were estimated at 184 million tons at the end of March, with an average grade of 4.63 per cent, and work is now going ahead on plans to increase the recovery of copper from the ore bodies. These developments will cost about £3¾ million but Mr Oppenheimer is satisfied that this outlay will be recovered from higher profits within a few years. Given political stability the chairman has every hope that the next 20 years will see progress at Nchanga comparable with that made in the past twenty years since the mine was first operated. If Nchanga, however, does no more in the current year than to maintain the dividend at 35 per cent, which in 1960-61 absorbed £9,800,000 from net profits of £12,450,000 shareholders should have no cause for complaint.

Property Results

TWO leading property companies have announced higher earnings but leave their dividends unchanged. In neither case is this surprising: **Capital and Counties Property** had already forecast no change a few weeks before and the ranking ordinary capital of **Central and District Properties** almost doubled over the year to March 31st from £1,672,000 to £3,172,000. But it now appears that the directors of Capital and Counties were in fact intending to raise the total payment from 16 to 17½ per cent before the Chancellor's call for dividend restraint. The directors of Central and District have made no reference to the dividend freeze but the preliminary statement shows that earnings had risen sufficiently to justify a higher dividend than the unchanged 13½ per cent.

Central and District's profits before tax rose from £464,000 to £644,000 and net profits from £268,000 to £371,000 so that earnings on the much bigger capital amounted to almost 16 per cent. The increase in the pre-tax profits of Capital and Counties whose financial year ends in April was less marked, its profits amounting to £477,000 against £450,000. But after a slightly lower tax charge and the addition of £33,000 for ground rent and interest in respect of properties being developed its net profits rose from £243,000 to £306,000, to produce earnings of 18½ per cent.

The squeeze on finance for property development makes those companies which are already adequately endowed with funds more attractive to investors than those without links with insurance companies. In his statement last year, for example, the chairman of Central and District said that the company could face the credit squeeze with "some degree of equanimity" following an agreement with the Prudential which undertook to lend £6¾ million, and at 41s. 9d. the 10s. shares yield just over 3 per cent. Capital and Counties recently negotiated an £18.3 million debenture from the Prudential and Norwich Union (which already had a 7½ per cent stake in the equity of the company). The details of this loan have yet to be announced but it seems likely that it will provide for a further interest in the equity by the two insurance offices. In the past financial year Capital and Counties also raised £1 million from a rights issue and just over £2 million from an issue of debentures. A large part of these funds is required for the Knightsbridge Estate which has been described as "probably the most valuable development area in the United Kingdom." At 38s. 4½d. the 5s. shares yield 2.1 per cent. This looks well ahead to the benefits to come when this development is completed. On a 17½ per cent dividend the yield would be 2.3 per cent.

Scottish and Newcastle Breweries

FOR the year to April 30th last shareholders of Scottish and Newcastle Breweries are to receive a total dividend of 16 per cent. This compares with a forecast of 14 per cent made at the time of the merger with Newcastle Breweries and the 13 per cent paid to shareholders in Scottish Brewers in the previous year. Since the latter payment had been increased from the equivalent of 8½ per cent, dividends have in fact almost doubled in two years and in four years they have more than trebled. In an addendum to his statement the chairman, Mr W. McEwan Younger, says that the company's policy of expansion is based on large-scale capital investment to give a good return on capital invested and that it has always sought to offset rising costs wherever possible by modernisation and increased efficiency rather than by raising prices. If these methods continue to produce higher profits, Mr Younger says, "any suggestion that stockholders are not entitled to look for a reasonable increase in dividends . . . appears to me not only inequitable but also directly contrary to the policies which we, in this country, must pursue if we are to survive and prosper in a highly competitive world."

With the bigger dividend has come the announcement of a one-for-one scrip issue and though no firm dividend forecast is made the chairman's comments on the 12 per cent rise in profits from £4,480,000 to £5,032,000 of the group as constituted at April 30th last point clearly to a further rise in earnings. He says that much of the benefits of recent acquisitions, particularly those expected to arise from the Newcastle merger, have yet to accrue. The substantial expansion of capacity at the Fountain Brewery together with the closing of a number of small breweries has involved large non-recurrent expenditure which has been charged to the 1960-61 accounts, while the marked economies in working costs arising from this policy of rationalisation were not reflected in those accounts.

That there is still much work to be done in extending and modernising the group is reflected in the capital commitments of £4.1 million outstanding at the end of April. At that date the balance sheet shows a net overdraft of £1.9 million, but since then Scottish and Newcastle, whose cash flow is about £2¼ million, has raised £4¼ million by a debenture issue. The confident tone of the chairman's statement made no impact on the price of the £1 shares which at 96s. 3d. yield 3½ per cent.

H. S. Whiteside

THE directors of H. S. Whiteside, the food manufacturing group, are well in the fashion in announcing a rights issue to raise £945,000 "in view of the necessity for a reduction in the bank overdraft." The group has expanded steadily since its early postwar days, adding several subsidiaries—including Maconochie Foods in 1958 and British Fish Canners in 1959—to its original "Sun Pat" range of products. A full year's profits from three companies acquired in 1959 contributed to the 20 per cent rise in its consolidated trading profit from £439,000 to £526,000 in 1960, but after heavier interest charges the rise in net profits was limited to 9 per cent, from £208,000 to £227,000, and the ordinary dividend was left unchanged at 40 per cent.

Expansion has been reflected in a steep rise in bank overdrafts. They rose from £592,000 to £1,043,000 in 1959 and the acquisition of yet another company last December may also have added to its short-term indebtedness. The need for new money is plain, but the benefits arising from the rights issue for shareholders are less obvious. They are offered three 1s. ordinary shares at 3s. each for every four shares already held, but a total dividend of not less than 30 per cent, compared with the 40 per cent paid on the smaller capital, is forecast for 1961. On 30 per cent, the new shares ex rights at 5s. 3d. would yield 5.7 per cent, which is no more than the old shares were offering on the 1960 dividend.

London Stock Exchange

FIRST DEALINGS:	July 23	Aug. 4	Aug. 22
LAST DEALINGS:	Aug. 3	Aug. 18	Sept. 1
ACCOUNT DAY:	Aug. 15	Aug. 29	Sept. 11

THE stock market remained under the influence of the Trustee Investments Bill before the bank holiday; there was some switching into equities both before and after the bill became law on Thursday evening so that the *Financial Times* index of ordinary share prices showed a rise of 22.1 points over last week as a whole, the biggest rise since the week after the Conservative election victory in October, 1959. Gilt-edged stocks were depressed under the combined influences of trustee selling and seven per cent Bank rate. But late on Friday and after the holiday it became clear that trustees had, for the time being at least, finished switching out of gilts into equities. The prices of leading equities, which had recently been favoured by trustees, fell back and sales by profit takers added to this pressure. Over the week to Wednesday *The Economist* indicator gained 5.8 points to 377.2. In contrast, gilts rose on Tuesday and had their best day for some months on Wednesday. The improvement in sterling and more particularly the high yields which resulted from last week's price falls attracted some institutional buying. Before the weekend many stocks fell to new low levels but short-dated stocks were comparatively steady. After touching a new low of 36¼ on Friday, 2½ per cent Consols showed a net gain of ⅜ to 37¾ over the week to Wednesday; the other irredeemables and long-dated stocks followed a similar pattern.

The demand for equities last week centred upon the leading shares. Insurance shares were early targets for trustees, but they later fell back; Legal and General lost ¾ to 31¼. Bank shares generally showed net falls over the week, but Westminster "B" made a net gain of 2s. 3d. to 81s. 9d.; among hire purchase shares, UDT rose by 7s. 6d. to 145s. Brewery shares held their early gains, and Watney Mann were 3s. higher over the week at 90s. 6d.

Among the leading stocks to benefit from trustee demand were ICI, which gained 1s. 6d. to 71s. 3d. after touching 73s. 6d. on Friday and Unilever which gained 3s. 9d. to 146s. 3d. Store shares lost small amounts over the week, and Woolworths were 6d. lower at 52s. 7½d. Steel shares made mixed movements over the week, but conformed to the general pattern of early rises and late falls.

Motor shares were influenced by the news of stiffer hire purchase terms and the lower dividend from Triplex; Rootes and Jaguar each made small gains, but BMC fell back 3d. to 14s. 4½d. The news of higher freight rates gave a fillip to shipping shares and trustee demand pushed up the prices of oil shares, with Shell Transport gaining 2s. 9d. to 124s. 9d. Tin shares improved, and Kaffirs continued to rise; Free State Geduld gained 7s. 6d. to 83s. 9d. on American buying.

LONDON AND NEW YORK STOCKS

Prices, 1961 High	Prices, 1961 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Aug. 2, 1961	Price, Aug. 9, 1961	Net Yield, Aug. 9, 1961 £ s. d.	Gross Yield, Aug. 9, 1961 £ s. d.
92½	88⅜	Savings Bonds 3% 1955–65	88 19/32	88⅜	5 0 0	6 4 11
100 15/32	99	Conversion 4½% 1962	99 15/32	99 7/16	4 7 9	6 1 11
96⅝	93¾	Exchequer 3% 1962–63	94⅜	94⅜	4 19 2	6 5 5
101 5/16	98¾	*Treasury 5½%* 1962	99 7/16	99 3/32	3 13 4	6 4 5
93 29/32	90¼	Exchequer 2½% 1963–64	90 9/16	90 7/16	5 5 10	6 5 4
99 19/32	95⅝	Conversion 4½% 1963	96 13/16	96 5/16	4 9 9	6 10 6
98 3/32	94½	Conversion 4½% 1964	94 15/16	95⅛	4 10 1	6 9 4
101 5/16	96	Exchequer 5½% 1966	96 5/32	96⅝	4 6 0	6 8 8
83⅛	78⅜	Funding 3% 1959–69	79¼	79	5 5 11	6 14 11
89¾	86	Funding 4% 1960–90	86½	86⅛	5 12 4	6 13 11
79 13/16	74⅝	Savings Bonds 3% 1960–70	75⅜*	75¼*	5 6 0	6 13 3
84⅞	80¾	Savings Bonds 2½% 1964–67	81⅜	81⅜	5 8 11	6 12 11
72 11/16	66¼	Savings Bonds 3% 1965–75	67⅛*	66⅞*	5 3 10	6 13 5
83 15/16	73⅞	Funding 3% 1966–68	79⅜	79⅜	5 8 9	6 15 5
97½	92½	Victory 4% 1920–76	93⅛*	93*	3 8 10	5 1 1
85½	80¼	Conversion 3½% 1969	80⅞*	80⅝*	5 5 4	6 15 10
93 5/16	87	Conversion 5% 1971	87⅞	87⅝	4 13 2	6 15 7
95 11/16	88½	Conversion 5½% 1974	89⅜	88⅞	4 8 2	6 12 11
73⅛	66	Treasury 3½% 1977–80	67⅛	66¾	4 17 10	6 13 6
72¼	65	Treasury 3½% 1979–81	66⅛*	65¾*	4 17 8	6 13 11
97 7/16	88½	Funding 5½% 1982–84	89⅝	89	4 2 10	6 9 4
59½	51¾	Redemption 3% 1986–96	52½	52¼	4 12 11	6 11 7
88¼	80½	*Treasury 5%* 1986–89	81⅝	80⅞	4 6 0	6 12 8
63 1/16	55	Funding 3½% 1999–2004	56⅜	56	4 9 3	6 12 5
94⅝	81¾	Treasury 5½% 2008–12	85¾	82*	4 4 4	6 14 6
65⅜	56½	Consols 4% ..... after Feb. 1957	57⅜	57⅝	4 5 2	6 19 11
59¼	50½	War Loan 3½% ..... after 1952	51¾	51⅞	4 13 4	6 16 9
59	50½	Conv. 3½% ..... after Apr. 1961	51¾	51¾	4 3 11	6 18 4
50⅞	43¼	Treasury 3% ..... after Apr. 1966	44¼	44⅛	4 3 10	6 18 1
44	36½	Consols 2½%	37⅜	37¾	4 1 6	6 13 4
43½	36¼	Treasury 2½% ..... after Apr. 1975	37⅜	37¾	4 2 4	6 15 8
91 5/16	85¾	British Electric 4½% 1967–69	86½*	86⅛*	4 17 4	6 15 5
75 11/16	70½	British Electric 3% 1968–73	71½	71¼	5 4 11	6 14 9
70⅝	64½	British Electric 4½% 1974–77	66⅞	64⅞*	5 2 5	6 12 4
81⅞	76	British Electric 4½% 1974–79	77⅛	76⅝	4 11 11	6 12 9
73½	67	British Electric 3½% 1976–79	69⅛	67¾	4 17 5	6 13 11
84⅞	78¼	British Gas 4% 1969–72	79⅜	79⅛	4 18 8	6 14 4
81 13/16	76	British Gas 3½% 1969–71	78¾	76⅞*	5 3 2	6 14 7
59⅜	51¾	British Gas 3% 1990–95	52¾	52¾	4 13 2	6 11 11
75 11/16	70½	British Transport 3% 1968–73	71½	71¼	5 4 11	6 14 9
80⅞	74	British Transport 4% 1972–77	74⅞	74¼	4 15 3	6 13 4
61 7/16	53¾	British Transport 3% 1978–88	54¾	54¾	4 17 11	6 13 4

Prices, 1961 High	Prices, 1961 Low	DOMINION AND CORPORATION STOCKS	Price, Aug. 2, 1961	Price, Aug. 9, 1961	Yield, Aug. 9, 1961 £ s. d.
82½	76½	Australia 3¼% 1965–69	77¼	76¾	7 1 01
101	95	Australia 6% 1974–76	96	95	6 13 01
73½	67	Ceylon 4% 1973–75	67½	67	8 10 01
101⅛	92¾	New Zealand 6% 1976–80	93¼*	93*	6 12 01
80½	70½	Rhodesia and Nyasaland 6% 1978–81	71½	70½	9 6 01
81	73	South Africa 3½% 1965–67	74	73½	9 17 01
59	53½	Southern Rhodesia 4½% 1987–92	54	54	8 16 61
94⅝	85¼	Agricultural Mortgage 5½% 1980–85	87½	85½	6 15 31
89	82¼	Birmingham 4¼% 1967–70	83¼	82½	6 17 01
92¾	86½	*Bristol 5%* 1971–73	87¼	87¼	6 12 01
93	87	Corporation of London 5¼% 1976–79	88¼	87¾	6 9 01
48¾	41	L.C.C. 3% ..... after 1920	42¼*	42¼*	7 0 0f
87⅛	81¾	L.C.C. 5% 1980–83	83	82¼	6 13 61
93	85¼	Middlesex 5½% 1980	87¼	86¼	6 13 01

NEW YORK PRICES AND INDICES

	Aug. 2 $	Aug. 9 $		Aug. 2 $	Aug. 9 $		Aug. 2 $	Aug. 9 $
Atch. Topeka ...	25	26½	Boeing	53¼	53⅞*	Int. Harvester ..	51⅞	53⅝
Can. Pacific	24¾	23⅞	Celanese	37⅛	37⅜	Inter. Nickel ...	84⅜	82¾
Pennsylvania	13⅜	14⅛	Chrysler	48	51⅜	Inter. Paper	31½	34¼
Union Pacific ...	34¼	35	Col. Palmolive ..	44⅜	47	Kennecott	88	88
Amer. Electric ..	69⅞	70⅜	Crown Zeller.. ..	53¼	56	Monsanto	54⅞	55⅜
Am. Tel. & Tel...	121	123¼	*Distillers Seag...*	38	40⅝	*Nat. Distillers..*	28½	28
Cons. Edison	76¼	77½	Douglas	38¾	39¾	Pan-American .	18	19⅞
Int. Tel. & Tel...	58½	59⅜	Dow Chemical...	80¼	77⅜	Procter Gamble	90¾	93
South'n. Nat. Gas	43	43⅞	Du Pont	230¼	232	Radio Corpn...	60¼	61
United Corpn....	8⅝	8⅞	East. Kodak.....	105¼	107	Sears Roebuck .	70½	70½
Western Union .	46½	46¼	Ford Motor.....	90¼	93⅛	Shell Oil	43½	44⅜
Alcoa.....	72⅞	76	Gen. Electric	67⅜	68⅛	Socony-Mobil...	46¾*	46¾
Aluminium	31⅜	31¾	General Foods ..	86¾	87	*Stand. Oil Ind..*	51¼	51⅝
Amer. Can.....	45⅜	44⅝	General Motors .	47¼	47⅝*	Stand. Oil N.J..	45⅝	45½*
Am. Smelting....	67¼	66	Goodyear	44½	44¼	Union Carbide.	137½	138½
Am. Viscose	55½	55	Gulf Oil.....	38⅝	38⅝	U.S. Steel	85⅞	87
Anaconda	56⅜	57	Heinz.....	62¼	63¼	West. Electric..	47⅜*	47⅜
Beth. Steel	43*	42¼	Int. Bus. Mach...	482	497	Woolworth.....	76⅛	74⅛

Standard and Poor's Indices (1941–43=10)

1961	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
July 12	68·97	2·92	31·91	5·07	59·63	3·24	89·54	3·93
,, 19	68·35	2·95	30·89	5·23	59·03	3·27	89·64	3·92
,, 26	69·61	2·89	31·81	5·08	59·58	3·25	89·96	3·89
Aug. 2	70·89	2·84	31·83	5·03	59·98	3·22	89·64	3·92
,, 9	71·69	2·82	32·53	4·97	60·94	3·17	88·18	4·06

425 Industrials :—High, 71·80 (Aug. 8). Low, 60·87 (Jan. 3).

* Ex dividend. † Tax free. ‡ Assumed average life 8 years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all.
(a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution of 1s. 6d. per share. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling.
(h) After Rhodesian tax. (i) To latest date.

Prices, 1961 High	Prices, 1961 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Aug. 2, 1961	Price, Aug. 9, 1961	Yield, Aug. 9, 1961	Cover
		%	%	**BANKS, DISCOUNT & HP**				
29/3	22/6	6 *a*	14 *b*	Barclays £1	26/-	25½	4·19	2½
22/-	17 11/12	11½ *c*	4 *a*	Borax Defd. 5/-	17 7/12	18/-*	3·19	3
58/9	41/6	7 *b*	4 *a*	Fisons £1	44/6	42/3	5·21	13⅓
81/6	63/11½	6¼ *a*	7½ *b*	I C I £1	69/9	71/3	3·86	2
26/10½	20/-	5 *a*	10 *b*	Monsanto 5/-	20/9	21/3	3·53	2½
				DRAPERY & STORES				
36/-	24/-	4 *a*	8 *b*	Boots Pure Drug 5/-	28/9	29/3	2·05	2¼
91/3	58/6	20 *b*	7½ *a*	Montague Burton.... 10/-	73/9	76/10½	3·58	2
74/3	48/-	13½ *b*	5⅝ *a*	Debenhams 10/-	55/7½	56/6	3·40	1½
59/4½	45/-	12½ *a*	25 *b*	G.U.S. 'A' 5/-	49/9	50/3	3·73	2
70/3	50/-	20 *a*	25 *b*	House of Fraser 5/-	55/9	54/-	4·17	1¼
21/11½	15/9	5 *a*	7⅓ *b*	Lewis's Invest. Tst. .. 4/-	16/2¼	16/3	3·04	2¼
106/9	85/11½	15 *a*	32½ *b*	Marks & Spencer 'A'.. 5/-	112/-	101/3‖	2·35	1½
53/10½	34/10½	10 *a*	20 *b*	United Drapery 5/-	47/6‖	47/9	3·14	1¾
62/11½	50/3	25 *b*	10⅝ *a*	Woolworth 5/-	53/11½	52/7½	3·40	1½
				ELECTRICAL & RADIO				
48/6	35/9	5 *a*	10 *b*	A.E.I. £1	36/3	36/-	8·33	1
15/5¼	9/7½	...	...	Brit. Electronic Inds. 5/-	9/7½	10/11½	...	...
62/3	49/-	4 *a*	9½ *b*	B.I.C.C. £1	54/9	58/6	4·62	2
14/7½	11/3	7½ *b*	5 *a*	Crompton Parkinson. 5/-	11/9	11/9¾	5·29	2¼
76/-	54/-	23½ *c*	3½ *a*	Decca Record. 10/-	60/9	67/-	3·48	2
52/-	36/9	12½ *b*	5 *a*	E.M.I. 10/-	37/6	38/9	4·52	2¼
38/-	25/9	5 *a*	8 *b*	Elliott-Automation .. 5/-	34/9	34/6	1·88	2
40/6	30/3	3 *a*	7 *b*	*English Electric* £1	31/3	31/6	6·35	1½
39/6	29/-	3 *a*	7 *b*	General Electric £1	30/6	30/6	6·56	2
72/9	47/-	4½ *a*	8½ *b*	C. A. Parsons £1	55/-	55/-	4·55	4
63/-	45/3	25 *c*	25 *c*	A. Reyrolle £1	42/9	44/-	4·43	2¾
				Thorn Electrical 5/-	48/6	50/-*	2·50	4½
				ENGINEERING				
36/9	27/7½	4½ *a*	4½ *b*	Babcock & Wilcox.... £1	28/11½	28/7½	6·29	1
48/9	33/-	4 *a*	7 *b*	John Brown £1	36/9	40/-*	5·50	2½
8/4½	5/7½	3 *a*	9 *b*	Cammell Laird 5/-	6/2¼	6/-	10·00	1
33/9	24/7½	10 *a*	20 *b*	Internat. Combust. .. 5/-	26/7½	27/10½	5·38	1½
9/11½	4/9	...	...	Rich'ds'ns. Westg'th. 10/-	4/9	4/9	...	...
40/-	28/-	2½ *a*	9½ *b*	Swan Hunter £1	30/-	30/-	6·67	2¼
17/4½	13/6	5 *a*	Nil *b*	John Thompson 5/-	14/6	14/6	1·72	...
33/10½	21/8¼	17½ *c*	12½ *a*	Coventry Gauge 10/-	26/9*	29/4½*	4·17	2¼
79/9	51/6	16 *b*	12½ *a*	Alfred Herbert £1	64/9	66/-*	4·21	1¾
78/-	64/-	7½ *a*	12½ *b*	*Allied Ironfounders..* £1	66/-	67/6	5·93	1½
110/-	83/-	5 *a*	10 *b*	Averys £1	89/6	93/-	3·23	2½
36/10½	20/7½	7½ *b*	4 *a*	B.S.A. 10/-	22/-	23/3	6·02	2¾
14/9	10/9	8½ *b*	4½ *a*	George Cohen 5/-	11/-	11/-	5·91	2½
177/6	129/6	10 *a*	17½ *b*	Davy-Ashmore £1	140/-	142/6	3·86	2½
108/7½	78/6	5 *a*	11 *b*	Guest Keen £1	91/-	92/-	3·48	2½
31/-	22/-	4 *a*	12 *b*	Head Wrightson 5/-	24/6	25/-	3·20	2½
100/3	68/3	5 *a*	7 *b*	Metal Box £1	87 7/12	87/-	2·76	2¼
22/6	14/-	10 *b*	4 *a*	Ransome & Marles ... 5/-	20/4½	16/10½	4·15	3
50/6	34/6	3 *a*	7 *b*	Rotold Chains £1	42/9	46/-	4·35	1¾
44/11½	29/7½	10 *a*	17½ *b*	Simon Engineering ... 5/-	35/11½	36/11½	3·81	2
85/6	64/6	14 *c*	7 *a*	Tube Investments £1	67/6	65/3	4·29	2¾
38/4½	28/-	2½ *b*	7½ *b*	Vickers £1	33/-	33/6	5·97	1¾
84/6	64/6	11¼ *b*	3¾ *a*	Ward (Thos. W.) £1	70/-	73/6	4·08	3
30/-	20/6	5 *a*	22½ *b*	Woodall-Duckham.. 5/-	20/6‖	20/6	5·12**	2¾

NEW YORK STOCKS

Prices, 1961 High	Prices, 1961 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Aug. 2, 1961	Price, Aug. 9, 1961	Yield, Aug. 9, 1961	Cover
		%	%	**FOOD & TOBACCO**				
34/-	17/6	10 *c*	10 *c*	Allied Suppliers 10/-	18/9	18/9	5·33	2¼
15/-	7/9¾	10 *a*	12½ *b*	Assoc. British Foods.. 1/-	12/3	12/9	1·76	2½
74/-	55/-	4 *a*	8 *b*	Bovril £1	63/-	64/-	3·75	2½
15/6	11/9	147 13/20	27 11/20	Brooke Bond 'B' 5/-	12/6	12/6	4·35	3¾
19/3	13/3	2½ *a*	10 *b*	International Tea 5/-	13/4½	13/4½*	4·67	1¾
107/9	71/6	5 *a*	10⅝ *b*	J. Lyons 'A' £1	72/9	72/9	4·35	1¼
35/6	25/9	9 *b*	5 *a*	Ranks 10/-	28/-	29/-	4·83	2
14/07¼	10/9	2½ *a*	7½ *b*	Spillers 5/-	11/6	12/-	4·17	2
55/-	43/11½	9 *b*	3 *a*	Tate & Lyle £1	45/9	47/6	5·05	2
20/10½	16/33¼	5 *a*	9 *b*	Unigate 5/-	16/10½	16/7½*	4·21	1¾
73/-	62/-	12½ *c*	5⅝ *a*	*Brit. Amer. Tobac.* .10/-	66/6	67/9	5·22	2¾
51/6	40/-	5 *a*	15 *b*	Gallaher 10/-	40/9	41/4½	4·83	2
71/6	65/3	14 *b*	8½ *a*	Imperial Tobacco..... £1	68/6	68/9*	6·55	1¾
				INSURANCE				
151¼	115/16	150 *a*	155 *b*	Britannic 5/-	135/16	13¾	3·12	...
86/3	61/3	20 *a*	25 *b*	*Commercial Union* ..5/-	71/3	67/6	3·33	...
32	17/-	†41·17c	†41·17c	Equity & Law Life ... 8/6	26⅜	27⅛	1·05	...
176/9	103/9	20 *a*	40 *b*	General Accident.. 5/-	148/-	145/6	2·06	...
60/6	42/7½	35 *a*	40 *b*	Guardian 5/-	52/9	51/9	2·58**	...
39½	23¼	80 *a*	110 *b*	Legal & General..... 5/-	32	31¼	1·52	...
146/-	100/-	8½ *a*	11½ *b*	Northern & Empl..... £1	133/6	135/6	2·95	...
272/6	156/3	†20 *a*	†70 *b*	Pearl 5/-	226/3	227/6	3·23	...
29	18	†183⅓ *c*	†208⅓ *c*	Prudential 'A' 4/-	22	23½	2·90	...
182/-	140/9	50 *a*	50 *b*	Royal 5/-	167/6	165/6	3·02	...
129/3	104/6	7½ *a*	11¼ *b*	Royal Exchange £1	116/9	115/-	3·26	...
				MOTORS & AIRCRAFT				
18/10½	13/9	12½ *b*	7½ *a*	British Motor 5/-	14/7½	14/4½	6·96	2½
86/3	66/11½	20 *c*	20 *c*	Jaguar Cars 'A' 5/-	75/9	77/6	1·29	7¾
48/6	41/10½	2½ *a*	8½ *b*	Rolls-Royce £1	46/10½	46/6	4·73	2¼
10/-	6/8¼	12 *c*	12 *c*	Rootes Motors 'A' ... 4/-	7/3	7/6	6·40	5¼
88/9	52/2¼	15 *b*	7½ *a*	A.C.V. £1	75/7½	76/3	4·20**	2½
99/10½	79/-	20 *a*	20 *c*	Leyland Motors £1	98/-	97/-	4·12	...
18/6	14/-	3½ *a*	9 *b*	Bristol Aeroplane ... 10/-	17/9	17/4½	7·19	2½
33/3	28/11½	10 *a*	5 *b*	Hawker Siddeley £1	30/7½	31/1½	6·81**	1¼
41/3	31/9	14 *a*	15½ *b*	Dowty Group 10/-	34/6	33/6	4·63	3
28/10½	21/6	3½ *a*	12½ *b*	Dunlop Rubber 10/-	25/3	25/6	6·21	2
72/-	52/-	11¼ *b*	2½ *a*	Joseph Lucas £1	54/3	56/-	4·91	3
33/3	20/-	9	21 *b*	Pressed Steel..... 5/-	21/3	22/-	6·82	1¼
46/3	33/9	10 *c*	15 *c*	Triplex Holdings 10/-	38/3	33/9	4·44	3
				MINES				
168/9	110/-	40 *a*	50 *b*	Anglo-American..... 10/-	121/3	123/9	7·27	1½
67/3	43/-	183⅓ *b*	6¼ *a*	Consolid. Gold Fields . £1	53/6	54/-	9·26	2
108/9	72/6	15 *a*	20 *b*	General Mining £1	76 7½	79/4½	8·82	2
68/6	40/-	40 *a*	120 *b*	Union Corporation . 2/6	50/6	51/6	7·77	3
25/3	15/3	40 *a*	40 *b*	Daggafontein 5/-	18/3	18/3	21·92	2½
125/-	73/9	100 *b*	70 *a*	Free State Geduld ... 5/-	76/3	83/9	10·15	2
54/3	37/6	25 *a*	25 *b*	Harteebeestfontein .. 10/-	41/3	41/3	12·12	1½
64/6	41/10½	60 *b*	50 *a*	President Brand 5/-	51/10½	53/9	10·23	1½
157/6	101/3	110 *b*	90 *a*	Western Holdings ... 5/-	121/3	122/6	8·16	1¼
28/6	15/9	...	8½ *a*	Winkelhaak 10/-	18/6	18/6	...	8½
75/3	55/-	13½ *a*	36⅔ *b*	Chartered 15/-	65/-	64/-	11·72	2
63/6	51/3	60 *b*	20 *a*	Rhod. Anglo-Amer.. 10/-	58/3	57/-	14·04h	2
11/7½	8/3	12½ *b*	4 11/160 *a*	Rhod. Selection Tst. .5/-	7/7½	9/3	9·29h	2¼
6/11½	4/10½	10 15/160	4½ *b*	Roan Antelope..... 5/-	5/4½	5/3	14·38h	1¾
30/9	21/6	22½ *b*	15 *a*	Tanganyika Cons.... 10/-	22/-	21/6	17·44	1½
81/6	63/-	6¼ *a*	13¾ *b*	Consolidated Zinc.... £1	69/-	71/10½	5·57	1¾
159/4½	110/-	100 *a*	150 *b*	De Beers Defd. Reg.. 5/-	126/3	131/3	9·52	1¾
$159	$104	$1·50c	$1·50c	*Internat. Nickel* ....n.p.v.	$159	$155½	1·72	...
22/6	12/10½	7½ *a*	27½	London Tin 4/-	18/7½	19/11½	7·32**	1¼
45/-	30/-	20 *c*	27½ *c*	Rio Tinto 10/-	33/11½	35/-	7·86	1½
88/6	35/6	62½ *c*	70 *a*	Tronoh 5/-	73/6	74/-	4·73‡‡	...
				OIL				
61/6	45/6	†31⅔ *a*	†81⅔ *b*	British Petroleum £1	45/6	46/6	8·19	2¼
49/6	36/3	†21½ *a*	†67⅔ *b*	Burmah Oil £1	35/9	37/3	8·22	1¼
52/-	37/-	6¼ *a*	13¾ *b*	Castrol 10/-	38/6	40/-	5·00	2½
£151/16	£103/8	10·23a	13·64b	Royal Dutch..... 20 fl.	£132/16	£121/4	3·86	2¼
139/7½	108/9	†81½ *a*	†122½ *b*	Shell Transport..... £1	122/-	124/9	5·45	3
41/3	27/9	...	...	Ultramar 10/-	28/6	30/4½	... *d*	...
				PAPER & NEWSPAPERS				
14/7½	9/10½	8 *b*	5 *a*	Daily Mirror..... 5/-	12/6	12/3	6·12**	1¼
91/-	57/6	4 *a*	8 *b*	W. H. Smith & Son 'A'. £1	59 11½	59/-	4·07	2
66/3	52/-	5 *a*	8¾ *b*	Bowater Paper..... £1	52/9	54/6	5·05	1½
56/6	44/-	9 *a*	7 *b*	Albert E. Reed..... £1	45/9	49/6	6·46	1¾
54/3	37/6	4 *a*	8½ *b*	Spicers..... £1	45/-	45/9	5·46	1¾
18/10½	18/3	...	...	Thomson Org'n 5/-	...	18/10½	6·36**	2
68/9	50/6	4 *a*	10 *b*	Wiggins Teape £1	57/9	58/-	4·83	2

Prices, 1961 High	Prices, 1961 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Aug. 2, 1961	Price, Aug. 9, 1961	Yield, Aug. 9, 1961	Cover
		%	%	**MISCELLANEOUS**				
49/3	40	20 *a*	60 *b*	Assoc. British Picture. 5/-	49/3	50/9	5·91	2¾
33/9	26/9	20 *a*	40 *b*	Assoc. Television 'A' .5/-	32/9	33/3	9·02	2
51/9	41/4½	16 *a*	14 *b*	Beecham Group..... 5/-	48/9	50/10½	2·95	1¾
44/3	41/-	31½ *a*	62½ *b*	British Match £1	42/6	42/6*	4·71	2½
28/4½	17/6	62½ *b*	4 *a*	British Oxygen..... 5/-	19/9	19/6	2·73	2½
13/-	9/3	3 *a*	7 *b*	British Ropes 2/6	9 7/12	9/10½	5·06	2¼
7/-	5	7½ *a*	15 *b*	De La Rue..... 10/-	53/6	56/-	4·02	2
50/-	31/9	6 *a*	14 *b*	Gestetner 'A' 5/-	34/-	35/-	2·86	3½
63/9	53/6	14·4c	6 *a*	Glaxo..... 10/-	58/6	61/6	2·44**	3¾
57/6	47/6	12 *b*	3 *a*	Harrisons & Cr. Defd..£1	48/9	48/9	6·15	2¾
40	31/6	40 *b*	5 *a*	Hoover 'A' 5/-	38/6	42/3*	5·34	2¼
24/-	21/6	12½ *b*	5 *a*	Ilford 5/-	21/6	21/3*	4·12	2
107/3	56/3	7¼ *b*	4 *a*	I.C.T. £1	93/-	92/3	2·44	2¾
78/9	57/6	9⅜ *c*	12½ *c*	*National Canning* £1	60/-	62/6	4·00	2¼
37/3	29/6	6 *a*	10 *b*	Powell Duffryn..... 10/-	31/6	36/-	4·44	2½
15	5	5 *a*	5 *a*	Radio Rentals 5/-	27/4½	27/10½	3·59	3
37/6	18/9	13·6c	7½ *a*	Rank Organisation..... 5/-	26/9	27/-	4·17**	2¾
32	16½	16½ *b*	7½ *a*	Schweppes 5/-	37/6	36/3*	3·31	1¾
29/6	27/6	20 *c*	25 *c*	Sears 'A' 5/-	34/-	33/8¼	3·71	2¼
12	11½	8½ *a*	11½ *b*	Thomas Tilling 4/-	24/9	24/9	3·23	2
12	4	4 *a*	4 *a*	Turner & Newall..... £1	66/6	65/9	3·65	2¼
9·042a	15·56	9⅜ *a*	13 *b*	Unilever £1	142/6	146/3	3·36	3¼
8	13	8¼ fl.	9 fl.	Unilever N.V. ..... 12 fl.	99 1/16	91¾₃₂	2·65	3¼
22/6	16/-	5 *a*	10 *b*	United Glass 5/-	18/-	18/3	4·11	2½
42/11½	31/-	†4½ *a*	†10⅝ *b*	United Molasses 10/-	33/4½	33/9	7·26	1
				SHIPPING				
49/3	36/-	6½ *a*	13½ *b*	Brit. & Com'wealth. 10/-	38/-	39/-	5·13	2
20/-	14/7½	8 *c*	6 *c*	Cunard £1	14/7½	14/10½	8·07	¼
27 *c*	20/9	17 *c*	7 *c*	France Fenwick £1	21/3	21/6	6·51	½
38/-	10 *c*	10 *c*	10 *c*	Furness Withy £1	39/1½	42/6	4·71	2¾

Money and Exchanges

EXCHEQUER RETURNS

For the week ended August 5, 1961, there was an "above-line" surplus (after allowing for sinking funds) of £66,268,000 compared with a deficit of £2,457,000 in the previous week and a surplus of £63,711,000 in the corresponding period of last year. There was a net expenditure "below-line" of £29,207,000 leaving a total cumulative deficit to date of £211,681,000 compared with £336,511,000 in 1960–61.

£'000	Estimate 1961–62	April 1, 1960, to Aug. 6, 1960	April 1, 1961, to Aug. 5, 1961	Week ended Aug. 6, 1960	Week ended Aug. 5, 1961
Ordinary Revenue					
Income Tax	2,728,500	465,640	552,512	31,051	38,197
Surtax	210,000	29,300	35,300	700	1,100
Death Duties	240,000	79,000	98,500	4,000	4,200
Stamps	94,000	31,000	38,400	2,000	2,200
Profits tax, EPT and EPL	325,500	85,200	111,100	6,500	10,100
Other Inland Rev. Duties	...	50	...	...	...
Total Inland Rev.	3,598,000	690,190	835,812	44,251	55,797
Customs	1,550,000	509,835	561,437	24,143	26,532
Excise	960,000	317,445	359,050	64,540	90,765
Total Customs and Excise	2,510,000	827,280	920,487	88,683	117,297
Motor Duties	155,000	24,740	22,775	4,430	349
PO (Net Recpts)	...	...	...	...	...
Broadcast Lic's.	40,000	8,500	8,800	...	...
Sundry Loans / Miscellaneous	205,000	12,702 / 42,158	112,782	675 / 7,621	793
Total	6,508,000	1,605,570	1,900,656	145,660	174,236
Ordinary Expenditure					
Debt Interest	660,000	218,275	248,460	22,287	24,587
Payments to N. Ireland Exch.	92,000	30,068	30,948	3,029	3,166
PO Fund — Initial settlement	15,000	...	...	...	...
Other Consolidated Funds	8,000	3,799	3,917	13	30
Supply Services	5,186,902	1,559,770	1,660,843	55,600	78,925
Total	5,961,902	1,811,912	1,944,168	80,929	106,708
Sinking Funds	40,000	10,424	10,444	1,020	1,260
"Above-line" Surplus or Deficit	216,766	— 53,956	+ 63,711	+ 66,268	
"Below-line" Net Expenditure*	119,745	157,725	18,207	29,207	
Total Surplus or Deficit	336,511	— 211,681	+ 45,504	+ 37,061	
Net receipts from:					
Tax Reserve Certificates	93,440	61,182	5,183	— 58	
Savings Certificates	28,600	— 6,200	700	— 1,100	
Defence Bonds	40,437	21,887	1,558	619	
Premium Savings Bonds	14,870	15,650	750	600	
Total	177,347	92,519	8,191	61	

* Net issue to the Civil Contingencies Fund of £33 million in 1961–62 compared with a net issue of £30 million in 1960–61.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1960					
Aug. 6	3,440·0	1,878·2	206·4	...	5,524·7
1961					
Apr. 29	3,110·0	1,993·1	247·9	...	5,351·0
May 6	3,130·0	1,887·3	293·3	...	5,310·6
„ 13	3,160·0	1,893·0	275·3	...	5,328·2
„ 20	3,180·0	1,839·1	316·3	...	5,335·5
„ 27	3,210·0	1,843·3	249·7	...	5,303·0
June 3	3,240·0	1,825·3	258·5	...	5,323·8
„ 10	3,270·0	1,827·6	242·2	...	5,339·8
„ 17	3,280·0	1,823·6	263·9	...	5,367·5
„ 24	3,290·0	1,909·6	201·6	...	5,365·8
„ *30	3,290·0		283·3	...	5,483·0
July 8	3,280·0	1,853·1	265·2	0·8	5,399·0
„ 15	3,270·0	1,866·0	269·0	...	5,405·0
„ 22	3,260·0	1,894·4	214·3	...	5,368·7
„ 29	3,250·0	1,920·3	220·4	3·3	5,393·9
Aug. 5	3,280·0	1,882·6	207·3	...	5,369·9

THE MONEY MARKET

THE discount houses, which would like to recoup at least part of the loss caused by the increase in Bank rate, are naturally anxious to keep the margins on the new bills they take up as wide as possible. They therefore left their common bid unchanged at £98 6s. 4d. at last Friday's Treasury bill tender. The outside bidders, who took the bulk of the bills in the previous week's tender, reduced their bid, and the average rate of discount rose by 6.11d. to £6 14s. 3.33d. per cent, while total applications fell substantially by £41 million to £386 million. As a result the market was very satisfied to receive 44 per cent of its application compared with 28 per cent in the previous week.

Credit has become somewhat tighter for the discount market in the second week after the Bank rate change and the rate for overnight money has hardened to 6-6⅛ per cent. The authorities provided fairly large amounts of help through the special purchase of bills on either side of the Bank holiday, but on Wednesday conditions improved slightly. Turnover of bills has been moderate, with the banks taking late October bills at 6⅜ per cent.

MONEY RATES

LONDON

	%		%
Bank rate (from 5%, 26/7/61)	7	*Discount rates:*	
		Bank bills:	
Deposit rates (maximum):		60 days	67_8–$61\frac{5}{16}$
Banks	5	3 months	67_8–$61\frac{5}{16}$
Discount houses	5–$5\frac{1}{4}$	4 months	67_8–$61\frac{5}{16}$
		6 months	67_8–7
		Fine trade bills:	
		3 months	$7\frac{1}{2}$–$8\frac{1}{2}$
Money:		4 months	$7\frac{1}{2}$–$8\frac{1}{2}$
Day-to-Day	$5\frac{3}{8}$–$6\frac{1}{8}$	6 months	8–9

NEW YORK

	%		%
Official Discount rate: (from 3½% 11/8/60)	3	*Treasury bills:* July 31	2·300
		Aug. 7	2·366

BANK OF ENGLAND RETURNS

(£ million)	Aug. 10, 1960	Aug. 2, 1961	Aug. 9, 1961
Issue Department:			
Notes in circulation	2,291·1	2,415·3	2,411·5
Notes in banking dept.	59·2	35·0	38·9
Govt. debt and securities*	2,347·5	2,448·7	2,448·8
Other securities	0·8	0·8	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	1·8	0·5	0·5
Banking Department:			
Deposits:			
Public accounts	10·6	13·2	13·0
Special deposits	135·2	163·1	171·7
Bankers	225·9	243·8	239·4
Others	63·6	68·3	69·0
Total	435·3	488·4	493·1
Securities:			
Government	334·5	415·8	378·7
Discounts and advances	40·3	37·3	74·7
Other	18·8	17·7	18·3
Total	393·6	470·8	471·7
Banking department reserve	60·1	35·9	39·7
	%	%	%
"Proportion"	13·7	7·3	8·0

* Government debt is £11,015,100, capital £14,553,000 Fiduciary issue increased by £25 million to £2,450 million on August 9th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million): Offered	Amount (£ million): Applied for	Three Months' Bills: Average Rate of Allotment	Three Months' Bills: Allotted at Max. Rate*
	91 day		s. d.	%
1960 Aug. 5	250·0	409·9	111 7·17	40
1961				
May 5	240·0	416·2	87 4·27	49
„ 12	250·0	445·8	86 5·04	50
„ 19	260·0	432·5	88 3·18	33
„ 26	270·0	440·2	88 8·74	50
June 2	270·0 ‡	419·9	88 9·61	61
„ 9	270·0‡	463·3	89 4·14	39
„ 16	260·0	391·2	90 0·42	55
„ 23	260·0‡	389·1	90 8·47	50
„ 30	250·0	400·8	90 89·4	46
July 7	240·0	405·2	90 8·80	42
„ 14	240·0	378·2	91 4·47	47
„ 21	240·0	333·3	92 5·62	66
„ 28	250·0	426·6	133 9·22	28
Aug. 4	250·0	386·0	134 3·33	44

* On August 4th tenders for 91 day bills at £98 6s. 4d. secured 44 per cent, higher tenders being allotted in full. The offer for this week was for £250 million 91 day bills. ‡ Allotment cut by £10 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits: August 9	Market Rates: Spot: August 3	August 4	August 5	August 7	August 8	August 9
United States $	2·78–2·82*	$2·797_8$–80	$2·801_8$–$_{14}$	$2·803_{16}$–5_{16}	$2·803_{16}$–5_{16}	$2·805_{16}$–7_{16}	$2·807_{16}$–9_{16}
Canadian $	...	$2·889_{16}$–11_{16}	$2·891_{16}$–3_{16}	$2·895_{16}$–7_{16}	$2·895_{16}$–7_{16}	$2·893_{16}$–5_{16}	$2·90$–$90\frac{1}{8}$
French Fr.	13·622–14·027	$13·71\frac{7}{8}$–$72\frac{1}{8}$	$13·73\frac{3}{8}$–$\frac{5}{8}$	$13·73\frac{1}{2}$–$\frac{3}{4}$	$13·73\frac{1}{2}$–$\frac{3}{4}$	$13·78\frac{1}{4}$–$\frac{1}{2}$	$13·79$–$79\frac{1}{2}$
Swiss Fr.	11·94–12·54⅞	$12·09\frac{1}{4}$–$\frac{1}{2}$	$12·09\frac{7}{8}$–$10\frac{1}{8}$	$12·10\frac{1}{8}$–$\frac{3}{8}$	$12·10\frac{1}{8}$–$\frac{3}{8}$	$12·11\frac{1}{8}$–$\frac{3}{8}$	$12·10\frac{3}{4}$–11
Belgian Fr.	137·96–142·05	139·25–30	$139·42\frac{1}{2}$–$47\frac{1}{2}$	$139·42\frac{1}{2}$–$47\frac{1}{2}$	$139·42\frac{1}{2}$–$47\frac{1}{2}$	139·55–60	139·60–65
Dutch Gld.	$9·98\frac{1}{4}$–$10·28\frac{1}{2}$	$10·05\frac{7}{8}$–$06\frac{1}{8}$	$10·07\frac{1}{2}$–$\frac{3}{4}$	$10·07\frac{5}{8}$–$\frac{7}{8}$	$10·07\frac{5}{8}$–$\frac{7}{8}$	$10·09\frac{7}{8}$–$10\frac{1}{8}$	$10·11\frac{1}{8}$–$\frac{3}{8}$
W. Ger. D-Mk.	11·037–11·365	$11·15$–$15\frac{1}{4}$	$11·15\frac{7}{8}$–$16\frac{1}{8}$	$11·16\frac{3}{8}$–$\frac{5}{8}$	$11·16\frac{3}{8}$–$\frac{5}{8}$	$11·18\frac{7}{8}$–$19\frac{1}{8}$	$11·20$–$20\frac{1}{4}$
Portug. Esc.	...	80·15–30	80·15–30	80·10–35	80·20–35	80·25–40	80·25–40
Italian Lire	1725–1775	1737–$37\frac{1}{2}$	17373_4–381_4	$1738\frac{1}{4}$–$\frac{3}{4}$	$1738\frac{1}{4}$–$\frac{3}{4}$	$1739\frac{1}{2}$–40	$1740\frac{1}{4}$–$\frac{3}{4}$
Swedish Kr.	$14·27\frac{1}{2}$–14·70	$14·43\frac{1}{4}$–44	$14·45\frac{1}{4}$–$\frac{1}{2}$	$14·45\frac{1}{2}$–$\frac{3}{4}$	$14·45\frac{1}{2}$–$\frac{3}{4}$	$14·46\frac{3}{4}$–47	$14·48$–$48\frac{1}{4}$
Danish Kr.	$19·06\frac{1}{2}$–19·62	$19·33\frac{1}{8}$–$\frac{3}{8}$	$19·33\frac{5}{8}$–$\frac{7}{8}$	$19·33\frac{3}{4}$–34	$19·33\frac{3}{4}$–34	$19·34\frac{1}{2}$–$\frac{3}{4}$	$19·34\frac{5}{8}$–$\frac{7}{8}$
Norwegian Kr.	$19·71$–$20·30\frac{1}{2}$	$20·01\frac{1}{4}$–$\frac{1}{2}$	$20·01\frac{5}{8}$–$\frac{7}{8}$	$20·01\frac{3}{4}$–02	$20·01\frac{3}{4}$–02	$20·02$–$02\frac{1}{4}$	$20·01\frac{7}{8}$–$02\frac{1}{8}$
	* Official Limits	**One Month Forward Rates**					
United States $		1–7*c. pm*	$\frac{1}{16}$–$15\frac{1}{16}$*c. pm*	$\frac{1}{8}$–1*c. pm*	$\frac{1}{8}$–1*c. pm*	$\frac{1}{16}$–$15\frac{1}{16}$*c. pm*	$\frac{1}{16}$–$15\frac{1}{16}$*c. pm*
Canadian $		1–7*c. pm*	$\frac{1}{16}$–$15\frac{1}{16}$*c. pm*	$\frac{1}{16}$–$15\frac{1}{16}$*c. pm*	$\frac{1}{16}$–$15\frac{1}{16}$*c. pm*	$\frac{1}{16}$–$15\frac{1}{16}$*c. pm*	$\frac{1}{16}$–$15\frac{1}{16}$*c. pm*
French Fr.		$4\frac{1}{2}$–$3\frac{1}{2}$*c. pm*	$4\frac{1}{2}$–$3\frac{1}{2}$*c. pm*	$4\frac{1}{2}$–$3\frac{1}{2}$*c. pm*	$4\frac{1}{2}$–$3\frac{1}{2}$*c. pm*	$4\frac{1}{2}$–$3\frac{1}{2}$*c. pm*	$4\frac{1}{2}$–$3\frac{1}{2}$*c. pm*
Swiss Fr.		$5\frac{1}{2}$–$4\frac{1}{2}$*c. pm*	$5\frac{1}{2}$–$4\frac{1}{2}$*c. pm*	$5\frac{1}{2}$–$4\frac{1}{2}$*c. pm*	$5\frac{1}{2}$–$4\frac{1}{2}$*c. pm*	5–4*c. pm*	6–5*c. pm*
Belgian Fr.		45–35*c. pm*	45–35*c. pm*	45–35*c. pm*	45–35*c. pm*	50–40*c. pm*	50–45*c. pm*
Dutch Gld.		$5\frac{1}{2}$–$4\frac{1}{2}$*c. pm*	$5\frac{1}{2}$–$4\frac{1}{2}$*c. pm*	$5\frac{1}{2}$–$4\frac{1}{2}$*c. pm*	$5\frac{1}{2}$–$4\frac{1}{2}$*c. pm*	6–5*c. pm*	6–5*c. pm*
W. German D-Mk.		5–4*pf. pm*	5–4*pf. pm*	5–4*pf. pm*	5–4*pf. pm*	$5\frac{1}{2}$–$4\frac{1}{2}$*pf. pm*	$5\frac{1}{2}$–$4\frac{1}{2}$*pf. pm*
		Three Months Forward Rates					
United States $		$2\frac{3}{4}$–$2\frac{5}{8}$*c. pm*	$2\frac{7}{8}$–$2\frac{3}{4}$*c. pm*	$2\frac{7}{8}$–$2\frac{3}{4}$*c. pm*	$2\frac{7}{8}$–$2\frac{3}{4}$*c. pm*	$2\frac{7}{8}$–$2\frac{3}{4}$*c. pm*	$2\frac{15}{16}$–$3\frac{1}{16}$*c. pm*
Canadian $		$2\frac{3}{4}$–$2\frac{5}{8}$*c. pm*	$2\frac{13}{16}$–$2\frac{11}{16}$*c. pm*	$2\frac{13}{16}$–$2\frac{11}{16}$*c. pm*	$2\frac{13}{16}$–$2\frac{11}{16}$*c. pm*	$2\frac{7}{8}$–$2\frac{3}{4}$*c. pm*	$2\frac{7}{8}$–$2\frac{3}{4}$*c. pm*
Swiss Fr.		$15\frac{1}{2}$–$14\frac{1}{2}$*c. pm*	$15\frac{1}{2}$–$14\frac{1}{2}$*c. pm*	$15\frac{1}{2}$–$14\frac{1}{2}$*c. pm*	$15\frac{1}{2}$–$14\frac{1}{2}$*c. pm*	$15\frac{1}{2}$–$14\frac{1}{2}$*c. pm*	$15\frac{1}{2}$–$14\frac{1}{2}$*c. pm*
W. German D-Mk.		15–14*pf. pm*	15–14*pf. pm*	15–14*pf. pm*	15–14*pf. pm*	$15\frac{1}{2}$–$14\frac{1}{2}$*pf. pm*	$15\frac{1}{2}$–$14\frac{1}{2}$*pf. pm*
		Gold Price at Fixing					
Price (s. d. per fine oz.)		251/$11\frac{1}{2}$	250/$11\frac{3}{4}$	...	...	250/$7\frac{3}{4}$	250/7
„ ($ „ „ „)		$35·14\frac{1}{2}$	$35·14\frac{1}{2}$	...	...	$35·14\frac{1}{2}$	$35·14\frac{1}{2}$

Western Europe

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

BRITISH

Prices and Wages	July 29th	External Trade	Aug. 5th
Manpower and Output	July 22nd	Industrial Profits	July 15th

OVERSEAS

Western Europe	This week	United States	July 8th

	Austria	Belgium	Denmark	France	Germany, F R	Greece	Ireland	Italy	Nether-lands	Norway	Sweden	Turkey	United Kingdom
INDUSTRIAL PRODUCTION (1) (1953=100)													
1948	54	90	82	76	39	52	70	62	71	73	89	69	83
1959	156	119	135	156	162	156	115	158	139	134	124	...	120
1960	169	126	142	174	179	172	122	182	157	143	134	...	127
1960, November	186	133	153	194	202	182	126[12]	188	166	158	149	...	135
„ December	173	115	140	190	188	177	...	190	164	144	145	...	127
1961, January	158	95	...	183	180	156	...	187	158	151	144	...	127
„ February	172	134	...	187	184	166	...	185	147	159	148	...	133
„ March	182	137	...	185	192	177	124[9]	203	172	151	148	...	134
„ April	174	137	...	188	191[28]	...	...	189	156	...	146	...	130[23]
VALUE OF EXTERNAL TRADE (2)													
Monthly averages or calendar months	mn. schillings	mn. francs	mn. kroner	mn. New francs	mn. D. marks	mn. drachmas	mn. £	'000 mn. lire	mn. guilders	mn. kroner	mn. kroner	mn. lira	mn. £
	Imports (c.i.f.)												
1948	243	7,249	285[14]	561	264[15]	152[17]	11·4	70·36	414	310[14]	413[14]	64·2	168·0[18]
1959	2,480	14,340	922	2,092	2,966	1,417	17·7	175·44	1,247	787	1,041	103·3	321·1
1960	3,067	16,427	1,037	2,583	3,535	1,755	18·8	245·90	1,435	870	1,241	184·5	368·1
1961, January	3,050	16,518	1,128	2,393	3,440	1,852	21·1	263·35	1,676	918	1,282	244·7	391·9
„ February	3,010	18,129	1,021	2,601	3,172	1,247	22·1	256·56	1,406	965	1,152	268·4	341·9
„ March	3,789	18,831	1,067	3,221	3,629	1,832	22·6	294·31	1,747	877	1,308	274·8	383·6
„ April	3,083	16,872	923	2,843	3,622	1,717	21·8	266·75	1,447	1,011	1,214	348·1	342·5
„ May	3,196	17,400	975	2,860[24]	3,720[26]	1,867	23·6	292·00	1,513	1,083	1,233	...	380·8[21]
	Exports (f.o.b.)												
1948	165	6,171	228[14]	362	151[15]	39[17]	4·1	47·99	226	172[14]	332[14]	45·0	131·6[18]
1959	2,097	13,729	805	2,306	3,430	511	10·9	150·78	1,142	482	952	82·6	277·5
1960	2,428	15,700	855	2,823	3,993	508	12·7	191·12	1,275	524	1,107	143·4	296·3
1961, January	2,113	11,987	848	2,681	3,898	414	13·4	177·62	1,353	548	1,140	334·4	330·1
„ February	2,285	15,771	791	2,754	4,045	479	13·5	199·07	1,212	476	1,041	240·1	297·1
„ March	2,843	18,212	889	3,377	4,299	526	15·5	228·02	1,454	629	1,088	161·6	309·9
„ April	2,583	16,809	778	2,775	4,365	499	12·5	202·06	1,196	507	1,062	187·6	318·6
„ May	2,643	16,500	747	3,060[25]	4,030[27]	380	13·5	209·00	1,255	529	1,275	...	298·9[20]
COST OF LIVING (3) (1953=100)													
1948	50[4]	95	81[3]	70[13]	93	63	79	86	78[3]	74[19]	77	89	77
1959	115	110	120	129	112	134	117	113	118	120	120	217	120
1960	117	110	122	134	114	136	117	115	121	121	124	228	121
1961, January	119	110	122	136	114	139	...	117	122	121	126	228	123
„ February	119	110	...	136	114	139	119	117	122	121	126	231	123
„ March	119	111	...	136	115	140	...	117	121	122	127	237	123
„ April	120	111	124	136	115	140	...	117	121	123	127	233	124
„ May	121	111	...	136	115	140	122	117	122	123	127	237	124
„ June	...	111	...	...	116	140	...	...	...	...	128	...	125
EXPORT PRICES (4) (1953=100)													
1948	42	95	91	68	...	...	78	103	97	84	76	91	77
1959	101	95	100	126	100	125	104	83	101	103	99	224	108
1960	103	97	97	133	101	122	102	86	100	103	101	293	110
1960, December	102	96	...	...	103	111	103	85	100	102	102	312	110
1961, January	...	97	...	...	103	126	103	85	101	...	103	...	111
„ February	...	97	...	...	102	126	103	84	101	...	103	...	111
„ March	...	...	...	...	102	126	103	83	100	...	103	...	111
„ April	...	...	...	...	101[8]	128	...	85	99[16]	...	103[10]	...	111[22]
GOLD AND FOREIGN EXCHANGE HOLDINGS (7) (mn. US dollars, end of period)													—
1948	62	938	83·7	...	295	6·2	209	539	343	140·6	233	192	1,856
1959	678	1,222	298·3	1,720	5,014	210·4	261	2,953	1,355	256·2	424	269	2,736
1960	697	1,422	255·1	2,070	7,199	223·5	268	3,080	1,753	282·7	465	252	3,231
1961, March	656	1,442	265·8	2,398	7,546	225·5	270	2,936	1,668	265·1	518	229	3,021
„ April	644	1,424	252·6	2,472	7,089	229·7	265	2,948	1,661	258·1	541	232	2,948
„ May	655	1,437	244·1	2,606	...	222·2	266	...	1,652	277·8	592	234	2,903
„ June	673	1,472	245·2	2,777	...	...	265	...	1,700	268·6	...	223	2,772[11]

(1) This covers mining, *manufacturing*, electricity and *manufactured* gas with the following exceptions: Denmark excludes mining; Ireland and Sweden, electricity and manufactured gas; and Austria, *manufactured* gas. Greece is manufacturing only. United Kingdom includes construction. Germany excludes West Berlin and the Saar. (2) Special trade (excluding re-exports) with the exception of Ireland, Denmark, Norway and Sweden, which cover general trade. Belgium includes Luxemburg. Italy includes Trieste. *France includes the Saar in 1948. Turkey liras per US dollar: beginning September, 1960; 9 previously, 2·8.* (3) Including direct taxes. (4) July to December. (5) *In capital cities only for France, Turkey, for Greece prior to January, 1960 and Austria prior to March, 1959;* Austria (prior to March, 1959) and Belgium excludes rent; *Denmark includes* direct taxes; Ireland based on August, 1953=100. (6) *Index numbers of unit value which are influenced by changes in the composition of trade as well as price movements.* Ireland seasonally adjusted. (7) Holdings of *the government* and central bank. Foreign exchange figures for Norway exclude *government holdings; Norway and Sweden include foreign investments;* Ireland includes some long-term securities. (8) May, 102. (9) Average for first quarter. (10) May, 103. (11) July, 2,453. (12) Average for fourth quarter. (13) 1949. (14) Special trade. (15) Bizonal area. (16) May, 98. (17) Thousand million old drachmas. (18) Including trade with the Channel Islands and United Kingdom whale fisheries. (19) 1949. (20) June, 316·3. (21) June, 357·3. (22) May, 111; June, 111. (23) May, 129. (24) June, 3,030. (25) June, 3,180. (26) June, 3,730. (27) June, 4,420. (28) May, 194.

APPOINTMENTS

EXPERIENCED CHARTERED ACCOUNTANT FOR FAR EAST

Price Waterhouse & Co. (Malayan Firm) requires experienced chartered accountant for managerial position in MALAYA or SINGAPORE. Terms according to age and experience but are attractive and adequate to provide comfortable standard of living and margin for saving. Passages for successful applicant and his family paid both ways: provident fund. Applicants for this post should have had at least five years' experience in professional firm since date of qualifying.

Normal initial contract three years with six months' leave on full pay at conclusion (three months if not returning to firm). Excellent prospects for further advancement for suitable candidate. A partner of the Malayan firm will shortly be in London to interview applicants.

Replies with full particulars to Price Waterhouse & Co., 3 Frederick's Place, Old Jewry, London, E.C.2.

MINISTRY OF TRANSPORT

CHAIRMAN OF TRAFFIC COMMISSIONERS FOR PUBLIC SERVICE VEHICLES (SOUTH WALES TRAFFIC AREA)

Applications for this pensionable post, with headquarters in Cardiff, are invited from men and women at least 40 on December 1, 1960. The Chairman of Traffic Commissioners also acts as Licensing Authority for goods vehicles; his duties include presiding over public sittings and hearings, determining applications for licences to operate road passenger and goods services, and licensing drivers and conductors of public service vehicles. Candidates must have had responsible administrative or other experience qualifying them for these duties. The salary of the post is £3,400. The successful candidate will be asked to take up appointment as soon as possible.

Write to Civil Service Commission, 6 Burlington Gardens, London, W.1, for application form, quoting S.660/61. Closing date September 1, 1961.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the post of LECTURER in SOCIAL ADMINISTRATION. The person appointed will be required to undertake research in Social Administration and to assist in the supervision of practical work, as well as in the ordinary teaching duties of the Department. Duties to commence on October 1, 1961. Salary on a scale £1,050 to £1,850 per annum with membership of the F.S.S.U. and Children's Allowance Scheme. Applications should be sent not later than August 31, 1961, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

AN international food manufacturing and distributing group requires an assistant in the Marketing Adviser's department of its Head Office in London. The person appointed will be required to help in the compilation and interpretation of statistical data. A Degree and a knowledge of languages would be an advantage. Salary will depend on age and qualifications; the prospects are good.—Applications to The Personnel Officer, Liebig's Extract of Meat Company Limited, Thames House, Queen Street Place, London, E.C.4.

UNIVERSITY OF AUCKLAND
NEW ZEALAND

ASSOCIATE-PROFESSORSHIP IN ECONOMICS

The Council invites applications for the above-mentioned post. Applicants should be qualified to teach in the fields of economic theory (including the history of economic thought) and mathematical economics.

The salary is £2,250 per annum, and an allowance is made towards travel and removal expenses.

Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close, in New Zealand and London, on September 15, 1961.

MARKETING DEVELOPMENT MANAGER

We are looking for a really good marketing man to fill the newly created post of Marketing Development Manager. As one of the leading companies in the telecommunications and electronics field we manufacture an unusually wide range of products, from semi-conductors to comprehensive communication systems. We plan to expand considerably and for this reason are strengthening our Management team.

The Marketing Development Manager will be responsible for organising the assembly of that information which will be necessary to enable him to assist the Director of Marketing in the formulation of the Company's marketing policies. He will also be required to advise the Company's sales organisations on their marketing techniques and procedures.

The ideal candidate would have had practical sales experience—preferably in the electronics or allied industry—and be fully conversant with modern marketing methods and planning procedures. We are prepared to pay a good salary for the right man. Minimum age 30.

If you think you might have the qualities we are looking for, send a description of your history (in strict confidence), quoting Ref. E/16, to

A. G. P. Elliott, Personnel Director,

Standard Telephones and Cables Limited
Connaught House, 63 Aldwych, London, W.C.2.

FEDERAL GOVERNMENT OF RHODESIA AND NYASALAND

VACANCIES: SENIOR STATISTICIANS

The Federal Department of Census and Statistics offers to suitably qualified graduates three-year contract posts as Senior Statisticians, fixed salary £2,000 per annum (men) £1,600 per annum (women).

Outward family passages provided and return passages for officers on contract if not appointed permanent establishment. Pensions, permanent establishment, medical aid, generous leave, low income tax, good schools, free tuition, highly developed social and sporting amenities, in excellent climate.

Application forms and further details from the Secretary (R), Rhodesia House, 429 Strand, London, W.C.2.

Closing date: August 21, 1961.

ORGANISATION & METHODS INVESTIGATORS

REQUIRED BY

KODAK LIMITED

The continuous expansion of our manufacturing departments make it necessary for us to increase our Organisation and Methods staff at the Harrow Factory.

We are inviting applications from:

INVESTIGATORS
in the 25 to 35 age group with considerable practical experience in the Organisation and Methods field.

YOUNG MEN
who would like to enter the Organisation and Methods field. They should have had experience of Works Accounting and be between 20 and 25 years of age. Full training will be given.

Advantages of joining Kodak Limited include excellent pay and working conditions, a generous Pension plan, a voluntary part contributory Life Insurance Scheme, together with a profit sharing plan. We have a five-day week of 38½ hours.

Please apply Men's Personnel Department, Kodak Limited (Factories), Harrow, Middlesex,

quoting JAW/4.

UNIVERSITY OF AUCKLAND
NEW ZEALAND

CHAIR OF POLITICAL STUDIES

The Council invites applications for the above-mentioned Chair. At present Political Science is taught only as a Stage I unit and is limited to the history of political thought. The intention is to develop a Department of Political Studies teaching all stages of the B.A. and M.A. degrees, including in its scope both the study of political philosophy and its history and the study of political institutions and activity connected with them. Additional staff will be recruited as need arises.

The salary attaching to the position is £2,800 per annum and an allowance is made towards travel and removal expenses.

Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close, in New Zealand and London, on September 15, 1961.

EXPORT

OZALID, the leading Company in the photocopying field with established overseas markets, wishes to expand its Export Sales Force and young men of proved selling ability with some experience in the export field and a knowledge of several languages are invited to apply for a restricted number of vacancies which will become available in the near future.

Good salary and incentive offered. Contributory Pension Scheme. All expenses paid. Applicants must be willing to travel extensively. Apply in writing in confidence to:

The Administrative Controller of Sales,
Ozalid Company Limited,
Langston Road,
Loughton, Essex.

APPLICATIONS are invited for a Senior research Officer to direct a long-term study of technical education and apprentices. This study, which is supported by a grant from the Department of Scientific and Industrial research is part of the National Survey of Ec Health and Development.

The appointment will be for an initial pe of three years on a scale £1,400 x £100 £1,600 plus F.S.S.U.

Applicants should be University gradu with research experience in education or app psychology; experience in the training dep ment of an industrial organisation would an advantage.

Applications should be sent before Septem 20, 1961, to:

Dr. J. W. B. Douglas,
Usher Institute,
Warrender Park Road,
Edinburgh 9,

enclosing the names of two referees.

The successful applicant will work in first place in Edinburgh and after January 1 at the London School of Economics.

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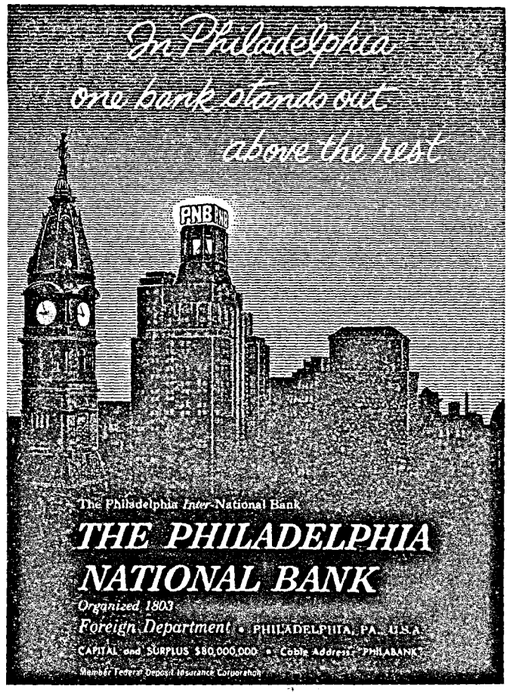
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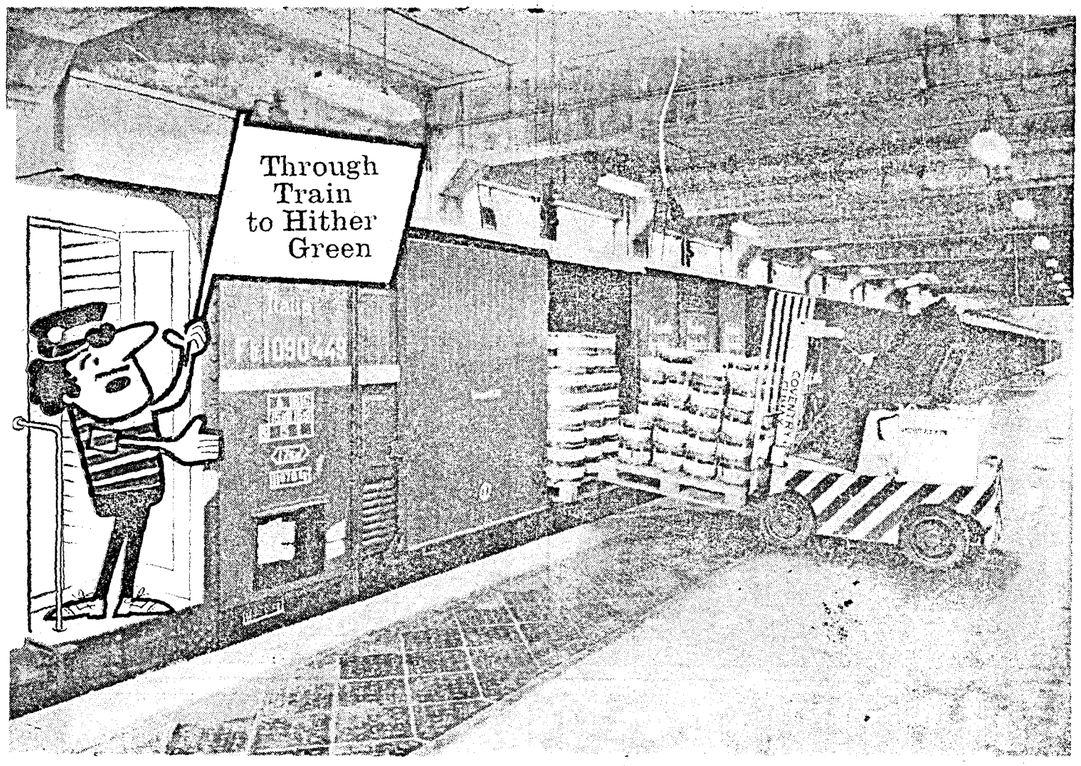
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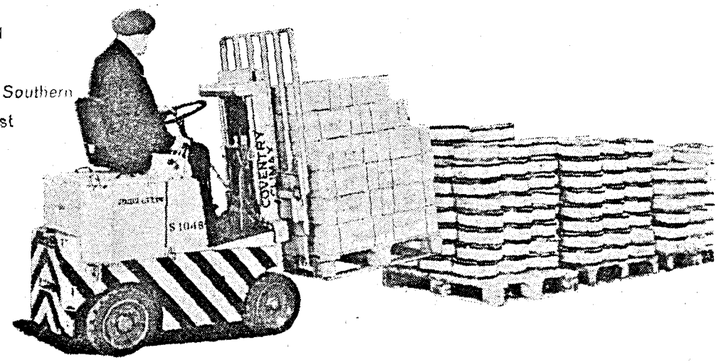
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26 AUG 1961
PUBLIC DEPARTMENT

Berlin



Herr Ulbricht's Deserted Village

pages 687 and 711

WORLD OIL IN TRANSITION

pages 723 to 729

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In The Economist this Week — August 19, 1961

INTERNATIONAL

Drang nach Westen

The West cannot avoid dealing with east Germany. Its boycott policy is not fruitful; instead the West should use its (severely limited) influence against the intransigent hostility that now prevails and work for a more temperate east German regime (p. 687).

For Herr Ulbricht last Sunday's systematic closure of all doors between east and west Berlin had a defensive character; to Berliners *it looked like an attack* (p. 711).
Sturm und Drang—p. 693.

Zollverein

France has many answers to Britain's many questions about joining the common market (p. 714).

United States: The European common market is expected to stimulate both American exports and American investments abroad (p. 706).

African countries are talking about forming their own *Zollvereine* (p. 699).

Untergang des Abendlandes

Cairo: President Nasser's revolutionary energy has been recharged and redirected to the problems of social change in his own country. This should not upset the West as much as it has upset the Communists (p. 690).

New York: Britain and America should say at the United Nations on Monday that France ought to discuss the eventual evacuation of the Bizerta base (p. 694).

Salisbury: Black men and white women will soon be legally allowed to get together. Dr Banda still wants to part company with the federation (p. 695).

Dr Banda's victory—p. 713.

Nairobi: The men near the top in Kenya are fighting for position around the newly-free man right at the top, Mr Jomo Kenyatta (p. 712).

Wo die Zitronen blueh'n

- The United States answer to Castroism, as revealed at Punta del Este during the past fortnight, is "*controlled revolution*" *in* Latin America (p. 705).
- The pocket-sized revolution that failed in Argentina on August 12th is a reminder of the tender youth of parliamentary government in many of the countries represented at Punta del Este (p. 699).
- President Kennedy's foreign aid programme has been attacked by a *Blitzkrieg,* but may survive (p. 707).

Tochter aus Elysium

- The eastern seaboard of the United States has a new, much-needed national park (p. 710).
- American students are studying abroad in ever-increasing numbers, under the auspices of their own colleges (p. 708).

WORLD OIL pages 723 to 729

HOME

JOINING UP

Gas: the case for a national board to develop new processes (p. 731).

Housing Associations: the prospect of government loans could be a boon for the middle classes (p. 691).

Churches: Roman Catholics in Britain extend a hand of friendship to other denominations (p. 696).

Europe: resistance movements are mobilising inside the Tory and Labour parties (p. 694).

Consumer Goods: soap, shoes, shops and take-overs (p. 740).

Dr Beeching's talent hunt has unearthed three well-paid recruits for British Railways (p. 734).

CUTTING DOWN

The trade unions are lining up for an attack on the Chancellor's wage pause (p. 693).

The Treasury's ban on some foreign investments makes little sense (p. 733).

The collapse of Overseas Aviation Ltd. has made other small airlines watch their credit rating (p. 736).

A profitless contract for a profitless ship could be Cunard's contribution to North Atlantic prestige (p. 738).

BREAKING THROUGH

Overseas trade is back in the black—July's figures produce a true *balance on the right side* (p. 735).

Retail trade reacted gaily to the Chancellor's threats of financial stringency (p. 738).

Prisoners are to pass their time in jail more profitably, for themselves and for the economy (p. 698).

Industrial output—an increase observed (p. 734).

WORKING OUT

Rating valuation: Scottish experience gives some hints for the English operation in two years' time (p. 689).

Problem children: the rise in dilinquency is matched by a fall in those in official care, as the value of the family becomes more fully recognised (p. 698).

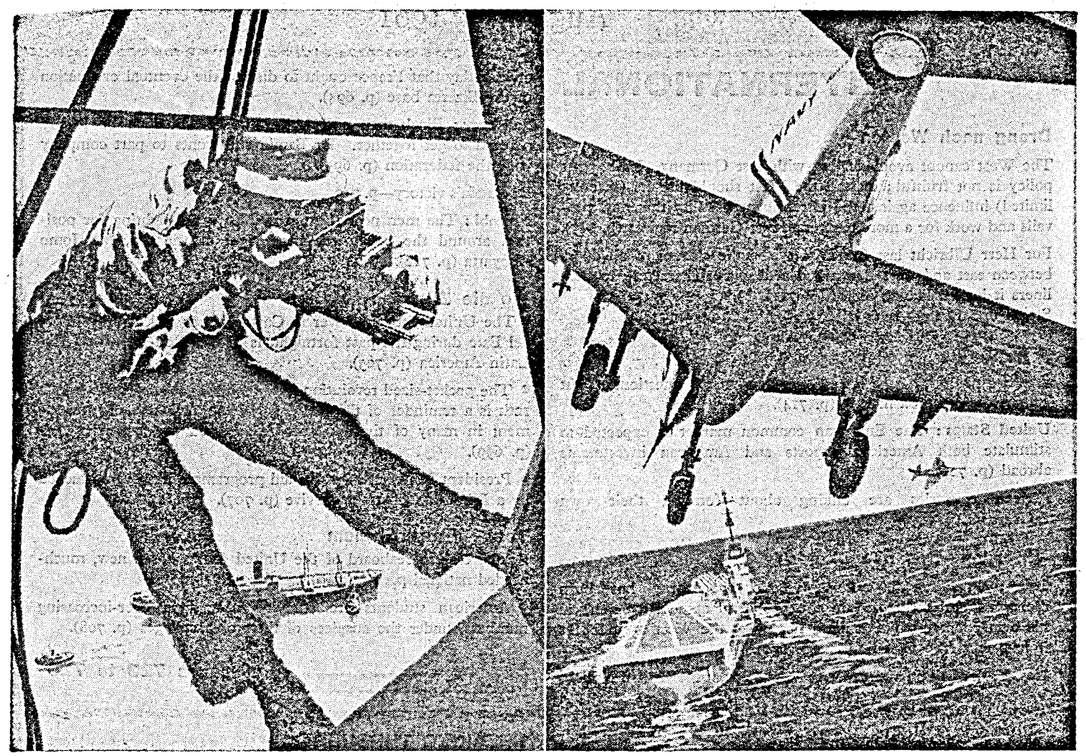
Where to save: the rise in Bank rate gives new opportunities to *savers of all sizes* (p. 735).

PULLING APART

Stepney's slums are ripe for demolition: a turbulent priest has done a noble job of exposure (p. 720).

Roads in London (p. 698) and at Exeter (p. 721) are proving grossly inadequate for traffic.

Detailed contents on page 687



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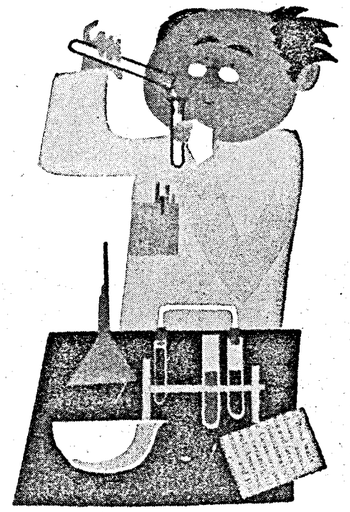


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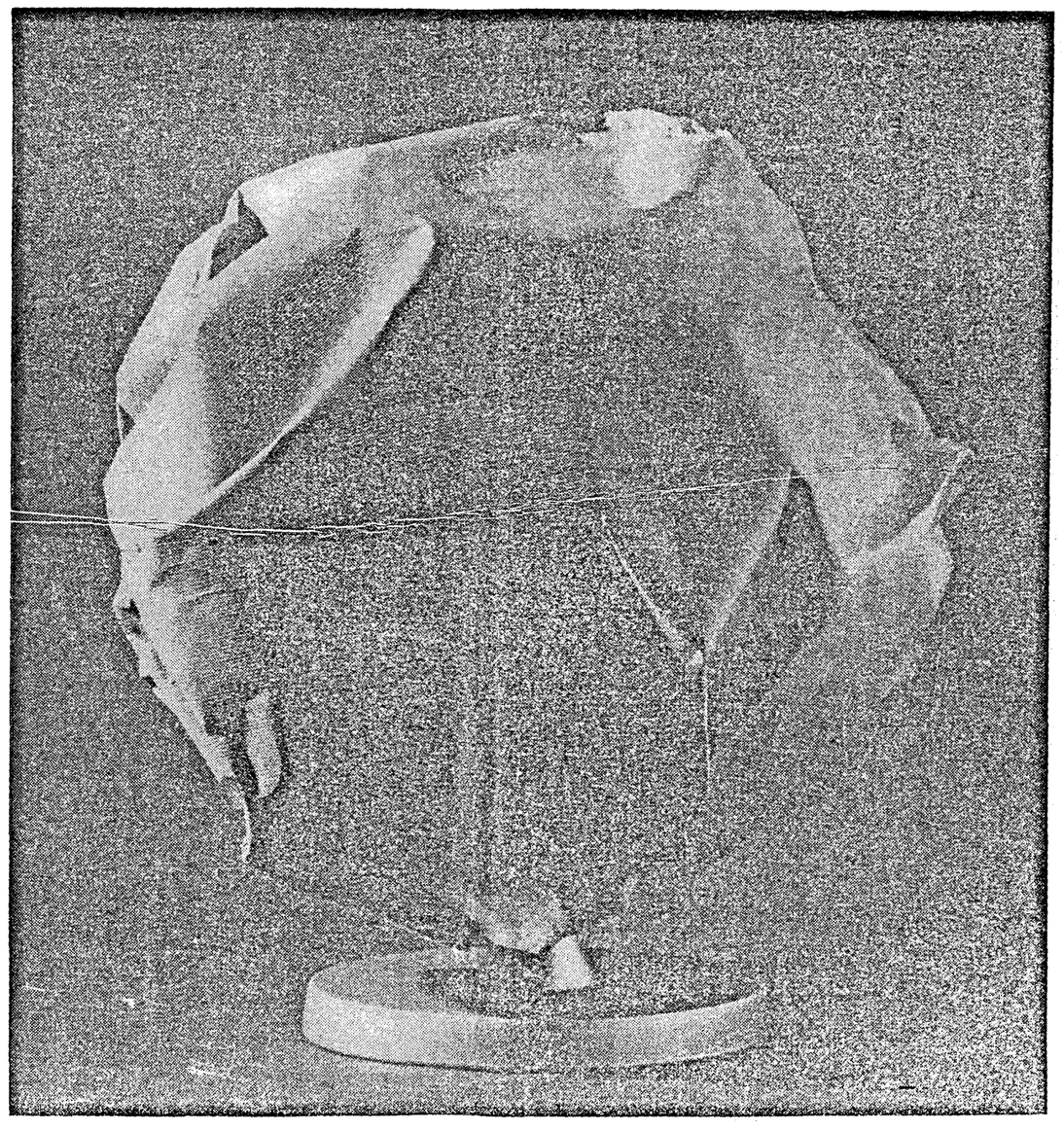
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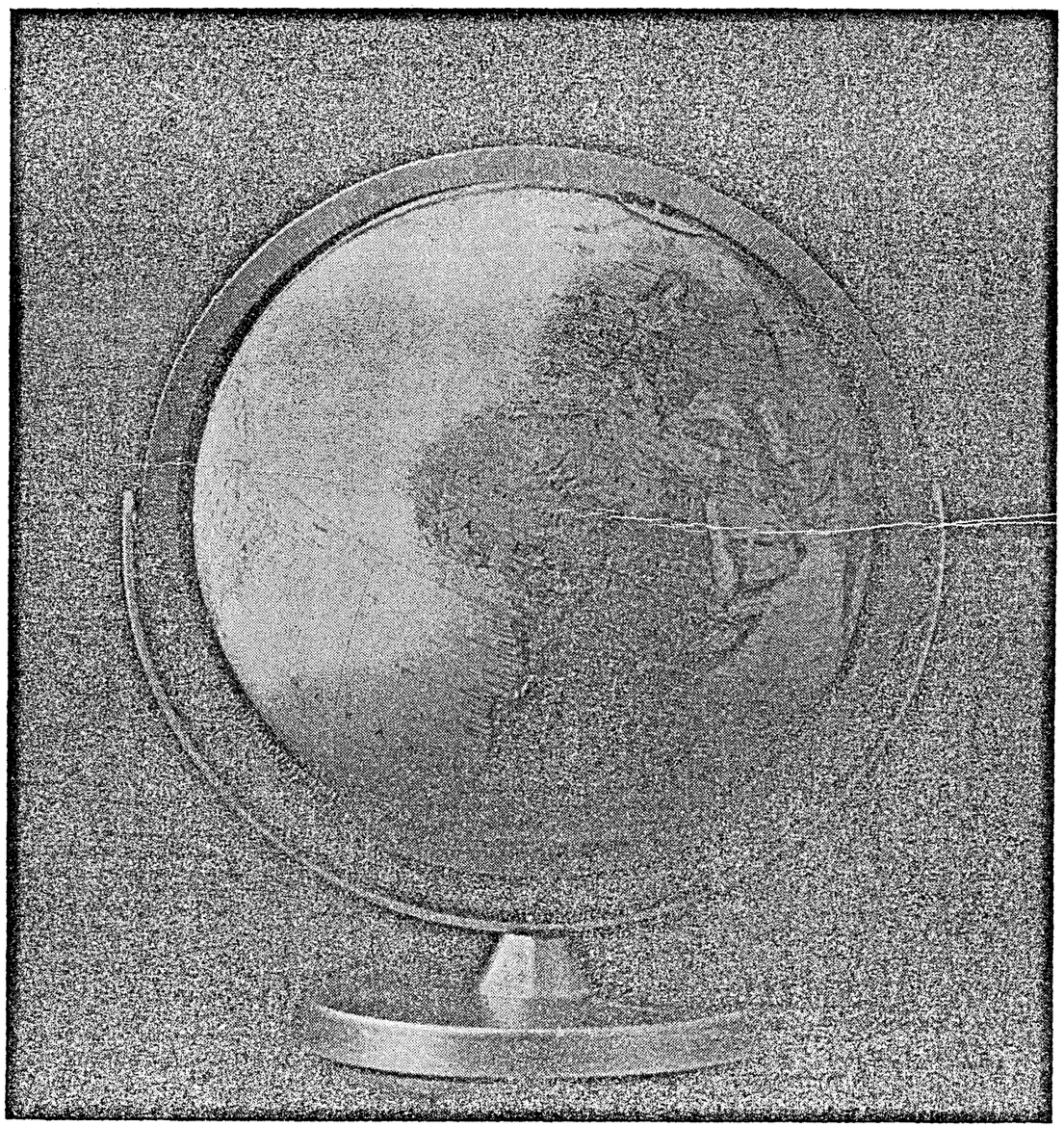
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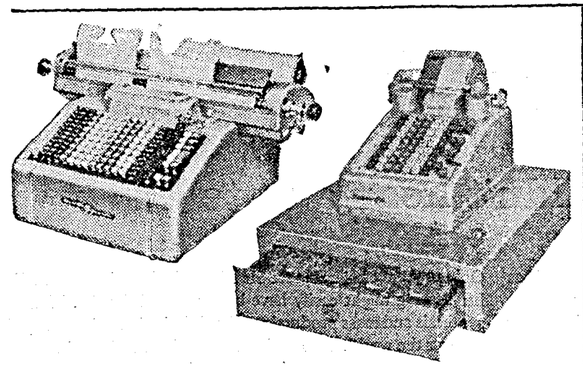
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The Economist

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Berlin

Herr Ulbricht's Deserted Village

SUPPOSE (purely for the sake of argument ; this is not a new western plot) that each of the now communist countries of central and eastern Europe was divided into an eastern portion, run by the communists, and a western portion with a society conducted on western lines ; and that their capitals were divided similarly. In all the People's Republics there would be families packing their modest bags and sneaking off to the capital, while families in the capital would be calling for taxis to take them to the western suburbs, leaving their furniture to be auctioned off by the authorities.

Strong young men, graduating from the free technical colleges, would do a quick calculation and slip off to their national equivalent of Düsseldorf to look for a well-paid job and their coveted make of motor-scooter. Middle-aged indispensable men in specialist positions, blackguarded by party workers to do whatever they did on more orthodox lines, would give them an old-fashioned look that would convey to the party officer that he should take care, or there would be another key post to fill in a hurry. The general tone of the communist societies would be insecure, ordinary non-political man would be insubordinate, the political élite uneasy and aggrieved.

In short, what has caused the east Germans to flee to the West in such huge numbers (the gross total since the beginning of 1949 is 2,600,000) is not anything particularly hard about east German life, or peculiarly malignant about the east German regime, by the standards of the communist world ; the other eastern European peoples would do the same if they had the same chance. The east Germans have been leaving because, unlike the other Europeans under communist rule, they have had somewhere to go and an open manifold, Berlin, through which to get there.

Herr Ulbricht's government cannot deprive discontented east Germans of the fact that, unlike the eastern Europeans, when they do get away to the West they have a refuge waiting for them, where they are received as full nationals, with the rights of citizenship, residence, and labour. What it could do was to close the Berlin manifold, so that in future only the brave, the cunning, and the specially lucky will be able to leave. The unaccountable thing had seemed to be that the east Germans had not closed this outlet long ago, since they have long had the physical power to close it. As it appears, the communist powers must have understood that to scrap a major vestigial feature of four-power Berlin, by stopping free movement within the city, would be a grave step, with international consequences that might involve them all.

When Herr Ulbricht's government at last deliberately took the step on Sunday morning, August 13th, it gave as its authority a statement by the Warsaw Pact governments, drafted, presumably, seven or eight days earlier when the oligarchs of the communist alliance met in Moscow, though it was not disclosed at the time. According to Sunday's announcement from east Berlin, the Warsaw Pact governments addressed to the German Democratic Republic

> a proposal to establish such an order on the borders of west Berlin as would securely block the way to subversive activity against the countries of the socialist camp, and would establish reliable supervision and effective control around the whole of west Berlin, including its frontier with Democratic Berlin.

How much enthusiasm the eastern European governments put into their approval of this Moscow statement is a matter of speculation. On the one hand the West,

by refusing to recognise the Oder-Neisse line and weakly condoning west German agitation about East Prussia, western Poland, and the Sudetenland, leaves them no choice but to subscribe to the central argument that the security of the east German state, and their own security, are one and the same thing. On the other, they are not anxious to draw the attention of their own peoples to the use the east Germans have been making of their privilege of easy escape; and some of them share the world's alarm lest heavy-footed behaviour in Berlin may lead to war. Thus the passage just quoted is followed by a disclaimer of any idea of interfering with western traffic to and from Berlin. Even so, *Le Monde's* correspondent in Warsaw has remarked that the Poles did not publish the Moscow statement till Monday, and that when they did they attributed it to a Berlin source, as if hinting that responsibility lay there.

HERR ULBRICHT, by contrast, has been meticulous in pinning the higher responsibility on his allies collectively. His own government's statement of last Sunday is profuse both in reminders to its eastern neighbours that if the German Federal Republic managed to extend its frontier to the Oder, they would be next for the chopping-block; and in assurances to the West that its traffic with west Berlin is not being interfered with. The arrangements for strangers (other than "revanchist politicians and agents of west German militarism") crossing from one part of Berlin to another remain as they were. It is for the people of Berlin, and for citizens of the east German state, that the position is brutally changed. First, the theory: east Berlin is the capital of the German Democratic Republic, and

> such control is to be introduced on the borders of the German Democratic Republic, including the border with the western sectors of Greater Berlin, as is usual on the frontiers of any sovereign state.

Next, the detail: while west Berliners may enter east Berlin on showing their identity cards, east Berliners and east Germans may not cross into west Berlin without a special permit. "Reliable safeguards and effective controls" are to be established on the west Berlin borders; and, before the announcement was made, a massive operation was mounted in the small hours of Sunday to put this into effect, with all the apparatus of fencing, wire, trenches, and *chevaux de frise*, and with a show of police and military force directed more, one supposes, against the regime's own subjects than against the indignant west Berliners.

Much of the preparatory work for this had been done in past years. It was a quick operation this week to reduce the number of crossing-points to a dozen or so, all effectively controllable. If it was done with an unnecessary display and fuss, this was probably deliberate, to impress all concerned with the finality of the division of Berlin. An explanation is provided for the unusual rise in the refugee figures in the last week or two: government security cannot have been good enough to stop some east Germans getting wind of what was afoot, and deciding to get away while they could. Although registrations at the west Berlin refugee centres stayed high this week, this does not mean that the new controls are not effective; our special correspondent's depatch on page 711 suggests that the flow of new refugees has indeed been cut off.

All this may play a part in the round of east-west exchanges about Germany that still looks inevitable before the year is out. If this week's work is to be final, the West has to face the fact that west Berlin's role in the world has been brutally cut down. As an escape hatch west Berlin has been put out of action. West Berlin as a show-window of western lights amid socialised greyness will not serve much purpose if the people who live under communism are not allowed to tread there. The professors from Greifswald and Jana will no longer be able to exchange ideas with their old western colleagues in the Kurfürstendamm cafés of a Sunday afternoon. Many things will have passed. The idea that west Berlin is a political asset which the West must not negotiate about, because negotiation could bring no gain but only loss, looks less plausible than it did. True, west Berlin remains a source of trouble, annoyance and expense to the communists; does this automatically make it a western political asset? What the western governments are in fact left with in Berlin is their responsibility for the lives, the freedom and the interests of the 2,200,000 west Berliners. This is the reality, and they cannot escape or evade it. How can they best discharge it?

ONE thing that is obvious is that the interests of west Berlin are not going to be served by the kind of hasty countermeasures thought up this week in the heat of the moment: to make difficulties for west Germans who work in east Berlin; to extend to west Berlin the west German prohibition of the communist party (which would cause the Social Democrat outpost in east Berlin to be suppressed); to retaliate against inter-zonal trade; or to stop east Germans from visiting western countries. That the west Berliners should be impatient for action is understandable, but if all the ideas are bad ones, their impatience will be better contained. These ideas will all tend to cut off east Germany, and east Berlin, more thoroughly than ever from the western world. This has usually been Herr Ulbricht's personal policy. It is the course best calculated to make the east German regime more extreme and intransigent than it is already, and the most likely to lead in the end to west Berlin, too, being cut off.

The western interest is opposite, and has not been changed by last week's events. East Germany, for all that it is governed by barren and on occasion brutal doctrinaires, is not an automaton but a country whose attitudes are determined by a complex of internal and external forces. The treatment it receives from the western governments is only one of these many forces; however, to the severely limited extent that the West can influence east Germany's evolution, it should use its influence against the head-on intransigent hostility that now prevails there, and in favour of a more temperate regime, less introspective, more open to the world—which would also mean, in its peculiar circumstances, more German.

East Germans do exist, some of them communists, some of them potentially influential, who would favour such an evolution. They have a latent national force to call on, since any real movement towards German unity, which alone can restore Berlin to its proper status as a great city, can lie only along that road. Willy-nilly, the West cannot avoid dealing with east Germany. The boycott kept up for the past twelve years is one form of dealing; it is not a form fruitful in political or diplomatic success.

Ratepayers' Reckoning

The result of the Scottish revaluation, and Mr Brooke's lively fears in England, raise some awkward problems for the Government and local authority finance alike

HOUSEHOLDERS in England and Wales have not woken up yet to the fact that in two years' time their affairs (and conversation) are going to be dominated by the next revaluation of property, now assessed at 1939 rental levels, and the effect this will have on the local rates they pay. Scotland has had the experience this year: since the last major shake-up in rating north of the border (apart from the simple abolition of owners' rates) goes back to the first world war, and the last complete revaluation for rating purposes to 1856, the present manifestations of alarm and despondency are neither unexpected nor entirely unreasonable. Glasgow alone has produced 30,000 appeals and the county of Renfrew, just outside the city, 50,000. These are all nominally due to be settled by October 31st, but it has been obvious that some will drag on until the end of the year and the Secretary of State may even have to grant extensions until March: he has sternly and rightly resisted the suggestion by a number of local authorities that the revaluation should not take effect until next year anyway.

By bringing themselves up to date in one swoop, instead of pausing at 1939 values, the Scots have not only run into problems of their own but have thrown up issues that are going to affect the rest of the country as well. There is plenty of trouble looming ahead despite (and even because of) Mr Brooke's new Rating and Valuation Act. All this should swell the support for those who want to reopen the whole thorny and hoary question of how best to finance local government services, including such means as local income tax, site values rating and the rest. Ministers who are plainly reluctant to impose revaluation equitably upon all ratepayers under the present system ought now to be seriously canvassing the alternatives.

MR BROOKE'S chief worry has been that the 1963 revaluation will hit the householder hardest of all. That is why he has taken temporary powers under the new act to deduct whatever percentage he thinks fit from the rateable values of private dwellings when the revised valuation lists appear. These deductions will be made to suit the particular circumstances of every county and county borough in the country. In short, the minister himself can write the valuations for the ensuing five years. This precaution has been inspired by calculations which have (unofficially) put the likely rise in the rateable values of private dwellings in parts of England at up to 300 per cent. Since the revaluations of 1963 and 1968 are liable to coincide with general electoral seasons it is not beyond credibility that the wind will be tempered to supposedly shorn lambs of one kind or another for the foreseeable future. Rating and valuation bills, as Mr Brooke knows as well as anyone, have tended to become increasingly frequent: by 1968 anything could happen.

In fact, Scottish householders have done rather well this year. Their valuation has risen on the average by only 33 per cent (council houses by 37 per cent). The biggest outcry has come from industry, which has been presented with an increase of 163 per cent. This seems by no means unreasonable: it reflects many of the anomalies which have persisted up to now. It is certainly high time that firms which incurred new valuations (for example, by moving into new towns like Glenrothes) should now see their competitors brought roughly into line. But Scotland does possess more than its share of weak and decaying industries, whose eventual replacement is thoroughly desirable but whose immediate closure would merely add to the country's hard core of unemployed. The most obvious difficulties concern the shipyards—and whatever is done on Clydeside this year is clearly going to be seized upon by Tyneside and Merseyside afterwards.

The shipyards raise two problems. Valuation itself is difficult: no technical system for dealing with them is really satisfactory, and the grounds for appeal against individual valuations probably leave room for some hope of adjustment. But the yards also believe themselves badly done by in having to accept the full abolition of industrial derating when their tenders for new work are already calculated less for profit than to maintain employment. It happens that the Secretary of State for Scotland has left himself a ready loophole on this point. Mr Maclay's declared position is that industrial re-rating will apply in Scotland in 1963—or soon thereafter. If this is not an assurance to the shipyards, in particular, that something will be done for them, it is hard to see what else it can be. But if Mr Maclay is kind-hearted no one need suppose that Dame Irene Ward and the shipyard lobby will ask for anything less from Mr Brooke, and the queue of supplicants is unlikely to stop there. Once the door is half-open for special cases of this kind it takes good ministerial muscle to slam it shut again.

The Scottish revaluation also raises serious doubts about the present method of distributing Exchequer equalisation grants to local authorities. In particular, Glasgow's valuation has risen by only 42 per cent and Aberdeen's by 37 per cent. This seems to reflect the large proportion of poorer property that they possess. They are now liable to claim Treasury aid to the tune of £528,000 (previously nil) and £474,000 (previously £2,789) respectively. Equalisation grants go to curious places, including large cities, in England as well: Glasgow's saving of 6d. on the rates is not unjust as the system stands. It is highly questionable, however, whether a city of a million people, with considerable resources and capable of finding some of this extra half a million pounds with little difficulty were it to introduce an element of rationality into its housing account, should properly become such a heavy charge on the country as a whole. Even a fraction of the hand-out to Glasgow would make all the difference in small country burghs of limited means that are now liable to lose the grant altogether. A thorough investigation is required on both sides of the border before the system is due for renewal in 1963.

One of the primary objects of any grant system should be to concentrate wonderfully the minds of those local authorities whose policies, particularly on council rents, have veered

wholly out of line with economic realities. Glasgow now takes 41 per cent of its housing expenditure from the rates and 29 per cent from grants. There are already signs inside some Scottish local authorities that they intend to do as little as possible about rents and allow rate poundages to remain unnecessarily high under the new valuations. The soaring cost of all local government services (including teachers' pay) suggests that even if rate poundages come down this year they will be very close to their old levels next time. This is certainly not the object of the revaluation exercise, and Mr Maclay will have to bring more of his recalcitrant councils to heel if the situation is not to get wholly out of hand. The Labour-controlled authorities' preference in Scotland for heaping the local services on the private householders' shoulders is beyond all limits of what would be tolerated in comparable towns in England and Wales. The Committee of Public Accounts recommended at the beginning of the month that consideration should be given to excluding from equalisation grant calculations all housing deficits caused by unreasonably low council house rents. There are arguments against tinkering with rating deficiency payments if it is at all possible to avoid it. But if the rating system is to continue to work, and be accepted by industry and householders alike, it is essential now to iron out the anomalies that have persisted for years—and prevent unnecessary ones creeping in by the operation of the revaluation process.



Nasser's Socialist Heresy

The Egyptian attempt to mark out an Arab road to socialism has angered the communists more than the capitalists



On its ninth anniversary, Egypt's revolutionary government took a series of steps which, if pursued, will make good its long abused claim to be socialist. A list of presidential decrees, announced on July 19th, gave the state control, in whole or in part, over most of the major industrial and financial concerns in the United Arab Republic, and, furthermore, made it improbable that anybody in either region can continue to be really rich. It would be beyond nature to expect any well-to-do Egyptian or Syrian to be happy about any of this. But, so far, the most open, if not the most anguished, criticism has come from the communist press in Beirut. Through the medium of the Lebanese communist party, the wrath of the orthodox against the heretic has come down on President Nasser's head.

A spatter of return fire from Cairo prepared the way for the big guns: on August 4th, the editor of *Al Ahram*, Mr Hassanayn Haykal, published a massive and cogent comparison between communism and Arab (more accurately, Egyptian) socialism. He proclaimed no intention of attacking communism, and went on to point out Arab-communist differences. By the time the seventh difference had been reached, communism had been damned for its violence, its ideological rigidity (with specific reference to President Tito) and its lack of respect for the individual. Mr Haykal presented the theory behind the socialist decrees as a blend of liberal aspirations:

> Arab socialism regards individual ownership as a right, which must be promoted and expanded . . . the individual is the foundation of the social structure and the state is an apparatus of the people set up to achieve and guarantee justice . . . sacrifice, Arab socialism says, should not exceed the limit . . . we call for work but we refuse conscription.

Moscow has not yet publicly responded. But, eventually, all President Nasser's sins in the eyes of the Soviet Union may be absorbed into this major and capital crime of setting himself up as the exponent of an alternative way to socialism, one that needs no political guidance from Russia.

The United Arab Republic is now unmistakably on this path. The move towards state ownership, which started with British and French concerns in 1956, has been accelerated over the past year; the new decrees carry it a significant stage further. The nationalisation of banks and insurance companies has been extended to Syria and completed in Egypt; several large textile and mining companies have been taken over completely; some 300 industrial concerns have been compelled to sell a half-share of their capital to the government. Compensation is in the form of 15-year bonds, paying 4 per cent interest. No man may hold more than two directorships at once, and his shareholding is limited to £10,000. A steeply graded surtax system allows a top net income from all sources of £5,000 a year. The maximum permitted landholding, formerly 200 acres, has been halved; about 3,000 farmers will lose a chunk of their land. Working hours have been reduced so that jobs can be found for more people. A quarter of all company profits is to be distributed to employees, either directly or by way of social services.

This is what has been decided. The administrative problems now facing the government are self-evident. Wednesday's move to strengthen the central cabinet and demote the regional cabinets to executive councils makes a *de facto* situation *de jure*; the decision to move the headquarters of the Syrian council from Damascus to Cairo is in the interests of centralisation but not necessarily of efficiency. The country's economy, already in a bad way, could collapse about the ears of an inefficient bureaucracy. Cairo's hope is that as many as possible of the private business men will agree to stay on in their old firms under new conditions. The efficacy of the tax laws is open to sceptical doubt; the share of profits handed out to the workers will depend on whether or not any such profit is declared. Some redistribution of incomes may be a necessary and meaningful step, but it is far more important that Egypt's national income should increase at least to keep step with the growth of population. Its economic growth could be paralysed if the Soviet Union decided to go slow in meeting its commitments under the development programmes.

But these and other hazards should not cloud the blazing fact that the United Arab Republic's revolutionary momentum has been restored. President Nasser's revolutionary energy, which ran badly off course during the late nineteen-fifties, has now been redirected to the problems of social change in his own country. If the West, resenting the nationalisation measures, sits back to enjoy a coming economic muddle, it may find itself sharing its smirk with the communist world. The reaction of the Arab communist parties, together with earlier warning grumbles from Moscow, indicates that the communists, at least, have recognised President Nasser's brand of socialism as one of the more formidable barriers to the Soviet Union's political penetration of the Arab world, and possibly of the African world too.

Room in the Middle



Cooperative flats at Regent's Park

Are Mr Brooke's new measures to encourage non-profit-making housing associations likely to work?

"There is an undoubted need for more houses to rent among people who would be able and willing to pay a full cost rent. Today, this need is largely unmet." Thus Mr Henry Brooke during the Commons debate on his new Housing Bill: a chorus of agreement should go up from a nation where the average household's combined income is now approaching £20 a week. Although a new, massive group of people could now afford to rent even brand new houses on commercial terms at somewhere around £5 a week, and although this would then widen out the market for renting secondhand houses as well, Government policy has hitherto succeeded in blocking up the supply of them. Between the postwar subsidised council house at perhaps £2 10s. a week for those who are able to wait in a long queue, and the grander dwelling for rent at £10 a week and upwards for those who are able to pay, there is a yawning gap. Ever since Britain slipped into rent control over working class housing by what was at first called a "Wartime Restrictions Act" in 1915, it has been assumed that for commercial landlords to build new houses for rent to ordinary people would be a mug's game. And as landlords get vacant possession even of existing houses, they tend to sell them off and put their money into more lucrative investments. A recent survey by the Rowntree Housing Trust suggests that such sales may now be reducing the stock of houses for rent by over 2 per cent—or 100,000—a year, and that the Rent Act of 1957 has been quite insufficient to stop this trend.

The shortage of houses for rent makes for congestion at all levels, social and economic. It prevents families that cannot raise the down-payment for a mortgage on a new house from enjoying a standard of decent housing that they could afford to rent if only such accommodation were available. It lengthens the queues for council houses, whose occupiers stay put despite a rise in their effective incomes as their families grow up and start earning—although many of them would then be delighted to pay up to £5 or so a week for something better than a council house if only they could find it. It deters middle class and skilled working class people from moving around the country, since they know that it will be almost impossible to rent a house or flat in a new area from which they might wish to move again in a few years: this is a major factor in the national lack of labour mobility, and quite possibly aggravates labour relations by denying the possibility of a change of job to skilled workers. The shortage also deters retired people, who often cannot get a mortgage even if they can afford the initial down-payment, from moving out of accommodation in industrial areas which would be occupied to better advantage by young families who now have to commute vast distances to get to work.

Since encouragement of profit-making landlordship is still regarded as politically beyond the pale, the Minister's chosen instrument for promoting building for rent is to be the non-profit-making housing association. The new bill provides for loans of up to £25 million, on Public Works Loan Board conditions, to cover part or the total cost of new houses built by these organisations. The Minister is rumoured to be fostering a shake-up in their central body, the National Federation of Housing Societies, and to be planning an increase in its annual Treasury grant of £2,500 (the federation also gets around £5,500 a year mainly from affiliation fees). This federation could now conceivably become an important social body, and it is time that the public got to know more about it.

Set up in 1935 at the instance of the then Minister of Health, to take over the housing interests of the Garden Cities and Town Planning Association, the federation descends in a direct line from the nineteenth-century trusts for providing "decent" working-class housing—the bastions of "philanthropy at 2½ per cent" whose structures (named after Peabody, Guinness, Cadbury, Fry, Rowntree and other Quakers) still stand like fortresses in the working-class centres of many

British cities. The spirit of philanthropy has remained with the federation, as the representatives of the trusts remain high in its councils: its activities in recent years have largely been in the provision of housing for groups with "special needs"—old people, coloured workers (rather unproductively), or Hungarian refugees.

The exception to this philanthropic bias has been in the case of industrial housing associations, set up by firms to house their own key workers. By setting up an association, firms were able in the years after the war to qualify for Government loans and subsidies in the same way as local authorities, and to get building licences even when other types of building were restricted. High interest rates on public loans, the abolition of building licences in 1954, and of direct subsidies since 1956, substantially put an end to this.

While the associations can still borrow up to 90 per cent of the cost of new building from public funds, and even qualify for certain subsidies, these concessions are made through the local authority as intermediary, and subject to Ministry approval—which means that they are in practice made available mainly to solve some special local need, such as housing for the old. Since the war, therefore, housing associations have so far produced only 46,715 new dwellings (of which 30,000 were built by the industrial associations); local authorities have built 2,431,000 new dwellings for rent, and private builders 1,249,000 for sale.

The non-profit-making associations have not begun to scratch the surface of the demand for ordinary accommodation for rent: an important building taken over by a tenants' co-operative here, a new block of flats built there with capital raised through a cheap loan from the local authority, are the movement's exemplary, and tiny, contributions to general middle-class rented housing. "Self-build" associations, in which a group of devoted people come together to do the actual work of building with materials purchased with a loan from a local authority or a building society, are dear to the federation's heart: but, however socially admirable, it is obvious that only a tiny proportion of people are willing to take part in them.

THE Minister's aim is far more ambitious. Under the new bill he is to by-pass the local authorities (which will, however, still be able to make loans and pass on the subsidy for houses for special purposes), and lend his £25 million directly to associations building for rent or for cooperative occupation. Some of the money, he hopes, will be put up by the members of the associations, or borrowed privately through building societies or otherwise: his aim is to prime a pump. Scandinavia provides him with a precedent. Nearly half the new housebuilding in Denmark, and nearly as much in Sweden, is done by non-profit-making private bodies, largely by (non-political) cooperatives. The British (political) cooperative movement having, incredibly, never gone into this line of business, the field here is wide open for pioneers. But where are they to come from under the new bill?

The first, and main, difficulty is going to be to find enough people with the right managerial talents and training to run such associations. It is doubtful whether non-profit-making bodies will, at first, realise just how much they must pay to secure a manager qualified to assemble sites, to find architects and contractors, and to ensure that the houses and flats, once built, are properly run—whether by tenants' committees or by the association itself. But the new proposals do at least provide a means whereby groups of like-minded people can raise the money to build in their own areas, under the harsh incentive of not being able to find anywhere decent to live. Those most likely to be helped by the offer of a cheap loan are residents in London, where high site values at present effectively prevent non-millionaires from buying land for building. These cooperative houses, however, will not be for rent to the general public: the general principle of a cooperative is that its members borrow money with which to build room which they then let to themselves.

If the bill is also to promote the building of housing for general letting, something must be done to bring in existing large bodies and private capitalists as financiers. But here the ban against the associations themselves making profits is going to be a barrier; it is hard to see why insurance companies, for example—who might well finance truly commercial landlordship in a big way—should put their money or their executives' skill into a non-profit-making activity in return for normal fixed interest rates that they can draw from industrial debentures with rather less risk and much less trouble. The building societies, too, have other uses for their capital, although they might well be willing to lend a proportion of the cost if the rest is to be made up by cheaper Government loans. In Scandinavia the trade unions find in housing an acceptably non-capitalist field for investment; but it is hard to imagine that the British unions will go as far as the Swedish building union, whose general secretary is also president of one of the country's major construction companies deeply involved in the cooperative housing movement.

One main hope is that certain large building firms are investigating the chances of sponsoring the establishment of housing associations: presumably their idea would be to provide the necessary technical and managerial services to the non-profit-making association, their reward coming in the form of a contract from the association to do the building and perhaps to provide the land. But it is doubtful whether many large firms—most of which are heavily occupied in building for private developers or local authorities—could at present spare the skilled staff for such experimental ventures.

Nevertheless, the market for new rented housing ought, logically, to be so wide that—some way or other—enterprise in Britain must soon break through and start providing it. Perhaps this new bill's encouragement for "non-profit-making housing associations" will provide the leaven, in rather the same way as the Betting Act's legalisation of "non-profit-making" bingo has started off the bingo boom, because dance halls and cinemas and clubs have found that they can cover overheads out of it. Once a boom in rented housing did begin, under the safeguards for tenants that housing associations provide, it would almost certainly become so popular that even a Labour government would not dare to keep on threatening to stop it—by measures that would make participation in these ventures actually loss-making, as private landlordship became under the old Rent Acts. In any case, the Housing Bill is to be the first item on Parliament's plate when it reassembles: the best possible result of Mr Brooke's pump-priming operation would be if, by at last providing some political security, it began to bring private builders—and the incentive of profit for them—back into the business from which so many years of rent control has driven them.

NOTES OF THE WEEK

WAGE PAUSE

White Collars, Black Looks

TRADE union opposition to Mr Lloyd's wage pause is rapidly taking shape: union representatives on the staff side of the civil service negotiating body have authorised the "taking of whatever steps considered appropriate to influence public opinion"—short of striking. Some of the civil service unions (although not those affiliated with the TUC) will be attending the conference which the National Union of Teachers is organising at the end of the month, in the hope of setting up a united white-collar front; but anything more than a few sporadic and brief strikes seems highly unlikely. The chief complaint voiced by Mr Richard Hayward for the government employees continues to be that the Chancellor has cracked down on the time-honoured system of arbitration: the Chancellor's new principle that he will fix the dates on which arbitration awards come into effect has now been extended by the Minister of Labour to wages council awards, affecting 3,500,000 employees in the private sector.

The civil service unions, like the teachers, argue that if the results produced by their wage negotiating machinery have been inflationary this has been because workers in outside jobs were getting inflationary rises ahead of them. But a rise anywhere along the line now would be interpreted as a sign that exceptions can always be made to the general rule—and almost all the unions about to slam in their wage claims regard themselves as exceptional. The railwaymen are certain to ask for a rise to restore their position vis-à-vis other industrial workers, as established by Guillebaud. Although they have not yet made their claim, it is likely to be in the region of ten per cent—which is what the drivers' and firemen's union has already asked for—and much is being made of the salaries of Dr Beeching's new assistants. The engineering unions are to ask for £1 a week, as well as a reduction of hours from 42 to 40 a week. The miners will be naming a sum early next month, probably a big one as they were not particularly pleased with the 8s. 6d. a week which they got in January.



Hayward: civil service protest



Jenkins: militant Asset

The first test of how far the manual workers' unions are prepared to go in industrial action will be provided by the unions representing the 340,000 manual workers in government industrial plants. At their meeting on Wednesday, these unions spoke up strongly about the freeze: but each union executive will take its own decision on whether or not to strike. Even the General and Municipal Workers—perhaps the most sobersided of the manual unions—have joined militant smaller outfits like the supervisory staffs (Asset) in hinting that it may come to a strike for them too. There is a danger that as Mr Lloyd's plans come out piecemeal (and with no indication that priorities will be given to the right people when the temperature grows less chilly) the positive side of his policy is being lost from sight. This makes the effective presentation, to unions, employers and public, of his ideas on future planning and policy all the more critical for the success of the pause itself.

EAST-WEST

Into Line

ONE effect of the dust kicked up by Herr Ulbricht's closing of the boundary in Berlin has been to obscure another development, just as important and much more welcome. Negotiations with the Russians about Berlin and the related problems have now graduated from a mere probability to—if both sides stay cool—a near certainty. It is not yet clear whether the western foreign ministers came to a private understanding, when they met in Paris a fortnight ago, that an east-west conference was desirable. (Their public position was that the Russians would have to change their attitude first.) What is clear, however, is that the foreign ministers agreed to get the public opinions of their respective countries into line with each other: the line being defined as a cautious acceptance of the likelihood of negotiations. This has led to the kind of shuffling that soldiers perform on being given the order to dress by the centre. The British, perhaps the readiest to talk, have been told by Lord Home that the word "negotiation" is no magic formula. The west Germans, in general the most suspicious, have been told by Dr Adenauer that he is convinced there will be talks. Mr Dean Rusk has said the same.

Of the major figures involved, only General de Gaulle remains silent. But reports from Paris suggest that the French are now putting more emphasis on the need to wait for the right moment to propose a conference than on the general undesirability of negotiations. Whether or not these readjustments eventually lead to an east-west conference depends largely on how the West reacts to this week's developments in Berlin. The British and American governments are clearly reluctant to authorise counter-measures. Their argument, which is a solid one, is that counter-measures, by raising tension still further, would make reasonable negotiations even more difficult; and that, if talks do take place, the whole matter of movement between the two halves of Berlin can be discussed then.

Paris and Bonn, by contrast, obviously dislike letting Herr Ulbricht's challenge go by without a response. The danger (quite apart from the difficulty of finding a response that does anything useful) is that France and Germany, if disappointed in their desire to do something now, might go back on their recent acceptance of the idea of negotiating about the whole problem. But, if the West now resorted to "action," the result might be a sequence of retaliation and counter-retaliation leading to an act (for instance, interference with the supply routes to Berlin) that carried matters past the point of no return.

GREECE

Balkan War of Nerves

MR KHRUSHCHEV'S war of nerves over Berlin is not only directed at the three western powers directly responsible for the city. At a Kremlin reception on August 11th he revealed that he had threatened both Signor Fanfani, the Italian prime minister, and the Greek ambassador with the indiscriminate bombing of their countries if war broke out between Russia and Nato, on the ground that both countries have Nato bases and bombs "do not differentiate" between bases, orange groves and the Acropolis. Italy does have Nato missile bases on its soil; Greece has none. What might be considered a legitimate, if

brutal, warning to one country was barefaced bullying of the other.

It is not only from Moscow that the Greeks are being fired on. They and their communist neighbour, Bulgaria, are never on very tranquil terms, because the Bulgarians refuse to discuss a settlement of their reparations obligations to the Greeks under the 1947 peace treaty, and the Greeks resist all efforts to sidetrack them from this issue. At the moment, however, the two countries are going through a particularly stormy patch. After several more or less minor pinpricks by the Bulgarians, on July 22nd at a diplomatic reception in Sofia Mr Yugov, the Bulgarian premier, unloosed an intemperate attack on the Greek government and its policies. As a consequence, the Greek chargé d'affaires in Sofia has been withdrawn, and the verbal warfare between the two countries, in diplomatic exchanges and in the press, has grown hotter.

The Bulgarians never need much excuse to attack the Greek government, especially when elections in Greece may possibly not be far off. But any manœuvres designed to unsettle and rattle the Greeks are no doubt welcome to Mr Khrushchev at a time when he is clearly trying to persuade the Greek government that it had far better not get involved in the Berlin business. A Moscow broadcast in Greek on August 14th advised the Greeks plainly to this effect; it also suggested that what it called the "anti-Bulgarian campaign in Greece" was a "sort of feint by Nato" and that the policy of the Greek leaders was "digging an atomic grave" for their country.

FRANCE

Talk about Tunisia

MONDAY should not, after all, be a too difficult and unpleasant day for the British and American delegates at the General Assembly of the United Nations, which meets for "consideration of the grave situation in Tunisia." Indeed, as M. Couve de Murville remarked on August 10th, the French boycott of the debate will serve to prevent the sort of violent exchange that does nothing to clear the air. In the calm that ought to prevail, Britain and America should find it easy to associate themselves with the general view that there should be compliance with the Security Council resolution—which demanded that Tunisia and France retire to their starting positions, and that they reconcile their difference peaceably. The British and Americans should also say that France ought to be prepared to discuss the eventual evacuation of the Bizerta base.

The West can take this line with added confidence because there is reason to believe that the French will, in the not very long run, fall in with it. President Bourguiba, of course, has advocated it from the start, and has repeatedly offered to call off his campaign for the UN debate if France would agree to start bilateral discussion on these terms. President de Gaulle was at first inclined to resist all suggestions that included the word evacuation, and to demand a Tunisian guarantee not to renew the blockade of Bizerta before he would pull his troops back to the starting-line. But it now seems to have begun to be understood in Paris that this attitude can only irritate France's allies (not that the President has ever stuck at that), anger Tunisia still further, and overload the already anxious loyalties of France's African associates. It must also have been made clear to the French by Mr Rusk and Mr Stevenson that, in their eyes, Bizerta is simply not worth the permanent alienation of Tunisia.

In fact, it seems probable that were not President de Gaulle so cussedly suspicious of the United Nations, and so anxious to save face by not appearing to concede President Bourguiba's demands under threat of the debate, talks might by now have started (there have already been private contacts). Whether they will get anywhere, when they do start, depends, as so often before, on the extent to which President de Gaulle is ready to modify his original position.

Settlers Unsettled

IN spite of the gloomy forebodings expressed when the Bizerta crisis exploded, the stream of French citizens from Tunisia seeking refuge in France is still no more than a trickle, and the greater number of those forming it are the dependents of members of the armed forces at Bizerta. But the French government is using the affair as an opportunity to prepare measures for the much larger immigration that is expected to follow Algerian independence, or, indeed, may yet result from the Tunisian quarrel. Estimates vary widely of how many Europeans in Algeria, Tunisia and Morocco might make the journey to a country many of them have never seen; but it is obviously wise to prepare for the worst, which means that the government is working out ways and means of looking after as many as half a million repatriates.

The problem, as seen from Paris, resolves itself into three parts. First, the repatriates themselves must be found lodging and employment. The question of compensation has been largely subordinated to this; the idea is to provide for the future, rather than to make up for the past. With the exception of shopkeepers (France has too many already) the repatriates will be given financial assistance, if they need it and want it, to set them up in their old avocations. Special aid will be given to help them find housing. But (the second of the government's preoccupations) the country cannot afford to let the refugees drift into uneconomic activities; nor would it be politically desirable, for them to settle an extremist, embittered multitude all in one place. Hence the power that its control of the purse-strings gives it will be used by the government to encourage the repatriates to go to the jobs and places that it thinks best.

But the third, financial, preoccupation is perhaps the most serious. A common estimate is that taxes will have to be raised by ten per cent to pay for the repatriation programme; the government is already committed to a heavy additional outlay. The French economy, it is true, continues to thrive, and the country's financial position is sounder than at any time since 1939; but no finance minister could be happy about presenting such an expensive programme to parliament.

INTO EUROPE

Resistance Groups

SIGNS of strain within both the major political parties caused by Mr Macmillan's overture to the common market are coming to the surface. Those opposed to Britain's entry are trying to mobilise and their activities are likely to increase in the months of uncertainty and negotiation ahead. On the Tory side, Mr Peter Walker, who carries considerable influence among Young Conservatives, has organised a research team to investigate the potential for expansion offered by Commonwealth markets. He hopes to publish the findings next month before the meeting of the Commonwealth finance ministers. This could be the occasion that the anti-European elements in the party have been waiting for.

A group of Labour members have also joined together to provide an information service which will publicise the disadvantages of entering Europe. This is intended as a direct riposte to Lord Gladwyn's pro-Europe campaign committee. Labour front benchers likely to be associated with the group include Mr Douglas Jay and Mr Patrick Gordon Walker, but their participation will have to be limited so as not to conflict with the official party policy of non-alignment. Mr Roy Jenkins is deputy chairman of the Gladwyn committee (an all-party body), but he thought it necessary to resign as a front bench spokesman in order not to be inhibited in his campaign.

Labour disunity on the common market, which so far has been damped down by Mr Gaitskell's temporising policy, is likely to be increased by this new grouping, and it could be brought glaringly into the public eye if Mr Richard Briginshaw, general secretary of Natsopa, were adopted as Labour candidate in the Moss Side by-election. Mr Briginshaw is the founder of the Forward Britain movement—a small group chiefly made up of trade unionists—whose object is to fight against Britain's entry. This runs directly counter to the official policy of the TUC. Forward Britain plans to hold an all-party meeting next month, when Lord Hinchingbrooke has been invited to be a principal speaker. Mr Briginshaw's prospect of adoption at Moss Side is uncertain: the local Labour association has only just applied to Transport House for a list of suitable names.

ULSTER AND THE EEC

Sir Douglas to the Rescue

A correspondent in Belfast reports:

FACED with the prospect that it, too, may find itself inside the common market, the Northern Ireland government has taken the unprecedented step of appointing Sir Douglas Harkness as its adviser on economic affairs. This is a newly-created post: Sir Douglas has, up to now, been permanent secretary to the Ministry of Finance and head of the Northern Ireland civil service. Hitherto, the Northern Ireland government has not been too keen to seek expert economic advice, or even to accept such advice when it has been offered gratuitously. This seems to have been because most economists have made recommendations which the government has thought it politically unwise to accept. The Ulster Unionists have always set their faces against cutting their financial or fiscal ties with Britain, reducing taxation by bringing in an inferior system of social services or starting a state shipping service to compete with companies already operating in the Irish Sea—the kind of advice that tends to be given them.



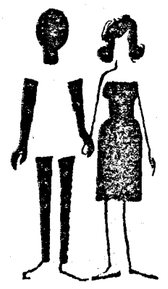
Sir Douglas Harkness: new remedies?

Ulster possesses an economy that has always had to be carefully nurtured to keep serious unemployment at bay—a policy analogous to the way the Netherlands holds back the sea. It now has probably more reservations about joining the EEC than any other part of the United Kingdom. Thus, Northern Ireland's farmers get some £30 million a year from existing price supports. The Safeguarding of Employment Act, which the Northern Ireland government passed in 1946 to reduce competition for jobs, strictly controls the entry of alien labour. There is also the problem of the government's policy of providing generous inducements to potential employers. These inducements have amounted to something near £50 million in the past fifteen years; but without them unemployment would be far worse than it is.

The duties of the new economic adviser are expected to range beyond the EEC and could take in some of the tasks now undertaken voluntarily by the Northern Ireland Development Council, or even some of the work of the Ministry of Commerce. The new department will satisfy those people in Ulster who have wanted a special committee to examine the problems involved in entering the common market, similar to the committee of industrial organisation which the government of the Irish Republic appointed a few weeks ago.

RHODESIA AND NYASALAND

Sleeping Partners



PARTNERSHIPS between African men and European women are to be made legal in Southern Rhodesia. Until now the law has forbidden them, but has allowed love affairs between white men and black women. This removal of perhaps the most glaring example of social discrimination in Southern Rhodesia is the only really hopeful news to come out of central Africa in the past few weeks. Northern Rhodesia is still in trouble as a result of the liaison between Sir Roy Welensky and the British Government, and the new constitution which is its offspring.

At the weekend, when it became apparent that the wave of arson, stoning, and road-blocking in Northern Rhodesia was more serious than at first supposed, Mr Kenneth Kaunda, leader of the United National Independence Party, flew to London to appeal to "the British people" and Commonwealth High Commissioners to put pressure on the British Government to alter the new Northern Rhodesian constitution. Small changes that would give the Africans a better chance of winning a majority would make it acceptable to UNIP (if not to Sir Roy Welensky), and might make all the difference between peace and revolt in the colony. On Wednesday, UNIP headquarters in Lusaka announced that Mr Kaunda's non-violent "master plan" was being put into action; this may keep UNIP's more excited members from violence for a while, but probably not for long if the constitution is kept weighted in the federalists' favour.

In Nyasaland, too, the stability of the federation was shaken this week. Dr Banda's Malawi Congress Party won all twenty lower roll seats and three of the upper roll seats in the territory's first elections under the new constitution. Five of Sir Roy's men and five officials will also sit in the new legislative council, but Dr Banda will, even so, command an absolute majority. He will also be able to demand the three ministerial posts accorded to lower roll seats, and may well get one or both of the posts reserved for upper roll members. A sympathetic governor (and Dr Banda is on good terms with Sir Glyn Jones) could ensure that the officials making up the balance of the executive would work with Malawi. They might not vote with Dr Banda's men on the executive on a motion to secede from the federation. The motion is certain to be put, and carried, in the legislature. As for its effect, Dr Banda's first words on Wednesday after his victory were that, if the Europeans wanted to keep the federation intact, "they had better declare an emergency and send me to prison."

TUNISIA

Survival after Death

WHEN President Bourguiba heard of the brutal murder on August 12th of Mr Salah ben Youssef, his exiled Tunisian adversary, he must have recalled a brief encounter in Switzerland only five months ago. The two men then met for the first time since January, 1956, when Mr ben Youssef fled to Cairo after quarrelling with his erstwhile colleague about Tunisian policy towards France. Bourguiba stood for moderation, gradualism; ben Youssef for a clean and final break with the French. When in March, 1956, Tunisia obtained independence, Mr ben Youssef found encouragement in Cairo and soon became its instrument in attempting to overthrow the Tunisian president. In March, 1958, he was convicted and condemned to death *in absentia* for plotting the president's murder. The bitterness that built up around him caused Tunisia's estrangement from Cairo and withdrawal from the Arab League.

In March this year, when Mr Bourguiba was staying in Switzerland, Mr ben Youssef turned up—incognito—in rather changed circumstances. The United Arab Republic had revised its policy of trying to overthrow governments in non-conforming Arab countries and was seeking strength through friendship. Under this new dispensation Tunisia had returned to the Arab League in February and Mr ben Youssef, though still a well-liked guest in Cairo, was no longer President Nasser's political instrument. So Mr Bourguiba took the occasion to offer him the hand of friendship. But the gulf between Bourguibism and Youssefism was, apparently, still too wide to be bridged. The interview broke up in acrimony. It may, though, have warned the president that Mr ben Youssef was still on the warpath, and served to stiffen his hand in dealing with the French at Bizerta.

Nevertheless, Mr Bourguiba has nothing to gain from his rival's assassination. It could damage his rapprochement with Cairo; nor does it kill Youssefism, which is more an attitude of mind in Tunisia than loyalty to a single man. This attitude of "out with the French at all costs" has waxed and waned according to political events. It waxed for a short time after the bombing of Sakiet, and has done so again

in the wake of the Bizerta reverse. Indeed, the survival of Bourguibism after Bourguiba (or even with him) is much more debatable than that of Youssefism after ben Youssef.

EPISCOPAL APPOINTMENTS

Protest in St Paul's

CANON COLLINS of St Paul's with his preternatural gift for attracting publicity has done it again, and succeeded in making episcopal appointments in the Church of England the centre of public interest to a degree which neither the Archbishop of Canterbury nor even the Guildford deanery affair achieved. He launched his protest from behind the appropriately pink coloured curtain in St Paul's which shaded the chapter meeting from profane eyes last weekend, daring to vote against Dr Stopford, the royal nominee for London, and so laying himself open to all the disagreeable penalties of praemunire, which include outlawry and confiscation of goods. These, however, are not likely to be enforced.

The method of Anglican episcopal appointments was discussed in *The Economist* of July 15th, when it was argued that the system of state appointments needed reform, not demolition. The classic defence of the existing system is that it works, and it has certainly provided the Church of England with a succession of effective if not always notably spiritual leaders. "In general we observe," said Walter Bagehot, "that those become most eminent in the sheepfold, who



Dr Stopford : by a majority

partake most eminently of the qualities of the wolf."

The prayer offered by the chapter asking for the guidance of the Holy Spirit to elect the person named in the *congé d'élire* has justly been branded as blasphemous by Mr Peter Kirk MP, but there is no obligation to use this impertinent invocation. The Dean of St Paul's in fact declined to do so, and his example could profitably be followed by other deans without waiting for any legislative reform. Such reform would be expedited if the Church Assembly at its autumn session appoints a commission to investigate the whole relationship between church and state.

Dr Ramsey, much less erastian than his predecessor, is known to favour greater liberty for the church, and has already promised to cooperate in appointing such a commission, whose effective terms of reference will probably be limited. Complete autonomy could be purchased only at the price of disestablishment, which very few within the church are willing to pay, nor is there any strong desire to hand over the election of bishops to the cathedral chapters. Canon Collins's intemperate denunciation of Dr Stopford on political grounds is a timely reminder of the dangers of such a course. "Birmingham people," Cardinal Newman once remarked, "have souls," and the Precentor of St Paul's might recall that bishops as well as canons have consciences. What is urgently required is some form of consultative machinery in each diocese by which—when the see is vacant—clerical and lay opinion on suitable appointments can be conveyed officially to Her Majesty's advisers.

CHURCH UNITY

Roman Catholic Bid

THE announcement by the Archbishop of Liverpool, Dr Heenan, that a committee of Roman Catholics in England has been set up to foster unity among Christians of *different* denominations represents a notable advance for the ecumenical cause. The Secretariat for promoting Christian Unity which was set up by Pope John XXIII (and of which Dr Heenan is a prominent member) is situated in Rome. While this is central from one point of view it is comfortably far away from another. The creation of a local English committee to act in cooperation with the parent body should appreciably accelerate and facilitate its work.

One immediate effect should be to check the widespread feeling among ecumenicists, referred to by Dr Heenan in his speech, that the English Catholic hierarchy is much less enthusiastic about Christian unity than the Pope. Papal initiatives, it is believed, have not been followed up by the English bishops because they are convinced that the Pope does not really understand the religious situation in England or the doctrinal complexity of the Church of England. This conviction has prompted ecumenically-minded Anglicans and others to by-pass the English Roman Catholic bishops for fear of being rebuffed, and to resort to French or Belgian prelates who could be guaranteed to give them a warmer welcome. These suspicions have certainly been justified in the past, but such action by Protestants has done nothing to lessen them, since the English Roman Catholic hierarchy naturally resents being ignored.

A great deal will now depend on the energy with which the committee pursues its task and the projects which it initiates. In the Roman Catholic Church initiative must come from the bishops and the new body is a committee of the hierarchy entirely



Dr Heenan : under his eye

composed of bishops. The actual composition, however, is not entirely reassuring since most of the members are scarcely zealots for cooperation. It will be interesting to see if the committee is expanded at a later stage to include members of the religious orders who have been in the van of the ecumenical movement, and also to include lay members. Dr Heenan himself, with the committee's headquarters actually under his eye in Liverpool, is unlikely to allow it to sink into somnolence.

ISRAEL

Vote of Acquiescence

MR BEN-GURION has won a tepid vote of confidence from an Israeli electorate resigned to the tedium of holding elections, two years before time, in the holiday season and the mid-August heat. The results of Tuesday's election show that the prime minister's party, Mapai, is still way ahead of the crowd. Mapai is now expected to have 42 seats in a Knesset of 120 members, instead of the 47 it won in 1959. Herut, the militant right-wing party which came second in 1959, now has 17 seats and ties in second place with the Liberals, the new coalition of the right-of-centre parties. The prime minister's description of the results as a "national disaster" implies that he had hoped to avoid the irritations of coalition government by gaining a straight majority for his party. But this was never likely.

The elections were held prematurely because Mr Ben-Gurion decided to make his handling of the Lavon affair earlier this year a matter of national confidence. But few political speakers have had the heart to scratch over the squalid causes of Mr Lavon's decline and fall. Instead, the basic issue boiled down to whether or not the electorate still wanted the prime minister and his party to play a dominant and constant part in the country's management.

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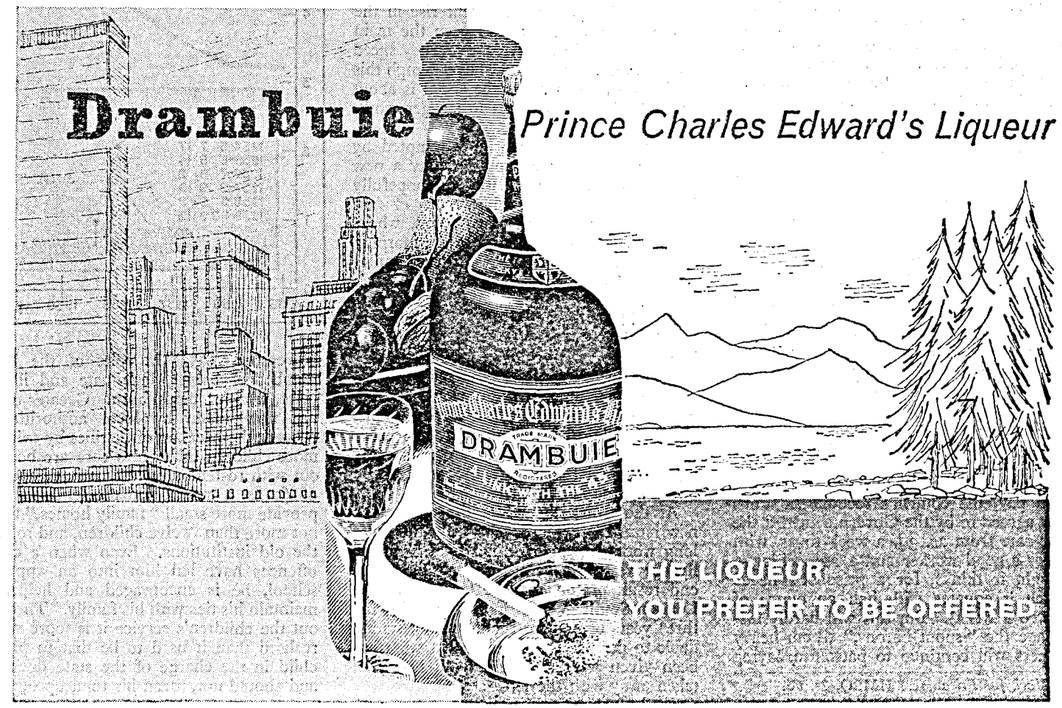
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Two years ago, Israelis paid respect to Mapai as housekeeper and guardian of their interests ; this time, although their support has been less enthusiastic, it was faithful enough to make plain that no reasonable alternative has yet slid on to the horizon.

Foreign policy began to be seriously debated only with the advent of Dr Nahum Goldmann, the president of the World Zionist Organisation, in the last week of the election campaign. Dr Goldmann is not an Israeli citizen, but he spoke for the Liberals. For several years, there have been few significant differences in party lines on practical foreign politics. But Dr Goldmann brought new ideas. Israel's diplomacy, he claimed, required dynamic rethinking ; the country had been marking time for too long (an unfair dismissal of Israel's strenuous and successful efforts to make friends with the new African countries). He laid down some broad principles : Israel should seek non-commitment between East and West, encourage an arms embargo in the Middle East and, above all, struggle towards the goal of a neutral confederation of Middle Eastern states. Just how it was all to be done, he did not say.

WORK IN PRISONS

Too Little for Lags

THE advisory council on the employment of prisoners has just published its first report,* after a year's investigation, on the work of men prisoners in prison workshops. Predictably, it rejects " hard labour " : the therapeutic value of work is not disputed, but it should be a means of utilising a considerable labour force (20,000 men) as well as of fitting prisoners, by inuring them to industrial conditions, for a usefully honest life on discharge. It is felt that prisoners should be made to work a full (40 hour) industrial week and to raise their productive standards to those of outside industry. It is not foreseen that prisoners, 0.1 per cent of the working population, could ever compete " unfairly."

There are, in fact, many obstacles to efficiency. The turnover of prison labour is above 300 per cent a year : overcrowding, staff shortages, lack of training and the demands of routine reduce the working week to 16 hours. The council hopes for an eventual improvement to the point where the workshops will be efficient contractors to government departments (and even private employers). The mental hospitals are showing the way towards this. It means turning a factory into an institution rather than the other way about.

On pay, the council's recommendations (now agreed to by the Government) lift the basic rate from 2s. 3d. a week to 3s. with 8s. for a good worker and a 10s. ceiling—enough, it thinks, for a prisoner's needs (which it equates with half an ounce of tobacco a week). But this will hardly discourage the " snout barons," whom heavy smokers will continue to patronise, laying up for themselves dangerous debts which must be paid in cash (or slash) on release. The quickest way out of the barons' clutches is not a semi-skilled job. It is disappointing that the council could not bring itself to recommend a higher return (in Denmark it is up to 50s. a week) out of which maintenance for the prisoner and his family, and possibly some help for his victim, could be deducted. (In fact, employers of extramural workers from open prisons pay full wages—to the Prison Commissioners.) There is still a great deal to be done to relate prison work and payment to the whole problem of after-care, which, it is now recognised, should properly begin on committal.

*Work for Prisoners. HMSO, 2s. 6d.

LONDON'S TRAFFIC

Hardening Arteries

LONDON Transport confirmed on Monday that the Underground is getting intolerably crowded but is popularly preferred to the buses. Nearly three million people make the journey to and from the City and West End every day, more than a third of them by tube, which has increased its patronage by 4 per cent over the past year. Bus passengers fell by 7,000 a day to 215,000. British Railways suburban services showed a gain of 15,000 a day and now carry 452,000 passengers in the morning peak hours. The remaining million or so travellers packed on to the roads in cars, taxis and on motor cycles. Road traffic in the central area has come closer to total seizure. The yearly 6 per cent rise in the number of private cars has been the main cause of a fall in the average journey speed from 12 mph in 1948 to just over 9 mph this year. In the rush hours the speed is about 7½ mph, despite attempts to stagger working hours.

Some alleviation is being attempted by one-way schemes ; and on Monday a new " peak-hour clearway " will be hopefully introduced (for a trial period of six months) on the Great West Road, where no stopping will be allowed in the morning and evening peak hours for the 5½ miles between Knightsbridge and the Chiswick flyover. There is no clear idea of how much relief will be obtained: but other parts of London have benefited by a 3 mph rise in journey speeds after setting up "no waiting" signs. Concessions have been made on the clearway, not only in the obvious cases of buses and ambulances, but also to taxis, although minicabs will not enjoy this privilege. If further exceptions are made (say for commercial vehicles) the whole idea might just as well be dropped.

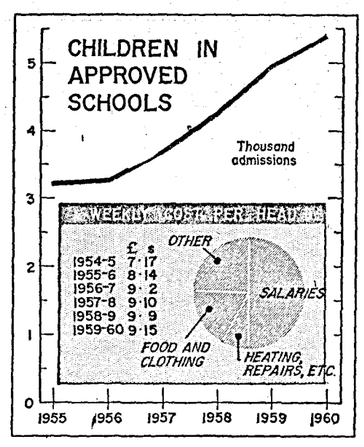
At the Chiswick end of the clearway a new hazard is being developed in the mile-long works for an overhead road from the flyover westwards. Entirely desirable as the end result of this may be (as part of the London-South Wales motorway), in the three years of its construction motorists are liable to persuade themselves that what has been given with the right hand has been taken away with the left.

CHILDREN'S DEPARTMENT

In Care and In Crime

WHEN the seventh report of the children's department of the Home Office was published (in November 1955), the amount of juvenile crime had been falling from its postwar peak, and places in approved schools were being reduced. It was the number of children in care that was then rising, children, that is, who might or might not have broken the law but whose home circumstances (parental neglect or parental mishaps or illness) or lack of a home had led them into the care of the local authority.

Since then, as the eighth report shows (HMSO 7s.), the trend has been the other way round. The number of juvenile delinquents has risen year by year, and the increase is reflected in the number of admissions to approved schools. On the other hand, an increasing awareness of the harm done to children by removing them from their own homes, and of the high cost of maintaining them in children's " homes " (the weekly average is only £1 3s. less than in an approved school), had brought the total of children in care down to 61,729 by March, 1960 (compared with 65,309 in



November, 1953) in spite of the larger number of babies, legitimate and illegitimate, who are being born. Greater efforts are now made by local authorities to prevent the breakup of families by eviction; more children taken into care are boarded out with foster parents (at an average cost of £2 2s. a week); and the tendency is to provide more small " family homes," taking not more than twelve children, and to close the old institutions. Even when a child's offences have led him into an approved school, he is encouraged and helped to maintain his ties with his family. Throughout the children's service it is more widely realised than it used to be that to place a child in the charge of the state does not, and should not, mean his total uprooting.

ARGENTINA

The Dog It Was

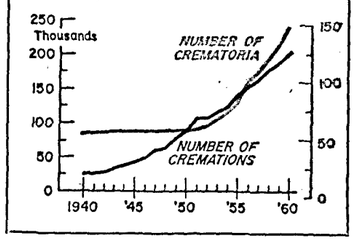
ABOUT a year ago, President Frondizi defeated a group of army revolutionaries by beating them to the radio transmitters. During the pocket-sized revolt that mildly disturbed Buenos Aires in the early hours of last Saturday, August 12th, a tiny group of air force officers seized control of the city's radio station and telephone exchange, but gained nothing from it. For an hour or so, their call to revolution thundered over the air to the sleeping Argentinians ; then, quietly before breakfast, the rebels gave themselves up to the police. Their performance was an absurd shadow dance of revolution ; even so, subsequent events show how vulnerable the government still is to military pressure. The minister for air ordered the house arrest of the air force commander-in-chief for not punishing the rebels severely enough ; but it is the minister, not the commander, who has now resigned.

Most Argentinians have no time and less sympathy for turbulent military officers ; *golpismo*, the habit of *coups d'état*, is out of the mode. But President Frondizi's own position has always been the more hazardous because of his debt to the Peronistas, who, on a misconception, helped to elect him president in 1958. For a long time afterwards, the disillusioned Peronistas monotonously returned blank votes. It has been an encouraging sign of a new forward look in Argentina that the blank votes have diminished in recent provincial elections. Moreover, with congressional elections coming up next March, President Frondizi's party has been gaining ground.

But the government's outlook is marred by its economic perplexities. President Frondizi and Dr Alemann, the new minister of economics, have started to try to cut away some of the dead wood that has choked Argentina's economic growth for many years. First on the list for trimming and modernisation are the calamitous state railways, which, after years of neglect and procrastination, are run on an immense yearly deficit. For industry, foreign private investment comes in steadily, and massive international loans may provide for Argentina's two most pressing needs, housing and roads. But exports are doing badly ; a poor harvest may halve grain sales this season, and the meat trade is in persistent trouble. Prices, which have been fairly well under control for the last year or so, have begun to rise smartly, and, although the railway unions called off their threatened strike, other trade unions are twitching into angry life. More skilful revolutionaries than last Friday night's radio amateurs might yet be able to crystallise the separate factions of economic and political discontent.

DUST OR ASHES?

Cremation was pronounced legal in 1885 and since then there have been over two million cremations in Great Britain, three quarters of them in the last ten years. The percentage of cremations to total deaths has risen from 3.8 per cent in 1940 to 34.7 per cent in 1960. The tremendous increase in the number of crematoria since 1950 has reduced the expense which was incurred in travelling considerable distances to a crematorium; cremation is now slightly cheaper than burial.



PAN-AFRICA

Solid Black

AFRICA is developing an impetus towards unity unexpectedly quickly. Except for South Africa, the Sudan, and the Congo, virtually all the independent African states are now committed to schemes of close co-operation, though not all to the same scheme. There are even signs that the ideological division between the " Casablanca " and " Monrovia " groups of countries may yet be bridged. The Casablanca group (Ghana, Guinea, Morocco, Mali, the United Arab Republic and the Algerian government-in-exile) has decided to form a common market, an economic development bank, a council of economic unity, a joint air and shipping line, and, eventually, a political union.

The Monrovia group has twenty members drawn from most of French-speaking Africa, plus Nigeria, Sierra Leone, Tunisia, Libya, Somalia, Ethiopia and Liberia. It has rejected the idea of political links, but is in the midst of a series of businesslike discussions about almost every form of co-operation. The most recent meeting, held at Dakar, produced a list of intentions similar to the Casablanca group's list—including the formation of a common market and an economic development bank. Eleven of the member states already own a joint airline, *Air Afrique*, and are urging the others to take part.

It is becoming fashionable to deprecate this division into two camps, and talk of uniting everybody. Ghana has concluded a customs pact with its neighbour, Upper Volta, even though it belongs to the other group. The Nigerian prime minister calls for co-operation between all African states ; his new foreign minister, Mr Jaja Wachuku, believes that political unity is, in the long run, inevitable. Gambia, approaching independence, may form a small link between francophonic and anglophonic Africa by joining Senegal. Mr Nyerere of Tanganyika, a pan-African himself, refuses to commit himself to one existing group or the other. Mr Modibo Keita, of Mali, is said to be looking for a way of attending meetings of the Monrovia group while remaining a member of the Casablanca group. Dr Nkrumah's hope of continental unity may one day turn out to be more than a flash in pan-Africa.

The Economist

AUGUST 17, 1861

TESTING TIME FOR AMERICA

The fact is, the Americans are *a wholly untried people* ;—and till people have been tried, no one can pretend to say what they are, or what under any given circumstances they will do. They have never been *tested* by any great difficulty, any great danger, any great calamity : they have never been called upon for any sustained effort, any serious sacrifices, any prolonged endurance. They do not know, therefore,—nor do we—the possible reach of their virtues and their powers, nor the possible range of their vices and their weaknesses. They have never yet faced a really formidable foe. It will astonish and disgust them to be told this ; but it is the simple truth. . . . We are in equal uncertainty as to American Statesmen and American Institutions. They have never been tried in a storm before, and no one can tell how they will stand the strain. The leaders in Washington's time were gentlemen and men of education. The institutions in Washington's time were free, but not democratic. Since that time the country has gone through a course of *unexampled and uninterrupted prosperity*—demoralising assuredly, though not enervating. Laws and manners have changed to a degree which few persons have yet fully realised. The constitution has become an almost unmitigated *ochlocracy*. The masses are everywhere omnipotent ; and the masses in most parts are only half educated, and in many parts are as ignorant as those of Europe and far more ruffianly. The men of thoughtful minds and lofty purpose, the men of noble sentiments and stainless honour, have retired from public life ; and, naturally enough, as the work of politics became dirtier and rougher, have left it to dirtier and rougher men. The consequence . . . has been that the Rulers and Legislators of the United States are, almost without exception, either the vulgarer and shallower men of the nation who share the popular faults and passions, or cleverer minds who flatter and obey them without sharing them. . . . Now, how can such men be expected to meet a crisis like the present—a crisis which might try the ablest and the noblest spirits that ever directed the fortunes of a great country? . . . Moral courage is more needed at Washington now than any other *political virtue—the moral courage* to speak unpopular truths, to face popular rage, and to resist popular delusions.

LETTERS

European Venture

SIR—All sensible Germans were pleased by the Prime Minister's announcement of Britain's formal application to join the Treaty of Rome. My conviction of the monumental importance of this British decision is reinforced by what I learnt, in the years before the last war, of the character of the British Commonwealth. I feel confident the various hurdles will be taken. The older generation that still clings to national ideas of greatness will pass and give place to a younger generation eager, like my own sons, to live in a European commonwealth. British influence in the affairs of the European Community will in the long run become paramount. It will also prove wholesome: Britain has long experience in leading an unwieldy community, while Germans and French alike are inclined to pay pedantic attention to verbal accuracy and mathematical equality. The French have a good expression for it: *rage de perfection*. It will be nonsensical to fix beforehand every detail, every pound of cocoa, of butter, of meat, etc. Put the European commonwealth in the saddle, and it will soon learn to ride.—Yours faithfully,

W. R. G. VON TIRPITZ

Irschenhausen bei München, Bavaria

★

SIR—In your issue of July 22nd you repeat your frequently expressed arguments that any adverse effects on Hongkong and India could be adequately offset (and, no doubt, your conscience eased) if the United Kingdom could persuade western European countries to "share the burden" by relaxing their restrictions on imports from these countries.

I cannot speak for India but, leaving aside the curious economic implications of the phrase "share the burden," let us look at Hongkong. It is a fact that you are either unaware of, or choose to ignore, that the colony, as a dependent territory of the United Kingdom, has shared fully in OEEC liberalisations in recent years and, except for a few items in the case of France, now trades as freely with western Europe as does the United Kingdom itself. There is no further significant scope for relaxation that might partially offset the effects of intra-common market preferences or the even more serious effects of loss of preference in the United Kingdom even if it were legitimate to argue that the loss of existing rights in the United Kingdom could properly be compensated by the belated grant by others of rights at present improperly withheld. Perhaps Hongkong is over-privileged already, but that is beside the point.

You should also know that the European market is not such a glittering prize as you suggest, even before internal preferences take effect. You should not judge by the United Kingdom market. After four years and more liberalisation Hongkong's textiles exports to western Europe in the boom of 1960 were 1½ million yards of piece goods and £6 million of garments. India does not export garments to any significant extent and cannot in general compete with Hongkong, not to mention Japan, in piece-goods. What then are the prospects you hold out?

You may properly argue that joining the common market is so important to the United Kingdom that it is justified in sacrificing the existing trade interests of Hongkong and India, if that is the price. But it would be hypocritical to claim that the sacrifice can in any way be compensated by relaxation of import restrictions in Europe.—Yours faithfully, J. B. KITE

Secretary, General Chamber

Hongkong of Commerce

In the Freezer

SIR—In your article you explain to your readers the way in which civil service pay is settled. The facts as set out by you are incorrect; it would perhaps be as well if I put them right.

You say "The award is arrived at by negotiation (based, in the case of the civil service, on the report of a pay research unit charged with finding out just how salaries in comparable outside jobs have moved). It is then passed to the appropriate minister for simple confirmation or rejection." An "award" is not arrived at by negotiation. An award comes from the Civil Service Arbitration Tribunal after the parties have failed to reach agreement. Awards have always been honoured by the Government and the issue of "simple confirmation or rejection" does not therefore arise.

If we take "awards" out of your statement it appears that you are suggesting negotiated settlements are "passed to the appropriate minister for simple confirmation or rejection." There is no doubt that in all the important pay settlements which have arisen in recent years Ministers have been consulted *before* firm offers have been made and have not been left as rubber stampers or purveyors of rejection slips.—Yours faithfully, RICHARD HAYWARD

Civil Service National Whitley Council

London, SW1

["Award" was the wrong word: it should have been "recommended settlement."]

Teachers' Pay

SIR—The facts about the Burnham Committee and the policy of the National Union of Teachers are, you declare, "pretty discreditable" when understood. Before the facts can be understood, however, they have to be presented and the least creditable aspect of your recent comment on these matters has been your failure to do this.

At no point, for example, have you accurately stated the salary policy of the NUT or examined fairly the case presented by the teachers' panel in the Burnham negotiations, doubtless because this would have made it impossible for you to persist with your attempts to picture the NUT as a collection of flat-earth egalitarians. And, while it is flattering of you to apportion to the NUT the bulk of the blame for all that you consider wrong, it would be more accurate to record that the rejection of the Minister's demands was unanimous on both sides of the Burnham Committee.

To take another example, do you really believe that the row over the £5½ million is all about "shelling out an extra £100 annually to estimable but preoccupied young females for three to four years of their career"? Incidentally, remembering that the Treaty of Rome insists on equal pay, one cannot help being surprised that such a strong supporter of the treaty as yourself can be so violent where the pay of women is concerned.

Again, you compare the position of the honours graduate under the new Scottish scales and those proposed by the Burnham Committee without mentioning the factors which render such comparison of little value, but subsequently ignore the comparison which does make sense, that made by the Burnham Committee to show the Minister that he had not in fact offered English teachers approximately what the Scots had got.

In so far as salary policy is concerned, while you concede that the largest extension of education is a first national need and declare that teachers are "among the most important people in the country," and make reference to the size of the teacher shortage, your preference is strongly for selective increases in differentials. We take the view, however, that there must be a radical improvement in the status and rewards of the profession as a whole, and that because the basic scale is the main element in the salary of the great majority of teachers, this must be made an adequate basis for any superstructure.

The immediate point at issue, however, is the Government's interference in normal salary negotiations and the ramifications of what, it is suggested, are attempts to formulate some form of national salary policy. Your leading article, "In the Freezer," indicates some of the problems which confront the Government in this field; it also shows that teachers, civil servants, and others in public employment, are not the cause of cost inflation. But you do not explain why those who traditionally lag well behind in the movements of salaries and wages should be the Chancellor's chief victims. For them the freeze; for the private sector, exhortation. Surely an attempt at a national policy should be comprehensive if it is to be acceptable to those directly affected?

Bearing in mind that the Government has to try to implement its ideas in a democracy, it (and I think you) seems to have paid scant attention to the need to gain the co-operation of those concerned. The success of any departure from its own philosophy and practice so radical as the evolution of a national wages policy, must surely depend on the co-operation of employees and their organisations and the integration of existing negotiating machinery. But can anyone seriously pretend that the way the Government has handled developments in the past month gives any ground for confidence in this respect? You say that the Government hopes it may get by without breaking up existing negotiating machinery altogether. What hope can it have, at least so far as the education service is concerned, if it seems intent on relegating the role of the Burnham Committee to one of signing on the dotted line the edicts of the Minister?—Yours faithfully, FRED JARVIS

National Union of Teachers

London, WC1

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SIR—It is incorrect to suggest, as you do in the article "Sir David in the Pillory" in your issue of August 5th, that a cut of £5½ million in the proposed basic scale of £600-£1,200 "will not affect the majority of teachers who are above the basic scale already." You may have overlooked the fact that the basic scale figures are an integral part of the salaries of all teachers.

In a written answer, published in Hansard for August 4th, the Minister of Education has given examples of the salaries that could be paid within the overall increase of £42 million, instead of the £47½ million proposed by the Burnham Committee. One example is that of a good honours graduate who spent four years in full-time study and training, and who, at age 35 years, is the head of a department. Sir David's "possible salary" for him is £1,550, whereas the Burnham Committee's provisional agreement would give him £1,590. Another example given in the parliamentary answer is that of a graduate who spent three years in full-time study and who, at age 37 years, holds a post of special responsibility. Sir David's figure for him is £1,435 compared with £1,495 recommended by the Burnham Committee.

Thus, though the Minister has proposed cuts only in the recommendations of the Burnham Committee relating to the basic scale, leaving the recommendations on differentials untouched, these teachers would receive respectively £40 and £60 per annum less than under the Burnham Committee's provisional agreement, though both of them are in your words "above the basic scale already."—Yours faithfully,

A. W. S. HUTCHINGS

Secretary, Association of

London, WC1 Assistant Masters

BOOKS

Europe in Disintegration

L'Europe du XIXe et du XXe Siècle (1815-1870): *Interprétations Historiques Vol. I (Parts 1 and 2)*

Marzorati, Milan. British Distributors: *Parkers*, Oxford. 1,165 pages. £8 8s.

A CENTURY ago Europe was moving towards the high age of nationalism, which was to culminate in the three catastrophic wars that have since crippled it as a force on the world stage and swung the poles of power away from Europe. True, the idea that there was such a thing as a single European civilisation and culture was by no means dead. The Vienna settlement provided a framework whose structure lasted for half a century: the Holy Alliance, for all its reactionary elements, was based on the idea of a European family. Even the forces of change themselves—the liberal nationalism sparked off by the French Revolution—owed European allegiances beyond national bounds. And the more iconoclastic actors on the stage—Napoleon III and Bismarck—combined a desire to alter the European balance with a basic belief that some balance must exist. But though the concert of Europe played on, it was increasingly out of tune. On the fringe of Europe Britain wavered ambivalently, turning at times to help the progressive forces on the Continent that looked to it for leadership, at times rebuffing them and turning to serve its own narrower balance of power considerations or its broadening interests overseas.

All this contrasts strikingly with our own age, when great economic forces are pulling the European states together. Just as, at the apogee of European power, the European states were tempted to quarrel among themselves over the spoils, so eclipse has forced them to look to what they have in common. A hundred years ago Britain preoccupied itself with building up a strong and friendly Belgium against France or Germany; it now has as its first interest the consolidation of a strong and friendly France and Germany against the threat from Russia. The day when Europe would be eclipsed by the rising giants, Russia and America, which only prophets like de Toqueville then foresaw, has arrived.

The present period of European integration is therefore not a bad one to look back on the epoch of disintegration, and try to evolve a fair historical picture of it, free from the nationalism that has been a potent ingredient of historical writing about the period. "Interprétations Historiques" is an attempt to do this. The first two volumes, now published, cover the period 1815-1870; the next two, now in course of preparation, will describe the years 1870-1914; and two more 1914 to the present day. The publishers are Italian, but the team that has executed the work is European. Four distinguished scholars, Professor Beloff of Oxford, Professor Pierre Renouvin of the Sorbonne, Professor Franz Schnabel of Munich and Professor Franco Valsecchi of Milan are the joint editors, while the contributors come from a wide range of European universities.

One function of the work is historiographical. It is to try to summarise the national historical writing that has been done, analyse its evolution and point to the lacunae and elements of bias. The work is in itself a formidable bibliography. But it also goes on to write history, looking beneath the surface at the social and economic features that the European nations had in common and placing the political history of the powers in a European setting. Collective history of this kind inevitably has its strong patches (like Professor Valsecchi's masterly political analysis) and its weak ones; it obviously cannot have the power or unity of individual works of genius. The search for common European features can end up in vagueness. In the chapter on geography, for instance, Jean Gottman rightly and inevitably finds it impossible to define what Europe is. Europe is a conception, but it is one whose cartographic meaning is constantly in flux.

Yet this enterprise is an illuminating contribution to the historical reappraisal that is going on all over Europe. And the first volumes throw up revealing lessons in both comparative history and historiography. For instance, the difference in the political history of Britain and the Continent owed much to a major fact of social history: that Britain, unlike the Continent, had no class of peasant proprietors. In historiography, Professor Asa Briggs's short essay on British writing, for example, points out some inviting avenues for British historians and some vast gaps to fill. There was the long tendency to concentrate on political history—with its Whig and later Namierite interpretations. In economic history there has been little between Sir John Clapham's all-embracing factual picture and the crusading of the Hammonds. The gulf between historians and economists has encouraged economists—when they have got to grips with the British nineteenth century—in a damaging preoccupation with short-term trends. The limitations of a conventional national viewpoint have encouraged complacency and made analysis incomplete.

One looks forward with curiosity to see how the team find common ground in the far more controversial arena of the last ninety years. How will they deal with the responsibility for the last world war? How

will the historiographers deal with rogue elephants like Mr A. J. P. Taylor? The task is an exciting one, which will become progressively more difficult and also more rewarding.

Fardells to Bear

Administrators in Action

By F. M. G. Willson.
Allen & Unwin. 350 pages. 35s.

THIS pioneering and stimulating, if rather prolix, book by Professor Willson is the first of a series coming from the Royal Institute of Public Administration. The scope for such a collection of case histories, particularly when drawn from local government, the nationalised industries and welfare services, is virtually limitless. Not only has very little research been published (or even done) in this country; the type of problem that invariably comes to the public attention through newspapers, adjournment debates and the occasional *cause célèbre* is an unreliable guide to day-to-day administrative decisions. Political attitudes, not least towards the social services, can become highly coloured through popular ignorance of administrative working. Professor Willson's five studies do not necessarily show the departments and officials in the best, or most successful, light, but they do demonstrate what they may have to contend with. The weaknesses of the system itself, rather than human failings, are the more readily apparent for correction.

Only one of the present studies, concerning the institution of clearing arrangements with Spain in 1935-36, is directly located in the higher reaches of Whitehall. It tends to raise rather more questions of interdepartmental procedure than the recorded evidence gives answers to (it would, for example, have been more valuable had it offered precise details on the relations between the Treasury and the Bank of England). The other four are in much less fashionable offices: precisely the places where the ordinary citizen, or local government officer, could find himself. Here the lessons are valuable and, occasionally, striking.

Coventry's prolonged skirmish with the ministerial and commercial interests involved in moving the borough's wholesale vegetable market (1949-55) illustrates some fairly familiar problems of town planning and exchanges with the central authorities. Professor Willson regrets (rightly) that the details of local political influence in the decision-taking are lacking. But the study shows up very well the primacy of the town clerk's office and the appalling gap between the aspirations of the experts (who were allowed to run unchecked for too long) and the financial realities embodied in the finance committee. It also throws some very suggestive light on political tactics within Private Bill procedure that deserves to be followed up in future research.

The one case in which Professor Willson is unduly sparing with his narrative is on the human side of the South-Western Electricity Board's introduction of machine accounting (1948-57). The influence of changes in staff morale is fully evident: the problem almost halted the process of rationalisation at one stage. More information on the working-out of this struggle between the "revolution from above" and the human resistance would have been useful. But very little could be spared from the saga of "Jim and Vera Fardell" and their brood, which is likely to become a classic of its kind. The astonishing cost (in man-hours as well as in money), strain and perplexity incurred by welfare officials in "Templeton" by one unruly and feckless family would be almost unbelievable, were it not (in some, if not all of its aspects) a sufficiently frequent occurrence.

The family's marital and financial troubles lasted seven years (1948-56). The point about the "Fardells" is not that they were entirely indigent, or that the multitude of officials with whom they had dealings were unsympathetic. They were a couple who, while giving every impression of mental and moral deficiency, demonstrated an instinctive ability to get the most out of the local officials, social services and private charities, and of knowing how close to the wind they could sail in doing so. At the end the wife, divorced, evicted and her six youngest children in public care, has "recovered her *sang froid* (if, indeed, she had ever lost it more than momentarily)" and goes off to get married again. A plethora of welfare workers has done its best with bluff, genuine care and a little bullying, to no avail whatever. It is a relief to find small-town administration so patient and humane. But is there not a case for putting this category of impossible families into the hands of a small team of special social counsellors, and thereby saving the time of housing committees, assistance boards, rent collectors, children's officers, health visitors, school attendance officers *et al*—who are not only otherwise overworked but liable to act at cross purposes?

Church of Charity

The Charity Organisation Society, 1869-1913

By Charles Loch Mowat.
Methuen. 200 pages. 25s.

IN one of his more lyrical passages Charles Stewart Loch, the grandfather of the author of the present book, described the Charity Organisation Society as a church rather than an organisation. It was founded upon a religion; it gave a purpose to life; it recruited a vast army of helpers; and though much of its work was "invisible" to the public, its corporate organisation, visible enough, was "peacemaking" and "unifying."

Loch himself would certainly merit a place as the St Paul of the "church of charity." He was secretary of the COS from 1875 to 1913. This was not only an exceptionally long tenure of office; in addition, the years which it spanned were years of profound economic and social transformation. By 1903 when Loch set out the ideals and practical tasks of the COS in this lyrical way he was at least as controversial a figure as St Paul ever was, and his "church of charity" was both strongly attacked from outside and undermined from within. The views with which it was popularly identified—theories of poverty as well as conceptions of charity—had been challenged by both empirical sociologists and practical politicians. The COS had clearly passed the peak of its influence, and the doctrines that had once seemed so new had become archaic and irrelevant. Today many of them seem repugnant. Instead of thinking in terms of a "church of charity" we think in terms of a "welfare state."

It says much for Professor Mowat's quiet and unobtrusive skill as a social commentator that his brief account of the COS never jars. He has generous sympathies, but when occasion demands it he can be shrewdly critical. He shows how the staunch individualism of the COS produced at one and the same time exaggerations of doctrine and a genuinely pioneer attitude to social casework. He does not shirk the moral (and social) issues arising out of the COS's concentration of attention on the "deserving" poor, nor does he overlook the many charges made at the time and since that it was patronising in its approach. He might have been more vivid on the London background and more penetrating in his probing of the "new Liberalism," but everything that he says is neat, economical and accurate. His book is a useful contribution to the history of welfare, and should be of interest to social workers and historians alike.

Republished Economics

Essays in Economics

By Ely Devons.
Allen & Unwin. 203 pages. 25s.

QUITE a few economists have recently assembled some of their articles and lectures and reprinted them in book form. This has the advantage of making useful work readily accessible to those who lack good libraries. From the point of view of the author it also has the advantage that he can add an extra book to his list of publications without much effort. The trouble is that this can be a bit too easy if the author does not bother to revise his work.

In the present case Professor Devons has made no effort to bring his essays up to date. Where, in the original, simple illustrative statistics went up to 1955, he has left them there. The first two essays contain a good deal of repetition. To add insult to injury he has added a postscript to one of them on "the points I would try to cover if I were rewriting the paper". Why didn't he rewrite it? None of these papers is so fundamental that the text needs to be preserved inviolate in order to facilitate its critical exegesis by future historians of economic thought.

This is the only complaint, however. Some of the essays are rather slight, but they are all excellent. Most of them are aimed at the general reader rather than at the professional economist. The first two offer a splendid account of the nature of applied economics and the contribution which the economist can make to policy formation. Two essays on the use and abuse of economic statistics are written in a similar vein of healthy scepticism. Although Professor Devons does not put it this way, he would probably agree that much of useful economics is merely negative knowledge: the economist may assert few truths, but at least he avoids many fallacies. Thus one long paper explains why the necessity of economic planning in wartime does not demonstrate its desirability in peacetime.

One paper is a report on a major research effort—the construction of indices of wage-rates by industry. There are two other empirical papers of great value: one on various measures of the terms of trade; and one on the wage-price spiral, which shows that movements in the retail price level and its constituents in the early fifties cannot be explained in terms of a simple wage-price mechanism, since other factors have had significant effects. Both these papers would have been still more useful, however, if the analysis had been brought as up to date as the statistics allowed when this book was planned.

Local Government Overseas

Development from Below

By Ursula K. Hicks.
Oxford University Press. 564 pages. 35s.

IT is easy enough in Britain to take for granted an established system of representative local government that continues to function effectively in spite of changes at the centre. It is easier still to ignore the importance and potentialities of local government in countries that have come recently or are coming now to independence, where attention is focused on the dramatic transfer of power in the central government and on the national policies for development.

Local government is (or can be) very much more than an administrative extension of the central government for the provision of certain services that are more efficiently handled locally. If local government has any degree of autonomy in choice of activity and means and extent of taxation, it can give unique opportunities for widespread experience of the workings of representative government and training in financial responsibility, on scales that are not incomprehensibly or frighteningly large. Local government may also contribute directly to the country's development. By carrying out small-scale quick-yielding projects designed to meet local needs (such as the construction of local roads, markets, drains, water supplies), local authorities can give communities a sense of purpose and participation in national development, which may be as important as the physical contribution of the projects themselves. This is of course one of the principal ideas behind the growing community development movement in India. This movement is largely separate from local government proper; the relations between them and the questions of how far they should and can be integrated are among the important and urgent topics discussed by Mrs Hicks.

She has made a stimulating study of local government in British, and formerly British, territories: India and Ceylon, the West Indies and West and East Africa. Although it is perhaps a pity that there is no comparison with developments in territories outside the Commonwealth, it is hardly justifiable to complain on this score about a book of 540 pages that already suffers from too much detailed material. Mrs Hicks emphasises the importance of first-hand investigation; she has confined her attention to areas which she has been able to visit.

The first third of the book is given to description, country by country, of the growth and present state of local government, with background information about conditions and general history. These succeed in stimulating the reader but not in giving him any adequately clear picture. It would, however, have been an amazing work of summary to press into this space a satisfactory account of even the present structure, let alone the history, of local government in a dozen territories (for instance, India is given 26 pages). It would certainly have required more introductory analysis and classification than are used here.

In the last two-thirds of the book Mrs Hicks examines and compares the activities of local governments as they are revealed by the financial records. She also considers many questions of finance itself—local taxes, grants from central governments and problems of accounting. To use the records of local finance to show what local governments are actually doing (as opposed to what they are empowered to do) and to insist, as she does, on dealing with specific local authorities rather than with averages or aggregates are both excellent ideas. But the financial information is used in surprisingly limited ways. For example, in the chapter on current expenditures the figures that are mainly used for comparisons between local authorities are the percentages of their total outlays spent on various classes of expenditure (e.g. on education: 19 per cent in Montserrat (W. Indies), 14-15 per cent in Poona and Bombay, 15 per cent on the average in Tanganyika, 43 per cent in Madi (Uganda), etc.). There is a point in comparing these figures, but for many purposes comparisons of amounts (in £s) spent per head would be much more useful. Moreover there is no comparison between the amounts spent per head or in total by local authorities and the amounts spent by central governments for various purposes. Could not comparisons of this kind have been made even approximately, to indicate the relative importance of local government? This is something which the author has not, perhaps could not, put in. What she has given in this book, both in information and discussion of problems and methods, will be of great interest and practical use to administrators and others working in this field. She has whetted appetites: could she, please, add a bibliography?

Above the Law

International Immunities

By C. Wilfred Jenks.
Stevens. 216 pages. 35s.

THE recently negotiated "Vienna Convention on Diplomatic Relations" has dealt with the important problems that arise in fixing the nature and scope of the privileges and immunities of the diplomatic staff of one state in the territory of another. Although this branch of international law has its roots in the regulated diplomatic intercourse of the ancient world, it has in quite recent times acquired a new significance, if only by reason of the great increase in the number of sovereign states. Dr Jenks, who as Assistant-Director-General of the International Labour Office is in an exceptionally favoured position to pursue the inquiry, has courageously undertaken the analogous but by no means

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identical, and in many ways much more difficult, task of describing the privileges and immunities that have emerged to protect international organisations in the carrying out of their functions.

Although there is no dearth of articles and a mass of material buried in the "United Nations Legislative Series, Legislative texts and Treaty Provisions concerning the Legal Status, Privileges and Immunities of International Organisations," Dr Jenks's work, in its scope and completeness, is in many ways a pioneer study. Furthermore, as he emphasises, it is not possible simply to apply the pattern of privileges and immunities that are accorded to diplomats. There are three major differences. First, the servants of an international organisation may be nationals of the very state in which they work, and against which they may most need protection. The problem hardly arises with diplomats, who can only be nationals of the receiving state with the latter's consent. Secondly, the servants of international organisations have no sending state, to the ultimate control of which they are subject. Thirdly, reciprocity, which is the ultimate sanction for the observants of diplomatic privileges and immunities, is of little assistance to international organisations. A relatively new branch of international law has, therefore, had to be worked out.

A "General Convention on the Privileges and Immunities of the United Nations," approved by the General Assembly in 1946, and a similar "Convention on the Specialised Agencies," approved in 1947, provide the basic pattern. Dr Jenks proceeds to examine in detail these and many other later agreements, dealing in turn with such topics as the reference of disputes over privileges and immunities to international judicial settlement; immunity of the international organisation itself from local jurisdiction; the status of its premises and archives; the degree of its exemption from the currency and fiscal law of the host state; the peculiar problems raised by international armed forces; and, in two important chapters, with a topic which Dr Jenks recognises as giving rise to "a certain dislike and mistrust"—the position of international officials. In the latter field exemption from taxation raises the greatest difficulties and lies at the core of much of the criticism. Dr Jenks describes the effort so far made to establish a system of taxation imposed on their staffs by the international organisations themselves; apart from a voluntary wartime contribution scheme of the International Labour Office staff, this dates from the Staff Assessment Plan applicable to United Nations personnel as a result of the General Assembly resolution of 1948. It would be interesting to know what these schemes mean in actual figures.

Within the limits of a highly technical subject, necessarily requiring examination of a bewildering number of agreements, Dr Jenks writes clearly and convincingly. If he shows (as perhaps in his treatment of the problem of judicial redress against international decisions) a slight bias in favour of the international administrator, this is an understandable reaction against concealed national prejudices hiding behind the forms of international law.

Cruiser Warfare

Command the Far Seas

By Keith Middlemas.
Hutchinson. 255 pages. 25s.

THIS account of the campaign against the German warship raiders during the early months of the 1914-18 war is by a newcomer to the field of naval history; and as Mr Middlemas has the gift of style, and shows himself able to construct a clear and vivid narrative, his accession to the none too numerous ranks of writers with an understanding of naval strategy and operations should be warmly welcomed.

To those who lived through the second German conflict the consternation, bordering on panic, aroused by the depredations of the *Emden*, *Königsberg*, *Karlsruhe* and, above all, by von Spee's China Squadron, may seem surprising. For the actual losses they inflicted were small in relation to the total of Allied tonnage, and were soon to be vastly exceeded by the U-boats. Yet they did cause great dislocation to mercantile and military traffic, and they forced on the Allies a wide dispersal of strength at a time when the margin of superiority at home was slender. It is those ships, and especially von Spee's squadron, which occupy the greater part of this book; but Mr Middlemas also introduces an account of the escape of the *Goeben* and *Breslau* to Constantinople—which can hardly be considered to come within his chosen subject of the first phase of cruiser warfare. Moreover, although the author's exoneration of Admiral Milne, the Commander-in-Chief, Mediterranean, is reasonable, he should have laid more stress on the consequences of the series of ambiguous and sometimes contradictory orders sent from Whitehall (doubtless on Churchill's initiative) during those critical days.

The author seems in general to accept that the strategy "to seek out and destroy" the enemy raiders was the correct one, in spite of the fact that it contributed to Coronel. But the truth is that the traditional strategy of putting as much shipping as possible into convoy, and striking at the raiders' supply system, would have been more effective and more economical—as earlier history strongly suggested, and later experience confirmed. Nevertheless, the difficult dilemma that faced Admiral Cradock, and the misunderstanding of his intentions that arose in London, are here handled skilfully and fairly; and the actual fight off Coronel is brilliantly described. Then came the planning of the retaliatory steps in London, and the author is correct in attributing the credit for the timely despatch of Sturdee's two battle cruisers to the Falkland Islands to Churchill rather than to Fisher. The climax of his book comes with the battle of December 8th, 1914, when all but one of von Spee's ships were sunk; the only criticism here is that Mr Middlemas does not discuss why the greatly superior British squadron expended an enormous amount of ammunition before its purpose was accomplished.

Although Mr Middlemas's work is in general scholarly and careful, he should beware of the type of minor blemish which the expert reader will readily detect. Thus he several times confuses the First Lord of the Admiralty and the First Sea Lord; cordite is a propellant and not a high explosive shell filling; the points of the compass are sometimes reversed in his narrative; and as the *Hood's* turrets were of a modified type introduced to prevent a repetition of the disasters at Jutland her loss cannot be attributed to the cause stated in an ill-advised footnote. Nevertheless, we may look forward to another book from so promising a writer.

OTHER BOOKS

FACES IN SHEM. By D. van der Meulen. *Murray.* 206 pages. 21s.

Mr van der Meulen recalls people and incidents in the land of Shem—Arabia before the oil age—when, as Dutch consul (later minister) in Jedda, he looked after Indonesian pilgrims on their way to Mecca. The characters he portrays include diplomatic colleagues, local bigwigs and littlewigs, King Yahya of Yemen, who was murdered in his old age, and the crown prince, the present King Ahmad, who succeeded him. Although of lighter weight than the author's earlier books, this one is distinguished, like the others, for its good descriptions, off-the-track information and telling detail.

KUNIYOSHI. By B. W. Robinson. Victoria and Albert Museum. *Her Majesty's Stationery Office.* 85 pages and 98 plates. 27s. 6d.

The greatest Japanese colour-print designers in the nineteenth century were undoubtedly Hokusai and Hiroshige. But they excelled in landscape subjects and neither could equal their contemporary Kuniyoshi in the realm of dramatic imagination. Among the hundred black-and-white illustrations in this book, it is in heroic scenes of combats, sieges, disasters and triumphs that Kuniyoshi's art shows at its best.

Marking the centenary of the artist's death, this book has been prepared by a member of the staff of the Victoria and Albert Museum, and many of the illustrations are of works in the museum's large collection. A study of his life is followed by some interesting notes on how to identify and date the extensive output of this vigorous designer.

PERSONAL DEDUCTIONS IN THE FEDERAL INCOME TAX. By C. Harry Kahn. *Princeton University Press.* London: *Oxford University Press* (1960). 266 pages. 40s.

This book is part of a broad study of the personal income tax in the United States being sponsored by the National Bureau of Economic Research. The question of deductions from taxable income is far from being purely technical; indeed, it is basic to tax reform. Although the income tax is the largest single source of tax revenue in the United States, only about half of all income is subject to federal tax because of the liberal view taken of deductions.

AN INTRODUCTION TO THE THEORY OF INTEREST. By Joseph W. Conard. *University of California Press.* London: *Cambridge University Press.* 395 pages. 60s.

An exhaustive review and assessment of the various modern theories of the rate of interest written by an academic economist with first-hand experience of the money market.

AMERICAN SURVEY

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



Last Chance in Latin America

WASHINGTON, DC

FOR the past fortnight a delegation, forty experts strong, from the United States has been working with its opposite numbers from twenty Latin American countries to write for the western hemisphere a Magna Carta of freedom and prosperity—especially of freedom from the fear of communism. Perhaps appropriately, the conference has been held in a converted gambling hall at Punta del Este, near Montevideo, Uruguay. From this sober gathering of finance ministers the American press has made the issue personal by highlighting the contrast between the sauve, flexible but resourceful Mr Douglas Dillon, Secretary of the United States Treasury, dressed in his neat business suit, and the picturesque Major Ernesto Che Guevara, the Cuban guerrilla "hero" who wears his jungle-green uniform and admits contemptuously that as minister of industry he knows no economics, only politics. Mr Dillon has staked dollars; Major Guevara, Cuba's revolutionary prestige with the masses.

But, though Mr Dillon has a private system for winning at roulette, it is doubtful if he has won much off Major Guevara. The resounding and comprehensive declaration has taken the shape outlined in the drafts in spite of 65 Cuban amendments. Yet it looks as if the Major has also succeeded in his object which is, against a background of growing internal difficulties in Cuba itself, to keep Cuba nominally in "the American family," from which he claimed it was being ejected by the alliance which was originally to include a reference to free elections in the text of its declaration.

The Alliance for Progress is the most finished programme of foreign policy devised by President Kennedy's gang of new frontiersmen from Harvard. It springs from the Eisenhower reaction to Castroism: for the previous Administration, guided by Mr Milton Eisenhower and Mr Dillon himself, organised the Bogotá conference last year and there pledged the $500 million for social uplift which Congress hastily appropriated for President Kennedy to spend after the failure of the Cuban expedition had revealed even to Congressmen that Castroism would continue to challenge the United States in Latin America. But Mr Kennedy's men believe that they have fashioned quite a new instrument, able to engineer a highly delicate process—"controlled revolution." This is a form of social change that will outbid Castroism by pumping enough capital into the region to raise its growth rate from under 2.5 per cent a year (and in many areas complete stagnation) to the 5 per cent needed to overtake the explosion of population and to lift visibly the living and social standards of impoverished workers, peasants and tenant farmers; Puerto Rico, the United States commonwealth where income a head has risen from $121 to $600 in 10 years, is a model of what can be done.

The North Americans insist that this programme is no "Cuban bonus," stemming solely from the threat of communism to the soft underbelly of the United States, but a new relationship, requiring new attitudes on both sides. On the American side there is cash: $20 billion over ten years to be provided in long-term loans rather than grants, but otherwise not incomparable, in purely economic terms, to the Marshall Plan for Europe. Of this total, $1.1 billion a year is supposed to come from public funds in the United States; this would represent 20-25 per cent of total civilian and military foreign aid this year and can only mean that Congress is to be asked for more in the years ahead. The other $900 million a year is to come in equal thirds from the World Bank and the Inter-American Bank, from American private investment and from Europe and Japan. These are only "guesstimates" and in the first year only $1 billion is to be spent ($394 million of which is from the money already voted by Congress). But Mr Dillon has said firmly that more than $20 billion could be provided if the recipients would get themselves into such a condition that they could absorb it (thus torpedoing Major Guevara, who said that $30 billion was the minimum).

But the Americans are offering more than hard cash. They have smothered their capitalist scruples about enterprises financed and operated by governments, for one thing. More important, they have undertaken to work for commodity stabilisation schemes which would underpin the prices of the tropical products and raw materials, on the export of which most Latin American economies depend. Specifically the United States, the largest consumer of coffee, intends to enter the International Coffee Agreement under which exports are limited by the Latin American and African producers of coffee. There are plans to set up a coffee fund, to which producers and consumers would contribute, to aid the countries which suffer the most from falling prices; more ambitiously, there are also plans to set up an exchange equalisation fund covering fluctuations in earnings from all Latin American exports of primary products; more cautiously, the United States is considering import quotas as a means of policing restrictions on exports. It has also promised to try to open the European common market to Latin coffee and other produce.

THE reciprocal ingredient on the Latin side is the pushing of belated reforms without which—North Americans now agree with Cubans—aid may actually worsen the situation instead of improving it. These reforms cannot be bought with money. True, money is to be provided for a drive to ensure that by 1970 all children are getting at least four years of education, to eradicate adult illiteracy and to supply low-cost housing by a combination of ingenious technical gimmicks and new credit institutions. Pressure for reform will also be stimulated as new industries create new jobs and agriculture is (if it can be) "diversified," to use the hallowed word of all developers of the underdeveloped. But basically reforms turn on the willingness of the Latin American ruling classes to do two crucial things: first, to accept progressive taxation well enforced; secondly, to submit to the break-up of the vast landed estates so that the peasantry can be provided with economic holdings. And such reforms further depend on the creation of incorruptible administrative machines to translate paper plans into grassroots action.

The North Americans hoped to achieve this by making the amount of aid dependent in some way on the progress of reform: no reform, less aid. Owing to Latin sensitivity to "intervention" (especially after Cuba) the idea was to set up an impartial commission of seven men to review plans each time a loan was applied for from the Inter-American Bank. It was, significantly, at this control point that the alliance-makers ran into trouble, which Major Guevara fostered very ably to Mr Dillon's discomfort. The large states (Argentina, Brazil, Mexico) declared that such a governing inquisition would infringe their sovereignty; the small states (notably Uruguay, Ecuador and Bolivia) complained that without it the big states would hog all the money by backstairs intrigues. The Americans wryly recall the same arguments over Britain's bitter opposition in 1947 to a strong Organisation for European Economic Co-operation. A compromise has been hammered out: a permanent panel of nine men, under the *aegis* of the Inter-American Development Bank, from which may be drawn teams of three men for advising on particular development plans, working with another three-man team drawn from a list of outside experts acceptable to the country concerned. Such screening is not to be compulsory and will only be advisory in any case, but the idea is that countries submitting plans which have been approved by six such wise men will enjoy the highest priority in their requests for loans to the IADB.

The White House is satisfied with this dubious compromise. However, while those which can submit good plans will get aid, notably the large states which might hope to reach the point of "take off" into self-sustaining growth, it looks as though those which cannot submit plans will also get aid just the same—to keep them away from Castroism. Thus there may be little discrimination.

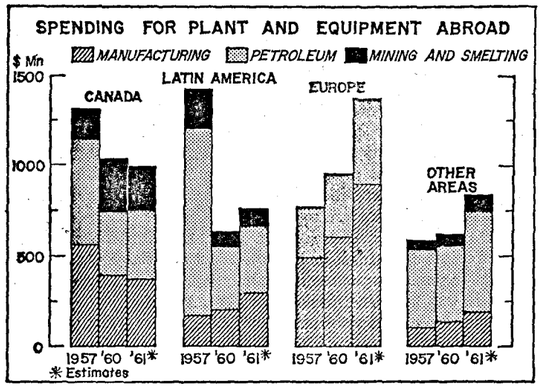
EVEN SO, the question remains whether either side can deliver its undertakings. President Kennedy has been fighting manfully, back in Washington, for his foreign aid Bill on which the $20 billion depends. But, even if he gets his way, the prospects for commodity price-stabilisation, which is nearly as important, look uncertain. For example, if Britain enters the common market, will not British tropical countries be preferred to Latin American ones there?

In Washington there is frank scepticism, too, on whether the luxurious Latin American ruling classes can be induced so easily to emulate the abdication of the British landed aristocracy after 1880. Not only do they hold 80 per cent of the land, but also they often control the Congresses of their countries and their degree of patriotism—and of faith in the future—is indicated by their deposits of up to $10 billion in European and United States banks. They have blocked most reforms in most states for decades and it is doubtful if Harvard economists can induce them to change their ways. These Latin Americans may even retort that the North Americans are preaching many things that they do not practise wholeheartedly in the United States—control of interest rates, for example, a move from large-scale to small-scale farming, an end to tax dodging by the propertied classes and economic planning itself.

This is the gamble at Punta del Este. The United States Administration can claim that some reform has started in Latin America (for example, in left-leaning Brazil) and that even the English Magna Carta took time to become a reality. Moreover, Washington still hopes to strengthen the alliance by inducing Canada to join—and later the West Indian Federation and even an independent Guiana (to keep it away from Castroism). Experts from every country and international organisations as well as from the United States are to be on tap to create the development plans. Latin American liberals and professional people may be convinced by all this but who is going to evangelise the landowners? And what will happen if Cuba signs the watered-down text of the declaration, argues that all American revolutions, whether controlled or Castroist, are equal, joins the Inter-American Bank and asks for loans? In the longer run the Americans admit that Dr Castro has still plenty of cards to play.

Business Looks Abroad

AMERICAN businessmen are spending $4.5 billion this year—20 per cent more than in 1960—on plant and equipment in other countries; according to the Department of Commerce they expect to spend about the same in 1962. This is nearly as much as in 1957, a record year because of the heavy foreign outlays of the oil industry after the Suez affair. But this year manufacturers are responsible for the rise, with their capital expenditures abroad far higher than ever before. Over half of these outlays are to be in Europe—unless plans are changed as a result of the trouble over Berlin—and the increase is most marked in the countries belonging to the European Economic Community, although total capital outlays in Britain by American



firms are still running above those in any other European country. Once Britain joins the common market, however, and brings its industry within that market's tariff barriers, then American manufacturers are likely to look as favourably as they used to do on the United Kingdom as a factory site.

In the long run Britain's membership in EEC is also expected to stimulate American exports, by stimulating demand in Europe generally, though to begin with it will involve some difficult readjustments and a substantial increase in competition. Moreover, United States exporters hope to benefit from the probable loosening of Britain's economic ties with the Commonwealth. Exports have been doing very well this year, running at an annual rate of $19.8 billion, 4 per cent ahead of 1960, for the first six months as a whole; this explains in part why at the moment there is little concern over the effect on the balance of payments of the increase in investment abroad. But in fact much of the $4.5 billion will come from retained earnings or local financing and will not enter into the international accounts of the United States.

These accounts still need to be watched, however, as the April-June statement shows, quite apart from any possible flight from the dollar which might be inspired should inflation reappear. In the second quarter of this year exports were lower than in the January-March quarter, while imports were higher—although the total for the first half of the year, at an annual rate of $13.6 billion, was 10 per cent below the similar period of 1960. Moreover, the new

defence build-up itself, and also the extra push which it will give to the current economic recovery, are bound to increase the demand for foreign manufactures as well as for imported raw materials. Official efforts to promote exports are therefore being watched with particular interest.

The Export-Import Bank, which exists mainly for this purpose, has just reported very satisfactory progress for the year which ended last June. It did over twice as much business as during the preceding year, authorising 832 loans and guarantees amounting to $1.4 billion to 85 countries. Of this total $1 billion was for 75 long-term loans—project credits—to finance purchases of American capital equipment. The bank is still working on a scheme, with which it has had some difficulty, for making guarantees against commercial as well as political risks abroad available at business centres all over the country for short- and medium-term export credits.

Aid Cut to the Heart?

THE Administration and its supporters were full of confidence at the beginning of this week, the crucial one for the foreign aid programme since during it final votes are expected in both houses of Congress. Last week had ended with a splendid victory in the Senate which had rejected, by 56 votes to 39, the deadly amendment offered by Senator Byrd of Virginia; this would have required the President to apply to Congress each year for funds for development loans instead of allowing him to finance them over a period of five years by drawing directly on the Treasury. This is the heart of the Administration's programme, since the suspiciousness and stinginess of the congressional appropriations committees where foreign aid is concerned make it impossible to promise the long-term loans on which satisfactory development plans depend if Congress has to be asked for the money each year.

But to achieve this striking vote Mr Fulbright, in charge of the Bill in the Senate, had to buy Republican support by promising to accept an amendment which would give Congress some control over the way in which these long-term funds were used. The early part of this week was spent in trying to find a formula for this amendment which both the Republicans and the Administration could accept. The latter is far from enthusiastic about the outcome, the Dirksen amendment which was approved on Tuesday, but with luck, and if it is not used too vigorously, it may not do much damage. Reflecting both Congress's dislike of giving the Administration a free hand in money matters and its dissatisfaction with the way in which foreign aid has been handled in recent years, the amendment requires all loans of more than $5 million to be submitted for approval to the foreign aid and appropriations committees of both houses; these would have thirty days in which to recommend that the Administration's authority to make such a loan should be cancelled by Congress.

Senator Fulbright had worked for an overwhelming defeat for the Byrd amendment in order to impress the House of Representatives, always more distrustful of foreign aid than the Senate and particularly reluctant to give up its power over the purse by granting authority to draw on the Treasury. But the strategy did not work: on Wednesday the House broke away from the managers of the Bill, who had already offered to reduce to three years the period for which this authority would be granted, and denied it altogether—on the motion of Representative Saund, a naturalised member who was born in India. There is still a chance that this vote may be reversed; the President is presumably once again on the telephone to doubtful members as he is said to have been every day since the debate started. Meanwhile, however, the Senate has also got out of hand and has voted a cut of $800 million in the $8.8 billion authority for long-term borrowing and one of $250 million in this year's $1.8 billion for military assistance.

Interest in Debt

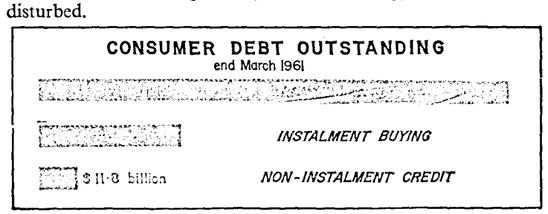


"Throw that away, girl—it will oddle your mind"

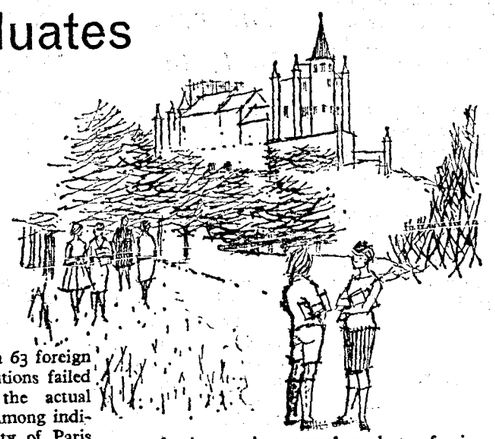
MORE than a year ago, Senator Paul Douglas and twenty-one senatorial colleagues introduced a Bill which would force those who offer hire-purchase agreements, or who make personal loans, to put to the customer in black and white the exact financial charges involved in the transaction. In a country which has never given the money lender the benefit of the doubt, the measure got a good deal of support; indeed, even its staunchest critics felt bound to applaud its intentions before proceeding to tear it to pieces. The Bill was approved by the appropriate Senate sub-committee but, since it lacked the backing of the Eisenhower Administration, it never got further than the in-tray of the full Banking Committee. This session the Senator, who has re-introduced his Bill, is batting on a firmer wicket; in a second round of public hearings the various arms of the new Administration have, with varying degrees of enthusiasm, pronounced themselves in favour of "truth in lending."

The sponsors of the Bill feel that the American public might be less abandoned in incurring additional indebtedness if it was aware of the cost involved. Since instalment debt outstanding (excluding house mortgages but including personal loans repaid on an instalment basis) has risen from $2.5 billion in 1945 to $42 billion today, these Senators believe that a little restraint would be a good thing. The Bill might also encourage consumers to purchase capital goods during a recession, when interest rates are lower, and to hold off during boom periods. But mainly the Senators are concerned for the simple consumer who is unaware (he never was much good at maths) of the very high cost of not paying cash and who might in any case get a better deal if he were in a position to look around for the most favourable credit terms.

The opponents of the Bill—the banks, the United States Chamber of Commerce, the finance companies and the retail shops—claim, firstly, that it is unworkable because of the endless time it would take to express a complex credit arrangement in terms of simple annual interest, as the Bill insists should be done. Secondly, they feel that a bald statement of the effective interest rate being charged would give no indication to the customer of the heavy expenses involved in hire-purchase transactions—checking a client's credit worthiness, collecting payments, covering bad debts and endless book-keeping. They are perfectly aware that a man who receives 3 per cent on his savings account may well baulk at paying an effective rate of 15 or 20 per cent a year on his purchases but they feel that "buying now and paying later" has served the American public (and the economy) too well to be disturbed.



Undergraduates at Large



NEW YORK

THE annual migration of American students to colleges and universities abroad is large and growing. During the academic year 1959-60 the Institute of International Education—a voluntary organisation that administers several student programmes—found over 15,000 American students in 63 foreign countries but, since many institutions failed to return the questionnaire, the actual number was certainly greater. Among individual institutions, the University of Paris took pride of place with 1,500 Americans enrolled, followed by Mexico City College (1,000) and the University of London (500).

The majority of these students make their own arrangements and pay their own way but the number of organised schemes, offering either financial help or special facilities, has boomed since the war. Under the Fulbright programme the federal government has sent between 600 and 800 graduate students abroad in each of the last 14 years; private foundations have been expanding their provision for itinerant scholars; and the University of Maryland has set up facilities in a number of countries for American government employees, servicemen and their respective dependants. But at the moment the drive to send more and more students abroad is coming from a different quarter. Increasingly, American colleges and universities, particularly those for girls, are making provision for their students to spend a year abroad (or alternatively a term) as part of the regular course for a bachelor's degree.

The idea is not a new one—Smith College, a patrician institution in New England, has been sending its girls abroad since 1925—but in the last few years these isolated programmes have been joined by a host of others. By 1960 over 70 colleges had arrangements for foreign study, and many more are considering the idea. By 1962 Stanford University (in California) expects to have no less than a third of its 5,500 students abroad.

Different colleges have different ideas about the form that this period of foreign study should take. At present the most popular variety is the Junior Year Abroad, a twelve-month programme in the third year of the usual four-year degree course; among the most notable *alumnae* of this year abroad is the present First Lady. At this point in his college career the American student is thought to be on a par with his foreign counterpart (who has usually had a longer and more intensive pre-college schooling) and is presumed to be sufficiently mature to withstand being let loose in a strange society. Again, the programmes differ widely in the extent to which the student is "exposed" to foreigners in general and to foreign educational methods in particular. At one extreme, Stanford has established what amount to branches—in Stuttgart, Florence, Tours and Tokyo—where the American students live together and are taught (with the exception of languages) by an all-American staff. At the other extreme are the programmes of Wayne State University and Fordham which probably come closest to the traditional pattern of studying abroad.

In general the schemes offer some sort of compromise between an American education on foreign soil and a foreign education. They usually arrange for the students to live with local families (an arrangement that often does more to reassure parents at home than to provide much in the way of actual family care and protection). The academic diet consists of a mixture of special courses given as a rule by locally-recruited teachers and regular courses at the local university. And the programmes usually have a resident American director responsible for the academic and moral welfare of his flock. Paris is the most popular centre but students are now being dispatched annually to most of the countries of western Europe and, more recently, to countries in South America. Because their facilities are overcrowded British colleges and universities have so far resisted this type of infiltration.

THE whole idea of allowing (or encouraging) students to go abroad during their undergraduate training is arousing a good deal of discussion in academic and other circles. Many people feel that the Junior Year Abroad cannot be justified on scholastic grounds. The disruptions of being transplanted to foreign soil (and the almost equal disruptions of readjusting afterwards to American college life) usually outweigh any academic advantages. Moreover, the courses available to American students in foreign universities do not as a rule fit well into an American curriculum and (though this varies widely from one programme to another) the quality of the special courses provided is often well below those obtainable at home.

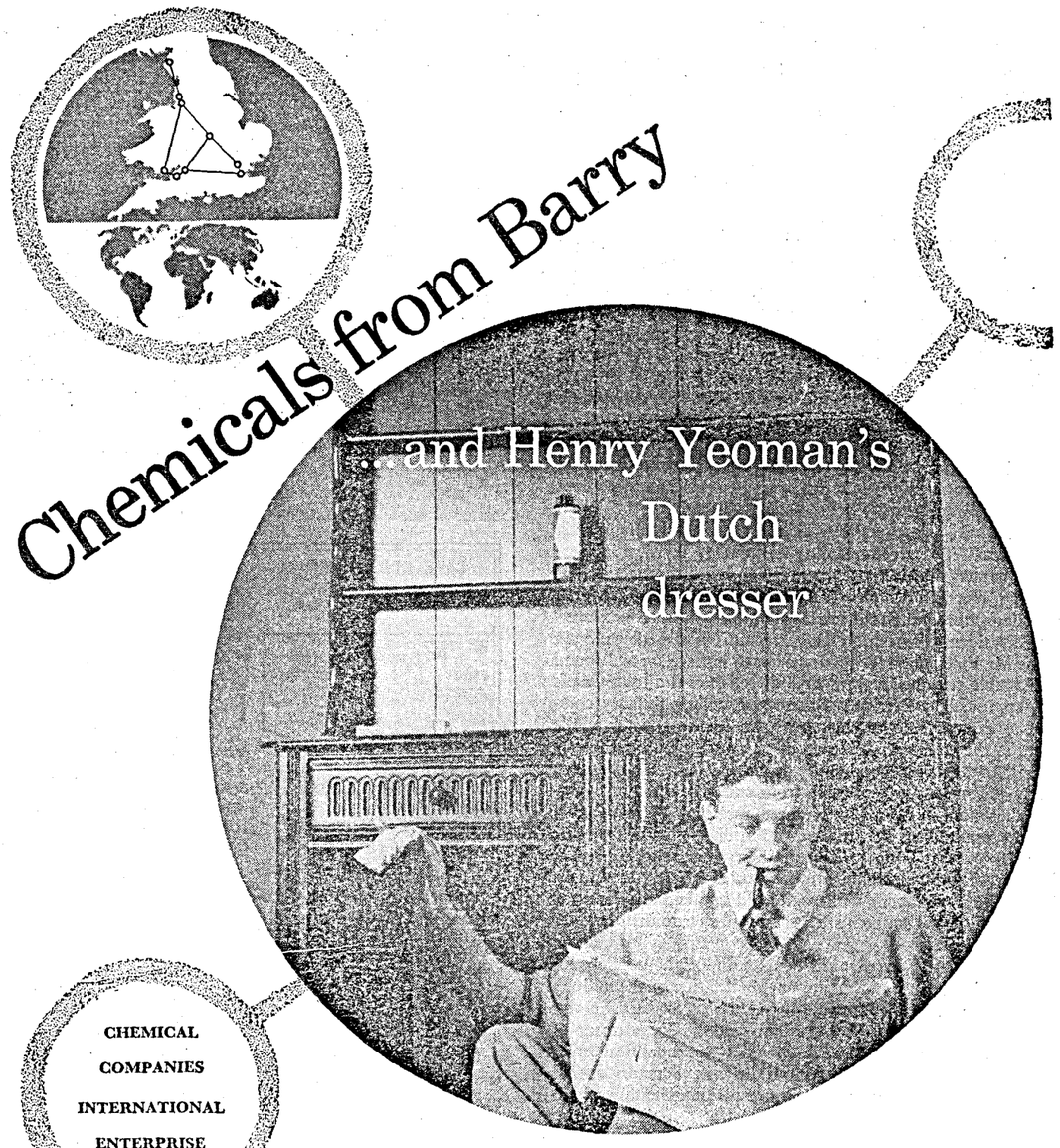
A serious problem arises because an American degree depends less on final examinations and more on credits for attendance and on marks given throughout the four years. Hence, the work done at a foreign college must somehow be converted into American academic currency; in most cases this can only be done in a very rough and ready fashion. Many of the students who go overseas in their third year say they have to work exceedingly hard in their fourth in order to catch up; others stay abroad and abandon their American degree.

The usual justification for the Junior Year Abroad is that the benefits of living in a foreign country outweigh any resultant loss in scholastic input. People in the academic world are divided on this. Most of them would much rather see students go abroad after they have graduated. But this overlooks the fact that relatively few of them will in practice be able to persuade their parents to support yet another year of schooling or to secure a fellowship. Even so some teachers would prefer to keep students on home ground and would encourage instead both travel in the summer and the provision of more grants for post-graduate study in foreign parts. Others approve of the year abroad for girls, who are likely to marry at an early date and are less likely to do post-graduate work, but not for men, who must depend more on their academic record.

But whatever the professor may think, the Junior Year Abroad is certain to grow in popularity. Students are strongly in favour of it and, since it costs little more than a year spent at an American college, so are many parents. There is today a certain compulsion for colleges to make provision for students to go abroad if they are to remain in the swim. Some small colleges have instituted foreign programmes with an eye to attracting a higher calibre of student than they could otherwise do.

There is some anxiety that the growing flood of young Americans abroad may in time overwhelm some of the receiving countries. Partly this is a matter of the quality of the students. Some programmes select students carefully, restrict participation to those of high academic calibre and require considerable language ability. But others include in their numbers students who do little credit to the educational system of the United States and who spend more time grumbling about the plumbing than absorbing the local culture. In some countries, there may in time be a problem over sheer numbers. American students are often using educational facilities that are already overcrowded and are government-subsidised.

It is generally agreed by those with an interest in the question that more should be done to make colleges aware of their responsibilities in sending undergraduates abroad and of the pitfalls in doing so. At the same time, parents should be given a better basis for judging the quality of the programmes that are being offered. This is a task that the Institute of International Education would like to have a hand in (if it can get the necessary financial backing).



Takes a pride in his home—Henry Yeoman. Even helps with the housework! The Dutch dresser, for example, always looks the better for a spot of polish. And that's where chemicals from Barry come in.

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L3/61

Looking Right Back

THE House Rules Committee decided recently that the John Birch Society was not worth investigating—the suggestion that it was came from two of its members who are also Congressmen—and the Attorney General of California, one of its main strongholds, has ruled that, while the society is "authoritarian, paranoic and often ridiculous," it is not illegal. He describes it as a group

> of wealthy businessmen, retired military officers and little old ladies in tennis shoes . . . bound together by an obsessive fear of "communism," a word which they define to include any ideas differing from their own.

The society's recent offer of $2,300 in prizes for the best essay on the "grounds for the impeachment of the Chief Justice of the United States" will not make people take it any more seriously. But there is incipient danger in its request to its members—it claims 60,000—to help to draw up complete and accurate files on the leading Comsymps (communist sympathisers), socialists and liberals in America. And these hints of reviving McCarthyism are accompanied by hints of reviving MacArthurism. Senator Fulbright and his staff have recently established that there is active sympathy in some military circles for the reactionary trends exemplified by the John Birch Society and a number of less publicised but perhaps more influential right-wing organisations.

Evidence of this sympathy first hit the headlines in June when Major General Walker, commanding an infantry division in Germany, was admonished officially for "taking injudicious action"—distributing John Birch literature, according to the charges—and making "derogatory public statements about prominent Americans"—calling President Truman "definitely pink," it was alleged. At this point Mr Fulbright and others began to investigate and found that the trouble stemmed from a 1958 directive of the Joint Chiefs of Staff, approved by President Eisenhower, telling military commanders to explain both to their men and to the general public the issues in the cold war. This led to seminars, sponsored jointly by the military and local community groups, all over the country; frequently the main speakers came from one of the radical right-wing organisations. At many of these meetings discussions of world-wide communism were submerged in discussion of domestic politics; this gave openings to those military men who, like other reactionaries, equate communism with socialism, and the social policies of the government with both, and contend that internal subversion and official softness are a greater danger to their country than is external attack.

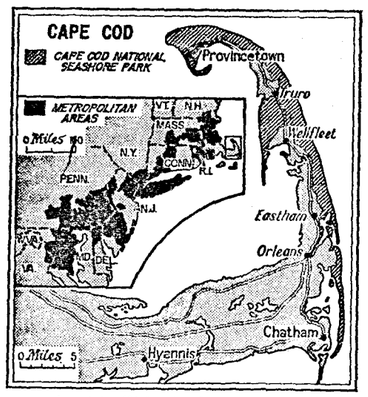
The President has now thanked Senator Fulbright publicly for drawing attention to this unconstitutional infiltration of the military into politics. Mr Kennedy indicated that the 1958 directive was being clarified to prevent abuses and in fact the Department of Defence has already instructed military men to avoid political topics in their speeches. As a result such right-wing Senators as Mr Goldwater and Mr Thurmond are complaining loudly about unjustifiable censorship.

Park by the Sea

AUGUST, when half governmental Washington goes to Maine or Massachusetts and the other half wishes that it could, was a suitable month for Cape Cod, a uniquely beautiful summer resort, to become the first new national park since 1947. And Cape Cod was a suitable national park to begin the new series of parks and recreational areas which the Administration is planning; for the man who signed the final Bill first introduced it, as Senator Kennedy of Massachusetts, in 1959, and he is one of those who spends his weekends on Cape Cod, at the Kennedy family home near Hyannis. Moreover Cape Cod is a typical example of why more parks are needed and why it is urgent that they be established. With an expanding population increasingly anxious to "go places," there is an ever-growing demand for recreation, open spaces, scenic wonders, wild-life refuges; yet these are being steadily over-run by the houses and roads required to shelter and move that same expanding population.

If land is not preserved now in its natural state for parks and wildernesses, soon there will be no unspoilt land to preserve, particularly in the eastern part of the country where there are few national parks and a great concentration of people. A few days after the Cape Cod Bill was signed the Bureau of the Census announced statistically what everyone knew already: the whole east coast of the United States has become one huge metropolitan area with 32 cities and their suburbs, containing 31.5 million people in 1960, 17.5 per cent of the country's population, forming an unbroken belt of urban development from New Hampshire to Virginia. Super highways mean that all these people, and as many again, are within a day's drive of Cape Cod—and a large proportion of them make the journey during the summer months. The result has been a proliferation of bungalows, motels, hot-dog stands and all the commercialism of tourism; this is overwhelming the wild and lovely seashore, the beaches and dunes, the heaths and woods, the villages and ports, which the tourists come to enjoy.

Congress has now decided that the only way to save Cape Cod is to make 26,670 acres—the actual boundaries of the area were a matter of some negotiation—into a forty-mile long national park, or rather a national seashore since some of the regulations applied to national parks will be waived. Shooting and fishing will be allowed and existing residents, more numerous than in other parks, will not be displaced for the present although some of their land may be taken over. The Park Service, famous for its efficiency, good taste and restraint, will be responsible for recreational facilities in the area and will control building on it and access to it once the land has been acquired. The Secretary of the Interior has power to do this by purchase, or condemnation if necessary, but Congress has not yet appropriated the necessary $16 million.



While there are few full- or part-time residents of Cape Cod who are not zealous for the protection of its beauties, there are many who doubt whether the creation of a national park is the best way of doing this. The hard core of opposition comes from those who have been profiting from the recent development, which has brought an increase of 10 per cent a year in land values for the last ten years, a bonanza which is now presumably, over, in the area of the park at least. A national park is always in itself a great attraction and it is feared that this one will bring a huge increase in the number of one-day trippers who spend little or nothing on the Cape and make it unpleasant for those who stay longer and spend more. Moreover, some of these residents argue that the park authorities will be unable to resist the pressure of the increased number of visitors and will be forced themselves to litter the park with motels and other facilities. These people feel that they and the local officials were quite able to protect the amenities of Cape Cod by themselves. But most Cape Codders welcome the help which is now coming from the national capital for the preservation of what they consider to be a national asset.

THE WORLD OVERSEAS



Berlin Divided

FROM OUR SPECIAL CORRESPONDENT



ABOUT two o'clock last Sunday morning, an hour when the west Berlin night clubs are going full blast, and when, in the east, the security police reputedly pay their less friendly visits, a strong east German para-military force moved up to the sector boundary between east and west Berlin. When Berlin awoke, the sector frontier was effectively closed and movement from the eastern side was at a halt.

The operation bore all the marks of careful preparation, political and military. The east German decree and the measures enforcing it carefully distinguished between foreigners, welcomed with a smile to go in and out of east Berlin, west Berliners allowed in and out after careful scrutiny, and east Germans and east Berliners against whom the frontier is now virtually closed. It was endorsed by a communiqué of the Warsaw Pact powers, which again made a sharp distinction between the need for measures in east Berlin and the right of access to west Berlin, which it acknowledged. The communiqué was published on August 13th but apparently agreed when the pact members met from August 3rd to 5th. Not long before, Marshal Koniev, who commanded the Russian forces in Hungary in 1956, had been appointed commander of the Russian troops in eastern Germany. The stage was evidently set when on Friday, August 11th, Mr Khrushchev told the western ambassadors in Moscow that he was leaving next day for a holiday by the Black Sea.

Militarily, the moves were equally systematic. The east German forces—a mixture of para-military people's police, frontier police and auxiliary factory brigades—hardly looked smart, but they were equipped with enough barbed wire, concrete road blocks and road digging equipment to seal the frontier completely, and this they did with the exception of 13 (later 12) control points. During the night heavy concentrations of tanks, armoured troop carriers and trucks carrying hoses and tear gas took up position at these and other key points just behind the frontier. Much of the 55 kilometres of sector boundary consists of canal or railway. Where it is not, and houses in the east face directly across the frontier, police have occupied basements or sealed off doors. Since Sunday a few bold spirits have hit the headlines by swimming canals or creeping through the wire at night, but they number only a few hundred altogether, and each day the barrier becomes more elaborate. Throughout the week columns of armoured troop carriers have cruised through east Berlin, making sure there is no repetition of the rising of June, 1953. There have been further troop movements outside west Berlin's boundary within east Germany itself.

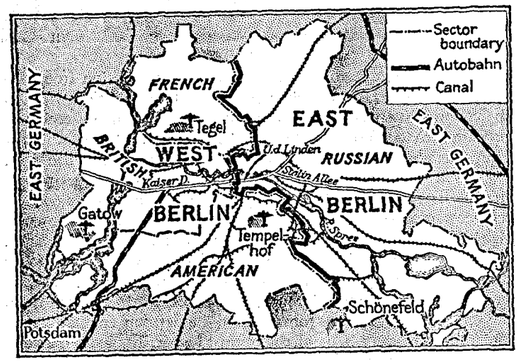
Herr Ulbricht's coup is, as the West has seen and noted, a confession that the east German state has signally failed to win its people's loyalty. Seen from the start as an imposition from outside, the Democratic Republic has carried the political vices of the communist state—the arbitrary justice, the social and economic pressures to conform—as far as they could be taken with the escape hatch still open. In economic reconstruction it had a far worse start than west Germany. Drained since of a large proportion of its most valuable working population (half the 2,600,000 refugees since 1949 have been under 24), no wonder it shows no signs of keeping pace with west Germany's expansion, let alone catching up (Herr Ulbricht's avowed aim). "We have failed to make a community," one east German high-up admitted ruefully, in private, a year ago. Berlin, gateway to the richer, freer West, not only for refugees, but for news and the personal contacts which undermine the very basis of communist power, has been the yeast in the east German ferment.

For Herr Ulbricht last Sunday's measures thus had a defensive character, but to Berliners they looked like an attack. Despite the difference between the two halves of the city in currency, and still more in politics, Berlin, under four-power rule, remained one city to a remarkable extent. The 50,000 eastern workers who until last Sunday crossed each day to the west to work, and the 10,000 or so who went the other way, were only the most obvious element in a constant flow of people and knowledge from which only the politically prominent were excluded. Now, though the east Germans emphasise that west Berliners can meet their families in east Berlin, the chance of getting a breath of fresh air in the west is gone. West Berlin's economy and western ties are still untouched, but a blow has been struck at its morale, for if Berlin has been a thorn in Herr Ulbricht's flesh, its function of bridge between the two Germanies has also sustained the hopes of the Berliners. Only the hope of unity after all makes any sense of their weird island situation. It has been a nasty shock, in short, and both east and west Berliners first reacted by going to the new barriers to look and sometimes to protest and argue. But they soon found out that the authorities on both sides of the border were determined to prevent the situation getting out of hand. In the east, Communist party members in plain clothes moved among the people who tended to collect behind the frontier, asking them to move on. Twice this week they failed, and crowds perhaps three hundred strong were driven back from the symbolic Brandenburg Gate by people's police. On Monday west Berlin police did the same on the western side, pushing and persuading the crowd several hundred yards back from the gate.

Unable to act themselves, the west Berliners' feelings have turned in the direction of demands for counter-measures. Some, it is true,

who are increasing in numbers as the first shock passes, are beginning to accept that nothing can be done. But most feel strongly that unless the West retaliates in some way the eastern appetite will grow with eating. It is partly in response to this deep current of feeling—a feeling that is beginning to take the form of resentment against the western allies—that the west German government has been scurrying about demanding action.

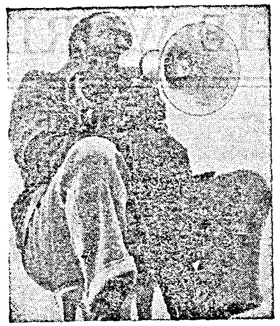
Unfortunately, no kind of effective and helpful retaliation has yet been thought of. On Monday Dr Adenauer suggested a trade embargo on east Germany : next day the east German government replied that it would respond to such a move by cutting west Berlin's communications. On Tuesday the Berlin Senate considered removing from eastern administration the part of the elevated railway that runs through the west and setting up a separate western organisation: next day the east Germans cut off the railway's power for an hour, just to show their strength—though at a pinch, it is true, the railway could be supplied from power sources in the western sectors. Retaliatory measures may be limited to closure of



the tiny offices of the SED (communists) in west Berlin, a boycott by west German businessmen of the Leipzig fair and an ending of the currency facilities which enable west Berlin workers to work in east Berlin. All these measures look disquietingly like responding to the banging of a door by banging all the other doors in sight. Herr Brandt, west Berlin's governing mayor and the Social Democrats' candidate for Chancellor, therefore had a difficult task when he spoke on Wednesday to an impressive rally of perhaps upwards of 300,000 Berliners in front of the Senate House. He had little to offer in response to the popular demand for action. He got past the difficult moment well, explaining that he had written to President Kennedy that morning and that he had invited Dr Adenauer to Berlin—though if the Chancellor's visit next week is marred by the kind of electoral wrangling this week has seen between the two men, it will hardly help.

Only negotiation will show whether last Sunday's measures are to remain permanent and be followed by more. The signs on the east German side are not encouraging. The press of east Berlin is unpleasantly jubilant. Even the armoured columns patrolling the streets are wearing flowers—gladioli, for some reason—in their caps. When your correspondent called at the east German foreign office to learn its views, he was told no purpose would be served by talking now ; the West had missed its chance to talk.

Whether Mr Khrushchev shares this view is another matter. But no neat, clinical short-run solution—a recognition here in return for a right there—can in itself still the anxieties of the Berliners, so sharpened by this week's events. That can perhaps only be achieved if there are signs that the world's statesmen are at last seeking a future for their divided country. As one Berliner put it, "We have already hoped too long."



Kenya's Search for Unity

FROM OUR CORRESPONDENT IN NAIROBI

WHILE Jomo Kenyatta was under restriction in the northern frontier district Kenya's political future was kept on ice. With his tranquil and well-organised return to his home near Nairobi on Monday it is beginning to thaw. But what final shape it will take can only be conjectured. This is not so much because his own views are in doubt, as because it is far from clear who will come out of the inevitable political manœuvrings of the next few months as the acknowledged men around Kenyatta.

Mr Kenyatta's views, so far as he revealed them to the 108 visitors he had during his four months idyll at Maralal, were universally reassuring. He would offer members of immigrant races equal rights as long as they considered themselves Kenyan citizens and demanded no special privileges. He paid respect to work done by the different churches and saw their role as increasingly important both in education and in social reform. Many times he told white farmers that they had nothing to fear as long as they were using their land productively for Kenya's benefit. He summed up his political philosophy in the Christian terms of "love thy neighbour," and this week, on his arrival at Gatundu, added expansively to inquiring journalists: "The world is my neighbour."

Until he is given an opportunity to put some of this admirable talk into practice (which can only come with the revocation of the order in council banning him from the legislative council) there will remain those who say that this is just fine talk covering a vindictive nature, and that he has left himself many verbal loopholes so that he can take tough measures against Asians and Europeans later on. But none of his recent visitors is numbered in this fearful group. There is slightly more concern that he is not yet prepared to condemn the activities of the Land Freedom Army, the extremist organisation of ex-Mau Mau detainees which was officially proscribed this month. But while excusing himself on the grounds that he did not know enough about their activities to pass judgment, Mr Kenyatta added that he condemned anything harmful to Kenya's interests. It can be hoped he will soon see that this group of violent-minded "irreconcilables," who according to official estimates number at most 2,000, must be checked.

The central problem in Kenya is not one of policies but of personalities. Not only have the two rival parties, the Kenya African National Union and Kenya African Democratic Union, to be united if tribal fears are to be dissipated ; there are also many senior Kenya African politicians to be fitted into place on their release from restriction or their return from exile. Mr Kenyatta has loyalties to several of his old Kenya African Union executive members and other detainees now returning to politics. There is, for instance, Paul Ngei, who has already re-established himself as a leader of the Wakamba, a tribe important for its preponderance in the police and army. There is Achieng Oneko, a young Luo who also stood trial with Mr Kenyatta at Kapenguria and could be his picked man in this trusting tribe if the other leaders, Oginga Odinga and Tom Mboya, take too individual a course. There is Joseph Murumbi, still in exile in London ; Peter

Koinange, pioneer of the independent schools, who recently moved from pan-African work in Accra to the organisation of the pan-African Freedom Movement for east and central Africa in Dar-es-Salaam. There is Fred Kubai, the tough Kikuyu trade union leader on the last stage of restriction. All these men are looking for suitable places in the hierarchy.

The 37 African elected members of the legislative council, many of whom have made their way in the vacuum left by the detention of the Kenya African Union leaders, are understandably anxious about this challenge from the older generation. Their anxiety may be the prelude to some positive good: for it has made them eager at last to resolve the differences between the two parties and indeed inside Kanu. They know that if they cannot report news of unity soon to the old man at Gatundu, pacing round the muddy two-acre plot where he is still confined, he will rightly lose patience and look elsewhere for men to fill leading positions.

Last week, after many delays, the joint committee of the Kanu and Kadu parliamentary groups began "peace talks" under the unlikely chairmanship of the individualistic vice-chairman of Kanu, Mr Oginga Odinga. They have wisely surrounded their discussions with seven veils of secrecy and each evening's communiqué reveals little more than that the day's play was cordial. Although theoretically they are only concerned with further steps for constitutional advance, they are clearly discussing the form rather than the simple timing of a new constitution.

THE Kadu members, leading a minority party representing mainly pastoral tribes, began by wanting to advance to internal self-government, and if possible even to independence, without any constitutional conference which would need to be followed by elections. Nevertheless, they believe their prestige and electorate support have increased through their having broken the constitutional deadlock in April: their supporters, marching round Mr Kenyatta's house on Monday, sang songs claiming credit for his release, gained, they said, by their having formed a government. Kanu members, who honoured an election pledge by refusing to enter the government before Mr Kenyatta's release, are now quit of this promise and are anxious to take office at the first opportunity. Their terms seem to be agreement to hold a constitutional conference (probably in November) at which the date for independence would be set ; advance to the cabinet government stage without a pause for the appointment of a chief minister ; and the reorganisation of the administration into a caretaker rather than a coalition government, which would mean that ministries would be allotted more on an individual than a party basis.

Kadu's stand was much weakened by the resignation last month of the minister for tourism and forests, Mr Peter Marrian, in protest against Kadu's determination to seek self-government without a conference or elections. Since then the party's tactics seem to have changed. Its liveliest junior minister, Mr Peter Okondo, published a paper suggesting that Kenya should adopt the American system of the division of powers between the legislature and the executive and should elect on a qualitative franchise an upper house of elders having equal legislative rights with the lower house. This scheme would help minority tribes by offering a brake on the house elected by adult suffrage, but has little chance of acceptance: the pan-African tide is too strong for even Mr Okondo to swim against. Kanu can argue also that this is too large and too late a break with "the Westminster model."

Agreement has been so hard to reach that party leaders had to postpone a visit to Gatundu. Inexplicably (for they could hardly have abdicated responsibilities to this extent) the African party leaders this week invited members of the public to submit ideas for a new constitution rather in the offhand way that newly independent countries run competitions for a national anthem. This adds weight to conjectures that the talks, if cordial, are getting nowhere. The idea has been resurrected of scrapping both parties in favour of a new one led by Mr Kenyatta. This would accommodate the senior detainees who have remained uncommitted and it would also provide the opportunity many politicians search for of jettisoning Mr Tom Mboya, whose many talents are vitiated by a knack of antagonising nearly all his colleagues. Aware of this, Mr Mboya has recently shown signs of being more co-operative and self-effacing, noticeably over the arrangement for American scholarships for Kenya students.

There are many pressures on the parties to reach swift agreement, not simply from the direction of Gatundu. Mr Bruce Mackenzie, the former minister of agriculture, now a leader of the Kanu parliamentary group, has been urgently to Bonn to try to salvage the half-promised loan of £4 million towards Kenya's agricultural development which the west German government has been on the point of withdrawing because of the lack of stability here. White farmers, wavering over whether to leave their Kenya farms, are approaching the decisive time in September, and are hoping for reassurance before then about their land titles, either from these party talks or from the subsequent conference with the Governor at which their interests will be more directly represented. Mr Julius Nyerere, with his eyes on an east African federation, is also prodding constantly.

If these economic pressures towards unity are reinforced by the greater weight of Mr Kenyatta's personal impatience, positive and happy results may come soon. Asked this week if he was confident of his ability to unite the parties, Mr Kenyatta wasted no words on reservations. His emphatic "yes" was perhaps the most cheering word heard for many months in a country that has floundered in doubt for too long.

Partnership Exploded

FROM A SPECIAL CORRESPONDENT IN BLANTYRE

The result of Tuesday's elections in Nyasaland is discussed on page 695.

THE ELECTION campaign in Nyasaland has finally exploded the pretension of the United Federal party to represent the best interests of all with a formula of "partnership" which has never been applied, or even believed in. The party's local leaders, who harped on the virtues of federation, have shown themselves not only inept, but hopelessly out of touch with the electorate. They were beaten before they began ; and they knew it. Their despairing call for Sir Roy Welensky's personal appearance was ill-advised. It is doubtful if the half-dozen speeches he made, mostly to private audiences, swayed a single vote. He was preaching to the converted few, and his abortive intervention has damaged his prestige. There was nothing left but to cry "intimidation," and this Sir Roy Welensky duly did, with a threat that he might ask the British Government to postpone the election. But he refrained in the end from inviting a certain rebuff from London.

Most notable about the campaign was the quiet that prevailed throughout. Dr Banda decreed that there should be peace and calm ; and there was. The Governor, his officials, and the police are agreed that there was no significant intimidation. It is true that an African who openly associated himself with the UFP would, in a psychological sense, incur the displeasure of the herd ; but the same kind of group disapproval could be found in industrial England. Sir Roy made much of the burning down of a few African houses, but the police investigated and failed to discover a political motive. And no one has challenged the secrecy of the ballot.

The Malawi Congress party has made good its claim to represent the hopes and the clamour of African nationalism in the territory. The sleepy mountain capital of Zomba will soon be invaded by a score of black politicians, eager, friendly and terribly inexperienced. The new legislative council (28 elected members and five officials) is likely to meet within a month; but now that power is within their grasp the Malawi leaders will be more interested in the composition of the executive council, about which the Governor is required to consult with the party leaders. The Malawi Congress will claim the three from the lower roll as a matter of course; it remains to be seen how many more they will expect. Dr Banda is thought to be considering one of two posts for himself—the ministry of natural resources, in view of his known preoccupation with the development of the territory, or a new ministry without portfolio, which would leave him free for wider activities.

In Malawi eyes the two main issues in the election were independence and secession from the Federation. The two cannot be disentangled. Constitutionally, it will not be easy for Nyasaland to secede; the federal link cannot be broken without the agreement of others, but Dr Banda is more than likely to make his gesture by introducing a motion in the legislative council. The next step would presumably have to await the federal review which is due to take place in September or October, but may well be postponed until next year, when the two other territories will have held their own elections. But even if the very word "federation," in its present connotation, is execrated among nationalists, there would be some serious disadvantages from Nyasaland's point of view if the present structure were dismantled; and Dr Banda is not unaware of them. In recent months, with the prospects of political power ahead, his public utterances have shown a growing restraint. But if federation as an idea, at least, is not anathema to him, it would certainly not take the form of a partnership with the United Federal party.

France and the New Member

FROM OUR PARIS CORRESPONDENT

WHAT will France say to Britain's proposal to enter the European Economic Community? Among the questions that follow from Mr Macmillan's announcement of July 31st this is the one that seems, in London, to come first. There are obvious reasons why the British are suspicious about the reception they are going to get in Paris. The complicated Rome Treaty is in itself a compromise between the Continental free-traders and the Continental economic-unionists. France, which was the leader of the second group, may fear that Britain's accession to the treaty would alter the balance and water down the "unifying" safeguards. But the chief reasons for French doubts are political.

As everybody knows, no place was allowed for Britain in General de Gaulle's original conception of a European alliance of countries bordering on the Pyrenees, the Alps and the Rhine, a coalition which would be strong enough to keep up "with the Russians and the Anglo-Saxons" (as he said plainly enough in the third volume of his memoirs). If Britain were to be admitted to the community, France would no longer be the only member that also belonged to the more exclusive clubs of the great (and nuclear) powers. Moreover, British participation would strengthen the "Atlantic" features of the community and make it more difficult to adopt a policy diverging from that of the United States.

Although French experts admit all these reasons for gaullist reluctance, they maintain that an assessment based on them neglects the more important realities. General de Gaulle, they argue, is a realist, as was demonstrated by his conversion to the European idea on his return to power. The French economy is now geared to the common market and the country's economic progress is the Fifth Republic's main success so far. General de Gaulle cannot, therefore, afford to wreck the European framework of this success, and he would risk doing this if he were to ask Britain for exaggerated concessions. French negotiators can resist British demands only by invoking the spirit and the letter of the Rome Treaty and even then only as far as they can carry their Continental partners with them; in other words, the French line cannot differ too much from that of the Brussels commission. Britain's bid for full membership has altered the bargaining positions from what they were in the last months of 1958, when the Free Trade Area project was defeated.

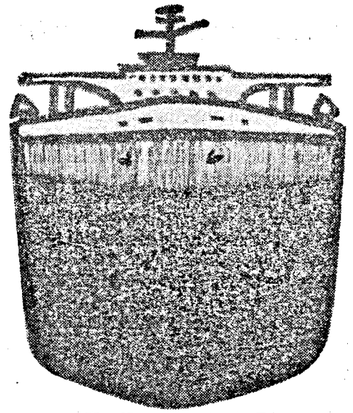
Influential French officials, who are both "European" and in favour of British participation, are convinced that a compromise safeguarding basic British interests and the spirit of the Rome Treaty can be reached, provided the negotiations do not drag on too long. To speed up the process, they suggest that the protocol could include some provisional clauses, providing temporary exceptions that would ease the transition for Britain. Discussion of the external tariff for some of the more awkward commodities might be put on a separate list, similar to the List G which accompanied the Rome Treaty. But the need for speed is emphasised, a year being given as the utmost limit if the negotiation is to be successful. Centrifugal forces would take advantage of any long delay, and there are people in Paris who think that the common market itself might not survive the failure of a serious attempt at negotiation.

The views of influential and knowledgeable Frenchmen about some of the matters to be negotiated are given below.

The European Free Trade Association.—The real question here is what can be done for the neutral members of Efta. As they argue the matter at present, the French do not seem to allow any place for neutral states in the European Economic Community system. Those members of Efta who are also members of the North Atlantic Treaty can, if they wish, follow the British example and apply to join the community. The three neutral members of Efta—Austria, Sweden and Switzerland—are, or believe themselves to be, prevented by their neutrality from taking this political step. The French argument is that, if this is their position, they must simply stay outside. It is claimed that this French attitude simply reflects that of Washington, which is prepared to accept that European countries should make tariff agreements at its expense only when there is a substantial political benefit to be shown. Pursuing this argument to its logical end, the French say that a formal association of the European neutrals with the European Community is apparently ruled out. The most they will suggest to meet the interest of these countries and the British obligation to them is that the community might establish an exceptionally low external tariff for a selected number of commodities that are particularly important in the foreign trade of the three neutrals. But this should be negotiated within the framework of the Organisation for Economic Co-operation and Development, where the United States is a member; and the benefits should be extended to all the members of that organisation.

British Farmers.—In Paris it is argued that the problem of farm prices is not as difficult for Britain as is often thought. Naturally, within the community the British farmer could not look directly to Whitehall for support. But his interests are not so divergent from, say, those of the French farmer; and if the community does evolve a common agricultural policy they will not be neglected. (An interesting study of comparable farm prices in the common market, Britain and the United States has been published in the July issue of *Études et Conjoncture*; this shows a great similarity between French and British prices.)

French experts, on the other hand, take a more serious view

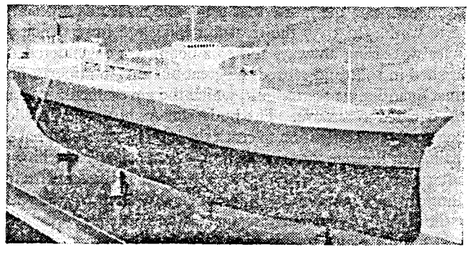


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than do some English economists of the immediate rise in British food prices that an alignment with EEC practice would cause. They think that a sudden rise in the food bill, even by a few per cent, would have an inflationary effect on wages and prices. A British proposal to dismantle the food subsidies only gradually has a good chance of being accepted.

The Commonwealth.—This presents the most complex bargaining problem, and its various aspects might, therefore, be subdivided:

(1) *Tropical products:* Britain's problems are quite familiar to the French, who are subsidising their former African colonies. They consider that a bargain can be struck between the two countries with African connections (Asian tea could also be fitted in), and that once it is struck the opposition might be between a Franco-British attitude on the one hand and that of their European partners on the other. The Netherlands is already questioning the right of the former French colonies, now formally independent states, to enjoy a privileged status. Another protest echoing the violent discontent of Latin American competitors is bound to come from Washington. But the French say that this cannot be helped. In the first stage, they hold, Europe must pursue its connection with Africa while the United States looks after Latin America. Only in the long run can one aim at an equalisation of preferential treatment.

(2) *Cereals:* Grain output within the common market is growing, not only in France and Italy, but in Germany as well. This growth is partly the result of rising productivity and partly of artificially high prices. The official intention is to establish a community price, computed as a weighted average of the prices prevailing in member countries. Britain's entry would weight the price heavily downward. It is argued that if the price is kept sufficiently low to limit the growth of production to genuine increases in productivity, total imports of grain into the common market should not be reduced substantially. The gist of the argument is that Britain should press for a reasonably low price; and that the sooner it enters the community the more influence it will have on the shaping of the common agricultural policy.

(3) *Dairy produce:* It is generally admitted that New Zealand presents a special case and that, since its exports of dairy produce are a matter of economic life or death, an exception should be made in its favour. One proposal is to include a New Zealand representative in a special EEC body that would define the policy for milk and dairy farming. But the exception must be limited to New Zealand and cover only dairy produce.

(4) *Industrial imports:* Here it is mainly a question of Canada's interests and the solution proposed is the same as for the neutral members of Efta: the negotiation, within the framework of OECD, of particularly low tariffs for selected commodities, such as aluminium, that are of special importance in Canada's trade.

A brief summary can do no more than indicate points of argument. The real detailed positions will emerge only as the negotiation proceeds. The French attitude will be affected by other factors besides gaullist political bias. French industrialists are not, on the whole, showing signs of great excitement. The *patronat* (the employers' federation) began by being violently opposed to the common market until it realised what could be done by deals with the Germans and other partners. There are those now who fear that the deals will be between the British and the Germans, but the mood of the big French firms is confident. Politically, British participation is popular. It is welcomed for different reasons both by those who still fear a *tête-à-tête* with Germany, and by those who hope that it will bring a reinforcement to liberal and progressive trends on the Continent. While in London the first question was whether the French would consent, in Paris the question most often asked is still: Are the British really in earnest?

Gentle Boost for Australia

FROM OUR CANBERRA CORRESPONDENT

As was to be expected, the Australian budget brought down last Tuesday is mildly inflationary, but not as inflationary as it would have been if the political future for the Menzies government did not look so unexpectedly bright. Manufacturers and trade unionists are still loud in their protests about the government-induced recession of the past year, and workless migrants have been rioting at one of the camps. Yet last month in Victoria, the very home of injured businessmen and disappointed migrants, the Liberal-Country party won a resounding victory in the state elections. It is very encouraging for the federal government which will no doubt go to the country in December, and in these circumstances the treasurer, Mr Holt, did not feel any pressing political obligation to be generous.

There is to be a deficit of £A16.5 million, compared with a surplus of nearly £A16 million last year. There will be increases in pensions, an overdue increase in the dole, and sales tax is reduced from eight and a third to two and a half per cent on most household appliances and furnishings. There will be money for some impressive sounding capital works, such as roads for beef cattle in northern Australia, the search for oil, and better railways. These projects, it is hoped, may cause Australians to take their eyes off present problems and to fix them once more on a glorious future. Yet confidence is slow to return, and the budget has been received without enthusiasm.

Many an over-expanded business is still licking its wounds, but there is more to the general uncertainty than that. The gloom of 1960-61 has been the greater simply because the confidence of the preceding year was so extreme. Faith in Australia seemed symbolised as an inexhaustible cornucopia pouring out motor cars, washing machines, television sets and so on"; the check came as a great shock. The inebriated exuberance of 1959-60 will not easily return, and this is good in so far as the future of Australia depends on solving a number of problems about which there is no cause to be complacent.

Looking back over the past year with all its storm and stress, one might draw the moral that economic measures must be given time to work. In 1959 the treasurer budgeted for a deficit just as activity was rising anyway, and so a boom was engendered. This flourished in 1960 and caused the great upsurge in imports, pressing against quantitative restrictions, which the government, in February 1960, decided to remove. The budget of August, 1960, made plain the government's intention to crack the boom—or should have made it plain, but the message was wrapped in too many soothing words about prosperity. There was to be a rise in income tax of one shilling in the pound and a budget surplus of over £A15 million. Yet the boom was an unconscionable time a-dying. Imports continued at a high level, the reserves were running away and although, as is now evident, signs of a downturn were already there, the treasurer plunged into the harsh measures of November 15th. Of these, the plan to compel the life insurance offices to invest more in government funds proved impracticable and the rise of 10 per cent in the sales tax on motor cars proved too severe. So the economy has come jolting to the point where all the deflationary measures have been removed except for higher interest rates (belatedly introduced) and the ban upon bank advances for speculative purposes.

Looking to the future, one wonders how long, despite solid international reserves of £A570 million, it will take the balance of payments problem to return. But this involves long term questions about the future of Australia.

Sheikhs Seek Protection

FROM OUR MIDDLE EAST CORRESPONDENT

Behind the screen of romantic military operations in the desert recent events in Kuwait have marked a turning-point in British policy towards the Arabs of the Gulf, which could lead to a more healthy relationship between Britain and the Arab world generally. The Gulf sheikhdoms and those of the Aden protectorates are the last British footholds in the Middle East. From time to time their existence has poisoned exchanges between Britain and the independent Arab states, often to an extent out of all proportion to the real interests at stake. It is an open secret that, during the past few years, British officials concerned with Persian Gulf politics have disagreed about how to deal with the many anomalies that arise from treaties that were signed in the nineteenth century.

The view that prevailed until quite recently was that retreat was more dangerous than standing firm. The treaties governing Britain's position in the Persian Gulf, although concluded at different dates in response to different needs, were essentially of a piece. To disturb the pattern at any one point might, it was thought, provoke repercussions all along the line. While the exponents of this view conceded that many of the treaties had lost all bearing on real British interests, they held that at least one of them, the treaty with Kuwait, was of major importance. In other words, since all the arrangements in the Gulf hang together in delicate balance, nothing should be done anywhere to upset the Kuwaiti ruling family. An unspoken but awkward corollary of this view was the supposed obligation of the



British Government to defend the sheikhly rulers, not only against external aggression, but against internal upheaval as well.

Spokesmen for the opposite view argued that the archaic nature of the treaties, and of the ways of life that they helped in practice to perpetuate, caused the British Government an intolerable degree of embarrassment in the Arab world and elsewhere. The British were saddled with responsibility for situations which they had little power to influence. The scandalous extravagance of the former ruler of Qatar was a case in point and, although he was persuaded at long last to abdicate in 1960, the means of ensuring that his successor behaves himself better are strictly limited. Many officials in the Gulf express consternation at the prospect of Sheikh Shakhbut of Abu Dhabi getting oil money on a large scale, and this is expected to happen next year. Sheikh Shakhbut has made a start by insisting on payment in hard cash, an insistence that recalls the early days of the Arabian American Oil Company, when truckloads of silver coins for distribution to the tribes were rushed across the Saudi Arabian desert to the king's camp sites.

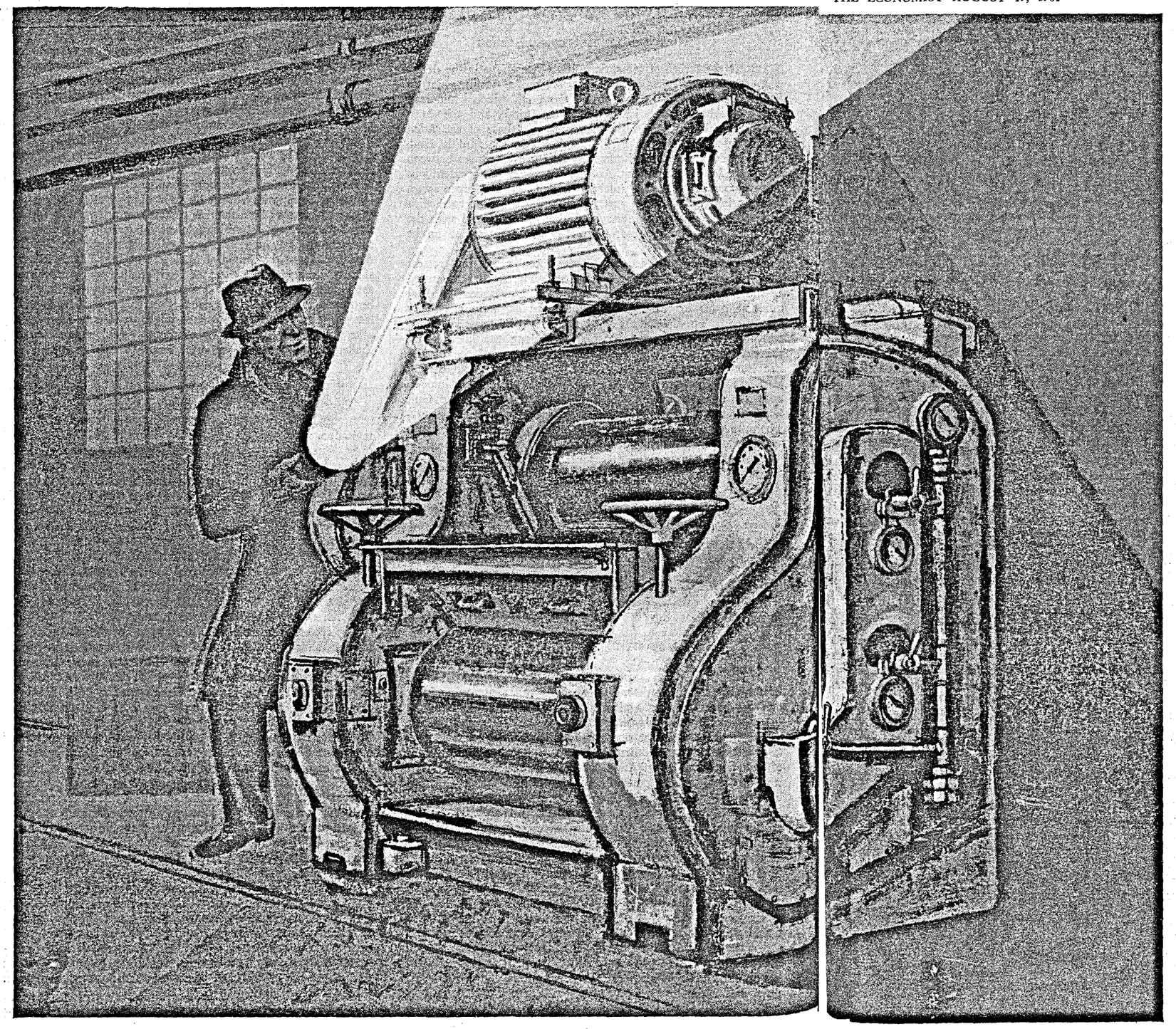
At a stroke, much of the argument has become academic. If independence can be granted safely to Kuwait, there can be no good reason for clinging to tiny unproductive enclaves, such as Ajman and Fujairah, especially as they owe their present privileged status to the misdemeanours of ancestors who were forced to accept British "protection" as a curb on their propensity to plunder and piracy. The problem, now, is to argue these petty rulers out of arrangements that their forebears were argued into.

Since it is highly questionable whether the continued balkanisation of the coasts of Arabia is desirable, it is not, in terms of *Realpolitik*, a vital British interest whether most of the sheikhdoms, given their independence, swim or sink. In fact, several of them would probably swim. The only claim to Bahrain is the frivolous one advanced by Persia, which would certainly be resisted by the Arabs and strongly discouraged by Persia's allies in the Central Treaty Organisation. The only possible claimant to Qatar is the House of Saud, with which the ruling family of Al Thani is on the best of terms; both families profess the austere Wahhabi faith and both have an astonishing talent for spending money. The rulers most likely to suffer by standing alone are the Sheikh of Abu Dhabi and the Sultan of Muscat, who may live to regret the alacrity with which they accepted British military support to enforce their claims to the Buraimi oasis. It is unlikely that they would be threatened in their homelands, but they would be bound to lose Buraimi; and the Sultan might well see his shadowy sovereignty over the interior of Oman again, and successfully, challenged by the Saudi-supported Imam Ghalib bin Ali.

It is true that some of the gilt of Kuwaiti independence was ripped off by General Qasim's ill-considered reaction. But the sequel underlined the changes. British troops entered Kuwait by invitation, not by right. A Kuwaiti mission toured the Arab states to reassure those who still suspected that the agreement of June 19th was an imperialist sham. An agreement was concluded on August 12th with the Arab League mission, headed by an Egyptian brigadier-general, for the replacement of British troops by a joint Arab defence force. International guarantees have been forthcoming in the shape of Kuwaiti membership of the Arab League, with Iraq casting the only dissentient vote, and of the inter-Arab defence pact. As a result, the ruler of Kuwait formally asked the British to leave as soon as the Arab force could take over, an operation which according to present Arab expectations will be completed by late August or early September. British compliance with the ruler's wishes has never been in doubt.

The readiness of the British to leave has evoked surprised relief in the Arab world. After a few days of routine attack against British intervention, Cairo dropped the theme. Nowhere in the Arab world, outside Iraq, are voices now raised against the British action. One of the most instructive features of the crisis has been the obvious reluctance of President Nasser to turn it to his own immediate advantage by providing the greater part of the Arab defence force. The calm deliberation with which the issues are being faced is a measure of the brashness of General Qasim's claim.

Yet, in the long run, there must be a *quid pro quo*. And the way is clear: Kuwait can repay the Arabs who supported its independence by investing some of its oil money in productive Arab enterprises. This is a two-way street. If the Kuwaitis are to lend money the Arab states must create a climate favourable for investment. The Kuwaitis have already had some shocks; they acquired substantial holdings in Belgian enterprises in Egypt not long before President Nasser, losing his temper over Belgian policy in the Congo, nationalised the lot. But, provided the Arab states really want the participation of Kuwaiti capital in their development plans, it should not be beyond the wit of their governments to furnish the necessary guarantees. If Kuwait's economy could be firmly interlocked with that of the Arab world, General Qasim's pretensions, already insubstantial, could be forgotten altogether and the path cleared for progressive British disengagement throughout the Gulf.



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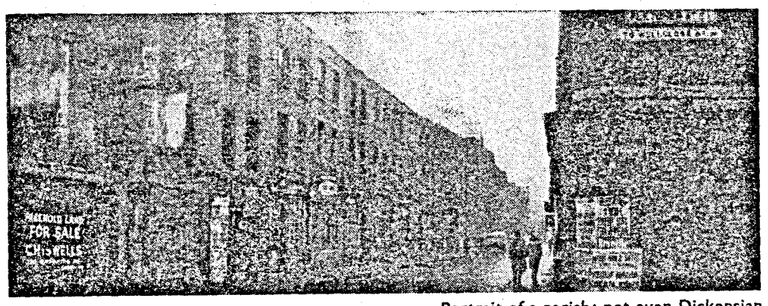
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HOME REPORT

In HOME REPORT members of the editorial staff and local correspondents report on life and happenings in and around Britain.

Stepney's Turbulent Priest

FROM OUR SPECIAL CORRESPONDENT



Portrait of a parish: not even Dickensian



The facade of Church House in Wellclose Square is a monument to Victorian bad taste. But inside it is as full of colour, light and cleanliness as the square outside is dirty and dark. Eight women live in Church House, six of them recent prostitutes, two of them devoted social workers in the mission. The mission itself was begun eight years ago by the Rev. Joseph Williamson, vicar of St Paul's Church, Dock Street, a tall elderly man with a fine build and a clear brow.

WELLCLOSE SQUARE is tucked behind Dock Street, Stepney, close to Commercial Road. It is small, quiet and decrepit. The property is, in fact, like all the property in the area around Cable Street: no Dickensian charm, merely a scabrous and unrelieved squalor. The life that revolves around the streets and alleys matches the dwellings: it is Hogarthian, without the humour or the hedonism of Hogarth's more cheerful characters.

Stepney has 3,600 families on its housing waiting list, which means about 14,000 individuals—appreciably beyond the present re-housing programme, combined with the LCC borough clearance plan. Councillor Edith Ramsey has persistently attacked conditions which, for example (and in her own words), allow a family to live in a slum "sordid beyond belief, in three small rooms—two barely larger than cupboards—father and mother and their eight children aged from 15 to one year old. One bronchitic boy must sleep alone—the other nine share two cupboards. Round the corner . . . only one house survives from the bombing. A stench rises from the pool of stagnant water in the basement. Paper peels off the damp, cracked walls. Rats run riot round the house. Here live eight adults and eight children." It is common for twenty people to share an outside lavatory.

This state of affairs both invites and exacerbates the vice which parades itself in Cable Street and the surrounding squares. A rash of so-called "clubs" has grown up—converted shops with a few tables and chairs scattered around a juke box. They are garish, cheap, tasteless; the main drink is beer. Each race tends to gravitate to its particular club. The prostitute is common to almost all.

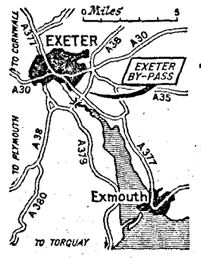
When he began his work of rehabilitating the Cable Street women Father Williamson realised that the first necessity was to take them away from the men controlling them. Fortunately, Church House existed as part of the vicar's freehold, though the task of giving room and board to six women of the streets on the pittance of a vicar's benefice was an impossible one. Early appeals to charity brought in about £1,000, and the work of converting the interior of Church House began.

Five or six women are admitted at a time and, with Father Williamson's recommendation, local factories have been very willing to employ them. To date, about 153 women have been received in Church House. Of these, about 40 have been re-united with their families and of the remainder, about half have gone on to a decent life. The rest have slipped back to their former ways. Greater success can probably come only when the present acres of slums, beer-shops and "clubs" have been swept away.

WHAT are the authorities doing? In Father Williamson's view, precious little. He deplores a London County Council which spends money on exhibitions, festivals, parks and gardens while his parish still festers. Even the restricted finance of a poor borough like Stepney, he argues, should be able to do much more than at present. Landlords who charge £2 and more for a rat-infested room with dry-rot and no plumbing are protected by agents who decline to give the names of their principals. Is it really true, Father Williamson demands, that neither the council nor the courts have power to inquire or intervene? It is not enough, he argues, to preach pious sermons in St Paul's when filth and vice lie in the shadow of the cathedral. He notes with scorn that in a recent House of Lords debate on these problems only one of the Lords Spiritual was present.

He is no less angry with an immigration policy which allows unrestricted entry from the Commonwealth. This does not come from prejudice but from the simple fact that his parish lies at the bottom of a human chute: the mentally-retarded, the idle and the vicious of all races are borne there by social and economic gravitation. Father Williamson and Councillor Ramsey both affirm that the Maltese are the chief offenders in living off prostitution. Of 35 persons convicted recently, 27 were Maltese. These realities of Stepney life have formed Father Williamson's doubts on immigration. Yet they do not make him a pessimist or cynic about human nature itself. For a second Church House is now in being—again the fruit of his personal efforts. It lies a good ten miles from Stepney and the women who go there will have an even better chance of escaping permanently from the life behind them.

Slum clearance is the first of Stepney's problems, and it is clear that past programmes have been inadequate. Stepney Town Hall is unwilling to give details of present plans: it may be embarrassed. In his statement at Alnwick last week the Minister of Housing, Mr Henry Brooke, observed that slum clearance remained a first priority of national policy despite the new housing cuts elsewhere. The force of this social necessity is nowhere clearer than in St Paul's parish, Stepney.



The Bypass Bogey

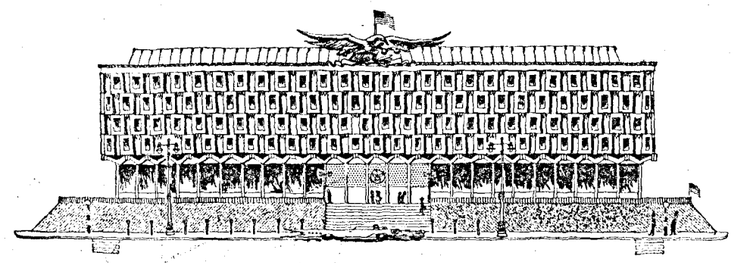
FROM OUR SPECIAL CORRESPONDENT

AUGUST puts the Exeter bypass slap on to the front pages and into the news bulletins. In its way, this clotted artery of the far west has achieved a national notoriety which everyday (and more serious) trouble spots might envy. As the map shows, the bypass is the funnel through which all traffic between the north, midlands, east and south and the south-west must squeeze: for there is no crossing of the Exe below it, and no northern route round Exeter for 20 miles or more. From the midlands and north (where wakes weeks and fair fortnights combine with school holidays) A38 comes down through Bristol to join A30, from London, at the bypass head. And A30 itself is already carrying a double load from its confluence with A303 at Honiton, 20 miles to the east.

The junction is uncontrolled and therefore, when descended on by 50,000 cars, chaotic. However, this hazard past, the by-pass is an adequate, not to say good, four-lane highway quite able to cope even with the additional traffic from A35 which joins it just to the south. Its capacity here is theoretically 5,000 vehicles an hour.

But the sole crossing of the Exe between Exeter and Exmouth is the Countess Wear swing bridge, part of the bypass. It has only two traffic lanes. The capacity of the entire bypass is therefore halved. This is the genesis of those 20-mile queues of stationary cars boiling in their own indignation on four or five weekends a year (the worst of which are those immediately before and after August bank holiday). There are other hazards: Kennford is a small town not easily adapted to large volumes of traffic; and the junction of the bypass and A380 (the infamous Telegraph Hill) is uncontrolled and disruptive. But the main source of frustration is that bridge.

Unfortunately for August holidaymakers, the bypass is more than adequate for the rest of the year, and it is thought hardly worth it, for the sake of a few weekends, to build a new bridge or to take the even more expensive course of building a ring road round Exeter to the north, between the two arms of A30. What would certainly help here—and on a host of other roads—would be a new willingness on the part of landladies to book holidaymakers from midweek to midweek, abandoning their insistence on Saturday to Saturday. But that, too, will only come about with properly staggered holidays.



The Bird in Grosvenor Square

FROM OUR SPECIAL CORRESPONDENT

IT is just over a year since the controversial bald eagle was hoisted to its perch atop the United States embassy in the early hours of a Saturday afternoon. By now the die-hard xenophobes, who once fanned up fears that London would become a zoo populated by thirty-five-foot Welsh dragons, Siamese elephants and Nyasa leopards all fiercer than the English lion, have turned their wrath against the common market octopus. Peace has at last descended upon Grosvenor Square, and Theodore Roszak's eagle rests virtually unmolested, disturbed only sporadically by passing cosmonauts.

Behind the Portland stone walls of Eero Saarinen's edifice, a flourishing bureaucracy has now comfortably implanted its roots. Things have come a long way since an overworked John Adams first took on the task of representing the United States in 1785 (even before there was an American President). Today, in an era of slightly more amicable Anglo-American relations, the embassy rooms are cluttered with a staff of over 700, most of whom are British "locals." (They are screened for nearly two months before being hired.)

IN less prosperous times, this might have been thought a gesture towards relieving British unemployment; but, in actuality, the employees are kept busy (so they claim) performing what have become the duties of the modern major embassy. "Diplomacy in depth" is the byword, and the most prominent activity of the embassy is "selling" the image of America's personality.

This crucial task belongs to the United States Information Service. Washington has given it nearly twice the staff of the Political Division; and whereas the latter consists almost entirely of Americans, the USIS personnel is four-fifths local. The approach of the USIS is many-pronged: American literature and history are presented in a sizeable (25,000 volumes) public library, supplied also with periodicals ranging in intellectual appeal from *Better Homes and Gardens* to the *Bulletin of Atomic Scientists*. American art is represented in exhibitions, and music by a recording library and a variety of often well-attended lectures and concerts given in the plush 185-seat auditorium.

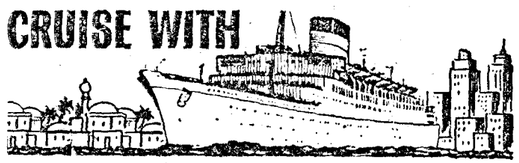
For the prospective tourist, if he has managed to emerge unscathed from the rigours of United States entrance regulations (the Consular Division on the southern side of the building grants some 9,000 visas a month to the British citizenry, four-fifths of them to non-immigrants), the USIS has produced a travel guide, gloriously portraying America as the air-conditioned nation of conventions and visitors' bureaux, national parks and civic orchestras that it is.

Nevertheless, the efforts of the USIS, admirable (and costly) as they may be, still constitute only a "soft sell"; the interested Briton must first pass voluntarily through the gold-framed portals. According to the librarian, on a busy day some 300 visitors make use of the library, and there is a similar number of phoned inquiries. But those who do avail themselves are only a small intellectual upper stratum of British society: they are the educators, journalists, BBC-types, and the occasional specialists seeking the latest word on the American art scene, or some recent research in cybernetics from MIT.

—

THESE diligent seekers-after-truth are important intermediary disseminators, but if America desires to project its own image directly to the greater depths, there is something to be said for the "hard sell"—which will strike and impress the passing bloke-in-the-street. There are, of course, three-quarters of a million American tourists who make contact with the blokes each year: but in Grosvenor Square there is only the eagle. This may be why some Americans, after Major Gagarin's triumph, yearn for a visiting Shephard or Grissom.

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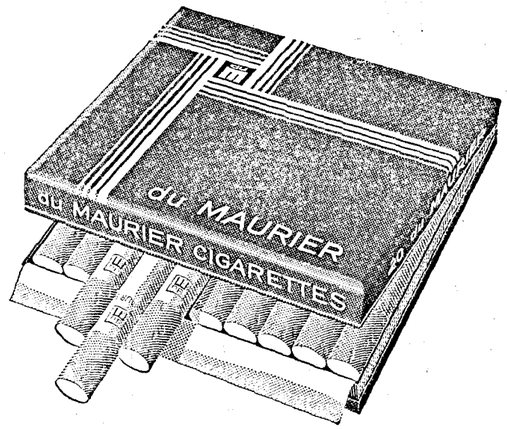
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THE ECONOMIST AUGUST 19, 1961

WORLD OIL IN TRANSITION

BY WALTER LEVY



Walter James Levy was born in Hamburg in 1911. After studying at the universities of Heidelberg, Berlin and Kiel he left Germany in the early thirties first for Britain and then for the United States. After serving during the war in the Office of Strategic Services he became for a time head of the petroleum department of the European Co-Operation Administration. Since then, as an independent consultant, he has acted for various departments of the United States Government, for other governments and agencies such as the World Bank, and for major oil companies. In the preparation of this study he was assisted by his associates Mr. Milton Lipton and Miss Helen Delage.

NO industry is more world-wide in its ramifications, is more essential to the world economy, or is more entangled in world politics than oil. Industrial growth throughout the world economy depends increasingly upon petroleum; its rise towards pre-eminence among commercial fuels, since the war, gained momentum during a period of inflation, but has continued since the market for oil, as for many basic commodities, swung over into surplus. During oil's history, indeed, there have been more years of surplus than of shortage; and the current surplus seems likely to be here for several years at least. The readjustment of policy and behaviour among the producers and consumers of oil is taking time: particularly among producers, both companies and governments.

The political instability of some of the areas where oil production—and oil riches—have been growing fastest; the uncertainty of consumer governments apprehensive about that instability and with home fuel industries to protect; the entry of far too many newcomers into the world oil market for "orderly competition" among the established major companies still to dominate the market; the steady drip of Russian oil into the West—all these make for turmoil in the world petroleum industry. Changes in the kaleidoscopic pattern, developments in detail, come so fast that it is difficult to look at the whole problem in the round. It is to offer readers a chance of doing so, from one expert and synoptic viewpoint, that *The Economist* has opened its columns to Mr Walter Levy, one of the oil industry's best-known consultants, to present at length a comprehensive survey and analysis of the oil problems now facing the world and not just the oil industry, and of the methods, and chances, of meeting them. These views are Mr Levy's, not *The Economist's*: our diagnosis and prognosis would largely overlap his, but differ significantly here and there. But they are given a platform here as a distinguished contribution to discussion of one of the most important economic and political problems now facing the world.

THE world oil industry has just rounded out fifteen years of unprecedented expansion. In this time, petroleum provided for most of rapidly rising energy requirements—supporting the postwar industrial reconstruction and subsequent economic growth. Behind all this was a prodigious exploration effort to search out crude oil reserves; refinery construction to provide the many petroleum products used for light, heat and power; and development of transport and distribution facilities linking widely scattered producing areas with markets in all parts of the world.

Looking ahead, the next fifteen years will present an even greater challenge to the world oil industry. Energy requirements will be mounting, not only in the industrialised West, but especially among underdeveloped areas. The ability to achieve higher living standards obviously depends on constant improvement in the productivity of labour. So capital formation becomes a crucial factor; with it, the availability of energy. And for most countries, increasing energy requirements will have to be met by oil.

Over the next fifteen years, for example, oil consumption outside North America could mount at the rate of perhaps 7.5 per cent per annum. Together with North American consumption this would mean free world oil requirements of around 2 billion tons a year by 1975, against about 900 million tons now. Fortunately, huge proven resources are available to meet these future requirements. Eastern hemisphere reserves are at present conservatively estimated at 28 billion tons, accounting for some three-quarters of the free world's established oil resources and representing 30 years' consumption for it at current rates. And huge new reserves are certain to be proved—in view of potentialities in the Middle East and North Africa, and widespread exploration elsewhere. It would appear, therefore, that eastern hemisphere resources should be adequate to meet the area's rapidly rising requirements plus whatever the western hemisphere needs to import, and still leave ample reserve-to-production ratio in 1975, even at the very high rates of production that would be reached by that time.

But between retrospect and prospect there is a troubled present—with world oil operations beset by economic uncertainties and political tensions.

The prolific oil reserves offer an assurance of adequate supplies to meet mounting requirements in the future, but pose serious difficulties today. What stand out are the disruptions brought about by a surplus of oil in the free world and the intrusion of Soviet oil. But the oil industry has worked through periods of surplus before; and a previous episode of aggressive Soviet competition, in the 1930s, coincided with an earlier glut of oil on world markets. It is not so much the immediate economic dislocations alone that are cause for concern, as the continuity of effective commercial arrangements and the political situation in key oil areas.

THE IMPACT OF NATIONALISM

FOREMOST among the critical factors bearing on world oil operations in recent years is the upsurge of nationalism and the urgency for economic advance in underdeveloped areas. Governments in some of these countries are increasingly concerning themselves with oil operations that had until lately been the function of private companies. In some instances—e.g., Brazil, India—the governments enter directly upon oil operations: in exploration where prospects appear to be favourable, in refining and even in marketing. In Ceylon and some other countries the governments interpose themselves on established oil operations, affecting significantly the conditions under which the industry can continue to function—both in producing and in consuming countries. Superimposed on these, the cold war exacerbates any difficulties between the companies and local governments. The Russians, whenever the subject of international oil is raised, immediately refer to "monopoly profits," charging the companies with having exploited the national resources in countries from which they export and of the consuming public in countries where they market.

The essential function of the internationally integrated companies—to programme production among diversified areas and to match supplies with world requirements—is thus complicated by changes in the structure of the industry and by politically inspired limitations on both their freedom of disposal and their freedom of supply. Nowadays subsidiaries of international oil companies are coming under pressure to consider simply the national interests of the countries in which they happen to operate. International co-ordination of investment, of production among various areas and of supplies for various markets would in such circumstances have to yield to whatever political imperatives are most urgent. Withal, the major international companies have to meet the competition of the many "newcomers" who are now active in foreign

TABLE I
FREE WORLD CRUDE OIL

	PRODUCTION			RESERVES			
	1950 '000 barrels per day	1960 '000 barrels per day	Per cent	1950 Billion Barrels	Per cent	1960 Billion Barrels	Per cent
FREE WORLD	9,579	17,672	100·0	88·3	100·0	264·3	100·0
Western Hemisphere	7,451	11,281	63·8	38·4	43·5	60·4	22·8
United States	5,408	7,030	39·8	25·3	28·7	31·6	11·9
Canada	80	526	3·0	1·2	1·4	3·7	1·4
Venezuela	1,498	2,844	16·1	9·5	10·8	18·5	7·0
Other W. Hemis.	465	943	5·3	2·5	2·8	6·6	2·5
Eastern Hemisphere (a)	2,128	6,391	36·2	49·9	56·5	203·9	77·1
Middle East	1,755	5,264	29·8	48·0	54·4	183·2	69·2
Iran	664	1,067	6·0	13·0	14·7	35·0	13·2
Iraq	136	966	5·5	8·7	9·9	27·0	10·2
Kuwait	344	1,622	9·2	15·0	17·0	62·0	23·4
Saudi Arabia	547	1,246	7·1	10·0	11·3	50·0	18·9
North Africa (b)	...	184	1·0	...	...	7·2	2·7
Indonesia & Br. Borneo	217	510	2·9	1·3	1·5	10·0	3·8

Sources: Production—U.S. Bureau of Mines.
Reserves—*Oil and Gas Journal*; *World Oil*; American Petroleum Institute; Canadian Petroleum Association.
(a) Includes countries not listed separately. (b) French Sahara for production; French Sahara and Libya for reserves.

production, and of independent refining and marketing companies with access to low-cost crude from a variety of sources.

The world oil trade plays a central role in the economic life of many nations. The economic strength of the industrialised West depends on uninterrupted availability of oil at reasonable terms. But foreign oil is largely concentrated in areas that are the focus of political tensions, and the cold war points up the danger inherent in Western dependence upon sources of supply that may not always be securely available. Access to foreign oil is essential to consuming countries; access to markets is essential to producing countries. And the conditions of trade are vital to each—from both economic and political standpoints.

This interdependence, even though it is the keystone in the whole structure of world oil trade, has not been adequately appreciated by all concerned. Each participant must obtain certain benefits; at the same time, each must realise that the contribution of others is vital. Accordingly, each participant may take as a guiding consideration his enlightened self-interest; but must also accept as a limiting consideration the basic interests of others. It has been through the operations of an internationally integrated oil industry that these diverse, but interdependent interests have been accommodated. But the world oil industry today is confronted by a number of issues that go right to the heart of its economic rationale, its institutional structure and its relationship with both producing and consuming governments.

THE MIDDLE EAST

A FACT of overriding importance in the current oil environment is the large size and relatively low cost of reserves discovered in recent years in a few Middle East countries. Proven reserves in this area are conservatively estimated at around 25 billion tons, enough to support production at current rates for nearly 90 years. In effect, the economics of Middle East oil production more nearly resemble those of a manufacturing operation than of exploration with its normally uncertain finding costs and results. From a physical as well as from a cost point of view, Middle East oil could presumably replace a substantial proportion of the oil that the free world produces elsewhere, as well as a large part of the output of competing energy sources, such as coal.

There are compelling reasons, however, why Middle East output has not expanded at such rates. The producing countries' governments are interested in a relatively high level of prices because their revenues largely depend on an income tax levied on the producing companies' profits. Similarly, the governments would prefer to see less of their oil sold at higher prices than more at lower prices, as long as their revenues would remain unaffected. They would obviously wish to enjoy the benefits from oil revenues over as long a period as possible and to recapture for themselves at the end of the concessions the highest possible proportion of the oil in place.

International oil companies, too, because of their geographically diverse production interests would not all benefit equally from cheap Middle East oil. Moreover, all of the companies are dependent for part of their requirements on more expensive sources of supply. The economics of past investment thus lead to the maintenance of production in other areas than the Middle East. Significantly, too, any concentration of production in a few Middle East countries would undermine the national economies of higher-cost oil-exporting countries.

Diversification of production has been undertaken to assure that expanding world requirements would be met, and also to provide against any possible interruption of supply lines—which could occur with unforeseeable swiftness and for unpredictable reasons. This diversification is also essential for the companies to retain bargaining strength in their relations with the various producing countries (of which more later).

Many consuming countries possess some local energy supplies. Local production of energy may be more costly than imported oil; but strategic, economic or social considerations often lead governments to develop such national energy sources and to protect them in the home market.

But there are continuing pressures to produce more and more, both in the Middle East and elsewhere. Concessionary companies have a strong inducement to step up output as rapidly as is feasible. For one thing, their concessions, although generally running for another 40 years or so, are still of limited duration. Reserves already proven in some of these countries, such as Kuwait and Arabia, would in some instances sustain production at levels rising above present offtake for more than the full period of the concession. And the sooner a barrel of oil is produced, the more valuable it is to the company in terms of cash income.

TOO MUCH CRUDE

THE pressure rapidly to expand output of crude oil is particularly acute for "newcomer" companies. Their financial resources generally do not match those of larger, established rivals. The need to recover exploration and development expenditures is thus correspondingly greater. They generally have no extensive investments in refining and marketing to protect and may thus be less reluctant to resort to intense price competition to gain outlets for their oil.

In spite of the state of crude oil markets, major oil companies as well as newcomers continue looking for more oil. Established international companies spend large sums on the search for oil each year. One reason is that they have explicit or implicit commitments to meet minimum drilling programmes in various concession areas. Also, contagious competition impels companies with far-flung markets to carry on continuous exploration—to protect indigenous hydrocarbons, to achieve greater diversification of supply sources, as a protective measure to forestall rivals from preempting an inordinate number of promising locations, and to maintain the continuity of their organisation and staff.

In recent years medium-sized and smaller companies, especially American, which had previously limited their search for oil largely to their home countries, have been attracted into foreign exploration, partly by the lure of the big strike, which is always a potent factor in oil ventures. They have also been attracted by the profits earned in successful producing operations during the postwar oil boom. And they were concerned over their future supplies—particularly American companies facing the high and rising cost of adding to their domestic reserves.

National policies have also played a growing role in the expansion of exploration. Many countries have encouraged the search for oil within their own borders and abroad, in order to save foreign exchange, gain greater security or enhance their national prestige. And countries which are already major producers have opened up additional areas to concessions, in part because sharp competition among bidders promised handsome terms in the form of initial bonuses as well as future revenues.

In sum, on the supply side, there are obviously strong and continuing incentives to produce and market extra low-cost crude from prolific producing areas. In addition, there is the increasing importance of new sources of supply, of newcomers to foreign production and of government demands for expanded output in virtually every producing country.

FOCUS ON NARROW MARKETS

ON the demand side, surplus production tends to focus upon relatively narrow markets. This aggravates the pressure both on the price of crude oil and on the price of oil products in such markets. It gives rise to an increasing prevalence of discounts

off the posted price and of investment in refining and marketing facilities in order to gain or protect crude oil outlets. In general, independent crude producers sell only to refineries that are not affiliated to any of the major groups. Since these refineries themselves have limited outlets for their products, the independent producers of crude are often obliged to make very steep concessions to dispose of supplies during periods of surplus. These may take a great variety of forms in addition to, or in lieu of, direct discounts from posted prices. Profit-sharing arrangements, low-interest loans, refining and/or transportation below cost—all may be resorted to on one occasion or other. Established suppliers naturally fight to keep their customers from the independents. Having access to very low-cost crude on a large scale, being under strong pressure to produce additional quantities and possessed of large financial resources, they are usually able to match, and often better, the offers of independent suppliers.

The pressure of surplus crude oil has led to considerable investment in refining and marketing that would not have been made under more normal conditions. New refineries are built in markets that might more economically be served from existing capacity. Established companies do so to protect their crude sales; newcomers, to provide a "home" for their production.

Access to low-cost crude from a wide range of sources, in turn, permits independent refiners (or marketers, through the use of processing arrangements) to sell finished products very cheaply, at times in direct competition with the refining or marketing affiliates of companies that supplied them with crude. Even though the quantities involved may not be very large relative to the size of the market, they may still be sufficient to force major marketers to lower their prices in order to hold existing customers. Depressed product prices, in turn, affect the earnings of these affiliates, at times even to the point of causing substantial losses in their accounts.

At the same time, potential market outlets are constricted by the efforts of many important oil-consuming countries to develop their own sources of supply, at home or in associated areas. Argentina and France are cases in point. Japan may soon have access to substantial "national" oil production from an off-shore concession in the Persian Gulf. In the United States the imposition of mandatory controls over oil imports has left various American companies that had ventured into foreign oil production with limited access to domestic refineries. In consequence, the pressure of surplus tends to be focused on a few accessible marketing areas.

All these factors have robbed posted prices of a great deal of their sensitivity to changes in supply and demand. For a balance between supply and demand in the short run to be achieved through the price mechanism, oil prices would have to fall to an impossibly low level—below the operating cost of all production except from a very few prolific sources. This would mean abandoning or destroying large segments of the petroleum industry—and of other energy industries, notably coal. Incentives for exploration and development would be impaired; current consumption at ultra-cheap prices would be at the cost of future supplies; and overall this would involve the economic waste of scarce resources.

In fact, economic adjustment through a destructive play of market forces is manifestly intolerable, being harmful to all parties involved. The petroleum industry and the governments of oil-producing countries are naturally concerned to avoid such severe consequences. The governments of oil-producing countries, for whom posted prices serve as the basis for determining their tax take, have indeed increasingly resisted any price reductions by the companies. Many consuming countries, too, are determined to avoid the disruption of their domestic energy industries. To the economic forces that are typically expected to shape and adjust the activities of an industry there are added in oil not only the interplay of physical and commercial factors, but institutional, political and strategic considerations as well.

SOVIET OIL

THE pressure of surplus on various markets is further aggravated by the reappearance of Soviet oil as an important factor in international trade. Oil exports by the Soviet block to the free world rose from 5 million tons in 1955 to about 23 million tons last year. It is estimated that the Russians could export in 1965 twice their exports in 1960. Russia's substantial oil reserves are likely to be developed, along with increasing volumes of natural gas liquids ; and the planned expansion of natural gas production there would also release oil supplies for export.

With substantial production coming from relatively new fields, the average cost of Soviet oil is apparently quite low. Second, because the bulk of Soviet production moves to protected markets in the USSR and its satellites, the cost of incremental production for export is still lower. In addition, Soviet cost accounting obviously differs from Western commercial practice ; the Russians are in a position to charge costs according to a politically determined scale of values. Finally, it would appear that oil exports are an especially attractive source of foreign exchange earnings, involving relatively small capital and labour inputs as compared with the goods that the Soviets may expect to receive in exchange.

The Russians are accordingly in an advantageous position to compete aggressively in terms of price, and price cutting has become common in the Soviet oil trade whenever it is required and promises to be successful. At the same time, the Russians can be selective in pricing policy : within their own block, prices are often considerably higher than for exported oil delivered to distant markets.

Where price competition alone may not succeed, the Russians conclude government-to-government arrangements to place their oil. Soviet willingness to accept payment in soft currencies and bartered commodities carries an obvious trading advantage in countries with balance of payments problems—such as most of the underdeveloped countries of Asia, Africa and Latin America.

The market impact of Soviet oil, coming at a time of already serious surpluses, is far greater than the volume of shipments alone might indicate. And the problem is not only one of commercial competition. The Russians have made it quite clear that they regard oil as an instrument of national policy. They are prepared to intrude it where it is likely to disrupt relations between Western industry and various governments ; or to withhold it where it serves their political purposes. Within the framework of stated intentions toward the West the Russians are bound to consider, in addition to whatever commercial advantage it may give them, their international oil activities as an ideal weapon in the cold war, even though sales of Soviet oil would contribute to Soviet economic strength.

Any build-up of Soviet exports that leads to undue dependence on the flow of such supplies or tends to undermine the economics of commercial oil operations would pose a very real problem of continued availability. Nor is it a matter that involves just the countries that happen to be substantial importers of Soviet oil. Should the Russians decide to cut off their exports (e.g., in conjunction with a political crisis that may also affect access to other oil sources), the responsibility for maintaining essential oil supplies would eventually become a common concern to the entire Western community.

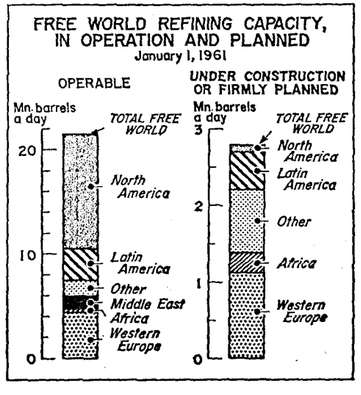
In the major oil exporting areas, oil companies have generally acquired their production rights through long-term concession contracts over very large areas. The companies have normally been promised freedom from government interference in the determination of such matters as levels of production, size and destination of exports, setting of prices, and the disposal of foreign exchange receipts. Government revenues are at present generally defined as 50 per cent of production profits at posted prices, though in Venezuela the government's share of earnings actually reached 69

per cent in 1960. These concessions offer the companies contractual protection that was asked for and freely granted at a time when they were undertaking heavy investment at considerable risk. For the major oil producing governments, the concessionary arrangements have yielded oil revenues that are far beyond what they might have expected.

Yet the budget accounts and foreign exchange resources of some of these countries are precarious and most are not satisfied with their rate of economic and social progress. They now criticise the very arrangements that have contributed so much to the progress they have made. And local dissatisfaction can easily and conveniently be directed against one target—that is the "rich and powerful foreign-owned oil companies."

TERMS OF CONCESSIONS

PRODUCING governments also often complain that the concessions were negotiated when their countries were under colonial administration, or when they were ignorant of the value of the resource and were otherwise unable to secure equitable terms. Many concession areas, they argue, are too large and cannot be properly explored by the company in the foreseeable future ; the concessions, they complain, extend too far into the future. And they feel the present 50:50 arrangement tax gives them too low a share. Recent concessions that include new features add to the pressures even though the improvements in terms generally reflect the fact that the prospects of finding oil appear much more favourable mainly as a result of earlier discoveries nearby. In the late fifties large bonuses were paid for the acquisition of new concession rights in oil countries such as Venezuela and Iran. When certain American, Italian and Japanese companies acquired new Middle East concessions, they agreed to pay more than 50 per cent of profits to host governments or allow governments a share of profits on subsequent refining and distribution operations in consuming countries. Further, they admitted the possibility of purchase by the producing government, at cost, of up to 50 per cent of the corporate interest in the new producing venture (in addition to the 50 per cent income tax) once oil was discovered in commercial quantities. In the most recent concession granted to Royal Dutch/Shell for uncommitted offshore Kuwait rights, a Kuwaiti-owned company holds the option to acquire at cost up to a 20 per cent interest in the venture if successful. Shell also binds itself to purchase the 20 per cent share of oil production enuring to its Kuwaiti partner at not less than 10 per cent below posted prices and to give it other business assistance. Even though some of the arrangements between governments and private companies in the newly-formed ventures appear to be impracticable, the direct participation of producing countries in oil production seems to reflect the trend in their expectations and demands.



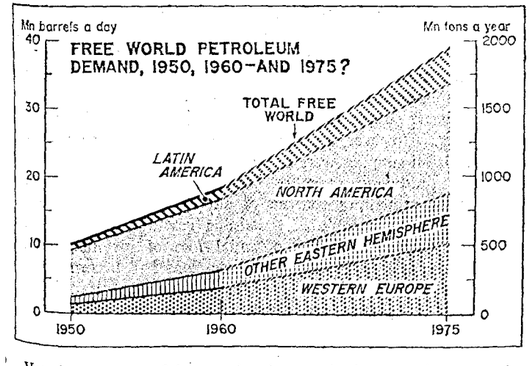
Most of the existing concessions, formally, would run beyond the end of this century. In point of fact, the companies have been in practically continuous renegotiation with producing governments over the years and the provisions of their contracts have been fairly regularly adjusted to contemporary conditions. But revisions in the concessions' fiscal and operating arrangements have frequently resulted in only temporary accommodation between companies and governments.

But if sovereign power is imposed against the companies' contractual rights to the point at which essential management prerogatives are eroded, the results will defeat the purposes of the producing countries themselves. Consideration might perhaps be given to a new approach for the settlement of major issues that may go unresolved through protracted negotiation over long-term concessionary arrangements. In such instances, and where relations between companies and government may be seriously disturbed by inability to arrive at a *modus vivendi*, it might be possible to agree on independent arbitration arrangements. The intent would be to arrive at a reasonable balance of inherent merits, taking account of the respective legal rights under the concession and also of other compelling circumstances.

There would be both limitations and difficulties in such an approach. Certain issues, involving most fundamental interests of either company or government, might not be arbitrable. On the other hand, negotiation of outstanding issues might become more difficult—demands more peremptory, agreements more reluctant—if recourse to independent arbitration were available. However, the critical state to which industry-government relations may be brought, and the far-reaching consequences of a breakdown in confidence, suggest that the possibility of arbitration on a much broader scale than is usually conceived warrants serious consideration.

OPEC

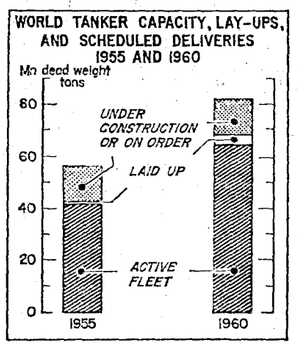
THE creation of the Organisation of Petroleum Exporting Countries (OPEC) in 1960 was obviously related to the policy goals of producing governments. While the first aim was to gain a voice and possibly even control over posted prices for crude oil, OPEC's resolutions have included also the possibility of production or export controls. Agreement on such controls presupposes that the various producing countries would be ready to exercise self-restraint. This would not appear to be the case today, as witness the frequent demands by various countries for stepped-up production. In the event, abstention of a few of them would render any attempt at controls ineffectual.



Yet the concept of international prorationing remains attractive to some producing governments—as a means of containing potential surplus production, preventing price weakness, of conserving an exhaustible resource, and, in particular, of gaining a greater measure of control over oil company operations. It is suggested that such prorationing would simply follow the pattern of conservation as practised in the United States. However, this

fails to take into account an important distinction between prorationing within a country such as the United States, where domestic production is used internally, and prorationing that would affect the export operations of a producing country and thus involve the varying and often conflicting interests of a large number of countries, as well as companies. Such controls as might be administered by a few producing countries could not fail to have disturbing implications for the security of supplies and the terms at which oil would then be available to the free world.

Any system of controls over international production or exports, no matter how broadly based, would give producing countries inherent incentives to advance their interests by manœuvring within the limitations of the system. To improve their positions, all countries would try to build up their reserves or productive potentials, depending on the statistical criteria that were adopted in such an allocation scheme. And companies with only limited access to supplies in pro-rated areas would be induced to intensify the search for oil elsewhere. All this would tend to add to, or at least prolong, the oil surplus.



Moreover, oil stands in sharp contrast to many other primary commodities moving in international trade, for which production, prices and employment have fluctuated violently within short periods of time. Oil, on the other hand, has enjoyed a rapid and steady growth in demand, relatively stable prices, and has made an unparalleled contribution to the revenues of producing governments. For all these reasons and also because of the difficulties in resolving a range of political issues, it is unlikely that any effective prorationing scheme will be established in the near future.

WESTERN OIL COMPANIES NOW

THE bulk of oil reserves and production in the free world outside North America has been developed under long-term concessionary agreements by a relatively small number of internationally integrated oil companies, of American, British, British/Dutch (and French) nationality. These same companies have also undertaken the transport, refining and distribution of oil in practically every country of the free world and they have come to supply the greater part of the world's oil requirements. The effectiveness of their operations is due in large part to the fact that they are *international* and *integrated* companies.

These major companies undertook most of the highly uncertain and risky search for oil. They put up the capital for pioneering oil ventures in numerous areas where geography, climate and terrain made operations difficult and expensive. Later, they spread their risks, and the financial stability of their operations no longer depended on the success or failure of any individual effort. Exploration in many areas, allied with their international integration of transport, refining and marketing, enabled the companies to finance uncertain ventures, bear the cost of repeated disappointments and to accept the heavy cash drain often involved in the development of new producing areas.

Most significantly, the companies' scope of information on trends and developments in many geographic areas and on all phases of oil operations enables them to co-ordinate the timing, location and scale of their investments and thus to plan far ahead for future needs. And it ensures an ample range of petroleum

products at attractive terms in all parts of the world—undoubtedly one of the most important factors contributing to the striking growth in oil consumption and production. As a result, the oil companies have been able to maintain orderly and efficient operations from which they, together with both producing and consuming countries, have benefited greatly. For the most part, output has been continuously increased, prices have remained relatively stable, local government revenues from production have expanded and rapidly rising demands in consuming countries have been equitably satisfied. Assisted in their foreign operations by the international prestige of their home countries, the companies in turn have assured the flow of essential oil supplies in time of war and crisis.

There is now a threat that the companies may be more and more handicapped in maintaining the efficiency of their world-wide operations. Recent trends are toward the "Balkanisation" of world oil. While the technical contributions of these companies are clearly essential to effective oil operations in virtually all sectors of the industry, they would tend increasingly to take on the character of service organisations if this were the limit of their contribution. The danger is that the world oil surplus acts to obscure the contributions they make in their basic operating functions of producing, refining, marketing and the financing of investment.

As noted previously, however, mounting world oil requirements will require a great and uninterrupted expansion in proven reserves, and in the facilities to translate reserves into petroleum products in the hands of consumers. For all this, the internationally integrated oil industry is uniquely in a position to make essential contributions. These include forward programming, in exploration and also in refining and distribution; diversification of risk, as among areas and functions; and the internal generation of capital, to finance necessary investment without undue capital demands upon individual countries. But the continued effectiveness of industry operations will depend on how well it can cope with the strains to which it is currently subjected and on the policies of governments in matters intimately affecting world oil trade.

In this respect, it is of paramount importance that expanded opportunities, and improved procedures, should be provided for consultation, on critical issues, between the oil companies and their home governments. Western policy is closely concerned with

TABLE II
PRODUCTION AND REFINERY RUNS OF EIGHT INTERNATIONAL OIL COMPANIES, 1960
('000 Barrels Daily)

	WORLD	UNITED STATES	OTHER WESTERN HEMISPHERE	EASTERN HEMISPHERE
		PRODUCTION (a)		
Standard Oil (N.J.)	2,514	505	1,338	671
Royal Dutch/Shell (b)	2,021	396	948	677
Gulf	1,570	402	213	955
British Petroleum	1,520	...	[e]	1,518
Texaco	1,352	557	233	562
Standard Oil of California	988	335	90	562
Socony	823	259	169	395
Cie. Francaise des Pétroles	378	...	2	376
		REFINERY RUNS		
Standard Oil (N.J.)	2,871	815	1,219	837
Royal Dutch/Shell	2,549	629c	650d	1,270
Texaco	1,326	675	331	321
Socony	939	572	—367d—	
British Petroleum	894	...	11	883
Standard Oil of California	841	—520c—		321
Gulf	759	479	151	129
Cie. Francaise des Pétroles	256	...	...	256

Sources: Companies' annual reports.
(a) Gross production of crude oil and natural gas liquids. (b) Not including oil supplied to Royal Dutch/Shell under long-term agreements. (c) Canada included with the United States. (d) No area breakdown outside the United States. (e) No area breakdown within the Western Hemisphere.

developments in all areas where the companies have operating responsibilities. Nor is it merely Western oil policy that is involved. It is essential, therefore, that company decisions be made

with full regard for the far-reaching political and economic consequences that may be involved. It is equally essential that the companies' position be strengthened and appropriate ways found for the companies to consider in concert those broad problems that bear on the entire industry's vital position, without running foul of an interpretation of American antitrust laws that in such instances might be self-defeating or harmful to the basic interests of the free world. Otherwise the companies cannot be expected to carry out their commercial functions effectively, the while acting as a buffer between conflicting government interests.

By 1975, the share of oil in energy consumption outside North America, will have increased to over 50 per cent. Petroleum products are becoming more and more important in a wide range of uses, including essential and strategic industries that have hitherto depended on local energy sources. In consequence, the economic effects of interruption in the flow of oil become more severe; and there is a risk that this very vulnerability might become the target of hostile manœuvre.

SECURITY OF SUPPLIES

In the interest of the prosperity of the free world as well as its security, oil operations need to be kept as far as possible on a genuinely commercial basis. Should the provision of supplies come to be determined more by political than economic or commercial considerations, the dependability of supplies would be seriously impaired. By the same token, the terms under which oil can be obtained must not involve economic, commercial, or political conditions that would make it impossible for the user to accept them.

Viewed from this perspective, the nations of the free world, and especially the industrialised countries, must aim for as balanced an energy supply position as possible—drawing on the availability of low-cost energy, but promoting the diversification of sources that would ensure adequate supplies at reasonable prices over the long run. This involves concern both for the security of oil imports and for the viability of domestic energy industries. Consuming countries would continue to draw ever increasing quantities from the oil resources of the large producing areas, which would thus be assured of expanding production and revenues. But consuming countries would also try to avoid an undue measure of dependence that would leave them totally vulnerable.

Maintenance of diversity—and security—in one's sources of energy would likewise provide continuity between present and future. By support of diversified oil-producing sources and of reasonably economic domestic energy industries, it would ensure the maintenance of capacity that could contribute significantly to energy requirements over the years ahead.

There is no simple formula to determine the requirements of oil security. However, a general approach might be somewhat as follows. If oil supplies were to be interrupted from one or several important producing areas, or become subject to unacceptable terms, then remaining sources of supply together with extant stocks should be capable of sustaining essential activities for a prolonged period, until the potential loss of revenue and the possible economic and political repercussions had become matters of serious concern to the producing country. If this were appreciated in advance, any threat of interruption might well be avoided; and if it came to pass, the consuming countries would be in a position to withstand it.

The greatest measure of security undoubtedly rests in the diversification of producing areas from which oil supplies can be obtained. Here the internationally integrated oil companies contribute very considerable diversification through the development of production in widespread areas of the world. In their established operations, these companies have been singularly successful in meeting unexpected increases in demand or disruptions in normal patterns

of supply. Recent years have also witnessed a greater emphasis on the exploration of new producing areas. And the number of companies engaged in the search for oil has increased sharply. If these developments have contributed to the present world oil surplus, they have also promoted increased diversification of supply which in the long run would help to ensure a continued flow of oil.

Oil policy in the United States is also an important factor bearing on the potential security of other oil-importing countries. Import restrictions, instituted in July 1957, seem to an American to have a two-fold effect. The United States avoids dependence on the same sources of supply as go to meet European and other eastern hemisphere requirements. And protective measures taken on behalf of the American producing industry help to sustain a large "resource base." This represents capacity in being, to which other countries could also turn in an emergency, should normal sources of supply be disrupted.

Reasonable provision for ready stocks of crude oil and products within consuming countries, as is already the case to a substantial extent, also contributes to security. An obvious problem is the cost of stockpiling—to provide storage facilities and to carry oil inventories. The oil companies themselves are certainly aware of the importance of carrying stocks in consuming areas, but obviously they cannot be indifferent to the burden which such costs impose on their commercial operations. On the other hand, consuming industries also have an interest in the ready availability of oil supplies; and national governments too. Under the circumstances, stockpiling would properly involve some reasonable apportionment of costs among suppliers, users, and governments.

At the same time, indigenous energy industries would warrant support, wherever they can produce under reasonably economic conditions. This does not necessarily mean that local fuels need everywhere and at all times meet the competitive prices of imported energy. In world oil commerce, for example, it has not been the case that petroleum requirements were met entirely from lowest-cost producing areas. If it had, a few producing areas might have pre-empted the world oil trade; productive capacity elsewhere would then have been abandoned, and the search for oil cut back

TABLE III
ESTIMATED OIL REVENUES*, SELECTED COUNTRIES, 1950, 1955, AND 1960
(Millions of Dollars)

	1950	1955	1960
Iran	45	91	285
Iraq	15	206	275
Kuwait(a)	12	282	385
Saudi Arabia(a)	113	275	335
Venezuela	330	596	865

* Approximate, including royalties, rents, fees, income taxes, and back payments. Taxes on transit operations are also included.
(a) Includes revenues from the Neutral Zone.
Sources: United Nations, *Economic Developments in the Middle East, 1958–1959*; Alirio A. Parra and Gustavo Escubar, *; Fiscal Obligations of the Venezuelan Petroleum Industry*; a paper presented before the Second Arab Petroleum Congress, October 1960; *press releases*.

sharply. In the event, the conditions of world oil trade might have become subject to a one-sided dependence on the small number of producing areas that remained. As a result, and with the natural exhaustion of the few producing fields, the trend in oil prices might soon have been sharply upward.

Perhaps the most that can reasonably be expected during these difficult times of economic uncertainties and political tensions is some sort of uneasy equilibrium among the various conflicting interests centering around international oil. This equilibrium would be sensitive to developments on all sides, but one hopes that none need endanger it. It is true that in the future nothing is apt to be as secure as in the past. But the free world can cope with uncertainty and a lack of tidiness in world oil affairs, as it must in all others. The problem should not be abandoned wholly to governments merely because a simple or neat settlement appears unlikely.

There is a tendency now for many countries to secure their own interests in this business solely through political devices. Whatever the intentions or merits in individual instances, it is important to avoid such a proliferation of barriers as would undermine the rational allocation of resources and the efficient performance of oil operations. It is an unfortunate reality that government interposition in producing countries tends to beget a political reaction in consuming countries, and vice versa. The danger is that every oil problem, commercial or otherwise, would tend to become an intergovernmental affair, or subject to a tug-of-war between political blocks, or an issue in the East/West struggle.

LESSONS OF INTERDEPENDENCE

What may be called for is not so much a solution to the difficulties of the moment as comprehension of underlying realities. One is the basic and continuing interdependence of all parties to the world oil trade. There is a real danger that a few producing countries, because they have physical control over huge resources, might believe that they have special power over the world oil equation. In fact, producing countries depend to an extraordinary extent upon the countries that are their major customers, and upon the companies that are responsible for the development of their resources and the marketing of their production. In the Middle East, for example, government oil revenues have risen from less than $200 million to about $1.3 billion a year in the past decade. On the other hand, importing countries likewise depend on the major producing areas for the energy that is essential to their continued prosperity.

Inevitably there will be marked changes in world oil arrangements, through the renegotiation of concessions or different approaches in new agreements. But the recognition of interdependence should prevent either side from asking too much, or attempting to achieve its ends through unilateral action. And whatever new arrangements might evolve, they must not destroy the incentives for continued investment; they must provide for reasonable stability of operations; and they must assure the companies of sufficient managerial control for the planning and co-ordination of their world-wide responsibilities toward producing as well as importing countries.

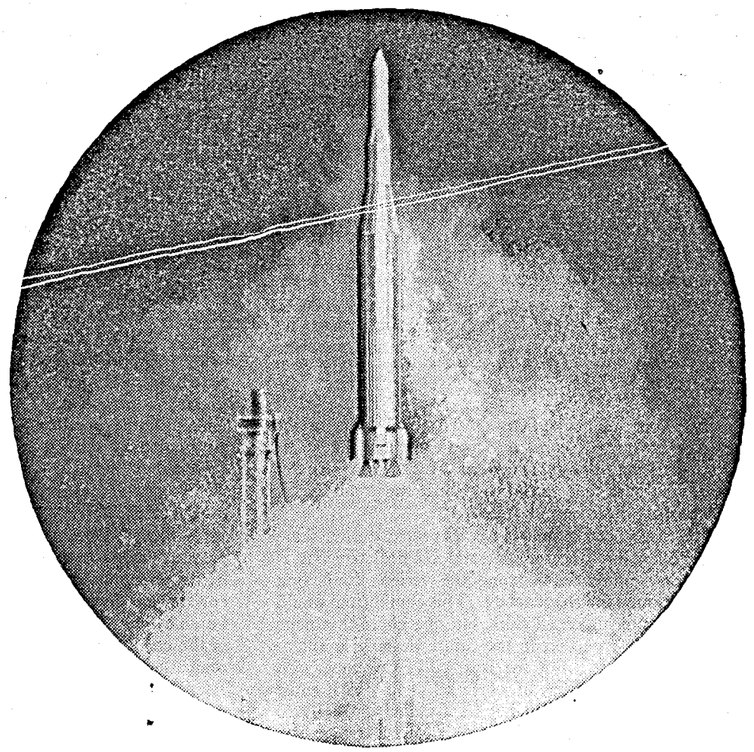
But while the difficulties of the present are substantial, the prospects for the future are impressive. As noted earlier, oil consumption in the free world could reach almost 2 billion tons by 1975 of which more than half would be in the eastern hemisphere. Over the fifteen years, eastern hemisphere production could aggregate almost 10 billion tons—to meet the area's own needs and to fill the import requirements of the western hemisphere. The oil resources should be available to meet these rapidly rising requirements. But great investment will be needed.

It is precisely here that the international oil industry will have to play a pivotal role. In consideration of demand among all oil-consuming countries, it will have to provide for increasing production in existing areas and maintain exploration in widely scattered regons. In anticipation of future demand, it must plan now to provide the necessary facilities. To do these, the industry must be left with reasonable freedom to plan its investments and to manage its affairs. If nationalistic, political and "cold war" pressures tear our world asunder, the international oil company can hardly remain alone as a cohesive and constructive world-wide enterprise. Given a modicum of law and order, the industry will be able to function in a rapidly changing world; though many of the changes may not be easy or attractive. But in any rational evaluation of future prospects, its contribution should be no less essential than in the past. And a period of huge expansion in oil demand and production should offer untold opportunities to all if only industry and governments can tackle constructively with the problems of transition.

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THE BUSINESS WORLD

Should Gas Be Nationalised?

For several years it has been a matter of interest to speculate whether, and how soon, a Conservative government would have to nationalise the British gas industry. Now it looks as if this one may have to, and soon. "Nationalise," in this context, means just what it says: make national. What the Labour government did in 1948 was to concentrate a huddle of big and little gas undertakings, owned privately or municipally, into twelve biggish, regional, publicly-owned businesses. But to outsiders it has been growing steadily more obvious for years that certain of the things this industry needed to do to survive in a competitive fuel economy—the only "growth elements," indeed, that offer much hope for its future development—would have to be planned and organised, at least, on a national scale. By 1960, even the gas industry—or most of it—had come to accept this. But how?

That is the question to which the Select Committee on Nationalised Industries addressed itself at the conclusion of an eight-month look at this industry, upon which it reported this week. It did not take this committee, which has become in the last four years so much more effective an instrument of Parliament than anyone would have predicted from its beginnings, long to appreciate that "the present structure of the industry is not suitable for developing and establishing large-scale production and distribution facilities," or the reasons why:

> It is clear that recent technological advance has brought the gas industry to a position which was not envisaged in the Gas Act, 1948. The emphasis of that Act was on the independence of Area Boards; technologically, the emphasis today is on their inter-dependence. To make gas more cheaply, to store and transmit it more cheaply, require collective action of some kind.

The technological changes involved have often been discussed at some length in these columns*; but the briefest outline of them is necessary, in that decisions about them are integral to decisions about the structure of the industry.

The two significant technological developments in the supply of gas that are now impending, as alternatives or in conjunction, for this industry, are the import of methane and the development of complete gasification of non-coking coals, primarily by the Lurgi process. The development in storage is the utilisation of underground cavities and structures for the storage of gas in great volumes, which would allow a steady, base-load supply of cheap gas to be married with the industry's fluctuating annual demand. The development in transmission would be the movement of gas over distances that are relatively long for this country along pipelines or mains at high pressure. To offer really cheap delivered prices, methane would need to be imported and/or Lurgi gas produced in volumes too great for any single regional board to assimilate into its regular supplies alone. The places where underground caverns happen to be bear no necessary relation to where the largest volumes of gas happen to be saleable. Long-distance transmission of gas over a "national grid" is only an economic proposition at high pressures, so that even a cheap, large-scale source of gas at low pressure would incur the extra costs of compression if it had to travel this far. But this transmission requirement would fit in neatly with methane from the reforming plant where it might be converted into town gas or Lurgi gas from the gasifier, both of which come in any case at high pressures.

It is probably true, as the Ministry of Power argued to the select committee, that neither the industry's decentralised structure of twelve economically responsible boards and a kind of loose confederation at the top, the Gas Council, nor the terms of the Gas Act of 1948, would formally quite preclude joint operations on a scale broader than any one board. But the select committee, considering the practical difficulty of getting a number of independent chairmen to fall in with the lead of a council of limited powers, concludes: "While the existing statutory powers may in theory be adequate, in practice they are not so." Anyone who in recent years has watched the slow awakening of most of this industry to its predicament as well as to its technical possibilities, under the prodding of its few zealots, must have the same feeling. For these technical developments are by no means further advances in a steady progression; they are opportunities for the gas industry to escape from traditional technology at the end of its tether. Carbonisation plant makes coke as well as gas; demand for coke is probably in secular decline, and in any case its high costs of transport preclude the concentration of production into really large plants that might reap significant further economies of scale. That has left carbonisation, an extremely highly-capitalised process, unable to escape the full inflation of plant prices; and these have now risen to a level that makes replacement of existing plant hardly economic without increasing the price of gas in a market

* For instance, in "Choosing Cheaper Gas" *The Economist*, December 10th and 17th, 1960.

where the fuel costs too much already. Getting the industry to realise this has been a long business. It is true that on one positive development, the import of methane, it has not moved so slowly. But this was because the whole methane project is in the hands of certain of the zealots of the industry—whose problem of replacing plant that is on the verge of falling down is perhaps bigger than anyone else's in the industry.

The select committee reckons that there are three possible ways of developing these new large-scale forms of gas technology, which are probably the industry's only hopes for the future, though possibly quite bright ones. First, leave the present structure of the industry unchanged. Seven area boards have after all accepted the methane scheme. Cannot they be trusted to show the same "spirit of collective co-operation" again? The select committee agrees with the Gas Council (or at least, presumably again, with its chairman, who appears to have given a marathon performance with evidence) that the Council as is cannot.

A second possibility is to harden the Gas Council, the existing soft centre of the industry, with fresh powers, and give it the job of new large-scale development. This, apparently, was what the council itself proposed to the Ministry in July last year. What it wanted were powers to manufacture and supply gas. These powers would be permissive, and used only in cases that the council could justify to the Minister, but, on the other hand, before approving any proposal to manufacture gas by an area board wishing to make its own gas rather than take the council's grid gas, the minister "would have to take into account the Gas Council's views." Area board chairmen had agreed to this proposal to give the council coercive power—though some of them, to the select committee, voiced subsequent doubts.

THE third possibility, which the select committee appears itself to have suggested to the industry's witnesses, would be that

> a thirteenth board should be set up to develop and carry out the large-scale manufacture of cheaper gas which would then be sold to all or some of the Area Boards.

This would become eventually, though not from the outset, analogous to the position of the Central Electricity Generating Board and the Electricity Council. For quite a long time the area boards would go on operating their existing plant themselves. As this wore out and the base load of demand was taken over by cheaper gas from a national grid, area manufacture of gas might be reduced to peak load supplies from old or specially-designed plant; or possibly to the manufacture of gas (for enrichment with methane or not) by other methods than Lurgi, such as the reforming of naphtha, which if economically competitive might well be so on a smaller scale. Gradually the area boards would become to a much larger extent what they are in electricity supply—retailers of a fuel they buy wholesale.

This third way of giving the gas industry the new technology it needs is the one that the select committee, albeit somewhat tentatively, would choose. It thinks there would be an advantage in having a board with responsibility for production and distribution on a national scale but no other responsibilities, leaving it single-minded to apply the drive that has been so notably lacking in pushing on development of the Lurgi process. It also thinks there would be an advantage in leaving the Gas Council impartial and disinterested in any conflict between large-scale production and area board production. It is worth adding that putting this responsibility for large-scale manufacture and transmission at the centre would put steadily increasing power there. Whether this power could properly be exercised by a council of a few full-time members surrounded by ex-officio members from their somewhat subordinate customers—something like the old Central Electricity Authority?—is doubtful. Admittedly, we have not yet had enough experience of the alternative formula under which a collective council oversees a generating and transmission board plus its retail customer boards, in electricity, to judge it properly. But at least it offers the possibility that a highe body can hold the balance.

The argument for centralising this responsibility for th new processes, to the select committee and the onlooker, arise basically from the feeling that impetus needs to be put behin getting them from controversy to operating reality, whicl certainly has not happened with the development of coa gasification. The committee's report paints a depressin picture of delays, indecision, changes of mind and pace. Th impetus, indeed, will probably be needed—if developmen of both these lines of advance is to go on—primarily in th next few years, "from ideas to ironmongery." For methane this has already been given by the North Thames Gas Board backed by the great technical capacity of the oil industry. And once methane got on the move, at least, one would no have to worry about continued impetus: the oil industry could be trusted to keep its distributors technically up to the mark. Coldbloodedly, one could say that if the intention were simply to go for reformed methane, and to drop Lurgi development, that is to say, the immediate need for a new body to push on would be less strong, and the question of ownership of reforming plants, if not of the transmission grid, might possibly wait.

The Gas Council insists, however, whether the Coal Board believes it or not, that it does not wish simply to take methane-reformed and perhaps later straight, as a single source of cheap gas. It says it does want to develop Lurgi, for enrichment with methane, if this is economic. If that is so—and if that is the way that the Minister's decision on these matters should oblige it at least to start going—then the case for a new body to push on development of all the chosen large-scale techniques, and probably for one independent of the Gas Council, becomes that much stronger. For most of the top people in the arguments about Lurgi and methane have become far too polarised in judgment or prejudice one way or the other. If the technical decision is for or includes Lurgi, enriched with methane or some cheaper hydrocarbon, there will be a need for some new protagonist committed only to develop cheaper gas quickly, by whatever route the Government points out. Whether such a body could usefully be made purely a department responsible to a council several of whose members are now almost emotionally opposed to further development with coal is doubtful. To quite a considerable degree, therefore, the new structure that one would choose for this industry will depend on the basic decisions that have to be taken about its technology. But that is as it should be.

BUSINESS NOTES

OVERSEAS INVESTMENT

How Strict a Scrutiny?

WHEN the Chancellor of the Exchequer announced as part of his July measures a "more severe" test of investment projects in non-sterling countries, he said that this would require

> clear and commensurate benefits to United Kingdom export earnings and to the balance of payments.

The next day Mr Anthony Barber, Economic Secretary to the Treasury, stiffened this by adding "in the short-term"; and press comment this week has suggested that the Treasury is in fact interpreting this criterion so narrowly that virtually the only projects that will meet the new test are those directly related to export promotion. The Treasury, for its part, stands pat on its spokesmen's words, and emphasises that these mean what they say. They do not involve anything like a general ban on overseas factory projects; "short-term" does not necessarily mean twelve to eighteen months, and the long-term considerations in each case will not be disregarded. The change is one of emphasis: the prospect of getting something back soon in current earnings, whether through exports or remitted income, is being given considerably greater weight than before.

What is still unclear is whether the Treasury is proposing a major change of policy—a "pause" in overseas investment as well as wages—or whether, as most people took Mr Lloyd to mean, the tightening in official scrutiny will affect only the marginal proposition, rather than the general run. Like most aspects of the new policy this has been very poorly explained to the public. The point needs to be cleared up.

This is a sphere in which supposed toughness could have odd and undesirable results. For one thing, no similar controls apply to investment in the sterling area. It is true that in recent years political influences have themselves acted as a forceful deterrent; the City no longer seeks to circumvent the credit squeeze by putting money into Rhodesia. At the same time, however, Britain is sending growing amounts to sterling countries through Government loans and grants, which however desirable they may be on political and humanitarian grounds yield precious little return financially. A general curb on investment projects in non-sterling countries that business firms judge profitable would therefore almost certainly reduce still further the average rate of return that Britain gets on its overseas capital outgoings as a whole; while Treasury officials would hardly claim that they are in a position to apply a selective curb in any scientific way.

There is much more sense in present official efforts to get more income back from existing investments: exchange control officials from the Bank of England have been renewing old contacts in the past week or so. But here too there is no control on investments in the sterling area; while it is anomalous, to say the least, that present tax legislation actually puts a penalty on distribution. There is a further point. Restrictions on direct investment in European countries—and it is these countries that are attracting most attention at present—could not be maintained without a special dispensatoin if Britain signed the Treaty of Rome. Possibly the Treasury feels that this need not get in the way of an interim pause. But a break in the policy of freer movement of this kind of capital, which has proceeded steadily over the past few years and would be bound to proceed further if Britain joins the common market, would make little sense.

IN THE MARKETS

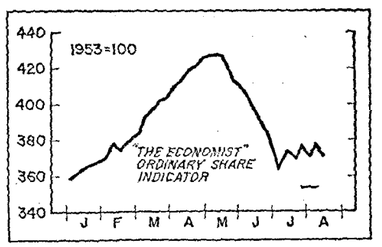
Gilt-Edged Recovery

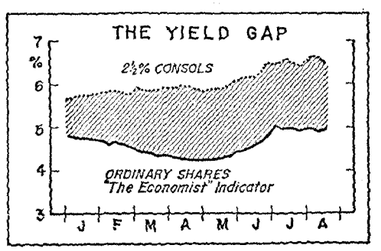
THE London stock markets have become quieter and steadier this week following the gyrations of the previous fortnight. The sudden inflation of equity prices and further marking down of gilt-edged that took place on the two days following the enactment of the trustee bill can now be clearly seen as a momentary aberration. The subsequent recovery in gilt-edged has continued this week, though partly under the influence of Berlin the volume of buying has been smaller than in the previous week, when the government broker was able to resume his funding sales in a big way. Selling by trustees has continued, but not on a scale sufficient to upset the market.

Indeed it has been considerably less than many people had reckoned on, and the bears have been squeezed. Institutions that had held off the market in the hope of seeing prices go still lower have now stepped in to buy, and personal investors have also come in as buyers, especially at the short end of the market. As the tabulation on page 735 shows, short bonds now offer outstandingly attractive yields, with little risk of depreciation. More venturesome investors have been prepared to put their money into irredeemables again, and War Loan has edged up to 53—its net price of 52¼ comparing with the all time low point of 49⅞ on August 4th. There are indications that the government intends to apply its new measures more toughly than some sceptics first thought likely, and this influence should tend to favour gilt-edged in relation to equities. Much still needs to be proved before the gilt-edged prospect is assured. The government must go through with a tough policy, not merely proclaim it. It must consolidate foreign confidence in sterling and before long there must be a significant rise in exports. Even if all this happens, the investor in gilt-edged is likely to have his nerves tried in coming months by outcries over Berlin abroad and strikes at home. On balance, at the least, more investors are now likely to agree that there is once again a place for gilt-edged in their portfolio.

Impact of New Issues

THE Berlin crisis gave equities a knock after the weekend but it was only a slight one, not least because equities had fallen sharply the week before on more sober assessments of the state of the British economy. The growth in international tension, however, has not been minimised in Throgmorton Street. The underwriters of the convertible debenture issue by Courage Barclay and Simonds have taken it seriously enough to introduce a war risk clause. Such clauses were common before the war but have not since been greatly used, except at the time of the Korean crisis; they give the underwriters the right to cancel their obligations if in their opinion international conditions have deteriorated so far as to involve the risk of an imminent outbreak of hostilities. Another effect of the Berlin crisis has been





the reduction in the volume of business in the industrial market, where in the middle of the week a small amount of buying, including a little by trustees, pushed enquiry prices up slightly.

One reason for caution is the knowledge that as a result of the Chancellor's measures new issues will press even more heavily upon the market. The failure of the big rights issue by Colvilles of 5,324,906 ordinary shares at 57s. 6d. each, of which nearly 85 per cent was left with the underwriters, illustrates the pressure that is building up on investible funds and, as it leaves the underwriters with so much stock in their hands, it may contribute to further failures unless the terms of future issues are made even more generous to the lenders. The borrowers have to find ways of making their issues attractive while trying to limit their liabilities as much as they can. Courage Barclay and Simonds has chosen this course for funding its bank loans of £6.1 million, largely raised to pay for Bristol Brewery Georges. CBS proposes to raise nearly £7.5 million by offering a 6¾ per cent convertible debenture, 1976-81, at 99. On a straightforward debenture issue the coupon would not be high enough to attract full subscription and the carrot is the terms of the conversion, which give the debenture holders the right to convert into ordinary shares at a price equivalent to 61s. 10d. in 1963, 63s. 10d. in 1964 and 66s. in 1965. By the time the rights are exercisable, many of the benefits of integration within this brewing group should be apparent and so, too, should be the degree of initial success attending the "Harp" lager venture in which CBS is participating. But this looks some way ahead and, in marking the CBS shares down by 4s. to 57s., the market was more conscious of the immediate fact that CBS will have more permanent capital to service.

PUBLIC INDUSTRIES

The Rate for the Man

WHILE one nationalised industry is losing one of its senior men to private industry, another has managed to make a catch the other way. The common factor in this week's bout of management trading has been willingness to pay the right price. What the Coal Board was paying Mr Henry Longden, who is leaving the chairmanship of the board's west midlands division at the end of next month to become deputy chairman and chief executive of the Cementation Company (which sinks a lot of the board's new pit shafts), has never been disclosed. The board, whose own members are appointed by the Minister of Power at salaries that are fixed by him and published, has complete freedom in appointing its own divisional board members. But there is apparently a practical limit. Lord Robens, commenting upon Mr Longden's resignation, said that the terms offered by Cementation were "such that the Coal Board could not match them."

For the only one of this week's three new appointments to the Transport Commission (and eventually to the British Railways Board) that involves any real poaching from private industry, the Minister of Transport has got away with the minimum rate possible. Mr P. H. Shirley, at present Chairman of Batchelors Foods, in the Unilever group, is to be paid £12,000 a year "to place him in the same financial position" during his period of secondment which at present will be five years. Thus Mr Shirley, who is now 48, will retain his Unilever pension rights in the same way that Dr Beeching's status for a pension from Imperial Chemical Industries has been preserved. The second new appointment to the commission is of a man who, at the age of 52, had already retired. Until May 1960 Mr L. H. Williams was managing director of Shell Chemical; he was then transferred to Shell International Chemical for an appointment that apparently did not materialise and last month resigned "by mutual agreement" on a pension boosted by nearly twenty years of overseas service with Shell. On the commission he will receive the basic rate for full time members of £7,500 a year. The third appointment is the promotion of Sir Philip Warter from part-time chairman of the Southern region and part-time member of the commission to be Sir John Benstead's successor as deputy-chairman under Dr Beeching—also a part-time post as he will remain as chairman of Associated British Picture Corporation. But his salary from the railways will go up from £2,000 a year to £6,000, compared with the £8,000 Sir John Benstead has been receiving.

Ministers and the Law

IN what is to some degree an aside from the main argument of its report on the gas industry (which is discussed in an article beginning on page 731), the Select Committee on Nationalised Industries this week returns to one of its recurrent complaints, and takes issue with one significant detail of the government's new policy towards nationalised industries. It agrees with the broad purpose and method of that policy, as set out in a White Paper* early this year—that each board should be set an individual "target" rate of return on capital which it would be required to earn as an average over five-year periods. But it notes acidly that this white paper's reference to the informal control that the ministers concerned exercise over these industries' prices "appears to admit that governments have always acted beyond the statute" and to suggest that they should go on doing so.

The white paper did confirm that the industries concerned had the right to publish—later, in their annual reports—details of cases where the Minister had overruled them on price changes, putting the responsibility back to the ministry where it belongs. The select committee comments

> But until the matter is made public there would be no knowledge of where the responsibility lay, and Parliament would have no basis on which to question the Minister.

How generally, indeed, does the fact and result of the intervention—which for example in 1958-59 and 1959-60 put one gas board that would have made a profit into the red, and reduced the degree of self-financing of investment that another had intended to achieve—ever get known?

The select committee, which has been a strong critic of this kind of underhand intervention ever since it began reporting on the public industries, is not satisfied. It suggests that a written statement of any ministerial intervention on tariffs should be laid before Parliament at the time it is made. Secondly, as soon as possible "an amending Gas Bill" (and by implication amending bills for the other public industries) should be introduced, giving the Minister the statutory power to intervene as he in practice, outside the law, does intervene already. There may be a case for giving ministers an ultimate right of veto over price changes in these publicly-owned industries. There is no case for allowing them to do so without regard to the statutes.

* The Financial and Economic Obligations of the Nationalised Industries. Cmnd. 1337, 1961.

OUTPUT

An Increase Observed

INDUSTRIAL output, as measured by the official figures, has moved up a little since Easter. But only by a little. For the second quarter as a whole the increase, allowing for seasonal differences, was just over one per cent above the volume of production in the first three months of 1961 and in the three previous quarters of no change. By June industrial production was almost two per cent higher. Clearly the rise in personal and government spending, the pick up of exports, and the sustained high rate of investment earlier this year has now made some mark at the factory. Output among the engineering industries rose rather faster at the beginning of the summer, partly reflecting a higher tempo of work by some electrical capital and consumer goods manufacturers and probably also under the impact of larger orders for intermediate supplies from the motor firms. Car output has picked up quite sharply. Some of the "soft" consumer trades, such as textiles, were also doing a little better.

INDEX OF INDUSTRIAL PRODUCTION
(1954=100)

	Unadjusted		Seasonally Corrected	
	1960	1961	1960	1961
January	120	120	119	120
February	123	125	119	121
March	126	126	120	121
April	120	123	121	122
May	125	122	121	122
June	119	126	120	123
July	109		120	
August	104		121	
September	123		121	
October	127		121	
November	127		120	
December	120		121	

The more important question, however, is what will be the trend of output in coming months? Consumer spending appeared set on a somewhat slower rate of growth before last month's increase in excise and customs duties (and the momentary splurge of anticipatory buying that induced). But investment in plant and machinery, though possibly not in new buildings, remains buoyant. Government and other public sector expenditure of all kinds is under renewed restraint. The course of exports remains to be discovered. Basically the answer may still hinge upon future trends in stocks. There are signs that some retail stocks are in better balance, cars for instance but certainly not refrigerators. At the other end of the line, however, steel users have been reducing their holdings.

OVERSEAS TRADE

Back in Surplus?

THE monthly figures of Britain's overseas trade shipments, which all this year have been closely watched by the stock markets as well as the exchange markets, once again show little decisive movement. The July returns suggest that exports, after their modest lift at the beginning of this year, have since then run about level, while the decline in imports from their peak at the end of 1960 has continued, though at a modest pace. The balance of trade in July was in fact less favourable than in June, but exports in that month were somewhat swollen by left-overs from the latest of London's dock strikes. Even so it is a little disappointing that the seasonally adjusted figure calculated by the Board of Trade dropped on the month by as much as £24 million, to £307 million. The combined total for May, June and July was just one half per cent above that for the previous three months, while imports fell by 2½ per cent over the same period.

UNITED KINGDOM TRADE
(Seasonally adjusted. £ million per month)

		Exports fob	Re-exports fob	Imports cif
1960	2nd quarter	295	11	375
	3rd "	290	13	385
	4th "	295	12	390
1961	1st quarter	309	12	385
	2nd "	306	13	362
1961	February ..	307	11	383
	March	301	12	375
	April	306	12	354
	May ...	282	13	365
	June	331	15	367
	July*	307	16	354
	January-July*	308	13	371

* Provisional

The apparent trade deficit in July as shown by these figures was £31 million;

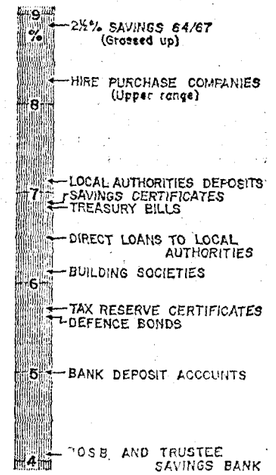
Savers' Choice

THE increase in Bank rate to 7 per cent has produced marked changes in the relationships between returns offered by different fixed-interest investments; now that the new rates are more settled, a critical review is worthwhile of where one's savings are placed. In general the rates are above the levels prevailing after September, 1957, when Bank rate was last at 7 per cent. There are two exceptions—the savings banks' deposit rate, which never changes from 2½ per cent; and the deposit rates of the finance houses, which were in the region of 8½ per cent in 1957 when the houses lacked the associations with the clearing banks that most of them now enjoy.

The increases in interest rates have, however, largely by-passed the traditional openings available to the small saver (shown in the top half of the table): as frequently happens when money is very tight, the dramatic increases have been for big lines of money. Only the clearing banks' deposit rate has increased in line with Bank rate, and this rate, which in modern times has usually been uncompetitive, now offers a return of 5 per cent—which to the saver who pays little or no income tax is among the most attractive rates available. For these truly "small" savers the returns offered by the National Savings movement and the building societies now compare unfavourably: but it is a fair point that the terms of savings certificates were also unchanged when Bank rate was reduced to 4 per cent at the end of 1958.

	Rate of interest	Grossed-up allowing for tax at 7s. 9d.	Holding Maximum	Holding Minimum
	Per cent	Per cent	£	£
Post Office Savings Bank	2½	4 1/16*	5,000	...
Trustee Savings Bank	2½	4 1/16*	5,000	...
Special investment dept.**	4–4½	4–4½	3,000	...
Savings Certificates (Held for over 7 years)	3 1/16	6 7/8	900	...
Defence Bonds (3 months' notice)	5	5 5/8†	5,000	100
Clearing banks' deposit rate (Seven days' notice)	5	5	...	...
Building Society shares :—				
Rates as from October 1	3¾	6 1/8	5,000	...
Tax Reserve Certificates‖	3½	5 23/32	...	...
Hire purchase companies :—				
Three months' notice	6–8	6–8	...	100–
Six months' notice	7–8¼	7–8¼	...	5,000
Local Authorities :—				
Two days	7	7	...	
Seven days	7 1/8	7 1/8	...	over
Two to five year mortgage	7¼–½	7¼–½	...	20,000
Publicly advertised loans	6¼–½	6¼–½	...	50–500
Treasury bills (On interest rate basis)	6 27/32	6 27/32	...	5,000‡
Gilt-edged :—				
3 per cent Exchequer 62/63	6 9/32§	8 1/8	...	
2½ per cent Savings 64/67	6 19/32§	8 7/8	...	100 nom.
3½ per cent War Loan	6 25/32	6 25/32	...	

* The first £15 of interest is free of tax. ** Only after balance of £50 in an ordinary account. † Allowing for the tax free redemption payment of 3 per cent after seven years. ‡ Minimum direct tender is £50,000, but a bank will supply customers with individual bills of £5,000. § Redemption yields. ‖ Interest credited for maximum of two years against tax dues.



The highest effective rates for the taxpayer are obtainable from short-term marketable securities; the 2½ per cent Savings Bonds 1964-67 now offers a grossed-up redemption yield of 8⅞ per cent. The effective rates are still higher for the surtax payer—though the budget reliefs have in most cases reduced the marginal surtax rate on unearned income too. The reduction in the number of surtax payers may also limit the demand for tax reserve certificates, the rate for which was raised from 3 per cent to 3½ per cent tax-free this week.

Investors who dispose of sizeable sums now enjoy unprecedented opportunities—and they are increasingly aware of them. Having discovered Treasury bills a few years ago they are now moving into the local authority mortgage market in a big way, and in the past two weeks rates in this market have eased from 7¼-7½ per cent to 7-7⅛ per cent.

and since distortions such as the uneven valuation of imports and exports swell the debit items by as much as £40 million a month compared with the Treasury's payments figures, there appears to have been a true balance on the right side in July. In the first seven months of the year as a whole however the crude deficit was £50 million, which implies a deficit even on the true basis. A few years ago this would still not have been inconsistent with a surplus on current payments as a whole, but the disappearance of net invisible income has now shifted the whole burden on to merchandise trade.

THE EXCHANGES

Not Only Berlin

THE recovery in sterling that proceeded almost without interruption in the fortnight following the Chancellor's economic statement on July 25th has been checked in the past week. Anxieties over Berlin have certainly been an important influence; but they are not the only reason for the markets' caution. The July measures were generally regarded as a step in the right direction, but as no more than that; judgment on their ultimate efficacy has mostly been withheld, abroad as well as at home, until the wages issue is put to the test.

The limited restoration of confidence was sufficient to encourage dealers to cover their very short (i.e. speculative) positions in sterling, but now that this first flush is over the underlying hesitations are becoming more apparent. The general mood is still quite different from what it was before the measures were announced. But for the time being confidence in sterling might be said to be in neutral rather than positively favourable.

The gathering crisis over Berlin has naturally thrown its shadow over the financial markets as a whole, though the effect has generally been to reduce the volume of business rather than cause sharp price movements. Some funds have moved out of Germany, mainly to Switzerland and Italy—seeking a refuge from both the nuclear bomb and the stresses of the gold exchange standard nowadays poses some pretty problems for the fearful—but the movements have probably been smaller than in previous weeks. These outflows have turned the tide of the Bundesbank's exchange reserves, which showed a fall of some DM 700 million in the four weeks to August 7th. The bank has now suspended its free facilities to German banks for forward swap operations in dollars, and is making a charge of one quarter of one per cent.

At the same time some German banks still see the threat to Berlin as a reason to sell sterling, and on Tuesday the Bank of England appears to have sold some dollars to prevent the rate from falling below its parity of $2.80. The volume of selling was relatively small however and on Wednesday sterling came in demand on a thin market, and rose to $2.80¾. The US dollar, while it has been relatively strong at Frankfurt, has fallen to its lower support point of 4.31½ in Zurich, though the Swiss National Bank has not had to take in large amounts. Demand for gold coins and gold bars in Zurich has received some stimulus, and in London the dollar price of gold has edged up to $35.16, but demand has if anything been rather less than in earlier weeks. Repayments by the Bank of England under the Basle arrangements are expected in the next week.

OVERSEAS AVIATION

Flying into Trouble

THE collapse of a small charter airline, Overseas Aviation (C.I.) Ltd, this week has set other small airlines wondering whether their suppliers may become less generous with their credit now than they have been in the past. Just how generous they have been to small airlines can be guessed from the debts of Overseas Aviation (C.I.) Ltd, which ran up bills of about £250,000 each with Rolls-Royce and British Petroleum before both companies cut off its supplies, so grounding the company's aircraft and effectively putting it out of business. The only unique feature was that unlike most airlines, this company does not own the aircraft it flies and could not, therefore, offer its fleet as security for its debts. These aircraft belong to a quite separate company, Overseas Aviation, which is not an airline, which unlike Overseas Aviation (C.I.) Ltd, is registered in this country and not in the Channel Islands, and which hires out the fleet for the charter airline to operate. This aircraft-owning company has only recently made a big purchase from Canada of Trans-Canada Airlines' old fleet of piston-engined Canadairs and now owns about 40 assorted vintage machines. These facts about the ownership of the aircraft were presumably known to the two suppliers when they advanced credit.

The oil companies usually give small airlines a month to pay their bills, but it may take much longer than this to prepare the invoice. Fuel taken on abroad for the journey home is supplied against an international credit card given to the airline by its domestic fuel supplier. It may take up to two months before the domestic supplier (in this case, BP) gets notification from the foreign oil companies of how much fuel they have supplied, so it is not unusual for an airline to get an effective three months' credit, measured from the date the oil was pumped into its tanks. During the busy summer months quite a small airline can easily run up fuel bills well in excess of £100,000 in this way while still paying its bills on the dot. Even if they wished, the oil companies could not avoid giving this kind of credit. By the time belated warning signals do appear, the airline usually owes so much to its suppliers that for oil or for spare parts they are tempted to keep up deliveries in the hope of future profits rather than cutting them off, forcing the company into liquidation and cutting what by this time are very substantial losses. In the case of Overseas Aviation (C.I.) Ltd, which has expanded rapidly during the past two years, the aircraft it was using may have cost too much to fly to show a profit in the highly competitive holiday tour business in which it operated however much traffic was carried.

The Independents

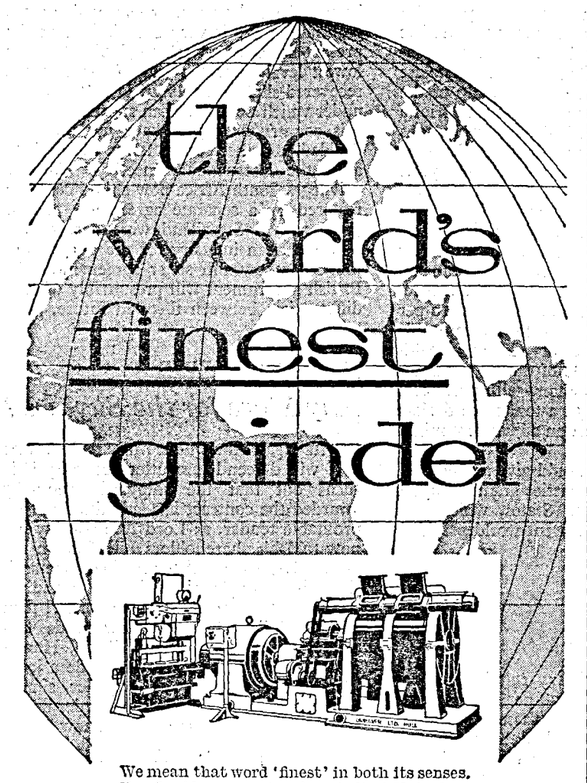
OVERSEAS AVIATION (C.I.) Ltd was not one of the 18 independent airlines that are licensed to fly regular scheduled services although it had applied for a licence and had suggested that it might put Viscounts, Vanguards and even Trident jets on these routes. Excluding this company, there are perhaps 23 privately-owned airlines in Britain and another 25 or so crop-spraying and air taxi companies. Some of these own a single aircraft only, occasionally as old as a Rapide biplane, others are better and more ambitiously equipped and have great hopes of expanding—albeit modestly—under the new air transport licensing regulations that give them some freedom to fly in competition with the two nationalised air corporations. These are the airlines that must rely on generous credit from their suppliers to get into the air at all; in the past they have existed on a somewhat lean diet of holiday bookings, making what profit they can during the summer. On regular scheduled flights, where they can charge higher fares, they should be able to earn a higher rate of profit; and it would be a disaster for them if this credit was curtailed, just when they have a chance to grow.

The only independent airlines able to expand rapidly are the four big operators in which the shipping companies have a stake. Biggest of them all is British United Airways, backed by the Clan Line, British and Commonwealth Shipping, Blue Star and Furness Withy. BUA has taken over several of the smaller independent airlines, as has British Aviation Services, better known perhaps as the Silver City car ferry; this group is backed by P and O. Cunard has only recently bought Eagle Airways, which will start regular flights on the North Atlantic with Boeing jets next summer if BOAC loses the appeal to be heard next month against these. The last of the four, Skyways, is backed by the Bibby line.

SOUTH AFRICAN SUGAR

Bitter Truths

IN Whitehall's words, continued participation in the Commonwealth sugar agreement by the South African sugar industr



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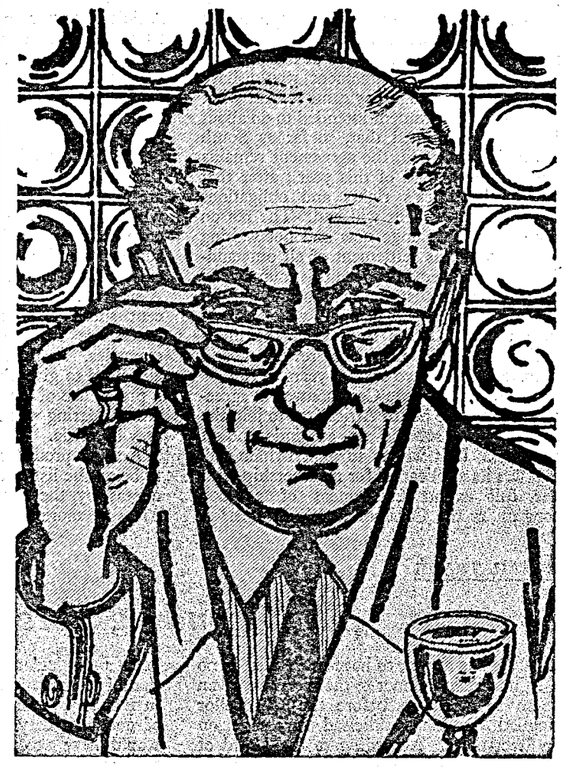
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and exporters is not compatible with South Africa's status as a foreign country. South Africa's representatives did not come 6,000 miles to hear that: a glance at the opening paragraphs of the agreement would have told them as much. They came to hear what the British government intended to do about it and have learned that, so far as South Africa is concerned, the agreement remains valid until the end of this year; after that all South Africa's rights and obligations under the agreement will end. The reason for taking the plunge now and not waiting for the omnibus settlement of all outstanding trade problems between this country and South Africa is that a crucial meeting of the International Sugar Council will be held next month. In its third year, the international scheme must be reviewed and adjusted; it has two further years to run.

Exclusion from the Commonwealth agreement will leave South Africa free to join the international scheme as an independent member. If it wishes to join, Britain will support its application for membership with the full export entitlement of 217,000 tons under the Commonwealth scheme. A straight swap from membership under Article 16 to "independence" under Article 14 of the international agreement can presumably be fairly easily arranged. There are several clubs in sugar; membership of the Commonwealth scheme gives South Africa a right to £45 a ton (cif UK) for 157,000 tons of its exports this year. South Africa produces about 1 million tons of sugar a year. Permissible exports to Britain and Canada are about 217,000 tons, on the balance of which South Africa receives imperial preference, now worth £4 2s. 6d. a ton for raw sugar of standard grade. A slight confusion exists about the present rate of preference. A side-effect of the recently imposed 10 per cent surcharge has been to increase this preference in favour of Commonwealth countries. As the scale of duty was originally fixed to give Commonwealth producers a preference of £3 15s. a ton, some dealers are wondering whether an adjustment might now be made.

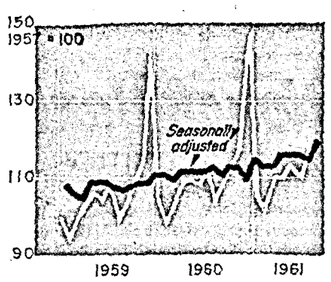
A sugar producer would give a good deal to be on the list of countries granted import quotas by the United States, which also offers far more than current world prices to its suppliers. An exporter left outside these groupings finds it very cold indeed at the present time. Sugar fell to £22½ a ton, the lowest level since the end of the war but recovered slightly on Thursday. The terms under which South African sugar may enter this country next year have not yet been decided. Further consultations will be held after the international meeting. All the privileges South Africa now enjoys could be restored by a separate agreement. Sugar producers in Swaziland were part of the South African industry for the purposes of the Commonwealth sugar agreement. The British government will presumably wish to differentiate between them in future.

RETAIL TRADE

The Spending Spree

Shoppers appear to have responded in no uncertain manner to the incentive given them to stock up before the Chancellor applied his long-publicised surcharge on indirect taxes. According to the Board of Trade's provisional estimate, retail sales, seasonally adjusted, rose 4 per cent above the June level and although at present the statisticians are more worried than usual about their first shots at this index, there is no doubt that business was at an all-time record in July. Admittedly it followed a rather dull trading month, but the rise cannot be explained away as a rebound from exceptional slackness, as was the case when a rise of a similar order occurred last December.

The boom was apparently by no means confined to durable goods shops although, as would be expected, these did particularly well. Nearly one-tenth of all retail spending goes on durables, other than on cars which are not counted as "shop goods," and much the same proportion on tobacco and drink together, on which there must also have been a particularly heavy run in anticipation of extra duties. A 20 per cent increase in monthly purchases of these three kinds of goods, if they alone had been affected, would have accounted for the rise in the total retail index.



Retailers must now expect some backwash from this spending spree. Before it came, there was no evidence of any momentum in their business. Total turnover in the second quarter of this year was 2 to 3 per cent higher than it had been in the closing months of last year; but prices of goods bought over the counter had risen by about a like amount. Allowing for price rises, food and clothing shops were doing less business and nearly all the increase reflected the recovery in durable goods. Any undue buoyancy seems to have been in the other forms of spending outside the shops, which take about an equal amount of money. Information about these does not go beyond the first quarter of the year but then spending in the pubs, on housing, cars and general services had risen in total about 4 per cent from the previous quarter, whereas retail spending had gone up only about 1 per cent.

Even so, spending as a whole was not keeping up with incomes; contrary to what might have been expected, savings seem to have risen again. Estimates are necessarily very tentative, but, allowing for seasonal influences, personal savings in the first quarter seem to have amounted to nearly 10 per cent of disposable income, a higher proportion than in any quarter on record since these statistics started in 1955. There is nothing in these indicators to suggest that consumer demand was getting out of hand.

THE NEW CUNARDER

Any More for the Skylark?

The saga of the *Queen Mary* replacement will descend into utter absurdity if it turns out that the shipyard eventually awarded the contract has submitted an unprofitable tender, as Lord Aberconway has now told his shareholders John Brown has done. His argument for having done so is that the group's shipbuilding subsidiary would be "better off with [the order] than without it." The five other yards that tendered (counting as two Swan, Hunter and Vickers-Armstrongs who made a joint, Tyneside bid) have been under similar pressure of rapidly diminishing order books, as the figures in the table show. The

SHIPS IN THE YARDS
(Mid-year '000 gross tons)

	1957	1958	1959	1960	1961
John Brown	255	207	212	172	116
Cammell Laird	387	288	182	221	162
Fairfield	201	166	129	107	105
Harland & Wolff	659	566	434	362	240
Swan, Hunter	514	350	264	258	209
Vickers-Armstrongs	281	220	154	142	84
	2,297	1,797	1,375	1,262	916
Total number of ships	124	92	65	68	49

(Based on figures published by *Shipping World*.)

question is whether any of these other yards reckoned they could build a 75,000-ton luxury liner at a profit for £30 million, the price that sets the ceiling for Government assistance and which is now also the limit Cunard itself is prepared to accept without "reconsidering the entire project." The answer will presumably become apparent after October, when Cunard hopes to have completed its scrutiny of the tenders—a process, incidentally, that is being compressed into two to three months compared with the even tighter three months that the shipyards had to compile the tenders.

The situation at the moment, then, is that the liner that cannot be run at a profit can not apparently be built at a profit by the shipyard in the best position to do so by reason of its long and intimate association with the owners. What could be sillier? And while this goes on the number of trans-atlantic passengers going by sea is growing smaller and smaller—the very factor that thirty years ago caused work on the *Queen Mary* itself to be brought to an abrupt halt.

AIR TRANSPORT

Filling Those Seats

Passengers crossing the North Atlantic this summer in half-empty jets might be forgiven for thinking a disastrous drop had taken place in air traffic this year, but the figures leaking through from various sources do not bear this out. The International Air Transport Association reports that an extra 87,000 people crossed the North Atlantic on regular scheduled air services in the first half of this year, making a total of nearly 800,000—an increase of more than 12 per cent. Pan American World Airways has just announced that its passenger traffic in June, when the holiday season begins to get under way, was 21 per cent greater than the year before. In addition, IATA records that both freight and mail traffic increased by substantially more than a third during the summer. This hardly spells "slump," and these relatively comforting returns take no account of the numbers that must have flown the Atlantic on non-scheduled, holiday charter flights. In recent years, charter passengers have accounted for perhaps 10 per cent of all North Atlantic traffic but BOAC, which drew £4 million, or nearly five per cent of its revenue last year from charters in the North Atlantic and Caribbean, has increased its charter traffic this summer by 50 per cent.

There has probably been some diversion of traffic from normal scheduled flights to chartered aircraft in which passengers travel for roughly half the normal fare, but in the main those conspicuously empty seats are part of the 50 per cent extra seating capacity that the airlines have put on the North Atlantic this year. They cannot seriously have expected that air traffic would have increased by as much as this. North Atlantic traffic increased by a quarter last year and it has never been suggested that the rate of growth could double itself in twelve months—at least without some special stimulus such as striking cuts in fares. It is reported that airlines inside the United States are tying themselves in knots trying to design fares that will attract new holiday business into the air without leading to a stampede of regular air travellers, mainly business men, into the cheaper seats. Special excursion fares and half-fares for under 21s are among the devices being tried. But the US internal airlines have the added problem that their first-class business traffic is leaking away as more big companies start to operate their own executive aircraft. This form of competition does not exist yet on the North Atlantic, but it might come one day.

BRITISH COLUMBIA POWER

An Arbitrary Act

At this distance it is difficult to discern the shades of political opinion that colour the decision by the provincial government of British Columbia to expropriate British Columbia Electric, the principal electrical operating subsidiary of British Columbia Power. The Premier, Mr W. A. C. Bennett, leader of the Social Credit Party, is pushing through a measure that one of the opposition parties had been urging for years. The clue to this decision may be hidden in the tangled skein of argument about the development of hydro-electric power on the Columbia and Peace rivers. By taking over the ownership of the principal user of such power in Western Canada, the provincial government may be seeking to strengthen its hand in any negotiations; and, as many of Canada's electrical utilities are publicly owned, it may feel that it is treading on safe political ground.

The argument about BCE, however, does not involve the principle of expropriation so much as the manner in which the provincial government has applied it. A bill was first tabled on August 1st and passed by August 3rd. Its effect is to expropriate the assets of BCE for compensation of about $111 million and to offer about $68 million for the other assets of BCP, if it chooses to sell. Both valuations are based on $38 for each BCP common share. On August 4th the $111 million for BCE was paid and accepted under protest.

The haste is manifest; so is the extraordinarily arbitrary nature of the Act which precludes any right of appeal. This has evoked angry complaints in investment circles here and in Canada. Another complaint, hardly less strong, is about the valuation itself. An earlier decision of the British Columbia Supreme Court on West Canadian Hydro Electric Corporation laid down the principle that any such valuation should take account of future earnings prospects, historical and replacement costs of physical assets and prices paid for similar utility com-

INSURANCE

Higher Profits at Lloyd's

The 1958 account of Lloyd's underwriters, which closed at the end of last year, produced a profit of £14.1 million (including £2 million of interest income) from premiums of £301.7 million received for all classes of insurance. This represented a profit of 4⅝ per cent on the premium income, compared with 3½ per cent in the 1957 account on premiums of £276 million. This is as much as most insurers seem likely to make in a normal year nowadays and it compares favourably, as did Lloyd's surplus for 1957, with the results achieved by insurance companies from their non-life business. Two of the three years of the 1959 account have been completed and this account may produce the biggest surplus since 1953, when a profit of £24.9 million arose from premiums of £226 million. The 1960 account has also opened well; but it is fortunate that aviation claims were abnormally light in the first year of the account, as Lloyd's underwriters have since been faced with heavy claims.

More people are becoming names at Lloyd's each year. In 1960 there were 4,506 underwriters of marine and aviation risks, grouped in 166 syndicates, compared with 3,436 underwriters in 171 syndicates in the 1954 account; non-marine insurance is now underwritten by 4,622 names in 92 syndicates, compared with 3,484 names in 97 syndicates in the 1954 account. Their shrewdness is reflected in the consistent profit achieved before taking credit for investment income, which, in sharp contrast to insurance company accounts, is a relatively unimportant source of income for them. The rise in profits from the traditional types of insurance has probably played a part in the recent decision to shelve the idea of greatly expanding the insignificant life assurance business. With interest rates high, this might seem to be a good moment for Lloyd's to begin building up a life fund; but profits from life policies emerge only slowly and a new fund would need to build up contingencies reserves fairly quickly.

LLOYD'S PREMIUM INCOME AND CLAIMS

Completed Accounts	Marine		Other Business*		Aviation		Motor		Profit†
	Prems. £ mn.	Claims £ mn.	Prems. £ mn.	Claims £ mn.	Prems. £ mn.	Claims £ mn.	Prems. £ mn.	Claims £ mn.	£ mn.
1954	92·2	80·0	122·5	115·5	9·5	7·3	7·4	6·4	15·9
1955	95·6	87·7	118·7	109·6	10·0	10·1	8·2	7·3	12·8
1956	97·2	94·3	132·1	128·4	13·0	12·9	8·7	6·5	5·7
1957	105·3	100·6	147·7	141·7	13·6	14·5	9·7	7·6	9·7
1958	108·0	101·7	164·3	156·6	17·3	16·4	11·7	9·2	14·1
1958 Year I	74·4	18·6	97·9	28·1	8·8	4·1	10·9	2·1	...
" II	32·9	30·7	67·2	49·6	8·7	6·5	0·9	4·6	...
" III	0·7	52·4	−0·8	78·9	−0·2	5·8	−0·1	2·5	...
1959 Year I	75·2	16·9	105·0	30·2	11·4	6·8	12·0	2·1	...
" II	35·2	26·7	70·5	53·6	9·7	6·6	1·3	4·9	...
1960 Year I	74·5	17·1	109·3	33·3	12·4	4·4	13·2	2·4	...

* Largely fire and accident insurance. † From all classes of insurance, including interest on underwriting funds.

panies. How far the government has followed these criteria for BCE is not clear, It is not fruitful to compare the $38 valuation with the current market price of BCP of about $33 nor with recent "highs" and "averages." But BCP has recently raised a good deal of capital for development from which earnings will not emerge fully until the middle of this decade. Some of the new capital has been provided by British investors, who are estimated to hold a quarter of BCP's equity. The directors are urging the British Columbia government to give "favourable consideration to an increase" in the compensation. As the law stands, all they can do is protest; but they have strong arguments, first, on grounds of equity and, secondly, on the practical consideration that the credit standing of British Columbia must be affected in this country as well as in Canada.

BIDS AND DEALS

Soap, Shoes, Shops . . .

In a quiet stock market a number of deals and take overs, some still in the course of negotiation, have attracted attention.

1. Unilever is to make an offer worth 27s. per share for the 1,800,000 shares of 5s. each of **Pinoya Holdings**, which makes "Stergene," "Domestos" and "Sqezy." The full terms have yet to be announced but they will probably involve an exchange of shares and some cash. Acceptance of the offer is recommended by Mr R. Muckle and his fellow directors who with their associates control about two-thirds of the capital. Before the offer the shares were last dealt in at 18s. 9d. and this week they have risen by 6s. 9d. This acquisition appears to be an important move for the struggle for supremacy in the fast growing liquid detergent market. Unilever's acquisition of "Sqezy" together with "Quix" and "Lux Liquid" which it already manufactures is likely to give it close to half of the market in which it competes with Hedley's "Fairy Liquid" and Colgate's "Ola." The CWS with "Mil," Cussons with "1001" and Thawpit, controlled by Hugon, with "Doby" are others in this field. Control over the supply of the plastic containers, of which Metal Box is by far the biggest manufacturer in this country, can also be important in the struggle; only a few days before the Pinoya acquisition Unilever announced that it had purchased for what is believed to be a very good price the capital of **E. R. Holloway** of Welwyn Garden City, a private company which makes these containers and other plastic products.

2. H. and M. Rayne, the high quality shoe manufacturers and retailers is acquiring a 55 per cent interest in a new company, **Rayne-Delman,** which has been formed to sell Delman shoes in North America. The other 45 per cent will be held by **Genesco** (formerly the General Shoe Corporation) which has the lion's share of the market in high quality ladies' shoes in the United States. Rayne's investment in the new company will cost about $590,000 and at the same time Genesco will acquire 200,000 shares of 5s. each in Rayne at 20s. each (representing 12½ per cent of its equity). This is slightly above the current market price.

3. R. H. and O. Hills, the department store group which earlier this year acquired Frederick Gorringe, is now engaged in talks which may lead to a bid for **William Whiteley,** the Bayswater department store. No ordinary dividend has been paid by William Whiteley since 1953 but last April the chairman, Sir Harold Gillett, held out some hopes of a return to the dividend list in 1961-62. News of these talks sent the £1 ordinary shares up by 4s. 4½d. to 44s. 4½d.; this compares with an earlier peak this year of 51s. 3d. and the low, touched only last week, of 36s. 3d.

4. A bid of 45s. each from **Brooke Bond** for the 530,000 stock units of **Doom Dooma** follows close upon the heels of the announcement of much better results from this tea producer in Upper Assam. Following a rise in pre-tax profits from £78,000 to £199,000, the tax free dividend was raised from 10 to 15 per cent. Thus the offer from Brooke Bond, which has estates in India, Ceylon, Kenya, and Tanganyika, puts the £1 units on a 12½ per cent dividend yield basis. The 1959 balance sheet revealed net assets of £2.1 million. The Brooke Bond bid is worth £1.2 million. The Doom Dooma directors are considering the offer and in the meanwhile they have advised shareholders not to sell their units, which have risen sharply from 31s. to 43s. 3d.

BUILDING SOCIETIES

Pressure on the Giant

The half yearly figures of the Halifax Building Society have to be viewed against the directors' decision in June to follow the recommendation of the Building Societies Association, of which it is not a member, in raising its interest rates on shares from 3½ to 3¾ per cent, net, and its mortgage rate to new borrowers from 6 to 6½ per cent. The higher rates of interest will not be payable to investors until December 1st and existing borrowers will not have their mortgage rates raised until next February. As the table shows the net inflow of new money in the first half of 1961 was higher than in the corresponding period of 1960 when the Halifax was offering 3¾ per cent, net, on shares. It raised this rate to 3½ per cent, net, in August,

Six months to	July 31, 1960 £m.	Jan. 31, 1961 £m.	July 31, 1961 £m.
Total assets	461·9	490·5	515·1
Liquid funds	70·7	74·6	75·4
Liquidity ratio, per cent	*15·3*	*15·2*	*14·6*
Receipts	55·8	56·5	62·6
Withdrawals	41·1	38·3	45·9
Net receipts	14·7	18·2	16·7
Mortgage advances	54·8	47·7	62·6
Mortgage repayments	32·8	35·2	45·9

1960, and this helped to check withdrawals But, like other building societies, the Halifax came under pressure in the second quarter of this year and a comparison with its first quarter's figures shows that while receipts in the three months to end July were virtually unchanged withdrawals rose from £21 million to £24.8 million to reduce the net inflow to £6¼ million.

It is not surprising, therefore, that the Halifax has continued to ration mortgages. Even so, its new advances rose from £21.4 million in the first quarter of its financial year to £25.8 million in the second quarter. In the same three months in 1960 the Halifax deliberately reduced its holding of cash and trustee securities to meet the heavy demand for mortgages and advanced £30½ million. At the end of July its liquidity ratio at market values was 14.6 per cent compared with 15 per cent three months earlier and 18.6 per cent at the end of January, 1960. The directors are unlikely to allow this ratio to fall much below its present level, and as high interest rates will probably reduce the flow of new savings to building societies still further, the Halifax can hardly hope to satisfy the existing heavy demand for mortgages. The demand for mortgages from the Halifax may well rise, for though higher mortgage rates will act as some deterrent the suspension of the Government's house purchase scheme for older

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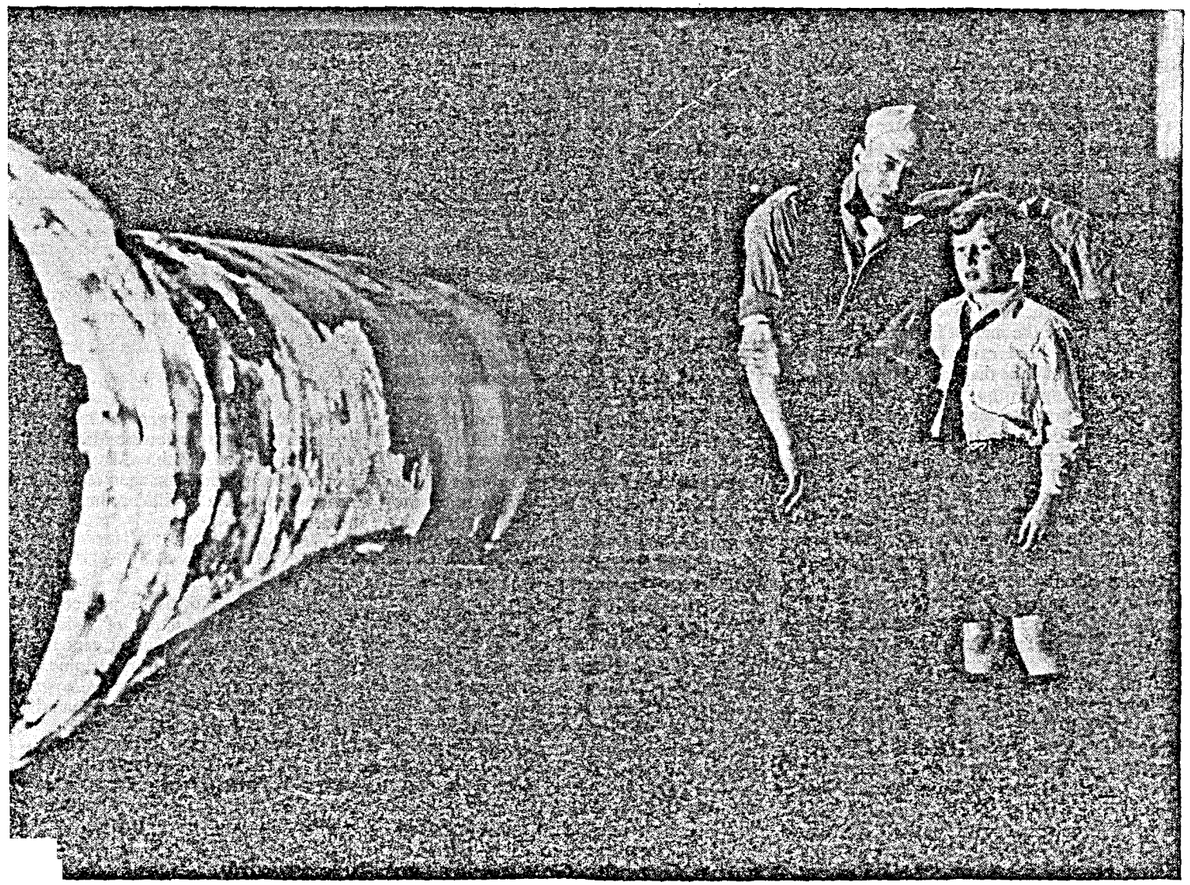
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Ceylon	£9 0s.	£7 5s.	Hongkong	—	£8 15s.	Malaya	£9 0s.	—	Sudan	£7 15s.	£6 15s.
China	£10 6s.	—	India	£9 0s.	£7 10s.	New Zealand	£10 6s.	—	USA	—	$25 or £9
East Africa	£9 0s.	£7 10s.	Indonesia	£9 0s.	—	Nigeria	£9 0s.	£6 10s.	West Indies	£9 0s.	—
			Iran & Iraq	£7 15s.	—	Pakistan	£9 0s.	—			

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boy goes to press

The village blacksmith never had muscles that could cope with a forging job like this which weighs about 12 tons and they lift it out of the re-heating furnace and squeeze it into shape in this 2,000-ton hydraulic reciprocating cylinder press I hope I got that right but anyway Steel Peech & Tozer who do it and sometimes forge ingots weighing more than 60 tons are one of US which is United Steel they always get it right and go on making heavy industrial and electrical forgings among other things all day and all night which doesn't leave any time for loafing about under the spreading chestnut tree and proves that times have changed.



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houses may cause some borrowers to look to the Halifax for money. It has lent quite generously in the past on such properties from its own resources and without making use of the Government's money.

COPPER

Conflict in Chile

COPPER prices normally respond to the mere threat of a strike. But when wage negotiations broke down recently in Chile, the market refused to discount a strike before it happened ; when it occurred, the market assumed it would not last. Even when suppliers of Chilean copper declared *force majeure* on Wednesday, which meant that, because of the strike, they could not fulfil all of their contracts, the announcement put only 10s. a ton on the price of copper. At its current price of about £230 a ton, spot copper seems to have become temporarily insensitive to news of all kinds. A report of disappointing deliveries to American consumers last month following the earlier improvement made little impression. The market has been equally impervious to the political troubles of Northern Rhodesia.

The recent unresponsiveness of copper prices that might have given outsiders the impression that the market is either dead or paralysed has been caused mainly by the high level of stocks that can be drawn on if a gap develops in the supply line, and the capacity to produce more copper which is still being held in reserve by most of the major producers. Copper prices have therefore remained exceptionally stable. The old argument of primary producers—now being put with more conviction—that they are paid "unjust" prices for raw materials by industrialised nations, has cropped up again to cloud relations with Chile.

Two American mining companies operating in Chile, Kennecott and Anaconda, are under constant pressure from would-be nationalisers or socialisers. In 1957, communists tried to introduce legislation to abrogate the Chilean Copper Law of 1955 that removed some of the injustices under which the companies laboured. Subsequently, socialists, then radicals attempted to pass legislation to the same effect. Now according to Bache and Company of New York, the extreme right, angered by suggestions from Washington that privileges enjoyed by the rich should end, has joined in the attacks on the companies. The companies are being pressed by workers who demand higher wages and a government which relies on copper for part of its revenue and demands a high rate of expansion in output. Various changes in smelting and sales policy have also been demanded. The value of Chilean copper production approaches £250,000 a day. That is one reason why the market feels that the Chilean government will ensure a fairly early return to work.

ROYAL DUTCH/SHELL

Profits Up: Expenditure Down

IN the second quarter of 1961 the Royal Dutch/Shell group was selling on the average 2,643,000 barrels a day, about 250,000 barrels a day less than in the first quarter of this year. But as the table shows the gross value of its sales rose, only for this benefit to be eaten away by a further sharp rise in sales taxes and duties. In the past five years sales taxes have risen by over £260 million and in the first six months of this year they rose by a further £20 million.

A reduction in operating expenses was mainly responsible for the improvement in gross income compared with the first quarter. There is some seasonal element in this comparison. Operating expenses were higher than they were in the corresponding period in 1960 and only a further cut of £2 million in taxation enabled the group to report a slender improvement in net income and in net profit margins. On the whole the trading results show little change but, significantly, capital expenditure does. Following a decline of £15 million in capital expenditure in the first quarter, expenditure in the second quarter was £20 million less than in the corresponding quarter in 1960. This suggests that total capital expenditure this year might well be completely covered by the group's retained cash flow ; last year's expenditure of £419 million was £69 million more than the retained cash flow. An immediate result of this cut in expenditure has been that the group's holdings of cash and short-term securities have remained almost intact.

SALES AND INCOME
(£ million)

	1960 Quarter (i)	1960 Quarter (ii)	1961 Quarter (i)	1961 Quarter (ii)
Sales :—				
Including duties	661·5	666·9	663·1	687·5
Excluding duties	498·6	484·3	494·8	491·0
Gross income	79·5	83·1	78·7	82·5
Net income	41·8	43·2	42·1	44·7
*Gross income/sales**	15·9	17·2	15·9	16·8
*Net income/sales**	8·4	8·9	8·5	9·1

* Excluding sales taxes and duties.

SHORTER NOTES

London Midland region of British Railways has decided after all to let work go on at the Kingmoor marshalling yard near Carlisle, but at a slower rate. The region has reallocated its capital budget for this year so as to avoid a complete cessation as construction had recently been going at a faster rate than expected. Apparently the project could have been completed in about five months' time had the present tempo been sustained, but the region claims that it would not have been possible to bring the new yard into full operation immediately since other integral but unspecified parts of its improved freight programme would not have been ready.

*

Introduction of a full electric service on the London, Tilbury and Southend line of the railways' eastern region, planned for September 11th, has been put back for several months partly because of delays in completing the overhead wiring but mainly because the rolling stock intended for this route will still be needed on the Chingford line out of Liverpool Street. English Electric and General Electric are still in process of modifying this line's rolling stock after last December's failures.

*

The meeting of the International Tin Council arranged for next week has been postponed until mid-September. No reason was given. The Council had earlier asked the United States for talks on releases of tin from its stockpiles. Recently, United States officials have said that America was prepared to consider joining the International Tin Agreement. Next week's meeting had been expected to discuss proposed changes in the agreement's floor and ceiling prices for tin.

*

Mr W. F. Crick, general manager for research and statistics at the Midland Bank, will retire next month. Mr J. E. Wadsworth, the present manager of the intelligence department, will become economic adviser.

*

Plessey, which owns 51 per cent of the capital of Semiconductors, of Swindon, has bought the remaining 49 per cent from the Philco Corporation of Philadelphia. Semiconductors was set up in May, 1957, with a capital of £500,000 to manufacture transistors and other semiconductors.

COMPANY AFFAIRS
Comments on pages 747 and 748 on :
Kennedy Leigh
John Brown
Furness Withy
Town & Commercial Properties
Stock Conversion
Sovereign Securities
Ultramar
International Nickel

LONDON AND NEW YORK
Stock prices, yields and security indices on pages 750 and 751

LONDON STOCK EXCHANGE
The week's movements reported on page 743

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 749

COMPANY MEETINGS

THE UDDEHOLM GROUP

UDDEHOLM—SWEDEN

A YEAR OF RECORD TURNOVER FOR STEEL AND FOREST PRODUCTS
NEW SHARE ISSUE DECLARED

The ninety-first Annual General Meeting of Uddeholms Aktiebolag was held in Karlstad on May 27th, Mr Alf Lindahl, Chairman, presiding. The following is an extract of the report for the 93rd year of business issued by the Managing Director and the Board and circulated with the accounts.

REVIEW OF THE BUSINESS YEAR

The general improvement in demand for the company's products noted in the previous report continued unabated through 1960, and the Company's plants could be utilised to full capacity. The turnover rose to Kr. 552 million, from Kr. 489.4 million in 1959. Of the increase, Kr. 36.5 million applied to steel and Kr. 26.0 million to forest products and chemicals.

Although the volume of steel deliveries, as well as prices, showed only a modest increase, the turnover of the steel division rose by 13 per cent, from Kr. 282.6 to Kr. 319.1 million. The improvement reflects a shift towards higher product grades and therefore better priced materials. The output and sales of stainless steels, high alloy tool steels, and cold worked products increased and contributed to the satisfactory results. This trend is expected to come further accentuated during 1961.

The forest industries, which suffered a sharp decline in 1958 with poor prices and lowered output, enjoyed a substantial improvement in demand during 1960. The output of pulp rose by 8 per cent and paper by 22 per cent. Of the total sales, 59 per cent were placed abroad.

Pulp prices, however, still remain unsatisfactory due to competition from American mills, and it has not yet been possible to offset the increased costs.

The Degerfors Plant, previously managed as an independent subsidiary, was merged with the parent company and its assets and liabilities are included in the accounts.

The unappropriated net earnings at the end of the year amounted to Kr. 78.7 million, and the Board proposed that Kr. 41.3 million should be retained in the business by the issue of one new share for four old. By this issue the share capital of the Company will increase from Kr. 165 to Kr. 206.3 million.

PRODUCTION AND SALES

The following is a summary of the output of major products in 1960:

	1960	1959
Production :		
Electric power, '000 kWh	1,040,000	729,000
Timber, own forest, cu. ft.	36,000,000	25,300,000
Iron ore, tons	84,623	89,150
Dolomite, tons	19,160	18,391
Steel ingots, tons	338,834	310,300
Finished steel, tons	213,689	208,722
Sawn timber, standards	24,863	24,807
Sulphate pulp, tons	101,785	80,980
Sulphite pulp, tons	68,965	64,433
Paper, tons	71,058	56,157
Chemicals, tons	110,204	95,064
Sales :	Kr. M.	Kr. M.
Iron and steel products	319·1	282·6
Forest products	168·4	147·6
Chemicals	35·2	30·0
Others	29·3	29·2
Total	552·0	489·4

DETAILS OF OPERATIONS

The Uddeholm Company has been engaged since 1668 in extracting and processing the natural resources of iron ore, timber and water power in the province of Värmland, in western Sweden.

To that end the Company owns and operates mines at Persberg, Nordmark and Långban, as well as sponge iron works at Persberg. Steel is made in three integrated mills, at Hagfors, Nykroppa and Degerfors, which supply the Munkfors cold rolling mill and the tube mill at Storfors. Wire rope is made at a factory in Blombacka. Tungsten carbides and carbide tipped tools are manufactured in a plant at Vällingby, in Stockholm.

Processing of forest products is concentrated to the Skoghall Works, on Lake Vänern, which include sawmills, pulp mills and paper mills. The chemical plants, engaged in the electrolytic processing of salt into chlorine and alkalis for use by the Company's pulp mills as well as for sale, are also situated at Skoghall.

The Company, either alone or in partnership, owns and operates 33 hydro-electric power stations with 220,545 kW installed capacity. The timber holdings exceed 565,000 acres.

STEEL DIVISION

Owing to the firm demand during the year, all mills were able to upgrade their output, with particular accent on stainless and alloyed tool steels, as well as cold worked products. As a consequence, invoiced deliveries increased in value by 13 per cent, as previously noted.

Mild steel produced at Degerfors was also in demand, and the manufacturing department of the mill was kept busy with deliveries of digesters for the pulp industry and similar large pressure vessels. During the year work proceeded on the reactor tank R3/Adam, partly made of clad steel and partly of solid five-inch acid resistant stainless steel. The reactor tank is scheduled for delivery in the summer of 1961.

The Hagfors mill increased the output of stainless bars and high alloy tool steels and stepped up deliveries of hot rolled strip and rod to enable the Munkfors mill to increase its output of cold rolled strip, springs and cold drawn stainless wire. The output of cold drawn stainless tubing at the Storfors mill also increased substantially. Deliveries of cold worked products, excluding tubing, amounted to Kr. 53.4 million.

The growth of the tungsten carbide business is encouraging. The carbide factory in Stockholm collaborates with the tool shop in Hagfors in the development of the UDDIA and UDDEX lines of standard and special tools for the metal working industries and rock drills for the mining and construction industries.

Of the total turnover of the Division 35.1 per cent was exported.

FOREST PRODUCTS DIVISION

The Skoghall plants enjoyed a record year. The output of the sawmill remained at 25,000 standards, but production of sulphite pulp rose by 8,000 tons to 69,000 tons. The output of sulphate pulp rose by about 21,000 tons to 102,000 tons, and paper by 15,000 tons to 71,000 tons. Manufacture of paper sacks and gummed paper continued to grow, in terms of volume and value.

With added plant facilities the electrolytic plants succeeded in raising the output of chlorine and alkali by 20 per cent, to 76,000 tons of which 36,000 tons were chlorine. The output of ammonia increased at the same rate, whereas tri and perchlorethylene solvents remained stable. Acetic acid and ethyl acetate were also in good demand.

Of the total output of the chemical department, 39,186 tons were retained for own use and the remainder, or 71,518 tons, sold at an invoiced value of Kr. 35.2 million.

Of the chemicals, carboxymethylcellulose (CMC) retained its position as an export leader to 28 countries. A more refined product *Cekol* enjoyed increased sales for use as a sizing material in the paper and textile industries ; it is also finding wide use as a mud in oil drilling.

Of the total sales of forest products amounting to Kr. 203.6 million, 63 per cent were exports.

POWER DIVISION

Owing to the rainy year, the mean annual flow of the Klarälv River, principal source of the

THE UDDEHOLM GROUP
Consolidated Balance Sheet, as per Dec. 31, 1960
SUMMARY

	Kr. million* 1960	1959
Liabilities		
Short term	96·0	66·6
Long term	268·7	240·9
Investment funds	20·7	15·5
Capital :		
Share capital	165·0	165·0
Statutory reserves	44·2	51·8
Capital surplus	25·7	39·2
Earned surplus	60·8	37·7
Net profit	22·0	14·0
Total	703·1	630·7
Assets		
Fixed assets :		
Plant	275·7	278·7
New investments	49·5	30·9
Shares in other companies	5·2	5·0
Advances	10·7	8·9
Secured bills	13·1	11·1
Current assets :		
Bank and cash	51·3	73·4
Receivables	108·2	80·1
Stock on hand	171·9	140·7
Blocked investment reserves	17·5	1·9
Total	703·1	630·7
Mortgages	199·8	188·8
Pledges	47·5	12·3

* Kr. 14·5 = £1.

Company's power, reached 146 cu.m. per second, or nearly 15 per cent above normal. By August, water stores were filled to 90 per cent, and by the end of the year to 98 per cent. The power production exceeded 1,200 million kWh, of which 70 per cent were consumed by the Company's production plants.

Work on the Höljes II power station, begun in 1957, is proceeding according to plan. The dam is nearing completion and the machine installations began early this year. By autumn 1961, the first unit will be put into production, followed by the second towards the end of the year. The output of the station will be about 500 million kWh.

The Höljes station is financed by Uddeholm and AB Mölnbacka-Trysil. The Company's own share of the annual construction costs came to Kr. 20.8 million, making a total to date of Kr. 49.9 million.

FOREST DIVISION

Favourable weather facilitated work in the forests, and the annual campaign ended with an increase of the timber cut by 30,000 cu.m., to 748,000 cu.m. A further 502,700 cu.m. of timber were purchased from outside producers.

During the year 44 miles of forest motor roads were built, whereby the Company's forest road net increased to 800 miles, in addition to 400 miles of jointly built roads.

Ample rainfall also facilitated re-afforestation, and some 12 million seedlings were planted during the year.

INVESTMENT PROGRAMME

Plant investment during the year amounted to Kr. 58.5 million. A major part was devoted to increasing the capacity of the steel mills, particularly the output of stainless and high alloy steels. Some Kr. 30 million were spent on a new combination rod and bar mill at Hagfors.

At Degerfors, the building of the new plate mill was completed and the rolling plant is being installed. The new mill, estimated at Kr. 35 million, will turn out stainless, clad, and boiler plate.

A new factory for spring fabrication, a traditional Uddeholm specialty, has been erected at Munkfors where the cold working capacity has been increased. At Hagfors, an automated plant for the production of road grader and bulldozer steels was put into production.

At Hagfors, new electric furnace plant is being installed, at an estimated cost of Kr. 15 million, whereby the capacity will be increased by some 45,000 ingot tons. The new facilities will be available in 1961.

The increased ingot capacity necessitates rebuilding the blooming mill at Hagfors to enable it to handle heavier ingots and a larger tonnage. The melting and rolling capacity of the Nykroppa mills is also being increased. At Munkfors, a new stainless wire drawing plant is being installed.

As the Company's Skoghall works the rebuilding and expansion of the sulphate and paper mills have been completed. The capacity of the four Fourdrinier machines has been enlarged, and a new plant for the manufacture of paper sacks and gummed paper has been added. New steam plant, including a 3,000 kW back pressure turbine and a 20,000 kW condensing turbine, was completed during the year, in addition to ancillary plant facilities for the pulp mills. A new sulphate bleaching plant is being erected this year, at an estimated cost of Kr. 12 million. The capacity of the existing chlorine plant is being extended by 7,000 tons.

PERSONNEL

The average number of employees rose during the year from 14,646 to 15,253, of whom 2,504 were salaried staff and 12,749 production workers. Wages and salaries paid during the year amounted to Kr. 190.5 million.

The great demand for labour throughout Swedish industry necessitated increased recruiting efforts, in collaboration with the government employment service. Owing to the continued shortage of skilled production workers, the Company's training programme has been expanded. Permanent schemes are now in force at all major works, and their scope was enlarged during the year. A new school, costing Kr. 1.2 million, was built at Skoghall and taken over by the training department during the year.

THE RESULTS

The net profit for the year was Kr. 18 million which added to the balance of Kr. 37.240 million carried forward from the previous year, plus Kr. 23.464 million resulting from the merger of the Degerfors subsidiary made Kr. 78.704 million available for allocation, as follows:

	In millions of Kronor
To statutory reserves	6·250
New share issue	41·250
Dividend of Kr. 10 per share	16·500
Balance carried forward	14·704
	78·704

The report and accounts were adopted.

NEWRITH GROUP LTD.

The Twenty-fifth Annual General Meeting of the Newrith Group Limited was held on August 16 in London, Mr B. W. Mason, chairman, presiding. The following is an extract from his circulated statement:

Whilst the year under review has been a difficult one, it has not been without some progress. The building sub-contracting side was appreciably busier, in fact, towards the latter part of the period, was approaching peak production. In spite of a decline in the rate of gross profit, there was an overall improvement in earnings.

Net profit has risen from £31,054 to £46,580 and the Holding Company's proportion, after taxation, has increased from £15,651 to £24,460. These figures reflect an improvement of 50 per cent over the reduced profit of 1960. Your Directors recommend an increase of 2 per cent in the dividend to 6 per cent and, to commemorate the 25th anniversary of the Company, it is proposed that the capital distribution be doubled from 1½ per cent to 2½ per cent.

The Group has commenced the new financial year with a record order book for plumbing, heating, glazing and electrical sub-contracting work. Although the building industry is extremely busy, profit margins continue to be unduly low.

Providing the present wave of increased costs throughout industry is kept within reasonable bounds, I am fairly confident that the Group results for 1962 will show an overall improvement, but no substantial increase in earnings is to be expected.

The report was adopted.

UNITED DOMINIONS TRUST LIMITED

RECORD VOLUME OF BUSINESS IN A DIFFICULT YEAR

The thirty-ninth annual general meeting of United Dominions Trust Limited was held on August 16th in London, Mr J. Gibson Jarvie (the Chairman) presiding.

The following is an extract from his Statement to Stockholders:

Despite the disheartening character and the numerous problems of the year, it gives your Board considerable pleasure to tell a most heartening story of growth and diversification.

The Balance Sheet figure has now reached in the circumstances the prodigious total of £215 million, an increase of some £40 million in the year.

With last year's increase in the company's capital, the Capital and Reserves of the Group have increased from £20,282,471 to £26,327,912. Loans from banks and current deposit and other accounts have risen from £134,351,109 to £167,306,718 and Cash in Hand and at Bankers now stands at £15,487,825. The total of Current Assets is £205,517,983 against Current Liabilities of £170,059,639, a most significant and conservative ratio. Deferred future income has grown to £13,956,054, a new high level, and Profit and Loss Account stands at £1,266,740. The market value of our portfolio of investments is very substantially higher than their cost but that surplus is not reflected in the Balance Sheet.

RECORD VOLUME OF BUSINESS

Although the year just concluded has been one of accumulating difficulties, problems and events beyond our control, the Group has conducted a record volume of business, a quite remarkable expansion and diversification in its character, and has contrived to incorporate the whole administratively within the Group.

I think, therefore, I am entitled to say that the Group is in a position to face with every confidence a future which still, by no stretch of the imagination, can be described as stable. I am fortified in my view by the continuing and upward trend in the volume, variety and quality of the business offering. Subject to our being permitted to carry on our various activities in a more or less normal manner, the year in which we have entered is full of promise.

We have weathered all sorts of storms in the past forty years and I have no doubt that we shall successfully ride those of the next forty. Crises of one sort or another are inseparable from the shaky economy which most nations are supporting just now and I am not sufficiently sanguine about our own pattern of government to expect that we shall escape any of them.

Yet, in spite of all, the evidence of prosperous growth in the U.D.T. Group cannot be gainsaid and your Directors have unbounded faith in the future of the Group. The Stockholders whose names have been on our books for years have found U.D.T. a safe and extremely profitable investment. Your Board intends to give serious consideration in the not distant future to the advisability of altering the nominal value of the shares. Since growth value has always been a particular attraction of U.D.T. stock, it may prove desirable to split the present £1 stock units so as to induce a wider group of the investing public to participate in the fortunes of the company.

ASSOCIATED BRITISH PICTURE CORPORATION

SIR PHILIP WARTER REVIEWS PROGRESS AND DEVELOPMENTS

The thirty-fourth annual general meeting of Associated British Picture Corporation Limited was held on August 11th in London, Sir Philip Warter (the Chairman) presiding.

In his statement which had been circulated to members, Sir Philip said that the Net Profit of the Corporation for the year ended March 31, 1961, showed a substantial improvement over that for the previous year and was very nearly as high as the record achieved in 1959.

He added: The cinemas have done substantially better due to the remission of Entertainments Duty and Television, following on the re-organisation, has improved its business.

In the year under review £3,016,629 of the Group Trading Profit of £5,717,282 was contributed by Television and £2,700,653 arose from the Production, Distribution and Cinema Sections of the business. The Board is recommending a total dividend of 60 per cent for the year, and has also decided to recommend a Bonus issue of one-for-one so as to bring the issued Ordinary Capital more into line with the Capital employed in the business.

The Net Profit of the Group before taxation amounted to £4,929,959, a rise of £1,979,132 on last year's figure of £2,950,827. The Net Profit Available amounted to £2,543,937.

Commenting on Film Production and Distribution, Sir Philip said: Since the formation of the Company Elstree Studios have been an important factor in British film production and during the year under review they have been fully employed in making feature films for the home and overseas markets.

Associated British-Pathe is responsible for four departmental operations, i.e. the production of Pathe News, T.V. Commercials and Documentary Films and also the Foreign Distribution of Cinema and T.V. Films.

The T.V. Commercial Department has been particularly active and last year's turnover constituted a record.

Documentary Department: Its work with Government Departments and important industrial companies has been increased, quite apart from the home and overseas success of the weekly magazine, "Pathe Pictorial."

The Chairman then referred to A.B.C. Cinemas, and said that much of the improvement in the cinema trading during the year had been due to the abolition of Entertainments Duty in the 1960 Budget. That improvement, however, was only significant if they could be certain that the fall in attendance figures was levelling off. He added: If we disregard the cinemas closed during the year, the attendance figures decreased as against the previous year by about 3 per cent.

Twenty-six cinemas were closed during the year and we commenced the current year's trading with 313 cinemas.

During the year we opened Bowling Centres in Dagenham, Essex and Wylde Green, Birmingham, and we are commencing conversion of cinemas at Leytonstone and Levenshulme, both of which will be opened during the current year.

We have long-term plans covering a number of other situations and although we regard Bowling as a promising venture, the extent of our development in this field will be determined in the light of our experience.

Turning to ABC Television, Sir Philip said that that Company had shown improved results, and continued: ABC Television has a particular difficulty, unlike other Programme Contractors, in that it is restricted to the provision of programmes on Saturdays and Sundays and, as a result, has found it necessary to provide facilities which in themselves would be capable of a much wider field of operation.

Referring to the current year, Sir Philip said: I am always reluctant to make forecasts so early in the year. However, so far, business both in the cinemas and in television, is being maintained on a comparable basis with last year.

THE RAFIDAIN BANK

(Incorporated in Iraq with limited liability)

STATE BANK OF IRAQ

HEAD OFFICE: BAGHDAD

BALANCE SHEET AS AT 31st MARCH, 1961

1960 ID.	LIABILITIES	ID.	ID.	1960 ID.	ASSETS	ID.	ID.
5,000,000	Authorised Capital	5,000,000		11,147,708	Cash in Hand, at Call and at Banks		13,832,538
				737,251	Gold Bullion (for Trading), at cost		216,915
4,540,140	Paid-up Capital	4,716,279			Iraq Government, and other Securities—At or		
1,450,000	Reserve Fund	1,980,000		956,064	under Cost		1,077,366
	Profit and Loss Account :—				*Bills Discounted, Advances, etc. (less Pro-*		
	As per Profit and Loss Appropriation				vision for Doubtful Debts) :—		
8,453	Account	6,869		12,745,366	Bills Discounted	10,528,984	
			6,703,148	18,188,696	Advances, etc.	22,488,363	
							33,017,347
34,385,578	Current, Deposit and Other Accounts	38,327,758		698,879	Sundry Debit Accounts		937,443
	Sundry Credit Accounts (including				Lands, Buildings, Furniture and Fittings—At		
4,858,978	ID. 2,600,000 long-term liability)	4,923,068		813,887	cost less depreciation		927,233
405,000	Provision for Income Tax	516,500			Officials' Housing Scheme :—		
			43,767,326		Net cost of Land and Buildings less In-		
	Credits, Guarantees, etc., on Account of			360,388	stalments received		461,632
12,389,566	Customers		14,246,731		Customers' Liability for Credits, Guarantees,		
				12,389,566	etc., per Contra		14,246,731
58,037,715			ID.64,717,205	58,037,715			ID.64,717,205

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 1961

1960 ID.		ID.	1960 ID.		ID.
669,189	Total Charges, including depreciation	720,736	1,599,642	Total Income	1,937,890
930,453	Profit for the year ended 31st March, 1961 carried down	1,217,154			
1,599,642		ID.1,937,890	1,599,642		ID.1,937,890

PROFIT AND LOSS APPROPRIATION ACCOUNT FOR THE YEAR ENDED 31st MARCH, 1961

1960 ID.		ID.	ID.	1960 ID.		ID.
	Provision for Income Tax :—			6,536	Balance brought forward as at 1st April, 1960	8,453
367,896	On results of year to 31st March, 1961	513,810		930,453	Profit for the year brought down	1,217,154
	Less: Over-provision on previous years	1,211				
			512,599			
140,640	Transferred to Paid-up Capital		176,139			
420,000	Transferred to Reserve Fund		530,000			
8,453	Balance carried forward as per Balance Sheet		6,869			
936,989			ID.1,225,607	936,989		ID.1,225,607

ID.1 = £1 Sterling

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1350 BRANCHES, AGENCIES AND OFFICES IN FRANCE, OVERSEAS TERRITORIES IN THE FRANC ZONE AND ABROAD

The balance sheet of the B.N.C.I. on December 31, 1960, approved by the Control Commission of Banks at its sitting on June 14, 1961, comes to, before distribution, NF 8.528.430.228.64. The distribution allocated to those nominees entitled to share in the profits but not the capital has been fixed at NF 1.125.

The activity of its subsidiaries in 1960 has been satisfactory. The British and French Bank Ltd., whose registered office is in London at Imrie House, 33/36 King William Street, has increased its network of offices in Nigeria where it is now installed at Lagos, Apapa, Ebute-Metta, Ibandan, Ikeja, Kaduna, Kano and Port-Harcourt. Its balance at December 31, 1960, after distribution, comes to $41.769.442.

SUN REAL ESTATES

PERIOD OF STEADY GROWTH

The annual general meeting of Sun Real Estates Limited was held on August 15th in London, Mr John Gaul (the Chairman) presiding.

The following is an extract from his circulated statement:

It is now eight years since I became Chairman of your Company which, at that time, had the unique record of never having paid a dividend since its formation some 17 years earlier. We still have among our 1,200 present shareholders some who have held their shares since those days and whose patience has been rewarded. The Company's assets have increased year by year and with almost daily improvements to our Properties, plus regular new acquisitions, it is certain that at this moment their true value is once again substantially higher than the figure shown in the Balance Sheet.

The Financial Year now under review has not been one in which your Company has been the subject of any sensational headlines, but we have nevertheless—*within that period*—quietly been improving the state of the Company in at least four different ways simultaneously:

(1) The acquisition of further income-producing investment Properties; (2) The continuous granting of fresh leases at improved rentals, and general financial consolidation; (3) A 50 per cent participation in a most interesting and rewarding development now taking place in Rochester, Kent; (4) Negotiations for the creation of Debenture Stock on satisfactory terms, concluded shortly after the close of the year under review.

The final dividend of 35 per cent, making a total of 55 per cent for the complete year (paid out of 57 per cent earnings) continues its upward climb which I hope will be a yearly feature of this Report and is, in any case, a 25 per cent uplift on last year. On the subject of dividend forecasts I would prefer this year not to make one solely because of the difficulty of knowing when certain income-producing Properties which we are now in course of acquiring will actually be finished. My feelings can perhaps be inferred from the fact that I now announce the interim dividend for the present trading year will be increased to 25 per cent.

My caution in building up *Sun Real Estates* has been such as to debar us from embarking on grandiose schemes involving millions of pounds, but we have nevertheless built up a formidable portfolio of Freehold and Leasehold medium-sized Properties in permanently good letting areas. A special feature of your Company's activities continues to be the provision of moderately rented office accommodation serving that large group of tenants who are out-priced by the mammoth developments into which they might otherwise like to move.

Quite a number of Property Companies are relying to a great extent for their annual dividend on the results of dealing in Property, as opposed to investing in it and developing it. Your Company is by character an expanding investment group and dealing forms no part of our activity.

The report was adopted.

MORTGAGE LOANS

Invest with the
MORLEY CORPORATION
in Trustee Securities at
6¼ per cent for 2 or 3 years for sums of £3,000 or over.
Apply Borough Treasurer, Town Hall, Morley, Yorkshire.

CITY OF CHESTER
TRUSTEE INVESTMENTS
MORTGAGE LOANS 6½% 2-5 years Min. £100
DEPOSIT LOANS 7% 7 days notice Min. £500
Apply: City Treasurer, Municipal Offices, Chester. Tel. 20432. Ext. 23.

WYCOMBE R.D.C.
6½% interest on Mortgage Loans 2-10 years. *No costs to lenders.* Minimum £500 Special terms £10,000 +
Apply to:— TREASURER, 17, High St., High Wycombe, Bucks.

Invest in
THURROCK U.D.C.
Mortgage Loans
(Pop. 109,700) 6½% (R.V. £1,860,000)
Trustee Securities. Break Clause if required
No Expenses. 2 to 10 years. Minimum £100
Details: Treasurer (R), Council Offices, Grays, Essex.

INVEST IN
BOROUGH OF SALE
6½% TRUSTEE SECURITY MORTGAGES £100 and upwards 3 to 5 years.
Further details from Borough Treasurer, TOWN HALL, SALE, CHESHIRE. Telephone: SALe 2255.

BASFORD MORTGAGES
6½% 3 Years. Trustee Status.
Details: Treasurer, BASFORD R.D.C., BASFORD, NOTTINGHAM.

Invest Safely With
CROSBY CORPORATION
IN TRUSTEE SECURITIES
6½% FOR 2 TO 5 YEARS
Application forms and particulars from: Borough Treasurer, Town Hall, Waterloo, Liverpool, 22. Waterloo (6666)

Invest in
WELLINGTON (Salop) U.D.C.
Mortgage Loans 1 to 5 years
Trustee Securities. No expenses. Minimum £50. 6½%
Details: Treasurer (C), 14, Walker Street, Wellington, Salop.

APPOINTMENTS

LONDON COUNTY COUNCIL
ARCHITECT'S DEPARTMENT
Vacancy in the Town Planning Division for Statistical Officer. Town Planning experience desirable but not essential. Salary *on scale*

(continued in next column)

£1,500-£1,700, according to qualifications and experience. Duties include research from prime sources in connection with land use, population, housing densities, employment and traffic, and the interpretation and application of statistics to the solution of town planning problems including liaison with computer installation. Application form and particulars, returnable by 11th September, 1961, from Hubert Bennett, F.R.I.B.A., Architect to the Council (EK/EL/2372/8), County Hall, S.E.1.

VICTORIA UNIVERSITY OF WELLINGTON
NEW ZEALAND
LECTURER IN POLITICAL SCIENCE
Applications are invited from suitably qualified persons for the above-mentioned post.
The salary will be £1,250 per annum, rising to £1,700 per annum. The initial salary will be determined according to the qualifications and experience of the appointee.
Approved fares to Wellington will be allowed for the appointee, his wife and his dependent children; in addition, actual removal expenses will be allowed within specified limits.
Further particulars and information as to the method of application should be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Pall Mall, London, S.W.1.
Applications close, in New Zealand and London, on *16th October, 1961.*

MINISTRY OF AVIATION requires an INFORMATION OFFICER in London for general Press Office work and the preparation of articles on technical subjects. Applicants should have *wide experience in journalism,* and preferably knowledge of or interest in Aviation. They should be capable of absorbing technical knowledge and expressing it in non-technical language. Appointment will be unestablished but there are prospects of becoming pensionable by means of a Civil Service Commission competition. Salary £1,250 p.a., rising to £1,490 p.a. (London). Good holidays and paid sick scheme.—Write, giving age, full details of experience and qualifications, to Manager (P.E. 3241), Ministry of Labour, Professional & Executive Register, Atlantic House, Farringdon Street, London, E.C.4. *Closing date 31.8.61.*

STATISTICIAN. Market Investigations Ltd. seek a graduate in mathematics or mathematical statistics to join their unit dealing with the application of experimental statistical techniques to the problems of market surveys. This unit is responsible for planning sample design and analyses of market research data for a wide variety of industries and also for liaison on computer programming. Initial salary £800-£1,000 p.a.—Please write, with full details, to S. J. Orwell, Managing Director, Market Investigations Ltd., 1-2, Berners Street, W.1.

STAFFORDSHIRE COUNTY COUNCIL
EDUCATION COMMITTEE
STAFFORDSHIRE COLLEGE OF COMMERCE
WEDNESBURY.
Principal: H. Harman, B.Com.
Applications are invited for the post of Senior Lecturer in Accountancy and Secretarial Subjects.
Salary in accordance with the Burnham Technical Scale, i.e. £1,550 x £50=£1,750.
In certain circumstances allowances towards the cost of lodging and removal expenses may be made to married men teachers.
Form of application, returnable by 1st September, 1961, and further particulars of the appointment may be obtained from the Director of Education (Staffing) Education Office, Earl Street, Stafford, on receipt of a stamped addressed foolscap envelope.

CENTRAL OFFICE OF INFORMATION requires an ASSISTANT INFORMATION OFFICER (unestablished) to write, and acquire articles on trade topics and synopses suitable for use overseas. Preference will be given to the candidate with varied experience of writing for the trade and technical press. Some knowledge of industrial matters essential. Starting salary according to experience and qualifications rising to a maximum of £1,214.—Write, giving age, *full details of experience* and qualifications to Manager (PE 1587), Ministry of Labour, Professional & Executive Register, Atlantic House, Farringdon Street, London, E.C.4.

EXPORT
OZALID, the leading Company in the photocopying field with established overseas markets, wishes to augment its Export Sales Force and young men of *proved selling ability* with some experience in the export field and a knowledge of several languages are invited to apply for a restricted number of vacancies which will becomes available in the near future.
Good salary and incentive offered. Contributory Pension Scheme. All expenses paid. Applicants must be *willing* to travel extensively. Apply in writing in confidence to:
The Administrative Controller of Sales, Ozalid Company Limited, Langston Road, Loughton, Essex.

UNIVERSITY OF GHANA
Applications are invited for the CHAIR OF SOCIOLOGY. Secondment for a reasonable period also considered. The Professor, besides administering the department, will have to undertake most of the teaching in Social Theory and Comparative Institutions.
Salary: Ghanaian £G2,600 p.a.; non-Ghanaian £G3,000 p.a.
Appointment normally five years in first instance. Outfit allowance £G60. Car allowance £G150 p.a. Family allowance for non-Ghanaians for each child in West Africa £G50 p.a. or, if under age of 21 and receiving education *outside West Africa,* £G100 p.a. (maximum five children). Part-furnished accommodation at charge not exceeding 7.5 per cent of salary. F.S.S.U. policies maintained if already held, or superannuation on similar basis.
Passages for appointee and family on appointment and normal termination. Annual leave with 3 overseas return passages in every 4 years for non-Ghanaian and one every other year for Ghanaian.
Applications (six copies) with full details of qualifications, experience, etc., and naming three referees, to be sent before 25th September, 1961, to the Assistant Registrar (London), University of Ghana, 15 Gordon Square, London, W.C.1, from whom further *information* may be obtained.

For other appointments see page 753

COMPANY AFFAIRS

Property Finance Now

THE *Financial Times* index of property shares now stands at 95.2, compared with its mid-May peak of 124.7. This fall of over 23 per cent is the tailpiece of a long period of almost uninterrupted boom in the property share market. The reasons for the present setback are not hard to find. Many shares had been pushed to very high levels and their meagre yields were discounting pretty fully the benefits of future developments. Secondly, the market was influenced by fears of restrictions on finance for property developments, and these fears proved to be well founded when the Chancellor asked both the banks and the insurance companies to restrict advances for property development. The institutions, particularly the insurance companies, had already furnished a number of property companies with ample funds or had entered

PROPERTY SHARES: RISE AND FALL

	Jan. 3	May 11	July 24	Aug. 14	Yield %
Artizans & General	56/3	69/6	51/3	54/- xd	4·6
Capital & Counties	36/6	49/-	39/6	38/3 xd	2·1
Central & District	42/6	56/3	41/3	42/-	3·2
City Centre	60/3	65/9	54/-	52/9	2·4
City Lond. R.P.	68/3	93/-	73/3	73/-	3·0
Hammerson 'A'	35/3	42/6	35/-	33/-	1·7
Land Sec.	23/3	35/3	29/3	26/6	2·3
Lond. County F'hld.	26/9	38/9	33/-	29/-	4·2
Second Cov. Gdn.	23/- xd	35/-	27/3 xd	26/1½	3·1
Town & Com.	8/-	11/6	9/4½ xd	8/9 xd	3·7

into commitments to provide finance and, they were clearly experiencing difficulty in translating the Chancellor's request into practical terms. This week, however, the British Insurance Association sought to guide its members by putting its own interpretation on the request. In a letter to its members, the BIA said: "No objection would be raised to members completing their commitments in regard to property investments even though they may extend for some years ahead, and relate in some cases to an undertaking to finance projects not yet formulated. Where members have either a legal or a moral obligation to proceed with such projects they may, therefore, complete them. They should, however, exercise a restrictive policy to new property financing unless there are clear and early benefits for exporting industries in prospect."

The letter went on to suggest that members were free to deal with propositions for underwriting or subscribing for new issues in the normal manner even though the new money was designed to finance property development. The assumption underlying this interpretation is that market forces and the marshalling of any queue by the issuing houses will keep new issues by property companies down to a minimum. The general import of the letter from the BIA must be that, while those property companies which have already established links with the insurance companies can feel free to go ahead with developments for which finance has been promised, companies which have no such links will find it difficult, if not impossible, to raise money either directly from the insurance companies or from the capital market. Some pause in property development appeared to be on the cards even before the Chancellor spoke, and his request may not therefore appear too onerous. What its ultimate effect on property development and values will be must depend upon the length of the pause.

In the case of **Kennedy Leigh** it has been decided that a proposed loan of £1 million from Norwich Union should be postponed until April, 1962. Interest on this loan, which is to take the form of a debenture secured on some of Kennedy Leigh's properties, will be at 6¾ per cent, and in addition Norwich Union has been given an option to take up 550,000 ordinary shares at 8s. 6d. (which is close to the current market price) in the three years beginning on April 1, 1962. Norwich Union already holds 1,040,000 of Kennedy Leigh's 5s. ordinary shares, having paid just over 5s. a share for them. The shares were first offered to the public in March at 6s. 9d. each and they later touched a peak of 12s. 9¾d.

Another big loan which was apparently in the pipeline when the Chancellor spoke is the £9¼ million debenture issued to various undisclosed institutions by **Stock Conversion and Investment Trust.** These institutions will also have the right to subscribe for 900,000 5s. ordinary shares at 15s. each; if they take up their options in full they will secure about 13 per cent of the ordinary capital after the capital reorganisation. The shares in their existing 2s. form stand at the heavy price of £21, but they are to be written up to 5s. nominal with an eleven-for-one scrip issue to follow. This will bring their market value down to about 35s. So far the company has not paid a dividend and has charged its spending on development properties against revenue; in future this will be charged against capital. The directors say that the company is unlikely to pay a dividend during the next two or three years but they promise that when the developments are sufficiently advanced the company's income will be distributed as fully as possible.

It seems unlikely that **Town and Commercial Properties** will have any difficulties in financing its developments. The total cost of developments in hand at March 31st amounted to more than £2½ million, but the chairman, Mr R. C. Yablon, reminds shareholders in his annual statement that the Legal and General has acquired about 10 per cent of the equity and has made provision for long term finance amounting to about £4 million. The shares issued to Legal and General did not rank for dividends in respect of the year to March 31st last but they will rank for the 6½ per cent payment forecast for the current year on the capital to be increased both by the writing up of the 2s. shares to 4s. nominal and by the one-for-four scrip issue that will follow. On this forecast the 2s. shares at 8s. 9d. yield 3.7 per cent.

The first offer of property shares since the Chancellor spoke came this week with the issue of 750,000 ordinary shares of **Sovereign Securities,** which entered the property field less than three years ago. This company's future income is very much bound up with the successful completion of various developments now in hand. In addition to the £247,000 of ordinary capital, of which about 60 per cent is being offered for sale, there is £353,000 in deferred capital held entirely by the chairman, Mr Laurence Knight. These shares rank equally with the ordinary except that they do not rank for any dividend until the ordinary shares receive an annual dividend of 12½ per cent. On such a payment half the deferred shares will rank for the dividend and will be converted into ordinary shares and similarly the other half of the deferred shares will be converted when the ordinary dividend is raised to 17½ per cent. For the year to April 30th next a dividend of 5 per cent is forecast, so that the shares which are offered at 7s. each have an initial yield of no more than 2.9 per cent; but for the succeeding years the directors envisage dividends of 10 and then 12½ per cent.

John Brown

THE full report from John Brown once more emphasises that it is the group's machine tool interests which have protected shareholders from lean times in the shipbuilding industry and may continue to protect them from the still leaner times to come. The main point of interest in the statement by the chairman, Lord Aberconway, is that the group "greatly needs to win the order for the new Cunarder." At the moment its Clydebank yard, where only two more keels are on order to be laid, is far from fully occupied and overhead costs and the need to hold the skilled labour force together have prompted Lord Aberconway to say that both shareholders and employees would be better off with an unprofitable contract than without it.

Lord Aberconway also reveals that even though gross profits rose by 24 per cent, from £3,645,000 to £4,491,000, some sections of the group's business other than shipbuilding have given cause for concern. In the land boiler division competition is extremely strong and "price margins are quite inadequate." Cravens, the rolling stock subsidiary, expects to make a "substantial loss" on its contract for 464 cars for the London Transport underground and Lord Aberconway also describes margins on water turbines and chemical plant as in-

adequate. Hence future profits will be dependent upon the machine tool division. The rise in consolidated net profits is more than accounted for by the higher earnings of the two wholly owned machine tool subsidiary companies, Wickman and Firth Brown Tools. Last year Wickman bought the Coventry Machine Tool Works and had the current year record orders on hand when the current financial year opened while Firth Brown Tools is being reorganised and expanded. The £1 ordinary shares have lost 3s. to 37s. xd this week and now yield 5.8 per cent.

Ultramar

THE decline of oil shipments from Venezuela to the United States cut the earnings of the Ultramar group in 1959 and last year the fall in profits was even more marked. Although production was higher, Ultramar's consolidated trading profit slumped from £2,107,000 to £310,000. The proximate cause of the decline is the much reduced dividend from Mercedes, in which Ultramar and Texaco each has a 50 per cent interest: last year it made a cash payment of £163,000 whereas in 1959 it paid a dividend in kind of £1,995,000, made up of transferred concessions and distributions from profits accumulated mainly before 1959. After a slightly lower tax charge but a much higher depreciation provision the Ultramar group made a net loss of £209,000 last year, its producing companies being hit by the lower prices ruling for crude oil and products. In addition, the wholly-owned Golden Eagle Refining Company of California made a loss in developing marketing outlets before going ahead with its plan to expand its Los Angeles refinery. The Ultramar directors have cut the tax-free capital distribution from 1s. 6d. to 1s. per 10s. stock.

The preliminary statement also reveals that the structure of the group has been changed, as the Canadian-Caribbean Oil Company of the Bahamas has acquired a 50 per cent interest in the equity of Golden Eagle of Panama and Golden Eagle of Canada on the payment of $2 million to Ultramar. Can-Carib, which is organised and controlled by the J. M. Shaheen interests, is also providing a "capital contribution" of $2 million to each of the Golden Eagle companies and, in addition, a $6 million mortgage loan to Golden Eagle of Canada. The new arrangement will obviate the need for Ultramar to raise any additional funds for its Golden Eagle interests. But other finance to cover the cost of equipment supplied from this country to the Panama refinery, where work is well advanced on the site of over 400 acres, is being negotiated and United States banking facilities should be available to cover local costs incurred in Panama and the United States. The 10s. ordinary shares lost 1s. 9d. on the news of the lower profits and now stand at 28s. 1½d. which is barely above their lowest point for the year. This was always a gambler's stock —and it still is.

Furness Withy

THE accounts of Furness Withy are never very informative, as this shipping group cloaks the results of a combination of associated and subsidiary companies behind the Shipping Exemption Order. Last year the rise of 19½ per cent in net profits may have some compensation for the absence of an adequate explanation of how the group's ventures were faring; in the latest year, which ended on April 30th, there is not even this consolation, for net profits fell by nearly 30 per cent from £1,834,000 to £1,293,000. The preliminary statement gives no figure for depreciation, which amounted to £3¼ million in 1959-60 and which may have been even higher in 1960-61 as it included special depreciation on new tonnage.

The directors have maintained the ordinary dividend at 10 per cent but the cover has fallen from 2.7 to 1.8 times. The London dock strike and higher wages probably help to account for the fall in profits as well as the depressed state of shipping rates over the period. The £1 ordinary shares lost 1s. 1½d. after the results were published and at 39s. 7½d. yield 5.1 per cent.

International Nickel

THE interim report from International Nickel strengthens the impression that productive capacity has run ahead of demand and that margins have been squeezed. The results of the group for the first half of this year are slightly better than those for the second half of 1960, but worse than those for the first half of 1960.

The directors say that deliveries of nickel in all forms in the first six months of this year were a little lower than in the corresponding period in 1960 but about ten per cent above those in the second half. Sales and profits, moreover, were slightly better in the second quarter of this year than in the first. But to match last year's net earn-

Six months to	June 30, 1960 $'000s	Dec. 31, 1960 $'000s	June 30, 1961 $'000s
Net sales	268,758	236,363	258,845
Costs and expenses	179,927	162,952	177,693
Operating earnings	88,831	73,411	81,152
Total income	90,920	74,327	81,925
Income tax	34,161	26,017	30,981
Net earnings	43,902	36,799	37,653
Net earnings per share	$1·50	$1·26	$1·28

ings per common share, net earnings in the second half of the current year will have to amount to $1.48 per share and the latest results do not provide much of a guide to the year's outturn as the price of nickel was raised by ten per cent at the beginning of July. Demand is expected to rise in this period but the costs of running in the new Thompson mine have to be covered and International Nickel may continue to pile up stocks. So far, three quarterly payments of 40 cents per share have been declared but it is still not clear whether this portends a payment higher than the 1960 rate of $1.52½. Even if the dividend were to be raised to, say, $1.60 the yield on the npv shares at the current London price of $153 would be no more than 1.8 per cent.

London Stock Exchange

FIRST DEALINGS:	July 24	Aug. 4	Aug. 21
LAST DEALINGS:	Aug. 3	Aug. 18	Sept. 1
ACCOUNT DAY:	Aug. 15	Aug. 29	Sept. 12

BEFORE last weekend equity prices fell back further and gilts continued to rise. But on Tuesday of this week the fall in equities was halted and prices improved slightly in a very quiet market, with the number of bargains marked on Tuesday and Wednesday around the lowest levels recorded this year. Over the week to Wednesday *The Economist* indicator lost 8 points to 369.2. Turnover in gilt-edged was also limited but prices held up after the weekend. Before the weekend interest in gilt-edged stocks was displayed by small investors attracted by high yields, and there was also some foreign buying; after the weekend Continental support continued and there was also some switching. Short dated gilt-edged stocks still showed net losses over the week to Wednesday but the long and undated stocks were appreciably higher. Exchequer 5½ per cent 1966 lost ⅛ to 96¼ while Redemption 3 per cent 1986-96 showed a notable rise of 1⅛ to 53⅜. 2½ per cent Consols and 3½ per cent War Loan each gained ⅞, to 38⅝ and 52¾ respectively.

The equity market was depressed at first by the Berlin crisis; but later there was a small amount of buying both before and after the publication of the trade figures. Some of the buying was by trustees, but they did not come into the market for any large amount of stock. Bank shares fell back over the week and Westminster "B" were typical in losing 2s. to 79s. 9d.; but hire purchase shares gained small amounts, Bowmaker closing 3d. higher at 14s. 4½d. Insurance shares made small mixed movements and brewery shares fell slightly.

Among building shares the heaviest falls came in the cement producers, with Associated Portland and Rugby Portland each losing 2s. 6d. to 73s. 6d. and 52s. 9d. respectively. Marks and Spencer gained 1s. on Wednesday but still lost 4s. 3d. over the week to 97s. and other leading store shares also lost smaller amounts. Electrical shares generally lost small amounts though Decca Record fell more heavily by 3s. 9d. to 63s. 3d. and Thorn made a net gain of 1s. to 51s. on favourable press comment.

Widespread losses occurred in engineering and steel shares though Jaguar "A" and Leyland, which are thought to be among those that will do well if Britain joins the common market, advanced among motors. Tobacco shares put on small amounts with BAT 6d. up at 68s. 3d. Elsewhere among British equities there were falls: in food, shipping, textiles, property and oil.

The Kaffir market was also fairly quiet. Anglo-American gained 2s. 6d. to 126s. 3d and Free State Geduld lost the same amount to 81s. 3d. Tin shares continued their recent upward trend and Tronoh put on 3s to 77s.

EXCHEQUER RETURNS

For the week ended August 12, 1961, there was an "above-line" deficit (after allowing for sinking funds) of £27,571,000 compared with a surplus of £66,268,000 in the previous week and a deficit of £6,240,000 in the corresponding period of last year. There was a net expenditure "below-line" of £7,038,000 leaving a total cumulative deficit to date of £246,290,000 compared with £352,560,000 in 1960-61.

£'000	Estimate 1961-62	April 1, 1960, to Aug. 13, 1960	April 1, 1961, to Aug. 12, 1961	Week ended Aug. 13, 1960	Week ended Aug. 12, 1961
Ordinary Revenue					
Income Tax	2,728,500	485,761	577,588	20,121	25,076
Surtax	210,000	30,156	36,000	800	700
Death Duties	240,000	83,200	101,600	4,200	3,100
Stamps	94,000	32,300	40,200	1,300	1,800
Profits tax, EPT and EPL	325,500	95,100	117,100	9,900	6,000
Other Inland Rev. Duties	...	50	...	...	...
Total Inland Rev.	3,598,000	726,511	872,488	36,321	36,676
Customs	1,550,000	536,758	585,494	26,923	24,057
Excise	960,000	369,565	379,715	52,120	20,665
Total Customs and Excise	2,510,000	906,323	965,209	79,043	44,722
Motor Duties	155,000	25,235	26,683	495	3,908
PO (Net Recpts)	...	...	...	...	...
Broadcast Lic's.	40,000	8,500	8,800	...	...
Sundry Loans	205,000	12,702	113,881	...	1,099
Miscellaneous		42,429		271	
Total	6,508,000	1,721,700	1,987,061	116,130	86,405
Ordinary Expenditure					
Debt Interest	660,000	225,327	256,022	7,052	7,562
Payments to N. Ireland Exch.	92,000	30,068	30,948	...	...
PO Fund — Initial settlement	15,000	...	...	...	...
Other Consolidated Funds	8,000	3,807	3,931	8	14
Supply Services	5,186,902	1,674,570	1,766,843	114,800	106,000
Total	5,961,902	1,933,772	2,057,744	121,860	113,576
Sinking Funds	40,000	10,934	10,844	510	400
"Above-line" Surplus or Deficit	—	223,006	81,527	6,240	27,571
"Below-line" Net Expenditure*	...	129,554	164,763	9,809	7,038
Total Surplus or Deficit	352,560	246,290	16,049	34,609	
Net receipts from:					
Tax Reserve Certificates		92,842	57,775	— 598	— 3,407
Savings Certificates		29,100	— 7,400	500	— 1,200
Defence Bonds		42,483	22,247	2,046	360
Premium Savings Bonds		17,090	14,150	2,220	— 1,500
Total		181,515	86,772	4,168	— 5,747

* Net receipt to the Civil Contingencies Fund of £2 million in 1961-62 compared with a net receipt of £8 million in 1960-61.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1960 Aug. 13	3,440·0	1,870·3	195·6	...	5,505·9
May 6	3,130·0	1,887·3	293·3	...	5,310·6
" 13	3,160·0	1,893·0	275·3	...	5,328·2
" 20	3,180·0	1,839·1	316·3	...	5,335·5
" 27	3,210·0	1,843·3	249·7	...	5,303·0
June 3	3,240·0	1,825·3	258·5	...	5,323·8
" 10	3,270·0	1,866·0	242·2	...	5,339·8
" 17	3,280·0	1,823·6	263·9	...	5,367·5
" 24	3,290·0	1,909·6	201·6	...	5,365·8
" 30		3,290·0	283·3	...	5,483·0
July 8	3,280·0	1,853·1	265·2	0·8	5,399·0
" 15	3,270·0	1,866·0	269·0	...	5,405·0
" 22	3,260·0	1,894·4	214·3	...	5,368·7
" 29	3,250·0	1,920·3	220·4	3·3	5,393·9
Aug. 5	3,280·0	1,882·6	207·3	...	5,369·9
" 12	3,290·0	1,712·9	206·6	...	5,209·4

Money and Exchanges

THE MONEY MARKET

FOR the third week since the rise in Bank rate the syndicate of discount houses submitted an unchanged bid of £98 6s. 4d. at last Friday's Treasury bill tender; and it received 41 per cent of its application against 44 per cent at the previous week's tender. The level of most outside bids again fell slightly and the average rate of discount rose by 5.18d. to £6 14s. 8.51d. per cent. Total applications for the £259 million bills on offer rose by £9 million to £395 million last week, despite an apparent decline in official applications.

Credit was in short supply throughout the week and the authorities helped the market by means of fairly large bill purchases up to Monday. But on both Tuesday and Wednesday one or two houses were forced to borrow small amounts at 7 per cent from the Bank of England. The market's bill allotments over the past three tenders have been relatively low and it will be under pressure to raise its bid for bills at future tenders; but the Bank has no desire to see the rate forced down too quickly.

In New York the three month bill rate rose for the fourth successive time last week, from 2.366 per cent to 2.519 per cent.

MONEY RATES

LONDON

	%		%
Bank rate (from 5%, 26/7/61)	7	Discount rates: Bank bills:	
		60 days	6⅞–6 15/16
Deposit rates (maximum):		3 months	6⅞–6 15/16
Banks	5	4 months	6⅞–6 15/16
Discount houses	5–5¼	6 months	6⅞–7
		Fine trade bills:	
		3 months	7⅛–8⅛
Money:		4 months	7⅛–8⅛
Day-to-Day	5⅜–6⅛	6 months	8–9

NEW YORK

	%		%
Official Discount rate: (from 3½%, 11/8/60)	3	Treasury bills: Aug. 7	2·366
		" 14	2·519

BANK OF ENGLAND RETURNS

(£ million)	Aug. 17, 1960	Aug. 9, 1961	Aug. 16, 1961
*Issue Department**:			
Notes in circulation	2,257·8	2,411·5	2,374·3
Notes in banking dept.	42·6	38·9	26·0
Govt. debt and securities*	2,297·5	2,448·8	2,398·7
Other securities	0·8	0·7	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	1·8	0·5	0·5
Banking Department:			
Deposits:			
Public accounts	13·8	13·8	12·6
Special deposits	156·5	171·7	195·0
Bankers	230·2	239·4	244·3
Others	65·5	69·0	68·6
Total	462·9	493·1	520·5
Securities:			
Government	379·3	378·7	418·7
Discounts and advances	39·6	74·7	73·2
Other	19·0	18·3	18·3
Total	437·9	471·7	512·1
Banking department reserve	43·4	39·7	26·8
"Proportion"	% 9·3	% 8·0	% 5·1

* Government debt is £11,015,100, capital £14,553,000 Fiduciary issue reduced by £50 million to £2,400 million on August 16th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills: Average Rate of Allotment	Allotted at Max. Rate*
1960 Aug. 12	*91 day* 270·0	424·3	s. d. 111 5·85	% 45
1961				
May 12	250·0	445·8	86 5·04	50
" 19	260·0	432·5	88 3·18	33
" 26	270·0	440·2	88 8·74	50
June 2	270·0	419·9	88 9·61	61
" 9	270·0‡	463·3	89 4·14	39
" 16	260·0	391·2	90 0·42	55
" 23	260·0‡	389·1	90 8·47	50
" 30	250·0	400·8	90 89·4	46
July 7	240·0	405·2	90 8·80	42
" 14	240·0	378·2	91 4·47	47
" 21	240·0	333·3	92 5·62	66
" 28	250·0	426·6	133 9·22	28
Aug. 4	250·0	386·0	134 3·33	44
" 11	250·0	394·7	134 8·51	41

* On August 11th tenders for 91 day bills at £98 6s. 4d. secured 41 per cent, higher tenders being allotted in full. The offer for this week was for £250 million 91 day bills. ‡ Allotment cut by £10 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits August 16	Market Rates: Spot August 10	August 11	August 12	August 14	August 15	August 16
United States $	2·78–2·82*	2·80 1/4–3/8	2·80 3/16–5/16	2·80 1/4–3/8	2·80 1/16–3/16	2·80 1/8–1/4	2·80 1/4–3/8
Canadian $	...	2·89 3/8–1/2	2·89 3/16–3/16	2·89 1/16–3/16	2·89–89 1/8	2·88 15/16–89 1/16	2·89–89 1/8
French Fr.	13·622–14·027	13·77 1/4–3/4	13·76 5/8–7/8	13·76 5/8–7/8	13·76 1/4–3/4	13·75 7/8–76 1/8	13·77–77 1/4
Swiss Fr.	11·94–12·54 3/8	12·10 1/8–3/8	12·09 1/2–3/4	12·09 7/8–10 1/8	12·08 1/2–3/4	12·08 3/4–09	12·09 1/8–3/8
Belgian Fr.	137·96–142·05	139·55–60	139·50–55	139·57–62	139·45–50	139·40–45	139·50–55
Dutch Gld.	9·98 3/8–10·28 1/2	10·39 3/4–10	10·07 7/8–08 1/8	10·06 3/4–07	10·06 3/4–07	10·07 5/8–7/8	10·08 5/8–7/8
W. Ger. D-Mk.	11·037–11·365	11·18 7/8–19 1/8	11·18 3/4–19	11·19–19 1/4	11·18 3/4–19	11·18 1/4–1/2	11·19 1/2–3/4
Portug. Esc.	...	80·20–35	80·15–30	80·15–30	80·15–30	80·15–25	80·15–25
Italian Lire	1725–1775	1739 1/4–40	1739 1/4–3/4	1739 1/4–3/4	1737 3/4–38 1/4	1737 3/4–38 1/4	17 36 1/4–3/4
Swedish Kr.	14·27 1/2–14·70	14·47 1/4–1/2	14·46 1/4–3/8	14·45–45 1/4	14·45–45 1/4	14·44 1/2–3/4	14·45 3/4–46
Danish Kr.	19·06 1/2–19·62	19·34 5/8–7/8	19·34 1/2–3/4	19·34 1/2–3/4	19·34 5/8–7/8	19·34 1/2–3/4	19·35 1/4–3/8
Norwegian Kr.	19·71–20·30 1/2	20·01 3/4–02	20·01 1/4–1/2	20·01 3/4–02	20·01 5/8–7/8	20·01 1/8–3/8	20·00 1/8–3/8
	* Official Limits	**One Month Forward Rates**					
United States $		11 15/16–13/16 pm	11 15/16–13/16 pm	11 15/16–13/16 pm	11 7/8–1c. pm	13/16–1 1/16c. pm	11/16–1c. pm
Canadian $		11/16–15/16c. pm	11/16–15/16c. pm	11/16–15/16c. pm	11/16–1c. pm	11/16–1c. pm	11/16–1c. pm
French Fr.		4 1/2–3 1/2c. pm	4 1/2–3 1/2c. pm	4 1/2–3 1/2c. pm	4 1/2–3 1/2c. pm	4 1/2–3 1/2c. pm	4 1/2–3 1/2c. pm
Swiss Fr.		6–5c. pm	6–5c. pm	6–5c. pm	6–5c. pm	6 1/4–5 3/4c. pm	6–5 1/2c. pm
Belgian Fr.		45–35c. pm	45–35c. pm	45–35c. pm	45–35c. pm	45–35c. pm	45–35c. pm
Dutch Gld.		6–5c. pm	6–5c. pm	6–5c. pm	6–5c. pm	6–5c. pm	6–5c. pm
W. German D-Mk.		5 1/2–4 1/2pf. pm	5 1/2–4 1/2pf. pm	5 1/2–4 1/2pf. pm	6–5pf. pm	6–5pf. pm	5 1/2–5pf. pm
		Three Months Forward Rates					
United States $		2 15/16–2 13/16c. pm	2 15/16–2 13/16c. pm	2 15/16–2 13/16c. pm	2 15/16–2 13/16c. pm	3 1/16–2 15/16c. pm	3–2 7/8c. pm
Canadian $		2 7/8–2 3/4c. pm	2 7/8–2 3/4c. pm	2 7/8–2 3/4c. pm	2 7/8–2 3/4c. pm	3–2 7/8c. pm	3 1/16–2 15/16c. pm
Swiss Fr.		16–15c. pm	16–15c. pm	16–15c. pm	16–15c. pm	16 1/4–15 3/4c. pm	16–15 1/2c. pm
W. German D-Mk.		15 1/2–14 1/2pf. pm	15 3/4–14 3/4pf. pm	15 3/4–14 3/4pf. pm	15 3/4–14 3/4pf. pm	16–15pf. pm	15 1/2–15pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/8	250/9 1/4	...	250/11 1/2	251/1 1/2	251/–
" ($ " " ")		35·15 1/2	35·15 1/2	...	35·15 1/2	35·15 1/2	36·15 1/2

LONDON AND NEW

Prices, 1961 High	Prices, 1961 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Aug. 9, 1961	Price, Aug. 16, 1961	Net Yield, Aug. 16, 1961 £ s. d.	Gross Yield, Aug. 16, 1961 £ s. d.
92½	88⅜	Savings Bonds 3%.....1955–65	88⅝	88 31/32	5 0 9	6 5 9
100 31/32	99	Conversion 4½%.....1962	99 31/32	99 31/32	4 8 10	6 4 3
96⅞	93¾	Exchequer 3%.....1962–63	94⅜	94 31/32	4 19 11	6 6 5
101 5/16	98¾	Treasury 5½%.....1962	99 31/32	99 31/32	3 11 9	6 3 7
93 29/32	90¼	Exchequer 2½%.....1963–64	90 9/16	90 17/32	5 3 6	6 6 11
99 15/32	96⅜	Conversion 4¾%.....1963	96 13/16	95 15/16	4 9 7	6 10 10
98 31/32	94½	Conversion 4½%.....1964	95 1/16	95	4 10 7	6 10 1
101 5/16	96	Exchequer 5½%.....1966	96⅜	96¼	4 6 6	6 9 5
83⅛	78⅝	Funding 3%.....1959–69	79	79	5 6 2	6 14 6
89¾	86	Funding 4%.....1960–90	86⅛	86½	5 16 8	5 11 8
79 15/16	74⅜	Savings Bonds 3%.....1960–70	75¼*	75⅞*	5 4 3	6 11 4
84⅞	80¾	Savings Bonds 2½%.....1964–67	81⅜	81⅝	5 8 2	6 13 4
72 1/16	66¼	Savings Bonds 3%.....1965–75	66⅞*	67¼	5 3 0	6 12 7
83 15/16	78⅞	Funding 3%.....1966–68	79⅜	79⅝	5 8 1	6 14 9
97½	92½	*Victory 4%*.....1920–76	93*	93*	3 9 0	5 1 5
85½	80¼	Conversion 3½%.....1969	80⅝*	81*	5 4 3	6 14 9
93 5/16	87	Conversion 5%.....1971	87⅝	88	4 12 5	6 14 10
95 14/16	88½	Conversion 5½%.....1974	88⅞	88⅞	4 8 4	6 13 2
73⅛	66	Treasury 3½%.....1977–80	66¾	67⅛	4 17 2	6 12 10
72¼	65	Treasury 3½%.....1979–81	65¾*	66⅛	4 17 0	6 12 5
97 1/16	88½	Funding 5½%.....1982–84	89	89⅛	4 2 9	6 9 4
59½	51¾	*Redemption 3%*.....1986–96	52¼	53⅜	4 11 0	6 9 11
88¼	80½	Treasury 5%.....1986–89	80⅞	81¼	4 5 7	6 12 2
63 1/16	55	*Funding 3½%*.....1999–2004	56	56⅛	4 9 2	6 12 3
94⅝	81¾	Treasury 5½%.....2008–12	82*	81⅞*	4 4 7	6 14 10
65⅜	56½	Consols 4%.....after Feb. 1957	57⅝	58⅜	4 3 9	6 16 11
59¼	50½	War Loan 3½%.....after 1952	51⅞	52⅛	4 2 0	6 14 7
59	50½	Conv. 3½%.....after Apr. 1961	51⅝	52⅞	4 2 4	6 15 10
50⅞	43¼	Treasury 3%.....after Apr. 1966	44½	45½	4 2 0	6 15 2
44	36½	Consols 2½%.....	37¾	38⅜	3 19 8	6 10 6
43⅛	36½	Treasury 2½%.....after Apr. 1975	37¾	38⅝	4 0 6	6 12 9
91 5/16	85¾	British Electric 4½%.....1967–69	86⅛*	86½	4 16 5	6 14 6
75 11/16	70½	British Electric 3%.....1968–73	71¼	71¾	5 3 8	6 13 6
70⅝	64½	British Electric 3%.....1974–77	64⅞*	65⅜*	5 1 4	6 11 3
81⅞	76	British Electric 4½%.....1974–79	76⅜	77⅛	4 11 1	6 11 10
72½	67	British Electric 3½%.....1976–79	67¾	68⅛	4 16 9	6 12 5
84⅞	78¾	British Gas 4%.....1969–72	79⅛	79½	4 17 10	6 13 6
81 13/16	76	British Gas 3½%.....1969–71	76⅜*	76¾*	5 2 3	6 13 8
59⅜	51¾	British Gas 3%.....1990–95	52¾	53⅛	4 11 11	6 9 5
75 11/16	70½	British Transport 3%.....1968–73	71¼	71¾	5 3 8	6 13 6
80⅞	74	British Transport 4%.....1972–77	74¼	74¾	4 14 4	6 12 3
61 7/16	53¾	British Transport 3%.....1978–88	54¾	55⅝	4 16 3	6 11 4

Prices, 1961 High	Prices, 1961 Low	DOMINION AND CORPORATION STOCKS	Price, Aug. 9, 1961	Price, Aug. 16, 1961	Yield, Aug. 16, 1961 £ s. d.
82⅛	76½	Australia 3¼%.....1965–69	76¾	77¾	6 17 01
101	95	Australia 6%.....1974–76	95	95½	6 12 06
72½	65½	Ceylon 4%.....1973–75	67	65½*	8 10 01
101⅜	92¾	New Zealand 6%.....1976–80	93*	93*	6 12 06
80½	70½	Rhodesia and Nyasaland 6%.....1978–81	70½	70½	9 6 01
81	73	South Africa 3½%.....1965–67	73½	74	9 15 01
59	53½	Southern Rhodesia 4½%.....1987–92	54	53½	8 18 01
94⅝	85⅛	Agricultural Mortgage 5½%.....1980–85	85½	85½	6 16 01
89	82¼	Birmingham 4¼%.....1967–70	82¾	83¼	6 16 01
92¾	86½	Corporation of London 3%.....1952–72	87½	87¼	6 12 01
93	87	Corporation of London 5¼%.....1976–79	87¾	87¾	6 9 01
48¾	41	L.C.C. 3%.....after 1920	42¼*	53½*	6 13 01
89⅛	83¾	L.C.C. 5%.....1980–83	82¼	83¾	6 14 01
93	84¼	Middlesex 5¼%.....1980	86¼	84½*	6 12 01

NEW YORK PRICES AND INDICES

Aug. 9 $	Aug. 16 $		Aug. 9 $	Aug. 16 $		Aug. 9 $	Aug. 16 $
26½	26⅝	Boeing	53⅞*	53¾	Int. Harvester	53⅝	53½
23⅞	23¾	Celanese	37⅜	39⅛	Inter. Nickel	82¾	83½*
14⅛	13⅞	Chrysler	51⅜	50¼*	Inter. Paper	34¼	35⅝
35	35	Col. Palmolive	47	46⅝	Kennecott	88	84½
70⅜	69¼	Crown Zeller	56	57⅝	Monsanto	55⅜	55⅛
123¼	122⅜	Distillers Seag.	40⅝	40¼	Nat. Distillers	28	28
77½	76⅞	Douglas	39¾	38⅛	Pan-American	19⅞	18⅜
59⅜	59	Dow Chemical	77⅜	80	Procter Gamble	93	93
43⅞	45⅞	Du Pont	232	231	Radio Corpn.	61	59⅛
87⅜	9	East. Kodak	107	105	Sears Roebuck	70½	70⅞
46¼	44⅝	Ford Motor	93⅛	91½	Shell Oil	44⅜	44¼
76	78⅛	Gen. Electric	68⅛	68½	Socony-Mobil	46¾	46½
31¾	32	*General Foods*	87	91¼	Stand. Oil Ind.	51⅝	53¼
44⅞	45	General Motors	47⅞*	47½	Stand. Oil N.J.	45½*	44¾
44¼	45½	Goodyear	44¼	45½	Union Carbide	138½	137
55	54½	Gulf Oil	38⅝	37⅞	U.S. Steel	87	85⅞
57	54¾	Heinz	63¼	63⅛	West. Electric	43⅞	43¼
42⅛	42	Int. Bus. Mach.	497	495½	Woolworth	74⅛	75⅛

Standard and Poor's Indices (1941–43=10)

1961	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
July 19	68·35	2·95	30·89	5·23	59·03	3·27	89·64	3·92
,, 26	69·61	2·89	31·81	5·08	59·58	3·25	89·96	3·89
Aug. 2	70·89	2·84	31·83	5·08	59·98	3·22	*89·64	3·92
,, 9	71·69	2·82	32·53	4·97	60·94	3·17	88·18	4·06
,, 16	71·66	2·81	32·81	4·93	60·96	3·17	88·39	4·04

425 Industrials :—High, 72·09 (Aug. 11). Low, 60·87 (Jan. 3).

* Ex dividend. † Tax free. ‡ Assumed average life 8 years. § The *net* redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all
(a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution of 1s. 0d. per share. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling.
(ii) After Rhodesian tax. (*l*) To latest date.

Prices, 1961 High	Prices, 1961 Low	ORDINARY STOCKS	Price, Aug. 9, 1961	Price, Aug. 16, 1961	Yield, Aug. 16, 1961	Cover	Last Two Dividends (a) (b) (c) % a	% b
		BANKS, DISCOUNT & HP						
94/6	65/9	Barclays.....£1	78/–	75/–	3·47	...	6 a	8 a
100/3	74/3	District.....£1	86/3	84/9	3·78	...	16 c	8 a
80/–	58/7½	Lloyds.....£1	64/9	61/9	3·53**	...	13 c	5 a
26/4½	18/7½	Martins.....5/–	21/9	20/6	3·66	...	8 b	7 a
94/6	67/3	*Midland*.....£1	80/3	79/6	3·77**	...	19 c	9½ a
97/3	73/–	Nat Provincial.....£1	83/–	80/3	3·49	...	7 b	7 a
95/6	58/9	Westminster 'B'.....£1	81/9	79/9	3·66	...	71½ b	6½ a
44/9	35/7½	Australia & N.Z...£1 p.p.	37/–	37/6	6·40	...	8 b	4 a
52/–	43/9	Bk. Lond. & S. Amer..£1	46/6	46/–	4·35	...	6 b	4 a
$1·85c	$2·05c	Bank of Montreal....$10	£24⅞	£24 13/16	2·86	...	$1·85c	$2·05c
8 c	9 c	Bank of New S. Wales £20	26¼*	26¼*	5·49g	...	8 c	9 c
10 c	5 a	Barclays D.C.O.....£1	38/3	36/9	5·44	...	10 c	5 a
8 a	7½ b	Chartered.....£1	54/–	52/3	5·74**	...	5 a	7½ b
5/– a	10/– b	Hongk'g. & Shang....$25	£17½	£16¾	4·48	...	5 a	10/– b
70/6	50/–	Nat. Com. Bk. Scot..10/–	55/–	52/9	3·13	...	9 b	7½ a
$2·32½c	$2·37½c	Royal Bk. Canada....$10	£28 15/16	£28 3/16	2·91	...	$2·32½c	$2·37½c
10 b	9 a	Royal Bk. of Scotland ..£1	103/–*	102/6*	3·71	...	10 b	9 a
5 a	10 b	Stand. Bk. S. Africa...£1	37/–	35/6	8·45	...	5 a	10 b
22½ c	22½ c	Hambros .....£1 f.p.	132/6	135/–	3·33	...		
2½ a	5 b	Schroders.....£1	75/–	74/–	2·03	...		
6¼ b	6¼ b	Union Discount £1	47/9	47/–	5·32	...		
18 c	Nil a	Bowmaker 5/–	14/1½	14/4½		...		
9½ a	9½ b	Lombard Banking ...5/–	15/10½	16/–	5·94	...		
7½ b	5 a	Mercantile Credit ...5/–	14/–	14/3	4·39	...		
22½ b	22½ b	United Domins. Tst. ...£1	145/–	150/–	3·53	...		
		BREWERIES, Etc.						
		Bass, M. & B. 5/–	12/6	11/9	4·68**	...		
41/11½	31/–	Distillers 10/–	35/6	36/3	3·72	2	5 a	8½ b
6½ b	4 a	Flowers 5/–	18/6	17/6	2·84	2		
14½ b	8 a	Guinness 10/–	53/3	53/3	4·13**	2		
	5/– a	Ind Coope T.A. ...5/–	13/–	13/–	4·62**	...		
	7½ b	Teacher (Distillers) .10/–	33/9	32/6	3·85	2	5 a	7½ b
96/6	76/–	Watney Mann.....£1	90/6	90/6	3·98	2	12 b	6 a
26/7½	8 a	Whitbread 'A' £1	30/–	29/–	4·66	13	19 b	8 a
		BUILDING, PAINT, Etc.						
70/3	4 a	Associated Portland...£1	76/–	73/6	3·40	2	4 a	8½ b
21/11½	4 a	British Plaster Bd. ..10/–	23/11½	22/10½	5·46	2	4 a	7½ b
17/6	6 a	Richard Costain 5/–	18/3	18/–	4·44	2	6 a	10 b
9/4½	10 b	Crittall Mfg. 5/–	10/–	10/–	7·50	2	10 b	5 a
10/6	6 a	International Paints ..4/–	11/3	11/–	7·27	1	6 a	14 b
85/–	5 a	London Brick.....£1	87/6	86/6	4·05	1	12½ b	5 a
40/6	217 a	Rugby Portland 5/–	55/3	52/9	2·37	3	25 c	25 c
18/3	12½ b	Taylor Woodrow 5/–	23/–	21/9	4·60	1	7½ a	7½ a
119/6	17½ b	Wall Paper Defd.....£1	124/6	123/6	4·05	3	7½ a	7½ a
		CHEMICAL						
22/6	6 a	Albright & Wilson...5/–	23/10½	23/10½	4·19	2	14 b	6 a
17/11½	11½ c	Borax Defd. 5/–	18/–*	17/6*	3·29	3	4 a	11½ c
40/–	7 b	Fisons.....£1	42/6	40/–	5·50	1	4 a	7 b
63/11½	6¼ a	I C I £1	71/3	69/7½	3·95	2	7½ b	6¼ a
24/–	10 b	Monsanto.....5/–	21/3	20/9	3·61	2	5 a	10 b
		DRAPERY & STORES						
24/–	4 a	Boots Pure Drug 5/–	29/3	28/6	2·11	2	8 b	4 a
20 b	7½ a	Montague Burton...10/–	76/10½	77/–	3·57	2	7½ a	7½ a
13½ b	5½ a	Debenhams.....10/–	56/6	55/–	3·49	2	5½ a	5½ a
12½ a	25 b	G.U.S. 'A'.....5/–	50/3	50/–	3·75	2	12½ a	25 b
20 a	25 b	House of Fraser 5/–	54/–	53/3	4·23	2	20 a	25 b
7½ b	7½ b	Lewis's Invest. Tst....4/–	16/3	16/3	3·04	2	7½ b	7½ b
32½ b	25 b	Marks & Spencer 'A'.5/–	101/3	97/–	2·45	1	15 a	25 b
10 a	20 b	United Drapery 5/–	47/9	44/9	3·35	1	20 b	10 a
25 b	10⅝ a	Woolworth.....5/–	52/7½	51/6	3·48	1	10⅝ a	10 a
		ELECTRICAL & RADIO						
10 b	5 a	A.E.I. £1	36/–	36/–	8·33	1		
	9½ b	Brit. Electronic Inds..5/–	10/11½	10/–	...	2		
4 a	9½ b	B.I.C.C.....£1	58/6	57/7½	4·69	2		
7½ b	5 a	*Crompton Parkinson*..5/–	11/9¾	11/11¼	5·24	2		
23½ c	31½ a	Decca Record.....10/–	67/–	63/3	3·69	2		
12½ b	5 a	E.M.I. 10/–	38/9	38/3	4·58	2		
5 a	8 b	Elliott-Automation...5/–	34/6	34/4½	4·58	2		
3 a	7 b	English Electric £1	31/–	31/–	6·45	1		
7 a	6 b	General Electric.....£1	30/6	29/3	6·84	2		
8½ b	5 a	Hacketts.....£1	55/–	54/6	4·59	2		
3½ a	6½ b	A. Reyrolle.....£1	44/–	43/–	4·53	2		
25 c	25 c	Thorn Electrical.....5/–	50/–*	51/–*	2·45	2		
		ENGINEERING						
41½ a	41½ b	Babcock & Wilcox....£1	28/7½	24/10½	7·24	2		
4 a	7 b	John Brown £1	40/–*	36/6*	6·03	2		
3 a	9 b	Cammell Laird 5/–	6/–	5/9	10·43	1		
10 a	20 b	Internat. Combust. ..5/–	27/10½	27/10½	5·38	1		
		Rich'ds'ns, Westg'th. 10/–	4/9	4/9	...	2		
2½ a	9½ b	Swan Hunter £1	30/–	30/–	6·67	1		
5 a	Nil b	John Thompson 5/–	14/6	14/–	1·79	2		
7½ c	12½ a	Coventry Gauge.....10/–	29/4½*	28/7½*	4·27	2		
16 b	12½ a	Alfred Herbert £1	66/–*	66/9*	4·16	2		
7½ a	12½ b	Allied Ironfounders...£1	67/6	64/–	5·25	2		
5 a	10 b	Averys.....£1	90/–	90/–	3·33	2		
7½ b	4 a	B.S.A.....10/–	23/3	22/10½	5·10	2		
4½ c	George Cohen 5/–	11/–	10/6	6·19	2			
17½ b	Davy-Ashmore £1	142/6	141/3	3·89	2			
5 a	11 b	Guest Keen.....£1	92/–	89/–	3·60	2		
12 b	Head Wrightson.....5/–	25/–	23/3	3·44	2			
7 b	Metal Box.....£1	87/–	84/3	2·85	3			
4 a	Ransome & Marles....5/–	16/10½	15/9	4·44	2			
3 a	7 b	Renold Chains £1	46/–	45/–	4·44	2		
10 a	17½ b	Simon Engineering ..5/–	36/11½	36/3	3·79	2		
14 c	7 a	Tube Investments.....£1	65/3	63/10½	4·38	2		
38/4½	2½ b	Vickers £1	33/6	33/–	6·06	3		
84/6	64/6	Ward (Thos. W.).....£1	73/6	72/–	4·17	2		
30/–	20/–	Woodall-Duckham...5/–	20/6	20/3	5·19**	2		

YORK STOCKS

Prices, 1961 High	Prices, 1961 Low	ORDINARY STOCKS	Price, Aug. 9, 1961	Price, Aug. 16, 1961	Yield, Aug. 16, 1961	Cover	Last Two Dividends (a) (b) (c) % a	% b
		FOOD & TOBACCO						
34/–	17/6	Allied Suppliers 10/–	18/9	18/3	5·48	2¼	10 c	10 c
15/–	7/9¾	Assoc. British Foods..1/–	12/9	12/3	1·84	2½	10 a	10 a
74/–	55/–	Bovril.....£1	64/–	62/–	3·87	2½	4 a	8 b
15/6	11/9	Brooke Bond 'B' 5/–	12/6	12/3	4·44	3¾	1 47½ b	1 21 120
19/3	13/11½	International Tea 5/–	13/4½*	13/11½*	4·76	13¾	2½ a	10 b
107/9	71/6	J. Lyons 'A'.....£1	72/9	72/6	4·37	11¼	5 a	10 5 b
35/6	25/9	Ranks.....10/–	29/–	27/9	5·05	2	2½ a	9 b
14 103¾	10/9	Spillers.....5/–	12/–	11/6	4·35	2	2½ a	7½ b
55/–	43 11½	Tate & Lyle.....£1	47/6	45/7½	5·26	2	3 a	9 b
20 101½	15 101/2	Unigate £1	16/7½*	16/4½*	4·27	12¾	5 a	9 b
73/–	62/–	Brit. Amer. Tobac. ..10/–	67/9	68/3	5·18	23¾	1 21 12 c	1 21 12 c
51/6	40/–	Gallaher 10/–	41/4½	41/7½	4·80	2	5 a	15 b
71/6	65/3	Imperial Tobacco.....£1	68/9*	69/3*	6·50	13¾	8½ a	8½ a
		INSURANCE						
151¾	115 16	Britannic 5/–	133¾	133¾	3·12	...	1 55 b	1 50 a
86/3	61/3	*Commercial Union* ..5/–	67/6	67/6	3·33	...	10 a	25 b
32	17⅞	Equity & Law Life ..8/6	27⅛	28	1·02	...	1 41 17 c	1 41 17 c
176/9	103/9	General Accidents..5/–	145/6	147/6	2·03	...	1 41 17 c	1 41 17 c
60/6	42/7½	Guardian.....5/–	51/9	54/3	2·46**	...	35 a	40 b
39½	23¼	Legal & General 5/–	31¼	31¼	1·52	...	80 a	60 b
146/–	100/–	*Northern & Empl*.....£1	135/6	135/–	2·96	...	8½ a	11½ b
272/6	156/3	Pearl 5/–	227/6	222/6	3·30	...	1 20 a	1 70 b
29	18	Prudential 'A'.....4/–	23½	23¼	2·93	...	1 208 13 c	1 208 13 c
182/–	140/9	Royal 5/–	165/6	162/6	3·08	...	50 a	50 b
129/3	104/6	Royal Exchange £1	115/–	113/6	3·30	...	7½ a	11¼ b
		MOTORS & AIRCRAFT						
18/10½	13/9	British Motor 5/–	14/4½	14/–	7·14	2½	12½ b	7½ a
86/3	66/11½	Jaguar Cars 'A' 5/–	77/6	78/9	1·27	7¾	20 c	20 c
48/6	41/10½	Rolls-Royce.....£1	46/6	46/–	4·78	2¼	2½ a	8½ b
10/–	6/8¼	*Rootes Motors 'A'* ..4/–	7/6	7/4½	6·51	5¼	12 c	12 c
88/9	52/2¼	A.C.V. £1	76/3	76/10½	4·16**	2½	7½ a	7½ a
99/10½	79/–	Leyland Motors £1	97/–	98/6	4·06	...	15 c	20 c
18/6	14/–	Bristol Aeroplane ..10/–	17/4½	16/11¼	7·38	...	3½ a	9 b
33/3	28/11½	Hawker Siddeley £1	31/11½	30/10½	6·87**	11¼	10 a	5 b
41/3	31/9	Dowty Group 10/–	33/6	33/6	4·63	3	4 a	15½ b
28/10½	21/6	Dunlop Rubber 10/–	25/6	25/3	6·27	2	3½ a	12½ b
72/–	52/–	Joseph Lucas.....£1	56/–	55/–	5·00	3	11¼ a	12½ a
33/3	20/–	Pressed Steel.....5/–	22/–	20/3	7·41	1¼	2 a	2 b
46/3	32/3	Triplex Holdings ..10/–	33/9	32/6	3·85	3	15 c	12½ c
		MINES						
168/9	110/–	Anglo-American....10/–	123/9	126/3	7·13	11½	40 a	50 b
67/3	43/–	Consolid. Gold Fields .£1	54/–	51/3	9·76	2	183¾ b	61¼ a
108/9	72/6	General Mining £1	79/4½	82/6	8·48	2	15 a	20 b
68/6	40/–	Union Corporation ..2/6	51/6	48/9	8·21	3	40 a	120 b
25/3	15/3	Daggafontein 5/–	18/3	18/3	21·92	11½	40 a	40 b
125/–	73/9	Free State Geduld ...5/–	83/9	81/3	10·46	2	100 b	70 a
54/3	37/6	Hartebeestfontein ..10/–	41/3	41/3	12·12	11½	25 a	25 b
64/6	41/10½	President Brand 5/–	53/9	55/7½	9·89	11½	60 b	50 a
157/6	101/3	Western Holdings ..5/–	122/6	121/3	8·25	11¼	110 b	90 a
28/6	15/9	*Winkelhaak*.....10/–	18/6	18/6	...	8½	9 a	9 a
75/3	55/–	Chartered £1	64/–	61/–	12·34	2	13½ a	36¾ b
63/6	51/3	Rhod. Anglo-Amer. ..10/–	57/–	56/9	14·10h	2	9 b	20 a
11 7½	8/3	Rhod. Selection Tst. ..5/–	9/3	9/–	9·55h	2¼	12 a 6	41 16d
6 11½	4 101/2	Roan Antelope.....5/–	5/3	5/3	14·38h	13¼	10 5 16 a	4 b
30/9	21/3	Tanganyika Cons....10/–	21/6	21/3	17·65	11½	22½ b	15 a
81/6	63/–	Consolidated Zinc....£1	71/10½	68/–	5·88	13½	6¼ a	13¾ b
159 41½	110/–	De Beers Defd. Reg. 5/–	131/3	133/9	9·35	13¼	100 a	150 b
$159	$104	Internat. Nickel ...n.p.v.	$155½	$153	1·75	...	$1·50c	$1·50c
22/6	12/10½	Rio Tinto.....10/–	19/1½	20/7½	6·79**	11½	7½ c	27½
45/–	30/–	Tronoh 5/–	74/–	77/–	4·55**	...	20 c	27½ c
88/6	35/6						62½ c	70 a
		OIL						
61/6	45/6	British Petroleum £1	46/6	46/9	8·15	2¼	1 37½ a	1 37½ b
49/6	35/9	*Burmah Oil* £1	37/3	36/–	8·51	1¼	1 25 a	1 25 b
52/–	37/–	Castrol.....10/–	40/–	39/6	5·06	2½	2 23½ a	2 23½ a
£151 16	£105⅜	Royal Dutch .....20 fl.	£10 3/8	£11 5/8	4·02	2½	95/6	64/3
139 71½	108/9	Shell Transport £1	124/9	120/9	5·63	3	1 01 16	1 08 b
41/3	27/–	Ultramar 10/–	30/4½	27/–	...d	...	36/–	22/3
		PAPER & NEWSPAPERS						
14 9/7½	9/10½	Daily Mirror.....5/–	12/3	12/–	6·25**	11¼	2 a	4 b
9 6/–	5/7	W. H. Smith & Son 'A'.£1	59/–	61/6	3·90	2	46/6	40/6
46/3	52/–	Spicer & Pepper.....£1	54/6	54/9	6·02	1¾	1 02 12 a	1 02 12 a
36/6	44/–	Albert E. Reed.....£1	49/6	50/–	6·40	13¾	1 01 8 b	1 01 8 b
54/3	37/6	Spicers.....£1	45/9	44/6	5·62	13¾	6/10½	5/2¼
18 10½	18/3	Thomson Org'n 5/–	18/10½	18/6	6·49**	2	7/4½	5/6
68/9	50/6	Wiggins Teape £1	58/–	55/6	5·05	2	93/–	77/–
		SHIPPING						
46/3	36/–	Brit. & Com'wealth. 10/–	39/–	38/9	5·16	2	6½ a	13½ b
20/–	14/6	Cunard.....£1	8 c	6 c	14 10½	14 7½	2	1¼
21/6	20/9	France Fenwick.....£1	8 c	6 c	6·75	1½	1 01 8 c	1 01 8 c
42/6	39/6	Furness Withy £1	10 c	10 c	5·06	2¾	1 01 8 c	1 01 8 c
15/–	10/6	London & Overseas..5/–	7½ a	10 b	...		1 01 8 c	1 01 8 c
48/6	34 10½	P & O Defd.....£1	3 a	8 b	41 4½	40/3	5·47	1
17/9	12/–	*Reardon Smith*.....10/–	2½ c	2½ c	14 4½	14 11½	1·77	...
25/–	13/9	Royal Mail.....£1	8 c	5 c	15/–	14 7½	6·84	...
		STEEL						
74 10½	54/6	Colvilles £1	6 a	10 b	56 7½	56 11½	5·70	4½
43 7½	27/6	*Dorman Long*.....£1	6½ b	3½ a	29/9	27 7½	7·24	2½
49 10½	32/4½	Lancashire Steel.....£1	7½ b	3½ a	34 10½	32 7½	6·74	3½
42/–	28/–	South Durham.....£1	8 b	4 a	30 11½	28 11½	8·53	2
47 8¼	26 11½	Steel Co. of Wales.....£1	7½ b	5 a	44 10½	42 10½	7·00	3½
57 4½	40 10½	Stewarts & Lloyd.....£1	15 c	5 a	45 7½	44 7½	6·72	2¾
47 3⅛	26 11½	Summers £1	5 a	6 a	43 11½	44 7½	6·01**	3
38/–	28/–	United Steel.....£1	12 b	4·8a	6·29**	3		

Manpower and Output

Labour figures relate to Great Britain and production figures to United Kingdom unless otherwise stated.
M = Monthly averages or calendar months.
W = Weekly averages.

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

BRITISH

Prices and Wages.....	July 29th	External Trade	Aug. 5th
Manpower and Output....	This week	Industrial Profits	July 15th

OVERSEAS

Western Europe.....	Aug. 12th	United States.....	July 8th

	Unit	Mid-year or averages			1960			1961				
		1958	1959	1960	May	June	July	Mar.	April	May	June	July
TOTAL MANPOWER		June figures										
Working population:												
Total	'000s	24,070	24,145	24,436	24,394	24,436	24,477	24,517	24,547	24,560	24,590	...
Men	"	16,160	16,137	16,239	16,229	16,239	16,234	16,284	16,285	16,284	16,283	...
Women	"	7,910	8,009	8,197	8,165	8,197	8,243	8,233	8,262	8,276	8,307	...
Armed Forces	"	614	565	518	521	518	516	485	479	478	474	...
Civil employment:												
Total	"	23,080	23,197	23,628	23,559	23,628	23,662	23,710	23,768	23,811	23,865	...
Manufacturing industries (1)	"	...	8,477	8,811	8,794	8,811	8,848	8,894	8,916	8,913	8,917	...
Manufacturing industries (old basis) (1)	"	9,147	9,169	...	...	...	...	...	...	...	...	...
Employees (1):												
in engineering (2)	"	...	3,545	3,740	3,739	3,740	3,730	3,785	3,797	3,801	...	...
in consumer goods industries (3)	"	...	3,102	3,154	3,141	3,154	3,191	3,162	3,168	3,163	...	...
UNEMPLOYMENT		Monthly averages										
By duration:												
All durations—total	"	457·4	475·2	360·4	341·2	305·1	292·0	350·8	340·1	299·3	265·9	258·6
Temporary or under 2 weeks	"	141·0	120·8	89·8	73·2	66·2	72·5	99·8	92·2	77·2	67·8	69·3
Over 8 weeks	"	197·7	243·4	187·6	198·3	172·1	163·2	174·3	171·8	158·2	140·1	136·4
By regions (4):												
Great Britain	%	2·1	2·2	1·6	1·5	1·4	1·3	1·6	1·5	1·3	1·2	1·2
London and South Eastern	"	1·3	1·3	0·9	0·9	0·8	0·7	1·0	1·0	0·9	0·8	0·7
Eastern	"	1·7	1·5	1·3	1·1	0·9	0·9	1·2	1·2	0·9	0·8	0·7
Southern (5)	"	1·6										
South Western (5)	"	2·2	2·2	1·7	1·5	1·3	1·2	1·6	1·4	1·2	1·1	1·0
Midland	"	1·6	1·5	1·0	0·7	0·7	0·6	1·5	1·3	0·9	0·8	0·9
North Midland	"	1·6	1·5	1·1	1·0	0·9	0·8	1·2	1·0	1·0	0·8	0·7
East and West Ridings	"	1·9	1·9	1·2	1·1	1·0	0·9	1·0	1·0	0·9	0·8	0·8
North Western	"	2·7	2·8	1·9	2·0	1·8	1·7	1·6	1·7	1·5	1·4	1·3
Northern	"	2·4	3·3	2·8	2·8	2·5	2·3	2·4	2·4	2·3	2·0	1·9
Scotland	"	3·8	4·4	3·6	3·5	3·2	3·2	3·3	3·2	3·0	2·8	2·7
Wales	"	3·8	3·8	2·7	2·5	2·3	2·1	2·6	2·5	2·2	2·1	1·9
VACANCIES												
Unfilled vacancies notified to Employment Exchanges: Total	'000s	198	224	314	327	361	380	314	337	354	383	396
INDUSTRIAL PRODUCTION												
Index:												
All industries	1954=100	106	113	120	125	119	109	126	123	122	126	...
" " *seasonally adjusted*	"	...	...	...	*121*	*120*	*120*	*121*	*122*	*122*	*123*	...
Mining and quarrying	"	94	92	89	93	88	73	89	88	87	...	...
Construction	"	105	111	118	117	...	...	121	...	...	...	...
Gas, *electricity and water*	"	119	123	133	119	111	107	146	133	127	...	...
Manufacturing, total	"	107	114	123	129	122	112	128	126	125	...	...
" " *seasonally adjusted*	"	...	...	...	*124*	*123*	*123*	*124*	*125*	*124*	...	...
Engineering and electrical goods	"	111	118	127	128	127	117	139	133	131	...	...
Shipbuilding	"	109	101	92	92	93	89	94	94	93	...	...
Vehicles	"	118	131	139	158	144	126	141	141	143	...	...
Chemical trades	"	115	131	145	150	144	137	154	151	...	...	...
Textiles, leather and clothing	"	91	98	102	105	96	92	109	103	98	...	...
BASIC MATERIALS		M/W averages										
Production of:												
Coal (7) (8)	W	'000 tons	4,150	3,963	3,725	3,988	3,628	2,978	3,763	3,679	3,630	3,792	3,279
Pig iron	W	"	245	242	303	299	295	289	313	308	300	297	277
Steel, ingots and castings	W	"	369	388	467	475	466	391	471	472	466	448	380
Sulphuric acid	M	"	186·8	202·3	225·1	215·4	217·0	225·2	242·0	218·8	224·5	221·7	...
Newsprint	W	"	11·81	12·87	14·25	15·48	15·59	10·86	15·06	14·34	14·04	14·74	...
Electricity (7) (11)	M	*mn.* kwh	8,208	8,764	9,904	*8,781*	*7,782*	7,770	11,236	9,835	9,697	*8,812*	...
MANUFACTURING												
Textile production:												
Cotton yarn, single	W	mn. lb.	14·77	14·58	14·44	15·65	13·25	12·35	14·28	14·33	14·34	12·08	...
Worsted yarn (12)	M	"	17·18	19·34	20·40	21·30	19·29	17·55	22·89	19·20	21·14	22·40	...
Rayon and synthetic fibres	M	"	35·18	42·89	49·33	51·99	48·34	46·65	47·53	42·18	46·3	49·3	...
Cotton cloth, woven	W	mn. yds.	27·0	25·7	24·9	26·5	24·9	15·7	25·4	25·7	25·3	25·7	...
Wool fabrics, woven (12)	M	mn. sq. yds.	29·1	30·4	30·6	30·4	29·5	29·3	31·7	24·6	29·4	32·8	...
Engineering production:												
Passenger cars and chassis	W	'000s	19·84	22·88	26·01	34·13	29·62	23·51	19·56	19·35	22·58	23·19	...
Commercial vehicles and chassis	W	"	5·90	7·13	8·81	9·48	9·68	6·96	9·27	9·41	9·70	9·61	...
Internal combustion engines (12)	M	'000 BHP	378	468	577	606	592	510	737	599	...	...	...
Metal-working machine tools (12)	M	£'000	6,993	6,564	7,911	7,107	7,520	8,532	11,158	9,358	9,670	...	...
BUILDING ACTIVITY (10)												
***Permanent* houses completed:**												
Total	M	'000s	20·13	20·78	22·44	22·99	24·31	22·41	22·97	21·12	22·78	*24·38*	...
For *local housing authorities*	M	"	9·43	8·29	8·60	9·14	9·44	8·36	8·98	7·14	7·72	8·39	...

(1) Current statistics of employment by industry, based on the 1958 Standard Industrial Classification, *go back only to* May, 1959. Manufacturing employment for earlier dates is shown on the old basis (*1948 SIC*). (2) Engineering and electrical goods, shipbuilding and marine engineering, vehicles, metal goods. (3) Textiles, leather *goods*, clothing, food, drink and tobacco, timber, furniture, paper, printing and publishing. (4) *Number registered as* unemployed expressed as a percentage of the estimated number of employees. (5) *Dorset* (excluding Poole) was transferred from the *Southern* to the *South* Western Region on May 12, 1958. (6) Average for first *quarter*. (7) Great Britain. (8) Excluding all screening losses normally amounting *to around 5,000 tons* a week. (9) Average for second quarter. (10) England and Wales. (11) Generation for public supply. (12) Deliveries.

APPOINTMENTS

ORGANISATION AND METHODS

The Birfield Group of Companies has a vacancy for an O. and M. Officer to take charge of this function. He will be executively responsible to the parent company's Secretary who has been trained in O. and M. and he will undertake assignments to advise companies of the Group.

Applications are invited from men interested and experienced in this work. It is likely that the successful applicant will be aged 30-35 years, of sound commercial training, with two or three years O. and M. experience, the requisite personal qualities and currently earning in excess of £1,000 per annum.

The department is located at the offices of Hardy Spicer Limited in Birmingham and initial application should be made, stating age, education, training and experience, to the

Personnel Manager,
Hardy Spicer Limited,
Chester Road, Erdington,
Birmingham 24

EXCEPTIONAL OPPORTUNITY— NEW ZEALAND

An exceptional opportunity for a Chief Accountant/Administration Executive exists in the Head Office of a progressive industrial finance corporation in Wellington. The company has international affiliations, and branches and associate companies throughout New Zealand.

The applicant should be a qualified accountant, aged between 30 and 45, and with a background of proven ability, commercial accounting experience and organisation. Duties include the supervision of all accounting of the parent company and associated companies at Wellington, the development of mechanical accounting, records, general office routine and co-ordination of accounting staff.

Salary will be commensurate with the position and there is a superannuation scheme.

Applications, marked "Confidential," to Box TE.913 c/o Hanway House, Clark's Place, London, E.C.2.

B Nylon S

ECONOMIC RESEARCH

British Nylon Spinners Limited invite applications from graduates with a good honours degree in economics for an appointment in the Economic and Market Research Unit of their London Office.

The activities of the Unit are interesting and varied, covering a wide range of markets and products, and the successful candidate will be in a position to obtain a thorough understanding of all aspects of the Unit's activities.

Initially, the successful candidate's particular concern will be events and developments in international trade of importance to the Company's interests. These include the trend to regional free trade groups, such as the E.F.T.A. and the E.E.C., activities of the G.A.T.T. and the trade policies of a number of countries with particular reference to tariffs and quotas.

Applications should be addressed to the Recruitment Officer,

British Nylon Spinners Ltd.,
PONTYPOOL, MON.

quoting reference L/14.

DEMERARA COMPANY LTD.

Proprietor of two Sugar Estates and a Distillery in British Guiana requires

FINANCE OFFICER

who would be stationed at the Company's Georgetown Office and would be responsible to G. H. B. Hutchinson, Chairman of the Estates Management Committee, as his financial adviser, as co-ordinator of all accounting control information and its presentation and return to Head Office in the U.K. and generally.

Preference given to candidates of Guianese or West Indian origin aged between 30 and 40, who should possess Chartered Accountant's qualifications and should have had experience of modern budgetary control systems.

Remuneration will be about £2,500 p.a., depending on qualifications, with free housing and a car. Generous contributory pension scheme and leave, with passages paid to country of origin.

Applications to Managing Director, Demerara Co. Ltd., Martins Bank Building, Liverpool, 2, for onward transmission to British Guiana. It is hoped to hold final interviews for shortlisted candidates in London about 21st September.

CONSUMER MARKET RESEARCH.—Sociologist/Economist required for interpreting a series of the most comprehensive household habits surveys ever implemented in U.K. Age about 25-30, with knowledge of marketing or advertising preferred. Practical experience in the field of sociological research important. Opportunity to study data from one of the largest operations of its kind for a man who will make an active contribution to this developing area of research. Salary range £1,250-£1,500. Pension, etc.—Applications, with full details of age, education, qualifications, experience and present salary, to Vice-Admiral Sir Guy Sayer, Attwood Technical Services, Limited, West Halkin House, West Halkin Street, London, S.W.1, quoting ref. RP/7.

COMMISSION FOR THE NEW TOWNS

SECRETARY AND FINANCE OFFICER

The Commission for the New Towns which will come into being on 1st October, 1961, will require a Secretary and a Finance Officer. There will be a contributory pension scheme.

The Secretary will be the chief executive officer of the Commission which is charged with taking over, holding, managing and turning to account the property now vested in Development Corporations. The post will demand organising and administrative ability of a high order. Salary £5,000; a higher figure would be considered if warranted by exceptional experience and qualifications.

Applicants for the post of Finance Officer should be Chartered Municipal Treasurers, Chartered or Incorporated Accountants or certified Corporate Accountants, or have equivalent qualifications, and should have a wide and varied experience in commerce or in public service. Salary £4,000; again a higher figure would be considered if warranted.

Applications, giving date of birth, education, qualifications and experience, should be addressed not later than 15th September to the Chairman-designate, Commission for the New Towns, c/o The Ministry of Housing and Local Government, Whitehall, S.W.1.

UNIVERSITY OF GHANA

DEPARTMENT OF SOCIOLOGY

Applications are invited for (a) SENIOR LECTURER or LECTURER with special interest in social anthropology and experience and interests in Africa, and (b) SENIOR RESEARCH FELLOW or RESEARCH FELLOW particularly competent in advanced research methods, including statistical techniques and with interest in problems of economic development and social change.

Salaries: Senior Lecturer and Senior Research Fellow: Ghanaians: £G1,750 x £G75—£G2,200; *non-Ghanaians*: £G2,100 x £G90—£G2,640. Lecturer or Research Fellow: Ghanaians: £G1,050 x £G50—£G1,400 x £G75—£G1,850; £G1,900; *non-Ghanaians*: £G1,260 x £G50—£G1,680 x £G90—£G2,220; £G2,280. Entry at appropriate position.

Appointment normally five years in first instance.

Outfit allowance £G60. Car allowance £G150 p.a. Family allowance for non-Ghanaians for each child in West Africa £G50 p.a. or, if under age of 21 and being educated outside West Africa, £G100 p.a. (maximum 5 children). Part-furnished accommodation at charge not exceeding 7.5 per cent of salary. F.S.S.U. policies maintained if already held, or superannuation on similar basis.

Passages for appointee and family on appointment and normal termination. Annual leave with 3 overseas return passages in every 4 years for *non-Ghanaians* and one every three years for Ghanaians.

Applications (six copies) with full details of qualifications, experience, etc., and naming three referees to be sent before 25th September, 1961, to the Assistant Registrar (London), University of Ghana, 15 Gordon Square, London, W.C.1, from whom further information may be obtained.

For other appointments see page 746

STAFFORDSHIRE COUNTY COUNCIL

EDUCATION DEPARTMENT

Applications are invited for the appointment of a STATISTICAL OFFICER. This is a new appointment and the person appointed will be responsible for the collection, correlation and analysis of statistical information relating to the Education service in Staffordshire.

Salary in accordance with A.P.T. Grade III (£960-£1,140 p.a.).

Further details and application forms may be obtained from the Director of Education (*Admin.*), Education Offices, Earl Street, Stafford, to whom completed applications should be returned by 8th September, 1961.

F. H. EVANS,
Clerk of the County Council.

EDUCATION; BUSINESS AND PERSONAL

EXPERT POSTAL TUITION

for Examinations—B.Sc.(Econ.), Law, Accountancy, Costing, Secretarial, Civil Service, Management, Export, Commercial, General Certificate of Education, etc. Also many practical (non-examination) courses in business subjects.—Write *to-day* for free prospectus *and/or* advice, mentioning examination or subjects in which interested, to the Secretary (69D).

METROPOLITAN COLLEGE, ST. ALBANS

or call at 30 Queen Victoria Street, London, E.C.4. Established 1910.

SECRETARIAL TRAINING, especially for university graduates and older students. Six-month and intensive 14-week courses.—Write Organising Secretary, Davies's, 158 Holland Park Avenue, W.11. PARK 4654.

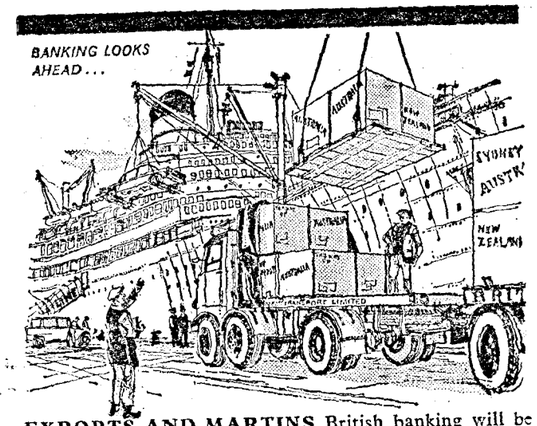
TUITION FOR B.Sc. ECONOMICS

Wolsey Hall (Est. 1894) provides Postal Courses in a wide range of subjects for the two examinations for London Univ. B.Sc.(Econ.) (three if entrance is included) at moderate fees. 1,431 Wolsey Hall students passed London Univ. B.Sc.(Economics) exams. 1959-60. Tuition also for G.C.E., Law, Statistical, other exams. —Prospectus (mention examination) from E. W. Shaw Hellier, C.B.E., LL.B., Director of Studies, Dept. P.17.

WOLSEY HALL, OXFORD

HOW MUCH FOOD can you get from packeted soups? SHOPPER'S GUIDE (15s. per annum) shows their highest percentage of protein to be under one-tenth of adult needs. —Write, Consumer Council, Orchard House, Orchard Street, W.1.

THE ECONOMIST AUGUST 19, 1961



EXPORTS AND MARTINS British banking will be required to play a vital role in the expansion of our export trade. It is a challenge that Martins is well placed to meet with its Head Office in the city-port of Liverpool, with over 600 branches at home and with world-wide connections overseas. For many years Martins has offered a range of specialised services to those engaged in overseas trade. These services are continually being strengthened and improved and the Bank is always looking ahead to provide new facilities quickly when changed conditions demand them. Information and advice on exporting matters are available from all our branches, who can call upon the special facilities of our Information Department at Head Office.

Martins Bank

P7 *Martins Bank Limited. Head Office: 4 Water Street, Liverpool 2*

Planning to set up in business in

Canada?

How is a company incorporated in Canada? What about income and other business taxes? Are there provincial as well as federal taxes? For answers to these and other questions vital to businessmen planning to set up operations in Canada, write or phone either of our London offices for a recently revised copy of our 'Memorandum Relating to Carrying on Business in Canada'.

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Incorporated with limited liability in Canada in 1869

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Assets Exceed $4,000,000,000

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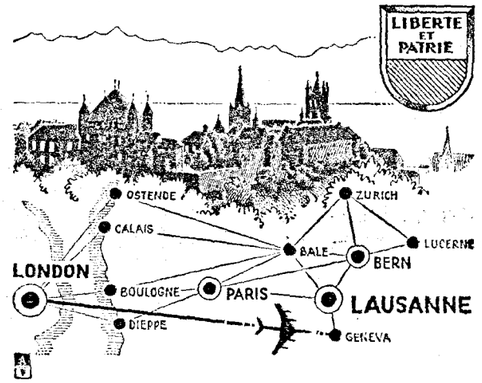
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(ALL FIGURES REPRESENT £ MILLIONS)

1961 First Half-year			RESULTS	1960 First Half-year			1960 Second Half-year		
			TURNOVER						
947			of which sales to third parties	908			939		
720				682			705		
COMBINED	LIMITED	N.V.		COMBINED	LIMITED	N.V.	COMBINED	LIMITED	N.V.
51·9	29·0	22·9	Profit before taxation....	55·8	30·6	25·2	50·3	27·3	23·0
26·5	15·0	11·5	Taxation on profit.....	27·8	14·5	13·3	25·8	13·4	12·4
25·4	14·0	11·4	Profit after taxation....	28·0	16·1	11·9	24·5	13·9	10·6
2·5	Minus ·2	2·7	Exceptional items.....	1·6	·5	1·1	·3	Minus ·4	·7
1·0	·4	·6	Minority interests	1·2	·5	·7	1·2	·4	·8
26·9	13·4	13·5	CONSOLIDATED NET PROFIT.	28·4	16·1	12·3	23·6	13·1	10·5

10th August, 1961.

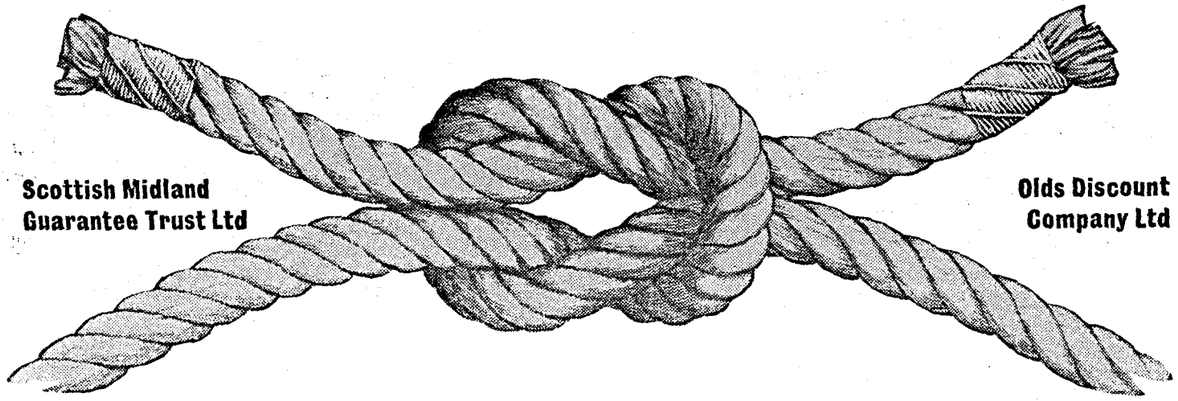
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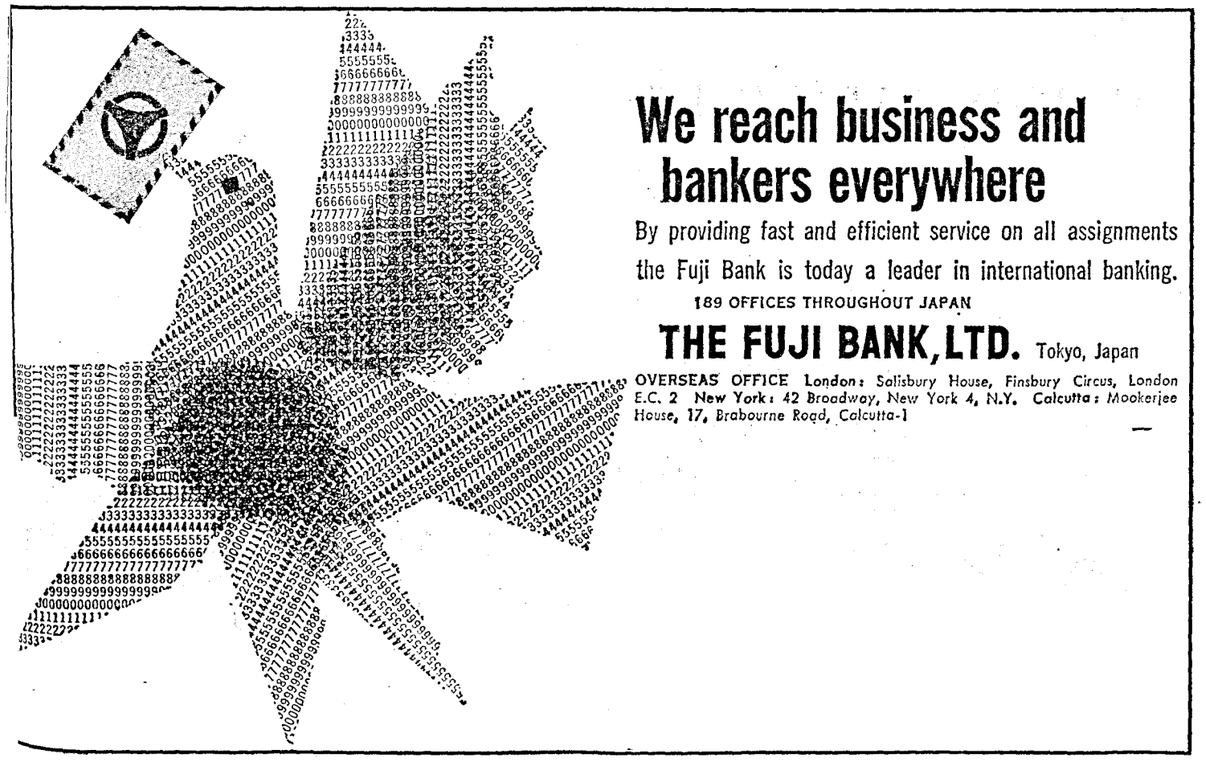
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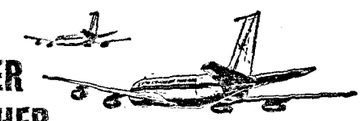


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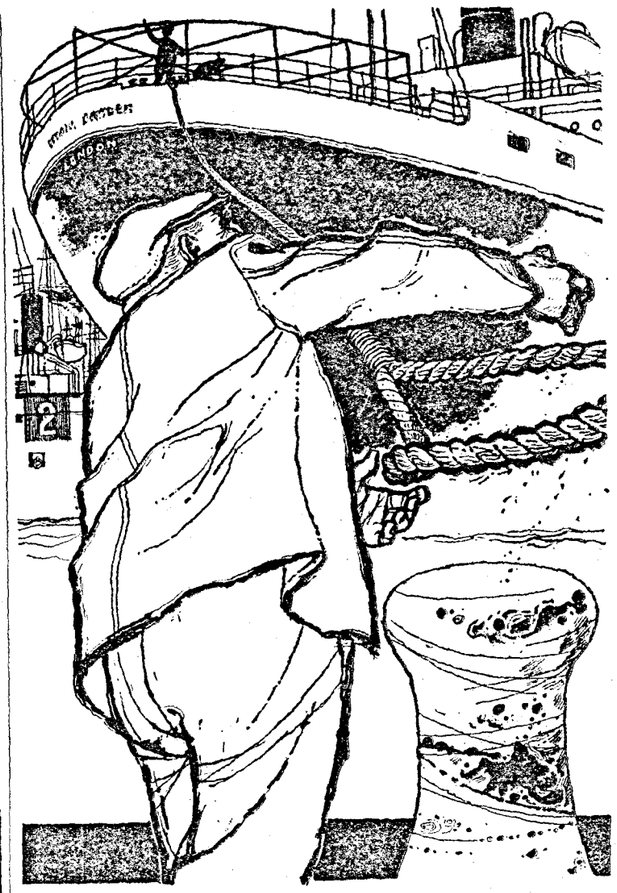
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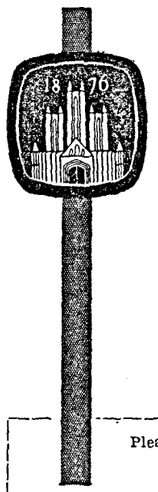
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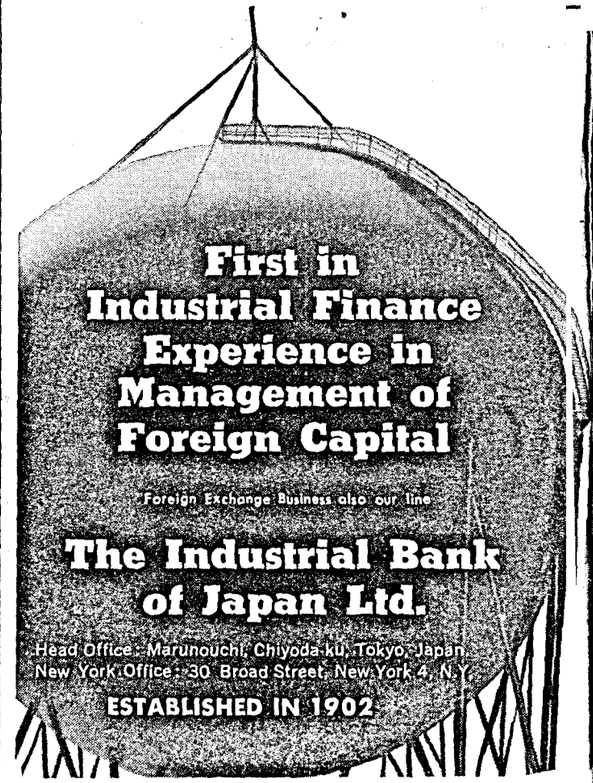
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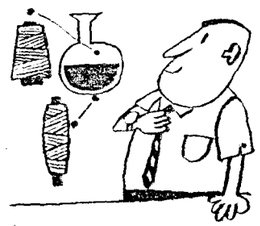
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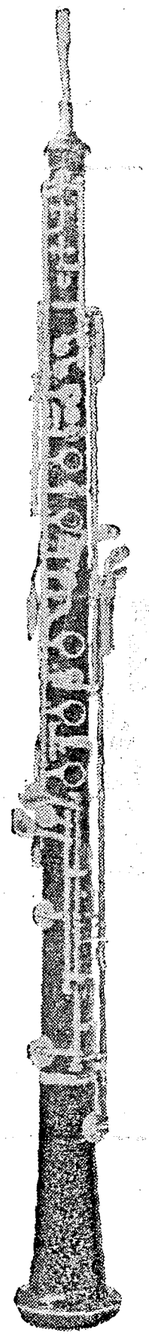
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Facing East page 774

Aid in Perspective pages 788 to 790

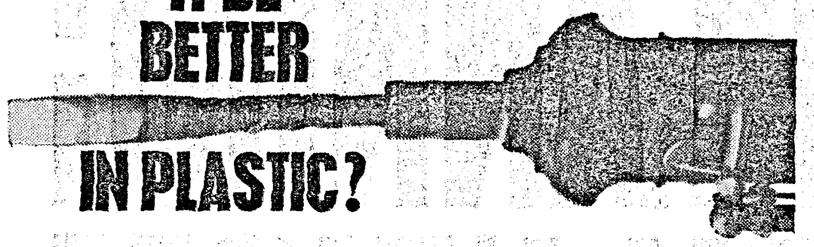
Reluctant Philanthropists in Washington page 791

Where is Leyland Driving? page 811



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INTERNATIONAL

Pleasure of Giving

The United Nations can be regarded as a place for talking away difficulties; or, more hopefully, it can be used as a dynamic instrument, capable of service to the big as well as the smaller members (p. 775).

AID IN PERSPECTIVE Three pages of charts and tables show who is giving and who is receiving—and the amounts (p. 788-90).

Giving of Pleasure

Kenya : Mr Jomo Kenyatta has given hope to some of his countrymen (p. 781).

Britain : Now is the swarming season for overseas students to the United Kingdom (p. 782).

Northern Rhodesia : The future comfort of the protectorate lies in the hands of the British Government (p. 780).

Pan-Africa : Europe may yet donate an element of unity to those gay receivers, the anti-colonialists (p. 782).

Giving of Displeasure

Mozambique : The exiled Africans in Dar-es-Salaam wish few delights on the Portuguese governors of the overseas territory to their south (p. 809).

Portugal : The topsy-turvy outside world is, in Lisbon eyes, painfully misguided. No matter—in Lisbon's view, the world will return to its senses again one day (p. 806).

Spain : Basque partisans, royal dukes, and Pimpernel figures from the past are disturbing the long sleep imposed by General Franco (p. 779).

Germany : Not all the voters are pleased with Dr Adenauer (p. 805).

Berlin : Tugs from both east and west : it has long been split at the seams (p. 777).

Geneva : It is hard to calculate what technical advantage there would be for the West if America resumed nuclear testing (p. 777).

Tel Aviv : Mr Ben Gurion is frustrated because he is apparently unable to bequeath a two-party system to Israeli politics (p. 808).

Displeasure of Giving

President Kennedy is trying to avoid a Waterloo over his foreign aid Bill (p. 791).

The American Vice-President may have been too much of a Texan in Berlin last weekend (p. 792).

The American refusal to allow direct flights between New York and Moscow is a way of expressing disapproval of Russia's behaviour in Berlin (p. 792).

This year's Farm Act makes no basic change in the unfortunate system by which American farmers are subsidised (p. 796).

In British Guiana, Dr Jagan must offer his leadership to the country, not to his Indian followers alone (p. 808).

HOME

Grand Strategy

The government's and British industry's new ideas on how to plan the British economy need to be looked at rather quizzically (p. 771).

NATO and Berlin: The West's inadequate conventional forces are acting as though negotiation were the key to the crisis; the politicians are less certain (p. 774).

Leyland Motors: From the lorry-driver's cab, Leyland has no doubt formed some decided views on the world of pleasure motoring, but it has not made clear where it intends to steer Standard-Triumph's car production (p. 811).

Television manufacturers are puzzling over lines and colours, while the viewer has been left in the dark—a full-length documentary would help (p. 812).

Bold Designs

Coal: By raking some of the dirt out of the fireplace, Mr Robens hopes to sell more coal (p. 818).

TUC : This year's annual report is stodgier than ever : but some recent actions give brighter grounds for hope (p. 778).

The Press : A professional contribution to the great Fleet Street debate (p. 780).

School Building : Some exemplary progress—and the case for further rationalisation (p. 779).

National Insurance : Britain has a remarkable machine for social succour : it also needs some gears to control it (p. 780).

Brighton : The landladies' headache (p. 786).

Workers : Continental firms are fishing for labour in Irish waters (p. 786).

Channel Bridge or Channel Tunnel? (p. 817).

Tough Tactics

London Docks : Harder times hit the dockers and reinforce their traditional wariness (p. 785).

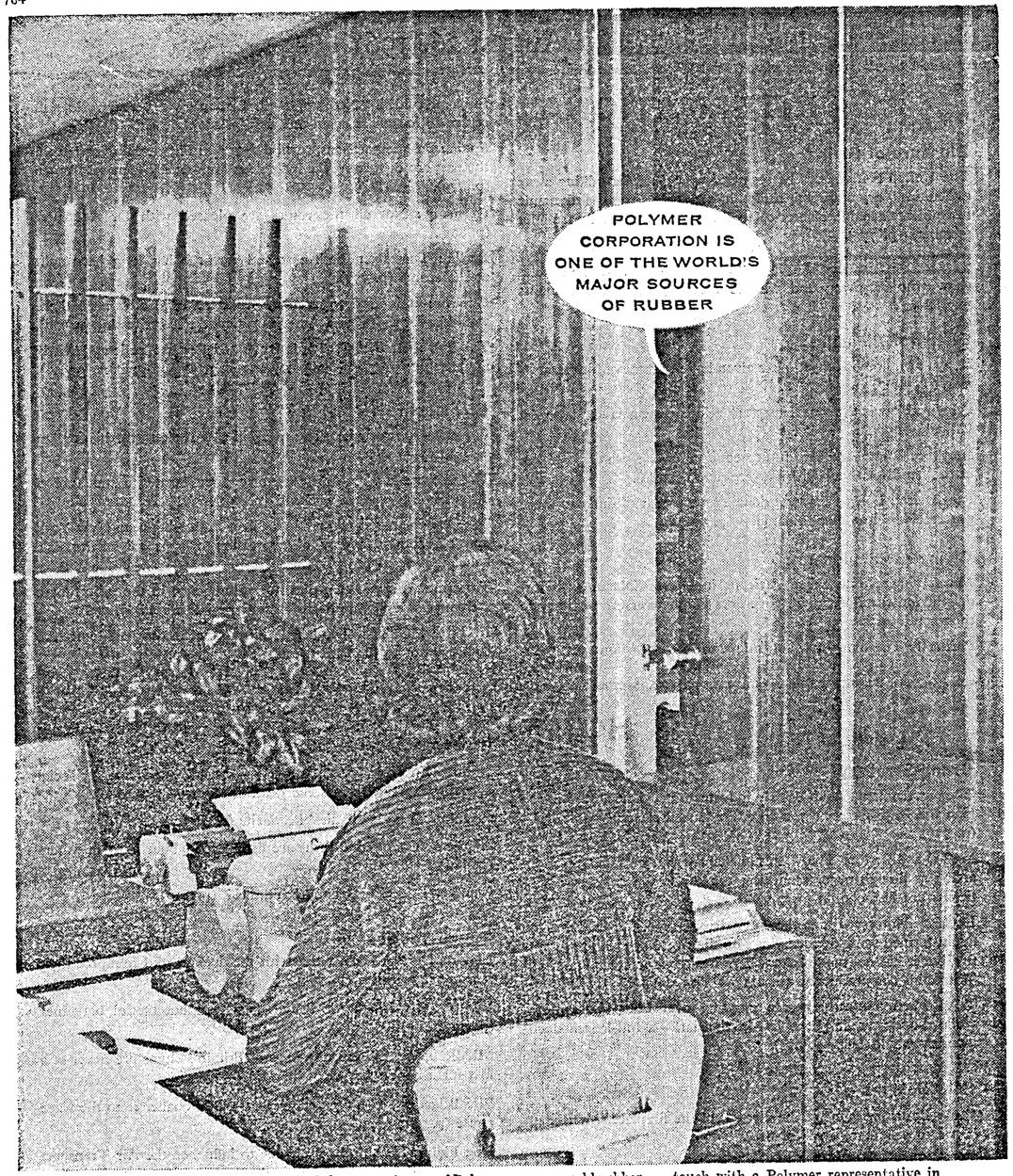
Europe : Mr Heath for Britain is a firm but tactful bargainer (p. 777).

Middlesbrough : The bully-boys of Britain's slums are never at a loss for a handy scapegoat (p. 778).

Fire Brigades : The firemen present a bold challenge to the wage pause (p. 781).

Dog Fight : BEA probably hopes to influence the Air Transport Licensing Board's consideration of applications by rival fliers with its announcement of a prospective loss this year (p. 815).

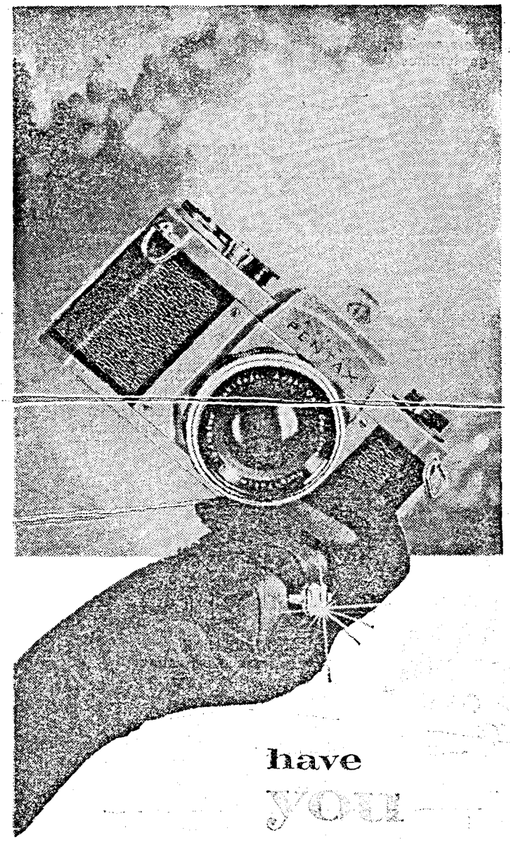
Detailed contents on page 771



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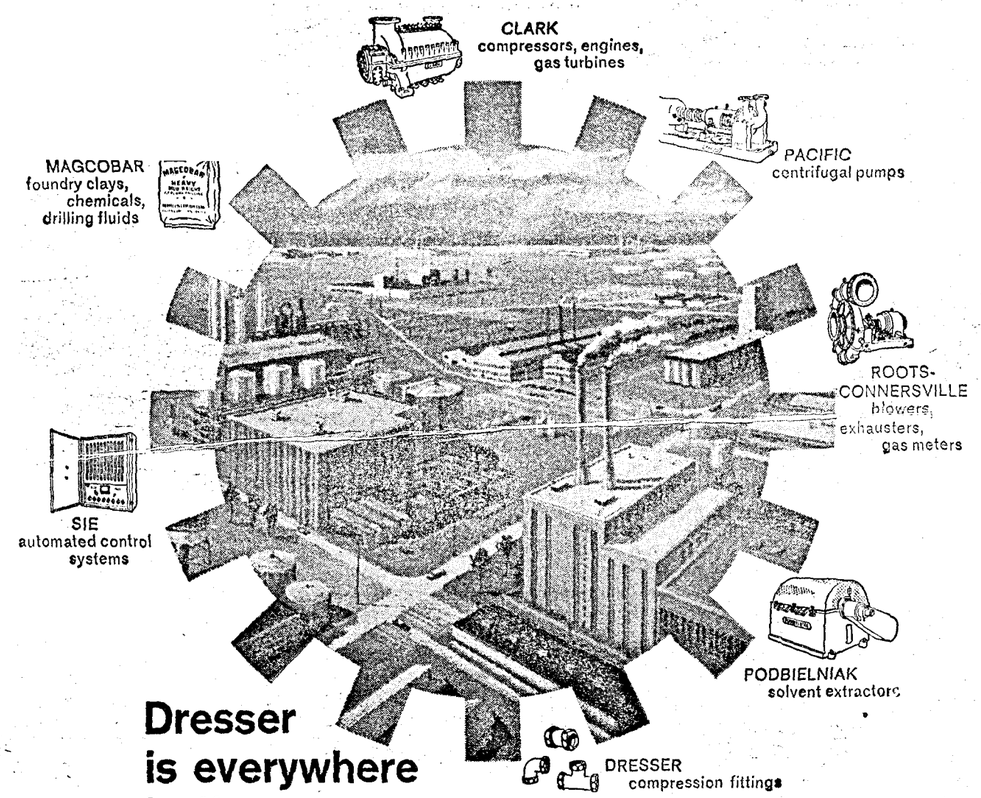
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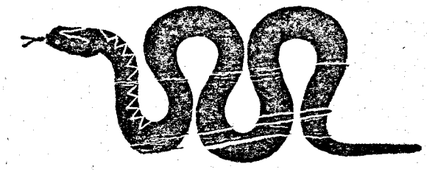
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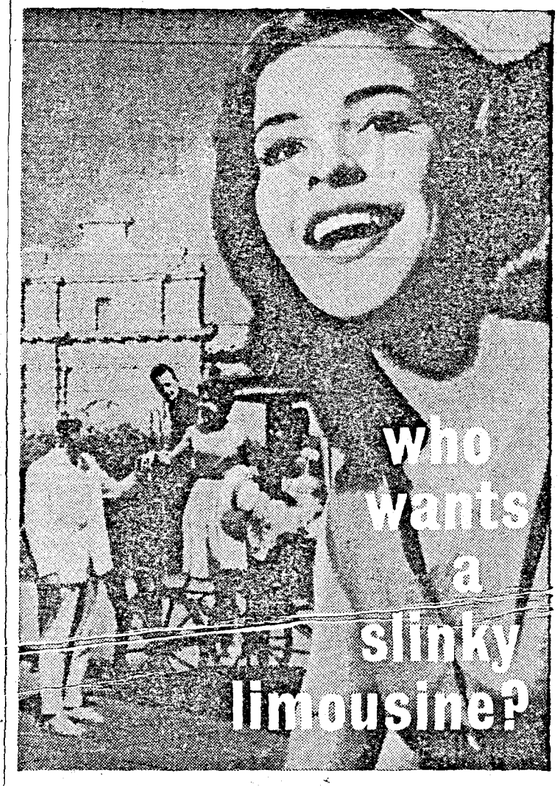
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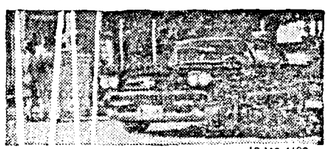
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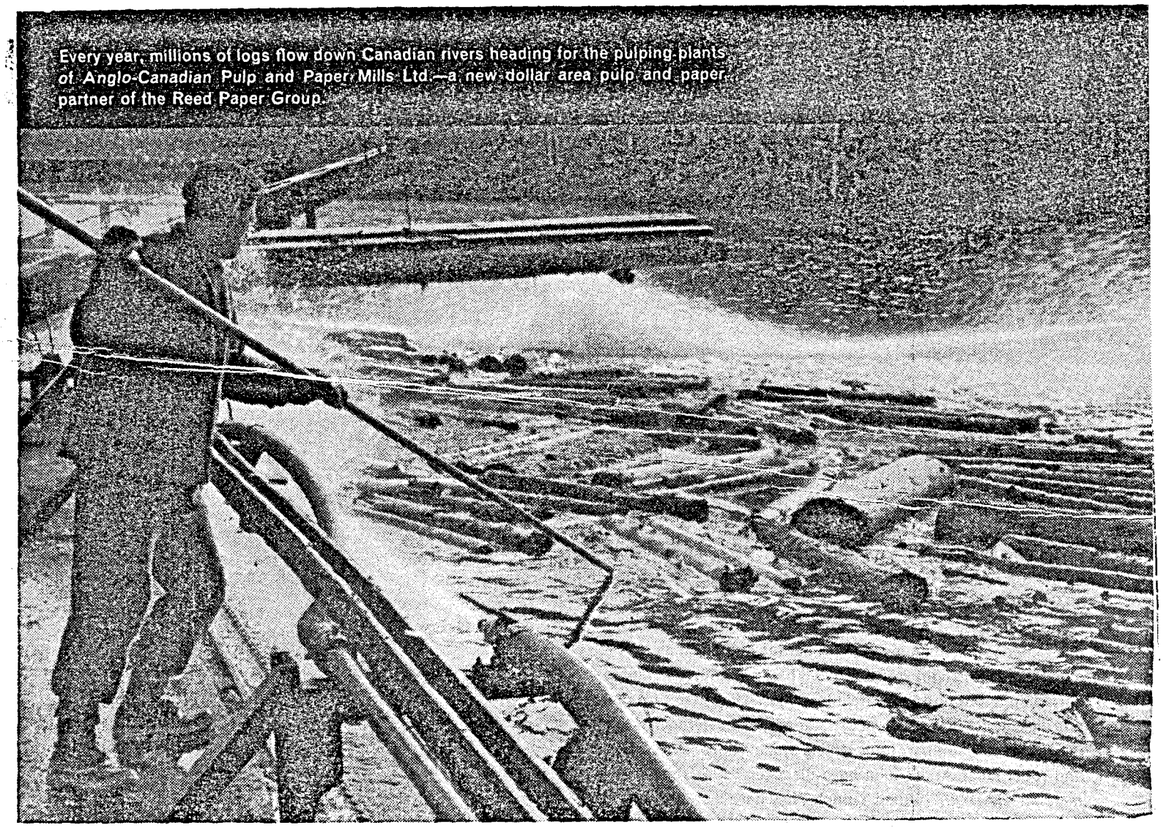
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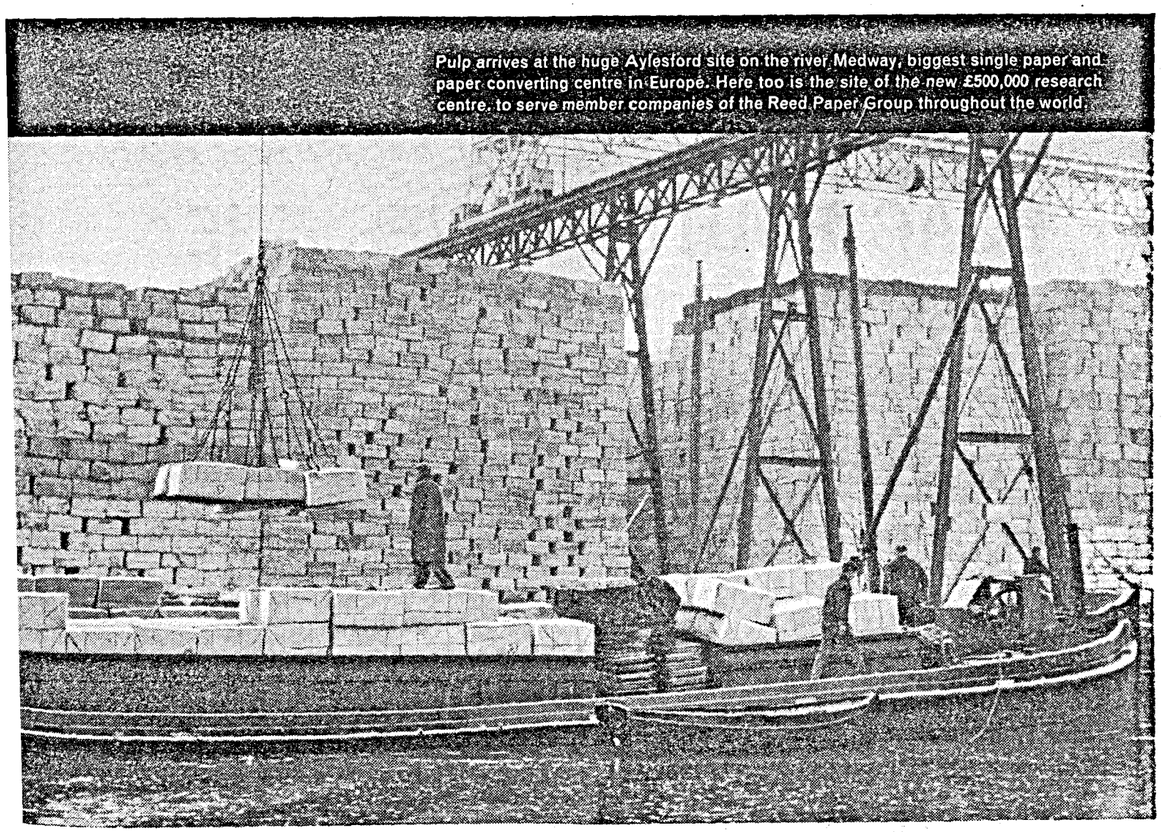


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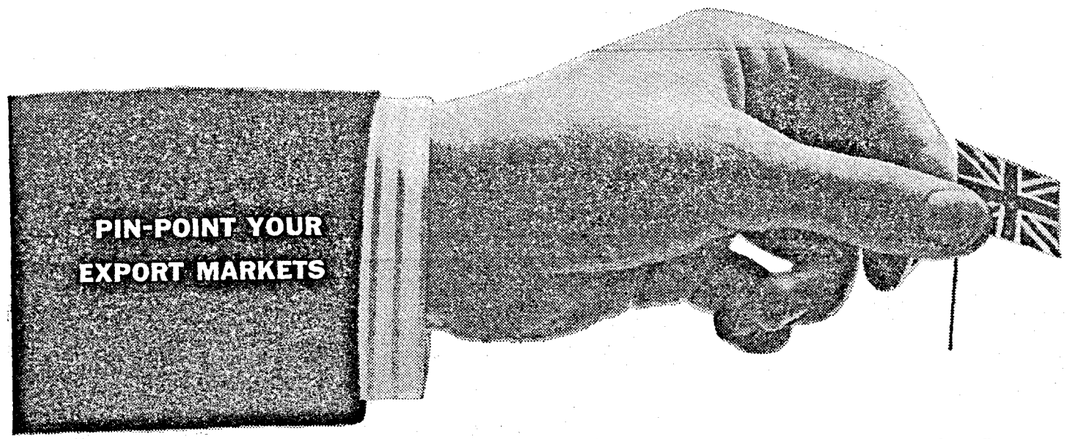
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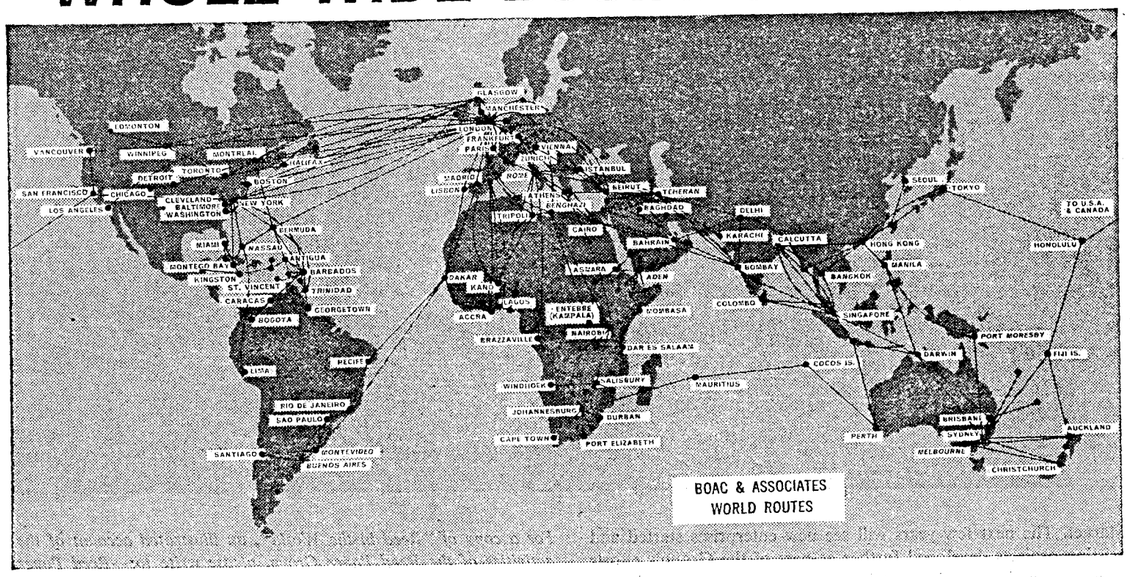
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The Economist

AUGUST 26, 1961

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Planning by Whom?

IT is not very clear what sort of new machinery for long-term economic planning the Chancellor was trying to adumbrate to trade unionists and employers this week, but there are indications that he may be misconceiving what the aims of planning should be. Possibly this was because his immediate audiences were not exactly the easiest people to whom to explain them. But it had better be said straightaway that the objective of planning should not be to get some "representative" committee of trade union leaders, large employers and establishment figures to sit down together, air their mutual prejudices, and strike meaningless verbal compromises with each other, in the hope that Britain's economic difficulties will then somehow be rubbed away. On the contrary, the purpose of any effective new planning machinery should be to diminish the practical power of some of these organised groups, and to increase the influence over public policy and attitudes of what might be called the economic technocrats.

Everybody who has studied the way in which various nations' economic policies have been run since the war knows who these economic technocrats are. They are men who think and operate in terms of (sometimes infuriatingly glib) production targets and planned efficiency drives ; they play something of the role in some nations' affairs that time-and-motion-study men play in some individual factories ; and they have some of the disadvantages and drawbacks of those stopwatch men. Any organisation in which they have too much authority or prestige can become rather soulless ; and even at quite an early stage their extreme worship of figures can look more than a little absurd. One should always be ready to grin at such announcements as a recent one from Japan that "the Government, at a Cabinet conference held in December, 1960, decided to set the 1961 target of the nation's real economic growth at 9.2 per cent." The planning technocrats can also make big mistakes. Yet the fact remains that several successful countries in Europe—not merely France, which is the case everybody talks about now—have clearly expanded their economies more quickly because men who try to guide governments' policies with both eyes on these statistical production targets are in positions of public influence.

In Britain, our nearest equivalent to men with the chance (and with sufficient access to economic information) to act as such technocrats are some civil servants hidden from public gaze in the Treasury and possibly some officials in the Bank of England. Britain, like Europe but unlike America, has the advantage that if the Government has any ideas about how to influence the economy, it can put those ideas fairly quickly into legislative and budgetary effect ; our parliamentary system is superior to America's congressional system in that respect. But the difficulty in Britain has so far been that the climate of opinion has been peculiarly unfavourable to the economic technocrats. Blame for this must be laid on almost every section of what might be called opinion-forming people in our national life. Among Britain's "establishment" and among parliamentary backbenchers, the desire for productive efficiency is very far from being a driving force. Whenever it is proposed to extend a factory in a booming industrial area, there are protests that the proper sites for such ventures are those where 4 or 5 per cent of unemployed local workers need jobs rather than those where production costs will be lowest ; and whenever it is proposed to build a new works in an undeveloped part of the country, angry leading articles declare that it will spoil

some local villagers' or yachtsmen's or nearby gentlemen-farmers' view. British trade unions, too, have never allowed themselves to recognise that the only way in which real wages can be raised is by raising real production; they are much more eager to try to get money wages increases far in advance of productivity increases, and their "examinations" of the ways in which they themselves hold production back always tail off in the end into explanations that they need do nothing because other people are holding back production too. Industrialists do not welcome surveys of ways in which their own particular industries might be improved; they regard such criticisms as libels, and complain that for official bodies to publish them is insulting and unfair. Finally, the Government has hitherto—or, at least, until recently—opposed the publication of target figures for economic growth, apparently because it fears public criticism if these targets are not hit.

Public Sector Planning

THE first advance that has been made in the last few months is that the Government seems to have been converted into viewing the publication of production targets with more favour. It seems probable that, following the recent Plowden report, it is now going to make some attempt to plan or project its own public expenditure programmes for some five years ahead; and that it will do the same, within very broad limits, with the investment programmes of the nationalised industries. When its dissertation on this "public sector plan" appears, some sort of proviso is likely to be made that the plan will only make sense if national production can be raised by an average of, say, 3 per cent a year over this period. Once such a figure is published, it could have the important psychological effect that political argument will be centred on the steps that are needed to achieve it; indeed, the Opposition is likely to say that the target should be set higher, and that might impose some obligation upon the Opposition to devise its policies in a way that would seek to persuade people that it was production-minded too. At the same time it would be logical if the annual Economic Survey and the Chancellor's Budget speech dropped back into the habit of forecasting what sort of increase in production it seems reasonable to aim at in the year immediately ahead; and in conjunction with this the Government might at last begin to plant in the public mind the sort of figure which annual increases in earnings (i.e. in total earnings, including piece-rate earnings, not merely basic wage rates) must not surpass if the country is not to plunge into inflation. The Chancellor has started on this last exercise with his plea for a wages pause: public opinion is being told that the safe immediate increase in wage rates is nought. Although the immediate expostulating reaction of the TUC has been to issue statements about how wicked the Chancellor is, it is noteworthy that the main practical reaction of individual unions has been to slow negotiations over their own wage claims down, to take a later place in the queue.

These fairly long strides towards more public planning can be achieved without any changes in Whitehall's administrative machinery, without setting up any new outside committee. The Chancellor's and the Federation of British Industries' idea of setting up a new two-tier committee (consisting of about twenty-five businessmen and trade unionists in a top council, with an "office" of economic technocrats beneath them) is relevant to a different problem: to whether Britain should be prodded into what might be called "indicative planning" for the private sector of the economy as well. If this is to be done, it is important that the economic technocrats should do most of the estimating work, and (even if they are nominally called subordinate to the businessmen and trade unionists) exert most of the real influence. The French system of planning (which is excellently described in a recent pamphlet by Political and Economic Planning*) has arranged this division of power rather well. It deserves close study.

The French Model

THE French *Commisariat Général au Plan*, which was the brainchild of M. Jean Monnet shortly after the war, at present has a total staff of 140 people; it comes under the Minister of Finance, but it is not incorporated into his department. These technocrats are now in the throes of drawing up France's fourth Four Year Plan. At the beginning of last year they produced alternative sketches of what would be the likely increases in demand in various sectors of the French economy if production between 1962 and 1966 rose by 3 per cent, or 4½ per cent, or 6 per cent a year. After considering the various sketches and reports, the government ordered the *Commisariat* to prepare its final plan on the basis of a target of 5 per cent annual growth. It was felt that "the 6 per cent version seemed to imply a vulnerable balance of payments, and therefore appeared a little over-ambitious." The *Commisariat* then drew up its detailed plan of likely increases in demand on this basis and submitted it to its twenty-five Modernisation Commissions. Each commission consists of some thirty or fifty unpaid volunteers, drawn from heads of big firms, trade union leaders and government officials. Twenty of them deal with different industries or branches of social activity (e.g., chemicals, energy, housing, education, etc.); and five deal with problems that are common to all sectors (e.g., manpower, research and regional planning).

The Modernisation Commissions play a secondary role in the plan. For example, they check the *Commisariat's* "assumptions regarding the evolution of technological coefficients and the progress of productivity," and examine how far the investment intentions of private industry make it likely that production of different things will be available to meet the expected increases in demand in the different sectors. To some extent, the mere publication of these estimates helps to divert investment into what the planners think are likely to be the right places; the *Commisariat's* plan extends "to a nation-wide scale the market surveys made by each single firm." But the French government also has pretty extensive powers both over its wide sector of nationalised industry and over private industry—for example, it gives special tax incentives and provides capital on favourable terms—to encourage investment to take place in sectors where the plan suggests that expansion is particularly desirable.

How far does a similar system seem desirable here? The idea of "extending to a nationwide scale the market surveys made by each single firm" has everything to recommend it.

* PEP, Vol. XXVII, No. 454, 31 pages, 5s.

It could have all sorts of practical and psychological advantages: in concentrating people's attention on industries that ought to be growing (instead of reserving public concern for uneconomic industries that are rightly declining), and perhaps even in providing some yardstick of possible annual increases in total demand against which wage claims can sensibly be discussed in each industry. It is more doubtful whether Britain should also adopt the idea of using tax and credit incentives (presumably, in Britain, selective investment allowances and some government loans) to guide investment in the directions that the planners think are going to be profitable. But this would partly depend on who and what the plan-formulating body in Britain was.

An important feature of the French system is that the Modernisation Commissions, on which employers and trade union leaders sit, do not draw up the plans or projections of demand themselves. To let them do so in Britain would be disastrous; if, for example, a group of employers and union leaders in shipbuilding were asked to estimate their future market, they would certainly come up with a wildly over-optimistic guess and say that it was essential they should have government aid to put them into a position to satisfy it. But the matter is different when some outside body like the *Commisariat Général* makes the original estimate, and interested bodies of employers and trade unionists merely pass comments on technical difficulties attached to it; if, for example, a British planning body estimated that the demand for new houses was bound to increase, there might be some advantage in getting builders and building trade unionists to discuss ways in which the supply of them could be helped to rise. What form, therefore, should Britain's master-planning body, its equivalent of the *Commisariat Général*, take?

What Board for Britain?

THE idea seems to have taken root in Britain that French experience has shown that any Planning Board's staff should be "quite distinct and independent from the Treasury." This may well be a mistake. M. Monnet, it should be noted, formed France's *Commisariat Général* at a time when he was in a position to build up more influence and expertise in an outside body than the French Treasury at that time could command. In Britain, however, the expertise and the power are already vested in the Treasury. Any entirely new body that was set up would be likely to find its authority overshadowed and its importance diminished thereby. One's fear is that a completely outside body might in time either repeat the relative inefficacy of the Cohen Council (which was also at first provided with a fairly high-powered research staff), or else (which would be much worse) might become a pressure group for some of the protectionist measures that would be favoured by its top council of businessmen and trade unionists. To say this is not to deny that there would be some disadvantages in completely rigid Treasury control of any planning machinery. The traditional anonymity of Treasury civil servants is a disadvantage; any planning staff should preferably have a well-known and forceful national figure as director. There may also be some substance in a point made by *The Observer* last week: that the Treasury is always liable to be "more concerned with immediate financial objectives" than with giving a real impetus to growth. In addition, the Treasury is a monstrously over-swollen department already, and if important new functions were loaded on to it, it might be more than ready to burst.

Readers of *The Economist* will know what our own solution would be. We have often argued that the Treasury should now be split under two Cabinet Ministers. The more senior of them—to be called either Minister for the Economy, or the First Lord of the Treasury (at present a nominal post held by the Prime Minister), or Chancellor of the Exchequer—should be in charge of general economic policy. The British equivalent of the *Commisariat Général au Plan* could then be vested in his department. If, in order to ensure some continuity when ministers change, his top civil servant were called a director-general instead of a permanent secretary, and was encouraged to be a less anonymous and more national figure than civil servants usually are, and was allowed to make public speeches stating his own views (like the Governor of the Bank of England, only more so), so very much the better. The second and slightly less senior Cabinet Minister in the Treasury—to be called either Minister for the Budget, or Minister of Finance, or Chancellor of the Exchequer—should then be responsible for narrower financial operations and for exercising an efficiency audit over government expenditure: it should also be his job to introduce the annual budget and Finance Bill, but he should be required to cast it in a form that exerted whatever degree of reflationary or deflationary pressure the Minister for the Economy thought desirable at that time.

Each year, it seems more clear that Britain will eventually have to move towards this sort of ministerial reform. At present, however, for various reasons of entrenched interest and *amour propre*, there is no prospect that it will be undertaken. In the interim, therefore, the best course might be for the Chancellor, working through normal Treasury machinery, to draw up and publish a plan for public sector expenditure in the next four to five years—acting initially on the assumption that gross national product can be made to increase by an average of, say, some 3 per cent a year. An Economic Planning or Estimating Board, whose director should be allowed much more freedom to make public declarations of aims than other civil servants are, should then be set up, but more closely linked to the Treasury than the Chancellor suggested this week; its first job should be to estimate what will be the state of demand in various sectors of the economy by 1966 or 1967, which industries should be declining by then and which expanding, and what will be the requirements for such things as exports and skilled labour and wage restraint, if the 3 per cent annual target is to be achieved without inflation or balance of payments difficulties. If a council of employers and trade unionists could then be persuaded to pass comments on these estimates, and sometimes even set its seal of approval on them, this would be an additional advantage. Between this sort of system and the system of joint FBI-TUC seniority that the Chancellor seemed to be adumbrating this week, there are many graduations. But, in general, the more that influence is exerted by economic technocrats, and the less by organised industrial groups, the better; it would be a bad mistake to give too much planning power to those who, to some extent, need to be planned against.

Facing East

Western attitudes to the Berlin crisis suggest that the soldiers are preparing to negotiate, and the politicians to fight

THE despatching of 1,500 American troops (and a train-load of British armoured cars) to west Berlin may or may not make sense in terms of raising public morale in the city. In hard military terms, it makes no sense at all. The presence of these reinforcements is a negligible factor in the number of hours that the west Berlin garrisons (now some 12,500 men) could resist attack; the net result of their movement has therefore been a slight loss to the western capacity to conduct a delaying conventional action west of the Elbe. Indeed, it might logically be concluded on both sides of the iron curtain that the very act of putting still more troops into the Berlin bag means that Nato does not apprehend any more serious operations this autumn. Unfortunately, military dispositions are not always logical: reinforcements arrived in an equally indefensible Hongkong shortly before the Japanese attack in 1941.

This week's movement seems, however, to be the first false step (and a minor one) which Nato has made in the immediate crisis. If General Norstad is in a weaker position than he should be, it is the result of political decisions taken several years ago. Contingency planning in western Europe for any emergency short of the outbreak of a major nuclear war has to make the most of limited, and sometimes entirely sketchy, resources. But the soldiers had better now work out calmly what the contingencies to be guarded against are.

Western military calculations have to take account of four conceivable developments arising out of Soviet actions in the coming months. The first is the simple resumption of the land blockade against west Berlin. The riposte favoured in some quarters in Washington and Paris is to call the Russian bluff and send a column, or columns, along the access routes to the city. The argument is that either the Russians and east Germans will not open fire (thus allowing the blockade to be lifted) or that, if they do, they will be universally judged to have precipitated a general conflict. This may well be fallacious: for a start, there are more ways of blocking a hundred miles of road than by opening fire on a convoy. The western column would most probably find itself having to start the shooting. This would hardly be a solution.

The second and even grimmer contingency would arise if overt Soviet and east German efforts were made to prevent an airlift to Berlin: to be effective this kind of Soviet obstruction would have to go beyond such semi-passive means as jamming radar or buzzing aircraft. In such a situation the communist block would be much more likely to put itself demonstrably in the wrong with uncommitted opinion. But if Mr Khrushchev chose to accept this diplomatic consequence he would still be able to confront the West with the hard reality of its guarantee to protect west Berlin without the nuclear monopoly which it still possessed when the obligation was last fulfilled in 1948-49. For the West to force its way into Berlin against really determined resistance would require two to three years of total mobilisation (and arms production) and a concurrent and improbable undermining of the whole Soviet strategic position in central Europe. Certainly, no immediate reinforcement of Nato with conventional forces can affect this western predicament in the slightest.

The third and grimmest contingency would arise if the Red Army, instead of standing impregnably on the defensive, were in fact planning a deliberate advance westward: the "try-on" conventional attack which, in a situation of nuclear balance, some Russians might believe would not draw down nuclear retaliation by the United States. Such a move could be prompted by long-term Soviet calculations of the duration of the communist block's superiority in missiles; or it could come about (on the lines of the Austrian desire to crush Serbia in 1914) as part of a determined policy to destroy west German power before the irredentist groups there feel strong enough, through the possession of nuclear arms, to precipitate and exploit a major uprising in the east.

Fortunately this contingency does not at present look a very likely one, and it is fairly clear what precautions the West should take to guard against it. The key military factor to note here is that, in normal circumstances, the Warsaw Pact command does not possess sufficient reliable divisions outside the Soviet Union to undertake an operation of this magnitude against even the patchy screen of 21⅓ Nato divisions in the central European theatre. A rough and unsteady parity is now in being. The Red Army's 10 armoured and 10 mechanised divisions stationed in east Germany would need to be supplemented by a further 20 or more divisions from Russia itself to upset the balance. If the east German, Polish and Czech divisions did no more than restrain civilian uprisings and sabotage they would perform all that Marshal Koniev probably expects of them: even so, further Soviet divisions would have to be deployed to protect communication lines and hold down other satellites like the Hungarians.

BEFORE the Soviet Union undertook a westward push of this kind, it would need, on the experience of the closing stages of the second world war and of the Korean war, a minimum superiority of three to two in divisions along the front, and a superiority of something like five to one in the decisive sectors. (This is based on Captain Liddell Hart's calculations.) If the basic Nato defending forces were at full strength, well trained and properly mobile, they could be expected to give a good account of themselves against anything less than a sustained Russian build-up. There can be legitimate doubts whether General Norstad's forces (including the three British divisions) are in quite this resilient condition as they stand: but this is an argument for supplying them with the technicians and specialist categories that they now lack, not for supplementing them with hastily assembled scratch formations—which the Russians can always match two or three times over and far more quickly.

Something of this kind appears to have been the British argument in Nato counsels up to now: if minor reinforcements are sent to the British Army of the Rhine in the next few weeks it will be as a local precaution, not a major supplement. In no circumstances should any movements be presented in such a way that the Russians would then feel obliged and justified

in moving more divisions of their own into east Germany, thereby triggering off further feverish preparations on each side of the Elbe. A minor Russian build-up because of nerves or fear of an east German revolt could conceivably be matched in the first instance by the British strategic reserve (including its new armoured elements) and by such forces as General de Gaulle possesses on his side of the Mediterranean. But Marshal Koniev must be fully aware that major Red Army movements across the satellite communication systems would be detected by allied intelligence, and that once General Norstad felt himself totally overmatched in conventional forces the definite prospect of a nuclear war would confront not simply Nato but the Soviet command. This possibility, in turn, would presumably have an influence on Mr Khrushchev's own actions in and around Berlin. Since he cannot possibly be sure that the United States would accept defeat in conventional war in western Europe (whatever he thinks it might do over Berlin itself) reason must argue against his taking any risk of this kind.

THE fourth contingency is perhaps the most serious of all, because it introduces the one major element of irrationality that could upset all other calculations. This is the prospect of an east German uprising, either spontaneous or provoked by west German activists to counter an eastern move to seal off west Berlin entirely. There are sound psychological reasons why such an attempted insurrection might not receive substantial support in east Germany after the experience of 1953 and in the absence of any prospect that the Soviet system itself was in a state of turmoil and uncertainty similar to that after Stalin's death. Unless Mr Khrushchev were falling from power, the Soviet and east German forces could certainly stamp out any half-hearted rising, but two dangers would then arise. West German feelings would be registered in loud interventionist noises; and even if actual intervention by the eight or so west German divisions was avoided, the Russians might be sufficiently alarmed to take precautionary action along the border, including stabs into the West to secure key communication points and a better defence line. If such a crisis were not to blow up into a general East-West trial of strength, it might be thought desirable to keep the previous build-up of forces on each side to the minimum and to ensure that west German forces were not too far forward in the western screen.

It is logical that the West, being in the weaker military position in central Europe, should now avoid any heavy-handed preparatory steps that—by provoking the transfer of more Russian divisions to east Germany—would merely exchange a precarious balance of power in the area into total western conventional inferiority. As in the past, the whole question of western military planning in Europe is bedevilled by political uncertainty over the function that Nato is really intended to serve. Nato's present military posture suggests that the intention is to negotiate with the Soviet Union; if so, the idea of negotiation on the German problem must now be pursued seriously and purposefully. But the western political posture suggests that there is no such clear intention; in that case, the West faces the eventual prospect of having to fight for the central Europe it wants to see. To meet that contingency Nato, as it now stands, is evidently inadequate. The West must make its choice: if it does not, it will condemn itself to achieving neither a settlement nor its own security.

Dynamo for Diplomacy? BIZERTA BERLIN

Invoked over Bizerta, but ignored—so far—by the parties to the Berlin dispute, the United Nations mechanism is still little understood, and only partially used

AN innocent might be forgiven for scratching his head in puzzlement at the present preoccupations of the United Nations Assembly. Ninety-nine governments have sent representatives to this week's special session on Bizerta. The dispute is a serious one, but not at first sight a direct threat to the safety of all mankind; and the few days when Bizerta was the scene of large-scale bloodshed are now more than a month ago. Meanwhile, the headlines are black with grave talk of Berlin, and the great powers are looking to their arms; but the question is not even on the agenda of the regular Assembly session that will open on September 19th.

For the bewildered innocent, the cynic has a ready explanation: the Berliners are not brown enough; the alarms of a couple of million white people strike no answering chord in a body whose predominantly non-European membership would respond with alacrity to a similar plaint from a non-white community anywhere. To some degree, this cynical view of the United Nations is held by a fair number of people, including General de Gaulle. Hence, in part, the French boycott of the Bizerta debate.

Reality, however, is less simple. The Bizerta session itself shows that. It has not taken the shape of a headlong assault on France by the "anti-colonial" phalanx in the assembly. The Tunisians would have preferred a settlement achieved without this week's sound and fury. The Afro-Asian resolution has been moderately worded; if it is not moderate enough to ease the embarrassment of the United States and Britain, that is small wonder, for their sensitivity to French reactions in present circumstances would make it hard for them to vote for any form of words other than empty pieties; but it seems bound to attract a sufficiency of support, including some from European members. The Russians, though glad enough of the openings the Bizerta debate has given them for general denunciation of all foreign bases, have publicly complained of the Afro-Asians' moderation; while Mr Adlai Stevenson, although arguing that the chances of a direct settlement would be better if no resolution were passed, has supported the substance of the Tunisian case.

The Bizerta debate, then, is not fresh evidence that the UN assembly is merely a forum for Afro-Asian diatribes against the West, with the Soviet group gleefully exploiting these ructions. It is evidence to the contrary. And if more

evidence were needed, it is amply to be found in the record of UN dealings with the Congo problem during the past year, the year covered by the secretary-general's latest annual report.

Mr Hammarskjöld's measured, unemotive prose is not easy going. But innocent and cynic alike would find in the introduction to his report an illuminating analysis of what the United Nations actually is ; more, what it could be. He points out that the events of the year 1960-61 have brought to the fore two quite different concepts of the organisation's character, authority and structure—concepts between which the member states must choose to decide its fate.

Some, he remarks, see the UN strictly as "a static conference machinery for resolving conflicts." Others regard it as "a dynamic instrument" through which governments should not only seek reconciliation but also "try to develop forms of executive action, undertaken on behalf of all members," with the aim of forestalling conflicts as well as of resolving them after they have arisen. The "conference" concept is "firmly anchored in the time-honoured philosophy of sovereign national states in armed competition." The dynamic concept takes the traditional notion of a diplomatic conference only as a starting point, "envisaging the possibility of continued growth."

Naturally, he continues, those who would restrict the UN to a traditional conference role tend to "side-step the mandatory nature of the decisions by the Security Council," to oppose "a gradual increase in the weight of decisions of the General Assembly," and even to refuse "to shoulder the financial consequences of a decision." Equally naturally, they resent the development of the secretary-general's office in cases when, having been instructed to carry out decisions of the council or assembly, but being unable to get full and timely guidance from those organs, he himself "has had to shoulder responsibility for certain limited political functions." Again, the conference concept leads its adherents to see no need for the Charter's insistence on the exclusively international character of the secretariat as a whole. In the field of economic aid, the same concept sustains a preference for bilateralism.

MR HAMMARSKJÖLD shows cogently that this static conference concept cannot be made to fit either the letter or the spirit of the Charter, while the dynamic concept can. He points out that it is up to the member governments to decide which course the organisation is to follow ; but he feels bound to give warning that

> those whose reactions to the work of the organisation hamper its development, or reduce its possibilities of effective action, may have to shoulder the responsibility for a return to a state of affairs which governments had already found too dangerous after the first world war.

If a fault may be found in his analysis. it is his tendency to classify governments as adherents to either the dynamic or the static concept. Are there not many who are divided in their own minds ? It is all too natural for a government (and people) to favour, in principle, the protection and other benefits offered by a developing organisation, while resisting, in practice, the consequential restraints and demands on itself. These mental conflicts may be traced in present attitudes to the Berlin problem—to which Mr Hammarskjöld refers briefly.

Realistically, he does not press any claim to a central position in the matter for the United Nations, but at the same time he insists that, if peace is threatened, it cannot be denied the "right to make its voice heard." One may deduce that "its" voice, in such a context, means essentially the voice of "the majority of nations who wish to stand aside from the big-power conflicts." Next week, some twenty-five of those nations will be represented at the Belgrade conference by their heads of government or other leading personalities. Three weeks later, regardless of whether there has been any move to put Berlin on the UN assembly's agenda, the uncommitted countries' foreign ministers and chief delegates will sit down in New York together with those of the West and of Russia ; and the topic will hardly be avoidable, on the floor or off it.

In the past, the habit by which the powers concerned keep the Berlin controversy to themselves has been fully matched by the disinclination of remoter states to take any real interest in it. But times have changed. Active canvassing of neutral opinion by both parties is in full swing. Mr Nehru's voice has been heard ; that of Dr Nkrumah has echoed, in a perhaps strained tone, from Peking, where he agreed with his hosts last week that a German peace treaty and "normalisation of the situation in west Berlin" were of urgent importance. Neither party to the dispute need have any illusions that it could carry a resolution frankly in support of its position through the assembly ; but both aim at exerting leverage through the weight of "uncommitted" opinion.

NEITHER Berlin nor the United Nations will benefit if the assembly is used only as a sounding board for familiar recriminations. If a discreeter line is taken, it might provide the occasion for quiet Soviet-western contacts of a kind that would not offend against French scruples about negotiating under pressure (it may be recalled that it was after informal talk between UN delegates that the Soviet blockade of Berlin in 1948-49 was lifted). A focusing of the attention of third parties, whom both sides wish to stand well with, may serve to inhibit both from making tough moves. But does this represent the effective limit of a UN role in regard to Berlin ?

Obviously the great powers cannot be physically coerced in such a matter by even the broadest coalition of weaker states. But the prospects for a solution might well be improved if the uninvolved nations applied themselves to working out auxiliary mechanisms. Supervisory and shock-absorbing functions have become a familiar UN chore in other areas ; so has the building of "golden bridges" over which contestants can withdraw, without loss of face, from over-committed positions. The idea of simply replacing the western garrison in Berlin by a UN one has been turned down by the West, and is not likely to be revived by Mr Khrushchev while his campaign against the secretariat continues ; but there are other useful forms a UN "presence" might take. Any such contribution by the uninvolved nations would clearly depend on a will to agree between the principal parties ; but the offer of the contribution might help that will to emerge. At all events, sheer dislike of the idea of a great power having to pray the aid of the small fry ought not to be allowed to stand in the way. The story of the mice who set free the entangled elephants has pointed a moral, in Asia at least, for well over two thousand years.

NOTES OF THE WEEK

BERLIN

Bipartite

HERR ULBRICHT'S new restrictions on movement inside Berlin, announced on Tuesday, differ from his previous measures by affecting west Berliners, and the allied troops and administrators in the city, as well as the unfortunate east Germans. But the new measures are themselves of two different kinds, and should be treated by the West accordingly. Those designed to keep westerners out of the eastern part of the city (by reducing the number of crossing points, and by requiring west Berliners to buy entry permits from so far non-existent travel offices) are objectionable on grounds of humanity, and because it is contrary to reason that a city should be cut rigidly in two in this way. But the battle for Berlin as one city was fought and lost in 1948, when the elected assembly of the city was forced to withdraw to the western sectors, and the administration was cut in two.

Since then, it has always been in the communists' power to choose where they would tolerate what had become the fiction of one Berlin, and where they would ride roughshod over it. The sector boundary has now been turned, *de facto*, into a state frontier of the hermetic kind favoured by communist governments. These actions can be protested against, but in fact they have to be accepted.

Of the measures announced on Tuesday, the really unacceptable one is the "warning" to people on the western side of the barricades to keep a hundred yards away from the boundary. Presumably the allies will tell Herr Ulbricht that what happens in west Berlin, even fifty yards within it, is no concern of his, and the west Berliners that they are free to go peaceably where they want in their own sector. The West's primary interest remains to protect the integrity of, and their own access to, west Berlin. This also makes it necessary to look with a wary eye on the Russian note received on Wednesday, which complains about the "abuse" of the air traffic to and from Berlin. By allowing east Berlin to be sealed off, the Russians have deprived themselves of a ground for concerning themselves with who visits west Berlin and who does not. The freedom of the air corridors, unlike what happens in east Berlin, cannot be accepted as lying within communist jurisdiction, even *de facto*. Here is a potent source of trouble to come.

In their notes to Moscow on August 17th, the allies said that Herr Ulbricht's actions had violated the quadripartite status of Berlin. The Russian reply of August 20th retorted that the quadripartite status had already been eroded by the setting up of a separate political and economic system in west Berlin. It is by now somewhat academic to argue about who started the process of pulling Berlin apart at the seams. Bipartite in fact, if not in theory, it now is. The West can hardly much longer escape the obvious necessity of seeking a new agreement, safeguarding the part of Berlin that has been under its protection for the last dozen years, in place of the uncertain protection afforded by the old quadripartite arrangements.

NUCLEAR TESTS

Itch and Edge

IS it, or is it not, "one last effort"? At Geneva, Mr Dean and Mr Ormsby-Gore are resuming the attempt to agree on a treaty effectively banning nuclear weapon tests. Since midsummer, when the Russians dug in on the "troika" line, the talks have been at a standstill. There is no indication of any Anglo-American retreat from the argument that a three-headed inspecting staff as demanded by Mr Tsarapkin would mean a built-in veto that could turn "inspection" into a farce. President Kennedy has said that he expects the new round of talks to be decisive. He has had a gloomy report from the team of scientists whom he had asked to study the possibility that Russia might stage secret test explosions, during the present "unpoliced" period of voluntary abstention from tests, without being detected. His chief disarmament adviser, Mr McCloy, said on Tuesday that he simply did not know whether the Russians are now secretly exploding nuclear devices.

Mr Khrushchev's assertion, in his recent talk with Mr McCloy by the Black Sea, that Soviet scientists have asked for permission to test a bomb 5,000 times as devastating as the one dropped on Hiroshima, may have been meant for effect; but there doubtless exists a Soviet lobby in favour of resuming tests as well as the better known American one. Mr Khrushchev says he told his nuclear scientists that if the Americans, who were "itching" to resume testing, did so, they would be free to follow suit.

There is admittedly force in the argument that Russia may get a dangerous edge over the West if it can get away with secret tests while other powers continue to tie their own hands. It is less easy to calculate what technical advantage there would be for the West in a general resumption to outweigh the political odium of having initiated it. Mr Kennedy's problem is to keep the nice calculation of edges quite separate from the natural itches.

MR HEATH

The Historic Commuter

THE Prime Minister has probably made the right choice in selecting Mr Edward Heath, the Lord Privy Seal, to conduct Britain's negotiations with the Six. The other possibles were Mr Maudling and Mr Thorneycroft. Mr Maudling had the overwhelming disadvantage of having been over the same course unsuccessfully (with a different brief) once before, and the creator of Efta would not have been exactly happy presiding over its liquidation. Mr Thorneycroft is one of the most enthusiatic Europeans in the Cabinet, but does not have the close relationship with the Prime Minister which is enjoyed by Mr Heath. A high degree of mutual congeniality and confidence between the Prime Minister and the leader of the British delegation is essential, since at every stage of the negotiations a heavy burden of responsibility will rest on Mr Macmillan personally. Mr Heath also has the advantages of being held in high esteem by the leaders of the Six, while enjoying the confidence of most members of his own party who regard him rightly as a convinced but not a fanatical European ; some Tory backbenchers would have suspected Mr Thorneycroft as being too "fanatical" from the start.



Mr Heath: convinced

Mr Heath's position as minister in charge of European affairs, which he has held since July last year, has given him a good opportunity to familiarise himself with the complexities of the European situation. Finally, while he was Conservative chief whip, he displayed gifts of tact, persuasiveness and toughness combined—all of which will be needed in the negotiations that lie ahead; and since he has been a cabinet minister he has emerged as an adept simplifier of complicated issues. One doubt about the appointment is whether the Prime Minister

has been wise to decide that Mr Heath should still discharge his normal duties at the Foreign Office while the negotiations proceed, and remain as Foreign Office spokesman in the Commons. The fact that Mr Heath's desk in London will still be at the Foreign Office may heighten the impression that the negotiations have been "given" to that department; some other departments may not be too pleased with that. But in the long term Mr Heath has been accorded an opportunity to associate his name in history with a momentous change of direction in British policy; and in the short term, if he is successful, he will find himself well in the running for the leadership of the party.

Brussels is Britain's preferred venue for the talks which may open late next month. This would be a convenient centre for Mr Heath, given that his duties in the Commons are to remain; commuting by air between London and Brussels should not be too arduous. When Mr Heath is in London his functions as head of the delegation are likely to be discharged by a senior civil servant. That will be a particularly important appointment too.

TRADES UNION CONGRESS

Muffled Report

LAST year the annual report of the TUC's general council contained some remarks on unofficial strikes and shop stewards: they were much criticised by people outside the unions for excessive caution, but it was said that this was only a preliminary report and that the sequel would show that the central body of the trade union movement was at last getting to grips with its most threatening problem. This year's report, which will be the nucleus for debates at the 1961 congress at Portsmouth on Monday week, contains that sequel: the general council almost apologises for having almost spoken plainly last year, and the subject is let drop with a vague promise of further discussion. The highly pertinent discussions organised by the Minister of Labour between employers and unions in the motor industry are not mentioned, because they were formally outside the TUC's machinery. In fact the answer is a lemon, and a squashed one at that.

Elsewhere in the report, thirteen pages on the encouragement of the arts by trade unions wind up with the conclusion that the TUC as such can do nothing. And, after setting out the potential advantages of a new central body for trade union education, the general council state that they "would wish to reconsider their recommendations, even though they were acceptable to a majority, should they be questioned by any significant minority." Here the leaders of the TUC are hugging to themselves the doctrine of their own assumed impotency: without effective unanimity they feel that they can do nothing. The general council can advise, but not command: congress can instruct the general council, but it has no means of ensuring that its instructions are carried out. Sometimes, this may be a good thing. In explaining why they took no action following last year's congress vote for unilateral nuclear disarmament, the general council say that "it was thought that the time was not opportune for further steps to be taken." No doubt, too, the unions have more urgent uses for their money than subsidising the theatre. But it makes one wonder where the trade union movement is to get its leadership from.

Perhaps the general impression that emerges from all this is too gloomy. Although the Portsmouth congress the week after next is certainly going to pass angry notions against the Chancellor's wage pause, the leadership hardly seems in an embattled mood to demand a showdown with the Cabinet. The general council's report apparently went to press too early for it to take credit for its success in persuading the executives of the two warring unions—the Shipwrights and the Boilermakers—to make some progress towards joining forces. Disputes between these unions have been a main cause of demarcation disputes in shipyards, and if the TUC has succeeded in abolishing craft demarcation with the fusing of the two bodies, it has done a most useful thing. Towards the Electrical Trades Union, also, the TUC is preparing to act with firmness; the Portsmouth congress will open with the ETU being expelled—which presumably means that other unions can recruit electricians—until such time as the union's communist leadership either reforms itself or admits itself voted out of office. One can therefore still have some hopes that Mr George Woodcock's period of office as general secretary will see the TUC start to do the things it should be doing. But this year's stodgy annual report is a setback to those who had pitched such hopes very high.

THE AMERICAS

Tender Feelers

DR FRONDIZI's brief meeting with Major Guevara last Friday has set a swarm of military men buzzing round the Argentinian president's ears. He was forced, on Monday, to defend himself in a broadcast that reaffirmed his government's opposition to communism, but gave little indication of what passed between him and Cuba's Argentinian-born minister of industry. The rush to the microphones shows again how hard it is for any Latin American political leader to act against the prejudices of his armed services. But Dr Frondizi's willingness to see Major Guevara is evidence of the concern, shared by most responsible Latin Americans, however anti-communist, to foster whatever signs there may be of a *détente* between the United States and

Cuba. Attempts at mediation have been repulsed by both sides before now; it is just possible that Cuba, at least, is no longer in so militant a mood.

The return of the hijacked Electra in exchange for a Cuban patrol boat was a welcome hint of a return to reason. Dr Castro acted wisely and quickly in dissociating himself from other, non-Cuban, feats of sky piracy. And although Major Guevara found himself unable to sign the declaration of Punta del Este on August 17th (despite the removal of the clause about honest and periodic elections suggested by Peru), his conduct at the conference was, for the most part, shrewd and constructive. At one point he even seconded a resolution put forward by Mr Dillon. Although these attempts at courtesy and good sense eventually collapsed when Major Guevara attacked the "meagre objectives" of the alliance for progress, and Mr Dillon looked forward to a change of regime in Cuba, the possibility of some sort of future accommodation did not, for once, seem entirely out of the question. With his economy slipping towards bankruptcy, Dr Castro may put out feelers to the West. Latin American leaders as adroit as Dr Frondizi recognise the folly of treating these feelers roughly.

EGYPT

Brave Heresy

FOR writing and printing a controversial article in Cairo's weekly paper *Al Mussawar*, its editor, Mr Mohamed Fikry Abza, has been dismissed by presidential decree. If there is anything remarkable in this it is not that Mr Abza was punished but that his article appeared at all. It was flagrantly nonconformist, envisaging a neutral federation of all the Arab countries, whose unification would be confined to armies and foreign policy: Israel was to be included provided it foreswore Zionism. This was heresy indeed. But heresies of this magnitude are not conjured out of a vacuum. They are generated in the flow of civilised conversation. Mr Abza, both poet and journalist, has merely given proof that the pursuit of ideas in his country is still a healthy activity. It was through a long tradition of intellectual liveliness that Egypt first acquired its authority to lead the Arab people. Such a tradition is precious and should be cherished.

MIDDLESBROUGH

Sunday Night, Monday Morning

CANNON STREET, Middlesbrough, is not exceptional in its way of life, its attitude to the police or its belief that coloured people are somehow fair game for a punch-

up. The dingy communities and dingier minds that exist in a good many British cities are declaring themselves one by one: the peculiarity about Cannon Street is that its denizens and hangers-on succumbed to a stupefied hysteria last weekend in sufficient numbers to pack the stipendiary magistrate's court on Monday morning and attract the attention of the newspapers and television. Smaller stirs reach the courts, but not the headlines.

The Middlesbrough authorities have been confident (perhaps over-confident) in their declarations that colour prejudice is not at the root of the trouble there: if this is accepted, it is still true that the coloured man, or the coloured man's car or shop window, is regarded as a natural target for the resentment that Cannon Street directs at any section of society that is mildly energetic or successful—or simply different from itself. The police, as the immediate representatives of society, inevitably came in for a mobbing. Incited by their local harpies and followed by gangs of excited adolescents, the men of Cannon Street emerged at closing time to prove their manhood according to their lights. One policeman, according to the chief constable, was "buried under screaming lunatics"; one received a fractured skull, another a fractured spine. This kind of occurrence is far from unusual in back-street life in a number of cities; but the news that this is so may now jolt some comfortable consciences.

It is easy to condemn Cannon Street. It is very hard to discount or excuse its own stupidity. It is harder still to do anything immediate or positive (barring stiff sen-



Cannon Street: publand punch-up

tences) to bring home to it the consequences of its outlook and prejudices. Middlesbrough's experience is bound to be quoted to support the demands for controlling immigration into this country. But before Britain indulges in such a confession of its own intolerance, the story must be looked at as a whole. The Irish and Jewish immigrants over the past century and a half have been as easily identified through their religion, their appearance and their habits, as many West Indians and Pakistanis today: bully boys will always pick on someone when they want to. The point is that the great bulk of public opinion chose to persevere with the long process of assimilation and self-education: there are hopeful signs now of greater tolerance for West Indians in London and the Midlands. It is silly to panic at the sight of Cannon Street, or Price Street or Notting Hill: their problems and self-deceptions will not come to an end with an immigration ban.

SCHOOL BUILDING

Clasp for Councillors

THE Estimates Committee's report on school building (HMSO, £1), published on Wednesday, should help to encourage more business-like methods by local authorities in their building projects, and more assistance from the Treasury and the departments, particularly in Scotland, in avoiding wasteful delays and fluctuations in local programmes. Local authorities often suffer after economy cuts when their new programmes are delayed and then put out for tendering at the height of a general building boom. By and large, however, the Ministry of Education deserves approval for its control over both costs and standards in the past ten years. One justified complaint against the Scottish Education Department concerns the rigid definition of minor works (under £5,000); despite the large number of small schools in Scotland, this looks something of an anachronism today. It is also welcome to see emphasis placed on the need for a general examination of maintenance costs.

Progress in rationalising local authority building of any kind comes chiefly from actual example rather than exhortation. The committee, as might have been expected, is enthusiastic about the pioneering work in Nottinghamshire which led to the creation of Clasp (Consortium of Local Authorities Special Programme) in which a group of councils collaborate in both bulk purchase and prefabrication methods. Clasp's members (almost entirely in mining districts) were originally attracted by Nottinghamshire's success in coping with land subsidence: the savings through co-operation are substantial both in costs (averaging 10 per cent) and time. Only a few local authorities with annual programmes running at £5 million or more can make similar savings on their own. There is an optimum number of councils that Clasp itself could handle, but it is high time for ratepayers to agitate for further rationalisation of this kind in building and equipment. The award of the Milan triennale prize for design to a Clasp school should be spurring on the doubters.

Further attention also needs to be given to the adaptability of new school buildings to serve more general social purposes in after-school hours. To keep down the cost of heating and maintenance there is a strong case for particular wings being built with the community centre principle in mind. Swimming pools and playing fields are obvious extensions of this idea. Backward councils should study the report to see just how far behind the times they are lagging.

SCANDINAVIA

Some Go to Market

NOT unexpectedly, the Scandinavian countries are divided in their attitudes to the Common Market. Last weekend's meeting of the Nordic Council's economic committee indicated the different courses each country will steer in respect of the Six and the Seven. Denmark's attitude has been clear all the way. It is dictated by the Danes' trading position. They export more to the Seven, but import more from the Six. Since Britain and Germany are Denmark's chief export customers, her wish to enjoy the tariff reductions within the Six is thus understandable.

Norway is receptive to the idea of entry into the Common Market, but its government is moving with caution. On Wednesday Mr Gerhardsen, the prime minister, once more expressed Norway's concern to ensure some protection for its fishing industry and agriculture. No firm decision will emerge until the matter has been debated by the new parliament after the elections in September, but meanwhile a White Paper is being prepared on the motion of the old parliament. For all the reservations, it is likely to recommend that the government proceed to negotiate for entry into the Common Market.

Sweden remains the odd man out. The statement by Mr Erlander, the Prime Minister, on Tuesday reaffirms the Swedish decision not to sign the Rome Treaty in its present form. (But Mr Erlander repeated that Sweden would like associate membership.) Here, political considerations outweigh economic ones. Sweden's balance of trade is comfortable; it is the traditional policy of neutrality and freedom from entangling alliances that is decisive. There is also a sense of loyalty to Sweden's neighbour, Finland, whose choice is hardly free. The Nordic Council's committee agreed, therefore, that in respect of these problems the member states would have to go their own way for a time. The courses now plotted suggest that two members may soon find themselves regrettably in isolation, which it will be for the European community to find some way of tempering.

SPAIN

Uneasy Slumber

IF it is true, as a Spanish refugee has stated, that "nothing is serious in our country; that is why the least serious ventures always have a chance of success," then the unsuccessful attempt of a Basque resistance group to derail a train early in July may be treated with some gravity. The government of General Franco did so, since it did not announce the news till mid-

August, and then coupled the announcement with the reassuring statement that a number of arrests had been made. A similar respect may be accorded to the statement to *Le Monde* by Don Jaime, Duke of Segovia, which seems to amount to a withdrawal of his previous renunciation of the claim to the throne. Being the eldest son of Alfonso XIII, he said, he has not and could not renounce his hereditary rights to the throne, though his representative also stated, on his behalf, that "juridically, no pretension (to the throne) exists which is not the creation of caprice, ambition and arbitrariness."

The duke's earlier statement, in which he broke with twenty years' abstention from politics, took the form of an open letter to General Franco on August 10th, and was less patently self interested. It enunciated a doctrine which his younger brother, Don Juan, the most prominent pretender to the throne of Spain, might have endorsed. Don Jaime urged the Caudillo to "recognise the sacred right of the Spanish people to choose in the most complete peace and freedom the political regime which will govern them." It was this letter that earned its author the praise of the republican veteran known as El Campesino, who has been engaged in his own epistolary exploits, sending messages to General de Gaulle and M. Debré assuring them of his support in their struggle against the right-wing rebellion in Algeria and its inspiration, General Franco. This same veteran is believed to have instigated the raid across the Franco-Spanish frontier into Navarre, on August 9th, which ended in the arrest of twelve out of the thirteen guerrillas.

These happenings merely underline the present uncertainty of Spain about its future, and the strain this imposes on relations between France and its southern neighbour. Whether or not General Franco will take the hint and make solid provision for the succession remains to be seen. The sleep he has imposed on his country since the end of the civil war is increasingly unquiet.

We offer apologies to two gentlemen with the same name who were confused in last week's issue. The portrait on page 695 was not of Sir Douglas Harkness, the newly-appointed economic adviser to the government of Northern Ireland, but of Mr Douglas Harkness, the Canadian minister of national defence. We hope that this identification will make amends in Ulster and in Ottawa for our lapse.



Sir Douglas



Mr Harkness

NATIONAL INSURANCE

Twelve Million Benefits

In any week, the Ministry of Pensions and National Insurance now pays out about 12 million benefits and allowances. The Ministry's annual report (Cmnd 1458) records that at the end of last year 3½ million families were receiving family allowances, and that the number of retirement pensioners had risen to over 5½ million. Exactly how many households this latter figure represents can only be surmised, but taking into account the other benefits or allowances, probably about one out of every two households in Britain gets its income supplemented each week from one or other of the Ministry's schemes. In addition, the National Assistance Board at the end of last year was paying out 1,857,000 weekly grants, over a million of these going to retirement pensioners.

The cost this year of the old, in retirement pensions, is expected to be £776 million; the cost of the young, in family allowances, £134 million. A survey of the 3½ million families receiving allowances at the beginning of last year showed that there were just over 9 million children in them,

NUMBER OF BENEFITS IN 1960
(weekly averages or end-year figures)

	Thousands
Retirement pensions	5,563
Families receiving allowances	3,544
Sickness benefits	900
War pensions	724
Widows' benefits and guardians' allowances	570
Unemployment benefits	190
Disablement pensions	170
Injury benefits	60
Industrial widows' pensions	19

including the elder or eldest child for whom no allowance is payable. Just over 2 million of these families had two children and therefore received 8s. a week; at the other end of the scale, 112,000 families with five children were receiving 38s. a week and a further 72,000 with six or more children were receiving 48s. or more a week.

This is a remarkably smooth administrative mechanism that Britain has built up to pump out usually rather small weekly sums to enormous numbers of people. What is lacking is a similarly smooth and unpolitical mechanism to re-examine constantly which particular rates should be going up, and which could go down, to deploy this help where it is most needed.

THE PRESS

Ownership in Trust?

Mr Iain Colquhoun was the deputy editor of the *News Chronicle* when it closed down,; in a pamphlet this week* he offers some suggestions about altering

* A Prosperous Press. Hobart Papers. Published for Institute of Economic Affairs by Barrie and Rockliffe. 5s.

circumstances in which such medium-circulation papers, appealing to a popular audience, can die even though they still have more than a million readers. Total revenues, from sales and advertising, are static or declining; he thinks that by "slide-rule methods" advertising agencies place advertisements mainly by going for the big battalions; and costs of production are too high.

"The first thing which a really intelligent newspaper industry would do in this country," says Mr Colquhoun, "would be to shed some of its dependence upon advertisers." This is not simply because advertising revenue allows papers to sell for less than their total cost of production; but also because "British papers are far cheaper than those of other countries." "Far cheaper" may put this a bit high: the examples that Mr Colquhoun quotes suggest that allowing for purchasing power British papers are significantly cheaper than many on the Continent, but not cheaper than some in the United States. Some people may feel he takes too little account of the effect of price elasticity—i.e. that increases in price would reduce circulations, at any rate for a time. But he says fairly that had the rise from 2½d. to 3d. a copy come for London popular papers about a year earlier than it did, it might have wiped out the current loss that the *News Chronicle* and *Star* were then incurring.

A significant increase in price, certainly, would be one way of restoring expansion in the revenues of the press, which could restimulate competition in the popular newspaper field—though this might not help the weaker papers for long. His idea that if advertising agencies drew their income from fees from their clients, rather than from commissions paid by the newspapers on the value of space booked, this would mean more careful choice of media seems less convincing. Quite a number of agencies do: in any case it is not clear that more careful "media research" would benefit weak papers; it might merely concentrate even more advertising into mass papers that offered the best bargain. Finally, he proposes that the transfer of newspaper ownership should be subject to the consent of trustees, or perhaps a single kind of public trustee. This, he feels, would prevent mergers arising from "nothing more than short-run profit and business ambition." It would also, as he recognises, represent a significant restriction on ordinary rights of ownership; and not everyone will be as ready as he to shrug this off. Anything liable even further to deter new capital from entering this industry, which is already not financially a very attractive one, may weaken rather than strengthen it.

NORTHERN RHODESIA

Natural Brake

Television drama producers would reject, as too familiar, most of the plot now being acted out in Northern Rhodesia. In outline, it goes as follows: colonial

subjects demand independence; less than independence is granted; colonial subjects riot; governor declares state of emergency. Almost any viewer could spell out what ought to follow; the next step, as in so many similar cases in the past, is to give the nationalists something better.

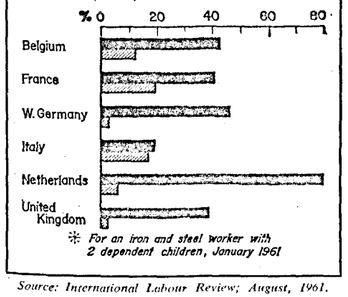
In Northern Rhodesia, the new constitution keeps white politicians in power and, in the resulting demonstrations of protest, sixteen Africans have died in clashes with the police, hundreds have been arrested, schools, shops and houses have been burnt down, bridges have been blown, and roadblocks have been set up. The United National Independence party (apparently less in control of its followers than it has claimed to be) has been prohibited in one part of the protectorate. Its leader, Mr Kenneth Kaunda, has launched a non-violent passive resistance campaign which, so far, seems to have been ineffectual. By denying the possibility of constitutional concessions, the Northern Rhodesian authorities are bolstering the power of less self-disciplined and peaceful-minded leaders than Mr Kaunda.

The objection to the new constitution is that, according to almost everyone's calculations, it makes a victory for the white United Federal party more likely than a victory for anyone else. Small changes in the constitution could turn the chances the other way. If this happened, there would not only be the possibility of peace in Northern Rhodesia; there would also be a renewed hope that association, in some form or other, with Southern Rhodesia and Nyasaland could be maintained. One reason why the British Government is slow to make such minor concessions, apparently, is the fact that the military force in Northern Rhodesia—and indeed, all the Central African Federation—is in local white hands; the mention of this has so far been enough to weaken the knees of the Colonial Office. But the existence of this force is not such a strong bargaining counter for the settlers as it looks at first sight; a federation preserved by military repression is unlikely to be a congenial place for the small white minority. Coming to terms with Mr Kaunda and his associates is in the best interests of all races in the federation.

SOCIAL SECURITY

All wage-earners in the common market countries are protected in one way or another, although to varying degrees, against sickness, death, old age and unemployment; they also draw family allowances or survivor's benefit. In the chart two types of benefit are compared in EEC countries and Britain; but EEC wage-rates take the added security benefits into account.

Family allowances granted by the state start only with the third child in West Germany (the amount shown is a family supplement paid by the employer) and the second child in the United Kingdom; they are paid for each child in the other countries.



Source: International Labour Review; August, 1961.

KENYA

United Nationalists

Oddly like Dr Sture Linner, the head of the United Nations operation in the Congo, Mr Jomo Kenyatta of Nairobi (and, since Monday, of anywhere he pleases, the restrictions on his movement and residence having been lifted) finds himself saddled with the task of bringing nationalist factions together. He spent this week, his first in full liberty for nine years, meeting people and waiting for his courtiers to reach agreement among themselves. It is time they did. Kenya's progress has been held up for more than a year by differences, personal and tribal, between the National Union and the Democratic Union. The absence of a leader possessing national authority—that is, of Mr Kenyatta himself—has partially excused the behaviour of the two parties. But Mr Mboya, Mr Gichuru, Mr Odinga, Mr Ngala and Mr Muliro now have their country and their Kenyatta; and they cannot expect the neighbouring East African nationalists to wait much longer for Kenya.

Fortunately, there were signs this week that the two parties might reach an accommodation. People close to the Kenya government thought it likely that the peace talks designed to bring the National Union and the Democratic Union together may get somewhere. A suggested settlement was that the majority party, the National Union, would accept four ministerial posts. In return the minority party would agree to a constitutional conference this year and general elections in May or June, 1962. For the time being the post of chief minister would be kept open for Mr Kenyatta. Some kind of pledge would be given about European-owned land. Such a settlement would keep the minority Democratic Union in the govenment (albeit a coalition) for another year. It would also give Mr Kenyatta something to work on: perhaps posts could also be found for some of his former associates who have been conjured up out of the past to enter present-day Kenya politics. Their power, along with Mr Kenyatta's, has been underlined by the Governor's visit to Mr Kenyatta on Tuesday, and by the anticipated decision to release the remaining detainees and to allow their exiled associates back into Kenya. Mr Kenyatta's return seems to be having the same effect as the United Nations presence in the Congo: both have more work ahead.

FIRE BRIGADES

Up the Ladder?



Of all the public employees pausing in the wages queue after the Chancellor's moratorium, the firemen are among the most strongly and most militantly unionised: their case for a wage increase is not an idle one. Brigades throughout the country are under establishment by a total of 2,000 men, while fire losses—and deaths—rise steadily from year to year. The basic pay on entry is £11 for a 56-hour week (although much of this may be spent waiting for something to happen rather than in actual work). The last improvement in pay and conditions of work in 1955 showed an immediate increase in recruitment and—more important—a sharp drop in the wastage rate. Firemen can point to advertisements for dustmen or traffic wardens promising a higher initial wage than they get: they also remember the rises given to policemen last year to help recruiting.

The joint council for the fire brigades negotiates a national wage rate which is generally uniform for the whole country



Leader (Mr John Horner, right) and member

(although Birmingham, Coventry and London have succeeded in working in small local differentials under various disguises). But now the cat has been put firmly among the pigeons by the proposal of the London

County Council—before the Chancellor's appeal—to pay a further local differential amounting to £4 1s. 6d. more than other brigades: Middlesex offered 32s. 6d. on a similar basis. But these increases have not in fact been paid in the face of union resistance. The union pointed out that some brigades in the London region were even weaker than the LCC one, and that they would be drained of all their men by such a decision: they mustered some Edinburgh firemen who actually said they would move to London if this happened. They also argued that fire brigades often operate in each other's areas, and that it would be anomalous for men facing the same duties and dangers to be getting different rates of pay. No doubt a number of local authorities would like to put up their firemen's wages—if only to safeguard local houses and factories. If they did so it would be a serious breach in the Chancellor's wage front; but it is hard to see what he could do to stop the use of the block grant system.

BRITISH COUNCIL

Challenge and Response

Now is the swarming season for overseas students to Britain. The next few weeks will see an airlift here of 1,200 Nigerians alone. At London airport, Liverpool and Southampton, British Council couriers are almost daily gathering in young travellers. Of the 50,000 students from abroad getting higher education in this country the Council cares directly for some 9,000 and arranges educational courses for many more. The bulk of those in its charge are from Commonwealth, colonial, African and Asian countries. As more countries obtain independence the number of students grows. So does the problem of housing them. But this task at home of providing for impressionable scholars from countries still in transition is only a facet of a much bigger challenge abroad.

For nearly every student who comes to Britain there are hundreds in his native land who are clamouring for education either in the English language or in technical subjects that are most easily learnt from English textbooks. In response the British Council has refined its general cultural functions to a point where educational service is its main activity. In this guise it has branched out tremendously in India, Pakistan, Nigeria and West Africa. It has opened shop in the Congo, and is going into Senegal and Mali, whose French-speaking people need some English if they are to commune with their English-speaking neighbours. Now that English has become the predominant international language there is simply no end to the places where the Council is invited—indeed, implored—to go.

Here at home the outstanding problem of accommodating overseas students should to some extent be met by the government's grant of £3 million for hostels. The first nine projects were announced in the House of Commons by Mr Sandys on August 3rd. One must hope that the commitments abroad are not going to be cut down in the present attack on overseas expenditure. The Council's work took years to recover from the severe budgetary cuts of 1951. But its destiny then was not so clearly marked. Today it is working the richest language mine in the world and was never in a better way to gain friends for this country.

PAN-AFRICA

Whi te Cement

Economic unity in Africa, if it comes, may well be the result of work done by what Dr Nkrumah, in his recent travellings in communist countries, has called "colonialists, imperialists and neo-colonialists"—in other words, by western Europe. The premier of eastern Nigeria, Dr Okpara, has allowed that Britain's membership of the common market (the one in Europe) may be a good thing, but only if tariffs against produce from Commonwealth countries in Africa are abolished. Almost in answer to Dr Okpara, it was decided by the European Economic Community in Brussels last week that duties on imports of coffee, cocoa and bananas from "outside countries" will be halved.

This still leaves, of course, a wide margin of discrimination against countries not associated with the common market. It remains to be seen whether Britain can persuade the Six to do away with all discrimination against the products of Commonwealth countries in tropical Africa, still more whether the United States, with its eye on Latin America, persuades Europe to abolish tariffs on tropical products altogether. But it may become possible for countries like Nigeria and Ghana to choose association, if they wish. If they did, they would share in the aid fund for Africa; enjoy free access to all countries of the common market; and have freedom to protect their infant industries from European competition.

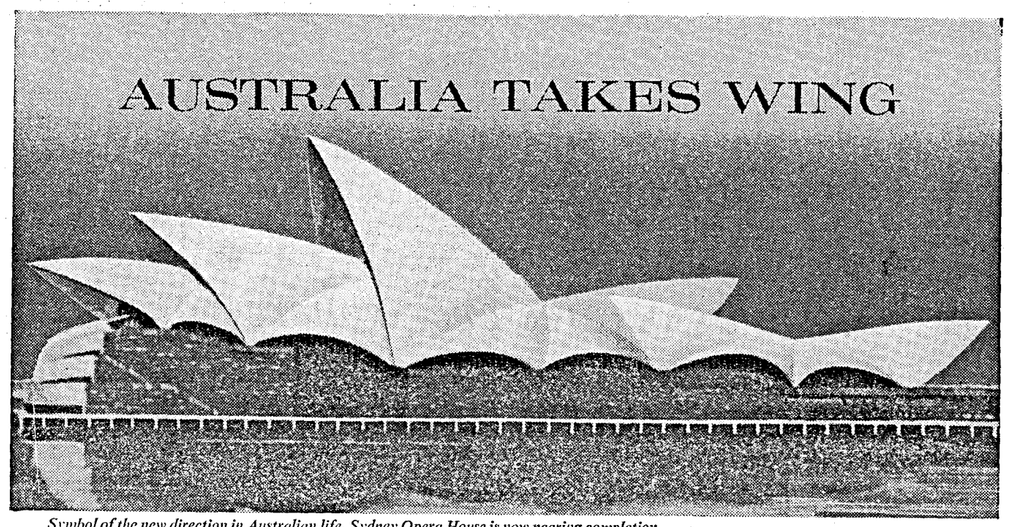
The difficulty, however, is political. The countries of the common market, and their linked territories, will start talks next month on a new form of association between Europe and Africa. A committee of association, a joint ministerial council, and an annual inter-parliamentary session are included in the new grand design. It will be hard to persuade the former British colonies that this is simply a free association between equals; Dr Nkrumah is not alone in being deeply suspicious of any formal arrangement between Europe and Africa. This sentiment is at the root of his distrust of the Monrovia group, some of whose members can (from one point of view) fairly be described as General de Gaulle's client states. The Nigerians are no less aware of this than the Ghanaians, but the Nigerian prime minister is attempting to coax the Monrovians towards a more assertive independence by helping to bolster their economies and their self-confidence, rather than by heaping insults on them as Dr Nkrumah does. If the economic pressure for unification is to overcome these political difficulties, Europe's politicians will have to tread warily.

The Economist

AUGUST 24, 1861

THE RATE OF INTEREST

Some time or other,—how soon we do not venture to predict, and we are not at this moment concerned in predicting,—the trade of the country, both foreign and domestic, will revive so far as to provide for the augmented capital of the country. Experience shows that the inherent energy and mercantile capacity of the industrial classes will soon absorb any probable accumulation of resources. For a moment they may be at fault: they may be harassed by the untoward confusion in America—an anomalous and perplexing result, to which there is no guiding precedent and scarcely an approximate analogy in the previous history of the world. But, in the long run, trading sagacity and trading industry will triumph. Whatever money they can obtain, that money they will employ. When this event shall happen, when the natural augmentation of trade has outstripped the natural accumulation of uninvested capital, then the fall in the rate of interest will cease at once. The producing cause will be no longer in action, and the Bank will not only be justified, but be bound to pause likewise, in its course of reduction. And it may be compelled to pause by a second cause .... The effect of the recent high rate of interest was to attract much capital here from countries in which that rate was much lower. Now that the rate of interest is approaching to the rate of other countries, it is very possible that we shall part with much of this money, and it is very improbable that we shall retain the whole of it .... If, therefore, a foreign demand should spring up for the repayment of the capital which we formerly obtained from the Continent by offering very high rates of interest, the rate of interest might again move upwards. The money market is very sensitive and delicate; a little too much will send it rapidly down; a very slight deficiency will cause it to rise just as rapidly. At present the foreign exchanges are extremely favourable to this country, and it is very probable that we shall see more than one reduction in the Bank rate of discount. But it is probable also that the low rate of interest will produce the reverse effect of the recent high rate,—that we shall not retain the whole of the money which we obtained by bidding high for it,—and that, if the improvement in trade, and especially in the domestic trade, should be contemporaneous with a foreign demand, we may see the rate of interest rise again as rapidly as it has lately fallen, and as it at present seems likely to fall still further.



Symbol of the new direction in Australian life, Sydney Opera House is now nearing completion

—and the next ten million Australians will take a big load of **power**

Australia's population has reached the ten million mark. Time now to look to the next ten million. And whether they are born there or arrive on a boat, they'll be joining a nation exulting in new life and strength.

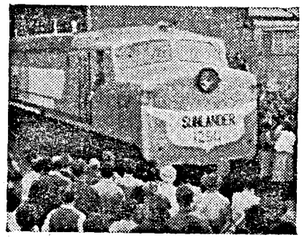
Already the post-war flood of immigrants from Europe has given Australia a broader world view: new citizens with new intellectual contributions to make, different cultural ideas, specialized skills and knowledge. The community has never been more *alive*—healthy, enquiring and full of purpose—as Australia takes wing to wider horizons.

If the Sydney Opera House symbolizes the new direction of living, other monuments now shooting up mark the pulsating economic prosperity which makes this richer life possible—skyscrapers in the cities, new steelworks and, perhaps greatest of all, the huge dams in the Snowy Mountains scheme, bringing the power which is vital to all development.

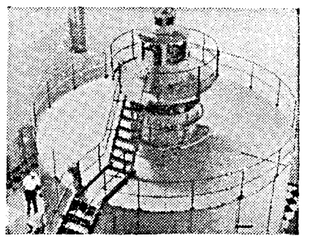
In a country expanding so vigorously, the importance of electric power cannot be overestimated. Power consumption is the yardstick of any country's prosperity, and those new Australians, as they join the present ones, will need an ever-growing supply of power for industry, commerce, transport and the home.

English Electric in Australia. In all these spheres The English Electric Company is busy in Australia, providing the means to *generate, distribute* and *use* more and more electricity. Hard at work in the enormous Snowy Mountains hydro-electric scheme, English Electric is also building 200-MW generating sets for the Vales Point steam power station on Lake Macquarie; while at Rocklea in Queensland, at one of English Electric's two flourishing factories in Australia, locomotives and rolling stock are being built.

And so the fruitful relationship grows. Australia knows she can depend on the resources of technical knowledge, skill and research which lie behind every contract with English Electric, while the company gains further valuable experience which it can use for work in other countries and at home.



One of five 1,500-h.p. locomotives for the Queensland Government Railways, who also placed repeat orders for twenty-five 1,650-h.p. units with The English Electric Company of Australia Pty Ltd.

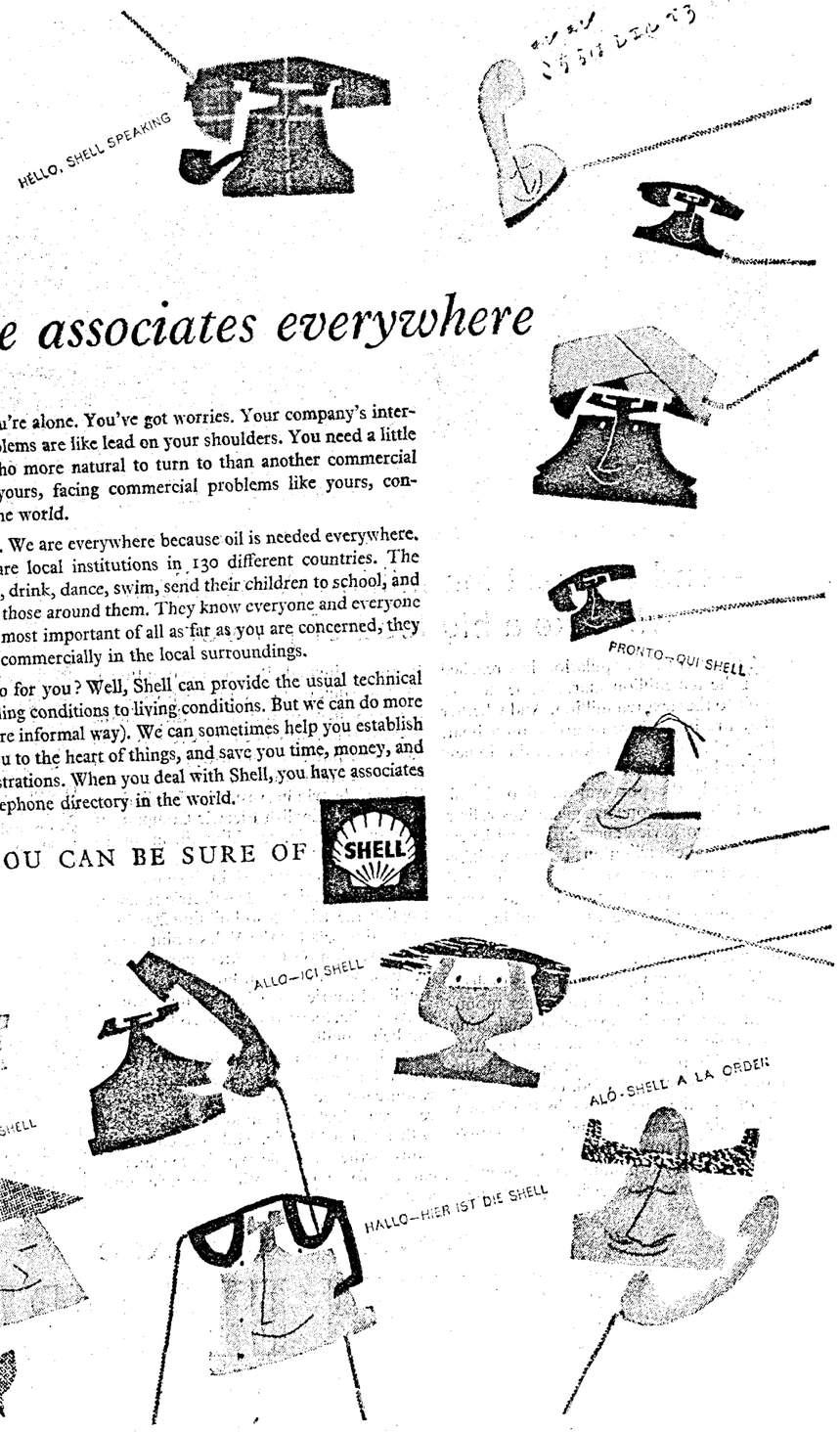


Tasmania's island economy is based on her considerable resources of hydro-electric power. This English Electric 45,000-h.p. water turbine generating set is in the Lake Echo power station.

POWER FOR PEACE

'ENGLISH ELECTRIC'

The English Electric Company Limited, English Electric House, Kingsway, London, W.C.2



How to have associates everywhere

You're abroad. You're alone. You've got worries. Your company's international trade problems are like lead on your shoulders. You need a little muscular help. Who more natural to turn to than another commercial organisation like yours, facing commercial problems like yours, continually, all over the world.

Us, for example. We are everywhere because oil is needed everywhere. Shell companies are local institutions in 130 different countries. The people in them eat, drink, dance, swim, send their children to school, and live amicably with those around them. They know everyone and everyone knows them. And most important of all as far as you are concerned, they know how to live commercially in the local surroundings.

What can we do for you? Well, Shell can provide the usual technical advice—from loading conditions to living conditions. But we can do more than that (in a more informal way). We can sometimes help you establish contacts, guide you to the heart of things, and save you time, money, and nerve-fraying frustrations. When you deal with Shell, you have associates listed in every telephone directory in the world.

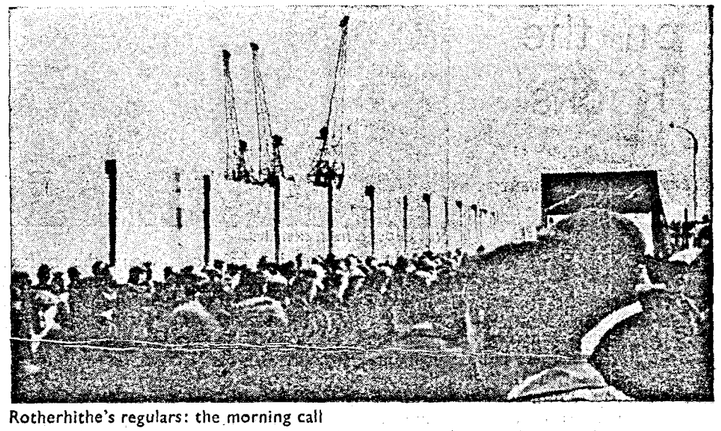
YOU CAN BE SURE OF SHELL

HOME REPORT

In HOME REPORT members of the editorial staff and local correspondents report on life and happenings in and around Britain.

Slack in the Docks

FROM OUR SPECIAL CORRESPONDENT



Rotherhithe's regulars: the morning call



Symbols of seniority

At half-past seven in the morning, Lower Road, Rotherhithe—a jumble of old grey back-to-backs and jazzy council flats—is already blue with diesel smoke. Knots of men gather in front of little shops that offer everything from Johnny Mathis discs to "Colonial Boots, 21 shillings": the over-sixties wear cloth caps with mufflers, the over-forties cloth caps with open-necked shirts and formidable leather belts, the under-twenties tight jeans and sharp Italian jackets. Pretty daughters and sisters teeter past to the tube and their jobs behind City typewriters, their tight skirts and smudged eyes typical of their generation anywhere in Britain. But however variegated their clothes, the men are marked out by their occupation as clearly as if they wore a uniform. Conspicuously short, disproportionately broad, their hands battered with work and their eyes quick to suspicion of the stranger, these are England's most powerful and most deeply mistrusted manual workers—the London dockers.

Along a grey wall, the employers are recruiting their teams for the morning's work: but here at the Surrey Docks, as elsewhere on the lower Thames, more than one in ten of the waiting dockers will not be hired. The next chance will come at midday, and for those who live some distance from the dock gates the morning will be frittered away chatting or playing cards over thickly stewed tea in a dingy cafe. Those not hired have to "prove attendance" at the eleven weekly calls, which entitles them to payment of 7s. a time: if they are unlucky enough to earn less than the guaranteed fall-back pay of £7 8s. 6d. in a week, the dock labour board makes their pay-packets up to this amount. What with overtime and weekend work, very few of them are in fact in this position, but a drop in earnings to this level is a very real fear for a docker who in good times may earn as much as £30 a week. In 1947, after years of struggle by leaders like Ernest Bevin, the national dock labour scheme was established "to ensure greater regularity of employment for dock workers and to secure that an adequate number of dock workers is available for the efficient performance of dock work."

Last year port employers in London were complaining that there were not enough men to do the work: the register of dockers, established by the local dock labour board, on which sit representatives of the port employers and of the men's unions, rose to 29,500 in London this year. Since then it has dropped, through retirements and normal wastage, to 28,300; and in a typical week this month 2,786 men were away on their annual holiday. But even so, the average number proving attendance at the call but not finding work had risen to 3,179. As the holiday period ends, the dockers are fearing some really hard times; and the labour board, which pays the men's attendance money and makes up their wages to the minimum fall-back pay from a fund to which the employers contribute a percentage of their total wage-bill, is looking forward to some heavy outgoings. "Security they said it would give us," grumbled a square-set docker, "I call it nothing but a bloody swindle." What, one wonders, would Bevin say?

THE dock labour scheme is, in fact, the subject of virulent attacks from all sides. When times are good the employers cannot get labour; the men, with heavy earnings in their pockets, seem prepared to strike on trivial pretexts—and have twice, disastrously, done so during the past year. In bad times it is the men who are unsure of their prospects; resistance to labour-saving devices reaches a new peak; and the hours of unscheduled idleness provide a breeding-ground for resentment which will find its outlet in yet more labour troubles next time full employment comes round. A succession of inquiries and reports have shown that, within the limits of the possible, the members of the dock labour board arrive at a reasonable compromise between the employers' desire to have a large reserve of labour and the unions' wish to restrict entry to safeguard their members' employment. But tides and trade cycles wait for no man: despite forecasts that the recent strikes would frighten cargo away from London docks, there is no evidence that the position is any better in other ports. The men in Lower Road know that, highly paid one month, they can never be certain of not being poor the next: it is on this account that, clannish and wryly humorous, and never easy to understand, they stoutly refuse to co-operate with those more fortunate than themselves.

Brighton on the Rocks

FROM A CORRESPONDENT IN BRIGHTON



Not enough in deckchairs

To judge by the steady stream of visitors piling out of the London trains this summer, Brighton's holiday trade might be thriving. Only the absence of luggage larger than picnic hampers and portable radios suggests that there is little in it for local traders and that the most popular ticket is the day return. Brighton, in fact, is desperately short of the old-fashioned holidaymaker who stayed at an hotel, ate in restaurants, and spent his money in the town. The Londoner's family fortnight beside the nearest stretch of pebbly beach is becoming a thing of the past, replaced by trips abroad, tours in the West Country, and a tendency to spend less time in more places.

This year the "vacancy" signs outside Brighton's innumerable guest houses have told their own story. The hotels, although less forthcoming about their business, are in the same position. Increasingly the trade is depending upon one short seasonal peak —the Sussex fortnight. In these two weeks, centred on the August bank holiday racing enthusiasts—a large proportion from the north—converge for the meetings at Goodwood and Brighton itself.

But a fortnight of solid bookings is not enough. Nor can a fairly healthy conference trade (the 4,000-strong Conservative conference will arrive next month) and windfalls like the Toy Fair make up for the failing holiday trade. Some hoteliers go so far as to forecast that the forthcoming introduction of parking meters in the town will be the last straw for some small hotels and guest houses.

As the paying guests stop coming to Brighton, feeling in the town tends to be directed against the non-spending trippers who still do. The typical tripper's day by the sea has almost become a model of thrift. He is likely to bring his own refreshment and music, and to prefer the shingle to a corporation deckchair. If he spends money at all, it is usually limited to the beach kiosks—which are now barred from cooking on health grounds—or fish-and-chips on the upper promenade. The hundreds of touring holidaymakers who sleep in their cars along the seafront, emerging at breakfast time to cook bacon and eggs over primuses on the pavement, are all customers lost to the hotels. The only part of the town which seems to benefit from the shoestring trend is the municipal camping ground at Sheepcote Valley, which happens to be doing very nicely.

The increase in day-trippers this summer has been accompanied by a rise in vandalism. Seafront shopkeepers have asked for extra police protection for their premises. None of this helps to ease the town's worries.

Can Brighton regain its lost prosperity? The feeling is that it must break with its tripper tradition and aim at a more affluent class of visitor. The town's two largest hotels, the Grand and the Metropole on the seafront, are both acting on this assumption. It is probable that the Grand will be pulled down and replaced by a new luxury hotel on a corner of the Kings Road redevelopment area. The Metropole has already gone ahead with a £500,000 scheme of modernisation and improvement.

The focal point of Brighton in the future will inevitably be the key 16-acre redevelopment area on the seafront. This multi-million pound scheme has now been approved by the town council. It includes a giant entertainments building, with a 1,000-seat restaurant-cum-conference hall, a bowling alley and a dance hall; blocks of flats rising to 30 storeys; and a shopping patio to replace part of the main shopping centre in Western Road.

The new director of entertainments and publicity, Mr George Hume, considers that the town must "turn respectable." He is a former administrator of the Shakespeare memorial theatre at Stratford and, with this in mind, strongly supports the idea of a Brighton festival on the Edinburgh model. He argues that a first-rate arts festival could draw 20,000 people a day for three weeks and set the town up as a holiday resort for the rest of the year.

Although this has the backing of entertainment interests in the town, the local imagination still finds it difficult to visualise a Brighton divorced from sticks of rock and saucy hats. The town council will certainly take some considerable persuading before it agrees to subsidise such an ambitious project.

SITUATIONS VACANT

Continental Drift

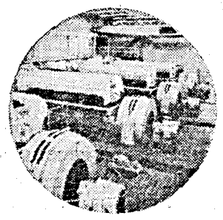
FROM A CORRESPONDENT IN BELFAST

ARTICLE 48 of the Treaty of Rome, which concerns the free movement of workers within the European community, is already, in a way, operating for some Ulster people. Representatives from the Fokker Aircraft Corporation in Amsterdam have been in Belfast in search of 100 skilled machinists, sheetmetal workers, fitters and other types of aircraft tradesmen. The deputy personnel officer of the company interviewed nearly 300 redundant skilled workers in Belfast last week, offering them good jobs in Holland, with wages about equal to those they have been used to, boarding house accommodation for single men, houses for married men with families, and two paid vacations a year. The men that have been accepted have been offered permanent security—the Fokker corporation says it has enough orders to keep it busy for five years —and there will be no language difficulty because more than half the Dutch employees speak English.

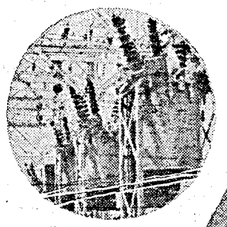
Firms in west Germany have also sent representatives to Northern Ireland in search of labour. An advertisement in the Belfast newspapers last week by a German electrical company offered well-paid employment to girls between 18 and 35. They will be provided with training, fares paid to Germany and back, health benefits, language classes, good wages, and modern hostel accommodation. Apparently the idea is to train these women workers in Germany and then send them back to Ireland where they would be employed in German-owned industries.

This particular firm has been interviewing prospective employees in the Republic as well as in Northern Ireland. The first batch of Irish girls to join will fly from Dublin on Monday. The Verolme Shipbuilding Company at Cork continues to send young Irishmen for a nine months' training period in Amsterdam.

The Irish response to these continental offers has been more encouraging than that of the Clydeside shipyard workers. So few Scots applied that the German shipbuilding firms concerned withdrew their offer.



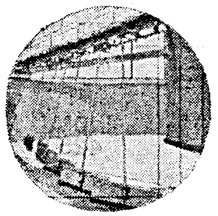
Power Stations



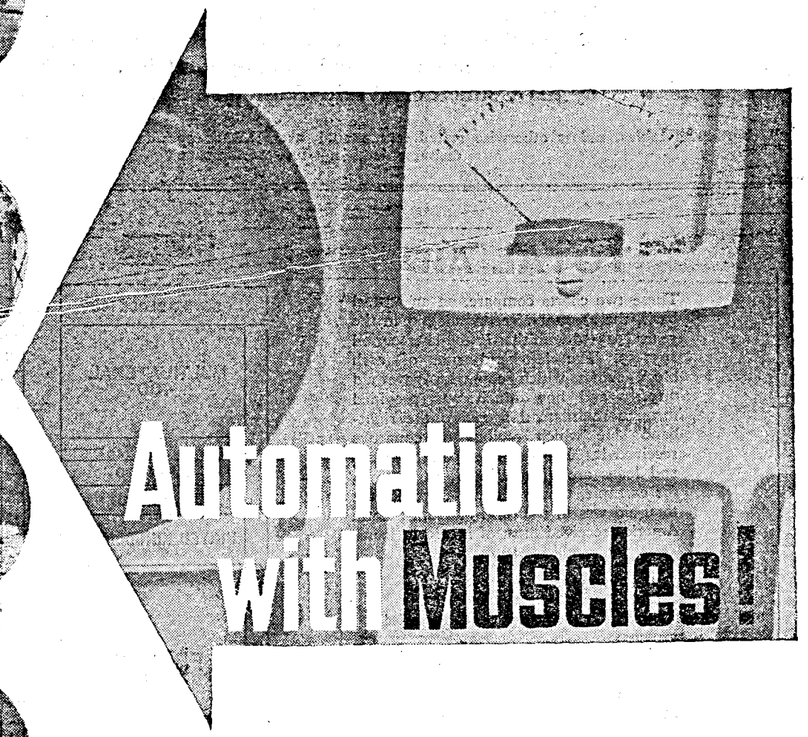
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AID IN PERSPECTIVE

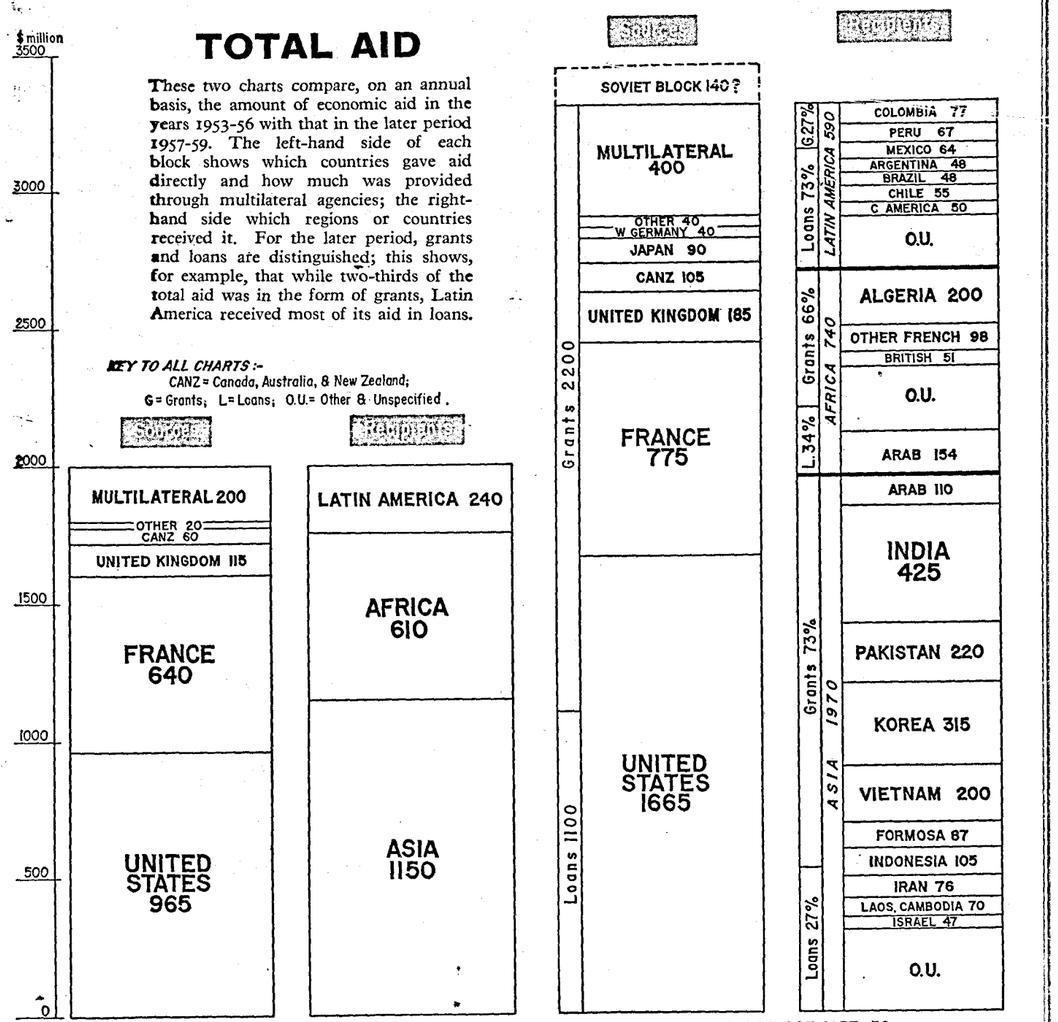
On this page, and the next two, an attempt is made to put together a picture of the flow of economic aid to under-developed countries in recent years. A conference on aid and development is being held at Oxford next week by the Council on World Tensions and the Overseas Development Institute.

Figures in all charts and tables, unless otherwise stated, are annual averages for period shown, are in $ million, and refer to actual disbursements, not to commitments.

TOTAL AID

These two charts compare, on an annual basis, the amount of economic aid in the years 1953-56 with that in the later period 1957-59. The left-hand side of each block shows which countries gave aid directly and how much was provided through multilateral agencies; the right-hand side which regions or countries received it. For the later period, grants and loans are distinguished; this shows, for example, that while two-thirds of the total aid was in the form of grants, Latin America received most of its aid in loans.

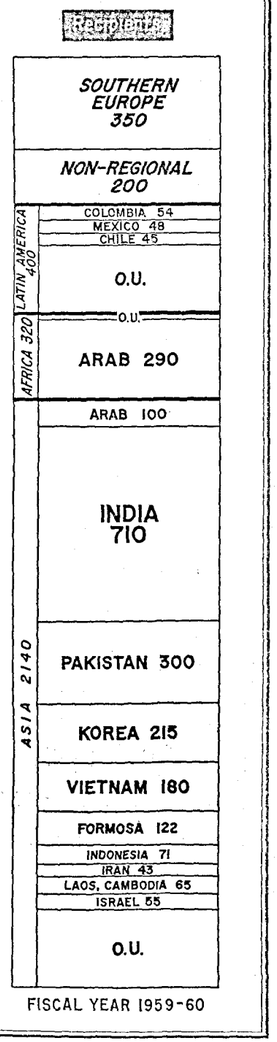
KEY TO ALL CHARTS :-
CANZ = Canada, Australia, & New Zealand;
G = Grants; L = Loans; O.U. = Other & Unspecified.



US AID

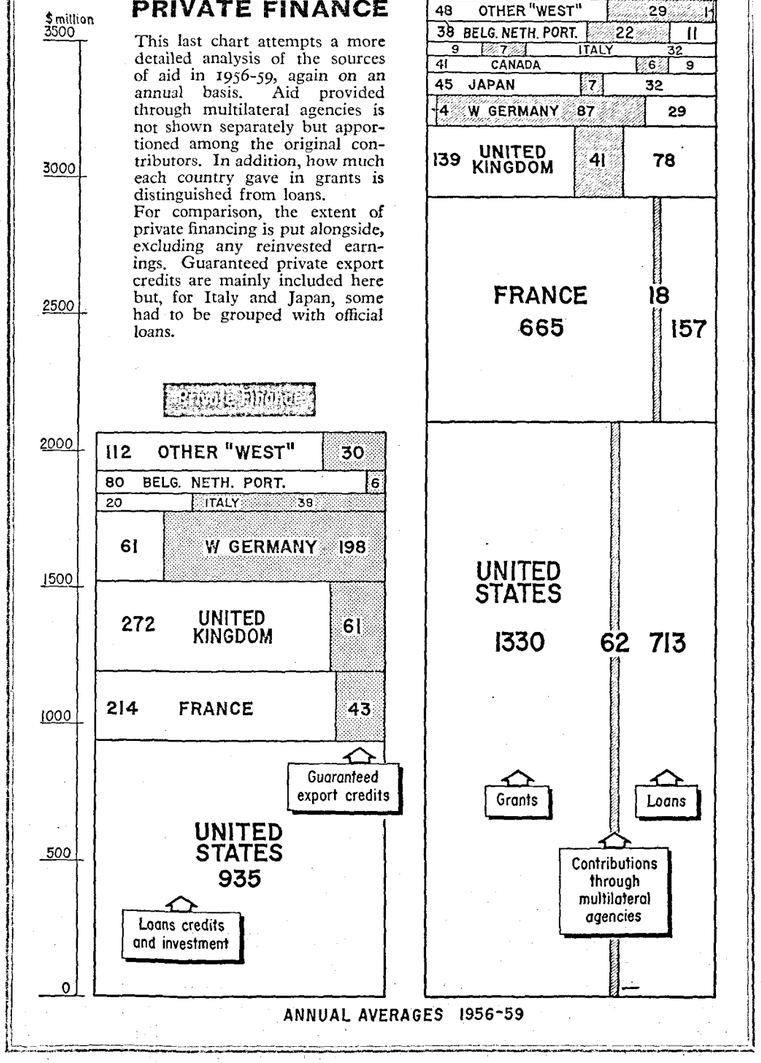
A more up-to-date picture is available of the commitments of the United States to overseas aid. This chart shows, for the fiscal year 1959-60, how such commitments were distributed, both regionally and to individual countries.

This chart is on the same scale and comparable with those on the opposite page.



GOVERNMENTAL AND PRIVATE FINANCE

This last chart attempts a more detailed analysis of the sources of aid in 1956-59, again on an annual basis. Aid provided through multilateral agencies is not shown separately but apportioned among the original contributors. In addition, how much each country gave in grants is distinguished from loans.
For comparison, the extent of private financing is put alongside, excluding any reinvested earnings. Guaranteed private export credits are mainly included here but, for Italy and Japan, some had to be grouped with official loans.



NOTES

The principal sources of the data are given on the next page. Available figures are inadequate in many respects. There is not even any agreed definition of what exactly constitutes aid, and information obtained from donor and recipient governments is often incomplete and sometimes incompatible. Figures taken from the sources cited have been adjusted where it seemed necessary, e.g., to make them more directly comparable with one another.

Some apparent discrepancies can be simply explained. The 1956-59 figures, for instance, relate to calendar years, the others to fiscal years. The figures adapted from the United Nations report, cited overleaf, do not cover aid to under-developed European areas, e.g. in Spain and Jugoslavia.

Reliable figures for actual disbursements of aid from communist countries are almost wholly lacking; the estimates shown here are slightly more generous than those commonly cited.

AID IN PERSPECTIVE

All figures, unless otherwise indicated, are in $ million, and are annual averages.

MULTILATERAL AID

Where it comes from

Contributions to World Bank 1956-59

	Public	Private
USA	—	136·5
W. Germany	109·7	15·5
UK	41·0	8·5
Switzerland	9·9	21·2
Netherlands	7·0	19·5
All advanced countries ('West' and Japan)	212·5	228·2
All countries	228·5	228·7

Subscriptions to International Finance Corporation 1956-59

USA	8·8
UK	3·6
France	1·45
Canada	0·9
W. Germany	0·9
Netherlands	0·75
Japan	0·7
All advanced countries	20·0
All countries	23·85

Contributions to UN Technical Assistance Programme and Special Fund, 1958-59

USA	18·2
W. Europe	14·3
Australia, Canada, New Zealand	3·9
Africa, Asia	2·8
Latin America	2·3
Soviet block	2·1
	43·6

Multilateral (UN) Aid Received, 1957-59

	World Bank disbursements (effective)	IFC commit-ments	UN Technical Assistance, Unicef, Special Fund, etc.
India	142·0	1·2	6·5
Iran	24·5	0·15	2·3
Pakistan	17·1	0·7	1·4
Thailand	7·1	0·15	1·1
Indonesia	—	—	1·9
Burma	3·8	—	1·7
Total Asia	205·9	2·2	27·4
Rhodesia and Nyasaland	9·4	—	0·05
Sudan	7·25	—	0·6
Congo	4·7	—	—
Total Africa	22·65	—	8·55
Mexico	10·25	0·55	2·75
Colombia	8·8	—	1·45
Chile	7·75	2·3	0·6
Uruguay	7·3	—	0·2
Brazil	5·45	3·55	1·3
Total Latin America	64·25	6·8	16·15

GOVERNMENTAL AID Provided by:

FRANCE, 1958*

By appropriations	
Algeria & Sahara	324
Overseas Departments	41
Community States & Overseas Territories	308
Morocco & Tunisia	106
Other	11
	790
Development	484
Current	306
	790

By disbursements	
Current expenditure:	
Algeria & Sahara	98
Community States & Overseas Territories	221
Morocco & Tunisia	116
Other	40
	474
Development expenditure:	
Algeria & Sahara	147
Community States & OT	175
Other	102
less Repayments	41
(net)	384
Combined total (net)	858

Sources: For appropriations, UN report; for disbursements, UN and OEEC reports.

UNITED KINGDOM, 1957-59*

Dependencies:	Grants	Net Loans
African	37·7	9·2
Asian	3·3	1·3
Mediterranean	36·5	—
W. Indies, Guiana	14·3	9·7
Commonwealth:		
India	0·8	26·3
Malaya	10·9	0·1
Ceylon, Ghana, Pakistan	2·2	0·5
Other countries:		
Jordan	2·8	1·4
Libya	10·8	0·2
Regional and other	19·2	—4·3
	138·8	44·4

Source: UN report

* Excluding aid through multilateral agencies.

AID TO INDIA AND PAKISTAN

TO INDIA

	Disbursements 1956-61 (Second Plan)	Commitments¶ 1961-3
USA	355	522·5
UK	43	125
W. Germany	40·5	182
Canada	28·5	28
Japan	15	40
World Bank	105	200
Other 'West'	14*	27·5†
	601	1,125
Communist countries	63	100
	664	1,225
Estimated Plan outlay on development:		
Official	2,015	3,150
Total	3,020	4,800

* Including: Australia, New Zealand, France, Norway, 4.5; Ford Foundation, 3; UN programmes, 6.5.

† Including: France, 15.

§ Including: UK, Australia, New Zealand, Norway, 4.1; Ford Foundation, 2; UN programmes, 1.4.

‡ Including: W. Germany, 31; UK, 21; Japan, 20; France, 5.

¶ Excluding US surplus programmes (PL 480) and Indus Waters programme.

TO PAKISTAN

	Disbursements 1957-9	Commitments¶ 1960-2
USA	180	140
Canada	17·5	19
World Bank	15	39
Other 'West'	7·5§	77‡
	220	275
Estimated Plan outlay on development:		
Official	250	485
Total	450	800

HOW MUCH GIVING AND RECEIVING

Aid provided as percentage of donor countries' gross national product: 1957-59

France	1·39
USA	0·38
Japan	0·32
Australia	0·30
UK	0·29
Netherlands	0·26
Canada	0·18
New Zealand	0·18
W. Germany	0·14
Belgium	0·11
Sweden	0·01

Source: UN report.

Aid received* per caput by certain recipient countries: 1957-59

	$
Jordan	36·30
Libya	31·64
Israel	24·61
Korea	14·13
Formosa	9·14
Bolivia	8·52
Chile	7·69
Colombia	5·83
Iran	3·92
Ceylon	2·30
Mexico	2·04
Pakistan	1·91
Burma	1·59
Afghanistan	1·54
Indonesia	1·24
Sudan	1·24
Brazil	1·05
India	0·74
Iraq	0·58
Ethiopia	0·43
UAR (Egypt)	0·41

* Soviet aid not included.

Source: UN report.

SOURCES

The principal sources used on this page and the two previous pages are, for 1953-56 and 1957-59 figures, the United Nations report on "International Economic Assistance to the Less Developed Countries" (1961); for 1956-59 figures, the recent OEEC publication "The Flow of Financial Resources to Countries in Course of Economic Development, 1956-59"; and publications of the governments of the United States, France, United Kingdom, India and Pakistan.

Figures for aid exclude military aid, private financing, grants from non-governmental foundations (except in the detailed figures for India and Pakistan), consolidation credits, IMF movements, withdrawals from sterling balances accumulated in wartime, and postwar reparations and indemnification payments.

AMERICAN SURVEY

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

Reluctant Philanthropists

WASHINGTON, DC

PRESIDENT KENNEDY has not yet met his Waterloo over the foreign aid Bill, but in terms of foreign policy, personal prestige and congressional influence he is throwing in his last reserves. The outcome will turn on whether he can induce Congress to have second thoughts on a formula for long-term financing which is not understood by one in ten thousand Americans, including some of those in Congress. Both Houses have once again passed Bills authorising another year of foreign aid—military assistance, grants and loans for economic purposes and all the rest—though the Senate cut the President's request for $4.8 billion back to $4.1 billion and the House of Representatives to $4.4 billion. But the crucial issue is whether the President is to get an advance appropriation for future years without being required to subject it to an annual scrutiny and an annual trimming by Congress; this means that he must be given not a mere authorisation to spend without any actual money being provided but a fixed sum (he asked for $8.8 billion, $1.2 billion of it for this year) to be put at his disposal by the Treasury to lend abroad in stated amounts and ways each year over a period (the $8.8 billion was to last for five years for loans only). Last week the Senate, though it chopped something off the sum and tied on a few strings, said "Yes": but notwithstanding a stream of telephone calls from the White House, the House of Representatives voted "No."

Selected members of the foreign policy committees of both Houses are now meeting to agree on a common Bill. President Kennedy has lost on the floor before this, only to win back most of what he wanted from the joint conference (notably on the minimum wage Bill). But this will be his severest test yet. Despite the spectacular failure of his supporters in the House he has first to induce the conferees to put in the compromise Bill the principle of long-term financing by borrowing from the Treasury; here the choice of conferees favours him. But then he has to win enough additional votes in the House to get the new Bill accepted there—to reverse the effect of Representative Saund's amendment which lays down positively that foreign aid must be appropriated annually after the usual procedure of hearings by, and justification of the expenditure to, the Appropriations Committee. True, the Saund amendment won by only 197 to 185 votes—but the whole tenor of the debate in both Houses shows that it will be hard to reverse it. The Administration assumed that Russian aggressiveness and the Latin American Alliance for Progress would propel the Bill through Congress (as the situation in Cuba put through $600 million of Latin American aid earlier). Also the Administration was mesmerised by its succession of narrow congressional victories into thinking that even an unpopular clause in an unpopular Bill could be squeezed through if the President demanded it persistently enough.

The White House miscalculated on three points. The first of these was that the House Committee in charge of the Bill is one of the most poorly-manned; ambitious and able Congressmen prefer to serve on committees whose decisions affect their constituents directly, rather than negatively as does the Foreign Affairs Committee. Its members fumbled the ball at the critical moment. Another was that even with the President pulling out all the stops, the Bill needed to be brilliantly presented. Yet the International Co-operation Administration failed to supply the Bill's champions with the success stories that alone could have offset the allegations of waste and corruption cited by its opponents. But most important of all, the Administration was wrong about the effect of the Russian successes. The House is genuinely close to American popular prejudices; it sensed the growing suspicion in the country that these successes might be proof that foreign aid is ineffective, as well as wasteful and burdensome.

The loss of Cuba or Laos to the Soviet orbit, the tendency for other countries like Brazil or India to lean leftwards, the stories of corruption in the ruling classes of Latin America or Asia, have all nurtured doubt rather than a sense of urgency. The State Department's argument that aid achieves its purpose even if it only keeps moderate, although left-leaning, governments going does not convince grass-roots Americans. As one Congressman put it inelegantly: "The people of the United States are tired of being taxed to subsidise every country in the world whether they kick us in the teeth or not."

THIS sense of being taken for suckers ties in with Congress's misgivings that its constitutional control over finance is being progressively filched by the Executive: that "backdoor spending," like George III's power, has increased, is increasing and ought to be diminished. In the Senate Messrs Byrd's and Hickenlooper's attempt to nullify this encroachment was no sooner foiled than the Dirksen amendment was accepted. This requires that even foreign loans financed by borrowing from the Treasury, if they exceed $5 million, must be delayed for thirty days to give Congress an opportunity to veto them. Further, Senator Fulbright was forced to appease suspicion by declaring that Congress retained the sovereign right to terminate the five-year appropriation and the unspent balances at any time and that it possessed adequate investigatory powers already under the rather obscure Government Corporations Control Act.

All this, and more, fell on deaf ears in the House. When the Administration cut its obvious losses by retreating to a request for an advance appropriation for only three years instead of five, the opposition leapt in first with the wrecking amendment which bears the name of Mr Saund, a disgruntled Democratic Congressman of Hindu origin from California, who is merely a front-man for the newly reknit coalition of Southern Democrats and Republicans which voted solidly for annual appropriations. Only six liberal Republicans stayed with the President after a floor count. The Administration did not dare to insist on a vote counted by tellers lest defeat were turned to rout—and this was wily, since in conference it can now be argued that the House was in an emotional state when it voted and did not really mean to do it.

The result has plunged the agencies operating foreign aid into gloom. They had been caught up in the prevailing optimism over the Bill and now find themselves in the awkward position of having already made a two-year commitment of $1 billion to India

with further large sums promised to Brazil and Pakistan which they are trying to keep secret. Mr Dillon's vaster, if vaguer, forward commitments to Latin America drew the wrath of the House down on his head, a wrath that will fuel Castroist propaganda for months. Even to cut the five-year appropriation to three is seen as disastrous by the foreign aid experts.

The Administration is demanding long-range five-year plans for balanced economic and social reform and investment from the "lesser developed countries." This should ensure the greater efficiency on which Congress is insisting but on the self-help principle this also requires these countries to make large forward commitments too. However this can hardly be stipulated if the House on its side will only allow indefinite advance authorisations for aid—which may well be all that is in the final Bill—with every actual appropriation being cut and cut again by the penny-wise Appropriations Committee. In these circumstances any country with a five-year plan risks finding itself stranded with half-built dams or factories, industries operating below economic levels for need of raw materials or spare parts and unpaid bills to suppliers, all for lack of the necessary foreign exchange. As one official vainly told Congress: "We are still tackling twenty-year problems with five-year plans staffed with two-year personnel working with one-year appropriations." Yet Congress certainly does have a legitimate complaint.

The attempt to reduce its power of the purse-strings, which the Bill was designed to do, was unavoidable because twentieth-century realities clash with eighteenth-century shibboleths. But here the President's prestige is involved vitally—as his desperate public appeals show. The world will interpret a defeat in Congress as a vote of no confidence in his programme and particularly of no confidence in a realistic policy towards the uncommitted countries. And a defeat will undermine the President's painfully-built hold over Congress. The reactionaries have tasted blood but Mr Kennedy will avoid a Waterloo if he can. If he gets only a two-year appropriation out of the sullen House, he will claim a virtual victory and go patiently to work to build on that. If he gets only one year, he will withdraw in good order as Wellington so often did. Mr Kennedy shares several qualities with the Iron Duke.

A Texan Goes to Berlin

THE Vice President of the United States, Mr Lyndon Johnson, was sent to Berlin last week-end because he is the next best thing to the President and because no American official of such high rank had visited the city since the war. But since his task was to reassure the West Berliners, resentful at the slow allied reaction to their latest crisis, to convince them that they were not forgotten, to check an incipient panic that might have sent them fleeing west in their turn, it was helpful that Mr Johnson came from Texas and was a typical son of the Lone Star State. For Texans specialise in energy, self-reliance, independence and defiance —of the rest of the United States in their case— and these were just the qualities the Berliners want, at this moment, to see in their friends. Moreover he is a politician, experienced at enlisting sympathy on his side, and the theatrical methods which succeed so well at home succeeded in West Germany too. It was not the shower of ball-point pens inscribed with his name and of gilt-edged tickets to the United States Senate which won over the Berliners but his genuine concern for their unhappy situation. The seal was set on his popularity when the convoy of 1,500 extra American soldiers arrived to strengthen the city's garrison and the Vice President left Berlin with his morale-building task accomplished brilliantly—for the moment.

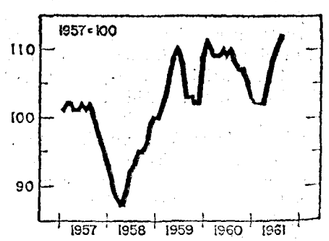
But in Washington there is some concern that he may have accomplished it too brilliantly. Texans also specialise in rashness and over-confidence and some of Mr Johnson's emotional promises to the West Berliners went farther than some experts think wise. And the promises were made in the name of the President and people of the United States. It may not be long before the Berliners need reassuring again and then it may be difficult to satisfy them without some retaliation against communist pressure more drastic than mere words. In particular they may be bitter when the allies start negotiating with the Russians, something that is expected in the near future in Washington. How Americans themselves, and their representatives in Congress, may react to these negotiations, and especially to any concessions that may be made during them, is also uncertain. Many of them are becoming truculent as they see the Russians apparently scoring all along the line. But at least negotiations, like Mr Johnson's dramatic flight to Berlin, are a way of winning time, of postponing and perhaps avoiding a final clash with the Russians. And to do this is President Kennedy's patient purpose during the "difficult weeks and months" which he sees ahead.

No Jets to Moscow

ALTHOUGH the Administration thinks it unwise, at this stage, to impose economic sanctions on either East Germans or Russians, it does not feel that the time is appropriate for establishing a new economic link with the Soviet Union by opening a direct commercial air service between New York and Moscow. So for once it is Americans, not Russians, who are refusing to sign an agreement. On again, off again since 1958, depending on the temperature of the cold war, negotiations were finally opened in July and all but a few details such as radio frequencies, maintenance, operational standards—and fares—were settled in the remarkably short time of three weeks. The twice-weekly, non-stop service was to be started next spring by Pan American World Airways and Aeroflot; at present passengers have to change aircraft somewhere in Europe if they wish to fly between New York and Moscow.

One reason why the negotiations went so smoothly is that there is at present no suggestion that either airline should go beyond these terminal cities, although it is presumed that the Russians would like to fly to Cuba and other Latin American countries and Pan American would certainly like its route to Japan to go across the Soviet Union rather than the much longer way round which it now follows. The hope that permission to fly over Siberia may be granted one day explains why Pan American is ready to undertake a service on which it expects to make little profit; direct flights may, however, encourage more American tourists to go to Russia and, perhaps, more Russians to come to the United States. It is suggested that the Russians wanted an agreement both because of the prestige of having their aircraft land regularly at New York and because the service would provide their pilots with experience

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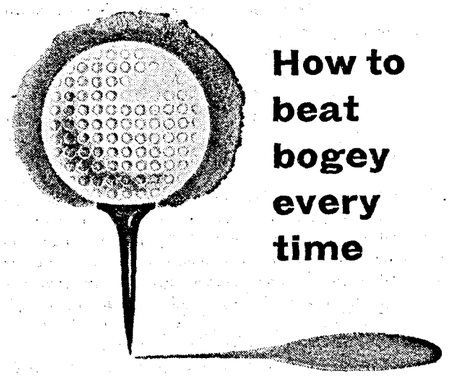
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If I slice my drive into that patch of rough over there, it will cost me two extra strokes to get round the dog-leg and on to the green. On the other hand, if I'm too cautious and drop short, I'll get into the deep sand behind the first bunker, and very likely take three to get back on the fairway . . .

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of flying the Atlantic which would be useful in time of war—and for espionage purposes.

The other paradox about this agreement with a country which is practically an enemy is that it was reached without difficulty at a time when similar bargaining over bilateral air services with allied countries—Holland, Scandinavia, Britain, Italy, Japan, India—has broken down almost completely and is giving rise to serious friction. This is either because these countries are trying, as the Russians did not, to get permission to extend their flights—the Dutch and Italians to Los Angeles, the Japanese to New York and across the Atlantic, the Indians across the Pacific—or because the Americans are trying to make these rival airlines reduce their services to the United States. This situation is the result of the increased competition in the air, particularly on the North Atlantic routes, where larger aircraft, more services and fewer passengers have meant financial difficulties. The two American transatlantic carriers complain in particular that the Dutch KLM and the Scandinavian SAS schedule more flights than the demand warrants and that they are picking up more than their fair share of transatlantic passengers from the other countries which they serve. Sympathetic American aviation officials are showing growing signs of protectionist tendencies, particularly in their reluctance to make additional air rights available in the United States to other countries unless American airlines get some very worth-while concessions in exchange.

Untranquil Drugs

SENATOR KEFAUVER, who as chairman of the Senate's anti-trust and monopoly subcommittee is becoming an old hand at leading the Justice Department to its prey, has scored another tentative victory. Last week a grand jury in New York charged three of America's largest pharmaceutical manufacturers (and their top officers) with conspiring to maintain excessively high prices and to monopolise the manufacture and distribution of the so-called "wonder" drugs. The companies involved are Charles Pfizer & Company Incorporated, the American Cyanamid Company and the Bristol-Myers Company (two more firms have been mentioned as co-conspirators) and the three products named are all in the tetracycline group. Retail sales of these widely-used antibiotics are running at about $250 million a year and the Justice Department claims that the accused are responsible for nearly three-quarters of this business.

It is nearly two years since Mr Kefauver scandalised a pill-swallowing public with the news that the drug industry is not only callous enough to make profits out of its invaluable services to mankind but that these profits have for years been about double those for manufacturing generally. Most Americans are now convinced that drug prices are inflated by excessive advertising expenditures and profits, even though the industry has taken pains to draw attention to its large investment in research which does not always show results. Both the Federal Trade Commission and the Food and Drug Administration have been taking a very close look at the industry with a view to tighter controls over advertising claims and labelling, but Mr Kefauver is urging Congress to go a good deal further. He has proposed that the companies should operate under licence only; that the FDA should not only pronounce on the safety of a drug (as it does now) but on its efficacy; that the life of patents on new drugs should be shortened from the present 17 years to three (with an 8 per cent royalty for the remaining 14 years); and that the FDA should give simple generic names to new drugs so as to discourage doctors from referring in prescriptions to the trade names promoted by the leading companies.

Both the pharmaceutical companies and the American Medical Association look upon such government intervention with great disfavour. The latter body has argued that the doctor alone should decide on the efficacy of a drug and that the substitution of generic for trade names would do no more than shift the emphasis in promotion from the doctor to the chemist who makes up the prescription. The Administration would like to see more regulation of the pharmaceutical industry but its proposals, when they come, are likely to be somewhat milder than Mr Kefauver's prescription.

Lessons in Politics

WHEN, last May, a New York rat emerged from the skirting of a Harlem school-room as the Mayor paid his official call (with the usual bevy of newspapermen in tow), the way the city runs its huge school system became a leading battleground in this autumn's mayoral election. The spotlight of publicity soon shifted from the rats (who, it seems, put in a fairly regular attendance in some of New York's less favoured schools) to the dilapidated state of the school buildings generally; even those built in the last few years are showing signs of imminent disintegration. To top it all, a hasty check by the city investigator revealed that many of the people in charge of building and maintenance had been in the habit of accepting small donations from contractors. The latest move in the drama came last week when Governor Rockefeller summoned a special session of the State Legislature to pass an emergency measure abolishing the present Board of Education (a voluntary nine-man body appointed by the Mayor which presides over the city's school system) and laying down the rules for the appointment of a new one.

New York City provides schooling (free of cost) for about a million young residents and operates nearly 900 schools. The annual cost amounts to some $650 million, of which the state provides a third. In the past New York's schools have had a fairly good reputation as big city systems go, but over the last few years their administration has come in for heavy criticism and the State Commissioner of Education, in particular, has been pressing hard for reforms. A succession of special studies has pointed out that the system is in danger of being strangled by excessive red-tape at the centre; that the board inevitably has more political than professional loyalties; that the 54 local school boards, which should serve as a link with the communities they serve, are virtually defunct; and that a Republican-controlled State Legislature has thwarted the Democratic city's attempts at self-improvement.

But there can be no doubt that the timing and intensity of the present uproar are politically inspired. In this autumn's mayoral election, Mr Wagner's bid for a third term is being opposed not only by a Republican, Mr Lefkowitz, but by two fellow Democrats, all of whom are making as much capital as they can out of the school issue. Mr Wagner has thus been trying, somewhat unsuccessfully, to keep ahead of state officials and his rivals in the city in exposing corruption and inefficiency, while at the same time hiding as many skeletons as possible in the cupboard until after the election. In summoning a special session of the Legislature Mr Rockefeller, too, has been accused of being more concerned with promoting his candidate for Mayor than with the scholastic fate of New York's schoolchildren; the Democratic members were highly suspicious of the motives behind the emergency Bill, but in the end most of them felt bound to join their Republican colleagues in voting against corruption, and against the Board of Education.

Goliath in Bonds

NEW YORK

THE business of raising capital for state and local governments by the sale of tax-exempt bonds has long been dominated by Wall Street's established investment houses and the big banks. But now this procedure has been shaken up thoroughly by last week's award of a $100-million Californian issue for school build-

Continued on page 798

Status Quo on the Farm

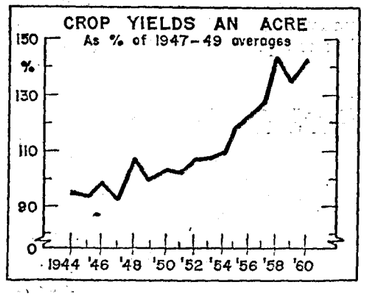
WASHINGTON, DC.

THIS month's wheat referendum, an annual formality in which thousands of wheat farmers ratify the programme devised for them by Congress, will reaffirm once again the *status quo* in American agriculture. The farm Bill passed earlier this month by Congress makes no real change in the method of subsidising the farmer which, since the last war, has produced the triple problem of massive surpluses of grains, steadily rising government expenditures for agriculture and incomes for farmers well below those of their fellow citizens.

Mr Orville Freeman, the Secretary of Agriculture, and his publicists are proclaiming loudly, perhaps a bit too loudly, that the new Bill is the most significant piece of farm legislation since 1938 and a real begining to the end of the agricultural dilemma. The Bill does seek to curb surpluses by requiring a reduction in the acreage planted to wheat in the coming crop year and tries to raise the income of wheat growers by pushing up subsidies. At the same time it extends through the 1962 growing season a similar programme for maize and other feed grains enacted by Congress earlier this year for 1961 only. Furthermore the fact that the Bill has been passed at all ends the deadlock between the Agriculture Department and Congress which blocked any farm legislation whatever during the final years of the Eisenhower Administration.

But the measure is but a pale shadow of the complete overhaul of the farm programme promised during his election campaign by President Kennedy. The basic ingredients and the basic contradictions of the old system are retained by the present Bill. Production is controlled not by regulating the amount to be sold but by limiting the acres to be planted, a hopeless approach when busy scientists are constantly increasing yields an acre. The farmer then disposes of his excess production to the government at an artificially high price through the fiction of price support "loans" that really amount to sales.

For all the breast-beating in Congress over the inefficiency and waste of this system, the latest farm Bill demonstrates once again that legislators simply will not pay the political price of adopting a new plan whether it is the one proposed by Mr Freeman or the diametrically opposite one futilely advocated by his Republican predecessor, Mr Benson. The Freeman system, called "supply control" by the theoreticians at the Agriculture Department, would enforce controls on farm production and reduce output enough to drive prices up in the market place and end the need for government supports. The Administration's experts believe that the jump in food costs would be relatively painless but the strict regulation of farm output which would be involved would mean that Congressmen could no longer pay lip service to the myth of a free and unregimented agricultural economy, a psychological and political price far too great for them.

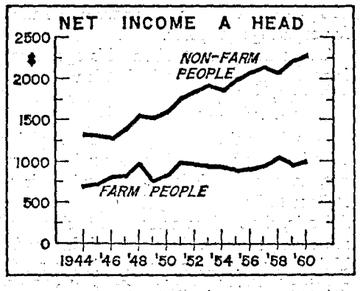


The ultimate and unfulfilled goal of Mr Benson's eight dreary years at the Agriculture Department was quite the opposite. Featuring a gradual end to all subsidies and controls on production, his plan would have forced small, marginal farmers out of business; as production then tapered off, farm prices would have climbed gradually. But this solution too was intolerable for a Congress that adheres to the Jeffersonian concept of the independent yeoman as the backbone of a democratic society.

Like Mr Benson's programme, Mr Freeman's proposals sought their goal by indirect means. He wanted to establish a complicated procedure under which he, as Secretary of Agriculture, would have had the basic responsibility instead of Congress for devising plans for controlling the various farm commodities. Another key provision in the Administration's programme called for extending to all crops, and even livestock, the use of the marketing order, an obscure device now applicable only to dairy products and a few fruits and vegetables, which can reduce production indirectly by permitting only those items meeting a certain standard of quality to be sold.

Trying to look at the brightest side of the lack-lustre Bill passed by Congress, the Agriculture Department's publicity men call its mandatory reductions of wheat and maize acreage a step toward control over supply and exult over a tiny and insignificant broadening of the use of marketing orders. But, in truth, the coalition of Republicans and conservative Southern Democrats which dominates the Agriculture Committees in both the House and Senate has hurled the Administration's farm programme into a deep grave. No member of the Kennedy Cabinet has won less from Congress than Mr Freeman.

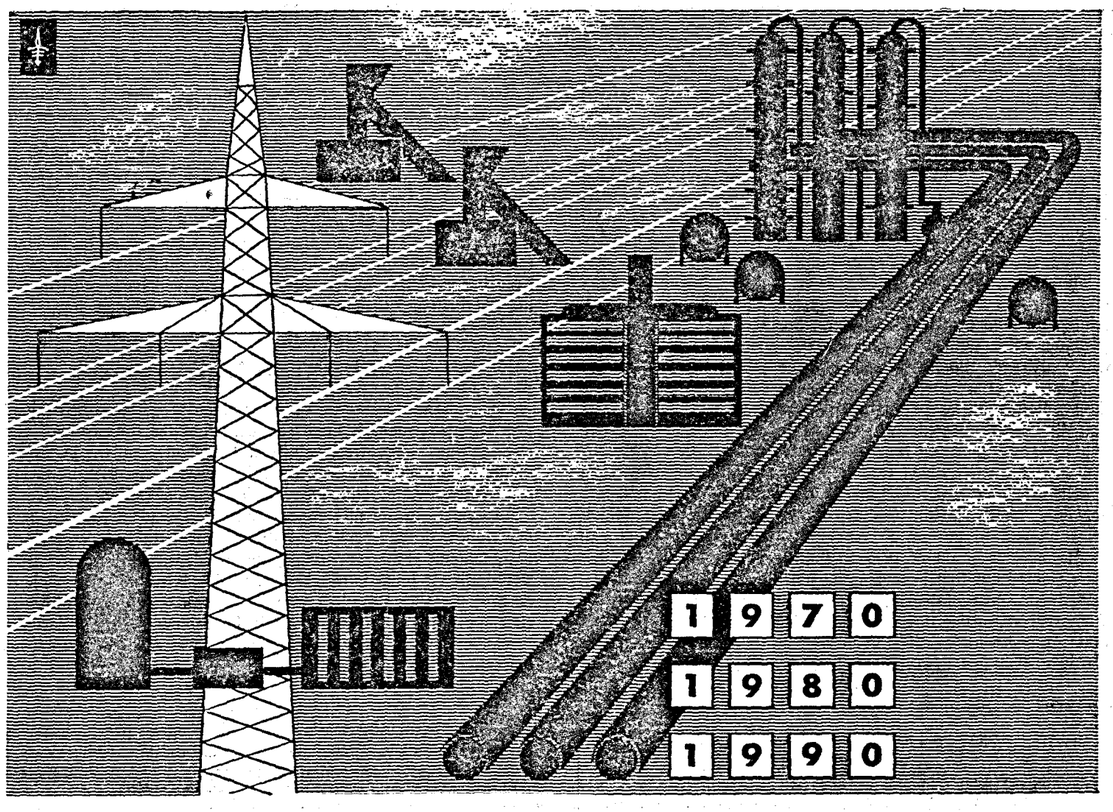
Nevertheless, he cannot be branded as an ignominious failure. He has been operating almost on his own deprived of help or even encouragement from the White House. President Kennedy believes that he can pursue actively just so many projects in a lethargic Congress and he clearly does not give priority to the farm problem. His economic advisers are not particularly interested in agriculture, and his political aides remain bitter over the thrashing which he suffered throughout the mid-western farm belt in last year's election. Accordingly, Mr Kennedy has not worked against the massive opposition to the farm Bill of the American Farm Bureau Federation, the richest and most conservative of all agricultural pressure groups.



Nor has Mr Freeman been helped much by the Democratic leaders in Congress. He is particularly bitter about the refusal of Mr Rayburn, Speaker of the House, to lift a finger on behalf of the Bill. Moreover, the circumstances surrounding Mr Freeman's appointment to the Cabinet did not help his prestige in Congress when he first took over the job. His troubles in his final two years as Governor of Minnesota cost him re-election in a state that was carried by Mr Kennedy and other Democratic candidates. Not particularly well versed in farm matters, and hardly rating a Cabinet seat, he was named to the agriculture job only as a compromise to stop a bitter struggle over the post between various other supporters of the President.

Against this background, Mr Freeman's accomplishments, scant though they may seem, are remarkable. By tireless and personal cultivation of members of Congress, he has become one of the best liked Cabinet members on Capitol Hill. He astounded congressional observers by winning support for his programme from Mr Ellender, the conservative chairman of the Senate Agriculture Committee, who more often than not follows the Farm Bureau line. Moreover, Mr Freeman seems to be gaining prestige among the farmers themselves.

Despite this, prospects are even less favourable for action on his programme in 1962 than they were this year. Senator Ellender now declares that he was subjected to so much abuse for his support of the Administration's plan that he is in no mood to resume the struggle and the backing of big city Democrats in the House of Representatives cannot be counted on indefinitely. These urban Congressmen have supported the Freeman proposals this year out of loyalty to Mr Kennedy while remaining apprehensive about their impact on their city-dwelling constituents. But next year they will be running for re-election. And next year President Kennedy, faced with even more difficult congressional struggles, is not likely to push farm legislation any more energetically than he did this year.



STEEL 2000

By the year 2000, the world population will probably have grown from 2.8 billion to more than 6 billion *). Huge energy reserves will have to be exploited to generate many times as much light, heat and power as is produced today.

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*) According to population statistics compiled by the United Nations in 1958

Continued from page 795

ing purposes to a small and virtually unknown firm. As a major borrower in the tax-exempt market, California's Treasurer, Mr Bert Betts, has been looking for ways of reducing the burden of interest on the state. Over a year ago, he gave up borrowing on a fixed schedule and changed to a more flexible policy of going to the market only when conditions appeared favourable ; but he still had to contend with a lack of competition in bidding for the right to issue his bonds. To all intents and purposes a syndicate headed by the giant Bank of America has been California's sole underwriter, largely because other potential underwriters have felt that only a big selling group could handle the state's huge volume of offerings (averaging over $800 million in cash annually).

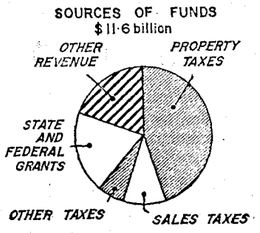
Thus, when Mr Betts invited bids on three issues totalling $225 million, it was regarded as inevitable that the Bank of America's syndicate would be the sole bidder. So there was genuine consternation when William S. Morris & Company, a New York firm with only $500,000 in capital, won the school bonds. Its bid amounted to a net interest cost of 3.75 per cent a year compared to the syndicate's bid of 3.86 per cent. The crowning ignominy was that California rejected the syndicate's offer for the other two issues because there was no competition.

Other underwriters have recovered from their shock to the extent of acknowledging that this "sneak" bid for the school bonds was not only wholly legitimate but highly profitable : the Morris company had to put up $100,000 as a good faith deposit and should make a profit of over $1 million after expenses. It has been pointed out that in making its bid the syndicate had to consider the prospects of distributing the entire package of three issues ; moreover, by turning down the remaining $125 million worth, Mr Betts made it much easier for Morris's to dispose of the bonds it had won. If in fact the syndicate had been awarded the remainder at higher prices, Morris would have run the risk of taking a loss.

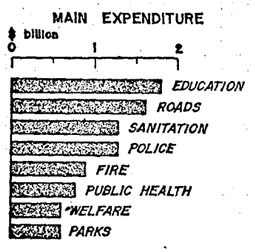
Even so, the victorious Morris bid suggests that the tax-exempt market may be in for more aggressive competition in future. The big underwriters, who pride themselves on being able to handle an increasing volume of offerings, acknowledge that they have become more engrossed in the problem of distribution than in the actual bidding. But they also insist that California is a special case. They agree that competitive bidding may save the state money in the short run ; but they contend that Mr Betts ignores the marketing aspect and warn him that an underwriting failure, based on too low a bid, could bring much higher interest rates in the long run. Nevertheless the chances are that, when he re-offers the bonds which he withdrew—the $100 million exservicemen's issue is coming on September 13th—there will be more than one bid for them and that the Morris company will try again.

Cities Take Stock

During the fiscal year 1959-60, the 18,043 cities in the United States drew into their coffers some $11.6 billion in general revenue and spent about $11.8 billion. In addition, many of the cities operated public utilities and handled retirement funds for their employees; if these are included in the totals, revenue reached $14.9 billion—an increase of over $1 billion from the previous year—and expenditure $15.3 billion. During 1959-60 the cities raised $2.4 billion in new money through the issue of long-term bonds ; at the same time they paid off $1.3 billion of long-term debt incurred previously.



The cities derived nearly half of their general revenue from taxes on property and a further fifth from the equivalent of grants-in-aid, mainly from state governments. While the average city raised and spent about $100 for each resident, big cities carried much larger budgets, in relation to their numbers, than small ones. The five cities with over a million inhabitants spent over $200 a head on the average, while those with fewer than 25,000 residents spent only about $50 a head in the year.



SHORTER NOTES

The vagueness in the Constitution about how it is to be decided whether a President is unable to carry out his duties—in which case his powers devolve on the Vice President—and the persistent failure of Congress to remedy this omission make it necessary for each President and Vice President to agree on a personal arrangement. President Kennedy and Vice President Johnson have now followed the example of their immediate predecessors and have announced that, if possible, the President, when incapacitated, would ask Mr Johnson to take over ; if Mr Kennedy was unable to do this, the Vice President would take over on his own authority after appropriate consultations with the Cabinet ; in either case the President himself would decide when he was ready to resume his powers.

* * *

To prepare for next year's battle with Congress over tariff policy the President has appointed a special assistant—Mr Howard Petersen, a Republican and a banker—to examine American foreign trade policies in the light of the changing conditions of today, to co-ordinate the activities of the various departments concerned and to draft a new international trade programme.

* * *

Last month the Battle of First Manassas (or Bull Run, as it is known in the North), the first great battle of the Civil War, was re-enacted with striking realism on the original site in Virginia by about 2,200 costumed members of the North-South Skirmishers Association and the National Guard. The spectators, who totalled nearly 100,000 on the two days of the display, and who were mostly Southerners, suffered heat of 101 degrees and a good many casualties of their own to watch the Confederates rout the troops of the Union. The spectacle was part of a four-year observance of the centenary of the war.

* * *

Although Washington, DC, contains more Negroes than whites it has never had a Negro on its governing body, the Board of Commissioners. This was altered last month when the Senate unanimously confirmed Mr John Duncan, a Negro, as a member of the board. Mr Duncan was chosen by President Kennedy after his first choice, who was also a Negro, resigned when his troubles with the tax authorities were brought to light by a Senate committee.

* * *

In 1959 there were only 280 millionaires in the United States, according to the tax authorities. Their taxable income amounted to $425 million and they paid $268 million of it to the Treasury.

LETTERS

Atlantic Union

SIR—As a devoted reader of your publication, I have long respected its factual thoroughness and lucidity of thought and presentation. I have been somewhat shocked, therefore, by an aura of mystery or mysticism which has crept into your columns recently.

I say mystery *or* mysticism, for I am not sure as yet whether to label this phenomenon "The Mystic Presence of Atlantic Union" or the "Great Atlantic Union Mystery." What I am referring to, of course, are the delphic remarks at the end of the article "Atlantic Union Next" on July 29th and "The European Venture" on August 5th, which suggest that any British hesitation about entry into the European Economic Community should be stilled by a no-longer-fantastic Atlantic Union. Except for a few veiled remarks about "political institutions on an Atlantic level" and "a joint attempt to manage the economy of the West on Keynesian lines" you have not as yet revealed to your readers just what will be the nature of this no-longer-fantastic beast. Therefore, it is hard to tell whether you are carefully concealing the exact structure of such a union, to reveal it at a more suitable time, or are simply exploring new political territory with hope, but no map.

In all seriousness, past experience suggests that the former is closer to the truth. May I be permitted to wonder, then, why the mystery? If Atlantic Union is worth invoking, is it not all the more worth analysing? The problems suggested by your cryptic remarks are of themselves vast. Keynesian control of the Western economy suggests by necessity a high degree of budgetary co-ordination. It would also require unified credit policies. Credit and fiscal policy are political issues of the first magnitude here and throughout the Atlantic area. Their co-ordination would require supra-national institutions with considerable power, and to create such institutions would be a political feat of phenomenal proportions. Here in the United States strong constitutional objections would be raised to the creation of the necessary institutions.

The logic of your suggestions is attractive, but there is much to be said on all sides of this issue before it can be translated into political reality *in any form*. If, as you suggest, that translation is not only desirable but basic to the survival of the West, then the sooner the debate is begun, the better.—Yours faithfully,

New Haven, Conn. DAVID M. TRUBER

A Century of Progress

SIR—I observe with regret that, in your note of August 5th, you appear to accept without comment the average annual rate of increase in output per head from 1950 to 1959 as providing a true representation of the rate of increase in British productivity since the war.

The year 1950 was one of extreme full employment, while in 1959 there was, on the average, a substantial margin of unused capacity, much of it in the form of the under-utilisation of employed labour. To obtain a valid indication of the rate of growth of output per head, it is necessary to compare years in which the proportions of capacity employed were similar.

If, instead of 1950 and 1959, we take the years 1948, 1953 and 1960, which fulfil this requirement, we find that from 1948 to 1953 real gross domestic product rose cumulatively by an average of 2.5 per cent a year, while from 1953 to 1960 the average annual rise was 2.9 per cent. The corresponding rates of growth in output per head are 1.9 per cent and 2.3 per cent. The latter figure is nearly 50 per cent larger than the average annual rise of 1.6 per cent from 1950 to 1959.—Yours faithfully,

F. W. PAISH

London School of Economics, WC2

The article to which Professor Paish objects was a summary of one in the National Institute's "Economic Review" prepared by a team headed by Miss Deborah Paige. We asked Miss Paige, therefore, for any comment upon his points. Her reply follows.

SIR—In the article quoted in your note, we were making international comparisons over the last hundred years. For the post-war period we used figures for 1950-1959 and 1954-1959. 1950-1959 was the longest available postwar peacetime period ; figures for 1948, 1949 and 1960 were not available for some countries, and in any case in a number of them 1948 and 1949 included a substantial element of post-war recovery which we wanted to exclude. For this reason, we gave figures also for 1954-1959, to provide better comparisons for those countries where the process of postwar recovery went on for longer.

The selection of any starting and finishing years is bound to favour some countries and be hard on others ; but we found in practice that selecting different years did not make much difference to the ranking of the eleven countries, which was our main concern. On any basis, Britain is at or near the bottom of the table of postwar growth rates. If 1948 and 1949 are added at the beginning or 1960 at the end, it improves the performance of most other countries, as well as that of the United Kingdom.

Professor Paish is probably right in suggesting that, for the United Kingdom, the growth of output between 1950 and 1959 underestimates the growth of capacity, because capacity was less fully employed in 1959 than in 1950. The comparison of 1953 and 1960 suggested by Professor Paish seems valid for this purpose—though the period is rather a short one. The comparison of 1948 with either year seems much more doubtful. First, there was probably still a significant post-war recovery effect in 1948 and 1949. Secondly, unemployment and unfilled vacancy figures suggest that capacity in 1948 was much more fully employed than in the later years,—Yours faithfully,

London, SW1 D. C. PAIGE

Southern Rhodesia

SIR—May I answer the four points on which Major Patrick Wall charged me with "complete disregard of fact" (in your issue of August 12th) in my report on the Southern Rhodesian referendum?

First, the question whether government party members said they could and would eliminate the fifteen lower roll seats "if Africans proved unco-operative." Despite the official government denial by which Major Wall sets full store, I can give him the names of two United Federal Party MPs who made this point most explicitly at a private meeting and explained it could be done by getting a simple two-thirds majority. Major Wall, as a Southern Rhodesian landowner himself, should know that in Rhodesia what is said in private house meetings often wins more votes than do public statements. He is of course right in saying a two-thirds majority is needed to alter the composition of the assembly and that agreement by all four races voting separately in a referendum is needed to raise the franchise qualifications. But he is wrong in suggesting that "the franchise qualifications in effect determine the composition of the legislature" and implying that no matter which roll, there is a uniform equation between voters and seats. Official government estimates dispose of such an idea: they calculate there will be from the start twice as many voters to each lower roll constituency as there will be to each upper roll constituency. (Even that statement is a simplification, as most statements have to be with Rhodesian constitutions, and it disregards the cross voting effect which is irrelevant to this point.)

Secondly, the number of dead. On the day I cabled my article it was reliably reported that four had been shot dead. The government later denied that more than one had been killed on the Monday night; but on the day of this denial a young man died in hospital from wounds received the night before. The death toll was therefore two.

Thirdly, the number of people who voted in the National Democratic party's referendum. Frankly, I don't know who these "official observers" were who estimated that only 90,000 voted. If they were police they were present at only a few polling stations. If they were a network of African informers, did they stand conspicuously by the stations counting the queues all day? I don't believe they did. The organising secretary of the UFP gave a figure of

150,000 voters three days later and it was lowered to 90,000 only a week after the referendum. I would place more reliance on the NDP figure of 300,000: after all, they had the advantage of having the ballot papers to count. Major Wall is entirely unfair to the NDP in saying the referendum "paid no regard to the secrecy of the ballot box." I visited about twenty polling stations and at every one of them a voter could have voted secretly. The fact that few voters bothered to hide their preference is quite another matter.

Lastly, my "fantastic distortion of the facts" in writing that Sir Edgar Whitehead "has wiped away" clauses requiring laws that technically discriminate against Africans to be submitted to Britain. That paragraph summarised Sir Edgar's achievements as seen through the eyes of an average white Rhodesian voter. Would Major Wall call that view distorted? The Declaration of Rights which he praises so highly has been criticised by many Rhodesians, including a group led by Mr Garfield Todd, the former premier, as offering "totally inadequate safeguards" because of the powers left to ministers to interfere with the courts. Sir Robert Tredgold, the former federal chief justice who campaigned against the proposals, has also spoken of the "defects" of the Declaration of Rights.

I would like to be able to agree with Major Wall that the referendum result was "a tremendously encouraging victory for liberalism and multiracial co-operation." Sir Edgar has perhaps a year's opportunity to turn it into such a victory by radical reforms; but the methods by which his party won the referendum did not suggest they were fighting for liberalism.—Yours faithfully,

YOUR SPECIAL CORRESPONDENT IN SALISBURY

Information and Investment

SIR—The way in which your reviewer of July 29th has misunderstood the nature of the destructive part of the argument of Mr G. B. Richardson's new book will be immediately obvious to anyone who reads, as any serious economist will have to, the first two chapters of the book. But fairness, if not the plight of the marginal buyer, demands that the record should be set straight.

Mr Richardson does not indeed give us any empirical evidence that would be relevant for testing the predictions implied by the usual model of a perfectly competitive market. He would be inconsistent if he did. His principal object seems to be to show that the model, quite apart from those empirical questions, so fascinating to your reviewer, of how it is to be modified to fit a particular case, is a logical mess. For if we make all the assumptions required in the model we find we have left no friction and no ignorance. Now if each producer is to know how much he should plan to produce in the long run, he has to know how much each other producer intends to put on the market, and when. There is then a dilemma. If there are no imperfections in the market which allow or compel a sequence of actions, how is it logically possible for all producers to acquire this amount of knowledge? On the other hand, if such imperfections in the diffusion of information, or in response to it, are logically necessary (though not sufficient) for equilibrium to be approached, then what becomes of all those arguments about economic policy which are conditioned by, if not dependent upon, the workings of the model of perfect competition?

Mr Richardson repeatedly admits the tentative and incomplete nature of the later constructive sections of his book. But he has made it clear to at least one reader, if not to your reviewer, that some new analytical construction is necessary. For the "extremely useful" taxonomy of the perfect competition model has been shown to be the result not merely of theoretical abstraction, which is obvious, but of a fundamental logical flaw, which was not. As a result of Mr Richardson's work, before the economist can follow your reviewer into the field with a questionnaire he will have to spend some time in his ivory tower making sure that his questions still make sense. And is that not what ivory towers are for?—Yours faithfully,

Leeds A. SUTHERLAND

China and Cambodia

SIR—The Ministry of Industry of Cambodia has requested me to point out that your Note of the Week "Unhappy Customers" on page 445 of *The Economist* of July 29th is inaccurate in two particulars.

The state plywood factory referred to has not ceased production but is still working. The quality of our plywood products is not inferior to those of imports of the same categories, and the sales of these products from our factory are maintaining a normal rhythm. Admittedly there is a slight surplus in production, but there is no slump in sales.

The state textile factory is not losing customers, and indeed is at present unable to meet all the demand for its production.—Yours faithfully, CHEA SAN,
First Secretary

Royal Cambodian Embassy,
London, NW8

BOOKS

Inhuman Nature

The Informed Heart

By Bruno Bettelheim.
Thames and Hudson. 318 pages. 35s.

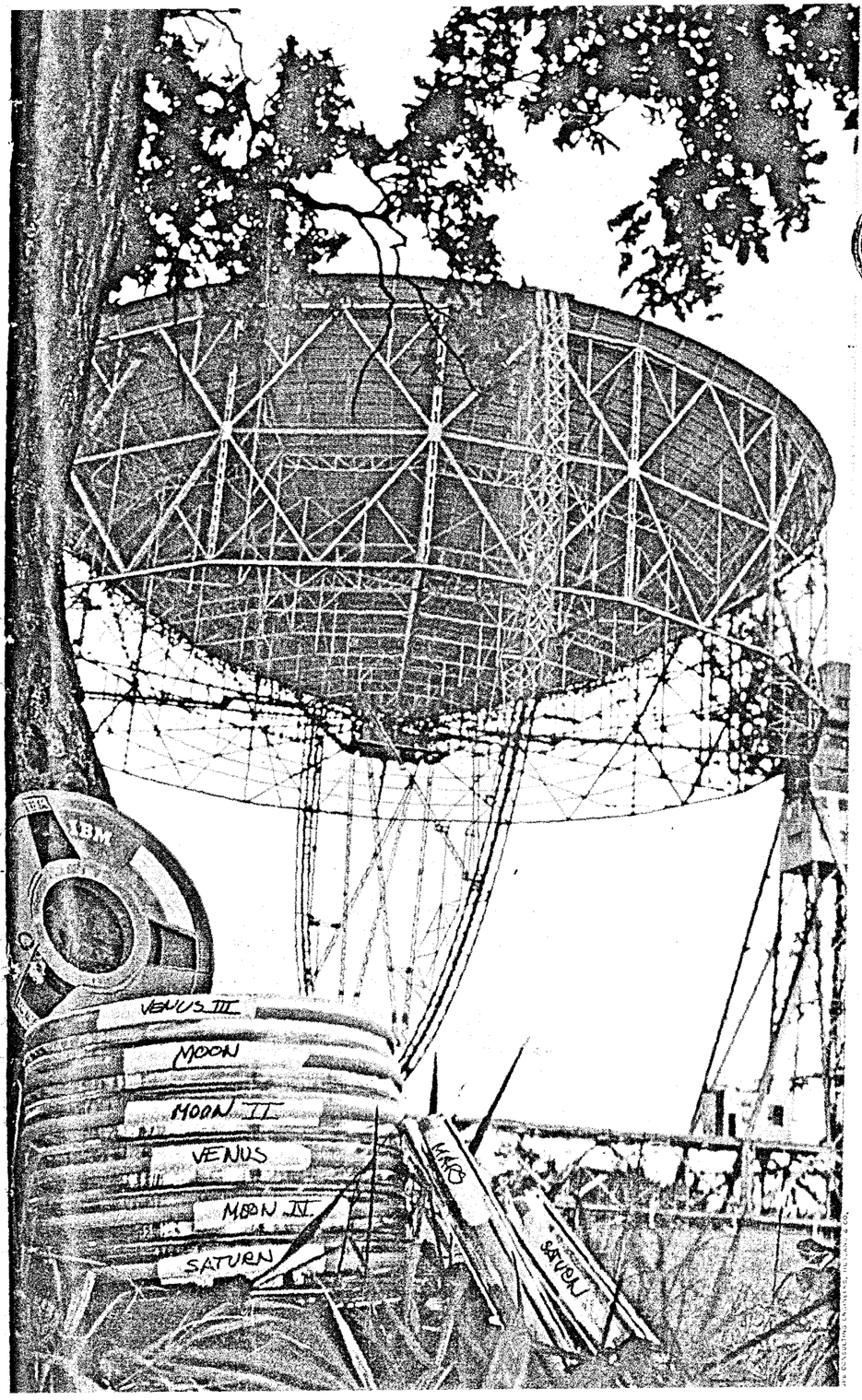
Thought Reform and the Psychology of Totalism

By Robert J. Lifton.
Gollancz. 520 pages. 30s.

THESE books have much in common. Dr Lifton describes the experiences of twenty-five western people, mainly missionaries and businessmen, and fifteen Chinese intellectuals, all of whom had undergone thought reform in prisons or revolutionary universities in China, and who had later left China for Hongkong. A year in Dachau and Buchenwald provides the background of Dr Bettelheim's book.

Both, therefore, have a common theme: the deliberate modification of personality by coercion and by unwearying exhortation. Both share a common language and were written by psychiatrists who have practised psychoanalysis, though Dr Bettelheim found the psychoanalytical framework quite inadequate to account for human behaviour under extreme conditions. Both, also, successfully explain mysteries that have long perplexed outsiders. What makes prisoners consent to dig their own graves? How are children induced to denounce their parents? Why should honest people make false confessions about germ warfare? Why should prisoners betray each other? How are people induced to file in thousands into gas chambers?

Dr Bettelheim's book is the more interesting: perhaps because Germany is nearer than China in both distance and culture, and its pathological behaviour in the past is more familiar; more probably because the book is autobiographical. The sickening process of dehumanisation has never been described before with quite such insight. His account of the psychology and motivation of the SS guards and their curious two-way relationship with their captives sheds light on similar relationships in institutions nearer home—in boarding schools, in mental hospitals and in prisons. The author's achievement is the more impressive because he was unable to bring out of the camps a single note of his observations on the behaviour of his fellow prisoners or their guards; he implies that his determination to remember, and to make something constructive out of his appalling experiences, was the thing that may have saved him from becoming one of the "*muselmänner*," the walking corpses who, defeated in their efforts to adjust themselves to their surroundings, had surrendered to it and lost the will to live. The survivors seem to have determined to retain some shred of



SPACE PROBES HAVE BEEN SUCCESSFULLY TRACKED BY RUSHING REPORTS FROM THIS RADIO TELESCOPE AT JODRELL BANK, ENGLAND, TO IBM COMPUTERS IN LOS ANGELES. CONSULTING CELESTIAL DATA ON REELS OF MAGNETIC TAPE, THE COMPUTERS CAN QUICKLY FIGURE A PROBE'S SPEED AND TRAJECTORY.

UNDER SECRETARY TO STATE
4 SEP 1961
PUBLIC DEPARTMENT

A watch on space in a quiet meadow

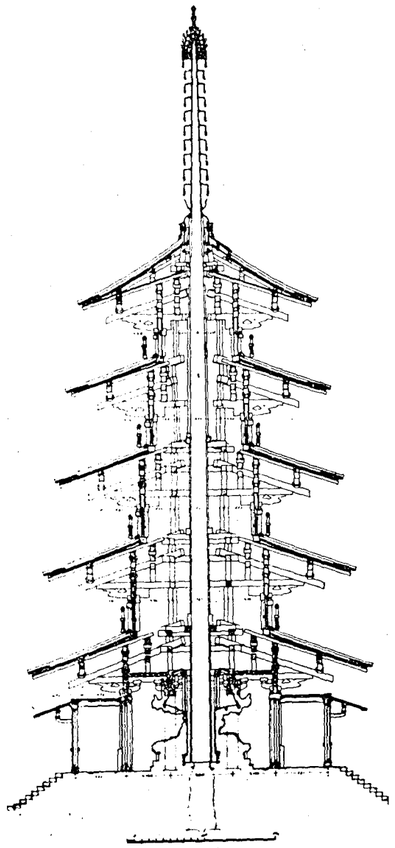
A huge silvery dish swinging high above a lush Cheshire meadow has been teamed with IBM computers 6,000 miles away in California to link scientists on the ground to probes far out in space. The dish is the Jodrell Bank radio telescope at the University of Manchester, the largest fully steerable radio antenna in the world. The computers are in the Space Technology Laboratories, Inc. centre in Los Angeles. Together with smaller antennas, they have formed a world-wide tracking network.

Far out in space—they've been tracked up to 22 million miles—the vehicles, little larger than a beach ball, speed at almost 20,000 miles an hour. To pinpoint signals as a probe swings up over the horizon, each tracking antenna must be aimed with exquisite precision—the computers' job. Fed information rushed from each tracking antenna in turn, the computers can compare it with celestial data in their memories and race through complex calculations to find a probe's trajectory and speed. These are needed to aim the next antenna in the network and thus track a probe continuously.

Space exploration would be impossible without computers to analyse data, carry out involved calculations. IBM data processing systems do this sort of thing fairly quickly. A problem that would take 800 years to solve with pencil and paper can be cracked by an IBM 7090 in just five minutes.

Few scientists have the patience to wait 800 years for an answer; advanced research laboratories all over the world are equipped with IBM high-speed computers.

IBM



HORYUJI PAGODA

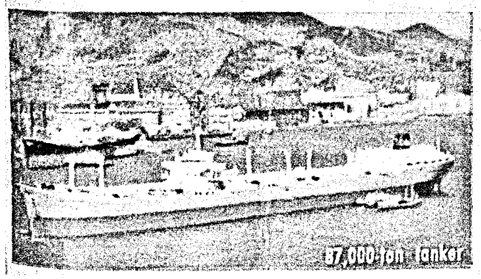
The exact year in which the Horyuji Pagoda was built is not known, but it is recognized as being completed in the early part of the 7th Century. The Horyuji Pagoda is the world's oldest wooden structure and is now being preserved by the Japanese Government as a national treasure. It's total height is 30 meters. As can be seen in the diagram the center pillar is not touching the ground. It is hung from the top and held in place by spring-like wooden supporters. This type of architecture makes it very strong against earthquakes and wind because the center of gravity is flexible. On the walls and ceilings of this pagoda were beautiful colored paintings which are now barely discernible.

THE ECONOMIST AUGUST 26, 1961

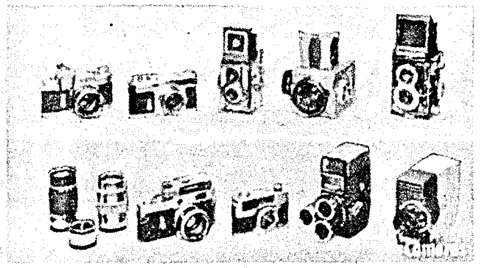
THE BRAINS THAT BUILT THE PAGODA

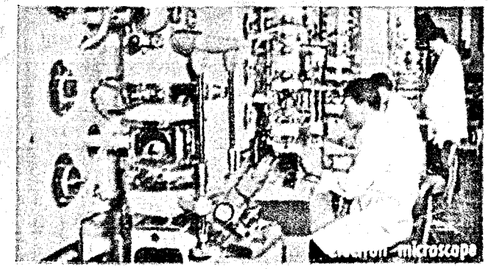
The most astonishing feature of the extravagant Japanese pagoda is that it is built around a single wooden pillar . . . and the base of this pillar does not touch the foundation. Besides the pagoda, some of the world's oldest and largest wooden structures are still standing in very good condition in Japan today. The brains and skill that accomplished such architectural feats centuries ago have been handed down through the years to the modern industrial age.

Today, Japan's industries are geared to take in stride the rapid industrial revolution which marks our century as unique in the field of technical developments. Outstanding among the numerous Japanese industries whose annual export figures show a steady increase are the shipbuilding, electronics, optical, heavy electric, camera, rolling stock, textile machinery, chemical fertilizer, and power machinery industries. JETRO cordially invites your inquiries on trade.







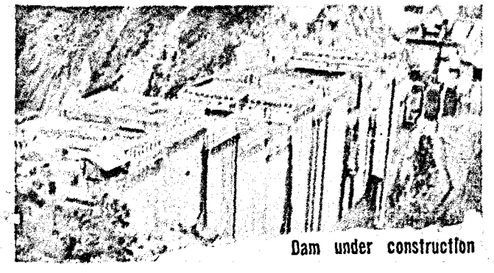


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self-esteem, some tiny realm of self-assertion, some slight opportunity to make a personal decision. The others had given up any effort to control their environment, they no longer fought for food, and died.

Dr Bettelheim has little or nothing to say of the long-term effects of these conditions on those who survived. One would expect them to be scarred for life and incapable of living ordinary lives again. It is, however, reported that they usually quickly recovered and that the legacy of invalidism and inability to live in ordinary society has been surprisingly small, even after years of extreme stress.

Dr Lifton's book bears out the impression that the effects of these conditions are transient. He assiduously followed his western subjects to Europe many years after their experiences of thought reform, and several years after his original interviews with them in Hongkong, and tried to estimate how effective, in the long term, their brain-washing had been. All appear to have been affected in some degree, but only one or two at all seriously; to the extent, for example, of changing the former pattern of their lives. That thought reform does not usually produce enduring changes is also implicit in the short-lived episode of "the hundred flowers." In 1957, an invitation to "freedom of independent thinking, freedom of debate, freedom of creative work, freedom to criticise, to express one's own view" produced such a storm of criticism of party, regime, despotism and thought reform itself that the lid had to be hurriedly clamped down again. That all those years of talk, millions of words, tons of group pressure, and sinuous coils of subtlety could prove so monumentally ineffective is profoundly encouraging, for Chinese techniques of thought reform have clearly left the Russians far behind.

The episode of "the hundred flowers" lessens the force of the obvious criticism of Dr Lifton's work: that because he worked in Hongkong he saw only the failures of the thought reform process. But there are other criticisms. Unfortunately, the picture of thought reform in operation reaches the reader only at second-hand and through the psychoanalytically trained filter of the author's mind. The case histories are very long life histories and abound in terms like "negative identity", "identity reinforcement," "negative self-image" and "group identity." The index, in fact, lists forty-four nouns and adjectives qualifying "identity." A brief scanning of half a dozen pages shows that the index is incomplete, as it omits "i-struggle," "supernatural-i," "i-collapse" and (as one might expect) "overall-i." It is the kind of language that makes one want to implore the author to present the facts and cut the cackle, an impulse that is not evoked by Dr Bettelheim's book though it is just as heavily loaded with psychoanalytical interpretation.

These over-interpreted case histories occupy more than half of Dr Lifton's book. The remainder, which deals with the history of thought reform from its origins in the twenties, with its impact on native culture and religion, and with its relation to Marxism and Russian communism, will be new to many readers and could not have been better done.

The authors of both these books have done humanity a service in thus exposing inhuman motives and methods. At least we can now better understand man's inhumanity to man even if we can do precious little to prevent it.

The Human Past

The Dawn of Civilization

Edited by Stuart Piggott.

Thames and Hudson. 404 pages. £8 8s.

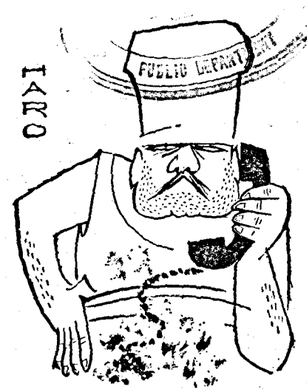
WRITTEN history gives a patchy record of man's endeavours in the last five thousand years, but to the archaeologist the tale of his achievements and failures stretches back over a period a hundred times as long as this. The aim of this book is to sift the evidence and survey the foundations of civilisation on a worldwide basis. The result, complex, authoritative yet still questing, is pre-eminently exciting.

An all-British team of thirteen scholars, each an expert in his own field, has contributed the thirteen sections, each of which is devoted to a region where a distinct civilisation arose. There is, for instance, Sir Mortimer Wheeler on India, who incidentally supplies the definition of what this book is about. "Civilisation, in a minimum sense of the term," he writes, "is the art of living in towns, with all that the condition implies in respect of social skills and discipline." There is Mr Cyril Aldred with such lively comments on Ancient Egypt as this:

> All this achievement was the exotic flower upon a plant whose root was the eternal Egyptian peasant, forever toiling in the fields, living with his animals for the moment only, never far from sudden plague and famine, hedged around by grosser superstitions than those of his masters, but able unlike them to escape the inhibitions of polite society, and preserving intact the same sardonic gusto, the same manners and customs that have brought them virtually unscathed through five thousand years of changing history.

There is Mr Seton Lloyd on Anatolia, describing the historic bridge between Europe and Asia, and Mr Sinclair Hood conjuring up the "water-linked paradise" of the Aegean some five thousand years ago.

The profusion of talented writing has been brought together under the editorship of Professor Stuart Piggott and each section is presented in a similar way. Coloured and monochrome illustrations on glossy paper, supported by subsidiary text rather too substantial to be described as captions, is followed by the learned text on buff-coloured matt paper with maps, architectural plans and other drawings. The assiduous reader may well question this arrangement. It involves cross-references, the retracing of steps and, in parts, the re-reading of almost the same chunks of type on two kinds of



The chef's nightmare

A MORE OR LESS apocryphal story about a young dramatic critic at Oxford tells how he would, in restaurants of reasonably refined moeurs, order and eat an ice-cream, the main course and the soup, in that order.

This is all very well for a critic. But it is very worrying for the chef. Tradition and training tell him that this is against the natural order of things, and incidentally takes no account of his efforts to plan a logical sequence of courses.

There's a similar problem of precedence when you pick up The Observer on Sunday. Here is a veritable beanfeast of ideas and articles and features. But where should one start?

Beginning at the end

Does one begin at page one, and work steadily through? This isn't a bad answer, but it lacks enterprise, and so it is out of harmony with the paper itself. And there is, incidentally, a good case for starting at the very end, for this is the page that carries 'The Week', a useful digest of news that brings you up to date with the events that you may have missed.

Clearly the main course on the menu is news, real news. But why start with the main course? How about a wry Feiffer cartoon, or a Paul Jennings fantasy, as an appetizer? And then there's the effervescent fashion-writing of Katharine Whitehorn, if you're a woman. Or if you aren't.

Unexpected insights

You might turn first to the financial expertise of the City pages. Or to Table Talk's unexpected insights into the lives of the great, and the talked-about. It may be that you will head straight for The Observer Profile. Or you may begin your Sunday-morning feast with the review pages; Kenneth Tynan, Maurice Richardson, Philip Toynbee and A. Alvarez are among the famous names who provide fare that is rich, rare, and never over-sweetened.

But in the end, and this is where the culinary analogy breaks down, you will probably decide that it doesn't much matter where you start reading The Observer. The important thing is to start! J.B.L.

ADVT.

paper. Its justification, presumably, is that it caters for the quick-to-please reader who will be content with the glossy pages only. Be that as it may, even he is unlikely to profit from the childlike, highly-coloured views of "reconstructed scenes," which, scattered through this book, are intended to show man's living conditions in different environments and cultures but succeed only in displaying the same hand of modern execution. These are quite out of keeping with the high, sophisticated standards of the photography.

These minor doubts apart, all praise must go to this publishing enterprise, which has taken three years to complete. The fact that the last word has not been said on the subject, that even while the book was being put together new archæological discoveries were being made, the reflection of how comparatively recent is our knowledge of even the Sumerians—all this adds to the fascination of this material. Since man has succeeded in multiplying himself chiefly by improving his equipment for living, this is a record of the beginnings of technology, the story of man asserting his mastery over the world, his discovery and use of metals and other materials. There are some superb photographs of the earliest known products of human handiwork and genius, of exquisite works of art designed perhaps as part of a magical ritual or perhaps as memorials. The painted pottery from the later Chalcolithic period, the Mesopotamian scarlet ware, Indus stone sculpture, a Javanese bronze warrior on horseback, the haunting statue of an Egyptian god-king, a delicate piece of eighth century BC Phoenician ivory—all form part of these splendid illustrations of cultural variety.

A Feminine Hand

Gertrude Bell: *From her Personal Papers, 1914-1926.* Volume Two.

By Elizabeth Burgoyne.

Benn. 399 pages. 45s.

Intimate letters hold the mirror even closer to the writer's face than does a diary. For, once posted, they are gone and cannot be tailored to fit later thoughts. They therefore represent the limitless vagaries of the mind. All of us think in zigzags and circles as well as straight lines, and in few of us would private thought stand up to public scrutiny as well as do these letters home written from Mesopotamia by Miss Gertrude Bell.

She is already familiar in the two volumes of such letters published by her stepmother and sister not long after she died, but both these editors, for reasons of delicacy, omitted most of the personal story. Now that time has blunted the cutting edge of some of her private comment, Miss Burgoyne has been given a freer hand. Most unobtrusively, for she never adds a word where none is necessary, she has done a skilful job, for she has contrived to produce a consecutive narrative without repeating what we already know.

Nineteen-twentieths of the book, therefore, are by Miss Bell, and, in her loving, swift and easy prose, scribbled to inform and entertain her family, she gives the minutiæ of the formative years of the Kingdom of Iraq. The rebellions and unexpected smooth passages, her relations with her colleagues, the endless comings and goings of Arab notables, the hesitations, the trying summers, the green shade of date groves and the delicious taste of power—all are there till, at the last, she felt the pang of being needed less by Arabs in a hurry to manage for themselves.

It is debatable whether all the details will interest those who come fresh to the subject, but any specialist will learn much about British imperial practices, including the permanent urge to administer unadministered areas, and the skill with which King Feisul (helping with his charm but hindering by his weakness) was eased on to a throne that was anything but warm for a stranger. Yet even the reader who gets lost in the jungle of Arab names will find that the book has worth as a human document. Gertrude Bell is a daughter of her class and generation; she takes servants and money for granted and was never tired till she was forty-six. She is so accustomed to her own way that she trusts her judgment above that of colleagues and superiors, and, though she "almost invariably" shows them her letters to the great in London, does not see how awkward they might at that date find it to tell a woman colleague to shut up. She could be maddening, but they all admired her for her integrity, hard work, indifference to publicity, creative achievement and good company. So did servants; one of the most endearing figures in the book is her maid Marie Delaere, who is caught packing crepe-de-chine nightgowns for a rough shooting party because someone's Sudanese servant is sure to look. This book is a self-portrait; it remains for a biographer to examine a very remarkable woman through the eyes of the rest of her generation.

Miss Burgoyne calls for one important reproof. When she published her first volume (*1889 to 1914*), reviewers mentioned her many careless mistakes, and well-wishers sent her lists of them. She has paid no heed, and here are many more. She places Lawrence's revolt in the desert a year too early; she makes a jumble of Persian place names where a glance into a gazetteer would have put her right; did Gertrude always spell Edwin Montagu with a final "e" and Ralph Glyn with two "n's"? She confuses the peace treaty with Turkey with the treaty that terminated the mandate and draws a wrong deduction from her mistake, and she indexes the same man as two separate people when (as he is alive today) a dip into "Who's Who" would have told her that he served both in Iraq and Palestine. In a word, she often irritates where, since she was handling such splendid raw material, she should have given nothing but pleasure.

Telly Lobby

Pressure Group: *The Campaign for Commercial Television*

By H. H. Wilson.

Secker and Warburg. 232 pages. 18s.

The decision to adopt commercial television in Britain represented the greatest triumph that any pressure group (the word is not used here in any pejorative sense) has won in the last generation. Professor Wilson's admirable book was not needed to show that; but he documents the nature of the triumph in an original way and offers a work that no serious student of British politics can afford to miss. It is not brilliant—but it is very readable: it is not without errors—but it is scholarly; above all, it tells a story that is important in itself and it provides a revealing example of how, in special circumstances, a government's policy can be influenced.

This book tells more about the genesis of the decision to adopt commercial television than about details of the 1954 Act. Even on the basic decision, Professor Wilson leaves major questions unanswered, because those involved were inaccessible, or discreet, or just forgetful. He remarks that his difficulties in piecing together just what happened seven or eight years ago makes him look with awe at the confidence with which historians write of events long past. A future scholar looking at the struggle over commercial television will find that, though some new papers may be available, others will have been destroyed and that fewer and less accurate memories will be at his disposal for consultation. Professor Wilson may be at fault on details and may leave some problems unresolved, but he probably goes farther towards the truth than anyone setting about the task ten or twenty years later would have done.

Perhaps the most significant revelation of this book is the extent to which Lord Woolton and certain figures in the Conservative Central Office were involved with the forces pressing the Conservative Government to introduce commercial television. In his last chapter, Professor Wilson puts forward some provocative speculations about the changes in the nature of the Conservative party that facilitated the defeat of the traditional, rather paternalist, values of Lord Halifax and the many Establishment defenders of the BBC. Unquestionably television advertising has helped to spread the ideals of the new consumer society and to continue the undermining of the older socialist appeals.

Since the study of pressure groups in Britain was seriously launched five years ago by Professor Finer, it has been taken up assiduously by American scholars. Professor Wilson now joins Professors Eckstein and Beer as a major contributor to the understanding of how these necessary but extra-parliamentary forces operate. Perhaps he overrates the wider significance of the television struggle. It was an extreme case in which everything worked aright to favour

LESSON 5

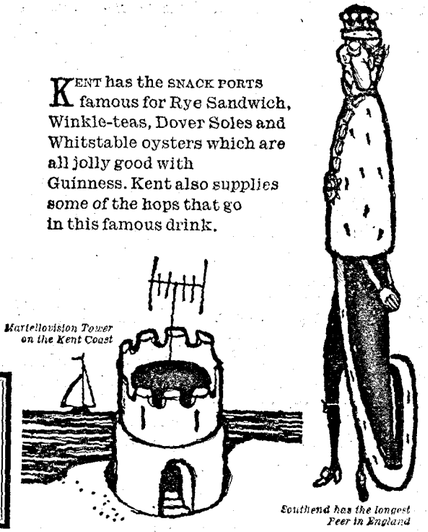
DEVON is famous for Sea Dogs who went out in barks to meet the foe. (An Exe marks the spot where they went out.) PLYMOUTH has a Ho which it gives whenever a Guinness comes in sight.

SOMERSET is famous for BATH which was occupied by the Romans. A Cheddar gorge can also be enjoyed in this county. Usually accompanied by Guinness.



A Roman Bath Chap

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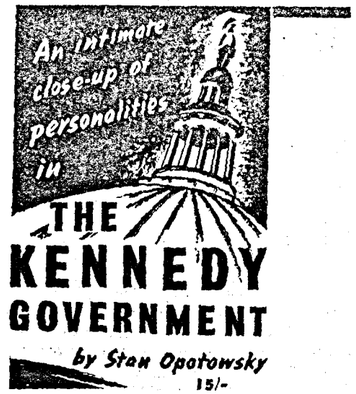
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the lobbyists. Another such issue is unlikely to arise in the same way—although after the Pilkington report appears, the battle over commercial radio and the third television channel may have many resemblances to what has gone before. Professor Wilson's book will undoubtedly provide ammunition in the struggle.

Link Between Revolutions

Marxism: *An Historical and Critical Study*

By George Lichtheim.
Routledge. 432 pages. 40s.

STILL they come. Here, one is tempted to say, is yet another ill-advised attempt to fan the dying embers of Marxian polemics. But Mr Lichtheim's book is a genuine contribution with novel elements to a study of a neglected aspect of *Marxforschung*: the interrelation between Marxist theory and the historical circumstances in which it arose and flourished. This application of Marxist analytical method to Marxian theory yields interesting results, and the author has put scholars under a considerable debt with this pioneering effort. The book is, moreover, well and clearly written—a virtue not often found in the literature on this subject.

Mr Lichtheim regards Marxism as the doctrinal link between the French and the Russian revolutions; and he sets out to show how its theory and practice developed under the impact of Central European political and intellectual problems in the hundred years after 1848. After an introductory account of the heritage of the French revolution (1789-1870), he gives a brilliant summary, in less than twenty pages, of what he calls the "Marxian Synthesis." The only criticism one might make of this part of the book is that it hardly touches on the economic aspects, which are left for a much later stage. The next four parts bring the story through the next hundred years, ending with "The Dissolution of the Marxian System 1918-1948."

There is much in this history that will enlighten both those who come new to the subject and others who are already familiar with the tortuous polemics among Marx's followers. Mr Lichtheim most skilfully interweaves the critical analysis of ideology with the historical presentation of the various phases through which the socialist movement passed during this eventful period. These sections form a useful supplement to Professor Acton's coldly logical analysis in "The Illusion of the Epoch."

Inevitably, the most interesting part of the book is the final one, which shows the last phase of Marxism, inaugurated by the Russian revolution and culminating in the "petrifaction" of the doctrine after the second world war. The essence of the author's thesis is his description of Leninism as an ideology in the Marxian sense, "i.e. as a system of thought which obscures the facts it purports to describe," in particular in the "systematic misuse of the term 'proletarian revolution' to describe the totalitarian rearrangement of society *after* the capture of power by a party." Mr Lichtheim has not much difficulty in showing (but he shows it very well) that Marxism, as an intellectual system, has stagnated since the 1930s notwithstanding the fact that it has become the official ideology in the Soviet orbit; and that there is little relation between its relevance and adequacy to the present day and the expansion of Communism.

Prophecy as Business

Prophets and Prediction: *The History of Prophecy from Babylon to Wall Street.*

By Richard Lewinsohn. (Morus)
Secker and Warburg. 318 pages. 30s.

"PROPHECY," declares Dr Lewinsohn, "has always been a kind of business." In the early days, 2500 BC or so, the seer who probed into the future did so with an eye on the temperament of the king his patron. Today the art of prediction, as practised in government and business circles, is surely more impartial. Yet, when all is said and done, every prediction is a gamble, and a professional gambler cannot go on losing for ever: in the old days, his bad luck might have cost him his head, today it may cost him his job. No wonder that there is a fashion to substitute for prediction the term projection, which has a less committed ring.

This book describes how prediction has advanced from irrational and mystical procedures such as the inspection of the intestines of an animal or a flight of birds, heathen rites and the searchings of the sky. Stuff and nonsense, certainly: yet the language of the stars is still used and the horoscope seems to be an essential feature of the twentieth-century mass-circulation paper.

The Donne theory of time is discussed, the attempts to forecast wars, business cycles, weather, elections, sex, diseases—the whole bag of tricks. But when Dr Lewinsohn, who is a doctor of medicine, touches on the mathematical theory of probability and present day methods of econometric forecasting, he gets himself into deep water. It is nonsense to quote Bernouilli's theorem as stating that the probability of an event is a function of its occurrence in the past. Gallup appears as the priest of public opinion polls, but there is little about the way in which sample inquiries are being used to judge business and consumer intentions. And surely electronic computers should have crept into the chapter on the future of prediction?

But, after all, this is a history book and if there is comparatively little about current methods of forecasting and decision-making in it, it has much to interest, stimulate and amuse its readers. It is a pity, however, that there is evidence of hasty proof-reading, including a complete inability to spell "stochastic." And why econometry and econometrists?

Engaging Demagogue

Feargus O'Connor

By Donald Read and Eric Glasgow.
Arnold. 160 pages. 21s.

FEARGUS O'CONNOR was recognised by his radical contemporaries, and has generally been accepted by posterity since, as a colourful, bibulous, lunatic Irishman, sincerely committed to the improvement of the lot of the poor but without any practicable plans for that purpose, and wholly blinded by his own conceit. He was, as Lovett put it, "the great I AM of politics," who introduced into the Chartist movement "his Irish braggadocio about arming and fighting." Astonishingly successful in arousing the passions of the poorest classes, whether by speeches at vast public gatherings or through the pages of his newspaper, the *Northern Star*, which for a brief six months sold as many as 50,000 copies a week, O'Connor achieved nothing. Four years after his death his admirers erected a statue of him with an inscription that carried no more than his name and the date; there was little else to add.

This engaging demagogue is now revived and reinflated by Mr Read and Mr Glasgow. Stimulated by the sentimental judgment of the late G. D. H. Cole that O'Connor was "the most influential figure in nineteenth century British history still without a biography," they have sought to provide his biography and to demonstrate his influence. But the facts of the one, which are lucidly presented with admirable brevity, remove all grounds for believing the other. If, as the authors claim, "O'Connor shared the centre of the political stage with Sir Robert Peel and with Richard Cobden," then they have strikingly failed to prove their case. It is not, as they put it, that O'Connor was not sufficiently "respectable" to appear in the National Portrait Galleries of London or Dublin, but rather that he was not sufficiently important. As they themselves admit, O'Connor "had no intention of leading an English revolution"; and he got nowhere in his "serious political purpose" to repeal the Irish Union and to establish the six points of the Charter. His dreams of Anglo-Irish co-operation made no progress; his attempts to frighten the government into conceding the Charter "failed completely"; and his hope of making "a paradise of England in less than five years" through the medium of his cranky land scheme was utterly falsified by events.

It is not, then, on the grounds of his political significance that O'Connor is worthy of remembrance. But there is, perhaps, some comfort to be drawn from the story of his failure, as from that of his twentieth century counterpart, Horatio Bottomley, that effective political power in Britain cannot be achieved by demagogy alone.

THE WORLD OVERSEAS

Bonn in Search of a Policy

FROM OUR BONN CORRESPONDENT

ALONE political sandwichman—such as one would expect to see in Whitehall rather than in the Koblenzerstrasse—plodded to and fro near the federal chancellery the other afternoon. Fore, his home-made inscription ran: "17 million Germans in a concentration camp. But K. Adenauer abuses Willy Brandt." Aft, it was: "Ulbricht is satisfied with Adenauer. We Germans are not." The police ignored him for a while, then moved him on. Passers-by observed, outwardly at least, a strict neutrality. Were no hearts whispering applause?

We shall have to wait until polling day to determine the extent of the damage done by the latest developments in Berlin to the Chancellor's reputation for political sagacity. Probably it is not far-reaching. Yet the sandwichman is certainly not alone in his displeasure. Misgivings expressed more decorously by others suggest that unless he effectively defends his policies during the next three weeks Dr Adenauer will at any rate not win the absolute majority upon which he has been counting. A new opportunity has been presented to the Free Democrats to bid for a share in the government, and they are planning to exploit it as vigorously as the game and the hour allow. It was not surprising that before he left for Berlin on Tuesday Dr Adenauer found time and stamina to make a twenty-four-hour election sortie in Lower Saxony with the object of wooing the many former supporters there of the disintegrated right-wing German party.

Polling day is Sunday, September 17th. At the peak of last week's excitement over Berlin, the chairman of the Free Democrats, Herr Mende, proposed that it should be advanced to September 3rd. In arguing that the distractions and animosities of the election campaign ought now to be curtailed, Herr Mende was unquestionably sincere. At the same time he must have scented the probability of new doubts in the country about the merits of Dr Adenauer's past inflexibility—the uncompromising approach to east-west problems that the Free Democrats have often condemned. But the federal president, who decides the date of the Bundestag elections, rejected Herr Mende's application. No harm would be done by sticking to the present arrangement, Herr Luebke ruled, so long as the contending parties conducted their hostilities with due moderation. The president named no names. Few of those who read his appeal can have failed to reflect once again on the lack of dignity and the ill-chosen timing of the chancellor's diatribes against the governing burgomaster of Berlin, "Herr Brandt, alias Frahm." The coldness between these two candidates for the chancellorship palpably chilled what was intended to be Dr Adenauer's morale-raising trip to Berlin this week; and there has been the incredibly childish dispute between the two major parties for the honour of having invited Vice President Johnson to West Berlin last week.

And so the election campaign goes on, though for the time being with a marked hesitancy among most of the participants. Towns and villages are still plastered with the pre-Berlin slogans—with the Christian Democrats' proud claim to "Success and experience," the Social Democrats' vague exhortation "Forward with Willy Brandt," and the Free Democrats' laconic "Germany," shrieking with a black eagle a ground of shrieking scarlet. But at all the party headquarters heads are pressed anxiously together, reassessing the current propaganda effort and thinking up appropriate readjustments in the light of what has happened. Unqualified appeals to the voter's sense of creature comfort have abruptly been made to appear in thoroughly bad taste. The problem is to find any new sound, positive planks to put into the party platforms. The Social Democrats have already come out with "Go to the poll—help Berlin and Willy Brandt." The All-German party, a shaky amalgam of the remnants of the German and Refugees' parties, is triumphantly proclaiming the "total and catastrophic end of the policy of Dr Adenauer and his government," without proffering the slightest guide to a way out of the mess. As Herr Mende, on behalf of the Free Democrats, modestly put it at the emergency session of the Bundestag on August 18th: "In this hour nobody can claim success for his *Deutschlandpolitik*." The German policy that had been conducted since 1945, he said, would be judged by what had been achieved for the whole German people. Its undeviating aim must still be the restoration of German unity in freedom. This was the special task of the present generation of Germans, and they would be judged by their success or their failure. Herr Mende agreed with Dr Adenauer, who had spoken before him, that the government (hitherto so suspicious and full of doubts) should now actively encourage negotiations with the Soviet Union concerning the future of Germany and Berlin.

Indeed, this was the only practical step that Dr Adenauer had been able to indicate in his government declaration. The greater part of this formal statement had been devoted to chronicling the east German communists' incompetence and perfidy. Appealing to the Russians "to look at things realistically," Dr Adenauer remarked that it was "unworthy of a great nation to protect creatures despised by their fellow countrymen."

The negotiations now devoutly desired to forestall further attrition are not a matter for the Germans alone. Indeed, the Germans would have to stand, for the most part, in the wings, fanning western resolution and preparing themselves for the required sacrifices. It is what the Germans should and could do by themselves in the long run that is perplexing conscientious patriots. The first reactions to Herr Ulbricht's damming up of his leaking domain, and its long-term significance, have naturally been fiercely emotional. They have also been pathetically impotent, and by no means unanimous. The Federation of German Industries has advised its members not to exhibit at, or even visit, the Leipzig autumn fair. Herr Erhard, the economics minister, declared at first that nobody should be prevented from going to Leipzig, but he has added since that he assumes that no one would be so unworthy as to want to go. The chairman of the Hamburg Christian Democrats, Herr Blumenfeld, a prosperous young business man, has demanded a trade boycott against east Germany; but the minister of defence, Herr Strauss, has said such a move would only aggravate matters. The German Sports Federation and the national Olympic Committee have ruled that there shall be no more sports fixtures between the two Germanies. In west Berlin the Schiller Theatre has cancelled arrangements for a Bertolt Brecht premiere

on August 30th. Protest meetings, full of sound and fury, signifying little, are being held all over west Germany. The only practical measures that have yet been taken concern the continuation and, if necessary, intensification of west German industry's support for the precariously placed, but still at the moment thriving, industries of west Berlin.

But again, west Berlin is in the main beyond the federal republic's safeguarding. On August 11th the east German foreign minister, Herr Bolz, told the People's Chamber unequivocally that the foreign ministers of the "socialist countries" would be holding a conference in the late autumn to discuss preparations for a German peace treaty. With or without west Germany, the treaty would be signed before the end of the year. This week the east German communists' chief propagandist, Herr Norden, announced that the treaty would be signed in December. It is their own response to the inevitable and utter partition of Germany that the west German politicians have now to decide. So far they have done no more than declaim that right is on their side, and all will be well in the end. Presumably some more detailed thinking is in progress.

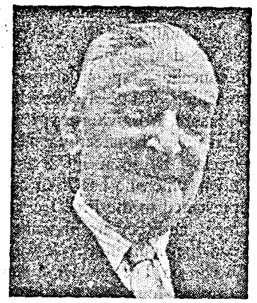
One effort to help such a process along was made by the Stuttgart historian, Professor Golo Mann, in an article in the Hamburg weekly *Die Zeit*. Professor Mann combined a judicious but devastating analysis of past policy with some interesting recommendations for a future course of action. He envisaged east-west negotiations of some kind (possibly through the United Nations Security Council, through neutral mediators, or direct) with the object of making the east German regime more palatable to its subjects. The conditions might include free elections if that proved possible—but elections in which the issue of reunification would play no part—and a guarantee of basic civic rights, including the right of free speech. The new element is that he envisaged the recognition of such a reformed and tempered east German regime, after a trial period, by the western powers and by Bonn; the Oder-Neisse line would also be recognised; the "irritants" of which the communists complain in west Berlin would be gradually removed; and finally there would be a redefinition of the status of west Berlin in such a form as to preserve the essential rights of the western allies. But this is the sort of down-to-earth stuff which we shall not hear from the party leaders during the next three weeks.



Henry the Navigator

Lusitanian Dialogue

BY A SPECIAL CORRESPONDENT LATELY IN LISBON



Salazar the Defender

SCATTERED about the globe, unchanged and—until this year—unchanging, the crumbs and gobbets of the Portuguese Empire have become the political coelacanths and dinosaurs of the Bandung age. From the six square miles of Macao to the half million square miles of Angola, the empire that Prince Henry the Navigator founded 500 years ago still spans the world—the oldest and now also the largest remaining relic of European territorial expansion. It is an impressive imperial achievement but, like the coelacanth, it is hard to relate it to the contemporary world.

The visitor to Lisbon, probing at the nerve centre of this imperial creature, finds himself listening to a language he had thought defunct, and must bellow back across the gulf of centuries in a tongue that is equally incomprehensible on the other side. The result is not so much a conversation at cross purposes, as an exercise in sheer, mutual irrelevance. There should, of course, be some common ground in the shared historical experience of colonialism. But this is only the visitor's point of view. The Portuguese, he finds, straining his attention across the abyss of incomprehension, deny having shared the experience at all. Their colonialism, they assure him, is not like anybody else's, and never was. It is the fruit of a unique vision of creating a specifically Lusitanian civilisation through cultural uplift and biological miscegenation. Its essential quality is permanence; it does not, and by its nature cannot, entertain any prospect of abandonment or withdrawal from the overseas territories.

To suggest that British, French, Dutch or Belgian experience may be relevant is useless. "We do not seek the same ends," say the Portuguese; "how can we use the same means?" And besides, look what has happened to Africa in the wake of the European abandonment—red dictatorship in Ghana, chaos in the Congo, a wave of anti-white racialism everywhere and Russian penetration throughout the continent. "It seems to me that the hasty abandonment of many territories by European powers is a crime more against the black man, whom it was their policy to instruct, than against the white, even where the latter is threatened with expulsion and is deprived of all his possessions." There it is, the authentic voice of the Portuguese mission—Dr Salazar solemnly lecturing the National Assembly last November.

> We have been in Africa for 400 years, which is rather more than to have arrived only yesterday. We carried with us a doctrine, which is not the same as to be carried away by self-interest. We are present there with a policy that authority is steadily effecting and defending, which is not the same as to abandon human destiny to the so-called 'winds of history.'

Pained by the folly and treachery of his fallen friends, angered by the calumny that his enemies heap on Portugal, alarmed by the sinister successes of the Communists, Dr Salazar has similar rotund rebukes for nearly everyone.

Here he is, for instance, on the role of the United States, after the American vote against Portugal during the Security Council's discussion of Angola last March:

> Of course the United States would not advise or prepare acts of terrorism, directly or indirectly . . . (but) although with different intentions, the United States is now engaging on a parallel policy to the Russian one in Africa . . . weakening Europe's resistance and depriving it of its human, strategic or economic strong points. . . . It is therefore irreconcilable with what America seeks to do through the North Atlantic Treaty. . . . When France, Belgium or Portugal is harmed or weakened by such an African policy, not only is the reciprocal confidence of America's allies in Europe affected but their defensive capacity is also diminished. The troops that are sent to Algeria cannot then fight on the Oder or the Rhine. . . . I believe that if America, tied to ideological oversimplifications, persists in this policy it will become a victim, the last, of this contradiction. (Speech to the National Assembly, June 30, 1961.)

On the United Nations he is more severe:

> The invitation to the Portuguese authorities to cease at once the measures of repression in Angola is an attitude we might call theatrical on the part of the Security Council . . . so seriously does it offend the duties of a sovereign state. Since mid-March neither the Council nor the Assembly has found any opportunity to order the terrorists to cease their massacres and depredations. . . . There may indeed be some foundation for the assertion that the situation in Angola is a potential threat to international peace and security, but only to the extent that some of the voting countries may decide to pass from political and financial aid, as they are giving at present, to direct aid with their own forces against Portugal in Angola. Everything in the world is becoming so topsy-turvy. . . . (June 30th, 1961.)

But there will be nothing topsy-turvy about Portugal:

> I hope we who are sure that we are right and are convinced that we can prove it will not be intimidated. International life is not all lived in the United Nations Organisation. . . . At present the Afro-Asian powers seem to be in the right. But with a little courage on our part they will finally come to understand that there are limits that cannot be outstripped. (June 30th, 1961.)

In this language, self-determination is magisterially dismissed as "the brilliant principle of political chaos in human societies." Those who talk of emancipation "come too late, for the job has already been done. (Portuguese) unity does not allow of transfers, cession or abandonment. The juridical figures of the plebiscite, the referendum, auto-determination, do not fit into its structure either." (November 30th, 1960). And let us try to understand and sympathise, too, with "the drama of societies . . . such as, for example, in Algeria, the Rhodesias and South Africa," whose governments are so sorely misrepresented in the name of "baseless ideologies and instinctive passions." (November 30th, 1960.)

A strange set of bedfellows with which to face the world? Very well, but Portugal will be proved right.

> In a few years . . . . one of two things will happen in Africa. Either progress will be paralysed in many parts with the total ruin of economies, the degradation of peoples and the horror of internecine strife, or we shall see attempts at, or experiments in, international colonialism, irresponsible and for that very reason inhuman, before which the black man, cultured or not, will be no more than a statistical element. Then many of those who . . . demand the emancipation of Portuguese territories, with no

Spanish Shoe-Blacks

FROM OUR BARCELONA CORRESPONDENT



ONE of the impressions that every visitor to Spain carries home, or, at least every male visitor, is the ubiquity of the shoe-blacks. They prowl the streets and squat in the corners of tobacconists', hairdressers' and practically every bar. They are apt to be insistent, and a foreigner may find that they have started work on his shoes before he has had time to protest. They can also play tricks, such as ripping off a sole or a heel.

Spaniards themselves sometimes complain of being overcharged or of finding that they have been given new heels or laces while they were reading the newspaper. But such practices are mostly confined to the *ambulantes*, the shoe-blacks who roam the streets. This is an occupation that commends itself to the vagrant and unskilled, often as a cloak for hawking contraband and touting. To prevent an influx of such people and reduce the number of shoe-blacks, the big cities have a system of work permits, which are only granted to those with a fixed place of work. Some of the latter simply have their post in the street, others are attached to cafés and other establishments, others are employed in *salones de limpieza*, special shoe-cleaning shops with shadowy interiors where the clientèle sit on thrones (there is an old-established one in the Plaza Real in Barcelona founded two generations ago by a conjurer).

These regular *limpiabotas* are honest and efficient. They charge only the authorised price (it varies in different cities between three and four pesetas, being fixed locally by the civil governors). To watch them going through their ritual with leather, brush, polish and paint is alone worth the money, and they produce a glitter on the shoes that no sergeant-major could scorn. This public shoe-cleaning is one of the bases of Spanish male elegance. There are certain tasks that the Spaniard considers beneath his dignity and simply will not perform, and cleaning his shoes is one of them. If he cannot afford the *limpiabotas*, he will give his shoes to the maid, or even his wife, or let them go dirty—and one does in fact see quite a lot of dirty shoes, particularly at present with the internal trade depression. But, if possible, he will sit at ease in a café and have them cleaned. The *limpiabotas* is part of the social life of cafés and hairdressers. A triangular conversation is often carried on between the customer, the hairdresser and the shoe-black, and the hairdresser, before setting to work, may ask "What would you like to discuss this afternoon—bullfights? Football?" In fact, to the Spaniard, having his shoes cleaned is more than a necessity of good appearance or even a diversion. It is an addiction; in Madrid and the south there are men who would feel unkempt with only two shoe-shines a day.

Winter is the best season for the shoe-blacks. In the summer months trade is bad—so many people are on holiday and those who remain take to fancy footwear that presents technical problems (three times the normal charge is made for cleaning the fancy models with white and coloured canvas uppers). And then, of course, there is not the kindly aid of rain and mud.

Shoe-blacks' earnings are low. The best off are those employed on a wage basis at the *salones*, bars and so on. With their share of the tips they may make three to four pounds a week. They also enjoy full security benefits, because the employer pays their insurance. Many of those who attend regularly at bars and other places, however, as well as those with posts on the street, are working on their own account. They belong to the *sindicato* and pay a *cuota*, but it is necessarily a small one and any benefits are correspondingly small. Many of these men work a seven-day week.

Nevertheless, few leave the trade—despite the fact, for example, that during the tourist season there is a rising demand for waiters who get good pay. Many, no doubt, are unfitted for other work. It is, apart from the recent restrictions in the main cities, easy to set up as a shoe-black. A large proportion of them come from the poorer areas of the south and the back streets of Malaga, and there are even some who have found it difficult to enter other trades owing to a political past. Largely, however, it is a question of temperament. There is a certain sturdy independence about the Spanish shoe-blacks, men who work in their own way, move on when they want to, and generally live as they please.

other advantage than to wrench them from the motherland and thus diminish the resistance of the Iberian peninsula, will come to think that we did a great service to mankind . . . having spared them new forms of slavery. (November 30th, 1960.)

And supposing the rest of the world is not convinced? Then, "I can see no other attitude for us than to continue on our way." (June 30th, 1961). "There is nothing more to be done than to proclaim (Portuguese unity) to the four winds and, as far as possible, to protect it on all our frontiers." (November 30th, 1960). And, most resounding and most final: "Stand firm! Stand firm! Nothing more is needed for the storm to subside and for justice to be done to us." (May 23rd, 1959.)

In the two years since Dr Salazar sounded that exhortation, the storm has grown fiercer and no justice has been done, but the Portuguese attitude remains unchanged. There are motions in the direction of some administrative autonomy for the overseas provinces, and talk of speedier economic development, even of the admission of foreign capital, at last. But on the ultimate questions, the government is unyielding. As the visitor goes the rounds of the ministries in Lisbon, the echoes of Dr Salazar sound repeatedly in every conversation—severe, sonorous, paternal and imbued with such an absolute conviction that he begins to wonder, with an anxious tremble, whether he has not altogether misread the world outside. Perhaps, after all, it is only the Portuguese who possess the key to life, bequeathed to them by Prince Henry 500 years ago and maintained ever since as a sacred trust? Perhaps. It is a discomfiting thought to go to bed with. But one recalls on waking that the dinosaurs also had the key to life once—until the locks were changed.

Mapai's Tarnished Halo

FROM OUR CORRESPONDENT IN TEL AVIV

MR BEN-GURION, as depicted by an Israeli cartoonist, is a lion whose claws have been clipped. His party, Mapai, lost five seats at the elections on August 15th, and now has 42 members in a Knesset of 120 members. But the prime minister's frustration, when he explosively called the results a disaster, was not due to his party's setback but to the destruction of his hopes for introducing a two-party system into Israeli politics. Now the prospects of this are dimmer than ever. Mr Ben-Gurion's claim that the voter would have given him a clear majority if a referendum on electoral reform had been held also appears unfounded.

While Mr Ben-Gurion's friends are dejected, the new Liberal party, which won 17 seats, also feels thwarted. The Liberals had hoped to serve as a rallying point for all who wanted a radical change in government, and to act as a counterweight to the party that now controls the government, the Jewish Agency and the labour federation. They had hoped to bring together supporters of private enterprise, members of collective settlements who were on the side of Mr Lavon, students and university professors, and all those who had developed a grievance against the Establishment. They found out that Mapai's party machine was able to hold together the mass of voters who represent its main strength in the villages and towns; that opposition to Mapai in the collective settlements resulted only in abstentions; and that Mapai's position among most of the new immigrants remains unimpaired. The newcomers either voted for Mapai, or else for Herut, which succeeded, against expectations, in holding its position.

If the modest success of the Liberals is to develop, they must learn how to overcome the barrier that now separates them from the immigrants from Moslem countries. The political influence of this group is bound to grow as their children reach voting age. Mr Ben-Gurion understands this very well, and has promised free higher education for gifted children. Over the past ten years the new immigrants have been given work and housing. Now they seek a higher standard of education and living, and they will vote for the party that they hope will give it to them. Liberal ideas do *not concern them*—yet.

Mapai will have to confront two main issues in the near future; first, the unrest within the party, caused by the Lavon affair but suppressed during the election campaign, is now likely to erupt again. Mr Ben-Gurion's friends accuse Mr Lavon and his supporters of having harmed the party. The other side claim that Mr Ben-Gurion himself caused all the trouble by his dictatorial methods, and by his clumsy handling of the Lavon affair. Mr Lavon himself, who returned from a long journey abroad just before the election, keeps in the background, but he may not stay there. The election post-mortem within the ranks of Mapai will be neither gentle nor conciliatory.

The second problem is the building of a new coalition. Mr Ben-Gurion will again be prime minister. He will start on a series of negotiations to find out which parties are ready to join a coalition and on what terms. In the past this has always taken several months of tough diplomacy during which not only practical economic and political issues, but general questions of ideology, are explored at length. There is no time-limit for these negotiations, since, in Israel, the old government continues in office until a new cabinet has been formed. Thus, Mr Ben-Gurion, whose resignation in January brought about the elections, is still prime minister. On the other hand, urgent issues such as the possibility of currency devaluation, and recent moves over the Arab refugee question, make it important that a new coalition should be formed quickly.

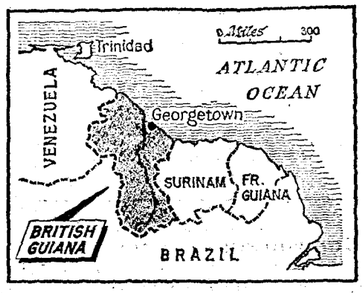
Early speculations about the composition of the new cabinet predicted a coalition between Mapai, the Liberals and the religious parties. But, two days after the elections, Herut proposed a joint front with the Liberals. This would create a block of 34 votes, and would be a considerable power in the Knesset. However, many Liberals may rebel against the idea of joining with the militant right-wing Herut.

Whether Mapai's wings, as well as Mr Ben-Gurion's claws, have been clipped remains to be seen. The party's extraordinary success over the past ten years has given it a halo of invincibility. This halo has now been tarnished. It has been proved that the rising strength of Mapai can be checked, and that a steadily increasing standard of living does not prevent opposition. If the Mapai leaders understand this they will try, first of all, to put their own house in order and end the internal strife which, more than anything else, was responsible for their setback last week.

British Guiana on its Own

DR CHEDDI JAGAN'S decisive victory in last Monday's elections gives him a free hand in shaping British Guiana's first years of independence. As free a hand, that is, as is possible in a country four-fifths of which is swampy and largely impenetrable jungle, whose population of half-a-million is crowded into a narrow coastal strip that has constantly to be guarded against the encroaching sea and the flooding rivers, and whose economy is dependent on British investments in sugar and Canadian investments in bauxite. Without a lot of money and technical help from outside, there is not very much that Dr Jagan can do to make his country more self-contained and less backward as an independent state than it was as a colony. The cards would seem to be unfairly stacked against British Guiana if it were not that its coming independence coincides with the new respect which both the United States, and to a lesser degree the Soviet Union, are beginning to pay towards even the smaller countries of South America and the Caribbean.

British Guiana is now self-governing and will probably be completely independent in a year or less. Dr Jagan's People's Progressive party has won 20 of the 35 seats in the new parliament. The voting was mainly on racial lines: Indians (many of them the descendants of indentured labourers brought over in the eighteenth century) outnumber Africans by three to two, and Dr Jagan himself is an Indian. His support comes from the rice farmers and the labourers on the sugar estates, while Africans predominate in the towns. But because of what seems to have been an unofficial electoral agreement between Dr Jagan and a small third party which is right wing and fervently anti-communist, Mr Forbes Burnham, the leader of the African party, did less well than a straight counting of black and brown faces would suggest. Mr Burnham, whose party won 11 seats, claims to have unearthed some dark deeds, and is trying to have new elections, in several constituencies.



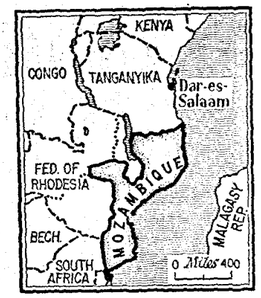
Dr Jagan calls himself a Marxist, and there are undoubtedly a number of orthodox communists within his party. He will certainly look for outside help from wherever he can get it, and is planning a visit to the United States. Equally plainly, he looks forward to a time when the state has more control over the country's industry, and the sugar companies have already been asked to surrender a little of their land so that the government can start up some sort of co-operative farming venture. In Castro-hunting circles in America and Britain there have been panicky comparisons between Dr Jagan and Dr Castro. But although Dr Jagan professes to admire the Cuban leader, and has made a trade deal with him, the two men are temperamentally far apart. Dr Jagan has come to power by a more conventional route and, profiting from Cuba's mistakes, is unlikely to do anything in too much of a hurry, and especially not nationalise the country's industries until he has the men to run them. The basic test is whether Dr Jagan can show that he is a national, rather than an Indian, leader.

Mozambique Next?

FROM A CORRESPONDENT IN DAR-ES-SALAAM

THE National Democratic Union of Mozambique, or Udenamo, to which it is commonly shortened, "welcomes all Mozambiquans to join with us in independence struggle for our motherland"; these are the words that straggle somewhat unevenly across a piece of paper stuck in the window of their headquarters, a room and a half in Dar-es-Salaam. The half-room, a windowless box entered through a usually locked door, serves as the office of their president, Mr A. C. Gwambe. The slightly larger room is furnished with three desks, covered with a collection of magazines and newspapers, mostly in Portuguese, though there is a "Teach Yourself Political Thought" and the Penguin edition of "Lady Chatterley's Lover." Here work the secretary, Mr C. Mahlayeye, who also has a Czech portable typewriter on his desk, the treasurer, Mr B. J. Mapanje, and the publicity organiser, Mr J. R. Sigauke. The vice-president, Mr F. G. Malhuza, drifts in and out, as do various others who look like officials, and a considerable number of what appear to be hangers-on who, one suspects, come in to take advantage of the bench provided; a selection of Swahili papers is also available.

In these unimpressive surroundings, Mr Gwambe claims, the union has accomplished as much in the ten months of its existence as many political organisations do in five years. But the truth of this statement is not easy to ascertain; no one is willing to reveal such facts as the number of genuine supporters that Udenamo has in Mozambique (the claim was made that it has eighty officials canvassing for support there) or in the various foreign countries, including Britain, where they say they have agents; the source of their funds, their financial position, or the extent of their equipment if armed rebellion is deemed necessary. This last possibility has been much discussed and has certainly not been rejected.



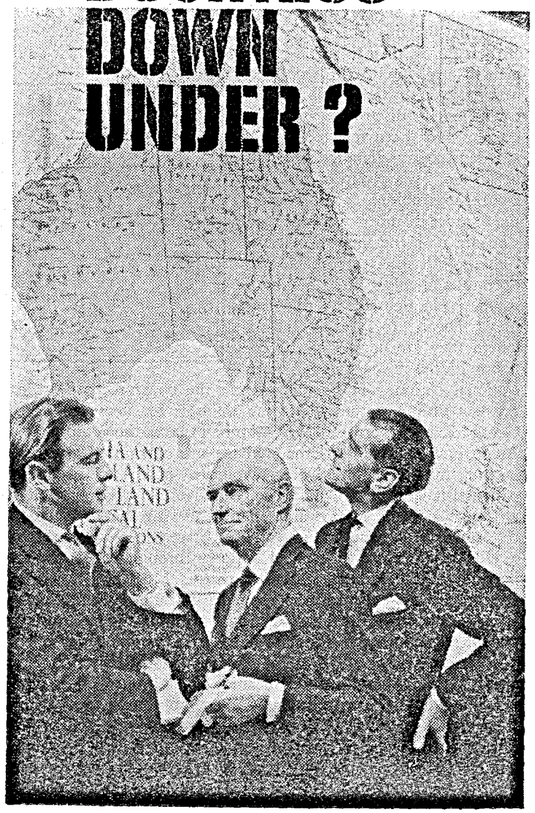
Udenamo was founded in October, 1960, by a group of refugees from Mozambique in Bulawayo; the founder members were the men who are now the union's officials. Finding themselves unable to operate openly in Southern Rhodesia, in February of this year they moved to Dar-es-Salaam, where they are housed at the expense of the Tanganyika African National Union. This support from the government party may prove a little awkward now; the minister for home affairs, Mr George Kahama, ordered Mr Gwambe to leave the country before August 1st because he is reported to have announced at a public meeting that there would be a revolution shortly in Mozambique with assistance from Ghana. The Ghanaians deny having promised any such aid, and Mr Gwambe denied making the statement. All the same, he left on August 10th for, it is said, Morocco.

Udenamo claims widespread support throughout Mozambique in spite of the lack of education there. Most of the available education is limited to Catholic dogma in the government mission schools, and this is interspersed with the compulsory manual labour which, says Udenamo, occupies most of the children's school life. No African with any education is permitted to leave the country unless he can convince the authorities of his loyalty. The type of schooling common in Europe is given only to a few Africans, who then take Portuguese citizenship and are expected to swear allegiance to the Portuguese regime. A few Africans (of whom the vice-president of Udenamo was one) are fortunate enough to get into one of the Anglican mission schools; these are not under direct government supervision, and so are able to give a slightly wider education. African newspapers are not allowed; all papers are censored by the government. To talk politics may lead to arrest; Chief Zintambira, of Vila Contínho, was shot dead some weeks ago for addressing a group of people about Udenamo.

Another party opposed to Dr Salazar's regime, the Mozambique African National Union, is not considered as a rival by the leaders of Udenamo; they say that Manu started life as a social and tribal organisation and has only recently entered politics, and that its officials are mainly Kenyans. It is thought that Manu intends to set up an office in Dar-es-Salaam.

Since the majority of refugees from Mozambique go to Southern Rhodesia and not to Dar-es-Salaam, it is impossible to assess the true state of Mozambique from here. One suspects that, in the words of a south-west African who gave evidence before the UN committee on south-west Africa, the Udenamo leaders feel "one has to exaggerate to prove one's point and bring home to the rest of the world the realisation that a proper investigation is necessary." All the same, it is clear that, with the example of Angola before them, the enthusiasts of Udenamo are confident that the potential conflagration in Mozambique will one day be set off.

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THE BUSINESS WORLD

Where Is Leyland Driving?

WHEN you remove all but one of the directors who have any experience of the car business from the board of a motor company, the obvious inference would be that you intend, sooner or later, to stop making cars. But Leyland Motors bought control of Standard-Triumph International early this year with the avowed intention of forming a group that could make any vehicle from a heavy lorry to a light car ; and, now that it has removed Mr Alick Dick and his colleagues from the board of S-TI, Leyland is at pains to insist that the obvious inference should not be drawn. It says that it is not going out of the car business, " though increased concentration on the commercial vehicle side—in vans and light trucks—is one of the possibilities that Sir Henry Spurrier (the chairman of Leyland) spoke about recently after the merger." Certainly Leyland has invited four of the directors, who were responsible under Mr Dick for much of the management of the company, to stay on as executives ; as some of them were abroad or on holiday when this decision was taken, it is not yet known whether they will accept this demotion. Before the break-up of the board, it appears, a production and development programme for the next 18 months had been agreed and some tooling ordered for new models: one cannot tell how much of this could now go back into the melting pot.

Leyland lives in a very different world from that of S-TI ; the wage rates of Coventry must seem ruinous to anyone accustomed to competing for labour with the cotton industry. Under the rule of Sir John Black, the creator of the present firm and mentor of its departed board, Standard had become about the most generous employer in the motor industry, in wages and also in working conditions. As life became leaner for the company in the last few years life became a little less cushioned for its workers. But they are still well off even by the standards of Coventry, which probably enjoys the highest wage rates in Britain. The attempt to get the unions to agree to a cut of £5 a week in wages that the company made in its blackest days last winter ended in ignominious failure, and the original S-TI directors may well have been more reluctant to face the risk of another such debâcle—or the strike that would be the consequence of persistence—than those who came from Leyland. No doubt there was some difference of opinion about the chances of getting any significant reduction in labour costs between those who have tried—and S-TI did sack 2,000 men last winter, as well as letting another thousand more go by wastage—and those who have just arrived, determined to cut costs. The power of the unions in S-TI, another characteristic of the motor industry and one that was encouraged by Sir John Black, must also come as a shock to a Lancashire employer whose paternalism is still authoritative ; and again those who have grown up to live with unions in this way must view the chances of changing it rather differently from people who are shocked by the whole idea.

The methods used to sell and to produce cars are utterly different from those of a firm like Leyland making and selling the heaviest and most expensive types of commercial vehicle. This may have provided further grounds for disagreement: the amount spent by a car manufacturer on advertising and selling its products may seem exorbitant to anyone used to building to order for industrial concerns, instead of turning out cars *en masse* and then persuading the public to buy them. Selling organisation and advertising might seem to the lorry maker a logical point at which to start cutting overheads, but the car maker would regard such a policy as disastrous. S-TI has been noticeably active—and successful—in its advertising policy since the introduction of the Herald 1200 in April ; but the kind of budget needed to maintain large advertisements in daily papers may have shocked Leyland, even though S-TI's advertising expenditure per car sold is modest in relation to that of other car makers.

STRINGENT economies in the cost of selling and advertising would be justified only if Leyland had decided to reduce the scale of S-TI's car production. It had apparently been agreed to continue the attempt to find specialised niches in the car market not being exploited by the two bigger companies, such as that the Herald was designed for, presumably in the hope that the new cars would not be as promptly followed by competing and cheaper cars from the big two as the Herald was ; and to continue in the sports car market that it had so successfully exploited with the TR3 with a revised version of this car. After the slump in sales of the Herald last year that followed its encouraging reception in 1959, the revised 1200 version has been selling well for the past four months—perhaps aided by the delivery delays on BMC and Ford cars, but also by the fact that the changes in specification simply made the car more competitive. The effect of these has been nearly to double S-TI's share of the British market over the last six months. So if Leyland had broken up the S-TI board by any decision to reduce emphasis on cars, its timing would seem a little odd. The autumn may well see sales fall, and S-TI's share of the market fall as well, when other makers introduce their new models ; but

the group's exports, at any rate, ought to be helped by the new sports car.

Any idea that the S-TI plants could readily be turned over to vehicles very much heavier than cars would be quite unrealistic. They cannot build anything bigger than a 15-cwt van with existing machinery and assembly facilities; if Leyland wants to make light trucks, it will have to build new factories or largely re-equip some of the existing ones. The van market would be as difficult to compete in as that for cars, when BMC and Ford can use the same mechanical components —and, for the smallest sizes, the same body pressings—for their vans as for their cars, and thus get savings in cost that would not be available to S-TI. Even if the company chose to specialise in diesel-engined vans, as Leyland has hinted that it might, these factors might still tend to make its costs higher than those of the competing vehicles that BMC or Ford might offer.

One cannot help wondering how far Leyland realised what it was doing when it decided to buy S-TI, though its silence on its plans makes it difficult to judge. Assumptions that this group could easily be made into a group comparable with Daimler-Benz or Fiat, are surprisingly naïve; both these companies are far larger and more widely based, and possess engineering resources that such a British company could not match. Leyland will no doubt be anxious to make its recent acquisition more profitable as quickly as possible, to justify the deal to its shareholders; but an outsider needs to be convinced that the removal of a managing director as closely concerned as was Mr Dick with running the company is the best way of doing so. Most of the firm's present management down the line consists of men who had been taught, like Mr Dick, by Sir John Black or had been picked by Mr Dick himself. The effect on their morale could be disastrous; if many follow their managing director out of the company, efficiency is bound to decline, and it is very doubtful whether Leyland has the spare managerial resources to fill the gap. Leyland now has a clear field in which to make whatever changes it wishes, but drastic re-organisation is hardly the way to raise profits—at least in the short term.

The new managing director, Mr S. Markland, faces a difficult task indeed. He and his board of three other Leyland directors and the one left from S-TI, Mr. F. B. Dixon—the former managing director of Hall Engineering, the Merseyside firm that S-TI bought to provide facilities for building bodies —have to keep the firm running through a difficult part of the year while they try to win the loyalty of the staff, learn about the details of the company's affairs, and introduce whatever changes Mr Dick thought incompatible with the interests of the company. Leyland's shareholders are awaiting a statement from Sir Henry Spurrier with avid interest.

Television Plain or Purled

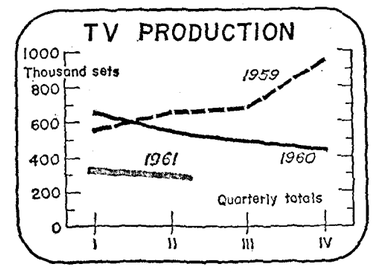
A BOY is said to have bought two television sets in Luton last week for 1s. 1d. No one visiting the current Radio Show in London is likely to pick one up there for less than £60, but earlier this year the radio industry was itself selling off stocks of new receivers at prices which manufacturers shudder to remember. The experience has left its scars. Although brand names are as numerous as ever, several companies have ceased to market domestic sets and mergers have reduced the number of big producers to five. The largest is still Thorn, followed perhaps by the Pye-Ekco group with Philips Electrical and the GEC-Radio and Allied team close behind. Since a number of small companies have receivers manufactured to their specifications by Plessey, this company ought possibly to be included in any list of major set makers. These five, together with Bush and Murphy, are the only companies still with a big stake in the domestic market for television receivers; it is a market now so different from the market for other forms of electronics that the two properly constitute separate industries.

Last year's slump was caused by market saturation, coinciding with the re-imposition of credit restrictions after an exuberant year of freedom. It is being perpetuated by the long shadow of an impending change in television standards. Buyers—which in this instance means radio dealers—would not pull such long faces at the prospect of a change in standards if bitter experience of a quite minor technical change was not so raw and fresh in their minds. Two years ago, the industry embarked on a television boom that led to the production of nearly 3 million television sets and the sale of almost as many. Credit restrictions suddenly re-imposed brought this to an abrupt halt, but the industry, being geared to a high rate of production, went on producing three sets for every two that it sold until well into the winter. By this time, stocks in the factories and the shops had reached figures estimated at between 1.2 and 1.5 million, or a normal year's supply. These stocks could have been liquidated over a period by cutting back production at the factories. Instead, the sets became obsolete overnight a week or so before Christmas when a long-agreed change took place in the cathode tube production lines, which switched from a standard 17-inch to a standard 19-inch cathode tube, and the first 19-inch screen television sets came on the market. This was the most expensive two inches in the industry's history, for the only way to dispose of close on 1½ million sets with 17-inch screens was by cutting prices, not by a pound or so but by as much as £20 at a time. Dealers cut list prices in many cases by a third, manufacturers had to take whatever price the shops would offer. In this way, stocks have been halved, but there might still be between half and three-quarters of a million of these obsolete sets still unsold.

The industry's resilience commands admiration in the face of circumstances that would have caused other manufacturers to despair. With a virtual buyers' strike, it has channelled more and more of these unsaleable sets off into the rental side of the television business. Some of the biggest companies estimate that two-thirds of their sets are now being hired rather than bought outright. In this way the viewer protects himself against the risk of buying a set that is likely to become obsolete if television standards change. But the risk is merely shifted from the viewer who rents the set to the company that hires it to him. A great part of the effort at this year's radio show is directed towards re-assuring dealers that if standards are changed, sets bought now can be re-engineered to the new transmission systems.

THE Post Office has records of 11½ million television licences, which means that seven homes in ten are known to have television, before allowing for the families that have a set but not a licence. This more or less spells saturation and it means that the industry is now dependent on replacement demand. Since the effective life of a television set is seven years, although it may give a picture of sorts for ten, the industry might expect an annual replacement demand for 1½ to 1¾ million sets a year, plus whatever extra it can sell by persuading people that they need a second set. In its present contracted form, this is the kind of output to which the industry is geared. But if viewers think that television standards are liable to change, they may not be disposed to replace their present sets with current models that may be out of date in four years' time—the date when the BBC and ITA charters expire. They may at least be tempted to keep their old models until next July, when the Pilkington committee gives the Government its views on, among other things, television standards and the introduction of colour.

The industry is sharply divided and exceedingly worried about the proposed change in standards. The BBC may huff and puff in favour of a colour service now, so projecting itself as a more enterprising and go-ahead organisation than the somewhat stuffy and middle-aged commercial companies. But across the Atlantic is living proof of sales resistance to colour television that is three times the price of a black-and-white set; after eight years of colour services in the United States, only 1½ per cent of the 50 million sets in use are colour receivers. The American system of colour television needs what amounts to three cathode tubes, one for each primary colour, although the three may be enclosed in a single package. This is the basic reason for its high cost, and after many years of experiment the industry is beginning to believe that the only way to get colour television at an acceptable price is either by a completely new system of transmission or a completely new kind of tube. By sponsoring a French colour system that has already aroused much interest among engineers, GEC becomes the first radio manufacturer in this country to back one of these outsiders; it may prove a shrewd move.



The industry and its dealers know, however, that colour is some way off; not so the change in black-and-white transmission standards. The Government's Television Advisory Committee has recommended a change in the number of lines, to bring the picture on British screens up from 405 lines to the 625 lines used in Europe. It has complicated the issue by not recommending complete standardisation with Europe, so that there could still be important basic differences between television in this country and on the Continent. No decision on this will be taken until the Pilkington committee on broadcasting presents its report, although it is widely believed in the industry that the committee is expected to take the TAC report as its guide on technical matters.

Conceivably the committee might reject the recommendation to change the number of lines—and many engineers in the radio industry sincerely hope that it will. The main short-term objection to the change is that while, on the present system, a third television service could be started up with no trouble at all in the very high frequency wavebands where it could be received by all sets now in use, if the change is made to 625 lines, a third service can only be started in the ultra high frequency wavebands which cannot be received by any set now in use and which present technical difficulties in transmitter and receiver and aerial design that the industry is in no way confident of solving. The long-term objection to the change is that it reduces the number of television services that could in theory be provided, but this is not an argument that concerns the industry very deeply at the present time.

WHAT worries dealers, and it also worries private buyers, is the likelihood that if they buy an "ordinary" set between now and the next Radio Show, that set could become obsolete if the Pilkington committee reports in favour of a change in standards. But the change can only be made gradually. Even if the Government accepted the report outright, new 625-line transmitters would not start working even in London before 1964 and it could take three or four more years before these covered the whole country—particularly since ultra high frequency services require a large number of small transmitters rather than one big one. From this it could be argued that sets bought now would be almost due for replacement by the time the new services were available, but this argument does not seem to cut much ice with customers.

The industry is therefore trying to reassure them in two ways. The majority of companies are building sets with chassis that can be fitted with ultra high frequency circuits if the new 625-line system gets the go-ahead. The cost is estimated variously at between £15 and £20. Some companies, like Philips, are telling dealers flatly that the bill to them will be a maximum of £15, hoping that this promise is not going to cost the company a great deal of money. In this way, the price of sets can be kept down to as low as £60 for the cheapest models, with the possibility of a fairly costly modification later on. Pye, on the other hand, has decided to standardise production on a set that is already partly converted to receive 625-line pictures on ultra high frequencies, and which will need only a few modifications and the addition of a tuner to receive the picture. This increases the price of the set to 73 guineas, which is only a few pounds more expensive than the Pye models it replaces, but is substantially dearer than the cheapest, run-of-the-mill models of other makers. Here Pye has taken a gamble, for the Government need not recommend the precise system of transmission assumed by Pye in designing its sets. But the policy appears to have impressed the radio dealers, especially those who rent sets and want some guarantee that their stock will not become obsolete half-way through its life. For this

assurance they appear willing to pay something of a premium.

Controversy grows sharper, but not clearer, as companies carry out more research into the technical implications of moving to the ultra high frequencies. Not everyone would argue that a 625-line picture is any great improvement on a 405-line one, but most engineers seem resigned to the change as the inevitable price of keeping up with the European Joneses. This explanation just is not good enough. Someone ought to spell out to the customers just what are the advantages of changing the present method of transmission and why the Television Advisory Committee recommended it, just as someone should say why the majority of the industry is objecting vehemently to the change and why it is so mortally afraid of moving to the ultra high frequencies. What are the massive technical difficulties about which manufacturers throw out dark hints ? Television sets are large capital items for most households and it would serve both sides right if customers stopped buying them until all the parties in this dispute came down from the clouds and explained just what they were arguing about. It is, after all, the customer, not the industry or the ITA or the BBC or the Post Office who pays in the end.

BUSINESS NOTES

IN THE MARKETS

Restraint in London

THE holiday, the Berlin crisis, the Chancellor's deflationary measures, have all combined to make a quiet and restrained week in the stock market. Few investors want to commit themselves very far until it is clear how the government's new policies, particularly on wages, will work out. Investors, moreover, have learned rather painfully that trustees are more realistic and sober in their actions than speculators. There has been a little selling of gilt-edged stocks and a little buying of equities by trustees this week but not on a sufficient scale to have a decisive effect on prices. Equities, having fallen a little just before and after the weekend, recovered slightly later but this rally soon tailed off and over the week to Wednesday's close *The Economist* indicator fell by 3.2 points to 366.0. Gilt-edged prices, however, turned down slightly and by Wednesday War Loan was back to 52½, compared with 53 a week earlier. This provides yet another indication of the built-in handicap of the gilt-edged market. As soon as demand increases the authorities feed more stock into the market through their funding sales and this checks the rise in prices ; when the demand dries up the authorities do not reverse operations but stay out of the market and the jobbers quickly take the precaution of marking prices down.

The major influence throughout the industrial as well as the gilt-edged market is that investors and underwriters alike have to pre-empt much of their money for new issues. In the not too distant future the flow of new issues may diminish, because, first, the lenders already have plenty to digest and, secondly, because borrowers may not be prepared to pay the terms demanded. But at the moment the market has to be concerned with the heavy demand now being made upon it. It was made heavier this week by the announcement that Eagle Star Insurance proposes to raise just over £10½ million by a rights issue of one new ordinary share at 50s. for every four held. The calls are well spread and as the shares stood at 111s. 6d. on the eve of the announcement there is a bonus element in the terms which slightly raises the dividend yield on the shares. But, after taking all this into account, the market's reaction was to mark the shares down to 105s. 6d., making the rights worth about 12s.

Like other insurance companies, Eagle Star has participated in property finance and one of its links is with Beaumont Property. This company proposes to raise about £1¼ million by a one for four rights issue of ordinary shares at 9s. each (against the current market price of 10s. 3d.). In addition it has arranged to borrow from the Prudential Assurance up to £2½ million in the next four years on a 6½ per cent debenture. The directors and their associates have made available to the "Pru." 350,000 ordinary shares at 10s. 6d. each. In announcing this arrangement the directors say that it has always been their policy to buy existing properties for investment and not to take part in property development. They intend to adhere to this policy "at any rate while the government's present request to restrict building operations remains in force" and they have given the lenders an assurance to this effect. They appear to have secured the debenture finance reasonably cheaply. Only this week James A. Jobling, the manufacturers of "Pyrex," controlled by Thomas Tilling, announced the placing of £1½ million of a 7 per cent debenture, 1971-86, while Whitbread, the brewers, announced the placing of £2 million of a 6¾ per cent debenture, 1984-87, at 96 to yield just over 7 per cent.

Optimism in Wall Street

A correspondent cables :

WALL STREET remains optimistic about the domestic economy and international problems though the rise in equity prices was tempered this week by profit taking, particularly in stocks in industries where trouble may arise. Motor shares, for example, were under pressure partly in reaction to the earlier sharp rise based on next year's prospects and partly because of the strike threat. Cosmetics issues, which had made big gains earlier, also reacted on the announcement of legal suits from the Department of Justice. The Dow Jones industrial average, which rose to a new peak of 725 this week before falling back to 720 on Wednesday, is not accurately reflecting the high degree of selectivity in the market ; it has been pushed up more by a strong demand for tobacco and chemical equities than by overall buying.

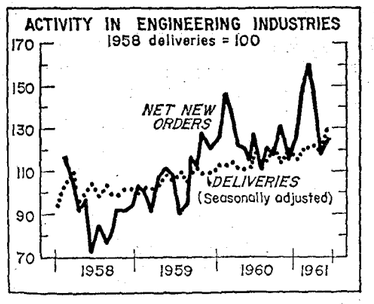
INVESTORS are still favouring cyclical blue-chip issues on the grounds that the coming business boom should boost earnings sharply. Whenever the analysts on Wall Street are unanimous about the future course of prices, the market usually surprises everyone by going off in an entirely different direction ; but it is difficult to argue with conviction that the current rally is spent. A motor strike could be temporarily upsetting, but Wall Street seldom sells on news of a strike as it is generally believed to have bullish implications for the longer term. Similarly, the growing evidence of the administration's tougher anti-trust policies may be a blow to particular companies but it is not yet regarded as a serious threat to the market. With selectivity very much in the vogue, it is probable that buying will switch from one group of shares to another quite rapidly. The focus of attention is likely to be on issues with favourable profit prospects and low price/earnings ratios, such as paper, rubber and textile equities. Investors will probably continue to take their capital profits and this may check the rise in prices ; but with the economic indicators pointing to greater business activity and with inflationary signs beginning to appear, Wall Street's faith in equities is unshaken even though the future rise may be slower and more hesitant than the recent advance.

ENGINEERING

Pressure Slackens

THROUGHOUT the months of unchanged industrial output last year and the beginning of this, production in the heterogeneous group of engineering industries kept on growing in response to heavy ordering from industry for new plant and machinery and various other pieces of factory equipment. The plant and machinery firms raised their output further still this spring and summer, when industrial production generally began to edge upwards: by June their output had reached its highest level yet, eight per cent above last summer and a good thirty per cent more than in 1958.

But there are signs that the impetus, and indeed the pace, of this engineering boom may be altering. Apart from March and April, when new home orders were sharply inflated by some very large orders for a new power station, the rate of ordering from firms in this country has noticeably sobered down this year. Net new home orders in May and June were, in fact, fractionally lower than a year ago. Export orders, in contrast, are still rising: they were two per cent higher than last year in the first quarter of 1961 and four per cent higher in the second quarter. This is a much smaller rate of growth in overseas business than was customary in 1959 and most of 1960 but it would seem that export enquiries have perceptibly increased in more recent months. Certainly if pressure from the two-year capital investment boom is slackening off, engineering firms should soon have more capacity to spare to meet export business if they can get it. For the last few months total engineering orders outstanding have remained at about the same level after rising pretty consistently month by month since the autumn of 1959. Indeed in May and June deliveries of engineering goods actually exceeded new orders received. The length of most firms' order books should not portend any slowing down of production yet. But from now on it seems that every new order will have to be won rather than taken.



STERLING

Back in Demand

THE recovery in sterling has been resumed this week, following the temporary check partly attributable to the Berlin uncertainties. Movements in the rate this week have been modest, from $2.80¼ to $2.80⅞, and the rise has certainly been held back by sales of sterling for dollars by the official exchange account. These tactics make sense. The bears who sold sterling short when the rate was $2.78½ and contracted to take $2.75½ in three months for the sterling they had not got have already been given a fair squeeze. Now the authorities may not be anxious to see the rate rise too close to the official limit of $2.82, at which point there would be nothing left to go for (this is the case for a modest and opportune widening of the margins). In any case the reserves are badly in need of all the dollars the authorities can buy back.

The demand for sterling has been mainly on commercial account, including purchases that had previously been delayed. There is still no sign of any large inflow of funds for short term investment. Few operators are inclined to leave their funds uncovered. But buying of forward sterling by continental operators this week has brought the cost of exchange cover down from about 4 to 3¾ per cent, leaving a small margin in favour of London on most forms of interest arbitrage.

THE DOLLAR

Widen the Gold Points?

A correspondent writes from New York:

IN order to strengthen its tactical defences for the dollar, the United States Treasury has put half of the $150 million of gold provided by the International Monetary Fund (as a consequence of the recent British drawing of $450 million in US dollars) at the disposal of the Exchange Stabilisation Fund. Although the balance sheet of the Stabilisation Fund is published with a delay of several months, it is no longer a secret that it has been used by the Treasury as a buffer for handling minor transactions in gold with foreign authorities. While the acquisition of $75 million of gold is not a major one, it will permit an increase in the limited transactions that have taken place and is regarded as a useful safety valve to cope with special and unforeseen demands. Any sales of gold from the Stabilisation Fund, moreover, will not show up in the weekly figures on the Treasury's general gold account, which suggests that the authorities are hopeful that the market will attach somewhat less significance to the changes in the published statistics. Together with its other innovation such as the acquisition of D-Marks and its intervention in both forward and spot exchange markets, the Treasury's latest move gives it greater flexibility in coping with short term pressures.

It is likely that the authorities will experiment with other measures to buttress the gold-dollar pivot. The techniques that have been adopted are considered a first line defence, and while the Treasury is counting on the strengthening of the IMF as a second line, officials acknowledge that they would like additional short-term weapons designed to discourage speculative runs and reduce danger of disruptive flows of gold from monetary stocks to private hoards. While they are silent over specific plans, officials are plainly unhappy about maintaining convertibility for foreign authorities *sans questions* when US citizens are prohibited from holding gold. It is impossible to close down private markets abroad, but the hope is that the speculative attractiveness of gold can be lessened. One possibility, put forward in *The Economist* a fortnight ago, would be to widen the margin between the fixed gold buying and selling points, which at present are $34.91¼ and $35.08¾. Such a move is permissible under US regulations and is regarded as consistent with fixed exchange rates. Treasury officials refuse to go further than comment that increasing the spread is only one of a number of avenues open to them.

The Treasury is also likely to seek liberalisation of IMF provisions in order to increase its freedom of manœuvre and moderate longer term pressures. The Treasury contends that short-term pressure and long-term illiquidity are connected problems, though it emphasises that the heart of the matter is a maldistribution of reserves rather than an absolute insufficiency. Its criteria for evaluating liquidity, however, are vague and may be supplanted by new yardsticks to compel countries enjoying a surplus to choose from a variety of measures designed to prevent further gains. The immediate emphasis on short term, market orientated steps such as more liberal use of the Stabilisation Fund is thus being flanked by continuing efforts to secure co-operative measures of long run reform.

BRITISH EUROPEAN AIRWAYS

Wolf at the Door

BRITISH EUROPEAN AIRWAYS has every incentive at the present time to cry "wolf" as long and as loudly as possible, since the Air Transport Licensing Board has just retired to consider whether to allow independent airlines to fly competing services on the corporation's routes. At any other time, the chairman might have found it difficult to convince anyone that a modicum of new competition would harm the corporation, which carries nearly half the traffic between this country and Europe, has just announced net profits of £1½ million on last year's (1960-61) operations and has

accumulated reserves standing at the remarkably healthy figure—for an airline—of about £5 million. But events have played into his hands. If it had to come at all this year's set-back in air traffic could not have occurred at a better time for BEA, and there is a certain gloomy relish about the corporation's forecasts of a probable loss in the current year. The wolf on BEA's doorstep is a cub compared to the shaggy monsters panting down the key-holes of the North Atlantic airlines, some of which are said to have flown services without a single passenger, but it is unmistakably a wolf.

Its appearance after seven years' profitable operation does not necessarily spell disaster to BEA. The corporation has achieved, what few airlines manage, the accumulation of a financial reserve big enough to cushion it against the temporary traffic set-backs that occur in aviation with monotonous regularity. The origins of the present one are easy enough to trace. Last year, BEA carried 4 million passengers, which represented an increase of a fifth. It had in fact increased its capacity by 24 per cent, while total traffic, including freight and mail, increased by 19 per cent. This meant that roughly two-thirds of the available capacity was filled. It was filled, however, only by cutting rates, which meant that although revenue, at more than £42 million, was nearly 16 per cent up, expenditure, at nearly £41 million, was rising even faster in spite of a reduction in costs. BEA, however, was working to the supermarket theory of bigger turnover and smaller margins so it seemed reasonable to develop along the same lines this current year. Capacity was again increased by a quarter, but the growth in traffic lost some of its momentum and has so far increased only 15 per cent.

Thus BEA finds itself at the end of the first quarter of its present financial year with £1.7 million less revenue than it had budgeted for, and the prospect of a profit likely to be measured in thousands rather than millions, if indeed it can make a profit at all. Comparable detailed accounts are not available for the independent airlines, so it is not possible to guess whether under similar conditions they would have done better or worse than BEA. They may find it difficult to match the corporation either for efficiency of management or—where it has its head—for fares; the standard £3 3s. ticket proposed for flights to Belfast and Scotland during the winter is a measure of the kind of price competition that BEA intends to offer. But there is no reason why they should not be allowed to try.

BANK CREDIT

Advances' Steep Fall

In the four weeks to August 16th outstanding advances of the London clearing banks fell by £103 million and advances by the Scottish banks by £3½ million. This decline—which has been exceeded only once in recent years, in September, 1955—follows increases of £50 million in both June and July. The turning of the tide has coincided exactly with the Chancellor's new measures. In fact a substantial part of the August fall must be the result of the tighter scrutiny imposed by the banks earlier this year, when it was already clear that the ordinary pressures of bank liquidity themselves demanded a tightening in bank lending. It was surprising that this tightening did not show up in the figures earlier, and this may have been due in part to fortuitous influences such as a few large day to day increases coinciding on the make up date—just as there is evidence that fortuitous influences the other way may have swollen the August decline. The decline was however well spread among different banks and also, it seems, among different categories of borrowers. The Chancellor's measures may have had an immediate impact on loans to local authorities, which had turned to the banks during the period when foreign money was draining out of the mortgage market—but now have the

LONDON CLEARING BANKS
AUGUST 16, 1961

	£ mn.	%	Change on Month £ mn.	Change on Year £ mn.
Gross deposits	7,436		− 86	+215
Net deposits*	6,947		− 90	+187
Liquid Assets	2,450	32·9	− 23	+184
Cash	617	8·3	− 4	+ 32
Call money	579	7·8	− 2	+ 32
Treasury bills	974	13·1	− 42	− 27
Other bills and "Liquid" credits	280	3·7	+ 25	+147
Special deposits	185	2·5	+ 38	+ 42
Risk Assets				
Gilt-edged	934	12·6	− 2	−251
Other market investments	113	1·5	—	− 19
Advances*	3,446	48·1	−103	+250
(to State Boards)	75	—	+ 4	+ 6

* Excluding all transit items except ratio of advances to deposits; all ratios are of gross deposits.

opportunity to return to this source for their temporary borrowing. The nationalised industries, on the other hand, raised their borrowings from the clearing banks by a further £4 million in August. It is uncertain whether the new squeeze on hire purchase and property companies can yet have been reflected in the figures, but the banks are certainly taking it seriously.

They have little option. The August figures themselves reflect the pressures the banks are facing. Despite the near-record fall in advances, the liquidity ratio improved only marginally, from 32.86 to 32.94 per cent. An additional £38 million had to be paid up in special deposits, and liquid assets fell by £23 million. Now that the government is budgeting for an overall surplus, for which the bankers have called so long, the market no longer feels flooded with the government's floating debt. Treasury bills have rather become a scarce product, for which a wide range of lenders compete. The clearing banks are faced with a further ½ per cent call to special deposits by mid-September, bringing the total to 3 per cent

of their deposits. Unless the high overdraft rates of 7½-8½ per cent themselves deter the borrowers, the banks will not find it easy to raise their liquidity ratio to the 34-35 per cent needed by the end of the year to withstand the seasonal flow of funds to the Exchequer.

MOTORS

Last Weeks of Summer

The motor industry closed for its summer holidays at the end of July faced with the question of what the increase in purchase tax would do for its sales in the autumn, but with another month of reasonable prosperity behind it. The big fall in sales that usually takes place in August makes it difficult to say just how far this month's activity is being affected by Mr Lloyd's measures, but there are signs that sales are beginning to disappoint some makers—which does not make the industry feel happier about its propects for the rest of this year. Used car prices are still falling, though the trade seems to have been warned by its experience of last year and has avoided ending the summer with heavy stocks. A sharp break in the market should therefore be avoided, but lower trade-in allowances for used cars inevitably depress the sales of new cars.

The industry's production in July had been higher than that in June, 24,584 a week compared with 23,192, but after allowing for the effects of strikes on output in June and of the beginning of the summer holidays on that in July, it seems as if there was no significant change in the state of activity between the two months. The difference between the rate of working of the two bigger companies and of the smaller ones remained marked, with the industry as a whole operating at about 77 per cent of capacity but the British Motor Corporation at nearly 95 per cent. Output may have been reduced in some plants, however, by model changes, which should produce a corresponding increase in output this month. Sales of cars in Britain were slightly lower than in June and July last year at 79,408, which suggests that the buying public took at least the threat of increased prices calmly.

Exports of cars remained unchanged at 31,000, and it is now unlikely that there will be any significant recovery before the new year: the increase that shipments of new models will produce in the autumn will be offset by the seasonal fall in sales. The only encouraging feature is that shipments to most European markets continued to be higher than they had been a year ago; shipments to the United States remained low, at 2,291, but were also well below the level of actual sales in that market. Some time the fall in overseas stocks will have to end, as the fall in sales does seem to have been checked this summer. When stocks stabilise, it might add several thousand a month to car exports.

CHANNEL LINK

Over or Under?

The official talks—as distinct from "consultations," which have been going on in a desultory way for some months now—that are being arranged between the French and British governments about some kind of physical link across the Channel should at least bring the differing arguments about the various rival schemes to a head—and perhaps also end the very real uncertainty for existing cross-channel services, especially the ferry operators, in deciding their own future investment. If the present revival of interest in the idea of a cross-channel link does reach a positive conclusion, the main choice now seems to lie between a rail tunnel and a road and rail bridge—though there are various other possibilities in between these two, such as an immersed tube lying in a trench cut into the sea bed and carrying a road or rail tracks or both. Both pose major technical problems. Ventilation and the suitability of the geological strata in the case of the tunnel: resistance to high seas and gale force winds for the bridge which would straddle one of the busiest, and at times the foggiest, shipping lanes in the world. The bridge would cost decidedly more, at least £200 million against about £130 million according to the latest estimates of the rival groups, but its supporters have a much more optimistic view of the traffic a road link would attract. Both schemes are claimed to be economic propositions on the basis of the rival groups' own assessments of costs and revenue.

The Channel Tunnel Study Group, which was formed as the result of the Suez Canal Company's search for something else to put its money into after the canal was nationalised, reckons that virtually all of the capital for the tunnel could be raised privately, much of it from abroad, provided, however, the two governments gave certain guarantees. The other group, which is headed by M. Jules Moch and financed by French banking and road interests, and which has adopted in essence the scheme put up by Dorman Long in association with a French and an American company, would call for rather more direct financial involvement from the two governments—a point that will go down even less well in Whitehall. But perhaps the greatest difference between the two projects, tangible arguments aside, is that a purely rail link, first thought of by Victorians, just does not appeal to the French imagination whereas a road bridge does. It is both a challenge and more in keeping with contemporary technology. Whatever the political and symbolic implications of a cross-channel link in the context of the coming common market negotiations, there seems to be a gulf between the approach of the two nations to the most suitable kind of link that is as wide as the Channel itself.

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RAILWAY SITES

Going Commercial

The formation of Railway Sites Ltd., a company to put steam behind the commercial development of the larger properties owned by the railways in the major cities, means that the Transport Commission is no longer going to wait for Mr Marples's new bill to lift the statutory restriction preventing the railways by themselves undertaking schemes of site development for commercial letting. That limitation will still operate for at least a year longer but some of the wind has already gone out of the property boom. Further delay might mean opportunities forfeited. Already a year has passed since the idea of a property company was first discussed by the commission: it was put in limbo when the government's white paper on reorganisation appeared last December and resurrected when Dr Beeching took over in June.

General Russell, who has been responsible for the management and development of the commission's property since he became one of its full time members nearly two years ago, will be chairman of Railway Sites Ltd. and Mr Roy Matthews, a surveyor, chairman of Crosse and Blackwell (Holdings) and a member of the commission's present property committee, is to be deputy chairman. The board of the new company, which also includes Sir Reginald Wilson, a full time member of the commission, and Mr W. S. Barnes, previously the commission's chief estate and rating surveyor and now the new company's managing director, may yet be strengthened by the addition of an outside property expert. The railways have no lack of urban sites crying out for fruitful development: indeed any number of schemes for rebuilding stations and similar sites of varying degrees of ambitiousness and preparation are in the pipeline. They are short, however, of money to finance big commercial projects such as these and the freedom to develop beyond their own particular needs.

It will be the new company's job to meet both deficiencies by finding property developers and institutions prepared to put up the money. To begin with at least it will operate mainly by forming companies with other developers for particular projects, with Railway Sites Ltd. holding a minority interest so as to meet the present statutory restrictions. Development will be financed by loans, and profits will be shared by Railway Sites Ltd. and its partners to each project. Thus the railway regions, who can expect to be chivvied by General Russell and his board into looking at every major site that might have a potential development value, will receive ground rent and the railways' share of development and management profits. Not quite the rack rent, but something better than many property owners without capital might otherwise expect to get.

OIL

Compensation for Anglo-Egyptian

Shell and BP this week formally "reserved their position as to the adequacy of the compensation" that the United Arab Republic has now announced it will pay for the majority shareholding in Anglo-Egyptian Oilfields that it is compulsorily acquiring along with similar holdings in a large variety of other business concerns in Egypt. The government originally owned 9.6 per cent of Anglo-Egyptian share capital of some £5½ million (in £1 "B" shares); Shell and BP each owned 30.9 per cent, and the remainder was held by private investors in the United Arab Republic (22 per cent) and Britain (6 per cent). Under its new decree the government share goes up to 55 per cent, and each of the other interests is halved, leaving some 15 per cent each to Shell and BP, and 3 per cent to private British investors.

The government proposes to pay compensation in 15-year bonds carrying 4 per cent interest, to the value of £E2.07 for every £1 share compulsorily acquired. This valuation is based on the last Cairo stock exchange quotation before the decree taking over the majority interest was announced. This stock exchange price had been falling for some years, largely no doubt because of the uncertainties of business operation in Egypt under the Nasser regime. Anglo-Egyptian's production of oil from Red Sea and Sinai fields (with Mobil), also, has been declining over the years, as the companies had no new areas to explore; more than half the throughput at its Suez refinery has recently been for the account of the government's General Petroleum Authority. This authority has a powerful grip on all oil business in Egypt: it is the sole importer of fuel oil and kerosene (which Egypt needs to import, though its own refinery output leaves a surplus of gasoline for export); it allocates these imports to the marketing companies, and fixes prices for the main products.

PAINT MERGER

Another Big Group

OVER the last few years sales of paint have been rising steadily though not spectacularly, with the emphasis shifting slightly from industrial uses to building and within the building trades from contract work to "do-it-yourself." But competition has been forcing margins down and profits have not been rising at all quickly. Last year, indeed, they fell despite bigger sales and when sales began to tail off a little in the recession in the motor industry competition became even more severe. One consequence has been mergers into bigger units. Probably the biggest producers are ICI and Wallpaper Manufacturers, which only recently acquired Smith and Walton and KL Holdings. Courtaulds has taken-over Pinchin Johnson and other fair-sized groups have been formed from the mergers between Lewis Berger and Jenson and Nicholson and between Blundell Spence and Permoglaze.

The proposed merger between British Paints and International Paints comes therefore as no surprise, for it creates a group which in size is not far behind the principal producers. Both reported slightly lower profits last year and both have specialised to some extent in marine paints, in which prospects cannot look overbright in view of the slump in shipbuilding. The new grouping may therefore be seen as a natural defence against the powerful competition of the other big manufacturers. Though the merger is to be effected through the medium of a holding company and the two partners intend to market their products under existing brand names, the directors are confident that considerable benefits will accrue. There is some over-lapping in overseas markets as well as at home and there is obvious scope for economies through integration.

The terms of the merger are one 4s. ordinary share in the holding company for every one 4s. ordinary share in British Paints and three ordinary shares in the holding company for every two 4s. ordinary shares in International Paints. These terms were in line with market values, with British Paints quoted at 17s. 6d. and International Paints at 11s. 6d. They give shareholders in British Paints slightly more than half the combined equity, although, on the basis of the last published figures, British Paints contributes just under half the combined equity assets and earnings. If the income of shareholders in International Paints is to be maintained the holding company would have to declare a dividend of 20 per cent and this would effectively raise the income of shareholders in British Paints from the 27½ per cent paid last year to 30 per cent. Presumably, therefore, in fixing the terms the companies' financial advisors have taken some account of British Paints' rights issue and the current state of trade and prospects of the two companies.

COAL

Pay As You Burn

FIFTEEN shillings a week for five years, plus the cost of coal or coke of guaranteed quality, should be a relatively convenient way of paying for some central heating in an average-size house. This package deal, which Lord Robens spoke about in Sheffield last week, fulfils one of the National Coal Board's ambitions of making coal a considerably more convenient fuel to use and thus more competitive in the domestic and industrial heating market where convenience as well as cost counts for much. No form of central heating can be got really cheaply. Coal and coke are probably about the least expensive, but they are not the most convenient to use. For fifteen shillings a week, under the board's new scheme, a householder will be able to have a boiler installed behind an open grate with an underfloor draught, costing in one payment about £150 to £170 and supplying heat to a 30-gallon hot water tank and about 70-100 square feet of heating surface—say three or four radiators and a heated towel rail. That would not provide full central heating for a three-bedroom house, but it might be sufficient for a distinctly smaller one.

Later this autumn and winter a number of manufacturers of domestic appliances will be putting on the market some improved types of solid fuel boilers and stoves, designed to stay in for two days, to need attention once only in every twenty-four hours, and equipped with automatic ignition devices. These, the fruits of special co-operation between the manufacturers and the Coal Board, are intended to be followed somewhat later by more sophisticated—and rather more expensive—boilers with completely automatic feed and ash removal. In the end it will be improved appliances to take the work out of solid fuel heating, rather than easy ways of paying, that will settle coal's chances of making a come-back in domestic heating.

BUILDING SOCIETIES

Before the Squeeze

THE figures published by the Building Societies Association for the second quarter of this year show that while new savings were about £1¾ million lower than in the first quarter withdrawals were about £1¼ million higher, so that net receipts fell from £38 million to £35 million. It could have been much worse; but it is clear that the announcement early in June that most societies would raise their rate on shares to 3¾ per cent, net, checked withdrawals in the last few weeks of the quarter. Indeed, some societies are prepared to admit that any benefit arising from the increase in rates has already been experienced and that with Bank rate at 7 per cent their borrowing rates are not attractive. Certainly, though they hope to ride out this period of dearer money by paying 3¾ per cent, net, on shares and charging 6½ per cent. on mortgages, the societies are openly admitting that if high interest rates persist for a lengthy period they will have seriously to consider whether 4 per cent, net, and 7 per cent are more appropriate. What inhibits the societies from accepting these rates now is the obligations they feel they have to old borrowers and the fact that a rise to 7 per cent on old mortgages originally contracted at low rates stretches repayments over a long—possibly an undesirably long—period of time.

ASSETS AND LIABILITIES*
(£ million)

	1960		1961	
	Qtr. I	Qtr. II	Qtr. I	Qtr. II
Receipts	123·0	111·3	122·2	120·5
Withdrawals..	79·7	73·7	84·3	85·6
Net receipts ..	43·3	37·6	37·9	34·9
Advances.....	96·6	102·6	95·1	110·4
Repayments ..	81·7	86·7	84·4	93·8
Liquid assets ..	349·7	356·8	361·1	366·3
Total assets ...	2,284·4	2,332·1	2,483·1	2,537·0
Liquidity ratio .	*15·3%*	*16·3%*	*14·6%*	*14·4%*

* Based on returns made by 195 Building Societies whose combined assets represent 77 per cent of the total assets of the movement.

The societies have therefore to accept what appears to them to be equally unpleasant: mortgage rationing by quota. The member societies of the association did succeed in advancing as much as £110 million in the second quarter; but this was made possible by a slight reduction in liquid assets, by a high rate of repayments and by the lending of £11½ million under the Government's house purchase scheme. One of the Chancellor's proposals was to suspend this scheme and if and when the suspension comes into effect one source of finance for older houses will be blocked up. The societies, moreover, are likely to be reluctant to draw down their liquid balances much further so that if net receipts of new savings fall new mortgage advances will be more dependent than ever on the flow of repayments. The probability is that net receipts will fall and that for a few months at least the movement will in effect be marking time.

STERLING TRADE

More Help for Sterling

IN the first quarter of the year, the overseas sterling area increased its exports though Britain was importing less, and reduced its imports though Britain was exporting more. Despite their largely complementary trade, both components of the sterling area suffered a parallel deterioration in their balance of payments last year. It now seems that the rest of the sterling area can get just as quickly on to the other foot when mother changes step. Exports from the whole of the ster-



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ling area rose by about 4 per cent in the first quarter; imports were cut by about one per cent (seasonally adjusted) below the level of the last quarter of 1960. On the incomplete evidence so far available,

EXPORTS OF THE OVERSEAS STERLING AREA
(£ million)

	1960				1961
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.*	1st Qtr.*
Wool	139·0	117·5	72·9	103·8	119·5
Cotton	14·3	18·3	16·2	8·4	15·2
Coffee	13·5	8·8	7·7	12·9	13·9
Tea	43·2	32·4	48·6	60·3	43·8
Jute	14·2	12·7	10·7	23·0	22·5
Cocoa	33·5	36·5	19·3	18·2	33·0
Tin	14·4	13·5	18·5	18·9	15·8
Copper	40·5	38·6	34·9	38·6	32·4
Meat	46·3	42·7	47·6	37·3	45·2
Wheat	17·0	9·9	12·7	13·2	24·9
Sugar	18·4	26·6	24·0	25·8	18·0
Rubber	107·0	98·5	84·4	79·5	70·8
Total exports.	*1,111*	*1,088*	*1,015*	*1,044*	*1,068*
Total imports.	*1,300*	*1,388*	*1,384*	*1,406*	*1,376*

*Provisional.

the Board of Trade reckons that the improvement persisted through the second quarter in both parts of the sterling area.

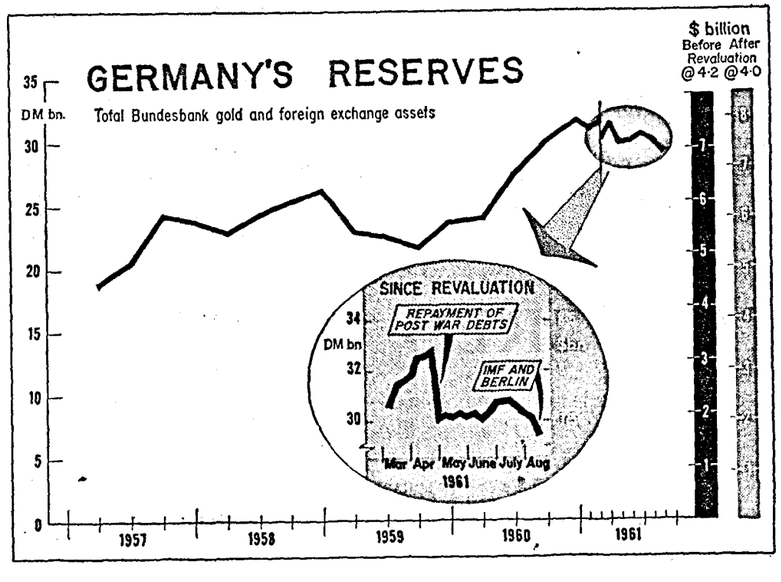
Compared with a year earlier, exports from the overseas sterling area were about 4 per cent lower in the first quarter, mainly as a result of the fall in commodity prices. Malayan exports dropped by 19 per cent, reflecting the decline in rubber prices after last year's boom. Exports from Rhodesia and Nyasaland fell by 13 per cent following the restriction of copper production and concurrent weakening in price. Ceylon and Ghana suffered an above-average fall in exports, but the West Indies, South Africa, India and Pakistan (helped by the very high prices of jute) increased their exports.

The fractional improvement in Britain's exports in the past three months over the February-April level was caused by an increase of £30 million (seasonally adjusted) in shipments to western Europe and a smaller rise in exports to the communist block and Latin America. Exports to the sterling area dropped by £23 million. In this period, imports of basic industrial materials fell by £21 million. Even so, total imports from the sterling area rose by a similar amount. Imports from North America declined by 11 per cent and from western Europe by 4 per cent.

GERMANY

Revaluation Begins to Work

At last, money is leaving Germany in substantial volume. The fall of 678 million marks (£60 million) in the external reserves of the Bundesbank in the week to August 15th was admittedly swollen by official transactions, notably by Germany's participation in the International Monetary Fund's credit to Britain. Britain is keeping over 400 million marks, of the 1,080 million drawn, on deposit with the Bundesbank. But it appears to have used some 600 million marks for repayments of Basle credits; and these and other liquidations of the Bundesbank's claims on foreign banks have much more than offset the addition of gold to the value of 360 million marks sold by the IMF as part of the United Kingdom credit operation. This complex of official transactions makes it difficult to calculate the residual movement of the funds—hardly any country's reserve figures mean what they say nowadays—but there was certainly a substantial further outflow in this week covering the closing of the Berlin sector boundary. In the previous fortnight the Bundesbank's reserves fell by around 500 million marks,



and the dollar has been consistently strong in Frankfurt. The outflow is still small compared with the intake equivalent to 8 billion marks in 1960, of which more than half was attributable to capital movements. But this turn of the tide may be a significant one; it coincides not only with the new Berlin crisis but also with the new economic measures in Britain and the check to speculation against sterling. This may be the beginning of the movement that revaluation should itself have set off five months ago.

It is still too soon to judge the final impact of the 5 per cent revaluation on the underlying payments balance. The evidence so far can be read both ways. German exports in the second quarter were over 11 per cent higher than the year before, though against the experience of previous years they were very little higher than in the first quarter. Imports were only 4½ per cent up on the year, despite a continuing rise in imports of finished manufactures—which are now double their level at end-1957 and account for 36 per cent of total German imports. This buoyancy has been partly offset by some caution in adding to stocks of imported materials at a time of continuing exchange uncertainty, and also by the sharp fall of around 4 per cent in import prices since revaluation.

The one clear effect of revaluation indeed has been to turn the terms of trade in Germany's favour; what is still not clear is whether this movement will be outweighed by changes in export and import volume. A survey by the German IFO Institute found that in May only just on a quarter of the firms interviewed had reduced their export prices, whereas in March more than one third of those interviewed had proclaimed their intention of doing so. But the Bundesbank reports a decided impact on export orders, which in the second quarter were down on the year by 4 per cent in value and 6 per cent in volume. One important deterrent is that since revaluation German exporters have found the strongest resistance among their customers to invoicing in D-marks—so that now the German exporter has to take the exchange risk. Not surprisingly, the most strongly placed export industries—notably machine tools and electrical engineering, where performance and availability are often more significant in international competition than price alone—have been relatively unruffled, and their orders continue to grow at a higher rate than their deliveries. But in other sectors including the steel, chemicals and optical industries, new export orders are now falling behind; while the plight of the shipbuilding industry, and to a less extent of textiles, has become worse still. Revaluation, some German critics have complained, has been little help in improving the domestic balance of the German economy—the strong sectors are as overstrained as before while the weak need still more help. But the impact may still have been in the right direction internationally.

BOAC SUBSIDIARIES

The First to Go

BOAC and Middle East Airlines ended their stormy six-year association last week to the mutual relief, no doubt, of both sides. A sum of £3½ million has been raised privately in the Lebanon to buy out BOAC's 49 per cent interest; when the managing director of MEA, Sheikh Najib Almuddin, offered the corporation £5 million for its interest almost exactly two years ago his offer was curtly refused. The present settlement can hardly compensate BOAC for the sums invested in Middle East Airlines since 1955 to make it viable, nor for its losses in MEA and its even bigger losses in the Mideast Airport Service Company, a vast maintenance base now taken over by MEA. But the fact that the corporation was prepared to let both companies go, marks a change of policy towards its subsidiaries in which it has been losing huge sums over the years.

The corporation's accounts for 1960-61 show the following pattern of profit and loss on its 12 subsidiaries which added up to a loss of more than £1½ million:

Aden Airways	− £58,000	Bahamas Airways	− £406,000
Borneo Airways	− £7,000	British W. Indian Airways	− £645,000
Cathay Pacific Airways	+ £5,000	Fiji Airways	− £5,000
Gulf Aviation	+ £9,000	Kuwait Airways	− £293,000
Malayan Airways	Small profit	Middle East Airlines	Small profit
Mideast Aircraft Service Company	− £418,000	Turkish Airlines	Not available

This loss, said Sheikh Almuddin, is largely the corporation's own fault. He argues that those few subsidiaries that are locally managed, including Middle East Airlines, have made profits (he maintains, with some justice, that MEA can hardly be blamed for the losses that it made during the Lebanese revolution; BOAC loses equally large sums, he said, when it has a strike). The subsidiaries that are wholly managed by BOAC are, he claims, those that made the biggest losses. Whatever the justice of this argument, BOAC is now making strenuous efforts to get rid of these subsidiaries, not all of which are so anxious to be detached from its apron strings as MEA. With luck, the corporation may manage to dispose soon of its British West Indian and its Kuwait subsidiaries; it seems incredible that the British taxpayer should be asked to subsidise Kuwait.

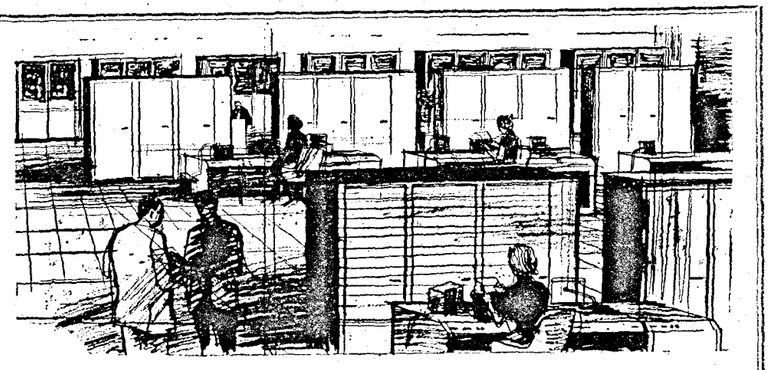
WHEAT

Crumbs of Comfort

DROUGHT threatens to halve Canada's wheat crop this year. Canadian farmers, who have had a thin time in recent seasons, can now expect worse; this year they stand to suffer a drop of at least $250 million in income as a result of this failure. The bulk of Canada's exports will be drawn from stocks this season, so that by next July the wheat carryover should be cut from more than 500 million to about 250 million bushels. But the weight of this stock, and the even bigger surpluses carried by the United States, will damp the market's normal reaction to a calamity of this magnitude. It is now obvious which side the bread is buttered in this trade; growers overproduce in good years and prices are depressed by huge surpluses. When crops fail, consumers have a comforting cushion of grain reserves conveniently provided by producers and they need not pay the scarcity prices that usually console farmers with blighted crops.

COMPUTERS

£3½ million Brain



THE price of a computer is a fairly reliable guide to its mathematical skill, so when the Atomic Energy Authority announces that it is buying one that will cost, with its equipment and buildings, a clear £3½ million, this can be taken to mean that the machine is probably the most powerful in the world. Here the AEA is paying for speed; the Atlas computer designed at Manchester University and built by Ferranti, should calculate 1,000 times faster than the ordinary run-of-the-mill commercial computer. Speed, again, indicates not only the machine's ability to do more work in a given time but something that computer makers are perhaps less anxious to discuss, namely accuracy.

If the only criterion were ability to do work in large amounts, it might be cheaper to buy two medium-sized computers than one giant like Atlas which costs a minimum of £2 million in its simplest version. But an electronic brain has this in common with a human brain, if it works for too long without a break, it can get fuddled and drop a digit in the middle of its equations. Scientists who use computers for long, abstruse calculations—which is a far cry from making up wage packets or processing bank accounts—say that there is a predictable rate at which errors begin to multiply as the computer gets fagged and they consider that 1½ hours is the maximum length of job that it is reasonable to ask one of these highly scientific computers to perform; the ideal length of job they put at 30 minutes. Other computer users might not agree with this, but one reason for growing international interest in Atlas is the fact that some scientists want to do sums that would take 2½ days' uninterrupted working on the best machines now in their laboratories which, they say, would be impossible because of the errors likely to creep in over that period.

It has not been easy to design into Atlas the performance demanded by the AEA and other potential customers; the huge IBM organisation, which is Ferranti's main competitor in this scientific market, seems to have run into severe difficulties with its Stretch computer than would, had it worked as planned, have been without question the biggest, fastest computer in the world. The new systems, designed by Manchester University for adding, for storing information and for monitoring work inside the computer, which give Atlas the necessary speed, have been proved on a prototype that has been working since last year, the first full-scale production model is now being installed in the University and the AEA should get its computer in 1964. If Ferranti were able to offer the computer for immediate delivery, it would probably sweep the market which is not big but is certainly highly lucrative and brings prestige that rubs off onto the company's humbler products. But the market for these calculating mammoths is if anything more competitive than that for simpler computers and the kind of technical lead that the company now possesses need not last. IBM will certainly do everything in its power to see that it does not last, but it will first have to deal with the difficulties encountered with Stretch and this may take some time.

So far this year, Canadian wheat prices (expressed in Canadian dollars and therefore reflecting the recent depreciation) have risen about 10 per cent.; No. 2 Northern Manitobas are now quoted at 177¼ cents a bushel. In Britain, prices have risen about 30s. to £28¼ a ton for forward deliveries in the past two months. Resales of wheat by dealers who bought large tonnages at lower prices earlier this year when severe damage to this year's crop seemed likely are checking the rise. But the recovery in prices, which excluding freight charges, has already lifted them to the highest level for five years, will not make good more than a fraction of the prospective loss facing Canadian farmers this year.

Durum wheat, an extremely hard wheat normally grown in hot climates and used to make pasta dishes like spaghetti and macaroni, has risen steeply in price. In this class, there is no surplus. In July, Canada offered a common grade of this type of wheat at $2.06⅝ cents a bushel; by last Friday the price had advanced to $2.94¼ cents a bushel. There will be no such mouth-watering rise in run-of-the-mill wheats. Though most of Canada's wheat is a hard variety essential to the manufacture of high quality flour and has few direct competitors, it is still not isolated from competition from softer wheats. Within limits, the proportions of hard and "filler" wheats used by millers are governed by price. Other suppliers can also regrade their exported grain to give a quantity of better quality wheat if the price differential is attractive. Russia, which seems particularly anxious to increase its exports to Britain, has a climate similar to that of Canada, and can presumably produce wheat of a corresponding quality.

ELECTRICITY

Oil Power or Nuclear?

IF THE Central Electricity Generating Board receives permission to build a 2,000 megawatt oil fired power station at Fawley on Southampton Water, it will "defer" consideration of a site at Hamstead Isle of Wight for a nuclear power station. The idea of a Hamstead nuclear station had caused a good deal of local opposition on grounds of amenity, which the generating board recognised last December when it said it would look at alternative ways of providing the power. The oil-fired station would be on land close to Esso's refinery, which would ensure it a good bargain on fuel oil, and thus is in an already industrialised part of the area. Local residents objecting to industrial development sealed another victory last week: Caltex announced that it would put up for sale the site on Southampton Water where it had originally proposed to build a refinery.

The two first nuclear power stations of the CEGB, at Bradwell on the Thames estuary and Berkeley on the Severn, are due to start up any day now, although this does not necessarily mean that they will be ready to generate power for several weeks. Both stations are roughly a year behind schedule; it had been hoped that they would be commissioned in time to meet last year's winter peak demand, but it will be difficult now to have them run in before this November. The first big nuclear power station at Calder Hall will have been running at full power for five years by the time these two stations begin to feed current into the Grid, and much of the experience learned during those five years has been fed into these two stations. But Calder Hall is not a commercial power station designed to get the maximum value out of its fuel; it is not even designed to be re-fuelled while the reactor is working.

This leaves large gaps in engineers' experience of running nuclear power stations that will not be filled until Bradwell and Berkeley have been working for several years. It would be optimistic and indeed unreasonable to expect under these conditions, that either power station would meet at the outset even their comparatively modest target of producing electricity at between 0.8d. and 0.9d. a unit. The prospects are better for the CEGB's next nuclear power station at Hinkley Point, due to start work next year. Power from Hinkley Point might cost ¾d. a unit, which would still be 50 per cent more expensive than thermal power. Thereafter the CEGB should be bringing in one new nuclear station every year and might achieve parity with thermal costs in 1966 or 1967.

WOOL

Hitch in Wool Tops

INTERNATIONAL tension is not the force it was in commodity markets; shortages of primary products have become too rare and political crises too frequent. On Monday, the new season's wool auctions begin in Australia. Although the trouble in Berlin has jogged the United States into ordering 4½ million yards of wool cloth for its armed forces and the New York wool futures market responded sharply, Mr Khrushchev's impact on wool is unlikely to be resounding. But any drop in temperature is good for wool; the extra degree of frigidity in East-West relations should help to ensure a firm start to the new wool season. Between seasons in private deals, buyers have apparently paid several pence a lb over last season's closing prices. If these gains are held, prices will be not far below their May peak.

Australia expects its clip to be slightly bigger this season; a small increase in wool production should be general. Stocks of wool in manufacturing centres, particularly Britain, are relatively low. Demand from Britain, Japan and America might therefore be stronger. Japan's growing imports, mainly to satisfy internal needs, helped to rescue wool from the doldrums last season. But besides being woolgrowers' main encouragement, Japan's consumption is the chief variable in demand. Japan's wool textile imports seem to be less buoyant now; following trade liberalisation, Japan's balance of payments looks less healthy. In the past, swings in Japanese trade have been comparatively violent; much as Japan's population wishes to wear more wool, it might have less opportunity to do so next year.

Prospects seem slightly less rosy in Britain. Topmakers, who prepare raw wool for spinning into worsted yarns and have built up a promising export trade, now have fewer unfilled contracts and they have run into difficulty with their Chinese customers. China normally buys about a fifth of all merino wool tops exported by Britain, though its demand has recently tailed off. Pekin has chosen this time to challenge a principle on which the British trade is founded—testing in the Bradford Conditioning House. As an invariable rule, payments are adjusted on the results of tests for moisture and oil content made on samples in the Conditioning House, which is known to be and can be seen to be uninfluenced by the local wool trade. The same cannot yet be said of a rival testing establishment in Pekin on whose tests China wants all contracts to depend from the beginning of August. Differences between tests in Bradford and Pekin could eliminate the topmakers' margin of profit, and the high cost of transporting tops makes their diversion unprofitable once they have been shipped. Despite protests Pekin is adamant, and Bradford topmakers have so far refused to surrender their principle. Trade in wool tops with China is consequently at a standstill.

SHORTER NOTE

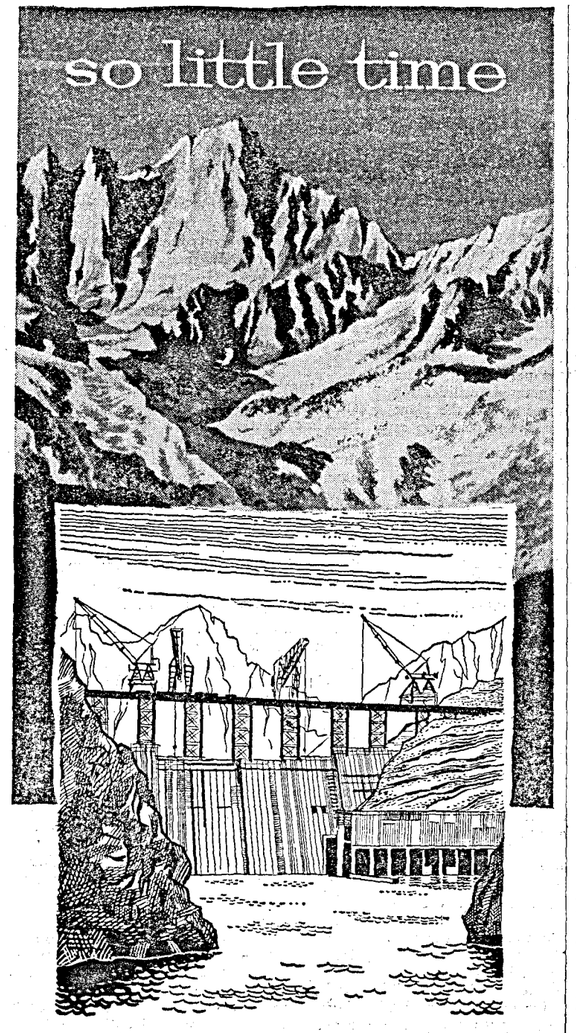
Mr Anthony Tuke, chairman of Barclays Bank since 1951, has decided to retire early next year when he will be 65. He will be succeeded by Mr John Thomson, now deputy chairman. Like Mr Tuke, whose father was a former chairman of Barclays, Mr Thomson comes from one of the Barclays families—his family bank, Parsons, Thomson & Company of Oxford, was amalgamated into the group in 1900. Mr Thomson is 53.

COMPANY AFFAIRS
Comments on pages 830 and 831 on:
H. J. Heinz — International Tea
Mercury Securities — Pasolds
Tunnel Portland Cement — Steel and Company

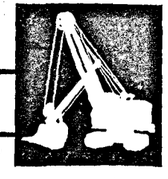
LONDON AND NEW YORK
Stock prices, yields and security indices on pages 832 and 833

LONDON STOCK EXCHANGE
The week's movements reported on page 831

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 834



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BCA

INTERNATIONAL WOOL SECRETARIAT

REGIONAL DIRECTOR FOR ASIAN ZONE

The Board of the International Wool Secretariat invites applications for the new post of Regional Director, Asian Zone. This will be the chief executive position in that zone and the Regional Director will be responsible to the Managing Director of the International Wool Secretariat. Initially his headquarters will be in Tokyo.

The International Wool Secretariat is the organisation maintained by the statutory Wool Boards of Australia, New Zealand and South Africa, to carry out their policies for the global promotion of wool and the stimulation of scientific research. The Regional Director will be advised by technical staffs in the fields of publicity, scientific research and economics.

The successful candidate will be a man of established reputation in administration and experienced in promotion. He should be thoroughly conversant with conditions in the Far East, especially Japan. He will not be older than 50 years, and be prepared to spend many weeks of the year travelling away from home.

Terms of appointment and remuneration compare favourably with those of executives in the Far East.

Candidates should submit brief details of their background and experience, as well as the names of 3 persons to whom reference could be made if necessary, to:

THE MANAGING DIRECTOR,
INTERNATIONAL WOOL SECRETARIAT,
578 BOURKE STREET,
MELBOURNE, AUSTRALIA.

All applications should be submitted not later than 30th September. The post is being advertised internationally.

No details of the applications received will be disclosed without the authority of the candidate.

COMPANY MEETINGS

ENI

Ente Nazionale Idrocarburi, Roma

RESULTS OF THE 1960-61 FINANCIAL YEAR

HYDROCARBON EXPLORATION

In 1960 AGIP MINERARIA and its associated companies completed 161 wells in Italy (73 of them exploration and 88 development) and drilled altogether 320,349 metres. A natural gasfield of considerable importance was discovered offshore opposite Ravenna.

Some small gasfields were also found in northern Italy, at Pontetidone (Piacenza), Orzinuovi (Brescia), Soncino (Cremona), Migliarino and Poggio Rusco (Ferrara), and Grignano Polesine (Rovigo). In the Abruzzi the further delimitation of the San Salvo gasfield proved that it extends as far as the areas of Cupello, Furci and Scerni. Other notable gas discoveries were made at Pisticci (Matera) and Gagliano (Enna). The overall exploration area abroad rose from 153,364 sq. kms. at the end of 1959 to 159,293 sq. kms. at the end of 1960. Offshore exploration in Iran, in the Persian Gulf, and in the United Arab Republic, in the Gulf of Suez, led to the discovery of two oilfields.

PRODUCTION

In 1960 the Group companies' overall output was 6,167.8 million cu. metres of methane, 408.5 million more than the year before. Liquid and liquefiable hydrocarbon output rose from 364,065 tons in 1959 to 673,362 tons in 1960, an 85 per cent increase. In 1960 COPE produced 1.9 million tons of crude oil from the Egyptian oilfields.

TRANSPORT

In 1961 work began on building the "Central Europe Pipeline." It will be about 1,000 kms. long in all and have a carrying capacity of 18 million tons per annum. Starting from Genoa, the pipeline will go as far as Ferrera (Pavia) and there divide into two branches, one going on to Aigle in Switzerland and the other to the regions of Ingolstadt and Stuttgart in southern Germany. At the end of 1960 the methane transport pipelines were 4,382 kms. long and the urban methane and propane supply networks, 1,308 kms. long. Altogether, therefore, the Group's natural gas pipeline systems were 5,690 kms. long at December 31, 1960.

In 1960 and early 1961 three turbo tankers of 48,900 dwt each were launched and one of them is already in service. Orders have been placed for a motor tanker of 1,065 tons for carrying liquid petroleum gas, which will be launched in August, and for two motor tankers of 49,200 tons each. Once this ship-building programme is complete the ENI Group will own about 430,000 dwt of tanker vessels. Its fleet carried 3,480,044 tons of crude oil and petroleum products in 1960.

REFINING AND PETROCHEMICALS

In 1960 the refineries in which ENI has an interest processed 6.5 million tons of feedstock (5.4 million in 1959). Various projects now under way will add very much to the ENI Group's refining capacity in the next few years. In Italy the refining units are being built in the Gela industrial centre and a new refinery is planned at Ferrera (Pavia). Abroad the work of building the Mohammedia refinery, with an annual capacity of 1,250,000 tons per annum, began in Morocco and other refineries to be built include one at Bizerta (Tunisia), with an initial capacity of 1 million tons per annum, one at Tema (Ghana), with an annual capacity of 1,250,000, and two in southern Germany with an initial capacity of 2 million tons per annum. The ENI Group will also be granted facilities for refining 700,000 tons of crude oil at the plant belonging to Raffineries du Rhône going up at Aigle (Switzerland).

Turning to petrochemicals, at ANIC's factory at Ravenna the fertiliser plants reached a productive capacity of 1 million tons per annum and the rubber plants will very soon be capable of making 95,000-100,000 tons per annum. At Ravenna too, the plants belonging to PHILLIPS CARBON BLACK ITALIANA for making carbon black and others belonging to SOCIETA' CHIMICA RAVENNA for making polyvinyl chloride, were completed. Work is going ahead on the ANIC GELA industrial centre and at the same time a plastics factory has been planned for Pisticci (Matera). It will use some of the natural gas from the Ferrandina field as feedstock.

MARKETING

In 1960 AGIP became an important competitive force to be reckoned with in the motor fuel trade, being the first to reduce its retail selling prices. This action, followed by a Government decision to lower the tax on motor fuels, had a very stimulating effect on sales. AGIP continued to expand its marketing organisation in Italy throughout the year. Sales of petroleum products rose significantly compared with 1959, with the following increases for the main products: 28.7 per cent for gasoline, 12.6 per cent for gas oil, 20.5 per cent for fuel oil and 20.7 per cent for lubricants. By the end of 1960 the number of *Agipgas* users was 7 per cent more than at the same date the previous year. There were 18 motels open at April 30, 1961 and others will be ready during the year.

AGIP set up new associated companies for extending its roadside marketing organisation in Germany, Tunisia, Ghana and Kenya. A company was formed in Argentina for liquefied petroleum gas bottling and distributing. It made a very successful start.

NUCLEAR INDUSTRY

In 1960 AGIP NUCLEARE continued its study and research work in the nuclear field both in connection with the design of the Latina atomic power station and in connection with the programmes agreed in conjunction with other national and international bodies. A very advanced stage was reached in the design of the Latina plant and SIMEA is going ahead with the actual building work. The plant will be ready to operate in 1962. SOMIREN successfully carried out a search for uranium in Italy.

OTHER OPERATIONS

The various design, erection and engineering activities carried out by ENI's associated companies on behalf of customers inside and outside the Group continued to expand during the year. Outstanding successes were achieved by NUOVO PIGNONE, SNAM PROGETTI and SAIPEM.

Orders received by NUOVO PIGNONE had reached record levels by the end of the year and it became necessary to enlarge and expand its plant. It was furthermore decided to build a factory at Bari for making pneumatic, electrical, mechanical and electronic equipment for controlling industrial processes and another at Vibo Valentia for fabricating light engineering goods.

Among some of SNAM PROGETTI'S most important work was the completion of contracts for designing oil and natural gas pipelines in Pakistan and Iran and a refinery in Jordan. Present work includes the design of plants for the refinery now under construction at Mohammedia. Once again SAIPEM's achievements both in Italy and abroad were highly commendable. In Argentina, as a result of its successful work the previous year and proved technical ability, it was awarded the contract to drill another 300 wells, thus bringing the total number of wells to be drilled up to 600. Another work of considerable importance was started in India. This is an oil pipeline 1,140 kms. long for Oil India Private Co.

PERSONNEL AND WELFARE FACILITIES

Very careful attention was paid to the preparation and training of the Group's personnel. Courses for executives were held at ENI's Business Management and Technical Institute and the companies at the head of each of the various sectors of activity arranged workmen's courses at their training centres. On the welfare side, thousands of employees and their families spent their holidays in the hotel and chalets at ENI's village built in the mountains at Corte di Cadore, near Cortina, and something like 2,500 children enjoyed the camping and holiday home facilities both at Corte di Cadore and by the sea at Cesenatico.

THE RESULTS OF THE GROUP'S ACTIVITIES IN 1960

	Milliard		Milliard
Turnover	Lit. 349·2	Payments to non-Group shareholders for interest and dividends	Lit. 25·0
Added value	,, 114·1		,, 94·3
Wages and Salaries	,, 40·1	Investment in property, plant and equipment	
Payments due to the State:		Amortization of property, plant and equipment	,, 35·3
Indirect taxes	,, 94·8		
Direct taxes	,, 7·8		
Net increase pertaining to ENI	,, 5·9		

There were 24,060 persons directly employed by the Group at the end of 1960 in comparison with 21,542 at the end of 1959. The added value per employee was Lit. 4·7 million in 1960.

THE MAIN ITEMS IN ENI's STATEMENT OF ACCOUNTS AT 30th APRIL, 1961

	Milliard		Milliard
Share participations	Lit. 74·8	Endowment fund and reserves	Lit. 47·9
Financing to subsidiary companies	,, 125·0	Loans and bonds	,, 158·1
Other assets	,, 75·3	Other liabilities	,, 62·9
		Net profit for the year	,, 6·2
	Lit. 275·1		Lit. 275·1

The year's profit has, pursuant to Article 22 of ENI's Act of Establishment, been split up as follows:—

To the Treasury	Lit. 4·0 milliard	
To Ordinary Reserve	,, 1·3	,,
To scientific and technical research and training of personnel	,, 0·9	,,

WILLIAM JACKS & COMPANY, LIMITED

(Merchants and Engineers)

A NOTABLE TRADING ACHIEVEMENT

The thirty-fifth annual general meeting of William Jacks & Company, Limited will be held on September 12th in London.

The following is an extract from the statement by the chairman, Mr W. Gray Buchanan, which has been circulated to Shareholders:

As forecast at our last meeting, the results for 1960 were better than those for 1959. Turnover increased and the group net profit was £157,000 compared with £109,000 for 1959. Your Board recommend a Final Ordinary Dividend of 5½d. making 7½d. per share for the year compared with a total of 6d. per share for the previous year. It is also proposed to repeat the distribution of 2d. per share out of realised capital profits. At a later meeting it will be proposed to make a Bonus Issue from General Revenue Reserve of one Ordinary Share for every ten held. This will increase the Issued Capital to over £1 million and will make the ordinary shares eligible for trustee investment. An increase in the Authorised Capital will be necessary.

Mr Buchanan then commented on conditions and price fluctuations in the metal market, i.e. copper, tin, lead, zinc and pig iron.

Referring to overseas trade, he said that the company's exports in 1960 amounted to £4,667,000, an increase of £200,000.

Commenting on prospects, Mr Buchanan said: Results for the first quarter of this year were very much the same as for the first quarter of 1960, but I will give a more up-to-date indication at the meeting on September 12th. Unexecuted orders on hand at overseas branches at June 30th were, however, greater than at the corresponding date last year.

COLVERN LIMITED

ANOTHER RECORD YEAR

IMPORTANT ACQUISITIONS

MR L. A. REDDALL ON THE PROSPECTS

The Sixth Annual General Meeting of Colvern Limited was held on August 17th in London.

Mr L. A. Reddall FCA, the chairman, presided.

The following is his statement, which had been circulated with the report and accounts for the year ended March 31, 1961:

As forecast in my interim report in December, 1960, the outcome of the year's operations was another successful and record year for your Company. The net result, a profit before taxation of £264,007, being £42,392 greater than the previous year, i.e., an increase of 19 per cent.

FINANCE

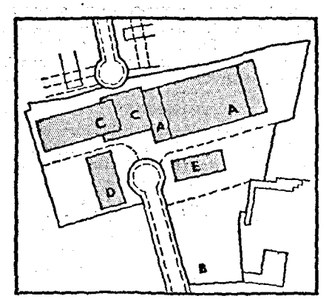
The increase in profits tax this year makes the incidence of taxation 51¼ per cent, but even after this burden is provided for, the profits remaining amount to £133,194 and your directors recommend that the final dividend be raised to 27½ per cent on the ordinary share capital as increased by the bonus issue of February, 1961.

This distribution will amount to £54,163 net, which added to the dividends already paid, i.e., the 10 per cent interim dividend on the ordinary share capital prior to the bonus issue and the 7 per cent on the preference share capital makes a total distribution for the year of £70,295 net—some £22,000 more than last year.

As most shareholders are aware, and as will be noted from the profit and loss statement, we acquired by an issue of shares in September, 1960, the Childen Engineering Co. This purchase resulted in a credit of £30,625 to share premium account which was subsequently capitalised together with £76,562 10s. out of the unappropriated profits brought forward from last year and issued as bonus shares in February, 1961. After allowing for this capitalisation of earlier unappropriated profits the amount carried forward to the current year is still £179,810.

EXTENSION OF PREMISES

The increase in the value of freehold land and buildings shown on the balance-sheet results from the purchase of adjacent properties during the year and progress payments on our main building extension. The importance of these acquisitions to the future progress of your Company can be fully appreciated by reference to the site plan printed below which shows our three-acre site at Spring Gardens, Romford, and the disposition of the buildings thereon, which can be identified, viz:



"A" Spring Gardens Offices and Works.

"B" Industrial Building Site purchased 1956.

"C" 40,000 sq. ft. Four-storey extensions.

"D" Childen Engineering Ltd.

"E" Warehouse cum factory Building with additional land—Purchased December, 1960.

(Our Mawneys Road Works, approximately one mile distant from Spring Gardens, is not included in the site plan.)

Prior to our taking it over, the Childen Engineering Co. had for some time been largely engaged on work for your Company. This fact, coupled with the strategic position of the building and land immediately adjacent to our property, made it a most desirable and useful adjunct for us. Childen Engineering Ltd. has been formed as a wholly owned subsidiary and the factory building is leased to them at an economic rent.

The warehouse and land marked "E" on the diagram was purchased when it came on the market in December, 1960, and as it is situate between our original Spring Gardens Works and an industrial building site acquired some four years ago (marked "B" on plan), its acquisition, in addition to providing immediate storage space, will facilitate long term future planning, and must, by bringing these factory sites together under one ownership increase their value.

The major extension to our works ("C" on site plan) is showing good progress and we hope to obtain possession by the end of this year. We cannot, however, expect benefits from this project in the current year. With ever-rising costs, particularly labour costs, and the threat of a pay-roll tax, the need for constant study and change of methods in production is vital and this extension is primarily intended for rationalisation of our production methods so as to make the most economic use of our labour force, introducing automation as far as possible, and it has been found that mechanisation of this nature tends to require more space for machines. The opportunity is being taken to provide working conditions of the highest order for all our employees whose loyal and enthusiastic efforts have contributed so much to this most successful year, and to the fine progress generally.

FUTURE PROSPECTS

Sales, which for the year ended March 31, 1961, were a record for your Company, both at home and overseas, have continued at a satisfactory level so far in the current year. Our order book is extensive and provided political and economic conditions permit, I see no reason why your Company should not continue its steady progress, sharing in the growth that must undoubtedly take place in the electronics industry.

The report and accounts were adopted.

DAIMLER-BENZ AKTIENGESELLSCHAFT,
STUTTGART

At the Annual General Meeting of Daimler-Benz Aktiengesellschaft, held on July 28, 1961, the following report was presented to the shareholders:

PRODUCTION (number of items)

	1958	1959	1960
Private motor-cars	99,209	108,440	122,684
Annual rate of growth	22·6%	9·3%	13·1%
Monthly average	8,267	9,037	10,224
Commercial vehicles (including assortments of assembly parts)	57,482	62,598	72,960
Annual rate of growth	33·8%	8·9%	16·6%
Monthly average	4,790	5,216	6,080

In 1960 there has been a shift in emphasis in the production of private motor-cars as compared with 1959 inasmuch as more 220 types (+ 73 per cent) and fewer 180 types (— 20.5 per cent) were produced. It was possible to improve delivery periods for the 220 types quite considerably but in view of the limitation of the overall capacity this led to a temporary increase in the delivery periods for the four-cylinder types. In 1960, the production of commercial vehicles and "Unimogs" showed an even greater increase than that of private motor-cars.

Orders received in the first five months of 1961 show an increase in all lines of production as compared with the same period in 1960 and, as there is little opportunity for increasing output, have brought about a further increase in orders in hand as at the end of May, 1961.

TURNOVER

The turnover, without that of associated companies, rose in 1960 by 17.5 per cent and, at 2.905 mill. DM, very nearly reached the Three-Milliard-Limit. In 1960 the home market was supplied rather more strongly than during the previous year, the rate of growth being 19.2 per cent. Exports increased by 15.3 per cent and the share of exports in the total turnover amounted to 1,184.4 mill. DM—40.8 per cent (41.6 per cent in the previous year).

The increase in turnover was achieved, despite stronger competition, without any noteworthy increase in prices.

EXPORT

More than 50 per cent of the total items produced is being exported, with Europe, in 1960, being the principal buyer, followed by America, Asia, Africa, Australia/Oceania, whereas, in the previous year, America was in the leading position. It was nevertheless possible in 1960 to increase exports to North America, considered the most important export market, and watched over by Daimler-Benz of North America, New York, by 7.7 per cent as compared with the previous year. In the first five months of 1961 exports to the USA, compared with the same period last year, increased by 5.5 per cent. Undisturbed exports are necessary for optimum utilisation of productive capacity.

ASSOCIATED COMPANIES

Auto Union, Ingolstadt-Duesseldorf, a 100 per cent subsidiary, reports for 1960 an increase in production of 70.6 per cent, an increase in turnover of 34.7 per cent and an increase in the number of persons employed of 20.6 per cent. Auto Union will transfer production from the Duesseldorf works (private motor-car type Au 1000) to the now completed Ingolstadt works where the "Junior" type has been produced in constantly increasing numbers. The Duesseldorf works which cover an area of about 77,000 square metres and, at present, employ 3,800 persons, will be placed at the disposal of Daimler-Benz in order to bring about a decisive improvement in their own bottlenecks in productive capacity.

The foreign producers Mercedes-Benz Argentina SA Buenos Aires (participating ratio now about 91 per cent owing to capital increase by 400 million Pesos to 500 million Pesos) and Tata Engineering and Locomotive Company Ltd., Bombay (participating ratio unchanged at 12.8 per cent), are able, for 1960, to report again increased production and turnover figures and satisfactory trading results.

Owing to the inflationary tendency, increased competition in the motor-car trade in Brazil, and the loss of accessories supplied at more favourable prices by the German mother firm, Mercedes-Benz do Brasil SA, Sao Bernardo do Campo (capital increased by 1.6 milliard Cruz. to 6.6 milliard Cruz., participating ratio continued at 50 per cent) found themselves in a more difficult economic position in 1960. Production suffered a slight set-back and trading results deteriorated.

INVESTMENTS

185.0 mill. DM were invested in 1960. This is 15.6 per cent more than in 1959. Investments made since the currency reform have thus passed the one-milliard mark. Investments in 1960 served the purpose of expanding production, reducing delivery periods, rationalisation, and further improvement in the quality of the products. Production was increased particularly in respect of private motor-cars with a monthly maximum of 11,000 units at the end of the year under review. Present planning envisages an increase to a monthly total of 13,000 units by the end of 1962.

PERSONNEL

In spite of considerable difficulties encountered in obtaining labour, particularly in the congestion areas Stuttgart and Mannheim where the three largest works of the company are situated, the number of persons employed was increased in 1960 by 4,089 to 67,521 at the end of the year. At the end of 1960 the whole concern employed about 90,500 persons.

BALANCE SHEET

The balance sheet for 1960 is characterised by the increase in capital in the ratio of 2:1 to 270.6 mill. DM. For this purpose 100 mill. DM have been allotted to the reserves, 60 mill. DM of which are from the 1960 result and 40 mill. DM from the liquidation of value adjustments. For the capital increase about 90.2 mill. DM will be required from "General Reserve." After allocation of about 9 mill. DM the "Legal Reserve" has been increased to 10 per cent of the new capital (27.1 mill. DM).

The balance-sheet total is increased by 230.6 mill. DM, compared with 1959, or 22.9 per cent. The percentage increase in capital assets in 1960, as compared with 1959, was slight, and working assets have decreased correspondingly. [The ratio 4/10 capital assets and 6/10 working assets is unchanged in 1960 and, in comparison with other motor-car firms, represents a low investment intensity (sic).]

There has been a slight improvement in the ratio between own capital resources and capital from outside sources shown in 1960, as compared with 1959, but own capital resources are not sufficient to cover capital assets. Excess cover results only when long-term capital from outside sources is taken into account.

In the balance-sheet for 1959 the working assets are still financed by 18.6 per cent but in 1960 only to the extent of 14.1 per cent by long-term borrowings from outside sources and further by medium- and short-term funds from outside sources. Of the increase in short-term funds from outside sources in the 1960 balance-sheet by 148.0 mill. DM, 58.2 mill. DM alone are in respect of fairly large commitments to suppliers resulting partly from the increase in the volume of business and partly from the more extensive stock held caused by delay in supplies from sub-suppliers.

Out of the net profit of 32.4 mill. DM, which has risen by 50 per cent as compared with 1959, a dividend of 12 per cent is paid on the increased capital of 270.6 mill. DM.

VARIOUS FIGURES FOR THE BUSINESS YEAR 1959-1960

	1959	1960
Number of staff (to the end of the year)	63,432	67,521
Wages and salaries (in Mill. DM)	404	483
Turnover—without participating companies (in Mill. DM):		
Home	1,444	1,721
Abroad	1,027	1,184
Total	2,471	2,905
Capital assets—without participations (in Mill. DM)	330	405
Additions to capital (in Mill. DM)	160	185
Since the currency reform (in Mill. DM)	860	1,045
Sum set aside for depreciation (in Mill. DM)	116	133
Since the currency reform (in Mill. DM)	639	772
Share capital (in Mill. DM):		
Before capital increase from business funds	72	180
After capital increase from business funds	180	270
Reserve Funds (in Mill. DM):		
Before capital increase from business funds	182	174
After capital increase from business funds	74	84
Long-term foreign debts (in Mill. DM)	237	235
Balance (in Mill. DM)	1,008	1,239
Tax on income, earnings and property (in Mill. DM)	172	214
Dividend per cent	12%	12%
Amount of dividend (in Mill. DM)	22	32

Include: 7½ per cent bonds 1954, other long-term loans, bank debts, amounts placed to reserves for uncertain debts of long-term character and Daimler-Benz provident fund.

SHEEPBRIDGE ENGINEERING LIMITED
INCREASED PRODUCTION AND SALES
FINANCIAL RESULTS JUSTIFY CAPITAL EXPENDITURE
LORD ABERCONWAY'S STATEMENT

The Annual General Meeting of Sheepbridge Engineering Limited will be held on September 27 in London.

The following is the Statement by the Chairman, The Right Hon. Lord Aberconway, circulated with the report and accounts:

During the year covered by the accounts, increased activity resulted in the invoiced sales of the Group being considerably higher in value than in any previous year. The increase in production was made possible largely by the decision taken last year to incur greater expenditure than usual on capital equipment. Without such expenditure we could not have met the demands for our products especially from the motor trade; while the financial results achieved this year in the face of constantly rising costs have fully justified that policy.

PROFIT AND ALLOCATIONS

The Consolidated Profit for the year before taxation was £1,157,889 compared with £1,029,538 for the previous year. After providing £575,045 for taxation, and deducting £20,581 attributable to minority interests in subsidiary companies, the profit attributable to the parent company is £562,263, which is £13,799 more than in the previous year.

The directors have decided to increase the General Reserve to £1,200,000 by the transfer thereto of a further £100,000, and recommend the payment of a final dividend of 10 per cent, making with the interim dividend of 5 per cent paid in February, a total distribution for the year of 15 per cent, the same as last year.

Since the end of the year Mr Willoughby Norman has been appointed a director of the company. We consider ourselves fortunate to have secured the benefit of his ability and experience, and are glad to have him as a colleague.

SUCCESS OF FURTHER DIVERSIFICATION

The efforts to diversify still further the activities of Sheepbridge Equipment Limited were successful, and the intake of orders was higher than in the previous year. The products of this company are being used by a widening range of industries. A new crusher, the Cuber crusher, has been introduced, and has evoked considerable interest in the quarrying industry. A new man-riding car has been developed and introduced into several collieries; and it is hoped that substantial sales will be achieved during the current year.

At Sheepbridge Stokes Limited production should be increased still further when an extension to the machine shops is completed this year. The modern transfer machines to be installed in the extension will improve the competitiveness of the company's products, and should satisfy the increasing requirements of our customers.

COMPONENTS FOR THE MOTOR INDUSTRY

Other subsidiary companies producing components for the motor industry—Automotive Engineering Limited, Light Production Limited, Harold Andrews Sheepbridge Limited and Clews Petersen Limited—also had a very busy year and were fortunate not to suffer to any appreciable extent from the recession in the motor industry. Automotive Engineering Limited has opened a new factory at Reading and already plans are in hand for the production area to be enlarged. New plant being installed by Light Production Limited will enable the production of piston rings to be considerably increased.

During the year British van der Horst Limited installed specialised plant for the copper plating of photogravure and calico printing rolls. Such rolls were shown at the Moscow Trade Fair recently.

The business of Sheepbridge Alloy Castings Limited increased. They sold more heat-resisting centrifugal castings for gas turbine engines for civil aircraft, and more heat-resisting tubes and fittings for the petro-chemical and allied industries.

The recession in the motor industry affected the demand for some products of Sintered Products Ltd., but total sales for the year were higher than ever before because of the constantly widening range of applications for components sintered from powdered metal. Agreements have been entered into under which the company will provide technical information and assistance for the manufacture of such products in India and Australia.

Demand for the Twiflex-Dunlop industrial disc brakes manufactured by Twiflex Couplings Ltd. is rapidly increasing. One interesting development is their application to steel rolling mills.

EXTENSION OF FACTORIES

Bray Construction Equipment Ltd. continues to develop and improve its range of earth-moving equipment. The additional buildings purchased during the year have increased the manufacturing capacity and are being fully used. Record deliveries were again achieved; export business was some 40 per cent higher than in the previous year, and accounted for the majority of sales.

Last year I reported that the demand for the high precision lathes made by Hardinge Machine Tools Ltd. had showed considerable improvement during the latter half of the year then being reviewed. The improvement has continued unabated and the year's sales have been a record both at home and overseas. To increase production of lathes, and thereby shorten delivery dates, a factory is being built at Exeter and production should start early next year.

RECENT ACQUISITIONS

Last September the shares of two relatively small connected companies were bought—Purfection Engineering Co. (Coleshill) Ltd. (now renamed Perfection Engineering Ltd.) and Station Engineering Co. (Coleshill) Ltd. These companies make honing machines and spline gauges, which should be useful and suitable additions to the machine tool side of the Group's activities.

The introduction during the year of the shorter working week in the engineering industry, and the wages award to engineers and staff, led once again to an increase in costs, both directly, and indirectly in the form of high prices paid for materials and services. It has not been possible to absorb all these additions to cost, and inevitably some increases have had to be made in the selling prices of the Group's products. The policy continues of constantly reviewing manufacturing methods and facilities, with a view to improving the quality and cheapening the cost of our products. To that end new equipment is continually being installed. This policy has enabled price increases to be kept to a minimum, and has doubtless contributed to the orders on hand at the end of the year being substantially higher in value than at any previous year end.

CURRENT YEAR'S PROSPECTS

The profitability of your company's business is highly susceptible to volume, and in view of the critical economic position of the country, your directors regard the future with caution. Nevertheless, subject to any general deterioration in trading conditions or to any difficulties peculiar to the industries we serve, the prospects for the current year look good. Increased turnover should offset narrower trading margins, and the overall profit should be maintained.

Our managing director, our executives, staff and workpeople form an able and industrious team, and shareholders should be grateful to them for achieving another successful year.

CARTER & CO.
INCREASED TRADE

The fifty-third annual general meeting of Carter & Co. Ltd. was held on August 24th at Poole, Mr C. Cyril Carter, chairman, presiding.

The following is an extract from his circulated statement for the year to April 1, 1961:

The money that has been put into equipment, and where necessary into building, has been fruitful. The fact stands out in sharp relief. In short, plant has been brought to a standard of efficiency that has made its profitable utilisation possible. Efforts to maintain the volume of trade have not only done that but have increased it appreciably.

I said last year that the demand for Poole pottery had then stretched production to its limit. To meet the situation and to make facilities for the production of Poole ovenware, buildings and new equipment had to be provided and are now in use. The Contracting Companies have produced better results but will inevitably be affected by the rise in building trade wages announced for next autumn.

Export trade of the Manufacturing Companies has been maintained. In February last I went to Australia and New Zealand where I gained much general information necessary in the consideration of trading policy and possibilities in what are, at present, our most important export markets.

Our belief, expressed last year, in the fundamental soundness of our organisation, and our confidence in its increasingly profitable operation, would appear to have been justified.

The report and accounts were adopted.

THE INTERNATIONAL TEA COMPANY'S STORES, LTD.

LARGER TURNOVER

The Annual General Meeting of this company will be held on September 11th in London.

The following is an extract from the circulated statement of the chairman, Mr F. E. Hawkins, for the year ended April 29th, 1961:

In spite of a substantial increase in turnover and in the tonnage of goods sold the trading profit for the year under review, before charging taxation and depreciation, of £2,562,021 shows a decrease of £83,407 as compared with the record profits of the previous year. The profit before taxation amounts to £1,903,416. From this has to be deducted £956,344 in respect of taxation, including equalisation reserve, leaving a consolidated net profit of £947,072, a decrease of £74,312. We propose a final dividend on the ordinary stock of 10 per cent less tax, making 12½ per cent for the year (the same as for the previous year).

We have had to contend with rapidly increasing and intensified competition. This increasing competition has brought with it a general lowering of retail prices in order to attract custom and whilst we have been successful in securing increased turnover, to do so we have had to accept a reduced margin of gross profit. At the same time we have been faced with increases in expenses amounting to approximately £350,000, of which increases in wages and salaries alone accounted for nearly £250,000. These are the main reasons for the somewhat lower profits.

SUCCESS OF SELF-SERVICE

Your board were among the first to appreciate the advantages of self-service, both to the company and its customers, and for several years have been engaged in converting all suitable existing branches to this method of trading and in the opening of new self-service shops. During the year under review we have made good progress, no fewer than 70 branches having been added to the self-service list (as compared with the predicted 52 in my last review), making a total of 322, and we anticipate completing a similar number of conversions and new openings during the current year. The profits of some of the latest self-service branches, in spite of immediate increases in turnover, have been temporarily affected by disturbance to trade during conversion and by the heavy initial expenses involved. On the basis of past experience, it is reasonable to assume that these branches will produce considerably improved profits in future years.

Of the 322 self-service branches within the group, 23 come within the accepted description of "supermarkets" each having a selling space of over 2,000 square feet, and into these and, in fact, into all self-service shops where there is sufficient room, we are introducing fresh meat and non-food departments. We have now embarked upon a programme of further expansion.

With regard to the future, I feel it would be unwise to make any forecast, but our turnover for the current year is showing a further substantial increase—in fact, greater than the increase at this time last year over the previous year.

This announcement appears as a matter of record only.

NEW ISSUE

$20,000,000

International Telephone and Telegraph Credit Corporation

Promissory Notes due April 1, 1981

The private sale of these Promissory Notes to institutional investors in the United States was arranged through the undersigned.

Kuhn, Loeb & Co.

New York, N.Y. August 23, 1961

THE TUNNEL PORTLAND CEMENT COMPANY LIMITED

PRODUCTION CAPACITY STRETCHED TO THE LIMIT

FUEL TAX AND GOVERNMENT'S EXPORT EXHORTATIONS

The fiftieth Annual General Meeting of The Tunnel Portland Cement Co. Ltd. will be held on September 14th.

The following is an extract from the Review by the Chairman, Mr N. M. Jensen, which has been circulated with the Accounts:

The Company's deliveries during the year under review constitute a record, and so does Trading Profit which reached the sum of £3,217,925 for the group.

Home deliveries for the Industry increased by 7 per cent during the calendar year 1960. During the first six months of the current year Home deliveries of the Industry were 11 per cent in excess of the same period last year, which means that capacity has been stretched to the limit. We have been able to deliver our full share of these increases.

The expansion programme which I referred to last year was put in hand during the Autumn. If the demand for cement continues to rise, your Directors will consider the duplication of the works in North Wales.

In the April Budget, the Government introduced a tax on fuel oils approximately equal to £2 per ton of the fuel oil we use and as a result of the recent emergency measures this has been increased by a further 4s. Have the powers that be, really stopped to consider the implication of such a tax? It affects many industries. In most cases these industries have no alternative but to pass the tax on to consumers, and this is bound to have an inflationary tendency of the worst kind.

When we decided to switch over to fuel oil, we were assured that should we wish to revert to coal, there would be no difficulty. This position has now materially changed.

The imposition of the 44s. fuel tax means that our fuel oil costs are now 60s. to 71s. per ton more than those of some of our Continental competitors. The answer to the Government's request for us to export more of our product is that it just cannot be done, except by heavy sacrifice or by home production subsidising export. We have endeavoured to find out whether the Coal Board can supply us with suitable coal, but their response has been far from satisfactory. Prices have again risen substantially; yet at the same time suitable British coals are sold to some of our competitors on the Continent at prices approximately two-thirds of those we are being asked to pay.

When the full impact of the fuel oil tax has been felt, I hope the Government will have realised it is no use imploring British industries to export more unless such industries are able to obtain their fuel and power requirements at competitive prices.

With regard to former Egyptian investments, Mr Jensen says:

The compensation so far received represents no more than 21 per cent of the claim, and I am sorry to say that in spite of our efforts we have been unable to obtain any information about future distributions.

BANCO DE CREDITO DEL PERU

Head Office : LIMA

CONDENSED BALANCE SHEET 30 JUNE, 1961

ASSETS			LIABILITIES		
Cash and Funds available	S/.	920,472,860.61	Capital	S/.	100,000,000.00
Loans and Discounts	,,	2,191,147,111.99	Reserves	,,	156,074,187.66
Securities	,,	47,960,143.48	Deposits	,,	2,862,697,242.83
Securities held as Guarantee for Savings Deposits	,,	35,309,612.50	Exchange Operations	,,	354,870,551.99
Bank Premises, Furniture and Fixtures	,,	56,800,001.00	Provisions and Sundry Creditors	,,	644,466,044.03
Exchange Operations	,,	356,610,017.37	Interest Collected, Commissions and other Income	,,	185,398,486.43
Sundry Debtors	,,	517,519,100.46			
Interest Paid and Payable, Personnel Expenses, Taxes, etc.	,,	177,687,665.53			
Total	S/.	4,303,506,512.94	Total	S/.	4,303,506,512.94
Securities held as Collateral against Loans, and in Safe Custody	S/.	1,891,899,952.06	Deposits of Securities held as Collateral against Loans and in Safe Custody	S/.	1,891,899,952.06
Bills for Collection	,,	3,500,910,237.84	Deposits of Bills for Collection	,,	3,500,910,237.84
Mortgage Guarantees	,,	208,147,020.67	Mortgage Guarantees	,,	208,147,020.67
Debtors per Contra	,,	88,310,186.44	Creditors per Contra	,,	88,310,186.44
General Total	S/.	9,992,773,909.95	General Total	S/.	9,992,773,909.95

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WOLSEY HALL, OXFORD

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SHRINKAGE 5 PER CENT PLUS. Under test 13 out of 20 branded curtain fabrics gave this negative result. SHOPPER'S GUIDE (15s. p.a.) shows the way to safer buying.—Write Consumer Council, Orchard House, Orchard Street, W.1.

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URBAN DISTRICT COUNCIL

6½% Mortgage Loans of £50 and upwards for 3 to 5 years. No Expense to Leader.

Application form from: The Treasurer, Council Offices, IRLAM. Telephone: IRLAM 2224.

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Particulars from Dept. T, Borough Treasurer, Museum Street, Ipswich.

APPOINTMENTS

COMMERCIAL OFFICERS

required by the Tanganyika Government for the Commerce and Industry Division. Appointment will be on contract for one tour of 21/27 months in the first instance.

Commencing salary according to qualifications and experience in scale (including Overseas Addition) £1,227 a year, rising to £2,025 a year. Gratuity 25 per cent total salary drawn. Outfit allowance £45.

Free passages. Liberal leave on full salary.

Candidates between 25 and 35 years of age must possess a University degree in Commerce or Economics or be members of one of the recognised accountancy bodies.

Apply to Crown Agents, 4 Millbank, London, S.W.1, for application form and further particulars, stating age, name, brief details of qualifications and experience, and quoting reference M3A/33597/LN.

AUSTRALIA THE UNIVERSITY OF NEW SOUTH WALES

LECTURERS SCHOOL OF ECONOMICS

The School of Economics at The University of New South Wales has two hundred and forty students, specialising in economics, statistics, and industrial relations. Courses are also provided for some students in the Faculties of Arts and Science. There is at present a staff of eighteen Senior Lecturers, Lecturers, and Teaching Fellows, headed by Professors M. Kemp and A. Hunter. The School is located in Kensington, an inner suburb of Sydney.

Economists who are interested in joining the staff of the School as Lecturers must have a degree with honours or equivalent qualifications, and should have special knowledge in any of these fields:

Statistics, with an interest in econometrics or mathematical economics.

Macro-economics or *micro-economics*.

Economic history or the history of economic thought.

Successful applicants may be required to supervise the work of post-graduate students. Salary: £A1,772 range £A2,477 per annum. Commencing salary is determined by qualifications and experience.

After passing a medical examination, successful applicants will be eligible to join the State superannuation scheme.

First-class ship fares to Sydney of appointees and families will be paid.

Appointees will be eligible for 12 months' study leave on full salary after six years' service.

Preliminary enquiries about the work of the School may be addressed to the Head of the School of Economics, Kensington.

Four copies of applications, together with the names of two referees, should be lodged with the Agent General for New South Wales, 56-57 Strand, London, W.C.2, and a copy forwarded by airmail to the Appointments Section, The University of New South Wales, Box 1, Post Office, Kensington, N.S.W., to arrive before September 29, 1961.

UNIVERSITY OF GLASGOW

DEPARTMENT OF SOCIAL AND ECONOMIC RESEARCH

Applications are invited for a Lectureship in Applied Economics in the above Department. Salary scale: £1,050-£1,850 per annum. Initial salary according to experience and qualifications. F.S.S.U. and family allowance benefits.

Applications (8 copies) should be lodged, not later than September 16, 1961, with the undersigned, from whom further particulars may be obtained.

ROBT. T. HUTCHESON, Secretary of University Court.

STC INDUSTRIAL SUPPLIES DIVISION

SALES OFFICE

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For other appointments see page 836 and 837

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COMPANY AFFAIRS

H. J. Heinz

FOR H. J. Heinz, the British subsidiary of the American parent, to secure an increase of 6½ per cent in sales is a commendable but not an exceptional achievement, for the trade in foods of convenience is becoming increasingly dominated by self-service stores and supermarkets. But to secure at the same time an increase of 11 per cent in gross profits from £4,279,000 to £4,753,000 in the year to April 29th, and of 9½ per cent in net profits from £2,330,000 to £2,554,000 certainly is remarkable, for margins on pre-packaged food are under the double pressure of competition between manufacturers and the growing power of the grocery chains to demand and to get better discounts. The crumbling of resale price maintenance in the grocery trade has, in fact, put a premium on management in food manufacture. The latest results suggest that Heinz is well able to hold its own.

In preparation for the growth in sales, the company built a new factory at Kitt Green and is busy modernising the older one at Harlesden. Additional finance was secured by the issue of a 5½ per cent debenture and the final call on this debenture in May, 1960, is reflected in the reduction in the bank overdraft from £2,239,000 to £972,000. Interest rates have risen sharply since then so that completion of the capital programme, on which outstanding commitments amounted to £775,000 at the end of April, appears to be more dependent than before upon the cash flow. In preparation for competition the company added to the number of varieties it produces, especially in the "ready to serve" and "condensed" soup ranges and in baby foods (where Heinz, developing what its chairman now characterises as a "major product group," appears to have established a good lead over its rivals). Competition among food manufacturers is really joined at the grocer's counter and though Mr Howard J. Heinz says that higher wages, more costly marketing and increases in other costs were more than offset by operating economies and lower costs for some materials, he also refers to "more intensive marketing activities" and an improvement in "merchandising and delivery services." In particular, the new terms of trade introduced by Heinz last year, which apparently offer better discounts for bulk orders, have stood the company in good stead. Exports, too, have risen, even though new manufacturing facilities have been established abroad.

In all, the company has adjusted its operations to more intensive competition and, not surprisingly, Mr Heinz's conclusion is that, while margins will be under greater pressure then ever, he believes that the company will hold on to its market and continue to grow satisfactorily. For the few minority shareholders of the unquoted ordinary capital in this country, this statement must appear as heartening as the increase in the ordinary dividend from 23 to 29 per cent, covered about 2½ times, and in the gross return on capital employed from 22 to 22½ per cent in a year of greater competition.

International Tea

FIERCER competition confronts not only the food manufacturers such as H. J. Heinz but the grocers themselves. This is made abundantly clear by the results of International Tea, one of the pioneers in self-service stores and supermarkets in this country, for the year to April 29th. In 1959-60 the company's policy of releasing money by selling and then leasing-back freehold properties so as to convert its stores to self-service appeared at last to be paying off, for its trading profits rose by about 17 per cent. In 1960-61, however, they fell slightly from £2,645,000 to £2,562,000 and the ordinary dividend which had been raised to 12½ per cent in 1959-60 was left unchanged. Depreciation, reflecting the fitting-up of shops converted to self-service, has risen and the gross return on capital employed has fallen from 13¼ to 11½ per cent.

This, as the chairman, Mr F. E. Hawkins, explains, is the natural consequence of more intensive competition. New food shops have been opened, often in close proximity to International Tea's own branches; prices have been cut; costs, particularly of wages, have risen; and though International Tea has again added to its turnover it has earned lower margins. The fall in the gross return is also partly the result of International Tea's own policies, for it has secured the finance it required for converting its stores at the cost of higher rentals. Clearly, however, the directors are convinced that conversion to self-service is the policy that they must continue to pursue. In 1960-61, International Tea converted or opened another 70 self-service branches, bringing the total number up to 322 stores (of which 23 stores are supermarkets) and it expects to complete a similar number of conversions and new openings this year. But this is not the end, for new sites and premises are being acquired and the directors have signed another contract with Legal and General for the sale and leasing back at appropriate times of further freehold properties. Thus financial provision has been made for further development and expansion, which in addition to self service stores and supermarkets includes the building of a new warehouse. The profits of new self-service stores are affected, Mr Hawkins admits, by the disturbance to trade during the conversion and by heavy initial expenses, and he says that warehousing expenses may also rise while the new warehouse is being completed.

Investors cannot therefore look for the certainty of jam tomorrow but they may look for the possibility of jam a few years ahead. Before, however, they commit themselves whole-heartedly to the concept of growth in International Tea's shares (which currently yield 4.8 per cent, 1½ times covered, at 13s.) or, for that matter, in other grocery equities they should ask themselves whether self-service and supermarkets, even if they squeeze the independent traders out, will add all that much to the profits of the multiples and the chains. The latter's bargaining power with the manufacturers is enhanced but the sheer size of their operations may well add to the ferocity of competition for the customer's shillings.

Mercury Securities

THROUGH Mercury Securities the public can share in the fortunes of S. G. Warburg, one of London's liveliest merchant banks, and this potential puts a high price on Mercury's shares. Most of them are tightly held and they are quoted at £17¾ to yield 2 per cent. In the year to March 31st, profits before tax of Mercury Securities, after the usual undisclosed transfer to reserves by the banking subsidiary, were £2.13 million, 14 per cent below the record level of £2.48 million in 1959-60, but still 72 per cent above the 1958-59 level of £1.24 million. After deducting tax and minority interests profits amounted to £1,003,000—£90,000 lower than in 1959-60, but £440,000 higher than in 1958-59. The total payment has been left unchanged at 35 per cent, including a bonus of 10 per cent, and it is covered over three times.

The chairman Mr Sigmund Warburg, again emphasises that banking profits, which account for a substantial part of earnings, are subject to "marked fluctuations." In the 1959-60 accounts it was mainly the fees from handling big single financial transactions that doubled profits. This year profits from this source have obviously been much smaller, since the slight fall in profits was accompanied by a big increase in the bank's customary business. Advances doubled from £6.3 million to £12.3 million and acceptances rose by £2.5 million to £7.4 million. During the year Mercury Securities acquired the United States companies associated with Stewart Smith and Co., the London insurance broking firm owned by Mercury since 1955. This move is reflected in the charge of £562,000 against Mercury's reserves during 1960-61, and presumably in the appearance of £2 million United States Treasury bills in the accounts.

Pasolds

AT 60s. 6d. the 5s. "A" shares of Pasolds are close to their high point for the year and yield only 1.3 per cent. Clearly investors have as much confidence in the group as mothers appear to have in its well-known brand of "Ladybird" children's wear. The report for the year to March 31st supports this feeling of confidence. The rise in turnover in 1959-60 was 8 per cent, but in 1960-61 total sales rose by 18 per cent to £4¾ million while trading profits rose by 19 per cent, from £695,000 to £819,000 compared with 7¾ per cent in 1959-60. A sharp increase in tax limited the rise in net profits to less than 6 per cent from £372,000 to £391,000 but the ordinary dividend has been raised from 15 to 16 per cent, covered 3¼ times.

The outlook appears to be good. The Canadian subsidiary has added steadily to its sales, even though other textile firms in this market have found the going hard in the face of American and Far Eastern imports. In Europe the directors believe that if Britain enters the common market the group, having already established a German subsidiary, will more than hold its own. The group's expert merchandising kept its expenditure to about £80,000 on advertising last year. The directors are confident that the big European market offers great scope for a policy of automation and economies of scale. Although demand for the group's products in this country is still running ahead of supplies they have therefore deliberately set out to establish a foothold in more competitive markets overseas.

Tunnel Portland Cement

THE second biggest of Britain's cement producers, Tunnel Portland, supplies about 13 per cent of deliveries in the home market, compared with Associated Portland's share of about 60 per cent and Rugby Portland's share of about 8 per cent. All have recently been working to capacity and all intend to add new kilns, primarily to serve the home market. All, however, export some cement and the chairman of Tunnel Portland, Mr N. M. Jensen, has pointed out that the rising cost of fuel, which forms a substantial part of total costs in the industry, is jeopardising the industry's attempt to export, remarking that "the answer to the government's request for us to export more and more of our product is that it just cannot be done, except by heavy sacrifice or by the home production subsidising export." The group has therefore applied for permission to import coal from Poland.

Years to March 31	1959 £'000s	1960 £'000s	1961 £'000s
Trading profit	2,569	3,069	3,218
Depreciation	558	647	685
Investment income	214	229	273
Taxation	1,025	1,173	1,279
Net Profit	*1,083*	*1,404*	*1,472*
Ordinary dividend	426	539	575
Ordinary dividend, per cent	*12*	*15*	*16*

The preliminary results of Tunnel published in July came as a disappointment to the market for though the total dividend was raised from 15 to 16 per cent and the tax-free distribution from capital profits was doubled to 2 per cent the profits rose by rather less than had been expected. Trading profits in the year to March 31st rose by only 5 per cent from £3,069,000 to £3,218,000, compared with a 20 per cent rise in 1959-60. The lack of buoyancy reflects in part the failure of one of the older kilns at West Thurrock. As the cement industry's deliveries are currently 11 per cent higher than they were in the same period in 1960, capacity has been stretched to the limit and Tunnel has only been able to hold on to its share of the market by importing clinker. The group is adding to its capacity, though Mr Jensen says the developments now in train will be inadequate if demand continues to rise at its current rate. In any case benefits from using the new capacity will not appear for another twelve months and this could limit the rise in profits this year. The 16 per cent dividend, however, is covered 2½ times and at 38s. 3d. the 10s. ordinary shares yield 4.2 per cent.

Steel and Company

AN interim statement in January from this engineering group revealed that profits for the first eight months of the financial year to March 26th last were higher than those for the whole of 1959-60 even though the year opened on an admittedly dull note. The improvement was well maintained in the last months of the financial year and over the full twelve months gross profits rose by as much as 77 per cent, from £721,000 to £1,276,000. A less than proportionate rise in the tax charge resulted in a rise of 92 per cent in net profits, from £326,000 to £625,000 and though the interim dividend was left unchanged at 10 per cent the directors have now raised the final from 10 to 12½ per cent on the capital as increased by the one-for-six rights issue in February. The bigger dividend is covered almost 2¾ times by earnings, compared with less than 1¾ times in 1959-60.

The group's products include mechanical handling equipment, process plant, merchanting and service plant and components and the chairman, Mr J. Steel, says that the record trading profit in 1960-61 is the result of capacity working in the group's more important factories. Traditional products are still proving profitable and newly introduced products that have widened the group's range should contribute to profits very soon. Further products are due to be introduced and this will involve some development expenditure. The order book is full enough to keep the group busy for most of the current financial year and output is currently running ahead of last year's record level. Mr Steel welcomes Britain's application to join the common market and though entry would require some readjustment in the group's facilities and policies he believes that the group would do well in the European market. In particular, the group's principal division which is concerned with mechanical handling equipment should gain from a broadening of the market. The 5s. ordinary shares have risen by 4s. 6d. since the results were published and at 20s. yield

London Stock Exchange

FIRST DEALINGS:	Aug. 4	Aug. 21	Sept. 4
LAST DEALINGS:	Aug. 18	Sept. 1	Sept. 15
ACCOUNT DAY:	Aug. 29	Sept. 12	Sept. 26

LAST week was particularly quiet on the stock market with the lowest number of bargains marked for any week this year. The opening of a new account on Monday aroused very little interest; before the weekend the failure of the Colvilles rights issue had depressed the market. The tense Berlin situation and signs of narrowing profits continue to discourage buyers after the weekend. This week small sellers have been in a majority in a very thin market and the firmness of gilt-edged over the past fortnight has given way to small falls, partly because some holders have sold in order to meet their new commitments in rights issues. Equity prices also declined just before and after the weekend but a minor rally on Tuesday limited the net fall and over the week to Wednesday's close *The Economist* indicator lost 3.2 points to 366.0.

Price movements among gilt-edged stocks were small by comparison with those of recent weeks. Both short and medium dated stocks displayed small but mixed movements as a result of switching. Long-dated stocks fell back slightly, with 3½ per cent Funding 1999-2004 losing ⅛ to 56. The irredeemable stocks were also lower; 3½ per cent War Loan lost ¼ to 52½ and 2½ per cent Consols lost ⅜ to 38¼. Dominion stocks fell back around the weekend but closed the week to Wednesday's close without net losses. Corporation stocks also held their ground.

Bank share prices declined before the weekend and on Monday the opening of dealings in the new Barclays shares following the rights issue led to further falls. Despite gains on Wednesday, Midland lost 2s. to 77s. 6d. Insurance shares were also dull before the weekend, and the announcement of the Eagle Star rights issue led to further falls; Eagle Star lost 8s. 6d. to 107s. 6d. and Prudential "A" ⅝ to 22⅝. Hire purchase shares were firm before the weekend but eased later; Bowmaker gained 4½d. to 14s. 9d. but UDT lost 3s. 9d. to 146s. 3d. The failure of the Colvilles rights issue depressed steel share prices but later press comment on United Steel led to some improvement. Colvilles lost 4½d. over the week to 55s. 9d. and John Summers 9d. to 43s. 10½d. Engineering shares were dull and stores also lost ground.

Oil shares closed lower with Shell falling back on Paris selling and Ultramar on the publication of the full report. Among motor shares, Leyland lost 7½d. to 97s. 10½d., in all, having fallen quite sharply on the announcement of the changes in the board of directors of Standard Triumph. Though Unilever lost 2s. on Wednesday, earlier American buying contributed to a net rise over the week of 1s. to 144s. 9d. Kaffir shares showed little net change over the week but tins held up and Tronoh gained

LONDON AND NEW

Prices, 1961 High	Prices, 1961 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Aug. 16, 1961	Price, Aug. 23, 1961	Net Yield, Aug. 23, 1961 §	Gross Yield, Aug. 23, 1961
					£ s. d.	£ s. d.
92½	88⅜	Savings Bonds 3%.....1955–65	88 17/32	88 17/32	5 0 11	6 6 01
101 1/32	99	Conversion 4½%.....1962	99 5/32	99 3/16	4 7 4	6 4 2
96⅞	93¾	Exchequer 3%.....1962–63	94 1/32	94⅜	4 19 11	6 6 91
101 5/16	98¾	Treasury 5½%.....1962	99 5/32	99 3/16	5 3 7	6 6 3
93 29/32	90¼	Exchequer 2½%.....1963–64	90 1/32	90 9/16	5 3 7	6 4 41
99 19/32	96⅜	Conversion 4¾%.....1963	96 15/16	96 15/16	4 9 6	6 11 2
98⅜	94½	Conversion 4½%.....1964	95	95 1/32	4 10 3	6 10 1
101 5/16	96	Exchequer 5½%.....1966	96¼	96¼	4 6 5	6 9 5
83 1/8	78⅝	Funding 3%.....1959–69	79	79	5 6 4	6 14 10
89¾	86	Funding 4%.....1960–90	86¼	86¼	4 19 11	6 7 61
79 13/16	74⅝	Savings Bonds 3%.....1960–70	75⅞*	75 1/4*	5 5 8	6 13 01
84⅞	80¾	Savings Bonds 2½%.....1964–67	81⅝	81½	5 9 2	6 12 51
72 11/16	66¼	Savings Bonds 3%.....1965–75	67¼	67	5 3 10	6 13 61
83 15/16	78⅞	Funding 3%.....1966–68	79⅜	79⅝	5 8 5	6 15 21
97½	92½	Victory 4%.....1920–76	93*	92⅞*	3 9 7	5 2 1⅞
85½	80¼	Conversion 3½%.....1969	81*	81*	5 4 7	6 15 2
93 5/16	87	Conversion 5%.....1971	88	87¾	4 13 3	6 15 11
95 11/16	88½	Conversion 5¼%.....1974	88⅞	88¾	4 8 10	6 13 9
73 1/8	66	Treasury 3½%.....1977–80	67⅛	67	4 17 7	6 13 41
72¼	65	Treasury 3½%.....1979–81	66⅛	66	4 17 5	6 12 111
97 9/16	88½	Funding 5½%.....1982–84	89⅛	88¾	4 3 5	6 10 31
59½	51¾	Redemption 3%.....1986–96	53⅜	52⅞	4 11 11	6 10 51
88¼	80½	Treasury 5%.....1986–89	81¼	80⅞	4 6 2	6 13 11
63 1/16	55	Funding 3½%.....1999–2004	56⅛	56	4 9 5	6 12 91
94⅝	81¾	Treasury 5½%.....2008–12	81⅞*	81¾*	4 4 9	6 15 31
65⅜	56½	Consols 4%.....after Feb. 1957	58⅝	58¼	4 4 4	6 18 01
59¼	50½	War Loan 3½%.....after 1952	52¾	52¼	4 2 5	6 15 5f
59	50½	Conv. 3½%.....after Apr. 1961	52⅝	52⅝	4 2 10	6 16 8f
50⅞	43¼	Treasury 3%.....after Apr. 1966	45½	45⅛	4 2 9	6 16 6f
44	36½	Consols 2½%.....after 1905	38⅝	38¼	4 0 6	6 11 11f
43½	36½	Treasury 2½%.....after Apr. 1975	38⅝	38¼	4 1 4	6 14 3f
91 5/16	85¾	British Electric 4½%.....1967–69	86½	86⅜	5 4 7	6 14 61
75 11/16	70½	British Electric 3%.....1968–73	71¾	71½	5 4 7	6 11 51
70⅝	64½	British Electric 3%.....1974–77	65⅜*	65⅜*	5 1 6	6 11 51
81⅞	75	British Electric 4¼%.....1974–79	77⅛	75*	4 12 11	6 12 21
73½	67	British Electric 3½%.....1976–79	68⅛	68	4 17 2	6 12 111
84⅞	78¾	British Gas 4%.....1969–72	79½	79½	4 18 1	6 13 101
81 13/16	76	British Gas 3½%.....1969–71	76¾*	76¾*	5 2 6	6 14 01
59⅜	51¾	British Gas 3%.....1990–95	53½	52⅞	4 13 2	6 11 11
75 11/16	70½	British Transport 3%.....1968–73	71¾	71½	5 4 7	6 14 61
80⅞	74	British Transport 4½%.....1972–77	74¾	74⅝	4 14 9	6 12 101
61 7/16	53¾	British Transport 3½%.....1978–88	55⅝	55¼	4 17 1	6 12 51

Prices, 1961 High	Prices, 1961 Low	DOMINION AND CORPORATION STOCKS	Price, Aug. 16, 1961	Price, Aug. 23, 1961	Yield, Aug. 23, 1961
					£ s. d.
82⅛	76½	Australia 3½%.....1965–69	77¾	77¾	6 17 01
101	95	Australia 6%.....1974–76	95½	95½	6 12 01
72½	65	Ceylon 4%.....1973–75	65½*	65*	8 11 01
101⅛	92¾	New Zealand 6%.....1976–80	93*	92¾	6 12 01
80½	70½	Rhodesia and Nyasaland 6%.....1978–81	70½	70½	9 6 01
81	73	South Africa 3½%.....1965–67	74	75	9 9 01
59	53½	Southern Rhodesia 4½%.....1960–85	53½	53½	8 18 01
94⅝	85⅛	Agricultural Mortgage 5½%.....1980–85	85½	86	6 14 91
89	82¼	Birmingham 4½%.....1967–70	83¼	83½	6 15 01
92¾	86½	Bristol 5%.....1971–73	87¼	87¼	6 12 01
93	87	Corporation of London 5¼%.....1976–79	87¾	87¾	6 10 01
49¾	41	L.C.C. 3%.....after 1920	43½*	43	6 17 01
89⅛	81¾	L.C.C. 5%.....1980–83	81¾	81¾	6 14 01
93	84¼	Middlesex 5½%.....1980	84½*	84½*	6 12 01

NEW YORK PRICES AND INDICES

	Aug. 16 $	Aug. 23 $		Aug. 16 $	Aug. 23 $		Aug. 16 $	Aug. 23 $
Atch. Topeka	26⅝	27¼	Boeing	53¾	53¼	Int. Harvester	53½	53⅝
Can. Pacific	23¾	23¾	Celanese	39⅛	37⅜	Inter. Nickel	83½*	83½
Pennsylvania	13⅞	13⅞	Chrysler	50¼*	52⅛	Inter. Paper	35⅜	36⅜
Union Pacific	35	35⅞	Col. Palmolive	46⅜	47⅛	Kennecott	84½	84¾
Amer. Electric	69¼	68½	Crown Zeller	57⅞	59⅜	Monsanto	55⅛	57⅜
Am. Tel. & Tel.	122⅜	122¾	Distillers Seag.	40¼	42	Nat. Distillers	28	28
Cons. Edison	76⅞	76½	Douglas	38⅛	37¾	Pan-American	18⅜	17½
Int. Tel. & Tel.	59	59½	Dow Chemical	80	84¼	Procter Gamble	93	94
South'n. Nat. Gas	45⅞	44⅝	Du Pont	232	231¼*	Radio Corpn.	59⅛	58
United Corpn.	9	8¾	East. Kodak	70⅞	69¼	Sears Roebuck	70⅞	69¼
Western Union	44⅝	45⅝	Ford Motor	91½	92¾	Shell Oil	44¼	42⅞
Alcoa	78⅛	75½	Gen. Electric	68½	68⅜	Socony-Mobil	46½	46½
Aluminium	32	31⅜	General Foods	91¼	93⅜	Stand. Oil Ind.	53¼	52¾
Amer. Can	45	45⅛	General Motors	47½	46⅛	Stand. Oil N.J.	44¾	44⅝
Am. Smelting	65½	66⅜	Goodyear	45½	46¼	Union Carbide	137	138
Am. Viscose	54½	56⅛	Gulf Oil	37⅞	38⅜	U.S. Steel	85⅞	84⅝
Anaconda	54¾	55	Heinz	63½	65	West. Electric	43¼	43⅛
Beth. Steel	42	41½	Int. Bus. Mach.	495½	514	Woolworth	75⅛	76⅛

Standard and Poor's Indices (1941–43=10)

1961	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
July 26	69·61	2·89	31·81	5·08	59·58	3·25	89·96	3·89
Aug. 2	70·89	2·84	31·83	5·08	59·98	3·22	89·64	3·92
" 9	71·69	2·82	32·53	4·97	60·94	3·17	88·18	4·06
" 16	71·66	2·82	32·81	4·93	60·96	3·17	88·39	4·04
" 23	71·82	2·83	33·44	4·87	61·68	3·14	88·70	4·01

*425 Industrials :—High, 72·38 (Aug. 22). Low, 60·87 (Jan. 3).

Prices, 1961 High	Prices, 1961 Low		Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price Aug. 16, 1961	Price, Aug. 23, 1961	Yield, Aug. 23, 1961	Cover
			%	%					
89/7½	64/–	13 c	6½ a		BANKS, DISCOUNT & HP				
100/3	74/3	16 c	8 a		Barclays.....£1	72/3¶	68/3¶	3·81	...
80/–	58/7½	13 c	7 a		District.....£1	84/9	84/9	3·78	...
26/4½	18/7½	8 b	7½ a		Lloyds.....£1	61/9	61/9	3·53**	...
97/3	73/–	7 b	7 a		Martins.....5/–	20/6	20/3	3·70	...
94/6	67/3	19 c	9½ a		Midland.....£1	79/6	77/6	3·87**	...
95/6	58/9	7 11/12 b	6¾ a		Nat Provincial.....£1	80/3	78/3	3·58	...
					Westminster 'B'.....£1	79/9	75/–	3·89	...
44/9	35/7½	8 b	4 a		Australia & N.Z...£1 p.p.	37/6	37/6	6·40	...
52/–	43/9	6 b	4 a		Bk. Lond. & S. Amer..£1	46/–	44/9*	4·47	...
$1·85c	$2·05c	£24 7/8	£21 13/16		Bank of Montreal....$10	£24 13/16	£24 13/16	5·09	...
30¾	25¾	8 c	9 c		Bank of New S. Wales £20	26¼*	26¾	5·38g	...
44/9	32/9	10 c	5 a		Barclays D.C.O.....£1	36/9	37/9	5·30	...
64/9	48/–	8 a	7½ b		Chartered.....£1	52/3	51/6	5·83**	...
5/– a	£14 5/8	£16 3/4	£18		Hongk'g. & Shang....$25	£16 3/4	£18	4·17	...
9 b	50/–	10/– b	7½ a		Nat. Com. Bk. Scot..10/–	52/9	50/6	3·27	...
$2·32½c	$2·35½c	£28 5/16	£28 1/16		Royal Bk. Canada....$10	£28 1/16	£28 1/16	3·90	...
10 b	96/3	9 a	*2·37½c		Royal Bk. of Scotland .£1	102/6*	101/6	3·74	...
5 a	34/–	10 b	5 a		Stand. Bk. S. Africa...£1	35/6	34/–	8·82	...
22½ c	22½ c	14 c	6 a		Hambros .....£1 f.p.	135/–	135/–	3·33	...
5 b	95/–	5 b	2½ a		Schroders £1	74/–	73/6	2·04	...
6¼ a	47/–	6¼ a	6¼ b		Union Discount £1	47/–	47/3	5·29	...
14 c	13/–	18 c	Nil a		Bowmaker 5/–	14/4½	14/9	...	13¼
9½ b	15/9	9½ b	6 a		Lombard Banking 5/–	16/–	15/9	6·03	1
7½ b	13/9	7½ b	5 a		Mercantile Credit 5/–	14/3	14/7½	4·27	1¼
22½ b	135/–	4 a	22½ b		United Domins. Tst. ..£1	150/–	146/3	3·62	2½
12½ b	11/3	...	...		BREWERIES, Etc.				
5 a	31/–	5 a	8½ b		Bass, M. & B. 5/–	11/9	11/4½	4·84**	...
6½ b	13/–	6½ b	4 a		Distillers 10/–	36/3	36/– *	3·75	2
14⅞ b	26/9	14⅞ b	8 a		Flowers 5/–	17/6	16/6	3·18	2
14⅞ b	50/–	14⅞ b	8 a		Guinness 10/–	53/3	51/6	3·27**	2
...	14/9	...	...		Ind Coope T.A. 5/–	13/–	12/10½	4·66**	...
7½ b	32/–	7½ b	5 a		Teacher (Distillers) .10/–	32/6	32/6	3·85	2½
6 a	76/9	6 a	4 a		Watney Mann.....£1	90/6	90/6	3·98	2
19 b	26/7½	8 a	8 a		Whitbread 'A' £1	29/–	27/6	4·91	13¼
4 a	70/3	4 a	8½ b		BUILDING, PAINT, Etc.				
4 a	21/11½	4 a	7¼ b		Associated Portland....£1	73/6	70/3	3·56	2½
6 a	15 a	6 a	10 b		British Plaster Bd....10/–	22/10½	22/4½	5·59	2¼
5 a	10 b	5 a	5 a		Richard Costain 5/–	18/–	18/–	4·44	2¾
10 b	5 a	10 b	5 a		Crittall Mfg. 5/–	10/–	9/10½	7·59	2
6 a	14 b	6 a	12½ b		International Paints ..4/–	11/–	11/6	6·96	1½
6 a	12½ b	6 a	12½ b		London Brick.....£1	86/6	86/–	4·07	1¾
25 c	32½ b	25 c	7 a		Rugby Portland 5/–	52/9	52/6	2·38	3¼
7½ a	21/9	7½ a	4 a		Taylor Woodrow 5/–	21/9	21/9	4·60	1¼
7½ a	17½ b	7½ a	6 a		Wall Paper Defd.....£1	123/6	122/–	4·10	3¾
6 a	14 b	6 a	6 a		CHEMICAL				
4 a	8 b	4 a	8 b		Albright & Wilson....5/–	23/10½	23/10½	4·19	2½
4 a	7½ a	4 a	7½ a		Borax Defd. 5/–	17/6*	16/10½	3·41	3
5 a	10 b	6 a	10 b		Fisons.....£1	40/–	38/3	5·75	1¾
5 a	7½ b	5 a	7½ b		I C I £1	69/7½	68/4½	4·02	2
6 a	14 b	6 a	14 b		Monsanto.....5/–	20/9	20/3	3·70	2½
6 a	12½ b	6 a	12½ b		DRAPERY & STORES				
25 b	32½ b	25 b	8 a		Boots Pure Drug 5/–	28/6	27/6	2·18	2¼
5 a	10 b	5 a	7½ a		Montague Burton....10/–	77/–	76/–	3·62	2
25 b	56 a	25 b	5 a		Debenhams.....10/–	55/–	54/–	3·56	1½
25 b	12½ a	25 b	5 a		G.U.S. 'A'.....5/–	50/–	48/4½	3·88	2
20 a	£1·85c	£1·85c	£2·05c		House of Fraser.....5/–	53/3	52/9	4·27	1¼
7½ b	5 a	7½ b	5 a		Lewis's Invest. Tst. ..4/–	16/3	15/3	3·23	2¼
32½ b	15 c	32½ b	8 a		Marks & Spencer 'A'.5/–	97/–	97/4½	2·44	1½
20 b	10 a	20 b	10 a		United Drapery 5/–	44/9	43/3	3·47	1¾
25 b	10 5 a	25 b	6 a		Woolworth.....5/–	51/6	50/9	3·53	1½
					ELECTRICAL & RADIO				
5 a	35/–	5 a	10 b		A.E.I.....£1	36/–	35/6	8·45	1
	9/7½				Brit. Electronic Inds..5/–	10/–	9/10½	...	...
5 a	49/–	4 a	9½ b		B.I.C. £1	57/7½	57/9	4·68	2
5 a	11/11¾	5 a	5 a		Crompton Parkinson .5/–	11/11¼	12/1½	5·15	2¼
3½ a	23½ c	3½ a	6 a		Decca Record.....10/–	63/3	64/–	3·65	2
5 a	38/3	5 a	4 a		E.M.I.....10/–	38/3	38/–	4·61	2¼
8 b	34/4½	8 b	5 a		Elliott-Automation....5/–	34/4½	35/3	1·84	2
7 b	30/–	7 b	5 a		English Electric £1	31/–	30/–*	6·67	1½
3 a	29/3	3 a	7 b		General Electric.....£1	29/3	29/3	6·84	2
3 a	53/6	3 a	4 a		C. A. Parsons £1	54/6	53/6	4·67	4
3½ a	42/6	3½ a	8 b		A. Reyrolle.....£1	43/–	42/6	4·59	2¾
6½ b	43/–	6½ b	6 a		Thorn Electrical.....5/–	51/–*	51/–	2·45	4½
25 c	25 c	25 c	10 a						
					ENGINEERING				
4½ a	24/4½	4½ a	4½ b		Babcock & Wilcox....£1	24/10½	26/4½	6·82	1
7 b	33/–	4 a	7 b		John Brown £1	36/6*	36/3	6·07	2½
3 a	5/7½	3 a	8 b		Cammell Laird.....5/–	5/9	6/–	10·00	1
10 a	24/7½	20 a	10 a		Internat. Combust. ..5/–	27/10½	26/–	5·77	1½
...	4/6	...	...		Rich'ds'ns. Westg'th. 10/–	4/9	4/6	...	2¼
2½ a	28/–	2½ a	9½ b		Swan Hunter £1	30/–	29/6	6·78	2
5 a	13/6	5 a	Nil b		John Thompson 5/–	14/–	14/–	1·79	2½
12½ a	21/8¼	12½ a	7½ c		Coventry Gauge.....10/–	28/7½*	28/4½	4·31	1¾
12½ a	51/6	12½ a	6 a		Alfred Herbert.....£1	66/9*	67/–	4·14	1¾
12½ b	64/–	12½ b	6 a		Allied Ironfounders...£1	64/–	63/6	6·30	1½
5 a	90/–	5 a	10 b		Averys £1	90/–	87/–	3·45	2½
4 a	73½ b	4 a	4 a		B.S.A. 10/–	22/10½	22/4½	5·22	2¼
8½ b	10/6	8½ b	4½ a		George Cohen 5/–	10/6	10/9	6·05	2½
17½ b	141/3	10 a	17½ b		Davy-Ashmore £1	141/3	140/–	3·93	3½
5 a	11 b	5 a	11 b		Guest Keen.....£1	89/–	89/10½	3·56	2½
4 a	23/3	4 a	12 b		Head Wrightson.....5/–	23/3	23/6	3·40	2½
5 a	84/3	5 a	7 b		Metal Box £1	84/3	82/6	2·91	2¼
10 b	15/9	10 b	4 a		Ransome & Marles...5/–	15/9	15/6	4·52	3
7 b	45/–	7 b	5 a		Renold Chains £1	45/–	45/–	4·44	1¾
10 a	36/3	10 a	17½ b		Simon Engineering ..5/–	36/3	36/3	3·79	2
14 c	63/10½	14 c	7 a		Tube Investments.....£1	63/10½	64/4½	4·35	2¾
7½ b	33/–	7½ b	6 a		Vickers £1	33/–	33/3	6·02	1¾
6 a	73/–	6 a	3¾ a		Ward (Thos. W.) £1	72/–	73/–	4·11	3
5 a	20/3	5 a	22½ b		Woodall-Duckham..5/–	20/3	20/3	5·19**	2¾

* Ex dividend. † Tax free. ‡ Assumed average life 8 years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution of 1s. 0d. per share. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (l) To latest date.

YORK STOCKS

Prices, 1961 High	Prices, 1961 Low		Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Aug. 16, 1961	Price, Aug. 23, 1961	Yield, Aug. 23, 1961	Cover
			%	%					
34/–	17/6	10 c	10 c		FOOD & TOBACCO				
15/–	7/9¾	10 a	12½ b		Allied Suppliers 10/–	18/3	18/–	5·56	2¼
74/–	55/–	4 a	8 b		Assoc. British Foods..1/–	12/3	12/–	1·88	2½
15/6	11/9	†47½b	†21½a		Bovril.....£1	62/–	61/–	3·93	2½
19/3	12/10½	2½ a	10 b		Brooke Bond 'B' 5/–	13/11½*	13/11½	4·76	1¾
107/9	71/3	5 a	10 5/6 b		International Tea 5/–	72/6	71/3	4·44	1¼
35/6	25/9	9 b	5 a		J. Lyons 'A'.....£1	27/9	27/6	5·09	2
14/03/4	10/9	2½ a	7½ b		Ranks.....10/–	27/6	25/–	4·55	2
63/6	51/3	6 b	4 a		Spillers.....5/–	11/6	11/–	4·55	2
55/–	43/11½	9 b	3 a		Tate & Lyle.....£1	45/7½	44/7½	5·38	2
20/10½	15/10½	5 a	9 b		Unigate 5/–	16/4½*	16/–	4·38	1¾
73/–	62/–	†21½c	†11½a		Brit. Amer. Tobac. ..10/–	68/3	67/9*	5·22	2¾
51/6	40/–	9 a	15 b		Gallaher.....10/–	41/7½	41/11½	4·86	2
71/6	65/3	14 b	8½ a		Imperial Tobacco.....£1	69/3*	69/6	6·47	1¾
151¼	115/6	†55 b	†50 a		INSURANCE				
86/3	61/3	20 a	25 b		Britannic.....5/–	13¾	13½*	3·18	...
32	17⅞	†41·17c	†41·17c		Commercial Union ..5/–	67/6	65/6	3·44	...
176/9	103/9	20 a	40 b		Equity & Law Life ..8/6	28	27⅜	1·04	...
60/6	42/7½	35 a	40 b		General Accident....5/–	54/3	53/–	2·52**	...
39½	23¼	80 a	110 b		Guardian.....5/–	53/–	50¼	1·56	...
146/–	100/–	8½ a	11½ b		Legal & General....5/–	31¼	133/–	3·01	...
272/6	156/3	†20 a	†70 b		Northern & Empl....£1	135/–	216/3	3·40	...
29	18	†183½c	†208½c		Pearl 5/–	22/6	22/6	3·01	...
182/–	140/9	50 a	50 b		Prudential 'A'.....4/–	23¼	22⅝	3·14	...
129/3	104/6	7½ a	11¼ b		Royal 5/–	162/6	159/–	3·14	...
					Royal Exchange £1	113/6	111/–	3·38	...
18/10½	13/9	12½ b	7½ a		MOTORS & AIRCRAFT				
86/3	66/11½	20 c	20 c		British Motor 5/–	14/–	14/–	7·14	2½
48/6	41/10½	2½ a	8½ b		Jaguar Cars 'A'.....5/–	78/9	78/–	1·28	7¾
10/–	6/8¼	12 c	12 c		Rolls-Royce.....£1	46/–	45/6	4·84	2¼
88/9	52/2¼	15 b	7½ a		Rootes Motors 'A' ...4/–	7/4½	7/6	6·40	5¼
101/–	79/–	15 b	20 c		A.C.V. £1	76/10½	77/–	4·16**	2½
18/6	14/–	3½ a	9 b		Leyland Motors £1	98/6	97/10½	4·09	3
33/3	28/1½	10 a	5 b		Bristol Aeroplane ..10/–	16/11¼	16/8¼	7·49	2¼
28/10½	21/6	3⅛ a	12½ b		Hawker Siddeley £1	30/10½	30/3	7·01**	2¼
72/–	52/–	11¼ b	2½ a		Dowty Group.....10/–	33/6	32/7½*	4·75	3
33/3	20/–	9 a	2½ b		Dunlop Rubber 10/–	25/3	25/9¾	6·13	2
72/–	52/–	11¼ b	2½ a		Joseph Lucas.....£1	55/–	54/–	5·09	3
33/3	32/3	15 c	12½ c		Pressed Steel.....5/–	20/3	20/–	4·07	1¼
					Triplex Holdings 10/–	32/6	30/9*		3
168/9	110/–	40 a	50 b		MINES				
67/3	43/–	18¾ b	6¼ a		Anglo-American....10/–	126/3	130/–	6·92	1½
108/9	72/6	15 a	20 b		Consolid. Gold Fields .£1	51/3	50/3	9·95	2
68/6	40/–	40 a	120 b		General Mining £1	82/6	82/6	8·48	2
25/3	15/3	40 a	40 b		Union Corporation ..2/6	48/9	47/6	8·42	3
125/–	73/9	100 b	70 a		Daggafontein 5/–	18/3	18/6	21·62	1½
54/3	37/6	25 a	25 b		Free State Geduld ..5/–	81/3	80/–	10·63	2
64/6	41/10½	60 b	50 a		Hartebeestfontein ..10/–	41/3	41/3	12·12	1½
157/6	101/3	110 b	90 a		Western Holdings ...5/–	121/3	118/9	8·42	1¼
28/6	15/9	...	8½ a		Winkelhaak.....10/–	18/6	18/6	...	8½
75/3	55/–	13½ a	36¾ b		Chartered 15/–	61/3	60/–	4·55	2
63/6	51/3	60 b	20 a		Rhod. Anglo-Amer..10/–	56/9	57/–	4·04h	2
11/7½	n/a	12½ b	6½ a		Rhod. Selection Tst. .5/–	9/–	9/–	9·55h	2¼
6/11½	4/10½	10 15/16 a	4½ b		Roan Antelope.....5/–	5/3	5/3	14·38h	3¼
30/9	20/9	22½ b	15 a		Tanganyika Cons....10/–	21/3	21/–	3·86	2
81/6	63/–	6¼ a	13¾ b		Consolidated Zinc....£1	68/–	68/6	9·35	1¾
159/41½	110/–	100 a	150 b		De Beers Defd. Reg..5/–	133/9	133/9	1·76	...
$159	$104	$1·50c	$1·50c		Internat. Nickel ....n.p.v.	$153	$152	6·79**	11¼
22/6	12/10½	2½ c	2½ a		London Tin.....4/–	20/7½	20/7½	8·00	1½
45/–	20/–	20 c	27½ c		Rio Tinto.....10/–	34/4½	34/4½	...	2
88/6	35/6	62½ c	70 a		Tronoh 5/–	77/–	75/6	4·64**	...
61/6	45/6	†31½a	†8½b		OIL				
49/6	35/–	†21½a	†6¾b		British Petroleum £1	46/9	45/9	8·33	2¼
52/6	37/–	6¼ a	13¾ b		Burmah Oil £1	36/–	35/9	8·57	1¼
£15 1/16	£10 5/8	10·23a	13·64b		Castrol.....10/–	39/6	38/9	5·16	2½
139/7½	108/9	†8½ a	†12½ b		Royal Dutch.....20 fl.	£11 3/8	£11 3/8	4·06	2¾
41/3	26/3	...	...		Shell Transport £1	120/9	120/–	5·67	3
					Ultramar 10/–	27/–	26/3	... d	...
14/7½	9/10½	8 b	5 a		PAPER & NEWSPAPERS				
91/–	57/6	4 a	8 b		Daily Mirror.....5/–	12/–	12/4½	6·06**	11¼
66/3	52/–	5 a	8¾ b		W. H. Smith & Son 'A'.£1	61/6	61/–	3·93	2
56/6	44/–	9 a	7 b		Bowater Paper £1	54/9	55/6	4·95	1½
54/3	37/6	4 a	8½ b		Albert E. Reed.....£1	50/–	49/6	6·46	13¼
18/10½	17/9	...	...		Spicers.....10/–	18/6	18/3	6·58**	2
68/9	50/6	4 a	10 b		Thomson Org'n. 5/–	55/6	55/6	5·05	2
					Wiggins Teape £1				

Prices, 1961 High	Prices, 1961 Low		Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Aug. 16, 1961	Price, Aug. 23, 1961	Yield, Aug. 23, 1961	Cover
			%	%					
62/–	43/–	20 a	60 b		MISCELLANEOUS				
34/6	26/9	20 a	40 b		Assoc. British

Money and Exchanges

EXCHEQUER RETURNS

For the week ended August 19, 1961, there was an "above-line" deficit (after allowing for sinking funds) of £64,956,000 compared with a deficit of £27,571,000 in the previous week and a deficit of £51,442,000 in the corresponding period of last year. There was a net expenditure "below-line" of £67,421,000 leaving a total cumulative deficit to date of £378,667,000 compared with £466,817,000 in 1960–61.

£'000	Estimate 1961–62	April 1, 1960, to Aug. 20, 1960	April 1, 1961, to Aug. 19, 1961	Week ended Aug. 20, 1960	Week ended Aug. 19, 1961
Ordinary Revenue					
Income Tax	2,728,500	522,992	606,504	37,231	28,916
Surtax	210,000	30,900	37,000	800	1,000
Death Duties	240,000	88,400	106,400	5,200	4,800
Stamps	94,000	33,600	41,400	1,300	1,200
Profits tax, EPT and EPL	325,500	102,500	129,600	7,400	12,500
Other Inland Rev. Duties	...	50	...	...	...
Total Inland Rev.	3,598,000	778,442	920,904	51,931	48,416
Customs	1,550,000	565,407	616,320	28,649	30,826
Excise	960,000	394,265	401,435	24,700	21,720
Total Customs and Excise	2,510,000	959,672	1,017,755	53,349	52,546
Motor Duties	155,000	25,235	27,218	...	535
PO (Net Recpts)	...	...	...	...	...
Broadcast Lic's.	40,000	8,500	11,200	...	2,400
Sundry Loans	205,000	12,702	114,438	...	557
Miscellaneous		42,571		142	
Total	6,508,000	1,827,122	2,091,515	105,422	104,454
Ordinary Expenditure					
Debt Interest	660,000	290,624	322,966	65,297	66,944
Payments to N. Ireland Exch.	92,000	30,068	30,948	...	...
PO Fund — Initial settlement	15,000	...	...	...	...
Other Consolidated Funds	8,000	3,814	3,947	7	16
Supply Services	5,186,902	1,765,590	1,868,743	91,020	101,900
Total	5,961,902	2,090,096	2,226,604	156,324	168,860
Sinking Funds	40,000	11,474	11,394	540	550
"Above-line" Surplus or Deficit	—	274,448	146,483	51,442	64,956
"Below-line" Net Expenditure*	—	192,369	232,184	62,815	67,421
Total Surplus or Deficit	—	466,817	378,667	114,257	132,377
Net receipts from:					
Tax Reserve Certificates		93,347	58,373	505	598
Savings Certificates		30,800	−8,800	1,700	−1,100
Defence Bonds		44,596	22,555	2,113	806
Premium Savings Bonds		19,890	16,350	2,800	2,200
Total		188,633	88,478	7,118	1,706

* Net receipt to the Civil Contingencies Fund of £5 million in 1961–62 compared with a net receipt of £7 million in 1960–61.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1960					
Aug. 20	3,460·0	1,933·6	277·9	...	5,671·4
1961					
May 13	3,160·0	1,893·0	275·3	...	5,328·2
„ 20	3,180·0	1,839·1	316·3	...	5,335·5
„ 27	3,210·0	1,843·3	249·7	...	5,303·0
June 3	3,240·0	1,825·3	258·5	...	5,323·8
„ 10	3,270·0	1,827·6	242·2	...	5,339·8
„ 17	3,280·0	1,823·6	263·9	...	5,367·5
„ 24	3,290·0	1,909·6	201·6	...	5,365·8
„ 30	3,290·0		283·3	...	5,483·0
July 8	3,280·0	1,853·1	265·2	0·8	5,399·0
„ 15	3,270·0	1,866·0	269·0	...	5,405·0
„ 22	3,260·0	1,894·4	214·3	...	5,368·7
„ 29	3,250·0	1,920·3	220·4	3·3	5,393·9
Aug. 5	3,280·0	1,882·6	207·3	...	5,369·9
„ 12	3,290·0	1,712·9	206·6	...	5,209·4
„ 19	3,290·0	1,732·5	316·8	1·5	5,340·7

THE MONEY MARKET

AFTER submitting the same bid for three weeks running the syndicate of discount houses raised its bid at last Friday's Treasury bill tender by 2d. to £98 16s. 6d., a reduction of 8d. in the annual discount rate. The average rate of discount on the whole allotment fell by only 6.68d. per cent to £6 14s. 1.83d. per cent. The outsiders left their bids largely unchanged; the upshot was that the market's allotment increased from 41 to 61 per cent.

Credit was generally adequate before the weekend but conditions on Monday and Tuesday brought help from the authorities through special purchases of bills. The market also borrowed small amounts from the Bank of England on these two days. But while the authorities were not unwilling to see the market in the Bank, there was no question of forcing the issue. The market chose to take loans at 7 per cent in preference to conceding a rate of $6\frac{5}{8}$ per cent on the sale of November bills to one of the clearing banks when the general rate was 6 19/32 per cent.

This week's Bank return shows discounts and advances at £92 million, a very high figure reflecting the run-down in the Basic balances.

MONEY RATES

LONDON

	%		
Bank rate (from 5%, 26/7/61)	7	**Discount rates:** Bank bills:	%
		60 days	$6\frac{7}{8}$–$6\frac{15}{16}$
Deposit rates (7 days notice):		3 months	$6\frac{7}{8}$–$6\frac{15}{16}$
Banks	5	4 months	$6\frac{7}{8}$–$6\frac{15}{16}$
Discount houses	5–$5\frac{1}{4}$	6 months	$6\frac{7}{8}$–7
Local Authorities	$7\frac{1}{4}$	Fine trade bills:	
Money:		3 months	$7\frac{1}{2}$–$8\frac{1}{2}$
Day-to-Day	$5\frac{3}{8}$–$6\frac{1}{4}$	4 months	$7\frac{1}{2}$–$8\frac{1}{2}$
		6 months	8–9

NEW YORK

	%	Treasury bills	%
Official Discount rate:		Aug. 14	2·919
(From $3\frac{1}{2}$%, 11/8/60)	3	„ 21	2·503

BANK OF ENGLAND RETURNS

(£ million)	Aug. 24, 1960	Aug. 16, 1961	Aug. 2 1961
*Issue Department**:			
Notes in circulation	2,243·1	2,374·3	2,341·3
Notes in banking dept.	57·3	26·0	58·6
Govt. debt and securities[b]	2,297·5	2,398·7	2,398·7
Other securities	0·7	0·8	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	1·8	0·5	0·5
Banking Department:			
Deposits:			
Public accounts	11·1	12·6	14·3
Special deposits	150·5	95·0	206·1
Bankers	230·9	244·3	249·4
Others	65·8	68·6	67·9
Total	458·4	520·5	537·7
Securities:			
Government	365·8	418·7	387·0
Discounts and advances	34·0	75·2	91·7
Other	18·9	18·3	18·1
Total	418·7	512·1	496·8
Banking department reserve	58·1	26·8	59·3
"Proportion"	% 12·6	% 5·1	% 11·0

* Government debt is £11,015,100, capital £14,553,00 Fiduciary issue reduced by £50 million to £2,400 million August 16th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills Average Rate of Allotment	Allotte at Max Rate*
1960	91 day		s. d.	%
Aug. 19	290·0	443·6	111 8·78	50
1961				
May 19	260·0	432·5	88 3·18	33
„ 26	270·0	440·2	88 8·74	50
June 2	270·0	419·9	88 9·61	61
„ 9	270·0‡	463·3	89 4·14	39
„ 16	260·0	391·2	90 0·42	55
„ 23	260·0‡	389·1	90 8·47	50
„ 30	250·0	400·8	90 8·94	46
July 7	240·0	405·2	90 8·80	42
„ 14	240·0	378·2	91 4·47	47
„ 21	240·0	333·3	92 5·62	66
„ 28	250·0	426·6	133 9·22	28
Aug. 4	250·0	386·0	134 3·33	44
„ 11	250·0	394·7	134 8·51	41
„ 18	250·0	379·6	134 1·83	61

* On August 18th tenders for 91 day bills at £98 6s. 6d. secure 61 per cent, higher tenders being allotted in full. The offer fo this week was for £260 million 91 day bills. ‡ Allotment cut b £10 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits August 23	Market Rates: Spot August 17	August 18	August 19	August 21	August 22	August 23
United States $	2·78–2·82*	2·80$^{3}_{16}$–$^{5}_{16}$	2·80$^{3}_{16}$–$^{5}_{16}$	2·80$^{3}_{16}$–$^{5}_{16}$	2·80$^{5}_{16}$–$^{7}_{16}$	2·80$^{3}_{8}$–$\frac{1}{2}$	2·80$^{3}_{8}$–$\frac{1}{2}$
Canadian $	...	2·88$^{15}_{16}$–89$^{11}_{16}$	2·88$^{11}_{16}$–$^{13}_{16}$	2·88$^{11}_{16}$–$^{13}_{16}$	2·88$^{13}_{16}$–$^{15}_{16}$	2·88$^{13}_{16}$–$^{15}_{16}$	2·88$^{15}_{16}$–89$^{11}_{16}$
French Fr.	13·622–14·027	13·78$\frac{1}{4}$–$\frac{1}{2}$	13·77–77$\frac{1}{4}$	13·76$\frac{3}{4}$–77	13·77$\frac{1}{2}$–$\frac{3}{4}$	13·79–79$\frac{1}{4}$	13·78$\frac{3}{4}$–79
Swiss Fr.	11·94–12·54$^{7}_{8}$	12·09$^{3}_{8}$–$^{5}_{8}$	12·09$^{3}_{8}$–$^{5}_{8}$	12·09$\frac{1}{4}$–$\frac{1}{2}$	12·09$^{7}_{8}$–10$\frac{1}{8}$	12·10–10$\frac{1}{4}$	12·09$\frac{3}{4}$–10
Belgian Fr.	137·96– 142·05	139·50– 55	139·50– 55	139·52$\frac{1}{2}$– 57$\frac{1}{2}$	139·55– 60	62$\frac{1}{2}$
Dutch Gld.	9·98$\frac{3}{4}$–10·28$\frac{1}{2}$	10·08$^{3}_{8}$–$^{5}_{8}$	10·08$^{3}_{4}$–09	10·08$^{3}_{4}$–09	10·09$^{3}_{8}$–$^{5}_{8}$	10·10–10$\frac{1}{4}$	10·10$^{5}_{8}$–$^{7}_{8}$
W. Ger. D-Mk.	11·037–11·365	11·19$\frac{1}{4}$–$\frac{1}{2}$	11·19$\frac{1}{4}$–$\frac{1}{2}$	11·19$^{3}_{8}$–$^{5}_{8}$	11·19$^{5}_{8}$–$^{7}_{8}$	11·20$\frac{1}{4}$–$\frac{1}{2}$	11·19$\frac{3}{4}$–20
Portug. Esc.	...	80·15–25	80·15–25	80·15–25	80·15–25	80·20–30	80·20–30
Italian Lire	1725–1775	1738$\frac{3}{4}$–39$\frac{1}{4}$	1738$\frac{3}{4}$–39$\frac{1}{4}$	1738$\frac{3}{4}$–39$\frac{1}{4}$	1739$\frac{1}{4}$–$\frac{3}{4}$	1739$\frac{3}{4}$–40$\frac{1}{4}$	1739$\frac{1}{4}$–40
Swedish Kr.	14·27$\frac{1}{2}$–14·70	14·45$^{7}_{8}$–46$\frac{1}{8}$	14·46$^{3}_{8}$–$^{5}_{8}$	14·46$\frac{1}{2}$–$\frac{3}{4}$	14·47$\frac{1}{4}$–$\frac{3}{4}$	14·48$^{1}_{8}$–$^{3}_{8}$	14·48$\frac{1}{2}$–$\frac{3}{4}$
Danish Kr.	19·061–19·62	19·35$^{1}_{8}$–$^{3}_{8}$	19·35–35$\frac{1}{4}$	19·35–35$\frac{1}{4}$	19·35$^{3}_{8}$–$^{5}_{8}$	19·34$\frac{3}{4}$–35	19·34$\frac{3}{4}$–35
Norwegian Kr.	19·71–20·30$\frac{1}{2}$	20·00$\frac{1}{4}$–$\frac{1}{2}$	20·00$\frac{1}{4}$–$\frac{1}{2}$	20·00$\frac{1}{4}$–$\frac{1}{2}$	20·00$^{3}_{8}$–$^{7}_{8}$	20·00$\frac{1}{2}$–$\frac{3}{4}$	20·00$\frac{3}{4}$–01
	* Official Limits	**One Month Forward Rates**					
United States $		$\frac{1}{2}$–1c. pm	$\frac{15}{16}$–15c. pm	$\frac{15}{16}$–15c. pm	$\frac{1}{8}$–1c. pm	$\frac{15}{16}$–15c. pm	1–7c. pm
Canadian $		$\frac{1}{8}$–1c. pm	$\frac{1}{8}$–1c. pm	$\frac{1}{8}$–1c. pm	$\frac{15}{16}$–15c. pm	$\frac{15}{16}$–15c. pm	$\frac{15}{16}$–15c. pm
French Fr.		5–4c. pm	45–35c. pm	5–4c. pm	5–4c. pm	4$\frac{1}{2}$–3$\frac{1}{2}$c. pm	4$\frac{1}{2}$–3$\frac{1}{2}$c. pm
Swiss Fr.		6–5$\frac{1}{2}$c. pm	6–5$\frac{1}{2}$c. pm	6–5$\frac{1}{2}$c. pm	6–5$\frac{1}{2}$c. pm	5$\frac{3}{4}$–5$\frac{1}{4}$c. pm	5$\frac{3}{8}$–5$\frac{1}{4}$c. pm
Belgian Fr.		45–35c. pm	45–35c. pm	45–35c. pm	40–30c. pm	40–30c. pm	35–25c. pm
Dutch Gld.		6–5c. pm	6–5c. pm	6–5c. pm	6–5c. pm	5$\frac{1}{2}$–5c. pm	5$\frac{1}{4}$–4$\frac{1}{4}$c. pm
W. German D-Mk.		5$\frac{1}{4}$–4$\frac{3}{4}$pf. pm	5$\frac{1}{4}$–4$\frac{3}{4}$pf. pm	5–4$\frac{1}{2}$pf. pm	5–4$\frac{1}{2}$pf. pm	5–4$\frac{1}{2}$pf. pm	4$\frac{1}{2}$–4pf. pm
		Three Months Forward Rates					
United States $		3–2$\frac{7}{8}$c. pm	2$^{15}_{16}$–2$^{13}_{16}$c. pm	2$^{15}_{16}$–2$^{13}_{16}$c. pm	2$^{15}_{16}$–2$^{13}_{16}$c. pm	2$^{13}_{16}$–2$^{11}_{16}$c. pm	2$^{13}_{16}$–2$^{11}_{16}$c. pm
Canadian $		3$^{15}_{16}$–2$^{15}_{16}$c. pm	3–2$\frac{7}{8}$c. pm	3–2$\frac{7}{8}$c. pm	3–2$\frac{7}{8}$c. pm	2$\frac{7}{8}$–2$\frac{3}{4}$c. pm	2$\frac{7}{8}$–2$\frac{3}{4}$c. pm
Swiss Fr.		16–15$\frac{1}{2}$c. pm	16–15$\frac{1}{2}$c. pm	16–15$\frac{1}{2}$c. pm	16–15$\frac{1}{2}$c. pm	15$\frac{3}{4}$–15$\frac{1}{4}$c. pm	15$\frac{1}{2}$–15c. pm
W. German D-Mk.		15$\frac{1}{4}$–14$\frac{3}{4}$pf. pm	15–14$\frac{1}{2}$pf. pm	15–14$\frac{1}{2}$pf. pm	14$\frac{3}{4}$–14$\frac{1}{4}$pf. pm	14$\frac{3}{4}$–14$\frac{1}{4}$pf. pm	14$\frac{1}{4}$–13$\frac{3}{4}$pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/11$\frac{1}{4}$	250/11$\frac{1}{4}$	...	250/9$\frac{3}{4}$	250/9$\frac{1}{4}$	250/9$\frac{1}{4}$
„ ($ „ „ „)		35·16$\frac{1}{2}$	35·16$\frac{1}{2}$	...	35·16	35·16	35·16$\frac{1}{2}$

The United States

Monthly averages or calendar months except where annual rates are shown.

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

BRITISH			
Prices and Wages	July 29th	External Trade	Aug. 5th
Manpower and Output	Aug. 19th	Industrial Profits	July 15th
OVERSEAS			
Western Europe	Aug. 12th	United States	This week

PRICES AND WAGES

	Wholesale prices: All commodities	Wholesale prices: Farm products	Consumer prices: All items	Consumer prices: Food	Consumer prices: Clothing	Consumer prices: Housing	External prices: Import	External prices: Export	External prices: Terms of trade	Stock prices Composite index	Average weekly earnings in manufacturing: At current prices	Average weekly earnings in manufacturing: At 1960 prices
	1947–49=100						1948=100			1957–59=100	$	
1948	104·4	107·3	102·8	104·1	103·5	101·7	100	100	100	36·6	54·14	65·54
1959	119·5	89·1	124·6	118·3	107·9	129·2	117	110	106	116·7	89·47	90·83
1960	119·6	88·8	126·5	119·7	109·4	131·5	118	111	106	113·9	90·91	90·91
1961, March	119·8	89·9	127·5	121·2	109·8	132·5	116	113	103	129·8	90·71	89·99
„ April	119·3	88·5	127·5	121·2	109·5	132·3	117	114	103	133·0	91·57	90·84
„ May	118·7	86·8	127·4	120·7	109·6	132·2	...	...	...	134·9	92·90	92·25
„ June	118·2[9]	85·1[10]	127·6	120·9	109·6	132·4	...	...	...	132·8	94·24	...

PRODUCTION AND MANPOWER

	Gross national product Seasonally adjusted annual rate	Total industrial production	Manufacturing production: Durable goods: Total	Durable goods: Metals	Durable goods: Vehicles, etc.	Non-durable goods: Total	Non-durable goods: Textiles, clothing	Non-durable goods: Chemicals and petroleum products	Building New construction; seasonally adjusted annual rates	Civilian employment[1]: Total labour force	Civilian employment[1]: Total employment	Unemployed as per cent of labour force; seasonally adjusted
	$ billion	1957=100; seasonally adjusted							$ billion	thousands		
1948	259·4	68	64	84	44	72	87	54	23·2	61,442	59,378	3·4
1959	482·8	105	102	90	98	110	115	113	56·2	69,394	65,581	5·5
1960	504·4	108	104	91	102	114	115	118	55·1	70,612	66,671	5·6
1961, February	500·8[7]	102	94	73	88	111	107	113	54·8	70,360	64,655	6·8
„ March		102	95	74	88	112	110	113	55·2	71,011	65,516	6·9
„ April		105	99	82	94	114	112	117	55·0	70,696	65,734	6·8
„ May	515·0[8]	108	103	90	99	116	113	122	55·7	71,546	66,778	6·9
„ June		110	105	92	102	117	115	125	56·5	74,286[11]	68,706[12]	6·8[6]

TRADE

	Personal consumption Annual rates	Wholesale: Sales	Wholesale: Stocks[2]	Retail: Sales	Retail: Stocks[2]	Imports for US consumption: Total	Imports for US consumption: Crude materials	Imports for US consumption: Semi-manuf'res.	Exports of US merchandise: Total	Exports of US merchandise: Finished goods	Volume of trade: Imports	Volume of trade: Exports
	$ billion; seasonally adjusted					$ million					1948=100	
1948	178·3	7·5	7·9	10·9	15·8	591	179	136	1,044	591	100	100
1959	314·0	12·3	12·6	18·0	24·3	1,249	258	275	1,453	878	182	127
1960	328·9	12·3	13·2	18·3	25·4	1,221	251	258	1,692	953	175	147
1961, February	330·7[7]	12·4	13·2	17·8	24·9	1,037	210	228	1,659	922	150	142
„ March		12·5	13·3	18·1	24·4	1,235	237	265	1,904	10,096	180	163
„ April		12·5	13·4	17·9	24·4	1,046	203	225	1,688	991	152	143
„ May	336·0[8]	12·9	13·4	18·1	24·5	1,189	230	267	1,725	989	...	...
„ June		...	...	18·3	...	1,189	239	254	1,678	982	...	...

PURCHASING POWER AND FINANCE

	Personal income: Total	Personal income: Labour income	Personal income: Farm income	Consumer credit[2]: Total	Consumer credit[2]: Instalment	Banking statistics[3]: Investments	Banking statistics[3]: Loans	Budget expenditure[4]: Total	Budget expenditure[4]: Surplus or deficit	Bond yields: 3-month Treasury bills	Bond yields: Taxable Govt. bonds[5]	Bond yields: Corporate Aaa bonds
	$ billion: seasonally adjusted annual rates			$ billion; end of period		$ billion; end of period		$ billion		Per cent per annum		
1948	210·4	137·9	17·8	14·45	9·00	71·8	42·5	33·1	+ 8·4	1·040	2·44	2·82
1959	383·3	268·3	11·3	52·12	39·85	79·4	110·8	80·3	− 12·4	3·405	4·08	4·38
1960	404·2	283·5	12·0	56·05	43·28	81·9	117·6	76·5	+ 1·2	2·928	4·02	4·41
„ February	403·1	280·2	12·9	54·10	42·26	82·6	116·7	6·2	+ 0·3	2·408	3·81	4·27
„ March	407·3	281·7	13·0	53·91	42·06	81·4	116·6	7·0	+ 1·5	2·420	3·78	4·22
„ April	409·8	285·2	12·9	53·97	41·99	82·5	117·2	6·5	+ 1·3	2·327	3·80	4·25
„ May	413·2	288·8	12·9	54·39	42·13	83·4	117·6	7·2	− 0·7	2·283	3·73	4·27
„ June	416·7	291·0	13·0	...	...	84·2	118·2	7·9	+ 2·8	2·359	3·88	4·33

(1) 1948 figures are not strictly comparable. (2) End of period. (3) All commercial banks. (4) Annual figures are totals for the fiscal years ended June 30th. (5) Bonds due or callable from 10 to 20 years (except 1948: due or callable after 15 years). (6) July, 6·9. (7) Average for first quarter. (8) Average for second quarter. (9) July, 118·6. (10) July, 86·6. (11) July, 73,639. (12) July, 68,499.

APPOINTMENTS

HEAD OF OPERATIONAL RESEARCH AND STATISTICAL ADVISORY SERVICE

London Transport's Operational Research and Statistical Advisory Service undertakes operational research and provides a consultant statistical service for other departments of London Transport. The work is interesting and varied.

There is a vacancy at the head of the Service for a graduate with a good degree or the holder of a major professional qualification in a relevant field. The occupant of this post must be able to collaborate with his colleagues in the operating ('bus and rail), engineering, commercial, research and other departments of London Transport, and with research organisations elsewhere.

Candidates must have a knowledge of statistical methods with practical experience of operational research, or the application of statistical techniques, or both, in a responsible position in industry or commerce.

The commencing salary will be of the order of £2,000 per annum, with the prospect of substantial advancement within a short time, subject to satisfactory service.

VALUABLE FREE TRAVEL · CONTRIBUTORY SUPERANNUATION FUND

Enquiries and applications should be addressed to the Staff and Welfare Officer (Ref. 153/3),

LONDON TRANSPORT · 55 BROADWAY · LONDON, S.W.1

BRITISH COUNCIL
SINGAPORE
NANYANG UNIVERSITY

Applications are invited for the post of Professor or Associate Professor of Economics for Nanyang University, Singapore. Duties, to teach Economics to Chinese undergraduates. Candidates must be men with Honours degrees in Economics and teaching experience. Salary on scale £1,535 x £75 to £1,910. Overseas allowance (provisionally) Single £670, Married £1,010. Children's and home education allowances. Free furnished accommodation. Installation grant. Employer's portion U.K. Superannuation paid. Medical scheme. Contract with University and British Council normally for two years, from January, 1962. Fares paid, including home leave, and mid-tour passages for children in U.K. Secondment from home employment may be arranged.

Write quoting N.9.M (61) and enclosing stamped, addressed foolscap envelope, to Director, Recruitment Department, The British Council, 65 Davies Street, London, W.1, for *further particulars and application form* to be returned completed within two weeks of receipt.

BBC Requires PROGRAMME ASSISTANTS for Swahili Section, African Service to work on preparation and broadcasting of *programmes in Swahili and English.* Candidates must speak and write Swahili as their first language at highest standard and have School Certificate or G.C.E. "O" level in English. Preference given to University graduates. *Duties include* translation from English into Swahili, original writing, and presentation of programmes at microphone in English and Swahili. Good *broadcasting voice essential*, previous broadcasting experience unnecessary. Selected candidates to take voice and translation tests. Appointment for up to *three years.* Salary £1,225 p.a. fixed with prospects of *promotion. Requests for application* forms (enclosing addressed envelope and quoting reference 61/G.385/Ect.) should reach Appointments Officer, Broadcasting House, London, W.1, within five days.

MAKERERE UNIVERSITY COLLEGE—EAST AFRICA

Applications are invited for one or two Lectureships or Assistant Lectureships in Economics. *Salary scales:* Lecturer £1,350-£2,151 p.a.; Assistant Lecturer £1,098-£1,251 p.a.; Entry point determined by qualifications and experience. F.S.S.U. *Child allowance* £50 p.a.; per child (max. £150 p.a.). Passages for appointee and family (up to five adult passages) on appointment, termination and leave (three months every 21 months). Rent according to *quarters provided, £45-£84 p.a.* (including basic turnitures). Detailed applications (6 copies) naming 3 referees, by September 30, 1961, to Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

SOUTHERN RAILWAY OF PERU. Railway Accountant for the Guaqui Railway (Bolivia). Spanish and Railway experience essential. Salary £1,500/£1,800 per annum according to qualifications. Furnished quarters, light and fuel.—Apply, in writing, to Peruvian Transport Purchasing Co., Ltd., Suffolk House, 5 Laurence Pountney Hill, Cannon Street, London, E.C.4.

THE UNIVERSITY OF LEEDS

DEPARTMENT OF ECONOMICS AND COMMERCE

Applications are invited for appointment as temporary ASSISTANT LECTURER in the Department of Economics and Commerce for session 1961-1962 only. Salary within the range £800-£950 a year, according to age, qualifications and experience. Applicants may have a principal interest in any of the main branches of economics. *Applications* (three copies) stating date of birth, qualifications and experience, together with the names of three referees, should reach The Registrar, The University, Leeds, 2 (from whom further *particulars may be obtained*), not later than September 11, 1961.

New BUSINESS NEGOTIATOR

We want a new New Business man. He will be *responsible for recruiting subscribers* to a continuous market intelligence service from among the *leading companies* in the country; we already have 60 but we want many more.

We want a well experienced marketing man with some knowledge of market research and the advertising agency world. Salary around £3,000, with *prospects of an early Executive Directorship.* (Reference RP.10.)

PRODUCTION PLANNING

YOU have had at least *four years' experience in a Production Planning* department —preferably on batch-production processes.

YOU are ambitious and want to get ahead faster than seems possible in your present firm.

The position we are offering is a new one.

YOU will be given scope to develop your own ideas and to build up a department to introduce Production Planning into a mainly clerical data-processing organisation.

Your salary will be determined only by your ability. (*Reference* RP.9.)

Apply stating age, education, experience, current salary and quoting reference number to :—

Attwood

Vice-Admiral Sir Guy Sayer, K.B.E., C.B., D.S.C.
Attwood Statistics Limited,
West Halkin House,
West Halkin Street,
London, S.W.1.

LONDON COUNTY COUNCIL
ARCHITECT'S DEPARTMENT
TOWN DEVELOPMENT DIVISION

This Division, newly formed to plan and build *in towns throughout* south-eastern England, has vacancy for a planner with initiative and experience, of planning administration, and able to direct planning analysis and research. Qualifications in either B.Sc (Estate Management), A.M.T.P.I., or equivalent. Salary up to £1,760.

Form and particulars, returnable by September 1st, *from Hubert Bennett*, O.B.E., F.R.I.B.A., Architect to the Council (EK/E/2396/58), County Hall, S.E.1.

COMMISSION FOR THE NEW TOWNS

SECRETARY AND FINANCE OFFICER

The Commission for the New Towns which will come into being on 1st October, 1961, will require a Secretary and a Finance Officer. There will be a *contributory* pension scheme.

The Secretary will be the chief executive officer of the Commission which is charged with taking over, holding, managing and turning to account the property now vested in Development Corporations. The post will demand organising and administrative ability of a high order. Salary £5,000; a higher figure would be considered if warranted by exceptional experience and qualifications.

Applicants for the post of Finance Officer should be Chartered Municipal Treasurers, Chartered or Incorporated Accountants or certified Corporate Accountants, or have equivalent qualifications, and should have a wide and varied experience in commerce or in public service. *Salary £4,000; again a* higher figure would be considered if warranted.

Applications, giving date of birth, education, qualifications and experience, *should be addressed* not later than 15th September to the Chairman-designate, Commission for the New Towns, c/o The Ministry of Housing and Local Government, Whitehall, S.W.1.

BP HAS a vacancy for a MALE STATISTICIAN in the Economics and Estimates *Branch of its Head Office* in London. The successful candidate for this position will work in a unit that is responsible for economic intelligence concerning the fuel *market and for the* prediction of the pattern of oil requirements throughout the world; he will be called upon to analyse the factors governing the demand for oil and energy, and therefore some experience in *business forecasting* is desirable. Applicants should be in their middle twenties and should possess a good degree in Economics with a genuine interest and *ability in Statistics.* In exceptional cases applications can be considered from men with little or no commercial experience. Salary according to age, qualifications and experience. Non-contributory Pension Fund. Assisted House Purchase scheme. Removal and settling-in allowances payable in certain cases. Luncheon club.—Write, quoting reference H.5639, to Box 6784, c/o Hanway House, Clark's Place, E.C.2.

D.S.I.R. Headquarters, London, W.C.1, invites applications for two posts *in Economics* Section. Duties: To take part in planning and executing studies of the research and development needs of industries or sectors of the national economy. Quals.: 1st or 2nd Class Hons. degree in Economics with at least 3 years' post-graduate experience either in industry or in research in industrial economics. A lively interest in technological development is desirable. Salary range: £1,402-£1,719. Application forms from Manager (PE3324), Ministry of Labour, Professional and Executive Register, Atlantic House, Farringdon Street, London, E.C.4. Closing date September 25th, 1961.

UNIVERSITY COLLEGE OF THE WEST INDIES

FACULTY OF AGRICULTURE
(IMPERIAL COLLEGE OF TROPICAL AGRICULTURE),
TRINIDAD, WEST INDIES

Applications are invited for:—

(i) Lectureship or Assistant Lectureship in AGRICULTURAL ECONOMICS;
(ii) Lectureship or Assistant Lectureship in FARM MANAGEMENT.

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The Wellcome Foundation Limited require for their Biological Control Laboratories a STATISTICIAN to take charge of their Statistical Unit at Dartford.

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Further details may be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

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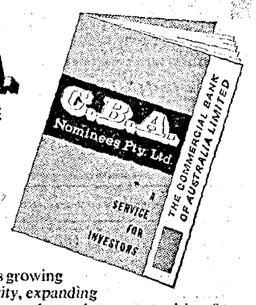
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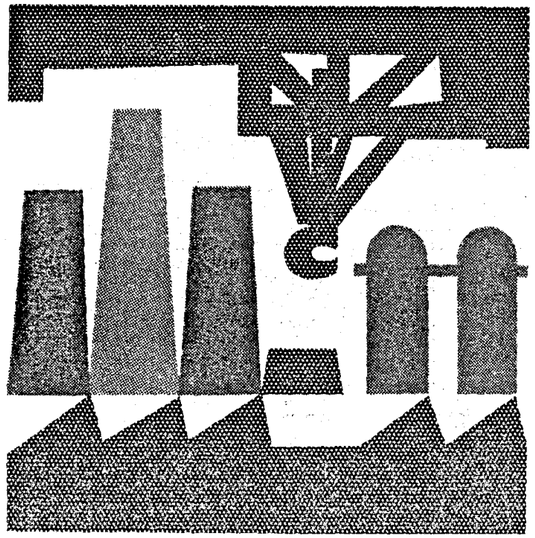


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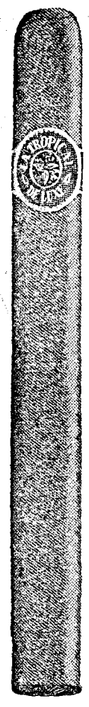
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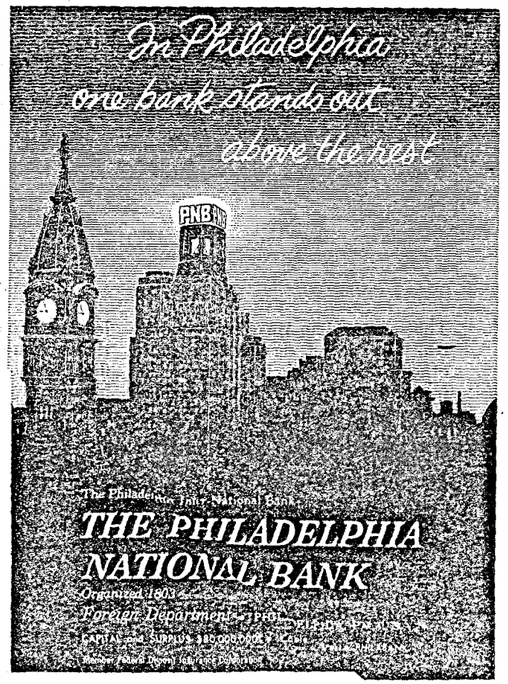
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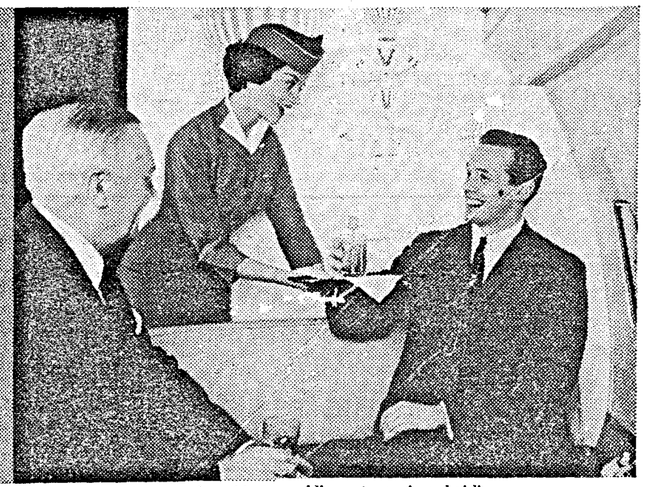


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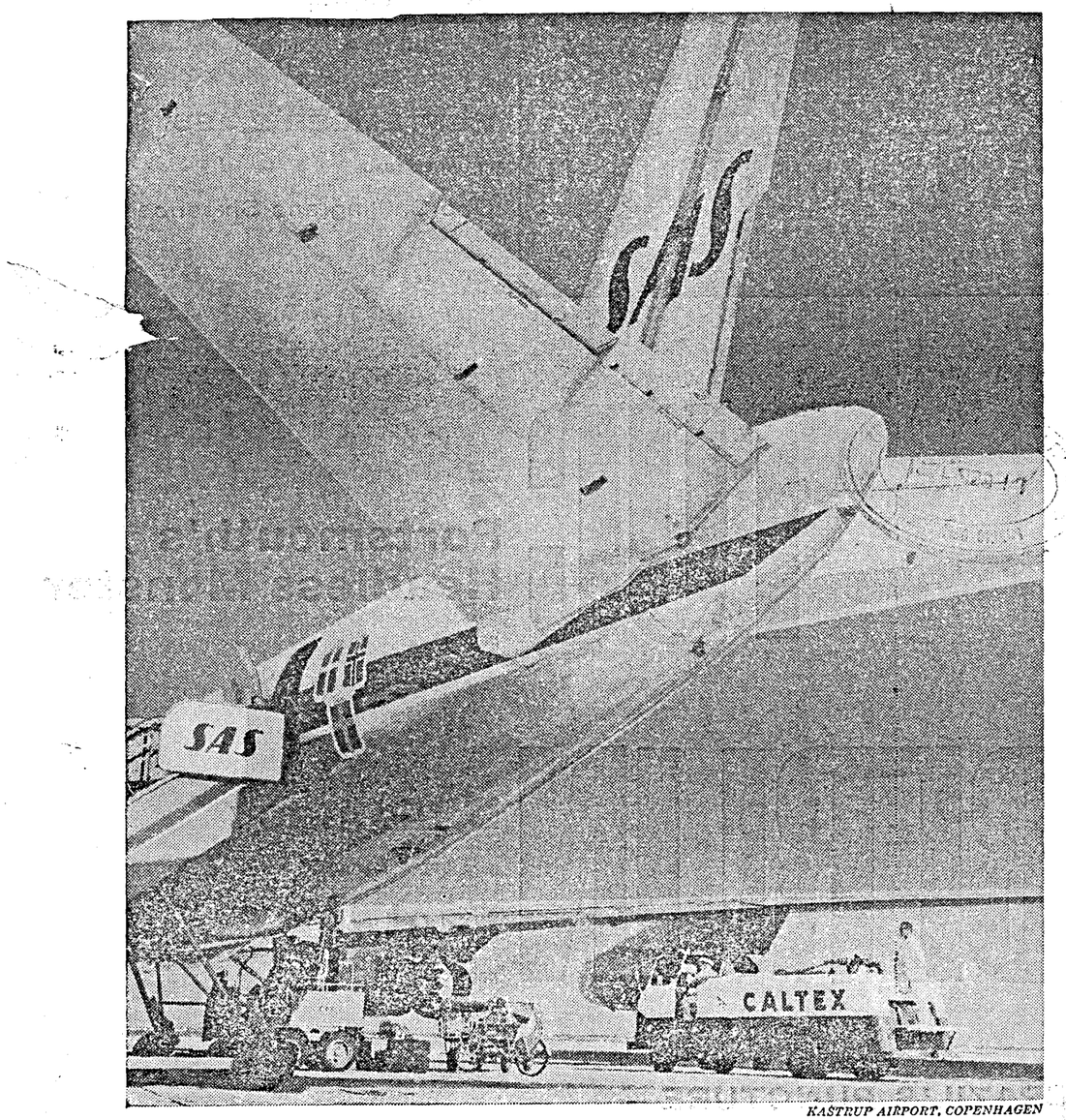
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INTERNATIONAL

B is for Black . . .

. . . like the Berlin outlook. The allies seem to be getting little nearer to negotiation with Russia over this crisis, but it is nearly certain that without negotiation things will get even worse (p. 849). Meanwhile, in the divided city itself, it seems clear that Berlin is now, or will shortly be, at Herr Ulbricht's undependable mercy (p. 883).

The Soviet decision to resume **Bomb** tests does nothing to brighten the scene (p. 855). US reservists and conscripts are being called to the colours (p. 879).

Senhor Quadros's resignation from the presidency of **Brazil** threatens not only the order of life there, but also the chances of achieving economic and social progress democratically throughout Latin America (p. 852).

C for Colonial Troubles

. . . still the problem in **Algeria,** whose government-in-exile has just been reshuffled in order to stiffen its attitude to the French and negotiation (p. 851).

. . . and in the **Rhodesias.** In the North, disturbances are sure to increase in default of concessions by the British Government to Mr Kaunda (p. 884); while in the South Sir Edgar Whitehead has given intimations of a cautious programme for African advancement (p. 887).

. . . and in **Portuguese Africa,** where Dr Salazar would like it to be thought that he has embarked on a programme for African advancement (p. 857).

. . . the verdict of the United Nations on France's conduct in **Tunisia:** a verdict the French must have foreseen and should have forestalled (p. 856).

N for Neutrals

The non-aligned rulers who are meeting at **Belgrade** had taken every care that their conference should be smooth and successful; but the Soviet decision to resume nuclear tests confronts them with an unexpected test (p. 855).

Among the non-aligned:—

India's unique standing is gratifying but somewhat burdensome to a big country with big problems (p. 855).

Cypriot prospects are not unhopeful, if the new republic can secure the respect of its citizens (p. 853).

L for Land

Mr Khrushchev can rejoice: **Russia** may have a bumper harvest ahead (p. 859).

Persia and **Iraq** are preoccupied with their land reform programmes (p. 887).

OK for USA

The American economy has recovered more quickly than was expected, so quickly that an explosive boom may not be far off (p. 873) unless there is a strike in the motor industry (p. 877).

Racial integration in southern schools is still a slow process, but massive resistance to it is collapsing gradually (p. 877).

But—President Kennedy has suffered two serious defeats in Congress this week—on long-term loans for under-developed areas and on federal aid for schools (p. 874).

AN for Other . . .

Spain: Britain has exported its caste-consciousness to the Costa Brava (p. 882).

Kuwait: The Arab League is doing its best not to fluff the operation of replacing British troops in the sheikhdom (p. 856).

Poland: Cardinal Wyszynski has a revived conflict with the communist state on his hands (p. 859).

HOME

Conservation of Energy

The Trades Union Congress at Portsmouth next week is likely to produce a superficial unity in condemnation of the Chancellor's pause; and to cover up disunity about other problems (apart from the ETU) by doing nothing about them (p. 850).

Who holds sterling? A new analysis and some conclusions (p. 889).

Atmospheric Pressure

The aircraft industry suffers from a rarification of managerial talent: the vacuum is all too often filled with the inert gas of retired air marshals (p. 891).

American plans to girdle the earth with a belt of copper needles in space have met with stiff opposition from astronomers and others and raise in addition a nice question of legality (p. 859).

Surface Tension

The *nostalgie de la boue* said to afflict new town residents should not be pandered to by artificial crowding: other factors than density are of more importance, if less simple of solution (p. 869).

The gulf between good British traffic engineering ideas and their miserly application may be narrowed by training; but belief in the ideas is the first essential step (p. 902). A possible failure in execution may well be the Tyne tunnel, a good idea delayed too long (p. 858).

The Republic of Ireland continues to lose people, despite a rising national income (p. 858).

The price of gold is moving in response to international tensions (p. 893).

Coefficient of Friction

Prison population is rising steadily, and with it overcrowding: and there is a disturbing fall in the rate of successful rehabilitations by borstal training (p. 856).

Much heat is being generated about high freight rates for Northern Irish goods: they are being over-blamed for industrial stagnation and unemployment (p. 870).

Detailed contents on page 849



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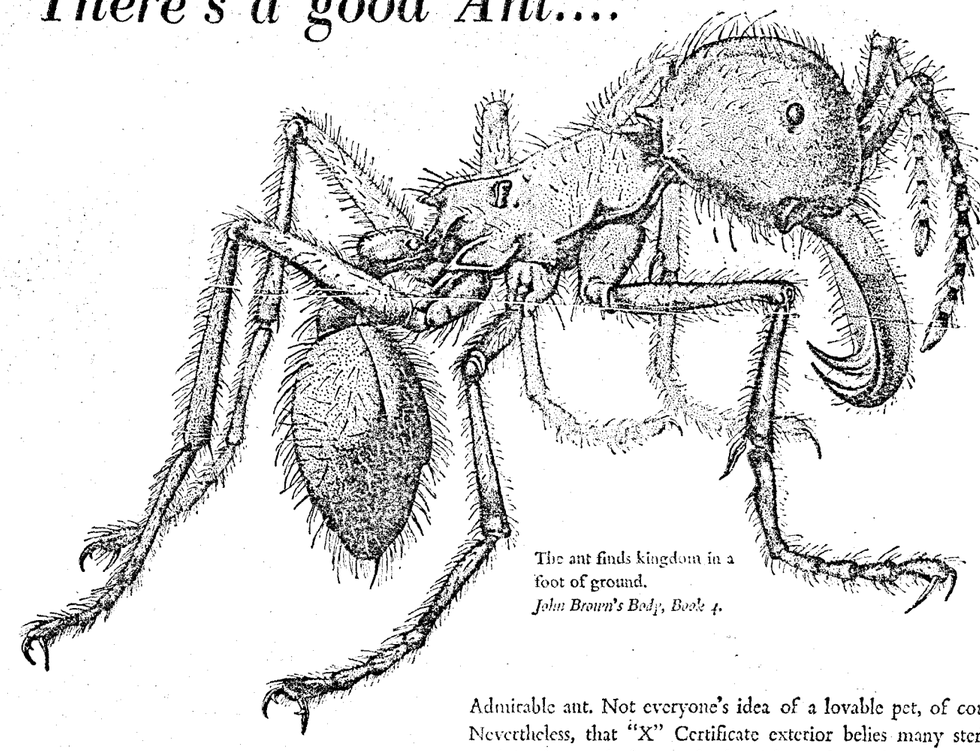
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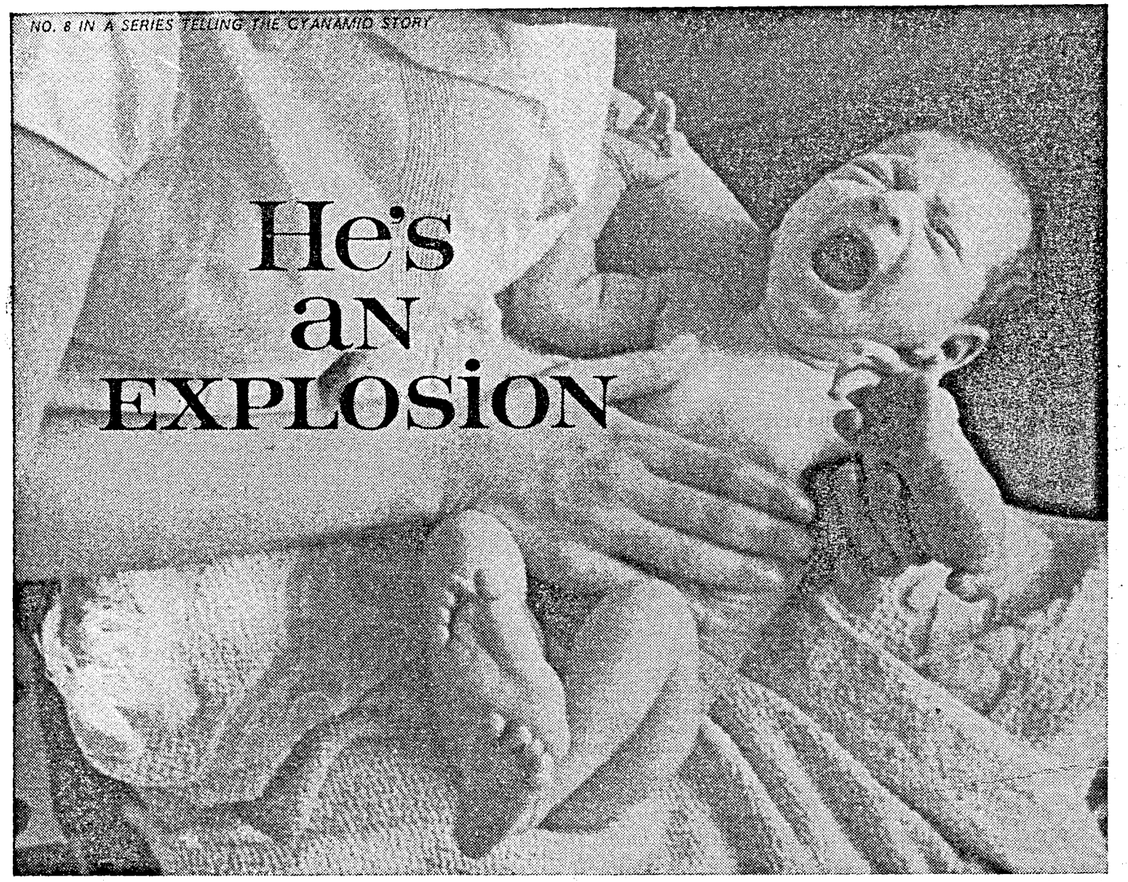
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The problem has been described by Dr. Robert White-Stevens, a British-born agricultural scientist and charter member of the Soil Conservation Society of America, as *"a desperate race between research and catastrophe (in which) we presently are by no means in the van. Four out of five people in this very day of science and so-called enlightenment die either directly or indirectly from starvation."*

Intensive farming aided by Cyanamid research and products is helping food production to keep pace with the population increase. Intensive farming brings the dangers of soil erosion, pests, fungus and livestock diseases that follow in the farmer's footsteps and destroy his work. As long ago as 1947 it was estimated that the losses due to crop pests in these islands accounted for the output of over 33,000 farms and nullified the work of more than 51,000 men. Even here the loss of crops through pests, diseases and weeds reaches £150 million a year. On livestock O.E.E.C. reported in 1952 "losses caused by livestock diseases in United Kingdom have been conservatively estimated at about £80 million per annum, and the bulk of this loss is believed to be ultimately preventable."

Much remains to be done; tomorrow may be too late. Science has shown how to make deserts bloom, how to grow two blades of grass where one grew before, how to keep pests and plagues at bay. Cyanamid, as one of the world's most advanced chemical and pharmaceutical companies contributes its share. Last year this company invested over £10 million on research. And more than that, Cyanamid scientists and technicians go out into the field—to test, to apply, to help the farmer make best use of safe new chemical tools in his efforts to grow more food and provide better nutrition. Food for Jimmy. For us. For our children and their children.

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The Economist

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Crabwise

NO one can say with assurance that negotiations will solve the problem of Berlin; Thursday's announcement of the Russian decision to resume nuclear tests casts further doubt on the possibility of rational discussion between East and West. What can be said, however, is that unless there are negotiations, the West will very soon face an even more difficult situation in Berlin than it faces now. The least that is likely to happen is that Mr Khrushchev will sign his separate peace treaty with the east Germans. The allies will thereupon either have to seek guarantees for the freedom of Berlin from Herr Ulbricht, or else be obliged to endure a period of dangerous uncertainty in which their presence in the city will rest on no agreement at all. The worst possibility is that the communists will proceed to interfere with western access to the city; the allies will then be confronted with the choice between surrender and war.

This near certainty that things will get worse if they are left to run makes it difficult to sympathise with the timidity of the allies' current approach to east-west talks. They have now dropped the idea, largely because of French resistance, of sending a written invitation to Russia to sit down at a conference. Instead, they have decided to send Mr Llewellyn Thompson, the American ambassador in Moscow, to "explore" the views of Mr Khrushchev. It is not clear, however, whether Mr Thompson has been empowered actually to propose negotiations; or whether, if he does suggest them and the Russians accept, the French will give their blessing to the idea when the western foreign ministers next meet on September 14th. It looks suspiciously as if the fundamental decision has been put off for at least another fortnight.

This crab-like approach might still, in the end, result in negotiations. But, even if it does, there is no indication that the allies have worked out what they are prepared to offer Mr Khrushchev in return for a communist guarantee of Berlin's freedom, if they can still get one. Reports from Washington suggest that the United States is still reluctant to offer any kind of recognition to the east German government, even *de facto*. Nor is it clear whether the Americans, whose decision in these matters carries most weight among the allies, are ready to modify the western position in Berlin in a way that might remove some of the present causes of communist irritation without removing the West's ability to protect the city against absorption by Herr Ulbricht. The result is that the Americans, although they are ready to talk the matter over with the Russians, seem to doubt whether the talking will do any good: a mood reflected, from a different quarter, in the report by our special correspondent in Berlin on page 883.

Obviously, negotiations will not be easy. But, now that President Kennedy has made up his mind in favour of an east-west meeting, he should also take two other decisions. The first is that there are limits to the extent to which the United States can be diverted from the course it wishes to follow by the opposition of one ally—at the moment, France. If necessary, methods are available by which the east-west conversation can be resumed between the United States and Russia alone; and why not? The second decision is that the West's interest in Berlin is not to harass the east German regime, but to preserve and protect west Berlin until such time as the city can resume its all-German function. Ideas of using Berlin as a weapon to weaken, expose, or humiliate the communist system in eastern Europe have already distracted too much attention from this more modest, but far more useful, objective.

Portsmouth's Headless Monster

FOR the Trades Union Congress, 1961 is scheduled to be the year of the expulsion of the Electrical Trades Union. The thousand-odd delegates will be asked, as proceedings open at Portsmouth next Monday, to make this formal sacrifice in the name of their movement's good reputation; to the accompaniment of some loudly expressed protests and many genuinely felt regrets, they will do the deed. Such an exercise of real power—and such a break with the sacred tradition of solidarity—will be a strenuous enough event in itself for the TUC. The congress is then likely to relapse into the easiest form of torpor, and demonstrate a factitious unity by shouting unanimously for more pay.

To find a happy unity in opposition to the Chancellor will no doubt help the delegates to forget for the time being the embarrassments both of the ETU affair and of the period immediately ahead. It will also be supposed to help the leaders to unite behind them the vocal left-wingers who are so eager to proclaim that the ETU is being victimised for its leaders' communist sympathies; it is no accident that, of the union leaders who have published angry denunciations of the Chancellor, the non-communist Mr Byrne of the ETU has spoken with the loudest. But such an unthinking honeymoon will be irrelevant in every way. First, the decisions of the TUC have no effect at all on wage claims, which are the business of the individual unions and their various *ad hoc* alliances in different industries. Secondly, even the claims that groups of workers—the engineers, the railwaymen, the London busmen—have made, or are shortly to make, depend for their progress far more on tactics than on grand strategy. The railwaymen, for instance, have to decide whether to hustle their claim through the negotiating procedure and be ready for a showdown around Christmas time; or whether to let the solemn round of proposals and counter-proposals take its course, in the hope that by the time a climax is reached in March the Chancellor's "pause" may have melted away. At the moment it looks as if the railwaymen will opt for delay; it looks, too, as if Mr Cousins's action in hastily tabling yet another wage claim for his London busmen is designed merely to enable him to call any bus strike at the same time as any stoppage on the underground railways; one does not believe that he (any more than the engineers) is eager to give a lead by being the first to strike this time. But these are matters that will be debated in the executives of the different unions during the next few months. For TUC delegates to achieve the appearance of unity by displaying a wordy militance at Portsmouth will not have the least effect on events.

Such a display at Portsmouth could, however, have the soporific result of leading the delegates to forget the real problems that lie toughly on their plates. Unfortunately, the first of these is traditionally regarded as quite unsuitable for discussion in the emotional atmosphere of congress: it is the question of the real function of the TUC during the 51 weeks when it is not a licensed talking-shop. At present its employees carry out a certain amount of research, the results of which may or may not be useful to the constituent unions; it provides educational courses (and is this year trying to remodel its educational arrangements); it channels some money and help to unions abroad, especially in the developing Commonwealth, but so far in a way that has failed to gain it any real influence there. Once a month the general council meets and discusses the main questions of the day: an occasional dignified deputation to a Minister (and, during Mr Ted Hill's tenure of office, an occasional less dignified speech by the chairman) are the chief apparent activities between congresses. So jealous are the individual unions of their autonomy that nothing more ambitious is considered possible for the organisation that, ideally, should embody their collective power and wisdom.

For the rest, the TUC has a fine new building, an energetic new general secretary, a considerable (if still inadequate) revenue, and a traditional *entrée* to Downing Street to make its views known there. But one cannot recall a single instance in the last decade when it has used this *entrée* to make itself a pressure group for any remotely imaginative or even relevant new departures of policy. The general council has regarded itself as an executive, not as a body of leaders. Its published documents give the impression that they have been designed to ensure the maximum number of signatures at the bottom of a piece of paper—surely the most effective way ever devised of preventing hard thinking. Having never tried to exert leadership, the general council rather prides itself on the fact that it has not looked quite so fratricidal a body as, say, Labour's national executive has sometimes done. But this is because there never is much sign of opposition when there is also no semblance of government. If they are ever to set up in business as an effective general staff for the trade union movement, the general councillors will have to demean themselves to the making of nice calculations about the probable fall of the block votes; they will have to play politics among themselves; and they will not like it. But this is the only way in which the trade union movement can be given the lead which it so sorely needs.

THE question that the top union leaders should be asking themselves at Portsmouth, in the intervals of their ritual denunciations of Mr Lloyd and their sorties against German troops in Wales, is how they can set about endowing their movement with an effective leadership. The first need must be to strengthen the prestige of the Congress House bureaucracy, which would have so large a part to play in carrying out such a design. Perhaps the most useful of all the jobs that the TUC staff could do would be to set about educating their own masters. To organise courses for shop stewards or to pay for terms at Oxford for bright young union officials is a most useful activity; but it often seems that enlightenment is most sorely needed at the very top of the trade union ladder.

Overworked, uninstructed and underpaid, many union leaders have simply never thought out how they might serve their members in ways other than asking for more pay. Pensions, incentive payments, paid holidays or seniority bonuses play an extraordinarily small part in the deals made by most British union negotiators. The unions' own demarcation disputes cost workers hundreds of thousands of pounds in wages a year, but everybody at the TUC turns a pretty blind eye to this problem. At a time when car manufacturers, textile mills and (in Portsmouth itself) aircraft firms are announcing that they will have to lay men off, it is remarkable that a body like the Amalgamated Engineering Union should have no policy at all for handling sackings and severance pay and helping members to find new jobs.

This last, surely, is just the kind of topic on which a study by the TUC's research staff of practice abroad could be of great use—and there are many such. The TUC need not make itself unpopular by pointing out the deficiencies of those on whom it depends for support, but by disseminating information and tactful advice on such problems, its staff could build up influence with the unions. The Congress House staff is particularly proud of its pamphlet "The Uses of Radiations in Industry" that it brought out this year. Such publications could surely deal with subjects directly concerned with the job of negotiator and leader of men in industry.

Nor need the provision of such purely technical services interfere with the trade union leaders' favourite occupation of dabbling in Labour politics. On the contrary, it would help in it. One of the most ridiculous paradoxes about Labour's dreary series of policy documents in recent years has been that the dreariest parts of them have been those concerned with problems of trade union organisation and reform; wherever such problems have been touched upon, a drafting group of trade unionists has hastened to insert a phrase, after a semicolon, saying that all such problems must be assumed not to exist. On one industrial topic, it is true, there has this year been a glint of better things. While the Labour party itself has been so dilatory in forming a policy about the European common market, a supplement to the TUC general council's new annual report, which will be debated at the congress next week, comes down decisively in favour of the Government's action in opening negotiations with the Rome treaty countries. But it remains to be seen whether this will be pressed; cynics will say that it would be more in accordance with the TUC's recent traditions if the general council were first to secure acceptance of its report, and then to accept also one of the four motions on the Portsmouth agenda which in effect says precisely the opposite, and so once more face both ways.

The Portsmouth congress, however, will have to be judged not mainly on the outcome of public debates, but on the mood that begins to emerge there among the leaders of the big unions, now that Mr Woodcock is making his first appearance in the general secretary's seat. That he himself recognises the need for a more purposive and effectual leadership for the TUC is not in doubt: his handling of the lamentable business of the ETU has shown that he can be firm. What is still in doubt is his power to carry with him the senior—and in some cases mutually antipathetic—men who make up the general council. The name of the TUC, and of all the unions connected with it, is at present too firmly connected in the public mind with muddle, delay and ineffectualness for improvement to come quickly or easily. But the task of screwing a head back onto the headless monster that the TUC has become must be undertaken quickly, if the leadership of the British trade union movement is to be rescued from its present status of being at worst a national obstruction and at best an international joke.

Algeria Goes Militant

Disillusioned with negotiation, the Algerian rebels have given themselves tough new leaders

WHEN the Algerian nationalists feel the need to take far-reaching decisions, they call a meeting of the National Council of the Algerian Revolution, remove themselves from talkative Tunis to silent Tripoli, and confer in a secrecy that recalls the Kremlin or a conclave of cardinals. Last Sunday the political leaders, guerrillas and civilian organisers who constitute the council emerged from their deliberations and announced a reshuffle of the "provisional government of the Algerian republic" (GPRA). The reshuffle is far-reaching and probably means what it appears, at first sight, to mean: a victory for the advocates of war to the bitter end, and the acceptance of Chinese communist aid without limits.

No other inference can easily be drawn from the replacement of Mr Ferhat Abbas by Mr ben Khedda as head of the GPRA; Mr ben Khedda, formerly minister of social affairs, was dropped from the provisional government eighteen months ago after a similar meeting of the national council, for having, it is thought, opposed negotiations with the French. A few months earlier, he had led the first GPRA mission to Peking, where he had secured Chinese promises—since fulfilled—of arms and technical assistance, including tactical training.

In a movement that is extremist by definition one should beware of such a label as "moderate." There is general agreement, however, that it fitted Mr Abbas well, as did the adjective "bourgeois," whether in its traditional or Marxist connotations. Congenial and "Mediterranean," the former head of the GPRA was a standing reassurance to the more prosperous Muslims of Algeria, as well as to the more reasonable and less vocal Europeans, against too sudden or violent a revolutionary break with *l'Algérie de papa*. His name, moreover, came readily to the lips of demonstrating Muslims in the Casbah. Now he has gone, and so has his brother-in-law and fellow moderate, Dr Francis, the finance minister; and the almost unknown Marxist doctrinaire and committeeman who now heads the provisional government will replace them both, for Mr ben Khedda has taken both jobs.

The other changes are more subtle and harder to analyse. Another relatively obscure figure, Mr Saad Dahlab, becomes foreign minister. At 41, he is the same age as the new prime minister (Mr Abbas and Dr Francis are older). Mr Dahlab, however, is a man of very different stamp: a warm and attractive personality, he impressed those who met him during the recent abortive Franco-Algerian talks at Evian and the Chateau de Lugrin with his reasonableness as well as his firmness. And indeed, he played a leading part in these disappointing exchanges.

Mr Dahlab displaces Mr Belkacem Krim, hitherto regarded as the "strong man" of the Algerian revolution. At first sight, this seems to indicate that Mr Krim's power is waning;

but deeper consideration belies this impression. Mr Dahlab, a protégé of Mr Krim's, had been running the foreign ministry as its secretary-general and his promotion is a natural reward for ability. Mr Krim apparently remains responsible for the military direction of the war—the Tripoli announcements said nothing about the supreme war council which he directs ; and he takes over the portfolio of the interior, for which his talents are better suited than diplomacy, from another member of the war council, Mr ben Tobbal, who is demoted to minister of state (with four others). Moreover, Mr Krim remains a deputy prime minister, together with the absent leader, Mr ben Bella, still in French hands.

Since it had been assumed in some quarters that the collapse of the peace talks would mean the removal of Mr Krim and Mr Dahlab, the retention of the one and the promotion of the other may be taken as a token of appreciation of their firmness in resisting the French demand that the Sahara question, and Algerian self-determination, should be treated separately.

As if to underline the point, Mr Dahlab told a Cairo newspaper on Monday that the new GPRA did not object to resuming negotiations with the French, on the basis of French territory and the unity of the Algerian people. In sum, then, the militant new team intends to fight on until it gets the terms it wants: independence for all Algeria, without a special status for Europeans, and with sovereignty over the Sahara. There may be various stages on the way—thus, the French may withdraw to a coastal redoubt, leaving the Arabs to press their remaining claims as a sovereign but unsatisfied government controlling part of Algeria. But, so long as the new team remains in charge, peace will not be bought by anything less than complete French withdrawal.

Brazil's Puncture

President Quadros has taken a cue from Groucho Marx (not Karl) ; but his sudden exit is a bad joke for the Brazilians



Quadros: Bravado



Lacerda: Pronunciamento



Goulart: Gaucho

PRECISELY one week after the American republics ceremonially launched their Alliance for Progress, Sr Jânio Quadros smashed an exasperated fist through the programme's rose-coloured windows. He resigned on August 25th after half a year as president of Brazil, claiming that he felt himself crushed by the " terrible forces " of reaction. The story of his explosive departure is tangled with personal threads of feuds, ambitions and, possibly, his own ill-health. It has much broader significance. The economic alliance, according to the declaration of Punta del Este, is based on the principle that " free men working through the institution of representative democracy can best satisfy man's aspirations." Sr Quadros, who was one of the very few Latin American leaders energetically trying to put the ideals of the alliance into practice, has made it perfectly plain that he cannot, or will not, work through Brazil's democratic institutions.

If, as may well be, he is gambling on eventually being summoned back to save the country from civil strife, his recall to power would certainly be on less democratic terms. Because of the country's size, enormous potential wealth, cultural impetus, and momentum and energy in development, Brazil's future is bound to have a profound influence on all its neighbours. What happens next may provide an answer of sorts to the question that underlies all serious discussion on social reform in Latin America ; can the present political structures be moulded to accommodate fundamental social change, or do the reforms to which men aspire, and democracy as practised in Latin America, confront one another incompatibly ? It seems dismally likely that Sr Quadros's decision to throw in his hand will have punctured some of Latin America's chances for democratic, self-generating change.

The Brazilian leader had to battle, with a congress whose members are as adept as they are in most Latin American parliaments at finding ways to block legislation that might touch their own or their friends' pockets. He had no political party behind him. But Sr Quadros, who sometimes looks a bit like Groucho Marx, also shows a flash of the master's genius. The civil service was cut down by a new rule that everybody on the payroll should turn up for a full day's work. The rich rather than the poor began to be taxed because the tax collectors, given a cut of what they roped in, found it worth while to go for the larger incomes. Smuggling was checked, and exchange rackets collapsed with the end of the special export rates. The graft that strangles some of the ministries and social security institutions had at least begun to be unwound. Consumer subsidies were reduced, and a plan was introduced to improve the quality of Brazil's coffee exports. An extensive programme for reforming the feudal system of land tenure in the parched and blighted lands of the north-east was in the air. All this, and much more, seems a vigorous enough start for so short a time, and makes nonsense of the president's confessed discouragement. But evidently he had come to find the hounding from the Right, and to a lesser extent from the Left as well, intolerable.

Of all his adversaries, the most ferocious and the most formidable was Sr Carlos Lacerda, the governor of the state of Guanabara, formed out of what had been the federal district when the capital was moved inland. Governor Lacerda is a man of strong personal ambition with a reputation as a breaker of presidents. The exposure of a scandal in a Rio newspaper, controlled by Sr Lacerda, is commonly believed to have led to the suicide of President Vargas seven years ago. President Kubitschek managed to survive his virulent opposition. Sr Lacerda's friendship for President Quadros, once seemingly warm, froze to the point of publicly accusing the president of scheming to send congress into recess and to govern by decree (an accusation which many European rulers have borne with equanimity). That Sr Quadros was angling to increase his freedom of action seems undeniable ; in other circumstances such an idea might even have had Sr Lacerda's support.

The governor's second line of attack was the president's contacts with the communist world and, in particular, his championship of Cuba. Brazil's shuffle towards a neutral foreign policy was signposted by economic good sense, but has sometimes been sent stumbling by Sr Quadros's own brand of political bravado. The barter agreements with the Soviet Union and eastern Europe are evidence of a sensible trading policy to which nobody, including the United States, now takes real objection. This flicker of so-called neutralism has not prevented Sr Quadros from raising $200 million in new or extended credits, mainly from the United States, or from making conditions for private investment easier and more tempting. The president's commitment to support China's application for a seat in the United Nations was, from the American point of view, treading closer to forbidden ground. His belief that Cuba should, in friendly fashion, be steered away from its direct dependence on the Soviet Union to a respectable place among the uncommitted is, except to fanatics or Cuban exiles, unexceptionable. On the other hand, his decision a couple of weeks ago to decorate Major Guevara with a high award was a characteristic piece of bravado, on a par with his off-hand treatment of certain western statesmen. For some members of Brazil's armed services, as well as for the watchful Sr Lacerda, it may have been a straw too many.

As Sr Quadros travels by boat to England, probably with the intention of once again seeking treatment for his eyes, the dilemma in which he has left his right-wing assailants may give him a Marxian pleasure. (The reference is to Groucho, not Karl.) In an atmosphere marked by tension, bewilderment and press censorship, Brazil's military leaders are looking for a way of changing the constitution in order to prevent the succession of the left-wing vice-president, João Goulart. The typically Brazilian inspiration of allowing Sr Goulart to assume office but taking all his powers away, thought up by a congressional committee, is worthy of Groucho himself. It is unlikely to appeal to the vice-president, who, hurrying back from the Far East where he had been thoughtfully dispatched by Sr Quadros, is now hovering just outside Brazil. Sr Quadros and Sr Goulart were on opposite sides at the election, and their relations since have not been happy for either.

Sr Goulart is an heir of the Vargas regime, and like the strong man himself comes from the cattle country of Rio Grande do Sul. He is strongly supported in his own state and among the trade unions, in whose interests he laboured throughout the Kubitschek administration, notwithstanding the respectable personal fortune that he amassed. He has shown that he would go further and faster than Sr Quadros in his relations with the communist world ; on the other hand, he has not so far evinced much imagination or courage in his attitude to basic social reforms, and his labours have been on behalf of the urban worker only.

The army, which traditionally has been at odds with the navy and air force, is now threatened by a mutiny from its own forces in Rio Grande do Sul state ; their leaders support Sr Goulart. Three generals were dismissed on Wednesday. The service chiefs are handling a gigantic and sizzling firework. Without a sense of national purposes, the Estados Unidos do Brasil is bound to be in danger of exploding into striving fragments. Neither the trade unions nor the cowboys of Rio Grande do Sul are likely to accept quietly the stampeding of Sr Goulart's constitutional rights. The peasant leagues in the north-east might have put their trust in Sr Quadros ; now there is one force less to stand against their control by the communists. The federal army, if it manages to keep together, is strong enough to suppress local revolts, but at the cost of interrupting any serious national progress.

Sr Quadros planned on a lordly scale ; his temperamental reluctance to compromise threatens the unfinished achievements of his predecessor and the infancy of his own new order. At best, the next phase cannot be much more than a salvage operation ; at worst, it could be a partial wreck. Brazil's revolution of rising expectations has battered itself against the barrier of congress, the inflexible well-off, the ambitious and the opportunists. If, in time to come, Sr Quadros is called back, the revolution may be saved, but, it seems, at the expense of the democratic principles of the all-American alliance.



Cypriot Anniversary

Having won its independence, the Cyprus Republic is struggling to establish its identity

NOT unconvivial by nature, the Cypriots still did not feel moved to celebrate the first anniversary of their republic, which passed them by on August 16th, except in the most official and restrained way. This may be sad, but it is not surprising. Unlike most of the new countries born in recent years, the Cyprus republic was unwanted by many of those who belong to it, and it has not yet acquired enough of a personality to inspire them, whether Greek or Turk, with loyalty and enthusiasm. But only the more prodigious of infant prodigies can claim a marked personality on their first birthday. It is something to have survived at all.

During its first year, the Cyprus republic has depended very much on the purely negative fact that it would cause too many people too much trouble if the settlement hammered out in Zurich and London were to break down. The Greek and Turkish governments have plenty of other things on their minds, and Cypriot malcontents must know that they cannot

look for support in Athens or Ankara. In any case, at present most Cypriots do not want the settlement to break down, if only because no other peaceful alternative is at present apparent. On this negative basis, Cyprus has at any rate established its identity on the world stage. It has been admitted to the Commonwealth (and relations with the British in the sovereign bases have been far better than anyone dared to hope). It has become a member of the United Nations, has been invited to the neutrals' conference which opened in Belgrade on Friday, and is about to join the World Bank.

All this is fine as far as it goes—provided, however, that the new republic not merely survives, but thrives. This will depend first on whether the two communities can learn to co-operate as Cypriots, and not just co-exist as Greeks and Turks; and, secondly, on whether the government can persuade the ordinary Cypriot that he himself has a real stake in the future of the republic. He is in fact better off than anyone in the eastern Mediterranean, except the Israelis, but this will weigh little with him if, under the new dispensation, jobs become scarcer and his purse emptier.

An excellent example of co-operation between Greek and Turk has been set right at the top by President Makarios and his Turkish vice-president, Dr Kutchuk; their amity has been marred only by Dr Kutchuk's disapproval of the archbishop's policy of "uncommitted neutrality." Unfortunately, the provisions of the Zurich settlement tend to separate rather than unite the two communities. It may have been essential at the time to spell out the rights and position of the Turkish minority in order to get any settlement at all. But the carrying out of some of these provisions is proving lengthy, difficult and divisive. The detailed arrangements for setting up a separate Turkish municipality in each of the five main towns are still being argued over—not surprisingly, in view of the practical difficulties involved. The provision that 30 per cent of the posts in the civil service must be filled by Turks (18 per cent of the population) bristles with practical difficulties too; it is proving hard to find enough qualified Turks to fill the Turkish quota. Naturally enough, if unreasonably, the Turks are dissatisfied; while the Greeks, although instructed by Archbishop Makarios to do their best to carry out this provision, are irked by its—as it seems to them—illogicality.

If, however, one considers how suspicious and divided the two communities were less than two years ago, one may perhaps conclude that their new essay in partnership might have got off to a much worse start; on the whole, both Greeks and Turks have shown a real desire not to rock the boat too violently. Much now depends on the island's economic fortunes, above all on whether the government can arrest the steady post-independence drift towards greater unemployment and under-employment. The five-year development plan outlined by Archbishop Makarios on August 21st is even more ambitious (and expensive) than the proposals of last year's United Nations mission upon which it is based. Out of a total expenditure of over £62 million, more than £24 million is to be spent on the development of agriculture, in particular of water resources; drought is the Cypriot farmer's most constant and implacable enemy. The archbishop also announced that government land would be distributed to the farmers, and fragmented holdings consolidated. Agriculture is, as the archbishop said, the backbone of the Cypriot economy. If by these and other measures it can be made more prosperous and productive, the economy of the whole island will be put on a much better footing, and a cause of much underemployment will be at least partly removed. Other major items of expenditure announced by Archbishop Makarios were £11 million for harbour development, particularly at Limassol, and £10.5 million for electrification.

The task of raising enough money to carry out the plan is formidable. Archbishop Makarios hopes to finance half of it from foreign, half from internal sources. So far the Cypriots have been rather disappointed in their hopes of foreign financial help; the British have paid up promptly what they had promised (a modestly generous grant of over £5½ million in the first year of independence), but have not been able to oblige with more. The prospects, however, look rosier since the archbishop announced last week that the World Bank was sending a mission to the island in October, and that it was ready to sponsor a consortium (to which the United States and west Germany will almost certainly belong) which would sponsor development projects in Cyprus. Such an international demonstration of willingness to help Cyprus financially should have a steadying and beneficial effect on the island's economy. It should stimulate private investment, encourage the repatriation of Cypriot capital from abroad, and help to reconcile people to the temporary austerities that may follow if the government makes the promised effort to lessen the ever-widening gap between imports and exports. All the same, the government has a stiff task ahead of it.

Archbishop Makarios, however, evidently considers that his feet are firmly planted on the ground. He told the Cypriots last week that many of them had expected too much too soon from the new republic and that he could not promise them more than he could perform. He knows perfectly well that broken promises and hope deferred make splendid propaganda material for the Cypriot communists. These, in the past year, have adroitly exploited for their own purposes the underlying dissatisfaction with the Zurich settlement, communal irritations, the latent antagonism over the British bases, and all the discontent created by economic difficulties. A danger does exist that, if the new republic cannot make good in the eyes of its own people within the next few years, the communists may score heavily at the next elections. Archbishop Makarios does not need to be told this. His speech to the House of Representatives shows that after the cautious and circumspect policies quite rightly pursued over the past year, he now intends to move forward in a more positive way. No doubt he will provide the communists with plenty of opportunities for sniping. What can be hoped is that he will also provide the majority of his people, both Greeks and Turks, with a clearer picture of what their new republic has to offer them.

RETAIL BUSINESS SURVEYS
Prepared jointly by The Economist Intelligence Unit Ltd. and Mass-Observation Ltd.
SELF SERVICE
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NOTES OF THE WEEK

NUCLEAR DIPLOMACY

Bang

In deciding to resume nuclear tests, Mr Khrushchev has revealed a major change in the tactics of Russian foreign policy. The deference to world opinion which led Russia (along with the United States and Britain) to suspend these tests in 1958 could not have been more spectacularly abandoned than by making this announcement on the day before the conference of neutral leaders opened in Belgrade, and only three weeks before the General Assembly of the United Nations meets in New York. The point is rubbed home by the emphasis Mr Khrushchev puts on the perfection of "super-powerful nuclear bombs" with yields of up to 100 megatons—which are most likely to be tested in the atmosphere, not underground, and will therefore renew the universally detested fall-out of radioactive matter.

Unless the Russians have already carried out some clandestine tests (a couple of suspicious underground disturbances have been noted inside Russia in the last few days) and are now brazening the matter out before they are accused of cheating, there can be only one explanation for this extraordinary timing. It is fair to assume that Mr Khrushchev, like Mr Kennedy, has long been under pressure from his atomic enthusiasts to let them start exploding again. Perhaps, in giving way to their pressure now, he hopes that his decision will scare the wits out of the West (and everyone else) in the forthcoming test of wills over Berlin.

The United States and Britain can reflect that they were right not to abandon the nuclear test talks in Geneva earlier this summer and resume their own experiments, as many people urged them to. Had they done so, they would have attracted the odium that is now Mr Khrushchev's. But that is the only comforting thought in the matter. The east-west competition in testing will now begin again. More competitors will presumably join in the race; the hope of limiting the number of nuclear powers has had a further, perhaps decisive, setback. Above all, Mr Khrushchev now seems to have concluded that it is more fruitful to intimidate than to reason. This explains his emphasis on testing multi-megaton bombs, the military usefulness of which is only marginal; existing bombs, which can already be delivered with depressing accuracy, are big enough to destroy the biggest target.

There is no need to conclude that Mr Khrushchev has decided these new weapons will have to be used. The tests he is about to hold may or may not have added to the Soviet armoury by the time the Berlin crisis looks like coming to a head. But, by making this week's announcement, he is plainly giving the attempt to frighten people priority over the attempt to talk to them calmly—even if this loses him popularity in the neutral world. Mr Khrushchev showed in the United Nations last year that he likes to make people jump by banging tables; he is now seeking the same effect by banging warheads.

BELGRADE CONFERENCE

Non-Aligned Rulers

Thus the heads of government of the non-aligned countries, now opening (September 1st) their conference at Belgrade, are face to face with a situation they cannot have bargained for. The road to Belgrade has been paved by a whole series of less exalted consultations, designed to avoid such predicaments. None of the kings, presidents and prime ministers taking part in the Belgrade meeting will have wanted to have to choose between publicly approving of some statement with embarrassing implications, and breaking ranks by refusing to join in a general approval. It will still be astonishing if the final statement of the conference proves to contain anything that could not have been pretty safely deduced from the draft agenda published as early as July.

As regards self-determination, racialism, and the ending of colonialism, the Belgrade governments can hardly speak out any less forcefully than they, with others, have already done in the United Nations Assembly and elsewhere. They are against nuclear tests; they are for general disarmament, peaceful co-existence, and economic arrangements favourable to underdeveloped nations. In principle, at least, they want United Nations resolutions to be respected; and they would like to enlarge African and Asian representation in various UN organs. In the backwash of the Bizerta affair their strictures on foreign military bases are likely to be strong. But how precise and practical a common denominator will they find if they try to "narrow down the area of block conflicts," the Jugoslav foreign minister's definition of their chief aim?

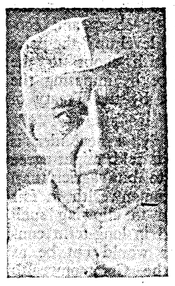
It is one thing to urge negotiation and compromise; quite another to grapple with the substance of the Berlin conflict, disarmament, or the problems posed by nuclear weapon tests, and to lean one's whole weight in the direction that the general interest requires. There will be disappointment, but no surprise, if the heads of government assembled in Belgrade opt for discretion and generalities in such burning matters as these.

INDIA

Embarrassed Giant

India's pre-eminence among the Belgrade participants is almost embarrassing. Mr Nehru speaks for as many people as all the other heads of government combined. India is more sophisticated in international life than most of the other states represented at the conference; its support, on any issue, is particularly prized; its voice rings loud. Mr Nehru's *obiter dicta* on the Berlin question have fluttered both American and Soviet dovecotes, though a second reading of what he actually said has brought some reassurance, at least, to the West. In some eyes, he is already cast in the somewhat thankless role of the regulator of the Belgrade conference's brasher impulses.

It should not be forgotten that India is also one of the few countries taking part in the conference whose governments are exposed to the criticisms of an unfettered press and parliamentary opposition. One form that criticism has lately been taking is a quite natural doubt about the wisdom of India allowing itself to be drawn into so many international issues. India has come to play a key part in the UN operation in the Congo; its involvement in Laos is far from an end; it is almost automatically co-opted to membership of any new international team created for any purpose. The shouldering of these loads is not made easier by the domestic agitations that still plague Indian life. The country's linguistic and religious diversity makes endless opportunities for splinter groups, and recurring trouble for the central government. On top of the recent language conflict in Assam, there has now come Master Tara Singh's most determined bid yet for a new division of the Punjab. The Sikh community is by no means solidly behind "Masterji" in his demands, though his unadmitted aim is clearly to carve off a new state dominated by Sikhs;



and the political fast is by now a weapon blunted by indiscriminate use. But it was an additional complication for Mr Nehru to have to leave while the Akali leader lay near to a self-inflicted death in the Golden Temple at Amritsar.

BRITAIN AND EUROPE

Who Pays for Food?

THE airways have been full in the last three weeks of more-or-less unofficial emissaries from various interests in the Commonwealth, making the grand tour of Europe to report on whether success is likely to attend Britain's negotiations with the common market. The general consensus of opinion seems to be that success *is about 80 per cent likely; but some of* the "possible terms" that are beginning to be discussed look much more satisfying to Commonwealth interests than they would do to Britain's negotiators. This is especially true of suggestions that Britain's entry into the EEC might be met by the formation of some sort of Commonwealth agricultural exporting cartel.

The white dominions' most basic economic interest in the whole common market wrangle is that they should continue to be able to sell their agricultural products in Britain. Continental Europe's main agricultural requirement is that food prices in Britain should go up, so that continental countries may have some chance of selling their own higher cost products here. As far as sales of British farm products on the British market are concerned, the implications of this price mark-up have been accepted by Whitehall: they would mean that the British farmer would henceforth be subsidised by the consumer instead of by the taxpayer. But as far as imports of things like New Zealand butter are concerned, Britain's idea has presumably been that it should continue to buy this from the New Zealanders at their cheap and economic price; and then "level up" the price of that butter in British shops to the standard European price by imposing the import levies suggested by the Treaty of Rome.

Now, almost inevitably, a new idea is creeping in. Europe, it is said, might agree to Britain continuing to buy agricultural products from the Commonwealth in fair amounts, perhaps even to allowing such amounts to be specified in long-term contracts. These amounts would not be as large as those that the Commonwealth countries have been shipping here hitherto, but they would be sold in British shops at higher prices. If Australia, New Zealand, Canada and others got together in an export cartel, they might therefore be in a good position to screw up their selling prices to Britain; to divert into their own pockets money that would otherwise be taken by import levies; and to make a very good thing out of the common market by getting just as big a food cheque from Britain, albeit for smaller total sales. Britain's objection to this is obvious: under certain rather gloomy assumptions, if an export cartel managed to push up all Britain's buying prices for overseas food to a level in line with European target prices, the effect could theoretically be to raise Britain's import bill by £300 million or £400 million a year.

Clearly, Britain would not wear this system in full; but one suspects that, as the common market negotiations proceed, quite a lot more is going to be heard about arguments started up by this line of thinking. On the one hand, it would offer a way of escape from the threatened political clash between Britain and the Commonwealth; on the other, it would raise economic implications for Britain that most definitely need to be watched.

TUNISIA

Waste of Friends

BY spurning the General Assembly's debate on Bizerta, the French government gave Tunisia a walk-over, and was painfully walked upon. The United Nations, scorned, can generate a feminine fury. By a late night count on August 25th Tunisia's case was won by 66 votes and not a dissenting whisper. The thirty abstentions, which included Britain and the United States, expressed a refusal to be associated with the wording of the Afro-Asian resolution, not with its meaning. The substance, the call for negotiations to bring about the withdrawal of French forces from Tunisia, was accepted almost universally. France lost some loving friends: clearly hating what they had to do, four Nato partners and eleven African protégés registered their critical votes. But what could have been expected when French delegates had formal instructions not only to keep away but to say nothing, even privately, even to their nearest friends?

General de Gaulle would have it that this showdown is of no account. The wiser way may be to allow him a cherished illusion. President Bourguiba has secured such a vote of international confidence that he can afford to meet the general in an international no-man's-land. This is now what is needed: an unrecriminatory interlude, divorced from the shadow of last week's General Assembly and that of its regular 16th session, looming up on September 19th. With that session hovers the threat that, if France makes no move, the issue will come up again for an even more damaging debate. The arguments are strong for an early attempt to negotiate, perhaps in two stages. The first would be for retirement to starting positions at Bizerta; the second would envisage France's complete withdrawal from Tunisia. The problem is to satisfy Mr Bourguiba that this withdrawal really will be the outcome if meanwhile he guarantees, not necessarily for ever, the lines of communication between one French enclave and another, thus permitting the French troops to retire to their positions of July 18th. Negotiating now from new strength, he could perhaps take some chances.

KUWAIT

Slow Motion

IT would little have been thought in July, when British troops pounded to Kuwait, that now, less than two months later, Britain would be straining to get out and urging the Arabs to come in. Yet thus has the picture changed. Britain needs more soldiers on the Rhine and can no longer easily spare its 2,500 in Kuwait. The promised joint Arab replacements—envisaged as 3,000 strong—are awaited impatiently.

But the Arab states attach more importance to not fumbling their operation than to making a punctual appearance. For lack of experience and of ready-made machinery, their preparations may look slow. The Arab League mission that has been touring the Arab capitals to obtain contributions to the force has met some resistance from governments who fear lest their soldiers should actually clash with the Iraqis. That the joint Arab force is designed to prevent armed clashes is an idea that seeps in slowly. So is the notion of working in unison. Up to now the assenting governments, apart from the United Arab Republic, appear to be the Sudan, Jordan, Tunisia (if not too preoccupied) and, naturally, Saudi Arabia. Cairo could send troops tomorrow but considers, with genuine principle, that the first contingents should be formed by at least three countries —thus symbolising Arab unity from the start.

PRISONS

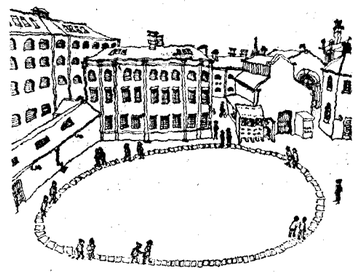
Higher and Higher

THE report of the prison commissioners for 1960 (Cmnd. 1467, 9s. 6d.) opens with the familiar and depressing statistics of a bigger than ever prison and borstal population (over 28,500 by mid-1961 with, at the end of 1960, over 7,000 men sleeping three in a cell); an inadequate staff to cope with them (the net gain in established men officers in the year was only 11); and the usual waste of resources on untried prisoners (27,824 untried prisoners altogether were received during 1960, and about 40 per cent of them were not subsequently sent to prison on conviction).

Of these totals, women account for only a tiny proportion. But in one field they are presenting the prison authorities with a small, but growing and difficult, problem.

During 1960, the report points out, the effects of the Street Offences Act became more obvious; 382 women were committed to Holloway last year under this Act, compared with 98 under the old legislation in the seven and a half months of 1959 before the new Act came into force. In prison these women are uncooperative, are reluctant to work, and any efforts at rehabilitating them are virtually useless since they fully intend to return to prostitution on their discharge. At the moment a prison sentence for these women is purely custodial—a sort of incident in their career which they may come to accept as philosophically as they accept the periodic payment of a fine. The prison commissioners are considering whether they should be treated as a special group in prison, with a special training devised for them.

The report also comments on the general drop in the success rates, measured by absence of reconviction, achieved by borstal



training for boys. All boys passing through reception centres after being sentenced to borstal are now classified according to prediction tables, drawn up to show whether a boy is a bad risk or not. It does seem, according to the report, that boys received for borstal training are, judged by these tables, a worse risk than those received in 1947. However, boys discharged in 1958 were born during the years 1936-40, and research has suggested that people born in these years (or rather between 1935 and 1942) were 8 to 9 per cent more likely to be convicted of offences than the general average for those born between 1925 and 1949. It may be, therefore, that these two factors—a bad risk group and a "delinquent generation"—are militating against the success of borstal training, rather than that the training itself has deteriorated.

TRAFALGAR SQUARE

Laws of Assembly

SINCE 1844 when the Ministry of Works became responsible for Trafalgar Square, it has usually been made available for any *bona fide* public gathering on Saturday afternoons or all day on Sundays. Now the Minister of Works has refused permission to Lord Russell's civil disobedience group to hold a public meeting there on Battle of Britain Sunday (September 17th), because Lord Russell has made it clear that an illegal demonstration in the form of a sit-down in Parliament Square is to follow. The minister's argument is that he cannot be expected to facilitate a declared intention of breaking the law.

Some of the protesters have said that the minister is hereby exceeding his legal rights. This is quite certainly wrong. Rights of assembly in London and elsewhere are not nearly as free as is sometimes supposed. Under the Metropolitan Police Act of 1839 (s.52) the commissioners of police have wide powers to regulate public processions and gatherings in London to avoid obstruction. In 1662 a statute forbad "tumultuous petitioning" of the King or Parliament, which it defined as the presentation of a petition by more than 10 persons. The Seditious Meetings Act of 1817 makes it an offence for more than 50 to meet within a mile of Westminster Hall while parliament is sitting in order to petition crown or parliament for any alteration in Church or State. Since 1936 it has been forbidden to wear any political uniform in public, and the same statute allows the police commissioner to regulate processions and apply to any local authority to have them forbidden altogether. Acts of 1908 and 1936 punish disorderly behaviour at public meetings. Under the Riot Act of 1714, twelve or more persons at an unlawful assembly become felons if they do not disperse within one hour of a justice of the peace ordering them to scatter.



"Bloody Sunday," 1887

These statutes apart, it is the common law offence of "unlawful assembly" to gather in numbers of three or more to carry out a purpose which is likely to involve violence or produce in the minds of rational and firm men a reasonable apprehension of violence. Admittedly, to assemble with the mere intention of acting illegally, although not violently, as in Lord Russell's case, does not constitute a misdemeanour (*Field v Receiver of Metropolitan Police* (1907) 2 K.B. 853 (TAC)). Admittedly, too—here the protesters have a point—the closing of Trafalgar Square has in the past increased rather than diminished violence. When the Democratic Federation was turned away from Trafalgar Square by the police in 1886, a mob marched up Pall Mall and broke the windows which were filled by jeering club members. Again on November 17, 1887, "Bloody Sunday," a serious riot ensued when a crowd assembled by the Federation, forbidden the use of the square, attempted to enter it (with Bernard Shaw and Annie Besant in among them) and were repelled by the police. The following year a working man was actually killed by the police in similar circumstances, and Morris wrote his "Ode to Linnell." Events on September 17th are likely to be less bloodstained.

PORTUGUESE AFRICA

Stitch In Time?

ALTHOUGH it has been stoutly denied, the Portuguese government's new measures for the "overseas provinces," announced on Tuesday, may reasonably be seen as its reaction to the rebellion in Angola and the threat of unrest in Mozambique. The proposed reforms cover a wide field, touching on political, social and economic arrangements; and they are announced in the name of complete equality of race, culture and religion. There will, it is stated, be no discrimination between the citizens of "Portugal"—the metropolitan area and the scattered empire—in any sphere, and it is hoped eventually to set up a Portuguese common market, breaking down the customs barriers between various Portuguese territories.

In concrete terms, these proposals consist of the repeal of the Natives' Statute, under which full Portuguese citizenship was granted only to those few Africans who had certain qualifications; the introduction of some degree of local self-government; the permitting of collective bargaining and collective wage agreements; and the abolition of some vexatious agricultural regulations. There have been hints of more benefits to follow.

These proposals are welcome, as far as they go; but they are to some extent nullified by the plan for encouraging extensive white settlement in Africa with which they are linked. This plan, first mentioned publicly by the minister for the army early in August, seems to have been conceived, at least in part, as a means of reinforcing the counter-terrorist campaign. The phrase "soldier-settler" was used, and the minister for overseas Portugal, when announcing the new programme, expressed the hope that soldiers now fighting in Angola would decide to make their homes there. These statements suggest that the fine words leave Dr Salazar's government as it was—committed to a policy of white supremacy as the only means of maintaining its rule. The insistence on a literacy qualification for the vote, even in a state where the vote counts for so little as it does in Portugal, makes it doubtful how much the abolition of the Natives' Statute will really mean: literacy is rare in Angola. Whether any mere reforms could induce the rebels to lay down their arms at this late date may, in any case, be doubted.

KENYA

Sweetness and Light

MR JOMO KENYATTA'S visit to Nairobi on August 25th, his first since his release, was a personal triumph in more senses than one. The welcoming crowds whose enthusiasm thrust aside police barriers and broke railings in efforts to get near the hero were not even the most concrete evidence of his prestige and influence. Attention has fixed, rather, on the agreement he has induced, at last, between the two political parties, the Kenya African Democratic Union and the larger Kenya African National Union. From now on they promise to work together, and with Mr Kenyatta, on a common programme for national independence. The terms of that programme have clearly been designed to reassure the sceptical, and particularly foreign investors, about Kenya's future ; and they seem to be having this effect.

The two parties' joint statement seems to have two principal aspects. In the first place, it offers a guarantee that all land titles already existing, "including tribal rights and property rights," will be "respected and safeguarded in the interests of the people of Kenya," and promises fair compensation for land "acquired by any future government for public purposes, e.g. schools, hospitals, etc." Mr Kenyatta's gloss on this was that it proved that independent Kenya would not have a "gangster government."

Secondly, the African leaders agreed on the tactics and timetable they propose to adopt in future. A coalition interim government is to be formed, with apparently something like an equal balance between the parties. The legal disability which at present prevents Mr Kenyatta from joining the legislative council should be lifted. A constitutional conference should be held in September, a general election at some unspecified date, and then, next February, Kenya will become independent. Various other proposals, concerning the Masai and the White Highlands and the coastal strip, were presented, with these, to the Governor on Tuesday, but they, though delicate, are obviously of less importance. The two essentials, which call for an early response from London, are Mr Kenyatta's status and the acceleration of the process of reaching independence.

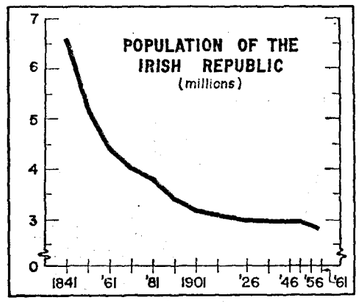
IRISH REPUBLIC

Peak Emigration

Our correspondent in Dublin writes :

THE results of the census taken last April show that the long decline in the Irish population is in a new and more violent phase. The population of the republic is put at 2,815,000 in 1961, compared with 2,898,000 in 1956 and 2,961,000 in 1951. Thus there has been a fall of 83,000 in the last five years, although births have exceeded deaths by 132,000 in that period. The estimated net emigration of 215,000 represents the highest rate for many decades.

The decline has been general all over the country. The only increases in population are in the areas around Dublin and some other towns. The decline is patently most severe in the west and north where the average annual rate of net emigration amounts to 18 per 1,000 in Connacht and 21 in the republic's three counties of



Ulster. This is the area in which, for a half century and more, the loss of population has been heaviest. The root cause seems to be that the system of small farms worked by unpaid family labour has broken down. Since the war, the younger brothers and sisters have discovered the attraction of jobs of their own ; and jobs have been very easy to find in England. It is fairly certain that the bulk of the emigration comes from the category known to the census as "farmers' relatives assisting." In addition, the small farm (however worked) has been under severe pressure. It predominates in the least fertile parts of the country, in the west and north. It depends largely on pigs, poultry and eggs —commodities which cannot now be easily or profitably sold in the traditional British market.

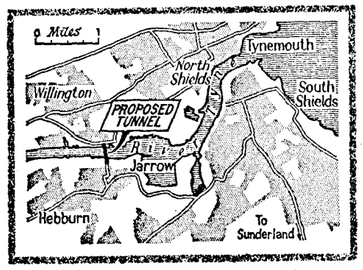
It is possible, from one point of view, to regard the emigration figures as no more than the decision to leave infertile lands which have been thickly populated as a result of historical causes. But the real cause for alarm is that unless agriculture is assisted to become more competitive the same pattern will be repeated in the more fertile parts of the country. Population figures are an emotional issue in Ireland, because of the bitter depopulation in the seventy years after the famine of the 1840s. It had been hoped that self-government would reverse this trend, and at first it seemed to be doing so. But now, despite a rising national income, it seems that numbers will continue to decline until the geographical and occupational distribution of population begins to correspond with the realities of the later twentieth century instead of echoing the abnormalities of the early nineteenth. It is only by stepping up very much further its increasing export trade in goods that Ireland can stop exporting people.

TYNE TUNNEL

Little and Late?

THE award of a £5.4 million main-bore contract for the new Howdon-Jarrow tunnel under the Tyne estuary marks the beginning of an important venture for North-East England—and also the culmination of fifteen years of expensive vacillation. On present estimates the completed scheme will cost £12.5 million, of which the county councils of Durham and Northumberland will find £1 million and the Ministry of Transport grant £3 million and lend another £8.5 million to be repaid out of tolls. The first Tyne Tunnel Act of 1946 envisaged the expenditure of no more than £3.6 million on a comprehensive scheme including both a vehicular tunnel and a smaller tunnel for pedestrians and cycles; but the preparations had hardly begun when one of the postwar capital economy drives forced the postponement of the larger works, although the pedestrians' tunnel continued and was completed in 1951, at a cost of £884,000. The original estimate of £3 million for a vehicular tunnel has thus had to be more than quadrupled in the intervening 14 years, and there is no guarantee that it will not have to be revised again before its completion in 1966.

But one's real fear is that, even now, the project may have been designed too unimaginatively down to its minimum. Its carriageway will have only two traffic lanes with a planned maximum capacity of 20,000



vehicles a day. The asumption is that initial usage will be only 7,000 a day, and full utilisation reached only by 1984. In the Mersey tunnel, it should be noted, traffic is now three times as heavy as was originally forecast ; there is a constant tendency to underestimate the extra traffic likely to be generated by a convenient crossing designed, as this Tyne tunnel is, to foster industrial expansion in the bare areas at each of its ends. An important factor is that this tunnel will be the only direct crossing between Newcastle and the sea, and may be expected to attract nearly all the traffic from the two banks of the Tyne for several miles from the coast. It will be a familiar story of planning muddle if this tunnel is saturated almost as soon as it is opened.

SOVIET UNION

All Good Gifts

MR KHRUSHCHEV may well be able to face his party congress next month with good news from the agricultural front. There are indications that this year's grain crop may turn out to be a bumper one. The Soviet leader himself recently declared that "the harvest and procurement of farm products in the current year will apparently be bigger than at any time since the establishment of Soviet power." The fragmentary evidence available so far seems to confirm this prediction.

At the agricultural session of the central committee last January it was estimated that to satisfy the demands of the Soviet economy the output of grain must reach at least 160 million tons and deliveries to the state reach 68 million tons. If these targets were to be attained in the current year, it would be a very considerable achievement. So far, 1958 is the record year, with a grain harvest officially estimated at 141 million tons and deliveries to the state at 57 million tons. Output fell in the next two years and even the official claims put it only at 133 million tons in 1960, with state deliveries at 46.7 million tons. This figure was certainly exaggerated, not only because of the falsifications so bitterly denounced by Mr Krushchev himself, but also because the state was compelled to return part of the grain to the farmers for seeds.

Two successive bad harvests had their effect on the supplies of meat and dairy produce. There were shortages in Moscow and Leningrad, not merely in the provinces. This was a nasty blow for Mr Khrushchev, who had staked his reputation on increasing agricultural production, and explains his outbursts, earlier this year, against all sorts of "culprits." If the early reports are confirmed, agricultural success will be as sweet for the Soviet leader as continued failure was bitter. But elsewhere in eastern Europe, especially in East Germany, Poland and Czechoslovakia, harvesting has been seriously delayed by bad weather as well as by human failings ; the demands on the Soviet output may still be heavy.

POLAND

At the Church Door

BEFORE a large congregation at Czestochowa, Cardinal Wyszynski fired a fresh salvo last Sunday in the running fight between church and state in Poland. He complained among other things of "further" violations of the agreement concluded in 1956. This uneasy compromise, which Mr Gomulka accepted because at the time he badly needed the support of the powerful Catholic Church, has been steadily eroded by the communists. What has probably provoked the cardinal just now, apart from some minor pinpricks, is a serious thrust by the communists at the church's right to give religious instruction.

On July 21st the law on school reform came into force, putting a stop to religious instruction being given in schools, a provision foreshadowed by Mr Gomulka in January. In recent years the authorities have, by administrative devices, increasingly hampered religious instruction in schools, so that by now most religious classes are in fact held outside schools in church halls and other ecclesiastical buildings. Cardinal Wyszynski seems to fear that the state will now try to bring this extra-school religious teaching under its control, and whittle it away. The new school law gives the minister of education extremely wide powers of control and supervision over educational activities outside schools. Two other laws introduced in the Sejm in July are clearly intended to deprive the church authorities of the use of a number of buildings in the western territories which before 1945 belonged to the German Catholic and Evangelical churches. One law, which gives the state legal ownership of these properties, was passed. The other, which would have prevented the Church from collecting money to pay the rent which the state authorities have lately been demanding for the use of these premises, was strongly opposed by the tiny Catholic group in the Sejm, and was suddenly withdrawn for redrafting.

Thus the cardinal has good grounds for his fears. On the other hand the communists are likely to proceed with caution. Lip-service is paid to the Church's religious and moral mission; and the resumption last month, after a long interval, of the meetings of the church-state mixed commission, suggests that the authorities are anxious to conduct their siege of the Church in a gentlemanly way. Religion is still strong enough in Poland to make a direct assault unattractive.

SPACE RESEARCH

Needling the Astronomers

WITH singularly inept timing, the American administration announced its approval for a controversial project to girdle the earth with a belt of copper needles only a few days before 1,000 of the project's strongest opponents were due to assemble for a meeting of the International Astronomical Union in California. The result was predictable: stiff official protests from learned international bodies who believed that their objections had killed proposals for an earlier experiment called "Project Needles" and were surprised to find it quietly revived under the less explicit name of "West Ford."

The experiment is part of research into space communications. There are two ways of doing this and the best known is by an instrument-carrying "active" satellite that receives signals from earth and relays them down to their destination on the other side of the globe. This system works only while the satellite works and when it is in the right position for the two people sending messages. But for ordinary civil communications it is likely to work very well. It is less attractive for soldiers because satellites can be jammed and

The Economist

AUGUST 31, 1861

THE BLOCKADE

Will the Northern States of America be able effectually to blockade the ports of the South ? . . . *First.* The blockade of an immense extent of coast is a very difficult thing to effect. *Under most* circumstances *it is impossible.* . . . *Next.* The blockade, if it is to be effected, will require a great deal of arrangement *and management*, and the circumstances of the United States are not, as far as we can see, very favourable to its good management. They are engaged in an exciting and dangerous war by land, close to their capital and seat of Government. Their army has been found to be far less efficient than they had hoped, —then almost every one even in Europe expected. They are reorganising that army, and *it seems* likely that this difficult operation will require many months. . . . Nor are the Northern Americans likely to have an Executive Government especially calculated to surmount unexampled difficulties. . . . The constitution of the Union places at this moment at the head of affairs an unknown, inexperienced, *irremovable* man—a man *specially chosen* because he was *not* one of the ablest men in the country. . . . Lastly. The maintenance of such a blockade requires a united people, and in this respect the Northern Americans will hardly be long united, even if they now are so. The Northern manufacturers want cotton as well as we, and they must buy that cotton in Liverpool. Mr Lincoln has just authoritatively proclaimed that they shall have none from the South, for he has interdicted *all trade with* the "rebel" States. The Northern manufacturers, therefore, are as much interested as we that Liverpool should be well supplied, and, therefore, that there shall be no real blockade. . . . They derive great advantages from being the exchange centre, the trading *entrepôt* and manufacturing counterpart of the South. They have derived great profits by aiding the prosperity of the South, and they will lose them if that prosperity should be impaired. It will not only be impaired, but be destroyed by a close blockade *during a long* war, which would raise the price of cotton in Europe far beyond its usual limits for a protracted period, and would effectually stimulate in other parts of the world equal, if not superior, competitors to the plantations of the South. Can the *brokers* of New York afford to ruin their *principals*, and will they consent to do so ?

could be shot down. This has made them interested in "passive" communications systems which keep all working parts on the ground and bounce signals off a purely passive reflector hanging in space. Such a reflector could be the belt of copper needles, a man-made replica of the atmospheric layers used now to reflect radio waves. The theory has already been proved by bouncing signals off a high balloon released from a satellite. Now the soldiers want a dress rehersal. Their experiment is not of much interest to the telephone companies backing the "active" satellites for communications because of the huge power required in the ground transmitters.

Astronomers' objections to the experiment are simple and understandable. A good reflector is going to work both ways: if it stops some radio signals from escaping into space, it will also stop radio signals, and probably some light, from penetrating from space to the earth and so harm the work of both optical and the much newer radio astronomers. In practice, it will also poach on the space reserved in the crowded radio spectrum for radio astronomy. The American sponsors of West Ford have tried to reassure the astronomers by saying that the needles will fall to earth in a year or so, and will in any case, for purposes of the experiment, be so thinly distributed that they will not interfere with astronomical work. The astronomers are less sure because, at some of the heights mentioned, the needles would certainly not fall to earth but stay permanently in orbit. A regular military system would also be permanent and thicker than West Ford.

The most serious objection turns, however, not on precisely how much interference West Ford will cause—no one can know this until the deed is done—but on one small group of scientists putting a far larger number all over the world to great inconvenience and perhaps under a permanent disability for all time. This raises interesting questions for space lawyers. Satellites have never caused inconvenience, nor do they stay permanently in position over other countries. Is the United States in fact entitled to try such an experiment without first getting the agreement of all the countries over which this copper umbrella is likely to hang?

CHURCH ADVERTISING

For Mammon Only?

THE storm that has risen over Church sponsoring of an advertising campaign to "sell" religion to the resolutely non-Church-going English population seems a trifle premature. No commitment, official or unofficial, has been entered into by the Church of England authorities. What appears to have happened is that last June a group of religious enthusiasts with advertising connections called together a small informal committee to discuss the possibilities of such a campaign. The Bishop Suffragan of Bedford, who happened to be on friendly terms with a member of the committee, agreed to preside temporarily; after discussion, a small sub-committee was appointed to investigate the matter further. Nothing would have been heard of its deliberations for some time had it not been rash enough to issue a statement to the press which by-passed the Church Information Board. The press took it up as a good August story, somewhat exaggerating the stage it had reached in the process. Mr George Goyder, Chairman of the Church Information Committee, then denounced the Bishop of Bedford in somewhat arrogant terms—Bedford may be only a suffragan but after all he is a bishop—and claimed that in condemning the committee's work he was speaking after consultation with the "highest authority." (Mr Goyder did not specify whether this Sibylline phrase meant God, the Queen, or the Archbishop of Canterbury.)

The hysterical outburst against Church use of publicity is hardly justified. The objection normally advanced against advertising—that it can be used for trivial ends—obviously does not apply here. Of course extensive advertising campaigns, as Moral Rearmers should know, have their drawbacks. One is that they are expensive. The money might be raised from industry but the Church does not wish to appear as the lackey of capitalism (although contributions from industry for the Christian Stewardship campaign have not been spurned). Another difficulty is that England has little experience of religious advertising. Inter-denominational campaigns have taken place in the United States, for which the rather silly and quite unproven claim of raising church attendance by 50 per cent has been advanced. But the only sustained campaign of religious advertising in England has been carried out by the Catholic Inquiry Centre, which sets out to provide information about the Roman Catholic Church; it has received 200,000 queries in seven years. Doubtless the Bishop of Bedford's committee will take this experience into account as it calmly contrives to continue its very worthwhile investigations.

LETTERS

The National Health

SIR—In commenting on our "Genesis of the British National Health Service" you were good enough to say that we have dispelled some myths. But we wish we could have carried you even further with us. You say, we think correctly, that "the British people as a whole would rather have the health service, in its present form, than not have it." But this, we submit, is the beginning and not the end of the argument. When the national health service was launched it was widely said that it would provide free for the whole population the best possible medical and dental services. This was a hoax; the promise was not, and could not be honoured. To say that it was a successful hoax does not take us much further. So we have in the national health service an institution which, it has been said, helps to create inflation; which, as recent reports have made clear, has proved woefully ineffective at a number of important points and which, to put it no more strongly, may not have given our country a better medical service than it otherwise would have had or than other countries now possess. Why, under these circumstances, should the British people not be invited to think again and to consider whether they would not do better for themselves if they modified the central monolithic principle of the national health service and started to pay privately on a much larger scale (of course with the help of insurance) for their medical services?

As you yourselves have been saying so wisely and powerfully in recent months, this is the time for re-examining most carefully all our British institutions, even the most cherished. Why should the national health service uniquely be immune from challenge of this kind?—Yours faithfully,

JOHN JEWKES
Merton College, Oxford SYLVIA JEWKES

The World Crisis

SIR—There is a surrealist quality in the Berlin crisis which lowers morale. We have had a threat to bomb the Acropolis by Mr Khrushchev; an issue of ball-point pens in Berlin; a partial American mobilisation; and now Gleneagles. (One must distinguish carefully between First and Second Gleneagles, for the Prime Minister's statement on the fairway bore little relation to the communiqué of Lord Home's which he read out in the hotel.) Meanwhile President de Gaulle plays his *solitaire*, Bizerta, ruining himself and us; and Dr Adenauer, after insulting Herr Brandt in an election campaign, stands shoulder to shoulder with him beside the Wall of Ulbricht. What is so eerie in all this is the combination of nineteenth century politicians with twentieth century engines of destruction. Poor Mr Kennedy is indeed a contemporary of ours; but all he gets from his allies are umbrellas sent by derisive West Germans.

There are surely two ways for the West to treat the crisis: to defend the physical *status quo* by a sincere threat to pull the roof down on the Russians if they menace the freedom of West Berlin; or to seek to



Mr. Sho's two worlds

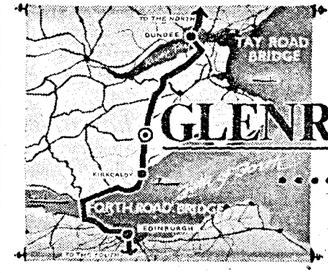
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defend West Berliners' freedom by other means. The first course, to put it mildly, has not been taken. The second entails the aid of the neutral or "unaligned" countries, many of whom will meet this week in Belgrade. Their governments do not love Russia and most of them would like to associate with the West, if it treated them as equals. But they are unwilling to take sides with us in a quarrel between the boss-powers over the former capital of Prussia, a quarrel which would destroy some of them if it turned nuclear. If after negotiations under pressure the West had to admit partial defeat, would not many of the "unaligned" turn against the Soviet Union in the United Nations and concern themselves actively not only with oppressed Germans but also with our former allies now under Communist tyranny, Poland and Czechoslovakia ?—Yours faithfully,
London, SW3 CHARLES JANSON

British Columbia Electric

SIR—Your note two weeks ago says: "How far the Government has followed these (i.e. the BC Supreme Court's) criteria is not clear."

I submit that it is crystal clear. The $111 million compensation paid for British Columbia Electric is, as stated in the enabling Act, the book value attributed to the common shares in the balance sheet of December 30, 1960. Note 5 to the 1960 Financial Statements, after explaining that the properties were valued for rate-making by the Public Utility Commission of BC as at June 30, 1939, and that subsequent additions have been computed on the same basis, states:

> The valuations by the Commission are established for rate-making purposes and neither they nor the amounts at which the properties are carried in the consolidated balance sheet purport to represent either present realisable value or replacement value.

The auditor's note is, surely, conclusive evidence that the compensation paid cannot conceivably be held to satisfy two of the Court's criteria, namely historic and replacement costs and prices recently paid for similar utility properties. The third criterion, future earnings prospects, which is particularly significant in this case, has been completely ignored. In short, the terms imposed by the BC Government bear no relation to the principles established by the Supreme Court.

If, however, despite the inherent injustice, compensation is based upon book value, surely capital surplus and earnings employed in the business must be included in arriving at the final price. These two items would increase the BCE compensation by $29.5 million. Moreover, there is a deferred credit, in the last balance sheet, of $44.4 million, representing income tax deferred to future years as a result of claiming capital allowances. If this is included, compensation paid for BCE, even on the basis of book values, should have been $184 million. The same exercise for British Columbia Power produces a final figure of $194 million, representing an improvement of $14 million, or $3 per BCP common share, on the offer for BCP's entire assets.—Yours faithfully, READING
London, EC2

What Price Diplomacy?

SIR—After forty years' consular, commercial diplomatic, and diplomatic service in eleven posts I can testify that all were usually overstaffed. Diplomacy, in essence, is a one-man business. Surplus staff and masses of paper do not help: they merely increase the security hazards.

The abolition of minor consular posts was certainly a great loss for the reasons you give: but it was done, not for economy, since most of them cost virtually nothing. The motive was the Foreign Office's aversion to honorary consular posts, whose links with trade were thought to diminish the status of the career officials.—Yours faithfully, J. G. LOMAX
Llaneilian, Anglesey

Dr Nkrumah

SIR—The Note entitled "Bearer of Tales" in your issue of August 5th is surely less than fair to the British Minister in Budapest.

The sentence in Dr Nkrumah's speech to which he took exception was, according to press reports, to the effect that "Ghana had ended 100 years of British colonial oppression." This was not merely, to quote your words, "a reminder" of our "colonial past"; it was an insulting travesty of it, spoken at an official reception in the presence of the official British representative. How could he let it pass?

And do you really think that it would be "in our interests," or would increase respect for us, for us to "disavow" our colonial record?—Yours faithfully,
London, SW3 GEOFFREY FURLONGE

Home Rulers

SIR—As the Liberal and Home Rule candidate who "intervened" in the Kelvingrove, Glasgow, by-election in 1958 perhaps I may be allowed to comment on your rather ingenuous note of August 12th.

Official help from the Scottish National and Scottish Liberal parties was neither sought nor obtained for my candidature. The primary objective was to deny the seat to the Conservatives. The secondary aim was to resolve the then strip mill impasse. Labour elements, among others, had long been campaigning for a continuous mill to be sited at Grangemouth. Any such development at that most unsuitable point would have broken up the pattern of the Scottish iron and steel industry. The Conservatives, for their part, were not disposed to go counter to the "London" view.

I raised the issue in two television broadcasts. When the Conservative was dislodged her defeat was, rightly or wrongly, attributed to my intervention. Not long after, Colvilles were asked to put up a strip mill in Motherwell (where I had said it should be) and were offered the needful means.

You suggest that the influence of the Home Rulers is now very much on the decline, by way of exerting a reforming influence on social policy or even of securing further administrative devolution. My own view, for what it is worth, is that quite the opposite is in train. Since the last general election, both the Labour and Conservative parties have gone out of their way to placate Scottish opinion, the one to maintain its still strong base in Scotland, the other to overturn it. If the Home Rulers are not so evidently active at the moment it may be because events are conspiring to favour their views.—Yours faithfully,
Cambuslang, Lanarkshire DAVID MURRAY

Room in the Middle

SIR—In your article of August 19th you contrast the progress made by housing co-operatives in Sweden with the fact that in Britain co-operative housing has, so far, been almost a non-starter. Your readers might get the impression from the way you stated it that this is related to the other fact that the Swedish co-operatives are "non-political" whereas the British co-operative movement is "political."

Co-operative housing in Sweden is organised in two movements, HSB and SR. Although there are friendly links between both and the Swedish consumers' movement the latter, as in this country, is primarily concerned with providing its members with consumer goods and services through the distributive trades. Co-operative housing is separate and its origins are separate. This is also true of the highly successful co-operative of car-owners which has its own chain of garages and petrol stations throughout the country. The agricultural co-operative movement, as in Britain, is also separate.

In Britain the Co-operative party has done most to arouse interest in the potentialities of co-operative housing. A policy statement entitled "Housing—A Co-operative Approach" was approved early in 1959. This makes the claim for tenants' co-operatives as a more satisfactory alternative to private landlordism than wholesale municipalisation, and advocates the setting up of a central promotional organisation.—Yours faithfully, HAROLD CAMPBELL
London, SW1 The Co-operative Party

Mr Kenyatta

SIR—For fifty years or so I have been reading *The Economist* in the hope of profiting from expert comment on a world growing steadily more irrational. The article on Mr Kenyatta in your issue of August 5th appears to indicate a change of policy on your part. You now prefer to sell whitewash.

I am neither a South African, still less a supporter of the present South African Government; merely an Englishman who detests humbug.—Yours faithfully,
Johannesburg THEODORE GREGORY

BOOKS

Painful Co-existence

Russia and the West Under Lenin and Stalin

By George F. Kennan.
Hutchinson. 419 pages. 40s.

MR KENNAN is not here much concerned with communist Russia as such, but with the foreign policy problem it presents to the West. He provides just enough background about the internal evolution of the Soviet Union to enable the average student to grasp the vagaries of its foreign policy (the book is largely based on a series of lectures to British students). His central theme, however, is the dilemma that has faced, and still faces, the western powers as a result of the sudden entry, in 1917, of a revolutionary newcomer into the established community of nations.

Once the revolution failed to spread throughout the world, communist foreign policy was bound to pursue two contradictory objectives. "The desire to destroy bourgeois governments," the author aptly points out, was coupled with "the desire to enjoy the advantages of normal intercourse with them . . . so long as they continued to resist destruction." The non-communist powers, too, had to find an answer to this contradiction. The problem is still topical in the vital guise of "co-existence." It is no accident that Chicherin, when foreign minister, spoke of "the parallel existence of the old order and of the new," and of the need for the economic co-operation between the two, in terms so similar to Mr Khrushchev's, though he was speaking almost 40 years earlier.

Nobody is better equipped than a former ambassador to Moscow to describe what the western reaction to this revolutionary challenge was, or what it should have been. Those who discovered Mr Kennan as late as 1957, and who, ignorant of his past, suspected that the theorist of disengagement had pro-Soviet or "appeasing" leanings, will be undeceived by this book. The professional diplomat is shocked by the Soviet manner. "Insulting" is an adjective that crops up all the time. The liberal, with conservative leanings, abhors not only communist practice, but also the doctrine that inspires it. Unlike many of his colleagues, however, Mr Kennan thinks it his patriotic duty to understand and explain the motives of his opponent.

This is one purpose of the book. The other is to counter Soviet accusations of western misbehaviour. In this struggle against Stalinist falsification, the author seems, occasionally, to lean in the opposite direction. Thus, the attempt to explain allied intervention in the revolutionary struggles exclusively by the desire to keep Russia at war is not entirely successful. Why did intervention outlast the world war? The explanation contains too many "sheer coincidences" to be quite convincing. The treatment of Munich gives a similar impression. Communist writers harp on Munich to divert attention from the Nazi-Soviet pact: here, the balance seems slightly tilted the other way. In more general terms, Stalin's evil genius is made to loom somewhat too large in the story, and psychopathology is used more frequently than sociology or economics.

Mr Kennan is at his best when dealing with diplomatic manœuvres and their background. His description of the way in which Germany was driven into Russia's arms, and how the two outcasts of Versailles signed the Rapallo agreement in 1922, is masterly. The general presentation of the book—each chapter dealing with a separate topic and trying to draw some general conclusions—is effective. The narrative is vivid. And in view of the writer's authority, his side remarks on the difficulty of "summitry" or on the nature of American diplomacy have great interest. And yet, until the very last pages, the reader has the impression that the central question concerning the world impact of a revolutionary state, so well posed, is not quite answered.

Mr Kennan, naturally, has his views on what went wrong with western policy. The root of all evil was in the search for "unconditional surrender" in the first world war. The attempt to keep Russia in the war when it was no longer capable of fighting gave the Bolsheviks their chance. The Versailles treaty and the mishandling of the Weimar Republic gave Hitler his. Once Stalin and Hitler are on the stage, war seems as inevitable as doom in a Greek drama. And so the story which began with Allied intervention ends with the wartime alliance for which, in the author's view, the western powers paid too high a price.

It is only in the closing pages that Mr Kennan returns to the problem of co-existence. His own doctrine is based on two premises. Warfare is not an answer to communism, and the advent of the atom has merely reinforced this view. Secondly, world politics is not a field in which one should seek the absolute. Russia was better under Lenin than under Stalin, and things have been improving in the Khrushchev era. Western diplomacy, in his view, should beware of conditioned reflexes; it should not always react to an image of Russia that is ten years out of date. Mr Kennan remarks wittily that he could name many Sovietologists who "seem afraid to admit to themselves or to others that Stalin is really dead." It is to be hoped that Mr Kennan will be able to return to his scholarly task and take his story through the last years of Stalin up to the Khrushchev era. This will compel him to go deeper down below the diplomatic surface, to explain more closely the relationship between the transformation of Soviet society and the evolution of its foreign policy.

Worried Young Man

The Stagnant Society

By Michael Shanks.
Penguin. 236 pages. 2s. 6d.

SINCE Professor Galbraith so brilliantly imposed his catch-phrase on the conscience of the world, reviewers have come to fight a bit shy of books with titles such as this: the more so when it is followed with the portentous sub-title "A Warning." A look at the cover gives just the opposite impression: a team of undertakers' men, formed up with their Rolls in front of the Union Jack, irresistibly recalls the Goon Show in its finest days—what, are Penguin Specials going funny? The answer, of course, is that they are not: the Penguin Special has by now established itself as a genre of its own, falling well clear of the twin sloughs of portentousness and frivolity suggested respectively by title and cover (for which, presumably, the author need bear no responsibility). The object of this one is to examine some reasons for Britain's economic stagnation, as compared with the rapid postwar growth of other economies, western and eastern, and the technique used is that of extended journalism, rather than of weighty analysis.

Mr Shanks is from the *Financial Times* stable: like many of his contemporaries he finds Britain's poor performance in the growth stakes a source of shame and deep anxiety. Believing that economic techniques have been developed to a point where we can now act to avoid the "catastrophic fluctuations of the trade cycle" with their attendant unemployment and business depressions, he argues convincingly that the failure to expand is rooted in our national social structure. He has also looked closely at the state of the trade unions, and has been thoroughly appalled at the spectacle: the pity is that this vision has so upset him as to falsify the balance of his book, a good two-thirds of which are devoted to castigating the unions for their present failures and suggesting how they could do better in future.

Regarded as a book on the unions, there is a mass of good sense here. Mr Shanks's main wish is to give a whole lot more power to the TUC, which could thus eliminate many of the inter-union disputes and squabbles which are so depressing a feature of industrial life. In particular, he would like to see the trade union movement, through its central organisation, drawn into the national machinery for decision-making by its participation in an economic planning group—in fact, through the establishment of some machinery of the kind that the Chancellor is supposed to be contemplating at present. This group would lay down a generally permissible level of wage increases, and the sharing out of this increase would then be

bargained out industry by industry, with unions asking for more than their share being held in check by the strengthened and centralised TUC. It is no fault of Mr Shanks that these ideas are by now familiar to newspaper readers: it is just his bad luck that events have caught up so swiftly with his foresight when he was doing his work on the book.

Forking out from his concentration on the unions, Mr Shanks has some sensible things to say about the way in which our industry is run. His faith in the success of distributing industry into areas of unemployment by refusing building licences for boom areas and subsidising factory building in development areas may be rather excessive; but his remarks on industrial democracy and co-partnership are eminently sensible, especially his wish to see unions brought more closely in touch with factory-level joint consultation machinery. Politically, he seems to stand with those on the wing of the Labour party whose feathers reach out to mingle with Mr Grimond's: he would not mind seeing a bit of moulting on the far side, among the Cousins and the Foots. He argues cogently (if again a little belatedly) in favour of an association with the Rome treaty powers. Clinging to democracy, loving sweet reason, he is a real moderate.

The trouble with his book is what is left out. To analyse the faults of the unions is valuable: but to lay so vast a proportion of the blame for our national economic plight at their feet does seem a bit excessive. Nepotism in industry, retail price maintenance; the public schools; the loss of the colonial empire; the survival of the aristocracy—some of these are briefly looked at by Mr Shanks, others not at all. But the part played by these phenomena—and many other such—in frustrating social mobility, and thus economic progress, in our society is surely as well worth examining as the dead weight of the unions, even if the verdict is to be "not guilty." Trade unionists are all too apt to believe, when criticised before the public, that they are being unfairly picked on and made the scapegoat for other people's vices. The uneasy suspicion remains that this is not the book Mr Shanks meant to write at all, and that he appended to a worthy tract on the unions some too hasty afterthoughts on other subjects, to make up the weight to back his ponderous title.

Aid for Aid's Sake

Economic Aid to Underdeveloped Countries

By Frederic Benham.
Oxford University Press for *Royal Institute of International Affairs*. 121 pages. 12s. 6d.

PROFESSOR BENHAM has written a short general account of economic aid to underdeveloped countries that is both accurate and lucid. He outlines what is now being achieved both qualitatively and quantitatively and gives balanced vignettes on such controversial subjects as price stabilisation schemes, the growth of population and the specious choice that emergent countries are asked to make between trade and aid.

The most challenging sections of Professor Benham's book are, however, those in which he considers the motivation of aid and the inadequacy of Britain's present efforts in this field. He notes that those in favour of increased aid often claim that more aid will help to turn the flow of the cold war in favour of the West. They ask whether we are matching the great challenge of the Soviet economic offensive. But as Mr Nove has pointed out, the Soviet aid programme is not nearly so large as is often thought and still largely consists of promises for the future. Again, a quick glance at those countries which have benefited from shock aid programmes—South Korea, Laos and South Vietnam—will show that such programmes have not been very successful and were exceedingly ill-conceived. The countries receiving aid, Professor Benham aptly points out, are not quite so naïve as they are thought to be and are usually able to weigh up the motivation for aid quite accurately. It is in the interests of the west to encourage the east to give increased help and for the aid programmes of both blocks to be spread over the whole underveloped world. Such peaceful competition will help to ensure that the programmes are well thought out and efficiently executed and will help to remove suspicions of spheres of economic influence and neo-colonialism.

Aid that is intended to stem communism or actively to promote privileged trading conditions is not likely to be very effective as aid and is almost certain to fail in its objectives. Professor Benham quotes Sir William Hayter's belief that Britain's "political end should be the actual raising of the living standards of Asia and Africa, in the interests of the peoples of those countries, but also in the interests of a stable and peaceful world." If the interests of the developing countries are kept right in the foreground, it is much more likely that the other objectives will be achieved incidentally at the same time.

It may seem ungrateful to state that the Government's contribution to the underdeveloped countries is wholly inadequate just after the Chancellor was generous enough not to axe the present programme. But he should carry his ideas of longer term planning into the field of aid. There is no effective opposite number in this country to the plan organisations of the developing countries. Were Britain itself to have such an organisation, it would help to dissolve the bewilderment that a developing country feels in dealing with a plethora of commercial, semi-commercial and public entities when negotiating a contract or in trying to find the most suitable source of help. The new department goes only a short distance to meet this need.

Professor Benham's book provides an excellent introduction to the whole question of economic aid, and also conjures up some inconvenient thoughts that might in due course lead to more effective action by the Government. His concluding plea is that "once the needs of the underdeveloped countries are taken as the sole criterion, one per cent of the national incomes which are far higher per head than theirs, and growing much faster, should surely be the very least which we are willing to contribute towards a better world."

Three Generations in India

Punjabi Century, 1857-1947

By Prakash Tandon.
Chatto & Windus. 256 pages. 21s.

IN three generations, staggering changes have transformed the Indian countryside and the structure of Indian society as a whole. From his grandfather, Mr Tandon learned of the anarchy that accompanied the collapse of the Sikh empire in the pre-British Punjab. A new era of law and order, irrigation, roads, bridges, railways, telegraphs, schools, and public health, was opened by British administrators, who, because they lived among the people for decades without home leave, and moved around slowly on horseback, were intimate with the people, whose languages they learned to speak fluently. Mr Tandon's father was one of the first Indian canal engineers trained in the newly set-up Roorkee college, and made his way contentedly in the service of the British raj. He survived into the new age, when the blessings of peace came to be taken for granted, and fast modern transport, by strengthening their ties with home and making rushed local tours superficial, reduced the intimacy of administrators and people.

The old generation of Indians enjoyed the wide sphere of subordinate responsibilities granted them. They thought it reasonable that the key posts should be in the hands of the British, who taught them their "know-how." The new generation increasingly resented the promotion over their heads of youngsters from England, whom they initiated in technical jobs (such as magistracy, canal engineering and revenue collection) leaving them permanent subordinates. English books fired them with ideas of freedom and self-government. Mr Tandon's generation saw no future in government service. He became one of India's first chartered accountants and has risen to the top in modern industrial India. His account of these changes must remain unique, for nobody will ever again experience in one family and one lifetime the same kaleidoscopic revolution.

Mr Tandon is, however, only passingly concerned with politics. His insight, tolerant yet shrewd, cool but sympathetic, into men and women, his relish of the good things of life, his love of the countryside, and his command of an imaginative, indeed poetic, English prose style, have enabled him to paint a vast canvas, unsentimental but warmly human, of rural life in the Punjab between 1857 and 1947, with its multifarious cycle of marriages,

Watch closely



A jetliner, carrying the colours of a famous airline. Down to earth, it taxies towards the airport apron.



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as that plane

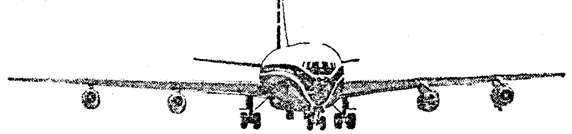


the jetliner has taken on five, ten, perhaps fifteen thousand gallons of fuel in a planned, practised, radio-

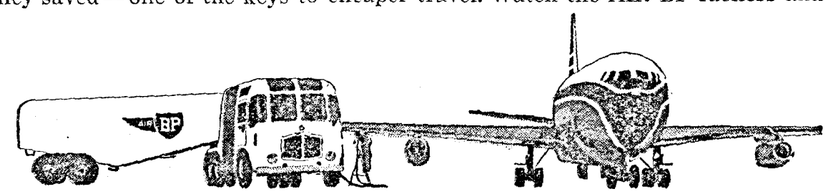


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births and deaths, of festivals with their acrobats, jugglers, licensed jesters, village performances of the *Ramayan* (in which the small boys vied with each other for a part as one of Hanuman's army of monkeys), of quarrels, feuds, murders, ambitions, joys, tragedies. Scholars will thank Mr Tandon for his vivid documentation of a vanished era; ordinary readers, even if they know nothing of India, for a charming book, right off the beaten track.

Freud—for the Many and the Few

Freud and the Post-Freudians

By J. A. C. Brown.
Penguin. 233 pages. 3s. 6d.

Letters of Sigmund Freud 1835-1939

Edited by Ernst L. Freud.
Hogarth. 464 pages. 50s.

THE first book covers rather briefly ground that has been dealt with again and again in recent years. The best and fullest treatment is by Ruth L. Munroe in her "Schools of Psychoanalytic Thought." What Dr Brown has done is to present this material—that is, the account of Freud's own theories, and an account of the theories put forward by one or other of his rebellious disciples—in a brief and accessible form. He says a good deal about recent work in this country, but quite rightly devotes more space to the work of Horney, Fromm, and Sullivan in the United States. This descriptive writing occupies nine chapters and nearly 200 pages, and is sound if not original.

Then Dr Brown goes on to devote the last thirty pages to what he calls "Assessments and Applications." In this section he deals freshly and sensibly with some present controversies, particularly the well-known argument between Professor Eysenck and the psychoanalysts, and makes some practical suggestions of his own; these would, if put into effect, remove psychoanalysis from its socially unimportant position by the couch, and put it to work in industry and society at large. What he has to say here is stimulating, and some people are already taking this line seriously. Whether it will prove widely acceptable is another matter.

Although the edition of Freud's letters has just been edited by his son, and occupies nearly twice as many pages as Dr Brown's little book, the material is not of such general interest. Freud's disciples will, rightly of course, want to read everything he wrote, and those who enjoyed the bibliography "Freud's Life and Work," will find this collection of documents an interesting appendix. In themselves the letters are mainly personal, and often trivial in content. They help to recapture the atmosphere of middle-class Vienna before the second world war, and they add to our knowledge of Freud the man. But the general reader should realise that their value would not be great to anyone who tries to read them without any background.

More Management

Studies in Management

By Guy Hunter.
University of London Press. 158 pages. 10s. 6d.

The Business of Management

By Roger Falk.
Penguin. 251 pages. 3s. 6d.

MR HUNTER'S book, unlike most of those published on management, is about some of the real problems that worry—and when they do not, ought to worry—managers, described by an acute and liberal observer of industry. It is a pithy and forthright discussion of the problems that need to be considered when a personnel policy is formulated. The first half of the book is concerned with the timing and details of personnel policy as well as the aims and methods of management training. The second discusses the nature and context of the industrial community in relation to society as a whole, paying particular attention to the nature of authority, the system of payment and the demands made on the educational system.

It is a book that could be read with profit by managers at every level. Yet its greatest value could be for those at the top provided they are willing to listen to remarks like:

> Top management often has an itch to get down there and inspire, to demand gratitude for welfare and generosity to preach the partnership of man. It is a dangerous one: they are better employed in really good training of their officers, and in the constant improvement of systems.

That is one illustration of Mr Hunter's perception of the temptingly-covered pitfalls that can attract the top manager who is looking for easy solutions to problems of communication and morale. He emphasises that communication techniques have little value in themselves, for it is not what is said or how it is said that matters, but how it is heard. He also utters a warning against the excuses that are commonly made for failures: "Before any man is called lazy or stupid, it is necessary to be very sure that the right challenge has been put before him." One way to improve management would be to abate "the tendency to arrogance and insensitiveness which is possibly the most general defect in managerial character."

The current demand for books about management will ensure that any general book on the subject published as a paperback is likely to sell well. Mr Falk says that his book is not a text book or a manual, but "an attempt to help the thinking of those who feel with the author that management is a subject worth thinking about." But the quality of thinking is not original, hence less stimulating than that of Peter Drucker or Mr Hunter. It will be useful to those looking at industry from the outside who want to hold their own in conversation. It may also interest the would-be manager who wants a clear, brief and up-to-date discussion of management.

Agenda for a Free Society

Essays on Hayek's

The Constitution of Liberty by

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MICHAEL P. FOGARTY / GRAHAM HUTTON
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SIR HENRY SLESSER / J. W. N. WATKINS

a body of practical prescriptions for governmental *policy on money*, taxation, welfare, labour and agriculture

Edited by Arthur Seldon 25s.

Published for the Institute of Economic Affairs

Hutchinson

A DYNAMIC THEORY OF FORWARD EXCHANGE

PAUL EINZIG

This is the first book to give a detailed account of Forward Exchange practice, theory and policy in the post-war world. Dr. Einzig's pre-war book, *The Theory of Forward Exchange* (1937), has not been superseded as the generally recognised standard of work on the pre-war system. But there have been many important practical changes and these, together with some changes in the broader aspects of the subject, call for a revised theory and a rethinking of official policies. 60s

MACMILLAN

Resistance Agent

Who Lived to See the Day

By Philippe de Vomécourt.
Hutchinson. 288 pages. 25s.

"IF I had known there was a Resistance Movement I would have joined it." The young man who said this in September 1944 is quoted by Jean Galtier Boissier in his "Journal de l'Occupation de Paris." The statement seems less improbable after reading Philippe de Vomécourt's unromanticised account of his adventures as an agent of Special Operations Executive. Seventeen years after the end of the war the spate of literature—and films—about the Resistance leaves many of us as confused or ignorant as the Parisians of 1944 about the real nature and consistence of the movement. Who belonged to it? What were their motives? How was it organised? What co-ordination was there between its branches? What did it do? Few people in Britain, or in France, for that matter, could say for certain at how many levels the Resistance was operating in France in the last two years of the war. And what do we know of the relations between the Free French, obedient to General de Gaulle, and the British, French and other agents of the British-organised Special Operations Executive and its parallel American organisation? Or between these and the communists?

Before the generation that witnessed these events dies out, it is to be hoped that someone will give us an organic and critical history of the Resistance that could help us to read the tragic riddle of contemporary France. "Who Lived to See the Day" makes no claim to be a complete or critical analysis of the Resistance and its springs of action. It is a *témoignage,* whose value lies in its sincerity and in the fact that—to anyone with personal knowledge of France during the German occupation—it rings true. This is important in a book that appears seventeen years after the events it narrates. Was this delay the author's fault or the publishers', one wonders?

The tale is well told and the style sympathetic—no mean achievement for a writer who is recounting his own exploits. In fact one soon forgives him the naïveté of his original premise. The de Vomécourts come from a part of France—Limoges—where memories of personal conflict with the Germans are cultivated in every home and where "patriotism, the love of France, of the country, of her people and her glorious history, are a natural and proper response." Philippe de Vomécourt makes no apology for this unsophisticated outlook and no attempt to analyse the strange contradictions into which it led him. He seems, indeed, quite unaware of these. The desire to fight the Germans without delay led him to enrol in the British rather than the French organisation in 1940 when the Free French, at General de Gaulle's orders, were doing reconnaissance work only while the British-commanded SOE agents were already engaged in sabotage. Later, de Vomécourt could see no merit in communist action in the Resistance. For him the communists were working for the "revolution" not for France. Yet, objectively, one must surely admit that the communists saved a good deal of France's industrial plant from removal by the Germans whereas some, at least, of the sabotage operated by SOE was of doubtful utility to France. Yet de Vomécourt was by no means servile in his relations with his British commanders and made some useful and pertinent criticism of the unnecessary dangers to which their lack of imagination sometimes exposed resistance workers in the field. God forbid that we should need to make use of the experience of Resistance again. But there is a deal of lore in this book that would be useful to anyone still in the job.

Law and Legislation

The British Commonwealth, the Development of its Laws and Constitution, Vol. 9: *Malaya and Singapore, the Borneo Territories*

Edited by L. A. Sheridan.
Stevens. 532 pages. 84s.

THIS is the best volume so far in a useful but patchy series. Professor Sheridan has supplied what was clearly lacking in some of the earlier volumes—skilled and decisive editorship. Instead of a series of essays by different hands bound up in one volume and preceded by a perfunctory introduction, we have a coherent volume over which much trouble has been taken.

The task could not have been an easy one, for although the common law has been at work in Malaya for nearly two hundred years it left curiously few traces behind it in the way of reported judgments. Until 1932 there were no reports at all in the (unfederated) Malay States except Johore. There were other complications arising from the mixtures of races—Malays, Chinese, Hindus and others. As a result the law throughout Malaya is a mixture of common law and equity as interpreted (quite successfully) by English barristers working with out-of-date books and hazy memories of what they had learnt in the Temple; customary laws regulating the personal and domestic relationships of the various racial groups; and, lastly, local and imperial legislation.

Of legislation there is now no lack—"Enactments pour out from what must surely be the highest concentration of legislatures per head of population to be found anywhere in the world." There seem to be, or to have been, no fewer than nineteen such law factories in the area covered by this volume. (Incidentally, one of the features of the work is a series of population tables and two good maps). In an area of the Commonwealth where the divisive factors are so strong it is good to have this most useful and admirable contribution to unity.

OTHER BOOKS

AMERICAN PERSPECTIVES. Edited by Robert E. Spiller and Eric Larrabee. *Harvard University Press.* London: *Oxford University Press.* 216 pages. 38s.

Ten specialists in American history, sociology, sciences, arts, etc., here contribute essays round the theme: what images of the American character are reflected in these departments of knowledge? The debunking era early in this century has given place to one wherein Americans—especially the younger generation—seek assurances, security, stability and coherence. The book has a good deal of information in it and will convey much of "the American dilemma" to those knowing nothing of that dynamic society which hardly knows whither it is bound. But, for the rest, the book contains little new and little of substance. One can get much more about this subject for much less money.

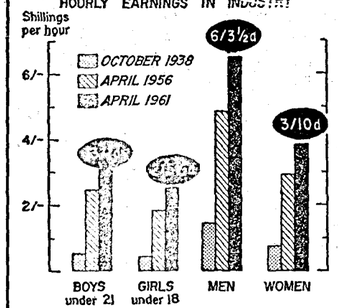
THE FUR TRADE. 2 vols. By Paul Chrisler Phillips. *University of Oklahoma Press.* 712 and 704 pages. $16.50.

These sumptuous volumes, completed after the death of their main author by his associate, J. W. Smurr, represent a life work on a most important factor in the economic and political development of the United States. Apart from the tussles between American fur traders on the one hand and British, *Canadiens* and French, Spaniards and Russians on the other, this elegant trade, based on much inelegance, shaped American things to come, especially in that north-west which was not developed until this century. Here, richly illustrated, finely described, and economically analysed, is the story of far more than the upbuilding of the Astors' fortune. Not only economists will be staggered by the late author's careful tracking of the trade to its surprising destinations. They may well ponder how palæolithic we moderns are still.

TEENAGE EARNINGS

Among industrial workers, teenagers are still doing relatively the best in pay increases. In the five years to April, 1961, the rise in the hourly earnings of boys and youths was 38 per cent compared with that of 30 per cent for men. And although during the same period the increase of 32 per cent for girls was no more than that for women, this brought their hourly earnings to nearly six times what they had been before the war—a larger uplift even than that given to boys' earnings.

HOURLY EARNINGS IN INDUSTRY



AS PERCENTAGE OF MEN'S EARNINGS

	BOYS	GIRLS	WOMEN
OCTOBER 1938	39	29	52
APRIL 1956	46	38	60
APRIL 1961	49	39	61

HOME REPORT

In HOME REPORT members of the editorial staff and local correspondents report on life and happenings in and around Britain.

Communities in the Making

FROM OUR SPECIAL CORRESPONDENT

THE housing and industrial triumphs of the new towns are now well known; but are they equally successful and fortunate as social communities? The Ministry of Housing itself recently aired some misgivings about "new town blues" and the absence of "the friendliness of city life"*—words which have started off a sharp controversy. A more measured review of the social problems of these and other new communities has now been offered by Mr J. H. Nicholson, former Vice-Chancellor of Hull University, in a study sponsored by the Carnegie UK Trust and the National Council of Social Service †. These heart-searchings come at an appropriate time, for the older new towns are finishing their period of rapid development and will be handed over one by one, starting with Crawley and Hemel Hempstead next year, to a single body, the recently created Commission for the New Towns. How can the commission help the further social development of these towns, and should the three new ones which may shortly be started at Skelmersdale (Lancs), Dawley (Shropshire), and somewhere in central Scotland, be differently designed?

Some of the criticisms of all newly-built communities (the new towns included) really boil down to criticisms of modern life. It has become fashionable to contrast the matiness of old urban areas, with relatives living close by and with pubs and shops on every corner, with the home-centred and status-ridden isolation of families in new housing areas. But those (the Ministry included) who draw this sort of depressing comparison seem to forget that "fings ain't what they used t'be" even in Bethnal Green, and that it is doubtful whether (say) Paddington and Islington are now even as friendly as Harlow. Part at least of the old urban matiness was linked with disappearing conditions of domestic squalor and of a superfluity of shops and pubs run for a pittance. Equally the home-centred activities of new town families are a natural if overdone reaction to their improved housing, while their problems of loneliness or maladjustment often represent difficulties in achieving a new way of life—one in which the freemasonry of pubs and shops and the omnipresence of "Mum" give way to new activities based on personal preferences and the telly.

England is changing everywhere, but the changes are sharper and quicker in the new towns. These towns are in fact a forcing ground for middle-class values, and it is rather silly to try to put back the social clock by encouraging there a kind of bogus urban matiness. Yet this is just what the Ministry seems now to be proposing. It suggests that new towns might become more "neighbourly" if their housing layout broke away from the "generous densities" of the garden city idea in favour of a more concentrated style of development. This is a most curious argument, first because housing in the new towns is in fact more compact than in the early garden cities and secondly because (as a recent article in *The Economist* demonstrated) it is also more compact than in most old towns of comparable size. If density of development produced neighbourliness, then Harlow should be fully as neighbourly as Worcester—as it may be really.

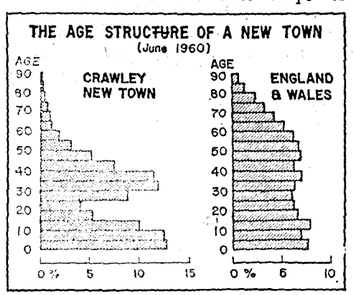
The new towns have, however, three genuine and important social problems, which also concern other areas. One is their unbalanced age structure—the predominance of large families and the lack of older people. The redevelopment areas of cities have precisely converse problems, since most of their younger and socially more mobile families leave under overspill schemes, leaving behind the smaller families and the lonely old.

This is a problem that clearly must be tackled at both ends. Mr Nicholson points out that similarly drastic social changes are occurring in areas of urban redevelopment, where familiar landmarks disappear and the rows of congested (but "cosy") little houses get upended into great blocks of modern flats. The community becomes unbalanced through failure to provide the kind of housing which families with children will willingly accept. Those authorities like the LCC who include at least some houses (balancing them with taller flats) are on the right lines, but a more ingenious and less hygienic approach could increase the proportion. At the other end, some new towns (with Mr Brooke's encouragement) are building more old people's dwellings, but many more elderly relatives would move to these towns if dwellings were available for them.

THE second and related social problem is that of the numerous new town children who will soon have families of their own. Are the new towns then to be declared "full up," thus starting up the social trek to new areas all over again? This problem already exists acutely at Kirkby, the large overspill estate near Liverpool, just as it arose earlier at Dagenham. It would be a grave mistake to push the new towns in their turn into the lopsided and stagnant pattern of an ageing population, but provision for the next generation will require a great deal of building—most of it by private enterprise—in the next twenty years. Land must be kept for this purpose, and more office employment will be a necessity.

Finally, there is the problem that the provision of social facilities—particularly meeting halls and commercial entertainments—has lagged in all newly-built areas. Most new towns are slightly better off inasmuch as their development corporations have been able, where the Treasury has let them, to contribute to local facilities. Fortunately, the growing resources of the local authorities in new town areas, combined with the ability of the new commission to continue contributions, should solve this problem. But there will remain the different point that no new town is large enough to support such facilities as first class shops or restaurants, theatres or concerts. In Hertfordshire where four new towns exist, a splendid opportunity exists to turn one of them into an attractive regional centre, and the new commission, with its co-ordinating powers, should be able to bring this about.

THE AGE STRUCTURE OF A NEW TOWN
(June 1960)



* Report of the Ministry of Housing and Local Government 1960. Cmnd. 1435. 9s. 6d.
† New Communities in Britain by J. H. Nicholson. National Council of Social Service. 10s. 6d.

Enter Yartoft?

FROM A CORRESPONDENT IN EAST ANGLIA

THE Local Government Commission, having dealt faithfully with municipal pretensions and ambitions in the East Midlands, has now moved on to its preliminary investigations in East Anglia, where there are two great bones of contention. One is the proposal of the provincial capital and county borough of Norwich to take in 10,600 acres and 35,800 people in the surrounding suburbs, and thereby to become a city of about 155,000 people instead of 120,000.

The other question is the standing of the ancient seaport and present holiday resort of Great Yarmouth, twenty miles away, which was chartered as a borough in 1208, and has been a county borough since 1889. Yarmouth's population of 51,500, however, is only about half that which, according to the commission's briefing, would justify its retention as a county borough.



This might seem to suggest a simple course of action for the commission. It could recognise the modern growth of Norwich by allowing it to incorporate the 35,800 people and the £408,000 of rateable value in the suburban area. And it could compensate Norfolk county council—with its large but predominantly rural territory—by reducing Yarmouth (rateable value £910,800) to a non-county borough, and thus making it part of the county.

But in both towns this would raise a hornets' nest. In the first place, property-owning democracy in the suburban parishes of Norwich is fiercely opposed to the idea of incorporation in a Labour-controlled city whose rates are now 25s. 9d. per £1, and 40 per cent of whose houses are council-owned.

As for Yarmouth, it has put forward proposals to take in some of its own suburban parishes, which would increase its population by 7,250 and its rateable value by £85,500. But, being no doubt sensible that such a modest expansion might not save it as a county borough, it has asked the commission to consider merging Yarmouth and the neighbouring East Suffolk borough and port of Lowestoft, together with all the intervening and adjoining parishes. This would make a county borough with a population of 108,000, a rateable value of £1,603,000, and an area of 30,000 acres. It would, incidentally, be seventeen miles long—although the centres of Yarmouth and Lowestoft are only about ten miles apart, and the towns are almost joined by a string of holiday camps along the coast.

FORTY years ago the rivalry between Yarmouth and Lowestoft was such that this proposal would have been incredible. Anyone who dared to suggest it would barely have escaped with his life from the enraged populations of two hard-fisted fishing ports. The most astonishing thing about it today is that, having been suggested by Yarmouth, it has been quite favourably received in Lowestoft.

Bureaucracy makes strange bedfellows. The local wits have christened the proposed amalgamation Yartoft, and talked of a new town hall in the intervening village of Hopton—but that is all. The reason for this astounding amiability is that Lowestoft, as a non-county borough of 45,000 inhabitants, resents government from the county borough of Ipswich, the capital of East Suffolk, which is forty miles away to the southward, and feels that it might do better for itself in combination with Yarmouth, with which it has so much more in common.

No-one has said anything about the possible effects upon East Suffolk of losing Lowestoft, as the largest town in its administrative area—although there are hints and winks that the boundary commission might be disposed to merge East and West Suffolk into one administrative county. In fact, none of the three county councils—Norfolk, East Suffolk and West Suffolk—has yet said a word in public about the plans and ambitions of the boroughs. No doubt, like the sailor's parrot, they are thinking all the more. Meanwhile the suburban parishes, whether on the fringes of Norwich or Yarmouth, are extremely vocal about take-over bids.

Freights and Fallacies

FROM A CORRESPONDENT IN BELFAST

THE high costs of sea transport are always said to be one of the main reasons why Northern Ireland finds it so difficult to achieve a rate of industrial development that would make an appreciable difference to its unemployment problem. Economists have argued that transport costs militate against industrial growth, and criticised delays and inconvenience at the dockside, the high cost of dock labour on both sides of the Irish Sea, and a general inefficiency arising from a degree of monopoly control in cross-channel transport.

This view is supported by businessmen like Mr Cyril Lord, who has said that it is cheaper for him to transport latex from Malaya to Liverpool than to carry it from Liverpool to Belfast. Other investigations have shown, for example, that freight charges between Southampton and Belfast are higher than between Southampton and Madeira. Mr Charles Orr Stanley, head of the Pye group that has factories both in Northern Ireland and in the Republic of Ireland, even accuses the Northern Ireland government of being "bad and inefficient" because it cannot keep down transport costs.

Other critics are the Northern Ireland farmers, especially the stockmen. The suggestion has even been made that workers in manufacturing industries should accept lower wages in order to compensate their employers for the high costs of sea transport. And there has actually been one case, at least, where the workers accepted this advice, though the lower wages did not in fact save the factory in question.

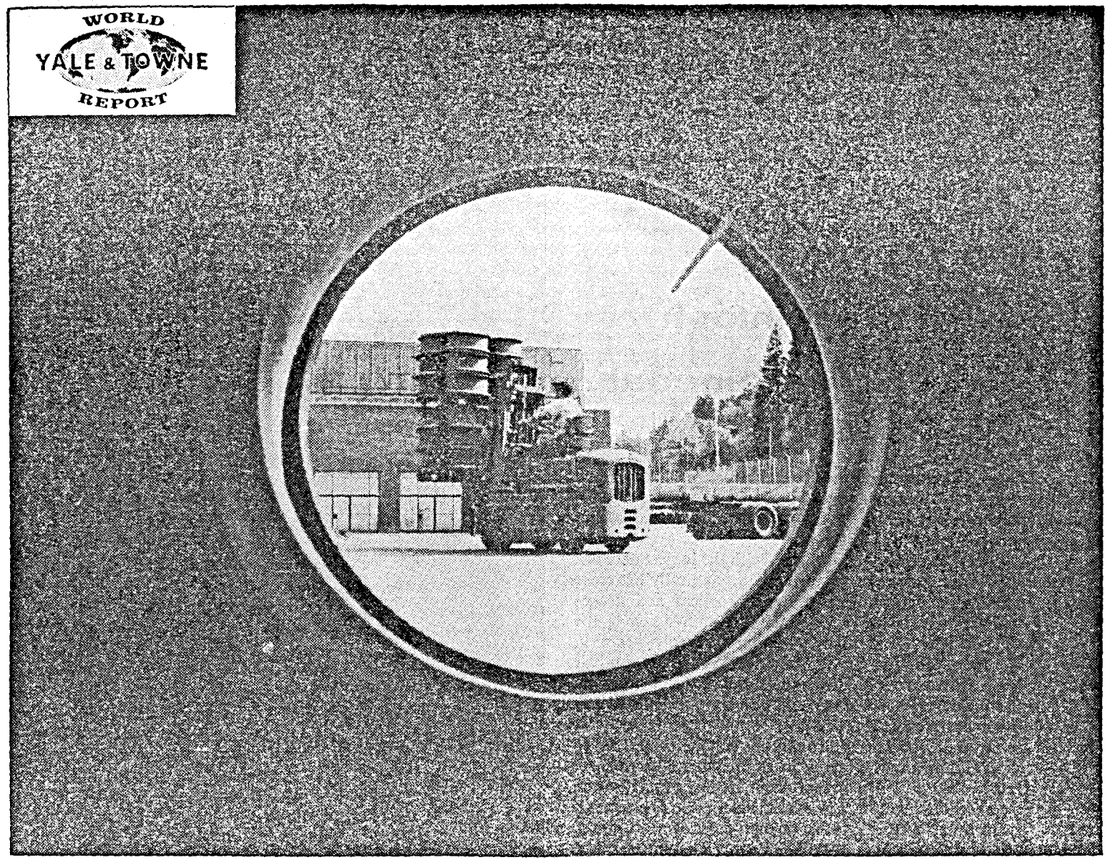
All this tends to engender a feeling of hopelessness about freight charges. But there are occasional voices of dissent. Mr S. R. Dennison, head of the Department of Economics at Queen's University, has said that freight costs are only an excuse for failures that could well have been caused by something else. He argues that manufacturing industry almost everywhere has to contend with some problem of the kind.

It is not surprising that two new surveys, should have arrived at contrasting conclusions. In June this year the Northern Ireland regional committee of the National Union of Manufacturers sent a questionnaire about freight rates to 1,200 firms in the province. More than four-fifths of them would like to see an inquiry into sea freight rates, but considered that a direct freight subsidy should be "the last resort." One firm said it was definitely leaving Northern Ireland because of the high sea transport costs, but many others were more concerned about delays in delivery.

The second survey, carried out by the Northern Ireland Development Council, found that transport costs were of no great significance in the total costs of production. This survey covered 15 different industries. In all but one transport costs did not exceed 2.8 per cent of the sales value of the products, and in 10 of them transport costs were less than 1.5 per cent of sales value.

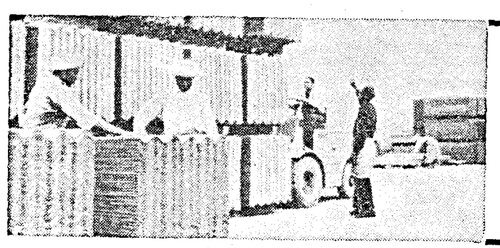
Such disagreements indicate that there is much more study to be done. But there seems to be quite enough evidence to direct more attention towards the problems of dockside delays, dockside labour costs, and losses in transit. One other point is that many Northern Ireland manufacturers have only themselves to blame if they suffer from transport delays. The shirt manufacturers of Londonderry put up with road and sea transport when their product is one that might be thought ideal for air freight. Radio and television sets, and even carpets, are other commodities that might sometimes gain from air transport.

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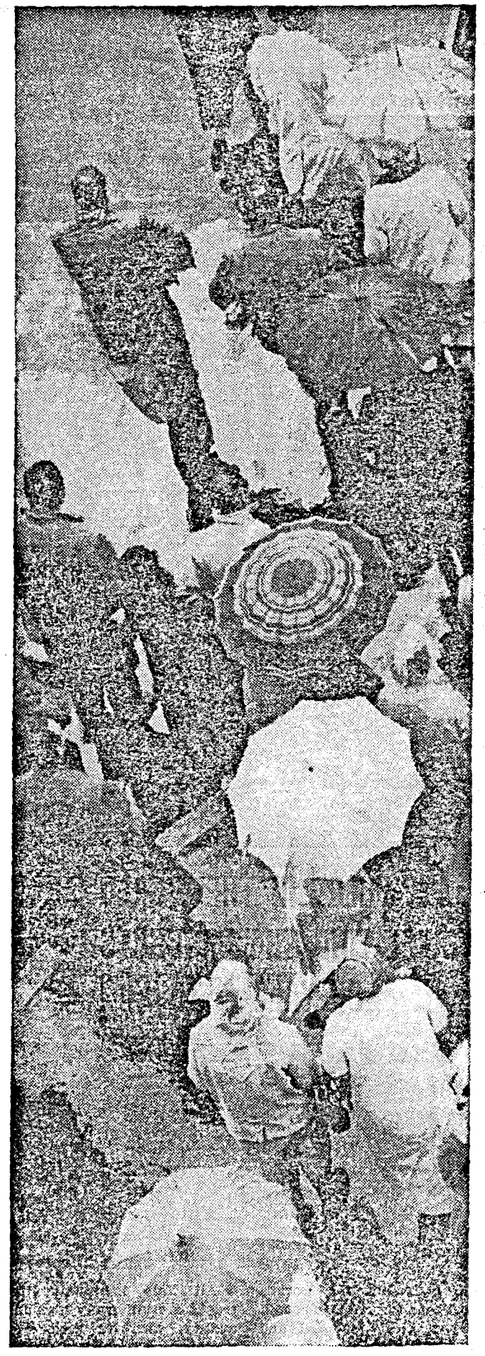
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AMERICAN SURVEY

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Well-Mannered Recovery

NEW YORK

As the country takes time out for the long Labour Day weekend that traditionally marks the end of the summer season, it is clear that the American economy is moving forward again, far faster than either Washington or the business community had expected. While there is increasing uneasiness over foreign developments, the vigour and rapidity of the rise in business during the normally slow summer months has confounded the sceptics and vindicated Wall Street, where faith in a new boom was evident even before the recession had breathed its last. Labour Day usually ushers in a period of seasonal gains, although last year the decline that had been masked by the summer doldrums appeared in full force during the autumn.

But the new climate of confidence is based not only on the speed of the advance from last winter's trough, but also on the character of the recovery, which has been extremely widespread, with strength in almost every part of the economy, and remarkably well behaved, with a noticeable absence of price increases. Previous recoveries have been more erratic, have owed more to favourable developments in specific areas and have been accompanied by almost immediate pressure on prices and wages. Its safe passage through its early stages gives the present recovery a solid rather than a spectacular look and lends substance to the belief that the new boom developing from it will be stable and long-lived. Indeed, the main problem facing the Administration is not to get the economy rolling but to insure that its momentum is maintained; this may call for the use of restraints far earlier than President Kennedy's economic policy-makers once thought likely.

At the moment, with unemployment stubbornly remaining close to 7 per cent of the labour force and with excess capacity in almost every industry, there is no danger of any immediate strain on resources. But if the motor industry avoids a strike, the rise in industrial production may well accelerate, paving the way for a fairly early renewal of wage-price pressures, at least in certain places. The absence, at present, of any discernible symptoms of strain does not mean that growing pains—and distortions—may not begin to make themselves felt as the recovery enters its adolescent stage.

Just how painful the adolescence will be depends to a large extent on consumers, whose purchases so far have been rising more slowly than the increase in their incomes. Consumer expenditures, which slumped during the first quarter of 1961, went up sharply in the second, an encouraging sign to producers of durable goods, particularly to the automobile manufacturers who, after a succession of relatively lean years, have been plagued with doubts about their prospects. They have now regained their old optimism, pointing out that dealers have reduced their stocks of 1961 cars and that the amount of consumer credit outstanding is relatively low compared with incomes; this suggests that if buyers are attracted by the new cars they will be in a position to satisfy their desires.

Barring a strike, output of motor cars will be in full swing during the rest of the year, which will mean rising demand for steel and other materials, and this will carry the index of industrial production to new high ground. Even if consumer demand rises at a moderate pace industrial output should increase fairly rapidly, approaching a level of 120 on the Federal Reserve Board's index by the end of the year, compared with 102 in February and 112 in July, while the gross national product should be close to an annual rate of $540 billion for the last quarter, as against $501 billion in the first and $516 billion in the second quarter. For manufacturers and retail traders are just beginning to rebuild their stocks, which had been pared to the bone: according to a survey by the Department of Commerce, made before the latest increase in defence expenditures, *manufacturers* will add $1 billion to their stocks in the third quarter on the expectation of higher sales and, with orders continuing to exceed shipments, a substantial increase in output seems certain. The prospect for housing is less glittering, but total spending on new *construction*, which includes commercial and public projects, is at record levels.

THE Administration's anti-recession measures helped to mould the first stage of the recovery and the increase in defence outlays prompted by the Berlin crisis will speed its progress. The new spending will accelerate the rebuilding of stocks and add to both incomes and profits, and—coupled with partial mobilisation—should serve to reduce the level of unemployment considerably faster than the Administration's earlier Budget would have done. Any further increase in expenditures will probably be offset by new taxes, but the decision to increase the probable deficit this year by $3.5 billion is a stimulating tonic—too stimulating, perhaps, for an economy already showing signs of good health.

Although the President's Council of Economic Advisers is now much happier about the outlook and is willing to concede that the step-up in governmental spending will spur the recovery and produce price increases in specific areas, it sees no danger of an early return of widespread inflationary pressures. Its members argue that there is plenty of room for growth without any strain on resources and they believe that the next stage of the cyclical expansion will continue to be well-mannered. In fact, the White House's economists are hoping that the restocking phase will be followed by increases in both consumer and business spending, which might absorb most of the present unemployment. They do not think that this mature stage will be reached until late in 1962, and at that time they expect a Budget surplus which could be used either to restrain excesses or to extend the boom.

Thus there will be practically no government reins on the economy during its adolescent period of expansion, apart from messages urging management and labour to exercise self restraint, a course already being pressed on the steel industry by the CEA. Indeed, with government spending being used to whip up activity, the only rein that can be brought into play is monetary policy. Up until now, the Administration has had the backing of the Federal Reserve Board, which is proving as eager to promote Mr Kennedy's objectives of stimulating production and employment as it was to support Mr Eisenhower's aim of maintaining price stability. The money managers have been pursuing an easy credit policy for far longer than they did after the 1958 recession, partly because they feel that inflation is not an imminent threat, partly

because they are sensitive to the criticism that their aggressive tight money policy in the late nineteen-fifties helped to stifle economic growth. But Mr Martin, the chairman of the FRB, who holds that unemployment is a structural problem that cannot be treated by monetary policy alone and who has frequently observed that inflationary booms are the result of too much stimulation during declines, will undoubtedly begin to apply restraint as the demand for funds increases.

Since the beginning of the year, the central bank has managed to maintain the Treasury bill rate at over two per cent by abandoning its previous policy of dealing only in bills (in both 1954 and 1958, the bill rate dropped below three-quarters of one per cent). Shoring up the short-term interest rate has discouraged an outflow of funds to higher yielding markets abroad without interfering with the availability of credit to potential borrowers at home. Now Wall Street is expecting a tightening of credit if only because the demand for funds should begin to mount. With Mr Martin on record as saying that interest rates will go up as business activity rises the market is undoubtedly correct, although the Fed's drawing on the credit reins will probably be gradual. For one thing, demand for credit by consumers and corporations has been moderate; for another, the Treasury will be in the market as a heavy borrower and the money managers will want to avoid any sharp increase in the government's interest costs.

Too ample a supply of credit at a time when Washington is engaged in stimulating the economy makes for a potentially unstable situation. There is no danger as long as consumer demand is slow in developing the business plans for investment in new plant and equipment are moderate in size. But the shape of the recovery could alter decisively if demand undergoes a sudden rise, whether the reason is higher prices, a war scare or the simple but compelling urge to live better. In any event, the ingredients for an explosive rise are present. If this leads to recklessness, the boom may be difficult to control when it reaches maturity.

Half a Loaf for Aid

THE Administration is sensibly putting the best face possible on the arrangement to finance long-term development loans which has emerged from a conference between representatives of the Senate and those of the House and which both chambers are expected to approve without demur. In place of the authority, which Mr Kennedy has fought for so hard and which the Senate gave him, to draw funds for such loans directly from the Treasury—without having to submit an annual request to the legislators—Congress is to authorise the spending of $7.2 billion in the next five years on development loans and to empower the President specifically to enter into long-term commitments, "subject only to the annual appropriation of such funds." (The President asked originally for $8.8 billion and the Senate gave him $8 billion). This amounts to a moral commitment on the part of Congress. But can it be fulfilled and—perhaps more important—will the underdeveloped countries, which must draw up long-term plans, and employees of the Loan Fund, feel that they can rely on it being fulfilled?

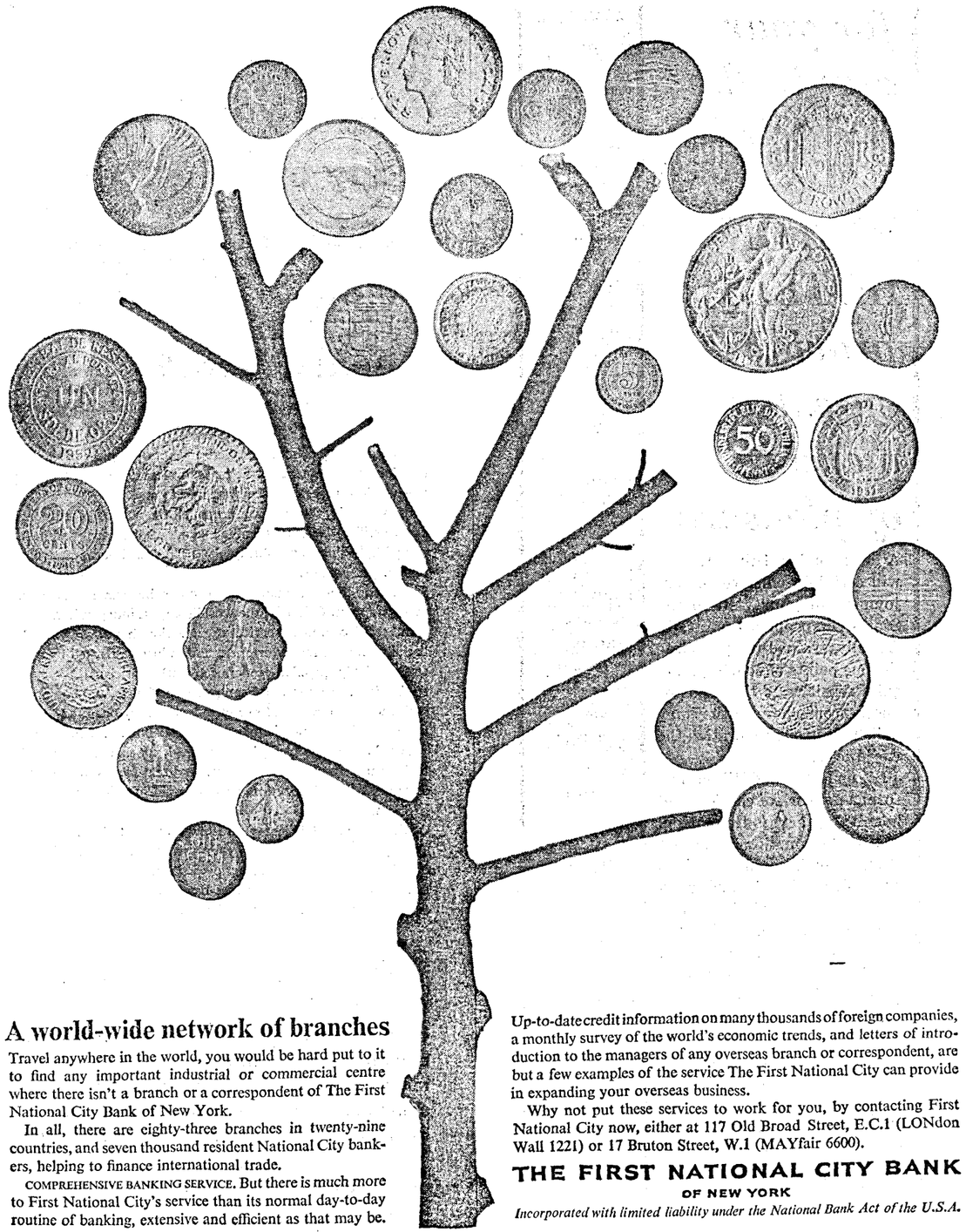
Comparisons are being drawn in Washington between the present scheme and the Marshall Plan. Thirteen years ago Congress refused to commit itself, in the authorisation Bill, to any specific amount but it conscientiously provided the money to finish the job. In recent years, however, Mr Passman, the Democratic chairman of the House subcommittee which deals with appropriations for foreign aid, had had no such scruples about providing the sums which Congress has authorised; since 1957, in spite of the efforts of the friends of foreign aid, 23 per cent less has been appropriated than the President—until now Mr Eisenhower—has requested. The great question now is whether Congress will support international development with sufficient continuing enthusiasm to override Mr Passman and his allies. It is something to be thankful for that the Republicans are identified with the compromise and hence should feel bound to honour the authorisation. At one point Mr Nelson Rockefeller, the Republican Governor of New York, who has strong presidential ambitions, was prepared to go further and support direct financing by the Treasury, but last week he decided to keep in step with his party.

Disappointed as Mr Kennedy must be, after all his hard work, he must realise that it would have needed a miracle to persuade so conservative a House of Representatives to hand over the keys of the Treasury to be used in the interests of foreign countries. And he can be fairly cheerful about the money authorised—but not yet appropriated—for this year. Nothing was cut from his request for $1.2 billion for development loans, although the ceiling for each of the next four years is set at $1.5 billion instead of $1.9 billion. From other programmes a total of about $500 million has been taken: $200 million from military assistance, on which the Senate looked askance, $200 million from the President's contingency fund and $100 million from "supporting assistance" which helps friendly countries to maintain their armies. In all, the new authorisation is for $4.25 billion—substantially more than in recent years.

—Nothing for Schools

ON FEDERAL aid for schools—which Mr Kennedy has rightly called the most important domestic legislation before Congress—the President has suffered his sharpest and most painful defeat of the session, even though in the end he was prepared to accept, not half a loaf, but simply a few symbolic crumbs. On Wednesday all but six Republicans in the House of Representatives and 82 Democrats combined to refuse even to consider a modest proposal to give $345 million for one year to the country's neediest tax-supported schools. Originally the President had asked, and the Senate had approved, a three-year programme costing $2.5 billion. Linking the scheme with two popular ones which Congress cannot afford to let lapse—federal loans to college students and aid to the so-called "impacted areas," communities whose schools are swamped by the children of servicemen and federal employees—was of no avail. The House knew quite well that it could dispose of these two matters in a separate Bill before it goes home.

In his press conference this week Mr Kennedy explained his defeat rather optimistically on the grounds that everyone is for education, but everyone is for different education Bills. This is certainly true of the Protestants and Roman Catholics; how much difference is made by Catholic support and Protestant doubts may emerge when the House votes on a $1.5 billion Bill for a five-year programme of grants and loans to help colleges—both secular and church-supported ones—build class-rooms, libraries and laboratories. The Catholics have opposed federal aid for tax-supported schools unless it is also extended to their parochial schools, something which Mr Kennedy, himself a Roman Catholic, declares would be unconstitutional. It is also true that when the President, to conciliate the conservatives, proposed that federal aid should be restricted to the building of schools, he lost much of the support of the National Education Association, the teachers' chief lobby. But such disputes simply made it easier for conservatives in both parties—who opposed even the compromise as an opening wedge for a costly programme—to vote against it. Mr Kennedy has promised, as he was certain to do, to take up the fight again at the next session. At least he now knows who his enemies are and how strong they are. It is no longer possible to lay all the blame at the door of the House Rules Committee, which buried the President's more ambitious original proposals.



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Reuther and Romney

MR GEORGE ROMNEY, Detroit's *enfant terrible*, who first produced the compact car, so successfully that the other automobile manufacturers were eventually forced to copy him, may have set them another example—and one which they are just as reluctant to follow—by his profit-sharing agreement with the United Automobile Workers. First proposed by Mr Romney's American Motors Corporation a month ago, the contract was agreed in principle, although not in all details, at the end of last week. Mr Reuther, head of the UAW, had just rejected as "woefully inadequate" the first and "final" offer which the three big manufacturers—the General Motors Corporation, the Ford Motor Company and the Chrysler Corporation—had produced only ten days before their contracts with the trade union were due to expire. Now the union, anxious that its members should not lose the extra pay to be earned over the present holiday week-end, has agreed to continue working until September 6th, but a strike seems very likely then. The union plans to close down only General Motors' production lines but the other two big companies may respond to these tactics with a lock-out.

Mr Reuther does not expect the Big Three to accept profit-sharing—not this year, at any rate—but he hopes that his agreement with the much smaller AMC will force them to improve their original offer. This did give some recognition to what is Mr Reuther's main concern this year—the present insecurity of jobs in the automobile industry—by proposing to supplement wages when short-time is being worked and to contribute towards the moving expenses of an employee who transfers to a plant in another city. This is perhaps the seed of the fresh approach to labour negotiations which Mr Reuther needs to bolster his prestige in the trade union movement in a year when he cannot expect to get much, if anything, in the way of straight wage increases for his members. In any case these would do his reputation no good with the country at large or with the Administration at a time when inflationary pressures are rising once more.

But the agreement with Mr Romney goes much farther in the direction of a fresh approach and one which Mr Reuther himself has been advocating for years. AMC is to put 10 per cent of its profits before taxes into a fund out of which will be paid wage supplements during short work weeks, medical benefits, higher pensions and moving allowances. Another 5 per cent of profits will buy AMC shares for the company's workers. Last year each would have got about $500 altogether. This agreement contains a clause designed to prevent the union from interfering with the way in which the company is being run on the excuse that the workers' share of the profits is being threatened. But the Big Three do not think that this clause is an effective means of countering what, in their view, is the basic and insurmountable objection to profit-sharing—that it involves labour in management's concerns.

Good Sense in the South

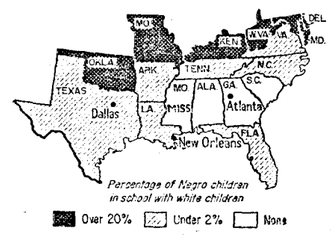
FROM A CORRESPONDENT IN VIRGINIA

WITH the start of the new school year in Atlanta, Georgia, and Dallas, Texas, two of the largest industrial centres in the South are beginning to comply with the Supreme Court's 1954 decision banning racial segregation in tax-supported schools; Georgia is one of only four remaining states in which until now not even a token number of Negro children have attended a few white classes. Over the past months a new approach has developed towards desegregation in these two cities, as well as in New Orleans, Louisiana, where loathsome demonstrations greeted the appearance of the first Negro children at two white schools last year. Alarmed at the economic consequences of such performances business groups in these cities have been risking unpleasant repercussions in order to urge restraint on their communities.

For the South's progress towards economic equality with other regions has begun to falter, partly as a result of the recent recession but also because people interested in establishing new industries have hesitated to come into such potentially disordered places. The individuals who wield power locally—the American counterparts of the British establishment—have therefore set about changing the climate in their areas. They have had two themes—let us have law and order and let us keep our schools open—set against a background of insistence that, while no one is a willing integrationist, the law is the law and that to go on trying to avoid court decisions will damage the community and will be futile as well. This argument provides a ladder by which political personalities can descend with a measure of dignity from the limb of high principle on which they had stranded themselves.

HOW MUCH DESEGREGATION?

Southern and border states at end of last school year–May, 1961



Of the 6,663 school districts in the 17 southern and border states and the District of Columbia, 2,813 have both Negro and white children living in them but only 783 had racially-mixed schools last year. There were 10,173,399 white school children in the region and 3,088,261 Negro children, 706,163 of them in desegregated districts and 213,534 actually attending classes with white children.

Source: Southern Education Reporting Service.

The Dallas Citizens' Council, a highly-representative 250-member body, headed by the president of the local electricity company, has succeeded in gaining the co-operation of a range of organisations—the Bar Association, the Medical Society, the Council of Churches—and has held meetings with a similar group from the Negro community. The council is interested in all points of racial friction, not merely in the schools; its first quiet accomplishment was a pre-arranged city-wide desegregation of restaurants and it has been pressing employers to make more jobs available to Negroes and for the opening of more recreational facilities to them. The new school year begins in Dallas on September 6th; of an enrolment of some 140,000 in the tax-supported schools about one in six is Negro. No announcement as to where, or how many, Negro pupils are to enter white schools will be made in advance; they will all be six-year-olds going for the first time. Meanwhile wide circulation has been given to a pamphlet, "Dallas Opportunity," to leaflets and to a home-made documentary film in which substantial citizens from a variety of occupations urge that the city be kept "a good place to live in." Clergymen were asked to take their holidays early so as to be in their pulpits and ready to give advice during the days before term starts. The Mayor has stated publicly that "our law enforcement authorities have ample means to be very helpful if a disturbance arises."

In Atlanta, where school opened this week, nine Negro pupils entered the two top classes of four high schools without disdisturbance. There the power structure was organised less formally than in Dallas but used similar methods of obtaining signatures to statements, getting positions taken by organisations and so on. Last May General Lucius Clay, who now heads one of

the country's largest corporations which spends about $30 million in the state each year, emphasised the importance of his company's operations to state and local tax receipts in a public speech and warned reactionary fellow Georgians that "none of us want to locate in areas where there is serious risk of conflict between local custom and federal law." Atlanta is the economic centre of the south-eastern region and more and more Atlantans agree with the admonition of the president of the city's Federal Reserve Bank:

> A plant that does not come here does not eliminate employment opportunities and the wealth we might have had for a day or a month or a year but for decades. . . . If we behave like a banana republic we shall get and deserve the economic rewards characteristic of a banana republic.

In Dallas and Atlanta, New Orleans has been held up as an example to be avoided; this has stung the pride of Louisiana's big port, an urbane, cosmopolitan city which was shocked last year by the sudden evidence that "it could happen here." Several more schools are to be integrated in New Orleans this autumn but the situation there is exceptionally complicated. Until recently the constructive lead given by newspapers in Atlanta has come in New Orleans only from one wireless station. The sharp differentiation between social layers makes it difficult to organise leadership in New Orleans and there is acute antagonism between the authorities in the Roman Catholic city and the state government dominated by rural and mainly Protestant interests. A further problem is the existence in New Orleans of a large Catholic school system which is to be integrated when the city schools have been desegregated "effectively." But recent weeks have seen the appointment of a tough and vigorous Roman Catholic archbishop-coadjutor, the formation of a determined group of businessmen, the establishment by the school board of an advisory council to improve the climate and articles in newspapers declaring that "the public schools must be kept open even if some mixing results." All this provides identifiable and highly-respected opposition to the racists.

But even if the schools open this autumn in the South without serious incidents, will this mean that determination to comply with the law of the land has now got over the hump of massive resistance? Certainly the Supreme Court's decision is being accepted, however grudgingly, by a broader section of the community. Last year the groups which confronted each other were SOS (Save Our Schools), HOPE (Help Our Public Education) and other liberal elements, some of whom believed in integration as a principle, with GUTS (Georgians Unwilling To Surrender), White Citizens' Councils, Defenders of State Sovereignty and similar racial die-hards on the other side. But the pessimists' view of the future suggests that Dallas and Atlanta, sophisticated urban centres, are the last major areas where desegregation can be had relatively easily, that what remains, mainly schools in backward, prejudiced rural districts and small towns, is the harder part of the task, with sporadic violence to be expected.

But in both Atlanta and New Orleans this year's effort to muster business opinion has been on a state-wide scale and the new industrial plants in the South are mostly in rural areas. Thus the effects of the firm stand taken by financial and business leaders are likely to spread. Further, the lack of any alternative to compliance is being underlined constantly, most recently in Virginia last week and in Louisiana this when rulings on two court cases constituted a clear warning that tax-supported schools may not be closed in order to avoid integration. Moreover fourteen southern school districts are desegregating voluntarily this autumn without waiting for the court orders which have forced integration on Atlanta and Dallas.

More Wages, Fewer Hours

FROM A SPECIAL CORRESPONDENT

THE increases in the minimum wage and in the number of workers who are protected by the Fair Labour Standards Act, which Congress approved in May, go into effect next week, on September 3rd. For the first time in the history of the 23-year-old Act new groups of workers are to be brought under its protection; 3.6 million of those hitherto uncovered will have to be paid at least $1 an hour. The new amendments also require that the 23.9 million workers already covered by the Act receive at least $1.15 an hour—15 cents above the present floor. After two years this will rise automatically to $1.25 an hour. Newly-covered workers will not be guaranteed this much for five years.

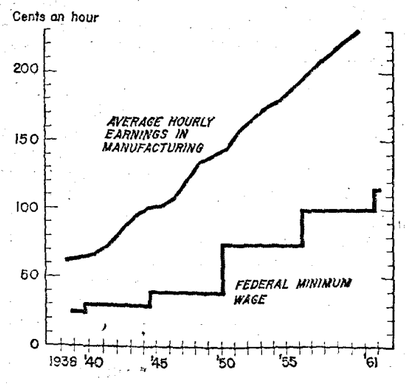
The largest and most significant group of the newly-covered workers (2.3 million) is engaged in the retailing and service industries. Roughly 663,000 of them—mostly shop assistants—are now receiving less than a dollar an hour and the Department of Labour estimates that in the coming year alone the compulsory rise in wages will cost retail traders $173 million. Even after next week only 31 per cent of the 7.5 million men and women who work in shops will be protected. This is because the law will apply only to retail enterprises that have annual sales of more than $1 million and which buy goods worth at least $250,000 a year from other states. Any store with annual sales of less than $250,000 will be exempt. In addition to shop assistants, those brought under the Act for the first time include seamen on vessels flying the American flag (100,000), telephone operators at small exchanges (30,000) and—for wages but not hours—employees in public transport (93,000) and construction workers employed by large firms (about 1 million).

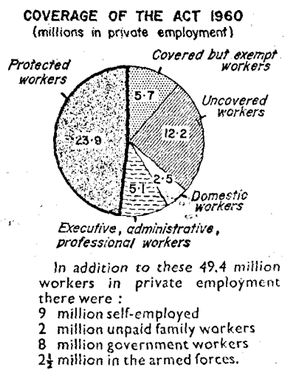
It had been hoped to extend the safeguards of the Act to even more people, but there was heavy pressure on Congress from the industries concerned and President Kennedy might not have carried the day if certain concessions had not been made. A few workers formerly covered actually lost their protection and Congress failed to extend the Act either to the 305,000 employees of motor-car dealers or to the 140,000 in laundries, although Senator Morse protested that "laundry workers are the largest group still working under sweat-shop conditions." Thirty-three states have minimum wage laws, but only 14 protect men as well as women.

Many people feel that the changes regarding overtime may turn out to be as important as the increases in the minimum wage. Workers already covered by the Act receive pay at the rate of time and a half for all hours over 40 a week. The newly-covered workers are not affected by the overtime provisions during the first two years, but at the end of the second year they will be paid time and a half after 44 hours, in the fourth year after 42 and in the fifth year after 40.

The Department of Labour is asking for more wage and hour investigators to police the new provisions. The government hopes to secure compliance without resorting to compulsion but if this is necessary it can take employers to court and force them to pay up. The fine for a first violation may be as much as $10,000 and continued refusal to comply may lead to six months in prison. Administering the Act will be somewhat easier now that all employees of any enterprise doing an annual business of $1 million or more a year will be covered if any of them are. In the past investigators had to determine which workers were engaged in interstate commerce; they alone were protected.

The big difficulties in enforcing the Act will come in 1964 when the overtime provisions will start to be applied to shop assistants. But by that time the trade unions will probably be pressing both for another increase in the minimum wage and for the extension of wage and hour protection to those workers in the retailing and service industries who are still excluded.





In addition to these 49.4 million workers in private employment there were:
9 million self-employed
2 million unpaid family workers
8 million government workers
2½ million in the armed forces.

Cautious Call-up

LAST week, for the first time since the Korean war, army, air force and navy reservists received notice that they were being recalled to active duty. Of the total of 76,500, over half are destined for the army, to provide the supporting units in engineering, communication, transport and so on needed by the three training divisions in the United States which are scheduled to be turned into combat units, ready to go overseas, by December. The United States hopes by its example to encourage other members of the North Atlantic Alliance to increase their own contributions.

The present call to the colours represents a very modest use of the authority which Congress gave the President last month to mobilise up to 250,000 reservists without having first to declare a state of emergency. One of the reasons for this caution is that many people still remember with anger that reservists with careers and families had to bear much of the first brunt of the Korean war although there were millions of younger men in the country who had done no military service. Mr McNamara, the Secretary of Defence, hopes that volunteers and young conscripts will provide most of the quarter of a million men whom it is planned to add to the forces. The draft, the monthly call-up of young men, which averaged just over 3,000 up to August, has been raised to 25,000 for September and 20,000 for October and it is already having the desired result of encouraging voluntary enlistments.

Another reason for not depending more than is necessary upon reservists is that under the present law they must be released after a year. Unless the likelihood increases of war over Berlin, the Defence Department wants to go cautiously, and without panic, about the job of building up the forces for all the various crises, in other parts of the world, which they may have to meet in the coming years. At present the Army is only being allowed to add about half the 133,000 men it needs to create the million-man force for which Congress has just provided the money. This leisurely pace is a disappointment to officers who have hopes of adding two more divisions to their present fourteen and there are grumbles from critics who fear that the United States may be falling between the nuclear and non-nuclear stools.

Markets Under a Microscope

NEW YORK

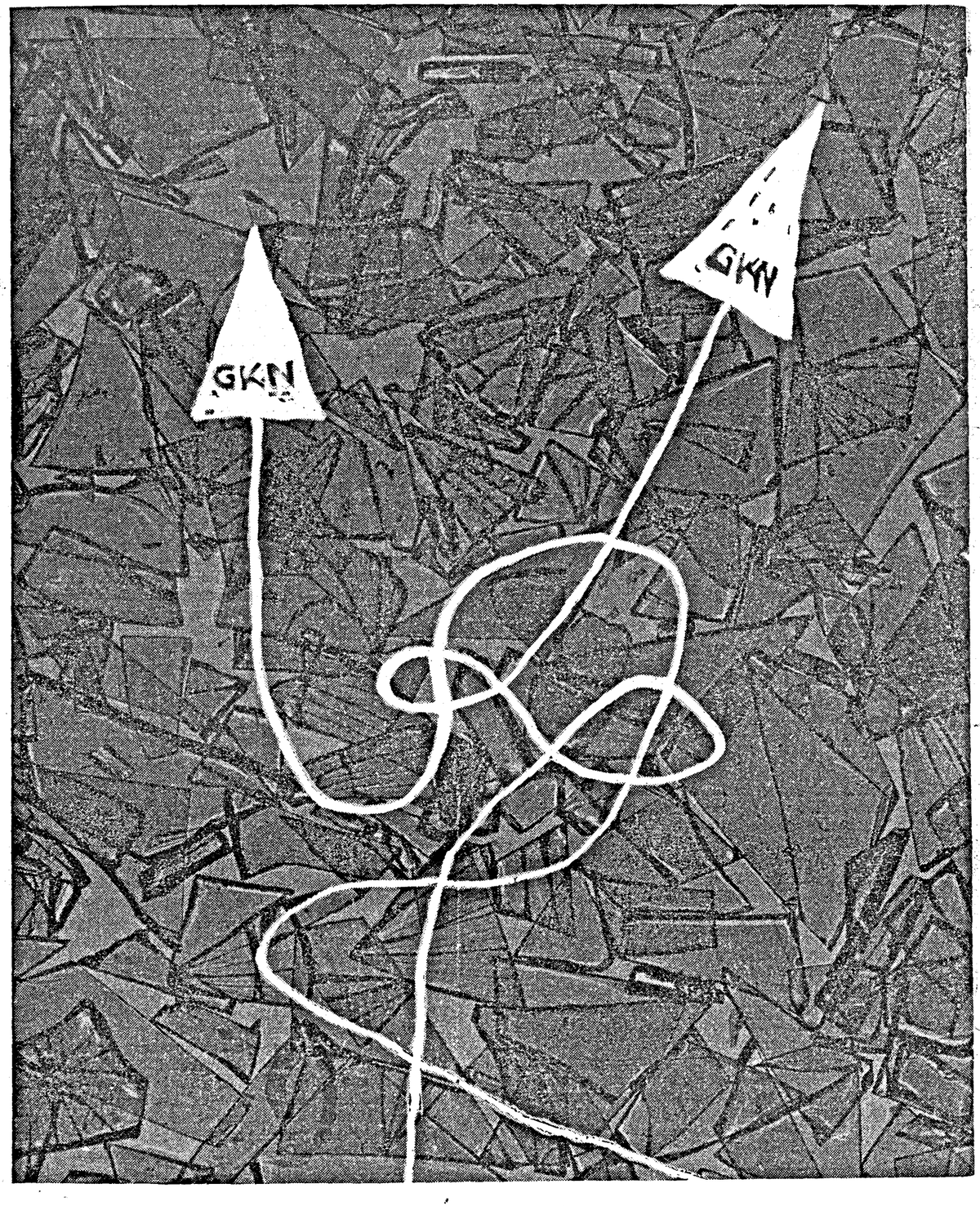
CONGRESS has agreed with the Securities and Exchange Commission, Washington's watchdog over Wall Street, that the time is ripe for a thorough investigation of the securities business. The SEC is to get $750,000 for the purpose; it is to present its report to Congress at the beginning of 1963 but may recommend interim changes before that. The SEC has already embarked on special enquiries into mutual funds (unit trusts) and the American Stock Exchange; but the new investigation will have the broader objective of gathering information on virtually every phase of market activity to determine whether the SEC's present rules and practices, together with the self-policing activities of the stock exchanges and other groups, provide adequate protection for the growing numbers of small investors.

Two fields that have been earmarked for special attention are the mutual funds, which now boast assets of $20 billion, and the over-the-counter market. The SEC will take a close look at the activities of salesmen who tout the shares of mutual funds on a door-to-door basis and it will examine the relationship between the funds and the firms that manage their portfolios; it wants to know, for instance, whether the fees paid annually for professional management (usually from ½ per cent to 1 per cent) are unduly high, and whether the portfolios of some funds are turned over excessively in order to generate more commissions for stockbrokers.

At present the over-the-counter market is free of many of the rules and restrictions applied to securities listed on the exchanges and the SEC will consider whether this state of affairs, which makes it almost impossible to detect manipulation, should be ended. Securities that are traded over-the-counter do not, for instance, have to comply with the principle of "full disclosure" forced on listed securities by the SEC. The double standard also shows up in the use of credit. In the case of listed shares, the Federal Reserve Board limits the amount of credit that banks and brokers can extend; at the present time an investor must produce cash for 70 per cent of any such purchase. But there are no restrictions for over-the-counter issues. As a result, there is no shortage of credit for the would-be manipulator of the market.

The proposed investigation has been prompted by a number of developments: the uncovering of the fraudulent activities of a firm of specialists on the American Exchange; the violent swings that have occurred in prices of small and speculative new issues, suggesting that factors other than the laws of supply and demand may have been at work; the fact that the New York Stock Exchange felt called upon to warn the public against uninformed speculation in over-the-counter issues; and the sheer volume of trading in recent months. For the most part Wall Street has turned a blind eye to increasing signs of abuse, regarding them as an inevitable consequence of the prolonged bull market.

Belatedly and somewhat grudgingly, it is beginning to recognise the need for action. The American Exchange has tightened its regulations and the National Association of Security Dealers (the over-the-counter trade organisation) has been more active in penalising erring dealers. Meanwhile, the mutual funds have finally agreed to adopt a code of ethics which, it is hoped, will curb some of the high-pressure selling of shares on the one hand and, on the other, restrict the turnover in investments. In addition, a few mutual funds have reduced the charges levied for the management of their portfolios, partly because of a rash of suits by stockholders claiming that fees have been excessive, partly in order to forestall the questions of the SEC. One of the main objectives of the new inquiry will be to see whether the present system of allowing the financial community so much freedom to police itself can cope with the emerging mass market for equities.



WE DO NOT FLY JETS

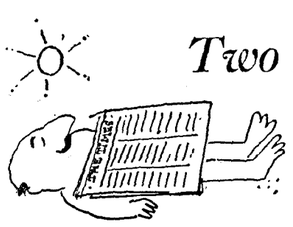
We do not convey V.I.P.'s at a supersonic whisper, nor do we swoop from the stratosphere to attack—or defend; but we do help, in many ways, to make modern civil and military flying possible. Runways, for instance: there is GKN steel reinforcement in many acres of concrete, both on and off the actual airfield. To the manufacture of aircraft, GKN companies contribute both welding and toolmaking equipment. But there is also a great deal of GKN steel in the air. Top quality steel. Some of it in spars, and some in aircraft engine forgings. Some of it is only GKN material, but much of it is in the form of finished articles manufactured by GKN companies: turbine and compressor blades; stainless steel fabrications; laminations for generators and electric motors; and the all-important fastenings for which so many modern manufacturers turn to us. Aerotight Nuts are a GKN patent. And fastenings such as Bolts in Titanium Alloys and Ultra High Tensile Steel come naturally to us—and from us. In flying, as in many other things, the over 80 engineering and steelmaking companies which make up the GKN Group are helping to keep things together—and to keep them moving.

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THE WORLD OVERSEAS

Two Englands on the Costa Brava



FROM OUR SPECIAL CORRESPONDENT



Two long-haired youths stood on the edge of the beach snarling obscenities and pointing loaded harpoon-guns at each other. Their companions howled and booed and urged them on. A heavy schoolmasterly man thrust his way into their midst. "Now come along, chaps," he said, "sort it out like Englishmen—with razor-blades or bicycle-chains or something."

A little way along the beach sunbathers were suffering from the proximity of a gang of schoolboys whose time was divided between twisting the arms of their smaller brethren and throwing sand, pebbles and Coca-Cola bottles at one another. A Swiss lady rebuked them once or twice in awkward English that merely provoked guffaws. At last she walked over to a British couple who had recently arrived at her hotel in a bright new Jaguar. "Please," she said, "can you persuade your compatriots to act civilised?" She could not be expected to know that "compatriot" is the sort of title Britons bestow sparingly. The Jag-man squirmed in embarrassment. "You don't mean," he said weakly, "that those . . . those creatures are *English*?"

Your correspondent sat only a few yards away, trying desperately to look unEnglish and conceal an Eric Ambler paperback in the arid bulk of *La Vanguardia*. Neither offered any escape from the crisis. *La Vanguardia* carried a piece about hooligans battling with police in a "typical English street." And here was one of Mr Ambler's characters telling his wife (the quotation is from memory): "You think all Englishmen are lords. But I know them—I was with the tommies during the war. They are ignorant and ugly and have bad teeth." It was not a day for sporting a Union Jack pennant, or even (like those quaint French-speaking Glaswegians) an *Ecosse* plaque, on one's car.

Up to a few years ago, the average British tourist in the main Continental resorts was rarely egregiously alien, however much it flattered him to be considered "eccentric." More often than not, he appreciated good food and wine, and had agreeable manners, and someone in his family usually spoke tolerable French; only his overdressed and presumably colourblind womenfolk were apt to provoke pitying smiles. His children are even more at home on the Continent: you will find them any day playing beach-games, flirting, dancing *sardanas*, and singing in taverns with French, German, Dutch and Scandinavian youngsters as unselfconsciously as if European union were already a fact. But the discovery of the Costa Brava as a cheap holiday centre has brought British travel-agencies a new kind of clientele; and the Continental holiday-makers who also flock to the Spanish Mediterranean coast are acquiring an entirely new conception of the typical Englishman—and woman.

No-one will ever again mock English prudery who has witnessed a lady from Wakefield or Woolwich dressing on a crowded Spanish beach and struggling to cram a half-gallon bosom into a three-pint bra. Continental males are surprised—and often gratified—to discover how high a proportion of the English girls they see on the Costa Brava are unescorted and unchaperoned, except by each other; and on this level Anglo-Continental integration is speedy and mutually satisfactory. ("The boys out here are smashing," two Liverpool typists raved. "They've got *character*. At home you meet nothing but Teds and imitation Yanks.") French, Spanish and Scandinavian youths still knock nostalgically, usually late at night, on the door of the house in Blanes that was rented by five English nurses last July.

So far, fair enough. But marriage, Continental observers remark, seems to sour the New Englishwoman. Her voice tends to acquire a cutting edge. Genial Spanish customs like sitting out in the street in the evening now irritate her ("what would the neighbours say if we did that in Derby?"). She becomes a compulsive nibbler: her morning, for example, is devoted to a continuous throughput of potato crisps, *churro*, fruit cake, chocolate, cheese sandwiches and soft drinks which she leaves lying in the sun until they are hot. Her husband is generally a silent chunky man who sits on the beach in his socks, glancing gloomily at the *Express* and *Mirror*. At 11.55 he moves to a refreshment stall and spends the next hour sadly swallowing beer out of a litre glass. Back at their *fonda* they both discover that they have little appetite for lunch and grimace over the olives and aubergines.

The New English Tourist cohabits uneasily with the old. ("Are they English?" a little girl asked her mother, pointing to a group fifteen yards down the beach. "Yes, duck," mother replied, "but they sound like toffs: keep well away.") And the old-school tourist prefers French, Swiss or German company on the beach to the proximity of lower-caste fellow-countrymen. ("We stopped going to Majorca," the Norwich business man said, "because it was overrun with Coventry nut-tighteners. And now you can't sit on the beach here without Cockney delinquents flinging sand in your eyes. We shall go to France next year.")

Ticket-agents and cabaret-owners have been quick to capitalise English caste-allergies. One agent admits that while he sells tickets for a local cabaret indiscriminately to Continental tourists he tells English inquirers that the "club" is "exclusive" or "selective" and puts on an act of weighing up their social eligibility before accepting their money. "English tourists enjoy even a third-rate show," he says, "if they think other English tourists are being excluded; and they're happiest when there are no other English." Even when buying tickets for a bullfight excursion his English clients sometimes require an assurance that they will not be seated in the vicinity of "all that coach-tour riffraff." To minimise embarrassing confrontations between England's two nations, the more expert travel-agents and house-renting firms are beginning to adopt a policy of *apartheid*, guiding "better-class" families to the beaches around Bagur, Palafrugell, Palamós and S'Agaró, the non-U to Lloret, Tossa and Blanes, and doubtful cases to Estartit and San Feliu. Coping with Englishmen is almost as complicated as being one.

No other people represented here (excluding one's Spanish hosts) is riven in quite this manner, and the detribalised Englishman, embarrassed and a little ashamed, is apt to blame the Affluent Society and to mutter that if other countries' working classes developed a yen for foreign tourism we should see some of their dirty washing, too. But this is sheer escapism. French lower-middle and working-class families, for example, already outnumber their British equivalents on the Costa Brava, but they do not stand out so conspicuously from their wealthier compatriots. They eat the same kind of meals, at the same times, as their more elegant neighbours, and have received a similar basic education; they have, and are conscious of, a common cultural background. Worker and professional man can play bowls and drink an apéritif together without unease or condescension on either side.

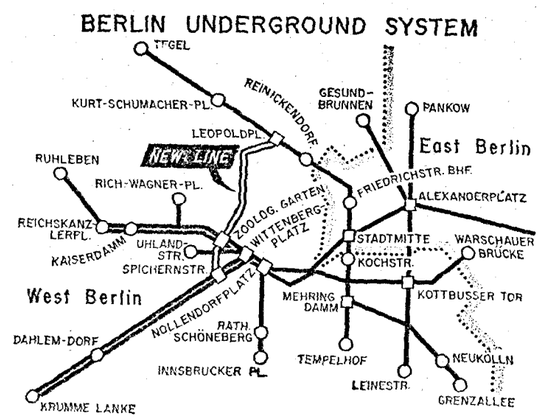
Clearly, the problem is a cultural one, not one of "class" or income-group. Equally clearly, many of the emotional undercurrents responsible for Britain's ungainly approach to Europe derive from differences of outlook between its educationally privileged and educationally underprivileged citizens—the former conscious of belonging already to the mainstream of European culture, the latter cultural outsiders even within their own shores. Western European integration is at last on the horizon; but where is the statesman bold enough to set about integrating England's two nations?

Berlin Faces Adversity

FROM OUR SPECIAL CORRESPONDENT

One would like to write reassuringly about the future of west Berlin: "Say not the struggle naught availeth," and more in that vein. But the truth is unpalatable: all those who over the past sixteen years have backed, morally and materially, the singular status of Berlin are in danger not only of having to eat their proud words but also of losing their investment.

With the authority of the Soviet Union behind him, Herr Ulbricht has said that the disruptive measures taken by his government in Berlin since August 13th are provisional: "The final establishment of normal relations will follow in connection with the peace treaty." The peace treaty, recognising east Germany as an independent sovereign state, will be signed, he has again reminded the world, by the eastern block countries before the end of the year. Before then, the three western powers concerned and the Federal Republic should negotiate with the Soviet Union and



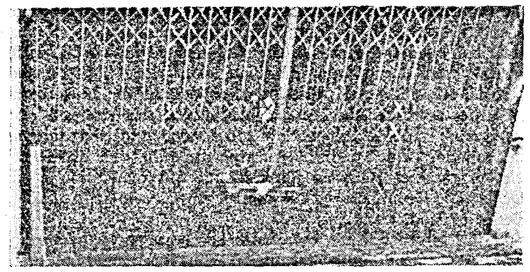
the Democratic Republic with the object of determining the status of a "free city of west Berlin" surviving within the east German state borders. And Herr Ulbricht has restated his conditions for sparing west Berlin from immediate absorption. They include "demilitarisation"; the dissolution of western (not eastern) intelligence agencies; the liquidation of RIAS, the American-sponsored radio station which employs 470 persons in its effort to transmit round the clock to east Germany; the withdrawal of all agencies of the west German government; and recognition of the Democratic Republic's right to control all traffic to and from west Berlin by land, water and air.

So far as can be seen, there is to be no easing of these terms. The east German ministry for foreign affairs is sedulously putting it about that even final recognition of the Oder-Neisse line by the West would not now buy a single concession, either in Berlin or anywhere else. In the circumstances of past communist performance and present ambition there is no justification for supposing that the sovereign east German Democratic Republic would let many months go by before finding an excuse for obstructing commercial traffic and seizing the whole of Berlin—of course, at the request of its peace-loving population. The necessary pressure could be exerted without touching the allied garrisons. Has not everybody that matters said there is not going to be a war about Berlin? Herr Ulbricht is feeling very confident; and this weekend, with that symbolic visitor, Major Titov, at his side, the last thing that will be troubling him is the testimony of the refugees.

A pretence that west Berlin has an independent future is still being bravely kept up by western politicians inside and outside Germany. But the west Berliners themselves are not being taken in. There are just over two million of them, and everyone old enough to think is reviewing his or her individual chances, and canniest course of conduct, in the event of a drastic change of regime in the not distant future. There are no signs of panic. Spectacular as its rise has been, and harsh as its meaning is, Herr Ulbricht's wall has affected the daily lives of relatively few. West Berlin's food supplies, even its milk and vegetables, have long been coming almost wholly from the Federal Republic, not from across the sector boundary.

Many families have been separated, at least for the time being; it is not yet possible to assess how magnanimously inter-sector passes will be issued, or with how much pettiness they will be withheld. Approximately 52,000 east Berliners have ceased to contribute to the daily work of west Berlin; and when the new term begins some sixty teachers and 3,000 students and school children will be "absent, wallbound." The great majority of west Berliners have not been in the habit of visiting east Berlin; the new difficulties therefore do not affect them. West Berlin's transport system is functioning neither more nor less normally than it has since the city was formally partitioned in 1948. The trams have long made the sector boundary their terminus.

The underground, which is controlled by west Berlin, runs as much north and south as east and west, so that some lines go conveniently through without touching east Berlin. A new line doing this, running from the Leopoldplatz via Kurfürstendamm to the Spichernstrasse, was opened this week six days ahead of schedule. (It is characteristic of west Berlin's financial plight that the bill, 198 million marks, is being paid from Bonn, like so many of the city's bills. And it is characteristic of Bonn's unteachable insensitivity that the west German minister of transport, Herr Seebohm, an unabashed irredentist if ever there was one, is expected in Berlin today, Saturday, for the formal retrospective opening ceremony.) Where a line runs for a stretch through east Berlin and re-enters the west, the Berliners' long-practised knack of making things work comes strikingly into play. Thus underground trains leaving west Berlin at the Kochstrasse now trundle non-stop to Reinickendorf, where they are once again in west Berlin. The six east Berlin stations through which they pass, including Stadtmitte



U-Bahn station: chain and padlock

and Friedrichstrasse Station, have been made inaccessible to the east Berliners by chain and padlock. The overhead Stadtbahn, which is administered from east Berlin, is running normally, but the majority of west Berliners are boycotting it in order to deprive the enemy of a useful source of west marks. It is claimed that since August 13th the number of S-Bahn passengers in west Berlin has dropped from 500,000 to 100,000 a day.

Speeches and promises concerning material support are still the order of the day. So long as west Berlin remains its protégé the Bonn government will assuredly continue to pump in the various subsidies that now total DM 1,600 million a year. Thanks to the studied co-operation of west German industry, the west Berlin factories have orders that will tide them over a long period. The big engineering firm of Borsig is advertising on the hoardings all over west Berlin this week for new hands. Siemens, AEG, Telefunken and Daimler-Benz are doing the same in the newspapers. The German subsidiary of Philips announced at the opening of the current radio and television show that it was enlarging its existing west Berlin plant by nearly half. Presumably these prosperous undertakings, whose eggs are in many baskets, can afford to risk some losses.

But west Berlin, which, subsidies apart, has to live from industry and tourists, is already in fact at Herr Ulbricht's mercy, since he controls all the routes through which west Berlin industry receives its raw materials and sends its goods to market. It is probably too late to stop the juridical power being added to the physical control in his hands. Will it be long after that before Herr Ulbricht's mercy runs out?

Question Mark over Northern Rhodesia

FROM OUR SPECIAL CORRESPONDENT

IN the calm of Oxford this Friday, September 1st, the Colonial Secretary was due to lecture Mr Kenneth Kaunda and other African leaders on "racial tensions." In Mr Kaunda's country, Northern Rhodesia, on the same day, it was an even bet that a school would be destroyed and a chapel burnt down. Question-time at the Oxford conference may be too academic or too polite an occasion for Mr Macleod's audience to ask whether the disturbances in Northern Rhodesia are going to continue sporadically for an indefinite time or whether Britain is seeking a happier outcome. But that is now the main question being anxiously asked in Northern Rhodesia.

There is no doubt that if Mr Kaunda and the Liberal leader, Sir John Moffat, return from their present visit to Britain without gaining the two constitutional modifications they are asking for, the disturbances will increase. The familiar gloomy pattern of revolt and repression will follow. Sir John and his Liberal ministers will resign and hand over to United Federal party politicians who show every sign of wishing to follow the recent advice of one of their Federal Assembly colleagues and demand that "intimidation be put down with a show of colossal force." Eventually the British Government will appoint a commission of inquiry and the country may be allowed to take a deep breath and start again.

Senior officials of the Northern Rhodesia government claim that they saw all this coming. They warned the British Government that any drastic changes to the February White Paper would bring disorder. Now their chief hope is to damp down the fires of protest as much as possible while an election is hurried through to save Britain's face, and then talks on another constitution can begin. Most of them acknowledge the folly of this process, the risk that Mr Kaunda and other reasonable leaders may become sacrificial victims and the certainty that the faltering economy will sag further.

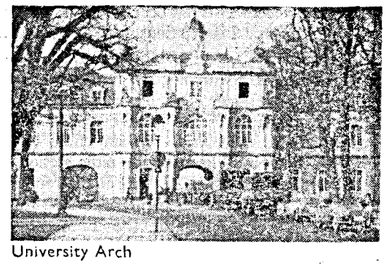
There are other risks too. Northern Rhodesians were preparing themselves for a transition to African majority rule which promised to be nearly as smooth as Tanganyika's. Now the parliamentary prospects are a sharp racial division with a few officials holding an uneasy balance, and then an abrupt plunge into African domination. Racialism, which so far has been mercifully absent from the disturbances, in which Africans have attacked the emblems of foreign authority and not the foreigners themselves, will almost certainly gain hold of emotions. The hard won successes for African industrial advancement will be jeopardised. After a year's negotiations the European Copperbelt workers have accepted from the Keir report the principle of non-racial technical education. But another murder like that of Mrs Burton last year could undo all this work. A mainly Afrikaner force of 800 local defence volunteers has been raised on the Copperbelt and linked with the Federal army in preference to the territorial police. This organisation may prove more than a mild headache to the Northern Rhodesia government if disorder increases.

ATTITUDES among the country's 70,000 Europeans vary more than an outsider would expect. There is the self-described "hard core of determined Whites" on the Copperbelt who look on a black majority as a foretaste of purgatory. There are the politicians and business men wholly committed to Sir Roy Welensky's Federation. But there is also a surprisingly large number of business and professional people as well as administrators who think the proposed constitution is harmfully delaying the inevitable, and bleeding the country in the process. This attitude has been manifest during the last fortnight's controversy over an attack on federation made by the mayor of Lusaka in front of the Governor and the United Kingdom High Commissioner, Lord Alport. The mayor, Mr Richard Sampson, complained that the economic structure of the Federation, as developed by the federal government, "is of such a nature as virtually to bar the establishment of industry in the north." Of the little industry Northern Rhodesia possesses, he said, some 90 per cent was already established "before the federal government got into its stride." Although anonymous heroes like "Vigilante" and "Disgusted" have maintained a steady barrage of newspaper letters against Mr Sampson ever since, there is also wide support for his forthright words.

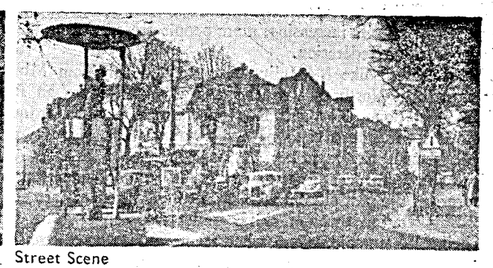
The mayor's argument cannot indeed be gainsaid. The new finance minister, Mr Gardner, though less outspoken than this about federation, ended his recent budget speech with an acknowledgement of "strong feeling in the territory that Northern Rhodesia deserves a better fiscal deal." As for development, although last year's gross domestic product was a record £219 million, this was mainly due to the favourable copper prices. Mr Gardner could only praise the territory's year-old industrial development corporation for its promise rather than its performance. He had to give a warning that a 20 per cent income tax surcharge would almost certainly be imposed next year. With architects and merchants

Continued on page 886

Bonn's Street of Power



University Arch



Street Scene

FROM OUR BONN CORRESPONDENT

ONCE upon a time it was the metropolitan Wilhelmstrasse that served as a local habitation and a name for German policy-making. Today the provincial Koblenzerstrasse is being pressed, or rather widened and built up, into a similar service. If not yet greatness, at least an immense load of concrete and paper is being thrust upon it. Neither for old Bonn nor old Wilhelmstrasse hands are things what they used to be. True, the Koblenzerstrasse houses such dignitaries as the president of the republic, the chancellor, the foreign minister, and a foreign ambassador or two, just as the Wilhelmstrasse did in the old days. All the same, many of the nameplates on the new and the old buildings would make strange reading to Bismarck or Hindenburg. A different society has set up shop in and around the Koblenzerstrasse, a society with changed components and manners, of which the thrusting political and commercial pressure groups sometimes seem to be the most conspicuous and influential.

Still accurately named (though it must be in mortal danger of becoming the Konrad-Adenauer-Strasse), the Koblenzerstrasse is the main road leading out of Bonn to Koblenz, forty miles to the south. Long and straight, it runs parallel with and at a distance of about three hundred yards at most from the Rhine. Near the Bundeshaus, it changes its name to Friedrich-Ebert-Allee, the hell-for-leather driving strip between Bonn and Godesberg that accommodates such important spill-overs as the German Red Cross, the Social Democrats, the Volkswagen repair station, the Coca-Cola plant and the British Embassy. (The French and the Americans, who gave up hope of finding room in Bonn, are installed even farther south at Godesberg and Mehlem.)

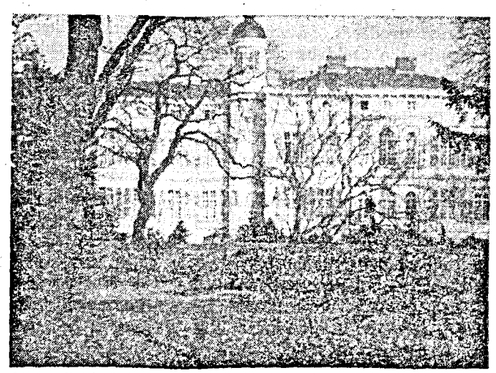
The 1903 edition of Baedeker's *Rhine* describes the Koblenzerstrasse (then spelt with a C) as being "flanked with villas and gardens for about 1*m* beyond the Coblenz Gate (steam-tramway to Godesberg). Among them is the *Royal Villa* for royal princes studying in Bonn." Most of the gardens, none of the princes, and a few of the villas remain. One of the villas, the Villa Hammerschmidt, is the Federal President's residence. (As befits the realities of power, the chancellor and his strong and silent men work in a palace, the Palais Schaumburg, which is more or less next door.) At another villa, Number 108, the Misses Edith and Ingeborg Freudenberg gamely keep on teaching the piano and gymnastics. Others have been taken over by public officials with small staffs, such as the federal minister who handles the central government's relations with the states (*Länder*) and the Bundestag's overseer of the armed forces; by the smaller foreign embassies (Dutch, Swedish, Brazilian, Indian, Argentinian, Korean and Paraguayan); and by such modest concerns as the Rhine-Sieg Fertiliser Company. Scores of others have been demolished to make way for ministries, trade and industry associations, and for the imposing headquarters of a few lone wolves like Krupp and Telefunken.

The biggest new building in the Koblenzerstrasse is the foreign ministry, which keeps its Wilhelminian name of Auswärtiges Amt (AA to its members). On one side this is flanked by the officially subsidised Press Club, and on the other by the new Jewish synagogue. Second in size among the newcomers is the Federal Press Office, from whose windows at night the little red lights of radio apparatus tell of interminable monitoring. The new Hotel Königshof has replaced the old Royal Hotel, and is Bonn's remote approximation to the Adlon of bygone days, or perhaps the Kaiserhof, where Hitler used to take tea. It is near the approach to the Königshof that Krupp has set up his name in letters of stainless steel. This can be quickly taken in. But postmen and messengers must pause longer in front of a shield a little further up the road which announces that it is the collective home of

the *Zentralverband des deutschen Gemüse-Obst-und Gartenbaues*,
the *Aussenstelle Technik im Gartenbau*,
the *Deutsche Gartenbau Gesellschaft*,
the *Kreditgarantiegemeinschaft des deutschen Gartenbaues*,
and the *Blumenwerbung GmbH*.

To cut a long story short, this is the headquarters of a bunch of organisations representing gardeners and florists. At one house after another in the Koblenzerstrasse similar name-plates testify to the political vigilance of grocers, engineers, solicitors, archivists, handworkers, farmers, educationists, philanthropists, research organisations and manufacturers of sweets and chocolate, paper, tiles, and cement.

Many persons must have been pushed out to make way for all this activity. But the university has managed not only to cling on to such old possessions as the *Collegium Albertinum* (a catholic hostel), its children's clinic, and the headquarters of the students' Corps Rhenania, but also to build a handsome new library. And, it seems, there is still room in the Koblenzerstrasse for a little modest private enterprise. Two hairdressers have recently set up shop, and the solitary grocer has installed a beer-vending machine to serve customers after he has shut. The provisional capital has its eternal features.



Chancellor's Office

Continued from page 884

idle and bankruptcies increasing, more people are coming to blame their troubles on federation.

African leaders like Mr Julius Nyerere and Mr Tom Mboya want to reform Northern Rhodesia and Nyasaland into an East African federation. Northern Rhodesia, which in Mr Gardner's words "has the human and natural resources for a prosperous future," is with Kenya a key territory in such a design. Mr Macleod has seemed at times to be on the point of favouring it. The events of the past month, with 27 dead and hundreds arrested, with administration through chiefs under impossible strain and taxes being left unpaid, offers what seems an insane alternative. Many leader writers have blamed African villagers and layabouts for this senselessness. But one Copperbelt worker, Mr J. Mwina, replied for many countrymen when he wrote this week in the *African Mail*: "Welensky too has blocked roads and burnt bridges —the roads and bridges that the original Macleod plan gave us to link Africans with Europeans who are not white racialists."

Congolese Kaleidoscope

FROM A CORRESPONDENT

THE Congo kaleidoscope changes, but is much the same. Already, within a month of the investiture of the Adoula government, the rosy hopes of quick national reunification have faded. At the moment of writing, Katanga is in the throes of a new crisis, which could be the final "show-down," leading to the collapse of Mr Tshombe's regime, or merely the first round of a new, and possibly bloodier, vendetta between the Katangans and the central government (now backed by the United Nations); while in Stanleyville, the pole-squatting Mr Gizenga remains as hostile as ever.

On the credit side there is, of course, one enormous factor. The country has at last got a legally constituted national government. For the UN this means a respite in the nightmare game of Tweedledum and Tweedledee between Leopoldville and Stanleyville, which almost reduced the world organisation to impotence; indeed with the emergence of the national coalition a honeymoon has started between the Leopoldville government and the United Nations—though the UN would be very unwise to take it for granted. The much maligned western embassies feel legitimate relief that the reins of power are in the hands of a "neutralist" so moderate as Mr Adoula. His first policy statement upon his investiture revealed a grasp of political and economic realities unusual among Africa's younger statesmen, and his subsequent actions have had the stamp of courage and sincerity, even if they have not yet borne notable political dividends. Moreover, his ministry is made up largely of men who could be classified as "moderates," and is broadly based in the sense that it has men of nearly all parties, and of several tribes.

None the less, two fish-bones in the throat remain: Mr Gizenga and Mr Tshombe. Mr Adoula's recent mission to Stanleyville was not a success. Having failed to get as large a stake as he would like in the central government, Mr Gizenga has formed a new National Patrice Lumumba party, apparently in open opposition to Leopoldville. Though the working of Mr Gizenga's mind has always been something of a mystery, and purely personal factors may have helped to keep him in Stanleyville, there is little doubt that he has been influenced by the diplomatic missions from communist and Casablanca block countries, which have stayed on in Stanleyville despite the formation of the new government in the capital. The moderate character—so far—of the new regime is undoubtedly a rebuff to Soviet aspirations, and Mr Gizenga's recalcitrance may be useful to Moscow. In addition to signs of Soviet intrigue, there have been persistent reports in recent weeks that arms from communist countries are still finding their way into Orientale province. This has been seized on by Mr Tshombe, and has helped to bedevil his relations with the UN once again.

After days of conflicting statements—and, it might be added by the UN's apologists, after weeks of obvious provocation—the UN has taken action against him. Strategic centres throughout Katanga have been taken over by the UN troops—mainly Indians, Swedes, and Irish—in an effort to "put the screw" on Mr Tshombe. Elisabethville radio station has been used to broadcast an appeal by Mr Adoula for the reunification of the country. The objective at the moment, according to the official UN spokesmen, is solely to disarm the European officers in the Katangan gendarmerie; an action, it is claimed, strictly in accordance with the UN's mandate, as expressed through the Security Council resolution of February 21st.

In many quarters, the UN's action will be widely acclaimed; and the verdict of history may be that Mr Tshombe has "asked for it." The fact that the UN is now working in collaboration with a central government resting on a broad basis of support also strengthens its case. But inevitably there is concern about where this course may lead; and it is a sad commentary on the way the Congo situation has deteriorated in the past few weeks. (Only last month UN officials were talking about the "reasonableness" and "moderation" of Mr Tshombe compared with the people around him, such as Mr Munongo, his minister of the interior; it is not clear whether they regard Mr Tshombe himself, or one of his more sinister henchmen, as the real villain of the piece.) The UN may be right in claiming that its course is strictly and correctly charted along the narrow and delicate lines of the Security Council resolution; but the Congolese, who are not ridden by the same sense of legalism, may not see things in the same light. Mr Adoula (not unlike Mr Lumumba before him) thinks the UN should openly help his forces to suppress the Katangan regime by force; Mr Tshombe, perhaps understandably, views "security measures" by the UN as interference in a country's internal affairs and therefore contrary to the UN Charter.

WHETHER Mr Tshombe can be forced into any effective co-operation with the central government remains to be seen; first reports indicate that while he has accepted the removal of the European officers, he has reasserted Katanga's right to be independent. At the same time, there are reports that Katanga will now withdraw its representatives from the central parliament—which, taken in conjunction with Mr Gizenga's boycott, puts the prospects of Congolese unity back at something like square one. There is a danger that the UN may find itself bogged down in a new politico-military war of attrition with Mr Tshombe's regime, in which it would find itself hamstrung by the limitations of its own mandate, and in which, conceivably, it could undo the good work it has done in the period since roughly the end of May. The fact that much of the "disarming" operation is apparently being done by Indian troops, who are specially unpopular with the Congolese, and who have been involved in sharp clashes with the Katangan gendarmerie, is hardly likely to promote a quick pacification.

Quite apart from the problems of Mr Gizenga and Katanga, the new government has plenty of other problems to tackle. In the economic sphere the national debt still mounts at the rate of £4 million a month; the economy, geared in the past to the wealth of Katanga, is badly run down; shortages are apparent in the Leopoldville shops; and the prospects of investment are dim as long as the present political uncertainty continues. To some extent, the UN itself can help through its technical assistance programme, or through a further injection of financial aid, which the new government is urgently seeking. But neither the UN nor anyone else can give the Congolese political maturity overnight. Through no fault of their own, they are still untutored in democratic ways; indeed, the recent parliamentary meetings at Lovanium were essentially a grandiose tribal palaver. Though parties proliferate, tribal allegiances still, more than anything else, hold sway; and personal motives, rather than political principles, will in large measure determine policy. If in the months ahead the Congolese political situation takes some odd twists and turns, with inexplicable enmities and even more inexplicable alliances, no one need be surprised, or even unduly alarmed.

Meanwhile, for the UN there looms increasingly the question of how long to keep its expensive operation (which costs £48 million a year) in progress. Already, it seems, the plan for a speedy "phasing down" of the military side of the operation has been knocked awry. In the altered circumstances of the past few weeks, Mr Adoula is reported to be anxious that the UN troops should remain; while Mr Hammarskjöld is obviously anxious to tailor both civil and military costs to the available budget. With a new General Assembly due in a few weeks' time, some high policy decisions seem to be called for.

Experiment in Central Africa

FROM A CORRESPONDENT IN SALISBURY

THE present official moves for African advancement in Southern Rhodesia, modest as they are, would have been inconceivable even a year ago. With the referendum behind him, the right wing in total disarray, and the nationalists in not much better shape, Sir Edgar Whitehead has felt emboldened to give the country a lead. It was high time; but with the example of Mr Garfield Todd before him he is unlikely to outpace his supporters.

His policy speech in the Legislative Assembly on August 24th was the clearest outline of his thinking that he has yet given.

> I believe that if we Rhodesians can really bring ourselves wholeheartedly and honestly to try and build a genuine Southern Rhodesian spirit of nationalism, embracing all Southern Rhodesians whatever their origin, that is a weapon capable of defeating external nationalism. . . . However, it has got to be a genuine attempt. This is not a question of making certain changes which some people might call concessions. It is really a question of achieving a change of heart. . . . I believe it is the only salvation for the people of all races here.

These words can mean much or little. In the past the slogan, "partnership," has signified in African eyes the partnership of a rider and his horse; but to some of his listeners at any rate Sir Edgar's words carried a new note of urgency and earnestness which, if they did not rouse the Assembly to acclamation, have been accepted by the electorate with remarkably little fuss. Perhaps this was due to the absence from the speech of any precise proposals to implement the new approach. The prime minister did not particularise; he did not forecast the shape of legislation to come. There was nothing here that could be seen as an immediate threat to white privilege in Southern Rhodesia; and in any case the new constitution cannot become law until towards the end of this year, and new elections are still twelve months away. This leisurely constitutional progress cannot, however, be blamed on Sir Edgar, and developments elsewhere may hasten the advance. It is something that the ground is being prepared.

Sir Edgar's speech acknowledged "the appalling land hunger" of the African people in the Reserves; and clearly there can be no real advance until the major iniquities of the Land Apportionment Act are removed. Sir Edgar would like to see a significant extension of African education. He proposes much closer consultation with people of all races in planning the future, so that the African may feel that he has a stake in the country. He foresees a bright economic future for the territory: there is scope for a large expansion of the mining industry, especially of semi-finished iron and steel products; and the textile industry, too, can recapture lost markets on its doorstep in Africa. As chapter headings these are wholly reasonable, but the book has yet to be written; and, that done, it must be sold to the Africans. Sir Edgar described it as an experiment without precedent anywhere, and it is to be attempted above the heads and in defiance of the African nationalists, whose leaders the prime minister holds in open contempt, and never misses an opportunity of saying so.

Some of the difficulties ahead were reflected a few days earlier in the battle of the swimming pools. Salisbury City Council, not a notably enlightened body, decreed that the central baths should be multi-racial, after it had been discovered that the bye-laws did not permit discrimination among bathers. The ensuing public outcry had more to do with psychiatry than with politics. Outraged mothers announced that their daughters would not be safe; standards of hygiene would collapse overnight; bilharzia and venereal disease would stalk the land. Even the owners of private swimming pools felt that the end of the world was at hand. Faced with the corporate fury of a community at bay, the city council surrendered ignominiously. Under a fresh decree only ratepayers and those on the voters' roll, with their families, would have the use of the baths. This successfully excludes the blacks, and some 40,000 whites as well. Bathing, like the art of government, remains in "responsible" hands; but there is an uneasy feeling among councillors that they have not heard the last of the matter.

Essays in Land Reform

AN economic mission from Persia, led by the deputy director of the planning organisation, has been visiting London and other western capitals in order to hear what others have to say about Persia's third development plan. The plan, supposed to start in about a year, is still in its early stages of creation. Its first objective, according to a summarised outline, is an ambitious land reform programme, now being worked out in Teheran.

Land reform is much talked about in Persia. About three-quarters of the people live on the land, but few of them own any of it. The issue was side-stepped for a time by the Shah's decision to sell back to the peasants some of the 3 million acres acquired by his father. A certain amount of land was also distributed by the government, and a few of the more far-sighted landlords followed suit. In theory, this land should have been evenly divided between the labourers who had been working on the estates. But this was seldom what happened. Mostly, the redistributed land went in uneven chunks to people who could afford to offer the agricultural banks some security for their loans. The peasants who did get land were inclined to let it to a larger farmer, and either continue to work on it as labourers, or else make off to the towns. Though disorderly and unco-ordinated, these early attempts at land reform did result in the emergence of a new group of middle-class farmers.

Persian land reform has been timid, but to a certain extent effective. In contrast, the land reform law for Iraq, passed in September, 1958, was as bold in conception as its result has been unsatisfactory. The peasants' unions, which were set up to help run the new smallholdings, seem to have lost heart in their job. The communists used to have a controlling voice in these unions, and the stagnation that has set in may reflect the break between General Qasim and his former communist supporters in Baghdad. A loan from the agricultural bank of £3½ million seems to have disappeared without leaving a trace of irrigation, fertilisers or seeds. The traditional reluctance of anybody from the towns to set foot in the countryside, much less work in it, is increased by the stories of the violent and hostile reception that has greeted, say, irrigation inspectors from Baghdad. A new impetus is badly needed if Iraq's land reform is to be saved from corrosion by neglect.



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THE BUSINESS WORLD

Who Holds Sterling

UNDERLYING the special difficulties of sterling since the war, but underlying, too, the external purchasing power of a number of the world's poorer countries, are those old friends the sterling balances—the recorded monetary claims, mainly short-term, held in sterling by institutions and individuals in other countries. In the aggregate, their amount has changed remarkably little in the past decade and a half; it has remained around £3,500 million, to which it was carried by Britain's wartime spending on supplies and services from a prewar figure of at most £750 million. But the composition of these sterling holdings has changed radically. Because of the traditional banker's secrecy that the Bank of England maintains about the accounts of its foreign customers, these changes receive inadequate attention. Yet the way in which foreign holdings of sterling are spread between different countries is highly relevant to all the main facets of the sterling problem: the vulnerability of the pound to sudden withdrawals of foreign funds; the role of the sterling balances as internationally liquid assets; and the feasibility of any special operation to fund these balances or transform them into obligations of an international institution.

Figures published by the United Kingdom authorities divide the overseas sterling balances into broad geographical areas only; these figures, which now also distinguish official and privately owned balances for each region, are shown in Table I. In addition, the countries that hold a major part of their reserves in sterling—that is, the countries of the overseas sterling area—themselves publish figures of their external assets; and these in conjunction with other sources make possible a rough estimate of the main holdings by individual countries. Table II shows estimates on this basis for March 31st last and for mid-1957; the figures for 1945, however, are distinguished by an official cachet—they were drawn up for the 1945 loan negotiations with the United States and then openly passed on to a committee of Congress, to Whitehall's great embarrassment.

A quick conspectus of these figures shows the compensating nature of the big changes in the pattern of holdings. In the first place the massive holdings built up in the war have been run down completely; in mid-1945 old India alone held £1,108 million (the peak was £1,320 million at end-1945) and these balances, together with the £500 million-odd owned by Egypt and Jordan, accounted for close on half the total. By 1961 holdings of these countries were together probably not much over £200 million, and the broadly similar total of all sterling holdings was spread much more thinly over a large number of countries, institutions and individuals. In the first decade after the war these liquidations of wartime balances were accompanied by a fall in the holdings of non-sterling countries; the official figures show a reduction from £1,240 million at end-1945 to £677 million in mid-1957, though about half of this is attributable to Egypt, which left the sterling area in 1947. The big offsets in this period were provided by the swelling balances of the colonies—between 1945 and 1957 these rose by nearly £1,000 million to £1,386 million—and of the oil-producing sheikhdoms on the Persian Gulf. Between end-1950 and end-1956, the Treasury told the Radcliffe committee in a rare disclosure, these balances together with those of Iraq and Jordan rose from £71 million to £338 million.

The build-up from these two sources has now stopped. In the past four years most of the old colonies have become independent, and their development programmes have gathered pace. This has involved a run-down of perhaps £200-£250 million in the (old) colonial balances as a whole, although the balances of the remaining colonies increased a little further in this period. The fall in old colonial balances has been roughly cancelled by the further addition of perhaps £200 million by the Middle East oil sheikhdoms, but other independent sterling countries have run down their balances by nearly £400 million. The big offset in this period has been the

TABLE I.—UNITED KINGDOM STERLING LIABILITIES
(£ million)

	End-1945	End-1949	End-1953	June 30, 1957	Mar. 31, 1961	June 30, 1961
Sterling area:						
UK Colonies*	411	546	1,093	1,386	2,443	2,604
Other £ area	1,916	1,565	1,622	1,433		
Total	2,327	2,111	2,715	2,819	2,443	2,604
Non-sterling countries:						
North America—						
Official	34	31	19	7	6	114
Other			43	43	137	
Latin America—						
Official	163	89	57	20	42	35
Other			−17	16	6	
Western Europe—						
Official	351	356	68	48	319	662
Other			155	157	428	
Other non-sterling countries†—						
Official	692	565	330	258	201	290
Other			123	128	137	
Total	1,240	1,032	778	677	1,276	1,101
Total all countries	3,567	3,143	3,493	3,496	3,719	3,705
Non-territorial organisations	—	576	511	661	553	552

Source: Treasury and Bank of England.
* Excluding Dominion and Colonial securities. † Including Iraq and Egypt throughout.

renewed build-up by non-sterling countries, especially since sterling became convertible at the end of 1958. By end-March these balances had risen to £1,276 million—almost double their 1957 level and a little above the previous peak of 1945.

In the first instance this build-up was concentrated mainly in private holdings. These were run down fairly rapidly in the speculative tumult following the German revaluation in early March; but the withdrawals were partly offset by accumulations of sterling by central banks which formed part of the Basle assistance. Thus the official figures published this week show a fall in the holdings of non-sterling countries of no more than £175 million in the three months to end-June; private withdrawals may have been twice as much and the end-March total of £708 million may conceivably have been halved. The swollen central banking balances are now being reduced by £200 million with the proceeds of Britain's large drawing on the International Monetary Fund. Fuller figures will appear in the next Bank of England bulletin. The figures, however, are not quite comprehensive; they exclude, for example, deposits placed with local authorities or hire purchase houses, though these are picked up when (as is the usual practice) a London bank acts as an intermediary.

TABLE II.—THE LARGEST HOLDINGS
Sterling area countries *
(£ million)

	June 30, 1945	June 30, 1957	March 31, 1961
Malaya	85	283	260
Australia	117	400	230
Eire	178	225	214
Nigeria, Cyprus	n.a.	n.a.	200
India, Pakistan	1,108	320, 100	135, 100
Ghana	n.a.	200	100
New Zealand	63	70	69
Burma	11	37	35
Ceylon	61	67	30
Jordan	115†	25	30
South Africa	33	45	17
Colonial territories :—			
1945 Group	474	1,386	(1,150)
1961 Group	...	618	655
Egypt	397	*110**	n.a.
Iraq	70	106	*30**

Source: Central bank reports, IMF statistics and certain residual calculations.
* Egypt left the sterling area in 1947 and Iraq in 1959. † Including Palestine.

Tables II and III show that the highest individual holding at March 31st was Malaya's £260 million—though Australia's balances have risen by at least £100 million since then. With the possible exception of Malaya and, among the remaining colonies, the Borneo territories, none of these countries now disposes of any sizeable cushion of sterling beyond its desirable needs for working balances. The important exception, admittedly, does not figure in the table at all. Many minds have applied themselves to ways of calculating the size of the sterling balances of Kuwait, but the few that have an inkling keep very close about it. For what it is worth, the estimates in Table II fall short by some £370 million of the total figure for all sterling countries (including Kuwait), published by the Treasury, and this is broadly in the range of some recent guesses for Kuwait. But the residual estimate is a shaky one, because the coverage of the individual holdings is not in all cases the same as that of the Treasury's total figures. What does seem clear is that with less lush times in the oilfields Kuwait's balances are no longer rising; they are still the largest and potentially the most volatile of individual holdings.

The more even spreading of the sterling balances round the world in recent years has reduced the danger of large sums being quickly withdrawn and spent. But this is not the only way in which the sterling balances may be run down; they may be switched in to alternative forms of liquid reserves. The privately held balances of non-sterling countries are notoriously sensitive in this way. Officially held balances, which predominate in the holdings of overseas sterling countries, are far less affected by the tide of market speculation. Apart from anything else, a large scale switch out of sterling at a time of pressure would certainly be inconsistent with the tacit arrangements that pass for rules of sterling area membership. But the possibility cannot be ruled out for all time. Up to now this one obligation has been more than matched by the privileges, notably access to the London capital market and freedom from United Kingdom exchange control. Now, however, some of the overseas members may feel that Britain's intended move into Europe and its declining role—relatively—as a supplier of outside capital has altered the balance of advantage; some loud rumblings about all this are expected at the meeting of Commonwealth finance ministers at Accra in ten days' time.

STERLING area arrangements may therefore become looser still. What would this imply for the London balances? Possibly not very much. In the last resort, these countries have held the bulk of their reserves in sterling not because of any club rule but because it was most convenient and profitable for them to do so. The alternatives have been neither numerous nor obviously advantageous. Balances held in New York are decidedly less convenient for most of these countries, with their payments geared to sterling; money market facilities are inferior to London and with rare exceptions interest rates are lower; finally, the dollar has in recent years lost its unique glitter. The hoarders' favourites such as the Swiss franc, the mark or gold itself all involve at present the forgoing of all interest, and in any case have great limitations for a country that has relatively small reserves and needs working balances in international currencies.

TABLE III
THE REMAINING COLONIES
MARCH 31, 1961

	£ mn.
Hongkong	182
East Africa	178
West Indies	144
Borneo territories	142
Other territories	125
Total	771
Less Dominion and Colonial Securities	116
	655

Source: Colonial digest of statistics.

The fact is that in the absence of a truly international reserve system—backed by an international currency acceptable for market transactions and thus suitable for working balances—there is no ideal centre to hold reserves. In the current mood of the exchange markets and at current interest rates, London is likely to be judged as good as any, while even an adverse change of circumstances is likely to leave a substantial number of funds that it would be too costly or too inconvenient to transfer. This comfortable assumption could, however, be shattered either by a major shock—a universal rise in the price of gold, a devaluation of sterling or a steep up-valuation of another major currency—or strong anticipation of such action. The question therefore arises whether holders of sterling should be reassured with an exchange guarantee.

The arguments against an across-the-board guarantee to every holder of sterling are probably still decisive. In particular, there is nothing to be said for eliminating one of the normal risks of international arbitrage for private operators, especially as it would be virtually impossible to provide for all the losses of international traders. A guarantee only for official balances makes much more sense, and events are in any case moving in that direction. Under the European Monetary Agreement, which became effective at the time of convertibility, all balances held by West European central banks in each others' currencies are guaranteed—in US dollars; while all International Monetary Fund credits are tied to gold. There is no reason, however, why Britain should now extend the guarantee to all official holders unilaterally. It would be much better to give *ex gratia* compensation in the event of devaluation than to try to provide for an unknown contingency in advance, since it is impossible to say, as a general rule, what form the equitable guarantee would take.

An exchange guarantee for official sterling should rather be held as a *quid pro quo* for an advance in international credit arrangements. Mr Xenophon Zolotas, Governor of the Bank of Greece, has recently proposed that Britain and the United States should accumulate balances in other convertible currencies (as in fact they are beginning to do) and that these and all existing reserves in foreign exchange should be given a gold guarantee. The aim would be to strengthen and widen the gold exchange standard. There is much to be said for this, on one proviso—that it is seen as a half way house to an international central bank and not as a substitute for it. In practical terms, this means that a gold guarantee on foreign exchange balances is quite acceptable—provided the leading countries are fully determined to stand by the present price of gold to the extent of being prepared, at a pinch, to develop radical substitutes for it.

Aviation's Missing Managers

THERE is a time for belabouring the aircraft industry and a time for offering it a helping hand. Currently it needs help. On Monday it will be mounting an air show before the faithful Farnborough pilgrims and also before a hundred pairs of expert eyes of scientists and engineers from Canada and the United States who are visiting this country for a fortnight's conference on what may be called advanced aviation technology. These are not the sort of men who, through charity or bonhomie or in acknowledgement of superb showmanship (no one can stage an air show like the Society of British Aircraft Constructors) will look for swans in the industry's current flock of geese, even if their grandam did lay a basketfull of 429 golden Viscounts. These special visitors will see the industry at perhaps its lowest ebb for 25 years, in terms of clear ideas for future development as distinct from work on established equipment.

Engineers leave their desks and laboratories to travel half across the world to an air show in search of the stimulus of new ideas. Aviation engineers live remote as Tibetan lamas from the hurley-burley of manufacturing and they must go out now and then to see what the other man is doing. Whether their journey to Farnborough this year will be rewarding is a touchy question. If they think not, there will be no profit in trying to apportion the blame. For the future health of the aircraft industry, and in the interests of the taxpayer who subsidises it, someone—and it ought presumably to be the Minister of Aviation if his mind were not on higher things—should be looking now at the British aircraft industry that we have (not the industry that we ought to have), and at its *customers* (they also have their warts), and deciding what aircraft can be built with the resources available and to whom they could conceivably be sold. Here the average industrialist would snort and say that this is a job for management. But managers are precisely the people that the aircraft industry lacks. It has an abundance of the kind of men scarce in other industries—good planners, designers, innovators, production engineers, salesmen, a smattering of dreamers and the occasional genius. But it is thin on the organising men who, for all their defects, translate genius into output. Weak management is not peculiar to Britain; it is noticeable too in the United States where powerful and experienced companies have from time to time made sad mistakes in producing and selling civil aircraft.

There is one remedy for this: the men in charge of Britain's five main aircraft groups should be looking round for heirs to groom for the succession. Are they doing so? The mergers served their initial purpose of forming groups with resources adequate, both financially and technically, for modern aircraft production. But they also produced a surplus of senior executives and this, combined with a steady intake of Air Marshals, makes it difficult to find room near the top for the new management blood the industry needs.

THE first task for these new managers would be to ensure continuity of work. Here three factors are working against them. First, there is the lengthening gestation time of new aviation equipment, now stretching ominously from ten years to a probable fifteen for a supersonic airliner. Secondly, there is the relatively small size of the British aircraft industry. The Ministry of Labour shows it as employing close on 300,000, but this does not distinguish between building aircraft and working on the industry's new industrial products—and these latter could account for half the total labour force. Being small, the industry cannot back with the necessary development effort all the projects that can be on the go at any one time. The penalties are late delivery and teething troubles of a kind that customers will no longer accept with the resignation they might have shown a decade ago. A small aircraft industry cannot spread its risks.

The third and most important factor is a basic change in the way aircraft are bought. Neither the military nor the civil customers of the industry buy in the numbers they were accustomed to order even ten years ago. They ask for tens instead of hundreds, and hundreds where they formerly ordered thousands; this is true the world over and American companies complain just as bitterly about it. There are two reasons for this change; one, without any doubt, is the search for defence economies, but it is the least important. The basic reason for small orders is that the efficiency of the

equipment continually improves. Military equipment is more lethal, and civil airliners do more work. A Boeing jet carries twice as many passengers twice as fast as the old aircraft it replaces, and is more reliable in service. Pakistan Airlines flew between London and Karachi six days a week last winter with clock-work regularity, using a single jet ; this would not have been possible with any other kind of aircraft. The fact is that airlines can do a given amount of work with smaller fleets, and this explains at least in part the present excess capacity that is pushing most civil airlines into the red.

So the manager of an aircraft company faces the prospect of ever rising development costs to be spread over shrinking production runs. The two cannot be made to match, and this fact has been recognised by the British government which, in addition to paying for all military development, has now resumed after a lapse of some years aid for civil aircraft as well, advancing in 1960-61 £9½ million for this purpose. Since the government's policy is not to put up more than half the money needed to develop a "normal" civil aircraft (the "abnormal" case would be a supersonic airliner) the industry has probably invested an equal sum from its own funds. But whatever the government advances, a point is bound to come where the industry sees that it is wasting time and resources putting a massive development effort behind a trifling production order. On Blue Streak, between £500 and £600 million could easily have been spent for an end-product of perhaps a score of rockets. Here is the *reducto ad absurdum* of one current trend in aviation.

COMMON sense would surely demand that every project undertaken in future by the British aircraft industry, with or without government help, has some prospect of a world market. The tendency among customers is towards standardisation and their choice is guided by other factors besides performance. Many airlines standardised on the Viscount as their short-range and the Boeing as their long-range airliner, and many air forces standardised on the Lockheed F. 104 fighter. It is just possible that some of the latter might standardise on the Bloodhound anti-aircraft missile, originally built by Bristol Aircraft, now part of the British Aircraft Corporation. If this happens, the sensible course for other manufacturers would be to stay out of the market, because the limited orders they are likely to pick up cannot compensate for a major development effort.

In its attempts to design for a world market, the British aircraft industry suffers at the hands of its captive customers at home. To tailor any piece of aviation equipment precisely to the requirements of the RAF or the two British corporations is to miss business across the world. The British Aircraft Corporation would be better placed today if it had developed the winner it had in the Viscount and had not built the Vanguard for BEA ; it must be hoped that Vickers' VC-10 airliner tailored for BOAC's off-beat routes will have better success. The same shadow hangs over de Havilland's Trident jet built for BEA ; this aircraft, highly regarded by more than one foreign airline, would sell more easily if, like its small Boeing jet competitor, it was designed around the median of medium-range requirements and not those peculiar to British European Airways' network. When home orders were big enough, and development costs small enough, for a company to break-even on home sales this did not matter ; it matters very much now. It could be a sign of the times that the first order placed for the British Aircraft Corporation's new jet Viscount replacement came from an independent British airline and not from either of the corporations.

Visitors at Farnborough next week will be seeking answers to three questions. What is this country doing about vertical take-off ? What is it doing about supersonic airliner development—and can it build such a monster at all ? And what is the British view on long-range freighters ? What we are doing has to interest them as buyers, and not appear merely as a contribution to a technical debate. In vertical take-off, Britain has more to show visitors than any other country ; it offers two workable systems developed respectively by Rolls-Royce (this one currently out of favour) and by Bristol Siddeley. If the RAF commissions Hawker Siddeley to develop a vertical take-off fighter around Bristol Siddeley's engine system, as seems likely, who will make sure that this fighter will also meet the requirements of other air forces ? Much has been said in the past about Nato requirements and of the need to conform to them ; the prospects for the British aircraft industry, and particularly of Hawker Siddeley which has had a lean time recently, depend on turning this principle into saleable hardware.

The impression that most people have about British work on supersonic airliners, mainly the responsibility of BAC, is that our research and thinking are blinkered ; the reasons for this became clear at a meeting of airlines and manufacturers in Montreal and were set out in detail in an article in *The Economist* on April 29th. They will doubtless be under discussion in London during the next fortnight. There are risks either way. A clean jump over all the immense technical hurdles to achieve an aircraft flying at three times the speed of sound may involve risks so great that the British aircraft industry would be wise not to court. But it is not clear either that supersonic flight at twice the speed of sound will provide a practical and payable stepping stone towards Mach III flying. And it is this by no means self-evident option that British aircraft designers now seem to be contemplating.

The third argument in aviation concerns freighters, and whether airlines should buy machines designed specifically for carrying bulk loads. The airlines reply with a dubious "no," while the manufacturers argue that without specially designed freighters, airlines cannot bring down the cost of carrying freight to a point where they can offer commercially attractive rates ; there is a piece of special pleading concealed here, for freighters would keep production lines busy when the present jet orders are met and before the supersonic airliners take their place. Meanwhile, the air forces of the world are seeking freighter aircraft capable of moving forces half across the world ; if military and civil requirements could be reconciled, the aircraft industries here, in Canada and in the United States would all feel much happier. Farnborough will provide them with an occasion for the rueful exchange of experiences here rather than real hope of a solution.

The present state of the aircraft industry is not serious enough to call for a Dr Beeching, but it would certainly cause Sir Henry Spurrier to raise his eyebrows. Perhaps the most interesting experiment now being conducted in the industry is the partnership between Mr Peter Masefield and the Pressed Steel company to build executive aircraft by motor industry methods. If this experiment were to come off, it could give the managements of the industry's senior companies a great deal to think about.

BUSINESS NOTES

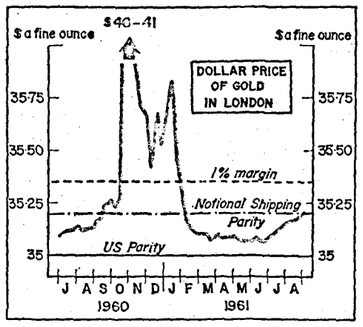
GOLD

Warning Rise

PRIVATE demand for gold, which began to revive in midsummer, has risen farther this week to substantial proportions. The dollar price of gold in London has edged up to $35.19-20 an ounce, compared with the low point of $35.06 to which it fell when speculation petered out within a few weeks of the Kennedy administration taking office. The renewal of interest in gold is attributable partly to the worsening of the international situation—first Laos, then Berlin, now Russia's resumption of nuclear tests. On the Continent demand has been especially concentrated on gold coins —an indication that the current speculation is being led by the small man's fear of war rather than the big operator's attack on the dollar. But this is not the whole story. The upturn in the gold price in late June also coincided with the doubts about currency stability voiced by M. Rueff ; and in the last few weeks much scepticism has been voiced about the prospect of a worthwhile improvement in the International Monetary Fund being achieved at the forthcoming Vienna meeting.

Speculative demand has not yet got out of hand. The London price is still just about within the "normal" range set by the New York dealing price plus shipping cost. Central banks have been in the market as buyers and sellers, though there have been no sales from Russia in recent weeks. The movement in the London gold market at present is almost exactly the same as a year ago: the consequence then to inaction at the IMF meeting was the October explosion. The authorities' grip over the market was, however, improved, in the eleventh hour, by the clarification that the Bank of England could use gold bought from the Federal Reserve for sales in the London market. That arrangement still stands. The Bank has been supplying the market with more gold than its current accruals from South Africa and these "support" sales may have reached sizeable amounts this week. So far, the authorities still have the market in control.

While the London-New York arrangement stands, United States officials are still not fully convinced of the wisdom of feeding gold "cheap" to hoarders. Yet if they mean what they say gold supplied above $35.08¾ is not cheap but dear. United States officials make a second psychological mistake by giving the impression that requests by central banks for gold instead of dollars are "unfriendly." European bankers, for their part, are well stocked with prejudices of their own. The further uncertainty inculcated by the fear of war makes a united and convincing policy on gold all the more urgent. A meeting of minds on this complex but critical question is among the top priorities for the corridors of the Hapsburg palaces.

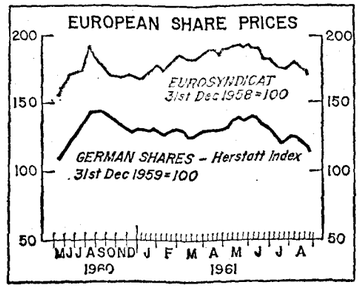


EXCHANGES AND BOURSES

Money Out of Germany

THE growing tension between Russia and the West is also an increasingly weighty factor in the exchange markets and on the stock markets—notably on the Continent. This time however the major impact has been not on sterling but on the mark. Sterling has been continued in good demand this week, rising to over $2.80½ ; buying has been mainly for commercial transactions and to cover short positions before the month-end.

Operators now seem firmly decided that Berlin is in Germany after all. They are pulling out some of the money they have been sending to western Germany as a currency speculation for years past ; without any threat to Berlin it would be normal and desirable for these funds to move out again. This week the dollar has again been strong in Frankfurt, rising on Tuesday to 3.99¾ (still a shade below parity). The Bundesbank is believed to have given support at this level and its weekly return shows a drop of DM 271 million in external reserves in the week to August 23rd, the fourth fall in succession. Another reversal of recent money flows has been shown by South Africa, where official reserves have risen by nearly £16 million since their mid-June low point of £71 million.



The fall in the bourses too has been most marked in Germany. The Berlin manoeuvrings have exposed the stock market to the test of investors' nerves, and have inevitably set off a bout of foreign selling (which is itself an important influence in the outflow of funds). At the end of last week it looked as if nerves were beginning to go, and on average share prices in Frankfurt dropped by 4 per cent in a single day. This week however the market has been steadier, with prices down on average by over one sixth from their 1961 peak. The Bundesbank continues to aid the capital market by easing bank liquidity—at the end of last week it released the "Blessing billion" that the banks had agreed to keep in Treasury bills—but for the time being political circumstances are predominant in the stock market.

Other Continental bourses have also been subdued by the Berlin crisis, though prices have not fallen on balance this week. They are all below the peak for the year ; in Holland the fall has been as sharp as in Germany, but elsewhere, and particularly in Sweden, Belgium and France, it is now slight.

London Up and Down

BOTH gilt-edged and London equities took a slight turn for the better early this week, though the announcement that Russia was to resume the testing of nuclear weapons made the industrial market more hesitant on Thursday. The rise in gilt-edged prices was not big, but it suggested a slightly more healthy atmosphere in this sector of the market. For one thing, there has been some foreign buying which was reflected in the advance in War Loan to 53 7/16, compared with 52½ before the weekend. For another, there were a few indications that some institutions were switching into longer-dated stocks on yield considerations. In this process the jobbers were squeezed a little, for, having gone short they found that sales by trustees this week were not sufficient to provide them with the stock they required. The disturbing effect of

international tension, so far, has been offset in London by the yield attraction of gilt-edged securities.

The recovery in the gilt-edged market was also thought to be a converse to the state of uncertainty in industrial equities. These were certainly unsettled a little by discouraging statements made by some companies, including those from Monsanto, British Motor and British Match, and before the weekend the heightening of tension in Berlin had led to a fall in prices, just as it had done in Wall Street and on the Continental bourses. When, however, the clouds lifted a trifle early this week, equity prices both in London and New York rallied. The recovery, aided by a small amount of trustee buying of blue-chips, was minimal, lifting *The Economist* indicator by only 0.4 points to 366.4 in the week to Wednesday, and on Thursday it appeared to have petered out.

ECONOMIC POINTERS

Construction Topping Off?

As the resources of the construction industry are at present stretched at maximum tautness over its biggest ever programme of current work, it is very hard to tell whether the random signs of easing off are the mark of congestion in the pipeline or point to some genuine slackening in the pressure of demand for new work. So far shortage of capacity—of craft labour, of certain materials, and of professional time in architects' and builders' offices—seems to be the more common explanation. In the spring and early summer months of the second quarter of this year, building contractors managed to step up their output by a full 8 per cent over 1960 hitting the £600 million mark for three months for the first time, with only two per cent more building

WORK DONE BY CONTRACTORS*

	1960		1961		Change
	I	II	I	II	II
	(£ million)		(£ million)		(%)
New Construction					
Housing—					
Public	59	62	59	65	+ 4·8
Private	88	99	103	111	+12·1
Total	147	161	162	176	+ 9·3
Other—					
Industrial	75	84	98	102	+21·4
Commercial	58	62	65	69	+ 8·9
Public	103	107	112	124	+15·9
Total	236	253	275	295	+16·6
Total New	383	414	437	471	+13·8
Repair and Maintenance	117	122	127	129	+ 5·7
Total	500	536	564	600	+12·8

*At current prices

workers, a three per cent increase in brick supplies and an eleven per cent increase in cement supplies—achieved mainly by higher output and a sharp cut in cement exports.

Contracts placed with building contractors were still rising up to last March, the latest date for which complete figures are known. But by then new commission received by private architects had already started to tail off sharply—for the first time since mid-1959. This was partly in housing work but, as the present number of houses under construction — 306,000 — is the highest the industry has seen since 1954, the most favoured reason is the reluctance in overloaded offices to accept any more contracts. But expectations are that dearer and scarcer mortgages and the continued rise in land and house prices will make an impact upon new housing demand before long. New work for public authorities is also expected to show at least a slower rate of increase following the Chancellor's end-of-term budget in July. And new industrial buildings started this year, going on figures for the first six months, seem likely to be somewhat fewer than in 1960. All told, the construction industry has enough work on hand to support its present rate of activity, or even a higher one if resources can be stretched yet further, until well into next year. The coming months should show more clearly whether this feverish busyness can be kept going beyond then.

Foundries Downcast

Signs of a perceptible easing off in the pressure of demand for capital goods, already reflected in the levelling off of orders received by the engineering industries, are now beginning to be experienced by a number of iron foundries. Capital goods suppliers of one kind or another, from heavy plant makers to tractor manufacturers, take the greater part of the foundries' output of iron castings and as few of them hold large stocks of finished castings, orders received by the foundries are often a useful barometer of changes in the climate of investment demand by industry. Up to the middle of this year, production of castings for engineering firms, the railways, the building industry, and tractor and commercial vehicle makers was still rising. Few of the foundries supplying these industries have since raised their rate of output any further. Fewer still expect any increase in the flow of new orders. The labour shortage has noticeably eased—not every man leaving is replaced. And both prices and supplies of scrap have softened. The general tone in the foundry industry is now one of doubt, expecting at the least a steadying down after the heady boom lasting a full two years.

OUTPUT OF IRON CASTINGS

	1960		1961		Change
	I	II	I	II	II
	('000 tons)		('000 tons)		%
For:					
Vehicles	202	202	186	189	− 6·3
Engineering	330	321	342	340	+ 6·0
Building	118	109	121	114	+ 4·6
Gas and Water (pipes and fittings)	150	146	135	134	− 8·1
Steel (ingot moulds)	136	135	138	129	− 4·6
Railways	64	85	73	73	+12·2
Household appliances	33	29	30	29	Nil
	1,033	1,006	1,026	1,007	+ 0·1

In the last year prospects have changed for all sections of iron founding. Demand for pressure pipes from gas and water undertakings fell off about a year ago. Purchases of castings for cars were sharply cut back by the motor industry last winter, and hopes of some revival in ordering early this summer have not been fully realised. The decline in steel output in the last few months has cut demand for ingot moulds. And the household appliance manufacturers, which take a relatively small part of total castings output, still show no sign of increased ordering.

MOTORS

Rugged all Round

Sir Henry Spurrier's statement on the future of Standard-Triumph International confirms the impression that Mr Alick Dick left because he disagreed with Sir Henry's plans to make drastic cuts in S-TI's overheads. And when Sir Henry says that the company is to be run by Mr Markland, the new managing director, on similar lines to the parent company, he does nothing to weaken the belief that he wants to run a car firm like a lorry maker, despite the marked differences in the two operations. A reduction in overheads may well be necessary for the long-term profitability of S-TI, but Sir Henry might do better to look to Jaguar for an example rather than to his own factories in Leyland and Glasgow. If S-TI is to go on trying to establish itself as the maker of the poor man's Jaguar, keeping down overheads has been only part of that company's success—good engineering and flair for publicity and selling are certainly as important.

One surprise in Sir Henry's statement was his expectation that car sales would have recovered even faster than they did in the spring and that S-TI would have progressed beyond a near doubling of its share of the car market. Less unexpected was his revelation that S-TI has continued to make losses—though this seems to refer to the spring rather than the summer, when the rate of output should have been high enough to put the company in profit. But now that its factory workers are returning to a three-day week, its profitability must be again doubtful. After last winter nobody at S-TI wants to risk the excessive piling up of stocks. Output is being cut before the seasonal fall in sales rather than after it. Other car makers may follow this move as the autumn progresses.

Even British Motor Corporation's profitability suffered severely during last winter's recession. The cut in BMC output from 669,000 vehicles in the year to July, 1960, to 601,000 in 1960-61 stemmed primarily from operating on average at little over half capacity for the five months from November to March: at times it was a good deal lower. The company warns its shareholders that profits have been cut by more than the reduction in output would suggest, for the smaller BMC cars now form a higher proportion of its total pro-



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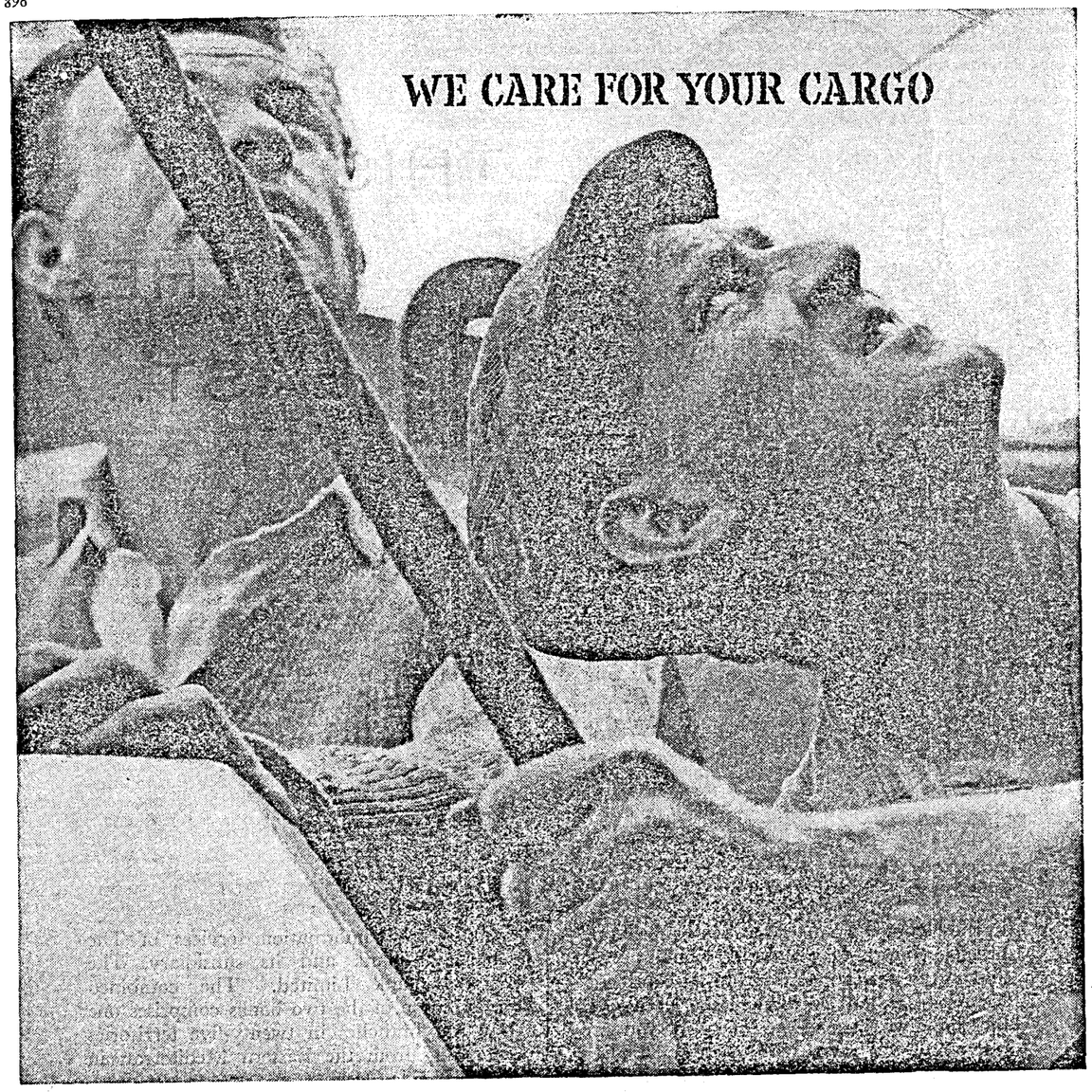
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duction than in 1959-60 : output of baby cars rose by 62 per cent in 1960-61. BMC's statement adds that its expansion plans will increase overhead costs in the immediate future, and that "some time may elapse before demand, and therefore profits, catch up with the enlarged output."

NEW ISSUES

Lenders v. Borrowers

In the capital market lenders are calling a tune that grates unpleasantly on the ears of borrowers. It was, for instance, revealed this week that James A. Jobling, the manufacturers of "Pyrex" glassware and a subsidiary of Thomas Tilling, had placed £1½ million of its 7 per cent debenture at 97, to give a flat yield of as much as 7.2 per cent and a redemption yield of 7¼ per cent to the latest date. Some stock was made available through the market at 97½ and in early dealings a price of 98½ was established. The rate of interest is high, but even so some of the life offices were not willing to assist, on the grounds that the 15 years' spread of redemption dates between 1971 and 1986 was too wide. An attractive capital premium is offered on early redemption, but the borrower's option to redeem will not necessarily coincide with the interests of lenders. Such a wide spread may be acceptable occasionally by life offices, but not in the case of an industrial company which has no reason to expect a sudden reinforcement in liquid resources. The life offices argue that normally the borrower should make a clear choice between a long-dated stock suitable for their funds or a shorter dated one more suitable for the funds of composite offices ; and now that some of the institutions have displayed disquiet about this issue it is unlikely that its form will be repeated.

The new issue market in general is at one of its most critical junctures for a number of years. On the one hand the banks, with their own liquidity ratios under pressure, are urging some companies to fund their loans. On the other, these companies are naturally reluctant to raise permanent capital at high rates of interest. The issuing houses, knowing too well how the market is suffering from indigestion, are advising their clients to defer their appeals if they can. All this may have the effect the Chancellor intended of forcing companies to postpone or even to cancel some of their marginal investment projects. From the stock market's point of view this may ultimately be reflected in a decline in the number of appeals for new money.

LOCAL AUTHORITIES

Money at a Price

This week a rural district council reported that it was unable to find £100,000 to tide it over until the end of September. It had obviously not looked very hard. The Public Works Loan Board always stands ready as lender of last resort to authorities that cannot obtain the funds they need in the market ; and in any case there are ample funds available in the mortgage market at present. Although the rate for seven-day money hardened by ⅛ per cent to 7⅜ per cent this week, as a result

Methane in the Market

Whether or not natural gas from Algeria is the cheapest gas this country could ultimately get, the British gas industry has had value already from its initiative in developing this technical possibility into a commercial proposition. Nothing revitalises a market like the threat of competition from a really cheap new source of supply: and the prospect of methane has certainly brought the gas industry a variety of other bargain offers that it might never otherwise have had.

It originally planned to make town gas from this rich imported hydro-carbon—for which it has already signed a contract with French suppliers and the Conch group, conditional upon ministerial approval—by "reforming" it. The possibility then arose of using methane to enrich "lean" gas made by the total gasification of coal in the Lurgi process; the small Lurgi plants already developed in Britain use oil for enrichment, but this is relatively expensive. The price competition of methane brought in offers of other cheap enrichment, such as propane (one of the refinery gases usually sold liquid under pressure as "LPG"). Most recently, other oil companies than Shell (which owns 40 per cent of Conch and has put its considerable technical and managerial influence behind the scheme to import methane) have been stimulated into offering the industry naphtha, a distillate fuel that is at present hard to sell, at prices well below those the industry has at present to pay for oil products used in gas-making.

The landed price of methane under the contract already signed has not yet been disclosed ; unofficial figures of 6d.-6½d. a therm have often been quoted, and the Gas Council's estimate that it could deliver methane regasified from liquid storage, via a high pressure main, to area gas boards for 7½d. a therm, reported last week by the Select Committee on Nationalised Industries, might be roughly in line with such a cif price. Propane could be made available in large quantities from the Western hemisphere for just under 5d. a therm landed ; this is the enrichment that the National Coal Board would prefer for Lurgi gas, though its estimates for Lurgi even enriched with methane give lower costs for the town gas produced than those of the Gas Council. Naphtha has been offered to the gas industry by certain oil companies—Esso and Gulf have been mentioned—at cif prices said to be of the order of 4d. a therm. If this were used as an enrichment for Lurgi gas, it might offer town gas even fractionally cheaper, though there are uncertainties about the process to be used, particularly about its flexibility: it might offer fairly cheap town gas alone.

The possibility of methane brought down the prices its competitors would offer ; it always remains possible however, that the reverse could happen. When the Gas Council was bargaining with Conch and the French, it had none of these competitive offers of other rich hydrocarbons to back its argument. This is the first operation of its kind: French tenure of Hassi R'Mel is politically uncertain, and the semi-nationalised company producing gas there may be anxious to write off its well-head installations, pipeline, and liquefaction plant quickly. Equally, there may be some technical risk of extra cost or high obsolescence in the refrigerated methane tanker, which two British yards are prepared to build for perhaps £3½ million apiece. On the other hand, both the French and Conch are vitally anxious for a customer for this initial venture: success could trigger off a significant new trade in natural gas that otherwise has no market outlet.

In such circumstances, the room for bargaining is quite wide ; and if necessary these suppliers might be prepared to match the prices of whatever competition they have to meet. If methane at 6d. a therm cif might not quite compete as a Lurgi enrichment, could other suppliers get under methane at about 5d. a therm cif —which would probably be economically feasible ? At such a price, moreover, using it as enricher for Lurgi would not necessarily be a better bargain than simply reforming the methane ; and there is even the possibility of making a lean gas locally from cheap naphtha and enriching this with cheap methane. The Minister of Power has still to announce his decision regarding the Gas Council's application to import, and he may have decisions to follow regarding the future of Lurgi and the possible reconstitution of the gas industry in order to develop cheap gas as fast as possible. Even before actually penetrating the British gas market, methane has made a radical difference to the gas industry's economic opportunities.

of very large withdrawals by a big industrial lender, it is still below the banks' prime overdraft rate of 7½ per cent. But the margin is not big and could easily disappear; and local treasurers cannot be expected to welcome big cuts in their overdraft limits at the clearing banks.

For their part, the banks regard the increased advances extended to the local authorities while foreign funds were being withdrawn as temporary and exceptional credits which the councils can now repay by returning to the mortgage market. This is not a question of forcing councils to increase their temporary borrowing further. Long-term mortgages can readily be obtained in the London mortgage market. The fact is that many local treasurers are reluctant to borrow on long-term at such high rates. Indeed, ever since Bank rate went above 3 per cent in 1955 they have been increasing their short-term borrowing to meet long-term commitments in the hope that rates would eventually fall. Now rates could indeed be at their peak, and rather than submit to borrowing at 7 per cent plus, some local authorities are cutting back their expenditure. The interest rate appears to have some effect after all.

BARLEY

A Crop of Trouble

Those who expected this year's barley crop to go through the mill in a blaze of publicity are not being disappointed. Apart from the price shock, this year has brought a court case and intervention in the market by the President of the Board of Trade. Barley can be nasty stuff to handle, and on the many recent occasions that barley has brought Mr Maudling and his colleagues to their feet in the House they did not handle it very well. Government policy on coarse grains (barley, rye and oats) was set out in December's white paper on agriculture: the search for a plug to the drain on the Exchequer caused by mounting deficiency payments on barley stopped short of renunciation of the "free market" principle. The attempt to graft a free

CEREAL DEFICIENCY PAYMENTS

	Barley production	Barley subsidy	Total cereal subsidy
	mn. tons	£ mn.	£ mn.
1955–6	2·9	8·5	26·7
1956–7	2·8	10·5	34·2
1957–8	3·0	21·3	56·0
1958–9	3·2	20·4	49·7
1959–60	4·0	28·3	58·8
1960–1	4·2	35·1	74·6

market on to the system on guaranteed prices by means of deficiency payments at a level which is rapidly making Britain self-sufficient in barley seems to have produced a hybrid that will not work. When crisis arrived with the impending harvest, the Board of Trade added a hyena's head to the body of an ass by prohibiting "dumped" barley imported for less than £20 a ton: the "free market" price in Britain ex farm subsequently flopped again to around £17 a ton.

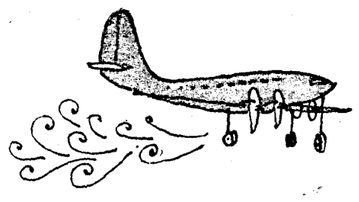
It transpired later that the £20 minimum was a "cif" and not landed price as originally announced; it has since been revealed that in Russia's case—it was our principal supplier this year—a voluntary quota of 150,000 tons had been agreed for exports this season and the question of price discreetly omitted. Contracts for importing 425,000 tons of barley from Russia this season were mentioned in the case at Guildhall where an important dealer in Russian barley was fined £25 for making a false statement in a return to the ministry listing barley deals. These have apparently been commuted to the lower figure probably to the considerable relief of the Exchequer.

Barley imports generally this season will conform to Mr Maudling's edict, though loose ends like imports from Iraq and unfilled contracts have not been tidied. The minimum import price was probably intended to put a floor under the market, but it now seems a ceiling, though it will possibly be neither. The ex farm parity of £20 a ton cif is reckoned to be roughly £18¼ a ton. Heavy imports earlier this year have possibly filled up some of the space in the stores of compounders of animal feeding stuffs that should have been ready to receive the new crop—despite last year's record crop, imports so far this year already exceed those for the whole of 1960. Demand is not strong enough to carry the full weight of the new crop. Farmers, especially those who lost heavily through storing their crop last season, are anxious to unload the new one as quickly as possible. The incentive introduced this year to encourage farmers to store their barley is ineffective, although at its maximum it

AIR TRANSPORT

The Flying 8.15

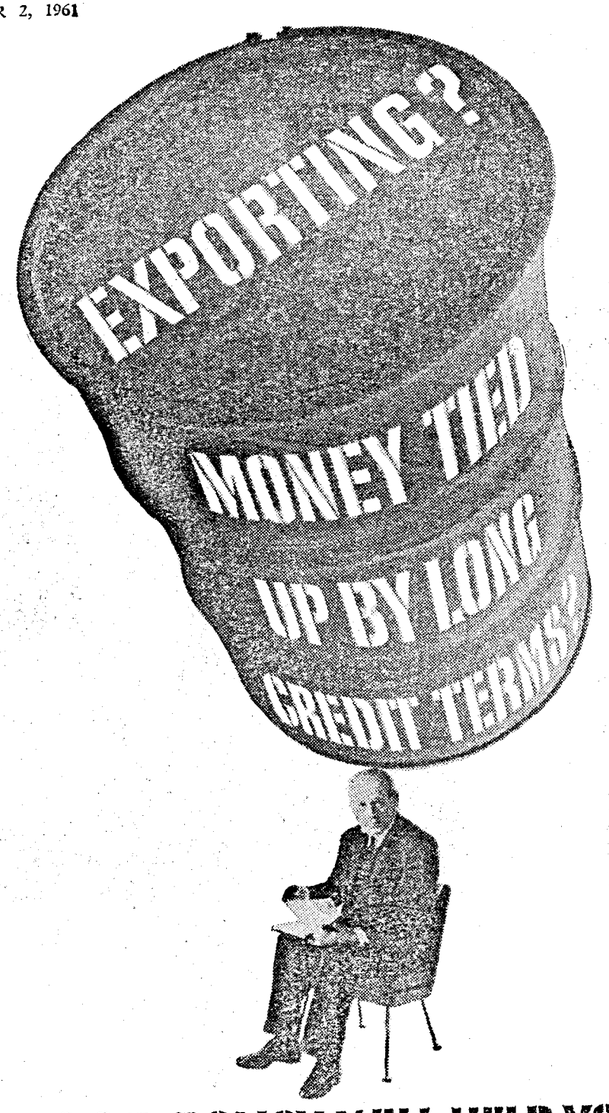




During the recent American slump in air traffic, from which the airlines are slowly recovering, one device for catching passengers proved so popular that it may be tried out experimentally in this country. This is the commuters' air service, operating between cities like a suburban train. Passengers do not book in advance. They are guaranteed a seat on an aircraft providing they arrive at the check-in point by the prescribed time, and pay for their ticket during the flight. The service has been pioneered by Eastern Air Lines, using old Constellations which would be almost unusable on a normal passenger service. Fares are slightly lower than the standard coach fare. Punctual service combined with the certainty of getting a seat has made these commuter flights popular with businessmen. For the airline, however, the service involves one snag; a stand-by aircraft and crew have to be kept waiting in case the regular 95-seat flight fills up before its scheduled departure time, and such a stand-by aircraft has been flown with only one passenger.

British European Airways is thinking of a similar experiment on its internal flights to Glasgow, if only to see whether it can beat the problem of businessmen who book on five or six different flights but turn up for only one. Nearly ten per cent of the passengers booked on BEA's internal services fail to turn up, and in spite of Mr Philip Mair's complaint to *The Times* that he could not book a seat on BEA's Manchester services, the flights he mentioned almost invariably leave with empty seats. The corporation is going to ask the Licensing Board for permission to increase the penalty for "no-show" from its present level of £1 (which the corporation is admittedly lax in collecting) to a figure high enough to hurt. This would take the form of a booking fee retainable by BEA if the flight was not cancelled in time. But the non-booking commuter service is obviously a better answer. BEA, however, does not possess the large fleet of obsolete aircraft that made the experiment possible for Eastern, and the economics of the service might be jeopardised if the corporation had to keep a large new aircraft and crew permanently standing by. The trial flights being planned to Glasgow may show whether the Vanguard, with its big carrying capacity, is large enough to seat all the passengers likely to turn up for one flight.

PROBLEM NO. 3



YOUR E.C.G.D. POLICY WILL HELP YOU OUT

However well you stand with your bank manager, the finance needed for selling more abroad, or granting longer credit, may set him a problem—particularly if it comes on top of re-equipment, expansion of plant, stockbuilding, or other financial calls. But an E.C.G.D. policy not only tells him that your export trade is secure, its assignment to the bank provides valuable collateral security. Talk it over with your bank manager—and get in touch with E.C.G.D.

EXPORT WITH AN EASY MIND

E.C.G.D

EXPORT CREDITS GUARANTEE DEPARTMENT

E.C.G.D. local offices—
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West London: Tel—Abbey 6271
Belfast: Tel—Belfast 29429
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Bradford: Tel—Bradford 25147
Bristol: Tel—Bristol 22911
Edinburgh: Tel—Caledonian 3004
Glasgow: Tel—Glasgow, Central 3056
Leeds: Tel—Leeds 30092
Liverpool: Tel—Liverpool Central 5756
Manchester: Tel—Manchester, Central 6061
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Nottingham: Tel—Nottingham 40985
Sheffield: Tel—Sheffield 29151
Head Office: Tel—Monarch 6699

CRG 45



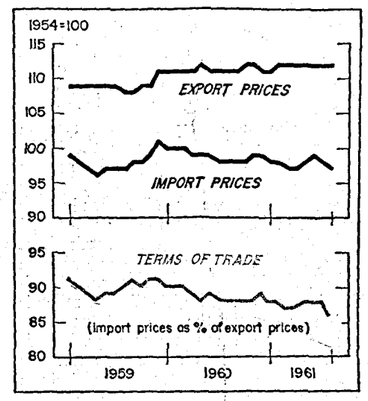
amounts to 25s. a ton. But it costs 2s.-3s. to store a ton of barley for one month and rehandling adds about £1 a ton to the bill. However, Russian supplies are now voluntarily restricted, Canada has less to sell and Britain may not have a larger crop, but may export more malting barley. Although Australia is offering barley at the minimum price for delivery next year—so far without response—prices could recover beyond the £20 target. But after last season's experience, too few farmers are prepared to hold on and find out.

TERMS OF TRADE

In Britain's Favour

VALUED at 1954 prices, Britain's imports in the first six months of this year were more than £40 million higher than in either half of 1960, that dreadful year for the balance of payments. But in this period the actual value of imports adjusted for seasonal variation fell by 1½ per cent below the average for 1960: exports increased and maintained their price. Without this favourable twist in the terms of trade, the prospect for the balance of payments in the early months of 1961 would have looked bleak indeed. In July, the normal drop in prices of imported vegetables and fruit lopped three points off the index of food prices; consequently import prices as a whole fell one point to 97 (1954=100). Export prices have been unchanged at 112 throughout the year; the terms of trade (import prices expressed as a percentage of export prices) improved from 88 to 86 in July. Britain should therefore be finding it easier to pay for its imports than at any time since the war.

Even in an exceptional year like 1960, when imports of basic materials and manufactures rose to a level that could not be sustained, imports of food, beverages and tobacco accounted for a third of the value of all imports. To judge from the lengthening list of suppliers who are having to be restrained by the threat of anti-dumping duties from selling to Britain too cheaply, this country has been placed in a happy position by overproduction of many primary products. Last week, the Board of Trade decided a case was made out for "protection" against imports of cheap middle



bacon and representations from other interested parties were invited. This week Britain has asked for another Gatt meeting of butter producers which it expects this time to produce restrictions on supplies of butter to Britain.

ATOMIC ENERGY

Last In, First Out

CROMPTON PARKINSON was the last big electrical manufacturer to go into atomic energy and the first to leave it. The four original atomic consortia, headed by Parsons, AEI, English Electric and GEC, were formed in 1954 and are almost as old as the Atomic Energy Authority itself. Crompton Parkinson did not join with International Combustion and Richardsons Westgarth to form Atomic Power Constructions (now building a 500 MW nuclear power station in Wales) until early in 1957, and then only after considerable pressure from the Atomic Energy Authority, which feared that the four original consortia did not possess enough capacity to carry out the then recently expanded atomic power programme.

Since those days, the programme has been roughly halved and there is not enough work to go round. Mergers have reduced the number of consortia from five to three; after an on-off engagement temporarily broken while GEC flirted with English Electric, Atomic Power Construction and GEC have finally merged their nuclear divisions to form the United Power Group. When the merger talks got seriously under way late last year, Crompton Parkinson intimated it did not want to join the new company. Now the last link has been broken with the resignation of its managing director from the board of APC, which has to be kept in being until the Welsh contract is completed. This decision recognises that there is still considerable surplus capacity within the new groupings on the turbine and the boiler-making side, and not a great deal of work is likely to come the way of the smaller partners in return for the sizeable outlay involved in remaining a member of the nuclear club. The £100,000 *pourboire* that the Generating Board is nowpaying to companies that submit bids for the kind of turnkey contract awarded for nuclear power stations—winners and losers alike—is only a fraction of the cost of actually preparing the contract, which is variously estimated at anything from £50,000 to £500,000.

Council Investments: a New Survey

LOCAL AUTHORITY INVESTMENTS
December 31, 1960

	Book values £ mn.	Percentages of holdings
Cash at bank and in hand	63·1	12
United Kingdom Treasury bills	4·3	1
British government and government guaranteed secs.	77·8	14
Overseas government, provincial and municipal secs.	5·0	1
Mortgages and other housing loans	288·3	53
Company securities	7·1	1
Other mortgages and loans	7·3	1
Other financial investments	2·2	—
Investments in real property	7·4	1
Total (excl. inter-authority investments)	462·5	84
Local authority quoted stock	8·4	2
Local authority temporary money (12 months or less)	43·6	8
Other local authority loans	35·0	6
Total	549·5	100

A FURTHER new series of financial information recommended by the Radcliffe committee appears this week in *Economic Trends* on the financial assets of United Kingdom local authorities. The total assets of both sectors, the "general" fund and the superannuation and pension funds are roughly equal—about £550 million. The largest item in the general fund is mortgages and other housing loans to individuals. In Scotland, however, this item is only 7 per cent in total investments, against 56 per cent in England and Wales. Gilt-edged securities account for 14 per cent of investments on average and more than two-fifths of these holdings are in long-term or undated securities. The largest item in the superannuation and pension funds is loans to parent authorities of £266 million followed by holdings of gilt-edged of £88 million. In Scotland internal advances accounted for 67 per cent of assets.

SUPERANNUATION AND PENSION FUNDS INVESTMENTS
December 31, 1960

	Book values £ mn.	Percentages of holdings
Cash at bank and in hand	7·4	1
British government and government guaranteed secs.	187·8	33
Overseas government, provincial and municipal secs.	14·7	3
Internal advances (to parent authority)	265·5	47
Mortgages and other housing loans	0·2	—
Company securities	31·0	6
Other mortgages and loans	0·8	—
Other financial investments	0·1	—
Investments in real property	0·3	—
Total (excl. inter-authority investments)	507·8	90
Local authority quoted stock	20·3	4
Local authority temporary money (12 months or less)	0·4	—
Other local authority loans	34·5	6
Total	563·0	100

EQUIPMENT LEASING

Hire Without Purchase

A SECOND American company has entered the lists to lease capital equipment to British industrialists. The practice of leasing capital equipment rather than buying it, in order to free working capital for more profitable uses, is well established in the United States. In June of last year the United States Leasing Corporation joined Mercantile Credit in forming the Mercantile Leasing Company to offer this service in Britain. Now a new company, Equipment Leasing Ltd., has been formed by Lease Plan International of New York (which has an annual turnover of $73 million in the United States) in association with Hambros Bank, Phoenix Assurance, and Cable and Wireless (Holding). It will offer a leasing service first in Britain and eventually also on the Continent too. The company, with an authorised capital of £500,000, roughly at least half of which will be held equally by the American company and Hambros, will purchase equipment in Britain and will lease it at a rent determined by the cost of the equipment and the period of the lease, plus management and interest charges. The scale of charges has not yet been stated, but the company says that they should compare favourably with hire purchase charges on similar types of equipment.

The industrialist who wants to know whether it will be cheaper to lease or to buy his capital equipment on hire purchase will in any case have to turn to his tax accountant for advice. Broadly, under a leasing agreement the lessee gets tax relief on the whole of his rentals; the lessor receives the capital allowances but must pay tax on the whole of his rental income. Under the hire purchase agreement the capital allowances go to the hirer, who also gets tax relief on his interest charges. Capital allowances vary with the type of equipment, but in general over the initial period of a contract they will be smaller than the tax relief on rent payments by a lessee. But once the stage is reached where the lessee is paying only a very small rental (which happens when the rentals have covered the cost of the equipment) and the hirer has paid his last instalment, the position is reversed. The lessee's tax relief is now small, while the hirer has no more out-goings but is still normally getting his annual tax allowance on the equipment. For the industrialist it is a matter of timing; he must decide whether he wants his tax advantage now or later.

TRAFFIC ENGINEERING

Slow Road Through Red Brick

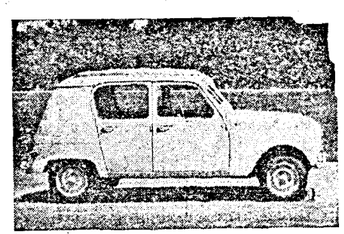
IT did not need a world traffic engineering conference, such as the one held in Washington last week, to reveal the vast gap between ideas about traffic management in Britain and their actual application. The profusion of ideas continually bubbling from the Road Research Laboratory, within the limits set by its budget and—until its new test track at Crowthorne, Berkshire, was completed last autumn—by its working facilities, are as notable and as advanced as from any other motorised country. But the implementation of even the simplest notions about how to make the best use of existing roads and securing the best design of new ones (which is what traffic engineering in essence means) lags a very long way behind.

This is the direct result of the shortage of trained traffic engineers here. London now has its traffic management unit, under Dr Charlesworth, who was specially drafted from the Road Research Laboratory and who has already shown what can be achieved by applying a little scientific method and common sense to traffic regulation. But less than a third of the county councils and a sixth of the county boroughs in England and Wales yet have traffic engineers, in name or by training, on their highway staffs. One estimate puts the number of qualified traffic engineers that will be needed over the next twenty-five years at a conservative 900. The immediate need, therefore, is for training facilities for the people who will train these 900. The professional engineering bodies and some technical colleges now include the subject in the syllabus. Interested senior engineers are served to some extent by the Institution of Civil Engineers' new traffic engineering study group and by the short and eagerly-sought-after courses run each year by the Road Research Laboratory. But it is to the universities that this nascent profession is looking for its future teachers, for an extension of research effort—and, quite legitimately, for a recognition of status. A chair at Birmingham and a readership at Durham are not sufficient; many of the students and post-graduates at the two places, moreover, come from overseas. The Ministry of Transport and the Road Research Board still have hopes that something positive will yet result from the one-day conference organised by the laboratory in April which was attended by representatives from twenty-one universities and other interested bodies. But their work of conversion and persuasion is still steeply uphill.

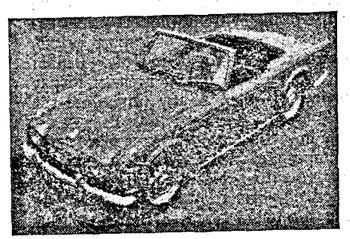
NEW CARS

Utility and Pleasure

THE two new cars unveiled this week have only one thing in common: the prices of both have yet to be announced. The Renault 4 and 4L are intended to put the company into the cheap utility car market that Citroen has exploited so successfully with the 2cv. The Triumph TR4 is meant to strengthen Standard-Triumph International's position in the sports car market where the company is already entrenched with the TR3. Renault has taken great care to make the 4 and 4L cheap cars to produce and to run; they use the same 747 cc engine and three speed gearbox as the 4cv, which they replace, and are similar to the engine and gearbox of the Dauphine, which are made on the same production line. But in the new Renault cars the engine is mounted behind the front wheels, which it drives not at the rear as in the 4cv. This space-consuming layout is one reason why the car is relatively big—about 12 feet long. But it is also roomy for a cheap car, like the 2cv Citroen.



The engine of the new Renault is water cooled but the cooling system should never require attention—unless a hose breaks—as it is filled with anti-freeze in the factory and sealed. An even greater saving in maintenance costs comes from dispensing with the need for greasing of joints after manufacture. The springing is conventional, though intended to give a comfortable ride over rough roads; torsion bars are used for the front and rear wheels. If the car is priced close to the Citroen 2cv it should offer stiff competition, for it will have a better performance, especially in top gear. And it should help to extend the market for new cars down the income scale. No British cars at present compete in this nether-end of the market on the continent—though the BMC baby cars might if there were no tariffs. Likewise, British tariffs will, for the time being at least, preserve the British industry from any real threat from the new Renaults in this country.



The TR4 is more closely related to the model it replaces than the new Renault. The body is the biggest change. It is intended to make the car appeal to those who want more comfort than the TR3 could provide: winding windows, for example. The engine has been enlarged to 2,138 cc, mainly to give the bigger car the same performance as the old one; the springing is a little softer and the track wider to improve cornering and there is synchromesh on all four gears. Rack and pinion steering is now fitted; this gives precise control, though it is rather heavy. It typifies a masculine and traditional sports car, which retains the ability to attain 100 mph with ease (mechanical if not mental) on English roads. If its price is not too far above that of the TR3, of which 80,000 have been sold, chiefly because it offered the most performance for buyer's money, it should strengthen S-TI's position in the sports car market—especially in the United States.

COTTON TEXTILES

Another Mill Closes

WHILE negotiations with Hongkong dragged on, the life was being drained from at least one large mill in Lancashire. A quick restoration of orders was confidently expected when the import question was settled. True, only half of this problem was resolved by Hongkong's undertaking to maintain restrictions on exports of cotton goods to this country; imports from non-Commonwealth sources which attract the full import duty are unaffected. But the first significant closure since scrapping ended under the cotton reorganisation scheme within a week of the new undertaking being given was a rude shock. Had Fine Spinners' Lumb Mill near Ashton-under-Lyne been shut down 18 months ago, the group could have pocketed a fairly significant sum in compensation under the scrapping schemes; the shock of this largely unexpected closure will reverberate far beyond the 300 or so workers who lost their jobs. Despite last year's boom and fears that scrapping had been overdone, are there already too many spindles, and possibly looms, in Lancashire?

The cotton industry is still large and diverse; recently, it was not too difficult to unearth weavers with orders that ensured capacity working for about six months. At the same time, doublers have languished and some spinners, particularly of fine yarns, have felt the full blast of recession. Under the new agreement with Hongkong, imports of yarn might be restricted for the first time. But the trend of demand has been unfavourable for doublers and spinners of fine yarns. Single yarns are replacing doubled yarns in some cases, and coarser yarns are eating into the market for fine yarns.

It is not unknown for closures in the wool textile industry to be caused entirely by the shortage of labour. This was evidently an important factor in the closure of the Lumb Mill, which could not staff a second shift, although in part the lack of key workers stemmed from the inability to keep them suitably occupied. In the changed post-war conditions, few firms are prepared to carry large stocks of yarn. In the words of Fine Spinners' chairman, the agreement with Hongkong came too late. This scheme is causing considerable disagreement over its application in the colony. The most controversial clause is one that is alleged to link supplementary export quotas to the state of Lancashire's order books, although especially at times like the present their length is mainly governed by jockeying by potential customers. It also seems to imply that when foreign exporters win orders from Lancashire, Hongkong will lose its bonus. The best that can be said of the arrangement is that it is limited to supplementary quotas.

PLASTICS

More But Cheaper

A TEN per cent increase in the sales of plastics materials in the second quarter of this year does not mean that the troubles of the British plastics industry are over. Much of this growth was won by selling near or below cost. The 30 per cent increase in polystyrene sales, for example, was obtained by exporting at or below full cost and by reducing the home price by 4d. a pound to discourage imports. The rise of 25 per cent in the sales of polyolefines—polythene and polypropylene—is more difficult to explain; there seems to have been no increase in exports and hardly any drop in imports. This means that the home market must have accounted for the whole increase; and, since roughly half British output is exported, home sales must have risen by 50 per cent. Consumption did rise, as a long-term effect of the cut in price made last autumn, but it can hardly have increased as much as this. User's stocks must have grown; it looks as though part of the fall in sales last year was caused by stock reductions, and that buyers had decided to return to the market last spring.

If this was so and stock rebuilding began in the belief that prices would not fall further, buyers must have been unpleasantly surprised when Imperial Chemical Industries took 4d. a pound off the price of polythene early in August. Like the last cut in price, this was caused by the need to keep in step with prices charged by foreign competitors, but this time these were the Italian producers, not American. The Italian plastics industry has considerable excess capacity. Now that polythene costs only 1s. 6d. a pound, sales should increase again; but even if output gets close to capacity, profit margins must be thin for all producers but ICI.

SHORTER NOTES

The Government has refused Tunnel Portland Cement permission to import Polish coal, which is not unexpected following its rejection a few weeks ago of a similar application from Steel Company of Wales to buy American coal.

★

On August 14th, there were 304,976 people registered as out of work in Britain, 16,000 fewer than at the same time last year, although, expressed as a proportion of the labour force, the rate at each time was 1.4 per cent. Excluding school-leavers and those only temporarily stopped, the numbers wholly unemployed had risen by 20,457 since the previous count on July 10th, the usual seasonal increase being about 9,000. Seasonal factors apart, the August count was the third successive one to show a small rise in unemployment, bringing the level higher than at any time since last December. On the same basis, the number of vacant jobs, which had been increasing month by month this year up to June, fell by 28,000 over the next two months back to the same level as in March.

The World Bank has placed $100 million in 4 per cent two year US dollar bonds to replace a maturing issue; the bonds have been taken up by private investors in 32 countries. The bank has also announced a loan of $39 million to Colombia for roads; and its affiliate, the International Development Association, has lent $5.9 million, on its usual basis of 50 years—interest free, to the Republic of China—i.e. Formosa.

COMPANY AFFAIRS
Comments on pages 908 and 909 on:
Lombard Banking, Powell Duffryn, Monsanto Chemicals, C. Townsend Hook, Rank Organisation, William Cory, Albright and Wilson, British Match, Furness Withy

LONDON AND NEW YORK
Stock prices, yields and security indices on pages 910 and 911

LONDON STOCK EXCHANGE
The week's movements reported on page 909

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 912

COMPANY MEETINGS

BRITISH TAR PRODUCTS LIMITED

MR F. WOOLLEY-HART'S REVIEW

The forty-first ordinary general meeting of British Tar Products, Limited, was held on August 31st in London.

The following is the circulated review of **Mr F. Woolley-Hart, OBE** (the Chairman):

In presenting the Accounts for the year ended March 31, 1961, I have to report a decline in Trading Profit and other Income of £4,566 to £116,845. The reasons for this are explained later in the Address.

The charge for Depreciation has again increased by some £3,000 to £28,001. The net sum of £26,645 has been spent on Capital Account and after this expenditure the surplus of Current Assets over Current Liabilities is £213,454. The charge for Taxation has also increased by £3,265 to £35,048.

However, your Board feel justified in recommending the payment of a Final Dividend of 10 per cent less Tax, making 15 per cent less Tax for the year, a transfer of £15,000 to General Reserve Account and to carry forward to next year's Accounts a slightly increased amount of £28,692.

TRADING REVIEW

In common with some of the large Chemical and other concerns the year started with considerable promise but during the latter portion the general uncertainty of trade had made itself felt and what has been described as the "Behaviour of sales and margins" at the end of 1960 and the beginning of 1961 has retarded—only temporarily we hope—the upward curve of our Revenue and Profit.

The World shortage of Naphthalene seems to be easing and with the prospect of rather more raw material in this Country our refining plant should operate on a more economic footing.

We have extended our Hydrogenation Plant, continuing to enlarge our range of high grade products and whilst rapid expansion is restricted in certain directions by a limited market, it seems inevitable that with the development of the modern chemical industry we shall enjoy the results of our enterprise in due course. Our readiness to undertake special distillation work has enlarged our operations in this field and the necessary extensions to plant will always be undertaken to cope with additional business.

We suffered a setback in production through a rather serious fire at the Naphthalene Plant last July but by the turn of the financial year a considerable amount of the necessary restoration work had been completed. The losses were, of course, fully covered by our insurance.

BULK STORAGE INSTALLATION

As with the manufacturing side so has the bulk storage throughput not advanced during the latter part of the year as quickly as we could have wished, although an increase of 20 per cent over the previous year may certainly be considered satisfactory. There was undoubtedly some slackening in the forward movement of conversion from solid to liquid fuel burning which doubtless militated against a more spectacular increase, but this should not be sufficient to change the existing trend and there are grounds for thinking that the continuing increase in world demand will be accompanied by a reduction in operating costs.

THE FUTURE

As regards the future, we see no reason to deviate from our programme as planned and we shall in due course proceed with the carrying out of such extensions and additions as seem desirable. We have to face narrowing margins due to cheap chemicals produced on the Continent—particularly beyond the Iron Curtain—penal taxation in our own Country as well as the determined efforts being made by the Coal Industry to promote solid fuel burning, but whilst I must observe and endorse the word of warning uttered by leaders of the large Chemical undertakings, I feel that we can, nevertheless, view the longer term position with reasonable optimism.

STAFF

It is with regret I have to report that Mr A. E. Brown, who has been in the employ of the Company since its formation in 1916 and has filled the position of Managing Director since June 1, 1947, has intimated he feels the time has now come when he should retire and his resignation which will become effective as from September 30th next has been reluctantly accepted by the Board, who wish to place on record their high appreciation of his services which I am happy to tell you we have arranged to retain on a consultancy basis.

I end my address with a word of thanks to my Colleagues and to all in the Company's service for their efforts in a somewhat anxious and disappointing year.

The report and accounts were adopted.

THE GLOBE TELEGRAPH AND TRUST COMPANY

(Investment Trust Company)

A DECADE OF REMARKABLE GROWTH

The eighty-eighth annual general meeting of The Globe Telegraph and Trust Company Limited was held on August 25th in London.



Sir Edward Wilshaw, KCMG, DL, JP, LLD, FCIS (the chairman), presided and, in the course of his speech, said:

For the past ten years each succeeding year has been a record one, and I am glad to report that this has again happened in the financial year which closed in June last. Ten years ago, and I quote in round figures, our gross income was less than £600,000; last year it was £1,600,000. Ten years ago the *book* value of our investments was £8,250,000; last year it was considerably over £19 million. The value of the investments ten years ago was £9,700,000; the value at June last was £45 million. This is a very satisfying record and one of which all concerned may be proud.

The dividend has been maintained at 10 per cent since 1955 and during recent years from time to time we have given to stockowners free shares by way of capitalisation of reserves and, in addition, have afforded opportunities of purchasing the Company's shares at prices very substantially less than the market price.

The advantages of our policy and progress to the individual Stockowner can best be seen by considering the benefit arising from the investment of £100 in this Company ten years ago when the gross income receivable was £5 9s. Today that investment, without further cost, is worth £490 and provides a gross income of £13 12s.

I have complete confidence in our ability to maintain the payment of a 10 per cent dividend next year on the full amount of the capital as increased during the past year, and I hope that in due course we may be able not only to continue paying a 10 per cent dividend but also to continue from time to time our policy of issuing free shares and shares on advantageous terms.

DIVIDEND RESTRICTION

The Chancellor's request to companies to refrain from increasing the rate of their dividends does not apply to this company because for a number of years it has been our well known policy to maintain the payment of dividends at the rate of 10 per cent yearly and we shall hope, in normal circumstances, to be able to maintain this rate for so far as we can see ahead. Nevertheless, should your company's income be affected by the Government's current request for dividend restriction it should be borne in mind that a degree of stability for your own dividend is ensured by the provisions made to the General Reserve and to the substantial amount of the unappropriated earnings carried forward.

Normally Trusts, and this applies more particularly to Unit Trusts, own a balanced portfolio of investments, so that if there is a reduction in dividend in some it is compensated for by increased dividends from others. If, therefore, the Chancellor of the Exchequer's request is carried out in such instances it means that the Investment Trust Companies concerned will have to bear the loss of any reduction in dividends received, without any compensating advantage in receiving increased dividends from others who have been more prosperous. So far as this Company and the associated companies within the Group are concerned, this does not worry us, for reasons previously stated that we have sufficient reserves in hand to continue the maintenance of the 10 per cent dividend. But this, I fear, does not apply to all such companies, and certainly will prove an embarrassment to some Unit Trusts which are doing their best to encourage the small saver.

This Company, as you may well know, has for many years done its utmost to encourage the smaller investor and I think the success of our efforts is amply evidenced when I tell you that, over the past five years, the number of accounts on the register of this Company alone of owners of Ordinary Stock, has increased by no less than 100 per cent and at present stands at some 14,000 accounts.

The report and accounts were adopted.

BRITISH MATCH

RESULTS FOR 1960/61

Group profit before taxation was £3,344,000; last year it was £3,574,000.

A final dividend of 1s. 4d. per £1 stock is recommended, making 2/- for the year.

THE MATCH INDUSTRY

Total profits from matches were higher, due to improved trading by our companies in the Commonwealth and South America. A £600,000 factory is to be built at Recife, Brazil.

At home, Bryant & May celebrated their 100th year of match-making by completing their £1,500,000 modernisation plan and were honoured by a Royal Visit.

The Government, despite protests, again permitted higher imports of matches from behind the Iron Curtain. These matches are dumped here, without a specific statement of origin, marked merely "Foreign Made".

DIVERSIFICATION

In general, match consumption has ceased to grow. The group now has 23·9% of its assets in other industries and means to expand and increase such interests. These already include Weyroc woodchip board, Prestfibre woodpulp mouldings, Peerless hotpress blocking foils, Setright ticket issuing machines, Pain's fireworks, Hunt's sparklers, Silver Fleece steel wool, Mills' wire products; also cardboard cartons and boxes made and printed by the Chapman, Coutts and Wolverhampton Box companies.



Report and accounts may be had from British Match Corporation Ltd., Fairfield Road, London E.3.

I.B.E. LIMITED

SUBSTANTIALLY INCREASED PROFITS

The thirty-third annual general meeting of I.B.E. Limited was held on August 29th at Slough, **Mr Robert Montgomerie** (the Chairman) presiding.

The following is a summary of his circulated statement: The increase of 35 per cent in our Trading Profits for the year to March 31st last is a very satisfactory achievement and at £192,163 our Earnings are within a few hundred pounds of the record reached in 1952.

After charging Taxation and all other outgoings the Net Profits attributable to shareholders of the Parent Company show an increase of 39 per cent over the comparable figure for last year and in the circumstances your Directors felt justified in raising the Ordinary Dividend to 12½ per cent.

The opportunity arose during the year of acquiring on satisfactory terms all the shares of Bristowes Tarvia Ltd., a company already established in the road business. Bristowes Tarvia Ltd., and its subsidiaries, operating from factories at Grantham and Hereford, are principally engaged in the manufacture and distribution of bituminous emulsions and the well-known proprietary compound "Tarvia."

SUCCESS OF NEW PRODUCT

Our other companies concerned with roads have made encouraging progress and it is particularly gratifying that the new type of surface dressing material, to which reference has been made in previous years, is being received most enthusiastically by a constantly widening circle of users. The material is now being marketed in Great Britain under the Trade name "Surfix" and arrangements are in hand for the registration of this name in several overseas territories.

Our business in specialised building materials has continued to expand in a very satisfactory manner. These materials, which have been developed over a number of years, were until recently being sold under various names in different parts of the country and consequently during the year it was considered desirable to form a new company, Plycol Ltd., for the purpose of marketing them in attractive packings bearing the uniform Trade Mark "Plycol." The wide range of products being sold under this name includes anti-corrosives, adhesives, concrete additives, jointing compounds and a variety of materials for the treatment of roofs, floors and walls.

Although conditions in the paint trade continue to be highly competitive and margins are consequently restricted, I am pleased to tell you that the position of our own companies in this field has been more than held.

Having reviewed the Group's interests in South Africa and Pakistan, the Chairman continued: Taking a long view I think it is fair to say that the policy being adopted by your Board gives us every reason for confidence. With regard to the more immediate position, current reports of our various activities give every indication that the advancement made last year is being well maintained and, provided we are faced with no unforeseen disturbances, it is reasonable to expect that the present year will be no less satisfactory.

The report was adopted.

THE INDIAN IRON & STEEL COMPANY, LIMITED

(Incorporated under the Indian Companies Act 1913)

INDIA'S OPPORTUNITY IN WORLD STEEL MARKET

The Annual General Meeting of The Indian Iron and Steel Company, Limited will be held on September 5 in Calcutta.

The following is an extract from the statement by the Chairman, **Sir Biren Mookerjee,** which has been issued to the shareholders for the year ended March 31, 1961.

Production of iron for the year at 1,160,576 tonnes and of steel ingots at 914,159 tonnes showed an improvement over the previous year and constituted a fresh record for the Company. There are however no grounds for complacency for with the serious deterioration in the quality of raw materials there can under existing conditions be no possibility of achieving the output envisaged at the time the expansion of our plant was planned, and in fact serious difficulties are foreseen even in maintaining production at the 1960/61 level.

It should be borne in mind that the financial results disclosed are based on provisional steel sales realisation figures which are subject to revision according to the decision of Government on the pending inquiry by the Tariff Commission as to the steel retention prices to apply from April 1, 1960. To obviate hardship while the matter is under reference, Government have granted a provisional price increase as from April 1, 1960.

The main difficulty in achieving the iron and steel output envisaged is the extremely high and varying ash content in presently available metallurgical coal coupled with erratic supplies and the fact that owing to the transport position our stock of coal is diminishing so severely that unless the position rapidly improves, we shall be forced to curtail the production of iron.

Until the raw materials position improves, which I fear cannot be for some years to come, operation must perforce be carried on under extremely difficult and restrictive conditions. In fact, it would seem that before improvement takes place, the position must yet further deteriorate, for there remain still three more blast furnaces to be brought into operation in the public sector plants. I view with the greatest disquiet the consequences of this impending further demand in relation to the existing shortage of coal and transport.

I would make it clear that we have abundantly proved that given working conditions in any way approaching those assumed at the time the extensions were planned, our plant, as now expanded, possesses the full designed output potential. This has been conclusively demonstrated on those unfortunately rare occasions when a combination of fortuitous circumstances has enabled us to operate temporarily under reasonably normal conditions.

Export of Steel: India, at present, stands on the threshold of a golden opportunity to secure a place for herself in the world market for steel. It is now for the Government advantageously to utilise this position and thereby tap a vast source for earning the foreign exchange which is so vital to the progress of the country. Unless adequate measures are taken immediately there is, in my opinion, grave danger of allowing this opportunity to escape.

East of Suez and in most parts of Africa, there is a vast and growing demand for iron and steel at present. India is in an enviable position to meet these requirements being basically one of the cheapest producers of iron and steel in the world, having been abundantly endowed by nature with practically all the essential raw materials and the manpower. This position is however obscured by the inflation of production costs by the large contributions which directly or indirectly are levied on the industry for the benefit of Governmental revenues.

Our iron ore resources are noted as being not only practically exhaustless but also of the highest quality. Yet for the reason I have mentioned we find ourselves in the unfortunate position of being outpriced in so far as our competitive position is concerned *vis-à-vis* the other exporting countries of the world except, perhaps, the USA.

The Government at present allows an export rebate of approximately Rs. 53/- per metric ton of finished steel equivalent to the Excise Duty levied on the steel ingot. Even after taking advantage of the rebate so allowed by Government, the Indian producer cannot compete with the prominent steel exporting countries, namely the UK, Japan, Belgium and Germany. To strengthen the position of the Indian producer I feel that Government should give serious consideration to the adoption of measures which will enable the producers to reduce their production cost as much as possible under present working conditions.

Labour: I referred last year to the persistent rise in our Works cost despite the increase in our production. Much of this increased cost is due to the severe Governmental revenue imposts inflicted on industry in the shape of excise duties, increased customs duties, cesses, sales tax and the like, which either directly, as in the case of the steel excise duty, or indirectly by their effect on the delivered cost of goods, enter into our cost of production. Outside these items however, perhaps the most serious single factor is the persistent and inflationary rise in labour costs which again reflects directly or indirectly on our cost of production.

Labour in the Indian steel industry is better off by and large than similar labour employed in other industries in the private sector and in all industries in the public sector.

Coupled with and directly bearing on the pay to be assigned to a job is the question of manning. In our own case we are at present compelled to employ at least twice as many men as are necessary having regard to the almost complete mechanisation of our plant, and to keep them in employment irrespective of our needs or of our costs.

I would make it clear that I do not for one moment suggest the imposition of a ceiling on the income of any workman. What I do suggest however is in effect a ceiling on the labour cost per ton of output, which is a vastly different matter. If industry is to continue to suffer from overmanning and low productive effort, then wages cannot be increased without inflation and loss of competitive power in world markets.

DONALDSON TEXTILES LIMITED

("Donbros" Ladies' and Men's Knitted Outerwear, "Copley" Hand Knitting Yarns and "Berkshire" Nylons)

GROUP SALES SHOW FURTHER EXPANSION

The fifteenth annual general meeting of Donaldson Textiles Limited was held on August 30th in London, **Mr Alasdair Donaldson** (the chairman) presiding.

The following is an extract from his circulated statement:

The Consolidated Trading Profit amounted to £467,469 compared with £458,438 in the previous year. Depreciation amounted to £133,768 against £126,189 last year, and taxation at £175,532 is £21,346 more than a year ago. The net profit for the period is £183,704 against £205,757 in 1959-60

During the period under review the sales of your Group showed further expansion—a 10 per cent increase over last year's record turnover. Again however we experienced the continued trend of rising costs in a market unreceptive to any form of increased prices. Your company, along with others in the industry, has absorbed these costs through improvement of production methods and factory layout but there is no doubt that as the scope for absorption becomes more limited the problem of maintaining profit margins without increasing prices becomes increasingly difficult.

In my last statement I referred to the increasing competition from overseas countries. This has continued to increase, with imports of knitted goods rising by nearly 50 per cent during 1960 to a total of 14.7 million pounds.

Our sales to overseas countries again show an increase but the demands on our flexibility to meet specialised market requirements become heavier. This we feel is one of the key factors to be overcome if our penetration into some of these markets is going to extend.

FUTURE

Forecasting the future in the textile industry is always something of a dangerous occupation. Perhaps at this particular moment when it seems probable that the Government are endeavouring to find a formula which would permit this country to join the Common Market, forecasting the future becomes more hazardous. If this takes place, no one at this stage can envisage what the costs are going to be to a particular industry or what benefits are going to accrue to other sections of our economy.

The possibility of a market of this size becoming more open to our products must be exciting. We do not minimise the challenge it could make to us, but accepting the fact that we meet the demand for flexibility—a point which I stressed earlier in my statement—I see no reason why we cannot meet this with confidence. Our whole policy over recent years has been to re-equip our organisation for any future developments.

Our sales position in the earlier months of the current year shows increases compared with the corresponding period of last year, but again there has been the continuing tendency to delay in buying for Autumn requirements.

The report and accounts were adopted and the final dividend of 7½ per cent on the Ordinary Shares, less tax, making 12½ per cent for the year, was approved.

BANQUE DE L'INDOCHINE

PARIS

The Annual General Meeting of BANQUE DE L'INDOCHINE was held in Paris on June 28th, and the following are details of the report presented by the Board of Directors:

In general, the Bank's operations in the Far Eastern countries showed satisfactory progress.

Operations in the French Pacific territories also continued to improve. In spite of present political difficulties, *French Bank of Southern Africa Ltd.*, the South African subsidiary, again strengthened its position. Operations in Ethiopia and Saudi Arabia continued to be hampered by current conditions but the Djibouti branch returned favourable results.

The activities of the London branch remained satisfactory, and work began on the expansion and modernisation of the offices, which could no longer accommodate the increased volume of business. In New York, the *French American Banking Corporation* continued to expand the scope of its activities satisfactorily.

As in previous years, the Bank, which ranks as one of the leading "*Banque d'Affaires,*" participated in France's economic development particularly as regards the export trade. In this context, the 1960 report contains most valuable information on the numerous financial and industrial subsidiaries of the Bank: *Comptoir Lyon-Allemand; Crédit Foncier d'Algérie et de Tunisie; Banque Franco-Italienne pour l'Amérique du Sud; Compagnie des Salins du Midi; Entreprise de Dragages et de Travaux Publics; Le Nickel,* etc. As a result of the increased activity, revenue from domestic operations was sufficiently high to offset the lower interest rates in force during the year.

Net profit for the year amounted to NF. 10,217,302.27 as against NF. 9,826,077.58 for 1959, and it is proposed to distribute NF. 7,593,602.95 in the form of a net dividend of NF. 10 per share.

S. HOFFNUNG & CO., LIMITED

TURNOVER MAINTAINED

The Fifty-ninth Annual General Meeting of S. Hoffnung & Co., Limited, will be held on September 18th in London.

The following is an extract from the Statement of the Chairman, **Mr Pierre J. A. Lachelin,** for the year to March 31, 1961:

During the year to March 31, 1961, the overall turnover of the Group was fully maintained; unfortunately the continued rise in overheads and intensified competition have led to lower profit margins, and the Group profit before taxation has been reduced to £492,122 against the record profit of £645,760 achieved last year.

The maintenance of turnover under difficult conditions is a tribute to the exertions of the Management throughout the Group and of their teams in Australia and New Zealand.

The net profit is £302,346 compared with £396,578. The Board are recommending a final dividend of 12 per cent free of tax which maintains the distribution for the year at 16 per cent free of tax.

Turnover for the first four months of the current year has not kept up with the figures for the corresponding period of last year, but owing to seasonal factors this is not necessarily a reliable pointer to the prospects for the remainder of the year. The adverse balance of trade which was causing concern to the Commonwealth authorities last year has happily been corrected. If the improvement is maintained this should enable the Australian Government to continue to give freer rein to the economy and so conduce to a higher volume of internal trade. This volume is of direct interest to us, but at the present time it is impossible to forecast the net effect on the year's results.

APPOINTMENTS

UNIVERSITY OF GHANA
DEPARTMENT OF MATHEMATICS
Applications are invited for the post of
SENIOR LECTURER OR LECTURER IN APPLIED MATHEMATICS
Salaries: Senior Lecturer: £G1,750 x £G75 —£G2,200.
Lecturer: £G1,050 x £G50—£G1,400 x £G75 —£G1,850;—£G1,900.
Non-Ghanaian an additional 20 per cent. Entry at appropriate position.
Appointment normally five years in first instance.
Outfit allowance £G60. Car allowance £G150 p.a. Family allowance for non-Ghanaians for each child in West Africa £G50 p.a. (if under age of 21 and being educated outside West Africa, £G100 p.a. (maximum five children). Part furnished accommodation at charge not exceeding 7.5 per cent. of salary. F.S.S.U. policies maintained if already held, or superannuation on similar basis.
Passages for appointee and family in appointment and normal termination. Annual leave with three overseas return passages in every four years for non-Ghanaians and one every three years for Ghanaians.
Applications (six copies) with full details of qualifications, experience, etc., and naming three referees to be sent before September 25, 1961, to the Assistant Registrar (London), University of Ghana, 15 Gordon Square, London, W.C.1, from whom further information may be obtained.

UNIVERSITY OF MALAYA IN KUALA LUMPUR
LECTURER/ASSISTANT LECTURER IN THE DEPARTMENT OF ECONOMICS
Applications are invited for the above-mentioned post. Candidates should have good qualifications in Economics and Statistics. Teaching experience in these subjects is desirable. Experience in Statistical field work in the Malayan Rural Economy will be an added advantage.
The salary for a Lecturer is £1,148 x £49 —£1,442/£1,540 x £56—£1,820 and for an Assistant Lecturer £1,001 x £49 — £1,099 per annum. In addition a variable allowance is at present paid at 35 per cent of basic salary, subject to certain maxima, together with expatriation allowance at specified rates.
An allowance is made towards travelling expenses and housing assistance is available.
Further particulars and application forms should be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.
Applications close, in Kuala Lumpur and London, on September 30, 1961.

For other appointments see pages 914 & 915

THE QUEEN'S UNIVERSITY OF BELFAST
The Senate of the Queen's University of Belfast invites applications for a Chair in Economics or Applied Economics from January 1, 1962, or such later date as may be arranged. The salary will be £3,000 plus F.S.S.U. Applications should be received by October 16, 1961. Further particulars may be obtained from G. R. Gowie, M.A., LL.B., J.P., Secretary.

TECHNICAL SUB-EDITOR GRADED ASSISTANT EXPERIMENTAL OFFICER required at Building Research Station (D.S.I.R.) Garston, Watford, Herts., to assist in preparation of publications for building industry. Work concerned with results of chemical, physical, engineering and operational research and offers experience of wide range of editorial and information work. Experience in technical editing advantageous. Qualifications: G.C.E. "A" level in two science or mathematics subjects or equivalent. Over 22, pass degree, H.N.C. or equivalent generally expected. Salary range £450 (age 18)—£776 (age 26)—£957.—*Application form from Director* at the above address, quoting BRS. 30G. Closing date September 18, 1961.

BUSINESS AND PERSONAL

ALMOST any learned and scientific journals, transactions, proceedings, etc., wanted. Items such as "Nature" (before 1945) Royal Statistical Society Journal, Royal Society *Philosophical Trans. & Procs.* A & B, and also Bibliography including "English Catalogue of Books" Cumulative Vols., "Palmer's" "Official Index to The Times," etc., constantly sought.—H. Pordes, 158 New Cavendish Street, London, W.1. MUSeum 5250.

THE CORPORATION OF SECRETARIES
Company Secretaryship to-day calls for specialised skills and Boards of Directors have become increasingly aware of the advantages to be derived from appointing INCORPORATED SECRETARIES. The syllabus of the qualifying examinations is obtainable from
THE SECRETARY,
DEVONSHIRE HOUSE,
13 DEVONSHIRE STREET,
LONDON, W.1.

DON'T SIGN away your rights when buying your car. SHOPPER'S GUIDE (15s. p.a.) advises how to deal with Guarantee Forms *that may affect your legal safeguards.*—Write Consumer Council, Orchard House, Orchard Street, W.1.

THE INSTITUTE OF COST AND WORKS ACCOUNTANTS
DECEMBER 1961 EXAMINATIONS
The next Intermediate and Final Examinations will be held at the usual Home Centres on the 4th, 5th and 6th December, 1961. Applications on *Form C* (obtainable on receipt of self-addressed, gummed label) should be lodged with the undersigned as soon as possible, and in any case not later than 10th October, 1961. *No late entries will be accepted.*
DEREK DU PRE, Secretary,
63, Portland Place, London, W.1.

EXPERT POSTAL TUITION
for Examinations—B.Sc.(Econ.), Law, Accountancy, Costing, Secretarial, Civil Service, Management, Export, Commercial, General Certificate of Education, etc. Also many practical (non-examination) courses in business subjects.—Write to-day for free prospectus and/or advice, mentioning examination or subjects in which interested, to the Secretary (G72).
METROPOLITAN COLLEGE, ST. ALBANS
or call at 30 Queen Victoria Str. t, London, E.C.4. Established 1910.

MAGEE UNIVERSITY COLLEGE, LONDONDERRY
Applications are invited for a Lectureship in Economics (with statistics or accounting as subsidiary subjects) with effect from October 1, 1961, or as soon as possible thereafter. The appointment will be for two years in the first instance but will carry prospects of permanency. Salary will be in the range £1,000-£1,400 with Family Allowances and F.S.S.U. benefits.
Applications should be sent not later than September 23rd to the Secretary to the Trustees, Magee University College, from whom further particulars may be obtained.

THE Fire Research Station (D.S.I.R.), Boreham Wood, Elstree, Herts., requires an Assistant Experimental Officer or Experimental Officer to work in the Operational Research and Intelligence Section on the statistics of fire and their use in assessing fire hazards and the value of fire protection. An interest, and in the case of older candidates some experience, in the field of Operational Research or Statistics is desirable. Qualifications: G.C.E. "A" level in 2 science or 1 science and 1 mathematics subject or equivalent. Over 22, pass degree, H.N.C., or equivalent. Interim Salary ranges: A.E.O., £478 (age 18)—£841 (age 26)—£1,023. E.O. £1,132—£1,386.—*Forms from* Director, above address, quoting F.R.S.5C. Closing date September 25, 1961.

EDUCATION AND COURSES

B.Sc.(ECON.)
LONDON UNIVERSITY
U.C.C. founded in 1887, successfully prepares students for this Degree (obtainable without residence), which is a valuable qualification for those seeking executive appointments in commerce or industry, government or municipal posts.—Prospectus, giving details of Courses for other London Degrees, G.C.E., Law Exams., etc., from Registrar, University Correspondence College, 60 Burlington House, Cambridge.

SECRETARIAL TRAINING, especially for university graduates and older students. Six-month and intensive 14-week courses.—Write Organising Secretary, Dav's, 158 Holland Park Avenue, W.11. PARK 4654.

TUITION FOR B.Sc. ECONOMICS
Wolsey Hall (Est. 1894) provides Postal Courses in a wide range of subjects for the two examinations for London Univ. B.Sc.Econ. (three if entrance is included) at moderate fees. 1,431 Wolsey Hall students passed London Univ. B.Sc. Economics exams. 1950-60. Tuition also for G.C.E., Law, Statistical, other exams. —Prospectus (mention examination) from E. W. Shaw Fletcher, C.B.E., LL.B., *Director of Studies,* Dept. P.17,
WOLSEY HALL, OXFORD

COLLEGE OF ADVANCED TECHNOLOGY, BIRMINGHAM
Part-Time Course for Personnel Officers
This course is for people already working in industry, who aim at professional qualifications in Personnel Management, and is for one day and one evening each week for two academic sessions. Successful completion of the course is accepted by the Institute of Personnel Management as a qualification for Graduate Membership.
Subjects of the course include Personnel Principles and Practice, Psychology, Industrial Relations and Industrial Law. Students will undertake practical work in interviewing and projects involving some field study.
Admission is dependent upon acceptance as a Student Member of the Institute of Personnel Management. Students must be of graduate standard or equivalent level of qualification. The next course opens in the week commencing October 2, 1961. Application should be made before September 9th to Bursar, Room 40 (D), College of Advanced Technology, Gosta Green, Birmingham, 4.

ADVANCED STUDIES IN MARKETING
The winter series of one and two day seminars organised by London School of Marketing, includes:—
Oct. 10/11: Marketing skills and higher management.
Oct. 30: Selling in the French Market.
Nov. 13: The Italian demand for British Goods.
Nov. 16: Forecasting—the new techniques.
Reservations and full programmes from:
London School of Marketing Limited, Newspaper House, Great New Street, London, E.C.4. Fleet Street 5635

COMPANY AFFAIRS

Lombard Banking

In the interests of "prudence and caution," Lombard Banking has cut its interim dividend from 9½ per cent to 5 per cent. There was an air of optimism about Lombard's last annual report. The chairman, Mr E. G. Spater, then said that the current year had brought an increasing flow of "excellent new business" which was having a "marked effect on profitability" and that the group was "stronger and better equipped than at any previous time in its history."

What has changed? Have provisions for doubtful debts proved too small after all? Certainly, the increase in Bank rate has reduced the profitability of existing contracts. It is also likely that consolidation has been expensive in the short term—the cost of unwinding its business in Africa must be considerable. Last year's total dividend of 19 per cent was not fully covered; there was evidently no room for a further reduction in profit if the dividend was to be maintained.

Lombard is also caught up in the toils of Overseas Airways, part of whose fleet of aircraft it financed. Although only the operating subsidiary is being liquidated, the position of the parent company, without spares or fuel for its aircraft, cannot be happy. Repossession of the aircraft would possibly result in a loss.

Rank Organisation

The directors' forecast in April of an improvement in the profits of the Rank Organisation in the year to June 24th has been borne out by the preliminary figures. The increase is substantial; gross profits have risen from £4,003,000 to £5,082,000. Earnings on the ordinary capital before the rights issue in May are more than 61 per cent, compared with 40 per cent last year and 5 per cent in 1958-59. As forecast, a final dividend of 15 per cent on the increased capital is recommended, raising the total payment from 15 to 22½ per cent. The latest results include 18 months' profits from Rank Precision Industries, whose accounting year has been altered. This change added £32,000 to the net profit of the group; excluding this, the net profits still rose by 81 per cent from £719,000 to £1,302,000.

The other Rank subsidiaries had mixed fortunes: Bush and Rank Cintel's gross profits dropped by £575,000 and those of Provincial Cinematograph Theatres by £310,000; but Gaumont, Odeon Property, Odeon Associated and General Theatre earned more.

At 23s. 3d. the 5s. "A" shares of Rank Organisation yield 4.8 per cent on the 22½ per cent dividend, which is covered 2½ times by earnings. The 10s. shares of Gaumont British yield 5.8 per cent on the 20 per cent dividend paid this year, compared with 17½ per cent for 1959-60. The group reaped the benefit of the abolition of entertainments tax last year and higher prices for cinema seats throughout the whole of its financial year. The rights issue raised £2.6 million, of which £1½ million was to be used for "general purposes." Last year Rank got out of the record business; it is now enlarging its interests in bowling alleys and has won the contract for running the only service area on the Medway Motorway.

Powell Duffryn and William Cory

Broadly, Powell Duffryn and William Cory are in the same line of business—coastal shipping (with some deep sea ships) and the distribution and storage of coal and oil. Of the two, William Cory seems the more dependent upon colliers and coal. Powell Duffryn is more broadly based, with the greater part of its profits arising in roughly equal proportions from coal, oil, shipping and heating and engineering.

Both companies did well in the year to March 31st. Powell Duffryn reports a rise of 19 per cent in gross profits from £2,157,000 to £2,564,000 and of 17 per cent in net profits from £1,181,000 to £1,385,000. William Cory shows a rise of 18½ per cent in gross profits from £1,519,000 to £1,799,000 and of 17½ per cent in net profits from £912,000 to £1,073,000. About half of Powell Duffryn's increase can be ascribed to first contributions made by new acquisitions. Both companies left their dividends unchanged: at 15 per cent, covered 1¾ times, for William Cory and at 16 per cent, covered 2¼ times, for Powell Duffryn, though the latter would have paid 18 per cent but for the Chancellor's request for dividend restraint.

William Cory has practically completed its development and ship replacement programme and on March 31st its outstanding commitments amounted to no more than £300,000. Powell Duffryn, on the other hand, had commitments on March 31st of £2 million, mainly for ships, and since then further authorisations, including the Purfleet oil storage installation, have added another £1¼ million. Not all of this falls within this year and the group's cash flow should be sufficient to finance it. But the difference does suggest that while shareholders in William Cory can view prospects in terms of the group as it now is, shareholders in Powell Duffryn have to view their prospects after more investment in ships and oil storage.

The chairman of Powell Duffryn, Sir Henry Wilson Smith, describes the outlook as "satisfactory" but it will be surprising if either company is able to manage an advance in profits in 1961-62 comparable with that achieved in 1960-61. Powell Duffryn at 35s. 7½d. xd yield 4¼ per cent and William Cory at 45s. 6d. xd yield 6.6 per cent. Both companies have been able to report a slight increase in the gross rate of return on equity capital employed (up from 9.1 to 10.5 per cent for Powell Duffryn and up from 7.8 to 8.8 per cent for William Cory) but the returns are still low, and are likely to remain so until shipping shows a decisive recovery.

Monsanto Chemicals and Albright and Wilson

Competition in the chemical industry cut Monsanto's profit margins in the second half of 1960 and they did not recover in the first six months of this year. Published profit figures for this period exclude investment income and the earnings of the Australian subsidiary. Compared with the first half of last year, sales at £10,672,000 were slightly higher, but net profits fell by more than 41 per cent from £651,000 to £381,000. Excluding investment income, gross profits appear to have improved from £688,000 to £826,000 between the latter half of 1960 and the first six months of this year. But the Australian subsidiary has made a small loss so far this year, so that these figures may exaggerate the extent of the recovery.

This small recovery might have brought a measure of comfort to shareholders, but the chairman, Sir Miles Thomas, says that the fall in prices has more than offset economies made in manufacturing. The inference seems to be that the profit earned on each item produced is still under pressure, particularly abroad where Monsanto sells 35 per cent of its output. Monsanto's interim dividend has been maintained at 5 per cent. On last year's dividend of 15 per cent the 5s. ordinary shares at 17s. 7½d. yield 4.3 per cent.

Albright and Wilson has also suffered a reduction in profit margins. In the six months to June 30th its gross profits fell by 4½ per cent from £2,889,000 to £2,762,000, allowing for the post-acquisition profits of W. J. Bush. Investment allowances cut the tax charge so that net profits advanced from £1,407,000 to £1,436,000. Though these allowances will continue in the second half of 1961, the directors expect a bigger charge for depreciation and narrower profit margins to cause a further drop in gross profits. Albright and Wilson's 5s. ordinary shares yield 4½ per cent at the current price of 22s. 3d.

C. Townsend Hook

A complicated situation confronted the directors of C. Townsend Hook, the paper manufacturers, and the directors of The Times when the Daily Mirror secured control of George Newnes. The latter held sufficient voting preference and ordinary shares in C. Townsend Hook to control 13 per cent of the votes. The Daily Mirror, with alternative sources of paper, is gradually switching its suppliers; this will be completed by 1966 when the directors of C. Townsend Hook expect to have found other outlets. In these circumstances, the Daily Mirror did not wish to remain a shareholder in C. Townsend Hook and offered its holding to The Times, which itself controlled about 19 per cent of the votes. The Times bought the Newnes holding for about £600,000 and so gained control over about 32½ per cent of the votes.

Its condition for buying was that it could also acquire additional shares to give it a majority vote. Accordingly, The Times acquired a 90 days' option from the directors of C. Townsend Hook and their associates to purchase sufficient preference shares at 21s. and ordinary shares at 116s. 3d. to obtain control. During the option period, The Times agreed to offer 21s. per share to all preference shareholders and to try to buy ordinary shares through the market. This arrangement was made known to shareholders and last week The Times was buying voting ordinary shares at prices marked between 112s. and 114s. 9d. Since then, the price has slumped to 80s., nominal, for if all preference shareholders accept, The Times will have sufficient shares for control. Neither The Times, nor the directors of C. Townsend Hook seem anxious that the options should be exercised. Indeed, the C. Townsend Hook directors clearly wish to remain as shareholders. If no options are exercised, they will retain a substantial portion of the outstanding shares and the number of other public shareholders with voting shares will be small.

A point of principle is involved in this deal. To announce that options had been granted and that The Times would bid in the market is preferable to any attempt to secure control through unpublicised buying in the market; the announcement put all shareholders on the *qui vive* to act as they saw fit. But it was still a partial bid, first come, first served. Such bids can work inequitably and either a full bid for the preference and voting ordinary or a full bid for the preference and a *pro rata* bid for the voting ordinary would have been preferable. Whether any desire of the C. Townsend Hook directors to retain their shareholdings got in the way of such an approach is not clear. But the way is still open for The Times, if it chooses, to offer to buy all the voting ordinary shares from the public, other than those owned by the directors.

British Match

The impression that shareholders might have drawn from the preliminary results of British Match was that although diversification outside the match industry held the key to the group's expansion, in its financial year to March 31st last these other interests had suffered a setback that was partly offset by a recovery in the match trade. But though its Brazilian subsidiary appears to have improved considerably on its previous results, overall profits from its match interests are less than 2 per cent higher. Judged by the published breakdown of profits in the full accounts, the big shift in the source of profits earned last year was caused by a reduction of more than a quarter in profits from business other than matches.

BREAKDOWN OF INTERESTS

	1958-59 %	1959-60 %	1960-61 %
Asset values :—			
Match industry	85·7	77·8	76·1
Other activities	14·3	22·2	23·9
Gross profit :—			
Match industry	85·4	73·6	80·1
Other activities	14·6	26·4	19·9

The Airscrew company suffered from the increased competition in chipboard and reduced demand for the furniture industry. Logging was hit by the depressed lumber market in Western Canada. But in matches, though home demand is static and imports increasing, sales abroad are steady and over a longer period have made good losses in the home market. At 36s. 3d., the £1 units of British Match yield 5½ per cent on the unchanged dividend of 10 per cent.

Furness Withy

The full report from the Furness Withy shipping group gives plenty of reasons why trading profits fell by 7¼ per cent from £4,727,000 to £4,380,000 in the year to April 30th. The wonder indeed is that the fall was no steeper. One of the causes of higher costs in shipping is the recent increase in wages and this together with labour disputes has certainly affected the group. But the directors also list a number of contributory factors. The costs of running the North American Pacific coast service have risen faster than earnings and competition in cruises from United States ports has become increasingly severe. The St Lawrence seaway trade has not lived up to earlier expectations and the Warren Line, operating between Boston and Nova Scotia, has carried fewer passengers. The improvement in the Mediterranean trade in the previous year was not maintained and import restrictions in Australia and New Zealand have had an adverse effect on Shaw Savill's results.

These setbacks have clearly reduced earnings, but the Shipping Exemption Order makes it difficult to estimate by exactly how much. But even on the published figures, the gross return on equity capital employed is only 3¼ per cent. Although the group's additions to its assets are impressive, including six new ships last year, capital commitments still amount to almost £10 million, and it will need a remarkable turn of fortune to raise the £1 ordinary shares much above their current low point of 37s. 9d. xd., at which on the maintained dividend of 10 per cent they yield 5.3 per cent.

London Stock Exchange

FIRST DEALINGS:	Aug. 4	Aug. 21	Sept. 4
LAST DEALINGS:	Aug. 18	Sept. 1	Sept. 15
ACCOUNT DAY:	Aug. 29	Sept. 12	Sept. 26

Activity on the stock market fell to a very low level before the weekend, and the number of bargains marked on Thursday of last week was the lowest of any day this year. Equity prices fell before the weekend just as they did on Wall Street and on the Continental bourses, notably Frankfurt, on the heightening of tension in Berlin. The tone, reflecting a slight easing of this tension over the weekend, was better on Monday though the level of business remained very low. On Tuesday and Wednesday there was a slight increase in the demand for industrial equities but the buyers, including some trustees, were selective and concentrated on the blue-chip issues. Over the week to Wednesday's close *The Economist* indicator gained 0.4 points to 366.4. Prices turned easier on Thursday, partly as a result of the announcement that the Russians were to resume nuclear weapon tests and partly because of further discouraging reports from some companies.

The gilt-edged market was very quiet before the weekend and the prices of all but the short dated stocks fell back. On Friday there was some trustee selling but after the weekend, prices began to rise, partly as a result of some switching into longer-dated stocks by a few institutions and partly because some of the jobbers were squeezed. Limited gains occurred over the week in the short dated stocks; with 4½ per cent. Conversion 1964 rising by ⅝ to 95⅞. 3½ per cent. Funding 1999-2004 gained ½ to 56½ and among the irredeemable stocks foreign buying led to a rise in 3½ per cent War Loan from 52½ to 53⅜.

Despite falls before the weekend bank shares held their prices over the week and Barclays gained 1s. to 69s. 3d. There was some improvement in insurance shares, with Commercial Union gaining 1s. 9d. to 67s. 3d. The news of the lower interim dividend from Lombard Banking resulted in a fall of 10½d. to 14s. 10½d. Brewery shares were quiet, though Watney Mann gained 1s. 6d. to 92s. The news of narrowing margins from Albright and Wilson and Monsanto pushed chemical share prices down; ICI lost 4½d. to 68s. Stores generally held their ground and Marks and Spencer "A" gained 2s. to 99s. 4½d.

Steel shares were generally better with Dorman Long gaining 2s. to 30s. 7½d. Metal Box gained 6s. to 82s. 6d. Unilever fell by 2s. 6d. on Wednesday and thus made a net loss of 3s. to 141s. 9d. over the week. Food shares were slightly firmer but tobacco shares were rather lower. The news of short time working at Standard Triumph led to a sharp drop in the price of Leyland of 6s. 4½d. to 91s. 6d. Kaffirs were fairly steady over the week but the volume of business was small; Anglo American lost 2s. 6d. to 127s. 6d. but Free State Geduld gained 1s. 1½d. to 81s. 1½d.

LONDON AND NEW YORK STOCKS

Prices, 1961 High	Prices, 1961 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Aug. 23, 1961	Price, Aug. 30, 1961	Net Yield, Aug. 30, 1961 § £ s. d.	Gross Yield, Aug. 30, 1961 £ s. d.
92½	88⅝	Savings Bonds 3%.....1955–65	88 17/32	88 9/16	5 0 11	6 6 11
101 32/32	99	Conversion 4½%.....1963	99 16/32	99 17/32	5 0 4	6 6 7
96⅞	93¾	Exchequer 3%.....1962–63	94 1/32	94 3/32	5 0 4	6 6 5
101 5/16	98¼	Treasury 5½%.....1962	99 3/16	99 3/16	3 9 11	6 3 6
93 28/32	90 1/4	Exchequer 2½%.....1963–64	90 9/16	90 19/32	5 3 8	6 6 8
99 19/32	96⅝	Conversion 4¾%.....1963	96 15/16	97	4 8 8	6 10 9
98 32/32	94½	Conversion 4½%.....1964	95 1/32	95 3/16	4 9 0	6 9 1
101 5/16	96	Exchequer 5½%.....1966	96 1/4	96 7/32	4 6 1	6 9 4
83 1/8	78⅜	Funding 3%.....1959–69	79	79 1/4	5 5 10	6 14 3
89¼	86	Funding 4%.....1960–90	86 1/4	86 3/8	3 17 2	5 12 5
79 13/16	74⅝	Savings Bonds 3%.....1960–70	75 1/2*	75 5/8*	5 5 6	6 12 11
84⅞	80¾	Savings Bonds 2½%.....1964–67	81½	81¾	5 8 4	6 11 9
72 11/16	66¼	Savings Bonds 3%.....1965–75	67	67⅜	5 2 5	6 12 0
83 15/16	78⅞	Funding 3%.....1966–68	79⅝	80⅛	5 6 9	6 13 6
97½	92½	Victory 4%.....1920–76	92 7/8*	93 1/8*	3 9 1	5 1 7
85½	80¼	Conversion 3½%.....1969	81*	81¼*	5 3 11	6 14 7
93 5/16	87	Conversion 3½%.....1971	87¾	88	4 12 10	6 15 6
95 1/16	88½	Conversion 5¼%.....1974	88¾	89⅛	4 8 2	6 13 1
73 1/8	66	Treasury 3½%.....1977–80	67	67⅜	4 16 11	6 12 7
72¼	65	Treasury 3½%.....1979–81	66	66⅜	4 16 9	6 12 2
97 1/16	88½	Funding 5½%.....1982–84	88¾	89⅛	4 3 0	6 9 9
59½	51¾	Redemption 3%.....1986–96	52⅞	52¼*	4 11 6	6 8 6
88¼	80½	Treasury 5%.....1986–89	80⅞	81⅜	4 5 7	6 12 4
63 1/16	55	Funding 3½%.....1999–2004	56	56½	4 8 8	6 11 9
94⅜	81¾	Treasury 5½%.....2008–12	81¾*	82⅝*	4 4 5	6 14 5
65⅜	56½	Consols 4%.....after Feb. 1957	58¼	59⅛	4 3 2	6 16 11
59¼	50½	War Loan 3½%.....after 1952	52½	53⅜	4 1 2	6 13 4
59	50½	Conv. 3½%.....after Apr. 1961	52⅜	52*	4 2 2	6 13 11
50⅞	43¼	Treasury 3%.....after Apr. 1966	45½	46	4 1 3	6 13 6
44	36½	Consols 2½%.....after	38¼	39	3 19 0	6 9 6
43½	36½	Treasury 2½%.....after Apr. 1975	38¼	37⅞*	4 0 7	6 11 4
91 5/16	85¾	British Electric 4½%.....1967–69	86⅜	86⅞	4 15 8	6 13 11
75 11/16	70½	British Electric 3%.....1968–73	71½	71*	5 3 8	6 11 10
70⅝	64½	British Electric 3%.....1974–77	65⅜*	65⅞*	5 0 5	6 10 4
81⅞	75	British Electric 4½%.....1974–79	75*	75½*	4 12 0	6 11 2
73½	67	British Electric 3½%.....1976–79	68	68⅜	4 16 6	6 12 2
84⅞	78¾	British Gas 4%.....1969–71	79½	79⅝	4 17 3	6 13 0
81 11/16	76	British Gas 3½%.....1969–71	76¾*	77*	5 2 0	6 13 6
59⅜	51⅜	British Gas 3½%.....1990–95	52¾	53⅜	4 12 4	6 10 0
75 11/16	70½	British Transport 3%.....1968–73	71½	71*	5 3 8	6 11 10
80⅞	74	British Transport 4½.....1972–77	74⅝	75	4 14 1	6 12 2
61 7/16	53¾	British Transport 3%.....1978–88	55¼	56	4 15 9	6 10 9

Prices, 1961 High	Prices, 1961 Low	DOMINION AND CORPORATION STOCKS	Price, Aug. 23, 1961	Price, Aug. 30, 1961	Yield, Aug. 30, 1961 £ s. d.
82⅛	76½	Australia 3½%.....1965–69	77¾	78	6 17 01
101	95	Australia 6%.....1974–76	95¼*	95½*	6 13 01
72½	64⅛	Ceylon 4%.....1973–75	65*	64½*	8 13 01
101⅛	92¾	New Zealand 6%.....1976–80	92¾	92¾	6 12 01
80½	70½	Rhodesia and Nyasaland 6%.....1978–81	70½	70½	9 6 01
81	73	South Africa 3½%.....1965–67	75	75½	9 8 01
59	53½	Southern Rhodesia 4½%.....1967–92	53¼	53½	8 18 01
94⅝	85⅛	Agricultural Mortgage 5½%.....1980–85	86	86	6 15 01
89	82¼	Birmingham 4¼%.....1967–70	83½	83½	6 16 01
92¾	86½	Bristol 5%.....1971–73	87¼	87¼	6 12 01
93	87	Corporation of London 5¼%.....1976–79	87½	87¼	6 11 01
48¾	41	L.C.C. 3%.....after 1920	43	43½	6 17 01
89⅛	81¾	L.C.C. 5%.....1980–83	81¾	82⅛	6 14 01
93	84¼	Middlesex 5¼%.....1980	84½*	84½*	6 13 01

NEW YORK PRICES AND INDICES

	Aug. 23 $	Aug. 30 $		Aug. 23 $	Aug. 30 $		Aug. 23 $	Aug. 30 $
Atch. Topeka	27¼	27⅛	Boeing	53¼	52⅝	Int. Harvester	53⅝	53⅛
Can. Pacific	23¾	24½	Celanese	37⅜	37½	Inter. Nickel	83½	82¾
Pennsylvania	13⅞	15½	Chrysler	52⅛	52⅝	Inter. Paper	36⅜	36⅛
Union Pacific	35⅞	35⅛	Col. Palmolive	47⅝	47¾	Kennecott	84¾	83¼
Amer. Electric	68½	67⅝	Crown Zeller.	59¾	59¾	Monsanto	57⅜	56⅛
Am. Tel. & Tel.	122¾	121¼	Distillers Seag.	42	42⅜	Nat. Distillers	28	27⅝
Cons. Edison	76½	75⅜	Douglas	37¾	37¼	Pan-American	17½	17⅜
Int. Tel. & Tel.	59½	58⅞	Dow Chemical	84¼	84⅞	Procter Gamble	94	97½
South'n. Nat. Gas	44⅝	44⅞	Du Pont	231¼*	225¾	Radio Corpn.	58	57¼
United Corpn.	8¾	8⅞	East. Kodak	104¾	104⅝	Sears Roebuck	69¼	69⅝
Western Union	45⅜	47⅛	Ford Motor	92¾	93¾	Shell Oil	42⅞	43⅞*
Alcoa	75½	76⅛	Gen. Electric	68¾	70⅛	Socony-Mobil	46½	44
Aluminium	31⅞	30⅞	General Foods	93⅝	91¾	Stand. Oil Ind.	52¾	52
Amer. Can	45⅛	44½	General Motors	46⅛	45⅞	Stand. Oil N.J.	44⅝	44¼
Am. Smelting	66⅜	69⅝	Goodyear	46¼	45⅞	Union Carbide	138	137¼
Am. Viscosa	56⅛	57	Gulf Oil	38⅜	38	U.S. Steel	84⅞	85¾
Anaconda	55	53⅝*	Heinz	65	64⅞	West. Electric	43⅛	43¼
Beth. Steel	41⅛	42⅜	Int. Bus. Mach.	514	523	Woolworth	76⅛	74⅝

Standard and Poor's Indices (1941–43=10)

1961	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Aug. 2	70·89	2·84	31·83	5·08	59·98	3·22	89·64	3·92
" 9	71·69	2·82	32·53	4·97	60·94	3·17	88·18	4·06
" 16	71·66	2·82	32·81	4·93	60·96	3·17	88·39	4·04
" 23	71·82	2·83	33·44	4·87	61·68	3·14	88·70	4·01
" 30	71·57	2·83	33·31	4·89	61·98	3·13	88·80	4·00

425 Industrials :—High, 72·38 (Aug. 22). Low, 60·87 (Jan. 3).

Prices, 1961 High	Prices, 1961 Low	ORDINARY STOCKS	Price, Aug. 23, 1961	Price, Aug. 30, 1961	Yield, Aug. 30, 1961	Cover
		BANKS, DISCOUNT & HP				
89/7½	64/–	Barclays.....£1	69/3½	69/3½	3·75	...
100/3	74/3	District.....£1	84/9	83/–	3·86	...
80/–	58/7½	Lloyds.....£1	61/9	60/6	3·60**	...
26/4½	18/7½	Martins.....5/–	20/3	20/–	3·75	...
94/6	67/3	Midland.....£1	79/9	79/3	3·76**	...
97/3	73/–	Nat Provincial.....£1	78/3	77/6	3·61	...
95/6	58/9	Westminster 'B'.....£1	75/–	73/–	4·00	...
44/9	35/7½	Australia & N.Z.....£1 p.p.	37/6	37/–	6·49	...
52/–	43/9	Bk. Lond. & S. Amer..£1	44/9*	44/–*	4·55	...
£247/8	£213/16	Bank of Montreal....$10	£241/16	£247/16	2·90	...
303/4	253/4	Bank of New S. Wales £20	263/4	264/–	5·38g	...
44/9	32/9	Barclays D.C.O.....£1	37/9	36/9	5·44	...
8	7	Chartered.....£1	51/6	50/9	5·91**	...
5/–	£145/8	Hongk'g. & Shang...$25	£18	£181/2	4·05	...
9	b	Nat. Com. Bk. Scot..10/–	50/6	50/6	3·27	...
£2·32½c	*2·37½c	Royal Bk. Canada....$10	£285/16	£277/8	2·95	...
9	a	Royal Bk. of Scotland .£1	101/6	101/–	3·76	...
5	a	Stand. Bk. S. Africa...£1	34/–	33/–	9·09	...
22½	22¼	Hambros .....£1 f.p.	135/–	135/–	3·33	...
5	b	Schroders.....£1	73/6	73/6	3·04	...
61/4	a	Union Discount.....£1	47/3	47/–	5·32	...
18	c	Bowmaker 5/–	14/9	14/9	...	11/4
5	a	Lombard Banking 5/–	15/9	14/10½	...	1
7½	b	Mercantile Credit ...5/–	14/7½	14/3	4·39	11/4
22½	b	United Domins. Tst. ..£1	146/3	142/6	3·72	2½
		BREWERIES, Etc.				
7½	a	Bass, M. & B. 5/–	11/4½	11/3	4·89**	2
81/4	b	Distillers 10/–	36/–*	36/–*	3·75	2
4	a	Flowers 5/–	16/6	16/6	3·18	2
8	a	Guinness 10/–	51/6	51/6	4·27**	2
25	c	Ind Coope T.A. 5/–	12/10½	13/–	4·62**	...
7½	b	Teacher (Distillers) .10/–	32/6	32/6	3·85	2½
6	a	Watney Mann.....£1	90/6	92/–	3·91	2
8	b	Whitbread 'A' £1	27/6	27/–	5·00	13/4
8½	b	Associated Portland....£1	70/3	71/9	3·48	2½
4	a	British Plaster Bd. ...10/–	22/4½	21/10½	5·71	2¼
6	a	Richard Costain 5/–	18/–	17/6	4·57	2¼
10	b	Tilcrall Mfg. 5/–	9/10½	10/–	7·50	2
6	a	International Paints ..4/–	11/6	11/3	7·11	1½
12½	b	London Brick.....£1	86/–	86/3	4·06	1¾
2	c	Rugby Portland 5/–	52/6	52/6	2·38	3¼
7½	a	Taylor Woodrow.....5/–	21/9	21/6	4·65	1¼
7½	a	Wall Paper Defd.....£1	122/–	120/–	4·17	3¾
		CHEMICAL				
6	a	Albright & Wilson....5/–	23/10½	22/4½	4·47	2½
4	a	Borax Defd. 5/–	16/10½	16/9	3·43	3
4	a	Fisons.....£1	38/3	37/–	5·95	1¾
7½	b	ICI.....£1	68/4½	68/–	4·04	2
10	b	Monsanto.....5/–	20/3	17/9	4·23	2½
8	b	Boots Pure Drug 5/–	27/6	27/9	2·16	2¼
7½	a	Montague Burton...10/–	76/–	79/3	3·47	2
4	a	Debenhams.....10/–	48/–	53/4½	3·60	1½
25	b	D.U.S. 'A'.....5/–	59/7½	46/4½	6·88	2
25	b	House of Fraser 5/–	52/9	52/3	4·31	1¼
5	a	Lewis's Invest. Tst. ..4/–	15/3	14/10½	3·32	2¼
32½	b	Marks & Spencer 'A'.5/–	97/4½	99/3	2·39	1½
20	b	United Drapery 5/–	43/3	44/6	3·37	1¾
10⅝	a	Woolworth.....5/–	50/9	50/7½	3·54	1½
		ELECTRICAL & RADIO				
5	a	A.E.I.....£1	35/6	36/9	8·16	1
...	...	Brit. Electronic Inds..5/–	9/10½	10/9	...	...
9½	b	B.I.C.C.....£1	57/9	57/7½	4·69	2
5	a	Crompton Parkinson .5/–	12/11½	12/10½	5·15	2¼
31/3	a	Decca Record.....10/–	64/–	63/6	3·67	2
5	a	E.M.I.....10/–	38/–	37/3	4·70	2¼
8	b	Elliott-Automation...5/–	35/3	35/3	1·84	2
7	b	English Electric £1	30/–*	30/3*	6·61	1½
7	b	General Electric.....£1	29/3	30/6	6·56	2
81/8	b	C. A. Parsons £1	53/6	51/3	4·88	4
6½	b	A. Reyrolle.....£1	42/6	40/6	4·81	2¾
25	c	Thorn Electrical 5/–	51/–	52/–	2·40	4½
		ENGINEERING				
4½	a	Babcock & Wilcox....£1	26/4½	27/11½	6·64	1
7	b	John Brown £1	36/3	36/9	6·33	2½
9	b	Cammell Laird 5/–	6/–	6/–	10·00	1
10	a	Internat. Combust. ..5/–	26/–	25/10½	5·80	1½
...	...	Rich'ds'ns. Westg'th. 10/–	4/6	4/6	...	...
9½	b	Swan Hunter £1	29/6	29/–	6·90	2¼
Nil	b	John Thompson 5/–	14/–	13/9	1·82	...
12½	a	Coventry Gauge.....10/–	28/4½	28/11½	4·35	2¼
12½	a	Alfred Herbert £1	67/–	67/–	4·14	1¾
12½	b	Allied Ironfounders...£1	63/6	61/–	6·56	1½
10	b	Averys £1	87/–	85/6	3·51	2½
4	a	B.S.A.....10/–	22/4½	21/10½	5·33	2½
41/2	a	George Cohen 5/–	10/9	11/3	5·78	2½
17½	b	Davy-Ashmore £1	140/–	138/9	3·96	2½
7½	a	Guest Keen.....£1	89/10½	90/–	3·56	3½
12	b	Head Wrightson.....5/–	23/6	23/9	3·37	2½
7	b	Metal Box £1	82/6	83/–	2·89	2¼
4	a	Ransome & Marles ...5/–	15/6	15/6	4·52	3
7	b	Renold Chains £1	45/–	44/3	4·52	1¾
10	a	Simon Engineering ...5/–	36/3	37/–	3·72	2
7	a	Tube Investments.....£1	64/4½	62/11½	4·51	2¾
2½	b	Vickers £1	33/3	33/–	6·06	1¾
11¼	b	Ward (Thos. W.) £1	73/–	72/6	4·14	3
5	a	Woodall-Duckham...5/–	22½	20/3	5·19**	2¾

YORK STOCKS

Prices, 1961 High	Prices, 1961 Low	Last Two Dividends (a) (b) (c) %	%	ORDINARY STOCKS	Price, Aug. 23, 1961	Price, Aug. 30, 1961	Yield, Aug. 30, 1961	Cover
				FOOD & TOBACCO				
34/–	17/6	10 c	10 c	Allied Suppliers 10/–	18/–	17/7½	5·67	2¼
17/–	17/9¾	10 a	12½ b	Assoc. British Foods..1/–	12/–	12/–	1·88	2½
1/–	55/–	4 a	8 b	Bovril.....£1	61/–	60/–	4·00	2½
1/6	11/9	†4½ 12b	†2½ 12a	Brooke Bond 'B' 5/–	12/–	12/11½	4·48	3¾
1/3	12/10½	2½ a	10 b	International Tea 5/–	13/11½	13/11½	4·76	1¾
1/9	69/–	5 a	10⅝ b	J. Lyons 'A'.....£1	71/3	69/–	4·59	1¼
1/6	25/9	9 b	5 a	Ranks.....10/–	27/6	27/6	5·09	2
1/03⅛	10/9	2½ a	6 b	Spillers.....5/–	11/–	11/–	4·55	2
1/–	43/11½	9 b	3 a	Tate & Lyle.....£1	44/7½	44/10½	5·35	2
1/10½	15/10½	5 a	9 b	Unigate 5/–	16/–	16/–	4·38	1¾
1/–	62/–	†2½ 3 c	†11⅔ a	Brit. Amer. Tobac. ..10/–	67/9*	64/9*	5·46	2¾
1/6	40/–	5 a	15 b	Gallaher 10/–	41/11½	40/9	4·91	2
1/6	65/3	14 b	8½ a	Imperial Tobacco.....£1	69/6	69/6	6·47	1¾
				INSURANCE				
1¼	11⅝	†55 b	†50 a	Britannic 5/–	13½*	13*	3·30	...
1/3	61/3	20 a	25 b	Commercial Union ..5/–	65/6	67/3	3·35	...
...	...	†41·17c	†41·17c	Equity & Law Life ...8/6	27/9	27⅜	1·03	...
1/9	103/9	20 a	40 b	General Accident....5/–	143/–	147/9	2·03	...
1/6	42/7½	35 a	40 b	Guardian 5/–	53/–	53/6	2·49**	...
1½	23¼	80 a	110 b	Legal & General.....5/–	30½	31	1·53	...
1/–	100/–	9½ a	11½ b	Northern & Empl....£1	133/–	131/–	3·05	...
1/6	156/3	†70 b	†80 a	Pearl £1	216/3	216/3	3·40	...
3	18	†183⅓ c	†208⅓ c	Prudential 'A'.....4/–	22⅝	23	2·96	...
2/–	140/9	50 a	50 b	Royal 5/–	159/–	160/–	3·13	...
9/3	104/6	7½ a	11¼ b	Royal Exchange £1	111/–	109/–	3·44	...
				MOTORS & AIRCRAFT				
8/10½	13/9	12½ b	7½ a	British Motor 5/–	14/–	13/9	7·27	2½
6/3	66/11½	20 c	20 c	Jaguar Cars 'A'.....5/–	78/–	77/6	1·29	7¾
8/6	41/10½	2½ a	8½ b	Rolls-Royce.....£1	45/6	45/3	4·86	2¼
0/–	6/8¼	12 c	12 c	Rootes Motors 'A'...4/–	7/6	7/–	6·86	5¼
8/9	53/2¼	15 b	7½ c	A.C.V. 5/–	27/–	25/7½	4·23**	2½
2/6	15/–	15 c	20 c	Leyland Motors £1	97/10½	91/6	4·37	...
8/6	14/–	3½ a	9 b	Bristol Aeroplane ..10/–	16/8¼	16/2¼	7·72	2¼
3/3	28/11½	10 a	5 b	Hawker Siddeley £1	30/3	30/11½	7·04**	1¼
4/3	31/9	†4 a	†5½ b	Dowty Group.....10/–	32/7½*	32/7½*	4·75	2¼
8/10½	21/6	3½ a	12½ b	Dunlop Rubber 10/–	25/9¾	25/9	6·15	2
2/–	12/–	11½ b	2½ a	Joseph Lucas £1	54/–	22/11½	5·28	3
3/3	19/9	9 a	21 b	Pressed Steel.....5/–	20/–	20/2¼	7·43	1¼
6/3	30/–	15 c	12½ c	Triplex Holdings ...10/–	30/9*	30/6*	4·10	3
				MINES				
8/9	110/–	40 a	50 b	Anglo-American....10/–	130/–	127/6	7·06	1½
5/3	43/–	18¾ b	6¼ a	Consolid. Gold Fields .£1	50/3	50/6	9·90	2
0/9	72/6	15 a	20 b	General Mining £1	82/6	81/3	8·62	2
6/8	40/–	40 a	120 b	Union Corporation ..2/6	47/6	48/6	8·25	3
2/3	15/3	40 a	40 b	Daggafontein 5/–	18/6	18/3	21·92	1½
2/–	73/9	100 b	70 a	Free State Geduld ...5/–	80/–	80/7½	10·54	2
5/3	37/6	25 a	25 b	Hartebeestfontein ...10/–	41/3	41/3	12·12	1½
6/6	41/10½	60 b	50 a	President Brand 5/–	55/–	53/1½	10·35	1½
7/6	101/3	110 b	90 a	Western Holdings ...5/–	118/9	117/6	8·51	1¼
2/6	15/9	...	8½ a	Winkelhaak.....10/–	18/6	20/–	...	8½
7/3	55/–	13½ a	36⅔ b	Chartered 15/–	60/–	59/–	12·71	2
3/6	51/3	60 b	20 a	Rhod. Anglo-Amer..10/–	57/–	54/6	14·68h	2
11/7½	8/3	12½ b	4 11/16a	Rhod. Selection Tst. .5/–	9/–	8/10½	9·68h	2¼
6/11½	4/10½	10½ a	4½ b	Roan Antelope 5/–	5/3	5/3	14·38h	1¾
0/9	20/6	22½ b	15 a	Tanganyika Cons....10/–	21/–	20/6	18·29	1½
8/6	63/–	6¼ a	13¾ b	Consolidated Zinc....£1	68/6	68/–	5·88	1¾
59/4½	110/–	100 a	150 b	De Beers Defd. Reg..5/–	133/9	132/6	9·43	1¾
1159	$104	$1·50c	$1·50c	Internat. Nickel ...n.p.v.	$152	$148½	1·80	...
22/6	5/9	7½ a	27½ c	Consol. Tin.....4/–	20/7½	20/7½	6·79**	1½
45/–	30/–	20 c	27½ c	Rio Tinto.....10/–	34/4½	33/9	8·15	1½
88/6	35/6	62½ c	70 a	Tronoh 5/–	75/6	75/6	4·64**	...
				OIL				
61/6	44/9	†31½ a	†81½ b	British Petroleum £1	45/9	45/6	8·37	2½
49/6	35/–	†21½ a	†67½ b	Burmah Oil £1	35/9	36/–	8·51	1¼
52/–	37/–	6½ a	13¾ b	Castrol.....10/–	38/9	38/–	5·26	2½
£151/16	£105⅝	10·23d	13·64b	Royal Dutch,.....20 fl.	£115⅝	£111/16	4·04	2¾
139/7½	108/9	†81½ a	†121½ b	Shell Transport £1	120/–	119/–	5·72	3
41/3	25/9	...	...	Ultramar 10/–	26/3	25/9	... d	...
				PAPER & NEWSPAPERS				
14/7½	9/10½	8 b	5 a	Daily Mirror.....5/–	12/4½	12/–	6·25**	1¼
91/–	57/6	4 a	8 b	W. H. Smith & Son 'A'..£1	61/–	61/–	3·93	2
66/3	52/–	5 a	8¾ b	Bowater Paper.....£1	55/6	54/9	5·02	1½
56/6	44/–	9 a	7 b	Albert E. Reed.....£1	49/6	49/–	6·53	1¾
54/3	37/6	4 a	8½ b	Spicers.....£1	44/–	44/3	5·65	1¾
18/10½	17/9	...	...	Thomson Org'n. 5/–	18/3	18/–	6·67**	2
68/9	50/6	4 a	10 b	Wiggins Teape £1	55/6	55/3	5·07	2

Prices, 1961 High	Prices, 1961 Low	Last Two Dividends (a) (b) (c) %	%	ORDINARY STOCKS	Price, Aug. 23, 1961	Price, Aug. 30, 1961	Yield, Aug. 30, 1961	Cover
				MISCELLANEOUS				
49/–	43/–	20 a	60 b	Assoc. British Picture..5/–	49/–	49/6	6·06	2¾
34/6	26/9	20 a	40 b	Assoc. Television 'A' .5/–	31/7½	31/11½	9·64	2
51/9	41/4½	16 a	14 b	Beecham Group.....5/–	51/–	49/8¼	3·02	1¾
54/3	37/9	31¾ a	62¾ b	British Match £1	37/9	38/–	5·26	2½
28/4½	17/6	6¾ b	4 a	British Oxygen.....5/–	18/4½	18/3	2·92	2½
13/–	8/7½	3 a	7 b	British Ropes 2/6	9/–	8/9	5·71	2¼
70/–	51/–	7½ a	13 b	De La Rue.....10/–	51/6	51/3	4·39	2
50/–	31/9	6 a	14 b	Gestetner 'A'.....5/–	35/–	35/–	2·86	2½
73/9	53/6	14·4c	6 a	Glaxo.....10/–	58/–	58/6	2·56**	3¾
57/6	47/6	12 b	3 a	Harrisons & Cr. Defd..£1	48/9	48/9	6·15	2¾
55/6	35/6	40 b	5 a	Hoover 'A' 5/–	38/–	39/–	5·77	2¼
28/–	20/3	12½ b	5 a	Ilford 5/–	20/3	21/–	4·17	2
107/3	56/3	71¾ b	4 a	I.C.T.....10/–	92/9	93/3	2·41	2¾
93 a c	12½ c	93 a c	12½ c	National Canning £1	58/9	56/3	4·44	2¼
6 a	10 b	6 a	10 b	Powell Duffryn.....10/–	35/6*	35/9*	4·48	2½
30/3	24/7½	15 b	5 a	Radio Rentals 5/–	26/11½	25/7½	3·90	3
37/6	18/9	7½ a	15 b	Rank Organisation....5/–	25/–	25/–	4·50	2¾
43/3	32/10½	16½ b	7½ a	Schweppes 5/–	35/–	34/4½	3·49	1¾
39/–	27/6	20 c	25 c	Sears 'A'.....5/–	32/3	31/10½	3·92	2¼
29/3	22/–	8½ a	11½ b	Thomas Tilling 4/–	23/9	23/9	3·37	2
78/–	55/–	12 c	4 a	Turner & Newall.....£1	63/9	62/9	3·82	2¼
100/7½	72/6	7·04a	9·04b	Unilever £1	144/9	143/9	3·46	3¼
2 a	4 b	3 a	6 b	Land Securities.....10/–	8	13 b	8³²/₃₂	2·85	3¼
39/6	26/9	10⅝ c	12½ c	Lond. Cnty. Freehld. 10/–	28/–	28/–	4·32	1
				TEA & RUBBER				
45/–	45/9	19·63	1	Cons. Tea & Lands....£1	45/–	45/9	19·63	1
33/6	28/9	19 b	13 a	Jokai (Assam) £1	30/3	31/6	12·44	2
11/–	8/6	...	...	Nuwara Eliya £1	8/9	8/9	...	1¼
6/10½	5/2¼	12½ a	29¼ b	Highlands & Lowlands 2/–	5/9	5/9¾	14·34	1½
7 7/16	5/6	10 a	35 b	London Asiatic 2/–	6/03/4	6/03/4	14·85	2
93/–	77/–	12½ a	37½ b	United Sua Betong £1	84/–	84/–	11·90	1½

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Money and Exchanges

EXCHEQUER RETURNS

For the week ended August 26, 1961, there was an "above-line" deficit (after allowing for sinking funds) of £37,892,000 compared with a deficit of £64,956,000 in the previous week and a deficit of £9,478,000 in the corresponding period of last year. There was a net surplus "below-line" of £54,029,000 leaving a total cumulative deficit to date of £362,530,000 compared with £436,081,000 in 1960–61.

£'000	Estimate 1961–62	April 1, 1960, to Aug. 27, 1960	April 1, 1961, to Aug. 26, 1961	Week ended Aug. 27, 1960	Week ended Aug. 26, 1961
Ordinary Revenue					
Income Tax	2,728,500	550,231	634,305	27,239	27,801
Surtax	210,000	31,500	37,800	600	800
Death Duties	240,000	91,100	110,800	2,700	4,400
Stamps	94,000	36,100	44,500	2,500	3,100
Profits tax, EPT and EPL	325,500	110,400	136,500	7,900	6,900
Other Inland Rev. Duties	...	50	...	...	...
Total Inland Rev.	3,598,000	819,381	963,905	40,939	43,001
Customs	1,550,000	593,900	643,755	28,493	27,435
Excise	960,000	413,690	413,760	19,425	12,325
Total Customs and Excise	2,510,000	1,007,590	1,057,515	47,918	39,760
Motor Duties	155,000	25,235	27,218	...	...
PO (Net Recpts)	...	...	...	...	...
Broadcast Lic's.	40,000	8,500	11,200	...	...
Sundry Loans / Miscellaneous	205,000	13,178 / 46,099	116,917	476 / 3,528	2,479
Total	6,508,000	1,919,983	2,176,755	92,861	85,240
Ordinary Expenditure					
Debt Interest	660,000	290,624	322,966	...	...
Payments to N. Ireland Exch.	92,000	33,621	34,655	3,553	3,707
PO Fund — Initial settlement	15,000‡	...	...	...	...
Other Consolidated Funds	8,000	3,822	3,955	8	8
Supply Services	5,186,902	1,863,968	1,987,920	98,378	119,177
Total	5,961,902	2,192,035	2,349,496	101,939	122,892
Sinking Funds	40,000	11,874	11,634	400	240
"Above-line" Surplus or Deficit		—	—	—	—
		283,926	184,375	9,478	37,892
				Cr.	Cr.
"Below-line" Net Expenditure*		152,155	178,155	40,214	54,029
		—	—	+	+
Total Surplus or Deficit		436,081	362,530	30,736	16,137
Net receipts from:					
Tax Reserve Certificates		93,894	59,215	547	842
Savings Certificates		32,300	−8,700	1,500	100
Defence Bonds		46,477	21,949	1,881	−606
Premium Savings Bonds		22,390	17,050	2,500	700
Total		195,061	89,514	6,428	1,036

* Net receipt to the Civil Contingencies Fund of £5 million in 1961–62 compared with a net receipt of £7 million in 1960–61.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1960					
Aug. 27	3,490·0	1,955·0	188·1	0·8	5,634·0
1961					
May 20	3,180·0	1,839·1	316·3	...	5,335·5
,, 27	3,210·0	1,843·3	249·7	...	5,303·0
June 3	3,240·0	1,825·3	258·5	...	5,323·8
,, 10	3,270·0	1,827·6	242·2	...	5,339·8
,, 17	3,280·0	1,823·6	263·9	...	5,367·5
,, 24	3,290·0	1,909·6	201·6	...	5,365·8
,, 30	3,290·0		283·3	...	5,483·0
July 8	3,280·0	1,853·1	265·2	0·8	5,399·0
,, 15	3,270·0	1,866·0	269·0	...	5,405·0
,, 22	3,260·0	1,894·4	214·3	...	5,368·7
,, 29	3,250·0	1,920·3	220·4	3·3	5,393·9
Aug. 5	3,280·0	1,882·6	207·3	...	5,369·9
,, 12	3,290·0	1,712·9	206·6	...	5,209·4
,, 19	3,290·0	1,732·5	316·8	1·5	5,340·7
,, 26	3,280·0	1,840·0	201·9	2·3	5,324·1

THE MONEY MARKET

THE syndicate of discount houses submitted an unchanged bid of £98 6s. 6d. at last Friday's Treasury bill tender. The level of outside bids fell fractionally and the average rate of discount rose by 1.71d. to £6 14s. 0.12d. per cent. Total applications rose by £30 million to £410 million, and only £250 million of the £260 million bills on offer were allotted; as a result the market received only 39 per cent of its application against 61 per cent at the previous week's tender.

Credit was very easy on the three days to the week-end and the authorities sold bills to mop up surplus funds. On Tuesday, however, under pressure from the weekly tax transfer, credit was extremely tight and the authorities helped the market by purchasing a very large number of bills. On Wednesday credit was still short and the authorities forced one or two houses to borrow a small amount from the Bank of England. This is the third week running that the market has been in the Bank for small amounts—a sign that the authorities are satisfied with bill rate at its present level.

In New York the three month bill rate fell sharply this week from 2.503 per cent to 2.310 per cent.

MONEY RATES

LONDON

	%		%
Bank rate (from 5%, 26/7/61)	7	**Discount rates:**	
		Bank bills:	
		60 days	$6\frac{7}{8}$–$6\frac{15}{16}$
Deposit rates (7 days notice):		3 months	$6\frac{7}{8}$–$6\frac{15}{16}$
Banks	5	4 months	$6\frac{7}{8}$–$6\frac{15}{16}$
Discount houses	5–5¼	6 months	$6\frac{7}{8}$–7
Local Authorities	$7\frac{3}{8}$	*Fine trade bills:*	
		3 months	$7\frac{1}{2}$–$8\frac{1}{2}$
Money:		4 months	$7\frac{1}{2}$–$8\frac{1}{2}$
Day-to-Day	$5\frac{3}{8}$–$6\frac{1}{2}$	6 months	8–9

NEW YORK

	%		%
Official Discount rate: (from 3½%, 11/8/60)	3	**Treasury bills:** Aug. 21	2·503
		,, 28	2·310

BANK OF ENGLAND RETURNS

(£ million)	Aug. 31, 1960	Aug. 23, 1961	Aug. 30, 1961
*Issue Department**:			
Notes in circulation	2,234·4	2,341·8	2,328·0
Notes in banking dept.	16·0	58·6	22·4
Govt. debt and securities*	2,247·5	2,398·7	2,348·8
Other securities	0·7	0·8	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	1·8	0·5	0·5
Banking Department:			
Deposits:			
Public accounts	10·8	14·3	10·8
Special deposits	150·5	206·1	215·4
Bankers	251·2	249·4	232·3
Others	67·6	67·9	73·2
Total	480·0	537·7	531·6
Securities:			
Government	431·6	387·0	424·5
Discounts and advances	30·9	91·7	82·3
Other	19·3	18·1	20·2
Total	481·8	496·8	527·0
Banking department reserve	16·8	59·3	23·1
"Proportion"	% 3·4	% 11·0	% 4·3

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced by £50 million to £2,350 million on August 30th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million): Offered	Amount (£ million): Applied for	Three Months' Bills: Average Rate of Allotment	Three Months' Bills: Allotted at Max. Rate*
1960	*91 day*		s. d.	%
Aug. 26	290·0	454·6	111 9·05	48
1961				
May 26	270·0	440·2	88 8·74	50
June 2	270·0	419·9	88 9·61	61
,, 9	270·0‡	463·3	89 4·14	39
,, 16	260·0	391·2	90 0·42	55
,, 23	260·0‡	389·1	90 8·47	50
,, 30	250·0	400·8	90 8·94	46
July 7	240·0	405·2	90 8·80	42
,, 14	240·0	378·2	91 4·47	47
,, 21	240·0	333·3	92 5·62	66
,, 28	250·0	426·6	133 9·22	28
Aug. 4	250·0	386·0	134 3·33	44
,, 11	250·0	394·7	134 8·51	41
,, 18	250·0	379·6	134 1·83	61
,, 25	260·0‡	409·9	134 0·12	39

* On August 25th tenders for 91 day bills at £98 6s. 6d. secured 39 per cent, higher tenders being allotted in full. The offer for this week was for £250 million 91 day bills. ‡ Allotment cut by £10 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits: August 30	Market Rates: Spot: August 24	August 25	August 26	August 28	August 29	August 30
United States $	2·78–2·82*	2·80¼–⅜	2·80 3/16–5/16	2·80¼–⅜	2·80⅜–½	2·80 7/16–9/16	2·80½–⅝
Canadian $	...	2·88⅞–89	2·89–89⅛	2·89–89⅛	2·89 3/16–5/16	2·89 3/16–5/16	2·89⅛–¼
French Fr.	13·622–14·027	13·78⅛–⅜	13·76⅞–77⅛	13·77–77¼	13·78¼–½	13·79½–¾	13·79⅝–⅞
Swiss Fr.	11·94–12·54⅞	12·09¾–10	12·09–09¼	12·09⅜–⅝	12·09¾–10	12·10⅛–⅜	12·10⅝–⅞
Belgian Fr.	137·96–142·05	139·55–60	139·62½–67½	139·65–70	139·70–75	139·65–70	139·57½–62½
Dutch Gld.	9·98¾–10·28½	10·09⅞–10⅛	10·09⅝–⅞	10·09⅝–⅞	10·10⅞–11⅛	10·11¼–½	10·11⅛–½
W. Ger. D-Mk.	11·037–11·365	11·19½–¾	11·19⅝–⅞	11·19⅝–⅞	11·20⅞–21⅛	11·20⅞–21⅛	11·21–21¼
Portug. Esc.	...	80·20–30	80·20–30	80·20–30	80·20–30	80·20–30	80·20–30
Italian Lire	1725–1775	17391/4–⅜	17383/4–3914	1739–3912	17393/4–4014	17401/2–41	17401/2–41
Swedish Kr.	14·27½–14·70	14·48⅛–⅜	14·48⅛–⅜	14·48⅜–⅝	14·50–50¼	14·50⅜–51	14·51⅛–⅜
Danish Kr.	19·06½–19·62	19·34¾–35	19·34¾–35	19·35⅛–⅜	19·35⅞–20	19·34⅝–⅞	19·34⅝–⅞
Norwegian Kr.	19·71–20·30½	20·00⅝–⅞	20·00⅝–⅞	20·00½–¾	20·00⅝–⅞	20·01–01¼	20·01–01¼
	* Official Limits	**One Month Forward Rates**					
United States $		½c. pm	½c. pm	5/16–3/16c. pm	5/16–3/16c. pm	5/16–3/16c. pm	1/16–5/16c. pm
Canadian $		1–⅞c. pm	11/16–5/16c. pm	1–⅞c. pm	1–⅞c. pm	11/16–1/16c. pm	1–⅞c. pm
French Fr.		4½–3½c. pm	4½–3½c. pm	4½–3½c. pm	4½–3½c. pm	4½–3½c. pm	4½–3½c. pm
Swiss Fr.		5¼–4¼c. pm	5¼–4¼c. pm	5¼–4¼c. pm	5¼–4¼c. pm	5¼–4¼c. pm	5¼–4¼c. pm
Belgian Fr.		33–23c. pm	32–22c. pm	32–22c. pm	35–25c. pm	35–25c. pm	40–30c. pm
Dutch Gld.		5¼–4¼c. pm	5¼–4¼c. pm	5¼–4¼c. pm	5–4½c. pm	4⅞–4⅜c. pm	5½–5c. pm
W. German D-Mk.		4½–4pf. pm	4½–4pf. pm	4¾–4¼pf. pm	4½–4pf. pm	4–3½pf. pm	4½–4pf. pm
		Three Months Forward Rates					
United States $		2¾–2⅝c. pm	2¾–2⅝c. pm	2¾–2⅝c. pm	2¾–2⅝c. pm	2 11/16–2 9/16c. pm	2 13/16–2 11/16c. pm
Canadian $		2¾–2⅝c. pm	2 13/16–2 11/16c. pm	2 13/16–2 11/16c. pm	2 13/16–2 11/16c. pm	2 11/16–2 9/16c. pm	2¾–2⅝c. pm
Swiss Fr.		15¼–14¾c. pm	15¼–14¾c. pm	15¼–14¾c. pm	15¼–14¾c. pm	15¼–14¾c. pm	15⅜–14⅞c. pm
W. German D-Mk.		14¼–13¾pf. pm	14¼–13¾pf. pm	14¼–13¾pf. pm	14¼–13¾pf. pm	13½–13 pf. pm	13¾–13¼pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/11	251/0½	...	250/11¼	250/11	250/10½
,, ($,, ,, ,,)		35·17	35·17½	...	35·18½	35·18½	35·18½

UK External Trade

Imports are valued cif: exports fob.
Total trade unless otherwise stated.

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

BRITISH

Prices and Wages	July 29th	External Trade	This week
Manpower and Output	Aug. 19th	Industrial Profits	July 15th

OVERSEAS

Western Europe	Aug. 12th	United States	Aug. 26th

	Unit	Monthly averages: 1958	1959	1960	1960: May	June	July	1961: Mar.	Apr.	May	June	July
VALUE												
Imports:												
Total	£ million	312·3	331·9	379·9	389·8	384·2	381·5	398·9	355·2	394·4	371·3	350·2
Food, drink and tobacco	,,	124·2	126·5	128·8	125·0	121·1	124·4	131·7	120·9	132·0	122·9	114·5
Basic materials	,,	74·1	77·6	88·6	88·6	90·2	93·2	88·1	82·1	91·6	84·6	76·8
Fuels	,,	36·6	38·9	40·2	38·8	43·3	36·2	47·1	40·3	43·2	37·8	41·2
Manufactures	,,	76·1	87·6	120·7	136·2	127·8	126·3	130·5	110·8	126·3	124·1	116·2
Exports of UK produce:												
Total	,,	264·7	277·5	296·3	318·7	276·2	276·4	309·9	318·6	298·9	316·3	308·7
Manufactures—Total	,,	222·5	234·5	250·1	272·4	236·6	235·0	265·7	275·0	257·1	270·2	263·8
,, Metals	,,	36·0	37·8	39·3	42·9	37·2	37·3	39·4	41·6	41·9	39·9	40·8
,, Engineering products	,,	115·6	122·4	131·0	145·3	126·4	122·5	142·9	151·0	137·9	150·3	140·0
,, Textiles	,,	21·2	20·7	21·8	22·5	19·2	20·1	22·2	21·7	20·0	19·6	21·4
Re-exports	,,	11·8	10·9	11·8	11·8	10·3	10·9	15·3	12·7	13·6	13·8	14·4
Balance of trade (exports less imports)	,,	−35·8	−43·5	−71·8	−59·3	−97·7	−94·2	−73·7	−23·9	−81·9	−41·2	−27·1
VOLUME(1)												
Imports:												
Total	1954=100	114	122	138	140[4]	...	139	143[3]	...	138[4]	...	130
Food, drink and tobacco	,,	119	118	121	120[4]	...	...	124[3]	...	121[4]	...	...
Basic materials	,,	94	101	110	108[4]	...	...	111[3]	...	106[4]	...	...
Fuels	,,	124	143	157	154[4]	...	...	179[3]	...	162[4]	...	...
Manufactures	,,	132	150	201	215[4]	...	...	210[3]	...	202[4]	...	...
Exports:												
Total	,,	111	116	122	124[4]	...	113	128[3]	...	127[4]	...	126
Manufactures	,,	113	117	124	128[4]	...	...	131[3]	...	131[4]	...	...
BY AREA												
Imports from:												
USA	£ million	29·2	30·9	47·3	48·2	48·5	48·6	43·0	39·0	39·4	32·7	28·3
Canada	,,	25·7	26·0	31·3	34·1	35·1	34·2	28·7	23·5	33·1	30·3	29·4
Latin America	,,	24·6	26·8	26·0	29·5	28·0	28·7	30·2	25·5	27·5	26·2	24·2
West'n. Europe—Common Market	,,	44·4	46·6	55·2	58·2	60·0	53·9	60·5	53·9	59·1	60·1	57·2
,, ,, Free Trade Association	,,	30·4	32·6	38·7	41·6	40·9	39·4	40·2	35·1	40·9	42·8	38·9
Soviet Eastern Europe	,,	8·5	9·7	11·6	8·3	11·3	11·4	11·9	10·2	10·9	11·7	13·5
Other Non-Sterling	,,	36·7	39·1	43·5	43·4	40·3	38·7	49·5	41·8	47·0	40·2	37·6
Sterling area	,,	112·8	120·2	126·3	126·5	120·2	126·6	135·0	126·3	136·7	127·3	121·1
Exports of UK produce to:												
USA	,,	22·9	30·3	27·4	36·4	21·9	21·6	20·7	20·0	21·7	23·0	23·3
Canada	,,	15·7	17·3	17·9	24·0	15·0	16·7	15·7	31·3	22·3	18·4	18·1
Latin America	,,	12·6	12·9	14·3	12·9	13·4	11·4	13·2	13·2	12·2	14·3	14·7
West'n. Europe—Common Market	,,	34·9	38·8	43·3	47·5	39·8	44·0	54·4	49·2	52·8	52·3	53·2
,, ,, Free Trade Association	,,	26·6	28·8	31·9	33·5	28·7	28·7	33·7	33·3	34·9	44·2	36·1
Soviet Eastern Europe	,,	3·8	5·1	6·4	6·9	7·4	6·7	8·3	7·8	9·4	9·7	8·7
Other Non-Sterling	,,	32·4	32·8	36·4	42·7	35·4	35·5	42·9	37·7	36·5	40·3	40·8
Sterling area	,,	116·1	111·8	119·0	115·1	114·9	111·9	121·2	126·4	109·4	114·1	113·8
TRADE IN SELECTED COMMODITIES												
Imports:												
Wheat	'000 *tons*	376·4	356·3	342·3	394·8	309·8	419·5	379·3	343·9	421·3	309·8	323·0
Meat	,,	69·4	67·6	70·3	63·1	73·8	76·7	76·9	67·0	68·4	74·9	68·0
Sugar, *unrefined*	,,	219·3	201·8	184·1	236·7	182·2	260·0	148·5	203·9	176·7	168·8	140·2
Raw cotton (2)	,,	21·5	22·5	22·6	20·4	18·7	26·3	24·9	24·6	16·8	16·3	9·8
Raw wool, sheep's and lambs' (2)	*mn.* lb.	51·1	58·6	49·9	60·9	44·0	57·1	66·7	73·4	63·3	48·7	42·4
Rubber, natural and *synthetic* (2)	'000 tons	17·0	17·0	16·4	14·2	20·4	18·6	24·6	16·7	12·3	14·0	11·5
Softwood	'000 stds.	106·4	121·7	150·1	139·2	201·5	213·9	80·1	77·2	109·3	173·8	179·0
Woodpulp	'000 tons	175·4	185·4	226·0	247·4	242·3	182·2	224·6	208·6	259·1	226·5	161·4
Crude petroleum	*mn.* galls.	728	847	969	918	1,055	905	1,257	1,006	1,171	1,010	1,080
Exports of UK produce:												
Coal, including bunkers	'000 tons	403	343	455	517	341	426	442	372	579	505	493
Woven piece-goods—cotton	*mn.* sq. yds.	32	29	27	29	25	22	29	26	24	22	23
,, ,, ,, wool	'000 sq. yds.	7,893	8,536	8,085	7,578	6,374	7,817	7,865	7,816	6,882	7,043	8,387
Passenger cars and chassis	number	40,323	47,414	47,493	70,273	46,241	44,817	26,359	31,784	29,827	31,937	31,497
Commercial vehicles and chassis	,,	9,303	10,619	12,127	13,360	11,910	12,092	16,447	13,596	12,773	16,437	14,877
Agricultural tractors	,,	8,709	9,474	11,964	11,730	12,635	11,081	13,513	11,241	10,705	12,218	13,318
Machinery—electrical	£'000	5,818	5,706	5,265	5,690	4,970	4,914	5,678	5,698	5,707	5,924	5,729
,, other	,,	42,773	47,264	52,926	56,774	48,098	50,608	64,355	62,442	60,966	62,665	62,323
Chemicals, elements and compounds	,,	5,027	5,862	6,438	7,502	6,448	5,996	6,678	6,769	6,253	5,970	5,972

(1) Trade with the Channel Islands is included in all 1958 indices and in the total import and export indices only from 1959 onwards. (2) Retained imports. (3) Average for first quarter. (4) Average for second quarter.

APPOINTMENTS

AIC EXECUTIVE SELECTION DIVISION
is advising on the following appointment

ACCOUNTANTS (Consultants)

for Associated Industrial Consultants Limited who require accountants between the ages of 28 and 38 for work in the United Kingdom. Full professional qualifications are essential. In addition, experience of at least five years in a managerial capacity is required. Selected candidates will be trained in the Company's College of Management. In addition to superannuation contributions and expense reimbursements by the Company, appointments carry an initial salary of £1,750-£2,100 with opportunity for regular increases up to £3,000. Opportunities exist for promotion to senior positions with considerable advancement in salary.
(The Personnel Secretary: Reference 422/2).

Brief written applications should be sent, in complete confidence to the Consultant concerned at:

ASSOCIATED INDUSTRIAL CONSULTANTS LIMITED
KNIGHTSBRIDGE HOUSE 197 KNIGHTSBRIDGE LONDON SW7

Associated Industrial Consultants

B Nylon S

ORGANISATION AND METHODS

British Nylon Spinners Limited have two important vacancies in their O. & M. Organisation :

(a) A DATA PROCESSING SPECIALIST is required as a Senior Planner in the Punched Card Section. Applicants must have previous experience of this type of work, with equipment at least as advanced as electronic calculators, preferably of I.B.M. manufacture. The Company has on order an I.B.M. 1401 computer for delivery mid 1962.

(b) A SENIOR INVESTIGATOR is required in the O. & M. Section. Candidates, aged 26-40, must have at least two years' experience of investigational work, preferably in industry, and previous punched card experience would be an advantage.

These posts offer attractive starting salaries and excellent prospects in an expanding organisation, and married men will be given substantial assistance in rehousing their families.

Please reply to ;

THE RECRUITMENT OFFICER,
British Nylon Spinners Limited
PONTYPOOL, MON.,
quoting reference 0/12.

ROYAL INSTITUTE OF PUBLIC ADMINISTRATION

RESEARCH OFFICER *required for two* years to work with study group on an investigation into superannuation schemes in the public services and a comparison with those in industry. Ability to marshal and classify *detailed material essential*; research experience desirable; knowledge of economics and public finance an advantage. Salary according to age *and experience*. Approved employment terms might be possible for civil servants.

GRADUATE ADMINISTRATIVE ASSISTANT, age about 25, required to assist with the organisation of lectures, *conferences and training courses and the development* of membership. Degree in Government or Political Science preferred. Salary scale £700-£900.

Applications by September 15 to the Director, 76a New Cavendish Street, London, W.1.

NORTH WESTERN GAS BOARD HEAD OFFICE, MANCHESTER

Assistant Statistician

Applications are invited for the above pensionable appointment at a *commencing salary* within Grade A.P.T. 7 (£770/£870 per annum).

Candidates must hold a graduate or equivalent qualification in mathematical statistics, preferably combined with economics.

The successful candidate will be engaged under the direction of the Board's Statistician in specialised investigations in the field of market research, operational research, sales forecasting, etc., which call for the use of mathematical and statistical techniques. The work is interesting and offers scope for imagination and initiative in the application of these techniques to business problems.

Detailed applications, giving the names of *two referees*, should reach the Assistant Secretary of the Board, Bridgewater House, 60 Whitworth Street, Manchester, 1, *within 14* days.

Central Electricity Generating Board

ASSISTANT MATHEMATICAL STATISTICIAN

required in the Economic Efficiency Sub-Branch of the Operations Department at Headquarters, London, E.C.1.

The Sub-Branch, consisting of a team of engineers and statisticians, is concerned with the development and improvement of methods of monitoring the economic operation of the system and other aspects of performance which contribute to it.

The successful applicant will be required to initiate and develop techniques necessary for the solution of problems of an engineering and economic character.

A degree in Statistics or Mathematics with Statistics, together with appropriate experience, is required.

- **Salary within the scale £1,520 — £1,890 per annum.**

Applications, stating age, qualifications, experience, present position and salary to the Appointments Officer, 24/30 Holborn, London, E.C.1, by September 18th. Quote Ref. EC/392.

TEMPORARY Officer Grade III (British *Subject) required by MINISTRY OF DEFENCE* for Research and investigation into Publication Material relating to the organisation of *Science and Scientific Resources in all countries*. Interest in Science but need not be Scientist. Capable of collating the results of their work, drawing the right conclusions, writing accurate and succinct reports. Ability to read and translate a foreign language, particularly Russian, is desirable, and must have a good and broad education. Salary range £458 (age 18)–£1,154, plus London Weighting. —Write giving age, qualifications and experience to Manager (P.E.1077), Ministry of *Labour, Professional and Executive Register*, Atlantic House, Farringdon Street, London, E.C.4. Closing date, September 23, 1961.

ASSISTANT SOLICITOR

required

in Legal Department of public Corporation set up by the Development of Inventions Act, 1948, to develop and exploit inventions in the public interest. Duties concerned with the assignment of rights in inventions; *royalty-sharing agreements* with inventors; patent licences; and contracts with industry, and the legal work of subsidiary companies formed, for the development of inventions. Preferred age 35/40. *Experience in industry and/or in commercial practice essential*, and of patents exploitation an advantage. Starting *salary up to £2,000 according to age* and experience. Please send full particulars in confidence to Director of *Administration*, National Research Development Corporation, 1 Tilney Street, London, W.1.

FIRE RESEARCH STATION (D.S.I.R.), Borcham Wood, Elstree, Herts., requires Scientific Officer or Senior Scientific Officer to work in the Operational Research and Intelligence Section in connection with studies of fire *statistics, the economic value of fire protection* systems, and the effect of weather on the occurrence of fires in buildings. Wide interest *in application of scientific techniques* and an ability to use initiative more important than candidate's basic subjects. Experience and/or an interest in statistical methods and operational research techniques expected. Ability to advise on the statistical aspects of the design of experiments advantageous. Qualifications: 1st or 2nd Class Hons. degree in Maths., Statistics or *a science subject*. For S.S.O. at least 3 years post grad. experience. Integrn salary ranges: S.O. £773–£1,267; S.S.O. £1,392–*£1,714.—Forms from Director, above address.* Closing date September 23, 1961.

Research/Senior Research Officer (Sociology)

Required by the West African Building Research Institute for service at Accra, Ghana, to conduct research on the social aspects of the Institute's research on housing with particular reference to the requirements of African occupiers. Appointment will be on probation for admission to the permanent and pensionable staff.

Salary according to qualifications and experience in scale £800 a year rising to £1,700 a year. Free passages provided for officer, wife and up to three children on first appointment and free leave passages to country of domicile once in every three years. Quarters provided at moderate rental.

Candidates must be West African, possess a good honours degree in Sociology and if possible *have had two years' post-graduate* experience. Women candidates must be single.

Apply to CROWN AGENTS, 4 Millbank, *London, S.W.1, for* application form and further particulars, stating age, name, brief details of qualifications and experience and quoting reference M3B/53578/EN.

RICHARD THOMAS & BALDWINS LIMITED

ORGANISATION AND METHODS

We wish to recruit two O & M Officers to be based at Spencer Works, Newport, Monmouthshire, our large new steel works and rolling mills now under construction. They will assist various levels of management in the design of an information system for the whole works using the latest digital computer techniques.

The positions will appeal to men who want to contribute to the *original work necessary for the design* of systems throughout a large new undertaking and who would welcome the challenge that this produces.

Candidates should be under 35 and possess a university degree or a recognised accountancy or secretarial qualification. Previous O & M or similar systems analysis experience is desirable but candidates whose lack of previous experience is compensated by other abilities or personal qualities will be considered.

Apply by sending full details of education, age, experience, qualifications, &c., to

Assistant Manager,
Organisation & Methods Department,
RICHARD THOMAS & BALDWINS LIMITED,
Spencer Works, Newport, Mon.

GKN

The Guest, Keen & Nettlefolds Group of Companies *wishes to make the following* appointment:—

ASSISTANT TO THE COMPANY SECRETARY

A large Group Company in South Wales *requires an Assis*tant to the Secretary, who is also a Director of the Company. His responsibilities will include work on the legal and administrative side of the Secretarial Department.

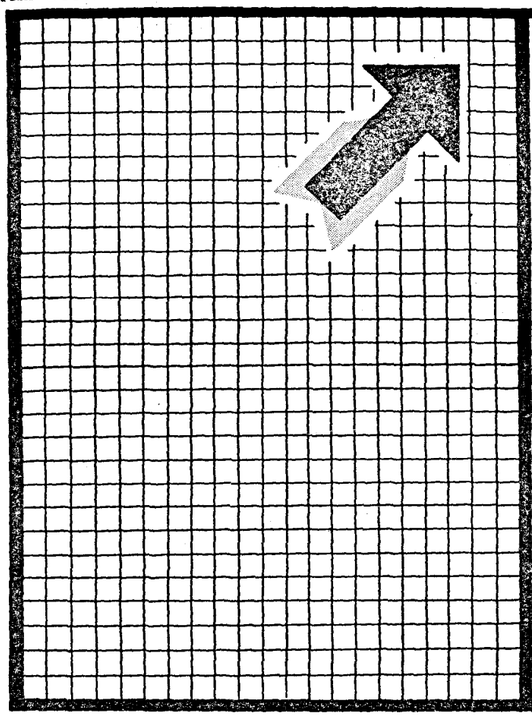
Candidates should have had legal or accountancy training and preferably some commercial experience since qualifying. The preferred age bracket is 28-35 years.

Appropriately qualified men should write, in confidence, *giving details of age, qualifica*tions and career to date to:

The Group Personnel Officer, Guest, Keen & Nettlefolds, Limited, 22, Kingsway, London, W.C.2.

For further appointments and other classified advertisements see page 907

NATIONAL EMPLOYERS' ASSOCIATION in Westminster requires man aged 25-30 as Economics Secretary. Not less than £1,000 p.a. Applicants must be graduates, preferably with a degree in economics.—Apply to Box 1539.



Investment Opportunities in Japan!

In 1959 Japan attained the highest economic expansion of all the industrial countries of the world. Its gross national products that year increased by 16 per cent over the previous year and has seen a yearly increase ever since. This upward trend has increasingly induced overseas investments in Japanese securities.

Daiwa Securities, as one of the four largest securities companies in Japan . . . capitalized at £8 million sterling and having 4,000 employees . . . is engaged in a wide range of business, acting as broker, dealer and underwriter of securities and distributor of investment trusts. The "pioneering spirit" which has been the motivating power behind its 60 years of expansion is still very predominant today.

Make your money work for you in Japan's booming industries by investing through expert and experienced hands. For investment trusts, etc., write

THE DAIWA SECURITIES COMPANY, LTD.
HEAD OFFICE: 8, 2-chome, Otemachi, Chiyoda-ku, Tokyo, Japan
Tel: 231-6611
NEW YORK OFFICE: 149 Broadway, New York 6, N.Y., U.S.A.
Tel: BEekman 3-3622/3

UNIVERSITY OF MALAYA IN KUALA LUMPUR

LEE ECONOMICS RESEARCH FELLOWSHIP

Applications are invited for the above-mentioned Research Fellowship in Rice Economics and Statistics. The Research Fellow is expected to carry out a comprehensive investigation of the Economics and Statistics of rice consumption and production in the Federation of Malaya. Intending applicants should have a good Honours degree in Economics or equivalent qualifications. Experience *in handling cereal statistics, particularly rice,* would be an advantage. Subject to University entry requirements being met, part of the research material may be used to obtain a higher degree in the University of Malaya.

The Fellowship is tenable for a period of fifteen to twenty months and would cover the following: (i) An all-in monthly stipend of between M$1,300/- to M$1,800/- (the current rate of exchange of the Malayan dollar is 2s. 4d.); (ii) Return passage for the Fellow (if married, for wife and children below age of 12); (iii) accommodation; (iv) Medical charges in accordance with University regulations; (v) Funds for travelling and field research.

Further particulars and application forms are obtainable from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close, in Malaya and London, on October 15, 1961.

COMPUTER PROGRAMMERS

Stewarts and Lloyds, Limited, invite applications from candidates with a high degree of logical ability to train as Computer Programmers. They should be under 30 and should have a good educational standard. Preference will be given to Graduates and candidates with Further Education in other fields, *e.g.*, in Accountancy.

Successful candidates *will undergo a training course* before joining the staff working with the I.C.T. 1301 installation at Corby. This computer was *installed in 1958 and is being used on an increas*ing variety of business, technical and production problems. *Trained Pro*grammers will not necessarily be confined entirely to Computer Programming but may also work on Systems Analysis.

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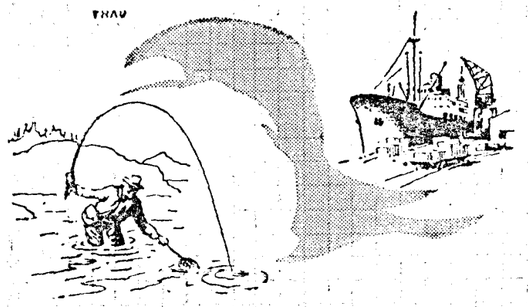
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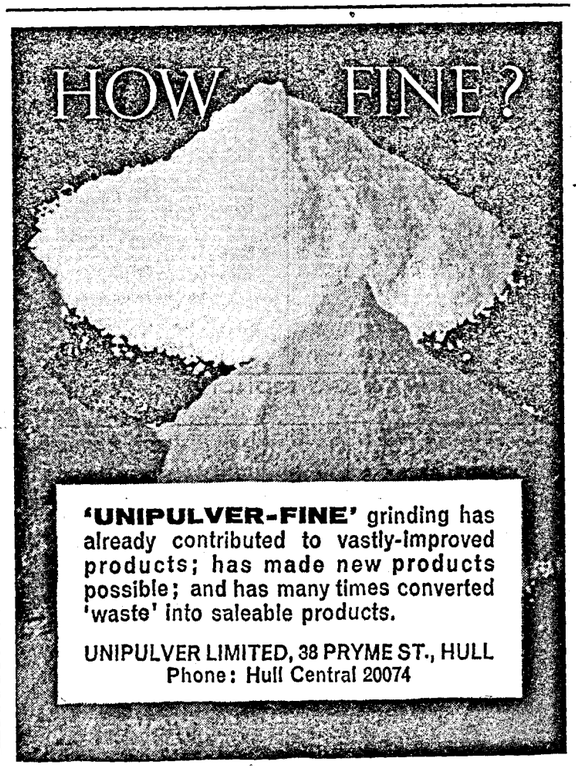


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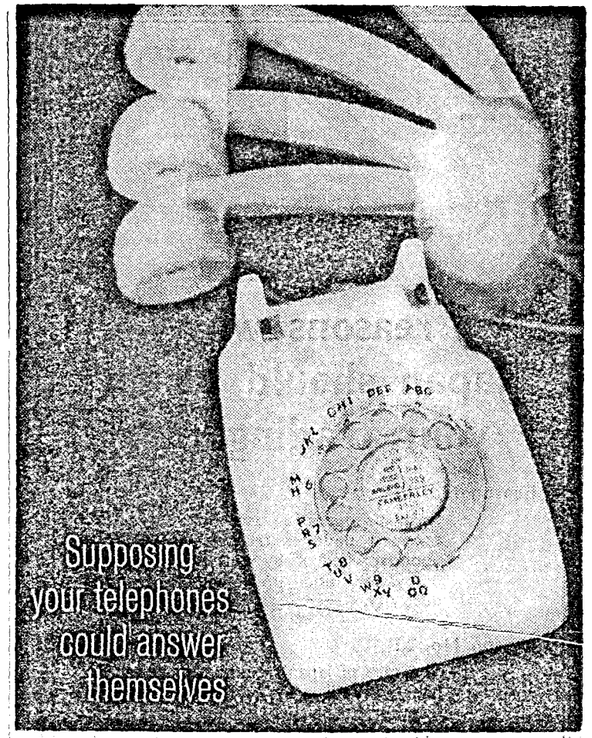


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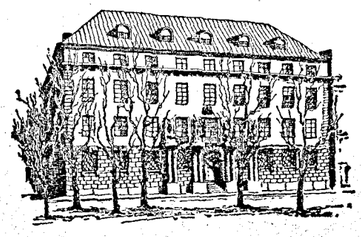
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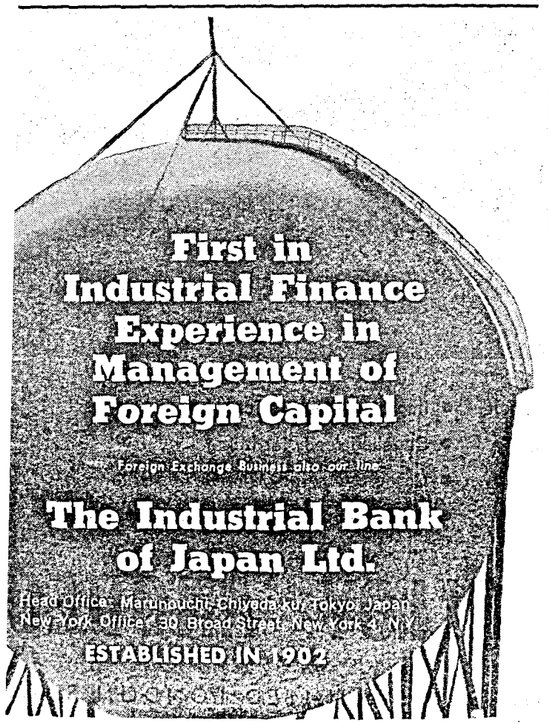
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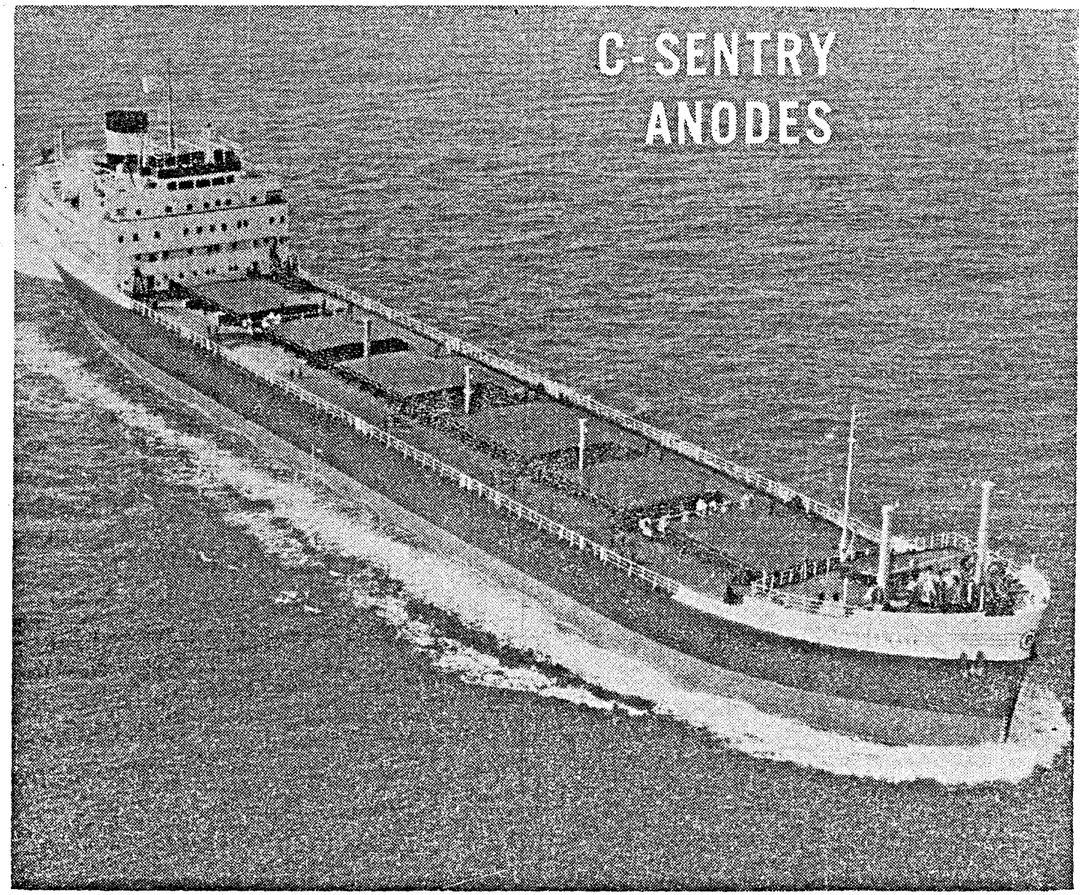
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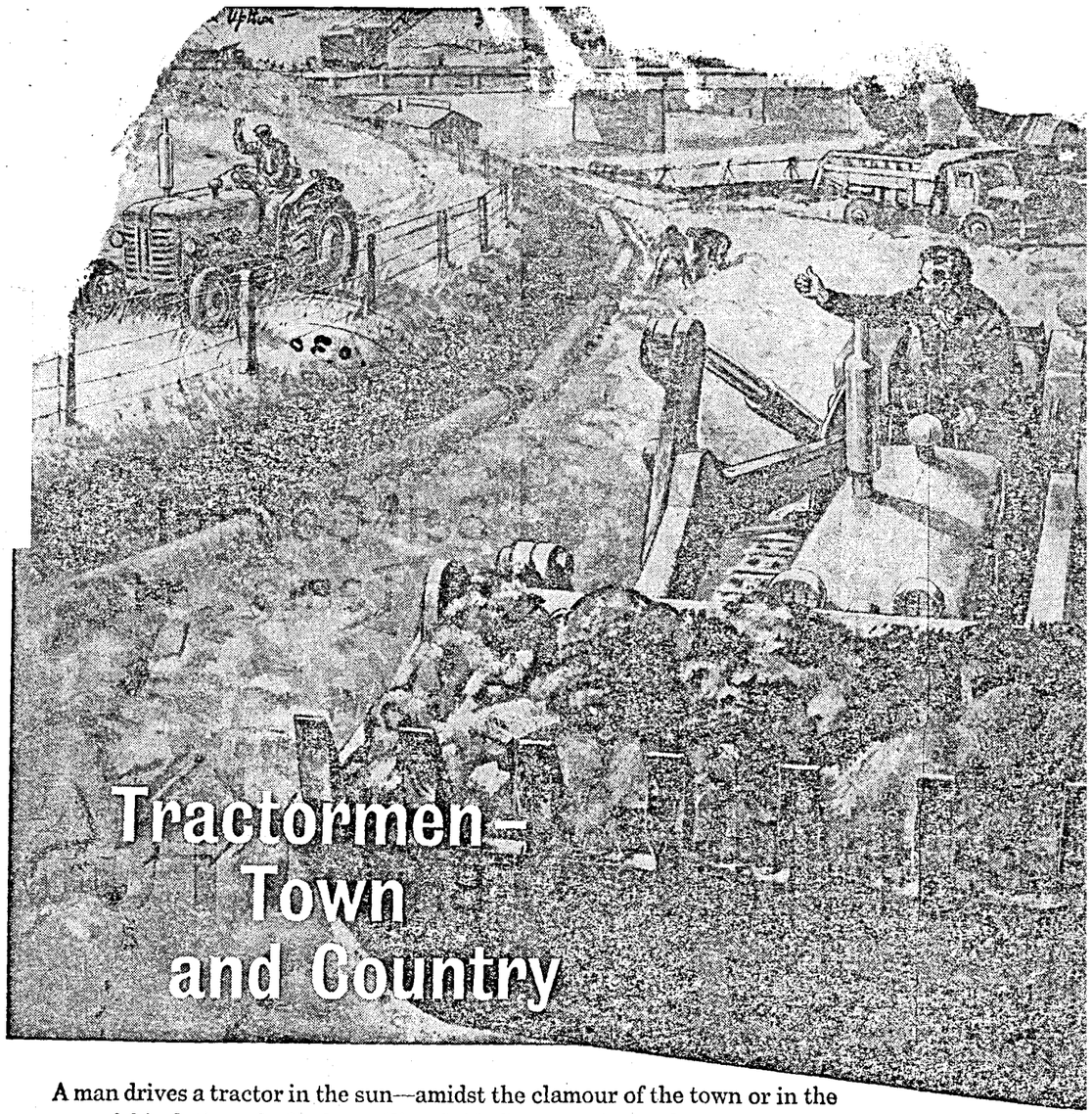
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INTERNATIONAL

Prudence Please

Bang go the atomic tests now in America, too; but the case for the West to show self-restraint in its nuclear policy remains intact (p. 935). In Washington there are still hopes that reason and restraint may yet rule Soviet policy; the pessimists believe that Russia is driving towards a showdown (p. 983).

Carry on Breathing: an assessment of the effects of fall-out is on p. 946.

The disparate interests of the uncommitted nations at Belgrade are concealed behind the omissions in their declaration (p. 962).

The **Brazilian** genius for compromise has worked again (p. 941). **General Qasim** and the oil companies are in need of a flicker of the same talent (p. 942).

Presidents Nasser and **Bourguiba** have warmly, if provisionally, made it up (p. 944). **Afghanistan** and **Pakistan** have coolly bust up (p. 941).

Publicity Pitfalls

A week before the west German elections, Dr Adenauer's ageless image shines less serenely than it did a week ago; the sealing off of west Berlin has brought home to electors that the Federal Republic's achievements have been bought at a price (p. 937). East Germans, meanwhile, beguiled by stories of coming glories, are more concerned with their present vexations (p. 961).

General de Gaulle has publicised a change of view about the Sahara that might usefully have come earlier (p. 944).

Strong men from the United Nations have, as they pass through the **Congo,** to find a way of keeping this country together (p. 942).

Politics on Probation

Canada's New Democratic party has a challenging leader but the same ideas as the Liberal party (p. 969).

Australia's Labour party has shown signs of returning life by producing an economic programme that plays on the electorate's aversion to unemployment (p. 965).

In **Turkey** old and new parties approach elections under the shadow of the vanished Menderes regime (p. 966).

Kuwait is hauling itself into political conformity by preparing for elections (p. 942).

Italy's politics are as agitated as **Norway's** are restful (p. 945).

Price of Progress

If tensions and economic development are inseparable, the meeting of minds at Oxford last week may help to relieve the one and promote the other (p. 995).

The struggle over the **United States'** appropriations for foreign aid shows how right the President was in attempting, unsuccessfully, to liberate the development loan programme from Mr Passman's grip (p. 984).

HOME

REVERSALS

The Trades Union Congress expelled the electricians' union with a mild pop, probably harmless to its target: the Congress gave lukewarm support to the common market, stronger support to Mr Gaitskell, and by its fiery denunciation of the wage Pause obscured its reaction to the Government's plans to plan. It continues to evade serious issues of union practice (p. 938).

The flow of international funds has about-turned, and causes new anxieties in London; but there is an easy solution (p. 993).

REVOLUTIONS

The first shot in the hot war against the Pause is likely to come from Mr Cousins's lorry drivers, whose claims are less reasonable than they will be made to look (p. 940).

Teachers have refused to see the point of Sir David Eccles's moves this week, which are much more reasonable than they look (p. 940).

REVELRIES

The Liberal Party has prepared its tightly controlled festivities for Edinburgh (p. 942): Labour will go to Blackpool, where family quarrels are unlikely to ruin the holiday as they did last year (p. 941).

REVERIES

The aircraft industry is looking for *dei ex machina* to get its hopes of vertical take-off off the ground (p. 994).

Bath is improving its looks by façade-lifting; but it is not noticeably regaining its youthful vigour (p. 970).

Sanguine Norwegian and other tramp tanker owners have been busily ordering more ships: not so ca'canny Greeks (p. 999).

REVISIONS

Mr Brooke's ideas on housing in the West Midlands are in the right direction: but he is putting the wrong foot foremost (p. 944).

The removal of another Scotland Yard top 'tec to a bank is not disturbing: but the drain of young constables from below is (p. 946).

Tin speculators have been shaken by the prospect of stockpile sales (p. 995).

Shoppers were less profligate just before the Chancellor's squeeze than some people had thought (p. 996).

REVELATIONS

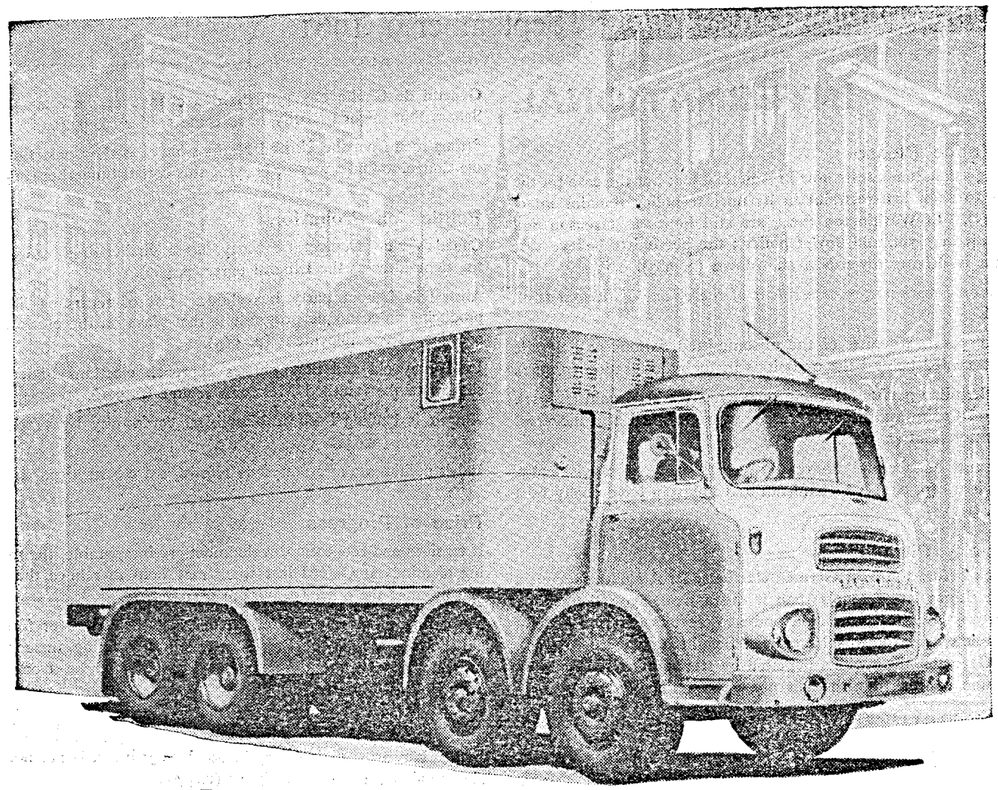
How to call the turn in the business cycle (p. 991).

British shipyards could learn from the Swedish way—given the will (p. 999).

THE PRESS pages 949 to 960

A sober look into the facts of newspaper life and livelihood which the Royal Commission is now trying to bring to light.

Detailed contents on page 935



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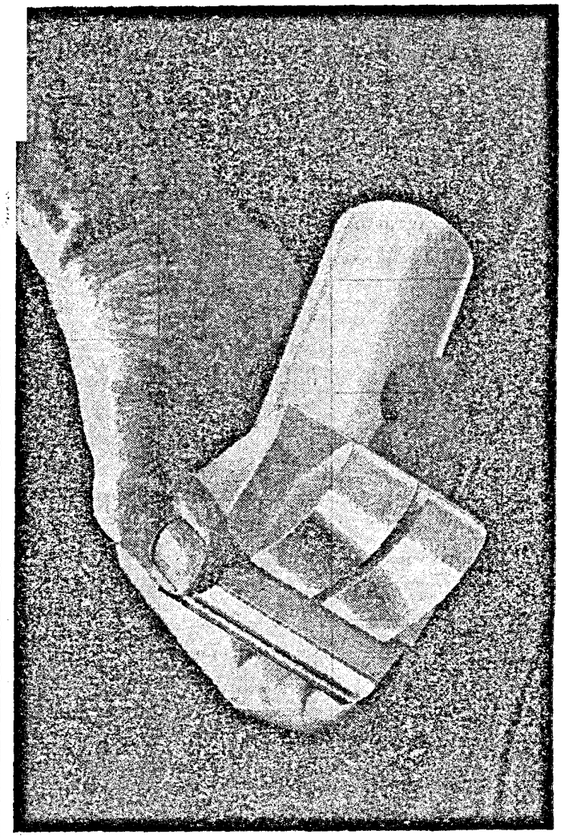
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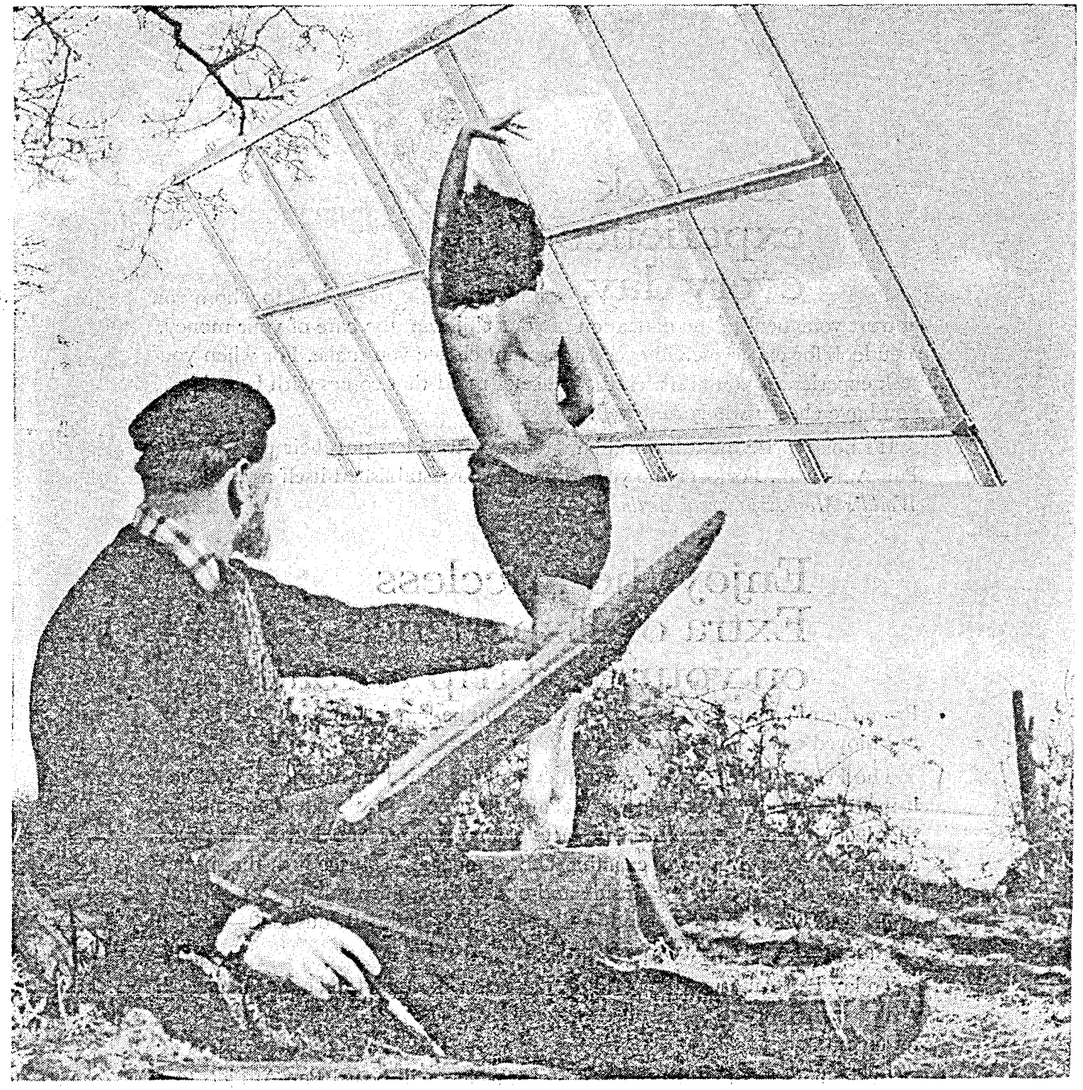
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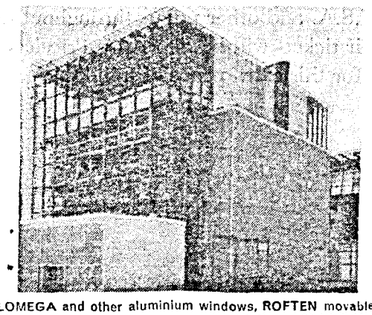
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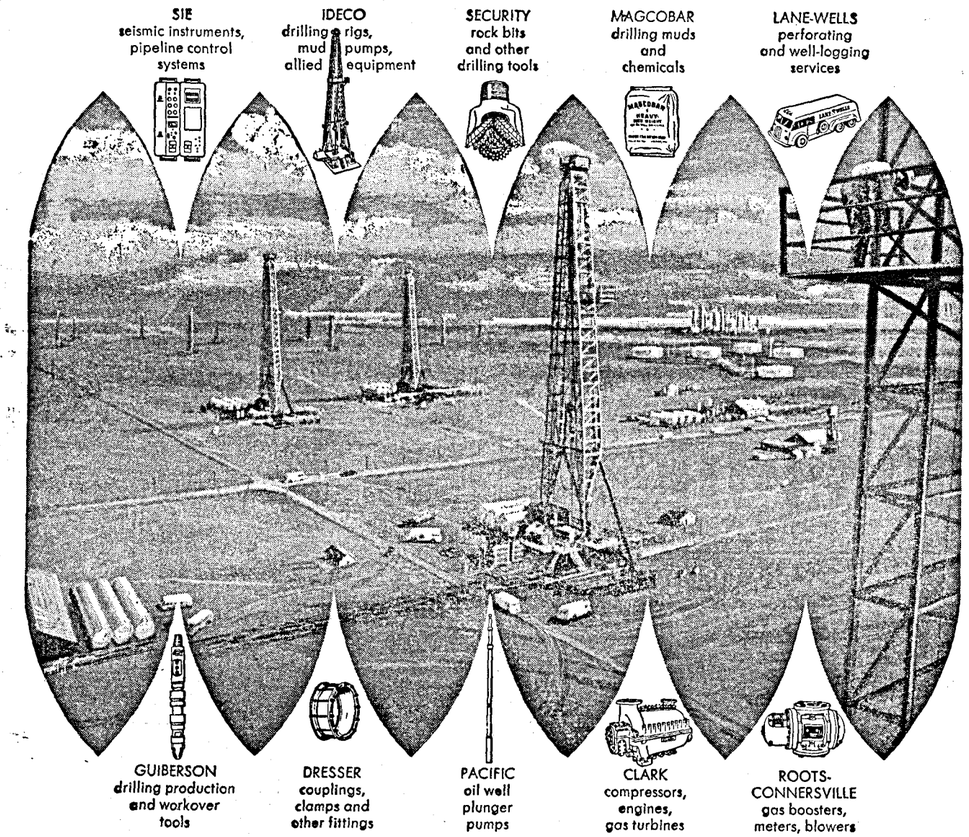
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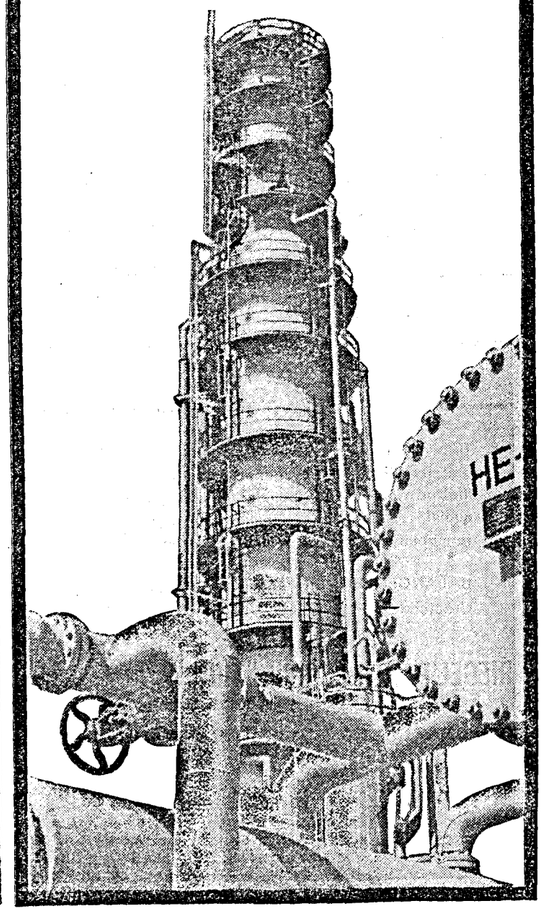
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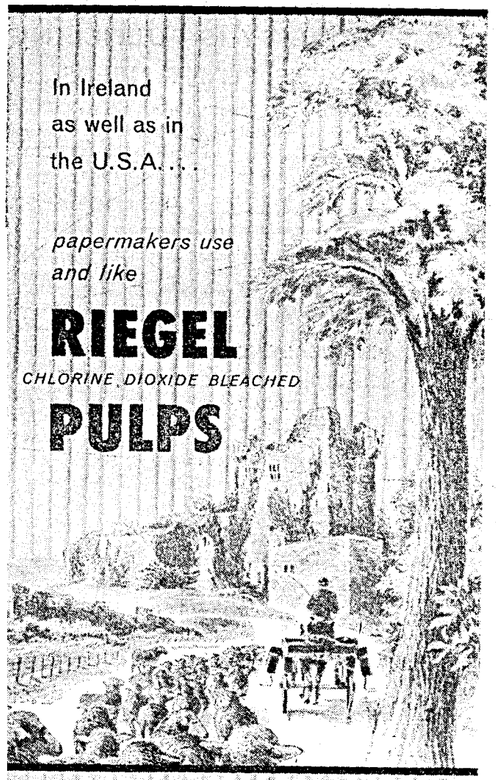
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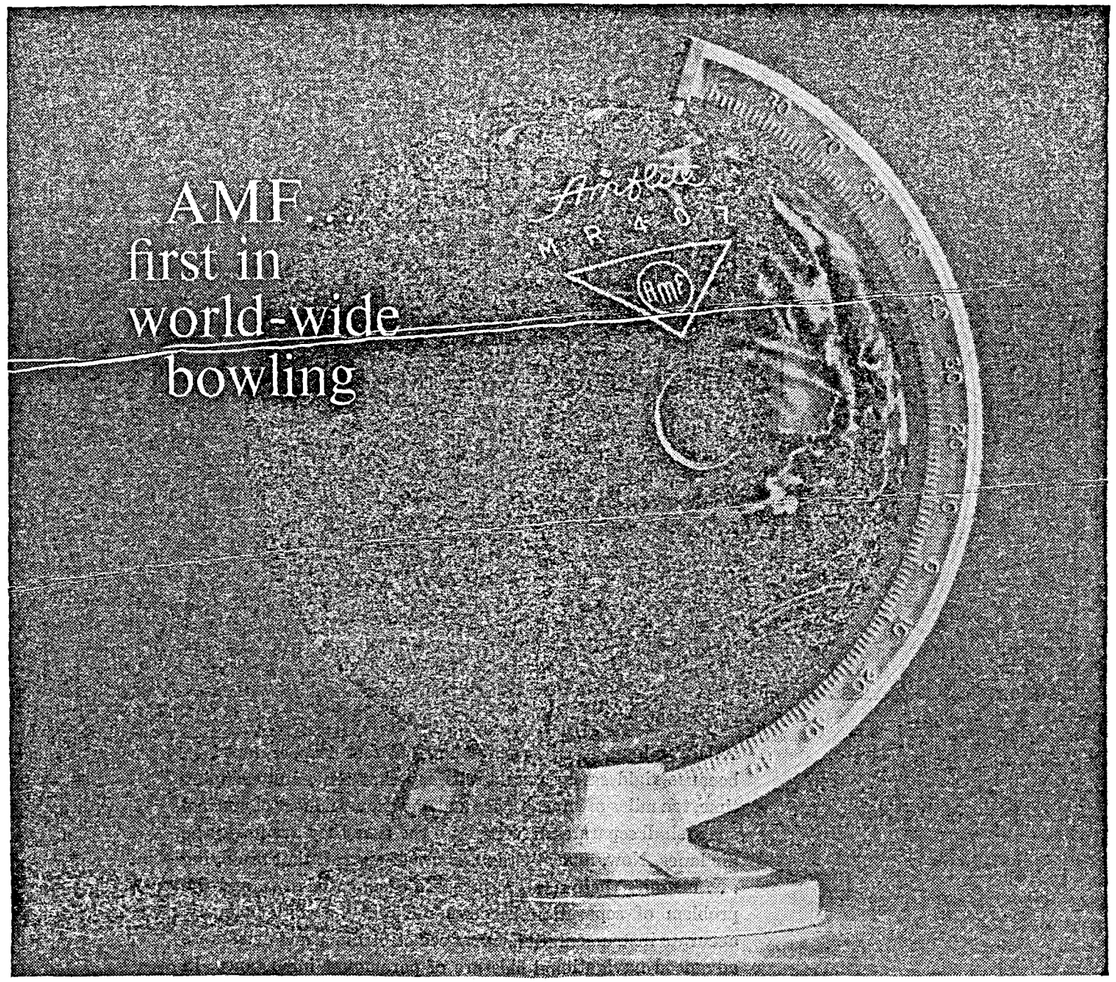
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The Economist

SEPTEMBER 9, 1961

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Test of Self Control

KEEP cool, don't be flustered into doing things you may regret: this is what the West has been telling itself since Mr Khrushchev banged his nuclear fist on the table a week ago. In giving itself this sensible advice, the West has been thinking chiefly of Berlin. But the advice applies equally well to another problem: what policy ought the allies to adopt towards nuclear weapons, now that the tests suspended in 1958 have begun again ? It is tempting to conclude that Mr Khrushchev's return to the ritual of explosions, followed by President Kennedy's decision on Tuesday to resume American tests, marks the death of the attempt to keep nuclear weapons under control. The only course now open to the western powers, in the view of those who think so, is to recognise that control is impossible, and to throw themselves with zeal into the task of perfecting their atomic armouries. As often, however, reality is not so satisfyingly dramatic. It is a mark of being flustered to say that there is now no alternative to an unrestrained race for nuclear superiority. There is still a strong case for the West, as an act of unilateral self-control, to try to set some bounds to the development and distribution of these weapons.

Two questions have to be decided. The first is whether Mr Kennedy, having ordered the resumption of tests "which prudent men find essential," is now willing to limit these tests to the briefest series compatible with military necessity. It was inevitable that the Americans would begin testing again sooner or later, if Mr Khrushchev went on banging away and unless Mr Kennedy were converted to pacifism. But, by making known so soon his decision to go ahead, the President has lost some of the international sympathy that came America's way last week. It is hard to see why the third Soviet test (or the tenth, for that matter) should have caused him to jettison the restraint he preserved so admirably through the first two. This sudden lurch away from equanimity has caused surprise even in America, to judge from the report of our Washington correspondent on page 983. Such facts as are available to laymen suggest that Mr Kennedy might well have waited a little longer. Since he has not done so, however, the same facts suggest that the forthcoming series of American tests can, and should, be kept as short as possible.

In tactical nuclear weapons, the Americans are generally reported to be substantially better equipped than the Russians at the moment. In strategic weapons, the West's most pressing need is to make sure that it can deliver its existing stockpile of nuclear explosives through the Russian defences accurately and in sufficient quantities. The implication is that the design and production of the means of delivery need more attention, for the time being, than the testing of warheads. Eventually, of course, changes in the delivery systems will require new warheads ; and, even before then, it will probably be necessary to try out hitherto untested warheads, like that of the Polaris missile, which are being put into service on the scientists' assurance that they will actually go off with the predicted effect. On the face of it, however, and in view of the fact that the scientists have now had a good deal of practice in predicting these things, it ought to be possible to limit fairly stringently the number of tests required for these purposes. Just how many are necessary only the military experts can say. The layman's job is to insist that the decision is a purely technical one ; and to urge the soldiers not to exaggerate out of misguided enthusiasm for the tricks of their trade.

Last Sunday's offer by Mr Kennedy and Mr Macmillan —to refrain from making any more tests in the earth's atmosphere, if Mr Khrushchev would agree to do the same—was a step in the right direction. Mr Kennedy should now go on from there to say that, as soon as the underground experiments "which prudent men find essential" have been completed, he will order a further pause in all testing to see whether Mr Khrushchev has decided that the race is futile. The aim in offering such a pause is not merely to win the good opinion of the uncommitted world. Contrary to what some people seem to have expected, the neutrals were never likely to line up for admission to Nato or Seato just because Mr Khrushchev had started to drop fall-out on their heads; nor was Mr Khrushchev liable to resign from office because Dr Nkrumah admitted to being shocked. There is a better reason why the United States should limit its new programme of underground activities as closely as possible. The testing that is now about to begin will add comparatively little to the West's air of resolution on Berlin; to restrict the tests to the necessary bare minimum, on the other hand, may be the only way of preserving a last flicker of sanity in relations between East and West.

If the Americans give the impression that their experiments are going to go on indefinitely, Mr Khrushchev will presumably feel the urge to make some further show of strength, perhaps by letting off a multi-megaton monster, perhaps by moving troops in central Europe. If and when the negotiators ever meet to talk about Berlin or other matters, they will barely make their voices heard above the din of demonstration and counter-demonstration. On the other hand, if Mr Kennedy proposes a pause for reflection after the current round of testing, it is just possible that his restraint may strengthen the forces of caution inside Russia and weaken the faction that has urged Mr Khrushchev upon his present policy of intimidation. The chances that will happen may not indeed be large; but, unless urgent military necessity dictates otherwise, they should be grasped at.

THE other decision facing Mr Kennedy is at least as delicate. Should the United States now forget its inhibitions about distributing nuclear arms to its allies in Europe—in particular, to west Germany? Dr Adenauer's prompt reaction on August 31st to the news that Russia was resuming tests was to repeat the demand that the west German army should be equipped with the "most modern weapons." At first sight it seems logical to argue that, now the Russians have cast restraint aside, the West has no choice but to give the allied armies in Europe full command over the weapons needed to resist a nuclear attack; the German army, as the biggest available to meet the Russians, naturally has the strongest claim. But a closer look suggests that here, too, there are powerful arguments in favour of caution and delay.

In the first place, any wider distribution of nuclear arms in Germany will undoubtedly make it even more difficult than it is now to come to an understanding about the future of central Europe. At present, the Bundeswehr possesses a number of tactical weapons, some of them of considerable range, capable of firing nuclear warheads, but the warheads themselves remain in the custody of American officers. Whatever else Mr Khrushchev had in mind when he started to put pressure on Berlin, there seems no reason to doubt that one of his motives, as he told Mr Walter Lippmann, was to get general recognition of the frontiers of central Europe before nuclear rearmament went any further. If the west German army is now given more atomic arms, or closer control over their warheads, Mr Khrushchev may find it necessary to respond by making similar provisions for the communist countries near Germany. The governments concerned in the unsettled dispute over middle Europe's frontiers would then face each other with an array of weapons that made the dispute even more dangerous than it is now. It is hard to see how this would promote stability; it might well put off any possible reconciliation in the region into the almost invisible future.

In addition, it is doubtful whether the possession of tactical nuclear weapons, and control over their warheads, is as important for European armies as it might have seemed a year ago. Since President Kennedy took office, he has tried to diminish the importance of these weapons. Like most people, he doubts whether an atomic conflict can be limited to the tactical level without rapidly graduating to an exchange of intercontinental missiles. This is why he has sought to expand the West's conventional forces, and to demote tactical nuclear arms to the point where they become little more than a deterrent to stop the Russians from using the similar weapons they keep behind their lines. If events let him carry this policy through, then it becomes conceivable that an outbreak of fighting in Europe, at least in its first stages, might still be confined to conventional arms. In those circumstances, front-line commanders would not require instant control over atomic weapons; "nuclear capability" need not be distributed more widely than it is now; and the present arrangement for warheads, which keeps them in American hands, should not be amended.

It is not easy, in the present state of the world, to ask your allies to keep their hands off a whole category of powerful weapons; or your military commanders to cut down to the bare minimum the number of devices they want to test. In deciding the future course of his nuclear policy, Mr Kennedy has to try to lift his eyes beyond his immediate military needs to the still more urgent necessity of stopping the crisis from getting any worse. Unless some hitherto unrevealed facts are made public, the West's military needs look as if they could be satisfied by a fairly brief series of nuclear tests, carried out underground and by the United States alone. A look at the wider horizon suggests that, this series having been completed, the western powers should try to refrain from doing anything else that might speed the world down the slope to irrationality—and destruction. This will call for considerable self-discipline; but the effort, if it gives the forces of calmness and moderation a chance to rally, will richly justify itself.

Economics of the Press ▶ pages 949 to 960

The Bonn Succession

The smooth working of the campaign machines in west Germany has suffered a jolt from Berlin

FEDERAL Germany, twelve years old, elects its fourth Bundestag on September 17th; and once more it is Dr Adenauer who submits himself to the electorate for a further term of office. Only a month ago, when the massive Christian Democrat campaign was getting under way, Dr Adenauer's fourth term looked as certain as anything could look. His lieutenants seemed to have little problem before them, beyond that of reassuring the west German electors that Dr Adenauer would take care of the future, while keeping their own courage up by telling themselves that the day was surely near when he would hand over to one of them.

A robust 85, the Chancellor himself was giving more countenance to the first theme than to the second. He had shown in 1959, when he contemptuously changed his mind about accepting the federal presidency, what he thought of the ageing juniors who might be called to take over the substance of power from him. Outsiders who talked to him in June and July got the impression that he viewed the electoral outlook for 1961 with serenity, but was beginning to worry about his chances for 1965.

Naturally this self-assurance did not mean that the Chancellor, any more than his government lieutenants or his campaign organisers, was thinking of leaving anything to chance. This is not his way. The mechanics of Dr Adenauer's last electoral victory, in 1957, have been analysed by Mr Uwe Kitzinger, of Nuffield College, in a study of admirable thoroughness and detachment.* As Mr Kitzinger says:

> The carefully calculated depth-psychology and the sheer dimensions of the CDU's campaign in 1957 represented a new phenomenon in European political style.

Meticulous plans were laid to repeat, and exceed, this performance in 1961. The last general elections saw the Christian Democratic Union attain an absolute majority of the valid votes cast, the first party ever to do so in a democratically conducted general election in Germany. This was not achieved at the expense of the union's principal opponents, the Social Democrats, who also increased both their parliamentary representation and their proportion of the popular vote. The small parties lost strength to the two big ones. The objective in this year's Christian Democrat campaign, as planned, was to go one better and take votes from them all, including the Social Democrats themselves.

The campaign planners had an important domestic political change to take into account. The Social Democrats, shaken by the prospect of perpetual opposition into looking afresh at many cherished concepts, threw overboard a large part of their socialist programme and of their root-and-branch opposition to Dr Adenauer's policy of alliances. They reorganised their leadership in order to offer the electors a progressive alternative to Christian Democratic government in a new, more modern style. They adopted a young, attractive, dynamic chancellor-candidate in the person of the governing Burgomaster of Berlin, Herr Brandt, and proceeded to build their election campaign around his personality. Thus confronted with a new campaigning problem, the Christian Democrats set about meeting it in two ways: first, the systematic destruction of the "image" offered by Herr Brandt (it has become impossible to discuss modern German electoral techniques without using advertising language) by representing him as a nameless adventurer and a doubtful patriot; second, the building up on an overwhelming scale of a "counter-image" of authority, serenity and certainty: Dr Adenauer.



Old Chancellor



Young Pretender

Enlightened Germans, more concerned with the German Federal Republic's own "image" in the world than with either of these conflicting leadership-symbols, have deplored both the ruthlessness of the attack on Herr Brandt's name and character, and the degrading over-simplifications by which, through countless media and at probably unprecedented cost, the identification of national security and well-being with the venerable Chancellor's person has been drummed into the west German voter's head. Whether these methods are in the German national interest is one thing; whether they are effective is quite another. A month ago they seemed to be working very well, and the Adenauer campaign seemed set fair for an increased majority.

AUGUST 13th, the day when Herr Ulbricht sealed off east from west Berlin, introduced a new element into these calculations. Observers from outside may not find it easy to see why it should. The history of the German Federal Republic is the history of a choice: the choice of reconstruction and development in the western part of Germany, with perspectives opened up westward through the European communities and the North Atlantic alliance, in preference to the attempt to restore an all-German state around the old capital, Berlin. The choice made, one would have supposed it to be obvious that west Berlin could have no political function; and, in that case, if the city did not come to terms with the surrounding communist power, whether by Mr Khrushchev's "free city" formula or some other, it could at best be maintained as an enclave. The new wall across Berlin has done no more than bring this home.

Having made such a choice, a west German government could have defended it with composure before the electors. What Dr Adenauer's three administrations have achieved in

* German Electoral Politics. A Study of the 1957 Cam, ign. By Uwe Kitzinger. 1960: Oxford University Press. 381 pages. 45s.

domestic improvement, in the raising of the country's international status, and in the foundation-laying of an integrated western Europe, exceeds the boldest hopes of twelve years ago, and the west Germans know that they would be mad to throw it lightly away. They could have been asked, confidently enough, if they would have preferred to pay the price that would have been required of them if they had put national unification first. Would they have preferred a united, neutralised, isolated Germany to what they have now ?

But the choice has never been put before them in these, or any straightforward, terms. At every step in the process of attaching west Germany to the West, they have been told that this was the best and only way to the reunification of Germany "in peace and freedom." Bonn and the allied governments have alike paid constant lip-service to this objective. The alternate taunting and snubbing of the east German regime, and the attribution to west Berlin of an active part in the cold war, have merely been parts of this make-believe. Now it turns out that the communists in east Berlin possess the power to rope west Berlin off as if it were a reservation for some recalcitrant tribe ; and all the might of Nato can do nothing whatever to hinder them. It is a homely and obvious demonstration of the facts ; but it has served to bring home what Dr Adenauer has never been prepared publicly to admit, that his achievements, too, have been bought at a price.

NOBODY feels certain just what change this discovery has brought in the election outlook. Dr Adenauer may still get his absolute majority ; in that case, the opening phase of the fourth Bundestag, until the succession becomes an active question again, will be plain sailing. The campaign managers are, however, aware of a change in the climate of public feeling. The Social Democrats have adapted the mood of their campaign quickly to the change ; their voters, who were being invited to join the SPD in a bright, jolly future, are now being urged to measure up to a national crisis. "Security tomorrow, too," a typical CDU slogan hammering on the theme of a safe and well-ordered future, became a cracked keynote under the emotional shock of the events in Berlin, with nuclear explosions in full swing again, and with General de Gaulle soberly observing that it is better to use force than to give ground. A new theme was needed. It has been found in the figure of an imperturbable Adenauer standing up to the threats of a bullying Khrushchev ; the German nation is urged to rally round its leader.

Here is the new, unknown factor. Its weight should not be exaggerated. Dr Adenauer is not going to lose the lead ; all that seems to be in doubt is whether he will now retain his absolute majority. Mr Kitzinger, in the study already quoted, dissented from the widely-held view that the gains of the two big parties in 1957 represented a trend towards a two-party system in German politics. There was no reason, he said, to suppose that if the CDU were displaced, it would be by a government of the SPD alone.

Until it is disproved, this must remain the most convincing judgment ; a purely Social Democrat government in west Germany does not appear on the cards. Further, if Dr Adenauer did lose any substantial amount of ground, so that he became absolutely dependent on allies in a coalition, it is the Free Democrats who would be likely to hold the balance. This is a privilege they have long dreamed of ; but, in stating their case to the voters, they have virtually committed themselves not to form a coalition with the Social Democrats. Under Herr Mende's leadership the Free Domocrats have declared themselves willing, indeed eager, to form a coalition with Dr Adenauer's party. They have, however, expressed a decided preference, in that case, for a new chancellor, who might, Herr Mende says, be Professor Erhard or Dr Gerstenmaier ; they would prefer Dr Adenauer to go.

Others, including two of Herr Mende's own predecessors, have had the same idea before. It would be a rash Free Democrat leader who assumed that the mere possession of a slender arithmetical balancing factor in the Bundestag would deliver Dr Adenauer into his hands, or insure him against having the tables turned on him as they were turned on Dr Dehler in 1956. All in all, the odds stay on Dr Adenauer keeping power at Bonn for the present. But it is this that seems to be the matter at issue: not the transfer of power from government to opposition, but whether Dr Adenauer's personal rule is to be brought to an end and a phase of active party politics is to open.

Painful Pompey

Our special correspondent reports from the Trades Union Congress



NOTHING could prevent a feeling of anti-climax at Portsmouth this week after the Trades Union Congress's thumping vote for expulsion of its erring electricians. Despite Mr Foulkes's plea to the delegates that "all our enemies and some of yours" were trying falsely to inflate the importance of this issue, nine out of ten of them took the only honourable course and voted for expulsion. Most of the 735,000 votes that were cast in favour of retaining the Electrical Trades Union within the organisation came predictably from unions on the far left, with the balance made up by a few small organisations whose effectiveness in negotiations is almost entirely created by their alliance with the electricians.

Two comments seem called for at this stage. First, Mr Woodcock's painful indictment of the whole course of ETU tactics in its dealings with the TUC General Council over the past few years fell as heavily on the General Council itself as anywhere else. Mr Woodcock's chorus was the ugly, apt word "fraud," but he made it quite clear that he did not regard it as his council's job to go round looking for little peccadilloes by union leaders and dealing with them. The TUC, he said, needed a "hell of a warrant" to interfere ; his insistence on his regret that he was forced on this occasion to act did not suggest that he is striving hard to get the union movement's constitution rewritten to give the General Council and the TUC more power.

Mr Woodcock is to meet the Minister of Labour next week to discuss the latter's question whether some reform of trade union legislation may not be desirable. There is now an overwhelming case for saying that it is desirable, and that the Government should force it through Parliament next session. When the TUC does not intervene to rectify a fraud committed by a union against any of its members—whether that member be an election candidate or an ordinary rank and file worker who has been subjected to some local persecution that is quite contrary to any rule-book—the Registrar of Friendly Societies should have the right and duty to intervene. The Registrar's weapon should be that any union which does not obey his order to put the matter right should no longer be entitled to the special legal privileges (e.g., freedom from actions for damages when acting in restraint of trade) incorporated in the various present Trade Union Acts.

THIS is the more important because it is still difficult to see that last Monday's action by the TUC against the ETU is going to have any teeth. The second overwhelming impression that emerged at Portsmouth was that most delegates, having sacked the ballot-riggers of the ETU, seemed to feel that it was time to be pals with them again. The delegates regarded it as a sad spectacle when Mr Foulkes and his followers filed up the aisle of the Guildhall to hand in their credentials outside the door. Your correspondent found it even sadder to see the victorious Mr Byrne wandering off alone and unrecognised into the crowd, while press and television thronged around to hear the reactions of Mr Foulkes. But the general reaction of his fellow trade unionists to Mr Foulkes seemed equally to be one of rallying round. There seemed to be no question of challenging the ETU's vital position within the confederation of shipbuilding and engineering employees, and it is hard to see what can be done by the employers' sides of the various joint negotiating bodies on which Mr Foulkes sits with leaders of other unions (he is chairman of the negotiating body for electricity supply).

The hope of those trade union leaders who do see the need for following up the symbolic decision of Congress with some positive action is no doubt that the forthcoming elections for the ETU executive will produce a majority of non-communists. If they do not, and the communists themselves are still in charge of most of the election arrangements, nobody at Portsmouth seemed to want to speculate about what might happen then.

There were, however, signs at Portsmouth that in some other matters the Congress was falling back rigidly into old alignments of right against left. One sign of this was the manœuvring off the General Council of its only communist member, Mr Will Paynter, of the mineworkers. This was done by the traditional device of choosing a delegate from an obscure colliery union to occupy one of the three seats reserved for the miners on the Council, and getting most of the big unions to vote for him. This rather shabby procedure provides the communists with a vaguely substantial "*tu quoque*" in reply to accusations that they fiddle ballots. It seems all the more unfortunate since Mr Paynter has shown himself to be an efficient general secretary of his well-run union, and one who can resist the actions of unofficial strikers without being called a capitalist stooge.

The far left also found itself lined up on its own side of the barriers when the Congress voted on Europe. A motion which would have committed the unions to oppose the start of negotiations was soundly defeated by a show of hands. The Congress equally massively supported the General Council's report, which came down with canny firmness in support of the Government's initiative. But the debate was a much more finely nuanced affair. Sir Alan Birch, for the General Council, opened with a masterly (if slightly schoolmasterly) exposition of the case for negotiating, only slightly marred by a break-down of the microphone and a confession that "we are in the hands of the electricians." He was opposed partly by the extreme left and partly by what an angry delegate described as the "egg-head craft unions"—the draughtsmen, two printing unions, and the actors. As one variant of the usual left-right division, however, Sir Alan was supported (sort of) by Mr Frank Cousins, in a speech of characteristic mandarin obscurity. Mr Cousins, once an ardent European, has climbed stoutly on to the fence, with the intention of eventually getting off it on to which ever side Mr Gaitskell does not. The feeling of this debate was, however, not one of enthusiasm for the common market—except on the part of Mr Edwards of the chemical workers, who had found encouragement dear to a trade unionist's heart in the social provisions of the Coal and Steel Community, and preached the message with true Welsh hwyl. Some continental observers were saddened by the apparent indifference, even ignorance, of the Congress, but they could reflect that here, at least, the TUC seemed to be speaking with the true (and pretty muddled) voice of Britain.

ON Wednesday morning the Congress found a more characteristic and more sectarian voice in its debate on the economic situation. The discussion had two distinct strands—the popular and unanimous denunciation of the Chancellor's wage pause, and the more awkward theme of planning the nation's economy. The wish for a "planned progressive policy" is ritually formulated by each year's TUC. The difference this year was that the Government actually looks like taking the unions at their word and asking for their collaboration on a planning board.

Mr Harry Douglass, opening the debate for the General Council, said that the aim should not be to say to the Government "I told you so," but to ask it to abandon its traditional Conservative objections to planning. As the steelworkers' leader, he has watched the progress achieved by planned expansion in the Coal and Steel Community, and at times he appeared to be arguing more for British entry into the

common market than for national planning. But he, and Mr Woodcock in his summing up of the debate, came down clearly in favour of collaborating—on terms—with the Chancellor. The progress of the debate was, in fact, a fine example of the General Council's technique of combining various subjects in order to secure a satisfactory majority (in this case a unanimous vote), and thus leave its hands free.

The theme of planning ran thin indeed through the speeches from the floor, which were largely from delegates of civil service unions and mostly concentrated on bitter denunciations of Mr Lloyd. Mr Carron of the engineers, Mr Greene of the railwaymen and Mr Cousins of the transport workers kept largely to this theme—with the interesting gloss from Mr Cousins that he would interpret a vote of the Congress as an assurance that other unions would not leave him out on a limb as they did during the London bus strike of 1958. In view of the real possibility that the first strike against the wages pause may be a strike of Mr Cousins's lorry drivers (see below), this could be an intriguing portent of battles to come. But one other battle, at least, is over. With the exception of a racialist swipe against the training of German troops in Britain, the voting on all Thursday's foreign policy and defence motions was exactly what Mr Gaitskell must have wanted. Mr Cousins's own unilateralist motion was defeated by a massive majority.

It is difficult to sum up the implications of this Congress in any consistent form. Despite all the militancy of the wages debate, the approach of the platform to the theme of planning was sufficiently positive for the Chancellor to take it more as an offer of help than as a threat of boycott—although it is unlikely that those who voted had any idea that their action could be interpreted in this way.

But the great disappointment of the Congress is that the General Council continues to turn a blind eye to all major problems that it does not like. Its assumption that the expulsion of the ETU solves all problems of control of fraud in the unions was one sign of this, its belief that planning can proceed sensibly without limiting wage increases is another; yet another was the absence of any indication that the General Council is doing any new thinking about unofficial strikes. The General Council's report contained a few flabby paragraphs on unofficial strikes, mostly devoted to summing up (and indeed slightly watering down) the conclusions already reached in last year's report. These were adopted by the Congress without a word of comment either from the platform or from the floor. It will be hard to have much confidence in the value of the TUC as an active partner in the Chancellor's planning machinery, as long as it continues to turn its blind eye so deliberately on all the most difficult planning subjects within its own immediate sphere of interest.

NOTES OF THE WEEK

LORRY DRIVERS

The First Strike?

THERE is a strong possibility that the first serious strike in opposition to Mr Lloyd's wage pause may come among the 240,000 lorry drivers and other road haulage workers, most of them organised in Mr Frank Cousins's Transport and General Workers' Union, who are employed by Britain's 30,000-odd private enterprise road haulage concerns. Because so many of these men work for such very small firms, their minimum wages are determined by one of Britain's 60 official Wages Councils. In effect, this usually means that they are decided by the councils' independent member or members. Usually the Minister of Labour automatically approves such awards and makes them obligatory for the whole industry. But since July 25th Mr Hare has refused to confirm two other wages councils' awards.

As it would happen, the chairman and chief independent member of the Road Haulage Wages Council is the almost ubiquitous Mr Guillebaud. On July 16th his council made a provisional recommendation—which it will have to reconsider, and then probably submit to the Minister, on September 21st—for a two-hour cut (to 42 hours) in the lorry drivers' basic working week and a 3 per cent increase in their wages. The usual figures are already being bandied about to suggest that this is a very small increase to very lowly paid workers: it will be said that under it the Grade 1 lorry drivers' wage would be raised only from £9 5s. 6d. a week to £9 11s. These figures are misleading. The "working week" in this industry is necessarily calculated on scheduled time away from the garages, including the considerable number of hours spent in transport cafés. Last April the drivers' average working week, on this basis, was 56 hours, which meant that overtime must have brought such a Grade 1 lorry driver's average scale earnings even outside London to at least £12 15s. a week. The new proposals would increase their average earnings by a full 25s. a week (indeed, by considerably more when Sunday working is involved). They would cost the firms immediately concerned about £15 million a year. And the wages of many of the drivers of Britain's one million "C" licence vehicles (and of the lorries owned by the nationalised British Road Services) would be likely to go up in sympathy.

It is therefore virtually certain that the Minister will have to turn this proposal down, if it is submitted to him. The strike that might then break out would have several intriguing features. First, not all of the 240,000 workers are members of a union, and some of those that are might not obey Mr Cousins's call. Secondly, however, some of the scattered employers themselves might not put up a united front of resistance. Thirdly, there might be interesting psychological and political and national effects if the first strike against the wages pause is associated with two such familiar names as Mr Cousins and Mr Guillebaud.

TEACHERS

Poor Arithmetic

THE extraordinary thing about this week's discussions on teachers' pay is that the Minister seems, in effect, to have offered the teachers more than they would get under the Burnham committee's recommendation; but that the National Union of Teachers is now so embroiled in union politics that it refused to accept it. The arithmetic of this contention is simple, although apparently almost completely neglected. The Burnham agreement, which the NUT eventually said it would accept, aimed at a £47½ million a year increase from January 1st next until March 31st, 1964. Over the 2¼ years of the agreement the teachers would therefore get 2¼ multiplied by £47½ million, which equals approximately £107 million.

The Minister has now offered a £42 million a year increase from next January, but without a terminal date. But it is an open secret that he was really indicating that English teachers should be able to get a new agreement from March 31st, 1963, when the Scottish pay agreement runs out. In the first 1¼ years of any such award, English teachers would therefore get 1¼ multiplied by £42 million, which equals some £52½ million. In the next year they would get £42 million (bringing their total in the period to £94½ million) plus the additional increase negotiated for March, 1963, to March, 1964; if this last addition were more than £12½ million (which would be approximately a 3 per cent rise), the teachers would thus get more throughout the whole period than the £107 million under Burnham. The Government's intention is that by March, 1963, it should be operating a planned wage policy, whereby wages would rise in line with national productivity—it hopes at about an average of 3 per cent a year. But any new teachers' agreement reached in March, 1963, would presumably be for a two or three year term, so—in order to cover the whole rise in productivity expected over this period—the teachers could clearly expect more than 3 per cent.

Because the NUT has refused to see this, the Minister will now introduce legislation to implement his scheme off his own bat. If Sir David Eccles were wise he would divide his immediate £42 million a year in such a way that graduate and experienced teachers would gain more even immediately than they would under Burnham—i.e., he would increase differentials above the Burnham figure by more than he cuts the Burnham recommendation for the basic scale. Unfortunately, however, he seems to have decided merely to accept the Burnham recommendations about differentials, and to pile these on top of a basic scale that will run from £570 a year to £1,170, instead of the £600 to £1,200 that Burnham wanted. The sorts of figures he is probably going to impose were portended in a parliamentary answer on August 4th; they would give the head of a grammar school with 600 pupils £2,580 a year, against £2,260 now.

The NUT has said that it will send lobbyists to Westminster against this legislation, but it seems unlikely that it can now successfully call strikes—at least once the implications of the absence of a terminal date have sunk into its members' heads. The National Association of Schoolmasters may go ahead with its threatened strikes, but it is now in a rather curious position; its main complaint hitherto has been that it is not represented on the Burnham machinery, which the Minister himself has now effectively devalued.

BRAZIL

Noble in Compromise

ALTHOUGH it is possibly more perilous to cross a street in Rio de Janeiro than anywhere in the world, the Brazilians are essentially peaceable, with qualities of sanity and tact that usually enable them to circumvent bloodshed. So it has been this time: the compromise of substituting a parliamentary for a presidential system, accepted by Vice President Goulart and by the leaders of the armed services, and the reluctance of Brazilian soldiers to fight one another, have averted what might in a country of more unswerving principle have been civil war. Sr João Goulart (who, in the irreverent Brazilian manner, is always called by his nickname "Jango") was greeted with full military honours and brave good humour when he flew into Brasilia on Tuesday. His flight had been delayed for a day by a pocket revolt among some air force officers who, taking longer than their fellows to accept the military turnabout, were apparently planning to kidnap the vice-president on his way from the south. Brigadier Grum Moss, the air force commander, has since resigned, and Sr Goulart's safe arrival takes the crisis off the boil.

A cooler, and longer, contest now starts. As this issue of *The Economist* went to press, Sr Goulart and his political leaders were still trying to affect new compromises in the choice of a prime minister and cabinet. The most capable of the candidates for prime minister, and the one, it is thought, whom Sr Goulart backs, is Sr Carvalho Pinto, who took over the governorship of São Paulo from Sr Jânio Quadros and was tipped to succeed him as president. If anybody can salvage the reforms that Sr Quadros started, it is probably Carvalho Pinto. But the mediators in Brasilia may decide that the first prime minister under the new system should be a politician who is adept at pleasing all, rather than an administrator who has shown himself handy with an axe.



Untested Jango

Moreover, if Sr Quadros, elected with the largest majority in Brazil's history and blessed with more executive power, on paper, than the President of the United States, felt himself unbearably frustrated after seven months, the outlook for a bold programme of social reform is dim indeed. Sr Goulart is regarded in advance with deep suspicion by the very people whose interests might suffer. Certainly he does not intend to be a mere figurehead, but under the new constitution he will have to work through an executive that is bound to be divided and will probably be sluggishly inclined to leave bad alone. But Sr Goulart's qualities as a national leader, rather than a special kind of labour boss, are untested; other vice-presidents, when unexpectedly elevated, have sprung surprises.

AFGHANISTAN

Unnecessary Break

AFGHANISTAN'S decision to break off diplomatic relations with Pakistan must be regarded as a belated backwash of the border fighting between the two countries in May. A break at that time, in the heat and drama of the moment, would have been more understandable than now. The present dispute between the two neighbours is relatively mild. The Pakistanis closed two of their consulates in Afghanistan last month, after complaining that their staffs were being harassed, and asked for Afghan consulates in Pakistan to be closed down as well. The Afghans, on their side, complained that their consular staffs were being shadowed and harried, and have now made the diplomatic break.

These developments are merely symptoms of a long-standing strain arising out of Afghanistan's recurring claim for a state of "Pashtunistan," to be carved largely out of Pakistani territory. The advantage of "Pashtunistan," if it ever happened, would be that it would give land-locked Afghanistan an outlet to the sea. It has, however, been a lost cause ever since it became clear that Pakistan was likely to endure as a nation state. The underlying tension has acquired cold-war overtones through Pakistan's alliance with the United States; Afghanistan, which styles itself neutralist, is a theatre of competitive assistance from Russia and America. It is to be hoped that the present break will not last as long as the previous one, in 1955, which went on for two years and caused Afghanistan serious trade difficulties.

LABOUR CONFERENCE

Blackpool Unlit?

LABOUR'S diamond jubilee conference from October 2nd to 6th at proletarian Blackpool—where appropriately the lights shine more brightly than at aristocratic Scarborough—is likely to be a comparatively sober affair. The Empress Ballroom cannot hope to produce the dramatic highlights of last year's Scarborough Spa, which is a sad thing for the journalists but a good one for the party and the country.

The final agenda for the conference, published last weekend, again has over one hundred resolutions on foreign policy and defence; but, since Mr Gaitskell and the platform have an assured majority against unilateralism, heat and controversy are likely to centre on the Berlin crisis. No doubt some wild anti-Nato things will be said from the floor, but Mr Gaitskell should have no real reason to be ruffled. The extreme left has lost most of its points of foreign policy pressure at once now that the unions have turned Gaitskellite, Mr Khrushchev has dismayed the nuclear disarmers, and even Pembroke has welcomed the Panzers (although, as the TUC showed this week, German troop training is one subject where the conference may vote cussedly; just conceivably, Polaris bases could be another). Oddly, one other minor flashpoint in foreign affairs for Mr Gaitskell may be the one point on which he thought he had played safe: his lack of policy on the common market will be attacked from both sides.

On home affairs, Mr Gaitskell can regard the agenda with equanimity. Most of the time will be taken up with attacking the Chancellor, the "inhuman" Mr Powell and land speculators. Nationalisation shopping lists are fewer this year—only 12 motions demand them—and there are even three mildly revisionist unofficial resolutions about the concept of public ownership. Abolition of the House of Lords is back in favour, with nine motions in support. A nasty straw in the wind is provided by two resolutions calling for restrictions on immigration.

In the elections for the constituency section of the national executive, some hopes have been expressed that Mr Mikardo might lose his place to Mr Healey, Mr Mellish or Mr Mayhew ; but this would require a large turnover of votes from last year, and be a major Gaitskellite triumph. In the women's section of the executive the Gaitskellite Miss Herbison may well come back to displace the moderately leftish Mrs Jeger. The conference is also to be told that the central funds of the Labour party are badly in the red, and the constituencies are to be asked to transfer more money to Transport House but without raising individual membership fees. This looks like a pretty fiddling and ineffective expedient by a party headquarters that urgently needs business-like reform.

LIBERAL CONFERENCE

Edinburgh Unrocked?

THE final agenda for the Liberal party conference, at Edinburgh from September 20th to 23rd, has also been published this week. This agenda is tightly controlled by a central agenda committee, sometimes with greater efficiency than tact. For example, it seems a little too much to list the executive nominees for vice-presidents straightforwardly, and then to prefix Birkenhead's nomination of Mr Graham White (one of the old guard) with the supercilious " The following nomination has also been received." The committee has obviously been at great pains to avoid the label " wishy-washy " becoming attached to its resolutions, but has fallen into the opposite error of making them far too detailed. Thirty-eight lines on the common market is perhaps excusable in present circumstances, but 48 on a five-year plan for industry and 52 on education are far too many, and only muffle the resolutions' effect.

This said, the final agenda promises an interesting conference. First place is given to a call for tax reform, in a motion which includes all the usual ragbag of Liberal ideas ; an interesting amendment from the floor demands a graduated turnover tax with incentives for exports. More revolutionary is the resolution recommending a five-year economic plan aimed at achieving a rate of growth of 5 per cent per year ; here an outraged delegate from Mitcham has tabled the deletion of the obnoxious word " plan " and substituted the anodyne " social objectives." Some controversy is likely over the motion on British agriculture and the common market, which may not dispose of the old struggle between cheap food and agricultural support as decorously as had been hoped. An interesting sign of Liberal revolt is that an amendment from Miss Manuela Sykes, the fire-breathing candidate for Ipswich, demands guarantees for Commonwealth and other producers before Britain enters the market. Mr Moore, another flashing Liberal light, has also tabled an amendment to say that the common market should be developed into a wider free trade area. The usual Liberal demand for a Scottish parliament is given greater prominence this year, as a courtly party gesture towards their hosts.

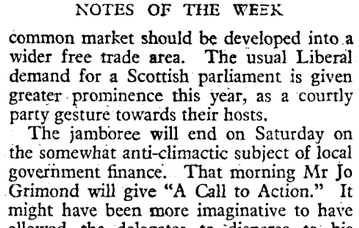
The jamboree will end on Saturday on the somewhat anti-climactic subject of local government finance. That morning Mr Jo Grimond will give "A Call to Action." It might have been more imaginative to have allowed the delegates to disperse to his clarion, rather than let them drift away into the local twilight.

CONGO

Katanga and After

ONE of the marginal attractions of the Belgrade conference this week was the late arrival of the premier and deputy premier of the Congo, after travelling from Leopoldville in apparent harmony in the same aircraft. Mr Gizenga had gone to Leopoldville to make the journey, and since he was able to show himself there without being arrested, as he had apparently feared, it may now be hoped that he will take up his post of deputy premier in Mr Adoula's new central government.

To that extent, Congolese unity now seems nearer than at any time since the army mutiny brought chaos shortly after independence. But Katanga remains the outsider, and it is still by no means certain that the United Nations takeover of the Congo's richest province has hastened the



At Belgrade : Tito, Adoula, Gizenga

day of its peaceful integration into the Congolese republic. True, Dr Conor O'Brien, who heads the UN mission in Elizabethville, has carried out a text-book *coup d'état* in the province, seizing strategic points and arresting Mr Tshombe's European officers. But there is a significant difference between the usual *coup d'état* and one carried out, as this one was, by Swedish and Indian troops far from their own countries on behalf of a world organisation. A Qasim or a Nasser, if successful, is there to stay; Dr O'Brien and the UN, in any long-term sense, are not. Now that Dr O'Brien has denounced Mr Tshombe's minister of the interior for alleged atrocities and severed relations with the provincial government, the mission he heads is under a strong obligation to find a Katangan premier who will not be overthrown the minute the UN's backs are turned.

Much, on the other hand, will depend on what Mr Adoula and Mr Gizenga do after they are back. The legality of the Adoula government is beyond doubt. But it rests, as do all the UN resolutions on the Congo, on the basis of the Belgian-drafted constitution for a unitary state, whereas a federation would accord better with Congolese realities. If Katanga is ever to pull its weight in the Congo, the central government will probably have to move in a federal direction.

KUWAIT

Grasping the Nettle

WHILST awaiting its Arab League bodyguard, Kuwait is making its own efforts to be less politically vulnerable. Its 67-year-old ruler has declared for a constitution—and in no mealy-mouthed way. By a decree of August 26th he has promised this constitution " on democratic foundations," and elections on November 1st for a constituent assembly. Meanwhile a committee has been formed to join with the supreme council (the present governing body composed wholly of the ruler's relations) to draw up an electoral law.

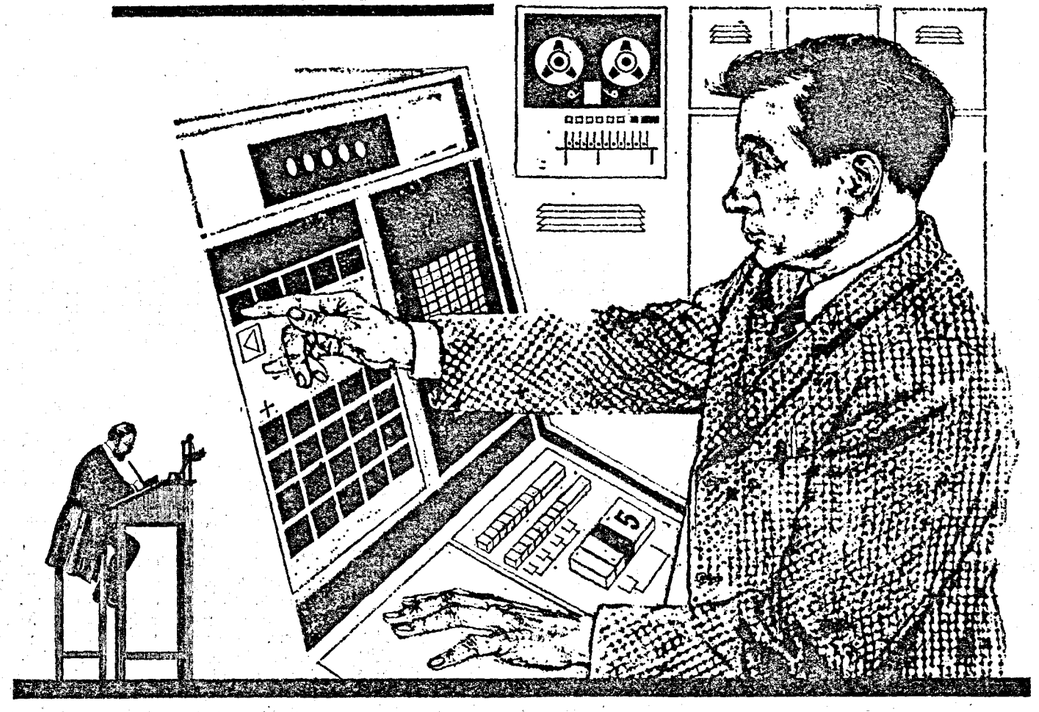
These are large ideas to fit into a small canvas. Of Kuwait's 320,000 people only 120,000 are Kuwaitis (and 46,000 of these are children). The large foreign population can probably not claim to vote. Nor is it easy to know what political stuff the average Kuwaiti is made of. The sheikhs' monopoly of government has hitherto been possible only because bright young Kuwaitis are so rapidly absorbed into joyful money-making that they have not had the incentive to push opposition far. There is, all the same, a cleavage between the stately pre-oil age men and the live-wire beneficiaries of the ruler's liberal educational policies. All boys who pass their secondary school examinations are enabled to go on to further free education in Cairo, Damascus, Beirut, Britain or the United States. They return as cosmopolitans, charmed still, of course, to be Kuwaitis, but a little pained by things in their country that seem to be out of date. No doubt when candidates are chosen for election grey hairs will still be preferred to bachelors' degrees. Nevertheless Kuwait does seem to be cautiously approaching some form of more widely based government. It may thus set a local example. Bahrainis are watching with lively interest.

IRAQ

Teach Yourself Oil

CONFRONTED by General Qasim's belief that oil questions are simple, the Iraq Petroleum Company has interrupted the resumed talks in Baghdad in order to build up a detailed case for presentation to the Iraqis on how not to do-it-yourself in the integrated oil industry. The heavyweight team representing IPC and its shareholder companies, led by Mr Harold Fisher of Standard Oil of New Jersey, formally conceded a number of the points that had been unwisely allowed to bring negotiations to an

in a changing world



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abrupt halt last April and had been accepted since. In particular the company had agreed to relinquish three-quarters of its unexploited concessions straight away, and another 15 per cent later on—immediately translated by General Qasim as the relinquishing of 90 per cent. But after four meetings, the clash over General Qasim's request for a fifth share in the capital of the operating company has sent the team home —not for consultation, but in order to have three weeks to get out the documents and statistics which, it is hoped, may impress the Iraqis with the difficulties and complications of buying their way into a 40-year-old complex operation owned by a consortium of major oil companies.

General Qasim agreed in a friendly way to the interruption, but the threat in his comment, published in *Ath-Thawrah* on Monday, that further procrastination might lead to " appropriate legislation " shows that he is not in the mood for what he may consider obfuscation, even if this is in the form of a helpful lesson about oil economics. The oil companies believe that they are on strong ground, legal and economic, in refuting the Iraqi claim for participation ; and they are not persuaded that the claim has any moral or other basis. Nor are they prepared, at this stage, to allow that it would be expedient either for themselves, as a form of insurance, or for Iraq as a way of getting more cash. It would mean, they argue, that the group would have less money to reinvest in Iraqi oil development and that the shareholding companies might be tempted to turn to more profitable fields elsewhere.

General Qasim urgently needs money to keep his defence forces going. He also, particularly after the ham-handed business of his claim to Kuwait, plainly feels the need for a resounding diplomatic victory. His demand for participation was given body by the Kuwaiti government's 20 per cent share in its new deal for developing offshore oil with Shell ; the Iraqis are naturally less convinced than the oil companies that their circumstances are altogether different. The fact that the two cases are in fact utterly dissimilar will not count for much in Baghdad's argument. Possibly an escape from the wearisome prospect of attrition might be found in some new deal involving a joint venture of some kind, perhaps in the territories that are to be relinquished by IPC. But, at the moment, it looks as if the government and the companies, with what should be overwhelming interests in common, will meet again later *this month* without reaching any meeting of minds. The oil companies are anxious not to dig in, but miserably uncertain about the possibilities of negotiation.

RUBBER TRENDS

Quarterly bulletin for producers, manufacturers and dealers
September issue. Special reports

ANALYSIS OF NATURAL RUBBER SUPPLIES BY TYPE

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WEST MIDLANDS

Help for Birmingham

MR BROOKE has proposed some new measures, including large development schemes at Worcester, Redditch, and Daventry, to cope with the urgent housing problems of Birmingham. At present Birmingham is clearing about 1,000 slums a year, but 3,000 or more dwellings each year become obsolescent. The rate of clearance of people out of the city needs to be speeded up, but *sufficient sites have* not been found to rehouse them even at the present rate. Two years ago Birmingham tried to start a large satellite estate at Wythall, but was beaten back by the claims of the green belt. Now it is to be allowed a much smaller Wythall scheme (600 acres instead of the original 2,400), presumably to give it a breathing space while the schemes for longer-distance dispersal mature.

The minister's new plan is certainly an improvement upon the negative tactics which went before it, but it cannot be called the best possible one. The town development schemes will depend upon effective co-operation between the local authorities, but the sites seem to have been picked almost exclusively with this point in mind. Worcester is keen to expand in order to retain its status as a county borough, which is threatened because it now has too few people ; since the site is a good one the motive need not matter. Redditch also seems to be keen ; but it cannot be logical, after rejecting Wythall because development there would impinge on the green belt, to develop a town of 50,000 people only a few miles further out.

The basic fact is that Birmingham has two separate problems which often get confused. There is, first, the general upsurge of employment and population in the West Midland conurbation, which can best be relieved by a new town (such as the possible one at Dawley which is now being investigated) and by the expansion of such places as Worcester. These schemes ought to include a lot of private enterprise housing and should not need heavy subsidies. There is, second, the special problem of rehousing slum dwellers, most of whom are closely tied to jobs in Birmingham. It would be senseless to send these people to Redditch rather than Wythall. In short, Mr Brooke is now on the right lines, but he has let local politics sway his priorities. There is everything to be said for development at Dawley (which the Minister did not mention) and Worcester ; nothing to be said for Redditch ; and something larger, at Wythall or elsewhere, is needed to cope with Birmingham's immediate housing needs.

NORTH AFRICA

A Stitch Too Late

GENERAL DE GAULLE'S revision of his attitude to the Algerian claims to the Sahara might conveniently have come a little earlier. In his press conference on Tuesday, he stated firmly that France had no interest in the Sahara except that of " free exploitation of the oil and gas which we have discovered or will discover," that no Algerian government could be expected to relinquish its country's claims on the area, and that the Sahara's few inhabitants (" the Sahara, you see, is a desert ") would probably choose to join an independent Algeria. All this is realistic ; it would have been just as realistic if it had been said in July, in time to prevent the breakdown of the Franco-Algerian peace talks and possibly the replacement of the Ferhat Abbas government by a new team of uncompromising militants.

Other elements in General de Gaulle's address were even less encouraging. His remarks about renewed talks with the FLN, and the stress he laid on such ideas as a regrouping of the Algerian population (the partition of Algeria, in fact), suggest that he has despaired of agreement with the nationalists and is preparing to jettison Moslem Algeria as he cast off Guinea. Even if talks do begin again, they are likely to come to grief over the topic of French military bases, particularly that at Mers-el-Kebir. General de Gaulle did not mention it, but he is even less prepared to give Mers-el-Kebir up to the nationalists than he is to surrender Bizerta to the Tunisians ; and the rebels (to judge by a forthright speech by Mr ben Khedda at the neutrals' conference in Belgrade on Monday) are in no mood to allow the French any sort of military enclave in Algeria after independence.

As to Bizerta, General de Gaulle was totally unforthcoming. He repeated his somewhat unconvincing assertions that the base was necessary to western defence and necessarily a French responsibility ; and he showed plainly that he has no idea of the harm he did to France's reputation by the bloody retaliation in July and the French boycott of the General Assembly debate in August.

NEUTRALS

All Africans Together

NOT a dish of herbs but a breakfast of beans and honey gave the flavour to a *tête-à-tête* between President Nasser and Bourguiba in Belgrade on September 1st. This, their first meeting after three years' estrangement, was marked by its simple friendliness, according to the Tunisian weekly *Afrique Action*. Both wanted bygones to be bygones and to work together in future, each promising to write personally to the other should anything seem amiss.

The " non-block " conference in Belgrade has afforded some fine opportunities for heads of state to sort out their affairs. This reconciliation between Cairo and Tunis has only just made a beginning. Between breakfast cup and lip there could still be a slip. The acceptance by President Nasser of an invitation to Tunisia does, however, fill the emotional vacuum the Tunisians have felt since France, as they see it, betrayed them at Bizerta. This is African turning to African as much as Arab to Arab. As Europe ferments its own crises, Africa turns in on itself.

President Sekou Touré's absence from Belgrade does not point to any rift in the lute of the " Casablanca " group of African nations. It appears that he was detained at home by the threat of a crisis over the closing of the Christian missions in Guinea —the result of their director's refusal to allow Christian schools to be integrated into the state school system. Banished and in exile in Dakar, the director, Mgr Melleville, was suspected of trying to get France and Portugal to intervene on his behalf ; hence President Touré's desire to stay at home.

ITALY

A Crisis Postponed

SIGNOR FANFANI'S summer holiday has so far been distinctly unquiet. Not only has he been involved by Mr Khrushchev in the east-west debate—he received a second message from Moscow a week ago—but he has also had on his mind a polite but possibly sinister threat to the stability of his own government.

The threat came from Signor Saragat, whose Social Democrat party helps to give the Christian Democrat government an adequate parliamentary majority. In an article in his party paper on August 22nd, Signor Saragat suggested that the time had come to enlarge the government's majority in a leftward direction ; he said that if the Christian Democrats did not accept the support (not the mere negative abstention) of the Nenni Socialists, his own party would " inevitably " go over to the opposition.

In the convolutions of Italian politics, complicated just now by the repercussions of Italy's involvement in the east-west crisis, Signor Saragat's motives cannot be easily perceived. But he appears to have his eye on the presidential elections next spring, and to be anxious to ensure that President Gronchi's successor owes his position to a broadly-based centre-left majority, and is not, like Signor Milazzo (at present the King Charles's head of Signor Saragat's political writing) in Sicily some two years ago, dependent on the support of the Communists and the extreme Right. Signor Nenni, it seems, would be willing to play his allotted role, provided the government " broke with the Right." The difficulty would lie in getting the right-centre of the Christian Democrats to accept the support of Signor Nenni, whom they distrust and whose ideas they deplore.

Since in July the Socialists abandoned their policy of negatively supporting Signor Fanfani through abstention, Signor Saragat is in more of a key position. Clearly he could cause a serious crisis in the Christian Democrat party. Moreover, the surprising news from Palermo, where the Christian Democrats and the Socialists are about to form a joint regional administration, would seem to strengthen his hand. Signor Saragat seems, however, content to let his crisis ripen slowly. He indicated this week his willingness to wait until the Christian Democrats have decided their attitude to a leftward move at their congress in December. Signor Fanfani's future as prime minister is cloudy ; but, then, it usually is.

NORWAY

Campaign without Heat

NORWAY'S general election on Monday promises to be a quiet affair. The Labour party has been in power for 25 years, and nobody expects it to be unseated. In the 1957 election the party obtained 48.3 per cent of the vote. The opposition is splintered into conservatives, liberals, agrarians, and the Christian People's party. These groups have occasionally sought an accommodation of views to unseat labour, but no firm coalition has resulted yet.

In an affluent welfare society, where there are no illusions about the nation's diminutive power in world politics, passions are not high at election times. Over the years the Labour party has prudently moved to the centre ; it is commonly called " the Royal Norwegian Labour party " by friends and foes alike. The government can claim an impressive growth rate for the economy, ranging in recent years between 4 and 6 per cent a year. It is affluence, not austerity, that provides the Right with the few electoral issues in a quiet campaign. More latitude for private investment, and less taxation, are the chief domestic demands. Liberals and agrarians seek greater freedom from government directed policies in agriculture and fisheries.

The lack of heat about foreign policy points not only to the Norwegians' realistic view of their place in the sun, but also to the degree to which the foreign minister, Mr Halvard Lange, has made Norway's foreign relations his personal domain since he took office in 1946. Some may object to this ; none can challenge it.

The opponents of Norway's Nato commitment can find a home for their views in the recently founded Socialist People's party, which embraces pacificism among other things. Its performance is likely to be miniscule. The one communist member of the Storting draws his electoral support from disgruntled forestry workers in the Hedmark region ; his happy situation is not repeated elsewhere.

Where the common market has appeared as an electoral issue, commercial interests on the Right have chidden the government for its tip-toe approach and have stressed the need for a much bigger market than Norway now enjoys. But with a white paper almost in the press (carefully designed to appear after the election), the government is clearly anxious not to alienate any floating voters. Agrarians and liberals (18 per cent of the vote in 1957) still maintain doubts about the degree of protection they will or will not receive in the common market. The prime minister, Mr Gerhardsen, recently stated that the idea of a wider market was in line with the ideas of the Labour movement : there is little doubt which way Norway will move when the Storting reassembles.

The Economist

SEPTEMBER 7, 1861

VAPOUR BATHS

THE TURKISH BATH ; with a View to its Introduction into the British Dominions.

By DAVID URQUHART.

Mr Urquhart is a fanatic for the bath. He comes down upon the Western nations with as impetuous a charge as ever did the Mussulman of old. If we will not yield an unconditional surrender, he condemns us without reprieve to a state of hopeless uncleanliness: there shall not be water enough in the wide world to make us clean. He will have the vapour bath,—the Turkish bath,—or nothing. Without this it is in vain that we seek to wash and be clean. Cold fresh water is useless,—salt water " horrid " and " impure " ; sea-bathing a thing to be simply shuddered at ; soap little better than a pernicious invention ; the old familiar tub of our childhood, so dear to the Japanese—who, at any rate, if he does " dabble in dirty water," fulfils one of Mr Urquhart's desiderata in the sociability of his ablutions—is consigned to the limbo of the past as a mockery and a snare,—a mere pharasaic pretence at purification. . . . Mr Urquhart pathetically says that in returning from Turkey he felt as if passing from a refined to a rude condition of society. We humbly allow the truth of his accusations. We confess that we have never had a contortion given to the small of the back, —a *jerk* to our neck by the hands holding the temples,—nor even our heel bitten at the conclusion of the ceremony. . . . We are almost persuaded to shut our eyes to facts, and to believe that Eastern nations are the representatives of the purity of *Eden* ; that they have *no* skin diseases, *no loathsome leprosies*. . . . But it becomes a little too much for even our humbled state of mind to have the taunts of a German cast in our teeth ; to be told by one whose customary ewer is a cream jug, his basin a slop bowl, his towels pocket handkerchiefs, his soap *nil*, that the " dull English " are the worst washed of all nations. Mr Urquhart should beware how he tries us too far.

POLICE

Not a Happy Lot

LAST week another Detective Chief Superintendent—the third in two years—resigned from Scotland Yard, in order to head the security force of a bank. Some newspapers have therefore complained that the cream of the Big Five is being disastrously skimmed off by offers of money much greater than the police are willing to pay. This is almost certainly a wrong emphasis. In the first place, the so-called Big Five are not noticeably bigger than their 25 or so co-rankers in the Metropolitan Police who happen not to be, as the Big Five are, detectives as well as Chief Superintendents; and there are some 30 superior posts into which even these exalted officers could be promoted—if they stayed on long enough.

Secondly, all of the three distinguished officers concerned had in fact stayed on some time beyond their normal retirement age, the latest of them ten years beyond it. When they joined the Metropolitan Police, the period of service laid down was 25 years (it has since been increased to 30). All three



Scotland Yard: little room at the top

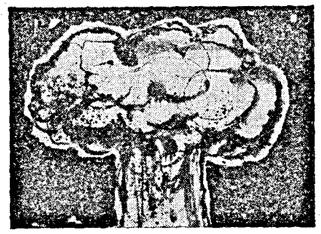
of them served eventually for more than 30 years, partly because they felt too young to retire (at about 50), partly because their pensions are calculated on the last three years of their salary and it was to their financial advantage to stay on—particularly now that increased rates of pay are in force (Chief Superintendents get £2,445 a year). Naturally, an offer from a bank removes the preoccupation with the extra few pounds to be obtained as pension by staying on another two or three years.

On the whole, this turnover at the top is to be welcomed. What is much more disturbing is the continued drain away of young men at the bottom. In the first six months of 1961, despite the recent sharp increase in police pay, another 524 probationer constables and young constables with less than seven years' service resigned from the police forces of England and Wales. It is possible that one of the barriers in London is the feeling that able young men cannot win promotion sufficiently quickly. Since the abandonment of the Police College in its old form and the consequent necessity for everybody to begin as a constable on the beat, able young men have had to work through eight intermediate grades to reach the position of Assistant or Deputy Commissioner.

When the pyramid of responsibility in any public service is as formalised as this, there may be too much of a tendency for promotion to be by conveyor belt—by age and seniority as much as by ability. There is a feeling that brilliant young men are not likely to be wafted sufficiently often into the Commissioner's chair over the heads of their less gifted superiors.

FALL-OUT

Carry on Breathing



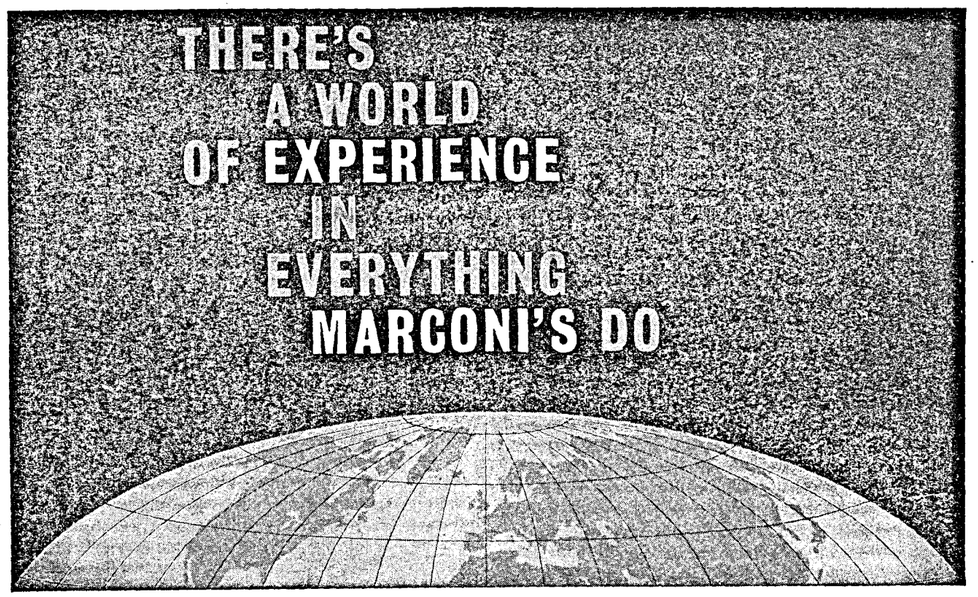
THE Russian and now the American decisions to resume nuclear tests seem to present a more immediate threat to the tranquillity of the world than to its physical health—despite the unanimity of Mr Kennedy, Mr Khrushchev and Mr Macmillan in worrying about pollution of the air. The attitude of responsible scientists towards fall-out has modified considerably since tests were suspended three years ago. During this time it has been found that the radioactive debris thrown up by a test explosion comes down through the atmosphere and is washed into the ground all in a matter of months. It does not, apparently, stay in the stratosphere for as long as the decade that scientists had originally predicted. It follows that earlier calculations about the size of the radioactive reservoir in the stratosphere were greatly exaggerated.

While the scientists have discovered that past tests created less fall-out than they feared, medical views about the danger it presents to health have also undergone a change—though no one would claim that the facts here are either so simple or so easy to establish. Radiation in large doses can kill as surely as a bullet in the heart; but doctors have not known the precise medical effect that small doses might have, especially if sustained over long periods. This is precisely the danger posed by fall-out. The trouble is that the small proportion of strontium 90 contained in the debris (other radioactive forms of strontium and other elements can be ignored, with the possible exception of carbon 14) is likely to be absorbed into bones, mainly into children's bones, and remain active there for the greater part of human life. Would these small doses have a cumulative effect? In the long run, could they be as dangerous as the same amount of radiation received in a sudden massive dose? Was there a level of radiation below which any dose could safely be ignored, just as the body apparently ignores the continuous background radiation it receives all its life from the mildly radioactive planet on which we live?

These questions have taken a long time to answer, since small doses of radiation are exceedingly difficult to measure and their effects even harder to establish. So it was prudent to expect the worst and work on the assumption that any additional radiation would be dangerous, however small the dose. It is still the proper medical view that any increase in radioactivity is objectionable, like any increase in air pollution. But, as research proceeds, there is more evidence to show that the body does shrug off small doses of radiation below a certain "threshold." These conclusions are still tentative, but they have gained sufficiently wide acceptance to be endorsed by the Medical Research Council in its second detailed investigation into radioactive hazards published last Christmas.

Everything depends on how many test explosions are carried out and on the size of the weapons exploded. If tests went on for another century at the pre-1958 rate, then the evidence now available suggests that the difference to the general level of radiation might be no greater than the variations in background radiation that can be observed today in different parts of the country. If the United States and Russia are currently concentrating on the testing of small nuclear weapons for use on the battlefield (and with the American tests under ground) it could be argued—and scientists doubtless have argued—that there is no risk in these tests either to this or any future generation. But if and when Mr Khrushchev tests his blockbusters, it may be necessary to revise these views.

Correction. The reduction in the duties on imports of coffee, cocoa and bananas into the European Economic Community, referred to on page 782 of *The Economist* of August 26th, has been proposed by the European Commission to the Council of Ministers, but no decision has yet been taken by the Council. A decision is, in fact, unlikely until some time after the ministerial meeting with the associated African states later this year.



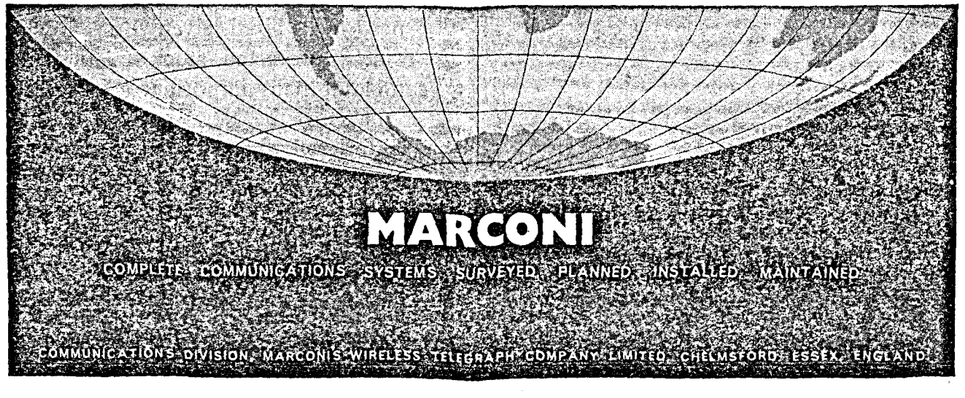
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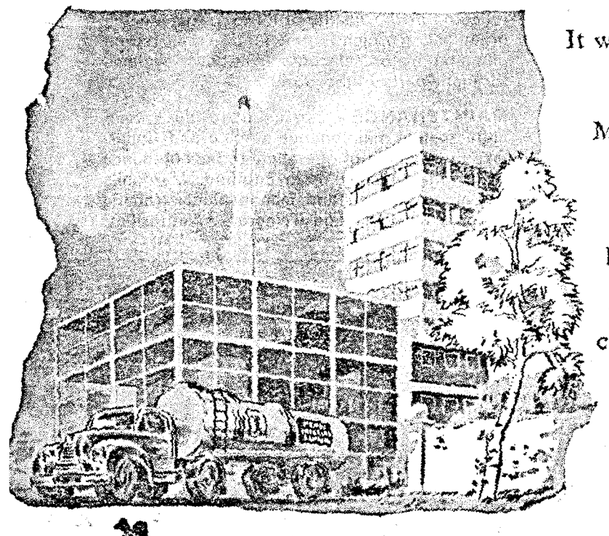
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ECONOMICS OF THE PRESS

1947 *"with the object of furthering the free expression of opinion through the Press and the greatest practicable accuracy in the presentation of news, to inquire into the control, management and ownership of the newspaper and periodical Press and the news agencies, including the financial structure and the monopolistic tendencies in control, and to make recommendations thereon."*

1961 *"to consider whether these economic and financial factors tend to diminish diversity of ownership and control or the number or variety of such publications, having regard to the importance, in the public interest, of the accurate presentation of news and the free expression of opinion."*

—Terms of Reference, Royal Commissions on the Press

BRITAIN'S first Royal Commission on the Press concerned itself primarily with the quality of our newspapers; the second is concerning itself primarily with the quantity of them. This is not because its terms of reference differ hugely. Nor is it because the quality of newspapers has obviously and indisputably improved. It is true that what are generally called "the quality papers"—i.e. the ones that cost more, plus or minus the *Daily Telegraph*—have significantly increased their share of total circulation since the first commission reported in 1949, but so have the mass-circulation dailies and Sunday papers: it is the ones in between that have suffered. It is because processes of attrition that had been partly arrested during 15 years of war and postwar controls have since eaten away one national daily and four Sunday newspapers—all papers in between the quality and the mass, bequeathing some of their circulation above and below. One unconventional new daily paper and one conventional new Sunday paper have come into being; but the futures of three of the remaining national dailies are none too certain. The net loss of titles in the national press is significant, the disappearance of provincial newspapers is more severe still; and though new magazines come into being almost as fast as others die, a whole category of general interest text magazines has nearly gone, and a pyramid of mergers has finally engrossed a very large collection of Britain's largest-selling magazines under one ownership. The Press Commission of 1947-49 made no bones about the fact that it was examining the business of newspapers at an abnormal time. No commission appointed today, with even the precise terms of reference set in 1947, could avoid concerning itself now more than then with "the financial structure and the monopolistic tendencies in control."

The press is a business, and a fairly **big one**; today, in parts at least, a declining one. Its commercial fortunes depend on two markets—people buying newspapers and magazines, and advertisers buying space in them to seek those people's attention—and upon its own production costs. During the war, the British people bought far more newspapers; advertisers had not the space or money to cry wares they could not supply; prices of materials and labour rose sharply but newspapers held costs by giving readers less for their money. Since about 1950, by contrast, sales of newspapers have fallen significantly; advertising expenditure has been expanding rapidly; and in offering bigger papers both to hold readers and to

CIRCULATION OF THE DAILIES

(Average daily circulation; thousands)

	1937	1950	1954	1959	1960 1st Half	1960 2nd Half	1961 1st Half
Mirror	1,328	4,593	4,709	4,521	4,565	4,649	4,593
Express	2,330	4,169	4,083	4,092	4,143	4,270	4,313
Mass dailies	3,658	8,762	8,792	8,613	8,708	8,919	8,906
Herald	2,033	2,083	1,812	1,466	1,407	1,418	1,419
Mail	1,580	2,270	2,116	2,078	2,066	2,825*	2,687
News Chronicle	1,324	1,547	1,310	1,207	1,162		
Sketch	684	786	854	1,154	1,117	1,075	1,000
Telegraph	559	979	1,040	1,155	1,177	1,206	1,251
Medium dailies	6,180	7,665	7,132	7,060	6,929	6,524	6,357
The Times	191	246	220	255	263	260	260
Guardian	48	138	146	187	199	212	235
Financial Times	30	57	68	103	122	123	131
"Quality" press plus *Telegraph*	269 828	441 1,420	434 1,474	545 1,700	584 1,761	595 1,801	626 1,877
Total dailies	10,107	16,868	16,358	16,218	16,221	16,038	15,889

* Combined circulation after absorbed *Chronicle*, fro 18.10.60.

CIRCULATION OF THE SUNDAYS

(Average Sunday circulation; thousands)

	1937	1950	1954	1959	1960 1st Half	1960 2nd Half	1961 1st Half
News of the World	3,850	8,442	8,104	6,494	6,455	6,664	6,734
Pictorial	1,345	5,130	5,495	5,329	5,275	5,461	5,335
People	1,406	5,136	5,142	5,136	5,323	5,468	5,442
Mass Sundays	6,601	18,708	18,741	16,959	17,053	17,593	17,511
Express	1,338	3,205	3,263	3,485	3,566	3,706	3,767
*Empire News and Chronicle**	...	...	2,770	2,096	2,084	...	...
Dispatch	741	2,488	2,660	1,557	1,485	1,520	...
Graphic	651	1,154	1,205	882	883	...	...
Reynolds News	426	705	615	328	328	329	326
Telegraph	...	...	...	...	...	...	716†
Medium Sundays*	(3,156)	(7,552)	10,513	8,348	8,346	5,555	4,809
Observer	208	429	539	669	704	738	728
Times	270	535	600	890	943	1,001	1,023
Quality Sundays plus *Telegraph*	478 ...	964 ...	1,139 ...	1,559 ...	1,647 ...	1,739 ...	1,751 2,467
Total Sundays*	(10,235)	(27,224)	30,393	26,866	27,046	24,887	24,071

* Not shown before merged in 1954; hence totals in brackets not comparable with later years. † February—June.

accommodate more advertisements, the press has felt the full cost of giving the reader (nearly) as much in a newspaper as it did before the war. But bigger papers gave the mass-circulation dailies the room to accommodate more nearly the full proportion of mass consumer advertising to which their success entitled them. Thus they clawed back much of the excess of advertisements that in the early postwar years of newsprint rationing had overspilt into the "less popular populars" and some provincial newspapers. Women's magazines, rising in circulation and flamboyance, gained an increasing share of that consumer advertising, too. Finally, came commercial television; and the weaker press could not compete with all three.

This shakeout has not stilled the competition. Today it is becoming sharpest among the mass media—for advertising rather than for circulation, which today for such papers is not marginally profitable in itself. Commercial television is difficult to counter with sheer numbers; rightly or wrongly, many advertisers and some advertising agencies are convinced that its "pulling power" upon any given audience is stronger than the selling message in print. Mass-circulation newspapers, against television, now find it difficult to maintain quite the proportion of mass consumer advertising that they gained in the late fifties. The quality press lives primarily on advertising of kinds that television cannot as yet capture, and perhaps never will. But all newspapers, against this powerful competitor, may be forced towards full-colour sections and advertisements, whether they like the idea or not.

COULD a medium-circulation newspaper, selling say a million copies a day or two million on Sundays, survive in the powerful field? Could a full-scale newspaper be started now and win the circulation and advertising revenue needed to offer a reasonable return on "the cost of entry"? Neither question admits of an absolute answer; but the chances are not high for anyone hoping to enter the popular field. Among the quality press, the chances of both might be better. But there may be limits to the expansion of these papers' total readership—if they are to retain those desirable proportions of the well-to-do that command their relatively high advertisement rates and thus allow them to break even at much lower levels of circulation. Quality newspapers need to grow as the kinds of people who read them grow in numbers—not go out to capture readers who "naturally" would not read them.

It is perhaps not special pleading for a small newspaper to consider this an unhealthy situation; appointment of the fresh Royal Commission demonstrates the public concern. *In posse* if not always *in esse*, the right to inform the public of the facts of the day and to express opinions about them is one of the safeguards of freedom: and a society in which this right becomes increasingly circumscribed for economic reasons forfeits one of the distinctions that set it apart from societies where the same right is curtailed by political power. The very sharp rise in the break-even point of circulation for newspapers in Britain since before the war has social as well as economic consequences. Is there some practical, non-discriminatory interference with economic processes that one could prescribe to roll the break-even point back, and float medium circulation off again into viability?

The Royal Commission may yet find or devise one. But most of the expedients that have so far been publicly advocated fail on one count or the other. If practicable, they are not non-discriminatory; or *vice versa*. Most of them, in one way or another, would aim at reducing the dependence of newspapers upon advertising revenue that is geared to high circulation, and hence the total dependence upon higher circulation: forcing papers either to put up their prices or cut their costs or both. One idea proposed has been a tax upon advertising revenue (such as was imposed, unilaterally, upon the newspapers' main competitor in this year's budget); even possibly a progressive tax. Another such proposal would have a limit set upon the proportion of advertising space allowed in any newspaper. Either, certainly, would devalue increases in circulation and additional pages.

One major difficulty is that the importance of advertising to different newspapers varies sharply; it is, for example, probably larger for the *Daily Express* than the *Daily Mirror*, much larger for most quality papers than for either, and yet larger again for many specialised and technical magazines. The incidence of such a tax would be arbitrary and unpredictable—particularly as circulation already displays some elasticity to price for journals of all kinds. Another possible difficulty is that if newspapers passed the tax on to advertisers this might simply make "space" a generally more expensive commodity, and hence concentrate advertising even more where it pays best; and this might be still in the mass-circulation papers or perhaps outside the press on television. Some variants of this idea propose that the revenue drawn from such a tax should then be distributed among such newspapers as it is considered desirable to support, or that it should be levied on some kinds of advertising and not others: say, display but not "classified ads." Here non-discrimination goes out of the window; we would be back in the process of subsidising approved papers and discriminating against undesirable ones from which Britain emerged over a century ago. And how would who select the papers to support at the others' expense? The idea that the proceeds of a tax should be used to subsidise the price of a small basic supply of newsprint—a subsidy given to all newspapers but obviously benefiting the small far more than the large—is more attractive: but it would not alter the irregular incidence of the tax on, say, quality as against some mass newspapers. Again, it penalises the efficient—in the game as now played—and featherbeds the inefficient.

A similar objection applies also to suggestions that some public corporation should provide printing and distributing facilities on lease to people wanting to set up in the newspaper and magazine business, as ITA does with commercial television. Physically, spare capacity for new publications can now fairly readily be found within private printing houses on commercial terms. The kind of public assistance that advocates of this idea have really in mind, perhaps, is not so much physical capacity as financial backing, such as for example, the state lends through the National Film Finance Corporation to another form of visual mass communication, British film production. But how long could public money be expected to back, say, a newspaper that did not immediately attract enough readers to break even?

WHAT if the Royal Commission cannot find or devise a satisfactory formula—beyond, perhaps, advocating a general advance scrutiny of mergers, in other businesses as well as this one? And the economic processes continue and perhaps sharpen. Commercial television's advertising time may lengthen; it may be joined by commercial radio, which could be particularly dangerous for the provincial press unless some *modus vivendi* is reached by them. There are no inevitabilities here, however; even the ten-year decline in circulation could be a readjustment after an artificial wartime peak, and certainly there have been special factors inhibiting the growth of mass circulations. Total advertising revenue might grow even faster; and television advertising's rate of growth is likely to slacken as its coverage and the number of homes equipped to choose ITA against BBC reaches saturation, unless its rules are changed. A general increase in prices—sufficient to make sales revenue cover at any rate the variable costs of newspaper production—would at least restore liveliness to the competition of the press, though it might accentuate rather than damp down pressure on weak papers. But papers able to secure the right kind of reader in sufficient numbers, or to establish a particularly strong bond with their readers, can still advance or at any rate entrench their positions. Costs—some of them at least—can be cut. This is an highly-mechanised industry, but an old one, employing traditional craft skills; major technological change may be possible.

But it would be unwise for newspapermen to be too inward-looking here, and to ignore that the biggest technological changes in journalism may have already come—outside newspapers. Many people today sigh for photographic and electronic processing of news into type, which can be had. Yet it is arguable that the growing part of journalism, today, is already being processed—and delivered into people's homes—electronically, via the cathode tube. There is absolutely no reason why journalism should always reach its public via printed paper. Technological change in industry comes by supplying an entirely new product to do the job quite as often as it does by making old ones in new ways.

Over the last five years, Britain has seen the development in journalism of an absolutely new kind of challenging interview, of the face-to-face presentation of key personalities direct to the news consumer, of deliberate, if sometimes rather phoney, controversy, of a presentation of science far better than has yet been achieved on the printed page. These have been the positive contributions of competitive television to journalistic technique—plus a general presentation of actuality that, while it is often superficial, does not yet display quite that flaccid and jaded contempt for the reader that the standardised processing and packaging of news and features in many British papers does, from one end of the spectrum of quality to the other. And television offers "quality journalism," for the most part, to viewers in numbers that only the mass-circulation papers have ever matched with print. Against the demise of newspapers, there is this positive extension of mass-communication to set: the growth element in journalism, perhaps serious as well as sensational, is nowadays seeking a second and a third channel.

Yet the printed page, with the chance it gives the reader to take a second look and re-examine fact or argument, has enduring strengths. And there are opportunities still awaiting the newspapers that can exploit these strengths—if only in interpreting and putting into perspective the news that broadcasting showed the reader last night. Greater rewards, indeed, may await the journalists on screen or paper able to catch, as not even "Tonight," the *Daily Mirror* or *The Observer*, perhaps, have quite yet caught, the mood of younger people growing up in a fluid and developing society—the people whose attitudes Mr Raymond Williams has perhaps come nearest to characterising:

> For the one absolute fact about the men and women of the new communities, as of the new kinds of society everywhere in the world, is that they are created in a human image, and not in the image of anybody's version of them. The "telly-glued masses" do not exist; they are the bad fiction of our second-rate social analysts. What the masses, old or new, might do is anybody's guess. But the actual men and women, under permanent kinds of difficulty, will observe and learn, and I do not think that in the long run they will be anybody's windfall.

Readers, Viewers and Advertisers

HOW much attention does the British public pay to the "mass media" that communicate information and entertainment, and is it tending to pay more or less? Statistical answers, of varying quality, are available to these questions, providing one accepts a certain amount of chalk and cheese: but to assess future prospects from the figuring is particularly hard, because special and perhaps temporary factors, over the last decade, have been affecting most of them. The decade has seen a decline in the total circulation of national newspapers, plus an inadequately measured but almost certainly larger proportional decline in that of the provincial press. It is impossible to say how total magazine circulation has changed. The "viewership" of television has grown enormously: radio audiences declined, then levelled off. Attendances at cinemas have fallen drastically. One cannot check the measurements very well from figures of personal spending, since broadcasting, after one's initial investment, seems virtually "free"; but it may be worth noting that expenditure on these forms of communication and entertainment, in total, has been growing less fast than total consumption expenditure in recent years.

It is obvious that most of that growth in viewership represented the rapid spread of television sets into British homes, and the advent of a second channel. The spread is now largely complete: and it cannot be assumed that a third channel, or commercial radio, would give a fillip to public attention to broadcasting comparable to that given by the creation of ITA—though an increase in the permitted hours of television broadcasting might offer another very big once-for-all boost. The downward curve of cinema attendances may level off, though there are no dependable signs of it yet. These mass media compete for people's time with many peripheral forms of recreation, and may not do so always as successfully as some have in recent years. The ubiquitous paperback, for example, can compete with parts of the press: the teenager with half a crown to spend on sophistication may reasonably prefer the Penguin Colette to *Vogue*.

It is less obvious, but probably true, that some once-for-all and some transitory factors have been at work in the steady decline of national newspaper circulation since its peak some ten years ago. The peak circulation for the national dailies, so far, came in 1950, and circulation has fallen off by about 9 per cent since then; while the circulation of Sunday newspapers, since its peak in 1949, has fallen by more than a fifth. The most recent statistics of circulation, it is true, are still disturbed by eddies left where newspapers foundered. These figures suggest that while many readers of defunct journals have been bought or captured by surviving sheets, a few hundred thousand of daily readers and perhaps two to three million Sunday readers, during the last twelve months, may have disappeared without trace. Objectively, it can be argued that these escapers, enjoying the luxury of each Sunday morning with one newspaper the less, have achieved a significant advance in their real standard of living; but this aspect of affluence and social emancipation is not one that any journalist can be expected to overstress.

THAT postwar peak in circulation, in itself, was partly artificial: the 16,828,000 national newspapers bought daily in 1950 and the 30,393,000 bought on Sundays in 1954 had many fewer pages than papers do now, which encouraged some dual readership daily and a great deal of multiple readership at the weekend. Today one daily paper gives the reader as many pages as two or three did then, and some Sunday papers on occasion four times as much—though the amount of editorial matter he gets has not gone up nearly as much. The British adult (who may still buy more separate newspapers than the citizen of any other country) now consumes perhaps 60 per cent more newsprint than in the early fifties. This is not as much as the average in several other countries, and probably still not quite as much as he did himself in the thirties.

Part of this decline in total circulation may be reckoned as merely a readjustment to larger newspapers. Dual readership of dailies and multiple readership of Sunday papers seems certainly to have declined, as the size of each copy became less skimpy. That influence may be largely spent. Another brake on total circula-

tion, in recent years, may have operated because some mass circulation papers, at least, have not found it profitable to try to get extra readers, though the quality press has gone on wooing the readers left as weak popular papers died. This may not be transitory: the shift in the economics of circulation is real, associated with the real shift of public attention to television.

Even so, during that decade of slow decline there was a very slow increase in the country's adult population, with a somewhat larger increase in the number of people at work with incomes of their own. Even accepting that promotion of mass newspaper sales had not, on balance, been exactly fervid, one might have expected some "natural increase" in them.

TOTAL advertising expenditure in Britain, until now, has gone on growing at about 10 per cent per year—fast enough for the advertising revenue of the press, even though its share of the whole has been shrinking, to continue growing too. This year, however, it may have stopped doing so: in the second quarter of 1961 the advertisement revenue of the national dailies and Sundays was nearly 4½ per cent less than in the second quarter of 1960. And some major advertising agencies say that their bookings of newspaper space for next year are now lower than at the same time last year.

The rate of growth of advertising expenditure on television, has slowed down, though it has been much more rapid. Commercial stations have now achieved more than 90 per cent coverage of the country, in terms of population ; and the proportion of households owning television is growing much more slowly as it approaches saturation. These changes, however, are merely the concomitants of achieving full distribution for the product, the visual electronic message. It is clear that advertisers are becoming more selective in their use of television ; they are demanding, in particular, more information about the make-up and actual size of the audiences their messages reach—as against the proportion of a sample of a few hundred sets that is turned on, which is all that they are really told nowadays. The tax imposed on television advertising in this year's budget seems somewhat to have strengthened the advertisers' insistence on better audience research—though its effect on total advertising budgets may equally often have been to weed out those elements in advertising campaigns that seemed weakest in "pulling power"—for example, cinemas and certain newspapers.

The press is still protected by a statutory limitation upon the amount of advertising that television can show during the hours when its audience is largest, and another on total programme time. No programmes, remember, are on view during the hours that most people read their morning newspapers ; some evening papers, which meet the competition more direct, are in the unhappiest state of all. Moreover, it would be stupid to assume that television cannot much further develop its techniques of appeal, both in programmes and in advertising messages. The provincial press, at least, is also somewhat protected, so far, by the fact that commercial radio is not yet allowed to beguile the British housewife. The strength of this as a competitor for certain kinds of advertising is much debated ; but it would penetrate one of the few areas of monopoly in advertising revenue that these papers possess, and any such stronghold is one of the most valuable things any advertising medium can have nowadays. And even commercial radio might not offer as much extra competition as allowing commercial television round the clock would do.

SOME years ago the market for advertising within the British press itself became sharply freer—from which followed the process of attrition that has killed, among the middle sort of newspapers, one national daily, one London evening, four Sunday papers and many provincial dailies and evenings, and has left the future of three other national dailies problematical in varying degrees. Until the end of 1956 rationing of newsprint and agreements not

to compete with larger papers robbed the mass-circulation papers such as the *Daily Mirror* and the *Daily Express* of the share of mass consumer advertising to which the growth of their circulation would otherwise have entitled them. After newsprint and sizes of papers became free, these mass papers were able to accommodate their arithmetical shares. Total advertising expenditure continued to grow, though television began to take much (indeed, to create much) of the increase. So the mass newspapers, and another group of papers given freedom to expand, the women's magazines, regained and increased their share of mass consumer advertising at the expense of the provincial and the weaker national newspapers.

This redistribution of consumer advertising income within the press, with its consequent effects upon the weaker papers, may not be wholly complete, though the *Daily Herald* has been guaranteed a lease of life as an incidental of magazine concentration and the *Daily Mail* may have won its own. But the process has given the mass-circulation newspapers and certain women's magazines the bulk of mass consumer advertising in newspapers, and in so doing concentrated upon these papers the weight of competition for such advertising. This is the kind of advertising—so far, perhaps the only kind—that television can do effectively. And if television should prove to be inherently more effective in terms of buying response, than press advertising of these commodities, then it will be tougher for the mass papers than bowling over straw men has been in the last few years. The large-circulation women's magazines, in spite of their stronghold of colour, seem already to be feeling this.

Even the mass newspapers, so far, are telling their advertisers more about the people who make up their readership than any programme contractor yet can about the people looking at any given programme or commercial "spot." Qualitatively, the press has some effective defences : parts of it indeed rely particularly upon kinds of advertising that so far are virtually unassailable by electronic competition. The quality press relies far more than the mass circulation press does upon the kind of advertisements to communicate which the British press was originally founded—classified commercial announcements, which over the years have diversified into a much wider variety of small "ads." Not even the papers fullest of these, such as the *Daily Telegraph*, could do without a sizeable share of display advertising ; but some also of the display advertising they carry, institutional advertising addressed by companies to companies or "the informed public," also finds little place so far in television time. It happens, too, that during the years when "the unpopular populars" were losing consumer advertising to the mass circulation dailies, the quality papers took advantage of the shortage of technical and professional manpower to build up a largely new kind of "situations vacant" and "careers" advertising on which the organs of mass appeal have so far been largely unable to encroach. Nor have the mass dailies ever benefited as much as the quality press from that amiable—and informative—habit of British business firms (said to have been invented by *The Economist*) of paying to have the annual reports that they have already circulated printed at impressive length in the columns of the newspapers. These forms of advertising

CONTRIBUTION OF ADVERTISING

	Advertising revenue as percentage of total revenue
Specialised trade paper: *Automobile Engineer*	90
Specialised woman's monthly: *Ideal Home*	82
General trade paper: *Flight*	75
Hobbies: *Amateur Photographer*	71
Quality daily: *The Times*	68
Mass circulation woman's weekly: *Woman*	67
Mass circulation daily: *Daily Express*	54

have their own fluctuations—at present slightly down—but they are immune from electronic competition for the moment, as much local advertising is.

These areas of monopoly in the advertising pattern of the quality press—based, essentially, on appealing to a better-heeled cross-section of readers—have been matched by rather an impressive strength in circulation. As against, say, 1937, the quality dailies have rather more than doubled their total circulation, which is not quite as much as the *Daily Mirror* and *Daily Express* together have done. But since 1954 the two mass dailies have added—perhaps one should say found it worth while to add—virtually no extra circulation at all ; the quality dailies have succeeded in putting on nearly a quarter. And the mass circulation Sunday papers which nearly trebled their circulation between 1937 and 1950, have since lost circulation (or let it go). The two established "quality Sundays" (now joined by a promising apprentice) doubled their combined circulation between 1937 and 1950, and since 1950 have roughly doubled it again. It certainly still pays these papers to seek extra circulation and extra pages and their total circulation has grown enough for even their laggards to prosper, though this year, with the *Guardian* printing in London, competition may sharpen for *The Times*.

To consider the market for newspapers, within the broader market of mass communications that compete for the reader's and the advertiser's attention, before considering the industry's costs, is perhaps logical: newspapers live by being paid on both sides. In a rising market, the nature and the economics of newspaper publishing indeed combine to make it sensible to concentrate management's best attention on sales without worrying too much about costs. But in a market that in volume and in rewards may have ceased to grow, closer attention to costs not only pays but is being forced upon newspaper managements.

Cutting to Fit

IT has often been observed that you do not need to invest heavily in fixed capital before bringing out a newspaper: your initial investment, or cost of entry, consists of the expenditure on promotion and operating losses that you incur on the way up to breaking even. That is true : but it does not follow that fixed costs are low in the newspaper business. This is not simply because you have to pay the capital charges, even if somebody else put down the investment for the printing plant in the first place: newspaper production is not a heavily-capitalised industry in relation to its employment or its output. But rather a high proportion of its other costs are fixed costs in the short run at least, which do not vary at all directly with its volume of output—i.e. circulation—and may not vary much with the size of the product—i.e. the number of pages in the paper. These costs include not only administration, and the cost of securing and arranging advertisements, but also editorial salaries, news services, and expenses, plus all the mechanical processes of preparing each edition—composing, block-making, everything up to making matrices in the foundry for casting the cylinders for the presses. Newsprint, ink, the labour employed on printing, warehousing, and carriage to the point where the newspaper reaches the wholesaler, can strictly be called variable costs in newspaper production—plus, arguably, expenses involved in promoting circulation. But the labour costs even in these final processes are none too variable ; and as for promotion costs, if circulation falls for a time those may have to go up.

Some of this industry's costs are high and fixed because of the peculiar nature of the product. One does not often think of Fleet Street as a home of mass production: but how many factories in Britain produce a million of anything a month, let alone manufacture and distribute millions a day and then re-tool each evening to do the same over again with a product redesigned throughout? The final printing of a newspaper is a highly automatic process ; but it has to be tooled up by mechanical and hand methods anew for every issue, according to "instructions" that have themselves to be formulated and arranged by personal collection, assessment and expression of information into different patterns of words each day or night. And much of this processing of information into print, indeed, has to be almost simultaneous, concentrated into a few peak hours for which capacity at all levels must be adequate, with reserves to meet large and unpredictable fluctuations in the basic flow of information and get it into print within a timetable of which the end-points of transport and delivery are rigid. For this is a perishable product of which the value has disappeared entirely in a few hours.

This is not to romanticise what is in many senses a grubby business ; it is simply to isolate the basic nature of this business, from which most of its commercial opportunities and productive problems flow. Demand upon the capacity of this industry may be as peaky as demand for electric power, and the peak load involves organising, assembling and fitting into sequence a dozen different operations, many of them labour-intensive with temperamentally tricky labour, not simply switching in extra generating sets to produce more of a uniform product. Much of the spare capacity required throughout newspaper publishing is human: it is, typically, the man with ample time to sit down and grumble how labour is wasted in other departments. There cannot be many industries whose fixed costs rightly include a significant amount of overtime paid for doing nothing. But daily newspapers are made at night, and to some extent after midnight ; and in all the departments where an edition is prepared for the press, some hands will have to be kept on after midnight, whether or not many late changes are actually made. The costly risks of being beaten with late news by a rival, or of missing a newspaper train, justify considerable insurance premiums of spare capacity, right from the reporters' room down to the warehouse.

Any printing house, whether owned by a publisher or not, will try to utilise its capacity as continuously as possible. A national daily newspaper needs a Sunday to share the presses and may conveniently print an evening paper as well: most provincial houses print weekly newspapers as well as dailies and/or evenings. In preparing any newspaper, again, careful organisation can spread out some of the work beyond the peak hours and the mounting daily timetable. Advertisements and many editorial features can be made ready in advance. The steady increase in the proportion of "background" and sheer entertainment material in many papers enables the use of more prefabricated editorial text ; full-colour printing, in magazines and when it comes, in newspapers, will require much more of the work to be done in advance.

IT will be easy at any one time, therefore, to over-estimate the extent to which labour is wasted in newspaper production. But the circumstances that require spare capacity, as a corollary of efficient operation, are also circumstances that make for intense, concentrated bargaining power at key periods in the hands of trade unions, and enable them to inflate the amount of spare capacity actually carried.

It is not surprising that this urgency of tempo should have made managements, in the past, spend more effort on achieving extra sales than on holding down labour costs; or that the labour in question, trained as it is in a craft tradition, should have contrived to restrict entry into many printing jobs, and to achieve all sorts of special payments bearing little relation to work still actually done. This does not imply that the special intensity of work at awkward times in this business does not deserve special rewards; or that the trade unions always have their managements across a roll of newsprint. Management develops its own mechanisms of defence—for example, the agreement that if the printing of one national newspaper is stopped by union action all other proprietors do not publish that night. But over any longer run it means that standing up to the trade unions in this industry requires not only unity and intestinal fortitude but also deep bank accounts and the readiness to dip into them. Usually, some of these prerequisites are lacking somewhere.

BEFORE the war, when newsprint went as low as £10 a ton, the price that one paid for a newspaper, less newsagents' and wholesalers' discounts (four-tenths of a penny per copy) and the cost of returned unsold copies, rather more than covered the variable costs of producing it. In principle, therefore, there would have come some level of circulation where sales alone, even without advertising revenue, would have covered fixed costs as well and enabled the newspaper to break even. In fact, the "overhead income" of advertising revenue enabled it to break even much lower down the circulation graph than that. A newspaper with only a moderate circulation, however, required a fairly high margin over variable cost (from both kinds of revenue together) to cover its fixed costs; and hence a fairly high rate of advertising revenue per thousand readers. The quality press charged about twice as much per copy without incurring variable costs twice as high, and could economise somewhat on the fixed costs of staffing; its readership, also, contained much higher proportions of people with higher-than-average incomes. With the much higher "milline rates" (that is, the advertising rates per column inch per thousand readers) that this quality of readership commanded, therefore, it could break even at far lower levels of circulation than the popular national dailies (as it still can). The daily paper with no particularly valuable quality of readership to offer the advertiser, however, could not command much more than some basic average rate per thousand readers. Rates that could give a medium-circulation popular newspaper a profit, therefore, offered the chance of very high profits for papers with mass circulations.

In pushing up circulation, a paper's variable costs increase steadily; so does its sales revenue; but its advertisement revenue rises in relatively infrequent steps, as it takes time to establish a dependable higher level and to adjust its rates per column inch upwards. This means that its advertisement revenue, per thousand copies sold, would over the short run not rise with circulation alone—though it would rise if the paper published more pages and was able to fill a rather higher proportion of these with advertisements than it had of the copy with fewer pages. But while sales revenue exceeded variable costs, increases in circulation made some further contribution to profits even during the interim before the paper could jack up its advertising rates. Extra circulation, that is to say, paid in itself; and this made it worth quite heavy expenditure on promotion, free copies of Dickens and the like.

Came the war, and a different pattern of profitability. Newsprint was rationed; circulations were pegged and the size of papers cut to a minimum; returns were abolished and promotion drastically reduced (by the mid-thirties, the proprietors had already agreed to cut out free gift promotion schemes). Operating costs were reduced; staffs were not cut at the outset as much as output, and from this time date some of the feather-bedding agreements that still plague the trade, but gradually conscription whittled them down. The price of newsprint soared; but publishers gave the readers so much less of it for the price that sales revenue still exceeded variable costs. Revenue from advertising was down, but the advertising was spread out more evenly between mass and medium circulations. Newspapers were on the whole highly profitable; when circulations were allowed to rise before the size of papers was increased, the mass-circulation dailies became more so. When newsprint rationing ended, advertising revenue began to be redistributed back to the papers with the biggest circulations. Papers in the middle needed higher "milline rates" to break even; this made them less competitive; so did the fact that they could not afford to increase the number of pages as much.

BUT the opportunity to offer the reader (nearly) as large newspapers as they did before the war, at prices that only slowly caught up with the inflation of prices in general, left the publishers' economics sadly altered. The variable costs of newspaper production have risen since before the war even more sharply than their fixed costs have. There may be nothing much to choose between the increases in earnings achieved by different kinds of printing labour—though productivity in the machine room and the warehouse does appear to have fallen more than in some preparatory stages. But "overhead" wages and salaries have not risen as much as printing earnings. And none of the fixed administrative costs has risen anything like as much as the biggest single element in variable costs—newsprint, which even after a dip is still five to six times as high in price as immediately before the war.

For the popular dailies, at least, sales revenue appears no longer to offer a margin over variable costs (though this may not be true for all of them and is possibly not true for some quality newspapers). This means that in the short run, up to the point where a paper can adjust advertising rates in line with extra circulation, extra circulation becomes a drain on unit profit rather than an addition to it. To the extent that the mass paper can draw in more advertising by offering more pages, it can mitigate this—though the higher cost of newsprint means that the proportion of advertising it will have to put in those extra pages, again, has risen. Since the war, most newspapers have steadily increased the share of their pages given to advertising, and the successful ones now carry more than they did in the thirties. But the advent of commercial television has made them more chary of adjusting advertising rates upwards when extra circulation is achieved.

When marginal revenue from sales does not cover marginal costs, and indirect income from advertising also becomes harder to secure, newspaper managements may well turn their energies inward upon cutting costs. There are limits to the extent to which they can cut their administrative, advertising, and editorial costs. Some of the preparation of newspapers may be spread over even more, reducing the need for spare human capacity—so long as in becoming more "magaziney" papers do not sacrifice the essential quality of their product and their readers' identification with the paper. Technically, there are considerable economies to be had in capital and manpower from various kinds of film-setting, new techniques in the process departments that turn photographs into blocks, and in the composing room and foundry that turn words into, finally, a cast metal cylinder. These are held up partly from the unwillingness of management to take risks in investment in a none too remunerative industry: most implacably, by the opposition of trades unions to what has been nicknamed "the abolition of typesetting" (which rather exaggerates the possibilities, until scanning devices begin to set up the words); and more reasonably, by the fact that in a large circulation paper process, composing and foundry are not a very large element in costs anyway. All these obstacles to change are heightened, perhaps inevitably, by fears on both sides that the business is in decline.

Cutting variable costs, if it could be done, would offer the most immediate rewards in newspaper economics. The price of newsprint has indeed declined slightly in recent years, but is still very high: world demand for it is still rising, and there is an even greater rise in demand for other kinds of paper that can be made out of the same materials as newsprint. The costs of distribution reflect the need for speed more than for economy: the abandonment of some restrictive practices there might bring more competition, but it is hard to see newsagents and wholesalers accepting any lower margins, on a static or a slightly declining total volume of business. Carriage is mainly by rail, which is beyond the scope of newspaper management, though their lorry fleets could be used more economically. The departments where costs vary largely with circulation—the machine room and warehousing—are notoriously among the least efficient in the business. Here as in preparatory departments significant economies might be achieved with certain packing and tying machines that exist already—so long as in sharing the benefits with labour (which is inevitable) the whole return on extra investment is not washed away by demands for excessive manning.

A determined attack on costs to offset declining total business would collide head-on with some of the institutional structure of this business, without offering any absolute guarantee of solving its growing economic problems—any more than the alternative or concomitant, for medium-circulation papers at least, of increasing selling prices, which are still, by most comparisons, low. But the time is coming when both moves may have to be made; simply to maintain circumstances in which large-scale operators can try to expand and maintain a reasonable return on investment. But whether such a change would restore the circumstances in which small-scale enterprise in national newspapers could hope to flourish is much more problematical.

WHAT PEOPLE SPEND ON READING AND ENTERTAINMENTS

	Spending in £ million					Percentage change in volume *	
	1938	1954	1957	1958	1959	1938–54	1954–59
Newspapers	36	99	125	146	139	+ 87	− 5
Magazines	18	41	47	47	40	+ 20	−12
Books	10	40	53	56	59	+133	+40
Cinemas	64	112	95	85	71	+ 43	−53
Other entertainments		77	98	108	114		+26
Total above	128	369	418	442	423	+ 55	− 9
Total consumers' expenditure	*4,394*	*12,190*	*14,505*	*15,276*	*15,956*	*+ 11*	*+14*

* Approximate changes after making allowance for price changes.

UNIT COSTS OF ADVERTISING 1960

	Total readers	Readership: of whom Class ABC	Readership: Age 16–44	Readership: Women	Cost of advertising per single column inch per '000 readers
Daily	'000's	%	%	%	d.
Mirror	14,569	17·3	59·7	47·1	1·5
Express	13,092	34·2	51·4	45·8	1·7
Mail	6,729	43·9	46·4	47·2	2·6
Herald	5,154	14·7	49·7	40·5	1·7
News Chronicle	3,914	33·9	45·9	36·5	...
Sketch	4,684	22·1	58·0	45·6	2·7
Telegraph	3,295	75·9	48·7	51·2	2·6
Times	1,233	78·1	54·2	43·8	9·2
Sunday					
News of the World	17,472	19·4	51·5	48·7	1·7
Pictorial	15,013	20·5	61·6	49·4	1·8
People	15,213	21·4	52·4	49·4	1·7
Express	9,731	49·2	49·8	51·9	2·0
Empire News	6,499	18·3	52·7	45·8	...
Dispatch	4,133	37·4	47·3	49·6	1·4
Observer	2,364	72·4	57·1	50·1	5·5
Times	2,844	75·8	50·5	51·7	5·4
Reynolds News	1,138	23·2	49·6	42·0	3·7

One Newspaper's Economics

"THERE are no average newspapers in Fleet Street," we wrote in these columns some years ago; and we do not think the one in Ryder Street is average either. But while we can generalise with varying degrees of information about the finances of other newspapers, this is one about which we know precisely; and it perhaps behoves us, in this context, to say a little about our own experience.

Between 1938 and 1950 the circulation of *The Economist* grew from 10,412 a week to 45,742. From 1951 onwards it grew more slowly; and in 1958, after an increase in price from the shilling it had cost since 1920 to one and sixpence, there was a small dip in circulation that it took about eighteen months to wipe out. The 1959 sales were higher, however, than the average for 1957; and the rise since has been steeper, so that current sales—some 65,493 a week in the first half of this year—are somewhat higher than the 1951-57 trend would have taken them by now. Roughly 51 per cent of these are sold overseas; roughly 40 per cent of all *The Economist*'s sales are by annual subscription.

The Economist is printed by a firm of periodical printers that is a subsidiary of The Financial News Limited, which in turn owns 50 per cent of the capital of The Economist Newspaper Ltd. (without any control over editorial policy). Printing schedules and prices are a matter of negotiation. As a result costs do not present themselves to this paper in quite the pattern of fixed and variable costs that they do to a daily paper owning and managing its own printing shop. Last year fixed costs of *The Economist* proper made up 45 per cent of total costs, and variable costs about 35 per cent; but the cost of having the paper printed, which obviously includes fixed as well as variable elements, made up roughly the other fifth.

SO far as costs internal to *The Economist* were concerned, revenue from sales rather more than covered variable costs; if the variable, elements of printing had been counted in, it would probably not quite have done so. This does not deter us from seeking to increase circulation. Our rates for advertising give a cost per page per thousand copies sold that advertisers, judged by results, appear to consider competitive with those for any comparable papers and we have no reason to believe that they could not be kept so as circulation rises. Recently, the paper has been able to secure advertising at least in proportion with extra paging; last year, in issues averaging something over 100 pages apiece as against something under 96 pages in 1957, it allotted nearly 50 per cent of space to advertising against under 45 per cent in the earlier year. Advertising revenue, last year, amounted to roughly double our revenue from sales, net of discounts to the trade.

In terms of overheads, this paper differs from most other "journals of opinion," more closely approaching perhaps a quality Sunday paper, because it is an almost entirely staff-written paper, relying little upon contributions from any but our own correspondents or regular "stringers" overseas: its full-time editorial staff in London is large for a weekly. It shares certain services, such as an information library, with The Economist Intelligence Unit, which does economic research for business; but in staffing and operations the two businesses run entirely—and each quite profitably—on their own.

Reluctant Labour

THE trade unions in the newspaper printing industry deal in a commodity of which they control the supply, by regulating and restricting the entry of apprentices; and for which they control the demand, by their ability to insist that an operation needs so many men to perform it. The price they get is a high one: printing operatives are the highest paid group of workers in the country, with average earnings of £19 14s. a week. But printers work at strange, nocturnal hours, with bursts of violent activity, and are heavily concentrated in the expensive heart of London. Their wages would not be in question if they would permit the labour that they give in exchange to be efficiently used. The case against the printing unions is that, either by refusing to allow the use of new technical devices, or by insisting that any new device must be manned by so large a staff that its introduction becomes uneconomic, they have prevented newspaper factories from modernising themselves.

The obstructiveness of the printing unions when faced with new techniques has two main causes. The first is historical: many of their leaders remember the unemployment of the thirties, and dread its return. The second reason is technological: they genuinely fear that new devices will quite literally abolish their only capital, which is their skill.

The craft unions in the Printing and Kindred Trades Federation were set up to safeguard the employment and the earnings of craftsmen expert in newly invented techniques: such unions as the Monotype Casters and Typefounders (902 members) or the Lithographic Artists, Designers, Engravers and Process Workers (14,000 members) now have a genuine interest in preventing the foundation of some hypothetical Union of Photosetters and Klischograph Operators. Simultaneously, the large unions of less skilled workers such as the Paperworkers (149,600 members, mostly outside printing) or the Operative Printers and Assistants (43,500) have by custom and usage succeeded in fencing off specific jobs for their members, so that they too may in some areas have an interest in resisting the introduction of new techniques. The situation is complicated by the fact that there are sixteen unions representing printing workers, each of which may suspect from time to time that one of the others is trying to snatch members, or introduce its members into jobs reserved for another union.

Instances in which the unions have impeded the introduction of new devices are rife. Among the most lively at present is the matter of machines for roping up bundles of completed newspapers for distribution. NATSOPA actually paid for four of its members to try out these machines, and agreed to their introduction in Manchester. But the Paperworkers, whose members do this job in London, apparently insisted that they be manned by an uneconomic staff—whereupon the Newspaper Proprietors' Association said that they would not be installed anywhere if they could not be installed everywhere. Details of this story are disputed *ad nauseam*: the facts remain that these convenient machines that save time and labour are lying around in some warehouse, while men slowly and laboriously tie up the bundles by hand. Equally mysterious is the question of newspaper vans and their manning. In London the Paperworkers insist that each van carries both a driver and a helper who carries the load on arrival at the terminus: but in Manchester, where the vans are driven by members of the Transport and General Workers' Union, there is no helper and the bundles are handled by railway staff. Again, it is as good as impossible to untangle the truth about this costly business (for both drivers and helpers earn night wages and get overtime for hanging around); somebody must be wrong.

The craft unions have practices that are just as damaging. In London the Electrotypers and Stereotypers insist that all men working in the foundry department should be union members who have served their time—so that skilled men are paid skilled rates for sweeping floors. Staffing ratios for some printing and warehousing machines have been fixed so high that the unions cannot find enough men to do the job: instead of allowing the ratio of men per machine to fall (and there is no evidence that the job cannot be done by fewer men), the money that would have been paid to them is distributed to those on the job.

Few officials of printing unions will in private deny that such featherbedding and obstructionism does take place (although they will ritually imply that other unions are worse than their own). They will, however, insist in public and in private that if things are badly run it is the fault of the employers rather than their own. In no other industry can there be found such an undercurrent of contempt when trade union bargainers speak of their opponents, and of frank opportunism when they speak of their own tactics. "When you sit down to negotiate in Fleet Street," a not untypical union leader will confide, "there are a dozen vested interests round the table—and the biggest is management." Newspapers cannot afford not to appear, even for a day; and the biggest papers, better able to stand higher costs, have all too often shown themselves ready to push their weaker competitors to grant concessions. As practical men the union leaders would have to be amazingly selfless not to play on this tendency (and they are, of course, liable for re-election by their members). As believers (to some extent) in the freedom of the press, and in order to keep their members in work, several unions allowed the *News Chronicle* to cut down on its staff shortly before its demise: the lack of ceremony with which its closure was brought about, only strengthened their belief that sweet reasonableness pays no dividends.

Off Fleet Street, the picture of labour relations is perhaps a little brighter—although in the magazine field it is often said that a gravure press manned in Germany or Switzerland by eight men is here, through union insistence, manned by seventeen. But in provincial papers there is certainly less overmanning. Their main complaints concern the lack of skilled men—so that those who are available inflate their basic wage by an undue amount of overtime. And, of course, the rigidity of demarcation rules as to who can do what maddens all who have to do with printing. Here again the unions are disposed to put some of the blame on managements: they claim that, since there are practically no apprentices on Fleet Street and very few in most provincial newspapers, most men have to serve their time with smallish printing firms, whose managers themselves preserve a mystique about their trade. The small printers are, of course, those who would be hardest hit by the introduction of new and capital-intensive production methods: and it is, of course, true that old-fashioned "craftsmanship" will continue to be needed for as long as old-fashioned machines and processes continue to be used.

It may be said that the employers have been unduly soft in resisting past claims, and the unions unduly grasping, at the same time as being traditionalist. But at present a union leader who wants to be re-elected simply cannot go to his members and ask them to accept that a machine hitherto manned by six men should be removed to make room for one handled by two: and he cannot convince them (nor is he likely to be convinced himself) that to save some £80 a week in this way will ultimately make the least difference to the solvency or otherwise of the paper in question. Forecasts that more and more papers will close unless the unions relax their restrictions can only make the unions resolve not to accept any more apprentices for fear that they will not find jobs. At present there is a straight deadlock between the interests of the two parties, and the unions are (in the short term) doing nicely out of ensuring that it stays that way. Only the proprietors can do something to break the log-jam—perhaps by ensuring that any worker losing his job through technical innovation should be compensated for the loss of his one asset. There have been plenty of signs in recent months that union leaders would be prepared to talk seriously about such a scheme—and it could hardly be more expensive than the present extravagant status quo.

When Magazines Merge

WITHIN the last three years, one estimate has it, 409 British magazines have closed down and 530 new ones have been started: there is a continuous process of renewal about this part of the press that there has not been in the British newspaper business for quite 40 years. Nobody suggested a Royal Commission to inquire into the death of magazines: its appointment was provoked by the engrossment of many of them into one ultimate combine. That raised two separate fears: that the number of different magazines, in many fields, would be sharply reduced, and that far too large a share of printed opinion was being concentrated under one control.

The first fear is an obvious economic possibility, where some existing magazines are not earning their keep. Perhaps not even only then. A really cold-blooded "multiple publisher" of magazines, within particular fields of advertising, might be concerned with his combined advertising revenue rather than that of individual papers, and could think of the lot in terms of marginal revenue and marginal cost. Where he is generally under pressure from rising costs, as all publishers are today, he might consider whether closing one magazine, some of the advertising from which, if not all, he could capture in others, would reduce his total revenue as much as it would reduce his costs (including competitive promotion).

But it is worth noting that this may not hold good. There may be an incentive to keep two journals if advertisement rates for one cannot be raised sufficiently by killing the other. Again, the strong reader loyalty that each of two journals in the same field can command may prompt caution in killing either goose: advertisers may feel it is as imperative to advertise in both; and two established papers in a field may deter the always potential newcomer more than one, even a thicker one, would. There are innumerable variants on the economic circumstances of a magazine: there is much room for cross-subsidisation in a combine; and magazine publishers, like other entrepreneurs, are not simply economic men.

Over-mighty control of opinion? It perhaps depends what you mean by opinion. Certain magazines—such as *The Economist*—live by supplying, basically, opinion alone. These have not so far been engrossed, and it may be that publishers in this field, some of whom possess opinions of their own, will generally tend to find one platform enough: so long as, or rather not much longer than, that one can make a profit. "General-interest magazines," in Britain, hardly exist (though one news-magazine plans to begin publishing this autumn); and few of the others, from *Woman* to *Nuclear Engineering*, are concerned with general opinions as such. It is not easy to say that individually these make any very direct contribution to "freedom of opinion" in the general sense—though the opportunity for unpopular technical arguments to find a platform is valuable in every industry, and the plethora of advertisements in the women's magazines, at any rate, is a constant reminder of the consumer's real freedom, in our society, to prefer brightness to whiteness.

When a publisher speaks of any magazines in the respectful tone that indicates a valuable property, it should be added, he is almost certainly talking about one written for women by women. Out of perhaps 2,000 journals published in this country, only 73 come into this category and among those a bare half-dozen matter. Other kinds of magazines make money: personal fortunes have been built on the most unpromising-looking publications and can still be made by a man with no assets beyond the nose for a good title. But it is the women's journals that have changed the pace and the whole structure of magazine publishing. The hand that rocks the cradle also rules the presses. It was to get into this business that the Daily Mirror group bought the dreamy, dozy business of Amalgamated Press roughly two and a half years ago. To block the Mirror's further expansion, Odhams Press bought up both the Hulton and the Newnes magazine publishing businesses. And then the Mirror bought Odhams. The Mirror's Fleetway-Odhams group still owns little more than a third of the magazines written for women but that included every one of the seven key weeklies (now to be reduced to five).

The seven, *Woman's Day, Own, Illustrated, Realm, Weekly, Mirror* and the beldame of them all, just plain *Woman*, are like nothing else in the whole of British magazine publishing. They have mammoth circulations; weekly sales of *Woman* touched 3½ million in its heyday and are currently just below 3 million; the combined sales of all seven are running at around 11 million copies a week. All but one, *Woman's Weekly*, are colour gravure printed, involving the publishers and other printers in considerable investment in cylinder etching and colour printing facilities. When one of these magazines sneezes, the printing industry gets a nasty cold. When two, with a combined circulation of 1½ million, close simultaneously, as *Woman's Day* and *Woman's Illustrated* are doing, pneumonia sets in.

In other sections of magazine publishing, circulations are generally smaller and even the most successful tend to be well below the million mark—the freak exception being the *Radio Times* with 6½ million copies weekly. Medium-sized production runs do not tie up presses over an entire week, as the big women's weeklies do. There is less difficulty in starting a medium-sized magazine and less widespread disruption when one dies. Occasionally a violent change of climate kills off an entire species, as television killed the general illustrated magazines. But other industries expand and they need their specialised trade journals; and trade papers are perhaps multiplying faster than any other kind of periodical.

And the reason? Technical papers serve a specialised readership and unless (and sometimes even when) they are exceptionally bad, these papers can be indispensable both to their readers and to their advertisers. Among the bigger money makers, perhaps, are those with a very large retail audience, such as *The Grocer* and *The Ironmonger*. But any new industry or a new technology means sooner or later a specialist journal serving its interests. As the industry grows, it becomes able to support not one, but perhaps two or three trade papers. There are, for example, not only several general farming papers but one dealing exclusively with farm chemicals.

Trade papers are sponsored by several large groups, notably Iliffe, Tothill, Temple and National Trade Press, and Newnes—a swallowed up in the Fleetway-Odhams group—but this is *par excellence* the field for the small and the new publisher. Even now the Mirror group owns fewer than 8 per cent of the innumerable trade journals in circulation. The majority are produced by small publishing houses with perhaps a dozen periodicals, like the Leonard Hill group founded by its owner and specialising mainly in chemicals. The more specialised the paper, the smaller its circulation must be; some never expect to sell more than 2,000 3,000 copies of a single issue. This does not, however, make the journal any less useful to prospective advertisers—the more esoteric the trade, the more they depend upon it. Sales revenue may be

insignificant, or even nil; quite a number of papers are sent free to a selected, expert audience for advertisements. This kind of journal can be launched by anyone with sufficient knowledge of a given trade and a printer willing to give credit.

The publisher after bigger game—and bigger income—needs a mass market to attract the advertisers out of whom he hopes to make a profit. This means producing a magazine lavish enough to catch the eye and cheap enough not to hurt the pocket; the selling price may not cover as much as a third of the cost of producing the journal. It may not cover even the cost of the paper in a large colour gravure weekly. The consequent degree of dependence on advertising is the reason why next month two magazines selling three quarters of a million and nearly a million copies respectively will cease publication.

THE Daily Mirror group engrossed all seven, fabulously successful, women's weekly papers; fabulously successful, that is, measured just in terms of circulation rather than of costs. These papers all conform fairly closely to the editorial formula laid down by the most successful of them all, *Woman*, and in this may lie their undoing. Not because readers are tired of the formula; but because advertisers have discovered that there is so much duplication of readership they can reach very nearly as many devoted readers by advertising in the two most successful as they would if they advertised in all seven. By paying £4,580 and advertising in the two biggest sellers, a company can hope to reach half the women in the country, after making certain guesses about the number of times each copy passes from hand to hand. By spending another £3,000 and advertising in six papers, the advertiser will on this calculation still only reach another 10 per cent. *Woman's Illustrated* and *Woman's Day* are said to have been losing thousands of pounds a week in spite of their big circulations because they were the smallest of the big seven. Such is the fate of a little frog in a big pond.

If one wants to keep such a magazine going, one way may be to raise its selling price to make it less dependent on advertising; but publishers are wary of price increases that might affect circulation and frighten away even more advertisers. An alternative would be to differentiate the surviving magazines more sharply and write each one, as the trade papers are written, with a different group of readers in mind. One existing women's weekly is not produced in colour, but in ordinary letterpress with a subdued lay-out that flouts every modern theory of magazine production. Yet this button boot among the stiletto heels sells a steady 1½ million copies a week to a devoted readership.

But for what specialised groups among the feminine reading public ought the magazines to aim? Teenagers are one group that comes immediately to mind; but neither the Mirror nor Odhams before the merger seemed to find the formula for attracting these volatile young women once they graduate from the *Valentine* and *Mirabelle* level. Odhams closed the teenage periodical it started: the Mirror keeps its own afloat only with a massive sales effort and lacks the sure touch shown by the National Magazine Company which successfully prints two monthly magazines directed at the teens and early twenties. A year or so ago this would have been attributed to shortage of colour gravure capacity to handle another mass circulation weekly: but the industry is now hoist with an embarrassing surplus of colour printing plant laid down a few years ago in anticipation of a switch to colour among the newspapers that has not yet materialised.

It is not too difficult to guess why no publisher has yet used this new plant to produce a colour teenage weekly. It is hard to see one reaching sales of a million copies a week; and no colour gravure weekly can survive on a smaller circulation than this. Without these sales, it will not get the volume of advertising that it needs to cover more than two-thirds of its costs.

The Mirror group may therefore be chary of tampering too much with the formula of the five mass circulation weeklies that will still be in print after *Woman's Day* and *Woman's Illustrated* have died this month, however much it might want to break out of the circle that ties advertising to mass circulation and mass circulation to the low selling price, which means in turn excessive dependence on advertising. But unless it does break the circle, there is no guarantee that the rot which killed off these two thriving papers will not set in again.

Newsprint

HAS the price of newsprint since before the war risen out of proportion to the prices of other commodities entering into international trade? The current price of newsprint from mills in the UK is £58 5s. a ton which compares with the price in 1938 of £11 5s.—something over five times as high. Over the same period other commodity prices as measured by Reuter's Index have gone up about three times. This comparison, however, can be argued to be unfair: 1938 was a very depressed year for newsprint prices which, from peak levels following World War I had declined almost continuously till in 1938 they were little higher than in 1914. Between the end of 1931 and 1938 the Reuter index showed an increase of about 40 per cent for other commodities: this did not extend to newsprint. A further complication is that the standard weight of paper, on which quotations are based, have changed.

Since rationing of newsprint was finally abandoned in the later fifties, newsprint from British mills has tended to be somewhat higher in price than imported newsprint. As between the two major sources of import supply, Scandinavian newsprint is cheaper than Canadian and both are cheaper than the home price.

In 1960, for the first time, the consumption of newsprint in this country exceeded its pre-war level of 1.2 million tons. Over half of this was supplied by five mills in the UK. The most important of these is Bowaters with an annual capacity in this country of 500,000 tons. Pulp to supply this capacity comes in large measure from the company's groundwood mills which operate to a significant extent on home-grown wood. Bowaters is often thought of primarily as a newsprint producer; yet the emphasis of its policy has been as much on the diversification of products as on the expansion of existing capacity. About 50 per cent of the company's output in the UK is newsprint: the proportion for the group as a whole is 60 per cent. In all upward of 40 per cent of the newsprint consumed in this country is produced by the Bowater Group of companies, and some of their output abroad comes here too.

Following the acquisition of the Imperial Paper Mill in 1960 from the Daily Mirror Group the newsprint capacity of A. E. Reed and Co. was increased by 50 per cent and is now in the region of 180,000 tons a year. The same transaction saw the transfer of the Mirror's 50.24 per cent interest in the Anglo-Canadian Pulp and Paper Company of Quebec. (The only instance of press control of an important part of the newsprint industry is the Daily Mirror Group's interest in A. E. Reed itself.)

The remaining three mills which are small and have not ramified into international connections, between them produce the balance of home output of about 60,000 tons. With the Reed and Bowater Groups supplying 60 per cent of Britain's requirements the industry might be thought to be a far cry from the ideal of perfect competition. Yet there is no evidence of price control. Newsprint is admitted duty-free, allowing full competition from major Scandinavian and Canadian producers. Imports in 1960 were considerably in excess of their pre-war levels, unlike domestic production which still lags behind. For the future, growth in imports seems likely to be proportionate to the growth in consumption.

Can Provincials Prosper?

THE provincial press in Britain tends to be, and is painfully aware of being, underestimated both in its influence and potentiality. It does not, the *Guardian* apart (and the fact that the *Guardian* will be printing in London and using the nationals' distributing facilities from next Monday has finally taken it right outside the purely provincial sphere), possess the reputation of the great American provincial papers or even of those in European towns like Toulouse, Munich or Milan. Yet despite the successful efforts of the nationals to penetrate into every outlying corner of the country, assisted by the establishment of their own printing and editorial offices in Manchester, Glasgow and Edinburgh, some "quality" provincials have hung on since the war, many of them with circulations below the 100,000 mark, to take their share of the growth of prestige advertising, the promotion of the more expensive consumer durables, and the classified advertisements that reflect both the property boom and the shortage of qualified manpower. This kind of revenue is much the same as that which has now brought prosperity to the classier national Sundays.

It is recognised, even by their severest local critics, that if the better provincial dailies were to disappear, life outside London would become distinctly less individual and more barren. No consideration of the economics of the British press as a whole can therefore ignore the primarily social desirability of encouraging this section of the provincial press not merely to survive as reporters of local news but to develop, wherever circumstances (chiefly distance from London) allow the prospect, a distinctive, independent and critical commentary on all national affairs. This is admittedly an ideal rather than a serious aspiration at the moment. The *Scotsman*, since its acquisition by Mr Roy Thomson, is the only paper outside London that has recently (and with limited success) attempted to advertise itself as a national organ of opinion. Both the *Scotsman* and the *Glasgow Herald*, like the *Western Mail* in Wales, have certainly some "national" importance in forming opinion. Of the others, the *Yorkshire Post* is probably the chief organ of Conservative provincial opinion that is recognised in London.

All the provincial mornings tend to suffer in status through their inability to provide a first-class foreign news service (although the *Glasgow Herald* shares, and thereby assists, the *Guardian* service). Costs will probably confine most of the others to agency stories of indifferent quality for the foreseeable future. Taken together, their chief contribution to innovations in the industry in recent years has been in mechanical and technical development. Distance from London has prompted pioneering in teletype-setting and picture wire transmission and, earlier, in telegraphic experiments. The *Liverpool Daily Post* is now giving its readers the doubtful benefits of four-colour printing. By and large, proprietors have been more inclined to invest in machinery (which stands out in any list of assets) than in intangibles like journalistic quality.

THE provincial press is a congerie of varying economic operations: hard and fast categories are difficult to draw. The morning papers are normally tied to a local evening paper (which was traditionally an asset but since commercial television began has in many cases become a liability). Evening papers, some with daily circulations of 200,000 or more, also exist independently. The small daily still persists (as in towns like Leamington Spa, Ipswich and Greenock) with circulations as little as 20,000: a circulation area of 100,000 population is now the rock bottom for daily printing. The vast and indeterminate field of bi-weeklies and weeklies generally depends on a multitude of jobbing printing establishments in different states of solvency, although it is still just economic to produce small "chains" of local papers without other resources or diversification. The owner of one of these (six papers produced in rotation during the week by an editorial and printing staff of 20) admits that the personal effort required is almost certainly too great, and the return on capital too small, for anyone to go into the business now simply for the money.

THE chief provincial operations fall into three categories. First are large groups or "chains" represented by Thomson Newspapers (successors to the Kemsley dailies in towns like Aberdeen, Newcastle and Sheffield), the Westminster Press, Northcliffe and others. This class shades off into organisations like Berrow's in the west midlands (tied in with the *News of the World*) and D. C. Thompson in Dundee whose local daily, the *Courier and Advertiser*, is overshadowed by a Scottish Sunday (the *Post*) and a vast range of magazines and children's comics. Secondly, there are the more localised groups. Some, like George Outram and Company in Glasgow and the *Birmingham Post and Mail*, produce a quality daily and a large-circulation evening paper, and also control a series of local bi-weeklies and weeklies. More typical is the Norfolk News Company in Norwich, which publishes the morning *Eastern Daily Press*, circulation 59,500, the *Eastern Evening News*, circulation 62,000, and eight weekly newspapers with a combined circulation of 80,000, all from the one office. Thirdly, there are the single operations, varying in size from large-circulation evenings like the *Bristol Evening Post* and the Wolverhampton *Express and Star* to the smallest country weekly.

Diversification has a number of merits. The most profitable has been the plunge into television holdings, sometimes, although not necessarily, in the province where the newspapers are produced. The *Birmingham Post, Liverpool Daily Post, Scotsman, Glasgow Herald*, Norfolk News Company, East Midland Allied Press and Berrow's are all in this field, some of them openly to provide a cushion against setbacks in the newspaper industry. So far, however, only one quality paper, the *Scotsman*, together with its wilting evening stable companion (the loss on Scotsman Publications Ltd. was £227,000 in 1959), appears to have been actually sustained by television profits, but others could come to this in leaner times. There are signs that some "chains" are seriously attempting to bring in more collective advertising, and to make small savings by increasing the output of a central service of feature articles. Lower down the scale, local weeklies that are members of consolidated advertising schemes (offering reduced rates for advertisements appearing in perhaps twenty local papers) have their reservations about how far this can profitably be extended. They say they would not contract out of the schemes, but advertisers now asked to pay £300 for a group insertion are apt to shy off on the ground that sums of that order may be better expended elsewhere.

Financially, the past decade has brought several major and significant changes which do not argue for the prolonged survival of the weaker papers either against the development of existing or new advertising media or in conditions of local economic recession. The classic pattern used to be that the evening paper, with two or three times the circulation, kept the morning (or, at least, provided the profits if the morning only washed its own face). This is no longer true. Profits in both morning and evening papers now come less from circulation than from advertising. The Wolverhampton *Express and Star*, not connected with a morning

paper, provides the best available illustration of how the balance has shifted in the evening paper field in the past ten years:

	Revenue		Expenditure (including editorial, distribution, administration)
	Sales	Adverts.	
	£	£	£
1950	292,279	189,350	336,578
1960	502,618	913,751	1,097,828

The morning papers, with their smaller circulations (which are less vulnerable to increases in newsprint prices), are still getting the quality advertisements for the upper income groups without undue pressure, although much more "chasing" has to be done than in the past. They have little direct competition on their own ground. The evenings, on the other hand, are more liable to lose national advertising to television. Some still have to compete with rivals (although competition among evenings is rapidly being reduced to a few large cities): where this competition exists it can be ruinous in terms of distribution costs. Rival papers are known to send special vans fifty miles or more simply to sell an extra two dozen football specials in outlying villages on Saturday nights —simply to prop up circulation. One particularly revealing development has been the distribution agreement in Manchester between the *Guardian* and Thomson evening papers: others would certainly like to do the same, even if they are reluctant to admit it. Even where an evening paper is well established, like the *Bristol Evening Post*, with 95 per cent of its sale delivered to subscribers' homes or on regular order, it is thought that distribution costs will now prohibit the extension of the circulation area on anything like the scale of the past five years.

Although exceptions exist, there is still a strong economic compulsion to keep expensive rotary machines running twice daily. It now appears that Mr Thomson is undertaking a consolidation of this kind in Ulster, selling off the machinery of the morning *Northern Whig* and printing it on that of the evening *Belfast Telegraph*. The potential economies of this kind in other parts of the country are limited. Managements are generally uneasy about wages: some editorial staffs seem to have been cut, but there is a limit to the extent that this can continue without loss of quality in writing and technique. (Certain production and layout specialists, whom the older local journalism simply did not acknowledge, are liable to be expensive to employ.) In the past, the compositors and other production unions tended to force through favourable wage settlements for themselves at the expense of the journalists, or so the managements were apt to claim. The closure of some provincial papers has eased the scarcity of compositors in the provinces. But firms that have to accept nationally-negotiated wages believe that conditions vary so widely that the case for local agreements ought to be recognised by the unions if the smaller and weaker operations are to continue in being at all.

Newsprint has been a serious problem, emphasised by the rising sizes of papers, but the pegging of circulations that is now going on to meet distribution costs may ease this situation. Local papers would like a sliding scale in newsprint prices, just as the Press Association gives preferential treatment in its rates for news coverage to smaller papers. (Even PA rates, however, are an issue in some quarters: the smaller dailies claim that they cannot afford to put on readership because of the higher agency rates.) New machinery is a headache for all but the most prosperous organisations (an example of the kind of calculation involved is the *Birmingham Post's* present plans for capital expenditure of £5 million, including £2 million for new rotary presses). Smaller papers get the cast-offs; there are murmurs in this sphere that manufacturers' prices for the replacement of parts are unnecessarily high and deserve looking into. The larger organisations which customarily occupy good sites in the centre of the bigger provincial cities are awake to the present prospect of realising site values, and plans are under way for movement of plant and offices into the suburbs.

DAILY PAPERS: AN INTERNATIONAL COMPARISON

		Number of papers	Total circulation ('000)	Number sold per 1,000 population	Newsprint consumed per head in 1959 (kg.)
United States ..	1958	1,745	57,370	327	36·0
Australia.....	1957	53	3,655	381	27·9
Sweden.....	1958	128	3,438	464	23·1*
New Zealand...	1957	42	854	383	22·4
United Kingdom	1954	114	29,100	573	22·1
Denmark	1958	145	1,614	357	18·3
France	1956	130	10,733	246	10·6
Belgium	1952	39	3,343	383	10·1
Norway	1958	80	1,298	368	9·8
W. Germany...	1958	473†	16,431†	300†	8·6
Japan	1958	97	36,656	398	7·7**
USSR.....	1958	472‡	31,454‡	151‡	1·6

* 1958.
† Number of papers excludes 690 regional editions but circulation figures include them.
‡ Including specialised daily papers; in 1956 there were 36 such papers with a combined circulation of 5.6 million copies.
** Excluding newsprint substitute Senka amounting to 0·7 kg. per head.

The chief difficulty right down the line is the provincials' vulnerability to advertising changes. The possible creation of a network of commercial radio stations therefore presents a new opportunity to the stronger and prospective disaster to the weaker papers. The *Bristol Evening Post* is an example of a go-ahead local organisation that is ready and anxious to enter the local radio field if the chance comes. Others have made more hesitant noises. If commercial radio is introduced it is liable to mop up a good deal of local shop and similar advertising from the weaker local papers, including the evenings. If the American pattern is a true guide, there will still be an opportunity for the stronger ones to benefit from massive supermarket and other advertisements which the housewife likes to pore over, and to which her attention is drawn by radio advertising. The same is equally true of used car advertisements and consumer durable bargains of all kinds. If the control of commercial radio were to be handed over to the local press wherever it applies, with suitable credentials, for a franchise, the interdependence of the two media for advertising purposes would then be satisfactorily established as far as the press is concerned. (The radio stations themselves would almost certainly need the press's news-gathering facilities.) Certainly those papers that could not get a franchise would suffer heavily.

The question of public policy is whether or not such a drastic rationalisation of the provincial press should be encouraged anyway. The chief merit would be that it would assist in the formation of stable and comprehensive groups, ideally running a quality morning paper, a large-circulation evening paper, and a group of local weeklies, and possessing the major or minor television franchise for the province and the local radio station for the group's big-city headquarters. If the quality provincial press has to be mildly subsidised in order to fulfil a positive social function it may be thought preferable that the spreading of costs should be done in this way, chiefly in the hands of local companies, instead of through the development of more national "chains". Short of a technical revolution the alternative to being kept or cushioned could be, in some fairly distinguished cases, eventual extinction. The survival of the small, independent local weeklies will continue to depend, as it has always done, on situation, accident, proprietorial whim and managerial efficiency, for which no broad prescription can ever be laid down.

THE WORLD OVERSEAS

Triumph and Struggle in Saxony

FROM OUR SPECIAL CORRESPONDENT

From his hotel, decadently abed three hours after the trams have started—in Leipzig they are under way at 4.30 a.m.—the western traveller equipped with a transistor radio can quickly pick up what the regime is aiming at and what it would like everybody to know. The little box that elsewhere nets a medley of voices here catches only two, both east German—the Deutschlandsender and Radio DDR. Should he twiddle the nob in search of another point of view, let alone a few more facts, the listener runs promptly into an impenetrable cacophony. Jamming, the locals say after a sharp look round, has become more violent, especially on the west Berlin wavelengths, since Herr Ulbricht immured east Berlin on August 13th.

And so the aural picture emerges, swiftly and uncontested, of a regime intoxicated by the near prospect both of a peace treaty that will powerfully legitimise the existence of two German states, and of negotiations that will "wholly neutralise" west Berlin. These days all events are being orchestrated by hook or by crook into a triumphant east German state symphony—the presence in the country of Major Titov, the current arch-symbol of communist technical superiority, the neutrals' deliberations in Belgrade, Dr Adenauer's parochial electioneering, and lastly (for once) the Leipzig autumn fair, where co-existing foreigners—notably British Conservative MPs, one with splendid Tory whiskers—are in themselves exhibits along with the consumer goods that both East and West seem to covet, more than anything else, in common.

Subsequent talks with party officials and ordinary citizens confirm this first impression and introduce some interesting details. The east German political leaders, who have not been competitively elected and still have a long way to go to win the hearts of the majority of their subjects, are moving heaven and earth to prove that their Democratic Republic is worthy and capable of sovereignty. Unhappily for the finer arts of wooing, they are perforce still primarily concerned with elementary economic and political security. They have had to promulgate yet another state of emergency to make the most of the last few days of sunshine for bringing in a below-average grain harvest. This week and last, able-bodied town and country folk, and all suitable vehicles, were expected to turn out and lend a hand where hands have fled. The head of the state planning commission, Herr Leuschner, has warned representatives of that dehorned steer, the east German federation of trade unions, that this year's industrial output is so far disappointingly short of the target, particularly in the heavy engineering, electro-technical, and building industries. This lag is affecting in turn the production of many of the comforting props of daily living. For some years yet, Herr Leuschner said, the shops would not be as interesting as the authorities had hoped they would be.

Some east German business men at Leipzig attribute the republic's slow economic recovery as much to the continuing lack of materials of the right quality as to the flight of labour and skill. It is this, they explain, that is largely the cause of the frequent mechanical breakdowns, the delays in delivery, and the ubiquitous shoddiness that is so depressing a feature of the east German scene —the clothes that lose their shape after the first cleaning, the leather bags and brief cases with tawdry metal fittings, the envelopes that hardly hold together through the post, and scores of similar daily irritants. Apparently it is chiefly in the hope of overcoming this shortage of materials that the regime is still by word and deed encouraging trade with the West, while continuing to abuse western politics with a vehemence and misrepresentation that would be funny if it were not downright wicked; many of the younger communists are themselves thoroughly ashamed of it.

An ingenious mosaic depicting Dr Adenauer, Herr Globke and "their nazi generals" on the point of launching an atomic war, with the support of Nato, in order to smash east Germany's "social achievements" and reconquer east Prussia and Silesia, is constantly presented to the public in justification of the regime's interference with their liberties. In addition to the sealing of the frontiers, this includes the further mobilisation of youth, both in the armed forces and in *ad hoc* gangs detailed to settle such matters as the education of "traitors" whose television aerials look westward. Many hundreds of citizens have been sent to prison during the past month for having openly questioned the veracity of the regime's propaganda or the morality of some of its acts. Because of the shortage of labour, sentences are usually short compared with previous practice, and are served productively. Everybody capable of working is being somehow roped in. At Leipzig during the fair you may find that your lift boy is normally a theological student, your waiter a commercial artist. The dearth of willing administrative skill and experience is being felt acutely.

One curious consequence of the wall barring access to west Berlin has been a substantial drop in the number of married women volunteering for part-time work in east German factories. Many have given notice, employers say, because they can no longer spend their earnings on the little extras that were procurable in one way or another only from west Berlin. They are being scolded by the party for such basely bourgeois conduct, and the "workshy" are being warned that they will find themselves being taught to mend their ways in a labour camp. But the majority of the population are co-operating, for the most part meekly, with the regime, being decent to each other, refusing to respond to the party propagandists' frenzied calls alternately to hate and adulation, and hoping gamely that a more magnanimous and stimulating climate will develop with time. They are disappointed that there is in each district only one list of candidates for the "election" next week-end (September 17th) of town and village councils. But the optimists remind themselves that payment even of mere lip service to democratic procedure may be an augury of future grace.

The Non-Aligned Out of Step

FROM OUR SPECIAL CORRESPONDENT IN BELGRADE

Two motionless hieratic figures, the Emperor Haile Selassie and Archbishop Makarios, brooding of eye and gravely bearded, sat like guardian images on either side of the speaker's stand throughout most of the five gruelling days of the non-aligned countries' summit conference in Belgrade. In the small hours of Wednesday morning, when the young King of Morocco, invoking the Prophet and praising Marshal Tito, formally closed the conference, they were still in their places. But beside the Cypriot president now sat the Congo's new prime minister, Mr Adoula, with the more celebrated Mr Gizenga behind his shoulder. These newcomers had flown into Belgrade in time to make two uneasily contrasting speeches on Tuesday. From ancient majesty, orthodox faith, and taut young nationalism, thus juxtaposed, the Belgrade conference blended its uniquely rich flavour.

As at other summits, personal prestige was here in grave hazard. The heads of states and governments included seven monarchs and princes; revered figures in four religious systems; the secular but also revered prime minister of India, throwing his great weight boldly into the scales to tip them as he saw fit, and among the leaders of revolutionary regimes, two generals and two marshals —one being the be-medalled Indonesian president, who daily tossed his baton upon the round table. Marxist Belgrade respected each older faith. Its Bajrakhi mosque, freshly restored, welcomed robed dignitaries daily and President Makarios found time to preach in the cathedral on Sunday. But there was scant time for secular pomp. Social occasions were abandoned, curtailed or ill-attended as the conference's hardest taskmaster, its five-day timetable, flogged it on through the sticky heat. Apart from Mr Nehru's iron resolve to keep his Moscow appointment on Wednesday, other delegations were also so bent on swift departure that they were in the air only a few hours after the late night closure. And the hard-driven notabilities were observed morning and night by roaming television cameras, ever liable to betray a fidget, a mopping of a sticky brow or too often a doze. By the end, their worn state was plain to see. Jugoslavia's federal assembly hall had become a pressure chamber for the testing of both physical and political stamina.

The Soviet nuclear bangs which, announced on the eve of the conference, became a grimly rhythmic accompaniment to it, did noticeably little to increase the pressure. First reactions were generally sorrowful and some were sharp, but the roar of Russian bombs seemed to fade quickly in the stuffy conference chamber. True, they aptly punctuated Mr Nehru's challenge "not to talk about other subjects . . . while the world goes to its doom," and helped to gain easy acceptance of his proposal to send a special peace appeal to Messrs Kennedy and Khrushchev and the heads of other governments. But the tone of the conference's joint declaration was almost tranquil about nuclear tests, allowing for the possibility that their cessation would be negotiated either separately, or in the tortuous context of general disarmament. If Mr Khrushchev's burst of frightfulness neither greatly alarmed nor greatly alienated many delegates, however, Jugoslavia may be reckoned an alarmist exception; Marshal Tito's last minute insertion into his conference speech of a claim that "we could understand" Russia's motives, after his spokesmen had dubbed the Soviet move as "deplorable" in public and "brutal" in private, has been followed by discreet Jugoslav indiscretions to the effect that Mr Khrushchev needs bolstering against a potential military take-over bid in Moscow.

Although the joint declaration, as read out in the conference chamber at two a.m. on Wednesday, was a hurriedly botched together affair whose rough joinery told the tale of several deadlocks resolved only around midnight, most of its content had been predictable long since. The omissions were its most conspicuous feature. Iran was not mentioned in the catalogue of "colonial" issues; Guantánamo was the only military base named, and with diplomatic restraint at that. The call to countries maintaining foreign bases to "consider seriously their abolition" was made in notably politic language; Dr Nkrumah's demand for a fixed deadline for the final elimination of colonial rule was itself eliminated. The elliptical phrase about the restoration of the rights of Palestine Arabs was the outcome of a tense struggle up to the last minute between the Arab proponents of a flat condemnation of Israel and a still tougher resistant group headed by Burma and Jugoslavia.

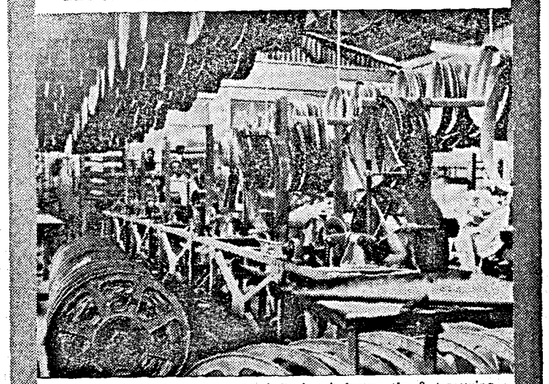
The passage on Algeria reflected the precision of the impressively terse speech delivered by Mr ben Khedda, the new and very self-assured Algerian leader whom the conference had suddenly found itself welcoming while his fallen predecessor, Mr Ferhat Abbas, lingered in Zagreb. Mr ben Khedda received the recognitions of his government showered upon him during the conference by Jugoslavia, Afghanistan, Cambodia, Ghana and the Congo as tranquilly as he broke ranks with his fellow Arabs by speech-making in French. (His impregnable indifference in that respect paralleled Mr Nehru's ability, after enduring several harangues on the independence struggle from non-participants, to speak casually of "anti-colonialism, anti-imperialism and all that" and then to add that "all our lives"—pause and brisk look round—"the lives of most of us present" had been spent in that struggle.)

The brevity and vagueness of the joint declaration's reference to the reform of the United Nations secretariat was matched only in the reference to Germany, likewise relegated to the very end. But the vagueness about the United Nations did not conceal any hidden lobby for Mr Khrushchev's troika plan. Mr Adoula's pointed reminder that a veto-ridden troika would have blocked any practical action in the Congo was not really needed to rally the Belgrade conference's massive opposition to Mr Khrushchev's formula.

In contrast, the almost off-hand appeal against any use of force or threats to solve the German or Berlin problems was all that remained after the failure to find any substantial common denominator. Even setting aside Marshal Tito's exceptionally severe strictures on western Germany, there was too much divergence between the proposals Dr Nkrumah brought back from his tour of the Sino-Soviet world, Mr Nehru's stress on solid guarantees for free access to Berlin, Archbishop Makarios's warning that west Berlin must not become a cencentration camp, and other disparate views. No reference to a peace treaty survived to please Moscow's ear, nor any consensus even in principle about facing the reality of a divided Germany, a tricky formula for Arabs who have not faced the reality on their own doorstep. There is no expectation here that even those members of the Belgrade group who stressed the need to recognise reality will in fact themselves recognise Herr Ulbricht at any early date.

The conference's rejection of several ill-considered proposals that were laid before it is clearly to be welcomed. But the net outcome, although balanced enough to protect the Belgrade group from any serious charge of veering toward either block, is rather sadly flat after so much expense of effort. Apart from the personal appeals for peace that are being made in Moscow and Washington, the impact of which cannot yet be assessed, no original initiative emerged from the conference; nor is there any suggestion of a coherent follow-through on a working level. Mr Nehru's warning of public disenchantment if the making of speeches is followed by no constructive action for peace was a necessary irritant, but did not suffice to stem the tide of further oratory—if that is the right word for the conference's main occupation of its time, a succession of readings of prepared texts addressed not to the squirming captive audience of potentates in the conference

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chamber, but to newspaper readers back home. This technique actually made the search for practicable compromises harder by publicly committing the participants to irreconcilably different platforms before they had had any private talk.

The Belgrade atmosphere was harmonious enough. But the group has now to face the question of its own future—and in realistic terms. Although India was far from alone on most issues, there was no hiding Mr Nehru's impatience with his more parochially minded colleagues' resentment over his demands that they should take a broader view. The fear of being dubbed a third block ought not to deter the group from developing workable mechanisms that would have it from drifting apart into purely selfish courses. Nothing is yet officially agreed about a second conference, although a Moroccan invitation has been given, but informal continuing contact through representatives at the United Nations is clearly in many minds. United Nations activities in the Congo and elsewhere have already shown some of the forms of practical service that the non-aligned nations can render to peace if they can subordinate their private interest to that of a greater cause. It is more likely that their unity and sense of purpose will grow through such arduous but invaluable practices than through an over-emphasis on verbal generalities ; and if in years to come the colonial targets that now give them a natural focus dwindle towards invisibility they will need to start clarifying their aims soon.

The spectacular and predominantly Afro-Asian encampment on the bank of the Danube has given Jugoslavia a sizeable fillip and the communist powers a queasy turn—the symptoms of which are the astonishingly twisted reporting of the Belgrade conference in the Russian and Chinese press. The conference need cause the western world no anxiety if the West can see its own interest in not trying to cling to hopeless colonial positions and privileges, and recognises its own hopes for the world in Mr Nehru's remark at Belgrade that " we have to build in our own countries societies of free men, societies where freedom is real." Westerners need to stop either despising or idealising the uncommitted, to see that the voice of Belgrade is neither the voice of God nor of a treacherous siren, but the voice of human beings whose basic interests seem not unreasonably different to theirs. In Serbo-Croat " non-aligned " works out as " non-engaged," and the point about the Belgrade group is that they are otherwise engaged, preoccupied with the natural preoccupations of emerging nations.

The Economics of Mateship

FROM OUR CORRESPONDENT IN CANBERRA

THE Opposition in Australia is showing signs of life. One sign is that its federal executive recently took belated action to dissociate itself from communism in the eyes of the electors. It instructed the Victoria state executive—whose left-wing bias is a liability to the whole party—to enforce the ban on " unity tickets " (that is, how-to-vote cards on which Labour and Communist candidates in union elections appear side by side). Right-wing members of the federal executive, led by the deputy leader of the Opposition, Mr Gough Whitlam, had favoured outright intervention in Victoria to overthrow the pro-communists ; but the leader of the party, Mr Arthur Calwell, fearing that this would cause yet another breakaway, has preferred the milder course of putting the Victorian party on probation, as it were, for a month. The trouble is that this will make less impression on the voters than the more dramatic course of expelling the left-wing leaders would have done ; nor is it likely to win back many votes from the anti-communist, splinter Democratic Labour Party, whose continued strength keeps Labour out of power not only in Melbourne but in Canberra, too.

There was, however, another hopeful sign for the Labour party in its long adversity in the reception given to the speech on the Budget made by Mr Calwell on August 22nd. Here the leader of the Opposition was on a very good wicket, since employers, trade unionists and investors who have burnt their fingers are all united in resenting the " man-made recession " of the past year ; but he was probably surprised to find his lavish election promises seriously discussed in the financial press as statesmanlike utterances. He said that if a Labour government were to be elected in the federal elections in December, it would, in order to restore full employment within twelve months, bring in a supplementary budget in February with a deficit of £A100 million. It would raise pensions and unemployment pay (which, even after the budget increase, is still only £A8 5s. od. a week for a man, wife and three children). It would establish industrial undertakings in competition with private enterprise ; and, undeterred by high Australian costs and excess world tonnage, it would set up a national shipping line in order to save freight charges. These expansionary measures—which would certainly cost more than £A100 million—would not be allowed to plunge Australia into a new balance-of-payments crisis because a Labour government would restore import restrictions.

This programme has a wide appeal, promising as it does ease and comfort in the short run. Behind the double walls of import restrictions and tariffs, manufacturing industry would flourish ; overfull employment would return ; and Australian costs would get more and more out of line with those of the rest of the world. The only trouble would be that the exporter of primary products, on whom almost exclusively Australia depends to earn its living in the world, would be squeezed between the millstones of rising internal costs and world prices until he was flattened out of existence.

The present government, whatever is thought of its policies and their application over the past year, has had this long-term problem in mind ; hence the removal of import restrictions in February, 1960, and hence the credit squeeze in preference to their reimposition. These policies have stabilised the internal price level, but have not succeeded in bringing costs down. There are in Australia too many built-in obstacles to prevent any progress in that direction.

The chief of these obstacles is that Australians will not tolerate any unemployment. The number of registered unemployed is still less than 3 per cent of all those of working age. (The Labour party says these statistics are false because the working population is taken to include self-employed persons, and because not everyone who is unemployed registers. On the other hand they do include married women who merely take jobs from time to time if and when it suits them.) Modest as the percentage is, Australian sympathy is deeply roused on behalf of families who, through no fault of their own, have seen television, washing machine and refrigerator disappear into the repossessor's van, and on behalf of migrants who have left their homes and friends in the expectation of highly paid jobs, and who now find themselves languishing in reception camps on the other side of the world. The very warmth of that sympathy has exaggerated the extent of the recession. It makes it impossible for any government to permit unemployment long enough to cause a worthwhile redeployment of labour into the industries that can use it more usefully ; one of those triennial federal elections is always on the way.

A by-product of this intolerance of unemployment is the ease with which a manufacturer threatened by competing imports can get help from the Tariff Board. Here is another built-in obstacle to a more economic use of Australian resources and a lowering of costs. Another is the extent of monopoly and restrictive practices, against which the government says it wishes to legislate ; but it does not yet know how. Yet another formidable obstacle is the arbitration commission, which has said that it will in future adjust the basic wage annually according to the cost of living, reviewing it in the light of the economy only every few years.

These permanent obstacles make it difficult for any Australian government to deal adequately with the problem of rising costs

and the tendency towards an import surplus—both of which are endemic in an expanding economy. Whatever government is in power the next balance of payments crisis seems likely to bring back import restrictions since, of the other remedies available, a renewed credit squeeze might be more than flesh and blood could stand, and devaluation would be effective only until the arbitration commission had made its annual wage adjustment. The next crisis is certainly some way off. Imports in August for the fourth month in succession are below exports; wool prices have risen in the new season's auctions; stocks are high and the cautious budget has left importers cold. Exporting, however, will become more difficult if rising costs continue slowly to strangle the primary producer. Some of his markets—albeit not to the extent foretold by the minister for trade, Mr McEwen, in his more emotional moments—may vanish behind the common market tariff, and Asia provides an uncertain and largely uncreditworthy alternative. Overseas investment on which Australia relies to close a normally unfavourable trade gap may be diverted to the common market. And meanwhile a larger population will need more imports.

Look beyond the government's successful bombusting, beyond the "slow recovery" foreseen by the prime minister, Mr Menzies, and the old problem is still there. Its seeds lie deep in the institutions with which Australia has saddled itself and in the human attitudes—the very "mateship" so agreeable in itself—from which those institutions have sprung.

Revolutionary Democracy in Turkey

FROM OUR CORRESPONDENT

EVERYTHING that has happened in Turkey since the armed forces seized power on May 27, 1960, has been contrary to what one might have expected. In most revolutions the extremists throw out the moderates, gradually limit the real power to an ever smaller circle and finally install a complete dictatorship. In Turkey the moderates in the revolutionary junta ejected the extremists, then created a 270-man constituent assembly with which they shared power, and now are about to install a parliamentary regime under which there will be no place or function for the junta. Moreover, there have been no summary trials and executions of the deposed leaders. Mr Menderes and his colleagues have been tried at interminable length under the ordinary penal code, and this has proved so ill-adapted to the various crimes of which they are accused that the prosecutor has had the utmost difficulty in proving his main charges. Indeed, the trials have almost had the paradoxical effect of white-washing, or at least grey-washing, the tarnished Menderes regime, and have certainly done much to draw off the venom that had accumulated against the regime in its final days.

At Yassiada the final judgments and sentences will be given on September 15th. Exactly nine days later the election campaign will open. The elections will be held on October 15th. After that the National Unity Committee—the military junta—will hand over power to whatever government emerges from the poll and will itself cease to exist. This is the present programme, and it will almost certainly be carried out unless something quite unexpected happens. One possibility that would upset the timetable might of course be a violent popular reaction to the Yassiada judgment. Strict precautions have been taken against this. Martial law has been extended for three months in Ankara and Istanbul. (This means that the elections will be held under martial law.) Police leave in the Istanbul area has been cancelled. Most drastic, a complete ban on all discussion of the Yassiada trials, and by implication the verdicts, has been imposed. The outcome of the trials is still quite uncertain. Many people believe that there will be no death sentences so close to the beginning of an election campaign; blood and ballot-boxes go uneasily together. But the younger army officers, supported by a number of westernised intellectuals, are still said to be adamant for the death penalty.

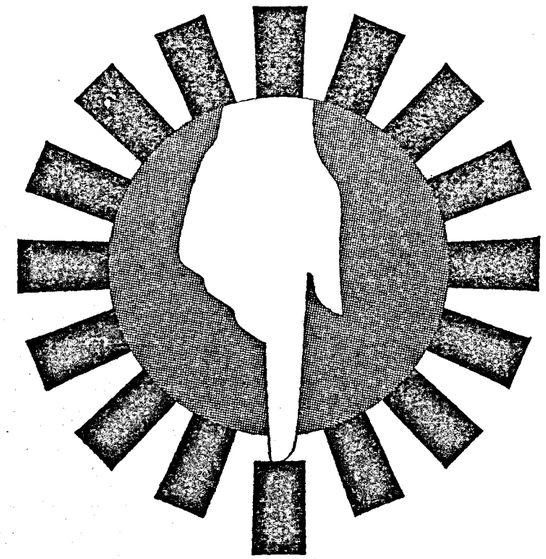
The result of the popular referendum on the new constitution held on July 9th was revealing. In a vote that was clearly one of confidence in the revolutionary regime, 38 per cent of the people calmly voted No. The army leaders equally calmly published the result. But the lesson of the referendum was not lost on anybody. It meant (taking into account abstentions) that nearly half the nation were either still attached to the Menderes regime or discontented with the present one. Moreover, as a sort of dummy run for the elections, it contained salutary counsel for the political parties.

Of the four main parties in the field, the best known and best established is the Republican People's party, which ruled Turkey for 27 years between 1923 and 1950. It is led today by Ismet Inönü, Ataturk's former comrade-in-arms; although now 78 and very deaf, he is a man of immense political experience and skill. But unfortunately, despite his unassailable eminence, Mr Inönü is a factor of discord rather than unity. And his party is hopelessly split into rival factions which attack each other continuously with apalling venom. Lacking any comprehensible programme, it has become a sort of pantechnicon containing every shade of political thought from extreme conservatism to the fringe of communism. The divisions which were apparent in the party at the recent general congress, when Mr Inönü had to throw the weight of his personal prestige into the scale to avert a challenge from the former secretary-general, Mr Kasim Gulek, are unlikely to have improved its already diminished electoral chances.

The three other most important parties are the Nation party, which dates back to 1947, the New Turkey party, and the Justice party; the last two were created early this year. If any of these is to have any chance of coming to power, it will have to appeal to the supporters of Mr Menderes's suppressed Democrat party; there are believed to be some 5 million ex-Democrat votes going begging. All these, therefore (and even to some extent the RPP), have been faced with nice calculations of how close to the wind they can sail in promising the followers of Mr Menderes what they want. They thus tend to stand for the very programmes and policies for which the former prime minister and his party were overthrown.

THE Justice party seems to have gone furthest in this dangerous direction. Led by a former general who was retired in the massive army purge of August, 1960, it is a curious mixture of discontented retired army officers and ex-members of the suppressed Democrat party breathing threats of revenge for the May coup. The party appears to be well organised, especially in western Anatolia, the former political stronghold of Mr Menderes. Unless the three "neo-Democrat" parties can merge before the elections—which at present seems unlikely—they are bound to split the former Democrat vote; but it is not impossible, in a completely fair election, and if the RPP cannot pull its political socks up in time, that the three parties will between them win a majority of the seats in the new assembly. If they then formed a coalition government, it would almost amount to a return to power of the Democrat party, without its former leaders.

It is difficult to believe that the Junta, and even more the enigmatic army officers who are breathing down the necks of the members of the junta, would ever permit such a development. General Gursel has given several blunt warnings to the Justice party; but he has got such stout, even defiant, replies, that some people have begun to wonder whether the Justice party has not got some backers even inside the army. It also seems that some members of the junta



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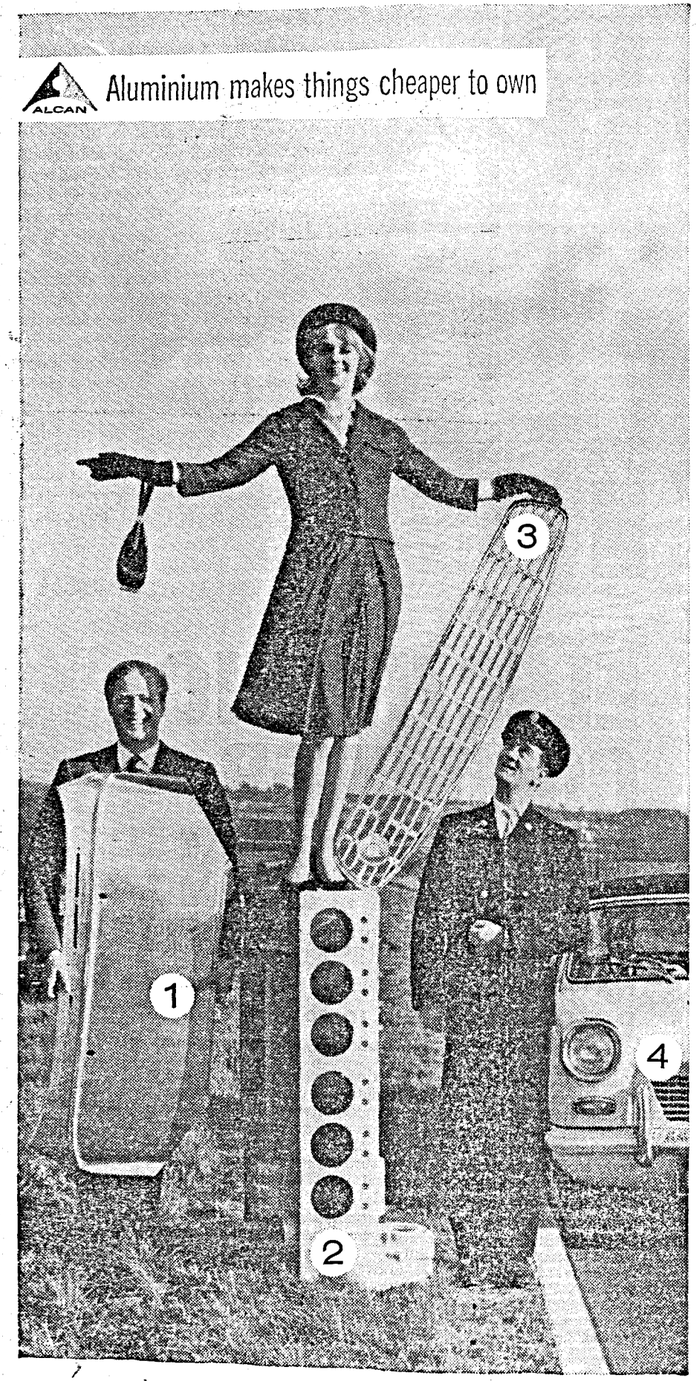
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have recently become seriously worried by evidence that the New Turkey party is coming increasingly under the influence of supporters of the Menderes regime. A sign that the junta is determined not to let the aims of the May, 1960, coup be jeopardised by the politicians was given on September 2nd when the constituent assembly passed an extremely severe law proposed to it by the junta; under this law persons convicted of offences against the revolution during the period immediately before and after the elections next month are liable to the death penalty.

Whatever government emerges from the elections it will have on its hands, not only Ataturk's unfulfilled westernising revolution, the bases of which have in recent years been shaken, but also a fearful backlog of neglected economic and social reform. A national government representing the whole country would in these circumstances seem desirable. But with all the party leaders treating each other as deadly enemies, one wonders how it could ever be achieved. In these conditions the ideas of the 14 radical officers dismissed from the junta last November, which can roughly be summed up as a reformist coalition under the ægis of the army, are coming back into fashion. Whether the 14 themselves will return before the election is still uncertain.

The latest move of the National Unity Committee has been to call a round-table conference of party leaders, newspaper editors and intellectuals which deliberated for five days under the watchful eyes of members of the ruling junta. On Tuesday members of the five main political parties who were attending the conference signed (significantly, in the presence of the three chiefs of staff) a joint undertaking to exclude from party polemics Ataturk's reforms, the verdicts at the Yassiada trials, foreign policy and other basic subjects. This agreement sets very definite limits to Turkey's new democracy. Whether this imposed unity turns out to be real or artificial remains to be seen.

Canada's New Party

FROM OUR OTTAWA CORRESPONDENT

When the Canadian Parliament resumed its protracted session on September 7th, the parties were faced with the problem of adapting their political manœuvres to take account of a new factor, the New Democratic Party, which came into existence at a rousing convention held in Ottawa at the beginning of August. This new party replaces the old Co-operative Commonwealth Federation which achieved an honourable record as a minority party of the left without gaining power anywhere except in Saskatchewan. The Canadian Labour Congress has formally espoused the New Democratic Party, and an attempt is being made to attract wider support than the CCF ever got. With the help of the CLC headquarters and affiliating union locals, it seems assured of more solid financial support and a good deal of experience and ability in organisation. But it remains to be seen whether the elaborate arrangements to launch a new party mean much more than a boost for the old CCF.

The most important change may turn out to be the appointment of a new leader. Mr T. C. Douglas, who has been premier of Saskatchewan ever since 1944, has been induced to return to the federal scene. He sat as one of the original small group of CCF members who sat in Parliament from 1935 until 1944. He is a dynamic and wary political leader who is certain to make a considerable personal impact on federal politics. Trained as a baptist minister, he is one of Canada's best political orators and debaters; he has a wider range and greater humour than Mr Diefenbaker, and a crowd-catching appeal which Mr Pearson, the Liberal leader, lacks.

Mr Diefenbaker is said to be confident that Mr Douglas and the New Democratic Party will take votes from the Liberals rather than from his Conservatives. In one sense he is no doubt right. But it is also true that both the Liberals and the NDP are fighting for the votes which Mr Diefenbaker won in 1958, which were not Conservative on any showing, but rather protests against the Liberals' long rule. In this sense both of them must get votes from Mr Diefenbaker if they are going to get anywhere at all: both are working on the assumption that a good many of those who supported Mr Diefenbaker in 1958 are now disillusioned.


Mr T. C. Douglas

The irony, perhaps even the tragedy, of Mr Douglas's entry into the federal arena is that the policies which his New Democratic Party is advocating are almost indistinguishable from those which Mr Pearson has been trying to get the Liberals to adopt. Mr Douglas now says openly that he does not like to call himself a socialist because the word suggests a doctrinaire belief in public ownership for its own sake, whereas he believes in the mixed economy with firm direction from economic planners. Mr Pearson, through his "eggheads' conference" at Kingston a year ago and the formal party rally last January, has been trying to edge the Liberal party onto very much this same ground. It is significant that the NDP regularly parrots his open appeal to the "liberally-minded," with a small "l."

Mr Pearson and Mr Douglas both know that they could agree on a party programme between each other more easily than either can agree with some of their own supporters. But Mr Douglas and his supporters from the CCF and from labour cannot see the Liberal party in Mr Pearson's image: they see it in terms of the powerful business support which helped to keep Mr St. Laurent and Mr Howe in power. They say that both Conservatives and Liberals are fundamentally right-wing parties under the domination of "big business." Their avowed aim is to drive the "two old parties" together in opposition to the new "people's party" of labour and farmers and progressive thinkers.

The result may well be just what Mr Diefenbaker hopes, to divide the opposition vote and return him to power next year. Mr Douglas is quite aware of this danger. His reply is based, essentially, on two grounds. He claims, first, that on a long view the New Democratic Party provides the only hope of saving Canada from the fundamental political conformity of the United States. He finds it tragic that the Democratic-Republican power play provides no outlet for radical thought, and fears that Canada would lapse into the same state if it left the field entirely to Conservatives and Liberals. Secondly, on both short and long-term views, he believes that the Liberals could not beat Mr Diefenbaker. In spite of his respect and liking for Mr Pearson he does not believe he can overcome the public's continued mistrust based on "delayed resentment" at the pre-1957 Liberal record.

The present indications are that both the Liberals and the New Democratic Party may try to cover so wide a political spectrum that their programmes will be pretty amorphous. Mr Douglas has to consider a basically conservative labour wing just as Mr Pearson has his conservative business wing. This may increase the importance of the leaders' personal appeal, and Tommy Douglas with five feet six of bouncing energy, bubbling humour and shrewd political judgment is a formidable challenger for both Mr Pearson and Mr Diefenbaker.

HOME REPORT

In HOME REPORT members of the editorial staff and local correspondents report on life and happenings in and around Britain.

Georgian Museum

BY OUR SPECIAL CORRESPONDENT

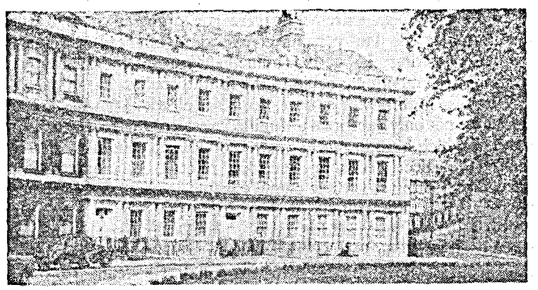
THE City of Bath's official tourist handbook opens with the words: "You will probably fall in love with Bath. . . ." It is no shallow boast. To one who has been long in conurbation pent, the tranquil, funicular splendours of this Georgian museum are irresistible. And swift capitulation to this enchantment has, of course, honourable precedent: Janeites will recall the devotion of the unsentimental Miss Austen to the city; and there were many more famous and infamous persons to whom Bath was the sovereign town of England. The key of its magic for them was the fashion under Beau Nash and the medicinal waters—but fashion is fleeting and antibiotics have taken from the mildly radioactive waters the regard in which they were held by polite hypochondriacs. The hard hearts of today are moved, however, by stone.

It is a miraculous accident that brick-clay cannot be found near Bath, and its building has always been in the serene pale stone on which it stands. It cannot be an accident that the 18th century produced so many architects of genius; nor that many of them chose to work in Bath. Of all of them the Woods, father and son, have left their mark most legibly: in an age when sprawl was the common mode of urban expansion, Bath was planned, with a vision and ruthlessness that would not be tolerated today; and they are to be thanked for it.

North of the city centre round the Abbey, the Woods's monuments, the Circus and the Royal Crescent, make even the rest of Bath look squat and pedestrian. The Crescent is a tremendous semi-elliptical sweep of triumphant grandeur; the Circus is a sustained exercise in formal gaiety—Mozart to the Crescent's Bach. It had, before renovation began in 1953, been blunted, much blackened and decayed by the iconoclasm of 200 years of soot and weather.

There is precedent for philistinism in councils of boroughs of Bath's size (population 81,000): but Bath is not as other cities, and praise is due to its wardens who, in 1953, initiated the rebirth of the Circus when the Historic Buildings and Ancient Monuments Act opened the Treasury's purse. They began by buying two of the Circus's 33 houses. The houses themselves were cheap at £2,800 each; but behind the stained facades were rooms of prodigious size, quite out of sympathy with current needs. They were amenable to conversion into flats, but this work, together with the restoration of the facades, was not cheap: it consumed £10,500 for these two houses alone, towards which the Treasury contributed £1,600, half the cost of restoration (the agreement provides for the other half to be shared between householder and council).

But the results were so good that many of the private owners were moved, or shamed, into applying for the council's and the Ministry's grants for the renewal of their own façades. Unhappily, too few of them were as faithfully preserved as those the council had first bought; and the inlaying, repair and resuscitation of their stone became, in the event, a most costly operation. Eighteen of the Circus houses (of which six, converted into low-rent flats, are owned by the council) have been restored since 1953; the owners of the remaining 15 have so far been unable or unwilling to find the £1,000 which is, on the average, their quarter share of the cost of transformation. The council has spent £53,000;



The Circus, Bath

and it waits, beneficently, with a further £50,000 for the remaining houses.

The process is slow; but the results are sufficient justification of long patience. Eventually the entire Circus will be as Wood the Elder designed it (he did not live to see it), and work will begin on the Crescent; and then on the Paragon and Pulteney Street, and Queen Square and the rest of the 140 listed historic rows and individual buildings which make up nearly all this golden city.

MUCH praise is due to Bath for this fettling of its splendid armour against squalor and the hand of the estate-builder: for it is not a rich city. The Pump Room, where the rich once congregated, is sad and bare, mocked by trippers giggling over a glass of the waters (still tasting, as in Sam Weller's day, of "werry old flat-irons"); the Colonnade is empty of fashionable idlers, full of prams and teenagers; and Pulteney Bridge and Milsom Street are affronted with coffee bars. The visitors still come to Bath (it is second only to London as an attraction to tourists), but they are day-trippers; Bath still depends on them, but they are not great spenders.

Bath depends, too, on the presence of the Admiralty, whose 4,700 clerkly landlubbers could not now return to London without the most savage repercussions on the city's economy, which is unbolstered by any serious industrial development. Nobody will hazard a guess at the extent of the Admiralty's bounty; but it is certainly larger than the six per cent which its numbers suggest. Last year's rumours of a return to London shocked the council out of its complacent lack of an industrial policy (there are dangers in this cheerful conservationism), and an attempt is being made to attract to the city light industry of a cleanly and suitable kind. But the employment figures are significant of inbred white-collarism: over 50 per cent of the 33,000 working population is in non-manual employment (and many of them are women—41 per cent against a national average of 34 per cent). Distribution is the city's main occupation, nurtured by such events as the annual Festival, complete with organised orgy. The twin dangers of stubborn shabby-genteelism and raddled coquetry threaten.

In 1947 a plan for Bath was produced by Sir Patrick Abercrombie, a plan of great range and high ambition which provided for quite intensive industrial development. None of that plan ("Bath to be no Georgian museum-piece") has noticeably been executed; its high purpose, 14 years on, has all been dissipated. Love, it is said, is not blind: it sees more and forgives more. True: but even love, even for so noble an object, may wish that it would see to the remedying of its imperfections as it does to the gilding of its perfections.

Parched Prospects

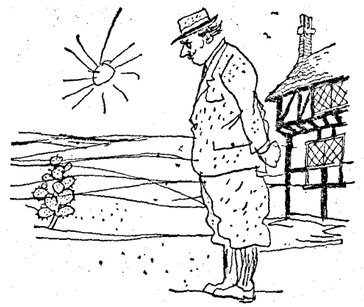
BY A SPECIAL CORRESPONDENT

WHAT may be called the "technocratic fallacy" often crops up when water supplies are discussed. Some time ago a senior officer of the Ministry of Housing and Local Government told a conference that more development should be concentrated in the north of England because water was getting scarce in the south. Presumably he would have advised against ever building a city at Los Angeles—where enough water to service a city of three million people has had to be transported over several hundreds of miles.

The same sort of question, on a much smaller scale, has now arisen in parts of East Anglia. The report of the Ministry's hydrological survey of the Essex Rivers and Stour* makes gloomy reading for those who are hoping to be watering their lawns in Essex ten years hence. It is the first of these reports to conclude that local water resources have been developed almost to the limit, and cannot meet the expected increase in demand.

The population of the area covered (at present about 1,800,000) is expected to increase by 300,000 in the next twenty years, and consumption of water per head will also increase; in addition farmers would certainly use much more water for irrigation, if water were available. The survey concludes that perhaps 36 per cent more water is going to be required in this area by 1980. But, it says, the ground-water resources of the area are already over-used, and water levels are falling in many wells in south Essex. The chief technical possibility lies in the better use of surface water resources through the construction of new reservoirs, and 17 possible reservoir sites are suggested in the report. These could meet about a third of the anticipated increase in demand. Some additional supply could also be obtained by treating more water after use and returning it to the rivers, but the report suggests that this gain (if realised at all) may be offset by failure to build some of the suggested reservoirs, which are bound to encounter many objections from farmers and lovers of the countryside. In sum, the technical evidence clearly indicates that the water supply of much of East Anglia (which is a rather dry region) is already precarious, and that the bulk of any further demands must be met from resources located elsewhere.

This report itself sticks closely to technical facts, and eschews any policy conclusions; but others may easily draw the false inference that the growth of population in



Essex and adjacent parts had better be slowed up. At public local inquiries, the water argument will probably find a place alongside farmers' objections to proposed schemes of development. Yet on every other ground the growth of both population and industry in this region seems very desirable, since East Anglia is the most "underdeveloped" area on London's doorstep, and since a better use of its port facilities would ease congestion around the London docks. Probably, indeed, the population, and hence the water requirements, of East Anglia should grow more rapidly than the Ministry's estimates portend. There is no technical reason why sufficient water should not be brought into the area to meet a greater increase of demand; but there is an obvious danger that the water undertakings will move too slowly to anticipate demand, and that planning authorities will prevent development on spurious technical grounds.

All this has relevance to the new legislation about water which Mr Brooke has promised to introduce in Parliament next session. As Britain's problems of water use and distribution become more complex, the inadequacies of present administrative machinery become more obvious. Large cities like Birmingham and Manchester can go long distances to get the water which they need; but the medley of smaller water undertakings which exist elsewhere cannot operate on this scale and have to rely on local resources. The Ministry's technical advice is excellent, but its efforts at co-ordination, which should include co-ordination between surplus regions and deficit regions (like East Anglia), fall well short of what is needed. The parched prospects of Essex are a sharp warning against further delay.

* Ministry of Housing and Local Government. Essex Rivers and Stour Hydrological Survey. *Her Majesty's Stationery Office.* £1.

Post-fabricated Pre-fabs

FROM A CORRESPONDENT IN SOUTH YORKSHIRE

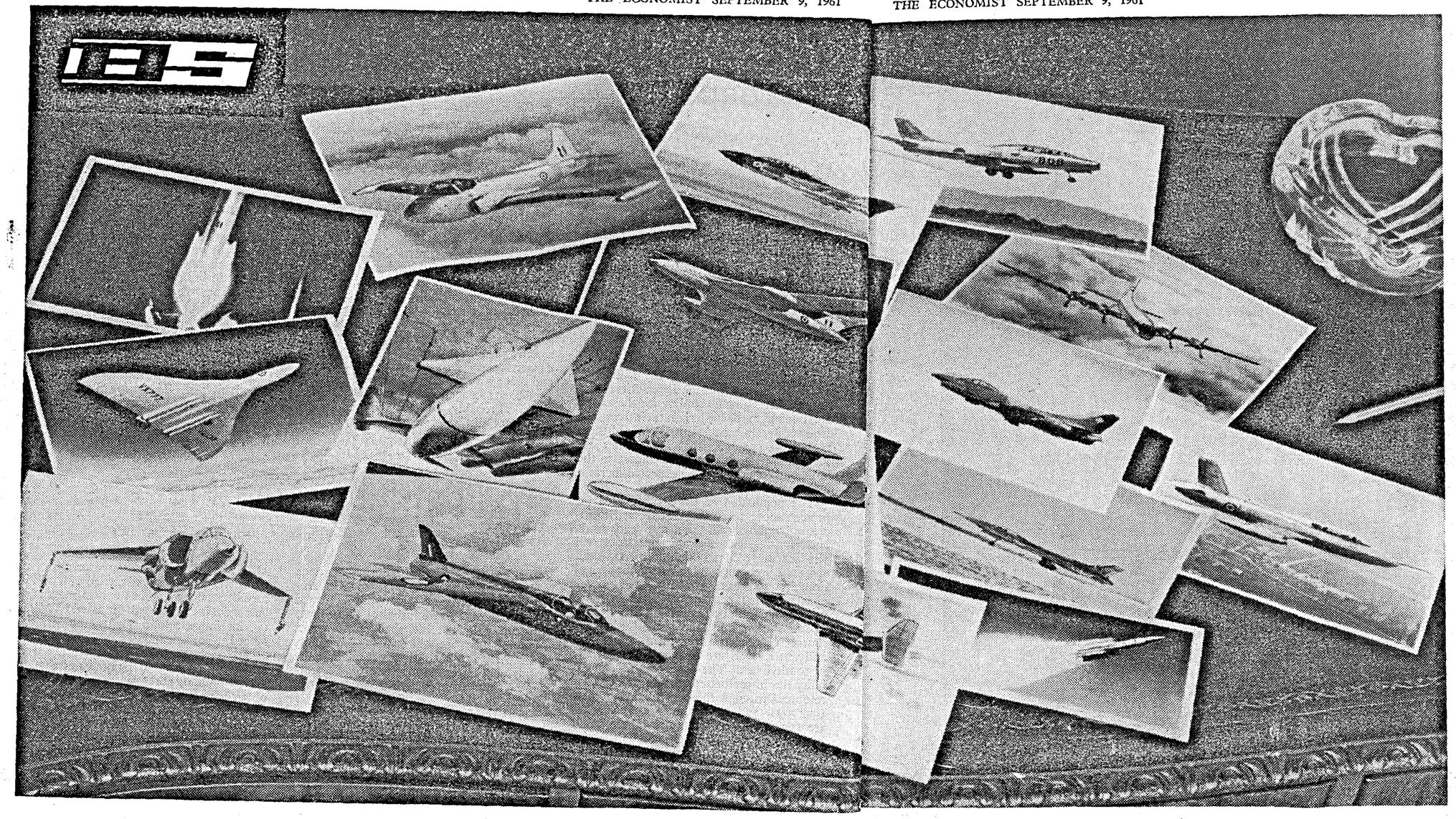
TO meet the critical housing shortage just after the last war, the Government erected some 157,000 pre-fabricated houses. Most were asbestos bungalows with an estimated life span of 10 years. Many of them are still standing—but only just. At £150 each they passed into the hands of local authorities five or six years ago: since then, deterioration has been rapid.

The Urban District Council of Hoyland Nether in South Yorkshire has found a way to preserve them. It has provided the pre-fabs with close-fitting jackets of brick, built new chimneys, strengthened floors and added many other refinements, all without displacing the tenants. Each conversion cost about £460: to build a new bungalow with comparable facilities would cost £1,300. Before this "cladding" the weekly rent of the pre-fabs was 14s. 7d. plus 5s. 3d. rates. After cladding tenants pay 18s. 4d. rent and 5s. 9d. rates. The buildings now have a guaranteed life of at least 25 years.

The council's virtue, quite apart from the merits of the scheme, has been its persistence: when it was realised that the plan to clad the 70 pre-fabs could not comfortably be attempted without obtaining a substantial loan, the project was almost strangled. The Minister of Housing and Local Government simply refused to entertain application for loan sanction. The housing committee decided to go ahead and clad one pre-fab; its surveyor drew up plans and the work was carried out, and its members applied again for loan sanction—and again it was refused. It asked its MP to use his influence and, finally, the Minister agreed to see a deputation.

The main props of its arguments were not only financial. It pointed out that its annual building allocation was in the region of 30 houses a year. The pre-fab tenants would have to be re-housed in new buildings, and the housing programme would be set back two years if pre-fabs were demolished. Loan sanction was granted, under the 1958 Housing Act, for £33,050, repayable over 20 years.

The council's 70 pre-fabs are almost completed now; but the speed of work depends on the building labour available. Progress was slow at first because the council kept one bungalow empty, into which it moved a tenant temporarily until his pre-fab was clad. Now, at their own request, tenants stay in their pre-fabs while workmen build around them. Bricklayers work at whatever speed they are able and joiners follow them along the line. No type of work is dependent on the other. Increased rents allow the council to put a substantial amount aside for future maintenance. Hoyland Nether's pre-fabs are now almost status symbols, and the council has had to turn down applications for houses it could hardly give away three years ago.



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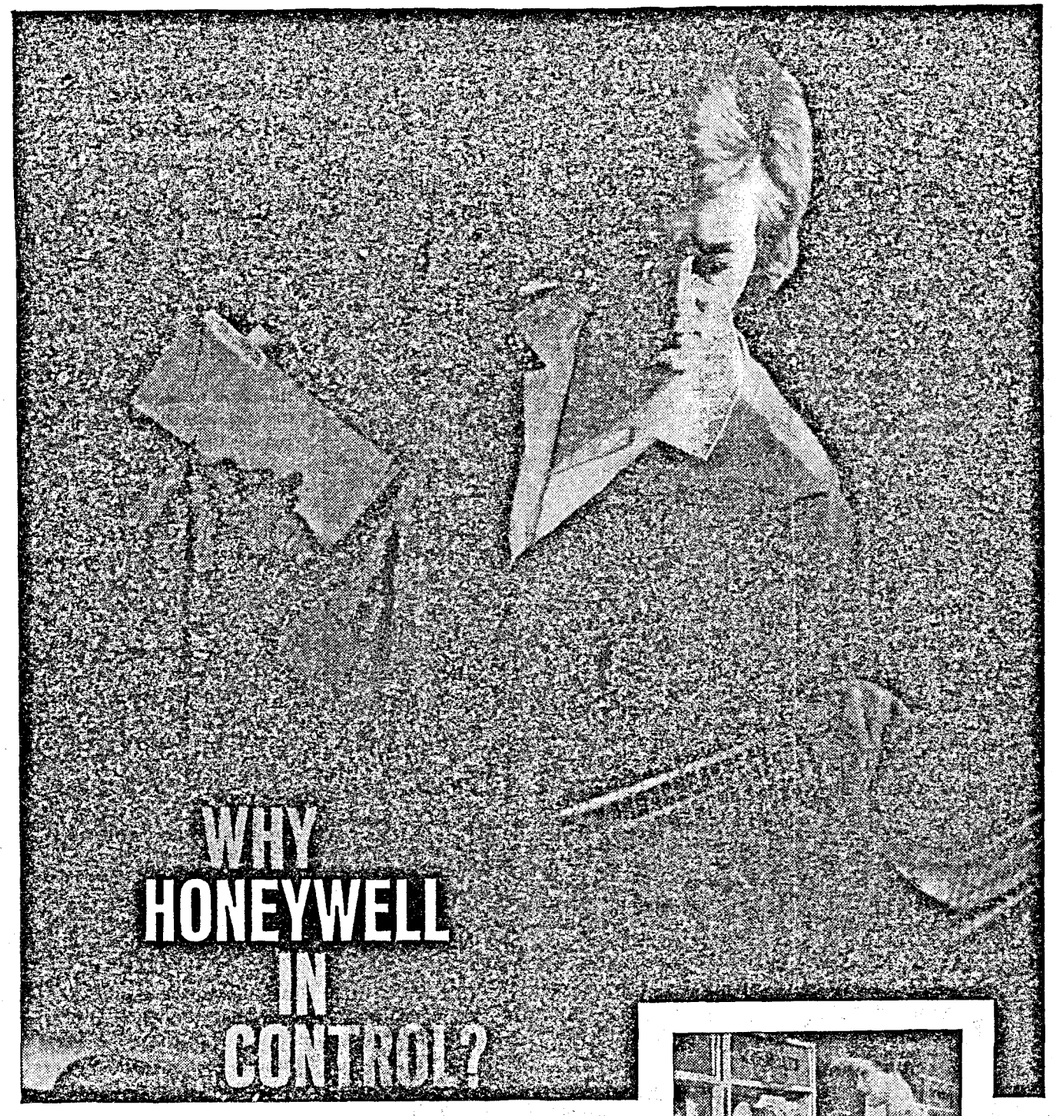
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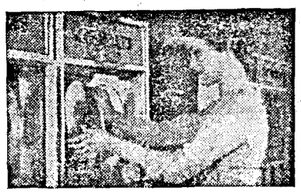
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LETTERS

Planning by Whom?

SIR—Your long article discussing how economic planning should be organised clarifies many of the problems. But in discussing the Chancellor's proposals for a National Planning Office, you remark that the idea seems to have taken root that this should be independent of the Treasury, and comment, "This may well be a *mistake*." I wonder whether you do full justice to the arguments in favour of independence.

The best organisational arrangements clearly depend on the job to be done. If it were merely a matter of a group of experts proposing (as at one point you suggest) an "assumption" about the future rate of growth—together, no doubt, with a breakdown for different industries—this might be as well done inside the Treasury as not. But the truth is that the Government is not well informed about the conditions of supply. The same would indeed probably also be true of any small, self-contained body of economists and statisticians working on their own.

Is not the crux of the problem this? We all feel that the past rate of growth of output, and of productive capacity, could have been better. If this belief is well founded, it follows that there are productive possibilities of which full advantage has not been taken. The first task in organising economic planning, before deciding on the "assumption" about future growth, should then surely be to find out what these possibilities are. This, in turn, would seem to involve rather detailed discussions with the people who formulate industrial plans: as you yourself suggest, not merely general discussions with the leaders of industry in a small top level committee, but more technical discussions than these could be, and on a much wider scale.

Such discussion would not of itself produce results. But it would mean that a plan could be formulated with a much better knowledge of what the reasonable maximum rate of growth was. As French experience suggests, it would also be an important stage in leading firms to make their own decisions in conformity with such an assumption. To help in this regard, also, it is widespread, detailed and technical discussions that seem to be required.

There seem to be several reasons for believing that discussions of this nature could be carried out best if the National Planning Office were partially independent of the Treasury; and thus located, as it were, half-way between the Government and industry itself. First, and perhaps most important, the discussions would only be fruitful if conducted in a spirit of confidence. This alone dictates that the organisation should clearly be shown to be, as far as possible, non-political; and that industry should be as closely concerned as the Government itself in the organisation of planning.

Constitutional considerations also appear to weigh heavily in the same direction. Civil Servants are servants of their Minister, and he is answerable to Parliament for their acts. This necessarily imposes on them considerable restraint and discretion in their dealings with the public. But if planning were conceived as it is suggested above it should be, the Planning Office would not itself be concerned with decisions, but only with making proposals and preparing the way for decisions. The decisions would be partly for the Government to make—but partly, also, for industry. If the work were done by civil servants, they would not be acting in the capacity that most civil servants act in; and the traditions of the civil service—particularly strong perhaps in the Treasury itself—might be a positive hindrance.

These considerations appear to me, between them, very powerful indeed. There is also one minor point. You say in justification of your view that the "expertise" is "already vested in the Treasury." It is true that the Treasury—and the Central Statistical Office—possess the sort of expertise required to make statistical projections of national product. There is, however, no reason why the expertise should not be utilised by a separate National Planning Office—in the same way, indeed, as the Economic Section of the French Ministry of Finance prepares economic projections for the *Commissariat du Plan*. Here, as in other ways, the French system "has arranged," as you say, the "division of power rather well." It might be foolish, without strong reason, to discard what is perhaps the essential feature of that system—the semi-independent and non-political status of the planning organisation.—Yours faithfully, J. C. R. DOW
London, SW1

Filling Those Seats

SIR—Another interpretation of the figures quoted by your air correspondent in your issue of August 19th gives, I think, a more accurate impression of the present low revenue position of the North Atlantic carriers. Firstly, the increase of 87,000 passengers in the first six months of 1961 over 1960 has to be shared between two countries (Canada and United States) and at least twelve carriers, as well as being divided between six separate months of travel. The resulting 1,200 extra passengers per month, per airline, do not yield very much extra revenue when one considers the 47 per cent increase in capacity.

Secondly, about 75 per cent of this increase occurred during the first quarter of 1961, as shown in the accompanying table.

The increase in traffic was obviously due to the "17 Day Excursion fare" (lower than the regular fare by some $120). Hence the increase in passengers is not a true measure of the increase in revenue.

REVENUE PASSENGERS (000's)

	1960	1961	Percentage change 1961/60
First quarter	228·0	293·7	+28·8
Second quarter..	478·8	500·3	+ 4·5
Total six months.	706·8	794·0	+12·3

By concentrating on the six months' comparison, your correspondent conceals an important aspect of the revenue status of the North Atlantic carriers. In spite of the admitted increase in charters, freight and mail business, the major source of the carriers' income remains regular schedule passenger traffic. There is no escape from the conclusion that the North Atlantic carriers are suffering from a "revenue slump."—Yours faithfully, D. J. SOLLY
Montreal, Canada

Rhodesia

SIR—What matters in Rhodesian politics are not the technicalities that your Salisbury correspondent and Major Wall dispute, or the inferences that they draw, but the attitude of the predominantly white electorate to African advancement. For it is on this that the future depends; it is the spirit not the letter of the law that counts. Over the last 14 years I have lived about half time in S. Rhodesia. Three years in India in the '20s, the days of swaraj, and a desk in India Office 1935/6 as PPS during and after the India Act, were educative on colour and sectional politics.

What I find encouraging in the Rhodesias—and I am backing my opinion by currently increasing my interests there—is the steady growth of a liberal attitude among Europeans, *pari passu* with remarkable economic advancement among those Africans in contact with them. This latter can be statistically assessed from bank and Post Office savings, house, land and vehicle ownership, and so forth. The European attitude can be measured by the voting in the 1953 and 1961 referendums when on analogous issues and almost identical opposition arguments, the illiberal vote fell from 40 to 33 per cent. Unlike other African territories that have lately hustled to self-government, the Rhodesias have vast and barely scratched mineral and agricultural resources to sustain and expand under their own competent leadership. It might seem strange how reluctant impatient liberals are to recognise the improvement that is taking place if one was not in a position to observe what a misleading picture emerges from much of the reporting in the British press—and deliberate distortion in sections of it.—Yours faithfully, ARCHIBALD JAMES
Pulborough, Sussex

For Mammon Only?

SIR—With regard to your note on "Church Advertising," may I point out that this is nothing new? The idea was mooted by the Commission on Evangelism and included in its report produced in 1945, *Towards the Conversion of England*. This was a plan dedicated to the memory of Archbishop William Temple. Quoting from the report, the commission says, "Of the eight agencies of propaganda we have mentioned advertising is the only one about which we have obtained expert opinion."

The commission came out firmly on the side of advertising as paragraph 271 of the report will show, and, although not an Anglican, I am disappointed that this recommendation has not been implemented.—Yours faithfully, H. V. ELDRED

London, NW7

Car Exports

SIR—Why should your correspondent Mr Balfour Barwise (August 5th) be so "shocked" that he sees so few English cars in Vienna? Surely he must have read *some* news on the fall in exports of British cars and have seen *some* statistics—for example, the countries of origin of cars imported into the USA. Does he not know what kind of cars are being used for minicabs?

I cannot help but feel that his belief that the majority of people would prefer to buy British cars is a prevailing attitude that has contributed to the fall in our exports that has occurred. In fact there are few places not subject to British Treasury regulations where English cars are imported in excess of other European makes. This is not only because the latter are cheaper but because they are preferred. I wonder if Mr Balfour Barwise has ever driven a European car—or an American one. As he apparently assumes they are inferior it would appear doubtful.

I believe you have postulated the theory recently that if tariff barriers were removed the population of England would become aware of the quality of products available elsewhere and British manufacturers would then, of necessity, be compelled to raise their own standards. Obviously, as evidenced by the high duties that foreign cars now attract, we are fearful of competition on an even footing.

A considerable amount of blame for the fall in our exports has been attached to the labour force in that their demands for higher pay without increased productivity have priced us out of the market. Manufacturers cannot escape some of the responsibility. Not only must our goods be as cheap; they must also be at least the technical equal and as attractive to the customer as those of our competitors if we are ever to regain our previous position in the world's markets.—Yours faithfully,

Hongkong G. J. HATHERLEY

BOOKS

The Fleet was Ready

The Road to War, 1904-1914. Vol. I: *From the Dreadnought to Scapa Flow*

By Arthur J. Marder.

Oxford University Press. 481 pages. 42s.

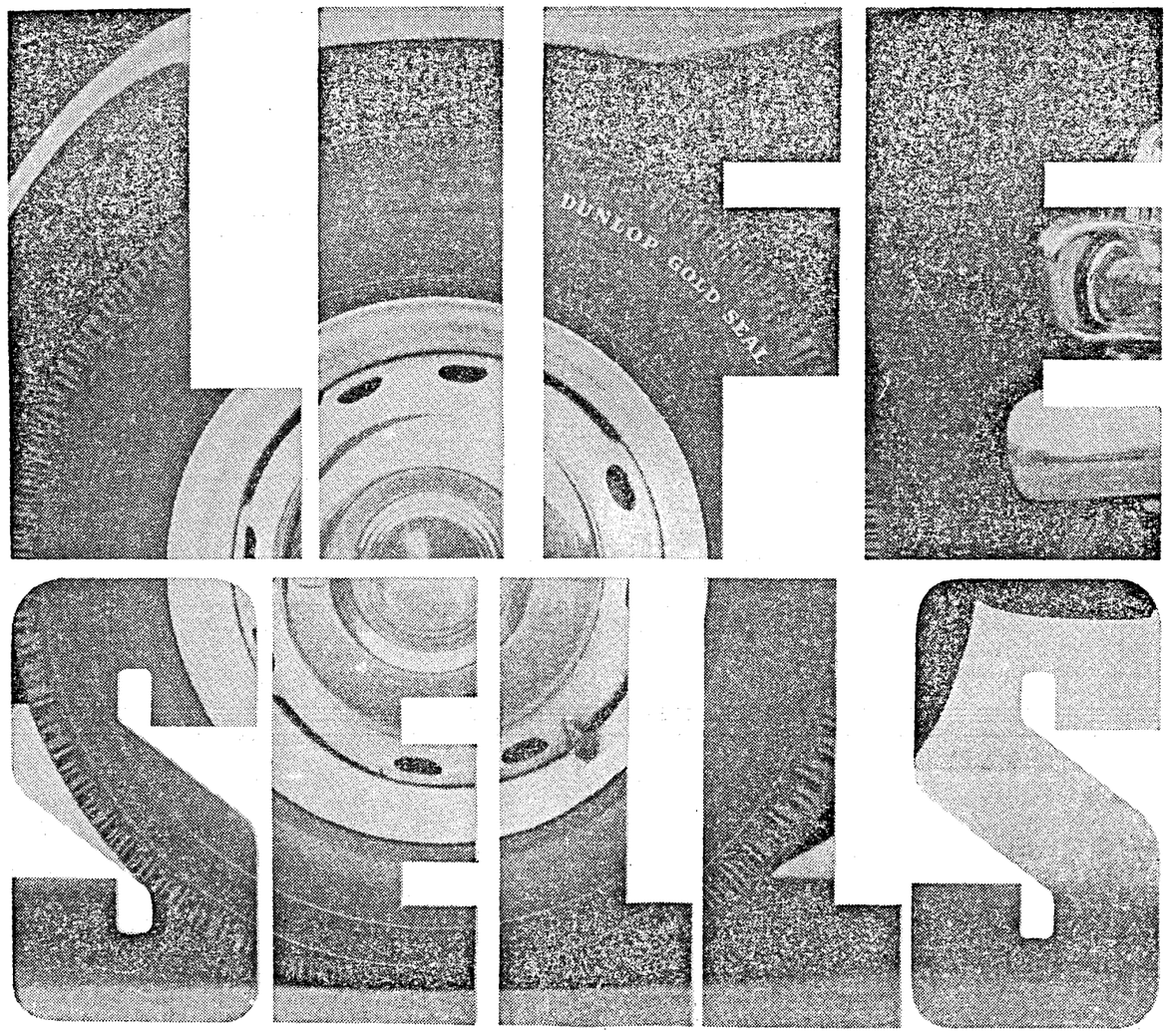
IN THIS important and absorbing book Professor Marder of Hawaii University, the editor of "Jacky" Fisher's letters, carries his study of British naval policy and strategy from 1904, when Fisher became First Sea Lord, up to the outbreak of the first German war. For the first half of the book the stage is dominated by Fisher, who was "in effect, if not in fact, the Board of Admiralty," and was then ruthlessly forcing his sweeping reforms on to a stubbornly conservative and largely obsolete service. Unfortunately his methods produced in the navy a schism which, for the verbal ferocity of the rival partisans, has been equalled only by the feud between Admirals Keppel and Palliser after the battle of Ushant in 1778. In this first period Winston Churchill adhered to the "little navy" group that comprised the radical wing of the Liberal party; but after becoming First Lord in October 1911 his views changed entirely, and from that time onwards we see him on the centre of the stage, working (though not always in harmony) with his naval colleagues to secure what they regarded as an adequate degree of superiority, especially in battleships, over the Germany Navy.

In his summary of this period Professor Marder, though he admits that the scrapping of obsolescent ships was probably carried too far, comes down heavily on the admiral's side. The reforms, he writes, "were the result of years of thinking, and of thinking tested by experience"; and the design of the *Dreadnought*, which made all earlier battleships obsolete, he considers to have been not "a piece of wanton and profligate ostentation," as Lloyd George stigmatised it, but "a stroke of genius." But the author's admiration for Fisher does not blind him to his faults. Quite apart from the violent antagonisms which he aroused, his refusal to accept a Naval Staff organised on the model introduced by Haldane in the War Office, and his unwillingness to reveal the Admiralty's war plans, totally frustrated co-operation with the soldiers. Nevertheless by the beginning of 1910, when he resigned, his chief work was done. But for Fisher, the navy would have been in no condition to meet the German challenge.

Churchill's appointment as First Lord was designed to force the Admiralty to accept a Naval Staff and to make the continental strategy favoured by the soldiers more acceptable to the navy—a purpose in which he succeeded perhaps too well. The showdown came at the historic meeting of the Committee of Imperial Defence on August 23, 1911, from which the "continentals" emerged triumphant. "Amphibious projects" writes Professor Marder "were as good as dead." None the less he considers the years 1910-1914 a period of "tremendous progress"; and it is certainly true that things then went a good deal better between the service departments, and between the admirals and the politicians—especially after Prince Louis of Battenberg had become First Sea Lord at the end of 1912. What is beyond doubt is that our strategy in the first German war was, in the main, the product of the Churchill era at the Admiralty.

Professor Marder has cast the net of research very wide indeed, and the collections of private and official papers to which he has had access have enabled him to throw a great deal of new light on the events and personalities of the period. Perhaps he sometimes takes too much account of the views of certain rather embittered critics of the navy of those days; but in general his comments on admirals such as Beresford, A. K. Wilson and Bridgeman are as fair as his account of the development of British strategy is objective. He states that "there were few really top-notch admirals in 1914," a state of affairs which he attributes mainly to the ascendancy of the *matériel* school over what may be called the "intellectuals"; and he considers Richmond to have been the ablest and most far-sighted of the latter. Yet even Richmond was totally wrong about the likelihood of submarine attacks on our merchant shipping.

For all the weaknesses here discussed, Professor Marder finally concludes that in "the natural geographical advantages, the voluntary principle, the extra sea time, the British naval tradition, the marked edge in numbers of warships, and a great confidence in their ships, seamanship and gunnery" the Royal Navy possessed assets that the Germans could not hope to emulate. Moreover, as the author says, "the Fleet was ready, or, what was almost as valuable, *believed* itself to be ready" when on July 26, 1914, Battenberg, on his own initiative, stopped the intended demobilisation after the Spithead review. If one accepts those conclusions, all the controversies and quarrels which had scarred the preceding decade fall into their proper historical perspective.



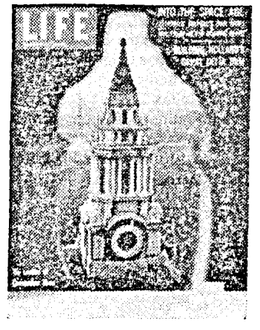
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Who's Who in the Unions

Trade Union Officers
By H. A. Clegg, A. J. Killick and Rex Adams.
Basil Blackwell. 286 pages. 32s. 6d.

TOP trade union leaders are constantly in the public eye: television viewers are by now well used to the beetle of Mr Woodcock's wise eyebrows, Mr Carron's plump honesty, Mr Cousins's glittering socialist convictions, or Mr Foulkes's swift evasions. But how the unions function at their humbler echelons is to many people wrapped in mystery and suspicion: the authors of this book try to unwrap it.

Their purpose is to show who trade union officers are, to disentangle the knots of incomprehension that bind together in public disesteem the full-time officers, the branch secretaries and the shop stewards, who play their varying parts in the union orchestra. They try, by presenting the facts and by comparing practice in different unions, to provide some sound ideas for reform. This, unquestionably, is a book of worth: perhaps it is unfair to complain that worthiness here—as in so many fields of endeavour—rides hand in glove with dullness. This is not one for the general reader: but no doubt the valuable information it contains will filter through to him as it is pillaged by the commentators.

Perhaps what most strongly makes for dullness is the practical impossibility of generalising about the people who are here examined. Some unions elect, others appoint their officers, lay and professional; some unions grossly underpay their officials, others give them only a bit less than they would be able to earn in outside jobs; officials of some unions are well content with their jobs, others seem to provide sadly little grounds for satisfaction to those who work for them. Voluntary branch secretaries may or may not be paid for the work they do on union business. Shop stewards may or may not lose money through spending time on union work; others may have a handy source of income in unofficial lotteries and other fund-raising devices.

But it is a pity that the authors have failed to humanise this social survey; one would have liked to know just why it is that people are prepared to take on a job entailing so many kicks and relatively so few halfpence. Of course, there are intangible rewards: the union worthies who sit competently on borough councils and benevolent committees all over the country obviously benefit from popular esteem. It is a shame that the book makes no attempt to evaluate the amount of public work outside the unions done by those active within them: some town clerks will gladly admit that the trade unions provide their hardest-working and most co-operative councillors. But it is particularly appropriate that, when asked to say what they thought was the accepted social standing of their job, a large majority of full-time officers and secretaries rated themselves somewhere between a nonconformist minister and an elementary schoolteacher. These two poles of underpaid morality and underpaid didacticism seem specially suited to the general view that trade union officers hold of themselves: the question of payment apart, it is at least questionable whether high moral aims or high didactic purpose are entirely relevant qualifications for those who play a vital role in the national economy.

Late Victorian

In Hard Times: *Reformers Among the Late Victorians.*

By Herman Ausubel.

Columbia University Press. London: *Oxford University Press.* 403 pages. 42s.

THE late Victorian "re-examination of the structure and processes of English society," with which Mr Ausubel is concerned in this book, has received relatively little attention from historians. The balances of mid-Victorian England have been carefully weighed, the conflicts of early Victorian England investigated. Yet the late nineteenth century has been left to specialist writers concerned exclusively with particular people or problems. Part of the interest of the subject lies in the fact that the "re-examination" was one aspect of a bigger revolt, a revolt against accepted values and institutions. It was the revolt more than the re-examination that generated intense moral fervour and converted causes into gospels. "The age of improvement," as it has been called, gave way to a different age in which "improvement" itself was impugned.

It cannot be claimed that Mr Ausubel has been altogether successful in his somewhat ambitious venture. He seeks to collect from many walks of life evidence of dissatisfaction with what was and hope for what might be. The "reformers" he considers are an extremely assorted collection, ranging from temperance advocates to bimetallists, from socialists to home rulers. They had different backgrounds, were of different ages, and not only disagreed with each other but also reached their conclusions in very different ways. The collection is much too assorted to be historically significant, and much of the book is a catalogue rather than an analysis. Moreover by quoting exclusively from "original" sources not used by other writers, Mr Ausubel often fails to benefit from what other writers might have taught him. His authorities are impressive and it is useful to have them so neatly located and annotated, but in several places "secondary" materials would have added to the power and persuasiveness of the history.

What is disturbing is that despite his care for diaries, letters and private papers Mr Ausubel does not liberate the personalities he is discussing. He introduces many of them with stock adjectives, which turn them from people into puppets. We meet one by one "the veteran Chartist leader, Ernest Jones," "anti-democratic George Gissing," "kind-hearted Mrs Gladstone," "zealous John Burns" and a host of others, including Palmerston, "that fierce exponent of an aggressive and meddling foreign policy." One chapter in depth on any one of these persons, reformers or anti-reformers, mid-Victorian or late-Victorian, would be worth a thousand adjectives. The stage is always too crowded for the reader to gather why a particular character behaved in the way he did or why he was what he was. Joseph Chamberlain, Randolph Churchill and William Morris, to take three examples, are discussed briefly without being fully understood: all three are subjects of interesting recent biographies.

On general points Mr Ausubel seems somewhat to over emphasise the "hardness" of these "hard times" compared with what had gone before. He does not note the contemporary critique of "plutocracy," which at the end of the period was as eloquent as the folklore of "depression" or for that matter of "democracy." He discusses the literature of "poverty" that was to culminate in the powerful empirical studies of Booth and Rowntree, but he does not examine the difference between the empirical approach of Booth and the "literary" approach of most of his mid-Victorian (but not early-Victorian) predecessors. He claims that the late Victorians redefined as removable evils all kinds of practices that people in Macaulay's time had accepted as natural, but he does not point out that the idea itself of "removable evils" belongs to an earlier period. His ideas point to a synthesis, but they do not provide it.

The Growth of Vocation

The Young Mr Wesley

By V. H. H. Green.
Arnold. 350 pages. 35s.

JOHN WESLEY has attracted historians for two reasons: first by the fascination of his personality, at once revealed and obscured by the vast corpus of his journals and letters; and secondly, by the extraordinary and continuing success of the movement which he started over two hundred years ago. In this new study Mr Green has concentrated on Wesley's spiritual and intellectual development at Oxford, using as his main source the hitherto largely unpublished early diaries, which cover almost the whole of the period 1725-35.

The result, as Mr Green freely admits in his preface, is "rather unexciting." Wesley and his Holy Club did not make much impact at Oxford, being mocked by the fashionable young men at Christ Church and Merton and gently repressed by the senior members of the University. Even within Lincoln College, where he became a fellow, Wesley's few pupils became steadily fewer because of his "strict notions of religion." He was clearly a poor tutor, imposing his

own beliefs and narrowing the outlook of those he supervised ; and it is evident from Mr Green's gentle and understanding comments that Lincoln is better off today. Yet Wesley's intellectual development, though it was in part at the expense of that of his pupils, is a rewarding study. His reading in these years became progressively more religious to the ultimate exclusion of his early interests in classical literature, history and drama. By 1744, when he gave his last University sermon, he was rebuking the undergraduates of the day not for inadequate reading but for " reading what has no tendency to Christianity." As early as 1735 he told his schoolmaster elder brother Samuel that his chief task should be to instruct his pupils in the Gospel and not in the " beggarly elements of Greek and Latin."

But he did not begin as an anti-intellectual ; he became so as his vocation gripped him. Slowly his intellect was turned exclusively towards his religious purpose—the combating of unbelief by the spread of personal, emotional religious experience. Knowledge for its own sake made no appeal to him. " There are many truths," he told his mother, " it is not worth while to know." The temptation to apply this judgment to the details of his own early life is removed in this instance by the unobtrusive art of Mr Green's work.

Lessons from Japan?

Japan Economic Year Book, 1961

Oriental Economist, Tokyo. 264 pages. 1,500 yen or $7.50.

THE Japanese have a reputation for pushing everything that they have learned from the West to *extremes—whether* in industrial techniques, American journalists' English, or Keynesian economics. Most British industrialists have long ago been forced to stop laughing at them under the first of these heads, and perhaps British economic planners had better do the same under the third. This booklet, which has just arrived in London, illustrates both the case for, and the difficulties of, doing so. " The Japanese Government," the booklet reveals, " at a Cabinet conference held in December, 1960, decided to set the fiscal 1961 target of the nation's real economic growth at 9.2 per cent." It did this after its Economic Planning Agency had forecast that Japan should " continue fair to register an annual gain of 9.8 per cent (actual gain 9.2 per cent when adjusted to price variations) ". Of course, nobody will expect this decimal point target to be exactly hit, and it is easy to laugh at such pedantic figuring. But what is its result?

Its result is that the Government, having had the courage to publish such a ludicrously detailed statement of aim, can then fix the whole of its detailed economic policy into a framework that looks forward to seeking to achieve something like it. The national budget (taxation only 20.7 per cent of national income) is drawn up with this end in view, and without any nonsensical attention to details about above-the-line or below-the-line balancing. So is what this booklet's journalese calls the " annual hike in investments in public undertakings " ; with a deliberate eye on the expectation that national income should double in ten years, five-year plans are mapped out for huge improvements in port facilities, highways and the like. The whole system is also controlled by a range of indirect taxes that have not been thought of here (cf a " restaurant tax ", a " gas-electricity tax ", and a " golf amusement tax ") and by a Bank rate that is apt to be expressed in figures like 7.667 per cent, and to move up or down by 0.1 per cent at a time.

This almost incredibly detailed attention to figures extends into other fields of economic planning. Educational expenditure is adjusted according to which sort of labour (e.g. junior high or senior high or technological school graduates) looks as if it is going to be increasingly or decreasingly needed. Expenditure on official overseas market surveys is " hiked " according to different trends in different overseas markets. Even social policy is apt to be affected by such estimates as that life expectancy figures " in Japan for 1959 were 65.2 years in males and 69.9 in females, an advance of 0.2 and 0.3 respectively over the previous year."

Of course, Japan has some advantages. One is that expenditure on " national self-defence forces " is listed here as less than 2 per cent of national income. Another is that the trade union movement, although more than Cousinsite in its politics (1960 slogan " To hell with the US security pact, and fatter share of improved productivity for labour "), has not succeeded in being an independently inflationary force ; it has achieved only a 22 per cent advance in wages and salaries since 1955 while productivity has increased by 50 per cent. " It is therefore theoretically correct," says the booklet, " for labour unions to have demanded large-scale wage level hikes in the 1961 spring offensives." Finally, these offensives—and this is a major difference from Britain—are met by a rather hair-raising willingness to stand up to strikes. One recent coal-mining strike dragged on for nearly two years before there was successful intervention by the government, with an objective rather more limited than Mr Hare's. " Through Labour Minister Ishida's good offices, the expected bloodshed was fortunately avoided." Last year " the autumn labour struggles—now one of the annual events of the country—were carried out in a very much peaceful and orderly manner." Even so, there were widespread strikes of workers in hospitals. " Taking serious view of the situation, Labour Minister Ishida urged for an early solution and the stationing of emergency personnel even in the time of strikes."

A lot of this is much stronger meat—or poison—than we in Britain would stomach.

But the point to note is that despite it all, or perhaps because of it, the real national income of Japan continues to increase by some 10 per cent a year.

Turkey's Brilliant Past

The Seljuks

By Tamara Talbot Rice.
Thames & Hudson. 280 pages. 30s.

IS IT not strange that of all those to whom Hulagu and Jenghiz Khan and Timur the Lame (Tamerlane)—the great medieval Asian destroyers—are household names, but a few have heard of their more creative contemporaries, of civilised rulers such as the Seljuks Alp Arslan and Alaeddin Kai Kobad I, and of the architectural gems they and their house have left scattered about Persia and large tracts of Asia Minor? This ignorance is not confined to the west. Even in the Ottoman Empire, Turkish history as taught to the Sultan's subjects began with the founder of the Osmanli dynasty, completely ignoring its predecessors of kindred stock in western Asia, those Seljuk princes who embellished their cities from the Black Sea to the Mediterranean with monuments of a highly interesting type of Islamic architecture and, placed between two civilisations, the Iranian and the Arab, had the wisdom to make the best of both.

The modern Turkish Republic has reversed this attitude and has encouraged Seljuk studies ; while the Menderes government, whatever may have been its political faults, did admirable restoration and conservation work on the Seljuk monuments of its Asiatic provinces. It is with this region that Mrs Talbot Rice's volume is concerned, with the westernmost of the Seljuk states, the Sultanate of Rûm (Rome), so called because it was conquered from the Byzantine Empire, which maintained to the end the fiction that it was Roman. The capital of this enlightened kingdom, which flourished from the end of the eleventh to the beginning of the fourteenth century, was Konya, the ancient Iconium, which also became the headquarters of the Mevlevi (" Dancing ") Dervishes.

Mrs Talbot Rice was therefore confronted with the problem of writing—within the limits of the series of which her volume forms a part—a book which, while expert and scholarly on the arts and architecture of the western Seljuks, has also to serve as an introduction to the Seljuks generally. She has solved it extremely well, not least in the lucid division of her subject-matter under various headings. Of the arts she writes, of course, with special expertise.

A feature of the volume that is particularly valuable to the student is Appendix III, which lists and classifies the principal buildings and the leading architects and masons. The well chosen illustrations, together with line drawings and plans in the text, are representative, and wisely include two plates of coins. But the caption of the photograph of the graceful Inje (" Slender ") minaret in Konya somewhat misleadingly describes it as having been " destroyed ". The lightning that struck it in 1901 in fact demolished only the two upper stages, sparing the lowest to suggest today how lovely must have been the whole. The book deserves, too, a less jejune index ; but these are very minor defects in a satisfying and handsomely produced work that should help to place a brilliant period of Turkish history and achievement in proper perspective.

Judging and Judges

The Judicial Decision : *Toward a Theory of Legal Justification*

By Richard A. Wasserstrom.
Stanford University Press. London : *Oxford University Press.* 197 pages. 30s.

Justices Black and Frankfurter

By Wallace Mendelson.
University of Chicago Press, London. 161 pages. 30s.

HOW should a judge decide? What weight should he give to precedent, to notions of justice, to social utility? What is his appropriate relationship to the legislature? These are the questions that have always nagged at anyone taking the trouble to think about the judicial process, not excluding judges. Americans think and write more about the problems because their courts have so much more power, especially the Supreme Court of the United States. But the Wedgwood Benn case suggests that a little thought would not be inappropriate among the judges and lawyers of this country. Even the government might have been happier had the Election Court—bound by no precise precedent—seen its role less narrowly and fashioned some law consonant with the realities of the twentieth century.

Mr Wasserstrom, an assistant professor of philosophy and law at Stanford, has written a metaphysician's book on judging. In abstract terms he seeks the proper basis for decision. He rejects sole reliance on precedent, or at the other extreme on " justice " between the parties without thought of longer-term rules. He arrives at length—laborious length—at this compromise :

> A decision is justifiable if and only if it is deductible from the legal rule whose introduction and employment can be shown to be more desirable than any other possible rule.

It is the kind of book in which the author constantly defines his terms and tells us what he cannot deal with. Wholly missing are the tang and real-life flavour of such explorers in judicial philosophy as Jerome Frank or Thurman Arnold. Mr Wasserstrom is serious, and no doubt he is more careful than those old-time iconoclasts, but he is too pedantic to have much effect on legal thought.

A flaw of a very different kind mars the work of Mr Mendelson, professor of government at the University of Texas. There is no problem of abstraction here ; he deals in great and homely detail with the monumental conflict between the two ablest and most influential members of the Supreme Court. The struggle has raged for more than a decade now Justice Black pushing for absolute judicial protection of individual liberty against governmental restraint, Justice Frankfurter cautioning the court to restrain its libertarian instincts and defer to legislative views. Professor Mendelson's difficulty is simply that he is wholly committed to the Frankfurter view.

Thus Justice Black is taken to task—quite properly—for trumpeting absolutes which he covertly ignores when necessary, for distorting the Congressional will to humanitarian ends, for resolutely supporting fixed economic interests. Justice Frankfurter is portrayed as the man who has no such bad habits ; he is a neutral judge who " has tried to subsume will to law," a follower of Holmes and Brandeis, who leaves law-making to the political branches of government. The author who writes that about Felix Frankfurter is either blind or not looking. Justice Frankfurter has not hesitated to legislate when he deems it necessary—in the field of jurisdiction, for example, as in last term's birth control case. The school segregation decision, in which he concurred, is hardly an example of judicial restraint and deference to the political sphere. If it is wrong for Justice Black to be always on the libertarian side, is it not sad to find Justice Frankfurter—increasingly, these days—always on the side of repressing free speech and belief? The Holmes and Brandeis who fought against the repression of communists in their day might have found it hard to concur in Justice Frankfurter's opinion last June ; he then held constitutional the law requiring the registration and effective suicide of the Communist party. Justice Frankfurter is much more complicated than Mr Mendelson imagines. Unhappily for those who write about judicial philosophy, so are most judges and so is the problem of judging.

OTHER BOOKS

THE DAWN AND TWILIGHT OF ZOROASTRIANISM. By R. C. Zaehner. 371 pages. 50s. Eastern Christendom. By Nicolas Zernov. 326 pages. 42s. The *Weidenfeld and Nicolson* History of *Religion.*

Comparative religion is nowadays a popular choice for courses of the Workers Educational Association and the like, and this handsome series will serve as background reading of Third Programme standard. Its general editor is Professor E. O. James, who has chosen an impressive run of authors from British, American and Canadian universities. Both the volumes here noticed come from Oxford.

Professor Zaehner, in the course of explaining how and why Zoroastrianism held the allegiance of the Persians during both their great imperial eras, shows relationships with Christianity that will excite the non-specialist reader for whom he writes. Dr Zernov is pinned to a slightly encyclopaedic arrangement by the immensity of the period he covers (from the first Pentecost to the testing time that followed the Bolshevik revolution), as well as by Christian predilection for schism. But he works manfully to fit in everything, not forgetting art, for which he provides some very well-captioned illustrations. He is interesting on oecumenical movements from first to last, but unfortunately finds it " too early" to write of events after the second world war, and so does not include the recent heartening request of the Russian Orthodox Church for membership of the World Council of Churches. But he provides the background for it.

THE RATIONALE OF THE STERLING AREA. By A. R. Conan. *Macmillan.* 133 pages. 21s.

This book consists of extracts from the official memoranda on the sterling area given to the Radcliffe committee, prefaced by Mr Conan's comments. His main point is that the official figures give an inadequate and unjustly unfavourable picture of the balance between Britain's external liabilities and assets. His own brave attempt to construct the full balance sheet is subject to important reservations, as he himself admits; but it will serve a purpose if it galvanises Whitehall into doing the job itself.

TROPICAL AGRICULTURE. By Gordon Wrigley. *Batsford.* 291 pages. 45s.

With many photographs, diagrams, charts and tables this book, by someone with wide experience of tropical agriculture, will be particularly valuable to—in the words of the preface—" the Ministers and Civil Servants of the newly independent nations with their important responsibilities not only to encourage agricultural production . . . but also to ensure that this is not achieved at the expense of long term fertility." It covers such subjects as crop ecology, crop culture, crop improvement, crop protection, and the place of cattle in tropical agriculture.

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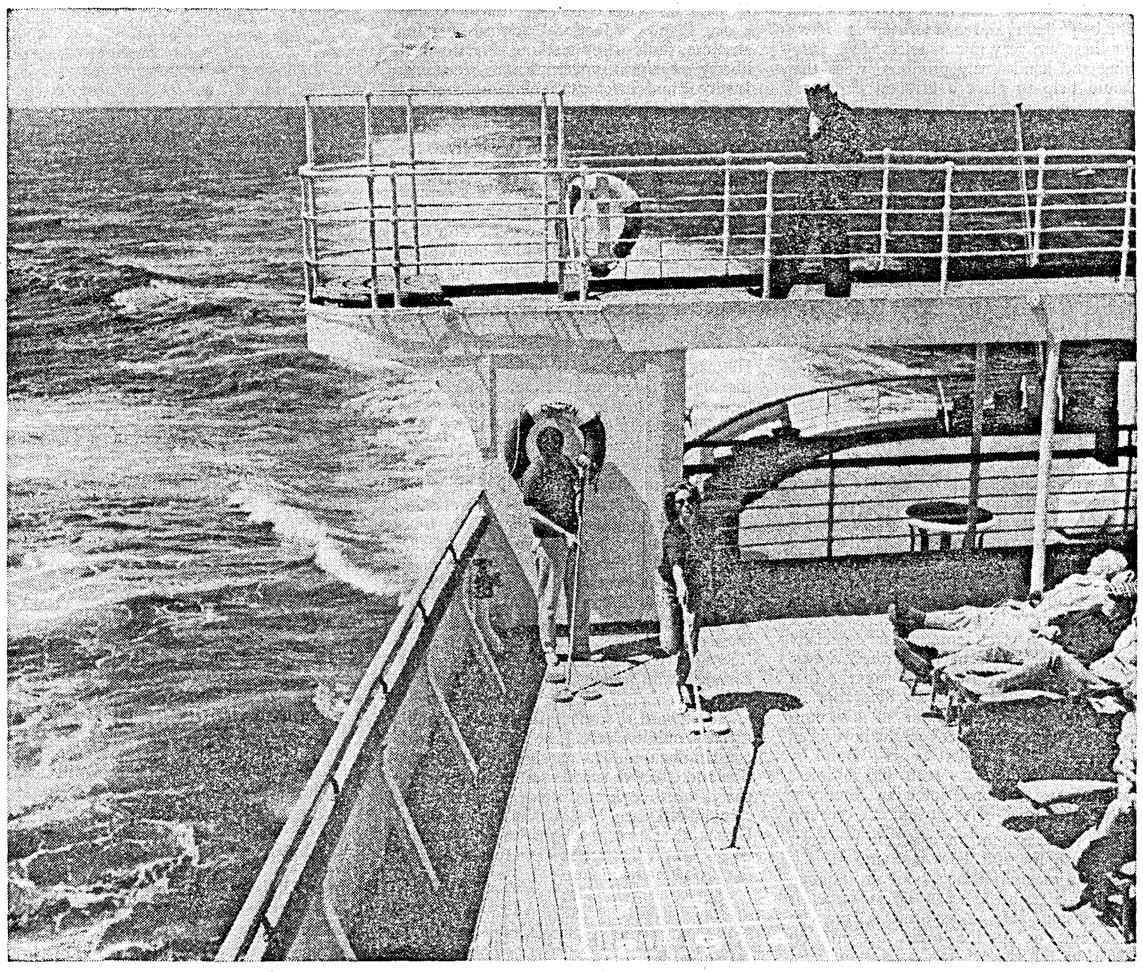
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Test of What?

WASHINGTON, DC

SOME six weeks ago when President Kennedy told the country about the military and civil defence preparations necessitated by the Berlin crisis, he also promised that

> our *response* . . . will not be merely military or negative. It will be more than standing firm. For we do not intend to leave it to others to choose and monopolise the forum and framework of discussion.

Unhappily, the President seems to have promised more than he could perform. His western allies confabulated weekly but could not even agree when and how to start negotiations and their unusual skill in preventing any leakage of their positive proposals for a Berlin settlement merely led the press to conclude that they had none. Mr Khrushchev, on the other hand, seemed perfectly capable of monopolising the initiative and each time he took the Americans by surprise.

Nobody had warned the President that the Russians might indeed seal off east Berlin and when they did he found nobody had made any plans for that contingency. The idea then went around that, as Mr Khrushchev had now staunched the haemorrhage of refugees from east Germany, however brutally, negotiations would become easier and that the heat would be off till the autumn. Whereupon the Russians made the first of their menacing gestures against the air routes into Berlin and heated up the atmosphere some more. Last week they took the allies by surprise again by announcing that they were resuming tests of nuclear weapons, from motives that are still disputed. Some who peer into the future are now casting round for the most unlikely move that the Russians could make next in order to predict it.

The President and his advisers, however, have to interpret Russian intentions from these events. There is an optimistic and a pessimistic view, though the words are relative. The optimists conclude that Mr Khrushchev is moving at least as much from weakness as from strength—that he is "reacting" just as much as the West is accused of doing—but that in his case he is reacting to President Kennedy's firmness, first shown at Vienna and subsequently by the military build-up. It was a success for the West, the optimists suggest, that the position in east Germany was so intolerable that the world was presented with *pictures* of a soldier jumping over the barbed wire to freedom. A still greater western success was that it was the Russians who resumed nuclear tests.

The optimists argue that this must spring from relative nuclear weakness. The Russians have plainly been waiting since March for the Americans to give up hope of negotiating a ban on tests and to surrender to domestic pressure to start testing again, so that the Russians themselves could test without opprobrium the more sophisticated nuclear warheads in which they have lagged behind the Americans for two years. In the end, as the Americans refused to oblige, the Russians decided to absorb the loss on the propaganda front at once and yield to the pressure of their homegrown militarists that their armoury should be brought up to date, before they were faced with the resolutions against renewed testing which were obviously going to emerge from the meeting of neutrals in Belgrade and from the United Nations in September. The Russians have combined attempts to improve their weapons (desirable because nuclear war might happen as the result of miscalculations over Berlin) with an effort to terrify public opinion both in neutral countries and in the North Atlantic Treaty Organisation. The aim is to bring pressure on the western governments to make a deal over west Berlin which at the Communist Party Congress in October could be represented as—and later developed into—total victory for the united communist camp.

The pessimists insist that no such change of front towards neutral opinion could occur without an upheaval in Moscow. They argue that the Russian inferiority in long-range missiles and warheads has been exaggerated, that the Russians have adequate know-how (especially as they may have been carrying out tests underground) for the powerful warheads on which they rely. Their intent this autumn is not merely to terrorise, but to ram terror home by showing that they are prepared to go to nuclear war over Berlin in the confidence that they will "win," that as world opinion has no atom bombs they will ignore it. This school predicts that pressure on the access routes to Berlin will be increased to flashpoint and that, when the West finally does get the Soviet terms, they will contain a Hitlerian choice between submission and destruction. The aim is to break the will of the western allies once and for all, to demonstrate to the world that Russia's nuclear might is the propellant behind the Marxist historical process: either Marxist history or no history at all.

WHICHEVER interpretation proves right, the White House believes that the Russian moves stem from the steady increase in the President's commitment to bargain only from strength over Berlin. The appointment of General Lucius Clay as the President's "presence" in Berlin is only the latest (though not the least irritating) evidence of this commitment. The build-up of conventional forces, though it cannot improve the West's tactical position (and is already being offset by Russian counteraction), is steeling the American public: for example, civil defence enquiries are soaring and advertisements for fallout shelters are appearing regularly.

The opportunity for propaganda presented by the Russian decision to resume tests was seized by the White House first, by pinning down the responsibility for the failure of the Geneva talks; secondly, by announcing that the United States was not resuming tests immediately; and thirdly, by the Anglo-American appeal to the Soviet Union to respect the world-wide fears about the dangers of radioactive fallout and to confine future tests to underground detonations. This move, perhaps the first really imaginative American initiative since July, was aimed at securing neutral goodwill; had the Russians felt forced to accept it, it would have undercut any plans they might have for a campaign of nuclear terrorisation. In American eyes the intemporate refusal of the Russians proved that such terrorisation was at least part of their plan.

But even in Washington the question is being asked why after the third Russian explosion the President felt forced to order the resumption of American testing when he had only just announced that western armaments were "wholly adequate" and even before

September 9th—the date fixed for a final reply from the Russians—and while Mr Nehru was on the way to Moscow. Admittedly Mr Kennedy has tried to retain some neutral goodwill by confining his scientists—for the time being—to explosions in laboratories and underground. However, no new tests now can affect the present military balance, not even those, urgently desired by the service chiefs, of twenty-nine developed but untested weapons.

The real reasons are threefold. First, there was a danger that the Russians, having completed their programme, might offer to end tests quickly and use this "concession" to extract genuine political concessions on Berlin from the West by means of neutral pressure. Second, there was American disillusionment with the whole reaction of the neutrals to the Russian tests—their fear of offending the Soviet Union by outright condemnation and no sign that they appreciated the American restraint. Though this may inhibit any diplomatic use of Mr Nehru at Moscow, it seems likely that the President decided that neutral goodwill was worth less to him than that of his own people and that he wanted to give a clear indication to the Russians that he was as immune to neutral pressure as they were. The Americans felt that the neutrals had shown that they would fall easily for a Russian offer of a new moratorium on tests, would kow-tow to Moscow and would turn against those whose resistance alone permits neutralism to exist. A third reason may well have been a desire to make sure that all existing weapons in the stockpile were ready to fire immediately.

Whether President Kennedy has smirched the picture of a cool poker player which he had built up so long, the next few weeks will show. Presumably the slow process of getting to grips with the Russians diplomatically, so much slower than recent events, will continue. There is certainly need for a strong new American lead irrespective of the allied disarray. The President is finding his three political uncles in Europe far less unflappable under strain than he had the right to expect. He is pushing his timetable, which is to move from the preliminary probes now taking place in Moscow (designed to find out the meaning of Mr Khrushchev's vague offers—and how much authority he has) to a series of substantive talks after the western meeting on September 14th. The Russians are expected to want a full East-West summit—but there might be an intermediate stage with a presidential envoy—perhaps Mr Stevenson or Mr Harriman. All this presumes that reason and restraint are still in control. This is Washington's determined hope.

Responsibility in Detroit

COLLECTIVE bargaining in the motor industry is always a cliff-hanging story, with neither side getting down to serious business until a couple of days before the date set for a strike. This year has been no exception, but with that date now postponed twice—next Monday is the latest deadline—it looks as if it will also be no exception to the rule that in the end there seldom is a strike; there has not been one against all the manufacturers since 1946. Both this year's postponements were the result of appeals from the President and the Secretary of Labour, anxious to avoid the direct personal involvement in a labour dispute which would be inevitable if there were a strike in such an important industry. But it is doubtful if appeals to the "high degree of responsibility" and the "industrial statesmanship" of the executives of the General Motors Corporation, which is the company selected for a strike this year, and the leaders of the United Automobile Workers would have carried much weight this week if an agreement had not been in sight.

In fact the announcement of the postponement on Wednesday was accompanied by an announcement that agreement had been reached on the monetary aspects of a new contract—which will set a pattern for the other big car companies—although details of such matters as overtime and work rules had not yet been settled. It is presumed that General Motors made some substantial concessions since Mr Reuther, head of the UAW, emerged smiling from the last all-night session. He had declared earlier that his moral responsibility to his 310,000 members at GM would not allow him to accept a "sub-standard" contract from a firm in such a strong financial position. By sub-standard he meant a contract which provided less than the one which he had signed ten days before with the much less well-off American Motors Corporation. If the unconfirmed reports of what he has obtained from GM are true, the company does indeed seem to have come up to the American Motors standard—except as regards profit-sharing which Mr Reuther was not insisting on anyway.

According to these reports GM has improved substantially on the offer which it made two weeks ago. There has been no argument about the wage increase of 6 cents an hour, or 2½ per cent a year, calculated on the basis of estimated annual increases in productivity and therefore non-inflationary. But the company has apparently agreed that adjustments to cover changes in the cost of living should continue to be made quarterly; that workers on short-time should get 65 per cent of their pay for every hour less than forty that they are laid off each week, instead of 50 per cent for every hour less than 36 which was originally offered; and that there should be substantial improvements in unemployment pay, pensions and health benefits. All these are real gains at a time when the automobile workers have been falling below the general level of the affluent society. And with that level about to take another surge upward GM evidently felt that it would be silly to risk a strike which would keep it from selling its new models.

Aid in an Obstacle Race

PRESIDENT KENNEDY fought hard but vainly to persuade Congress to relieve his foreign aid programme from the stringencies of the Appropriation Committee of the House of Representatives. This week's events prove that his evident fear of the programme being mutilated had some foundations. On the day that the Russians announced that they would resume the testing of nuclear weapons, the House appropriations sub-committee on foreign aid, whose chairman is the unsuitably named Mr Passman, recommended scooping another $900 million out of the programme for the current fiscal year. Congress had already reduced the President's foreign aid money by $500 million, but Mr Passman insisted that his additional cut would make "a great day for the taxpayers." Mr Eisenhower said the cut was "incomprehensible, especially in view of present world tensions," and, at the urging of the Republicans, the House of Representatives declined to reduce military aid by as much as Mr Passman wanted, although normally it dislikes to reject the recommendations of its Appropriations Committee and seldom does so.

The appropriations Bill has now gone to the Senate, which is usually generous to foreign aid, and there is hope that the final Bill to be agreed between the two houses, while it will certainly give the President less than he asked for the current fiscal year, may give him more than General Eisenhower got last year. But it is now clearer than ever that authorisation is not appropriation. Moreover, the congressional compromise, under which the President was authorised to lend up to $7.2 billion to less developed countries over a five-year period, is ominously worded. It says that the President's long-range loan commitments will be honoured "unless there is evidence of obvious bad management or the other country has failed to meet its responsibilities." Congressmen have often charged bad management of foreign aid and who knows what a borrowing country's responsibilities might be deemed to include? Also, aid is forbidden to any country unless the President determines that it is not dominated by international communism, and

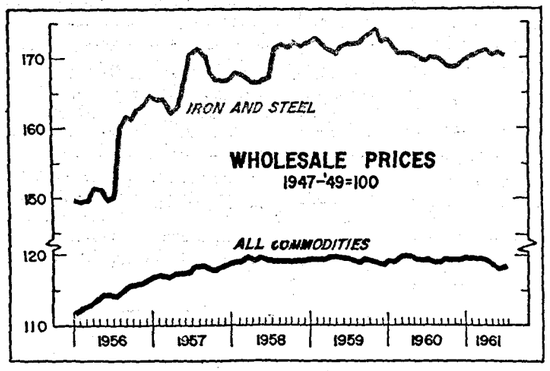
specifically to Cuba; nor can a loan be used for an enterprise that will compete directly with American business, unless the receiving country agrees to limit that enterprise's exports to the United States to 20 per cent of its output.

These and other conditional clauses were inserted, no doubt, to facilitate the compromise about development loans that the President professed to find "reasonable" and "wholly satisfactory" and Mr Passman, equally no doubt, is only doing his duty as a taxpayers' watchdog. Nevertheless, any Congressman who wants to throw monkey-wrenches into the machinery of foreign aid has several ready to his hand. Is or is not Poland, and perhaps even Jugoslavia, dominated by international communism? How about Marxist teaching in Ghana schools? What enterprise may not be deemed competitive with American business?

Pressed Steel

IF left to itself the steel industry would be on the point of putting up its prices—probably not all across the board but selectively for those products which are in strong demand and for which substitutes are not available. The expected autumn gain in output has come unexpectedly soon and unexpectedly strongly and is unlikely to be checked by anything now that the motor industry has been saved from a strike. On October 1st wages go up by an average of about 8 cents an hour under the settlement which ended the steel strike in January, 1960. This will be the second wage increase under that agreement and there has been no general increase in steel prices for three years.

A few weeks ago spokesmen for the industry were talking quite freely of higher prices but they have become more and more silent as Democratic Senators, the President's economic advisers and finally Mr Kennedy himself have become more and more outspoken about the undesirability of any increase and the lack of justification for it. The government experts calculate that the high levels of activity which are in prospect for some time and the improvements in productivity in the steel mills will together enable the industry to absorb the coming wage increase and still make profits which compare favourably with those earned recently. While the industry contends that these calculations are unsound, it is aware that its comparatively satisfactory profits put it in a weak position not only as regards price increases now but also as regards the fresh set of wage negotiations which are due next year.



The President and his advisers are concerned lest a new round of inflation may be set off by a rise in steel costs, basic to the whole price structure, coming at a time when inflationary forces are already building up as a result of the government's increased spending, the deficit in the Budget and the general upward movement in the economy. But there is in fact little that Mr Kennedy can do, short of imposing direct controls which are hardly possible in peace time, to prevent steel prices going up should the industry's leaders ignore the moral pressure which he is putting on them to their great, if restrained, indignation. Senators, who will certainly start yet another investigation of the industry should there be a price increase, are suggesting that it might be possible for the Federal Trade Commission to prosecute under the 1951 agreement by which the industry undertakes not to act in collusion when changing prices. But the companies will obviously take care not to do that. The only other suggestions are that they might be punished by being broken up into small, more competitive units or by having their prices regulated as are those of public utility companies. But either of these proposals would take years to implement and the inflation would have come and gone long before that.

Schooling the South

LAST week Atlanta set the Deep South an example by becoming its first large city to admit Negroes into its white schools without any display of violence, an accomplishment on which it has been congratulated by the President. Now Galveston and Dallas, both on the fringes of the South, have followed suit and late this week it is hoped that New Orleans will be able to send five more Negro children to four more white schools without any of the disgraceful mob scenes which took place last year when the first four were admitted. Then the white mobs were encouraged by the State Legislature, which met in special session to erect a legal framework which would enable segregation by race to continue in the tax-supported schools.

The keystone of this arch was an Act making it possible for people in individual parishes (as counties are called in Louisiana) to vote to shut their schools rather than comply with orders of the federal courts to mix the races. One tiny rural parish, St Helena's, which is sixty miles from New Orleans, was the first and probably will be the last to try this escape-route. Late last month the Act was declared unconstitutional by a three-judge federal court on the grounds that the device is a "transparent artifice" to deprive Negro children of their constitutional right to attend unsegregated schools and because it involves discrimination by the state, which would be supporting education for children in other parishes. Conceivably it might be constitutional for a state to shut all its schools, but although the court asked the attorney-generals of all the states for an opinion on this matter it did not express any opinion itself.

But the Louisiana judges went further than a federal judge in Prince Edward County, Virginia, another rural area where the tax-supported schools have been shut since 1959 in order to avoid compliance with an order to end the colour bar. Prince Edward's continued defiance—in spite of the fact that it was involved in one of the original cases on which the Supreme Court ruled in 1954—has encouraged segregationists all over the South, yet the judge did not deal specifically with the question of whether the closing of the schools is legal; he preferred to leave this matter, in the first instance, to the State Supreme Court. But he gave the county authorities a hard nut to crack when he ruled that as long as the tax-supported schools are shut the state and local governments cannot help to support a system of private schools for white children. Last year the county and state contributed $300,000 of the $328,151 which these cost. If Prince Edward swallows its pride and reopens the tax-supported schools (in the belief that the only children to attend will be the Negroes who have been deprived of any education) it could continue these contributions, but a dual school system is costly. Otherwise white

zealots will have to shoulder a heavy burden. But by lodging an appeal to a higher court Prince Edward can put off this painful choice though only for a time.

Firms that Run Away

FIRMS that run away from parts of the country where costs are high may have to take their troubles with them if two court decisions are upheld. A number of hard-pressed companies would like to move to areas where wages are low, trade unions are weak and local governments offer attractive concessions. Most of these areas are in the southern and border states, which are desperately anxious for new industries to absorb their unemployed, but the first decision concerned a move of the Glidden Company's Durkee Fine Foods division from Elmhurst, New York, to nearby Bethlehem, Pennsylvania, in 1957. In this case the firm offered new jobs to its workers in Elmhurst, but it refused to recognise their seniority rights in the new plant on the ground that its contract with the trade union had expired. A court of appeals ruled this spring that even so the seniority rights of the workers, who were suing for damages, continued in force and could not be disregarded.

In July, citing this decision, a judge in Detroit held that the Gemmer Corporation, which had decided to move to Lebanon, Tennessee, must offer jobs at its new plant to its old workers, on a basis of seniority. It had refused to do so except for salaried and supervisory staff. In this case, although the contract with the trade union was still in force, it was restricted to operations in Detroit, Michigan. But the judge held that the seniority rights of the workers themselves were not affected. As their average age is 48, they are not likely to find new jobs if their old ones are spirited away. This decision was a blow, not only to the Gemmer Corporation, but also to the taxpayers of Lebanon, who had raised $2.5 million to build the company a fine new plant on the understanding that it would employ local labour. These two cases have encouraged the trade unions, especially the auto-

Twin City Reborn

FROM A CORRESPONDENT IN MINNEAPOLIS

MINNEAPOLIS is a well-favoured city: its residential streets are shaded by lovely elms; its parks are admirable; its boundaries embrace a dozen sparkling lakes. As well as being the industrial hub and regional capital of the Upper Midwest, Minneapolis is its cultural Mecca with its giant University of Minnesota, a symphony orchestra and two art museums. Minneapolis and its smaller twin city, St Paul, lie on either side of the great Mississippi River, at the head of its navigable reaches. The combined metropolitan area contains 1,500,000 people but, although the population of the region is growing, the number of city dwellers is not expected to get much larger.

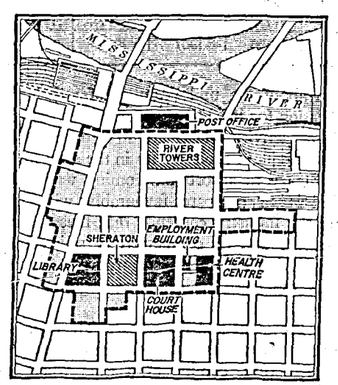
A few years ago a group of businessmen and civic leaders, watching with dismay as residents and industries fled from the centre to the surrounding suburbs, decided that what was happening in dozens of other American cities was definitely not good enough for Minneapolis. A district along the water front now known as Gateway Centre, where the city began a century ago, had taken on the characteristics of Skid Row and blight was spreading into neighbouring areas. In the commercial heart itself many obsolete buildings had been razed to the ground but the sites remained, like gaps in a mouthful of teeth, unfilled except with parked cars. At the same time, shopping centres were springing up by the score in the suburbs, doing their best to rob the city shops of their trade. One such centre was in fact built, at a cost of $20 million, by the city's largest department store.

To turn the tide, city leaders injected new life into the local planning body. Merchants banded together in a Downtown Council and proceeded to remind residents that the central city possessed hotels, restaurants and entertainment facilities that suburban centres could not hope to rival. Many of the buildings were subjected to a face-lifting operation; they were given new fronts, cleaned of the soot and grime that had hidden them for years and supplied with air-conditioning. New buildings rose on previously vacant plots. Among them was the first skyscraper to go up in Minneapolis since the building boom of thirty years ago. Half-a-dozen multi-storey parking ramps were built to take stationary cars off the streets and the number of open parking lots was reduced. Several of the large hotels announced plans for expansion. Recently, construction was started on a $25 million project which will provide, in a single block, a 17-storey office building, a 13-storey motor hotel and a new parking ramp for 1,000 cars. Public improvements, at a total cost of $18 million, have provided a health centre, a library, a building for the state employment office and a federal courthouse.

THESE public buildings have gone up between the refurbished commercial district and the old Gateway Centre area. In the past, piecemeal efforts had been made to halt the deterioration of this area but they all failed. The construction of a grand new post office and the laying out of a park did not inspire private capital to move in and consultants told the Minneapolis Housing and Redevelopment Authority that only broad-scale clearance and redevelopment would do the job. This is now under way. Seventeen city blocks, once containing cheap taverns and pawnshops and flophouses for down-and-out transients and elderly men living on wine and old-age pensions, are falling to the ground under the wreckers' hammers. The area looks like Frankfurt after its wartime bombings.

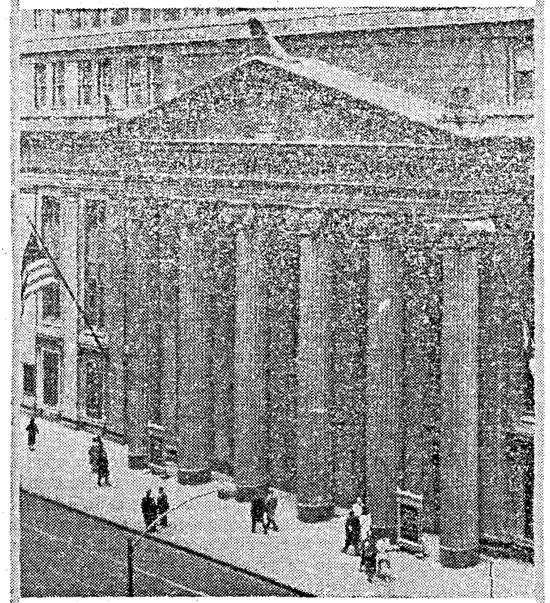
The new buildings will start to go up soon for now at last private capital is moving in. Municipal and federal authorities, who between them help to plan and finance such urban renewal schemes, have recently approved a $43 million private project, which will include a new 17-storey Sheraton Hotel, and another $22 million worth of privately-financed construction is under negotiation. The developers hold out the promise of a "city within a city," employing 1,800 hotel, restaurant and shop workers and providing housing for 3,500 people in four high-rent, high-rising blocks of flats overlooking the Mississippi.

The development of the Gateway Centre will mean more than a striking addition of bricks and mortar. Although government agencies will have invested $15 million in the purchase and clearing of blighted land, the taxpayer will receive a sizeable return on his investment; the 17-block area is expected to yield $1,600,000 a year in property taxes compared with only $375,000 before demolition took place.



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mobile workers, to apply to the courts to prevent other firms from moving south, particularly from high-cost Michigan.

If firms must take their workers—and their trade unions—with them, or pay heavy damages, the move may not be worth making. How heavy such damages may be was shown just last month when an arbitrator in Philadelphia ordered a run-away manufacturer of blouses to return from South Carolina or pay its trade union and workers damages of $355,000. About half of this was to compensate the union for its prospective loss of dues over the next twenty years. The Glidden Company has asked the Supreme Court to review its case and the Gemmer Corporation is also expected to lodge an appeal. If the Supreme Court upholds these recent decisions the pace of industrialisation in the South, which has been outstripping that in the North, may well slow down. Serious questions will also arise, not only about the ability of officially depressed areas to solve their problems by attracting new industry, but also about industrial mobility in general inside the greatest existing common market.

Pets Galore

FROM A SPECIAL CORRESPONDENT

DURING the past few years America has taken pets to its heart in a big way. One family in two is reported to have a tame animal, bird, fish or reptile somewhere on the premises and the pet population is indeed increasing by leaps and bounds. It is not unusual nowadays, when visiting a middle-class suburban family, to find a couple of dogs in the garden, a cat curled up asleep in the kitchen, half-a-dozen tropical fish swimming in a plastic tank in Johnny's bedroom, and even a tame and permanently deodorized skunk playing in the garage.

Dogs and cats are still firmly entrenched as the favourites (the Humane Society of the United States claims that there are now 90 million of them in the country) but recently tastes in pets have taken an exotic turn. There are an estimated 22 million parrots, cockatoos, canaries, and other birds singing and screeching in parlours and sun porches across the land and thousands of American homes have apes or monkeys living in them. Recently a chain of supermarkets offered monkeys for sale—housewives could pick one up while doing the weekly food shopping—and some pet shops advertise monkeys "to suit every personality and pocketbook." A number of communities have had to pass laws against owning cobras and rattlesnakes and recently a pet magazine considered it worth while to devote two columns to the selection, care and feeding of a boa constrictor.

The growing popularity of pets has meant, among other things, that there has been an upsurge of business for the purveyors of dog and cat foods and other supplies for livestock, for the owners of pet hospitals and cemeteries and for veterinary surgeons. A number of these are beginning to specialise in their work and there are some who will treat only one breed of animal. Last year owners were reported to have spent over $3 billion on their pets; today pet food outsells baby food and a growing number of drugs and vitamins for domestic animals are being placed on the market.

Should an American dog suffer from halitosis—and one company in the veterinary field claims that 40 per cent of American dogs do, in fact, have bad breath—the owner can obtain a product specially designed to combat this complaint. If he wishes to take the dog on a trip with him, he can consult a 48-page directory listing 6,000 hotels and motels throughout the country which accept guests accompanied by pets. "Reproduction control" products which are now on the market enable him to regulate the number of litters his pet produces and he can eliminate fleas by giving the dog a tablet which is absorbed into its blood stream and poisons the hungry insect. False eyelashes are among the novelty items fo pets which are gaining favour. Glamorous poodles, with coat bootees and jewelled collars, are a fairly common sight on some o the smarter avenues in New York, while plastic raincoats for almo any breed of dog are sold in most pet shops.

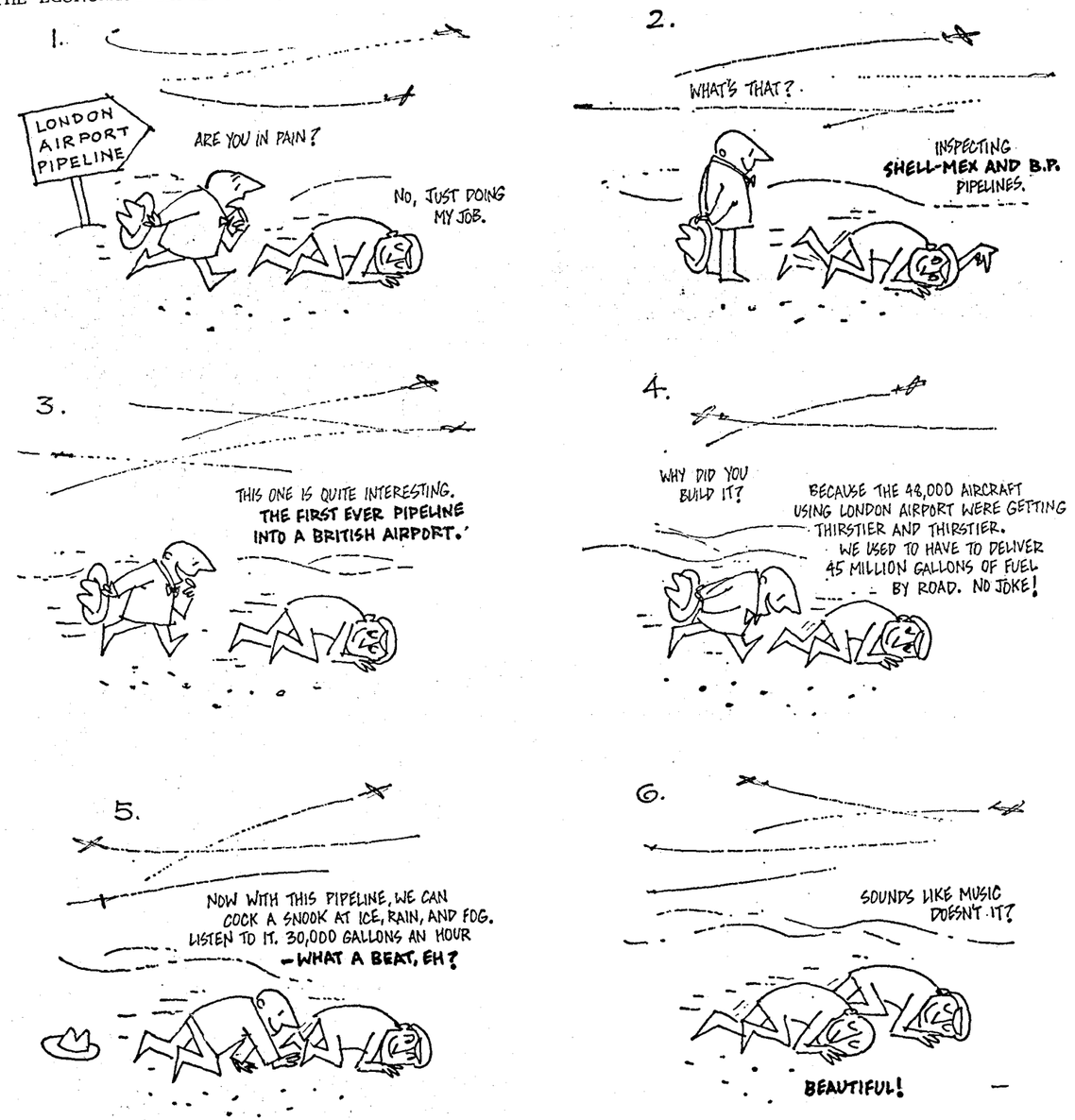
The luxury-loving poodle is now the most popular of the 11 breeds in the pedigree dog world of America, having overtaken th beagle last year. And the show business is booming: there wer over 850 officially approved dog shows last year, while a four-da cat fair in Los Angeles, which admittedly was held during Nationa Cat Week, attracted some 108,000 visitors.

Bargain Basement in the Air

IT is an unlucky traveller today who does not qualify, in som fashion, for cut-rates in the air. Since the end of Augus young people betwen the ages of 12 and 22 have been able t fly at half the first-class rate if they are willing to forgo reservation until three hours before flight time. This means, for example that they can fly from New York to Los Angeles for $86 (plu the federal tax) compared with a charge of $171 for first-clas travellers on a jet aircraft and $109 for a coach (economy) flight on a piston-powered aircraft. At the other end of the scal Mohawk Airlines offers a specially cheap "golden age tariff" for grandma and grandpa. Clergymen also qualify for concessions And last month Trans World Airlines led the way—with United and American Airlines following more dubiously—with a coast-to-coast excursion-fare of $198 return on jet aircraft and $175 o piston-powered ones, compared with $277 and $218 respectively. Yet standard fares went up in July for the fifth time since 1958.

All these tempting offers—and there are others such as "fly as you please" plans—represent a desperate effort to fill the growing number of empty seats in the air even if the hair of booking clerks turns grey in the process. Unfortunately for the airlines, the great increase in carrying capacity brought about by the arrival of the jets has coincided with a levelling off in air travel after years during which it was possible to count upon an expansion of about 10 per cent in the traffic every twelve months. (Seats in transatlantic aircraft are going begging as well as ones on domestic routes, but it has not been possible to reach agreement with foreign airlines to try to expand the market by cutting fares.) Capacity is expected to go on growing; so are the already heavy interest charges on money borrowed to pay for new aircraft. A secondary source of distress for the airlines is the increasing preference of travellers for economy flights. In 1955 these accounted for only 35 per cent of the total traffic; now they account for at least 54 per cent. This may be partly due to the recession and hence may be curable, but it also seems true that luxury and space are sought less eagerly on a short jet journey than they were when flights took longer.

The domestic air carriers lost at least $15 million in the first six months of this year; in 1960 they earned only $1.2 million—the worst record since catastrophic 1948. The industry as a whole earned only about 3 per cent on its investment. But there is more agreement on the problem than on its cure. American Airlines, for example, disagrees both with TWA and with the Civil Aeronautics Board over the likelihood of the coast-to-coast excursion rate bringing in enough really new business to make it worth while. It has more faith in the reductions for young people because, although those in this age group constitute 15 per cent of the population, they provide only about 3 per cent of American's passengers. In any case, all these schemes are purely experimental; if they do not work they will be abandoned. But if none of them work, or do not work well enough, a big wave of mergers, to reduce excessive competition, may become unavoidable.



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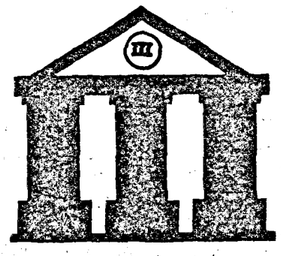
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THE BUSINESS WORLD

Calling the Turn

A correspondent describes some new rules for the old game of cycle spotting

EVER since 1920, the National Bureau of Economic Research in New York has put much of its great intellectual resources into collecting and analysing statistics of American business cycles. The tradition, begun by Wesley Mitchell in the twenties and joined by Arthur Burns in the thirties and forties, has been led in the fifties by Geoffrey Moore; and business cycle analysis has taken a big leap forward in the United States during the last few years. The increasing need for expert economic guidance has led successive administrations to take a positive and active interest in this work. At the same time, the electronic computer has made possible sophisticated and up-to-date statistical analysis, so that the indicators can be put to practical current use.

To be ahead of his clients, the economic analyst needs two things—apart from a cool head and a quick eye. First, he must have up-to-date information. Second, the raw statistics must be processed and set against the historical background. These requirements need a certain apparatus. This is provided in the United States by an interesting collaboration between the Government machine and the National Bureau which is outlined in a new collection of papers edited by Mr Moore* summing up the present state of this art and science of watching the cycle and calling the turn.

By the 20th of each month, the Department of Commerce produces for the use of the Administration a report incorporating the latest data for over 300 statistical series, organised in accordance with the National Bureau's analytical system. It is mouth-watering to find that by July 20th, for example, seasonally adjusted figures are available for June (some, of course, provisional) for industrial production, new orders and, indeed, nearly all the principal monthly indicators. This programme depends partly on the prompt supply of figures by industrial firms, partly on the use of electronic computers for their rapid and complex processing.

Throughout its history, the National Bureau's method has been to collect and tabulate statistics, patiently and omnivorously: generalisation is expected to come from observation rather than from theory. The regularities of cyclical behaviour, although far from perfect, justify the bureau's underlying assumption that the business cycle can usefully be treated in the same way as the meteorologist treats a weather pattern. But economic history is essentially an account of human behaviour, which is probably more subject to unpredictable changes than the weather, and the range of business cycle history is much more restricted. The National Bureau's historical data comprise some 26 cyclical peaks and troughs (including 1958-61) which it has been able to detect in the American statistical records from 1854. Each peak and trough is dated to a month—an arbitrary procedure, but necessary for precision in statistical analysis. The cycles have varied in length from eight years to 17 months; in intensity, taking the declines in output during recessions, they vary from fluctuations that could be detected only by a statistical geiger-counter to the vicious drops of 25-30 per cent experienced in 1907-8, 1920-21, 1929-31 and 1937-38.

FROM such diversity, simple accounts of what a business cycle is can hardly be expected. Yet some generalisations seem justified. It has been found, although there are exceptions, that periods of decline are rather shorter than periods of expansion; that an expansion period consists first of a fairly rapid upturn—lasting around six months after the trough—then slows down; that the rate of recovery is quicker after a severe contraction than after a mild one; that a steep decline in the first months after a peak has been passed presages a severe contraction. There is a suggestion, but no more, that cycles are getting shorter.

Perhaps the most intriguing of the National Bureau's techniques is the use of "leading indicators." The records show that certain statistical series tend to change direction in business cycles well before the rest. Ten of these are used by the bureau, and the table shows how they have performed as advance signals of turning points in business activity as a whole. Charts demonstrating the past performance of the leading indicators, showing their turning points several months before output turns, look pretty convincing. But when the forecaster is searching the incomplete current record for signals of an approaching turning point, he is almost bound to find the indicators emitting oracular ambiguities. Some of the snags are indicated in the table. Consider the first

* Business Cycle Indicators. Edited by Geoffrey H. Moore. Published by Princeton University Press 1961 for the National Bureau of Economic Research (to be published in the United Kingdom by Oxford University Press). Vol. I: xxxv+757 pp., $12.50. Vol. II: xvii+179 pp., $4.50. The set $15.00.

two columns, which show what proportion of possible general peaks and troughs each indicator has forecast. As this shows, the two indicators of labour turnover—the rates of accessions (hirings), and of lay-offs (firings)—score highest. These indicators also make a fair showing in the third column, which gives the number of false signals they made—" private cycles " that did not turn out to be reflected in business as a whole. The average lead-time they offer, especially in predicting downturns, is long. On the other hand, these labour turnover indices show considerable ups and downs from month to month which are unrelated to business cycles ; the last column shows that both series call for at least three months' data to confirm that a change in direction has occurred. Moreover, the latest figures in both series run a month behind most of the other leading indicators.

Four other series—new orders for durables, housing starts, liabilities in business failures and security prices—are all fairly efficient at signalling turns in advance. But housing starts suffer from an excess of " private cycles " ; and liabilities in business failures are subject to wide monthly fluctuations, so that a six months' run of data is needed to identify a genuine turning point. New orders for durables (which need a three months' run of data) come out well. In the end, security prices serve as the best single indicator. In 21 cycles, they have successfully forecast 16 peaks and 15 troughs, with an average lead of about six months. They can be followed from the press and are always up-to-date (two months' data are needed) ; they require no seasonal adjustment. Yet even security prices have failed to lead a quarter of the turning points (they missed the 1957 downturn until it happened, the first failure since 1929) and they have had their irrelevant " private cycles." They have also been subject since the war to a fairly consistent upward trend ; so their warning signal for recession, for instance in 1959-60, can be a levelling-off rather than a marked fall.

IT is thus for good reasons that the National Bureau gives strong warnings against using any indicator alone, and regards a combined index of the leading indicators as more trustworthy. But there is a penalty, too, for caution. For instance, the recovery at the beginning of 1961 was not clearly foreshadowed. The latest data available in mid-January—the month before industrial production can now be seen to have reached bottom—showed the combined index of leading indicators still falling ; only security prices, which had been rising consistently since October 1960, and the lay-off rate were giving clear signals of an approaching recovery. It would have been reasonable enough—and platitudinous—to predict recovery within a few months. But to predict it as soon as February would have been art rather than science.

Much discussion among analysts recently has concerned the use of " diffusion indices." These are another kind of leading indicator and the theory behind them is simple and plausible. Turning points do not affect all industries at once. A recovery (or a recession) begins first at a few points and gradually spreads. Thus well before the index of production as a whole turns, production in a steadily increasing proportion of individual industries should have turned. The theory is applied by computing the proportion of the components of a total index which are moving up (or down). Essentially, this is the principle adopted in the " business-test " inquiries initiated by the IFO-Institute in Munich and conducted by the FBI in Britain. But there are, again, considerable uncertainties in interpreting such diffusion indices, and they require heavy computing. The results tend to be erratic. At present, the diffusion indices do not seem to give clear warning signals much before turning points. But they are being regularly compiled and patiently analysed and will no doubt find their place in the analyst's tool-kit.

PERFORMANCE OF LEADING INDICATORS

These leading indicators are the National Bureau's 1960 list. The performance records shown cover 17–20 cyclical turning points (i.e., since about 1920) for numbers 1–7 and 41–48 turning points (i.e., since before 1900) for numbers 8–10.

	Percentage of turning points led		Number of peaks and troughs in "private cycles"(1)	Mean lead in months		Months for cyclical dominance(2)
	Peaks	Troughs		Peaks	Troughs	
1. Average weekly hours in manufacturing	75	55	2	7	3	2
2. Accession rate in manufacturing	100	80	2	15	6	3
3. Lay-off rate in manufacturing	100	90	4	11	5	3
4. New orders received for durables	75	75	2	11	3	3
5. Housing starts	70	70	6	12	5	3
6. Commercial and industrial building contracts	67	50	4	11	1	5
7. Prices of industrial materials	75	40	2	9	1	2
8. New business incorporations	60	75	13	5	4	3
9. Liabilities of business failures.....	70	75	2	12	7	6
10. Index of security prices	75	70	6	5	6	2

(1) Specific cycles in each indicator which turned out to be irrelevant to general business cycles. (2) Number of monthly observations needed to establish a turning point. A large number denotes large irregular fluctuations.

What can historical analogy tell us about the probable course of the present American expansion? First, the expansion came after a fairly gentle and short decline—probably the shortest and shallowest of the four post-war recessions. Precedent thus argues for a fairly slow expansion. The National Bureau's records do not tell us much about the probable duration of the expansion. However, the post-war cyclical pattern, both in duration and amplitude, has been somewhat more uniform than before. The expansion periods have been 37 months (1945-48), 45 months (1949-53), 35 months (1954-57) and 25 months (1958-60). The shortest expansion on record since 1920 was 21 months. Those who are willing to trust historical analogy may feel it unnecessary to do more than glance at the leading indicators before early next year, and their faith may be shaken if the next turning point comes before the end of 1962.

ARE the National Bureau's techniques applicable to the forecasting of short-term economic change in Britain ? Certainly the British post-war economy has been subject to business cycles of a kind: with industrial production peaks in early 1951, late 1955 and mid-1960 and with troughs in mid-1952, mid-1956 and (perhaps) early 1961. There are two important differences from American experience. British recessions have been much milder ; the index of production has only once fallen significantly (in 1951-52). This makes the " troughs " extremely difficult to identify. And the timing of turning points has been determined less by natural reactions of

business and consumers than by sharp changes of Government policy and external events. Who can say how long the boom of 1955 would have continued if it had not first been stimulated by Mr Butler's spring budget and then suppressed by the measures taken in the autumn ? Would recovery have come at the end of 1956—there were faint signs of it—had not Suez intervened? Or at the end of 1957, had it not been for Mr Thorneycroft's measures ? When would the rapid expansion at last set off by Government action in autumn 1958 have come to an end, if the Government had not braked it in the spring of 1960?

So far, British Governments have never felt secure enough to let economic forces take their own course. Nor have they been able to resist the temptation to give the business cycle an upward push when it seemed safe to do so. The economic analyst, consequently, has necessarily tended to concentrate attention on the dominating tendencies of the balance of payments, with a weather eye always directed at the probable reactions of the Government. Government actions are subject to rational analysis, but not—at least, not yet—to the precise statistical analysis that can be applied to the aggregate behaviour of a multitude of businessmen.

For British conditions, probably more interest lies at present in analysing closely some of the more important and faster moving components of the economy than in a system like that of the National Bureau. The recent assessment by the National Institute of Economic and Social Research of its own short-term forecasts (described in *The Economist* of June 3, 1961, on page 1032) exhibited a number of mistakes; but these were not so much mistakes about the timing or direction of changes as about the strength of the forces operating on the economy. For assessing the prospects both for demand and for policy, much more needs to be known of the specific forces which govern short-term changes in both sides of the balance of payments, in wages and prices, in consumer demand for durable goods, in industrial purchasing practices, and in industrial production and employment policies. How quickly, for example, do managements react to different kinds of changes in demand by changing production schedules, employment and buying? The answer determines not only employment and stock levels, but also, very largely, costs and profits. Such questions are not ignored by American analysts. But there is every opportunity in Britain for original and valuable research from a somewhat different approach.

BUSINESS NOTES

STERLING

If Funds Flock Back

STERLING was in strong demand on the first three days of this week, and the rate rose smartly from $2.80\frac{9}{16}$ to $2.81\frac{3}{16}$, its highest this year. The rate fell back a little on Thursday but buying continued at the lower level. Monday's announcement of the August gold figures, showing a net rise in the reserves of £40-£50 million *ex* official transactions, gave formal confirmation to those who needed it that the tide had turned, and this induced a momentary return of optimism to the London stock markets and a widening of confidence in sterling. In the exchange markets, however, these figures were not the predominant influence of the week. The clue to the heavy buying of sterling from France and Germany lies in the date. It is exactly six months since Germany and Holland revalued their currencies and gave sterling what may have been the worst week in its history.

Among the speculative transactions then undertaken were heavy forward sales of sterling short—sometimes for six months ahead and more often for three months, these in turn often being renewed in June. This week operators have had to meet their commitments by buying sterling at a far higher price than that at which they have contracted to deliver it, and the Bank of England has sensibly seen no reason to minimise this loss by checking the rise in the rate. There have also been considerable purchases for commercial transactions, some of which had also been delayed on speculative grounds.

But it seems, too, that money is now beginning to flow to London for short-term investment. Investment dealers abroad have begun to point out the attractions of interest rates at 6½ per cent plus available in London ; and while the differential over other centres is still broadly offset by the cost of forward exchange cover, many operators are likely to feel that there are bigger risks awaiting them than a devaluation of sterling in the next three months. The flow of foreign money to London is not yet large. It has had little apparent effect on the local authority mortgage market this week, where rates have actually hardened a little, bringing seven-day money to 7½ per cent at one time on Tuesday. But the inflow may be about to gather momentum. If it does, the London authorities may declare themselves embarrassed. They have no wish to draw in any large new volume of short-term funds, least of all from the United States. At the same time they will not want to be rushed into a premature first reduction in Bank rate, which would be read at home as a sign that the economic troubles were over. The Bank of England has in fact been keeping the discount market on a significantly tight rein in the last week or two.

There is an easy way out of this supposed dilemma. If the foreign funds do come flocking back, Britain can simply use them to repay, *pari passu*, advance instalments of the credit from the International Monetary Fund. This would avoid any embarrassment to the United States and would give an encouraging demonstration to the conservative Europeans of the use of short-term international credit. The modest net cost in interest involved in incurring new obligations at market rates and prepaying artificially cheap official credits would be well worth while.

One uncertain element in the prospect is the international political situation. The effect of a modern war on investment and finance remains incalculable, which is not surprising when its effect on much more important things is itself incalculable. Some financial operators, like some political and diplomatic operators, still regard a war threat as a war threat, demanding a conventional reaction—go liquid, sell sterling, buy gold. But others in the last few weeks have taken a more realistic modern view, which is bluntly that the right reaction to an unforeseeable consequence is nil. Admittedly, gold has been in demand—private buying has continued in London this week, and the only central banking activity has been selling by the Bank of England to keep the price in check, at around $35.20. But, remarkably through this period of international crisis, sterling has been bought. Moods can change quickly; but at present some people evidently feel that the external political threat is simply too big to be taken into account.

The Basle Holdings

THE reserves rose in August from £876 million to a comfortable £1,245 million, a figure surpassed only at the height of the Korean boom. The rise of £369 million was an artificial result of a complex of official transactions. Britain's drawing on the International Monetary Fund brought in the equivalent of £518 million (leaving £17 million or so to be drawn this month, aside from the stand-by facility of £178 million which is likely to be left undrawn). But "some £200 million" of the IMF credit was immediately used to repay Continental central banks, thus discharging "the greater part" of liabilities accumulated under the Basle arrangements in earlier months. These repayments have played havoc with reserve figures all round, being responsible for the fall of $150 million in the United States gold stock last week, as Continental countries converted repaid dollar credits into gold, but in other cases deflating their holdings of foreign exchange.

The two smaller official transactions affecting Britain's figures were a payment of £10 million on old debts incurred under the European Payments Union, and receipt of £27 million from the advance repayment by France of all its own remaining EPU debts. But France used some funds already accumulated in London for this repayment, and its purchases of sterling during August were significantly less than £27 million. If these are put at £10-20 million, the net rise in the reserves excluding official transactions was £40-50 million. This happens to be almost exactly the same as the net rise in the month following Mr Thorneycroft's 7 per cent Bank rate in 1957.

The intriguing question that remains is what will now happen to the lesser part of the Basle credits. These may possibly total £100 million, though no estimate is very meaningful. For there is now no hard and fast distinction between the remainder of the credits granted by Continental central banks after the March meeting in Basle and funds they keep in London in the normal course of business. At the end of 1960 official holdings of sterling in Western Europe were already as high as £236 million. The course of these holdings in coming months will be determined by normal banking and commercial considerations, in which the high level of London interest rates will presumably be significant, as it was in 1960.

INTERNATIONAL FINANCE

The Jacobsson Plan

THE main issue before this year's annual meeting of the International Monetary Fund which opens in Vienna on September 18th is the plan to supplement the Fund's resources by arranging potential lines of credit from creditor countries; and, as usually happens, it is the creditors who have to be won over. Today this means not the United States but Continental Europe, and notably the Six. Their finance ministers and central banking chiefs met at Bad Godesberg on Tuesday to consider their attitude. They came nearer to a common position, but differences in approach remain. On the conservative wing, the French, and also the Belgians and Dutch, prefer not to commit themselves to specific sums that could be called in credits to the Fund, and maintain that creditors should have a right of veto. The Germans and Italians recommend set figures and are content to leave decisions on the calling of credits in the hands of the Fund.

But the Six did approve in general terms the plan that has been drawn up by Dr Jacobsson, managing director of the Fund, which follows the principles of the Bernstein plan but fits it into the framework of the existing articles. This approval in principle by the Six could turn out to be more significant than their remaining reservations. Thus Dr Jacobsson is likely to point out that the dispute over a right of veto is somewhat unreal, for two reasons. In the first place, no stabilisation credit can be launched in practice without the willing consent of the participating creditors. Secondly, Fund decisions are themselves taken by the Executive Directors who are in turn responsible to national governments. Dr Jacobsson, who has been passing through London this week, went on to Paris; and he at least is not pessimistic.

AIRCRAFT INDUSTRY

Farnborough Clouds

THE clouds that hung over the Farnborough air show this week were not wholly due to the weather; there is bound to be a sense of anti-climax about any exhibition staged with such pomp for so little ostensible result. To gibe at the industry because it has nothing new to show is unfair and unrealistic; when aircraft and missiles take so long to develop, an aircraft industry the size of the British cannot produce fresh designs every year—indeed it has no business to try. But the organisers will have to make up their minds whether to retain Farnborough as a serious trade shop window, which it used to be—in which case an annual exhibition can no longer be justified, when it has to be padded out with service displays using aircraft of no conceivable interest to visiting technicians—or whether to treat it as a mammoth exercise in public relations and concentrate instead on providing a circus for the days when the public is admitted, as to an increasing extent they seem to do. If anything were needed to damp the industry's spirits, it was the knowledge that after months of consideration, Trans-World Airlines had taken the plunge by ordering 20 French-built Caravelle airliners with an option on a further 15. TWA will be the second major American airline to opt for Caravelles and was one of the last big customers still shopping for a medium-range aircraft. One remark frequently repeated during the show was that every project, from Blue Streak to vertical take-off, marks time while the Ministry of Aviation conducts interminable negotiations with potential foreign collaborators who would the industry argues, be more impressed if they saw some evidence that the British government had sufficient confidence in the ideas it was selling to back them to the hilt at home. And indeed it would be wrong to think that this country has nothing to sell or to teach. There was a notable quickening of foreign interest during demonstrations of the Handley Page research aircraft. This machine may not impress the public very much, but it is designed to test the take-off and landing behaviour of a hypothetical supersonic airliner. Observers appalled at the searing speed with which this tiny research machine landed wondered how a full-sized 200 ton airliner could be expected to behave.

Battle Royal

THERE is still one field of aviation in which Britain leads the world—no other country has anything to compare with the two workable vertical take-off engines that are now out of the laboratory and looking at Farnborough for buyers. This, it is only too plain, is a source of embarrassment to the Government which hardly knows what to do with either of them and is caught in the cross fire of a battle royal between the two warring companies that build the engines, Rolls-Royce and the relative newcomer, Bristol-Siddeley.

Vertical take-off means heavy engines, since there must be enough power to lift the full weight of the machine off the ground unaided without the help from aerodynamic lift that comes into play when a normal aircraft accelerates down a runway. Heavy engines mean shorter range or less payload, but the penalty is kept to the minimum, so Rolls-Royce argued, by using a battery of lightweight engines solely for lifting and other normal engines for propulsion. As the lifting engines would never run for long, they could be specially tailored for the role, and the current Rolls-Royce designs are capable of raising 16 times their own weight. This is the most proven system of vertical take-off in the world and as demonstrated in the Short SC1 research aircraft is most impressive, as was obvious when it was first shown outside this country at the Paris air show a few months ago.

It seems, however, to have no future in this country because the RAF dislikes the idea of any front-line machine using large numbers of engines, with the risk of multiplying the opportunity for technical faults. The RAF, therefore, has given its backing to Bristol Siddeley's single-engine system where swivelling ducts are attached to each corner of a central power plant: these give a downward blasting jet at take-off and gradually swing to the horizontal as the aircraft gathers height and speed. The company seems to have made a tactical mistake in not demonstrating this engine in flight at Farnborough. Meanwhile the Ministry is very properly seeking French and German collaboration before designing a strike fighter (*nom de guerre* for a light bomber) around this engine. But what now is it to do with Rolls-Royce? The Rolls-Royce system has apparently no future in this country, yet it works outstandingly well and appeals to some foreign designers, including the brilliant French company Dassault, more than does the Bristol-Siddeley system. Ought the Ministry of Aviation continue to support Rolls-Royce in the hope that the company will eventually find a market that for the moment does not appear to exist? It has done this before with projects like the Rotodyne and lived to regret it. This dilemma, which was visible a year ago, has now become acute and is aggravated by doubts that vertical take-off aircraft of any kind may yet prove too expensive for the country's strained budget. Off-the-cuff guesses by foreign engineers put the price of an effective vertical take-off machine at considerably more than £1 million apiece; even if this is wide of the mark the bill is bound to be higher than that for an equivalent normally-propelled machine.

TIN

Shake-Out

SPECULATIVE buying on the prospect of a shortage of tin exhausted the buffer stock of the International Tin Council by the end of June, shattered the buffer stock manager's "ceiling" price of £880 per ton and forced the cash price up to £994 at the end of last week. The council then canvassed the possibility of releasing tin from the United States stockpile; it has been almost embarrassingly successful, for the stockpile appears to be ready to dispose of as much as 50,000 tons.

The timing, prices and quantities of these sales are not yet clear; the General Services Administration promises that releases will be made "from time to time, in small quantities, on an orderly basis and with due regard to producer and consumer interests." The difficulty for the stockpile and for Congress is to reconcile the interests of consumers in a low price and the interests of such a producer as Bolivia in a high one. The impact of stockpile sales is practically impossible to predict. Wednesday's news brought the cash price of tin on the London Metal Exchange down by £37½ to £935½ and the three months forward price by £30 to £949½ per ton. This was immediately reflected in sharp falls in tin shares, with Tronoh falling by 7s. 9d. to 67s. 6d. With the speculators winded at least temporarily, the market was more orderly on Thursday and on the more sober reflection that the stockpile would aim at securing a good price, cash tin recovered to £956½ and three months forward tin to £966½. The shake-out is salutory. The council is considering the possibilities of raising its floor and ceiling prices and the United States recently indicated that it was prepared to discuss terms on which it might join the International Tin Agreement. Co-operation between the council and the United States, not least on the disposal of the stockpile tin, should promote a less volatile market.

MACHINE TOOLS

Working to Order

SO often in the pillory for slowness in increasing output or exports at times of pressure, the machine tool industry should earn a compliment or two on the latest figures of its performance, especially from the Chancellor. Home orders have fallen this year reflecting the now widespread easing of new demand for capital equipment, though the drop of 17 per cent can be put down partly to heavy ordering of new machine tools by the motor industry in the spring of last year. Meanwhile export orders have been rising almost as sharply as home orders have dropped.

This change in the pattern of ordering has been accompanied by a considerable increase in output. Up to June production so far this year was a third higher in value than in the corresponding months of 1960. Although the industry's total order book has continued to mount, from £105.7 million last December to £113.7 million in June, delivery dates have in consequence tended to shorten. In terms of months' output at current rates of activity, the amount of work represented by outstanding orders has dropped from the equivalent of 12⅔ months to 11¼ months. This has helped to sharpen the industry's competitiveness in export markets.

OVERSEAS DEVELOPMENT

Tense, but No Ill Feeling

THE distinguished practitioners of world development who conferred together at New College, Oxford, last week were mostly rather self-conscious about the Tensions in

PROFITS AND DIVIDENDS

Lower Returns

COMPANY reports in July and August, analysed in the customary way in this office, show a number of interesting features in both profits and dividends. The figures as a whole relate to a notional accounting year that ended about March 31st and so reflect only to a limited degree the further pressure on profits evident through the summer. The profits shown were earned long before, and many of the dividends declared some time before, the Chancellor made his request for dividend restraint. The net ordinary dividend payments of these companies were higher but, as the increase in profits tax cut down equity earnings, the cover on these dividends fell. As industrial profits are more likely to fall than to rise in the coming months, company directors will see the need for restraint; the Chancellor is preaching to a receptive audience.

The rise in trading profits reported in August was in line with the increase in the second quarter of this year, though the rise reported in July was slightly higher. An increase in depreciation provisions and in loan interest, reflecting the installation of new plant and equipment, put a brake on the advance in profits before tax and the increase in taxation was sufficiently big to leave net equity earnings only slightly higher. As more capital has been invested to earn these profits, the rates of return on net assets employed have continued to fall—in both months by about one per cent. The accumulating evidence of this decline is one of the reasons why, despite some recent (but not universal) increases in dividends, ordinary shares have been in the doldrums and are likely to remain so in coming months.

PROFITS AND DIVIDENDS
(£ million)

	238 Companies reporting in July		Increase per cent	158 Companies reporting in August		Increase per cent
	Previous year	Latest year		Previous year	Latest year	
Trading profit	166·4	181·3	+ 9·0	121·4	129·4	+ 6·6
Gross profit*	127·6	137·3	+ 7·5	96·5	101·6	+ 5·3
Net equity earnings*	62·3	64·7	+ 3·9	46·0	46·9	+ 2·0
Net ordinary dividends	29·6	33·5	+13·2	20·7	22·9	+ 5·8
Times covered	2·1	1·9	...	2·2	2·1	...
Net equity assets	698·7	794·2	+13·7	461·5	514·9	+11·6
Gross profit/net assets, per cent	18·3	17·3	...	20·9	19·7	...
Net earnings/net assets, per cent	8·9	8·1	...	10·0	9·1	...

* After deducting non-recurring credits.

Development they were supposed to be conferring on—under the auspices of the Council on World Tensions, Inc. (formerly: World Brotherhood) and the Overseas Development Institute, of London. It had not been made plain, after all, whether tensions were bad or good ; certainly it emerged very quickly that they were an inseparable part of economic development. Yet despite the woolliness of the theme, and an excess of organised activity, most of the participants felt that the week snatched out of an overcrowded working life was worth while. These men who are responsible for planning and carrying through the programmes of economic development have far less occasion than the politicians for meeting their opposite numbers in other countries and their contacts in international agencies ; and the legendary exchange of views does them good.

This conference on tensions was, indisputably, a conference of goodwill: it happened that some notable representatives of extreme wings of thought, of the Ghana-Guinea school on the one hand and of orthodox French finance on the other, failed to turn up. Even so, the conference brought out the continuing, and to many westerners still surprising, force of anti-colonial feeling among Africans. Significantly, however, this applied very little to India, which has now reached a maturity and a poise of its own in the development process. There is much less emphasis on the forms of aid that are deemed to be philosophically acceptable ; the great contribution made by the western aid consortium is generally recognised, and the surveillance exercised by that group is to some extent actually welcomed by Indian planners in that it gives their schemes a stronger weight in the political arena.

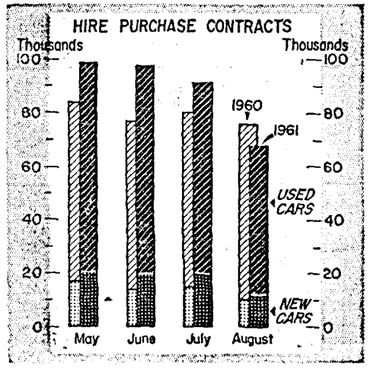
Seen in its wider context, the striking fact about Indian development is the head start given by the existing framework of administration and education. These, everyone is now agreed, are the top priorities for Africa, where India itself has an important part to play in helping to provide them. Some observers contend that no real progress will be possible without creation of an international administrative service capable of offering long term contracts and of taking a firm grip on the work at present inadequately done by a score of unco-ordinated and in part competing agencies. The prompt reaction of the Overseas Development Institute itself to the Oxford Conference has been to decide to press ahead at once, by influence, advice and action, towards these practical goals.

SPENDING AND BORROWING

August Backwash

SHOPPERS did not go quite so gay in July as had been first thought. According to the Board of Trade's final estimate, retail sales, seasonally adjusted, rose 3 per cent above the June level instead of the 4 or 5 per cent which the first shot at the figure had suggested. However, it still left July the retailers' best month ever.

Not all of the 3 per cent rise can be accounted for by anticipatory buying before the Chancellor put up prices. Food sales, which had fallen in June, were back to the high level of May, and their recovery alone pushed up the total index of sales by one per cent. Admittedly off-licences are grouped with food shops, but the 12 per cent increase in their sales over July 1960 does not suggest a big sudden rush to stock up in view of the fact that these sales were already running 8 per cent above last year in the second quarter. Sales by durable goods shops rose to an all-time peak, 9 per cent above their level in the second quarter and 3 per cent above their previous peak in April 1960, after allowing for seasonal factors. Department stores and other general stores also did particularly well. But clothing shops had no benefit from the spending spree ; their trade was still below that in the first quarter of the year.



Naturally credit business also had an artificial stimulus in July. Hire purchase sales of household goods shops were nearly one-fifth higher in July than in June—just about in line with the rise in total business of these shops. Outstanding hire purchase debt rose by a further £11 million to £968 million, passing the previous peak for July, 1960. But for August, always a slack month, the prompt figures collated by Hire Purchase Information, show a substantial fall. Hire purchase sales of new cars fell from some 20,000 to 12,200 and used cars from 70,500 to 55,700. Contracts for new cars were still 1,800 above the figure for August, 1960, but used cars were nearly 10,000 down on the year ; and for the first time since April total car contracts were below those for the same month of 1960, when the April restrictions on hire purchase were followed by a sharp decline in activity.

The fall in new car sales shown by these figures seems more or less in line with the seasonal trend ; but the leading car manufacturers are inclined to think that total sales may have fallen by rather more. This would imply a rise in the proportion of new cars bought on hire purchase, and it is possible that buyers who would ordinarily rely on bank credit found themselves forced to turn back to hire purchase last month. At the same time, admittedly, the leading finance companies tightened their own credit terms. But the rise from 20 to 25 per cent in minimum deposits is unlikely to have been a strong deterrent to purchasers of new cars, most of whom get a substantial credit from a trade-in. At the other end of the market business in the older cars has been hit from a number of directions—the rise from 25 to 33⅓ per cent in minimum deposits, the growing reluctance of finance companies to finance such vehicles at all, and stronger enforcement of the government testing scheme. The structural change in the car market in Britain, involving the effective elimination from the market of the old faithfuls, is still in process.

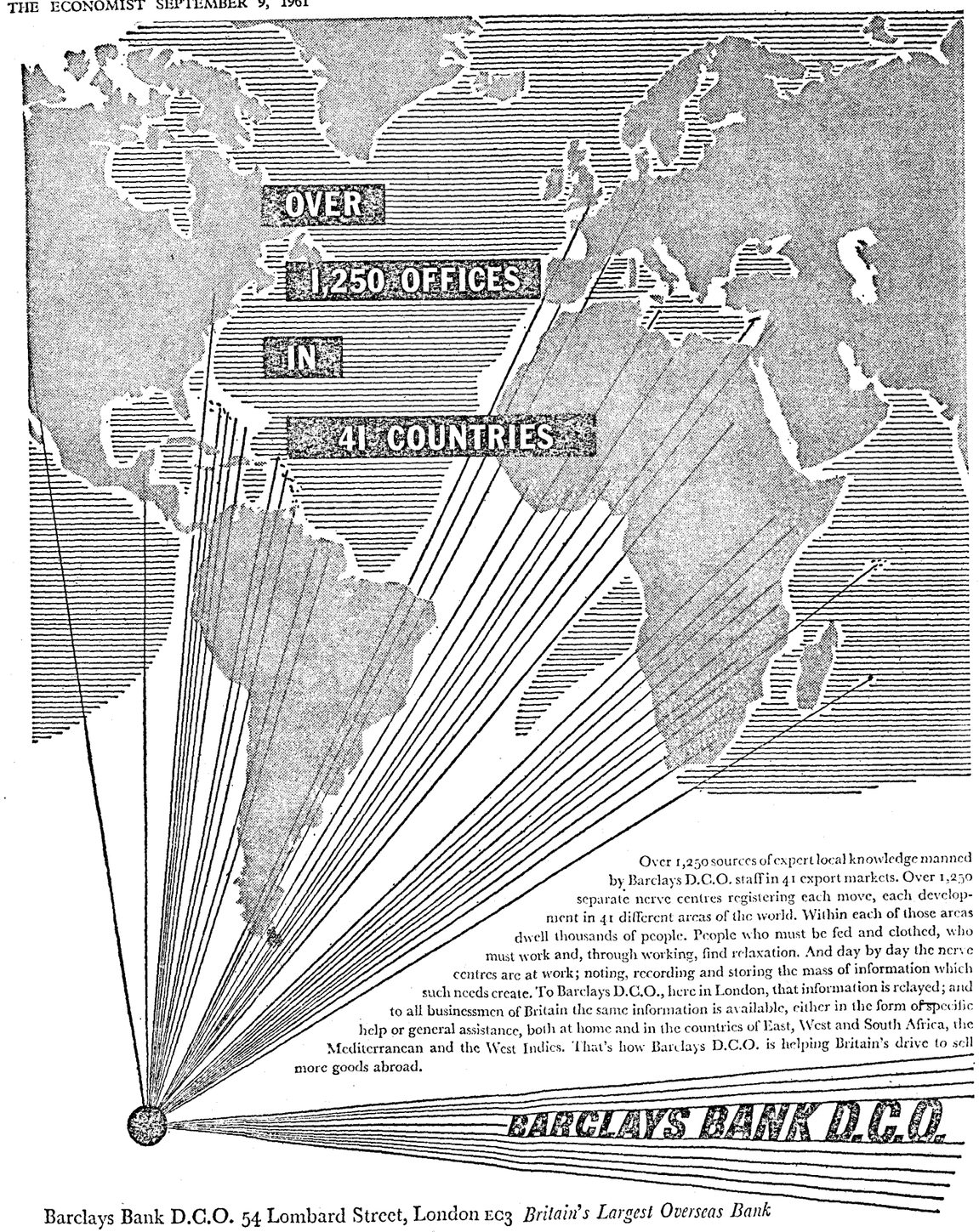
IN THE MARKETS

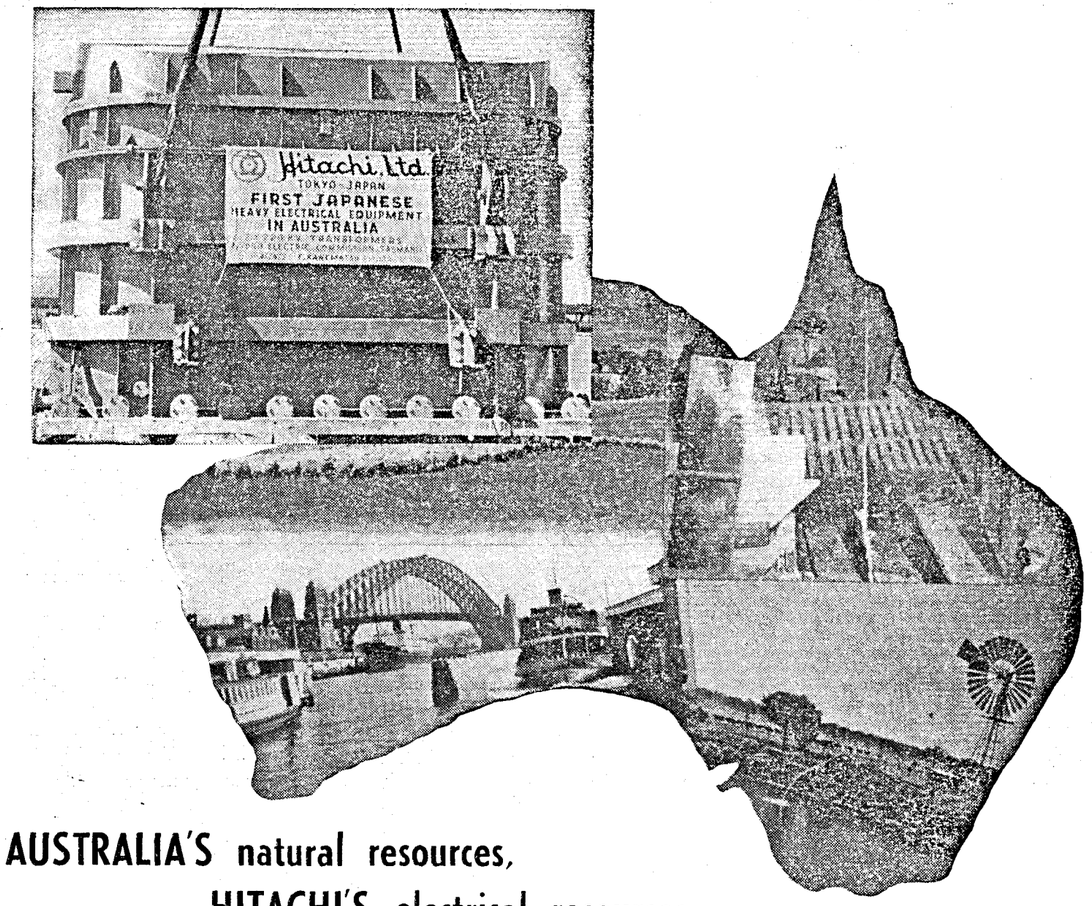
Funding the Overdrafts

AS expected the queue of companies coming forward to make rights issues has lengthened in the past week and it may be expected to grow longer in the next few weeks as the banks bring further pressure on companies to reduce their overdrafts. Funding has been the principal object of many of the issues announced this week. Of these by far the biggest came from Thomas Tilling and the Ross Group, both of which had large overdrafts ; Tilling's amounted to £4.2 million at the end of December and Ross's to £3.7 million in the middle of July. The Tilling issue follows hard upon the heels of the placing by one of its subsidiaries, James A. Jobling, of £1½ million in a 7 per cent debenture. If the Tilling ordinary dividend is maintained at 20 per cent its new money is being raised at just over 4½ per cent.

The Ross Group has grown rapidly in recent years and in addition to its fishing interests it has a sizeable stake in frozen food. Its financial year closes at the end of this month and its net equity earnings are estimated at £703,000, against £468,000, to cover the dividend raised from 20 to 22 per cent 1½ times. A similar payment is forecast for 1961-62 when the new shares will rank for dividend. Polycell Holdings will use the proceeds of its issue to reduce bank loans of about £900,000 incurred in building a new factory and the general expansion in business brought about by the "do it yourself" movement.

	Amount raised £	Basis	Issue price	Current price	Value of rights
Thomas Tilling .	3,263,000	1 for 9	18/6	23/9	5d
Ross Group....	3,114,000	3 for 10	15/-	20/-	1/1½
Orion Insurance	1,050,000	7 for 13	60/-	132/-	25/-
Polycell Hldgs. .	710,000	1 for 5	5/6	7/7½xr	—
Chartered Bank	—	1 for 5	—	51/9	—





AUSTRALIA'S natural resources,
HITACHI'S electrical resources . . .
A NEW AND POWERFUL COMBINATION

At the height of this event-filled year*, Hitachi, Ltd. of Japan announces a major first — the introduction, for the first time, of Japanese-made heavy electrical equipment to resource-rich Australia.

Two Huge Hitachi 30 MVA transformers have already been delivered to a Tasmanian port. The three-phase, 50-cycle transformers, of the self-cooling type and rated at 11 kV delta to 230 kV wye with solidly-grounded neutral are, as usual, Hitachi-designed, Hitachi-engineered, Hitachi-manufactured.

Destined for the important Catagunya Power Station of Tasmania's Hydro-Electric Commission, this equipment is another strong link in Hitachi's chain bolstering international natural resources.

* *Another Hitachi "event of the year":*
Fortune magazine's official announcement lists Hitachi, Ltd. as the 17th largest firm in the world (excluding the U.S.) and as the first company of Japan.

Hitachi, Ltd.
Tokyo Japan
Cable Address: "HITACHY" TOKYO

The directors believe that a considerable increase in turnover will occur in the next few years as new products are marketed.

Among other companies planning issues is London County Freehold, whose full report revealed an overdraft of £1¼ million and big commitments. It now proposes to increase its authorised capital. Purnell, the printers, also had an overdraft of over £1 million at its year end and it is engaged on a big development programme, but instead of a straightforward rights issue the new capital it needs may be raised by an issue of convertible loan stock. Two banks also are seeking further capital. The Chartered Bank in announcing an interim dividend of 7½ per cent (against 8 per cent before a one for ten scrip issue) has given details of a rights issue, except the price. The National Bank is proposing to follow the example of other London clearing banks in asking the Courts to sanction the elimination of the uncalled liability on its ordinary shares, which would make them more marketable, and also eligible for trustee investment. At the moment the nominal value of these shares is £5, £1 paid. The bank's chairman, Lord Longford, says that the directors are considering a rights issue "when market conditions are suitable."

Investors' Holiday

THE London stock exchange has had another quiet week. In contrast with Continental bourses, where the international tension has taken a further toll, most markedly in Germany, London prices have been steady. The equity market was cheered by the gold figures at the beginning of the week, but by Wednesday caution had returned. The international situation was cited as an influence, but the fact is that Britain's domestic economic prospect provides sufficient reason itself for restraint.

In the gilt-edged market the undertone has remained firm, and prices have again been marked up a shade, but the volume of business has been small. The government broker has succeeded in resuming his funding sales in the past few weeks, though the volume of net sales is unlikely to have been large. The market has however been little troubled by trustees. Most of those who were set on switching into equities at the first opportunity had already disposed of their gilt-edged well in advance. There is a trickle of switches from gilt-edged to equities, but transactions of say £500,000 that may cause a noticeable effect in the equity market when spread over a few stocks are hardly noticed in the gilt-edged market, now that there are buyers as well as sellers about.

OIL TANKERS

Surplus Sustained

THERE must be something in the make-up of an oil tanker owner that breeds perpetual optimism. In the first half of a year in which more than 5 million tons deadweight of brand new tankers are due to be added to a world fleet of some 65 million tons, and in which so far there has been not one minute sign of the surplus of tankers disappearing or of tramp freight rates reviving above a marginally profitable level, they have added another 3 million tons to the order books of shipbuilders according to the latest review published by John I. Jacobs & Co., the firm of tanker brokers. Builders of tankers are no doubt grateful for this wholly unexpected spate of ordering (though this is hardly shared by British yards who secured little of the business). Why these orders have been placed is hard to fathom. The greater part has come from tramp tanker owners, principally Norwegian, and for delivery in 1962 and 1963. The Greeks have been notably absent—and they are usually pretty accurate in their soundings of coming trends. Contract prices are not likely suddenly to rise; indeed they could conceivably shrink further still as more and more yards become desperate for immediate work to keep themselves going.

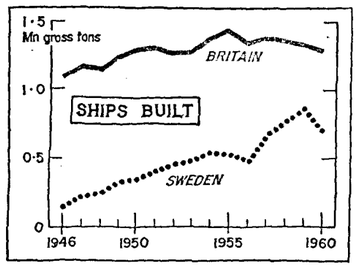
Equally, the portents give no assurance of more profitable employment for oil tankers in the coming few years. Overhanging the market for tramp vessels, apart from the deadweight of new tonnage on the slipways which may well amount to another 5 million tons next year, are the various fleets "in waiting." By June, when world oil movement reached its annual low point, over 4½ million tons of tankers were laid up and a record 2 million tons were busily carrying grain to China and other stations. Allowing for the idle tankers that are not likely to be fit for the open sea again, for existing contracts in the grain trade, and for the possibility of a resumption of the American seamen's strike this autumn, the Jacobs report suggests that the winter revival in oil carryings may squeeze the market a little more this year, though not if it is again suddenly flooded with a large number of laid-up tankers all reactivated at once as happened last December. Beyond the immediate few months, all the pointers remain bearish. Tonnage removed from the world tanker fleet by scrapping, permanent conversion, and losses at sea still remains at less than 3 million tons a year. Oil consumption continues to grow, but the restriction upon American imports and the opening up of oil fields in North Africa augur a slower rate of growth in the ton-mileage of oil moved by sea. The larger oil companies are again chartering tankers on long-term contracts, upon the expiry of contracts placed at the time of the Suez crisis, but at rates that offer very thin profit margins. In their own new building plans, the oil companies are remaining decidedly, and perhaps significantly, more cautious than tramp owners.

SHIPBUILDING

Divided Teamwork

CONTRASTING impressions brought back by the management and trade union members of an eight-man productivity team sent by the shipbuilding industry on a five-day visit to Sweden in October, 1959, appear to have been considerably toned down in the long interval between the public comments of some of the members immediately on their return and the joint report* that has finally emerged. The report bears many signs of the bonelessness to be expected from dual editing, but an overt difference of conclusion is registered only once. On the Swedish shipbuilders' practice of regularly moving men about from one department of a shipyard to another according to the progress of work and their employees' technical competence, the four trade unionists argue, in a bleakly worded footnote, that such interchangeability of labour occurs mainly so as "to avoid redundancies and to relieve bottlenecks, and is not practised promiscuously as contended by the employers' delegation."

This single difference would seem to be crucial. For the principal conclusion drawn by the team as a whole is that the much greater flexibility of Swedish labour, which directly arises from common membership of a single trade union (apart from a few foundrymen) and which enables management to deploy a fairly constant labour force efficiently, is primarily responsible for the high level of productivity attained in Swedish shipyards. Beside the comparatively harmonious atmosphere of management-labour relations in Sweden and the concomitant absence of demarcation arguments, all other possible contributory factors apparently pale into insignificance. The report does not say whether this explains how Swedish yards manage to turn out rather more than half the tonnage of new shipping that British yards produce with a total labour force of one-seventh of that employed in Britain—a contrast that remains unpleasantly sharp after all allowances are made for the wider range of ships built here and the purposeful concentration upon fairly standard cargo carriers and oil tankers in Sweden.



* Shipbuilding in Sweden: British Productivity Council. 5s.

Indeed, in a report supposedly concerned with productivity, the team gives no specific measures of the differing performances of the two industries. No estimate is given of how much higher Swedish shipbuilding productivity is. Given the statistical difficulties in an industry that mainly assembles rather than manufactures, this may be reasonable, although one oil tanker owner has privately calculated that British yards took (in 1959) about 13 per cent more man-hours per ton of steel erected in tanker building than the Swedish, and almost 40 per cent more than German shipyards. Hourly wage costs are higher in Sweden (about 40 per cent more in 1959 according to the report on shipbuilding by the Department of Scientific and Industrial Research last December); and at the time of the team's visit, too, Swedish shipbuilders paid more for their steel. Yet their prices were, and remain, significantly lower—as is plainly evident from their continued success in exporting. While Swedish yards regularly build about two-thirds of their new tonnage for foreign owners, Britain has now become, after Norway, the world's largest net "importer" of new ships.

Relations in the Yards

As the Minister of Transport will doubtless discover in the course of a visit to two of the largest Swedish shipyards next week, there is much to learn from the way in which this compact, highly paid, highly efficient, and steadily expanding industry conducts its operations. But even Mr Marples may come back sharing the doubts the team evidently entertains about the chances of quickly transplanting in Britain (if at all) the kind of relationships between employers and men, formal and informal, that exist in Sweden. For the productivity report recognises that, apart from the immense convenience offered by the absence of a plethora of separate unions, the particular atmosphere prevailing between Swedish shipbuilders and their workmen also springs from the mutual confidence and the recognition of common interest nurtured over the twenty years since the two sides first agreed formally to discuss their industry's problems, as well as from the different statutory framework in that country governing wage negotiation and the arbitration of unsettled disputes. At the lowest level, in the individual shipyard, Swedish management provides, and is prepared to discuss, regular reports on the yard's technical and financial situation at meetings of the yard's "enterprise council" (*anglicé:* works committee). A similar practice showed signs of emerging in British shipbuilding during the war, but many of these yard consultative committees have since lapsed into disuse. The Ministry's shipbuilding advisory committee earlier this year recommended that they should be revived, and the productivity team adds its own (and its only) proposal that the Shipbuilding Employers' Federation and the Confederation of Shipbuilding and Engineering Unions should set up a joint committee to investigate the use of manpower in British shipbuilding.

Neither of these suggestions, for masters and men to get together at the lowest and at the highest level, can work without frank readiness to respond by both sides. The climate created by the deepening recession in shipbuilding and by the publication of three different reports on the industry, written from within and without, in the last nine months ought at least to impart a sense of necessity. British shipbuilders' efforts at modernisation and their devotion to research and development have not emerged very favourably from the two previous study reports. In the latest report, a team of employers and unionists apparently agree that Swedish shipbuilding techniques are not really any more advanced than those already known or practised here. The main difference is in attitudes towards the working of up-to-date methods. Whether Swedish employers deploy their men "promiscuously" or not, British shipbuilders should appreciate that they will only induce a warmer response to change in their men if their own attitude to labour becomes genuinely, and permanently, co-operative.

Atomic Fracas in Sweden

BY A SWEDISH CORRESPONDENT

Conflict between the Swedish Atomic Commission and the Power Board, long brewing, has broken through the barrier of official restraint with the presentation by these two government authorities of their estimates for 1962-63. The Power Board requests altogether £30 million for conventional hydro-electric developments; the Atomic Commission needs £10 million to carry out research and development work which aims at a 100 MW nuclear power station in service in 1967. The commission would then dearly love to progress to more economical stations in the 250 to 500 MW class by about 1975.

But the Power Board is aghast at the idea of having to finance and operate an atomic power station costing £26 million with a capacity of only 100 MW. The board is required by statute to show a return on its investments and, to make such a plant pay, charges would have to be raised by 6 to 8 per cent. The conflict between the two authorities goes deeper than these cost comparisons suggest. Atomic research has proved very costly and the commission has little to show for considerable sums spent on its three reactors, two of them for research. A heavy water-moderated reactor will be put into service in 1963 at a cost of £12 million to provide domestic heating; it is said to be the most luxurious heating since the Roman baths.

The penny-pinching Power Board wears a hair shirt of its own design. Its operations are rationalised in minute detail. Construction costs at its underground power plants have been brought down by paring pennies from its basic cost unit—the removal of a cubic metre of rock. A site engineer who uses a kilo of dynamite more than necessary on a shot has no future with the board. Its construction camps are probably unique in that visitors are expected to pay for their own lunch.

The Swedish Power Board certainly knows the exact cost of power development. It commits itself to building hydro-electric stations to give an annual output of 22,000 million units for an average cost of £83 per installed kW. During the second half of this decade they will be built for £55 per kW. The board builds conventional steam plants at £38 per kW. It does not bother to publish estimates for nuclear plants, but the one under debate will cost something like £242 per kW. It estimates that costs of conventional fuels will not increase appreciably before 1970, but are likely to rise thereafter; lower uranium prices and the exhaustion of the most economical power sites in the north, the board thinks, will make atomic power economic by 1975.

The Atomic Commission does not rebut the board's figures, but insists that cancellations or postponement of the fourth projected reactor would jeopardise the domestic atomic programme by breaking up research and design teams that might never be put together again. The commission refers to recent American and British developments where newly planned nuclear stations are expected to be economically viable before 1970. But the Power Board is adamant. It will not take on R-4 as a commercial proposition. But it is willing to participate in its development to the extent of £3½ million, in addition to the £1.4 million already spent on the preliminaries, provided the project can be classed as a pilot plant apart from its serious business of providing power at the lowest possible rates. Recent Swedish laboratory excursions into the possibilities of thermo-nuclear power raise no excitement at the board's engineering headquarters; its concern is chiefly with finding the cheapest means of moving dirt and excavating rock.

CANADA

The Floating Rate Paradox

When Mr Donald Fleming announced in his June budget that he intended to use the exchange fund to push the Canadian dollar to a "significant discount,"



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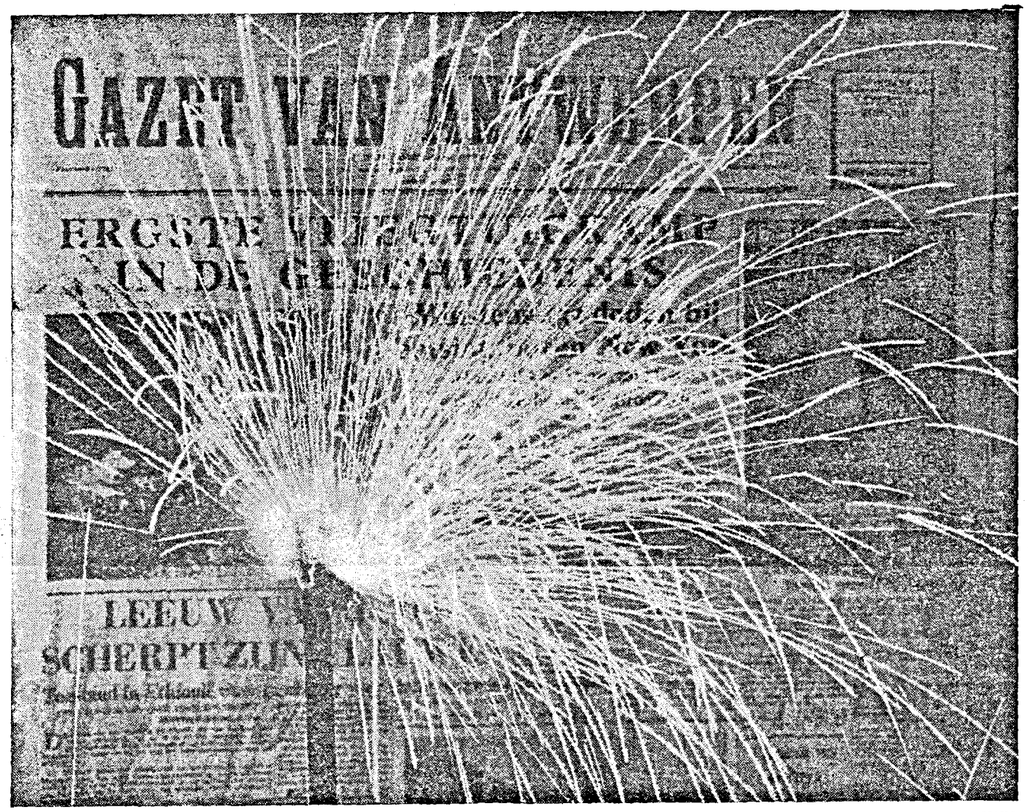
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PLASTICS

Foaming Up

FOAMED plastics are now one of the fastest-growing sections of the plastics industry, but the attention from major companies that this has brought them has by now made competition as tough as it is with other plastic materials. Monsanto and Shell have both gone into marketing foamed polystyrene themselves, and have pushed the price far down in their efforts to increase sales; Imperial Chemical Industries is just completing a large plant to produce the raw material for polyurethane foam, and du Pont has announced that it will build another by 1963. And in making the foamed polyurethane itself, Microcell, a subsidiary of BTR Industries, started production last month at a plant with a capacity equal to total 1960 sales of this material in Britain.

There are two basic types of plastic foam, soft and the hard; the former, almost entirely polyurethane, is used for upholstery, and the latter, which can be made from polystyrene, urea-formaldehyde, phenol-formaldehyde, polyvinyl chloride or polyurethane again, is employed as an insulating or structural material. The upholstery market seems to be much the bigger of the two; sales of soft polyurethane last year are estimated at about 16,000 tons—twice those of 1959—and are expected to reach 20,000 tons this year. Polystyrene sells best amongst the rigid foams, but its sales seem to be running at only about 4,000 tons a year—though also rising fast. Urea-formaldehyde is the only other rigid foam to sell in quantity. These two have gained their leading position amongst the rigid foams on price. Urea-formaldehyde is slightly the cheaper, selling for 4s. to 5s. a cubic foot; foamed polystyrene costs from 4s. 6d. to 12s. 6d. a cubic foot. Phenol-formaldehyde costs about 12s. a cubic foot with polyurethane selling at about 20s. a cubic foot and pvc still more expensive. Soft polyurethane is cheaper than the rigid variety, costing from 7s. to 9s. 6d. a cubic foot in thick blocks. This makes it a good deal cheaper than rubber latex foam.

POLYURETHANE foam seems to be making most of its progress at the expense of conventional springs and padding for upholstery. It is much cheaper to use a lump of such material than to build up a spring case and cover it with hair, especially if furniture is being made on any scale. A market research survey made by Microcell suggests that 45 per cent of polyurethane went to the motor industry last year and a similar proportion to the furniture industry; but Dunlop, which makes polyurethane as well as foamed rubber under the Dunlopillo trade mark, believes that 80 per cent of the output went into furniture. So far production of rubber foam does not seem to have fallen—output figures are not published—but its growth has been checked by the rise of polyurethane. There is considerable over-capacity for polyurethane foam in Britain now that Microcell has opened its plant—indeed, it seems that there was even some before—but a foaming plant involves a relatively small investment. Hence over-capacity does not worry its makers as much as it does the producers of plastic raw materials.

Rigid foam materials have gained sales partly from the increasing demand for insulating materials, partly at the expense of older insulators, and partly from the development of "sandwich" structures—in which a light but rigid material, such as the foamed plastics or a paper or metal honeycomb, is sandwiched between two sheets of thin material. This produces frameless partitions, van bodies, boat hulls, or almost any structure that needs to be rigid. But insulation is the biggest market, and its potentialities, the plastics industry believes, have scarcely been tapped. Private houses could take far more foamed plastics if these were, for example, combined with plasterboard to produce a ceiling that insulated, instead of adding insulation separately in the loft. Urea-formaldehyde and polyurethane have one property that gives them some special uses for insulation and construction; they can be injected into a cavity in a liquid form, and will foam inside it. Thus they can be injected into the space around a refrigerator, a ship's hold or the cavity of a house wall. Fire resistance is another property that should help phenol-formaldehyde and pvc find uses as insulation despite their higher price; it makes them more suitable for use on ships, for example, or wherever fire risk counts. In structures where strength is important, pvc and polyurethane have the advantage over the other materials. But none can follow urea-formaldehyde and polystyrene into the market for really cheap products.

This industry should not be disappointed with the market for its rigid foams in the next few years, even if it may not make much profit out of them when it has to invest heavily in sales promotion and sell at depressed prices. Sales of the soft polyurethane foam, however, have risen so fast in the last few years that some levelling-off might be expected, especially if the furniture industry remains depressed; but price and comfort should allow this material to dominate the cushioning market.

most observers conjectured that to achieve any worthwhile results the discount would have to be at least ten cents. The immediate response to the announcement was a fall in the Canadian dollar from par (intelligent anticipation had led to a running off in the 1¼ cent premium in preceding days) to a discount of about three cents. And there it has remained in the last ten weeks. The freely fluctuating Canadian dollar remains obstinately stable, even after the Canadian authorities had given public warning of their intention to drive the rate down.

The tactics of the Canadian authorities are admittedly ambivalent. In July, far from following the budget precept of selling Canadian dollars to depreciate the exchange rate, the exchange fund appears to have supported the Canadian dollar to keep it at 97 US cents, and Canada's exchange reserves dropped by $25 million in the month. A three-point discount can hardly be regarded as "significant" in this context; but both the Treasury and the central bank have intimated that the present level of the exchange rate is, in present circumstances, regarded as satisfactory; and no very large volume of official intervention has been needed in either direction. Surprisingly, there appears to have been little effect on the inflow of foreign capital. Although the differential between Treasury bill rates in Canada and the United States has now virtually disappeared, with the yield at 2¾-2½ per cent in both countries, long-term interest rates are still about one per cent higher in Canada, with long-term government bonds yielding around 5 per cent. But in accordance with its budget promise, the Canadian Treasury is keeping pressure off this end of the market by confining new issues to short maturity dates. This week the Bank of Canada marketed a further tranche of 3 per cent one-year bonds, at a yield of 3.29 per cent.

BIDS AND DEALS

Property Links

THE latest property-insurance link involves the Hammerson Property and Investment Trust and the Royal London Mutual Insurance which has agreed to provide this expanding property group with £15 million. Advances will be secured by a 50 years 6½ per cent debenture stock, with no provision for earlier redemption. In addition Royal London will subscribe almost £1 million for a 10 per cent stake in Hammerson's equity in the form of 610,000 "A" 1s. units, which carry one vote for every six units. These are to be issued at 32s. 6d. each, against the current price of 37s. 9d., reflecting a rise of 3s. 3d. since this deal was announced. Shareholders have no reason to be upset with these arrangements, which will be followed by the writing up of all the 1s. units to 5s. units. Discussions about this link were in an advanced stage when the Chancellor

made his request for restraint in the granting of development finance to property companies ; and in keeping with his request funds provided by the Royal London Mutual in the next six months will be used only for commitments entered into before he spoke.

In a straightforward property deal, City of London Real Property has offered to acquire Corinthian Investments on the basis of two CLRP shares for every five 2s. shares in Corinthian. With CLRP at 72s. 9d. this values the Corinthian shares at just over 29s., against a pre-bid price of 24s. 3d. The deal which is worth in all £2,145,000 is subject to certain conditions relating to the tax complications which would arise as a result of the merger.

Transatlantic Tea Bid

JUST over a year ago, a bid by National Dairy Products of America for Typhoo Tea fell through because the Treasury would not permit a bid from across the Atlantic except wholly in Cash. The offer of Beech-Nut Life Savers to acquire all the assets of Joseph Tetley, the tea blenders, for £2¼ million is wholly in cash. Tetley will then go into liquidation with the 5½ per cent redeemable preference and 6½ per cent preference shares being repaid at 21s. and 20s. respectively ; this leaves 28s. for each 5s. ordinary share, quoted at 20s. before the offer was announced. This compares with a 1960 high of 32s. 9d. but it values the shares on a dividend yield of 2.1 per cent and an earnings yield of 3.7 per cent. A large part of Tetley's business in recent years has been in North America, where its tea-bags have been popular, and the chairman reported last January that the introduction of Instant Tea there met with great success although promotion and advertising costs were heavy. The offer, subject to Treasury consent, is recommended by the directors of Tetley who with their associates own more than half the ordinary shares.

MANAGEMENT

Comparisons are Modish

A CENTRE for Interfirm Comparison was set up two years ago by the British Institute of Management and the British Productivity Council to enable firms to compare various measures of their own efficiency with those of other companies in the same industry. By now the centre is working on inter-firm comparisons in twenty industries, including light engineering, pharmaceuticals, footwear and scientific instruments, and it feels that it has been able to convince industry of the security of its methods. A firm's secrets will not reach its rivals. They are merely given performance data in the form of percentages and ratios for "firm A," "firm B," and so on—a system that seems to be secure enough where there are many firms in an industry, but possibly not immune to second-guessing where there are few.

The centre conducts two types of comparison. One compares profitability, taking as the criterion of efficiency the return on the real capital employed in the business ; the other shows how competitors compare in particular aspects of current operations, such as the time taken to make a standard product. The first set of comparisons is applied to the individual departments of each firm. Variations in profitability usually arise from differences in costs, for example the level of stocks, and can reveal where attention should be concentrated.

General conclusions drawn from the centre's investigations are still tentative. But there does seem to be an optimum size for the firm in every industry: beyond that size growth appears to lead to less efficiency rather than greater. The evidence so far certainly does not support the belief that the larger the firm, the greater is its efficiency. The next stage of the centre's work will be to begin comparing British firms with their equivalents on the continent, where comparative studies of business efficiency are already well established. But in Germany, for example, different criteria are employed, and some agreement on methods will first have to be reached as well as on such problems as how to treat differing social security payments. Nevertheless, the centre has already begun a study of one section of the electrical industry in Britain and on the continent. It hopes that the prospect of joining the common market will encourage other British industries to commission similar studies.

OIL

Slower Growth

OIL consumption in Britain increased only half as fast in the first six months of this year as in the first half of 1960. Deliveries of all oil products reached 23,172,000 tons, over nine per cent more than in the same period of 1960: deliveries then had been 18.7 per cent higher than in 1959. Fuel oil deliveries rose by only 9½ per cent in contrast to an increase of 30 per cent ; the switch to oil for electricity generation and in industry became somewhat slower. Feedstock for the chemical industry also failed to maintain the same rate of growth, with deliveries rising by about 12 per cent instead of over 60 per cent. Such a rate of increase could hardly be maintained for long, but the change does reflect the check to the growth of petrochemical and plastics production. Petrol consumption by now seems settled on an increase of around eight per cent a year, with sales of standard grade petrol falling while those of premium grades rise. As the compression ratios of car engines rise, this

trend in the pattern of petrol sales can b expected to continue, although man motorists must be buying petrol of a highe octane rating than their cars need.

The oil industry expects this slowin down in its rate of growth to continue. M Christopher Brunner of Shell-Mex and B told the British Association last week th sales might rise to 58 million tons in 197 from about 43 million tons this year, thoug they had trebled in the twelve years fro 1948 to 1960. Petrol is no longer the large selling oil product. Indeed last year petro accounted for less than 20 per cent of tota oil sales, whereas fuel oil made up more tha 44 per cent. This switch does much t explain the narrowing profit margins of th industry, and the efforts to find new market in, for example, petrochemicals. But so fa these new markets are hardly proving to b any more profitable.

SHORTER NOTES

New Zealand has now become a membe of the International Monetary Fund an the World Bank. Its quota in the Fund $125 million and its subscription to th capital stock of the Bank is $166.7 millio

★

Profits of Whitbread for the first half 1961 show a sharp increase from £482,00 to £716,000 after tax of £591,000 again £422,000. The interim dividend of 9 p cent against 8 per cent represents the com pany's usual practice of paying as an interi one-third of the previous year's tot dividend and the directors emphasise th this does not indicate that the total payme for the year will be increased.

★

Mr Prince Littler is to resign from th chair of Associated Television after th annual meeting at the end of this mont Sir Robert Renwick will succeed him.

★

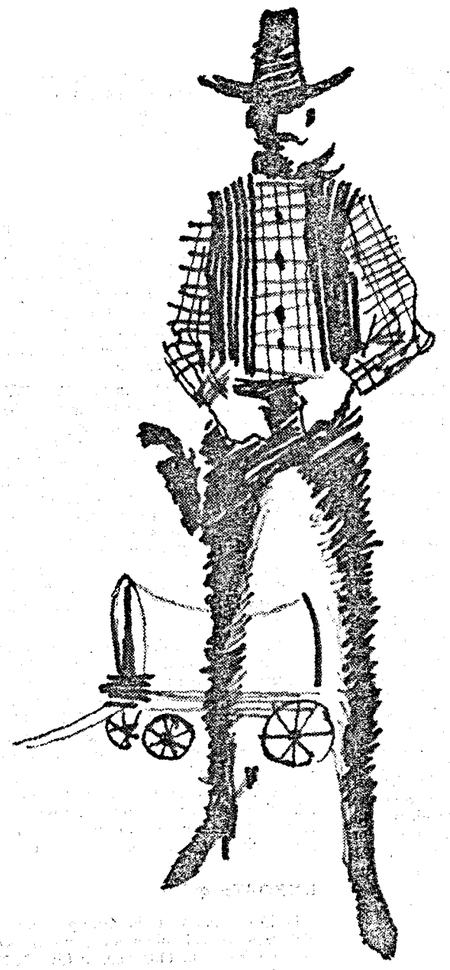
NSU is introducing a new version of Prinz small car. The engine remains th same, but a new and roomier body is fitte that looks like a miniature Chevrolet Corva —only the first of several new Europe rear-engined cars that will share this n unattractive appearance.

COMPANY AFFAIRS
Comments on pages 1013 and 1014 on :
Bowater Paper — Carreras
Davy-Ashmore — Wellman Smith Owen
Unigate — Triplex
Murex — Great Universal Stores

LONDON AND NEW YORK
Stock prices, yields and security indices pages 1016 and 1017

LONDON STOCK EXCHANGE
The week's movements reported on page 10

MONEY AND EXCHANGES
Money market report, exchange rates ar public finance on page 1015



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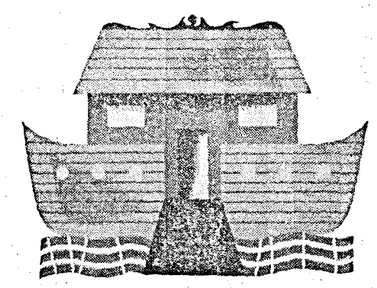
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What can be done about it? Every individual queueing problem has its own peculiarities, which makes it impossible to lay down hard and fast rules. *But mathematicians* have evolved a fairly extensive Queueing Theory which provides a framework for the solution of simpler cases: more complicated queueing and bottleneck problems can be solved economically only by using high-speed electronic computers—by digital methods or by various forms of analog. To all such techniques C-E-I-R can bring to bear great skill and experience.

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COMPANY MEETINGS

FINANCIAL YEAR 1960

INSTITUTE FOR INDUSTRIAL RECONSTRUCTION

ROME, ITALY

For the IRI group the year under review ended with results satisfactory under more than one aspect, while the way was opened to important new developments.

The fact that the overall sales figure increased by more than 25 per cent in a year has underlined the Group's expansionist tendency, which can roughly be measured by the long-term rate of growth of sales over a long period; in fact, over the ten-year period 1951-60 sales rose at an average rate of 14 per cent a year, or two-and-a-half times the rate of increase of national income in the same period.

Among the most noteworthy developments of the year, mention must be made of the laying of the corner stone of the new steel mill at Taranto, which both for its size and technical level will be able to compete successfully on the Italian as well as international markets.

A second satisfactory development during the year was the conclusion of a series of negotiations with outstanding foreign firms in the engineering sector, with a view to initiating new promising ventures in Southern Italy.

Also worth mentioning are the Group's activities in the motor roads sector, in line with the Government's directives in this field. If the new national motor road construction plan, which is now being examined by Parliament, is approved, 3,125 miles of highways are to be built, and about two fifths of the programme is to be carried out by companies of the IRI group.

Finally, among the projects of major importance during the year, the creation of the *Management Development Centre* must be remembered; this is actually a long-term investment programme, bearing in mind the large number of executives required by the IRI companies and the length of time necessary for the training of personnel.

INVESTMENT ●

The IRI Group's investment in new plant last year amounted to Lit. 298,600m. (+20.5 per cent as compared with 1959). In terms of total new investment by firms under the control of the government and of local authorities, the Group's share in 1960 was 65 per cent.

The Group's **manufacturing firms** invested Lit. 80,700m. in 1960, or 20 per cent more than in 1959. The **steel** sector, which took up three fifths of this amount, registered a significant expansion in plant, the start of the new steel mill at Taranto and of other ancillary plants. In the **engineering** sector, investment was nearly twice as high as the year before; of particular interest are the initial work for the construction of a new large factory at Arese by *Alfa Romeo*, the modernisation and extension of plant in Southern Italy and, still in the South, the start of new plants in the electronic products and precision engineering fields. The **shipyards,** too, increased their investment in 1960, mostly for radical modernisation work, which is now under way.

In the Group's services sector total investment rose by 21 per cent or Lit. 217,900m., as against 1959. More than one third of this went into the telephone sector, for new installations. In the **electric power** sector, a contraction of 19 per cent was registered mainly because some construction work planned for 1960 had to be postponed for technical reasons. Instead, **shipping** and **air-lines** greatly increased their investment, as was to be expected in view of the large-scale programmes for renewing the fleet of the major shipping and air-lines. In the event, the shipping companies' investment rose by 164 per cent and the air-line's by 527 per cent. Investment fell somewhat in the motorways sector owing to delays in the official approval of the route for the Florence-Rome stretch of the *Autostrada del Sole*.

OUTPUT ●

All IRI sectors registered considerable increases in output during the year under review. In the **steel** sector (FINSIDER group) pig iron and steel production rose by 29 per cent and 24 per cent respectively. The mechanical and engineering companies, too, made very satisfactory progress, especially *Alfa Romeo* and the companies making railway rolling stock. Good results were also achieved by the electro-mechanical companies and by industrial machinery. Thanks to the programme of FINSIDER and FINMARE, the shipyard sector, too, expanded its activities, although overall prospects are still unfavourable. Expansion was also registered in the cement industry (+38 per cent) with the entry in operation of plants completed in 1959.

Electric companies increased their output by 13 per cent. **Telephone** companies saw a growth in the number of subscribers (+10 per cent), of total long-distance calls (+9 per cent) and of automatic long-distance dialling (+17 per cent). The FINMARE fleet saw an increase of 14 per cent in passengers and 7 per cent in cargoes. *Alitalia* registered further increases of 29 per cent in passenger/km. and ton/km. The **radio and television** sector experienced increases of 6 per cent in the number of radio subscribers and 35 per cent in that of TV subscribers.

SALES ●

Total sales of the IRI companies in 1960 reached the unprecedented level of Lit. 1,306,000m. which exceeds by Lit. 267,000m. the past year's figure. Manufacturing industries contributed Lit. 850,000m. and service industries Lit. 455,600m. Unlike 1959, the past year was one in which sales made better progress in the manufacturing industries than in the services (+21 per cent).

The Group's steel companies achieved total sales in excess of Lit. 400,000m. (Lit. 83,800m. over 1959), followed by the engineering industries with Lit. 217,300m. (Lit. 41,200m. over 1959). The spectacular recovery of shipbuilding sales, which rose by 49 per cent, is entirely due to extraordinary measures to speed up FINMARE's and FINSIDER's shipbuilding programmes. The sector's overall prospects, however, are still unfavourable both in Italy and throughout the world. Among the "miscellaneous" manufacturing firms, the principal expansion was registered in the cement industry (+40 per cent).

Among services, the largest contribution was made by the electric sector with Lit. 148,400m., whereas the largest rise in revenues (+32 per cent) was registered by the telephone companies whose billings reached Lit. 136,000m. Development was also marked in air-line and shipping revenues, which rose by 27 and 22 per cent respectively.

The outstanding feature in the radio and television sector, where revenue rose by 12 per cent, was the further conspicuous increase in the number of television subscribers.

EXPORTS ●

In 1960 exports by the Group's main industrials sectors (steel, shipbuilding and engineering) went up from Lit. 118,900m. to Lit. 121,700m.; the Lit. 2,800m. increment is the result of an increase of Lit. 17,300m. in engineering and steel and of a decline of Lit. 14,500m. in shipbuilding and ship repair (of which Lit. 1,000m. in NATO procurements).

The increase of 11 per cent registered in foreign sales of the steel industry, which alone accounts for 51 per cent of the total exports of the Group, is attributable to *Ilva's* and *Cornigliano's* growing exports of hot-rolled products which, in terms of volume, were 47 per cent larger than in 1959. Altogether 15 per cent of the industry's sales in 1960 went to foreign buyers.

In the year under review engineering exports rose from Lit. 31,100m. to Lit. 42,100m. (+35 per cent) and accounted for 19 per cent (18 per cent in 1959) of the industry's total sales. Electro-engineering products, railway rolling stock and industrial machinery were the principal products involved.

Foreign sales of the shipyards again lost ground in 1960, even more than in the previous year. Exports (Lit. 15,400m.) were hardly more than half the 1959 figure, which was already 18 per cent below that of 1958.

EMPLOYMENT ●

The rise in employment registered in 1960 (+1.8 per cent) was spread over the service, banking and industrial sectors. The highest increase (+4.1 per cent) concerns services, where activity is expanding continuously. Employment rose sharply in the companies concerned: air transport (+24 per cent), telephone (+8.1 per cent) and radio-television (+7 per cent). The slight overall rise in the manufacturing industries reflects a sizeable increase in the steel and engineering companies which made up for and in fact exceeded the reduction in the shipyards, which still carry surplus labour. Employment in the banking sector increased remarkably as a result of a larger volume of activity and the opening of new branch offices.

SOURCES OF FINANCE ●

The Group's overall financial requirements amounted to Lit. 402,000m. in 1960, as against Lit. 326,000m. in 1959, and were met from the following sources: Lit. 159,500m. through self-financing, which rose from 34.7 per cent of total requirements in 1959 to 39.7 per cent in 1960; Lit. 72,500m. through IRI financing, with a drop from 31.8 per cent in 1959 to 18 per cent in 1960; and Lit. 170,100m. supplied directly by the market, representing 42.3 per cent against 33.3 per cent in 1959.

Subscription of shares by minority shareholders amounted to Lit. 42,700m., or 18.1 per cent of the Group's liquid requirements: this is a significant indication of the faith which private capital has in the Group's future. It is of interest to note that the funds obtained from private sources in 1960 exceeded again the amount contributed to IRI by the State (i.e. Lit. 35,000m.).

LONG-RANGE PROGRAMMES ●

Long-range programmes approved as at the year-end indicate the following targets for each sector: (1) Steel—an annual capacity of about 8.7m. tons by 1965, or 94.4 per cent more than in 1960; pig iron capacity is to be expanded to reach 6.5m. tons in 1965, or 186.4 per cent more than in 1960. (2) Mechanical engineering—a structural reorganisation is to be achieved by regrouping activities into four main divisions: motor-cars, electrical engineering, railway rolling stock and machine tools. (3) Shipyard—a radical reorganisation is planned with due regard to the long-term prospects of this sector. (4) Electric power—overall generating capacity of the Group will be expanded by about 3,800m. kWh and the Senn nuclear power station will be completed by 1963. (5) Telephones—the number of telephones installed is planned to rise by 34 per cent (to reach 5.1m.). (6) Shipping—fourteen new ships have been ordered, aggregating about 186,000 G.R.T. (7) Air-line (*Alitalia*)—24 jet aircraft will be in commission by the end of 1962, as against the present figure of only eight. (8) Toll Motorways—the new "*autostrada*" linking Milan to Naples will be opened to traffic by 1963, and work on improving and widening the "*autostrada*" linking Florence with the coast will be completed. (9) Radio and Television—a second television network will enter into operation in the course of 1962.

Investment for the industrialisation of Southern Italy approved as of to-day, for the period 1961-1964, amounts to Lit. 536,000m. or 40 per cent of total investment.

For 1961, total overall investment by the Group is expected to reach some Lit. 413,000m.

BALANCE SHEET AS AT DECEMBER 31, 1960

LIABILITIES			ASSETS		
Bonds outstanding	L.467,771,775,000		Shares:		
Bonds drawn for redemption	„ 13,760,852,000		Freely owned and not claimable by holders of convertible bonds	L.441,896,847,162	
		L. 481,532,627,000	Claimable by holders of convertible bonds	„ 19,941,175,000	
Medium- and long-term debts		„ 46,702,022,166			L. 461,838,022,162
Due to banks, financial institutions, and subsidiary companies		„ 18,912,105,085	Loans		„ 222,982,242,330
Sundry debts and accounts payable		„ 57,172,213,767			L. 684,820,264,492
		L. 604,318,968,018	Companies in liquidation and other assets		„ 18,143,684,411
					L. 702,963,948,903
Endowment fund (Art. 1, Law No. 785 of July 21st, 1960)	L.358,000,000,000		Advances to companies under trustee management		„ 1,375,530,785
Amounts to be paid in by the State for fiscal years 1961/62–1963/64	„ 155,000,000,000	L.203,000,000,000	Cash on hand and with banks		„ 29,155,153,687
			Sundry credits and accounts receivable		„ 5,193,571,360
Special reserve fund	L. 12,509,796,203				L. 738,688,204,735
Profits from sales of assets (to be transferred to the special reserve fund)	„ 1,867,241,299	„ 14,377,037,502	Accumulated net operating deficit at 31.12.1959		„ 1,370,585
			Discount on bonds issue		„ 27,287,297,864
Unamortised losses on participations		L. 55,817,164,267			L. 765,976,873,184
		„ 161,559,873,235	PER CONTRA ACCOUNTS		
		L. 765,878,841,253	Debtors for guarantees outstanding		„ 32,749,638,648
Net operating profit for 1960		„ 98,031,931	Depositors of securities	L.399,691,560,764	
		L. 765,976,873,184	Bonds and annuities assigned to the Bank of Italy	„ 4,708,097,530	
PER CONTRA ACCOUNTS					„ 404,399,658,294
Guarantees outstanding		„ 32,749,638,648			
Securities on deposit, own and others'	L.399,691,560,764				
Consolidated debts toward Bank of Italy	„ 4,708,097,530				
		„ 404,399,658,294			
		L.1,203,126,170,126			L.1,203,126,170,126

PROFIT AND LOSS ACCOUNT FOR THE YEAR 1960

OPERATING EXPENSES		INCOME	
Interest on bonds and amortisation of "discount" on bonds	L. 30,360,086,369	Dividends	L. 20,199,562,850
Interest and charges on other debts	„ 4,018,583,917	Interest on loans to subsidiaries	„ 14,837,349,962
General expenses	„ 1,457,309,452	Miscellaneous interest	„ 1,159,738,004
Extraordinary expenses and contributions	„ 422,163,640	Other income	„ 1,030,401,423
Provision for personnel retirement fund	„ 125,000,000		
Provision for personnel welfare fund	„ 125,000,000		
Taxes	„ 620,876,930		
	L. 37,129,020,308		
Net profit for year 1960	„ 98,031,931		
	L. 37,227,052,239		L. 37,227,052,239

ASSOCIATED TELEVISION LIMITED

MR PRINCE LITTLER REVIEWS YEAR OF ACHIEVEMENT AND EXPANSION

The Sixth Annual General Meeting of Associated Television Limited will be held on September 28th at ATV House, Great Cumberland Place, London, W.

The following are extracts from the statement by Mr Prince Littler, CBE, the chairman, which has been circulated with the report and accounts :—

I think this is a suitable year in which to use our Annual Report to review what has happened in this company since its foundation, and also to bring our shareholders, as it were, into our board room atmosphere so that they will understand the thinking which has been behind the policies adopted by your directors and appreciate the very able way your executives have put these policies into operation.

When this company started, very few people had any clear idea of how the operation would expand or what the difficulties would be. I have told you at our previous annual meetings that the most prominent feature in those first three years was the rate at which it was possible to lose money. We also learned something else—how difficult it was to get financial support to replace the money we had lost, and therefore, at this stage, it is some gratification to all of us that the shareholders, who had the courage to invest in difficult times, and who have gone on investing in this company, sometimes at what might appear to be very high prices, still placed their confidence in our ability to make commercial television broadcasting a success.

Our company has always believed in competition and the decision of the I.T.A. to limit our London broadcasting to week-ends is far from our idea of true competition, but, at the time that broadcasting licences were given, we had no alternative but to accept. We believe we should have a competitive seven-day-a-week operation in London where there would be true competition between two commercial stations.

THE PILKINGTON COMMITTEE

This brings me to the subject of the Pilkington Committee. This committee was set up by the Government to review the whole broadcasting position and to lay down recommendations for the future. When the announcement of the formation of the Pilkington Committee was made, we immediately set up a study group to give expression to our own point of view and to give any help we could to the Committee, particularly with regard to the changes which had taken place from the technical and political points of view. Our study group reported that there would not be enough space in the existing television broadcasting bands to enable two competing commercial broadcasting stations to operate in all areas. This fact emerged without any regard to the claims the B.B.C. might make.

Our endeavours to deal with the dilemma of creating competition in the London area became the starting point of the proposals which we made to the Pilkington Commitee on May 2nd.

We confirmed to the Pilkington Committee that we accepted the recommendations of the Television Advisory Committee for the adoption of 625 lines as the British standard. In order to give effect to this we offered, on the days we were not broadcasting in London, to put out a new programme on 625 lines in the UHF band which would carry in addition one hour a day of 625 line colour broadcasting—all at our own expense. Surely this would be a great contribution, and something that would give encouragement to the scientists, the technicians, the script writers, the producers and all the many people who will benefit from an expansion of television broadcasting.

SIX YEARS OF INDEPENDENT TELEVISION

A great battle had raged in the House of Commons about how commercial television would handle a potential audience. Everyone knew that Britain had established one of the finest broadcasting machines in the world—the B.B.C.—with enormous wealth, subsided by licences, not answerable to the House of Commons, and with all the privileges which accrue to a state service. It was for the audience that had hitherto been served by the B.B.C. that commercial television had to compete, and this was the challenge which we took up. And now after six years of television broadcasting I say with confidence that we have discharged our responsibilities and we have given a service which can stand the most detailed examination.

And what else have we as a broadcasting company done? We have endeavoured, and to a great degree succeeded, in giving our public good entertainment. We all know that there is a small sector of intelligent people who think our programmes are bad because they give the public what they want to see and not what the intelligentsia think they ought to see. Television broadcasting is meant to be entertainment, and while we recognise that the standard of taste of a great number of viewers in this country could be higher, we feel it is essential not to get too far ahead of our public, but rather to lift, gradually, the quality of our programmes on a progressive basis.

TELEVISION IN THE MIDLANDS

It is right to refer with emphasis to the importance of that half of our business which stands independently on its own feet as the Midland Television Broadcasting Station for five days a week. Your Board from the outset has always considered the Midlands a self-contained organisation and not an off-shoot of a big operation based in London.

The Midlands is a country all on its own, and with the new power from the Lichfield transmitter, 2,366,000 homes are covered nightly. Great towns like Leicester, Gloucester, Hereford, Shrewsbury, Stoke, Birmingham, Coventry, Walsall, Wolverhampton, Burton, Nottingham, Northampton, Worcester, West Bromwich, Dudley, and many others are spread around in this independent-minded area.

The profits from this area have been most satisfactory. The standard of programmes has been high. The public has been enthusiastic about the entertainment.

PROFIT AND LOSS ACCOUNT

The profit of the Group before taxation is £6,411,899 as compared with £5,388,330 for the previous year, an increase in excess of £1 million. This profit is after charging all expenses including depreciation. From the profit mentioned above taxation absorbs £3,239,810. In view of the results achieved during this period your directors recommend a final dividend of 40 per cent making 60 per cent for the year as compared with 50 per cent for the previous year.

ELSTREE STUDIOS AND OUR TECHNICAL STORY

Many of the great television programmes of the future, not only on British screens but on screens all over the world, will show what will become a famous caption, "An Elstree Programme."

We always planned from the beginning of our contract with the Independent Television Authority, to have an imaginative yet highly functional group of buildings which would give the greatest possible scope to free enterprise television to create programmes of the highest quality.

Now, here at Elstree, on 31 acres, one can see this conception taking shape and, down to the last detail, the organisation has been undertaken by our own executives. A team of experts has worked and striven for the last 18 months to take Elstree through its first stages, and engineers and production people have all contributed to achieve an outstanding result. Only people with great faith in the future of commercial television would have undertaken this vast operation. Now we are ready to give the best programmes to an expanding British television service; to give scope for their abilities to script-writers; to give producers and directors the last word in service, and to actors the best possible facilities.

As far as equipment is concerned, ATV, here working closely with the Pye Group, has not only incorporated equipment which is unique and in advance of that used in any other studio but has adopted modular or "building brick" construction so that when improved components become available the "building bricks" can be replaced by pulling out a unit and plugging in a new and better one. Great emphasis has been placed on the use of transistors wherever possible and all synchronising signal generation, picture selection, and switching is done by transistors. Transistors are commonly used in everyday devices such as portable radios, but their application to television transmission equipment and to apparatus that can accommodate 405, 525, and 625 line signals is quite new.

INCORPORATED TELEVISION COMPANY

Your wholly-owned subsidiary, ITC—Incorporated Television Company, Ltd., is the biggest exporter of British television programmes. ITC is responsible for the production of films which are distributed in the Eastern Hemisphere, including the Iron Curtain countries, and supplies these films to our American subsidiary in the Western Hemisphere. ITC has produced over 1,600 half-hour programmes which have been sold throughout the world.

AUSTRALIA

Every year we have further confirmation of how right was our judgment when we bought our interest in Australia a few years ago.

We have always realised the potential market of the television industry in Australia, and we had this in mind right from the first. Not only are we identified with one of the great radio networks in the Commonwealth, but we are partners in its expansion and in the extension of its reputation in Eastern and Southern Australia.

In addition to that, in so far as the Australian law permits us, we have entered the commercial television field in a substantial way through our organisations there.

OUR NORTH AMERICAN VENTURE

One of the first plans our management had when we started to create programmes for our British audiences was to provide entertainment of a standard which would have a ready market overseas and particularly in the North American continent.

As we reported last year, we bought the other half of the Independent Television Corporation. Having acquired control, we took steps to strengthen the management and reduce the overheads. We are now able to report that these steps have been successful and the operational period to April 30, 1961, has been a profitable one. We would congratulate our American management on their success.

THE LINK WITH MOSCOW

This year your company was responsible for providing "live" programme exchanges with the Soviet Union, and was the first to send back coverage of events in Moscow produced jointly between ATV's production personnel and Soviet Union crews and technicians.

Talks have taken place in Moscow with the U.S.S.R. television organisation and many more programme exchanges are planned for the future.

BRITISH RELAY WIRELESS TELEVISION

Three years ago we took up half a million pounds' worth of convertible loan stock in this company and, as this stock is on the point of being converted into ordinary shares, it is right that reference should now be made to this investment. Since we took up the loan stock, we have taken advantage of our rights to take up shares as if we had been ordinary shareholders in the company. The situation is that, when our stock is converted, we will hold 2,216,025 ordinary shares in the company.

PLANNED MUSIC LTD.

It is now over three years since we started this important subsidiary operation with the purpose of exploiting in the British Isles and certain other countries in the world the American form of background music called Muzak.

During this year, the extension of the services of the Muzak organisation on a regional basis has continued and national coverage has now been attained in England.

GOLDEN GUINEA—AND OTHER DISCS

In 1960-61 Pye Records Limited, of which we own 50 per cent, had a year of continued expansion.

Last year was the first full year of direct to dealer trading, now developed so far that every important record retailer in the country is regularly visited, helped and advised by our records van-man.

Golden Guinea family-priced long playing records too are nationally known as the only range of records that give entertainment to all the family. One outstanding issue during the year on this label was the special presentation set of Handel's *Messiah* on three records issued for Christmas.

IN CONCLUSION

I look forward to another year of progress in programme achievement, technical achievement and export achievement.

IONIAN AND POPULAR BANK OF GREECE S.A.

STATEMENT AS AT 31st DECEMBER, 1960

ASSETS

Cash and Bankers		Drs. 513,361,256
Investments		„ 56,481,334
Loans and Discounts		„ 1,550,827,564
Sundry Accounts		„ 152,430,438
Bank Premises and Other Real Estate		„ 100,154,228
Contra Accounts		„ 1,152,302,364
		Drs. 3,525,557,184

LIABILITIES

Capital	Drs. 120,020,000	
Reserves	„ 5,185,000	
		Drs. 125,205,000
Sight and Time Deposits	„ 702,635,480	
Savings Deposits	„ 868,631,240	
Sundry Creditors, etc.	„ 615,915,294	
		„ 2,187,182,014
Other Liabilities		„ 60,478,144
Profit Balance		„ 389,662
Contra Accounts		„ 1,152,302,364
		Drs. 3,525,557,184

GODFREY DAVIS LIMITED

TRIBUTE TO LATE CHAIRMAN

At the Annual General Meeting of Godfrey Davis Limited held in London on August 30, 1961, **Mr C. A. Redfern,** the Chairman, in the course of his comments said:

I would like to say a few words concerning the very real loss our Company has sustained by the death, last week, of its Founder and Chairman, Mr Godfrey Davis, after an illness lasting for over a year and borne with quite astonishing fortitude. He was always a source of great inspiration to those of us who had the privilege of working with and for him and where this Company stands to-day is, to a very great extent, due to his initiative and foresight. We in the Company have lost a devoted colleague and friend. Many of the executives and employees have worked with Mr Davis for a considerable number of years and I suggest we can provide no better memorial to his memory than to continue, with renewed vigour, the work which he commenced and carried on so successfully.

PROFITS MAINTAINED DESPITE DIFFICULTIES

The following is an extract from the statement by Mr Godfrey Davis circulated with the Accounts :

In spite of the difficulties of the past year the profit of the Group, after providing for all charges, including depreciation, but before charging taxation, amounted to £339,170 compared with £337,699 for the previous year. However, this year's figure includes £8,306 transferred from the Hire Purchase Deferred Profits Suspense Account. This reduction in the Suspense Account compares with an addition to that account of £50,777 in the previous year. An interim dividend of five per cent was paid on the ordinary capital and the Board recommend the payment of a final dividend of 10 per cent, making a total for the year of 15 per cent.

Sales of new passenger vehicles through our Ford Distributorship at Neasden were rather lower than in the previous year, which included exceptional sales of the new Anglia introduced in the Autumn of 1959. This was due mainly to the re-imposition of Hire Purchase restrictions in April, 1960. Sales of new commercial vehicles however were well maintained.

In servicing and repairs Neasden had another record year. This was due partly to the additional facilities provided for this service, and partly to the working of the night shift, the introduction of which I referred to in my review last year.

SELF DRIVE HIRE

Although the total revenue for Self Drive Hire was little changed from last year, rising costs reduced profit margins. Compared with other countries in Europe and particularly in America, hire charges here are very low. With ever rising costs I hope that it will be realised that price cutting is no answer to the problem and that eventually charges will have to be raised to a more economic level.

Last year I referred to the re-imposition of credit restrictions, which had such an adverse effect upon the motor car industry. The subsequent easing of these restrictions by the Government to a more sensible basis certainly helped us in the latter part of our financial year; it is to be hoped that the stop and start approach to this problem used in the past will not be re-introduced.

Bad debts amongst our hire purchase customers have been small, and although many contracts have some time to run, I do not think we need fear any serious losses from this source. Last year was a particularly difficult one and the results now before you could not have been achieved without the whole-hearted support of a splendid team of executives and staff. To them all I give my warm thanks for their outstanding efforts throughout the year.

The report and accounts were adopted.

'INTERUNIE'

N.V. INTERNATIONALE BELEGGINGS UNIE

Summary of the Interim Report for the period January 1st to July 31st, 1961, by the Managing Directors.

As may be seen from the figures, your company has, since the beginning of the year, again enjoyed a period of healthy growth.

The issued capital increased from fls. 55,500,000 to fls. 64,643,200, net assets (investments taken at market) from fls. 229,512,917 to fls. 263,010,305, whilst the value per share, including duties, etc. and adjusted for the 5% stock dividend distributed last March, rose from fls. 206·65 to fls. 213·50.

The offer made to holders of "National Beleggingsdepot" and "Amerikabelegging" units to exchange their units for "Interunie" shares and which has been accepted by nearly all those concerned has contributed to this growth.

INVESTMENT POLICY

Price trends on the main European stock markets during the period under review resulted in a certain interrelated adjustment. We have therefore concentrated new investments on stock exchanges outside Holland, thereby further adding to the geographical spread of our portfolio.

This has led us to make our first purchases in France where the favourable economic trends of past years have continued; as the political situation is not yet clearly defined we have been cautious in selecting our commitments.

The total percentage invested in European countries excluding Holland amounts now to appr. 10%, as against appr. 5% at the beginning of the year.

The percentage invested in Dutch securities, which early in 1961 had grown quite substantially to 54·8% because of the steep rise in prices, has been reduced after the revaluation of the guilder and now stands at 47·7%.

We did increase our American holdings from 27·7% to 30·2%; our Canadian holdings are practically unaltered at 4·1%.

Our cash holdings at July 31st are larger than usual with your company at this time of the year.

As far as can be ascertained at this early date it seems that the profit trend will again permit payment of a satisfactory dividend in due time.

The distribution of the company's investments over various countries, as expressed in percentages of total net assets (securities taken at market value), was as follows :—

	31.7.1961 %	31.12.1960 %
Netherlands :—		
International stocks	23·0	28·4
Local stocks	24·7	22·9
	47·7	51·3
U.S.A.	30·2	27·7
Canada	4·1	4·3
Germany	3·6	2·5
United Kingdom	3·2	2·9
France	2·5	—
Belgium	0·4	—
Various other countries	0·1	0·1
Net cash	8·2	11·2
	100·0%	100·0%

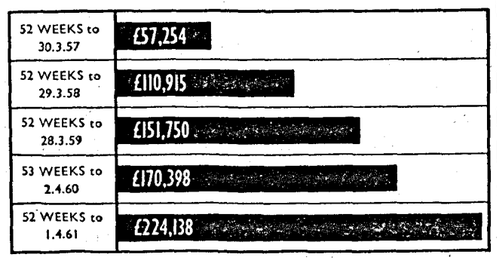
Copies of the interim report in English are obtainable from

PHILIP HILL, HIGGINSON, ERLANGERS LIMITED
34, Moorgate, London, E.C.2

AVANA ASSOCIATED BAKERIES LTD.

AND SUBSIDIARY COMPANIES

GROUP NET PROFITS BEFORE TAXATION
(Excluding Profits/Losses on Disposal of Fixed Assets)



CAPITAL: Authorised: £1,000,000. Issued: £450,000
7% Cum. Pref. Shares of £1 each: £150,000,
Ord. Shares of 1s. each: £300,000. Quoted London and Cardiff.
Trading Profit: £294,489.
Net Profit after Taxation: £113,636.
Ordinary dividend for 52 weeks to April 1, 1961: 40%.
Ordinary share price at Sept. 1, 1961: 13s. 9d.
High/Low quotation 1961: 13s. 9d./8s. 10½d.

Subsidiary Companies:
Chapman & Dunn, Limited.
D. Jones, Dickinson & Co., Ltd.
Ledbury Preserves (1928) Ltd.
Arthur Davies & Co., Limited.
Western Agencies Limited.

DIRECTORS:
I. R. REES (*Chairman and Managing Director*)
D. A. BURFORD (*Assistant Managing*)
E. E. WILLIAMS, J.P.
JULIAN S. HODGE, F.A.C.C.A.
E. PARSONS
J. R. TAYLOR
W. P. THOMSON

Secretary and Registered Office:
T. H. J. BARRETT, A.C.A.,
Avana Buildings, Cardiff.

Interested readers are invited to apply to the Secretary, Avana Associated Bakeries, Avana Buildings, Cardiff, for a copy of the report and accounts which contains a review of the year by Mr. I. R. Rees (chairman).

SIR LINDSAY PARKINSON & CO. LTD.

A SCRIP ISSUE

The Twenty-fourth Annual Ordinary General Meeting of Sir Lindsay Parkinson & Co. Limited was held on August 31st in London, **Mr A. E. Parkinson,** chairman, presiding.

The following is an extract from his circulated statement:

The Group profit for 1960 before taxation amounts to £356,601, as compared with £308,146 for 1959. Taxation absorbs £157,643 against the charge of £159,905 for 1959.

The Group profit and loss account balance carried forward after providing for the dividends for the year is £596,706 compared with £475,557 brought in.

CONTRACTS AT HOME

The Civil Engineering Department has continued to expand. Since my last statement we have been awarded by the Central Electricity Generating Board the contract for the Site Preparations, River Works and Circulating Water System for the Nuclear Power Station at Oldbury, on the River Severn. The value of this contract is some £2¼ million. We have also secured contracts for work at London Airport in excess of £½ million, and in recent weeks have been awarded by the Ministry of Transport the contract for the final section of the M6 Birmingham-Preston Motorway, valued at just below £6 million.

The further expansion of our Speculative Housing work, which I forecast last year, has been realised, and our activity in this particular field is still growing.

After referring to overseas activities, the chairman continued:

DIVIDEND

An interim dividend of 4 per cent was paid and the Board is able to recommend a final dividend for 1960 of 11 per cent (less tax), making a total of 15 per cent against the forecast of 13¾ per cent. In addition the Board recommends a bonus issue in the proportion of one fully paid new unit for every ten held.

In making this proposal the Board stated, when publishing the preliminary figures, that in the absence of unforeseen circumstances they saw no reason to anticipate that the rate of dividend for 1961 on the increased capital would fall below the total of 15 per cent proposed for 1960. Since that time the Chancellor of the Exchequer has announced his measures for dealing with the economic situation. At this stage the Chancellor's measures would not appear to alter the forecast for the current year, unless further restrictions are imposed before the end of the year.

Our activities have expanded as I anticipated in my last statement, and the value of work in hand is over £24 million, compared with some £20 million last year. Our confidence in the future is indicated by the decision of the Board to recommend a capitalisation issue.

The report was adopted and the proposed scrip issue approved.

MOUNTSTUART DRY DOCKS, LIMITED

IMPROVED RESULTS

The Fifty-ninth Annual General Meeting of Mountstuart Dry Docks Limited was held on September 5th at Cardiff, **Sir G. Leighton Seager, Bart, CBE, DL, JP,** presiding.

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

Our results show an improvement on the previous year. We were able to secure and handle a much larger volume of work than we did in the previous year, and had it not been for a very considerable loss at Barry, our results would have been very much better. Your Directors, with great reluctance, decided in June of this year to close the Barry Graving Docks, and for the time being no shiprepairing work will be undertaken there. Other forms of employment for our Barry Docks are being considered.

Now that we have pruned as far as we consider to be necessary, we have confidence that our group, embracing as it does a wide range of docks, is in a higher state of efficiency than ever. In the absence of unforeseen circumstances, I hope the improvement of last year will be maintained or even better results achieved in twelve months time.

In view of the improved results for the year, and in the hope that we have turned the corner, the Board has decided to recommend a dividend of 6 per cent, making the total distribution £72,649, as against £65,983, which I hope Shareholders will consider not unsatisfactory.

The report and accounts were adopted.

BANQUE DE PARIS ET DES PAYS-BAS

PARIS

The Annual General Meeting of BANQUE DE PARIS ET DES PAYS-BAS was held in Paris on May 18th with **Monsieur Emmanuel Monick** in the Chair. The following are details of the report presented by the Board of Directors:

REVIEW

In France, 1959 had been devoted to economic consolidation after the monetary reforms of December 1958; 1960 was a year of expansion with stable domestic finances and balanced foreign accounts. In 1959 foreign trade had, in fact, been responsible for counterbalancing the deflationary effect of the monetary alignment. In 1960 the decisive factors in a recovery which went beyond all expectations were investments and the development of domestic consumption. Whereas an expansion of 5½ per cent in the gross domestic product had been estimated in the temporary plan drawn up at the beginning of 1960, the actual rate was more than 6 per cent.

All the major sectors of the economy contributed to this result.

The favourable trend evidenced by the economy in France and in numerous other countries could not but have a positive effect on the results of the Bank, all of whose departments operated at a high level of activity throughout the year.

DOWTY

GROUP LIMITED

CHELTENHAM

Extracts from Sir George Dowty's Statement to Shareholders

CONTINUED EXPANSION OF PLANT AND RESOURCES

Boulton Paul Aircraft Limited an important new member company.

New factories at Ashchurch, Coventry and in Malta.

Development of Dowmatic Transmission for wide range of vehicles.

Further successes in overseas markets for mining equipment.

	Year 1960-1961
Group Profits	£2,525,668
Taxation	£1,196,454
Available Profits	£1,329,214
Capital and Reserves	£11,088,485

Dividend for year: 9½% Net

PROFIT AND DIVIDEND

The Balance Sheet as of December 31, 1960 shows total assets of NF.2,758,723,914.84.

The net profit of the year amounts to NF.18,835,406.74 as compared with NF.15,334,431.62 in 1959 and enables us to propose a net dividend of NF.5.50 per share of NF.50 par value or NF.11 per consolidated share of NF.100 par value, and to carry forward the sum of NF.235,804.18.

The report, the accounts, and the proposals put forward by the Board of Directors were adopted.

TOWN AND COMMERCIAL PROPERTIES

ANOTHER YEAR OF EXPANSION

The annual general meeting of Town and Commercial Properties Limited was held on September 7th in London.

The following is an extract from the circulated statement of the chairman, **Mr R. C. Yablon, LLB**:

I am pleased to report a second year of expansion, during which the gross assets have increased from £3,961,113 to £5,773,564.

The profits before provision for taxation have increased from £72,771 to £88,540 leaving a sum of £58,645 after provision for taxation. At the time of making the Rights Issue in November last your Directors paid an interim dividend of 6 per cent, and forecast a final dividend of 5 per cent on the increased capital. In the light of the improved profits your Directors feel confident in recommending a final dividend of 7½ per cent.

Mr Yablon commented on proposals to convert the existing shares of 2s. each into shares of 4s. each, and the making of a free scrip issue of one new 4s. share for every four shares held, and said that in the absence of unforeseen circumstances the Directors proposed to recommend a dividend of 6½ per cent on the increased capital of £1,357,500 for the current financial year, which was equivalent to 16¼ per cent on the present issued capital of £543,000.

An assurance was given that in view of the large balance of unissued capital, namely £642,500, no further issue would be made in such a manner as to affect the control or nature of the business without the members' prior consent in General Meeting.

Referring to the closer association with the Legal & General Assurance Society, the chairman said that the Society had acquired an equity of approximately 10 per cent in the issued share capital of the Company and had made provision for long-term finance amounting in all to approximately £4,000,000.

He continued: During the year under review your Company acquired control of the Burtol Group, but the major benefits are not expected to accrue until the year 1962/63.

The total cost of developments now in hand, inclusive of sites, amounts to a sum in excess of £2,500,000. Your Company has sufficient sites and projects now in hand to provide a flow of developments over the next few years. With adequate long-term finance to cover the substantial development programmes in hand and with the consequent rising income, your Board looks to the future with confidence.

COMBINED ELECTRICAL MANUFACTURERS

ATISFACTORY RESULTS OF MERGER

The first annual general meeting of Combined ectrical Manufacturers Limited was held on gust 31st in London, **Mr Anthony M. Browne** airman) presiding.

The following is an extract from his circulated tement for the period ending March 31st, 61:

Combined Electrical Manufacturers Limited is formed a year ago to amalgamate Hackidge and Hewittic Electric Company Limited d Switchgear and Cowans Limited together th their respective subsidiaries.

The products of these various companies—ansformers, A.C. and D.C. Switchgear and ectifiers—are in a great measure complementry and required in connection with the Electric upply Industry. Bertram Thomas, however, so have an important output in storage equipent known as "Tilt Racks" and supplied to many branches of industry.

The Directors are satisfied with the results of the merger. For Shareholders there are the added advantages that the risks and opportunities are spread over a wider sphere of the industry.

The total dividend of 12½ per cent is as forecast. We estimated that the combined profits would be at an annual level in the neighbourhood of £700,000. Allowing for the varying periods of the different Companies the annual rate works out at approximately £675,000. The difference between the estimated and achieved figures is due to a combination of factors. Some large equipments which were planned for output in March could not be completed in time. The transference of production to the new factories at Thanet (New Switchgear) and Hulme (Bertram Thomas) which took place in the last months of the period under review had some temporary adverse effects on production.

The figures show that your Companies have completed a successful trading period although conditions have been difficult owing to the reduced profit margins and the mounting cost of research and development which it is necessary to undertake. Only by improved organisation, higher productivity and increased turnover from all factories can the financial results be improved or maintained and our efforts are being concentrated in achieving these objectives.

The value of orders secured and anticipated in the Group are very satisfactory enabling us to plan for an increased output which, barring unforeseen circumstances, we should be able to achieve.

Under the present national and international circumstances, it is more than usually difficult to make a forecast. Nevertheless we look forward with confidence to the results of the present year.

The plant supplied by our various Companies continues to give good service and the names attached to our products stand for excellence in operation and in service given at home and in all parts of the world. Repeat orders which have always been a regular feature in the history of our Companies continue to form the greater part of our order books. A good proportion of export business has also been maintained.

The report was adopted.

COMPANY AFFAIRS

Bowater Paper

CONTINUING pressure on profit margins, to which Sir Eric Bowater referred at he last annual general meeting of Bowater 'aper, is clearly reflected in the first half igures for 1961. In his comment on them, Sir Eric shows that the increase in sales and n total profits above those for the first half of 1960 is attributable to new projects brought into production and to the expansion of the group's overseas interests, which in the first half of this year contributed as much as 75 per cent of the group's earnings. The group, it would appear, is still not able to make full use of capacity and intensive competition between the paper-makers is forcing margins down.

Sir Eric sees a "definite improvement" in North America and a less definite one in this country; but he says that immediate prospects in this country are difficult to assess until the effects of the credit restrictions become apparent and until Britain's future relations with the common market and the Commonwealth are more clearly defined. But neither here nor in North America does Sir Eric look for "any substantial upturn in trading conditions in the

Six months ended	June 30, 1960	Dec. 31, 1960	June 30, 1961
	£ mn.	£ mn.	£ mn.
Sales	65·4	76·7	75·6
Trading surplus	11·0	12·5	11·1
Gross profit	5·7	6·6	5·1
Net profit	2·8	2·8	2·2
Gross profit/sales, per cent	8·7	8·6	6·8
Net profit/sales, per cent.	4·3	3·7	2·9

remaining months of 1961." The group continues to press ahead with development projects, notably on the Continent. Immediately, these will add something to capacity and possibly to sales but not much to earnings. Sir Eric does not expect the 1961 trading surplus to be quite so high as last year's. It is not surprising that the directors have left the interim dividend unchanged at 5 per cent; on last year's total payment of 13¾ per cent the £1 shares having fallen by 5s. 9d. to 49s. yield 5.6 per cent.

Carreras

IN the year to June 30th Carreras, which now takes in the British interests and some of the overseas interests of Rothmans, added to its share of the tobacco and cigarette market, especially in filter-tipped brands. Some benefits arose from the reorganisation and re-equipment programme and from the establishment of closer links between Carreras and Rothmans, which include an agreement under which Carreras manufactures products for Rothmans' export trade. The increase in the manufacturers' price for cigarettes came too late to have much influence on the latest results, which show that the gross profit of £2,608,000 is well in excess of the forecast of £2,275,000 made at the time of the Carreras-Rothmans integration. Of this profit, well over £500,000 was contributed by Rothmans. None of its profits was included in the 1959-60 figure of £1,774,000 but, as that included profits from the Rock City Company in Canada and the 1960-61 figure does not, it is clear that Carreras's own interests earned more. Presumably, this partly reflects more economical production at the new factory at Basildon; Carreras's older Arcadia works have been sold and the profit on this transaction is reflected in the transfer of £1,373,000 to capital reserve.

The directors have raised the dividend on the ordinary and "B" ordinary shares (which now control 50 per cent of the votes) from 8 to 9 per cent. In doing so, they have borne in mind the Chancellor's request for restraint but they believe that a small increase is justified in view of the level of profits available for distribution in the past few years. But for the Chancellor's appeal, they say, the dividend would have been higher. Certainly the cover of 2½ times on the 9 per cent dividend provided by net profits of £1,260,000 against £833,000 would have justified at least 10 per cent. In looking at the yield of nearly 4¼ per cent offered by the 2s. 6d. "B" shares at 4s. 10½d., therefore, investors may conclude that there is something more tangible to come.

Great Universal Stores

THE prompt response of the directors of Great Universal Stores to the Chancellor's call for dividend restraint inevitably overshadowed the impact of the somewhat disappointing profits earned by GUS in the year to March 31st last. As the chairman, Mr Isaac Wolfson, points out, this was a most difficult year following the reimposition of hire purchase controls. The point, however, that shareholders should not overlook is that while the controls were in force for the whole of the financial year, trading results in the second half of that year were not as satisfactory as in the first half and that on March 31st GUS was crediting a deferred profit from earlier HP contracts to the trading surplus, which points to a marked contraction in HP transactions.

As a result of hire purchase controls GUS had to switch part of its higher-priced hire purchase business into a wider range of lower priced goods where margins of profit are no doubt much smaller. Thus while Mr Wolfson, somewhat surprisingly, says that all the group's various divisions made "sound progress" last year, he singles out particularly the mail order and multiple stores sections of the business. These changes in trading are reflected in the group balance sheet where "other instalment debts" show a net rise of over £3½ million to £29 million, while the total hire purchase debt has fallen by almost £2 million to £42½ million, shown after a provision for deferred profits of £19.4 million on March 31st.

So far in the current year sales and profits are above those for the same period last year and Mr Wolfson is clearly confident about the prospects for the year as a whole. His confidence is backed by a healthy balance sheet with cash holdings in this country amounting to £11½ million (compared with overdrafts overseas of £2½ million) and a cash flow of the order of £9¾ million a year. Slightly firmer as a result of this statement the 5s. "A" shares at 49s. 9d. yield 3.8 per cent on the unchanged dividend of 37½ per cent.

Davy-Ashmore and Wellman Smith Owen

THE mergers between Davy and United and Power Gas, to form the Davy-Ashmore group, and between Wellman Smith Owen and Incandescent Heat had much the same purpose: to add to the diversity of products and to form groups that were more capable of handling "package" orders from their principal customers—the steel, metallurgical, and chemical industries. Both groups did well in the year to March 31st. Davy-Ashmore's profits rose from £2,353,000 to £3,991,000, and would have been even higher but for some exceptional non-recurring charges. WSO's trading profits rose from £1,779,000 to £2,114,000. WSO left its dividend unchanged at 25 per cent in keeping with the Chancellor's request, but is making a one-for-seven scrip issue; DA's 27½ per cent is 2½ per cent more than the forecast at the time of the merger. Both groups have sufficient liquid balances to cover their commitments, so long, Mr D. F. Campbell, the retiring chairman of Davy-Ashmore points out, as customers do not demand excessive credits.

Both have plenty of orders on hand—WSO's order book amounts to over £11 million and DA's work-in-progress to £29 million—and both can look forward to satisfactory trading results in the current year and probably in 1962-63 as well. In each case, benefits from the mergers should then emerge more clearly than they did in 1960-61. Until, in fact, the latest phase of development in the British steel industry is completed, investors should have little to worry about. Indeed, this is reflected in the yields: 3.9 per cent, covered 2¼ times, on Davy-Ashmore at 140s. 6d. and 3.5 per cent, covered 2¼ times, on Wellman Smith Owen at 36s.

But, as Mr Campbell points out, capital goods producers are engaged in a business with a long term cycle and both have to look beyond the immediate future. This has led WSO to sign agreements with Voest of Austria on the LD oxygen process for steel-making and with Schloemann of Germany on the manufacture of rolling mills; Sir Peter Roberts, the chairman, says that

APPOINTMENTS

UNIVERSITY OF GHANA

DEPARTMENT OF AGRICULTURAL ECONOMY

Applications are invited for the following osts:

(a) SENIOR LECTURER or LECTURER ith special interest in Agricultural Economics nd Farm Management.
(b) SENIOR LECTURER or LECTURER ith special interest in Farm Mechanisation or oil Conservation.

Salaries: Senior Lecturer: £G1,750 x £G75 -£G2,200; Lecturer: £G1,050 x £G50—£G1,400 £G75—£G1,850; £G1,900. Non-Ghanaians a additional 20 per cent. Entry at appropriate ssition. Appointment normally five years in rst instance.

Outfit allowance £G60. Car allowance: £G150 a. Family allowance for non-Ghanaians for ch child in West Africa £G50 p.a. or, if nder age of 21 and being educated outside est Africa, £G100 p.a. (maximum five hildren). Part furnished accommodation at harge not exceeding 7.5 per cent. of salary. S.S.U. policies maintained if already held, r superannuation on similar basis.

Passages for appointee and family on appointment and normal termination. Annual leave ith three overseas return passages in every our years for non-Ghanaians and one every three years for Ghanaians.

Applications, with full details of qualifica-ons, experience, etc., and naming three referees, o be sent before October 9, 1961, to the Assistant Registrar (London), University of Ghana, 15 Gordon Square, London, W.C.1, rom whom further information may be obtained.

COMMONWEALTH ECONOMIC COMMITTEE invites applications from Economists with wide experience for appointment as SECTION OFFICER. Salary according to experience in scale £1,781-£2,483. Improved experience allowance. Non-contributory superannuation scheme (F.S.S.U.). Five-day week. Duties include preparation of regular and occasional reports on trade, production, etc., of Commonwealth Commodities or on specific economic questions; supervision of professional staff in section.—Applications, giving curricula vitae, qualifications, names of referees, etc., to Secretary, Commonwealth Economic Committee, Marlborough House, Pall Mall, London, S.W.1.

UNIVERSITY OF GHANA

DEPARTMENT OF ECONOMICS

Applications are invited for posts as

SENIOR LECTURER AND LECTURER IN ECONOMICS

For one appointment special interest in Economic Theory required, and for the Senior Lecturer considerable teaching or research experience essential.

Salaries: Senior Lecturer: £G1,750 x £G75—£G2,200. Lecturer: £G1,050 x £G50—£G1,400 x £G75—£G1,850; £G1,900. Non-Ghanaians an additional 20 per cent. Entry at appropriate position.

Appointment normally for five years in first instance.

Outfit allowance of £G60. Car allowance £G150 p.a. Family allowance for non-Ghanaians for each child in West Africa £G50 p.a. or, if under age of 21 and being educated outside West Africa, £G100 p.a. (maximum five children). Part furnished accommodation at charge not exceeding 7.5 per cent. of salary. F.S.S.U. policies maintained if already held, or superannuation on similar basis.

Passages for appointee and family on appointment and normal termination. Annual leave with three overseas return passages in every four years for non-Ghanaians and one every three years for Ghanaians.

Applications (six copies) with full details of qualifications, experience, etc., and naming three referees, to be sent before September 23, 1961, to the Assistant Registrar (London), University of Ghana, 15 Gordon Square, London, W.C.1, from whom further information may be obtained.

THE EDINBURGH SCHOOL OF AGRICULTURE

Applications are invited for the post of ASSISTANT ADVISORY OFFICER, FARM BUILDINGS.

Salary Grade IV—£718-£993.

The appointment is eligible for Superannuation.

Candidates should hold a degree in Agricultural Economics or Agriculture or Economics. Post-graduate study or especial interest in Work Study is desirable. The post has been created to further the study of labour and power organisation in farming.—Particulars and application forms may be obtained from the Secretary, Edinburgh School of Agriculture, West Mains Road, Edinburgh, 9, with whom applications should be lodged within two weeks of this advertisement.

J. A. JOHNSTON, Secretary.

For other appointments see page 1019

AREA POLITICAL EDUCATION OFFICER required for political party organisation. Applicants should be University graduates, preferably between 25 and 45. Commencing salary according to experience and qualifications, not less than £750.—Write to Conservative Political Centre, 32 Smith Square, London, S.W.1.

MIDDLESEX COUNTY COUNCIL

Education Committee

Ealing Technical College, St. Mary's Road, Ealing, W.5

Principal: Dr. O. Lee Pickard, B.Sc.(Econ.), B.Com., F.I.O.M.

APPLICATIONS are invited for appointment as SENIOR LECTURER in a Division of Marketing to be established in the School of Business at Ealing Technical College; duties to begin as soon as possible although the College is prepared to wait a reasonable time for the right person to allow existing commitments to be discharged.

The Division will specialise in marketing education and will be one of the first of its kind in the country. The initial staffing envisaged is one Senior Lecturer, one Assistant Lecturer and two Research Assistants. The senior appointments will not be made until a Senior Lecturer has been appointed and is available to advise on the remaining appointments.

The successful applicant for this post should have at least five years' experience in marketing or marketing research, a good degree and/or professional qualification of high standing, and preferably have contributed to the serious literature of the subject. Permission will be given for consultancy work to be undertaken.

Salary:—

Senior Lecturer, £1,588-£1,801 per annum (under review).

Assistant Lecturer and Research Assistants, £738-£1,201 per annum (under review).

In the case of Assistant Lecturer and Research Assistants additions may be given for industrial experience (up to £330 above the minimum), training and study (up to £120 above the maximum) and for qualifications (£165 above the maximum).

Application form and further information on application to the Principal (F.S.U.E.). Closing date two weeks from the date of this advertisement.

Previous applicants please do not re-apply.

C. E. GURR, M.Sc., Ph.D., Chief Education Officer.

THE CENTRE FOR BUSINESS RESEARCH, newly established in the University of Manchester, invites applications for one or more posts of SENIOR RESEARCH OFFICER. Candidates should have a good honours degree including economics or statistics, experience in industry or commerce, and an interest in research. Salary in the range of £2,000-£3,000, according to qualifications and experience.—Apply by letter to Professor B. R. Williams, The University, Manchester 13, from whom further details may be obtained.

AN opportunity exists for a Market Research specialist to participate in the development of an organisation in the field of Industrial Market Research. This will be an extension to the activities of an Engineering Sales Company in Birmingham.

Applicants should preferably have a degree in Economics, and should have actual experience of the conduct of Industrial Surveys. A knowledge of Languages would be advantageous. Replies in confidence to Box 1540.

BUSINESS AND PERSONAL

THE CHARTERED INSTITUTE OF SECRETARIES

Employers requiring the services of Chartered Secretaries to fill secretarial and similar executive posts are invited to communicate with the Secretary of the Institute (Dept. E), 14 New Bridge Street, London, E.C.4.

TOP CITY MEN prefer good secretaries introduced through STELLA FISHER BUREAU, 436 Strand, W.C.2.

ANY PORT IN A STORM—but only one sherry. Regardless of the weather, it's EL CID, the superb Spanish Amontillado that pleases the most discerning palates.

THE ENCOURAGEMENT AND PROTECTION OF INVESTMENT IN THE DEVELOPING COUNTRIES. This conference is intended to cover the legal and commercial aspects of public and private investment in the developing countries. To be held at the Waldorf Hotel, Aldwych, London, W.C.2, on September 28-29. Those taking part include The Rt. Hon. Reginald Maudling, The Rt. Hon. Lord Shawcross, Sir Duncan Cumming, Sir Percival Griffiths, Mr. William Clark, Mr. F. J. Pedler.—Further information from Federal Trust, 10 Wyndham Place, London, W.1. Tel.: PADdington 6670.

HOW MUCH FOOD can you get from packeted soups? SHOPPER'S GUIDE (15s. p.a.) shows their highest percentage of protein to be under one-tenth of adult needs.—Write Consumer Council, Orchard House, Orchard Street, W.1.

EDUCATION AND COURSES

Woolwich Polytechnic
London, S.E.18

EVENING B.SC. (ECON.) DEGREE COURSE

Applications are now being considered for admission to this Course. Students interested should write NOW for further information, to attend for enrolment on Tuesday, September 19th, at 6 p.m.

PROSPECTUS OBTAINABLE FROM: The Secretary, Woolwich Polytechnic, Thomas Street, London, S.E.18.

EXPERT POSTAL TUITION

for Examinations—B.Sc.(Econ.), Law, Accountancy, Costing, Secretarial, Civil Service, Management, Export, Commercial, General Certificate of Education, etc. Also many practical (non-examination) courses in business subjects.—Write today for free prospectus and or advice, mentioning examination or subjects in which interested, to the Secretary (G9/2).

METROPOLITAN COLLEGE, ST. ALBANS

or call at 30 Queen Victoria Street, London, E.C.4. Established 1910.

SURREY EDUCATION COMMITTEE

KINGSTON TECHNICAL COLLEGE

DEPARTMENT OF COMMERCE, LANGUAGES AND PROFESSIONAL STUDIES

BACHELOR OF SCIENCE (ECONOMICS) DEGREE UNIVERSITY OF LONDON

Applications are invited for the course commencing September, 1961. Forms and full details can be obtained from the Principal, Kingston Technical College, Fassett Road, Kingston-upon-Thames, Surrey.

B.Sc.(ECON)

LONDON UNIVERSITY

U.C.C., founded in 1887, successfully prepares students for this Degree (obtainable without residence), which is a valuable qualification for those seeking executive appointments in commerce or industry, government or municipal posts.—Prospectus, giving details of Courses for other London Degrees, G.C.E., Law Exams., etc., from Registrar, University Correspondence College, 29 Burlington House, Cambridge.

SECRETARIAL TRAINING, especially for university graduates and older students. Six-month and intensive 14-week courses.—Write Organising Secretary, Bevis, 159 Holland Park Avenue, W.11. PARK 4684.

WOOLWICH POLYTECHNIC

DEPARTMENT OF COMMERCE AND MANAGEMENT STUDIES

The next six-months full-time POST-GRADUATE COURSE IN INDUSTRIAL ADMINISTRATION will commence on:

Monday, January 8, 1962

Minimum Entrance Requirements: Age 25 years, University Degree in Science or Engineering or other equivalent qualification and suitable industrial experience.

Applications will also be considered from ex-officers with a Staff College or Technical background.

For further details and application form, write to:

The Secretary,
WOOLWICH POLYTECHNIC,
Thomas Street,
London, S.E.18

TUITION FOR B.Sc. ECONOMICS

Wolsey Hall (Est. 1894) provides Postal Courses in a wide range of subjects for the two examinations for London Univ. B.Sc.Econ. (three if entrance is included) at moderate fees. 1,431 Wolsey Hall students passed London Univ. B.Sc. Economics exams. 1950-60. Tuition also for G.C.E., Law, Statistical, other exams. —Prospectus (mention examination) from E. W. Shaw Fletcher, C.B.E., LL.B., Director of Studies, Dept. P.17.

WOLSEY HALL, OXFORD

negotiations further to expand WSO's interests in oxygen steelmaking are proceeding. Both companies have experience in handling overseas contracts, most notably in the recent past in the consortium engaged on the Durgapur project in India, and both will have to look overseas for an increasing amount of their business. Hence the pace of advance in the undeveloped countries and the prospect of Britain joining the common market are vital to both. Each seems to be prepared for the challenge; but neither underrates the competition. Nor should investors do so in looking beyond the next two or three years.

Unigate

"Drinka Pinta Milka Day" urge the hoardings and the television commercials and milk consumption in this country goes on rising. But this extensive campaign by the National Milk Publicity Council cannot be run on the cheap and Unigate which handles more than one quarter of all milk produced in this country has supported the encouragement of more milk drinking at "a considerable expense," according to the chairman, Mr G. Ivor Price. It has eroded still further the low profit margins; in the year to March 31st last the group's pre-tax profits of £6.2 million represented a return of only 3.2 per cent on sales of £197 million. This return should improve in the future as further economies emerge from a fuller integration of the two large dairy constituents of Unigate, the United Dairies and Cow and Gate companies.

Partly as a result of this merger the group last year spent in excess of its substantial cash flow of £4.4 million. The chairman says that this may continue for two or three years but "subject to many reservations" the group is unlikely to need fresh capital. At the year end, capital commitments amounted to £2.2 million, compared with £1.8 million a year earlier, while net liquid assets had almost halved to £1.2 million. It seems improbable therefore that the group will be able to delay indefinitely the raising of additional capital. Large profit retentions will still be needed and in the face of a 10 per cent increase in net profits the Unigate directors have held the ordinary dividend at 14 per cent, now covered just over twice. For the future the chairman looks for steady progress rather than spectacular results; the market seems to share this view, for the 5s. shares now stand at 16s., compared with 22s. 6d. a year ago, and yield 4.4 per cent.

Triplex

The fall in Triplex's sales from £11,551,000 to £9,421,000, trading profits cut from £1,707,000 to £946,000 and net income cut from £798,000 to £460,000 in the year to June 30th seem sufficient to justify the reduction of the ordinary dividend from 15 to 12½ per cent. Yet the dividend is covered nearly twice by earnings and 15 per cent would have been covered just over 1½ times. Moreover, the group is not short of liquid resources; it has deferred some of its developments but even so it has completed the main extensions to its buildings and is ready to install new plant at short notice whenever it is needed.

The dividend decision may therefore reflect some anxiety about the future. The really sharp fall in sales and earnings occurred in the first half of the financial year; in the second half there was a fairly steady improvement in sales, though they remained below those in the corresponding period of 1960. Sales of laminated glass fell particularly heavily with the decline in car exports to North America and, despite some improvement, the laminating plant is working at only a fraction of capacity. A rebound in profits to the 1959-60 level would require a sharp pick-up in car sales at home and in North America. This looks unlikely now, and though a slight improvement in sales and more economic production may lead to improved profits, they do not seem likely to be much higher than those in 1960-61. Investors should not assume that the dividend will be brought back to 15 per cent; currently the 10s. shares at 30s. 9d. yield 4 per cent.

Murex

Following the doubling of Murex's profits in 1959-60 there was some disappointment that they showed such a small advance from £1,334,000 to £1,337,000 after a bigger depreciation charge in the year to April 30th. The full accounts show that even this small increase resulted from a substantial advance in interest on short term deposits; gross profits, like net profits, would otherwise have shown a slight fall. The new chairman, Mr H. J. Penn, says that the group's sales, mainly of metallurgical products, rose by 9 per cent to £11¾ million and that higher costs were only partly offset by improved operating techniques. Moreover, the company suffered small stock losses from a fall in wolfram prices.

Capital expenditure at Rainham and Waltham Cross in 1960-61 amounted to £550,000 and was designed to promote further economies in manufacture. This expenditure was well within the cash flow of £683,000, but the building up of stocks by £840,000 cut liquid assets from £980,000 to £540,000. At the year end, capital commitments amounted to £141,000 and the chairman is confident that the cash flow will remain adequate to finance the capital expenditure programme unless there is a marked fall in business. So far in the current year demand has been satisfactory but the ten-year record shows that the group's results are subject to marked fluctuations. A lot will depend on the level of activity of the group's main customers including steel, engineering, machine tools and chemicals. At 40s. 6d. the £1 shares yield 6.4 per cent on the 13 per cent dividend, covered 2½ times, and this seems to discount the short-term uncertainties.

London Stock Exchange

FIRST DEALINGS:	Aug. 21	Sept. 4	Sept. 18
LAST DEALINGS:	Sept. 1	Sept. 15	Sept. 29
ACCOUNT DAY:	Sept. 12	Sept. 26	Oct. 10

Despite the immediate implementation of Russia's decision to resume nuclear tests, the stock market remained unperturbed over the week to Wednesday. Before the weekend, markets were largely featureless as the quietest account of the year drew to a close and price movements of industrial equities were small and the level of business was low. The new account also opened quietly, though prices rose slightly toward the close on Monday following the news of the rise in the gold reserves. This, together with the continued strength of the pound contributed to a more definite improvement on Tuesday, when the *Financial Times* index rose 2.7 points, the best daily rise since August 4th. On Wednesday, most prices held firm, but there were some irregular movements in those of market leaders and companies in the news. The *Economist* Indicator showed a net rise of 4.3 points to 370.7 over the week.

The gilt-edged market has been firm throughout the week. There has been a fair demand for medium and long dated stocks and some investment buying of these maturities. Savings 2½ per cent 1964-6 gained ¼ to 82, and Conversion 5¼ per cent 1974 gained ⅜ to 89½. Prices have been helped by the strength of sterling, but there have been few changes in short and undated stocks. War Loan 3½ per cent gained only 1/16 to 53 7/16 over the week.

Interest in bank shares revived after the weekend, and Barclays gained 3s. 3d. to 72s. 6d. xr. Brewery shares have been generally steady, and following good interim results Whitbread "A" gained 2s. 9d. to 29s. 9d. Wall Paper deferred showed the best improvement among building shares and gained 7s. 6d. to 127s. 6d. Stores shares continued to gain ground, especially Marks and Spencer "A" which rose 3s. 9d. to 103s. There has been no decided trend in engineering and steel shares. Most of the movements have been small, with the exception of Davy-Ashmore, which gained 1s. 3½d. to 140s. xd following the chairman's statement. Among motor shares, Leyland showed a net loss of 2s. 3d. to 89s. 3d., while Jaguar "A" gained 2s. 10½d. to 80s. 4½d. The announcement of lower profits for the first half of the year from Bowater caused its shares to lose 4s. 3d. to 50s. 6d. over the week, and paper shares generally have been depressed. Shipping and oil shares drifted lower, and Shell lost 2s. 9d. to 116s. 3d. Most textile shares improved slightly, and West Riding Worsted gained 2s. to 70s. 6d.

Tin shares, after some selective interest immediately after the weekend slumped heavily last Wednesday, as a result of the sharp fall in the metal price. Tronoh lost 6s. 9d. in the day, making a net loss of 8s. to 67s. 6d. xd over the week.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended September 2, 1961, there was an "above-line" deficit (after allowing for sinking funds) of £27,299,000 compared with a deficit of £37,892,000 in the previous week and a surplus of £1,953,000 in the corresponding period of last year. There was a net deficit "below-line" of £52,854,000 leaving a total cumulative deficit to date of £442,683,000 compared with £473,513,000 in 1960-61.

£'000	Estimate 1961-62	April 1, 1960, to Sept. 3, 1960	April 1, 1961, to Sept. 2, 1961	Week ended Sept. 3, 1960	Week ended Sept. 2, 1961
Ordinary Revenue					
Income Tax	2,728,500	589,473	680,726	39,242	46,421
Surtax	210,000	32,300	38,600	800	800
Death Duties	240,000	95,700	114,500	4,600	3,700
Stamps	94,000	37,800	46,000	1,700	1,500
Profits tax, EPT and EPL	325,500	114,500	141,800	4,100	5,300
Other Inland Rev. Duties	...	50	...	...	...
Total Inland Rev.	3,598,000	869,823	1,021,626	50,442	57,721
Customs	1,550,000	620,181	676,589	26,281	32,834
Excise	960,000	432,530	437,150	18,840	23,390
Total Customs and Excise	2,510,000	1,052,711	1,113,739	45,121	56,224
Motor Duties	155,000	25,997	27,218	762	...
PO (Net Receipts)	...	...	...	...	...
Broadcast Lic's.	40,000	10,600	11,200	2,100	...
Sundry Loans	205,000	13,178	116,917	...	...
Miscellaneous		47,133		1,034	
Total	6,508,000	2,019,442	2,290,700	99,459	113,945
Ordinary Expenditure					
Debt Interest	660,000	301,492	333,450	10,868	10,484
Payments to N. Ireland Exch.	92,000	33,621	34,655	...	...
PO Fund — Initial settlement	15,000	...	...	...	...
Other Consolidated Funds	8,000	3,852	3,979	30	24
Supply Services	5,186,902	1,945,550	2,114,018	81,582	126,098
Total	5,961,902	2,284,515	2,486,102	92,480	133,606
Sinking Funds	40,000	16,900	16,272	5,026	4,638
"Above-line" Surplus or Deficit	—	281,973	211,674	+ 1,953	— 27,299
"Below-line" Net Expenditure*		191,540	231,009	39,385	52,854
Total Surplus or Deficit	—	473,513	442,683	37,432	80,153
Net receipts from:					
Tax Reserve Certificates		113,045	93,236	19,151	34,021
Savings Certificates		33,200	*10,300*	900	*1,600*
Defence Bonds		47,961	20,992	1,484	— 957
Premium Savings Bonds		25,340	17,750	2,950	700
Total		219,546	121,678	24,485	32,164

* Net receipt to the Civil Contingencies Fund of £5 million in 1961-62 compared with a net receipt of £7 million in 1960-61.

FLOATING DEBT

(£ million)

	Treasury Bills		Ways and Means Advances		Total Floating Debt
	Tender	Tap	Public Dept.	Bank of England	
1960					
Sept. 3	3,500·0	1,967·3	199·9	...	5,667·2
1961					
May 27	3,210·0	1,843·3	249·7	...	5,303·0
June 3	3,240·0	1,825·3	258·5	...	5,323·8
" 10	3,270·0	1,827·6	242·2	...	5,339·8
" 17	3,280·0	1,823·6	263·9	...	5,367·5
" 24	3,290·0	1,909·6	201·6	...	5,365·8
" 30	3,290·0		283·3	...	5,483·0
July 8	3,280·0	1,853·1	265·2	0·8	5,399·0
" 15	3,270·0	1,866·0	269·0	...	5,405·0
" 22	3,260·0	1,894·4	214·3	...	5,368·7
" 29	3,250·0	1,920·3	220·4	3·3	5,393·9
Aug. 5	3,280·0	1,882·6	207·3	...	5,369·9
" 12	3,290·0	1,712·9	206·6	...	5,209·4
" 19	3,290·0	1,732·5	316·8	1·5	5,340·7
" 26	3,280·0	1,840·0	201·9	2·3	5,324·1
Sept. 2	3,260·0	1,855·3	239·4	...	5,354·8

THE MONEY MARKET

Keeping its bid unchanged at £98 6s. 6d. at last Friday's Treasury bill tender the syndicate of discount houses received 48 per cent of its application against 39 per cent at the previous week's tender. The average rate of discount was virtually unaltered at £6 14s. 0.50d. per cent. Total applications, after the previous week's sharp rise of £30 million, fell back by a similar amount to £380 million. The offer of £250 million was fully allotted.

Credit has been almost consistently short in the money market and the authorities have given varying amounts of special help. But this has not been sufficient to keep houses from borrowing at the Bank of England. On Friday of last week five or six houses were forced to borrow a moderate amount at Bank rate and on both Tuesday and Wednesday penal borrowing was again necessary, though for very small amounts. Business in bills has been on a small scale, with the clearing banks continuing to buy November bills at 6 19/32 per cent.

In New York the three months bill rate recovered slightly (after last week's sharp fall) from 2.310 to 2.392 per cent.

MONEY RATES

LONDON

	%		%
Bank rate (from 5%, 26/7/61)	7	Discount rates:	
		Bank bills:	
		60 days	6 7/16–6 15/16
Deposit rates		3 months	6 7/8–6 15/16
(7 days notice):		4 months	6 7/8–6 15/16
Banks	5	6 months	6 7/8–7
Discount houses	5–5¼	Fine trade bills:	
Local Authorities	7⅛	3 months	7½–8½
Money:		4 months	7½–8½
Day-to-Day	5 3/8–6½	6 months	8–9

NEW YORK

	%		%
Official Discount rate: (from 3½%, 11/8/60)	3	Treasury bills: Aug. 28	2·310
		Sept. 1	2·392

BANK OF ENGLAND RETURNS

(£ million)	Sept. 7, 1960	Aug. 30, 1961	Sept. 6, 1951
*Issue Department**:			
Notes in circulation	2,230·6	2,328·0	2,326·3
Notes in banking dept.	19·7	22·4	24·1
Govt. debt and securities*	2,247·5	2,348·8	2,349·0
Other securities	0·7	0·7	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	1·8	0·5	0·3
Banking Department:			
Deposits:			
Public accounts	9·0	10·8	11·0
Special deposits	149·8	215·4	214·7
Bankers	244·7	232·3	224·9
Others	63·6	73·2	66·9
Total	467·1	531·6	537·5
Securities:			
Government	417·7	424·5	427·3
Discounts and advances	28·0	82·3	84·1
Other	19·4	20·2	19·7
Total	465·1	527·0	531·0
Banking department reserve	20·5	23·1	25·0
	%	%	%
"Proportion"	4·3	4·3	4·6

* Government debt is £11.0.5.100, capital £14,553,000. Fiduciary issue reduced by £50 million to £2,350 million on August 30th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills Average Rate of Allotment	Allotted at Max. Rate*
	91 day		s. d.	%
1960 Sept. 2	290·0	451·7	111 9·33	49
1961				
June 2	270·0	419·9	88 9·61	61
" 9	270·0‡	463·3	89 4·14	39
" 16	260·0	391·2	90 0·42	55
" 23	260·0‡	389·1	90 8·47	50
" 30	250·0	400·8	90 8·94	46
July 7	240·0	405·2	90 8·80	42
" 14	240·0	378·2	91 4·47	47
" 21	240·0	333·3	92 5·62	66
" 28	250·0	426·6	133 9·22	28
Aug. 4	250·0	386·0	134 3·33	44
" 11	250·0	394·7	134 8·51	41
" 18	250·0	379·6	134 1·83	61
" 25	260·0‡	409·9	134 0·12	39
Sept. 1	250·0	379·8	134 0·50	48

* On September 1st tenders for 91 day bills at £98 6s. 6d. secured 48 per cent, higher tenders being allotted in full. The offer for this week was for £260 million 91 day bills. ‡ Allotment cut by £10 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits	Market Rates: Spot					
	September 6	August 31	September 1	September 2	September 4	September 5	September 6
United States $	2·78–2·82*	2·80 1/2–5/8	2·80 1/2–5/8	2·80 9/16–11/16	2·80 3/4–7/8	2·80 7/8–81	2·81 1/8–1/4
Canadian $	...	2·89 1/4–3/8	2·89 5/16–7/16	2·89 3/8–1/2	2·89 1/2–5/8	2·89 5/8–3/4	2·89 13/16–7/16
French Fr.	13·6225–14·027	13·78 7/8–79 1/8	13·78 7/8–79 1/8	13·78 7/8–79 1/8	13·80–80 1/4	13·82–82 1/4	13·82 1/4–1/2
Swiss Fr.	11·94–12·54 7/8	12·10 7/8–11 1/8	12·10 7/8–11 1/8	12·10 3/8–11	12·11 1/2–3/4	12·12 1/8–3/8	12·12–13 1/4
Belgian Fr.	137·96–142·05	139·60–65	139·62 1/2–67 1/2	139·62 1/2–67 1/2	139·72 1/2–77 1/2	139·87 1/2–92 1/2	139·90–95
Dutch Gld.	9·98 3/4–10·28 1/2	10·11 7/8–3/8	10·12–12 1/4	10·12 1/8–3/8	10·12 5/8–7/8	10·13 5/8–7/8	10·15–15 1/4
W. Ger. D-Mk.	11·037–11·365	11·21 7/8–3/8	11·21 7/8–3/4	11·21 3/8–7/8	11·22–22 1/4	11·22 3/8–5/8	11·23 3/8–5/8
Portug. Esc.	...	80·20–30	80·20–30	80·20–30	80·20–30	80·25–35	80·25–35
Italian Lire	1725–1775	1740 1/2–41	1741 1/2–3/4	1741 1/2–3/4	1742–42 1/2	1743–43 1/2	1744 1/2–45
Swedish Kr.	14·27 1/2–14·70	14·52–52 1/4	14·53 7/8–54 1/8	14·54–54 1/4	14·55 7/8–56 1/8	14·56–56 1/4	14·57 1/4–1/2
Danish Kr.	19·06 1/2–19·62	19·34 1/4–1/2	19·34–34 1/4	19·34–34 1/4	19·34 1/2–3/4	19·34 5/8–7/8	19·35 3/4–36
Norwegian Kr.	19·71–20·30 1/2	20·01 1/8–3/8	20·01–01 1/4	20·01–01 1/4	20·01 1/4–1/2	20·01 3/4–02	20·03 1/4–02
	* Official Limits	One Month Forward Rates					
United States $		11/16–15/16c. pm	11/16–15/16c. pm	1–7/8c. pm	1–7/8c. pm	11/16–15/16c. pm	1 1/8–1c. pm
Canadian $		11/16–15/16c. pm	11/16–15/16c. pm	11/16–15/16c. pm	11/16–15/16c. pm	11/16–15/16c. pm	1 1/8–1c. pm
French Fr.		4 1/2–3 1/2c. pm	4 3/4–3 3/4c. pm	4 1/2–3 1/2c. pm	4 1/2–3 1/2c. pm	4 1/2–3 1/2c. pm	4 1/2–3 1/2c. pm
Swiss Fr.		5 1/2–4 3/4c. pm	5 1/2–5c. pm	5 1/2–5c. pm	5 1/4–4 3/4c. pm	5 1/4–4 3/4c. pm	5 1/2–5c. pm
Belgian Fr.		40–30c. pm	40–30c. pm	42–32c. pm	45–35c. pm	45–35c. pm	43–33c. pm
Dutch Gld.		5 1/4–4 3/4c. pm	5 1/4–4 3/4c. pm	5 1/4–4 3/4c. pm	5 1/4–4 3/4c. pm	5 1/2–5c. pm	5 1/2–5c. pm
W. German D-Mk.		4 3/4–4 1/4pf. pm	4 3/4–4 1/4pf. pm	4 3/4–4 1/4pf. pm	4 1/4–3 3/4pf. pm	4 3/8–3 7/8pf. pm	5–4 1/2pf. pm
		Three Months Forward Rates					
United States $		2 13/16–2 11/16c. pm	2 13/16–2 11/16c. pm	2 13/16–2 11/16c. pm	2 13/16–2 11/16c. pm	2 3/4–2 5/8c. pm	2 12/16–2 11/16c. pm
Canadian $		2 13/16–2 11/16c. pm	2 13/16–2 11/16c. pm	2 13/16–2 11/16c. pm	2 13/16–2 11/16c. pm	2 13/16–2 11/16c. pm	2 15/16–2 11/16c. pm
Swiss Fr.		1 5/8–1 7/8c. pm	1 5/2–15c. pm	1 5/2–15c. pm	1 5/4–1 4/4c. pm	1 5/4–1 4/4c. pm	1 5/2–15c. pm
W. German D-Mk.		1 3/4–1 3/4pf. pm	1 3/4–1 3/4pf. pm	1 3/4–1 3/4pf. pm	1 3/2–13pf. pm	1 3/4–1 2 3/4pf. pm	1 3/8–1 3/8pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/11 1/2	250/10	...	250/8 1/2	250/6 1/4	250/5 1/2
" ($ " " ")		35·18 1/2	35·18 1/2	...	35·18 1/2	35·19	35·19 1/2

LONDON AND NEW

Prices, 1961 High	Prices, 1961 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Aug. 30, 1961	Price, Sept. 6, 1961	Net Yield, Sept. 6, 1961 £ s. d.	Gross Yield, Sept. 6, 1961 £ s. d.
92½	88⅞	Savings Bonds 3%.....1955–65	88⅜	88⅜	5 0 6	6 5 10
101⅛	99	Conversion 4½%.....1962	99⅞	99¼	4 4 0	6 3 11
96⅞	93¾	Exchequer 3%.....1962–63	94⅜	94⅜	4 18 9	6 6 2
101⅝	98¾	Treasury 5½%.....1962	99⅜	99⅜	3 9 3	6 3 8
93²⁹/₃₂	90¼	Exchequer 2½%.....1963–64	90⅜	90⅜	5 2 11	6 6 11
99¹⁹/₃₂	96⅜	Conversion 4¾%.....1963	97	97⅛	4 8 2	6 10 9
98⅜	94½	Conversion 4½%.....1964	95⅜	95⅜	4 8 11	6 9 4
101⅝	96	Exchequer 5½%.....1966	96⅞	96⅞	4 5 4	6 8 9
83⅛	78⅝	Funding 3%.....1959–69	79¼	79⅛	5 5 6	6 13 11
89¾	86	Funding 4%.....1960–90	86⅜	86⅜	5 12 4	6 13 0
79¹³/₁₆	74⅝	Savings Bonds 3%.....1960–70	75⅝*	75¹¹/₁₆	5 5 7	6 13 0
84⅞	80¾	Savings Bonds 2½%.....1964–67	81¾	82	5 7 7	6 11 10
72¹¹/₁₆	66¼	Savings Bonds 3%.....1965–75	67⅝	67¾	5 2 3	6 11 10
83¹⁵/₁₆	78⅞	Funding 3%.....1966–68	80⅛	80⅛	5 6 6	6 13 5
97½	92½	Victory 4%.....1920–76	93⅛*	93¼	3 8 10	5 1 6
85½	80¼	Redemption 3½%.....1961–66	81¼*	81⅜	5 3 9	6 14 6
93¹⁵/₁₆	87	Conversion 5%.....1971	88	88¹⁵/₁₆	4 12 10	6 15 8
95¹¹/₁₆	88½	Conversion 5½%.....1974	89⅛	89½	4 7 6	6 12 5
73⅛	66	Treasury 3½%.....1977–80	67⅜	67¹⁵/₁₆	4 16 8	6 12 4
72¼	65	Treasury 3½%.....1979–81	66⅜	66½	4 16 7	6 12 1
97¹⁵/₁₆	88½	Funding 5½%.....1982–84	89⅛	89¾	4 2 10	6 9 7
59½	51½	Redemption 3%.....1986–96	52¼*	52¼*	4 11 7	6 8 8
88¼	80½	Treasury 5%.....1986–89	81⅜	81⅜	4 5 8	6 12 6
63¹⁵/₁₆	55	Funding 3½%.....1999–2004	56½	56¹⁵/₁₆	4 4 8	6 11 9
94⅝	81¾	Treasury 5½%.....2008–12	82¾*	82¹⁵/₁₆	4 4 5	6 14 10
65⅜	56½	Consols 4%.....after Feb. 1957	59⅛	59⅛	4 3 3	6 16 3
59¼	50½	War Loan 3½%.....after 1952	53⅜	53⅞	4 1 1	6 13 4
59	50½	Conv. 3½%.....after Apr. 1961	52*	52⅛	4 2 1	6 13 9
50⅞	43¼	Treasury 3%.....after Apr. 1966	46	44¾*	4 1 11	6 13 5
44	36½	Consols 2½%.....	39	38⅜*	3 19 1	6 8 10
43½	36½	Treasury 2½%.....after Apr. 1975	37⅜*	37¹⁵/₁₆	4 0 9	6 11 8
91⅝	85¾	British Electric 4½%.....1967–69	86⅞	87	4 15 6	6 13 10
75¹¹/₁₆	70⅛	British Electric 3%.....1968–73	71*	71¾*	5 3 4	6 11 6
70⅜	64½	British Electric 3%.....1974–77	65⅞*	66*	5 0 3	6 10 2
81⅞	74⅞	British Electric 4½%.....1974–79	75½*	75⅝*	4 11 11	6 11 1
73½	67	British Electric 3½%.....1976–79	68¾	68½	4 16 5	6 12 1
84⅝	78¾	British Gas 4%.....1969–72	79⅞	80	4 17 1	6 12 11
81³/₁₆	76	British Gas 3½%.....1969–71	77*	77¼*	5 1 5	6 13 0
59⅜	51¾	British Gas 3%.....1990–95	53⅜*	53⅜	4 12 5	6 10 2
75¹¹/₁₆	70⅛	British Transport 3%.....1968–73	71*	71¾*	5 3 4	6 11 6
80⅞	74	British Transport 4%.....1972–77	75	75¼	4 13 9	6 11 9
61¹⁵/₁₆	53¾	British Transport 3%.....1978–88	56	56	4 15 10	6 10 11

Prices, 1961 High	Prices, 1961 Low	DOMINION AND CORPORATION STOCKS	Price, Aug. 30, 1961	Price, Sept. 6, 1961	Yield, Sept. 6, 1961 £ s. d.
82⅛	76½	Australia 3¼%.....1965–69	78	78⅛	6 16 0
101	95	Australia 6%.....1974–76	95½	95½	6 13 0
72⅛	64½	Ceylon 4%.....1973–75	64½*	64½	8 13 0
101⅛	92¾	New Zealand 6%.....1976–80	92¾	92¾	6 12 0
80½	70½	Rhodesia and Nyasaland 6%.....1978–81	70½	70½	9 6 0
81	73	South Africa 3½%.....1965–67	75½	76	9 6 0
59	53½	Southern Rhodesia 4½%.....1987–92	53½	53¾	8 19 0
94⅝	85⅛	Agricultural Mortgage 5½%.....1980–85	86	86	6 15 0
89	82¼	Birmingham 4¼%.....1967–70	83½	83⅝	6 16 0
92¾	86½	Bristol 5%.....1971–73	87¼	87½	6 12 0
93	87	Corporation of London 5¼%.....1976–79	87¼	87¼	6 11 0
48¾	41	L.C.C. 3%.....after 1920	43½	43½	6 16 0
89⅛	80⅛	L.C.C. 5%.....1980–83	82⅛	80⅛*	6 13 0
93	84¼	Middlesex 5½%.....1980	84½*	84½	6 13 0

NEW YORK PRICES AND INDICES

	Aug. 30 $	Sept. 6 $		Aug. 30 $	Sept. 6 $		Aug. 30 $	Sept. 6 $
Atch. Topeka	27⅛	27¼	Boeing	52⅝	56⅜	Int. Harvester	53⅛	54
Can. Pacific	24½	24⅞	Celanese	37½	37⅝	Inter. Nickel	82¾	83½
Pennsylvania	15⅞	15⅞	Chrysler	52⅝	54½	Inter. Paper	36⅛	35⅞
Union Pacific	35⅜	34⅞	Col. Palmolive	47¾	48⅞	Kennecott	83¼	84⅜
Amer. Electric	67⅝	69⅛	Crown Zeller.	59¾	60½*	Monsanto	56⅛	56⅜
Am. Tel. & Tel.	121¼	120⅛	Distillers Seag.	42⅜	42⅜	Nat. Distillers	27⅜	27⅝
Cons. Edison	75⅜	74½	Douglas	37¼	37½	Pan-American	17⅜	17
Int. Tel. & Tel.	38⅞	56½	Dow Chemical	84⅞	85	Procter Gamble	97½	100½
South'n. Nat. Gas	44⅞	44½	Du Pont	225⅜	228⅜	Radio Corpn.	57¼	58⅝
United Corpn.	8⅞	8⅞	East. Kodak	104⅝	104½	Sears Roebuck	69⅞	70⅞
Western Union	47⅝	47⅜	Ford Motor	93⅜	97	Shell Oil	41⅞	41⅝
Alcoa	76⅛	76¾	Gen. Electric	70¼	74½	Socony-Mobil	44	43⅜
Aluminium	30⅞	31⅜	General Foods	91¾	93¾	Stand. Oil Ind.	52	51¼
Amer. Can	44½	43½	General Motors	45⅝	47½	Stand. Oil N.J.	44¼	44½
Am. Smelting	69⅜	69	Goodyear	45⅜	45¾	Union Carbide	137¼	140⅛
Am. Viscose	57	61⅞	Gulf Oil	38	38	U.S. Steel	85¾	85¼
Anaconda	53⅝*	55⅝	Heinz	64⅞	64¾	West. Electric	43⅛	45⅞
Beth. Steel	42¾	42⅞	Int. Bus. Mach.	523	547½	Woolworth	74⅜	73½

Standard and Poor's Indices (1941–43=10)

1961	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Aug. 9	71·69	2·82	32·53	4·97	60·94	3·17	88·18	4·06
,, 16	72·66	2·82	32·81	4·93	60·96	3·17	88·39	4·04
,, 23	71·82	2·83	33·44	4·87	61·68	3·14	88·70	4·01
,, 30	71·57	2·83	33·31	4·89	61·98	3·13	88·80	4·00
Sept. 6	72·27	2·81	33·17	4·91	62·61	3·10	88·70	4·01

425 Industrials :—High, 72·38 (Aug. 22). Low, 60·87 (Jan. 3).

* Ex dividend. † Tax free. ‡ Assumed average life 8 years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution of 1s. 0d. per share. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (i) To latest date.

YORK STOCKS

Prices, 1961 High	Prices, 1961 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Aug. 30, 1961	Price, Sept. 6, 1961	Yield, Sept. 6, 1961	Cover
		%	%	**BANKS, DISCOUNT & HP**				
89/7½	64/–	13 c	6½ a	Barclays.....£1	69/3¶	72/6¶	3·59	...
100/3	74/3	16 c	8 a	District.....£1	83/–	83/9	3·82	...
80/–	58/7½	13 c	5 a	Lloyds.....£1	60/6	61/9	3·60**	...
26/4½	18/7½	8 b	7 a	Martins.....5/–	20/–	21/–	3·57	...
94/6	67/3	19 c	9½ a	Midland.....£1	79/9	81/3	3·69**	...
97/3	73/–	7 b	7 a	Nat Provincial.....£1	77/6	77/9	3·60	...
95/6	58/9	71½ b	63½ a	Westminster 'B'.....£1	73/–	73/–	4·00	...
44/9	35/7½	8 b	4 a	Australia & N.Z....£1 p.p.	37/–	36/6	6·58	...
52/–	43/9	6 b	4 a	Bk. Lond. & S. Amer..£1	44/–*	44/3	4·52	...
£24⅞	£21⅜	$1·85c	$2·05c	Bank of Montreal....$10	£24⅞	£24⅜	2·92	...
303/–	253/–	8 c	9 c	Bank of New S. Wales £20	263/–	263/–	5·38g	...
44/9	32/9	10 c	5 a	Barclays D.C.O.....£1	36/9	38/–	5·26	...
64/9	48/–	7½ b	7½ a	Chartered.....£1	50/9	51/9	5·80	...
£21	£14⅝	5/–a	10/–b	Hongk'g. & Shang....$25	£18⅛	£18¾	4·00	...
70/6	50/–	9 b	7½ a	Nat. Com. Bk. Scot.10/–	50/6	51/3	3·22	...
£29⅝	£25⅛	$2·32½c	$2·37½c	Royal Bk. Canada....$10	£27⅞	£27⅛	2·93	...
119/6	96/3	10 b	1 a	Royal Bk. of Scotland..£1	101/–	101/–	2·76	...
40/3	32/9	5 a	10 b	Stand. Bk. S. Africa...£1	33/–	33/6	8·96	...
22½ c	22½ c	Nil a		Hambros .....£1 f.p.	135/–	135/–	3·33	...
89/6	59/6	5 b	2½ a	Schroders.....£1	73/6	76/6*	1·96	...
60/6	46/9	6¼ a	6¼ b	Union Discount.....£1	47/–	47/–	5·32	...
27/4½	13/–	18 c	Nil a	Bowmaker.....5/–	14/9	15/4½	...	1¼
23/6	14/6	19 c	5 a	Lombard Banking....5/–	14/10½	14/8¼*	...	1
21/9	13/9	7½ b	5 a	Mercantile Credit ...5/–	14/3	14/3	4·39	1¼
210/–	135/–	4 a	22½ b	United Domins. Tst. ..£1	142/6	141/3	3·75	2½
				BREWERIES, Etc.				
13/–	11/–	...	...	Bass, M. & B.....5/–	11/3	11/9	4·68**	...
41/11½	31/–	5 a	8½ b	Distillers.....10/–	36/–*	36/9	3·67	2
26/9	13/–	6½ b	4 a	Flowers.....5/–	16/6	17/–	3·09	2
60/6	50/–	14⅜ b	8 a	Guinness.....10/–	58/9	52/9	4·19**	2
49/9	36/9	...	...	Ind Coope T.A.....5/–	13/–	13/4½	4·49**	...
42/–	30/–	7½ b	5 a	Teacher (Distillers) .10/–	32/6	33/11½	3·77	2½
98/–	76/9	12 b	6 a	Watney Mann.....£1	92/–	93/9	3·84	2
33/9	26/7½	27 c	9 a	Whitbread 'A' 5/–	27/–	30/3	4·46	1¾
96/9	69/9	4 a	8½ b	**BUILDING, PAINT, Etc.** Associated Portland..£1	71/9	74/6	3·36	2½
28/11½	21/11½	4 a	7¼ b	British Plaster Bd. ..10/–	21/10½	21/10½	5·71	2¼
26/10½	17/6	6 a	10 b	Richard Costain 5/–	17/6	18/–	4·44	2¾
13/–	9/4½	10 b	5 a	Crittall Mfg.....5/–	10/–	10/3	7·32	2
18/6	10/6	6 a	14 b	International Paints ..4/–	11/3	11/6	6·98	1½
105/6	85/–	5 a	12½ b	London Brick.....£1	86/3	86/9	4·03	1¾
66/9	40/6	21⅞ a	25 c	Rugby Portland 5/–	52/6	53/9	2·33	3¼
28/4½	18/3	12½ b	7½ a	Taylor Woodrow.....5/–	21/3	21/3	4·71	1¼
167/11½	119/6	17½ b	7½ a	Wall Paper Defd.....£1	120/£	127/6	3·92	3¾
29/3	22/4½	14 b	6 a	**CHEMICAL** Albright & Wilson...5/–	22/4½	22/7½*	4·42	2½
22/–	16/6	11½ c	4 a	Borax Defd. 5/–	16/9	16/6	3·48	3
58/9	36/6	7 b	4 a	Fisons.....£1	36/9	36/9	5·99	1¾
81/6	63/11½	6¼ a	7½ b	I.C.I.....£1	68/–	69/–	3·99	2
26/10½	17/6	10 b	5 a	Monsanto.....5/–	17/9	17/6*	4·29	2½
36/–	24/–	4 a	8 b	**DRAPERY & STORES** Boots Pure Drug 5/–	27/9	29/–	2·07	2¼
91/3	58/6	20 b	7½ a	Montague Burton....10/–	39/3	83/–	3·31	2
74/3	48/–	13½ b	5⅝ a	Debenhams.....10/–	53/4½	56/3	3·41	1½
59/4½	45/–	12½ a	25 b	G.U.S. 'A'.....5/–	48/4½	49/9*	3·77	2
46/9¾	33/4½	13½ a	16⅔ b	House of Fraser.....5/–	34/11¼	38/3‖	3·92	1¼
21/11½	14/9	7½ b	5 a	Lewis's Invest. Tst....4/–	14/10½	15/–	3·29	2¼
106/9	85/11½	15 a	32½ b	Marks & Spencer 'A'.5/–	99/3	103/–	2·31	1½
53/10½	34/10½	10 a	20 b	United Drapery 5/–	44/6	48/–	3·13	1¾
62/11½	50/–	25 b	10⅝ a	Woolworth.....5/–	50/7½	55/11½	3·24	1½
48/6	35/–	5 a	10 b	**ELECTRICAL & RADIO** A.E.I.....£1	36/9	39/3	7·64	1
15/5¼	9/7½	...	...	Brit. Electronic Inds..5/–	10/9	11/4½	...	...
62/3	49/–	4 a	9½ b	B.I.C.....£1	57/7½	58/9	4·60	2
14/7½	11/3	7½ b	5 a	Crompton Parkinson .5/–	12/11½	12/3	5·10	2¼
76/–	54/–	23½ c	3½ a	Decca Record.....10/–	63/6	64/–	3·65	2
52/–	36/6	12½ b	5 a	E.M.I.....10/–	37/3	37/9	4·64	2¼
38/–	25/9	5 a	8 b	Elliott-Automation....5/–	35/3	35/3	1·84	2
40/6	29/9	3 a	7 b	English Electric £1	30/3*	31/–	6·45	1½
39/6	28/9	3 a	7 b	General Electric.....£1	30/6	31/3	6·40	2
78/9	47/–	43½ a	8½ b	G. A. Parsons.....£1	51/3	52/9	4·74	4
52/3	38/6	31¼ a	6½ b	A. Reyrolle.....£1	40/6	42/3	4·62	2¾
63/–	45/3	25 c	25 c	Thorn Electrical 5/–	52/–	53/–	2·36	3
36/9	24/4½	4½ a	4½ b	**ENGINEERING** Babcock & Wilcox....£1	27/1½	26/3	6·86	1
48/9	33/–	4 a	7 b	John Brown £1	34/9	35/–	6·29	2¾
8/4½	5/7½	3 a	9 b	Cammell Laird.....5/–	6/–	5/9	10·40	1
33/9	23/10½	20 b	10 a	Internat. Combust. ..5/–	25/10½	24/11½*	6·22	1½
9/11½	4/4½	...	...	Rich'ds'ns. Westg'th. 10/–	4/6	4/4½	...	...
40/–	28/–	21½ a	9½ b	Swan Hunter £1	29/–	29/6	6·78	2¼
17/4½	13/6	5 a	Nil b	John Thompson 5/–	13/9	13/10½	1·80	...
33/10½	21/8¼	7½ c	12½ a	Coventry Gauge....10/–	28/11½	28/4½	4·31	2¼
79/9	51/6	15 b	12½ a	Alfred Herbert £1	61/–	61/–	4·14	1¾
78/–	59/6	7½ a	12½ b	Allied Ironfounders...£1	61/–	59/9	6·69	1½
110/–	83/–	5 a	10 b	Averys.....£1	85/6	87/–	3·45	2½
36/10½	20/7½	7½ b	4 a	B.S.A.....10/–	21/10½	21/7½	5·40	2¾
14/9	10/3	8½ b	4½ a	George Cohen 5/–	11/3	11/3*	5·78	1¾
177/6	129/6	10 a	17½ b	Davy-Ashmore £1	138/9	140/–	3·93	2¼
108/7½	78/6	5 a	11 b	Guest Keen.....£1	90/–	89/3	3·59	3½
31/–	22/–	4 a	12 b	Head Wrightson.....5/–	23/9	23/9	3·37	2½
100/3	68/3	5 a	7 b	Metal Box.....£1	83/–	82/9	2·90	2¼
22/6	14/–	4 a	10 b	Ransome & Marles...5/–	15/6	16/3*	4·31	3
50/6	34/6	3 a	7 b	Renold Chains £1	44/3	44/6	4·49	2
44/11½	29/7½	10 a	17½ b	Simon Engineering ..5/–	37/–	37/4½	3·68	2
85/6	61/7½	14 c	7 a	Tube Investments.....£1	62/11½	63/4½	4·42	2¾
38/4½	28/–	2½ b	7½ b	Vickers £1	33/–	32/9	6·11	1¾
84/6	64/6	11½ b	3¾ a	Ward (Thos. W.).....£1	72/6	73/–	4·11	3
30/–	20/–	5 a	22½ b	Woodall-Duckham...5/–	20/3	21/–	5·00**	2¾
				CHEMICAL				
43/–	17/6	10 c	10 c	Allied Suppliers....10/–	17/7½	17/7½	5·67	2¼
10 a	10 a	12½ b	11/9	Assoc. British Foods. .1/–	12/–	11/9	1·91	2
4 a	8 b	6/–	6/–	Bovril.....£1	60/–	60/–	4·00	2½
†47½b	†21½a	Brooke Bond 'B' 5/–	12/11½	13/6	4·02	3¾
21½a	10 b	International Tea.....5/–	13/11½	14/–	4·46	11½
5 a	10⅝ b	J. Lyons 'A'.....£1	69/–	68/–	4·66	1¼
9 b	5 a	Ranks.....10/–	27/6	28/–	5·00	2
21½a	7½ b	Spillers.....5/–	11/–	11/6	4·35	2
9 b	3 a	Tate & Lyle.....£1	44/10½	46/11½	5·20	2
5 a	4 a	Unigate.....5/–	16/–	16/11½	4·34	2
†11½a	Brit. Amer. Tobac. .10/–	64/9*	66/–	5·36	2¾
5 a	15 b	Gallaher.....10/–	40/9	41/4½	4·83	2
14 b	8½ a	Imperial Tobacco.....£1	69/6	70/–	6·43	1¾
		INSURANCE				
†55 b	†50 a	Britannic.....5/–	13*	13	3·30	...
25 b	25 b	Commercial Union .5/–	67/3	67/3	3·35	...
†41·17c	†41·17c	Equity & Law Life ...8/6	27⅝	28⅛	1·02	...
40 b	40 b	General Accident....5/–	147/9	150/–	2·00	...
40 b	40 b	Guardian.....5/–	53/6	54/9	2·43**	...
110 b	110 b	Legal & General.....5/–	31	32⅛	1·48	...
11½ b	11½ b	Northern & Empl.....£1	131/–	132/–	3·03	...
†20 a	†20 a	Pearl 5/–	216/3	223/9*	3·28	...
†208l3 c	†208l3 c	Prudential 'A'.....4/–	23	23¾	2·86	...
50 b	50 b	Royal 5/–	160/–	158/–	3·16	...
71a	111¼b	Royal Exchange £1	109/–	109/6	3·42	...
		MOTORS & AIRCRAFT				
12½ b	7½ a	British Motor 5/–	13/9	13/6¾	7·37	2½
20 c	20 c	Jaguar Cars 'A'.....5/–	77/6	80/4½	1·24	7¾
21/2 a	8½ b	Rolls-Royce.....£1	45/3	46/6	4·73	2¼
12 c	12 c	Rootes Motors 'A'.....4/–	7/–	6/9	7·11	5¼
8 a	7½ c	A.C.V.....£1	75/7½	75/3	4·25**	2½
15 c	20 c	Leyland Motors £1	91/6	89/3	4·48	...
3½ a	9 b	Bristol Aeroplane ...10/–	16/2¼	16/11½	7·75	2¼
10 a	5 b	Hawker Siddeley.....£1	30/11½	30/7½	6·92**	1¼
†4 a	†5½ b	Dowty Group.....10/–	32/7½*	33/7½	4·61	2¼
3½ a	12½ b	Dunlop Rubber 10/–	25/9	26/6	5·97	2
11½ b	21½ a	Joseph Lucas.....£1	52/11½	53/–	5·19	3
9 a	21 b	Pressed Steel.....5/–	20/2¼	21/–	7·14	1¼
12½ c	12½ c	Triplex Holdings ...10/–	30/6*	31/–	4·03	2
		MINES				
10/–	40 a	50 b	Anglo-American....10/–	127/6	128/11½	7·02	1½
189½ b	61¼ a	Consolid. Gold Fields .£1	50/6	50/9	9·85	2
15 a	20 b	General Mining £1	81/3	82/6	8·48	2
40 a	120 b	Union Corporation .2/6	48/6	49/–	8·16	3
40 a	40 b	Daggafontein 5/–	18/3	17/9	22·54	1½
100 b	70 a	Free State Geduld ...5/–	80/7½	80/–	10·63	2
25 a	25 b	Hartebeestfontein ..10/–	41/3	41/3	12·12	1½
60 b	50 a	President Brand 5/–	53/11½	53/11½	10·35	2
110 b	90 a	Western Holdings ...5/–	117/6	116/10½	8·56	1¼
	8½ a	Winkelhaak.....10/–	20/–	19/6	...	2
13½a	36½ b	Chartered.....15/–	59/–	59/6	12·61	2
51/3	60 b	20 a	Rhod. Anglo-Amer..10/–	54/6	55/3	14·48h	2
12½ b	41½a	Rhod. Selection Tst. .5/–	8/10½	9/–	9·55h	2¼
41½a	41⅛ b	Roan Antelope.....5/–	5/3	5/3	14·38h	1¾
22½ b	15 a	Tanganyika Cons....10/–	20/6	20/–	18·75	1½
13⅜ b	6¼ a	Consolidated Zinc....£1	68/–	68/6	5·84	1¾
100 a	50 b	De Beers Defd. Reg. .5/–	132/6	135/–	9·26	1¾
$1·50c	$1·50c	Internat. Nickel ....n.p.v.	$148½	$149	1·79	...
10·23a	13·64b	Royal Dutch.....20 fl.	£111¹¹/₁₆	£113⅜	4·14	2¾
†8½ a	†12½ b	Shell Transport £1	119/–	116/3	5·85	3
...	...	Ultramar.....10/–	25/9	25/9*	... d	...
		PAPER & NEWSPAPERS				
8 b	5 a	Daily Mirror.....5/–	12/–	12/4½	6·06**	1¼
4 a	8 b	W. H. Smith & Son 'A' .£1	61/–	61/–	3·93	2
8¾ b	5 a	Bowater Paper.....£1	54/9	50/6	5·45	1½
9 a	7 b	Albert E. Reed.....£1	49/–	48/–	6·67	1½
4 a	8½ b	Spicers.....£1	44/3	42/9	5·85	1¾
...	...	Thomson Org'n. 5/–	18/–	18/3	6·58**	2
10 b	4 a	Wiggins Teape £1	55/3	54/9	5·11	2
		MISCELLANEOUS				
62/–	43/–	20 a	60 b	Assoc. British Picture.5/–	49/6	49/3	6·09	2¾
24/6	20 a	40 b	Assoc. Television 'A' .5/–	31/11½	30/10½*	9·72	13¾
51/9	41/4½	16 a	8 b	Beecham Group.....5/–	49/8¼	49/–	3·06	1¾
54/3	36/3	31½ a	6½ b	British Match £1	38/–	36/6	5·48	2
28/4½	17/6	6½ b	4 a	British Oxygen.....5/–	18/3	18/9	2·84	2½
13/–	8/7½	3 a	7 b	British Ropes 2/6	8/9	8/10½	5·63	2¼
70/–	51/–	7½ a	15 b	De La Rue.....10/–	51/3	53/–	4·25	2
50/–	31/9	6 a	14 b	Gestetner 'A' 5/–	35/–	37/–	2·70	3¼
73/9	53/6	14·4c	6 a	Glaxo.....10/–	58/6	59/6	2·52**	3¾
57/6	47/6	12 b	3 a	Harrisons & Cr. Defd..£1	48/9	48/9	6·15	2¾
55/6	35/6	40 b	5 a	Hoover 'A' 5/–	39/–	41/3	5·45	2¼
12½ b	5 a	Ilford 5/–	21/–	21/3	4·12	2
107/3	56/3	7½ b	4 a	I.C.T.....£1	93/3	92/–	2·44	2¾
78/9	50/–	12½ c	12½ c	National Canning £1	56/3	50/–	5·00	2¼
37/3	29/6	6 a	10 b	Powell Duffryn.....10/–	35/9*	35/6	4·51	2¼
30/3	24/7½	15 b	5 a	Radio Rentals 5/–	25/7½	26/1½	3·83	3
37/6	18/9	7½ a	15 b	Rank Organisation...5/–	25/–	25/–*	4·50	2½
16½ b	7½ a	10 c	10 c	Cable & Wireless....5/–	16/9*	16/10½	2·96	1¾
65/9	47/–	20 c	23½ a	City Centre Props. ..5/–	50/6	53/6	2·37**	3¾
39/6	27/6	20 c	25 c	City Lond. Real Prop..£1	71/3	72/3	3·04	1
81a	111½b	Hudson's Bay £1	88/9‖	90/–‖	3·57	1¾
36/–	22/3	2 a	4 b	Land Securities.....10/–	27/6	29/6	2·03	1
39/6	26/9	10⅝ c	12½c	Lond. Cnty. Freehld. 10/–	28/–	28/6	4·25	1
				TEA & RUBBER				
46/6	40/6	†21 a	†25 b	Cons. Tea & Lands £1	45/9	46/–	19·52	1
33/6	28/9	†9 b	†3 a	Jokai (Assam) £1	31/6	31/6	12·44	2
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Prices and Wages

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

BRITISH

Prices and Wages.....	This week	External Trade	Sept. 2nd
Manpower and Output....	Aug. 19th	Industrial Profits.....	July 15th

OVERSEAS

Western Europe.....	Aug. 12th	United States.....	Aug. 26th

	Unit	1958	1959	1960	1960			1961				
		mid-June			Aug. 23	Aug. 30	Sept. 6	Aug. 8	Aug. 15	Aug. 22	Aug. 29	Sept. 5
WORLD PRICES												
Commodity Price Indicator(6):												
All items	1958=100	99·7	96·8	98·3	95·9	95·8	96·0	93·4	93·5	93·6	93·7	93·3
Food	,,	100·0	95·8	93·0	95·0	95·0	95·2	89·8	90·1	90·0	90·1	89·4
Fibres	,,	104·2	95·3	98·7	93·8	94·0	93·8	103·7	103·5	102·8	103·3	102·9
Metals	,,	101·2	113·0	122·4	118·6	116·9	116·0	114·2	114·3	114·9	115·9	116·3
		Monthly averages			1960			1961				
BRITISH WHOLESALE PRICES		1958	1959	1960	May	June	July	Mar.	April	May	June	July
Materials used in:												
All manufacturing industries	1954=100	100·8	101·7	101·8	102·5	102·3	101·6	100·9	101·5	101·5	100·8	100·6
Mechanical engineering	,,	123·5	124·5	126·2	126·7	126·7	126·9	127·7	127·8	128·4	128·3	128·4
Electrical machinery	,,	114·5	115·6	116·9	117·0	117·0	117·4	117·3	117·5	118·5	118·7	118·8
Building and civil engineering	,,	114·2	113·4	115·1	114·7	115·0	115·2	117·3	117·4	117·8	118·0	118·3
House building	,,	111·9	111·0	114·0	113·3	113·9	114·2	117·2	117·3	117·6	117·8	118·0
Products of:												
All manufacturing industries	,,	111·1	111·5	113·0	113·0	113·2	113·4	115·1	115·2	115·5	115·7	115·9
Chemicals and allied trades	,,	105·6	106·6	106·0	106·5	106·2	106·0	105·4	105·4	105·5	105·2	105·2
Iron and steel	,,	129·9	129·0	128·5	128·3	128·3	128·7	128·9	128·9	129·0	129·4	130·0
Textile industry	,,	97·9	96·0	100·8	100·7	100·8	100·7	104·4	104·3	104·6	104·2	104·2
Food manufacturing	,,	104·9	106·9	106·9	106·4	106·6	107·2	106·4	107·1	107·6	107·4	107·2
Commodities:												
Cotton, raw (7)	,,	76·8	68·6	75·0	75·3	76·1	75·3	75·9	75·5	75·0	74·9	74·3
Wool, raw	,,	72·4	76·6	76·3	79·3	78·9	76·0	74·4	78·3	80·5	79·4	76·6
Rubber, No. 1 RSS, one month future	,,	118·2	148·1	158·0	182·1	180·4	161·1	125·1	128·4	131·1	124·2	123·4
Softwood, imported	,,	102·1	95·4	104·9	103·7	106·6	106·9	107·5	107·3	107·3	107·6	107·6
Copper, ex-warehouse	,,	79·4	95·6	99·0	99·9	100·9	102·4	90·6	92·2	97·5	95·1	92·4
UK RETAIL PRICES	Jan. 17,											
All items (1)	1956=100	109·0	109·6	110·7	110·3	110·9	111·1	112·7	113·3	113·6	114·6	114·6
Food	,,	107·1	108·2	107·4	107·3	108·9	108·8	107·4	108·0	109·5	111·4	110·7
All items	1938=100[2]	271	273	276	275	276	277	281	282	283	285	285
Food	,,	282	285	282	282	286	286	282	284	288	293	291
Housing	,,	172	180	186	186	186	186	190	193	194	194	195
Clothing	,,	269	268	271	271	271	271	275	275	275	275	276
Fuel and light	,,	281	284	291	279	279	279	313	313	300	302	302
Household durable goods	,,	307	300	300	298	298	301	303	304	304	305	305
Drink	,,	276	261	256	256	256	256	257	257	257	258	265
Tobacco	,,	428	428	444	449	449	449	449	449	449	454	455
Purchasing power of £ (based on all consumer spending)	1938=100	35·9	35·7	35·4	35·6	35·4	35·4	34·8	34·6	34·5	34·2	34·2
UK TERMS OF TRADE												
Import prices:												
All items	1954=100	99	98	99	99	98	98	97	98	99	98	97
Food, drink and tobacco	,,	97	98	97	95	95	95	95	96	96	95	92
Basic materials	,,	96	93	96	98	98	97	94	95	97	96	97
Fuels	,,	112	104	98	100	97	97	96	97	96	95	96
Manufactured goods	,,	101	104	107	108	106	108	107	108	109	108	107
Export prices:												
All items	,,	110	109	111	111	111	111	112	112	112	112	112
All manufactures	,,	111	111	114	113	113	114	115	115	115	115	115
Metals	,,	118	115	118	119	118	120	118	118	117	116	118
Engineering products	,,	115	117	120	120	121	119	121	121	120	121	121
Textiles (excluding clothing)	,,	101	98	102	102	101	103	106	107	107	108	105
Terms of trade:												
Ratio of import to export prices	,,	90	90	89	89	88	88	87	88	88	88	86
SHIPPING FREIGHTS(8)												
Tramp shipping freights	1960=100	90·4	96·9	100·0	102·8	95·6	91·3	103·2	106·9	111·3	108·7	105·8
UK WAGES												
Weekly wage rates:	Jan. 31,											
All workers (3)	1956=100	114·0	117·0	120·0	119·9	119·9	120·1	123·9	124·2	124·5	125·0	125·1
Men	,,	113·8	116·8	119·7	119·6	119·6	119·7	123·6	123·9	124·2	124·5	124·6
Women	,,	114·0	117·0	120·8	120·7	120·7	121·0	124·0	124·2	124·8	125·6	125·8
Juveniles (4)	,,	115·8	119·0	123·2	122·0	122·0	124·3	129·0	129·2	129·8	130·6	130·7
All workers	Sept., 1939=100	296	304	317	311	311	312	322	323	324	325	325
Weekly earnings (5):												
Men	s. d.	256 8	271 1	290 8	282 1[9]	...	...	...	301 4	...	...	...
Women (full time)	,,	134 1	140 11	148 4	145 0[9]	...	...	...	152 7	...	...	...
Youths (4)	,,	112 0	117 6	130 0	123 1[9]	...	...	...	135 9	...	...	...
Girls (4)	,,	86 9	90 10	96 10	93 1[9]	...	...	...	99 11	...	...	...
Men	Oct., 1938=100	372	393	421	409[9]	...	...	...	437	...	...	...
Women (full time)	,,	412	432	456	446[9]	...	...	...	470	...	...	...

(1) For a rough conversion to basis of June, 1947, multiply throughout by 1·534. (2) The interim index of retail prices has been linked back to 1938 with the aid of calculations made by Professor R. G. D. Allen for the London and Cambridge Economic Service. (3) For a rough conversion to basis of June, 1947, multiply throughout by 1·561. (4) In general males under 21 and females under 18 years of age. (5) Surveys made twice a year; annual figures relate to October survey. (6) Index revised and rebased on 1958=100 (see *The Economist*, January 7, 1961, page 59). (7) Revised series. (8) The series has been revised by the Chamber of Shipping to reflect a more up-to-date pattern of tramp shipping movements and uses the average freights in 1960 as the basis of comparison; 1958 and 1959 figures on the old basis of 1952=100 have been linked to 1960=100 by multiplying by 1·348, freights in 1960 being considerably lower than they were in 1952. (9) April, 1960.

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Please write, giving brief details, to: J. S. McGavin, Group Personnel Officer, REED PAPER GROUP, Larkfield, nr. Maidstone, Kent, quoting reference GM/54.

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Candidates should possess a good honours degree. The post affords opportunities for training in all aspects of University administration. A statement giving full particulars is available on request. Applications (three copies), with the names of two referees, should reach the undersigned not later than September 11, 1961.
CHARLES H. STEWART, Secretary to the University.

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Applicants are invited for two appointments in the Operational Research Department, North Eastern Region of the Central Electricity Generating Board at Leeds.

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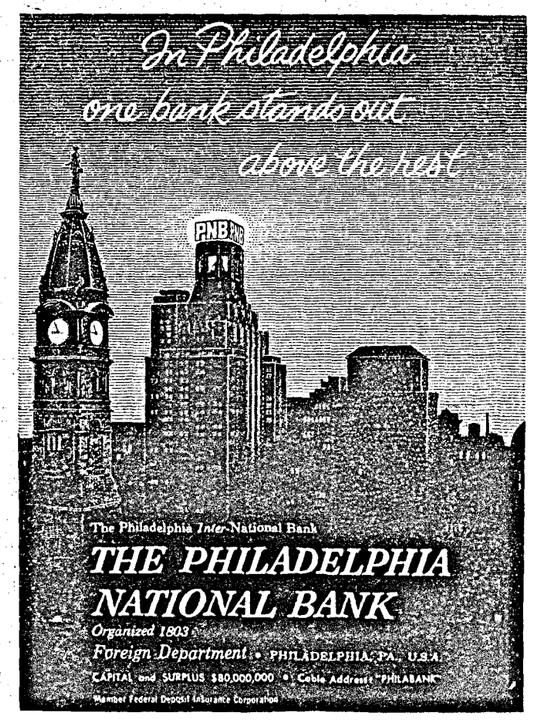
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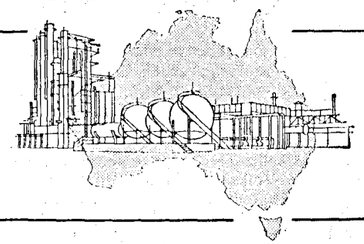
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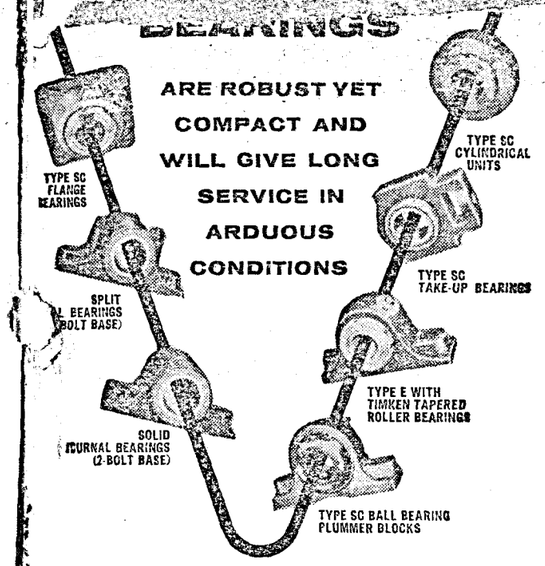
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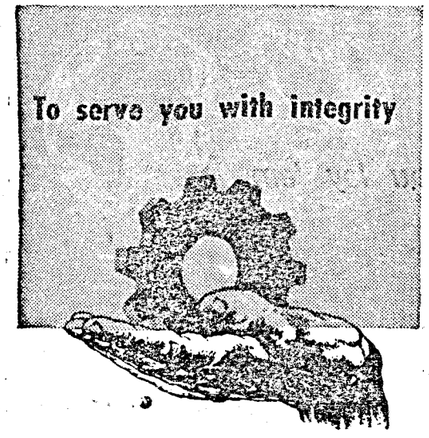
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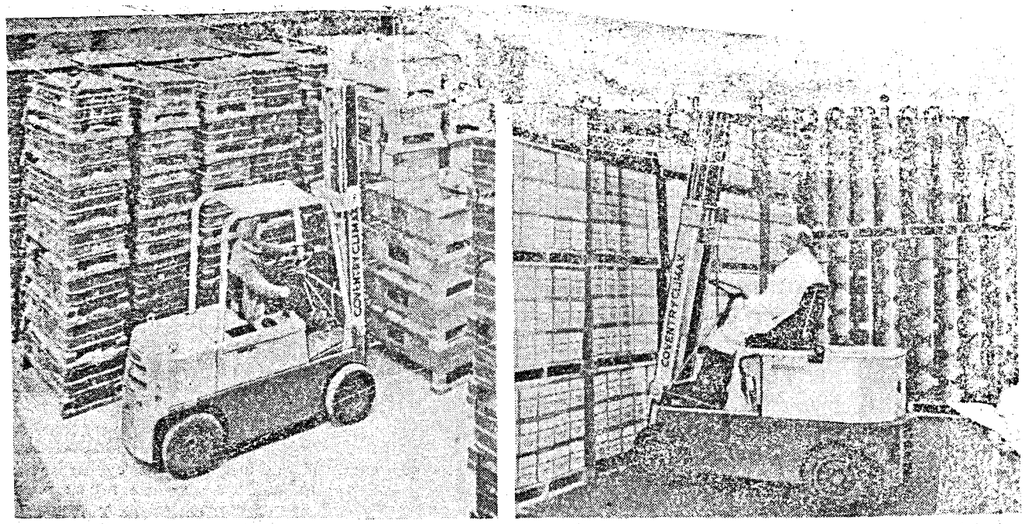


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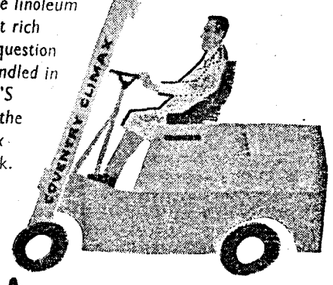


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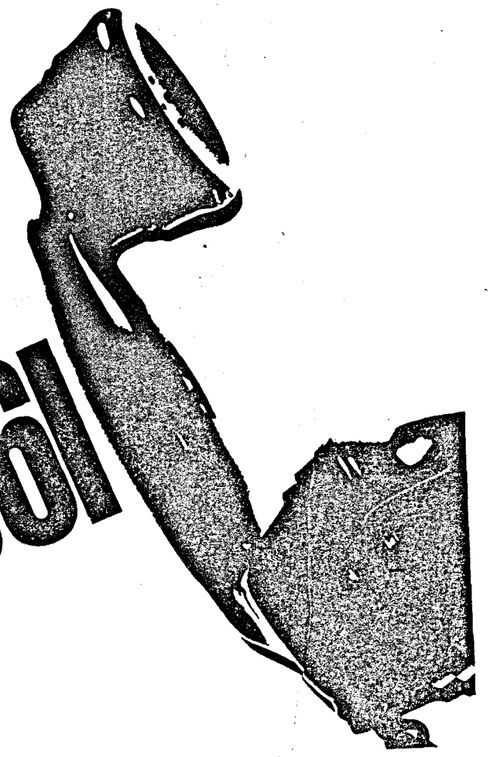
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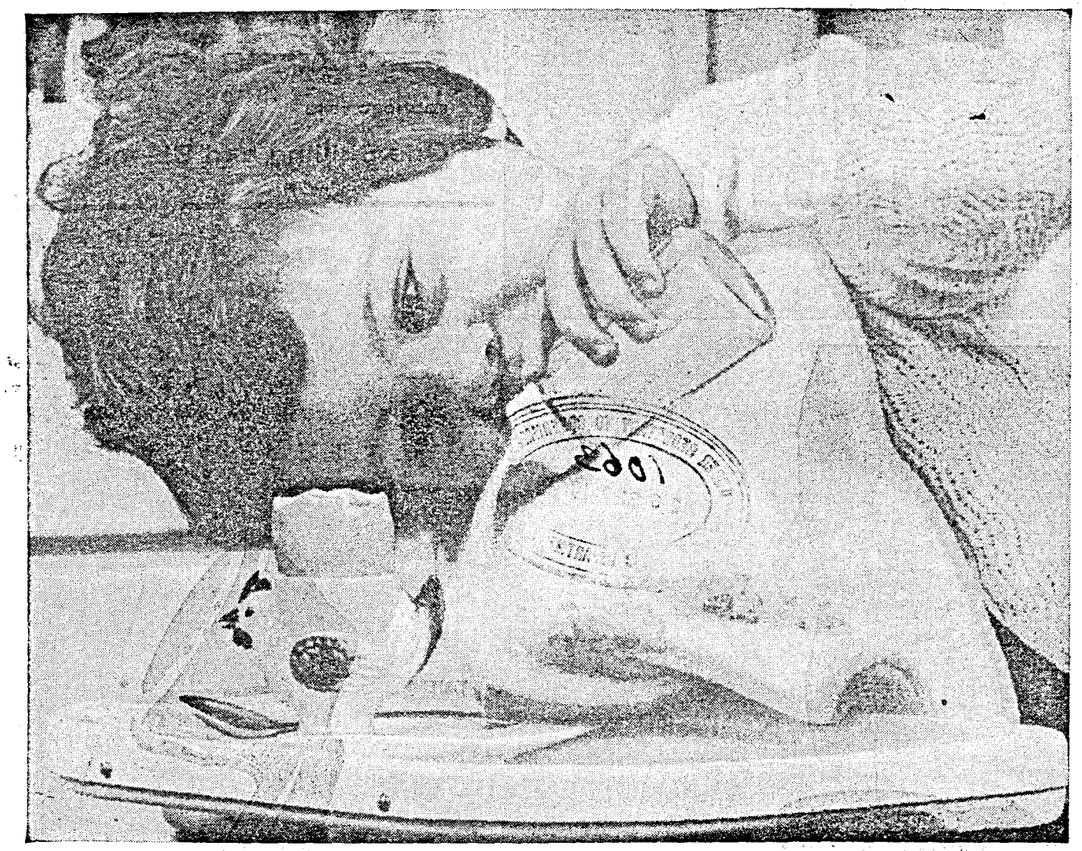
Mr Dillon's Brief for Vienna

Britain's Economic Problem

The first of two articles by Sir Robert Hall, who was Chief Economic Adviser to the Government until his retirement this year

GUIDE TO CONTENTS | SEE OVER

The Economist . 22 Ryder Street . St. James's . London . SW1



Coal is well worth its salt -to Cerebos

"Common" is an unkind word when applied to salt. This amazing mineral, essential to life itself, deserves an adjective as noble as its many virtues. It serves many vital purposes in industry, but its major duty lies in the home. Here Cerebos Table Salt, refined to a dazzling white purity, conjures from even the most insipid dish a mouth-watering flavour, adds a sharper delight to even the spiciest food. A meal without Cerebos salt might nourish the body, but it would certainly never delight the palate.

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Published weekly every Saturday, fifty-two times a year in London, England.

In The Economist this Week — September 16, 1961

INTERNATIONAL

The Line to Moscow

One side of an imaginary telephone conversation on a private line between the White House and the Kremlin. Mr Kennedy's task should be to make clear to Mr Khrushchev which are the vital interests in Berlin that the West cannot give up, at any price, and which are the marginal ones that it might, for a consideration (p. 1039).

In eastern Europe, particularly in **Poland,** there are fears of war (p. 1048), as there are in the West. But the anxiety for negotiations in both East and West has still to overcome the desire of each side not to make the first move—and the reluctance of **President de Gaulle** (p. 1047). This is related to his internal struggle to control the French armed forces (p. 1066).

The **west German** election campaign has come to life since August 13th. A theme to be detected in all parties is that Dr Adenauer may not remain chancellor for long after the elections (p. 1065).

Two Kinds of Neutral

The **Belgrade neutrals** have a chance to turn their wish for peace to practical account when the United Nations Assembly meets next week. The West should align itself with their desire for a strong and unaligned UN (p. 1043).

By conceding the French contention that Bizerta cannot be handed over while the Berlin crisis lasts, **M. Bourguiba** has resurrected his own unique brand of pro-western neutralism (p. 1049).

Two Kinds of Peacemaker

Time will show whether the UN's coup in the **Katanga** contributes to the stability of the Congo, or the reverse; the means employed by the peacemakers have been a shock (p. 1047).

The formation of an Arab force to take over from the British in **Kuwait** is a triumph for the Arab League, but it is too early to regard the future of the Sheikdom as settled (p. 1068).

Africa: Pride and Prejudice

Ghana's constant assertions of the black man's dignity show an unnecessary lack of self-confidence (p. 1050).

The success of the **Uganda** constitutional conference will depend on a deal with the proud Baganda (p. 1068).

The British Government has agreed to talk once more on **Northern Rhodesia's** constitution, to Sir Roy Welensky's fury. It would be a pity if Africans attributed this success to violence instead of to Mr Kaunda's patient leadership (p. 1049).

America: Arms and Argument

What sort of war is the present military build-up of the United States preparing for (p. 1073).

The victory of Mayor Wagner in New York is also a victory for President Kennedy (p. 1074).

Local issues in the automobile industry are delaying final signature of a wage settlement, which is nevertheless a triumph for Mr Reuther (p. 1074).

While bank mergers are in a muddle (p. 1081), book mergers have put the publishing industry on a sounder basis (p. 1082).

The Treasury's latest refunding has several unusual features (p. 1077).

HOME

ILLS

Wasting Sickness

In the first of two articles Sir Robert Hall (lately Economic Adviser to the British Government) analyses Britain's recurring economic predicaments (p. 1041).

The chronic economic problems of the Isle of Man practically defy constructive analysis (p. 1045).

Growing Pains

America is prepared to bargain hard in Vienna for moderate improvements to the International Monetary Fund (p. 1085).

Investment trusts are tackling difficulties in their attempts to extend their appeal to smaller savers (p. 1086).

Headaches

Some of Mr Cousins's men drive fuel tankers: their striking could cause much national pain (p. 1047).

Teachers' unprofessional—indeed frankly amateur—plans for "industrial" action may hurt them more than the Government (p. 1050).

Supersonic aircraft could cause more discomfort than is realised (p. 1098).

CURES

Placebos

Mr Hare's specific for the ailments of trade unions seem to depend on Mr Woodcock's writing a prescription (p. 1048).

The snap election in Ireland seems to be about nothing in particular (p. 1062).

Pills

The hasty incarceration of Lord Russell and his co-sedentarians may do the cause of law and order more harm than good (p. 1048).

Under some more palatable sugar, another Labour idea about town and country planning contains the same old core of freehold nationalisation (p. 1053).

Physicks

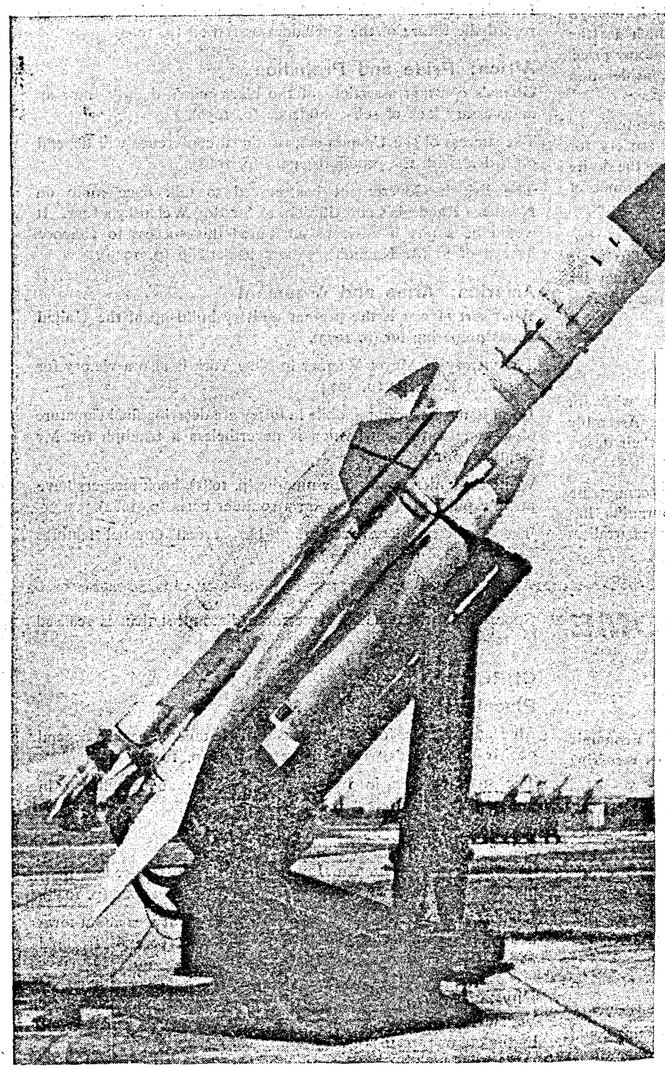
Vauxhall's new Victor should recapture some of the ground lost by the old one (p. 1094).

Does more mechanisation in the mines mean a smaller chance of an increase in coal prices? (p. 1089).

Detailed contents on page 1039

BRISTOL/FERRANTI **BLOODHOUND** MARK 2

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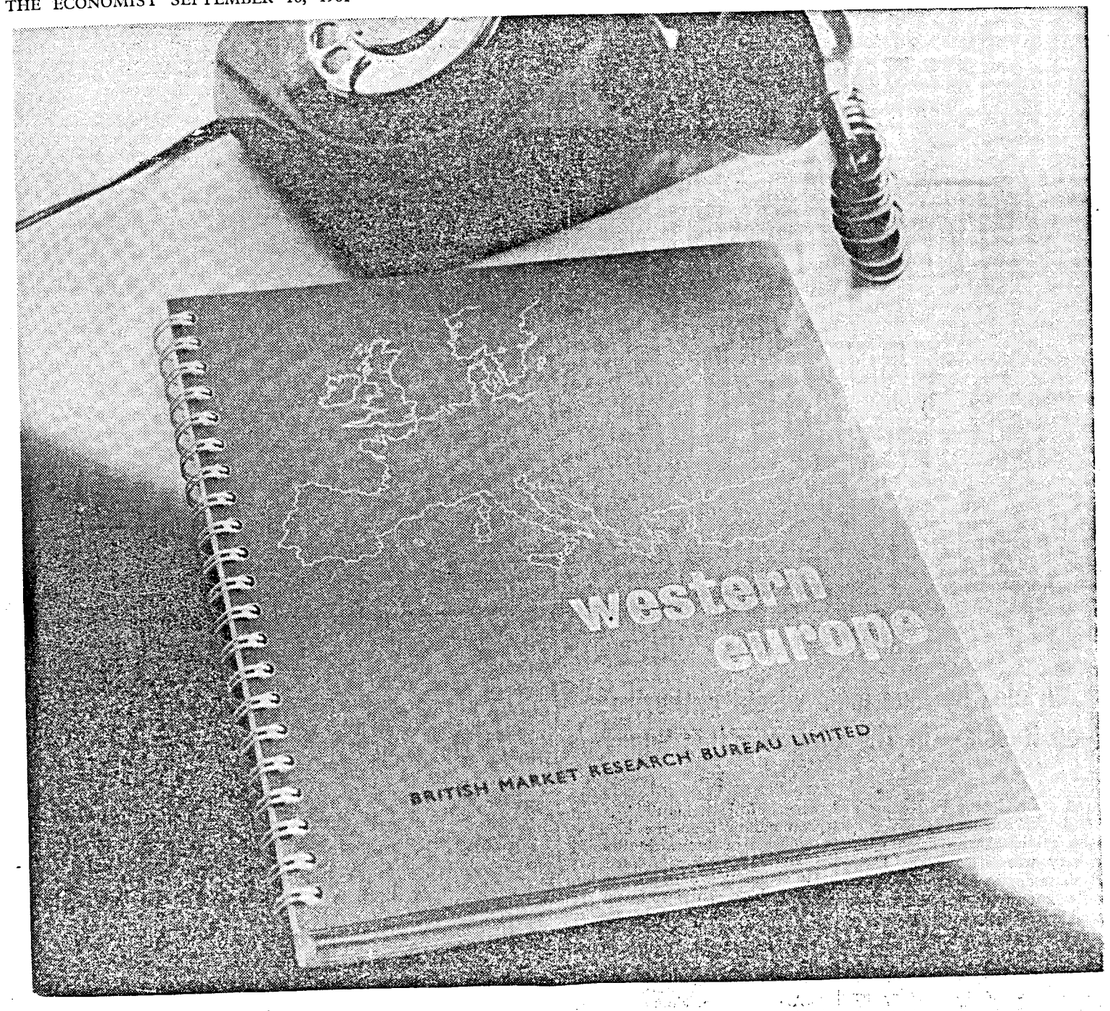
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Western Europe includes all European countries outside the Iron Curtain • It emphasizes population and production statistics, consumption and standard of living indicators, and international trade statistics • It gives corresponding figures for the United States, wherever possible • It is spirally bound, 215 pp, 11 x 9½ ins.

For copies of *Western Europe* (price 30/- post free), or for any further details, please write to The Librarian, British Market Research Bureau Ltd., 47 Upper Grosvenor Street, London, W.1. Tel: Hyde Park 8121.

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How to keep a World intact

A plea by America's wisest authority on Russia—in The Observer this Sunday

TO READ George F. Kennan's book, "Russia and the West", is to feel that you are listening to a very wise man. Once U.S. Ambassador in Moscow, he not only knows Russia extremely well, but—what is quite as rare—can see his own country clearly. His last chapter was described by Sir William Hayter (himself an ex-Ambassador to Russia) as "the most sensible stuff on foreign policy that I have read for many years". And a Yugoslav Minister is reported as saying that it should have been read by everyone at the Belgrade Neutrals' Conference.

It is this last chapter, "Keeping a World Intact", that The Observer is printing this Sunday.

Mr. Kennan's basic theme is "the absurdity of the idea that outright war would be a suitable means of protecting the Western Community from the kind of challenge with which Russian Communism has confronted it". He claims that outright war has never been an instrument of Soviet policy; warns us against hoping for 'absolute' harmony or 'absolute' anything; pleads that we leave a few problems for our children to solve.

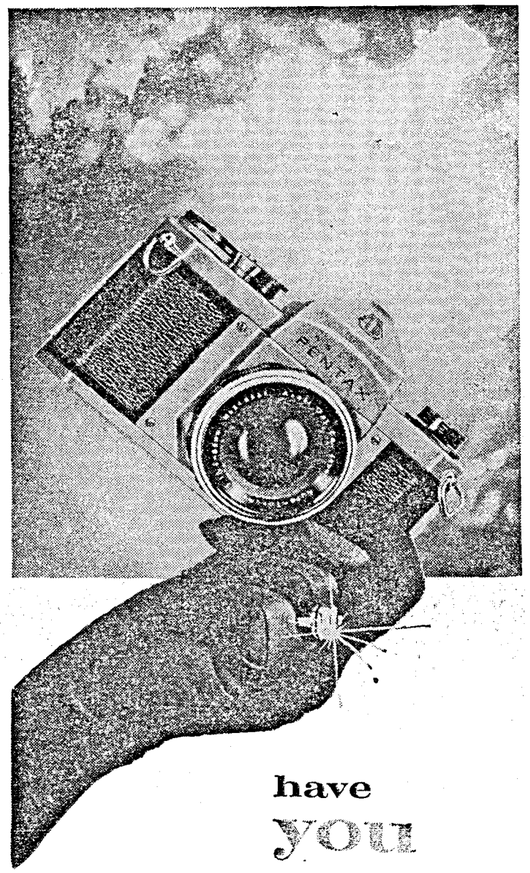
A sane, calm, eloquent voice, and a new one. You can listen to it in The Observer, this very Sunday.

WHICH WAY FOR THE UNIONS?

The second instalment of Kenneth Harris's long and frank conversation with Lord Citrine also appears in The Observer this Sunday.

This Sunday make it

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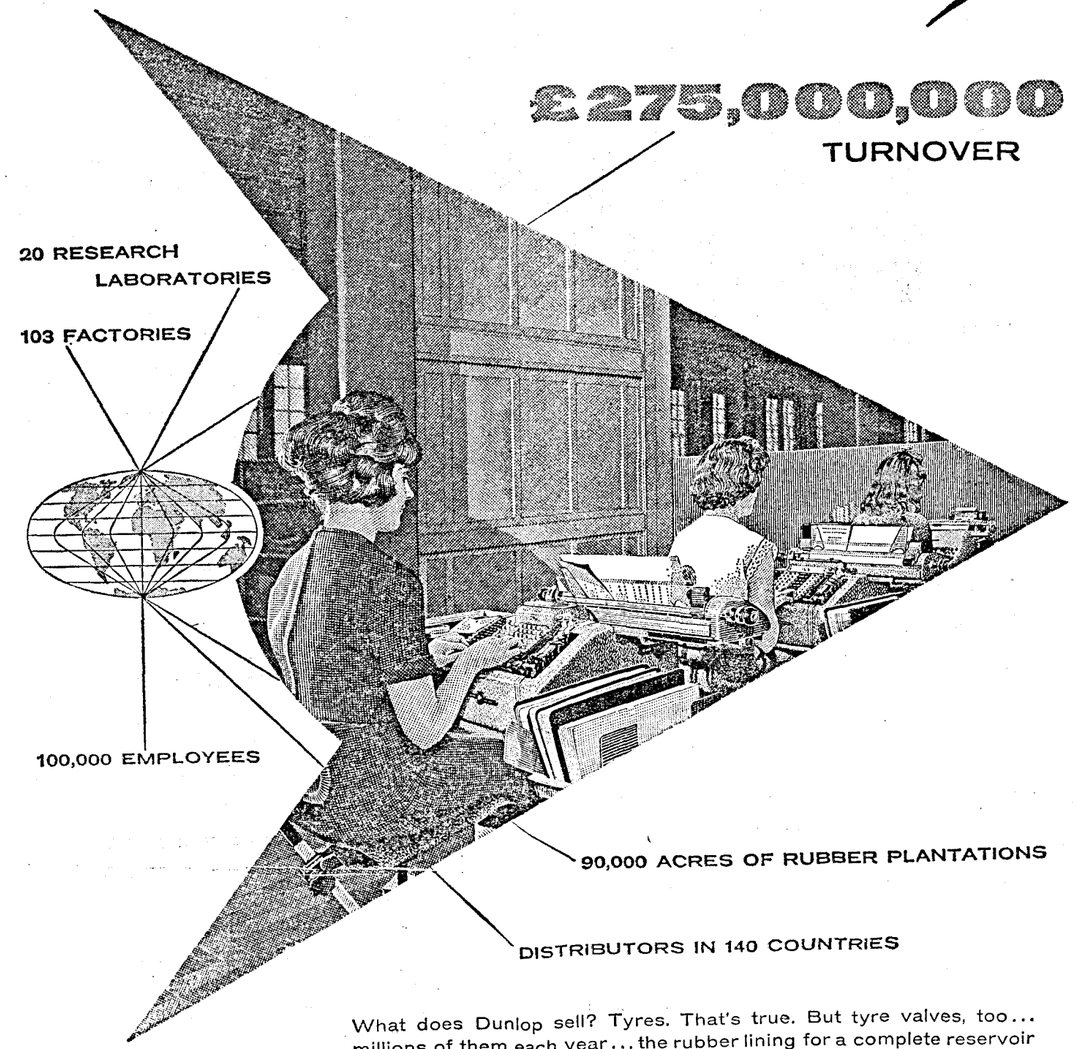
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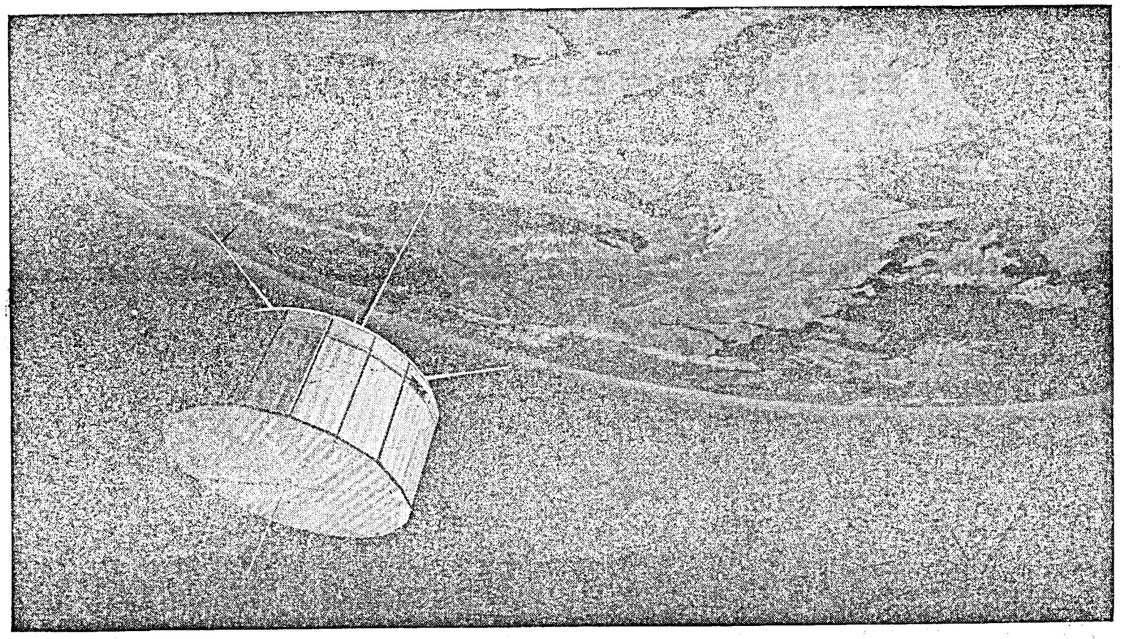
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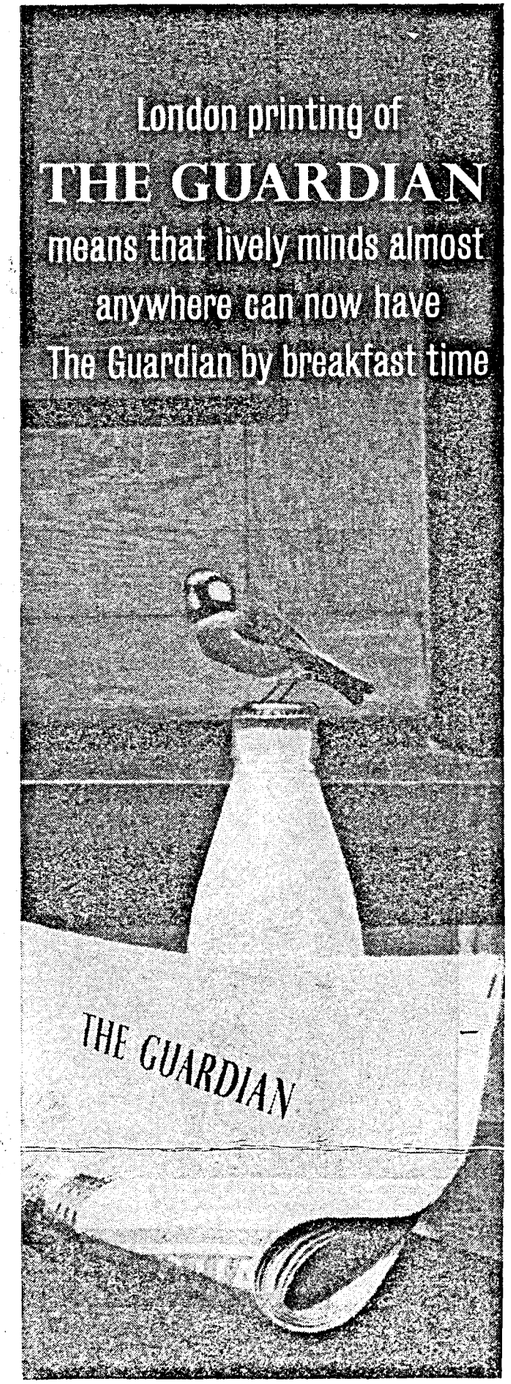
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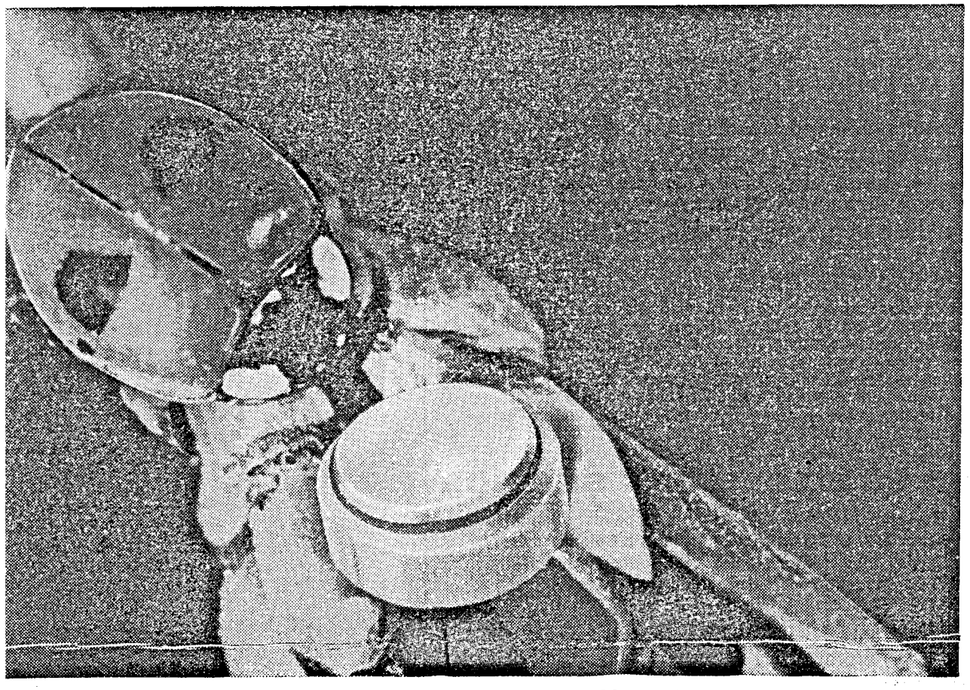
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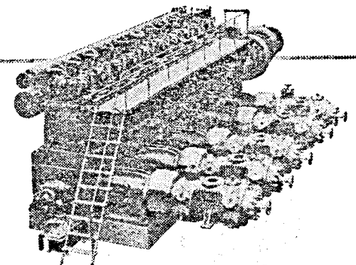
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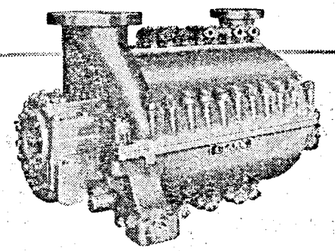
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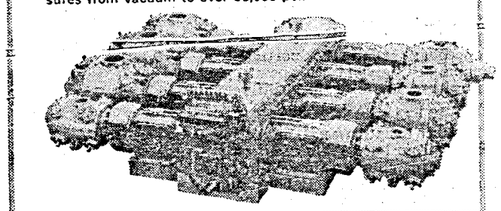
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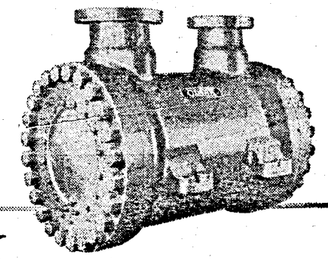
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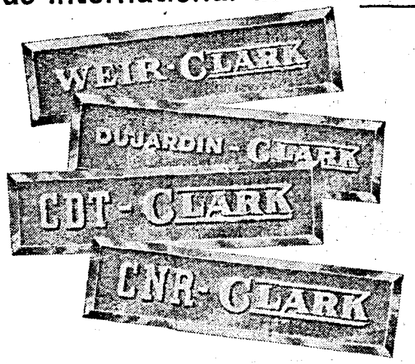


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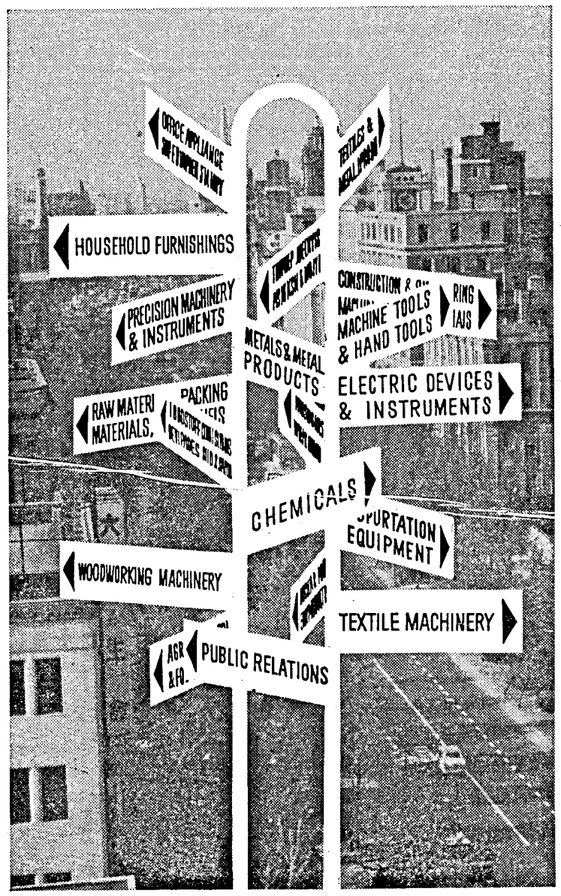
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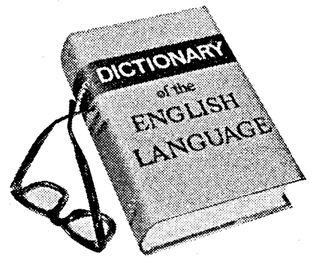
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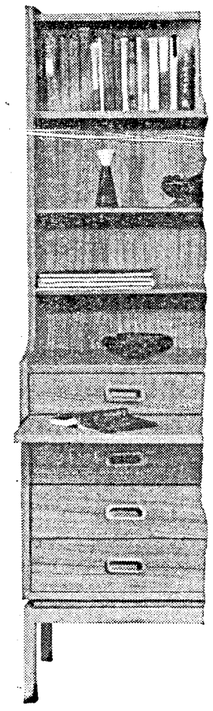
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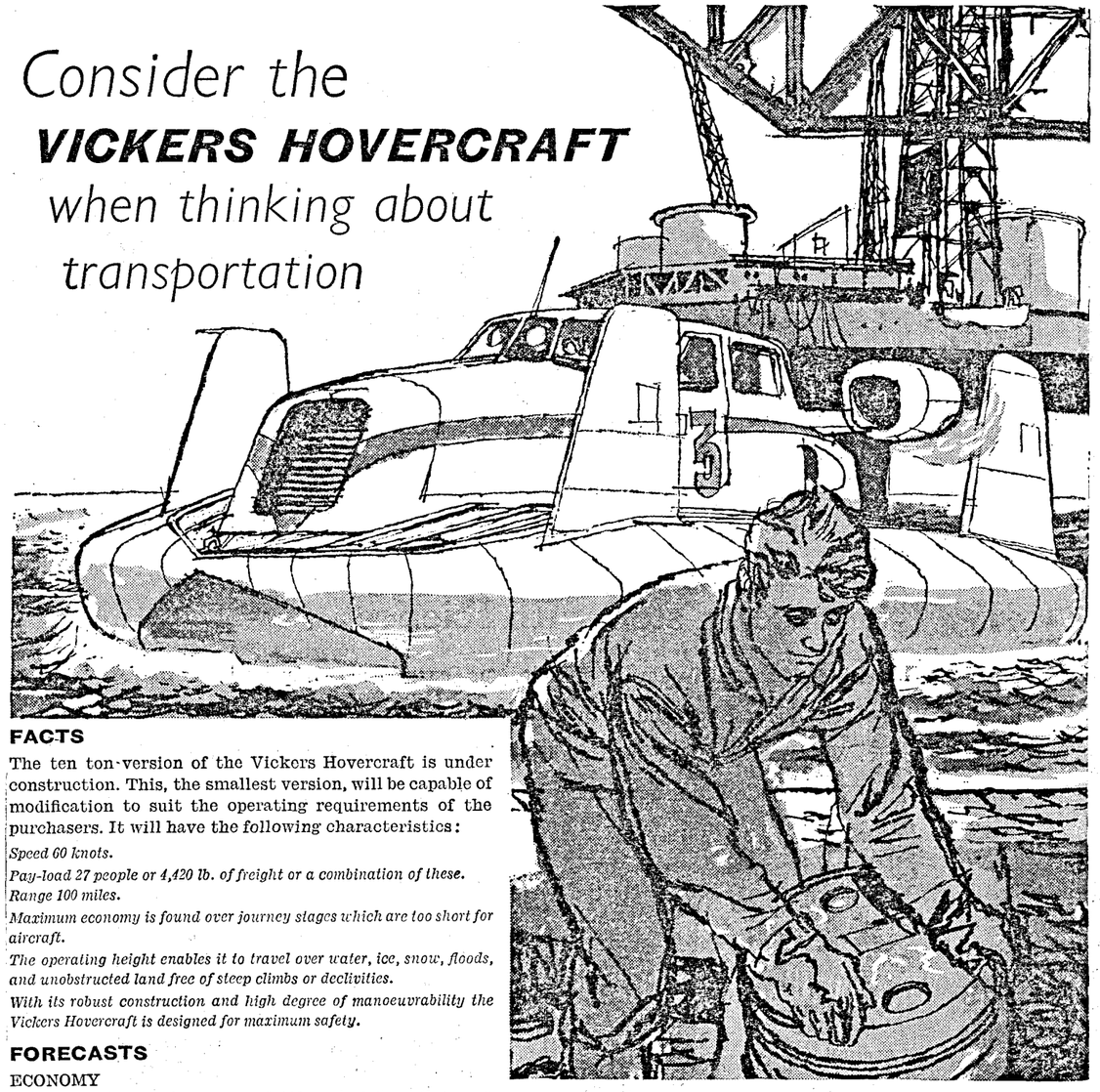
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The Economist

SEPTEMBER 16, 1961

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Calling KREmlin 1961

Our clairvoyant wire-tapper, plugged in to the (regrettably) still non-existent private line between the White House and the Kremlin, records Mr Kennedy's possible first call:

GOOD MORNING, Mr Khrushchev; or rather, good afternoon. The sun that I see rising over the Capitol has already passed its peak in Red Square. In America we have a saying, "The same sun shines on us all." It is this awareness of our common interests that makes me want to talk to you about Berlin. Your Mr Gromyko and my Mr Rusk are first-class negotiators, no doubt, but before we can tell them to go and negotiate, which is a complicated business like building a house, you and I ought to do a little digging on the site, as it were. Things can be said in a private conversation—certain assurances offered, intentions explained, hints dropped—that would be out of place, not to say downright embarrassing, at a formal conference. You remember that in the last war, when we fought on the same side, Mr Churchill and Mr Roosevelt used to write to each other privately for just the same reason. After all, I am a Former Naval Person, too.... Did your simultaneous translator get the joke?

When you spoke to the people of Stalingrad on September 10th, you said you appreciated that they were "anxious about the international situation." So are the Americans. Even my nuclear physicists, I see from reports of the recent international science meeting in Vermont, are beginning to wonder whether they ought to build shelters for their families against the kind of bombs they themselves have been busily producing for years. What worries people everywhere is not the possibility that either you or I have actually decided that another world war would be tolerable. They credit us with more common sense. The real danger is that, in our argument over Berlin, each of us will keep on taking one more step towards what my advisers insist on calling the "crunch" (not a lovely word, you will agree) in the belief that he will thereby deter the other fellow from taking the next step.

Somewhere along the road a step that was designed to be merely penultimate is liable to turn out to be ultimate. To prevent such a miscalculation, you and I obviously have to come to an agreement that will let each of us hang on to our essential interests in central Europe—even if it means giving up some of the things we would like to achieve were the risk not too great. Can we work out such an agreement?

I think we can. You told Mr Walter Lippmann, when you talked to him in April, that you insisted on signing a peace treaty with east Germany now because you wanted to consolidate Herr Ulbricht's regime (and the east German boundaries) before nuclear rearmament went too far in central Europe. Now, personally, there is nothing I would like better than to un-consolidate Herr Ulbricht—one moment, please. I am simply expressing a point of view—and, what is more to the point, most east Germans seem to feel the same way. But this is something I put in the category of things I would like to achieve if the risk were not too great. The West's essential interest, as I have said several times, is to guarantee the right of west Berlin—which, unlike east Germany, clearly is our responsibility—to live the kind of life it wants.

As I hinted to Mr James Reston of the *New York Times* in the interview I

gave him early this month, I am not particularly bothered what form the guarantee on Berlin takes, so long as it is solid in substance. In other words, I am perfectly willing to negotiate a new agreement defining Berlin's rights, in place of the old occupation arrangements, and if Herr Ulbricht wants to sign his name at the bottom, why not? Perhaps I can go further. To prove that I am serious when I say that the preservation of west Berlin is vital to us, but the undermining of east Germany is not, I am willing to call a halt to all those harassments that have been practised against east Germany from the city in the past. In a private conversation like this I can spell out what I mean: radio propaganda, the passage of undercover agents, and so on. (*Cracklings on the line.*)

What guarantee have you that I will keep my word? A very simple one. The western powers will be perfectly well aware that if they try to use Berlin to stir up trouble for Herr Ulbricht, you can make life there difficult for them again. It is what my diplomatic pundits call a "self-enforcing agreement."

Moreover, it looks as if we can come to an understanding about the way a new agreement on Berlin would be enforced. I think the United Nations might well be invited to take a hand. (This was another hint I gave to Mr Reston; I hope you are a reader of the *New York Times.*) Of course, you will have to accept a certain number of western troops in Berlin as part of, or in addition to, the UN presence; this is the only way we have of making our link with the city manifest. But I can see no reason for not getting as many countries as possible to share the responsibility for Berlin. You have said, at various times, that the west Berliners can have whatever social system they prefer, that all countries can have free access to the city, and that the UN can keep an eye on Berlin's future. The time now seems ripe for spelling this out, clearly and unmistakably, on paper.

DOES all this mean that I am recognising east Germany, you ask? Let us be frank. You must know how difficult it would be for me to recognise Herr Ulbricht's government, in so many words, tomorrow. It is perfectly obvious what effect this would have in the Federal Republic (*an explosion at the other end of the line, rendered by the translator, rather helplessly, as "revanchists . . . provocateurs . . . extremists"*) and the West can no more afford to risk west Germany's defection than you can afford to risk east Germany's; rather less, as a matter of fact, because west Germany is a positive asset to us, whereas to you, east Germany . . . well, let it pass. But bear a couple of points in mind.

One is that it would already be a considerable step towards recognition if Herr Ulbricht signed the proposed agreement on Berlin; other similar steps might be found later. The second is that most people in the West still have their memories, which nag them with thoughts of the troubles that might come from having a reunited, still more powerful Germany in the middle of Europe—especially if it came to be armed with nuclear weapons. Thus, while we shall continue to say that Germany ought to be reunited one day, if the Germans want it, because we believe in self-determination, it is not something we shall fight a war for. It is, in fact, something to be settled peaceably between the two parts of Germany—with the help of the ex-allied powers, certainly; but we are resigned to moving no faster in that direction than the two parts of Germany themselves move. And that seems to be not fast at all.

EVERYTHING depends on what your motive is in bringing the Berlin crisis to a head. If, as you told Mr Lippmann, your aim is to win acknowledgment of east Germany's existence, and of the post-war frontiers of Germany, I think a bargain can be struck. You keep east Germany; we keep west Berlin. This may not be what we would ideally like, but, stuck as we are in Berlin in an outpost behind your lines, we are in no position to pursue the ideal. If, however, your real aim is to seize possession of Berlin, then both of us are in for trouble.

So far it has been my turn to offer accommodations in order to keep the peace. Now it is your turn. Your foreign office and mine have exchanged four notes between August 23rd and September 8th about the air corridors to Berlin. Perhaps your objective in raising this matter is simply to remind the West that the right of passage along the air corridors, like everything else affecting Berlin, needs ratification by the east Germans. As I have already suggested, we can accept this. But if you go on to interfere by force with the access routes to Berlin—or, worse, try to capture Berlin outright—a conflict is quite inevitable. The decision between war and peace might not even be entirely mine. The local commanders in Germany, some of them controlling nuclear arms, would naturally fight back; and, as you yourself told Mr C. L. Sulzberger on September 5th, "it is untimely to say that in the event of war atomic weapons would not be used."

Do not count on American public opinion to prevent this. The Americans know, as though by instinct, that if they hand over Berlin without a struggle their influence in the world will be at an end; and so they are in a remarkably militant spirit. When Mr Joseph Alsop and Mr Jules Feiffer say the same thing, as they have done about the neutrals' attitude to the present crisis, you can take it that American opinion is solid. At the moment I speak for the forces of moderation in my country, possibly like you in yours. Some of my scientists are even urging me to build a thousand-megaton bomb to make your hundred-megaton one look unimportant. I don't know if your nuclear experts ever frighten you, Mr Khrushchev, but, by God, mine terrify me.

It has been said that your true purpose in Berlin is to break the will of the western alliance once and for all by proving that it will not fight back in any circumstances. The western powers did not try to humiliate Russia in 1948, when they had a nuclear monopoly; I do not believe that Russia is foolish enough to try anything of the kind now, when the nicely poised balance of nuclear power makes the dangers infinitely greater. Mr Khrushchev, think of your power stations, your newly built cities—and your people—gone into thin air before you can say "miscalculation." Neither of us can achieve total victory in Europe without this happening. The only way to prevent it is for each of us to separate in our minds those objectives that are vital to us from those that are merely marginal—and do business on that basis. (*Sounds of animation, and a voice saying, "Molodoi paren no tolkovyi!"*)

Britain's Economic Problem



Sir Robert Lowe Hall, *who was best known to economists before the war as the Hall of the Hall and Hitch study of pricing policy, and as the author of "The Economic System in a Socialist State," left his fellowship at Oxford to become a wartime civil servant in* 1939. *After a brief return to Oxford, he became Director of the Economic Section of the Cabinet Office in April* 1947: *he held that office until* 1953, *when his title was changed to Economic Adviser to the Government, a post from which he retired this year. For fourteen eventful years, under eight Chancellors from two political parties, he has therefore been, in effect, the top professional economist in the Treasury. When his retirement was announced,* The Economist *asked him to set down his views on the economic problems before this country. He has done so in two important and thought-provoking articles. The first appears below; the second will be published next week.*

THE British economy has now enjoyed almost twenty years of full employment, about fifteen after the war and early post-war phases. It has turned out to be much easier to maintain than almost anyone expected, but has been accompanied by the emergence of new problems to which we are still trying to find solutions. The most insidious of these problems may prove to be the freedom that the new order seems, at first sight, to have given us to change our attitudes towards the conditions in which we have to make our living. Full employment, whether by full planning in socialist economies or by Keynesian technique elsewhere, has taken a great deal of the edge off the less pleasant aspects of prewar advanced economies. If we do not want to struggle, we can get along very comfortably by a moderate conformity. In democratic countries, the sanction for the maintenance of this happy state appears to the populace to be ultimately that of votes, since most elected Governments believe that their own survival depends on its maintenance.

We must now ask what use we are making of this freedom, which has so much lightened the burden of the economic problem. The thesis of these two articles is that we in Britain are in danger of using it in ways which may lead to a deterioration in our economic survival value, compared to that of countries which are making more conscious efforts. Those who think that this is a fanciful idea should reflect that it is inherently probable that species in an easy position should deteriorate unless they are stimulated in good time, and that votes in the past have not had any biological significance—or more often an adverse than a favourable one. Is there not a danger that we will undermine our happy state and leave our descendants with something that will seem much less attractive to them than our own inheritance appears to us?

It has become increasingly evident that in a number of ways the economy is not doing what is wanted of it. The objects of economic policy can be stated in various ways, but almost all formulations would include an acceptable rate of growth and a reasonably stable price level as well as full employment. It is clear that we have not grown as fast as we would have liked; our increasing standard of living has been accompanied by constantly recurring difficulties with the balance of payments, and inability at the same time to spend as much as we would like overseas both in defence (which has also been cut at home) and on assistance to underdeveloped countries. The conflict between what we want and our means of getting it is perhaps a perennial one. But comparisons between the growth of the national income here and in a number of other countries, and comparisons also of balance of payments experiences, have led to a widespread feeling that there is something wrong with our own progress. As for the price level, our record can only be described as lamentable, whether it is judged by our performance in the past or by what every Government since 1945 has asserted, with very little contradiction, to be desirable policy.

Why Price Inflation Matters

The problems created by full employment can be seen most plainly in this last failure, in the movement of prices. Many people, of course, deny this. It is often asserted that prices which rise at the rate experienced in postwar Britain, or even faster, are not really a misfortune at all. We could, it is said, easily adapt our organisation and institutions to a steadily rising price level; our growth is impeded by the spasmodic attempts by the Government to reduce demand, partly in the hope that this will reduce cost inflation. The balance of payments could be dealt with by a floating exchange rate or a series of devaluations.

The reasons for preferring price stability are somewhat complex and, while no single one is conclusive, I believe that the balance of argument is very nearly so.

The arguments can be classified roughly into three groups. First there is the social one, that damage is caused to those with fixed incomes, that pensioners lag behind and so on, situations which have a strong element of social injustice. Secondly, there is the distortion caused to effort and enterprise by the need to adjust calculations to an inflationary situation, and the constant opening up of opportunities of speculative profits not related to production as such. And, thirdly, there is the effect on international trade of exchange uncertainty, which suggests that those countries which do not attempt to stabilise their exchanges are parasitic on those which do. It is true that international stability is not necessarily secured, and may be impeded, if every country is seeking complete internal price stability. But, as a practical matter, the problems so created are very small compared with those which result from countries which are unable to control their price level.

In the case of the United Kingdom, there is little doubt that most people would like stable prices. Every Government feels that it must state that this is one of its policy objectives—and that we have an international responsibility, because of the reserve position of sterling, to maintain its external value. It is evident that the steady upward pressure on our prices contributes a great deal to our difficulties with the balance of payments, since our competitive position in export markets is constantly threatened. No doubt delivery dates, the quality of our exports, and service to customers overseas all play a part. But none of these can be put in a separate

compartment from the level of prices. If these are not fully competitive, exporters will prefer the home market, which in most cases is "less trouble," i.e., even when there is the same profit margin at home and abroad, the home market is preferred. In these circumstances, a direct conflict emerges between the objectives of full employment and of the desired balance of payments surplus. Government, in planning the load on material resources, tries for the exports and the imports thought to be consistent with this surplus—i.e., enough capacity is left after meeting estimated home demands for the exports required. But the inducement to sell in the home market is greater than to sell in the export market, so that exports are somewhat restricted and imports somewhat stimulated. The capacity thus left over produces the appearance of under-utilisation of resources, and the further this goes the more pressure there is on the Government to expand home demand.

Thus a position in which prices are rising faster than those of our competitors will be biased, under a full employment policy, towards a balance of payments deficit. If, on the other hand, prices are lagging behind those of competitors the export market is attractive and the economy will tend towards a higher level of employment, and a greater balance of payments surplus, than that which was planned. The most striking example of this in recent years has been Germany, which has combined rapid expansion and a balance of payments surplus with increasingly full employment because her export prices were so attractive. The notion constantly put about by those in favour of expansion at all costs, that a large home market helps exports by reducing overheads, is only true for conditions in which expansion can take place without raising costs, that is for conditions of general under-utilisation of resources.

The problem, then, is to combine price stability, or at any rate as much price stability as is enjoyed by our competitors, with a high level of employment. For short periods in 1950, in 1953-54, and in 1958-59, this seemed to be within our reach. But all hopes proved illusory. Why?

Cost Push or Demand Pull?

The processes by which prices are determined are complex, but in most sectors of the British economy the main determinant is direct costs, plus an allowance for overheads (including profits) which is fixed on a notional or estimated output. If the output assumed for calculating this allowance cannot be sold, the first reaction is usually to reduce production so that a fall in gross profits is associated with under-employment of resources. With full employment, profits are not affected by wage increases, and the fortunes of capital and labour are thus linked together: the conditions in which there is a high demand for labour are also the conditions in which wage increases can be passed on. Other components of prices, such as the cost of imports and indirect taxes, are passed on in the same way: but these can move, and in the postwar period have moved, in either direction, i.e. they do not give a consistent upward trend to the price level as has been the case with wages and salaries.

Faced with this situation, both Labour and Conservative Governments have said more or less continuously that stable prices can be secured only if costs (by which has been meant primarily wages and profits) do not increase faster than the average increase in productivity which can be expected over a period, and they have called for restraint in increases in wages, salaries and the addition to costs made for capital or gross profits. While accepting that it is the responsibility of the Government to prevent excess demand, all these statements and appeals have rested on the view that so long as the Government takes responsibility for full employment, there is no automatic mechanism which will determine the size of wage increases negotiated collectively, and that these over a period will mainly determine other wage increases. Price stability and full employment, and by inference exchange stability and a satisfactory balance of payments, can be attained together only if the outcome of collective wage bargaining is kept within the limits imposed by long term productivity increases. The workers as a whole will lose nothing by such limits, since increases in money incomes beyond the growth of productivity will be quickly offset by price increases.

This view, which has come to be called the "cost-push" view of price inflation, is contrasted with that which said that the cause was excess demand and the remedy therefore lay in the control of demand. As in so many controversies, each side has tended to gloss over its own weak points and to exaggerate those of the other. Both sides agree that the limitation of aggregate demand is a necessary part of any policy for stable prices, but the "restraint" school of thought deny that there is one and only one level of employment consistent with each possible rate of cost inflation, and think that a higher and more stable level of employment, and at any rate a much more stable level of prices than we have had, could be obtained with restraint than without it. With the passage of time the number of adherents of extreme positions has diminished and a large body of opinion now thinks that some form of wage policy other than leaving wages to free collective bargaining is necessary, if full employment and stable prices are to be combined. In this connection, the OEEC Report on the problem of rising prices is extremely significant since it is very nearly an agreed document, by highly respected economists from a number of western countries who can certainly not be regarded as all belonging to any particular school of thought.

The essential thing about such a price and wage policy is that money wages should not increase faster than the average increase in productivity over the whole economy, taken over a period long enough to eliminate the effect of changes in the level of capacity at which the system runs: and that prices should be lowered when costs fall and only increased to the extent that costs have risen. This would, of course, entail steady price reductions in industries advancing rapidly and price increases in those where little or no change in productivity can be made. One could choose any machinery for wage and price determination as long as it conformed to this basic condition.

The Changes Needed

The difficulties in the way of formulating the details of such a policy are formidable, and include agreement on workable definitions of the terms, and the treatment of wage differentials. But they are not insuperable and are as nothing compared to the difficulties of getting the policy accepted at all. This would require considerable changes in the attitude of employers, who would have to become more competitive about prices and less competitive about "poaching" labour through open or concealed bidding up. On the part of organised labour, the change would be nothing less than revolutionary, since it is largely held together at present by the belief that wage increases take place at the expense of employers and that the first duty of a trade union is to make the best wage bargain it can. While there are circumstances in which there is some degree of truth in these propositions, they are least likely to be true when the Government is committed to full employment. For short periods, particular groups can get ahead at the expense of the community; for longer periods at the expense of pensioners; and permanently at the expense of those with fixed money incomes. But in the process the country has balance of payments troubles, activity and growth are both erratic, and the value of sterling (and the sterling assets of underdeveloped countries) diminishes.

It is only too easy to list the immense difficulties in the way of a rational policy for prices but the most formidable are the myth that wage increases take place at the expense of profits (or variants such as that they can compensate the workers for a change in the incidence of taxation) and the belief that the British system of collective bargaining is the best in the world. Nobody can work out in advance the details of a better system, though something can be learned from the experience of other countries such as the Netherlands. Some pessimists implicitly assume that we are now incapable of the necessary changes in attitude, in which case we must give up full employment or stable prices or much of the market mechanism. But the problem will not go away because we find the difficulties of a solution too much for us. Our history ought not to let us think that we cannot adapt ourselves to new situations: we rate ourselves too low if we accept a counsel of defeat, without even trying to do better.

As the Government has often pointed out, this is a problem which cannot be solved by Government alone. But a radical change in national habits of thought can hardly be brought about without a very strong lead and this can only be given by the Government.

This would require both determination and compromise. The determination would be needed first to avoid the continual temptation to overload the economy, brought about by the relentless pressures to increase Government expenditure and to reduce taxation, so evident in the House of Commons and almost everywhere else. This would mean setting the target for full employment rather lower than we have done in the postwar period and recognising that excess demand will wreck any policy. Unemployment figures much below 1½ per cent of the working population are probably meaningless as a guide to policy and most of our problems would be much easier if we tried to keep between say 1½ per cent and 2½ per cent and took the lower limit as a warning.

Second, there would have to be a clear statement about the rate of increase in money wages which would be consistent with reasonably stable prices—a figure that could start from recent trends and be varied at intervals if the trend changed—and a determination to state plainly, in specific cases as they arise, that settlements which exceeded or fell short of this figure were against the national interest, unless there were very strong reasons for exceptional treatment, connected with the supply of labour of particular kinds. It is clear, both as a matter of economic analysis and from experience, that unless public opinion can be mobilised against settlements of any importance which exceed a desired level, the forces making for bringing other settlements up to the highest one will be too strong to resist for very long. The statement that a particular settlement is against the national interest would bring with it other consequences, and in particular would remove the idea that the Government's duty is to mediate between the parties to a wage dispute, another survival from the past. It ought to think about the national interest.

No one can tell in advance whether this kind of policy would succeed, but it is certain that we shall not find out unless we try. Next week's article will continue the argument from this point.

Where Next for Neutrals?

The lessons of the Belgrade conference have yet to be learned by both the "non-aligned" and other countries



NEXT Tuesday, two weeks after they parted in Belgrade, the representatives of the non-aligned countries will come together again in New York to face a more testing challenge. At Belgrade, from September 1st to 6th, their governments insisted on their right to participate in solving the world's gravest problems of war and peace. Mr Nehru urged that the United Nations Assembly, which is about to meet, should give absolute priority to the present crisis in great power relations. If it does, will the Belgrade group be ready with an agreed initiative, or will it merely repeat its appeal to Mr Kennedy and Mr Khrushchev to meet again?

The assembly will ring, no doubt, with proposals that may be represented as echoes of Belgrade—proposals for a world disarmament conference; for more Asian and African representation in the UN organs, and for the seating of the Peking government; for larger UN development funds and other measures to assist the poorer countries; and for action in support of anti-colonial causes. These were, indeed, agreed at Belgrade. But they were not newborn there, nor do they bear directly at all on the great power tension of the moment.

The Belgrade group's task in regard to that tension is, according to Mr Nehru, to induce the powers to follow the path of peace; according to the Jugoslavs, to narrow the gap between the powers; according to Cairo, to dispel the lack of confidence between them. Admittedly, President Sukarno of Indonesia, to loud applause from Peking, pooh-poohed the whole crisis; he was not only over-ruled, but was given the fittingly ironic job of carrying the conference's peace appeal to Washington. His colleagues generally accepted the task as defined above. What was lacking in their attitude was any clear indication of what more the non-aligned countries could, should or would do about it. Perhaps U Nu of Burma came closest to a definite prescription. He foresaw that, as well as trying to bring about a "cooling-off," the group, or rather individual members of it, might provide a necessary "catalyst of some kind."

What kind? Neither on the conference floor nor off it did Belgrade yield any answer. But there would be a very practical role, which only non-aligned countries could play, if some bolstering of Berlin's position by a UN "presence" were to be agreed. The Belgrade declaration's very vagueness about Germany might be a help here. If Dr Nkrumah had succeeded in getting into it a call for recognition of both German states, the whole position of the non-aligned group might have been too compromised in favour of Soviet policy to permit of the group playing a useful role in any German accommodation. As it is, both Bonn and east Berlin, in the end, were able to find some satisfaction in the declaration.

This was not the only curious feature about the world reaction. While the Bonn government was declaring itself "not dissatisfied," many American newspapers were expressing bitter disappointment, particularly with the conference's failure to condemn Russia for resuming nuclear tests; and

here Marshal Tito was the object of their sharpest cuts. But the Peking press named Marshal Tito as one of the chief "spokesmen of US imperialism" at the conference. Peking was little more discreet in its expression of its obviously intense anger at Mr Nehru's and U Nu's efforts to lift the conference out of its familiar rut of anti-colonial speechmaking into positive action for peace.

The unofficial American reaction seemed as ingenuous as the official Chinese one was disingenuous. Only the most naïve observer could have expected the Belgrade group to swing in favour of the West, even under the brutal impact of the Soviet test resumption. Most of its members had long been on record as supporting Peking's claim to the Chinese seat at the UN; as sympathising with the Algerian, Angolan and other anti-colonial struggles; as tending to brand the whole West with at least some degree of complicity in colonial repression and racialist domination; as indifferent to German, and particularly to west German, grievances; and as suspicious about the likely impact on themselves of new western economic groupings. Nothing of this was new to anybody who had followed the Belgrade countries' earlier utterances at UN meetings.

MR NEHRU and others were right to urge the conference to escape from total obsession with colonialism and imperialism; their courageous efforts did save it from being merely a repetitive and competitive talkfest, in which those who had least to boast of as shapers of "new nations" were liable to talk loudest. But a matching candour is also required in the western world. The western public does sometimes need reminding that colonialism, although dying, is not yet dead; and that true understanding between the West and formerly dependent Asia and Africa is still blocked not only by the survival of colonial rule and repression, but also by race prejudice, misuse of economic power, and a whole complex of "white" attitudes arising from seeming inability to

take seriously the fact that the basic psychology of emergent peoples is not cast in a European mould.

It is too easy to overlook this, and to pass from disappointment at the apparent failure of Afro-Asian neutralists to condemn Russia to the conclusion that they are perversely one-eyed, "ungrateful," and responsive only to toughness as now practised by Mr Khrushchev. There is in fact no evidence that the Soviet bomb blasts swung the Belgrade conference towards a timorous wish to "appease" Russia. The varying attitudes shown at Belgrade on the German question had been fixed long before the Soviet resumption of nuclear tests. The demand for American-Russian negotiations had been voiced by the same group at last year's UN assembly. Although the Russians and Chinese have made what they could out of the conference, in a tortuously selective way, they have in general been cautious and cold to it. Not only did Mr Khrushchev receive Mr Nehru's representations in Moscow with great reserve; to the communist powers, which claim that their ways should be a guiding light of all underdeveloped nations, the mere sight of such nations converging on, of all places, heretical Belgrade, and setting themselves up as an independent world force, is repugnant and infuriating.

For Mr Khrushchev, Belgrade's most specifically annoying aspect must have been its firm rejection of his bid for the total paralysis of the United Nations through an extended veto system. The Belgrade consensus favoured a stronger, not a weaker, UN mechanism. In the General Assembly that opens on Tuesday, battle will be joined on this issue; and it is first of all here that a closer western working relationship with the non-aligned powers looks possible. If the West can finally abandon the idea of retaining a dominant position within the UN, and align itself with the non-aligned in the effort to increase the organisation's effective peace-keeping capacity, it will both narrow the gap that divides it from emergent Asia and Africa, and help the non-aligned countries to find their own identity in the pursuit of positive common aims. It will also be doing something worth while in itself.

Old Mancunian

The *Guardian's* brave new venture in London raises all the problems, qualitative as well as quantitative, that the thriving "quality" press in Britain now faces

IT was midnight in Vienna some years ago, and a cluster of editors were discussing how they planned their newspapers, when the doyen of them all could bear it no longer. "Planning?" he burst out impatiently, "I don't know what you mean. We get the news and put it in. We have some ideas and write some leaders. And that's the *Manchester Guardian*." No doubt, in his deflating way, the late and inimitable A. P. Wadsworth was much understating the forethought that then went into the making of his famous paper. But certainly the process which, since then, has first deleted Manchester from the paper's title and now, this week, added London to its imprint reflects a formidable new exercise in planning by both the business and editorial departments. Its object has been, by a characteristically Mancunian combination of imagination and down-to-earth calculation, to make the *Guardian*, which was already national (and international) in its reputation, national in its distribution and appeal, too.



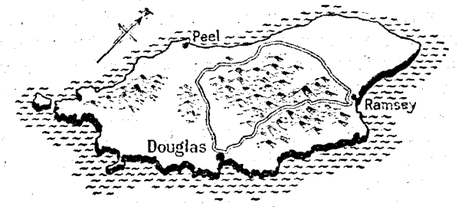
By starting to print in London as well as in Manchester (using ingenious, if still erratic, two-way teletypesetters) the *Guardian* not only enlarges greatly its own catchment area, but also hopes to catch the tide that has been running strongly in favour of the so-called quality newspapers. True, that tide may temporarily have passed one flood, in terms of advertisements if not of sales. Certainly, with national distribution the *Guardian*, sold for 4d. should lift its circulation of 235,000 well ahead of the 260,000 of *The Times*, at 5d.; the intenser rivalry between them will be worth watching.

But will the *Guardian* put on the extra 100,000 or so that may be needed, with the supporting revenue from advertisements, to make the new and costly venture really worth while financially? That is the first hazard; no doubt the hard-headed sums have been done.

The second hazard is quite different; it is editorial, and belongs not only to the *Guardian*. Can a paper like it or, say, *The Times* (or even, in its own smaller way, *The Economist*) become, not all things to all men, but more and more things to more and more men, and still be itself? *The Times*, at any rate, may opt to stay itself, if it can; to consolidate something like its present circulation, if it can, at a higher price of, say 6d. And the *Guardian's* editor, Mr Alastair Hetherington, believes both that his paper is going to keep its own traditional, detached, peculiar and nonconformist vantage point in Manchester and that, while embracing all the useful contemporary means of presentation and communication (editorially as well as technically), the paper will keep its character intact. He and his managerial colleagues deserve every congratulation on their essay to translate a great newspaper into modern terms (as all of us in the Press must try to do). But are they going to be able to say, with the same unmistakable meaning as A. P. Wadsworth did, "That's the *Guardian*"?

Island Entyre of Itself

The Isle of Man is a victim of changing holiday tastes and its own situation: its tourist-based economy is static, and if schemes now afoot are unsuccessful, the island's future is gloomy



DONNE, of course, was talking of a different Man. The "island entyre" to which this article refers lies in the geographical centre of the Irish Sea, a richly scenic 36 miles by 10 with a bare 56,000 inhabitants, and the focus of the holiday attentions of half a million Scots and Scouses from across the water between May and September. Nor is it part of the main: its nominal ruler is the Queen, but with its bicameral legislature (the oldest in Europe) it enjoys political, but not economic, autonomy. Its government is conducted by the Lieutenant-Governor (whose powers are wide), his partly-appointed Legislative Council (composed of such ancient arbiters as two Deemsters and the Lord Bishop of Sodor and Man) and the wholly elected House of Keys. The Keys propose, Legco disposes or at least delays as it sees fit; and when bills eventually come to be signed both houses sit together as the Court of Tynwald to do it. Only in its foreign policy need the island bow to Whitehall: but with few exceptions and additions legislation is in practice taken over unchanged from the United Kingdom.

The £4 million government revenue of the Isle of Man is derived, as in that less happier land across the sea, from the three main sources of customs, excise and income tax; but customs and excise income derive in turn largely from an arrangement with the United Kingdom called the Common Purse, whereby, in return for levying identical duties on identical goods, the island receives a *per capita* pay-out from the Treasury (still called "The Imperial Government" in the island) without having to go to the trouble of separate collection. Only beer is the subject of a differential duty.

Contributions to the island's economy from the Common Purse amounted to £2.3 million in 1960. Of the rest, the greater part came from income tax. The sum of £785,000 was extracted reasonably painlessly (the standard rate is 4s. 6d.) from the 6,000 Manxmen and "comeovers" fortunate enough to earn more than £530 in 1959. Tax allowances are generous as well as tax rates: a married man with £2,000 a year, two children and a dependent relative is eligible for allowances in excess of £1,100. Richness is encouraged in other ways, too: death duties and surtax are not countenanced as ways of collecting revenue, and earned income is more heavily taxed than unearned (on which the standard rate is 3s. 6d.)—although with the intention of encouraging investment in, rather than parasitism on, the island.

Private income derives almost solely from the brief summer when the isle, like Prospero's, is full of noises, sounds and the sweet music of cash registers giving delight and hurting not. It is then that the comeovers flock from "Across" with their camp followers into the 180 hotels and boarding houses in the main town of Douglas. They are the lifeblood of Man—not only for what they spend but for what they earn; the petty, transient traders from Across contributed more than half the income tax and four-fifths of most other revenue to the island's exchequer in 1960.

Winter is a hard time in the island: Man's economy, tourism apart, is not strong. Until recently its industries were confined to brewing, kippering, confectionery and small ventures in woollen goods and carpets. Fish and wool (most of the fish comes from Scottish ships rather than the all but moribund Manx fleet) are the island's only raw materials; but there is a highly mechanised agriculture the main products of which, mutton and cattle, are exported in some quantity to the United Kingdom. There are now, in addition, tiny specialised industries producing such esoteric things as fibreglass for TT motor cycles and plastic mouldings—products which (since transport costs are high) sensibly depend for their ultimate value largely on the work that has gone into them. There are also several firms doing sub-contract work for United Kingdom companies—little of it very profitable.

THE attractions of the island as an industrial development area have proved somewhat smaller than its lures as a holiday resort. In an effort first to find out why no major industrialist has thought the low taxes and pleasant climate worth his while, and then to discover some means of making it worth his while, the Governor last year appointed a one-man

commission of inquiry—a Liverpool production engineer, whose *Survey* (printed, significantly enough, in Liverpool) was published last summer. Its prognosis is gloomy.

A reserve (about 1,500 in an average winter) of unemployed men and women is not, he commented, a sufficient inducement to the immigration of prospective industrialists: and the quality of the Isle of Man's labour is not, in any case, to be boasted of, for while its productivity is described by most established firms as fair to middling, its ability to take advantage of promotion is, as one of them put it, "middling to maggots." Nor is it a stable labour force. Of those already employed, up to a third regularly desert their employers in the summer to go "on the comeovers"; many more do night work of the same sort and refuse to do overtime for their regular employers. This seasonal fluctuation is not surprising. Manxmen have been brought up to believe that the tourists are a bounty from the Almighty; their regular wage rates are lower and their cost of living higher (by 25 per cent) than those of the United Kingdom, but even the least skilled of Manxmen can overcome these twin hardships in the season, when a conductor on one of the horse trams which crawl along the Douglas promenade will earn upwards of £16 a week.

The lack of "officer material" is less easily understandable and more serious. The Manxman's development as an executive is limited by the lack of institutions on the island capable of guiding and nurturing his native skills. More technical education could only lead, however, in the absence of opportunity to use it, to the increased drain of population which is the spectre of Manx life. As a result, new industries will continue to bring with them their key personnel. The dilemma might be resolved by a programme whereby Manxmen sent to the United Kingdom for higher education at Manx government expense would be bound to return to the island for a term of years after their training.

The *Survey* found, too, that the quality of industry in the island is hardly higher than the men it so grudgingly employs, being feeble in the face of competition, dangerously complacent, undernourished as to markets, paltry of organisation and tardy in settling its debts—this last an all too common failing of the island's businesses and even of its government departments. All these diseases are traced to basic maladministration, and the suggestion was made that an industrial officer, with exceptionally wide powers, should be appointed to deal with industrial policy. This, at least, has now been accomplished, and the appointment is already bearing fruit in the changed attitude of some prospective immigrant firms.

The information the firms get, however, is not greatly encouraging. Power and transport charges are high, the insular market is hostile to Manx goods (the Manxmark, which is not a form of currency but merely the equivalent of the BSI's Kitemark, has done little to make it friendlier) and the transfer of capital is difficult. But, on the other side, labour relations are good (there has been no strike since 1918), finance from island sources is freely available, taxes low, allowances good; and factories and houses can be quickly provided. Nevertheless last year eight of fifteen firms gave it as their considered opinion that if they had their time over again, Manx would not be their choice of development area.

SOME industries should find considerable inducements to development in the island. But they will have to be highly specialised (electronics, plastics and cigarette manufacture have been suggested) and the most hopeful move may be towards the establishment of self-contained production units of existing United Kingdom firms whose expansion at home is hindered by lack of space. In the past three months several new ventures have been started, some to exploit indigenous materials (such as prawns and scallops), others more conventionally industrial. Whether any of them is enough to close the gaps in the Manx economy is open to question.

The main industry must naturally continue to be tourism; but even this is declining as more Britons manage to go really foreign for their holidays. A liberalisation of the licensing laws (Sunday opening was introduced only two years ago) and the plan for a full-scale casino (presently suspended by the Legislative Council) may bring about a temporary revival, but it is clear that some other way of making a living will have to be found if the island is to maintain its jealous independence. Its independence (some would say its insufferable insularity) even stretches to a general reluctance to follow the United Kingdom into the common market—perhaps in the hope that such exclusiveness will bring to the island all the benefits to be derived from EEC without the concomitant obligations. Pursuit of this course, shortsighted as it is, may eventually lead to some good, however, for Manx could not exist for long outside a British tariff barrier and would be forced to apply for full integration in the United Kingdom in order to survive. Or possibly supplication might be made, as an underdeveloped area, to the United Nations. It is either that or a return to a pastoral existence, sans trade, sans tourists, sans industry, sans everything.

The Economist

SEPTEMBER 14, 1861

THE WAR'S TRUE CHARACTER

It is true enough that it was the aim of the Republican party which elected Mr Lincoln to prevent slavery from spreading into the unsettled Territories, unless by the deliberate resolve of those Territories when erected into States. It may be true that the success of the North, if complete and unconditional, would enable them to confine slavery within the 15 States which have already adopted it, and *might* thus lead to its eventual extinction,—though this is rather probable than certain. It is no doubt honourable to Mrs Stowe, and to that earnest and devoted abolition sect of which she has in Europe been the stirring mouthpiece,—that they are determined to make the present disastrous civil struggle an anti-slavery conflict and to convert what was a war for political supremacy into a war for negro emancipation. If they can do so—if they can thus educe good out of evil, without resorting to means which look very like doing evil that good may come—we shall rejoice most earnestly at the beneficial result. But it is to say the least something premature to require that we should from the outset have recognised in the contest a character which, even up to the present hour, *they have failed to imprint upon it.* Unprejudiced spectators have repeatedly deplored as the inherent weak point of their cause that there was no distinct or noble moral purpose stamped upon it. We have heard abundance of misty declaration about patriotism and freedom on both sides,—and not more definite on one side than on the other; but it has been impossible to say what great principle was in reality at stake. And there is really something staggering in the audacity which now demands our sympathy for the Northerners on the ground of that very moral grandeur in their cause, *the absence of which* has prevented our sympathy from being enlisted on their side. Let the conflict once become avowedly and honestly and irretrievably a war for the extinction of Slavery, and we suspect the enthusiasm and excitement of Great Britain would rival that of the Americans themselves.

NOTES OF THE WEEK

CONGO

Law of the Jungle

SIR ROY WELENSKY is right. Congo politics became subject to the law of the jungle fourteen months ago when the Belgians left, the army went berserk, and Mr Tshombe, followed by other provincial leaders, proclaimed the independence of his bit of the country. The larger jungle that is world opinion has long acknowledged this, and seen and feared the dangers of a central African civil war in which the several armies might be supported by several different outside powers. That, after all, was why the world sent the United Nations to keep the peace and to set the Congo on its feet again.

What gave the world a shock on Wednesday was the unexpected sight of its own supra-national force in action, and the discovery that the spectacle was not so unlike that of other denizens of the political jungle in action at other times and places. Given the existence of the United Nations, and the existence of crises which the national powers cannot handle on their own, the emergence of this new power has long been on the cards. It is the sight of it in violent action that has jarred.

If this leads to harder and more realistic thinking about how the international organisation is to work in other crises—there is one coming in Berlin—so much the better.

It is the degree, not the kind, of force used by the UN that has caused the shockwave. The UN army in the Congo has brushed with Congolese soldiers before; indeed, more than eighty UN soldiers have lost their lives in such actions. But Wednesday's battle, resulting in more than 40 Congolese dead on the streets of Elisabethville, was of a kind that, naturally, has deeply disturbed many people, whatever they think of the arguments for deposing the *de facto* government of Katanga. This is so in spite of the immense patience shown by the UN until now (in the face of Mr Gizenga, Dr Nkrumah, Mr Khrushchev, Mr Tshombe, Mr Munongo, Sir Roy, *et alii*); in spite of the fact that, by all accounts, the Katanga forces shot first on Wednesday; of the danger that did exist of civil war; of the undoubted ability of Mr Hammarskjöld and his lieutenants to justify every major UN action in the Congo by reference to the mandates they had, in due form, received.

But was the UN right politically? Katanga has at least as much right to assert its independence as have, say, Wales and Nyasaland; this does not mean that Mr Tshombe had the mandate to do it, and the speed of his collapse suggests that he had not. The relations between the various parts of the Congo (at best an artificial creation) have yet to be finally settled. The point is that when the settlement is made (be it through a central government, a federation, or a confederation) it must be made to last. Jungle law was bound to reign in central Africa as long as the Congo's major source of wealth was detached from the rest of the country, by, as most Africans believed, white manipulation. Peace was bound to be broken as long as the war against the Baluba tribesmen continued in Katanga.

Will dragging Katanga back into the Congolese fold change any of this? It is on the answer to this question that judgment of the UN's action will finally be based. On balance, and in spite of the hard feelings, the chances of creating a Congo strong enough to stand on its own feet seem better today than they have looked at any time since the UN went in on July 15, 1960. But the time to proclaim success will not come until the Congo has a government in power strong enough, representative enough, and stable enough to keep out jungle law and offer no temptation to foreign predators. It will then be time for the UN to withdraw and balance the books of the whole operation.

WAGE PAUSE

Tanker Load of Trouble?

IT seems increasingly likely that the first major battle against the wages pause will be fought by Mr Cousins's lorry drivers some time after the next meeting of the Road Haulage Wages Council on September 21st. Two other wages councils have been asked by the Minister of Labour to reconsider wage awards submitted to him after the Chancellor's economic statement on July 25th. This week the bigger of them—that dealing with 100,000 industrial and staff canteen workers—responded to Mr Hare with a flat "Won't." The council's members said that they formulated their original recommendation on June 9th, even though they did not submit it to him until after July 25th; and that by yielding to his pressure they would destroy the "confidence and goodwill" on which wages councils depend. In other words, the council did not see why it should incur the odium of enforcing the pause, and threw the responsibility back squarely into the lap of the Government. Presumably Mr Hare will respond by refusing to make the canteen workers' award statutorily obligatory for all employers; but canteen workers do not seem well-placed to strike.

The Road Haulage Wages Council formulated a provisional recommendation for a wage increase for its lorry drivers on July 6th, and it meets next Thursday to decide whether to submit it to the Minister. If it withdraws its provisional recommendation, Mr Cousins's men (and, in Scotland, the Scottish Horse and Motormen's Association) might strike immediately. If it decides to send on the recommendation to the Ministry—and the council's chairman is Mr Guillebaud—there might (on the analogy of the canteen council) be a postponement of nearly two months while Mr Hare goes through the procedure of sending letters back to it. But all through this period Mr Cousins would be beating up his drums of war.

Although this wages council's recommendations apply directly only to the 240,000 workers employed by private haulage concerns, the wages of workers in many kinds of road transport are by custom moved in accordance (eventually) with them—and Mr Cousins will not hesitate to call any lorry drivers he can command out in support. In particular, he believes that he has got the system of petrol and fuel-oil distribution tightly under his control. Although the largest industrial consumers often get their deliveries of petroleum products by water or rail, a national strike of Mr Cousins's men on the petrol and fuel oil lorries probably could seriously damage industrial production, as well as threaten to immobilise the private motorist.

Should this happen, the Government would be almost bound to call in the military to maintain deliveries; it would be unlikely to allow a relatively small group such as the tanker drivers to seize the whole country by the short hairs in the course of a dispute about a wages council award that did not directly apply to many of them. But if the soldiers appeared, would other unions call their members out in sympathetic action? Or would they once again leave Mr Cousins stranded on a lonely limb? There are still lots of "ifs" and "buts" in all this, but it may be the issue which British politics and industrial relations this winter are going to be largely about.

BERLIN

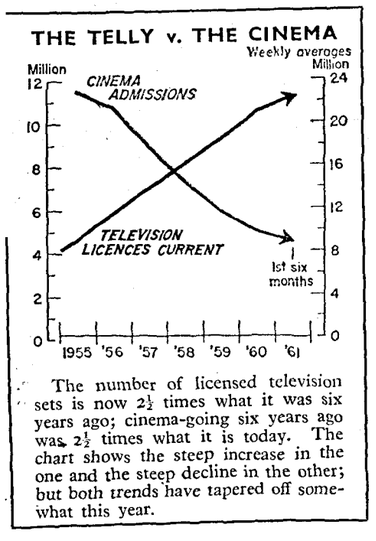
Ides of September

MID-SEPTEMBER was the time when, as it seemed a few weeks ago, circumstances would at last be ripe for the West to propose negotiations on Berlin. Mr Llewellyn Thompson, the American ambassador in Moscow, has made his sounding of Russian ideas on the subject, and has sent his report to President Kennedy. The western foreign ministers were considering this report in Washington

while *The Economist* was going to press. The west German election, before which it was thought it might be indelicate to say anything about negotiations, takes place this Sunday, September 17th. The General Assembly of the United Nations, where the foreign ministers of the United States, Russia and Britain (though not, apparently, of France) will find themselves within easy conversational range of each other, convenes on Tuesday. All the cues have come on time ; but the proposal to negotiate has not. Apparently the rest of the West has not yet convinced the French government that the proposal should be made.

Last Sunday's speeches by Mr Khrushchev in Stalingrad, and Mr Gomulka in Warsaw, showed that the leaders of the communist world, like most of their counterparts in the West, are aware of their people's worry about war. Of the statesmen principally concerned with the Berlin problem, only the Canute-figure of General de Gaulle now stands motionless against the rising feeling that there ought to be negotiations. Whether or not the ideas for a solution put forward on page 1039 are ever discussed with Mr Khrushchev therefore depends on two things. One is the ability of the United States and Britain either to shift General de Gaulle from his present attitude or else to by-pass him. The other is the willingness of Mr Kennedy and Mr Khrushchev to stop qualifying their offers to negotiate with the condition that the other side must make the first move.

As Mr Kennedy told his visitors from Indonesia and Mali on Wednesday, a chance to break the deadlock is provided by the presence of Mr Rusk and Mr Gromyko at next week's General Assembly. Both Mr Kennedy and the Soviet government have now indicated their readiness for a discussion of the Berlin question between the two men. Their talks may lead on to further meetings, if possible with France taking part, if necessary without. Last year's summit meeting was delayed by the forces opposed to negotiation, including General de Gaulle, so long that when it was finally held in Paris it was too late to do any good. This year, too, time is beginning to look a little short.



The number of licensed television sets is now 2½ times what it was six years ago; cinema-going six years ago was 2½ times what it is today. The chart shows the steep increase in the one and the steep decline in the other; but both trends have tapered off somewhat this year.

COMMUNIST BLOCK

Polish Fears

The Warsaw pact powers have responded to Mr Khrushchev's bomb-rattling by openly alerting their conventional forces. After a two-day meeting in Warsaw on September 8th and 9th, the military committee of the pact announced that "practical measures" were to be taken for the "further strengthening of the defences of the Warsaw treaty states." After the meeting, the Bulgarian defence minister said that the pact's armed forces were in a complete state of readiness, while Mr Gomulka told the Poles that all members of the pact must strengthen their defence forces.

Whatever the military significance of all this, it is no doubt intended to play a part in Mr Khrushchev's war of nerves against the West. Whether it will have done eastern European nerves any good, is hard to say. The resumption of Soviet nuclear tests seems to have caused a wave of uneasiness, particularly in Poland, where it has plainly caused profound disquiet. There has been heavy buying of foodstuffs and other goods by people who, in Mr Gomulka's scathing words, "have not shown proper backbone." Since the Soviet resumption of tests, first the foreign minister, Mr Rapacki, then the defence minister, General Spychalski, and finally, last Sunday, Mr Gomulka himself, have made speeches justifying the Soviet action and assuring the Poles that there will be no war.

It is easy to understand the sensitivity of the Poles, who suffered so much from the Germans in the last war and who are now taught to fear that Bonn intends to win back the territories east of the Oder-Neisse line. For the Poles the present crisis over Germany is intimately linked with the integrity of their own frontiers. When Mr Gomulka told his audience last Saturday *that no German invaders would again* step on Polish soil, and that only a German peace treaty would "sanction, fully and finally" the Oder-Neisse frontier, he was listened to as a national, not a party, leader. It is perhaps just because a war about Berlin would make much more sense to the Poles than to most other people, that they are so afraid it may happen.

HANDLING DEMONSTRATORS

Heavy Hand

THERE is nothing intrinsically illiberal in imposing one-week or even two-month gaol sentences on willing martyrs who refuse to agree that they will abide within the law about obstruction of the highway and other matters; the 300-year-old statute of Edward III used against Lord and Lady Russell and other nuclear disarmers last Tuesday is a perfectly sensible power for the authorities to have. But it is a power that should always be used with reluctance—against any political demonstrators, let alone against 89-year-old ones—and according to coolly calculated rules of discretion. Generally speaking, it should be used against pugilists rather than Quakers; in cases where a breathing space might give time for tempers or excitements that could lead to violence to cool; or, sometimes, when its use might prevent a minority from causing a lot of law-abiding citizens some grave inconvenience (graver, say, than the blockage of traffic through Parliament Square on a Sunday afternoon). But it is a less sensible weapon when its main effect is that the authorities seem to be challenging nonagenarians and teenagers to a game of chicken.

Wednesday's action by the police commissioner, in using the Public Order Act of 1936 to ban any meeting at all on Sunday by Lord Russell's campaigners in central London, was in a sense a logical follow-up to Tuesday's court proceedings. Quite apart from the point that there will also be a Battle of Britain rally in London on Sunday, it therefore seems less open to criticism in itself. It should have the considerable advantage of enabling the police to move away bystanders who would otherwise come just to gawk. But, inevitably, the campaigners have said that they will defy the ban and they claim to be confident that more than 10,000 people will invite arrest by thronging into Trafalgar and Parliament Squares. The propagandists who think they are now running the march do not automatically inspire credibility, and it is impossible to guess how many people really will turn up and in what mood. But if the whole procession does prove to be more than a bedraggled trickle, the police's task will not be made any easier by the practical threat that is obviously raised by Tuesday's "martyrdoms": that the demonstrations might now fall clumsily into the hands of purely political elements attached to Lord Russell's campaign (the sort of people who shouted "Hitler" and "Fascism" at the remarkably good-tempered magistrate on Tuesday), and of callow tenagers organised by second-team demonstration marshals, while the movement's more Gandhi-like leaders sit in Brixton gaol.

TRADE UNIONS

Mr Hare's Buck

MR HARE and Mr Woodcock kept a rigorous silence after their meeting this week, divulging between them only the not very amazing fact that the affairs of the Electrical Trades Union had come under discussion. But obviously the question of union elections rated more than a passing mention: there is a strong rumour that Mr Hare suggested that one of the best services

the TUC could render to its members would be to draw up a set of model rules for their conduct. This would relieve the Government from the political embarrassment of appearing to "interfere" by new legislation with the unions' autonomy at the same time as it is fighting them about the wages pause ; but it would also lay on Mr Woodcock the immense difficulty and embarrassment of preparing model rules which many of the 180 constituent unions of the TUC would regard as a personal insult. So the TUC seems unlikely to accept any such invitation in full, but it will no doubt say that the Government must not interfere either.

It is rumoured that one right-wing union leader, after last week's debate at Portsmouth on the ETU, was heard to boast that such a state of affairs could not arise in his own union, since he had sensibly done away with elections altogether. Apart from this rather extreme case, another thumping absurdity was brought to light this week with the invalidation of an election in the Amalgamated Engineering Union in which a left-wing personality had been fighting to unseat a right-wing member of the union's executive. The election was apparently declared void on the grounds that "undue influence" had been used on behalf of the left-winger, in the form of recommendations in his favour from local eminences in the union. An election in which canvassing is ruled out is surely worse than no election at all ; this rule may do much to explain why over 90 per cent. of the AEU's membership often does not turn out to vote. But such are the traditions with which the TUC would have to contend if it were itself to try to draw up a model code.

It is now crystal clear that the proper course is to legislate to allow the Registrar of Friendly Societies, or some other official, to vet the rules of all registered unions. He need not and should not impose complete uniformity, nor say that all unions must at once adopt one particular system of satisfactory arrangements for having the votes counted by an independent body (such as the system operated by the National Union of Mineworkers). But he should issue annual reports about which of the various systems he considers to be the best ones to move toward, and meanwhile have the power to make inquiries and issue regulatory orders when and if ever he finds that any union has committed a fraud upon its members (in election procedures or any other matter). Mr Hare should regard it as his duty to introduce such legislation in the next session of Parliament.

BRITAIN AND EUROPE

Mr Heath's Team

TO the accompaniment of rumblings from Accra, where some of the Commonwealth finance ministers, assembled from Tuesday to Thursday, once more



Negotiator : Sir Pierson Dixon

voiced their misgivings about the possible effects of British membership of the common market, the Government has named the members of the team that will negotiate with the Six. Mr Heath has, of course, already been chosen as the minister who will lead it and be, when the chips are down, the responsible man ; this is his great chance in a career that was judged bright by everybody even before he started upon it. Now Sir Pierson Dixon, ambassador to Paris since last year, and until then British representative at the United Nations, has been named official head of the delegation. Sir Pierson Dixon will remain ambassador, but most of his day-to-day duties will be carried out by the British minister in Paris, Sir Anthony Rumbold, a senior diplomat. The deputy head of the team will be, imaginatively, Mr Eric Roll of the Ministry of Agriculture (who, before the war, was professor of Economics at Hull). Other leading members will be Sir Roderick Barclay of the Foreign Office, Mr. G. R. Bell of the Treasury, Sir Henry Lintott of the Commonwealth Relations Office, Sir William Gorell Barnes of the Colonial Office, and Mr G. H. Andrew of the Board of Trade.

The list is, on balance at any rate, very encouraging. In Paris Sir Pierson Dixon has at least had the opportunity to fathom the French mood ; at the UN he earned himself the reputation of a skilled, though a tough, negotiator. Not less important, Mr Eric Roll's fertile mind and his wide and detached international experience are already providing an abundant flow of ideas on the central question of agriculture ; and most of the other men named are distinguished by European sympathies and background. Sir Henry Lintott, for example, was from 1948 to 1956 deputy secretary-general of the Organisation for European Economic Co-operation. At home, and crucially, another good European now, Sir Frank Lee, Joint Permanent Secretary to the Treasury, will co-ordinate the work of the departments. He will be responsible to Mr Heath, who in turn is responsible to the Prime Minister himself.

Though the British team has been chosen, the Six have not yet decided how to negotiate and who shall do it. The Commission examined the British application when it met on September 6th, but the comment it is passing to the Council of Ministers does not, apparently, go far. There are reasons for this caution. But it does not seem designed to give the Commission the prominent place it desires in the talks or to help to get the negotiations going with the needed speed. The six governments, by contrast, have clear, though various, views about both the form and the location of the talks, which will no doubt be expressed when the Council of Ministers meets on the 25th. The French want the talks to be conducted by the governments rather than the commission—in Paris. Everyone else prefers Brussels, but the French have often had their way in the past.

NORTHERN RHODESIA

Open Door

MR KAUNDA and Sir John Moffat, the liberal leader, can offer themselves mild congratulations. Their visits to London and the Colonial Office during the past fortnight seem to have borne fruit, though it is still far from ripe. After meetings between Messrs Macmillan, Sandys and Macleod at the beginning of the week the Colonial Office announced on Wednesday that while it was not prepared to negotiate under the threat of violence, it would be ready, once order had been restored, to consider "any representations within the area where divergences of view persist" over the proposed Northern Rhodesian constitution.

This seems to mean that the government is prepared to modify the objectionable obstacles to an African nationalist parliamentary majority. Sir Roy Welensky, believing that it does, has protested. Even so, the more militant of the Africans may feel that it would be risky to drop the policy of violence now, just when it seems to be getting results. But it is to be hoped that this will be seen as a real success for Mr Kaunda's resolutely pacific leadership, and do something to efface the damage done to his image by Mr Macmillan's unfortunate letter of August 30th, which blamed him for encouraging disorder. Mr Kaunda has in fact done more than anyone else to try and minimise the consequences of African exasperation at the shufflings of the British government's Rhodesian policy, though the local authorities have done their best, by restricting his movements, to make his efforts barren. If the Prime Minister now admits that Mr Kaunda is the most reasonable leader he is likely to get to deal with, this is only justice, and not a moment too soon. What would be sensible, and in their own best interests, would be for the United Federal party in Rhodesia to admit the same.

TUNISIA

Bourguiba Rides Again

AMID general astonishment, especially in Paris, Mr Bourguiba has climbed down from the limb he so conspicuously straddled two months ago when the Bizerta

Appointments, Business and Personal notices and other Classified Advertisements pages 1111 and 1112

conflict erupted. The Tunisian president, it is true, has never been a believer in ultimacy, the fallacy that the eleventh hour ever arrives. All the same, it is remarkable that he has felt himself strong enough to concede a crucial point to the French, switch off the clamour of his own public opinion, dare the displeasure of his recently wooed and won non-aligned associates, and, in short, resurrect bourguibism, the only genuine brand of pro-western neutralism known to exist, which was thought to have died with the Tunisian demonstrators at the battle of Bizerta in July.

Reasons for his change of direction (announced at a press conference on September 8th) are not hard to guess. As long as the quarrel with France lasts Tunisian schools, one of the country's few resources, will have difficulty in finding teachers of the requisite quality. No rent will be paid for use of the Saharan pipeline that passes through Tunisian soil. At Belgrade Mr Bourguiba cut a less impressive figure, and found the neutralists less helpful, than he had hoped. He may even have begun to feel that there is no point in encouraging his own extremists by playing their game. *Le Monde* further suggests that he does not want to be the only Maghreb leader on bad terms with France at a time when the Algerian negotiations may be reopened, and when the King of Morocco has publicly stated that his relations with Paris are excellent.

So on the strength of a message reported to have been sent from Paris, and General de Gaulle's public statement of September 5th that the French had never contested Tunisian sovereignty over the Bizerta base, which they would one day have to leave, President Bourguiba has felt able to admit the French contention that Bizerta cannot be handed over while international tension lasts—which he equates with the Berlin crisis. Such an admission makes it very hard to understand what the fighting was about.

TEACHERS' UNIONS

Striking Out?

THE National Union of Teachers is a body whose policy now seems fated to blow hot and cold. The times when it is most likely to blow hot are after some meetings of its emergency committee and full executive (such as the one that took place last weekend) and especially after a larger delegates' conference (such as the one that called for strike action last June 17th, and will now convene again on October 7th). The balance of power at these conferences now lies surprisingly far to the left; as in other unions, it is the left wingers who turn up most frequently at the meetings where delegates are picked. The cooler winds have hitherto blown from the union's top leadership and from the rank and file. The first source can no longer be relied upon as a tempering force. Sir Ronald Gould and his senior lieutenants are undoubtedly bitterly hurt, not so much at the details of Sir David Eccles's latest pay offer (which are better than most teachers think, see *The Economist* of last week) but at the way that Sir David has overridden the "free negotiating machinery" of their Burnham committee. Sir Ronald will have no truck with those who have pointed to the mounting inconsistencies of Burnham: which are, first, that it has been a lop-sided piece of collective bargaining machinery so long as the chief paymaster (the Government) has not sat on it, and, secondly, that the form of its membership has increasingly given too much weight to the interests of the large number of young women who will serve as teachers for only a few years, and too little to the interests of those who serve a lifetime in the profession.



Sir Ronald Gould
(See page 1054)

As a result of these varying resentments, NUT members are now being urged into a "plan" of protest action that looks weirdly unprofessional, not just in the snob sense but in the sense of being inexpert. The first demonstration is scheduled to be a general one-day school strike when Parliament reassembles (October 24th) so that thousands of teachers can turn up as lobbyists at Westminster; no doubt this—and similar action planned by the National Association of Schoolmasters for next week—should be easily organisable but what good is a one-day stoppage meant to do? It is proposed, secondly, that teachers should refuse to co-operate in the school meals service after November 1st; compulsory bans on extra-mural activities of this sort are bound to be differently interpreted by different people, and thus cause strains in staff relations between keen NUT members and the rest. Thirdly, it is hoped to take more extended strike action in particular local areas; but if these are to be backed by union funds three quarters of teachers must agree in a referendum, and it is by no means certain that that percentage of support can be secured.

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GHANA

More or Less Equal

AFRICANS, trying to prove themselves as good as anyone else, sometimes prove themselves as bad. Ghana, which started it all, is in just such a situation. Its president, Dr Nkrumah, has once again asserted the black man's international status by acting—along with Mr Nehru—as peace messenger from Belgrade to the Russians last week. Mr Modibo Keita, of Mali, has been in Washington this week proclaiming the African presence. Dr Nkrumah has been fêted in a dozen communist capitals; as many Commonwealth finance ministers have made the trip to his own capital to be the guests of his finance minister and to discuss (as a matter of primary importance) European economic alignments. The Osagyefo has enjoyed plenty of dignity.

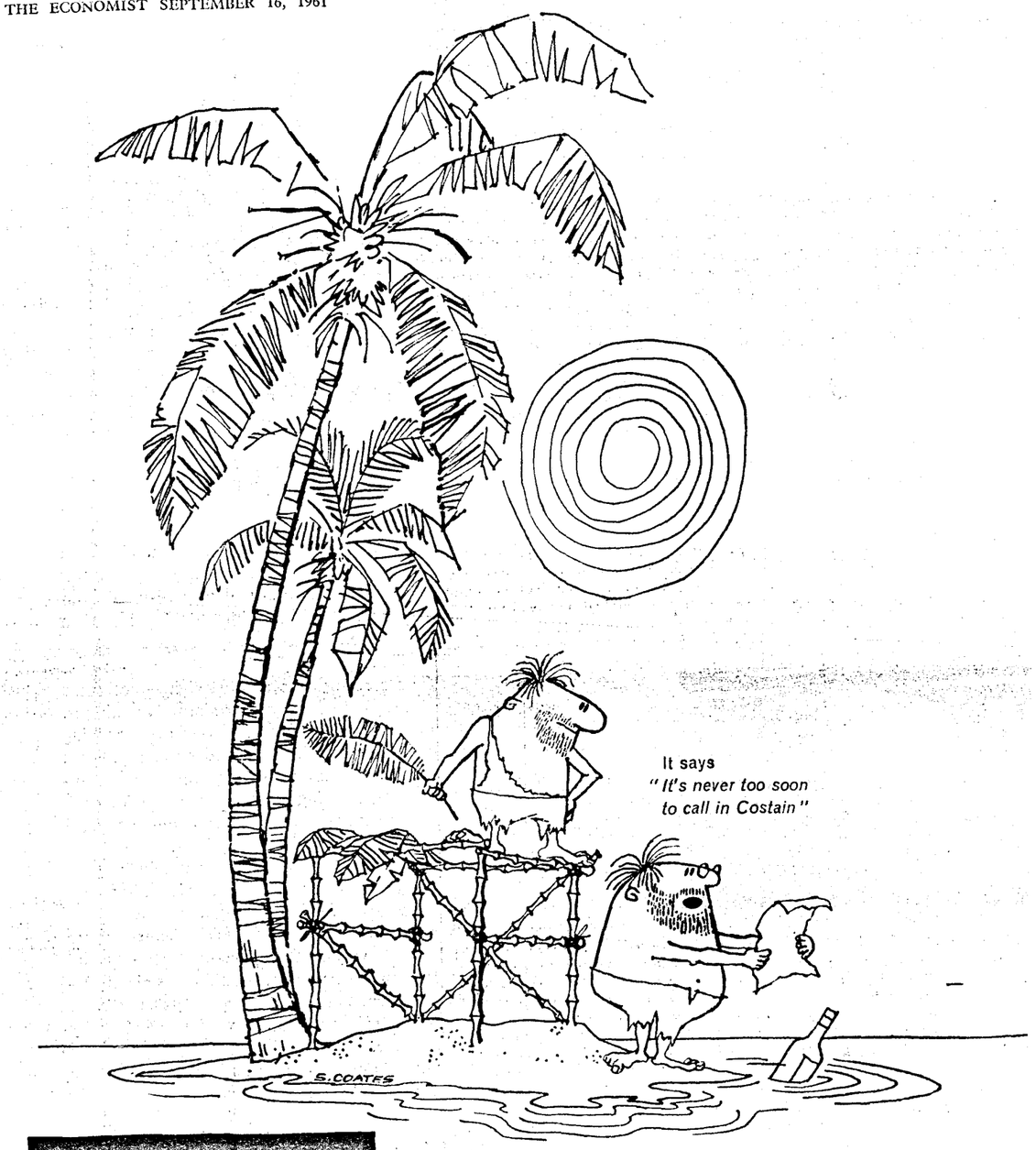
This is all to the good. African politics must for some years to come centre around the claim to negro dignity first successfully staked by Dr Nkrumah himself when he led Ghana in independence in 1957. The irritation, for the rest of the world, lies in the fact that Dr Nkrumah and his people do not yet seem to have grasped the extent of their global acceptance. They fear colonialism, although, in their own land, it is long buried. For Ghana itself the most damaging international manifestation of this lies in the sort of language used by the government-backed Accra *Evening News*. This newspaper has been raising its voice in anger at foreign (including British) criticism of Ghana; some sizzling passages from its editorials indicate a lack of self-confidence that no Ghanaian need feel.

A similar lack of self-confidence is evidenced by the degree of legislative force used by the Ghana government to crush the strike of railwaymen and dockers that began ten days ago in protest against an "austerity budget" that severely raises the level of taxation. The budget itself was the result of urgent economic planning: Ghana cannot continue to spend as lavishly as it does on prestige projects (like airlines and aid to other African countries) as well as support the Volta River power and aluminium scheme, without placing a strain on its economy and the standard of living of its people. This the Ghanaian government can do if it wants. People overseas have to understand the pressing psychological reasons behind such economics, and behind the tempers that flare up when outsiders sound sceptical, or when dockers appear to hold up progress.

NORWAY

Labour's Mishap

"PROPORTIONAL representation does not produce stable majorities." This psephological maxim must be receiving fresh consideration in Oslo after the unexpected result of Monday's general election. In the 1957 election, the Norwegian



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system of PR gave Labour a slim, but absolute, majority, with 78 seats in a Storting of 150; the four non-socialist parties got 71 seats between them and the Communists one. This week, Labour got only 74, the Communists none at all, the four parties of the Centre and Right 74; but the newly formed leftish Socialist People's party with 2.3 per cent of the votes, won two seats and now holds the balance—though only in a limited sense. Mr Gerhardsen, the prime minister, was left to decide whether to form a minority government or to seek an alliance with, say, the Liberals or the Agrarians. It is unlikely that he will seek accommodation with the SPP, which was partly formed by those who were ousted from the Labour party for their views: their platform opposed the Nato connection and called for unilateral disarmament by Norway.

The bargaining position of the two SPP members is in fact much less potent than the bare figures suggest. The four non-socialist opposition parties—Conservative, Christian People's, Agrarian, and Liberal—have never been able to form a coalition among themselves, and it is even more unlikely that they will either find a common cause with the SPP on domestic policy, or embrace its particular brand of pacifism.

Despite this, the election has given the government a nasty shock. In a quiet campaign, many local Labour organisations approached the election in a complacent mood born of Labour's twenty-five years in office. Mr Gerhardsen has admitted that the party now needs to take a good look at itself. Like the Irish MPs in the House of Commons at the turn of the century, the two SPP members will be thorns in the flesh. There will be some hot words in the next Storting.

MONTY

Principled in Peking

LORD MONTGOMERY in Chinese company cannot fail to alarm. His dinner companion in Peking a few days ago was his military co-equal, Marshal Chen Yi, the Chinese foreign minister, and in a warm glow of soldierly recollections the field-marshal put his name to three principles designed to ease world tensions. If the New China news agency has quoted them aright, these were:

> There should be only one China, whom everybody recognises; there should be two Germanies, whom everybody recognises; and all armed forces everywhere should withdraw to their own national territories.

Lord Montgomery's "principles" are not all equally contentious, but they all, at the moment, suit the communist book. To find a parallel, one must perhaps imagine Marshal Chen Yi, as a guest of the British Government, coming out at a Guildhall banquet for the reunification of Germany by means of free elections, the neutralisation of eastern Europe and, say, the recognition of Formosa as an independent republic.

General Eisenhower's former deputy is, of course, entitled to his views; it is his choice of a forum that is puzzling, perhaps to his hosts as well as to his fellow countrymen. If the Chinese are puzzled, however, they may be trusted not to let on. The views of a celebrated western commander are valuable property, even though his three principles can, if one is sufficiently ingenious, be interpreted in more ways than one.

TOWN PLANNING

New Garb Nationalisation

THE latest fusillade of Labour ideas about the planning of new development comes from a group report sponsored by *Socialist Commentary*. It is an excellently written report with some persuasive minor suggestions. The group contends that nothing effective will be achieved until one ministry takes over the central planning of communications and industrial location as well as land use; and until regional authorities are set up to pick out major sites for development (including 12 larger new towns in south-east England) and to preserve a broad backcloth of countryside in place of the present rather finickety green belts. These ideas make very good sense so long as it is recognised that any authority planning industrial location must understand industrial, as well as purely social and aesthetic, requirements.

The controversial core of the report, however, is the old panacea of the nationalisation of all freeholds in land, dressed up in new garb. It would take effect through the imposition of a "life" (maximum 80 years) upon every building, after which it would revert to the planning authorities on payment of 50 per cent compensation for the site value and nothing for the building; the authorities could then grant new 80-year leases or where appropriate extend a building's life. Politics apart, one snag with this scheme is that it would amount to planning for the next generation but one, rather than for the 20-year period with which the group is concerned. Many old buildings would presumably be given a short life, but even so twenty or more years would often elapse while buildings rotted away in the absence of any incentive to keep them up. Moreover the suggestion that owner-occupiers should get full market compensation for both land and buildings—a palpable political sop—would probably ruin the scheme anyway. One cannot set up effective planning on the basis of being relatively beastly to every landlord and soft-hearted to every other houseowner.

The scheme might work better with undeveloped land, where the planning authority would compensate owners at existing use-value plus an incentive bonus, and issue the developer with a new 80-year lease. This arrangement avoids some of the pitfalls in the official Labour plan, but in general neither plan offers a really workable solution to the problem or how to plan and encourage (or at least not discourage) development effectively without inflating land values. Someone on the Left should investigate a simpler two-part solution: wider public ownership in redevelopment areas and new towns, coupled with the inclusion of land in a general tax on capital gains.

BIRTH CONTROL

No Longer Taboo

NEARLY twenty years ago, when a committee was appointed to make the first large-scale study of family planning in Britain, on behalf of the Royal Commission on Population, its members were convinced that only doctors could interview the women (preferably their patients) because the questions were so intimate. "Clearly, to attempt house-to-house questioning on a national scale was to foredoom the enquiry to failure." An article in the current issue of *Population Studies* reminds us of these apprehensions in giving the results of a new inquiry, undertaken by the Population Investigation Committee, in collaboration with Social Surveys (Gallup Poll)—and successfully carried out by exactly this method of house-to-house questioning.

Some 2,350 married people were interviewed and of these, only 13 refused to give their opinions. The attitude towards birth control varied, as one would expect, according to age. Half of those married in the nineteen-twenties expressed "full approval," this proportion gradually increasing to 70 per cent of those married in the nineteen-fifties. Among recently married non-manual (that is, professional, commercial, etc.) workers the proportion expressing approval was as high as 78 per cent (compared with only some 60 per cent of the youngest manual workers). Protestants, of course, were much more likely to express full approval than Roman Catholics. Even so, nearly 42 per cent of Roman Catholics who were recently married expressed approval, compared with only 17 per cent of their oldest co-religionists.

Those who express approval or disapproval of birth control in principle are not necessarily one hundred per cent in favour of, or opposed to, practising it. Of all those giving information on the subject, 70 per cent of the recently married have at one time used birth control; subdivided into the approvers and disapprovers of the principle, the proportions are 82 and 30 per cent. Eventually both figures will be bigger, because some of the recently married start to limit their families only after the birth of one or more children. Birth control, it should be pointed out, was used throughout the survey in the widest sense, only sterilisation and abortion being omitted—i.e. besides the use of mechanical means, it included restricting intercourse to the "safe period," or abstaining altogether, or prolonging lactation. The extent to which the different methods are used will be the subject of a later article in *Population Studies*. But this one already shows the extent to which the taboo on discussion of the subject has broken down among younger married couples today.

LETTERS

Kenya

SIR—In your issue of September 2nd you discussed the present situation in Kenya. The two essential matters, you said, which called for an early response from London, were Mr Kenyatta's status and the acceleration of the process of reaching independence. It is difficult to see why you should have had even a quiver of worry on either score. African nationalism in Kenya is totally victorious. Since you wrote, it has become clear that Mr Kenyatta will walk in glory into the Legislative Council within, at the most, a few weeks, and that *uhuru* will be granted during next year.

However, you referred in passing to other matters which were, you said, delicate but of less importance. The matter of the personal security, the livelihoods and the lives of the European farmers in Kenya is neither so delicate nor so unimportant that it cannot be mentioned. I realise that, on more than one occasion, you have drawn attention to it, and I am grateful. Now, however, these farmers, who are still British citizens, are facing disenfranchisement, financial ruin and individual despair; and it is essential that they should not be forgotten, particularly by the Government whose policies have brought them to this plight.

There are two aspects of their forthcoming fate which all of us here in Britain would do well to ponder. First, it was announced at the end of August that some British farmers had formed an organisation to help others who, as a consequence of Kenya's economic collapse, cannot realise their assets, to raise enough cash to emigrate to Southern Rhodesia or South Africa. The secretary of this organisation said that it refused to acquiesce in the economic trapping of any European in Kenya. This is only, after all, to exercise a fundamental human right which, to our loud applause, East Germans exercised until August 13th—the right to leave a country in which life is being made unbearable.

The African political leaders' reactions were significant, though hardly helpful. Mr Mboya warned would-be emigrants, "We shall hunt you out"; Mr Shikuku, the secretary of KADU, called for the immediate expulsion of the organisers, as prohibited immigrants, but not, of course, for the expulsion of those whom these organisers want to help. After all the African leaders, just like Herr Ulbricht in East Germany, want to be certain of a supply of skilled labour. But *The Economist*, I am sure, would agree that they ought not to have it on these terms, and that it ought not to consist of British ex-servicemen, their wives and their children.

Second, there is the Land Freedom Army, a terrorist body which was belatedly proscribed a few weeks ago. It preserves, and in practice is likely to extend, the outlook and customs of Mau Mau. It numbers, according to my latest information, some 1,500; these have now joined, *en bloc*, KANU's Youth Wing. One of its aims, after *uhuru*, is to stage "war criminal" trials of those who opposed Mau Mau.

These are facts which I have stated. They cannot be denied by anyone in authority, in Britain or in Kenya. We have watched this tragedy unfolding for many months past. Against the vast background of revolutionary change in Africa, it may to most people seem small. I see it as crucial, not only for the British minority in Kenya; it concerns us here in Britain. These are not strangers. These are our brothers; they went to school with us, they soldiered alongside us. We owe them a simple, basic human loyalty. The real challenge in this situation is to ourselves. If we are so devoid of any sense of moral responsibility, so callous and so lacking in compassion towards people to whom we should be linked by these strong ties, it is impossible to resist the conclusion that we are heading very rapidly for a long radio-active darkness, and that this is what we have earned.—Yours faithfully,

JOHN CONNELL

London, SW1

Teachers' Pay

SIR—Since you had apparently proved to your own satisfaction that teachers would get more money from Sir David Eccles than under the Burnham Committee's proposals, I fully expected you to change horses, attack the Minister and urge immediate acceptance of the Burnham recommendations.

The fact that you did not do so suggests that perhaps the prospect is not all that real. Anyway, I hope you will pardon our scepticism, particularly in view of the reply given by Sir David Eccles to the Burnham Committee. The Minister was asked if he would be prepared to sanction the full £47.5 million increase when the "pause" came to an end. He said no. Most teachers would naturally prefer to have the £5.5 million bird in their hand rather than the two in the bush Sir David now offers.

Some of us still recall that in 1956 Sir David encouraged teachers to go to the Burnham Committee for salary increases in order to save his Superannuation Bill, only to tell the leaders of the Burnham Committee, once the Bill had been passed, that it had gone too far.

Will any of your readers be so naive as to believe your assertion that the reason why Sir David is threatening legislation to impose a £42 million increase is because the NUT obstinately refuses to see that the Minister wants to give them more than the increases negotiated through Burnham? And why in a responsible journal like *The Economist* is it necessary to bring in cloak and dagger references to "open secrets," etc. This is an "open secret" that the Minister shares with you alone. I assure you it has not been shared with us.—Yours faithfully,

RONALD GOULD

General Secretary, National Union of Teachers

London, WC1

Northern Rhodesia

SIR—In a report, "Question Mark over Northern Rhodesia," (*The Economist*, September 2nd) reference was made to "27 dead and hundreds arrested" in the events of the past month.

Action by the Northern Rhodesia Police against the present campaign of violence has resulted in the shooting of 18 people in security operations and the conviction of 650 (550 of them members of the United National Independence party) for intimidation, arson, sabotage and other crimes of violence.

Your readers are entitled to know that of the "27 dead" referred to by your correspondent, 9 (eight members of the Northern Rhodesia Police and one prisoner) were drowned when their boat capsized in the Zambesi River.—Yours faithfully,

L. F. G. ANTHONY

High Commission for Rhodesia and Nyasaland

London, WC2

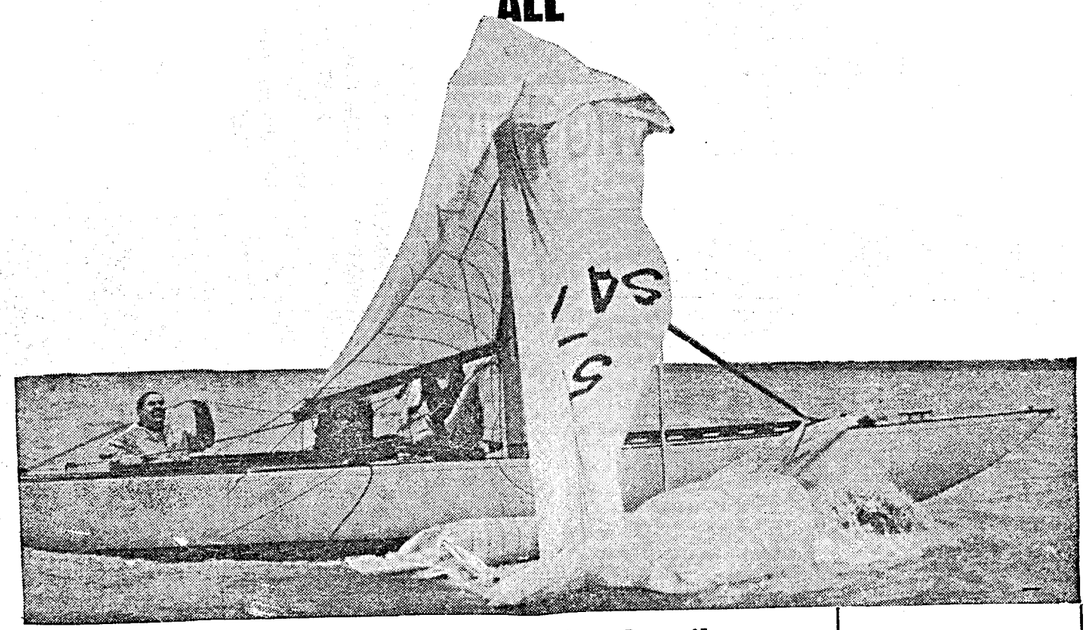
World Oil

SIR—Mr Levy is at it again, upholding the *status quo* in the muddy economics and politics of oil. Mr Levy's obvious game of brinkmanship is complete, with stockpiling, emergency powers and alternative bases to sustain the chastity-belts of the "Seven Sisters," as Mr Enrico Mattei would affectionately call the established oil companies. If such an internationally vital industry couldn't (or shouldn't to paraphrase Mr Levy) stand a mild shake-up of liberal thought, then it is neither "international" nor "established." By being so uncompromising, Mr Levy and his "integrated" oil industry defeat their own security, let alone "the security of world oil supplies." Logic and eloquence cannot promote a concept of corporate trusteeship over world oil for purposes other than private gain. It is alarming that such a vital commodity should depend on a drive for private growth. One hears endless needling of the producing countries, their assumed instability, their misbegotten argumentation, the personal ambition of this or that bureaucrat; but little is frankly projected of the dangerous mentality of the oil industry's princes.

OPEC is not designed solely for regulating prices and production. If it does then it too perpetuates the *status quo*. These producing nations have yet to boast a single native refinery or fertilizer plant, a solitary service organisation and nothing but a few miserable tankers.

The present limitations of native capabilities in the producing areas for wider responsibilities in the world oil trade are neither an economic nor a logical reason for the continuation of the industry's overlordship. Those limitations are as much the guilt of native autocratic waste as of the industry's

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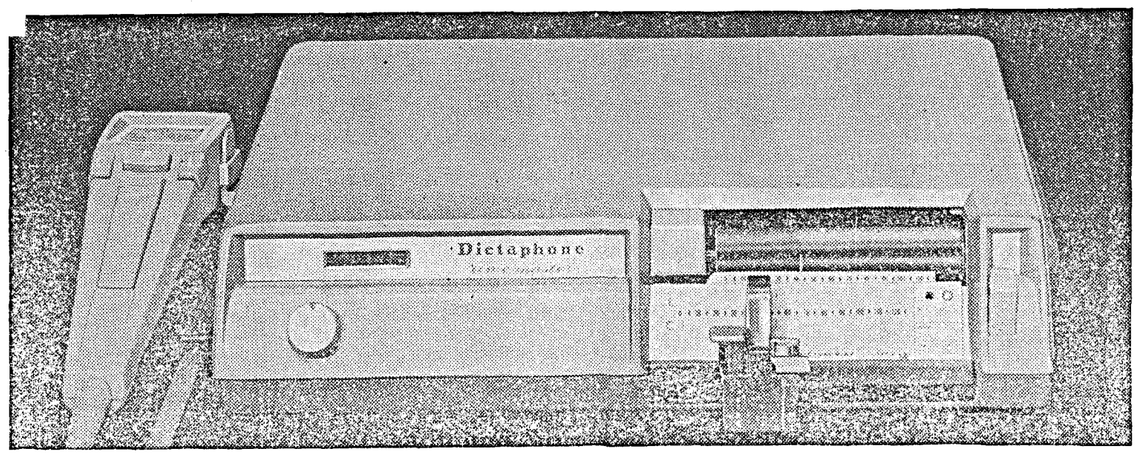
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purposeful indifference. An urgent start should be made, not so much in the timid suggestion of Mr Levy's interdependence, as in fuller recognition by the industry of the existence of human and other resources capable of systematic regional integration. How can an internationally conscious oil industry delude itself that a place like, say, Abu-Dhabi is a contractual entity? The marginal existence of millions in the Middle East amidst the background of an obsession for industrialisation, and of the fantastic affluence of a few irresponsible patricians, with their waste and indulgence, explain the insecurity of oil supplies and prices—not the machinations of the Matteis, the inner fury of the Tarikis, the dumping of the Russians and the monkeying of the independents. The lust for continued power and overlordship on the part of the "established" is contributing more for messy prospects than they or Mr Levy acknowledge.

Mr Levy echoes the industry's chapter and verse on the assumed oil investment risks. Prodigal in statistics, he nevertheless failed to show how much of this risk was tax money, how little of it was mobilised outside the phenomenal profits in the host countries. If there is an investment risk, why not spread a bit among the disgruntled kinsmen of the "host" nations, to other Arabs and Latins, in regions where political frontiers are recent accidents of history? Implicit in the national responsibilities of the "established" oil industry is the ability for political statesmanship too—not just mercantile articulation. The advocates of their brand of interdependence in the global oil trade can exercise endless manipulation of facts and thought. They can also play a little game of brinkmanship. But the hardest part the princes of the industry have yet to perform is to wriggle off sharp hooks of their own making. As Abu-Bakir, Islam's first Khalifa and foremost layman once said: "Princes are the most unhappy of men, both in this world and the next."—Yours faithfully,

OMAR HALIQ

Düsseldorf

The National Health

SIR—In their letter in your issue of September 2nd, Professor and Mrs Jewkes suggest that our national health service should be included among those British institutions whose workings might well be re-examined.

The Acton Society is arranging a colloquium at the end of November when it is intended that a small body of invited people should discuss the financing of the service, the extent to which it is practicable to inject private money and the probable effects of such a procedure. The number of people taking part in our discussions will be severely restricted, but if any of your readers have any original contributions to make to us we should be glad to have the opportunity to consider them. We hope to publish a summary of the discussions after Christmas.—Yours faithfully,

B. PHILIP ROWNTREE
Chairman, The Acton Society Trust
39 *Welbeck Street, London, W1*

BOOKS

Whitehall and Imperialism

Africa and the Victorians

By R. Robinson and J. Gallagher with A. Denny.
Macmillan. 503 pages. 45s.

"IF we could acquire the Dominion of the whole of that Continent it would be but a worthless possession." Until late in the seventies, Mr Mother-Country's assessment of Africa in 1840 was still that of Whitehall. Yet in the last twenty years of the century, "against all precept and prejudice, against the experience and trends of previous expansion," Egypt was occupied, a huge tropical African empire acquired, and a major war fought to restore imperial supremacy over the Transvaal. Why this should have happened is an old problem. In the main, it has been "explained" by three factors, singly or in combination: The late Victorians succumbed to an access of imperialist enthusiasm; their businessmen sought to relieve a surfeit of capital and a deficiency of markets in a new continent; and increasing rivalry among the powers magnified the weight of every move overseas on the delicate scales of the European balance.

Whatever the importance of these elements, others must, at least in the British case, be brought into the sum: the collapse of African governments under the strain of previous western influence (as in Tunis, Zanzibar and Egypt); the growth, encouraged by British agencies, of local communities that became expansive in their own right (as in southern Africa); and the changed relationship of Africa to the long-term aims of British strategy in Europe, the Mediterranean and the east. Given such various components, the problem of motive can be resolved only if some unified field of study can be found where "all possible incentives to African empire may be assembled without becoming indistinguishable in their effects." This the authors of this fascinating book find in "policy-making" in Whitehall. Of course, ministers and their advisers could not completely control the process of expansion; nor were they fully aware of all the forces at work or of their own unconscious assumptions. But, for all these shortcomings, "official calculations," the authors argue persuasively, "throw most light on the deeper reasons for imperial expansion in Africa."

So, after an incisive review of the traditions of Victorian statecraft, they proceed to "the humbler tasks of chronology." Their patient reconstruction and brilliant analysis of the official mind groping its way to policy decisions in South Africa and Egypt, on the Niger and the Zambesi, is an exciting exercise of the historian's art.

What are the authors' conclusions? No new sustained or compelling impulses towards African empire emerged in the eighties. Businessmen saw no future in Africa except in the south, while politicians were as reluctant to expand and administer a tropical African empire as Parliament was to pay for it. African lobbies were "usually too weak to be decisive"; nor were ministers interested in empire for empire's sake. As the policymakers saw it, their advances were prompted by different interests and circumstances in different regions. But, in all those north of Rhodesia, the "broad imperative" was the safety of the routes to the east, though admittedly in Nyasaland and on the lower Niger a reluctant government "acted to preserve existing fields of trading and missionary enterprise from foreign annexations." The late Victorians "moved into Africa not to build a new African empire but to protect the old empire in India," because they believed that British power depended almost as much on the possession of India and preponderance in the east as on the British Isles. Before 1880, the safety of the routes to India had been preserved without large African possessions. After 1880 nationalist crises in Africa itself—the outcome of earlier decades of European influence—and the interlocking of these crises with rivalries in Europe forced Britain

> to regain by territorial claims and occupation the security which could no longer be had by influence alone. . . . From start to finish the partition of tropical Africa was driven by the persistent crisis in Egypt.

In southern Africa, on the other hand, the government tried, in the hope of conserving imperial influence (and the safety of the Cape route to India), to satisfy the demands for more territory pressed upon them by self-governing colonials. But the exploitation of the Rand raised the enemies of the imperial connection to political preponderance and killed the hope that British immigrants and businessmen would, in the normal course, engulf the republicans. Prisoners of their colonial friends, the Unionists tragically attempted to restore imperial paramountcy by war.

This is not just another piece of research. The authors have not been satisfied merely to present new material but have thought hard about it. Their political judgment is as shrewd as their expression of it is witty, and they have produced a contribution to late Victorian history that will prove to be of seminal importance.

Potted Palms

The Age of Churchill, Vol. I: *Heritage and Adventure, 1874 to 1911*

By Peter de Mendelssohn.
Thames and Hudson. 627 pages. 42s.

THIS book has been sniffed at by the pundits both for being just a *réchauffé* of all the other books about (or by) Winston

Churchill and his family up to 1911 (it is the first of three no doubt equally capacious volumes); and for getting this or that bit wrong in the rehash. The whole sprawling enterprise does indeed sit rather awkwardly between all the books it is derived from and the full-dress biography, based upon real research into all the material, that Sir Winston now deserves. But it is not fair to blame Mr de Mendelssohn either for not writing a different book or for writing this one at all.

Bulk apart, it is mostly lively and readable and often illuminating, especially for readers who have known only the grand old man. It may be a pity that some will now read this book instead of those it pots, but many would not read them anyhow now. And, to give Mr de Mendelssohn his due, the book is much more than warmed-up other books. It is put together with some eye to perspective, and reflects the author's lifelong and passionate interest in the real Churchill, as distinct from the legendary one, in the man not the myth.

This first volume does point itself towards the really relevant questions about the young Churchill : how the child or, rather, the thrusting youngster, bumptious, ebullient and dogged, impertinently self-confident and quick-witted, sensitive and as sharp as a needle, was father of the man we boast about ; and how much it meant to the momentum of his persistent ambition to be son of his own so similar father, who was rejected, broke down and died long before the age at which, by time's revenge, Sir Winston himself came at last into his own.

Sociology Renews Itself

Ideology and Society.

By Donald G. MacRae.
Heinemann. 243 pages. 25s.

THE history of sociology in this country is a curious one. As Professor Shils has pointed out, modern sociology really started in Britain. "The sober attempts of a small group of dourly noble reformers and administrators in the nineteenth century, to find out the 'real condition' of England, were the first of their kind in history." By the end of the century, an outstanding tradition of British social inquiry seemed firmly established. Yet while sociology gathered impetus in Germany, France and the United States, in this country its study marked time for nearly fifty years, apart from the valiant effort of a few lone pioneers at the London School of Economics. In the first section of this collection of essays, Mr MacRae tries to explain why the spirit of inquiry of Bentham, Mill, Spencer and Booth should have become so muted until recently. The explanation is not easy—perhaps one factor which Mr MacRae neglects is the peculiar historic link between British sociology and the fortunes of pragmatic socialism. All this has now radically changed, and he goes on to discuss the prospects for sociology in this country as the doors of Oxford and Cambridge are at last opening (but simultaneously the ad-men are also moving in).

Mr MacRae's second section covers a wide range of topics from the impact of advertising on sociology to that of Darwin on social theory. He does not regard advertising as basically sinister, but as a necessary instrument in a mass consumption society, and as such a subject of serious study for sociologists ; this applies also to the wealth of information gathered by advertisers.

The third group of Mr MacRae's essays is mainly political. It includes his already well-known essay "The Bolshevik Ideology," in which he puts forward a masterly sociological critique of Marxism, timely today when so many younger sociologists have oddly come to regard neo-Marxism and sociology as synonymous. Altogether his book is bursting with life and vigour, and is clearly and entertainingly written for the layman as well as for the professional. What Mr MacRae shows is that sociology is a serious subject and not just a newly discovered exciting game for journalists.

Reza Shah's Legacy

The Modernisation of Iran, 1921-41

By Amin Banani.
Stanford University Press. London: *Oxford University Press.* 202 pages. 40s.

THE dates of this book's title, which suggest that it is a period piece, are offset by the photograph on its dustcover. This shows a primary school classroom of today—girls with boys, and all eyes alight with intelligence and hope. Its message is that the book includes contemporary, if not everlasting, topics.

The body of the book is about Reza Shah's deeds for his country. These were for a time obscured by the megalomania, greed and ill-temper of his last years ; but he began in different vein, and though much that he did was impatient and shallow, he had the great merit of galvanising a stagnant country into practical activity. Before he made his bound out of the army and onto the Peacock Throne, a minority of the intelligentsia (of whom thumbnail sketches are supplied) had dreamed of, thought of, and talked of things to do ; he did them. They are briefly described in well-documented chapters on the army, the courts, the land, education and economics. The last, which the author admits is not his usual field, is less good than its fellows.

Twenty years have passed since Reza Shah died (or fifteen if one deducts the ill-starred years of allied occupation). Why is it that Persians today are coming into a heritage so little better than then? In an outspoken and thoughtful conclusion, the author analyses whether the delay is due to foreigners, or to the Persians' besetting sin of moral resignation, or to searches in the wrong direction—a too material direction—for the secrets of success.

Persian by birth, he is at present an assistant professor at a university in the United States. (Incidentally, his book, coming from a dollar source, is by English standards too expensive for its content ; the only justification for such a price is that dispassionate books on Persia are rare.) It is a pity that a Persian who thinks as lucidly and writes as candidly as he does should work outside Persia ; but there are few attractions at home for young men who see their work judged less often on its merits than on irrelevant considerations such as envy or social prejudice, and who have to watch their elders avoiding action out of unwillingness to risk consequences. Until public opinion, or some new Reza Shah, creates openings at home for men of energy, what have the children on the dustcover to look forward to, unless to sampling communism?

Economic Theory Applied

Equilibrium and Growth in the World

By R. Nurkse. *Harvard University Press.* London : *Oxford University Press.* 393 pages. 60s.

PROFESSOR HABERLER and his editorial colleague have performed a very useful service in bringing together this selection of papers, lectures and book reviews by the late Professor Nurkse. They are not, of course, all equally good, and some of them have a much smaller impact now than when they were first published. The best of them, however are extremely stimulating and demonstrate afresh the loss caused by his untimely death two years ago.

Although he wrote some papers in the field of pure theory (such as the papers on capital movements and on inventory cycles included here), Nurkse's main forte lay in the application of theory. His exposition was always clear and simple as, for instance, in his paper on "Domestic and International Equilibrium," which sets out the impact of Keynesian economics on the theory of international monetary relations. But when he used the theory to attack particular problems, he also displayed great gifts for getting to the core of the matter and putting it in terms of one or two simple pieces of economic analysis.

Curiously enough, the work that perhaps did more than any other to secure him his reputation was not published under his name. From 1935 to 1947 he worked for the League of Nations, where he was the main author of "International Currency Experience," which appeared in 1944. This survey of the inter-war period is one of the best books ever written in the field of international monetary economics.

Nurkse spent nearly all the years after 1947 at Columbia University. Here he devoted himself mainly to the economics of development and wrote "Problems of Capital Formation in Underdeveloped Countries," which had a considerable impact. The topics discussed include the notion of "balanced growth" to which he later returned in various lectures that comprise over a quarter of this posthumous collection.

He regarded the theory of comparative costs as rather unhelpful in understanding the relation between trade and growth. Without denying its validity, he preferred a more dynamic approach. In the nineteenth century, he argued, trade was an engine of growth. The expansion of western European industry was transmitted to the recently settled areas by the growing demand of industry for primary products, and the export of private capital to build railways and provide other overhead capital was part of this process. Conditions have now changed, however, and, except for oil, the demand for primary products lags behind the expansion of industry because of economies in the use of raw materials, the development of synthetic materials and so on. The incentive for private foreign investment in the poor countries is also less than it was. Comparative costs might suggest the development of simple export manufactures there, but such industrialisation is difficult as the experience of India in selling textiles demonstrates. Hence industrialisation for the home market must play a large part in the development of such countries. Because the expansion of home markets is a limiting factor, the growth of industry and agriculture and of different types of industry must be balanced, in the sense that the pattern of production matches the pattern of demand from the growth of income which is generated. Power and transport facilities have to be built ahead of demand in order to make industrialisation possible, but in industry itself suppliers and customers must expand together.

This view, which downgrades the contribution of international trade to growth, is not without its critics. Professor Cairncross, for instance, in a recent lecture, has argued that it is rather exaggerated. However, it must not be supposed that Nurkse was as dogmatic as a brief summary might suggest. These lectures really amount to a restatement of Nurkse's earlier views on the subject, and it is clear both that he was not maintaining balanced growth to be necessary in all circumstances and that he was not much of a protectionist.

The longest part of the book is a splendid paper published in 1956 on the relation between domestic investment and exports in Britain in the decade after the war. Britain's main export achievement and hope lay in the engineering and metal industries, industries which are particularly important for domestic growth. When there were balance of payments difficulties the quickest and easiest way to meet them was to check the growth of domestic capital formation, not merely in order to reduce the domestic absorption of output but also because this made possible a shift of resources to exports, which did not require difficult inter-industrial mobility. If, however, such occasional shifts at times of pressure are not to reduce the long-run accumulation of capital, an expansion of the capital goods industries becomes an important aim of policy.

Nurkse's analysis of these problems, which is coupled with a more general exposition of the "absorption approach" to balance of payments problems, shows the

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uthor at his best. He does not flourish any unnecessary technicalities but uses economic theory as it should be used. This is the sort of stuff that students should be fed if they are to have a balanced diet; so this book will serve their teachers well, besides being of value to those concerned particularly with growth and trade.

Ever Present Challenge

Canada and the Canadians

By Alistair Horne.
Macmillan. 343 pages. 30s.

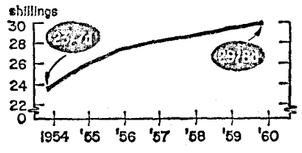
A RECURRENT theme in this latest book about Canada is "the potent natural forces—of geography, population, climate, economics and communications—that have traditionally threatened to tear Canada in fragments and draw the fragments towards the United States." Canada has indeed paid a high price to create and maintain its identity, but to say that its geography runs strictly vertically and not horizontally and that its existence is "counter to the laws of nature" is to neglect the indisputable natural geographic fact of the east-west St Lawrence axis—the historic backbone of Canada—and the strength of the rivalry between the St Lawrence gateway into the North American hinterland and competing gateways in the south and north.

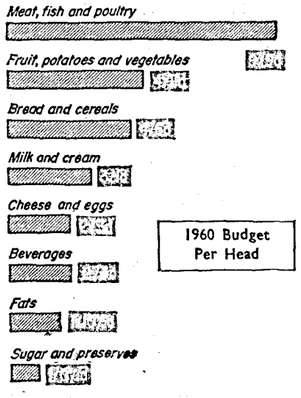
After two years of study and 20,000 miles of variegated travel, the British author concludes that, in the long run, Canada's only answer to the danger of subdivision is more people. Deeply impressed with the challenge of the vast wilderness that is the setting of the "shreds and patches" of population stretched out along the artificial United States border, he writes of "so much uninhabited land that, under modern technology, could be inhabited"; but what of the limitations imposed by such problems as the need for export markets to absorb the technically possible products of the rocks, rivers and forests of Canada's empty spaces? Notwithstanding such gaps and a number of mistakes, such as uranium from Alberta, that have slipped through uncorrected, the analyses of economic and political problems are enlightening, as are the lively descriptions of Canada's widely diversified regions.

Sandwiched in with analysis and description is some shrewd advice to prospective immigrants, based on the experience of past immigrants, with many of whom the author has discussed their problems. The complaint that there is no culture in Canada is examined in an admirable chapter on the arts and letters, while culture in the wider sense epitomised by the "pub," for which the homesick Briton pines, finds its characteristic Canadian expression in the summer cottage by a lake. A discerning discussion of Canada's relationships with Britain, the Commonwealth and the United States concludes that "Canada has become the keystone of the whole Commonwealth."

British Eating Standards

WHAT THE HOUSEWIFE SPENDS
Weekly per head of household





Each year the National Food Survey selects a sample of nearly 10,000 households in each of which the housewife keeps a record for one week of all food bought. The chart, illustrating some of the findings of these surveys, shows that over the last six years the average amount spent on feeding a person at home has risen by a quarter, or just under four per cent a year. Rather more than half this increase reflected higher prices.

For every £1 spent on household food, an additional 2s. 6d. is spent on food eaten in canteens, restaurants and hotels. When all supplies are considered, the table shows the extent to which eating habits have changed since before the war. Last year people ate more poultry, vegetables, eggs and coffee than ever before but less fish, butter and flour than before the war.

WEEKLY CONSUMPTION PER HEAD
(ounces unless otherwise stated)

	Prewar	Highest during 1954–59	1960
Meat	33·85	35·75 (1957)	35·32
Fish	7·92	6·88 (1958)	6·51
Poultry	1·10	2·50 (1959)	2·89
Fruit	38·15	40·06 (1959)	39·39
Potatoes	55·97	69·42 (1955)	65·39
Vegetables	37·05	40·03 (1959)	41·35
Flour	59·85	57·60 (1954)	51·29
Milk, liquid (pints)	3·24	4·98 (1954)	4·84
Cheese	2·71	3·08 (1957)	2·98
Eggs (number)	3·87	4·60 (1959)	4·72
Tea	2·86	3·11 (1956)	2·95
Coffee	0·22	0·58 (1959)	0·65
Butter	7·60	6·15 (1958)	5·57
Margarine	2·68	5·63 (1954)	4·68
Sugar	31·66	35·54 (1958)	34·55

Recognising that there is no such thing as a typical Canadian (unless it be a leisurely North American who makes a garden) the author sums up this new nation as a people engaged in the exhilarating business of creation and endowed with the special freedom given by space, a nation that thinks and acts bigger than it is and has, in international affairs, attained a maturity beyond its years and influence beyond its numbers.

The Islamic World

A Short History of Islam

By Sayyid Fayyaz Mahmud.
Oxford University Press. 734 pages. 35s.

UNDER the impact of scientific materialism and secular nationalism, religious distinctions have lost much of their sharpness. Yet a certain fellow feeling still links the states that formed the medieval Islamic world just as it does those which formed medieval Christendom. Islamic consciousness remains particularly strong in Pakistan, where it provided the motive for the formation of the nation. Pakistani scholars are therefore led to study the world of Islam, not like their medieval predecessors as the only civilisation worthy of profound study, but as one which influenced and was influenced by other comparable cultures.

In consequence they feel the need to present a synoptic view of the history of the Muslim states as a whole. One such work, "A Modern History of the Middle East and North Africa," by Dr S. M. Imamuddin, of Dacca University, appeared last year; this year this even more comprehensive study, covering the whole Islamic world, and printed in Karachi, has been published by the Oxford University Press. With so vast a subject, the sections are necessarily condensed to the absolute minimum; and the attempt of an individual scholar to treat the history of every Muslim state that has appeared on the stage of history inevitably results in some inaccuracies and excessive generalisation. Nevertheless, Sayyid Fayyaz Mahmud has made a very creditable attempt, and his book can be recommended to non-Muslims as well as to Muslims who wish to gain such a general view of the history of Islam as can be presented in a volume of even these dimensions.

Natural Law and South Africa

The Foundations of Freedom: *With Special Reference to South Africa*

By D. V. Cowen.
Oxford University Press. 258 pages. 30s.

PROFESSOR COWEN believes that black and white can live together provided there are certain safeguards. He would like a Bill of Rights built into a rigid constitution of legislation subject to judicial review if it infringes the Bill of Rights. He would also have commissions, whose duty it would

be to receive petitions and to take active steps against discriminatory practices. There would be a federation of the four provinces of South Africa, thus providing a further division of power; the Federal Lower House would be elected on a very wide suffrage, probably adult suffrage; the Upper House—and it would be a true Upper House with real powers—would be elected by proportional representation.

Professor Cowen would agree that in the last resort constitutions cannot provide security unless they represent some reality in the will of the people. But he would go on that they can, all the same, be effective up to a point; it did after all take some years of manoeuvre to overthrow even the mild entrenchment of the old South Africa Act. Here there is little with which anyone who has followed events in South Africa, and has a nodding acquaintance with those in the United States, will disagree with him. Perhaps he does not attach enough importance to the danger that the judiciary may operate in the interests of a class; he is bound to be influenced by the fact that in South Africa the judiciary has always been (in British eyes) enlightened. But judges are not always enlightened; one would not care to see penal reform at the mercy of a Lord Chief Justice. Nevertheless, Professor Cowen's arguments are cogent, and had the constitution he outlined taken the place of that which was adopted in 1910, things might have been very different.

But this is hindsight; the agreement of 1910 was reached in terms of what was politically possible at the time. And what is politically possible today? Professor Cowen speaks (on page 191) of a government wishing to summon a "national convention" and suggests that it would be "realistic" to make it "equally representative of white and non-white opinion." But no legally constituted South African government is likely to do any such thing; nor, by the time white South African opinion is ready for it, does it seem likely that black African opinion would respond.

The last part of Professor Cowen's book is profoundly interesting in a different way. He refers to Maritain's distinction between those who believe in natural law and those who do not. He himself believes firmly in the Greek idea that there is a natural moral law which man in his imperfect way is struggling to discover. This concept, prolonged by the thought of St Augustine and St Thomas Aquinas, began to crumble with the individualism of the Age of Reason and the idea that law was only a kind of contract; he reasserts its validity. That there is absolute moral force behind law has become a difficult thought for many modern minds. But is it true that an Act of Parliament can make it right to steal? Not, perhaps, if the proposition is stated like that. But it is surely open to Parliament to make a law that would so alter the nature of property that "stealing" became a meaningless term. Societies have had very different ideas of what is moral and what is not; some have held that on his brother's death a man ought

to marry his widow, while others have held that this is incestuous; some have tolerated sodomy and others abhorred it. But though there is variety of opinion over sexual behaviour, there are other wide fields over which there is agreement: it is unusual, for instance, not to deprecate the murder of parents or of a guest. On the other hand, there is surely some element of contract in all society; insofar as a person accepts the standards of a society, it is because he admits that he belongs to it. There are certain assumptions that constitute an implicit contract. That is why most of the world feels that South African society as at present constituted is unjust. Laws are imposed by a section of the population on a larger section which does not feel that this is its society, which does not subscribe to the contract. Surely there is truth in both ideas, natural law and contract; to exclude one or to assert it absolutely is to proceed to opposite extremes of error.

Anyone interested in South Africa or in politics should read Professor Cowen's book; his theses are stated with exceptional clarity; he is always fair and he is always interesting.

OTHER BOOKS

CAPITAL IN MANUFACTURING AND MINING: *Its Formation and Financing.* By Daniel Creamer, Sergei P. Dobrovolsky and Israel Borenstein. National Bureau of Economic Research. *Princeton University Press.* London: *Oxford University Press.* 398 pages. 60s.

This is the fifth volume to be published in a large-scale inquiry into trends and prospects in capital formation and financing in the United States. In this study, from the admittedly inadequate data that exist, Messrs Creamer and Borenstein have evolved what they consider usable records of stock of capital in mining and manufacturing at selected dates back to 1880. They find that, in both sectors, the ratio of capital to output, based on constant prices, rose markedly from 1880 to 1919 and then declined just as markedly. The effect of the changing importance of particular industries is examined and a number of hypotheses put forward to explain the trends.

The data on financing are even less adequate than those on the stock of capital, extending back only to 1900 and relating only to corporations. It is, therefore, with great caution that in the second part of this volume, Mr Dobrovolsky set out his findings on the relative importance to investment of "internal" and "external" funds—that is to retained income and to funds obtained through new capital stock issues and loans.

FEDERALISM AND ECONOMIC GROWTH IN UNDERDEVELOPED COUNTRIES. By U. K. Hicks, F. G. Carnell, W. T. Newlyn, J. R. Hicks and A. H. Birch. *Allen & Unwin.* 185 pages. 25s.

This symposium is based on papers presented to a small working party conference which met at Exeter in September 1959. The aim of this conference was to bring together anthropologists, political scientists and economists in a discussion of the special problems of emergent countries that have adopted, or are about to adopt, federal constitutions, and which are at the same time bent on accelerated economic development. The four main papers are accompanied by comments and well edited reports of discussion. Mrs U. K. Hicks has written introductory and concluding essays. The book makes a valuable contribution to awareness and understanding of these problems. It also provides an interesting example of the co-operation of different disciplines on a common theme.

OIL IN THE MIDDLE EAST. By Stephen Hemsley Longrigg. *Oxford University Press* for *Royal Institute of International Affairs.* 2nd edition. 414 pages. 35s.

Brigadier Longrigg remarked at the end of his first edition, in 1954, that a book on oil "is superseded before it reaches its public." But he so arranged that book that addition is a simple matter. His second edition is identical with the first until page 261, and thereafter consists of chapters or sections, dated 1953-60, on each producing territory and land of transit. These provide the treasury of information on production, negotiation of rights, quality of oil discovered etc. that one has come to expect of this writer. The two major changes revealed are the one well known—the immense rise in output of the 1960s—and the other less often proclaimed—the degree to which new finds and increased production remain in the hands of "the majors," and of governments already rich from oil. Is it by chance, or through the geological skill of the old hands, that nowhere except in the Kuwaiti-Saudi Neutral Zone has there been a discovery of real commercial significance. Brigadier Longrigg has no room for comment of this type, but gives all the facts on which to base it.

TRENDS IN BANK CREDIT AND FINANCE. *Martinus Nijhoff.* 181 pages. 16 guilders.

This is the collection of lectures at the 1960 international banking summer school at Noordwijk, Holland. The main emphasis at this school was the finance of medium-term credits and industrial financing. Dr Klaus Dohrn, a director of the German Kreditanstalt fuer Wiederaufbau, gives an interesting description of the way his own institution provides foreign loans; and the problems of "Financing an International Concern" are discussed by Mr P. F. S. Otten, president of Philips Lamps.

TROPICAL AGRICULTURE. By Gordon Wrigley. *Batsford.* 291 pages. 45s.

This book, which we mentioned last week, will not be available until September 21st.

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Ireland's Snap Election

"WHAT we call the 'spirit' of politics is more surely changed by a change of generation in the men than by any other change whatever." Bagehot's dictum should surely apply to the Irish election which will be held on October 4th. It will be the first in forty years in which the electors will not have the incentive of voting for, or against, Mr de Valera. His *Fianna Fail* party, which has been in office since 1957, will be led by Mr Lemass who succeeded to the premiership when Mr de Valera was elected President just over two years ago. The principal opposition party, *Fine Gael*, will be led by Mr James Dillon who took over its leadership about the same time.

It would be attractive to point to the differences between the two men who are now on their own for the first time. Mr Lemass is a Dubliner and, having been the patron of a tariff-protected industrialisation, draws much of his strength from the capital. Mr Dillon was Minister for Agriculture in the two inter-party governments of 1948-51 and 1954-57 and has always been the champion of an increased farm output for export and a critic of protective policies which increase costs. As the son of the last leader of the Irish Party at Westminster (and the grandson of one of the leaders of the 1848 rebellion), he belongs to an older element in Irish politics than Mr Lemass, whose career began in the 1916 rising.

But neither 1848 nor 1916 is particularly relevant to the coming campaign. Past elections have depended largely on whether people voted for or against Mr de Valera—which in its turn often depended on their view of the civil war of forty years ago. The line of division in Irish politics is vertical, not horizontal. Each of the major parties numbers farmers, professional workers and trade unionists among its members. The issues of the election do not lie along the lines of capital *v.* labour nor (yet) of city *v.* countryside.

Indeed it is remarkably difficult to find any true issue. The decline of population shown in the recent census will be held against the government, but it is increasingly acknowledged that no party has a specific against emigration. There is rather a feeling, based on the expansion of the national income and of exports in the last two years, that things are getting better. Partition, like emigration, is a Bad Thing; but voters know what has been happening to linen and shipbuilding and they realise that if Belfast should unexpectedly return to the fold, the immediate problems would be almost as intractable as those raised by a sudden end of emigration. The *Sinn Fein* party, which supports the actions of the illicit Irish Republican Army over the border and won four seats (which they did not take) in 1957, is again in the field. But IRA is widely regarded as wrongly directed and incredibly inefficient. It is symbolic that one of the *Sinn Fein* members, elected because his brother had been killed in a border raid, will not be standing again because he has gone to work in England. Lastly, both main parties support the application to join the Common Market, though it is probable that *Fine Gael*, with its eye on the farmers, is rather the more enthusiastic.

In the absence of issues, it would appear that Mr Lemass should romp home. He can afford to lose seats while Mr Dillon must win many, never an easy business under proportional representation. But it is not as simple as that. The new *Dail* will be



James Dillon: farmers' friend.



Sean Lemass: tariffs for industry.

smaller by three seats, so an overall majority will be that much more difficult to retain. Again, the *Fianna Fail's* triumph in 1957 did not come from a great increase in its votes, but from an abstention of *Fine Gael* voters whom Mr Dillon hopes to woo back. Mr Lemass's standing is high in the cities but it is doubtful if he inherits Mr de Valera's hold over the small farmers. On the other hand, it is generally only in the cities, and particularly in Dublin, that seats change hands. Neither side has won two elections running since the war, but Mr Lemass should do so this time.

HE may well, however, have lost ground in the last month. The summer witnessed a wave of wage demands which were encouraged by the government's refusal to fight a threatened bus strike. The most serious dispute concerned the electricians employed by the Electricity Supply Board, who went on strike. Power supply being threatened, Mr Lemass recalled the *Dail* for a special session. The legislation which was put through in a day did not, even in its original form, come near the expectations of drastic action which this show of energetic government aroused. Anticlimax was intensified by a series of government amendments which made the bill of no account whatever. In the event, the strikers got a bit extra and the legislation was never used; but the sudden reversal of policy in the course of an afternoon damaged Mr Lemass.

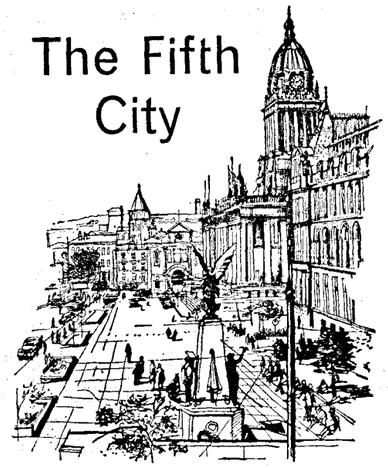
State of the Parties at Dissolution

Fianna Fail	76
Fine Gael	41
Labour	12
Independents	9
Sinn Fein	4
Farmers	3
Other Republican ...	1

One seat, held by Fianna Fail, vacant

Since then, there has been a new wave of demands which, if they are settled along the lines of the ESB dispute, will certainly lead to heavy imports and worsened payments in 1962. The dissolution of the *Dail* at a rather earlier date than was expected, and the short time allowed for electioneering, suggest that Mr Lemass is conscious of the need for a new mandate. He is certainly right in this: the great need of the country in the next few years is for higher investment, a maintenance of consumption within present limits and greater attention to unspectacular matters such as the marketing of exports. The change of a generation has meant that the election will be fought against the background of the Common Market instead of the now tattered scenery of the civil war.

The Fifth City



FROM A CORRESPONDENT IN LEEDS

LEEDS, now the fifth largest city in England, was the only big city to record an actual rise in population within its own boundaries, as distinct from in a city-and-suburbs, in this year's census. Its influx of 5,000 was modest enough, but it brought its population up to 510,000, just nicely above Sheffield's 494,000 (a fall of 19,000) —inevitably a matter of some importance to West Riding loyalties and pretensions.

Surrounding Leeds, the West Yorkshire conurbation and its fringes, too, have grown in the past decade, although not by any means at the pace of the West Midlands or the London region. Leeds's own growthmanship may be attributed chiefly to past success by the city fathers in extending the city limits when other municipal imperialists (despite dreams of grandeur and the population factor that enters into local government salaries) failed to annex new territories of their own. But now even Leeds seems to have lost its expansionary urge: it is not affected by present local government reorganisation schemes and the corporation has expressed no desire to extend its authority in recent years. Half a million looks like being the peak.

While Sheffield lives on steel, Leeds lives on diversity. This, rather than the "muck makes brass" cliché (although both muck and brass are distributed impartially and regularly in the city), accounts for Leeds's stable prosperity, broadly based on clothing, shopping, engineering, the professions and several other "service" trades. In most of these trades the familiar pattern of unfilled vacancies running above the level of those seeking jobs in the city has been visible for some time.

Unemployment in Leeds is now 0.6 per cent of the working population, half the national average. Labour is at a premium: the engineering and building trades are crying out for skilled workers, overtime is commonplace and shift systems are the rule.

This scarcity of labour is one reason why some Leeds industrialists say they cannot expand further. But there are others. Most of the land which might be developed industrially is owned by the corporation, and firms would much prefer freeholds to the leases that they would have to be content with from the city. Commercial redevelopment is, in fact, a thorn in the flesh of owners of properties in the congested city centre. The corporation has ambitious plans for the centre but they are not expected to be revealed before the end of the year, and in the meantime property owners complain that large areas are stagnating because nobody will buy or sell until the corporation's intentions are known.

THE Jewish population of Leeds, originally attracted by the clothing trade, is, at 25,000, surprisingly large. But outbursts of racialism are fortunately almost unknown. When, some weeks ago, an official of the British National party in the city alleged that he had been attacked by a group of Jews, the report astounded Jews and gentiles alike. Even at the height of the Stern Gang outrages in the late 1940s Leeds was the one big city in which neither window breaking nor persecution of any kind occurred. One important reason may be that Jewish people are to be found in all spheres of life in the city, instead of being restricted to any single social class.

A prominent Jew with Leeds associations is Sir Keith Joseph, MP for the North-east division of the city and Parliamentary Secretary to the Ministry of Housing and Local Government. Sir Keith is one of his party's bright young men, and tipped for high office. But still greater glory would fall on Leeds if a Labour government were elected: it would then be the seat both of Britain's Prime Minister and of its Foreign Secretary. Mr Gaitskell is MP for Leeds South and Mr Healey for Leeds East.

Local politics, always fluctuating, are now in an intriguing position. The Tories have taken seven seats from Labour in the past two years, but six of these were in 1960 and only one this year. In consequence, Labour has managed to hold a workable majority of 14 on a council of 112, and it now believes that the Tories have shot their bolt locally. In recent council by-elections in two wards, Beeston and Roundhay, the Tories were returned with considerably reduced majorities.

Leeds looks comfortable, even well-to-do: its corporation spends more than £20 million a year. It is content, but should not become complacent. The biggest city in Yorkshire could even find that populations sometimes outstrip resources.

Emperor's New Clothes



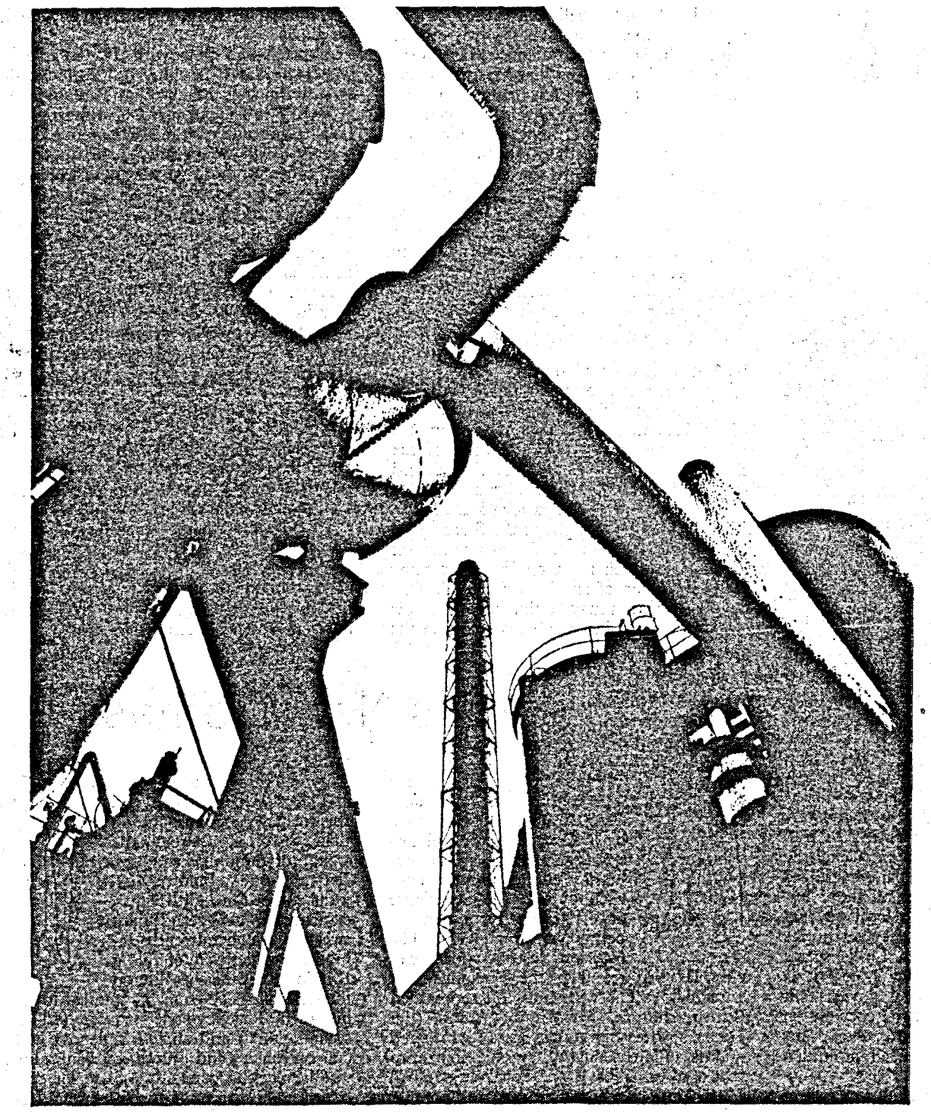


THE Savoy Hotel can seldom have seen anything like it: to be invaded by a disparate throng of distinctly bourgeois appearance before lunch must have been outside the experience of even that monument to bourgeois grandeur. The occasion last Monday was only less bizarre than the *afficionados* it attracted. That despot of embattled British *couture*, Mr Hardy Amies (the Queen's dressmaker, it was whispered —thus unfairly diminishing his image to that of a seamstress in the Royal Mews), had fallen into partnership with a popular tailoring empire, Hepworths of Leeds, to rescue the British gentleman from the solecism of the British non-bespoke suit.

Reduced to stifled embarrassment by the self-knowledge that comes with the company of better-dressed people, the press (for such was the throng) drew bitterly at its hand-tailored cigarettes and watched the launching of a new British Line—not a maritime but a sartorial venture designed to illustrate that we, poor snivelling, coughwracked and mothbitten we, are basically athletic in shape, tapering continuously from our natural-sloping, cleancut shoulders through our full chests to our plain (trouser) bottoms, shaped over our shoes. With these fine feathers, something of a Guards bearing, a feeling of confidence, poise and masculinity could invest us all.

The shock, in the event, was rather one of recognition than surprise. From the welter of drainpipe trousers, Italian (type) bumfreezers, jeans, American lightweights, ex-army greatcoats and giant sweaters which currently inhibit the athleticism of young Britain, Mr Amies has filtered the least offensive elements; added to them his own Regency-style trouser ("like a second skin") and an inflexible rule about cuff-buttons; and produced an almost wholly pleasing whole, free of major eccentricities and disarming to both casual (jeans at the Savoy) and formal (high collar at the beach) factions. Rich, but not gaudy: and so little costly as to be within the compass of the most anti-Establishment of purses.

Small as the achievement may sound, it is a triumph of ingenious compromise. If it catches the imagination of the "multiple" trade (and, more important, if it remains unresponsive to the grosser proclivities of multiple customers), Mr Amies's line may mitigate the uniform drabness of the urban male. But apparel oft proclaims the cringing animal within. Steaming faintly in a damp, baggy-kneed, amorphously-jacketed, down-at-heeled and disreputably mackintoshed rush-hour mob, one is not sanguine of the eventual domination of the *haute couture des hommes*.



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THE WORLD OVERSEAS

German Politics Come Alive

FROM OUR BONN CORRESPONDENT

IF they really mean what they are saying either in public or in private, a majority of the 741 deputies who will be elected to the Bundestag on Sunday is resolved to force Dr Adenauer into retirement; and this whatever the result of the polling, and sooner rather than later. Even Dr Adenauer's press chief and confidant, Herr von Eckardt, who is standing at Cuxhaven for the Christian Democratic Union under streamers inscribed "The Chancellor's faithful Eckardt," assured inquiring constituents on September 8th that it was not his eighty-five-year-old master's intention to lead the government for the whole of the next legislative period. Dr Adenauer, the faithful state secretary remarked warily, would make way for the present Vice-Chancellor, Professor Erhard, "after a certain time." He, Herr von Eckardt, did not think it would be wise to change the leadership immediately after the election.

Dr Adenauer himself has not yet said anything along these lines. But straws in the wind point engagingly to an impending change at the Palais Schaumburg. Keen observers claim to have discerned that Herr Erhard significantly omitted all mention of Dr Adenauer in the course of an election speech at Kiel last week. Other prominent Christian Democrats—notably Herr Gerstenmaier, the president of the Bundestag, and Herr Krone, the benign leader of the parliamentary party—have gently but publicly reprimanded their chief for having remarked that Mr Khrushchev had staged the Berlin crisis with the express purpose of helping the Social Democrats to oust the Adenauer regime. More obscure but equally restive, party members have been questioning in private the chancellor's future adequacy so unsparingly that the Social Democrats are merrily putting it about that the moment the election is over the Christian Democratic Union will send their veteran leader packing.

Previous occasions have seen mutinous talk in the Christian Democratic Union expire in a whimper—memorably, the talk of the disappointed Herr Erhard and his associates in 1959, when Dr Adenauer unexpectedly reversed his decision to exchange the chancellorship for the presidency. But this late summer's discontent is probably more purposeful, since, whatever Dr Adenauer himself may intend, the party can scarcely be counting on him as an indispensable election asset in 1965. That the Social Democrats are concentrating their fire on the Chancellor—"the old man can no longer grasp the situation," as Herr Brandt has put it—goes without saying. Their first condition for taking part in a national coalition—increasingly talked of as necessary as Mr Khrushchev intensifies his pressure against the West—would be Dr Adenauer's retirement. And the Free Democrats, who may hold the balance after the 17th, have stated that they would prefer to join a government headed by Herr Erhard, Herr Gerstenmaier, or Herr Krone. They might, they have been saying, accept Dr Adenauer for a while, but certainly not for long. All in all, it looks very much as though Dr Adenauer's 13-year-old reign is drawing to a close.



The candidates and the empty chair.

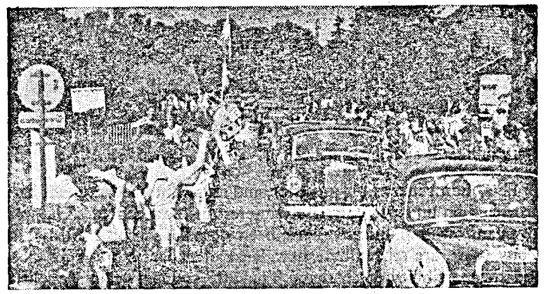
This almost incredible prospect, and its sombre background, hav provoked an unexpectedly lively interest in the election. The we Germans, who politically have been complacent or fatalistic fc many years, are stirred by a new sense of danger, and of the nee and the possibility of change. They are suddenly talking politic and parties, reassessing the validity of long-held ideas and alleg ances. Some 37.5 million of them are qualified to vote on Sunda Of these, 55 per cent are women. Just over three million, c roughly one in ten, are persons between the ages of 21 and 2 who will be voting for the first time. Only six parties are puttir up candidates in all of the ten federal states (Länder). These a the Christian Democratic Union, the Social Democrats, the Fr Democrats (more or less national liberal), the All-German par (an amalgam of the disintegrated right-wing German and Refugee parties), the neo-Nazi German Reich party (which is virtual neither seen nor heard outside Lower Saxony), and the Germ Peace Union, a new party under whose banner many of the pacifis nuclear disarmers, neutralists, communists, and fellow-travelle are rallying. In the last Bundestag the Christian Democrats he 287 seats, the Social Democrats 182, the Free Democrats 44, a the German party 6.

With so little to choose between their policies, the three maj parties are all conspicuously parading their distinctive personaliti in the hope of dispelling the verbal confusion and winning t voter's confidence with the simple image of a steady gaze and strong jaw. Seemingly every tree and post in the country has be commandeered by the Christian Democratic Union for displayi portraits of Dr Adenauer and Herr Erhard as the only begette of prosperity and security; a sticker attached since August 13 adds that that is why Mr Khrushchev is trying to tumble the The features of Herr Brandt, the Social Democrats' forty-seve year-old alternative to Dr Adenauer, are almost as ubiquitously evidence. Any deficiencies in his party's output of printed perso publicity has been made good by Herr Brandt's recent appearanc on television as Burgomaster of Berlin in the hour of danger accompanied now by Vice-President Johnson of the United Stat now by President Lübke of the Federal Republic, and now ev by none other than his fearsome antagonist, the present chancell

The Free Democrats have a highly presentable leader in H Mende, a forty-four-year-old former soldier of distinction and ready and amiable speaker. They are also making as much u as good form allows of the association with their party of t much-respected ex-president Heuss. (A tactless poster showi

Professor Heuss and the colonel together in the flesh and "in spirit," had to be withdrawn early in the campaign.) The German Peace Union, too, are circulating as widely as their resources permit a portrait of their leader, Dr Renate Riemeck, a forty-year-old professor of philosophy given to invoking the spirit of Dr Albert Schweitzer.

Hesitating voters have not been without advice from what strictly should be impartial quarters. Last Sunday a pastoral letter, read from the pulpit in all Catholic churches, urged qualified voters to turn out in force on polling day and to support whichever local candidate had committed himself to defending the traditional usages of the Christian Sunday and the sanctity of marriage. The Federation of Trade Unions has called on members to vote for "sound democrats," and to let the splinter parties well alone. The sound democrat, it seems, is identifiable by his interest in



Election tour in Schleswig-Holstein

German unity, in preventing dangerous concentrations of economic power, and in the promotion of rent control and higher insurance benefits. From east Berlin, the central committee of the proscribed west German communist party has advised former members to vote for the German Peace Union.

A public opinion poll taken by the Emnid institute between July 31st and August 14th—before, that is to say, the Berlin crisis had shaken people's thinking—recorded that the Christian Democratic Union had the support of 31 per cent of those questioned, the Social Democrats 26 per cent, the Free Democrats 6 per cent, the All-German party 4 per cent, other parties 2 per cent and that 31 per cent had not made up their minds. In a similar poll concluded on September 9th, four weeks after Herr Ulbricht had sealed off east Berlin, 44 per cent of those expressing an opinion said they would vote for the Christian Democratic Union, 39 per cent for the Social Democrats, 11 per cent for the Free Democrats, 3 per cent for the All-German party, and 1 per cent for the German Peace Union. But 29 per cent were still undecided. Thus Dr Adenauer's absolute majority still looks problematic, and the prevailing feeling is that he may not get it. There is not long to wait now for the figures that matter.

A World Seen from Paris

FROM OUR PARIS CORRESPONDENT

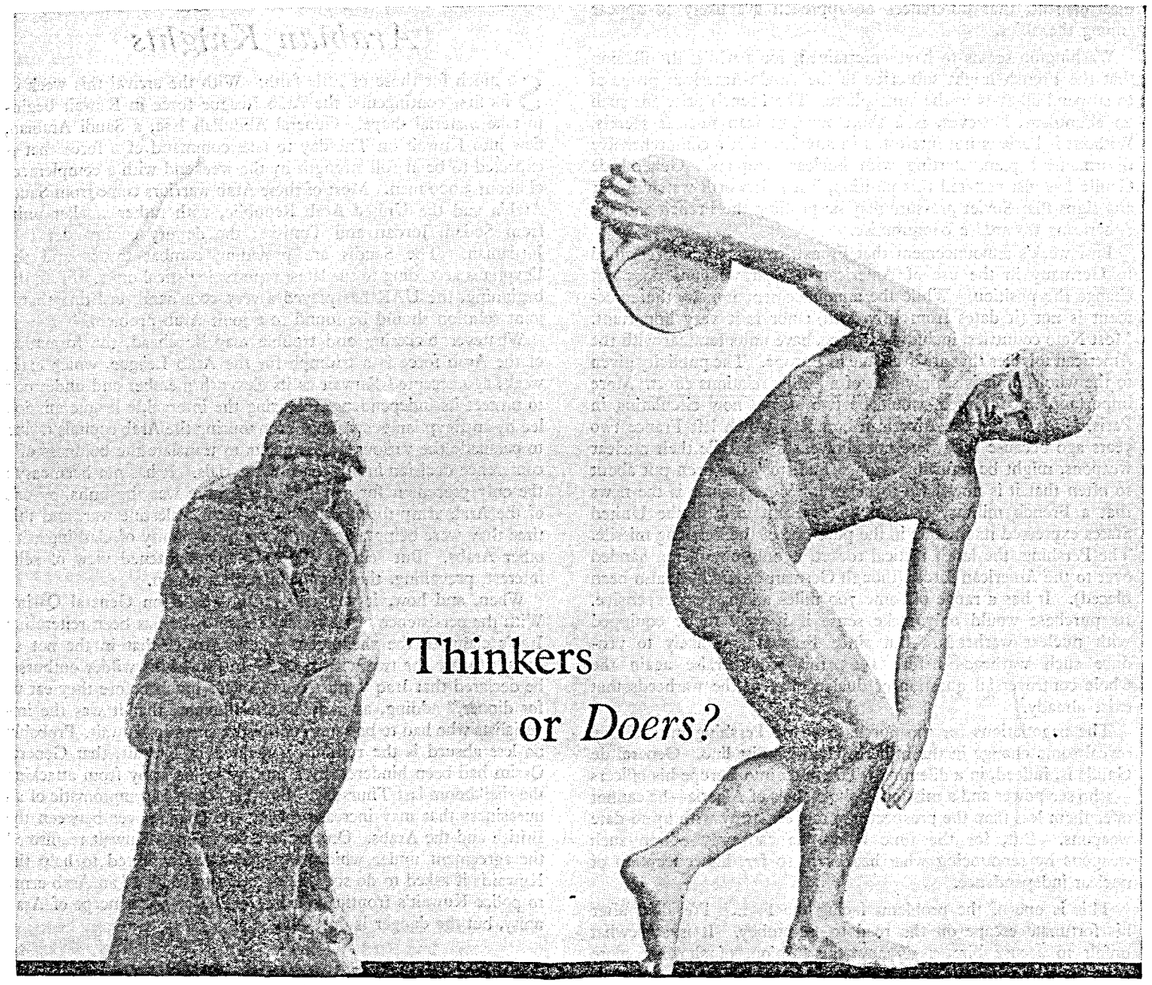
MIRACLES do not solve problems, though they may postpone them. General de Gaulle, returning to Paris after his narrow escape on the road to Colombey on September 8th, has found a somewhat altered situation. Despite such a timely reminder that circumstances are still "exceptional" and that the use of article 16 is therefore, justified, the parliamentary offensive against his special powers did not quite fizzle out. The protests of the farmers have temporarily faded into the background. But Algeria still figures high on the general's current agenda; and so does Berlin. General de Gaulle probably sees a link between the two in the dual problem that dominates the life of the Fifth Republic: the part to be played by the armed forces in the national life of France, and their distribution between Africa and Europe.

As soon as the first shock of the abortive attempt wore off, attention in Paris turned to the armed forces. Would the army have moved to fill the political vacuum if the general had been killed? Less hypothetical is the question of the attitude of the officers' corps. Poujadist plotters in south-west France, or the fascist fringe in the capital can provide auxiliaries, thugs or assassins, but they are not taken seriously as contenders for supreme power. On the other hand, have the arrests of Generals Vanuxem and de Crèvecoeur and of Colonel de Blignières really beheaded the French branch of the underground *Organisation de l'Armée Secrète*? The OAS is a hydra, fed by the Algerian war. It is in Algeria that its effective leaders—General Salan and his colonels—though sentenced to death, carry on their activities. They could not have remained uncaught and unharmed for so long if the undoubted sympathy of the European population were not reinforced by some complicity in the armed forces. That complicity may be based on the solidarity of the profession, but it has been strengthened recently by General de Gaulle's theory of "disengagement" from Algeria and his decision to move some units back to France because of the Berlin crisis.

HEREIN probably lies one reason why the French government shows no haste to resume negotiations with the Russians. General de Gaulle, in his press conference on September 5th, provided two clues to the French attitude. One was his own "sorrow" that France no longer has at its disposal the resources that it used to command in its days of glory. There is no hurry for a conference where one is to play second fiddle. The second reason was his belief that concessions will merely whet Mr Khrushchev's appetite, and therefore that the best plan is simply to wait and see. It is, moreover, a lucky coincidence that the crisis, while it lasts, has some advantages for the French government.

The international tension enables Paris to plead that it must hold on to Bizerta. It also enables General de Gaulle to tell his officers that their real mission lies in Europe. The 11th Light Infantry Division—including shock troops—was brought back from Algeria at the end of July. The 7th Armoured Division is now following suit. Others may follow. This does not mean that all officers share General de Gaulle's order of priorities. It is whispered in Paris that the sick leave of General Olié, chief of staff of national defence, is not unconnected with disagreements over troop movements. Rumour has it that two possible successors to General Olié have turned down the post and that several hundred officers have handed in their resignations in recent months. There is, obviously, no enthusiasm in the army for the transfer to Europe, but the Berlin crisis enables the government to present this alternative with a sense of urgency.

It was thought, at first, that the French government's reluctance for talks with the Russians was mainly inspired by its close ties with Bonn. Yet its attitude remained unchanged even when Dr Adenauer had come round openly to negotiations. The French do not have, or at any rate do not feel, the same reasons as the Germans for keeping in line with Washington. Nevertheless, there is something less than unanimity in Paris about the lengths to which opposition to a conference ought to be carried. The French representatives in the allied councils will insist that stiff terms be put to Mr Khrushchev and that nothing be conceded without getting something in return, but if the present American soundings are found satisfactory (which is doubted), they will not oppose a conference at the highest level. General de Gaulle, it is said here, will be a reluctant climber, not an absentee. It is, however, on the road to the summit, particularly if it is widened to include



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disarmament, that differences of approach are likely to appear among the allies.

Washington seems to have entertained, for a while, the illusion that the French might subscribe to the Anglo-American proposal to suspend all tests in the atmosphere. The French price for such an alignment, however, is a share in American nuclear secrets. Without it Paris is not interested in anything but a comprehensive disarmament plan, starting with nuclear weapons. General de Gaulle has just restated this position, but it is worth watching for any signs that Soviet pressure may be pushing the French and the Americans towards a compromise.

Last week's announcement that French troops are to be trained in Germany in the use of American nuclear weapons does not change the position. While the announcement is new, the agreement is not (it dates from July 27th); nor is it very important. Most Nato countries, including France, have units familiar with the American missiles that are available in Europe. The publicity given to the whole affair is simply part of a public relations effort. More important, if confirmed, would be two stories now circulating in Paris. One is that the American bombers, which left France two years ago because they were not allowed to stockpile their nuclear weapons, might be returning soon. The story has been put about so often that it is now hard to believe. More serious is the news that a French military mission on a recent visit to the United States expressed its interest in the purchase of the Pershing missile. The Pershing, the latest tactical rocket, is only now being handed over to the American forces (though German orders have also been placed). It has a range of some 700 miles and is very expensive. Its purchase would only make sense if it were to be equipped with nuclear warheads. But since France is unlikely to produce such warheads before 1965 this would raise again the whole controversial question of dual control of the warheads that exist already.

The negotiations for the purchase of the Pershing missile may reveal some change in the hitherto rigid gaullist line. General de Gaulle is, indeed, in a dilemma. To attract into Europe his officers —who see power and a mission in the djebels of Algeria—he cannot offer them less than the prospect of a modern army with up-to-date weapons. But, for the time being, he can only obtain such weapons by renouncing what has been, so far, his conception of nuclear independence.

This is one of the problems facing the French President after his fortunate escape on the road to Colombey. It is somewhat unfair to accuse him, as is now the fashion, of showing more courage in the hours of crisis than foresight during the intervals between. The charge is based on a misunderstanding of the gaullist conception of power. General de Gaulle has never hidden his distaste for the parliamentary turmoil, party strife, and indeed the interplay of articulate political opinion in any form. He feels himself in his element when the circumstances are "exceptional," when all power is concentrated in his hands. If the system does not work, it is because of the army's refusal to fit into it and to perform, dutifully, its important role. The story of the last forty months can be described as a continuous effort by General de Gaulle to transform the armed forces—through promotions and dismissals, promises and threats—into an obedient instrument of the civil power. His escape from assassination has given him another opportunity. The popular mood is favourable, at least for the moment. Documents seized by the police should enable them to pursue the purge of the officers' corps, instituted after the abortive coup in Algiers in April. The international situation makes it easier to proceed with the army's transference to Europe. But time will not have a stop. If the present respite is not used more successfully than earlier ones were, the conviction will grow that the Fifth Republic must drag on from "miracle" to "miracle," much as the Fourth did in between its government crises.

Arabian Knights

So much for those of little faith. With the arrival this week of its first contingents, the Arab League force in Kuwait begins to take material shape. General Abdullah Issa, a Saudi Arabian, flew into Kuwait on Tuesday to take command of a force that is expected to be at full strength by the weekend with a complement of about 3,000 men. Most of these Arab warriors come from Saudi Arabia and the United Arab Republic, with rather smaller units from Sudan, Jordan and Tunisia; the deputy commander is a Jordanian. The Saudis are providing combat troops and the Egyptians according to the latest reports, logistical units. From the beginning, the UAR has played a very cool hand, insisting that a joint solution should be found to a joint Arab problem.

Whatever bickering and trouble may lie ahead, the formation of the Arab force is a triumph for the Arab League, which eight weeks ago accepted Kuwait as its eleventh member and undertook to protect its independence. During the interval, a league mission led by an Egyptian general has been touring the Arab capitals trying to persuade the various governments to translate the boldness of a conference decision into men and materials. It has not been easy; the only precedent for a united Arab force was the unhappy one of the Arab army that fought and lost the Palestine war, and this time they were being asked to face the possibility of clashing with other Arabs. But self-respect, and an enlightened view of self-interest, prevailing, the joint venture has begun.

When, and how, it will end must depend on General Qasim. With the persistence of a scratched record, he has been reiterating Iraq's claim to the sheikhdom and his belief that in the not so distant future the two will be one. In one of his wilder outbursts he declared that Iraq "must eat them for lunch before they eat us for dinner," adding, as a quick afterthought, that it was the imperialists who had to be eaten, not his kinsmen in Kuwait. Probably no less absurd is the rumour, generated in Kuwait, that General Qasim had been hindered by a mutiny in his army from attacking the sheikhdom last Thursday. But this report is symptomatic of an uneasiness that may increase during the change-over between the British and the Arabs. On Sunday, the ruler of Kuwait reaffirmed the agreement under which the British are expected to help the Kuwaitis if asked to do so. The getting together of an Arab army to police Kuwait's frontier is a fine boost for the concept of Arab unity, but the danger is only fended off.

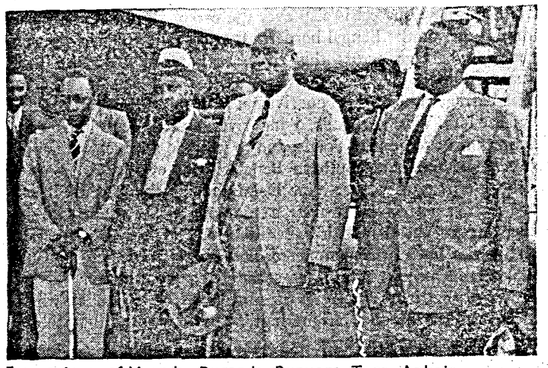
Planning Uganda's Future

FROM OUR CORRESPONDENT IN KAMPALA

LANCASTER HOUSE could not accommodate everyone who would like to attend the Uganda constitutional conference, booked to open next Monday, September 18th. It is a measure of the intricacy of Uganda's problems that a comparatively small territory is sending to London one of the biggest delegations ever seen at this type of meeting, and still there are protests from people who have been left out. Some of the most important delegates, however—the representatives of the Buganda kingdom—have been reluctant to appear at the conference table.

The object of the conference is straightforward enough. It is to work out a constitution under which Uganda can achieve internal self-government, and then full independence, as quickly as possible and so keep up with its East African neighbours. Mr Benedicto Kiwanuka, the chief minister, has set his sights on "uhuru" in 1962. But to achieve an agreed constitution and an acceptable timetable will require the most careful balancing of competing interests.

The proposals to be put before the conference by the Secretary of State will probably follow the main outlines of the Munster Report (see *The Economist*, July 1st, page 26), which suggested that the future constitution should be democratic, but should provide a guaranteed status for the traditional rulers; and that the constitution should be a mixture of unitary and federal systems, with direct government for the districts, semi-federal status for the Kingdoms of Toro, Ankole and Bunyoro and a federal relationship between Buganda and the central government. These suggestions have met with fairly general approval in Uganda.



Four princes of Uganda: Buganda, Bunyoro, Toro, Ankole.

There is still some anxiety about the exact position of the traditional rulers, and Mr Macleod has therefore invited the Kabaka of Buganda, the Omukama of Bunyoro, the Omukama of Toro, the Omugabe of Ankole and the Kyabazinga of Busoga to pre-conference talks in London; but the rulers will probably accept their constitutional role gracefully. The district councils have mostly agreed with the report and the three kingdoms are reasonably happy with the degree of autonomy offered them by the semi-federal arrangement.

The Buganda problem is less tractable. Talks between the Governor of Uganda and the Kabaka's ministers are rumoured to have reached agreement on most difficult points, except that of the financial relationship between Buganda and the future Uganda government. Understandably, this is a sore point just now, when the financial administration of the Kabaka's government is under criticism from the Protectorate government, which has approved its current estimates only on a six-months' basis and on condition that there will be reforms. Points like this will assume more or less importance according to how badly the Buganda leaders want to bring their kingdom into the future Uganda.

The signs are that the Baganda have realised that they must sooner or later come to terms with the rest of Uganda. Naturally the present holders of power do not want to lose their positions in the process—which might well happen if the kingdom were to have free elections. Hence the Munster concession allowing the Lukiko (the Buganda parliament) to act as an electoral college, to select Buganda's representatives for the central legislature, on condition that the Lukiko is democratised first. This condition may now be avoided by a bargain struck between the Lukiko constitutional committee and the Uganda People's Congress, the opposition party in the present Uganda Legislative Council. The precise terms of the deal are not yet known, but it is probable that Mr M. A. Obote, the UPC leader, has conceded the Lukiko's right to choose the Buganda members in the future Legislative Assembly without itself undergoing a drastic change. The UPC has bid surprisingly high for Buganda's alliance, considering the good prospects it already has of winning the next general election.

Whatever the effect on the fortunes of the political parties, the alliance does provide an immediate way for the Buganda delegates to get to London. The Kabaka's government had left it rather late to undo the intransigence which its whole course of conduct in the past year, including the abortive "secession" of January 1st, had encouraged in the Lukiko. On August 29th the Lukiko most pointedly ignored the subject of the London conference, and its sanction for the Buganda delegates to attend the conference was not given until the last minute. Now that Buganda has decided to join the conference, the initial bargaining will be harder; but it should be easier to agree on a constitution in London with the Buganda delegation present, than to settle the constitution without the Baganda and afterwards sell it to them.

Two emotive issues may make agreement in London especially difficult. One is the long-standing quarrel between Bunyoro and Buganda about the "lost counties," said to have been taken from Bunyoro and given to Buganda after the wars of the 1890s. The second is the question of the head of state. The Munster Report recommended putting this problem into cold storage, by the appointment of a governor-general, but this solution may no longer be acceptable to judge by the unfriendly reception given to the announcement that Sir Walter Coutts is to succeed Sir Frederick Crawford as Governor of Uganda in November. Some politicians claim that the appointment of another governor is an anachronism at this stage.

But even such difficult problems as these need not be insuperable, provided that the delegates really want to find a settlement. The composition of the delegation is on balance favourable to a happy outcome. After all, no one—not even the most diehard traditionalist—stands to gain by indefinite delays.

Peking Hesitations

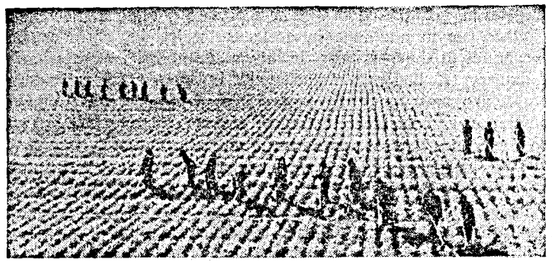
FROM OUR HONGKONG CORRESPONDENT

THIS year's convocation in Peking of the National People's Congress is now nearly six months behind its normal schedule (March). This is not surprising. In past years of difficulty, the politburo has always managed to suppress its basic democratic instincts and, by discreet procrastination, to protect the national "parliament" from heretic suspicions that there might be problems which the party was unable to resolve.

True, this is already a record delay. But then all the indications are that record difficulties are bedevilling the politburo. The food problem grows worse. The cutback in industrial development and production is humiliating and will require a deal of patient rationalisation. Cholera has been belatedly reported in the south—allegedly "not true cholera," but some variety of disciplined, party-line cholera. The fraternal differences of opinion with the Kremlin over dogma and status have seemingly led to unworthy Soviet reprisals in Chinese spheres of authority. There are even firm and plausible reports of differences inside the politburo, between Comrade Mao's academic following and Comrade Chou En-lai's planners, over the wisdom of continuing ideological disputation with the Russians when current economic difficulties all stress China's vital dependence on Soviet aid.

According to the planning chairman, Li Fu-chun (reputedly Chou En-lai's goad) at the last National People's Congress (held on time in March last year), investment in capital construction for 1959 totalled 31.7 billion *yuan*, while planned investment for 1960 was set at 38.5 billion *yuan*. Authoritative and conservative calculations here reckon the total investment in capital construction for 1961 at not more than 16 billion *yuan*. This remarkable decrease, even allowing for a billion *yuan* one way or the other, is vivid statistical confirmation of the strains and stresses which the party's original targets for industrial growth imposed on the national economy.

The changes in the communes—"small freedoms" decentralisa-



tion and, above all, the prudent paring down of large units—all reflect the ideas of Chou En-lai, who, in the days of the co-operatives, publicly proclaimed his personal doubts about the intelligence of merging small co-operatives into unwieldy agglomerates. These revisions, indeed, represent a revival of the so-called "tidying-up" restraint imposed on Chairman Mao and his theoreticians at Wuchang in December, 1958.

No workers may be recruited from the countryside for industrial work for the next three years. All available urban labour has been diverted to the farms. It is estimated that in the last four months more than eight million people were abruptly removed from factories and towns to agricultural work. Altogether, it is believed that 20 million people were transferred from non-agricultural production to the farms between mid-1960 and April, 1961.

Some experts here insist that China's grain production last year did not exceed 170 million tons. Chou En-lai said in November that the grain total would be less than the officially claimed 250 million tons of 1958 but more than 1957's 185 million tons. There are suggestions that the real production figure in 1959 (when 270 million tons was the official claim) did not in fact exceed 200 million tons.

The only hard target that has been mentioned so far is "the doubling of grain production by 1970." To achieve that distant miracle, the mechanisation of agriculture is supposed to be promoted in three stages over a 10-year period, the critical stage falling in the 1965-67 period of the third five-year plan. According to the latest claim by the Peking *People's Daily*, there were 79,000 agricultural tractors in operation in China in 1960, an increase of 20,000 over 1959 and of 33,670 over 1958, when the communes were introduced.

Chou En-lai seems to have been guilty of an indiscretion at the beginning of the year, when he warned visiting Japanese industrialists that they should prepare for pending Chinese contracts by July, because the politburo, he claimed, would then have before it, at an unprecedently early date, the blueprints for the third five-year plan (1963-67). It seems a reasonable deduction that the meeting of the National People's Congress has been delayed because these blueprints are not yet ready or acceptable.

The sustained doubts about agricultural production, explicit in further imports of grain from Canada and new inquiries in Australia, could well hold up the most careful and prudent plans. If food supplies are uncertain for 1962, even conservative industrial plans for 1963 and later could seem unreal to the most trusting democrat in the National People's Congress. The politburo planners may well be reproaching the theoreticians for injudicious doctrinaire disputation with the Russians, whose aid on Russian terms remains essential. But the theoreticians, in turn, must be insisting that the planners' blueprints do at least outrange India's new plan and also that they do not make a sour joke of Mao's inspired leadership by wretched contrast with Mr Khrushchev's glowing 20-year prospectus.

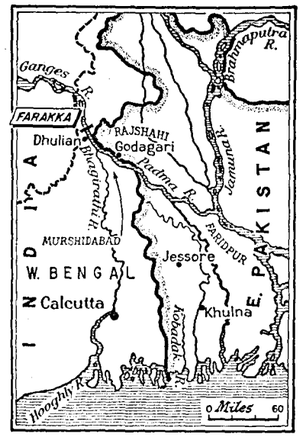
A New Indo-Pakistani Dispute

FROM A CORRESPONDENT IN CALCUTTA

A NEW Indo-Pakistani dispute has cropped up which could become a serious source of discord, as the Indus waters dispute was until it was settled through the mediation of the World Bank. The new quarrel is also over the use of river waters; those of the Ganges on the Bengal border. It arises from India's decision to build a barrage across this river, at Farakka, near the East Pakistan frontier.

The barrage project was conceived at least ten years ago, in order to resuscitate West Bengal's dying river system, and thus save Calcutta port; to control floods, and to provide a direct water link between northern and southern Bengal. But even after Farakka had been chosen as a site, New Delhi shelved the plan until last year when, as if woken up by a sudden jolt, it announced its decision to go ahead with it expeditiously. By now many of the preliminaries have been completed, and efforts are being made to complete the project within the scheduled eight years.

It is said that it was political pressure from West Bengal, where the barrage scheme has aroused great expectations, that forced Delhi to take the long delayed decision at last. The greater pressure, however, appears to have come from the World Bank, which has been taking an active interest in the development of Calcutta port. One of its missions has warned the Indian government that unless economic development is encouraged through the immediate improvement of Calcutta port and city and the adjacent industrial belt, the country's whole economic programme will encounter serious difficulties. The Bhagirathi-Hooghly river, which serves Calcutta port, is gradually silting up, and its navigability is already poor for the greater part of the year. The salinity of the river is also already increasing owing to the action of the tides, and this is a danger to the health of Calcutta's three million people, who have no other water supply. These dangers can be counteracted only by increasing the flow of the river by means of a barrage such as the one planned at Farakka.



Below Farakka, the Ganges branches off into the Bhagirathi-Hooghly flowing through Indian West Bengal and the Padma through East Pakistan. If India diverts 30,000 to 40,000 cusecs (cusec = cubic foot a second) of water into the Bhagirathi-Hooghly by a feeder canal, as it proposes to do, the flow in the Padma would be affected to a corresponding extent. Pakistan contends that this would impede its current drive for self-sufficiency in food by affecting its new irrigation projects, especially in the south-western zone which depends entirely on the Padma. In this zone the present irrigation and drainage facilities are poor, and droughts and floods still do serious damage. The Pakistan government's multi-purpose Ganges-Kobadak scheme is designed to irrigate two million acres of this land with Ganges water.

When President Ayub Khan of Pakistan wrote to Mr Nehru protesting against India's unilateral decision to implement the

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(Source: The Statistical Review of Press Advertising)

The trend is towards the

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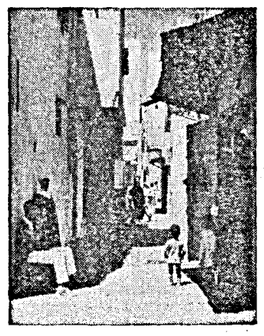
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Farakka barrage project, he suggested that a ministerial conference should be held immediately. The Indian prime minister, however, suggested that a meeting of water resources experts should first take place so that ministers could later discuss the matter more usefully. Accordingly, hydraulic experts from both countries have already met several times; at the last meeting the Indian delegation was taken on a tour of the East Pakistan areas which the Ganges-Kobadak scheme is to serve. At the next meeting of the experts, Pakistan will be required to substantiate its case with fuller information. But the chief Indian delegate has already declared that India sees no reason to alter the project site; that Godagari is not suitable as an alternative site (this with reference to the Pakistani suggestion that Godagari, on the section of the Padma that follows the frontier, should be chosen as the site for a barrage constructed as a joint venture for the benefit of both countries); and that the Ganges-Kobadak project has been drawn up in too imprecise a manner for any scientific assessment of the actual requirements of water to be made. It is not expected that the next meeting of experts will produce a different outcome.

Subsequently, India's deputy minister for irrigation and power, Mr Jaisukhlal Hathi, stated in parliament that an Indo-Pakistani ministerial meeting is now contemplated to discuss the "distribution of the waters of the eastern rivers," and that India always keeps it in view that its Farakka barrage project should not affect Pakistan's "reasonable interests." This was followed by a declaration by Mr Nehru that notwithstanding the proposed negotiations with Pakistan, the carrying out of the barrage scheme will on no account be suspended or stopped. It remains to be seen whether Pakistan will be satisfied with the restatement of India's good intentions, or whether it will choose to make some other move if the outcome of the proposed ministerial meeting is not to its liking.

Nothing Tangible for Tangier

FROM A MEDITERRANEAN CORRESPONDENT



FOR the last 18 months Tangier has been sliding downhill into what, for Tangerines, is an unfamiliar abyss of economic normality and conventional morality. After years of economic and financial privilege, and uninhibited sin, Tangier has found it difficult to adjust itself to present-day realities. It has wilted; and the only people who are pleased are the expatriate residents, who do not have to make a living out of the place, and who are delighted to have space to park their cars.

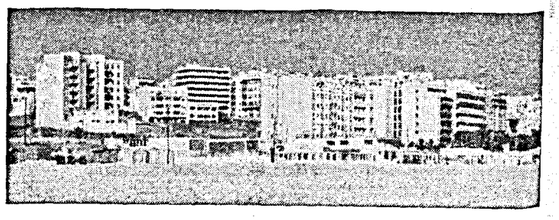
Tangier in its days of privilege and prosperity was a cow that could be milked by Rabat. Now, as just another Moroccan town, full of complaining business men and unemployed working men and working girls, it is fast becoming a liability. As if to rub salt into the wound, across the way, stable humdrum Gibraltar has never had it so good. In an attempt to arrest the downward slide and to restore confidence in Tangier's future, King Hassan II recently paid a visit and made a speech. To show the importance the King attached to the occasion, the royal party made a special effort and arrived only an hour late; and to show the importance they attached to the visit, the people of Tangier turned out in large numbers and gave him a warm welcome.

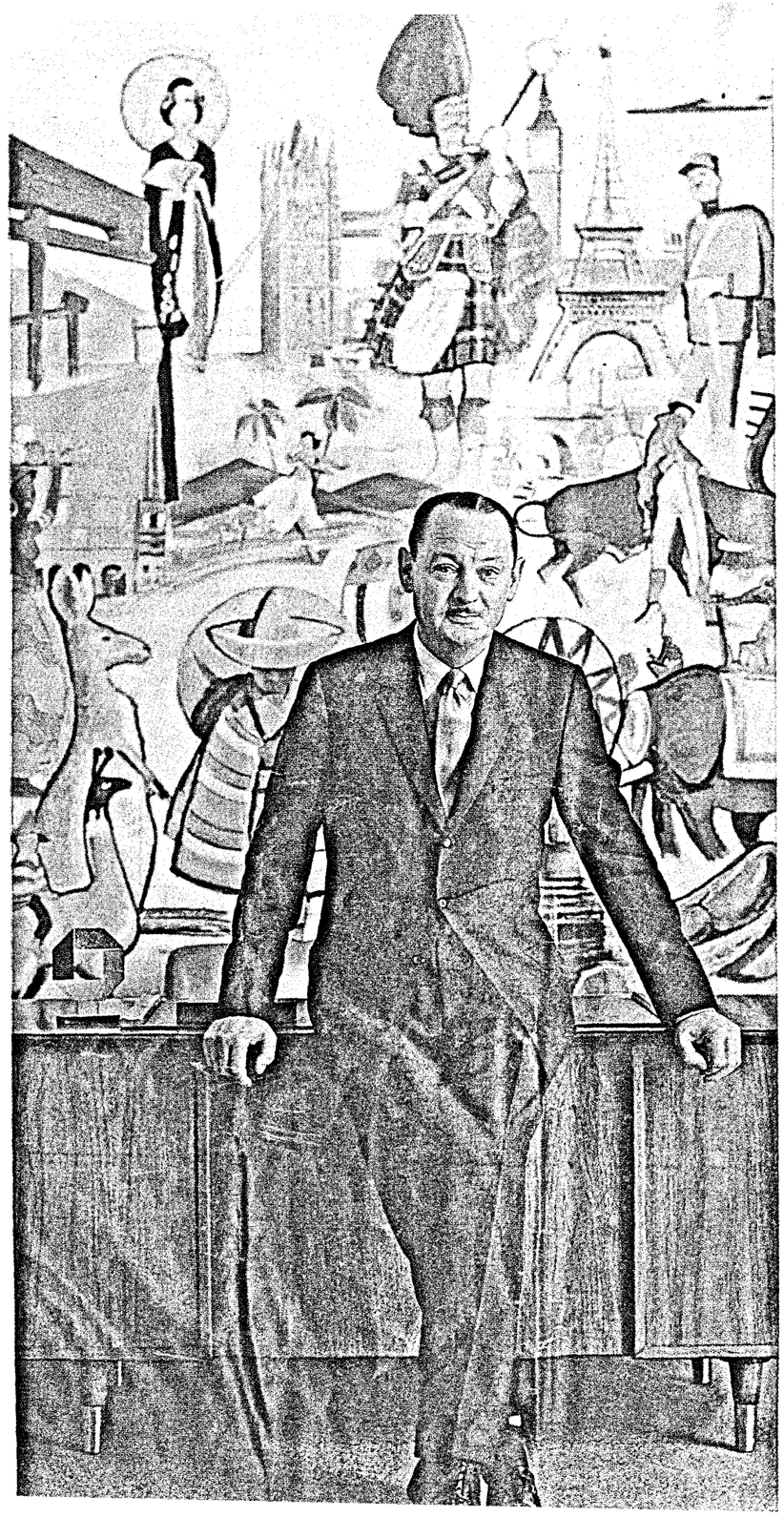
The King spoke of his "primordial concern" for Tangier, and listed as evidence some measures that have already been taken. The compulsory routing of northern Morocco's imports and exports through Tangier has, it is true, brought goods and produce in transit which used to go through the Spanish port of Ceuta; but the cynical say that the main practical effects of this diversion have been to put up the prices of imported goods and to delay the delivery of exports. The special incentives offered to investors in approved local projects like sugar refineries and textile mills look fine on paper, but the number of applications received has not yet reached double figures. In addition 2 million dirham—about £150,000—has been allocated for what, in effect are relief works designed to mitigate the rising unemployment.

THE Tangerines hoped for something tangible from the King's visit—something immediate, like a reduction in the property and business taxes. This they did not get. They got some dazzling promises: a brand new harbour, a king in residence for two months every summer, a shipyard, and, best of all, a free port zone. In a few years, someone said, Tangier (pop. 180,000) would be a city of a million people.

Work is in progress on this new free port zone, an area of reclaimed land near the Yacht Club. The King announced that reclamation was to be accelerated. But nobody knows yet just how (or, indeed, when) the free port is going to work, or what arrangements there will be, if any, about freedom from the prevailing currency restrictions within the free port area. The depth of water on the flanks of the reclaimed land is only enough for small coastal vessels. There are no facilities for oil bunkering or piped supplies of water as there are at Ceuta and Gibraltar. The prospects of building up a genuine entrepôt trade are, therefore, still vague, though there are, as always, ill-disposed people who talk of a smugglers' base just clear of the frontiers of the future integrated Europe. Plans for the new port and the shipyard are more nebulous still. There is talk of a breakwater to keep out the east wind which has frustrated Tangier's development as a port since the days when the British acquired the place, and within 20 years gave it up again, in the seventeenth century. There are rumours of Russian and Czechoslovak experts preparing plans for a yard where ships, which now have to be purchased abroad, will be built and repaired.

Few people in Tangier take these plans and promises seriously. It is not that they doubt the King's desire to help, for, like many other people, Tangerines in the know have been much impressed with the transition of the play-boy prince into a conscientious ruler. But the grocer's bill cannot be paid with long-term plans, and the worries of the trading community in Tangier are pressing. It is estimated that about 800 foreign firms, as well as all the commercial banks, have closed down or left in the past year and a half. Some have remained in the hope that the tide would turn. These people listened politely and hopefully to the King's speech, and then set their private spy systems to work to find out what substance lay behind the words. Now they, too, are beginning to realise their assets and pack their bags.





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able airfields, could both get off and get through. This robust faith is not undermined, but the assumption that the Russians have built up their anti-aircraft defences mainly with ground-to-air missiles, possibly with atomic warheads. The implication from the recent tests that the Russians are now developing an anti-missile missile (presumably usable against aircraft) has, however, caused a cool wind to lift a few papers on Air Force desks. Yet so certain that the bombers will get through is the Air Force that it is keeping up its pressure for the $8 billion programme of supersonic B-70 bombers which was put on a research basis by the Administration last February. More cautious strategists thank heaven that the allied retaliatory power is not now concentrated in bombers but is dispersed between aircraft and missiles over two continents and seas. The Navy has six atomic Polaris-firing submarines at sea, with three to join the fleet in a few months (and twenty building); it has six aircraft carriers with atomic weapons always on station. Even 100-megaton bombs do not alter these facts; but they make any massive conventional war seem unlikely.

It is another example of the confusion of thinking in the Defence Department that, abetted by congressional disbelief, it slighted civil defence for so long. It does so no longer; and even Congress has begun to consider its role in modern war—leaning towards the strategic dispersal of Representatives and Senators on their grassroot pads. Civil defence is now being reorganised, but little can be done that has any bearing on the current dangers. The immediate object is to find places for 40 million in shelters against fall-out, mainly in urban areas, which, it is calculated, might save a quarter of the inhabitants or up to 12 million lives. In safe rural areas shelters would save most lives. But the count will not be finished till December, 1962, and originally it was proposed to take no action "until we know what we have and would want." Now existing shelters are to be strengthened and supplied with food, medicines and equipment; it has been asserted, without authority, that 20 million people could be given this limited protection by next January. Meanwhile, thousands of private citizens are ordering concrete and ventilators, and digging. Some people may call all this bluff, but it is costing dollars and effort and doing something important to American psychology. This is the cost to Mr Khrushchev of his recalcitrant toughness when President Kennedy attempted to reason with him in Vienna.

Tammany's Scalp

MR WAGNER, the Mayor of New York City, has never looked like a giant-killer, but last Thursday, when Democrats in the city chose him as their candidate for a third term, he walked off with Tammany's scalp. Tammany is the Indian name adopted by the Democratic political machine in Manhattan. It tried to punish the Mayor for turning against the organisation and allying himself with the reform forces in the party by pitting its own candidate, Mr Levitt, against him. Instead a record number of Democrats went to the polls, stirred by Mr Wagner's campaign against the "bosses," and swamped Mr Levitt. The Mayor won 451,458 votes, his opponent only 219,672. The city's reform Democrats, led by Mrs Roosevelt and ex-Governor Lehman, cannot claim a monopoly of the credit, for the machine was rebuffed, not only in Manhattan, where they are strong, but also in the other four boroughs, where they exert hardly any influence. The Mayor carried his own team to victory and won control of the Board of Estimate, which holds the purse-strings in the city, but the sweetest triumph was that of Mr Lanigan, a reform Democrat who ousted Mr De Sapio, the Tammany boss, from his only elected post, that of district leader in Greenwich Village. This defeat, on his home ground, costs Mr De Sapio his leadership of Tammany automatically, though he remains Democratic National Committeeman. In all the reform Democrats won 14 of 16 contests over district leaderships, a big step toward their goal of winning control of Tammany—and eventually of the other city machines—from the inside.

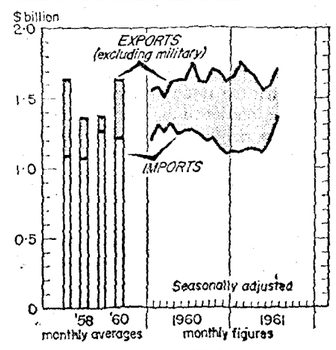
The Republicans have suffered a rude awakening from their dream of capturing Democratic New York City for the first time in a century. This would have been a fine feather in the cap of Mr Rockefeller, the Republican Governor who hopes to succeed himself next year and wants the Republican presidential nomination in 1964. If Mr Wagner had been defeated in last Thursday's primary he would still have stood in November, thus splitting the Democratic vote and perhaps letting through the Republican candidate, Mr Lefkowitz. Now Mr Lefkowitz's defeat is as certain as anything can be in politics, in spite of the evidence of corruption and inefficiency in the city's government.

Whether Mr Wagner and the forces of reform will work as well together in power as they worked to defeat the "bosses" is less sure; already they seem to have different ideas about Mr De Sapio's successor. But the tremendous shaking given to the Democratic machine opens the way for the Mayor and the national leaders of the party to dislodge the short-sighted state and local bosses, who stand in the way of building a more vigorous and united party in New York. Mr Kennedy cannot afford local feuds in New York State, which casts the greatest number of votes in presidential elections—particularly since Mr Rockefeller may be the Republican nominee in 1964.

Strike on Time

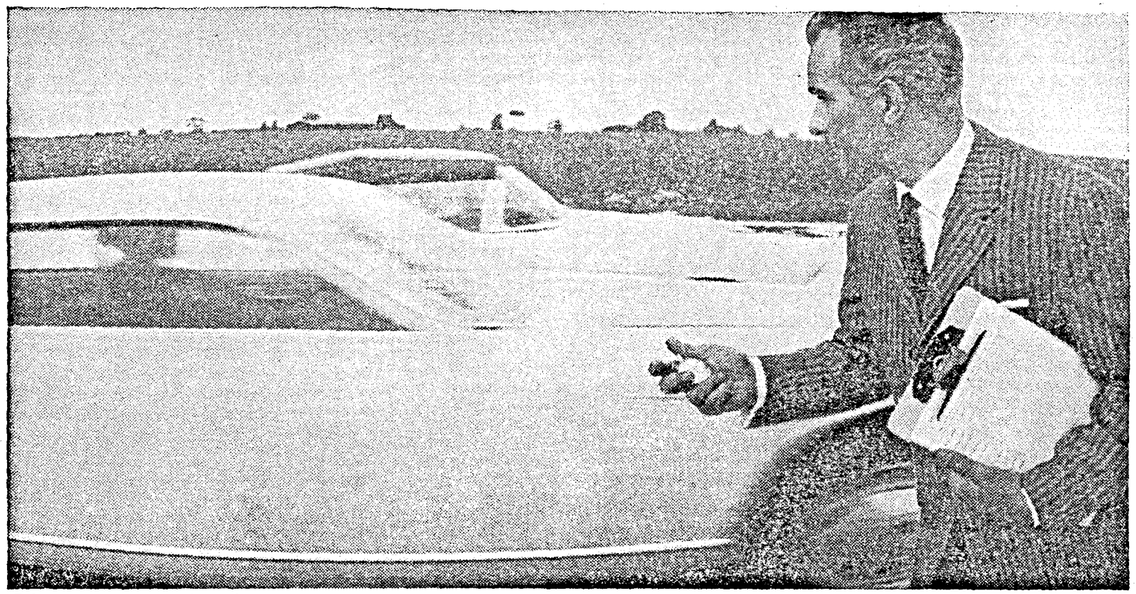
IN spite of an agreement which gave the automobile workers everything they wanted in purely economic terms, there have been strikes this week at over two-thirds of the General Motors Corporation's 129 factories. Coming at the beginning of the new model year, when supplies of parts are low, these strikes will soon stop all the company's operations, even at those plants where agreement has been reached on the social issues which are the cause of this week's unexpected troubles.

The main question is that of "relief time," in which the worker can leave the production line to deal with his "personal needs." Supposedly at General Motors 24 minutes are allowed for this in each eight-hour shift. The union claims, however, that not only is this less than is given by other companies but also that it can seldom be taken in practice at GM, "a glorified gold-plated sweatshop," according to Mr Reuther, the head of the automobile workers. While he seems to have come to an agreement on Monday with GM on this point on a national level, details of how this will work out in individual factories must still be settled locally. So



FOREIGN TRADE OF THE UNITED STATES

While exports were higher in July than they had been for five months, they were still running behind last year's figures and imports showed a much larger increase, to the highest level for nearly two years. This was not unexpected but is ominous for the future health of the country's balance of payments.



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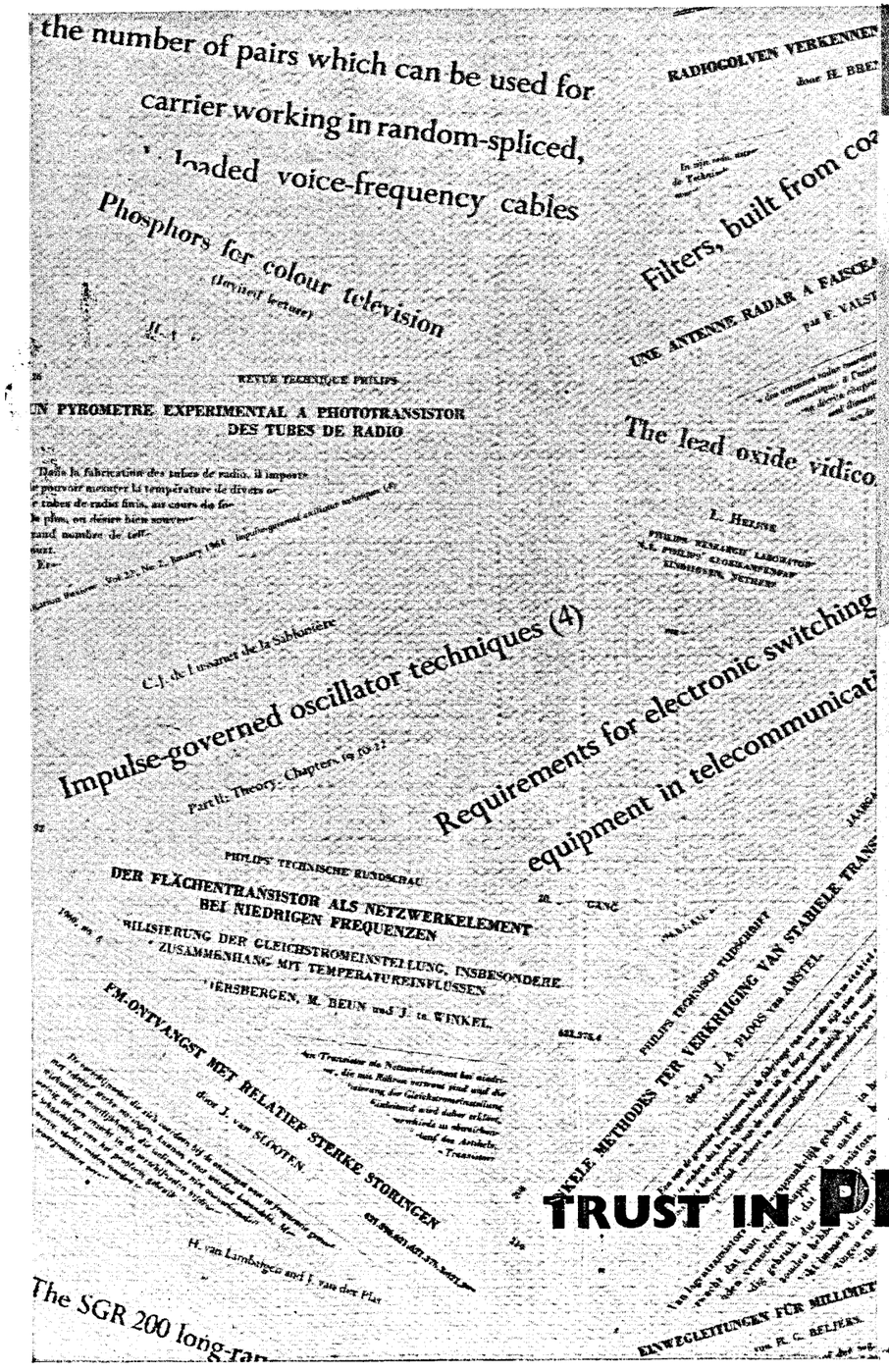
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AMERICAN SURVEY

AMERICAN SECRETARY TO ADMIRALTY 23 SEP 1961 PLEASE RETURN

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

The Pentagon Prepares

WASHINGTON, DC

To outward appearances over the past two months the United States has been methodically placing itself in a position to fight—if it must—a new war in Europe mainly with the weapons and tactics of the last war. The latest, but not the final, stage in this process, for which the ugly word "mobilisation" is avoided, is the reinforcement of the Seventh Army in Germany with 40,000 troops, specialist arms, armour and equipment. The President's plan for strengthening the military forces is taking shape phase by phase; a not unimportant aspect of it is to awaken the country by the repetitive effect (practised so successfully by the advertising fraternity) of a daily stream of military announcements in black headlines.

The Army, which pleaded in vain at the time of the defence budget last February for an additional 50,000 men (the plea was refused partly because it was suspected that they would be wasted in overblown establishments), is to be built up from a level of 860,000 men (10,000 below authorised strength) to 1,008,000 not later than June, 1962. By October 31st the Army's strength will be about 967,000 men, to be achieved by recalling 50,000 reservists, retaining 84,000 enlisted men due for release and increasing the number of conscripts (who are used to man the Army only). The trained cadres and complete units sent to Europe will be replaced out of the reserves; to be ready to replace army divisions which may be sent overseas, four divisions of the National Guard (rough equivalent of the British Territorials) are being built up to strength as fast as the training camps can deliver the men. The Army is thus being expanded not *en masse*, but by formations as they are ready for service. The total number of ready reservists is 4 million, 400,000 of them in the National Guard.

The emphasis is on the Army. However, the Navy is to recruit 26,800 more men, and is taking old ships, mainly for anti-submarine duty, out of "mothballs." The Air Force is recruiting 63,000 more men and its parallel increase in equipment is achieved simply by retaining six B-47 bomber wings (370 bombers) due to be disbanded as obsolete (they require air-tankers to give them the requisite range). Both the Air Force and the Navy are, of course, receiving new equipment, but deliveries cannot be expedited. Nor will the orders placed for new Army equipment materialise quickly. American reporters noted glumly that the 1,500 men sent to Berlin carried weapons most of which were inferior to those of the Russian troops; the shortcomings of the material in the hands of reservists on manœuvres this year have also been observed. The cost of these preparations is $3.4 billion and the men sent to Europe will add about $150 million to the debit side of the American balance of international payments.

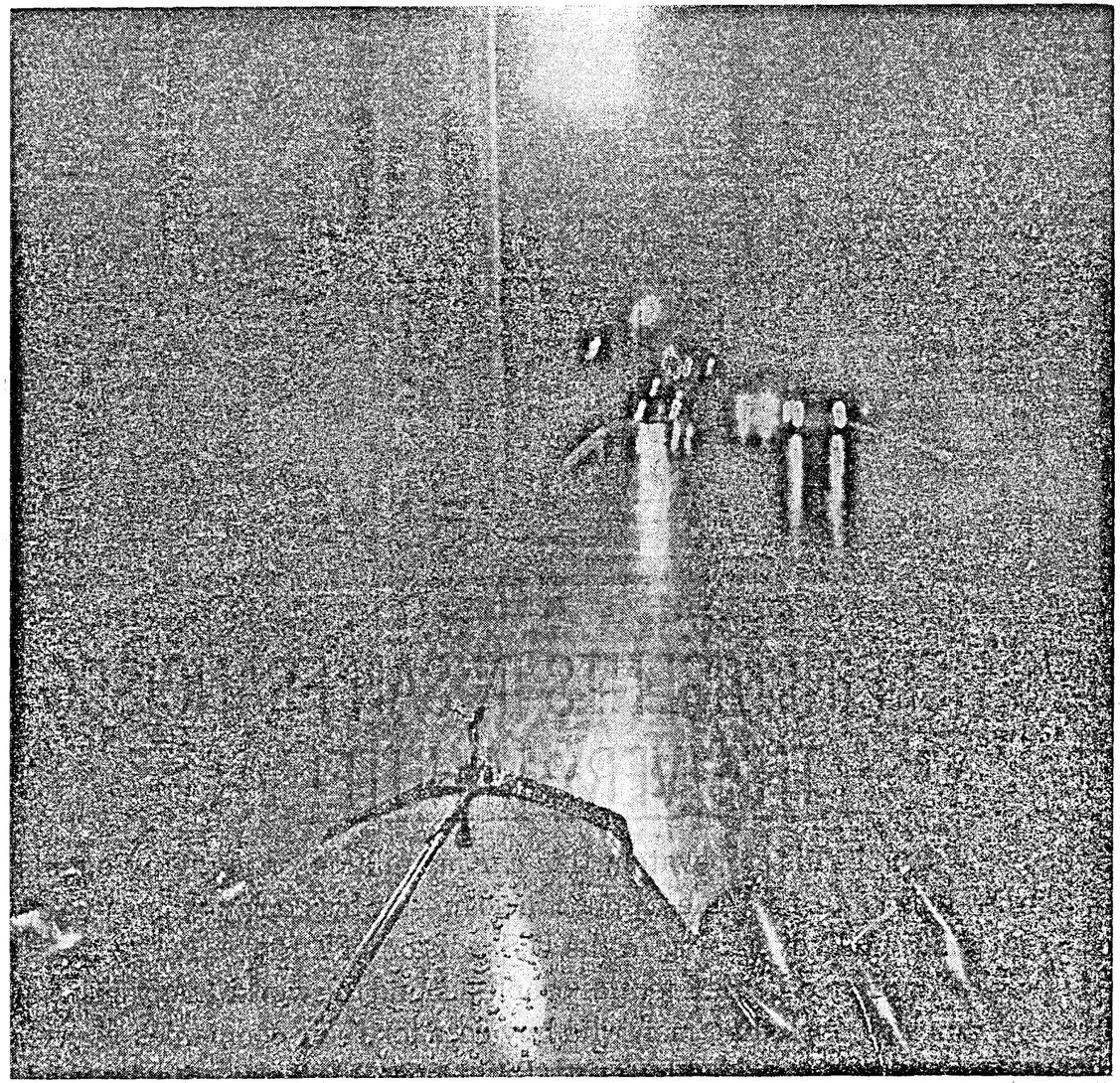
But what is the thinking behind all this? The only battle with conventional weapons of which there is any immediate prospect would seem to be against a force (presumably east German) obstructing the *autobahn* leading to Berlin. Few American strategists think that any such battle would be protracted or would involve divisional strengths; either one side would withdraw or nuclear war would explode. The only other conventional contingency would seem to be a Russian attack on the North Atlantic Treaty Organisation's shield (perhaps after an attempted American probe down the *autobahn*)—a quick, but non-nuclear *blitzkrieg* to grab western Europe. If this is really conceivable, it makes sense to strengthen General Norstad's forces to the level of 30 divisions which was planned years ago. A stronger Navy also makes sense; for presumably in that event the Soviet Navy, poised for its Arctic manœuvres, would disrupt the Atlantic supply routes.

But such a supposition contradicts long-held allied views, for not only does the American Department of Defence assume that any attack on Europe would develop into all-out nuclear war, but Mr Khrushchev has also concurred publicly with this opinion. Moreover, the build-up hardly fits in with the American estimate that allied strength in Germany is substantially superior already to the conventional forces which the Russians have in east Germany, that the strengthened Seventh Army alone is equivalent in "force levels" to the immediate Russian divisions facing it. It is fallacious to add up ground strengths in terms of divisions, which are a variable yardstick nowadays. Seventh Army is still rated as having only five divisions, yet will contain nearly 300,000 men; a Russian army of that size would be counted as having up to 20 divisions. Thus on the equation that the attacking force must have a three-to-one superiority, no conventional *blitzkrieg* would seem possible; likewise this equation rules out any successful allied attack eastwards.

Such reasoning dominated Mr Kennedy's military thinking when he took office. Then came, after the Vienna meeting with Mr Khrushchev, the call for "flexibility" and "non-nuclear choice"; but how much additional flexibility this conventional build-up is supposed to confer it is hard to say. One of the justifications now advanced for it is that conventional forces must be adequate to handle several threats simultaneously—Iran, for example, as well as Berlin. The second is, however, more important; it is that the build-up is designed to make the Russians believe that the United States is ready to use nuclear weapons.

The increase in American forces in Europe, it is said, should make it clear that American interests are so deeply involved there that any engagement with them means all-out war. Thus Mr Khrushchev should not be so pleased at having Britain and France as his thermonuclear hostages, because he will automatically have 300,000 American troops, not to speak of their dependents, as his hostages as well—and for such hostages the United States would risk nuclear war. Admittedly, this increased involvement is aimed at stiffening the backbone of the allies; there was an audible sigh of relief in the Pentagon when Mr Watkinson announced that he would get another division ready (a few weeks ago he could only promise to try to get 5,000 men out of a reluctant British Cabinet). But the main intention is to ensure that the Russians must try to break the United States' will first and to remind them that the United States could act independently of its allies.

The Air Force may not accept this logic entirely. It tends to the view that a build-up of conventional forces is irrelevant to the nuclear balance. It believes that it has superiority of overkill; that the Russians could not stage a successful surprise attack; that its main weapon, the B-52s and B-58s huddled on fifty vulner-



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must thousands of other arguments, which vary from plant to plant, on details such as job classification, shift working, safety regulations, free overalls and how to keep floors from being slippery. Moreover, the long deadlock over relief time has kept the national negotiators in Detroit from getting down to other non-economic questions—production standards, overtime, union representation, working foremen and racial discrimination.

The company blames Mr Reuther for the strikes, arguing that he could have persuaded his members to continue working while local discussions were going on. This might not have been easy, however, for the widespread readiness to strike suggests that there is an underlying dissatisfaction with working conditions in many GM plants. Now Mr Reuther has postponed the meeting of the union's council which was to have ratified the new contract on Thursday. But there can be no doubt that he intends to sign the contract eventually or that much the same terms will be agreed with the other two big manufacturers, the Ford Motor Company and the Chrysler Corporation.

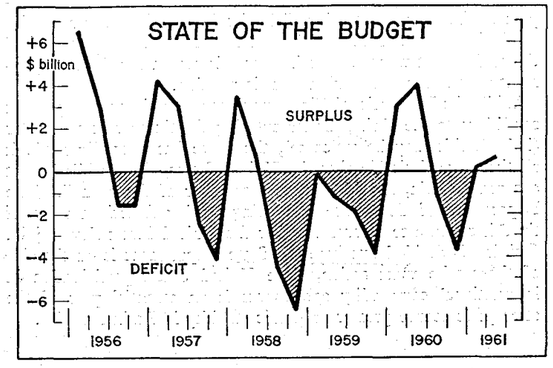
Economically these terms represent a brilliant victory for Mr Reuther, which will enhance his slightly tarnished prestige in the labour movement. The actual increase in wages under the new three-year contract comes to an average of 12 cents an hour, allowing for the fact that the company is now to pay all, instead of only half, the cost of medical insurance for its workers. But more important in the long run are the fringe benefits—increased unemployment pay, so that a laid-off worker will get about 75 per cent of his ordinary earnings for a full year, and compensation for lost earnings when short time is being worked. This means that in effect automobile workers will have a guaranteed annual wage, will become salaried employees, something which Mr Reuther has been demanding for them since 1955.

The Long and the Short

NEW YORK

THE Treasury Department's team of debt managers, headed by Mr Robert Roosa, is continuing its innovations with a $12.6 billion package of both short and long-term issues. It has announced that holders of two outstanding issues of bonds totalling $7.6 billion and paying interest of 2½ per cent will be offered other, long-term obligations paying 3½ per cent and has informed the money market that it will make short-term borrowings of $5 billion in cash over the next two months. It is unusual for the Treasury to announce its programme in advance, but its officials decided on a frank approach because of rumours on Wall Street that the Administration's spending was getting out of hand; if the debt managers had *not* revealed their plans the chances are that the market, which is already nervous about the prospect of a resumption of inflationary pressure, might have pushed up interest costs in anticipation of even larger borrowings. The Treasury had nothing to lose by letting investors in on its intentions, for the way in which it will raise the funds is completely in line with the market's expectations. This is not the first time that the Treasury has tipped its hand but it does mark a change from recent practice and indicates that the Treasury feels that it has its finances under control.

The advance refunding technique is not new either—it was adopted in the latter days of the Eisenhower Administration—but this is the first time that the Treasury is offering a yield which in practice comes to over 4¼ per cent; this is the legal ceiling on the interest paid on government bonds with a maturity beyond five years. Earlier this year the debt managers decided not to ask Congress to raise the ceiling; instead they got the Attorney General, Mr Robert Kennedy, to agree that the limit applied only to the coupon rate on a bond and not to its true yield. Holders of the 2½ per cent bonds issued during the war and maturing in 1970 and 1971 would have to reinvest at yields of over 4¼ per cent to match the actual return on the 3½ per cent bonds which run from 1980 to 1998. In spite of this, the Treasury does not expect that more than about a third of the holders, mainly insurance companies, savings banks and individuals, will accept an exchange which will lock up their funds for a long time. But the managers of the debt hope that at least $2 billion worth of the old bonds will be



exchanged for the longest of the new ones, to offset in part the increase in the short-term debt which will result from raising $5 billion in new money at short term.

The experts had expected a much larger refunding, but evidently the Treasury felt that anything bigger might unsettle the capital market and raise long-term interest rates faster than conditions warrant. It is fairly confident that its present programme will not have a marked effect on the structure of interest rates. Mr Roosa himself admits that the economy is moving on to new high ground, but he feels that interest rates need not follow suit if inflation is avoided. And while the financing and refinancing is going on the central bank will be smoothing the Treasury's path by supplying reserves to the banking system. Finally, the market seems to be accepting Mr Roosa's assurance that the present programme will cover the Treasury's cash needs until the end of the year and that no more borrowing of any substance is likely to be required during the first half of 1962. This should calm inflationary fears and hold down interest rates, at least over the short term. But it may be another story if increased deficit spending forces the Treasury to come back to the market for more money.

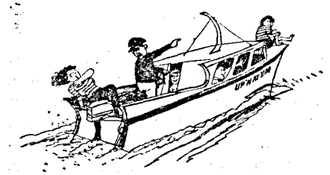
Dipping into the Tin

CONGRESS has agreed that the government may sell two million pounds of waterfowl down from the strategic stockpile, since now that suitable substitutes are available for military sleeping bags these feathers are no longer an essential reserve supply for wartime use. They may even be sold immediately without the six months' notice which is required under the Act which set up the stockpile. But it is doubtful whether Congress will find time, in the present rush for adjournment, to be equally amenable on the much more controversial question of sales of tin from the stockpile. How much tin there is in this reserve is secret—a frequent estimate is 300,000 tons—but it is certainly more than is now needed for emergencies, even though the United States imports all its tin.

With tin prices pushed up by shortages of the metal the General Services Administration, which manages the stockpile, is anxious to relieve the pressure on American consumers of tin and to dispose of some of its surplus at a favourable price. So it is asking for permission to sell 10,000 tons at once and another 40,000 tons at the end of the statutory six months. GSA is already selling

2,500 tons of a special stock of just under 4,000 tons, which can be got rid of without congressional approval, in an orderly manner which augurs well for its promise that the much larger quantities will be disposed of, in small parcels, in such a way as to avoid disrupting the tin market. But the sales can hardly fail to prevent the price of tin from rising as high as it might otherwise do, even if it is not actually driven down—after all, that is part of the purpose of the sales. But this will be far from welcome to such tin-producing countries as Bolivia and Indonesia, which the United States does not want to offend. For this reason the State Department may encourage Congress to do nothing.

While the International Tin Council cannot object under present conditions to the United States entering the tin market as a seller (indeed, this may be welcome), the move has naturally made it all the more desirable that the United States, the world's largest consumer of tin, should become a member of the council. The Department of Commerce is meeting leading American users of tin this autumn to discuss whether the United States should join. Opinion is divided but here the State Department is on the side of those who want action, since United States participation in international commodity agreements is an essential part of the attempt to secure greater economic stability in Latin America.



Weekend Vikings

FROM A SEAFARING CORRESPONDENT

As part of his carefully planned campaign for the Presidency last year, Mr Kennedy chose to be photographed on his small sailboat, rather than on a golf course although apparently he would as soon spend his time off there. In this matter Mr Kennedy showed his usual good political judgment : far more Americans own boats than own golf clubs. Weekend boating is both the largest and the fastest growing active sport in the country today. One way and another about one person in five used the lakes, rivers and waterways for recreation last year and during the past ten years the amount of money spent on pleasure boats and boating has increased nearly four-fold—from $645 million in 1951 to an estimated $2.5 billion or more this year. The total number of boats in America is now said to have passed 8 million. With a little crowding, this is a sufficient number of bottoms to carry the entire population—and on a busy summer weekend efforts to do this can be observed at almost any water resort.

There are many reasons for the explosive popularity of boating in America. More money to spend, and more leisure time to spend it in, explains the wage earner's interest. Spectator sports—baseball in summer, football in winter and horse racing all the year round—have their devoted followers but these great American games have at least two drawbacks. They are not family sports, to be enjoyed not only by father, but also by mother and the children, and they offer no chance for active participation. Nor is golf suitable for family recreation ; country clubs are expensive and almost as crowded at weekends as the roads which no longer encourage travel for pleasure. So each year more and more Americans buy a boat so that the family will have somewhere to go on a beautiful day. "As easy to operate as a car and there are no speed cops or traffic laws," the salesman says enthusiastically. Moreover, the purchase of a boat can be financed as freely as that of a car: boat credit is second only to automobile credit in America and many car dealers are going into the boat trade.

The family budget makes it comparatively easy to decide between the bewildering choice of small craft which are available. A modern fibreglass runabout can be bought, complete with motor, for less than $1,000 ; it will be about 16 feet long, adequate for a family of four or five, and will cost about $150 a year to operate. A trailer to carry the boat to the water will cost about $200 more and will serve during the week, and over the winter, as a mobile storage dock. The whole package can be bought for as little as $100 down, with monthly payments of less than $50. More and more "two cars in every garage" are becoming "one car and a boat."

The boat in the garage is a status symbol in the neighbourhood. The children of a new boat owner are elevated immediately in their social set on the basis of promised trips to come. The owner himself is envied openly by less fortunate neighbours still tied to their lawn mowers for weekend exercise and his wife is accorded the esteem associated with the pioneer women who braved the perils of the unknown. From a stranger who hangs around the house at weekends, father is promoted in one stroke (of the hire-purchase pen) to Captain of the Ocean ; on the water his authority is absolute—as it is far from being at home—because even mother, secretly terrified at the ubiquitous possibilities of drowning, is quick to point out that "you can't come back next week if you don't do as daddy says."

Most weekend boatmen leave their business and personal worries behind ; for them and for their families, boating is a way of relaxing—a day or two of leisure between the unending weeks of routine labour. Even the smallest brook in Iowa is a thread in the tapestry of the sea and the man rowing his fishing skiff on man-made Lake Mead is an emphatic descendant of Viking oarsmen. But it is also true that week-end boatmen sometimes exhibit a tyrannical outlook inherited from Captain Bligh which can ruin an otherwise pleasant Sunday cruise—and not only for those aboard his own craft.

THE road hog is also found on the water ; many of them are involved in the growing number of accidents which has accompanied the growth of boating. Three years ago Congress gave the states the right to license all watercraft and, indirectly, to control their operation. The law also requires that all serious boating accidents must be reported to either the state or federal authorities. The figures are still not complete but the total number of accidents seems to be about 1,500 a year and the death rate is lower than for almost any other form of transportation. Alcohol is a negligible factor in these accidents ; the main cause is carelessness, compounded by ignorance, on the part of the person operating the boat.

To combat this, a fraternity of boatmen known as the United States Power Squadrons has for many years offered courses in piloting, small boat handling and even more advanced subjects, including celestial navigation, during the winter. The basic course is usually free, and prospective boat owners are as welcome as the captain of the largest yacht. Every major boating centre in America has one of these brotherhoods and each of the local squadrons is organised with the primary purpose of teaching safe and sensible boating, with the emphasis on skill and knowledge.

Upwards of fifty thousand boatmen took advantage of these courses last year, spending one or more evenings each week during the winter months learning the rules of the sea, how to distinguish port from starboard, and the meaning of the number, colour and shape of the government's aids to navigation. The Coast Guard, which has had to contend with the less pleasant side of the increase in boating activity, has stepped up enforcement of its rules requiring that there must be enough life belts and other safety equipment aboard all craft. The Coast Guard also offers its own courses in piloting and handling boats, so no one need plead ignorance of the rules of the sea or of the best way to handle his craft safely.

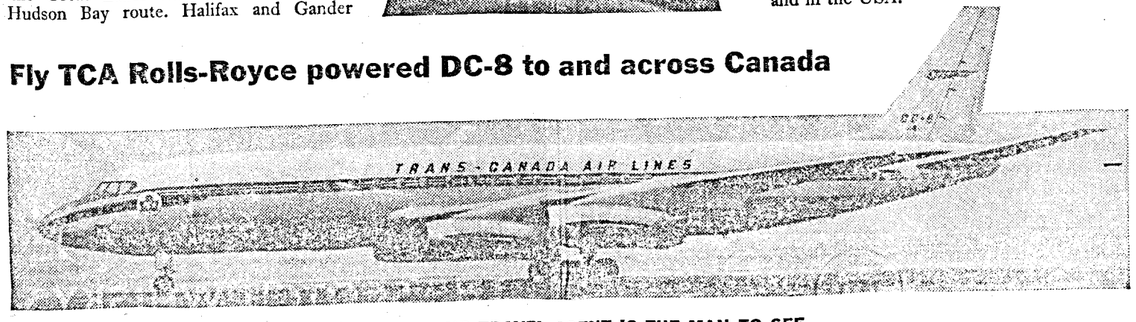
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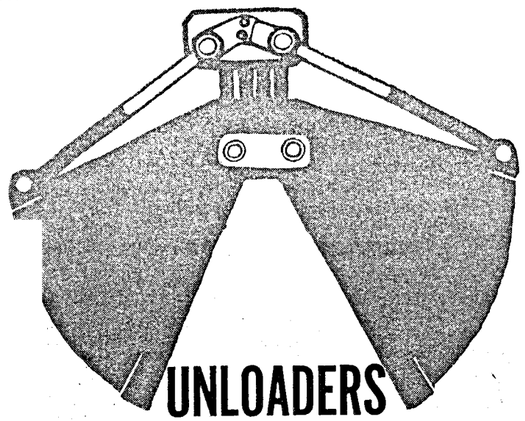


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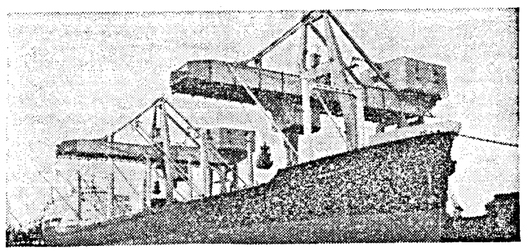
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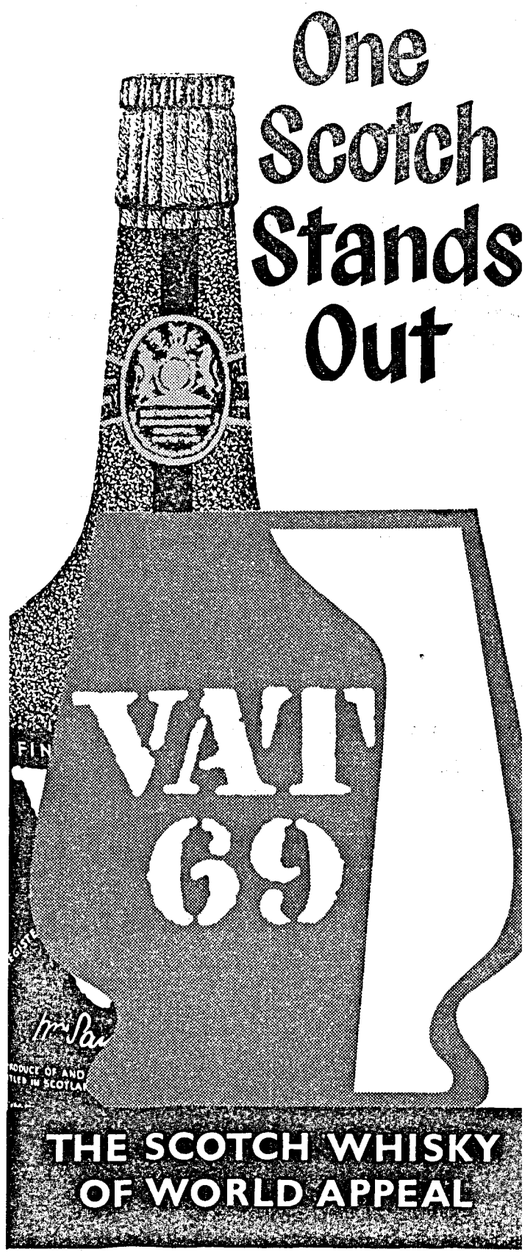
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One index of the growing popularity of boating is the considerable number of boat shows which take advantage of the slack winter season to beguile present and prospective owners. There are now some forty national, regional and local shows scheduled on a regular annual basis across the country. The largest and best is the New York Motor Boat Show now held each January in the city's giant new Coliseum. A total of 420 manufacturers of, and dealers in, boats were allotted space this year—including one stock broker who advertised that "boating stocks are growth industry stocks"—and another hundred or so who applied for space had to be turned away.

The show is in many ways typical of boating in America today. Sail fins, inspired by Detroit's worst, are stuck on small craft to attract the buyer who wants something different and trading up to a larger boat from a small beginning is encouraged by batteries of "hard sell" salesmen. In some cases these have gone so far that the Federal Trade Commission has been forced to issue government rules to prevent gross misrepresentation. Even sailboats are not immune to the high pressure tactics of the new crop of boat builders. Fibreglass craft are more popular than wood; dacron and nylon have made cotton sails as rare as a hemp mainsheet. But despite the hustlers, and not because of them, boating is booming. And it is expected to continue to boom as more and more Americans discover the welcome relief from the tensions of modern living that a day afloat offers, whether on a small cruiser or a 12-metre Cup Defender and whether the man at the helm is a plumber or a President.

No Banking on Justice

DURING the past fortnight Americans have been treated to a strange spectacle: the attempts of the Department of Justice to block, at the eleventh hour, two bank mergers, in Chicago and New York, which had been approved by the appropriate federal banking authorities. In both cases the courts refused a restraining order and the mergers went through. But the Justice Department seems determined to dissolve them, although it admits that it is difficult to unscramble such eggs. Under a law which Congress passed last year to tighten control over the rising tide of bank amalgamations and, ironically, to subject them to more uniform conditions, every merger must now receive the permission of the relevant federal banking authority: the Comptroller of the Currency for national banks, the Federal Reserve System for state banks which belong to it and the Federal Deposit Insurance Company for other state banks. Each agency is supposed to have the power of final decision although they are required to consult each other and to seek the views of the Department of Justice as to what the effects will be upon competition.

But even under the Eisenhower Administration the Department of Justice felt that it had a separate responsibility, under the anti-trust Acts, to halt mergers that threatened to lead to undue concentration in banking, which some people consider particularly dangerous. Early this year it filed antitrust suits to halt three consolidations, two of which had been approved by the Comptroller of the Currency, Mr Gidney, a rather complaisant holdover from the Eisenhower era. To prevent further embarrassment of this kind he was persuaded not to issue any more approvals over the objections of the Department of Justice until the key case, in Philadelphia, had been decided, probably in December. The anti-trust lawyers feel that they have a strong hand to play, on the score of concentration of banking assets, in Philadelphia, but the most important issue is whether banks, which in the past have been held to be subject only to the rather lenient restrictions of the Sherman Act, are subject, as the Justice Department now argues, to the harsher Clayton Act.

In Chicago, however, Mr Gidney felt that there was enough hardship to the banks concerned to warrant an exception to his general truce with the Department of Justice. In New York the department is embroiled with the Federal Reserve authorities, who apparently agreed with the state that the creation of the Manufacturers Hanover Trust Company, now the fourth largest bank in the country and the third biggest in New York, with assets of about $6 billion, would not harm competition unduly—probably because the Hanover dealt primarily with industry, the Manufacturers Trust with individuals. The position of the antitrust lawyers (apart from their desire to discourage stories that they are "going soft" on bank mergers) is that, after the merger, the five largest commercial banks hold 75 per cent of New York City's deposits in such banks and 77 per cent of their loans. What the banking community wants is for someone, either the courts or Congress, to knock all these heads together and make it plain what mergers are acceptable. The alternative route to expansion is the opening of more branches, but this is slower, more costly and, in eleven states, prohibited.

New Life for Civil Rights

THE four-year-old Civil Rights Commission won a short new lease of life—another two years—from Congress this week just two months before it was due to go out of existence. This reprieve falls far short of the permanent status which the President sought, but it is better than nothing for an Administration which has put off all other legislation dealing with civil rights until next year. As it was the Bill had to reach the floor of the Senate as a rider to an appropriations Bill because, as happened two years ago, the Judiciary Committee dominated by Senator Eastland would not report it out. President Kennedy's two new appointments to the six-man commission, one of whom is a Negro, give it a majority which favours the vigorous extension of civil rights and this does not endear it to the South.

It is probably as well that the Senate voted when it did last week. A few days later the commission—which Mr Kennedy plans to use much more than President Eisenhower did in the formation of government policy—issued the first of a series of reports on the denial of civil rights. This dealt with the denial of voting rights, primarily in eight southern states where, in 100 "black belt" counties, most members of the Negro majority are prevented from going to the polls through discriminatory application of the qualifications demanded for registration and voting. The commission praised the Department of Justice for its vigorous use of the weapons given to it by the Civil Rights Acts of 1957 and 1960. The department is examining voting records in six states and ~~has~~ brought suits to protect the Negro franchise in fifteen counties in five states, including, for the first time, the most backward one—Mississippi. But the commission considers that broader legislation is necessary and proposes, with the two Southerners dissenting, that Congress should act, under the Fourteenth and Fifteenth Amendments, to make it impossible for the states to exclude people from voting except for reasons of age, residence, legal confinement or a criminal record. It also thinks, unanimously, that if there is to be a literacy requirement, an elementary education should be considered adequate and that Congress should require election districts to be equal in population. A finding which should recommend itself to the South is that the economic backwardness and one-crop economy of the black belt is closely related to the denial of civil rights to Negroes and that the federal government should try, by special assistance, to promote an economic climate which favours better race relations.

Textbook Marriages

FROM A SPECIAL CORRESPONDENT

HISTORICALLY, book publishing in the United States has been a personal or family industry dominated by small firms. Book sellers, book salesmen and book editors became publishers, usually beginning with small financial resources. Originally financed by credit from their suppliers and in time by loans from banks, these firms expanded as they prospered but the substantial capital needed for more rapid growth was unavailable. To many American publishers, traditionally convinced that financial and editorial control should rest in the same hands, this capital limitation became something of a virtue. The character and the integrity of a publisher's list were more important than making money and he was judged not by the size of his fortune but by the standards which he could maintain in his publications while managing to show a small profit.

After the war the increased cost of producing books, of advertising and selling them and of doing business generally favoured the larger publishers and forced others to consolidate such services as warehousing, billing and shipping. Moreover, the prospects for expanding sales, particularly of school and college textbooks, were so bright that they encouraged growth by the most immediate means—acquisition and merger. In the past few years, and particularly since the autumn of 1959, the dances of corporate courtship among American book publishers have seized the attention not only of the publishing fraternity itself but also of the American investing public.

In each of these recent mergers or acquisitions in book publishing a publisher notable for his work in a given field, that of, say, college textbooks, has extended his range by acquiring, for example, a series of high school social studies or of primary school science texts, or a number of useful reference works, a series of paper-back reprints of classics used in colleges or a first-rate list of general book titles which, printed in paper-back editions, would find a market among students. The direct result has been the creation of several new major publishing firms, offering publications ranging from technical reference books down to juveniles for school and public libraries.

An example is the purchase within the last eighteen months by Random House of Alfred A. Knopf, Inc., Beginner Books, Inc., the L. W. Singer Company, Inc., and Pantheon Books. Another example is the Western Publishing Company, which bought a firm specialising in children's books last February and a publisher of high school and college texts two months later. The rapid growth of such companies and the evident savings obtained by an integration of lines have prompted other firms to think of merger and acquisition, particularly since the necessary capital is now available through public financing.

The key to capital by this means was the textbook, a publication which is prepared and sold as an essential educational instrument. Basic textbooks, those required to be purchased for compulsory academic courses, involve considerable capital investment in their development—$3,000,000 in a recent case—but provide a very substantial return if the book succeeds in capturing a significant portion of the total market.

The publishing of successful textbooks has always been very profitable in America. The new elements which made textbook publishing a growth industry during the past year and a half were those of demography and of American investment practice. Projections for the next decade of the numbers who will enter educational establishments in the United States point to increases of 25 per cent in the elementary schools, 60 per cent in the secondary schools, and a full 100 per cent in colleges and universities. This indicated a promising increase in potential markets for publishers of texts but not one which was equal to what in fact happened to publishers' shares between July, 1959, and March, 1961.

THAT period of extraordinary demand must be explained in terms of fashion in the investment business, which depends normally on expectations of rapid growth in markets, sales and profits. The investment world noted the historic profitability of publishing textbooks and the projections of an increase in the academic population. To this calculation was added the scarcity of publishers' shares and there followed the remarkable success of virtually every publishing share put on the market during the period.

Random House, for instance, offered in October, 1959, at 11¼, reached a high of 41 and Western Publishing Company, offered in August, 1960, at 42 went up to 84 and stood at 79 a month ago. Where publishing shares used to go untraded at price-earnings ratios of 6 or 8 to 1, in 1960 they traded as a whole at a price-earnings ratio of 19.2 and the shares of certain major publishing houses averaged a ratio of up to 30 to 1—proof that publishing textbooks was indeed a growth industry, at least in the eyes of the investors.

Few publishers could afford to miss the opportunity of increasing their capitalisation by as much as ten-fold and still retaining control, quite apart from such reasons for public offerings as considerations of death duties or the desire to make a market for an untraded stock. But book publishing was not, and is not, a growth industry in the same sense as earlier favourites of the investors, the electronics industry or the vending machines industry. The market for textbooks will grow (rather than explode) in an orderly fashion.

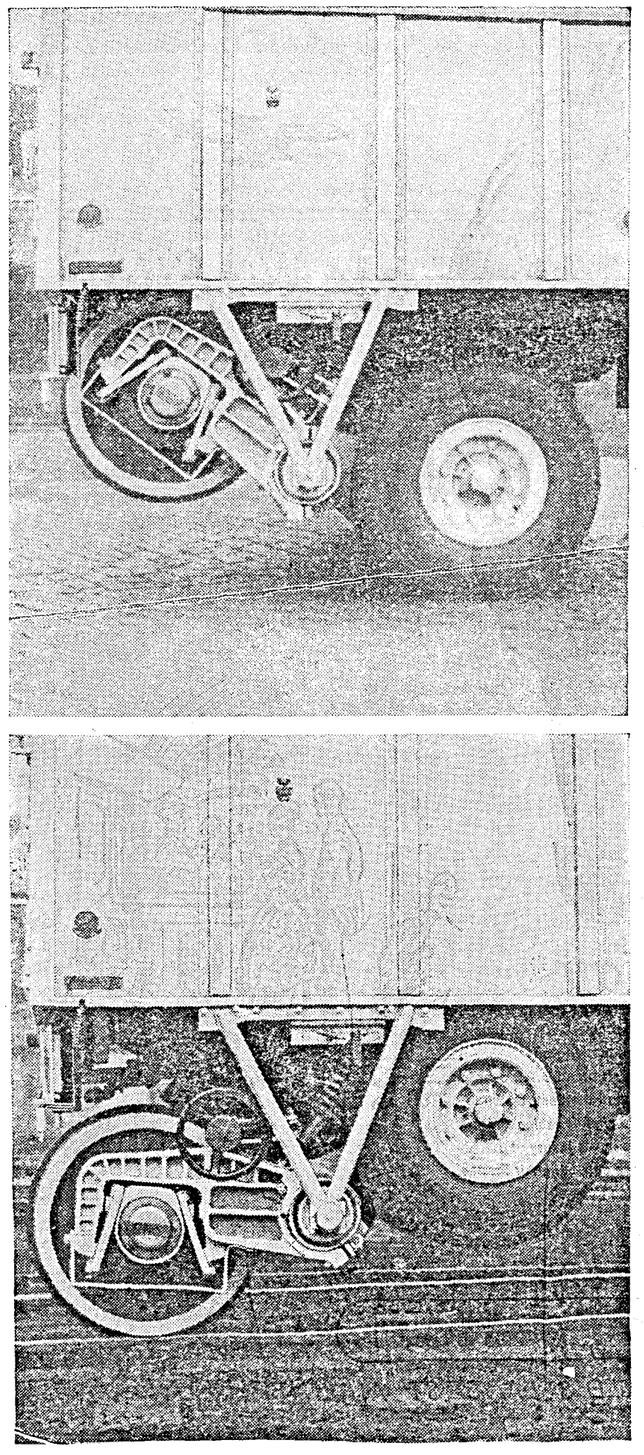
The investor's romance with publishing shares has cooled perceptibly in the months just past. One reason may be his new found awareness of other less stable kinds of publishing such as general, or trade, publishing where business amounts to some $75,000,000 annually, as compared with $300,000,000 for textbooks. Trade publishing has not made money in recent years except as a result of income from subsidiary rights sold to book clubs, reprint publishers, magazines and film companies. Among the good general publishers, those whose standards restrain them from publishing books of poor quality for their high probable sales, there are few who manage to break even. Only as the new large corporations bring a balance between the speculative trade books and the more stable textbooks are investors likely to continue to regard all book publishing as an attractive proposition. For what after all are a publisher's assets? "Editorial brains up front and unsold books out back," says one expert.

For these companies book publishing will undoubtedly become more profitable but fears have been expressed that the risk of publishing important new books of poetry and non-fiction, and even some of the best novels, will not be taken by a large publicly-owned firm, since they are financed out of profits made on textbooks.

But the size of the publisher has little to do with his standards. The majority of publishing firms are still controlled by their old owners, even when public money has been brought in. And in the unlikely event that the corporate publisher of the future cannot persist in producing culturally-significant work in the general field, such books may, like the poets and novelists who write them, gravitate to the universities for publication, becoming part of the academic contribution to the common good.

As to the consequences for publishing as a profession, it will certainly become more specialised than it is, particularly in marketing. The real concern is that in the end only the one book which meets the market most fully at its lowest and widest will be published. So in the coming years much interest will be taken in the extent to which shareholders are prepared to tolerate unprofitable experimental lines, the early but academically essential revisions of successful texts and the highly speculative but venturesome new techniques for aiding the learning process—for instance, teaching machines—all of which should help to enlarge the market for textbooks.





What's the great new transport idea in these pictures?

ASK PRESSED STEEL

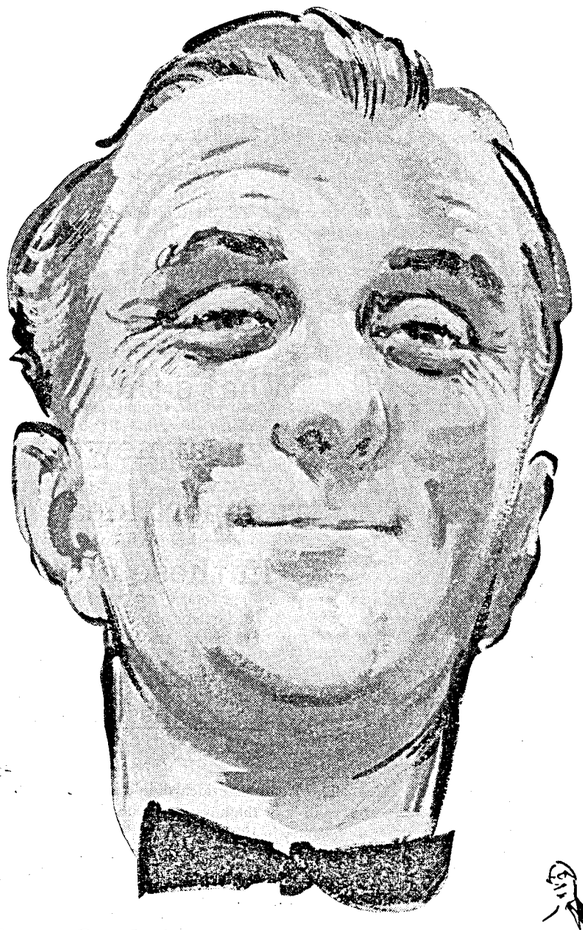
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The Golden Parisian *

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THE BUSINESS WORLD

Mr Dillon's Brief

A correspondent in New York describes the probable line of the United States at the monetary conference assembling in Vienna this week-end

ALTHOUGH the United States is determined to strengthen the International Monetary Fund its delegation to the annual meeting in Vienna does not expect—and will not demand—a radical reformation. Some Administration officials, including the President's Council of Economic Advisers, had originally urged major changes in the international reserve system—last spring Mr Walter Heller, chairman of the CEA, invited Professor Robert Triffin to partake in the founding in Paris of the Organisation for Economic Co-operation and Development. But it is the attitude of calculated moderation suggested by the Treasury Department that has prevailed. The United States will support Dr Per Jacobsson's proposal for an enlargement of the IMF's resources, particularly in the currencies of Western Europe and Japan, by the addition of non-quota standby credits that can be made available to the Fund on an automatic basis. Officials of the Treasury, whose chief, Mr Douglas Dillon, heads the American delegation, see little hope of a permanent increase in quotas, even though this is deemed theoretically desirable. But they are prepared for hard negotiations over the amount of standby credits ($6 billion is the starting point) and the way in which these should be arrived at. Nor will they yield easily on the issue of automatic availability. In anticipation of European opposition, they point out that as these credits have to be repaid in a few years they can never be a means of meeting chronic balance of payments deficits, or of avoiding orthodox self-discipline.

As the Treasury sees it the major problem is not an absolute shortage of reserves but the maldistribution—or imbalance—of reserves. Even the radicals had not argued that an overall lack of liquidity was a clear and present danger; but they were worried that balance of payments considerations would interfere with their reflationary measures to stimulate the American economy. Now that American business activity has staged a brisk recovery the fear that domestic growth might be impeded because of the threat of a run on the dollar has in large part faded. There is general agreement that a more effective buffer against the pressures of international capital movements should be established; but the Administration now holds that this entails reinforcing existing arrangements rather than creating a new mechanism. The last stand of the radicals is evident in a report of a subcommittee of Congress's Joint Economic Committee, which recommends that IMF members should provide funds in the form of medium-term loans (rather than standby credits) in their own currencies, which could be made immediately available to deficit countries, but would not necessarily be. Hot money flows would be almost entirely financed by such credits; structural deficits, requiring shifts in resources, would be partially financed; countries suffering inflationary deficits would get credits only if they agreed to corrective steps. The Administration, however, is not embracing this watered down attempt to increase the reserve base; on the contrary, Mr Dillon himself holds that any attempt to increase reserves or finance basic deficits would accelerate the flow of funds to those countries already possessing an unhealthy surplus.

Mr Dillon describes his approach as evolutionary, seeking to strengthen the existing framework by persuading the surplus nations to use their reserves more freely and flexibly. He emphasises that they are under as much obligation to correct the current imbalance as was the United States when Europe was faced with shortage of dollars, and he regards standby credits as a relatively painless way of providing a buffer. But his evolutionary programme also calls for activity on other fronts, or what his aides call a three-layer solution; this would consist of unilateral actions by nations with deficits; bilateral—and multilateral—co-operation between deficit and surplus nations; and action taken in international institutions such as OECD as well as IMF. The United States itself is demonstrating that it is practising what it preaches in its attempt to bring down its own deficit to manageable proportions.

The measures adopted by the United States, both unilaterally and in co-operation with other countries, fall short of what the Administration had sought, but taken together they are significant. Treasury officials were indiscreet enough to admit openly at the time that the German revaluation was inadequate; yet by and large, Washington is satisfied that Europe is responsive to a greater measure of co-operation, citing the lowering of interest rates which reduced the spread between New York and Continental markets, the steps taken by Germany and Switzerland to discourage foreign investments, the Basle agreement for inter-central bank credits, and the close technical co-ordination that has been built up since the United States Treasury began operating in the spot and forward exchange markets. The latest co-operative arrangement involved the issue to Britain of a special short-term Treasury obligation, at a negotiated interest rate of 2.4 per cent, for the dollars drawn from the IMF, thereby circumventing

a rise in domestic money rates. Officials hint that they will be continuing to experiment with co-operative techniques aimed at moderating money flows and to improve the degree of international liquidity.

In its purely unilateral actions, the Administration feels that President Kennedy's pledge to defend the dollar and make available the nation's gold stock to meet international obligations has had an important psychological effect, despite the fact that Congress has taken no action to remove the 25 per cent legal backing for domestic notes and deposits. Several of the Administration's other legislative proposals (including a request to permit commercial banks to increase the interest they can pay on official foreign deposits and a series of tax measures designed to increase revenues from American corporations operating abroad) also met with congressional indifference. Nevertheless, a good deal has been accomplished administratively, from the Federal Reserve's abandonment of "bills only" in favour of operations throughout the range of government securities, which succeeded in maintaining short-term interest rates at a level that did not invite a fresh outflow of funds, to more active use of the Exchange Stabilisation Fund. In this technical area, too, the Administration is not content to stand still, although Mr Dillon recognises that a major part of his job at Vienna will be to convince sceptics that the United States stands ready to combat domestic inflation if it appears and will not merely tinker with new techniques. Mr Dillon will make clear that the United States will practice self discipline, but he wants some assurance that the countries of Western Europe will live up to their responsibilities in return.

Thus strengthening the IMF is not the Administration's sole international financial objective. Like its predecessor, the Kennedy government wants Europe to assume a larger share of the military burden and step up its economic aid to underdeveloped areas; it is planning to bring renewed pressure on Germany and France, as well as operating through the OECD. If progress is made on these fronts, it is felt that a moderate bolstering of the IMF through the use of standby credits ought to relieve the pressures on the dollar and the pound. Obviously none of these measures provides a foolproof defence against a speculative movement that feeds upon itself; but the official United States view is that an evolutionary defence on a broad front can do the job. The crucial question is whether a moderate approach will suffice to prevent a weak compromise that may leave the key currencies as vulnerable as ever.

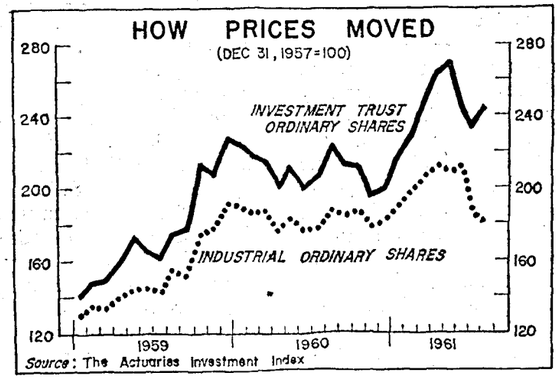
Trusting the Experts

How the investment trusts are faring

MR JOHN BETJEMAN was reported to have said recently that he would like to imprison the directors of investment trusts for the crime of "murdering our souls." If this statement caused some heartsearching among the experts who manage the 300 or more investment trusts in the United Kingdom their anxiety was needless, for this staunch opponent of much modern architecture was seeking to gaol not them, but various property developers. Mr Betjeman is not the first to be confused by the fact that a few property companies prefer to call themselves investment trusts. Indeed the investment trusts proper—more clearly known in the United States as "investment companies"—should be congratulated, rather than condemned, on their performance in recent years. And the fact that they have so successfully adapted a long-established form to modern ways ought to appeal particularly to him.

The small saver has posed a new challenge to the investment trusts and, in meeting it, they have swept a number of cobwebs away. Many of them, for example, have replaced dreary formal accounts with more imposing documents; now they often include a ten-year record of progress and a classification of investments both geographically and industrially. More realistically, too, they base these classifications on market values rather than book values. In addition, a growing number of trusts publish a full list of their investments; for the largest trusts this is no small matter, for it can lead to reports of sixty pages long. It remains to be seen whether an even more recent innovation of using market values, instead of the conventional book values, to arrive at the balance sheet totals will find general acceptance.

Greater disclosure of information in these various ways is one important element in a general policy of trying to widen the interest of investors in investment trusts. An equally popular one has been to sub-divide heavy shares into £1 or 5s. units; the investment trust share with a nominal value of £100 is now mercifully a rarity and this week Bankers Investment Trust announced a share split into 5s. units and a scrip issue which will have the effect of bringing the market quotation down from £400 to around 13s. The sub-divisions have often been followed by scrip and rights issues. Indeed, in Cable and Wireless and Globe Telegraph, these issues have become virtually annual events and through them investors have received an effective and substantial increase in their income. Such devices have improved the external appearance and investment esteem of the trusts. Nor has internal health been neglected: a number of mergers of trusts from the same management stable have been arranged, primarily to reduce expenses and, secondly, to improve the marketability of the shares. The Mercantile Investment



Trust, which resulted from the merger of four companies, for example, now has an issued ordinary capital of 33½ million shares of 5s. each; it is not surprising that with a capital of this size, its chairman is able to report that "there is a good market in the shares and that transactions take place daily."

The Ashdown Investment Trust, run by the merchant bankers Helbert, Wagg, has used other—and perhaps more original—ways to attract investors to its shares. Two years ago it experimented with a public offer of its shares at a price slightly above the break-up value. This resulted in a satisfactory, if not overwhelming, response; in February, 1960, when some shares originally issued to certain institutions were released to the market, and again in June, 1961, offers of shares were made at prices just below the break-up value. Ashdown, through these issues, has certainly widened the market in its shares, but it faces a dilemma familiar to other trusts. A rights issue to existing shareholders, though clearly equitable so long as shareholders can take up their rights, does not usually have the result of widening the market much. On the other hand, any public offer of shares that aims at widening the market needs to be pitched on favourable terms. Usually, such an issue would have to be offered around the market prices of the existing units and in almost all cases this would be below their break-up value; but to the extent that the issue price falls short of this value the result must be some dilution of the equity attributable to existing shareholders. Such considerations have led a few trusts to adopt the compromise of a public offer with preferential treatment to existing shareholders; this in its turn partly gets in the way of an intention to widen the number of investors. But, in the end, marketability depends directly not on the number of shares in issue but on the propensity of investors to deal in them and it is inescapable that investment trust shares are so highly prized that they are probably the most tightly held of all equities, not merely by individuals but also by institutions who run portfolios of their own, such as the insurance companies. To this, the often suggested divesting by investment trusts of holdings in each other's shares would be only a partial remedy.

Investment trusts have been a profitable investment for the big institutions; and they have plenty of attractions for those smaller investors who are not out for a short-term speculative gain but for the prospect of long-term growth and the near-certainty of steady income. First, they offer the investor a spread of geographical and industrial risks. This has been particularly noticeable since the war, for many trusts have acquired substantial holdings in North American securities and some of them are now beginning to nibble at European equities, though here low yields have discouraged the trusts from taking too big a bite. The importance of geographical spread is clearly evident at this moment, when dividend prospects in this country are clouded but look quite bright in the United States, though some investors may be put off by the low net British tax rate that can result from a substantial investment in overseas securities. Industrial spread is no less important, not least because it protects investors from becoming infatuated by current fashions and "glamour" stocks. In addition, the investment trusts, unlike the unit trusts, can offer the benefit of gearing, for almost without exception part of their capital consists of debenture and preference stocks. Attempts to widen the market in investment trust equities by the issue of ordinary shares have reduced the element of gearing in the last few years and the balance has not been completely restored by cash offers of fixed interest stocks. This has led Sir Edward Wilshaw, the chairman of Globe Telegraph, to argue that it might well be to the benefit of this trust's ordinary shareholders to make some further issues in fixed interest stocks, either in the form of scrip or by way of rights.

UNLIKE a unit trust, an investment trust does not distribute all its income; the average distribution is about 80 per cent of available income and the remainder is reinvested. Some trusts, however, pay out up to the hilt while others distribute little more than 60 per cent of available income. This is

Trust	Accounting date	Book value of Portfolio	Market value of Portfolio	Proportion of Portfolio in: Equities	Proportion of Portfolio in: North America	Break-up value of Ord.	Approximate increase in break-up value	Corresponding increase in The Economist Indicator‡	Equity earnings previous year	Equity earnings latest year	Ord. dividend previous year	Ord. dividend latest year	Price	Yield
		(£'000s)	(£'000s)	%	%		%	%	%	%	%	%		%
ENGLISH														
Industrial & General	31/3/61	13,878	50,418	95·4	13·8	38/9	15·7	11·7	28·1	32·8	22½	26	36/–	3·61
Globe	30/6/61	19,360	45,081	98·8	15·1	22/9	13·8	8·7	14·0*	14·9	10	10	17/10½	2·80
Investment Trust Corporation	1/5/61	11,338	32,118	95·5	39·2	37/–	27·6	25·0	31·4	33·0	24	26	35/–	3·71
Atlas Electric and General	31/3/61	16,477	32,056	97·9	17·6	14/4	16·3	11·7	11·6*	12·9	7½*	9	13/4½	3·36
Trustees Corporation	31/5/61	6,167	21,053	96·2	16·8	41/–	20·6	15·8	31·1	35·0	21	25	33/–	3·79
Lake View	31/3/61	6,190	17,606	90·8	25·0	63/–	14·5	11·7	22·5	25·7	17½	20	53/–	3·77
London Trust Co.	31/3/61	5,411	16,604	97·0	9·5	29/–	20·8	11·7	19·8*	23·4	16*	19	25/–	3·80
Nineteen Twenty Eight	31/3/61	5,818	14,080	92·8	21·7	21/–	15·0	11·7	16·9	15·6	12½	16¼†	17/3	4·35
Trust Union	31/3/61	5,494	12,115	99·1	21·5	19/–	16·1	11·7	13·0	14·8	10	11	15/6	3·55
Anglo-Celtic	5/5/61	2,765	10,149	95·1	29·4	30/–	20·0	27·1	9·4*	12·8*	8½*	10*	12/–	4·17
Continental Union	31/3/61	4,812	9,814	99·9	25·5	18/7	19·2	11·7	12·5*	13·9*	8½*	9½*	15/–	3·17
London and Provincial	31/3/61	2,327	6,453	94·2	34·3	30/2	19·0	11·7	11·8*	13·3*	8½*	10*	13/6	3·89
SCOTTISH														
Alliance	31/1/61	26,398	57,425	93·4	34·3	55/6	8·8	0·4	41·2	45·1	34	37½	64/6	2·91
British Investment Trust	31/3/61	18,868	42,310	99·0	50·1	40/6	24·6	11·7	26·0	26·1	21	23	38/–	3·01
Scottish Mortgage and Trust	31/3/61	6,963	25,641	92·6	36·7	34/11	27·8	11·7	24·7	25·4	19	20	33/9	2·96
Second Alliance	31/7/61	8,616	20,188	95·3	38·0	34/4	23·1	6·1	26·22	28·13	20	20	33/–	3·03
First Scottish American	1/5/61	2,934	5,953	93·1	36·2	7/1	31·4	25·0	9·8*	11·4	8⅔*	9¾	48/9	4·00

* Adjusted for scrip issue. † Including special interim of 1 ¼ per cent. ‡ Between balance sheet dates. § On forecast dividend of 10½ per cent. ** On 15 per cent.

one reason why, as the table shows, many trust shares stand in the market below their current break-up value; this is in contrast to the daily quotations of a unit trust, which are tied to the current market value of the trust's underlying securities. It is possible, however, that too much attention is given to break-up values in comparing investment trust shares, for market prices are also closely linked to the prospective income accruing to the trusts. A considerable time lag is possible between the time when an investment trust receives a dividend and when it pays its own. This is of particular significance now that the Chancellor has made his call for dividend restraint. Should the trusts pass on the higher dividends they have already received to their shareholders? If the trust managers look upon their dividends simply as transfer payments, they could find reasonable arguments for ignoring the Chancellor's request. If, however, they view the request as part of a plan to curb liquidity, they might be prepared to fall in step with the Chancellor. Second Alliance Trust has recently done so, leaving its dividend unchanged, although its income has risen. Will the Alliance Trust from the same Dundee stable take the same stand in January? To the extent that the trusts opt for restraint, they will have to consider whether, in the interests of their shareholders, money that would have otherwise been distributed in additions to dividends should be set aside in a special dividend reserve and held on short-term deposit or whether it should be reinvested in portfolio investment in the ordinary way. As industrial dividends are not likely to rise very much in the coming months, the argument for special treatment has some attractions. On the other hand, there are likely to be good opportunities in ordinary shares and fixed interest stocks that managers taking a longer view may think it advisable to seize. For the moment, at least, a number of them appear to be content to stay outside the market since their available funds are needed to take up new issues either as subunderwriters or as shareholders participating in rights issues.

While investment trust equities have fallen much in line with the general run of equities since their mid-May peaks, the chart shows that they are still well above their end-1960 levels. In contrast, industrial equities, as measured by *The Actuaries Investment Index*, were slightly below their end-1960 level at the end of August. Thus trust management seems to have come out of a difficult period with credit, though the better performance of trust equities in the last few months can be attributed in part to the view that they were suitable investment for trustees. Certainly, for trustees or private investors, investment trust shares are not likely to bring much in the way of worry. But to buy them, investors have to sacrifice a good deal of immediate income, for the average yield on investment trust equities is about two per cent less than a mixed portfolio of industrial equities now offers. In a sense, this is part of the price for management and obviously investors have to be prepared for a long haul. The immediate prospect is for much less rapid growth, both in terms of capital values and income, than investment trusts have enjoyed in the last three years. It may well be that those Scottish trusts which were earliest to buy North American securities will fare the best in the next few months. Mr A. L. Brown, the chairman of Second Alliance, is hopeful, for example, that some increases in dollar dividends will at least ensure that the trust's earnings will be maintained in the current financial year. But, whatever the ups and downs in the months ahead, investment trust shares ought to be held firmly. Investors could do worse than to ponder the remark made by Mr C. H. Villiers, the chairman of Ashdown Investment Trust, that the sales of Ashdown shares by small shareholders a year ago, when the stock market was uncertain, were matched by purchases by "financial corporations."

BUSINESS NOTES

COMMONWEALTH FINANCE

Horse Trading at the Club

It was perhaps fanciful for the British Government to imagine that the Commonwealth finance ministers who have been meeting at Accra this week would be content with the usual leisurely pre-IMF review of common problems. For the overriding economic problem of the moment, that of preparing for the consequences that would follow from Britain's membership of the European Economic Community, is patently not a common one for Britain and the overseas Commonwealth countries. One may strongly hold that the ultimate aim of the exercise, for Britain to prosper as a member of the European community rather than to risk isolation outside it, is indeed a Commonwealth interest. But it does not follow that there is a unity of Commonwealth interests in the negotiations necessary to carry Britain in. The British Government has given an assurance that the trading interests of overseas Commonwealth countries will be fully considered. There are numerous ways in which they can be accommodated. Some would involve acceptance of a less privileged position by Continental producers; others would be at the expense of the British consumer and the British balance of payments. The great complication in getting Britain into Europe is that a trinity of interests is involved at each point, and it is in the nature of the case that an easy compact between any two of them can usually be made at the expense of the third.

It is therefore as a preliminary to serious horse trading that the loud cries from Accra need to be considered. When the Canadian ministers declaim that Britain will find it against its own interest to join the common market, and shouldn't be tempted anyway because it would be unfair to the Commonwealth, their protests should be taken not so much as irrelevant to the point at issue as a routine move in raising their initial bargaining bid. Much the same could be true of Asian and African countries' reported rejection of the possibility of associate membership of the common market for themselves—it is unlikely that this possibility has yet been sufficiently explored. The point of substance is that the loud cries of anguish have their part in setting the scene for the detailed bargaining ahead.

The danger is obvious. If the Commonwealth is "difficult," and the British Government considers it politically difficult to press for a more forthcoming approach, then a scheme that is also acceptable to the Six may be economically and financially very expensive for Britain. Mr Selwyn Lloyd was precluded from letting out his own cries of anguish at the Commonwealth conference table; but it is to be hoped that

Sir Frank Lee will periodically emit them in his capacity as co-ordinator of Britain's common market negotiating team.

OVERSEAS TRADE

Steady Improvement

The improvement in Britain's trading accounts that has proceeded steadily this year was carried a stage further in August. Export shipments, after adjustment for seasonal variations, rose from £307 million in July to £324 million fob, while imports rose by only £7 million, to £361 million cif. Allowing for re-exports of £15 million, this reduced the apparent trade gap from £31 million to £22 million. This compares with shortfalls averaging £43 million a month in the second quarter, £64 million in the first quarter and £72 million throughout 1960. Since the different valuation of imports and exports together with other distortions in the trade figures swells this apparent gap by about £40 million a month compared with the Treasury's payments accounts, Britain has in fact been earning a substantial true surplus on its visible trade this summer after seasonal correction, and even the uncorrected figures for July and August imply a small true surplus.

Taking the four months May-August together—this spans the month to month distortions of the spring dock strike—exports averaged 2 per cent more, seasonally adjusted, than in the three preceding months, while imports were 2½ per cent less. The check to stock-building is helping to keep imports down, and may continue to do so in coming months. In the first eight months of the year as a whole exports were 4½ per cent. above the average in 1960, while imports were down by 2½ per cent. The apparent monthly trade gap in the first eight months has now been brought down to an average of £47 million—still implying a true deficit, but within shooting distance of bare balance. Now that net earnings from invisibles have run off, much more than bare balance in the trade accounts is needed to finance Britain's net capital commitments, and the balance of payments this year still seems pretty certain to be unsatisfactory. But it does seem to be responding.

UNITED KINGDOM TRADE

£ million per month; seasonally adjusted

	Exports, f.o.b.	Re-exports, f.o.b.	Imports, c.i.f.
1960 :—			
2nd quarter	295	11	375
3rd quarter	290	13	385
4th quarter	295	12	390
1961 :—			
1st quarter	309	12	385
2nd quarter	306	13	362
1961 :—			
February	307	11	383
March	301	12	375
April	306	12	354
May	282	13	365
June	331	15	367
July	307	16	354
August*	324	15	361
January–August*	310	13	370

* Provisional.

THE ECONOMY

Investment Rising Again?

Capital expenditure in manufacturing industry, in the second quarter of this year, was 10 per cent higher than in the first quarter and 28 per cent higher than a year before: it amounted to £314.7 million, a new record. But as capital expenditure in the distributive and service industries was slightly down (and significantly below the peak established at the end of last year) total fixed investment in business was only about 5 per cent higher than in the first quarter. The Board of Trade this week began to publish seasonally corrected figures at constant prices for this investment, which now make it meaningful to look at its course throughout the year. The new figures suggest that there may have been a pause in the growth of investment that began late last year, followed by a renewed increase in the second quarter; and the detailed figures suggest, as other indications have, that it was on investment in plant and machinery, not in construction or in vehicles, that the extra money was being spent.

INDUSTRY'S FIXED CAPITAL EXPENDITURE AT 1954 PRICES

£ million; seasonally adjusted

Period	Manufacturing Industry	Distributive and Service Industries	Total
1956	757	519	1,276
1957	792	552	1,344
1958	753	588	1,341
1959	715	667	1,382
1960	838	740	1,578
1959 :—			
First quarter	179	144	323
Second quarter	176	172	348
Third quarter	176	162	338
Fourth quarter	184	189	373
1960 :—			
First quarter	193	182	375
Second quarter	200	184	384
Third quarter	225	182	407
Fourth quarter	220	192	412
1961 :—			
First quarter	232	179	411
Second quarter	256	177	433

These provisional figures are not fully subdivided as between industries; but the main increases in investment over a year before appear to have come, once again, from iron and steel and chemicals.

COAL

Prices, Mechanisation, and the Market

It was not quite clear, when Lord Robens talked about price stability for British coal last week in Leicester, whether he meant stable prices now or by 1965; but he is known to be determined to avoid increases from now on if it is at all possible. Faced with annual demands for increases in the wagebill that represents about 55-60 per cent of Coal Board costs, this determination may look hopeful; but the board is now concentrating grimly on further mechanisation—the one expedient, within its present ideas about investment and output, that offers a chance to hold prices.

Three or four years ago, with only 15-20 per cent of the country's output produced from power-loading equipment, the board looked forward to the possibility, some time, of making this 50 per cent; today its intentions are considerably larger. Its average for 1960 was 38 per cent; in July this year the percentage power-loaded was 49 per cent; it is now aiming at 80 per cent, eventually, from this more mechanised production, where it may be possible to raise labour productivity enough to absorb the wage increases that have to be reckoned with. These power-loading installations take time to reach their full efficiency; and as their proportion of output passes half the total, their effect upon average productivity will quicken. Nevertheless, since 1947, while the proportion of output from these more mechanised faces has more than doubled, labour productivity "overall" in the industry has grown less than 20 per cent, while earnings per manshift have risen about 40 per cent. Stability will be hard to achieve.

It may be that the Coal Board is determined this autumn to stand out more firmly against wage increases: it will certainly be spurred to do so by the Government, which on this issue is anxious to share out some of its unpopularity. The board, like other nationalised industries, is already no doubt discussing with the Treasury just what rate of return it ought to undertake to earn over the next five years on its steadily growing capital—and what output, and rate of increase in labour costs, it has in mind in helping to set itself a target. This growing burden of capital remains perhaps the strongest financial incentive for the industry to stick to its hopes of still producing 200 million tons a year by 1965. The farther output has to be cut below that, the heavier the margin of capital charges that each ton would carry. But it should be noted that this extra margin would not represent the real cost of producing some lower tonnage. The more that output could be cut towards that core of efficient production that can compete with other fuels, the less coal costs Britain. Those extra capital charges per ton would be merely the accounting cost of over-investment through having misjudged the industry's future market potential.

IN THE MARKETS

Bank Rate Perspectives

THE Bank of England has been quick to stamp down the sporadic talk about an early cut in Bank rate which was started last week by the August gold figures. The idea was obviously premature. The authorities still adhere to their usual view that Bank rate should be reduced as soon as it is safe to do so, to put them in better stance for a subsequent rise and to discourage the "bad" foreign money. But it does not begin to look safe yet, before even the first trial on wages. All in all it would be surprising if 7 per cent were maintained for less than its six months' run in 1957-58.

Bank rate expectations in fact played little part in the small fall, of $\frac{1}{16}$th per cent, in the Treasury bill rate last Friday: the discount houses are simply anxious to keep a good share of the bills in the face of heavy outside competition, and at last week's tender they got it. In the circumstances, however, the Bank felt it should make its intention plain, and on Monday it forced the discount houses to borrow a moderate amount at the penal Bank rate. The official view is clearly that even the short-term recovery from the crisis of confidence cannot yet be regarded as assured and completed. On the exchange market the tide has turned, but only just—£50 million back out of £600 million lost—and the limited nature of the restoration of confidence is evident in continuing high margins on forward sterling.

Much the same mood is evident in the stock market. Gilt-edged have had an undoubtedly firmer base since the Chancellor's measures of July, but there has been little follow through. After looking up at the beginning of this month the market has again drooped, and dealers this week were complaining of unemployment for want of business. New funds available for investment seem to be taken up by the heavy volume of new issues, and investors remain remarkably disinclined to change their existing portfolios. The equity markets, too, have had another very quiet week, with prices falling on balance. In the week to Wednesday *The Economist* indicator dropped by 7.3 to 363.4, only four points above its level at the beginning of the year.

Meanwhile credit supplies are very short at all points, and the curtailment in bank overdraft facilities has enabled other lenders to jack up their rates. The market in mortgage loans for local authorities is still very active, and the local authorities have met almost all their requirements from this source since end-July—there has been no change in the policy that official funds through the Public Works Loan Board are supplied only as a last resort. Market rates have hardened a little in the past week, with seven-day money quoted at $7\frac{1}{8}$-$7\frac{1}{4}$ per cent. This is significantly above the Treasury bill rate of $6\frac{1}{4}$ per cent, even though a seven-day deposit is a still more liquid asset than a three months' Treasury bill. The broadening of the mortgage market that has taken place in the past few years evidently still has some way to go.

WALL STREET

Second Thoughts Near the Peak

A correspondent cables:

WALL STREET is in a nervous and erratic mood and the Dow Jones industrial average, having risen to a new peak last week of 726, suffered its sharpest drop for months on Monday before recovering to 722. This is not the most reliable of indicators and it appears to be performing rather better than the majority of equities; indeed, the market gives the impression of undergoing quite a widespread reaction brought about by profit taking. Investors are still confident about the business outlook, but they are concerned about President Kennedy's letter which suggested that the steel companies exercise restraint in raising prices and they even fear that it may be the forerunner of direct government action to control prices, wages and profits. As a result the demand for equities has waned and buying has been concentrated upon the better quality blue chips whose prices compare reasonably with some of the growth issues selling at extremely high price-earnings ratios. Steel issues have been sold, despite the rise in production and sales, but other major industrial stocks as well as food and tobacco shares have been bought.

A prolonged decline in prices is not expected unless the Berlin crisis deepens or unless the administration goes beyond moral suasion in its attempt to hold wages and prices down. Once the current reaction is over, prices should rise again because business indicators are encouraging and because corporate earnings in the third and fourth quarters should compare favourably with the 1960 figures. The latest survey of capital expenditures, largely compiled before the latest increase in defence spending was announced, indicates a rise in the fourth quarter and hence better business for the capital goods producers. Similarly unemployment is at last beginning to show signs of declining and this should lead to higher sales of consumer goods. While the market in general already discounts a boom, Wall Street may take new heart when its predictions come to pass and though the more speculative issues seem to have fallen into disfavour the good quality stocks, including General Electric (which has been depressed because of the anti-trust suits), Ford and IBM are clearly gaining in appeal.

Ford's purchase of Philco through a share exchange is regarded as part of a long-term diversification policy and it is partly responsible for the rise in the price of its shares. Ford will emerge as a major appliance and defence electronics manufacturer, able to compete with the other giants, and this is yet another indication that the smaller electronics companies which have been losing business to the bigger firms may be in for a prolonged struggle for survival. At any rate Wall Street's vogue for growth stocks in the electronics industry is over—at least momentarily.

BRITISH PETROLEUM

Unchanged Distribution

IN the spring, the directors of British Petroleum indicated that there might be a scrip issue later in the year and this week, together with the announcement of an unchanged tax free interim dividend of 8d. per £1 stock unit, they have promised a one-for-five scrip issue. As, however, they also say that they consider it unlikely in present circumstances that the distributions this year will exceed in total the 1960 payment, the scrip issue cannot for the moment be regarded as anything else than a book-keeping transaction. In 1960, the tax free interim of 8d. was followed by a tax free final of 1s. 8d. If this is scaled down strictly on the capital as increased by the scrip issue, the tax free final this year will be the odd amount of 1s. 4¾d. per unit. Is 1s. 5d. absolutely impossible?

SALES AND PROFITS
(£ million)

Six months ended	June 30, 1960	Dec. 31, 1960	June 30, 1961
Gross sales	447·5	489·5	479·0
Net sales	312·2	334·8	323·7
Gross profit	62·1	62·7	57·7
Net income	31·5	30·8	26·3
Gross profit/net sales %	*19·9*	*18·7*	*17·8*
Net income/net sales %	*10·1*	*9·2*	*8·1*

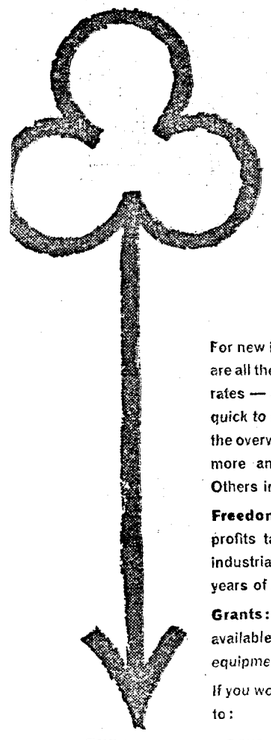
The decision to leave the distribution unchanged is not surprising in view of the Chancellor's request, especially in a company in which the government has a big shareholding. Nor is it surprising in terms of the trading results of BP and other oil giants this year. The half-yearly results of BP are set out in the accompanying table. While in comparison with the first half of 1960 the volume of sales has risen from 34.8 million tons to 38.1 million tons and the value of sales, net of excise duties, etc., has risen from £312.2 million to £323.7 million gross profits, after higher operating costs and increased depreciation, have fallen from £62.1 million to £57.7 million. The dividend and other income received by the group has risen from £7.8 million to £10.5 million but a rise in tax from £38.6 million to £41.8 million, reflecting a reduction in the credit for British tax relief, has left the net income £5.2 million lower at £26.3 million. Thus, both gross and net profit margins in the first half of this year were lower than they were in the three preceding years.

MOTORS

Bleaker Prospects

FORD has warned its workers that it expects that the sales of cars in Britain this winter will be cut by 15 per cent as

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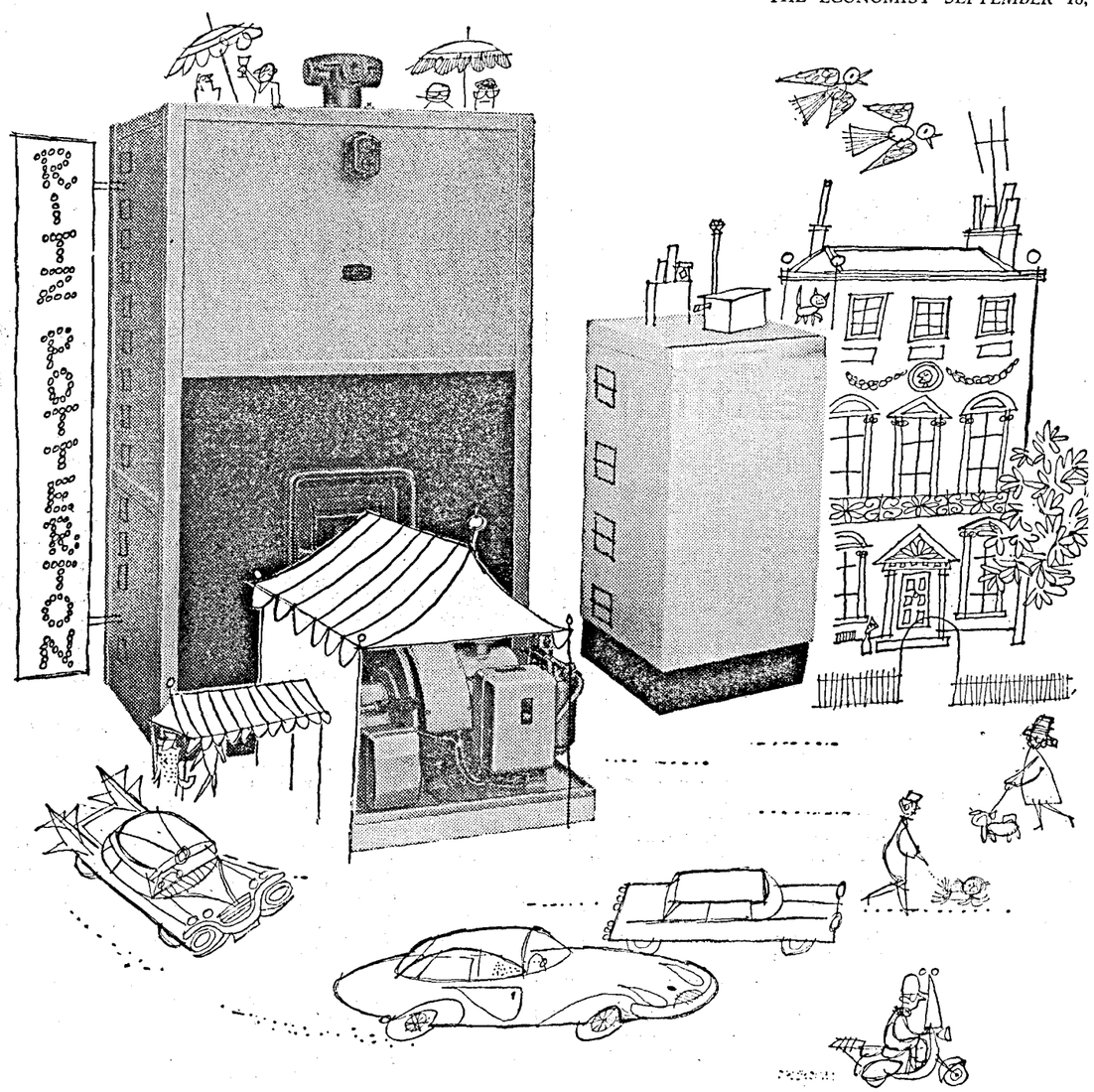
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the result of the increase in purchase tax and hire purchase charges; there are indeed signs that sales are falling even more sharply than this. August sales puzzled individual producers, who found that their own figures were lower than they had expected, but that the number of cars reported to have been sold on hire purchase was higher—so that most were reduced to assuming that their share of the market had unexpectedly fallen. Such evidence as is so far available for September suggests that sales remain much below the last year's level. The August figures had not been regarded as conclusive, for sales are always low during the holiday period; but September is normally expected to prove a good month for sales, and if the apparent trend continues during the month, the mood of the industry will quickly turn to gloom.

Managements had already started the autumn in a much more cautious mood than that of a year ago, and therefore are unlikely to let stocks rise as much as they had then done—even though a quick recovery in sales next spring seems no less likely than it was this year. The result of this fall in sales will therefore be short-time working quite soon; Standard-Triumph International was in the weakest position to get its dealers to increase their stocks, and so was the first to cut production. Most makers still have relatively low stocks, and so can build them up considerably. They found last winter that dealers would go on taking all the cars they were offered until their stocks reached the maximum they wanted, but then virtually stopped taking any more cars for a month or two. This year makers will try to keep down the rate of increase in stocks, so that they will not be faced with such a sudden fall in demand, as well as seeking to keep down the level that they reach—which some dealers may want to do also. Production is therefore likely to be cut earlier this year than it was last autumn, when both the British Motor Corporation and Ford continued at high production rates until November. It would not be surprising if short-time working spread in the next month.

From Americans, To America

If General Motors does as expected, and stops importing Vauxhall cars into the United States, and Ford of America were to do the same next year when it starts making its small car, the Cardinal, the companies would only be recognising that it might cease to be economic to import cars if they could satisfy most of the demand for smaller cars from their own production. But logic for the companies concerned could make a significant difference to British car exports. In the summer of 1959, before any of the American compact cars had been introduced, the sales of Fords and Vauxhalls in the United States represented 12 per cent of all British car exports anywhere. By now they only form five per cent of the industry's total current exports, though the long-term potential for the sales of these makes in the United States would probably be rather higher than this: Vauxhall has been selling off stocks of an obsolete model, and if the new Victor were sold there it might expect a useful improvement in sales. But the arrival of the American compact cars may mean that their sales could never return to the 1959 level.

Part of the boom in the exports of European cars to the United States can now be seen as a short-term response by the American manufacturers to a growing demand for cars smaller than the standard vehicles they were already making. In the summer of 1959 33 per cent of British sales in the United States were Fords and Vauxhalls; apart from the Rootes and BMC saloons, the remainder consisted largely of sports cars. Ford and Vauxhall still account for 20 per cent of British sales in the United States, most of these sales being of Ford Anglias. The American-controlled share of German sales in the United States shows an even sharper change; in the summer of 1959 Opels formed 20 per cent of these sales, but by now they are down to less than four per cent.

The prospect for European car sales in America is now that of supplying specialised demands—which may not be large enough for a very big local manufacturer to think it worth importing cars from his foreign subsidiaries, but should still provide smaller foreign groups with a useful export market. The only maker that seems to have found a demand allowing sales in really high volume is Volkswagen, which looks like selling some 175,000 cars in the United States this year out of a total of less than 400,000 imported cars. British makers are unlikely to sell more than about 80,000: the sales of sports cars have been nearly halved, perhaps as a consequence of financial stringency in the recession, quite apart from the fall in the sales of saloons. There seems little chance that British sales could rise next year if Ford and Vauxhall should withdraw from the market, though new models should help to increase the sales of the other makers.

THE EXCHANGES

Mark Time for Vienna

The exchange markets have this week caught some of the lassitude of the stock markets, and London exchange dealers report the quietest week of the summer. Sterling has remained firm at around $2.81⅞ spot; the three months forward discount has remained at 2⅞ cents. But business has been very small. In Germany the mark continues under some pressure against the dollar. In the gold markets private buying continues, though apparently in rather smaller volume this week. The gold price in London has been kept steady at around $35.19.

Just why the exchange markets should have dried up this week is not entirely clear. International politics and the meeting of the International Monetary Fund have both been cited—but both have more often been regarded as the cause of exchange upheavals. It is indeed notable that on the very eve of the IMF meeting all the past speculation about what may happen there seems to have vanished. That, as one dealer wryly remarked this week, may be because so much has happened already. It would be comforting to think that the uncertainties of the exchange markets had now been banished. In fact, most operators still have their fingers crossed. They may be watching the IMF meeting more critically than usual, for signs of what is being done to make the whole system stronger.

LONDON TRANSPORT

Cribbed and Confined

Financially 1960 was one of London Transport's less unhappy years. For only the third time since 1949 it actually had some money left over after covering its share of the Transport Commission's central charges. But this net surplus was still pretty measly for an organisation that is soon to regain complete autonomy under its own public board—less than £1.4 million from a business employing rather more than £150 million worth of capital and now earning some £85 million gross a year. Three years ago London Transport reckoned that it ought to make a net profit of at least £5 million a year to cover past deficits, to meet the higher replacement costs of its equipment, and to start building up a general reserve. It has never got even in sight of this amount. And, in the report it has published this week on last year's operations, few hopes are held of being able to do any better in the present year. Recent fares increases are not expected to cover the whole of last year's increase in wage costs; and bus takings are expected to fall further with the continued decline in the quality of service as the result of crew shortages, although the recent wage increases have lately made these somewhat less acute.

London Transport's arguments about its difficulties from traffic congestion and other extraneous factors sometimes give the impression that what it is really saying is that public transport would be fine if only there were no private cars. But the modest improvements in traffic flow—and bus timings—resulting from the handful of new road works carried out in the London area, the extension of controlled street parking, and from the introduction of one-way working and clearways supports the views about the value of some traffic management that London Transport, among others, has long been putting forward. In its latest report, London Transport renews its offensive by arguing, not unnaturally, in favour of spending money on new urban underground railways rather than upon urban motorways; these are not so costly to build for a given traffic

capacity. No doubt it has the Victoria line especially in mind, since the present statutory authority for the construction of this line expires at the end of this year. But there is no obvious reason why this last, and somewhat truncated, survivor of the plans for new underground construction first discussed over twenty years ago should be the only one still to be considered.

Within its present ambit, London Transport has done what it can. By replacing more trolley and ordinary buses with Routemasters and by introducing new types of underground carriages, it has managed to increase its peak carrying capacity, though not quite so fast as peak travel itself has grown. But London Transport's trumpet blowing for public transport would be that much more persuasive if it—and British Railways—seriously undertook to provide car parks at outlying stations for the commuting motorists who are becoming weary of congestion and parking meters.

BIDS AND DEALS

Pastoral Symphony

WHETHER measured in terms of turnover or capital employed, the returns earned by the Australasian pastoral companies are low. In the past this has led the wool brokers to add to their interests in general merchandising and this week it came to a logical conclusion in the merger between Dalgety and New Zealand Loan and Mercantile Agency. Dalgety and New Zealand Loan will be the biggest wool broker in the world, handling about 22 per cent of the Australian wool clip and 27 per cent of the New Zealand clip. The directors believe that "substantial economies will progressively become possible." This will involve redeployment of staff, for a fifth of the 500 branches of the combined company operate in the same areas. Worthwhile savings will take time and the directors admit that at the moment it is impossible precisely to estimate the financial benefits; but ultimately the rate of return on the combined turnover of over £300 million and on the combined net assets of over £42 million should rise.

The merger takes the form of an offer by Dalgety of four £1 ordinary shares and one 5½ per cent preference share for every four £1 ordinary shares in New Zealand Loan. With the Dalgety ordinary at 33s. 7½d. and the preference shares at 13s. this imputes a value of 36s. 10½d. to New Zealand Loan ordinary. This is not much higher than the pre-bid market price of 35s. 9d. but ordinary shareholders of New Zealand Loan will hold nearly 32 per cent of the combined equity (in addition to the preference shares) and while this is in line with the contribution to net assets it is slightly higher than New Zealand Loan's contribution to net earnings. Dalgety proposes to leave its tax free dividend unchanged at 8 per cent for 1960-61, paid from fractionally lower earnings, and on this basis the ordinary shareholders of New Zealand Loan will gain slightly in total income; including their preference dividend they will receive the equivalent of nearly 14½ per cent, against the maintained 14 per cent promised for 1960-61. But the long-term prospect of economies rather than immediate calculations about earnings and dividends should prompt shareholders to accept.

Cider with Showerings

SINCE some of Showerings' ordinary shares were offered to the public in February, 1959, the company has been trying to lessen its dependence upon its branded product "Babycham." In particular, through the acquisition of Coate's and William Gaymer, it has added to its share of the market in cider and, through the purchase of Duval Wines, it has extended its interests to wine. The proposal to merge with Whiteways Cyder and Vine Products thus follows a logical pattern. First it reduces the area of competition in

NEW CARS

Victory Needed



THE new Vauxhall Victor starts life with the advantages of a happier æsthetic design than that of its predecessor, and a price that has not increased—and is therefore lower than that of some of its competitors. Its makers are at pains to emphasise that they have sought to eliminate the weaknesses that gave the old model an unfortunate reputation. The new body is simpler in form, so that there are fewer nooks and crannies into which paint may not always penetrate but which always seem to collect water, and the structure should be less of a nightmare to the production engineer. An extra coat of primer and a new type of cellulose enamel for the top coat are other measures intended to improve the durability of the car; the use of an undersealing compound continues. These changes, and the rise in the cost of materials and labour in the past year, may well make the new car more expensive to build than the old—though the reduction of 80 lbs in its weight will help to offset them. That Vauxhall has not followed the lead of its rivals in setting a higher price level for its new model shows how anxious it is to recover the volume of sales and output that it has lost in the last year; unless it can do so it will be hard put to produce cars economically.

The new Victor shows few major changes in mechanical design; a four-speed gearbox with synchromesh on all forward gears is an optional fitting for £17 10s. extra, the axle ratio has been raised slightly, and there are only four points on the car that need greasing, and this at intervals of 12,000 miles. The engine develops 1½ bhp more; and the springing has been made softer. The result is a car that is noticeably smoother and quieter than the old Victor, with a slightly higher maximum speed of around 80 mph. The riding comfort has also been improved, somewhat at the expense of the good cornering of the old model; there is now more roll, and the degree of understeer has been increased. The effect is to make the car rather less pleasant to drive fast than the old model, though the engine is now more flexible.

Despite sacrificing some of the best characteristics of the old model, the new Victor should be a stronger competitor in its class. Looks may well count for more than cornering ability with many buyers; and the new body also gives rather more space than the Ford Classic provides, at a price, with four-speed gearbox, that is £3 less for roughly comparable models. It does not offer disc brakes, but its reduction in maintenance costs will probably offset this for most buyers; the Victor's drum brakes show good resistance to fade, but will need adjusting fairly frequently if used hard, while disc brakes are self-adjusting. For convenience and cost of maintenance the two features probably cancel one another out. Vauxhall has produced a good average car in the new Victor. In a size where no British maker has yet produced an exceptional car, it should allow the company to get back to a more reasonable level of sales, whether or not it can take Vauxhall back to capacity.

TRUSTEE INVESTMENTS ACT, 1961

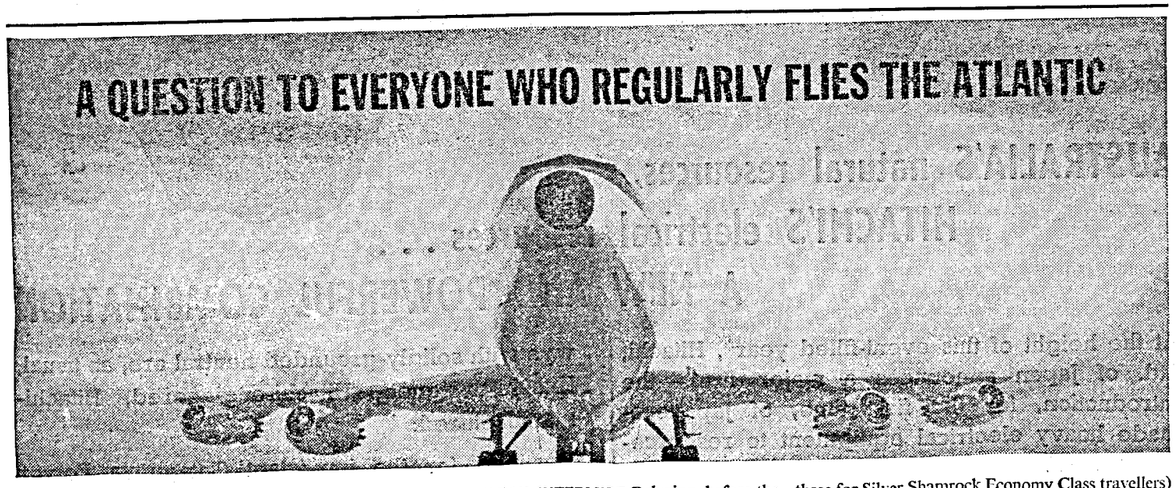
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THE 11-POINT TAKE-OFF You can fly to America from any of eleven cities in Britain—London, Manchester, Edinburgh, Glasgow, Blackpool, Liverpool, Leeds/Bradford, Birmingham, Cardiff, Bristol, Isle of Man—saving perhaps hours of cross-country travelling.

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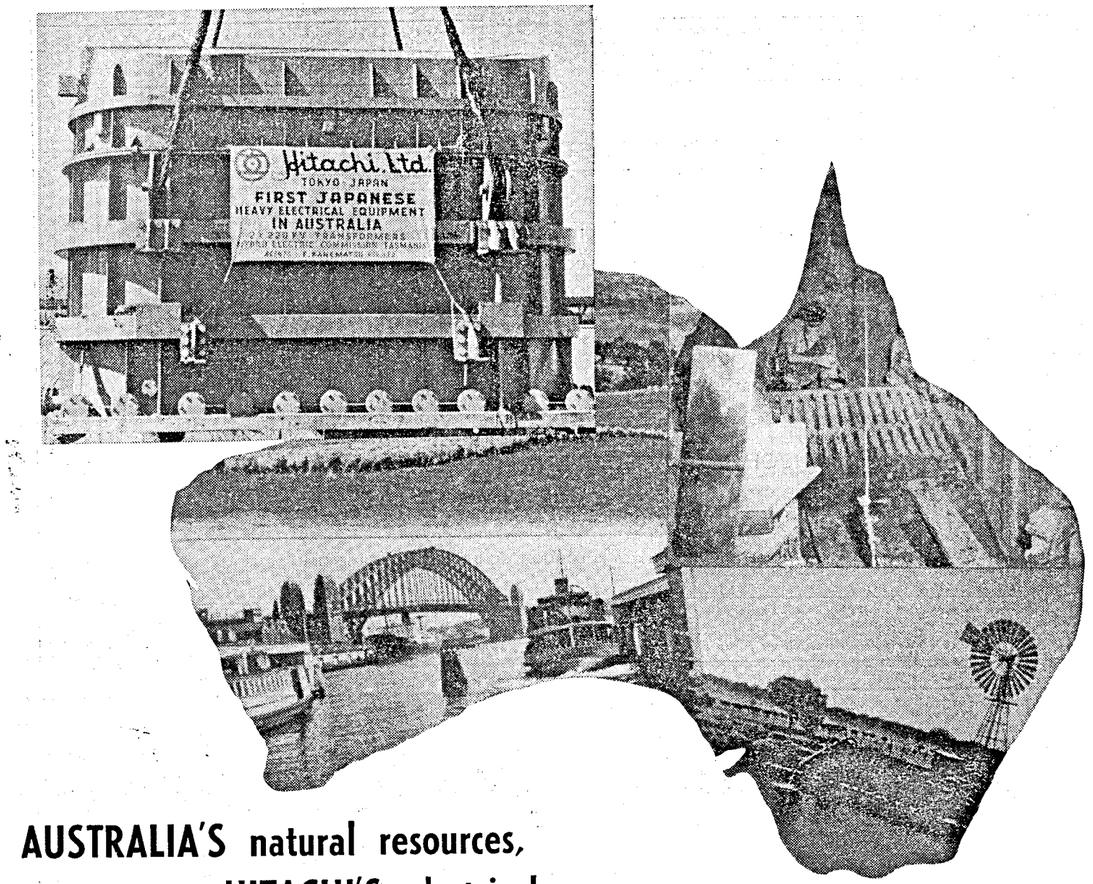
SMILING IRISH EYES, property of the six air hostesses (three for Golden Shamrock, 1st Class, three for Silver Shamrock Economy Class travellers)—calm, beautiful, soft spoken, thoughtful and efficient. If you're a traveller first class, *your* eyes will light up at sight of

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Two Huge Hitachi 30 MVA transformers have already been delivered to a Tasmanian port. The three-phase, 50-cycle transformers, of the self-cooling type and rated at 11 kV delta to 230 kV wye with solidly-grounded neutral are, as usua Hitachi-designed, Hitachi-engineered, Hitach manufactured.

Destined for the important Catagunya Powe Station of Tasmania's Hydro-Electric Commis sion, this equipment is another strong link i Hitachi's chain bolstering international natur resources.

* *Another Hitachi "event of the year":*
Fortune magazine's official announcement lists Hitachi, Ltd. as the 17th largest firm in the world (excluding the U.S.) and as the first company of Japan.

Hitachi, Ltd
Tokyo Japan
Cable Address: "HITACHY" TOKYO

cider and removes the possibility of a clash between Vine Products, already established in the market for British wines, and Showerings, which through Duval seemed to be intent on penetrating this market. Secondly, the combined group can offer a diversity of products and its sheer size enhances its bargaining strength with the brewers, which through their tied houses control the companies' most important points of sale.

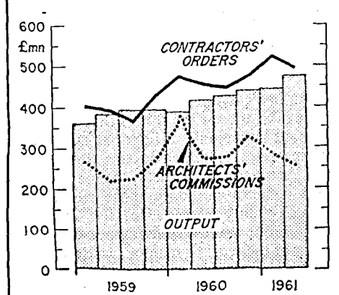
The initiative in this merger has not been exclusively on Showerings' side and the chairman of the new holding company will be the chairman of Vine Products, Sir Ronald Howe. The terms of the merger are: six 5s. shares in the holding company for five 5s. shares in Showerings (giving its shareholders 55 per cent of the combined equity); seven holding company shares for five 5s. shares in Vine Products (40 per cent of the equity); and nine holding company shares plus 45s. for 20 shares in Whiteways (5 per cent of the equity). With Showerings ordinary shares at 18s. 4½d., the value imputed to Vine Products is just under 21s. 6d. per share. This is below the pre-bid market price of 25s. 6d., which had been strongly affected by bid rumours; the price has since fallen to 22s. 3d. The merger terms seem to take adequate account of the contributions that the three companies should make to earnings.

STEEL

Stocks Down Much More

STEELWORKERS spent a little more of August this year on holiday than August 1960. But the very sharp fall in production during that month, by a full 20 per cent from an average weekly rate of 422,900 tons last year to one of 338,400 tons this August, must have some other explanation. This, the Iron and Steel Board thinks, was a further running down of stocks by steel users, probably at an even faster rate than before. The turn round in steel stocks began in the motor industry towards the end of last year. It has since spread to many other steel-using industries, although shipyards and constructional engineers have apparently still been adding to their holdings of plate, and steel merchants, who supply the smaller steel users, seem to have been keeping their stocks at roughly an even level.

FEWER NEW BUILDINGS PLANNED



Building contractors took in the first six months of this year orders for new buildings worth nearly 10 per cent more than in the same months of 1960. This is the smallest increase for some time. More significantly, new commissions received by architects (which cover only part of the work eventually reaching contractors) are down this year for the first time since 1959. Both architects and contractors find that demand for new industrial and commercial buildings has slackened most: demand for new housing seems for the moment to have levelled off, while work for public authorities (other than for new houses) is still growing.

STEEL STOCKS

	Consumers' stocks: Sheet	Plate	Tin-plate	Other	Merchants' stocks	Total	No. of weeks' supply
	('000 tons)						
Prev. peak: Mar., 1958	484	836	126	2,774	421	4,641	15·5
Prev. low: Dec., 1959	421	563	124	2,002	364	3,474	11·5
1960: June	565	586	152	2,262	366	3,931	11·9
Sept.	728	594	157	2,316	383	4,178	14·3
Dec.	758	642	162	2,468	464	4,494	13·9
1961: March*	664	729	162	2,525	514	4,594	13·8
June*	569	782	149	2,499	512	4,511	13·5

* Provisional.

The full results of the board's June census of steel stocks confirm its previous estimate of a two per cent reduction in holdings during the second quarter of this year, the first such quarterly drop in total holdings for almost two years. With just over 4½ million tons at the end of June, steel users and merchants had on hand the equivalent of 13½ weeks' supply at current rates of use. This is close to what in the past has been considered a fairly normal level. However, there are signs, the board reports, that since most steel products are now much more readily available, large steel users may be preparing to operate with smaller reserves. If this should be the case, steel output could remain depressed for some time. The low total of output in August, equivalent to only 78 per cent of the steel the industry was capable of producing during that month, suggests that steel users must have started eating into stock about as fast as a year ago they were building them up.

SILVER

More Precious Metal?

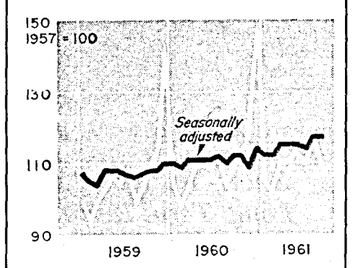
CHINA is expected to sell about 40 million ounces of silver in western markets this year. These sales have delayed considerably the expected exhaustion of the stock of "free" silver held by the United States Treasury. Under an Act of 1946, the United States Treasury can sell non-monetised silver at a price of not less than 90½ cents a troy oz, but only to American users. For many years, production of silver has fallen far short of demand, but the gap has been filled by demonetising coinage and, to a certain extent, by sales of Russian silver. But less silver has come from these sources in recent years. Users have therefore drawn heavily upon the US Treasury's free stock, which is available at a delivered price of 91⅛ cents a troy oz. In 1960, consumption of silver for industrial purposes—photography, metal joining, the manufacture of electrical goods as well as sterling holloware and flatware—exceeded production by a substantial margin. Because there was also a rise in the coinage of silver, the gap between consumption and world production, excluding Russian output, widened to about 100 million ozs.

About 52 million ozs were drawn from the free stock last year. The stock was about 124 million ozs at the end of December; now it contains only 63 million ozs. It is one of the impenetrable mysteries of the East how much more silver China has to sell, in what form it is held and where it originated. China produces little or no silver, but as in most Eastern countries large quantities of silver would formerly have been distributed among its population in one form or another. The cause of the urgent sales at a time when many are forecasting a significant rise in the price of silver is obviously China's pressing need for currency with which to pay for its increased imports, particularly of grain, from the West.

Apart from the free stock, the United States holds a further 1,800 million ozs of silver as part of its monetary reserve, but it does not appear likely that Congress will pass the necessary legislation to release any of this metal in order to continue pegging prices at the current level against the wishes of American producers. There is every chance that the free stock will be exhausted

RETAIL TRADE

The tentative figures of retail trade, seasonally adjusted, show that people spent as much in the shops in August as in July, when the index rose 2 points above the level of the second quarter. So the amount of stocking up in advance of the Chancellor's surcharge may have been smaller than first reports suggested. The surcharge has however raised the retail prices by 1½ per cent, in so far as it has been fully passed on, so that the quantity of goods bought in August fell by roughly this amount.



or that the US Treasury will withdraw from the market within the next year. When that happens and the price rises, there is a prospect that further considerable quantities of silver will become available, though not from mining, where the output of silver, which is mainly a by-product of lead and zinc production, is not greatly affected by changes in its value. The lowest official value of silver in American coins is $1.29 an oz. It would, therefore, take a much greater rise than is in immediate prospect to make worth while the illegal melting down of American coins. To obtain silver from the United States market, consumers have to pay an export premium of about one cent an oz and other costs add a further cent to the price. The London price of 79¾d. an oz for spot supplies is equivalent to about 93½ cents.

DOMESTIC APPLIANCES

Short-Term Fall, Long Term Rise?

THE domestic appliance industry seems likely to suffer more from the increase of 10 per cent in purchase tax in the "little Budget" last July than the small size of the increase in the price of its products would suggest. Rumours of the increase in prices to come put up sales in July, and they seem to have remained at this rather higher level during August, while retailers continue to sell their old stock, on which they had already paid tax, at the previous price. But now that goods are being sold at increased prices, retailers find that sales are falling below the level prevailing before talk of an increase in purchase tax began. Refrigerator makers remain those in the worst position, for they are still left with excessive stocks; in June these were more than 150,000 above the normal level for that time of year, and they may well be higher now. Sales in April and May had been well below those of 1960, but they improved in the later part of the summer, as the weather became hotter, to a level little lower than that a year before. Makers are now having to cut back output sharply to prevent stocks getting out of hand during the winter, and several have already dismissed some of their workers.

That there should still be scope for long-term growth in sales of some domestic hardware is shown by the latest market research survey on these appliances published by Odhams.* The last survey was made in September-October, 1958, just before the abolition of the restrictions on hire purchase opened the flood gates of demand; this one was made in the first three months of 1961. It shows that the market for television sets must now be at saturation point, with some 78 per cent of all homes owning one. This is about as high a figure as was ever reached for homes owning one radio set. Radio had reached this point by 1958; since then the proportion of homes owning one radio set appears to have fallen—though there may be an increasing number of homes that possess several. There may still be plenty of scope for more washing machines—so long as present owners have not become disillusioned about whether they save or create labour—and even more for refrigerators.

Something of the change in the competitive position of different firms in the industry is shown by another part of this

APPLIANCES IN THE HOME
(Percentage of all housewives owning one)

	Sept.–Nov., 1958	Jan.–Mar., 1961
Washing machine	28·4	39·4
Refrigerator	10·2	19·7
Vacuum cleaner	64·9	71·1
Television set	62·3	77·9
Radio set	78·1	76·2

survey, which covers the brands of appliances bought in the last five years. In the five years before the last survey—1953-1958—47.5 per cent of the washing machines bought by the housewives interviewed were Hoovers. In the five years 1956-61 this make accounted for only 36.2 per cent, while Hotpoint had come up from 7.7 per cent to 15.7 per cent and taken the place of second most popular brand from Servis. Amongst brands of refrigerators there was an even bigger fall in the share that the leader, Electrolux, appeared to have commanded of sales; during 1953-1958 it was said to have accounted for 31.8 per cent of those that the housewives questioned bought, but during 1956-1961 for only 17.1 per cent of them. In this industry the biggest increases in market share were those of Lec, from 2.7 per cent to 7.4 per cent, and of English Electric, from 2.7 per cent to 6.4 per cent. This year the position of the different companies has changed yet again, as a result of the varying effectiveness of their response to adversity.

*"Woman" and the National Market: Domestic Electrical Appliances.

OVERSEAS CONTRACTING

Hit by Competition

IN retrospect it becomes apparent that the successful bid of an Italian firm of contractors for the main Kariba dam contract three years ago marked the beginnings of an era of considerably increased competition for British construction firms doing overseas work. Just how much so is made plain by the latest figures of the Ministry of Works, covering the twelve months to last March. The total value of work done by British firms rose once again, from £124 million in 1959-60 to £135 million, nearly twice as much as in 1955 when these figures were first collected. But the value of new contracts won during the year dropped abruptly from £131 million to £98 million. One year's results should not be taken in isolation, particularly as with the increasing size and duration of individual contracts construction companies are tending not to bid for every major job going. But there has also been a marked decline in the total value of contract work outstanding, from £133 million in March, 1960, to £100 million at the end of March, 1961.

The pace of development work going on in the world has certainly not slowed down—rather the reverse in fact—although there was some slackening in both Australia and Canada, two of the bigger markets for British contractors. Heavy losses in Iraq have for the time at least induced greater caution in accepting contracts in other countries of relative political instability in the Middle East and elsewhere. But the principal reason for the decline in successful tendering by British contractors has been that far more firms from a steadily growing number of countries have become seriously interested in undertaking overseas contracts. Besides Italian companies, contractors in France, west Germany and more recently in Japan, have become very active. Until the terms of export credit guarantees were changed earlier this year, allowing guarantees on loans of more than five years, British contractors claimed that credit difficulties were their chief handicap. Now, with interest rates higher in London than most other financial centres, the cost of credit, rather than its availability, has become the main subject for criticism, plus the growing habit of many countries (not only on the far side of the iron and bamboo curtains) of providing overseas aid in the form of tied loans. British overseas contractors are far from lacking in drive and enterprise: they had rebuilt their organisations virtually from scratch since the end of the last war. But the easier markets of the early and middle fifties appear to have gone for ever.

SUPERSONICS

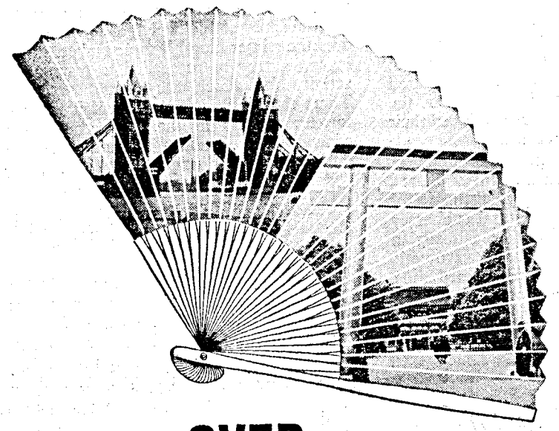
The Sound Barrier

PERHAPS it is time that the public started to take note of the things that engineers say about supersonic airliners at such technical meetings as that held this week at the Royal Aeronautical Society. Some of these things concern not only those who might eventually buy tickets to fly in these machines but also every living person within earshot of the world's main air routes. These aeroplanes are going to be a public menace, not merely because they are noisy but because they are capable of doing considerable damage. Aircraft makers and users are beginning to wonder how much of this people are going to stand.

The trouble with a supersonic airliner is its size. Small aircraft flying at more than twice the speed of sound attract nothing worse than a few round curses from people on the ground. The shockwave they create eventually hits the ground however high they fly, but it is small and the disturbance it causes is small enough to get overlooked.

A supersonic airliner, several times bigger

LONDON—TOKYO



OVER THE POLE

ALSO VIA U.S.A. TRANS-PACIFIC TO TOKYO

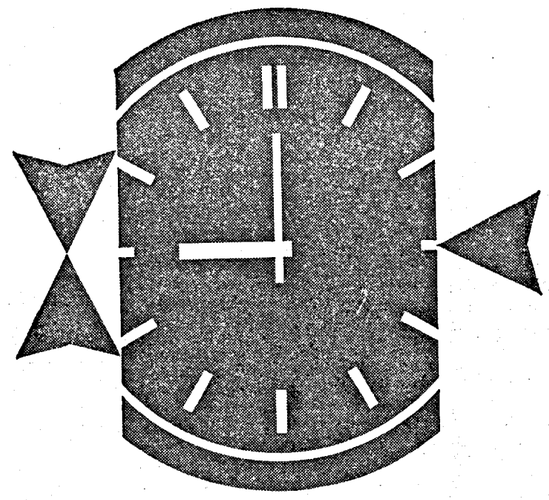
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CHUBB

Please write for details to: Chubb & Son's Lock and Safe Co. Ltd. 14-22 Tottenham Street, Tottenham Court Road, London W.1.

Chubb counter the crime wave

than the biggest supersonic bomber now flying, would cause a shock wave hitting the ground over which the aircraft passed with a pressure of about 1½ lbs per square foot. This is the figure given in papers read at this week's meeting by Farnborough engineers, and it is 50 per cent above an acceptable limit. A pressure jump of 1½ lbs might not do damage at the heights at which supersonic airliners would fly, but it might sound to people on the ground as if someone had tiptoed up and hit a big bass drum close to their ear. Moreover, this "noise carpet," as it is disarmingly called, could perceivably be as much as 80 miles wide. This sonic boom would be nothing like thunder; its characteristics would be sudden, unexpected and frightening. If North Atlantic air traffic went supersonic, these bangs might recur in a busy period every ten minutes. There is considerable room for doubt, therefore, whether governments would tolerate such disturbances over their territories; and if supersonic flying is banned over land, the airlines would have no interest in supersonic transports at all. All advantage would be lost if an airliner after flying supersonically from London to the coast of North America then had to throttle back to subsonic speeds onwards to Chicago or San Francisco.

Physical damage caused when a supersonic airliner accelerated to supersonic speeds would be something quite separate. Then the shock wave might cause a pressure jump on the ground of as much as 2½ lbs per square foot—and 2 lbs upwards is likely to damage windows and buildings. To keep the airliner at subsonic speeds until it has reached a safe cruising altitude assumes that an aircraft with the right shape for supersonic flight will also be right for such long climbs. On the contrary, aircraft engineers suspect that this trick will never be worked without adopting "variable geometry," which means, in fact, changing the shape of a supersonic aircraft's wings during flight. When that is done, perhaps, supersonic travel will be several stages nearer.

RUBBER

Half-Hearted Recovery

THE best grade of rubber rose one penny a lb. in London last month to 25½d. a lb. It is generally accepted that since the end of August the prospect of a stronger economic recovery in the United States has been strengthened by the early settlement of the major issues involved in General Motors' wage dispute while the political trouble in Berlin has worsened. But the rubber markets have not responded. It had been assumed that a strike at General Motors would be short-lived and the market is far from unanimous about either the seriousness of the difficulties in Berlin or their potential effect on markets.

Last month's improvement in prices partly reflected an upsurge in demand from east European countries which might have been because they were better informed about the development of the Berlin crisis. Shipments of rubber for Czechoslovakia, for example, normally pass through west Germany, and last month's purchases might have been made to forestall any retaliatory dislocation of trade.

The most tangible sign of the impact of America's economic revival on rubber probably lies in the narrowed price differential between the best and the lower grades of rubber, which the United States, because of its more advanced technology, is best fitted to make use of, though it is said that the communist countries have also reduced their dependence on the top grades.

If there were a lengthy disruption of motor car production in the United States, rubber might weaken sharply. Estimates of potential consumption of natural rubber by the United States this year are already in danger of not being realised; synthetic rubbers appear to have strengthened their challenge. Natural rubber output is seasonally high, and but for larger purchases by communist countries, stocks might have become embarrassingly high.

SHIPPING

Fairer Weather for Tramps

TRAMP shipowners are becoming more confident that freight rates may make a significant advance during the coming months, when seasonal demand is normally at its height. The reserve of laid-up tonnage is no longer a millstone round the neck of the shipowner who is negotiating with a charterer, although in the grain trades the surplus tankers available still form a deterrent. Even the tankers are succeeding in getting higher rates: last weekend 110,000 tons of tanker space was fixed for grain from the US Gulf to Holland or Belgium at rates up to $5.15 fio for October loading. The highest previous rate for this type of tonnage so far this year has been $4.82½ for four consecutive voyages. The higher rate reveals a shortage of free shipping in the North Atlantic area, which has probably been accentuated by the delays and congestion now affecting Japanese ports, which have found themselves unable to cope adequately with the greatly increased quantities of coal, grain, iron ore and scrap which have been converging on them from all over the world.

Another sign of strength is that charterers appear to be more ready to cover their requirements well in advance, and there also appears to be more interest in time charter fixtures for periods of up to twelve months at current rates. Cuba and China have contributed greatly to the provision of employment for tramp ships. The United States now has to import its sugar over much greater distances, such as from Australia and the Philippines, while the diversion of Cuban exports to such distant parts as Communist China and the USSR absorbs much tonnage which otherwise might have been idle. China's succession of poor harvests has also boosted demand for tramp ships; and it is satisfactory for shipowners to know that both these conditions are likely to remain effective for at least a few more years. With the chances of demand for the sea transport of oil likely to be increasing over the winter months, some tankers carrying grain may be persuaded to resume the activity for which they were designed. There can be little doubt that if it was not for the tankers in the grain trades the general level of tramp freights would be much higher than at present.

SHORTER NOTES

The meeting of the International Tin Council which was to have taken place this month has been postponed until October 9th. This is the second postponement of the meeting that was originally planned for August. All bids for the 1,000 tons of tin from a stock controlled by the General Services Administration of the United States were rejected last week. Cash tin recovered to £952½ but subsequently reacted to £945½ a ton.

★

Rover has made some minor changes to its 3-litre model for 1962, but it is continuing to make the 80 and 100 models unchanged. The 3-litre has been given different engine mountings and various changes have been made to the body; if an automatic transmission is fitted, there is now a control to hold it in the lower gears. This model now costs £30 more, while the price of the 100 has been increased by £10.

★

The terms of the one for five rights issue already foreshadowed from Chartered Bank have now been published. The new shares amounting are to be issued at 40s. to raise £2.2 million. With the existing units at 53s. the rights are worth 2s. 2d.

COMPANY AFFAIRS
Comments on pages 1106 and 1107 on:
Rank Organisation — General Electric
British Electronics — Fitch Lovell
Doom Dooma — Cyril Lord

LONDON AND NEW YORK
Stock prices, yields and security indices on pages 1108 and 1109

LONDON STOCK EXCHANGE
The week's movements reported on page 1107

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 1110

COMPANY MEETINGS

MANNESMANN AKTIENGESELLSCHAFT

DÜSSELDORF, GERMANY

RECORD TURNOVER OF DM 4,572M.: STEEL OUTPUT EXCEEDS 2,300,000 TONS

FOREIGN SUBSIDIARIES DO WELL

The Annual General Meeting of Mannesmann AG was held in Düsseldorf on June 28th, and the following are details of the report presented by the Board of Directors:

TURNOVER

The business year 1960 was particularly successful for Mannesmann AG. The Company participated in the economic progress of the Federal Republic, and was able to improve its position in the world market in spite of increased competition.

Total group turnover of Mannesmann AG and all its German and foreign subsidiaries amounted to DM 4,572 million, and external sales rose by 16.6 per cent to DM 3,535 million.

Total sales of the Mannesmann consolidated domestic companies reached DM 4,092 million, while sales to outside customers reached DM 3,174 million against DM 2,739 million in 1959.

Although exports did not increase in the same proportion as home sales, they reached DM 883 million, an increase of 10 per cent on the previous year, and represented 27.8 per cent of total turnover as against 29.3 per cent in 1959.

The increase was shared equally by all continents with the exception of the Americas, but the major part continued to go to the countries of Europe. Details of exports are shown in the following table:

	DM m.		DM m.
Europe	610	South America ...	56
Africa	30	Asia	134
North America ...	52	Australia	1

DIVISIONS

The following are details of developments in the various sectors of the Mannesmann Group:

A. Mining

Essener Steinkohlenbergwerke AG, the Group's coal mining subsidiary, had a favourable year as a result of higher productivity and further rationalisation. Output increased by 0.8 per cent to 6,373,000 metric tons.

Coke production, which included the output of the new central coking plant at Huckingen, also rose by 15.9 per cent to 2,238,000 metric tons.

Pithead stocks were reduced by 57.3 per cent from 871,000 metric tons to 372,000 metric tons.

Output of the *Mannesmann ore mines* in Germany showed a rise, principally because of the higher output of the Königsberg mine near Wetzlar, and reached 373,400 metric tons, an increase of 24 per cent.

B. Steel Works and Rolling Mills

Crude steel production in the Company's plants rose by 13 per cent compared with 1959 and reached a new high level of 2,368,000 metric tons. Nonetheless, the Company's share of crude steel production in the Federal Republic fell from 7.1 per cent to 6.9 per cent. A breakdown of steel production shows an output of 1,640,000 metric tons of open-hearth steel, 662,000 metric tons of basic Bessemer steel, and 66,000 metric tons of electric steel.

Production of rolled steel at 1,529,000 metric tons was 20 per cent higher than in the previous year.

Raw material supplies were adequate. A large proportion of scrap imports came from the USA. Iron ore supplies totalled approximately 2.7 million metric tons with the share of home produced ore dropping from 34.5 per cent to 31.9 per cent. In order to secure ore supplies on a long-term basis at stable prices, the Company concluded long-term agreements for the supply of West African iron ore with the *Liberian American-Swedish Minerals Company (LAMCO)* and the *National Iron Ore Ltd.*, both in Monrovia.

C. Tube Plants

The production of steel tubes in the Federal Republic rose by 13.5 per cent to 2,340,000 metric tons in 1960.

Tube production of the German Mannesmann companies, i.e., of the plants of the Parent Company itself and of those of its German subsidiaries, including *Röhrenwerke Bous/Saar GmbH*, was 18.8 per cent higher than in the previous year (excluding large-diameter pipes). Whilst the production of seamless tubes rose to 661,000 metric tons, an increase of 21.8 per cent compared with 1959, the output of welded tubes of up to 318 mm diameter rose by 8.3 per cent to 166,000 metric tons.

The production of welded large-diameter pipes fell by 35 per cent to 156,000 metric tons owing to the lack of large export orders. This total, however, was still approximately the same as that in 1958. Tube production in the plants of the Parent Company increased by 14 per cent to 637,000 metric tons over the previous year.

The Mannesmann foreign subsidiaries in Brazil, Canada and Turkey produced altogether 137,000 metric tons of tubes, bringing the overall Group total to 1,120,000 metric tons as against 1,074,000 tons in 1959.

SUBSIDIARIES

A. Steel Processing

Röhrenwerke Bous/Saar GmbH, Bous/Saar

Output rose by 66 per cent during the year, and reached 93,300 metric tons of seamless tubes. The company erected a new 50-ton electric steel furnace which came into operation in February 1961.

Grossrohrwerk Mannesmann-Hoesch GmbH, Duisburg

Output and turnover, which had risen considerably in 1959, fell by about one-third during the year. At the end of 1960, however, the order book position again improved and it is to be expected that capacity will be fully utilised in 1961.

Kronprinz AG, Solingen-Ohligs

Turnover was 33 per cent higher than in 1959, but the export ratio fell from 27 per cent to 24 per cent. Output of cold strip increased by 40 per cent, hot strip rose by 28 per cent and seamless tubes advanced by 26 per cent. The present volume of orders will ensure a high level of activity for some time to come.

Kammerich-Werke AG, Brackwede

Turnover rose by 25 per cent compared with 1959. Exports increased to 26 per cent of output as against 22 per cent last year.

Mecano-Bundy GmbH, Heidelberg

The company produced 53 million metres of Bundy tubes during 1960, compared with 36 million metres in 1959, an increase of about 50 per cent. The production of thermostats rose by 40 per cent and total turnover increased by 35 per cent.

Mannesmann-Stahlblechbau GmbH, Düsseldorf

Owing to the strong demand the company increased particularly the production of oil-tanks and of transport containers. Turnover was 19 per cent higher than in the previous year and a new plant for the production of oil-tanks will be commissioned in the summer of 1961.

Mannesmann-Rohrleitungsbau GmbH, Düsseldorf

Turnover was 12 per cent higher than in 1959, and the export ratio rose from 22 per cent to 31 per cent. Current orders, about 50 per cent from foreign customers, ensure full employment for about twelve months. The company has half a share in an important pipe-laying contract in Assam (India).

Mannesmann-Meer AG, Mönchengladbach

Turnover increased by 44 per cent and the export ratio rose from 46 per cent to 57 per cent.

The large-diameter tube mill erected at Rourkela (India) last year was responsible for the major share of the increase in exports. The erection of this plant, which was built and brought into operation in 15 months, was a remarkable achievement.

Porsche-Diesel-Motorenbau GmbH, Friedrichshafen/Lake Constance

The company was forced to make changes in its tractor production programme.

The resulting teething troubles led to a fall in output, which at 13,000 units was about 30 per cent lower than in 1959. The new types of tractor introduced early in 1961 were well received both at home and abroad, and it is to be expected that the relatively high levels of production and turnover reached in 1959 will be equalled in the current year.

B. Coal Chemistry and Plastics

Ruhrchemie AG, Oberhausen-Holten

Mannesmann increased its interest in this company from 25 per cent to 33⅓ per cent. The rationalisation measures initiated in 1959 proved fruitful during the year. A new polyethylene plant came into service halfway through 1960.

Süd-West-Chemie GmbH, Neu-Ulm/Donau

Production of synthetic resins and plastic moulds continued to rise. The company began the manufacture of paper impregnated with synthetic resins for use in the building and furniture industries. Turnover was approximately one-third higher than in 1959.

Mannesmann-Plastic GmbH, Düsseldorf

The rapid upward trend continued in 1960. PVC tubes were particularly well received, and their production constituted 50 per cent of the total output, which itself nearly doubled during the year.

Owing to the rising demand for plastic tubes production installations are currently being extended.

C. Trade and Shipping

Turnover of the Mannesmann tube and steel selling companies in Berlin, Düsseldorf, Frankfurt, Hamburg, Hanover, Munich and Nuremberg rose by 17 per cent during 1960. Tubes increased by 20 per cent, steel sheets by 10 per cent and rolled steel by 22 per cent over the previous year.

The following table gives details of MANNESMANN foreign production and trading companies during 1960:

	North America	South America	Other foreign countries	Total
Total sales (in DM '000)	154,468	91,840	86,661	332,969
Labour force	516	3,914	1,385	5,815
Production capacity:				
Crude steel (in tons per year)	—	110,000	—	110,000
Tubes (in tons per year)	200,000	90,000	25,000	315,000

Mannesmann-Export GmbH, Düsseldorf

Turnover was higher than in the previous year although the rise was limited by supply difficulties.

The tube sector, with more than 60 per cent, again accounted for the major share of the total turnover.

D. Foreign Activities

Mannesmann Tube Co. Ltd., Sault Ste. Marie/Ontario (Canada)

Production continued to rise in the first half of 1960. Sales, however, fell below expectations. Oil companies reduced their development programmes owing to a world surplus of oil, and as a result the company's production dropped from 92,000 tons in 1959 to 75,000 tons in 1960. Some reduction in personnel and rationalisation of production helped to achieve stability.

Companhia Siderúrgica Mannesmann, Belo Horizonte (Brazil)

Crude steel output rose by 16 per cent to 111,000 metric tons, rolled steel production increased by 14 per cent to 107,000 metric tons, and tube production advanced by 5 per cent to 44,000 metric tons.

The company's turnover was 36 per cent higher than in 1959, and the order book was twice as large as at the end of 1959. The second tube pressing plant was commissioned in the spring of 1961 and is now working to capacity.

Companhia Siderúrgica São Caetano, São Paulo (Brazil)

Total output rose by 50 per cent to 15,700 metric tons. Main products are structural iron and high quality rolled steel.

Mannesmann Mineração SA, Nova Lima (Brazil)

Increased demand by *Companhia Siderúrgica Mannesmann* and ore deliveries to the Huckingen steel works resulted in more than double the previous output during 1960. 60,000 metric tons of high quality ore were delivered to Huckingen.

In 1960 the company took over *Mineração Serra do Curral SA*, Nova Lima.

Construções Tubulares Mannesmann SA, São Paulo (Brazil)

Progress was again satisfactory during the year. Orders were received for pylons in connection with the electrification of the railways, and considerable orders are also in hand from the motor vehicle industry.

Mannesmann-Sümerbank Boru Endüstrisi TAS, Izmit (Turkey)

In 1960, following an adequate allocation of foreign currency for strip imports, tube output rose to 25,000 metric tons. As a result the factory worked to full capacity for the first time and turnover rose accordingly. Further expansion was delayed owing to changes in the political situation.

PERSONNEL

The number of people employed by Mannesmann AG and its German subsidiaries rose during the year, owing to the favourable employment position, and reached 76,721, an advance of 1,946. Employees abroad increased by 524 to a total of 5,815, bringing the Group total to 82,536.

The continuing shortage of labour caused the Company to employ an increasing number of foreign workers. This presented problems of housing and of general integration which were solved satisfactorily.

Voluntary social security expenditure totalled DM 114.5 million, representing 17 per cent of labour costs.

Further progress was made in housing schemes on which expenditure amounted to about DM 6.5 million. The number of dwellings completed was approximately 700, bringing the total of accommodation provided since the Currency Reform to some 23,900 dwelling-units at a cost of approximately DM 162 million.

BALANCE SHEET AS AT 31st DECEMBER, 1960 (SUMMARY)

LIABILITIES	1960 DMm.	1959 DMm.
Capital	580	580
Statutory Reserve	65	77
Free Reserve	188	147
Welfare Funds	2	2
Interests of Minority Shareholders	15	14
Reserves for Special Purposes	156	162
Adjustments (dwellings and ships)	158	163
Provision for pensions	216	204
Amount set aside towards the Capital Levy	60	60
Other long-term provisions	85	42
Long-term liabilities	393	387
Proprietors' investment and long-term borrowings	1,918	1,838
Medium-term and short-term liabilities and provisions	875	804
Net Profit	82	71
	957	875
	2,875	2,713

ASSETS	1960 DMm.	1959 DMm.
Fixed Assets including Assets in course of construction and Prepayments for capital additions	1,213	1,189
Investments and interests in the nature of investments less capital not yet called up	302	286
Long-term receivables less adjustments	208	163
Total long-term assets	1,723	1,638
Stocks and Prepayments made less Prepayments received	513	425
Other medium-term and short-term current assets less adjustments	639	650
	1,152	1,075
	2,875	2,713

PROFIT AND DIVIDEND

Net profit for the year amounted t DM 80,964,508.84 which, added to the balanc of DM 1,073,639.19 brought forward fro the previous year, produced a total o DM 82,038,148.03 available for distribution. I was accordingly proposed to distribute dividend of 14 per cent, equivalent t DM 81,110,118.60, and to carry forward th resulting balance of DM 928,029.43.

ANNUAL GENERAL MEETING

The report, the accounts, and the proposal put forward by the Board were adopted.

Copies of the Annual Report are nov available in English and can be obtaine from Mannex (London) Ltd., Universa House, 60, Buckingham Palace Road London, S.W.1.

SUPERVISORY BOARD

(Aufsichtsrat)

Dr Wilhelm Zangen, Düsseldorf (Chairman); Professor Dr Karl Hax, Seeheim an der Bergstrasse (Deputy Chairman); Walter Arendt, Wattenscheid-Eppendorf; Franz Berensdorf, Duisburg-Huckingen; Ferry von Berghes, Eisenschmitt/Eifel; Dr Hans Constantin Boden, Frankfurt/Main; Professor Helmut Duvernell, Dortmund; Dr Dr Friedrich Haas, Berlin; Rudolf Hahn, Birmingham (UK); Dr Rol Hanschmann, Essen-Bredeney; Dr Paul Ferdinand Hast, Goslar; Rudolf Nungesser, Düsseldorf; Heinz Pohl, Düsseldorf; Bernhard Pott hast, Wanne-Eickel; Dr Hans Reuter, Wittlaer near Düsseldorf; Professor Dr Carlo Schmid, Bonn; Dr Eduard von Schwartzkoppen, Falkenstein/Taunus; Dr Hermann von Siemens, Munich; Heinrich Sträter, Dortmund-Berghofen; Franz Heinrich Ulrich, Düsseldorf; Franz Westhoff, Düsseldorf.

BOARD OF DIRECTORS

(Vorstand)

Dr Hermann Winkhaus, Düsseldorf (Chairman); Hans J. Braune, Essen-Bredeney; Dr Walther Eisenbraun, Düsseldorf; Peter Keller, Bad Schwalbach/Taunus; Adolf Klein, Ratingen near Düsseldorf; Heinrich Müller, Kettwig/Ruhr; Ulrich Petersen, Düsseldorf; Günter Vogelsang, Düsseldorf; Heinz Hufnagel, Düsseldorf (Deputy Member).

Dalgety & Company Limited

New Zealand Loan & Mercantile Agency Company Limited

PROPOSED AMALGAMATION

The Directors of Dalgety & Company Limited ("Dalgety") and New Zealand Loan & Mercantile Agency Company Limited ("N.Z.L.") announce that they have agreed in principle to recommend that the two companies be amalgamated.

The Directors of both companies believe that the proposed amalgamation will be in the best interests of their shareholders and clients alike.

It is, of course, impossible precisely to estimate the financial benefit which should accrue from the amalgamation. However, it is considered that substantial economies will progressively become possible.

Both companies have played a significant role in the development of primary production in Australia and New Zealand and the proposed amalgamation is designed to serve the interest of clients to the best possible advantage. The business of each company with the primary producer will be integrated as soon as practicable, but clients are asked for the time being to continue to deal with their existing agent.

Both companies are fortunate in having a loyal and able staff upon which their success in the future, as in the past, will largely depend. The need for talented staff in the new amalgamation is likely to be greater, not less, than if the two companies continued in competition and, while the integration will probably involve changes in deployment, the interests of the staff of both companies will continue to be a major consideration of the amalgamated Board.

It is proposed that the two companies shall be amalgamated under the name "Dalgety & New Zealand Loan Limited" and the Board will be composed of members from the present Boards of each constituent company. The operation will be carried out by offers made by Dalgety to the shareholders of N.Z.L. as follows:—

1. Dalgety will offer 21 5½ per cent. Cumulative Preference shares of £1 each for £20 N.Z.L. 5½ per cent. Cumulative Preference stock.
2. Dalgety will offer 4 Ordinary shares of £1 each and 1 5½ per cent. Cumulative Preference share of £1 for £4 Ordinary stock in N.Z.L.

These offers will be conditional upon acceptance in respect of 90 per cent. of the two classes of stock involved.

These terms have been recommended to both Boards as fair and reasonable by Lazard Brothers & Co., Limited who had been requested to make an independent proposal on behalf of both companies. The existing Dalgety Company is being used as the vehicle for the proposed amalgamation primarily from considerations of convenience and expense.

In order to facilitate complete integration of the two companies proposals will also be made to the holders of the 1st and 2nd Debenture Stocks of N.Z.L. to surrender their present holdings in exchange for Debenture Stock of Dalgety & New Zealand Loan Limited. The amalgamation will also be conditional upon the necessary consents of the Debenture stockholders of N.Z.L. to this exchange.

Full details of the financial proposals will be posted to the members of both companies and the Debenture stockholders of N.Z.L. within the next few weeks. Clients and staff will be kept advised from time to time of any organisational changes that may affect them. These changes will be gradual and become effective in some localities sooner than in others. It will be the object to cause as little disturbance and as much benefit as possible to clients and staff of both companies.

THE LUNGLA (SYLHET) TEA COMPANY LTD.

The sixty-seventh annual general meeting was held on September 12th in London, **Mr J. McFarlane, MC** (the chairman), presiding.

The following is an extract from his circulated statement: Stockholders who read my last statement would be prepared for a big falling away of crop compared with Season 1959 and the advices issued in February 1961 would give them a close idea of the final figures. The actual outturn proved to be 40,444 mds. as against an estimate of 54,950 mds. and a crop of 53,068 mds. for Season 1959.

Whilst the drought of record severity experienced during the first few months of the year was undoubtedly the main cause of the poor crop, hail damage at Shumshernugger was responsible, so it is estimated, for the loss of 420 mds. of tea at that division.

Trading profits fell from £212,389 for 1959 to £83,652 and the upshot was a net profit of £42,633 to which our subsidiary the Looksan Tea Co. Ltd., contributed only £625 by way of a Preference Dividend, whereas for 1959 the income from our subsidiary amounted to £25,115.

Crop prospects for the current Season are quite good but it is too early to say whether or not it is likely that we will make the estimated crops—54,200 mds. for the Lungla Company and 8,000 mds. for the Looksan Company. To August 31st the outturn was Lungla Company 29,890 mds., Looksan Company 4,540 mds., totalling 25,155 mds., which is 12,125 mds. ahead of last year.

The report was adopted.

WEST CUMBERLAND SILK MILLS LIMITED

The twenty-second annual general meeting of West Cumberland Silk Mills Limited was held on September 8th in London, **The Rt Hon Lord Wilmot of Selmeston, PC, JP** (the Chairman), presiding.

The following is an extract from his circulated statement:

The main event in your Company's activities this year has been the decision to enter the field of Interior Decorating Fabrics.

Judging by the favourable reception, I feel that the expense involved is justified, and can be regarded as an investment, the benefits of which will not be seen until later.

We hope steadily to increase our business in this field and thus to achieve a diversification of our activities.

Trading conditions throughout the year were difficult, especially in some of our Main Export markets. Trade with Australia was adversely affected, not only by credit restrictions in that country, but mainly by large scale imports of Japanese fabrics, which enter Australia as freely as do British Textiles. Licensing has restricted exports to New Zealand, and this Commonwealth country is also importing more and more of its requirements from Japan. Whilst the volume of our production is fully up to last year, intense competition is affecting our profit margins. This fact coupled with the expenses in launching our Interior Decorating Fabrics may result in somewhat lower profit figures during the coming financial year.

The report and accounts were adopted and a dividend of 24 per cent, less tax, was approved.

THE PURNELL GROUP
(Printing, Packaging & Publishing)

WATERLOWS OPERATING PROFITABLY
SUCCESS OF NEW PUBLICATION

The Twenty-seventh Ordinary General Meeting of Purnell & Sons Limited will be held on September 29th in London.

The following is the circulated statement of the Chairman and Managing Director, **Mr W. Harvey**:

You will observe from the Consolidated Profit & Loss Account that the profit of the Group for the year before providing for taxation is £762,642, being an increase over the previous year of £27,053. After providing for taxation the balance of profit for the year is £377,948, showing an increase over the previous year of £14,909.

In these Accounts it was the intention of your Directors to declare a dividend in excess of the previous year's distribution, but having regard to the Chancellor of the Exchequer's request we have decided to recommend the same final dividend. At the same time we wish to point out to our Shareholders that, as soon as the Chancellor can see his way clear to relax the present conditions, we propose when considering our dividend policy in the future to take into consideration that we have a balance on Profit & Loss Account of £898,856, and we will feel justified in recommending an increased dividend.

In my review of the Accounts for the year to 31st December 1958 I pointed out that our Fixed Assets were greatly in excess of the figure shown in the Balance Sheet, and this is now so to an even greater extent in view of the fact that we have taken a larger share interest in some of our Subsidiary Companies whose Fixed Assets are also of greater value than the figures which appear in their Balance Sheets.

WATERLOW & SONS LIMITED

You will remember that during 1960 we were successful in securing control of Waterlow & Sons Ltd. At that time we had voting control only through the Preference and Preferred Ordinary Shares in that Company. I am pleased to be able to report that we now hold a much larger proportion of the Deferred Ordinary Shares. As has been reported, Waterlow & Sons Ltd. made a loss for the year to 31st December last, and we are not, therefore, able to enjoy any profit from this Company in the account now before you. I am happy to report, however, that since we became interested in this Company and placed behind it the experience of our organization, its trading conditions have improved, and it is now operating on a profitable basis. We hope to include a substantial profit in respect of your Company's interests in Waterlow & Sons Ltd. in the Consolidated Accounts for 1961.

I have to report that before the Chancellor of the Exchequer introduced his interim budget we had committed ourselves to a large capital programme within this Group for our expanding Packaging, Photogravure and Rotary-Litho Divisions. Considerable improvements have in recent times taken place in printing-machinery construction, and you have always supported your Directors in their view that this Company should be in the forefront with such developments. To finance this programme we propose, at an appropriate time, to raise further capital, and when this is done, whether in the form of a Rights Issue or Loan Stock with Conversion Rights, such additional capital will be offered in the first instance to our shareholders.

During the year we decided to launch a weekly magazine for children, printed in colour by lithography, and the first number of *Knowledge* was launched in January 1961 with the support of a most distinguished advisory editorial board. That there was a need for this unique venture in educational publishing, presented in a manner to stimulate the interests of boys and girls, has been proved by its success. The magazine, which is designed to grow into an encyclopaedia, has been welcomed widely by parents and teachers and has added considerably to our publishing goodwill.

CURRENT TRADING POSITION

You will wish, I am sure, to know the position of our trading during the present year, and I am glad to be able to report that the trading of the Group for the current year is in excess of the corresponding period of 1960. We have, however, now to meet immediately very much greater direct labour costs in consequence of national agreements with the unions associated with the printing industry which were negotiated before the Government's recent economic measures. It remains to be seen how far the additional costs can be met by more efficient production methods, which is the constant aim of the Company's management. The rate of increase of direct wages in recent years, and the extent of the capital equipment taking place in European countries, underline most emphatically the importance of ensuring that the Company's plant and methods of production are completely up-to-date.

I wish to pay tribute to my colleagues on the Board, all of whom are full-time executives, and to express my thanks once again to the staff and all our employees for their services and co-operation. It has been a period in which they have been called upon to assist with success from their wide experience gained in our own organization in widening fields of printing and publishing.

AMALGAMATED ANTHRACITE HOLDINGS

MR JOHN WADDELL REPORTS
RECORD PROFITS

The Thirty-seventh Annual General Meeting of Amalgamated Anthracite Holdings Limited was held on September 13th in London, **Mr John Waddell**, the chairman, presiding.

The following is an extract from his circulated statement:

Our trading activities are reflected in the results of our wholly owned subsidiary company, The British Anthracite Company Limited. The trading profit for the year totalled approximately £1,025,000 compared with £705,000 in the previous year. The Board are recommending a dividend of 16 per cent.

I mentioned in my last year's statement the predictions of an improved picture at the end of 1960, and scope for an increased dividend distribution. I think I can say that these predictions have been justified and we have come out with record profits for the year.

Our Coal and Transport activities generally showed an improvement and a steady holding up in turnover.

Our Engineering Companies also did better, although both heavy and light engineering had a thin year, and in certain cases involved us in losses. This situation has been slow to improve, but it is now in better shape.

For the first half of 1961 we have more than maintained our position and shown a moderate expansion in profits. The benefit of the better order books of some of our Engineering Companies should bring about further improvements in the second half of 1961. I look to a progressive future with confidence.

The report and accounts were adopted.

THE STRAITS PLANTATIONS, LTD.

Directors: Sir Eric Macfadyen (*Chairman*), H. B. E. Hake, CBE, W. E. Wallis, Major V. N. B. Were, J. F. E. Gilchrist, OBE.

Summary of the Directors' Report and circulated statement of the Chairman for the year ended March 31st, 1961.

OUTPUTS			NET PRICES	
		(*Previous year*)		(*Previous year*)
Copra	8,264 tons	(7,894)	... £60 1s. 2d. per ton	(£77 3s. 0d.)
Palm Oil	3,958 tons	(3,736)	... £71 3s. 0d. per ton	(£77 6s. 10d.)
Palm Kernels ...	1,206 tons	(1,137)	... £41 11s. 5d. per ton	(£53 2s. 10d.)

PROFIT AND DIVIDEND: The profit before tax was £377,149 compared with £480,252 last year. A final dividend of 14 per cent is recommended, making a total of 21 per cent for the year.

ESTATES: The estates were maintained in good order. 520 acres of oil palms and 46 acres of coconuts were planted or replanted during the year.

CURRENT FINANCIAL YEAR: Apart from unpredictable political and other factors, the Chairman anticipates approximately similar results.

The Sixty-second Annual General Meeting will be held at 12 noon on September 29th at 1-4, Great Tower Street, London, E.C.3.

(The Company's shares are quoted in Stock Exchange lists under "Rubber.")

STEVINSON, HARDY & CO., LIMITED

(Oil Importers and Distributors, Tanker Agents and Charterers)

INCREASED TURNOVER BUT LOWER MARGINS

The twenty-fourth ordinary general meeting of Stevinson, Hardy & Co. Limited was held on September 7th in London, **Mr H. L. Stevinson** (chairman and joint managing director) presiding.

The following is an extract from his circulated statement:

The Group Profit for the twelve months ended March 31, 1961 amounted to £428,912 compared with £466,028 for the previous twelve months; in the latter you will remember we included a figure of £63,772 for profits not strictly earned during that year. In effect the true comparison should be with £402,256.

The tax position of the Group is still affected by the impact of the Investment Allowance on the new tanker and, depending on the profits of the Group, will be so for one or more years. The final cost of the "EDWARD STEVINSON" is £3,240,000 approximately.

On February 27th we took delivery of the "EDWARD STEVINSON," which was a few months later than anticipated, and she commenced trading on February 28th on behalf of Stevinson Hardy (Tankers) Ltd., the company we formed to operate her, so you will realise that apart from the management and other remuneration her operations have had little effect on the current year.

Turning to our usual review of the activities of the Company, our experiences have been very similar to those of several of the large oil companies and other concerns, namely, satisfactorily increased turnover which is barely big enough to compensate for the lower margins under which we have had to work.

Contrary to my forecast last year, we were surprised and very disappointed at the tax imposed on fuel oils in the last Budget. A tax of this magnitude, £2 per ton, is bound to have an effect on manufacturing costs and in our opinion it is bound to slow down the increase in consumption that the oil trade has been confidently expecting.

The Chartering Department on a flat market that was no more cheerful than the previous year did well to hold its own, but it does not appear likely for some time that the return of profitable rates for ship owners and consequently higher brokerages will be secured.

Our general international Trading Department and the Bunkering Department both improved their figures, the former being the more successful, but both can be regarded with confidence as regular contributors to the Group Profit.

As regards the current year, the start has been good. It is impossible to estimate how far the trend of lower margins will develop, particularly on the distribution side. The Board look forward to current and future years with reasonable confidence that your Company will be able to maintain its position.

The report was adopted.

COMPAGNIE FRANÇAISE DES PETROLES
(French Petroleum Company)

PARIS

The Annual General Meeting of COMPAGNIE FRANÇAISE DES PETROLES was held in Paris on June 23rd, and the following are details of the statement made by **Monsieur Victor de Metz**, Chairman of the Board of Directors, and a summary of the annual report:

MONSIEUR VICTOR DE METZ

After reviewing the progress made during the first three months of the current year, when CFP handled 4.8 million tons of oil, representing an increase of 9 per cent over the same period in 1960, Monsieur de Metz spoke of the problems arising out of the entry of the USSR into the world oil market. He said: "In our opinion, it would be a very short-sighted policy if the Western consumers allowed those countries which are our traditional suppliers to be weakened, in order to benefit from the artificial advantages to be derived today from the purchase of Russian oil."

The Chairman also gave some information on the deposits recently discovered in the Persian Gulf at Murban, by *Petroleum Development (Trucial Coast) Limited*, in which CFP has a 23.75 per cent interest, and at Umm Shaif by *Abu Dhabi Marine Areas Limited*, in which CFP has a one-third interest. Recoverable reserves are estimated at some 500 million tons and should contribute some 4 million to 5 million tons per year to CFP's supplies in the near future.

He concluded: "Finally, the diversity of the Company's outlets, which are to be found in continents and countries as far apart as Australia, Japan, Africa, Europe and parts of America, constitutes a safeguard against a serious market depression.

Of course, much work remains to be done, but in spite of current difficulties, we look to the future with confidence and optimism."

The following are details from the Annual Report:

REVIEW

As output of Middle East oil continued to rise, the share of CFP also increased; it obtained 14,216,000 metric tons through its participations of 23.35 per cent in the *Iraq Petroleum Company Limited* and associated companies, and of 6 per cent in the *Iranian Consortium*.

Much development work, including the sinking of new wells and the laying of pipelines as well as the erection of storage installations, continued in Iraq, Qatar and Iran.

In North Africa, through its controlling interest in *CFP(A)*, CFP obtained 3,200,000 metric tons of crude from Hassi-Messaoud.

In Libya, exploration carried out near the Tunisian border by *Compagnie des Petroles Total Libye*, a CFP subsidiary, resulted in a recent discovery on which further testing is now in progress.

Despite conditions which prevented Western Canadian deposits from being operated at capacity, output of the *French Petroleum Company of Canada* showed an increase of 20 per cent over the 1959 figure. The Canadian Government's policy in regard to the oil industry favours an appreciable increase in production during the years to come, and CFP's Canadian subsidiary will not fail to take full advantage of improved conditions.

Refineries operated by subsidiary companies in France and Italy all recorded results in excess of the previous year's figures; in France, output from *Compagnie Française de Raffinage* refineries was 8,460,000 metric tons, most of which was sold on the French and Algerian markets. Sales of refined products abroad, including bunkering supplies and aviation spirit, amounted to 4,906,000 metric tons.

The Company continued to develop foreign marketing networks through subsidiary sales companies. The first "*TOTAL*" filling stations were opened in Great Britain.

CFP sales of crude oil to companies outside the Group showed an appreciable increase over 1959.

PROFIT AND DIVIDEND

Net profit of CFP alone amounted to NF.104,206,070.62 and after sundry provisions, including the allocation of NF.51,725,673.41 to the Contingency Fund, it was decided to distribute NF.46,058,040 in the form of a gross dividend of NF.6 per share of NF.50, equivalent to last year but in respect of a share capital increased by 5 per cent.

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			USA	—	$25 or £9
			W. Indies	£9 0s.	—

COMPANY AFFAIRS

Rank Organisation Redeploys

THE immediate postwar years saw a great boom in all kinds of entertainment and sport functions, notably at the cinema, football and cricket matches and the speedway tracks. They provided excitement and glamour in a drab era of austerity and restriction. But in the last ten years these attractions have fought a losing battle against falling attendances. In this field it was the film industry, challenged directly by television, that has been the hardest hit and this is why it has been the quickest to adjust its thinking to the changing demands of the public. Since 1957 over 1,000 cinemas have been closed and the Rank Organisation alone, shutting down another 63 last year, has closed down or converted to other uses no less than 121 cinemas. Now the Rank circuits operate just under 400 cinemas and claim they have completed the first stage of the rationalisation plan, designed to offset declining attendances and the shortage of films.

The reasons for the sharp fall in attendances from a peak of 1,650 million in 1947 to just over 500 million by the end of 1960 are pinpointed in a chart in the Rank Organisation's report, which compares the fall in attendances with the rise in ownership of television sets, motor cars, washing machines and refrigerators. But Mr John Davis, the managing director, also believes that the "do it yourself" movement and the fact that more people are taking longer holidays are contributing factors. He is fully alive to changes of fashion in entertainment and the Rank group has been adjusting its policies to them. The current Bingo craze has, for example, provided a use for some of Rank's closed cinemas and morning bookings for some of those still showing films, notably at holiday resorts. Other cinemas have been converted to bowling alleys, but planning permission has not always been readily available from local authorities. Under Victor Sylvester's guidance ballroom dancing is also flourishing, while Health Clubs represent the latest venture into wider fields of entertainment.

It was, however, the cinemas themselves that provided all the increase in the Rank group's profits in the year to June 24th last, but this was largely due to a full year's benefit from the abolition of entertainments tax, against only 11 weeks in 1959-60. In the current year Lord Rank estimates that, although the fall in attendances is levelling out, cinema profits will fall, but he is hopeful that this will be more than offset by "other activities." Earnings from these sources were affected in 1960-61 by the sharp setback in the profits of Bush Radio, reflecting the slump in television sales. Elsewhere, Rank-Xerox made a profit for the second year running, while the profits of Rank Precision Industries, in which the Rank Organisation has added to its stake, were practically unchanged. For this company, which makes the Bell and Howell ciné cameras, Lord Rank foreshadows the possibility of a rights issue to ease the "financial stringency" largely brought about by a sharp increase in stocks.

SALES AND GROSS PROFITS

Years to end-June	£'000s 1960 Sales	1960 Profits	1961 Sales	1961 Profits
Exhibition in Britain	25,627	2,272	28,226	3,628
Exhibition overseas.	4,293	460	3,601	340
Film production and distribution	10,421	217	10,115	529
Film studios and labs.	3,534	407	3,909	481
Manufacturing	18,373	1,532	20,362	1,148
Miscellaneous	5,502	234	6,862	325
Total	67,750	5,122	73,075	6,451

In May this year, the Rank Organisation itself made a £2.7 million rights issue, but at the end of June bank loans still amounted to £6.9 million, against £6.1 million, and short term advances, relating largely to the hire purchase trade, amounted to £3 million. Against these debts can be set a cash balance of £4 million; but some of this cash appears to be earmarked for property development projects. Clearly it is upon the redeployment of the group's assets that Lord Rank's hopes for "steadily increasing profits" are founded, but the expectation of a reasonable degree of success in these wider and more diverse ventures appears to be well discounted in the price of 25s. on the 5s. shares and in the yield of 4.3 per cent on the ordinary dividend as raised from 15 to 22½ per cent.

General Electric

THOUGH Mr Arnold Lindley's statement at last week's annual general meeting of General Electric was not one of unrelieved gloom, it clearly indicated that legacies from the past hang like millstones round the necks of the directors who are attempting to impart a new vigour to the company's management and policies. The allied problems of an unsatisfactory level of profit and of finance are serious and pressing. Since the end of March, the group's net overdraft has risen from £11¼ million to £13 million and acceptance credits from £2 million to £3½ million. The production of ever larger units of plant in the electrical and telecommunication industries has led to an increase in work-in-progress which, in turn, requires more finance.

In particular, the Hunterston nuclear power contract has absorbed £8½ million more than payments received on account by GEC. Presumably, as work progresses on this contract, this burden will be reduced and this may be one reason why Mr Lindley believes that while the overdraft may remain

at its present level for a short period it should then be reduced as a result of "realisations, seasonal factors and a more satisfactory cash flow." The directors, he adds, are not proposing to make a rights issue. Indeed, with the shares standing at 29s. to yield almost 7 per cent on the short-earned dividend of 10 per cent, it is difficult to see how the terms of such an issue could be satisfactorily framed. The announcement that there is not to be a rights issues does not of course conjure the financial problem away. Much of the cash flow will be generated by normal depreciation provisions and if the growth of big contracts in the order book is permanent long-term capital in some shape or form will eventually be needed.

The increase in Bank rate, moreover, has added to the cost of short-term debts and is a serious additional burden in the export business where "credit is often long and financing charges are high." The cost of servicing the overdraft will again eat into profits this year; on these Mr Lindley does no more than indicate that on the basis of trading results in the first four months of the current financial year, there are good grounds for expecting a recovery from the exceptionally low level of 1960-61. There was much to put right in GEC and shareholders will have to be patient while the directors wield the new broom and should not entertain excessive hopes about the immediate prospects for earnings.

British Electronic Industries

THE first trading results from the newly formed British Electronic Industries make gloomy reading; but at least shareholders will not have been taken by surprise by them for at the time of the Pye and E. K. Cole merger in November the directors said that profits would be substantially lower unless there were to be "a marked upsurge in sales of television sets." This did not occur and in January Mr C. O. Stanley, the chairman of Pye and of BEI, reinforced the earlier warning by saying that the impact of hire purchase restrictions was affecting trade "most seriously." How seriously can be seen in the fall of Pye's profits before tax by 37½ per cent in the year to March 31st and by the even more depressing announcement that E. K. Cole made a loss of £665,000, against a profit of £675,000. That Pye weathered the storm more easily than E. K. Cole is clearly due to its wider spread of interests, particularly overseas. It secured a full year's profits from its Australian subsidiary and in this country it received a bigger dividend from British Relay and Wireless and incorporated six months' profit from Telephone Manufacturing.

At the time of the merger some Ekco shareholders were dissatisfied with the terms of the offer, which valued the Ekco shares at about 24s., compared with a pre-bid price of 30s. Now, however, they have to recognise that it is from Pye's profits that the 15

per cent dividend forecast for BEI is being paid. Even so, the dividend is short earned, as earnings, before taking account of exceptional credits, amount to no more than

Years to March 31	Pye 1960 £'000s	Pye 1961 £'000s	E. K. Cole 1960 £'000s	E. K. Cole 1961 £'000s	British Electronic 1961 £'000s
Gross profit	2,424	1,474	675 Dr.	665	727
UK Tax	1,003	246	360 Cr.	228	18
Overseas Tax	34	217	—	—	217
Net profit	1,391	860*	314 Dr.	438	342*
Exceptional credits	73	172	96	82	254
Preference div....	75	75	20	—	98
Ordinary div.	476	665	160	—	660

*After outside shareholders interests in subsidiaries of £151,000.

5½ per cent. Whether the directors' decision to pay the forecast dividend means that they see a break in the dark clouds overhanging the industry will be clearer after Mr Stanley makes his statement; but immediately this decision certainly cushioned the fall in the price of the 5s. shares. They have been a weak market for some months and at 10s. 10½d., down 6d. since the results were announced, they yield just under 7 per cent.

Fitch Lovell

PRACTICALLY every aspect of the wholesale and retail provisions business is conducted by Fitch Lovell, and the group has grown rapidly in the last few years. Turnover rose by £10 million to over £100 million in 1960-61; but gross profits earned from these sales amounted to not much more than £1.4 million and the directors were content to leave the dividend rate of 15 per cent and tax-free capital bonus of one per cent unchanged on the capital as increased by the one-for-four rights issue. This is not surprising, for, as the chairman, Sir Ambrose Keevil, says, the development of the group's factories and the modernisation and extension of its retail outlets and overseas interests has involved substantial capital outlays, reflected in part in the net overdraft of £1.5 million. Sir Ambrose hopes that benefits from the capital outlays will appear in the future; the gross return on capital employed has fallen from 26.0 per cent in 1958-59, through 19.2 per cent, to 16.5 per cent in 1960-61.

This is common throughout the provisions business and it is the direct outcome of the fierce nature of the competition. Like the other big groups, Fitch Lovell has had to adapt its policies to pre-packaging, quick freezing, wholesale distribution through voluntary chains, self-service stores, supermarkets and discount shops. Like them, it has had to spend money on its factories; to add to the number of its retail outlets; and to convert some of its stores to self-service or supermarkets, of which it now has 56 in operation and plans to have another 52 by the end of 1962. Sir Ambrose quotes a "recent responsible research" estimate as saying that by 1965 about half the groceries in this country will be sold in self-service stores and supermarkets but that afterwards the trend may change. To secure any increase in sales and profits, as Fitch Lovell did in the first quarter of the current financial year, the big grocers have to follow the trend towards self-service. This often

leaves them short of liquid resources and it is not surprising that Fitch Lovell is yet another group taking advice on the "development potentialities and values" of its properties. In view of the declining return on capital outlays so far, it is just as well that investors have never attributed the same dynamic qualities to Fitch Lovell's 2s. 6d. shares, which at 11s. yield 3¾ per cent, covered 2¼ times, as they have to some highly glamorous "supermarket" equities.

Doom Dooma Tea

STOCKHOLDERS in Doom Dooma should be grateful for Brooke Bond's offer of 45s. each for their units, not because the bid was exciting in terms of asset values but because it has stirred the Doom Dooma directors into positive action. The directors confess that hitherto they had not given any consideration to the possible realisation of assets; but in the circumstances now prevailing "they feel it is their duty to consider any proposition which might obtain for stockholders a higher price than that offered by Brooke Bond." They have, in fact, received an offer in cash from Indian interests for three of the five Doom Dooma estates which (as the directors do not anticipate that the Reserve Bank will block the remittance) should make possible the distribution of 35s. per stock unit. The estimated value of the other assets is put at 45s. per unit, compared with a market price which rose from 43s. to 47s. this week. Whether the other assets could be realised at this price is still a matter of conjecture, but in the circumstances stockholders must turn Brooke Bond's present offer down.

Cyril Lord

THE prospects of Cyril Lord emerging successfully from the difficulties of recent years have already been enhanced by the bright start made by the carpet group, now fully integrated into the Cyril Lord group, and they should be further strengthened by the link up with Burlington Industries of the United States. Treasury consent has been given for Burlington to make a £1 million five-year loan to Cyril Lord; the loan will be partly convertible into ordinary shares. So far public interest in Cyril Lord is confined to the 6½ per cent redeemable preference shares, since all the £1 million ordinary capital is held by Mr Cyril Lord and Mr W. H. McMillan, the deputy managing director. No details have been given of the conversion rights attaching to the loans, but it seems likely that Burlington will take the opportunity to acquire a sizeable stake in the equity. Three of its directors are joining the Cyril Lord board.

Burlington is the world's biggest textile manufacturer, with sales of over £300 million, and Cyril Lord should gain not only from the exchange of technical information, but it should be well placed with its partner to compete in the common market. A more immediate benefit is the easing of the group's financial problems.

London Stock Exchange

FIRST DEALINGS:	Aug. 21	Sept. 4	Sept. 18
LAST DEALINGS:	Sept. 1	Sept. 15	Sept. 29
ACCOUNT DAY:	Sept. 12	Sept. 26	Oct. 10

OVER the week to Wednesday's close, the London stock market was once again in a quiet mood. Before the weekend, prices of industrial equities were firm, largely reflecting Wall Street's rise to a new peak on Thursday, and there was some small-scale investment and trustee buying. This firmness, however, was not maintained after the weekend, when a combination of small sales, a reduction of investment demand and the reaction on Wall Street, led to small losses in almost all sections. As a result, *The Economist* Indicator showed a net fall of 7.3 points to 363.4 over the week to Wednesday's close. The few notable price changes of the week were mostly the result of company announcements.

Gilt-edged stocks have also been idle. Short and medium-dated maturities were helped by some pension fund investment; Conversion 4½ per cent 1962 gained 1/16 to 99 5/16 and Conversion 5½ per cent 1974 gained ⅛ to 89⅝. Funding 5½ per cent 1982-84 gained 5/16 to 89⅝, but most long dated and irredeemable stocks were slightly lower and War Loan 3½ per cent lost 3/16 to 53¼ over the week.

Bank and hire-purchase shares generally shed a few pence over the week and UDT lost 3s. 9d. to 137s. 6d. Brewery and associated issues showed irregular movements; the merger news resulted in Showerings gaining 1s. 6d. to 18s. 6d. while Vine Products lost 1s. 6d. to 22s. 3d.xd. In chemical shares ICI lost 2s. 10½d. to 66s. 1½d., but Fisons gained 1s. 3d. to 38s. Following the chairman's statement, GEC made a net loss of 2s. 3d. to 29s. Other electrical shares were also lower, and British Electronic Industries lost 7½d. to 10s. 9d. following its poor results. Among stores shares GUS "A" were firm after an encouraging chairman's statement and gained 1½d. to 49s. 10½d.xd, but Marks and Spencer "A" lost 3s. to 100s. Motor and steel shares followed the general trend, Leyland losing 10½d. to 88s. 4½d. and Stewarts and Lloyds 9d. to 42s. 4½d. Shipping shares were also mixed with Cunard gaining 6d. to 15s. while Furness Withy fell by 1s. 3d. to 36s. 3d. Oil shares have been overshadowed by the uncertain outcome of negotiations between Iraq Petroleum and the Iraq Government, and Shell lost 2s. 3d. to 114s., but British Petroleum gained 3d. to 45s. Property shares were better than most, and City of London Real Property gained 1s. 6d. to 73s. 9d. Paper shares were generally dull; Bowater continued to drift lower, losing 1s. 9d. to 48s. 9d. British Match reacted still further, losing 4s. 6d. to 32s.

Tin shares followed the fluctuations in the metal price, and consequently suffered a fresh setback on Monday, but improved later in the week. Tronoh gained 1s. to 68s. 6d. xd, partly on the news of its scrip issue.

LONDON AND NEW

Prices, 1961 High	Prices, 1961 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Sept. 6, 1961	Price, Sept. 13, 1961	Net Yield, Sept. 13, 1961 § £ s. d.	Gross Yield, Sept. 13, 1961 £ s. d.
92½	88⅜	Savings Bonds 3% 1955–65	88 21/32	88 11/16	5 0 5	6 5 11
101 32/32	99	Conversion 4½% 1962	99¼	99 5/16	4 0 7	6 2 4
96⅞	93¾	Exchequer 3% 1962–63	94 17/32	94 9/16	4 18 9	6 6 6
101 5/16	93⅞	Treasury 5½% 1962	99 1/16	99 3/16	3 8 7	6 3 11
93 29/32	90¼	Exchequer 2½% 1963–64	90 23/32	90 3/32	5 3 0	6 6 4
99 19/32	96⅜	Conversion 4½% 1963	97 1/32	97 1/16	4 7 8	6 10 9
98 3/32	94½	Conversion 4½% 1964	95 3/16	95 3/16	4 8 11	6 9 7
101 5/16	96	Conversion 5½% 1966	96 13/32	96 7/16	4 5 0	6 8 7
83 1/8	78 3/16	Funding 3½% 1959–69	79 7/16	78 3/16*	5 7 1	6 13 6
89¾	86	Funding 4% 1960–90	86½	86½	3 17 2	6 12 7
79 13/16	74⅝	Savings Bonds 3% 1960–70	75 11/16	75 11/16	5 5 10	6 13 4
84⅞	80¾	Savings Bonds 2½% 1964–67	82	82 1/16	5 7 8	6 11 3
72 11/16	66¼	Savings Bonds 3% 1965–75	67¾	67 11/16	5 2 3	6 11 11
83 15/16	78⅛	Funding 3% 1966–68	80¼	80¼	5 6 10	6 13 10
97½	92½	Victory 4% 1920–76	93¼	93 1/16	3 9 3	5 2 0
85½	80¼	Conversion 3½% 1969	81⅜	81 3/8	5 4 1	6 14 10
93 1/16	87 15/16	Conversion 5% 1971	88 1/16	88 3/16	4 12 9	6 15 7
95 11/16	88½	Conversion 5¼% 1974	89½	89 5/8	4 7 4	6 12 5
73⅞	66	Treasury 3½% 1977–80	67 9/16	67½	4 16 11	6 12 9
72¼	65	Treasury 3½% 1979–81	66½	66 7/16	4 16 10	6 12 5
97 9/16	88½	Funding 5½% 1982–84	89 5/16	89 5/8	4 2 5	6 9 2
59½	51½	Redemption 3% 1986–96	52¼*	51 7/8*	4 12 4	6 9 9
88¼	79¼	Treasury 5% 1986–89	81⅜	79 1/4*	4 6 8	6 12 11
63 1/16	55	Funding 3½% 1999–2004	56 9/16	56½	4 8 10	6 12 11
94 5/8	81⅝	Treasury 5½% 2008–12	82 3/16*	82¼	4 4 5	6 14 11
65⅜	56½	Consols 4% ..... after Feb. 1957	59⅛	59	4 3 6	6 16 9
59 1/4	50½	War Loan 3½% ..... after 1952	53 7/16	53¼	4 1 6	6 14 0
59	50½	Conv. 3½% ..... after Apr. 1961	52 1/8*	52*	4 2 5	6 14 3
50⅞	43¼	Treasury 3% ..... after Apr. 1966	44¾*	44½*	4 2 5	6 14 4
44	36½	Consols 2½%	38⅝*	38½*	3 19 4	6 9 5
43½	36½	Treasury 2½% ..... after Apr. 1975	37 13/16*	37 11/16*	4 1 1	6 12 3
91 5/16	85¾	British Electric 4½% 1967–69	87	87⅛	4 15 4	6 13 9
75 11/16	70⅛	British Electric 3% 1968–73	71 13/16*	71 1/2*	5 3 4	6 11 7
70⅝	64½	British Electric 3½% 1974–77	66*	65⅞*	5 0 9	6 10 9
81 7/16	74⅞	British Electric 4¼% 1974–79	75⅝*	75⅝*	4 12 1	6 11 4
73½	67	British Electric 3½% 1976–79	68½	68½	4 16 6	6 11 4
84⅞	78¾	British Gas 4% 1969–72	80	80 1/16	4 17 1	6 13 0
81 13/16	76	British Gas 3½% 1969–71	77¼*	77⅜	5 1 3	6 12 11
59 3/8	51¾	British Gas 3% 1990–95	53⅜	53¼	4 12 8	6 10 8
75 11/16	70⅛	British Transport 3% 1968–73	71 13/16*	71¼*	5 3 4	6 11 7
80⅞	74	British Transport 4% 1972–77	75¼	75¼	4 13 11	6 12 0
61 7/16	53¾	British Transport 3% 1978–88	56	55⅞	4 16 2	6 11 5

Prices, 1961 High	Prices, 1961 Low	DOMINION AND CORPORATION STOCKS	Price, Sept. 6, 1961	Price, Sept. 13, 1961	Yield, Sept. 13, 1961 £ s. d.
82⅛	76½	Australia 3¼% 1965–69	78⅛	78⅛	6 17 0
101	95	Australia 6% 1974–76	95½	95⅜	6 14 0
72½	64½	Ceylon 4% 1973–75	64½	65	8 6 0
101⅛	92¾	New Zealand 6% 1976–80	92¾	92¾	6 13 0
80½	70½	Rhodesia and Nyasaland 6% 1978–81	70½	70½	9 8 0
81	73	South Africa 3½% 1965–67	76	76¼	9 5 0
59	53½	Southern Rhodesia 4½% 1987–92	53¾	53¾	8 19 0
94⅝	85⅛	Agricultural Mortgage 5½% 1980–85	86	86	6 15 3
89	82¼	Birmingham 4¼% 1967–70	83⅝	83¾	6 16 0
92¾	86½	Bristol 5% 1971–73	87½	87¼	6 13 0
93	87	Corporation of London 5¼% 1976–79	87¼	87	6 12 0
48¾	41	L.C.C. 3% ..... after 1920	43½	43½	6 17 0
89⅛	80⅛	L.C.C. 5% 1980–83	80⅜*	80¼*	6 13 0
93	84¼	Middlesex 5¼% 1980	84½	84½	6 14 0

NEW YORK PRICES AND INDICES

	Sept. 6 $	Sept. 13 $		Sept. 6 $	Sept. 13 $		Sept. 6 $	Sept. 13 $
Atch. Topeka ...	27¼	27⅛	Boeing	56⅜	55⅛	Int. Harvester ...	54	53⅞
Can. Pacific ...	24⅞	24⅜	Celanese	37⅝	36¼	Inter. Nickel ...	83½	83¼
Pennsylvania	15⅛	15	Chrysler	54½	55⅞	Inter. Paper	35⅞	35⅝
Union Pacific ...	34⅞	34⅞	Col. Palmolive ..	48⅞	47⅝	Kennecott	84⅜	84⅝
Amer. Electric ..	69⅛	69¾	Crown Zeller..	60½*	59½	Monsanto	56⅝	57
Am. Tel. & Tel...	120⅛	119½	Distillers Seag...	42⅞	43	Nat. Distillers..	27⅝	27¼
Cons. Edison	74½	77½	Douglas	37½	36¼	Pan-American ..	17	18
Int. Tel. & Tel...	56½	57¾	Dow Chemical..	85	82½	Procter Gamble	100½	98⅜
South'n. Nat. Gas	44⅛	44⅜	Du Pont	228¾	229¾	Radio Corpn...	58⅝	58⅜
United Corpn...	8⅞	8¾	East. Kodak.....	104½	103⅛	Sears Roebuck .	70⅞	69⅞
Western Union .	47⅜	44⅜	Ford Motor.....	97	98¾	Shell Oil	41⅝	40½
Alcoa.....	76¾	74	Gen. Electric	74½	74½	Socony-Mobil ..	43⅜	42¾
Aluminium	31⅛	29¾	General Foods ..	93¾	94	Stand. Oil Ind..	51¼	49⅞
Amer. Can.....	43½	45	General Motors .	47½	47⅝	Stand. Oil N.J..	44½	44⅜
Am. Smelting....	69	66½	Goodyear	45¾	46¾	Union Carbide .	140⅛	138
Am. Viscose	61⅞	61⅜	Gulf Oil.....	38	37⅜	U.S. Steel	85¼	84
Anaconda	55⅝	54¼	Heinz.....	64¾	64⅜	West. Electric..	45⅞	45⅞
Beth. Steel	42⅞	42	Int. Bus. Mach...	547½	549	Woolworth.....	73½	74⅜

Standard and Poor's Indices (1941–43=10)

1961	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Aug. 16	71·66	2·82	32·81	4·93	60·96	3·17	88·39	4·04
,, 23	71·82	2·83	33·44	4·87	61·68	3·14	88·70	4·01
,, 30	71·57	2·83	33·31	4·89	61·98	3·13	88·80	4·00
Sept. 6	72·27	2·81	33·17	4·91	62·61	3·10	88·70	4·01
,, 13	71·76	2·83	33·12	4·92	62·44	3·11	88·39	4·04

425 Industrials :—High, 72·38 (Aug. 22). Low, 60·87 (Jan. 3).

Prices, 1961 High	Prices, 1961 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Sept. 6, 1961	Price, Sept. 13, 1961	Yield, Sept. 13, 1961	Cover
		%	%	**BANKS, DISCOUNT & HP**				
89/71½	64/–	13 c	6½ a	Barclays £1	72/6¶	71/9¶	3·62	...
100/3	74/3	16 c	8 a	District £1	83/9	82/9	3·87	...
80/–	58/71/2	13 c	5 a	Lloyds £1	61/9	61/9	3·60‡‡	...
26/41/2	18/71/2	8 b	7 a	Martins 5/–	21/–	20/6	3·66	...
94/6	67/3	19 c	9½ a	Midland £1	81/3	79/9	3·76‡‡	...
97/3	73/–	7 b	7 a	Nat. Provincial £1	77/9	77/6	3·61	...
71 11/12b	62¾ a	6 a	6 a	Westminster 'B' £1	73/–	72/3	4·04	...
44/9	35/71/2	8 b	4 a	Australia & N.Z. ..£1 p.p.	36/6	37/–	6·49	...
52/–	43/9	6 b	4 a	Bk. Lond. & S. Amer. .£1	44/3	44/3	4·52	...
£247/8	£213/16	$1·85c	$2·05c	Bank of Montreal $10	£243/16	£233/8	2·99	...
303¾	253¼	8 c	9 c	Bank of New S. Wales £20	263¾	263¼	5·38g	...
44/9	32/9	10 c	5 a	Barclays D.C.O. £1	38/–	36/–	5·56	...
64/9	48/–	7½ b	7½ a	Chartered £1	51/9	53/–	5·66	...
£14 5/8	£14 5/8	5/– a	10/– b	Hongk'g. & Shang. ...$25	£18¾	£17½	4·29	...
9 b	7½ a	9 b	7½ a	Nat. Com. Bk. Scot. .10/–	51/3	52/–	3·17	...
£2·32½c	£2·37½c	$2·37½c	$2·37½c	Royal Bk. Canada....$10	£27 15/16	£27⅜	2·97	...
10 b	9 a	10 b	9 a	Royal Bk. of Scotland .£1	101/–	99/9	3·81	...
5 a	32/9	5 a	10 b	Stand. Bk. S. Africa....£1	33/6	33/9	8·89	...
22½ c	22½ c			Hambros .....£1 f.p.	135/–	135/–	3·33	...
5 b	2½ a			Schroders £1	76/6*	77/6*	1·94	...
6¼ a	6¼ b			Union Discount £1	47/–	47/–	5·32	...
18 c	Nil a			Bowmaker 5/–	15/4½	15/11½	...	11
19 c	5 a			Lombard Banking ...5/–	14/81/2*	14/3*	...	1
7½ b	5 a			Mercantile Credit ...5/–	14/3	13/11¼	4·48	11
4 a	22½ b			United Domins. Tst. ..£1	141/3	137/6	3·85	21/2
				BREWERIES, Etc.				
13/–	11/–	...	...	Bass, M. & B. 5/–	11/9	11/9	4·68‡‡	...
5 a	3½ b			Distillers 10/–	36/9	36/6	3·70	2
6½ b	4 a			Flowers 5/–	17/–	17/6	3·00	2
142½ b	8 a			Guinness 10/–	52/6	53/–	4·15‡‡	2
...	...			Ind Coope T.A. 5/–	13/4½	12/9	4·71‡‡	...
7½ b	5 a			Teacher (Distillers) .10/–	33/11½	33/11½	3·77	2½
12 b	6 a			Watney Mann £1	93/9	92/6	3·89	2
27 c	9 a			Whitbread 'A' 5/–	30/3	31/9	4·25	13¼
				BUILDING, PAINT, Etc.				
96/9	69/9	4 a	8½ b	Associated Portland £1	74/6	73/4½	3·41	2½
28/11½	21/11½	4 a	7¼ b	British Plaster Bd. ..10/–	21/10½	21/9	5·75	2¼
26/10½	17/6	6 a	10 b	Richard Costain 5/–	18/–	18/–	4·44	2¾
10 b	9/4½	10 b	5 a	Crittall Mfg. 5/–	10/3	9/11¼	7·55	2
16 b	10/6	6 a	14 b	International Paints ..4/–	11/6	11/7½	6·88	1½
12½ b	8 a	12½ b	10 b	London Brick £1	86/9	88/9	3·94	13¼
85/–	58/–	5 a	12½ b	Rugby Portland 5/–	53/9	53/10½	2·32	3¼
217 c	25 c	217 c	25 c	Taylor Woodrow 5/–	21/3	20/6	4·88	11¼
171 2 b	71 2 a	171 2 b	71 2 a	Wall Paper Defd..... £1	127/6	128/3	3·90	33¼
				CHEMICAL				
14 b	6 a	14 b	6 a	Albright & Wilson 5/–	22/7½*	23/–*	4·35	2½
11½ c	4 a			Borax Defd. 5/–	16/6	15/9	3·65	3
7 b	4 a			Fisons £1	36/9	38/–	5·79	13¼
7½ b	5 a			I C I £1	69/–	66/11½	4·16	2
10 b	5 a			Monsanto 5/–	17/6*	17/6*	4·29	2½
				DRAPERY & STORES				
4 a	8 b			Boots Pure Drug 5/–	29/–	28/6	2·11	2¼
20 b	7½ a			Montague Burton....10/–	83/–	83/–	3·31	2
13½ b	5⅝ a			Debenhams 10/–	56/3	53/–	3·62	11½
12½ a	25 b			G.U.S. 'A' 5/–	49/9*	49/10½	3·76	2
16⅔ b	13½ a			House of Fraser 5/–	38/3‖	38/6‖	3·90	11¼
7⅓ b	5 a			Lewis's Invest. Tst. ...4/–	15/–	15/–	3·29	21¼
32½ b	20 b			Marks & Spencer 'A' ..5/–	103/–	100/–	2·38	11½
10 a	20 b			United Drapery 5/–	48/–	45/9	3·28	13¼
10⅝ a	15 b			Woolworth 5/–	55/11½	52/9	3·40	11½
				ELECTRICAL & RADIO				
5 a	10 b			A.E.I. £1	39/3	37/3	8·05	1
15 c	9/71/2			Brit. Electronic Inds..5/–	11/4½	10/9	6·98	1¼
4 a	9½ b			B.I.C.C. £1	58/9	58/10½	4·59	2
7½ b	5 a			Crompton Parkinson .5/–	12/3	12/3	5·10	2¼
23½ c	3½ a			Decca Record 10/–	64/–	63/6	3·67	2
12½ b	5 a			E.M.I. 10/–	37/9	35/6	4·93	2¼
5 a	8 b			Elliott-Automation ...5/–	35/3	33/8¼	1·93	2
3 a	7 b			English Electric £1	31/–	29/9	6·72	11½
3 a	7 b			General Electric £1	31/3	29/–	6·90	3¼
8½ a	4⅜ a			C. A. Parsons £1	52/9	50/–	5·00	4
6½ b	3¼ a			A. Reyrolle £1	42/3	40/–	4·88	23¼
25 c	25 c			Thorn Electrical 5/–	53/–	55/–	2·27	3
				ENGINEERING				
4½ b	4½ b			Babcock & Wilcox....£1	26/3	25/9	6·99	1
4 a	7 b			John Brown £1	35/–	35/6	6·20	23¼
5 a	12½ b			Cammell Laird 5/9	5/9	10·40‡	7·31	1
20 b	10 a			Internat. Combust. ..5/–	24/11½*	24/11½*	6·22	11½
...	...			Rich'ds'ns. Westg'th. 10/–	4/4½	4/3	...	...
9½ b	2½ a			Swan Hunter £1	29/6	29/3	6·84	2¼
5 c	5 a			John Thompson 5/–	13/10½	13/10½	1·80	...
17½ a	12½ a			Coventry Gauge....10/–	28/4½	28/10½	4·24	2¼
5 a	10 b			Alfred Herbert £1	37/–	36/3	4·19	1¾
12½ a	10 b			Allied Ironfounders...£1	59/9	59/6	6·72	11½
5 a	10 b			Averys £1	87/–	86/–	3·49	21½
7½ b	4 a			B.S.A. 10/–	21/7½	21/4½	5·46	23¼
8½ b	4½ a			George Cohen 5/–	11/3*	10/9*	6·05	13¼
17½ b	10 a			Davy-Ashmore £1	140/–	141/9	3·88	21¼
5 a	11 b			Guest Keen £1	89/3	88/–	3·64	31½
4 a	12 b			Head Wrighson 5/–	23/9	23/3	3·44	21½
5 a	7 b			Metal Box £1	82/9	82/6	2·91	21¼
4 a	10 b			Ransome & Marles...5/–	16/3*	16/6*	4·24	3
3 a	7 b			Renold Chains £1	44/6	43/6	4·60	2
10 a	17½ b			Simon Engineering ..5/–	37/4½	37/6	3·67	2
14 c	7 a			Tube Investments..... £1	63/4½	61/9	4·53	23¼
21½ b	7½ b			Vickers £1	32/9	32/7½	6·13	13¼
11¼ b	3¾ a			Ward (Thos. W.) £1	73/–	72/–	4·17	3
5 a	22½ b			Woodall-Duckham...5/–	21/–	21/9	4·83**	23¼

* Ex dividend. † Tax free. ‡ Assumed average life 7¾ years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution of 1s. 0d. per share. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesia n tax. (l) To latest date.

YORK STOCKS

Prices, 1961 High	Prices, 1961 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Sept. 6, 1961	Price, Sept. 13, 1961	Yield, Sept. 13, 1961	Cover
		%	%	**FOOD & TOBACCO**				
34/–	17/6	10 c	10 c	Allied Suppliers 10/–	17/7½	17/7½	5·67	2¼
15/–	7/9¾	10 a	12½ b	Assoc. British Foods..1/–	11/9	11/6	1·96	2
74/–	55/–	4 a	8 b	Bovril £1	60/–	60/–	4·00	2½
15/6	11/9	17½ b	13/6	Brooke Bond 'B' 5/–	13/6	13/–	4·18	3¾
19/3	12/10½	2½ a	10 b	International Tea 5/–	14/–	14/–	4·46	1½
107/9	67/6	5 a	10⅝ b	J. Lyons 'A' £1	68/–	67/6	4·69	1¼
35/6	25/9	9 b	5 a	Ranks 10/–	28/–	28/–	5·00	2
14/03/4	10/9	2½ a	7½ b	Spillers 5/–	11/6	11/4½	4·40	2
55/–	43/11½	9 b	3 a	Tate & Lyle £1	46/11½	47/10½	5·01	2
20/10½	15/10½	5 a	9 b	Unigate 5/–	16/11½	15/10½	4·41	2
73/–	62/–	17½ a	13½ a	Brit. Amer. Tobac. .10/–	66/–	64/9	5·46	2¾
51/6	40/–	5 a	15 b	Gallaher 10/–	41/4½	41/7½	4·80	2
71/6	65/3	14 b	8½ a	Imperial Tobacco..... £1	70/–	69/–	6·52	13¼
				INSURANCE				
155/4	115/16	55 b	50 a	Britannic 5/–	13	12¾	3·36	...
86/3	61/3	20 a	25 b	Commercial Union ..5/–	67/3	64/–	3·52	...
32	17/–	41·17c	41·17c	Equity & Law Life ...8/6	28⅛	27⅝	1·03	...
176/9	103/9	20 a	40 b	General Accident....5/–	150/–	153/6	1·95	...
60/6	42/71/2	35 a	40 b	Guardian 5/–	54/9	52/6	2·54**	...
39½	23¼	80 a	110 b	Legal & General..... 5/–	32⅛	31½	3·08	...
146/–	100/–	8½ a	11½ b	Northern & Empl..... £1	132/–	130/–	3·08	...
272/6	156/3	70 b	120 c	Pearl 5/–	223/9*	217/6	3·38	...
29	18	†183½ c	†208½ c	Prudential 'A' 4/–	23¾	23¼	2·93	...
182/–	140/9	50 a	50 b	Royal 5/–	158/–	154/6	3·24	...
129/3	104/6	111¼ b	71½ a	Royal Exchange £1	109/6	105/–	3·57	...
				MOTORS & AIRCRAFT				
18/101½	13/63¼	12½ b	7½ a	British Motor 5/–	13/63¼	13/3	7·55	2½
86/3	66/11½	20 c	20 c	Jaguar Cars 'A' 5/–	80/41/2	80/–	1·25	73¼
48/6	41/10½	2½ a	8½ b	Rolls-Royce £1	46/6	45/41/2	4·85	2¼
10/–	6/81/4	12 c	12 c	Rootes Motors 'A' ..4/–	6/9	6/41/2	7·53	5¼
88/9	52/31/4	15 b	7½ a	A.C.V. £1	75/3	74/3	4·31**	2½
101/–	79/–	15 c	20 c	Leyland Motors £1	89/3	88/41/2	4·53	2¼
18/6	14/–	3½ a	9 b	Bristol Aeroplane ..10/–	16/11½	15/9	7·94	2¼
33/3	28/11½	10 a	5 b	Hawker Siddeley £1	30/7½	30/11½	7·04**	2¼
41/3	31/9	14 a	15½ b	Dowty Group..... 10/–	33/7½	34/–	4·56	2¼
28/101½	21/6	3½ a	12½ b	Dunlop Rubber 10/–	26/6	26/3	6·03	2
72/–	52/–	11¼ b	2½ a	Joseph Lucas £1	53/–	53/9	5·12	3
33/3	19/9	9 a	21 b	Pressed Steel 5/–	21/–	20/6	4·10	2
46/3	30/–	15 c	12½ c	Triplex Holdings ...10/–	31/–			
				MINES				
168/9	110/–	40 a	50 b	Anglo-American.....10/–	128/11½	126/3	7·13	11½
67/3	43/–	18¾ b	6¼ a	Consolid. Gold Fields .£1	50/9	49/9	10·05	2
108/9	72/6	15 a	20 b	General Mining £1	82/6	81/3	8·62	3
68/6	40/–	40 a	120 b	Union Corporation ..2/6	49/–	47/6	8·42	3
25/3	15/3	40 a	40 b	Daggafontein 5/–	17/9	17/6	22·86	11½
125/–	73/9	100 b	70 a	Free State Geduld 5/–	80/–	80/71/2	10·54	2
54/3	37/6	25 a	25 b	Harteebeestfontein ..10/–	41/3	41/3	12·12	11½
64/6	41/101½	50 a	50 a	President Brand 5/–	53/11½	53/11½	10·35	11½
157/6	101/3	110 b	90 a	Western Holdings ...5/–	116/101½	117/6	8·51	11¼
28/6	15/9	...	8½ a	Winkelhaak 10/–	19/6	19/6	...	8½
75/3	55/–	36½ b	13½ a	Chartered 15/–	59/6	58/6	12·82	2
63/6	51/3	60 b	20 a	Rhod. Anglo-Amer..10/–	55/3	55/3	15·02h	2
11/71/2	8/3	12½ b	4½ a	Rhod. Selection Tst. 5/–	9/–	8/9	9·82h	2¼
6/11½	4/101/2	10 a	4½ b	Roan Antelope 5/–	5/3	5/11½	14·74h	13¼
30/9	18/9	22½ b	15 a	Tanganyika Cons.... 10/–	20/–	18/9	20·00	11½
81/6	63/–	6¼ a	13¾ b	Consolidated Zinc.....£1	68/6	67/–	5·97	13¼
159/41/2	110/–	100 a	150 b	De Beers Defd. Reg. .5/–	135/–	132/6	9·43	13¼
$159	$104	$1·50c	$1·50c	Internat. Nickel ...n.p.v.	$149	$148	1·80	...
22/6	12/101/2	7½ a	27½ b	London Tin..... 4/–	20/11½	19/3	7·27**	11¼
45/–	30/–	20 c	27½ c	Rio Tinto..... 10/–	34/41/2	33/9	8·15	11½
88/6	35/6	105 c	40 a	Tronoh 5/–	67/6	68/6*	7·66	...
				OIL				
61/6	44/3	†31¾ a	†8½ b	British Petroleum £1	44/9	45/–	8·47	2¼
49/6	34/9	†21/2 a	†6½ b	Burmah Oil £1	35/6	35/–	8·75	11¼
52/–	37/–	6¼ a	13½ b	Castrol 10/–	38/9	39/–	5·13	2½
£15 1/16	£10 5/8	10·23a	13·64b	Royal Dutch.....20 fl.	£11 3/8	£11 3/16	4·20	23¼
139/71/2	108/9	†81¾ a	†121½ b	Shell Transport £1	116/3	114/–	5·97	3
41/3	24/3	...	...	Ultramar 10/–	25/9*	25/6*	... d	...
				PAPER & NEWSPAPERS				
14/71/2	9/101/2	8 b	5 a	Daily Mirror 5/–	12/41/2	12/11/2	6·19**	11¼
91/–	57/6	4 a	8 b	W. H. Smith & Son 'A'..£1	61/–	59/6	4·03	2
66/3	48/9	8¾ b	5 a	Bowater Paper £1	50/6	48/9	5·64	11½
56/6	44/–	9 a	7 b	Albert E. Reed £1	48/–	47/–	6·81	11½
54/3	37/6	4 a	8½ b	Spicers	42/9	42/3	5·92	13¼
18/101½	17/9	...	...	Thomson Org'n. 5/–	18/3	18/–	6·67**	2
68/9	50/6	4 a	10 b	Wiggins Teape £1	54/9	54/6	5·14	2

Prices, 1961 High	Prices, 1961 Low	ORDINARY STOCKS	Price, Sept. 6, 1961	Price, Sept. 13, 1961	Yield, Sept. 13, 1961	Cover
		MISCELLANEOUS				
62/–	43/–	Assoc. British Picture..5/–	49/3	48/3	6·22	23¼
34/6	26/9	Assoc. Television 'A' .5/–	20 a	40 b	9·88	13¼
51/9	41/41/2	Beecham Group..... 5/–	30/10½*	30/41/2*	3·03	13¼
54/3	32/–	Bovril £1	49/–	49/5¼	6·25	2
28/41/2	17/6	Brooke Bond 'B' 5/–	31/3 a	62/3 b	3·60	2½
13/–	8/71/2	British Match £1	36/6	32/–	6·25	2
71/3 b	15 b	British Oxygen 5/–	62/3

Money and Exchanges

EXCHEQUER RETURNS

For the week ended September 9, 1961, there was an "above-line" deficit (after allowing for sinking funds) of £6,655,000 compared with a deficit of £27,299,000 in the previous week and a deficit of £25,003,000 in the corresponding period of last year. There was a net deficit "below-line" of £11,804,000 leaving a total cumulative deficit to date of £461,142,000 compared with £511,104,000 in 1960–61.

£'000	Estimate 1961–62	April 1, 1960, to Sept. 10, 1960	April 1, 1961, to Sept. 9, 1961	Week ended Sept. 10, 1960	Week ended Sept. 9, 1961
Ordinary Revenue					
Income Tax	2,728,500	604,144	704,802	14,671	24,076
Surtax	210,000	33,200	39,500	900	900
Death Duties	240,000	99,000	117,900	3,300	3,400
Stamps	94,000	39,500	47,400	1,700	1,400
Profits tax, EPT and EPL	325,500	121,300	148,100	6,800	6,300
Other Inland Rev. Duties	...	50	...	...	...
Total Inland Rev.	3,598,000	897,194	1,057,702	27,371	36,076
Customs	1,550,000	645,244	707,835	25,063	31,246
Excise	960,000	439,765	441,570	7,235	4,420
Total Customs and Excise	2,510,000	1,085,009	1,149,405	32,298	35,666
Motor Duties	155,000	26,310	27,584	313	366
PO (Net Receipts)	...	...	...	...	...
Broadcast Lic's.	40,000	10,660	11,200	...	...
Sundry Loans	205,000	24,530	117,862	11,352	945
Miscellaneous		47,603		470	
Total	6,508,000	2,091,246	2,363,753	71,804	73,053
Ordinary Expenditure					
Debt Interest	660,000	309,562	342,403	8,070	8,953
Payments to N. Ireland Exch.	92,000	36,648	37,821	5,027	3,166
PO Fund — Initial settlement	15,000	...	...	...	...
Other Consolidated Funds	8,000	3,862	3,998	10	19
Supply Services	5,186,902	2,030,650	2,179,918	85,100	65,900
Total	5,961,902	2,380,722	2,564,140	96,207	78,038
Sinking Funds	40,000	17,500	17,942	600	1,670
"Above-line" Surplus or Deficit	—	—	—	—	—
"Below-line" Net Expenditure*	306,976	218,329	25,003	25,003	6,655
	204,128	242,813	12,588	11,804	
Total Surplus or Deficit	— 511,104	— 461,142	— 37,591	— 18,459	
Net receipts from:					
Tax Reserve Certificates	112,722	94,100	—323	864	
Savings Certificates	35,000	— 11,500	1,800	— 1,200	
Defence Bonds	50,102	20,994	2,141	2	
Premium Savings Bonds	26,490	18,550	1,150	800	
Total	224,314	122,144	4,768	466	

* Net receipt to the Civil Contingencies Fund of £5 million in 1961–62 compared with a net receipt of £7 million in 1960–61.

FLOATING DEBT

(£ million)

	Treasury Bills		Ways and Means Advances		Total Floating Debt
	Tender	Tap	Public Dept.	Bank of England	
1960					
Sept. 10	3,520·0	1,977·0	199·6	6·3	5,702·8
1961					
June 3	3,240·0	1,925·3	258·5	...	5,323·8
,, 10	3,270·0	1,827·6	242·2	...	5,339·8
,, 17	3,280·0	1,823·6	263·9	...	5,367·5
,, 24	3,290·0	1,909·6	201·6	...	5,365·8
,, 30	3,290·0		283·3	...	5,483·0
July 8	3,280·0	1,853·1	265·2	0·8	5,399·0
,, 15	3,270·0	1,866·0	269·0	...	5,405·0
,, 22	3,260·0	1,894·4	214·3	...	5,368·7
,, 29	3,250·0	1,920·3	220·4	3·3	5,393·9
Aug. 5	3,280·0	1,882·6	207·3	...	5,369·9
,, 12	3,290·0	1,712·9	206·6	...	5,209·4
,, 19	3,290·0	1,732·5	316·8	1·5	5,340·7
,, 26	3,280·0	1,840·0	201·9	2·3	5,324·1
Sept. 2	3,260·0	1,855·3	239·4	...	5,354·8
,, 9	3,240·0	1,886·4	221·4	...	5,347·9

THE MONEY MARKET

BY raising its bid by 4d. to £98 6s. 10d. at last Friday's Treasury bill tender the syndicate of discount houses achieved its purpose of boosting its dwindling bill portfolio. Total applications for the offer of £260 million of bills rose sharply by £62 million to £442 million but the syndicate received 60 per cent of its application and apparently the bulk of the allotment. The average rate of discount fell by 1s. 1.69d. to £6 14s. 8.51d.

But these successful tactics brought swift retribution. The Bank of England was anxious to counter any suggestion that this first fall of any substance in the Treasury bill rate since Bank rate was raised to 7 per cent heralded any relaxation in interest rates, and on Monday four or five houses were forced to borrow a moderate amount at Bank rate. Credit has generally continued to be tight but conditions have been patchy, with the stringency concentrated on those houses that have had to repay amounts previously borrowed from the Bank of England. Day to day money has generally commanded 6¼ per cent and often 6½ per cent for larger sums from the clearing banks—particularly on Tuesday when the authorities gave a large amount of help.

MONEY RATES

LONDON

	%		%
Bank rate (from 5%, 26/7/61)	7	Discount rates:	
		Bank bills:	
		60 days	$6\frac{13}{16}$–$6\frac{7}{8}$
Deposit rates (7 days notice):		3 months	$6\frac{13}{16}$–$6\frac{7}{8}$
		4 months	$6\frac{13}{16}$–$6\frac{7}{8}$
Banks	5	6 months	$6\frac{13}{16}$–7
Discount houses	5–5¼	Fine trade bills:	
Local Authorities	$7\frac{3}{8}$–$1\frac{2}{}$	3 months	$7\frac{1}{2}$–$8\frac{1}{2}$
Money:		4 months	$7\frac{1}{2}$–$8\frac{1}{2}$
Day-to-Day	$5\frac{3}{8}$–$6\frac{1}{2}$	6 months	8–9

NEW YORK

	%		%
Official Discount rate: (from 3½%, 11/8/60)	3	Treasury bills: Sept. 1	2·392
		,, 11	2·328

BANK OF ENGLAND RETURNS

(£ million)	Sept. 14, 1960	Sept. 6, 1961	Sept. 13, 1961
Issue Department:*			
Notes in circulation	2,227·9	2,326·3	2,318·3
Notes in banking dept.	22·4	24·1	32·0
Govt. debt and securities*	2,247·8	2,349·0	2,349·0
Other securities	0·7	0·8	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	1·5	0·3	0·3
Banking Department:			
Deposits:			
Public accounts	10·2	11·0	11·9
Special deposits	149·8	214·7	219·4
Bankers	242·7	224·9	257·1
Others	65·2	66·9	69·1
Total	467·9	537·5	557·4
Securities:			
Government	424·9	427·3	448·9
Discounts and advances	18·8	84·1	74·4
Other	19·3	19·7	19·7
Total	463·0	531·0	543·0
Banking department reserve	23·4	25·0	32·9
"Proportion"	5·0	4·6	5·9

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced by £50 million to £2,350 million on August 30th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills Average Rate of Allotment	Allotted at Max. Rate*
1960	*91 day*		s. d.	%
Sept. 9	290·0	498·1	110 2·26	61
1961				
June 9	270·0‡	463·3	89 4·14	39
,, 16	260·0	391·2	90 0·42	55
,, 23	260·0‡	389·1	90 8·47	50
,, 30	250·0	400·8	90 8·94	46
July 7	240·0	405·2	90 8·80	42
,, 14	240·0	378·2	91 4·47	47
,, 21	240·0	333·3	92 5·62	66
,, 28	250·0	426·6	133 9·22	28
Aug. 4	250·0	386·0	134 3·33	44
,, 11	250·0	394·7	134 8·51	41
,, 18	250·0	379·6	134 1·83	61
,, 25	260·0‡	409·9	134 0·12	39
Sept. 1	250·0	379·8	134 0·50	48
,, 8	260·0	441·6	132 10·81	60

* On September 8th tenders for 91 day bills at £98 6s. 10d. secured 5 per cent, higher tenders being allotted in full. The offer for this week was for £250 million 91 day bills. ‡ Allotment cut by £10 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits	Market Rates: Spot					
	September 13	September 7	September 8	September 9	September 11	September 12	September 13
United States $	2·78-2·82*	$2·81–81\frac{1}{8}$	$2·81–81\frac{1}{8}$	$2·81–81\frac{1}{8}$	$2·81\frac{1}{8}–\frac{1}{4}$	$2·81\frac{1}{8}–\frac{1}{4}$	$2·81\frac{1}{8}–\frac{1}{4}$
Canadian $	...	$2·89\frac{11}{16}–\frac{13}{16}$	$2·89\frac{5}{8}–\frac{3}{4}$	$2·89\frac{11}{16}–\frac{13}{16}$	$2·89\frac{3}{4}–\frac{7}{8}$	$2·89\frac{15}{16}–90\frac{1}{16}$	$2·89\frac{13}{16}–\frac{15}{16}$
French Fr.	13·622–14·027	$13·81\frac{3}{8}–\frac{5}{8}$	$13·81\frac{1}{4}–\frac{1}{2}$	$13·81–81\frac{1}{4}$	$13·82\frac{1}{4}–\frac{1}{2}$	$13·82\frac{1}{4}–\frac{3}{4}$	$13·82\frac{3}{8}–\frac{5}{8}$
Swiss Fr.	11·94-12·54⅞	$12·13–13\frac{1}{4}$	$12·12\frac{1}{2}–\frac{3}{4}$	$12·12\frac{1}{2}–\frac{3}{4}$	$12·13–13\frac{1}{4}$	$12·13\frac{1}{8}–\frac{3}{8}$	$12·13\frac{1}{8}–\frac{3}{8}$
Belgian Fr.	137·96–142·05	$139·87\frac{1}{2}–$ $92\frac{1}{2}$	$139·87\frac{1}{2}–$ $92\frac{1}{2}$	$139·87\frac{1}{2}–$ $92\frac{1}{2}$	$139·92\frac{1}{2}–$ $97\frac{1}{2}$	$139·92\frac{1}{2}–$ $97\frac{1}{2}$	$139·92\frac{1}{2}–$ $97\frac{1}{2}$
Dutch Gld.	$9·98\frac{3}{4}$–10·28½	$10·14\frac{1}{4}–\frac{1}{2}$	$10·14\frac{3}{8}–15$	$10·14\frac{5}{8}–\frac{7}{8}$	$10·15\frac{7}{8}–16\frac{1}{8}$	$10·16\frac{1}{8}–\frac{3}{8}$	$10·16\frac{1}{8}–\frac{3}{8}$
W. Ger. D-Mk.	11·037–11·365	$11·23–23\frac{1}{4}$	$11·23–23\frac{1}{4}$	$11·22\frac{7}{8}–23\frac{1}{8}$	$11·23\frac{5}{8}–\frac{7}{8}$	$11·23\frac{5}{8}–\frac{7}{8}$	$11·23\frac{1}{4}–24$
Portug. Esc.	...	80·25–35	80·25–35	80·25–35	80·25–35	80·25–35	80·25–35
Italian Lire	1725–1775	$1743\frac{3}{4}–44\frac{1}{4}$	$1743\frac{3}{4}–44\frac{1}{4}$	$1744\frac{1}{2}–45$	$1745\frac{1}{2}–\frac{3}{4}$	$1745\frac{1}{2}–46$	$1745\frac{1}{4}–\frac{1}{2}$
Swedish Kr.	14·27½–14·70	$14·57\frac{1}{8}–\frac{3}{4}$	$14·57\frac{1}{8}–\frac{3}{4}$	$14·56\frac{7}{8}–57\frac{1}{8}$	$14·57\frac{1}{8}–\frac{3}{4}$	$14·57\frac{1}{8}–\frac{3}{4}$	$14·53\frac{3}{4}–54\frac{1}{4}$
Danish Kr.	19·06½–19·62	$19·35\frac{7}{8}–36\frac{1}{8}$	$19·36\frac{1}{2}–\frac{3}{4}$	$19·36\frac{1}{2}–\frac{3}{4}$	$19·37–37\frac{1}{4}$	$19·36\frac{7}{8}–\frac{3}{4}$	$19·36\frac{1}{4}–\frac{1}{2}$
Norwegian Kr.	$19·71–20·30\frac{1}{2}$	$20·02\frac{1}{4}–\frac{1}{2}$	20·02–02¼	20·02–02¼	$20·02\frac{1}{8}–\frac{3}{8}$	$20·02\frac{1}{4}–\frac{1}{2}$	$20·02\frac{1}{4}–\frac{1}{2}$
	* Official Limits	**One Month Forward Rates**					
United States $		$11\frac{1}{16}–15\frac{1}{16}$c. pm	$11\frac{1}{16}–15\frac{1}{16}$c. pm	$11\frac{1}{16}–15\frac{1}{16}$c. pm	$11\frac{1}{16}–15\frac{1}{16}$c. pm	1⅛–1c. pm	1⅛–1c. pm
Canadian $		⅛–1c. pm	⅛–1c. pm	⅛–1c. pm	⅛–1c. pm	$13\frac{1}{16}–11\frac{1}{16}$c. pm	$13\frac{1}{16}–11\frac{1}{16}$c. pm
French Fr.		$4\frac{1}{2}–3\frac{1}{2}$c. pm	$4\frac{1}{2}–3\frac{1}{2}$c. pm	$4\frac{1}{2}–3\frac{1}{2}$c. pm	$4\frac{1}{2}–3\frac{5}{8}$c. pm	$4\frac{1}{2}–4$c. pm	$4\frac{1}{2}–4$c. pm
Swiss Fr.		$\frac{5}{8}–\frac{1}{2}$c. pm	$\frac{5}{8}–\frac{1}{2}$c. pm	$\frac{5}{8}–\frac{1}{2}$c. pm	$\frac{5}{8}–\frac{1}{2}$c. pm	$\frac{5}{8}–\frac{3}{8}$c. pm	$\frac{5}{8}–\frac{1}{2}$c. pm
Belgian Fr.		43–33c. pm	45–35c. pm	45–35c. pm	45–35c. pm	45–35c. pm	47–37c. pm
Dutch Gld.		$\frac{1}{2}–\frac{5}{8}$c. pm	$\frac{1}{2}–\frac{5}{8}$c. pm	$\frac{1}{2}–\frac{5}{8}$c. pm	$\frac{1}{2}–\frac{5}{8}$c. pm	$\frac{1}{2}–\frac{3}{8}$c. pm	$\frac{5}{8}–\frac{3}{8}$c. pm
W. German D-Mk.		$5–4\frac{1}{2}$pf. pm	$\frac{1}{2}–5$pf. pm	$\frac{1}{2}–5$pf. pm	$\frac{1}{2}–5$pf. pm	6–$5\frac{1}{2}$pf. pm	$\frac{1}{2}–5\frac{1}{4}$pf. pm
		Three Months Forward Rates					
United States $		$27\frac{8}{}–23\frac{1}{4}$c. pm	$27\frac{8}{}–23\frac{1}{4}$c. pm	$27\frac{8}{}–23\frac{1}{4}$c. pm	$27\frac{8}{}–23\frac{1}{4}$c. pm	$21\frac{5}{16}–21\frac{3}{16}$c. pm	$21\frac{5}{16}–21\frac{3}{16}$c. pm
Canadian $		$21\frac{9}{16}–23\frac{1}{4}$c. pm	$21\frac{5}{16}–21\frac{3}{16}$c. pm	$21\frac{5}{16}–21\frac{3}{16}$c. pm	$21\frac{5}{16}–21\frac{3}{16}$c. pm	3–2⅞c. pm	$3\frac{1}{16}–2\frac{5}{16}$c. pm
Swiss Fr.		$153\frac{4}{}–151\frac{4}{}$c. pm	$153\frac{4}{}–151\frac{4}{}$c. pm	$153\frac{4}{}–151\frac{4}{}$c. pm	$153\frac{4}{}–151\frac{8}{}$c. pm	$153\frac{4}{}–151\frac{2}{}$c. pm	$153\frac{4}{}–151\frac{2}{}$c. pm
W. German D-Mk.		$137\frac{8}{}–133\frac{8}{}$pf. pm	$141\frac{2}{}–14$pf. pm	$141\frac{2}{}–14$pf. pm	$141\frac{2}{}–14$pf. pm	$15–14\frac{1}{2}$pf. pm	$143\frac{4}{}–141\frac{4}{}$pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/5½	250/5	...	250/3½	250/3	250/4¼
,, ($,, ,, ,,)		35·191½	35·181½	...	35·181½	35·181½	35·191½

APPOINTMENTS

Unilever

ECONOMISTS

UNILEVER INVITES APPLICATIONS FROM MEN WHO WOULD BE INTERESTED TO JOIN ITS ECONOMICS AND STATISTICS DEPARTMENT THROUGH THE MANAGEMENT DEVELOPMENT SCHEME.

'E. & S.', which is situated at Head Office, provides an advisory service for the parent Board and for the operating companies in the U.K. and abroad. Its scope is therefore wide-ranging. It covers, in particular, the provision of information on current economic affairs, the assessment of long-term trends and their effect on future planning, and the application of statistical techniques to the conduct of day-to-day operations.

Entry through the Management Development Scheme provides the opportunity of moving on later from E. & S. to Company management. Only those who consider they have management potential should therefore apply. You should also have a first, or a very good second, in Economics, or in a subject which included Economics as a main element.

Starting salaries will be attractive, and the prospects are first-class. The upper age limit is 28 or near.

If you would like to learn more about E. & S. and about Unilever in general, with a view to joining us, write for further information, giving brief details of yourself at the same time. All applications will of course be treated in strict confidence.

The address is: PERSONNEL DIVISION (E/104),
UNILEVER LIMITED, UNILEVER HOUSE, LONDON, E.C.4.

THE SECRETARIAT OF THE INTERNATIONAL RUBBER STUDY GROUP

Applications are invited for the post of STATISTICIAN. The salary scale is £900 x £50 — £1,100 (assistant grade) and £1,200 x £60 — £1,680 (statistical grade); the initial salary will depend on qualifications and experience. There is a Provident Fund Scheme.

Applicants should be graduates not over 30 years of age with a good knowledge of statistical methods and preferably some knowledge of economics. A capacity for detailed and accurate work and the ability to compile reports and memoranda are required.

All applicants should be able to express themselves clearly and concisely in written and spoken English and should have or undertake to acquire on appointment a working knowledge of French.

Detailed applications should be sent not later than October 10, 1961, to the Secretary-General, International Rubber Study Group, Brettenham House, 5-6 Lancaster Place, London, W.C.2.

UNIVERSITY OF MELBOURNE

Applications are invited for the following Chairs:
(1) CHAIR OF COMMERCE AND BUSINESS ADMINISTRATION;
(2) CHAIR OF ECONOMICS.
The salary for each position is £A4,250 per annum and superannuation similar to F.S.S.U. in Great Britain will be provided.

Further information and conditions of appointment can be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close, in Australia and London, on October 31, 1961.

NATIONAL INSTITUTE FOR SOCIAL WORK TRAINING

LECTURESHIP IN CASE WORK
and
LECTURESHIP ON THE SOCIAL SERVICES AND SOCIAL CONDITIONS

Applications are invited by October 7th for a Lectureship in Case Work and for a Lectureship on the Social Services and Social Conditions. Salary scale £1,050 to £1,850, with superannuation and family allowances. Commencing salary according to age, qualifications and experience. Further particulars from: The Registrar, National Institute for Social Work Training, Mary Ward House, Tavistock Place, London, W.C.1.

For other appointments see page 1112

UNIVERSITY OF WESTERN AUSTRALIA

SENIOR LECTURESHIPS IN COMMERCE

Applications are invited for appointment to two Senior Lectureships in Commerce in the Faculty of Economics and Commerce to teach the subjects Accounting and Economic Organisation for the degree course in Commerce to be introduced from the beginning of 1962.

Applicants for both positions should hold a degree in Economics. In addition, applicants should be either qualified accountants or have an interest in applied economics with special reference to business organisation and finance.

The salary range for both positions is £A2,450-£A2,950 p.a. with superannuation similar to T.S.S.U.

It is important that intending applicants obtain details of the procedure to be followed in applying for the posts and a copy of the conditions of appointment before submitting their applications. This information is available from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close, in Australia and London on October 31, 1961.

FERRANTI LTD,
HOLLINWOOD, LANCS.

have a vacancy in the Export Sales Department for a Woman Economist. The work includes the provision of an information service and reports on specific projects.

Candidates must have some experience of working on their own initiative.

Good salary and staff conditions including Superannuation Scheme.

Apply giving full particulars of age, education and experience to Miss L. Graham.

GOVERNMENT OF NORTHERN IRELAND

ECONOMISTS

Applications are invited from men or women with first or second class honours degrees in Economics or related subjects for the following posts in the newly formed Economic Advisory Office.

(a) ECONOMIST. Candidates must be at least 30 years of age and should have experience in teaching or research in Economics or in an economic advisory capacity.

(b) ASSISTANT ECONOMIST. Candidates must be at least 21.

Salary Scales (a) £1,716-£2,418; (b) £738-£1,222. Starting salary according to age and experience. Appointments superannuable under the Federated System for Universities. There are one or two vacancies in each grade. Preference for ex-Service applicants.

Application forms obtainable from Director of Establishments, Ministry of Finance, Stormont, Belfast, 4, must be returned by October 16, 1961.

AER LINGUS
IRISH INTERNATIONAL AIRLINES
INVITES APPLICATIONS FOR A POSITION IN GREAT BRITAIN AS
SALES DEVELOPMENT SUPERINTENDENT

The position will entail responsibility for providing economic intelligence in relation to airline traffic potential in various areas served by the Company in Great Britain. The person selected will also be required to formulate and develop proposals on commercial activities in the Company. He will be based in London.

The successful candidate will be under 27 years of age and will possess an Honours Degree in Arts or Commerce, or its equivalent, preferably with Economics as a major subject. The position offers good promotional prospects and the starting salary will not be less than £1,000.

Special travel facilities at reduced rates operate for Company employees.

Applications, giving details of age, qualifications and experience, should be sent to the Personnel Manager, Aer Lingus — Irish International Airlines, Dublin Airport, to reach him not later than September 30th.

HATFIELD COLLEGE OF TECHNOLOGY
Hatfield, Herts.
Principal: Dr. W. A. J. Chapman, M.Sc.(Lpz.)

LECTURER IN MARKETING

Applications are invited for this post in management studies. Applicants should be graduates in Economics and/or Statistics, with experience in Marketing of Sales Management and in training or teaching.
Salary £1,370-£1,580 according to experience. Details from Academic Registrar on application.

LEEDS EDUCATION COMMITTEE

LEEDS COLLEGE OF COMMERCE
WOODHOUSE LANE, LEEDS, 2
Principal: E. V. Roberts, B.Com., F.C.A.

Applications are invited for the post of LECTURER in STATISTICS. A lively well-trained mind with a strong practical bias towards the application of statistics to management control, including Operational Research, is looked for. Research and consultancy work with local industry are encouraged.

Salary: Burnham Technical Scale for Lecturers, i.e. £1,370 x £35 to £1,550 (at present under review). An appointment may be made above the minimum of the scale. Further particulars and application form from the Principal at the College.

GEORGE TAYLOR,
Chief Education Officer
Education Department,
Leeds, 1.

PERSONAL SECRETARY required with office experience and modern languages.—Applications, stating salary, to the Director, International Co-operative Alliance, 11 Upper Grosvenor Street, W.1, marking envelope "Confidential."

THE DISTILLERS COMPANY LIMITED

ECONOMIST

The Plastics Group of The Distillers Company wish to appoint an Economist in the Market Development Department to join a small team undertaking studies within an extremely wide range of industries in which plastics are or can be used, both in the U.K. and the Common Market. The work of the Department is growing rapidly and prospects are excellent.

Applications are invited from men or women aged 23-27 with a good honours degree in Economics. Some knowledge of statistics, and experience in industrial market research or plastics, would be helpful, though not essential.

The Company operates a non-contributory pension scheme.

Write:
STAFF MANAGER
THE DISTILLERS COMPANY LIMITED
21 22 BOLTON STREET
LONDON, W.1.

Quote reference: 70 61 E.C.

MSL *have been retained to advise on this appointment.*

ECONOMIST
London

for a British group of companies associated with one of the largest electrical manufacturing and marketing organisations in the world. He will be the Head of an economics research department responsible for establishing an advisory service on a wide range of economic problems. He will be concerned with reporting the general economic and social effects on industry arising from Government economic policy, European integration, overseas developments, financial and economic trends within industry generally and the specific implications of these for the Group.

Candidates must have graduated with honours in economics. They must have had at least 5 years' experience, preferably in a major industrial/commercial organisation, advising senior management on long term policy based on sound economic considerations. Initial remuneration will be by negotiation and can be up to £3,000 p.a. Contributory pension scheme. Please send brief details in confidence quoting reference S.3031 to G. V. Barker-Benfield.

In no circumstances will a candidate's identity be disclosed to our client unless he gives permission after a confidential interview at which he will be given full details of the appointment.

MANAGEMENT SELECTION LIMITED
17 Stratton Street, London, W.1

UNIVERSITY OF WESTERN AUSTRALIA

READERSHIP IN ECONOMIC STATISTICS

Applications are invited for appointment to the above-named position in the Faculty of Economics and Commerce. Applicants should have experience of teaching and research and should have published work in the field of economic statistics. A knowledge of econometrics would be an advantage.

The salary range for the position is £A3,010-£A3,250 p.a. with superannuation similar to F.S.S.U.

It is important that intending applicants obtain details of the procedure to be followed in applying for the post and a copy of the conditions of appointment before submitting their applications. This information is available from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close, in Australia and London, on *October 31, 1961.*

CALTEX

CALTEX SERVICES LIMITED

The Caltex Organisation has openings for QUALIFIED ACCOUNTANTS in London and Overseas.

Preferred candidates are those 25-30 years of age, having a broad experience in industrial or public accounting and accustomed to supervisory responsibilities. Knowledge and experience of modern budgetary techniques would be useful. The work is wide in scope and selected candidates will have the opportunity to adapt their knowledge and experience to many branches of commercial accounting and auditing.

Commencing basic salaries will be dependent on qualifications and experience and for Foreign Service additional living allowances are paid, and free medical attention provided plus an initial kit allowance and attractive Vacation and Benefit Plans.

Will interested persons please send a short outline of their qualifications and experience, to "ACC," Caltex Services Limited, Caltex House, Knightsbridge Green, London, S.W.1, and request an Application Form.

NORTH WESTERN GAS BOARD
HEAD OFFICE, MANCHESTER

Assistant Statistician

Applications are invited for the above pensionable appointment at a commencing salary within Grade A.P.T. 7 (£770/£870 per annum). Candidates must hold a graduate or equivalent qualification in mathematical statistics, preferably combined with economics.

The successful candidate will be engaged under the direction of the Board's Statistician in specialised investigations in the field of market survey, operational research, sales forecasting, etc., which call for the use of mathematical and statistical techniques. The work is interesting and offers scope for imagination and initiative in the application of these techniques to business problems.

Detailed applications, giving the names of two referees, should reach the Assistant Secretary of the Board, Bridgewater House, 60 Whitworth Street, Manchester 1, within 14 days.

THE METAL BOX COMPANY LIMITED

have a vacancy for an

ECONOMICS GRADUATE
(early 20's)

to assist in the Economics Section of the Information and Statistics Division. The work includes the review of economic and market trends at home and overseas and covers the whole range of consumer packaging.

Apply to:
Head of Staff Division,
THE METAL BOX COMPANY LIMITED,
37 Baker Street, London, W.1.

quoting reference ISX/2.

AUSTRALIAN NATIONAL UNIVERSITY

INSTITUTE OF ADVANCED STUDIES
Research School of Social Sciences

Applications are invited for a RESEARCH FELLOWSHIP in the DEPARTMENT OF HISTORY. The Department, under Professor W. Keith Hancock, has concentrated hitherto on the study of the history of Australia and of the British Commonwealth.

To broaden the work of the Department a new Research Fellowship has been created. Applicants with qualifications in Modern European History will be given the highest priority.

The salary will be within a range at present £A1,625-£A2,450 p.a. Appointment will be for three years, with possible extension to five years.

Superannuation is on the F.S.S.U. pattern. Reasonable travel expenses are paid, and assistance with housing is provided.

Further particulars should be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close, in Australia and London, on *October 31, 1961.*

A CAREER IN SOUTH AMERICA

An international firm of public accountants wishes to increase its permanent professional staff in Argentina, Bolivia, Brazil, Chile, Paraguay and Peru and invites applications from qualified accountants at all levels of experience, from those newly qualified to those capable of assuming senior executive posts, including men who have had experience of management consultancy work.

The positions advertised are not replacements; they are new posts. The work is varied and interesting with opportunities for travel, and there are excellent prospects of speedy advancement in countries whose economies are expanding rapidly.

Contracts are for an initial period of three years, renewable by agreement. Terms include an allowance for the expenses of moving to South America, a salary (payable partly in hard currency) on a scale sufficient to permit a comfortable standard of living together with a margin for savings, annual bonus, first-class return passages for staff members and their dependants, and three months' fully paid leave at the end of each contract in addition to local leave during its course. Salaries are subject to merit increases and are reviewed from time to time to take account of changes in the cost of living. Additional benefits, differing from country to country, are provided by advanced social legislation. A partner of the firm will shortly be in London to interview applicants.

Please send particulars of experience and qualifications, together with a passport type photograph, to Box 1541.

SECRETARY
of the
UNITED NATIONS ASSOCIATION

Applications are invited for the above. Salary: £1,180 x £30 to £1,360 p.a. with *children's allowances and contributory pension* scheme. Form and further information will be sent on receipt of addressed foolscap envelope to UNA, 25 Charles Street, London, W.1. Closing date for applications: October 2, 1961.

AN opportunity exists for a Market Researc specialist to participate in the developme of an organisation in the field of Industri Market Research. This will be an extension t the activities of an Engineering Sales Compan in Birmingham.

Applicants should preferably have a degree i Economics, and should have actual experien of the conduct of Industrial Surveys. A know ledge of Languages would be advantageous. Replies in confidence to Box 15.40.

For other appointments see page 1111

EDUCATION: BUSINESS AND PERSONAL

TUITION FOR B.Sc. ECONOMICS

Wolsey Hall (Est. 1894) provides Postal Courses in a wide range of subjects for the two examinations for London Univ. B.Sc.Econ. (three if entrance is included) at moderate fees. 1,431 Wolsey Hall students passed London Univ. B.Sc. Economics exams. 1950-60. Tuition also for G.C.E., Law, Statistical, other exams. —Prospectus (mention examination) from L. W. Shaw Fletcher, C.B.E., LL.B., Director of Studies, Dept. P.17.

WOLSEY HALL, OXFORD

SECRETARIAL TRAINING, especially for university graduates and older students. Six-month and intensive 14-week courses.—Write Organising Secretary, Davies's, 158 Holland Park Avenue, W.11. PARK 4654.

B.Sc.(ECON)

LONDON UNIVERSITY
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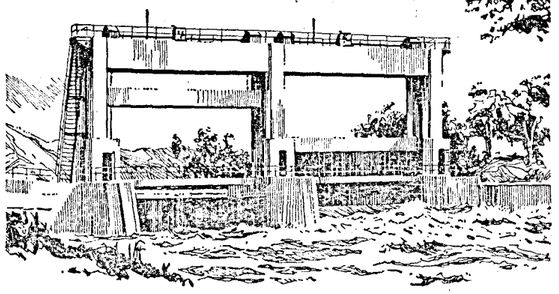
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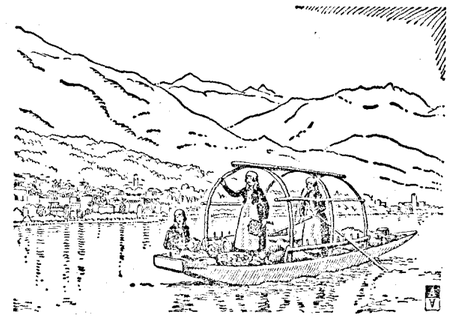
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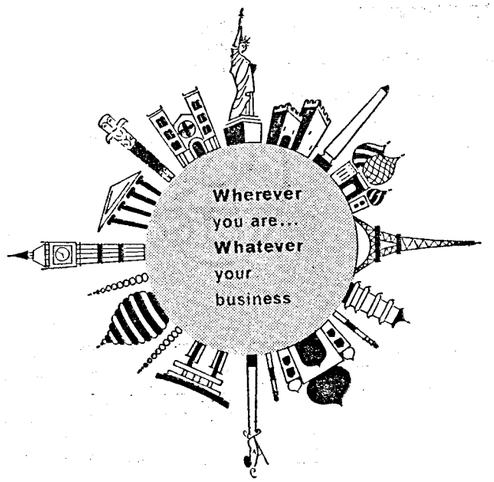
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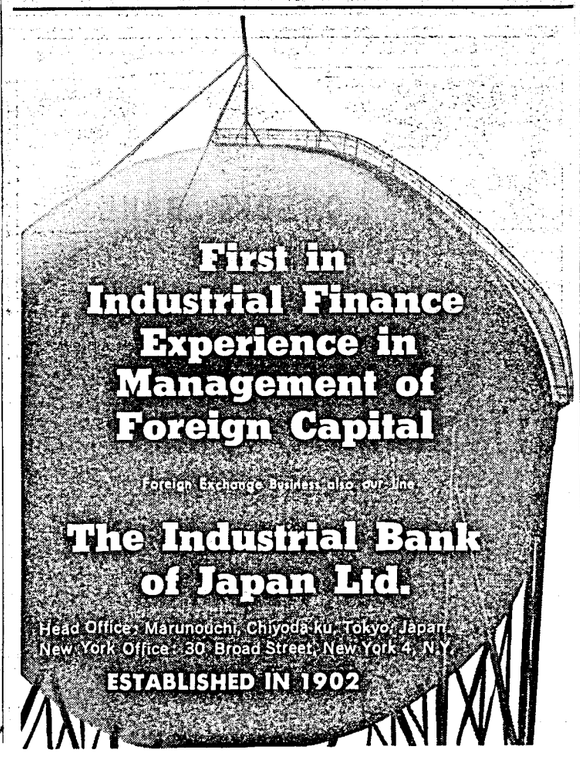
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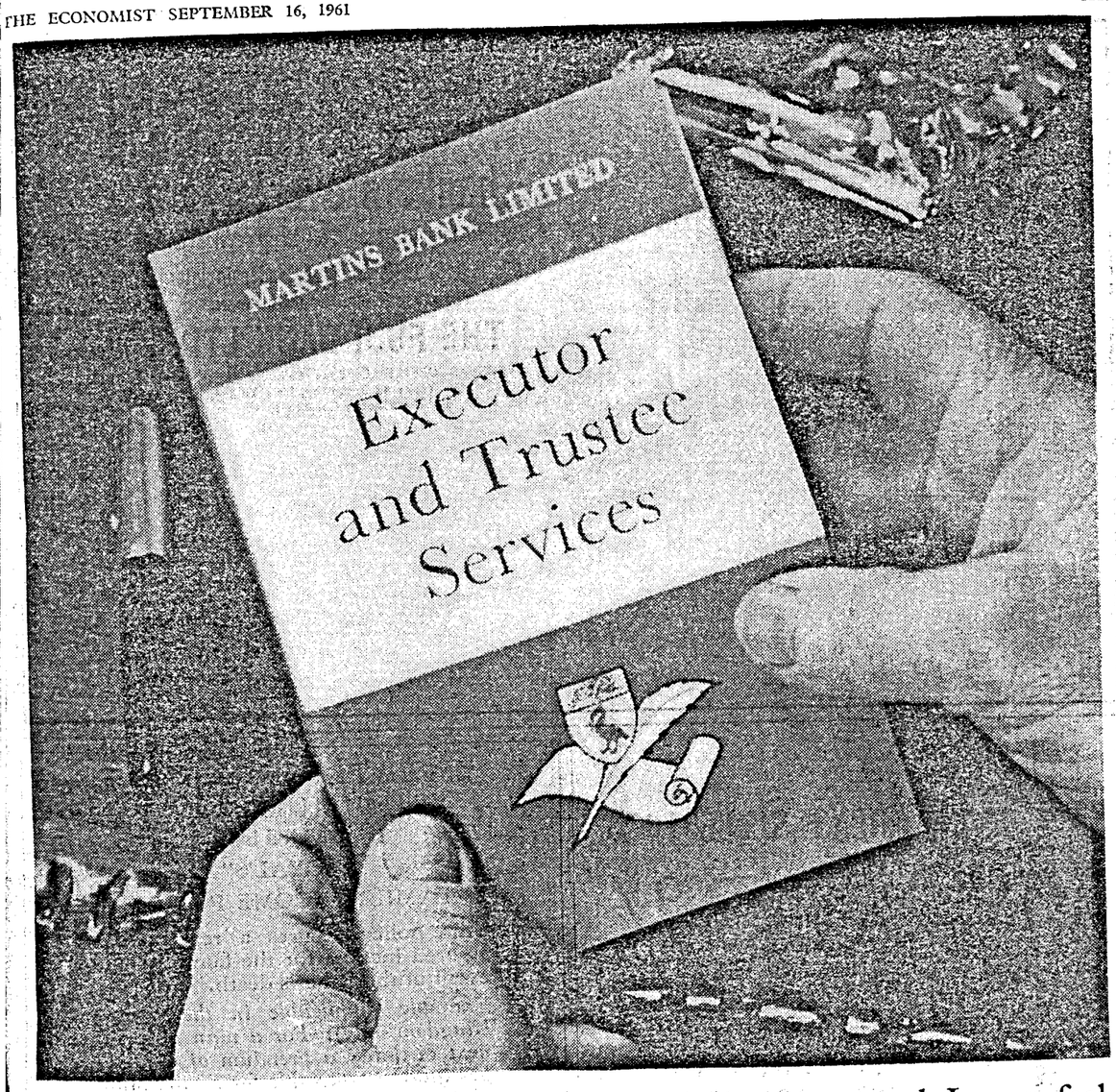
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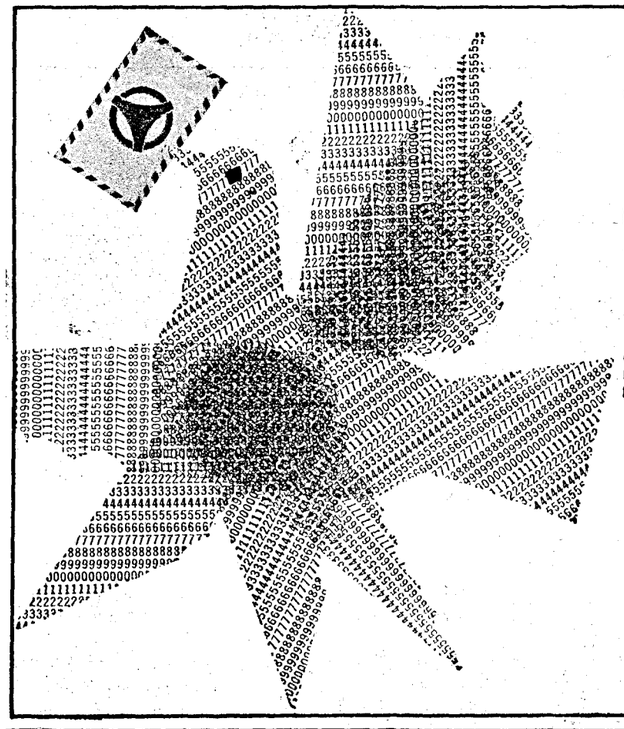


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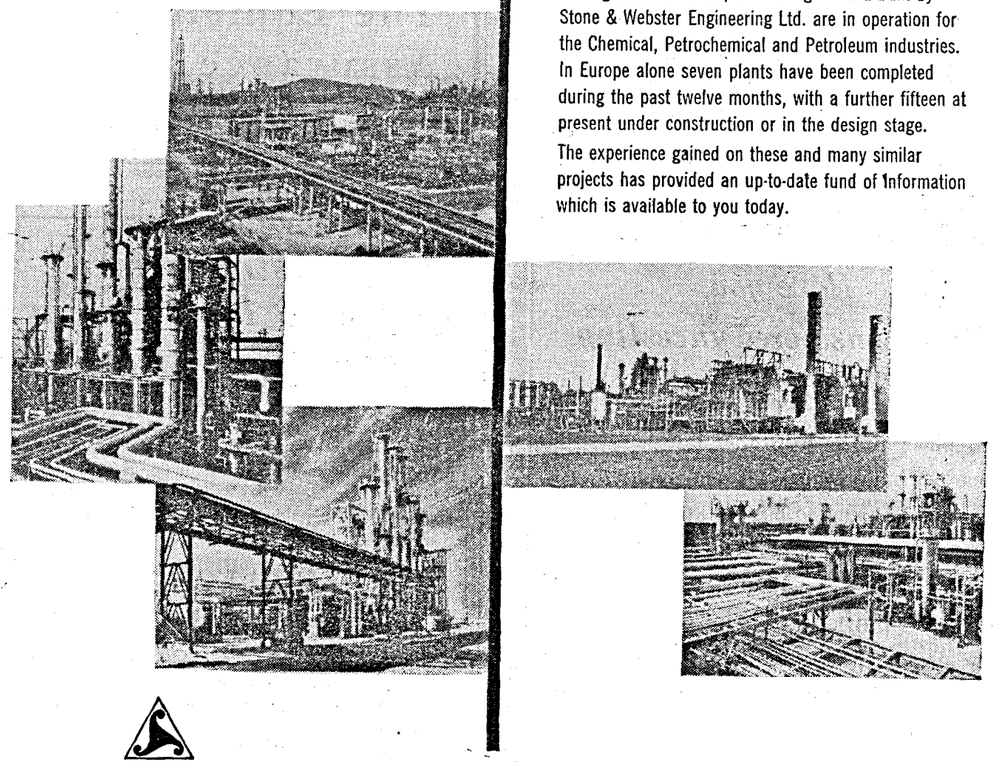
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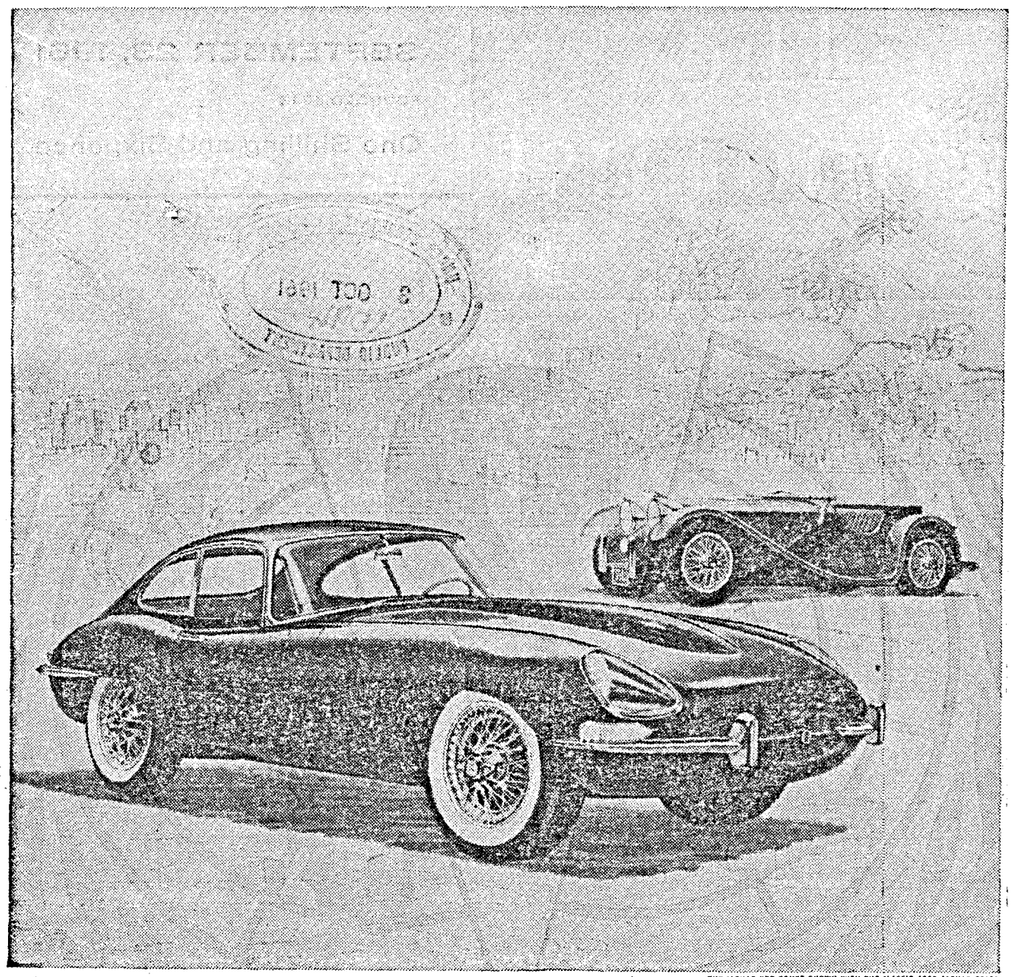
Twilight of Dr Adenauer

Britain's Economic Problem
Sir Robert Hall's conclusions

THINK FAST

The moment of truth has arrived for UN's member nations

THINK HARD Urgently in Katanga, too, the UN needs to find the right means to serve its proper ends



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INTERNATIONAL

SUCCESSION

Mr Hammarskjöld's death has left the United Nations Organisation headless, with one of its limbs grievously enmeshed in the Congo. The great-power struggle over a successor (or successors) must not be allowed to deal the death blow to the UN itself (p. 1129).

In **Germany,** Dr Adenauer's Christian Democrats have fishily asked their leader to stay on for a time as Chancellor. Other parties anticipate an earlier retirement (p. 1171).

In **Turkey,** the soldier-successors to Mr Menderes have introduced violence into what was a bloodless revolution, and cast a shadow over the democratic government they say will succeed them next month (p. 1136).

In **Hungary,** Mr Kadar has appointed himself successor to Mr Münnich as premier; for the people, no change (p. 1142).

SECESSION

Katanga: Mr Tshombe's mandate to demand independence is not self-evident; the UN says it has been carrying out its own mandate to remove foreign advisers and soldiers (p. 1131).

How the UN—and the foreigners—have gone about it (p. 1170).

Jamaica: Mr Manley's new mandate is to take Jamaica out of the West Indies federation; that is not what he wanted (p. 1142).

The wider Caribbean horizon (p. 1176).

Iraq: The Iraqi Kurds are not fighting mainly for secession; they are fighting for a fairer deal (p. 1142).

Uganda: Politicking at Lancaster House in London may, after all, dissuade the Baganda tribe from seceding when Uganda becomes independent (p. 1144).

SESSIONS

• **President Kennedy's** first session of Congress has been more productive than it appears to the liberals (p. 1152).

• Both the Russians and the West have a responsibility to be reasonable over **Berlin**; it is hoped that Mr Rusk and Mr Gromyko were, at their session on Thursday (p. 1137).

• The Americans hope that they may be able to postpone a debate on admitting **China** to the United Nations for another session (p. 1153).

• **General de Gaulle** is to relinquish his emergency powers; the French parliament will be in ordinary session again next month (p. 1141).

CESSATIONS

Now that it is over, it can be seen that Carla, the most observed hurricane in history, did less damage than might have been expected (p. 1154).

The semi-strike against General Motors is over at last (p. 1153).

Credit cards have not had the success that was hoped (p. 1158).

San Francisco hopes to stop being off the rails (p. 1157).

HOME

SECURITY PREMONITIONS

The International Monetary Fund is running short of money and Dr Jacobsson has proposed selective increases by borrowing strong currencies. But even these moderate proposals are having a difficult passage in the Vienna conclave (p. 1179).

Many developing countries have reached the limits of safe commercial borrowing, and are setting problems for the World Bank (p. 1181).

Before the Chancellor's measures, productivity in Britain had begun a slight upswing: but it may not last long (p. 1184).

Nearly 300 people died in air accidents in a month: a factor in this continuing toll may be the efficiency of ancillary equipment (p. 1188).

Sir Robert Hall's second special article on Britain's economic predicament (p. 1132).

SECTIONAL PREOCCUPATIONS

The Liberal Party, in conference this week at Edinburgh, has not taken all its opportunities to achieve an electoral breakthrough: its promise could founder on contradictions in its economic thinking (p. 1134).

The Accra conference of Commonwealth worriers about Britain and the common market has marked out several areas—notably agriculture—in which negotiations will be delicate (p. 1138).

Ford's offer to its workers is not anti-Chancellor but ante-Pause: the workers thought it not worth the loss of a cup of tea (p. 1137).

Teachers and their Minister are sticking to their guns, but the battalions on the teachers' side are not united (p. 1141).

Equity's case for a rise in TV actors' fees is less outrageous than some programme contractors would like to make out (p. 1141).

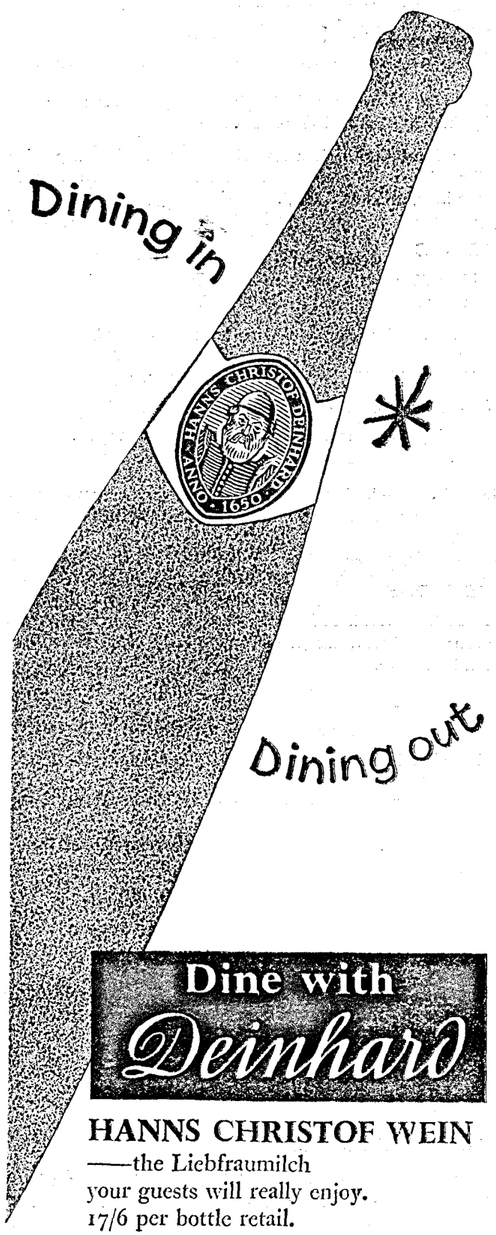
SECULAR PENANCES

The militancy of advocates of Britain's nuclear disarmament is not in doubt after the weekend: their sagacity is, and is more difficult of demonstration (p. 1149). On the other side, Civil Defence is still attracting recruits (p. 1144).

The Isle of Man is not, after all, to have a casino this year (p. 1147).

The recall of Parliament may not significantly affect the primary crises of international life (p. 1138).

Detailed contents on page 1129



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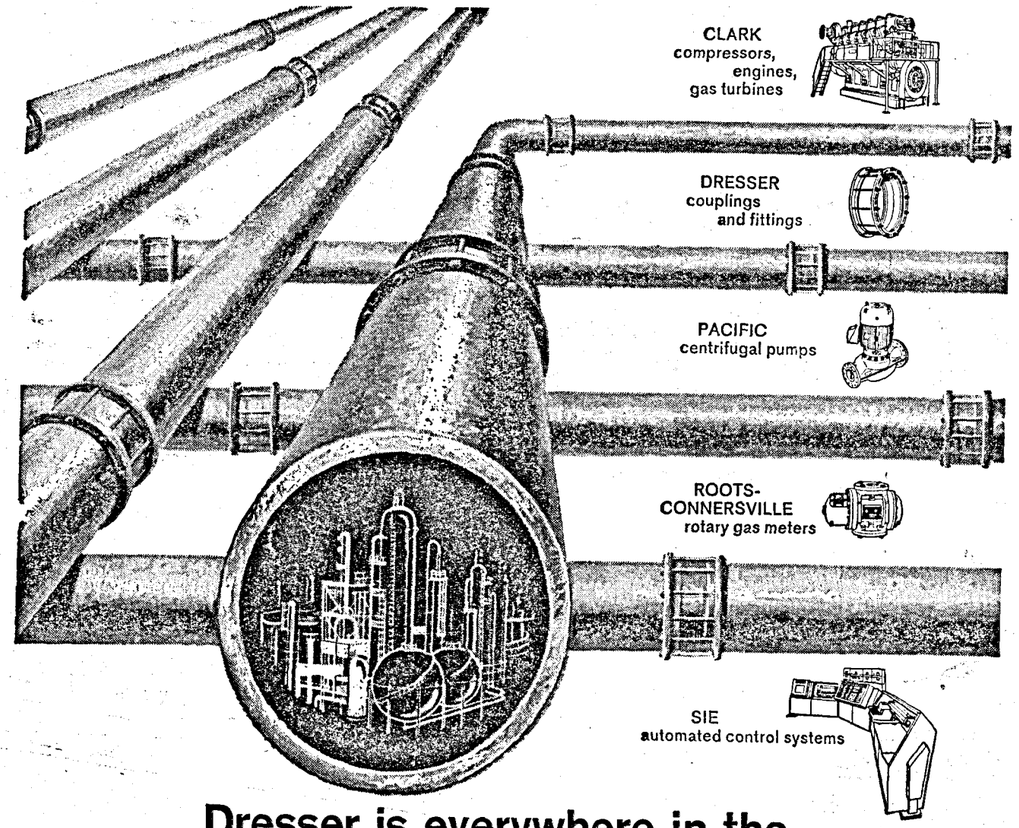
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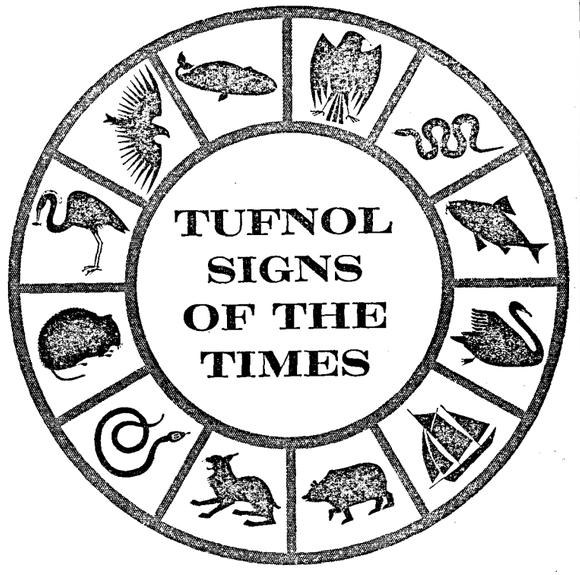
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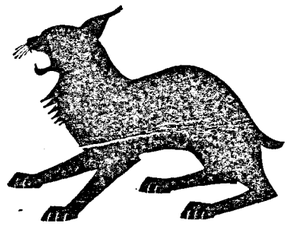
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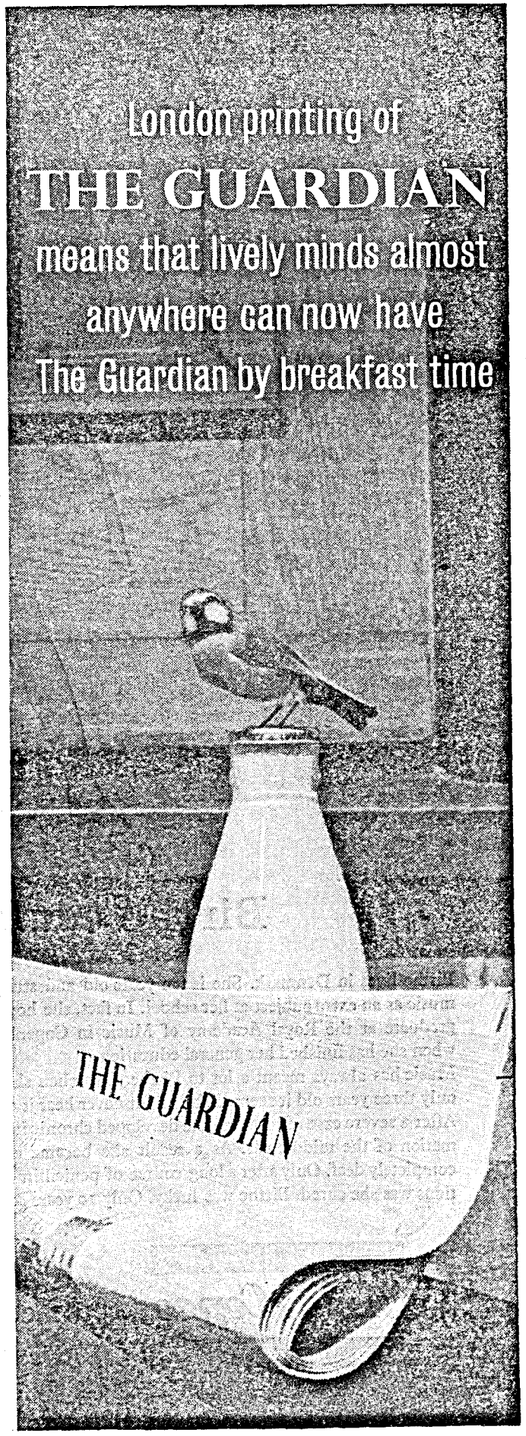


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Birthe couldn't hear a note

Birthe lives in Denmark. She is ten years old and studying music as an extra subject at her school. In fact, she hopes to graduate at the Royal Academy of Music in Copenhagen when she has finished her general education.
Music has always meant a lot to Birthe. But when she was only three years old it seemed she might never hear it again. After a severe case of measles, she developed chronic inflammation of the middle ear. As a result she became almost completely deaf. Only after a long course of penicillin injections was she cured. Birthe was lucky. Only 10 years earlier, before Sir Alexander Fleming's great discovery, her hearing might easily have been affected for life. Nowadays the synthesis and mass production of antibiotics is carried out by chemists all over the world. At Leo Pharmaceutical Products in Copenhagen, one of the largest chemical works in Europe, sterile oil-free air for the cultivation of penicillin and streptomycin is provided by Atlas Copco compressed air equipment. And this is only one of the great enterprises in which Atlas Copco & Sandvik Coromant equipment plays a part. Group Headquarters: Atlas Copco AB, Stockholm 1, Sweden.

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SALES AND SERVICE IN OVER ONE HUNDRED COUNTRIES

The Economist

SEPTEMBER 23, 1961

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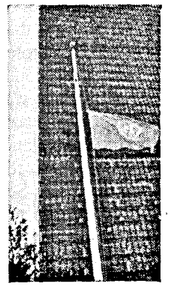
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Think Fast

DAG HAMMARSKJÖLD is dead. Is the United Nations, as an effective instrument for peace, to die with him? At first sight, it would seem absurd to suppose that the removal of one man should prove fatal to so great and so widely supported a cause, however unusual his talents, however close his personal identification with the organisation he served. To term him irreplaceable would be an abject confession: a confession of mankind's inability to arrange its affairs without mortal dependence on one man's life. No mystic secret died with him, no alchemist's formula for transmuting dangers into peace and security. Other men can surely be found capable of sincerely dedicating great qualities to the same task.

Yet the question stands. The United Nations' effectiveness has come to depend increasingly on its secretary-general. Deadlock in the Security Council and sluggish cumbrousness in the 99-member Assembly created this dependence: not Hammarskjöld. The vacuums in which he had to take decisions without clear instructions from above were thrust upon him. Perhaps his readiness to go out alone into the void, as a diplomatic explorer in search of peace, encouraged the member governments to "leave it to Dag" more often. But there is no evidence that either council or assembly would have been roused to take effective action itself if, at such times, he had refused to accept responsibility for trying, with his own patient persistence, to ease the danger. Neither body is equipped to give continuous and decisive direction to the UN's executive arm when new complexities are swiftly unfolding, as they have done in the Congo.

Now the executive is left headless, while one of its limbs, the UN force in the Congo, is grievously enmeshed in its effort to oust European soldiers of fortune from Katanga and to reunite the Congo republic; while the assembly meets in the shadow of the crisis in great-power relationships; while debate rages over the structure of the UN secretariat itself, and Russia presses its plan to cripple permanently the United Nations' capacity for executive action.

For the problems that have now arisen, the drafters of the Charter must carry their share of the blame. At San Francisco, in 1945, they made no provision for the prompt replacement of a chief executive who might die or be suddenly incapacitated during his term. No single deputy was envisaged. The great powers jointly proposed that four or five deputy secretaries should be appointed in the same way as the secretary-general—by the assembly approving a nomination made by the council. The smaller nations shot this down, suspecting, and with reason, that the powers meant these posts for their own men. New Zealand's delegate gave warning that this "would produce a crisis in the secretariat at the beginning of its work." In the upshot, the secretary-general was left free, in theory, to pick his men; in practice, the great powers secured high places for their nominees. Neither Mr Trygve Lie nor Mr Hammarskjöld found it possible to appoint a true deputy whose authority would be whole-heartedly accepted; Mr Lie's appointment of a general co-ordinator in 1948 was a more modest experiment, and even that failed. Thus Mr Hammarskjöld left no heir.

Even in a political calm, a successor acceptable to the veto-wielding powers and to majorities in both council and assembly could hardly be found overnight. In a calm, however, an interim makeshift might be easy to arrange. In the



Bunche and Narasimhan: deputies without a chief

storm of the moment, a mere interim arrangement must be controversial, and agreement on the regular appointment of a new executive is hard to visualise at all.

A year ago this Saturday, Mr Khrushchev, addressing the assembly, committed his personal prestige to the Soviet campaign that had already been launched against Mr Hammarskjöld, and demanded that the post of secretary-general should be abolished and replaced by a "collective executive" of three persons, representing respectively "states parties to the military blocks of the western powers, socialist states, and neutralist countries." The Russians' personal abuse of Mr Hammarskjöld later sank to the depths, and they ceased to recognise him as secretary-general (a treatment they had earlier applied to Mr Lie). It was predictable that, when the 1962 assembly came to discuss the approaching end of Mr Hammarskjöld's second five-year term, Russia would use its veto in the council to block the appointment of any one secretary-general, whatever his identity.

The 1962 assembly might have simply extended Mr Hammarskjöld's term, as it had extended Mr Lie's in 1950 over Soviet protests. Even so, it would merely have been postponing the real crisis. Now, the crisis that had loomed a comfortable year ahead is upon it immediately, and without the chance of falling back on an extension.

MR GROMYKO confirmed on Tuesday the general assumption that the Russians will now press their "troika" demand without even agreeing to an interim device that might help to fill the immediate vacuum. Both uncommitted and western countries had already canvassed the idea that the incoming assembly president—Mr Mongi Slim of Tunisia has now been elected—should undertake the general direction of the secretariat for the time being. Mr Slim is reported to be unwilling to assume such a role in the face of Soviet opposition. Soviet delegates have been finding no enthusiasm for their proposal that an interim "troika" should take over—a committee comprising the three present political under-secretaries, the American Dr Bunche, the Russian Mr Arkadyev, and the Indian Mr Narasimhan.

Moscow presumably hopes to exploit the confusion resulting from Mr Hammarskjöld's untimely death in such a way that it will be able to force the yoke of the troika upon an assembly whose members have overwhelmingly shown their distaste for it. Some of the uncommitted countries have ideas of their own for the reform of the UN mechanism; but their rejection of the Soviet plan has just found substantial confirmation at the Belgrade conference, where Mr Adoula, the new Congolese prime minister, made the telling point that nothing could have been done to help his country if Mr Khrushchev's formula had already been adopted.

In quieter circumstances, there would be no reason to oppose a general discussion of the structure of the UN, which has long needed an overhaul in several respects. The enlarging of the Security Council to reflect the increase in African and Asian membership has been generally agreed, and held up only by Soviet insistence on first transferring the Chinese seat to the Peking government—an obstacle that may not exist much longer. Western predominance in the active political staff of the organisation is as much a thing of the past as western predominance in the assembly; the political and military apparatus in the Congo is in the hands of men from uncommitted countries, Indian, Irish, Swedish, and a variety of Africans. In June, after an Egyptian-Ghanaian-Indian proposal that the secretary-general should choose three political deputies "taking into account the main political trends in the world today," Mr Hammarskjöld himself trumped this card with a recommendation that he ought to be authorised to have five principal political assistants and advisers, one American, one Russian and three from "countries outside any power-blocks." At Belgrade, the Jugoslavs suggested the establishment of a small advisory committee to help fill the gap between the secretariat and the slow-moving assembly.

Circumstances, however, now call for swift decision. There is no time for a leisurely and exhaustive review of all the possible permutations. The vacuum left by Mr Hammarskjöld has to be filled without delay—and without surrender to the Soviet demand, which, it need hardly be said again, would mean the destruction of the United Nations' infant, but growing, capacity to act effectively against international dangers.

Much now depends on the smaller member states, of whom so many belong to the uncommitted group. The United Nations, as Mr Hammarskjöld repeatedly pointed out, is first and foremost their organisation, their shield against the unrestrained jarring together of the giants, their best means of uniting their strength and making their voice heard. It is they who will be most gravely imperilled if the UN is stultified, either by an unbroken deadlock over the succession to Mr Hammarskjöld or by the imposition, through the Soviet troika plan, of a straitjacket of vetoes on executive action. There is little if anything to choose between the two prospects: open deadlock might, indeed, be preferable because it would be more honest than deadlock sanctified and swathed in reassuring terminology.

WHEN Russia resumed its nuclear test explosions at the very moment of the Belgrade conference, many people concluded that Mr Khrushchev had revealed his utter contempt for the uncommitted nations, his confidence that they could be browbeaten but were not worth wooing; some western commentators hastened to express very similar opinions about them. The struggle over the future of the United Nations provides a fairer test of them. The tragic removal of Mr Hammarskjöld at a time of such urgency and peril confronts the smaller member nations with their moment of truth. Will they show themselves capable of setting aside

for the time being their various pet projects for UN reform, of joining hands in defence of the simple proposition that the world organisation must grow if it is not to wither? Nothing less than overwhelming solidarity on this basis can now save the United Nations from the reduction to a "static conference machinery" of which Mr Hammarskjöld gave warning, only a month ago, when he introduced his annual report with what now reads like a political testament. That warning stands, and his catastrophic, catalytic death has added to it a terse message of exhortation: Think fast.

Think Hard

What is the United Nations doing in the Congo?

WHAT has been happening in Katanga is unusually difficult to find out; so are the precise motives of action. The events that led up to, and followed, the fighting for the post office in Elisabethville at dawn on September 13th are described on page 1170 by a correspondent on the spot. Since the swoops of the first day, fighting has taken place mainly in three centres: in Elisabethville, at Kamina air base, and at Jadotville. No reliable count of casualties is available, but reports suggest that they are far smaller on the UN side than on the Katangan side.

White officers led the resistance to the United Nations forces; and some of the most telling damage was done by non-Katangans. A single jet fighter harassed the Irish at Jadotville, bombed Kamina, strafed Elisabethville, and made passage unsafe for UN aircraft; there are no Congolese trained to fly jet fighters. The UN says that most of the fighting in Elisabethville took place in the European quarter, and that the African city remained calm. But behind all officers there must be troops; most of these were Katangans. The UN undoubtedly underestimated the resistance it would meet, wherever it came from.

Observers on the spot—and many in Britain—say that the fighting started because the United Nations wanted to bring down the provincial government; the UN explanation is that its force took the action it did to prevent civil war, and to neutralise the radio station and post office, while it went about the other part of its mandate, the expulsion of foreign officers. Otherwise, according to Dr Sture Linner, head of UN operations in the Congo, the violence that was being fomented by the foreigners would in any event have come to a head; or, alternatively, the Congolese central government might have invaded the province in an attempt to overthrow Mr Tshombe itself. (This danger remains while Katanga, with 12 per cent of the Congo's people and 60 per cent of its wealth, holds aloof from the rest of the country.) The action of September 13th was, Dr Linner implies, designed to get rid of the foreigners, silence the radio and other agitation, and stop the *mounting trouble at its source.*

Originally, the United Nations went into the Congo to stop foreign interference. The first UN resolution on the Congo called on the government of Belgium to withdraw its troops; every resolution since then has centred around a call for the removal of "foreign military and para-military personnel and political advisers," other than those under UN command. The presence of these *ultras*—there are now fewer Belgians but more Rhodesians, South Africans, French malcontents from Algeria, and others—has all along been the main cause of Afro-Asian complaint. Most other Africans believe that by using them to run his state and support his demand for independence, Mr Tshombe has allied himself with people who are using him for their own ends—the retention, wherever possible, of white power in Africa. Once these people were expelled the United Nations' next task was, or should be, to try—by peaceful means—to bring about a conciliation between Mr Tshombe's faction and the rest of the Congo. Why is this necessary? It is not only because of the riches of Katanga, although that is perhaps the single most practical reason. The tribes of Katanga have no less of a moral right to claim independence than any other of the world's tribes; but no more. In Africa, where there are countless tribes, few nations, and many artificially-drawn boundaries, it is sometimes argued that the existing boundaries are not important. If this idea prevailed, Northern Rhodesia would lose Barotseland; Uganda, Buganda; Kenya, the Masai, the Somalis and the coast people; Nigeria a dozen parts of itself. There would be a thousand states in Africa and no Congo for Mr Tshombe to secede from—indeed, some tribes might secede from Mr Tshombe, taking (according to their present whereabouts) large chunks of Katanga's rich mining territory with them. Most Africans recognise that Africa is more likely to become modern, prosperous, stable and free if units are large—even when they prefer federal states to unitary ones. Most Congo federalists have given up declaring their provinces independent.

WOULD Mr Tshombe follow their example if it were not for his foreign courtiers? The question has to be asked, but is hard to answer. Support for his Conakat party comes mainly from the Lunda tribe. Conakat won 25 seats out of 60 in the provincial elections in May, 1960; Balubakat, which wants a unitary government and calls Mr Tshombe a white man's stooge, won 22. Most of the other 13 members support Mr Tshombe, who has made plain his distaste for the rule of Leopoldville ever since Conakat was formed in 1959. But the elections were not about secession; the question then was whether an independent Congo should be federal or unitary. Geographically, Mr Tshombe's support is solid in the extreme southern tip of Katanga. He commands pockets of strength elsewhere in the province but not, paradoxically, in Elisabethville or Jadotville. For these reasons his mandate to demand independence is not self-evident; nor is it clear what his precise demands would be if he were free of white influence. A politician quick to seize opportunities—and perhaps, to grasp realities—, Mr Tshombe might be a different man at a conference table, with no non-Congolese whispering in his ear.

Certainly it is worth doing what can be done to keep the Congo whole, for the country's sake and in the general interest of Africa. But, equally certainly, it cannot be for the United Nations to pursue this objective by violent means; it is to be hoped that the truce arranged at Ndola on Wednesday can be made to last. After the shock it has had (and the tragic loss it has suffered) the United Nations need not abandon its objectives, but it urgently needs to get back to political methods, methods in which the object is to reconcile conflicts of interest, not to fight them out. That is what Mr Hammarskjöld was trying to do when he died.



Britain's Economic Problem

This is the second of two special articles for The Economist *by* **Sir Robert Hall,** *who retired this year from his post as Economic Adviser to the Government, after having been the top professional economist in the Treasury for fourteen eventful years*

LAST week's article concluded with the argument that under a rational policy for prices in this country it would be necessary to remove the idea that the Government's duty is to mediate between the parties to a wage dispute ; its job ought to be to think about the national interest, and to state plainly, in specific cases as they arise, that the national interest is harmed when settlements exceed or fall short of some figure that is consistent with reasonably stable prices. It is only common sense, however, to recognise that no policy in a field which touches the ordinary citizen so closely can succeed for long unless public opinion is behind it. This will require a great effort. Among other things, any government which attempts a wage and price policy will have to recognise that the national income can be redistributed to some extent by tax policy and that taxes must be seen to be fair.

The points where our system is most vulnerable are probably the absence of any taxes on capital gains, and the treatment of business expenses, which leads many firms to somewhat extravagant competition with one another. While it is no doubt very difficult to devise suitable taxes in these fields, we ought to recognise that these are sore points with those who do not enjoy capital gains or expense accounts, and that the whole operation of securing reasonable price stability is immensely more difficult than that of defending a certain amount of roughness in the justice of our taxes. Everyone will have to make compromises.

There is also the problem of economic planning. It is much easier to condemn the absence of planning than to think of effective ways of doing it, beyond the general allocation of resources which goes with a full employment policy. But it is very likely that investment planning could usefully be carried a good deal further than we have done, and that we could spend with advantage a good deal more than we are now doing in finding the answers to the questions that this would involve.

Anything like a national plan would also help towards the acceptance of a national wages policy, if it allowed the body of the community to associate themselves with it, in the form of a challenge. It is almost certainly true that most of us respond better to demands on us than to offers of an easy life, so long as we feel that the demands are made on everyone, just as we prefer on the whole to be law-abiding but resent others being allowed to break the law with impunity.

The Problem of Growth

The revolution in public opinion which would be necessary for a successful policy for stable prices, of the kind outlined above, would be easier to bring about, as indeed would many of the other objectives of national policy, if we could secure a faster rate of growth. Just as our attitudes towards wage bargaining rest on popular beliefs now completely out of date, so in the field of production we suffer from out-moded ideas now quite inappropriate to our situation.

The forces which cause productivity to increase are reasonably well understood: they are the division of labour, the use of capital, and the discovery of better ways of production, the latter usually but not invariably associated with an increase in the amount of capital employed. It is very likely that in recent years Britain has lagged behind its main competitors in the proportion of national income devoted to investment. But the experience of the period from early 1960 onwards suggests that there is something else that is wrong. Although investment had been increasing, industrial production (from which the most rapid increase in productivity must be expected) was almost stationary, until recently, while the number employed rose steadily and unemployment fell to very low levels. Even allowing for some reduction in hours, either production should have increased or employment decreased. It is difficult to avoid the conclusion that labour was being hoarded, that is that employers in general were using more labour than they needed, presumably in the hope that sooner or later the Government would take steps to increase aggregate demand. Something of the same kind must have happened between early 1956 and late 1957.

One of the virtues of the competitive system is supposed to be that it induces employers to cut down their costs so that their profits will be increased. But if the Government takes the responsibility for maintaining a high level of demand and thus a high general level of profits, there may be no actual necessity to seek economies: no doubt there is also an expectation among individual producers that the demand for their product will expand some day and that it is better to hold on to labour than to get rid of it and be faced with difficulties of recruitment later on.

Any tendency to hold on to labour is accentuated by the widespread belief, inherited from prewar days, that employment is an end in itself and that it is an anti-social act to throw men out of work. Trade unions in general resist the process and in many cases seem to prefer work-sharing arrangements, and even try to maintain the numbers employed when labour-saving machinery is introduced. When the demand for a product falls or a cheaper substitute becomes available, every kind of pressure is brought on the Government and the possibility of unemployment is used as an argument that is self-evident and automatically convincing, in favour of some kind of subsidy or protection.

Yet when there is full employment, it cannot be doubted that it is in the general interest to use labour as efficiently as possible. To resist this process is not to prevent employers from exploiting labour, but to allow the industry to exploit the rest of the community. It is against the interests of workers themselves that they should be held in works where they are not needed or in industries that have to be subsidised. This is particularly the case where there

are long delivery dates for exports. This is, of course, recognised as a general proposition and the Trade Union Congress has itself tried for many years, though perhaps not very strenuously, to educate its members in the need for higher productivity. But neither management nor labour finds it easy to apply in particular cases a general doctrine which all would accept.

Encouraging Competition

This is an intractable problem and almost the reverse of that of wages. There it is necessary that competition should not have its full effect, because the result would be instability in costs and prices. Here it is necessary that behaviour should be more competitive, in spite of the fact that full employment has blunted its sharp edges. Various suggestions have been made, such as lower tariffs, more severe action against restrictive practices, and a payroll tax, the purpose of which would be to increase the inducement to economise in the use of labour. A reduction in tariffs obviously increases competition when the tariff has in fact been protective: from a balance of payments point of view, it would increase the need for a national price policy. It is very encouraging, to those who believe in British industry, that so many British employers are now willing to explore the possibilities of the common market. On the other hand, it is difficult to see why a moderate payroll tax should make anyone more careful in the use of labour if the existing level of wages has not done so already. But anything that conveyed to the country that the Government really wanted economy in the use of labour would have an impact effect. (Compare the belief that the repayment of tax under pay-as-you-earn when a man was out of work was a proof that the Government did not want him to look for another job too quickly.)

The Restrictive Practices Court has done a great deal to make collective price maintenance more difficult, but even when such agreements have been completely banned there is a strong incentive not to cut prices, arising from the belief that markets are inelastic and price wars expensive. Unfortunately, both beliefs are likely to be correct in most cases. It will always pay a firm to cut its costs, but it may not pay it to reduce its prices far enough to squeeze out its less efficient competitors. Here again, however, attitudes derived from the days of under-employment and deep recessions need to be re-examined. What is needed is a change in the climate of opinion, and a lead could be given by a general revision of Government attitudes. For instance, an industry which was getting into difficulties could be told plainly that if it could not make better use of the resources which it was using, these ought to be employed elsewhere. At the same time it ought to be recognised, more clearly than it is at present, that redeployment of resources is in the national interest and that something more should be done to soften the blow to those immediately affected. It is much easier to advocate the free movement of resources if one's own business or one's own job is not involved. More could be done for those who are forced to change their jobs : and it would often be cheaper in the long run to compensate declining industries once and for all, rather than to go on burdening the community by bolstering them up with subsidies or protection. No one should have the right to determine both what he should do and the income he should receive, but he can more reasonably claim that he should not carry the whole burden of change.

The Changing Role of Investment

There is, however, some reason to hope that the competitiveness of British industry is increasing and will continue to do so under the operation of economic forces if these are not resisted. Full employment, which has made profits generally high and provided a cushion for industry generally, has also produced a disequilibrium position, in that the earnings on capital invested in industry have been in general higher than the amounts at which capital could be borrowed. This situation could not be expected to last for ever and it has been slowly correcting itself through an increase in interest rates on the one hand, and the ploughing back of large amounts of profit and the raising of new capital on the other, to take advantage of the investment opportunities. It seems likely that as this process continues, and the amounts of capital employed increase, there will be increasing amounts of surplus capacity, in the special sense that there is more capital available than can be used with the existing labour supply. This no doubt explains the very marked tendency in advanced countries with high employment to draw labour from less fortunate countries.

Additions to capital nearly always contain elements of three different constituents : entirely new processes (which may destroy the value of existing capital), or deepening the capital structure (that is, using more capital with the existing labour), or widening the structure (that is, duplicating existing facilities). But a combination of high profits and of labour shortage will give a greater gain from deepening the structure than from widening it, and thus there should be an increasing incentive to those who make the best use of their labour.

Many economists have been somewhat indiscriminating in their calls for an increase in the amount of the national income going to investment, without much consideration of the form which this should take. There is little to be gained from duplicating a plant when there is no labour to operate the extension, yet with full employment this must be the case for all investment which merely adds to existing plants (unless the balance of demand is shifting). Partly as a consequence of this habit of mind, there is then a call for an increase in the total of final demand, because there is "surplus capacity" in the country, even though there may be at the same time over-full employment. It is right to say that we want more investment, but it should be recognised that this will make its greatest contribution where it is most efficient compared to existing capacity and its least where it duplicates it. Surplus capacity and over-full employment together should suggest strongly that we have the wrong kind of capacity. We could, of course, open our doors widely to labour from other countries ; failing this we should give them our old plant rather than stoke up the fires at home in the vain hope that it will all come into use. What is needed, then, is more encouragement to those who use their labour efficiently, and more price competition from those who are able to do so. It is very doubtful whether this can be done efficiently by attempts at price control, though we have perhaps set our faces against it even more than we need. But we can hardly expect either a national price policy, or the best use of our resources, until the practice of passing on cost reductions, which is already the habit of many enlightened concerns, becomes almost automatic.

Labour Relations

Finally, there are reasons for thinking that the whole field of labour relations needs to be overhauled in the light of modern conditions. This is not to say that there are not firms, and indeed industries, in which great improvements have been made. It is certainly more widely appreciated than it used to be that it pays management to improve the conditions and morale of their employees: at the same time there has been a change in political and social values, while full employment itself means that workers are no longer compelled to put up with bad employers. But it would be surprising if the weakening of harsh disciplinary forces in any system did not produce conditions in which there was a danger of freedom leading to chaos, which obviously takes place in any organised system without self-control.

In the nineteenth century the worker was very much the underdog, and the history of trade unionism itself is to some extent a history of struggles to modify the law so as to make trade unions first legal and then effective. In the process the tradition of "solidarity" developed and in its time it was a noble tradition.

But the founders of trade unionism would certainly have been far from wishing that this should be divorced from social responsibility, which is one of the dangers that we face today.

Nobody would wish for a situation in which people cannot give up jobs which they do not like, or withhold their labour in agreement with one another. But equally it cannot be right that small groups should be allowed to hold the community to ransom, by appealing to a blind loyalty that had its roots in a different world. The community, which after all consists mainly of workers of one kind or another, should be allowed to protect itself.

Everybody knows about demarcation disputes, the light regard in which agreements are sometimes held, the limitation on apprentices and trainees, and especially about unofficial strikes. In a very interesting article ("Making Industry a Team," *Financial Times Annual Review*, July 17th, 1961) Mr Ted Fletcher wrote recently :

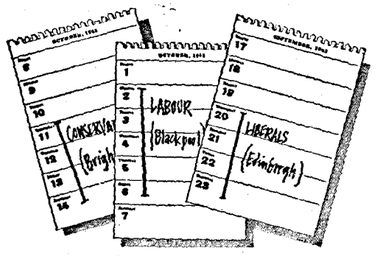
> The strike weapon is hardly ever used officially; it is rarely necessary. The typical stoppage is now the unofficial strike, usually of a handful of men at least initially. And because of the changed pattern of production and the interdependence of processes, a very small group can and often does stop an entire works.

This could be extended, since some stoppages can spread to damage much more than one works: a dock stoppage, for example, can undo the painful labours of many exporters over long periods. Mr Fletcher, who has had a long experience in this field, believes that most of these troubles could be overcome by better machinery for consultation, and by a more enlightened attitude, both by employers and by workers. He calls the outmoded attitudes to which he refers "tribal customs" and his conclusion is that : "A major act of leadership seems to be needed to break the deadlock. Only the Government can fill the bill."

No doubt a great deal more can be done to follow the practices of the more enlightened firms, already referred to. But it is also necessary that public opinion should be brought to understand what is going on, since in the end it is the public which suffers. The questions which need to be examined are the improvement of labour relations from both sides, and the helplessness of the community both against breach of agreement and in its inability to do anything to protect itself from unofficial strikes. Even when a works or a wider area has been brought to a standstill by a strike which is against the advice and support of the union concerned, it is extremely difficult for employers and other workers to do anything to help themselves, because of the danger that goods will be declared "black" and the strike spread. Since the prosperity of the community depends on the size of the national product, the result of action of this kind falls on everyone. But it is more likely to fall on the employers immediately concerned than a general increase in wages, which can be passed on. There is, therefore, a strong incentive to make a settlement, the cost of which can be recovered from the public, rather than to stand out.

All the problems which have been discussed in these articles are thorny ones. Our traditions are such that it is repugnant to liberal opinion of all shades to say that there are dangers about the welfare state as well as its obvious advantages. But surely it is our duty, as it was that of our predecessors, to keep up with the times. No one can deny that we have had rising prices, that our productivity does not increase as fast as we think it could, or that anti-social action is found in all classes of society, and not only in the privileged classes of the past. Unless we are willing to think out afresh the problems of our own day, our descendants will have to deal with them. While we wait, our weaknesses will get worse and our prospects in relation to other countries will get worse too. We do not want to be regarded as the somewhat discreditable life tenants of what we received as a great estate.

PARTY CONFERENCES—I



Liberals First

A discussion of the prospect before the Liberals, who have started the season of party conferences at Edinburgh this week



THE most important point to make about the Liberals' 1961 assembly at Edinburgh is that the prospects before it do not yet look sufficiently unlike those that the party faced at Eastbourne a year ago. The Liberals are consolidating, and indeed still noticeably pushing forward, after a period of considerable advance. But somehow the real breakthrough has still not happened—and this in a year when there once seemed to be a unique opportunity for expecting it. The ordinary man still looks at the by-election figures to see how the Liberals have done, rather than whether they have won; it still is not quite true that there are three great political parties in Britain today. Perhaps, rather, there are two and a half.

Let it be said straightaway that a Liberal breakthrough this year has been a pretty close-run thing. The figures that the Liberals like to point to are that they have polled an average of 25 per cent in recent by-elections, compared with about 17 per cent in similar constituencies at the 1959 general election. If they could raise their average poll by another 8 per cent again they would go above the magic figure of 33 per cent; and above 33 per cent any party in a three-cornered by-election, by definition, has some possibility of getting in. This would be the point of psychological breakthrough; one suspects that, once beyond it, public attitudes to the Liberals might change much more radically than most commentators yet realise.

But the breakthrough past this point ought to have come during the past year, when the Liberals were particularly well-placed to draw in votes from both the bigger parties at once. And there is a special defensive reason why it is important for the party that the breakthrough should come quickly. At least two of the Liberals' six parliamentary seats seem to be held mainly because the Tories did not oppose Mr Holt and Mr Wade at the last election, while a third may be held only because the 77-year-old Mr Clement Davies (majority 2,794 in Montgomeryshire) has a local personal vote behind him. At the next election the Conservatives may well fight very seat, and Mr Davies's candidacy cannot be counted on or ever; on present form, that election could conceivably see a moderate rise in the Liberals' general percentage of the poll, and a disastrous drop in their membership of the Commons from six to three.

To say this is not to deny the Liberals ought, in all logic, to have derived some enduring sustenance from their brave advance in vote-collecting in the last few years; and, at first sight, one can point to several fields where they seem to have done so. Perhaps the Liberals' most important achievement is not that they have attracted youth and so many young hopefuls to their banner—that is a relatively easy thing for any small and unusual group, including the nuclear disarmers, to do—but that they have held on to the first generation of young hopefuls whom they attracted when their post-1954 recovery first began. The young recruits of those days have felt sufficiently encouraged by their party's advance to stay on with it, instead of drifting away with the feeling that Liberal exuberance is a thing to discard when student days are over.

As a result, the Liberals have quite an impressive team of candidates and workers scattered in constituencies across the country, often now men and women in their thirties rather than their twenties, more and more of them coming to be regarded by local voters as in some way mature, often nowadays of the pushful young executive type. This pushfulness plays an increasingly large part in the organisation of the party both at local and national level, although admittedly sometimes with mixed results; while the organisations of the other two parties sometimes seem to be sunk in torpor, the Liberals always appear to be trying to implement enthusiastic but not always successful reforms in efficiency, which sometimes seem to involve them in sacking older party workers every other Monday week.

Two other achievements of the Liberals, which are partly associated with the new air of greater maturity, are that they have begun to infiltrate members into local councils in some areas; and that in lush Conservative seats, because of socialism's damaged image, they have often replaced Labour as the second party (so that in posh suburbia it now frequently seems that supporting Labour, not supporting the Liberals, is the way to waste one's vote). Yet the blunt fact remains that these are invariably fights to come second, not to win; and that this past year's record has not quite matched up to the opportunities that once seemed to beckon. During the last Parliament, between about 1956 and 1958, Liberals were sometimes taking up to 20 per cent of the vote from the Conservatives at by-elections; they have been taking votes again from the Tories this year, but generally not quite on that scale, although the Tories' recent governmental record has certainly not been brilliant. Similarly, after Labour's third successive general election defeat, and especially just after Scarborough (when many of this past year's by-elections were held), the Liberals really ought to have won a mass desertion of votes from Labour; but they did not, and now that Mr Gaitskell's image has been restored in the Labour party they may take even less.

It is therefore very difficult to be too rosily optimistic about the Liberals' electoral prospects. If one may hazard a guess, it is that, some time soon, they may begin to attract more temporary protest votes away from the Conservatives, but that these will be insufficient to push them past the breakthrough point, and that anyway such votes will almost certainly prove easier to pick up at by-elections than to hold at general elections. This would be a confirmation that, under a system without proportional representation, there is a limit beyond which a party that relies largely on ogling for protest votes probably cannot expect to go. Instead, the Liberals' brightest hope now lies in striving for a respected national image as "the party that generally proves right in the end," in constantly shouting today (sometimes at the apparent risk of annoying certain temporary protest voters) what most of the country is likely to be wise enough to think tomorrow.

In at least two of the great issues of the day the Liberals have triumphantly achieved this. On the common market (and the associated issue of generally freer trade) and on the most sensible attitude to Britain's changing position in the world (as exemplified by their discounting of the need for Britain's independent nuclear deterrent so long as America has one), they got much more quickly than the other two parties into the position where it has for some time been obvious that most of the rest of the country is likely eventually to go. In the broader fields of foreign policy it is perhaps unfair to say that the Liberals have not contributed many new ideas, because nobody else has either. But in domestic economic policy—which generally has the biggest electoral impact in the end—the Liberals have missed many buses. Worse, they have not always learned the clear lesson from Mr Gaitskell's disastrous 1959 election campaign: which is that the surest (and most ignominious) way of losing votes in this country nowadays is to chase after them so assiduously and self-contradictorily that one can become a bit of a national joke.

The Liberals will deny hotly that they have become this, and—as a sign that they do know where economic policy must soon go—will point to a planning resolution on their Edinburgh agenda calling for "a national income policy . . . relating to wages, salaries and profits, and at keeping increases in personal incomes within the bounds" set by productivity. But these words simply do not square with the recent resolution passed by the Liberal party council calling Sir David Eccles "high-handed and contemptible" for applying precisely that principle to teachers' pay; and they sit on the Edinburgh agenda beside other motions—which are likely to be passed—saying that the Government is "cynical" not to place a redemption date on War Loan, calling for the repayment of postwar credits, the abolition of Schedule A, the channelling of more factory building to areas of high unemployment (side by side with another motion saying that Britain must become more "cost-conscious"), and for half a dozen other demands to provide more welfare for less taxes. "Contemptible" and "cynical"? Samuel Johnson, that hammer of all whigs, once gleefully ascribed his success over certain contemporaries to the fact that "the dogs don't know how to write trifles with dignity"; two centuries later, in Boswell's Edinburgh, Liberals might do well to ponder whether there is not sometimes a damaging element of truth in this.

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Democracy and Violence

Turkey's return to parliamentary rule may have had a grave check from the hanging of Mr Menderes

TURKEY is independent, and entitled to run its affairs in its own way. But the Turks do claim to be attached to western standards; they can hardly complain if western opinion is dismayed by the hanging of Mr Menderes and two of his former colleagues. By those standards, to execute men for political offences, even though the act be covered with a white sheet of legality, is wrong. In this case it is also inexpedient and self-defeating.

The present military regime, led by General Gursel, itself came to power in May, 1960, by what was, after all, an illegal act. Its justification was that Mr Menderes's policies were gravely undermining Turkey's young parliamentary democracy. Most people outside Turkey were prepared to concede that Mr Menderes had gone too far, and to accept, at any rate for the time being, the soldiers' protestations that they wanted to preserve, not destroy, parliamentary rule in Turkey. Since then, in spite of a good deal of disagreement among themselves, the new rulers have worked steadily towards the restoration of parliamentary government. A new constitution has been drawn up which contains provisions (for example for a second chamber) designed to check any tendencies towards autocratic rule. Political activity has gradually started up again (there are five main parties), although in a rather restricted way. According to present plans, the military regime is to hand over to whatever government emerges from the elections to be held on October 15th. Now, however, the soldiers have introduced violence into what had been a bloodless revolution. This could be disastrous for them; and for Turkey it is certainly a step backward.

On September 15th, the judges of the High Court on Yassiada passed fifteen death sentences on the ground that the accused had violated the constitution, an offence which carries the death penalty. But in deciding whether to commute or confirm these sentences the National Unity Committee, the military junta, was clearly guided not so much by legality as by political expediency. Evidently the view prevailed in the committee that some deaths were necessary in order to demonstrate that what the soldiers did sixteen months ago was necessary; and who would be better out of the way than Mr Menderes himself? Some reprieves were necessary in order to demonstrate the regime's generosity and humanity, and who more suitable for reprieve than the ex-president, Mr Bayar, an old man of 78? But if the army's desire for blood was not satisfied by one death, why, among those sentenced to be hanged, pick on Mr Zorlu (who, whatever his personal failings, had at any rate served his country well as foreign minister) and Mr Polatkan, the former finance minister? Could it be that their deaths would impress without causing trouble, since neither was a popular man?

Yet if the decisions of the junta inevitably arouse revulsion and misgivings, the compulsion behind them is not difficult to understand. Turkey has come to be accepted so completely as a member of the western community that it is easy to forget that the Turks have had a brief forty years in which to accept a new identity as a nation-state, assimilate profound religio-social changes, and learn new techniques of government. Moreover, there has been no deep grass-roots yearning for more modern ways except among an educated, westernised minority. The Turks have had change and reform thrust upon them and they have not always been pleased. Kemal Ataturk tried to propel them forward by administering a series of symbolic shocks, like the abrupt prohibition of the fez. His successors in General Gursel's military junta staged the Yassiada trials, partly no doubt to justify their own coup, but partly also to teach the Turkish people in the most dramatic possible way how their rulers should not behave. It may well have been argued inside the junta that the shock of some death sentences was necessary to hammer the lesson home.

A DEATH sentence, final though it is, can arouse controversies and passions that go on incalculably. The NUC itself was not, it seems, altogether of one mind about what it had done. Mr Inönü, Turkey's elder statesman, pleaded against it. The whole of the cabinet resigned, apparently in protest, although all were later persuaded to change their minds. What the press and the general public think is hard to judge, since discussion of the Yassiada verdicts has been strictly banned. Yet it could well prove that in its effort to demonstrate with finality that there must be no more Menderes regimes in Turkey, the junta has merely helped to keep alive the discords and ambitions that surrounded the former prime minister.

Moreover, by making themselves responsible for the death of Mr Menderes the members of the NUC have themselves stepped down into the political arena. In a sense they had already done so in their efforts to guide the politicians along what they feel to be the right paths. Now they will have a much more direct personal interest in the sort of government that emerges from next month's elections. They will have an additional, and personal, reason for refusing to experiment with a free play of political forces—for this might bring to the top men who would want, in their turn, to challenge the dubious legality of the May, 1960, coup. Thus the shadow of political violence will not be easy to dispel.

This prognosis may prove too gloomy. One must hope so. But at this stage the army is getting more, not less, involved in politics. With the hangings, Turkey's chances of restoring parliamentary democracy peacefully and reasonably quickly have become a good deal worse.

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NOTES OF THE WEEK

BERLIN

A Door Ajar

WHEN is a basis for negotiations not a reasonable one? When either party tries to get the other to concede in advance something that is to be negotiated about. One hopes that Mr Rusk and Mr Gromyko got the conundrum right when they met in New York on Thursday, while *The Economist* was going to press, to see if they could find a "reasonable basis" for negotiations on Berlin. If the Russians insist that the negotiations must be specifically designed to draw up a German peace treaty, which is the position they have sometimes appeared to take, the West will almost certainly tell them that this is unreasonable. The inch-by-inch progress in the last few weeks towards a conference will be halted; and it may not then be resumed before Mr Khrushchev signs his separate treaty with the east Germans and a wholly new, and more dangerous, situation confronts the world.

But the West, too, has a *responsibility* to be reasonable. Mr Khushchev has said several times that Berlin can have the social and political system it wants, with freedom of access. The question is whether he will let these mere promises be converted into guaranteed rights. The West cannot require the Russians, however, to commit themselves in advance to the discussion of a particular list of guarantees. What they can fairly be asked to do at this stage is to agree that guarantees should be discussed. This much may be possible; Herr Ulbricht, the east German leader, said on September 15th that if the allies wanted to stay in Berlin they should talk things over with the Soviet Union.

If Mr Khrushchev wants to add that he will not allow these negotiations to delay the signing of his peace treaty with east Germany—the position he took in his message to the Inter-Parliamentary Union on September 13th—the western powers need not retire sulking to their tents. It *is* too late for the allies to hope to stop Mr Khrushchev signing this treaty; what they can try to do is to pin him down to the necessary guarantees first. This gives them perhaps ten weeks. Once the treaty is signed, the period during which the Russians admit to having a direct responsibility for Berlin will be at an end. The West may then have to choose between seeking an agreement with east Germany alone, and having no agreement at all. The first would be unpalatable, the second full of danger. The door to an agreement that might bind the Russians is ajar now, but may not stay so for long.

DISARMAMENT

On the Right Track

SOME commentators have been over-quick to see nothing but futility, indeed deadlock, in the joint Russo-American statement of principles for disarmament that was offered to the United Nations on Wednesday. Admittedly, Mr McCloy and Mr Zorin have cut no Gordian knots between them; did anybody seriously suppose that their talks could have had any such result, against the background of recent weeks? But the text they have agreed on, while no more than a summary of principles, has its encouraging aspects.

The United States has now spelt out, in a document of which the Soviet Government is joint author, its commitment to the goal of "general and complete disarmament." One trusts that the Soviet press will report the fact. What will now replace the steady drumbeat of Russian charges that America rejects general and complete disarmament? What, in particular, of Mr Khrushchev's frequent, and, to put it mildly, disingenuous promises that if the West would accept this goal, Russia will accept any system of control and inspection the West cares to propose?

The transparency of those promises is newly exposed by the Soviet refusal to include in the joint statement a paragraph providing that, at each stage of disarmament, the amount of arms and the numbers of the forces retained should be verified. Mr McCloy has explained that he agreed to this omission in order to facilitate further negotiation, but without prejudice to the American position on this important point.

Russia's agreement that a United Nations peace-keeping force should be provided with adequate manpower as disarmament proceeds is also spelt out in the joint statement. There are still many problems to be solved in regard to the control, composition and authority of such a force; but it should not be forgotten that little over a year ago Mr Khrushchev and his echoes were tirelessly denouncing the whole idea of a United Nations force as an imperialist crime, an instrument of western ambitions for domination. It is interesting that their conversion, if only in principle, should have occurred during the year of the Congo.

FORD MOTOR

Tempest in a Teacup

WHILE General Motors in America ends its strike over breaks for making water, Ford Motor in Britain looks as if it is to start being strike-bound over breaks for drinking tea. The leaders of the 22 unions representing the 45,000 work people at Ford agreed on Wednesday to a new "wages and hours" offer that would give the men 4½d. extra an hour, but negotiations broke down because the company insists either on replacing the ten-minute morning tea break by a tea trolley that would be brought round to men on the job, or else on stopping the afternoon tea service altogether. The Ford wages offer would not have been such a breach in the Chancellor's wage pause as some people have made out. The company promised in June to make an offer if productivity improved and unofficial strikes abated; and these improvements had occurred. On the other hand, the company's insistence on getting rid of the tea breaks is also not as absurd as it may seem. Presumably its insistence has been bolstered by the facts that it does not much mind a strike in the present state of the motor trade, and that it does not regard a "tough" attitude by employers as being bad public relations just now, but these tea breaks have long been a real thorn in its side. Quite apart from their inordinate expense as interruptions to an integrated system of assembly line production, it is during the morning tea breaks that agitating shop stewards make most trouble among the men; and last June Ford had to report that "trouble" meant that it had suffered some petty unofficial stoppage or other on every day except three during the preceding eleven weeks.

The union leaders decided to recommend an official strike on Wednesday because they believed that the "tea service" clause would cause the shop stewards to call an unofficial strike anyway. This is therefore not so much the long-awaited "crunch" in the battle of the wages pause as another round in the union leaders' struggle to control their left wing elements, a struggle which the leaders wage by alternately running after the troublemakers and running ahead of them.

The main wage claim in the engineering industry as a whole will reach a new stage when the unions meet the central employers' body next week; and a massive wage claim for power station workers has been tabled this week by the ETU's Mr Foulkes with four other big unions behind him. Yet it still seems probable that the real showdown strike on the wages pause will not come in either of these industries; the most likely battlefield still seems to be road haulage,

where the wages council has duly sent on a unanimous recommendation for a wage increase, which in the wider national interest Mr Hare simply cannot afford to confirm. It is an awkward outlook that the two main faults of the British trade union system—the struggle for voracious wage inflation which it breeds and the internal competitive struggle for power between union leaders and shop stewards which it incorporates—should now seem to be reaching flashpoints at once.

PARLIAMENT

Reasons for Recall?

In democratic theory there is obviously ample justification for the plea by Mr Gaitskell and Mr Grimond that Parliament should be recalled early from its recess; and it now seems that Parliament will be brought back a week earlier than was arranged. There is unfortunately no lack of interesting issues for it to discuss, ranging up to the possibility of the imminent destruction of the planet itself. But the practical man must still dispute whether the case for this recall has been made out. The two main issues mentioned by Mr Gaitskell as requiring debate were the crisis caused by Mr Hammarskjöld's death (which Parliament could and would deplore, but hardly affect) and the situation in Katanga (which the Government, if a recall of Parliament set Tory backbenchers breathing down its neck, would be liable to handle rather less appropriately than it is handling it now). Moreover, the "inconvenience" of recall is not just a matter of calling backbenchers to Westminster from all over the earth. The few weeks between the end of their summer holidays and the re-opening of the Parliamentary grind are the most fruitful weeks of many ministers' working year; among other things, there is a busy schedule of legislation to prepare.

It is always dangerous to carry these "practical" arguments of "convenience" too far. It would be wrong to risk a major inter-party row for their sake. A foreign affairs debate in the week before the House was due to return has been increasingly likely. Parliament must be sitting when great decisions are taken and great initiatives set afoot. But politicians should be careful not to disrupt arranged timetables for reasons of demonstration of eagerness rather than of practical effect. To point out

COMMONWEALTH AND EUROPE

1. The Old Dominions

It was perfectly clear from the Accra conference last week, and from the detailed official discussions that began in London this week, that the Commonwealth's attitude towards Britain's application to join the common market has grown both more complex and more bitter. The problems divide under the three familiar heads of the Australasian dominions, Canada, and the underdeveloped countries.

For Australia and New Zealand, the especially tough problems concern their dairy products, meat and soft wheat. Because Britain imports so much of its food, and continental countries do not, Britain would be bringing into the European community a huge potential market for Europe's farmers; even as a minimum condition those farmers can reasonably be expected not to grab for it all at once, and to agree that for the time being quotas of the British market should be left aside for traditional (and at present much more efficient) Commonwealth suppliers. (Whether those quotas should be dutiable or "duty free" quotas could become an awkward issue between Britain and the Commonwealth; because the common market's agricultural policy will require Britain's retail food prices to rise to the continental level, "duty free quotas" or even the common market's complicated system of "variable levies" would be an invitation to Commonwealth producers to raise their selling prices to Britain sharply, which could massively swell Britain's import bill.) But the Australasians are probably right to complain that, in the long term, no short-term quota arrangements will matter a damn if the common market's farm prices are set so high that Europe-including-Britain is encouraged to become gradually self-sufficient in foodstuffs; in that case the Australasians would eventually be squeezed out of the British market altogether. So it looks as if one of Britain's principal obligations to the Commonwealth will have to be to act constantly as a pressure group that advocates the lowest possible off-farm prices inside the European community; and both British and continental farmers will not like this. New Zealanders also have some reason to fear that when Britain's retail butter prices rise to the continental level masses of British housewives may switch to margarine.

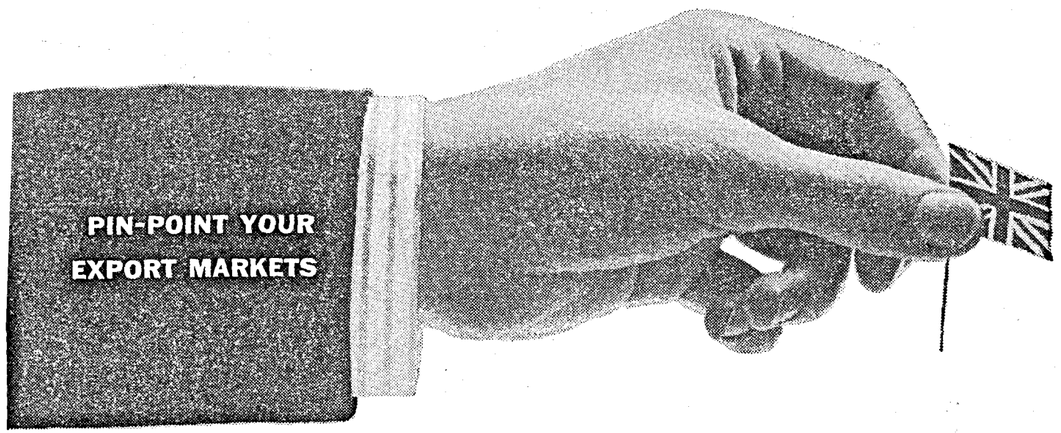
Since Europe does not grow hard wheat, Canada's main problem is going to concern manufactured goods; this can presumably only be met by Britain trying to negotiate that the common European tariff should be low on those manufactures and semi-manufactures in which Canada is especially interested. Such negotiation is not going to be at all easy, especially as it cannot easily be separated from the common market's bargaining *vis-à-vis* the United States in Gatt.

2. Association Misunderstood

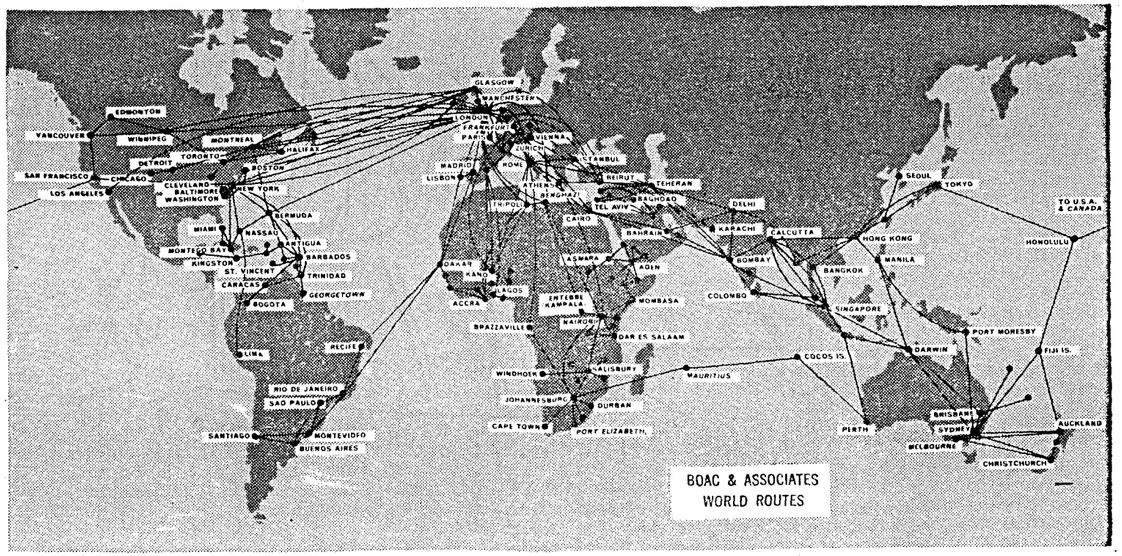
For the underdeveloped Commonwealth countries, the escape route from real difficulties has always seemed easier: they would benefit greatly by applying to become associate members of the common market themselves. Perhaps the greatest disappointment of all at Acora was that it now looks as if none of the young Commonwealth countries except the West Indies is ready to do this, because they think that they scent some sort of neo-imperialism in the idea. This seems to be a bad mistake. It is true that the relevant passages of the Rome Treaty were drawn up when the French territories in Africa (which will be the main associate members) were not yet independent, and thus have some smack of colonialism about them; but the new draft proposals circulated by the European Commission this summer clearly envisage association as being an agreement between independent sovereign states—including a council of association with equal representation of associates and full members, etc. One wonders whether the Commonwealth countries in Africa have read these latest proposals before voicing their objections to an associate membership which, by giving freer access for their exports into Europe, must be heavily in their economic interest.

The same applies to all the Asian dominions, from India down. Even before the Accra conference it seemed unlikely that India would apply, and it was recognised that Britain might have a tough task to persuade the Six to open their markets in this way to big Asian associates. But the reasons that seem to be prompting smaller Afro-Asian dominions not even to apply are baffling. Logically, indeed, associate membership would also be the best course for a country like New Zealand, if only the Six would accept it.

Finally, although some of the shrillness of the outcry at Accra can be attributed to the approach of the Australian and Canadian elections, discussion about measures to meet the Commonwealth's difficulties would be much easier if each dominion could coolly draw up a list of what its main requirements for negotiation are: at the moment in each dominion these seem to be matters where three or four cabinet ministers have an equal duty to utter protests at once, and this is an administrative machinery for expostulation rather than negotiation. Would not those dominions that will be most severely affected be wise to pick out, during the bargaining bouts ahead, their own equivalent of a single Mr Heath?



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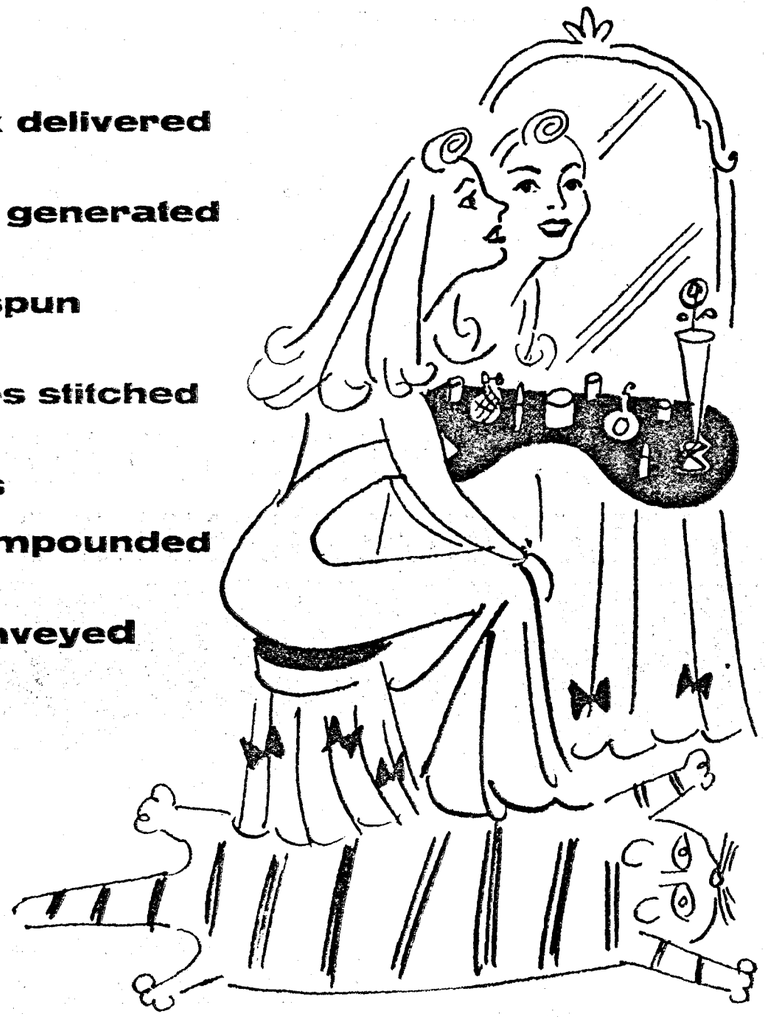
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that this recess's crises have not provided any obvious occasions when Britain could and should take great initiatives after careful parliamentary exposition and debate is not to denigrate Britain's ancient system of parliamentary government; it is, rather, to comment on Britain's new and necessarily less powerful position in the world.

FRANCE

Parliamentary Symptoms

On Wednesday, the eve of his departure for yet another provincial tour, General de Gaulle let it be known that by the end of this month he would drop the emergency powers which he has held since April. Article 16 of the present constitution allows the president to take "measures required by circumstances" when the regime is in danger. The only other provision of this article is that parliament is entitled to sit during the emergency and that the National Assembly cannot be dissolved.

When General de Gaulle invoked article 16 following the April revolt in Algiers, there were no protests, though there were critics who argued that the weakness of the Fifth Republic did not spring from any legal obstacles to executive action. But protest mounted as the months went by and General de Gaulle kept his special powers in his hands. The feeling grew that the coup had been used as a pretext to deprive parliament of its already limited prerogatives. M. Mollet's socialists, the radicals, the "independents," and even the Christian democrats showed signs of restiveness. With the support of the neo-Gaullist UNR alone, the government felt its position to be awkward.

During the emergency session, the deputies were denied recourse to a vote of no confidence by which they might have sought to bring M. Debré's government down. It was not clear whether they would be allowed to do so in the ordinary session opening next month. Nor could the government use the threat of dissolution against such a move. General de Gaulle has finally decided to drop article 16. Had he done so earlier, his move would have been taken as a sign of collaboration with parliament. Now it is being taken in Paris as a sign that he yields only to pressure. But too much importance should not be attached to parliamentary quarrels; this is not where the battles of the Fifth Republic are being fought. More significant may be the reception General de Gaulle is getting on his tour.

BIZERTA

Acts of Grace

A green light has flashed in Bizerta to allow some traffic in goodwill. Less than two weeks after President de Gaulle's discouraging comments on the subject in his press conference of September 5th, French troops in Bizerta had begun on Tuesday to remove barbed wire barriers and make themselves less conspicuous on the streets. This voluntary French action provided a soothing accompaniment to the talks going on between the governor of Bizerta and the French consul general, which both believed would lead to a return to normal in the town.

So sudden an unwinding of events has come to pass through President Bourguiba's and General de Gaulle's joint efforts to interpret each other hopefully. General de Gaulle has not disputed Mr Bourguiba's view that the Berlin crisis (but this alone) justifies French retention of the base. Each leader has thus performed his act of grace. New vistas open up from them. If French soldiers can withdraw, without anxiety, to their various cantonments—as now seems possible—talks at a higher level will begin on the future of the base. The note from Paris, delivered on September 6th, that gave President Bourguiba the signal to yield some ground, is reported in Tunisia to have spoken of a "reconversion" of the base and a "transitional phase." These are malleable ideas.

TEACHERS

Standing Pat

Neither the Minister of Education nor the National Union of Teachers has budged an inch from previously prepared positions this week. Sir David Eccles's ideas on the distribution of the extra £42 million he has available proved to be almost exactly on the lines of his answer in the Commons on August 4th. Such slight changes as there are have been sensibly in favour of better qualified teachers in responsible posts: one's preference would have been to arrange the distribution to give these people even more than they would have got under the Burnham recommendations. Under the Minister's plans no teacher will be more than £30 worse off immediately than he would have been had the Burnham recommendations been accepted: the difference for many will be as little as £5 or £10 a year.

But despite Sir David's cautious observation of the Burnham differentials (and still ignoring his broad hint that in 1963 the teachers can expect another rise, giving them more than Burnham within the period up to the end of March, 1964) the NUT is going ahead with its peculiar strike plans. The union may be commended for its intention to continue teaching the children (its members drawing strike pay, not their salaries), but this tactic also seems to be a confession of uncertainty. It may conceivably attract support in the referenda from some teachers who would have voted against normal strike action, but then the special delegates' conference on October 7th may demand normal strikes after all. Anyway, it is by no means certain that all local authorities would be complacent about the legal position of classes taught on the union's responsibility (and liability?), not their own. Withdrawal from the school meals service after November 1st may also be interpreted as a breach of educational regulations, as well as a shifting of the burden on to those colleagues who still accept this part of their duties.

The NUT's continued determination to demonstrate had the unintentional effect this week of attracting unusual publicity for the one-day strike (closing 1,000 schools) by the National Association of Schoolmasters, with whom the union is barely on speaking terms. The NAS has doggedly persisted with its plan of campaign over recent months without getting much more than a yawn from the national press. The devaluation of the Burnham committee (on which the NAS was not represented) has removed one of the association's bitterer rallying cries. Presumably it can now expect to present its future salary proposals direct to the Minister for official consideration, as the excluded teachers' bodies in Scotland have done there. But without its big grievance the NAS is likely to appear increasingly as little more than an anti-feminist organisation, and now feels bound to compete with the NUT in being more-promptly-militant-than-thou.

TELEVISION FEES

Acting Tough

The actors, of all people, appeared this week in the role of militant trade unionists: Mr Wills, chairman of Associated Rediffusion, took the opportunity of his annual report to shareholders (advertising revenue up 16 per cent) to denounce the "ridiculous demands" of Equity, interpreted by him as a claim for a 260 per cent increase in the minimum fee. Equity points out that, for programmes put out in the smaller regions, it is asking for a 10 per cent increase on the present ten guinea minimum fee—and, strange though it may seem, both sides are telling a version of the truth.

Minimum payments for actors in independent television were originally negotiated when there were only a few contracting companies, and when the maximum audience was some two million. For programmes put out in areas where this is still the approximate size of the audience, Equity is asking only for another 10 per cent. But it argues that an actor should get more for a performance which is "bought" by half a dozen companies other than that for which he is directly working, and which may go out to as many as twenty million viewers: its idea is thus to work out something analogous to a performing right based on the number of people who might see the programme (and thus, tacitly, on the profits made by the producing company from selling its programme to other contractors).

The 260 per cent increase is therefore for the performance fee of an actor whose face is liable to be seen on screens throughout the country ; and it should be noted that the union is not asking for any increase in the rehearsal fee which makes up much of the small-part television actor's income. Equity also points out that it has no control over any but the minimum price for actors, and that the market for middle-price performers is freely negotiated. It claims a cultural do-gooding purpose because, by making the minimum payment depend on the size of audience, its scheme would encourage the production of cheap plays by regional networks using local actors. And to those who say that the massive surplus of "resting" actors makes it a weird proposition in market economics that actors' fees should go up now, it retorts that television has created a need for a reserve of rarely-used bit-part players, since one or two appearances in the most popular plays or serials may make an actor's face so familiar that producers will not use him again for months.

Not all of these arguments carry conviction, particularly not the last one. But if a strike does break out on the television screens from November 1st, this—not a wage claim of 260 per cent—will be what it is about.

WEST INDIES

Without Jamaica

MR NORMAN MANLEY'S gamble has failed. Despite all the compromises that Jamaica's prime minister wrested from the West Indian constitutional conference in June, the Jamaicans have decided to leave the federation. At the referendum on Tuesday, 54 per cent of the voters refused to accept even the very watered-down form of federation to which Mr Manley was trying gently to lead them. Sir Alexander Bustamante, who for reasons of his own is now leading the anti-federalists, had much to help him. The Jamaicans feel themselves remote from the islands of the eastern Caribbean ; the majority of them still believe that a link with the others would be a millstone on their own development. Not rich themselves, they have shuddered away from the thought of supporting even poorer relations. Whether or not they are right in thinking that they can do better on their own, the next stage can only be a series of constitutional moves to extract Jamaica from the federation and set it up as an independent state.

What happens to the federation depends largely on the reaction in Trinidad. Dr Eric Williams, Trinidad's prime minister, is on record as having said that if Jamaica secedes, Trinidad will not carry the other little islands on its own shoulders. It is possible that this was said to bolster Mr Manley's cause. But if Dr Williams does agree to carry on without Jamaica, he will probably revert to his earlier insistence on a strong central government. He may win his way. Although it would have meant abdicating a good deal of autonomy, most of the smaller islands have in the past supported the idea of a tighter rather than a looser federation. This is partly because it would mean lower administrative costs ; partly because the promise to allow the free movement of people has always been pegged to the idea of a central government that is strong enough to direct such movement. The federation has been floundering unhappily for several years ; now that Jamaica has left, it is up to Trinidad to prevent it sinking altogether.

IRAQ

Smouldering Kurds

SPORADICALLY, the aversion that most Kurds feel for being governed by somebody else erupts into boisterous protest. This is now happening in northern Iraq. The large Kurdish minority, disillusioned by the broken pledges of the government in Baghdad, and banking, perhaps, on its frailty, have roughly patched up their intertribal bickering and asserted their formidable, if unorganised, power. For the past three or four weeks, Kurdish tribesmen have been challenging the central authority by setting up road blocks and causing general disarray. General Qasim, faced for the first time by a major Kurdish upheaval, has dispatched ground and air forces to the north. But the army, working over a mountainous terrain, is seriously hampered by the road blocks, and the bombing of a few Kurdish villages is unlikely to dampen the smouldering rebel spirit.

The Kurdish leaders had high hopes of General Qasim's "Arab and Kurdish republic." But there has been a long series of disappointments, arising mainly from the procrastination and tactlessness of the central government. The Kurds were irritated by the inefficiency of the land reform scheme, by the order to stop tobacco growing in the area, by new tax laws and by the transfer of Kurdish officials to other parts of Iraq. Their gradually increasing discontent showed itself, at first, in inter-tribal jealousies and warfare. Skirmishes, mainly started by the Barazani tribe, grew serious during July and August. The Barazanis were probably trying to impose their will on tribes less anti-government than themselves.

Because of the years that Mullah Mustafa Barazani, the tribe's most dynamic leader, spent in Moscow, he is sometimes thought to be a communist ; if so, the brand is unique. The Soviet Union, which puts out a regular Kurdish broadcast, has been discreetly silent about the Iraqi revolt ; it is probably not in Moscow's interest at the moment to help in the overthrow of General Qasim. Outside interference of any kind is unlikely ; the Kurds, who are a tough, gay and courageous people, are capable on their own of giving the Iraqi army a very hard time indeed. Their exiguous unity is almost certain to collapse once the battle is over, and the pipedream of an independent Kurdistan—uniting the Kurds of Iraq, Persia, Syria and Turkey—is nowhere taken very seriously. The Iraqi Kurds are not fighting mainly for secession ; they are fighting for a fairer deal.

HUNGARY

Budapest Reshuffle

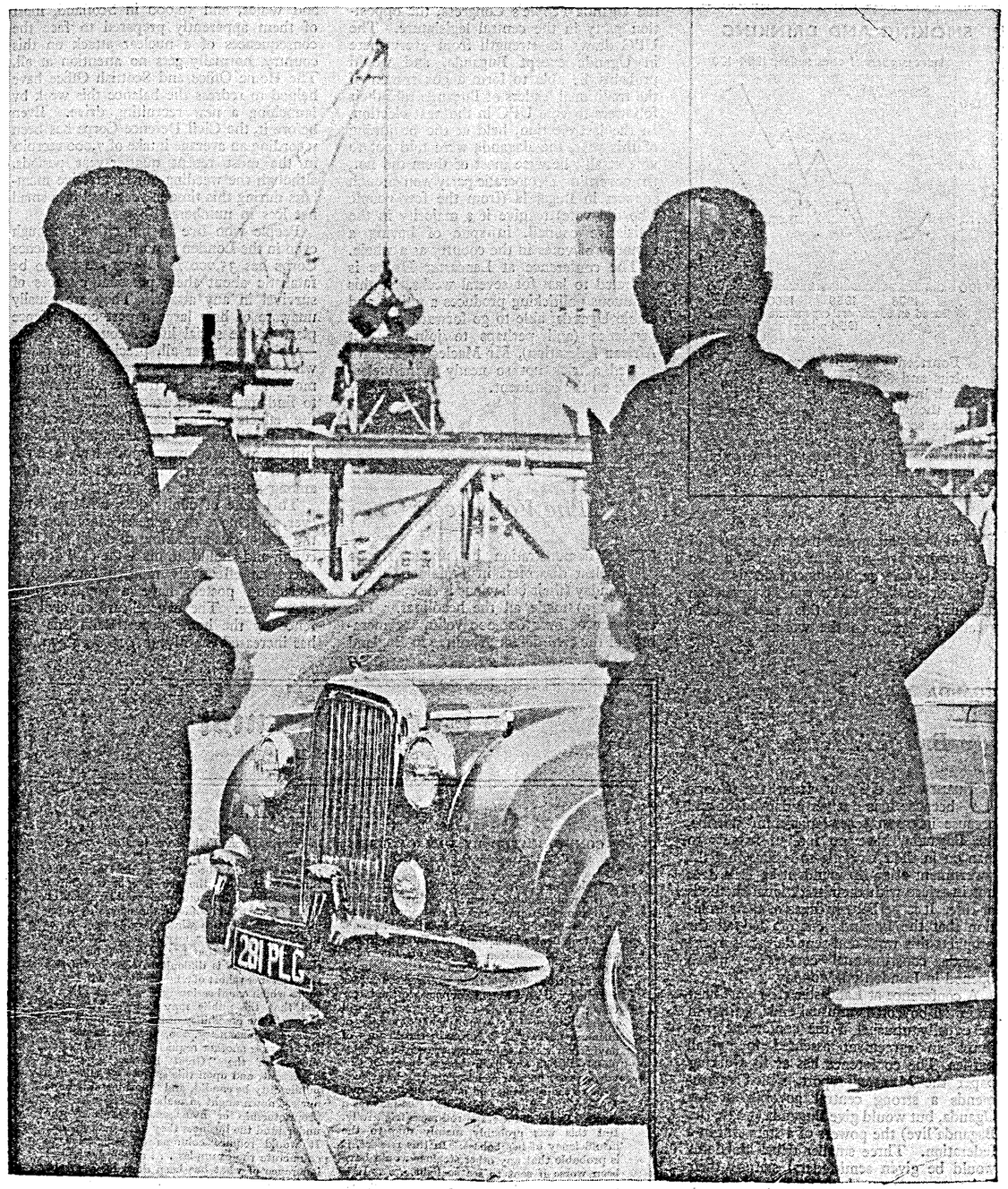
CHANGES in the Hungarian government and party leadership were announced on September 13th. They are the most extensive since the 1956 revolt, but they are unlikely to herald any significant changes for the Hungarian people. Mr Kadar has decided to take over the premiership from Mr Münnich, who is old and ailing and whose retirement has been expected for some time. In deciding to combine the leadership of the government with the leadership of the party (as he has done once before, from November, 1956, to January, 1958) Mr Kadar is falling in with the trend started by Mr Khrushchev in 1958 and since followed in Czechoslovakia, East Germany and Rumania. Collective leadership has been going out of fashion in eastern Europe.

The other changes in the government and the party do not suggest a struggle for power, but an attempt to strengthen the regime by improving its efficiency, especially in economic matters. For instance, Mr Arpad Kiss has been put in charge of a new committee for technical development, and has been succeeded as head of the economic planning office by Dr Miklos Ajtai ; both are distinguished economists, and both have been given full cabinet rank. Mr Bela Biszku, who has been a tough minister of the interior since February, 1957, has been promoted to be a deputy premier, and succeeded in his old job by Mr Janos Papp, who got a medal for his part in the fighting against the revolutionaries in 1956. These appointments suggest that there will be no slackening of the regime's internal security.



On double shift : Mr Kadar

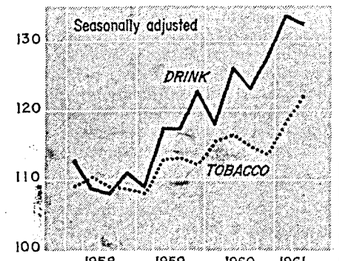
Mr Kadar may have been encouraged to refurbish his regime by the likelihood of increased discontent. Over-hasty collectivisation has already alienated the farmers ; the townspeople are annoyed by frequent food shortages, and industrial workers by the recent raising of production norms. Last



Take a Bentley into partnership

SMOKING AND DRINKING

Index numbers of consumption; 1954=100*



* Based on consumers' expenditure revalued at 1954 prices

Fourteen per cent more wines and spirits and 6 per cent more beer were drunk in the first half of this year than last, though the increase was checked in the second quarter. On the other hand tobacco consumption rose again quite sharply in the second quarter of this year after being stable in 1960.

week it was announced that the targets of the current five-year plan (1961-5) are to be raised, while capital investment is to be cut back so that more can be spent on defence; presumably this means even greater demands on the worker.

UGANDA

Britain's Katanga

UGANDA is different from the Congo because it is not yet independent and because its most secessionist-minded tribe, the Baganda, have no foreign friends to lean on in their struggle to ensure that the government of an independent Uganda does not interfere with their traditional methods of rule. It is perhaps because of their isolation that the Baganda confounded all the prophets this week and sent delegates to the Uganda constitutional conference which opened in London on Monday.

A conference at Lancaster House without an initial boycott is unusual enough; it will be equally unusual if the conference produces an agreement assented to by all parties. The conference has as its working paper the Munster report, which recommends a strong central government for Uganda, but would give Buganda (where the Baganda live) the powers of a state within a federation. Three smaller tribal kingdoms would be given semi-federal status; their claims to autonomy have been strengthened by Buganda's. There is, in fact, some chance of general agreement on such a constitution.

The reason is that a political accommodation has been reached between Buganda and the Uganda People's Congress, the opposition party in the central legislature. The UPC draws its strength from everywhere in Uganda except Buganda, and would probably be able to form a government if the traditional leaders of Buganda told their followers to vote UPC in the next election. In the last election, held at the beginning of this year, the Baganda were told not to vote at all; because most of them did not, the governing Democratic party won enough support in Buganda (from the few people who did vote) to give it a majority in the legislative council, in spite of having a minority of votes in the country as a whole.

The conference at Lancaster House is expected to last for several weeks. If this assiduous politicking produces a united and stable Uganda, able to go forward to independence (and perhaps to join an east African federation), Mr Macleod will have turned a trick not so neatly turned elsewhere on the continent.

CIVIL DEFENCE

The Volunteers

THE demonstration by under 10,000 nuclear disarmers in Trafalgar Square last Sunday (their behaviour is discussed on page 1149) made all the headlines. The existence of over 600,000 voluntary members of the civil defence services in England and Wales, and 50,000 in Scotland, most of them apparently prepared to face the consequences of a nuclear attack on this country, normally gets no attention at all. The Home Office and Scottish Office have helped to redress the balance this week by launching a new recruiting drive. Even before it, the Civil Defence Corps has been recording an average intake of 7,000 recruits in the most recent quarter-year periods, although the weeding-out of inactive members during this time has resulted in a small net loss in numbers.

People who live in big cities (although even in the London region the Civil Defence Corps has 35,000 members) are apt to be fatalistic about their personal chances of survival in any attack. They are usually unaware of how large a part civil defence plays in the social life of country districts —which are, after all, precisely the places where rescue attempts would have to be mounted after a catastrophe. It is normal to find much more exact knowledge about the effects of nuclear bombardment in women's institutes and church guilds up and down the country, which have had the benefit of lecturers and lantern slides, than among anti-nuclear squatters.

This state of affairs does nothing, however, to remove the general conviction that the authorities are failing to do all that they could, and should, to make the civil defence corps an effectively modern force. The recruiting posters have a coy, 1939-ish appearance. The expenditure on civil defence by the home departments this year has increased slightly, to £18.6 million, but

The Economist

SEPTEMBER 21, 1861

THE GREAT EASTERN

COMMUNICATED BY ONE OF THE PASSENGERS ON BOARD

Is the "Great Eastern" destined to revolutionise ocean voyaging as her sanguine projectors have anticipated? or, is she fated to be ultimately moored in some river as a floating hospital and exhibited to our passing grandchildren as one of the most monstrous crazes of the nineteenth century? The disastrous voyage from which she has just returned will give weighty support to the latter view; but a narrative of the passage will probably be read . . . as not being *conclusive* of ultimate failure. . . . Never in the history of navigation was a ship more severely and completely tested, and from the experience of this voyage very *definite conclusions may be arrived* at as to the qualities and powers of the "Great Eastern." In the first place, her steadiness is a myth. Never did a vessel roll more frightfully. But this was probably mainly due to the insufficiency of her ballast. In this respect, it is probable that any other steamer would have been worse if sent to sea so light. . . . It is different, however, as regards her *pitching*. Of that we have had positively none; and as her rolling was slow and dignified, there was hardly any sea-sickness on board. We have seen more in crossing from Folkestone to Boulogne on a calm day, than among our 400 passengers for the week we have been to sea. In this respect, then, we consider the principle of the ship a great success. Any one who would be sick on board of her would suffer in the same way crossing the Mersey on a windy day. Secondly, as to the strength and safety of her hull. In this respect she is all that her advocates have ever represented. It is difficult to conceive of any circumstances short of a hurricane on a rocky lee shore which could seriously affect her hull. We feel that the public may dismiss from their thoughts the possibility of its wreck in the open sea. The machinery, too, is magnificent. . . . But there is another requisite to the safety and success of the "Great Eastern" not less *important*, and upon this subject we must as a public duty be candid, and "nothing extenuate nor set down aught in malice." She needs the proprietorship or *management* of men who understand the business they have undertaken. It would require columns of our space to enumerate the examples . . . of the most utter ignorance of what has been done for years by other Companies to overcome the difficulties involved in carrying a large number of people several thousand miles in an orderly and comfortable manner.

Mortarboards for middle management



Until recently the only way to the top jobs in commerce and industry was through a long education in the hard school of experience. It was impossible, clearly, to cram decades into years, years into months. Until recently . . . Then a new technique called *Management Strategy* made its appearance – a technique which made it possible to shorten the time it takes for middle management to graduate to top managerial jobs. Already proved in Government departments and internationally famous commercial corporations, the Management Strategy system works likes this:

Those taking part are set a problem in manufacturing, marketing, distribution, or selling. They have all the data – costings, product variations, market conditions, budget limitations, and a host of other details – and are asked to make decisions as the operation proceeds – stage by stage. At each stage a specially programmed electronic computer indicates exactly what would have happened as a result of the decisions made, and provides a situation report and all the data for the next stage of the project. Realism is added by the introduction from time to time of 'unforeseen' events, which call for new decisions and the revision of previous ones. Such exercises can be taken by individuals, groups, or teams working in competition with each other.

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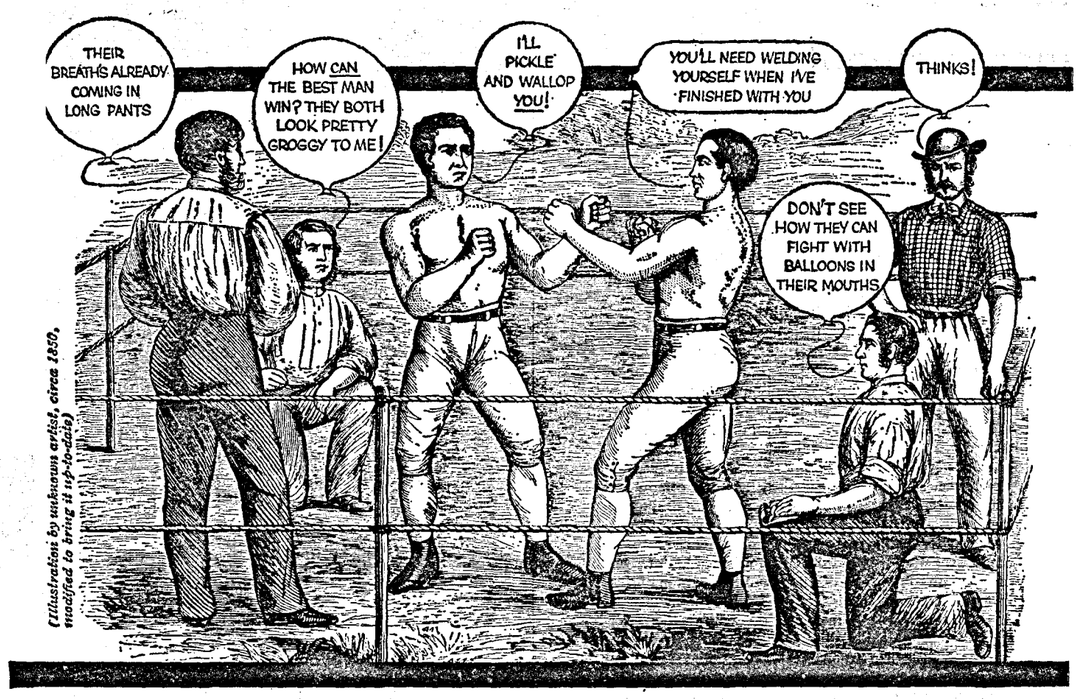
Brandy this good has no stars on its label

No brandy of lesser quality than Fine Champagne V.S.O.P. Cognac is permitted to bear the Remy Martin label. Hence no grading by stars. The question does not arise. All you need remember is to ask for Remy Martin. In return you enjoy a superior cognac of liqueur quality. For Remy Martin *make nothing less good.* In a word, Remy Martin cater for the one man in a hundred who refuses to offend his palate—or his guests—with any brandy less good than Fine Champagne V.S.O.P. Just ask for Remy Martin.

PRIDE OF COGNAC

REMY MARTIN

IS IT PICKLES & WALLOP FOR WELDED STAINLESS TUBES? Fighting arguments come out into the open



[Illustration by unknown artist, circa 1850, modified to bring it up-to-date]

IF it were not for the well-known fact that nobody (except the Directors of Accles & Pollock) ever reads advertisements we should now be in the difficult position of explaining what this one is all about. As it is, all we need do is to state clearly what the Directors would like to read. **HERE IT IS:–** For a long time past Accles & Pollock (sometimes miscalled Pickles & Wallop, Anchors & Poppycock etc. etc.) have been known as skilled makers, manipulators and fabricators of cold-drawn seamless precision steel tubes. The Directors would like all fifty-two million of you to know that, not only are they the country's largest producers of seamless stainless steel tubes but that they are also the leading makers of **WELDED** and **DRAWN WELDED STAINLESS** steel tubes. For many purposes, **WELDED** and **DRAWN WELDED** stainless tubes offer considerable economic advantages.



We should be most obliged if all manufacturers—potential users of stainless steel tubes—would sign the affidavit alongside for the Directors—

We/I the undersigned hereby declare that I/We have read and nearly/fully understood Accles & Pollock's Directors statement about Stainless Steel Tubes and would like a technical booklet about them (the tubes, not the Directors).

.....

.....

Accles & Pollock Ltd
Oldbury, Birmingham. A TI Company

TBW 323

this is still extraordinarily low by American or Russian standards. Mr Khrushchev's fistful of hydrogen bombs for Britain would, if delivered, leave very little that would be recognisable in the major conurbations: and the ultimate pollution of the northern hemisphere by fall-out would probably mean lingering deaths for most survivors. But there is the strongest humanitarian case for ensuring that what can be done in the event of an attack, and in the cataclysmic days that would follow it, should be done. Britain has a good deal still to learn from other thickly populated areas on both sides of the iron curtain.

EDUCATION

Wandering Scholars

To the members of the European community, economic integration is the spearhead of an attempt to merge their societies and face their problems in common. Their plan for a European university in Florence, and their hopes for a gradual harmonisation of examinations which will permit freer movement between their schools and universities, fit naturally into the design. The British, on the other hand, are in process of realising that their European decision has political implications; the idea of it as an influence on every aspect of the nation's life is virtually new.

The teachers' conference on Britain and the common market, organised this week-end in London by the European Movement, is therefore welcome. There are few fields where the opportunities for greater contact and exchange with Europe are more inviting, or the work to be done more urgent, than in education. In university studies, movement between British and Continental faculties has grown considerably in recent years, but differences in curricula and in methods of financing study still stand in the way. Outside the modern language faculties it is still almost impossible for a British undergraduate to take a year at the Sorbonne or Heidelberg and count it as part of his tripos.

It will take a long time to adapt syllabuses sufficiently to enable schoolboys and students to move freely from one country to another without getting out of the stream. France and Italy have aligned their studies sufficiently to make the baccalaureat in one country a passport to a university in the other. And there is considerable academic movement among Scandinavians. There are exceptions. And while, in education, all countries are different, England (though not Scotland) is, as usual, more different than others.

The state of upheaval in British education must inevitably make teachers and educationists fight shy of further problems. But there is a strong case for trying to meet domestic needs for altered and improved curricula in ways that open the door to Europe at the same time. The scholar's liberty of movement was one aspect of the mediæval united Europe for which nostalgia seems justified.

The Manx Flutter

FROM OUR SPECIAL CORRESPONDENT

Careful of the morals of its electors, the United Kingdom government has taken pains, in its liberalisation of betting, gaming and lotteries law, expressly to exclude the possibility of large individual gains from the management of games of chance. Not so in the epiphytic state of Man in the Irish Sea: there, the power to legislate independently has been invoked to overcome such unprofitable scruples. Manxmen see no reason why governments should shrink from battening on one aspect of the acquisitive instinct more than on another, no essential difference between a percentage on chemmy and a tax on dividends; and last year, in the full splendour of its Tynwald Court, its legislators begged the Lieutenant-Governor to introduce a bill permitting the establishment of a full-scale casino. But this naked avarice cloaked an altruistic purpose.

The Isle of Man lives primarily by its tourists, who have lately been staying away from the pleasure domes of Douglas in increasing numbers (the 635,000 of 1913 have become the 471,000 of 1960). A commission of inquiry set up in 1955 recommended the dual solution to the island's ills of opening its public-houses on Sundays and setting up a gaming enterprise.

The resultant bill directs that the business shall be in two sections. The casino is planned to cater for those cartophiles whose interests run to luxury with their *jeux*. A lesser establishment, a *kursaal*, is to provide for those who, like Bentley buyers in the Rolls-Royce advertisements, feel diffident about penetrating the society of nobs; and undoubtedly the general run of Isle of Man tourists will flock to this. But whether the first can draw appreciable numbers of wealthy and enthusiastic gamblers from the undoubted delights of Monte Carlo or Deauville to the British-boarding-house atmosphere and cold seas of Douglas or the second swerve many happy punters from courses set for Blackpool or Llandudno, is problematical.

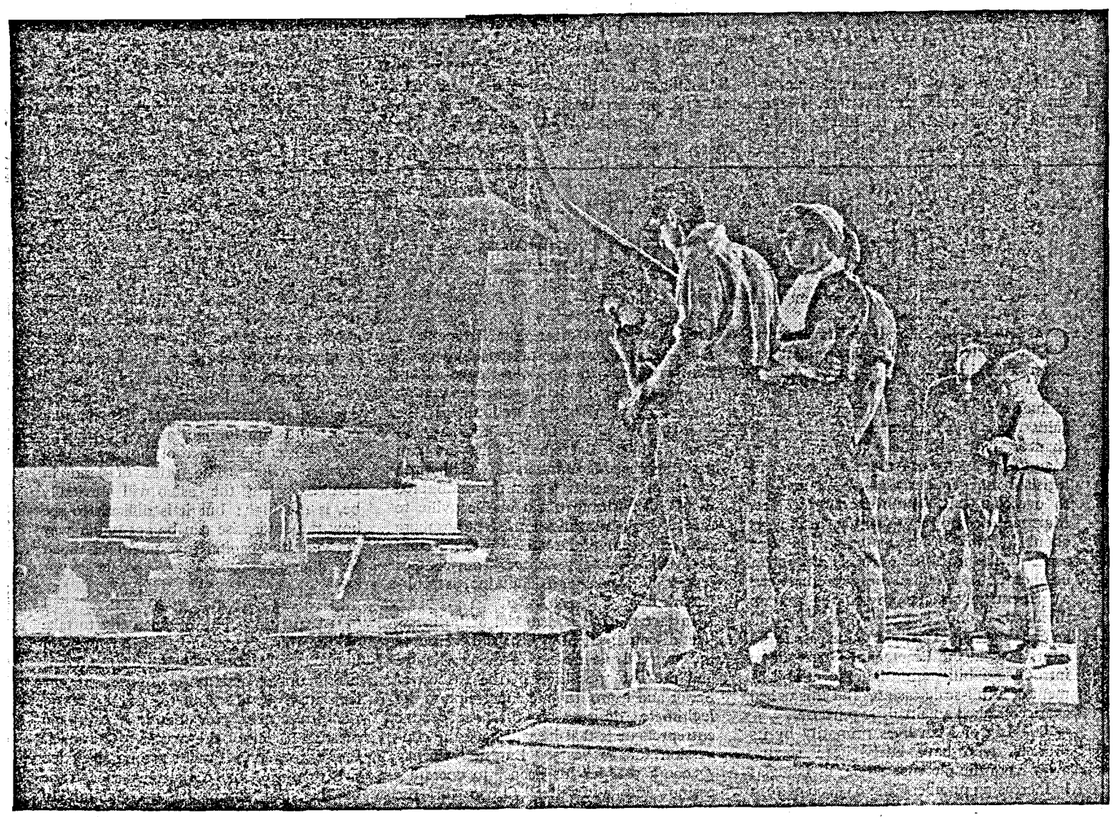
In fact the bill is a model of business-like discouragement—perhaps because of the vestigial puritanism of the legislature and the flat opposition of the Bishop of Sodor and Man. Its one concession to the legitimate desires of the prospective entrepreneur is that he will have the concession for 20 years. But he will pay £5,000 a year for his licence to operate a casino and a further £1,000 for the *kursaal*; he will pass over to the Manx exchequer 15 per cent of the gross product (i.e. turnover) of all games, whether he has a losing run of £250,000 (as Monte Carlo had recently) or not; what games he may conduct will be decided by the Manx Gaming Board of Control, as will the size of the stakes; he will lose his licence if some desperate lout twice disgraces himself in a drunken manner during any year in his gaming rooms (in which liquor may not be sold); his business must cease promptly by 3 a.m. no matter how far the game has gone, and for mismanagement (only vaguely defined) he may be fined from £250 to £1,000.

Even the premises, which he will have to erect before being granted a licence, are defined in the bill. The casino will comprise a 100-bedroom hotel (half the rooms with private baths), a public restaurant of "adequate size" for eating, dancing and entertainments, a swimming pool with sun lounge, a lounge for the sale and consumption of liquor, and a gaming room. The price of land in Douglas, where the casino will inevitably be, is not high: but it is difficult to see how the enterprise can be got under way on an initial capital investment of much less than £300,000.

The question of who is actually to take on this enterprise is not, however, of immediate import. Tynwald (the combined upper and lower houses of the legislature) resolved on the advantages of the project last year, but that is by no means the end of the matter. The lower house, the Keys, fought among itself for five years to achieve a slender acceptance of the idea before its presentation in Tynwald: but the Legislative Council contains, among its appointed members, the Lord Bishop, bound to oppose the bill, and he and his supporters have now delayed its passage for six months, as it is in their power to do, by a majority of one. So the entire process will have to be gone through again. There is little doubt, however, that after next year's elections the bill will find a wider acceptance and eventually pass into law.

boy joins teem

Teeming is what they call it when they run the molten steel out of ladles into moulds to cool down into ingots and the big arc furnaces at Samuel Fox make about 80 tons of steel at a melt which are turned into ingots before being taken to the rolling mills and made into hundreds of shapes and sizes of stainless and alloy steels because that's what Samuel Fox which is part of US is famous for.



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HOME REPORT

In HOME REPORT members of the editorial staff and local correspondents report on life and happenings in and around Britain.



SCOTT's homily (from *The Bride of Lammermoor*) ends with cold comfort: "Easy live, and quiet die." It was in the hope and belief that they might be postponing their easy—and untimely—deaths, as well as maintaining their quiet lives, that Sunday's demonstrators sat still in Trafalgar Square while K and K were arming. Whether this postponement can be achieved by such means is doubtful, in spite of the illustrious intelligences which harbour that hope.

The British campaign against nuclear armaments hardly causes any stir outside Britain. Sunday's sedentary exercise was the largest demonstration of its kind to be seen in London, and the mass arrest of over a thousand people is unprecedented; Fleet Street gave it the full treatment. But, beyond brief factual reports of what had happened, most European papers ignored the lengthy stories cabled by their correspondents, and only *Le Monde* allowed that disarmament and pacifism were actually in the British air; its correspondent cautiously added that "a great and peace-loving people" would come to its senses in a crisis.

The Americans were less restrained, more concerned with incipient neutralism. The Ghanaians were unimpressed by the demonstration, more impressed by the arrest of Bertrand Russell ("In the name of humanity release this poor old man"), as was Mr Nehru. Even the Russians refused to take the demonstrators at their own valuation, and talked of "workers doing battle for peace"—not quite accurately, but predictably.

It is in the light of this small impact on the outside world that the Campaign for Nuclear Disarmament and the Committee of One Hundred ought to be mulling over their future policy. The aims of both organisations have broadened appreciably since their inception, but their main policy remains the "moral" gesture of scrapping Britain's bomb, contracting out of Western defence obligations and ejecting the Americans, to whom they, like the rest of the country, would look if their plans went awry.

The unilateralists have to ask themselves whether, now that they have seen their influence on the Labour party and the TUC slipping away, their original policy still seems the most efficacious way of promoting the general disarmament that the great bulk of their followers (except those who defend Mr Khrushchev's bomb and his new tests) want to see. What has transpired since the CND came into existence has served to confirm that American and Russian policies (and these are the policies that matter) are based on the balance of power and that any weakening in either alliance is an invitation to exploitation by the other side. Nerve-racking as a stalemate of terror is, those who seek the deterioration of that balance will have much to answer for.

Secondly the disarmers have to ask themselves whether their antipathy to the bomb in Britain is based on their own desire to live or on a desire to defend humanity from destruction. If the former, they have no claim to morality: if the latter, it is possible to deplore their judgment while applauding their moral courage. But the British are prone to overrate their moral influence with other countries. It is not British sentiment that is restraining the Indians from making their own bomb. Is it still seriously contended that General de Gaulle or Chairman Mao would desist if this country did?

There is every reason for making fears and wishes known by demonstration. But merely reviling one's own government is seldom the best way of earning public sympathy; the demonstrators cannot be unaware that when they crossed swords with the Russian and American ambassadors they had a much more favourable press and earned for themselves a good deal more private applause. One mildly encouraging event that unilateralists might ponder is the informal meeting held at the Russell Hotel last week—including two people from the eastern block, one of them Ilya Ehrenburg—which managed to agree on a resolution calling for general disarmament. This multilateral gathering was not incapable of compromise and construction; pressed rightly, other and greater gatherings might do more. As private gestures go, civil disobedience in the puddles of Trafalgar Square may be thought to yield, in conscience, to the tiny, pathetically forgotten band of moralists who this week crossed the Russian border on the last lap of their long walk from San Francisco to Moscow.

Trafalgar '61

FROM OUR SPECIAL CORRESPONDENT

THE *Spitfire on its plinth* sat quaintly beside the RAF's shiny rocket missile; passing by, a young graduate asked: "Is that old thing really what they won the Battle of Britain with?" For last Sunday was the occasion of the annual parade to commemorate the gallantry of the Few of twenty years ago: led by a splendid moustache, a troop of banner-carrying veterans marched past to the music of a powder-blue band of air force ladies. But it was not for their sake that police in their thousands were lining the streets and huddling into alleyways from Scotland Yard to St Martin's-in-the-Fields. And to most of the young people massing in Trafalgar Square the Battle of Britain was as much a part of dead history as Nelson on his column.

At 5.30 in the afternoon the RAF veterans marched off through the Horse Guards; leaving the following balance of forces in the area: 4,000 police, 7,000 intending demonstrators, another 5,000 curious or idle spectators (and a few malicious ones)—and press, television and radio reporters by the score. The demonstrators' aim was to win publicity for their belief that Britain's possession of nuclear weapons presents a threat to the very existence of humanity. They succeeded beyond the adman's wildest dreams, but not without help from the authorities. All aid short of sympathy might, in fact, have been Mr Butler's policy.

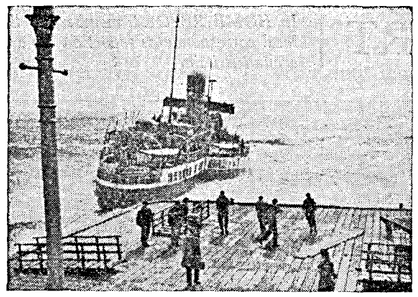
The initial and irretrievable mistake was thus to jail the natural leaders of the demonstration, including the world's most eminent living philosopher, beforehand, thereby ensuring that the affair got the maximum advance attention as well as a certain amount of libertarian sympathy. The authorities indeed removed the organisers who could (had things got ugly) have been expected to keep the demonstrators within the bounds of discipline.

The strategy of the police was to prevent the demonstrators from moving down Whitehall towards Parliament Square; to contain the crowd within Trafalgar Square, which is conveniently enclosed with barriers against jay-walking; to keep those outside the square on the move, preferably away from it: and to remove the groups of squatters progressively as each one became an obstruction. The few exhibitionists and would-be martyrs were dealt with sometimes more than firmly: the orderly majority were carried with indignity, but not undue roughness, to the waiting buses, trucks and other *ad hoc* Black Marias.

The first local problem for those enclosed in the square was that the area splashed by the fountains was obviously undesirable, either for sitters or spectators: another was that a seated person takes up far more ground-space than his standing neighbour, and the spectators had some difficulty in avoiding walking on the prone (although some press photographers trampled indiscriminately in the race to get a good picture of Mr Osborne or the photogenic Miss Redgrave). The crowd thus became more and more tightly packed—your correspondent spending an immobile twenty minutes compressed against a group of Italians eagerly discussing this un-Mediterranean *tecnica della manifestazione*—and pressure at the fringes compelled the police to arrest those who were overflowing into the road like toothpaste from a burst tube.

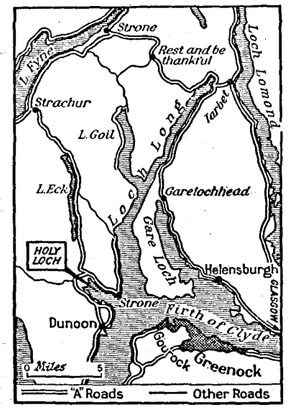
THE major victory for everybody was the comparative lack of violence. The mounted police are obviously too dangerous for use against a sitting adversary, so that these unpopular figures, often dangerously preoccupied with the safety of their mounts rather than of the public, were not called in. Most of the police showed good humour and common sense. Fortunately this was largely matched by the demonstrators, save for a few tiresome exceptions. A group of young men confessed their disappointment at the general restraint—and their allegiance to Sir Oswald Mosley—to your correspondent. Many of those in the square were members of the comparatively moderate Campaign for Nuclear Disarmament; others were Quakers who could be heard, in the most dignified way imaginable, appealing to the spectators: "Tourists, go home."

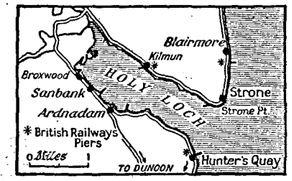
But there seemed to be a genuine wish even among some of the most extreme to remove the impression of unwashed artiness that the movement has in the public mind—and which is probably the most effective reason for its poor success among the respectable backbone of the Labour party. Not a few young women sat in, and ruined, their skirts rather than turn up in the blue jeans that would have caused them to be classed as "beatniks." And when the time for reckoning came, most protesters paid up without the speechifying that has sometimes been inflicted on the magistrates trying these difficult cases. No doubt they felt a ten bob fine was not too dear a price for a clean conscience.



Rough Road to Holy Loch

FROM A CORRESPONDENT IN GLASGOW





THE little Anglo-Scots army of less than 1,000 who marched on the Holy Loch for their Sabbath sit-down had perhaps an even more spectacular day of it on the Saturday in a wild summer gale that stopped practically all the cross-firth steamer services from Gourock to Dunoon. More than half the task force organised by the Committee of 100 was stranded on the wrong side of the water. This group, including the veteran Scots poet, Hugh MacDiarmid, staged an orthodox demonstration at Greenock before most of them slipped off home; across the firth, 140 police from four counties arrested 351 of their comrades who had reached Holy Loch ahead of the gale.

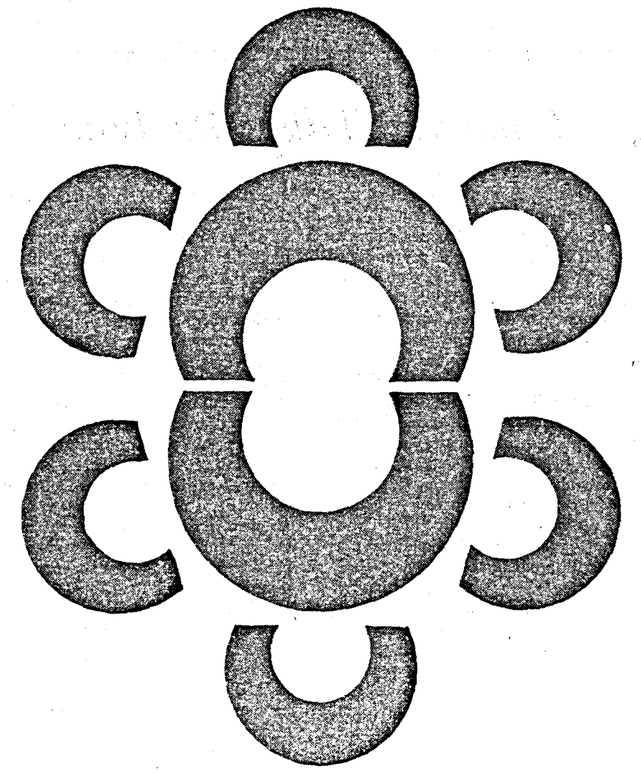
Scottish justice at Dunoon Sheriff Court was almost as severe as the storm. The bench was occupied for most of the time by Hon. Sheriff-substitute D. J. McDiarmid, who handed out average fines of £10 (with 14 days to pay) which made the Trafalgar Square penalties seem nominal indeed. The Crown thus netted £2,542 for the weekend's work. Miss Pat Arrowsmith, one of the organisers, was sentenced to three months in jail; in July she had been fined £7 in the same court.

Miss Arrowsmith had sought imprisonment and she got it. She had certainly stood out at Holy Loch as almost the sole identifiable leader. Some muttering was heard in the ranks about the London leadership's preference for Trafalgar Square, but the criticism was not sustained on a day when even some of the top Scots failed to appear. The churches, too, were not conspicuous apart from a couple of Presbyterians and a handful of Anglicans, led by Canon Stanley Evans of Southwark; the clergy were fined £15 with the option of 60 days. The local end of the Committee of 100, which handled the pre-planning from the Glasgow offices of the Independent Labour Party, was aided noticeably by the communists' efficient Scottish machine, but most of the inspiration and all the orders seemed to come from London.

That much was apparent when Miss Arrowsmith announced at Gourock pier (at the height of the gale) that she had telephone authority from London to hire coaches for the 100 miles to Dunoon by road. This idea, however, appealed to only about 80 of the demonstrators, although not a few of them were still asserting that the weather was a put-up job engineered by British Railways on behalf of the Establishment. The charge for the coaches, Miss Arrowsmith said, would be six bob but those who could pay the full fare ought to do so. Two buses were filled and safely crossed the Clyde up-river at Erskine to take the rough sub-Highland road by Rest-and-Be-Thankful and Loch Eck. They arrived at Holy Loch about 1 a.m. when the police were either in bed or having a sedate *ceilidh* in the hotel, and the pickets had to wait for dawn to start squatting.

SINCE the *Proteus* arrived in the Holy Loch, Dunoon's burghers (who are largely retired and wholly respectable) have experienced much that was undreamed of in their philosophy. Nothing surprises them now: tarts from Clydeside, Polaris protesters, even the submarines lying alongside the depot-ship with death in their bellies. On the whole, they prefer the Americans.

The Argyll constabulary were greatly helped by neighbouring police, but hardly an incident ruffled tempers at any time. American sailors came and went unmolested on Ardnadam pier, apart from the odd Glaswegian gibe thought proper to the occasion. Both the police and Dunoon's citizens eulogise the affair in comparison with the rowdy demonstration at Whitsun initiated by the Direct Action group. It is generally allowed in Argyll that the Committee of 100 are far more genteel people.



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AMERICAN SURVEY

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Congress Takes its Bow

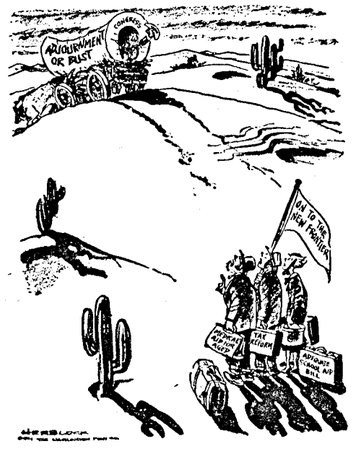
WASHINGTON, DC

WHEN President Kennedy was elected by a wafer-thin margin and the forces of liberalism lost some twenty seats in the House of Representatives last year, the gloomier political pundits drew the conclusion: Mr Kennedy would get nothing really substantial through Congress and he could either go down with his colours flying or he could strike them. Liberals said once again that the congressional system just did not work for this day and age. Now, with Congress panting limply towards the end of one of its longest and most exhausting sessions, the story is different. Liberals may think that their worst fears are visibly confirmed. But the White House, the Democratic leaders in both Senate and House of Representatives, even Republicans (if they put pride in congressional prowess above pride in party) are claiming that this session has been the most productive since 1938.

The effort has left both houses with more than the usual fatigue of the session's end. By common consent the Senate is avoiding another of the inevitably long-drawn-out fights over the liberalising of its rules and the House has dissolved into intrigues over a possible successor to the Speaker, the redoubtable Mr Sam Rayburn. He became ill a few weeks ago, though he says that he will take up his gavel again. His mantle may fall on Mr McCormack of Massachusetts, the Democratic majority leader, but he is not loved by the White House, partly because of his perfidy over the education Bill this year, partly because of past political vendettas in his home state which is also that of the President. Nevertheless, looking back at the broad pattern over the eight months since the bitter narrowly-won battle which gave the Administration control of the strategic House Rules Committee, it can now be seen that a Democratic President allied to a Democratic Congress has given the country viable government in both domestic and foreign affairs, notwithstanding the cross-bench alliance of conservatives of both parties.

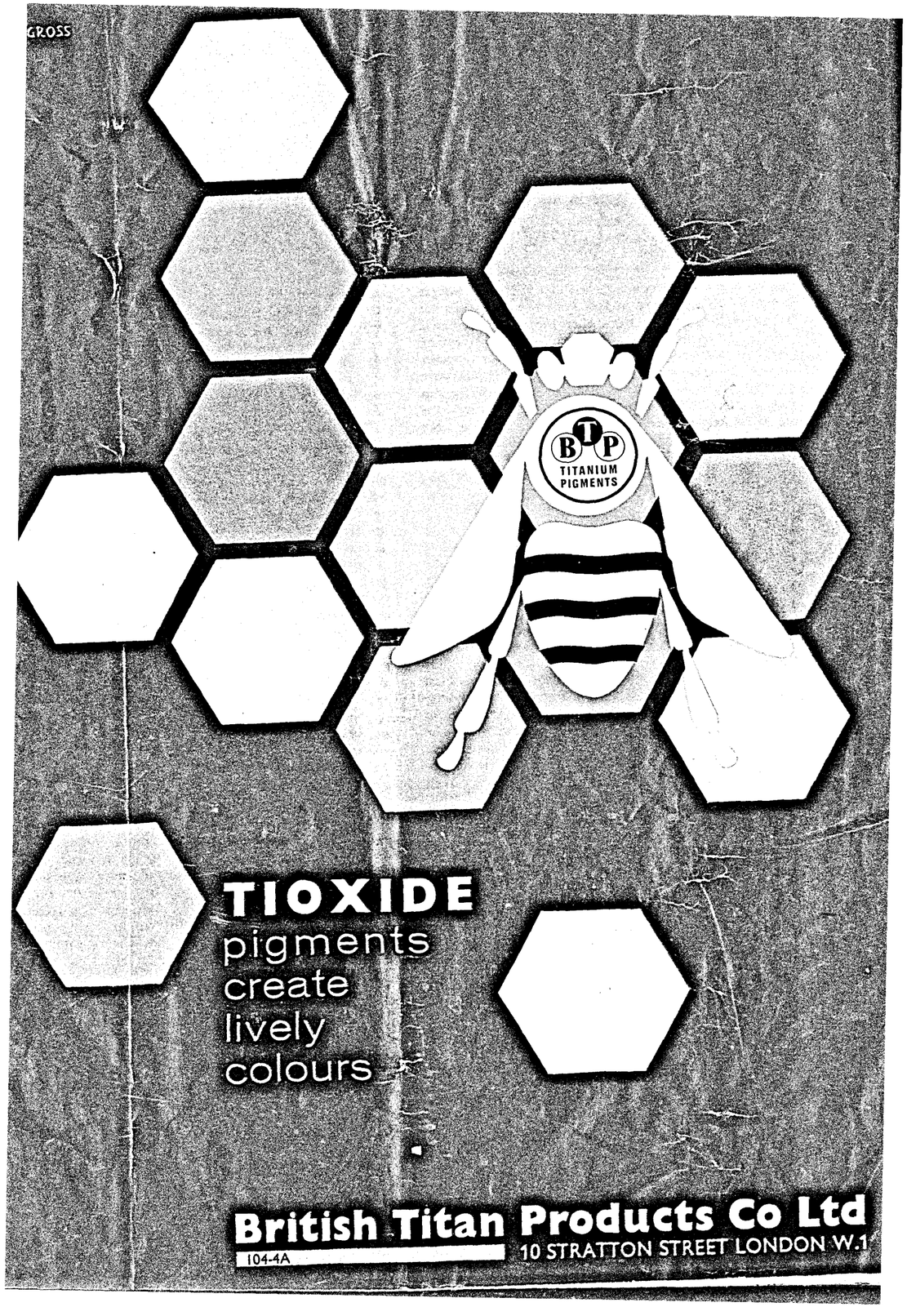
This is not just a matter of totting up the considerable score of the Administration's victories and setting that against its defeats —which, culminating in the rejection of the education Bill and the refusal of the House to surrender its annual control over foreign aid, have produced some very disheartening moments. But a large part of the Kennedy programme, even if trimmed, has become law: an extension of unemployment insurance benefits and of aid to dependent children, help for depressed areas and for Latin America, a $5 billion housing programme, widened coverage by minimum wages and social security, improved provisions for financing highways and purifying waterways, important anti-racket and crime measures, establishment of the Peace Corps and of a new disarmament agency, farm, sugar and grain Bills, the creation of a record number of new judgeships and American participation in the Organisation for Economic Co-operation and Development. Along with all this and a mass of minor legislation has gone the necessary business of appropriating the funds for the Kennedy version of the Eisenhower Budget of 1961-62, including three successive increases in the defence estimates, of which the last was rushed through both houses in a fervour of patriotism; there is money available to go to the moon and money to bury oneself under the earth from the nuclear wrath to come.

"You're Sure You'll Be Back For Us?"



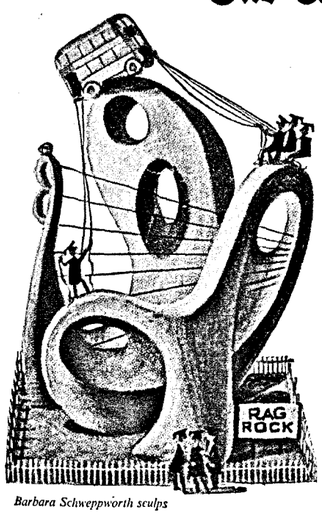
The President's worst defeat was the comprehensive education measure which is stranded, perhaps forever, on the sandbanks of sectarianism; the minor school Bills finally passed merely mark time until a new approach can be thought out. There have been other casualties. For example, the Senate rebuffed attempts to reform the Securities and Exchange Commission, which regulates the stock market, while the House turned down the reorganisation of the Federal Communications Commission, which regulates the air waves, so that the needed new deal for these independent government agencies is now far off. The farm Bill, which was passed, was merely another round in the successive struggles to make terms with the vested agricultural interests instead of the imaginative new approach which the President had hoped for. Again, the minimum wage Bill extended coverage to less than half the 8 million work-people promised in the election campaign. Almost every Bill has been whittled down except when Congress insisted on 70 more judges instead of only 58 and provided money for bombers that the Secretary of Defence does not want. It has also refused to raise taxes on road users to cover the costs of the new highways or postal rates to cover the costs of the Post Office; nor would it close loopholes or make other changes in the tax laws. The Republicans have used the rising cost of defence as a pious argument against spending money on welfare or social reform.

To liberals this is the real, heartrending truth: the session has seen a Judas-like emasculation of brave undertakings, with billions of dollars for defence and a pittance for social betterment in a society leprous with abuses but calling on the world to emulate its free virtues. But such a dour verdict leaves out of account the factor that is only now getting the credit it deserves: a working relationship has been forged between President and Congress, which is based on both his respect for congressional susceptibilities and congressional realisation of his growing strength in the country. Mr Kennedy has not—or not yet—appealed to the people over the heads of Congress. His replies to leading questions on domestic imbroglios in his press conference show, when analysed, a desire to lead and educate, not to ridicule or alienate Congress. He has chosen to handle his relations with "the Hill" as a strictly technical and professional





The University of Schweppshire



Barbara Schweppworth sculps

DEGREE DAY. Traditional climax of Oldbrick's year is tradition, when nobody must do anything which everybody hasn't done always. Degree Day starts the evening before, with the seizing and release of the printing press (twenty minutes) meeting of protest (five) and outbreak of insubordination in Rag Square which, with its Rag Monument and dummy proctors, often extorting dummy fines, is especially set aside for the people set aside to be exuberant.

The actual Procession of Recipients gains in picturesqueness from Oldbrick's more catholic acceptance of the truly pertinent, as distinct from the traditionally O.K., Subjects. We see, proudly displaying their gowns of office, the Bachelors of Film Studio Lighting, the Doctors of Light Reading Suitable for the Family, a Quizmaster of Is There Anything In It, two Ph.D's of Do It Yourself, Disputants in the History of Intercolonial Cricket Part One, a Passman of the School of Examination Passing, two Phobeharmonic Readers in Sunday Paper Musical Criticism, an Honorary Dame Electant of Woman's Magazine Editing, and a group of Public Demonstrators of Ceremonial, Circumstance and Pomp.

Written by Stephen Potter; designed by George Him

SCHWEPPERVESCENCE LASTS THE WHOLE DRINK THROUGH

problem between political managers, a matter of deals between practical men who know each others' power and its limits, as an exercise in the art of the possible.

At the end of the session, after the bitter battles on education and foreign aid, President Kennedy is remarkably popular in the Capitol, where he is from time to time seen unassumingly walking on errands of his own. He has cultivated enemies as well as friends ; unlike his three predecessors he harbours no malice against those who go against him. He poses as the young President who modestly desires to weigh advice from his seniors on both sides. As a President hobbled by an evenly divided Congress, he humours —without quite appeasing—the grassroots conversatism this seems to reflect. In time of crisis, he calls for a national unity which sometimes eases one of his projects past the more recalcitrant lobbies and pressure groups.

An image has been created that has gone down well. Mr Kennedy's popularity "rating" in the country remains consistently high (Americans measure by popularity as naturally as Rome and Moscow do by orthodoxy). The liberals are left to warm their chilled hands on oblique hints that their time is coming. Meanwhile the President presides over an undoubted economic upturn, and has therefore been able quietly to offer to work with Congress in getting the respectably balanced Budget for the next financial year which probably will come in fact almost automatically.

The continuous infighting that seemed inevitable after the opening battle over the House's rules has not happened. Apart from the fierce but spasmodic debates generated by foreign aid and education the session has even been called dullish. The fights have been in committee, on Congressmen's telephones, over coffee in the White House. What is of importance for the future, therefore, is to decide how effective the White House's technique of handling the Legislature has become. The President's own congressional experience has proved invaluable—but its deployment has been limited by his preoccupation with the crisis abroad. The performance of his aides has been very uneven. The farm Bill was mishandled, for example, and so was foreign aid in the House of Representatives ; the worst gaffe was over the education Bill. The Democratic leaders in Congress certainly failed the President both on this and to a lesser degree on foreign aid.

The Speaker must be credited with much of what success the Administration had in the House. In the Senate the new leader of the Democratic majority, Senator Mansfield, had an easier task than his predecessor, Mr Lyndon Johnson (now the Vice President) ; but his authority has grown fast and his aide, Senator Humphrey, who seemed a political castaway when the session began, is now one of the President's closest congressional confidants. But unfortunately relations between the White House and Senator Fulbright, who heads the vital Foreign Relations Committee, have grown steadily cooler.

Margins of victory have been narrow even for compromises, but then they usually are for controversial legislation in the United States. Their very narrowness is an indication that when the President has won he has won something important. And he has been piling up a record of having worked loyally with Congress to get the maximum possible out of it, taking the incidental knocks with good humour. The stage has been set for the trickier session next year when controversial measures like reciprocal trade legislation and medical aid for old people cannot be avoided. This may not be the New Frontier ; but it may be as close an interpretation of the electorate's collective will as can be made through American institutions. Possibly there has been too much appeasement and not enough hustling of Congress. But those who think so have yet to argue their case convincingly.

Is China Major?

One of the many dangers threatening the United Nations at the moment—and the Soviet Foreign Minister made it clear this week that this one is immediate—is that it will be disrupted by a struggle over the representation of China. If the Communists are seated this would be a serious defeat for the United States and might dissipate the new determination and purpose which President Kennedy hopes to inspire in the United Nations by his personal appearance before it. If they are seated this would also alienate many Americans, some of whom are already far from enthusiastic about the United Nations, just at the time when American faith in that organisation is essential to its future. To many Americans with memories of a missionary past and of the Korean war, any dealings with Communist China are a personal affront ; an important section of public opinion is reflected in the repeated congressional resolutions, the latest just last month, against recognition of Communist China or its admission to the United Nations. And even though the leading members of the old China Lobby, the Nationalists' American subsidiary, are now dead or retired there is a strong reactionary trend in the United States at the moment and the Administration can hardly afford to be accused of "softness" on Communist China.

Faced with this situation and with the virtual certainty that this year it would no longer be possible to avoid consideration of membership for Communist China in the United Nations the Administration worked out a new strategy. When the matter comes up the western allies will contend that it is not a mere question of credentials and procedure, to be settled by a simple majority vote, but a "major question" which demands a two-thirds majority for decision. This number of votes, the United States feels fairly confident, will not be available in support of the Communists. Then the United States will propose that the whole issue of Chinese membership and of representation on the Security Council in general should be studied by a special committee to report in 1962, thus in effect postponing the show-down for another year at least.

But this strategy depends at several points on the help of a substantial number of the new African states. They are determined that one of themselves, Mauretania, must be admitted to the United Nations this year. The Soviet Union has said that it will veto this unless Outer Mongolia is admitted also. The Nationalist Chinese, who consider that Outer Mongolia belongs to them, refuse to allow this. In revenge, many of the Africans are likely to vote for the replacement of the Nationalists by the Communist Chinese in the United Nations and against the American plan. To appease General Chiang Kai-shek the United States has now given up for the present any idea of recognising Outer Mongolia. But there is still no guarantee that Nationalist China will not wreck a plan which has been designed only to save it from its fate.

Auto Inflation

At last the United Automobile Workers and the General Motors Corporation have reached agreement on the non-economic issues—relief periods, production standards, compulsory overtime etc—which had been holding up a settlement. Any local branch of the union which does not get its men back to work at once will now be censured by the national leaders. Only about 25 factories were still closed when the final contract was signed and the production lines should be working almost full out by early next week. Other companies hope to reach similar agreements without any stoppages. So the new 1962 cars can be unveiled with certainty that they will in fact be available for the customers who are expected to pour into the showrooms and to boost this year's poor sales to record levels for the last quarter.

They will find plenty to choose from; 400 or more different models, for the motor manufacturers are no longer confident that they know what the public wants and so are offering a confusing variety to suit every taste—they hope—and to match everything their competitors may have thought of. This year's novelty is the medium sized car, really an inflated version of the compact which was last year's favourite ; 35 per cent of sales were of these compact models, America's slightly larger version of the imported cars which had been 1959's great success. So far prices, which will probably run slightly higher than in 1960, have not been announced, partly at least because manufacturers have been waiting to know what wages they will be paying from now on. They also want to know how much they will be paying for steel but no satisfactory answer has come out of the exchange of letters between the President and the steel manufacturers. The latter will not promise not to raise prices when steel wages go up on October 1st but it is thought unlikely that they will in fact raise them, although later there may be selective increases for particular types.

The automobile workers contend that General Motors can easily pay the costs of the new contract—coming perhaps to as much as 50 cents an hour over the three years—out of profits without putting up prices. While this may be true for the motor industry, or most of it, this does not necessarily mean that the settlement is non-inflationary. For it will set a pattern which other unions will try to match and in other industries, with lower productivity, it may not be possible to absorb the additional cost at current prices.

All Eyes on Carla

HURRICANE CARLA had two distinctions as she swirled up from the Caribbean : she was a monster—her "eye" was 50 miles across and her total diameter 350 miles—and like all monsters she moved slowly, at only about 10 miles an hour, although the wind at her centre reached 173 miles an hour ; she was the most looked-at woman there has ever been, partly as a result of her deliberation, with naval airmen flying around her all the time and the Tiros weather satellite keeping a television eye on her from space. All this enabled the Weather Bureau to give very efficient warnings of her advance. As she moved across the Gulf of Mexico onto the low-lying coasts of Texas and Louisiana 28 towns and cities, including Galveston, Freeport and Texas City, were evacuated successfully ; 500,000 people, America's largest mass migration to date, moved out. They were wise to do so for, if their homes and businesses were not destroyed by either Carla or her attendant tidal waves and tornadoes, they were badly flooded. As she proceeded inland she deteriorated into drenching rains which did serious damage in Oklahoma, Kansas and as far north as Michigan.

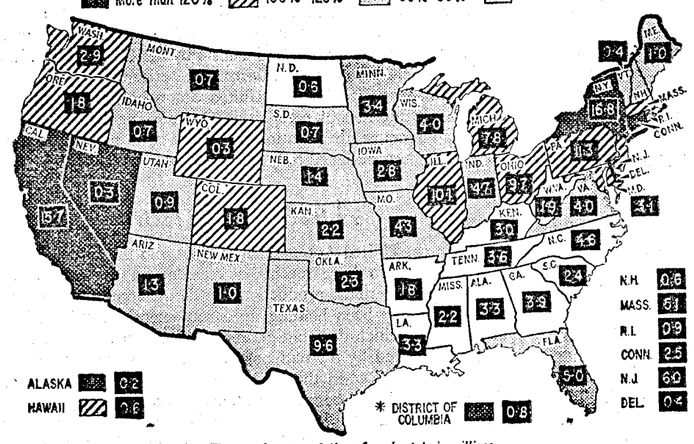
Thanks to the advance warning only forty lives were lost, which compares unfavourably with the twenty taken by Donna, last year's worst hurricane, but is a vast improvement on the hundreds killed by such predecessors as Audrey in 1957. Advance warnings did little, however, to reduce the financial damage, which is valued at perhaps $500 million with crop losses in Texas alone, mainly rice and cotton, amounting to $140 million. Some 4,000 insurance assessors rushed into Texas and Louisiana almost before a stream of cars had brought back the evacuees. But claims are expected to amount to less than the $100 million odd which was paid out after Donna, largely because she travelled up a long stretch of the heavily industrialised and built-up north-east coast—not that the Gulf coast is unindustrialised nowadays. But much of Carla's devastation came from her trail of floods and these cannot usually be provided against financially. Perhaps Congress will now turn again to the matter of government insurance against flood damage ; it has considered this before but always puts the matter aside once the emergency is over. The government does insure farmers against losses of crops. But such flood insurance would in any case be too late to comfort the refugees and relief workers who are now cop-

DISTRIBUTION OF AMERICA'S WEALTH

Average personal income a head for whole United States in 1960 = $2,223

Shading indicates each state's percentage of national average in 1960

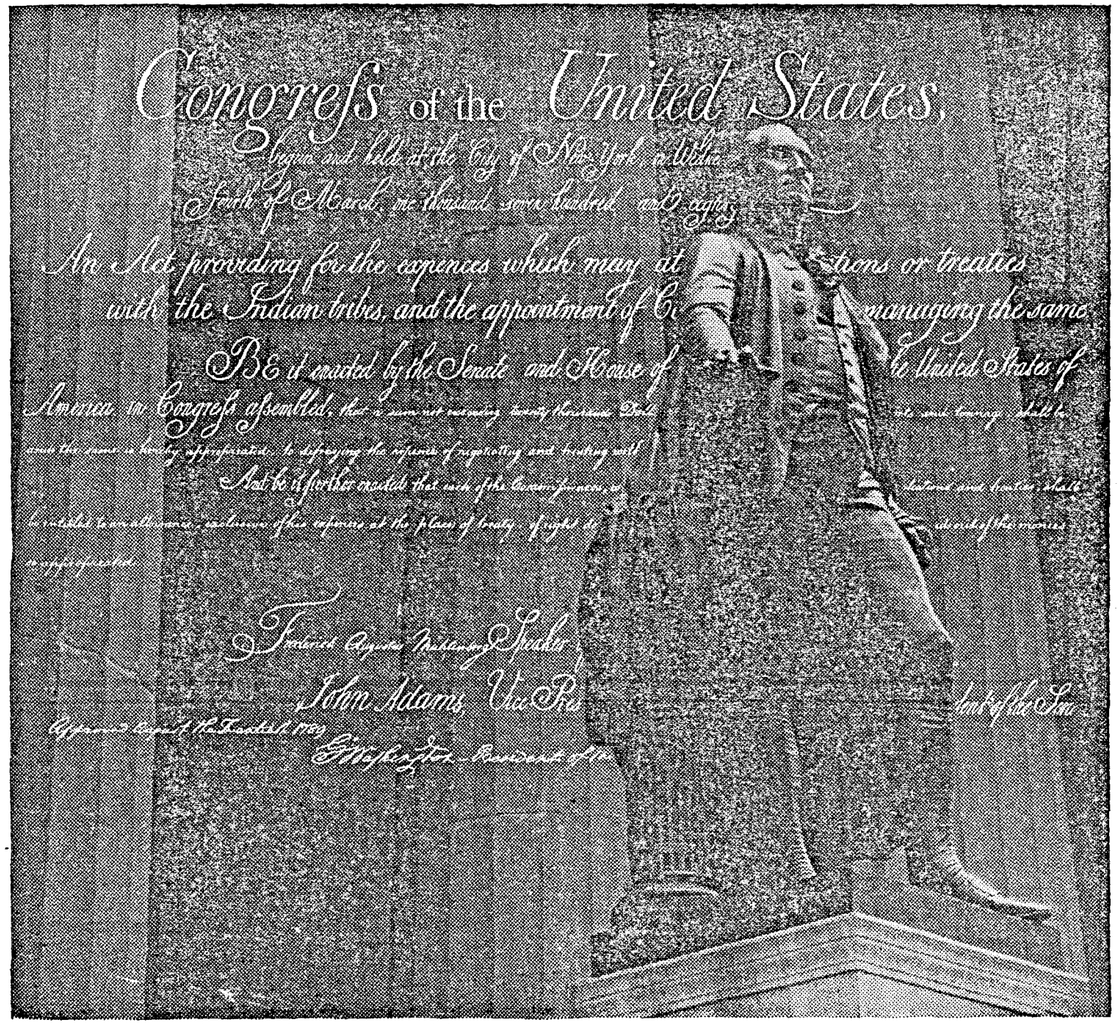
More than 120% | 100%–120% | 80%–99% | Less than 80%



Figures show population of each state in millions

High average incomes and a large population make New York the wealthiest state in the union, with California an increasingly close rival for first place. At the other end of the scale is the small state of Vermont (where total personal incomes amounted to $727 million against New York's $47 billion in 1960) and the sparsely-populated state of Wyoming. Spread evenly over each man, woman and child, the averages were highest in Delaware ($3,013), the national capital, Connecticut and Nevada (where tourists' gambling makes profits for a very small resident population) and lowest in the two southern states of Arkansas ($1,341) and South Carolina.

Over the last ten years, personal income a head has increased nearly 50 per cent for the country as a whole. Generally speaking the poorer states (and particularly those in the South) have been gaining ground on their richer neighbours. Alabama has increased its average income by 69 per cent since 1950 and Arkansas, Oklahoma, Hawaii, Kentucky and Mississippi have all registered gains of over 60 per cent. The slowest-growing states over this period have been Montana (an increase of 26 per cent in income a head), Rhode Island, Michigan, Iowa, South Dakota and Washington.



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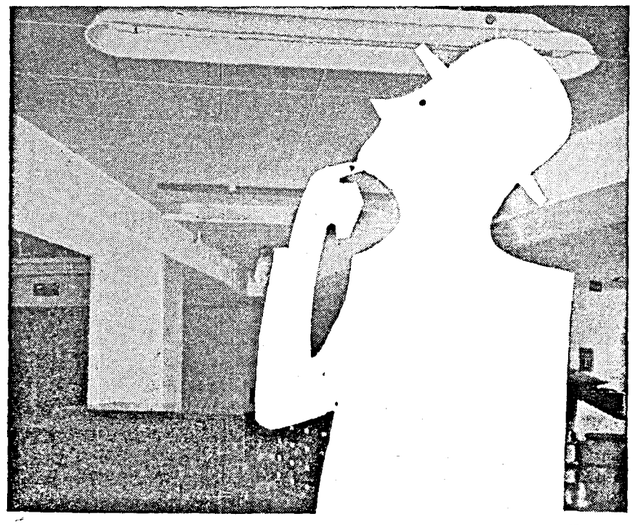
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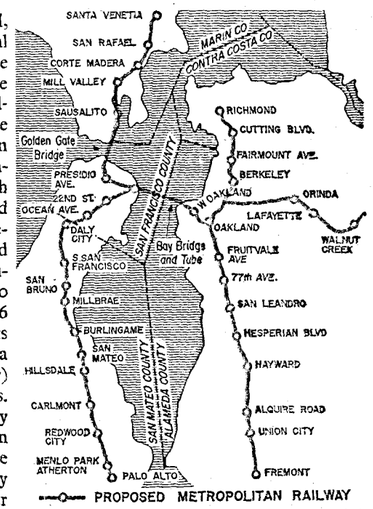
BP4

ing with Carla's ruins and with the threats of typhoid from polluted water and of poisonous snakes driven in to town from their swamps by tidal waves. And the hurricane season is not over yet; Carla's successor, Debbie, caused discomfort only to travellers on the Atlantic but Esther is now threatening the eastern seaboard.

San Francisco on Rails?

FROM A CORRESPONDENT IN CALIFORNIA

URBAN sprawl, that dreadful disease of which the automobile is the main carrier, has seldom attacked a more delightful region than the San Francisco Bay area, with its dramatic land and seascapes, benign climate and cultural individuality. The 1960 census showed 3.6 million inhabitants enjoying (or in a position to enjoy) these advantages. There were only half that number in 1940; there will be twice as many by 1990. Motor car registrations are increasing at the rate of 200 a day. Meanwhile public transport has shrunk: surveys show that almost nine-tenths of weekday interurban trips in this region are made in private cars. To accommodate them, great motorways have been built and magnificent bridges span the Bay. But at peak hours the traffic moves along these arteries at a snail's pace. Here, as elsewhere, the dream of the detached house in the suburbs, linked with the office by a freely moving car, is fast becoming a nightmare of wasted travelling hours and frazzled nerves.



For ten years, public agencies created by the State Legislature have been studying the possibilities of building a system of metropolitan railways that would break this vicious cycle of multiplying motor cars and expensive, space-devouring highways. The services of top-flight engineers, economists and other specialists were enlisted; before a start could be made, basic plans for the use of land and estimates of future development of the region had to be formulated, for the first time. The result, published in 1957, was a general blueprint for a rail system, 123 miles long, linking the five central counties of the region, with emphasis upon providing access to the San Francisco-Oakland-Berkeley core. Over this network would run lightweight, air-conditioned and very nearly noiseless trains, at speeds up to eighty miles an hour, directed by a central computer for maximum safety and efficiency.

The plans made ingenious use of existing facilities and rights of way, such as those of once prosperous, now abandoned, suburban railways or the centre strips of motorways. In heavily built-up areas, the lines would run underground; where feasible, they would be on the surface; but over more than half the system they would be up in the air, mounted on pre-stressed concrete structures. To reach San Francisco from Marin County, to the north, the trains would cross the Golden Gate Bridge, using a new level to be constructed beneath that of the roadway. At the very heart of the system, a four-mile underwater tube would connect San Francisco and Oakland, leaving the present Bay Bridge to carry motor cars on two levels and to provide financing for the tube from their tolls.

The advantages of such a system are impressive. Each line could carry 30,000 seated passengers an hour each way—as many as could travel on five six-lane motorways. Travel times could be cut; well sited stations would improve the lot even of those favoured commuters to the south of San Francisco who still have a railway to bring them to town, but who find themselves dumped at journey's end in a dismal section of the city, far removed from offices and shops. Vital space would be saved; San Franciscans shudder at the example of Los Angeles, where streets, motorways, parking and loading facilities now take up two-thirds of the land area of the central business district.

DESPITE such alluring prospects, and the horrors of the only alternative in sight—more motorways and greater congestion—approval of the Bay Area Rapid Transit District plan is no foregone conclusion. It must first be passed by the Board of Supervisors (the chief governing body) in each county concerned; failure of a board to approve the scheme will mean abandonment of that county's portion of the project, a step that would be damaging from any of the five and fatal from the central ones, San Francisco and Alameda. Even with the Supervisors' approval, there will remain the necessity of winning at least 60 per cent of the votes cast in a popular referendum next year in these same counties on the financing of the scheme. The State Legislature greatly improved BARTD's chances of success by substituting this figure for the two-thirds approval normally required in referenda on bond issues. Typically, the sponsors of the new scheme were careful to refrain from pressing legislators officially on this Bill; a hallmark of their performance to date has been consummate skill in the intricate diplomacy that is involved in carrying through such a huge and complex project.

Local groups who want the lines underground instead of in the air (this doubles the cost), enthusiasts for radical devices such as monorail who consider the automatic trains of BARTD old hat—these and countless others must be cajoled, educated, or in the last analysis got around, if the plans are ever to materialise. The latest and most alarming road-block is the refusal of the officials in charge of the famous Golden Gate Bridge to allow it to be altered to carry lightweight trains. Just this month they even refused to seek the opinion of a board of impartial engineers, but conceivably they may change their minds when people in Marin County (which would be excluded unless the bridge can be used) realise how costly such isolation would be. Fortunately the general routing of the system is dictated by topography; mountains and bodies of water, although they increase the cost of construction, also prevent much haggling over the location of lines.

But the biggest problem remains the ordinary householder and his unreasoning love for his automobile. BARTD is not out to replace the private motor car; on the contrary, its plans include parking spaces for 43,000 of them at stations. But the new scheme would probably add from $25 to $35 a year to local rates for the owner of a middle-class house. Fares will cover only operating expenses and the purchase of rolling stock, not the cost of construction. The mere mention of a $1,078,000,000 bond issue has an intimidating sound. In contrast to the huge interstate highway programme, metropolitan transport cannot count on federal subsidies; Congress is now providing some money but only for planning and related purposes, not the kind of capital that San Francisco needs. To the citizen, the costs of driving his car to the city every day are not fully apparent; BARTD plans an intensive campaign to educate him, as well as to point out that the alternative to a billion dollars for public transport is almost certainly a billion and a half dollars for more motorways. Some have suggested brief broadcast reminders of the delights of

rapid travel by rail, timed to reach the radios of motorists tied up in traffic on the Bayshore Highway at five pm every weekday, but no one can tell whether such shock tactics would overcome the inevitable core of "No" votes which any bond issue brings forth.

The relation of BARTD to the broader problems of metropolitan planning and government is not yet clear. Part of its success so far has come from sticking firmly to its business: getting the transport system built. A major attempt to create a Golden Gate Authority, aimed at eventual co-ordination of all transport facilities—bridges, airports, seaports and public transport—recently failed in the Legislature, despite support from the Governor and a series of concessions to the critics; these ended by doing more harm than good, by taking most of the point out of the proposal. One thing seems certain, at least: the BARTD plan, made a reality, would bind the Bay Area together in a tangible way; the important intangibles might well flow from that.

Credit Cards In Debt

ALTHOUGH Americans are well known for their addiction to buying off the cuff, the promoters of multi-purpose credit cards (which enable holders to purchase without paying cash from long lists of restaurants, hotels, shops, airlines and so on) have found the business a good deal less lush than they had hoped. Apart from the credit operations of banks and finance companies, only three credit cards are still in the running and even this is proving too large a number for comfort. Indeed, the only company to be showing a profit is Diners' Club Inc., which introduced the first such card with conspicuous success to begin with and which can now claim over a million card holders running up bills to the tune of $140 million a year. So far the American Express Company, which introduced its credit card nearly three years ago with the firm intention of dominating the field, has failed (with its 750,000 members) either to dislodge Diners' Club from first place or to make its credit card operation profitable. The third and least happy of the triumvirate is Hilton Credit Corporation, whose Carte Blanche lost $4.2 million in its latest fiscal year.

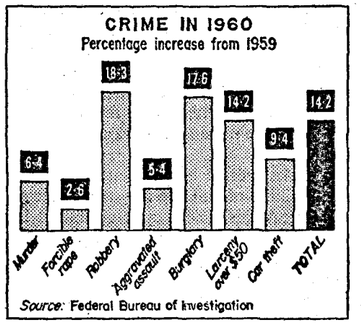
The present unprosperous state of the credit card companies (even Diners' Club has been slipping) is due mainly to the fact that they have been unable to build up their volume sufficiently to justify the very large investment in the business machines that offer the only economic method of processing a mass of small bills. The general public has not taken to the credit card in a big way; a survey by the Federal Reserve Board showed that it is still used mainly for business wining, dining and travelling. Moreover, in trying to increase their respective shares of a definitely limited market, the companies have had to keep their annual charges to members unreasonably low; this week, however, American Express has taken the plunge and revised its fee from $6 to $8. In many cases the companies claim that they have made excessively generous arrangements with the retail outlets which honour their card (and who pay a commission on the resulting business). Yet another problem is the tendency of restaurants and shops to accept the cards as an indication of credit worthiness and then to bill the customer directly to sidestep the commissions charged by the clubs.

For some time now the credit card companies have been looking to another round of mergers to solve their problems. Diners' Club and American Express have repeatedly explored the possibilities of joining forces, but so far these talks have produced no results; a major obstacle is their belief that the Justice Department would not look kindly on such a marriage. Now Diners' Club has turned its eye to Hilton's Carte Blanche which, though a dubious asset at present, would bring the large chain of Hilton hotels into the fold and which also shows substantial past losses that could be used advantageously for tax purposes. Meanwhile, the potentialities of cash are not being altogether overlooked: members of the Cash Card International Club qualify for discounts of 5 to 40 per cent at shops which belong—providing that they pay cash.

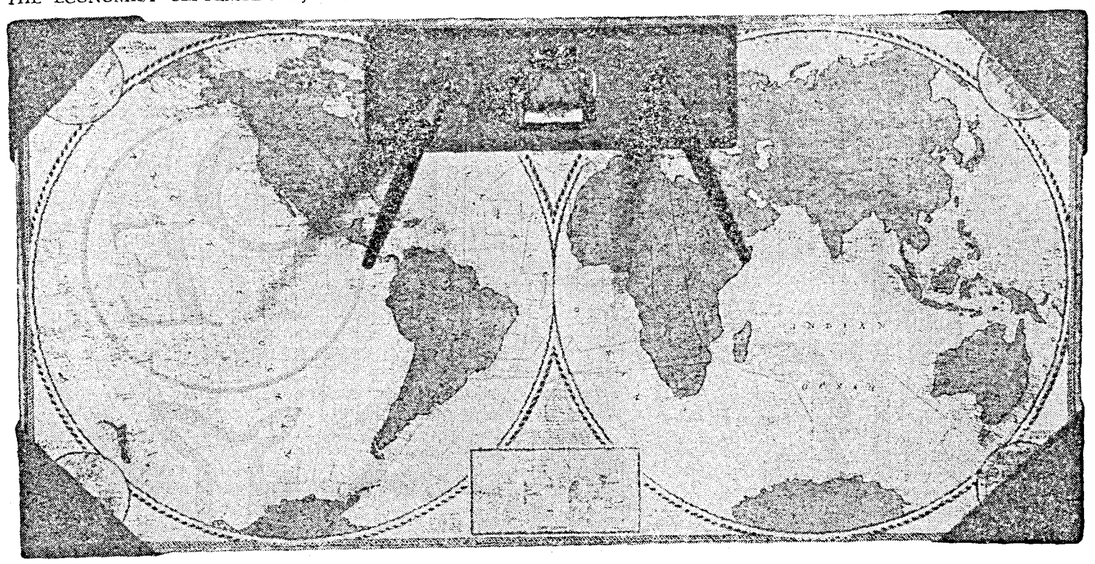
Arresting Crime

CONGRESS has given the federal government three sharp new tools for dealing with organised crime—the most sweeping strengthening of the federal arm for thirty years. It would not have been easy for the legislators to go home without doing something in view of the report of Mr Edgar Hoover, the head of the Federal Bureau of Investigation, that serious crimes have virtually doubled since 1950—the year before Senator Kefauver's sensational hearings. In fact Mr Kennedy, the Attorney General, has obtained only about half of the new laws which he requested but it is the more important half. The federal government needs to be brought into the picture because criminals have become too wealthy, too powerful and too mobile to be controlled by the states, which are responsible under the Constitution for dealing with most crimes. But to get authority to intervene the crime-busters have had to ask for some oddly designed new laws—odd, at least, to foreigners.

One of the new trio makes it a federal crime to cross state lines or to use the post to distribute the proceeds of gambling, prostitution, sales of narcotics or illegal liquor. This is because many of the king-pins of organised crime or vice sit comfortably in one state, out of the reach of the law-enforcement authorities in the state from which they draw their income. Another of the new laws makes it illegal to ship the paraphernalia of gambling across state lines, except where such gambling is clearly legal in the states concerned (pari-mutuel betting at race-tracks is legal in many places). The third makes it a federal crime to use interstate communications, such as telephones and telegraph lines, to transmit information useful to gamblers. All this emphasis upon gambling may seem strange in view of the fact that gambling in itself is not illegal under federal law; indeed, some years ago Congress passed legislation—which has been ignored almost completely — ordering professional gamblers to register with the federal government and pay a licence fee. But the Attorney General and most experts in this field are convinced that gambling provides much of the financial life-blood—to bribe state authorities, for example—needed to carry out more serious crimes.



So important is gambling considered that Senator McClellan has been holding hearings into the operation of the race wires which provide information with the speed that is essential to bookmakers. But most of the witnesses have taken refuge in the Fifth Amendment to the Constitution—which provides that a man may not be forced to incriminate himself—and little that is sensational has emerged. But big-time criminals would now be wise to watch their steps, not only because of the new laws but also because the Attorney-General seems to have succeeded in his task of getting the various federal law enforcement agencies—there are 24—to work together instead of in splendid isolation. The main thing still lacking is for the public to rouse itself from its apathy and demand that organised crime be stamped out.



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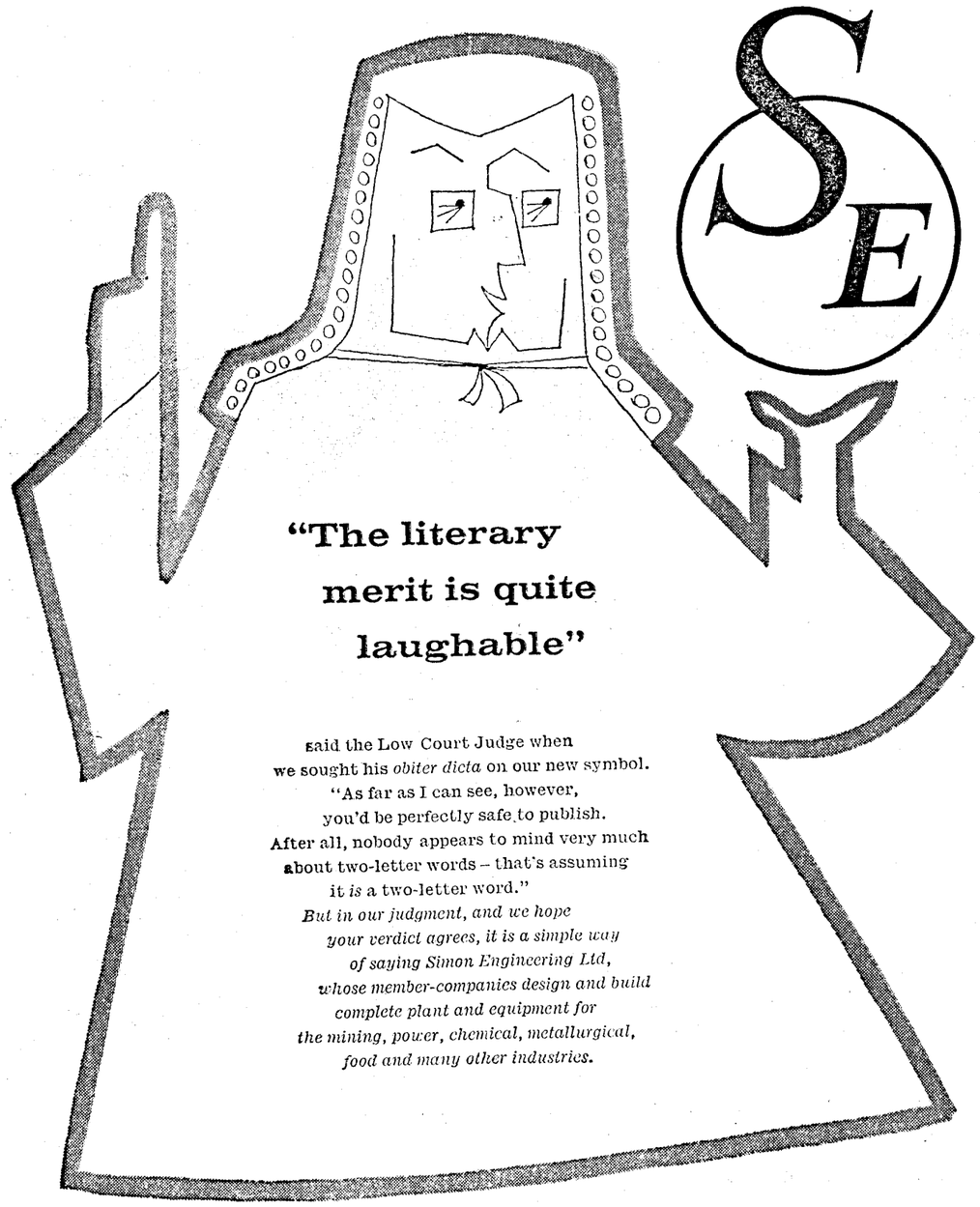
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LETTERS

The Health Service

SIR—In their letter of September 2nd, Professor and Mrs Jewkes go beyond the argument of their booklet on the genesis of the national health service. Now, it seems, they are contemplating the service's exodus. To call the service "a hoax" is to impute deliberate deceit to its initiators. To argue that we might "do better" for ourselves if we "started to pay privately on a much larger scale" is to beg a number of questions.

Questionable figures apart, one flaw in their booklet is its failure to notice the crucial role played in the genesis of the service by the trend of opinion (or emotion) among doctors themselves. This trend can be traced from the British Medical Association's plan of 1938, through the Medical Planning Commission's interim report of 1942 (which notably influenced official thinking, the Beveridge report, and, through them, the public at large), to a climax of idealism in the "doctors' plebiscite" which the Gallup Poll conducted for the BMA in the summer of 1944.

In that poll majorities voted for a public service open to 100 per cent, not 90 per cent, of people; for "free" hospital facilities; for regionally planned hospital services (but overwhelmingly against any control of medical services by local authorities); for control of the geographical distribution of general practitioners; for "health centres"; and for abandoning the sale of practices. This voting expressed a genuine desire to shift medical care out of the semi-charitable, semi-commercial and competitive circumstances in which it had long been practised, into conditions in which doctors and hospitals could serve patients undistracted by what they individually could afford to pay, by the intrusion of approved societies and similar agencies, by the limitations (psychological as well as financial) of charitable arrangements, or by considerations of personal financial gain. It was this movement of professional sentiment which gave Mr Bevan the strength to attempt to remove medical care from the realm of the market. Naive, romantic, utopian certainly, but surely something more than a hoax?

For good or ill, medical care in 1948 abandoned a basically individualist and competitive form of medical practice, with a commercially tinged professional ethic, and is now committed to collaborative forms of practice founded on a public service ethic. Solutions to the vexing problems of our health services will have to be sought within a framework of non-commercial, non-charitable, and non-sectional values. At another extreme, in another society with different values, private purchase of medical care (whether by individuals or by self-selected groups) coincides in North America with a larger and more rapidly growing allocation of resources to medical care (nationally on average, not necessarily at every social level). But this does not validate the assumption that the medical care of Britons—as distinct from the incomes of British doctors—would be improved if American methods were adopted.

I do not deny our health service's central paradox: that a system intended to enlarge consumption of medical care is operated by machinery which readily lends itself to restricting consumption. But it has to be established, not just asserted, that paying privately "on a much larger scale"—for which services and on what scale?—would be better for the health and wellbeing of the British people. It is not self-evident in our type of society that the quantity of resources devoted to medical care is a reliable measure of the quality and medical effectiveness of the services obtained. Nor was the whole argument at the genesis about quantity or distribution of resources. Manners and attitudes seemed nearly as important—the relations between the givers and receivers of medical care, the psychological as well as the financial terms on which patients were accorded access to facilities they needed. The social psychology of medical care is perhaps outside the scope of economists. But it is a vital factor in the medical services both of Britain and of the USA, and not always to the advantage of the latter; and it was very much in evidence in the great controversies of 1944-48.—Yours faithfully, FRANÇOIS LAFITTE
University of Birmingham

Computer Errors

SIR—Having been a user of high speed digital computers on both sides of the Atlantic for six years, I think your comment (August 26th) on the recent order by the Atomic Energy Authority of a £3½ million Atlas computer is not really fair to either the computer or its programmers.

Experience suggests that a computer is probably less, rather than more, likely to make an error after working for a long time without a break, although obviously the chance of an error occurring in any particular calculation will be greater for longer calculations.

Errors can occur of course in the best of computers even if only due to rare power supply failures, and a wise programmer will therefore divide a long programme into sections each running for approximately 30 minutes (perhaps less on very fast machines), and so arranged that the calculation can be restarted after an error from the immediately preceding restart point.

The automatic detection of such errors and initiation of a restart will be almost certain if the programme is well planned in relation to the checking facilities built into the machine, and this will permit reliable operation for a 2½ day run should this be necessary. It is probable that such very long runs will still be made even when Atlas becomes available, because problems tend to become more complicated at just about the same rate as new machines are produced to solve them.—Yours faithfully,
G. B. GRIFFITHS
Woodford Green, Essex

Berlin

SIR—I am puzzled by the defeatism about Berlin in both the leading article and your special correspondent's report in *The Economist* of September 2nd.

Your leader says that if a separate peace treaty is signed between the Soviet Union and east Germany, the allied "presence in the city will rest on no agreement at all," and, according to your correspondent, we cannot prevent Mr Ulbricht obtaining "juridical power" to interfere with western access to Berlin. This seems to concede the whole of the communist case, which is, however, unfounded. The four-power agreements which give the allies the right to be in west Berlin cannot be altered without their consent, and remain valid until the West agree to a change, irrespective of unilateral action by one of the signatories. Similarly, the Soviet government cannot give Mr Ulbricht any "juridical power" which it does not itself possess. In fact, the Soviet Union granted "full sovereignty" to east Germany several years ago, without suggesting that this affected western rights in any way; any more than the independence of west Germany affected the Soviet right to maintain military missions there.

Short of open military attack on the territory of west Berlin, which they probably cannot risk, the worst the communists can do is to impose a new blockade. A new air-lift would be an adequate reply to this, unless the communists were prepared to start the shooting by firing on allied aircraft. The capacity of an air-lift can, of course, be restricted by jamming radio communications, and by buzzing, but this alone cannot prevent enough supplies being flown into Berlin to keep the allied garrisons, as well as the civilian population, going indefinitely. As there are now large stocks of all essential supplies in Berlin, and as transport aircraft are much larger than those in use thirteen years ago, the supply of the city by air should be a considerably simpler problem than it was then.

The main difference between the present situation and that of 1948 is not that the communists have mysteriously acquired new "juridical power" to interfere with western access, but that they have given us notice of their intentions. Unlike Stalin, Khrushchev is preceding the blockade (if there is to be one) by a war of nerves. In the United States and France, this seems to be having little effect, but the British press is showing signs of defeatism. If this defeatism leads the people of west Berlin

to believe that the West is about to abandon them, they may start drifting away to west Germany. Lack of confidence in the West is the one thing that can give Mr Khrushchev a gratuitous victory in the struggle for Berlin.—Yours faithfully,

JOHN KISSIN

Reading

Women's Magazines

SIR—You rightly say (in your issue of September 9th) that the surviving women's magazines may continue if they differentiate the readerships for which they cater more sharply. It has long been the complaint of the woman of middle age that all the existing women's weeklies cease to be interested, in stories, fashions and features, in women once they are past 30. Yet the older women *en masse* have every bit as much purchasing power as young ones or the vaunted teenager class and perhaps more. Salvation for these magazines may be easier than their youthful-minded editresses permit it to be.—Yours faithfully, EILEEN E. KLAPPER

Bromley, Kent

Kenya

SIR—Like your correspondent Mr John Connell I wear an old school tie and regard European farmers in Kenya as my brothers. Unlike him I did not go to school with them; one reason is that I went to a girls' school. I was taught that the black Africans as well as the white farmers were my brothers, and my fears for Kenya therefore differ from those of Mr Connell.

African leaders have frequently said they welcome Europeans who will remain and share the ups and downs of the country, and work for the good of everyone, and not expect white supremacy. They have criticised those who, not content to remain, not content with the arrangements already in hand to help them emigrate to Australia, have insisted that they will go to a country like South Africa where there is still a colour bar. Liberal-minded Europeans, headed by Mr Blundell, have also complained of such Europeans, saying they are harming Kenya.

Like Mr Connell I agree we have a moral responsibility for Kenyans and must show compassion. Like him I agree the European farmers must have "fundamental human rights."

I would, however, remind Mr Connell that when Britain signed the Charter of Human Rights it said no commitment could be entered into regarding its colonial territories. Perhaps therefore we expect too much in thinking that Africans know what human rights are, and that they can apply them to those who wish to hurry out, many of whom have already removed their capital. Nevertheless I believe the Africans do know, and will maintain their promise to the Europeans for fair treatment. In any event I believe they must have the chance to do so.—Yours faithfully, EILEEN FLETCHER

Guildford, Surrey

BOOKS

Organised Triumph

The Franco-Prussian War

By Michael Howard.
Hart-Davis. 525 pages. 63s.



Moltke: "dour common sense"

MILITARY fashion being essentially imitative, it was not long after the Franco - Prussian war that the clumsy *pickelhaube* replaced the more dashing *képi* in the British army. Emulation on the Continent went deeper: each of the major powers adopted its own variant of the Prussian citizen army; all drew up detailed plans for rapid mobilisation—only to be caught in a trap of their own devising in 1914, afraid to postpone mobilisation or to arrest it once it had begun, for fear of surrendering the advantage of superiority to the enemy in the opening engagement. It might even be claimed that the British army's neglect of the lessons of this war and its failure to spin theories based upon them, as Foch for example did, worked at first to its advantage in 1914; at least, having been taught a sharp lesson by the Boers, the British Expeditionary Force appreciated the virtues of disciplined rifle fire better than the German and French armies.

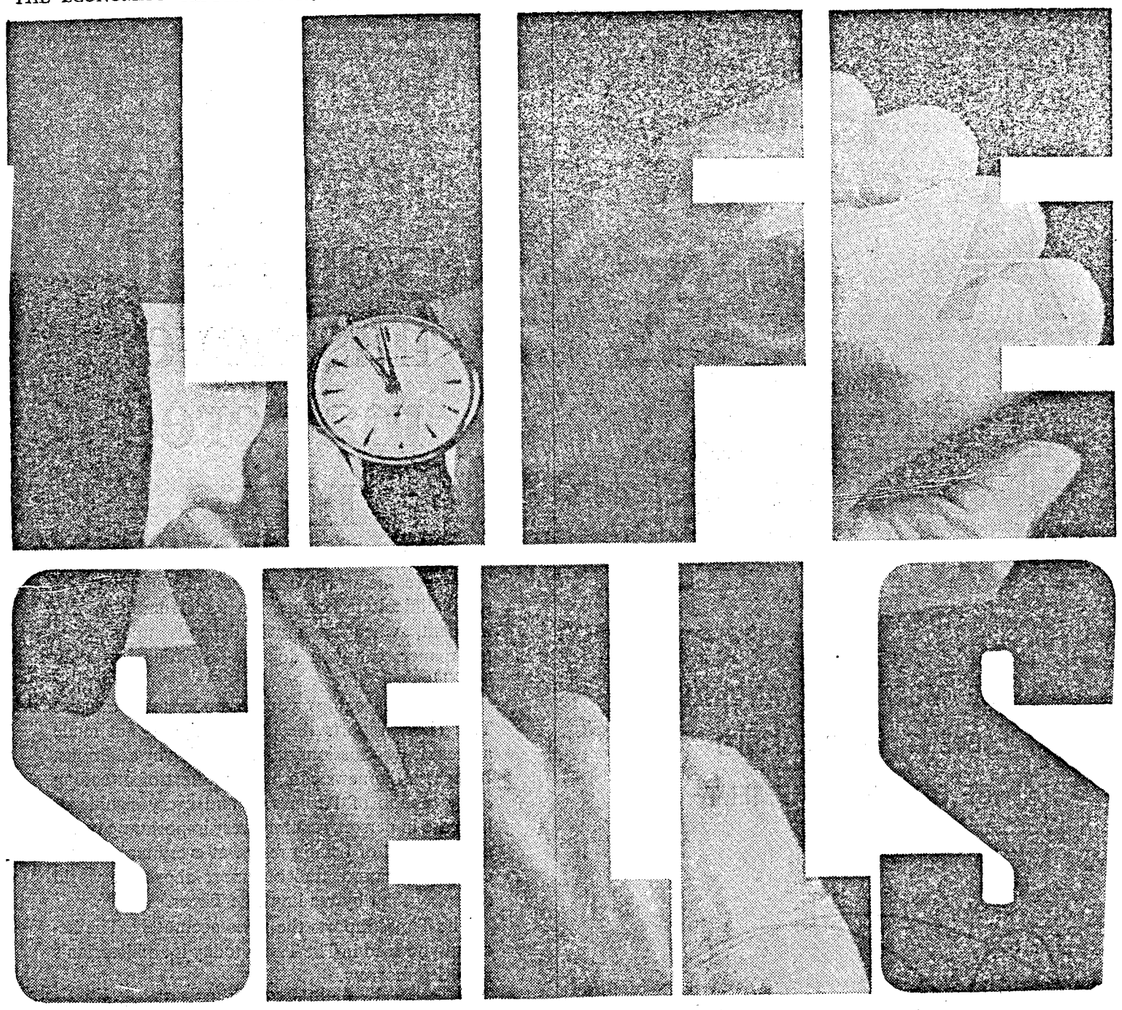
Except in so far as the strength of its navy kept France's supply lanes open throughout the conflict, the Franco-Prussian war was a land war. This goes a long way to explain why it was not studied really closely in Britain, preoccupied with a marine strategy and the problems of the "small wars" of imperial expansion. Superficially, of course, the British officer and military commentator looked at the war, touring the battlefields and listening to the staff lectures. The gunners, in particular, learnt a lot. The Prussian success was avidly seized upon as an argument by the advocates of short-service and later, in the 1900s, by those preaching the necessity of conscription. But at bottom this remained a war alien to British military thinking, and not until Mr Michael Howard produced his present study has any British historian written a book comparable in depth or perception with those written on the Continent.

This appears the more startling when it is compared with the careful and occasionally brilliant studies made in this country of the American Civil War. In neither case is there any lack of sources, either primary or secondary, and the neglect cannot simply and cynically be ascribed to a reluctance to learn German. The excessive concentration upon the American conflict and the comparative neglect of the European struggle introduced a bias. The cliché, for instance, that the American Civil War was the first of the modern wars often carries with it in this country the unspoken implication that in some ways the subsequent Franco-Prussian war was old-fashioned. Yet, it pointed just as clearly to the future and, in the use of artillery, even more clearly. Shelling by breech-loading guns and fire from breech-loading rifles dominated the battlefields. The French staff were aware of the advantages of the tactical defensive; their failure to exploit these tactics properly, however, swung the balance the other way and throughout much of the 1914-18 war their successors preached the virtues of the offensive and the will to victory. It was only perhaps because the war lasted so short a time and was so decisive in its initial encounters that field entrenchments on the scale of those in Virginia in 1864-65 were not developed. Even so, trenches were beginning to appear before the war ended; casualties in frontal infantry assaults were appallingly high; and at Le Bourget the Prussian Guard experimented with the modern tactic of infantry dispersion, only to neglect the lesson, as Mr Howard points out in a telling aside, when they next fought the French.

The failure to read the lessons of this war properly had serious repercussions in 1914-18 and it might even have unfortunate effects today. For the United States and Britain, building up their military strength and economic resources from scratch to fight a total war ending in unconditional surrender, the problems of the American Civil War seemed singularly pertinent. Today, however, with total war pointing to the absurdity of mutual annihilation, a war fought by a great power with organised military forces for a limited political end may be more relevant.

This is one reason for welcoming what not unfairly can be thought to be the test-piece of one who has long been ranked among the most promising of the younger generation of military historians. The other, and no less important one, is that, unlike some of the shoddy stuff which is passed off as military history these days, this is a work of scholarship, compassion and insight.

Each page bears witness to the scholarship. Apart from regimental histories, it looks as if no important secondary source of material has escaped Mr Howard's attention; and, on occasion, he has made use of primary documents. Each piece of evidence appears to have been weighed with scrupulous care by Mr Howard before he arrives at his sober, unprejudiced judgments. All the



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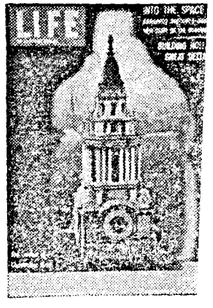
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apparatus of research supports a forceful, lucid and apparently effortless narrative.

The compassion which underlies his comments is displayed, for example, in his treatment of Bazaine, whom he castigates for incompetence, and even at one point for moral cowardice, but convincingly relieves of the charge of treachery. An example of the insight which illuminates the whole of the book can be taken from Mr Howard's concluding paragraphs:

> The small, introvert professional army, more conscious of its social than its professional status, was no longer an effective form of military organisation; and any continental power which wished to escape annihilation as swift and overwhelming as that which overtook the Second Empire had to imitate the German pattern and create a Nation in Arms—a nation whose entire manpower was not only trained as soldiers, but could be mobilised, armed and concentrated on the frontiers within a few days. The military revolution which ensued in Europe had repercussions in spheres transcending the military. Its importance has perhaps never been fully appreciated or been subjected to adequate historical analysis.

Thus, firmly, does this book, in which the politics and diplomacy and the strategy and tactics continually inform each other, come to its conclusion. It can sit securely beside the continental volumes. It is a model of how military history should be written.

Count Witte's Bear Squeeze

A Dynamic Theory of Forward Exchange

By Paul Einzig.
Macmillan. 573 pages. 60s.

FORWARD exchange, one can agree with Dr Einzig, is a neglected subject; and while to anyone other than a foreign exchange dealer it appears hideously complicated, it can have an important bearing on broad economic policy. Keynes in the twenties was the first to toy with the idea of official manipulation of forward exchange to influence international arbitrage, and thus provide a new freedom for domestic interest rates. The idea has been taken up periodically by a number of writers since then, and official intervention in the forward exchange market has become more common—the latest new entrant is the United States Treasury. But the essays in intervention have been limited and tentative; central bankers have been feeling their way rather uncertainly, handicapped by the lack of an adequate guide to what the consequences of official intervention will be.

Dr Einzig's new book, which is a radically revised edition of his prewar "*Theory of Forward Exchange*", will help them in one direction at least. It is an unmatched record of forward exchange operations of the past. Dr Einzig provides some exotic examples—from the transfer of Papal collections in the fourteenth century to Count Witte's bear squeeze in the Berlin forward market for rouble notes in 1894. Then there is the forward rate policy of the Austro-Hungarian Bank, which in its practical operations apparently anticipated Keynes in the early years of the century. Of more practical interest today, Dr Einzig also discusses official intervention in recent years, by the authorities in Britain, Germany and other countries; but the available information here is limited.

When it comes to analysis, Dr Einzig's book is much less satisfactory. His attempt to grace the theory of forward exchange with the coveted "dynamic" is not very impressive; it seems to add up simply to saying that forward exchange can in some cases instigate changes as well as merely reflecting them. This is clearly true, but, as Dr Einzig applies it, not always very helpful. "During 1958-60 much of the gold outflow [from the United States] was due to the intrinsic discount on the forward dollar": but what was the intrinsic discount on the forward dollar due to? On policy, Dr Einzig favours limited intervention, and shrinks from the extremist view on familiar and reasonable grounds. The analytical chapters are also at least three times too long; there is endless repetition and labouring of the same point, which is apt to leave the general reader confused as well as irritated in the end. The specialist reader will find irritation in plenty from Dr Einzig's proprietorial air on the whole subject. Thus his book is put forward to meet the shortcomings not only of other textbook writers and theorists but of the financial press since Dr Einzig left it. An "outstanding instance" was his discovery of the market in European dollar deposits, which had been "completely ignored" until Dr Einzig wrote about it in *The Banker* in January, 1960. He could have read about it in these columns months before.

Poetry and Reform

The Imagination of Charles Dickens

By A. O. J. Cockshut.
Collins. 192 pages. 16s.

MUCH recent Dickens criticism has been marked by a note of testiness and Mr A. O. J. Cockshut's study is no exception. The reason surely lies in a point that Orwell made in the first sentence of his Dickens essay: "Dickens is one of those writers who are well worth stealing." He is a writer actuated by strong moral indignation, whose power over his readers is so great that people holding strong views and desiring to bring other people round to them naturally wish to enlist Dickens on their side, and are, in their turns, annoyed when Dickens refuses consistently to toe their party lines. Orwell was testy because Dickens's understanding of the class struggle was so imperfect. House was testy because Dickens's views on social reform were so naive, so unrelated to practical politics. And Mr Cockshut is testy because, among other failings, Dickens "has absolutely no conception of sanctity," and was, in his religious attitudes, "cut off from the spiritual and intellectual treasures of the Christian tradition."

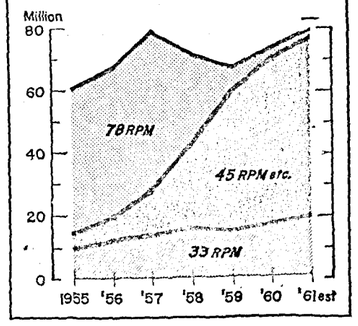
To start from such positions inevitably entails, as in the case of these three critics, that most space is devoted to showing where Dickens failed to measure to the standard set, and that the profound admiration felt, which was undoubtedly the prime motive for each critic's choice of Dickens as a subject, appears rather in the nature of a caveat. The critic's first aim is not to try to discover why Dickens makes so powerful and so effective an impact but to point out where he could have done better.

Mr Cockshut's approach is by way of examining certain images and concepts potent and recurrent in Dickens's novels—notably, prisons, social reform, crowds—and then to discuss the more important novels in some detail. He makes many useful and illuminating comments, as when he notices that the empirical justice of the people, which Dickens deplores in the Paris Tribunals of "A Tale of Two Cities," is apparently what he would prefer to the cold legalisms of Chancery depicted in "Bleak House." But throughout his study Mr Cockshut seems to be looking for a consistency and balance in Dickens that it is not necessarily proper to seek. Thus he says that in "Bleak House" Dickens came near to "that great and perhaps unattainable target of being fair." This may be a right target for life. It may be a target that Mr Cockshut likes to find in novels. But one must surely show that Dickens sought to be fair before blaming him for not being so.

Again, in drawing together Dickens's various uses of the symbols that moved him most deeply, such as prisons and rivers, Mr Cockshut seems to expect a consistency not of the nature of all writers' imaginations and almost certainly not of Dickens's. It is hard, he says, to resist the idea that in "Our Mutual Friend" "the river has a sacramental, baptismal character" and so, as he shows, at least at one point it has. But

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baptism is only one of the associations that must come into the writer's mind when he thinks of water; at one time he may reject this association, at another find it evocative, and such an *ad hoc* use of appropriate images is, one might suppose, of the nature of Dickens's genius.

In the last resort, of course, Mr Cockshut, like all Dickens's critics, fully acknowledges his power and perhaps the most significant of the epithets he gives him is "poet." Dickens is, he says, the poet of the things he most feared and falsified—money, prisons, crowds, factories—the poet of industrial society. It is undoubtedly as a poet, and as a poet should, that he rouses pity and fear in his readers. If he does not then present the practical tools for utilisation of the emotions roused—socialism or religion or political reform or some other fully worked out panacea of his own—it may be that the critics are wrong to ask it of him. "If men would behave decently the world would be decent" is, says Orwell, the whole of Dickens's moral message, and it is not, Orwell finally admits, such a bad one. It might, perhaps, be more illuminating if critics accepted Dickens's morals without cavil and turned their attention to his poetry.

Trial of a Regime

The Queen's Necklace

By Frances Mossiker.
Gollancz. 636 pages. 30s.

THOUGH it is said that while history seldom repeats itself, historians invariably repeat each other, Frances Mossiker runs little risk; for few writers could imitate her style or would wish to do so. Yet her work has virtues without which literary graces are barren: enthusiasm, an instinct for clues, and the ability to sift and arrange what she finds. Her comments are clear—even if expressed in stridently anachronistic Anglo-American colloquialisms. She pronounces no irrefutable verdicts; but the evidence of her contemporary witnesses is presented and summed up fairly for the many readers who will form her jury, and who can scrutinise the accused and the fabulous necklace itself in the book's superb illustrations.

This is one of those cases in which the truth is rarely pure and never simple: on the face of it the guilt of Cardinal de Rohan, Bishop of Strasburg, Grand Almoner and member of the most powerful feudal family in France, was indisputable. In fact, he was the victim of a cunningly laid plot: lured by vanity and ambition he was robbed of the necklace, suspected of fraudulent conversion by the jewellers who had believed him the queen's agent, and accused by Marie Antoinette of a presumption barely short of treason. Any king less obtusely uxorious than Louis would have settled the affair privately; for de Rohan was willing to pay the jewellers and retire to his estates. But the queen's smouldering detestation of him was fanned by self-seeking advisers determined to bar him from any position of influence; and both she and the king were typically blind to the dangers of public proceedings in the traditionally anti-monarchical Parlement of Paris, whose doings were dramatised in the advocates' "briefs" printed and hawked with squibs and ballads in the streets.

Napoleon asserted that the Revolution began with this trial. It can certainly be regarded as a dynamic contributory cause. The Cardinal acquitted, applauded by mobs as a victim of royal spite, went into provincial exile a popular hero; the "Countess" de la Motte, descendant of a Valois bastard, was found guilty of forgery and theft, publicly whipped and branded, and given a grim term of imprisonment which she shortened by escaping to England, whither her husband had fled with the jewels before her arrest. There she published her memoirs whose obscenely vindictive libels provided deadly ammunition for the queen's enemies. And the mysterious Cagliostro, denounced in la Motte's attempts to shift the blame, was acquitted, but deported—leaving an odour of Rosicrucian-Masonic-Orleanist conspiracy which still taints some versions of the "Necklace Scandal." Why were forgeries so inept accepted by those who knew the queen's writing and real signature? Was the foolish queen privy to her impersonation by a young prostitute to whom the infatuated Cardinal promised the necklace? Was Jeanne de la Motte's escape effected by friends of the queen who thought her likely to be harmless, or by enemies who hoped she would be more dangerous, in England? These widely asked questions were, in a sense, answered when Mirabeau thundered "What a country, what men, what flabbiness, what corruption!" He saw that the Old Regime itself was on trial.

A Measure for Mammon

The Theory and Measurement of Business Income

By Edgar O. Edwards and Philip W. Bell.
University of California Press. London: *Oxford University Press.* 341 pages. 60s.

IF we were told to find a good measure of a child's development, we might well start by asking who wanted the measure and why. Then, knowing the aim, we might decide that the best figure would be the child's growth in height, or weight, or skill at games, or vocabulary, or something else—or a mixed index. Some of these measures would be harder to apply than others; and none might meet all the needs of the case. Similarly, the growth of wealth can be viewed in many ways, and we must choose the most suitable for the task in hand. Our safest assumption is that all measures of income are full of flaws.

Professors Edwards and Bell give us a most satisfying study of different concepts of business income. They start by pointing out the faults in the accountant's profit, which fails as a guide to the current performance of managers because it does not record asset appreciation as it arises, or separate all such gains, when realised, from current operating profit, or allow for changes in the value of money. Having thus swept aside the accountant, the authors turn to the economist. His concept of income—the increase in the present value of expected future receipts—is the only one that comes anywhere near to logical elegance. Unhappily we find it very hard to quantify expectations at any one date, let alone compare those of two dates; a firm's directors can scarcely "probe into the nebulous question 'Do you now feel as you thought you would feel about the still futuristic aspects of the selected course of action?'". Something between these extreme concepts is needed.

The authors put forward two new measures, to be used in parallel. The first they call *business income*, the second *realised income*. Both take ordinary accounting as a starting point, but add simple "valuation adjustment accounts" to show extra information about asset values. To clarify the meaning of "value," the authors give a neat array of eighteen possibilities (of which, fortunately, a dozen prove unserviceable). Realised profit is based on historical cost, and thus is the same in total as accounting profit; but it is split up into two components—the realised gain from asset appreciation (much of which must belong to earlier years); and current operating profit (inputs being charged to operations at current market price.)

Business profit is a more radical affair, being based on the replacement values of assets; it, too, is split up—into current operating profit (identical with the second component of realised profit) and asset appreciation (during the current year only, and whether realised or not). Thus both sets of profit figures throw light on management's skill and luck at two very different functions—operating and buying assets. The authors suggest that both sets of figures might be given side by side in the revenue account—as alternative glimpses of truth—and explain how the two can be carried thence to a balance sheet that shows both the accountant's much-loved historical costs and also useful current values.

It will be noted that neither brand of profit segregates the effects of general price changes. The authors argue that, for the purpose of testing management's efficiency, such general changes are less important than changes in the prices of the firm's own assets; if the latter are allowed for, managers have all that they need for decisions. (One may question this view in so far as managers must take charge of finance.) The authors concede that general prices are relevant when trends have to be studied, and ought to be relevant for tax; and they show how easily their revenue account and balance sheet can be adapted to allow for general price changes.

The last chapter asks whether the proposals are practicable. The book-keeping of reform is simple enough; a few adjustments at each year's end serve to graft the new figures on to historical ones. Finding objective market values for assets may be a much more awkward problem; in many trades, however, quotations for the main types of input are ready to hand, and other assets might well be revalued with the special indices now available.

It is rare to find authors so much at home in both economics and accounting. As they themselves suggest, time may show that their programme needs amendment; but they state the problem clearly and provide an excellent starting point. In passing, they give help on many other questions—when to replace plant, how to measure depreciation, which rate of compound interest to use in budgets, and so on. Beyond doubt their book is the most wise and original contribution to accounting theory since Professor Bonbright wrote "The Valuation of Property" a quarter of a century ago.

Paperback Selection

Batsford have entered the paperback market this month with reissues of their own books. The first eight titles include six of their well-known guide and travel books. Each contains 32 pages of photographs, and it is a pity that, presumably to keep the price down, they sometimes have to be squeezed in so tightly, without margins. Oliver and Boyd have another four titles in their "Writers and Critics" series; and, among the new titles in Collins Fontana Library, R. H. Tawney's "The Acquisitive Society" will be particularly welcome.

Below is a guide to some of the paperbacks received by this journal in recent weeks.

Art and Archæology :—

THE GOTHIC IMAGE. By Émile Mâle. Translated from 3rd edition by Dora Nussey. *Collins Fontana.* 439 pages. 12s. 6d.

ARCHÆOLOGY IN THE USSR. By A. L. Mongait. Translated by M. W. Thompson. *Penguin.* 320 pages. 5s.

Biography :—

SAMUEL PEPYS: *The Saviour of the Navy.* By Arthur Bryant. *Collins Fontana.* 451 pages. 7s. 6d.

JOAN OF ARC. By R. Pernoud. Translated by J.U. Duell. COLUMBUS. By M. Mahn-Lot. Translated by H. R. Lane. *Evergreen Books.* 192 pages each. 6s. each.

Economics :—

THE THEORY OF ECONOMIC DEVELOPMENT. By J. A. Schumpeter. Translated by R. Opie. *Oxford University Press.* 267 pages. 8s. 6d.

AN ECONOMIC INTERPRETATION OF THE CONSTITUTION OF THE UNITED STATES. By Charles A. Beard. *Macmillan Co., New York.* 351 pages. 12s.

Guidebooks :—

THE LAND OF ITALY. By J. More. 231 pages. SHAKESPEARE'S COUNTRY. By J. Russell. 192 pages. ENGLISH CATHEDRALS. By J. Harvey. 188 pages. ENGLAND'S HERITAGE. By Bell, Birmingham, Blunden, Brown, etc. 207 pages. SPAIN. By S. Sitwell. 203 pages. PARISH CHURCHES. By J. C. Cox and C. B. Ford. 187 pages. *Batsford.* 5s. each.

History :—

MEDIEVAL PANORAMA. Vol. I: *Foreground: Society and Institutions.* Vol. II: *The Horizons of Thought.* By G. G. Coulton. *Collins Fontana.* 479 and 475 pages. 9s. 6d. each.

Literature and Literary Criticism :—

BAUDELAIRE. By Pascal Pia. Translated by P. Gregory. *Evergreen Books.* 192 pages. 6s.

WHITMAN. By G. Dutton. 128 pages. COLETTE. By M. Davies. 128 pages. D. H. LAWRENCE. By A. Beal. 134 pages. ARTHUR MILLER. By D. Welland. 130 pages. *Oliver and Boyd.* 3s. 6d. each.

THE ACHIEVEMENT OF SAMUEL JOHNSON. By W. J. Bate. *Oxford University Press.* 259 pages. 8s 6d.

THUS SPOKE ZARATHUSTRA. By Nietzsche. New translation by R. J. Hollingdale. *Penguin.* 343 pages. 5s.

LES LIAISONS DANGEREUSES. By Laclos. New translation by P. W. K. Stone. *Penguin.* 396 pages 5s.

THE MODERN AGE. Pelican Guide to English Literature, Vol. 7. Edited by Boris Ford. *Penguin.* 560 pages. 7s. 6d.

THE DISINHERITED MIND. By Erich Heller. *Penguin.* 282 pages 4s.

Politics, Political Science and Philosophy :—

THE ACQUISITIVE SOCIETY. By R. H. Tawney. *Collins Fontana.* 191 pages. 5s.

LITERATURE AND REVOLUTION. By Leon Trotsky. *Michigan University Press.* London: *Cresset Press.* 256 pages. 12s. 6d.

EDUCATION. By Immanuel Kant. *Michigan University Press.* London: *Cresset Press.* 121 pages. 8s. 6d.

THE SUBLIME. By Samuel H. Monk. *Michigan University Press.* London: *Cresset Press.* 250 pages. 12s. 6d.

THE MIND OF PLATO. By A. E. Taylor. *Michigan University Press.* London: *Cresset Press.* 148 pages. 9s. 6d.

METAPHYSICS. By Aristotle. Translated by R. Hope. *Michigan University Press.* London: *Cresset Press.* 394 pages 16s.

Science :—

THE WORLD OF THE SOIL. By E. John Russell. *Collins Fontana.* 285 pages. 8s. 6d.

THE CLOUDS. By R. Clausse and L. Facy. Translated by J. Ferrante. *Evergreen Books.* 192 pages. 6s.

SCIENCE SURVEY 1961. Part 1 edited by Arthur Garratt; Part 2 edited by S. A. Barnett and Anne McLaren. *Penguin.* 239 and 251 pages. 6s. each.

Miscellaneous :—

THE VINTAGE MOTOR CAR. By C. Clutton and J. Stanford. 232 pages. VETERAN AND EDWARDIAN MOTOR CARS. By S. Scott-Moncrieff. 244 pages. *Batsford.* 5s. each.

ANTHROPOLOGY. By Edward B. Tylor. Abridged by L. A. White. *Michigan University Press.* London: *Cresset Press.* 285 pages. 12s. 6d.

LIFE IN THE TWENTY-FIRST CENTURY. Edited by M. Vassiliev and S. Gouschev. Translated by H. E. Crowcroft and R. J. Wason. *Penguin.* 222 pages. 3s. 6d.

THE JAZZ SCENE. By Francis Newton. *Penguin.* 303 pages. 4s.

THE PENGUIN RUSSIAN COURSE. Compiled by J. L. I. Fennell. *Penguin.* 366 pages. 5s.

A DICTIONARY OF SAILING. By F. H. Burgess. *Penguin.* 237 pages. 3s. 6d.

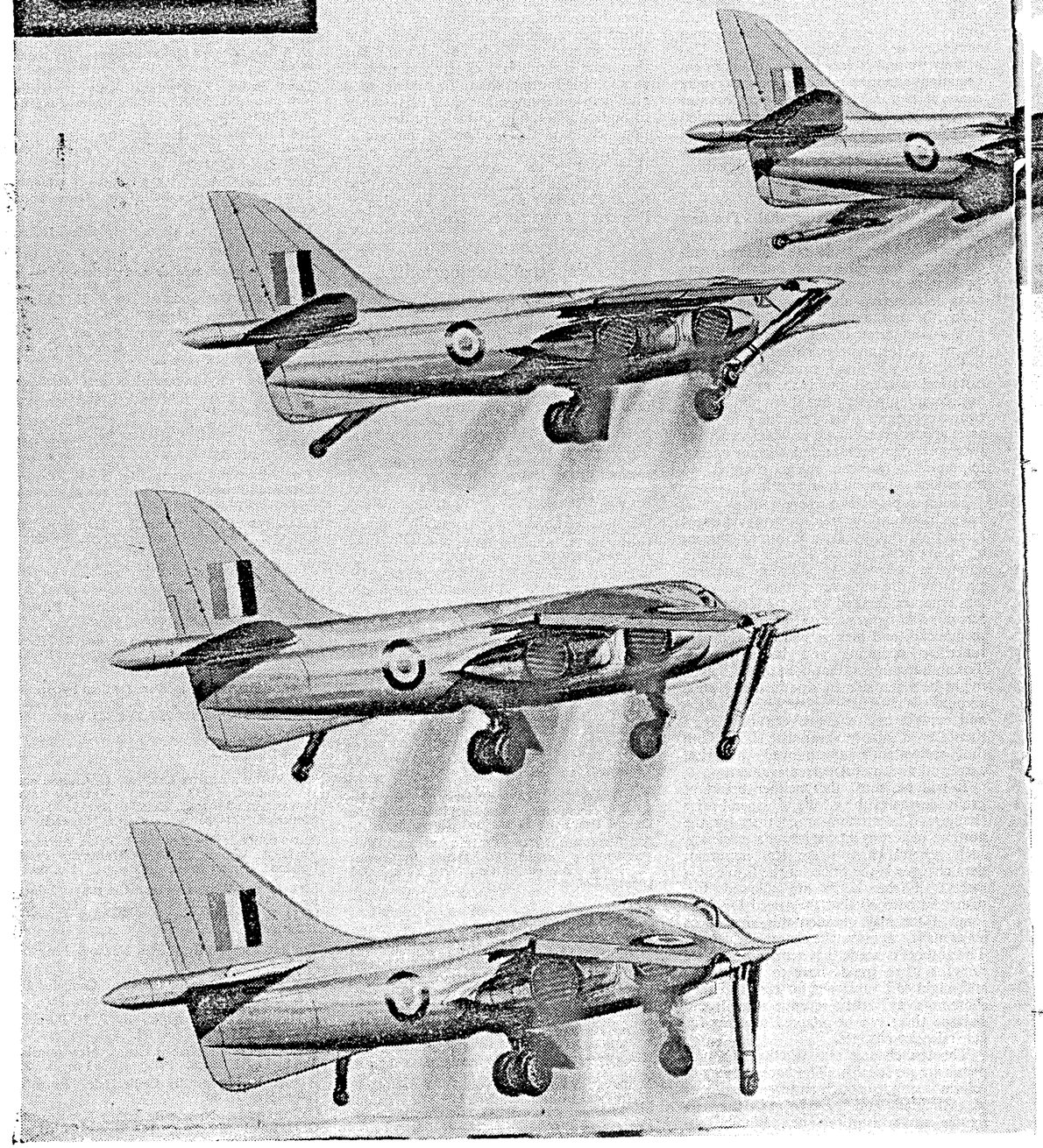
DEAD SOULS. By Nikolai Gogol. New translation by D. M. Shack. *Penguin.* 383 pages. 5s.

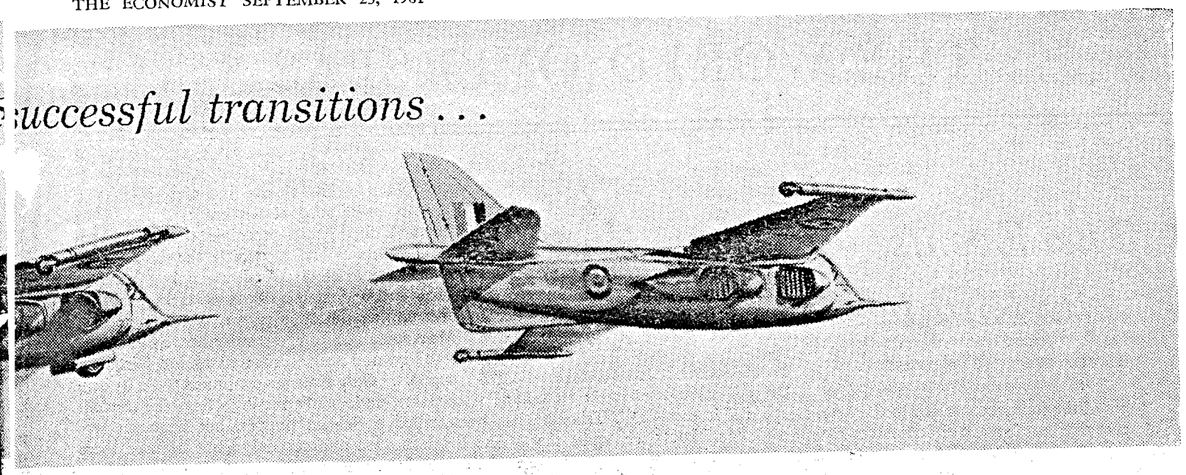
HANGED IN ERROR. By Leslie Hale. *Penguin.* 160 pages. 2s. 6d.

HANGED BY THE NECK. By Arthur Koestler and C. H. Rolph. *Penguin.* 143 pages. 2s. 6d.

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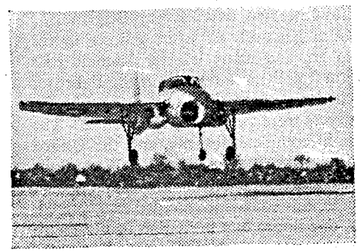
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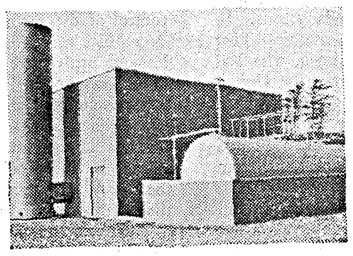
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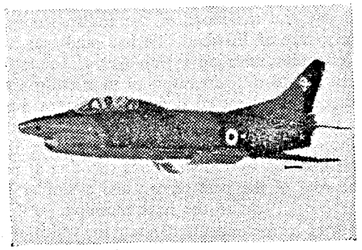
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THE WORLD OVERSEAS

The Events in Katanga

FROM A SPECIAL CORRESPONDENT



On tour on September 12: Mr Tshombe

NONE of the journalists asleep in the hotel Leopold II in Elisabethville on the night of September 12th to 13th could know that the single rifle shot that woke them at 3.45 a.m. was to have such fateful consequences. It was the signal for the storming of the post office in the central square, and of Radio Katanga a mile away, by Indian Dogra and Gurkha troops of the United Nations. The attack was well mounted in accordance with a plan prepared several days previously whose execution had been held up for political reasons.

Every weapon of the modern infantry battalion was used: FN rifles, heavy machine guns, bazookas and mortars. At both places a company of Indian troops (125 men) outnumbered the defending Katanga gendarmerie and para-commandos by nearly two to one. They were also greatly superior in fire power and were supported by Irish and Swedish armoured cars. In the residential part of the city a company of Swedish troops was detailed to capture the heavily guarded home of Mr Godefroid Munongo, the rash and ruthless minister of the interior whom the United Nations had singled out as the arch-secessionist of Katanga.

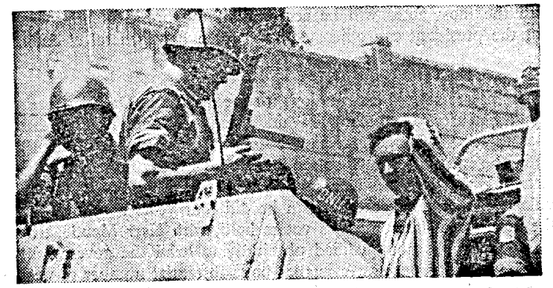
Very heavy fighting was still going on at dawn, and the three objectives were not attained until nearly three hours after the attack began. But the end was only the beginning. The Kantangese commandos launched an unsuccessful counter-attack on the post office, more United Nations reinforcements were brought up, and casualties mounted. Sporadic fighting continued all day and the mood of the Indian troops grew dangerous. In the centre of Elisabethville hate and fear hung in the air. That Wednesday morning a jeep-load of Katanga policemen, who had returned to duty in response to a radio appeal from the United Nations, were mown down by a Dogra machine gun entrenched in the Red Cross hospital 70 yards away. A clearly marked ambulance which arrived soon after to remove the dead and wounded was disabled by Indian troops shooting at point blank range from the roof of the post office; and a similar incident took place in the central square the next morning. All this happened in full view of correspondents standing the width of a street away. Nor did correspondents find any evidence whatsoever for a counter-charge, later made by the United Nations command when its attention was drawn to these events, that the Katanga army was misusing ambulances as vehicles of war. The flagrant disregard by UN troops of the immunity of the Red Cross hospital on Avenue Youlou has still to be explained.

Throughout the night of September 13th to 14th the firing in Elisabethville grew in intensity; the United Nations garrison at Jadotville was gravely threatened, and later capitulated. It was clear that the UN operation, conceived as a swift *coup d'état*, had failed. Responsibility for a tragic miscalculation falls equally on civilians and soldiers. But where did things go wrong, and was the action justified in the first place?

At the beginning of September time pressed for the United Nations secretariat. The sixteenth General Assembly, at which the UN Congo budget would be discussed, was only a fortnight away and a demonstrable success in pacifying and uniting the country was urgently needed. Mr Adoula's central government gave promise of stability, and seemed assured of Mr Gizenga's support. Only Katanga continued to fly its own defiant and embarrassing flag. President Tshombe has been called a Belgian puppet, but he never was quite that. The Belgians used him certainly; but he used them even more in the name of the emergent Katanga nationalism whose strength has been demonstrated in the past few days. Mr Tshombe has many tribal enemies and his writ has never run in the Baluba strongholds of the north. His regime has often been oppressive towards political opponents; waste and corruption have been widespread, but to the casual observer—the visiting MP or businessman—southern Katanga seemed, after the rest of the Congo, a well-ordered and prosperous clearing in a dark jungle.

To sustain his rule Mr Tshombe leaned heavily on European advisers and in the circumstances it was natural that most of them should be Belgian. With some notable exceptions, these hangers-on from the earlier regime exerted a baneful influence on government thinking. The Security Council resolution of February 21st required their prompt removal together with all mercenaries and Belgian, and other foreign, military and para-military personnel. But it was not until September, six months later, that the decision was taken to expel them by force if necessary; the man chosen to do it was an Irish intellectual, Dr Conor Cruise O'Brien, the personal nominee of the late Mr Dag Hammarskjöld as UN representative in Katanga. For once the United Nations moved swiftly. On September 4th troops took over the post office, some ministries and other key centres in Elisabethville with deceptive ease. No one was hurt, hardly a shot was fired; United Nations control of the town was absolute that day. Every Belgian *chef de cabinet* was removed from his post, all white officers in the Katanga army were told to go, and many left for Kamina base to be flown home. The term "political adviser" in the February 21st resolution was stretched to cover "*conseillers occultes*"; irate Belgian editors and lawyers were peremptorily expelled. The Katanga administration was in complete disarray, and the United Nations remained poised for the next move. Brigadier K. A. Raja, the UN military commander, was completely confident that he had the situation in hand; to some, this confidence seemed exaggerated.

Then came a fatal pause, due not to any hesitation in Elisabethville but to second thoughts in New York. The late Secretary-General was under heavy pressure, especially from the British Government spurred on by Sir Roy Welensky, to avoid the use of force, and a week passed with no decision. During this interval a number of things happened whose significance was not grasped at the time. The United Nations' drive lost its momentum, Mr Tshombe and his ministers recovered their morale and decided to fight to the end, more than a hundred white army officers and mercenaries disappeared underground in Elisabethville or into the bush, and Baluba refugees from South Kasai who live in the town flocked in their thousands to seek United Nations protection. were imprisoned without trial, they had been reasonably contented



Dr O'Brien and Swedish escort.

before, but recent events had unnerved them. A week passed in mutual recrimination between Dr O'Brien and Mr Tshombe, and served only to underline the total lack of confidence between them. A battalion of Gurkhas arrived as reinforcements, while Mr Tshombe made his own dispositions and set up a secret radio in the bush. New York was still silent, but it was clear that decisive moves were at hand. The white officers who had remained behind were, by and large, a contemptible bunch but they emerged from hiding and were invaluable to Mr Tshombe at this stage. On Tuesday, September 12th, it was announced that Mr Hammarskjöld was flying to Leopoldville at the urgent request of Mr Adoula. At Elisabethville United Nations officials were taken by surprise at the news and were plainly disconcerted, but by then the die had been cast; the attack was launched to end the secession of Katanga.

It did not, however, take Mr Tshombe by surprise; his intelligence had worked well. The previous day the Katanga police guards at the post office and the radio station had been replaced by much more formidable para-commandos who were later to die bravely when all their ammunition was spent. In the fighting that continued throughout Wednesday the Belgian civilian population grew hostile to the point of hysteria and the men in the blue berets felt themselves isolated in a strange land with white and black ranged against them. This goes a long way to account for their indiscriminate attacks on ambulances and private motor cars in the full light of day. The operation achieved its immediate objectives in Elisabethville but not its wider purpose. The UN military command greatly underestimated the bitter resistance it would meet and had seemingly ignored the situation outside Elisabethville. Dr O'Brien's miscalculation was equally grave: Mr Tshombe, the puppet, was not so easily toppled. For his people of the powerful Lunda tribe he was, and remains, a hero. As for the role of the whites in the events of September 13th to 14th, they played a significant part, but never at any stage a decisive one.

The Twilight of Dr Adenauer

FROM OUR BONN CORRESPONDENT

THE new Bundestag has been summoned to meet at 3 p.m. on Tuesday, October 17th. As soon as it has despatched such preliminary business as the election of a president (speaker) and his deputies its duty will be to choose a federal Chancellor; in the opening stage, this must be by a majority of the whole house obtained in secret ballot. The Christian Democrats having lost their absolute majority, a fascinating bout of coalition bargaining, canvassing, and bluff has begun in Bonn with the object of determining who this powerful personage is to be. On Tuesday the executive committee of the Christian Democratic Union—with a resigned swallow here and there—unanimously asked eighty-five-year-old Dr Adenauer to stand once again for office, on the understanding that he would retire in time to give his successor an opportunity to establish himself before the next general election in 1965.

But anguished moves are afoot in all three parties, including the Christian Democratic Union, to find another way. Before the end of the week it was clear that a majority of deputies in the Bundestag were convinced that they would be most faithfully representing their constituents if they voted next month not for Dr Adenauer, the only chancellor the federal republic has experienced since its inception twelve years ago, but for Herr Erhard, the present economics minister, vice-chancellor, and Dr Adenauer's willing though much-slighted heir presumptive.

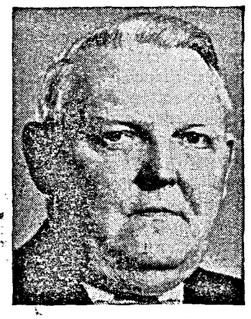
In theory, the Social Democrats and the Free Democrats, who do contrive on a humbler level, in the Länder of Bremen and Hamburg, to govern together, could now elect a chancellor from one or the other of their own leaders and put Dr Adenauer, Herr Erhard, and the Christian Democrats altogether out of office. In practice this will not happen—not unless Herr Erich Mende, the leader of the Free Democrats, undergoes a violent change of heart. Both before and immediately after the election, and again on Tuesday, Herr Mende swore that his party would not go into coalition with the Social Democrats. Some further blows from the east might compel him and the Christian Democrats to reconsider admitting the Social Democrats into their confidence. But, until those blows fall, the business of government will be conducted as far as possible in agreement between the Christian Democrats and the Free Democrats. Dr Adenauer has declared that he is ready to collaborate, and a first post-election meeting between the two party leaders was thought to be imminent when *The Economist* went to press.

BUT this week Herr Mende dramatically raised the price of co-operation. Before and immediately after the election he had said that the Free Democrats would prefer to serve under a chancellor other than Dr Adenauer: Herr Erhard, or Herr Krone, or Dr Gerstenmaier, would be acceptable. After meeting his parliamentary party on Tuesday, Herr Mende announced that the Free Democrats would not, on any condition, serve in a government led by Dr Adenauer. Remembering Dr Adenauer's tergiversation over the federal presidency in 1959, the Free Democrats, Herr Mende declared, viewed with the utmost suspicion the suggestion that Dr Adenauer should continue as chancellor only for "a certain period" at the end of which Herr Erhard would take over.

Between now and October 17th the principal players in the game of in and out will be attempting in countless conspiratorial huddles to ease the deadlock. Herr Mende's refusal to play vice-chancellor to Dr Adenauer has been too emphatic to be wholly bluff. So it is possible that, for the sake of an interim solution, and with an eye on their rising stock, the Free Democrats might abstain from voting against Dr Adenauer next month and thus (in one of the later ballots, when a simple minority suffices) admit a Christian Democratic minority cabinet. But the instability that would follow such an arrangement is hardly compatible with the Free Democrats' election call for a more representative government capable of dealing robustly with the alarming times that everybody sees ahead.

How far the Christian Democrats are bluffing is at the moment obscure. But bluffing they certainly are. There is something fishy about their executive committee's unanimous vote on Tuesday, given the amount of open grumbling that has been going on for so long in the party at the prospect of another four years of octogenarian domination. Do the Christian Democrats really believe they have nobody else qualified to direct the Federal Republic's

policy as a whole? They are in considerable confusion. When, at his last pre-election press conference, Dr Adenauer vigorously denied rumours of his impending retirement and said nothing about a successor, Herr von Hassel, a deputy party chairman and head of the Schleswig-Holstein Land Government, butted in to remind the journalists that eventually Herr Erhard would be taking



Heir-presumptive: Dr. Erhard



Arbiter: Herr Mende

over. In the early hours of Monday morning Herr Gerstenmaier, the president of the Bundestag and a man of high ambitions, remarked to reporters that the result of the poll would mean the formation of a coalition government whose chancellor would not necessarily be Dr Adenauer. Almost simultaneously Herr von Hassel was atoning for his earlier impetuosity by proclaiming that the next chancellor would undoubtedly be Dr Adenauer. Herr Mende and his coalition committee are in for an enjoyable time during the next three weeks, delicately exploiting the differences and resentments within the long-established governing party.

Herr Ollenhauer, the Social Democrats' party chairman, was expected to call upon the federal president, Dr Heinrich Lübke, on Friday in order to tell him what the Social Democrats would like to happen next. This is that the Berlin crisis makes it expedient to form a national government from all three parties—yet another dream government without Dr Adenauer. But the other two parties will not advise a national government. Herr Lübke's influence as federal president—he took over reluctantly two years ago as a makeshift for the defaulting Dr Adenauer—is still in the stage of development, and still indeterminate. A Christian Democrat himself, and Dr Adenauer's former minister of agriculture, Herr Lübke will surely find it interesting, if at moments embarrassing, when old cabinet colleagues come to discuss the merits of his former chief. The Basic Law rules that the president shall first propose a chancellor to the Bundestag, but only once; and the vote on the president's motion is taken without discussion. Should the president's nominee be rejected the Bundestag must itself nominate and adopt a chancellor within fourteen days. Should no chancellor thus emerge, the candidate with the most votes will be accepted, if the president approves. But the president can object and call for a new general election.

WEST GERMAN ELECTION RESULTS

		1961		1957		1953	
Parties	Votes	%	Seats	%	Seats	%	Seats
Christian Democrats	14,239,894	45·3	241	50·2	270	45·2	244*
Social Democrats ...	11,406,253	36·3	190	31·8	169	28·8	151
Free Democrats	4,009,988	12·7	66	7·7	41	9·5	48
All-German Party (formerly German and Refugees' Parties).....	871,208	2·8	...	8·0	17	9·2	42
German Peace Union	607,836	1·9	...	...	...	...	...
German Reich Party	264,186	0·8	...	1·02	...	1·1	...

* With Zentrum Party.

THERE are several explanations for the decline in Dr Adenauer's popularity. His great age is understandably one. It is not that—as the Social Democrats have been putting about since August 13th—he is by any means so senile as to be already imperilling the state. It is that Dr Adenauer, spry as he is still, tires nowadays more quickly and more markedly than he did four years ago, and that the majority of last Sunday's voters hold, with Herr Mende, that so old a man is not qualified physically to head the government for another four years. A smaller but substantial number of west Germans have also come increasingly to doubt whether Dr Adenauer is mentally flexible enough to adjust himself to the tasks ahead. They are disappointed by the progressive cementing of the division of Germany over the last twelve years, and alienated by Dr Adenauer's unrepentant zest for party strife. Among the Bundestag deputies who will elect the chancellor next month will be those—and they include cabinet ministers, party leaders and senior committee men—who not only share these misgivings, but also have themselves felt excluded from information and from a say in things through Dr Adenauer's habit of working mainly with a very small group of old, not always happily chosen, confidants.

A larger number of west Germans than ever before have, it seems, seen in voting for the Free Democrats a relatively gentle way of countering the disadvantages of unqualified Christian Democratic rule and the personal failings of Dr Adenauer. So much has been made of the youthfulness of Herr Brandt (47) that it is often overlooked that Herr Mende is three years younger. And although the distinctions between the two parties' domestic and foreign policies are largely obscure, the Free Democrats are reputed to be interested in such good causes as improving west Germany's relations with Poland and reducing state spending. Nobody anticipates that a coalition government under a new chancellor would greatly change the general trend of policy in any field. The Free Democrats, being a shade or two less enthusiastic than the Christian Democrats about the west German commitment to the West, and appearing to be more practically concerned about reunification, have, perhaps, a special appeal to the more nationalist-minded Germans. But there is no extremism in the wind. None of the small parties that harbour the fanatics did well enough last Sunday to win a seat in the new Bundestag. In the first Bundestag there were ten parties: in the second there were six: there were four in the third. Only three parties will sit in the new Bundestag. The neo-nazi German Reich party has never done so badly.

Grief and Realism in Cairo

FROM OUR MIDDLE EAST CORRESPONDENT

THE news of Mr Hammarskjöld's death has been received here in Cairo with grief, anger and anxiety. The name of the late secretary-general has been respected in Cairo to the point of reverence ever since the Suez crisis. The speed and completeness with which the invaders then withdrew from Egyptian soil are attributed in large part to his stout and energetic insistence on the fulfilment of the General Assembly's resolutions, and he is also given the lion's share of the credit for the United Nations Emergency Force, which, in the words of an obituary in a leading Cairo newspaper, "has shielded Egypt from Jewish incursions."

The recent United Nations action in Katanga, of which the UAR government wholly approved, went far towards blotting out the memory of the disagreements early this year when the failure



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of the UN to support Mr Lumumba was bitterly denounced here. That quarrel is all the more easily forgotten since it is now generally conceded that President Nasser acted overhastily in withdrawing his troops from the Congo, if only because it deprived him of the only means of exerting influence there.

The anger arises from the strong conviction that Mr Hammarskjöld's death was directly or indirectly the result of imperialist intrigue in Africa. The first official statement here said forthrightly that colonialist policies were "responsible for shedding the blood of the secretary-general."

Unofficial reactions go further and reflect the chronic local belief that conspiracy is afoot. As soon as the news became known foul play was talked of. In the general view Mr Hammarskjöld's death fits too neatly into what are supposed to be the plans of Sir Roy Welensky and Mr Tshombe. Suspicion was aroused, too, by the long delay in finding the aircraft wreckage less than eight miles from the airfield where it was to have landed. Thus a myth is already growing up which any number of inquiries will be unable to scotch completely. Britain, because of its obvious displeasure at the United Nations attack on Katanga troops, is being cast by public opinion in the role of accessory, before or after the fact according to taste.

ANXIETY arises from the awareness that the problem of finding a successor to Mr Hammarskjöld in the present critical state of the world is both urgent and likely to present appalling difficulties. It is thought certain that Mr Khrushchev will exploit this heaven-sent opportunity to push his troika plan by the simple expedient of blocking any other solution. President Nasser has taken no clear public stand on this issue, but it is known that he dislikes the troika plan on principle. Mr Khrushchev's proposal flows from the assumption that there exists a third block of neutralist nations analogous to the eastern and western blocks. President Nasser, like Mr Nehru, has always rejected that view. Still, the certainty that the issue will be thrown open to public debate in New York is causing uneasiness here; this is just the kind of east-west quarrel in which President Nasser, like other neutralists, dreads having to take sides. At the same time, he cannot wash his hands of it without having his pretensions to world standing called in question.

The uneasiness in Cairo on this subject arises from two fears: first, that the debate will be acrimonious and may raise east-west tension dangerously; second, the unity of the non-aligned powers painfully born in Belgrade last month is threatened by a new dispute which was not foreseen and therefore was not discussed. Although the representatives of the non-aligned powers left Belgrade with an agreed statement in their briefcases, agreement was only reached with great difficulty. On one side, Ghana, Guinea and Indonesia, with Cuba and Afghanistan in general and often somewhat freakish support, argued that the whole gamut of national grievances should be spelt out. India and Burma offered strong resistance. Marshal Tito and President Nasser came down on the side of moderation, and the final resolutions embodied general principles instead of (with the exception of Guantanamo) specific grievances.

Depressed as Cairo is at the prospect of another hard-fought debate among the non-aligned powers, this time on the question of Mr Hammarskjöld's successor, all the indications are that President Nasser will continue to pursue a moderating course, leaning towards the Indian position rather than the Ghanaian. The spirit of Casablanca, the most militant expression of non-alignment, has been diluted in recent months, partly by the wrangling between Cairo and Accra on the subject of an African high command, and partly by President Nasser's disappointment at the failure of Morocco to provide troops for the defence of Kuwait. Another sure indication that the UAR delegation at New York has instructions to walk warily is that the Cairo press is already warning its readers not to expect fireworks on the subject of Israel. With the new wind of realism blowing through Cairo, the UAR government is beginning to limit itself to goals that are practicable.

A Fresh Mandate for Mr Karamanlis?

FROM OUR CORRESPONDENT IN ATHENS

WHEN the international situation reaches the stage of nuclear oversimplification it tends to influence not only a general election, such as is to be held in Greece on October 29th, but even the everyday political mentality of the Greek man in the street. When a month ago Mr Khrushchev made his notorious crack about the atomic annihilation of "olive groves and the Acropolis" he probably never realized in what a personal way he had touched Greek susceptibilities. Perhaps the psephological effects of this and the many other blunders committed recently by the communist block towards Greece will become more obvious after the general elections.

It was the present international tension more than any other single factor that induced Mr Karamanlis to speed up the elections by some seven months. To do this his closest advisers had to argue him out of his perfectly legitimate ambition to carry on for his full four year term. But there were two leading considerations against this, one affecting the nation, the other his own party, the National Radical Union, which has now been in power for nearly six years.

The likelihood that the world crisis would demand bold and determined leadership in Athens made it necessary to have a government with a fresh popular mandate; and the prospect of tension, coupled with the recent attempt of the communist block to intimidate the Greeks, strengthened the possibility that Mr Karamanlis's party, because of its homogeneity and solidity, would be returned with a renewed mandate. The Soviet attitude has also had another effect on Greek politics. The nationalist parties of the centre were so much at sixes and sevens that they could easily have been enticed into a popular front with the Greek communists. But the Greek reaction to the communist campaign of intimidation has been so indignant that this possibility has now been largely offset.

Until a week ago the political forces in Greece were roughly polarized between Mr Karamanlis's party and the solid, well-disciplined pro-communist EDA party. Between them lay a multitude of splinter groups which for several years have been wallowing in an unparalleled state of confusion. It was across this blurred horizon that General Grivas's chances of a political career suddenly, like a bright shooting star, flashed and sank within the space of ten months. The parties of the Centre lost precious time searching for a regrouping which might one day spare Greece the dilemma of a limited choice between "Karamanlis or EDA." This week they made a frantic last minute effort at compromise. On Tuesday they announced



Mr. Karamanlis: four more years of power?

that they had founded a "Centre Union." The formula employed to reconcile individual ambitions—the main obstacle to a pure and simple merger under one head—was to set up a committee of eight leaders among whom Mr Papandreou, the Liberal ex-premier be *primus inter pares*.

The Centre Union party now comprises mostly the former deputies of the Liberal party with certain right and left wing appendages. The Liberal party has been defeated in all Greek elections since 1952. This is why the future position of the small Progressive party under its dynamic leader, Mr Markezinis, may tip the balance, not perhaps in the electoral contest but at least by adding a novel flavour to a party now aspiring to rally its own votes, the votes of discontented former supporters of Mr Karamanlis, and above all the numerous non-communist partyless votes which gave the pro-communist EDA second place in the parliament elected in 1958.

The failure of the Centre to achieve structural unity may arouse mistrust among its own supporters. These may grumble against the Karamanlis government, but having become accustomed to the blessings of political and economic stability, they might hesitate to bring to power a mosaic of the Centre which, as so often in the past, might disintengrate into its component parts after its electoral victory. What they need apparently is a guarantee of continued unity which has not yet come from the Centre Union.

Mr Karamanlis and his advisers could hardly have chosen a better time or devised a better set of circumstances for their party, which after six years in power would normally be suffering from wear and tear. Yet if what is at stake on October 29th is the future of Greece rather than the next four years, many Greeks are filled with forebodings at the possibility that another defeat of the centre forces would leave Greece, when it came to an emergency, with none but a communist alternative to its present government.

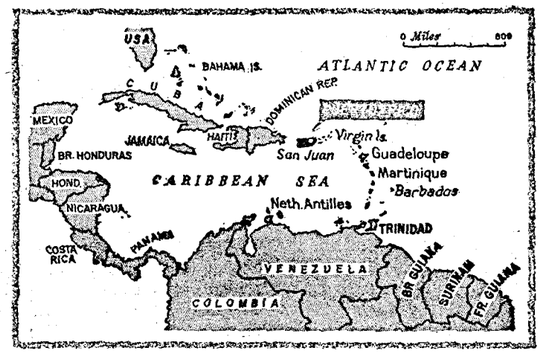
New Caribbean Club

FROM OUR SPECIAL CORRESPONDENT

A MINOR but odd anachronism ended a couple of weeks ago when the fifteen-year-old Caribbean Commission was reborn with a new name and a more up-to-date membership. On September 6th, at San Juan in Puerto Rico, the four members of the commission—France, Holland, Britain and the United States—held their last meeting, followed immediately by the first meeting of the Caribbean council, the governing body of the new Caribbean Organisation which is to come into formal existence next year. Of the four old members only France, by virtue of the status of Martinique, Guadeloupe and French Guiana (which are departments of metropolitan France), claims full membership of the newly refurbished club: the other three will now be represented by observers only. The new members will be Puerto Rico, the American and British Virgin Islands, Surinam, the Netherlands Antilles, the West Indies Federation and British Guiana.

The conference ended on September 15th with all its main decisions effectively postponed. Nobody seemed at all clear what the Caribbean Organisation is expected to do, and the size of its first annual budget—$378,000—suggests that it is not expected to do very much. Its declared objective is to foster economic and social development in the region, and this met with general expressions of goodwill. But during the conference some sharp differences of emphasis made their appearance. The Dutch (who were the best prepared of the delegations) visualised the evolution of an eventual common market between the territories. The Puerto Ricans hoped simply to show the rest what intelligent development could do. The British territories hoped vaguely for a sort of Colombo Plan. The French were clearly suspicious of the whole thing, and their delegates wasted a great deal of the conference's time with punctilious argument over almost every one of the draft rules.

Nevertheless, it was the French who had prepared, with the aid of a young economist detached from the Commissariat du Plan, the document that came to be known as the draft Caribbean plan. In fact, this was not a plan at all, but an incomplete survey that led only to the conclusion that 1.8 million jobs ought to be provided in the area by 1975. The Dutch were the most anxious to put some teeth into the draft, and the final agreement to set up technical working parties, and to hold a further meeting at Georgetown next spring, is a partial victory for their point of view. Another Dutch triumph was the recognition in the final communiqué that the plan, when approved, should not only cover the promotion of industry, tourism and communications, but should

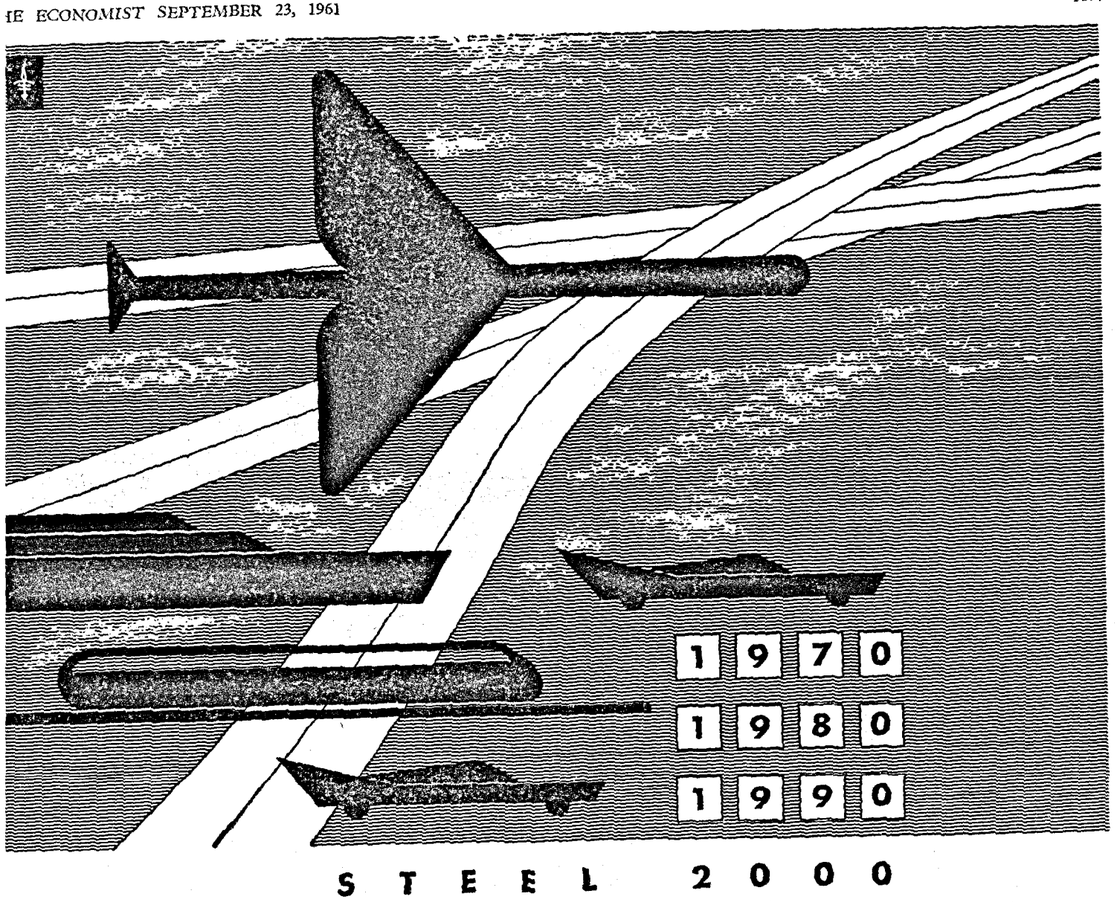


also concern itself with tariff adjustments between the territories as a means of stimulating regional trade.

Even the plan's most ardent sponsors do not suggest that the new organisation should be given any executive authority. Detailed planning and its carrying out will remain the responsibility of the member governments; the organisation will merely provide a forum for discussion and study. The difficulties that the West Indies federal government has been having in reconciling the viewpoints of its own territories have been shown up bleakly by the negative result of last Tuesday's referendum in Jamaica. Without Jamaica the whole future of the federation is in jeopardy, and effective co-ordination with the non-British territories would be far beyond the resources of the Caribbean Organisation.

Every delegation expressed the hope that somehow the organisation would bring more external aid into the area, though none would give it the power to allocate such aid. Conceivably, the organisation may be able to press for help from the United Nations and other sources of assistance, but such pressure would have to be exacted in the most general terms. The old commission had once applied for recognition as a specialised agency, but had been turned down; there was no suggestion at San Juan that this application should be renewed. While the older independent republics in the area remain outside the club, the organisation cannot be called truly regional, and this is a serious stumbling block to recognition.

Some of the delegates to the conference suggested privately that Haiti, the Dominican Republic and even Cuba should in time be invited to join. But there is no chance of such invitations being issued in the near future; in particular, Cuba is unlikely to be accepted either by Puerto Rico or by the West Indies Federation, whose delegates constantly made reference to the part the organisation might play in stopping the spread of communism. The shadow of Dr Fidel Castro hung over many of the discussions, and Mrs Janet Jagan of British Guiana was perhaps the only delegate who was not intimidated by it.



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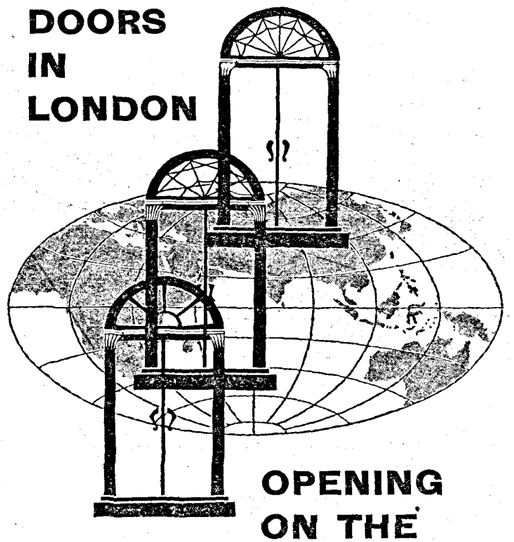
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THE BUSINESS WORLD

Congress in Vienna

Touch and Go at the Fund

FROM OUR SPECIAL CORRESPONDENTS IN VIENNA

THE Vienna meeting of the International Financial Organisations has been a tense and tricky one—twenty-four hours before the meeting ends the outcome is still in the balance—but perhaps the most notable feature has been its sober mood. As the big shots of finance ascend the great stairway of the Hofburg Palace under the coldly contemptuous eye of old Franz Josef and work through the social round that takes in the Habsburgs' other remarkable essays in capital formation, the delegates as a whole keep firmly to shop. This is a meeting that has *something to do: to strengthen* the International Monetary Fund sufficiently to protect the world exchange system against the risk of breakdown. The need for such action is no longer seriously questioned. This is a remarkable transformation from the mood of the Washington meeting only a year ago, but since then there have followed, in quick succession, a flare up in the gold market, an attack on the dollar and, when this was fended off, an upheaval in European exchanges with the biggest-ever run on sterling.

The bankers have been chastened in another way by all the threatening and swift-moving events in international politics—with the tragedy of Mr Hammarskjöld bursting upon the meeting on its first day. No one feels sure what side effects these adverse turns in the political prospect will have on schemes for international financial co-operation between the countries outside the Soviet block; but, equally, no one can put the overriding politics out of their minds. The nuclear holocaust, so a conference story goes, left just two people alive on the globe, and Dr Jacobsson was saying to Professor Triffin: "I still think your scheme is too revolutionary." Certainly the monetary conservatives and those who make a fetish of national sovereignty look increasingly outdated; and the vacuum at the United Nations contrasts sharply with the growing strength and influence of its specialised agencies, the Fund and the World Bank. Simultaneously, both these organisations have reached a new stage in their evolution.

The main emphasis of the Vienna conference has been directed to the Fund's problem. The trouble in simple terms is that, once again, the Fund is running out of money. After an active year of lending, which involved drawings equivalent to $2,500 million, the Fund's effective resources are very low. Drawings by twenty-one primary producing countries totalled together around $1,000 million, but Britain alone took up $1,500 million. This emphasises again the great disparity between the needed size of stablisation credits for different kinds of currencies. Clearly the Fund would be quite incapable at present of meeting a drawing by the United States, and it is for this that the new facilities are primarily designed.

THERE has not been any serious thought of an early increase in quotas. The 50 per cent increase arranged three years ago has been successful, but it required a formidable amount of formal negotiation and has yielded relatively small results in the form of currencies that the Fund wants. The emphasis now is on a selective increase in resources through a new form: borrowing. An existing article of the Fund, article seven, already gives authority for this, and the Fund was not formally obliged to seek the sanction of the Board of Governors (the finance ministers and central bankers). In some countries, however, legislation is necessary to permit such lending to the Fund, and Dr Jacobsson concluded at an early stage that borrowing should not be left to be done *ad hoc* but should be arranged through an agreed scheme. As he pointed out on Monday, universal experience is that the assurance of a line of credit itself effectively wards off actual drawing on it.

Dr Jacobsson's aim has therefore been to get agreement in principle among the governors at Vienna for an adequate line of supplementary resources on which the Fund can draw. He has tried to meet some of the reservations by the French and the Dutch, in particular, without compromising the vital elements in the scheme; and his lobbying has been backed up by a major effort by the United States delegation. The Chancellor, as befitted the spokesman of a country that has been by far the biggest borrower at the Fund, stood diplomatically in the middle of the seesaw.

The argument ranges over three main matters—what say the creditors should have in the granting of certain credits; the amounts of the credits; and the limitations on their use. The aim is to get total credit lines equivalent to $5-6 billion. The United States would commit itself to $2 billion, the

European Six (or rather five, without Luxemburg) to some $2½ billion, and Britain for $¾-1 billion. Other possible participants are Canada, Sweden, Japan and Austria, though Mr Fleming has stated that Canada can undertake no commitment at the moment. One rumour to be heard in Vienna is that there may even be special arrangements to draw off surplus money from the Swiss; the World Bank has found that Switzerland's non-membership is no barrier to its raising money there, and the same should be true for the Fund.

Confident assurances that the Americans had everything sewn up looked distinctly less convincing on Wednesday morning after an inflexible speech from France, delivered not by M. Jaques Brunet, who is France's Governor for the Fund, but by M. Wilfred Baumgartner, the French Finance Minister. In a cold speech he asserted his role as the apostle of monetary order. He made no attempt to hide his distrust of the Fund. This year's co-operation among the central banks had been very successful; if a second line of defence for the industrial countries is needed, he said, this could eventually be arranged outside the Fund. France recognises that there is no alternative to the gold exchange standard—and that is why France "could possibly go a little beyond its present outlay, but under certain conditions."

M. Baumgartner intimated that France was not alone in Europe in its reservations. This was soon borne out by Doctor Holtrop, the widely respected President of the Netherlands Bank. His reflective and original analysis of the present exchange system, which leads him to conclude that in one sense our current troubles arise from excessive liquidity, will be discussed long after this conference has dispersed. He pulled no punches about the contentious matter of safeguards:

> The lending countries when the Fund should make a call on them shall have the opportunity, by a collective judgment, to confirm that also in their opinion the special emergency, for which the additional resources have been set aside, has indeed arisen.

The real point here is not consultation—it is inconceivable that the Fund would attempt to use the currency of any member country against its wishes. It is that the creditors are to get together by themselves and then inform the Fund management whether or not it can have the money. The authority of the Fund and of its managing director will not be enhanced by this procedure. For Germany, however, Dr Blessing, while laying first emphasis on domestic adjustments and monetary discipline, threw his weight behind the Jacobsson plan at the key points. He favours "firm commitments"; lending countries should be "fully consulted"; and, while the borrowing powers are intended primarily for support of key currencies, they should not be automatically ruled out for other purposes. Signor Carli of Italy spoke helpfully and with wisdom: "It would be a mistake to indulge a sentimental predilection for the monetary systems of a now distant past."

Provided the hoped-for statement of general intent does materialise at the end of the meeting, the next step would be for the executive directors to work out a detailed scheme, and submit this to the governors by mid-December. Those countries that need to pass legislation to make the scheme effective would then be expected to do so in the course of next year. Dr Jacobsson seems to have few worries about the United States Congress: Mr Dillon himself has indicated that the United States balance of payments is likely to show the deterioration normally associated with a domestic boom, and in six months' time Congressmen may be positively keen to get the scheme launched. There will be a gap of many months during which the Fund's capacity to lend will be pretty low. But it is now likely that special credits will be granted by Germany and Italy in advance of the multilateral scheme, to replenish the Fund's depleted holdings of marks and lire.

Undoubtedly it has been a chilling experience to find that even these moderate proposals have been so difficult to steer through the necessary channels; plainly there is no hope at all at present for any really radical schemes. No one in Vienna questions that Dr Jacobsson is getting the biggest advance that is immediately practicable; yet clearly there is a danger that what emerges from these discussions may be inadequate. But there is a positive side, too, that should not be ignored.

In many ways the past year has seen a major advance in international credit arrangements. When Mr Selwyn Lloyd suggested at the Fund meeting in 1960 that drawings from the Fund should henceforth be in the currencies of surplus countries, this was a new doctrine. Now, a year later, it is a commonplace. Drawings have been made in eleven different currencies, including Japanese yen; Italy has exported capital by lending not only to the IMF but also to the World Bank. Now a scheme is under way which is at any rate geared entirely to the use of the strong currencies; and one that will cater for rapid turnrounds in surplus or deficit positions.

The argument whether the International Monetary Fund creates reserves has always been rather academic; now, if there is adequate assurance that the Fund can raise the resources to honour the quotas, there will be a strong case for counting them among effective monetary reserves. On the assumption that all members were eligible to purchase 100 per cent of their quotas, drawing rights in the Fund amounted to the equivalent of $18.1 billion at the end of 1960—almost as much as the total of all foreign exchange reserves held by national monetary authorities. Arrangements for credits from surplus countries would give the Fund's operations more of a genuine banking character. They represent a broadening as well as a strengthening of the gold exchange standard—and a gold exchange standard at its broadest does, after all, incorporate many of the principles of an international clearing.

The present plan is therefore one step towards a new system as well as a bolstering up of the old. The important task now is to get the plan through and then to accentuate its forward-looking features. It would be an obvious help if one started giving IMF money a name; and if Germany lends marks to the Fund, could these not be passed on as IMF units, which could be freely transferred, so economising in the Fund's resources and forming the basis of a world currency? There is much to be said, too, for centralising dealings in gold between central banks in the International Monetary Fund. Certainly one is bound to wonder how long the link of all currencies to gold can be pivoted simply on a unilateral undertaking by the United States and an informal market understanding with the Bank of England.

There has been no sign of complacency at this year's meeting. The monetary conservative of today differs from the radical not so much in his analysis of present weaknesses as in his inborn feeling that sound financial principles must involve an unavoidable element of retribution for the backslider. Gold, the dollar, and the pound: fears about all of them form the undercurrent of the Vienna discussions. One growing fear this week has been that the new scheme may be compromised not so much by its arithmetical limitations as by the want of enthusiasm of some countries for it. Every grouse against the "burden" of putting sterile gold into interest-bearing, gold-guaranteed and readily encashable paper dilutes the usefulness of the credits agreed. The United States now realises in full its own direct interest in a smooth flow of world payments; must one wait for the next run on the franc to prick the indifference of the Europeans?

A fanatic, as Mr George Ball reminded the conference on Tuesday, has been defined as a man who redoubles his efforts when he has forgotten his aim. One must not become a fanatic about international credit, either a conservative fanatic or a radical one. The best credit scheme does not remove any of the need for adjustments in domestic policies, nor should it dam up indefinitely necessary adjustments in exchange rates. The bankers' job, internationally, is the limited but crucial one of ensuring that credit or the lack of it does not get in the way.

Mr Black's Two Hats

In fifteen years under Mr Black's leadership the World Bank has made a prodigious contribution to economic improvement. It now faces problems of its own success. In the year to June the Bank undertook new loans of $610 million; the previous year's figure was $658 million. Of its total disbursements of $4,320 million to June, $1,452 million had already been repaid or sold by the Bank to investors. These figures might almost suggest that the Bank is reaching its zenith at an age when most financial institutions would be in their infancy.

Most of the reasons for this stem from the fact that the Bank has from the first been a commercial operation and will remain so. Its interest charge, slightly reduced last year to 5¾ per cent, is close enough to market rates to deter some would-be borrowers. Again, genuinely bankable projects are becoming increasingly scarce, particularly in countries that have already borrowed quite enough abroad to service from their unimpressive foreign earnings. Mr Black, though wise and liberal in his banking, has long been anxious about this.

But the significant fact to emerge from this Vienna meeting is that Mr Black is becoming less of a banker and more of a universal uncle in economic development. A short and remarkable achievement in the bank has convinced him that commercially-based lending operations that merely scratch at a gigantic surface of want are unavailing for the needs of many of the developing countries. On the India and Pakistan Consortium he says "too much of the capital will be provided on terms that bear too heavily on the balance of payments of the recipients." An enquiry by the Organisation for European Economic Development found that more than half of the official capital provided to underdeveloped countries in 1956-59 was made in outright grants; and the United States and France provided nine-tenths of this uncommercial credit. But the ratio of hard credit is now increasing again, and if development is to go on moving ahead, aid will need a greater component of funds by grant or on terms comparable to IDA's.

This young lady (International Development Association for the precise) began her operations in November last year and has made six advances of $137 million to date. Each of these loans (typical examples are for highways and agriculture to Honduras and the Sudan) runs for fifty years with no interest charges and no repayment of capital in the first ten years. This pattern of lending, not necessarily fixed, may scare some bankers; but it does not scare Mr Black. IDA indeed applies the same tests to an applicant—for example, its readiness to mobilise its internal resources for development—as does the World Bank. Its concession—and it is a big one—is to provide interest-free money for as long as fifty years to countries that would be unable to borrow abroad at all on conventional terms.

Indeed, Mr Black's two hats sport the same band, because IDA is jointly run by the Bank and serviced by its staff. So far IDA's operations have been joined with collateral loans by the Bank—evidently a large element of judgment must govern the apportionment of the two kinds of credit. But some projects would never be suitable for the Bank, such as the municipal water supply that IDA is financing. Already IDA faces a major job of expanding its resources. These are always likely to be short in relation to the amount of capital that would be demanded at zero interest. But they are short in the more urgent sense that India and Pakistan could easily mop up the whole of IDA's present resources, with nothing left over for the many projects that are coming forward from other countries. There were observers at Vienna this week who suggested that the decline of the World Bank's business on commercial terms might not be unrelated to IDA's entry into business on uncommercial terms. But in many developing countries the limits of safe commercial borrowing have been reached; several of them have a pile-up of repayments to make in the next few years and already the service of their external debt is imposing increasing strain on their precarious balance of current payments. The safe and sane way, Mr Black says, of averting financial trouble for such countries is to maximise the flow of official capital provided for long periods and at token interest.

It hardly needs saying that all this was well received by the developing countries. Listening to the spokesman for Pakistan, for example, one caught all the expected echoes—criticism of consortium credits supplied on hard terms; no likely prospect of expanding the foreign exchange earnings of the developing countries; and a demand for a substantial increase in IDA's resources. Increasing IDA's resources will indeed be the cry of the future for the "Part II" countries, who subscribe only 10 per cent in convertible funds and the rest in their own money, usable only with their consent.

Machinery for bigger subscriptions to IDA will involve some statesmanlike engineering on the Bank's part, in addition to much supplementary technical work such as the new development advisory service. Mr George Ball voiced

American recognition of the need for enlarged IDA funds very soon. The British Chancellor of the Exchequer managed to sound less enthusiastic for the idea when he noted that, in spite of our own financial stringency, we had not cut foreign aid: the question of IDA's resources, he suggested, did not seem to be a problem for immediate decision ; we would hope " to be in a position to play our part in enabling it to continue its activities when the time comes " ; but even this was footnoted by the need to take into account the relative capacities of the different members to make additional contributions.

This is clearly the way that much of the aid has to go, with no pretentious undertakings about quick repayment or economic interest rates. But a free-handed, altruistic international exercise of this kind may not be the only means of increasing the total funds that would be available for lending to underdeveloped countries. Private capital is often enough invested in some of them with no serious expectation of return for a decade or more. The Bank is looking into the possibility of insurance for private investment against non-commercial risks and of arbitration in disputes.

Complaints against " commercial terms " will be redoubled if there are significant prospects of plentiful money at an exiguous service. And if, as is only likely, there are plenty of nervous " Part I " capitalists, bankers and taxpayers, they have the proved efficiency and skill of the Bank's procedures of enquiry and assessment in borrowing countries to calm their fears. When bankers turn to lending money for nothing, eyebrows ought to be raised. But this time they have to be raised imaginatively towards the practicalities of an economic job that cannot be shirked.

Stronger Props for Prices?

THE Commonwealth sugar agreement aims at reconciling the interests of consumers in this country with the claim of Commonwealth producers for a decent income. A British official who took part in these negotiations some time ago said that the task would be simple but for the producers' double scale of values. The prices they paid were always reckoned to be too high, and those they received were invariably considered to be too low.

If producers then believed that there were two sorts of prices, they will have been strengthened in that belief by the course of prices over, say, the past decade. Since the end of the Korean boom, commodity prices have ebbed steadily in spite of efforts by primary producers to halt the slide: yet the cost of manufactured goods has continued to creep up in spite of all attempts to stamp out inflation by the industrialised nations. Primary producers are therefore paying more for imports of manufactures and getting less for each unit of exports than at any time since the war, while the development schemes which they hope to finance through bigger exports have grown more ambitious.

The idea of a stark contrast between busy industrialised countries self-confessedly pre-occupied with getting rich quick and neglected and miserable underdeveloped states having to struggle increasingly hard for a living seems to have gripped the authors of recent United Nations economic reports. One of the latest claimed that international control of production and exports " remained a possibility still unexploited except for a few products." Officially, it seems the United Nations does not recognise the existence of any sort of stabilisation scheme that has no elaborate mechanism for representing the interests of consumers. Yet the price of several key commodities, including copper and nickel, and to a minor degree also jute and soon, perhaps, wool is partly influenced by the main exporters. The " few products " subject to the full rigours of international agreements sponsored by the United Nations are formidable. Agreements already cover wheat, tin, sugar and coffee. An international cocoa stabilisation scheme awaits ratification, and lead and zinc output is regulated when the occasion demands by voluntary curbs accepted by producer members of the UN lead and zinc study group.

Participation in commodity stabilisation schemes has sometimes been painful, but considerable experience in working them has now been gained. Existing stabilisation schemes do not seem to have brought producers very substantial benefits ; the prices of some of the commodities they affect are among the weakest. *The Economist* commodity price indicator (base 1958 = 100) has relapsed to 93.2 and is now lower than at the beginning of the year. Then western Europe and Japan were booming ; they are advancing still, but less certainly. The long-awaited American economic revival has arrived, but with industrial production in nearly all the dozen or so industrialised countries at or near its peak, commodity prices remain depressed.

Metal prices have been held down by disappointing consumption in western Europe, and if Britain's experience is typical, consumers may wish to reduce their stocks quite substantially. With the exception of the two American companies that have announced the resumption of maximum production, all the major *copper* producers are continuing to keep their output or sales below capacity. Even with a nominal reduction of 10 per cent, there was a prospect of a surplus this year of more than 100,000 tons. Although consumption in the United States has been strong enough to absorb this potential surplus, the relatively small further increase in consumption forecast in western Europe is less likely to happen. The ending of the complete stoppage at all important mines in Chile has exposed the weakness that underlay the market, and this week spot copper slipped to £228 a ton.

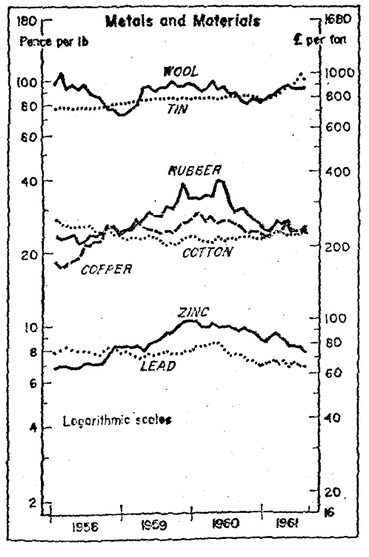
Restriction of *lead* production, and the connected barter deals under which the United States absorbed the surplus lead that producers voluntarily held off the market last year, has not produced the expected rise in lead prices, which at £64 a ton for spot supplies have relapsed to January's level. But the expected decline in *zinc* following an increase in production has occurred, and spot supplies have fallen to £74½ a ton. The price of *aluminium*, which competes with the older metals, particularly copper, has been left unaltered this year at £186 a ton, but nickel was raised £60 to £660 a ton in July, after being maintained at £600 a ton for more than four years by International Nickel, which controls about 60 per cent of the West's supplies and is therefore confident that it will enjoy the wider market that its policy creates.

Tin producers could scarcely conceal their joy at the failure of the buffer stock managers' attempt to prevent the price rising above £880 a ton. They have already seen a rise of £150 to £939 a ton this year, and feel that they have been baulked of still larger gains by the proposed release of metal from the United States stockpile. The vehemence of their denunciation of this American initiative, which may in fact have been inspired mainly by the prompting of the International Tin Council, should strengthen the United States' wish to join the Council and by accepting its decisions shift some of its present unpopularity on to other shoulders.

Fibres have failed to show the improvements this season that had been expected. *Wool's* shaky performance at this month's auctions reflects the sudden worsening of Japan's balance of payments ; Japanese buyers were the main prop when prices recovered earlier this year. Without that support, there is little chance of much further improvement in prices this year. At their peak in May, merino 64's fetched 98d. a lb.; the price has now slipped back to 93d. a lb. *Cotton* growers have been afflicted by storms in the United States and unusually severe attacks by pests in Egypt, but neither the medium staples grown mainly in the United States or the long staples grown principally in Egypt and the Sudan have yet shown any marked response in prices.

Jute has fallen from the unsustainable level of £210 a ton for " firsts " that throttled trade in this fibre in the early part of this year. Supplies of jute from the new crop will be adequate in Pakistan, the main exporting country, and in India, which since partition has made itself independent of Pakistan's jute on which Calcutta's jute mills once depended. In contrast to the restriction of output at the jute mills which was made necessary by the scarcity of jute last season, these mills will be strained this season in absorbing all domestic supplies. The quality of Pakistan's crop is poor and has caused a wider spread between the best and lowest grades of fibre. After falling to £118 a ton, firsts have rebounded to around £137 a ton, but are likely to recede again later in the season.

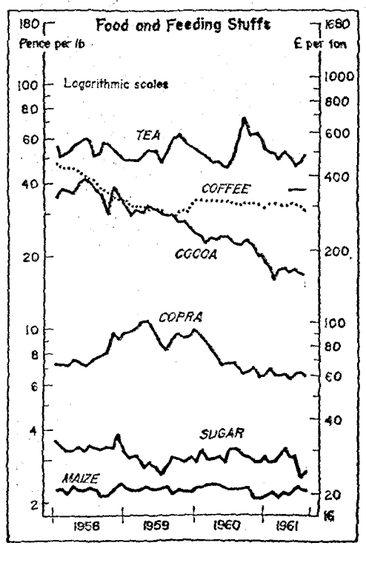
Though the current temporary surpluses of basic materials are not serious if allowance is made for a continuation of the steady rise in consumption, the glut of foodstuffs seems a more intractable problem. More confidence in *coffee* prices will follow the strengthening of the new International Coffee Agreement now under discussion, particularly if the United States becomes a member. But while much of the coffee that is produced is not actually drunk, there can be little hope of a significant reversal of the downward drift in prices. Uganda robustas remain at £143 a ton, compared with £170 a ton last October.



A hefty surplus of *cocoa* remains from the last two crops, and quite a large surplus will probably be left over from the new crop. But the price has remained firm at £161 a ton, and since a stabilisation scheme was first discussed the possibility of its general acceptance has increased perceptibly. The " free " price of *sugar* has not recovered beyond £24 a ton, though the working of the present international agreement is now being reviewed in Geneva, and many delegates would probably support an attempt to regain more effective control of prices during the two years' life of the current scheme.

With so many commodities in distress, Britain's decision to apply for membership of the common market has come at an embarrassing time. Nearly all primary producers, directly or indirectly, have something at stake in these negotiations, and their fears are magnified by the failure of a high level of production in the industrialised countries to guarantee them a satisfactory price for their exports. Many of these primary producers feel outraged by the adverse turn in their terms of trade, which have run in favour of the industrialised countries ever since the elimination of post-war scarcity.

When farmers in industrialised countries are frustrated in this way, they usually have ample opportunity for letting off steam at price support discussions, or even have the occasional opportunity to shy a rotten egg or tomato at an official representative. But primary producers seldom have such an opportunity. The result is usually to embitter trade discussions or to encourage excessive optimism among them over trade with the communist countries, which buy a narrow range of commodities in a small number of markets and thereby make a greater impact politically than the volume of their imports would seem to warrant. After years of refusing to consider the merits of stabilisation schemes seriously, the American government appears to have decided now that support for these agreements is a sound political policy, even where there are lingering doubts about the economic wisdom of interfering with prices. If the United States goes beyond its present announced intention of considering membership of the international coffee and tin agreements, price support schemes would be given a timely shot in the arm ; confidence in their effectiveness has been given a severe jolt this year.



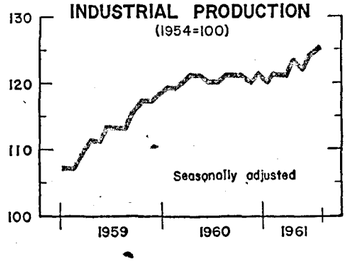
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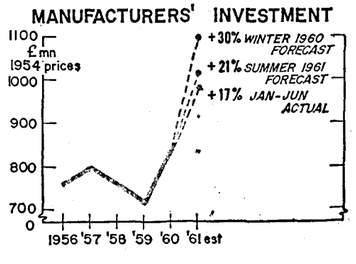
THE ECONOMY

One-legged Expansion

When the Chancellor was devising his measures two months ago to restrain Britain's demand for other countries' output, almost all available evidence pointed to the continuing stagnation of this country's own industrial production. In fact, at the time it had been rising. By July, figures published by the Treasury this week show, industrial production was about four per cent higher than at the beginning of 1961, allowing for the purely seasonal differences that can affect rates of output between different months, and manufacturing output was about five per cent higher. Previous calculations for certain of the earlier months of the year have also now been revised upwards, with the result that for the second quarter as a whole production is now reckoned to have been about two per cent larger than during the first quarter. As manufacturing employment has remained approximately level during these six months, this has meant some slight, though wholly welcome, increase in productivity—in direct contrast with the record of the previous twelve months or so.

This is not quite so fast a rate of growth as in the same months of 1959, when the British economy was last undergoing a bout of expansion. Nor is it quite so broadly based. Significant gains in output so far this year have largely been confined to the engineering and construction industries—generically, the capital goods suppliers—and a few others, principally some of the food and chemical trades. Vehicle output has also been rising, but it is still running well below the peak levels of the spring and summer of 1960. Perhaps more notable, on the other hand, is that this extra production has been registered in face of a very marked pause this year in stockbuilding by manufacturing industry (chart on page 1185). During the first six months of 1961 manufacturing stocks rose by only £37 million (1954 prices, seasonably adjusted), as against increases of £297 million in the second and £164 million in the first halves of 1960: most of this year's small overall increase has stemmed, moreover, from the growth of work in progress in engineering, plus some accumulation of finished goods stocks in textiles and clothing. The cutting back of the import bill for raw materials and partly-processed manufactures arising from this virtual cessation of stockbuilding is welcome: less so is its depressing effect upon the current production rates of certain industries. The steel makers, for one, have now been hit badly by a complete turn round in their customers' stock policies: since July the run down of steel stocks appears to have gathered considerable pace. If this process should spread—and distributed stocks in the hands of wholesalers and retailers have risen more sharply this year, especially in the first three months, than during any comparable period since at least 1957—then the nascent upswing in industrial output may not survive for very long.





For How Long?

Of equal, though perhaps not quite so immediate, import for the prospects of sustaining this long awaited sign of growth are the Board of Trade's latest soundings of industry's capital expenditure plans. Since last winter investment programmes for the present year have in total been revised quite sharply downward, largely because a number of motor manufacturers and their suppliers have decided to take rather longer over the completion of their new capacity. Instead of the thirty per cent increase then reckoned for capital outlays in 1961, manufacturers now expect to spend only about 21 per cent more, roughly in line with their original forecast in summer 1960. For 1962, the initial feeling, from soundings before the Chancellor's measures in July, seems to have been that of spending no more than this year. Commercial investment is still expected to be about ten per cent larger this year than last, and to show almost as large an increase again in 1962. By mid-year, it should be noted, however, actual spending by manufacturers had reached an annual rate only 17 per cent above the whole of 1960, while commercial investment was three per cent down.

Hitherto these six-monthly soundings have failed to earn any reputation of real reliability—this time last year, for instance, manufacturers quite inaccurately raised their estimates for 1960 very sharply upwards. But the less ambitious target set for manufacturing investment in 1962 does fit in with the recent decline in engineering orders and in industrial building contracts received by contractors and architects. The capital goods suppliers still have a heavy volume of work in front of them and they should be able to maintain or even increase their present output rates until at least well into 1962. Beyond then, prospects are now decidedly doubtful.

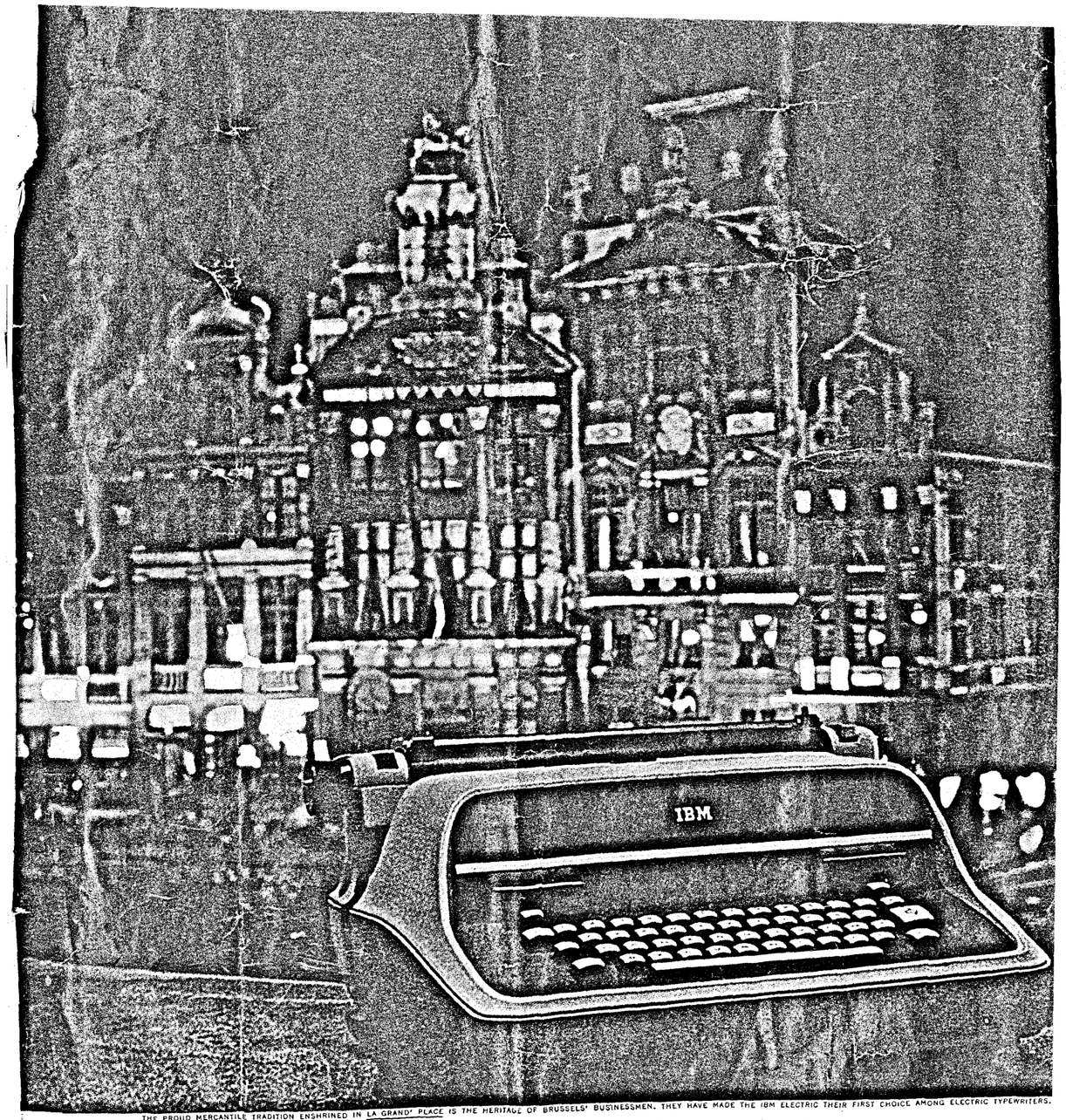
ATOMIC ENERGY

Better Bookkeeping

Someone—to be precise, the Committee of Public Accounts—has at last taken the Atomic Energy Authority to task for the way it presents its annual report, that monument of non-information designed to conceal not only the cost of the AEA's military work but pretty well everything else as well. While the committee accepted the security restrictions as perfectly sensible, it could see no reason why the AEA should not be a modicum more forthcoming about its purely commercial operations, especially since these seem to be involving a sizeable loss, and there is nothing that stimulates a PAC's terrier instincts more than the scent of a buried deficit. At one point during the AEA's evidence the following exchange occurred:

> Col. Crosthwaite-Eyre: Looking at your balance sheet, is there any way in which the average person could discover that you had waived £10 million in royalties on the first four (civil nuclear power) stations. There is no defence secret about that in any shape or form?
>
> Sir Alan Hitchman for the AEA: No, it does not appear in the balance sheet.
>
> Col. Crosthwaite-Eyre: There is no way in which anybody could possibly discover that unless he were a member of this committee. . . . Am I right in that?
>
> Sir Alan Hitchman: It is a matter of public knowledge.
>
> Col. Crosthwaite-Eyre: No, it is not a matter of public knowledge, it should be reflected in your balance sheet. . .

Nor did the PAC and the Authority appear to see precisely eye to eye on what constituted a profit and what a loss. The



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hority, for example, said in its evidence : while a small loss would be made on manufacture of fuel elements for the : four power stations, it intended there- :r to recover its costs. But, said the com- :tee in its final report, " It appeared, how- :r, that the Authority have incurred large ses (not small deficits), mainly through :r-provisioning of materials for the clear power programme and these losses, iich include substantial writing down of ocks . . . are not separately identified in the ithority's accounts." Indeed the Authority id flatly during the summer that it had ot written down any stocks in the latest alance sheet available, for March, 1960, hen its holding of raw materials was shown : a book value of £80 million, a rise of 30 million in 12 months.

The outcome of this series of fairly tart exchanges is the likelihood that the Authority will in the future publish a good deal more information to satisfy the kind of questions on which the committee pressed it hardest, namely the cost of its research, and details of its trading operations such as royalties from power stations, sales of fuel, losses on stocks. It is difficult to see why the AEA should ever have been so reticent. To have stated its position more openly would have greatly strengthened its hand in bargaining with its main and most formidible civil customer, Sir Christopher Hinton, who has certainly got the better of the Authority on the question of royalties and seems likely to get his own way in fuel too. And a little more information might make it easier to discover what, precisely, nuclear power is costing Britain—a great deal more, by all accounts, than Sir Christopher is paying for it.

BANK ADVANCES

The Pressure Revealed

IT would appear that the bankers have at last got their advances under control. For almost two years now they have been pulling hard on the reins with little effect and the earlier checks always proved to be short-lived. The latest quarterly classification of bank advances by class of borrower, however, shows that the banks' tighter scrutiny is taking effect ; advances by all members of the British Bankers' Association rose by only £31 million in the three months to August and only £4 million of this increase came from the clearing banks. This is the smallest quarterly increase since February, 1958, and compares with a total increase of £316 million for the first two quarters of this year.

In the latest three months ten of the twenty-six borrowing groups show a reduction in advances. But the reductions are in unexpected places : seven of the ten are in the industrial section. The groups that were expected to bear the brunt of any cutback show in some cases relatively large increases. Advances to hire purchase (due for a 20 per cent cut by next January) and the other financial groups, which includes the property companies, both rose by £12 million in the three months, bringing their respective increases so far this year to £22 million and £44 million. On the other hand the growth in personal and professional advances, one of the fastest growing groups in the past, has been checked, while advances to the local authorities rose by only £1 million.

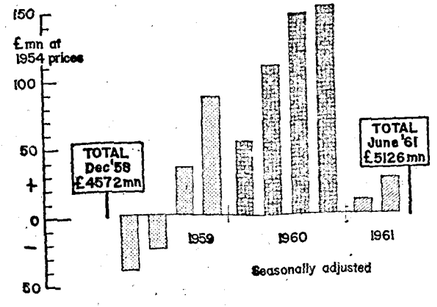
BRITISH BANKERS' ASSOCIATION
(£ million)

	3 mths. to Aug., 1960	3 mths. to Aug., 1961	12 mths. to Aug., 1961	Total at Aug., 1961
Personal & professional	+11	Nil	+ 15	705
Hire purchase	− 5	+12	+ 15	158
Retail trade	−11	−17	+ 10	368
Industry and other trade	+64	+11	+317	2,115
" Other financial "	+ 4	+12	+ 24	350
Other groups	− 4	+13	+ 20	221
Change in total	+59	+31	+401	3,917

Advances to industrial borrowers rose by only £11 million in the three months. This follows an increase of £235 million in the first half of 1961 and compares with a rise of £64 million in the same quarter of 1960. The only increases of any size were in engineering (up by £13 million to £490 million) and in building and contracting (up by £7 million to £175 million) while falls were registered by chemicals (down by £12 million to £53 million), iron and steel (down by £3 million to £95 million) and in food, drink, and tobacco (down by £11 million to £215 million) where, as in the retail trade, seasonal influences tend to reduce advances in the summer. The sharp check in the growth of industrial advances has already been reflected in the number of new issues in the capital market.

The Stockbuilding Pause

The stockbuilding boom in manufacturing industry came virtually to an end at the beginning of this year. Small gains were registered in the first two quarters, but they were the smallest since 1959. Stocks of wholesalers and retailers rose very sharply in the first three months and rather less so in the second quarter, but not to change the general picture of only a marginal increase in total stocks so far this year.



IN THE MARKETS

Under Restraint

IN the last six weeks, leading equities have moved no more than one per cent either way of a mid-point, as established by the *Financial Times* index, of 310, and no more than 1½ per cent of a mid-point, as established by *The Economist* indicator, of 365. This reflects the low level of business in the stock exchange, but it also helps to emphasise that the volume of selling has not been heavy at these comparatively low levels. A small fall in prices, indeed, has usually encouraged a little buying but any thought that this might produce a more sustained rally has been frustrated, first, by the continued uneasiness about the British economy and, secondly, by the disturbing influence of international tensions. This was again the case on Monday when the market broadened and prices rose, only for this rally to be nipped in the bud by the news of Mr Hammarskjöld's death. In all, equity prices were little changed on balance, with *The Economist* indicator falling slightly to 361.2 in the week to Wednesday's close. Investors have not lost their faith in the long term prospects for equities and this was illustrated this week when dealings took place in the Courage Barclay and Simonds convertible debenture at premiums ranging up to 8½ points on the issue price of £99 per cent (£25 paid). This issue was over-subscribed four times, not because of its 6¼ per cent coupon but because the conversion rights into the equity were attractive. But at the moment investors seem to prefer to take a two-way bet like this rather than to go whole-heartedly back into the equity market.

There has not been much movement in gilt-edged prices, though the market in the medium dated issues was looking rather firmer in the middle of this week. In the mortgage market, on the other hand, short term rates have again hardened and some of the smaller councils have paid 7⅛ or 7¼ per cent for seven days money. The hardening of the rates reflects not only the approach of quarter day but the withdrawal of funds by some big industrial companies and the cutting-back by the banks of temporary loans to the local authorities. The capital market, too, continues to feel the impact of the credit squeeze and of the curtailment of advances by the clearing banks.

Further Rights Issues

THIS was evident this week in the announcement of further rights issues. The directors of Debenhams, for example, have been forced by the rise in interest rates to review the capital expenditure programme and to extend it over a longer period. But they have decided to go ahead with fifteen major schemes that are in an advanced stage of development. Their completion will cost about £4.2 million over the next eighteen months and as the group only has the minimum cash balances required for trading purposes and as, presumably, the banks were not prepared to lend, the directors have decided to raise about £4½ million by a rights issue. One new ordinary share at 42s. 6d. for every fifteen shares held is being offered on the basis of higher profits in 1960-61 and a maintained dividend of 1s. 11d. per share on the bigger capital. Thus, with the shares standing at 51s., the rights are worth 6d. and the ex rights yield is 3.8 per cent.

Morgan Grenfell has underwritten this issue and also the rights offer by Laporte Industries of one new ordinary share at 18s. for every five held, designed to raise about £4¾ million. This money is required to complete the group's expansion programme, including that of Howards and Sons which Laporte acquired in February. Just over a year ago, this chemical manufacturing group raised about £2¾ million by a rights issue and its shareholders will no doubt be relieved to hear that while the first call on the latest issue is in October the final call will not be made until January. But it remains to be seen how far shareholders will be prepared to support this issue, for the directors indicate that profits are falling though they expect to maintain the dividend at 10½ per cent on the increased capital. The immediate reaction in the stock market was to mark the shares down by 2s. 9d. to 20s., to make the rights worth 4d. and the ex rights yield 5.4 per cent.

Doubts in Wall Street

A correspondent cables:

NERVOUSNESS on Wall Street increased this week and equity prices fell sharply as a result, with almost all groups coming under pressure. Dealers attribute the sales to the heightening of international tensions and to increased fears that the administration is pursuing an aggressive policy towards business practices, particularly in anti-trust actions. The Dow Jones industrial average fell close to the 700 mark before a renewal of support brought it back to 707 on Wednesday. Pundits in the market think that the average may go lower because of the absence of any widespread demand for equities.

A really marked decline, however, is not considered likely because the prospects for the economy and industrial profits are good. Institutional investors are prepared to add to their purchases if selling by private investors increases as they take the view that the latest fall is typical of a maturing bull market and that it should be followed by another rise, in which, however, buying is likely to become increasingly selective. With the Federal Reserve continuing to pursue an easy money policy, largely because the demand for credit remains moderate, the public has funds available both for speculation and longer term investment. But expectations that the Dow Jones average might rise to 800 before the end of the year are now thought to be too optimistic and until the Berlin and Congo crises are settled the brokers are advising their clients to be cautious.

SHIPBUILDING

Accentuating the Obvious

PERHAPS one should not begrudge Mr Marples his study tour of continental shipyards. Personal impressions usually sink deeper than—if they only serve to confirm—the succinct monochrome of other peoples' reports, such as the industry's own productivity report on Swedish shipbuilding, finally published two weeks ago, and perhaps also the report he should receive next month from the firm of accountants set the task of finding out why British shipowners have been placing more of their orders overseas. But, judging from his replies to questions on his return at London airport, the Minister of Transport did not discover anything new. The quality of British-built ships is admired, he said. But British yards are behind on prices and delivery dates, and one of the main reasons for this is the "greater harmony" between continental managements and their men. There, most shipyard managements divulge to their workers the full facts of the firm's situation, thus creating an atmosphere of trust. This, in turn, is greatly helped by the fact that all, or most, shipbuilding workers are represented by a single union, which in practice has long meant the complete

BALANCE OF PAYMENTS

The Right Direction

PROVISIONAL estimates of the United Kingdom balance of payments for the second quarter of 1961 are broadly as expected. The improvement in the balance of visible trade recorded in the previous quarter has continued, with a fall in the estimated deficit to £40 million, against £87 million in the same quarter of 1960. Exports and re-exports were virtually unchanged, but imports fell by £29 million compared with the first quarter of 1961. Invisible transactions showed a sharp improvement, from being literally "invisible" in the first quarter, to a surplus of £25 million in the second. The identified balance on current account was a deficit of £15 million, compared with a deficit of £68 million in the first quarter of the year and £50 million in the corresponding quarter of 1960.

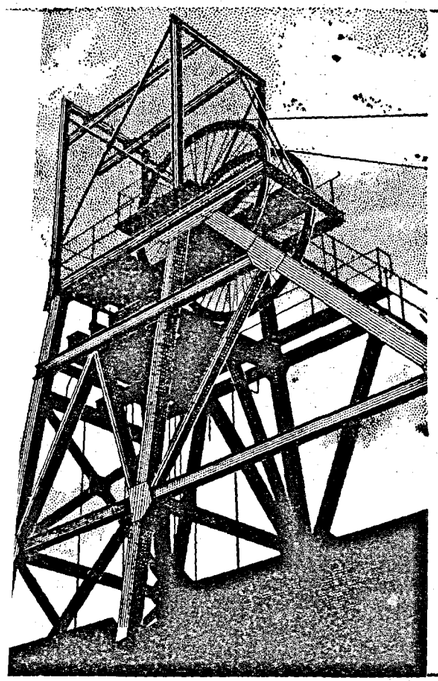
On the capital account net private investment abroad was £83 million, a high figure which gives some point to the Chancellor's announcement in July of a "more severe" test of investment projects in non-sterling countries. The support operations of the European central banks are included in "monetary movements." Without this support the fall of £175 million in the sterling holdings of the non-sterling area countries would have been considerably larger, but equally any such fall would have been balanced by an equivalent fall in the United Kingdom's assets. As it is, the fall of £89 million in the gold and convertible currency reserves is partly offset by a reduction of £13 million in overseas sterling holdings and an improvement of £15 million in other monetary movements. The balancing item, a little surprisingly in view of the outflow of short-term capital, remained positive at £25 million.

UNITED KINGDOM BALANCE OF PAYMENTS

(£ million) *

	1960 I	1960 II	1960 III	1960 IV	1961* I	1961* II
CURRENT ACCOUNT :—						
Imports (f.o.b.)	1,022	1,029	1,005	1,054	1,050	1,021
Exports (f.o.b.)	966	942	859	945	982	981
Visible Balance	− 56	− 87	−146	−109	− 68	− 40
Government (net)	− 75	− 67	− 69	− 73	− 85	− 86
Other invisibles (net)	+ 87	+104	+ 79	+ 73	+ 85	+111
Identified Current Balance	− 44	− 50	−136	−109	− 68	− 15
LONG TERM CAPITAL A/C.†						
Inter-Government loans (net)	− 17	− 20	− 14	− 40	− 21	+ 23
U.K. subscription to I.M.F., I.D.A. and European Fund	+ 1	...	...	− 11	...	...
Other U.K. Official Long Term Capital (net)	...	− 2	− 1	...	− 2	− 11
Private investment (net)	− 37	− 63	− 36	+ 44	+ 48	− 83
Balance of Long Term Capital	− 53	− 85	− 51	− 7	+ 25	− 71
Balance of Current and Long Term Capital	− 97	−135	−187	−116	− 43	− 86
BALANCING ITEM	+123	+ 60	+115	+ 66	+ 72	+ 25
MONETARY MOVEMENTS†						
Overseas sterling holdings:						
(a) R.S.A. countries	− 34	+ 4	− 97	− 97	− 39	+163
(b) Non-sterling countries	+ 19	+118	+226	+241	−131	−175
(c) Non-territorial organisations	− 17	− 27	− 57	− 55	+ 4	− 1
Gold and convertible currency reserves	− 16	− 40	− 77	− 44	+ 75	+ 89
Other monetary movements	+ 22	+ 20	+ 77	+ 5	+ 62	− 15

* Provisional. † Assets: Increase −/decrease+. Liabilities Increase+/decrease−.



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absence of demarcation rows and a considerable degree of flexibility for moving men from one section of a yard to another.

Repetition of the blatantly obvious may perhaps be called for to induce any real change in this industry, although Mr Marples's anxiety to promote harmony in shipyard labour relations may run him into his own kind of demarcation difficulty with the Minister of Labour. But there is a world of difference between willing something and achieving it. The craft unions in shipbuilding have been talking about amalgamation for at least five years. So far the blacksmiths have joined forces with the boilermakers, and now the executives of the two biggest unions, the boilermakers and the shipwrights, have just decided to recommend a kind of amalgamation to their members. But in the proposed joint organisation the 'platers' and 'corkers' would retain "full autonomy" to deal with matters concerning their respective trades; they would still elect their own officials and control their trade procedure.

However, this is a step, albeit limited, in the right direction: traditions die hard. But Mr Marples could indulge his fondness for action in his own direct dealings with the shipbuilding employers. There can be no response without prior initiative, and the first step towards productive harmony in British shipyards can only be taken by management. Lack of imagination and a deep-seated frigidity towards the idea of genuine co-operation characterises the labour policy of too many British yards. There are some exceptions, but their productivity record and relative success in winning orders has not yet helped many of the others to see the light. Possibly the hard tack of depression, which they now face, may make some difference, though slumps are not always effective medicines. One point is certain, however. Mr Marples is right to turn his back on the idea of government subsidies; they even more rarely cure inefficiency.

SYNTHETIC FIBRES

Enter Polypropylene

POLYPROPYLENE is one of the most versatile plastic materials; apart from its normal use as a moulding powder, it can be made into a fibre like nylon or Terylene. Now that Imperial Chemical Industries has begun to produce it under the trade name "Ulstron" in a pilot plant at its Wilton plant, one can begin to see how much of a price advantage this material has over the other synthetics. Only yarns that are suitable for ropes and fishing nets are being made so far: but these are nearly 25 per cent cheaper than comparable nylon or Terylene and, ICI claims, they have some advantages for such uses. To produce polypropylene yarn for clothes requires first solving the problem of dyeing a material that is even more resistant to normal methods than are the other synthetics, and ICI will not commit itself to any date for the introduction of such materials. Montecatini, the Italian chemical company that *pioneered the development of polypropylene* and from which ICI has the exclusive rights to produce polypropylene yarn in Britain for clothes, is doing much research on the problem and seems to have obtained some success; but the methods used seem still too expensive to be practicable for use on what should be a cheap synthetic material.

Industrial applications, therefore, will be the only ones for polypropylene in the *immediate future*; but ICI evidently expects that these will prove substantial, for its first full-scale plant, which will start production at Wilton at the end of this year, will have a capacity of 2,250 tons a year. This will allow it to use more than 20 per cent of all ICI's output of polypropylene polymer, which amounts to 11,000 tons a year now and could reach 22,000 tons in 1963. But in the long run, if the problem of dyeing the material can be solved, fibres are expected to account for at least 30 per cent of production. Carpets are likely to form a substantial market for it as well as clothes; and when production of the yarn and of the polymer reaches the really large

AIR SAFETY

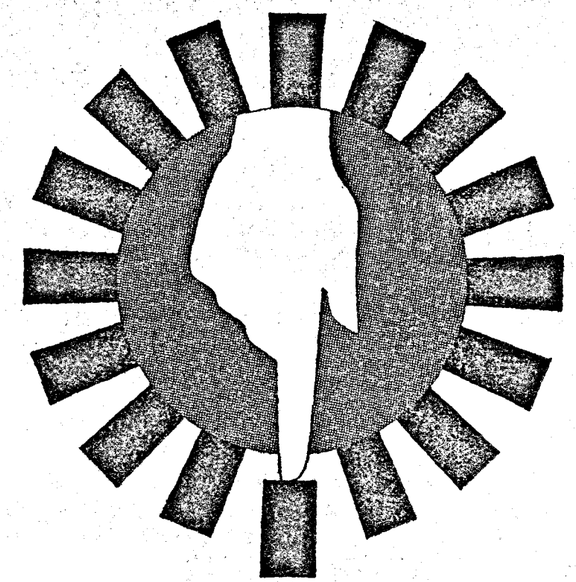
Death in the Sky

EXCLUDING the crash that killed Mr Hammarskjöld and 12 of his companions, there have been five major accidents within the month to civil airliners on routine commercial flights and close on 280 people have died in them; the pilgrims who stepped out of their wrecked aircraft on the Dublin main road last Tuesday night might well think it miraculous that the total did not exceed 350. Nearly 1,000 passengers and crew have been killed in civil air accidents in various parts of the world so far this year, not counting those who crashed in privately-owned aircraft. This is not a record of which the airlines can feel proud; it suggests that the casualty rate by the end of the year may show little, if any, improvement on 1960, an especially black year when between 1,200 and 1,400 people died in commercial air accidents (and a further 835 were killed in accidents to private and business aircraft in the United States alone). The trend is more disturbing because fewer accidents seem to have taken place this year in South America, a notorious black spot for aviation.

With the exception of certain accidents to the Electra, it has been rare in recent years for any to arise out of structural or mechanical failure in the main components of an aircraft: indeed the structural strength of some modern jets has saved several nasty crashes from turning into tragedies. But a troubling number of fatal accidents, perhaps 40 per cent of the total, occur when an aircraft is coming in to land, a much higher proportion than accidents at take-off, which are usually due to some form of engine failure. This prompts the suspicion that ancillary equipment is lagging some considerable way behind actual aircraft design, a suspicion that is at least partly confirmed by the current report of the Daniel and Florence Guggenheim Aviation Safety Center. This lists more reliable components as one of the items needing urgent study, along with improved air traffic control, and methods for protecting passengers from the results of accidents—among them fire, *à propos* of which the Safety Center has some scarifying comments to make about complacency. To its general request for a closer look at all aspects of landing, from undercarriages to runway lights, pilots might add their own plea to designers for jets that are easier to land. Several of these have hit the runways of the world in recent years with an undignified scrunch that fortunately hurt no one but the machines, yet showed what disconcerting results can arise from a hair's breadth deviation from the prescribed landing techniques.

The Air Safety Center's remarks about the need for better training for private pilots applies for the time being purely to conditions within the United States, where private flying is conducted on a larger scale than elsewhere. In this country, however, there have been comments about a different aspect of training, namely, that of pilots of chartered aircraft. Now that the joint foibles of the British system for licensing airlines and the international system for controlling air fares have made charter flying an important part of civil aviation, technical opinion is asking whether the regulations governing these flights are sufficiently stringent.

The mechanical standards required on charter flights are as high as those expected of aircraft on regular scheduled flights; but how, it has been asked, does the pilot on a charter flight make himself familiar with the route? There have been questions, especially in the technical journal *Flight*, which is the official organ of the Royal Aero Club, whether some recent accidents to aircraft on charter flights might have been avoided if the pilot was more familiar with the country over which he was flying. This issue is bound up at least in part with another equally disturbing question. Why do so many experienced pilots apparently fly their aircraft headlong into the ground or into the side of mountains? Is it beyond the wit of man to design an altimeter that cannot be misread, or instruments that will warn him of impending danger?



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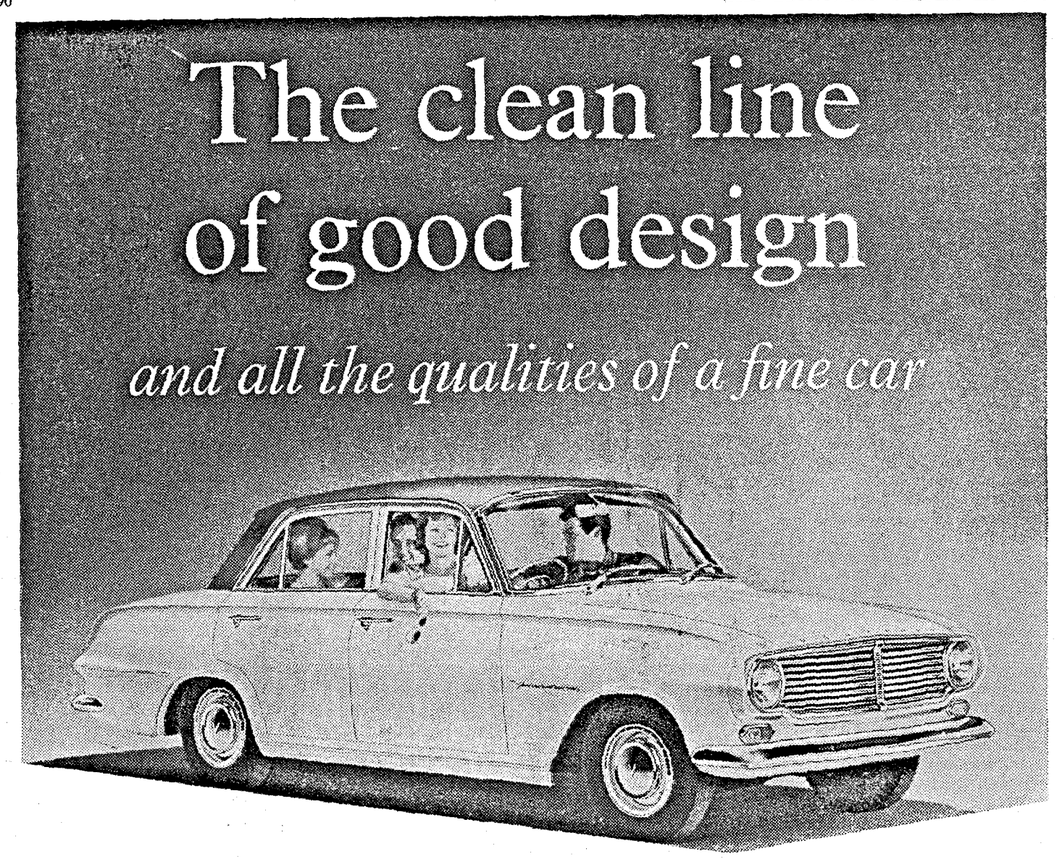
THE ELECTRONIC DATA PROCESSING SYMPOSIUM

During the Exhibition a three day symposium will be held. Executives, well versed in computer techniques, will come from a wide range of concerns—both State and private enterprises—to give registered delegates the benefit of their user knowledge and experience. All six sessions will be informal, and a highly useful exchange of ideas and information will result. For further information contact Mrs. S. S. Elliott, M.B.E., 64 Cannon Street, London, E.C.4. Telephone: CENtral 7771/2.

SEE THE NEW GENERATION OF COMPUTERS AT WORK

The clean line of good design

and all the qualities of a fine car



THE NEW VAUXHALL VICTOR

The new Vauxhall Victor is a car of outstanding quality and grace. Every contour bears the hall-mark of good design. Every detail has been planned with scrupulous care to match the clean good looks and superlative performance.

Engine, transmission, brakes, suspension—all have been engineered for quiet, safe, efficient motoring. Inside and out, every feature is designed for lasting satisfaction and lasting quality.

Run the rule over the new Victor at your Vauxhall dealer's. Then get behind the wheel and let good design speak for itself.

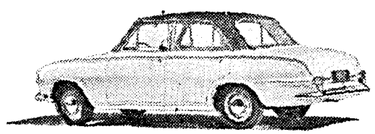
3-speed or 4-speed ALL-synchro gears
(3-speed column change, or optional 4-speed floor-mounted lever).

More comfort, more space for 4 or 5 adults
(extra legroom front *and* rear. 21½ cu. ft. luggage space)

Maintenance costs cut by two-thirds
(only 4 nipples which require lubricating only every 12,000 miles)

Superb, long-lasting paint finish
(in new formula synthetic-cellulose enamel. 14 attractive colours)

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Victor Estate Car £590 plus £271.13.1 P.T. (£861.13.1).



See and try the new Victor at your local Vauxhall dealer's. Or write for catalogue to Vauxhall Motors Ltd., Luton, Beds.

e that is expected, the difference in price ween polypropylene and nylon or Tery- may well be much greater than the per cent set by ICI's introductory prices.

E EXCHANGES

Quiet but Firm

HE exchange markets have again been *quiet* this week. There is an unwilling- s in the market to pinpoint any reason this inactivity, although the present ernational crisis usually underlies any nment that is ventured. The market now pears to be inclined to wait and see. The ath of Mr Hammarskjöld had no effect on exchanges, and most dealers showed le more than academic interest in the nual meeting of the IMF in Vienna. Sterling, however, continued to improve is week and the spot rate, mainly on mand from Germany, rose to $2.81\frac{3}{8}$ on uesday, its highest level for ten months. his rise was attributed to a general shortage of sterling with so many operators covering short positions taken up in June. The Bank of England appears to have been the only substantial seller of sterling on the first two days of this week. Demand from the continent was not maintained on Wednesday and the spot rate eased slightly. There is still little evidence of an inflow of hot money attracted by Britain's high interest rates, and the funds that have come in are certainly covered against the exchange risk. The cost of this cover is still around 4 per cent, with the three months forward discount at $2\frac{7}{8}$ cents, which leaves less than $\frac{1}{4}$ per cent on the interest arbitrage with New York.

BUTTER

No End of Dumping

A YEAR ago, at Denmark's request, an OEEC working party on dairy products met in Paris to discuss the surplus of butter on the British market. Denmark and New Zealand had previously had talks with British officials about the threat to their main export market. Apart from a further fall of 30s. a cwt in the price of New Zealand butter, reducing its price from about 350s. to 250s. a cwt in a year, the situation was virtually unchanged in July when Denmark again raised the matter with Britain following two abortive meetings with butter suppliers at GATT. In August, Denmark and New Zealand formally applied for protection under Britain's anti-dumping legislation and the United Kingdom referred the matter once again to GATT.

Under GATT's rules, approval of contracting parties is necessary before anti-dumping or countervailing duties can be imposed. With the government's pontifical observation that "it would be the expectation of the United Kingdom Government that . . . agreement would be reached on the immediate adoption of appropriate measures to secure a proper relationship between supply and demand" it seemed that the farcical series of talks would soon be at an end.

NEW CARS

Sporting Types

THE British Motor Corporation and Ford have chosen the same week to announce new models aimed at the market for sporting cars. They have selected diametrically opposed means of doing so, and their cars are clearly aimed at quite different sections of this market: BMC has fitted a more powerful engine into the unchanged body shell of the Austin Seven and Mini-Minor, while Ford has produced a coupé body on the otherwise unchanged basis of the Classic. But the intention in each case is to improve profit margins by selling in a specialised market, where the competing products do not have the advantage of being based on a car that is made on so large a scale.

BMC will be exploiting a market that it already reaches with these new versions of its baby cars, which are called the Austin Seven Cooper and Morris Mini-Cooper—the engine shares some features with the units used in the Cooper Formula Junior racing cars. But this is not a market that they were originally intended to tap: it has been the popularity of the cars among those who want a small sports car, and realised that these were potentially the best small sports cars made in Britain, that determined BMC to make its own sports version instead of leaving the profit from producing one to the tuning shops. It has been able to do better than they can, and to enlarge the engine from 850 cc to 997 cc as well as to adopt the normal tuning procedure of fitting two carburettors, enlarging the inlet valves and raising the compression ratio.



The result of these measures is that the engine develops 55 bhp instead of the 34 bhp of the standard engine: to cope with the extra power the only change needed in the chassis has been to fit disc brakes on the front wheels. The suspension proves fully capable of meeting the demands of a car that can now reach over 85 mph; the only noticeable effect of the greater power is that there is a sharper transition from understeer to oversteer if the throttle is shut on a corner.

At a price of £679, which includes a fresh-air heater and more elaborate interior trim, BMC is offering a car that has a performance not far short of that of a Ford Zephyr or Vauxhall Velox costing some £250 more, roughly similar to that of the Fiat 1300 that would probably cost nearly £100 more in export markets, and much superior to that of the Triumph Herald that costs £49 more. And, compared with BMC's smaller sports cars, it offers rather better performance and road-holding—and two more seats—for much the same price. In this strong competitive position the demand for the Coopers may well surprise BMC, which has been assuming that it might sell up to 200 a week. To meet the demand for a small car that is just better equipped than the ordinary Austin Seven and Mini-Minor, BMC is also marketing a Super de luxe version, which is the Cooper with the normal mechanical specification; this costs £592, £39 more than the ordinary de luxe model.

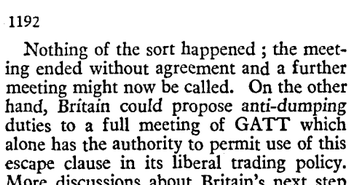
Where BMC is exploiting a market that its car found for itself, Ford is entering one that has hardly been touched in Britain before. Its Capri coupé is a relatively expensive car at £915 and is perhaps intended to sell mainly on account of extra elegance in styling: it is really the first British equivalent of the Kharmann-Ghia Volkswagen. It may appeal to some of the buyers of Triumph Herald coupés, which cost £157 less, or to buyers of the Sunbeam Rapier that costs £114 more. But it is hoped that the car will find a new market among buyers who want a car for their personal transport, not that of their family, and who want a smart car.



Nothing of the sort happened; the meeting ended without agreement and a further meeting might now be called. On the other hand, Britain could propose anti-dumping duties to a full meeting of GATT which alone has the authority to permit use of this escape clause in its liberal trading policy. More discussions about Britain's next step will probably follow. Meanwhile, Denmark's butter has been reduced to 252s. a cwt ex quay, compared with 335s. a cwt at the beginning of the year.

The main European milk producing countries have maintained a high level of output rather late in the season, and butter production has had to be increased to absorb more of the surplus. In this country, three times as much milk was used in the manufacture of butter in the first seven months of this year than in the same period of 1959. The Milk Marketing Board sells milk to butter manufacturers at a price which is governed by the market price of butter. This price is currently 1s. a gallon, compared with about 8d. a pint normally paid by housewives. Britain produces less than a tenth of its butter supplies; to maintain its average receipts, the Milk Marketing Board tries to limit supplies of cheap milk for the manufacture of butter here. But in a year such as this, that outlet is indispensable. The current low price for butter reduces farmers' incomes and could raise the cost of milk subsidies. But Britain has the benefit of a large quantity of French butter at less than half its cost in France, while New Zealand is losing about 65s. a cwt on its exports to Britain.

SPACE RESEARCH



With a Pinch of Salt

A BRISK correspondence erupted in the scientific journal *Nature* this week about how the oceans got their water. Earlier this year, C. M. de Turville put forward a novel theory, namely that vast solar winds (nicknamed "hydrogen hurricanes") sweep gusts of hydrogen gas off the face of the sun through space which gets trapped, as they pass the earth, in its magnetic field. This trapped hydrogen then combines with oxygen (from where? released from rocks, says de Turville, by the sun's ultra violet radiation) to form water vapour that has condensed over the millenniums to fill the oceans and which is still being deposited at a substantial rate. This theory has attracted some attention because it offers a satisfactory explanation for a phenomenon that has been puzzling meteorologists, namely how clouds of what appear to be water vapour, but which have previously been described as dust, can possibly exist at altitudes of 50 miles and upwards. The water vapor could not possibly have got up there from the ground. Scientists at the Meteorological Office find the thesis offers a neat explanation.

To other scientists, however, it appears riddled with inconsistencies. They simply do not believe that the earth can capture the volume of hydrogen from space suggested; there are technical reasons, put forward by E. R. Harrison of the Atomic Energy Authority, for suggesting that the belts of radiation that circle the earth would act as a shield to prevent the solar winds from penetrating the atmosphere to this extent. Such huge quantities of hydrogen would surely, they protest, have been discovered by high altitude research rockets and satellites by now, yet no mention has been made of them and—more ribaldly—if water vapour were truly being formed at a rate adequate to account for the oceans, by now we would all be fish. (Perhaps we are; at least, one reviewer who has read Leo Slizard's recent work on dolphins is convinced that Dr Slizard is a dolphin himself.) The truth may lie between the two theories. Some water vapour may indeed be formed by hydrogen from space, certainly enough to explain the troublesome presence of the meteorologists' noctilucent clouds, but hardly enough to account for the oceans. Some of his estimates have already been revised by de Turville in the light of later evidence collected from some of the American space probes about solar winds; this, indeed, is just the kind of scientific puzzle that space research is designed to unravel.

GOLD SHARES

Still in the Doldrums

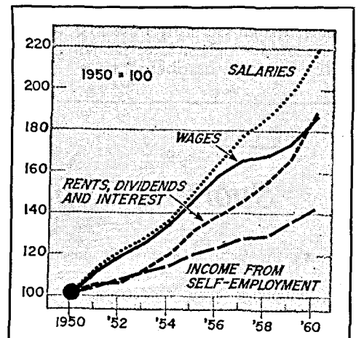
IN this month's issue of *Optima*, Dr J. E. Holloway, who recently led the South African trade mission to Europe, quotes a Swiss banker as saying: "Judged by purely investment criteria there is no more promising field in the world than South Africa." This may be true. What is equally true is that foreign investors do not care for what Dr Holloway calls the "psycho-political atmosphere" in the Union and whether they would respond, as Dr Holloway thinks they might, to a change in emphasis in the Government's policies and to a reversion to a liberal attitude towards foreign capital must remain an open question. So far, the restrictions imposed in June on capital withdrawals have had their desired effect of easing the pressure on South Africa's reserves and there now seems to be no danger that the government will close the last remaining door by restricting the payment of dividends to non-residents.

Though they have brought some immediate relief, the restrictions are not likely to be lifted at an early date as the reserves have to be built up to a level at which they could withstand further pressures, if these develop. Thus the discounts between the prices of Kaffir shares in London and Johannesburg are likely to remain. They have widened in recent weeks to an average of about 20 per cent and the slight revival

GOLD MINING DIVIDENDS

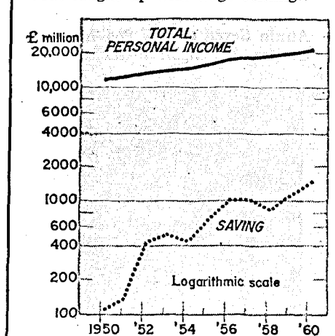
	Mar., 1960	Sept., 1960	Mar., 1961	Sept., 1961
F. S. Geduld...	3/6	5/–	3/6	5/–
President Brand	2/6	3/–	2/6	3/–
President Steyn	1/–	1/–	–/9	–/9
Western Hldgs.	4/–	5/6	4/6	6/–
Welkom	–/3	–/4½	–/3·6	–/4½
St Helena	2/3	2/9	2/3·6	3/–
Winkelhaak ...	...	–/4	–/6	–/7·2
Harmony	1/3	1/4½	1/4·8	1/4·8

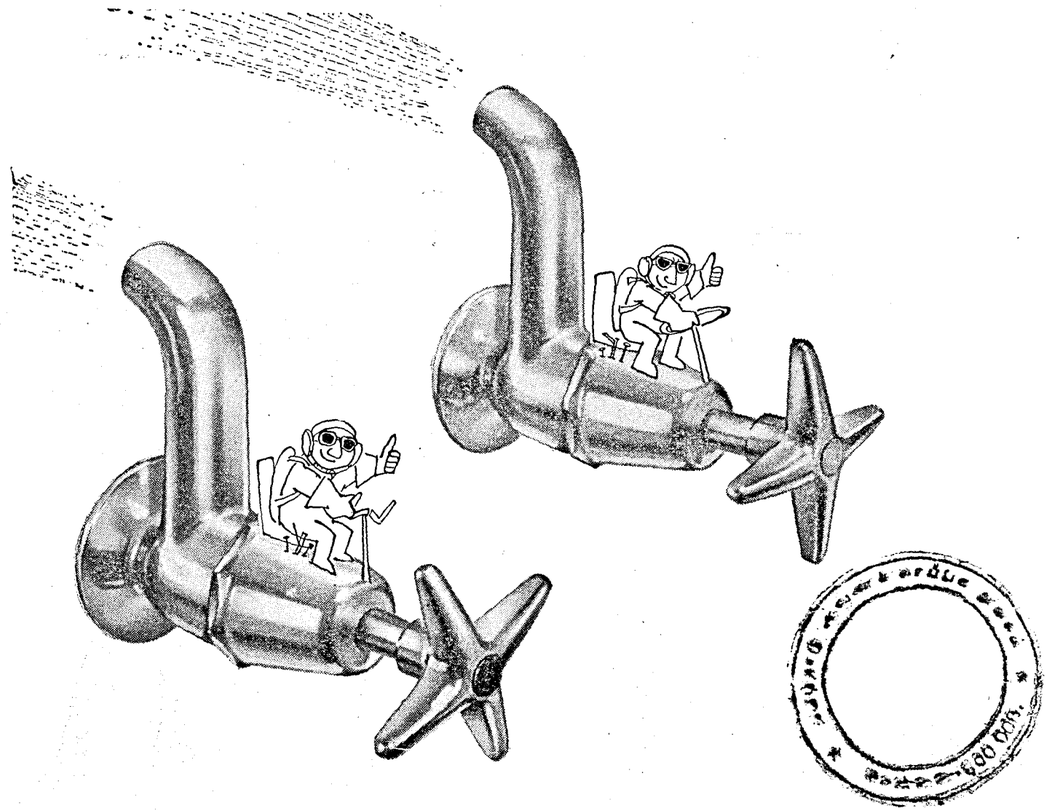
of interest in gold shares, which centred upon the finance house issues, proved to be short-lived. The *Financial Times* gold mines index, which does not include any finance house shares, had risen from its all-time "low" of 52.4 in mid-July to 58.0



INCOME AND OUTCOME

One of the outstanding features of the British economy in the fifties was the really impressive resurgence of private saving—if the official calculations, which arrive at total annual savings as a residual item, are accepted. While personal incomes barely doubled, savings increased almost fifteen-fold. Among the various sources of personal income, salaries rose more than any other, while by 1960 rents, dividends and interest payments had just about caught up with wage earnings.





Flying hot 'n' cold

Did you think hot 'n' cold problems were confined to the bathroom? You couldn't be more wrong. We have experts who get heated at the very mention of the phrase.

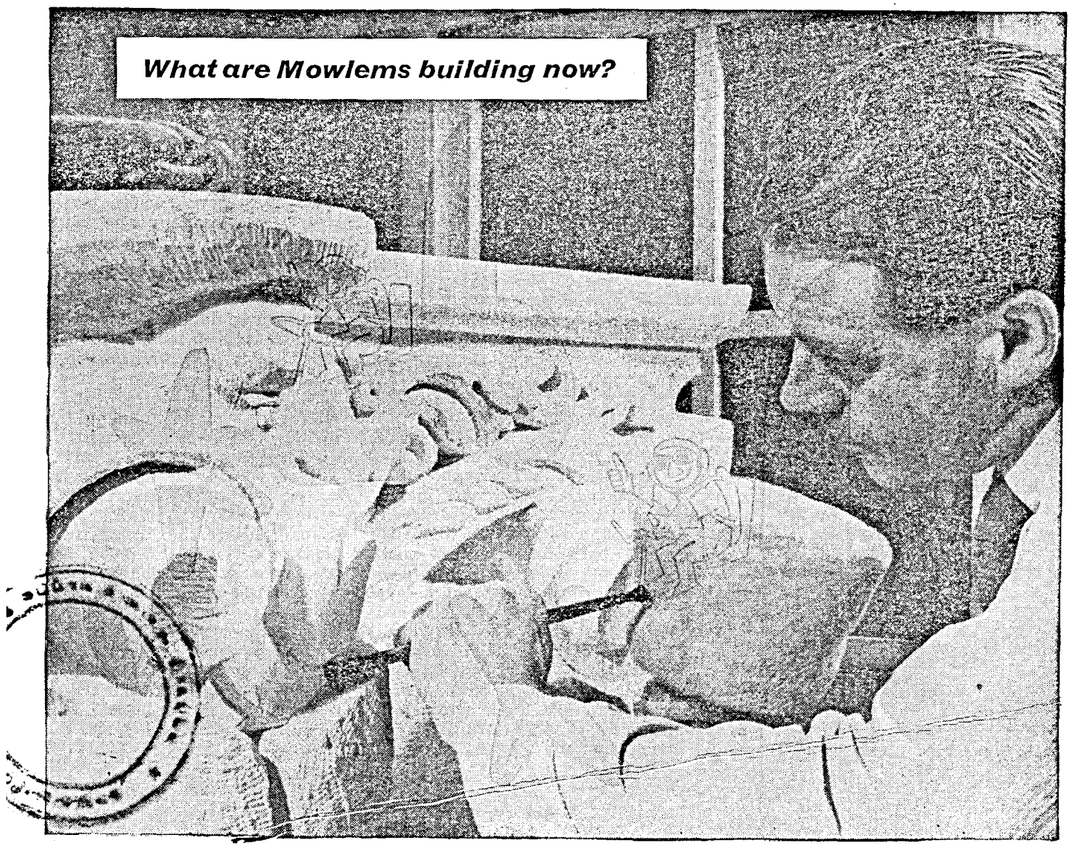
It's aircraft they are thinking about — those whistling jets that whizz across continents as regularly as clockwork. And, more specifically, it's the temperature of the fuel that each engine is using in every moment of flight.

Actually, the cold problem was beaten some time ago. This was when the airlines were first considering jets, and something had to be done about the way that, at the high altitudes of jet flying, the cold tended to thicken the fuel and form particles of wax. Shell Research produced a fuel with a good low-temperature performance, and most of the international airlines are now using it.

But research can never stand still. As soon as we had overcome that problem, we were facing another one — hot fuel! When the speed of commercial aircraft climbs beyond the sound barrier, the heat generated by the aircraft could 'cook' the fuel. Well, some of the snags have already been smoothed out and, as designers push the speed of aircraft higher and higher, Shell Research will go on solving the problems of fuelling them.

YOU CAN BE SURE OF SHELL





Capital for the Treasury

Mowlems are now reconstructing the Treasury in Whitehall for the Ministry of Works.

Virtually the whole block, known as the Old Treasury Building, is being rebuilt from the foundations up.

When the work is finished the familiar facades will be restored. But most of the stonework, like this Corinthian capital, and the joinery will be new, carved and made by craftsmen at Mowlems' Cambridge company, Rattee & Kett Ltd.

Mowlems combine fine craftsmanship with the most modern techniques. Long experience and high traditions help the biggest building jobs to go through smoothly.

Chief Architect to the Ministry of Works: Mr. E. Bedford, C.B., C.V.O., A.R.I.B.A.

MOWLEM

John MOWLEM & CO. Ltd

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by the middle of August but since then it has slipped back to 55.2. Nor did the OFS dividend declarations, even though some of them were higher than had been expected, stir the market. Among those paying good dividends were St Helena, which is now liable to pay tax but whose development holds out the promise of a higher average grade, and Western Holdings, which is now making operating profits of over £1 million a month. The cut in President Steyn's dividend was expected, as the mine is faced with rising costs and heavy capital commitments. Harmony's dividend, whose odd amount reflects the change to a decimal coinage in South Africa, was in line with expectations but with it came the first of the eleven tax-free payments of 3.6d. per share resulting from the sale of some of Harmony's claims to its neighbour, Virginia. Outside the OFS, Winkelhaak, one of Union Corporation's three mines in the Kinross area, has paid its first full year's dividend of 15s. 1.2d. and its earnings are now running at a yearly rate of 3s. 6d. per share. But with a new mine such as this capital expenditure is heavy and is likely to restrict future increases in the dividend.

ELECTRIC VEHICLES

Saving Current

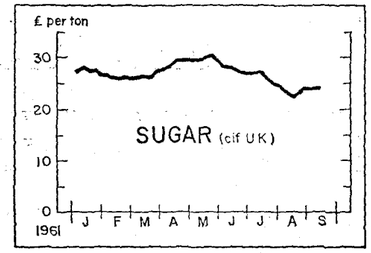
A SIGNIFICANT improvement in the efficiency of electric vehicles is promised by a development that has been introduced by Smith's Delivery Vehicles, one of the principal British makers. It consists of replacing the conventional means of controlling the flow of current from the batteries to the motors, which involves the use of resistances to convert excess current into heat, by semi-conductor devices that simply turn the current on or off as needed. The strength of the current reaching the motors when the vehicle is being started has to be restricted; otherwise the torque that the motors develop would be excessive, and either they would burn out or the vehicle would break its transmission. If a resistance is used as a controller, about 20 per cent of the battery's capacity is wasted in heating the resistance. The semi-conductor controllers that Smith's have adopted, developed by Joyce, Loebl and Co., eliminate this loss and, it is claimed, the size of the battery can therefore be reduced by 20 per cent or a greater speed and range can be obtained from the same battery.

Such improvements should help to increase the advantage that electric delivery vehicles already have over petrol or diesel where many stops and starts have to be made, for the saving in current is made at the point where its superiority is already greatest—when the vehicle is started. And another application of semi-conductors, to produce a battery-charger small enough to fit on the vehicle, will make these vans more versatile, for their batteries can be recharged anywhere.

SUGAR

Pressing Problems

OFFICIALS used to the normal leisurely pace of international co-operation in commodity matters, must be winded by the number of problems for immediate attention that have tumbled into their in-trays this year. The Ministry of Agriculture, Fisheries and Food already has several of its staff engaged in Washington on coffee matters, in Geneva on the review of the international sugar agreement and presumably at home on deciding whether to support the proposed international cocoa scheme. This week it seems to have accommodated the South African minister for economic affairs, here to discuss South African sugar exports to this country, only with difficulty. The ministry sensibly intended to leave settlement of this problem until after South Africa's independent membership of the international sugar agreement had been settled. Dr Diederichs could not wait: next month South Africa goes to the polls and loss of South Africa's privileges under the Commonwealth Sugar Agreement was politically inopportune. The ministry, which was not expecting this visit, seems to have been forced to recall certain of its staff from other negotiations. Because of the special circumstances it is quite likely that some important decisions will be taken at these meetings.



After recovering to £24 a ton, the "free" price for sugar declined by 10s. a ton this week. The international conference which has to revise the sugar agreement to increase its effectiveness in dealing with a sugar surplus that has produced the lowest price for sugar since the war, has its own urgent problems. Britain and the United States have separate arrangements with their main suppliers. Cuba, which has been excluded from the American market, and Russia want these exports put under article 14 of the agreement which fixes export tonnages. That would give the sugar council power to control them.

SHORTER NOTES

Registrations of new cars in August were 46,016, about 11 per cent fewer than in August last year. This figure is rather higher than some makers had expected; it suggests that the initial effect of the increase in purchase tax at the end of July was smaller than had been feared, for sales in that month had been seven per cent lower than a year before.

★

Metal Box has received Treasury approval for its revised expansion plan in Italy. The original plan was turned down following the "little budget." The main change is that part of the capital involved will now come from abroad—in line with the Chancellor's desire to ease the short-term strain on Britain's balance of payments.

★

Shell Transport and Trading has maintained its tax-free interim dividend at 2s. per unit on the capital as increased by the one for five scrip issue. The £1 units are to be split into 5s. shares.

★

In the table of investment trusts published on page 1087 of last week's issue the earnings of Nineteen Twenty Eight Investment Trust were calculated after deducting pre-acquisition profits. If these were included, earnings in the latest year would amount to 18.1 per cent, against 16.4 per cent.

★

The increase of 20 per cent in the break-up value of Anglo-Celtic ordinary shares in the year to April 5th, 1961, compares with a corresponding increase of 12.2 per cent in *The Economist* Indicator and not an increase of 27.1 per cent as stated last week.

★

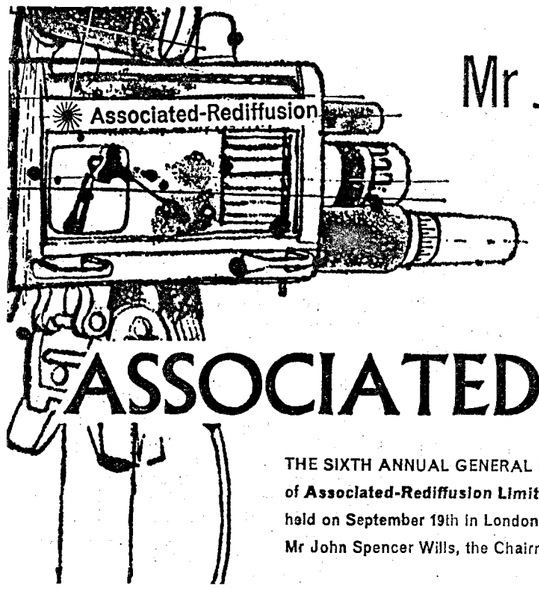
Following the negotiation of higher quotas for imports of cotton manufactures from Hongkong, larger quotas have been granted to India and Pakistan. India has been given a supplementary quota of 11 m. sq. yds. for 1961, and next year its quota will be a minimum of 186 m. sq. yds. Pakistan gets a supplementary quota of 2½ m. sq. yds. this year and a basic quota of 42½ m. sq. yds. for 1962.

COMPANY AFFAIRS
Comments on pages 1203 and 1206 on:
Calico Printers · News of the World
Eastwoods · Tootal
London Brick · Saxone, Lilley and Skinner
Doom Dooma · British Relay and Wireless

LONDON AND NEW YORK
Stock prices, yields and security indices on pages 1204 and 1205

LONDON STOCK EXCHANGE
The week's movements reported on page 1206

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 1207



Mr John Spencer Wills reports.

What is the future of ASSOCIATED-REDIFFUSION?

THE SIXTH ANNUAL GENERAL MEETING of **Associated-Rediffusion Limited** was held on September 19th in London, Mr John Spencer Wills, the Chairman, presiding.

Moving the adoption of the Report and Accounts for the year ended April 30, 1961, the Chairman said:—

"You will have seen from the Accounts that the profit was just about the same as it was last year. It only appears to be more because we did not consider it necessary to repeat the £500,000 provision for obsolescence which we made last year and the year before that.

ADVERTISEMENT REVENUE

A gratifying feature of the year is the continued growth in advertisement revenue, which shows an increase of some 16 per cent over that for the previous year. This must be accepted as a striking indication of the value of television advertising in the London area, which now has a potential audience of over nine million viewers. We have been glad to welcome many new advertisers.

In this year's Budget, television advertising was singled out for special taxation in the form of Television Advertisement Duty. This was at the rate of 10 per cent as from May 1st but was increased to 11 per cent as from July 26th.

Any comment by me about this new impost would probably be regarded as wholly selfish, so I will content myself with quoting the well-known economist, Mr Graham Hutton:—

"The oddest new tax is that (ostensibly) on advertising by television. It is almost a classic offence against all of Adam Smith's famous canons of taxation. Purporting to hit at the profits of the programme-contracting companies, it was admittedly expected to be passed on to advertisers. Since these people and their advertising agents work to budgets of their own, and TV has the biggest impact on their markets, its effect will be completely to by-pass TV advertising, and come to rest on all other forms of advertising. It would have been far better (as Lord Hinchingbrooke and many others in all three parties in the Commons pointed out) to come out into the open with a straight tax on all advertising."

We took special steps to assist those advertisers whose budgets could not immediately be adjusted to meet the Duty. In the case of bookings which, under our General Terms and Conditions of Contract, were subject to eight weeks' notice of cancellation, we reduced the cancellation period to one week for bookings within the eight-week period following the imposition of the Duty. In cases where advertisers had entered into non-cancellable contracts for guaranteed expenditure before the imposition of the Duty, we agreed that the advertisers concerned could, if they so desired, include the appropriate Duty in their guaranteed expenditure, the rate of discount remaining unchanged and continuing to be payable on guaranteed expenditure excluding Duty.

In 1960, over £134 million was spent on advertising in the United Kingdom Press. This is 17½ per cent more than the £114 million spent in 1959 and is the highest annual expenditure ever recorded by The Statistical Review of Press Advertising. Expenditure on TV advertising also reached a record figure, the total for 1960 being just under £77 million.

Television still has a considerable distance to go to catch up. Any tax upon advertising is a burden upon the export trade. But this new tax burden is more a matter for complaint by the advertisers than by the advertising medium.

OPERATING COSTS

Our operating costs have continued to rise and show an increase of some 14 per cent over the previous year's figure. There will be a further substantial increase in the current year. The production of television programmes is indeed an expensive business.

Our new million pound Studio 5 at Wembley, now in continuous use, has proved its worth; the additional space and improved facilities which it provides have, I think, been reflected in improvement in the range and in the artistic and technical quality of our programmes.

It is not wholly surprising that an industry which earns large profits should be a target for the Trades Unions concerned. Very large increases in pay have been negotiated and it is inevitable that our friendly rivals, the BBC, should also have been affected. There is one application, however, which shocks even me, who has been closely concerned in wage negotiations, in different industries, for a large number of years. And that has been lodged by The British Actors Equity Association, commonly called "Equity."

When Independent Television started, the minimum fee payable to an actor in a BBC production was 6 guineas; this sum was "earned" by an actor who walked on and said, "My Lord, the carriage awaits." By negotiation, this minimum for a national appearance on Independent Television was, from the start in 1955, increased to 7 guineas and, in 1958, was raised again to 10 guineas. Equity have now demanded, for a comparable actor, a minimum fee of 36 guineas, an increase of 260 per cent. They have also demanded, for the national appearance on Independent Television of an actor speaking more than ten words, a minimum payment of 44 guineas, an increase of 340 per cent.

It is not normally considered good practice to discuss Trade Union negotiations whilst they are in progress but, in this case, Equity have publicly announced the calling of a strike. They have issued an instruction to their members not

to accept any engagement in any ITV programme (except commercials) which involves any work on or after November 1st.

The demands in support of which the strike has been called are so fantastic that negotiations are at an end. We, in television, need actors; we, in television, have given them very considerable support in many directions. We are not, however, prepared to accede to ridiculous demands.

It is not surprising that, in their latest instruction to their members, the Council of Equity said, "Our original proposals were made with full knowledge that we might well not achieve a new deal in Independent Television as a result of discussions over the negotiating table. . . ."

PROGRAMMES

It has always been the Board's policy to give the maximum possible responsibility and freedom of action to our programme planning and production staff, and I think the staff are again to be congratulated upon the results of their work.

Although size of audience is not the sole criterion of success, it is pleasing to note that Associated-Rediffusion productions continue to figure prominently in the weekly lists of top-rating programmes. It seems to me that the test of success for any public service—particularly where an alternative is available—must, in large measure, be the extent to which the public use that service.

An outstanding event during the year was the production last March of "Laudes Evangelii," a presentation of episodes in the life of Christ told in music, mime and ballet. This programme, which was transmitted at peak viewing time on Good Friday and seen by some four and a quarter million viewers, received unqualified praise from leaders of the main branches of the Christian religion in this country. This was, in every way, a most challenging production and, apart from the public and press response to it, the spirit in which the challenge was accepted by the very large number of staff concerned made the occasion memorable. The critic who accuses Independent Television of programme parsimony may be interested to learn that the cost of "Laudes Evangelii" was £28,000.

INTERTEL

Another outstanding and adventurous programme development during the year was the formation of the International Television Federation, known shortly as "Intertel." This is an association of major television organisations in the English-speaking world which came into being on the initiative of Associated-Rediffusion. Our Controller of Programmes has been elected the first Chairman of the Federation Council. The member organisations have undertaken to produce, exchange and distribute, throughout the world, high-class documentary feature programmes on current world problems. Our first two contributions, "The Quiet War" and "The Heartbeat of France," each costing £20,000, have been shown to peak-time audiences in this country, Australia and Canada and on sixty stations in the United States of America. We believe that Intertel can do much to increase the knowledge and understanding of current situations and problems throughout the world.

I mentioned last year the recent establishment of an International Division. Measured in terms of revenue, it cannot yet be described as a major activity but you will be interested to know that Associated-Rediffusion programmes, including plays and drama series, documentary feature programmes and schools programmes, have been sold in thirty-three different countries. Some of our schools programmes have been sold in such remote and differing places as Ethiopia, Thailand, Saudi Arabia, Nicaragua, Southern Rhodesia and Australia, and America and a number of European countries may shortly be added to the list. Whilst these developments are not yet of great financial significance, you will, I am sure, be glad to know that an international reputation is gradually being established; the sort of reputation that could be of great value if, during the next few years, the international exchange of programmes by satellites were to become practicable.

Increasing use is being made of television programmes for schools, which Associated-Rediffusion pioneered four years ago. The number of schools taking the programmes has risen from eighty to fifteen hundred and may well exceed two thousand during the fifth year just commenced. We are grateful to Sir Ifor Evans, Provost of University College, for having taken over the Chairmanship of our Educational Advisory Council in succession to Sir Sydney Caine, whose resignation, on his appointment as a member of the Independent Television Authority, I mentioned last year.

At our meeting four years ago, I suggested that if you had not seen our schools programmes, you should take an opportunity of doing so. They are well worth viewing by adults and I repeat the suggestion now. Our French language series, "Chez les Dupré," has, in fact, been transmitted in evening programmes and seen by audiences of over two million in the London area. The fact that close on 45,000 explanatory booklets were sold to viewers indicates the interest which was taken in this experiment in adult education. Another of our schools programmes, "*London*, Capital City" is now being transmitted in evening programme time.

THE FUTURE

To the Pilkington Committee of Inquiry which was appointed last year to consider and make recommendations on the future of broadcasting services in this country, we have submitted our views and evidence. The Committee's Report is expected some time next year.

The facts that the Independent Television Authority is to cease to exist in 1964; that the contracts of programme contractors terminate in the same year; that there has been a great deal of publicity given to an enormous number of irreconcilable recommendations made to the Pilkington Committee—all these facts have caused, and are bound to have caused, some unrest and uneasiness among our staff. Are their jobs safe? Are they reasonably certain of continued employment? Is there any risk that they may have wasted their time? In my opinion there is no cause for alarm, no justification even for misgiving.

The main shareholders in Associated-Rediffusion have been engaged in the provision and management of public services for two-thirds of a century—ever since 1896. I myself have been so engaged for forty years. Railways, tramways, trackless trolleys, radio stations, television stations, the generation and distribution of electricity, the manufacture and distribution of coal-gas, airlines, wired radio, wired television, motor omnibus services, road goods transport—all these activities, not only in the United Kingdom, but in countries all over the world, have been our life. The bus interests alone embrace 13,000 public service vehicles. Is it surprising that we should have been entrusted with the task of furnishing television programmes to the largest city in the western hemisphere? Sixty-six years of public service and, let it be said, of *successful* public service, on a large scale, cannot lightly be disregarded.

Railways, tramways, electricity undertakings and gas undertakings were mostly operated under individual Statutes. The air services were operated under short term licences granted by a Statutory Authority. The wired radio and television undertakings are currently operated under long term licences from the Post Office but, for many years, could have been stopped at short notice. The omnibus services have, for the last thirty years, been operated under short term licences. But always it has been the practice, provided that the operators properly discharged their responsibilities to the public they served, for the licences to be renewed without question.

My personal belief is that our staff have no reason to fear any departure from the licencing practice established over so many decades.

Our shares are widely held. The British Electric Traction Co. Ltd. have 37,500 shareholders, Rediffusion Ltd. have 12,000 shareholders and they, between them, are the virtual owners of Associated-Rediffusion Ltd.; that is to say, we are owned by nearly 50,000 individuals.

Why should any Government wish to shatter the existing scheme of things?

The main criticism hurled against us is that the State does not take a sufficient share of our profits. Let us examine the figures for the year under review. The Associated-Rediffusion Group's gross revenue was in excess of £21,000,000. From this the State takes (including a substantial part of our payment to the Independent Television Authority) £5,000,000 and our 50,000 shareholders will, if you accept your Board's recommendation, receive £2,250,000. Had the Television Advertisement Duty been in operation during the year, the State would have taken another £1,470,000.

Our shareholders took the risk of losing all their investment. At one stage, in 1956, they had, in fact, lost the enormous sum of £3,250,000. The State took no risk at all. If the Company had gone into liquidation, the State would not have lost one penny.

As it is, out of the profits which have succeeded the losses, *the State will receive nearly three times as much as the shareholders.*

It seems to me that, if there is cause for complaint, the shareholders have more right to complain than anyone else!

The main criticism of the Independent Television Authority is that a large part of their work is done behind the scenes, that they do not publicly admonish their programme contractors if anything goes wrong. Those of us in the business know that the Authority keep an eagle eye and a firm hand upon all that goes on. In my submission it is in the interests of all concerned—the public, the Government, the advertisers, the employees—that control should continue to be exercised quietly and tactfully. To me, personally involved in the settlement of an enormous number of problems during the formative years and since, it has been a matter of surprise and of considerable admiration that there has not been more friction between the Authority on the one hand and the Contractors

on the other. No Government can possibly afford to throw over a body which has so happily and successfully carried out its difficult task.

My conviction is that whatever the Pilkington Committee may recommend about alternative or competitive programmes or any other of the many subjects to which they are devoting so much time and attention, two steps are certain:—

(1) The Independent Television Authority will be given a new lease of life.

(2) The existing programme contractors will continue to provide television programmes.

SUBSIDIARY COMPANIES

The subsidiary companies this year have made a considerably increased contribution to the group profit and we are confident that this trend will continue.

The TV Times, owned by our subsidiary TV Publications Ltd., now publishes a Border Edition containing the programmes of Border Television Ltd., the new Independent Television programme company which commenced transmissions at the beginning of this month. Arrangements have also been made for the publication of a Grampian Edition to cover the programmes of Grampian Television Ltd., which is to commence transmissions very shortly.

We now hold all the ordinary capital, and all but an insignificant amount of the preference capital, of Wembley Stadium Ltd. The Board of that company has, during the past year, given very considerable thought to future development with a view to enhancing the world-wide reputation of the Stadium and Pool as first-class sporting and entertainment centres.

Plans for a 48-lane bowling alley, with the most modern restaurant and other necessary amenities, are now far advanced and this project will be proceeded with as soon as possible.

Another interesting development is the recent acquisition by Wembley Stadium Ltd. of a 25 per cent interest in Wembley Trust Ltd., similar interests having been acquired by Allnatt (London) Ltd., Central and District Properties Ltd. and Warnford Investments Ltd. The Wembley Trust company owns valuable properties on some 15 acres of land adjoining the Stadium grounds. It is too early for me at this stage to do more than report the acquisition.

MANAGEMENT AND STAFF

I have already paid tribute to our programme planning and production staff. You will, I know, wish me to express grateful thanks to all those who work for you, for their enormous contribution to the success of Associated-Rediffusion."

The Report and Accounts were unanimously adopted.

ULTRAMAR COMPANY LIMITED

FACTORS AFFECTING RESULTS

SIR EDWIN HERBERT'S REVIEW

The twenty-fifth annual general meeting of Ultramar Company Limited was held on September 14th in London.

Sir Edwin Herbert, KBE (the Chairman), presided and, in the course of his speech, said:

While the operations have produced a cash flow sufficient to justify your directors in recommending a capital surplus distribution of 1s. per stock unit, the combined result of all the companies concerned (some of which, of course, do not appear in the consolidated accounts) show that after allowing for depletion, depreciation and for other proper charges against revenue, a profit attributable to Ultramar Group of £138,000 in 1959 has been converted into a loss of £300,000 in 1960.

I told you last year that the period of transition while we are building refineries, establishing markets, and going out for geographical diversification in our producing activities, would be difficult.

We have faced up to all these difficulties and we hope and believe that our worst difficulties are now behind us. We expect gradually to emerge as a more diversified and stronger group, with a future which will not be so dependent on price variations in any one area or on oil production in any one country.

OPERATING COMPANIES' AFFAIRS

Venezuelan operating subsidiaries have maintained oil and gas production despite a severe cut-back in drilling. In addition there are several thousand barrels per day of oil production in outlying fields which is now shut in because of lack of pipeline outlets or because of high lifting costs.

During the first half of 1961 the Venezuelan operating subsidiaries drilled six wells of which four development wells were completed as oil producers and two exploration wells were abandoned. Early in 1962 Caracas Petroleum expects to do some exploration drilling on its 100 per cent owned concessions in Barinas which if successful could open up a big field

In Western Canada, Canpet is developing satisfactorily. For the past three months production has been averaging over 1,000 barrels per day. During the first half of 1961 Canpet participated in drilling 25 wells of which 14 were completed as oil wells and six as gas wells. Canpet also has a substantial quantity of gas shut in awaiting a market which we believe is bound to develop during the next few years.

In the United States oil and gas production is gradually increasing and at present CPUS's share of oil production is averaging about 200 barrels per day and gas production about 2 million cubic feet per day. During the first half of 1961 CPUS participated in the drilling of nine wells of which three were completed as oil wells and two as gas wells. In the United States, as in Canada, production rates would have been higher but for pro-rationing by regulatory bodies. The total share of oil production of the Group for the first half of 1961 was some 14,400 barrels per day and the total share of gas production 38,500,000 cubic feet per day. The 1960 figures are therefore being at least maintained.

The Group is striving to replace reserves partly with new reserves in Canada and the United States. However, the older fields in Venezuela are bound to be on the decline. There is still considerable property in Venezuela which has not been tested by the drill and additional drilling will have to be carried out gradually over the next few years as finances permit and oil prices make it economically attractive.

REFINING AND MARKETING

Work on the 7,500 barrels per day Newfoundland refinery was delayed during the winter because unusually severe winter conditions made it desirable to suspend work for several months. However, the main units, the dock and the refinery storage tanks are finished and the refinery will be on stream before the end of 1961.

Marketing of products in Quebec and Newfoundland began last autumn, the products being brought in from Caracas Petroleum's Venezuelan operations. Gasoline stations with the brand name of Golden Eagle are beginning to appear along the highways of Quebec and Newfoundland and some interesting supply contracts have been negotiated. A large deepwater storage terminal on the St. Lawrence River in the Montreal area was completed last November at a cost of $1,500,000. Other smaller terminals along the St. Lawrence River and in Newfoundland are under construction.

We have known from the beginning that we should need a partner for the Newfoundland and Quebec operations and for Panama. The Newfoundland and Quebec operations, including the refinery, terminals, marketing facilities, and working capital represent an investment of over 13 million dollars. This partner has been found in the Canadian-Caribbean Oil Company (Can-Carib organised by our director Mr Shaheen with the support of New York banks and other financial interests). Can-Carib has taken over 50 per cent of the Newfoundland and Quebec operation and 50 per cent of Golden Eagle of Panama to which it will also furnish financial support.

The refinery in the Republic of Panama, which includes a petrochemical plant, is under construction and is expected to be operating towards the end of 1962. This is a 55,000 barrels per day refinery and the total cost, including working capital, is estimated at 45 million dollars. Most of the equipment is to be supplied from the United Kingdom.

In California, Golden Eagle is facing a difficult problem. The land pipeline system, terminals and marketing facilities owned by Golden Eagle of Californa represent a considerable asset value. Unfortunately the extension of United States import restrictions to the west coast and the inclusion within those restrictions of petroleum products as well as crude oil, involved a setback for the Group. In addition a severe gasoline price war has broken out in California mainly between the major companies. There are various alternatives before Golden Eagle and it is expected that a solution to this problem will be arrived at shortly.

The Report and Accounts and the Resolutions set out in the Notice convening the Meeting were adopted and the Capital Surplus Distribution of one shilling per 10/- Stock Unit was approved.

THE Powell Duffryn GROUP

Continued Growth and Expansion

IMPROVED RESULTS WIDELY SPREAD ACROSS THE GROUP

The Annual General Meeting of Powell Duffryn Limited was held on September 20th in London, the Chairman, Sir Henry Wilson Smith, KCB, KBE, presiding.

The following is an extract from his circulated statement:

RESULTS

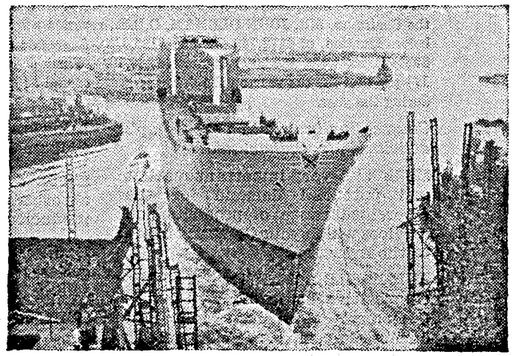
Consolidated Group Profits, after depreciation but before tax, at £2,564,000 show an increase of £407,000 or 19 per cent; net profits, after tax and after deduction of minority interests, at £1,385,000 show an increase of £204,000 or 17 per cent.

More importantly, in my view, the Group Trading Profit, after depreciation, is the highest in our history at £2,211,000, representing an increase of £406,000 or 22½ per cent over the previous year. What is particularly pleasing is that the improvement in trading results, far from being concentrated in one or two places, was widely spread across the Group. We earned more under each of the five main headings—shipping, coal, oil, timber, engineering and heating. Looked at in another way, we had increased profits from the activities of the Group as they existed, say, two years ago and, in the case of new acquisitions, better results than we had expected or forecast.

DIVIDEND

Against this background, your Directors had intended to recommend an increase in the Final Dividend on the Ordinary Shares from 10 per cent to 12 per cent, which would have made 18 per cent for the year against 16 per cent. Before their decision could be taken, however, they were confronted with the statement by the Chancellor of the Exchequer that he does not consider that a further general increase in dividends in the coming year is justified. In its precise words, this statement would clearly not rule out the contemplated increase in the Powell Duffryn dividend, which has remained unchanged since 1955 and, in equivalent form, since 1947. Nevertheless, after most careful consideration, your Directors have concluded that it is their public duty to comply with the spirit of the Chancellor's statement and for this reason they are recommending an unchanged dividend.

SALIENT FEATURES:	1961	1960
	£	£
Consolidated Profit after Depreciation	2,563,854	2,156,500
Taxation	1,059,560	863,607
Net Profit after Taxation	1,504,294	1,292,893
Capital and Reserves	21,653,563	20,963,613
Capital Commitments	2,100,000	1,060,000
Total Group Assets	38,693,540	35,380,628



MV "Gilsland"—10,500 tons—one of two new general cargo ships for the Stephenson Clarke fleet.

REVIEW OF GROUP ACTIVITIES

Shipping: With the completion this autumn of three ships now building, the fleet owned by Stephenson Clarke will consist of 40 ships compared with a pre-war fleet of some 16 ships.

Despite the many problems associated with coastal shipping and despite deep sea freights which are still too low from the ship-owners' point of view, the fleet has continued to trade profitably.

In addition to the fleet which it owns, Stephenson Clarke has continued to manage a further 53 ships.

Coal: It is comforting to record that, during 1960, there was an increase of some seven million tons in the total quantity of coal consumed in the United Kingdom and that there was also some increase in coal exports. This was reflected in the trade of our Companies engaged in the distribution of coal. We are considering certain possible developments calculated to enable us to play an even fuller part in the United Kingdom coal trade.

Oil: Apart from the expansion of our coastal tanker interests, and the steady development of fuel oil inland sales, we have recently given special attention to the Group's oil storage business. This is a responsibility vested in Cory Brothers who, with the completion of certain additions to previously existing capacity, will have 275,000 tons of oil storage available at Barry, Birkenhead and Ipswich. A high proportion of this tankage is let under long-term contract and there is no lack of current demand for the balance.

After a careful survey of the demand for oil storage in this country and of alternative sites, the decision was taken to embark on a major expansion by the erection of an entirely new installation at Purfleet, on the Thames. When the development is complete it is estimated that 600,000 tons of storage will be available for oil, chemicals and other bulk liquid products.

Timber: In 1960/61 our timber businesses made steady progress. Additions have been made to our existing importing and distributing activities centred mainly in South Wales.

Capital expenditure has been devoted, and is still being devoted, to enable us to expand our sales of coated, flame-retardant and other special types of insulation board and related special products.

Engineering: Powell Duffryn Engineering is still wrestling with the many problems arising from the drastic cut-back in British Transport Commission orders for the building of railway wagons which have in the past constituted about 50 per cent of the Company's turnover. This has involved the Company in a complete re-orientation of this side of its business and in the development of new lines of activity. Powell Duffryn Carbon Products is engaged in machining graphite for the Hunterston atomic power station and in manufacturing equipment for the chemical industry.

Heating and Air Conditioning: This side of the Group's activities is one in which important developments have occurred and are still occurring. We are now substantially involved in the manufacture and sale of boilers, steel hot water radiators, oil filled electric radiators and related equipment. Apart from the long-term prospects which, despite the growth of competition, must be regarded as encouraging, current demand is heavy. To further the process of integration and co-ordination the activities are now grouped in a new Company, Powell Duffryn Heating Limited.

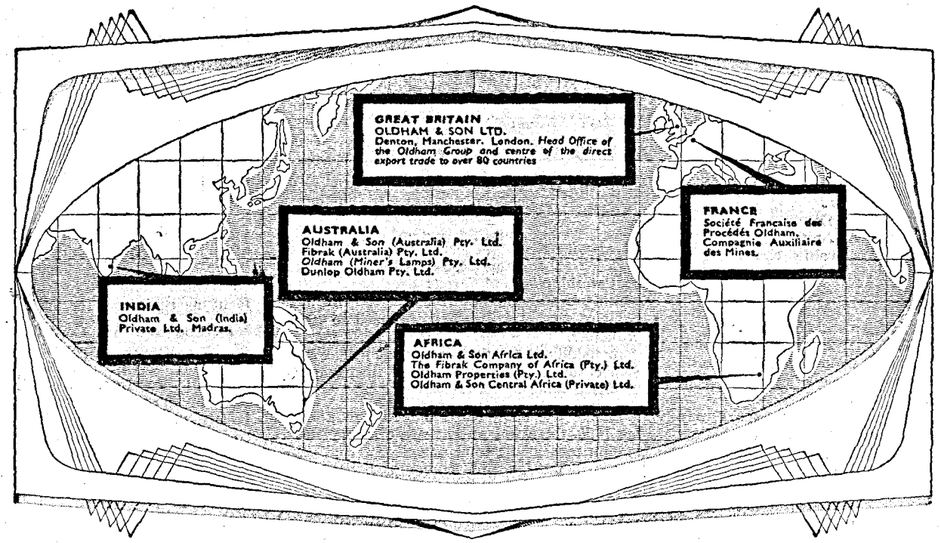
The Chairman then outlined a number of other important developments and reviewed the substantial capital expenditure programme.

FUTURE PROSPECTS

Commenting on future prospects the Chairman said: The general outlook for the Group remains satisfactory. In the short-term, it is virtually impossible for me to be at all specific, at this date, on the likely out-turn of the current financial year, because so high a proportion of the Group profits is earned in the winter months and is dependent among other things on winter temperatures and weather. More generally, it still remains to be seen to what extent the Group will be affected by factors outside our control arising in the national and international economic sphere or directly resulting from action taken by the British Government. None the less, I have no reason to expect any deterioration in our affairs in 1961/62.

The report and accounts were adopted.

Copies of the full Chairman's Statement giving details of developments in the various sections of the Group can be obtained from the registered office of the Company 8 Great Tower Street, London, E.C.3.



"...a period of considerable activity and healthy expansion in the Company's affairs at home and overseas"

MR. JOHN OLDHAM, O.B.E.

The Annual General Meeting of Oldham and Son Ltd., was held at Denton, Manchester, on September 20th, 1961. In his statement circulated with the Annual Report and Accounts, the Chairman, MR. JOHN OLDHAM, O.B.E., reported a net profit of the Parent Company, before taxation, of £172,749 (against £125,473). Aggregate net profits of Overseas and other Subsidiaries were £343,302 (against £285,497). Final dividend was 10 per cent, making 17½ per cent for the year on the ordinary share capital as increased by the scrip issue made during the year.

Commenting in detail on the Group's activities, Mr. Oldham said:

MINING: "A very important market and potential demand for the diversified range of products and services which your Company offers to the Industry."

AUTOMOBILE BATTERIES: "A highly competitive business . . . but the Company's sales have increased during the period.... We can look forward confidently to securing a rewarding share of this increasing business."

COMMERCIAL VEHICLE BATTERIES: "Britain's output of commercial vehicles has continued to climb. This has been reflected in the demand for the Company's batteries."

MECHANICAL HANDLING: "A new Division has been created to provide a variety of batteries and associated services for Britain's growing mechanical handling industry . . . Substantial progress is being made in establishing the Oldham Group in this new market."

EXPORT: "Direct exports now absorb about 25% of the Company's production."

Dealing individually with the Group's overseas Companies, Mr. Oldham said:

SOUTH AFRICA: "I believe that.... those who, like ourselves, have staked a claim in the Republic's Industry, will have no cause to regret having done so."

INDIA: "A substantial increase in the Indian Company's business . . . accompanied by a further increase in the use of local materials and labour."

AUSTRALIA: "Our Australian subsidiaries are making steady progress."

FRANCE: "Considerable re-organisation and re-equipment have been proceeding in the French Subsidiary Company . . . Situated as it is in the centre of the Common Market, plans are now moving forward for the French Company to take advantage of the opportunity which this vast new market offers."

THE FUTURE: **"The present is probably the most difficult period in which to make any predictions about the future. Britain faces fierce and increasing competition in many markets. The road ahead is not going to be easy . . . From my present report and the continued progress which it reflects, I hope that shareholders will share with me the measured confidence I feel in the Company's ability to meet the challenge of the future."**

OLDHAM AND SON LIMITED, Denton, Manchester.

FRANCE. SOUTH AFRICA. CENTRAL AFRICA. INDIA. AUSTRALIA.

FURNESS WITHY AND COMPANY

A SOMEWHAT DIFFICULT YEAR

The seventieth annual general meeting of Furness Withy and Company Limited was held on September 20th in London, **Mr Frank Charlton, FCA,** the chairman, presiding.

The following is an extract from the Report of the Directors for the year ended April 30, 1961:

The proportion of the Group profits for the year carried to the Appropriation Account is £1,028,735, from which the Directors have set aside to Fleet Replacement Account £400,000. After adding the amount brought forward there remains a balance of £1,118,349. The Directors recommend the payment of a Dividend of 10 per cent on the Ordinary Stock of the Company, less Income Tax.

The Directors regret that the amount of Group profits available to the Parent Company shows a decrease as compared with last year's figures but, apart from the difficulties which are to be expected in general trading, the Shipping Industry as a whole has suffered very greatly from labour disputes and increasing expenses, which have had their effect not only in the results of vessels' operations but in the results of some of the ancillary businesses as well.

REVIEW OF SERVICES

The service to the Pacific Coast of North America has been maintained with six ships throughout the year. The two passenger vessels *Queen of Bermuda* and *Ocean Monarch* have continued to fulfil the conditions of the Contract with the Bermuda Trade Development Board and in addition have completed a number of cruises from United States ports. Competition in this field has and will become increasingly severe.

The seasonal trade between the North East Coast of the United Kingdom and London to Canadian and United States ports in the Great Lakes has not come up to expectations despite its potentialities, but the Company is continuing, as in the previous year, to provide regular sailings with two vessels.

The two refrigerated vessels normally engaged in the South American trade have been continuously employed during the year.

The results of the Johnston Line Service to Greece, Turkey and Black Sea ports have been affected by difficult trading conditions which continue to exist in this area.

Freight earnings on the Warren Line passenger/cargo service to Newfoundland, Nova Scotia and Boston have continued at a reasonably high level. Whereas last year there were signs of a modest improvement in the Mediterranean trade, this has unfortunately not been maintained.

The import restrictions imposed by New Zealand and Australia brought about by the unsatisfactory prices realised for their primary exports to overseas markets have had an adverse effect on the results of the Shaw Savill trades.

EXPANSION IN TRINIDAD

Reference was made last year to the continuing expansion of the Company's trading activities in Trinidad. Increasing competition has, during the last year, affected the profits, but the Directors take an optimistic view of future prospects, and have contracted since the close of the year for the construction of a new building on property now owned, to provide additional office premises and showrooms.

The report and accounts were adopted.

Winget

Plant and Concrete Mixing Machinery for the Construction Industry—
Refrigeration Equipment—Wire Mill Machinery—'Mechanite' Iron Castings

Salient features of the Directors' Report and Accounts for the year ended March 31, 1961

	1960-61	1959-60
Group Profit	£308,941	£268,688
Taxation	155,186	131,923
Ordinary Share Dividend (net)	47,223	36,382
Share Capital and Reserves	1,507,780	1,224,925
Total Net Assets	2,179,130	1,610,802

GENERAL REVIEW. Sales achieved again showed a substantial increase over the previous year. However, the general upward trend in wages had an inflationary effect on practically all items of cost. Consequently the benefits arising from the increased Group turnover were very largely offset by a fall in profit margins.

GROUP EXPANSION. Since the date of last year's report the Group activities have been expanded by

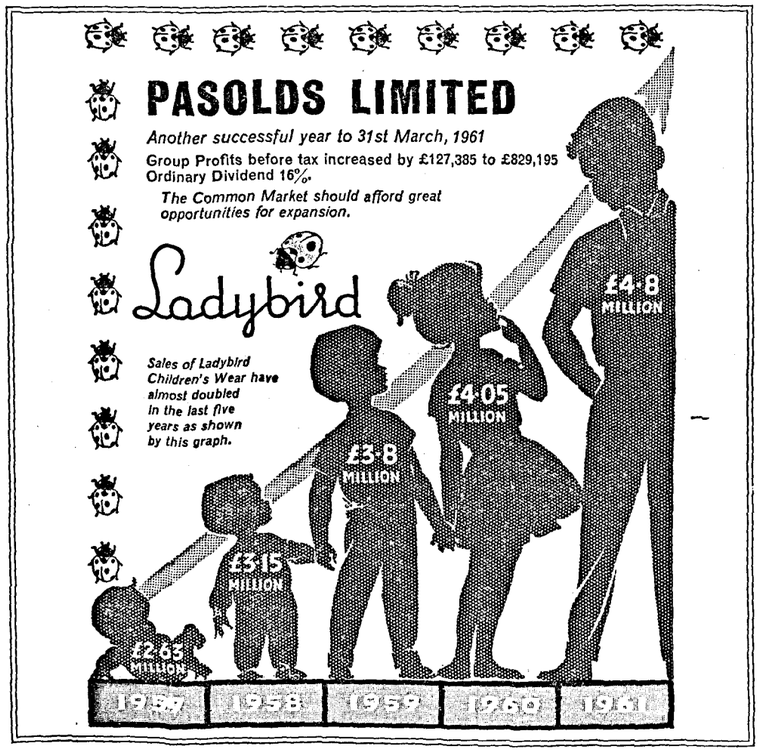
(1) The acquisition of Slater & England Limited, a company engaged in the design and manufacture of small Dumpers

(2) The purchase of the outside shareholders' interest in Moore's Plant Limited

(3) The acquisition in April, 1961, of Hanson & Edwards Limited, Warrington, manufacturers of Stranding and Ancillary Equipment for the Wire and Cable Industry.

PROSPECTS. The immediate future is overshadowed by the current economic position at home and the general uncertainty in the international political situation. The Directors, however, have every confidence in the longer term prospects.

Winget Limited, Rochester, Kent.



PRANG BESAR RUBBER ESTATE

SUCCESSFUL CONSOLIDATION

The Annual General Meeting of Prang Besar Rubber Estate Limited will be held on October 17th in London.

The following is an extract from the statement by the chairman, **Mr R. O. Jenkins**, circulated with the Report and Accounts for the year ended March 31, 1961:

The purchase early in 1960 of Galloway and Bukit Damar estates and the sale of Taipin brought together our main plantation interests in one locality. The past year was therefore one of successful consolidation in a planted area of 6,000 acres managed as a single unit with facilities for processing all crops for some years ahead centrally at our Prang Besar factory.

The crop of 4,198,417 lb which was 856,446 lb more than in the previous year represented a yield per acre of approximately 900 lb. The net profit before tax was £231,200. Taxation took £88,070, leaving a net profit of £143,130—about £20,000 more than for the previous year. We allocate £65,000 to Capital General Reserve, £16,477 to Replacement of Planted Areas Reserve and recommend a final dividend of 40 per cent, making 50 per cent for the year.

There has been an unsatisfied demand for our seed but with Gough Garden 2 now in full bearing and Gough Garden 3 coming on we hope that rationing of available supplies may not again be necessary.

Progress in polymer science is unmistakable and a number of factors stick out which portend a growing challenge to our industry's competitive strength. But while taking a cautious view of the future your directors have confidence in the stability of Prang Besar and in its capacity to counterbalance lower price trends with operational efficiency.

APPOINTMENTS

AGRICULTURAL ECONOMISTS

THE UNITED NATIONS

has two vacancies in the Secretariat of the United Nations Economic Commission for Africa, in Addis Ababa, Ethiopia, to plan, conduct and direct investigations into the problems and progress of agricultural development with special reference to African countries, and to formulate agricultural development projects.

Qualifications desired are advanced university education in economics or agricultural economics; substantial experience at governmental or inter-governmental level in handling practical economical problems in the agricultural sector, preferably in those of less developed countries; and excellent knowledge of English or French (working knowledge of the other desirable), with demonstrated ability in drafting reports.

One vacancy is at the First Officer level with a salary range of US $7,300-US $9,500 net, free of tax, per annum, while the other is at the Senior Officer level with a salary range of US $8,750-US $11,000. In addition, there is a cost of living allowance of $2,375 for the First Officer and $2,500 for the Senior Officer posts, net, for persons with dependants (somewhat less for single) plus dependency allowances and benefits.

In accordance with the principles of the United Nations Charter, recruitment of staff for the Secretariat is made on as wide a geographical basis as possible. Accordingly, in recruitment for the above vacancies preference shall be given to nationals of Member States which have at present disproportionately few or no nationals on the staff.

Applications should be sent to the Personnel Officer, Economic Commission for Africa, P.O. Box 3001, Addis Ababa.

VICTORIA UNIVERSITY OF WELLINGTON
New Zealand

CHAIR OF BUSINESS ADMINISTRATION

A Chair of Business Administration has been established at the Victoria University of Wellington and the University Council invites applications from suitably qualified persons for the first appointment.

The appointee will be expected to have high-level qualifications in an academic field relevant to business and high-level experience in business. According to the background and qualifications of the appointee the Council may require him to spend a period (i) examining from the University and business standpoints the New Zealand position in respect of studies in Business Administration; (ii) investigating work in Business Administration in overseas universities. He will, in the discretion of the Council, and subject to certain conditions, be entitled to the right of private practice in a consultative capacity.

The salary will be at the rate of £2,800 per annum.

Approved fares to Wellington will be allowed for the appointee, his wife and his dependent children. In addition, actual removal expenses will be allowed within certain limits.

Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close, in New Zealand and London, on 16th October, 1961.

RESEARCH DIRECTOR with organising drive and writing ability, salary £2,000 and upwards according to qualifications, required for new national and economic research institute concerned with consumer problems.—Apply, Box 1543.

VICTORIA UNIVERSITY OF WELLINGTON
New Zealand

CHAIR OF POLITICAL SCIENCE

Applications are invited for appointment to the above-mentioned post which is at present vacant, owing to the sudden death of Professor K. J. Scott. The appointee will be required to act as Head of the School of Political Science and Public Administration, to maintain close relations with administrative agencies and to promote co-operation with official and unofficial bodies in furthering research and higher education relative to administrative work in New Zealand, and to manage and edit the departmental journal "Political Science."

The salary will be at the rate of £2,800 per annum.

Approved fares to Wellington will be allowed for the appointee, his wife and his dependent children. In addition, actual removal expenses will be allowed within certain limits.

Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close, in New Zealand and in London on 31st October, 1961.

CITY OF PORTSMOUTH COLLEGE OF TECHNOLOGY
Principal: W. Davey, B.Sc., Ph.D., F.R.I.C.

DEPARTMENT OF COMMERCE

LECTURER in Business Administration. Applications are invited for Appointment as Lecturer in Business Administration to commence in January, 1962, or earlier if possible. Candidates should be graduates in Economics or Commerce with special interest in Business Administration and Statistics, and have practical experience in either Production Management or Marketing. Details and form of application from the Registrar, College of Technology, Portsmouth.

FERRANTI LTD.
HOLLINWOOD, LANCS.

have a vacancy in the Export Sales Department for a Woman Economist. The work includes the provision of an information service and reports on specific projects.

Candidates must have some experience of working on their own initiative.

Good salary and staff conditions including Superannuation Scheme.

Apply giving full particulars of age, education and experience to Miss I. Graham

ECONOMICS GRADUATE required by pharmaceutical company with modern offices at Queensborough, Kent. Position suitable for young lady 25-30 years of age who has knowledge of statistics as applied to market research and who has initiative and the drive needed to build new department.—Apply in writing to (Ref. AEW), Abbott Laboratories, Limited, 8, Baker Street, London, W.1.

MARKET RESEARCH

Philips Electrical Limited invite applications for SENIOR appointments in their expanding Market Research Department. These posts, involving direct contact with various levels of marketing management, demand a sound experience of all aspects of market research work. Scope exists for the application of the full range of research techniques to the wide variety of products marketed by the Company. Conditions of employment for these posts will be attractive and applicants are asked to give information on qualifications and experience to Personnel Officer, (D/7792/D), Century House, Shaftesbury Avenue, W.C.2.

For further appointments and other classified advertisements see page 1209

MONASH UNIVERSITY
Melbourne, Australia

LECTURESHIPS AND SENIOR LECTURESHIPS IN POLITICS

Applications are invited for appointment to Senior Lectureships and Lectureships in Politics. Applicants should possess a degree, with honours or its equivalent. The level of appointment will be determined by the successful applicants' qualifications. Courses in Politics are offered in the Faculties of Economics and Politics, and Arts. Teaching for the second and third years at both pass and honours level will be introduced in 1962 and 1963. The successful applicants will be given every assistance to pursue their individual research interests.

Salary scales: Senior Lecturer £A2,480/100/2,950; Lecturer £A1,660/100/2,360; with provision for superannuation on the F.S.S.U. basis.

Detailed conditions of appointment may be had from the Registrar of the University, or from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close, in Australia and London, on 23rd October, 1961.

PRESSED STEEL COMPANY LIMITED

wish to recruit a

CHARTERED ACCOUNTANT

to assist in all aspects of accounting and financial control. In addition to the preparation of routine accounting statements he will be expected to contribute to the development of the Company's system of Management accounting to keep pace with the needs of its expanding business. Age range, 25-30.

The appointment will be at the Head Office of the Company in Oxford. A Contributory Pension Scheme is operated and good welfare facilities are available. Application forms are obtainable from the **Staff Officer, Pressed Steel Company Limited, Cowley, Oxford.**

CENTRAL OFFICE OF INFORMATION requires an INFORMATION OFFICER (unestablished). Main duties are to write reference information papers on British and international economic affairs and to share in the work of current affairs. Candidates should have a university degree in economics or a related subject, research experience and the ability to present factual information concisely and accurately, and should be able to supply examples of written work if required. Some knowledge of finance and international trade is desirable. Salary £1,282-£1,490.—Write, giving age, full details of experience and qualifications, to Manager (PE/5346), Ministry of Labour, Professional and Executive Register, Atlantic House, Farringdon Street, London, E.C.4.

LIBERAL PARTY

Research Assistant required in the Liberal Party Research Department. Graduate in Economics, Politics or related subjects.—Write, with full details, to Director, Liberal Research Department, 56, Victoria Street, S.W.1.

INVESTMENT ANALYSTS required commencing October for newly constituted research bureau sponsored by group of prominent international banking institutions.—Write fully in strictest confidence to Box 1541.

CENTRAL OFFICE OF INFORMATION requires an INFORMATION OFFICER (unestablished). Duties are chiefly to write reference information papers on international affairs. Qualifications required are an honours degree (preferably in history), research experience and the ability to present factual information concisely and accurately. Applicants should be able to supply examples of written work if required. Salary £1,282-£1,490.—Write, giving age, full details of experience and qualifications to Manager (PE/5542/PC), Ministry of Labour, Professional and Executive Register, Atlantic House, Farringdon Street, London, E.C.4.

JOSEPH ROWNTREE MEMORIAL TRUST

APPOINTMENT OF ASSISTANT DIRECTOR

Applications are invited for the post of Assistant Director of the Joseph Rowntree Memorial Trust at York. The person appointed will assist the Trust's Director in implementing under the Trustees' direction the powers to engage in social research and experiment contained in the Joseph Rowntree Memorial Trust Act, 1959.

Applicants should have an Honours degree or produce evidence of ability to work at that level. They should be interested in the development of social institutions and their impact on those they are intended to serve.

Applications, which should include the names of two persons to whom reference may be made, should be sent to the Secretary, Joseph Rowntree Memorial Trust, Beverley House, Shipton Road, York, from whom further details of the post and of the Trust's work may be obtained.

COMPANY AFFAIRS

Calico Printers Association

IN the year to June 30th the gross income of the Calico Printers Association rose by 6 per cent from £5,145,000 to £5,430,000. The interim report in March showed that the royalty income, derived from sales of "Terylene" made by ICI and polyester fibres manufactured under sub-licence abroad, was still rising. In the full year net royalty income rose from £854,000 to £1,033,000. But the volume of business in printing and finishing services has shrunk and as a result net profits from CPA's traditional interests have fallen, limiting the rise in total net income to little more than 3 per cent, from £1,851,000 to £1,910,000.

The final dividend has been limited by the directors in deference to the Chancellor's request to the equivalent 1959-60 rate of 7½ per cent plus a bonus (related to royalty income) of 6¼ per cent. The interim dividend in March was raised from 6½ to 7½ per cent because of the higher royalty income, so that the total payment has been effectively increased from 20 to 21¼ per cent, covered about 3½ times.

Income from royalties in this country will cease in 1963 and the last of the overseas patent rights, which now contribute over 60 per cent of CPA's royalty income, run out in 1968. The importance of royalties for CPA looms even larger at the moment because of the difficulties it has experienced in its own trade. The poor summer weather led to a serious contraction in demand for commission printing and finishing and current orders do not, the directors say, indicate any immediate improvement in the general level of activity at CPA's printing and finishing works. Merchanting has been similarly affected and export sales have been hit by credit restrictions and import controls. However, the group's manufacturing interests overseas have done well and the reorganisation of the British spinning and weaving mills has produced higher profits from them. The directors also describe the profits earned in retailing as satisfactory. This does not make particularly heartening reading for investors who have to think of the future of CPA after the patent rights expire, and the stock market's reaction was to mark the 5s. shares down by 7½d. to 12s. 10½d., to yield 8.4 per cent on the total payment of 21¼ per cent, of which 13¾ per cent may perhaps be attributed to the royalty element.

Saxone, Lilley and Skinner

As with many other shoe companies Saxone, Lilley and Skinner (Holdings) has had an enviable record of growth in recent years and this is reflected in the 2½ per cent yield offered by the 5s. units at 26s. 6d. But another factor accounting for the high price of the shares has been the prospect that the shop properties of the group would be revalued. The revaluation has now been completed and, as expected, it reveals a substantial surplus over their book value. As valued at July 31st the properties were worth £15,665,000. Of this sum only the surplus of £5,600,000 arising on freehold properties is being written into the accounts; the leasehold properties, on which there is a surplus of over £5,800,000, are to be left in the accounts at their original book values.

The figures are impressive but they draw attention to the fact that the real rate of return on capital employed is low. Before the revaluation the net return on equity capital employed amounted to 12 per cent but that return comes down to 4½ per cent if both the freehold and leasehold properties are taken at their up-to-date valuations. This suggests that some of the assets might be more profitably employed in other uses, or that some of them might even be sold. It also points to the wisdom of the group's policy of expanding business by leasing and running shoe departments in a large number of department stores rather than by establishing its own shops.

Immediately, the revaluation has resulted in a one-for-one scrip issue for ordinary shareholders, part of the surplus being capitalised in writing up the nominal value of the shares from 5s. to 10s. In addition the company proposes by a debenture issue to raise £2 million to repay temporary borrowings and to provide additional working capital.

Doom Dooma Tea

SHAREHOLDERS of Doom Dooma Tea have to make a decision this weekend. The choice before them is between Brooke Bond's revised offer of 55s. a share in cash or the slightly more remote possibility that over 80s. a share might ultimately be realised from the sale of Doom Dooma's estates. The increase of 10s. in this final offer from Brooke Bond, which remains open until September 26th, followed a circular from the Doom Dooma directors disclosing that they had received a firm offer worth about 35s. a share for three of its estates and that the value of the two remaining estates was equal to 45s. a share. Thus Brooke Bond's revised offer still falls far short of the total asset value, but it gives Doom Dooma shareholders 55s. in cash immediately and Lazard Brothers, which has sent out the offer, suggests that shareholders may prefer "a bird in the hand to two in the bush."

Further circulars from Doom Dooma suggest that the two birds have an attractive plumage. They say that the offer by Indian interests for three estates has been increased from the equivalent of £300 to £315 an acre, compared with Brooke Bond's offer which is equivalent to £165 an acre. Taking into account stores, which would be taken over at an agreed valuation, the directors estimate the amount realisable at nearer 40s. than 35s. a share. They add that though the two remaining estates are smaller in acreage they contributed over half of the profit in 1960. This obviously goes a long way to justify the high valuation put on them. In advising shareholders not to accept the Brooke Bond offer and any who have already accepted to withdraw their acceptances by this Friday the Doom Dooma board, advised by Baring Brothers, says it "will do everything in its power to meet the wishes of the majority of members when they have decided which course they wish to follow." Most of the 40 shareholders who attended last week's annual meeting were prepared to reject both offers. This may only be a minority view, for the prospect of gain sparked off by the Brooke Bond bid is hard to resist when it is compared with the price range of 34s. 3d.-20s. 6d. on the 5s. shares in the last five years.

Eastwoods and London Brick

BUILDING activity in this country has remained high this year and the demand for materials has continued to run ahead of available supplies. The results from **Eastwoods,** which makes cement, bricks, tiles and pipes, show that it has done well from the boom: in the year to March 31st its gross profits rose by 24 per cent from £1,001,000 to £1,242,000. The market was expecting good results, as in May the directors had said that the turnover in the first six months had reached a record level and that they hoped that the 1960-61 profit would amount to about £1,200,000. At that time the interim dividend was raised from 5 to 7½ per cent and a total of 20 per cent was forecast, compared with 17½ per cent paid for 1959-60; a final of 12½ per cent has duly been declared and the earnings cover has risen from 2.2 to 2.4 times. As long as building activity remains high the group should continue to prosper though the credit squeeze and its fuel factoring business, hit by falling house coal sales, could limit the gain in profits. The stock market, however, is more impressed by the continued demand for building materials and marked the £1 ordinary shares up by 1s. 9d. to 84s., to yield 4¾ per cent.

London Brick also produces a wide range of building materials. Last year its results were good, though not spectacular, and now its directors have left the interim dividend unchanged at 5 per cent. But they say they would have paid more, had it not been for the Chancellor's request, as trading results so far are "very satisfactory." Since this announcement the £1 ordinary

Continued on page 1206

LONDON AND NEW

Prices, 1961 High	Prices, 1961 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Sept. 13, 1961	Price, Sept. 20, 1961	Net Yield, Sept. 20, 1961 § £ s. d.	Gross Yield, Sept. 20, 1961 £ s. d.
92½	88⅜	Savings Bonds 3% 1955–65	88 11/16	88 21/32	5 0 9	6 6 5l
101 31/32	99	Conversion 4½% 1962	99 5/16	99 5/16	4 0 0	6 3 9
96⅞	93¾	Exchequer 3½% 1962–63	94 9/16	94 17/32	4 19 7	6 7 7l
101 5/16	98⅜	Treasury 5½% 1962	99 3/16	99 7/32	3 7 4	6 3 7l
93 29/32	90¼	Exchequer 2½% 1963–64	90 3/4	90 25/32	5 3 1	6 6 7l
99 19/32	96⅝	Conversion 4¾% 1963	97 1/16	97	4 8 4	6 11 11
98 9/32	94⅛	Conversion 4½% 1964	95 3/16	95 5/32	4 9 2	6 10 2
101 5/16	96	Exchequer 5½% 1966	96 7/16	96 1/32	4 5 4	6 9 2
83⅛	78 3/16	Funding 3% 1959–69	78 3/16*	78 5/16*	5 6 11	6 13 4l
89⅝	86	Funding 4% 1960–90	86½	86 7/16	3 17 5	5 12 11l
2 79 1/16	74⅝	Savings Bonds 3% 1960–70	75 3/16	75¾	5 5 10	6 13 5l
84 7/8	80¾	Savings Bonds 2½% 1964–67	82 1/16	82 3/16	5 7 6	6 11 1l
2 72 1/16	66¼	Savings Bonds 3% 1965–75	67 3/16	67 5/16	5 2 5	6 12 2l
83 15/16	78⅜	Funding 3% 1966–68	80¼	80 7/16	5 6 5	6 13 6l
97½	92½	Victory 4% 1920–76	93 3/16	93¼	3 9 2	5 2 2‡
85½	80¼	Conversion 3½% 1969	81⅜	81 5/16	5 3 8	6 14 6
93 5/16	87·	Conversion 5% 1971	88 3/16	88⅜	4 11 9	6 14 7
95 11/16	89½	Conversion 5¼% 1974	89⅝	89 13/16	4 7 1	6 12 2
73⅛	66	Treasury 3½% 1977–80	67½	67 7/16	4 16 11	6 12 9l
72¼	65	Treasury 3½% 1979–81	66 7/16	66 9/16	4 16 9	6 12 4l
97 7/16	88½	Funding 5½% 1982–84	89½	89⅝	4 2 9	6 9 8l
59½	51½	Redemption 3% 1986–96	51 7/8*	51 7/8*	4 12 5	6 9 10l
88¼	79¼	Treasury 5% 1986–89	79¼*	79¼*	4 6 9	6 12 3l
63 11/16	55·	Funding 3½% 1999–2004	56⅛	56 7/16	4 9 0	6 12 4l
94⅝	81⅝	Treasury 5½% 2008–12	82¼	82 3/16	4 4 7	6 15 2l
65⅜	56½	Consols 4% ..... after Feb. 1957	59	58 15/16	4 3 8	6 17 1l
59¼	50½	War Loan 3½% ..... after 1952	53¼	53 3/16	4 1 8	6 14 4l
59	50½	Conv. 3½% ..... after Apr. 1961	52*	51 7/8*	4 2 7	6 14 9l
50 7/8	43¼	Treasury 3% ..... after Apr. 1966	44⅛*	44 3/8*	4 2 8	6 14 11l
44	36½	Consols 2½%	38½*	38 7/16*	3 19 7	6 9 9l
43½	36½	Treasury 2½% ..... after Apr. 1975	37 11/16*	37 5/8*	4 1 4	6 12 8l
91 5/16	85¾	British Electric 4½% 1967–69	87⅛	87 3/16	4 15 5	6 13 11l
75 11/16	70⅛	British Electric 3% 1968–73	71¼*	71¼*	5 5 3	6 11 10l
70 5/8	64½	British Electric 3% 1974–77	65¾*	65¾*	5 0 11	6 11 0l
81 7/8	74⅛	British Electric 4½% 1974–79	75 5/8*	75 5/8*	4 12 2	6 11 7l
73½	67	British Electric 3½% 1976–79	68½	68½	4 16 8	6 12 6l
84⅞	78¾	British Gas 4% 1969–72	80 1/16	80⅛	4 17 2	6 13 2l
81 13/16	76	British Gas 3½% 1969–71	77⅜	77⅜	5 0 9	6 12 5l
59¾	51¾	British Gas 3% 1990–95	53¼	53 3/16	4 12 11	6 11 0l
75 11/16	70⅛	British Transport 3% 1968–73	71¼*	71¼*	5 5 3	6 11 10l
80⅞	74	British Transport 4% 1972–77	75¼	75¼	4 14 0	6 12 2l
61 7/16	53¾	British Transport 3% 1978–88	55⅞	55⅞	4 16 3	6 11 7l

Prices, 1961 High	Prices, 1961 Low	DOMINION AND CORPORATION STOCKS	Price, Sept. 13, 1961	Price, Sept. 20, 1961	Yield, Sept. 20, 1961 £ s. d.
82⅛	76½	Australia 3¼% 1965–69	78⅛	78⅛	6 18 0l
101	92¾	Australia 6% 1974–76	95⅜	92¾*	6 14 0l
72½	64½	Ceylon 4% 1973–75	65	65½	8 4 0l
101⅛	92¾	New Zealand 6% 1970–90	92¾	92¾	6 14 0l
80½	70½	Rhodesia and Nyasaland 6% 1978–81	70½	70¾	9 7 0l
81	73	South Africa 3½% 1965–67	76¼	75½*	9 0 0l
59	53½	Southern Rhodesia 4½% 1987–92	53¾	53¾	8 19 0l
94⅝	85⅛	Agricultural Mortgage 5½% 1980–85	86	86	6 16 0l
89	82¼	Birmingham 4¼% 1967–70	83¾	83¾	6 16 0l
92¾	86½	Bristol 5% 1971–73	87¼	87¼	6 13 0l
93	87	Corporation of London 5¼% 1976–79	87	87	6 12 0l
49¾	41	L.C.C. 3% ..... after 1920	43½	43⅜	6 17 0l
89⅛	80⅛	L.C.C. 5% 1980–83	80¼*	80¼	6 14 0l
93	84¼	Middlesex 5¼% 1980	84½	84½	6 14 0l

NEW YORK PRICES AND INDICES

	Sept. 13 $	Sept. 20 $		Sept. 13 $	Sept. 20 $		Sept. 13 $	Sept. 20 $
Atch. Topeka ...	27⅛	26⅝	Boeing	55⅛	54⅝	Int. Harvester ..	53⅞	51⅞
Can. Pacific	24¾	24⅝	Celanese	36¼	34½	Inter. Nickel	83¼	82½
Pennsylvania	15	15	Chrysler	55⅞	56⅞	Inter. Paper	35⅝	35⅛
Union Pacific ...	34⅞	34⅞	Col. Palmolive ..	47⅜	46⅜	Kennecott	84⅝	83
Amer. Electric ..	69¼	67⅝	Crown Zeller ...	59½	59⅛	Montanto	57	55¼
Am. Tel. & Tel..	119½	119	Distillers Seag. ..	43	41⅞	Nat. Distillers ..	27¼	26⅜
Cons. Edison	77½	76⅜	Douglas	36¼	34¼	Pan-American ..	18	17⅝
Int. Tel. & Tel..	57¾	55¾	Dow Chemical ..	82½	82¼	Procter Gamble	98⅜	92¾
South'n. Nat. Gas	44⅜	43	Du Pont	229¾	228	Radio Corpn....	58⅜	56⅛
United Corpn...	8¾	8¾	East. Kodak	103⅛	100¼	Sears Roebuck .	69⅜	69⅞
Western Union .	44⅜	43⅛	Ford Motor	98¾	104¼	Shell Oil	40½	37¼
Alcoa	74	70⅛	Gen. Electric	74½	73¾	Socony-Mobil ..	42¾	41¾
Aluminium	29¾	29¼	General Foods ..	94	93⅞	Stand. Oil Ind..	49⅜	47
Amer. Can.....	45	44⅛	General Motors .	47⅝	48⅛	Stand. Oil N.J..	44⅜	43¾
Am. Smelting...	66½	63⅜	Goodyear	46¾	44	Union Carbide.	138	134⅞
Am. Viscose	61⅜	59	Gulf Oil	37⅜	37	U.S. Steel	84	81¼
Anaconda	54¼	52¾	Heinz	64⅞	60¾	West. Electric..	45⅞	45
Beth. Steel	42	41¼	Int. Bus. Mach...	549	540	Woolworth	74⅜	73

Standard and Poor's Indices (1941–43=10)

1961	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Aug. 23	71.82	2·83	33·44	4·87	61·68	3·14	89·70	4·01
,, 30	71·57	2·83	33·31	4·89	61·99	3·13	88·80	4·00
Sept. 6	72·27	2·81	33·17	4·91	62·61	3·10	89·70	4·01
,, 13	71·76	2·83	33·12	4·92	62·44	3·11	88·39	4·04
,, 20	70·53	2·88	33·09	4·92	62·12	3·16	88·59	4·02

425 Industrials :—High, 72·38 (Aug. 22). Low, 60·87 (Jan. 3).

Prices, 1961 High	Prices, 1961 Low	Last Two Dividends (a) (b) (c)	ORDINARY STOCKS	Price, Sept. 13, 1961	Price, Sept. 20, 1961	Yield, Sept. 20, 1961	Cover
		% %	**BANKS, DISCOUNT & HP**				
89/7½	64/–	13 c 6½ a	Barclays £1	71/9¶	73/6	3·54	...
100/3	74/3	16 c 8 a	District £1	82/9	82/9	3·87	...
80/–	58/7½	13 c 5 a	Lloyds £1	61/9	61/9	3·66**	...
26/4½	18/7½	8 b 7 a	Martins 5/–	20/6	21/–	3·57	...
94/6	67/3	19 c 9½ a	Midland £1	79/9	80/9	3·72**	...
97/3	73/–	7 b 7 a	Nat Provincial £1	77/6	77/6	3·61	...
95/6	58/9	7 11/12 b 6 2/3 a	Westminster 'B' £1	72/3	73/3	3·99	...
			DRAPERY & STORES				
44/9	35/7½	8 b 4 a	Boots Pure Drug 5/–	28/6	28/6	2·11	2¼
52/–	43/9	6 b 4 a	Bk. Lond. & S. Amer. .£1	44/3	43/9	4·57	...
£24⅞	£21 3/16	$1·85c $2·05c	Bank of Montreal $10	£23⅝	£23 13/16	2·97	...
30/–	25/3	8 c 9 c	Bank of New S. Wales £10	26¾	26¾	5·38g	...
44/9	32/9	10 c 5 a	Barclays D.C.O. £1	36/–	34/6	5·80	...
64/9	48/–	7½ b 7½ a	Chartered £1	53/–	51/6*	5·83	...
£21	£14⅝	5/– a 10/– b	Hongk'g. & Shang....$25	£17½	£17½	4·29	...
70/6	50/–	9 b 7½ a	Nat. Com. Bk. Scot..10/–	52/–	51/9	3·19	...
£29 5/16	£25 15/16	$2·32½c $2·37½c	Royal Bk. Canada....$10	£27⅝	£27 9/16	2·97	...
119/6	96/3	10 b 9 a	Royal Bk. of Scotland .£1	99/9	99/–	3·84	...
40/3	32/6	5 a 10 b	Stand. Bk. S. Africa ...£1	33/9	32/6	9·23	...
165/–	95/–	22½ c 22½ c	Hambros .....£1 f.p.	135/–	132/6	3·40	...
89/6	59/6	5 b 2½ a	Schroders £1	77/6*	77/6	1·94	...
60/6	46/6	6½ a 6½ a	Union Discount £1	47/–	46/6	5·38	...
27/4½	13/–	18 c Nil a	Bowmaker 5/–	15/11½	15/11½	—	1¼
13/6	13/9¾	19 c 5 a	Lombard Banking 5/–	14/3*	13/9¾	4·44	1
21/9	13/9	7½ b 5 a	Mercantile Credit 5/–	13/11¼	13/9¾	4·52	1¼
210/–	135/–	4 a 22½ b	United Domins. Tst. ..£1	137/6	135/–	3·93	2½
			BREWERIES, Etc.				
13/–	11/–	... ...	Bass, M. & B. 5/–	11/9	11/5¼	4·81**	...
41/1½	31/–	5 a 8½ b	Distillers 10/–	36/6	36/3	3·72	2
26/9	13/–	6½ b 4 a	Flowers 5/–	17/6	17/6	3·00	2
60/6	50/–	14⅜ b 8 a	Guinness 10/–	53/–	51/9	4·25**	2
14/9	12/–	... ...	Ind Coope T.A. 5/–	12/9	12/10½	4·66**	...
42/–	30/–	7½ b ... a	Teacher (Distillers) .10/–	33/1½	33/3*	3·76	2½
93/–	76/9	12 b 6 a	Watney Mann £1	92/6	91/–	3·96	2
33/9	26/–	27 c 9 a	Whitbread 'A' 5/–	31/9	32/3*	4·19	1¾
			BUILDING, PAINT, Etc.				
96/9	69/9	4 a 8½ b	Associated Portland ..£1	73/4½	72/11½	3·47	2½
28/11½	21/11½	4 a 7¼ b	British Plaster Bd. ..10/–	21/9	21/3	5·88	2¼
26/10½	17/6	6 a 10 b	Richard Costain 5/–	18/–	17/9	4·51	2¾
10 b	9/4½	10 b 5 a	Crittall Mfg. 5/–	9/11¼	10/0¾	7·45	2
14/–	11/3	14 b 7 b	International Paints ..4/–	11/7½	11/3	7·11	1½
105/6	85/–	12½ b 5 a	London Brick £1	88/9	90/–*	3·89	1¾
66/9	40/6	21 7/8 c 25 c	Rugby Portland 5/–	53/10½	55/4½	2·26	3¼
28/4½	18/3	12½ b 7½ a	Taylor Woodrow 5/–	20/6*	20/9	4·82	1¼
167/11½	119/6	17½ b 7½ a	Wall Paper Defd. £1	128/3	129/4½	3·86	3¾
			CHEMICAL				
29/3	22/4½	14 b 6 a	Albright & Wilson ...5/–	23/–*	22/6	4·44	2½
15/3	11 3/4	4 a 4 a	Borax Defd. 5/–	15/9	15/6	3·71	3
58/9	36/6	7 b 4 a	Fisons £1	38/–	36/6	6·03	1¾
81/6	63/11½	6¼ a 7½ b	I C I £1	66/11½	65/6	4·20	2
26/10½	16/6	10 b 5 a	Monsanto 5/–	17/6*	16/6	4·55	2½
			DRAPERY & STORES				
36/–	24/–	4 a 8 b	Boots Pure Drug 5/–	28/6	28/6	2·11	2¼
91/3	58/6	20 b 7½ a	Montague Burton 10/–	83/–	84/6	3·25	2
74/3	48/–	13½ b 5⅝ a	Debenhams 10/–	53/–	50/7½	3·79	1½
59/4½	45/–	12½ a 25 b	G.U.S. 'A' 5/–	49/10½	49/6	3·79	2
46/9¾	33/4½	13½ a 16⅔ b	House of Fraser 5/–	38/6¶	37/3	4·03	1¼
21/11½	14/3	7½ b 5 a	Lewis's Invest. Tst. ..4/–	15/–	14/10½*	3·32	2¼
106/9	85/11½	15 a 32½ b	Marks & Spencer 'A' .5/–	100/–	101/6	2·34	1½
53/10½	34/10½	10 a 20 b	United Drapery 5/–	45/9	45/11½	3·32	1¾
62/11½	50/–	25 b 10⅝ a	Woolworth 5/–	52/9	52/4½	3·42	1½
			ELECTRICAL & RADIO				
48/6	35/–	5 a 10 b	A.E.I. £1	37/3	36/9	8·16	1
15/5¼	9/7½	... ...	Belling & Lee Electronic Inds..5/–	10/9	10/10½	6·90	1¼
62/3	49/–	4 a 9½ b	B.I.C.C. £1	58/10½	57/9	4·68	2
14/7½	11/3	7½ b 5 a	Crompton Parkinson..5/–	12/3	12/3	5·10	2½
76/–	54/–	23½ c 3½ a	Decca Record 10/–	63/6	63/–	3·70	2
52/–	35/6	12½ b 5 a	E.M.I. 10/–	35/6	36/–	4·86	2¼
38/–	25/9	5 a 8 b	Elliott-Automation ..5/–	33/8¼	33/5¼	1·94	2
40/6	28/9	3 a 7 b	English Electric £1	29/9	28/9	6·96	1½
39/6	28/3	3 a 7 b	General Electric £1	29/–	28/3	7·08	3¼
72/9	47/–	8½ b 4⅜ a	C. A. Parsons £1	50/–	49/–	5·10	4
52/3	38/6	6½ b 3¼ a	A. Reyrolle £1	40/–	39/–*	5·00	2¾
63/–	45/3	25 c 25 c	Thorn Electrical 5/–	55/–	55/–	2·27	3
			ENGINEERING				
36/9	24/4½	4½ a 4½ b	Babcock & Wilcox £1	25/9	25/3	7·13	1
48/9	33/–	4 a 7 b	John Brown £1	35/6	35/9	6·15	2¾
8/4½	5/7½	3 a 9 b	Cammell Laird 5/–	5/9	5/9	10·40	1
33/9	23/3	20 b 10 a	Internat. Combust. ..5/–	24/11½*	23/3	6·45	1½
9/11½	4/11½	... ...	Rich'ds'ns. Westg'th. 10/–	4/3	4/11½	—	...
40/–	28/–	9½ b 2½ a	Swan Hunter £1	29/3	31/3	4·85	2¼
17/4½	13/6	5 a 5 a	John Thompson 5/–	13/10½	13/9*	1·82	...
33/10½	21/8¼	17½ c 12½ a	Coventry Gauge 10/–	28/10½	28/10½	4·10	2¼
79/9	51/6	16 b 12½ a	Alfred Herbert £1	66/3	65/6	4·24	1¾
78/–	59/3	7½ a 12½ b	Allied Ironfounders ...£1	59/6	59/6	6·72	1½
110/–	83/–	5 a 10 b	Averys £1	86/–	86/–	3·49	2½
36/10½	20/7½	7½ b 4 a	B.S.A. 10/–	21/4½	21/11½	5·52	2¾
14/9	10/3	8½ b 4½ a	George Cohen 5/–	10/9*	10/9	6·05	1¾
17 7/16	12/6	10 a 17½ b	Davy-Ashmore £1	14 1/9	14 8/6	3·70	2¼
108/7½	78/6	5 a 11 b	Guest Keen £1	88/–	88/3	3·63	3½
31/–	22/–	4 a 12 b	Head Wrightson 5/–	23/3	22/–	3·64	2½
100/3	68/3	3 a 7 b	Metal Box £1	82/6	81/9	2·94	2¼
22/6	14/–	4 a 10 b	Ransome & Marles ..5/–	16/6*	16/3	4·31	3
50/6	34/6	3 a 7 b	Renold Chains £1	43/6	43/3	4·62	2
44/1½	29/7½	10 a 17½ b	Simon Engineering ..5/–	37/6	37/9	3·64	2
85/6	61/3	14 c 7 a	Tube Investments £1	61/9	62/6	4·43	2½
38/4½	28/–	11½ b 7½ b	Vickers £1	32 7½	32/9	6·11	1¾
84/6	64/6	11¼ b 3¾ a	Ward (Thos. W.) £1	72/–	69/–	4·35	3
30/–	20/–	5 a 22½ b	Woodall-Duckham ...5/–	21/9	21/9	4·83**	2½

* Ex dividend. † Tax free. ‡ Assumed average life 7½ years. § The net redemption yields allow for tax at 7s. 9d. in £. ¶ Ex capitalisation. ‖ Ex rights. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution of 1s. 0d. per share. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (l) To latest date.

YORK STOCKS

Prices, 1961 High	Prices, 1961 Low	Last Two Dividends (a) (b) (c)	ORDINARY STOCKS	Price, Sept. 13, 1961	Price, Sept. 20, 1961	Yield, Sept. 20, 1961	Cover
		% %	**FOOD & TOBACCO**				
34/–	17/6	10 c 10 c	Allied Suppliers 10/–	17/7½	17/10½	5·59	2¼
15/–	7/93/4	10 a 12½ b	Assoc. British Foods..1/–	11/6	11/3	2·00	2
74/–	55/–	4 a 8 b	Bovril £1	60/–	58/3	4·12	2½
15/6	11/9	14 12/b 12 1/2 a	Brooke Bond 'B' 5/–	13/–	12/9	4·26	3¾
19/3	12/10½	2½ a 10 b	International Tea 5/–	14/–	13/11¼	4·48	1½
107/9	67/6	5 a 10⅝ b	J. Lyons 'A' £1	67/6	67/6	4·69	1¼
35/6	25/9	9 b 5 a	Ranks 10/–	28/–	27/10½	5·02	2
14/03/4	10/9	2½ a 7½ b	Spillers 5/–	11/4½	11/–	4·55	2
55/–	43/11½	9 b 3 a	Tate & Lyle £1	47/10½	47/11½	5·09	2
20/10½	15/9	5 a 9 b	Unigate 5/–	15/10½	15/9	4·44	2
73/–	62/–	12½ 3 c 11½ 3 a	Brit. Amer. Tobac.	64/9	63/9	5·55	2¼
51/6	42/–	5 a 15 b	Gallaher 10/–	41/7½	41/10½	4·78	2
71/6	65/3	14 b 8½ a	Imperial Tobacco £1	69/–	69/–	6·52	1¾
			INSURANCE				
15/4	11 5/16	15 5 b 10 b	Britannic 5/–	12¾	12/5¾	3·40	...
86/3	61/3	20 a 25 b	Commercial Union ..5/–	64/–	63/6	3·54	...
32	17/6	†41·17c †41·17c	Equity & Law Life ...8/6	27⅝	27⅜	1·04	...
88/4½	51/10½	10 a 20 b	General Accident....5/–	76/9¶	74/9¶	2·01	...
60/6	42/7½	35 a 40 b	Guardian 5/–	52/6	51/3	2·60**	...
39½	23¼	80 a 110 b	Legal & General..... 5/–	31½	31¾	1·50	...
146/–	100/–	8½ a 11½ b	Northern & Empl..... £1	130/–	129/–	3·10	...
272/6	160/3	170 b 120 a	Pearl £1	217/6	211/3	3·48	...
29	18	†18 33/4 c †20 9/16 c	Prudential 'A' 4/–	23¼	22¼	3·06	...
182/–	140/9	50 a 50 b	Royal 5/–	154/6	150/–	3·33	...
129/3	103/6	11 1/4 b 7½ a	Royal Exchange £1	105/–	103/6	3·62	...
			MOTORS & AIRCRAFT				
18/10½	13/–	12½ b 7½ a	British Motor 5/–	13/3	13/8¼	7·31	2½
86/3	66/11½	20 c 20 c	Jaguar Cars 'A' 5/–	80/–	80/–	1·25	2¾
48/6	41/10½	2½ a 8½ b	Rolls-Royce £1	45/4½	44/7½	4·93	2¼
10/–	6/8¼	12 c 12 c	Rootes Motors 'A' 4/–	6/4½	6/4½	7·53	5¼
88/9	52/3¼	15 b 7½ a	A.C.V. £1	74/3	74/4½	4·30**	2½
101/–	79/–	15 c 20 c	Leyland Motors £1	88/4½	88/6	4·52	...
18/6	14/–	3½ a 9 b	Bristol Aeroplane ..10/–	15/9	16/11½	7·75	2¼
33/3	28/11½	10 a 5 b	Hawker Siddeley £1	30/11½	29/7½	7·16**	1¼
41/3	31/9	14 a 15½ b	Dowty Group 10/–	34/–	34/4½	4·51	2¼
28/10½	21/6	13 a 12½ b	Dunlop Rubber 10/–	26/3	25/10½	6·12	2
72/–	52/–	11¼ b 2½ a	Joseph Lucas £1	53/9	52/6	5·24	3
33/3	19/3	9 a 21 b	Pressed Steel £1	31/9	32/3	7·79	1¼
46/3	30/–	15 c 12½ c	Triplex Holdings ..10/–	30/6	30/3	4·13	2
			MINES				
168/9	110/–	40 a 50 b	Anglo-American 10/–	126/3	123/11½	7·31	1½
67/9	43/–	18¾ b 6¼ a	Consolid. Gold Fields . £1	49/9	49/3	10·15	2
108/9	72/6	15 a 20 b	Rand Mining £1	81/3	78/9	8·89	2
68/6	40/–	40 a 120 b	Union Corporation ..2/6	47/6	46/–	8·70	3
25/3	15/3	40 a 40 b	Daggafontein 5/–	17/6	17/–	23·53	1½
125/–	73/9	70 a 100 b	Free State Geduld ..5/–	80/7½	81/3	10·46	2
54/3	37/6	25 a 25 b	Hartebeesfontein ..10/–	41/3	41/–	12·20	1½
64/6	41/10½	25 a 60 b	President Brand 5/–	53/11½	51/10½	10·60	1½
157/6	101/3	90 a 120 b	Western Holdings ..5/–	117/6	116/3	9·03	1½
28/6	15/9	... 81/3 a	Winkelhaak 10/–	19/6	18/9*	—	8½
75/3	55/–	36½ b 13½ a	Chartered 15/–	58/6	58/3*	12·88	2
63/6	51/3	60 b 20 a	Rhod. Anglo-Amer..10/–	53/3	54/–	14·81h	2
11/7½	8/3	12½ b 4 11/16 a	Rhod. Selection Tst. .5/–	8/9	8/7½	9·96h	2¼
19/6	10 5/16a	4½ b	Roan Antelope 5/–	5/11½	5/11½	14·74h	2¼
30/9	18/9	22½ b 15 a	Tanganyika Conc. ..10/–	19/3	19/6	19·23	2¼
81/6	63/–	13¾ b ... a	Consolidated Zinc..... £1	67/–	65/–	6·15	1¾
159/4½	110/–	150 b 100 a	De Beers Defd. Reg. .5/–	132/6	132/6	9·43	1¾
$159	$104	$1·50c $1·50c	Internat. Nickel ...n.p.v.	$148	$146¼	1·82	...
18/9	10/9	6¼ a 22½ b	London Tin 4/–	16/–‖	16/11½‖	8·68**	1¼
45/–	30/–	20 c 27½ c	Rio Tinto 10/–	33/9	33/11½	8·30	1½
48/6	35/6	105 c 40 a	Tronoh 5/–	68/6*	62/6	8·40	...
			OIL				
61/6	43/–	†81 3/b †31/3 a	British Petroleum £1	45/–	43/–*	8·86	2¼
49/6	34/–	†21/2 a 16⅔ b	Burmah Oil £1	35/–	34/–	9·01	1¼
52/–	37/–	6¼ a 13½ b	Castrol 10/–	39/–	39/–	5·13	2½
£151 16	£105⅜	10·23a 13·64b	Royal Dutch ..... 20 fl.	£117 16	£11	4·27	2¾
39 7½	108/9	†81/3 a †121/2 b	Shell Transport £1	114/–	112/–	6·07	3
41/3	24/3	... ...	Ultramar 10/–	25/6*	25/–	— d	...
			PAPER & NEWSPAPERS				
14/7½	9/10½	8 b 5 a	Daily Mirror 5/–	12/11½	12/–	6·25**	1¼
91/–	57/6	4 a 8 b	W H. Smith & Son 'A'..£1	59/6	59/–	4·07	2
66/3	48/3	8¾ b 5 a	Bowater Paper £1	48/9	48/6*	5·67	1½
56/6	44/–	9 a 7 b	Albert E. Reed £1	47/–	46/6	6·88	1½
54/3	37/6	4 a 8½ b	Spicers £1	42/3	42/3	5·92	1¾
18/10½	17/9	... ...	Thomson

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shares have put on 1s. 4½d. to 90s. 3d. xd, to yield 3.9 per cent.

News of the World

THE confidence expressed by Sir William Carr, the chairman of the *News of the World* Organisation, at the last annual general meeting about the immediate prospect was clearly well-founded, and an interim report has now revealed that in the six months to June 30th gross profits rose from £700,000 to just over £900,000. The average weekly circulation of the *News of the World* rose by 280,000 copies in that period and the increase in the price in Sunday newspapers announced in January will have improved margins. It is impossible to assess how much of the increased profit has come from the *News of the World* alone but it appears to be making a better showing than it did in 1960, when the trading profit it earned slumped from £1,040,000 to £570,000. Then higher profits from the group's other interests cushioned the fall in total gross profits, which declined in all by only £50,000 to £1,520,000. These interests accounted for nearly 60 per cent of the profits in the first half of 1961, as the two most recent acquisitions, Vactric Precision Tools and Vactric Control Equipment, made their first contribution to profits, and as a full six months' earnings from Convoys, against only two months' in the corresponding period in 1960, were included.

The interim dividend has been raised from 5 to 5½ per cent and the increase would have been more had it not been for the Chancellor's call for dividend restraint. As Sir William Carr expects profits in the second half of 1961 to be better than those earned in the first six months shareholders can expect a bigger total payment, which is usually made up of two interims and a final. On the basis of the latest increase the minimum total payment would seem to be 27½ per cent, against the 25 per cent paid for 1960. On this assumption the 5s. shares, which have gained 1s. 9d. to 22s. 3d., yield just under 6¼ per cent and the non-voting shares, which are 1s. cheaper, yield 6½ per cent.

Tootal

IN 1959-60, following a sharp rise in profits, Tootal raised its ordinary dividend to 10 per cent after four years' payments of 7½ per cent. The group had extended its activities beyond its traditional business in cotton wear for men by acquiring Thermo-Plastics and Vetrona Fabrics, which specialises in glass fabric products. In the year to June 30th it went a stage further by acquiring the Yates Duxbury paper company and after tax and the payment of a bonus to employees, the group's net profits amounted to £340,000. This was £61,000 more than the net profit earned in 1959-60 but it is less than, on the basis of Yates Duxbury's earnings in 1959-60, this new subsidiary should have contributed for the nine months it has been owned by Tootal. It is therefore apparent that profits somewhere in the group have actually fallen. Shareholders must wonder where the weakness lies. Tootal's textile and clothing interests should have done well, but fierce competition in plastics and paper has been squeezing margins. Since the results were published the £1 Ordinary shares have lost 1s. 1½d. to stand at a new low point of 27s. 6d., to yield 7¼ per cent on the maintained 10 per dividend. Clearly the market has some doubts about the virtues of Tootal's diversification policy.

British Relay and Wireless

WHILE the manufacturers of television sets have suffered heavy losses as a result of the reimposition of hire purchase controls, the rental and the relay side of the television industry has continued to prosper and expand. British Relay and Wireless has, for instance, lived up to the forecast made at the time of the rights issue in February that trading profits in the year to April 30th would show a similar increase to that recorded for 1959-60 by reporting that its profits in 1960-61 rose by just over £1 million to £3,517,000. Almost all this increase has, however, been matched by a rise in depreciation from £1,677,000 to £2,560,000. In addition £200,000 has been put to a special reserve for contingencies in view of changes in set design over the past year and the possibility of further changes following the Pilkington report so that, even though investment allowances left the tax charge at only £1,000, net profits fell from £566,000 to £530,000.

As forecast the ordinary dividend has been maintained at 17 per cent, with the final of 10 per cent being paid on the capital as increased by the one-for-eight rights issue. On the basis of the enlarged capital, earnings as shown in the preliminary report amount to 23½ per cent, to cover the dividend 1.4 times. If, however, the special reserve is added back earnings amount to 32½ per cent, to cover the dividend nearly twice. On the other hand, as investment allowances at £355,000 are equal to about half of net available profits (including the special reserve) earnings before crediting investment allowances would amount to no more than 16¼ per cent, which would not fully cover the dividend. This is but one way in which the problems facing the investor in the TV rental and relay shares can be illustrated. It follows that if new business were hard to come by, the depreciation provisions would fall but so too would investment allowances, leaving profits largely dependent upon the volume of business contracted in the past and upon the rate at which the rented and relay equipment had been written off. As a whole, this possibility appears to be assessed more realistically in the current yield of 4 per cent offered by the 5s. shares at 21s. 3d. than it was a year ago when the yield was only 3 per cent.

London Stock Exchange

FIRST DEALINGS :	Sept. 4	Sept. 18	Oct. 2
LAST DEALINGS :	Sept. 15	Sept. 29	Oct. 13
ACCOUNT DAY .	Sept. 26	Oct. 10	Oct. 24

THE opening of a new account on Monday brought a revival of buying on the stock market but this was soon halted by the news later in the day of Mr Hammarskjöld's death. The number of bargains marked fell on Tuesday and on Wednesday was the lowest of any day this year. Share price indices moved slightly lower each day and over the week to Wednesday *The Economist* indicator lost 2.2 points to 361.2. The market was also influenced by two large rights issues announced this week, and by news before the weekend of the drop in steel output and the forecast from Ford Motor of a 15 per cent fall in car output because of the Chancellor's measures. Wall Street was dull after the news from the Congo and this contributed to the uneasy time in London, though the rally in New York on Wednesday helped sentiment on Thursday morning.

Interest in the gilt edged market centred upon medium dated stocks, and both Conversion 3½ per cent 1969 and Conversion 5¼ per cent. 1974 gained 3/16 to 81 9/16 and 89 12/16 respectively. Short dated and undated stocks altered little over the week.

Last Thursday bank shares fell back but they later recovered to close the week unchanged or with small gains ; but Barclays gained 1s. 9d. to 73s. 6d. Movements among brewery shares were irregular but Courage Barclay gained 1s. 6d. to 60s. after its debenture issue was well received and Truman Hanbury gained 6s. 6d. to 80s. Before the weekend the results from Eastwoods and the interim report from London Brick led to a revival of interest in building shares but they fell back later, leaving London Brick with a net gain of 1s. 3d. to 90s. and Associated Portland with a similar net loss to 72s. 1½d. Chemical shares declined over the week, falling on Wednesday on the news of the Laporte Chemical rights issue ; ICI lost 7½d. to 65s. 6d. Stores were mixed ; on the rights issue Debenhams fell 2s. 4½d. to 50s. 7½d. but Burton and Marks and Spencer 'A' each gained 1s. 6d. to 84s. 6d. and 101s. 6d. respectively.

Among engineering shares Davy-Ashmore were outstanding, gaining 6s. 9d. to 148s. 6d. in an otherwise firm market. Swan Hunter rose 2s. to 31s. 3d. following news of the reorganisation of its shipyards. Steel shares rose over the week with United Steel gaining 2s. 10½d. to 45s. 4½d., and Colvilles, 2s. 3d. to 55s. 7½d. Insurance shares fell back as did newspaper and textile shares. Among motor shares BMC gained 5¼d. to 13s. 8¼d. helped by the announcement of new models. Kaffirs were extremely dull with Wednesday's dealings the lowest for many years. Oil shares eased on BP's interim figures. The rumour of a Cunard-P. and O. merger caused rises in some shipping shares, though P & O lost 6d. to 35s. 7½d.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended September 16, 1961, there was an "above-line" deficit (after allowing for sinking funds) of £55,663,000 compared with a deficit of £6,655,000 in the previous week and a deficit of £20,323,000 in the corresponding period of last year. There was a net deficit "below-line" of £12,517,000 leaving a total *cumulative* deficit to date of £529,322,000 compared with £524,741,000 in 1960-61.

£'000	Estimate 1961-62	April 1, 1960, to Sept. 17, 1960	April 1, 1961, to Sept. 16, 1961	Week ended Sept. 17 1960	Week ended Sept. 16, 1961
Ordinary Revenue					
Income Tax	2,728,500	625,184	731,511	21,040	26,709
Surtax	210,000	34,100	40,600	800	1,100
Death Duties	240,000	103,600	123,300	4,600	5,400
Stamps	94,000	40,900	48,200	1,400	800
Profits tax, EPT and EPL	325,500	128,400	156,100	7,100	8,000
Other Inland Rev. Duties	...	50	...	...	...
Total Inland Rev.	3,598,000	932,234	1,099,711	35,040	42,009
Customs	1,550,000	676,871	738,986	31,627	31,151
Excise	960,000	443,940	445,415	4,175	3,845
Total Customs and Excise	2,510,000	1,120,811	1,184,401	35,802	34,996
Motor Duties	155,000	26,477	30,570	167	2,986
PO (Net Receipts)	...	...	...	...	...
Broadcast Lic's.	40,000	10,600	11,200	...	...
Sundry Loans	205,000	33,154	117,979	8,624	117
Miscellaneous		51,078		3,475	
Total	6,508,000	2,174,354	2,443,861	83,108	80,108
Ordinary Expenditure					
Debt Interest	660,000	324,556	386,191	14,994	43,788
Payments to N. Ireland Exch.	92,000	36,648	37,821	...	...
PO Fund — Initial settlement	15,000	...	...	...	...
Other Consolidated Funds	8,000	3,869	4,011	7	13
Supply Services	5,186,902	2,104,750	2,271,418	74,100	91,500
Total	5,961,902	2,469,823	2,699,441	89,101	135,301
Sinking Funds	40,000	17,890	18,412	390	470
"Above-line" Surplus or Deficit	— 313,359	— 273,992	— 6,383	— 55,663	
"Below-line" Net Expenditure*	211,382	255,330	7,254	12,517	
Total Surplus or Deficit	524,741	529,322	13,637	68,180	
Net receipts from :					
Tax Reserve Certificates	112,651	92,363	— 71	— 1,737	
Savings Certificates	35,200	— 12,100	200	— 600	
Defence Bonds	51,687	18,988	1,585	— 2,006	
Premium Savings Bonds	27,440	18,900	950	350	
Total	226,978	118,151	2,664	— 3,993	

* Net receipt to the Civil Contingencies Fund of £5 million in 1961-62 compared with a net receipt of £7 million in 1960-61.

FLOATING DEBT

(£ million)

	Treasury Bills		Ways and Means Advances		Total Floating Debt
	Tender	Tap	Public Dept.	Bank of England	
1960					
Sept. 17	3,530·0	1,968·1	215·9	...	5,714·0
1961					
June 10	3,270·0	1,827·6	242·2	...	5,339·8
" 17	3,280·0	1,823·6	263·9	...	5,367·5
" 24	3,290·0	1,909·6	201·6	...	5,365·8
" 30	3,290·0		283·3	...	5,483·0
July 8	3,280·0	1,853·1	265·2	0·8	5,399·0
" 15	3,270·0	1,866·0	269·0	...	5,405·0
" 22	3,260·0	1,894·4	214·3	...	5,368·7
" 29	3,250·0	1,920·3	220·4	3·3	5,393·9
Aug. 5	3,280·0	1,882·6	207·3	...	5,369·9
" 12	3,290·0	1,712·9	206·6	...	5,209·4
" 19	3,290·0	1,732·5	316·8	1·5	5,340·7
" 26	3,280·0	1,840·0	201·9	2·3	5,324·1
Sept. 2	3,260·0	1,855·3	239·4	...	5,354·8
" 9	3,240·0	1,886·4	221·4	...	5,347·9
" 16	3,240·0	1,905·2	229·5	...	5,374·7

THE MONEY MARKET

WITH the discount houses still short of bills it was not surprising that the syndicate raised its bid by a further 3d. to £98 7s. 1d. at last Friday's Treasury bill tender and the average rate of discount again fell by about 1s. to £6 11s. 10.99d. per cent. Total applications fell by £35 million to £407 million and only £240 million of the £250 million bills on offer were allotted, but the syndicate again secured a satisfactory allotment of 59 per cent against 60 per cent in the previous week.

Houses have had a slightly easier week than for some time past. On Thursday and Friday of last week the rate for day to day money was pegged at 6⅛ per cent and below ; on other days rates up to 6⅜ per cent have been conceded. The authorities gave a moderate amount of help on Saturday, but on Monday one or two houses were forced to borrow a very small amount at Bank rate. The market was severely tested on Wednesday, which was both the banks' making-up day and the last day for increasing special deposits with the Bank of England to 3 per cent. Calling from the clearing banks was not as heavy as expected but most houses needed all their privilege facilities to balance their books.

MONEY RATES

LONDON

	%		%
Bank rate (from 5%, 26/7/61)	7	**Discount rates :**	
		Bank bills :	
		60 days	6 13/16–6 7/8
Deposit rates (7 days' notice) :		3 months	6 13/16–6 7/8
Banks	5	4 months	6 13/16–6 7/8
Discount houses	5–5 1/4	6 months	6 13/16–7
Local Authorities	7 5/8	Fine trade bills :	
Money :		3 months	7 1/2–8 1/2
Day-to-Day	5 3/16–6 3/8	4 months	7 1/2–8 1/2
		6 months	8–9

NEW YORK

	%		%
Official Discount rate : (from 3 1/2%, 11/8/60)	3	**Treasury bills :** Sept. 11	2·328
		" 18	2·262

BANK OF ENGLAND RETURNS

(£ million)	Sept. 21, 1960	Sept. 13, 1961	Sept. 20, 1961
Issue Department :*			
Notes in circulation	2,215·4	2,318·3	2,306·7
Notes in banking dept.	34·9	32·0	18·7
Govt. debt and securities*	2,247·8	2,349·0	2,324·0
Other securities	0·7	0·8	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	1·5	0·3	0·3
Banking Department :			
Deposits :			
Public accounts	13·4	11·9	13·7
Special deposits	149·8	219·4	232·9
Bankers	253·1	257·1	251·4
Others	64·4	69·1	69·2
Total	480·8	557·4	567·1
Securities :			
Government	430·6	448·9	515·9
Discounts and advances	13·5	74·4	30·8
Other	19·4	19·7	19·5
Total	463·4	543·0	566·1
Banking department reserve	35·9	32·9	19·5
	%	%	%
"Proportion"	7·4	5·9	3·4

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced by £25 million to £2,325 million on September 20th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills Average Rate of Allotment	Allotted at Max. Rate*
1960	*91 day*		s. d.	%
Sept. 16	280·0‡	417·5	110 2·14	60
1961				
June 16	260·0	391·2	90 0·42	55
" 23	260·0‡	389·1	90 8·47	50
" 30	250·0	400·8	90 8·94	46
July 7	240·0	405·2	90 8·80	42
" 14	240·0	378·2	91 4·47	47
" 21	240·0	333·3	92 5·62	66
" 28	250·0	426·6	133 9·22	28
Aug. 4	250·0	386·0	134 3·33	44
" 11	250·0	394·7	134 8·51	41
" 18	250·0	379·6	134 1·83	61
" 25	260·0‡	409·9	134 0·12	39
Sept. 1	250·0	379·8	134 0·50	48
" 8	260·0	441·6	132 10·81	60
" 15	250·0‡	407·0	131 10·99	59

* On September 15th tenders for 91 day bills at £98 7s. 1d secured 59 per cent, higher tenders being allotted in full. The offer for the week was for £250 million 91 day bills. ‡ Allotment cut by £10 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits September 20	Market Rates : Spot September 14	September 15	September 16	September 18	September 19	September 20
United States $	2·78–2·82*	2·81 1/16–7/16	2·81 3/16–5/16	2·81 3/16–5/16	2·81 1/4–3/8	2·81 5/16–7/16	2·81 1/4–3/8
Canadian $	...	2·89 3/4–7/8	2·89 15/16–90 1/16	2·89 15/16–90 1/16	2·89 7/8–90	2·89 15/16–90 1/16	2·89 7/8–90
French Fr.	13·622–14·027	13·81 1/2–3/4	13·82 3/4–83	13·82 5/8–7/8	13·83 1/2–3/4	13·84 1/4–1/2	13·83 5/8–7/8
Swiss Fr.	11·94–12·54 7/8	12·13–13 1/4	12·13 1/4–13 1/2	12·13 1/2–3/4	12·13 3/4–14 1/8	12·13 7/8–14 1/8	12·13 3/4–14
Belgian Fr.	137·96–142·05	139·87 1/2–92 1/2	139·97 1/2–140·02 1/2	140·02 1/2–07 1/2	140·02 1/2–07 1/2	139·97 1/2–140·02 1/2	139·97 1/2–140·02 1/2
Dutch Gld.	9·98 3/4–10·28 1/2	10·15 7/8–16 1/8	10·16 3/4–17	10·16 3/4–17	10·17 1/4–1/2	10·17 1/4–1/2	10·17 1/4–1/2
W. Ger. D-Mk.	11·037–11·365	11·23 1/4–1/2	11·23 7/8–24 1/8	11·23 5/8–7/8	11·24 1/8–3/8	11·24 3/8–5/8	11·24 1/4–1/2
Portug. Esc.	...	80·25–35	80·22–32	80·22–32	80·22–32	80·22–32	80·22–32
Italian Lire	1725–1775 $	1744 1/2–45	1745–45 1/2	1745 1/4–2 1/4	1745 1/2–46	1746–46 1/2	1745 1/2–46
Swedish Kr.	14·27 1/2–14·70	14·53 1/2–7/4	14·54 1/2–55	14·55–55 1/4	14·54 1/2–5/8	14·53 7/8–54 1/8	14·53–53 1/4
Danish Kr.	19·06 1/2–19·62	19·36 1/4–1/2	19·36 3/4–7/8	19·36 7/8–37 1/8	19·37–37 1/4	19·36 7/8–37 1/8	19·37–37 1/4
Norwegian Kr.	19·71–20·30 1/2	20·02 1/4–1/2	20·02 1/4–1/2	20·02 1/4–1/2	20·02 1/4–1/2	20·02 3/8–5/8	20·02 3/8–7/8
	* Official Limits	**One Month Forward Rates**					
United States $		1/8–1c. pm	1/8–1c. pm	1/8–1c. pm	1/8–1c. pm	1/8–1c. pm	1/16–15/16c. pm
Canadian $		13/16–1 1/16c. pm	1/8–1c. pm	1/8–1c. pm	1/8–1c. pm	1/8–1c. pm	1/8–1c. pm
French Fr.		4 1/2–4c. pm	4 1/2–4c. pm	4 1/2–4c. pm	4 1/2–4c. pm	4 1/2–4c. pm	4 3/4–4 1/2c. pm
Swiss Fr.		53/4–51/2c. pm	53/4–51/2c. pm	53/4–51/2c. pm	53/4–51/2c. pm	53/4–51/2c. pm	51/2–51/4c. pm
Belgian Fr.		47–37c. pm	47–37c. pm	47–37c. pm	50–40c. pm	52–42c. pm	45–35c. pm
Dutch Gld.		51/2–51/4c. pm	51/8–47/8c. pm	51/8–47/8c. pm	51/8–47/8c. pm	51/8–47/8c. pm	51/8–47/8c. pm
W. German D-Mk.		51/2–5pf. pm	51/4–43/4pf. pm	51/4–43/4pf. pm	51/2–5pf. pm	53/4–51/4pf. pm	5–41/2pf. pm
		Three Months Forward Rates					
United States $		2 15/16–2 13/16c. pm	2 15/16–2 13/16c. pm	2 15/16–2 13/16c. pm	3–27/8c. pm	2 15/16–2 13/16c. pm	2 15/16–2 13/16c. pm
Canadian $		3 1/8–3c. pm	3 1/8–3c. pm	3 1/8–3c. pm	3 1/16–2 15/16c. pm	3–27/8c. pm	3–27/8c. pm
Swiss Fr.		153/4–151/2c. pm	153/4–151/2c. pm	153/4–151/2c. pm	153/4–151/2c. pm	155/8–153/8c. pm	151/2–151/4c. pm
W. German D-Mk.		141/2–14pf. pm	141/4–133/4pf. pm	141/4–133/4pf. pm	141/2–14pf. pm	143/4–141/4pf. pm	14–131/2pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/51/2	250/4	...	250/2	250/11/4	250/11/4
" ($ " " ")		35·19 1/2	35·18 1/2	...	35·18	35·18	35·18

Manpower and Output

Labour figures relate to Great Britain and production figures to United Kingdom unless otherwise stated.
M = Monthly averages or calendar months.
W = Weekly averages.

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

BRITISH

prices and Wages.....	Sept. 9th	External Trade	Sept. 2nd
Manpower and Output....	This week	Industrial *Profits*	*July* 15th

OVERSEAS

Western Europe.....	Aug. 12th	United States.....	Aug. 26th

	Unit	Mid-year or averages			1960			1961				
		1958	1959	1960	June	July	August	April	May	June	July	August
TOTAL MANPOWER		June figures										
Working population:												
Total	'000s	24,070	24,145	24,436	24,436	24,513	24,597	24,547	24,560	24,590	24,652	...
Men	,,	16,160	16,137	16,239	16,239	16,283	16,303	16,285	16,284	16,283	16,312	...
Women	,,	7,910	8,008	8,197	8,197	8,230	8,294	8,262	8,276	8,307	8,340	...
Armed Forces	,,	614	565	518	518	516	513	479	478	474	469	...
Civil employment:												
Total	,,	23,080	23,197	23,628	23,628	23,698	23,771	*23,768*	*23,811*	23,865	23,904	...
Manufacturing industries (1)	,,	...	8,477	8,811	8,811	8,825	8,912	8,916	8,913	8,917	8,920	...
Manufacturing industries (old basis) (1)	,,	*9,147*	*9,169*	...	...	...	...	...	...	...	...	...
Employees (1):												
in engineering (2)	,,	...	3,545	3,740	3,740	3,730	3,759	3,797	3,801	3,799	...	..
in consumer goods industries (3)	,,	...	3,102	3,154	3,154	3,191	3,213	3,168	3,163	3,170	...	..
UNEMPLOYMENT		Monthly averages										
By duration:												
All durations—total	,,	457·4	475·2	360·4	305·1	292·0	321·4	340·1	299·3	265·9	258·6	305·2[13]
Temporary or under 2 weeks	,,	141·0	120·8	89·8	66·2	72·5	81·1	92·2	77·2	67·8	69·3	80·5
Over 8 weeks	,,	197·7	243·4	187·6	172·1	163·2	159·6	171·8	158·2	140·1	136·4	137·9
By regions (4):												
Great Britain	%	2·1	2·2	1·6	1·4	1·3	1·4	1·5	1·3	1·2	1·2	1·4[14]
London and South Eastern	,,	1·3	1·3	0·9	0·8	0·7	0·8	1·0	0·9	0·8	0·7	0·9
Eastern	,,	1·7	1·5	1·3	0·9	0·9	1·0	1·2	0·9	0·8	0·7	0·9
Southern (5)	,,	1·6										
South Western (5)	,,	2·2	2·2	1·7	1·3	1·2	1·3	1·4	1·2	1·1	1·0	1·2
Midland	,,	1·6	1·5	1·0	0·7	0·6	1·0	1·3	0·9	0·8	0·9	1·1
North Midland	,,	1·6	1·5	1·1	0·9	0·8	1·0	1·0	1·0	0·8	0·7	0·9
East and West Ridings	,,	1·9	1·9	1·2	1·0	0·9	1·1	1·0	0·9	0·8	0·8	0·9
North Western	,,	2·7	2·8	1·9	1·8	1·7	1·8	1·7	1·5	1·4	1·3	1·6
Northern	,,	2·4	3·3	2·8	2·5	2·3	2·5	2·4	2·3	2·0	1·9	2·3
Scotland	,,	3·8	4·4	3·6	3·2	3·2	3·1	3·2	3·0	2·8	2·7	2·9
Wales	,,	3·8	3·8	2·7	2·3	2·1	2·5	2·5	2·2	2·1	1·9	2·1
VACANCIES												
Unfilled vacancies notified to Employment Exchanges: Total	'000s	198	224	314	361	380	357	337	354	383	396	359[15]
INDUSTRIAL PRODUCTION												
Index:												
All industries	1954=100	106	113	120	119	109	104	124	122	127	118	...
,, ,, *seasonally adjusted*	,,	...	...	...	*120*	*120*	*121*	*123*	*122*	*124*	*125*	...
Mining and quarrying	,,	94	92	89	88	73	72	88	87	91	...	...
Construction	,,	105	111	118	117[9]	...	118[12]	...	...	...	...	...
Gas, electricity and water	,,	119	123	133	*111*	107	109	133	127	121	...	...
Manufacturing, total	,,	107	114	123	123	112	105	126	125	130	121	...
,, ,, ,, *seasonally adjusted*	,,	...	...	...	*123*	*123*	*124*	*125*	*124*	*126*	*127*	...
Engineering and electrical goods	,,	111	118	127	127	117	104	133	131	147	...	...
Shipbuilding	,,	109	101	92	93	89	89	94	93	92	...	...
Vehicles	,,	118	131	139	144	126	112	142	145	146	...	...
Chemical trades	,,	115	131	145	144	137	135	150	150	...	...	...
Textiles, leather and clothing	,,	91	98	102	96	92	83	103	99	101	...	...
BASIC MATERIALS		M/W averages										
Production of:												
Coal (7) (8)	W '000 tons	4,150	3,963	3,725	3,628	2,978	2,951	3,679	3,630	3,792	3,275	2,732
Pig iron	W ,,	245	242	303	295	289	291	308	300	297	277	265
Steel, ingots and castings	W ,,	369	388	467	466	391	423	472	466	448	380	338
Sulphuric acid	M ,,	186·8	202·3	225·1	217·0	225·2	215·1	218·8	224·5	221·7	...	...
Newsprint	W ,,	11·81	12·87	14·25	15·59	10·86	12·65	14·34	14·04	14·74	...	...
Electricity (7) (11)	M mn. kwh	8,208	8,764	9,904	7,782	7,770	7,992	9,835	9,697	8,812	8,515	...
MANUFACTURING												
Textile production:												
Cotton yarn, single	W mn. lb.	14·77	14·58	14·44	13·25	12·35	12·70	14·33	14·34	12·08	11·77	...
Worsted yarn	M ,,	17·18	19·34	20·40	19·29	17·55	16·26	19·20	21·14	22·40	19·80	...
Rayon and synthetic fibres	M ,,	35·2	42·9	49·3	48·3	46·7	43·2	42·2	46·3	49·3	50·8	...
Cotton cloth, woven	W mn. yds.	27·0	25·7	24·9	24·9	15·7	24·3	25·7	25·3	25·7	16·1	...
Wool fabrics, woven (6)	M mn. sq. yds.	29·1	30·4	30·6	29·5	29·3	24·5	24·6	29·4	32·8	29·5	...
Engineering production:												
Passenger cars and chassis	W '000s	19·84	22·88	26·01	29·62	23·51	21·45	19·35	22·58	23·19	24·58	...
Commercial vehicles and chassis	W ,,	5·90	7·13	8·81	9·68	6·96	7·23	9·41	9·70	9·61	9·30	...
Internal combustion engines	M '000 BHP	378	468	577	592	510	507	599	618	...	...	...
Metal-working machine tools	M £'000	6,993	6,564	7,911	7,520	8,532	6,794	9,358	9,670	10,878	...	...
BUILDING ACTIVITY (10)												
Permanent houses completed:												
Total	M '000s	20·13	20·78	22·44	24·31	22·41	22·22	21·12	22·78	24·38	22·16	...
For local housing authorities	M ,,	9·43	8·29	8·60	9·44	8·36	7·71	7·14	7·72	8·39	7·47	...

(1) Current statistics of employment by industry, based on the 1958 Standard Industrial Classification, go back only to May, 1959. *Manufacturing* employment for earlier dates is shown on the old basis (1948 SIC). (2) Engineering and electrical goods, shipbuilding and marine engineering, *vehicles, metal goods.* (3) Textiles, leather goods, clothing, food, drink and tobacco, *timber*, furniture, paper, *printing and publishing.* (4) Number registered as *unemployed expressed* as a percentage of the *estimated* number of employees. (5) Dorset (*excluding* Poole) was transferred from the Southern to the South Western Region on May 12, 1958. (6) Deliveries. (7) Great Britain. (8) Excluding all screening losses normally amounting to around 5,000 tons a week. (9) Average for second *quarter.* (10) England and Wales. (11) Generation for public supply. (12) Average for third quarter. (13) September, 317·1. (14) September, 1·4. (15) September, 328.

APPOINTMENTS

A CAREER IN SOUTH AMERICA

An international firm of public accountants *wishes to increase* its permanent professional staff in Argentina, Bolivia, Brazil, Chile, *Paraguay and Peru* and invites applications from qualified accountants at all levels of experience, from those newly qualified *to those* capable of assuming senior executive posts, including men who have had experience of management consultancy work.

The positions advertised are not replacements ; they are new posts. The work is varied and interesting with opportunities for travel, and there are excellent prospects of speedy advancement *in countries* whose economics are expanding rapidly.

Contracts are for an initial period of three years, renewable by agreement. Terms include an allowance for the expenses of moving to South America, a salary (payable partly in hard currency) on a scale sufficient to permit a comfortable standard of *living together* with a margin for savings, annual bonus, first-class return passages *for staff members* and their dependants, and three months' fully paid *leave at the end of each contract in addition to local leave during* its course. Salaries are subject to merit increases and are reviewed from time to time to take account of changes in the cost of living. Additional benefits, differing from country to country, are provided by advanced social legislation. A partner of the firm will shortly be in London to interview applicants.

Please send particulars of experience and qualifications, together *with a passport type photograph, to Box 1541.*

(For other appointments see page 1202)

CIVIL SERVICE COMMISSION, DUBLIN

VACANCIES FOR UNIVERSITY GRADUATES AND OTHERS

A competition *for 5* posts as *ADMINISTRATIVE OFFICER* will begin on 31st October, 1961. The competition is open to men and women who on 1st November, 1961, were 20 years and under 26 years and

(a) who hold a FIRST OR SECOND CLASS HONOURS UNIVERSITY DEGREE, *or an equivalent qualification, or*

(b) who are established Civil Servants with certain service.

Pay : £780 rising to £1,100 (woman or unmarried man) or £1,360 (*married man*). *Plus children's allowances.*

Prospects : Promotion guaranteed after 7 years if certified suitable.

Tests : Essay, Précis and Interview. Qualifying test in Irish.

Intending candidates should write to Civil Service Commission, 45, Upper O'Connell Street, *Dublin*, 1. The latest time for the acceptance *of completed* application forms is 5.0 p.m. on 13th October, 1961.

Further competitions will be held in the *Autumn* of 1962 and 1963. *It is hoped* to offer not less than 4 posts on each occasion. Details will be announced in due course.

UNESTABLISHED DISTRICT COMMISSIONERS NATIONAL SAVINGS COMMITTEE

Several vacancies, mainly in the Provinces, for men or women with knowledge of economics, organising ability, preferably with experience of public speaking and voluntary organisations. University education desirable. National salary £775 (age 25 and over) to £1,430. Possible establishment later. Application forms from Manager (PE 3543), Professional and Executive Register, Ministry of Labour, Atlantic House, Farringdon Street, London, E.C.4. Closing date for completed application *forms Wednesday*, 11th October, 1961.

INDUSTRIAL RELATIONS

OVERSEAS APPOINTMENT—MAURITIUS

Applications are invited for the post of Executive Officer to the Mauritius Employers' Federation for one tour of two years.

Sound knowledge of labour relations, with particular emphasis on overseas *conditions*, essential, preferably in a plantation *industry. It will be an* advantage if the candidate has had practical experience in negotiations, and is fluent in the French language.

Salary *£2,500 per annum*, plus two *free air passages to and from Mauritius*, free house, car and travelling expenses.

Only applicants with appropriate *qualifications* will be considered. Applications *(in duplicate)* giving full particulars of age, education, qualifications and experience, especially overseas, present salary, married or single, should be addressed to the *Mauritius* Employers' Federation, c/o the Director, Overseas Employers' Federation, 58, Clifford's Inn, Fetter Lane, London, E.C.4.

Closing date for applications, 21st October, 1961.

INTERNATIONAL AFFAIRS

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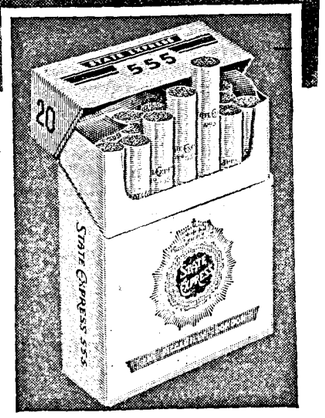
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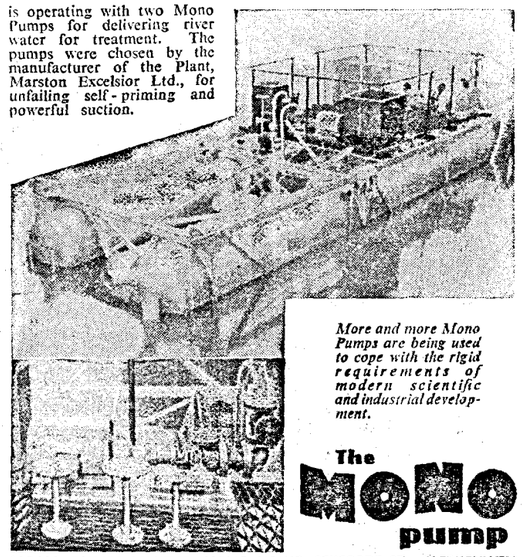
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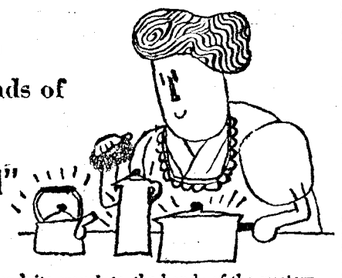
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GROWTH OF A NATION: In a series... No. 6

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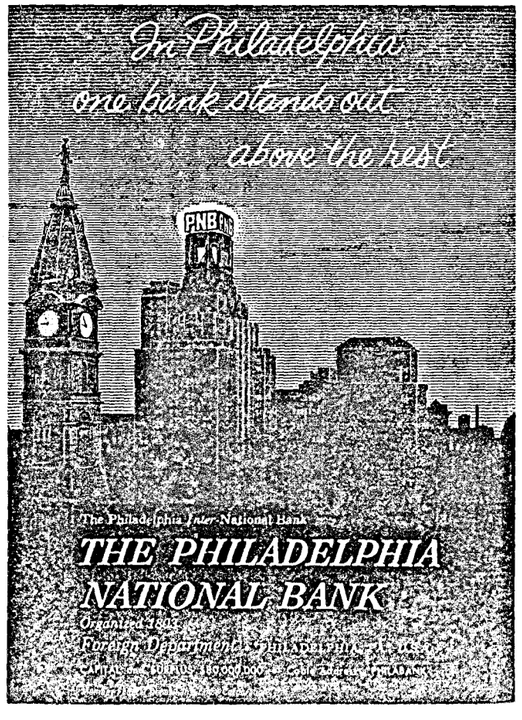
Steel has even found its way into the hands of the westernized, Japanese "Oku-san" (housewife)—in the form of steel wool—and demands for steel continue to increase. Expansion of Japan's steel industry during the last decade has been spectacular, now reaching fourth place for the first time in the history of world steel making.

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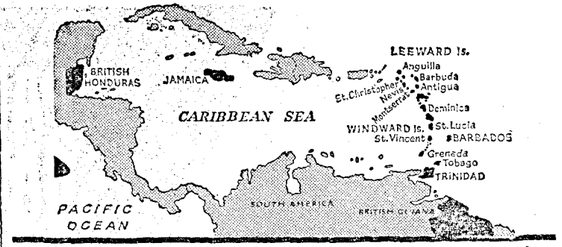


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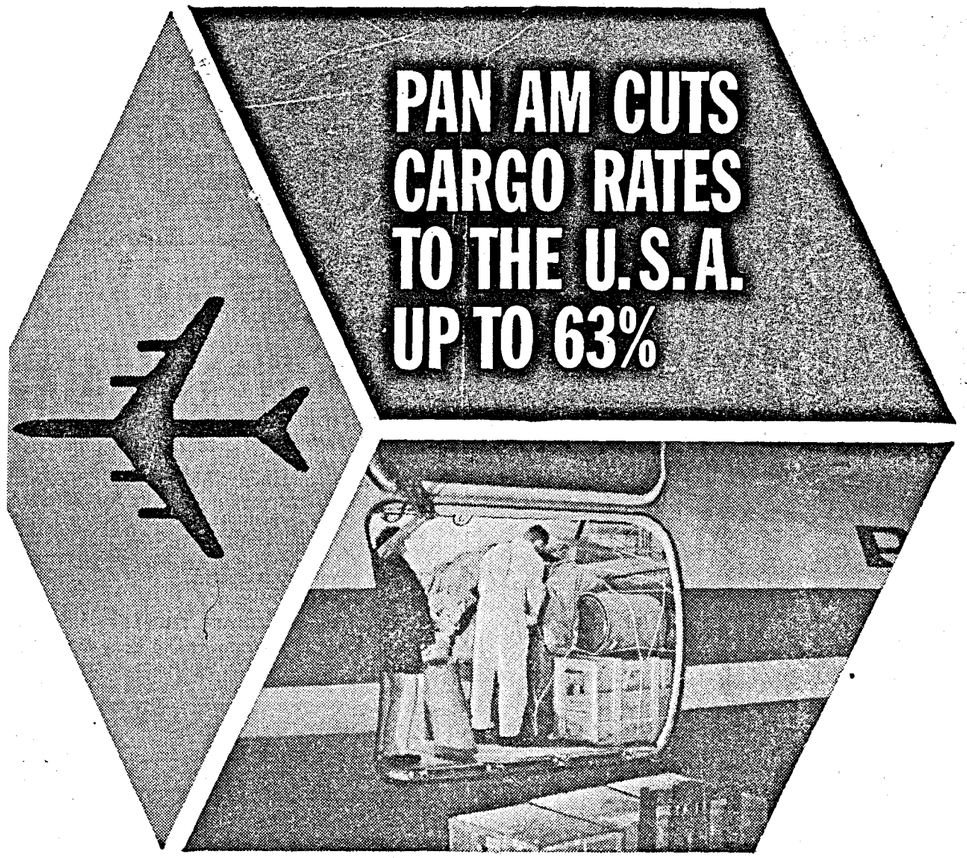
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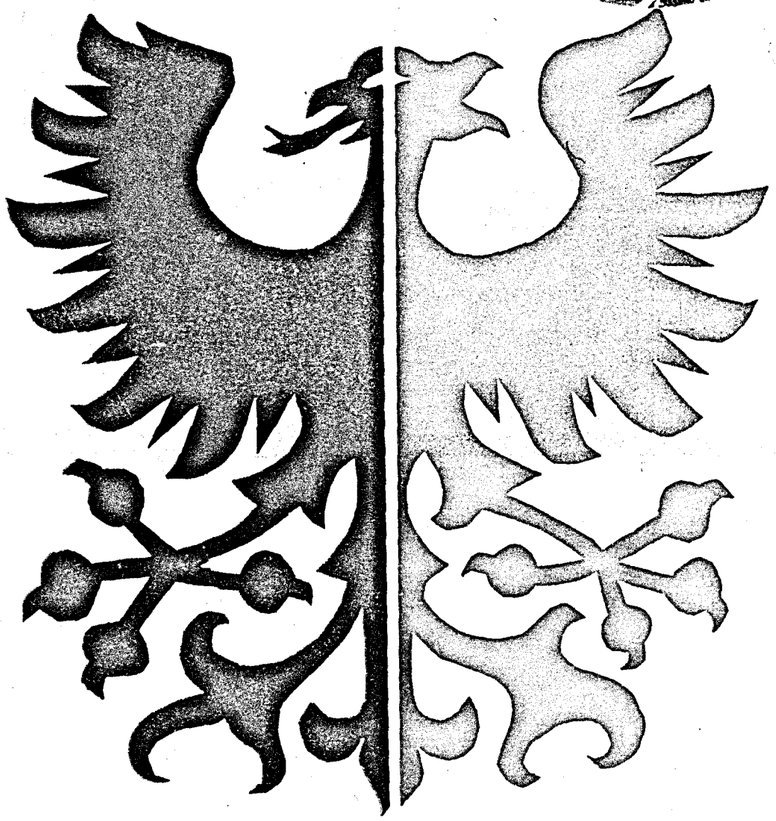
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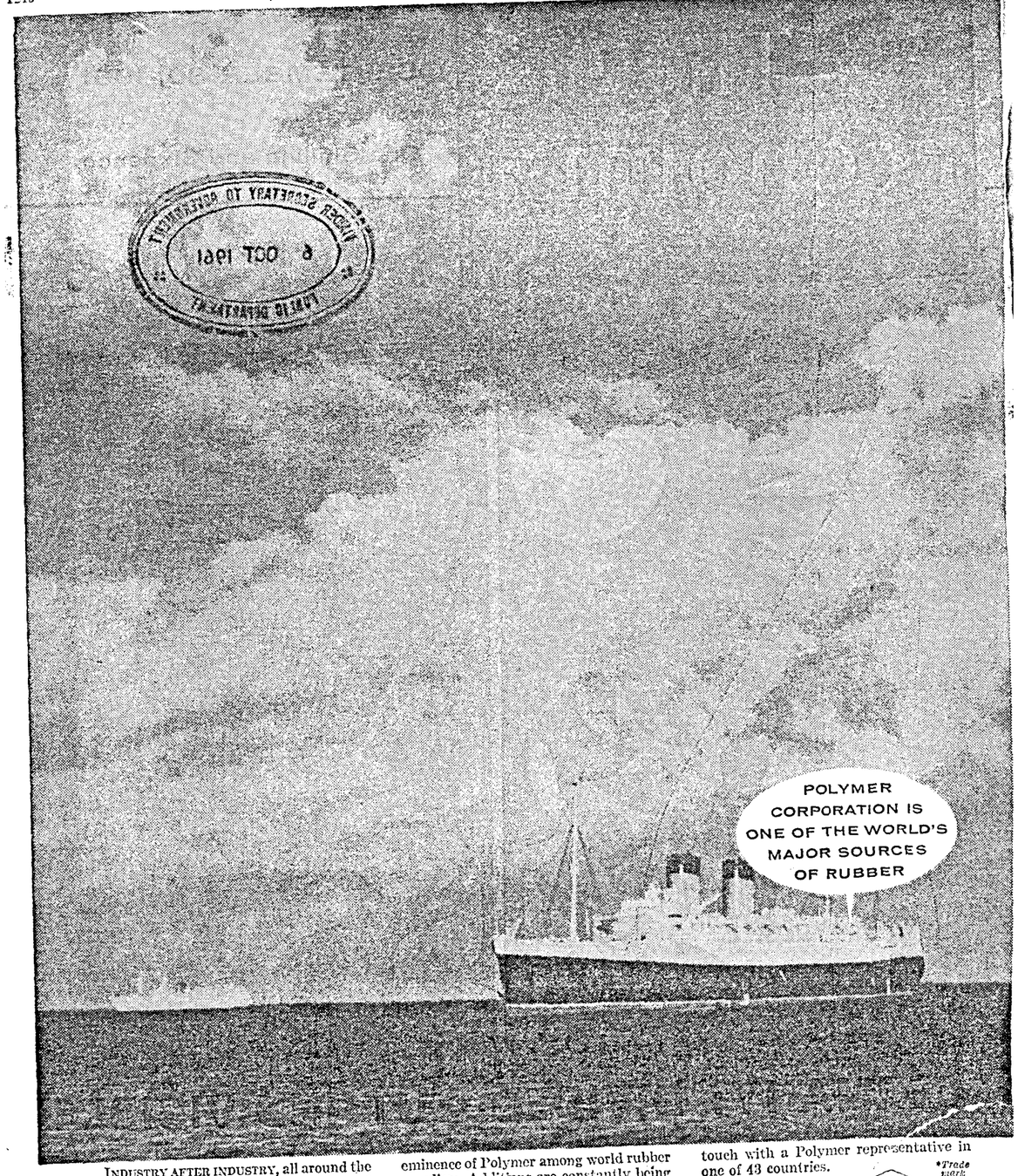
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INTERNATIONAL

LOOKS AT REALITY

The Berlin crisis and General Clay's bluntness have stimulated a far-reaching reappraisal by the Germans of their future between East and West (p. 1230) which is causing them to think again about the most expedient way of reuniting Germany—which the West, in *its* reappraisal, must still pursue (p. 1229).

The national anxiety may help Dr Adenauer to remain in office (p. 1265).

Mr Kennedy's speech at the United Nations on the present deadly perils of international anarchy was addressed not only to the Russians and the uncommitted countries, but also to the Republicans, who have been contending that his foreign policy has seemed weak (p. 1249). **A look at his disarmament proposals shows them to be the most rational of their kind yet produced (p 1231)**; and a look at Russian and neutralist attitudes after his speech suggests that prospects, on Berlin, disarmament, and the UN, may not yet be utterly black (p. 1265).

Meanwhile Russia, after an otherwise realistic evaluation of the state of its economy, has backed itself to outdo the United States in this field by the end of the decade (p. 1268).

OUTLOOK FOR TALKS

World Credit : agreement *en principe* is well short of total agreement, and the outcome of the International Monetary Fund's congress of Vienna is dangerously inconclusive (p. 1275).

General de Gaulle's renewed efforts to negotiate successfully with the Algerian nationalists are expected to cause another storm at home before long (p. 1236) and the long-term prospects for Algeria are as uncertain as were those for Palestine in 1947-48 (p. 1271).

The Common Market : The Six and Britain have at last announced their betrothal ; but hagglings over the degree of love in this *mariage de convenance* still make the date of the wedding uncertain (p. 1233).

A LOOK AT AFRICA

Leopoldville, Elisabethville and Stanleyville remain at odds, but there is a ray of hope (p. 1266).

Britain has yet to remedy its recent maladroitness over **Katanga** (p. 1236). **Belgium** is trying to avoid another Congo in Ruanda-Urundi (p. 1242).

Ghana has, naturally perhaps, an inferiority complex (p. 1237).

South Africa is standing up to the rigours of a "siege economy" better than was expected (p. 1287).

MIDDLE EASTERN OUTLOOK

The major oil companies are not accepting **Iraq's** demand for a share in the ownership of existing oil operations (p. 1278). General Qasim has also got a Kurdish revolt, or its aftermath, to preoccupy him (p. 1238).

As a result of this week's officers' revolt in Syria, it is perhaps necessary, and may remain so, to speak of the Disunited Arab Republic (p. 1235).

A LOOK AT AMERICA

The achievements of television in American schools are well worth a close look by European educational authorities (p. 1252).

Passage of the appropriations for foreign aid has at last allowed Congress to go home (p. 1250) while the report of the Civil Rights Commission on segregation in the schools will probably provoke a storm in the next congressional session (p. 1252).

Economic recovery has not yet made itself felt in increased sales of consumer goods (p. 1250).

HOME

PCW-WCW

The **Labour Party's** conference decisions at Blackpool, thanks to Mr Gaitskell's work over the past year, may be all but irrelevant to his and the party's real problems (p. 1234).

The **Liberal Party** looked more balanced than of yore at Edinburgh : but being right—and going Left—is not enough (p. 1244).

At Brighton, the **Conservatives** at their conference will have to contend with a strong contingent of hangers, floggers and keep-out-the-woggers (p. 1236).

POTENTIAL

Sales of **electricity** continue to outrun the forecasts ; but this can reduce the industry's operating surplus ; and to invest more and catch up with demand, larger surpluses are needed (p. 1277).

The English north-east holds splendid promise both socially and industrially : it is hardly beginning to be realised (p. 1245).

PARLEY

An apparent—and dangerous—misunderstanding of what is meant by "free negotiation" among trade unionists may be more than a little disingenuous (p. 1232).

So far no amount of talk has eased the disputes at Fords and in the building industry : and the **tea breaks** over which they have arisen are more expensive to the nation than may be thought (p. 1237).

PERIL

The recent spate of **air fatalities** highlights the low compensation that airlines are prepared to pay to the victims' dependants (p. 1288).

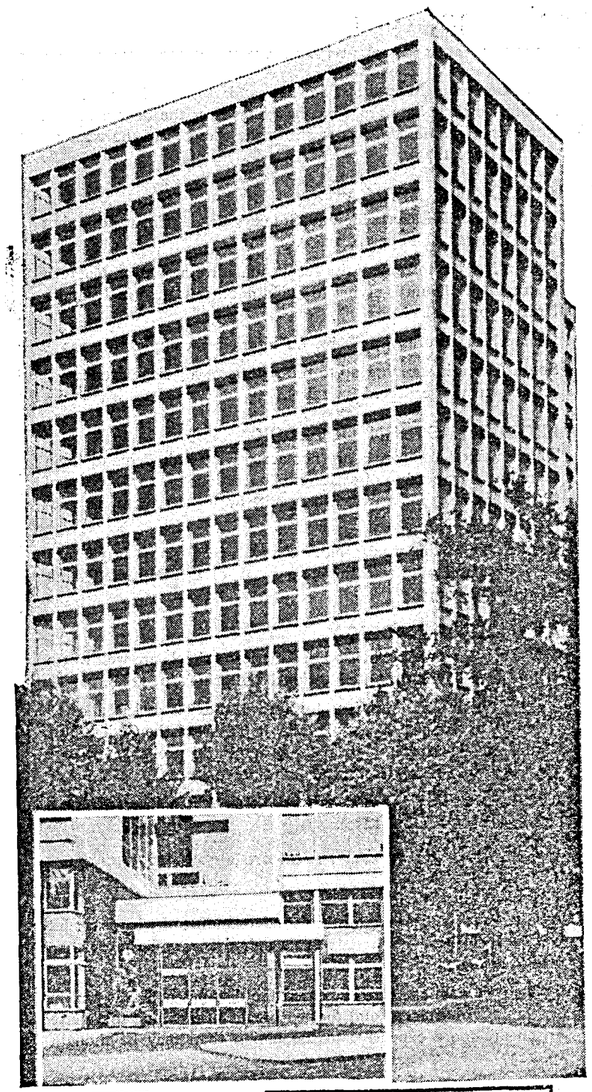
The sharp increase in the rate of **industrial accidents** might be lowered by tough measures from the Government (p. 1238).

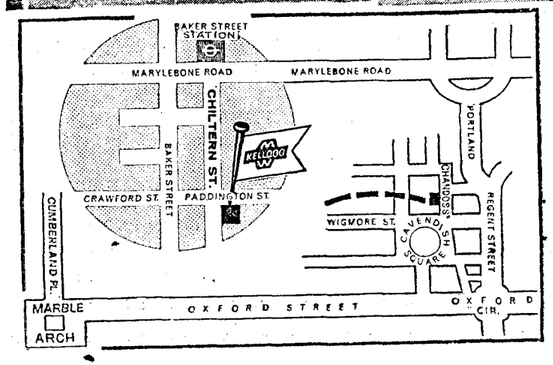
PLUNGE

Britain's TV advertisers are poised for entry into the common market, armed with statistics and audience ratings (p. 1292).

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Detailed contents on page 1229





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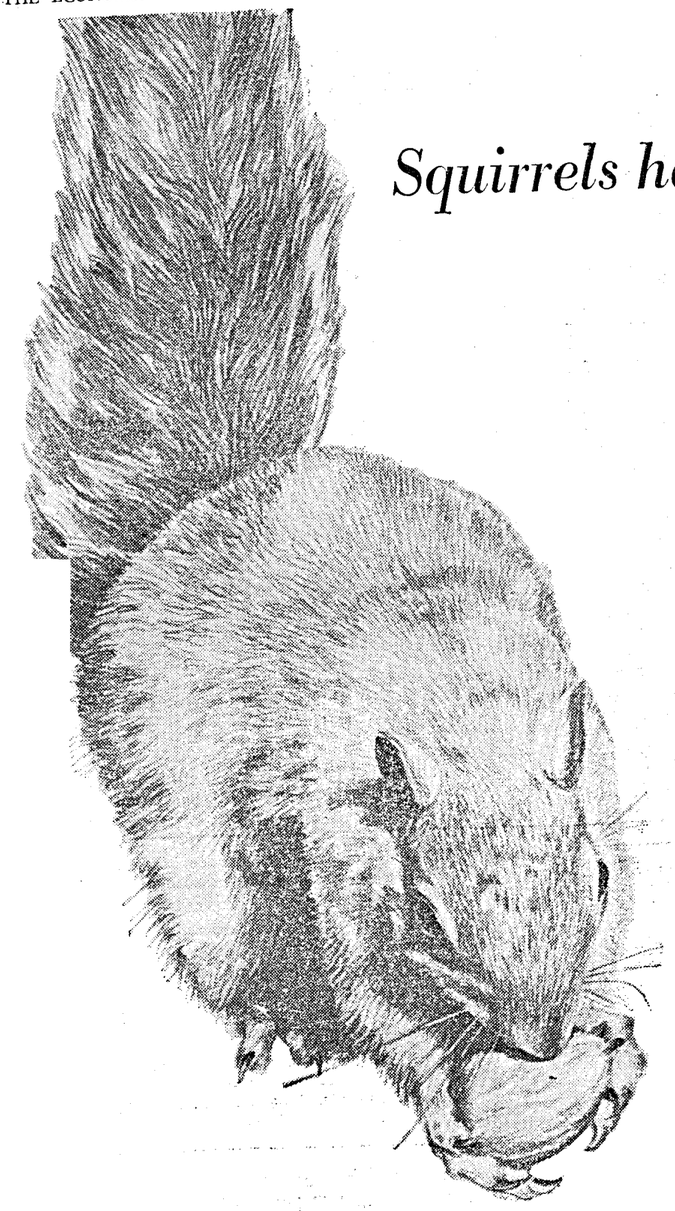
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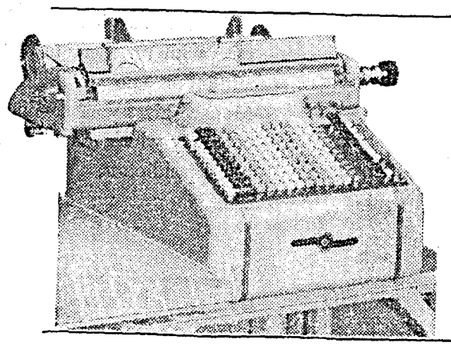
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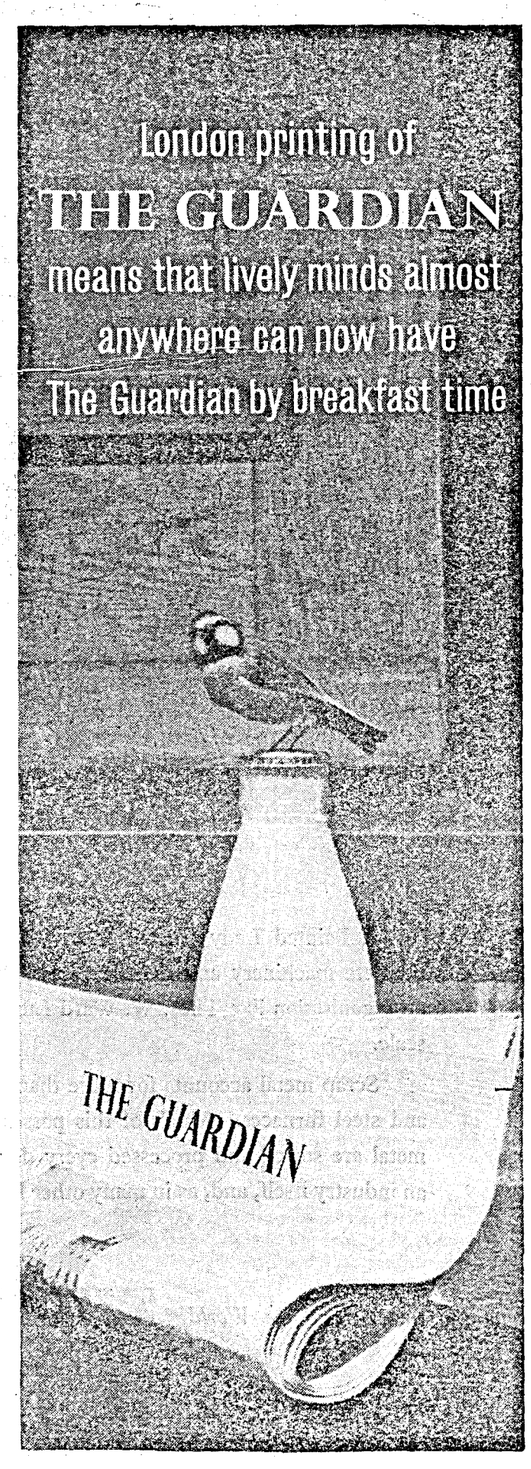
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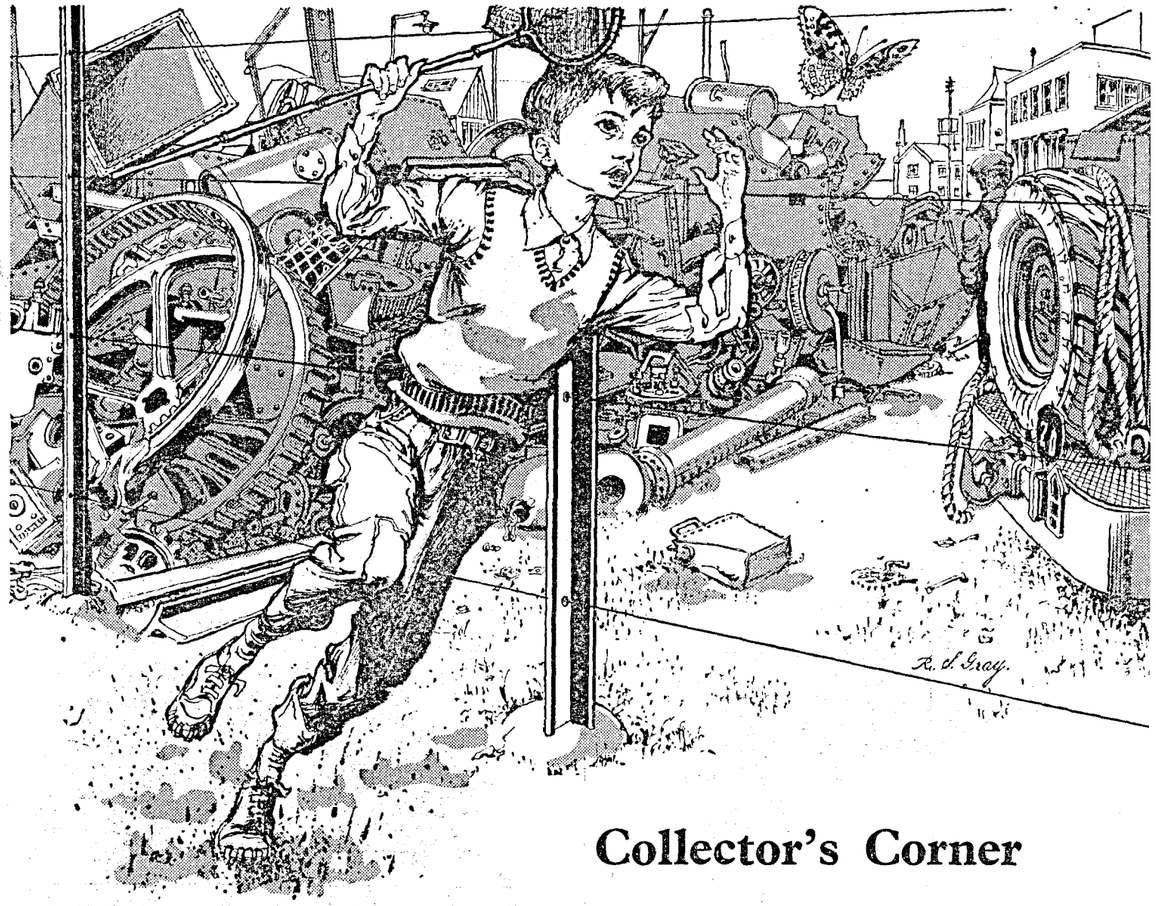
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Collector's Corner

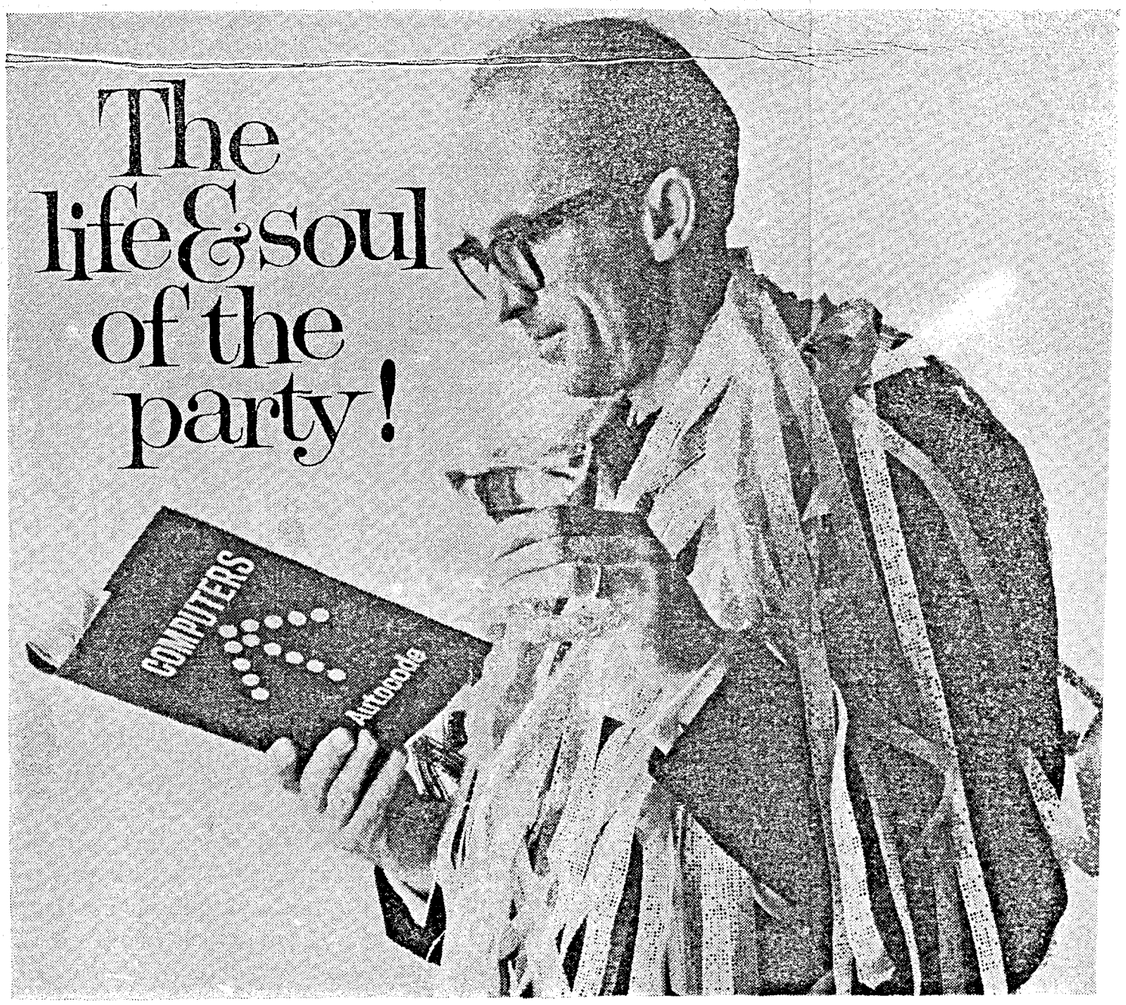
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G.P. 111



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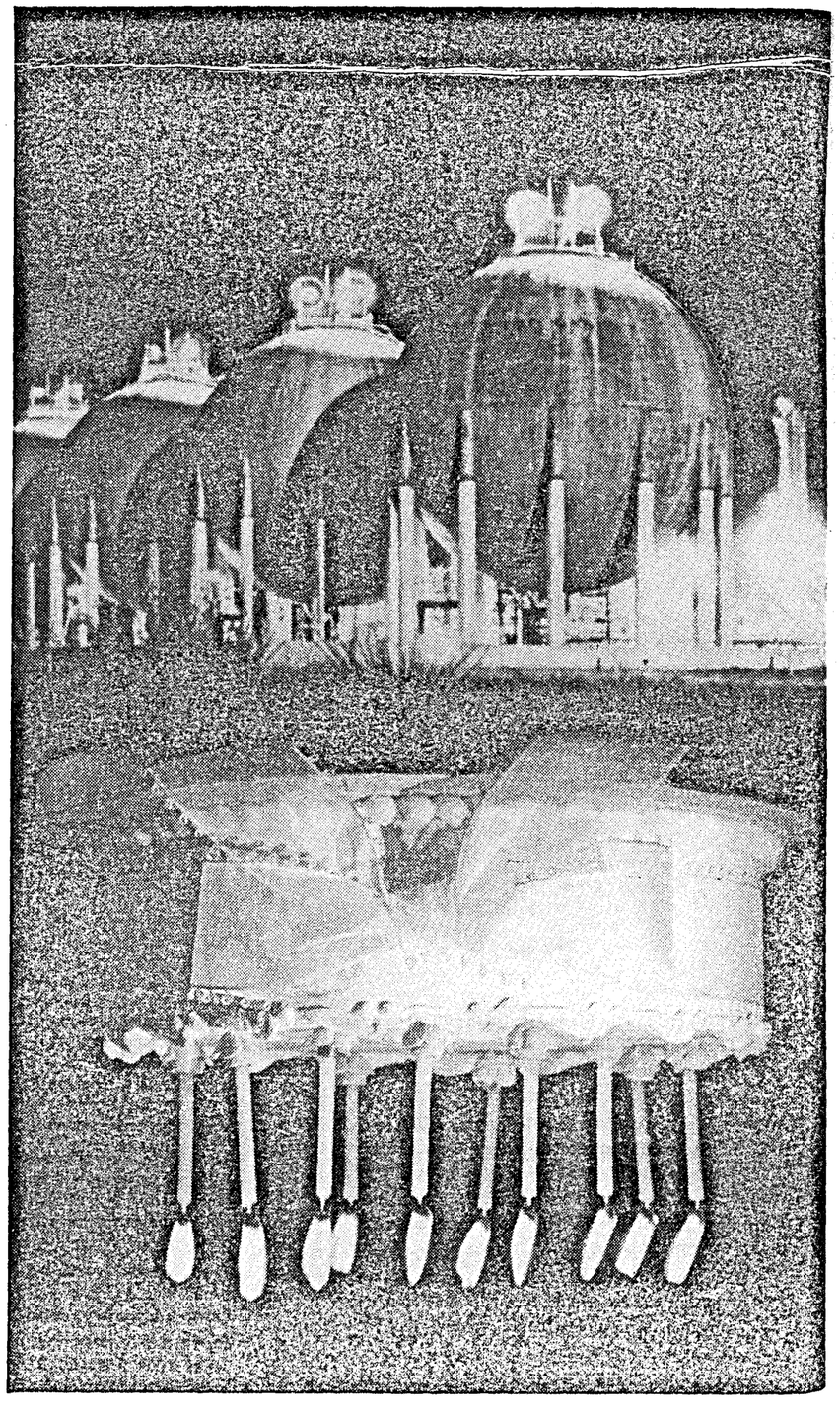
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The Economist

SEPTEMBER 30, 1961

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VOLUME CC - NUMBER 6162

To One via Two

THREE words at a cocktail party have turned General Lucius Clay from probably the most popular American in Germany into quite possibly the most unpopular. Talking to a group of journalists in Berlin on September 22nd, General Clay suggested that the west Germans ought "to accept reality" in their attitude towards east Germany. No one, it might be thought, is better qualified to make this suggestion without being misunderstood than the man who faithfully defended Berlin against the Russian blockade thirteen years ago. Yet General Clay is already being told that his proposal amounts to capitulating to the Russians. Herr Lemmer, the minister of all-German affairs in Dr Adenauer's government, said on Monday that any recognition of east Germany would be a decisive surrender to the Russians; other German comments, unofficial but even more vehement, are reported by our Bonn correspondent on page 1265.

Plainly, the search for a peaceful solution of the Berlin crisis has reached a fork in the road. If the policy General Clay was urging is rejected—that is, if the West cannot bring itself to offer some accommodation on east Germany in return for a real guarantee of Berlin's freedom—the chances of negotiating a settlement with Mr Khrushchev will sharply diminish. If such a policy is to be accepted, on the other hand, many people have first to be convinced that it is right. There are not all Germans; there are sceptics in Washington, too, not least perhaps among the advisers President Kennedy has inherited from Mr Truman's Administration.

It is not even certain that the ideas General Clay expressed will become official American policy. Senator Mansfield, the President's party leader in the Senate, said last Sunday that some acknowledgment of east Germany's existence might be inevitable, and on Monday the President himself told the United Nations that he was committed to "no rigid formula" on Berlin; the phrase is vague, but it suggests that he might be willing to let the east Germans join in a new agreement guaranteeing the city's independence. The most that can be assumed, however, is that Mr Kennedy is ready to offer some kind of recognition to east Germany provided the western alliance can stand the strain this puts upon it. Presumably he is now trying to judge, from the reactions to General Clay's remark, whether the strain is bearable.

This strain, it is clear, may well be considerable. The argument against recognising east Germany in any way—which is most ably set out by Mr Sebastian Haffner in the current issue of *Encounter*—cannot be dismissed out of hand. To recognise Herr Ulbricht's regime, say those who oppose such a move, would be to violate the promise the allies made to west Germany when they enrolled it in Nato in 1954. The resulting disillusionment of the west Germans would be so great that they might well break away from Nato and seek an alliance with Russia as the only way left to them of reunifying their country.

But there are two reasons for thinking that this argument stretches the evidence; that the strain caused by some expedient accommodation with the puppet regime in east Germany will not, in fact, be intolerable. The first reason is that no one is suggesting the abandonment of the attempt to reunify Germany. The proposal now under consideration is merely to abandon one method of trying to achieve unification, which has proved totally ineffective, in favour of another that might be more effective in the long run. The basic promise the allies made to west Germany in 1954 is contained in Article 7 of the main convention signed

in Paris that year. In this, the western powers undertook to seek a "reunified Germany enjoying a liberal-democratic constitution like that of the federal republic." Until now, the pursuit of this end has consisted of a sustained effort to bring about the collapse of communist east Germany by denying it recognition and by encouraging unrest among its population. How completely this effort has failed can be judged from the remoteness of the prospect that unity is going to be achieved in this way, now or ever. At no time since 1954 has east Germany looked like tumbling into the West's lap; the last real hope that it would do so was removed by the measures Herr Ulbricht took on August 13th to stop the flow of refugees through Berlin.

THERE is no cause to believe that a policy which has been barren for seven years will suddenly bear fruit now. A dragging crisis over access to Berlin, which is inevitable if Mr. Khrushchev hands over supervision of the access routes to Herr Ulbricht and the allies refuse to recognise Herr Ulbricht's competence to accept it, will simply stiffen attitudes on both sides of the Elbe. The one remaining hope of reuniting Germany lies in a policy that seeks to diminish the hostility between the two parts of Germany, not increase it. Such a policy must necessarily begin with an acceptance of the fact that, however distasteful it may be, the east German state exists. Only when the two halves of the country start to feel at ease with each other will there be a chance of a more liberal regime in east Germany, and hence of a gradual growing together of the two fractions. This path to togetherness is undoubtedly long, and it, too, may run into the sand, but it is the only one left. As often, the truth may lie in an apparent paradox: the best way of proving that Germany is ultimately indivisible is to acknowledge the fact that it is now divided.

In the second place, it is most unlikely that the west Germans would react to a change of this kind (which is a change of method, not of objective) as violently as the pessimists assume. In 1954, after a long inward debate, Federal Germany made a fundamental decision. It chose to link itself to the West, rather than seek reunification on Russian terms, even though this meant prolonging the division of the country. Nothing has happened since then to make this decision worth reversing. The practical advantages of the link with the West (and the link itself) have grown visibly stronger in the last seven years. West Germany has become almost inextricably entwined with its western neighbours, through a process of economic and political integration, and is profiting greatly from the fact; the Germans have regained an army, and consequently a voice of authority in the world; and they have had time to reflect, as they gaze into eastern Europe, on the dangers of subservience to the Soviet Union. The decision of 1954 was made just as much for Germany's benefit as for Nato's. The benefit remains, and therefore the decision should remain, the same. It is hard to believe that German businessmen and politicians will abandon these benefits for the sake of a perilous commitment to Russia, undertaken in a fit of pique.

There is only one real difference between 1954 and now. Then, the federal republic tried to combine its basic decision to join the West with an approach to reunification which some people said at the time was incompatible with the basic decision—and has indeed turned out to be so. This incompatibility could be ignored at the time, since the West was still militarily superior to the communists. Now, however, it can be ignored no longer. The communists have acquired nuclear equality; the hope that they could be browbeaten into letting eastern Germany slide into the western orbit, remote when Russia was relatively weak, has disappeared altogether now that Russia is relatively strong. And the communists can rub home the point because Berlin, deep inside the territory they control, is a hostage to the West's willingness to recognise the existing balance of power in central Europe.

On the evidence, there can only be one solution to the problem. It is neither to destroy the present balance of power, by detaching west Germany from the West, nor to give up the objective of reunifying Germany; but to seek reunification by means that take the present facts of life in middle Europe into account. If this means recognising east Germany in some way, one consequence would be to improve the chances of getting an agreement on Berlin's future, as well as lessening the risk of war; but the results might go deeper. Just possibly, the tangle of nerves, hostility and suspicion in the area might begin to be unwoven—and thus the conditions created in which Germany may, one day, be peacefully united again.



Two Minds in One

The west Germans re-examine their future

FEDERAL Germany's agonised reappraisal of its eastern policy did not begin with what General Clay said in Berlin a week ago. It has been going on ever since Herr Ulbricht sealed off east Berlin on August 13th. The Berlin coup, it is true, was not by itself responsible for the electoral shift that has put an end to Dr Adenauer's parliamentary majority and brought German politics back to life. There was already a widespread desire for a change at the helm. All the same, the events of August 13th were a catalyst. The mood of prosperous euphoria which had persisted until then was pricked like a balloon. There followed an earnest and worried examination of Germany's future which could prove a turning point in the country's post-war history.

Outsiders may find it hard to understand the depth of this response to the events of the last six weeks. Herr Ulbricht, after all, did no more when he wired off the Russian sector of Berlin than Stalin had done when he wired off the Russian zone of Germany. But it would be a vast mistake to minimise the impact of his action on the German people. Despite the fact that the prospect of national reunion has steadily receded through the years, a multitude of ties, and the intangible sense of nationhood, still make the desire for unity a compelling factor in German life. The open door in Berlin was precious because it was the last remaining breach in the wall between the two parts of Germany. Its slamming awoke a sense of national emergency.

As with any Russian attack, one reaction to this was (and is) an enhanced demand for a strong western-oriented government. But Herr Ulbricht's barricades not only scarred the map of Berlin. They also exploded the comfortable myth of the Adenauer era: that firm loyalty to the western cause, and that alone, would bring not only the gingerbread of material prosperity but also the gilt of reunification on western terms. The one apparent result of this month's election is to show that Dr Adenauer's policy—of sticking to the West to the exclusion of all else—has lost ground. But Dr Adenauer's loss may be the gain of either of two widely different points of view. It could swell a revival of nationalist feeling, or it could encourage the Germans, in General Clay's words, "to accept reality" in central Europe: which, it is too early yet to say with certainty.

SOME Germans, at any rate, have responded by asking whether progress towards the goal of national unity does not demand acceptance of the changes in eastern Europe during the past fifteen years. Those Free Democrats who have been stoutly belabouring the failings of past policies, and modestly advocating such things as better relations with Poland, have undoubtedly gained from this new questioning. If Dr Erhard were to become Chancellor, all the indications are that he would reflect a similar current of feeling in the Christian Democratic ranks. This kind of readiness to show flexibility towards the East by no means implies worse relations with the West, still less a nationalist plunge away from Germany's present loyalties.

But other currents of feeling can also be discerned. From his Berlin outpost, where the shock was greatest, Herr Brandt has already warned the West of the danger of a nationalist revival. As yet, the feeling is no more than latent, but the ingredients of a new nationalism can be seen. Anyone present at the great gathering outside the Berlin Senate House on August 17th, when Herr Brandt gave the warning against another Munich that so disquieted some western commentators, knows that he was trying not to whip up feeling, but to calm his audience; he was attempting to guide their impulse for action into modest and practicable channels, to reason with their mounting irritation against the western allies, and to lead them in spirit (as the authorities had done in practice) away from the barricades to a calm discussion of Berlin's problems. But the instincts Herr Brandt was then seeking to control could take disturbing forms.

It is thus a troubled patient that may now be asked to swallow a further dose of unpleasant medicine: that is, a recognition by the West of the Oder-Neisse line and, in some form, of the east German regime too. This medicine would be even more unpalatable to some Germans than the dose administered by Herr Ulbricht; to them it would be giving away all-Germany in order to preserve, precariously, the free half of Berlin. The Oder-Neisse frontier, it is true, is increasingly accepted in private by Germans of all parties, despite their public claims to the 1937 frontiers. But the idea of recognising the east German state in any way still sticks painfully in their throats. To most Germans, self-determination for the east Germans is synonymous with national unity, and any recognition of Herr Ulbricht's hated regime is tantamount to acquiescence in division. The fact that the policy of boycotting east Germany has in practice brought unity not a whit nearer has made little impression.

Here then is food for some Germans' resentment against the West, for the irritated desire to "go it alone"—in short, for a revival of nationalism. What is still lacking is any kind of practicable nationalist alternative to the policy of building up Germany's links with the West, while remaining open to the possibility of negotiating with the East about reunification. Those Germans who feel most indignant about recognising the existence of Herr Ulbricht's "concentration camp" are hardly likely to apply to join it. Chastened by the bitter experience of defeat, strengthened by its present prosperity, the Federal Republic has acquired a remarkable political sobriety, for which the West should be grateful. The unhysterical electorate which has now eliminated not only the neo-nazis but even the mildly nationalist All-German party from the Bundestag is far removed from the unhappy people that brought nationalism to power in Germany thirty years ago.

If there is a danger of a nationalist revival, it lies not in the threat of an immediate outburst but in the sowing of seeds now which might ripen later if things went badly. Suppose that Russian policy, instead of thrusting Germany into the arms of the West, made a systematic effort to detach it; suppose, too, that the economic climate took a turn for the worse. With bustling characters like Herr Strauss elbowing their way forward, it would be a brave man who predicted that leaders more alert to nationalist ambitions will not one day take charge of Germany. What west Germany has achieved so far, for itself and, no less, for the West, inspires confidence. But its place in the cockpit of the East-West struggle places strains on a twe-e-year-old nation that are inconceivable in Britain.

In short, it would be a dangerous mistake to assume that the division of Germany offers any neat solution of the German question. The desire for national unity remains; it is a force that could still emerge to trouble the world after decades of frustration, as it did after the far longer hiatus following the Thirty Years' War. The steady pursuit of German unity within the legitimate limits of the present frontiers must therefore remain a basic western objective—both for the sake of a more durable peace and, in fulfilment of a pledge, as a precondition of trust between Germany and the West.

Planned Peacekeeping

A moment when the perils of armed anarchy are starkly clear may offer a chance to start moving toward a disarmed—and ordered—world

"WE must create even as we destroy"; that is the nub of the programme for more-than-disarmament which the United States published on Monday, while Mr Kennedy was presenting its outlines in his speech to the General Assembly of the United Nations (which is reviewed by our Washington correspondent on page 1249). America has here "caught up with and surpassed" Russia. "General and complete disarmament" is not only accepted, but shown to be insufficient, by itself, to escape from Armageddon. The argument is put more frankly than any government has yet put it. Nations will not disarm, and stay disarmed, unless they can be sure of international protection. "There is an inseparable relationship between the scaling down of

national armaments . . . and the building up of international peace-keeping machinery."

President Kennedy showed himself aware that he was liable to be accused of insincerity or unreality, or both, if he made such sweeping proposals while the powers were girding themselves for a trial of nerve, if not of strength, over Berlin; while the September sky grew heavy with Soviet strontium-90; while the ninety UN members who mourned the death of Mr Hammarskjöld wondered whether the nine non-mourners could succeed in paralysing the organisation's present limited capacity to protect the peace. The President met the challenge head-on: "While we are compelled against our will to rearm, we look confidently beyond Berlin to the kind of disarmed world we all prefer." Advance may, indeed, require alarm. The best chance of moving toward a peaceful world may come at a moment when the perils of armed anarchy are plainest.

But the new American programme should not be seen as the product of an atmosphere of fear and urgency. It is perhaps the most rational document of its kind yet produced; and it deserves rational appreciation. Much of the fluff that marred earlier western disarmament proposals is here eliminated; none of the cheap tricks that give Soviet proposals too much of their appeal has crept in. There is equal stress on all the vital elements: *on completeness; on immediate* action, wherever practicable, without waiting for completeness; on balance, both between nuclear and conventional disarmament, and between the differing interests of the nations; on effective inspection and verification; and on the development of the peace-keeping capacity of the United Nations—"the only true alternative to war"—alongside the dismantling of national armaments.

Mr Gromyko has been quick to turn down two of the specific points made in the programme and in the President's speech. No treaty banning nuclear test explosions can, in the *Soviet view, be concluded until there is full agreement* on disarmament as a whole. And, despite all Mr Khrushchev's personal pledges that he would accept whatever controls were asked if the West would only agree that disarmament should be complete, Russia will not permit any verification that arms retained do not exceed the agreed levels at any stage in disarmament. This rejection of verification makes nonsense of all hopes of progressive reductions to lower and lower levels—and thereby makes nonsense of all the Soviet disarmament plans hitherto presented.

Moscow ought to be more attracted—if west German desires for nuclear arms are a major factor in its current calculations—by the American proposal to ban, from the beginning of the process of disarmament, any transfer of control over such arms to any nation that does not yet own them. But the Soviet reaction to the American stress upon rapidly evolving peace-keeping machinery must be, to put it mildly, ambivalent. While Russia has lately accepted the *idea of a permanent UN force in principle, its present aim is* clearly to ensure that such a force could never be effectively *employed to keep the peace. This is one of the crucial points* on which it is now urgently necessary for the smaller nations to make up their minds and speak them, if they are sincere in their pleas for disarmament. Neither they nor others can hope to see a disarmed world until there is agreement on the constructive aspect of the problem—planned peace-keeping.

Freely Negotiated?

There is a lamentable misunderstanding of what "collective bargaining" means in a free society

Two common complaints during the battle of the wages pause are going to be that the Government has "interfered in settlements freely negotiated between trade unionists and their employers" and "is sabotaging the whole system of industrial negotiation based on free collective bargaining." The first of these phrases has already been applied (pretty oddly) to the Government's rejection of the Burnham committee's recommendations; and it will certainly be heard again if the Government rejects the proposal made by the employers' representatives and other members of the Road Haulage Wages Council, who want the Minister of Labour to *make a new wage increase obligatory on all employers in* that industry. The second phrase is being used because the Treasury has duly refused, as last month it specifically said that it would refuse, to accept a recommendation from the industrial court that it should increase its wage offer to certain employees of the Admiralty. It is important that ordinary people should get their definitions in these matters straight.

A freely negotiated or collectively bargained wage increase is one which an employer decides to pay under pressure from the workers and trade unions facing him, but without pressure from any other source. The employer may decide to make it in order to attract more labour, or to enjoy better labour relations *at his works, or (in a free society) simply to avoid a* strike; the wage offer made by Ford Motor last week was of this sort. There are some people (including, to judge from his interesting recent articles in this journal, Sir Robert Hall) who doubt whether untrammelled free collective bargaining is consistent *with full employment if inflation is to be avoided*; but *The Economist* does not regard this doubt as proven yet. For our part, we welcome the Ford offer. Where we and Sir Robert and now presumably the Government do agree, however, is that inflation is likely to be inevitable if those who pay wages are to be forced into bigger settlements by any factors other than their own assessments of the balance of interests before them.

Such an extraneous factor is clearly introduced if one says that all employers always "must accept" the recommendation of any outside committee or arbitration court or wages council. In the case of the Burnham committee, the Government is the chief paymaster of the teachers, and one really cannot argue that it is "interfering with a freely negotiated settlement" when the settlement is one to which it itself has never agreed. In the case of the industrial court, automatic acceptance of all its recommendations would thrust Britain back into its worst economic sickness of postwar years—which has not been the "irresponsibility" of trade unions, but blind

acceptance by the "responsible" public of constant inflation through arbitration. In the case of wages councils, nobody should complain if the particular "employers' representatives" on the Road Haulage Wages Council pay their recommended wage increase to their own men, and if some other road haulage employers follow them. But if other haulage employers are allowed to try to stand up to a strike rather than do so, this really cannot be called an interference with "free collective bargaining." The fact that some nominally responsible newspapers are once again encouraging the public to use these disingenuous phrases, without for a moment thinking through what they mean so long as "recommended" increases run well ahead of increases in real national production, is one of the most depressing economic features of the present time.

Engagement Announced

In Paris, on October 10th, between Britain and the Six . . . the size of dowry to be agreed later

At last, the prolonged affair between Britain and the Six has moved beyond the courting stage. A proposal has been made and, very provisionally, accepted. A date, October 10th, has been fixed for the start of talks on the terms of the marriage. Full-scale negotiations will not get going until the middle of November. But Tuesday's decision by the Council of Ministers of the European Economic Community in Brussels is nevertheless a milestone. The Six have now clearly accepted the British offer to negotiate about membership of the common market, and proposed a time-table for the talks.

Just how tough the talks will be, and how large the interests at stake are, has been shown by the tussles over procedure that have been going on within the European community. Just as in the earlier, fruitless, phase of the cross-channel courtship the organisations taking part (the Organisation for European Economic Co-operation on one side, the Six on the other) symbolised different views of Europe, so in the present, more hopeful, phase the arguments over time, place and method of negotiation have their bearing on the more substantial struggle to come. Within the community, France has been pressing for the negotiations to be held in Paris, and for the governments to be the negotiators. Others favour Brussels as the site; and federalists have been pressing for the European Commission to speak for the Six.

On the whole, the results of this first move in the procedural round are encouraging. In their own internal arguments, the Six have compromised. *The main talks are to be held in* Brussels, the preliminary exchange in Paris; the commission is to be brought into the talks, but the main responsibility is to be left to ministers of the various governments. More important, from the British point of view, the Six have not stuck to the extreme demand put forward *in recent weeks* by the more sceptical Europeans in Brussels and Paris: that, before negotiations even start, Britain should present a written outline of its special difficulties, with its own suggested solutions. Such a document would have hamstrung the British negotiators from the start, and drawn embarrassing fire from both the Commonwealth and the Europeans. The demand for it would have been a striking indication of the strength of those who do not want the British in. In the event, the Six have merely asked Mr Heath for a verbal exposition of the British intentions and problems. They have even agreed on a ceremonial signing of the treaty (if there is one) in Bonn.

The British Government is thus entering on the trickiest as well as the most exciting phase of the journey it embarked upon in July, 1960, when its European policy first felt the wind of change. Inevitably, its balance on the tightrope between Europe and the Commonwealth will now become more nerve-wracking than ever. The Accra conference on September 12th-14th showed that the Commonwealth countries have, naturally enough, no inhibitions about stating their claims, now that negotiations are in the offing; during the past fortnight there have been further, no less frank, talks in London between British and Commonwealth spokesmen. Now, and during the negotiations, the Government will have the hard task of combining the closest Commonwealth consultation with a right resolute determination to keep control of the negotiations in its own hands, as a free and sovereign partner in the Commonwealth should, and to avoid giving too many hostages, either way, to fortune.

Politically, at home, the Government may have its work cut out to ensure that the protestations from the Commonwealth do not have a wrecking effect inside the Conservative party. There are, it is true, signs that the vehemence of the cries from across the sea is beginning to rebound upon the protesters. Tory back-bench patriots do not relish the idea of being dictated to by Africans or even Australasians, any more than by Europeans. All the same, the leadership which the Prime Minister and other Ministers have provided this year will be needed more than ever. The first meeting with the Six in October is to take place on the first day of the Conservative party conference; Mr Heath will have the chance to give his report to the faithful.

On the Continent, consistent effort has to go on to convince the Six of British sincerity. Much has been achieved by Mr Heath's patient diplomacy, and by the bold (and surely correct) references to the value of political unity in the Prime Minister's application to join. But there are still real, as well as tactical, doubts across the Channel. The French have noted that the moment of Britain's conversion was determined, not by the ideals which originally created the community, but by the disadvantages of being outside. Will this new, hard-headed convert share the zeal and determination of the other members to develop the community once it is inside?

Here the immediate crux is agriculture. It has long been apparent that, if Britain accepted a common agricultural policy, *it would find itself (mindful, as it must be all the time, of* Commonwealth exporters) sharing the French interest in low prices. But this factor, which could give the French an incentive to have the British in, cannot work helpfully in the deliberations until they are persuaded that the British are, in

fact, prepared to accept a common agricultural policy. The Commonwealth interest, after all, might be satisfied even more easily by an alliance between the British and the Germans to stop the common market from embracing agriculture at all. With the tussle over agriculture within the Six themselves now coming to a head, the French are hardly likely to befriend the British with a good will in the coming negotiations until they feel sure that the British, once in, will play the agricultural game their (it is to be hoped more liberal) way.

Do the British mean business? That is the European question. Do the members of the community really want Britain, with its special interests and problems, among them? That is the fair retort of the British, who do not enter upon these historic talks as suppliants but as would-be partners. Everything is going to depend on the development of a climate of trust from the outset. Ultimately, most of the Commonwealth's trading interests will have to be safeguarded, not by negotiating exceptional arrangements for Britain, but by orienting the community's common policies in the right direction; and much of the hard horse-trading will not be capable of settlement unless, step by step, Britain becomes involved itself in the community's own thought and planning.

In the growth of trust, factors beyond the immediate negotiations will count for much. Next month the heads of government of the Six are to meet again to discuss further political collaboration. Whether they will invite the British in at this stage is not yet clear. But, if they do, Britain would be worse than foolish not to accept and make its own constructive condition. Whatever British hackles some of the possible implications of European integration may raise, this nation of shopkeepers has always recognised, over the world and through the generations, the primacy of politics.

PARTY CONFERENCES—II

And Fight Again



A discussion of the problems before Britain's marvellously-revived Labour party, whose annual conference starts on Monday

THE most important thing about next week's Labour party conference at Blackpool is that it looks as if it is going to be wonderfully unimportant. It is no doubt conceivable that Mr Gaitskell might be "beaten" in a vote about the training of German troops in Wales, or about the Polaris bases if the Amalgamated Engineering Union should for once fail to fudge its mandate, or about the proper socialist attitude towards moral rearmament, the House of Lords or Timbuctoo. But everybody except the expostulating delegates concerned knows now that these votes cast annually in some seaside pavilion do not matter. By fighting again after Scarborough Mr Gaitskell has devalued the Labour party conference to its proper secondary status; it is no small achievement towards "saving the party he loves."

But saved for what purpose? Experience abroad has made it clear what Mr Gaitskell's aggressive purpose for his party should be, now that his defensive battle seems to be largely over. His aim should be to establish what might be called a Kennedy or Brandt image within the British Labour party before the next election. Unless the Conservatives make a really massive mess of things, it still seems probable that his hopes of winning that election will depend overwhelmingly on achieving this: on his success in getting a mass of middle-of-the-road voters to look upon Labour as the pushful, imaginative, undoctrinaire party that might "get Britain moving again." What should be even more important to him, the prospects that the next Labour government might do any good for the country depend on such an achievement absolutely.

If one speculates on the possibility of such a Brandt image being achieved, one arrives at an interesting conclusion. The prospects now seem much better that Labour may look like an attractive alternative to the Tories in the field of foreign affairs, where Mr Gaitskell has had to fight for his policy through a welter of blood and sweat and tears. They seem much worse in the field of domestic affairs, where Labour can look back on a recent history of careful compromise, hum, haw and ink. Just as Mr Cousins did much to win the last general election for the Conservatives by his challenge to them in the 1958 bus strike, so he now seems to have won a much-respected status for Mr Gaitskell in foreign affairs by his opposition to him last year; how, with or without the aid of some overt move of opposition from Mr Cousins, can Mr Gaitskell win a similarly respected status for his party in domestic policy as well?

This is not a matter of reviving the fussy attempt to rewrite Clause Four of the party's moribund constitution; nationalisation is now a supremely irrelevant issue, and if Mr Gaitskell gets into the right posture on other fronts he can probably simply omit all mention of steel nationalisation from the next Labour election manifesto when (but not before) the time to write it comes. Nor is it entirely a matter of which lieutenants Mr Gaitskell has under him, although it should be obvious that it will be easier for Labour to achieve an attractive image when and where its main departmental ministers are men like Mr Healey than when and where they are twirling weathercocks like Mr Wilson. Certainly, too, the road to a new look for Labour in home affairs does not lie through writing more policy documents; the history of these pamphlets, which have had to be raddled (meaning, painted red) with compromises, has been an utter disaster.

Instead the real question that worries the floating voter about all aspects of the Labour party's home policy—about planning, prices, restrictions on the growth of production, and even some problems affecting individual freedom—is the one question that Mr Gaitskell has hitherto never dared to face: namely, whether the Labour party is tied too closely to the vested interest of the trade unions.

ALTHOUGH nobody will dare to mention the matter at Blackpool, it is almost certainly on this front that Mr Gaitskell should determine to fight his most delicate battle of disengagement during the coming year. Unfortunately, all the complicated factors of party finance, personal temperament and current press comment will make it terribly tempting for him to avoid it. Party finance is a barrier because the unions are now more than ever the paymasters of Labour's organisation, as the industrialists are of the Tories'. But the Tories, in measures like the Restrictive Trade Practices Act and in their many (indeed often undesirable) increases in profits tax, have managed to show that their paymasters do not control their policy; yet they continue to gather in their cash because the industrialists know perfectly well that the other party would be liable to hit them worse. The degree of independence from control by the trade unions which the Labour party now needs to show need be only of that same order.

Personal temperament will be a barrier to any such struggle for disengagement, because Mr Gaitskell, as an intellectual middle class leader of what was once a proletarian party, is bound to feel a lonely man unless he can always instantly whistle up the personal support of the big trade union battalions against the attacks of his fellow middle-class intellectuals on the party's far left; and because he must feel that it is the return to loyalty of the big trade union vote that has enabled him to reverse the Scarborough vote at Blackpool. But, in fact, the trade union vote came back to him after the public's vote at by-elections had begun to do so; and this happened after his disciplinary action against the Foot rebels had shown the electorate that he was able to outface the nuclear disarmers of Scarborough on his own. The real lesson of the past year is that power in the Labour movement still resides with the Parliamentary party and the broader electorate, not with the caucus of trade union block votes and constituency delegates at the annual conferences.

Finally, the tone of current press comment may at first encourage Mr Gaitskell to neglect his real problem, because at a time of widespread strikes the newspapers always overflow with descriptions of how angry the striking voters are supposed to be with the Government; but, in fact, the one proven psephological point of recent years is that in the sort of industrial conditions that are likely to obtain this winter the floating voter gets very cross with the strikers. In 1958 the Labour party, by refusing to make a real declaration of independence from the leaders of the London bus strike, managed to get put in the pillory with them. After seven months of brave advance in public esteem, it is reasonable to guess that the big political examination question of 1961-62 will be whether Mr Gaitskell is going to make the same mistake again. And unfortunately it is this examination, together perhaps with that over his ambivalent attitude to the common market, which the Labour leader's admirers must still feel least confident that he will pass.

NOTES OF THE WEEK

UNITED ARAB REPUBLIC

Not So United

IN getting rid of Colonel Sarraj, his Synan vice-president of internal affairs, on Tuesday, President Nasser took a gamble on the Syrian army's loyalty to the United Arab Republic. But early on Thursday a group of army officers stationed at Qatana, a camp outside Damascus which has become the traditional starting point for Syrian *coups d'état*, seized the radio station in Damascus and announced that they were restoring "freedom and dignity" to the Syrian people. On Thursday afternoon, as *The Economist* went to press, the officers first of all called off their rebellion and then reinstated it because their demands had not been met. The separatist aims of the rebels were underlined by President Nasser's prompt denial that the UAR could be dissolved and by the dispatch of the First Army to Damascus. The First Army, which is usually stationed near the Israeli frontier, is a Syrian force, but President Nasser has been trying to stiffen its loyalty with a scattering of Egyptian officers.

In Syria there is still considerable loyalty to the concept of union, but little any longer to its practical effects. Nearly all the results have so far been for the worse; Syrians fret over their loss of parliamentary and press freedom, they hate taking orders from people they believe their inferiors in Cairo, and they are bitterly irked by the country's economic decline. All troubles are blamed on the union—even the three years of drought that have turned Syria from a wheat exporter into a wheat importer. The discontent is widespread, but this does not mean a general rallying to the rebellious group in Damascus. While nearly all Syrians would dearly like more autonomy, fewer would happily accept the backward step of a complete break. And if, as seems likely, Colonel Sarraj is behind the coup he seems to be too much detested to offer a tempting alternative.

Colonel Sarraj was one of the young Syrian officers who pressed strongly for unity with Egypt. Once the UAR was established, his task, under various titles, was to look out for "subversive elements" in Syria, and to silence them. For the first couple of years or so, he performed the function of an invaluable watchdog for President Nasser, but, in a country that seethes with outspoken individualists, it proved impossible to silence all the people all the time. Colonel Sarraj's identification with repressive policies had long become a liability to President Nasser, and it was only a question of time before his "promotion." Promoting a Syrian politician to a vice-presidency in Cairo is not unlike turning a recalcitrant member of the House of Commons into a lord; it has become a stage in President Nasser's suave system for getting rid of people.

Many of the politicians who led Syria into union with Egypt have been removed in this way. President Nasser looks for obedience rather than wit from his henchmen, and Syrians of high calibre are as notably lacking in the one as they are blessed with the other. But in this case suavity alone has not worked. The revolt has happened, and Syria's neighbours, as well as the Syrians, are on the watch.

CONSERVATIVE CONFERENCE

A Real Debate

THE Conservatives have been promising for some time that the agenda for their Brighton conference (on October 11th to 14th) would show that last year's vehement criticism of the National Union—for allowing its annual gathering to degenerate into a combination of idolatrous adulation and ministerial beauty show—has been heeded. Some of the changes in the agenda, which has now appeared, are minor and procedural. Ministers are no longer to be allowed to monopolise quite so much of the microphone time; fewer motions have been tabled, which will mean longer debates from the floor; and on the Saturday morning there will be the interesting experiment of a "sort of parliamentary question-time." But the real question to which an answer was awaited was whether the party's leaders would still stick to the traditional Tory practice of holding the main debates only on the most comprehensive motions, which can be interpreted to mean practically anything, leaving the more controversial motions to moulder undebated on the order paper. And the answer is that, in at least one instance, the Tories have now opted for controversy. More of the selected motions this year have teeth or at any rate a tooth, and the selected motion on crime and punishment has been given a whole set.

This motion on crime frontally attacks the Government's whole penal policy and calls for an extension of capital punishment to cover all murders (insane murderers are mercifully excluded) and for corporal punishment for all crimes of violence. Mr Geoffrey Howe, of the Bow Group, has put down an amendment to delete these gentle suggestions; his amendment endorses recent Government policy and calls for a constructive approach to the problem of crime, including the introduction of a scheme to compensate victims of crimes of violence. The debate should produce a dramatic clash between the old and new Toryism. Mr Butler courageously and rightly will throw his weight against the motion and seems bound to support the amendment which underpins his policy. Probably the hangers and floggers will win their usual majority, but their selected motion is so extreme that this is not absolutely certain. In any case, so long as it is made crystal clear that the conference has no power at all to tell the Government what to do, the Tory leaders should be congratulated rather than castigated for thus at last allowing their party workers' voting to come right out into the open.

Restricting Immigrants?

MOST of the other starred motions at the Tory conference can be accepted by ministers in one form or another, and they are therefore again chiefly of interest for the opportunity they may afford for ministerial pronouncements or intimations about legislation to come. Unfortunately, it looks as if the Government may be going to announce (or hint at) new legislative restrictions on immigration. The motion on this subject is pretty specific, and Mr Butler himself will be answering the debate. Certainly, party feeling on the matter is strong. Forty resolutions are down on the subject: of these all save one call for some form of restriction, the sponsors apparently seeing nothing inconsistent in the pro-Commonwealth party putting forward such demands. Among the other starred motions, that on Africa calls in the time-honoured manner for safeguards for "the economic interests of all the racial communities concerned," but goes on to make a special plea for Europeans, whose interests are considered to be more economic than others. The motion on pensions is an unusually thoughtful one, suggesting that the Government should consider "developing a more selective system . . . with a view to concentrating help in the fullest measure on those who for one reason or another most require it"; but it seems unlikely that Mr Boyd-Carpenter will reveal any major new thinking here. The motion on trade unions "would welcome" an inquiry into trade union affairs and believes that "the nation would support Her Majesty's Government if subsequently it decided to introduce reforming legislation"; this is a pretty cautious motion and will enable Mr Hare to say much or nothing, as he chooses.

Although the most dramatic Tory debate will be that on crime, the most important debates should be on the common market and on the British economy. The starred motion for the first of these merely calls in ministerial jargon for a close association with the Six, with, of course, safeguards for the trinity of Commonwealth, agricultural and EFTA interests. But it is possible that the anti-Europeans may table a specific amendment at the conference itself. The deep anxiety felt within the party is indicated by 43 motions on the agenda, many of them asking for safeguards or expressing reservations. The main starred motion on economic affairs is designed merely to allow Mr Selwyn Lloyd to tilt at the dragon of inflation, but he will presumably have something to say about his projected new machinery for planning too.

FRANCE

When Days Draw In

AUTUMN has brought storm signals in France's political weather. The forecasts of trouble to come are no longer based only on the echoes of gelignite explosions, which are now routine, or on the ease with which officers sentenced to jail vanish into thin air. There are some real changes in the atmosphere. General de Gaulle, in spite of a fairly successful provincial tour last week, has rediscovered the existence of political parties and has invited their leaders for talks. The Socialists, for long known as HM Opposition, have now begun to criticise not only the government but the very regime they have helped to bring about. The critics are outspoken, and their favourite topic is the general's successor. M. Mendès-France finds the situation so alarming that on Monday he urged "men of goodwill" to fill the political void by preparing an alternative government which would have two months after taking office in which to make peace in Algeria and provide a new constitution for France.

General de Gaulle's relinquishment of his special powers, and his new interest in politicians, may not be unconnected with the new tactics of the military underground. The advisers of the secret army organisation must have convinced its leadership that soldiers can take power in France only under a political cloak. General Salan, in letters to the press and to parliamentarians, is now parading as a liberal who aims at rescuing democracy from the gaullist dictatorship.

The president's decision to see the parliamentary leaders does not mean that he has been converted to a parliamentary system. Indeed, he has asked the party leaders not to bother him during his new attempt to make peace in Algeria. Is this attempt based on any new proposals? For the moment, the only new suggestion seems to be that a provisional executive for Algeria will no longer be used as an alternative to the FLN, but, on the contrary, as a transitional mechanism to enable the men from Tunis to return. But, if the Moslem insurgents show interest in the new gaullist proposals, what will be the reaction of the European insurgents and their military allies? It is no wonder that Parisian forecasters are expecting new storms in the last quarter of the year.

BRITAIN AND KATANGA

How to Be Suspect

BRITAIN is now saying the right things about Katanga; unfortunately, it has been suspected, partly because of its own maladroitness, of doing the wrong things. Many British investors have, through Tanganyika Concessions, an indirect interest in Union Minière du Haut Katanga, the company that dominates the province. To the persistently anti-colonial heart this is a nagning memory. The Foreign Office, a trifle clumsily, has made many people think that what Britain wants is Katanga's secession. Its heated demands to know what the United Nations was doing when fighting broke out in Elisabethville on September 13th were seen as evidence of this. The federation of Rhodesia and Nyasaland has seemed to support Mr Tshombe, and this reflects on Britain, which is ultimately responsible for the foreign policy of the federation—in spite of the contrary impression given by Sir Roy Welensky, the federal prime minister. It has been reported that pressure by Sir Roy on the British Government led to British pressure on the UN, in the weeks before fighting broke out, to go easy on Mr Tshombe. Several correspondents have reported that the result of this was to give Mr Tshombe a chance to gather his forces.

For this reason the British Government's stated policy, as described by Mr Edward Heath a week ago and assiduously put forward by many official spokesmen since then, is to be welcomed. Britain supports the UN resolutions on the Congo: it supports the expulsion of foreign soldiers and advisers; and it is in favour of attempts to bring about a peaceful reintegration of Katanga into the Congo. Mr Heath said, "The British Government has never supported the secession of Katanga from the Congo, nor do we favour it now." What is opposed is the use of force—and especially UN force—against Mr Tshombe. This puts the British Government on the side of much of former French Africa, if not of many English-speaking Africans. Britain's unpopularity over Katanga can be further diminished if, in future, the Government's views are expressed solely in the United Nations headquarters and the General Assembly. Direct pressure on the UN forces on the spot is too easily interpreted as interference.

GHANA

Valley of Suspicion

GHANA is becoming its own worst enemy. Introspective, and sometimes irrational, the nation seems to be in a mood of black anger. On his recent tour of communist capitals, President Nkrumah violently attacked colonialism, which he has every right to do. But his language, and his choice of platform, made it look as if he were specifically and bitterly attacking Britain—which, in all fairness, he is less justified in doing. Similarly, Dr Nkrumah, worried about his own left wing, and suspicious of Britain's policy in Katanga, has felt obliged to dismiss General Alexander, his British chief of staff. This is Ghana's own business; but the manner in which the dismissal was conducted was inept, and made Ghana look more sulkily introverted than ever.

The events in Katanga have led to what Ghana's acting High Commissioner in London, Mr Kwesi Armah, calls "the recent controversial exchanges between a section of the British press and a section of the Ghana press." The section of the Ghana press that is free to say what it likes because it almost invariably says what the government likes has been so bitterly anti-British (especially in its references to Mr Hammarskjöld's death) that the Ghana government has felt obliged to dissociate itself from some of the more hair-raising passages. But, unfortunately for Ghana, Mr Armah is not the best choice of man to explain this sort of thing. In spite of his diplomatic post, he is also chairman of the Committee of African Organisations, a London umbrella for all the radical and revolutionary African groups important enough to have London representation. This committee has every right to exist, to organise marches and demonstrations, and to disapprove of British policy in Africa. It is not in Ghana's interests, however, for its acting High Commissioner to be the committee's chairman.

None of this is a reason for cancelling the Queen's proposed visit to Ghana; indeed, the visit may help to restore some of the country's easily wounded pride. And the Americans, perhaps wise to make Ghana wait for their signature to the loan for the Volta river dam, would not be wise to hold back altogether. Ghana is suffering from a national inferiority complex, and cannot be expected to come out of the valley of suspicion unless treated with care and sympathy.

TEA BREAKS

The Cost of Tea

AS the date of the threatened strike in a tea-cup at Ford Motors draws steadily nearer, it is beginning to look as though the union leaders are not all that anxious to launch a major official strike on an issue that can only lead them into public ridicule (especially as a sterner struggle on their new £350 million a year wage demand for all engineering workers may yet lie ahead). The lengthy process of getting official union backing from all the 27 unions involved at Fords may yet allow some way out of the tea break dilemma there to be found. But, by a silly coincidence, the building workers are now involved in a controversy over this mainstay of the British way of life. A new agreement for building workers comes into force on Monday, allowing for a reduction in hours to 42 a week, and a wage increase of 6d. an hour: the agreement provides a maximum of one hour's break or breaks a day "for refreshment," including a minimum half-an-hour for the midday meal. The employers say that this can mean that the other two quarter-hours may be spent, unpaid, consuming tea. The unions say that the agreement does not mention the time-hallowed tea-break, and that they intend to go on as before—which means taking two quarter-hours off each day being paid for drinking the cup that cheers.

The building employers estimate that they could save as much as 12½ million man-hours a week if ever they could cut out the paid tea-breaks altogether; theoretically this could enable Britain to build about 20,000 more houses a year. More dramatically, a correspondent in the *Daily Mail* has estimated that, in British industry and commerce as a whole, tea breaks may cost the country 50 million man-hours every week—or about as long as it took to build the whole of the M1. Whether or not this is a reasonable guess, there is plenty of evidence that the effects of tea breaks can be disastrous, when a production line has to be stopped while men down their cupfuls, or work carelessly while drinking on the job. But it is also quite clear that British workers are not willing to do without their breaks altogether, whatever other inducements are offered. Probably the most that can be hoped for at present is that (a) British industry may start to work out more efficient ways of getting tea to men on the job, so that there is less queueing and hanging around before and after the service of it; and (b) that tea breaks should become more fixed and organised, instead of being spun out (as they often are in the building trades) to twice their theoretical length.

LOCAL GOVERNMENT

Reforming Aldermen

ONE of the papers down for discussion at the Conservatives' conference on local government, which will be held on October 10th in advance of the main jamboree at Brighton, is a lively dissertation by Mr Bryan Keith-Lucas of Oxford: it calls for more experiment in the structure of municipal government, questions the value of aldermen and seeks to increase public interest in local administration. And three of the motions tabled for the main conference itself, one of which might just conceivably be drawn in a ballot for debate, also call for reform of the aldermanic system.

It is good that local Tories should be taking this problem seriously. This year has seen, once more, local parties with an actual minority of elected councillors hanging on in power for the next three or more years because they controlled enough aldermen to swing the vital vote for the mayoralty. The law should be altered, quite simply, to stop minority parties practising this deceit. Where parties have dead-heated, the issue is more complicated; but it is anomalous that parties should cling on for as long as they can do by packing the aldermanic bench. The suggestion made in *The Economist* of May 20th was that, when there is a dead-heat of elected councillors in the boroughs, the existing aldermen should continue for another year, when one-third of the councillors would again be due for re-election and the voters would have another chance to make their wishes felt. Reform along these lines seems more desirable than scrapping aldermen altogether. When a party has won fairly and squarely in a popular vote, it should be entitled to take enough extra seats (for aldermen) to make its control effective, and not be dependent on whether one councillor falls ill or takes a holiday. Other changes that should be advocated at Brighton are that the parties should take much more care in picking the right kind of aldermen and co-opted committee members (i.e., they should generally be people with special

financial or other expertise); that the normal renewable aldermanic term should be limited to three years instead of six; and that all councils should allow much freer reporting of important committee debates, so that the electorate can be fully aware of how council decisions are reached.

DRINKS IN WALES

Challenge to the Chapel

WALES will hold its referendum about whether to open its pubs on Sundays on Wednesday, November 8th. All thirteen counties (Radnorshire was the last to lodge its request) and the four county boroughs of Cardiff, Merthyr Tydfil, Neath and Swansea have applied for a local option poll—a unanimity of application which, however predictable, has rejoiced the heart of the Sunday Opening Council, whose eager volunteers have been tramping twenty miles a day to rustle up signatories. The openers' campaign has developed into the biggest direct challenge that the chapel influence on Welsh life has had to meet in recent years, and the consequent national debate is ranging far wider than those households where the very word brewer is as much a symbol of alien domination as landlord. Fierce differences have arisen inside the Welsh Labour party, and the nonconformist establishment has come into bitter collision with the Anglican Archbishop of Wales, who dared to designate alcohol as a gift from God.

But this rumbling of traditional artillery in defence of the Welsh Sunday is not likely to be the decisive factor in the November vote: nor is the last stand of the temperance brigade itself. If the chapels have any hope in the present fight it does not come from the appeal of abstinence, but from the self-interest of the established Sunday drinking clubs. Some of these clubs satisfy the drinking classes so fully that those who run them are hoping that their clientele will not bother to turn out to vote for the superfluous additional opportunity of Sunday drinking within the prim legality of licensed public house hours.

There is much to be said for the distinctive qualities that the chapel instilled into an older way of life. But the chapel's real decline of power has been the steady, and in some districts almost total, drift from Sunday worship at Bethel and Bethesda. Its influence is unlikely to be recovered by inflexible resistance to a legal change that is calculated to regulate the consumption of God's gift in a way that the private clubs do not.

IRAQ

Old Perfidious

ON the credit side of Britain's Middle East policy are the number of Iraqi booby traps that have not been fallen into. Since the Iraqi revolution in 1958, there have been a number of occasions when, under less skilful piloting, Britain might well have taken a header into just such a tangle of abuse and suspicion as knotted up Anglo-Egyptian relations for several wasted years. Diplomatic relations with Iraq have, more often than not, been provoking, but the British Government has stuck stolidly to the line that General Qasim is the best prime minister the Iraqis have got. But the notion of Albion's perfidy is much too deeply embedded in Iraqi minds to be dislodged by the evidence of a few years of correct behaviour. It is sad but not surprising, therefore, that General Qasim has swung so easily and so vigorously into accusing the British of helping his rebellious Kurds.

The charge, first made by General Qasim at a press conference on September 23rd and repeated during the week by Baghdad radio and newspapers, is that the British, backed by the Americans, helped to instigate the Kurdish revolt by supplying the rebels with money and munitions. The implication is that Britain, with Kuwait and the Iraqi oil negotiations in mind, was bent on creating serious trouble in the Kurdish north of the country in order to weaken General Qasim's stern resolve. The charge will probable fizzle out on its own. But it



Mullah Mustafa Barazani and friends

does make the atmosphere for the talks between the Iraqi government and the oil companies, which were once again resumed on Thursday, even more inauspicious than it was already.

At his press conference General Qasim indicated the extent of the Kurdish revolt by admitting that it had spread to cover one-third of the country; he also claimed that it had now been stamped out. This seems as doubtful as the conflicting reports about Mullah Mustafa Barazani's capture and whereabouts. There is still no evidence that the Kurds had the help of any outside government. General Qasim, who is expecting a considerable assignment of arms from the Soviet Union, specifically absolved Russia from any involvement in the revolt. From time to time, it has been in Moscow's interest to stir up trouble among the Kurdish minorities; now, the Russians may feel that their interests would be better served by simply waiting for the outcome of the oil talks.

INDUSTRIAL ACCIDENTS

Danger at Work

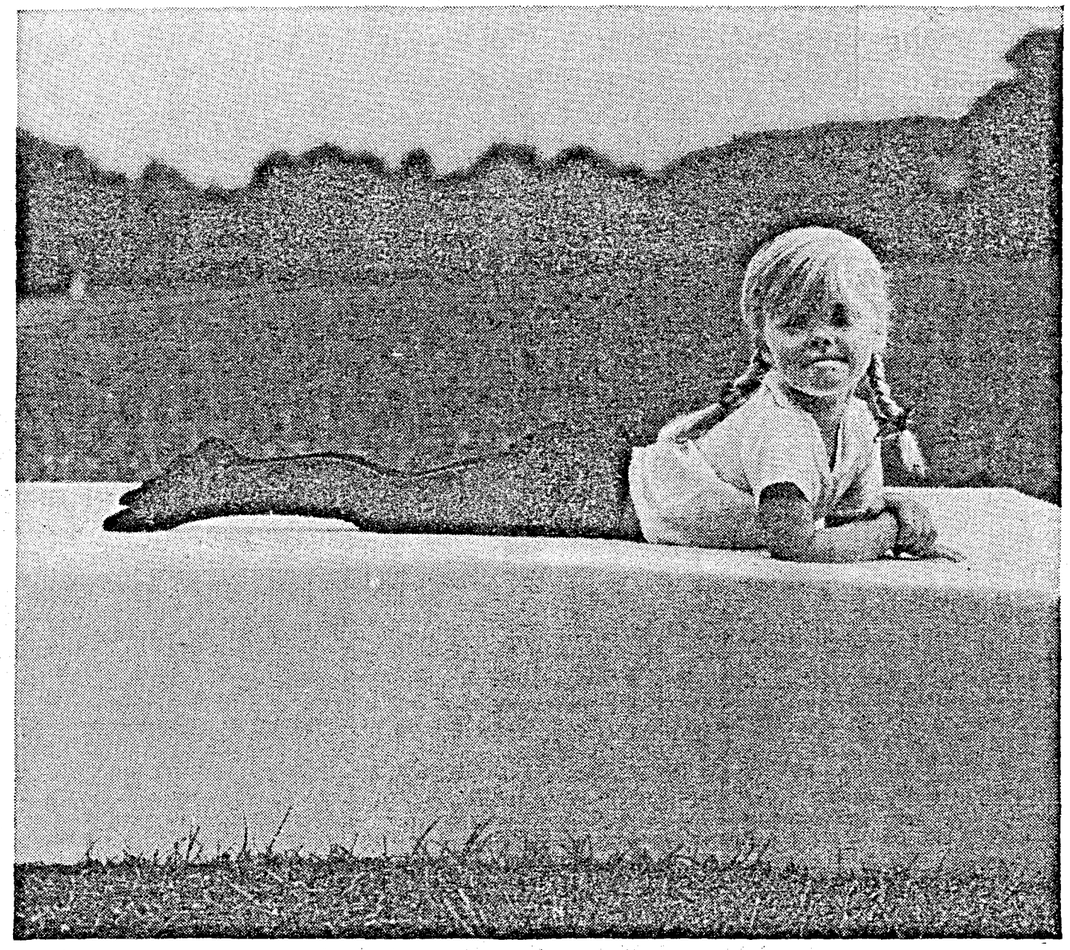
THE annual report of the Chief Inspector of Factories is a grim document this year, with industrial accidents up by 9 per cent; in particular, there has been an increase of 17 per cent in the number of accidents to boys and of 10 per cent to girls.

The Economist

SEPTEMBER 28 1861

CHECK TO AMERICAN PRIDE

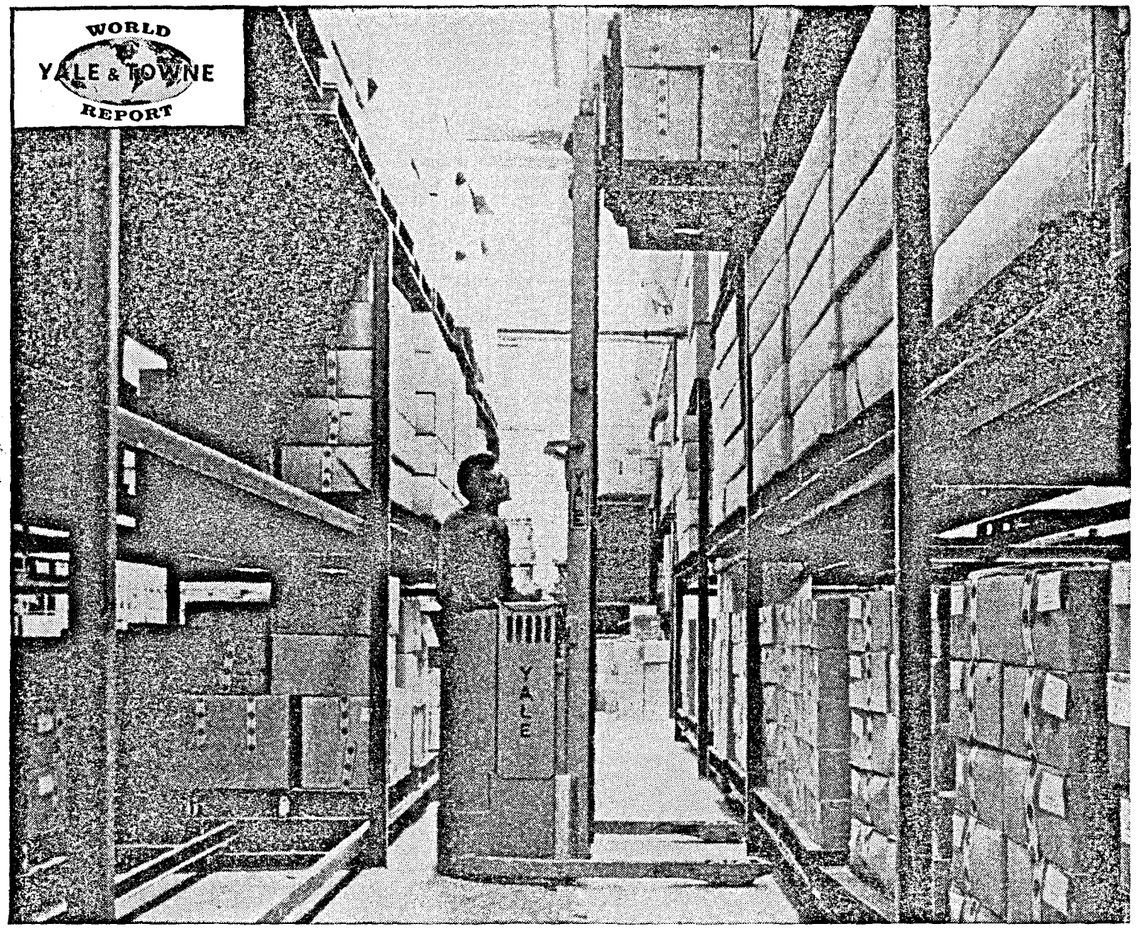
The great Republic of the West had grown in population, in prosperity, and in power at a rate and in a way which was not well either for her neighbours or herself. Her course had been so triumphant, so unparalleled, so free from difficulties, so unchequered by disaster or reverse, that the national sense and the national morality had both suffered in the process. A boundless territory, an exhaustless soil, a commerce almost unequalled, mineral wealth quite unfathomed and apparently unlimited, a people rapidly increasing in numbers and endowed with most of those qualities which ensure empire and predominance to their possessors,—had fairly, and not unnaturally, turned the heads of the whole nation. They believed that no other nation could stand up against them, that none had a claim to interfere with them or thwart them, that the rest of the world had no rights which could for a moment be suffered to stand in the way of their interests or their designs. They were so rough, so encroaching, and so overbearing, that all other Governments felt as if some new associate, untrained to the amenities of civilised life, and insensible alike to the demands of justice and of courtesy, had forced its way into the areopagus of nations;—yet at the same time they were so reckless and so indisputably powerful, that nearly every one was disposed to bear with them and defer to them, rather than oppose a democracy so ready to quarrel and so capable of combat. . . . This being so—and who can gainsay it?—with what colour or consistency of reason can we be charged with selfishness or want of generosity, because we rejoice that an excess of power which was menacing to others and noxious to themselves has been curtailed and curbed; that we are spared the painful alternative of ceaseless squabbles and ceaseless endurances or of a desperate and decisive conflict; that pride which was fast becoming a disease has met with a salutary check; that the weak places and the radical faults in those democratic institutions which they were accustomed to worship with a blind idolatry have been laid bare in time?



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In part, this growth may be due to the arrival at work of the first wave of the school-leaving bulge, with a corresponding increase in the numbers of young people at work. But these trends merely point to the need for better training, and stricter enforcement, of the existing safety laws for young people in their first jobs. Accidents are reported to the inspectorate if they cause a minimum of three days' inability to work at the usual rate: 190,266 people suffered such accidents last year, causing the loss of some 800,000 working days. Most tragically of all, 675 people were killed by accidents at work last year.

The Minister of Labour, in presenting these figures, rightly described this as a "wholly indefensible waste of manpower." He is to call special meetings with employers' associations in various industries with bad records to see what can be done; but it does not appear that he intends either to strengthen the force of 400 factory inspectors, or to spend any more money on education or advertisements. His insistence that the preservation of safety is the employers' job is perfectly correct: but it is open to doubt whether they in fact do it adequately. Many factories see an inspector only once every other year—which is not the fault of the inspectors, but is inadequate when both employers and workers often have a positive incentive to become mildly careless, and thus expose themselves or their workpeople to danger. Men on piecework may well find that effort is reduced and speed increased by leaving a guard off a machine, by not wearing heavy protective boots, or by failing to wear a hot and cumbersome helmet. Employers in building and civil engineering have the worst safety records: it is not a pure coincidence that these industries often work against time to complete a contract.

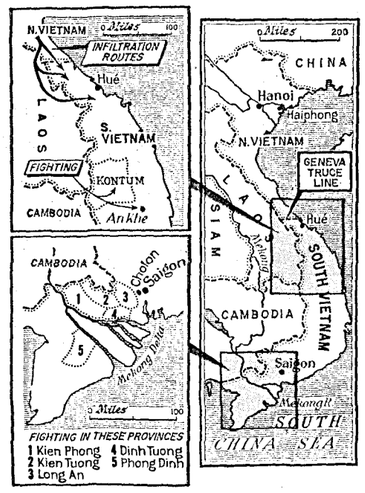
Fines for disregarding legal safety provisions have recently been raised to a maximum, for employers, of £60 for milder and £300 for graver offences, and for workers of £15 and £75. But in 1960, when cases were heard against 982 defendants, the average fine was only £18. There is a case for much more toughness here. It is true that, on the figures available (which are not always strictly comparable), Britain still appears to have a better record of industrial safety than most other big industrial nations; but it is important that the country should keep things that way.

INDOCHINA

The Other Menace

PRESIDENT KENNEDY was right to remind delegates to the United Nations General Assembly that Berlin is not the only place where international peace is in peril. The insidious character of the "creeping war" in south Vietnam disguises its seriousness, but, as the President put it, aggressions are no less real because men are knifed in their homes and not shot in the field of battle. Latterly, in fact, the assassin's knife and the terrorist's bomb have been supplemented by military action on an increasing scale.

Such graduation is disquieting, but it is also an opportunity. In the Malayan emergency, the terrorist bands never graduated to full-scale war and therefore remained elusive to the last. In south Vietnam, the bands have grown to battalion size and are often intercepted and encircled by the south Vietnamese army. Casualties are high on both sides; even if communist claims are suspect, they do provide a yardstick of intensity, and the latest claim is that 700



government troops were wiped out by "people's self-defence units" at the end of August and the beginning of September. The main areas of recent fighting are shown on the map.

If these incidents were merely of a local nature, they would be disquieting enough, but they form part of a communist offensive directed from north Vietnam, in which Laotian territory is used both as a base and as an infiltration route. The Russians are indirectly involved because of their assistance to the Laotian communist guerrillas, and the Americans because of their help to President Diem's government in south Vietnam. Precise details of the communist build-up in the south were given to Lord Home, as co-chairman (with Mr Gromyko) of the Geneva conference on Laos, in a south Vietnamese note on August 17th.

The communist delegations at the conference, however, still steadfastly refuse to admit north Vietnamese assistance to the Laotian guerrillas or to discuss the use that is being made of Laotian territory. At south Vietnamese insistence a clause prohibiting the use of Laotian territory for aggression against neighbouring countries has been included in the western draft proposals for a protocol to protect the neutrality of Laos. As Mr Harriman, the head of the American delegation at Geneva, pointed out in Saigon last week, the crux of the problem is there. Indeed, the problems of Laos and Vietnam cannot be solved in isolation, either from each other or from the wider issues of the cold war.

TRADE UNIONS

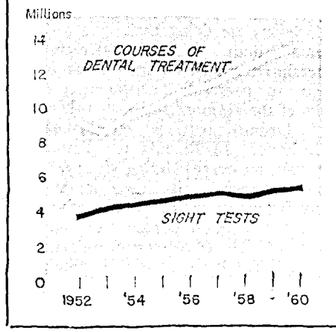
Knowing their Unions

TWO new spotlights have been thrown this week on the affairs of British trade unions. First, the peripatetic investigating team from the International Labour Office, which has already made cautiously diplomatic surveys of trade unionism in Russia and America, has published its pamphlet* about Britain. It is perhaps useful to be reminded that to a foreign eye there is a remarkable agreement in Britain that the unions are to be accepted as a necessary and useful national institution. Less cosily, if still fairly obviously, the team remarked on the survival in British unions of "machinery and methods that appear outmoded" ("appear" is nicely diplomatic). Unions would do well to ponder the remark that sometimes "the protection of the interests of organisations and of the trade union movement as a whole seems to have priority over the protection of individuals." But the real audience for this useful factual summary is abroad—it is tempting to wonder

* The Trade Union Situation in the United Kingdom. *ILO.* $1.75. 7s. 6d.

EYES AND TEETH

Last year nearly 5 million pairs of glasses were supplied under the national health service. The minimum charge was then 25s. as it had been since 1951; it was increased to 30s. in May this year. The charges offset a third of the gross expenditure on the ophthalmic services. 13½ million courses of dental treatment were completed in 1960, excluding any carried out under the school health service.



how one renders "a tortious act under common law" in Spanish?

More substantial food for thought is contained in a new Penguin Special by the doyen of British industrial correspondents, Mr Eric Wigham of *The Times*.† Mr Wigham really knows his stuff: as a piece of analysis, and as a summary of the main contentious incidents in which the unions have been involved since the war, his book could hardly be bettered. Unofficial strikes, union elections, communist plots, the political levy, the feebleness of the TUC's leadership and—briefly, but still pointedly—the inadequacies of employers' organisations: all these are explained with chapter and verse, in a skilful feat of condensation.

Mr Wigham's last chapter contains his recommendations about what should be done, as much by government and employers as by the unions themselves. Particularly topical and reasonable is his suggestion for new legislation to control the conduct of union elections and to protect the rights of those threatened with victimisation after a strike, or by the imposition of a closed shop—but nothing more. Trade unions would certainly be able to do their job *more efficiently* if they accepted Mr Wigham's suggestions: the question is whether the job he wants them to do is the right one. His approach to wage bargaining is Guillebaudian: a fair price should be paid for work, irrespective, it seems, of the profitability of the industry involved. This leads to a rather vaguely adumbrated scheme for a planned share-out of wages, with the unions playing an active part in deciding who gets what share—and restraining their members when an increase is not due. It is engaging, if not surprising, that the author ends with a confession of his certainty that few of his suggestions will be adopted.

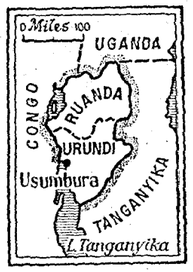
† What's Wrong with the Unions. By Eric Wigham. Penguin. 3s. 6d.

RUANDA-URUNDI

Belgium's Twins

UNDERSTANDABLY anxious to avoid presenting the world with another Congo, the Belgians are doing their best to bring Ruanda-Urundi, a small, overcrowded trusteeship territory on the border of the Congo, to peaceful independence. The results of the elections in Ruanda this week and in Urundi two weeks ago do not give much hope. In Ruanda the Parmehutu party won an overwhelming victory. This is not surprising; it draws its support mainly from the Bahutu people, who comprise more than 80 per cent of Ruanda's population. Their former overlords, the tall Watutsi, have been politically eliminated and the monarchy—a Watutsi institution—has been decisively rejected.

The situation is complicated, however, by the close co-operation that has arisen between Parmehutu and the Belgian administration. Parmehutu needed Belgian help to overthrow the Watutsi; it also believes in delaying independence until it can consolidate Bahutu rule. The Belgians, hoping to keep more influence in an independent Ruanda than they have been allowed to keep in the Congo, have given unqualified support to the Bahutu; this has made other African states (including neighbouring Tanganyika) look on Parmehutu with suspicion and toy with the irresponsible idea of supporting the autocratic Watutsi and their deposed monarch, Kigeri V. There is talk of Ruanda-Urundi joining an east African federation with Kenya, Uganda, and Tanganyika. But these political complications are likely to present a formidable obstacle.



In Urundi, the Uprona party, which draws both Bahutu and Watutsi support, won the elections; it is willing to retain the monarchy and is strong because tribal divisions are less marked in Urundi than in Ruanda. But Uprona is anti-Belgian, and has had contacts with the late Mr Lumumba's Mouvement National Congolaise. It does not at first sight look like the sort of party that would easily co-operate with Parmehutu in Ruanda. It seems as if it is going to be as difficult to keep Ruanda and Urundi together as it will be to keep the separate elements of Ruanda in one piece.

INDUSTRIAL TAXATION

To Him that Hath . . .

ONE of the most interesting movements of economic opinion in recent months has been the retreat from the idea that governments should help lame dog industries over stiles, towards the view that they should actively encourage industries which are contributing most to growth. To him who is expanding should more be given; to him who is losing that which he hath should a sharp clout from the fiscal knobkerry be applied. The most extreme instance of this viewpoint has now appeared in an interesting paperback book* written by nine American economists. It is a rather turgidly written and academic treatise, dropping into differential calculus here and there, but its central proposal is simple.

The authors suggest that a new system of taxes and rebates should be applied to business firms, based upon a target rate of growth. If the target rate of growth in output (or in value added) were set at 5 per cent, then all firms that exactly attain that target should have these new taxes exactly offset by rebates. Firms that grow by more than 5 per cent in a year would receive a rebate larger than the additional tax, and firms whose rate of growth fell below 5 per cent would receive a rebate smaller than the additional tax. The authors suggest that very small firms should be allowed the alternative of opting out into more normal systems of taxation, although "once having entered into the scheme they would not be permitted to withdraw, at least until their payments into it had matched the rebates received." But among bigger businesses "requests for exemption of firms in declining industries or in situations in which market forces make it very difficult to achieve growth . . . must be firmly rejected."

The authors explain that people "will still be able to get the products of declining industries, but only if they are willing to pay the price. . . . A change in the social priorities . . . would be reflected in higher prices of those products that serve as a drag on the expansion of output." In an economy that has grown used to subsidising (instead of quickly killing off) declining industries like fishing and shipbuilding, this would be a revolutionary idea. But, for a trading country that needs to expand its growth industries and shed its stagnant ones, is there not something in it?

* What Price Economic Growth? Edited by Klaus Knorr and William J. Baumol. *Prentice-Hall International*. 184 pages. 15s.

Correction.—Our issue of September 9th contained a series of articles on the Press in the course of which, in an article entitled "Can Provincials Prosper?," we stated that Mr Thomson was undertaking a consolidation of his interests in Ulster and that he was "selling off the machinery of the morning *Northern Whig* and printing it on that of the evening *Belfast Telegraph*."

This was and is not, in fact, correct. *The Northern Whig* is an independent private company owned by the Cunningham family and is not owned by Mr Thomson as our article implied.

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HOME REPORT

IN HOME REPORT members of the editorial staff and local correspondents report on life and happenings in and around Britain.

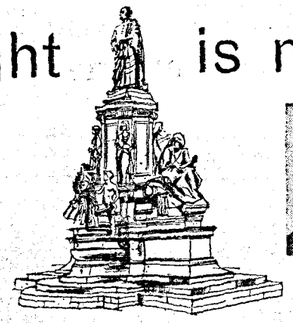
Left and Right is not Enough



Bonham Carter



Bannerman



Mr G. in the Heart of Midlothian



Thorpe



Bonham Carter

FROM OUR SPECIAL CORRESPONDENT

MARY QUEEN OF SCOTS would have found it depressing, but the Liberals, as they converged on Edinburgh last week for their annual *talkfest,* with the international storm clouds gathering and a thin drizzle of national rain wrapping the city in a pall of grey, were expectant and gay. As they flocked in unprecedented numbers into the Usher Hall—built in 1914 when Mr Asquith was Prime Minister—nothing could dampen their spirits: not even a row of *Daily Herald* posters which were someone's idea of suitable platform decoration. Earnest, enthusiastic, dedicated, they were assembling to give the face of Liberalism a final polish to dazzle the supposedly watching electorate. Eminently respectable, without a beatnik or a horny hand showing, they looked comfortably middle class; and later betrayed their precise social origins by cheering wildly not for liberty or for justice, but for the abolition of snobbery and class barriers.

Visually the party is beginning to look much more balanced, and is matching appearance with behaviour. Telegrams were despatched to the usual totems—Lord Samuel, Lord Thurso, Lord Beveridge; and one very alive, brilliant and sparkling one, Lady Violet Bonham Carter, turned up on the platform. But, on the whole, the elders were content to stay away and let the leadership pass to younger hands. Mr Jo Grimond, urbane, charming, good looking and eloquent, was suitably balanced by the new president, Mr Edwin Malindine, a businessman and veteran candidate, a down-to-earth figure whose job was to appear to anchor the proceedings to reality. Behind them were ranged the technocrats, Mr Byers, Mr Bonham Carter (although he is an intellectual as well), Mr Wigoder, and others, who have streamlined the party—flattening a number of stalwarts in the process—men who know their minds and can act and speak with authority. Seated beside them, less of an organisation man but no less ruthless, was Mr Jeremy Thorpe, who made the outstanding speech of the assembly in support of Britain's entry into the common market, and who is regarded by some as heir apparent and by others as heir presumptive.

These in turn were backed by solid ranks of men and women in their twenties and thirties, who have genuinely and unselfishly thrown in their lot with the party and include a high percentage of those fiery enthusiasts who were close to the heart of John Morley, but whom Bagehot found so tiresome. Mr Richard Moore, secretary of the Liberal International, is their acknowledged doyen. He scattered a fine shower of Miltonic sparks on behalf of the people of east Germany in the Berlin debate, and went on at the subsequent Liberal rally to lay bare his faith and history for the public edification (he is Mr Gladstone's grandson). These are the seasoned staff officers of the future and they have been joined by such promising recruits as Mr Julian Grenfell, a windfall from the Bow Group.

There were also—and what Liberal conference would be complete without them?—the comic turns. Mr Oliver Smedley overdid his usual free trade act: Mr William Douglas Home provided some posthumous light relief by resigning from the party on the eccentric ground that he was called to speak only once: Mr Simon Nott unmasked the common market as a Vatican plot: and a twice-defeated Conservative convert candidate, in a moment of lucidity, spoke of the party conference as the most loathsome form of political organisation perverse man had yet devised. But these characters came from the fringe, and were promptly pushed beyond it by the main and impetuous Liberal stream.

THIS year the party took another sharp turn to the left by coming out in favour of central planning, local development agencies and regional education boards. It called for reform of local government finance and more penal reform (including the provision of productive work for prisoners and compensation for victims of crimes of violence). Liberal support for entry into the common market was confirmed; and the shade of Adam Smith, who lies buried in nearby Canongate, was appeased by tacking an amendment to the main resolution stressing that the market was only a first step to wider free trade. Opposition hopes were pinned on Miss Manuela Sykes, who is supposed to combine the qualities of Mme Defarge with those of Mrs Barbara Castle, but she proved feeble and disorganised.

Two anodyne emergency resolutions were put forward, one on the United Nations, the other on Berlin, but at least the temptation to scoop up the disgruntled teachers' vote was avoided. The Berlin resolution, which called for a firm stand and negotiations to safeguard the city's freedom, was clearly too vague for the delegates' taste. They demanded—not particularly originally, since the suggestions had all been made by Mr Grimond earlier—the inclusion of specific proposals such as the *de facto* recognition of east Germany, acceptance of the Oder-Neisse line and the stationing of United Nations bits and pieces in Berlin. All these were resisted by Mr Bonham Carter, the very reincarnation of Sir Edward Grey, as if he were already in the Foreign Office. But he had to do a half bow to the floor and accept the amendment on *de facto* recognition with his own personal addendum attached.

All this, plus the nasty things that people had been saying about Germany, was too much for the Free Democrat fraternal delegates, and they flounced off back to Bonn. Despite their pique, events now seem to be justifying the amenders. The Liberals are clearly determined to be proved right, right, right and right again.

But in politics to be right is not enough, and few at the assembly seemed to be aware that the tide may have gone out without taking the Liberal boat with it. Certainly the expectancy of last year of an immediate dissolution of the Labour party and a consequent realignment on the left has gone; but the seriousness of the Liberal failure to achieve a breakthrough despite successes in by-elections and local government elections did not appear to have sunk in. If the conference was intended to show that the Liberals themselves believe that within the next decade they can really form a government, it more or less succeeded. But the point is: do the electors believe it? To generate such an act of faith, hope and charity requires more than an annual display of heady enthusiasm and optimism. A help would be if the tiny Liberal parliamentary party could start acting at full instead of at half strength. But even so the ineluctable fact is that the Liberals are still dependent on events for their big chance: and *that,* despite the savage anti-Tory sentiment of the delegates, is only likely to occur if the detested government is returned to power at the next election, and the decline of socialism then really does begin.

Northumbrian Vision

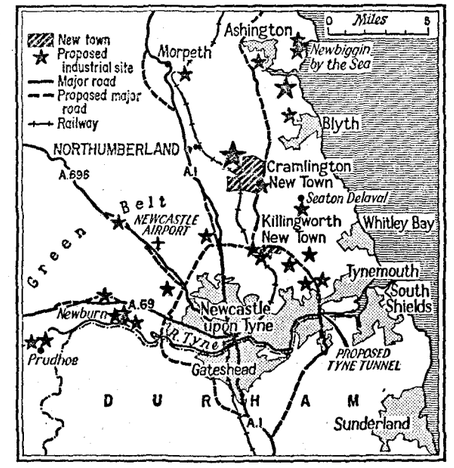
FROM OUR SPECIAL CORRESPONDENT

THE north-east coast of England, with its industrial clusters on Tyne, Wear and Tees, its scattered grey mining villages, and its wild encircling moors, is one of the most distinctive regions of Britain. Its 2¾ million inhabitants (a population the size of Wales) sometimes feel neglected by the London policy-makers. They live off the main industrial axis of England (although linked with the south by excellent trains and a developing air service), but lack the special patriotism or nuisance-value which strengthens the industrial claims of Scotland, Wales, and Ulster. All the same, the north-east, with development area assistance, has made a fair start in diversifying its industrial economy since the war. Now it needs to do more.

Northumberland has specially interesting opportunities, and its county council is now engaged on a vigorous campaign to realise them. Northumberland presents a fascinating contrast between the dense urban mass of Tyneside and the great open space, resplendent with fine ducal estates, lonely hills, and a hardly spoilt coastline, which start only a few miles from the centre of Newcastle. It is the county's aim to treasure this rural estate, while developing on its declining coalfield two new communities for overcrowded Tynesiders and for redundant miners. This vision cannot be realised unless industrialists, too, see the values of Northumbrian life.

The county council has at present to go it alone. This is because Northumberland (save for two small areas) has not so far qualified for assistance under the 1960 Local Employment Act. Nevertheless, it clearly needs more employment. The Coal Board, which inherited 70 mines, is steadily concentrating production in a dozen modernised pits, which may require only half of the 1957 labour force of 42,000 miners. Since shipbuilding may also shed labour, and since Northumberland has an above-average birth-rate, a faster rate of migration than the present 6,000 a year seems certain to occur unless new industry comes in.

Local patriots complain that the advantages of living and working in Northumberland are too little known. One advantage is a reliable labour force with a good record in honouring agreements. Before the war there was little work for women, but incoming industrialists have found female labour "unspoilt" and adaptable. Tyneside undeniably has its grim and squalid aspects, but Newcastle has streets and buildings of distinction (which badly need cleaning), good shops, and a growing cultural life. Perhaps the most impressive fact is that the greatest enthusiasts for life in Northumberland are executive and professional people who have moved there since the war.



The two "new towns" which the county council is promoting are quite unlike those elsewhere. The first, at North Killingworth, which is about to get started, is not really a new town, since it is only 7 miles from the centre of Newcastle and many of its 17,000 inhabitants will continue to work on Tyneside. The second and much larger new town at Cramlington, which is to have 50,000 inhabitants, is still at the planning stage. It has a slight resemblance to Peterlee, inasmuch as it will provide a new heart and centre for a declining part of the coalfield. Its most interesting feature, however, is that it is to be mainly developed by a private company, acting under the general control of the county council, and that much of the greater part of the housing will be built by private enterprise.

THESE new towns are part of a much wider strategy. The county council has the Minister's approval in principle to the creation of a closely restrictive green belt which will seal off the open countryside to the north and west of Newcastle. New development is to be concentrated to the north-east of Newcastle, in the declining coalfield area, and it is hoped that perhaps half of all private enterprise housing on North Tyneside will be concentrated at Cramlington.

This is a bold plan which leans on certain special circumstances. One is the ability of private builders, helped by lower land costs and more efficient labour than exist in the South or Midlands, to produce large numbers of houses for a price of £2,000-£2,500. So long as designs are improved (as the county council is now insisting), this advantage in building costs is a large point in the region's favour. A second factor is the chumminess of Tynesiders which (coupled with colder springs) makes gardening less of a fetish and reduces the pressure for urban spread. Cramlington is intended to have a net residential density of 53 persons an acre, which means much denser development than would be acceptable in the south. North Killingworth (mainly a public housing project) has the higher density of 63, which will involve a considerable proportion of flats.

Even so, present plans for guiding urban growth are not really adequate. It is hardly sensible for Newcastle to be building 16 and 20 storey blocks of heavily subsidised flats with so much open land on its doorstep. "Overspill" arrangements between the numerous local authorities are hanging fire, and the renewal of the older and uglier Tyneside housing is frustrated by local shortages of both finance and land. The richer Tyneside citizens live on the coast or in country towns like Morpeth and Hexham, but too much commuting of this kind would be a blow to the civic vitality of Tyneside. These problems seem to call for a more

integrated and perhaps more expansive approach to the growth of Tyneside than the county plan provides. The common interest of counties and cities in the north-east in industrial promotion has not yet been matched by any common effort to produce a worthy regional environment.

Northumberland's present plans certainly take some steps in this direction. A wise use of planning control is doing much to preserve the beauty of the countryside and market towns; and by becoming the first city to appoint a planning officer as one of its chief officials, Newcastle has recognised its potentiality as an attracting regional centre. The county's plans, however, in particular its plan for Cramlington new town, depend closely on the attraction of industry. With new industries, Cramlington could offer a good life to many Tynesiders or miners who will otherwise drift south or remain unemployed; without industry, it might become a rather inconvenient dormitory settlement. The county's programme rather slips between present Government schemes of help, but it may be that these schemes, introduced in 1960 in the belief that the old forms of help had been too unspecific and wide-ranging, have in the event proved too piecemeal and shortsighted. It is surely wiser to help industrial development at the best growing-points in a region than to seek too localised a remedy for unemployment; and it is also germane that Northumberland, without Government new towns or expensive housing subsidies, is working hard to retain people who (in devious ways) may cost public authorities a lot more if they go south.

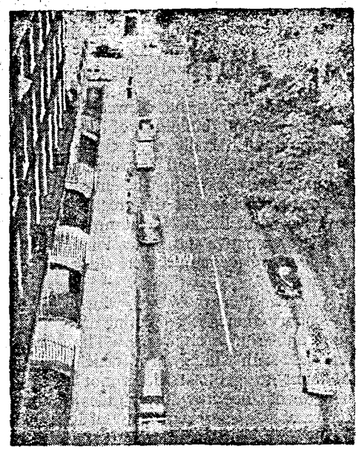
Metric Matters

FROM OUR SPECIAL CORRESPONDENT

As street furniture, parking meters do not rate highly, but the primary interests of the Ministry of Transport and the local authorities are not aesthetic. The meters' purpose is to return the streets to their "true function"—the passage of traffic—by minimising obstruction. Profits from their working are to be devoted to the provision of off-street parking.

Westminster has now had its meters for over a year and the results are instructive; parked traffic has been reduced by 50 per cent, income has exceeded expenditure by £85,000 and congestion (as measured in journey times in the central area) has been reduced by 9 per cent; during the same time a large number of wardens received employment in supervising the meters, and no off-street parking was provided. Parkers deprived of their normal places have overflowed into streets outside the "C" zone, thus shifting rather than removing congestion. Worse still, several buildings in the area have been completed without any provision to accommodate the extra parking demand created.

WESTMINSTER has been followed in London by St Marylebone and three other boroughs, and in the provinces by Brighton, Bristol and Manchester. Everywhere the meters have gone they have been opposed, sometimes unreasonably (as in Woolwich, where a multi-storey garage was provided at the same time). The latest row, over plans to extend the controlled areas in St Marylebone, has produced probably the biggest flurry of local politicking yet. The residents in the area affected, between George Street (below which, as the map shows, meters are already installed) and the Marylebone Road, are not so acquiescent as the borough council had hoped about the prospect of another 1,300 meters outside their front doors. Even so, the protests that have fallen thick and fast on the ministerial desk were brushed aside this week and a public inquiry has been refused.



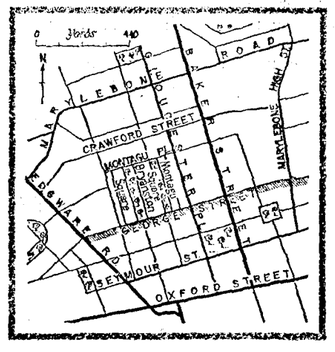
St Marylebone: dignity and serenity

From their residences of dignity and serenity west of Marylebone High Street the protesters first asserted that the meters would inflict considerable inconvenience. The Ministry replied that no special privilege on the roadway attaches to residence next to it. The residents countered with the proposition that, should the meters succeed, their quiet squares would be exposed to the nuisance of out-of-borough commuters; and, should they fail, the rates levied for their installation would be so much wasted money. (It remains to be seen what effect parking meters will have on rating revaluation.)

A COUNT of parked cars in Bryanston and Montagu Squares in the peak times (about 12 noon and 3 p.m.) suggests that the meters may succeed, at the cost of driving between 100 and 120 cars into other, less accessible areas (thereby possibly creating a flow problem where none at present exists) and failing to lessen present obstruction (since meters will be installed where cars already park—and they will be, in the two areas most affected, 5-hour meters).

The meter scheme was suggested at the same time as another traffic improvement by which Baker Street and Gloucester Place will become one-way streets, at a cost of £40,000 (of which £12,000 will come from the borough's rates). The council members were not unanimously in favour of either scheme, and the whip was put on to the Tory majority to ensure a beginning. Two Tory councillors have since become convinced that both schemes are against their ratepayers' interests and have threatened resignation; and they are backed by the Labour opposition. The Automobile Association, which in principle supports meters, has added its voice as far as the area west of Baker Street is concerned.

The real question is whether the Ministry and borough councils regard meters as a complete solution in themselves or whether they are fitting them into integrated and broader long-term plans. The Marylebone protesters have a case: just off Bryanston Square another large building has gone up without any provision for extra parking.



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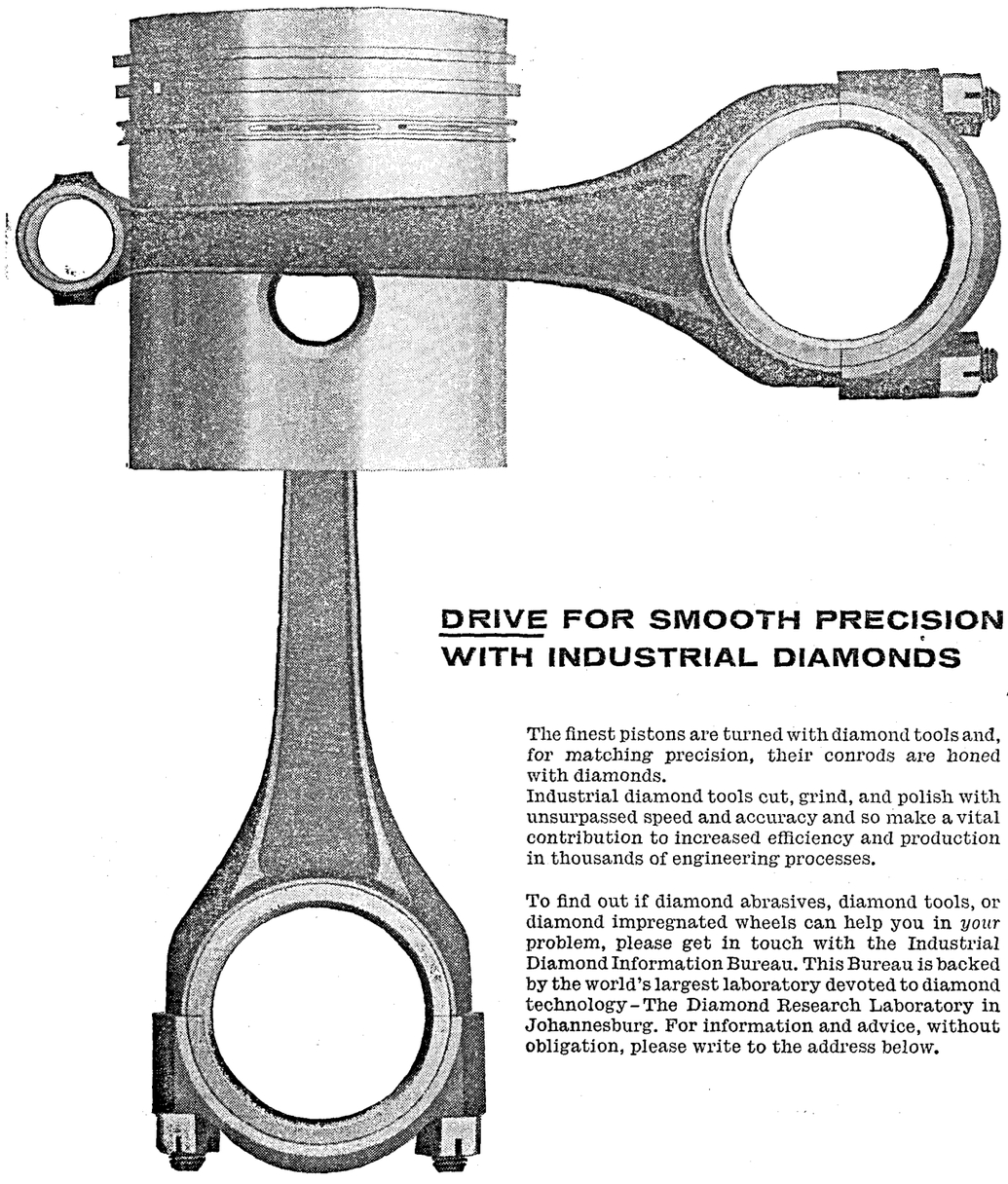
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AMERICAN SURVEY

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Questions of Credibility

NEW YORK

THE apocalyptic parts of President Kennedy's address to the United Nations General Assembly this week accurately reflected most Americans' notion of what Armageddon will be like if it comes. Mr Kennedy said that we must all contemplate the day when this planet will no longer be habitable and that this generation may be remembered (but by whom?) as the one that turned the earth into a flaming funeral pyre. But although the Public Health Service plans to begin this very autumn training at least one person in every family in "basic medical procedures, like radiation fall-out protection," hardly anyone seems really alarmed. There has been no discernible rush to buy items like portable, pocket-size kits to measure radiation ("now . . . you can survive radiation fall-out") that are being advertised by firms with names such as the Radiation Survival Corporation and Survival Products Inc. Not a single member of either Mr Kennedy's cabinet or the National Security Council has built a bomb shelter for his loved ones. One reason may simply be that the majority of the President's fellow Americans doubt whether they would survive anyway. Forty-three per cent said recently, when questioned on behalf of the Gallup Public Opinion Poll, that they believed their personal chance of living through an all-out nuclear war was poor and another forty per cent rated theirs no higher than fifty-fifty.

It ought not to be inferred from this by any non-American, and least of all by Mr Khrushchev, that most Americans expect soon to be either dead or red. The real reason they are proving so unflappable is that, while they do not think much of their individual chances of surviving a nuclear war, they do not yet seriously believe that there is going to be nuclear war to survive. They hope to avoid one by standing immovably in the path of whatever Hitler-like conquests Mr Khrushchev may have in mind, though not in the way of reasonable negotiations concerning any fears he may entertain regarding his own country's future security.

Most Americans (sixty-four per cent, according to the Gallup Poll) think that the United States and its allies should fight their way into Berlin if the communists close the land routes and the airways. Heart and soul they agree with General de Gaulle that truckling to dictators means that you start out giving your hat, then you give your coat, then your shirt, then your skin and finally your soul. They would add that you then probably find yourself in a world war anyway. All the same, well-informed Americans, including some top officials in the Kennedy Administration, are seriously worried about a nuclear war breaking out because of Mr Khrushchev's inability or wilful refusal to believe that his opponents really would fight. Some rate the chances of war from this cause as the same as the chances of individuals surviving it: fifty-fifty.

One disgruntled view is that Mr Khrushchev's scepticism springs from the alleged lukewarmness of America's allies. The United States, it is said, has a quarter of a million soldiers in Europe, but the Europeans in the North Atlantic Treaty Organisation continue to drag their feet. It is also said bluntly that America is willing to fight a thermonuclear war if need be, but her allies are not. Among key figures in the Administration there is real appreciation of the frightful dilemma with which thermonuclear war confronts America's allies. But this might wilt if popular resentment in America against the allies' alleged dragging of their feet were to be turned against the Kennedy Administration itself.

THERE is danger of this happening now. The Republicans claim that Mr Kennedy is also to blame for Mr Khrushchev apparently not having got into his head the all-important message that America is really determined to fight a nuclear was if pushed too far. The President said in his letter to the neutral countries after their meeting at Belgrade that the United States will meet force with force. But the Republicans insist that Mr Kennedy lacks "nuclear credibility" despite America's nuclear capability. Mr Khrushchev has thus now received a sort of assurance from Mr Kennedy's domestic political opponents that, when he professes to disbelieve that the man he met at Vienna possesses the will to wage nuclear warfare, he is in fact quite right. Consequently President Kennedy had to insist yet again, in his speech to the General Assembly, that "the United States has both the will and the weapons." But he also voiced this misgiving:

> Every man, woman and child lives under a nuclear sword of Damocles, hanging by the slenderest of threads, capable of being cut at any moment by accident or miscalculation—or by madness.

It may be an exaggeration, but probably not too wild an exaggeration, to say that madness of a sort is what the Kennedy Administration most fears in Mr Khrushchev and his military chiefs. The Soviet Prime Minister, some American officials feel, may have become too deaf politically to catch even the loudest warnings coming from the West. Mr Kennedy told the General Assembly that "we shall never negotiate out of fear, and never fear to negotiate." But many Americans are apprehensive that western willingness to negotiate may be interpreted gleefully by Mr Khrushchev as their bowing before what he has called "the tide of events which reflect the natural development of society." He might therefore simply be emboldened to go on demanding concessions and planning for more communist gains by encouraging communist onslaughts on weak points and exposed salients. Mr Kennedy went out of his way at the United Nations to draw attention to the dangers in the Far East, where American "special forces" are increasing their strength and their preparations to act as guerrillas behind the enemy lines in countries that are overrun by communist forces. Mr Khrushchev, in short, is suspected by Americans of being dizzy with success, and even the sober *New York Times* declares that he "resembles Hitler more clearly every day."

Meanwhile, Mr Kennedy has spent a lot of valuable time listening patiently to the leaders of new nations explaining their devotion to freedom and self-determination, as well as their need for aid. But Americans note wryly that self-determination, which is so important for non-Europeans to have, is apparently not regarded by them as quite so essential for Germans; Americans also wonder why American, but not Soviet, embassies get stoned

when nuclear weapons are being tested (Mr Art Buchwald has suggested it is because American embassies have more and bigger windows). The conference of the uncommitted countries at Belgrade and the softness of their protest against the Russian resumption of nuclear tests were considerable disenchantment for the United States. Further rebuffs may be in store, with the China issue at last, after ten years' successful postponement by the United States, being debated in the General Assembly, and the Russians pushing hard with their "troika" concept, both for control of disarmament and control of the United Nations. Mr Khrushchev hints exuberantly that he may drag the United States to a summit to solve the Berlin problem, promote disarmament, reorganise the United Nations Secretariat and admit mainland China, in a series of simultaneous equations devised by himself and involving acceptance on his terms.

Some counter-move was plainly called for if Mr Khrushchev's over-confidence was not to gather still more dangerous strength and if the Kennedy Administration was not to risk losing the tide of popular American support that it still enjoys. This week at the United Nations President Kennedy served notice on both the Russians and the neutrals. He used words about the former which recalled angry Russian-American dialogues out of a past that he had hoped, when he came to office, to bury. He was gentler with the neutrals, but his intention was plain. He was testing the credibility of their long and loud professions. He invited them to take part in a decade of development at the United Nations, to save their international organisation from the fate that threatens it and to act as scrutineers of a genuine "complete and general" world disarmament. The United Nations, Mr Kennedy said, "will either grow to meet the challenge of our age—or it will be gone with the wind." So in that case will both self-determination and the freedom to be neutral.

The House Has the Last Word

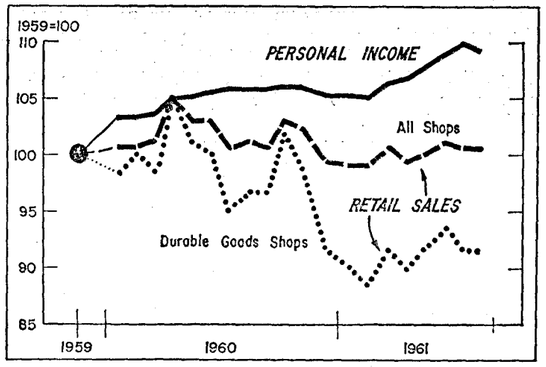
WEARY, disgruntled and frustrated, a handful of Senators rang down the curtain at dawn on Wednesday on the longest session of Congress for ten years. The House, or what was left of it after a good many members had quietly slipped away home, had adjourned two hours earlier, leaving the Senate no choice but to accept the supplemental appropriations Bill which was the final piece of business. This meant swallowing last-minute changes inserted by the conservatives of the appropriations committees; these will subject a number of domestic programmes, which were to have been financed by borrowing from the Treasury, to the annual approval of Congress. It was a characteristic conclusion to a session in which the conservative House has, more often than not, had the last word.

The appropriations for foreign aid, the main stumbling-block to adjournment, are no exception to this rule. The compromise figure of $3.88 billion in new funds which was finally reached is slightly closer to the $3.66 billion voted by the House than to the $4.2 billion voted by the Senate; it is only about $100 million higher than last year's appropriation; and only by adding in some unspent balances from last year and the $30 million for the Peace Corps is the total brought to the $4 billion which was the Administration's minimum figure and for which the Senate conferees fought hard. Originally the President asked for $4.8 billion, of which $4.25 billion was authorised. Fortunately, however, the money for development loans in the first year of the President's five-year programme, at $1.1 billion, is very little below the $1.2 billion which the President asked to borrow from the Treasury in the happy days when he imagined that Congress might free him from the need to submit development loans to its annual scrutiny. Mr Kennedy, who himself has been casting increasingly critical glances at the neutrality of the neutral countries, can hardly object to the Senate's instructions that, in administering foreign aid, consideration should be given to nations which share the American view of the world crisis.

The man at whom these instructions were directed, and who is to administer the whole foreign aid programme, now reorganised and rechristened the Agency for International Development (AID), is Mr Fowler Hamilton, a lawyer with a varied experience of government service on whom the Administration's talent scouts have long had their eye. Originally it was expected that he would succeed Mr Allen Dulles as the head of the Central Intelligence Agency, but the difficulty of finding a man who was both able and tough enough to run AID, and acceptable to congressional liberals as well, caused the Administration to change its mind. Instead the reorganisation of the CIA, whose reputation has suffered recently, particularly over the Cuban affair, will be presided over by Mr John McCone, the able Republican industrialist from the west coast who for the last three years of the Eisenhower Administration was chairman of the Atomic Energy Commission.

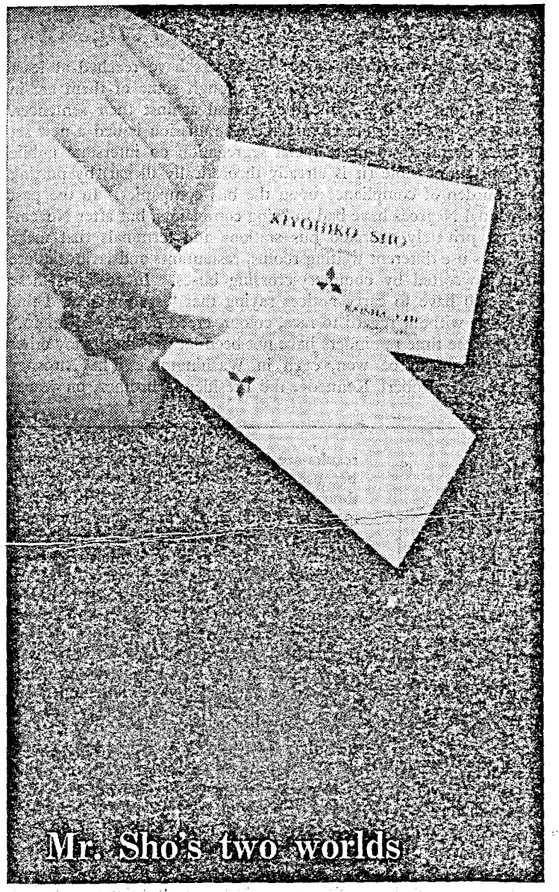
Inconspicuous Consumers

THE tide of recovery is continuing to run strongly, but shopkeepers are beginning to wonder when it is going to reach them. Industrial production rose again in August to a new record, investment by business firms in plant and equipment is turning up in the present quarter and personal income was about $14 billion higher in August—at seasonally adjusted annual rates—than it was in August, 1960. Indeed, personal income has been rising steadily since February, with the exception of August itself, and



this "fall" took place only because the figures for July were bumped up by a special dividend from the government on servicemen's life insurance. If this is disregarded, there was an increase of about $700 million, at annual rates, between July and August, though this was a smaller rise than the two preceding ones, mainly because of the changeover to new models in the motor car industry.

Yet with all this money jingling in peoples' pockets, shopkeepers did not do better in August—instead they did slightly worse—than they had a year earlier. Sales of durable goods such as motor cars and appliances and furniture have been taking the hardest knocks. Retail trade in general has held up, but it has not provided any strong force for expansion as yet this year—something for which economists, who fear the reappearance of inflationary pressures, are thankful. One explanation is that it is normal for such sales to lag behind in a recovery. Ordinary people are not as quick



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as businessmen to realise that the tide has turned—particularly when there is still so much unemployment about. Those who have more money like, as a precaution, to replenish their savings and pay off some of their hire purchase debt. As recently as July more consumer debt was paid off than was incurred. Optimists among retail traders believe, however, that all this means that the scene is set for a big autumn buying spree. After all there is little temptation to go shopping on hot summer days and many families have been away on holiday. Purchases of motor cars, moreover, are usually put off until the new models are available; judging from the difficulty in getting the men back to work under the new settlement in Detroit, this may not be as soon as was hoped. Some observers, however, are attributing at least part of the lag in the shops to something that crisp autumn days will not drive away: the increasingly large share of peoples' spending which is being absorbed by services, in which are included such things as tuition fees, holidays and recreation. In 1954 services absorbed 30 per cent of personal income after the payment of taxes. Now the figure is about 40 per cent.

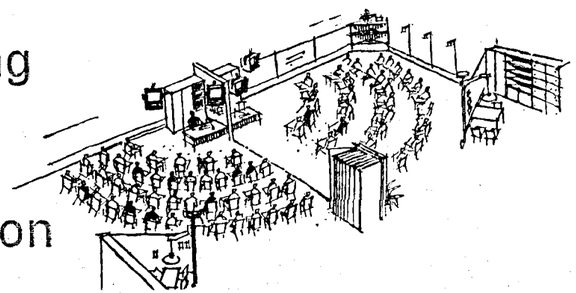
Civil Rights and Wrongs

It looks as though the Freedom Riders have reached at least one of their destinations, even though some of them are in prison or out on bail while they appeal against their sentences. Last week the Interstate Commerce Commission issued a new set of rules designed to make racial segregation on interstate public transport impossible (it is already theoretically illegal) by putting the burden of compliance upon the bus companies. In the past individual Negroes have had to bring complaints, but after November 1st privately operated bus stations and terminals that make the races use different waiting rooms, restaurants and lavatories are to be boycotted by boundary-crossing buses. In addition these buses will have to carry notices saying that "seating aboard this vehicle is without regard to race, colour, creed or national origin." At the same time reminders have not been lacking that many other fields remain to be won, even in Washington. The Attorney General, Mr Robert Kennedy, the President's brother, on whose petition the ICC acted, has resigned from the Metropolitan Club, a celebrated institution which continues to refuse entry to Negroes either as members or guests.

The Civil Rights Commission, following up its report on Negro voting, has also issued its report on the schools; this notes that progress toward racial desegregation has been proceeding at a snail's pace since 1959, that compliance remains merely token through much of the South and that even in the North and West segregation in housing produces segregation in the tax-supported schools. To speed up the dismantling of the colour bar the commission urged Congress unanimously to require every school district where racial segregation is practised—there are still over 2,000 in the South—to submit plans to the federal government within six months for its first step toward ending this state of affairs. The commission also wants the government to use its power of the purse to help local school systems which try to integrate their schools, sometimes at the cost of losing aid from their state governments. And it would like Washington to crack the financial whip by withholding aid from tax-supported schools and colleges which maintain a colour bar. One member of the six-man commission jibbed at this, on the reasonable ground that it would mean punishing the children for the sins of their fathers. Other, less controversial suggestions included one for a census, by race, of all students in tax-supported schools and another for special help for able members of minority groups.

If the President should decide to press some or all of these proposals on Congress next year, there is no doubt that he would have a battle royal with his southern wing; conceivably he might also jeopardise the new climate of opinion in the South which seems to be coming round, however slowly, to the view that it cannot go on resisting forever. A cheering evidence of this new mood is the election of a new and racially moderate Mayor in Atlanta, Georgia, as a successor to Mr Hartsfield, whose liberal leadership did so much to enable the city to take its first peaceful steps this autumn toward integration of its schools. Mr Allen, the Mayor-elect, won 63,500 votes in a run-off election compared with only 36,000 for his opponent, an outspoken advocate of racial segregation.

Teaching by Television



WASHINGTON, DC

Early this month some 43 million young Americans went back to school. Up to three million of these will receive a proportion of their regular teaching from a television screen, generally mounted shoulder-high in a corner of the classroom, with the "live" teacher standing by to provide explanations—and tests—afterwards. But though Educational Television—ETV for short—is growing like a mushroom and Congress has held extensive hearings on a Bill to provide federal grants to foster it, there is an almost complete dearth of statistics on how far it has penetrated the educational system. Nobody knows how many pupils look in on the television teachers, or for how much of their time. The United States Office of Education has no authority (or funds) to make a survey; and the state educational departments do not require returns from the local school boards.

The stations on the air know how many schools subscribe and how many of their children participate, but non-subscribing schools can, and do, tune in, though they do not get the special manuals and other aids supplied to subscribers. All that can be said with certainty is that 54 ETV stations are telecasting, with ten or twelve more shortly coming on the air, compared with one in 1954 (and a possible 268 if all the channels set aside by the Federal Communications Commission for non-commercial purposes were used). Perhaps 7,500 elementary schools and high schools in 26 states use ETV for parts of their curriculum—but the extent to which they do so varies enormously. (These figures omit the extensive use also being made of ETV for university purposes).

In seven years ETV has gone well beyond the experimental stage. It is used to instruct in almost every subject and is not confined to science teaching, where the element of visual demonstration has obvious relevance; this is often as far as television goes in European schools. In America it is used to teach languages, history, reading and "social studies" among other things; large claims are made for it—by enthusiasts, almost unbelievable claims. The primary object, which has been achieved in some areas, is to relieve the growing shortage of teachers, and more particularly the shortage of teachers in subjects like mathematics and science. But ETV is also a means of spreading the classroom impact of the inevitably small minority of outstanding teachers in all subjects.

The Ford Foundation has spent millions of dollars in studying this new educational tool, by far the most important of the many learning and teaching machines now being developed. The results of these experiments purport to show that the performance of pupils taught by television is as high, and in some instances higher, than those taught by conventional methods, and almost every subject in the curriculum is included. These results are hailed as particularly encouraging because they are based on what are still thought to be rather primitive uses of the new medium, which in the main copy the traditional classroom situation somewhat slavishly and have not yet begun to exploit either the vast bank of videotape and film records which will be built up or the full flexibility of the system.

Only a limited number of teachers have learned to make the best use of television. It is claimed that ETV permits teachers to plan courses more carefully and gives them more time to answer questions and to help individual pupils in trouble. More than this, it is claimed that in skilled hands ETV elicits a far more active approach by pupils than does a droning schoolmarm. They discuss, debate, and read up the subject more vigorously, they write better English, the school library is patronised more, not less. With enough ETV, it is predicted, the standards of American education, which have been under fire since 1957 (when the first sputnik was sent up), will rise rapidly.

Other great advantages are claimed. Ideally, the school using ETV will be built on the open plan; when the television programme is on, classes of 300 or more will look in, and then revert to smaller groups headed by live teachers. This will save both teachers and building costs, it is maintained. Nor need the school be dependent only on an outside educational programme: already about 150 schools or (as in South Carolina) groups of schools have closed circuit systems of their own; this of course is common in universities. School broadcasts are also expected to improve adult education, make instruction at home for incapacitated children easier and "enrich" the teaching of rural schools especially. The word "enrich" is ever on the tongue of the television-struck educationists.

The earlier opposition of teachers has faded; they now see in television a new expertise which, by raising their productivity, will also put up their wages in accordance with the economic pattern familiar in industry. They might be more Luddite-minded if they took seriously the dreams of some enthusiasts for "total television teaching," in which 40 teachers of genius would reach every school-child in the United States over a totally automated and centralised ETV. But this is still dismissed as science fiction—though it is interesting that the bitter opponents of federal aid to education, who argue that federal regimentation and thought-control of American youth would accompany the power of the purse, are perfectly happy to hand over that education to relatively large ETV authorities, many of them influenced by special interest groups.

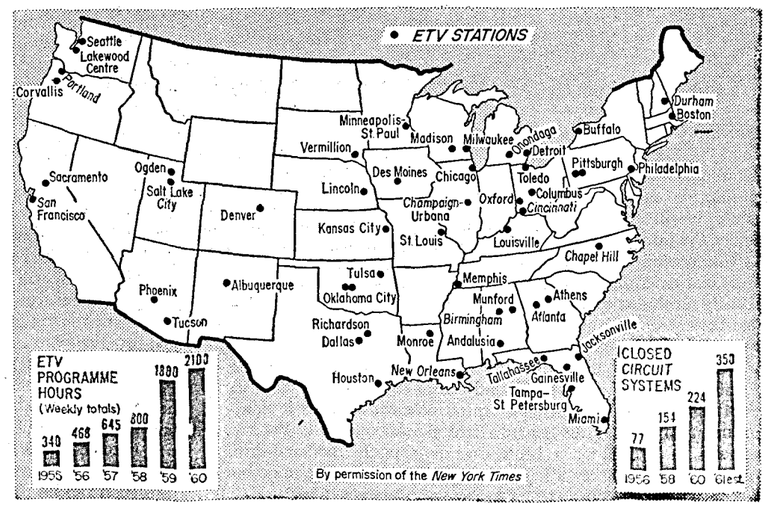
ETV may well modify the traditional American control of education by the local school board and parent-teachers associations. The Mid-West Airborne Television programme, for example, uses an aircraft to telecast schools programmes which are picked up in many counties of five states—Illinois, Michigan, Indiana, Ohio and Kentucky. Developments of this kind cannot fail to have a centralising effect. It will not be possible for local bodies to prescribe courses or even (as they sometimes do) textbooks; the trend will be to larger units. ETV may even ease, ultimately, the vexed issue of aid to education, bedevilled as it is by religion, as help to pay teachers' salaries becomes less urgent.

This, however, brings up the question of cost. The electronics industry, hungry for new orders, becomes understandably lyrical about the cheapness and economy of ETV and so do architects and the would-be builders of an entirely new type of television school. But few stations are yet financed adequately. A suitable station's capital cost was put in recent Senate hearings at about $500,000 and running costs would be from $100,000 to $200,000 a year. This is $5 a child in some areas.

The proposed ETV Bill would provide states with only about $1 million in federal aid over five years. Local borrowing would therefore be needed on a large scale. Moreover, such a station has limitations: as it can only telecast a single programme, it cannot cover a very wide part of a curriculum that must embrace all twelve forms. To widen this coverage, it is necessary to lay coaxial cables capable of transmitting six or more school courses simultaneously; such costly installations are needed if the full possibilities of ETV are to be exploited. Perhaps only if this is done will the drawbacks be fully realised.

Some educational bodies purchase time from commercial stations to telecast school courses, but normally a non-profitmaking association is set up, according to FCC requirements, to operate an ETV station. One third of existing ETV stations are owned by representatives of local community bodies, one third by universities and the rest by school systems or state commissions. Their income comes from private subscriptions, state grants and industrial endowments. The operating budgets of these associations now total $11.7 million a year.

The development of American ETV has gone far enough to justify an objective survey of its claims by European educational authorities for their own guidance. Nothing however can be taken for granted; too many vested interests are at work. Because there are in the United States few external examinations in the English or French sense, it is far from certain that the comparisons of ETV and classroom teaching have any general validity. There are signs that when television teaching takes more than a certain proportion of school time, children get tired of it. ETV has, furthermore, been introduced into an educational system in which 20 per cent of the teachers are untrained, and the training of the remainder is rather in methods and the psychology of child behaviour than in the subject-matter to be taught. It is hardly surprising that they welcome the aid of ETV or that the results apparently compare well with those of classroom teaching. But this may mean no more than that ETV is raising standards in schools (and in teacher training colleges) that many respected American educationists declare are still woefully low.



Push-button Pork

FROM A CORRESPONDENT IN DENVER

HAM and eggs are about to flow off the assembly line. Two large, well-financed and carefully-planned projects in Colorado are the newest outposts in the constant advance of automatic methods of producing food. Each is unique so far. Each means stiffer competition for the old-fashioned "dirt farmer."

At one the plan is ultimately to produce 1,200,000 hogs every year under completely regulated, germ-free conditions, from their conception to their slaughter. They will spend their whole lives without ever seeing the sun or sniffing fresh air, in an environment closely controlled to ward off disease and to promote growth. The Agricultural Research Development Corporation of Denver based this project on ten years of experiment by experts in animal husbandry who argued—and proved in their laboratories—that any means, however costly, of eliminating disease and dirt would be worth while because they take such toll of the profits of people who raise hogs by ordinary methods.

A windowless plant to apply these ideas is getting under way on the high plains 60 miles north-east of Denver. Here the pigs, produced by artificial insemination, taken from their mothers before natural birth and nurtured for their first four weeks in sterile incubators, are housed on concrete floors gently heated from below, in 12-pig "apartments" under conditions resembling those of luxury hotels—for hogs. They enjoy a uniform temperature of 70 degrees with humidity at 50 per cent, and eat a vitamin-rich diet designed to produce lean meat rather than fat.

The original producers chose their site in Colorado for a number of good reasons. Hogs had never been grown there, which reduces the chance of lingering infections, and the low humidity discourages such diseases as rhinitis and pneumonia. Finally, the state produces only about 40 per cent of the pork sold within its borders. But the corporation also sells franchises for the complete process—of



which two have already gone to large hog farms in the south-east—for $575,000 each. For this sum the corporation will provide the buildings, ranging from the nurseries to the farrowing and pork-production units, complete techniques and 1000 germ-free young sows. It will buy all the hogs produced and will market the meat under the trade name of "Hi-Lean," naturally at premium prices.

The second automated project is that of Gates Cyclo, Inc., a $500,000 enterprise designed to produce 80,000 eggs a day under equally revolutionary conditions. In even the most modern existing egg-battery operations, the attendant goes to the hens, which are housed in stationary cages. The new idea is to make machinery move the hens past the attendant. The unit is circular. A structure capable of housing several thousand hens, in individual cages seven tiers high, is suspended from a central pole which turns it slowly in merry-go round fashion past a central working-point. For two minutes in each hour a hen's cage is opposite food-and-drink troughs; for the other 58 minutes the hens have nothing to do but talk to their neighbours and lay eggs.

The eggs roll into a trough in front of the moving cages and the operator picks them off as they come by, using a ladder to reach the higher tiers. Droppings fall through the wire-mesh floors of the cages to pans underneath and are scraped off automatically. Nothing is wasted; the droppings are treated and sold as fertiliser. Sterile conditions are emphasised, though not as rigidly as in the pork plant; neither company encourages visitors. At night the whole business is turned off for 10 hours and left motionless and dark. A pandemonium of hungry cackles greets the morning light even though it is artificial.

The hens are specially-bred hybrid egg-layers and, when they cease to produce, are sold quickly for stewing. The plant, which is north-east of Denver, will house 100,000 hens who will, by past experience, produce 80,000 eggs a day to be cooled, cleaned, washed and sent to market. An experimental unit which has been in operation for over a year accommodated 5,000 hens. The commercial one will be even more automatic and eight of the huge merry-go-round cages will be in continuous production with a crew of only five men in all. The Gates Rubber Company, the sixth largest rubber company in the country, is supplying the capital for the mammoth egglayer, which can turn out top quality eggs much more cheaply than the older-type batteries that were already making competition harsh for the farmer who raises a few hundred hens as a sideline.

Ships in Conference

PROTESTS from a number of maritime countries, including Great Britain, have greeted the shipping Bill which Congress has just sent to the President. Its purpose is to legalise permanently the use of dual-rate contracts by shipping conferences. For forty years these conferences—voluntary groups of ocean carriers which serve common routes—have been setting rates and giving substantial discounts to shippers who guarantee to send all their goods, or a stated proportion of them, by steamship lines which are conference members. This system was endangered in 1958 when a decision of the Supreme Court suggested that it contravened the American anti-trust laws, but American shipping lines have had permission to participate in it under interim legislation. This authority expires on October 14th.

The objection of maritime countries is not to the underlying purpose of the measure, but to a provision which requires the Federal Martime Commission to disapprove any conference rate which is "so unreasonably high or low" as to be detrimental to American commerce. This is one of a number of efforts in the Bill to protect American shippers and independent shipping lines; for example, it requires that the spread between contract and non-contract rates may not exceed 15 per cent. But to the domestic critics of the Bill—and particularly to the Department of Justice—the fault of the measure is that it does not go far enough to curb alleged malpractices. The Bill originally passed by the House was much more severe but in the Senate three key anti-trust provisions were removed; so was another, which caused great indignation abroad, that called for the production of records from overseas.

A great deal will depend on how the Federal Maritime Commission administers the measure. If its interpretation leads it to far-reaching investigations of all rates, the maritime countries will feel that their protests were well founded. But those who suspect that the law is likely to be administered too much in American interests should consider the alternative: if the President, at the behest of the Bill's foreign and domestic critics vetoes, or simply fails to sign, the Bill American participants in shipping conferences will become vulnerable to court suits and the whole system of shipping conferences may be thrown into confusion until new legislation can be passed by Congress next year.

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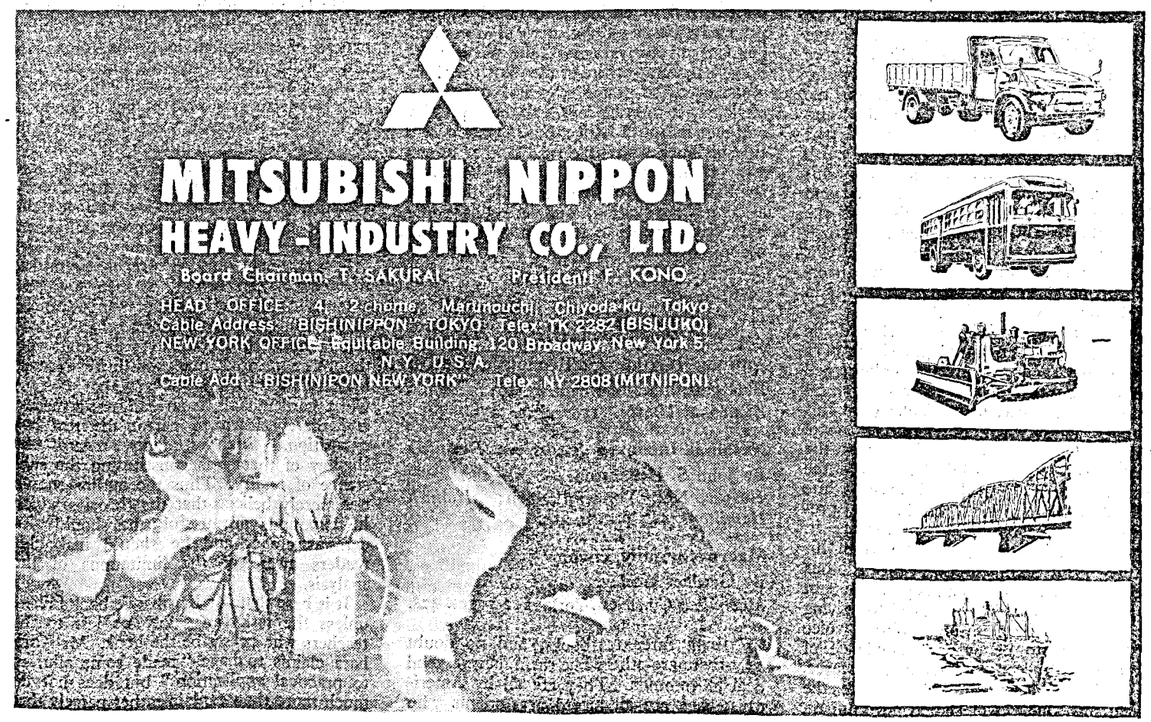
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ing that Spanish membership of Nato would make them work better. Two other arguments are mentioned: first, integration into Nato would make it unavoidable for the Spanish armed forces to be modernised and re-equipped, and might therefore oblige the European allies to share the cost of this modernisation.

Second, if there is a political liability attached to the alliance with Franco Spain, why should not the European members of the alliance, who share the benefits in security, share the political liability, too? Though forceful, these arguments are not calculated to be persuasive to Europeans. Mr Whitaker himself concludes:

> There is no convincing evidence that the present relationship, which is already complex enough, would be any more manageable if it were somehow handled through Nato channels.

Conscientious as his examination has been, it leaves no doubt where his own sympathies lie.

Dedicated Nonconformist

South Africa in my Time

By G. Heaton Nicholls.

Allen and Unwin. 491 pages. 45s.

The Road from Sharpeville

By Bernard Sachs.

Dobson. 190 pages. 18s.

FEW public careers have epitomised the basic dilemma of the Englishman who transplants himself to a multi-racial society quite as starkly as that of George Heaton Nicholls, a leading political figure in South Africa for a quarter of a century and one-time High Commissioner for the Union in London. Independent and strong-willed, Heaton Nicholls sought to be true to what he conceived to be the British political tradition. But to the end of his days, when he had become frustrated and disillusioned, he failed to realise that the best of the British tradition, that part which really matters in a multi-racial society, is ultimately irreconcilable with white overlordship or supremacy—what is known in South Africa as "baasskap."

And at heart Nicholls believed in "baasskap" and in apartheid, albeit of a benevolent and relatively enlightened variety. To that extent he was a typical white South African, particularly in his younger days when he wrote a novel "Bayete," the theme of which was the black peril. Thus, while he realised the terrible dangers of a clash between white and black nationalisms, he had no prescription for avoiding or preventing it. Similarly, while the apartheid part of his nature made him support the Riotous Assemblies Act when even his party thought fit to oppose it, he saw the need for giving the non-white peoples some political voice if there was to be even a semblance of government by consent. Again, however, he could not bring himself to face the logical consequences of shared government. Because he never really realised the nature of the dilemma in which his beliefs landed him, he thought of himself as a "doomed sponsor of lost causes." But that was incidental to his real failure. He was essentially a non-conforming English-speaking politician, who never quite understood the true nature of the South Africanism that ended in the country's attaining sovereign independence. To Nicholls, South Africa was always in a slightly subservient position to Britain, a belief that led him to argue, in August, 1939, that South Africa had no option but to declare war on Germany because Britain had done so, a point of view which nearly wrecked Smuts's plan to unseat Hertzog.

Moreover, he became obsessed with the idea that somehow or other Natal, because it was so British, could "go it alone," if necessary—a philosophy born of his conviction that federalism would solve some of South Africa's ills, as well it might if it had been applied in the right spirit at the right time.

"South Africa in my Time," in brief, is the story of a dedicated politician who never reached the top partly because he did not quite understand the forces he tried to harness, partly because he was not a willing conformer to the party line, and partly because, although he mellowed with time, broadened his perspective and deepened his sympathies, he never managed to be wholly in tune with the times or the needs of the moment.

Mr Bernard Sachs's book falls into a wholly different category. Sketchy and disjointed, it is a curious and largely superficial mixture of old and new, of views and opinions on many matters, the whole purporting to be a picture of the South African scene over the past fifty years. Mr Sachs obviously knows a good deal about politics and race in South Africa, but in spite of the title his book points the road neither to nor away from Sharpeville. It does, however, shed an odd ray of light here and there on a complex situation, and contains some interesting historical facts about the trade union movement and its role in politics.

Textbooks in Competition

National Income and Economic Growth

By Kenneth K. Kurihara.

Allen and Unwin. 176 pages. 25s.

National Income: *Statics and Dynamics*

By John S. Henderson.

Harper, New York. London: *Hamish Hamilton.* 447 pages. 46s.

Macroeconomic Theory

By Gardner Ackley.

Macmillan Co., New York. 612 pages. 42s.

THESE three textbooks, and no doubt there are others like them, have a good deal in common. They are all by Americans; they are all aimed at students who have already done some economics; they all cover both income and employment and growth theory; and they all contain a great deal of elementary algebra and diagrammatics. They are, in fact, competitive.

The shortest of the three, Mr Kurihara's book, covers the concept of national income, multipliers, super-multipliers, Harrod-Domar growth models and relatively little else. The exposition is almost entirely formal. Mr Ackley, on the other hand, has written a synthesis of most branches of macroeconomic theory that is literate as well as numerate and which contains a fair amount of empirical reference. Mr Henderson's book falls between the other two.

The utility of learning this kind of economic theory is not easy to assess because there are two quite different reasons for studying it. One is the extraordinary but undoubted fact that all but the very best students cannot use their first year theory until they have learned second and third year theory as well. For some reason the ability to see how and when the elementary principles of economics can be applied requires a certain amount of drilling in more advanced economic theory. Without such a training in rigorous and abstract thought, the elementary instruction that precedes it is of use only for passing examinations and leaves few traces of economic understanding. Thus model-building in economics plays the role which Latin or Euclidean geometry are said to play at school: that of training the mind.

One of the questions which the student of Mr Henderson's book is supposed to be able to answer runs as follows: "Find a pattern of investment in periods 0, 1 . . . which will cause income to assume alternate values of 1, — 1, 1, — 1, etc." This is about as relevant to economic policy as Latin is to hanging wallpaper. Yet if the student has exercised his mind on this kind of purely formal analysis, he will be better able to work out the simple economics of, say, subsidising the fishing industry than if he gave up economics after one year. Hence books like this have some point.

The authors would presumably claim that their exposition has more than a purely gymnastic value and that the more advanced theory is also worth studying because it too can be applied. Some of it can, it is true, though more often qualitatively than quantitatively. Yet there is a danger that students will regard models as an end, not a means, and merely learn to parrot the textbook exposition. Such students regard the shadow of theory as constituting the substance of reality. Thus the author should not merely believe that the theories which he expounds are useful; he should also demonstrate it and he should make his readers aware of the limitations of the analysis.

It is here that Mr Kurihara's book fails—unless the task can safely be left to the teachers who prescribe the book. Mr Kurihara claims to have "made some allusion to practical application" but does not do much more than explain rather naïvely that growth is desirable because of its implications for higher standards of living, greater distributive equity and world peace. Mr Henderson does better than this and Mr Ackley (who, after all, has written the longest book) does better still, since he has quite a long chapter on the empirical analysis of the consumption function and is much more down to earth on the subject of inflation. His book is, indeed, the most distinguished of the three: it is well-written; it has the necessary precision; and it brings in the contributions of many recent writings in the field.

Mother of Kings

A Pride of Lions: *A Portrait of Napoleon's Mother*

By Monica Stirling.

Collins. 319 pages. 28s.

THE interest of Miss Stirling's story is enhanced by a comprehensive bibliography, a generous display of illustrations and a genealogy of all Letizia Bonaparte's descendants. But her book is a collection of sketches rather than a portrait, and Madame Mère is too often lost in the crowd during the Consulate and Empire. She is more conspicuous in the prelude and epilogue to the Napoleonic drama; indeed, after the Emperor's death she was the most interesting relic of his reign.

His father Carlo, descended from immigrant Tuscan gentry, was an easy-going, financially feckless, lawyer, who till his death in 1785 represented the governing council of Corsica at Versailles. The shocking contrast between the extravagant brilliance of that court and the dreadful end of the monarchy may have prompted Letizia's repeated warnings to her children that their imperial prosperity was only "all right as long as it lasts." But did she utter other warnings which were ignored? She asserted that no one else had ever spanked so many future kings and princesses—but how effective was her influence in the days of their glory? For how long did she really try to upset Napoleon's first marriage? She seems to have welcomed the divorce that ended it. Indeed, her attitude to her children's marriages is represented as surprisingly flexible, considering the strength of her Corsican and Catholic upbringing. She appears to have been so blind to her son Lucien's political incompetence (emphasised in the Napoleonic correspondence recently edited by Mr. John Howard) as to believe that he could ensure a golden political future by divorcing his wife whom Napoleon disliked. And her dismay at the Duc d'Enghien's kidnapping and execution was Corsican rather than Christian—she feared a vendetta. Miss Stirling cannot be blamed for not explaining her primative heroine's feelings and motives; but if she had presented more of Letizia and less of her life and times, her readers might be able to decide whether Madame Mère was interested in anything beyond the material welfare of her family.

Letizia lived in Rome for fifteen years after Napoleon's death in 1821. Any hopes she cherished of a Bonapartist restoration died with "L'Aiglon" in 1832, and she urged those of her children who had not predeceased her to keep out of conspiracies. But her spirit remained unshaken and her pride never bent: she refused compensation belatedly offered for the financial promises broken by the restored monarchy—Bonapartes would not accept charity from Bourbons. In fact they did not need to; her own financial success, unexplained in this book, was astonishing. Apparently it was also infectious; as she lay dying in 1836 her porter admitted the public to her room, where they could look at her through a screen. He charged a small entrance fee; but no doubt it was worth it. For was she not the mother of kings?

Vanished World

City of Lingering Splendour

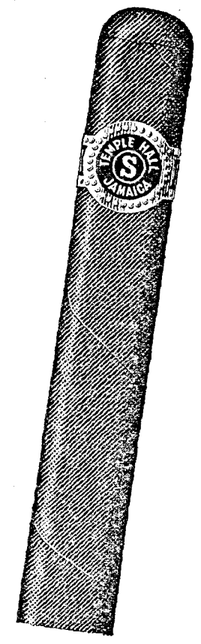
By John Blofeld.

Hutchinson. 253 pages. 30s.

JOHN BLOFELD fell in love with a city and this book is his account of the affair. The City was Peking as it was in the mid-thirties, when the magnificence of the former imperial court was already only a memory, but traditional ways of life still prevailed, not yet obliterated by eight years of Japanese occupation and successive "liberations" by the Kuomintang and the *Palu* (the communists). Mr Blofeld returned to Peking after the end of the Pacific war, but it was already a different world, and he left before the entry of the communists, because, as he puts it, "during a civil war, when child turns against father and brother pits himself against brother, if a man is lucky enough to be a foreigner, with somewhere else in the world to go, it is wiser to go without much delay." He did not, however, go very far; he now teaches at the Chulalongkorn University in Bangkok, where he is still near the country from which he is, in a sense, an exile.

In the eighteenth and early nineteenth century the literary and aesthetic culture of China had two centres: one at Peking in the north—which was also the seat of the central government—and the other at Nanking and Soochow in the south. The latter never recovered from the devastations of the Taiping rebellion, but Peking continued to be the stronghold of traditional Chinese civilisation until the end of the monarchy in 1912, and still retained a special metropolitan dignity and pride even after the Kuomintang in 1928 had transferred the capital to Nanking and reduced Peking formally to the status of a provincial town. The next few years were indeed a time of "lingering splendour"; they were the last in which a foreigner could make contact with the living tradition of the Chinese *ancien régime,* and

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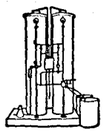
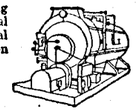
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he could do so perhaps better than in any previous period, since entry into Chinese society had become less difficult for him than ever before.

Mr Blofeld had already lived in south China and acquired a knowledge of the Chinese language before he came to Peking at the age of twenty-two. His enjoyment of the city's charms was enthusiastic and uninhibited, and his range of interests and friendships extended from a Taoist hermit, who discoursed on the philosophy of Lao-tsu, to the "willow-lanes," which were such an essential part of the old Far Eastern civilisation. He was not unaware of the poverty and corruption that lay at the back of this fascinating life, and he was not unsympathetic to the social consciences of the rising generation of Chinese students, but he asks "how many youths, magically transported through space and time to Renaissance Italy, would forgo the pleasures offered by wealthy or learned Florentines out of sympathy for the poor at their gates?" We may be glad that the author adopted this attitude; for New China is always with us, but he has recorded in a lively and readable piece of autobiography an experience of a world that has now irrevocably passed away.

When Mao was Young

Mao Tse-tung and I Were Beggars

By Siao-Yu.

Hutchinson. 276 pages. 30s.

When Mao Tse-tung was fourteen or fifteen, he had grown tall and strong, and his father put him to work carrying baskets of manure across the fields. Mao was more interested in reading, an activity of which his father disapproved. The future chairman of the Chinese People's Republic found a way to please his father while pursuing his private interests that would not be tolerated in a communist society. He found out that his father considered a good day's work would consist of filling and hauling fifteen or twenty of the heavy baskets and that he could accomplish this task (it would be called a "quota" or a "norm" in Mao's republic) in half a day and spend the rest of it reading.

In those days, writes Siao-Yu, Mao knew few characters; but he could decipher enough of them to get the general meaning of the books to which he had access, which appear to have been mainly stories of bandits. The two men met shortly after at school in Changsha. It was in 1912, a year after the overthrow of the Manchu dynasty. Later still, they marched the countryside together, begging their way and providing Mr Siao with the title for this agreeable and highly readable book of reminiscences.

Mr Siao records—perhaps apocryphally, although he boasts of an unerring memory—that on one occasion an educated Chinese lady "read" their faces and said of Mao that he could become a great officer, a prime minister or a great bandit chief. She added

that he was audacious, ambitious and unsentimental and could kill ten thousand or even a hundred thousand people without turning a hair. Mr Siao, however, evidently neglected to pass this vital information on to Marshal Chiang Kai-shek.

He takes his narrative up to the early twenties, when he was serving the Kuomintang and Mao the newly founded Chinese Communist party, with which the Kuomintang had formed a tactical alliance that its leaders were later bitterly to regret.

Mr Lin Yutang, in a foreword, vouches for the authenticity of the account and remarks that it takes a Hunanese to write about another Hunanese. With its delicate illustrations by the author's brush, it is a work of charm rather than erudition. There are useful historical notes by Dr Robert C. North.

Zionism at Large

The Idea of the Jewish State

By Ben Halpern.

Harvard University Press. London: *Oxford University Press.* 509 pages. 48s.

The author's aim in this substantial work, meticulously written and closely reasoned, is to present

> a systematic explanation . . . of the development of the idea of the Jewish State from a vaguely defined *aspiration towards national* sovereignty, pursued by an ideological movement, to the achievement of statehood and the exercise of sovereignty by representative national institutions.

This volume of 500 pages is, we are told, the first half of a planned two-part study of Israel, and it consists of three parts—"Zionism: Background and Description," "Zionism and World Jewry," "Zionism and the International Community." Probably only a Jew could possess the requisite familiarity with and understanding of the background to deal satisfactorily with the subject-matter of the first two parts and it may be said at once that these chapters could scarcely be bettered. The principles that had kept the Jews of the Diaspora together in the centuries before their emancipation; the varied threads and strands—racial, sentimental, cultural, then political and nationalistic—that were woven into the fabric of Zionism and ultimately into that of the state of Israel—all are analysed with a lucidity of exposition derived from intimacy with the many streams of Jewish thought that no Gentile could have acquired.

The author considers philosophically the divergence between traditionalist and assimilationist Jews; the not always parallel aspirations of the protagonists of Zionism; the aims of Theodor Herzl, who was primarily concerned with finding a way to relieve the plight of Jews living in countries where they suffered disabilities; the views of Asher Ginzberg, who favoured a nationalist movement pledged to revive a secular Jewish culture through the medium of a revised Hebrew language; the effective revival of Hebrew as the national language against the opposition of the ultra-Orthodox, who regarded it as the sacred tongue of Jehovah not to be defiled by *mundane use. All these matters are objectively* and clearly treated.

The third part, on the other hand, raises serious doubts whether the earnest and industrious dissecter, the patient analyst, the philosophical examiner of the Jewish trends and movements that produced Zionism and ultimately the state of Israel is equally well qualified to deal with the politics—international, inter-racial and local—of the Palestine of the mandate. His absorption with the movements and stresses of Jewry seems to tell against his being able to describe with the same objectivity the Arabs' objection to the policy of the Jewish National Home and to understand the mandatory government's approach to the problem of administering Palestine under the terms of the mandate.

It is not so much that Mr Halpern writes, as many Zionist polemical writers have done, as an avowed partisan; it is that this serious Jewish student is just out of his depth where the feelings of the Palestinian Arabs were concerned when faced with their dispossession by the establishment of a national home for another race—a race, moreover, which they recognised as a more dynamic one—in the small land that had been theirs for thirteen centuries. For the Arabs of Palestine realised from the outset that the Jews would not—indeed, could not—stop short of "*a* National Home *in* Palestine" despite the earlier lip-service of Dr Weizmann and the other Zionist leaders to the two-fold obligations of the Balfour Declaration. His attitude, surprisingly naïve in so clear-headed an exponent of purely Jewish topics, is shown, for example, on page 201, where he says that the 1930 British White Paper's contention that the protection of Arab interests was also among the mandatory's duties was one to which "not only the Zionist but the non-Zionist leaders of the Jewish Agency reacted with shock and outrage." Equally blind to the *realities of the situation* is his reference on page 331 to "Britain's set policy of keeping Abdullah on one side of the Jordan and the Zionists on the other." As if, but for a "set policy" on the part of Great Britain, Abdullah and his Arabs would have welcomed the application of the policy of the Jewish National Home to the then Trans-Jordan.

The book contains, as one would expect, a good bibliography, at all events, on the Jewish aspects of the subject-matter.

OTHER BOOKS

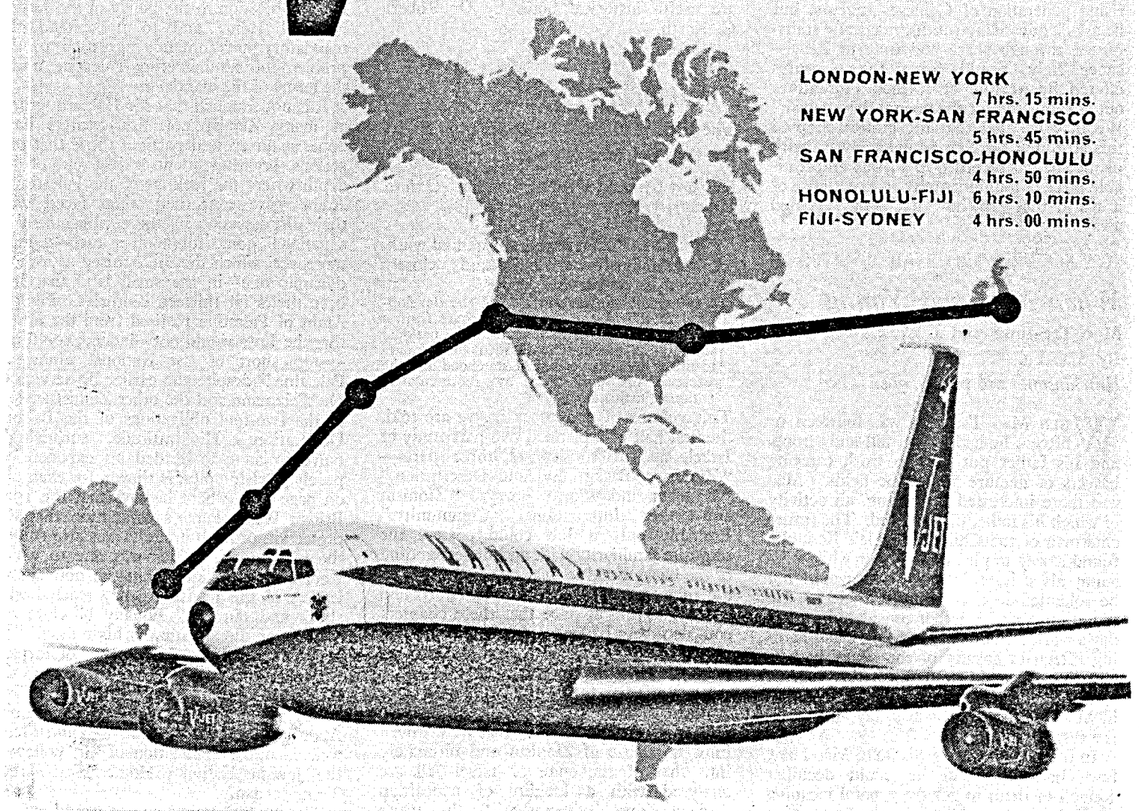
GUIDE TO COMPANY BALANCE SHEETS AND PROFIT AND LOSS ACCOUNTS. By Frank H. Jones. 5th edition. *Heffer.* 601 pages. 55s.

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THE WORLD OVERSEAS

The United Nations Gropes for Hope

FROM OUR SPECIAL CORRESPONDENT IN NEW YORK

"We are probably in a period of the carrot but will get the stick again damned soon," a western diplomat attending the United Nations remarked this week with reference to he wave of sweetness and light on the Moscow front, where Mr Khrushchev has been saying amiable things about the Pope and reassuring things to M. Spaak. The words were scarcely out of the diplomat's mouth when Mr Gromyko followed President Kennedy to the Assembly's marble rostrum to accuse the American President of sabre-rattling and "spouting threats." He also heaped abuse on west Berlin as a cesspool of criminal subversives and militarist mobs.

Yet it seems tolerably sure that in his queer Soviet way Mr Gromyko was not really shaking a fistful of big sticks but was actually whirling a small carrot. Whether the brandished vegetable is acceptable to the West remains to be seen. After two Gromyko-Rusk meetings it is still murkily unclear how the "solemn Soviet obligation" to protect and respect the freedom, independence and rights of west Berlin, reiterated by Mr Gromyko, is meant to be reconciled with the "unqualified respect for the sovereignty of the German Democratic Republic with whom appropriate agreements on the use of communications must be concluded" that is also insisted on by Mr Gromyko. But now that America and Russia have extended their respective olive branches, even though vased in atomic bazookas, simultaneous incineration over Berlin appears more unlikely. Mr Gromyko thought poorly of Mr Kennedy's disarmament plan, but even in this mazy labyrinth there is now the thread of agreement in principle on "general and complete" disarmament, with the UN perhaps playing a significant role when and if it comes to stage-by-stage implementation.

Meanwhile, the international organisation is still striving to work up courage to cope with its own grave problems. The box-shaped glasshouse on New York's East 42nd Street outwardly clicks as briskly as when Mr Hammarskjöld was alive. But even the bands of daily tourists know that it is now a Rupert's drop that one more shock could irretrievably shatter. Lord Home, in his speech to the Assembly this week, in effect asked why the UN seemed to have reached a parting of the ways and why it was in danger of not working any more. He did not think it was all the fault of the Russians, even though he sharply accused them of a "deliberate deception" and double dealing. The Foreign Secretary suspects there is in the UN a double standard that applies one rule to the communists and another less favourable one to the western democracies. The prime example, though Lord Home did not give it, was the speech by Ghana's foreign minister, who said that his country considered it "unfortunate that the Soviet Union should have found it necessary to resume nuclear testing and thus give the United States the opportunity or pretext" to resume testing also. He added that it was "not really important" whether nuclear weapons were tested in the atmosphere or underground. Other "neutral" delegations, while listening delightedly to Mr Gromyko's clear clarion call for the "final and universal elimination of colonialism" by the end of next year, have been overheard taking Mr Kennedy to task for his trouncing of Soviet-style colonialism. They do not, at least in private conversation, deny that it is evil. But they say impatiently that to keep on reminding people that it exists is just reviving the cold war and the old, happily abandoned, Dulles "intransigence."

Some who have hitherto championed the United Nations, for instance Senator Fulbright, have recently tended to reel back aghast from the prospect of an enfeebled United Nations being led around by the nose by Russia (and communist China) and have taken to dreaming of some new, more virile, "concert of free nations." But it is really unlikely that the 100 members of the UN are about to become convicts daily marching docilely around a troika exercise ground. To the contrary, the neutrals increasingly act as if they held the balance of power in the Assembly and enjoyed the feel of it. And on the basic issues it is probably Russia, not the West, that has some reason to fear the neutrals' power, as distinct from their sometimes spiteful words. That of course is why Russia is so anxious to have a troika. It is also the reason why the neutrals dislike the troika as they quite obviously do. And the more active a part a nation is playing in UN affairs, the more unpalatable the troika apparently becomes.

No member is more anxious than India to achieve a compromise solution to the secretary-generalship that will be acceptable to both East and West and will therefore enable the UN to get on with its work. But India does not want its Congo force to be paralysed by someone else's veto. The British viewpoint is that to underpin the secretary-general with advisers, or have a geographical basis for the distribution of posts, is acceptable provided they are all genuine international civil servants and not just agents of their respective governments; this is not far from Indian thinking.

On the other hand, the best riposte to the Russians may not be a naïve attempt at one-upmanship, taking the form of the Assembly selecting (as it is believed to have authority to do) a "temporary" or "interim" secretary-general, then keeping him on indefinitely by successive Assembly resolutions like a comic postman in a *Punch* cartoon ("here for thirty years but no uniform, being only temporary"). A real solution must be found and fairly soon, for while Mr Hammarskjöld's three main political deputies (an American negro, an Indian and a Russian) are working amicably together, and the heads of departments are loyally continuing with their routine tasks, everyone knows that this "sub-troika" is inadequate for any major policy decision that may be required. Fortunately, Mr Gromyko did not slam the door shut on a "provisional solution" of this, any more than of the Berlin problem.

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FROM OUR BONN CORRESPONDENT

The suspicion that, for the sake of a deal in Berlin, the Federal Republic's allies may be about to withdraw their support for German national interests elsewhere, has appreciably sobered the post-election coalition manoeuvring in Bonn. The desirability of a "government of national concentration" is being disputed much less this week than it was last, though the three parties concerned are no nearer agreement as to who the head of any such government ought to be.

Oddly, it is the man sent by President Kennedy expressly to raise morale in Berlin who has shaken it throughout western Germany. Not that Herr von Brentano had not returned from the foreign ministers' conference in Washington without disquieting news for the ears of the federal cabinet. But General Clay's hint to journalists three days after his arrival in Berlin that the allies were preparing to recognise east Germany *de facto*, and that west Germany should be ready to do more or less likewise and renounce the eastern territories—and perhaps atomic arms—into the bargain, has provoked a searching public reappraisal of foreign policy and of the trustworthiness of foreign friends. *Bild Zeitung*, the excitable daily with the largest number of readers in west Germany, came out with the banner headline, "Is Germany Being Sold?". An accompanying editorial, framed in red, warned the Americans not to gamble with the good faith of the German people.

Mr Kennedy made some amends in his address to the United Nations. As soon as the reels could be flown over and a synchronised translation arranged, a film of the President speaking at the rostrum was shown over the west German television network. Mr Kennedy's withering reference to the east German regime as a wholly Soviet creation was duly appreciated, and his assurances on Berlin were welcomed. But the President, it has been noted, did not deny outright that the western allies had reached the conclusion that it might be necessary to recognise east Germany *de facto* and the Oder-Neisse line *de jure*. And what is aggravating German uneasiness is the accompaniment in the West, increasingly loud, of unofficial voices descanting that, the Germans being the unregenerates they are, it is probably a "good thing" that they should be kept divided, and that anyway they have only themselves to blame. The resolution of the Liberal party conference at Edinburgh last week, recommending *de facto* recognition of east Germany, has been felt as a particularly cruel betrayal of principle and promise. Herr Mende, the chairman of the Free Democrats, whose two delegates walked out of the Edinburgh conference in protest, has since written to Mr Grimond inviting the Liberal leaders to come out to Bonn and Berlin to inform themselves at first hand.

When the spree is over and it is time to pay, a Spanish host may call for "la dolorosa." To the Germans, after years of procrastination, it seems that the dolorous moment has incredibly arrived when they have to pay the remainder of the bill for their extravagances under Hitler. They are beginning to understand that it is going to be steeper than they have been encouraged to hope over the past ten misleadingly comfortable years—that it will run, that is to say, to indefinite partition and permanent loss of the eastern territories. This bitter perception has strengthened the demand of the Social Democrats for a government drawn from all the parties in order that responsibility should be shared for tackling the national problems that would arise when such a bill was formally presented —and after it had been paid.

DR ADENAUER, who has been having "some little local difficulties" since he lost his absolute majority in the Bundestag, now sees it as a heaven-sent advantage to be able to let the Christian Democrats share with others the unpleasant decisions that will probably have to be made during the coming months. The Free Democrats, with whom Dr Adenauer had hoped to do business, are awkwardly continuing to insist that they will not serve in a government of which he is the head. Swallowing his hard words concerning "Herr Brandt alias Frahm" and Herr Wehner (a former communist), Dr Adenauer this week invited the two socialist leaders along with their party chairman, Herr Ollenhauer, for a heart-to-heart on foreign policy. No more than that, it has been repeatedly explained, and there is good reason for believing that such is the truth. But to Dr Adenauer this unusually magnanimous exchange of information and views had at least a two-fold party-political purpose. One was to fire a warning shot across the bows of the disrespectfully manoeuvring Free Democrats, the other was to begin to smooth the way for a coalition with the Social Democrats should it be necessary.

After all that was said during the election campaign there is something grotesque in the prospect of the Christian Democrats and the Social Democrats settling down to work together. It is not Dr Adenauer alone who has to eat his words. Herr Brandt, for instance, who only a few weeks ago was protesting that "the old man can no longer grasp the situation," is now saying that it is of secondary importance to the Social Democrats who the head of a "government of concentration" might be.

But the bulk of the Christian Democratic Union, and the whole of its affiliated Bavarian wing, the Christian Social Union, seem to be in no mood yet to encourage Dr Adenauer to court the Social Democrats any further. Meeting in Bonn on Wednesday, the twin parliamentary parties commissioned their respective chairmen, Dr Adenauer and the defence minister, Herr Strauss, to open negotiations with the Free Democrats with the object of forming a coalition government. In the same breath they "unanimously" asked Dr Adenauer to be ready to stand once again for the chancellorship. The Free Democrats know too much to be impressed by this vaunted "unanimity." Indeed, they maintain that they are being privately exhorted by individual Christian Democrat deputies to stand firm—"or we shall never get rid of the old man." Yet there are signs—so strong is the demand for a stable government—that Herr Mende may be persuaded by influential followers, notably in industry, to tolerate Dr Adenauer at any rate for a precisely limited period. Herr Erhard, who would be an acceptable Chancellor to the Free Democrats and himself is smarting under Dr Adenauer's constant impugnment of his authority, continues discreetly to hold his tongue. No one has yet been able to convince the 85-year-old Chancellor that it does not say much for his work and providence if, after twelve years in office, he is still the only west German statesman who can be trusted at the head of public affairs.

A Tale of Three Cities

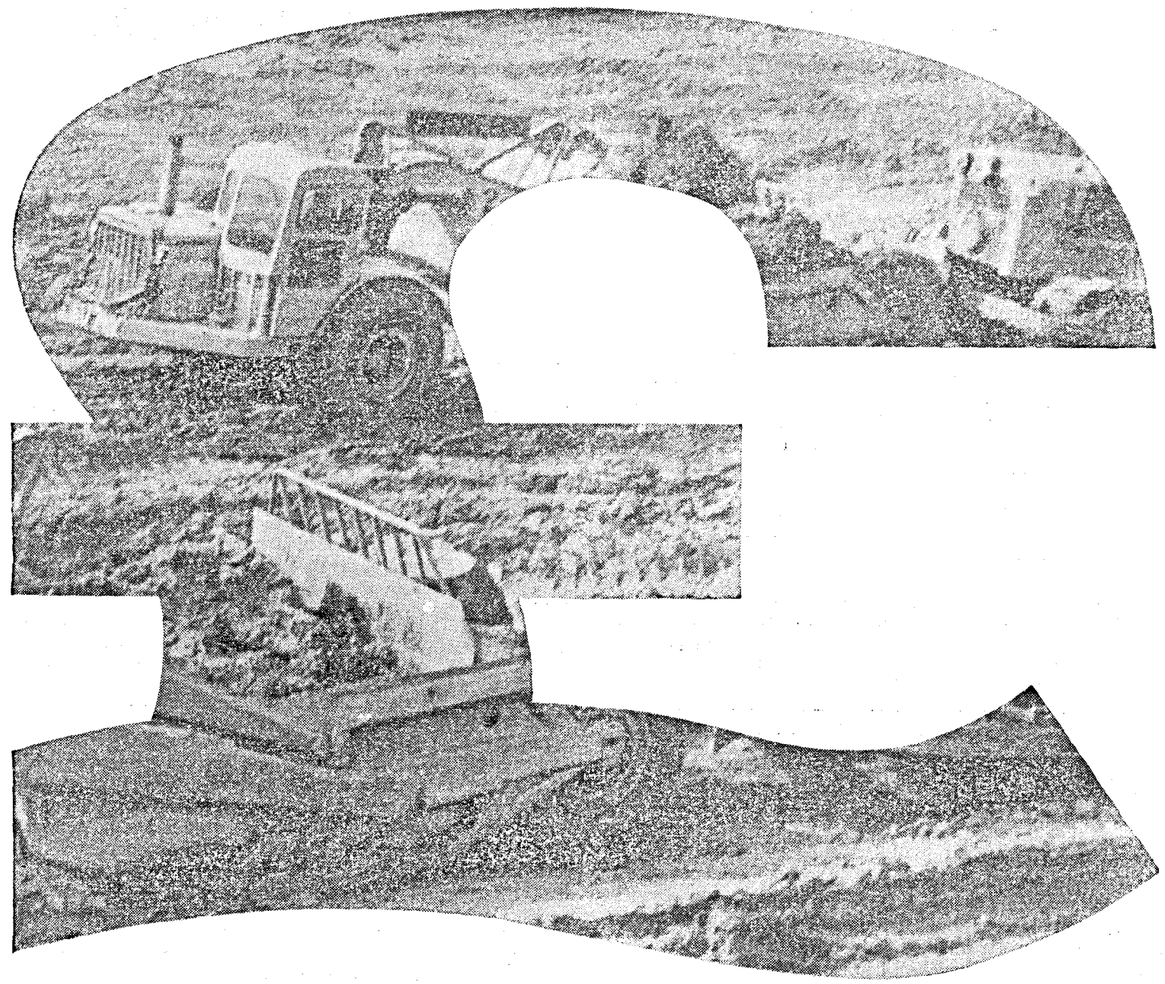
FROM A SPECIAL CORRESPONDENT IN LEOPOLDVILLE

AFTER the disastrous events of the last two weeks in the Congo, a flicker of hope has just emerged in Mr Tshombe's appeal to Mr Adoula to meet him with the minimum delay on neutral ground to try and settle their differences. Should this meeting really take place, Mr Adoula may be as happy as anyone, for his leadership has been considerably embarrassed, first by Mr Tshombe's stubborn refusal to co-operate with him, and secondly by the failure of the UN to defeat the Katanga gendarmerie under General Muke.

By declining to participate in the parliamentary reunion at Lovanium last month, when the new central government was created, Mr Tshombe forced Mr Adoula into a greater dependence than either of them would have wished upon Mr Gizenga's Stanleyville group. And in the aftermath of the United Nations' failure to bring Mr Tshombe to heel, Mr Gizenga and his colleagues, no doubt encouraged by the reappearance in Leopoldville of Soviet block diplomats for the first time in twelve months, have forced Mr Adoula in their turn to take a more belligerently anti-imperialist line than the facts along would warrant.

With his talk of the machinations of international capitalism in Katanga, his hints of British complicity in the "murder" of Mr Hammarskjöld and his suggestions of independent military action against Mr Tshombe, Mr Adoula has drawn the teeth of the Gizengist faction for the moment. But if Mr Tshombe should refuse to abandon any of his claims for the independence of Katanga, Mr Gizenga will certainly return to the attack.

So far, in spite of reports of troop movements to Luluabourg—and the discredited claim of Radio Katanga that Russian Ilyushins



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Three, three the rivals—Generals Mobutu, Lundula and Muke

have arrived at Stanleyville again to help mount an attack upon Mr Tshombe—there is no evidence that the Congolese army, either in Stanleyville or Leopoldville, is ready for a serious military operation against Katanga. General Mobutu, the Congolese army commander-in-chief in Leopoldville, is known to be against it; and probably neither he nor General Lundula, Mr Gizenga's military man in Stanleyville, is in a position to undertake such an attack at all without outside help. Mr Gizenga may be ready to call in the Russians again, as Mr Lumumba did last year, but he would then risk antagonising the United Nations and also provoking General Mobutu into another preventive coup. This would take us back to square one with a vengeance, and probably even the Russians are unwilling to take their chance on that. Mr Adoula, on the other hand, can hardly look for help outside the United Nations, and this has become less likely now than it was up to a week ago, since the UN command seems to have completed a somersault over the Katanga affair. We are now told by every United Nations spokesman that the Katanga fighting was not an all-out effort to end Katanga's secession; it was just an attempt to expel the remaining mercenaries under the February resolution.

In the event, the cease-fire was signed after much bloodshed, with heightened feelings on all sides, and with neither Katanga's mercenaries expelled nor its secession ended. It looks in Leopoldville as if the UN has been forced back to Mr Hammarskjöld's original policy of strict non-intervention in political affairs modified only by the terms of the February resolution. Understandably, Mr Tshombe is cock-a-hoop and Mr Adoula is dejected, and in common logic Mr Tshombe ought now to be dictating his own terms. Probably he will still try to do so, but there are other factors which may yet persuade him to a reappraisal.

Mr Tshombe's diplomatic isolation is as complete as ever. His troops have taken a savage walloping and may be nervous about enduring another—especially when they know that next time, if there is one, the United Nations will command the sky with its new jet fighters from India, Ethiopia and Sweden. The British, whose role in this affair has excited bitter and, in some people's view, scarcely merited comment among UN officials here, are certainly using what influence they have with Mr Tshombe to induce him to moderate his stand, and President Kennedy's speech to the United Nations on Monday may have caused even the Belgians and the French to think twice about the extent to which they will support the Katanga leader in the future. And finally there is Mr Adoula, still apparently ready for conciliation and still threatened by Mr Gizenga, who is Mr Tshombe's enemy, too.

In this three-cornered battle between Leopoldville, Stanleyville and Elisabethville there will be no swift victories and perhaps no victories at all. Past experience of the Congo has shown that chickens can scarcely be counted even after they seem to be hatched. But equally it has revealed that all hope is never lost. What is needed now is the same as before—cool heads and practical hands and a determination not to put hopes too high or let despair become overwhelming. Those who succumb to such passions here are just wasting their emotional resources.

Handicap Stakes for the Soviet Union

ORDINARY Russians are now mainly concerned with the gathering storm. But foreign affairs will not dominate the 22nd party congress which is to open in Moscow on October 17th. Apart from changes in the party statutes, the main item on the agenda is Mr Khrushchev's twenty years' programme, with its emphasis on economic change. "The transition to communism" will be the congress's chief slogan and it will, naturally, be coupled with the better known pet phrase about "catching and overtaking the United States." On the eve of the congress, and with the help of an article in *Voprosy Ekonomiki* by the well-known Soviet economist, Mr A. Notkin, it is, therefore, worth while seeing how the Russians view their position and chances in this economic race.

Mr Notkin, while optimistic about the future, is fairly sober in his assessment of the current balance. He admits that Russia now lags behind the West, but couples this admission with two points that can be legitimately made. One is that output per head should not be confused with total production. The latter is the yardstick of economic power and by this measurement the Soviet Union is second to none but the United States. His second point is that Russia's lag in production and productivity behind the United States does not justify the theory that the fast rate of growth of the Soviet economy can be explained only by its backwardness. British, French or German productivity is also much lower than the American, yet the economies of those countries are not being described as backward.

According to Mr Notkin, Soviet national income in 1959 amounted to nearly half the American level; income per head, thus, came to roughly 40 per cent of the American level. Soviet industrial output in 1960 is put by Mr Notkin at over half the United States production (the usual Soviet claim is that it reached 60 per cent of American output), at three times the British and four to five times the French level. Comparison per head of population is much less favourable, as is shown by the author's own statistics quoted below. Even in basic production, the Soviet Union lags not only behind the United States but behind the industrial nations of western Europe as well. The differences would be more striking if the table covered more items of light industry and, particularly, durable consumer goods.

Agricultural comparisons are even more difficult, since bread and potatoes still play a much bigger part in the Russian diet than in, say, the American or British. Mr Notkin estimates that Soviet farm output is about 20 to 25 per cent lower than the American, and per head of population it is 30 per cent lower. Russia falls behind most in the production of maize, cotton, fruit, vegetables, eggs and meat. Indeed, it is admitted that American output of meat per head of population is 2.3 times higher than the Soviet. The most striking feature of Soviet agriculture, however, is the

SOVIET OUTPUT PER HEAD (1960)
As percentage of level in Western countries (*):—

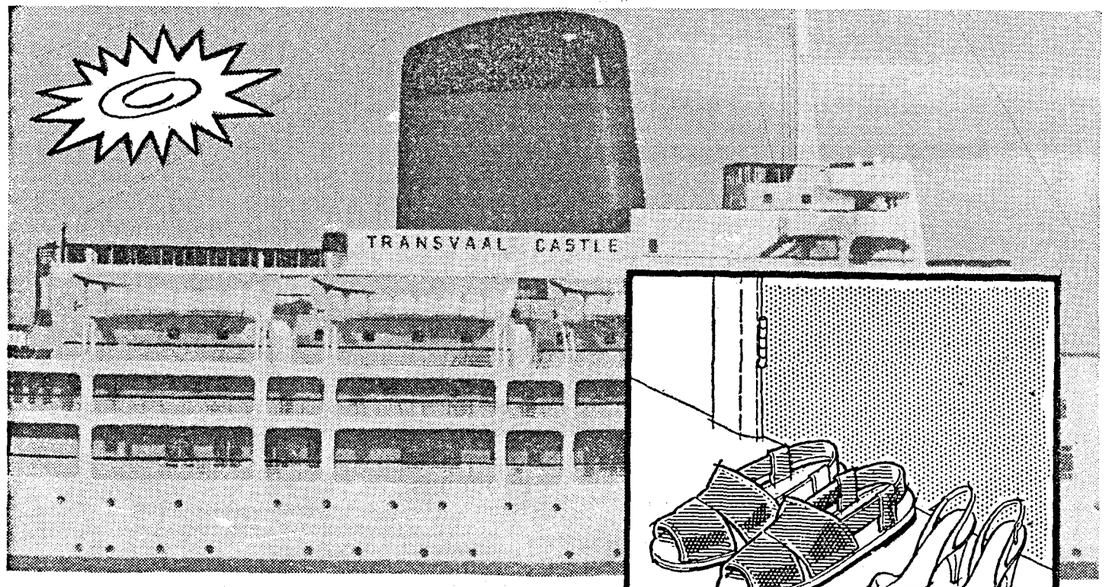
	USA	UK	W. Germany	France
Crude steel	61	72	57	84
Coal, oil and gas (†)	46	73	104	218
Of which :—				
Coal‡	97	52	70	158
Oil	36	...	...	...
Gas	12 (‡)	71	255	145
Electric power	27	54	62	82
Cement	72	75	40	58
Artificial fibres	23	19	16	27
Cotton fabrics	51	99	92	84
Woollen fabrics	107	35	67	56
Leather shoes	51 (‡)	69 (§)	115 (§)	108 (§)
Granulated sugar	212	205	121	131

(*) In 1960 for USA and in 1959 for remaining countries. (†) In hard coal equivalent. (‡) 1959. (§) 1958.

Source: *Voprosy Ekonomiki.*

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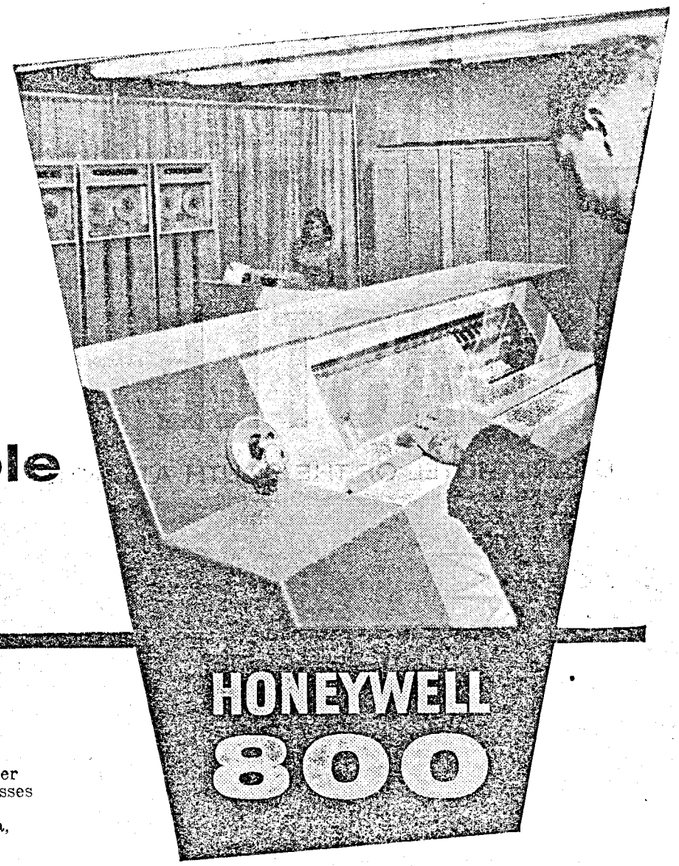
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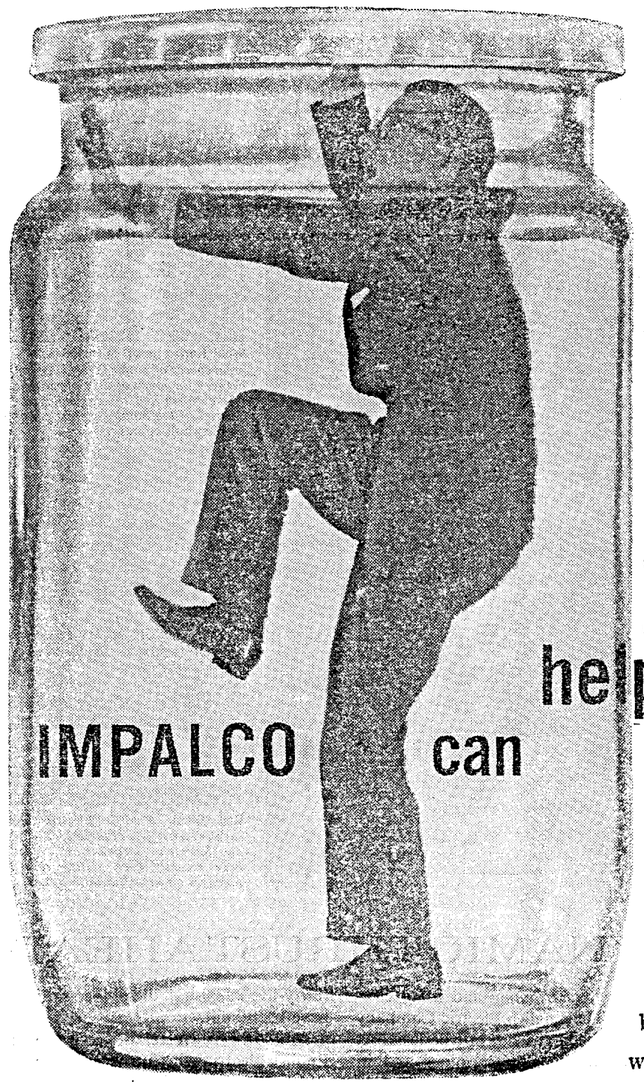
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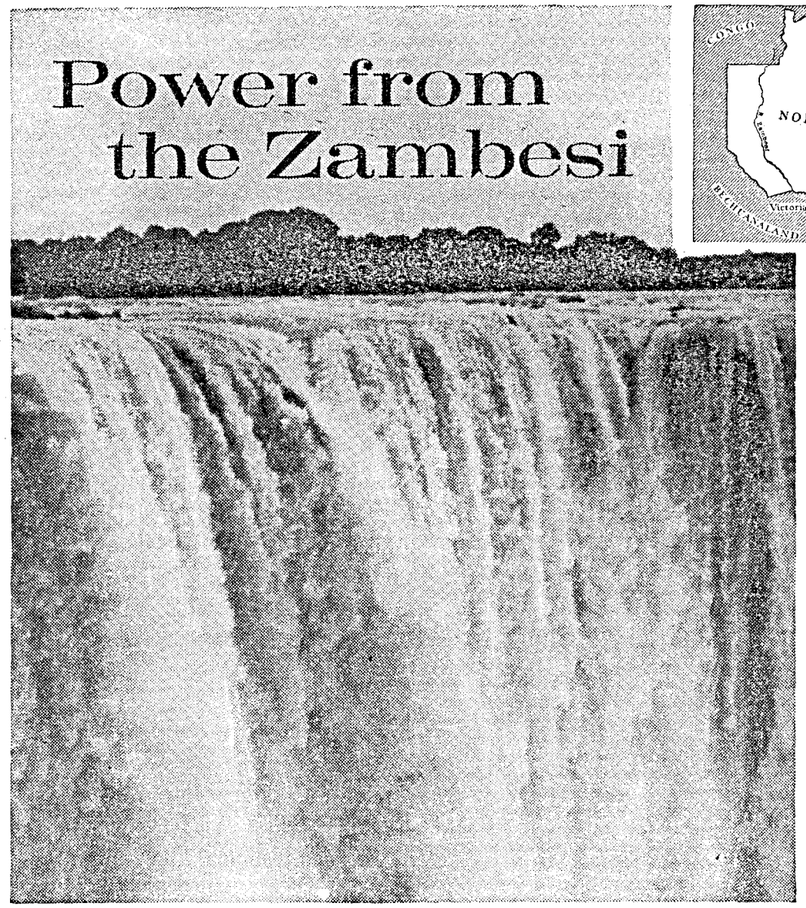
help you out

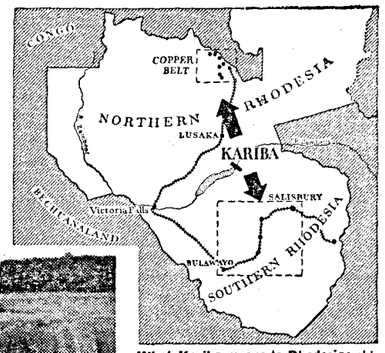
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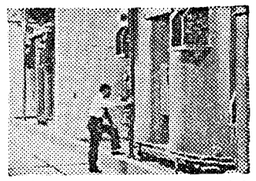
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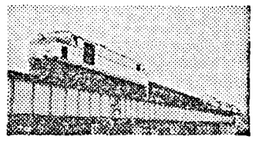




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THE BUSINESS WORLD

Half Measures at Vienna

For a conference that was intended to put an end to uncertainty, the Vienna meeting of the International Monetary Fund was dangerously inconclusive. Admittedly, Dr Jacobsson was able to declare that he had secured a go-ahead from all the countries concerned for a detailed formulation of his plan for supplementing the resources of the Fund by borrowing from creditor countries. In form, he can point to agreement *en principe*; but no one who witnessed the strong positions taken against the original proposals and who felt the undercurrent of hostility in some quarters would put too much store by that.

The original plan was to arrange a line of firm commitments, subject to proper consultations, for loans by creditor countries to reinforce the IMF as a whole. This has now been dropped. At the instigation of France, the Netherlands and Belgium it has been amended at two important points. In the first place, it now seems certain that the creditors will exert a control over the calling of the credits additional to their normal influence over any operation by the Fund involving their currency. Secondly, the agreed credit lines are to be designed not for general use by the Fund but for the specific and limited purposes of meeting any large drawing on the Fund by the United States or to counter a speculative capital movement against another major currency, provided it can be established that the movement is likely to be reversed, and is not the result of unsound domestic policies by the country concerned. As one official succinctly summarised it in private, there would thus be objective criteria for the activation of the credits, and some discussions by the creditors to see whether these had been fulfilled. This is seen as a half-way house between a completely discretionary and a completely automatic system.

A partial recompense for the limitations written in to the multilateral scheme is a supplementary plan for the Fund to obtain credits under Article VII by bilateral arrangement. These credits are designed to replenish the Fund with the currencies it immediately needs, and the proceeds would be used in conjunction with the Fund's normal resources. Germany and Italy are expected to grant such credits quite soon; in other countries, however, necessary legislation must first be enacted. Presumably such bilateral credits would be counted against countries' commitments in the multilateral scheme—which, in any case, are unlikely to be firm commitments. The bilateral borrowings may also be extended to Switzerland, but as the Fund may not hold the currency of a non-member, these would presumably be in dollars—and subject to the approval of the United States.

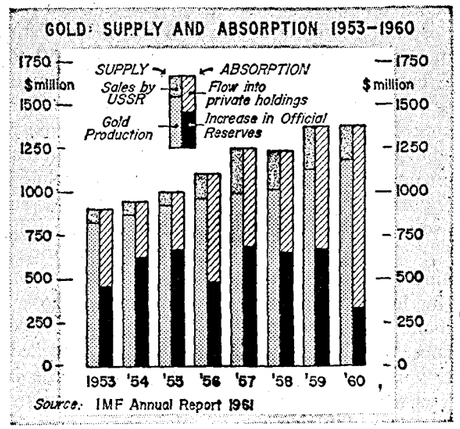
What emerges from this is not so much a stronger IMF as a second and largely separate line of possible stabilisation credits, which although formally routed through IMF would in fact be akin to direct credits from national governments acting in co-operation. The distinction has been played down, but it is in a sense the essence of the whole argument about the future of international credit. The Jacobsson plan in its original form, while it could be dubbed as essentially a patch-up operation, was still a first step towards the concept of an international clearing presided over by a strong international monetary authority. This was just what the conservative factions on the Continent opposed—Mr Macmillan's analogy a few months ago of the international monetary system with a children's game of poker, in which the player who had run out of chips just stocked up from the winner's pile, struck them with horror. The Jacobsson plan, post-Vienna, has no such connotations: it provides just for the piecemeal patch-up, after solemn agreement that a patch-up is warranted.

The compromises that Dr Jacobsson, the active Americans and the unseen British have made are therefore serious ones, and one wonders whether there has been a sufficient effort to meet the Continental opposition on other fronts. This might well be politically more delicate and administratively more complex, but it might also be the only way of securing a strong IMF. The issue has an immediate bearing on the detailed formulation of the scheme that Dr Jacobsson hopes to secure, by hard bargaining, by mid-December.

The French in particular have long resented the dominance in the Fund of the "Anglo-Americans," who together wield 37 per cent of the votes compared with less than 17 per cent for the common market six. This weighting is at present quite fairly based on the quotas, which have hitherto been the Fund's sole means of finance. But it is clearly reasonable that if countries should now put up additional amounts in loans, they should be given an additional voice. Indeed this is almost certain to happen pragmatically—the executive directors who speak for France and Germany in the Fund will command closer attention. But it might be diplomatic to recognise this formally too, perhaps through special additional votes linked to credits to the Fund that are actually taken up.

Continental opinion should also be reassured about the Fund's scrutiny of borrowing countries. In fact the Fund's influence is already much stronger here than is openly admitted; when Dr Jacobsson was in London in June for routine Article VIII consultations, one may be sure that he

made no secret of his views about what the Chancellor should do. But the European countries to whom British officials reported in "working group three" of OEEC, after the announcement of the measures but before the granting of the Fund credit, could reasonably feel they were being "told" rather than "consulted." It is certainly undesirable on all counts to work towards a two-tier system of international scrutiny, such as seems to be on the cards at present. So it may be in everyone's interest to acknowledge the discretion and influence that the Fund does and should wield with any large borrower. The main task at present is to convince the Continental creditors that their legitimate aim—which is briefly to ensure that their money is not frittered away—can be achieved as well through the Fund as outside it. Perhaps the biggest priority here is to start thinking about the successor to Dr Jacobsson who must be found by early 1964; it must be clear that the Fund management will remain in strong hands.



ONE should not give up hope therefore of reversing the unfortunate check to the development of IMF that now seems to have occurred. But clearly one cannot count on this, least of all quickly. What then? No one, it seems, expects things to go smoothly. Dr Holtrop of the Netherlands Bank, who is broadly on the conservative side of this argument, himself pointed to the essential part in the present key currency system that is played by uncertainty: if everyone were certain that the dollar price of gold would never be raised, they would hold only dollars, while if they were certain that it would be raised, they would attempt to get back fully into gold. This is indeed the analysis that has long led other people to the conclusion that one must move away from gold as even the ultimate base for world liquidity, and towards managed international as well as national credit. Dr Holtrop, while he has no illusions about the special virtues of such credit as happens to be based on gold, would still be wary of any move towards international credit. But, as he said,

> It is an intriguing question whether one should prefer uncertainty to continue its present function, or whether one should try to replace it, as would be conceivable, by some arrangement that would give more certainty but less liberty of action. One might think of arrangements in which the Fund would play an intermediary role. One might also think of an agreement between the main reserve-holding countries and the key-currency countries on fixed limits within which the former shall maintain the proportion of their reserves held in gold and in key-currency.

So the central bankers' freedom is likely to be limited in any case, by voluntary abstinence and *ad hoc* agreements if not by a formal move towards an international central bank. Yet the more timid choice may well be at once more irritating to the participants and less effective internationally.

The outcome of Vienna is that international financial co-operation remains at the *ad hoc* stage. The gold market remains governed by the informal understanding between the United States and the Bank of England; arrangements to take care of a renewed run on the dollar into gold are provided for only in general terms, leaving the important decisions to the moment of crisis. The demonstration that countries are likely to be guarded about committing themselves internationally, and still feel an overriding obligation to keep watch over their own parish, even if this is in danger of being overwhelmed by the general flood, has not been exactly reassuring. One may recall that the Basle credits, which some Continental central bankers regard as an adequate second line, lost all their psychological effect as soon as it became clear in June that the creditors were having hesitations about maintaining and extending them—even though at that very moment additional funds were being provided. A shut-out bid against speculators has to be made decisively; and if a stabilisation scheme were to be accompanied by the kind of to-ing and fro-ing that seemed likely from the tenor of the Vienna meetings, it might just as well never be mounted at all.

THE other outstanding disappointment in Vienna was the low priority allotted to the World Bank's plea for more grants or grant-type credits for development. Indeed there is a clear danger that conservative use of the IMF scheme may threaten existing development programmes. A number of Continental bankers are already saying that they have no intention of providing credit for the Fund so that the United States can push out the money in aid, spent on its own exports, to Latin America. It would be wrong to give the impression that suspicion and distrust of this kind exists at all levels; but it is too common for comfort.

Mr Selwyn Lloyd, in his one notable contribution at Vienna, gave a strong warning. Without the additional resources for the Fund from the borrowing arrangements, he said, "it will not be possible to ensure the effective functioning of the present system of international payments." This is true. As is clear on the simplest analysis, a system of fixed rates of exchange can be reconciled with stable domestic policies only with the aid of a flexible system of international credit. If that system is not provided, something else will have to go, and as it is neither likely nor desirable that economic growth at home or assistance overseas will be sacrificed, the burden of adjustment could fall on exchange rates. Let the bankers consider that, and choose.

BASLE: A NEW CONTRIBUTION

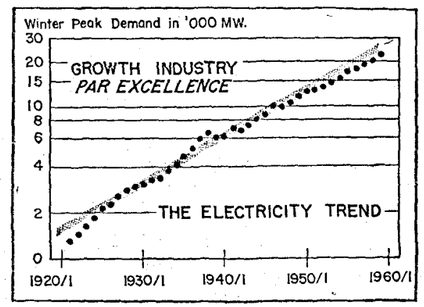
Asked by a journalist whether the Basle gentlemen's agreement still existed and would be continued, M. Baumgartner, French minister of finance, replied with his customary precision:

Il n'y a jamais eu de gentlemen's agreement de Bâle, mais il n'y a à Bâle que des gentlemen.

Paradoxes of the Power Curve

NO curve of industrial achievement more triumphantly outruns the blinkered bounds of prudent common sense than the growth of electricity consumption, in Britain as, indeed, almost everywhere else. The argument of many electrical engineers that demand for power doubles itself every ten years as an inexorable law of nature is calculated to raise any outside eyebrow—until one looks at the record and sees that it remains obstinately true.

Even the supply industry itself had qualms, back in 1958 when it was reckoning its future investment needs, about the continued fixity of this compound growth—7.15 per cent per year in winter peak load on the British power system for the last eleven years. It set its plant programmes and arranged its future borrowings, therefore, on the assumption that any consistent departure from the present trend was likely to be downwards, not upwards. In practice, since 1958, such departures have consistently been upwards; and during last year the Electricity Council, which co-ordinates the total investment programme of the Central Electricity Generating Board and the 12 area electricity boards in England and Wales, accepted the CEGB's argument that investment in power would have to be revised upwards. As this industry is responsible for the largest single investment programme in the whole British economy, the "appreciable difference" that this revision will begin to make from 1963-64 onwards represents some massive sums of money.



Under the programme published in 1958 the supply industry had expected to invest £1,280 million in power stations, transmission lines, and distribution equipment between April, 1961, and March, 1965. It now puts that figure at £1,472 million—and the increase in power station investment would have been greater were it not for last year's reduction in the nuclear programme and the continuing economies in capital costs achieved by building bigger and better conventional stations. By 1966-67 the industry, in England and Wales, expects to be investing more than £400 million a year—of which it expects to have to raise some £180-£190 million a year as new capital (under the present dispensation, as fixed-interest advances from the Treasury financed from general gilt-edged issues).

In its 1958 programme, "Power for the Future," the industry set itself the task of financing 48.6 per cent of its total investment from internal resources. This was a seven-year average: the proportion of self-financing would actually have risen during the period from 44 per cent to 53 per cent of gross electricity investment by 1965, and pre-supposed that the industry would be earning surpluses of the order of £55-£60 million a year by the middle sixties. This industry, along with others in the public sector, is at present engaged with the Treasury in settling what rate of return on its capital it ought to aim at earning over the next five years, under the Government's new rules for nationalised industries. It is not likely to emerge from that exercise with any lower requirements for self-financing. Even to maintain its average of 48.6 per cent of capital expenditure from within from 1958 to 1965, on the significantly larger investment programme it now envisages, would mean somewhat larger surpluses than electricity was already planning. If the Treasury sets it a somewhat higher rate of return to earn, those surpluses will have to be even bigger.

THIS will set the industry two major problems—earning the surpluses, and holding on to them. Earning them, even in an industry with the strongest sales curve in Britain, will not be simple. Budgeting in this industry is highly geared to guessing one's sales right, and the margins of retainable profit are proportionately tiny. So year-to-year fluctuations in growth (from which not even electrical engineers are immune in their forecasting) can upset this accounting—even if actual sales are higher than expected, not lower. In 1960-61, for example, the Central Electricity Generating Board had expected to sell 98,000 million units of electricity; in fact it sold 103,000 million. Much of this uncovenanted extra power, inevitably, was sold at peak hours, mainly during the winter, when the board has to bring into short-term use a very large proportion of its older stations, with much higher running costs.

The generating board always expects to meet the extremes of its winter peaks with power produced at a loss. But it had set the unit charge in its bulk supply tariff, for sales of power wholesale to area boards, at a level designed precisely to recoup the average running costs of power throughout the year; it had reckoned to achieve its margin on sales wholly out of the maximum demand charge (which is essentially the fixed charge in this two-part wholesale tariff). So through selling much more power than it had expected at unit prices below running costs, along with some late commissioning of new power stations and transmission lines, its revenues were roughly £4 million lower than it had reckoned. And this, since the board chose further to increase its highly conservative provision for depreciation to £66 million for the year, meant a 1961-62 deficit of £1½ million for CEGB (after paying, however, £54 million of fixed interest on its capital).

This failure of operating profits to fulfil the budget because sales beat the forecast illustrates one of the paradoxical difficulties of achieving as much profit in this remarkable industry as one may plan. The area electricity boards together achieved a surplus of £17.8 million last year; but this, too, for the rather more conventional reasons of paying higher wages and higher prices for fuel, was £3½ million lower than in 1959-60. Increases in this industry's provision for depreciation involve another of its paradoxes; but these provisions might be classed as an element in its second major problem—

holding on to its earnings on capital once these are earned.

Because the new power stations that it is ordering today are much cheaper than those it was ordering in the mid-fifties, the CEGB is in the odd position that if it provided for depreciation on the basis of present capital costs per kilowatt, it would be putting aside less than on the basis of historical costs, not more. In practice, it sticks to historical costs most conservatively reckoned: it must indeed almost be running out of further sound accounting procedures for stashing away more and more of its earnings under this heading every year. (As Professor Ronald Edwards, chairman-designate of the Electricity Council, observed with unsuitable gravity this week, " I think I can honestly say that our provision for depreciation is fully adequate to cover what I would rather call current costs than replacement costs.")

Holding on to the profits that electricity can earn, in order to help finance one of the largest single capital programmes in history, may not be an easy process for this industry over the next few years. There are outside contenders wanting their cut out of whatever can be identified as a surplus after paying interest: the electricity trade unions and the electricity consumer. Even if the industry finds itself required by the Treasury to earn a relatively high rate of return for the public sector over the next five years it may be hard put to protect the surpluses this will entail from the extra demands they may engender among its labour.

Nor will they find the power consumer exactly pleased to face increases in tariffs from an industry earning larger surpluses than any nationalised industry has ever made before; though most of the recent round of tariff increases is now over, there may well need to be another round by, say, 1963-64. The warrant for these surpluses will not be that there is some ideal rate of self-financing that any given industry " ought " to achieve. It is, arguably, that the vast amounts of government-guaranteed capital which Britain is investing in this public utility ought to earn a rate of return not too far out of line with the rate such a properous utility would have to pay to raise capital in a comparatively free market. That is the lesson in down-to-earth economics that this industry, at least, will have to teach the public over the next few years: it will have one of Britain's best down-to-earth economists, along with one of its most lucid engineers, to head the faculty.

Issues in Iraq Oil

For at least a year, to some outside observers of the international oil business, it has seemed possible that some new " breakthrough " in the financial arrangements between the major oil companies and the " host " governments of Middle East countries where they produce oil was on its way. For much longer than that it has been possible to guess, or fear, that if and when some new general formula to supplement or replace " fifty-fifty " did arrive, it would involve the participation of host governments in the ownership of the operating companies. Circumstances rather than reasoned selection raised the suggestion, early this summer, that Iraq might become the first producing country in which major oil companies might agree to participation by the government in the ownership of an operating company already producing oil under an existing concession agreement. It is now clear that they will not. The consequences of refusal—perhaps particularly of refusal after allowing General Qasim's hopes to be raised—might be grave. But it is rather doubtful whether they would be catastrophic.

Whether it was wise for the Iraq Petroleum Company and its shareholder companies, after negotiations with General Qasim had been abruptly suspended in April, to begin overtures for the resumption of negotiations so soon has still to be shown. These overtures appeared to be backed, about three months ago in London, by a feeling on the part of certain IPC shareholders that some sort of formula for government participation in IPC might possibly be worked out. Shell, last December, had been the first major company to sign any deal that accepted the principle of eventual government participation in production, under a new concession, in its Kuwait offshore deal. It may therefore have believed rather more in the principle than its partners in the ownership of IPC—British Petroleum, Standard Oil of New Jersey, Socony Mobil, the *Compagnie Francaise des Petroles*, and the Gulbenkian interests.

But whatever the original line-up of opinion among IPC's shareholders about the principle of government participation in its ownership, by the time that General Qasim responded favourably to the overtures for resumption of negotiations it was probably clear to all of them that no practically acceptable formula for participation in existing oil operations in Iraq could be worked out. The company and its shareholders, by the letters in which they had accepted the Iraq government's demands over the suspension of payments in respect of " dead rents " pending arbitration, and over relinquishment of unexplored territory in the concession area, and by their general expressions of confidence that a satisfactory conclusion could be reached, had achieved this resumption. But they had done so by going as far as they could on most of Iraq's other demands; and this left them without much else to offer.

What General Qasim had pressed for most was 20 per cent participation in the existing IPC operations. His claim was based originally on clauses in the San Remo agreement of 1920 and the first Iraq concessions (against which claim the companies would argue that Iraq governments in the meantime had had offsetting satisfactions), but also upon the argument that changed circumstances now justify a larger share for Middle East governments in the proceeds from the oil taken out of their land. When the negotiating team withdrew to London three weeks ago, it promised no more than that the companies would present to the General a fully documented statement of the reasons why they were unable to promise any satisfaction of this claim. That answer, presumably, will have been presented to General Qasim this week. The IPC shareholders' objection to participation comes from grounds of practical possibility, not of principle.

The practical difficulties of such a proposal would obviously, indeed, be fundamental to the present nature of IPC. This is run as a non-profit-making company that simply carries out the physical operations of developing, producing and moving the oil (from concessions granted to it, not to its shareholders). In lieu of dividends, IPC's owners are entitled to oil in volumes

proportionate to their holdings, special arrangements being made to take care of the Gulbenkian five per cent. The actual financial sale of oil, whether to tanker or refining affiliates of the owner groups or to independent buyers, is made by local trading affiliates of the owners that receive the oil from IPC. And it is these companies that submit to Iraq income tax—reckoned as if all sales were at posted price, regardless of the discounts they may in practice have to grant many customers. As things stand in British tax law, it has to be. Dual taxation relief might not be granted under our law in respect of dividends paid on a minority shareholding in any new profit-making company registered in Iraq to take IPC's place.

Any government participation that required IPC to be converted into a profit-making local company that could pay the Iraq government and the existing shareholders dividends instead of oil, therefore, might threaten certain of its shareholders at least with the loss of tax credits by virtue of which they are able to support the whole existing 50-50 income tax agreement. On the other hand, if the government were simply cut in on a percentage share of oil produced, not money profits, it would probably expect its prospective partners to take over and market this oil at posted prices—which in a soft market would mean accepting losses later on the prices consumers pay for products, and reducing the retainable profits that are needed to support further oil investment all along the line. Alternatively, it could try to sell this oil itself to independent buyers as it has in the past, unsuccessfully, tried to sell its " royalty oil." That would mean accepting large discounts (currently up to 40 cents a barrel on a posted price of just over $2 a barrel) on very large volumes of oil. It would further undermine the present structure of posted prices at an artificially high level, from which Middle East governments still benefit, even if nobody else does.

How, moreover, would one assess the value of a 20 per cent participation in IPC? On any assessment of either written down or replacement value of the company's book assets, the valuation of such a shareholding would sound small in relation to the revenues that Iraq receives each year from oil—though payment of even *this* capital price, one may be certain, would be impractical for the Iraq government except by protracted instalments out of the oil revenues later accruing to it. But on such a valuation IPC would be an investment with an extremely high rate of return, since the Iraq cluster of companies pay the government revenues of some £90 million a year, as 50 per cent of what profits would be at posted prices and would probably retain, even allowing for discounts on sales to independent buyers, a not very much smaller sum themselves. Taken at face value, there is no doubt that the rates of net return on oil operations generally in the Middle East are several times the net rates obtainable on, say, manufacturing businesses in Europe.

No businessman could possibly hope to be cut in on a fifth share of any highly profitable investment for the equivalent of a few months' profits. But a nationalist landlord feeling that, after all, the profits come basically out of his country's soil might indeed expect to come in for a fifth of the written-down book value—and any new deal made in Iraq would have to be offered very soon if not simultaneously to the other main producers of the Middle East. This question of rates of return, is indeed one upon which the companies are hoist with the consequences of their own bygone expedients.

Such rates of return—OPEC and other experts are presently mounting elaborate studies of them, but it is not hard to get most of the way on the back of an envelope—are unfortunately unreal, however accurately computed. They represent at present virtually the whole net return on all trading in Middle East oil everywhere, not simply on its production and movement to tidewater. The major integrated oil companies operating in the Middle East found it convenient, about a decade ago, to show the bulk of their profits on this oil, and pay the bulk of their taxes, on their investments in the producing countries; and they remunerated their considerably larger investments in facilities to transport, refine, and market this oil partly out of such profits emerging at the point of crude oil sales at posted prices. But when oil moved into world surplus in the late fifties, and the prices the industry could get for products softened, it was unable to cut the posted prices in the Middle East nearly in proportion. The industry is now generally in the position of making significant losses on operations subsequent to production of this oil, as against the exaggerated profits attributable to their operating or trading subsidiaries in the producing countries.

What the companies may have had to offer in Baghdad this week was some form of joint ownership of a new company that might be formed to explore and develop oil in the unexplored areas that IPC has agreed to give up over a period (it has agreed to relinquish 75 per cent of its concession area straight away, but another 15 per cent in seven years' time). If General Qasim cannot accept this, the companies may face another breakdown in negotiations. They have to be prepared, too, for measures of one kind or another to place the oil operations in Iraq under duress—though one would guess that these measures may stay short of interfering with the actual flow of oil and hence of government revenues. It is possible, indeed, that General Qasim might emulate Dr Mossadegh—relying no doubt upon the goodwill of his OPEC partners, such as Kuwait, to refrain from benefiting at his expense? But the general has always stopped sensibly short of interfering with the actual flow of oil and revenue—and in 1961 he knows the world oil market is in an utterly different state from 1951.

By the time this article is read it may already be clear whether " good sense has prevailed " in Baghdad this week, though it would be easier to use this soothing phrase if one were quite sure what good sense would amount to there. To any Westerner whose prejudices are simply those of a consumer who wants more and more oil, cheap but at a price that will still keep it flowing from friendly sources getting a fair rent, the current postures of producing companies and producing governments in the Middle East may not seem to make very good sense at all. One may doubt whether government " participation," even in new concessions, will ever make terribly good sense if these concessions begin contributing really large shares of the world's oil supplies. The main function and indeed the main justification of the international oil business is that it need not take narrowly national considerations into account in its arrangements to match demand with supply, while any national government worth its salt would have to do so. But this does not mean that existing formulæ, which were adequate ten years ago to a Middle East oil industry a third of its present size in a period of inflation, remain wholly adequate to it under the pressures of surplus in the sixties.

BUSINESS NOTES

BANK CREDIT

Responding Dramatically

THE squeeze on bank credit is yielding dramatic results. In the month to mid-August, the net advances of the clearing banks showed a near record fall of £104 million, and one wondered whether this was artificially swollen by fortuitous influences. Now, for the five weeks to September 20th, the clearing banks show a further fall in net advances of £128 million. The combined fall of £232 million is easily the largest ever experienced. As holdings of liquid assets have turned upward at the same time, the banks' liquidity worries suddenly appear to be fading—which is not to say that the bankers are not keeping their fingers crossed.

The September fall in advances, like the August fall, is well spread among the main banks. It also seems likely to have been pretty widely spread over the main categories of borrowers. The local authorities, certainly, have been under pressure to repay bank overdrafts by turning, or returning, to the mortgage market—last week's quarterly classification of advances, it may be recalled, showed that in the period from mid-May to mid-August as a whole their outstanding advances were little changed. Hire purchase borrowers, property developers and personal borrowers have also been under special scrutiny. And repayments from industry are now coming in from the proceeds of stock issues, which were already exceptionally numerous in the months immediately before the official measures of July 25th. The recent spate of rights issues, which in some cases allow for a long spread of calls, holds the promise of overdraft repayments in the months ahead. Finally, the turn-round in sterling has doubtless had an important effect on the volume of bank credit. Apart from any London borrowing by non-residents which may be able to escape the official ban, the leads and lags in trading payments have a strong influence here. Now that British exporters are no longer hesitating in remitting their external proceeds and importers are no longer advancing their external payments, they need less domestic bank credit.

For the second month, the large fall in advances obviated the need for any further bank sales of gilt-edged—indeed portfolios in September actually rose by £2½ million. And whereas in August liquid assets were still falling, so that the liquidity ratio improved only marginally, liquid assets in September rose by £71 million. Despite the final call of special deposits bringing the ratio to the stipulated 3 per cent, the liquidity ratio jumped from 32.9 to 34.3 per cent, its highest since January, 1960, and the highest September figure since 1957. This is the season in which the Exchequer deficit mounts, and in recent weeks it has been particularly high. The overall Exchequer deficit in the latest five weeks was £152 million, compared with £87 million a year before, and after crediting receipts from non-marketable securities the net shortfall, at £123 million this year, was fully £80 million larger.

LONDON CLEARING BANKS, SEPTEMBER 20, 1961

	£mn.	%	Change on Month £mn.	Change on Year £mn.
Gross deposits	7,359		− 78	+151
Net deposits*.....	6,916		− 31	+143
Liquid Assets	2,522	34·3	+ 71	+245
Cash	602	8·2	− 15	+ 17
Call Money.....	585	7·9	+ 6	+ 8
Treasury Bills....	1,079	14·7	+105	+ 96
Other bills and "liquid" credits	255	3·5	− 25	+124
Special deposits	221	3·0	+ 36	+ 79
Risk Assets :				
Gilt-edged	936	12·7	+ 2	−247
Other market investments	112	1·5	− 1	− 17
Advances*.....	3,318	46·7	−128	+114
(to State Boards)	61	—	− 13	− 8

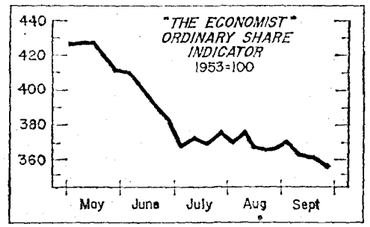
* Excluding all transit items except ratio of advances to deposits ; all ratios are of gross deposits.

IN THE MARKETS

Waiting on ICI

SELDOM can any company statement have been awaited with such keen interest in the Stock Exchange as Thursday's interim report from Imperial Chemical Industries. Because of its widespread interests, ICI's performance is generally regarded as being a fair guide to that of British industry in general, and this week markets have been marking time, at first fearing the worst and then, by Wednesday, taking a slightly more hopeful view. Other half-yearly statements from Vickers and AEI have continued the recent trend of unfavourable company news and the earlier sharp fall on Wall Street (largely offset by Wednesday's rally) gave little incentive for buyers to enter the market. But the volume of selling, too, has continued to be light and losses have often reflected marking down of prices by jobbers rather than any strong pressure of selling. However, the *Financial Times* index has been inching down to the 300 mark and by Thursday's close after the ICI statement was only 0.6 above this level at a new 1961 low of 300.6. Over the week to Wednesday *The Economist* indicator fell to a new low point for this year of 355.7.

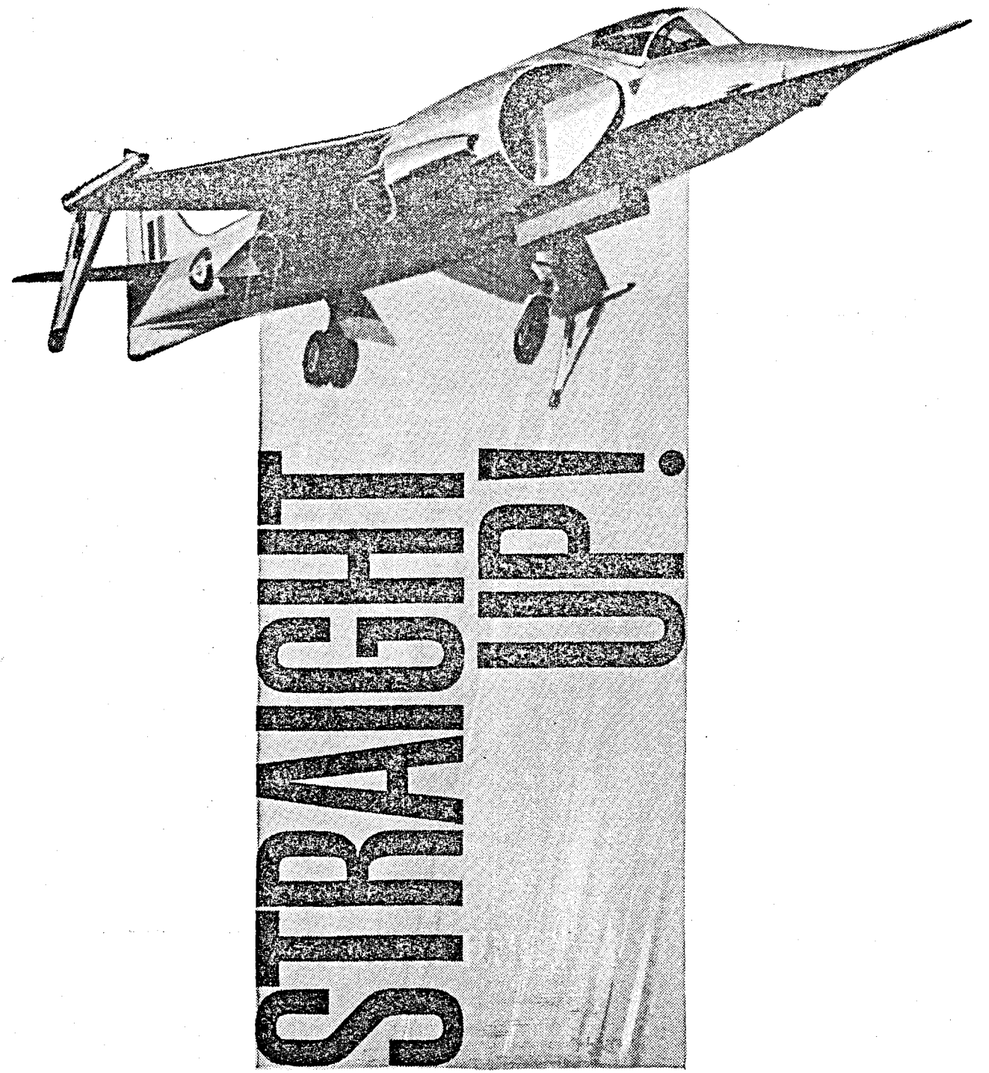
A major feature of equity markets this week has been the first dealings in shares from the £22 million rights issue made by Royal Insurance. As the shares were issued on a one-for-three basis at par, the rights were worth over 110s. and there were a number of eager sellers, but the demand for the new shares was also strong and after opening at 38s. premium on Monday the new shares found their level at 35s.-36s. premium. There were sharp fluctuations in the prices of Hoover ordinary and "A" shares early this week on rumours of a possible take over bid by the American parent company. These rumours were hastily denied, but the cynical—or the hopeful?—remember the number of times similar denials were made by Ford Motors.



On Wednesday the gilt-edged market had its busiest day for some months, though interest was virtually confined to the short dated market, where the tap prices of Conversion 4¾ per cent 1963 and Exchequer 5½ per cent 1966 were both raised. The continued strength of sterling is again encouraging the optimists to look towards a cut to 6 per cent in Bank rate. But, with wage battles looming ahead, there is no reason to think that the authorities have any such intention in the immediate future.

Margins Squeezed

THURSDAY'S figures from Imperial Chemical Industries gave no grounds for optimism even if they were perhaps no worse than expected. The sharp fall in gross income in the first half of 1961 to £36.7 million compared with £50.2 million in the same period in 1960 shows how deeply higher costs and intense competition are eating into profit margins. Sales in 1960 were particularly buoyant and last May Mr Chambers suggested that they had then been running at about the same level in 1961. In the first six months, however, home turnover was about 2½ per cent down because of lower selling prices. Despite price reductions, exports sales rose to £49 million compared with £47.3

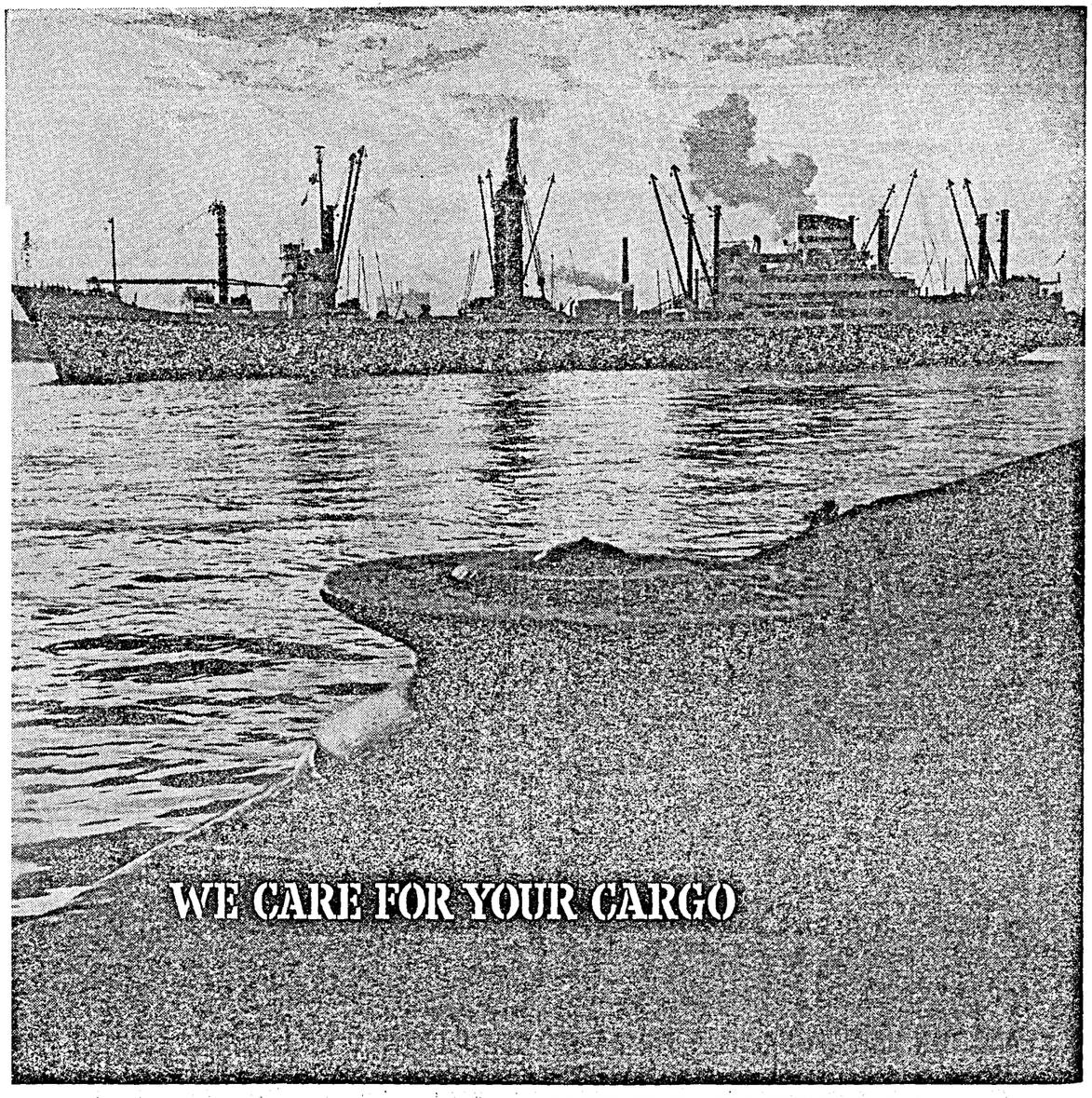


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million in the first half of 1960, and were only fractionally below the record £49.3 million in the second half of 1960.

ICI's gross income has had to meet a higher charge for depreciation, as the company steps up its capital expenditures on new and larger plants. In the last annual report, the directors said that ICI was resuming the higher rate of capital expenditure before 1958, when it amounted to about £60 million a year. Despite the £34 million secured by last January's rights

SALES AND PROFITS
(£ million)

Six months ended	Dec. 31, 1959	June 30, 1960	Dec. 31, 1960	June 30, 1961
Sales	259·0	288·0	270·0	287·0
Gross income	39·2	50·2	37·8	36·7
Taxation	17·6	23·0	17·5	16·3
Net income	20·6	25·7	19·5	19·2
	%	%	%	%
Gross income/sales	*15·1*	*17·4*	*14·0*	*12·8*
Net income/sales	*7·9*	*8·9*	*7·2*	*6·7*

issue, ICI still leans heavily on self-generated resources. Last year's cash flow amounted to almost £60 million but the decline in profits in the first half of this year makes it unlikely that this figure will be matched. With the fall in profits comes an unchanged interim dividend of 6¼ per cent; at the time of the rights issue the directors forecast a maintained 13¾ per cent for 1961, and shareholders will be unwise to expect anything more. On these figures the £1 shares dropped only 9d. to 65s. 3d. but the fall would probably have been more but for covering by the "bears."

MOTORS

Little Change in August

CAR production in August was at its lowest rate for many years, but this resulted from the holidays rather than from any intentional cut in output. The summer holiday shut-down is usually divided between July and August, but this year both weeks fell in August and the industry only worked for a fortnight. Even after allowing for this, however, there was still a fall in output of about 3,500 a week Perhaps half of this is explained by the introduction of the new Victor, which meant that Vauxhall sent out few cars during the month; some of the remainder is explained by the effects of the strike at the SU carburettor factory, which was beginning to cut into the production of cars by BMC and the other companies that use these carburettors. But there seems to have been some slight reduction in the pace of output as well, to meet the expected fall in sales during the autumn.

This factor has become more important in September; apart from the introduction of short-time working by Standard-Triumph International, Ford seems to have been reducing output by cutting out most overtime working, in accordance with the gloomy view of the future that has been expressed by Sir Patrick Hennessy. Mr George Harriman, the managing director of BMC, has shown a more optimistic attitude

about the prospect for the rest of this year, which suggests that he does not consider that his firm will need to go onto short-time in this period. Among the smaller makers, Rootes has had its production stopped by the strike at British Light Steel Pressings, a more drastic cut than it can be content with when it is introducing new models, and Vauxhall also has to build up stocks of its new car. Both thus have a cushion against short-time. According to present attitudes, Ford seems, unexpectedly, the company most likely to join S-TI on short-time during the autumn—unless its workers settle the prospect by striking.

THE EXCHANGES

Brooding on Vienna

WHILE most bankers are returning from Vienna anything but reassured, their fears and reservations have not yet had any noticeable impact in the exchange markets. Sterling has remained in continuous demand, for commercial operations, for the covering of short positions and, occasionally, for short term investment—this still being covered in nearly all cases by a sale of sterling in the forward market, where the discount remains near its interest parity. The only substantial seller of spot sterling has been the Bank of England, and these sales have kept the rate steady at around $2.81\frac{5}{16}$. The market expects next week's gold figures to show a substantial further intake.

Sterling is not generally expected to be the victim of the next speculative attack—the commonly heard doubts are rather about its eventual ability to withstand the impact of competition in the common market—and the notable market feature this week has been what has not happened in the gold markets. Demand for gold in London is reported to have been the smallest for weeks; the price, which is of little use as an indicator nowadays as it is being kept below $35.20 by official sales, has remained at $35.18½-19. In Zurich however some dealers emphasise that there has been no diminution of gold buying, such as might have been expected if the Vienna meeting had resolved the exchange market uncertainties—which it manifestly has not. By no means all Zurich bankers are enthusiastic about the idea mooted in Vienna that Switzerland itself might lend dollars to the Fund—the dollar seems to be going out of favour again in Zurich. At the same time there has been talk of a possible loan to the British Government on the Swiss capital market as a contribution to the funding of the Basle credits; the amount mentioned is 100 million Swiss francs (some £8 million) which would cover only a part of the Swiss central banking credits. British companies too are now being actively encouraged by Whitehall to borrow abroad, and they are naturally keen to borrow in Zurich or Amsterdam at over 2 per cent below London rates. EMI appears to be at the head of the queue in Zurich.

Japan's Swing to Deficit

THE most exposed currency at present seems to be the Japanese yen. It became apparent in Vienna that far from Japan's being in a position to take an early part in providing credit to the International Monetary Fund, it might soon be obliged to draw on it. Following the large surplus of $339 million earned on current account in 1959, and a smaller surplus in 1960, the current account swung into heavy deficit at the beginning of this year and by the end of July the deficit amounted to $729 million. This has been covered in part by short-term borrowing from the United States—official figures show a rise in Japan's dollar liabilities from $807 million to $1,277 million in the first half of 1961, and in Vienna United States officials intimated that a good part of the outflow of $1.7 billion from the United States in this period represented short-term credit taken by Japan.

As a result, Japan's foreign exchange reserves at end-July were still, at $1,837 million, a little above their end-1960 level. but they were $200 million below the peak last April, and are expected to fall considerably further. Imports have been swollen by the extraordinary domestic boom—the index of industrial production in the year to July rose by fifty points to 277, and the base is 1955. Now the Japanese authorities are expected to introduce official restraints on domestic activity. Far from contemplating any tightening of imports they have committed themselves to a belated liberalisation; they hope to raise the present ratio of 65 per cent to 90 per cent by September next—though there have been some reports that the removal of quotas will not be extended to imports from Britain and other countries that continue to discriminate against Japan under Article 35 of Gatt.

IFC

Mr Garner's Valedictory

AFTER the big set pieces of the World Bank and the International Monetary Fund in Vienna last week, the governors' meeting of the International Finance Corporation attracted its own special interest. It was the occasion for Mr Robert Garner's last speech on his departure from the president's chair; and he exercised the prerogative of impending retirement to lay down in characteristic style some useful though not always palatable home truths about overseas investment, aid, and the treatment of private capital. The IFC is a youngster of Mr Garner's own creating with no more than four years' experience of assisting private business in developing countries. Its commitments to the end of June amounted to about $44 million, of which $33 million have been dispersed; of this latter sum nearly $9 million of investments have been sold or agreed to be sold to outside investors.

A good, if unsensational start has been made on the foundations that Mr Garner

laid four years ago. IFC's business should in future benefit from the fact that it is now free from the restraining condition, written into its original rules at American insistence, that it could not extend equity financing to its customers. Now that equity participation is possible, IFC will no longer have to impose strange financial arrangements on clients whose awareness of the sophisticated techniques of the American market is limited; its arrangements will now be supple and will serve incidentally to encourage the equity principle in countries where it can be of growing service.

Following the departure of Mr Garner, Mr Eugene Black of the World Bank is to assume the presidency of the IFC while Mr Martin M. Rosen, the executive vice president, will be operating general manager. IFC will thus form part of a spectrum of organisations under Mr Black's care, ranging from the International Development Association, which is providing fifty-year loans at zero interest to developing countries, through the World Bank, with its loans on commercial terms to government or government-guaranteed borrowers, and with the IFC on the other flank seeking to fill gaps in the capital resources of private businesses in developing countries and to encourage them in other ways.

CAR EXPORTS

Europeans Prefer their Own

THE British Motor Corporation and Ford say that the reception of their new Cooper and Capri models at the Frankfurt show has surprised them by its warmth: after the record of British sales in Europe so far this year, such pleasant surprises will have to become frequent if the British industry is to prove able to meet its European competitors on equal terms in the common market. The European car buyer can and does discriminate between a wide international selection of cars, and in his opinion the British car still appears a less attractive buy than the German, Italian or French product — even in markets such as Sweden and Switzerland where British cars are now beginning to benefit from the tariff differentials of the free trade area. The reputation that British cars gave themselves after the war of being less well finished, more costly and less effectively backed by a service organisation, seems unhappily still to dog the efforts of the industry to get itself properly established in the European market.

BRITISH SHARE OF MARKETS
Second Three Months

	1961 %	1960 %
Austria	7	6
Belgium ...	9	10
Denmark ..	16	15
Holland ...	10	16
Sweden ...	7	10
Switzerland	8	8

British manufacturers who neglected Europe in favour of the easier Commonwealth and, later, the American markets, now discover that they lack an adequate dealer network in Europe and can hardly expect to find the better established dealers willing to drop their existing franchises in favour of less popular cars. The appeal of the Borgward concern to BMC must have been at least as much its network of dealers throughout western Europe as its production facilities. Now that this company is bankrupt, these dealers will be available for other car makers; and one might expect that the British firms will be the most eager bidders for their services. They certainly ought to be.

Ford is the only British car maker to sell its products in large numbers in Europe, and its Anglia the only model to be sold in quantities that could make the provision of service facilities, on the scale to which local owners are accustomed, an economic proposition. Ford sales, however, have been affected by the general decline in those of British cars this year, though the introduction of the Classic may have offset this. BMC seems to have made little impact on the market so far, despite its determination to establish itself in Europe, and the normal Austin Seven and Mini-Minor have had a surprisingly small sale. The only consolation that British makers may find in the sales figures for Europe is that those of Volkswagen too have been falling, probably for the first time in its history, in all the important markets in which it had become established except Sweden. The firms that have been doing best are those which make cars more similar to those of British makers —Fiat with the 600 D and 1100, Peugeot and the Ford Taunus.

ATOMIC ENERGY AUTHORITY

Uranium for Italy

THE first big nuclear power station ordered from a foreign country was bought from Britain by a specially formed subsidiary of the Italian oil company ENI; it was a feather in the cap of British scientists, although there have been times since when ENI appeared to think that it had perhaps made an expensive investment. This plant is now nearing completion at Latina, south of Rome, and for some months the Italians have been shopping around trying to buy fuel for it at a lower price than they could get in Britain. There is, however, more to nuclear fuel than uranium, as the Italians have discovered. There are questions of the standard to which the metal cans encasing the uranium are manufactured, and also questions about what kind of performance the fuel suppliers are prepared to guarantee. Coal is bought by the Btu; manufactured uranium fuel is bought on the number of megawatt days of heat it will yield per ton, and the economics of nuclear power depend on its being able to reach the proper design figure, which, for a natural uranium reactor, is 3,000 MWd/t. Many factors in the fuel and in the reactor work against these figures being reached; reactor owners want to know that they will be compensated for premature failures and although the Italians may have been offered manufactured uranium at a cheaper initial price than they have finally bought it in Britain, they could not get the same guarantees of fuel life.

The Atomic Energy Authority appears to have settled for a price of the order of £14,000 per ton of manufactured fuel, against the "official" price that it usually quotes of £17,500 a ton, indicating that the Authority has begun to write down drastically the value of its huge holdings of crude uranium. This gives special point to the insistence of the Committee of Public Accounts that in future some details should be given of stock holdings and any losses made on them.

Little is known about the precise guarantees offered to the Italians on the life of this fuel. It is not likely that the AEA would fully guarantee it for 3,000 MWd/t at this early stage of the nuclear art but it is probable that it has given guarantees for between 2,000 and 3,000 MWd/t with a sliding scale of compensation. In return for these concessions, the Italians have probably had to accept a big reduction in the price at which the AEA will buy back the 400 tons of fuel when its useful life in the reactor is over. The previously quoted price was £5,000 a ton, but this was related to an initial selling price of at least £17,500. It is likely that the "buy-back price" finally negotiated is not only a great deal lower than this, but shows a much bigger discount between first cost and buy-back. American companies have followed the negotiations with interest. The Authority's terms for supplying fuel will be a decisive factor in nuclear competition abroad; and seven companies are at present bidding for the next big foreign order, a nuclear power station for India.

WOOL TEXTILES

Threat from Japan?

WHEN Bradford heard that Japan might be allowed to sell as much wool cloth in Britain as the British industry exports to Japan, it is said that a deputation left on almost the next train to London. By now, the arguments of the leaders of the separate wool organisations should be as familiar to the President of the Board of Trade as their faces. All the same, a television audience was recently shown what purported to be a cotton mill in Bradford and many people who should know better still fail to distinguish the wool industry's problems from those of the cotton manufacturers. Last week's excursion was *therefore reckoned* worth while. Britain's current trade agreement with Japan expires at the end of this month and discussion of a renewal of this agreement and of a full Anglo-Japanese

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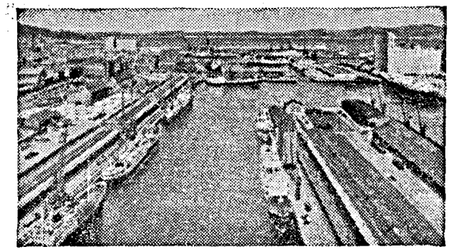
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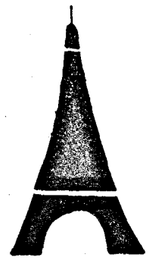
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commercial treaty started in Tokyo on August 25th.

Japan has hinted that countries that continue to impose special restrictions on imports from Japan—the United States, United Kingdom, France and Italy have been singled out for special attack—will receive unfavourable treatment when Japan liberalises its trade. In the first eight months of this year, Britain's exports to Japan rose by £11 million to £29 million, outpacing the growth in imports from Japan which increased by only £2 million to £29 million. At present no Japanese cloth is allowed into this country, though Britain exports cloth worth about £3 million to Japan each year and also supplies a growing quantity of wool tops to Japanese cloth manufacturers. Japan therefore appears to have a strong case against Britain's embargo on its cloth.

But Bradford does not flatter itself on its apparent success in the Japanese market, despite steep import duties and the lower costs that recent investigations showed their Japanese competitors enjoy. In export markets where Bradford competes with Japanese manufacturers, its experience has been precisely the opposite, though Japanese exports of cloth fell by 28 per cent in the first half of this year—Japan's exports to the United States tumbled by 43 per cent following the imposition of crippling import duties—and Britain's exports of wool manufactures declined only from £58 million to £56 million in the eight months to the end of August.

The high price maintained for wool textiles in Japan enables the British industry to jump over Japan's high import hurdle, and this price structure is claimed to be the basis on which Japan's export trade is founded. About 85 per cent of the raw wool imported into Japan is consumed in that country and its relatively small exports of wool manufactures are alleged to be heavily subsidised from profits earned in the home market. Misleading labels which are designed to conceal the true identity of cheaper Japanese manufactures are still harming British exports, and the British wool industry hopes that as an exporter Japan will not be given most-favoured nation status unless these practices are stopped. The British industry still claims that, on equal terms, it can match Japanese competition.

SOUTH AFRICA

Brighter Prospects?

INVESTORS in South African securities, relieved by the recent strengthening of the country's reserves, have received further encouragement this week by the announcement of a $30 million loan to Rand Selection Corporation by American institutions. The corporation was enlarged earlier this year to enable funds to be raised more easily and it has succeeded in raising

this money on notably satisfactory terms. It involves an issue of unsecured debentures, of which $5 million will be repayable at the end of seven years and the remaining $25 million after ten years. The cost of the loan is equivalent to an average interest rate of 7 per cent, no more than that for a first class industrial debenture in this country and well below the current redemption yield of just under 9 per cent offered by South Africa 3½ per cent stock 1965-67. Mr Harry Oppenheimer, the chairman of Rand Selection and also of Anglo American Corporation of South Africa and De Beers, which both have a large stake in the enlarged corporation, has said that the money has not been raised for any specific projects. But it will clearly provide useful resources for financing mining and other projects at a time when the prospects of raising money from foreign sources are not auspicious.

It is important to note in view of present exchange restrictions that the South African Reserve Bank has guaranteed the availability of funds for repaying the loan. The loan operation has further strengthened South Africa's gold and foreign exchange reserves; they now stand at £95 million compared with a low point of just over £70 million in mid-June when the restrictions on movements of capital were imposed. In London last week Dr Diederichs, the Minister of Economic Affairs, said that exports too were rising and that some easing of the exchange regulations would be possible "very soon." Clearly South Africa is standing up well to its siege economy, but so long as there is no change in the emphasis of the present government's policies the long term outlook for investment in South Africa remains uncertain, and leading Kaffir shares will continue to offer high but not necessarily attractive yields.

DRUG PRICES

Under the Microscope

THE drug industry has been forced by pressure from the Ministry of Health to give a great deal more information about its internal costs and profits than it has previously seemed prepared to do, and has thus managed to divert some of the wrath released on it periodically by the Committee of Public Accounts. The PAC has taken a jaundiced view in the past of the apparent profit levels earned on proprietary drugs sold to the National Health Service. The traditional argument that high profits were needed to finance research was hard to swallow when some companies were showing a nominal return on capital employed that was in some cases as high as 100 per cent. Most of these were American-owned companies whose US parents carried out all the research at home and expected profits from subsidiaries overseas to contribute their share to the upkeep of the laboratories. But many of these same companies have been under fire in the US too for their profits; it was rumoured that the research costs quoted to justify their profits included items that had nothing to do with research and a good deal to do with straight sales promotion.

These companies have now broken down their British results for the Ministry of Health to show what is earned on drugs and what from the sale of non-pharmaceutical products. After allowing for research contributions, the adjusted profits on drugs came down from an average of 73 per cent on capital employed to an average of 34 per cent with individual results ranging from 18 to 45 per cent. These companies must now have an embarrassing time explaining their high profits to their non-pharmaceutical customers. Much of the data they gave the Ministry was, said the PAC suspiciously, "based on unverified information from the parent companies," but as the Ministry anyway regards a 34 per cent return as excessive compared with the 18 to 20 per cent recorded by British and Swiss companies, and since it was taking steps to negotiate lower prices, the committee did not worry over-much about the accuracy of the "unverified" data.

This has proved a specially hard nut to crack, and it is one that has attracted a good deal of odium to the pharmaceutical industry in general that it did not always deserve. It has even driven the Ministry of Health to the questionable decision to accept tenders for drugs—those developed mainly by the American-owned companies—from countries like Italy where the Americans had no patent protection. But it is by no means the Ministry's only victory on drug prices in the past year. The voluntary scheme for price control exercised by the industry with Ministry agreement has been tightened up and is already said to be showing savings. Side-by-side with this has gone an assault on the industry's much-criticised sales promotion to doctors. Mail advertising and free samples, the industry told the Ministry, accounted for £2 million out of annual net sales of £50 million, without allowing for the cost of commercial travellers. The industry has now "adopted a code of advertising *thought* [our italics] to have eliminated the worst abuses." While exhorting the Ministry to keep up its pressure for lower prices and more information about costs, the PAC appears to have felt that this time some headway had been made in plugging what at times appeared like an open drain in the National Health Service. The ghost of Aneurin Bevan must think that it has been a long, hard pull.

INSURANCE

Brandaris Moratorium

BRANDARIS INSURANCE, one of Holland's five largest insurance companies and underwriters of about 60,000 motor policies in Britain, has ceased to take new business and has been allowed by an Amsterdam

court to postpone all payment of debts. These moves follow "substantial" losses (unofficial reports speak of over £1 million) incurred during the last twenty-one months on the company's foreign business. It appears that the bulk of this loss is on motor insurance business introduced from London and Frankfurt. The company is represented in Britain by Overseas Motor Insurance (CI) and Overseas Motor Insurance Agencies and Finance, of which Mr Ronald Myhill (of Overseas Aviation) is a director, and in Germany by R.M. Overseas Motor Sales of Frankfurt. Brandaris has now withdrawn all authority for these companies to do business on its behalf.

Brandaris was founded in 1940 by the Nederland Shipping Line, the Nederlandsche Handel-Mij Bank, and the Nationale Handelsbank (now controlled by the Rotterdamsche Bank) to take up business lost by British and American insurers during the German occupation of Holland. The shareholders have now undertaken to make available to the company Fls. 7 million, and if a scheme that is being prepared for the satisfaction of creditors is approved by the Court, the shareholders will increase this figure to Fls. 10 million (£1 million). All Brandaris car policies become invalid on October 16th and policy-holders will have to reinsure by that date. In Holland in the past week brokers have carried their clients' policies with Brandaris over to other companies; in Britain motoring organisations are recommending reinsurance at least for third-party risks.

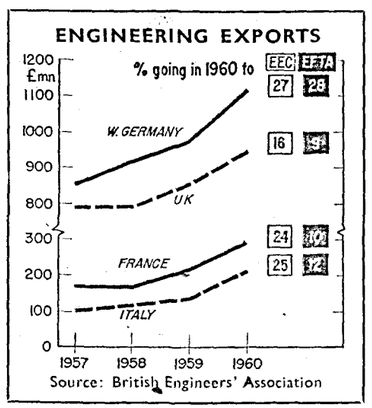
AIR ACCIDENTS

Limited Liability

THE ordinary fare-paying passenger might be forgiven for thinking that international air law lags some years behind international air travel. Because airlines automatically accept liability for whatever goes wrong on a flight, from lost luggage to fatal accidents, the fact that they limit their liability to comparatively trivial amounts tends to get overlooked; so do a number of loose ends that leave the question of liability on certain types of flights hanging in mid-air. At present, the maximum compensation paid to the relatives of dead passengers is still, by international agreement, the ludicrously low sum of £3,000, which must bear very little relation to the potential earning capacity of many of those who fly regularly by air. Several years ago, a draft amendment was prepared that raised this sum to £6,000, but this amendment cannot take effect until 30 countries have ratified it and the total to date is only about 20. Nor can the UK Government be said to have set a particularly good example here: before this country could ratify the amendment, Parliament had to approve the change and a private member's bill to this effect was passed only last year. Since then, British airlines have been prepared to make *ex gratia* payments of £6,000 to families of passengers killed in accidents. But by the time the new arrangement has been ratified by enough countries to make it internationally binding, the sum will again probably need revision.

The International Civil Aviation Organisation seems to have taken this lesson to heart, and the draft prepared at a recent meeting in Mexico to tie together certain loose ends dealing with charter flights becomes effective as soon as it has been ratified by five countries. There was—and until the new amendment is ratified there still will be—doubt about who, on a charter flight, was liable in case of accidents. Some countries, including Britain, held that it was the airline that flew the aircraft; others argued it was whoever had sold the tickets. which might be another airline—or the vicar arranging a choirboys' outing. Tour organisers have in fact become adept at devising forms of words that would protect the vicar, but a dispute about liability between two airlines could leave the passengers and their dependants in an unhappy position.

Liability for lost baggage is fixed, internationally, at a maximum sliding scale per kilo, but the airlines in this case prefer to bargain direct with the passenger, and they do not usually bargain too hard. Goodwill might be better fostered if luggage designers took a look at the beating that their wares get in transit through an airport; by contrast the average railway porter is as gentle as a nursemaid.



DIRECTORS

Boardroom Bible

ABOUT 37,000 free copies of *Standard Boardroom Practice*, prepared for the Institute of Directors by nine distinguished directors under the guidance of that redoubtable director and committee chairman, Sir Edwin Herbert, will be in the hands of the Institute's members this week-end. This is therefore very much a directors' affair, though an assiduous investor or alert trade unionist might for the payment of 12s. 6d. glean from its 71 pages a useful point for use against a neglectful board. But, despite its title and chapter headings, which include directors' pay, business expenses and donations for political purposes, they will certainly find no lurid facts about these interesting subjects. The book contains few facts and only a limited number of unqualified recommendations.

A point unintentionally emphasised by this book is that beyond directors' legal responsibilities and their easily recognised moral obligations, there is little that is standard in boardroom practice; it is slowly evolving to meet changing circumstances. The authors did not intend to produce a code of ethics; they claim that they merely wished to clarify professional standards for directors. It could be argued that a director can settle these problems, like many others, by an appeal to his own common sense and experience. But it can be said in this book's favour that in dealing with dividends, takeover bids, the release of information and alteration in the nature of a business some directors need to be reminded of their full responsibilities towards shareholders, and that is the main theme of the book.

ATOMIC ENERGY

The International Atom

THE European Nuclear Energy Agency of OEEC has published its third annual report at a time when many people are wondering what the future holds for this organisation. It is one of three international atomic energy agencies, all based in Europe. The smallest and most tightly knit is Euratom, the atomic agency of the six common market countries. It is generally assumed that membership of the common market pre-supposes membership of Euratom too, with its complex treaty, and its large headquarters. Euratom has been stymied through no fault of its own because the circumstances that brought it into being had melted away before the agency was formed and its purpose is now largely research. The fuel shortage it was designed to combat exists no longer, and the production of nuclear weapons that it was expressly designed to prevent now flourishes in at least one member country, France, and in Britain too, which may become a common market member.

Should this happen, and should Scandinavian and other countries follow Britain's lead, then the membership of Euratom will to a large extent duplicate that of the OEEC agency, which is a loose organisation of 17 member countries with a small and compact headquarters in Paris. Like Euratom, the ENEA exists to foster and organise cooperative nuclear projects but unlike Euratom, existence does not (or did not) depend on promoting projects but on taking a judicious and impersonal view about what

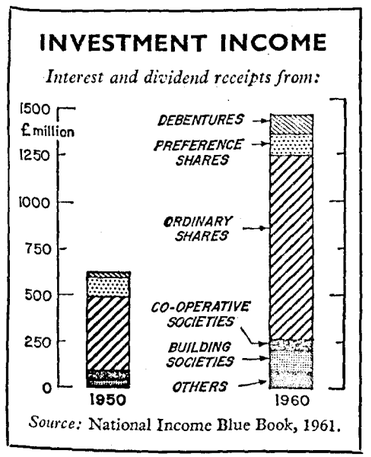
were and what were not worth pursuing. Thus the Agency's advice on atomic power has been consistently cool and sensible. But if all Europe's big nuclear powers with the exception of Sweden become members of Euratom, will they feel there is any purpose in continuing their subscriptions to the OEEC organisation, whose only independent members will then be Sweden and small, non-nuclear countries like Greece and Spain?

The liquidation of the European Nuclear Energy Agency would leave these countries then dependent on what nuclear advice they could get from the biggest organisation of all, the International Atomic Energy Agency in Vienna. Although this is not a United Nations body, its membership virtually duplicates that of the United Nations and its main trouble is getting member countries to pay up the aid that they so frequently and glibly promise it. With Euratom for practical purposes a closed shop, and the big Vienna agency continuously hampered by shortage of funds, the OEEC organisation is one of the few on which small and medium-sized countries can call for atomic advice, and it has made considerable steps in enlisting Canada and the United States as associate members. If it were to be disbanded, a gap would be created that would be hard to fill.

TANKERS

Russia's New Orders

ANOTHER illustration of the shortsightedness of most trade boycotts against Russia—which usually result in that country's setting out to meet its needs in some other way, usually to the West's long-term commercial disadvantage—can be seen in the heavy Soviet programme of tanker building now under way. Last year Standard Oil of New Jersey threatened not to use again any ships of tanker owners chartering their vessels to take Russian crude oil to Cuba. The ban was largely ineffective at the time as there were a sufficient number of small tanker companies eager for work of any kind to whom the prospect of business from Esso had always been somewhat remote. It now seems to have had the secondary effect, also, of spurring Sojuzneftexport into building up an even larger sea-going tanker fleet of its own. This week's provisional contract with the Fincantieri Corporation of Italy for six tankers each of 48,000 tons deadweight follows other large construction orders already placed this year.



Traditionally, most of Russia's oil exports have been carried in oil tankers chartered from Scandinavian, British, Greek and other companies. Hopes of a substantial increase in this export trade stimulated a moderate programme of tanker building—in the last two years the Russian fleet has grown from just under 800,000 tons deadweight to 1¼ million tons dwt, but the bulk of these are small tankers designed to serve Russia's own internal needs, with only a small proportion of sea-going vessels. But lately the emphasis seems to have been shifted. A number of largish tankers have been bought, second-hand or new, from shipyards whose customers have cancelled delivery, and orders have been placed with Finnish, Swedish, Japanese, and Yugoslav as well as Russian yards. Including this week's Italian order, known contracts outstanding from the Russians for tankers now total over 600,000 tons deadweight, almost half the size of the present oil tanker fleet. This is a rate of new building matched only by Japan.

HEATING

Anglo-Saxon Attitudes

THE British no longer feel that it is sinful to be warm; and this drastic change in their attitude to life has combined with the boom in office building to produce a new growth industry in heating. Sales of all forms of heating and air conditioning plant, the greater part of which is used in industrial or commercial buildings, were estimated at £50 million this year by Mr C. J. Atkins when he opened the first International Heating, Ventilating and Air Conditioning Exhibition at Olympia this week. That compares with £30 million in 1958. Much of this increase simply comes from heating and ventilation for new offices and factories, but the domestic market seems to be the section that is growing fastest. Statistics are unfortunately lacking; but reports from individual organisations suggest that there may be twice as many installations this year as in 1960. The Gas Council, for example, states that 13,000 gas central heating installations were made in 1959-60, and twice as many are going in this year. When only some two per cent of all houses in Britain, or 300,000, have full central heating, and only 750,000 anything more than fires, the scope for expansion is great.

Competition between the different fuels for this market is becoming increasingly bitter—"knocking copy" is becoming a rule rather than the exception. But where installations are most often the concern of small contractors, the effects of this competition on price seems less than buyers might wish; and the figures that are quoted in advertisements as the "typical" cost of an installation are all too likely to prove optimistic when the quotations arrive. The temptation to specify an unnecessarily large boiler and radiators, to leave a safe margin over the heat that will be needed under most conditions, is another practice that makes installations costly. The low initial outlay is certainly the reason why electric floor-warming has become so popular, despite higher running costs than solid fuel or oil, and usually than gas. For speculative builders it is ideal. At present demand is growing fast enough for all sections of this industry to be busy, it is only later that competition may begin to hurt.

LAND-ROVER

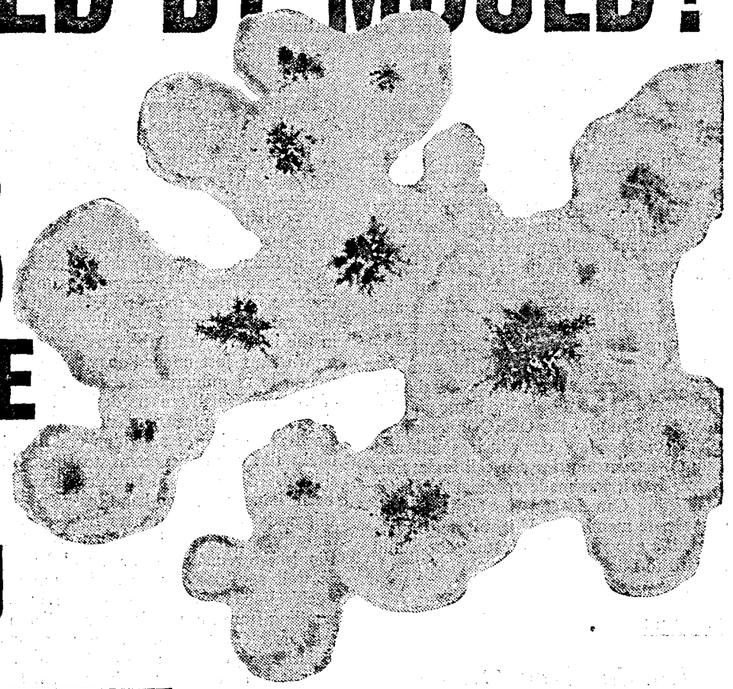
No Wings?

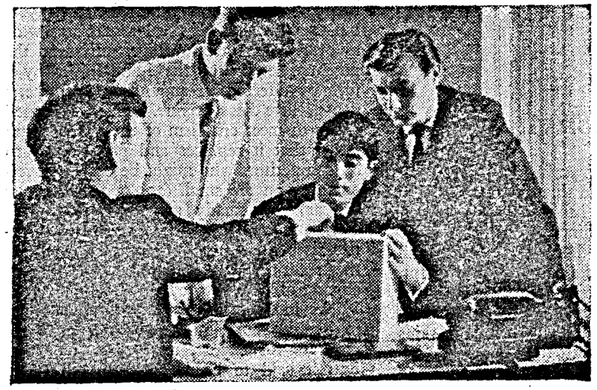
DURING the 13 years that it has been in production, the Land-Rover must have been decisive in enabling the Rover Motor Company to survive as an independent producer when the gap between the performance of mass-produced and so-called "quality" cars narrows each year but their price differential remains as wide as ever. This week, Rover increased the potential power of the Land-Rover by a fifth by offering, at an unchanged price, a new 2¼ litre diesel engine. This is designed partly to meet criticism of the older 2 litre diesel that it replaces and partly to warn off competitors who might be casting covetous eyes on the small (200,000 to 250,000 a year) but steady and profitable world market for the kind of vehicle that compromises between the speed of a car and the stamina of a tractor. This market counts only two producers of substance, Willys in North America and Rover, now producing 850 Land-Rovers a week, three-quarters for export, against a falling car output said to be in the region of 300 weekly. The company plans to increase Land-Rover production to 1,000 a week.

Threats of competition recur periodically, mainly from France and Germany, but the only competitor to materialise on four wheels since the Land-Rover's inception is the British Motor Corporation's Gipsy. Launched inauspiciously four years ago, the Gipsy is said to have been re-engineered and greatly improved; but it is still being produced on a purely token scale (guessed by Rover not to exceed 50 a week). However, it is always possible that BMC might have plans for bigger Gipsy production and an all-out attack on the market when its Scottish commercial vehicle factories get going. Just conceivably BMC might be

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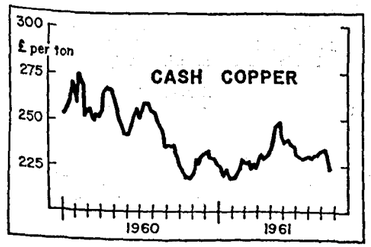
put off by the fact that although the basic design of such vehicles changes hardly at all over the years, each is assembled in a slightly different way for each customer; there are 930 different permutations worked on the standard Land-Rover apart from those built to customers' own special specifications. By now Rover has done almost everything to the basic vehicle but make it fly; with the additional power of the new engine, it can be converted to run on (and off) railway lines hauling 50 times its own weight, to sleep four people and a cooker in something approaching comfort, and to amble through swamps on tracks that give it the appearance of a brontosaurus. These "optional extras" range in price from shillings to as much as the cost of the basic vehicle itself (which ranges from £660 upwards depending on engine, while the Gipsy is £10 cheaper).

COPPER

Crumbling Prices

AFTER three months of relative stability, cash copper fell about £12 to £221 a ton in London in three weeks. During this period, demand from British and continental consumers in the free market was negligible, despite an almost constant threat to future supplies. West European manufacturers appear to think that they are already riding the crest of their boom; some had bought more copper than they thought they would require in the next few months and were probably taking advantage of the relatively high level of output to reduce their stocks. Japan is also unlikely to sustain the phenomenal growth in its copper imports and known deliveries to fabricators outside the United States have fallen heavily since June. But demand improved this week; the copper lost in the recent strike at mines in Chile has begun to affect the market and spot copper recovered to £225½ a ton.

Without the further improvement in consumption looked for outside the United States this year, there is little prospect of consumption matching production despite the output curbs that have been in force for a year in some cases. However, copper usage in America has been expanding at a rate which, but for the slackening in demand elsewhere, might have eliminated the potential surplus of copper this year. It is thought



that the American producers' price for copper will be maintained at 31 cents a lb for the remainder of the year; the import duty of 2 cents a lb will help to insulate it from the effect of stocks which might begin to accumulate again outside the United States. Two American producers have already resumed maximum production.

The majority of producers have been proved right in resisting the temptation to drop restrictions when copper prices advanced recently. The timing of strikes is seldom convenient, and so far this year, production lost through strikes is comparatively low. Stocks at the start of the year were abnormally large and it would have required twice the average rate of growth in consumption to have matched even this year's restricted output.

The recent discovery of what might prove an extensive new copper field in Canada, where some smelters are said to be concerned at the diminution of the older orebodies from which they currently draw their supplies, strengthens the belief that world capacity will keep a step ahead of copper consumption for quite some time. But though the new discoveries were made about three months ago, it will take another year before the companies involved can assess the value of their find.

UNIT TRUST

Investment for Trustees

IMPROVED sales of units by unit trust managers in recent months suggest that already trustees anxious to go into equities but not wanting the headaches of portfolio management have turned to this form of equity investment. Now the Municipal & General Group of unit trusts has given further details of its new trust specifically designed for trustees. The M & G Trustee Fund is aimed at the large investor; its initial charge will be on a sliding scale from 2 per cent on sums below £25,000 down to ½ per cent on sums of over £100,000, while the half-yearly charge will be reduced as the fund grows from ¾ per cent per annum up to £2 million and ¼ per cent per annum when it exceeds that figure. The minimum holding will be 500 units and the opening price 10s. a unit.

One of the attractions of a unit trust for trustees is that it affords an indirect stake in equities not eligible for direct investment under the Trustee Investments Act—such as overseas companies, small companies and new issues. As the M & G managers point out, such investments often provide yields more in line with those on fixed interest securities; the initial yield for the fund is expected to be around 5 per cent.

The more specific advantage of the new trust is that its income will be distributed in accordance with the principles of trust law; all income to which the life tenant is normally entitled will be distributed but capital distributions will be retained in the fund. For those trusts whose income to be reinvested (generally for a minor) the will be special "accumulation units" in which all the income will be ploughed back; these may be converted at any time into the ordinary "income units." As with the recently formed Trades Union Unit Trust, the managers of the new fund will accept any shares which they consider suitable for the fund in exchange for units, and the Trust deed also enables holders of units worth over £10,000 to receive specie. So far, trustee buying of equities has been small and the initial appeal of this new trust in uncertain markets must remain in doubt; but the managers will clearly be disappointed if they have to calculate for long the half yearly charge on the higher rate.

CONSUMER PROTECTION

Well Meaning but Woolly

PUBLIC opinion knows a great deal about consumer protection these days, and it is perhaps unkind to complain that the authors of the Labour Party's "Fair Deal" pamphlet that was published on Thursday churn up the familiar well-ploughed furrows. But the truth is that the clothes of the party that nailed the Utility flag to its masthead in the post-war years have been filched from it garment by garment during successive Conservative administrations that have actually set up a Royal Commission on consumers' problems and have put through, or are putting through, an appreciable amount of minor legislation dealing with various ploys of which shoppers are victims. These range from wholesale revisions of the Merchandise Marks Acts and the Weights and Measures Bill (although the Government's record on the latter gives no cause for pride) to the banning of mock auctions. These bills are sometimes far from perfect; but whose fault was that? How hard did the Opposition work to get them improved?

The past few years have shown that there is sufficient interest in this country to support an independent testing organisation on voluntary subscription alone: the Consumers' Association and its publication "Which" have achieved a success that only the most optimistic would have forecast at its inception six years ago. For a variety of reasons, it is better to leave this work to voluntary organisations—provided they can get enough support—than to have such comparative testing, with its frequently destructive criticism, carried out through the Government-sponsored Consumer Council that is the nub of Labour policy. The function of the Government, many might argue, should be reserved for those aspects of consumer protection that can be enforced by, and only by, legislation. But there remains the troublesome field of services, not touched on in "Fair Deal"; how should shoppers be protected from bad laundries, inefficient dry-cleaners, impossible hotels and unappetising restaurants? Is there a

case for arbitration machinery to which shoppers can take their—occasionally unreasonable—complaints about services of this kind and get compensation? These are the fields where new thinking is needed, and an audience conditioned to the plain speaking of "Which" and the increasing acidity of the British Standards Institution's "Shopper's Guide" is going to find "Fair Deal's" well-meaning but woolly sentiments dull fare indeed.

COMMERCIAL TELEVISION

Spreading in Europe

BRITAIN'S entry into the common market might make its biggest immediate impact on the television screens of the Continent. Including this country and Eire, where transmissions are starting soon, ten countries in western Europe have some form of commercial television and five others can receive transmissions from neighbouring countries. With a network covering almost all Britain and stretching across Germany, Austria, Italy, Luxembourg, Finland, Spain and Portugal, with an enclave in Monte Carlo and an imminent Irish service, the potential commercial audience by the end of last year must have been about 18 million, having trebled in three years and no doubt expanded considerably since then. Yet the general conclusion of a speech made last week in Madrid by Mr G. P. Wethered, director of London Press Exchange's Intam, was that only in Britain had the use of television advertising developed into anything resembling an art.

He attributed this partly to local circumstances. Broadcasting authorities on the Continent with the frankly commercial outlook of the ITA contractors in Britain were mainly in countries with audiences too small to attract heavy advertising (this may change if Holland starts commercial television). In countries with potentially big audiences, like Germany and Italy, broadcasting was in the hands of public corporations that tend to take a stuffy view of TV commercials and to give them only a meagre ration of time. But some of the blame he reserved for the TV salesmen, who do not do as much research into their television audience as the commercial contractors do in Britain. And they are lackadaisical, according to Mr Wethered, because they do not have to compete for audiences as the ITA contractors have to compete with the BBC and are therefore not particularly concerned to find who watches what and when they do it. Yet, continued Mr Wethered, warming to his subject, this kind of analysis can prove that television advertising is cheaper in terms of the people it reaches than competing forms of advertising and he proceeded to prove it with examples from Italy, where there is a mass television audience, and Spain, where there is a predominantly middle-class one. An invasion of the Continent by the advertising managers of British companies, primed to the teeth with audience ratings and cost comparisons and media analyses is likely to have interesting results.

SHORTER NOTES

Holders of about 40 per cent of the capital of Doom Dooma have accepted the offer of 55s. per £1 unit made by Brooke Bond which has declared its offer unconditional, and extended the period of acceptance until October 3rd. The Doom Dooma directors have invited a director of Brooke Bond to attend a meeting with their advisers and in the meantime advise shareholders who have not accepted the Brooke Bond offer to await a further communication.

★

While maintaining the interim dividend at 3 per cent the directors of Cammell Laird anticipate that profits in 1961 will be appreciably lower than those for 1960. They warn shareholders that it is unlikely that the last year's total dividend rate of 12 per cent can be maintained.

★

The boards of Metropolitan Estates and Property Corporation and Town Investments have started discussions which may result in an amalgamation. This would create one of Britain's biggest property groups with assets of over £41 million and extensive interests in London, the Provinces and in Canada.

Threlfall's Brewery and Chesters Brewery, which both operate in Lancashire and Cheshire, have announced merger proposals. One £1 Threlfall's ordinary share is offered for every two 5s. shares in Chesters, which values each share at about 43s. 6d. and the total Chesters' equity at over £6½ million. It is proposed that the name of the new company should be Threlfalls Chesters.

★

Three Australian mining companies, Western Mining, Broken Hill South and North Broken Hill, are to make rights issues raising a total of £A6.6 million in order to finance their participation in the £A44 million Western Australian aluminium venture. The balance of the capital will be provided by Aluminium Company of America, which will hold 51 per cent. of the equity in the project.

★

Schweppes and J. Lyons have announced a marketing agreement by which Schweppes' Suncrush and Kia-Ora fruit drinks and Lyons' Sunfresh will share a common sales organisation. From January 1, 1962, the three drinks will be marketed in England and Wales by the Rose Kia-Ora Sales Company.

SUBSCRIPTIONS TO THE ECONOMIST

Annual Postal Subscription by ordinary mail UK and Canada £4 . 10 ; elsewhere overseas £5

By air see below

Subscriptions to many countries can be sent either by direct second-class airmail or in bulk by air freight for onward posting from central distribution points. *Airmail is invariably more expensive but usually* quicker by about 24/48 hours. Where only one service is shown this is because the alternative is either not available or not recommended.

	Airmail	Air Freight		Airmail	Air Freight
Australia	£10 6s.	—	Iran & Iraq	£7 15s.	—
Canada:—			Israel	£7 15s.	—
Quebec,			Japan	£10 6s.	—
Ont..	—	£8 5s.	Jordan	£7 15s.	—
Other provs.	—	£9 0s.	Lebanon	£7 15s.	—
Ceylon	£9 0s.	£7 5s.	Malaya	£9 0s.	—
China	£10 6s.	—	N. Zealand	£10 6s.	—
East Africa	£9 0s.	£7 10s.	Nigeria	£9 0s.	£6 10s.
Egypt	£7 15s.	—	Pakistan	£9 0s.	—
Europe	£6 0s.	—	Philippines	£10 6s.	—
Ghana	£9 0s.	£6 10s.	Rhodesia	£9 0s.	—
Gibraltar, Malta	£5 0s.	—	S. Africa	£9 0s.	£7 10s.
Hongkong	—	£8 15s.	Sth. & Cen. America	£9 0s.	—
India	£9 0s.	£7 10s.	Sudan	£7 15s.	£6 15s.
Indonesia	£9 0s.	—	USA	—	$25 or £9
			W. Indies	£9 0s.	—

SOME PRINCIPAL OVERSEAS SUBSCRIPTION AGENTS:

AUSTRALIA: John Hinton & Co., 50 Miller Street, Sydney, New South Wales. BELGIUM: W. H. Smith & Son, 71 Boulevard Adolphe Max, Brussels. BRAZIL: J. de Croze, Rua Mexico 70, 8/1110, Rio de Janeiro. CANADA: Wm. Dawson Subscription Service, 587 Mount Pleasant Road, Toronto 7, Ontario. CEYLON: The Lake House Bookshop, 100 Parsons Road, Fort, Colombo. DENMARK: Ejnar Munksgaard, 6, Norregade, Copenhagen K. EGYPT: G. Avatis, 8 Ibrahim El Lakani, Heliopolis, Cairo. FINLAND: Akateeminen Kirjakauppa, 2, Keskuskatu, Helsinki. FRANCE: W. H. Smith & Son, 248 Rue de Rivoli, Paris. GERMANY: W. E. Saarbach, Gertrudenstrasse 36, Koln 1; H. E. Braumueller, Karlstrasse 34, Hamburg 22. GHANA: Travel Service, Ltd., P.O. Box 401, Accra. GREECE: Librairie Kauffman, 28 Rue de Stade, Athens. HOLLAND: Van Gelderen Hoofdnanoov, 134 Voorburgwal 142, Amsterdam-C. HONGKONG: The Advertising & Publicity Bureau Ltd., 701-706 Marina House. INDIA: Patrika Syndicate Ltd., Gole Market, New Delhi 1, or 12/1A Lindsay Street, Calcutta 16. IRAN: Iranian Amalgamated Distribution Agency, Avenue Shah, 62 Yaghma Street, Teheran. IRAQ: Coronet Bookstore, Mcfjat Building, Southgate, Baghdad. ISRAEL: Weiss' Subscriptions, 22 Allenby Road, Tel Aviv. ITALY: Messaggerie Italiane, Via Lomazzo 52, Milan 12. JAPAN: Maruzen & Co., P.O. Box 605, Tokyo Central. JORDAN: Joseph L. Bahous & Co., P.O. Box 66, Amman. KENYA: East African Standard, P.O. Box 30030, Nairobi. LEBANON: Librairie Antoine, A. Naufal & Freres, Rue de l'Etat, Bechir, Beirut. MALAYA: Messrs. Marican & Sons, Subscription Dept., 74 Orchard Road, Singapore, 9. NEW ZEALAND: Gordon & Gotch (NZ) Ltd., P.O. Box 584, 75 Anzac Avenue, Auckland; Gordon & Gotch (NZ), Ltd., 32 Waring-Taylor Street, Wellington. NIGERIA: Atlas Nigeria Ltd., 6 Labinjo Lane, P.M.B. 2120, Lagos. NORWAY: AS Narvesens Literaturtjeneste, P.O. Box 115, Oslo. PHILIPPINES: Morris Corporation, P.O. Box 1451, Manila. POLAND: ARS Polona, Krakowskie Przedmiescie 7, Warsaw. RHODESIA: Kingston Ltd., P.O. Box 1498, Bulawayo, Southern Rhodesia. SOUTH AFRICA: American & Overseas Publications, P.O. Box 3025, Port Elizabeth. SPAIN: Distribuidora International, Duque de Sexto, 36, Apartado 9156, Madrid. SUDAN: Sudan Bookshop, P.O. Box 156, Khartoum. SWEDEN: Wennergren-Williams A.B., Nordenflychtsvägen 70, Stockholm. SWITZERLAND: Agence Acherhard, Case 123, Berne Transit. TANGANYIKA: The Tanganyika Standard, P.O. Box 13, Dar es Salaam. TURKEY: Librairie Hachette, 469 Istiklal Caddesi, Beyoglu-Istanbul. UGANDA: East African Standard, P.O. Box 1656, Kampala. UNITED STATES: British Publications Inc., 30 East 60th Street, New York 22, N.Y.; Eastern News Distributors Inc., 306 West 11th Street, New York 14, N.Y.; The Economist, National Press Building, Washington 4, D.C.; National Publications Co., 4055 Wilshire Blvd., Los Angeles 5, California. VENEZUELA: Distribuidora Santiago C.A., Quinta Oasis, Segunda Transversal Norte, Urbanizacion Guacalipuro, Apartado, No. 2539, Caracas.

COMPANY AFFAIRS
Comments on pages 1302 and 1303 on :
Associated Electrical Inds. — Vickers
Associated British Foods — Qualcast
National Canning — Henry Wigfall
Buxted Chicken — Dimplex
Doxford and Sunderland Shipbuilding

LONDON AND NEW YORK
Stock prices, yields and security indices on pages 1304 and 1305

LONDON STOCK EXCHANGE
The week's movements reported on page 1303

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 1306

COMPANY MEETINGS

UNIGATE LIMITED

UNITED DAIRIES — COW & **GATE**

SOLID AND STEADY PROGRESS

EXPANSION OF RETAIL OUTLETS CONTINUES

MR G. IVOR PRICE ON INCREASING POPULARITY OF GROUP'S PRODUCTS

The second annual general meeting of Unigate Limited was held on September 22nd at Grosvenor House, Park Lane, London, W1, **Mr G. Ivor Price**, chairman and managing director, presiding.

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

Ladies and Gentlemen,—I regret to have to say that Mr J. T. McLaughlin died in November of last year. He joined Cow & Gate Limited as a clerk in the Cost Office in 1922 and reached the Board of that Company in 1958, becoming a director of Unigate Limited on its foundation. We miss his counsel, founded on his wide experience.

It is also my sad duty to report the death in July this year of Major J. Gordon Stokes, DSO, MC, who was a director of United Dairies Limited from 1929 and a Manager Director from 1936 to 1946. In all he had served for fifty-three years.

On retirement from management he continued as an ordinary director and became a director of this Company on its formation. He was one of the foremost experts in the country on butter and we shall miss the benefit of his great knowledge of this subject.

Your Directors have pleasure in presenting to you the second Annual Accounts of Unigate Limited and are now able to show the figures for 1959-60 alongside those for 1960-61.

The small increases of £4,938 in the amount of issued capital and of £15,062 in the share premium account are due to part of the consideration for the purchase of a business being paid *in shares.*

The long-term liabilities have been reduced by £323,098, mainly due to the redemption of the Aplin & Barrett debenture stock, so as to give us flexibility in dealing with the properties.

The profit before taxation at £6,150,939 compares with £5,773,668 for the previous year, while current taxation takes £2,791,448 against £2,739,067, leaving the profit after taxation £3,359,491 this year, an increase of £324,890. In addition tax releases were £198,408 (previous year £187,428).

An interim dividend of 5 per cent has been paid on the Ordinary shares and after payment of the Preference dividends *there is a balance* of £2,651,804. Your Directors recommend the payment of a final dividend of 9 per cent, absorbing £931,080 net. After these appropriations the carry forward is increased by £1,720,724.

You will have noted that the profits tax is increased by 2½ per cent, and there is to be a further increase this year of 2½ per cent, making a total rate of 15 per cent.

FINANCE

In view of the various re-arrangements and concentrations rendered necessary by the merger, our cash flow, i.e. depreciation and retained profits at £4,438,788, has not equalled the demands on our cash resources, and we must expect this tendency to continue for two or three years.

Subject to many reservations, we do not expect to seek *additional capital for the present.*

GENERAL OBSERVATIONS

The progress of the merger is continuing and the main operating divisions are maintaining their individuality, but exchanges are made between the divisions when it appears that efficiency can be increased and economies effected.

Milk production in the United Kingdom has reached record levels, 2,302,000,000 gallons (2,128,000,000 gallons in 1960), and it will be agreed generally that we have played our full part in the making and disposal of products.

During the year under review the price of butter continued to fall from the very high level reached at the end of 1959, but the price of cheese, after a sharp fall at that time, was maintained on a steady course.

It appeared at one time that the upward valuation of the guilder and mark would help the price of milk products, but a large increase in the production of milk powder in France, and its subsequent sale here at subsidised prices, has led to an application to the Board of Trade for relief.

The Government, in course of the annual price review, secured a promise from the National Farmers' Union that schemes for altering the method of payment to farmers for milk should be examined. At present the returns from the sale of milk for liquid consumption and the conversion of milk in excess of the liquid market's requirements into various products are pooled and the farmers paid accordingly. As disposals through lower-priced products increase so is the pool price depressed.

The apparent remedy suggested by the Government for examination was a two-tier price, that is a lower price for milk in excess of a stipulated quantity, presumably based on past production. We would be sorry to see some such manoeuvre result in a disturbance of the balance of supplies and in a reduction of the quantity of milk produced, particularly in view of the efforts and expenditure made by the industry to cater for an increasing supply.

We have supported at considerable expense the programme of the National Milk Publicity Council and are glad to see an increase in the national consumption of milk. Every effort is made to stimulate our salesmen's interest in selling milk, cream and other dairy products.

Rationalisation between the divisions of the group has enabled us to close several depots in the London area. Our policy of adding to our existing businesses both in London and the provinces as opportunities occur continues.

The selling prices of milk are prescribed by the Government and it will be interesting for you to know that the margin allowed for the processing and retail distribution is approximately 50 per cent. above that ruling before the war. I do not think there is any other trade, or industry, which can claim to operate on so modest an increase in remuneration. I feel that the net margins are totally inadequate, particularly having regard to the greatly inflated costs of capital equipment—the so-called permitted target of net profit is one farthing per pint. In London, where costs are greater than the average, this figure is not attainable.

It is our policy to modernise retail shops with self-service facilities in suitable districts and those already completed have achieved increased sales. At the same time we are closing those shops which cannot compete with the increased costs continually pressing on the tradesman.

I should like to make it clear that our retail businesses are concerned mainly with the delivery of milk and milk products.

NEW ACQUISITIONS AND SALES

We have acquired the wholesale and retail dairy businesses of Bishop's Stortford Dairy Farmers Limited which adjoin the Lea Valley Dairies Limited area, and this has enabled us to complete our main arrangements in Hertfordshire and North Essex.

The retail business of Devonshire Dairies (Swindon) Limited, and other businesses in Swindon, have been acquired with the object of assisting our depot at Wootton Bassett, which is within easy reach.

We have re-organised the grocery businesses of Aplin & Barrett Limited and have disposed of the meat product and bacon factories of Brown, Wills & Nicholson Limited (one of the subsidiaries of Aplin & Barrett Limited). This company continues, however, as a wholesale grocer. A new warehouse building at Yate (Gloucestershire) has been adapted to replace the out-of-date premises in Bristol used by Gardners (Bristol) Limited (another subsidiary of Aplin & Barrett Limited).

In South Wales and Monmouthshire we have bought H. Kibby & Sons Limited, a retail grocery business, which will work in with Jones & Porter Limited, a subsidiary of Aplin & Barrett Limited.

Exchanges within and outside the group have

enabled us to close the country creameries at Corfe Castle, Yetminster, Tiverton and Frome, and we have acquired a creamery at Dorrington in Shropshire.

Alterations and extensions to our creameries are in progress at Wellington, Somerset; Davidstow, Cornwall, and St. Erth, Cornwall; in the latter case to handle the group's intake in West Cornwall.

BRANDED GOODS SALES

As explained last year, the wholesale selling of dairy produce has been integrated into the companies Unigate (Dairy Sales) Limited and Unigate (Milk Products) Limited.

We are constantly improving our service and sales of most lines are increasing satisfactorily—I refer in particular to Farmers' Wife Double Devon Cream; St Ivel pastes and Wilts "Golden Regal" evaporated milk.

There is considerable interest in our ice-cream powder, sales of which continue to expand. Bulk supplies for ice-cream manufacturers are sold under the brand name "KREEMIX", and for the production of ice-cream in the home we are marketing "READYMIX," which is becoming increasingly popular.

COW & GATE MILK FOOD

Home Sales: Sales of Cow & Gate infant milk foods and cereals continue to show a steady increase.

The Cole quadruplets of Glasgow, who were the ninth set of quadruplets to thrive on Cow & Gate, have now passed their second birthday and are healthy and delightful children.

During the year no fewer than 54 sets of triplets were known to have been brought up successfully on Cow & Gate.

Exports: Exports of milk foods and dairy products have increased by approximately 10 per cent. and concerted efforts are being made to expand this business.

Trufood Limited: This Company, which markets popular milk and vegetable foods for babies, has now made a success in its campaign with foods for juniors, that is those who have just emerged from babyhood.

OVERSEAS INTERESTS

Our businesses in Australia, Canada and New Zealand continue to play their part in our organisation under very able directorates in those countries.

On the manufacturing side our Commonwealth interests have been extended by taking shares in creamery businesses in Kenya and Nigeria.

Mr Ernest Taylor undertook an arduous journey at the beginning of the year to the East and to the Antipodes. Mr Pocock, Mr Raymond and I have been to the United States and Canada, while Colonel Gates and Sir Charles Taylor have been to Nigeria to complete arrangements with the Northern Region Development Corporation jointly to form a new Company to be called Nigerian Creameries Limited, to take over the existing dairy and dried milk scheme at Vom, Northern Nigeria.

EUROPEAN COMMON MARKET

The possibility of this country entering the Common Market and its effect on the various interests of the Company is being considered. If the traditional supplies of butter and cheese from the Commonwealth were to lose their preferential position, obvious difficulties lie ahead. On the other hand, we are well equipped

to take advantage of any opportunities that may present themselves of entry into the Market with both consumable products and machinery.

ENGINEERING AND TRANSPORT COMPANIES

The Dairy Supply Company, makers of milk churns and a variety of galvanised wire crates for a number of trades, as well as fabricators in stainless steel, had a good year with record turnover.

The UD Engineering Company, makers of industrial refrigeration plant, also bottling plant for dairies and breweries, had a record turnover but additional costs reduced margins.

About half of this Company's production in terms of value is for export. There is a substantial trade with the USSR and the Company had a successful exhibit at the British Trade Fair in Moscow. One of our Managing Directors of the parent company attended.

The Mickleover Transport Company has a full order book for bodies for motor and electric vehicles for associated companies and outside firms. The factory which deals with glassfibre vehicle bodies and insulated containers is extremely busy.

Wincanton Transport & Engineering Company has rendered invaluable service both to the members of the group and to outside customers, and is expanding its haulage business.

Other Transport and Engineering Businesses.—The above four companies are mentioned by name because they are the largest, but other companies in the group are also engaged in engineering and transport and their experiences have been similar.

LABORATORIES AND RESEARCH

The Control Laboratories, to be found wherever milk is received, continued their vital work of checking the incoming supplies and outgoing products.

The Group's Research Laboratories have again carried through a heavy programme of fundamental research and pilot investigations. As these activities are growing in volume it appears necessary to add to our resources. This matter is receiving urgent consideration.

PENSIONS

The Operatives' Pension Scheme, to which reference was made last year, is now in operation and we have made arrangements to secure uniformity throughout the group in recognition of long service.

STAFF

I wish to record the gratitude of the Directors to the staff in all grades for loyal service throughout the year. It is difficult to recruit suitable or sufficient entrants to this trade because our labours are spread over the whole 365 days of the year without respite. During an epidemic, such as occurred at the beginning of this year, only the willingness of many to sacrifice their leisure enabled us to maintain our daily service.

PROSPECTS

When questioned at the beginning of the year about the Company's prospects I replied, on behalf of the Board, that we do not expect spectacular results, but hope to achieve solid and steady progress. There seems no reason, other things being equal, to change that view.

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

BRAITHWAITE & CO. ENGINEERS LIMITED

ANNUAL GENERAL MEETING

The Fortieth Annual General Meeting of Shareholders of Braithwaite & Co. Engineers Limited was held on September 21st at Dorland House, 14-16 Regent Street, London, S.W.1. **Mr J. Harvey Humphryes, AssocICE, MIStructE,** the Chairman, presided.

In his Statement, copies of which had been circulated to the Shareholders, the Chairman said that the year's accounts were seriously affected by the results of contracts which had to be taken at extremely thin prices or not at all during the recession in the structural steel industry. The Company's structural order book is now in a much healthier condition.

After charging taxation for the year the resulting nett loss of the Group was £37,710 compared with a profit of £45,706 for the previous year.

Resolutions were unanimously passed for the adoption of the Report and Accounts, the confirmation of preference dividend already paid in respect of the year ended March 31, 1961, the payment of a final dividend of 5½ per cent, less tax, making a total of 8 per cent, less tax, for the year on the Ordinary Shares and a capital distribution of 2 per cent on the Ordinary Shares.

Mr J. Bickley, Mr H. W. T. Hain, CBE, and Mr P. Goffey were re-elected Directors.

The proceedings terminated with votes of thanks to the Chairman, staff and workpeople.

BRITISH HOMOPHONE

The annual general meeting of The British Homophone Company Limited was held on September 22nd in London.

Mr J. Lesser, chairman and managing director, in the course of his speech, said:

The profit of the Group after taxation amounts to £30,009 against £27,728. The profit of the parent company, The British Homophone Company, Limited, after taxation, etc., is £6,119 as compared with £8,715. The net profit of the Company, including the Ebonestos Industries Limited dividend of £10,365 net, is £16,484 against £15,625. The subsidiary companies show an increase in profits. The consolidated balance sheet of the Group shows a sound financial position, the net liquid assets being £179,080 against £158,891.

Ebonestos Industries Limited: The internal figures available to the Board concerning Ebonestos Industries Limited indicate that this Company's figures are being maintained for the current year, and in fact the orders in hand position is even somewhat stronger than at the same time last year.

The British Homophone Company Limited: In 1959 a nationally known public company entered the gramophone record industry and substantial pressing work was then placed by them with your Company. In 1960, the Company in question decided to withdraw from the market and subsequent to this, and in consequence thereof, in the year under review your Company suffered a fall in turnover and trading profit.

The directors are always investigating avenues that could lead to increases in trade for this Company.

The report and accounts were adopted.

NIGERIAN ELECTRICITY SUPPLY CORPORATION

A VERY SATISFACTORY RESULT

The thirty-second annual general meeting of Nigerian Electricity Supply Corporation, Limited, was held on September 26th in London, **Sir Miles Clifford, KBE, CMG** (the chairman), presiding.

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

The past year has been in many respects a very satisfactory one. We sold some 83,431,474 units as against 51,572,369 in 1959-60—an increase of 61.7 per cent—while revenue, for the same period, stood at £424,710 compared with £289,465. Your Board has, in consequence, recommended a final dividend of 8½ per cent and a bonus of 1½ per cent, making a total distribution for the year of 14 per cent.

This agreeable result was due, of course, to two factors—the lifting of the Tin Export Control measures on October 1st and to the increase in the price of tin which spurred mining companies to even greater efforts; and but for the fact that we are short of water and have no reserve of power, there is no doubt that we could have looked for even better results. There is no present indication that the demand for tin is likely to fall off—all the evidence points to the contrary, indeed—so that we may look for a continued high level of production and also for a steady increase in non-mining demand. We are advised that the requirements of the Government-owned Electricity Corporation of Nigeria, to whom we supply in bulk, will increase over the next ten years by approximately 15 per cent per annum, and that industrial development on the Bauchi Plateau is going ahead. If, therefore, we can keep pace with these trends the outlook is promising.

So far as shortage of water is concerned, you will be glad to know that the immediate difficulty has been overcome as work on the new dam at Ankwill is now complete; but the problem of adequate generating resources remains as serious as ever. Your Board has long recognised the need to make an additional 6,000 kW available at Jekko 1 and had laid its plans to this end, but they could not be carried out during the tin recession and will now take approximately 32 months to complete.

In these circumstances we have sought permission to establish a thermal plant at Bukuru which will tide us over until the extension to Jekko 1 is completed and will, thereafter, provide us with the necessary "stand-by." This thermal station will have an initial capacity of 4,220 kW at an estimated cost of £250,000, which will be paid for out of reserves.

I have referred before to the obsolescence of some of our existing plant which provides another and compelling argument for the proposed extension at Jekko 1, as this will lead to an improvement both in efficiency and economy. As to the financing of this project, I am happy to say that our Bankers have made facilities available to us which, with our own resources, will enable us to handle it without resort to the market.

You will see in this, as your Directors would wish you to see, an expression of confidence in the future of Nigeria; we have been intimately associated with what is officially known as the Northern Region since 1929 and we are proud to have this opportunity of assisting its development now that Nigeria has become independent.

The report was adopted.

W. E. SYKES LIMITED

(Machine Tool Makers)

LARGER TRADING PROFIT

The Annual General Meeting of W. E. Sykes Limited was held on September 22nd at Staines. **Mr Robin Brook, CMG, OBE,** the chairman, presided and, in the course of his remarks, said:

During the year the company suffered a grievous loss in the sudden and tragic death of its chairman, The Rt Hon Lord Trefgarne, who had been associated with the company since 1945, and his leadership in the guidance of the company's affairs will be very much missed. Lady Trefgarne and myself have been appointed to the board and I have been elected chairman. Mr E. J. Stanton, who has been associated with the company since 1938, is retiring from the board; fortunately his knowledge and acumen will still be available to us on a consultative basis.

Group Accounts

The board has made a fresh valuation of the buildings and plant at Kendall & Gent and its subsidiary resulting in a surplus over the purchase price of £276,981. It is intended to revalue the remaining fixed assets of the group in the current year.

The trading profit for the year amounted to £321,583, against £241,740 for 1959/60, from which depreciation of £70,517 (1959/60, £65,897) and bank interest of £40,952 (1959/60, £21,360) have to be deducted. Investment income totalled £10,174 against £137,147 in 1959/60, the latter figure including a non-recurring special receipt of £135,535.

The increase in bank borrowing is a corollary of the increased turnover. Although this is normal and temporary, we have still to deal with the funding of the special loan to finance the cash element of the purchase of Kendall & Gent.

W. E. Sykes Limited

In common with the rest of the machine tool industry, we have found that there is a growing demand for machine tools with special features which have hitherto proved to be less remunerative than standard machines. New designs have been well received and orders taken absorb our ability to produce them for some time ahead. There has been an active demand for small tools also. We have continued to make our full contribution in the world-wide export markets, which account for over one-third of our total turnover.

Kendall & Gent Limited

The profit of £17,364 is still far from commensurate with the assets at their enhanced valuation. While orders booked have substantially increased and many measures taken to strengthen both plant and management, it will be some time before these improvements are translated into profit. We expect however that the current year will more than cover the prospective depreciation charge, which will increase by some £32,000.

We are concentrating on improvements in design and the application of modern techniques to economise in production costs; indeed we are confident that the re-organisation of our planning and production methods already well under way will in the long term more than justify our investment.

Other Subsidiaries

Sykes Machine Tool Company Limited, which specialises in the sale of machine tools of great accuracy and high productivity, has made a useful contribution (£25,856) to the group profit, while the order book has lengthened.

Business in Australia may be more difficult to obtain during the current year but our branch results are expected to be satisfactory.

In North America concentration of a reduced staff in Detroit and Windsor has enabled us to economise while maintaining coverage for our products in both USA and Canada.

Future Prospects

The outlook is still hopeful for continued improvement, especially in the prospects for Kendall & Gent where the present return on the capital employed is so low. Our main difficulty is the familiar one of shortage of skilled labour.

In the perennial battle with increasing costs we have held our own this year. We have to expect still further pressure on margins since applications for higher wages and shorter working hours have been submitted at national level. Entering the Common Market will produce new hazards but also enlarge opportunities.

Orders are not deliveries and budgets are not results; but at present our order book is high and still rising and we are budgeting for a higher group profit in the current year. It should be borne in mind that a by-product of any revaluation must be an enhanced charge for depreciation, for which we shall have to provide approximately double the present amount next year. This rate will however be more realistic, not only in terms of the underlying assets, but also of the prospective requirements for normal replacement and for development to meet competitive conditions, on which we expect to spend some half-million pounds over the next three years.

Conclusion

I would like to express my personal appreciation of the assistance which the directors have given to me as a newcomer to the board and of the indispensable help given by Mr L. T. Harris pending my appointment. I should also like to express the directors' appreciation of the loyal co-operation and support which they receive from employees of the parent and associated companies at all levels.

The report and accounts were adopted.

ELECTRICITY

Another successful year and a tremendous growth in demand

Sales of Electricity and the Financial Surplus

The actual figure of surplus was £16.3 million, some £10 million less than the year before, due mainly to higher costs. Another reason was a fall of about 2 per cent in the average price per unit; this was because, through the operation of two-part or block tariffs, the average price to most consumers falls as their consumption rises.

Sales of electricity were more than 12 per cent up on the previous year—greater than had been foreseen—but all demands had been met in full. However, this unexpectedly large growth in demand needed to be given special consideration when the industry was making its annual review of new construction programmes.

The Chairman went on to say that the trend in sales promised well for the nation. The use of more electricity meant greater productivity in industry, agriculture and commerce, and a higher standard of living generally. But the country should understand that a very heavy programme of capital expansion would be needed to keep up with the demand. This called for investment on an increasing scale.

How Much Capital?

Sir Robertson referred to the long-term capital development plans drawn up by the industry each year and kept under constant review. In 1958 it had become necessary to obtain increased borrowing powers. The plans at that time showed that £2,130 million of capital expenditure would be needed (at 1958 price levels) over the seven years to March, 1965. With regard to borrowings up to the end of that period, Parliament raised the ceiling of the industry's borrowing powers from £1,400 million to £1,800 million or whatever higher figure, up to a limit of £2,300 million, might be allowed by the Minister of Power with the approval of the House of Commons. At the end of March, 1961 the total borrowed stood at £1,624 million. The Electricity Council would soon be seeking permission therefore to proceed to the next stage of borrowing.

Self-Financing

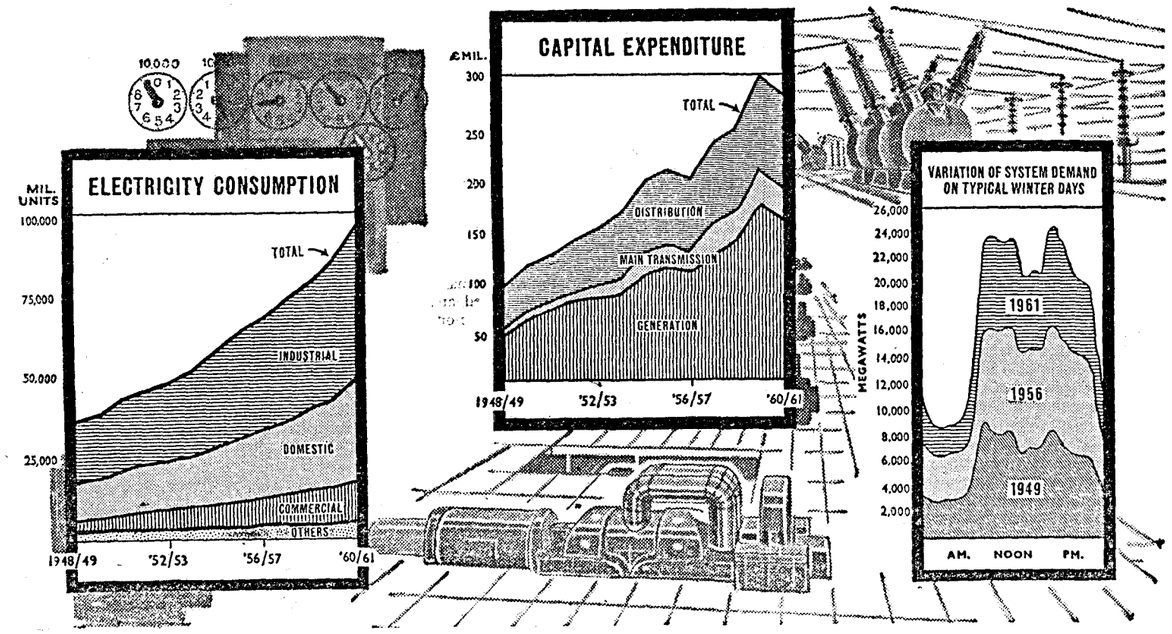
So much for borrowing. The next question was: how much should the consumer contribute? When the seven-year programme was prepared in 1958 it was envisaged that depreciation provisions, surpluses and other internal resources would provide about 48 per cent of the total capital required. This proportion seemed to strike a reasonable balance between the consumers' interests and the need to limit borrowing.

Sir Robertson drew attention to the following table showing how closely actual results had compared with estimates over the first three years of the seven-year programme.

	1958-59 to 1960-61	
Capital Requirements	Estimated in 1958	Actual
	m.	m.
Generating Board	584	594
Twelve Area Boards	263	279
Working capital variation	3	(—) 29
	850	844
Financed from Depreciation provisions, surpluses and other internal resources	380 (44.8%)	385 (45.6%)
Net borrowing	£470 m.	£459 m.

More Power—More Plant

However, it was now very clear that the rise in electricity consumption could not be satisfied without acceleration of plant construction programmes. It was expected that the industry would have to face a maximum demand of over 33,000 MW in the winter of 1964-65—more than 12 per cent above the forecast made in 1958—and the most recent estimates suggested that subsequently, in the two years to 1966-67, it would rise by a further 5,000 MW.



The Annual Report of the Electricity Council was presented in London on Sept 26th by the Chairman, Sir Robertson King, K.B.E.

Sir Robertson said that the financial year ended 31st March, 1961, had at least two features of some significance. The electricity supply industry had as usual shown a surplus after payment of all interest charges; and the increase in sales of electricity was the highest for ten years.



SIR ROBERTSON KING, K.B.E.

In order to meet the necessary programme of power stations (conventional and nuclear), transmission lines and distribution systems, the estimates made in 1958 would have to be increased by some £200 million to cover the period to the end of 1964-65, and the continued rise in maximum demand would call for an outlay in excess of £400 million a year on fixed assets in the succeeding two years.

Sir Robertson pointed out that to reach the degree of self-financing involved, increasing surpluses were needed year by year, these surpluses, together with provisions for depreciation, being the main source of finance from internal resources. For this reason, and to cover increased costs of over £20 million per annum from wage and salary increases and a rise in coal prices, the Boards had been obliged to announce increases in most of their tariffs. Even so, these new tariffs had not taken into account cost increases of approximately £10 million per annum, arising from changes in the tax on fuel oil in the Finance Act, 1961.

Planned Surpluses

If cost increases, as they occurred, were not balanced by new revenues or even greater economies, more money had to be borrowed. The self-financing programme depended on achieving planned surpluses.

The term "surplus" did not imply something over and above the needs of the industry. It was a contribution from revenue to capital development.

The additional capital requirement of £200 million above the forecasts to 1964-65 and the heavy programme foreseen for subsequent years called for a full financial review, which was taking place in the setting of the Government's White Paper on the Financial and Economic Obligations of the Nationalised Industries. As a result financial objectives for the Boards would be determined for a period of five years, subject to review annually, within a framework settled with the Minister of Power. For the industry as a whole this would call for increased annual surpluses during the period. These higher surpluses would be essential if the industry were to achieve a financial performance in accordance with the requirements of the Government's White Paper and if it were to find the capital resources it needed, while keeping its borrowings within manageable limits.

Increased Prices not Automatic

The Chairman explained that the electricity supply industry did not think in terms of automatic increases in prices to cover increases in costs. There was ample evidence of this. Over the last ten years or so, power station fuels had risen 60 per cent in price; the cost of mechanical and electrical engineering materials had risen by 60 per cent and 40 per cent respectively; building and civil engineering costs had increased by more than 35 per cent and the interest rate on borrowed capital had nearly doubled. Against these increases, the industry had brought to bear considerable advances in technology, in the use of manpower and management techniques. As a result, the average price per unit of electricity sold to consumers as a whole in 1960-61 was kept down to 1.480d. as against 1.188d. ten years ago, an increase of no more than 25 per cent. It could be demonstrated that in relation to the overall level of retail prices electricity was actually 16 per cent cheaper. The Council considered it part of their duty to make known at every level in the industry how large a proportion of the nation's capital was going into electricity supply and the importance of ensuring that the most economic ways of deploying it were found.

Most Effective Use of Capital

The capacity of the supply industry was more fully used than most capital assets in British industry. Power station plant installed during the last ten years or so had worked on a year-round average of 100 hours per week. In addition there were special projects designed to ease the problem of meeting the daily peak loads. For example, the 300 MW pumped storage scheme at Blaenau Ffestiniog would enable electricity to be generated at peak hours by means of water previously pumped up to a high level reservoir by the most economical stations in off-peak hours. And again, the cross-Channel link with Electricité de France would be coming into commission soon. Because of the differences in the incidence of peak demand in the two countries, 160 MW of load could be transferred in either direction, with savings to both parties.

These were on the production side. So far as the customer was concerned the Area Boards were active in promoting those uses of electricity, such as refrigeration and water heating, which helped to create a balanced load. Even more important, they encouraged the wider use of storage heating and new industrial techniques with loads occurring in off-peak periods, or which permitted load reduction at peak times. Following the introduction of special terms for supplies made available during specified off-peak periods, there had been a spectacular increase in the number of off-peak units sold.

Constant Search for Consumer Benefits

Sir Robertson King, who retires from the chairmanship of the Electricity Council on 31st December next, said that he could talk at length about other major achievements of the industry. Such features as: the completion of a rural electrification programme by which supply had been brought to 85 per cent of all farms in England and Wales; the continuing improvement in the thermal efficiency of power stations; and the increasing output of the industry as related to the number of employees. He could also refer to some of the major problems facing the industry. In particular, the difficulty of achieving a reasonable balance between the development of an economical supply system and the effect of such development on the beauty of the countryside and other amenities. The industry was facing up to these and other problems and the striking growth of the research programmes, now running at over £2½ million a year on revenue account, testified to the constant search for new, improved and cheaper ways to serve the electricity consumer.

TRADING RESULTS

	£ million 1960-61	*1959-60*
Gross income from all trading activities	665	*615*
Operating and other costs (excluding depreciation)	465	*425*
	200	*190*
Depreciation 104	—	*93* —
Interest and financial charges, etc. 80	184	*70* *163*
Net surplus—used to finance capital requirements	16	*27*

FINANCIAL POSITION AT YEAR END

	£ million 1960-61	*1959-60*
Fixed assets at cost less depreciation and other capital provisions	3,209	*2,929*
	1,104	*1,004*
Current assets	2,105	*1,925*
less current liabilities	14	*22*
Net assets	2,119	*1,947*
Financed as follows: External borrowings	1,949	*1,793*
Reserves (other than depreciation)	170	*154*
	2,119	*1,947*

THE ELECTRICITY COUNCIL

ANGLO-CEYLON & GENERAL ESTATES

A DIFFICULT YEAR

The Seventy-fifth annual ordinary general meeting of The Anglo-Ceylon & General Estates Limited was held on September 26th in London.

Mr Francis W. Douse (Chairman), in the course of his speech, said: For the year ended 31st March 1961 the results of the overall operations of the Group showed a trading profit of £963,181 as against £1,108,557, resulting in a net profit to the company of £379,769 against £462,709 for the previous year. After making certain minor adjustments in connection with tax there is an available balance in the Profit and Loss Account of £705,772 as against £688,203 last year. A small transfer to Staff Contingency Fund of £15,000 has been made and the dividend we are recommending is the same as for last year, namely, 2s. per 5s. unit. The dividend is only just about covered but we do not consider this to be unsatisfactory considering the difficult year through which we have passed.

It is a disappointment to me personally that I should this year have had to place before you results which show a falling off from those of the past few years through circumstances beyond the control of the Board.

Referring to Mauritius, you will recollect that in 1959 the crop of sugar produced by Mauritius was an all-time record at nearly 580,000 tons, of which the Company produced in total 70,900 tons. Unfortunately, following the two disastrous cyclones in 1960, the sugar crop for that year for the Island amounted to only 235,600 tons, the lowest since 1945 when the crop was seriously affected by the then incidence of three cyclones. The Company's outturn for 1960, including Mon Tresor & Mon Desert Ltd., was 22,829 tons. I mention these figures to emphasise the extent of the disaster which the Island had to suffer.

Now as to affairs in Ceylon I am glad to say that as far as our Company is concerned, in the year under review there has been further progress agriculturally and the new system of agricultural control and local management has proved satisfactory. I would like here to mention that I am very appreciative of the advice which our Agricultural Managers have given us and of the great interest which they and the Estate Superintendents have shown in the working of the Estates. As you will have seen in my factual report issued with the Accounts, a record crop of Tea was harvested.

CURRENT YEAR

Now as regards the prospects for the current year. In respect of Mauritius, a reasonably good tonnage of cane is expected to be harvested but weather conditions have so far not been as favourable as we could have wished but at this stage it is not easy to estimate what the actual outturn of sugar will be. The sucrose content of cane was abnormally low at the commencement of the cropping season but it now shows some signs of improvement.

As far as Ceylon is concerned, our crop of Tea to date shows an increase of some 200,000 lbs. and costs are therefore lower than last year. Market conditions, however, up to the present have not been favourable owing to larger world production of Tea and we can only hope for an improvement in the second half of our current year.

I can assure you that everything is being done to work as economically as possible and to control expenditure in order to be prepared for contingencies which can arise in these difficult political times.

The report and accounts were adopted.

ASSOCIATED BRITISH FOODS

Another Year of Record Achievement

Sales Increased by £20 Million to £163 Million

The following are extracts from the Statement of the Chairman, **Mr. W. Garfield Weston,** circulated with the Report and Accounts, of Associated British Foods Limited for the year ended 1st April 1961.

The most encouraging feature in another year of record achievement has been a further increase in our total sales from £143 million to £163 million. The gross profits of the group before depreciation and taxation amounted to £12,775,000 and this exceeded last year's gross profits by £1,304,000. Our contribution to the National Exchequer in the form of direct taxation again absorbs over 45 per cent. of our net profits and this proportion is likely to rise next year when the second successive annual increase in profits tax becomes effective.

This year has again been one of considerable expansion in all spheres of our activities and our expenditure on new and replacement capital assets of one kind and another exceeded £12 million. Capital Commitments at the beginning of April 1961 amounted to approximately £5,500,000.

Trading Policy

Because I believe so strongly that the customer is of paramount importance I make no excuse for repeating in substance what I said last year on this subject. We believe in quality of product and service and we do our best to maintain these at the highest possible levels. We make every effort to improve efficiency at all stages of manufacture, distribution and selling and we are determined to maintain the goodwill and satisfaction of all our customers.

We have, to the best of our ability, countered increasing costs of raw materials, labour, etc., with a concentration on still further improving our manufacturing and distribution techniques but certain price increases have been unavoidable. Nevertheless, these have been kept to a minimum and our present margin of profit—about 6¾d. for every £1 of sales—is evidence of our determination to make an influential contribution to the economic stability of the community.

I would emphasise that our increased profits come from increased sales and greater efforts and not from increasing the profit margins on our sales.

Although we have spread our activities into many different sectors of the food industry the Bakery Division still forms the major part of our organisation both in sales volume and in profit earning capacity. We are continuing to expand this part of our business.

Again this year I am happy to report that we have succeeded in increasing our share of the total biscuit market. The biscuit division has, this year, increased its contribution to group profits and we can look forward with confidence to further progress in this direction.

Both the wholesale and retail sections of our grocery trade have made good progress during the year.

Our overseas subsidiaries are allowed to retain all their profits for expansion, and a substantial part of the £2,000,000 cost of new acquisitions last year was incurred in Australia and New Zealand. We can be proud of the progress made by our companies overseas.

The Future

If our present progress is maintained and if there is no serious economic setback our profits will again show a substantial increase this year. Our plans are long term and far reaching and I personally have the utmost faith and confidence in the great future of this organisation.

We have unrivalled experience, we have competent and progressive management, we have adequate financial and other resources —all the ingredients necessary for development. I said last year that we set no boundaries to our progress—nothing has happened to change our views on this, rather would we underline the phrase.

NYASALAND RAILWAYS LIMITED

The 30th annual general meeting of Nyasaland Railways Limited was held on September 27th in London, **Mr W. M. Codrington, CMG, MC** (chairman and managing director), presiding.

The following is an extract from his circulated statement:

Last April our colleague Mr A. E. P. Robinson was selected by the Federal Government to represent them as their High Commissioner in London and therefore resigned from the Board. We shall miss his wise counsel but wish him every possible success in the difficult assignment which he has undertaken at a critical moment in the history of the Federation. In order to maintain the Company's representation in Salisbury, we have been fortunate in securing the services of Mr E. S. Newson, OBE, General Manager of the British South Africa Company in the Federation, to be a Local Director. He has already shown much wisdom in the handling of our affairs.

In September, 1960, Lord Rupert Nevill was appointed a Director of the Company to fill the vacancy caused by the death of Mr Christopher Holland-Martin. In recent months, Mr W. E. A. Robinson and others associated with him have acquired a substantial holding amounting to some 45 per cent of the publicly-held shares in this Company; and he has informed us of his intention to propose himself and Mr R. F. Norman for election to the Board of the Company at the Annual General Meeting. In these circumstances, Lord Rupert Nevill has intimated his intention not to seek confirmation of his appointment to the Board.

Operating receipts amounted to £1,171,639 compared with £1,104,740, an increase of 6.06 per cent. Expenditure, unfortunately, rose by £78,667 to £1,061,258, an increase of 8.01 per cent, leaving a net operating surplus of £110,381 compared with £122,149 in 1959, a decrease of 9.63 per cent.

We have been able to recommend a distribution to the Ordinary Shareholders of 6 per cent for the year.

In my statement last year I emphasised the degree to which the prosperity of our Company depended on confidence in the future of Nyasaland and the prospect of political stability.

YEAR OF UNCERTAINTY

The year under review was one of uncertainty and waiting. As a result, with the exception of Government schemes largely financed by the Federal Authorities, capital investment by commercial interests declined almost to vanishing point. The result of this can be seen in the reduction of our receipts from the carriage of imported capital goods. There was an increase in the carriage of local products, thanks to a favourable growing season; but since these products are in general carried at low rates, the unavoidable result was an unwelcome rise in our operating ratio.

Increases in operating costs, particularly wages, have been accentuated during the present year. In fact, during the last five years our increased traffic earnings have been more than overtaken by increased operating costs, and we were left with no alternative but to introduce a general increase in rates (the last increase was in 1953), which became effective at the beginning of January this year.

During the latter part of the year we had to face a mass walk-out on the part of almost all of our African staff. This is the first time this has happened in the history of the Railway. Since the railways are specified as an essential service under the Law, this stoppage was, to start with, illegal. But later on, the Government recognised the existence of a trade dispute and appointed an Arbitrator who awarded appreciable increases in wages to certain of the lower-paid categories of our African staff. The effect of this award on our operating costs has made it necessary for us to apply to the Federal Government for permission to impose a further increase in rates.

I would, however, at this point, like to pay tribute to all the members of our staff of all races who continued at work during the strike and assured the transport of practically the whole of the traffic which was offered to the Railway. Their determination, loyalty and hard work are beyond praise.

You will all have knowledge of the Report of the Monckton Commission. In general it emphasises the economic advantages to Nyasaland of continuing in the Federation; but this view is not accepted by the dominant African Nationalist Party in Nyasaland, chiefly because of a fear that any political association with Southern Rhodesia would imperil the social and political advancement of Africans. We naturally hope that progress in Southern Rhodesia towards a more liberal treatment of African interests will allay the fears now harboured by African leaders in Nyasaland.

The need for development, particularly in the fields of education and agriculture, is very great. In a few weeks a new Government will be elected in which Africans will enjoy a preponderant voice in the legislature. The biggest problem which will confront them will be how to accelerate development—particularly in the directions I have mentioned—having regard to their express opposition to any form of co-operation with the Federal Authorities. This is scarcely less important than the efficient discharge of their duties in relation to the internal administration of the territory in which they will enjoy, not only the assistance of trained administrators, but the support of all interests who, like ourselves, have the future of the country and its inhabitants, of whatever race, very much at heart. Happily, there is every reason to hope that Dr Banda, who leads the dominant Malawi party, is fully alive to these important factors.

Although in recent years we have spent considerable sums out of our retained earnings on the improvement of the railway, there still remains an urgent need for a fresh infusion of capital. But this will not be possible until the economic and political state of the country is more stable.

During the current year increased operating costs are by no means offset by increased receipts and this factor, combined with the prospect of decreased receipts in respect of arrears of interest on the Central Africa Railway Debentures indicates that the financial prospects of the Company at the moment look none too good. But we, and our Management, are alive to the difficulties that face us and have every faith in the future of the Company, provided that political stability is attained and that the economic development of Nyasaland is resumed.

The report and accounts were adopted.

WM. CORY & SON, LIMITED

VALUE OF DIVERSIFIED ACTIVITIES

The Honourable F. A. Leathers, the Chairman of the Company, presided on September 21st at the sixty-fifth Annual General Meeting of Wm. Cory & Son, Limited, held at Cory Buildings, Fenchurch Street, London, E.C.3.

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

Bearing in mind that trading conditions have been seriously upset by industrial unrest at home and economic uncertainty in overseas trade, the results are not unsatisfactory, mainly because of diversity of the Group's activities. The coal side of the business has improved as a result of concentrating our facilities in the Thames to the minimum essential for the servicing of the coal.

Our collier fleet has had to contend with the steadily reducing tonnage of seaborne coal. In addition, the shipping industry has had to bear the losses arising from the seamen's strike in the summer of 1960. During the year the *Cornmill* and *Cormarsh* were sold.

The coastwise tankers have traded at an increased profit.

Two deep sea tankers have continued to trade at rates which have barely covered operating costs. The third does yield a modest return.

The ore-carriers of The St. Denis Shipping Company have been trading satisfactorily under charter to B.I.S.C. (Ore). The fourth ship will shortly be going into commission.

The Group interests in towage and lighterage have, in the main, made an increased contribution. In order to promote more efficient management and operation, it was decided to amalgamate the general goods interests of three subsidiaries.

The river Thames has been beset by a series of unofficial strikes. The result has been that the activities of the subsidiaries which operate on the river Thames under the management of Cory Associated Wharves have fallen somewhat short of our expectations. On the other hand, its subsidiary operating warehousing, clearing and forwarding, largely outside London, has made a greater contribution. We are actively pursuing our policy of developing further this side of our business in provincial centres.

Cory Sand & Ballast Company were able to maintain the improved results of a year ago. The new sand dredger is about to be delivered. The shore facilities will be augmented by a further installation at Poole.

The oil distribution side has produced a higher turnover of petroleum products, not without increased overhead costs in a very competitive market.

The oil bunkering section has made an almost identical contribution compared with the previous year.

The Board is studying the implications for your Company of a possible entry by the United Kingdom into the Common Market. Every opportunity will be taken of increasing our business in Europe through our subsidiary and associated companies on the Continent.

I record a substantial improvement in the profits from our companies in Southern Rhodesia, Nyasaland and Moçambique. In South West Africa the results have been most encouraging.

The report was adopted.

VOKES GROUP LIMITED

(Specialists in Filtration & Silencing Equipment and other Specialised Engineering Products)

SALES AN ALL-TIME RECORD

Profit	... ...	£580,507 (£536,055)
Less Taxation	...	£265,593 (£225,022)
Net Profit	...	£314,914 (£311,033)

Recommended Final Dividend of 14½ per cent less tax, making with the Interim Dividend of 5½ per cent less tax a total Ordinary Dividend for the year of 20 per cent less tax £149,939 (£115,579).

The Twenty-fourth Annual General Meeting of the Vokes Group Limited was held on September 21st at Woking, **Sir Ian Stewart-Richardson, Bt** (Chairman), presiding.

The following are extracts from his circulated statement for the year ended March 31, 1961:

I feel confident that Shareholders will find the results shown satisfactory.

This is the first occasion that the Accounts reflect the reconstruction of the Company. On September 30, 1960, the name of the Company was changed to Vokes Group Limited and the trading activities of the Company were transferred to a new Company called Vokes Limited.

INCREASED TRADING PROFIT

There has again been a commendable increase in the trading profit, to which all Companies within the Group have contributed. In view of the increased uncertain political outlook in South Africa, it has been considered expedient to increase the Investment Reserve.

The increase in Trading Profit is in no way due to improved profit margins. In fact the opposite has been the tendency, due to the difficulty of recovering, within selling prices, increased production costs, which include a rise in wage rates affecting the period under review. The satisfactory results have been entirely brought about by increased sales, where, excluding inter-company trading, an all-time record was achieved, both as regards volume and value.

Referring to my remarks last year on the Common Market, it has been decided that the Company should proceed with its own arrangements and negotiations are well advanced for the acquisition of a substantial interest in a small engineering company within the Common Market area. It is felt that should the United Kingdom join this Market, an interest in such a manufacturing unit would still be advantageous.

As regards the current outlook, it is too early to judge the full effect on industry of the measures announced in the Chancellor's recent statement. At the present time there is a very satisfactory order book position sufficient to ensure full production in all companies of the Group for some months ahead. However, there is no doubt that the economies to be introduced and the curtailment of spending power at home, if effective, must reflect directly upon many of our customers, including Government Departments, and the cancellation of long-term orders under such conditions is always a possibility.

VALUABLE RUSSIAN CONTRACT

It is regrettable that the Chancellor's proposals again failed to include any direct incentive to export. However, in this connection, I quote a press release by the Company published on July 27th last:

"Vokes Group Limited announce that their wholly-owned Subsidiary Company Robert Kellie & Son Limited of Dundee, Manufacturers of Food Processing Machinery, have been awarded a contract by Technoprom-import, USSR, for the supply of the complete equipment for the storage of Potatoes and the manufacture and packaging of Potato Crisps, Potato Chips, and Potato Cakes. The value of the contract is £400,000."

I would again stress the vital importance of the extensive research and development work being continually carried out not only in the filtration field, although this still covers the largest part of the production, but also in relation to the other diversified products manufactured by the various companies in the Group. This is the life blood of our future and is imperative not only in maintaining these products in the pre-eminent position they undoubtedly hold, but also in meeting growing competition which will no doubt intensify should Britain join the Common Market.

The report was adopted.

LONDON SHOP PROPERTY TRUST LTD.

YEAR OF PROGRESS

The Thirtieth Annual General Meeting of London Shop Property Trust, Limited, was held on September 28th, in London, **Sir Cyril Black, JP, DL, MP, FRICS, FAI,** Chairman, presiding.

The following are the main features from the circulated statement for the year ended April 30, 1961:

I feel sure that Shareholders will be well satisfied with the results for the past year.

Capital Changes.—The capital of the Company has been reorganised, and the Stock which formerly consisted of units of £1 has now been converted into Shares of 5s. each. This change was undertaken to increase the marketability of the shares and their popularity with the investing public. The Freehold and Leasehold properties owned by our Property Investment Companies increased in book cost during the year by about £130,000.

Profits and Dividend.—The profit for the year after taxation rose from £48,087 to £62,232. An interim dividend of 4 per cent., less tax, was paid on 28th April, 1961, and, subject to the approval of the Shareholders, a final dividend of 6 per cent., less tax, will be paid.

New Developments.—Last year's profits do not represent the full earning potential of the Group, as during the year we received no income from our two major building schemes in Manchester and Bedford. We should receive the full benefit from these properties in 1962/63 and subsequent years.

The operations of this Group of Companies continue to prosper and we anticipate an expanding and progressive future.

The report and accounts were adopted.

COAST LINES LIMITED

The forty-eighth annual general meeting of Coast Lines Limited was held in London on September 26th. The Chairman, **Captain A. R. S. Nutting, OBE, MC,** in the course of his speech, said:

The Consolidated Profit and Loss Account shows that after providing for depreciation, future surveys and deferred repairs, the trading profit for the year 1960 amounted to £1,089,682 as against £1,194,100 in 1959. Our 1959 trading profit included a sum of £163,226 released from provision for surveys, deferred repairs and underwriting set aside in previous years in respect of ships sold during the year. Deducting this non-recurring credit from the profit of 1959 the comparison of the result of our trading in the two years is an increase in profit of £56,473 over 1959.

The net profit of the Company and subsidiaries amounts to £709,526 against £871,508 in the previous year. Deducting taxation deferred in respect of prior years, the proportion of profit belonging to outside members and amounts retained by subsidiaries, Coast Lines Limited is left with a net profit for the year of £457,656.

We have transferred £100,000 to Fleet Replacement Reserve and, after providing for the dividends paid on the Preference Stocks and the two interim dividends paid on the Ordinary Stock, as increased by the £1,000,000 issue in June 1960, there remains a surplus of £24,304 to be carried forward increasing the balance to £716,435.

The Report and Accounts were adopted.

R. G. SHAW & COMPANY

CONTINUED PROGRESS

The 20th annual general meeting of R. G. Shaw & Company Limited will be held on October 17th in London.

The following is an extract from the circulated review of the chairman and managing director, **Sir Harry Townend:**

The Group profits before taxation amounted to £415,008 as compared with £342,543 for the previous year. After deducting taxation there remains £203,767 as compared with £167,492 for last year.

Your Board is recommending a final dividend of 12½ per cent (making 20 per cent for the year).

From time to time, as the profits of the Group and the Capital employed in the business increase the Directors have recommended the issue of bonus shares to Members by the capitalisation of Reserves. In accordance with past policy your Board has had under consideration the capitalisation of £100,000 from share premium account and the issue to Members of one new share for each nine shares held, bringing the Issued Capital to £1,000,000.

It is now proposed to call an Extraordinary General Meeting before the end of the year to submit a resolution to this effect. A Capital of £1,000,000 qualifies the Company's shares to be considered as a Trustee investment.

Your Board wish to point out, however, that although it is anticipated that profits for the year to June 30, 1962, would enable the dividend of 20 per cent to be maintained on the Capital as increased, this may not be deemed advisable unless the Chancellor's request for dividend restraint is withdrawn.

H. S. WHITESIDE & CO. LIMITED

(General Food Manufacturers)

MR T. A. BARNES ON GROUP'S TRADING ACHIEVEMENT AND CONTINUED EXPANSION

The thirty-sixth annual general meeting of H. S. Whiteside & Company Limited was held on September 22nd in London.

In his circulated statement, the chairman, **Mr T. A. Barnes,** referring to a proposed three-for-four rights issue of 6,380,209 1s. ordinary shares, at a price of 3s. per share, said that the directors were of the opinion that, subject to unforeseen circumstances, the profits for 1961 would be sufficient to justify a forecast that a total dividend of not less than 30 per cent would be paid in respect of the year ending December 31, 1961, on the capital as increased by the rights issue.

Reporting on the results which had been achieved, the chairman said that Group profits and turnover—home and export—reached new records. That was particularly encouraging, as the new records had been reached in the face of increasing costs and ever-intensifying competition in the food industry.

The Whiteside Group of companies had an export record of which it could be proud. In 1960 orders totalling over £1¼ million had been secured covering shipments to well over one hundred territories.

Results to date indicated that the export sales record set up in 1960 would be beaten during the current year.

Commenting on current prospects, Mr Barnes concluded: With each section of the Group showing satisfactory increases in turnover to date, the indications are that sales for the year will establish a new record.

We continue to seek every opportunity to expand our interests in the industry, and challenging as conditions are, we are of the opinion that we can meet them with confidence.

The report and accounts were adopted.

APPOINTMENTS

A CAREER IN SOUTH AMERICA

An international firm of public accountants wishes to increase its permanent professional staff in Argentina, Bolivia, Brazil, Chile, Paraguay and Peru and invites applications from qualified accountants at all levels of experience, from those newly qualified to those capable of assuming senior executive posts, including men who have had experience of management consultancy work.

The positions advertised are not replacements; they are new posts. The work is varied and interesting with opportunities for travel, and there are excellent prospects of speedy advancement in countries whose economies are expanding rapidly.

Contracts are for an initial period of three years, renewable by agreement. Terms include an allowance for the expenses of moving to South America, a salary (payable partly in hard currency) on a scale sufficient to permit a comfortable standard of living together with a margin for savings, annual bonus, first-class return passages for staff members and their dependants, and three months' fully paid leave at the end of each contract in addition to local leave during its course. Salaries are subject to merit increases and are reviewed from time to time to take account of changes in the cost of living. Additional benefits, differing from country to country, are provided by advanced social legislation. A partner of the firm will shortly be in London to interview applicants.

Please send particulars of experience and qualifications, together with a passport type photograph, to Box 1541.

ECONOMIST

Young Economics Graduate required by Turner Brothers Asbestos Co., Ltd., Rochdale, manufacturers of asbestos and glass textiles, belting and specialised products, to assist in market research, sales analysis and economic intelligence work. The position, which is being re-advertised, will provide an excellent opening for someone intending to make a career in industrial market research and it could also be the avenue to wider opportunities for the man who makes a success of it. Applicants who are interested in this permanent and well-paid career should send full details to the Chief Personnel Manager, Turner Brothers Asbestos Co., Ltd., Rochdale.

TRADES UNION CONGRESS

Vacancies for Departmental Assistants. Duties include preparation of memoranda, reports, and some lecturing. Applicants should be adaptable, interested in trade union affairs, and have education and/or experience suited to work involving any one of the following: economics, production, education, health and safety, trade union organisation. Commencing salary up to £1,075 according to age. Application forms obtainable from the General Secretary, Trades Union Congress, 23/28 Great Russell Street, W.C.1, to be returned by October 20.

G&C

O. and M. PLANNER

We are seeking an experienced O. and M. Planner for our COVENTRY group of factories.

The company is engaged in a major re-organisation and this job will prove to be a genuine challenge to the right man.

Qualifications:

A degree is desirable and experience of the following is sought:
Costing Techniques.
Production and Production Control.
Ability to simplify organisations and procedures.

Salary:

This is a senior position and commands a commensurate salary.

Apply to:

The Staff Officer,
THE GENERAL ELECTRIC CO. LTD.,
Telephone Works,
Copsewood, Coventry

PRODUCT CONSULTANCY

Product consultancy is new and growing fast. We need more people who know where to find elusive facts.

If you have
(1) Skill in searching information sources;
(2) Technical or economic qualifications;
(3) A working knowledge of German;
you are invited to apply for one of two positions as
ASSISTANT INFORMATION OFFICERS.

Starting salary would be up to £1,000 per annum, depending on experience, and at a later stage successful candidates may be considered, if they wish, for positions as consultants.

MARTECH CONSULTANTS LIMITED specialise in product policy and planning, marketing and sales management.

Write to us at:

69 Grosvenor Street, London, W.1.

THE UNIVERSITY OF LEEDS

DEPARTMENT OF SOCIAL STUDIES

Applications are invited for appointment to two RESEARCH ASSISTANTSHIPS (Salary £800-£850 to be employed in a project: "Co-operation and Conflict in the Mining and Engineering Industries," supported by the Department of Scientific and Industrial Research. The project is designed to last two years. Applicants should be qualified in Economics or Sociology, and have some experience of Research in associated fields. It is expected that one of the candidates will work in Leeds, and the other in Sheffield. Applications (three copies), together with the names of three referees, should be sent to The Registrar, The University, Leeds 2 (from whom further particulars can be obtained), not later than October 31, 1961.

YOUNG CHARTERED ACCOUNTANT OR ECONOMIST

The Chairman of a vigorous and expanding Group requires in his private office an able, personable young man to assist in the analysis of financial results and the preparation of concise reports on all aspects of the activities of the Group.

Candidates should not be older than 28; the salary will be around £1,250 per annum; the work will be demanding and will require considerable initiative; it will present an exceptional opportunity, both in immediate experience and the possibility of future advancement. Preference will be given to University Graduates.

The Group's standards are exacting; but men really interested should write to Box No. 4302, c/o Charles Barker & Sons, Limited, 20 Cannon Street, London, E.C.4. Strict confidence will be observed.

UNIVERSITY COLLEGE OF RHODESIA AND NYASALAND

Applications are invited for 2 posts of (A) Assistant Lecturer or (B) Lecturer in Government. Salary scales: (A) £1,200 x £50—£1,350 p.a. (B) Grade II, £1,350 x £50—£1,600 p.a.; Grade I, £1,600 x £50—£1,900 p.a. Applications would also be welcomed from persons interested in secondment for such duties. Passages to Salisbury for appointee, wife and dependent children on appointment, with allowance for transport of effects. Superannuation and Medical Aid Schemes. Unfurnished accommodation at rent of 15 per cent of salary. Assistance given for triennial visits overseas. Detailed applications (6 copies) naming 3 referees by November 8, 1961, to Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

For further appointments and other classified advertisements see page 1308

MARKET RESEARCH

Within our marketing team we propose to appoint a Research Officer (male or female) who will be required to interpret published recurring information and recommend action; also to suggest and commission research and interpret results in relation to marketing problems affecting this developing food Company within Unilever.

Candidates should have an Economics degree and an interest in statistical methods. A success story of a few years' experience in this stimulating work will, however, be more important.

Salary range is wide, and starting salary will depend upon experience and qualifications.

Apply, giving brief personal details, to Company Personnel Manager, T. Wall and Sons (Meat & Handy Foods) Ltd., Atlas Road, Willesden, N.W.10, quoting reference No. 100.

COMPANY AFFAIRS

Disappointment from AEI and Vickers

THE interim reports of Associated Electrical Industries and Vickers, reviewed in these columns a year ago under the heading "Blue Chip Blues" again make dismal reading for the first half of 1961. Both reports show that investors who bought shares on the slightly more encouraging tone of the companies' full reports and chairmen's statements were precipitate. Since May Vickers have fallen by over 8s. to 29s. 6d., to yield 6¾ per cent on the seemingly inevitable 10 per cent dividend. The £1 shares of AEI have fallen by 12s. 9d. to 32s. 3d. since the full report appeared six months ago and now yield 9¼ per cent on a 15 per cent dividend. As with Vickers, this rate has been held for the past six years; but AEI's directors shook the market when they kept the interim at 5 per cent but warned shareholders that "it should not be assumed that the rate of dividend for the whole year will necessarily be maintained."

This seems slightly at odds with the improvement in the results of AEI in the first half of this year, compared with the two six-monthly periods of 1960. But although the improvement in trading profit is encouraging to some extent, higher charges for depreciation and loan interest have had to be met, and with the prospect of a higher profits tax charge, earnings for 1961 are likely to be little changed from those of 1960. No doubt the group's tight cash position inspires the directors' caution about the total dividend which has been barely covered by earnings for two years past. A

ASSOCIATED ELECTRIC

Six months ended	June 30, 1960 £ mn.	Dec. 31, 1960 £ mn.	June 30, 1961 £ mn.
Output	101·9	113·4	103·5
Trading profit	8·23	8·16	9·11
Gross profit	4·49	4·01	4·79
Gross profit as a percentage of output	4·41	3·54	4·63
Orders received	113·3	109·7	106·6

small decline in general orders and the continuing bleak outlook for domestic appliances and television sales are also discouraging, but the recent merging of AEI's radio valve and television tube interests with Thorn Electrical should eventually produce some economies.

Those shareholders in Vickers who were looking for some increase in dividend on the argument that the company would not have to make further large provision for aircraft development expenditure will find little support in the figures for the first half of 1961. These show a further advance in sales but a sharp drop in trading profits; the directors blame this on the large volume of aircraft sales which showed no profit. Thus compared with the first half of 1960, profits are virtually unchanged even though no development provision has been made. The directors will decide at the end of the year if any similar provisions for development expenditure have to be made for the VC10s. But they again expect profits in the second half of the year to be higher than in the first, so that net profits for the full year may about equal those of 1960. With orders for shipbuilding running down and lower profit margins in engineering, the unexciting prospects are clearly reflected in Vickers' high yield.

VICKERS

Six months ended	June 30, 1960 £ mn.	Dec. 31, 1960 £ mn.	June 30, 1961 £ mn.
Sales	75·67	83·56	84·81
Trading profit	6·17	7·96	4·71
Aircraft development	1·50	1·00	...
Gross profit	4·67	6·96	4·71
Gross profit as a percentage of sales	6·17	8·33	5·55
Orders on hand	286·0	307·0	299·0
Net assets	115·10	114·77	119·83
Gross profit as a percentage of net assets	4·06	6·06	3·93

Associated British Foods

THE 1¾ per cent yield on the ordinary shares of Associated British Foods reflects an impressive record of growth over the last ten years. The chairman, Mr W. Garfield Weston, plans a further rapid expansion and has set a target of £200 million turnover by 1962-63. In the year to April 1st, the group took a step towards this by raising its sales from £143 million to £163 million. But the going promises to be hard under present conditions of price cutting and fierce competition in the food business.

Last year, gross profits of the group rose by just over 10 per cent from £7,595,000 to £8,336,000 and the ordinary dividend was raised from 21 to 22½ per cent, still covered 2½ times. Capital expenditure exceeded £12 million, financed by a cash flow of £7 million and £5 million released from lease-back sales. In the current year a further £6 million has been raised by a shrewdly judged 6½ per cent debenture.

The group has rather wider interests than most of its competitors, for it includes bakeries, biscuits, wholesale and retail groceries, ice cream and frozen foods. The bakery division has been developed into a highly profitable business and Mr Weston is confident that a similar improvement can be effected with A. B. Hemmings, the recently acquired chain of 230 shops. Overseas interests have again done well and a substantial part of the £2 million spent on new acquisitions last year was in Australia and New Zealand. Mr Weston is confident in ABF's plans for long term expansion,

based on the growth of supermarkets, and he expects a further substantial increase in profits for the current year if there is no serious economic setback.

Qualcast

SHAREHOLDERS and employees of Qualcast are kept regularly informed of their company's progress by circulars from the chairman, Mr J. E. V. Jobson. Last July he recorded that despite below-capacity working in those sections serving the car and refrigerator industries, profits for the year to June 30th would exceed those for the previous year. Trading profits in fact rose by 9¾ per cent from £1,611,000 to £1,767,000 but almost all this increase was absorbed by higher charges for depreciation and tax and left net profits only £11,000 higher at £671,000; the ordinary dividend raised fractionally from the equivalent of 17⅞ to 18 per cent is covered 2⅓ times.

The directors however were prepared, but for the Chancellor's call for dividend restraint, to recommend a higher payment. They do not indicate the increase they had in mind but it might well have been to 20 per cent, which would be covered just over twice. This suggests that they view with confidence the prospects of the motor industry to which they are a major supplier. In fact, the impact of the recession in the motor trade was cushioned by the group's diversification into other markets for castings which now absorb over half its sales. Lawn mower sales, too, almost certainly picked up last year after two bad seasons. With the new automatic foundry now running well, the group is better placed to meet the "more intensive competitive trading conditions" mentioned by Mr Jobson in July. On the 18 per cent dividend the 5s. shares yield 4.4 per cent at 20s. 7½d. and would return close to 5 per cent on a 20 per cent payment.

National Canning

SALES of canned and frozen foods are rising in this country and National Canning has shared in the increase; in the year to May 31st its sales again rose, but the rise in exports was greater than that in home sales. Prices were lower, however, and the group was particularly hit by the glut of canned peas which were pressed for sale last winter. These have always been the group's biggest line and it was forced to sell them substantially below cost. The result was that gross profits fell by over 54 per cent from £637,000 to £290,000.

The fall in profits would have been even steeper but for additions to the group's range of products. The balance sheet shows the effect of the stiffer trading conditions with stocks 19 per cent higher at £2.2 million and a bank overdraft of £390,000. Last year the group spent over £500,000 on new plant and equipment. Sales so far in the current year are higher than a year ago which suggests that diversification is justifying itself in the highly competitive food trade. The £1 ordinary shares now stand at 46s. 6d. and yield 5½ per cent on the maintained 12½ per cent dividend.

Henry Wigfall

THE 5s. shares of Henry Wigfall have been on a consistently low yield basis since they were marketed two years ago and the latest results go some way to explain the regard in which they are held in some quarters. Although the dividend is maintained at 15 per cent, gross profits in the year to March 31st rose from £151,000 to £1,091,000. This result was achieved in a period when the volume of business showed a marked reduction following the imposition of hire purchase restriction—an anomaly that applies to few businesses outside television rental. The reason is the heavy depreciation charges involved in writing off sets on rental over three years. This charge amounted last year to £2,413,000 against £2,789,000 and unless business picks up it may be lower still in the current year.

This is not, however, the only factor in boosting Wigfall's profits. The company also has a large hire purchase business which expanded rapidly in the previous year but the latest figures show that the provision for unearned profit on hire purchase agreements still amounts to £1,266,000 against £1,593,000. How far these boosts to earnings will be reflected in higher dividends (which must be the ultimate justification of the present low yield) will clearly depend on trading prospects. The market seems confident that these bigger payments will come and the shares have been marked up 3s. to 33s. 6d. to yield 2.3 per cent.

Buxted Chicken

A YIELD below 3 per cent on the 5s. shares of Buxted Chicken heavily discounted its growth of profits and the remarkable figures from this leader in the competitive broiler industry left the shares unchanged this week at 25s.; with the dividend raised from 14 to 20 per cent the yield is now over 4 per cent. Gross profits for the year to June 30th rose from £221,000 to £404,000 and net profits from £132,000 to £214,000. The ordinary dividend is paid on the capital as increased by shares issued on the acquisition of Western Chicken and a northern broiler chicken group.

This week shareholders meet to approve an agreement for Spillers to acquire a sizeable stake in Buxted Chicken by its subscription for 250,000 shares at 22s. 6d. a share with a further option on up to 150,000 shares at 27s. 6d. until June, 1964. In addition Spillers will subscribe at par for £500,000 8 per cent unsecured loan stock. This arrangement will bring much needed liquid resources to the group which had total overdrafts of £553,000 at June, 1960, and hire purchase commitments of £202,000. Capital commitments last May amounted to £800,000 and clearly the group is maintaining its present rapid rate of expansion. This industry works on low profit margins and a rapid turnover and further growth must depend on expanded output and a continued growth in demand. If the public's appetite for broilers does not change, Spillers could well be acquiring an interest cheaply, for Buxted shares reached a peak of 34s. 9d. earlier this year.

Doxford and Sunderland Shipbuilding

WHEN a merger between William Doxford and Sunderland Shipbuilding was proposed last May, profits of both companies were expected to be substantially less than for the previous year. The first results from the newly merged company show that the gross profit of Doxford in the year to June 30th fell by 35 per cent from £1,248,000 to £819,000 and net profits from £660,000 to £427,000; Sunderland's gross profits for the year to March 31st fell by 22 per cent from £1,018,000 to £796,000 and its net profit from £585,000 to £411,000.

It was also forecast that the ordinary dividend on the Doxford capital as enlarged by the acquisition of Sunderland would be unchanged at 30 per cent. The question now is whether this payment can be maintained, for the combined profits of the two companies covered it about 1½ times on the latest earnings. Shareholders were warned at the time of the merger that in the absence of an early and material change in shipbuilding prospects profits would fall further in 1961-62. News of a £2 million order from Reardon Smith last week brought a rise of 4s. 9d. in the £1 shares to 58s. 9d. but they are now back to 57s. to yield 10½ per cent.

Dimplex

DIMPLEX has been making radiators and heaters for little more than a decade and has made rapid strides. In the year to June 30th, its first as a public company, trading profits rose by nearly 70 per cent from £354,000 to £599,000. The final dividend has been held down at 20 per cent in compliance with the Chancellor's request, giving a total for the year of 35 per cent compared with the equivalent of 25 per cent for 1959-60. This payment is covered almost 4¼ times.

Demand in the current year is good, with orders for the first twelve weeks higher than those for the same period last year. Thus the rise in stocks from £444,000 to £618,000 is due mainly to stockpiling to meet an expected rise in demand. Despite this sharp rise the chairman, Mr E. J. Wade, is confident that liquid resources of £239,000 at June 30th are adequate for its proposed developments. At the current price of 85s. 3d. cum the proposed two for three scrip issue the 5s. ordinary shares yield 2 per cent; when the shares were first offered in December, 1959, they stood at the equivalent of about 16s. Domestic heating is a highly competitive business, and the market clearly has a high opinion of the record and potential of this small but successful company.

London Stock Exchange

FIRST DEALINGS:	Sept. 4	Sept. 18	Oct. 2
LAST DEALINGS:	Sept. 15	Sept. 29	Oct. 13
ACCOUNT DAY	Sept. 16	Oct. 10	Oct. 24

LAST Thursday it seemed that the stock market might be developing a better tone following the rally on Wall Street on Wednesday, the Katanga cease fire agreement and the joint U.S.-Soviet declaration to guide disarmament talks; but the improvement was short-lived and over the rest of the week to Wednesday equity prices drifted lower. By Wednesday the *Financial Times* index of ordinary share prices at 301.4 was down to its level of July 17, the lowest of the year. Over the week *The Economist* index lost 5.5 points to 355.7, also a new low point for the year. A variety of influences contributed to the decline, including the disappointing half-yearly statements from AEI and Vickers, and the sharp fall in car production figures; there was also much uncertainty ahead of the ICI half-yearly results on Thursday.

Gilt-edged stocks were not as dull as equities. Around the week-end medium-dated stocks attracted the most buyers, including a few large orders on Friday. By the middle of this week long-dated stocks tended to ease and there was a revival in demand for short-dated stocks on Wednesday. The medium-dated stocks held up quite well, Conversion 5 per cent. 1971 gaining $\frac{3}{16}$ to 88$^{13}/_{16}$. Among the shorts Exchequer 5½ per cent 1966 gained $\frac{5}{16}$ to 96½.

Bank equities held up over the week and closed with small gains, despite losses on Wednesday; Barclays gained 1s. 3d. to 74s. 9d. Among insurance shares there was an active market in the new Royal Insurance shares which opened at 38s. premium and after touching 40s. closed on Wednesday at 36s. premium. Among brewery shares, Threlfalls and Chesters fell after the merger announcement but Vaux recovered from early falls and advanced 2s. 6d. over the week to 77s. 6d. Although electrical shares gained on Wednesday they did not offset earlier losses; AEI showed the biggest fall, by 4s. 3d. to 32s. 6d. Stores shares showed small gains, such as Marks and Spencer which rose by 6d. to 102s. There was no clear trend in engineering shares; Davy-Ashmore continued their recent rise, gaining 1s. 9d. to 150s. 3d., but Vickers lost 2s. 10½d. to 29s. 10½d.

Steel shares showed mixed movements, with John Summers, United Steel and Whitehead gaining small amounts. Motor shares were slightly lower, after the August car production figures. Rumours that the U.S. parent company would buy up the Hoover minority drove the price of the shares up, but after an official denial the "A" closed with a net fall of 3d. at 43s. 3d. Oil shares improved after the effectively increased interim dividend from Shell, which gained 3s. to 115s. Kaffirs improved on the news of the US loan to Rand Selection.

LONDON AND NEW YORK

Prices, 1961 High	Prices, 1961 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Sept. 20 1961	Price, Sept. 27, 1961	Net Yield, Sept. 27, 1961 †	Gross Yield, Sept. 27, 1961
92½	88⅜	Savings Bonds 3%	88 31/32	88¾	£ s. d. 5 0 4	£ s. d. 6 6 11
101 31/32	99	Conversion 4½% 1962	99½	99 3/32	3 14 5	6 0 3
96⅞	93¾	Exchequer 3½% 1962-63	94 17/32	95⅝	4 18 9	6 7 2
101 5/16	98⅜	Treasury 5½% 1962	99 7/32	99 9/32	5 5 5	6 2 8
93 29/32	90¼	Exchequer 2½% 1963-64	90 15/32	90 25/32	5 3 6	6 7 2
99 15/32	96⅜	Conversion 4¾% 1963	97	97 9/32	4 4 9	6 8 8
98 3/32	94½	Conversion 4½% 1964	95 5/32	95 5/16	4 7 9	6 9 1
101 5/16	96	Exchequer 5½% 1966	96 11/32	96½	4 4 5	6 8 5
83 1/8	78 3/16	Funding 3% 1959-69	78 5/16	78 1/2	5 6 6	6 13 01
89 3/32	84 13/16	Funding 4% 1960-90	84 13/16	84 13/16	5 18 6	5 12 41
79 13/16	74⅞	Savings Bonds 3½% 1960-70	75 5/16	75 5/16	5 5 6	6 13 11
84⅞	80¾	Savings Bonds 2½% 1964-67	82 3/16	81 1/2	5 7 8	6 9 11
72 11/16	66¼	Savings Bonds 3½% 1965-75	67 3/16	68 1/16	5 1 11	6 11 81
83 15/16	78⅞	Funding 3% 1966-68	80 7/16	80 5/8	5 6 0	6 13 11
97½	92⅛	Victory 4% 1920-76	93¼	93¼	3 9 5	5 2 55
85½	80 1/2	Conversion 3½% 1969	81 7/16	81 5/8	5 3 9	6 14 8
93 5/16	87	Conversion 5½% 1971	88 5/8	88 13/16	4 11 5	6 14 4
95 11/16	88½	Conversion 5¼% 1974	89 13/16	90 1/16	4 6 9	6 11 10
73⅛	66	Treasury 3½% 1977-80	67 9/16	67 11/16	4 16 9	6 12 81
72¼	65	Treasury 3½% 1979-81	66 9/16	66 11/16	4 16 7	6 12 31
97 9/16	88½	Funding 5½% 1982-84	89½	89½	4 2 10	6 9 101
59½	51½	Redemption 3% 1986-96	51 7/8	52 1/8*	4 12 1	6 9 51
88¼	79¼	Treasury 5% 1986-89	79¼*	79¼*	4 6 10	6 12 51
63 1/16	55	Funding 3½% 1999-2004	56 7/16	56½	4 9 0	6 12 41
94 9/16	81 3/8	Treasury 5½% 2008-12	82 1/16	82¼	4 4 7	6 15 31
65 3/8	56½	Consols 4% after Feb. 1957	58 15/16	58 13/16	4 3 11	6 17 61
59¼	50½	War Loan 3½% after 1952	53 7/16	53 1/16	4 1 11	6 14 101
59	50½	Conv. 3½% after Apr. 1961	51 7/8	51 3/4*	4 2 10	6 15 31
50 7/8	43¼	Treasury 3% after Apr. 1966	44 1/8	44 9/16*	4 2 9	6 15 11
44	36½	Consols 2½%	38 1/16	38 3/8*	3 19 9	6 10 21
43½	36½	Treasury 2½% after Apr. 1975	37½	37 1/2*	4 1 8	6 13 31
91 5/16	85¾	British Electric 4½% 1967-69	87 3/16	87 5/16	4 15 3	6 13 111
75 11/16	70⅛	British Electric 3% 1968-73	71¼*	71¼*	5 3 9	6 12 11
70⅝	64½	British Electric 3% 1974-77	65¾	65⅞	5 1 0	6 11 21
81⅞	74⅞	British Electric 4½% 1974-79	75 5/8*	75⅝	4 12 4	6 11 91
73½	67	British Electric 3½% 1976-79	68½	68 1/16	4 16 5	6 12 31
84⅞	79¾	British Gas 4% 1969-72	80⅛	80⅛	3 17 4	6 13 51
81 13/16	76	British Gas 3½% 1969-71	77 5/16	77 11/16	5 0 0	6 12 61
59⅜	51¾	British Gas 3% 1990-95	53 1/16	51 7/8*	4 13 9	6 10 91
75 11/16	70⅛	British Transport 3% 1968-73	71¼*	71¼*	5 3 9	6 12 11
80⅞	74	British Transport 4% 1972-77	75¼	75¼	4 14 2	6 12 51
61 7/16	53¾	British Transport 3% 1978-88	55⅞	55⅞	4 16 5	6 11 91

Prices, 1961 High	Prices, 1961 Low	DOMINION AND CORPORATION STOCKS	Price, Sept. 20, 1961	Price, Sept. 27, 1961	Yield, Sept. 27, 1961
					£ s. d.
82⅛	76½	Australia 3¼% 1965-69	78⅛	78¼	6 18 0
101	92¾	Australia 6% 1974-76	92¾	92¾*	6 14 0
72½	64½	Ceylon 4% 1973-75	65½	65½	8 5 0
101⅛	92¾	New Zealand 6% 1976-80	92¾	92¾	6 14 0
80½	70½	Rhodesia and Nyasaland 6% 1978-81	70¾	70¾	9 8 0
81	73	South Africa 3½% 1965-67	75½*	76¼*	8 17 0
59	53½	Southern Rhodesia 4½% 1937-92	53¾	53¾	8 19 0
94⅝	85⅛	Agricultural Mortgage 5½% 1980-85	86	86	6 17 0
89	82⅛	Birmingham 4¼% 1967-70	83¾	83½	6 17 0
92¾	86½	Bristol 3% 1971-73	87¼	87⅞	6 14 0
93	87	Corporation of London 5¼% 1976-79	87	87	6 12 0
48¾	41	L.C.C. 3% after 1920	43⅜	43¼	6 18 0
89⅛	80⅛	L.C.C. 5% 1980-83	80¼	80¼	6 14 0
93	84¼	Middlesex 5¼% 1980	84½	84¼	6 14 0

NEW YORK PRICES AND INDICES

	Sept. 20 $	Sept. 27 $		Sept. 20 $	Sept. 27 $		Sept. 20 $	Sept. 27 $
Atch. Topeka	26⅜	26⅛	Boeing	54⅝	50¾	Int. Harvester	51⅞	50⅞
Can. Pacific	24⅜	23⅞	Celanese	34½	34⅝	Inter. Nickel	82½	82⅜
Pennsylvania	15	14½	Chrysler	56⅞	55¼	Inter. Paper	35⅛	33⅞
Union Pacific	34⅞	34⅞	Col. Palmolive	46⅜	44¼	Kennecott	83	81
Amer. Electric	67⅝	68⅛	Crown Zeller.	59¼	57¾	Monsanto	55¼	54⅝
Am. Tel. & Tel.	119	118½	Distillers Seag.	41⅞	40½	Nat. Distillers	26⅜	25¾
Cons. Edison	76⅜	76⅜	Douglas	34¼	34½	Pan-American	17⅝	18⅛
Int. Tel. & Tel.	55⅞	54½	Dow Chemical	82¼	80⅜	Procter Gamble	92¾	93½
South'n. Nat. Gas	43	41⅛	Du Pont	228	225	Radio Corpn.	56⅛	53¾
United Corpn.	8¾	8⅝	East. Kodak	100¼	100¼	Sears Roebuck	69⅞	70⅜
Western Union	43⅛	42¼	Ford Motor	104¼	104	Shell Oil	37¼	37
Alcoa	70⅛	68	Gen. Electric	73¾	74¾	Socony-Mobil	41¾	42
Aluminium	29⅛	28	General Foods	93⅞	95	Stand. Oil Ind.	47	44⅞
Amer. Can	44⅛	44½	General Motors	48⅛	49¾	Stand. Oil N.J.	43¾	43½
Am. Smelting	63⅜	59½	Goodyear	44	43⅛	Union Carbide	134⅞	132¼
Am. Viscose	59	58	Gulf Oil	37	36	U.S. Steel	81¼	80⅝
Anaconda	52¾	50⅛	Heinz	60¾	59	West. Electric	45	44¾
Beth. Steel	41¼	40½	Int. Bus. Mach.	540	540	Woolworth	73	72⅞

Standard and Poor's Indices (1941–43 = 10)

1961	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Aug. 30	71·57	2·83	33·31	4·89	61·98	3·13	88·80	4·00
Sept. 6	72·27	2·81	33·17	4·91	62·61	3·10	88·70	4·01
,, 13	71·76	2·83	33·12	4·92	62·44	3·11	88·39	4·04
,, 20	70·53	2·88	33·09	4·92	62·12	3·16	88·59	4·02
,, 27	70·00	2·90	32·90	4·95	61·47	3·18	89·22	3·96

425 Industrials:—High, 72·38 (Aug. 22). Low, 60·87 (Jan. 3).

Prices, 1961 High	Prices, 1961 Low		Price, Sept. 20, 1961	Price, Sept. 27, 1961	Yield, Sept. 27, 1961
29/3	22/–	Albright & Wilson 5/–	22/6	22/–	4·55
22/–	15/3¾	Borax Defd. 5/–	15/6	15/7½	3·68
58/9	36/6	Fisons £1	36/6	36/6	6·03
81/6	62/7½	I.C.I. £1	66/6	64/–	4·30
36/–	24/–	Albright & Wilson 5/–	28/6	28/–	2·14
91/3	58/6	Boots Pure Drug 5/–	84/6	87/–	3·16
74/3	48/–	Debenhams 10/–	50/7½	52/6	4·76
59/4½	45/–	Glaxo "A" 5/–	49/6	49/11½	3·82
46/9¾	33/4½	Hoover "A" 5/–	37/3	37/3	4·03
21/11½	14/3	Lewis's Invest. Tst. 4/–	14/10½	15/2¼	3·25
106/9	85/11½	Marks & Spencer 'A' 5/–	101/6	102/–	2·33
53/10½	34/10½	United Drapery 5/–	45/11½	45/3	3·31
62/11½	50/–	Woolworth 5/–	52/4½	51/7½	3·47
48/6	32/3	A.E.I. £1	36/9	32/6	9·23
15/5¼	9/7½	Brit. Electronic Inds. 5/–	10/10½	10/10½	6·90
62/3	49/–	B.I.C.C. £1	57/9	56/6	4·78
14/7½	11/3	Crompton Parkinson 5/–	12/3	12/–	5·21
76/–	54/–	Decca Record 10/–	63/–	62/6	3·73
52/–	35/6	E.M.I. 10/–	36/–	35/9	4·90
38/–	25/9	Elliott-Automation 5/–	33/5¼	37/3¾	1·95
40/6	27/–	English Electric £1	28/9	27/9	7·21
39/6	25/9	General Electric £1	28/3	26/6	7·55
72/9	47/–	C. A. Parsons £1	49/–	49/6	5·05
52/3	38/6	A. Reyrolle £1	39/–	40/3*	4·84
63/–	45/3	Thorn Electrical 5/–	55/–	55/9	2·24
36/9	24/4½	Babcock & Wilcox £1	25/3	24/6	7·35
48/9	33/–	John Brown £1	35/9	35/4½	6·22
8/4½	5/–	Cammell Laird 5/–	5/9	5/4½	11·16
33/9	23/–	Internat. Combust. 5/–	23/3	23/–	6·52
9/11½	4/11½	Rich'ds'ns. Westg'th. 10/–	4/11½	4/7½	—
40/–	28/–	Swan Hunter £1	31/3	33/–	7·27
17/4½	13/6	John Thompson 5/–	13/9*	13/9*	1·82
33/10½	21/8¼	Coventry Gauge 10/–	29/10½	31/11½	3·92
79/9	51/6	Alfred Herbert £1	65/6	65/6	4·24
78/–	59/–	Allied Ironfounders £1	59/6	59/–	6·78
110/–	83/–	Averys 5/–	10 b	10 b	3·51
36/10½	20/11½	B.S.A. 10/–	21/11½	20/11½	5·80
14/9	10/–	George Cohen 5/–	10/9	10/3	6·34
177/6	129/6	Davy-Ashmore £1	148/6	150/3	3·66
108/7½	78/6	Guest Keen £1	88/3	87/9	3·64
31/–	22/–	Head Wrightson 5/–	22/–	22/11½	3·62
100/3	68/3	Metal Box £1	81/9	82/6	2·91
22/6	14/–	Ransome & Marles 5/–	16/3	16/6	4·24
60/6	34/6	Renold Chains £1	43/3	42/6	4·71
44/11½	29/7½	Simon Engineering 5/–	37/9	38/4½	3·58
85/6	61/3	Tube Investments £1	62/6	62/3	4·50
38/4½	28/–	Vickers £1	32/9	29/10½	6·69
84/6	64/6	Ward (Thos. W.) £1	69/–	70/–	4·29
30/–	20/–	Woodall-Duckham 5/–	21/9	21/6	4·88

* Ex dividend. † Tax free. ‡ Assumed average life 7¾ years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. Ex rights. (a) Interim dividend (b) Final dividend (c) Year's dividend. (d) Capital distribution of 1s. 0d. per share. (f) Flat yield. (g) Equivalent to 7·2 yields. (h) After Rhodesian tax. (l) To latest date.

YORK STOCKS

Prices, 1961 High	Prices, 1961 Low		Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Sept. 20, 1961	Price, Sept. 27, 1961	Yield, Sept. 27, 1961	Cover
			%	%	**FOOD & TOBACCO**				
34/–	17/6	10 c	10 c		Allied Suppliers 10/–	17/10½	18/1½	5·52	2¼
15/–	7/9¾	10 a	12½ b		Assoc. British Foods 1/–	11/3	12/3	1·84	2
74/–	55/–	4 a	8 b		Bovril £1	58/3	57/9	4·16	2½
15/6	11/9	14 7½ b	12½ a		Brooke Bond 'B' 5/–	12/9	12/10½	4·22	3¾
19/3	12/10½	2½ a	10 b		International Tea 5/–	13/11¼	13/11¼	4·48	1½
107/9	67/6	5 a	10 5/8 b		J. Lyons 'A' £1	67/6	67/6	4·69	1¼
35/6	25/9	9 b	5 a		Ranks 10/–	27/10½	28/1½	4·98	2
14/03¼	10/9	2½ a	7½ b		Spillers 5/–	11/–	11/3	4·44	2
55/–	43/11½	9 b	3 a		Tate & Lyle £1	47/11½	45/11½	5·32	2
20/10½	15/9	5 a	9 b		Unigate 5/–	15/9	15/9	4·44	2
73/–	61/9	2½ c	11½ a		Brit. Amer. Tobac. 10/–	63/9	61/9	5·73	2¾
51/6	40/–	5 a	15 b		Gallaher 10/–	41/10½	41/6	4·82	2
71/6	65/3	14 b	8½ a		Imperial Tobacco £1	69/–	68/–	6·62	1¾
					INSURANCE				
15¼	11 5/16	55 b	50 a		Britannic 5/–	12/5⅜	12/5⅜	3·40	...
86/3	61/–	20 a	25 b		Commercial Union 5/–	63/6	61/–	3·69	...
32	17⅜	41·17c	41·17c		Equity & Law Life 8/6	27⅜	27⅛	1·05	...
88 41/2	51 10½	10 a	10 b		General Accident 5/–	74/9‖	70/3‖	2·84	...
60/6	42/7½	35 a	40 b		Guardian 5/–	51/3	49/6	2·69**	...
39½	23¼	80 a	110 b		Legal & General 5/–	31¾	33¼	1·43	...
146/–	100/–	8½ a	11½ b		Northern & Empl. £1	129/–	127/–	3·15	...
272/6	156/3	70 b	20 a		Pearl 5/–	211/3	212/6	3·46	...
29	18	1883⅓ c	208⅓ c		Prudential 'A' 4/–	22¼	21¾	3·13	...
49/3	38/10½	—	—		Royal 5/–	41/3¶	42/9¶	3·51**	...
129/3	103/6	11¼ b	7½ a		Royal Exchange £1	103/6	100/9	—	...
					MOTORS & AIRCRAFT				
18/10½	13/–	12½ b	7½ a		British Motor 5/–	13/8¼	13/4½	7·41	2½
86/3	66/11½	20 c	20 c		Jaguar Cars 'A' 5/–	80/–	80/3	1·24	7¾
48/6	41/10½	2½ a	8½ b		Rolls-Royce £1	44/7½	44/–	5·00	2¼
10/–	6/8¼	12 c	12 c		Rootes Motors 'A' 4/–	6/4½	6/4½	7·53	5½
88/9	71/–	10 a	7½ a		A.C.V. 5/–	87/9½	87/4½	4·42**	2½
101/–	79/–	15 a	20 c		Leyland Motors £1	88/6	87/6	4·57	...
18/6	14/–	3½ a	9 b		Bristol Aeroplane 10/–	16/11½	15/7½	8·00	2¼
33/3	28/11½	10 a	5 b		Hawker Siddeley £1	29/7½	28/6	7·44**	1¼
41/3	31/9	14 a	15½ b		Dowty Group 10/–	34/4½	34/4½	4·51	2¼
28/10½	21/6	3½ a	12½ b		Dunlop Rubber 10/–	25/10½	26/3	6·03	2
72/–	52/–	11¼ b	2½ a		Joseph Lucas £1	52/6	52/9	5·21	3
33/3	23/–	9 a	21 b		Pressed Steel 5/–	29/3	18/9	8·00	1¼
46/3	30/–	15 c	12½ c		Triplex Holdings 10/–	30/3	30/3	4·13	2
					MINES				
168/9	110/–	40 a	50 b		Anglo-American 10/–	123/11½	121/10½	7·38	1½
67/3	43/–	183¼ b	6¼ a		Consolid. Gold Fields £1	49/3	50/–	10·00	2
108/9	72/6	15 a	20 b		General Mining £1	78/9	80/–	8·75	2
68/6	46/–	40 a	40 b		Union Corporation 2/6	46/–	46/3	8·65	3
25/3	15/3	40 a	40 b		Daggafontein 5/–	17/–	16/6	24·24	1½
125/–	73/9	70 a	100 b		Free State Geduld 5/–	81/3	81/10½	10·38	2
54/3	37/6	25 a	25 b		Hartebeestfontein 10/–	41/–	40/–	12·50	1½
64/6	41/10½	50 a	60 b		President Brand 5/–	51/10½	51/10½	10·60	1½
157/6	101/3	90 a	120 b		Western Holdings 5/–	116/3	116/10½	8·98	1¼
28/6	15/9	...	8½ a		Winkelhaak 10/–	18/9*	18/9*	—	8½
75/3	55/–	36⅔ b	13½ a		Chartered 15/–	58/3*	57/3*	13·10	2
63/6	51/3	60 a	70 a		Rhod. Anglo-Amer. 10/–	54/–	52/6	15·24h	2
11/7½	8/3	12½ b	41¼ a		Rhod. Selection Tst. 5/–	8/7½	8/4½	10·26h	2¼
6/11½	4/10½	10 15/16 a	4½ b		Roan Antelope 5/–	5/11½	5/11½	14·74h	1¾
30/9	18/9	22½ b	15 a		Tanganyika Cons. 10/–	19/6	19/3	19·48	1½
81/6	63/–	6¼ a	13¾ b		Consolidated Zinc £1	65/–	64/9	6·18	1¾
159 4½	110/–	150 b	100 a		De Beers Defd. Reg. 5/–	132/6	131/3	9·52	1¾
$159	$104	$1·50c	$1·50c		Internat. Nickel n.p.v.	$146⅛	$146⅛	1·82	...
18/9	10/9	6¼ a	22 11/16 b		Rhodesian Tin 5/–	16/11½	16/4½	8·55**	1¼
45/–	30/–	20 c	27½ c		Rio Tinto 10/–	33/11½	35/–	7·86	1½
98/6	35/6	105 c	40 a		Tronoh 5/–	62/6	68/–	7·72	...
					OIL				
61/6	41/9	13 1/16 a	13½ a		British Petroleum £1	43/–*	42/9*	8·91	2¼
49/6	33/6	12½ a	16⅞ b		Burmah Oil 10/–	34/–	34/3	8·94	1¼
52/–	37/–	6¼ a	13¾ b		Castrol 5/–	39/–	38/9	5·16	2½
£151/16	£105⅜	23·87c	11⅛ a		Royal Dutch £1 20 fl.	£11	£11 13/16	4·20	23¾
139 7½	108/9	20·8 c	10a		Shell Transport £1	112/–	115/–	5·92	3
41/3	24/3	...	...		Ultramar 10/–	25/–	26/–	—d	...
					PAPER & NEWSPAPERS				
14 7½	9/10½	8 b	5 a		Daily Mirror 5/–	12/–	11/10½	6·32**	1¼
9½	57/6	4 a	8 b		W. H. Smith & Son 'A' £1	59/–	59/6	4·03	2
19/–	17/9	—	—		Thomson Org'n. 5/–	19/–	19/–	6·32**	2
66/3	45/3	8¾ b	5 a		Bowater Paper £1	48/6*	45/6*	6·04	1½
56/6	44/–	9 a	7 b		Albert E. Reed 5/–	46/6	45/9	6·99	1½
54/3	37/6	4 a	8½ b		Spicers £1	42/3	42/–	5·95	1¾
68/9	50/6	4 a	10 b		Wiggins Teape £1	54/6	56/6	4·96	2
					MISCELLANEOUS				
48/–	43/–	20 a	60 b		Assoc. British Picture 5/–	48/–	48/–	6·25	2¾
40/–	30/–	20 a	40 b		Assoc. Television 'A' 5/–	30/4½	30/4½	9·88	1¾
48/6	41/10½	16 a	14 b		Beecham Group 5/–	48/6	48/4½	3·10	1¾
33/–	25/3	3½ a	6¾ b		British Match £1	33/10½	34/7½	5·78	2
18/3	12/–	6¾ b	4 a		British Oxygen 5/–	18/3	18/–	2·96	2½
8/–	5/–	7 b	3 a		British Ropes 5/–	8/10½	8/9	5·71	2¼
52/–	33/–	7½ a	15 b		De La Rue 10/–	53/–	52/–	4·33	2
38/–	25/9	6 a	14 b		Gestetner 'A' 5/–	38/–	38/6	2·59	3¼
55/–	43/–	14·4c	6 a		Glaxo 10/–	55/–	55/–	2·73**	3¾
57/6	47/6	12 b	3 a		Harrisons & Cr. Defd. £1	48/6	47/9	6·28	2¾
40/–	30/–	5 a	15 b		Hoover 'A' 5/–	43/6	43/3	5·20	2¼
19/9	12/–	12½ b	5 a		Ilford 5/–	19/9	19/3	4·55	2
107/3	56/3	7½ a	4 a		LCT. £1	91/3	91/9	2·45	2¾
48/9	45/–	12½ c	12½ c		National Canning £1	48/9	45/–	5·56	1¼
37/3	29/6	6 a	10 b		Powell Duffryn 10/–	34/6	34/6	4·64	2¼
78/9	45/–	12½ c	12½ c		Radio Rentals 5/–	26/4½	26/10½	3·72	3
70/–	52/6	12½ a	25 b		Rank Organisation 5/–	25/–	25/6	4·41	2½
57/10½	42/6	12½ a	37½ b		Schweppes 5/–	34/4½	35/–	3·43	1¾
95/6	64/3	31½ a	71½ b		Sears 'A' 5/–	31/8½	32/–	3·91	2¼
100/7½	72/6	7·04a	9·04b		Thomas Tilling £1	72/6¶	72/6¶	3·56	2
61/6	60/3	3 a	4 a		Turner & Newall £1	61/6	60/3	3·98	2¼
141/9	138/–	8 a	13 b		Unilever £1	141/9	138/–	3·56	3¼
97 32	91 2	4·62	2½		Unilever N.V. 12 fl.	97 32	91 2	2·61	3¼
16/6	16/3	4·62	2½		United Glass 5/–	16/6	16/3	4·62	2½
31/–	30/9	7·96	1		United Molasses 10/–	31/–	30/9	7·96	1
					SHIPPING				
46/3	36/–	6½ a	13½ b		Brit. & Com'wealth. 10/–	37/11½	37/6	5·33	2
20/–	13/9	8 c	6 c		Cunard £1	16/4½	15/11½	7·93	1¾
24/9	20/–	17 c	7 c		France Fenwick £1	20/–	20/1½	6·78	1½
50/6	35/6	10 c	10 c		Furness Withy £1	35/6	35/6	5·63	1
15/–	10/6	7½ a	10 b		London & Overseas 5/–	11/6	11/7½	7·53	...
48/6	34/10½	3 a	8 b		P & O Defd. £1	36/7½	36/10½	5·96	1
17/9	12/–	2½ c	2½ c		Reardon Smith 10/–	13/4½	14/–	1·79	...
25/–	13/7½	8 c	5 c		Royal Mail £1	13/10½	14/3	7·01	...
					STEEL				
74/10½	54/6	6 a	10 b		Calvilles £1	55/7½	53/4½	5·99	4½
43/7½	26/10½	3½ a	3½ a		Dorman Long £1	29/7½	28/10½	6·93	2½
49/10½	31/9	7½ b	3½ a		Lancashire Steel £1	32/10½	32/9	6·72	3½
42/–	27/7½	8 b	4 a		South Durham £1	28/4½	27/10½	8·61	2
47/8¼	33/4½	7½ b	5 a		Steel Co. of Wales £1	34/1½	33/10½	7·38	2¾
57/4½	40/10½	15 c	5 a		Stewarts & Lloyds £1	44/6	43/4½	6·92	3½
68/7½	43/11½	9 b	6 a		John Summers £1	47/7½	46/11½	6·50	2¾
55/7½	38/–	12 b	4·8a		United Steel £1	45/4½	44/11½	5·78**	3
63/6	46/–	8¾ b	6¼ a		Whitehead £1	47/6	47/–	6·38	3¼
					TEXTILES				
42/7½	28/11½	5 a	7½ b		English Sewing Cotton £1	28/11½	27/4½	9·13	1½
31/10½	22/10½	5 a	10 b		Fine Spinners £1	23/4½	22/10½	13·11	2
70/4½	47/9	17½ b	7½ a		Lancashire Cotton £1	51/–	48/–	10·42	1½
81½	47/6	32 1/2 a	5⅝ b		Courtaulds £1	33/4½	32/11½	6·23	1¾
13·10	2	8/9	5/7½		Illingworth Morris 4/–	5/10½	5/10½	9·08	1½
64/–	52/6	15·24h	12 b		West Riding Worsted £1	73/3	74/6	5·66	2
37/3	26/3	7½ b	2½ a		Woolcombers £1	27/6	28/6	7·02	2
20/7½	15/4½	3 c	6 c		Bradford Dyers £1	16/4½	16/11½	7·44	1¼
16/2¼	11/9	7½ a	13¾ b		Calico Printers 5/–	12/9	12/7½	7·92**	3½
55/10½	38/6	...	...		Coats, Patons & B. £1	43/4½	41/10½	5·97**	2
13/7½	9/10½	3 a	10 b		Jute Industries 10/–	10/3	10/3	12·68	3
35/3	27/11½	10 c	10 c		Tootal £1	27/4½	27/11½	7·37	1
					TRUSTS, LAND & PROPERTY				
70/–	52/6	12½ a	25 b		Alliance Trust 5/–	64/–*	63/–*	2·98	1¼
57/10½	42/6	12½ a	37½ b		B.E.T. 'A' Defd. 5/–	49/9	49/9	5·03	1½
20/–	12/7½	10 c	10 c		Cable & Wireless 5/–	17/3	16/3	3·08	1¾
65/9	47/–	20 c	23½ a		City Centre Props. 5/–	55/6	56/–	2·26**	3¾
95/6	64/3	3½ a	7½ b		City Lond. Real Prop. £1	72/6 ·	71/6	3·08	1
100/7½	72/6	7·04a	9·04b		Hudson's Bay £1	86/3	86/3	3·73	1¾
36/–	22/3	2 a	4 b		Land Securities 10/–	30/–	30/–

APPOINTMENTS

AGRICULTURAL ECONOMISTS

THE UNITED NATIONS

has two vacancies in the Secretariat of the United Nations Economic Commission for Africa, in Addis Ababa, Ethiopia, to plan, conduct and direct investigations into the problems and progress of agricultural development with special reference to African countries, and to formulate agricultural development projects.

Qualifications desired are advanced university education in economics or agricultural economics; substantial experience at governmental or inter-governmental level in handling practical economical problems in the agricultural sector, preferably in those of less developed countries; and excellent knowledge of English or French (working knowledge of the other desirable), with demonstrated ability in drafting reports.

One vacancy is at the First Officer level with a salary range of US $7,300-US $9,500 net, free of tax, per annum, while the other is at the Senior Officer level with a salary range of US $8,750-US $11,000. In addition, there is a cost of living allowance of $2,375 for the First Officer and $2,500 for the Senior Officer posts, net, for persons with dependants (somewhat less for single) plus dependency allowances and benefits.

In accordance with the principles of the United Nations Charter, recruitment of staff for the Secretariat is made on as wide a geographical basis as possible. Accordingly, in recruitment for the above vacancies preference shall be given to nationals of Member States which have at present disproportionately few or no nationals on the staff.

Applications should be sent to the Personnel Officer, Economic Commission for Africa, P.O. Box 3001, Addis Ababa.

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For other appointments see page 1301

AUSTRALIA

THE UNIVERSITY OF NEW SOUTH WALES NEWCASTLE UNIVERSITY COLLEGE

SENIOR LECTURER OR LECTURER DEPARTMENT OF ECONOMICS

The University of New South Wales invites applications for appointment to the position of Senior Lecturer or Lecturer in Economics at the Newcastle University College.

The Department of Economics offers pass and honours courses to undergraduates in the divisions of Arts and Commerce. In 1961 about 210 undergraduates are taking courses in economics, and there are a number of candidates preparing for higher degrees.

Applicants for appointment as Senior Lecturer should have a higher degree and lecturing or research experience. Appointment as Lecturer is open to applicants with a good honours degree. Special interest in economic statistics would be particularly valuable.

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The successful applicant will be eligible, subject to passing a medical examination, to contribute to the State Superannuation Fund.

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Four copies of applications, with the names of three referees, should be lodged with the Agent General for New South Wales, 56 Strand, London, W.C.2, and a copy forwarded by air-mail to the Appointments Section, Box 1, Post Office, Kensington, New South Wales, to reach there before November 17, 1961.

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LECTURER IN BUSINESS STUDIES

Applications are invited from women Graduates for this post in the Department of Business and Social Studies. Applicants should have business and teaching experience and be able to teach for the National Diploma and Certificate in Business Studies and Shorthand and Typewriting.

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BENSON INTERNATIONAL require a senior ECONOMIC INTELLIGENCE OFFICER for their Market Intelligence Department in London. Age 25/32. A good economics background and wide marketing experience—preferably in the export field—is essential, together with a lively, informed interest in international affairs and a fluent knowledge of at least one other language (preferably French). Duties will include collection and analysis of basic data; preparation of clear, concise reports on international markets, industries and branded goods; the administration of marketing and market research investigations in various parts of the world; the maintenance of up-to-date records on international advertising developments as a whole.—Write, in confidence, giving details of past experience, present salary and future availability, to the General Manager, S. H. Benson International Ltd., 129 Kingsway, London, W.C.2.

GOVERNMENT SOCIAL SURVEY

The SOCIAL SURVEY DIVISION of the CENTRAL OFFICE OF INFORMATION invites applications for posts of SENIOR RESEARCH OFFICER and RESEARCH OFFICER. The Research Unit is responsible for official sample survey enquiries covering a wide field of social and economic problems with a variety of research methods and maintaining high technical standards. Specialist sections are available for sampling, interviewing, coding and mechanical tabulation, but research officers have full responsibility for the design and reporting of survey work, much of which is published, and are expected to conduct such methodological research as may be required. All applicants should be qualified in one of the Social Sciences, Mathematics or Statistics, and have had research experience. Applicants for the senior posts must be able to produce reports of previous research for which they have had responsibility. The posts which are graded SENIOR INFORMATION OFFICER and INFORMATION OFFICER are unestablished, but there are regular opportunities for establishment. Salaries are £1,573 to £1,937 and £1,282 to £1,490 respectively. Write, giving age, full details of experience and qualifications, to Manager (PE.800/PC), Ministry of Labour, Professional and Executive Register, Atlantic House, Farringdon Street, London, E.C.4.

THE NATIONAL FEDERATION OF HOUSING SOCIETIES invites applications for the newly created posts of Deputy Director and of Development Officer for Old People's Housing. The Federation (recognised under the Housing Act 1957 as the central organisation for non-profit housing) is expanding its organisation to launch and direct a national campaign for providing both family housing and housing suitable for old people through housing associations and co-partnerships.

The Deputy Director (appointment initially for three years) will be based at the Federation's offices in central London. Applicants should be of proved administrative ability but experience of housing work not essential.

The Development Officer will be responsible under the Director for a three to five year campaign to promote new associations for housing the elderly and while based in London will be required to travel widely. Applicants should have some knowledge of old people's housing.

Salary for both appointments not less than £1,500 but consideration will be given to experience and qualifications. Age 35-55. Application forms can be obtained from, and should be returned to, the Secretary to the Federation, 12 Suffolk Street, London, S.W.1, before October 16, 1961.

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The SOCIAL SURVEY DIVISION of the CENTRAL OFFICE OF INFORMATION invites applications for the posts of ASSISTANT COMPUTING OFFICERS. The Division is responsible for official sample survey enquiries covering a wide field of social and economic problems with a variety of research methods and maintaining high technical standards. The principal duty is the analysis of survey data, using both punch card equipment and an electronic computer. The qualification required is a mathematical background to at least G.C.E. "A" level or, alternatively, experience in a similar post involving a knowledge of statistical techniques. Some familiarity with computers would be an advantage, but training in programming will be given to successful applicants, if necessary. The posts which are graded ASSISTANT INFORMATION OFFICER are unestablished, but there are regular opportunities for establishment. Starting salary will be fixed according to experience and qualifications and will be on a scale rising to £1,214. —Write, giving age, full details of experience and qualifications, to Manager (PE.3611/PC), Ministry of Labour, Professional and Executive Register, Atlantic House, Farringdon Street, London, E.C.4.

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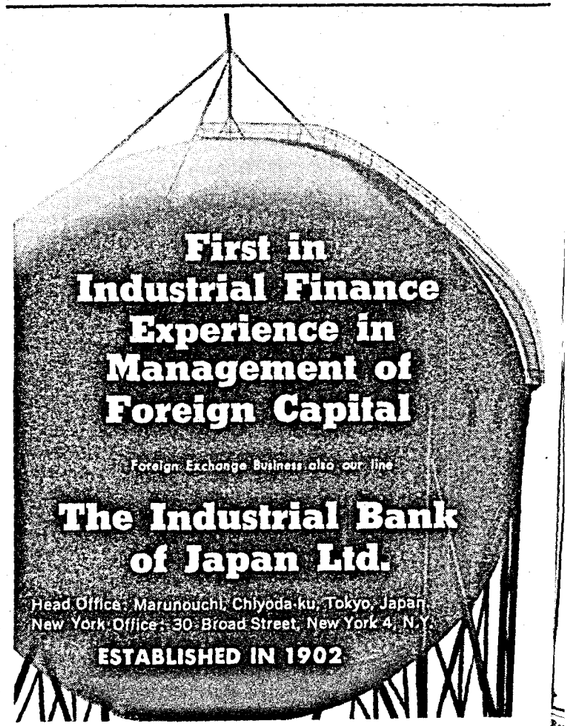
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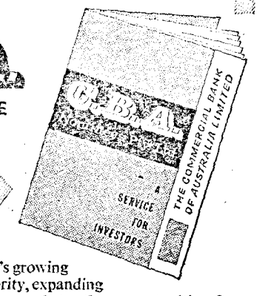
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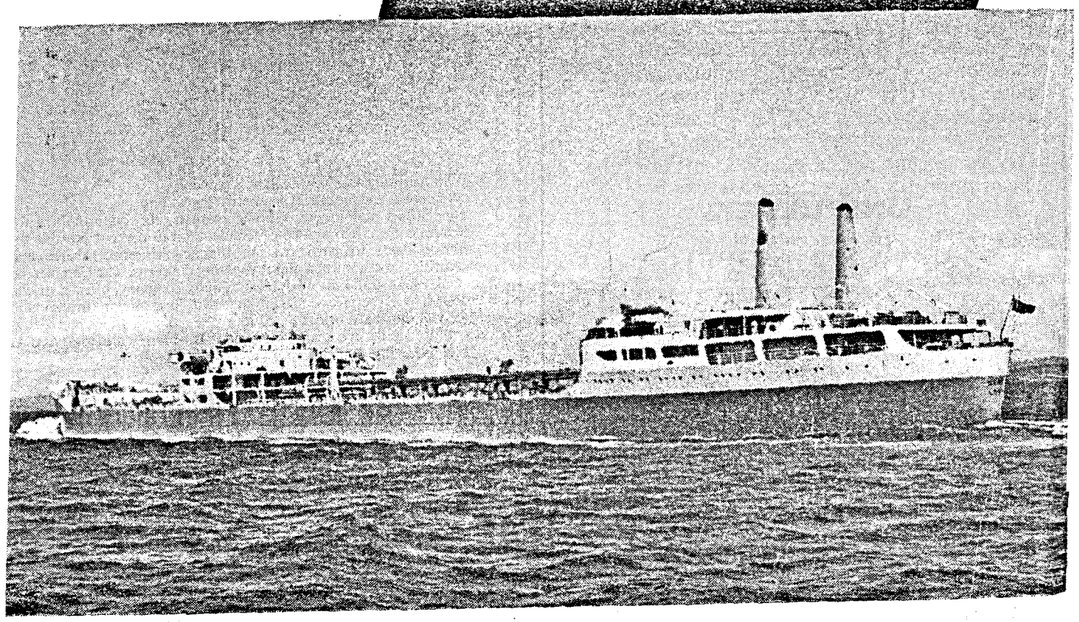
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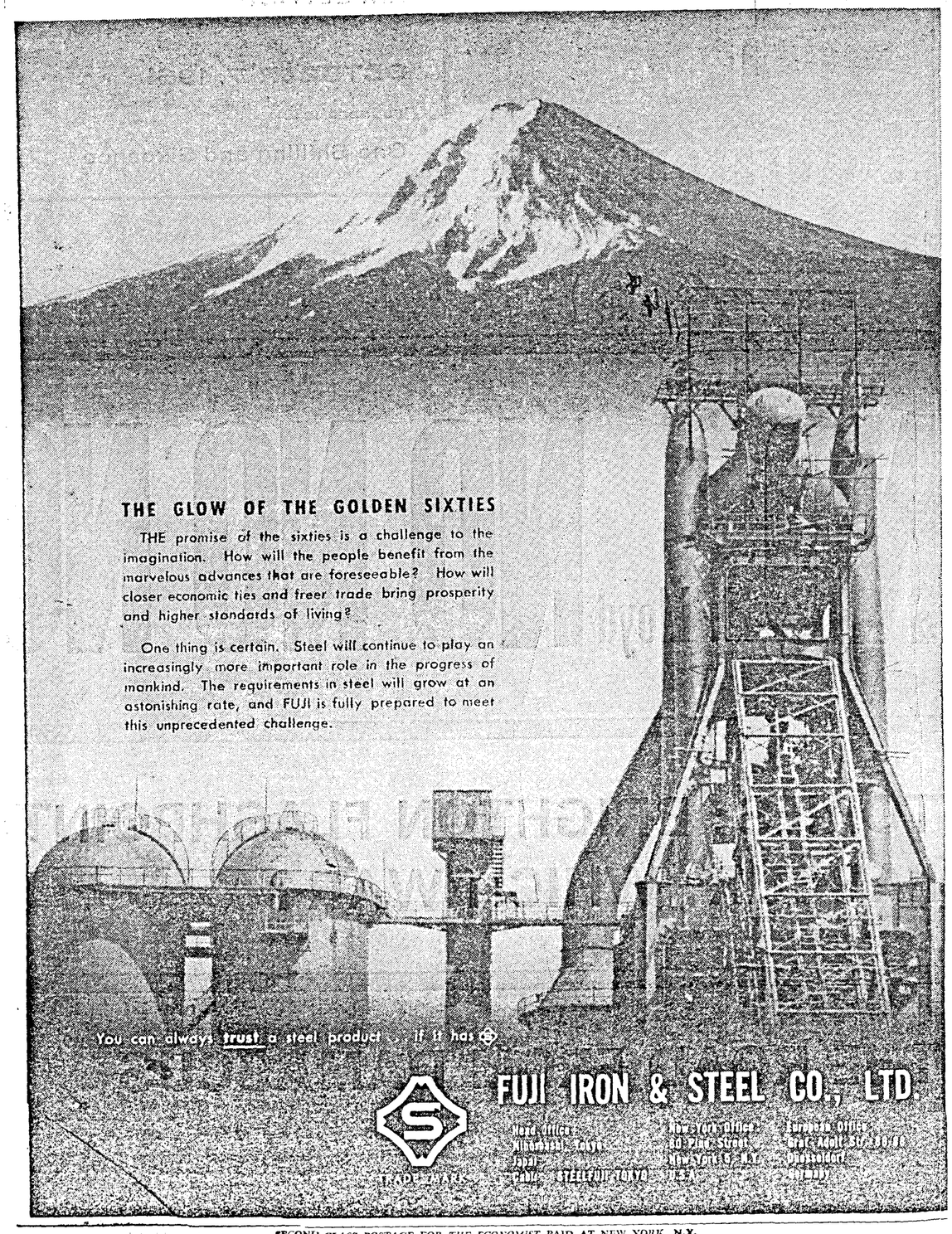
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In The Economist this Week — October 7, 1961

HOME

NO BOUQUETS FOR MR LLOYD

No way to plan a planning committee (p. 13).

No time to cut Bank rate (p. 61).

Sowing

Seed for Mr Gaitskell: the *soi-distant* policy-making body at Blackpool has provided him with fertile soil, but he has not got the most out of it (p. 30).

Whirlwinds for the Tories: the Commonwealth, Africa, Berlin and Mr Butler's future will not blow the party away: but its reforming future is obscure (p. 15).

Pruning

To sack workers without providing for their retraining is a bad mistake today (p. 21).

Mr Powell's method of trimming drug profits has caused some manufacturers to curl at the edges (p. 66).

Prices of cars and tyres are being cut as a result of increasing competition (p. 69).

Hedging

The boundaries between urban and rural Britain need more imaginative redrawing (p. 18).

Caution by teachers faced with plans to redesign their negotiating body could lead to the death of a sensitive plant (p. 22).

Planting

A new university cannot take root until the pause is officially over (p. 29).

A new theatre-in-the-round at Croydon might spread its branches over the country (p. 31).

Withering

More funds and fewer politics are needed to revive a flagging international atomic energy agency (p. 73).

The dried-up plant of British trade unionism could be nourished by the legal reforms that are being resisted by the TUC (p. 26).

Private nursing-homes for the old need closer supervision, but not at the expense of warm humanity (p. 32).

Flourishing

The Exchequer's expenditure has grown luxuriantly, but perhaps fortuitously (p. 66).

The status of the monarchy will not be diminished—or greatly increased—by the bestowal of an earldom on a royal husband (p. 25).

INTERNATIONAL

Three Wiser Men

President Nasser has seen how difficult it is to create Arab unity by means of Egyptian colonialism; he might be in a better position to try the Commonwealth technique (p. 14).

- He intends, however, to use every means short of force to restore the authority of Cairo in Damascus (p. 51).

President Nkrumah, hurt by British criticism, seems to have gone out of his way to hurt British feelings; with Mr Sandys he now seems ready to try to make the quarrel up (p. 17).

- A pause in the common market's talks gives African leaders like Dr Nkrumah a chance to think again about the merits of associating with it (p. 22).

President Bourguiba has consistently seen Bizerta as a pivot of co-operation between France and Tunisia. Can it now become that? (p. 20).

Three Wise Men?

General de Gaulle thinks all will be well in **France**—provided the politicians are kept clear of politics (p. 56).

Dr Adenauer seems unshakably resolved to outstay his welcome as **west Germany's** Chancellor—but the politicians will not keep clear of politics (p. 51).

Signor Fanfani has been contemplating a step towards the **Italian** left—and the politicians are teetering (p. 52).

See How They Run

In the belief that a more conservative attitude to foreign policy is the way to win votes, the **American** Republican party is swinging to the right. This does not mean that Senator Goldwater will be next Republican candidate for the Presidency, or that Governor Rockefeller will not be—and least of all that **Mr Nixon** is out of the race after his decision to run for Governor in California (p. 41).

In **Katanga** and **Northern Rhodesia** the copper industry is run in this way (p. 55).

In **Washington** a fractious House of Representatives has run a difficult session for President Kennedy (p. 45) and for the District of Columbia, which it left with a deficit (p. 46).

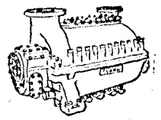
The redistribution of seats for Congressmen to run for is producing trouble and strife (p. 49).

But at least the burghers of Washington can now vote for Presidents (p. 48).

They All Run After:

- An impression that there will be talks on **Berlin** (p. 21).
- A clearer view of a new kind of troika for the **United Nations** (p. 21).
- Membership of the **European common market** (p. 22).
- A new horizon: the **Organisation for Economic Co-operation and Development** (p. 25).

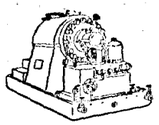
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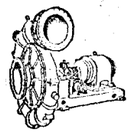
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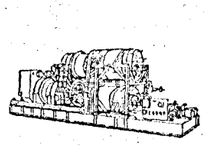
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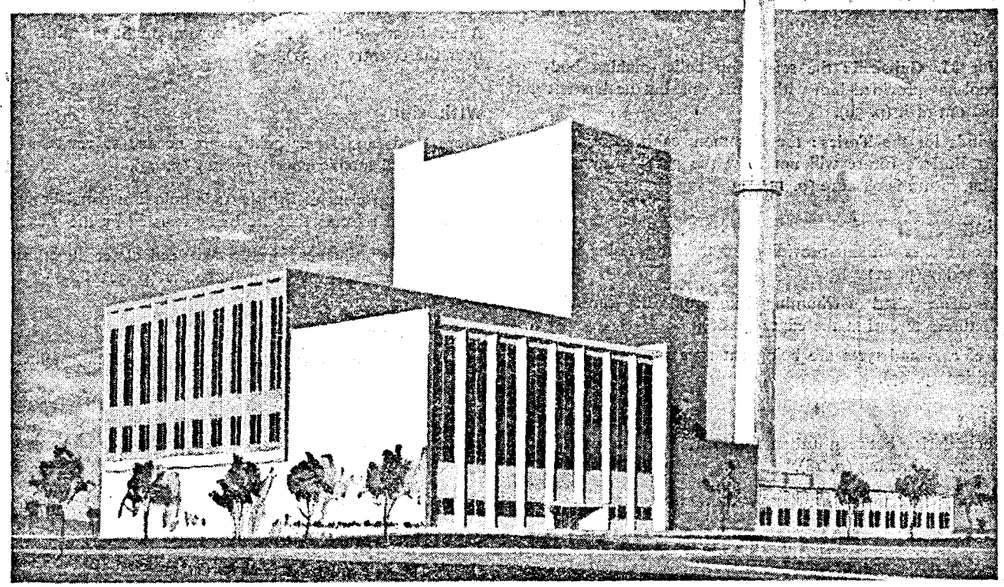
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THE ECONOMIST, OCTOBER 7, 1961



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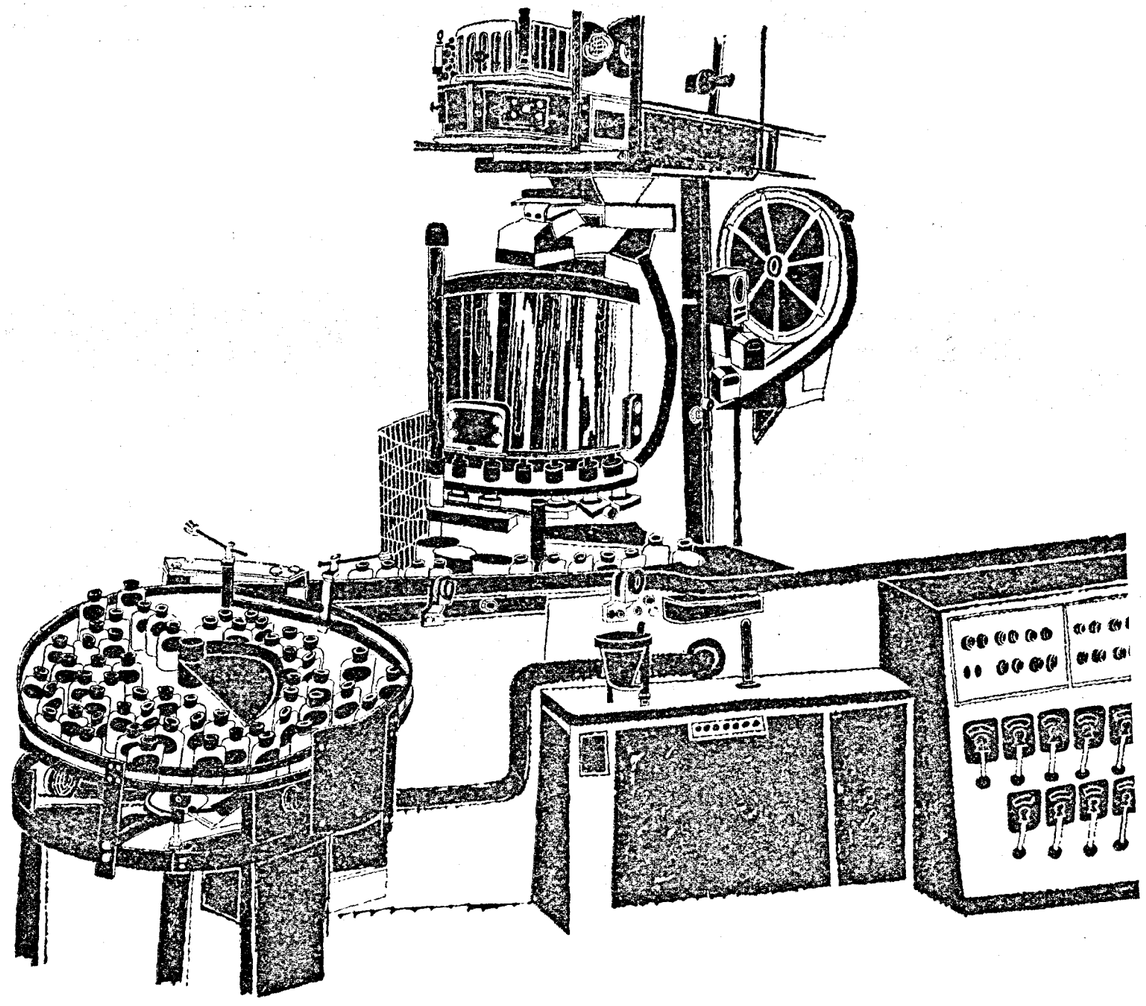
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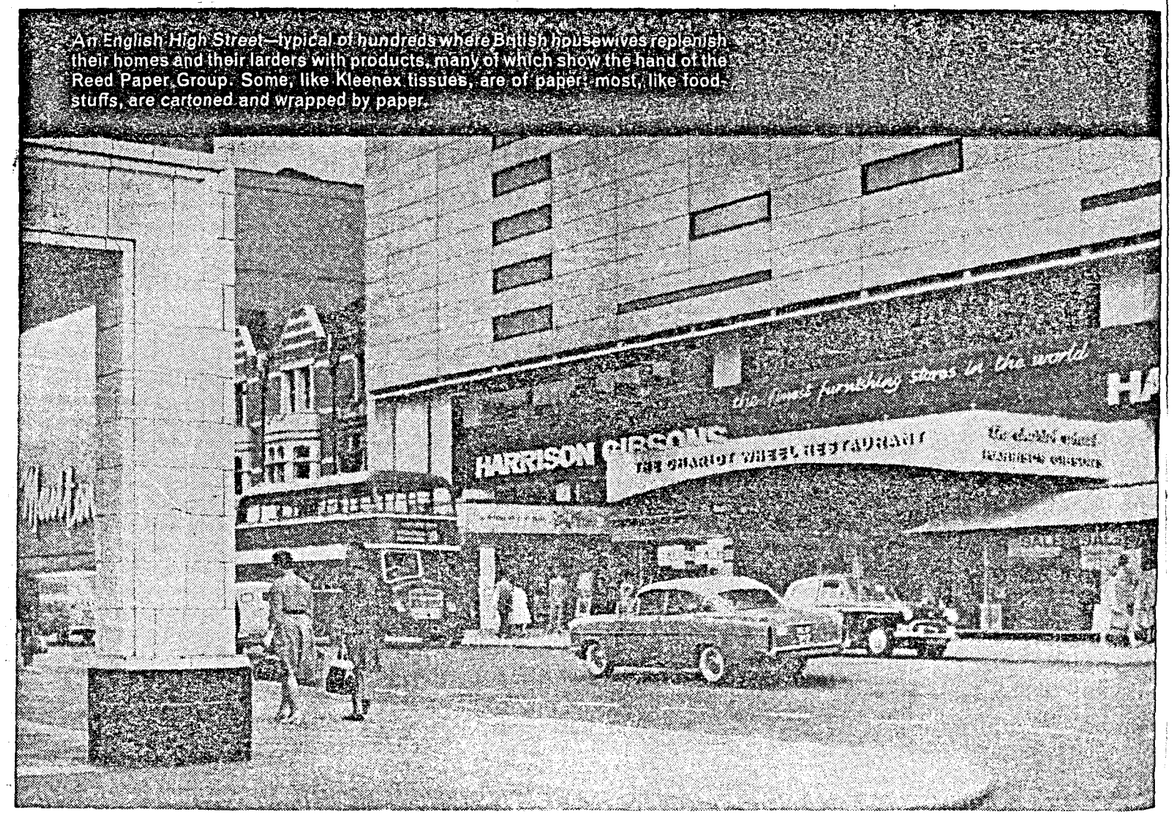
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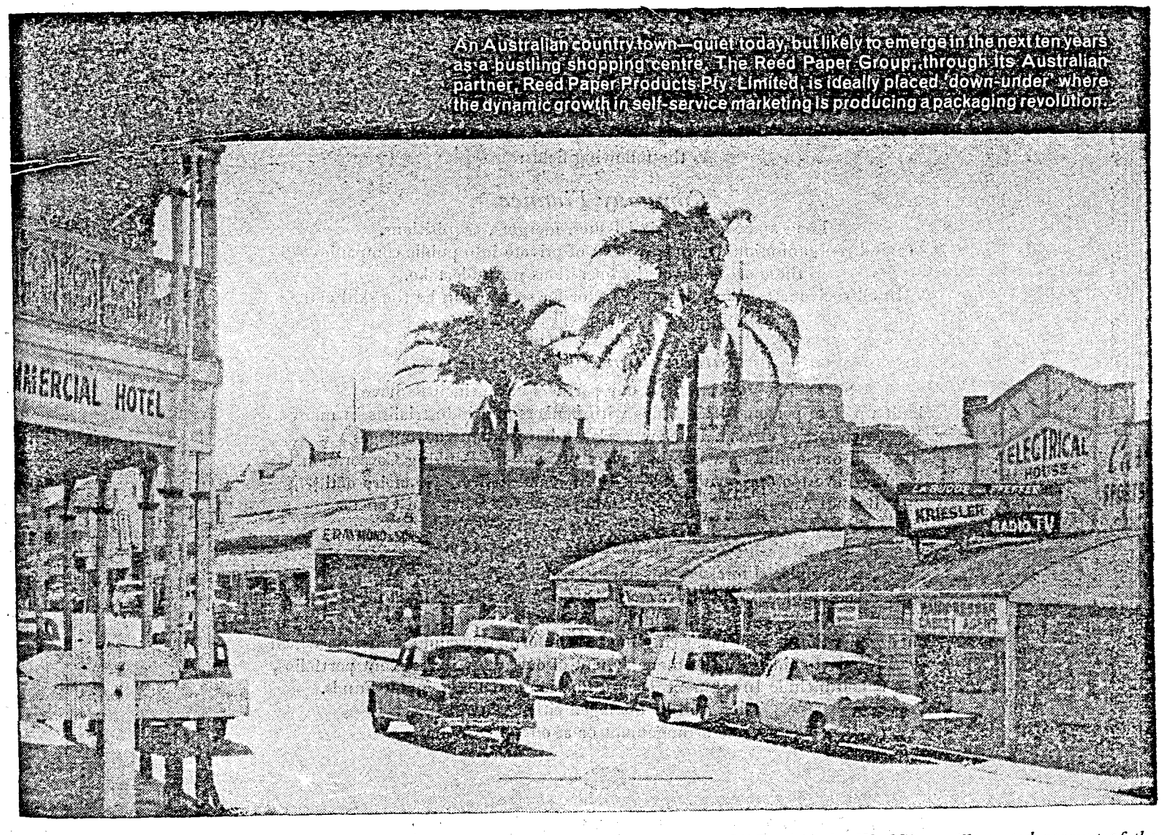
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VOLUME CCI - NUMBER 6163

No, Mr Lloyd

NO, Mr Lloyd. No, no, no. This is not only the first inevitable reaction to Thursday's reduction in Bank rate, which is critically discussed in the light of the present economic prospect in an article on page 61. It is also the necessary comment on Mr Lloyd's first gingerly steps towards giving economic policy—and business activity—some welcome fresh purposiveness.

The letter which the Chancellor of the Exchequer has sent round to interested organisations about his proposed National Economic Development Council suggests that he may be making some bad mistakes about how this should work. In embarking, with his characteristic combination of tentativeness and doggedness, upon this essay in the new-style planning with a French accent and without controls, Mr Lloyd has had the (not very deeply thought-out) blessing of a surprising number of people. Certainly nobody contemplating the sluggishness of the British economy, and the fits and starts of the policy-makers' attempts to provide the climate of growth without inflation, will dispute the need to work out in more precise and objective detail where this country ought to be, and could be, trying to go; and to set these expert aspirations as a proper economic challenge to all those, in the public and private sectors, who ought to be busy getting growth going instead of fitfully and frustratingly marking time. But, equally certainly, there is a right and a very wrong way of trying to do this.

The very wrong way is to suppose that Britain's economic difficulties can simply be conjured away by getting members of the industrial establishment round a table to agree on something or other, which would mean inevitably nothing very positive at all. On the contrary, the objects of new planning machinery should be (a) to try to breathe a spirit of expansionary dynamism into the British people, by publishing ambitious but realistic target figures of what some top economic technocrats think that Britain could achieve; (b) to instil the fear of death into inefficient industries and trade unions, by letting the public see clearly when their inefficiencies or obstructiveness are holding up the nation's progress; and (c) to make available to everybody a new series of top class market research and investment research surveys on a national scale. These objects cannot be achieved if, as Mr Lloyd's letter suggests, a top council of employers and trade union leaders should have the right to "consider how far, and in what form, the results of its [sic] work should be made public"; and if the staff of economic technocrats (the people who will do the work concerned behind that "sic") are to be a transient assortment of people "on temporary secondment [from their real outside jobs] for, say, two or three years." Under such a charter, this staff of revolving sputniks would be most unlikely to be able to build up any real influence in the economy; and the top council of industrialists and trade union leaders would be very liable to edit any useful bits (i.e. bits that embarrass themselves) out of their published reports.

The Chancellor's letter does seem to envisage that the director of the NEDC's staff should be a major national figure, but it would give him what looks like a horrible job. Indeed, probably the only way the director could make the job effective would be by constantly threatening to resign if the top council censors or edits his staff's studies. It is no more sensible to plan a new planning machinery on that sort of hypothesis than it is to try to make minor changes in Bank rate serve an international purpose for which they are neither adequate nor appropriate.

The Road from Damascus

What chances of advance can be seen now for the battered Arab caravan?

UNITY is a strange and versatile device on the Arab banner. Its interpretations range from friendly consultation between governments to the smashing or smudging of frontiers. President Nasser's favourite version of it during the middle 1950s revolved round a foreign policy in which Egypt inspired and led Arab opinion. Possibly, this design could have hardened into semi-permanency. But the urgency with which various factions in the Syrian army and parliament, for their own reasons, pressed the cause of closer union fired President Nasser with the obsessions of an empire-builder. The establishment of the United Arab Republic in February, 1958, gave Arab unity a new definition; but it was one that, before long, took a shape which looked suspiciously like an older form of colonialism.

Except for the precipitate and slightly embarrassing entry of the Yemen, no other Arab country was tempted into an association in which even the pretence of equal partnership was eventually abandoned. Although President Nasser still girds against acknowledging the dissolution of the UAR, the Syrian army's successful revolt, and the setting up of a caretaker civilian government, look like finally ending an experiment in Arab unity which has for some time carried within it the seeds of self-destruction.

Colonialism, as the Egyptians have not seldom said, is today a mouldering rump of old-fashioned politics; the fashion nowadays is for looser and more independent groupings. The endless academic arguments in the Arab world about who should join up with whom have been arrested by the case history of the United Arab Republic. No Arab government is now likely in the near future to plunge blindly into any new union. There are, of course, exceptional cases; given half a chance, most of the larger Arab governments would be only too delighted to gobble up a country as rich and orderly as Kuwait. But the Arab appetite for the administrative and financial problems of, say, Jordan, and now perhaps Syria, has been vastly weakened. And no independent government wants to be swallowed in the name of unity. Syria's defection confirms, rather than creates, a growing caution about the virtues of political union.

For the time being, the kaleidoscope of Arab connections has been too roughly jolted to reveal new patterns. Yet, beyond Egypt's immediate mortification, it is just possible, perhaps, to discern the foundations of a freer and sturdier association among Arab governments. What has happened is that Egypt, against its will, has shed a discontented dependency; the shedding, in its initial stage at least, was quick and mercifully bloodless; the next stage could be long, awkward and more dangerous. But even after being forced to retrace its steps, Egypt is still out in front of the other Arab nations. Egyptian influence still radiates far beyond that of any other Arab country. The UAR was a false turning; yet, from its failure, a new and more viable path could be found in the end. It might not even be too far-fetched, though Egyptians may judge the British analogy to be in bad taste, to see a wider, friendlier commonwealth growing, eventually, out of the narrower colonial relationship.

But this is crystal-gazing. Its flaw is that it has to take for granted that the apparent dissolution of the UAR has left a stable situation behind it. This could be far from true. There is the question, first of all, whether the new Syrian leaders will be able to run their country's affairs in a tolerably orderly fashion, or whether Syria, without the discipline imposed from Cairo, may not now relapse into its pre-union muddle of coups and counter-coups. The caretaker government, under Dr Kuzbari, sits in Damascus by grace of the army; a group of bankers and business men, it represents no political party.

However maladroit it may have been of President Nasser to try to force the Egyptian revolution on to a recalcitrant Syria, many of the ideas of this revolution must by now have taken root. It is not very likely that Syria, given the free elections that Dr Kuzbari has promised within four months, will accept a right-wing government committed to undoing the socialist knots that have already been tied; the caretaker government itself has promised a policy of "true socialism." Indeed, except for their condemnation of the tyranny imposed by the UAR, Dr Kuzbari and his ministers have spoken very warily. In particular, Dr Kuzbari has insisted that the Syrian revolt was a blow for Arab unity and not against it. One day, he forecasts, the name of the "Syrian Arab Republic" will be transformed into that of the "Great Arab Republic"; he has extended a hand of friendship to all Arab states—first among them, as he tactfully added, Egypt itself. But, so far, except for a delayed welcome from the communists, there has been no public response from any of Syria's former political leaders and, until they make up their mind, the army's bandwagon travels dangerously light.

BY calling off a battle before it was lost, on Thursday last week, President Nasser showed a grasp of realities which other leaders, in other wars, might have envied. But, as our correspondent writes from Cairo on page 51, he is not yet prepared to swallow political defeat—though what action he may be taking to turn the tables again is still hidden from public view. Clearly he was grossly ill-advised in persistently tightening the reins on Syria instead of playing a looser and more pragmatic hand; and clearly too, for a time at any rate, he will not be able after this setback to roam so confidently in his quest for influence in Arab, African and, more recently, world affairs. The setback may turn out to be only a brief one; the danger lies in what may happen both in Egypt and in the neighbouring countries during this frustrated pause. Abroad, this blow to his leadership could tempt him to an outburst of the sort of trouble-making at which Cairo has proved itself so formidably proficient; at home, there is always the risk that disaffected elements in the Egyptian army may choose this moment for a protest of their own.

In Syria, the danger of instability; in Egypt, the dangers of frustration; and for most of the rest of the world, the awkwardness of not quite knowing what to do about it all. The haste with which the Jordanian government rushed to recognise the new Syrian regime suggests that Amman may just possibly have known something about the coup in advance; it is also a sign of King Hussein's present confidence or, possibly, over-confidence. Certainly living conditions among Jordan's refugee population have lately improved a little; more money is coming in, and the volume of support for Nasser is believed to have fallen off. Even so, it may be wondered why the king burned his boats quite so precipitately. And what happens now in Kuwait, where UAR and Jordanian troops stand side by side in the Arab force, while Iraq, on the opposing side, has shown its sympathy with Cairo?

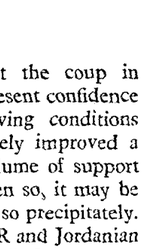
Israel, no less than Jordan, is disposed to welcome a turn of events that takes Egyptian agents from its northern frontier. Syria has always been the most fierily anti-Israeli of all the Arab countries, and Dr Kuzbari's government quickly hewed to the old propaganda line. But this wordy battle is very much less oppressive to Israel than the claustrophobia of being squeezed between the two regions of the UAR.

BESIDES Jordan, the four countries which recognised the new Syria almost as soon as it appeared were Persia, Turkey, Guatemala and Formosa. The speed was too indecent not to look like a gloat over President Nasser. The precipitancy of Persia and Turkey, moreover, leaves a trail for Cairo's propaganda machine that is bound to lead directly to a charge that the Central Treaty Organisation was involved in the coup. This, and the right-wing nature of the caretaker government, spells out in two simple characters for simple minds the evidence of an imperialist western plot. In all the circumstances, there seems to be a good case, as our correspondent in Cairo says, for the United States and Britain to ponder recognition of the new regime in Syria a little longer. But, if the regime lasts, no remaining respect for President Nasser's susceptibilities, or for the power of Cairo's inventiveness, can delay the recognition indefinitely. If the western powers could agree to make their decision simultaneously, the injury to individual interests might be the less. If recognition is spotty, President Nasser may well respond by cutting off diplomatic relations, but he would have to think twice before depriving himself of all his western contacts.

The time has gone in the Middle East when a western embarrassment was automatically a Russian gain. Once, the Soviet Union could coast along into Arab favour simply by identifying itself with nationalist aims and waiting for western blunders. Now, more deeply involved and no longer so popular, Moscow, like the West, is faced with the kind of uncomfortable choice that cannot be dodged. President Nasser's relations with the Soviet Union are precariously uneven, but Moscow is unlikely to risk its considerable stake in Egypt just for the hope of encouraging the local communist party in Syria. So far, Moscow radio has reported the Syrian coup without comment. The time to watch will be when the question of Syria's membership of the United Nations comes up at the Security Council, and President Nasser waits hopefully for the Soviet veto.

Certainly, it is hard to see through this fog of immediate rivalries to the clearer sky of an Arab commonwealth. But, ultimately, the ending of a too-tight relationship between Egypt and Syria may do the cause of Arab unity no harm. The links of culture, history, language and common interest still remain, even if in the gusts of plot and counter-plot the flag of Arab unity is now fluttering tattered and forlorn.

Tory Flashpoints



BRIGHTON

A discussion of the prospects before the Conservative party conference next week

AFTER the papering-over at this week's Labour party conference (see page 30), the Conservatives will gather for their annual durbar at Brighton next Wednesday with the unusual knowledge that this time the headline-writers will be looking to them to provide dramatic party splits. If ever the old Adam of the party's local associations is to break out in protest against a Macmillan government, then logically 1961 should be the year. For this reason, it may be of major significance for the party's history if, as now seems most likely, the long-forecast ructions do not occur.

There are at least four sets of circumstances that ordinarily ought to make this year's Tory conference a hornets' nest. First, Mr Heath will be coming to the Palladium straight from his preliminary negotiations in Paris on the common market. From a thousand platforms, Conservative ministers have proclaimed that "if ever we had to choose between Europe and the Commonwealth, we would without hesitation choose the Commonwealth" (loud applause); yet everybody knows that these words, which somewhat unpatriotically imply that British cabinet ministers would not pay primary attention to Britain's own national interests, have now got to be at least partially eaten. At Brighton, Tory MPs will be coming down to meet their ministers in mass for the first time since the Commonwealth's raucous protests rang out at the Accra conference, and they will have their (generally rather right wing) constituency chairmen at their elbows. Traditionally, this should be an occasion for Tory eruptions; one might expect that an anti-European amendment would be tabled against the rather anodyne common market motion on the conference's agenda—although if it were it would be unlikely to receive a really heavy vote in its favour. It seems more likely that the conference's main contribution to solidarity with the overseas Commonwealth will be to cheer Mr Butler when he announces that he is going to curb unrestricted immigration from it.

The second potential flashpoint—again, according to tradition—should logically be Conservative policy in Africa; and three weeks ago it did look as if this topic, too, was going to heat up most awkwardly. If Parliament had been sitting when the United Nations fell into hostilities in Katanga, a block of Conservative MPs much wider than Lord Salisbury's supporters would have exploded in wrath against them; it is a great piece of good fortune for the country that Parliament was then in recess. Now, however, just as Tory MPs and party workers were preparing to castigate the mere dispatch of Lord Lansdowne to the Congo as a quite insufficient gesture of dissociation from Dr O'Brien, it has suddenly been borne in upon them that half the uncommitted world seems to regard that mission as proof positive that British reactionaries brought about the murder of Mr Hammarskjöld. This breathtaking libel fortunately seems to have had a stunning rather than a goading effect on the party; it has left many Tories gasping with incredulity and bewilderment that anybody outside a madhouse could really still think such things of Britain. The result may conceivably be to make more and more of them willing to wash their hands of the problems of a part of the world which at the moment they no longer even wish to understand. The main point made in Brighton's colonial debate may merely be that, if European settlers are to lose their place in the African sun, those of British descent should be offered some financial compensation underwritten by London—as indeed they should.

THE third potential flashpoint in Conservative politics is one that has so far refused even to glimmer. For this reason most people have not realised yet that it could soon appear. It seems to be quite possible that the present Berlin crisis will end (temporarily) with what some people will call a Munich-like settlement. This does not mean that anybody need suppose that the West will do anything so disgraceful as sacrifice the liberty of free west Berliners; the purpose of the exercise will be to preserve precisely that liberty, with the fact of western nuclear force serving to deter the use of eastern force against it. But any settlement now over Berlin will involve something that appears to be a loss of face to the West, although mitigated by some communist guarantee.

After an initial period of general relief, more people may begin to query whether the guarantee is worth the paper that it is written on; and the year after a Berlin agreement, like the year after the Munich agreement, may very well become a period of increased tension and military preparedness, possibly including conscription. A Berlin agreement now may avoid the risk of a hot war; it will certainly not end the cold war. It is therefore a bit surprising that the Tories' self-styled equivalent of a Winston Churchill of the 1930s (crying, not "we arm to parley," but "appeasement") has not yet materialised; and it will be interesting to see if one does begin to emerge at Brighton. Every other major western country has at least some wing of some party that prides itself on advocating a "tough line" rather than on looking like a competitive peacemaker.

The fourth potential hornets' nest at Brighton is contained in the very awkward set of circumstances buzzing around the head of poor Mr Butler, on whose immediate ministerial future the shape of any government and party changes this autumn is likely to depend. Individually, Mr Butler seems to be the best available man for each of his present jobs. History will probably say that he has been the greatest reforming Home Secretary of the last fifty years; he is still the Conservatives' widest-ranging thinker on future social policy, and would normally seem to be ideally suited to the post of party chairman; and he is more acceptable to the Opposition than any other minister as leader of the House of Commons. But the fact remains that he has come under criticism from his party in the first two of these posts, and it is increasingly legitimate to doubt whether he is wise to treble up all three onerous jobs at once.

The party row that has blown up against Mr Butler as Home Secretary will find expression at Brighton in the psychopathic motion (demanding birching and more hanging) that the conference will probably disgrace itself by passing next Thursday afternoon. So long as ministers make it clear that conference decisions do not determine Conservative policy, this display of raw emotions need not harm the country (as distinct from harming the party); but it will be understandable if the debate increases Mr Butler's inclination to believe that the time for him to leave the Home Office is nigh. In any case his socially reforming task there is largely over; it would be better if some other ministry—say, a Ministry for Redefining Social Security, if Britain had one—took over from the Home Office as the next progenitor of Tory reforming legislation.

But the trouble is that the groundwork for the next period of Tory legislative reform does not seem to have been laid. At one time it was supposed that laying this groundwork would be Mr Butler's function in the party chairmanship. Unfortunately there is a growing impression that he has not really had time to do it, and also an increasingly loud expression of Tory views that he has not had time enough for some of the party chairman's other duties as well. So the clamour has grown for a full-time party chairman, in Lord Woolton's or Lord Hailsham's image—or at least in some approximation to it, such as the hearty Dr Charles Hill. And, electorally, there is a case for saying that the Tory party does now need a full-time backslapper-in-chief.

YET if Mr Butler should leave the chairmanship this autumn —and especially if he also left the Home Office to become only leader of the House—two problems would be created. The first, and minor, problem would concern the future of his own career; the second, and major, problem would concern the future of the Tory party without a central thinking-machine built into it. The problem of how any government can formulate future domestic policy, outside those matters in the immediate province of the Chancellor of the Exchequer, has never been solved in Britain since the war. The idea of a co-ordinating-ministry-à-la-Herbert-Morrison failed, because Mr Morrison's power waned when he did not have a large and traditionally powerful department of state (i.e. of established civil servants) behind him. The idea of vesting the reforming power in the Home Secretaryship is not going to work once Home Office reforms are no longer the most urgent ones; and it now looks as if the idea of making the ideas-man the party chairman is not going to work either.

But how, then, is the job of planning legislative reform going to be done? One's fear is that the Government might now be going to move into a period when it is not done at all. There is already some sign that the Tories' legislative programme for the next session may be a peculiarly unexciting and undynamic one. The Conservative conference of 1961 may yet be remembered as the occasion when the party contained its more atavistic emotions rather better than the pessimists had for-

told (except on such subjects as hanging); but when it also gave up thinking, except in such things as the "planning machinery" adumbrated by the Chancellor and on some of the problems created by the great bid to enter into the common market. And on planning (see page 13), the first signs are that the quality of thinking may not be good at all.

Got Up by the Press?

Britain and Ghana have a lot to learn about one another

"WHATEVER may have accounted for the sad fate of the United Nations Secretary-General, Mr Hammarskjöld, the British Government cannot easily wash itself of the charge of complicity in the crime committed." The words are not Ghanaian; they are taken from *The Service*, a level-headed Nigerian opposition weekly. The supposedly pro-western Nigerians, it seems, have been as suspicious of Britain as anyone else in recent weeks. But the Nigerian language of suspicion has been neither loud enough nor rude enough to bring the wrath of the British press, the frank talk of Mr Duncan Sandys, and the enquiring mind of Mr Mennen Williams down upon the head of the government in Lagos.

Between London and Accra, by contrast, there has been no lack of loudness and rudeness. Dr Nkrumah seems to have gone out of his way to upset Britain. Anti-colonialist diatribes, boring though they become after a while, still give offence if they are repeated in Budapest and are not about the Russians. Every newly-independent Commonwealth country can be expected to dismiss its British officers and administrators sooner or later, but there is a polite way of doing this. Plainly Ghana is in bad mood and, not least through its newspapers, has shown it. Britain has, perhaps, been guilty of bad temper as well. Too much outraged majesty may have been expressed at General Alexander's dismissal; too much outraged surprise at accusations that Britain has been backing the wrong side in Angola, Bizerta, and Katanga. But if Ghana expects Britain to understand African aspirations, and treat with sympathy the continent's expressions of distate for foreign control, then Britain, for its part, can justifiably expect Ghana to try to understand Britain's friendship with France, Portugal and Belgium, even though this friendship may sometimes lead Britain astray.

In the statement signed by Dr Nkrumah and Mr Sandys in Accra on Wednesday, Mr Sandys assured Dr Nkrumah that Britain wants to "promote the inclusion of Katanga in the Congo"; both agreed that there have been "differences about methods." Dr Nkrumah "appreciated" Britain's postwar decolonisation and urged people in the remaining colonies to fight their battles constitutionally. (This will interest Northern Rhodesia.) He pressed Mr Sandys—unsuccessfully—for a target date for the independence of all colonies. Here, perhaps, there is room for an end to bad tempers.


GHANAIAN TIMES EDITORIAL

BRITAIN: THE MURDERER

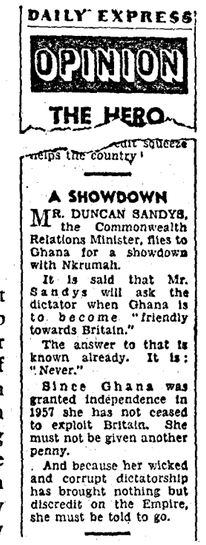
THE history of the decade of the sixties is becoming the history of political and international murders. And one of the principal culprits in this sordid turn in human history is that self-same protagonist of piety—Britain.

Britain was involved, by virtue of her NATO ties, in the callous murder of the heroic Congolese Premier, Patrice Lumumba.

But Britain today stands alone in facing responsibility for history's No. 1 international murder—the murder of United Nations Secretary General Dag Hammerskjoeld.

We declare with the gravest conviction that Hammarskjoeld was the victim of a deliberate attack, inspired by Britain, and executed by Roy Welensky and that African traitor, Moise Tshombe of Katanga.

We declare, with the deepest conviction, that the plane in which Hammerskjoeld was travelling on this peace mission was sabotaged


DAILY EXPRESS

OPINION

THE HERO

edit squeeze helps the country

A SHOWDOWN

MR. DUNCAN SANDYS, the Commonwealth Relations Minister, flies to Ghana for a showdown with Nkrumah.

It is said that Mr. Sandys will ask the dictator when Ghana is to become "friendly towards Britain."

The answer to that is known already. It is: "Never."

Since Ghana was granted independence in 1957 she has not ceased to exploit Britain. She must not be given another penny.

And because her wicked and corrupt dictatorship has brought nothing but discredit on the Empire, she must be told to go.

Bad temper alone, however, cannot explain putting people in gaol for up to five years without trial. Dr Nkrumah has done this to members of his opposition; and he did his best on Wednesday morning to alienate British liberals once and for all by arresting Mr Joe Appiah, the son-in-law of the late Sir Stafford Cripps. Detention without trial is indefensible in any country not in a state of war or bloody revolution; even in Nyasaland Britain declared a state of emergency before rounding up Dr Banda and his colleagues. If Mr Appiah or any of the 49 other political prisoners taken on Wednesday are guilty of the plotting the government has charged them with, then they should promptly be shown, in court, to be guilty. Even in South Africa, 156 people charged with treason were brought before the courts and—after an extraordinarily harsh four-year trial—acquitted.

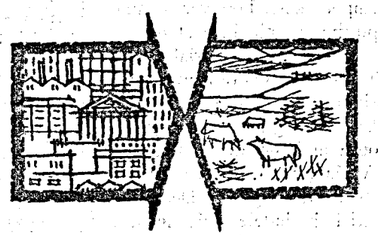
But, it can be replied, the Nigerian government has not been gentle in putting down the Tiv tribesmen; opposition does not exist in President Ayub Khan's Pakistan. Why is Dr Nkrumah singled out for criticism by the British press? The answer is that he has long proclaimed himself, and his country, to be the standard, the exemplar, by which the emerging black peoples of the world will be judged. This is Dr Nkrumah's—and perhaps all black people's—misfortune. Since independence Ghana has been transformed into a machine for the promotion of a socialist pan-Africa; the country, as its present crisis shows, is suffering from the strain of looking too ambitiously outwards for too long.

Ghana's foreign policy must not be misunderstood. It is not anti-Commonwealth; it is not anti-British; it is not intended to turn Africa communist. It is chiefly designed to produce a free, unified and (some Ghanaians hope) socialist Africa. On Wednesday Dr Nkrumah repeated that non-alignment means leaning toward neither East nor West; Mr Sandys said the British Government understands and respects Ghana's definition. To his credit, Dr Nkrumah has staunchly stood by the United Nations, even when his allies (including President Nasser) were withdrawing their troops from the UN force in the Congo. But, so far, his foreign policy, costly to Ghana,

has not been successful; Africa remains deeply divided on his definition of pan-Africanism.

Because of this policy, Ghana's economy has been severely strained. Money has been lavished on dignity and "prestige" projects: on too many aeroplanes, for instance; on a shipping line; on a loan of £10 million to Guinea. The inevitable result has been an austerity budget designed to balance the books and at the same time to pay Ghana's share of the bill for the gigantic Volta River development scheme. The Volta scheme might transform Ghana into the modern black African country Dr Nkrumah desires; but trying to pay for pan-Africa and prestige out of the same pint-pot has led to strikes and to so much political unrest that the United States may feel compelled to think again about aiding the project. To dismiss cabinet ministers who live too well, as Dr Nkrumah announced he was doing a week ago, may be justified in an eager pioneering state; but, especially now, it is too easily seen abroad as just a device to strengthen the president's personal position.

The strain is not only on Ghana's economy; it is also, inevitably, on Ghana's western friendships. But this is no moment for Britain or the United States, however provoked, to turn away. It is above all the moment for them to recognise and understand what is the real drive behind Dr Nkrumah: Ghana's passionate desire for tangible independence. If this is expressed in good relations with the East as well as the West, that is Ghana's business. As the *New York Times* pointed out this week, Ghana is not in the communist camp. It is, however, in the throes of a social and economic crisis that may well turn it into a more authoritarian and socialist state than it is now. Withdrawing assistance from the Volta scheme, without the most compulsive reasons, could do only harm. Ghana, as a growing-up country, has to expect criticism from foreigners when it seems to err, and learn not to swear too coarsely when the foreigners do wrong. It is no longer an underdog, safe from criticism by good liberals. But that is no reason for making it, deliberately, into the enemy that it is not.



City *versus* County

In adjusting boundaries between city councils and county councils, the Local Government Commission should give cities room to grow—and it should not be scared of changing the boundaries of some green belts

THE system of local government in England reflects a kind of balance between the often divergent interests of counties and big towns. The present Local Government Commission, which is slowly redrawing the administrative map of England, is not authorised to change this system; but it does have considerable discretion to adapt it to modern requirements. This task offers a major challenge to it. The health of local government now turns upon two points: its ability to provide good services of modern standard (which can be injured if the unit of administration is too small) and its success in securing the participation of local citizens (which can be injured by the loosening of community ties when the areas administered grow too large and diverse, and by disillusion when those councils that are looked upon as really "local" are given insufficient powers).

The dichotomy between county councils and town councils is both the strength and the weakness of the whole system. It is another of those curious English muddles that have somehow worked quite well. French logic has subordinated the local *commune* (however large) to prefectorial control exercised through the wider *département*. American pragmatism has allowed the growth of cities and municipalities to reduce the counties to ineffectiveness. But in Britain county and "county borough" (i.e. big town) councils remain equally important, and each possesses a distinctive outlook. Few counties are really very rural today, yet a sort of gentlemanly rural atmosphere still pervades their activities. The counties' problem is to provide their relatively dispersed population with good services. The county boroughs' problems are to cope with urban traffic congestion, overcrowded housing, and the steady exodus to ex-urbia of their richer citizens who once provided civic leadership and philanthropy. Counties are engrossed in rural preservation, while cities want more space. County councils are usually Conservative, while city councils are still often Labour.

There are two aspects to the promotion of a healthier balance between cities and counties as population pressures change. First, it has to be decided which individual authorities should be changed in status or amalgamated. The commission's early decisions on this point have sprung few surprises. It is required to consider sympathetically the claim of any town of over 100,000 population for county borough status and it is also entitled to scrutinise the efficiency of county boroughs and counties below that figure. The commission has so far stuck to this population standard very closely. Among towns Burton-on-Trent (49,000) and Worcester (64,000) are slated for demotion; Luton (which already has over 100,000) and Solihull (which soon will have) for promotion. Among counties, the commission proposes to join Rutland (25,000) with Leicestershire; the Soke of Peterborough (70,000) with Huntingdonshire (82,000); and the Isle of Ely (89,000) with Cambridgeshire.

NATURALLY, not all local authorities are pleased by this; and the smallest, Rutland, has made the greatest fuss. Rutland's contention is that a council which enjoys genuine local support and participation is being sacrificed to a mechanical conception of administrative efficiency. In fact the commission's criteria are not mechanical. Its report argues that a small authority like Rutland cannot provide some specialised services at all, and others only at high cost. Rutland is the size of a rural district, and if close local participation were to be accepted as the dominant consideration, the logic would point to the dissolution of county government everywhere else into Rutland-type units; but what guarantees could then be offered for efficiency?

Not for the first time, Cambridge has also provided the commission with a particularly tough problem. As a thriving regional centre of about 100,000 people, Cambridge has an excellent claim to become a county borough; but in the commission's view this course would only make sense if the county of Cambridgeshire (which would then lose control over Cambridge) were simultaneously amalgamated with three other administrative counties in order to make a new council of viable size. Originally, the commissioners were ready to embrace this solution, but subsequent discussions revealed strong opposition to the proposed county, and impressed the commission with the social and even spiritual links said to exist between Cambridge and Cambridgeshire. It therefore decided to reject Cambridge's application. But is there not a similar affinity between Oxford and Oxfordshire, Leicester and Leicestershire, and so on? The commission's cautious decision may be wise, but it sidesteps some awkward questions about the system that it was set up to investigate.

THE second main issue before the commission is that of boundary extensions. Here, many cities can legitimately claim that population has for a long time been spreading beyond their boundaries in pursuit of a suburban or ex-urban life, while the boundaries themselves have remained relatively rigid. This middle-class exodus is surely a principal reason for the decline of many large towns in Britain in civic energy, cultural activities, and political influence. Admittedly the needs of county government must also be considered; but, as the commission points out, the proportion of the population of England living in administrative counties has increased from 52.7 to 62.4 per cent since 1920, which gives a measure of the urban exodus. Moreover the wealth of this growing volume of ex-urbanites has become much less essential to the counties' budgets, because of Government equalisation grants; anyway, it is the larger counties which have illogically and unnecessarily gained most from the exodus.

For some towns, such as Northampton and Leicester, the commission has already proposed moderate boundary extensions to take in immediately adjacent suburbs. But ought not a city also to have some scope for further growth? The difficulty here is that an increasing number of cities are being circumscribed by green belts, and the commission has apparently decided, as a matter of policy, that any area labelled green belt ought not to be incorporated.

This policy decision seems to be a very muddled one. The green belt is really an amalgam of two ideas. One idea is to preserve attractive areas of countryside in the vicinity of cities for recreational uses and general enjoyment. This is admirable. The other (and now dominant) idea is to restrict or prevent the city's outward growth. This is admirable too in the case of the largest conurbations, so long as it forms part of a wider plan for developing new and expanded towns beyond the green belt. But it cannot make sense to draw a restrictive girdle around all the principal towns of Britain, in blind resistance to all the pressure making for urban growth. This pressure arises not only from natural increases of population, but also from the exodus from congested areas and the increased land requirements of factories, schools, public recreation, and so on. As a city gets richer, it needs more space even if its total population is somehow "stabilised."

Unfortunately, the green belt idea is now being pettily and unimaginatively applied, partly because of self-interested pressure from county councils. The counties have grasped the point that a green girdle (even a very narrow one) drawn closely around a city is the easiest way of trumping that city's application for a boundary extension into the county council's domain. But the social result is that all new development is then shifted a few miles farther out into a growing number of little urban pockets, instead of being added to the city itself. This causes longer journeys for commuters, dispersed development, and obviously prejudices civic vitality.

It is time that a more realistic view was taken of future urban growth, and that broader measures were used to guide it. The wise course would be to give most cities sufficient elbow-room for the next ten years, and to incorporate the most suitable areas for this purpose within their boundaries. Green belts should certainly not be abandoned, but they should be designed so as to preserve much deeper belts of countryside in certain directions, and particularly where they can effectively separate two urban areas. For those conurbations that have become unduly large, green belts should continue to perform a more restrictive function, but they should be deepened in places and supported more effectively than at present by projects for new towns and town development schemes.

THESE ideas may go rather beyond the purview of the Local Government Commission, but the commission ought surely to take a broad view of its responsibilities in adjusting the interests of cities and counties, especially as the alternative—a different kind of local government system—has been ruled out indefinitely. The present system can undoubtedly be made to work better, and the commission has many more areas to investigate. If fair treatment for the cities requires more amalgamations of counties, the commission should be prepared to take this course, just as it has been ready to recommend the demotion of certain county boroughs. If the commissioners need a mandate to broaden their investigations, Mr Brooke—who is responsible for town planning as well as local government—is in a position to give it. He should do so now.

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OUT ON MONDAY

The True Bizerta

Can Mr Bourguiba's base become what it was originally meant to be—a link between France and Tunisia?

THE Tunisians have a taste for peace and peacemaking. They see themselves as the Swedes or Swiss of Africa, and in that character offer themselves to the world. Lately they have given Mr Mongi Slim to be president—the first from Africa—of the United Nations General Assembly, and Mr Mahmoud Khiari to speak for the United Nations in the talks with Mr Tshombe that produced a Katanga cease-fire. Though they boast but a small army, they were among the first countries to contribute to the UN force in the Congo, and to promise a contribution to the Arab League force in Kuwait. Then why, ask their critics, could they not in July this year have kept their own peace at Bizerta ? Peacefulness, like charity, surely begins at home.

Only a glance down the years of Tunisia's independence can uncover an answer to this question—and with it the true Bizerta. This was the base that President Bourguiba intended as his small country's chief contribution to the defence of the West. It wore the bright face of an offering designed to win French goodwill, though one that became somewhat crestfallen, as gift horses looked in the mouth are apt to become.

When Tunisia gained its independence in 1956, present political fashions had not yet set. Imperialism was "out," but positively neutral neutralism was not quite "in." Tunisia could still choose freedom within the western orbit and, anticipating France's true interests, asked that Bizerta might join the Nato system of bases, just as France's Algerian bases had automatically done. But the Nato powers merely shrugged, and France would not hear of the idea. So, rejected as a contributor to Nato, President Bourguiba proposed another club: a western Mediterranean defence pact in which France might still be the caretaker of Bizerta but Tunisia would be a full member. But again the French frowned ; for those were the days of faltering governments in Paris which dared not even admit that Bizerta was part of Tunisia. The two countries begged to differ, Tunisia claiming sovereignty over Bizerta, but not pressing the issue for fear of embarrassing France while it was involved in the Algerian war.

As the conflict in Algeria deepened, President Bourguiba's natural bent as a go-between brought Algerian nationalist leaders to Tunis, and weary Algerian soldiers to rest in Tunisia. The French took umbrage and bombed Sakiet. A month later (March, 1958), under pressure of world opinion, negotiations began for all French troops outside Bizerta to leave by the following October and for the working out, thereafter, of a temporary statute for Bizerta. This was to permit the French to remain in the base at Bizerta until such time—the end of the war in Algeria—as more definite arrangements could be made.

When General de Gaulle came to power the will to negotiate was confirmed in an exchange of letters (June, 1958), in which it was also conceded that French troops had no right in Bizerta, except by Tunisian consent. Thus Tunisia's sovereign rights were established. But negotiations, limping on, could never be brought to a finish, since both sides were always deliberately playing for time. The new winds of positive neutralism had so ruffled the Tunisians themselves that Mr Bourguiba could not grant a temporary "statute" unless it carried the proviso that the French, in the end, would go. But General de Gaulle was bent on ending the war in Algeria by methods that his army found difficult to accept. To promise—without visible need—to evacuate Bizerta was altogether too much for him, since it might have proved altogether too much for the patience of French generals.

France's predicament was well understood in Tunisia. Mr Bourguiba played the waiting game skilfully, uttering intermittent growls and setting carefully loopholed time-limits to his patience. And so, through endless relays of patience, he arrived at Rambouillet this February, to confront General de Gaulle with his vision of Franco-Maghrebi friendship and to pave the way for Franco-Algerian peace talks. Only when the latter broke down did the backwash of defeat envelop him. And then Mr Bourguiba could no longer swim against the tide. Nearly all his fellow Arabs condemned him for his moderate pro-western tendencies. So did much of black Africa. He therefore, on July 3rd, permitted demonstrations in Tunisia for Bizerta's evacuation.

These were largely for home enjoyment, and to notify the other Arab countries that Bizerta would play no part in any partition of Algeria. Even General de Gaulle allowed (in a note of July 16th) that such demonstrations were not aimed at French life and property. They were nevertheless made the occasion for a new French military build-up at Bizerta. On July 6th work began on lengthening the airstrip to take larger troop-carrying aircraft. The Tunisians saw red, and President Bourguiba sent a note to General de Gaulle, a request for negotiations, that was really a cry *in extremis*. Unhappily the general failed to recognise that this was a desperate appeal and no longer a charade for his benefit. And out of this lack of understanding the battle of Bizerta broke.

CAN Bizerta return to the role that President Bourguiba has consistently envisaged for it—a pivot of co-operation between the Maghreb and France? The accommodating attitude on both sides which has led to the withdrawal of French troops this week to the positions they held before July's fighting offers a gleam of hope. The time for a reappraisal has come about. The Tunisians, having made their point that Bizerta must not be connected with any partitioning of Algeria, are unlikely to take any further step that could jeopardise the cause of peace there. Mr Bourguiba's admission that the French need to stay in Bizerta so long as the Berlin crisis lasts is open to *ad hoc* constructions. But at least it offers a stepping stone to provisional measures—the temporary statute in fact—that could merge with plans for the subsequent demilitarisation of the base. Its use as a civil port and dockyard has long been contemplated in Tunisia. The prospect of developing it thus, in partnership with France, could turn it back to its old true course again.

NOTES OF THE WEEK

BERLIN

The Impressionists

LIKE certain paintings, the past fortnight's conversations between Mr Gromyko and his American and British colleagues seem to acquire meaning only if looked at from a certain distance, through narrowed eyes. Officials in Washington and London who claim to know what went on say that Mr Gromyko revealed no change in the known Russian position on Berlin. Yet the total effect is of a general agreement, if not actually to hold negotiations at a specified time, at least that negotiations will probably take place ; this conclusion is being tested by President Kennedy in a talk to Mr Gromyko on Friday. It all appears to have been done by impressions. Seemingly, Mr Gromyko has left Mr Rusk and Lord Home with the impression that the Russians are willing to discuss ways of guaranteeing Berlin's freedom, which is the essential western condition for negotiations ; and that either the signing of a Russian-east German peace treaty might be delayed until these guarantees have been discussed, or a blank space might be left in the treaty in which the guarantees, if agreed upon, could subsequently be embodied. Mr Rusk and Lord Home, for their part, seem to have left Mr Gromyko with the impression that the West might be willing to let negotiations cover such subjects as a degree of recognition for the east German state, and limits on the spreading of nuclear arms in central Europe.

If it is true, as officials assert, that neither Mr Gromyko nor his western counterparts actually said these things in so many words, one can only comment that much may be conveyed by a smile and a nod. Mr Gromyko's next move is to transmit the smile and nod to Mr Khrushchev ; the hope being that Mr Khrushchev, in turn, will pass them on to his party congress on October 17th, rather than using the congress to announce that he is going to sign his separate peace treaty with the east Germans and damn the consequences. But the really vital next step is for the United States and Britain to persuade west Germany and France to accept what has been done so far.

The main problem is to find a formula on east Germany that will, at one and the same time, convince the Russians that the allies recognise the existence of Herr Ulbricht's government, as a hard if distasteful fact, while convincing the west Germans that this degree of recognition does not entail the permanent division of their country. Herr von Eckardt, Dr Adenauer's spokesman, said on Wednesday that there had been no change in the essential western position on the question of Germany ; but he defined the essential western position as the pursuit of reunification, not as a refusal to acknowledge the east German government in the meantime. One element in the necessary compromise might be a western agreement to deal with the east Germans on questions involving access to Berlin, provided the Russians have first signed a watertight agreement safeguarding Berlin's future ; another might be an extension of contacts between the two German governments. In delineating the exact degree of recognition that might be given to Herr Ulbricht, the allies must not make do with broad, vague brushwork ; as in *pointillisme*, only a subtle and precise laying on of details will do the job.

UNITED NATIONS

Troika from Birnam Wood

MR KHRUSHCHEV'S original "troika" was a dashing equipage, which he launched at full tilt towards the avowed goal of destroying all possibility of UN executive action that conflicted with his wishes. Never again, he declared, could the UN trust a single Secretary-General. Whatever action the Assembly might authorise must be entrusted to a "collective executive," whose Soviet member would wield a veto.

To his evident surprise, this troika proved to be hurtling along a collision course. It collided with the stubborn insistence of many uncommitted countries that the UN should not be weakened, and that (in Marshal Tito's words) any reform of its structure must "not be done in a way that would amount to freezing present divisions in the world." Although in the confused days immediately after Mr Hammarskjöld's death the 1960-model troika was wheeled out by Mr Gromyko for one or two brisk circuits of the paddock, it was then prudently pushed back into the coach house. Now a Soviet vehicle of outwardly less spectacular appearance has creaked into view, so bedecked with olive branches that its real shape is hard to discern. The proposal made public by the Russians at the Assembly would provide three deputies for "the provisional chief of the UN administrative body." Any thought that the deputies would exercise a veto is disclaimed ; but the new chief "must seek to achieve mutual agreement with them."

Meanwhile one of the small informal "fire brigade" groups that the Assembly produces at times of stress—in this case, it embraces Argentina, Burma, Ethiopia, Mexico, Norway, Sudan and Venezuela—has been working on a formula close to the one that Mr Hammarskjöld would have presented to this Assembly himself if he had lived. This envisages, as he did, five political assistant secretaries-general ; one American, one Russian and three from "countries outside power blocks." The unanswered questions are whether Mr Hammarskjöld's successor would be obliged always to seek agreement with all his assistants ; whether he would have any freedom in selecting them ; and whether they would be openly appointed as representatives of groups of nations, in conflict with the Charter principle that all UN officials must owe loyalty only to the organisation as a whole. Whether they are three, four, or five, it is the precise status of the deputies that would decide whether a system of vetoes had been smuggled into the Secretariat under cover of a mass of verbal garnishing. A troika camouflaged to look like a bit of Birnam Wood could be just as damaging to the UN's effective peacemaking capacity as Mr Khrushchev's original Model T would have been.

REDUNDANCY

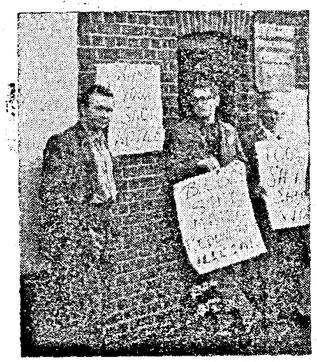
Striking Problem

THE strike at British Light Steel Pressings of Acton is ostensibly a protest against the Rootes Group's supposed plans to sack some workers no longer needed for production: in fact it is another battle in the campaign to put negotiations in the motor industry back into the hands of those empowered by agreements to negotiate—the official unions. By sacking all the strikers and taking men on afresh Rootes may succeed in getting things back on the rails at this plant: Pressed Steel, which employed this policy in an unofficial strike at Swindon and followed it up with a vigorous scheme to train foremen and help the unions to train their own shop-floor negotiators, set an example that Rootes would do well to study.

But the basic cause of discontent that has been exploited by the Acton plant's troublemakers will remain. Workpeople have reason to be scared at the prospect that they may be sacked through no fault of their own, either because their employer is unable to sell his product or because the introduction of modern machinery has reduced the demand for labour. This week the Scottish railwaymen, faced with extensive sackings because some branch lines are to be

closed down, have been threatening to strike and appealing for moral support from the travelling public who may themselves be inconvenienced by the closing of stations.

In an economy with an acute labour shortage, people must change their jobs just as soon as they are not needed. In industries where there has been a once-for-all reshuffle of labour—in the South Wales tin-



It shouldn't happen to the AEU

plate industry, or in the north-eastern coalfields—elaborate schemes for retraining and rehousing redundant workers have been successful. But the problem is equally urgent in industries—such as the motor industry—where events are far less easy to predict over a long period.

The poverty of union thinking on this subject is shown at its worst by the Amalgamated Engineering Union, which claims that redundancy should not happen and, therefore, refuses to discuss it at all. But many employers are as unthinking as the AEU—or, if they do think about how to compensate and retrain workers whom they no longer need, they are deterred by the cost from doing anything about it. It is a job that must be undertaken nationally, not left to individual employers. *The Economist* has often argued for a far higher initial level of unemployment benefit, and for retraining redundant workers—to which one might add the chance of finding a house in another town if a move is necessary. The need for action on this score has never been greater.

TEACHERS' PAY

New Model Burnham

THE teachers' side of the Burnham Committee had their first chance on Thursday to learn just what the Minister of Education has in mind for overhauling their salary negotiating machinery. It may not have been as drastic as some of them had feared. The opening of these discussions (the local authorities will be consulted next Wednesday) has come at a tricky moment for the most militant section inside the National Union of Teachers. Since the publication of the Minister's specific pay proposals much of the sting has been removed from the profession's immediate sense of grievance. Although this feeling is far from being shared by the militants, the news that very many teachers most want to hear now is that the Minister has started the necessary parliamentary process to enable him to thrust the promised £42 million into their pockets.

The militants' fire has therefore been concentrated recently against what is said to be ministerial interference in free negotiating machinery. But the NUT executive will merely look foolish if it refuses to discuss the Burnham process altogether : it is no use standing pat on the letter of the 1944 Act when it both empowers the Minister to intervene as he has done this year, and compels him to stage any intervention only at the very end of the bargaining process. But if the Minister steps in at the outset what will be left to bargain over ? The best idea seems to be to make the first step a joint examination of the existing teacher supply position, with the obvious financial implications for the grades where serious shortages exist. This discussion ought to provide a pattern for the full award, and it would necessarily affect the kind of global sum that the Minister, in the second stage, would then indicate that he was prepared to entertain. The onus would clearly be on all parties to avoid a situation in which the Minister feels he has no alternative but to write his own award.

The chief fear that the levellers in the NUT are bound to voice is that if the Minister keeps the basic scale in his own hands the argument inside Burnham will concentrate on raising the differentials higher up. In an educational sense this would not be at all an unwelcome development, but the NUT cannot disregard its majority feeling. It is, however, the teachers on the basic scale, who have seen their status eaten away by industrial wage awards, that stand to gain from effective central planning under which real salary increases will benefit those sections of the community that deserve priority. Burnham is only a branch of the wages tree : unless the central trunk takes root from the Chancellor's planting the present prospect of a sound reform inside Burnham may wither away in the NUT's chilly non-co-operation.

EURAFRICA

Think Again

WHEN the Council of Ministers of the Six met on September 26th to decide on the British application to join the common market, it took, unnoticed, a second decision which has bearing on the coming talks. For reasons internal to the community, a series of meetings originally planned for October, at which the new association with African countries was to be elaborated, has been postponed until later in the year.

This is important for the Commonwealth because it gives the Commonwealth countries in Africa a chance to reconsider their apparently masochistic decision not to seek any kind of association with the common market. Economic interests dictate that Ghana, Nigeria and the others should seek association. Outside, they are in danger of losing not only access to the continental market but their existing rights in the British market too; inside, they would gain free entry for their products to all western Europe and access to considerable aid funds. Yet Ghana, with the hesitant support of other African Commonwealth states, at present takes the view that the common market system is a colonialist contraption that all good Africans should shun.

One weakness of this view is that it is out of date ; the African associates of the Six are now independent and are renegotiating their association, not as overseas territories, but as sovereign states linked, like Greece, under Article 238. Far more important, this standoffishness seems likely to damage rather than advance the vision of Africa Dr Nkrumah cherishes. The Ghana government believes in an independent and united Africa. This will not be achieved if half Africa is inside an association with Europe and half outside. If, instead, the British territories were to opt to come in, they would obviously have an important influence in the shaping both of an African union and of any ties it had with Europe.

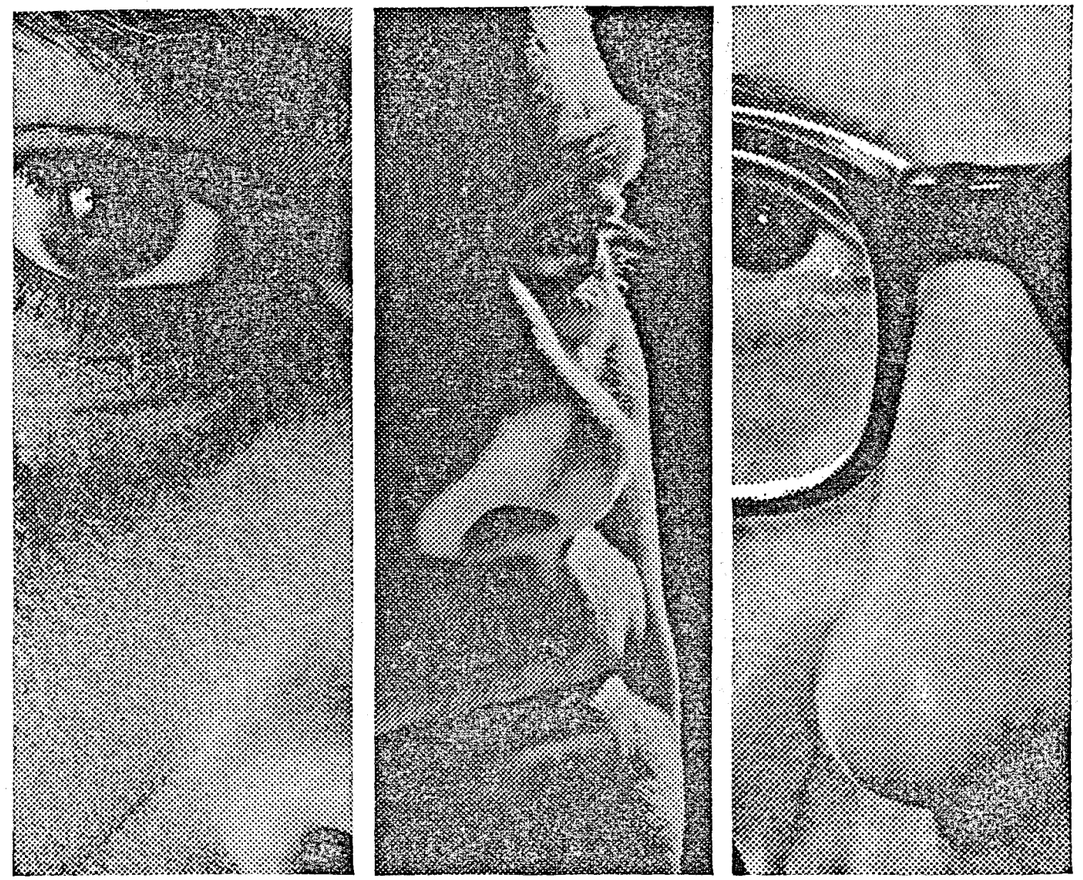
It may be that eventually the whole conception of a special link between Europe and Africa will look obsolete and give way to a world-wide economic arrangement. But if Accra shares this view with Washington, the way to implement it is not to ignore the existing association but to join and help it to mature. The African Commonwealth, it seems, has still to learn the lesson Britain is gradually taking in: that to stand aside from the common market system because one dislikes some of its features is to cut off one's nose to spite one's face.

COMMON MARKET

Amber for Green

WITH applications for membership piling up on the salver in the hall, it is not surprising that the Six have replied cautiously to Ireland's application to join the common market. The Council of Ministers last week referred the Irish application back to the European Commission for its views. Since officials are preoccupied with preparations for the talks with Britain and Denmark, this procedural hesitation seems reasonable ; but it would be a pity for Europe as well as for Ireland if it masked political motives—such as reluctance to admit a new member who does not belong to Nato.

Ever since the early days of the Council of Europe, when inter-Irish tribal warfare across the floor between Orange and Green drove M. Spaak to distraction, the Republic



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EUROPE'S LARGEST WALKING DRAGLINE...RAPIER-built for faster mining of South Wales anthracite

This mammoth RapieR W.1800 walking dragline, now digging, lifting and dumping 60 tons of rock and earth a minute at the Glyn Neath workings of the National Coal Board, weighs 1800 tons and operates a 40 cu. yd. bucket from its 247 ft. boom. It is being used by contractors George Wimpey, stripping over-burden to expose beds of high quality anthracite 300 ft. below the surface.

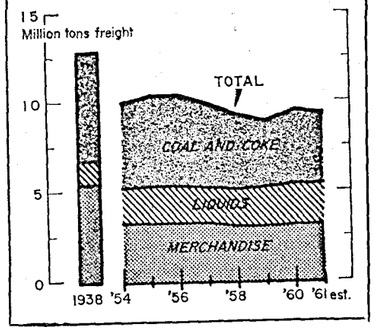
The machine was designed and built by Ransomes & Rapier, backed by the great engineering resources of the Newton Chambers Group of Companies. They are the only British organisation among the three or four in the world producing excavating machinery of this size. RapieR walking draglines are at work from Australia to Scandinavia, from Africa to North America.



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INLAND WATERWAYS

Apart from a reduction in the amount of coal carried, traffic and the average length of haul on the inland waterways have changed little in recent years. There was a slight increase in 1960, attributed to the improved facilities being provided under the Development Plan, and this will probably be maintained in 1961.



of Ireland has played a somewhat singular part in the European concert. Chilly isolation on the fringe of Europe nurtured a widespread, and so far unsatisfied, hankering after closer union ; historic ties with the Continent gave the European idea greater appeal than it had in Britain.

Ireland's economic links with Britain prevented it from moving faster than this country. But the desire to do so found practical expression when the free trade area talks broke down in 1958 and Ireland then chose not to join the Seven. Economic factors, it is true, played a part in this choice ; since Eire already enjoyed free entry into the British market, the incentive to join the Seven was small. But there was also a feeling that the formation of the European Free Trade Association was a mistake, and that the answer to the European problem did not lie in deepening the schism.

Ireland's application to join the community as a full member was therefore, like Denmark's, a considered and virtually unanimous choice. The Six will lose a loyal partner if they fail to accommodate it. Failure would also be a grave disappointment for the Irish. Membership offers their country not only a coveted place on the wide stage of Europe, but an unobtrusive means of burying the waning memories of conflict with Britain. Nor, when the smuggling industry is in eclipse, will the frontier that divides Ireland itself look as forbidding as it does today.

ATLANTIC UNITY

Metamorphosis

A GIANT'S birthpangs can be painful. To some Britons, the inception of the Organisation for Economic Co-operation and Development originally seemed a defeat ; they saw it as a deathblow to the parent organisation, the Organisation for European Economic Co-operation, which they had striven to preserve as the framework for economic unity in western Europe as a whole. Now that the British are seeking a future in Europe's inner circle—the common market—that preoccupation has fallen away, and it is becoming apparent that the new child, which formally took over from the old OEEC on October 1st, has opportunities as exciting as its parent's.

Thirteen years ago the OEEC was formed to organise the generous aid programme by which America sought to lift Europe to its feet. That task having been accomplished, the OECD, larger than its predecessor because it brings in America and Canada as equal partners, takes on the still more challenging task of organising a joint effort by the Atlantic nations to help the southern half of the globe to emerge from poverty. As yet the OECD's tools are only beginning to take shape. The complex job of co-ordinating the West's aid effort has barely begun ; in most European countries, awareness of the sustained exertions required in the next decade has barely touched the surface of the public conscience, let alone of the budget-makers' plans.

But, as in 1948, there is one major factor of encouragement: the immense enthusiasm of the United States for the new organisation. Just as, in the early days of the OEEC, it was American generosity and American insistence that brought the organisation into life, so, today, it is America's new need for partnership that is providing the drive. Just what role the OECD will play in the field of trade is still uncertain, although President Kennedy's suggestions for joint western policies on imports from underdeveloped countries are a significant beginning in Atlantic co-operation. In the co-ordination of economic policies, the new organisation's role is also shadowy; but there are influential men in Washington who see it as the future high command of a joint western policy on growth. In all this, Britain is now in the fortunate position of a potential insider. If it succeeds in joining the Six, it will no longer be in a passive position, responding to the shocks of the common market dynamo, but part of the dynamo itself ; and just as the Six have led Britain, by a mixture of pressure and example, towards greater unity, so Britain may soon be in a position to help to guide the United States in the same direction.

EARL OF SNOWDON

Why the Fuss?

THE earldom bestowed on Mr Antony Armstrong-Jones this week has been taken by some people (not all of them inflicted with inveterate snobbery) to mean that he has gone up in the world ; and by others (not all of them advocates of a bicycling monarchy) that he has come sadly down. It is an issue on which every Englishman and his wife would feel it un-English not to pronounce an opinion, and no other people possesses such a battery of professional expertise on which to call for the fitting analogy and finely judicious con-

The Economist

OCTOBER 5, 1861

DANGERS OF SCHEDULE D

"It is *objected* . . . to the contemplated reduction of the taxation upon the industrial body, that as a whole, and *as a class*, it already pays *less* than it should. Persons taxed under Schedule D have the dangerous privilege of self-assessment, and they unquestionably use it. To what extent they do so is uncertain, but every one knows that the amount of fraud continually practised is lamentably large. . . . The Government has tempted the mercantile community by placing it in a position in which it never should have been placed—which was too *tempting for human* nature to endure without deterioration. It was required to participate in taxing itself *unjustly*. A tax was *imposed* which pressed equally upon a richer class and a poorer class ; while, by an *anomalous absurdity*, the poorer class was required to assess how much it should pay, and the richer was not so required. It was unreasonable to expect such virtue from the average morality of ordinary Englishmen. It is much that people should assess themselves accurately to what they consider a just tax. Hardly any nation in the world has ever shown sufficient morality to do even as much as that. But it is *absurd* to expect men to assess themselves accurately to what they believe to *be* an *unjust tax*. They say, or they feel : 'The Government is unfair to us, and therefore we need not be too scrupulous with the Government. The *Government* wishes to take from us money which it ought not to have, and therefore there is no such great harm in preventing it from having it.' An obscure idea of this sort lurks in the minds of many who would not be prepared to state it, and who would shrink from it if stated. It does not induce them to defraud the Government of *anything which they know to be its due ; but* it does induce them to decide all dubious questions in their own favour ; to catch at every petty circumstance of excuse, however invalid ; to give themselves the benefit of every doubt, however shadowy and imaginary be its nature. The impudence of the State, if we may be so bold as to use an expression which is not too strong, in asking people to contribute to their own wrong *and co*-operate in their own maltreatment, has largely enhanced the inevitable fraud which must exist under every conceivable system of self-assessment.

clusion. But is not all this something beside the point? The new Earl of Snowdon has not become at a stroke any less Mr Jones or any more Princess Margaret's husband. He is who he is, and the particular talents that he can add, as an individual, to the relationship between the royal family of which he has been a member for eighteen months and the ordinary world to which he previously belonged cannot be said to have altered. The abilities of the royal director of the Edinburgh festival are not substantially affected by the fact that he happens to be called the Earl of Harewood. The Earl of Snowdon has his own place to find and fill in public life. It is what he does, not what he is called, that really matters. His title, as the occasion of its conferment plainly indicates, is not so much a matter of importance for him as for the child which, it is happily expected, will be born to Princess Margaret in a few weeks' time. It is merely a good moment to begin the congratulations.

TRADE UNION LAW

Over to Mr Hare

WHATEVER their quarrels with the Government on other issues, the TUC leaders made a great mistake last week when they refused to talk constructively to the Minister of Labour about the shape of future legislation on union matters, and particularly on union elections. Legislation cannot remove the apathy that prevents so many union members from voting: but it could do away with some of the absurd restrictions on canvassing that make union election campaigns so dull: above all, it could remove the increasing public suspicion that the present set-up is far too vulnerable to one form of fiddle or another. This state of affairs has not been brushed out of sight by the expulsion of the Electrical Trades Union—in fact the ETU's dismissal has strengthened the argument for some external arbiter.

To get a proposal for electoral reform through the TUC and then through 180-odd constituent unions would be incredibly difficult and interminably slow: even if Mr Hare is not specially keen on introducing legislation himself, the Government's hand is quite likely to be forced by a private member's bill on the subject. It is worth repeating what has been said before in these columns on the scope of the reform that is needed—perhaps before Mr Hare says something about his ideas at Brighton next week.

The principle behind any new legislation must be to protect the rights of the individual union member—his right to vote and to hear the arguments, his right to join the union of his choice, and his right (even if he is an eccentric) to leave a union without having to leave his job. The means should be to confine the legal privileges of trade unions to those registering with an official arbiter, perhaps the Registrar of Friendly Societies. Registration would be refused to unions whose rules fail to protect the members' rights, particularly in elections, or to those—far more common—whose rules are simply incomprehensible. Complaints of victimisation, or of unfair punishment of a member, would be heard by the registrar: relief at common law would still be available to those whose problems could not be settled by the registrar as a go-between. In this way sound advice would be available not only to ordinary members, but also to voluntary union officials who might expose themselves to damages through ignorance of the law rather than through malevolence.

The registrar's most valuable function could be to publish a really comprehensive and frank annual review of his charges, in which he would have discretion to deal more firmly with unions that operate closed shops than with purely defensive clubs—a vital distinction, perhaps too fine to be incorporated workably in legislation. The registrar's criticisms would be backed by the power to strike off a union that failed to pay attention. None of this is anti-union: it might even help them to catch up in public esteem, as well as in their internal organisation, with the standards of the 1960s.

RUSSIA

Daring

LITTLE stimulation is, in general, to be derived from the public debate inside Russia about the new programme of the Soviet Communist party. But there are exceptions. *Izvestia* recently published an article by Mr D. Blokhintsev, a corresponding member of the Academy of Sciences, under the eloquent title, "To search, to discuss, to dare." It is really worth quoting:

"For the development of theoretical sciences, it is hazardous to rely on a single scientific school or on a group of scientists with a common stock of ideas; and even more risky to give such a school a monopoly of rightness. Different scientific schools have had, and will have, the right to exist in our country. This fact is of great political importance internationally; it demolishes the view, widespread among scientists of the capitalist world, that the influence of the officially approved schools of scientific thought limits creative freedom in Soviet science.

"Creative scientific discussions (Mr Blokhintsev continues) are unquestionably useful and indispensable. They help to explain the aims of the organised transformation of science, the changes in the original plans and in the original distribution of funds. All this is natural and inevitable.... It is important that varying viewpoints be represented objectively in the scientific press. In this way the intelligent reader is enabled to assess every scientific tendency for himself, and to take from each what he considers important, useful and valuable." How true; but can it be limited to pure science?

CHINA

Three Red Banners

ANNIVERSARIES, the world over, are occasions for cheerfully making the best of things. This the Chinese duly did last weekend when they celebrated the twelfth anniversary of the founding of the Chinese People's Republic. But throughout the enthusiastic accounts of China's successes in building socialism runs a sombre thread of admissions of difficulties and shortcomings, particularly in agriculture. To conceal these difficulties would in any case be pointless, since serious food shortages have been freely admitted by the Chinese press, and China is being forced to buy immense quantities of grain from Australia and Canada. But to ascribe them entirely to the succession of droughts and other natural disasters over the last three years is less than frank. The dislocation caused by the headlong introduction of people's communes over three years ago must have played its part. If not, why should the Chinese have backtracked on the communes until most of them are now a shadow of their original selves?

The Chinese, however, persist in maintaining stoutly that there is nothing wrong with the communes. There is thus no sign that this particular bone of contention with the Russians is going to be removed. It is significant that at the Moscow reception in honour of the Chinese anniversary, the chief Russian speaker, Mr Konstantinov, editor of *Kommunist*, conspicuously failed to mention the communes, while the Chinese ambassador who followed him went out of his way to praise their progress. There were other signs last weekend that Sino-Soviet relations are not wholly amiable, in particular the failure of the Russians, for the second year running, to send any of their top men to the celebrations in Peking; pride of place among the delegations from the communist block was given to Mr Myftiu, an Albanian vice-premier.

Both the Chinese and the Russians, however, are clearly anxious to present a united front to the outside world. The refusal of the Chinese, for instance, to recognise the reality of the two Chinas does not prevent them from warmly advocating, in the next breath, the perpetuation of the two Germanies. It may be that inside the Chinese politburo the faction is gaining ground which argues that China cannot afford the luxury of an ideological quarrel with Moscow while its economic outlook remains so hazardous. But so long as Peking continues to flaunt the slogan of the three red banners (representing the party's general policy on socialist construction, the great leap forward and the people's communes) the moderates can hardly be said to have won the day.

THE WEEKEND IS THE MOST NATURAL BREAK OF ALL



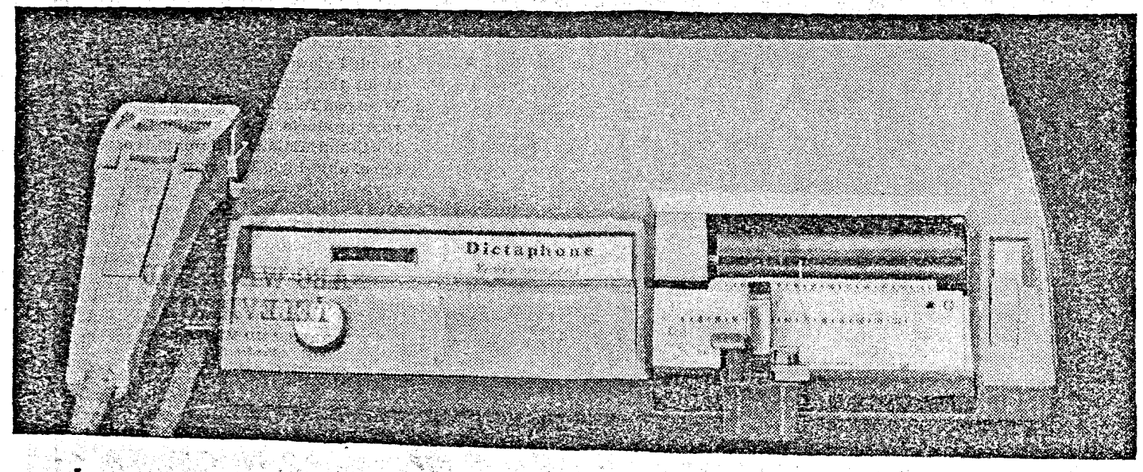
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A natural break. Thursday,
Friday—weekend.
A natural break.
Each natural in its way . . .

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INDIA

Bed of Splinters

DURING Master Tara Singh's 47-day fast, which he abandoned on Sunday night, many Indians expressed scepticism about the totality of his abstinence. Certainly the 76-year-old leader of the Akali Dal Sikhs regained his buoyancy with notable speed once he began to sit up and take visible nourishment. So, in a sense, did India. Sikh agitation for the carving out of a separate Punjabi-speaking state will doubtless continue. But the Akali leader's withdrawal from his announced "fast unto death" for that cause has disenchanted not only a good many of his own followers but also other enthusiasts for the many sectional and factious causes that plague India. Friends of Indian unity can breathe more freely.

The vast body of the Indian Union rests, sadhu-like, on a bed of splinters. With its 430 million people, India is beyond compare the largest nation ever held together under a democratic system. A bewildering pattern of differences in language, religion, and ways of life divides up its population fully as much as Europe's. China's rulers, and Japan's, can draw strength from the deep reverence toward established authority at the centre inculcated in the peoples of those countries during many a celestial dynasty. India has no such tradition ; even its capital city is the creation of two waves of alien and transient conquest, and its nationalism, like its frontiers, is the product of the British raj. Even after the rough surgery of partition in 1947, separatism has gone on working like a strong poison in the country's veins.

The Akali Sikhs' case was founded ostensibly on the principle, already applied widely throughout India, that political units should correspond to linguistic frontiers. But their demands would have brought them, in practice, a part-Punjab dominated by the Sikh religious community, and by its most militant elements at that. Linguistic delineation has to stop somewhere, if India is not to become a Holy Roman patchwork quilt in which every small tribe has its own state ; religious communalism has to be checked at the outset if India, with its forty million Moslems, is to remain a secular state at all. Mr Nehru's principles, and his nerve, have seen him through a severe and, probably, a crucial test.

NEW UNIVERSITIES

Frozen Fourth?

THE designation of the fourth new university to follow Canterbury, Colchester and Coventry in this year's batch is still hanging fire. The University Grants Committee, acting on the policy of providing 170,000 student places by the early nineteen-seventies, recommended a location to the Chancellor of the Exchequer at the end of July. The two months that have elapsed may be an indication of both Mr Lloyd's preoccupations and the effect of the policy of the pause. It is highly desirable that everyone, and particularly the rival claimants, should be put out of their misery and effective planning for the new foundation allowed to get under way.

No other foundation is to be considered until after the Robbins committee's report has been produced and lengthily mulled over: the argument for making every possible effort now to alleviate the 18-plus bottleneck, not merely in the early seventies but in the middle sixties, is a strong one. The UGC, in its annual report, calls attention once more to the fact that not only are more children staying on in the sixth forms but the number of 17-year-olds in Britain will jump by 225,000 between 1962 and 1964. This is one answer to academic grumbles about the quality of some of the undergraduate entry in recent years (when the selection for 20,000 extra places has had to be made from the relatively small age groups born up to 1942). But it should have an even greater impact on the authorities.

The UGC believes (as some of its recent choices have demonstrated) that the postwar increase in student mobility has weakened the argument for confining the new universities to the main centres of population. It would be agreeable to concur in this view if the need for a crash programme in expanding higher education were not already paramount. As things are, the lack of proper residential accommodation usually condemns the mobile student to indifferent lodgings in a strange town and a 9-to-5 academic existence wherever he goes. Private benefaction (particularly on the scale that the London School of Economics has enjoyed this week) can bridge some of the yawning gaps in the provision of halls of residence, but in the immediate future is there not something more to be said for second universities in, or on the outskirts of, the larger conurbations? Collegiate life may be an ideal (although the Scottish tradition used to be an eloquent case for what can be achieved without it), but for many young people in this decade the choice can only be between half a loaf and none.

NIGERIA

Too Friendly

NIGERIA could congratulate itself last Sunday on a successful year of independence in domestic matters. The unity of the country has been consolidated; the Cameroons tangle sorted out. The foundations have been laid for a new five-year plan that will move the economy forward at a respectable pace. The press is still free ; and the opposition continues to oppose.

All this is a considerable achievement, but some Nigerians are, nevertheless, unsettled. One of their regrets is that the government has not given a lead in centralising economic planning, and that there is too much competition between the regions. A deeper complaint, however, is that



Sir Abubakar: too broad a smile

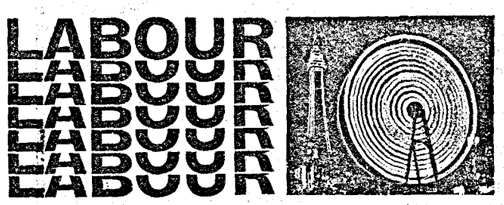
Nigeria is too friendly with Britain. The defence agreement between the two countries is constantly under attack, and was condemned at a recent Nigerian conference on African affairs in Lagos opened by the prime minister, Sir Abubakar Tafawa Balewa. Nigeria and Britain are, in some African eyes, altogether too comradely. But if this develops into the kind of relationship that Britain and India have (in which mutual criticism is all the stronger because it is in the family), then Nigeria will have set a good example for relations between Britain and other African countries.

The same conference spoke in favour of the kind of pan-African unity favoured by Dr Nkrumah, as compared with Sir Abubakar's more hesitant approach. A good many Nigerians, especially young ones, want a vigorous foreign policy that would assert Nigeria's leadership in the continent. Certainly Nigerians have done a good job as members of the United Nations' force in the Congo, and Sir Abubakar showed his temper when he broke off relations with France because of the nuclear tests in the Sahara. His other principal foreign achievement has been his leadership of the "Monrovia" group of African countries: a bigger group by far than the one Ghana speaks for, but quieter. None of this adds up to the "showboy" kind of politics that goes down well in west Africa. This is no bad thing. But perhaps Nigeria should now be ready to play a slightly more assertive part in African affairs.

Appointments, Business and Personal notices and other Classified Advertisements pages 83, 89 and 90 ☞

HOME REPORT

IN HOME REPORT members of the editorial staff and local correspondents report on life and happenings in and around Britain.



Winning the Last War



Messrs Brown, Gaitskell, Bowden: how hypothetical ?

FROM OUR SPECIAL CORRESPONDENT AT BLACKPOOL

THE Labour party came to Blackpool with the exhilarating knowledge that it is now five points ahead of the Tories in the Gallup Poll, and with everybody therefore busily counting his portfolio in the next Labour government before it is hatched. It was clear from the outset that the events of the past year, with the big wheel-round in the party since the Scarborough conference, have given Mr Gaitskell the power to create that hypothetical government in the attractive image that he would wish ; but it also became clear very soon thereafter that he is still not using that power particularly clear-sightedly.

This is not because he lacks the necessary talents: Blackpool confirmed Scarborough's revelation that he is the most effective and at times the most moving orator British politics have had since television made oratory once again important. His potentially fatal blind spot is that he still has not learned to pick out which electoral albatrosses he needs to cut himself off from. At Blackpool he triumphantly (well, more or less triumphantly) won last year's war, and failed to see that in the process he was running away from this year's one. The confusion arose from the fact that it was still the familiar figure of Mr Cousins who was brandishing the main albatross.

Mr Gaitskell was concerned to prick Mr Cousins's balloon over the questions that mattered last year, foreign policy and public ownership, and this he did with gentle skill—considerably aided by Mr Cousins's own speech on Wednesday, although amid the usual left-wing shouts of "foul." But the real image in which Mr Cousins is a massive threat to Labour this year is as the union leader whose immediate purpose in life is to lead a major strike that "will have an impact upon the public." What a real impact means is an impact of infuriation, and here Mr Gaitskell has plainly failed to dissociate the Labour political movement from the momentum Mr Cousins is setting: indeed Mr Gaitskell led into potential catastrophe with his chin. The national executive opened the conference with the tabling of an emergency resolution attacking the Government's pay pause, in the belief that the debate on this would attract white collar workers, and then seemed surprised that the debate's only effect was to enable Mr Cousins to gather all that fearful publicity on the first day by shouting his threats, via the watching telly, into floating voters' homes.

Mr Gaitskell's second, and minor, disappointment was that he did not win over as many of the votes of the constituency Labour party zealots as the Campaign for Democratic Socialism was confidently expecting. At the moment about half seem to be voting against him. Because these votes had divided in Mr Gaitskell's favour at the end of the Scarborough conference, there had been some hope that in this year's election for their section of the executive they would sack Mr Mikardo and elect Mr Healey ; instead, admittedly partly because of a split vote on the right, they promoted Mr Mikardo one place above Mr Callaghan. But this failure is relatively unimportant except in so far as Mr Gaitskell—once again misjudging his power—allows himself to be unduly worried by two of its indirect effects.

One of these effects is the continuing influence within the executive of the Greenwoods, Castles, Dribergs and Wilsons whom the constituencies elect. Here again one of the lessons of Blackpool is that Mr Gaitskell should really be in a pretty strong position now. Before last year's Scarborough conference the national executive had shown itself ready on occasion to vote down Mr Gaitskell, but this year it voted him down only once (on a motion that might have extended indefinitely the suspension of Mr Zilliacus) and even then the first voting was a 13 to 13 tie, resolved against Mr Gaitskell only by Mr Crossman's casting vote as chairman. On all other matters the executive sided heavily with the party leader, including significantly on a motion that finally buried the vote-losing scheme to municipalise all rented houses. Moreover, despite the disappointing constituency party voting, the new executive elected at Blackpool shows one net Gaitskellite gain, because the trade unions have helped to re-elect Miss Herbison to the women's section in place of the leftish Mrs Jeger.

IT became increasingly clear during the conference that last year's Wilsonian wing of the executive—the people who so ostentatiously refrained from applauding Mr Gaitskell at Scarborough—is in process of doing the splits. Those to the left of Mr Crossman are still an anti-leadership clique, and although Mr Crossman has moved nearer to the leadership, he still has reservations, as he explained in a chairman's address of quite wonderful dottiness. Mr Crossman ascribed this year's flight from sterling to the dollar and D-mark as proof of the success of the communists' challenge to the "kind of unplanned affluence we see in Europe and Britain and America," a challenge which he said could only be met by the British Labour party sticking to a policy of massive nationalisation. But Mr Crossman's address fell interestingly flat, and Mr Wilson's performance at the conference was a much more sensitive indicator of the way that the wind-up is blowing. Mr Wilson was working very hard to reintegrate himself into the Gaitskellite wing of the party, and his job as shadow Chancellor seems to be safe. This is regarded by the Gaitskellites as a great achievement for unity. And it is considered bad form to mutter about the distinction between an albatross and an ally.

An important point is that the anti-Gaitskell votes of the constituency parties, added to Mr Cousins's million votes and those of a few other unions, give a rock-bottom conference vote of 1.7 million for any left-wing motion under the sun. As any vote of over 3.2 million now wins a conference majority, this means that Mr Gaitskell is beaten whenever unions deploying anything over 1.5 million votes join in. On various issues, from time to time, this seems bound to happen. It did happen twice during Wednesday's foreign affairs debate, on Polaris and German troops in Wales. But as nobody supposes that Mr Gaitskell's actions need be altered one whit by these defeats, they do not matter. Strangely, Mr Gaitskell's hand is likely to be forced by the way that he won Tuesday's large majorities on domestic policy more than by Wednesday's defeats on foreign affairs ; as a result of the pledges that he gave, it seems almost certain that Labour's election manifesto will still have to include a commitment to nationalise steel, plus some vaguer nationalisations as well.

BUT the most insidious effect of the conference system now is that it is plainly inhibiting Labour from adopting policies quickly to meet new problems that turn up. The most obvious instance at Blackpool—Labour's non-policy on the common market—was partly mitigated by the liberal tone of Mr Brown's speech on Thursday, when he propounded excuses for accepting a motion that began "Conference does not approve Britain's entry into the common market unless. . . ." But even this leaves Labour lagging behind the Conservatives on this issue, although it would certainly be to both its electoral and economic advantage to have got in front of them.

If Mr Heath's negotiations at Brussels fail, Labour will not now be able to pick up the considerable pro-European vote in the country by saying that this tired government has not tried hard enough. If the negotiations succeed, Britain is most likely to enter the common market from about January 1, 1963. The election—*pace* Labour's hopes—will not be held until late 1963 or more probably 1964, and by then Labour will look hopelessly fuddy-duddy if it is regarded as a suspicious detractor of a treaty that has already been signed. Yet the national executive's caution at Blackpool was frankly dictated by the fear that on this issue the usual left-wing rebels could pick up some unusual support from the right.

So, on the most important policy decision in British politics today, Labour has once again let its judgment be hamstrung by undue subservience to a conception of conference policy-making which annually grows more ineffably absurd. And that this conference is absurd as a policy-making body is now increasingly accepted on small matters, although it is still allowed to get in the way of big ones. There was one beautiful little cartoon of the present system on Monday when the mineworkers' union moved a resolution to nationalise the oil industry in order to prevent British consumers from getting cheap oil. Motherwell was to have seconded this motion, but Motherwell was still at lunch, so Mr Crossman said "Resolution falls." But Mr Crossman's colleagues on the platform were not having this, and Mr Gunter rose to say how much the executive welcomed the motion, but that perhaps there was a technical difficulty about nationalising oil because Britain does not produce any oil, so perhaps the miners would remit their motion to the platform. There was also the more traditional humour of Mr Ted Hill's fraternal address, which has been hailed as very responsible by everybody who did not properly listen to it.

The usual quarrels arose about votes taken when many delegates were in the tea room, the hilarious muddle over the ballot on the ETU when delegates were asked to vote on "whether the national executive's report should not be referred back" and then were castigated for saying "Eh ? ", and the growing habit of the executive of accepting motions on the clear understanding that they did not mean what they said. This latter practice is not necessarily to be criticised, but it will be a sad mistake in statesmanship if the leadership is to continue to temper every major new policy in order to avoid an extra decibel of booing at the assembly at which it first emerges.

Back to the Wooden O?



FROM OUR SPECIAL CORRESPONDENT

THE provincial theatre has been long-mourned ; so pervading and enduring is the wake that even the antics of Nottingham town council in the dim and dismal struggle over its civic theatre have not noticeably exposed the city to ostracism, wrath or scorn. Despite the Arts Council's efforts, the Chancellor's belated promise of aid, and the dribs and drabs from ratepayers that help to sustain some of the remaining repertories, it is doubtful if enough local authorities will adopt the arts centre (plus restaurant) concept that could ideally give the theatre and other arts a new infrastructure in the country.

To build a proper arts centre, with underground parking and the other necessities of lively existence, costs up to £1½ million ; even a new theatre on the Nottingham model can hardly come out at less than £400,000. This is one reason why theatre-in-the-round is coming increasingly into the picture as the best way of filling provincial gaps.

The new Chichester theatre-in-the-round will cost £104,000 to complete (first estimates were even more modest): it is designed for an audience of 1,500. But ventures of this kind can start from much less prosperous surroundings. One of the best examples is the Pembroke theatre at Croydon where, since 1959, a small proscenium arch theatre built in 1891 has been adapted at an initial outlay of only £3,000, much of it to satisfy the fire regulations. The Pembroke is now the obvious candidate to move into Croydon's arts centre when that project is completed next autumn, but its experience to date should be an encouragement to others to attempt something of the kind elsewhere—as the theatre-in-the-round idea has spread in the United States. Example ought to be a hundred times better than exhortation ; it will have to be if this country is not to end up with the dullest provinces in the world.

The Pembroke grew out of an idea by Mr Clement Scott Gilbert (now its managing director) that the West End needed the type of off-Broadway theatre that could introduce new plays to smaller and more sophisticated audiences. But the rents in town proved prohibitive. At that time the Grand theatre in Croydon was closing amid loud protestations and complaints: 75,000 people signed a petition for live theatre to continue in the town. It seemed likely that the new group could take over the Grand

audience and break even from the beginning. But things did not turn out that way. There was an initial distrust of sitting round the arena: those people who did turn up insisted coyly on filling the back seats. In the event, the Pembroke had to build up its own audience from scratch, and its success is an indication that a new type of theatre-goer can be flushed into the open.

CROYDON has particular advantages. It can attract the West End managements and critics, so that a success like *Inherit the Wind* has every chance of moving into town: this increases the prospect of getting good names into the cast. In fact the Pembroke could not have washed its face without the touring account fed by those productions that have gone straight to London or round the provinces. Its capacity audience is 450 (a "take" of £152) but this may have to be reduced to cope with some productions in the arena so that the prospective take is of the order of £700 a week. With the cast receiving Equity touring rates this does not leave much margin for upsets. The Pembroke has now been promised a subsidy of £750 from Croydon,



A new audience

with hopes of a similar amount from the Arts Council, to tide it over until it moves into its new home.

Savings come from the reduced cost of upkeep and the need to employ only a fraction of the staff that a West End theatre requires. Settings for theatre-in-the-round are, of course, incomparably cheaper. The settings for *Inherit the Wind* in New York (which is notoriously expensive) cost £25,000 and at the St Martin's £1,000: in Croydon they ran to exactly £11. To put *Unfinished Journey* into production recently required only £100. The biggest oncost is for extra lighting; costumes are dearer in London than in the provinces. Naturally, if companies could transfer from one theatre-in-the-round to another their transport costs for sets would be minimal.

The need to establish some circuit for productions obviously needs to be pressed further; not everything can expect to be snapped up in Shaftesbury Avenue. But this depends on local enterprise to bring the actual arena theatres into existence. Croydon may be a special case, but it could contribute a great deal to a wider provincial network. For those city fathers who do not find the prospect sufficiently exciting in itself there is a growing weight of evidence to show how much can be done in Bruddersford with a small initial outlay, an annual subsidy of, say, £3,000 to get things going (less than ½d. on most rates), plus sheer initiative. It is easy to see which factor is usually lacking.

Out of Sight . . .

IN the early years after the war, quite a lot of public attention was directed towards the care of old people not living in their own homes. The Rowntree committee's report, published by the Nuffield Foundation in 1947, graphically described conditions in some of the public assistance institutions (alias workhouses) in which so many of the indigent aged spent the last years of their lives. No less distressing was the picture also given in the report of some private "homes" for old people run for profit. At that time, if they were not registered as nursing homes under the Public Health Act of 1936, they were not subject to statutory inspection, and an unscrupulous proprietor could always threaten an inmate who complained with transfer to the workhouse.

Since then, and especially after the final break up of the poor law with the passing of the National Assistance Act, the welfare authorities have enormously improved their residential accommodation for old people—for those, that is, who are not chronically ill. The same break up of the poor law had, however, the result that much of the old workhouse infirmary provision was diverted to ordinary health service purposes, but usually for the benefit of the acute sick. Hence the frantic search that often has to be made for nursing home or convalescent provision for old people whom the hospital authorities have discharged or cannot, or will not, take in. Hence the increase in nursing home beds, other than maternity beds, since 1948. Hence, too, a report*, published by the National Corporation for the Care of Old People (itself a direct result of the Rowntree committee's report), on the extent to which public supervision of these nursing homes is adequately carried out.

In 1960, there were about 1,200 registered nursing homes in England and Wales, with about 18,700 beds (of which 1,620 were maternity beds). In addition, there were at least 114 voluntary (non-profit-making) homes, with about 5,500 beds, that were exempt from registration. These nursing homes, registered and exempt, ranged from something that is virtually a small general hospital to a private house owned by a former nurse, taking two or three patients. They catered for all ages and for most complaints and disabilities. But, from a sample questionnaire which the authors sent out to the registered homes only, they found that 87 per cent of those replying catered mainly or entirely for the elderly and that 85 per cent of all the patients were of pensionable age—in fact, half were women of 80 years of age or more.

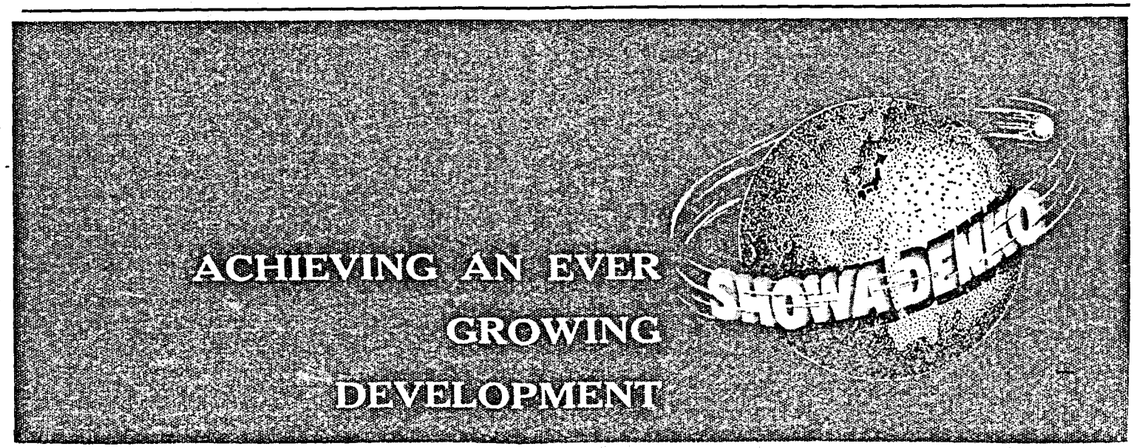
Even in these registered homes, which were liable to inspection, standards of staffing and accommodation varied widely (as, of course, did the fees). But the authors emphasise that conditions in the registered homes do not tell the whole story, for many establishments, in fact run as nursing homes, escape registration altogether, partly because the dividing line between nursing home, convalescent home, guest house for the elderly and so on is very difficult to draw. For the same reason, minimum standards that inspectors could insist on are very difficult to lay down.

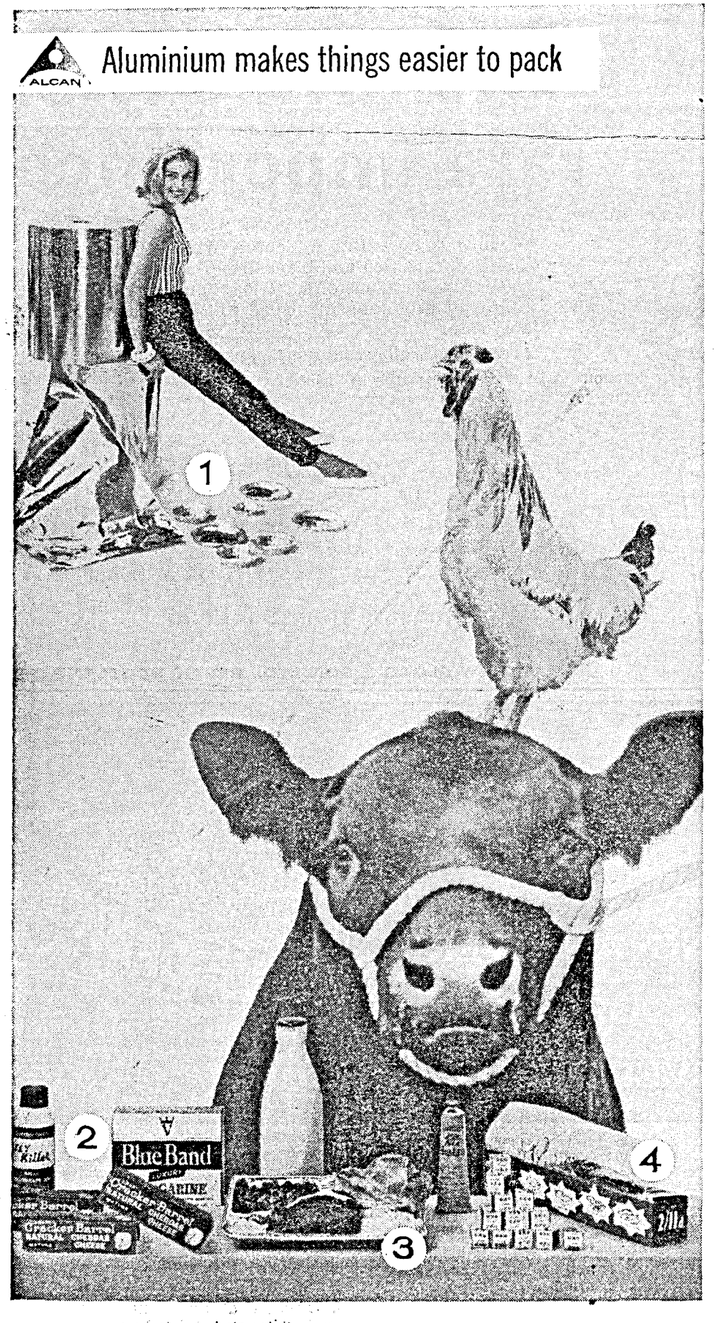
MUCH wider powers of enforcing standards and of inspection are given to local authorities by the Mental Health Act of 1959 in respect of mental nursing homes, and the report points out that this legislation provides a precedent for new legislation in respect of all nursing homes. The difficulty is that though proper inspection could enforce adequate staffing and better physical accommodation, it cannot, however rigorous, ensure kindliness towards the patients.

In theory, private nursing homes should be far less impersonal places to die in than a hospital ward. In practice, the reverse is often the case. The report cites, at one extreme, a proprietor who showed affection and practical sympathy to her patients, allowing them to bring their own belongings ("one brought 49 pictures with her") and, at the other, a matron who referred, in unpleasant terms, to a patient's incontinence in his presence. Inspection needs to be flexible enough to retain the first type of proprietor, even if, say, staffing standards are low, but to close down the other, however spick and span her premises.

* Nursing Homes in England and Wales. By Caroline Woodroffe and Peter Townsend. 7s. 6d.







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LETTERS

Germany

SIR—The weight of the arguments put forward in "To One Via Two," in last week's issue, is diminished not by what is proposed but by what has been left unproposed.

It is normal in any alliance of free peoples to consider one's allies' special situations on matters which affect one member more directly than others. However, it is to be greatly feared that the curious state of affairs which has existed during the past decade of the west German tail wagging the Nato dog will continue until western politicians face the fact that so long as the larger, more aggressive part of Germany is married to Nato there can be no hope of bringing the two Germanies together. One would scarcely expect the Kremlin to tolerate a reunification of Germany which would leave this nation aligned to the West. Moreover, as discussed in "Two Minds in One," the following article in the same issue, *de facto* recognition by the West of east Germany might so undermine the position of the politicians in west Germany as to cause a resurgence of nationalism similar in effect to national-socialism in Germany following World War I. The danger, of course, lies not so much in what the west German nationalists could do themselves as in what they could cause the two armed alliances in Europe to do to each other.

Today's Berlin crisis affords an unsurpassed opportunity to re-examine the significance of the military alliances in Europe. It is disquieting in this atomic age to hear serious discussions on the significance of the balance of power in central Europe, for surely under the present circumstances this is at best a secondary consideration. The crisis carries with it the danger of ultimate war. Why must we continue to dodge the ultimate solution—disengagement in central Europe and a neutral Germany, reunited under United Nations supervision? That this solution is distrusted in many western circles is undoubted. That the future of the common market, among other things, would be confused is quite apparent. That the Russians, in their present belligerent state of mind, would entertain such a solution is far from clear. But as against the mere postponement of our problem to the inevitable day when the east German communists will attempt an exercise in their new-found "sovereignty" in defiance of the West or until the west Germans seek a solution of their own, these problems certainly appear negotiable.—Yours faithfully,
South Croydon, Surrey CLIFFORD STEELE

Liberals

SIR—I hope I can afford to ignore your special correspondent's reference to my contribution to the Edinburgh assembly as one of the "comic turns." So far as "over-doing my usual free-trade act" is concerned, it is true that on one occasion I went on too long but that was because the warning red light was very difficult to see.

There is nothing "comic" about my opposition to the policy of Britain's joining the common market and I consider the Liberals, led by the Bonham Carter clique, have gone dead wrong on this issue by placing themselves firmly behind a discredited Macmillan who has admitted that he has "no alternative policy." Thus in the early stages of the most fundamental political issue the British people have possibly ever had to face, the Liberals have destroyed in advance all room for manoeuvre.

In my opinion you, Sir, also jumped too soon. You have been right for years on agricultural policy but seem to have missed the point that if industry is to be subjected to greater competition, which, as a free-trader, I naturally approve, the cost of food must be allowed to go down too, not up, otherwise the whole economy will be subjected to such pressures as will bring it to a grinding halt and there will be no scope whatsoever for capital accumulation.

Since the destructive mistake of Ottawa in 1932, it has been accepted thinking that our trading policies have to be based on "special relationships." Hence the view of the little Europeans that imperial preference should now be replaced by common market preference.

I suggest that out of the debate, still in its very early stages, will come the realisation that the population of these islands can only be sustained in freedom, prosperity and peace by returning to policies of non-discrimination in trade, through the unconditional most favoured nation clause, and the removal of protection from our hopelessly unbalanced domestic agriculture. We are in fact in a corn-law situation. Its solution may well produce a new political party, as it did last time.—Yours faithfully,
London, EC2 OLIVER SMEDLEY

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SIR—I may be already a doyen, but I am not old enough to be Mr Gladstone's grandson.—Yours faithfully, RICHARD MOORE
Secretary-General,
London, SW1 The Liberal International

Freely Negotiated

SIR—I have no wish to embark upon a detailed answer to the article in last week's issue. I should, instead, like to illustrate the absurdity of the present position by one example.

We have, over many months, been negotiating with a government department on the pay of a very small group of people. We eventually narrowed our differences to the scale maximum of one grade, employing less than forty people. The initial difference of £60 was reduced to £40 and, after some informal discussions, we agreed that we would compromise on £30. This we put to our members and persuaded them to accept. The department concerned would have been content with this settlement.

The intervention of the Chancellor in what would have been a "freely negotiated settlement," by any definition, has meant that the department cannot now reach the compromise settlement. The result is that the Chancellor has saved less than £400 a year, for the time being, we have a settlement imposed upon us, and the staff is thoroughly disgruntled. Not because of £10 a year, but because they know that a mutually acceptable settlement could have been reached. I cannot believe that you regard this as a sensible wages policy.—Yours faithfully, CYRIL COOPER
General Secretary
Society of Technical Civil Servants
London, SW8

Traffic Engineers

SIR—Following a request from the Minister of Transport for our views on the general problem of the need for qualified traffic engineers, and means of satisfying that need, the Institution of Civil Engineers earlier this year appointed a committee to investigate the question. It was therefore with particular interest that I read the note "Slow Road Through Red Brick" in your issue of September 2nd.

While recognising the shortage of trained traffic engineers, the committee thought that a far more serious problem arose from the lack of the technicians who must be employed to assist the engineers if the latter are to be used efficiently. The suggested ratio is four technicians to every engineer and, on this basis, there is an apparent shortage—to cover immediate needs and those of the next five years alone—of over 1,000 technicians. Moreover, there seems to be no recognised qualification that they can obtain and little provision for their training.

The institution has therefore approached the City and Guilds of London Institute with a view to providing a qualification for traffic engineering technicians. The institute has welcomed the suggestion, an exploratory committee is being appointed, and a draft syllabus prepared. All this, of course, serves only to emphasise the need to recruit and train teachers of traffic engineering.

I was pleased to see your reference to the institution's traffic engineering group, but you suggested that it serves only senior engineers. This might be the case to some extent if membership of the group were confined to members of the institution but, in fact, it is open to all who are directly concerned with traffic engineering.—Yours faithfully, A. McDONALD
Secretary, Institution of Civil Engineers
London, SW1

BOOKS

Wilson Becomes a World Figure

Wilson: *The Struggle for Neutrality, 1914-1915*

By Arthur S. Link.

Princeton University Press. London: *Oxford University Press.* 749 pages. 80s.

With this volume Professor Link's hero is catapulted into the stage of world history. When the trigger was pulled at Sarajevo Wilson was still a "mere" American—spokesman for a country, impressive, exciting, commercially dynamic, expanding—but also from the point of view of the chancelleries of Europe remote and irrelevant. By October, 1915, when this volume ends, he has become a figure around whom the policies and strategies of the two major belligerents revolve, whose frown they both fear, whose foibles they both study.

For the biographer these years—or months—of transition present an acute challenge since the Wilson of this phase is less an actor than a point around which other actors move; to make him fully comprehensible the policy-making of London and Berlin has to be described almost as fully as that of Washington. Moreover, since even now the diplomacy of the belligerent powers has not attained the status of "definitive" history, this involves fresh research in European as well as American archives. Thus behind Professor Link's smooth narrative lies a deceptive amount of original inquiry; for Britain in particular, characteristically the most secretive of the three, he has exhumed a wealth of material that makes his pages a notably fresh contribution to the history of Anglo-American relations. As a result we have here not only a chapter of Wilson biography; we also have what is the most complete and balanced account available of American-European diplomacy in the first twelve months of the war.

This volume is primarily a study in diplomatic history. The domestic story is held over for later treatment, to give extended scope (though no greater than the subject merits) for a careful examination of Wilson's course in foreign relations. The focus is on the White House and the State Department and it covers the sad, almost pathetic process of the breaking of Bryan and the emergence of Lansing as a tool better suited to the President's hand. But behind the diplomatic notes lies the continuous force of American public opinion, now active, now inert; to be played on only within limits and by those who can distinguish between its constants and its mutables. Professor Link is notably shrewd about this, where so many even of his fellow American historians have often been imperceptive; his opening chapter on "Initial Reactions to the War" is alone worth the price of admission, with its sensible assessment of the roles of British and German propaganda and the fine shades of American feeling about Europe and the conflict.

A British reader may perhaps be forgiven for thinking that the Anglo-American story in these first twelve months, with its subtle shifts of mood, is more interesting than the German-American with its cruder issues and generally clumsier diplomacy. Professor Link tells both well, but it is only necessary to read, for example, his account of the British handling of the cotton contraband controversy to see how here at any rate Britain was able to outpoint Germany. This was so because its rulers had a better instinctive understanding of the United States than the Germans and showed a consequential concern for those American interests which their warmaking might affect. This put the two belligerents on different levels from the first and here, if nowhere else, the Wilsonian injunction about being neutral in thought as well as in deed was bound to break down. Even initially it was only superficially true, as Wilson said, that this was "a war with which we have nothing to do." From the start there were certain bonds and commitments, and the illusion that American diplomacy could be kept aseptically neutral, while American finance and commerce were getting increasingly involved with the allies, has already worn thin by August 1915 when Lansing has to warn Wilson of the grave consequences for the American economy of not helping Britain to maintain its purchases with America. More than most men Wilson seems adept at not letting his left hand know what his right hand was doing. Or did he? This is a question which Professor Link will have to answer before his narrative reaches April 1917.

BBC Under Pressure

British Broadcasting in Transition

By Burton Paulu.

Macmillan. 260 pages. 35s.

Just when his compatriot, Professor H. H. Wilson, seems to have persuaded sensitive souls that commercial television was all due to a pressure group, Dr Paulu comes forward with rather more obvious earnestness to assure them that the BBC and ITA are both doing well after all. Unexciting stuff, perhaps, but at least it redresses the balance. In a brief account of the campaign for commercial television he gives more prominence to the Conservative party's preference for private enterprise, and he understands better than Professor Wilson that much opposition (for instance, by press and cinema interests) was not disinterested idealism.

On the great issue of competition or monopoly, Dr Paulu has no doubt what the record proves. With the painstaking documentation expected from the Director of Radio and Television Broadcasting in Minnesota University, he comes out with a thumping, if not exactly thundering, verdict for competition: wider choice, improved standards ("on the whole") and "outstanding improvements in the coverage of politics and controversy." The BBC has been spurred—or pressured—to better work and though it has sometimes vacillated by confusing imitation with competition, its service is now more varied and complete than in the last days of stuffy paternalism six years ago.

The ITA, itself subject to rival pressure, also emerges with a better record than British critics would allow, presiding unostentatiously but commendably ("on the whole") over mettlesome contracting companies producing first class entertainment, drama, political, religious and schools programmes—and the author's field research was done in 1958 and 1959 before the alleged pussyfooting Pilkington period started.

So Dr Paulu concludes: "Competition has been good for British television"; and with flattering intent credits our genius for compromise with "high standards of programming and advertising, without interfering with the freedom of expression so essential to the life of a democratic country." Yet when he comes to offer Sir Harry Pilkington and Co. his conclusions—"bold as it may seem"—he suddenly opts for a continuance of the BBC's radio monopoly, extended to local broadcasting, while questioning whether the 50,000 listeners to the Third Programme merit 10 per cent of our radio frequencies. On TV he comes out for an extra channel for the BBC if it can manage with a £4 licence, and an extra channel for ITA, which would ensure no more than "reasonable profits" by higher rents, levies or profit—and loss?—sharing agreements. But what exciting things might ITA do with the loot? After such bold judgments, these recommendations are disappointing and look like an unimaginative attempt to anticipate the well-worn British genius for compromise.

Unruly Pupil

C. G. Jung

By E. A. Bennet.

Barrie and Rockliff. 173 pages. 21s.

The dilemma of any author who seeks to put the life and work of Professor Jung between hard covers is that he has to



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Nigel Walker

Reader in Criminology Oxford formerly an Assistant Secretary in the Civil Service.

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EDINBURGH

choose between satisfying the experts and making his book intelligible to the ordinary reader. Dr Bennet, a professional member of the Society of Analytical Psychology and an old personal friend of Jung, has, probably wisely, chosen the second course. But, though he may be accused by some of those whom Jung himself used quizzically to call "the highbrows," of occasional over-simplification (especially in his interpretations of Jung's own dreams), most readers will appreciate this brief but highly readable presentation of one of the world's most remarkable men.

Of particular interest is the account which Dr Bennet gives of the uneasy relationship and final break between Jung and Freud. Jung himself never minimised his indebtedness to Freud, though when that first famous meeting between the two men took place in 1907—it lasted for thirteen hours—Jung was already well started in his career as what he called a "medical psychological scientist" as a result of his reading of Kant, Schopenhauer and, in particular, Krafft-Ebbing. Even that first meeting, though it left Freud enthusiastic about the younger man, carried the seeds of the final dissolution.

As Dr Bennet relates:

> For Jung the meeting was a mixture of expectation and disappointment. He hoped for much, but seemed unable to get beyond the confines of Freud's narrow approach, his restricted perspective and concentration on tiny details, and his theoretical assumptions. According to Jung, the talk was protracted because he continued to question Freud, hoping to get beyond these limitations, and in particular Freud's insistence on the importance of the infantile sexual trauma as a settled, unalterable basis of his work.

For some years Jung, then in his early thirties, went along with his teacher, but in the end Freud's dogmatic insistence on the sexual energy of the libido as being at the root of everything proved too narrow a view for Jung to be able to accept. For him, Freud's libido was no more than one of the many aspects of life-energy motivating man: equally important were such other factors as hunger, the drive for power and the need for religion. In 1912 Jung published his book "The Psychology of the Unconscious" and it was this which led to the definitive split with Freud. For in it Jung expressed his broader view of the unconscious forces spelling human nature. (And later Jung was to dismiss the Freudian concept with the biting phrase, "The brain is viewed as an appendage of the genital glands.") In point of fact it was surely not only the clash of theories but almost equally the sharp divergence of their personalities that made it impossible for two such men to march permanently in step together: Freud, the super-sensitive, Jewish genius—on two occasions he fainted during animated discussions with his pupil—who, as Dr Bennet says, "laid unusual emphasis upon any subject he had thought deeply about, as though the mere fact that he had thought it out established its validity"; and Jung, with something of the Swiss peasant's unemotional and cautious attitude to theory of all kinds, coupled with a deep love of all the rich manifestations of humanity whether revealed in yoga, astrology, fairy tales, Zen Buddhism or even flying saucers. Once, when this reviewer visited Dr Jung at his home in Küsnacht-Zurich not long before his death in June this year, he related that, between the wars, he had on one occasion talked with a British archbishop about the possibility of one or two young Church of England priests being sent out to Switzerland to take a course of study with Jung. "But in the end," said Jung, "he decided not to send anybody. He was afraid I would destroy their faith. I felt the same myself when I first went to see Freud—but in the end, of course, it was I who destroyed *his* faith."

Dr Bennet's book contains an interesting series of letters between himself and Jung on "Aion," which is certainly his most "difficult" work, and also deals illuminatingly with the development of Jung's thought in the years before his death. Its appearance will be welcomed as a useful "curtain raiser" to the much more basic study of Jung's life and thought by his personal collaborator Aniela Jaffé, which is due to be published next year under the title "*Memories, Dreams, Reflections.*"

Land of the Free?

The Presidency and Individual Liberties

By Richard P. Longaker.

Cornell University Press. London: *Oxford University Press.* 253 pages. 36s.

MR LONGAKER raises hopes by his title, and in his preface, which it was probably impossible to fill. He promises a study of "the constitutional obligation of the chief executive to protect individual liberty," a subject on which he considers existing commentary to be fragmentary, though he feels that the performance of the Supreme Court and of Congress in the field has been well covered.

It is surely not hair-splitting to point out that the problem of the Negro and his rights—his right to vote, his right to work, his right to go where the white man goes and sit where the white man sits, whether in buses, restaurants or schoolrooms—is not a problem of individual liberties at all. Discrimination based on colour and race, with which much of this book is concerned, is not discrimination against individuals but against groups.

Had he called his book "The Presidency and Civil Liberties" Mr Longaker would have been nearer the mark, would have raised fewer hopes of novelty and one reader at least would not have been disappointed at finding so little discussion of those areas in which the foreigner finds that the liberty of the individual in the Land of the Free is more circumscribed than it is in the democracies of western Europe. The only one of these subjects he treats at any length—and then not in relation to the presidency—is what is known as "The Right to Travel"—a euphemism for the State Department's freedom to make arbitrary decisions about the granting or withholding of passports. And his discussion of this problem is disappointingly tentative.

He is much more successful in his study of the loyalty and security programmes in three wars—two hot and one cold. He appreciates the shrewdness of Mr Roosevelt's appointment (after the period of hysteria in which the military had been able to get away with the Japanese-American relocation programme) of Mr Francis Biddle as Attorney-General to ensure that there would be no repetition of the excesses permitted, or even encouraged, by Woodrow Wilson in 1917 and 1918.

The chief value of this book lies in its demonstration that the President's attitude (as expressed in his public statements and his orders to the departments) is all important in creating the atmosphere in which laws can be enforced and administrative attempts to restrict liberty defeated. But it is political realities that determine these attitudes. The growth of the Negro vote in the big cities had more to do with the official opinions of the last three Presidents than any qualities in the men themselves which made them more liberal than, for example, Wilson.

The final impression is that Mr Longaker thought he had spotted a barrel that others had overlooked only to find that it was not so full as he had hoped and that he had to scrape the bottom to make his book.

Social Change in Africa

Becoming More Civilized: *A Psychological Exploration*

By Leonard W. Doob.

Yale University Press. London: *Oxford University Press.* 345 pages. 48s.

THIS is a book about social change among the "underdeveloped" peoples of Africa. To give him his due, however, Professor Doob became interested in "what happens to people when they become more civilised" long before the current academic boom in underdevelopment. He is a distinguished social psychologist and, needless to say, an American; for none but an American social scientist would be so humane, so hopeful, so curious about other peoples, and so peripatetic, intellectually no less than physically, as to undertake this kind of inquiry. Unfortunately for his readers, Dr Doob's omnivorous curiosity outruns his critical judgment; and clarity of thought is not his strong point. To take an instance at random, he wants to know why "the material aspects of more civilised societies appear more attractive than many of their nonmaterial values" to Africans. So he asked his informants to "comment upon the proposition, 'Life in heaven will be better than life on earth'"; and he is solemnly impressed because they often pleaded ignorance and "said most seriously, no one who has ever been there has returned to tell us." The book abounds in such banalities pursued with indefatigable innocence.

"Behaviour" is the key concept in Dr Doob's vocabulary. He is interested in motives, goals, values, and attitudes manifested in the processes by which members of tribal and other "backward" social groups acquire western civilised ways of living and thinking. His own observations are based on answers to elaborate questionnaires and on a variety of tests given to small numbers of accessible informants in various parts of Africa and Jamaica. His inferences and generalisations are backed up by reference to the extensive literature on acculturation accumulated with more zeal than rigour by American sociologists and anthropologists in the past thirty years. His main "index of acculturation" is the level of school education attained. His procedure is to state what he calls an hypothesis and then to "test" it against his own and other field data. A typical hypothesis offered is that "People changing centrally from old to new ways are likely to feel antagonistic towards traditional leaders who do not reveal similar changes." Confirmation for this is found in the incidence of different questionnaire responses among the groups interviewed. And so it continues.

If this book is a reliable guide to what psychological research can contribute to the understanding of the social changes now going on in Africa, one can only say that it is unpromising.

Dissenters

Two Early Political Associations

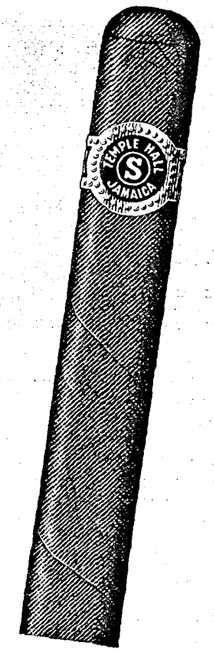
By N. C. Hunt.

Oxford University Press. 247 pages. 30s.

THAT the tranquillising of religious passions was an essential element in Walpole's political ascendancy was recognised by his contemporaries and has been accepted by subsequent historians. But while this has long been accepted in principle, the economic, fiscal and foreign policies of the period have hitherto always taken precedence in our books and the details of Walpole's religious policy have been comparatively neglected. Mr Hunt now sets out to fill this gap with a scholarly and detailed analysis of the political organisation and activity of the chief Protestant dissenters in the fifty years following the Toleration Act. His careful researches in the records of the Quakers and of the Presbyterians, Independents and Baptists establish firmly, what has long been accepted, that Walpole secured religious peace by skilful compromise, soothing the churchmen by maintaining the letter of the law and persuading the dissenters to be content with its practical modification and lax enforcement.

A generation ago this valuable but unexciting work would have been conveniently summarised in two or three learned articles.

whatever the occasion choose



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Unfortunately we live in times of literary as well as economic inflation. So Mr Hunt has expanded his researches into a book and sought to lend them excitement by exaggerated claims of their significance. On the one hand, unsupported, as Gibbon said of Voltaire, "by either fact or probability", he invests the dissenters' activities with importance for the future political and constitutional evolution of the country, while admitting their lack of success at the time. On the other hand, he magnifies such small political successes as they had by ignoring the wider political context in which they were achieved. Thus the story of the Quaker struggle to achieve the Affirmation Act of 1696 is told without reference to the peculiar circumstances of that year arising from the Assassination Plot.

In short, where Mr Hunt exercises his faculties as a scholar he is interesting and, apart from occasional special pleading, convincing; only when he indulges in political "prophesying" does he lose command. Such twaddling is better reserved for the ephemeral medium of the telly.

Nasser Close-up

The Boss

By Robert St. John.

Arthur Barker. 288 pages. 21s.

ALTHOUGH written in too consciously a popular style, this is an able biography of President Nasser. From indefatigable interviews with the president himself and many of his friends and his critics a wealth of unusual detail has been amassed. The Egyptian leader emerges from his impoverished, truculent boyhood, through an army career not specially marked for heroism, as having the desperate courage of his only one strong conviction: that "imperialism" must be destroyed and Egypt win back its dignity, and preserve it—at any cost.

The adventures of this one-track mind in the criss-cross tracks of inter-Arab and international politics are well narrated. They reveal an outlook expanding to each occasion and provide an interesting study in the development of today's forceful exponent of neutralist nationalism.

Raiders from the North

The Vikings

By Holger Arbman. Translated by Alan Binns.

Thames and Hudson. 212 pages. 30s.

MATERIALISTS of imagination, superb shipbuilders and seamen, the Vikings between 800 and 1000 plundered, held up to ransom and conquered large areas of Anglo-Saxon England, Ireland, Russia and the Carolingian Empire. For a long time the sedentary, largely agrarian populations of western Europe's river valleys knew no protection, and many of their lords, who were not averse to looting themselves, exploited rather than resisted the raids. Professor Arbman's book describes the movements of the Viking fleets and armies, the conditions from which they sprang and the civilisation that grew up in their homelands, their trading posts and conquests during this period. A master in this field he has added a notable volume to the *Ancient Peoples and Places* series.

Professor Arbman addresses himself mainly to the archaeological evidence, and for the prehistory of the Norsemen there is indeed no other. With its help he suggests that not only the population of the Scandinavian countries but also their wealth had increased steadily before the period of the raids. The pirates who set out to sack the traffic centres of the Frankish empire were not driven to do so by poverty and overcrowding at home; their ships tempted them to seek a more profitable, if perhaps more dangerous, living than could be gained by farming alone.

Plunder, trade and settlement thus became the often interchangeable occupations of the Viking bands. Professor Arbman ends his survey with a chapter on their art and introduces his readers to the perplexities of stylistic comparison. The study of influences and the evolution of forms is here anything but barren for it reveals the troubled cultural and religious situation of these successful warriors and merchants. Christian emblems and heathen masks made uneasy companions, and imports from all over the world often paralysed rather than stimulated native traditions of craftsmanship. A set of excellent plates, figure-drawings and usable maps illustrates these themes, and it is a pity only that there are not quite enough of them: for instance, of the much-mentioned Mammen style not a single example appears. If this is a fault it also shows how well in all other respects this work fulfils its purpose in the series: to present "up-to-date archaeological information in clear and readable form." And there is a bibliography for those who want more.

OTHER BOOKS

THE CHALLENGE OF THE COMMON MARKET. By U. W. Kitzinger. *Basil Blackwell.* 159 pages. 10s. 6d.

Despite the growing output of books about European organisations, it is still rare for a book to be written in Britain exclusively about the common market. M. Deniau's "The Common Market," in translation, provides a French view. But it has been left to Mr *Kitzinger, for six years an economist at the* Council of Europe and now a Research Fellow of Nuffield College, Oxford, to turn aside from his work on a larger study of the European Community to produce a tract for the times. This pamphlet, as he modestly calls it, was written at great speed and its organisation bears some of the marks of this. All the same, it is a valuable simple guide to the Rome treaties and their origins, and to the challenge and problems they pose for Britain. At 10s. 6d. it is expensive for a paperback, but it fills a gap usefully. Brevity and speed of production have not marred the book's accuracy and general soundness.

Mr Kitzinger believes that Britain is right to try to join the common market. But he is not a fanatic and weighs arguments on both sides. At the same time he emphasises that British membership will only be good for all concerned if the British are inspired by understanding of the vast implications and by a desire to play a creative role in all the aspects of the new Europe.

POLITICAL AFRICA. By Ronald Segal. *Stevens.* 484 pages. 50s.

The first big wodge of information in this work of reference is about Mr Segal himself. Valuable space has also been taken up by overdoing the references to other relatively unimportant South African political personalities. Mr Segal's private opinions (which, it would seem, lie in the radical African camp) colour the items. All this apart, the book is a valuable source of information about parties and politicians throughout Africa; it is surprisingly accurate, reasonably full, and very well informed—100 parties and 400 politicians are described and discussed.

A HISTORY OF THE DEPARTMENT STORE. By John William Ferry. *Macmillan Company, New York.* 399 pages. 48s. 6d.

Department stores, the first examples of large-scale retailing, have pioneered the development of buying, merchandising, advertising and personnel practices in the retail field. Their growth is an important commentary on the latter progress of the industrial revolution and the rise of the middle classes. Their history could illuminate interesting questions of management structure, the emancipation of women, store engineering, patterns of urban living, and public taste.

This book therefore represents an opportunity missed, for despite its title most of it is merely a collection of thumbnail histories of individual department stores, many of them with merely local fame and no claim to more. Since all of them are in the English-speaking world, developments on the European continent from the time of Boucicaut onwards are ignored. Mr Ferry has been an enthusiast about his subject ever since, as a boy, he watched Selfridges being built. Only an enthusiast could have included these forty or so pictures of store exteriors, many of them better forgotten. Like many enthusiasts, he shows in his narrative little ability to distinguish significant facts from insignificant ones, and therefore he often bores us. Even the most colourful of the pioneers, such as Gordon Selfridge, William Whiteley or Spedan Lewis, fail to come to life in the medium of the barely diluted language of their own anniversary brochures; and to such revolutionary initiatives as those at Filene's of Boston, the method adopted does not make it possible to devote enough space to arouse our interest.

MONTLHÉRY. *The Story of the Paris Autodrome,* 1924-1960. By William Boddy. *Cassell.* 189 pages. 25s.

This, the latest of Mr Boddy's contributions to motoring history, describes the races and record-breaking activities at the French circuit from the time of its construction to the present day. The book gives British readers the opportunity to learn about the intriguing French racing cars of the vintage era, such as the sleeve-valve Voisins and Panhards. It is well illustrated with photographs that show the changing fashion in racing cars.

INFORMATION AND INVESTMENT. By G. B. Richardson. *Oxford University Press* (1960).

In our review of this book, which appeared in our issue of July 29th, the author was criticised for *never* mentioning trade journals, market research, etc., and sources of information to business men. The review ought to have said that he *hardly* mentioned them.

AMERICAN SURVEY

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

Republicans Move Right

WASHINGTON, DC

WHEN Republicans lost control of the White House last November after occupying it for eight years, it was generally assumed that they would suffer the fate common to American political parties when they are out of power—a series of destructive internal feuds. But in fact the Republicans showed remarkable solidarity in obstructing President Kennedy's programme during the session of Congress which has just ended and now they are similarly united in preparing for next year's congressional elections. This lack of disagreement is partly the result of their present lack of interest in the selection of a presidential candidate to oppose Mr Kennedy in 1964. To party officials the only three possibilities who are at all prominent all seem to be political liabilities. These three are Senator Goldwater of Arizona, the leader of the party's powerful right wing; Governor Nelson Rockefeller of New York, the favourite of the small but influential left wing; and Mr Richard Nixon, who holds the empty post of titular party leader by virtue of his nomination last year and falls somewhere between the Goldwater and Rockefeller poles. Last week Mr Nixon formally removed himself from presidential speculation—for the time being—by announcing that he will contest the Governorship of California in next year's election and expects if elected to serve the full term of four years.

But a more significant factor in the current solidarity among Republicans has been the party's shift to the right since Mr Kennedy's election. Republican members of Congress have found that it is easier to agree in opposing the social welfare legislation proposed by the Democrats than it was to get together in support of Mr Eisenhower's policies. These Congressmen admit that they will be more comfortable campaigning in next year's congressional election on a conservative anti-Kennedy platform than they were when they had to pay lip-service to a moderate Eisenhower programme. Certainly a conservative trend was inevitable as a by-product of the party's defeat. Ever since the great schism of 1912 when much of the party's left wing was lost permanently, Republican regulars have been a conservative lot and when, as now, there is no universally recognised party leader, either in the form of a President or a presidential candidate, these party regulars are in command.

The fact that for the past twenty years the party has seemed to espouse a more liberal ideology than its regulars do derives from the ability of two small but powerful groups—the eastern financial community and an allied band of professional politicians, also from the East—to control the quadrennial conventions at which the party chooses its presidential nominees. The financiers, whose cash is vital to the party, have insisted on candidates with an internationalist viewpoint. The professionals have insisted that no conservative can win a national election. Together, these groups kept the nomination from the late Senator Robert Taft, the middle-western idol of the party regulars, between 1940 and 1952; and it is by no means unlikely that these eastern Republicans will pull



Senator Goldwater



Mr Nixon



Governor Rockefeller

off their accustomed coup in 1964 and win the nomination for Mr Rockefeller or some other liberal Republican. Nearly 500 party regulars from 13 western states, meeting last weekend at the plush winter sports resort of Sun Valley, Idaho, agreed gloomily that Mr Rockefeller is the early front-runner for the nomination.

Nevertheless, there are signs that this time the conservative resurgence within the party may be more lasting and may extend into the next national convention. It is significant that the party is not returning to the orthodox but politically unmarketable domestic conservatism of Senator Taft. Mr Goldwater, the principal oracle of the new conservatism, has not repudiated Taftism, but he has shifted the emphasis from domestic to foreign affairs. Consequently, the Republican keynote in next year's congressional elections will be a call for a more militant, belligerent stand against the Soviet Union. Specifically, the Republicans are demanding that there should be no compromise on the issues of the cold war; that the attempt to reach an accord on disarmament should be given up; that nuclear tests in the atmosphere should be resumed at once; and that economic aid should be withdrawn from neutralist countries. At its most extreme, this approach calls for gradual disengagement of the United States from the United Nations and for a naval and air blockade against Cuba.

IT is this shift from the domestic to the foreign scene that has made the new conservatism widely acceptable throughout the party. Even some moderate Republicans who favour a few of Mr Kennedy's domestic proposals believe that a latter-day return by the party to the nationalist sabre-rattling of Theodore Roosevelt, appealing to an American public frustrated by reverses in the incessant cold war, is the key to political victory today. It was no coincidence that both Mr Nixon and Mr Goldwater attacked the Administration's foreign policy and soft-pedalled domestic issues at the Sun Valley conference last weekend.

Moreover, the conservative revival within the party does not come from the prewar old guard but is essentially a movement of younger party members, many of whom look to Mr Goldwater for guidance. With a few notable exceptions, the most politically attractive and promising Republican politicians today are right-wingers. In fact, newly elected Republican members of Congress complain that the old line leadership of the party on Capitol Hill, typified by Senator Dirksen, conservative as it is, has not been aggressive enough in denouncing Mr Kennedy's stewardship of foreign affairs. The Young Republican organisation, which once

seemed a forward outpost of liberalism, now adheres to undeviating conservatism.

This right-wing ferment has been stimulated by the mushroom growth during the last two or three years of reactionary pressure groups outside the party, including semi-secret organisations such as the John Birch Society, which contends that communist sympathizers dominate the State Department and the Central Intelligence Agency. The society's impact on the Republican party is indirect; the overlap between the party's extreme right wing and the Birchers means that many of the customary contributors to Republican campaign funds belong to the society. In California, for example, its members have cut off a substantial flow of money to Senator Kuchel, a moderate Republican who attacked the Birchers and is up for re-election next year. As a result he has been emphasising his conservative side of late, loudly declaring his unalterable opposition to the seating of Communist China in the United Nations.

Finally, scattered elections this year have been heartening to the conservatives. In their most impressive triumph, Mr John Tower, an inflexible disciple of Mr Goldwater, became the first Republican ever elected to the Senate from Texas; a right-wing Republican was elected to the South Carolina State Legislature, breaking a long-time Democratic monopoly over that body; and there have been encouraging results in Michigan and New York.

PERHAPS the most remarkable aspect of the conservative trend among Republicans is the almost complete repudiation of so many of Mr Eisenhower's policies, both foreign and domestic. In the recent Congress liberal Republicans whose support had been counted on by Mr Kennedy, veered sharply to the right. For example, Senator Margaret Chase Smith, whose vote has been considered sure by Democrats in the past, wound up by backing the President less than half of the time and during the final week of the session she delivered a blistering attack on his foreign policy.

Nor is the trend limited to the party's congressional wing. Even Mr Rockefeller has been drifting toward the right, denouncing the Administration's school and farm programmes and dealing the death blow to its ill-fated plan for long-term financing of foreign aid by reversing his previous support and urging Republican Congressmen to oppose it. Although Mr Rockefeller may turn to the left again in time for his campaign for re-election as Governor of New York next year, evidently he believes that a more conservative approach is needed if he is to have national success in his party; privately, Mr Goldwater has expressed surprise and pleasure over the present course followed by Mr Rockefeller. But Mr Rockefeller has far to go to convince the party regulars that he is no crypto-Democrat.

Mr Goldwater's problem is an opposite one but more difficult. Even some of his staunchest admirers admit that his tirades against trade unions and the social security system put him too far to the right to be electable. This would seem to point to another presidential bid by Mr Nixon as a compromise between the two extremes. But his uninspiring campaign last autumn disenchanted many of his former allies, and in any case he will have his hands full in California for the next year at least.

As a result, some Republicans are beginning to look around for a dark horse as their 1964 candidate, a man such as Mr George Romney, the president of the American Motors Corporation, who may run for Governor of Michigan in 1962. But the main topic of conversation in Republican circles at the moment is not presidential politics, but next year's elections when all 435 House seats and 36 of the Senate's 100 seats will be at stake. Republican leaders believe that they may recapture control of the House for the first time since 1952 and score substantial gains in the Senate. If their conservative campaign comes anywhere close to that goal, the impact on the presidential contest in 1964 will be profound.

Judging the Judges

PROBABLY nothing that the Kennedy Administration does in the domestic sphere will be of more long lasting importance than its choice of federal judges, most of whom sit for life. In his first few months in office it has fallen to Mr Kennedy to make more of these coveted appointments than any other President has made in a whole four-year term: 115 at the last count, 73 of them as a result of the expansion of the federal judiciary by Congress early this year. Although the need for more judges has long been patent Congress refused to deal with the problem last year in the hope that the plums would fall to a Democratic, not a Republican, President.



Champion of Negro Rights.

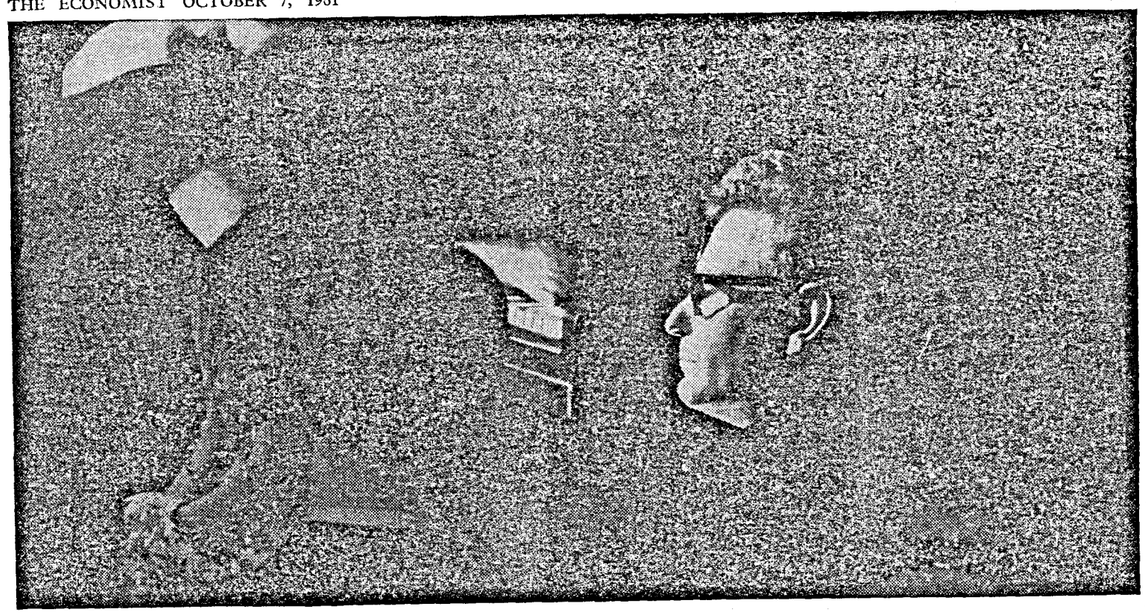
Tremendous political pressures are brought to bear as the choices are made, by Senators, who have a veto over appointments in their own states, by state political organisations and others. But apart from such pressures—which the President implied that he would ignore when he promised to choose the best qualified candidates—the sheer task of sifting over a thousand applicants has been monumental. Even now only 77 appointments have been sent to the Senate, most of them in the last six weeks of the session. Of these 60 have been confirmed; the rest will be given recess appointments. Three Republicans chosen by President Eisenhower and not yet confirmed were renominated and two confirmed, but the rest of the appointments have gone to Democrats. This is in line with a bad tradition. But by the usual standard—the ratings of the Bar Association's Standing Committee on the Federal Judiciary— the Administration has so far observed quite faithfully its promise to appoint only qualified Democrats. These ratings are known in the cases of 52 out of the 60 appointments which have been confirmed; 9 were judged exceptionally well qualified, 27 well qualified, 14 qualified and only 2 not qualified.

But to some degree judgment is still suspended. The Administration may, it is felt, have held back its most controversial appointments until Congress left Washington. There is trouble already over three of the candidates to whom recess appointments are promised. And there have been many rumours that consideration is being given to Mr Frank Morissey, a judge in Boston's municipal court, who has been helpful to several members of the Kennedy family but whose other qualifications are put low in legal circles. In one respect, however, the new Administration has made history; it is the first to appoint a Negro to a life-time post on the federal bench. One of the two so far chosen is Mr Thurgood Marshall, the able chief counsel of the National Association for the Advancement of Coloured People, who has been fighting for Negro rights for over twenty years; he has yet to be confirmed.

Fewer Arms for Armageddon

WASHINGTON, DC

"THE weapons of war must be abolished before they abolish us," President Kennedy told the United Nations General Assembly and even the Soviet press forbore to jeer. Mr William Foster, who helped to draft the programme for world disarmament that the United States introduced after Mr Kennedy's speech, has been appointed director of the new semi-autonomous United States



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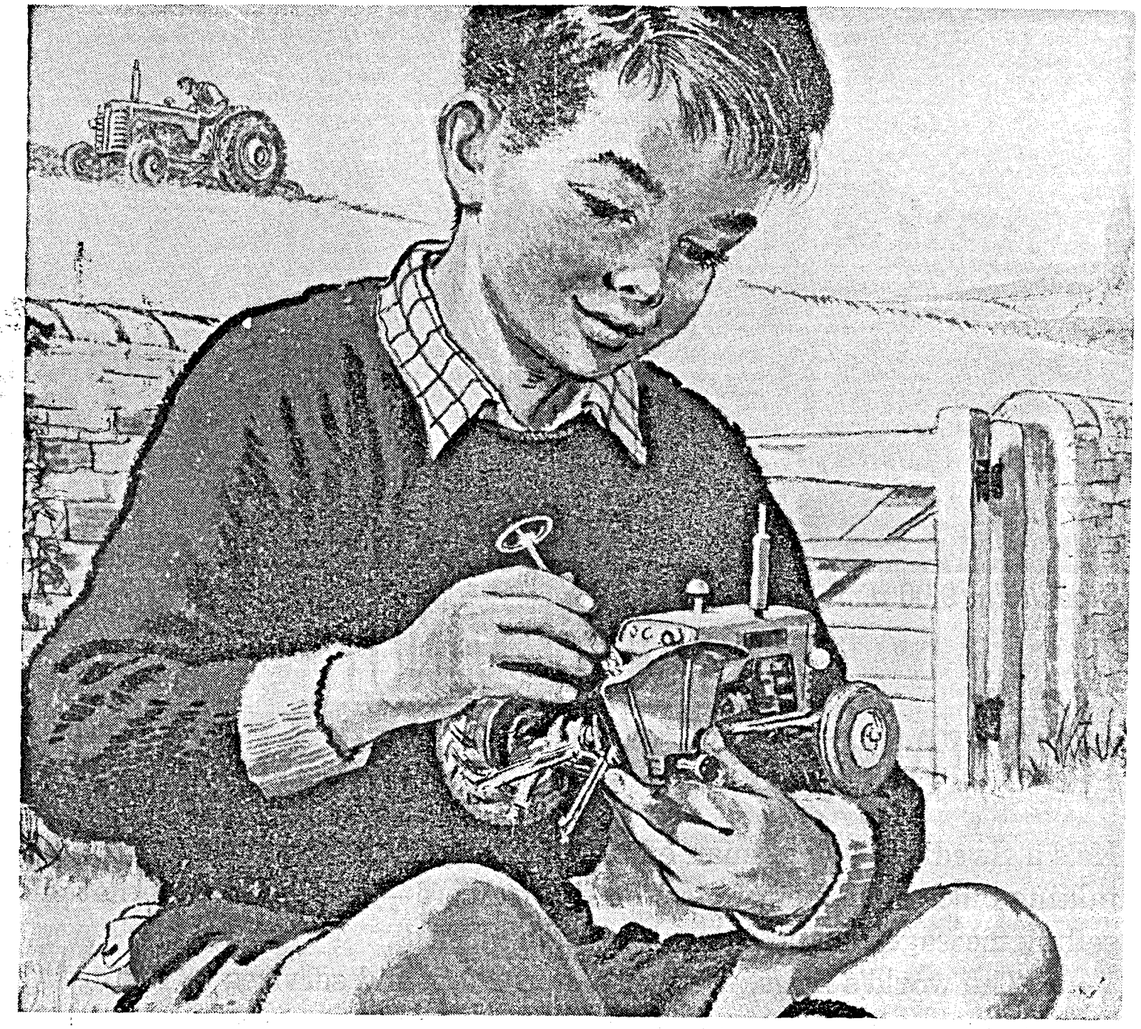
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Arms Control and Disarmament Agency, with a rank equivalent to that of an Under Secretary of State. Mr Kennedy is said to have been shocked at the low priority given to planning for disarmament by his predecessor and he regards the new agency as a symbol of the importance which the United States attaches to the reduction of arms and an earnest of American determination to continue to work energetically toward this goal. The $2 million provided for disarmament planning in the present fiscal year, compared with the $2.9 million which was requested, suggests that Congress is more sceptical of the possibility of real progress than the President, but both parties were overwhelmingly in favour of setting up the agency.

Mr Foster is a Republican, which adds to the bipartisan flavour, and both the United States and the Soviet Union are now pledged to the principle of "general and complete disarmament." It would, however, be premature to conclude that the millennium rather than Armageddon is just around the corner. The American plan calls for inspection at each stage of the arms that are being retained as well as the arms brought to the bonfire. But Russia regards this as a scheme to spy on the Soviet Union and is insisting that the international inspectors should have access only to the weapons to be destroyed, not to those that remain (or are being manufactured), at least until total disarmament is achieved. The Americans, with British approval, say that under the Soviet disarmament plan the arms destroyed under scrutiny might be replaced (and exceeded) by new weapons. Furthermore, the Americans want an international disarmament organisation consisting of "all the major powers" (which could include China) as permanent members but without vetoes and other states chosen on a rotating basis. The Russians, however, have hitherto held out for a disarmament "troika," each group with power to veto.

The United States wants to prevent west Germany as well as China becoming members of the world's nuclear club and is offering to dismantle "certain bases" wherever they are; these might include some of the foreign bases for whose elimination the Russians never cease to clamour. It is just possible that the Soviet Union can be induced to think a little more kindly of the American plan, if more emphasis is laid on such offers and also if the support of the neutrals can be enlisted. But obviously a huge gap still separates the two major powers. This should not be the cause of utter despair. It was once deemed laughable that the barons of England would ever give up their practice of waging private wars. The trouble is, as Mr Kennedy pointed out, that the world may now have only months or weeks, not centuries or decades, in which to make up its mind whether to go on living or to commit suicide.

House Out of Control

WASHINGTON, DC

THE longest and one of the dullest sessions of Congress in ten years ended in undignified confusion because the House of Representatives, which had been shying and balking for months, finally took the bit between its teeth and trampled the Senate underfoot. This was typical of the 1961 session of Congress; the Senate, which normally has ideas of its own, has given the President an easy ride while the House has had to be whipped or persuaded and even so has bucked him off several times. And next year it may be yet more difficult to control, especially if the Speaker, Mr Rayburn, either decides to retire or comes back to Washington with his authority impaired by his age and illness—although some maintain that if he had had more sympathy for the President's liberal programmes they would have done better this time.

Next year the members of the House will be racing towards an election and will be even more ready than they have been this year to pander to the country's lack of enthusiasm for the President's policies—unless he has succeeded by then in overcoming that lack. The House, all of whose members faced the electorate last year, reflects the narrowness of Mr Kennedy's victory then, and the doubts which conservatives of both parties feel about him, much more closely than does the Senate, whose members serve six-year terms with only a third having been elected in 1960 and only another third coming up in 1962.

This year the reactionary Democrats who are in charge of most of the Senate committees do not seem to have felt seriously challenged by Mr Kennedy's proposals, partly because these were unexpectedly moderate, partly because with the growing urbanisation of the country even southern Senators must pay more attention than they used to do to the welfare programmes which appeal to city voters. Thus such interest as has attached to the Legislature during this session—and the new President has constantly overshadowed the new Congress—has been concentrated on the House. But perhaps the main reason for this is that the Senate no longer contains the dominating and dramatic personalities—Vandenberg, Taft, McCarran—that it used to have or the covey of potential Presidents who were on display there in 1960.

Growing Pains in Electronics—1

FROM A CORRESPONDENT IN NEW YORK

ALTHOUGH the electronics business is one of the biggest and fastest growing industries in the United States and its volume of sales should continue to increase, most electronics companies are suffering the novel and chastening experience of shrinking and, in some cases, disappearing profits. The industry, which now ranks after automobiles and steel in total sales, is a potpourri that includes both the manufacturers of semi-conductor components and makers of end products ranging from television sets and data processing equipment to weapons systems. The booming sales of electronic products (which have increased from $2.6 billion in 1950 to an estimated $10.2 billion this year) and the profits that accrued to the pioneers have stimulated an enormous expansion of new firms and made it relatively easy for them to acquire the necessary finance; there are over 150 manufacturers of transistors alone.

But now capacity in many areas is running ahead of demand, while in others—such as the computer field—competition is so intense that only the giant International Business Machines Corporation is able to prosper. Today the growth of total sales is less than 10 per cent a year, compared with an annual rise of 15 per cent a few years ago. Hardest hit have been the producers of semiconductors who have been buffeted by increased competition, both foreign and domestic. This has led to big reductions in prices—those of transistors have been cut in half during the past two years—and to a severe narrowing of profit margins. The shrinkage in earnings is by no means confined to the makers of components. Although IBM and a few other companies have managed to maintain a commendable rate of growth in sales and profits, a great many of the firms that once were regarded by Wall Street as among the nation's most glamorous growth companies are now standing still. Both in the industry and outside it there is talk of a shake-out of the weakest companies, to be followed by a battle for survival among the strong.

The shake-out has in fact begun. In the last few months a number of smaller firms have merged or sold out to other companies and some larger ones have been affected: the Columbia Broadcasting System, Inc. has decided to get out of the electronics industry completely while the Ford Motor Company is getting further in through its acquisition of Philco Corporation, which has a substantial stake in transistors and communications systems. New companies are still being created but at a slower pace, partly

because investors are showing less eagerness to risk their capital in new ventures, and partly because the required level of sophistication in technology—or what the industry calls the "state of the art"—has risen and this has made entry into the field more difficult. In the early, more primitive days of the electronics industry, it did not take much more than a group of scientists and work-space to win a defence contract; that was an era of continual technological break-throughs, which proved highly rewarding to many firms operating on a shoestring.

Today the services take even more of the industry's products—about a half, by value, a proportion which worries many manufacturers—but the growing complexity of rocketry and communications and weapons systems demands a greater degree of reliability and much more intricate equipment; these have increased the cost both of research and of controls over quality. The time needed to fulfil contracts has been lengthening, so that government outlays have slowed down substantially even though planned expenditures are rising; as a result, the smaller companies, which depend on prompt payments, have been pinched. The introduction of new techniques in manufacturing and the progress made in technology have given an edge, when contracts are at stake, to the big integrated companies, which possess both scientific brainpower and capital. But with the slower growth of sales the cost of research and development is a burden to even the richest firms. The Sperry Rand Corporation has distributed a stock dividend to conserve cash and even IBM is not immune; after announcing that its mammoth Stretch computer failed to meet design specifications, it cut the price by 35 per cent.

THE industry has been slow to make the necessary adjustments, in the hope that the premium prices it once enjoyed, and which enabled it to recoup research expenses practically overnight, would return once some of the weaker firms were eliminated. In the transistor business, at least, this is an unlikely prospect, for the users of components are now determined to get quality items cheaply. The fact is that manufacturers of transistors have increased their production, with the aid of automation, even when this has meant disposing of their output below cost. Similarly, substantial sums are still being spent on projects that become obsolete even before they produce anything to sell, a carry-over from the days when any research promised profits.

Firms which have been dependent on a single line of products are striving to diversify, and it is clear that almost every electronics company is anxious to maintain its status as a growth enterprise, for members of the managements generally own shares—or options to buy shares—whose value can be affected materially by a shift in Wall Street's opinion. Moreover, companies whose shares sell at the high prices that are accorded to growth stocks have an advantage in raising additional funds and in attracting new talent; they also do better if they wish to acquire other firms or sell out themselves. But Wall Street has been making a thorough reappraisal of electronics companies and has narrowed down the list of potential survivors to a score of major companies which are engaged in a broad line of civilian and military electronics work and which should be able to grow with the refinement of the art.

Given the intense competition and the increasing frequency of losses it is surprising that more companies have not surrendered. The explanation seems to be that they have been protected, up until now, by the ease of raising capital from a public all too willing to believe that any new electronics firm may become another IBM. The small manufacturers of components, whose overhead costs are low, have managed to stay alive, at least temporarily, by cutting prices. The hope in the transistor industry is that these big reductions in price will stimulate the opening of new mass markets—and increase the number of uses for their products—much faster than had been expected. If, for example, transistors came into considerable use in motor-cars and household appliances, present productive capacity would not be excessive.

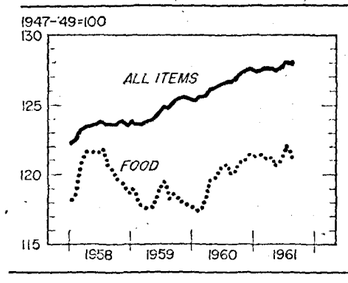
But the probability is that the days of the small manufacturers are numbered while the major makers of components will be exposed both to sudden changes in defence planning and to the ups and downs of the business cycle. There will always be room, of course, for the company engaged in esoteric technological fields or for one that is able to achieve a break-through, but these are likely to be the exceptions. The prospect is that the large diversified producers will be the chief beneficiaries of the growing amount of money being spent on electronics and even in their case it is now recognised that, while large expenditures on research are a prerequisite to survival, such spending is no guarantee of profits.

Capital Gains—

THE constitutional position of the District of Columbia, the seat of the federal government, a separate entity though not a sovereign state like the other components of the Union, has long been as irritating to its 700,000 residents as it is unique. They send no representatives to either body of Congress; they have not even been allowed to vote in presidential elections. But this last grievance of Washingtonians has just been removed. On September 25th Congress finally approved a Bill, made possible by the ratification last March of the 23rd Amendment to the Constitution, which sets up the machinery of voting in presidential elections. Republican and Democratic party leaders got down immediately to the business of organising for the 1964 contest and predicting that their side would win.

The essential provisions of the Act are unexciting. They are the results of compromises between a liberal Senate and a conservative House; between those who want as many people as possible to vote, and those who fear too wide a franchise. Little account is taken of the exceptionally fluid nature of the capital's society. Voters must prove that they have lived in Washington for at least a year before election day; must re-register in every election year and must be at least 21 years old. Absentee registration is to be restricted severely, though absentee voting is not. The names of the presidential and vice presidential candidates will be printed on the ballot papers, rather than those of the electors who are technically being chosen; and the electors will be required to swear that they will use their votes in the electoral college only in support of their party's candidates. Such provisions accurately reflect Congress's cautious approach. Some members were not so nervous, but they failed to muster majorities in favour of such ideas as a minimum voting age of 18 (supported by the Senate District Committee, the District Commissioners, and the President) and a mere 90-day residential qualification (backed by the President). The Act emerged looking no more and no less progressive than the laws in the 35 states which require a year's residence.

One other detail deserves comment. The inclusion of 3 representatives of the District of Columbia in the electoral college raises its numbers to 538, which makes it mathematically possible for a



CONSUMER PRICES

The cost of living fell slightly in August, mainly because of a seasonal decline in the price of fresh fruit and vegetables. In the first eight months of the year prices to consumers have risen by only 0.5 per cent, less than in any comparable period since 1955, but, with the economic recovery, this pause may end next year.



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deadlock to occur between two evenly-balanced presidential candidates. In such a case the election would be thrown into the House of Representatives. In view of Mr Kennedy's very narrow win in the popular vote over Mr Nixon (though he had a clear electoral majority) it is not, perhaps, certain that the political likelihood of such a thing ever happening can be dismissed as negligible.

Capital Losses

CONGRESS is not only the parliament of the United States but the town council of Washington, DC, a town council in whose election the townspeople play no part. As a result legislation to deal with the capital's problems tends to be dealt with in a hurry at the end of sessions, when members of Congress are tired and anxious to get away at almost any cost. Earlier this year President Kennedy proposed to give Washington self-government, but the project was shelved at once: southern Congressmen are not anxious to hand over the capital to the Negroes who form the greater part of its population. Now has come the reckoning—for Washington. Although Congress has approved a $270 million budget for the city, and although it has agreed on a federal grant, larger than ever before, of $32.7 million, to make up for at least part of the revenue lost to the city from the large amount of untaxable federal property in it, the legislators failed to agree on how to raise the additional money needed this year.

The blame for the resultant $5 million deficit belongs partly to the Representatives in the House who freely confessed, after they had voted, that they did not know what it was all about; but it also belongs to Mr McMillan, the chairman of the House District Committee who, although he agreed to a general sales tax, turned down a proposed increase in the sales taxes on alcohol and tobacco (he comes from the tobacco-growing state of South Carolina). A House-Senate conference therefore adopted as a substitute Senator Wayne Morse's suggestion that the District be given instead $5 million under the "impacted areas" programme, which assists communities whose schools suffer from overcrowding as a result of the presence of the children of federal personnel. But the House turned this proposal down twice, so that the whole Bill has failed to get through. The District Commissioners are left with the cold comfort that the already-authorised budget contains a provision that, in the event of shortage of funds, their schools programme may be curtailed. They have also to deal with the fact that a hold-up in the sale of some land means that their actual deficit will stand at $7 million.

According to a recent report, Washington's schools are already falling into disrepair from lack of funds to maintain them. Now four school building projects will have to be abandoned. Even day-to-day running expenses may have to be curtailed drastically. Unemployment assistance, road programmes and urban redevelopment are also expected to suffer from the House's mismanagement at this session. It is no wonder that the *Washington Post*, welcoming the partial enfranchisement of the capital, gave as one reason for rejoicing the possibility that, now that presidential candidates will have to bid for the city's votes, there may grow up "wider concern about the District's continuing demands for home rule."

Power to Whose Elbow?

IN the long-standing battle over public or private generation and transmission of electricity victories have been won by both sides in this session of Congress. On September 13th the House of Representatives threw out, for the third time, a proposal backed by the White House and Senate which would have empowered the Atomic Energy Commission to install an electric generator to use the waste heat produced by its plutonium plant at Hanford, Washington. The installation would have cost $58 million, substantially less than the $95 million which was asked for originally when it was hoped that two generators at Hanford would be approved. The cut in the scale of the project was the work of a House-Senate conference committee which hoped, by this means and by promising that the power produced would be used only by the AEC at Hanford, to make the measure acceptable. To no avail; the House vote which condemned the plan at least until next year was larger than either of the two earlier ones. The opposition's chief argument seems to have been that one general leads to another and that the government should not be allowed to use energy derived from the production of nuclear weapons to compete with private industry. Such a prospect dismayed members of Congress who dislike all encroachments on the private domain as well as representatives of those coal and oil producing states which stand to lose markets.

This defeat for the "creeping socialists" took place on the same day as their victory in the matter of the construction of 2,000 miles of line to transmit electricity from the government-built Colorado river complex of dams and reservoirs. Private interests wanted this plum themselves and feared that federal construction might set a precedent for the country-wide electric grid which is both feasible and desirable. But they failed to stop the federal Colorado project because it was obviously cheaper than anything private enterprise could put forward, although a Senate committee has tried to delay action on the most contested part of the scheme until next February at least.

The private electricity firms' newest move is to show that they are prepared to build the whole network of transmission lines which is needed. The Edison Electric Institute has announced plans for private companies to build over $7 billion worth of them in the next ten years, a scheme which, it is claimed, will "eliminate any need for waste of the taxpayer's money to build federally owned transmission lines." But the Secretary of the Interior has replied to these fighting words by suggesting that "the logical next step is a co-operative industry-governmental effort" to develop the interconnection of regions and promote pooling of electric power though, in his view, the federal authority must exercise ultimate control.

61 in '61

SUNDAY, October 1st, was the day when Mr Roger Maris won baseball to glory. When he hit his 61st home run of this baseball season, during its last day of league games, he entered baseball's Valhalla. No one has done such a thing before in the history of baseball, although Babe Ruth's record of 60 runs in 154 games surachieved in 1927 still stands (it took Mr Maris 162 games to pass the earlier hero's total). Mr Maris is now sure of being fairly rich man for the rest of his days by lending his name to advertisers and he can have another wallop at the record next season. His team, the New York Yankees, holds the championship of the American League, and can now hope, by beating Cincinnati Reds, to win the World Series crown of which Pittsburgh Pirates deprived them last year. The young man who caught Mr Maris's ball when it hit the crowd is happy too—he will get $5,000 for it from a devoted fan, on condition he restores it to the slugger. Even the pitcher who sent the ball down to Mr Maris must be happy: he has immortality of a kind himself; Mr Maris has been kinder about him than he has about many other pitchers and ("he was man enough to pitch to me and to get me out"); who would not want to be the man to give a hero his since mortality? But perhaps the American public is less happy, now it is now left with nothing but the World Series, which began on Wednesday, to stop it worrying excessively about Berlin, and the whole (thanks to Mr Maris and a fellow batter of genius, Mr Mickey Mantle) it has managed not to do so far.

Musical Chairs in Congress

THE statesmen who redrew the map of Europe at Versailles would have understood the anguish of the states which are now forced, by the census of 1960, to give up some of their Representatives in Washington. Nine states, which have grown more rapidly than the average since 1950—like Florida and California—have a delightful dividend. But in sixteen others the axe must fall somewhere. Hopes have now vanished that Congress will enlarge the House of Representatives, which is too large and unwieldy already.

When one party is in control of the State Legislature and the Governorship the axe can be used to eliminate Congressmen of the opposing party (as the Democrats in North Carolina are trying to eliminate Mr Jonas, the state's lone Republican Representative). But when control is divided, no agreement may be possible and then, under the law, all candidates for the House of Representatives must run "at large" and not for specific congressional districts. A failure to redistrict in states which are gaining Representatives means only that the candidates for the new seats have to run at large.

In July *Congressional Quarterly*, the unofficial but authoritative periodical which deals with congressional affairs, totted up the probable gains and losses as a result of redistricting and concluded that on balance the Republicans might gain about five seats—a relatively trifling matter in view of the Democrats' large majority at present. But the more seats which must be contested at large, the harder it is to forecast the results. All the established political landmarks are swept away and if there is a strong tide running in favour of one party a state whose delegation is divided normally between the two may end up entirely in one camp. This gamble is more tempting for political bosses than for incumbents whose political lives are at stake.

Four states which are losing Representatives have failed to redistrict so far: Pennsylvania, Illinois, Minnesota and Massachusetts. All are vigorous two-party states; in all four the Legislature has adjourned without passing reapportionment legislation; and in all but Massachusetts action at a special session is needed if candidates are not to run at large.

Pennsylvania, with 27 seats (down from 30) and Illinois with 24 (down from 25) are the really big question marks. In each a divided Legislature seems to have faced a principal stumbling-block in the reluctance of the big Democratic city machines (in Chicago and Philadelphia) to give up the Representatives to which they are no longer entitled by their dwindling population. In Minnesota, whose 9 seats fall to 8, the conservative Senate was determined to redistrict at the expense of a Democratic-Farmer-Labour man; the liberal Assembly arranged things the other way round. In Massachusetts the possibility of a deadlock arises because the Governor is a Republican while the Legislature is Democratic.

The most curious and instructive case, however, is that of Alabama, a state whose Democratic label covers deep factional feuds, particularly between the backward rural "Black Belt" and the modern city of Birmingham. Alabama is no exception to the rule that in most states the rural areas are already over-represented, both in Congress and in the State Legislature; this is the reason why the House of Representatives is so conservative and so out of touch with the modern world. (The first case being heard by the Supreme Court at its present session is one brought by city-dwellers in Tennessee, who are asking the courts to do something they have always refused to do—force reapportionment upon a State Legislature.)

"As Your Representative, I Promise To Continue Our Fight Against Redistricting"



Faced with the loss of one of Alabama's 9 Representatives, legislators from the Black Belt forced through a Bill which would have solved the problem by dividing Jefferson County—the most populous in the state and one which contains Birmingham, the biggest city—into four pieces and adding these to surrounding rural districts. This would have deprived three-quarters of a million people of their collective voice in Congress.

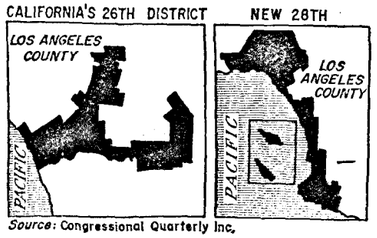
Understandably the Governor vetoed the measure. The session ended before the veto could be over-ridden and it looked as though all candidates would have to run at large. This might well have meant the defeat of some outstandingly good incumbents and the loss of the seniority in Congress which they have built up—no small consideration to a state. In a special session last month the Legislature therefore adopted the Governor's plan for a "double" primary (the Democratic nomination, not the election, is decisive in this state). Nominees will be chosen in each of the present 9 districts and then there will be a run-off to determine which is to lose his seat in this game of musical chairs.

This tale illustrates how desperately incumbents will fight to avoid standing at large, with all the extra cost and risk this entails. Alabama's example suggests that other states at present deadlocked—Pennsylvania in particular—will somehow solve their problems before it is too late for the 1962 elections. Arkansas has just passed a second redistricting measure after its first unpopular attempt was thrown into abeyance by a petition for a referendum.

Of the redistricting which has taken place this year the most significant is that in California, which provides a good demonstration of the techniques used when one party is in full control. California gains the largest number of new Representatives—its delegation is to rise from 30 to 38 to reflect the 48.5 per cent increase in its population since 1950—and the Democrats have done their best, by altering boundaries and herding the Republicans together, to ensure that all eight new Representatives are Democratic. At present there are 16 Democrats and 14 Republicans from California in the House.

At the same time that it redrew the boundaries of congressional districts the State Legislature remapped the State Assembly districts to maximise the number of Democrats at Sacramento, the state capital. The Republicans have complained bitterly that the effect is virtually to wipe out the two-party system in California. But they seem to have abandoned the idea of seeking a referendum to challenge the legislation. One reason is that a number of Republican Assemblymen were persuaded, by the offer of safely Republican seats, to collaborate with the Democrats. Another is that a referendum is costly and, unfortunately, a dry subject with which to stir up a flood of popular protest—though the trick has been brought off in Maryland and Arkansas. Finally, the Republicans are likely to retain at least a third of the seats in the State Assembly, enough to kill a Democratic budget or uphold the veto of a Republican Governor.

CALIFORNIA'S 26TH DISTRICT NEW 26TH

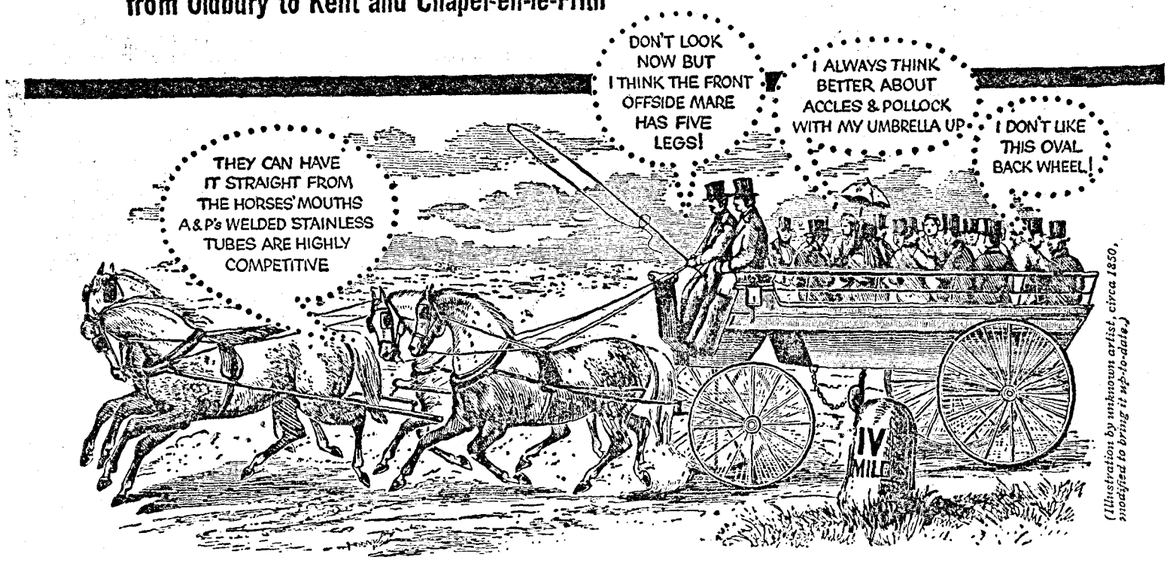


Source: Congressional Quarterly Inc.

The Democrats, for their part, insist that this year's "gerrymandering" is not as bad as that carried out by the Republicans in 1951 when they were the majority party. The drawing shows that the technique of crowding members of the minority party into an ungainly district—as the Republicans did in the 26th District in 1951 and the Democrats have done this year in drawing the new 28th district—is common to both. Republicans will have to draw what comfort they can from the reflection that Republican redistricting did not prevent the Democrats from turning the political tables in the space of ten years.

ACCLES & POLLOCK TAKE BIT BETWEEN TEETH ON STAINLESS WELDED TUBES

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(Illustration by unknown artist, circa 1850, modified to bring it up-to-date)

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We/I the undersigned hereby declare that I/We have read and nearly/fully understood Accles & Pollock's Directors statement about Stainless Steel Tubes and would like a technical booklet about them (the tubes, not the Directors).

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W/W 228

THE WORLD OVERSEAS

Nasser Battles On

FROM OUR CORRESPONDENT IN THE MIDDLE EAST

PRESIDENT NASSER'S unheralded speech at Cairo university on Monday, his second major pronouncement since the Syrian revolt broke out, was both a firm restatement of his belief in ocialism and a declaration of war, without however the use of orce, against Syrian separatism and its allies. Some excuse is een for Persia and Turkey, the former because there are no diplo-natic relations between Cairo and Teheran, the latter because of ts long common border with Syria. Gautemala's hasty recogni-ion of the revolutionary regime in Damascus is regarded by some s a mildly farcical irrelevancy, by others as a kite flown by the Jnited States, since Guatemala is commonly regarded as a special preserve of the Central Intelligence Agency. But no excuses what-ver are found for the action of King Hussein, which is contrasted ditterly with the friendly messages he sent to President Nasser arlier this year asking for the normalisation of relations between Cairo and Amman. The tone of President Nasser's attack, and hat of the propaganda apparatus supporting him, leaves no doubt hat every effort will be made, short of actual military force, to estore the authority of Cairo in Damascus and to bring down King Hussein as well.

Reports from Syria itself suggest that there is calm throughout he country. It is reported in Cairo that a secret transmitter broad-asting in favour of union has been traced to the Aleppo area, but here is no confirmation from any non-Egyptian source. Former upporters of President Nasser, who were undoubtedly numerous n Syria up to the eve of the revolt, cannot have vanished into thin ir ; but in view of the new government's determined attitude they re lying low. The best known of them, Colonel Sarraj, is again nder lock and key after a brief escape from house arrest.

The Egyptians expelled from Syria, mostly soldiers, doctors, chool teachers and engineers, are still crossing into Lebanon at a ate of many hundreds a day. This massive influx has caused the ebanese authorities considerable administrative difficulties. The eirut government has asked Damascus not to send truckloads by ight because it is impossible to improvise adequate accommodation t short notice. Repatriates are being housed mostly in barracks nd university buildings but a good many are being taken in by ebanese friends and sympathisers.

The most noticeable feature of Cairo this week is the astonishing gnorance of the course of events in Syria. The only source of nformation appears to be news put out by Damascus radio, and his is supplemented by wild rumours with the usual wishful slant which are dutifully given prominence by the Cairo press. Passengers arriving at Cairo airport from Beirut are pounced upon y officials and others eager for any scrap of information about vents in Damascus. Behind this thirst for news, it is easy to letect a sense of shock and mortification. While hoping against iope, and busily spreading rumours, such as the alleged murder f Dr Kuzbari on Tuesday, Egyptian officials borrow foreign news-papers from visitors with an impatience which suggests consider-able scepticism of the reports put out by their own press.

The problem of Syria is now being shifted to an international level by Syrian requests for recognition and the Egyptians' deter-mination to thwart this by all the means in their power. Tunisia plunged in with a proposal that the Arab League should be con-vened to discuss the Syrian revolt, but this was quickly countered by statements from Cairo that since this is an internal affair con-cerning only the United Arab Republic the Arab League has no competence to deal with it except at the instance of the UAR government. Tunisia later withdrew its proposal, mainly because of the desperate confusion within the league secretariat itself.

It is difficult to see what the Arab League can do about the Syrian revolt, since that factious body is more than ever at sixes and sevens. Iraq is maintaining its boycott in protest against the league's acceptance of Kuwait as a member. Now that Cairo has broken off diplomatic relations with Amman, it is inconceivable that King Hussein would send a representative to the league's headquarters in Cairo ; and the government of the UAR will any-way probably refuse to discuss the matter. The confusion inside the league secretariat was shown up by the fact that while the secretary general took note of Tunisia's proposal and asked the other Arab states when a meeting to discuss it would be convenient, his principal assistant came out with a strong statement supporting the Egyptian view that the Syrian revolt has nothing to do with the league.

The recognition of the revolutionary regime in Damascus also poses difficult problems for the western powers. With the excep-tion of France, their policy in the past three years has been a painful one of establishing relations of confidence with President Nasser. Progress has been appallingly slow and western recogni-tion of the new Syrian regime now would destroy much of the good work that has been done. The action already taken by two powers belonging to the Central Treaty Organisation and by western-supported Jordan and Guatemala has already aroused an acute suspicion of western complicity in the Syrian revolt, which has been stated vigorously by President Nasser himself.

There are some who argue that President Nasser's actions in Africa and in partnership with other non-aligned powers have already killed any hope of reconciliation between Cairo and the West and that recognition of the Damascus government would therefore have little bearing on the situation for better or worse. This is still a minority view among western officials in this region, but there is also a practical difficulty which may force the hands of the western powers. If Dr Kuzbari's government, as now seems likely, is capable of maintaining effective control over all Syria, and if it respects the country's international agreements, there will be little legal justification for withholding recognition. If action were taken to recognise Syria, the West must expect a spate of bitter denunciations from Cairo together with an increasingly pro-communist leaning by the UAR government. The real problem western statesmen is for how much that really matters.

Slow Time in Bonn

FROM OUR BONN CORRESPONDENT

SENATOR FULBRIGHT'S remark at Westminster last week that Germany was a fledgling democracy, not yet ready for the role of leadership in the non-communist world, has caused little if any offence in the Federal Republic. This may be because the confused and scarcely dignified striving after office that has been

exciting the parliamentary parties since September 17th makes the truth of the senator's statements too obvious to challenge. The new Bundestag, in which Dr Adenauer's party will no longer command an absolute majority, is due to meet on October 17th, and its first major business will be to elect a Chancellor. But on Tuesday, twenty-four hours after conferring with Dr Adenauer, the chairman of the Free Democrats, who hold the balance of power, reminded the Foreign Press Association in Bonn that, while the constitution insisted on a meeting of the Bundestag within thirty days of the general election, it did not impose any time limit for the election of a Chancellor and the formation of a government. In the circumstances he, Herr Mende, expected the negotiations for setting up a coalition government to continue until the end of the month. They would be long, difficult, and tedious. There would be "scurrilous headlines." But the retiring government could continue to act in the meantime without any harm being done, either at home or abroad.

No harm at all? Seen in a wider German setting, the collective and individual pettiness of much of the coalition manœuvring in Bonn looks all the more egregious. In Washington and Moscow decisions are ripening that are likely to disappoint the broad national hopes infusing Dr Adenauer's hitherto undeviating and unrepentant foreign policy. In the garrisons of the Federal Republic this week, the ten-year-old armed forces reached their prescribed peacetime strength of 360,000 men. The federal statistical office at Wiesbaden reported that altogether 3.3 million persons had fled from east to west Germany between 1950 and the end of 1960, and another 190,000 between January 1st and August 31st this year. In east Berlin this weekend, the undaunted east German regime is celebrating its twelfth anniversary, with Mr Mikoyan and Marshal Koniev among the guests of honour. "The victor," one of the anniversary slogans runs, "will not be Strauss, the corrupter of the nation. The victor will be Walter Ulbricht." And in *Neues Deutschland* Marshal Yeromenko, commander-in-chief of the Soviet forces at Stalingrad, has written an article for the occasion recalling that Mr Khrushchev and Herr Ulbricht took part in the battle of Stalingrad "shoulder to shoulder." Simultaneously it has been announced that some 220,000 members of the state-run "Free German Youth" have volunteered since August 13th for service in the people's army. In west Berlin the first 2,000 members of the new citizen's militia were sworn in on September 27th.

IT would be reassuring in these sombre circumstances to see emerging some proven democratic statesmen of style and stature, qualified to bring west Germany safely through the confusing perils and temptations of the next few years. Unhappily the coalition scrimmage in Bonn is enhancing nobody's prestige. Dr Adenauer himself seems unshakably resolved to outstay his welcome in public life. It is generally—and fairly—interpreted that the vote of September 17th showed that a majority in the country wanted to see an end both of one-party domination and of 85-year-old Dr Adenauer's long reign. Several influential political commentators have since suggested that Dr Adenauer should take the hint and retire with dignity while he still can. Had not the Free Democrats proclaimed quite so truculently and so soon after the election that they would not serve in a government headed by Dr Adenauer, they would have found more support among the Christian Democrats. As it is, the Christian Democratic ranks have stiffened against alien dictation, and Dr Adenauer is turning this natural touchiness to his own advantage.

It is being put about by some of his supporters that Dr Adenauer, seeing cheerless days ahead, nobly wishes to remain in office in order that he and not his successor shall be the object of any public ingratitude. There may be some truth in this, and it would explain in part Dr Erhard's present resignation, and Herr Strauss's abrupt decision to support Dr Adenauer's candidature after having promised the Free Democrats that he and the Bavarian wing of the Christian Democrats would oppose it. But it could also be argued that, by the manner of his scheming to stay on, Dr Adenauer is prejudicing the reputation of important party colleagues in the long run. Once again Dr Adenauer is making it quite clear that he himself does not think that Dr Erhard, whom the majority of his party and the Free Democrats regard as his most qualified successor, is experienced enough to take over. Herr Erhard missed the chancellorship by inches two years ago, when Dr Adenauer, convinced of his own indispensability, abandoned his declared intention of standing for the presidency. Herr Erhard is now 65, already three years older than Mr Macmillan was when he became Prime Minister. His prospects of the highest office are dimmer, and he has lost stature in the eyes of the public. Nor have Herr Strauss and Herr Gerstenmaier cut steadfast figures since September 17th.

Herr Mende is no longer proudly saying that the Free Democrats will not serve in an Adenauer government, though he continues to maintain vehemently in public that it would be dangerously challenging the laws of nature to leave the conduct of state affairs to an 85 year-old, however fit he may appear to be at the moment. In the coalition negotiations with the Christian Democrats that opened this week Herr Mende did not raise the issue of the chancellorship. That, he says, can be settled later. For the time being the two parties are sounding each other out with the object of reaching agreement on issues of domestic and foreign policy. That should not be difficult. But Herr Mende is not in a hurry. Nor is Dr Adenauer. Their leisureliness is as tantalising to the public as it is to their parties' rank and file.

Italian Political Gambits

FROM OUR ROME CORRESPONDENT

EXPERTS believe that the elaborate counterpoint of Italian politics is followed in detail by no more than some two or three thousand people, all more or less professionals. They include a few score of journalists whose job it is to interpret the ambiguous language of the politicians, most of whom have ended by adopting the oracular style of oratory introduced by the Christian Democrats. For fifteen years the political game has been played in the closed arena of the parties (inside or outside parliament) according to rules invented and understood by the players but incomprehensible to outsiders, that is to 51 million Italian citizens. But a country which is bursting its economic seams is not a safe or suitable place for such diversions.

The political gambits of the last few days, during and after the debate on foreign policy, which ended on September 29th, could well be the last act in a comedy of manners. The debate itself was a pretext to discover what would happen if Signor Fanfani and a strong group of Christian Democrats, headed by the party secretary, Signor Aldo Moro, were to take the great plunge, throw over the Liberals and invite the Socialists to support (and eventually enter) a left-centre coalition. Would America consider such a government unreliable as a Nato partner? Would the Church oppose it as incapable of defending "Christian values" *at home*?

It was to sound this outside opinion that Signor Fanfani spoke in defence of his active interpretation of Italy's rights and duties under Nato. In going to see Mr. Khrushchev, he claimed, he had but followed the example of Mr Macmillan, whom no one suspects of being a neutralist. In point of fact, except in Italy where people are either too realistic or too provincial to believe that a cataclysm could be imminent, Signor Fanfani has rarely been criticised for this journey. Even Signor Malagodi, the Liberal party secretary,

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admitted grudgingly that the trip to Moscow probably did no harm. But he blamed the prime minister for his "faults of tone." One more step towards the Socialists, Signor Malagodi suggested, would carry Italy over the borderline that separates loyalty to Nato from neutrality. At the end of the debate Signor Malagodi was seen to wring Signor Fanfani's hand (part of the rules of the game) though the prime minister had said nothing substantial to reassure him. In fact, two days later, Signor Fanfani, evidently heartened by the result of his soundings, made a speech at Caserta telling the Christian Democrats—not in plain terms, but in conventional language which the initiated understand—that they must cease to repulse the Socialists.

Thus the debate, which ended in a resounding vote for the government's foreign ministry estimates, probably marks the end of this long interim administration during which Signor Fanfani has governed with a self-contradictory majority, euphemistically called "the convergence." Since last Friday, September 29th, the stage is set (a second time) for the great operation which is to bring the Socialists into "the area of government." Signor Fanfani made the first move. And the Social Democrat and Republican leaders, who would be his partners in a left-centre coalition, have declared that the doctrinaire neutralism of the Socialists differentiates them from the Communists (who are not neutral but pro-Russian) and does not preclude them from collaborating in domestic matters with a coalition government. The Socialists' leader, Signor Nenni, spoke last Sunday to soften the edges of Signor Lombardi's

NORTHERN RHODESIA

The Brass behind the Copper

Huddled together in the rich, troubled heart of central Africa, the southern part of Katanga and the northern part of Northern Rhodesia carry around their necks a band of copper. This, their political burden, is their economic blessing. Between them they account for something like a fifth of the world's annual production of copper. Because of this, each is called on to contribute to the economy of poorer areas linked to them. In both territories the modern mining companies know they must struggle to keep their heads above the waves of African nationalism. The best guarantee of a future for these companies is their near indispensability. But they must obviously take care not to adopt political attitudes that would lead nationalist leaders to conclude that they could, after all, be dispensed with.

There are four major groups in the mining business in Northern Rhodesia. The *Anglo-American Corporation* and *Rhodesian Selection Trust* (RST) between them operate the mines. Their decisions are taken independently. American Metal Climax owns over 50 per cent of RST shares. The main revenue earned by *Tanganyika Concessions* comes from its 14.5 per cent holdings in Union Minière (the Belgian company that dominates next-door Katanga) and its 90 per cent interest in the railway that takes copper through Angola to the port of Benguela. The prime source of income of the *British South Africa Company* (BSA) is its ownership of all mineral rights in Northern Rhodesia.

None of the four Rhodesian companies is completely separate from the others; interlocking holdings and directorships give the industry a unity that is surprising in view of its international ownership. A fair proportion of the directors are City of London men; many of these have pronounced public (and private) opinions about Colonial Office policy in Northern Rhodesia. Anglo-American's holding company, Rhodesian Anglo-American, which has a total issued capital of ordinary shares and loan stock amounting to over £10 million and a total capital employed of over £90 million, also has large interests in the RST mines; several of Anglo-American's directors are on RST boards. (Capital employed in the RST group amounted to over £40 million in June, 1960.) Lord Robins is a director of Anglo-American, as well as of Tanganyika Concessions; he is chairman of BSA. The chairman of Anglo-American, Mr Harry Oppenheimer, is also a director of Tanganyika Concessions and BSA.

Tanganyika Concessions has a number of Belgians on its board; it is headed by Captain Charles Waterhouse, a former junior minister in the British Government, and its directors include the Earl of Selborne. With the outlook in Katanga uncertain, Tanganyika Concessions is now diversifying its interests away from Union Minière, and so far it has looked mainly to the timber business. At nearly 20 per cent it has the highest yield of all the companies; the others offer 10-15 per cent, and the prices of most of the shares have halved in the past few years.

As with all African shares, this reflects the political risk facing the companies. But for the operating companies the risk can be diminished by winning, now, the confidence of the men who will rule this part of Africa in the future. In Northern Rhodesia, Mr Kenneth Kaunda knows the need for a stable economy; some of the men who may succeed him if his moderate policies fail are less understanding. The mistake that could be made now would be to delay African political advance for another few years and thus lose the trust of men like Mr Kaunda. Fortunately, RST and Anglo-American have been progressive in the past, Sir Ronald Prain, the chairman of RST, most noticeably of all. Together the companies have reached an agreement with the European mine-workers of the copperbelt that (in theory, at least) the industrial colour bar will be abolished. In practice, the pace of African advance in the mines will be the pace that the Europeans (who are training the Africans) will tolerate. Nevertheless, the companies can point with justifiable pride to the contributions they have made to education, health and welfare for people of all races.

The company in the most difficult political position is BSA—because mineral rights can be possessed by anyone, regardless of expertise. BSA receives a royalty on every ton of ore of value removed from the ground in Northern Rhodesia; the royalty is based on agreements made with African chiefs between 1895 and 1900. In 1948 Mr Roy Welensky (as he was then) attacked these royalties vigorously, and said that they should revert immediately to the government. Under an agreement signed in 1949 the royalties were guaranteed by the British and Rhodesian governments until 1986; 20 per cent of the revenue from them now has to be paid to the Northern Rhodesian government. In the five years to September, 1960, BSA earned almost £50 million net from these royalties. The company's policy is to build up an investment portfolio against the day when the royalty agreement lapses. A large amount is being invested outside Rhodesia. The latest investments abroad include £2 million in a land development project in British Columbia and another £5½ million for aluminium development in Australia.

There are representatives of Anglo-American and other leading South African mining houses on the BSA board, as well as various merchant bankers of the City of London, including Sir Charles Hambro, who is also a director of the Bank of England. More remote from the worlds of mining and finance is Viscount Malvern—an architect of the central African federation. Lord Salisbury was also a BSA director until his resignation last April on the grounds of ill health. But the name of Cecil is still much to the fore, since some of the company's investments are now held by two separate subsidiaries, Cecil Investments and Cecil Holdings. The BSA royalties may seem as tempting a plum to a future nationalist government as they did to local Europeans in 1948.

rather sharp speech in the foreign policy debate. Signor Lombardi wanted Signor Fanfani to make a clean break with the past, but Signor Nenni urbanely said that the Socialists can co-operate with the Christian Democrats without either party renouncing its principles or trying to fuse Marxism with Catholic sociology, or socialist neutralism (which he seems to consider a mere hypothesis) with the pledges given by the other parties to Nato.

If Signor Fanfani sticks to his guns the crisis may come at the end of October when parliament will have voted all the departmental estimates. If the government resigns (through the defection of one of the three external supporting parties) President Gronchi may either ask Signor Fanfani to form a left-centre coalition, or else invite the present government to carry on and dissolve parliament. His powers to do this lapse in November, six months before his presidential term ends. The feeling gains ground that the issue is so momentous as to call for a general election which would almost amount to a referendum on the question: government with or without the Socialists? The problem is no longer political so much as psychological. Will Signor Fanfani's nerve hold? Will President Gronchi be true to the programme he announced in his famous investiture speech? Will the Socialists find the strength to override doctrinal prejudice and habit?

The conditions in the country are very different from what they were when the question of "an opening to the left" first became a practical political issue in 1958. Today Italy rides the crest of an industrial boom; it has passed from the old protectionist "corporative" economy into competitive capitalism under the common market. The social problems connected with the change are immense. The Christian Democrats alone are powerless to resolve them. Their impotence has been demonstrated this week when 10 million school children have found themselves short of 50,000 class rooms and parents have camped in the streets all night to enter their children at school. For two years the Christian Democrats have been dallying with a "ten-year school plan" of which Signor Fanfani himself is the author. Now the plan has gone with the wind. So too has the government's "five-year plan for agriculture," annihilated by the flow of population from the country to the towns. Now the Christian Democrats project a plan to co-ordinate industrial development. But it will take more than a mere "statistical exercise" (as its critics define the project) to regulate the forces let loose by the change in the country's economy. Signor Fanfani knows this, but will he have the strength to carry through his ideas?

Tout va Très Bien

FROM OUR PARIS CORRESPONDENT

"My centre is giving way, my right is in retreat; situation excellent. I shall attack." In keeping with the celebrated advice of Marshal Foch, General de Gaulle was in a particularly aggressive mood in his broadcast to the nation last Monday. Signs of discontent among the political parties in previous weeks had led General de Gaulle to invite some of the leaders for consultation. Since this did not seem to satisfy them, he warned them publicly that there was no question of returning to the parliamentary games of yesteryear. If, instead of following the government's lead in a disciplined manner, the deputies misbehave, the National Assembly will be dissolved. And if the crisis is really serious, the President could always make use of article 16 to reassume the full powers that he has just relinquished, and wield them in a more dictatorial way than in the last five months.

These warnings to his critics were coupled with approval of the Fifth Republic. The general claimed credit for the country's economic progress and political stability. The government has advanced methodically towards its appointed goal in Algeria. Tribute must be paid to the armed forces not only for their victory in the field but also for their discipline. In the general's view all will be well so long as political trouble-makers are not allowed to sap the unity of the nation.

Some critics in Paris have pointed out that a gloomier picture might equally well be painted. It can be argued that France's economic expansion did not start with the Fifth Republic and that the latter's institutions are nothing but a façade. It can also be argued that the government's Algerian policy, far from being splendidly consistent, has been a series of improvisations, compromises with the military command and wasted opportunities. Finally, it can be feared that the combination of political apathy at home, with the officers' awareness that they are the only political force to be reckoned with by the government, may still provoke a direct take-over bid by the military command. These fears presumably inspired last week's appeals for a political regrouping by both M. Mendès-France and M. Mollet.

The political parties have lost their grip and are unlikely, without some sort of shock, to recover it rapidly. The efforts of the political leaders are, therefore, mainly significant for the light they throw on the changing popular mood. M. Mollet's desertion of the general is particularly interesting. He has a flair for understanding the mood of his rank and file and is not in the habit of



Taisez-vous, mes enfants

deserting ships that are in good trim. Yet any talk of a regrouping on the left raises the old problem of relations with the Communist party. M. Mollet answered the question in 1958 by choosing gaullism rather than even a temporary alliance with the Communists and he has not changed his mind. M. Mendès-France refuses to be drawn on the subject, but he will not be able to avoid the issue for long.

General de Gaulle clearly does not believe that the politicians, whether of the left or the right, represent any real threat to his position. Hence, he felt able to tell them to keep quiet and let him get on with his Algerian plans. It is extremely hard to say whether Monday's broadcast revealed any changes in these plans. He did not mention the Sahara or any French claims to military bases. Nor did he elaborate on the guarantees which will be required for the European community or on the nature and command of the proposed Algerian police force which would run the referendum. These silences are impossible to interpret. But nothing that the general said seems to be an obstacle to a resumption of negotiations with the Moslem insurgents and in Paris it is expected that this will soon take place. It should test the temper of the European settlers and of the officers' corps in Algeria.

The ease with which General Salan and his outlawed staff travel across Algeria, broadcast to the population, and organise bombings or strikes is a proof of extraordinary complicity in his



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activities by both the military and civilian authorities. The underground OAS (*Organisation de l'Armée Secrète*) has the same backing among Europeans as the FLN enjoys among the Moslems: not all its methods are approved but there is a general sympathy with its ends. Since the Europeans, however, are outnumbered—by roughly ten to one—their political weight is felt only when backed by the French army. In this context General de Gaulle's praise for the army's discipline is carefully calculated.

The ambiguous relationship between General de Gaulle and his officers' corps is not easily defined. There is general agreement, however, that more officers sympathise with General Salan's slogan of *Algérie Française* than with the gaullist conception of disengagement. This does not mean that they are willing to embark on open rebellion. They seek refuge in a passive attitude. The first days of the abortive army coup last April showed what an opportunity this benevolent neutrality offers to a determined minority: loyalty was measured in terms of inaction. But the sequel showed the limited effectiveness of this kind of support. Next time General Salan and his colonels will have to go farther and therefore rely on more solid backing. Experts here suggest that if the imminent return of the Algerian leaders from Tunis were to be announced, this would be taken by many French officers as a final blow to their hopes and might cause an insurrection sponsored by the OAS. Logically, General Salan and his men should wait and prepare for such a favourable occasion. But brasshats are not always logical.

German Swings

FROM A CORRESPONDENT



THOUGH the full consequences of Dr Adenauer's electoral setback, in terms of government building, are still uncertain, it is already possible to draw some conclusions about the mood and direction of the west German vote. In a high poll (87.5 per cent compared with 87.8 per cent in 1957) the minor parties have effectively disappeared from the scene, gaining only 5.7 per cent of the vote compared with 10.1 per cent in 1957 and losing all their seats in the Bundestag; the alliance between the German party and the Refugee party, in the form of the *Gesamtdeutsche Partei*, has in particular ended in disaster. On the other hand, the trend towards a two-party system, noticeable in the two previous elections, has been halted. The main antagonists—Christian Democrats and Social Democrats—polled only 81.5 per cent compared with 82 per cent in 1957; the Free Democrats have firmly established themselves as a third major party. At the same time the transfer of votes between the three parties now represented in the Bundestag was bigger than ever before, and if one can discover how and where these swings took place it will be possible to understand more about the nature of present-day German politics. The national average swings were as follows:

	CDU	SPD	FDP	GDP	DFU
	Percentage of Votes Cast				
1957 ...	50·2	31·8	7·7	8·0	...
1961 ...	45·3	36·3	12·7	2·8	1·9
Change	−4·9	+4·5	+5·0	−5·2	+1·9

There were, however, marked deviations from this mean. The old fear of the CDU that its Protestant voters were less reliable than its Catholics was confirmed. In Schleswig-Holstein, rural, conservative and 88 per cent Protestant, the Christian Democrats' vote went down by 6.3 per cent, although there was here a large reservoir of Refugee party votes to exploit. In denominationally mixed North Württemberg, the drop was 7.9 per cent. It is obvious that anti-clericalism is by no means a spent force in Germany. How much better the line held in Catholic constituencies is illustrated by two results from Rhineland-Palatinate. In Montabaur, evenly balanced between the two confessions, the CDU went down from 54.9 per cent to 48.3 per cent; next door in Prüm (97 per cent Catholic) it went down from 79.1 per cent to 76.1 per cent. In Hesse it lost its ten remaining Protestant seats and now holds only the three seats with Catholic majorities. Thanks to being able to pick up most of the votes of the semi-defunct Bavarian party, the Bavarian wing of the party, the CSU, did best of all: indeed in 16 out of 46 seats it improved its position.

The Social Democrats made least progress in their old industrial strongholds. This may be partly because they have come near to exhausting their potential in these towns; it is also undoubtedly because the fellow-travelling Peace Union (DFU) has drawn a good many votes from them here. The Peace Union polled best in the old communist citadels, and in many of these the SPD has simply stagnated. In Hamburg its vote rose by only 1.1 per cent, in Mannheim by 0.1 per cent, in Remscheid-Solingen it actually dropped by 0.4 per cent, and in Nurmberg-Fürth by 1.2 per cent. It is evident that the socialists did best among people who do not come from a traditionally Social Democrat environment and who would not previously have considered voting for them. To this extent their "new look" has proved to be profitable.

The Free Democrats, like the Social Democrats, have made least progress where they have hitherto been most stable, that is in the south-west—Baden, Württemberg and the Palatinate. In their best constituency (Heilbronn in Württemberg) they gained only 0.1 per cent. They did better in former strongholds where the last few years have brought them heavy losses—Hesse and Hamburg for example. Here they have been able to recapture most of their apostates to the CDU. They did best of all in northern Germany, where they were able to corner the lion's share of the votes that once went to the All-German party. Diepholz in Lower Saxony is a striking example: the GDP dropped from 33 per cent to 8 per cent, the FDP rose from 7 per cent to 24 per cent. These newly-won voters may well prove a headache to their party. Deeply conservative and nationalist, they have little in common with the liberal ideas which the FDP proclaims and could, in the long run, appreciably change its character.

All in all, the bulk of the floating vote has shown itself to lie where observers have always tended to locate it, in the Protestant middle class. This class has done peculiar things before now, and its political behaviour will need to be watched in the very difficult period now confronting the makers of German foreign policy.

In one respect, however, German voting habits have not changed: women are considerably more conservative than men. In the city of Ulm polling stations were segregated according to sex: This showed that women divided 44:35 in favour of the CDU, while the men divided 45:35 in favour of the SPD.

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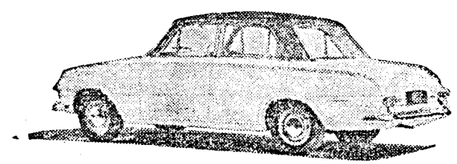
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THE BUSINESS WORLD

Pause in the Pause?

BANK RATE was reduced by a tentative ½ per cent on Thursday to the inevitable chorus of that well-worn formula, "no green light." This reduction, the Chancellor of the Exchequer declaimed at the Mansion House dinner on Thursday night,

> is certainly not an indication that the time has come to relax any part of our policy. The credit restrictions and the other measures must still continue. . . .

Seven per cent Bank rate was a crisis rate. Its function was to demonstrate to the domestic public that a crisis was on, to the overseas public that Britain intended to do something about it; and to give immediate support to sterling. These tasks, the authorities now apparently feel, have been fulfilled; indeed the support for sterling has become embarrassingly strong, raising the sterling-dollar rate to a height that is not justified by the underlying balance of payments and pulling in foreign funds from abroad. Thus, on the official view, there has been sufficient progress with the short-term objectives of the July measures to justify this half per cent reduction —which is strongly desirable in the interest of international equilibrium. But the long-term elements of the July policy, so the chorus repeats, remain unchanged—no easing for the banks, no easing for the other suppliers of credit, no easing in wages policy.

This line of reasoning is not unfamiliar; but it is reasoning that does not add up. Either Bank rate is part of the credit squeeze or it is not. If putting it up to 7 per cent had a psychological influence, in what way does putting it down to 6½ per cent have none? Long after the echoes from the Mansion House dinner table have died away, industrialists will be noting the reduction in their overdraft rates. Building societies will find it easier to get hold of funds; local authority treasurers will feel a half per cent better off. The stock exchange has already registered its relief. "Perhaps things are a bit difficult, but anyway we're over the worst"—that, surely, must be the general reaction. Is Mr Cousins not supposed to hear? Is the Minister of Labour not supposed to hear? Or will their eyes be riveted to the restraining words of Lord Cromer and Mr Selwyn Lloyd, urging everybody else to keep up *their* end of the squeeze?

Most recent economic pointers have been in an encouraging direction. The reduction in Bank rate is the more disappointing because 7 per cent had apparently been far from ineffective domestically; whether or not interest rates are a negligible consideration for borrowers at 5-6 per cent they plainly have an intrusive influence at 7-8 per cent. The Governor implied that interest rates in Britain have recently been unduly high; but at their traditional levels they may in modern conditions be virtually ineffective. After all, the economy for once appears to be responding quite sharply to official policy. Current payments may be back in balance already and there is the prospect of a surplus sufficient to cover capital commitments by the first half of 1962.

Yet nobody questions the size of Britain's economic task. The Bank of England itself, earlier this week, was offering an analysis intriguingly close to that of the not particularly like-minded National Institute of Economic and Social Research. The Bank, in its notably improved quarterly bulletin, declares:

> To sustain a satisfactory rate of economic growth and at the same time restore external balance, an increase in exports of some 10 per cent per annum may well be required for two or three years, assuming no change in the terms of trade.

The National Institute, in turn, sees a good chance of a rise of 5-8 per cent in exports by mid-1962, but points to the exceptionally favourable conjuncture of reduced activity at home and favourable market conditions abroad. Britain's balance of payments still seems to it "to be fluctuating around an average which is seriously inadequate." The Bank is plainly in agreement, and has no illusions about what its 10 per cent per year rise in exports requires: it "will require a sharp change in the international competitive position of UK industry." The Bank would therefore, one would have thought, have been deeply anxious to avoid any action that would encourage a return of complacency; and this provided a strong reason for deferring the cut in Bank rate.

The Bank and the Chancellor have taken a risk. For what purpose? The major consideration, frankly, has been to ward off foreign funds and avoid embarrassing the United States. The dollar is again coming under strain; this week has seen a gold loss from the United States of $75 million, the largest for months. This pressure stems partly from the near impasse reached at the International Monetary Fund meeting in Vienna that ended a fortnight ago; and there is a sense in which this half per cent Bank rate reduction stems directly from the Vienna impasse too. For clearly if countries baulk at making adequate official funds available to compensate international movement of private funds, then it becomes more tempting to try to reduce the private flow themselves. This is awkward in a world of convertibility. Bankers dislike exchange controls. Hence the new fashion of international co-ordination of interest rates. In fact this cannot be an adequate substitute. In the last resort countries are not willing to put their interest rates to levels that are really inappropriate to their domestic situation—if they did, the consequences

could be far more inflationary than any international credit scheme, of which some bankers are so shy. Thus the British authorities at present are presumably not willing to reduce Bank rate to 4 per cent: yet this is what might well be necessary to check the inflow of funds. Bank rate at 6½ per cent is still likely to leave a huge margin, of perhaps 3½ per cent, over New York in the Treasury bill rate.

The dilemma between domestic and external considerations affecting Bank rate has not therefore disappeared. But there was, and is, a simple and much more effective way of avoiding international embarrassment. The authorities have immediate means of compensating the movement of foreign funds directly. They could push the money back through the International Monetary Fund—either by making an early repayment or, less formally but to the same effect, by letting it be known that Britain would be happy if the next IMF loans were to be made in sterling.

ALTHOUGH some of the latest statistical evidence still relates to periods before or during which Mr Lloyd took his measures, such subsequent indicators as are available suggest that home demand is now moderating. Consumers' incomes are now probably not rising as sharply as they were in the first half of the year, while prices have been rising: this has limited the increase in personal spending. The Chancellor raised prices at once by his surcharges, and hopes to delay further increases in income. It would be possible for consumers to increase their expenditure regardless, by drawing upon their large apparent margin of personal saving; but the pressure to reduce consumer debt, under the squeeze, is an influence in the other direction. The surcharge on indirect taxes affected purchase-taxed durable goods, while the hire purchase companies were themselves independently tightening their terms; and this check to the purchase of expensive consumer items was imposed on sales of cars and home equipment that had increased since the last relaxation of controls at the beginning of the year but had never, this summer, developed into a boom.

Investment inside the British economy had been showing advance signs of a decline in 1962 before Mr Lloyd tightened credit: the more modest capital intentions of manufacturers and other businessmen, sampled by the Board of Trade at the beginning of the summer but only recently reported, have tended to confirm this. So have the records of orders for machine tools and other capital equipment. Private house-building seems to have passed a peak this year, and to be somewhat in decline: the effect of the squeeze on building societies may reduce effective demand for new houses somewhat, and it seems likely to work similarly upon local authorities' programmes for building houses. Various nationalised industries, admittedly, quite escaped any capital cuts this summer; but it is unlikely that total investment in the public sector will grow much.

In the assessment of our economic managers, perhaps, this moderation of home demand is supplying sufficient spare capacity—and incentive—for British business to increase its exports. Exports have already risen to some extent, though the main increases this year have resulted from larger deliveries of ships and aircraft, which will be hard to maintain. The National Institute, considering the prospects of higher demand for imports in the resurgent American economy and possibly of some later recovery of imports into the overseas sterling area, reckons that exports should show a further rise during the first half of 1961; and that imports, now moderated by the decline in stock-building, will take longer to begin rising in line with output.

These factors in demand, all taken together, may imply a slow continued growth in industrial production, perhaps quickening a little by the spring, whereas in July it seemed possible that the pause would mean a temporary downturn. Employment has not risen this year nearly as much as production and nor have wages quite kept pace: as a result productivity and labour costs should have improved a little. (Costs of materials, too, have been fairly stable, but prices of manufactured goods have gone up somewhat: this implies that profit margins this year should have been rising somewhat, at least in the capital goods industries that have gone on expanding, though the stock exchange shows little sign of having heard anything about this.)

CONTINUED growth in national output, albeit slow, leaving a somewhat larger margin of spare capacity in the economy, and a swing into a much more favourable position in external payments: these are short-term prospects ostensibly promising enough to satisfy the most prudent. But recent uncertainties on the stock exchange—and those of industrial managers—may well have stemmed from the prospect of a collision between the Government and the unions, with businessmen as buffers, this winter. In principle, businessmen may be ready for the showdown; in practice, many are less so, and Mr Cousins's distant thunder at Blackpool has had some effect. The National Institute, in its assessment of the winter prospect, assumed that the Government's policy may only drag negotiations out a little and lead to rather smaller wage awards: it guessed that by the spring or early summer, wage earners will have managed to achieve increases of about 5 per cent to match a rise of about 5 per cent in prices since the last round of wage increases. Certainly the trade unions, duly noting the softening in the City will not be any more persuaded to suffer the squeeze in patience; and this week has made the institute's guess seem more likely. The pause might then temporarily have checked consumption, but would have made little contribution to that required "sharp change" in competitiveness.

Since July . . .

BANK ADVANCES were down £104 million in the month to mid-August and £128 million in September—an unprecedented rate of fall.

CHEQUE CLEARINGS were down by 2.6 per cent in September, the first monthly reduction since January 1958.

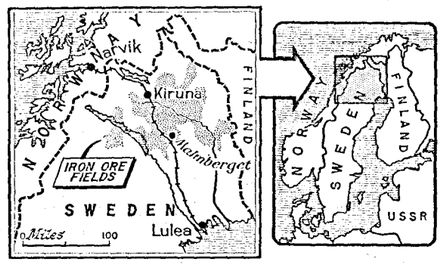
In September, **HIRE PURCHASE** sales of cars dropped to 54,815, more than a fifth below September 1960 and with the exception of December last the lowest monthly figure for three years.

RETAIL SALES in August remained as high in value as in July, with the index 117 (1957=100), but prices had risen, so that the volume of sales was probably 1½ per cent down. Sales of **DURABLES** fell away after the pre-emptive rush of July; sales of clothing and footwear went up.

The Board of Trade reported that **INVESTMENT INTENTIONS** sampled earlier in the summer suggested a slight dip in manufacturing capital expenditure in 1962, with a slight rise in investment by distribution and service industries.

UNEMPLOYMENT rose by about 10,000 more than would seasonally be expected between July and August, and remained at this level up to mid-September. **UNFILLED VACANCIES** fell 26,000 from July to September.

Iron Ore From Lapland



IN spite of the development of new iron ore deposits in Canada and Venezuela, and various parts of Africa, Britain still imports more ore from Sweden than from any other single supplier: and most of this high-grade ore comes from the Far North. At Kiruna, and the rest of the vast ore ranges in Sweden's Arctic territories, there is so much iron ore that geophysical prospecting there is now being directed to a strange end—to finding ground guaranteed *not* to contain ore. The Kiruna deposits are a mighty ore body, dipping to 2,000 metres along a 5.5 kilometre strike. The 10 million tons taken out annually still represent a fleabite. However geophysical prospecting, employing gravimetric and seismic methods for the first time in prospecting for iron, has revealed as yet unannounced but reportedly vast new deposits in the area. As a result the town of Kiruna, centre of the northern mining industry which with an incorporated area of 13,181 sq. kilometres has long taken pride in being the "largest town in the world," has had to stop building its badly needed sewage plant, because it was located on a previously unsuspected ore deposit. Desperately needed new housing areas have likewise been found to rest on an iron base, and cannot be developed.

The Lapland deposits have been known since the 17th century, but their remoteness and the phosphorous nature of the ores made them economically unviable until the invention of the Thomas process of steel smelting in the 1870's. A succession of companies were ruined attempting to mine and bring the ore to market. The building of the 474-kilometre railway connecting the mines with the port of Luleå at the end of the Baltic and Narvik on the Atlantic had in the end to be completed by the Swedish State Railways (after a British company had gone broke). The all-important railway reached Narvik in 1903, by which time the mining concession had been acquired by the Grängesberg Company which operated mines in the traditional ranges in central Sweden. By using the railway as a lever, combined with a threat of an export levy on ore shipment, the government in 1907 grabbed a 49 per cent share of the equity from the company. Since no compensation was offered, the state partnership amounted to outright confiscation. The agreement then signed contained an option clause giving the government the right, after due notice, to acquire full equity in the company; the annual production was not to exceed a stated tonnage determined by the Riksdag and the contract was to be renewed every tenth year. This enforced partnership continued for 50 years, including two world wars during which the Lapland ores provided the sinews of the German war effort, since practically the entire Ruhr steel industry had been geared to the uninterrupted supply of this material.

It still remains something of a mystery why the Swedish government in 1955 decided to exercise its option and insist on acquiring a controlling interest of 51 per cent of the equity. The government was by then, it has been estimated, taking 90 per cent of the net profit of the operations—in dividends, corporation and income tax. Its professed reason was concern for this remote region where despite its immeasurable natural wealth people live in arctic squalor, unemployment and social backwardness. Human conditions in the tenuous shadows cast by the huge main frames of the mines are deplorable: they result in the highest unemployment rate, doles, and communist voting in Sweden.

BE that as it may, after lengthy bargaining the private owners backed out and received as a compensation £57 million in cash, while retaining £7 million, or 5 per cent of the equity of the new Luossavaara-Kiirunavaara AB, or LKAB for short. The Grängesberg Company invested its freed capital in a new steel works in Sweden and in the Nimba range in Liberia, which promises to be a serious competitor to the Lapland mines. The new state corporation LKAB, with a share capital of £35 million and total assets amounting to £78 million, began under good auspices. Investments totalling £35 million made during the five years prior to the takeover were brought to fruition with impressive results. The open-cast mining pursued for some 50 years has been abandoned and Kiruna has been converted to the largest underground—mine in existence. An open working is usually the most lucrative form of ore extraction, but the open pits had reached such depths that the cost of terracing had grown too high.

It is the planning of the new underground mine that excites the interest of the mining world: it attracted some 1,500 mining engineers to have a look during the last brief summer alone. Confronted with the problem of bringing 3,000 men to their underground places of two-shift work, the mines were provided with ramps with a gradient of 1:10 and a tunnel width of 8 metres, by means of which the men are brought in and out by bus. Some 500,000 tons of mother rock derived from the preparatory workings are also brought to the surface by 25 ton diesel trucks. The ore, however, extracted by sub-level caving, is dumped by chutes down to the transport

tunnel on the mine's 420 metre level where it is brought by double-track CTC railway to underground crushers and hoisted in skips through eight shafts serving a large dressing plant above ground. Crushing, skipping and ore dressing is automatic. The capacity of the plant is 4,000 tons per hour, which is being expanded at the present by 50 per cent, by the addition of two new shafts with associated pithead plant.

This is at Kiruna. At the neighbouring property Luossavaara, railbound transport has been replaced by diesel trucks, and at the third property, at Malmberget, the ore not shipped as lumps is brought by band conveyor to a concentration plant and converted to sinter and pellets in a nearly automatic plant. The capacity of the Malmberget beneficiation plant is 600,000 tons powder concentrate of which 350,000 tons can be turned into pellets.

In 1960, these three orefields produced 16 million tons of ore, of which all but 0.4 million were exported to west Germany, Belgium and Britain for a total value of £61 million, providing a net profit of £12 million, after paying £11.4 million in taxes and reserving £5.7 million for investments. The output in 1961 is expected to exceed 17 million tons; LKAB will take the place of the Orinoco Mining Company, subsidiary of U.S. Steel, as the world's leading exporter of iron ore. By 1967, it is expected that the output will reach 24 million tons, of which 15 million will derive from Kiruna, 6 million from Malmberget, and 3 million from a new open cast mine now in the process of being opened up at Svappavaara. This mine is expected to become the third largest in the country, after Kiruna and Malmberget.

In order to handle this increased output the banks and bridges of the ore railway to Narvik and Luleå will have to be strengthened to permit a wheel loading of 25 tons, as against the present 16 tons. To get the State railways to undertake this extensive reconstruction work, as well as build a new 40 kilometre spur into Svappavaara, in an age of contracting railways, would have been out of the question prior to 1957; now the railway administration has grudgingly consented to do so, which will raise the capacity of the railway by 50 per cent.

Ore-handling capacity at the harbours of Luleå and Narvik will also be expanded. Luleå is being built out at a cost of £10.5 million, to accommodate the shipment of 12 million tons per year. At Rombaksfjord on the Atlantic, scene of a memorable British destroyer action in 1940, a gigantic scheme, embodying gravity loading from underground silos blasted into the mountain that sheers into deep water, may be realised, the Norwegians willing, sometime during the sixties.

In sum, Kiruna is an exciting place to work for a large team of engineers and planners, who have the chance, seldom realised, to lift a backward extraction industry by the roots and plant it anew on a high technological level. It is highly gratifying work for technocrats because it is beautifully simple and clinically free of human contamination. Reduced to its simplest terms, it is a matter of cutting cost by the application of capital. It is a job that requires little insight in conventional mining; much of the work of rationalising the underground operations is being performed by men who never had their feet soiled by sloshing around in a mine. In fact, a good deal of the data on which the decisions are based gushes out of electronic computers in distant Stockholm.

While the major investments are turned into underground and surface buildings and ore handling hardware, the actual operations in the mines are subjected to cost-cutting scrutiny by a process locally known as "selective rationalisation." The bus transport underground cut the cost of personnel transport by 50 per cent. In the same mine "drilling and blasting," important preliminaries to ore extraction, have been subjected to technocratic review, with some surprising results. All the detailed aspects of the cost in drilling with all existing types of machines, from light airleg drills to multi-unit hydraulically controlled American drill jumbos, were determined by conventional work studies. From this crude material the major cost items, machine cost, labour and explosives, were selected for further study.

When, ultimately, the computers gave forth the answers to the questions asked, some very surprising and, to manufacturers of mining equipment, highly embarrassing results were obtained. It became quite evident that of all the different types of rock drills made throughout the Western world none answered the requirements at Kiruna. At the optimal point of the curve was a lacuna that could not be filled by any available machine. But by then it had become a simple matter to write the specifications of the type of machine required and have it made. That put an end, for the time being, to concern over the high cost of drilling.

Reducing the cost of explosives by more than half required less sophisticated methods. Here the pioneering work had been done in United States and Canadian mines and quarries following the Texas City catastrophe in 1947 when a store of ammonium nitrate exploded. A research team at Kiruna produced a slurry consisting essentially of ammonium nitrate, fuel oil, TNT, water and a plasticiser. Having done that, its manufacture was turned over to the regular explosives supplier.

In the technocratic atmosphere now prevailing at LKAB it was inevitable that the many newcomers to mining would be restive about the primitive business of ripping ore out of the ground and shipping it in its crude state. They are now preparing for upgrading the ore to an intermediate product, tailored to the blast furnace requirements and the oxygen steel processes of their customers on the continent and in Britain. The 350,000 ton pelletising plant at Malmberget is the first big step in that direction, and the operations at the new Svappavaara mine are from the outset planned with such views in mind. Teams of metallurgists are studying the detailed process requirements of continental customers, and the management is prepared to offer tangible inducements to convert the buyers to the idea of having their pelletised charges prepared at the mines.

Closer technical integration, however, may not be easy to reconcile with Sweden's attitude towards closer economic and political integration in Europe. The ore company's political masters remain insistent on not having anything to do with LKAB's customer governments except on their own terms. The technocrats at LKAB, relaxing from the latest sheaf of figures from the data processing centre, tend to shrug off the statements of the political leaders regarding the Common Market as pre-negotiation tactics. Unfortunately, their computers offer no guidance in politics—which threaten to jeopardise their 24 million ton future.

BUSINESS NOTES

THE EXCHANGES

Uneasy Calm

Spot sterling dropped by ¼ to $2.81⅛ on Thursday, but technical influences as well as the Bank rate reduction played their part. In the forward market the three months discount narrowed by ¼ to 2½-2⅜ cents, which is a little less, as an annual percentage on the spot rate, than the presumed ½ per cent narrowing in the interest differential

The feeling of the exchange markets continues to be one of uneasy calm. Sterling was in continuous demand again before the Bank rate reduction, especially at the beginning of the week; Wednesday was rather quieter. The process of unwinding of leads and lags is not completed yet, but it has been accompanied too by a slow if still tentative return of foreign balances. The dollar, which had earlier strengthened a little in Zurich, fell back in midweek towards its lower support point of 4.31½, and was also weak in Germany. The gold market has had another quieter week—quieter, that is, by the standards of this summer or last autumn. The London price has remained at $35.18½, close to the notional shipping parity which also appears to be, for the time being, the official resistance point. The market is now reflecting the easing of tension over Berlin, following the official American hints about accepting realities. The undercurrents, which make the calm an uneasy one, are the doubts and fears that private bankers have taken home from Vienna.

While the Bank of England has cast unexpected light on the Basle operation at its zenith, it has kept the veil of secrecy over the latest step in its dismantling, and has thus once again blurred the significance of the monthly gold figures. The published rise for September was £24 million. Britain drew the remaining £18 million of its £536 million from the International Monetary Fund last month, but this was certainly much more than offset by a "substantial repayment" of Basle money to Continental central banks. Guesses at the amount can best start at the new reference point provided in the Bank of England bulletin. This discloses that the largest amount outstanding under the "Basle Agreement" (note the inverted commas) was £325 million. This is a little higher even than the maximum range in most unofficial estimates, but it confirms that the total drain of reserves up to the end of July was in the range of £600-£650 million put forward in *The Economist* of August 12th. The new figures given by the Bank can now be used in association with existing (and hitherto largely unmeaningful) figures to show what lay behind the massive strain on sterling in the first seven months of this year. In brief, the figures show a basic deficit on current and long-term capital payments of £220 million; a capital outflow beyond that of £550 million; tempered by rebuilding of £124 million of London balances of overseas sterling countries, giving a net deficit of some £645 million.

The Basle credits apparently reached their peak during June. At June 30th they were down by £2 million to £323 million, and there was a "small" repayment in July. In August "some £200 million" was repaid —the whole amount referred to in the statement issued at the time of the drawing from the Fund—so that the amount outstanding before last month's "substantial" repayment was perhaps £120 million or a little less. The one other clue is that "the great bulk" of the total assistance has now been repaid. It would be reasonable to assume that the remaining rump consists of the Swiss portion of the credits which it is now planned to fund in a medium term government to government loan, designed to avoid a movement of funds across the exchanges. On the very rough assumption that some £40 million remains on this score, September's repayment may have been some £80 million, which would bring the true rise in the reserves in the month to £86 million, following £40-£50 million in August. Some London dealers put the true September rise as high as £100 million. But no one is very confident about his guesses nor—on the upturn—very concerned about the precise figure.

STERLING CRISIS, 1961:
THE (ALMOST) OFFICIAL ARITHMETIC

Seven months' drain
January 1 to July 31; £ million

Published gold loss	278
Basle credits (325 peak), say	320
	598
German debt repayment	45
	643

To Finance

First half-year (to June 30)		
Current and long-term capital deficit	−129	
Adjust for: Ford	130	
German debt repayment	45	
Adjusted deficit	304	
Balancing item (unidentified inflow)	97	
Net deficit		207
Outflow of Capital*:—		
Sterling holdings (non-£ area holders)—		
Official	76	
Private	296	
Miscellaneous capital	79	
Total capital outflow	451	
Add capital outflow for July‡	100	
Capital outflow Jan.–July, say		551
July basic deficit, say		11
Capital outflow plus basic deficit		769
Less rise in £ balances of RSA Jan.–June		124
Total to be financed by Basle credits and reserves		645

*Excluding the Basle credits disclosed by Bank of England Bulletin. †Adjusting fo. Ford. ‡Gold loss for July was £114 million, after "small repayment of Basle credits."

IN THE MARKETS

Taken by Surprise

Although a cut in Bank rate had been freely discussed, the City did not expect it yet. The market had rather been looking for some hint at the bankers' dinner that a time for some such reduction was not far off. Gilt-edged stocks had been firm all through the week, particularly at the short and short medium dated end of the market. The growing strength of sterling encouraged Bank rate hopes, and sentiment had also been strengthened by the improvement in the liquidity ratios of the clearing banks, following the further sharp drop in advances in September, which suggested that the banks might soon be buying gilt-edged stocks again. The stock to attract most attention however has been 2½ per cent. Savings Bonds 1964-67, which is attractive to the surtax payer. It now stands at 83¼, having gained 1¼ over the week. The rise in prices at the short end helped most of the gilt edged market but it was only after the cut in Bank rate that the undated stocks showed much improvement. By the close on Thursday War Loan stood at 53⅝, a gain of ⅝ on the day. Gilt-edged stocks generally showed gains of up to half a point, but some speculators were taking their profits by the afternoon, and prices closed below their best.

Equities, too, showed some good gains on the Bank rate news with stores and property shares well to the fore, and the *Financial Times* index on Thursday rose by 5.6 points to 300.5, following its 2 point rise on Wednesday, when the market found reassurance in the gold figures and the moderately favourable forecast of the National Institute *Economic Review*.

Before the Boost

By Tuesday the *Financial Times* index of ordinary shares had passed through the low points for both 1961 and 1960 and at 292.9 was at its lowest level since a week after the 1959 general election. Selling had not been very heavy, but buyers felt disinclined to re-enter the market, especially with Mr Cousins rumbling away at Blackpool and the public opinion polls showing

a further swing towards Labour. A Bank rate cut then still appeared a distant prospect.

While there has been little sign of institutions returning to the market, a large part of their funds is still being absorbed by new issues. The statistics compiled by the Midland Bank show that in September the amount of "new money" raised on the London market amounted to £48.3 million, bringing the total for the first nine months of 1961 to £533.1 million, compared with £393.5 million for the corresponding period in 1960. Among the recent issues, rights offers by both Thomas Tilling and Ross Group amounting to about £6½ million together were both over-subscribed after taking account of applications for "excess" shares. The block offer of 5 million Scotbits at 5s. each has also met with an encouraging response, bringing in applications for 5.3 million units despite the low yield of only 2.8 per cent. The "Save and Prosper" Group can be well satisfied with the success of this offer in the depressed markets of the present, and this success is likely to be noted by unit trusts, which hitherto have usually made their offers near the top of the market. As the figures now incorporated into the quarterly bulletin of the Bank of England show, net additional sales of units reached only £1 million in the first six months of 1961. The trusts have, however, been doing somewhat better since then.

The bulletin also gives similar figures relating to investment trusts. The returns of 249 trusts show net new investments in the first quarter of this year of £9 million. Of this sum about £3 million was invested in Britain, over half of it in government bonds of 5-10 year maturity, while £6 million was invested in overseas securities. Clearly some of this went into European securities and in view of the propensity of investment trusts for investing in their own kind some of these funds have no doubt gone into European investment trusts. One of the largest of these, Robeco (Rotterdamsche Beleggings consortium NV) is now to apply for an official London quotation for its shares, which so far have been dealt in under Rule 163 (1) (e). At present British investors hold about 7 per cent of its capital, giving them a stake of about £6 million. The shares now stand at about £25 but the company has now altered its articles to permit the issue of sub-units of one tenth of a share, which at about 50s. would be a much more attractive unit to the British investor. The trend towards lower priced units has continued elsewhere and Unilever is now to follow Shell Transport in splitting its £1 stock units into 5s. shares. This pleased the market which marked up the £1 units by 9s. to 142s.

DRUG PRICES

Dispensing Pressure

The Minister of Health has not lost much time in following up his announcement last May of his intention to invite tenders for the bulk supply from Italy and Denmark of certain antibiotics used in hospitals. Contracts have now been offered to four British drug importers, covering a period of one year starting from the end of this month. Some hospitals had already been buying these drugs direct from Italian manufacturers, who are neither licensed to make them by the American inventors nor pay royalties. Mr Powell has now followed their lead. His authority lies in a section of the Patents Act of 1949 giving the Government the right to waive some of the rules governing patent protection where a patented invention is used "for the services of the Crown." To Mr Powell's advisers hospitals evidently appear to qualify as such a service just as much as defence, for which this section has normally been used in the past.

The implications of Mr Powell's latest move in his Ministry's constant battle to hold down the rising cost of the national health service are far more significant than the actual savings to the Exchequer from importing these antibiotics. The annual drug bill now totals £110 million, of which only £14 million worth is used in hospitals.

The antibiotics concerned—the tetracycline group and chloramphenicol—cover about £1 million of that £14 million, and Mr Powell reckons on saving about £350,000, less any royalties his department agrees to pay to the patent holders (or, if negotiations fail, any sums decided upon by the High Court). At the beginning of this year the Ministry managed to get the drug manufacturers to agree to some important modifications to the scheme governing the prices of drugs supplied for the health service as a whole, including a new provision for direct negotiation of prices for "certain widely used drugs"—among them, these new antibiotics. Since then some progress has been made in settling new prices.

But what has probably spurred Mr Powell into carrying out his threat to buy from foreign sources, presumably as a way of putting additional pressure on the manufacturers, has been some figures prepared by a firm of accountants giving the rate of profit on capital employed earned by the British manufacturing subsidiaries of the eight largest American drug firms—including the four companies supplying hospitals with the new antibiotics. On pharmaceuticals these eight American-owned subsidiaries earned an average 73 per cent on capital employed. This the Ministry has compared with its own figures of 20 per cent for British-owned pharmaceutical firms and 13 per cent for Swiss. After allowing for the American subsidiaries' share of the costs and capital of their parent companies' research, their rate of profit works out at about 30-35 per cent. Though the Ministry's calculations for British and Swiss firms may not be comparable, it is probably right in thinking that 30-35 per cent is rather on the lush side. Mr Powell's latest choice of weapon might raise eyebrows, however: after all, other governments may take a fancy to it.

EXCHEQUER ACCOUNTS

Uncertain Surplus

Despite the fortification provided by the 'little budget' of July, the Exchequer accounts at their half-way mark of September 30th appeared to be not quite matching Mr Lloyd's original budgeting in April. The overall deficit, including below line outlays, was actually £26 million larger than a year before, whereas the April budget foresaw an improvement in the full fiscal year of £325 million, to a deficit of only £69 million—which after the July measures should become a modest surplus. The Chancellor stated on Thursday night that there is no reason to believe yet that the final result will be "very different" from the April and July estimates. The Exchequer reckoning is, of course, far from being the test of the policy: indeed, the more successful the Government is in holding incomes down, the smaller will be its intake of income tax and the less chance there will be of an overall Exchequer surplus.

So far, however, income tax has been fairly buoyant, with an increase of £109 million on April-September, 1960, compared with an expected rise of £295 million

SIX MONTHS' OUT-TURN

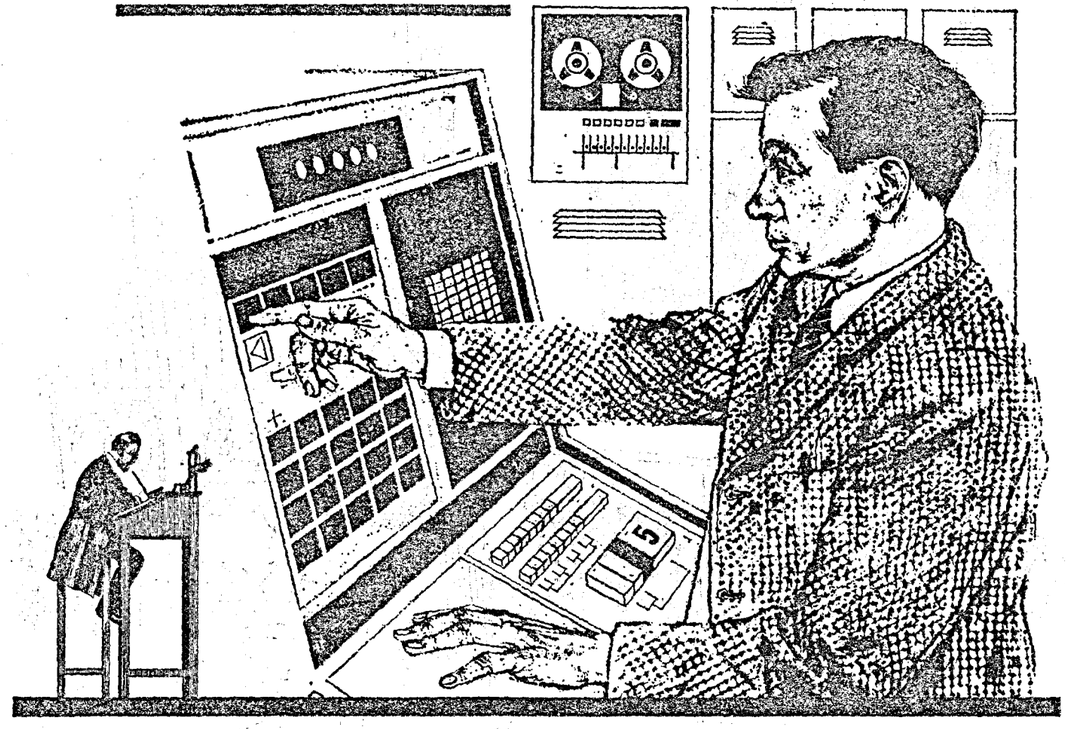
(£ million)

	April 1, to Sept. 30, 1961	Change on April 1, to Sept. 30, 1960	Expected change in full year on 1960-61 out-turn
Revenue:			
Income tax	787	+109	+295½
Surtax	43	+ 7	+ 20
Death duties	133	+ 22	+ 4
Stamps	51	+ 8	+ 4
Profits Tax, EPT and EPL	178	+ 37	+ 62½
Total Inland Rev.	1,192	+182	+386
Customs and Excise	1,275	+ 85	+120*
Motor duties	31	+ 5	+ 29
Other revenue	136	+ 32	+ 39
Total Ord. Revenue	2,634	+304	+574*
Expenditure			
Interest on Debt	396	+ 66	— 1
Sinking Funds	19	nil	+ 1
N. Ireland	42	+ 1	+ 3
Miscellaneous	4	nil	+ 14
Total Cons. Funds.	461	+ 67	+ 17
Supply Services	2,516	+193	+198
Total Expenditure.	2,977	+260	+215
Above-line balance†	−343	+ 44	+359*
Net Below-line Outlay	−348	— 70	— 34
Total deficit†	−691	— 26	+325*

* Not adjusted for additional revenue of £130 million expected from 10 per cent surcharge on revenue duties.
† In second and third columns (+) indicates reduced deficit or increased surplus.

for the full year, the bulk of which would be expected in the new year quarter when tax receipts are at their heaviest. Death duties and stamp duties are already above the budgeted increase for the fiscal year, but motor duties are lagging well behind the expected rise. Customs and excise, originally scheduled to increase by £120 million over the year, are up by £85 million; however,

in a changing world



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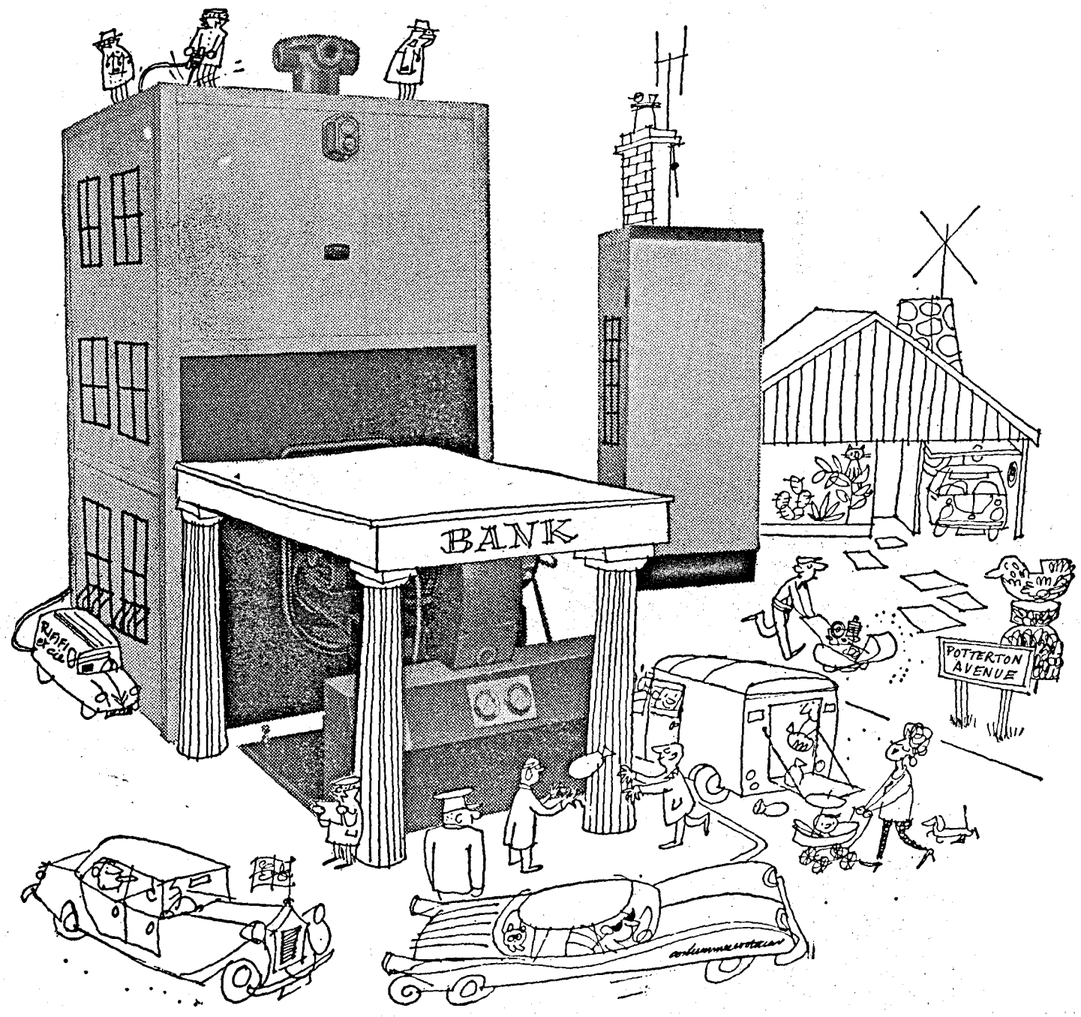
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about £25 million of this increase is attributed to the Chancellor's 10 per cent surcharge on revenue duties, which is expected to add an extra £130 million in this fiscal year. Total ordinary revenue is so far up by £304 million, compared with the April estimate, ex the surcharge, of £574 million.

Spending Runs Ahead

EXCHEQUER spending, however, is well ahead of schedule. Supply expenditure is already up by £193 million, taking up almost the whole increase expected in the full year. Debt interest is up by £66 million, compared with an April estimate of a slight fall on the year. The 2 per cent rise in Bank rate will have added some £12 million to Exchequer borrowing costs in these nine weeks; the bulk of the addition to debt interest so far is attributable to other, more technical influences connected with the conversion this spring of the 1956-61 Funding Loan stock. The upshot is that total ordinary expenditure is up by £260 million compared with an estimated increase of £215 million in the full year; and the above-line deficit at £343 million is £44 million smaller than twelve months ago, compared with an improvement of £359 million expected in April, before the "little budget" boost.

Net expenditure below-line for these six months is £70 million larger than a year ago, against an estimated increase for the full fiscal year of only £34 million. Payments below-line, however, are especially lumpy and erratic. Loans to building societies already total £33 million, close to the whole provision for the full year, but the societies have only until November to draw before the scheme is suspended. The Electricity Council has drawn £156 million in loans expected to total £190 million in the full year, and the Transport Commission has drawn £85 million of an expected £137 million. But the local authorities seem to be repaying the Exchequer at the expected rate, and their drawings of £5 million, for which no provision was noted in the budget accounts, were made predominantly before the turn-round in the exchange market and the London mortgage market in July.

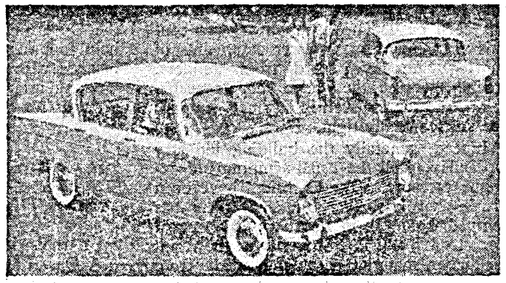
CONSTRUCTION

Fever, None the Less

IT is not often that a manufacturer cuts his price, even nominally, when hard pressed to keep abreast of orders. But that is what the London Brick Company has done. It has pared the price of 1,000 "common bricks" by 2s. per 1,000 or roughly 1½ per cent, because, the firm says, of higher productivity—at a time when many other brick manufacturers are facing higher unit costs through having to use old plants, work a lot of overtime, and skimp on plant maintenance in order to meet the present

MOTORS

New Cars at the Salon



THE Hillman Super Minx that has been introduced at the Paris Salon this week is virtually identical to the Singer Vogue, using the same 1,600 cc engine developing 62 bhp, but it has a different radiator grille and two headlamps instead of four—a touch of austerity that increases aesthetic appeal since the headlamps are so nearly combined with the grille. The Super remains a strictly conventional design, but it is much superior to the old Minx in its handling and road-holding qualities; it is a well-balanced car with only a slight tendency for the front wheels to drift out on a corner. The actual cornering power seems better too, with little tyre squeal or roll if a bend is taken fast, and the steering is now more positive. Rootes has followed Vauxhall's example in retaining drum brakes, but not in using soft springing; the result is that passengers feel small up and down movements on bumpy roads, but the car is pleasant to drive fast.

It has in fact certain of the good qualities that the old Victor had; perhaps there may be some transfer of allegiances. But at the price of £854 for the saloon it is competing with the Victor de Luxe, which costs £847 with a three speed gearbox and £864 with four speeds like the Minx, rather than with the Victor Super at £798 with four speed gearbox or the Ford Classic at £767 to £826. The Hillman is more comparable in body space to the Classic than the Victor; the family man may therefore go for the latter, and the more sporting driver for the Super Minx or the Classic—which does offer disc brakes, if less comfortable cornering.

The only important new model from a Continental manufacturer to be making its debut at the Salon is the rear-engined Simca 1000. As might be expected when the companies are financially linked, this car follows closely the chassis design of the Fiat 600, a car that avoided the worse features of some rear-engined designs. The body is much more modern, clearly inspired by the Chevrolet Corvair, and considerably roomier; its engine is derived from that of the Simca Aronde, but is of 944 cc instead of 1,290 cc and it develops 45 bhp. At a price in France of £470 the car will be competing with the Citroën Ami 6 and the more expensive versions of the Renault Dauphine. If, as is expected, Renault replaces the Dauphine within the next year or eighteen months by a super Dauphine with a 944 cc engine, it may well move up into the price class of these new cars. The Simca means one more competitor for the small British car in Europe; though it is hardly an advanced design, Simca has always relied on well-tried features to sell its cars.

Price Cuts

THE reductions of up to £29 in the price of the Triumph Herald that were made this week suggest that Leyland is determined to raise the volume of its car sales, even if this can only be accomplished by reducing profit margins. The dismissal of a large proportion of the administration can hardly have made anything like a big enough saving to allow such a big cut in prices; but presumably the new directors feel they can find other means of reducing costs. One factor that may well have precipitated their action is Rootes' decision to keep the old Minx in production at a price that was £1 below that of the Herald saloon; another may have been introduction of the Cooper versions of the BMC babies at a price that was £49 below that of the Herald saloon—and is still £20 less. The price of the new TR4 sports car also shows determination to stay competitive; at £1,094 it is only £74 more than that of the TR3 that it replaces, £80 more than the Sunbeam Alpine and £108 less than the Austin-Healey 3000.

The cost of tyres has also fallen this week as the result of competition; the cut of six per cent by manufacturers passes on to the public the benefit of competition among wholesalers for the custom of the retailers, which the latter could not pass on themselves owing to resale price maintenance. The wholesalers had been giving retailers an extra discount of about five per cent, entirely out of their own margins. Now the manufacturers appear to be forcing the retailers to go back to their old discounts, leaving the wholesale margins reduced. Most tyres sold on the replacement market go through wholesalers, who may sell direct to large customers but mostly supply garages. It has only been these large customers who have benefited from the competition among the wholesalers. This incident shows how resale price maintenance makes the consumer depend on the manufacturer to give him any benefit from competition amongst distributors. But it also reveals that such competition can occur and still, eventually, bring prices down.

very heavy demand for bricks. Production has been pushed up by about 2½ per cent this year, but, though fewer complaints of shortage are now heard from builders, mainly because they have become accustomed to ordering well in advance, supplies are still generally tight.

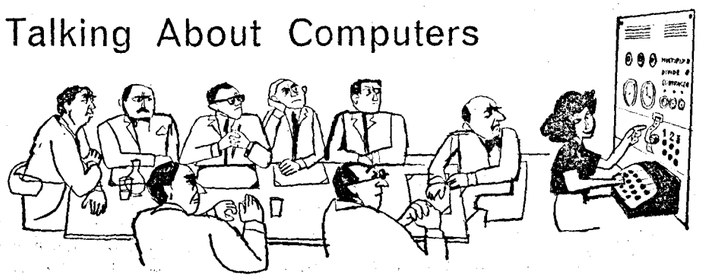
Indeed, generally the building industry is displaying all the usual symptoms of extreme pressure. Tender prices have been rising sharply: *The Builders'* index has jumped from 384 in February (1939 equal 100) to 413 this month, partly as the result of higher material costs and partly from this month's wage increase and reduction in the standard working week. In house building, the picture is almost 1947 all over again: starts have levelled off, completions have dropped, but the number of houses in various stages of construction has been shooting up. The industry is hoping that the Government's measures last July will help to bring building activity into better balance without setting off a real decline. The cut in Bank rate may give them some grounds for optimism.

OIL

Dalliance in Baghdad

At their initial meeting with General Qasim last week, the negotiating team from Iraq Petroleum Company and its shareholders that has returned to Baghdad for the latest round of discussions presented to the Iraqi government a memorandum setting out in detail the reasons why they cannot agree to a 20 per cent government participation in the existing operations of IPC. Discussions appear to have gone no farther: the general then asked for time to study the memorandum, and proposed a further full-dress meeting on Tuesday of this week. During the interim the Western negotiating team discussed some of the issues with certain of the Iraqi ministers concerned, but when Tuesday came the full meeting was postponed for a few more days. It may be that the Iraq government, unwilling to accept the companies' position or proposals, is nevertheless not anxious for what might be a final break in these talks. But it might be unwise to exaggerate General Qasim's disinclination to force a showdown: the explanation may simply be that he has had some political preoccupations close to his frontiers in the last week or so.

Talking About Computers



THE symposium on electronic data processing being held in London during the current computer exhibition had not finished when this issue of *The Economist* went to press, but the papers already presented showed how numerate computer owners have become since the last meeting of this kind four years ago. At that time a computer was still regarded as a high-speed adding machine useful for tiresome routine computations such as calculating payrolls, keeping stock inventories and insurance records; it was probable that a good many expensive installations were under-employed.

More and more managements since then have come to understand that a computer is capable of logic as well as arithmetic, and now seek its counsel before taking a good many far-from-simple business decisions. Nor is it only big companies such as Shell Petroleum that do this, working out the group's probable worldwide supply—demand position a year in advance, or Rubery Owen using a computer for production planning, or AEI hoping that one will make it easier to adjust the production of domestic equipment to what the company itself described as "a wildly fluctuating market." One of the most interesting papers was read by a dress manufacturer who does not own a computer at all

Fashion is highly seasonable—and perishable. To spread work throughout the year, and to be still able to give quick delivery, dress manufacturers have to manufacture for stock, backing their hunch on which designs will sell best in what colours. Their mistakes have to be jobbed off in the sales. But one manufacturer, Job White and Sons, has discovered that if ten or twelve knowledgeable retail buyers can be shown each new season's designs in advance and asked to place their initial orders, the computer—in this case, hired—will work out a production schedule from this small sample, specifying designs and colours so that "the firm could inflate an order book for two weeks into five months' work with very little risk of incurring unsaleable stock." Most people would appreciate that the kind of economic problems faced by a company like Shell could be expressed to mathematical terms, but how many would have thought that a computer had an eye for fashion?

Decision-making by computer is still novel enough to attract comment. It is also behind most of the labour troubles caused by "going electronic," rather than the displacement of clerks by the computers on purely routine duties. A member of one of the main computer manufacturers, International Computers and Tabulators, expressed it this way: "One cannot say that one is building decision-making into the system without, in so doing, removing the equivalent responsibility from someone who hitherto had this task to perform." But computers are still being bought in large numbers for routine arithmetic, with the government as one of the biggest customers. With 18 already working and 9 more on order, the Treasury expects to spend up to £20 million on electronic data processing during the next ten years doing service and police pay, the population census, stock control for the services and the entire graduated pensions scheme (which was planned for computers from the start and might be unworkable without them). Likewise, the banks are only just beginning to put their accounts on to computers; significantly only one bank, the Bank of Scotland, had enough experience of computers to give a paper at the symposium.

Electronic account posting emphasises one of the biggest problems associated with computers, the design of their ancillary equipment. Computer design was not discussed—a pity, since this is a fascinating field where the stimulus comes from scientists asking always for bigger, faster computers and where advances in solid state physics are changing computers so that the early designers will soon be unable to recognise them. But the computer itself is only as good as the equipment that feeds the data into it and prints this the other end in a usable form. Banks, for example, could not adopt electronic book-keeping until a host of ancillary machinery had been designed to "read" figures on cheques. The mastery of electronic "reading" may in fact open up completely new fields for computers by making them independent of the rather clumsy devices used at present to feed information into them. Then computers will have full qualification for a seat on the board, and better qualifications, one might add, than some present two-legged incumbants.

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Electrical Aids in Industry—Data Sheet 19

Factory Heating—2

It is impossible to describe in detail every type of electric heater on the market, but a representative selection is dealt with below. Each type of building presents its own problem, and the best plan is to seek advice from your Electricity Board, who will be pleased to help.

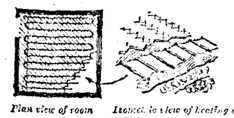
'OFF PEAK' ELECTRIC HEATING

Because the 'off peak' load makes use of generating and distributing equipment when it would otherwise be idle or underloaded, the Electricity Boards offer cheap 'off peak' tariffs. Three types of 'off peak' heating systems are available, namely:

(a) Hot water storage heating: This consists of a conventional hot water radiator or panel heating system through which hot water from a large storage vessel is circulated. The water in the storage vessel is heated electrically during the 'off peak', low tariff hours and is circulated when required through the radiators or panels.

(b) Block storage heaters: These heaters consist essentially of a number of firebrick blocks which are heated up during the 'off peak' hours by means of suitable electric heating elements. The storage heaters are clad with a layer of suitable heat-insulating material and are housed in a sheet metal casing, the design being such that the stored heat is gradually dissipated throughout the day by means of radiation and convection. These heaters can easily be installed in existing buildings.

(c) Floor warming: In an 'off peak' floor warming installation, electric heating cables or ducts housing withdrawable cables are embedded in the concrete floor of the building. The cables are switched on and the floor is heated up during the 'off peak' hours, and the mass of concrete and screed of the finished

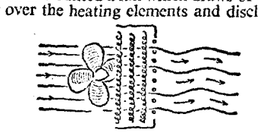


Plan view of room *Enlarged section of heating cable*

floor has sufficient thermal storage capacity to heat the building during the period when current is not available. This method is only applicable to new buildings.

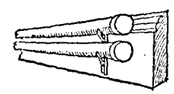
DIRECT ELECTRIC HEATING

(a) Unit heaters: These consist of a bank of electric heating elements fixed in a casing on which is mounted a fan which draws or blows air over the heating elements and discharges



it in the required direction. Such units are mounted on the walls or stanchions or hung from the roof members in appropriate positions throughout the works.

(b) Infra-red heaters: These consist of heating elements usually of the sheathed metal or silica tube type mounted in a polished reflector. They operate at temperatures from 700 to 900°C, and give off the greater part of their heat by radiation. They are mounted overhead and are useful for providing local areas of comfort in spaces not otherwise heated.

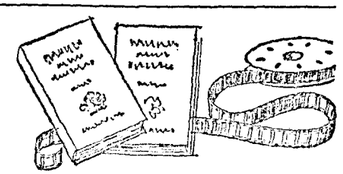


(c) Tubular heaters: These take the form of tubes approximately 2″ in diameter containing an electric heating element and are available in lengths from 2 to 17 ft. The normal loading is 60 watts per foot run and the surface temperature is from 180 to 200°F. They are usually placed round the walls at skirting level, but also can be used at high level in order to prevent downdraughts.

For further information get in touch with your Electricity Board or write direct to the Electrical Development Association, 2 Savoy Hill, London, W.C.2. Telephone: TEMple Bar 9434.

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CREDIT TRANSFERS

Telling the People

PEOPLE who are accustomed to pay their gas and electricity bills or hire purchase instalments by direct transfer through a bank have had the mild shock this week of being charged 6d. by the bank for this service. They are not being mulcted: the new system marks the final stage of the new system of credit transfers, under which customers and non-customers of the banks alike are being encouraged to make payments in this way at the bank counter, designating the accounts to be credited and handing over one sum to cover the lot, with an additional 6d. for each item to cover the cost of the service. Previously the commission was collected from the recipient, and for hire purchase instalments the companies were charged 1s. a time, which in one way or another was passed on to the borrower.

Comprehensive facilities for credit transfers have now been available for seven months, yet the general public has still not been stirred to move from the traditional English way of paying each bill with a separate cheque in a separate envelope. People have not taken yet to the "giro" method, which the credit transfer embodies, of a single direct instruction to a bank to credit various designated accounts. To get the system going two additional things are needed: the public must understand the mechanism, and it must have the necessary information about traders' accounts. The banks in these past few months have been encouraging traders to include such information on their stationery—best of all is for the invoice itself to embody a credit transfer slip with details of the account to be credited already filled in. Firms have been slow to respond, though some big organisations, including the Post Office for its telephone accounts, are switching over to the new system. The banks are now to do their part by undertaking the essential publicity drive: the clearing banks over the next six months are to launch a joint advertising campaign explaining the new facilities.

SHIP FINANCE

Hole Amidships

SHIPYARDS have been saying lately that the cost of loan finance is currently their main competitive handicap in the world export market for new ships. But it is not the only one, nor probably the most enduring difficulty. Last week the Sunderland shipbuilding firm, Joseph L. Thompson & Sons, failed to land a £4 million contract from the Naess shipping group for a 80,000 deadweight ton oil tanker (which would have been the largest tanker yet to be built in Britain) because of the complete collapse of attempts to raise mortgage finance for the ship—even though a long-term charter with Shell provided additional security and, it is believed, rates of 7¼ to 8¼ per cent were offered. This failure provides a salutary reminder of the long-standing "bald spot" in the London capital market for medium-term money of the kind suitable for financing shipbuilding orders.

Until international competition in shipbuilding and the demand for bigger, faster, and thus more expensive ships brought into fashion ship mortgage loans of more than five years—including some with an initial "rest" period for the first one or two years after delivery—and also loans for more than half of the contract price, shipbuilding finance both during and after construction presented few problems. The shipyards themselves traditionally undertook or were able to arrange it: to meet a need for some organised facilities the Ship Mortgage Finance Company was set up ten years ago by ICFC, the Shipbuilding Conference, and about forty insurance companies and other institutions. This company's resources have for some time been fully committed and there is now a real scarcity of money in the capital market for ships, not only for export where risks and insurance costs are greater.

Banks are understandably unwilling to lend for more than five years, and periods of less than twenty years or so are not particularly favoured by insurance companies. Attempts have been made on a number of occasions to form some kind of fairly permanent consortium of insurance companies to fill part of the gap, but each time with little help for shipbuilders. The financing of British Petroleum's large building programme four years ago, which momentarily attracted some pension funds, was one of the more spectacular exceptions, and it was a once-only operation. Continental shipyards, in contrast, appear definitely to have much less difficulty in arranging credit finance for customers through their capital markets. Interest rates of as low as 5 per cent, loans for up to 70 per cent or even 90 per cent of total cost, and for periods of from seven to ten years are sometimes encountered. Presumably Mr Marples will now try to prod the City into making some suitable arrangements. But will he succeed?

How the Airlines Ranked in 1960

THE sudden recent check to the growth of air traffic has made it easier for the British Overseas Airways Corporation to explain to the Ministry of Transport's special appeals commissioner why it should be protected from competition by a second British airline, Cunard-Eagle, when last year's results show that the corporation has moved up from eighth to seventh place in the league table of airlines and is the fourth largest international carrier this side of the Iron Curtain.

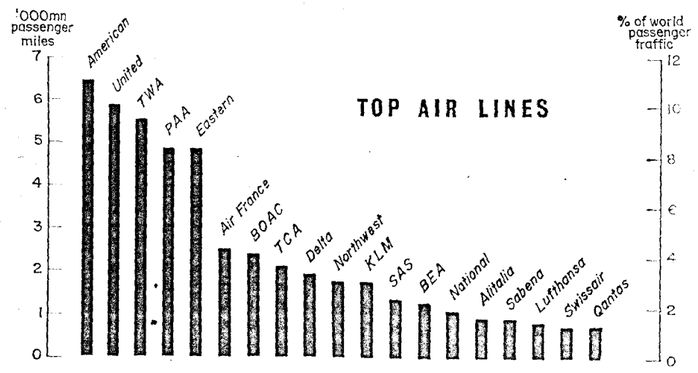
The air traffic results prepared by the International Air Transport Association are both less comprehensive than those issued by the United Nations, and more detailed; because while they cover only IATA members (of which there are 88 including all the biggest airlines) they do give separate traffic returns for each of those members. Thus it is possible to see how individual airlines compare in the amount of business they do, measured by the number of passengers carried and the distance they travelled. Year after year the top league table of airlines is dominated by the big internal operators of North America, including those like TWA that have both internal and international routes. Since its merger with Capital Airlines, United is almost certainly a bigger operator than American, which has headed the list for so many years; what was surprising about last year's traffic, however, was to find one of the big four, Eastern, displaced by an international airline although admittedly still an American one—Pan American. This, combined with the steady climb of BOAC up the table, is sure evidence that the rate of growth in internal American air traffic is slowing down while international traffic, which has always lagged behind it, was still expanding at the old rate. Perhaps the airlines ought to have been able to read this as the writing on the wall; then they might have been taken less unawares by this year's set-back.

The quite noticeable drop in the number of aircraft in service with IATA airlines is not so surprising when the huge size of the new machines is taken into account, and their inexhaustable capacity for work. The biggest fall was in the number of DC3s still flying; a good many DC6s and Convairs were also retired and the number of DC7s scrapped might have been higher but for the tendency to convert them to freighting. Last year was the first time that there were no Stratocruisers in service.

AIRCRAFT IN USE

	1960	Change on 1959
DC 3	634	−116
DC 6*	372	− 46
Convair*	321	− 43
DC 7*	276	− 20
Viscount*	260	+ 4
Super Constellation	240	− 28
Boeing 707/720	166	+ 90
DC 4	146	− 8
Electra	127	+ 19
Constellation 749/049	122	− 22
DC 8	110	+ 89
Others	602	− 22
Total	3,376	−103

* All marks.



ATOMIC ENERGY

Politicking in Vienna

PROFESSOR V. S. EMELYANOV of the Soviet Union is a likeable, respected scientist of world renown; but he may be on the way to forfeiting both the liking and the respect of other scientists through his blustering attacks on the International Atomic Energy Agency at its annual general meeting in Vienna. There the agency's first director general, the American Mr Sterling Cole, was making his valedictory report after four years in office. A successor, the Swedish Dr Eklund, has been chosen by the agency's board of governors but the Russian delegation seemed determined that the meeting should not approve the appointment. The Professor's ranting and roaring might be written off as a smokescreen to hide the Russian delegation's embarrassment in trying to explain away the Soviet Union's resumption of weapon testing ("the harmful effects of nuclear tests . . . were far less harmful than those of nuclear war") but for one particular point, his outright attack on the system of safeguards by which the Agency tries to ensure that no country to which it gives atomic aid or supplies atomic materials will divert these to military use.

These safeguards are regarded as the cornerstone of international atomic cooperation. It is recognised that any industrialised country can make weapons if it

COMMODITY CONFERENCES

Washington, London and Geneva

IF commodity producers have a season this is the height of it. To the harmless pleasure of guessing the size of many important crops that occurs about this time of the year the growth of international co-operation in commodity matters has now added the slightly more sinister activity of horse trading round the conference table. The market is nowadays more sceptical than alarmed at what might happen at these conferences. Though revolutions still have their place in commodity markets—as well as causing a fall in prices of Brazilian coffees Sn Quadros' unseating also forced the postponement of consideration of a "long-term" coffee agreement—experience has shown that these conferences do not produce overnight a revolution in marketing. In conjuring anti-climax out of what seems a desperate situation and in producing uninformative statements of studied ambiguity, some commodity committees have few peers.

It therefore did not come as a surprise that, despite exaggerated hopes, the international **coffee** agreement was quietly extended in Washington a fortnight ago and a committee was set up to draft a more permanent agreement, with a timetable that ensures that it cannot become effective before the start of next season. Since July, prices of Latin American coffees have declined by up to 10 per cent, though prices of African robusta coffees have remained firm. However, members' export quotas for the six months to the end of March were left unaltered, though last season export quotas had later to be cut to around 7 per cent below the original entitlement.

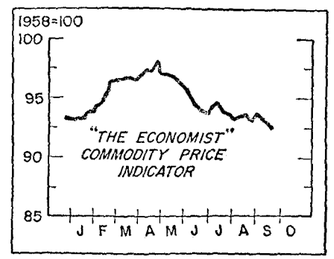
Producers can hardly be so satisfied with last year's quotas. But for the huge surplus that threatens disaster should agreement not be reached, there would certainly have been more haggling over quotas. Kenya's coffee, for instance, commands a substantial premium in some markets and the whole of its production is easily absorbed. Robusta coffees seem to be finding a readier market than more expensive mild coffees. African producers therefore argue the case for giving consumers the type of coffee they appear to want most against Latin Americans who are still producing millions of bags of coffee which will never be drunk.

The drafting committee has been given until December to draw up a long-term agreement. Unless it can make room for some further growth in Africa's share of exports, it is unlikely to find favour in those parts. Although the United States, Britain and the members of the common market have given the project their blessing, it is less likely to get their signatures if it includes some earlier recommendations for an elaborate buffer stock system.

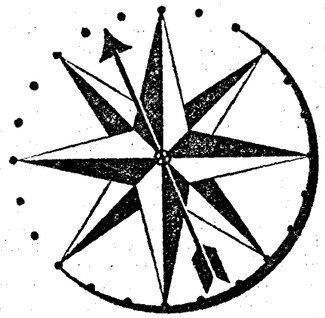
Without big changes in permitted exports, the international **sugar** council is unlikely to save face by maintaining even a paper balance in future between supplies and demand. The ejection of Cuba from the American market added about 50 per cent to the quantity of suggar for which the council seeks to find a home, and although representatives at Geneva have so far been more concerned with putting their case for larger export tonnages, the meeting will soon have to get down in earnest to pruning back somewhere if it is to complete its review of the sugar agreement by October 12th. The favourite candidates for a cutback are those exporters who have been given the opportunity of increasing their shipments of sugar to the United States.

The United States consumes as much sugar as the council controls. When America's present arrangements for importing sugar lapse next summer it is hoped that they will be replaced by permanent legislation. Given the natural conservatism of the majority at commodity conferences, the current review of the sugar as the council controls. When renegotiation or an abrogation of the existing agreement. With the prospect that the United States will have a settled import policy next year, the current agreement will probably be patched up to last until its renegotiation in two years' time.

The twice postponed meeting of the international **tin** council in London, which was at one time eagerly awaited, has lost much of its significance. With the failure of a bid to get from Congress before its recess permission to sell 50,000 tons of tin from the strategic stockpile, hope of a firm American lead for next week's conference faded. Without any tin to sell or any definite sign of America's intentions, it is hard to see what the tin council can now do. While the conditions under which American tin might be released are still in doubt, this may not be considered the best time for raising the support price in the scheme, which all producers appear to want.



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chooses, but that is no reason for making the wherewithal freely available. The Indian delegates must have pricked their ears when they heard the Professor denounce the safeguards on the grounds that they deterred small countries from asking the agency for the technical help it is meant to provide (to make weapons ?). India wishes to buy a plutonium-producing nuclear power station from abroad without signing the necessary undertakings not to use the plutonium for bombs. Does this mean that if the West refuses to allow its contractors to build the station (seven tenders are in) the Soviet Union will step into the breach?

Mr Cole's Case

It would be a pity if Professor Emelyanov's red herrings distracted attention from the criticisms made by the departing Mr Cole of the Vienna agency's organisation. Setting aside the agency's political difficulties, some of which arise from its parentage—it was the brain-child of President Eisenhower—the main complaint of Mr Cole is that the machine won't work. It is, for a start, grossly overstaffed, because of curious rules allocating jobs to which nationals of what countries. The board of governors interfere too much with its day-to-day running, holding innumerable meetings to take innumerable decisions and making inroads into the secretariat's budget in the process. Twice a year, said Mr Cole firmly, was as often as the secretariat wanted to see the board descend on Vienna. Again, it is short of cash. It is financed according to a curious system of regular contributions that more or less pay for day-to-day work, and of voluntary contributions made for specific technical projects. As often as not, the agency is ordered to carry out special projects for which the members conveniently forget to send in the donations they promised. And when some major project does come up—the kind, for example, likely to bring prestige to the donating country—then the donor prefers to bypass the agency and deal direct with the recipient. If Mr Cole sounded fed up, he probably had every right to be, but there is more at stake in Vienna than Mr Cole's exasperation and Professor Emelyanov's bad manners. There is the sane and safe development of a new industry based on a completely new and only partly understood technology. It is to be hoped that this muddle in Vienna can be sorted out before this joint agency dies of self-induced radiation sickness.

HELICOPTERS

Westland Chooses Vertols

Westland Aircraft, which is the only manufacturer of helicopters in Britain, has abandoned its reliance on Sikorsky helicopter designs—apart from those of the other British companies it has absorbed—and signed an agreement to service and, if it wishes, to build the Boeing-Vertol 107 helicopter in Britain. This decision does not affect Westland's agreement with Sikorsky, which still gives it the right to build Sikorsky helicopters here. But the company decided that the Vertol was a better commercial proposition than the comparable Sikorsky design for a type of helicopter that is in much demand. The 107 can carry 25 passengers, and though this is too few for it to be an economic proposition in civil use, it is the design that is favoured for the services between London, Paris and Brussels that BEA and Sabena hope to operate.

There should thus be an immediate market in Europe for a few civil machines; but the big orders that would make it worthwhile for Westland to start making the 107 itself could only come from the military. And the interest that is being shown in the machine on the continent for such uses, which might mean orders in hundreds from NATO countries five years or more ahead, seems the factor that did most to draw Westland from its allegiance to Sikorsky.

CHEMICALS

Spending to what Profit?

A survey of capital expenditure by the chemical industry carried out by *Chemical Age* shows that major projects completed in the past year, still under construction or planned are likely to cost nearly £300 million. When the journal made a similar survey a year ago, the expenditure involved amounted to under £200 million: so the falling profit margins that have been the chief feature of the industry's experience in the past year have yet to affect its current capital expenditure. But there are signs that its future planning is becoming much more cautious than only a year ago, and that the industry may well

Overseas Investment

The latest estimates of private direct overseas investment published this week in the *Board of Trade Journal* show that British industry invested £249 million overseas in 1960, an increase of 27 per cent on 1959, while investment in Britain by overseas companies at £141 million was down slightly on 1959, due entirely to a drop in unremitted profits. Rather surprisingly, profits retained overseas by British companies were lower in 1960 and the rise in investment came from new funds. Reversing a trend which has recently caused some concern in Britain, the earnings on overseas investment in Britain showed no increase in 1960 following a rise of 43 per cent in 1959, while earnings on British overseas investments were £20 million higher at £258 million. These figures, which exclude the earnings of oil and insurance companies, revise the balance of payments figures for direct investment published last March. The figures given here for remitted profits are a residual calculation—earnings less unremitted profits—and are subject to the limitation that all profits accruing to overseas branches are assumed to be remitted to head offices.

Investment by British companies in the sterling area accounted for 64 per cent of British overseas investment in 1960, and it appears to be growing faster than investment in Western Europe. Britain's investment there is concentrated in the common market, with the largest rate of increase in 1960 in Italy. The fall in North American investment is attributed mainly to the fall in profits in Canada. Overseas investment in Britain is dominated by North American companies, which in 1960 accounted for 65 per cent of the total.

DIRECT INVESTMENT—

BY UNITED KINGDOM COMPANIES OVERSEAS
(Excluding Oil and Insurance)
(£ million)

	1958	1959	1960
New funds	70	103	163
Unremitted profits	74	93	86
Direct investment*	144	196	249
Earnings	195	238	258
Less unremitted profits	74	93	86
Remitted profits	121	145	172
North America	38·1	48·0	34·6
Western Europe	15·0	22·6	24·8
EFTA	3·2	1·6	2·9
EEC	9·3	18·0	20·8
Rest of W. Europe	2·5	3·1	1·2
Rest of Sterling Area	78·7	100·1	132·6
of which Australia	19·4	27·3	46·6
Rest of World	11·7	14·5	16·1
Direct investment	143·5	185·2	208·1

BY OVERSEAS COMPANIES IN UNITED KINGDOM
(Excluding Oil and Insurance)
(£ million)

	1958	1959	1960
New funds	43	72	72†
Unremitted profits	44	76	69
Direct investment*	87	148	141
Earnings	95	136	136
Less unremitted profits	44	76	69
Remitted profits	51	60	67
North America	71·6	110·2	101·4
Western Europe	6·2	16·3	13·0
EFTA	4·4	8·3	10·5
EEC	1·3	7·7	2·2
Rest of W. Europe	0·5	0·2	0·3
Rest of Sterling Area	10·1	12·7	12·3
Rest of World	Nil	Nil	1·7
Direct Investment	87·9	139·2	128·4

* Adjusted for non-response to questionnaires.
† Excluding Ford Motor Company transaction.

be spending a great deal less in two or three years' time than it is now. The brutal fact that many projects cannot expect to show an adequate return on capital is beginning to damp the optimism of the chemical industry's management; instead of wanting to build bigger plants to reduce costs, it now tends to restrict its expenditure to projects that seem sure to pay.

The heavy investment outlay to which this industry is committed for the next few years is likely to coincide with a fall in profits, from which much of the expenditure might well have to be financed; so the outlook for shareholders does not seem too cheerful. Hopes that dividends would go on increasing seem rather unrealistic for the immediate future. In the long run the industry's rate of growth should allow the planned investment to be fully used, but profit margins may take a considerable time to recover: it is always more difficult to raise prices than to reduce them in an industry where competition is increasing in the market for almost every product.

TRADE DEBTS

The Squeezed Ones

THE recent sharp curtailment of bank advances has had speedy effects on subsidiary sources of credit, and notably trade credit. Big firms have become not only less tolerant about granting credit to their customers but also tougher about collections. Published information about this is almost non-existent, and particular interest, therefore, attaches to figures of collections issued

CASES NOTIFIED TO TRADE INDEMNITY CO., LTD., FOR COLLECTION

	Number of cases	Amount (£s)
1957	3,910	536,015
1958	4,664	627,559
1959	4,142	489,605
1960	4,555	631,816
1960—1st quarter	1,085	117,031
2nd "	1,103	153,225
3rd "	1,249	183,626
1961—1st quarter	1,743	239,365
2nd "	1,463	187,887
3rd "	1,469	190,851
July	459	51,557
August	458	64,302
September	552	74,992

by Trade Indemnity Ltd., the leading underwriters of trade credit in Britain. The amount of collections rose sharply after the Chancellor's July measures, and in the third quarter the total was higher than a year before—when collections had already been swollen by the credit restrictions of 1960.

EXPORTS OF MANUFACTURES

Competing by Halves

BETWEEN 1954 and 1960, the dozen exporters of manufactures who count in world trade shared a $22,500 million increase in business, though "shared" seems hardly the right term to describe Britain's performance. Exports from the United Kingdom have been rising at half the rate of its competitors: this was true of 1960, true of the period from 1954 to 1960 and, according to a recent Board of Trade report, it also held good for most of the separate classes of commodities that Britain exports. In absolute value, only the United States, west Germany and—by a bare margin—France bettered the increase of $2,322 million in Britain's exports of manufactures between 1954 and 1960, but hardly anyone, least of all the Board of Trade, is currently in the mood to make much of that.

EXPORTS OF MANUFACTURES*

	1960	Percentage change over 1959	Percentage change over 1954
	$ mn.		
Belgium-Luxembourg	3,128	+14·6	+ 70·5
France	5,066	+21·3	+ 87·3
Italy	2,701	+33·4	+185·2
Japan	3,602	+18·8	+159·3
United Kingdom	8,403	+ 6·7	+ 38·2
United States	11,293	+17·3	+ 51·0
West Germany	10,135	+16·8	+129·2
Total*	52,313	+15·3	+ 75·4

*Twelve main exporters, excluding Communist countries.

In 1958, the only year since 1954 in which exports did not rise, the decline in Britain's exports of manufactures was above average. In view of that one can be thankful that in the sort of export race run so far there are substantial prizes even for those last past the post. But on the Board's analysis there are strong grounds for arguing that Britain was badly placed for winning more business. The big gains have been scored in Europe where in money terms the growth in the market has been as great as in the rest of the world, though in 1954 the rest of the world imported twice as much. The Commonwealth to which more than half of the United Kingdom's exports of manufactures went in 1954 increased its imports only half as fast as the European countries.

In the first quarter of 1961, world trade in manufactures was about 4 per cent higher than a year earlier and only 2 per cent greater than the average for 1960, compared with a rise of more than 15 per cent in 1960. Britain's exports of manufactures in the first quarter of 1961 was 2½ per cent larger than a year earlier. Excluding ships, the seasonally adjusted rate of exports in the first eight months of this year was 3 per cent higher than the average for 1960, which suggests that unless figures for exports in the second quarter which will be published within the next fortnight show that world trade in manufactures has suffered a severe check since March, Britain's exporters have still to get on equal terms with their competitors.

SHORTER NOTES

Rank Organisation has made a bid for the capital of Gaumont British which it does not already own. At the moment Rank Organisation holds 42 per cent of the equity but controls about 57 per cent of the total votes. The offers for both Gaumont British 10s. and 5s. "A" shares as well as Gaumont British 5½ per cent preference shares include some Rank Preference shares on which the rate of interest has been raised from 6 to 6¼ per cent.

★

International Paints and British Paints have given up the negotiations started in August for a merger between the companies.

★

Shareholders of over 90 per cent of the capital of Doom Dooma Tea have now accepted the offer from Brooke Bond which following a meeting between the two boards was raised from 55s. to 60s. per £1 unit. Shareholders who accepted the earlier Brooke Bond offer will also receive the higher price.

★

City and Central Investments, one of the Cotton-Clore property companies, has acquired the lease of Linen Hall in Regent Street which includes Robinson and Cleaver, the West End store controlled by Mr Clore's Sears Holdings.

★

The block offer of 5 million Scotbits units at 5s. each attracted applications for 5.3 million units with the average purchase being 380 units. About half the purchasers asked for regular monthly investment forms. Holders of the old units will receive on conversion 152 new units plus a cash fraction of 0.3907 of 5s. for every 100 old units.

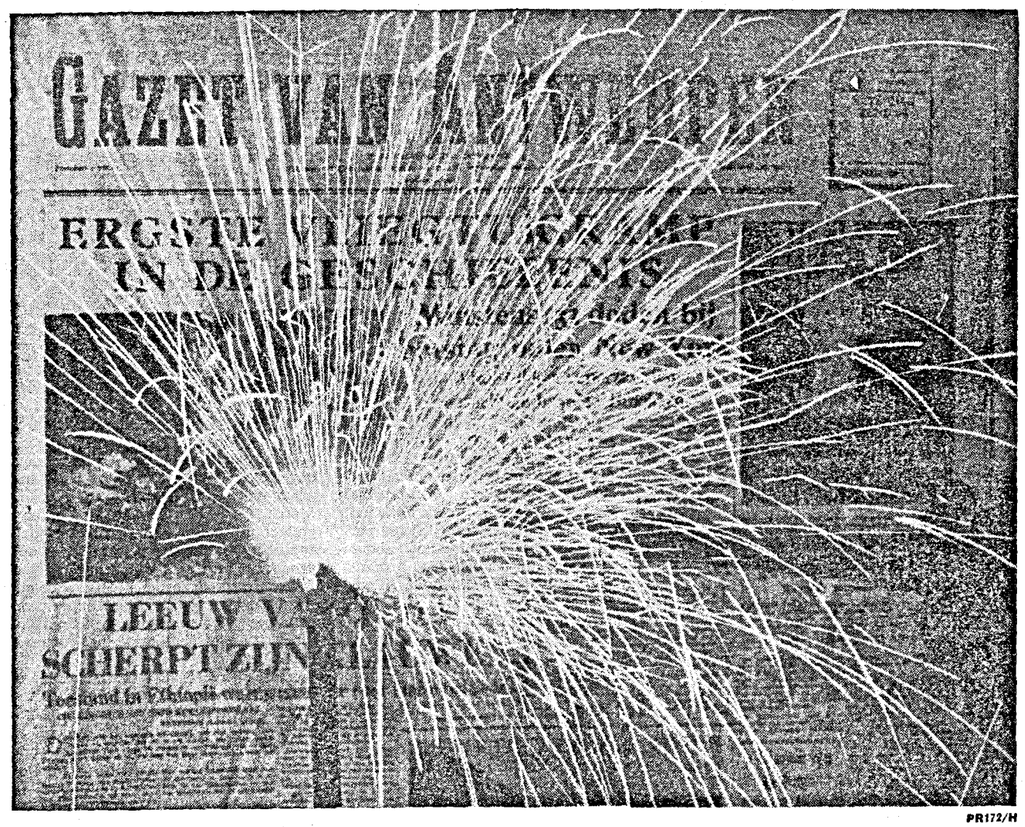
COMPANY AFFAIRS
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Glaxo Plessey
Calico Printers Rio Tinto
Astley Industrial Trust
Electric and Musical Industries
Capital and Counties Property

LONDON AND NEW YORK
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LONDON STOCK EXCHANGE
The week's movements reported on page 85

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 83

Flemish as spoken in Wolverhampton



PR172/H

Lit by the spluttering, steely-blue flames of welding arcs, the intricate cooling system of a nuclear reactor takes shape in Northern Belgium. For the 11,000th time, in the darkened inspection booth of a factory in the English Midlands, an X-ray negative is presented for close scrutiny, a head bends over it, and a hand writes a curt 'O.K.'

Sixty tons of gleaming aluminium are the link between the Belgian Atom Town at Mol and the English factory at Wolverhampton operated by I.C.I.—Britain's leading chemical company and an expert fabricator of non-ferrous metals. For the nuclear reactor BR2 at Mol the cooling water needs to be contained in a labyrinth of aluminium pipes, made with perfect precision ad faultlessly welded. I.C.I.—no mean contributor to Britain's nuclear projects—undertook the job, confirming the perfection of their work with 11,000 X-rays and sending a special team of welders to instll the pipework at Mol. When it's a question of making special assemblies in conventional metals, or supplying special metals such as zirconium, hafnium and beryllium for nuclear engineering projects, I.C.I. speaks a language that is well understood everywhere.

The influence of I.C.I. research and production is felt today in every corner of the globe

Imperial Chemical Industries Ltd., London, S.W.1

THE DAVY-ASHMORE GROUP

The Eighty-eighth Annual General Meeting of Davy-Ashmore Limited was held on September 27th at 21 Tothill Street, London, SW1. The folowing is an extract from the statement by the Chairman Mr D. F. Campbell.

DAVY-ASHMORE

The accounts are the first since the merger with The Power-Gas Corporation Limited and the first since the Company changed its name to Davy-Ashmore Limited. The former Power-Gas Corporation had a financial year which ended on September 30th and this has now been adjusted so that the financial year for the Group ends on March 31st. In consequence, it is difficult to make a direct comparison between the result for the year under review and the combined results of the two companies before the union, because they relate to different periods in time.

It is more useful to compare the actual results with the forecast contained in the Joint Statement dated 6th July, 1960, describing the proposed merger. In that statement, the Directors stated they would expect the combined profits for the twelve months to 31st March, 1961, to be not less than £4,000,000 before tax. This has been slightly exceeded at £4,082,129 but in fact the year's profit has been struck after providing for some exceptional non-recurring charges which were not foreseeable when the Joint Statement was issued. It is fair to say that our trading results were rather better in relation to the forecast than the bare figure of profit suggests.

New Acquisition

For some time Davy and United Engineering Company has been looking for means of providing a better after-sales service to its customers. It was considered that an improvement in this service would result by organising the manufacture of many kinds of spares in separate workshops distinct from the main stream of contract execution. Accordingly, the opportunity was taken to acquire from Glenfield and Kennedy Ltd. the works at Polmadie, Glasgow, of their subsidiary Alley and MacLellan, Ltd. By the completion of its first phase of re-equipment the capital cost will be about £800,000. The bulk of this sum has already been met from Group resources.

Progress of the Merger

Progress in giving practical effect to the merger has been much as expected. The Group profit for the year under review does not, however, reflect the benefits of the merger to any significant extent, as it is derived from contracts in progress before the union. Nevertheless, the administrative shape of the Group is now well established and comprises a team of some 8,800 people.

Overseas Organisation

We also have an extensive overseas organisation with subsidiary companies in France, Canada, Rhodesia, South Africa and Australia; and offices in other countries.

The overseas organisation is being adapted to meet the needs of the Group as a whole and with thisobject we have recently formed Davy-Ashmore Export Company Limited, with its hadquarters in London. This subsidiary has he task of administering the overseas orgnisation and of carrying out sales promotion work.

Achivements

Much has been sai and written about the two new steelwors being constructed in Great Britain, for Richard Thomas and Baldwins at Llanwern, near Newport, Mon. and for Colvilles at Ravenscraig, near Glasgow. These plants are or the production of steel strip and both Ashmores and Davy-United have large contracts for Blast Furnaces and Rolling Mill equipment. The progress of our work in both cases is fully in accord with our undertakings to our clients.

If I refer again to the Durgapur Steelworks in India, its on account of the magnitude of the achievment. It has been said that this was the lagest export contract ever obtained for Great Britain and Davy-United's contract responsibity carried a value of about £29,000,00. Notwithstanding the formidable task of organisation involved, I am glad to be able to say that all the rolling mills have now been started, either on programmer in advance of it. The remaining portion which is to produce railway wheels and axles is not due, under the contract, for compleon until December, 1961, but operatins will start shortly.

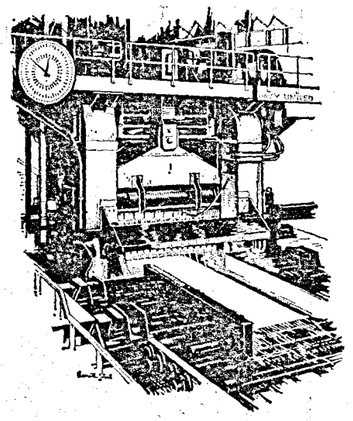
Davy United's achievement at Durgapur must agur well for our future and the combined result must proclaim to the world that Great Britain can still lead the field in expon.

Future Prospects

Davy Ashmore is a group of companies supplying capital goods for a wide range of industries in Iron and Steel, Non-Ferrous metls, Oil, Gas, Chemicals, Petrochemicals, Edile Oils, etc. While its diversification is not corsiderable, its future is inevitably bound up with the future of the industries which it serves. At the present time we have good order books and if our plans materialise the results for the current year should no be disappointing, nor are the prospects for next year unhopeful.

Export Business

The demand for capital goods in sufficient volume to keep our factories profitably employed must always be conditioned by a growing demand for the products of the plant we build-for steel in its numerous forms, for aluminium, for chemicals, for oil, for the synthetics derived from petrochemicals, for fetilisers and so on—all the things, in short, which make for a better standard of life. Nobody can doubt that the demand for a better standard will become even more clamant in the years to come,



particularly from the vast underprivileged populations of Asia, Africa and South America. There is little doubt that we shall need to look overseas for an increasing amount of our business. I have no doubt of our ability to compete and if profit margins grow more slender, we must intensify the search for cost reduction and for even greater utilisation of our assets, which will enable us to accept smaller margins and still produce a satisfactory return on investment. But we must have the necessary conditions. Assuming that the recent restrictive economic measures were necessary to defend the currency, it seems deplorable that some remedy could not have been found which did not increase the costs of industry. Some 60 per cent. of the price of our products is the cost of the materials we buy and at a time when we are doing our best to respond to the exhortations for exports, we find the price of steel, our principal raw material, increased, partly because of increased tax on fuel oil and partly by increased cost of coal.

I am particularly glad to acknowledge the great improvement in the facilities for export credits which the Government has introduced during the last few months. However, while these facilities are improved, the cost of credit which is usually related to Bank Rate, has now become so high as to be non-competitive. No responsible person underrates this country's difficulties in the finance of export trade, but the latest steep increase in the Bank Rate means we have to tell our customers they must pay interest at 8 per cent. per annum on outstanding credit. They can get credit elsewhere in the world for around 6 per cent. and this circumstance is a handicap to our export efforts. If the Bank Rate is to continue to be used as one of the internal economic regulators, it will be essential for the Government to find some method of insulating our export trade from its effects.

Nevertheless, I view with optimism the long-term future for Davy-Ashmore. Given orderly progress in the world at large, your Company should continue to grow and to expand.

The Report and Accounts were adopted.

DAVY-ASHMORE LIMITED DARNALL WORKS, SHEFFIELD 9

COZENS & SUTCLIFFE (HOLDINGS)

GROUP PROGRESS

The 20th annual general meeting of Cozens & Sutcliffe (Holdings) Limited was held on September 29th in London, **Mr H. V. Cozens, MInstBE, FInstD** (the chairman), presiding.

The following is an extract from his circulated statement:

On the occasion of the Rights Issue to Shareholders on January 6, 1961, I made an estimate of the year's profits amounting to £250,000. The trading profit of £213,065, although a record, is short of this estimate by £36,935, a result almost entirely due to the restriction of the Electrical and Radio Industry experienced in the latter half of the two operating companies' financial years. The interim dividend received by Members on September 1st last, although financed out of the Group profits to June 30, 1961, has, however, been maintained at 15 per cent, and I see no reason to revise my earlier statement in relation to the second interim dividend due on January 1, 1962, thus completing a payment of 30 per cent less tax for the year.

Cozens & Sutcliffe Ltd. (Constructional Engineering & Plant Hire): Our present order book has never been so full and I have every confidence in the prosperity of this division. The Plant Hire department is doing extremely well.

A. S. DURAN & CO. LTD. and R.J.S. SERVICES LTD. (Electrical and Radio Industry Wholesale Distributors): The industry as a whole took a severe setback owing to Government action in the application of various credit restrictions and particularly with regard to hire-purchase, but I think it is possible to look to the future with confidence.

REDLER INDUSTRIES LTD. and SUBSIDIARIES (Mechanical Handling Plant Manufacturers): This Group has experienced its most successful year and turnover at £1,102,000 has for the first time in its history exceeded one million pounds. The money expended on development of overseas markets is now justifying itself and I have every reason to expect continuing benefit to the Group from these sources.

The report was adopted.

TEA CORPORATION

SATISFACTORY CROP

The annual general meeting of Tea Corporation, Limited, was held on October 3rd in London, **Mr A. A. Estall,** chairman, presiding.

The following is an extract from his circulated statement for the year ended January 31, 1961:

Tea Crop: There was a satisfactory increase in tea manufactured during the season compared with the previous year, the figures being 1,709,791 lbs. and 1,681,413 lbs. respectively. In addition 26,272 lbs. of tea was manufactured from bought leaf compared with 27,574 lbs., making a total output of 1,736,063 lbs. for season 1960/61 against 1,708,987 lbs. in 1959/60. Rubber Crop: A crop of 65,025 lbs. was secured, which is below last season's total of 68,301 lbs. and the shortfall is accounted for by the necessity of taking out of production 19 acres of very old rubber as continued tapping was uneconomic.

A profit of £20,527 before Ceylon taxation was earned in the year under review. Your directors recommend payment of a dividend at the rate of 9 per cent.

In view of the satisfactory crop harvested in 1960/61 the Board have decided to approve estimates for the current year based on a total of 1,785,000 lbs. made tea, which is 60,000 lbs. more than the previous year's estimate. It is expected that this target will be achieved as the total of made tea to the end of July is 975,376 lbs. compared with 882,136 lbs. for the same period last season. The market level of prices is much the same as last year, and I anticipate that the Company's results will prove satisfactory.

The report and accounts were adopted.

CALOR GAS

Holding Company Limited



The following points are taken from the Statement by the Chairman, Commander Colin Buist, to the Thirteenth Annual General Meeting of the Company:

- ★ For the year ended 31st March, 1961, the consolidated profit after all expenses and depreciation amounted to £828,828.
- ★ A Final dividend of 8% is proposed, making with the interim dividend of 4% already paid 12% for the year. £149,252 has been transferred to General Reserve.
- ★ Sales of "CALOR" Gas and equipment for use in rural homes and caravans for cooking, heating, hot water supply, refrigerators and gas pokers, and outside for picnic sets, blow torches, stationary engines, drying and other purposes continue to make steady progress.
- ★ Considerable development has taken place in connection with the expansion of the service for the supply of "CALOR" Gas as a fuel for industrial purposes.
- ★ The business as a carrier of gas for third parties continues to expand. The fleet of road tankers has been further increased and is now the largest of its kind in the British Isles.
- ★ In spite of increasing competition in the industrial field, sales since March, 1961, compare favourably with the corresponding period last year. Expenses continue to rise.

THE CALICO PRINTERS' ASSOCIATION LTD.

INCREASED ROYALTY INCOME

MR R. M. LEE'S REVIEW

The Sixty-second Annual General Meeting of The Calico Printers' Association Limited will be held on October 25th at Manchester.

The following are extracts from the Statement by the Chairman, **Mr R. M. Lee,** circulated with the report and accounts for the year ended June 30, 1961:

ACCOUNTS

During the year under review there was a decline in the profits earned in the Association's traditional activities of finishing and merchanting, but this was counter-balanced by increased profits of the overseas companies and the retail companies. The fall of £322,000 in the trading profit of the Group, after provision for depreciation, renewals and repairs, from £2,269,000 to £1,947,000 was largely accounted for by continuing losses of The United Turkey Red Company Limited and its Subsidiary Companies. Losses of the U.T.R. group were running at a high level when the Association acquired control in June 1960 and it is only recently that the measures taken by the Association to reduce these losses have become fully effective. In contrast to this loss, however, there was a further increase of £472,000 in income from royalties.

Advances to Subsidiary Companies increased by £965,000. The greater part of this amount was required to build up stock for the export trade, part has been used for stock for the home trade and part represents an advance to The United Turkey Red Company Limited to enable that Company to repay the loan it had obtained from the Treasury. These acquisitions and advances have been financed by an increase in surplus funds deposited with the Association by other Subsidiary Companies and from the Association's own retained profits. The Association's own stocks also increased by over £1,000,000 but cash balances are £758,000 lower.

The increase in royalty income for the half-year to December 31, 1960, justified an increase in the interim dividend on the Ordinary Stock from the equivalent of 6¼ per cent to 7½ per cent and in compliance with the Chancellor's request the final dividend recommended is 7½ per cent with a bonus of 6¼ per cent representing the same amount as last year's final dividend and bonus.

COMMISSION PRINTING

Our Commission Printing year to the end of June 1961 proved disappointing in the total volume of business booked. There was a fall of some 8 per cent against the previous year and the decline was showing no sign of halting when the year came to an end.

It is fair to say that there are now only two main groups of markets from which our commission printing business is derived—the Home Trade Group and the West African. The "Home Trade" group includes a declining business for Australia and New Zealand and today relies on the home market alone for the bulk of its turnover. Former traditional shipping markets—India, Burma, Ceylon, Near and Middle East—are in effect completely lost. The amount of direct business sent to us by our

commission printing customers for these markets during the last year would barely occupy a medium sized works for a month.

Our Home Trade business is seriously dependent on the vagaries of the British climate and two poor summers in succession have made their inevitable impact on sales. This has led to severe contraction of the repeat business which we normally enjoy in early spring and coupled with increasing general economic difficulties throughout the early summer has had a restraining influence on our business. The majority of the decline in bookings has occurred in this market.

MERCHANTING

In my statement last year I explained that we had decided to confine the activities of Birch Vale Works to the production of dress goods for our own Merchant Departments. To implement that decision a major reorganisation of the Departments has taken place during the year.

Idle capacity at the works is now charged to the departments, who are responsible for keeping their works in economic operation, while the remaining dress works are free to concentrate on servicing commission printing customers.

The testing time of the new system has come upon us earlier than we had foreseen. The last few months have provided yet another example of the violent fluctuations which afflict the textile trade. A year ago we enjoyed a record turnover, unusually low stocks, a positive shortage of grey cloth and a good order book. Sales continued healthy until the end of March but there was a sudden and sharp falling off in April last.

SIME DARBY HOLDINGS

(Incorporated in England)

SATISFACTORY TRADING ACHIEVEMENT

The fourth annual general meeting of Sime Darby Holdings Limited will be held on October 27th in Singapore.

The following is an extract from the circulated statement of the chairman, **Mr Angus Scott:**

The Group Profits before Taxation amounted to £900,928 as compared with £778,701. After deducting the amount required for tax, there remains £482,663 as against £440,469 in 1960. Certain Trade Investments were realised and the profit of £58,333 was placed direct to credit of Capital Reserve. Your Board is recommending a final dividend of 12½ per cent making 20 per cent for the year.

Continued prosperous conditions in Singapore, Borneo and the Federation of Malaya again allowed the Group to expand its trading activities and increase its profit.

It is too early to forecast the Group's likely results for 1961/62 and, of course, when operating in countries so dependent on the prices of rubber, tin and timber, prophesy of any sort has a large possible margin for error. However, results to date are similar to those of the corresponding period last year.

Your Board has given consideration to the substantial Capital Reserve of £890,333. The Directors have decided to absorb the bulk of this Reserve partly by making a scrip issue to members in the proportion of one new share for every five shares held and partly by the creation of a Property Reserve.

These Shares having been sold,
this announcement appears as a matter of record only.

NEW ISSUE

1,069,451 Shares

The Western Union Telegraph Company

Common Stock
(Par Value $2.50 Per Share)

The offering of these Shares, through a rights issue to stockholders of the Company, was underwritten by an investment banking group managed by the undersigned.

Kuhn, Loeb & Co. **Lehman Brothers**

New York, N. Y., October 4, 1961

THE HEPWORTH IRON COMPANY LIMITED

PRODUCTION AND SALES AT HIGH LEVEL

The sixty-fourth annual general meeting The Hepworth Iron Company Limite was held on September 27th at Hazlehea nr. Sheffield, **Mr. J. F. Booth** (the Chairma presiding.

The following is an extract from his circ lated statement:

The Group has again had a good year trading. The increased activity in the Buildir and Electrical Industries was maintaine throughout the year, and this improvement demand for our products has helped the tradin results for the year. A successful year ha also been experienced by the machine to section of our business.

The accounts of the Group reflect th acquisition of two additional Pipe Manufactur ing businesses carried on by Fred Temperle & Sons Limited and its subsidiary J. Ducke & Son Limited. Both subsidiaries have mad their contributions to the profits of th Group.

We are determined to continue to impro and modernise our production methods. Th plans for the new plant have been taken a stag further by the placing of orders. At the 31s March, 1961, outstanding contracts for capita expenditure amounted to approximatel £270,000 and since the year end further sub stantial contracts have been placed for th equipment required.

Research is continuing and the research an development section of our activities has bee expanded.

EXPANSION OF OPERATIONS

Since the year end our subsidiary, Fre Temperley & Sons Limited, has acquired th whole of the issued capital of Herbert Broo & Co. (Fireclay) Limited which has bee engaged in the production of Glazed Ware. I addition we have acquired a controlling interes in the issued share capital of La Brecque Engin eering Co. Limited. This Company is engage in the production of Plastic Rainwater Good

A further step taken has been the formatio of a new wholly owned subsidiary—Hepwort Electrical Developments Limited. It is intende that this company should continue the manu facture and sales of electrical cable jointin components which the parent company ha developed in recent years.

It still remains the policy of the Board t expand the business out of profits so far a possible and it will be obvious that to finance the developments a careful husbandry of th Group's resources is of vital necessity.

So far as the current year is concerned production and sales remain at a high level bu it must remain to be seen what effect th Chancellor's recent actions will have upon thi section of the country's economy with which w are concerned.

The report and accounts were adopted an a dividend of 7½ per cent was approved. A a subsequent extraordinary general meetin resolutions increasing the authorised share capital to £1,250,000 by the creation o 2,000,000 additional 5s. Ordinary Shares an giving effect to a one-for-three scrip issue were duly sanctioned.

SAINT-GOBAIN

COMPAGNIE DE SAINT-GOBAIN PARIS

The Annual General Meeting of SAINT-GOBAIN S.A. was held on June 26th, and the following are details of the report presented by the Board of Directors:

REVIEW

Business activity in the various establishments was brisker in 1960 than in 1959, progress in sales being generally only limited by production capacity. This was the case particularly for sales of polished plate glass and drawn glass.

The Company devoted NF 33.75m to pure and applied research in 1960, which was 2.8 per cent of the turnover of its own factories in Europe and of its hollow glass-ware subsidiaries.

GLASS

The following ventures were undertaken in this field during the year:

Work began on a new production unit of 6, and finally 8, Pittsburgh machines at Aniche, to cater for the increase in the French market for window glass.

Following certain measures of concentration in the field of hollow glass-ware, the Company began extending its works at Vauxrot and at La Chapelle-Saint-Mesmin, as well as building a completely new factory at Cognac.

At the same time, work began on a fibreglass factory at Etten in the Netherlands.

Outside Europe, building of the Greenland Glassworks in the United States is continuing and is due for completion in 1962.

Finally, agreements which were concluded towards the end of last year have enabled the Company to acquire certain interests in the Brazilian glass industry.

CHEMICALS

In the chemical sector, the agreement on common interests reached in December 1959 between SAINT-GOBAIN and Pechiney began to take effect, and since November 1960 sales of the chemicals and minerals produced by both companies have been undertaken by Société Produits Chimiques Pechiney-Saint-Gobain, a company set up in December 1959.

The following ventures were undertaken as part of a large programme of new works:

At Le Havre, a new sulphuric acid plant using the sulphur contact process.

Two nitric acid plants at Saint-Fons and Rouen and a vinyl chloride polymerisation plant at Saint-Fons.

A fertiliser granulating plant at the Bordeaux works.

A phosphoric acid plant, two phthalic anhydride plants, and a maleic acid unit at Chauny.

A new sulphuric acid contact plant at l'Oseraie (now in service), as well as two new fertiliser granulating plants at Balaruc and Chauny.

Increased capacity for monomer vinyl chloride and polyesters was installed at the Saint-Fons works.

Turnover on sales of finished products showed the following increases over the previous year:

Mineral products for industry: 15 per cent.

Mineral products for agriculture: 8 per cent.

Organic products: 22 per cent.

Among associated companies, Fabriques de Produits Chimiques de Thann et Mulhouse are building a sulphuric acid plant.

In the industrial complex now being built at Lacq, in which the Company is interested, the acetylene and heavy hydrogen plants of Aquitaine Chimie, as well as the acetaldehyde plant belonging to Acetalacq have come into operation.

PAPER AND OIL

In the papermaking industry, a considerable structural reorganisation took place in the Cellulose du Pin Company, in which SAINT-GOBAIN has a majority holding. Two other companies were merged with Cellulose du Pin during the year, and the Bègles works, which SAINT-GOBAIN had bought from Cenpa, was also taken over. Production rose, the increase varying between 9 and 21 per cent among individual factories. For the whole of the Group, output reached 173,000 tons of pulp and 113,000 tons of paper. The turnover before tax amounted to NF 168.5m.

Finally Compagnie de Raffinage Shell-Berre, in which SAINT-GOBAIN is interested through Compagnie des Produits Chimiques et Raffinerie de Berre, brought into production a new distillation unit at its Petit-Couronne refinery. Crude oil tonnage processed by Shell-Berre rose to 7,320,000 tons in 1960, representing 22.3 per cent of total French refinery through-put.

The overall picture for 1960 showed SAINT-GOBAIN making an intensive investment effort, both in new plants and in increased shareholdings, reaching a total of NF 298.8m. including newly transferred assets. Investments in 1959 totalled NF 219.42m.

The extent of the Company's activities in the nuclear field led to the setting up of a new subsidiary, Saint-Gobain Nucléaire, during the year.

PROFIT AND DIVIDEND

After depreciation and the usual allowances for reserves and other provisions, the balance sheet for the year under review shows a profit of NF 39,960,226. This allows a net dividend of NF 6 to be distributed on each of the 5,167,961 shares constituting the capital on December 31, 1960. The 1959 trading profit had been NF 33,417,935 and allowed a net dividend of NF 5.50 on each of 5,024,055 shares.

The report, the accounts, and the proposals put forward by the Board of Directors were adopted.

PURCHASING OFFICERS ASSOCIATION

At the recent Annual General Meeting held during the 1961 Conference, the National Chairman, **Mr J. Murray Grammer,** reported that the Association's total strength had risen to 5,663, made up of 4,426 members and graduates and 1,237 students. The enrolment of students during the past year was 50 per cent greater than in the previous year.

The Association had again been very active in education. A notable innovation was a Course for Stores Controllers held concurrently with the Buyers' Refresher Course. The demand for places had been so great that a repeat Course had just been held. Storekeepers who have been awarded the Association's "Certificate in Storekeeping" are now to be offered certain services and facilities.

In his Presidential Address to the Conference, Mr W. H. Parry said that a rise in our visible exports of about 6 per cent or £200 million a year would be required to repay our recent borrowing from the International Monetary Fund and to cushion the adverse trend of our invisible exports. This increase would only be sufficient to prevent any further deterioration in the present precarious balance of payments position.

Abroad, the President felt that the Government could do more to improve our "image" by presenting trade statistics in a truer light by abandoning the old Customs habit of showing exports fob and imports cif. The more complicated calculations would show that in most months we earned a surplus. Again, we published our reserve figures without taking into account such items as official holdings of dollar securities.

KEITH, PROWSE & COMPANY, LTD.

MR PETER CADBURY'S REVIEW

At the Sixtieth Annual General Meeting of Keith, Prowse & Company, Limited, held in London on September 28th, **Mr Peter Cadbury** welcomed new Shareholders who for the first time in the 180 years since the business was first started had been able to invest in the Ordinary Shares of the Company. Although the fortunes of the Company had varied since its incorporation in 1902, Mr Cadbury hoped that his policy of putting back all available profits since he assumed control in 1954 would result in greater stability in the future.

During the past seven years other Companies had been acquired so that Keith, Prowse now controlled about 70 per cent of the Theatre Ticket Agency business in the Country and had developed other commercial interests. The Profit before taxation this year was £126,386, which compared with £65,439 in 1960 and £33,355 in 1959.

The Issue of 450,000 new Ordinary Shares in March was 77 times over-subscribed and, as forecast in the Prospectus at that time, it is recommended that an Ordinary Dividend of 17½ per cent be paid, which is covered 2.23 times by the profits available for distribution. After providing over £100,000 in taxation over the last two years, the Balance Carried Forward is £84,577.

The sales of Theatre Tickets, Gramophone Records and Travel had all increased this year. Westward Television Limited had been incorporated in 1960 from the Syndicate, formed by Mr Cadbury, which had been granted the Licence as Independent Television Contractors for the South West, and started transmissions in April, 1961. Mr Cadbury had every confidence in the value of the investment made by Keith, Prowse in Westward.

Mr Cadbury asked all Shareholders to identify themselves with the Company by supporting Keith, Prowse as customers and acting as its ambassadors. He thanked the staff for their loyalty and particularly those who had contributed so much to the fortunes of Keith, Prowse and Associated Companies over the past seven years since he had been Chairman.

The Report and Accounts were adopted.

KINTA KELLAS RUBBER

The 51st annual general meeting of Kinta Kellas Rubber Estates, Limited, was held on September 28th in London, **Mr. J. R. Tannock** (the chairman) presiding.

The following is an extract from his circulated statement:

Our accounts show that the year's profit has hardly differed from that of the previous year. Though the crop continued to rise by 34,800 lb., its proceeds fell in comparison with the previous year by £8,677, but its production cost only receded by £1,794. Export duty, however, was down, taking £6,764 less. The net profit, before taxation of £28,486 representing some 38 per cent of the profit, rose by £5,975. The explanation is the rise in our trade investments' income, tin royalty, and tribute income.

A final dividend of 17½ per cent is recommended which with the interim of 7½ per cent. paid is on a parity with last year's distribution of 37½ per cent on the lower issued capital. While results to date are satisfactory, owing to the lower market average price which we may expect to obtain throughout the period, it is unlikely that the present rate of dividend will be maintained for the current year.

During the current year it is estimated that the crop will attain 1,825,000 lb., but for the four months ending July, the harvest indicates that though the trend will continue upwards the estimate may not be obtained.

Having reviewed the company's replanting programme, the chairman said: The estates are in good heart, and though the result has in no way been exciting, it has been quietly progressive.

The report was adopted.

FITCH LOVELL LTD.

SIR AMBROSE KEEVIL REPORTS CONTINUED PROGRESS

The Annual General Meeting of Fitch Lovell Ltd was held on September 29th in London.

The following is an extract from **Sir Ambrose Keevil's** circulated review:

I am most gratified to record our turnover exceeded, for the first time, £100,000,000 and that the net profits before taxation increased by 20 per cent, reaching a record figure of £1,416,692.

Factories. Automation, wherever possible, is being introduced and results should be progressively apparent.

Decentralisation. Traffic congestion in London is such that two of our largest companies have moved or are moving this autumn, from the City of London to new warehouses and factories. This should effect considerable economies.

Common Market. Although we are well established in most parts of Western Europe, we have now acquired a considerable interest in two factories in the Common Market area.

Capital and Profits. The increase of over £10,000,000 in our turnover, the development of our factories, the modernisation and extension of our retail branches and our overseas interests have meant a considerable capital outlay, the benefits of which I am hopeful will be shown in the future. Some of our companies this year have done very well, others not so well but the diversification of our interests has enabled us to present record profits. These are fairly evenly divided between our main sections of Manufacturing, Importing, Wholesaling, Retailing and Overseas Trade.

Having reviewed the Group's widespread activities, the chairman continued: Shareholders will have noticed the large amount of property owned by the Group. Some of this property has not been valued for very many years and we have considered it wise to have professional advice on development potentialities and values.

I am pleased to inform you that the first quarter of this year shows a small increase in sales and profits, but the year is still young and it would be unwise to forecast the results of a trade which is open to severe competition, Government legislation and the economic state of the country, but it is certain that all our companies will do their best once more to achieve record results.

HACKBRIDGE HOLDINGS LIMITED

The thirteenth Annual General Meeting of Hackbridge Holdings Ltd. was held on September 28th in London, **Mr A. L. Foulger** (the chairman) presiding.

The following is a summary of his circulated statement for the year ended 31st March, 1961:

Much emphasis has already been placed upon the exacting competition in the Electrical industry, and although our volume of output was well maintained, profit margins were reduced. The results achieved were not unexpected, and I hope you will agree that they are not unreasonable having regard to relevant circumstances.

I am glad to report that the new acquisitions referred to in my last report have operated successfully.

Your Board consider that there are great possibilities for expansion within our present Group of Companies. Nevertheless this view should not preclude the acquisition of any sound proposition which would ultimately benefit our organisation.

During the year we established a new company, Kelvin Metal Industries Limited, which is engaged in metal fabrication for the Group and other customers; this venture should prove a valuable asset.

The Group trading profit before providing for depreciation was £299,969 compared with £301,140. Provision for taxation absorbs £115,667 —a considerable burden, exceeding 65 per cent of our profits after charging depreciation of £123,452.

Capital expenditure during the year amounted to £72,287. Modernisation and improvements to our manufacturing technique, the expansion of production, and the introduction of new lines require continued capital expenditure.

We are constantly seeking to introduce additional manufactures in order to further diversify our range. The Group has played an extremely important part in the introduction and development of Air-Cooled Mining Type Transformers in this country and substantial business has resulted.

The Group commenced the current year with extensive order books and to date the demand for our products has been encouraging.

Judging by our experience so far we may look forward once more to quite satisfactory results.

The report was adopted and the final dividend of 7½ per cent, making 10 per cent for the year, was approved.

THE CHARTERED BANK

EXTRAORDINARY GENERAL MEETING

An extraordinary general meeting of the stockholders of The Chartered Bank was held at 38, Bishopsgate, London, E.C.2, the Head Office of the Bank, on Wednesday, October 4th.

The chairman of the Bank, **Mr V. A. Grantham,** presided.

Mr W. G. Pullen, Chief General Manager, read the notice convening the meeting and the Chairman then moved the following special resolution:

"That the capital of the Company be and is hereby increased by £4,500,000 by the creation of 4,500,000 new Shares of £1 each and that such Shares shall upon being issued fully paid, or credited as fully paid, be converted into Stock."

The resolution was seconded by Sir Henry Richardson and carried.

The Chairman intimated that at the conclusion of the meeting the Court of Directors would allot to stockholders on the register on 21st September, 1961, 1,100,000 new shares of £1 each in the proportion of one new £1 share for every £5 stock held at a price of 40s. per share, thus raising the issued capital of the Bank from £5,500,000 to £6,600,000. The Chairman also intimated that there was no present intention of issuing the balance of the increased authorised capital.

MALAYALAM PLANTATIONS

RECORD CROPS

The fortieth annual general meeting of Malayalam Plantations Limited will be held on October 26th in London.

The following is an extract from the circulated Statement of the Chairman, **Mr John Sands,** for the year ended March 31, 1961:

Conditions during most of 1960/61 were very favourable. Until towards the end of the season, exceptionally good weather was experienced in all districts with the result that crops of both tea and rubber were the highest in the history of the company, the average yield being 1,006 lb. per acre of tea and 549 lb. per acre of rubber tapped. These crops would have been even greater if it had not been for a severe drought in the closing months.

The profit for the year before taxation is £1,264,463 against £782,245 for 1959/60. Taxation is, of course, correspondingly larger but after that has been deducted, the remaining profit is approximately 30 per cent greater than that for the previous year. The Board propose a final dividend of 12 per cent, making a total of 18 per cent for the year.

Weather conditions so far this season have been very adverse. Up to the end of August the tea crop shortage was some 1¼ million pounds compared with the same period 1960/61 and it is unlikely that this shortage can be made up even if normal weather experienced for the rest of the year.

On the other hand, the outlook for rubber is much brighter. At the end of August crop was about 135,000 lb. ahead of that for the corresponding period of 1960/61 and we have every reason to hope that the estimate of 8,438,000 lb. will be exceeded.

GEORGE HUMPHRIES & CO. LTD.

DIVERSIFICATION OF GROUP'S INTERESTS

The annual general meeting of George Humphries & Co. Ltd., was held on September 26th in London, **Mr P. Adorian, FCGI, MIEE, MBritIRE** (the chairman), presiding.

The following is an extract from his circulated address:

Your Directors have been active in diversifying the Group's interests so as to build our increased trading on wider foundations.

Last year we acquired 50 per cent of the Colour Processing Laboratories (St. Albans) Limited and this year we have acquired further shares in this Company increasing our holding to 66⅔ per cent.

The Group's activities may now be summarised under the following headings—Humphries Laboratory Division: Mole-Richardson (England) Limited: Mole-Richardson Granville Studio Division: Mole-Richardson subsidiaries in France, Germany, Italy and Spain: De Lane Lea Processes Limited (and subsidiaries): and Colour Processing Laboratories (St. Albans) Limited.

The Laboratory Division is operated direct by the Company and the remaining operations are operated through the subsidiary companies in which we have interests varying from 66⅔ per cent to 100 per cent.

THE YEAR'S OPERATIONS

With the exception of the two youngest enterprises, the Granville Studio Division of Mole-Richardson (England) Limited, and Colour Processing Laboratories (St. Albans) Limited, which are on the way to becoming profitable, every one of our operations has had a profitable year.

The amount of orders received for cinema release film printing, which is the main business of the Laboratory Division, still shows a decline, but other specialised work, such as non-theatrical films and films for television, has increased. During the year the management introduced various measures to increase the efficiency of the laboratory and this has resulted in improved financial results for the Division. Admittedly, the much overdue increase in our prices has helped to absorb the wage increases and the increased cost of other services.

A CREDITABLE CONTRIBUTION TO THE NATIONAL ECONOMY

Mole-Richardson (England) Limited has had a most active year both in the sale and rental of its manufactured products and, with the co-operation of the continental subsidiary companies, it has been possible to sell or rent lighting and other specialised studio equipment in almost every country in Europe where films are made or television programmes are originated. Indeed it is very rarely that one sees great films today, made either in the UK or on the continent of Europe, where the lighting and many other studio facilities have not been provided by one of the Mole-Richardson companies. Your Company, by the export of its products and know-how, is making a creditable contribution to the national economy.

The availability of the Granville Studio for demonstrating studio equipment to home and foreign buyers is of special value in our sales drive. At the same time, this Studio has provided a useful base for the production of television programmes for this country, the USA and Australia and is also used by various organisations for the production of television commercials.

The demand for the services of De Lane Lea Processes Limited, for the dubbing of film and television programmes and for other high quality sound recording operations, has been sufficient to justify opening a second studio which we hope will bring a contribution to the results of the next financial year.

The Group profit for the year, after tax, attributable to the Company is £147,272 as against £87,838 for the previous year and the Directors recommend a payment of a dividend of 27½ per cent less tax.

It should be borne in mind that remittances of profits of some of our foreign subsidiaries are still subject to currency restriction.

The report and accounts were adopted.

APPOINTMENTS

TRADES UNION CONGRESS

Vacancies for Departmental Assistants. Duties include preparation of memoranda, reports, and some lecturing. Applicants should be adaptable, interested in trade union affairs, and have education and/or experience suited to work involving any one of the following: economics, production, education, health and safety, trade union organisation. Commencing salary up to £1,075 according to age. Application forms obtainable from the General Secretary, Trades Union Congress, 23/28 Great Russell Street, W.C.1, to be returned by October 20.

NIGERIAN INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH

UNIVERSITY COLLEGE, IBADAN, NIGERIA.

Applications are invited for:
(a) Senior Research Fellowship in Economics.
(b) Research Assistantship. Duties include keeping field data and research material, compilation of reference bibliographies, and building up information on unpublished sources and general assistance in research projects. Ability to type and knowledge of French desirable.
Appointments on contract for three years. Salary scales: (a) £2,275 x £75—£2,575 p.a. (b) £950 x £50—£1,100 p.a., over 28 years, £1,050 x £50—£1,150 p.a.). Entry according to experience and qualifications. Passages for appointee, wife and up to five children under 11 years, on appointment, overseas leave and termination. Children's, car and outfit allowances. F.S.S.U. Part-furnished accommodation at rent not exceeding 7 per cent. of salary. Detailed applications (6 copies) naming three referees by November 10, 1961, to Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

BALLIOL COLLEGE, OXFORD

Fellowship in Management Studies. The College proposes, if a suitable candidate presents himself, to elect to a Fellowship in Management Studies to be taken up in January, 1962 (or such later date as may be arranged). The Fellowship will be a Research Fellowship, according to qualifications and experience. Candidates should hold a high Honours degree and experience in industry or commerce, while not essential, will be an advantage.
Applications should be send by October 31, 1961, to the College Secretary, Balliol College, Oxford, from whom further particulars as to duties, tenure and emoluments can be obtained.

LANCASHIRE COUNTY COUNCIL

RESEARCH ASSISTANT required in the Planning Department at Preston. Commencing and maximum salary according to qualifications and experience within range £645—£1,310 per annum.
Applicants should possess a good honours degree in economics, geography, sociology or related subjects and should be interested in problems of industry, population and housing.
Applications, giving age, qualifications, present appointment, experience and two referees, to the County Planning Officer (J), East Cliff County Offices, Preston, by October 17, 1961.

UNIVERSITY OF WESTERN AUSTRALIA

SENIOR LECTURESHIP IN ECONOMICS

Applications are invited for appointment to the above-named position in the Faculty of Economics and Commerce. Preference will be given to applicants with interest and experience in fields of Economic Theory, Public Finance or History of Economic Thought and Nineteenth Century Economic History.
The salary range for the position is £A2,450/100/2,950 per annum with superannuation similar to F.S.S.U.
The appointee will be required to take up duty as early as possible in 1962.
It is important that intending applicants obtain details of the procedure to be followed in applying for the post and a copy of the Conditions of Appointment before submitting their applications. This information is available from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.
Applications close, in Australia and London, on November 25, 1961.

GOVERNMENT OF TANGANYIKA

An Economist/Statistician is required in the Tanganyika Treasury. Candidates, who must be under 40, should possess a good Honours Degree in Economics. Some knowledge is desirable of statistical methods, and of experience of work in government or a commercial economic or statistical organisation or post-graduate research in economic analyses. Duties will consist of the analysis and interpretation of economic trends, and economic research.
Appointment on contract for one tour of 21-27 months in first instance. Inclusive salary, depending on experience, in scale £1,221-£1,448. Contract gratuity 25 per cent of total substantive emoluments. Local Income Tax. Free passages. Generous home leave and education allowances. Free medical attention.
Apply, in first instance with summary of personal particulars, to Director of Recruitment, Department of Technical Co-operation, Carlton House Terrace, London, S.W.1, from whom further details may be obtained. Please quote reference number RC 206/145/03/A3 and state full name.

RESEARCH FOR GRANADA

Would you like to work on Granada's current affairs programmes, like PEOPLE AND PLACES, WHAT THE PAPERS SAY and ALL OUR YESTERDAYS, and on social and political subjects, like INSANITY OR ILLNESS, THE PILL and SHADOW OF IGNORANCE? Are you ready to work odd hours and do unusual jobs? Have you experience that qualifies you for this kind of work? If so, write giving a brief biography to

Norman Price,
Granada TV,
Television House,
Manchester, 3.

Vacancies for

STATISTICIANS (2)

in the Central Statistics Office, Dublin. Salary Scales: (A) women and unmarried men £780 x £32—£1,100 x £39—£1,425 and (B) married men £780 x £45—£1,645. Entry point on salary scale will depend on qualifications and experience. Special increment after 6 years' service; up to £156 on scale A and £180 on scale B, subject to certain conditions. Maximum age limit 35 years. Essential: (i) First or Second Class Honours Degree (or equivalent) in Mathematics or Mathematical Physics or Mathematical Statistics; or (ii) First or Second Class Honours Degree (or equivalent) in Economics with aptitude for Mathematics; or (iii) First or Second Class Honours Degree (or equivalent) with aptitude for Mathematics and adequate experience in practical statistical work.
Note: A person awaiting entering of his degree will be admitted provisionally.
Application forms, etc., from Secretary, Civil Service Commission, 45, Upper O'Connell Street, Dublin, 1. Latest time for receiving completed application forms, 5 p.m. on October 24, 1961.

THE NATIONAL INSTITUTE OF ECONOMIC AND SOCIAL RESEARCH

has a vacancy for Research Officer (salary scale £1,050 x £50—£1,700, with F.S.S.U. and family allowances). Appointment for two or three years, open to renewal thereafter, to join team studying long term prospects of British economy. Appointment to begin not later than January, 1962. Good degree in economics essential, preferably with statistics. Previous research experience desirable. Applications by October 31, with curriculum vitae, to the Secretary, NIESR, 2 Dean Trench Street, Smith Square, London, S.W.1.

For further appointments and other classified advertisements see pages 89 and 90

THE AUSTRALIAN NATIONAL UNIVERSITY

Research Scholarships

Applications are invited for scholarships in Anthropology and Sociology (including Oceanic Linguistics), Demography (including social and cultural aspects), Economics (including Economic History and Economic Statistics), Geography (most branches but not at present with any emphasis on soil geography and climatology), Modern History (particularly in the fields of Australia and the British Commonwealth), Far Eastern History (China and Japan)*, International Relations, Law, Pacific History, Political Science (including public administration), Philosophy (including, as well as the traditional branches of philosophy, social and political philosophy, the philosophy of education, the logic of the natural and social sciences and of history, the history of ideas), and Statistics (including Mathematical Statistics).
Applicants should be post-graduate students with capacity for research. Scholars will normally enrol for a Ph.D degree, the course for which extends over three years. A scholarship is initially awarded for two years but will normally be extended for the whole period of the approved course.
The basic scholarship allowance is £A950 per annum. Married scholars with children receive additional allowances for dependants. A grant will normally be made towards travel costs.
Application forms and further particulars are available from the University or from the Secretary, The Association of Universities of the British Commonwealth, Marlborough House, Pall Mall, London, S.W.1. Applications should reach the University by April 30 or October 31 in any year, although special consideration may be given to applications at other times. Scholarships may be taken up at any time after award, subject to agreement of the Head of Department concerned.
D. K. R. HODGKIN,
Registrar.
Institute of Advanced Studies.
Box 4, G.P.O.,
CANBERRA, A.C.T., AUSTRALIA.
*A substantial knowledge of the relevant language is a pre-requisite.

COMPANY AFFAIRS

Glaxo

THE 10s. ordinary shares of Glaxo have taken a hard knock since last April's disappointing interim statement and they had fallen from a peak of 73s. 9d. to 52s. 4½d. before this week's final figures for the year to June 30th. At the half-year Glaxo's sales had risen by 3 per cent in value and even more in volume but narrower profit margins had brought a 4 per cent fall in trading profits and an 8 per cent fall in net profits compared with the same period in 1959-60. Shareholders were told that competition was particularly keen in overseas markets, which account for about 60 per cent of the group's turnover and they were warned that the severe competition was likely to continue. The full year's results, however, do not make such gloomy reading as had been expected, though the acquisition of Evans Medical makes an accurate comparison difficult. Group net profits for the year fell slightly from £3,760,000 to £3,718,000, but the contribution of Evans Medical amounted to £258,000 and after deducting this sum together with previous year's profits and outside interests a truer comparison is between a profit of £3,226,000 in 1960-61 and £3,496,000 in 1959-60. This is a fall of about 8 per cent which is in line with that reported in April.

As forecast when the offer for Evans Medical was made, the ordinary dividend is to be 15 per cent against the equivalent of 14.4 per cent with the final 9 per cent paid on the shares issued to shareholders of Evans Medical. Earnings including a year's contribution from the new acquisition amount to 48 per cent and still cover the dividend over three times. In the absence of full turnover figures it certainly seems that Glaxo has at least been able to check any further squeezing in margins notwithstanding the continuing fierce competition in the pharmaceutical industry. The shares at 56s. 9d. now yield a modest 2.6 per cent but the earnings yield is 9¼ per cent.

Calico Printers Association

IN the year to June 30th last Calico Printers' Association received £2.2 million from its royalty income on "Terylene" and other patents and this exceeded for the first time the group's gross profit of £1,948,000 from its normal trading interests. It is therefore vitally important for CPA shareholders to know how much the company can expect to receive from these royalties in the next few years. The British patents expire in July 1963 but foreign royalties are expected to continue at their present levels until 1966. For the six months to December 31st last about 70 per cent of all royalty income came from these foreign patents but for the whole year the British contribution was relatively higher, so that foreign patents contributed slightly over 60 per cent of the total income. On this basis of contributions about two-fifths of foreign income would cease after 1966, one fifth after each of the next two years and the remaining one-fifth would continue until 1968-69. In making these forecasts Mr Roger M. Lee, the chairman of CPA, points out that it is impossible to foresee how the income from individual sub-licensees may change while the foreign patents remain in force.

Normal trading profits held up quite well last year and the fall in profits before tax from £2,270,000 to £1,948,000 was largely accounted for by the continuing losses of the United Turkey Red Company. In commission printing sales declined, particularly to the home trade, hit by two poor summers, while the merchanting side of the business has been reorganised and streamlined. The difficulties of CPA have been increased by large imports of printed cottons which the chairman believes "amount to little more than dumping" and which may soon reach a level where they will offset the printing capacity eliminated by the industry's reorganisation scheme. The 5s. shares at 12s. 3d. yield almost 9 per cent on the ordinary dividend of 21¼ per cent. After a higher interim dividend the final payment was effectively maintained at the 1959-60 level in deference to the appeal by the Chancellor of the Exchequer for dividend restraint. This restricted payment is covered about 3½ times by total earnings and about 1½ times by earnings solely from normal trading.

Electric and Musical Industries

THURSDAY'S gloom over the interim results from ICI was lightened somewhat by the full year's results from Electric and Musical Industries. The discouraging news from so many other companies in the television and domestic appliance fields had led many investors to fear some fall in profits despite the continued buoyancy of the gramophone records business. It was no doubt this buoyancy that contributed most to the substantial rise in group sales in the year to June 30th, 1961, from £68.7 million to £82.4 million. But as the chairman, Sir Joseph Lockwood, warned shareholders last December, costs were continuing to rise and profit margins on sales have fallen from 10.1 to 9.5 per cent. The upshot is to leave the group trading profit £905,000 higher at £7,836,000. After higher charges for depreciation and interest, profits before tax rose by only 4 per cent from £5,221,000 to £5,448,000.

These are the first results from the group since the Morphy-Richards and Ardente acquisitions in September of last year, but these companies accounted for only £278,000 of profits before tax. This works out to an annual rate of about £370,000 and with Ardente believed to be earning pre-tax profits at an annual rate of about £100,000 it suggests that Morphy-Richards' profits were no more than £270,000 against £1,200,000 in 1959-60. Clearly Morphy-Richards has been hit heavily by the impact of credit restrictions, even though the company makes a number of smaller appliances. But it was not only in this country that the group suffered from government restrictions for in Australia too EMI's subsidiary showed a sharp fall in profits.

The dividend as expected has been maintained at 17½ per cent on the larger capital, but with earnings per share down from 39.1 to 33.8 per cent the cover for the payment has been cut to 1.9 times. Shareholders will no doubt wonder how soon the Morphy-Richards business, which was not acquired cheaply, can be put back on a really profitable basis. The directors say that heavy expenditure was incurred last year in the integration of the Gramophone Company's domestic appliance business with that of Morphy-Richards; the worldwide EMI sales organisation should improve the sales of Morphy-Richards appliances in overseas markets. But this may take some time, and the 10s. shares at 37s. 6d. stand some 28 per cent below their peak for this year. They now yield 4.7 per cent.

Astley Industrial Trust

THE sharp fall in profits from Astley Industrial Trust came as no surprise, following the sorry story hire purchase houses have told in the past year. In March shareholders were warned that bad debts were heavier than normal and that this combined with high interest charges had had an adverse affect on trading results in the first half of the year. Notwithstanding the interim dividend was maintained at 6 per cent. It is not clear whether lower interest rates in the second half of the year brought any improvement in earnings but profits before tax for the full year to June 30th fell from £710,000 to £370,000 and net profits from £330,000 to £207,000. Earnings, which included a full year's contribution from Rootes Acceptances, are down from 24.4 to 13.7 per cent, which just covers the ordinary dividend; with a final payment of 7 per cent this totals 13 per cent, against 16 per cent for 1959-60.

It is to be hoped that in the full accounts the chairman, Sir Stanley Bell, will tell shareholders how much of the fall in profits was due to bad debts. But the group's confidence in the future seems undiminished, as evidenced by further acquisitions of businesses in Ireland and the west country. Before these results the 5s. shares, of which District Bank has a substantial holding, stood at their low points for the year, but the shares now stand 1s. above this at 16s. 6d. to yield 4 per cent.

Plessey

THE formal offers from Plessey for Automatic Telephone and Electric and Ericsson Telephones also embody an advance preliminary profits statement from Plessey for the year to June 30th last. Unaudited figures show profits at £4,100,000 compared with £4,190,000 for the previous year. The fall in actual trading profits has been cushioned by a sharp increase of £634,000 in investment income. As expected, Garrard Manufacturing in its first year as a member of the group contributed a small loss and the major fall in profits came from that side of the business supplying the television and domestic appliance markets. This is believed to account for about one quarter of the group's total turnover, but better profits were recorded by other parts of the business serving among others the motor, aircraft and electronics industries. Plessey is also a substantial supplier of telephone equipment and telecommunications equipment, as are Ericsson and ATE, and the merger should enable large economies to be made both in manufacturing and research.

For the current year the Plessey directors expect that profits should be "as good as those" for 1960-61 and have already forecast a dividend of 15 per cent on the capital to be increased by the acquisitions. The ordinary capital has already been increased by last month's one-for-three scrip issue and the forecast payment compares with an equivalent dividend of 12¾ per cent for 1961, which looks to be covered 1.8 times. But working from the latest figures it seems that the forecast payment would be covered about 1½ times, indicating some dilution of earnings as a result of the merger. Plessey will find no difficulty in meeting the cash portion of the merger scheme amounting to nearly £2 million, for at June 30th last its holdings of cash and investments amounted to £16½ million, boosted by the £9½ million proceeds of last year's rights issue. Clearly the group is well placed to meet further expansion; the 10s. shares at 40s. 3d. now ex the scrip issue yield just under 3.7 per cent on the forecast payment.

Rio Tinto

THE complexity of Rio Tinto's mining interests in Canada is not entirely of its directors' choosing since tax and commercial considerations play an important rôle in determining the group's structure. However, a series of deals designed primarily to avoid a possible conflict of interests between Rio Tinto Mining Company of Canada and Rio Algom Mines also forms another step in the simplification of the group's holdings. At the beginning of 1960, Tinto Holdings, a wholly-owned subsidiary of the London company, held 54 per cent of RTMC's equity, but this was enlarged to 84 per cent by the purchase of a large block of shares from a former associate. The group's beneficial interest in Rio Algom through RTMC and Preston Mines then amounted to 40 per cent. RTMC has been diversifying its projects and Rio Algom, into which Rio Tinto's uranium interests in Canada were transferred following last year's reorganisation, will clearly need to follow suit.

Under the proposed scheme, Rio Algom will buy for about $7.1 million RTMC's technical and administrative machine, its exploration and development projects and other assets, including investments in Africa valued at about $1.6 million. (Within the next year these can be sold back to Tinto Holdings at cost.) For the next 15 years, the Rio Tinto organisation will refer to Rio Algom all business openings in Canada that come to its knowledge. In return, Tinto Holdings will get an option on 500,000 unissued shares in Rio Algom at the price current when the agreement was being negotiated. The Canadian field has therefore been left clear for Rio Algom, and Tinto Holdings will receive a sizeable cash distribution as well as shares in Rio Algom and Preston Mines when "a substantial part" of RTMC's assets are distributed to shareholders. The cash will help to finance an offer for between 750,000 and 1,250,000 shares in Preston Mines at $7.20 a share which will require from $5½ million to $9 million. When these transactions have been completed, it is intended that Tinto Holdings will hold about half of Rio Algom's equity, in keeping with Rio Tinto's policy of sharing its projects with local investors.

Capital and Counties

THE main interest in the full report from Capital and Counties Property is the terms of the proposed loan of £18.3 million by Norwich Union and Prudential Assurance. The insurance companies will have the right to convert 20 per cent of the loan into equities so as to give a 6 per cent yield. At present Capital and Counties 5s. shares stand at 43s. 6d. to yield only 1.8 per cent, but Mr Leslie Marler expects income to rise to such a level that the conversion on the proposed basis would result in shares being issued at above the market price. The loan is being used to finance the big Knightsbridge Green development and the option will be exercisable for three years after the completion of the project or four years after the first issue of the debenture stock.

On this forecast the dividend would have to be trebled to show a six per cent yield on the current price, but Mr Marler says that the present earnings estimate may well turn out to be conservative. Thus shareholders should be able to look for a dividend of at least 50 per cent in what is likely to be another 6 or 7 years. On this assumption the insurance companies together would receive about a 15 per cent stake in Capital and Counties equity assuming the maximum amount of £18.3 million of the debenture was taken up. Norwich Union already has an 8 per cent interest in the Capital and Counties equity.

London Stock Exchange

FIRST DEALINGS:	Sept. 18	Oct. 2	Oct. 16
LAST DEALINGS:	Sept. 29	Oct. 13	Oct. 27
ACCOUNT DAY:	Oct. 10	Oct. 24	Nov. 7

OVER the past week to Wednesday equity prices drifted lower until on Tuesday the *Financial Times* index reached its lowest level for two years. As the account drew to a close before last weekend investment interest was small and the jobbers' reluctance to accept stock accentuated the fall in prices. The ICI results were slightly better than expected although profit margins were still clearly narrowing but they were not good enough to encourage the market; the news on Friday of a big fall in bank advances, together with bear and end account selling, combined to depress equities. The new account on Monday brought no improvement and the absence of buying interest continued; on Tuesday however there was much less stock on offer and the fall in prices was almost stemmed. By Wednesday favourable interpretations of the latest gold and convertible currency reserve figures helped to turn the tide of recent falls, but *The Economist* indicator lost 4.7 points over the week to 350.8, the lowest point since November, 1959. But a sharp rise in equity prices followed the anouncement of the reduction in Bank rate on Thursday.

Throughout the week the firmest section of the gilt-edged market has been in short dated stocks although medium dated stocks were in demand on Friday and again on Tuesday. Among the shorts, Conversion 4½ per cent 1962 gained $\frac{3}{32}$ to 99½; the outstanding rise was in the scarce 2½ per cent Savings Bond 1964-7, which gained $1\frac{5}{16}$ to $82\frac{13}{16}$ xd. Many of the gains had clearly been on expectations of an early cut in Bank Rate and this was confirmed by Thursday's reduction from 7 to 6½ per cent.

Insurance shares gained this week, with Commercial Union 4s. 3d. higher at 65s. 3d. Bank shares showed small gains but hire purchase house shares were generally slightly down. Breweries remained steady but building shares closed lower, London Brick losing 1s. 3d. to 87s. 9d. Chemical share prices fell after the news of ICI's smaller margins and several stores shares lost small amounts including Marks and Spencer, 9d. down at 101s. 3d. though Debenhams were in demand following the rights issue.

Among electrical shares AEI fell on the dividend warning, but EMI rose by 9d. to 36s. 6d. Engineering shares fell back by small amounts and similar losses were evident in steel shares; Steel of Wales was an exception and late gains pushed the price up 4½d. to 34s. 3d. Press comment was partly responsible for a drop of 1s. in the price of Bowater Paper to 44s. 6d. but Unilever gained 5s. to 143s. on the news of the stock split. Motor shares were dull and ACV lost 4s. 3d. to 68s. 1½d. Textiles were also dull but oils made small gains and after early falls Kaffirs became firmer: Anglo American rose by 7½d. to 122s. 6d. and F. S. Geduld by 1s. 10½d. to 83s. 9d.

LONDON AND NEW YORK STOCKS

Prices, 1961 High	Prices, 1961 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Sept. 27, 1961	Price, Oct. 4, 1961	Net Yield, Oct. 4, 1961 §	Gross Yield, Oct. 4, 1961
92½	88⅜	*Savings Bonds* 3% 1955–65	88¾	88^{27}/$_{32}$	£ s. d. 5 0 0	£ s. d. 6 5 10
101^{23}/$_{32}$	99	Conversion 4½% 1963	99⅛	99^{1}/$_{32}$	3 8 4	5 16 6
96⅞	93¾	Exchequer 3% 1962–63	95⅝	94^{23}/$_{32}$	4 18 0	6 6 8
101^{15}/$_{16}$	98⅜	Treasury 5½% 1962	99^{3}/$_{32}$	99^{3}/$_{32}$	5 0 10	6 4 8
93^{29}/$_{32}$	90¼	Exchequer 2½% 1963–64	90^{23}/$_{32}$	91⅛	4 6 8	6 8 3
99^{19}/$_{32}$	96⅝	Conversion 4¾% 1963	97^{3}/$_{32}$	97⅜	4 3 5	6 7 11
98^{31}/$_{32}$	94½	Conversion 4½% 1964	95^{5}/$_{16}$	95^{7}/$_{16}$	4 6 8	6 8 3
101^{13}/$_{16}$	96	Exchequer 5½% 1966	96½	96^{23}/$_{32}$	4 3 6	6 7 7
83⅛	78^{13}/$_{16}$	Funding 3% 1959–69	78½*	79^{7}/$_{16}$	5 3 3	6 9 9
89¾	84¾	*Funding* 4% 1960–90	84^{15}/$_{16}$*	85*	3 18 3	4 13 10
79^{13}/$_{16}$	74⅝	Savings Bonds 3% 1960–70	75^{15}/$_{16}$	76^{7}/$_{16}$	5 4 1	6 11 8
84⅞	80¾	Savings Bonds 2½% 1964–67	81¼*	82^{13}/$_{16}$*	5 1 11	6 3 3
72^{31}/$_{32}$	68¼	Savings Bonds 3% 1965–75	68^{11}/$_{16}$	68^{7}/$_{16}$	5 1 2	6 10 10
83^{15}/$_{32}$	78⅞	Funding 3% 1966–68	80⅝	81^{9}/$_{16}$	5 2 7	6 9 7
97½	92½	Victory 4% 1920–76	93¼	93¼	3 9 7	5 2 8
85½	80¼	Conversion 3½% 1969	81⅝	82^{7}/$_{16}$	5 1 0	6 11 11
93^{5}/$_{16}$	87	Conversion 5% 1971	88^{13}/$_{16}$	89^{5}/$_{16}$	4 10 3	6 13 2
95^{11}/$_{16}$	88½	Conversion 5½% 1974	90^{11}/$_{16}$	90^{11}/$_{16}$	4 5 6	6 10 7
73⅛	66	Treasury 3½% 1977–80	67^{11}/$_{16}$	67^{13}/$_{16}$	4 16 8	6 12 7
72¼	65	Treasury 3½% 1979–81	66^{11}/$_{16}$	66^{7}/$_{8}$	4 16 4	6 12 0
97^{9}/$_{16}$	88½	Funding 5½% 1982–84	89½	89^{5}/$_{8}$	4 2 9	6 9 10
59½	52¼	Redemption 3% 1986–96	52^{1}/$_{16}$*	52^{1}/$_{16}$	4 11 8	6 9 0
88¼	79¼	Treasury 5% 1986–89	79¼*	79^{3}/$_{8}$*	4 6 9	6 12 4
63^{11}/$_{16}$	55	Funding 3½% 1999–2004	56½	56^{5}/$_{8}$	4 8 11	6 12 3
94^{5}/$_{8}$	81^{5}/$_{8}$	*Treasury* 5½% 2008–12	82¼	82^{3}/$_{8}$	4 4 6	6 15 3
65⅜	56½	Consols 4% ..... after Feb. 1957	58^{13}/$_{16}$	58^{7}/$_{8}$	4 3 10	6 17 7
59¼	50½	War Loan 3½% ..... after 1952	53^{11}/$_{16}$	53	4 2 6	6 15 2
59	50½	Conv. 3½% ..... after Apr. 1961	51^{13}/$_{16}$*	51^{15}/$_{16}$*	4 2 11	6 15 5
50^{7}/$_{8}$	43¼	Treasury 3% ..... after Apr. 1966	44⅜*	44⅜	4 2 10	6 15 3
44	36½	Consols 2½%	38⅜*	38⅜	3 19 10	6 10 4
43½	36½	Treasury 2½% ..... after Apr. 1975	37½*	37⅝	4 1 5	6 13 0
91^{5}/$_{16}$	85¾	British Electric 4½% 1967–69	87^{15}/$_{16}$	87^{15}/$_{16}$	4 13 5	6 11 5
75^{11}/$_{16}$	70⅛	*British Electric* 3% 1968–73	71¼*	71^{9}/$_{16}$	5 3 0	6 11 5
70⅝	64½	British Electric 3% 1974–77	65⅞	66^{1}/$_{16}$	5 0 9	6 10 11
81⅞	74⅞	British Electric 4½% 1974–79	75⅝	75¾	4 12 2	6 11 8
73^{15}/$_{16}$	67	British Electric 3½% 1976–79	68^{11}/$_{16}$	68¾	4 16 5	6 12 4
84⅞	76¾	British Gas 4% 1969–72	80⅛	80^{7}/$_{16}$	4 16 8	6 12 10
81^{13}/$_{16}$	76	British Gas 3½% 1969–71	77^{11}/$_{16}$	78¼	4 19 4	6 11 0
59⅜	51⅛	British Gas 3% 1990–95	51⅞*	52⅛*	4 13 5	6 11 5
75^{11}/$_{16}$	70⅛	British Transport 3% 1968–73	71¼*	71^{9}/$_{16}$	5 3 0	6 11 5
80⅞	74	British Transport 4% 1972–77	75¼	75^{15}/$_{16}$	4 13 8	6 11 11
61^{7}/$_{16}$	53¾	British Transport 3% 1978–88	55⅞	56⅛	4 16 0	6 11 4

Prices, 1961 High	Prices, 1961 Low	DOMINION AND CORPORATION STOCKS	Price, Sept. 27, 1961	Price, Oct. 4, 1961	Yield, Oct. 4, 1961 £ s. d.
82⅛	76½	Australia 3½% 1965–69	78¼	78⅜	6 18 0
101	92¾	Australia 6% 1974–76	92¾*	93	6 13 0
72½	64½	Ceylon 4% 1973–75	65½	65½	8 5 0
101⅛	92⅜	New Zealand 6% 1976–80	92¾	93	6 13 0
80½	70½	Rhodesia and Nyasaland 6% 1978–81	70¾	71	9 7 0
81	73	South Africa 3½% 1965–67	76¼*	76½	8 16 0
59	53½	Southern Rhodesia 4½% 1987–92	53¾	54	8 19 0
94⅝	85⅛	Agricultural Mortgage 5½% 1960–85	86	86¼	6 15 5
89	82¼	Birmingham 4¼% 1967–70	83½	83¾	6 17 0
92¾	86½	Bristol 5% 1971–73	87¼	87¼	6 14 0
93	87	Corporation of London 5¼% 1976–79	87	87	6 12 0
48¾	41	L.C.C. 3% ..... after 1920	43¼	43	6 19 0
89⅛	80⅛	L.C.C. 5% 1980–83	80¼	80¾	6 14 0
93	84¼	Middlesex 5½% 1980	84¼	84¼	6 14 0

NEW YORK PRICES AND INDICES

	Sept. 27 $	Oct. 4 $		Sept. 27 $	Oct. 4 $		Sept. 27 $	Oct. 4 $
Atch. Topeka ...	26⅛	27⅜	Boeing	50¾	50¾	Int. Harvester ..	50⅞	50
Can. Pacific	23⅞	24½	Celanese	34⅝	35	Inter. Nickel ...	82⅜	80½
Pennsylvania	14½	15⅝	Chrysler	55¼	56½	Inter. Paper ...	33⅞	36¼
Union Pacific ...	34⅞	36¾	Col. Palmolive ..	44¼	47⅜	Kennecott	81	80½
Amer. Electric ..	68⅛	69⅝	Crown Zeller. ..	57¾	59⅜	Monsanto	54⅝	54¼
Am. Tel. & Tel...	118½	119⅞	Distillers Seag...	40½	40½	Nat. Distillers...	25¾	25⅞
Cons. Edison	34½	34½	Douglas	34½	34⅝	Pan-American .	18⅛	18⅞
Int. Tel. & Tel...	54½	54⅜	Dow Chemical..	80⅜	78¼	Procter Gamble	93½	96⅜
South'n. Nat. *Gas*	41⅛	41¼	*Du* Pont	225	222	Radio Corpn...	53¾	54¾
United Corpn...	8⅝	8⅝	East. Kodak....	100¼	101¼	Sears Roebuck .	70⅜	72¾
Western Union .	42¼	42⅜	Ford Motor.....	104	108	*Shell* Oil	37	36⅞
Alcoa	66	63¾	Gen. Electric...	74¾	75⅝	Socony-Mobil ..	42	42½
Aluminium	28	28⅛	General Foods ..	95	92¾	Stand. Oil Ind..	44⅞	46⅝
Amer. Can.....	44½	44½	General Motors .	49¾	50	Stand. Oil N.J..	43½	43
Am. Smelting....	59½	59	Goodyear	43⅛	44	Union Carbide.	132¼	135
Am. Viscose	58	57⅝	Gulf Oil	36	35⅝	U.S. Steel	80⅜	80⅛
Anaconda	50⅛	49	Heinz	59	58¾	West. Electric..	44¾	44⅞
Beth. Steel	40½	41	Int. Bus. Mach...	540	546¾	Woolworth.....	72⅞	79½

Standard and Poor's Indices (1941–43=10)

1961	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Sept. 6	72·27	2·81	33·17	4·91	62·61	3·10	88·70	4·01
" 13	71·76	2·83	33·12	4·92	62·44	3·11	88·39	4·04
" 20	70·53	2·88	33·09	4·92	62·12	3·16	88·59	4·02
" 27	70·00	2·90	32·90	4·95	61·47	3·18	89·22	3·96
Oct. 4	70·57	2·88	34·54	4·71	63·24	3·11	89·22	3·96

425 Industrials :—High, 72·38 (Aug. 22). Low, 60·87 (Jan. 3).

* Ex dividend. † Tax free. ‡ Assumed average life 7¾ years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution of 1s. 0d. per share. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (i) To latest date.

Prices, 1961 High	Prices, 1961 Low	Last Two Dividends (a) (b) (c)	ORDINARY STOCKS	Price, Sept. 27, 1961	Price, Oct. 4, 1961	Yield, Oct. 4, 1961	Cover
		% %	**BANKS, DISCOUNT & HP**				
34/-	17/6	10 c 10 c	Allied Suppliers 10/-	18/11½	18/11½	5·52	2¼
15/-	7/9¾	10 *a* 12½ *b*	Assoc. British Foods.. 1/-	12/3	12/-	1·88	2
74/-	55/-	4 *a* 8 *b*	Bovril £1	57/9	57/3	4·19	2½
15/6	11/9	†47½ *b* †21½ *a*	Brooke Bond 'B' 5/-	12/10½	12/9	4·26	3¾
19/3	12/10½	2½ *a* 10 *b*	International Tea 5/-	13/11¼	13/6¾	4·61	1½
07/9	67/6	5 *a* 10⅝ *b*	J. Lyons 'A' £1	67/6	67/-	4·73	1¼
35/6	25/9	9 *b* 5 *a*	Ranks 10/-	28/1½	28/3	4·96	2
14/03/4	10/9	7½ *b* 2½ *a*	Spillers 5/-	11/3	11/1½	4·49	2
55/-	42/10½	9 *b* 3 *a*	Tate & Lyle £1	45/1½	43/4½	5·53	2
20/10½	15/7½	5 *a* 9 *b*	Unigate 5/-	15/9	16/-	4·38	2¼
73/-	60/-	†21½ *c* †11½ *a*	Brit. Amer. Tobac. 10/-	61/9	61/3	5·77	2¾
51/6	40/-	15 *b* 5 *a*	Gallaher 10/-	41/6	40/9*	4·91	2
71/6	65/3	14 *b* 8½ *a*	Imperial Tobacco..... £1	68/-	66/9	6·74	1¾
			INSURANCE				
15/14	11⅝	†55 *b* †50 *a*	Britannic 5/-	12⅝	12⅝	3·40	...
86/3	61/-	20 *a* 25 *b*	Commercial Union ..5/-	61/-	65/3	3·45	...
32	17⅞	†41·17*c* †41·17*c*	Equity & Law Life ...8/6	27⅛	27⅜	1·04	...
88/41/2	51/10½	10 *a* 20 *b*	General Accident..... 5/-	70/3‖	70/9	2·12	...
60/6	42/7½	40 *b* 35 *a*	Guardian 5/-	49/6	49/-*	2·72**	...
39½	23¼	80 *a* 110 *b*	Legal & General..... 5/-	33¼	34⅝	1·37	...
146/-	100/-	81½ *a* 111½ *b*	Northern & Empl..... £1	125/-	127/-	3·15	...
172/6	156/3	†70 *b* †20 *a*	Pearl 5/-	212/6	225/-	3·27	...
29	18	†183½ *c* †208½ *c*	Prudential 'A' 4/-	21¾	21⅞	3·11	...
49/3	38/10½	— —	Royal 5/-	42/9¶	42/9¶	3·51**	...
129/3	103/6	111¼ *b* 71½ *a*	Royal Exchange £1	100/9	103/9*	3·61	...
			MOTORS & AIRCRAFT				
18/10½	13/-	12½ *b* 7½ *a*	British Motor 5/-	13/4½	13/03/4	7·66	2½
86/3	66/11½	20 *c* 20 *c*	Jaguar Cars 'A' 5/-	80/3	80/-	1·25	7¾
48/6	41/10½	2½ *a* 8½ *b*	Rolls-Royce £1	44/-	42/11½	5·22	5¼
10/-	6/8¼	12 *c* 12 *c*	Rootes Motors 'A' ...4/-	6/4½	6/11½	7·86	5¼
88/9	52/3¼	15 *b* 7½ *a*	A.C.V. £1	72/4½	68/11½	4·70**	2½
101/-	79/-	15 *c* 20 *c*	Leyland Motors £1	87/6	82/11½	4·87	...
18/6	14/-	9 *b* 3½ *c*	Bristol Aeroplane ..10/-	15/7½	15/8½	7·97	2¼
33/3	27/10½	10 *a* 5 *b*	Hawker Siddeley..... £1	28/6	28/11½	7·54**	1¼
41/3	31/9	14 *a* †5½ *b*	Dowty Group..... 10/-	34/4½	34/4½	4·55	2¼
28/10½	21/6	3½ *a* 12½ *b*	Dunlop Rubber 10/-	26/3	26/-	6·09	2
72/-	51/9	11¼ *b* 2½ *a*	Joseph Lucas..... £1	52/9	51/9	5·31	3
33/3	17/6	9 *a* 21 *b*	Pressed Steel..... 5/-	18/9	17/6	8·57	1¼
46/3	29/6	15 *c* 12½ *c*	Triplex Holdings ... 10/-	30/3	29/6	4·24	2
			MINES				
168/9	110/-	50 *b* 40 *a*	Anglo-American..... 10/-	121/10½	122/6	7·35	1½
67/3	43/-	183¼ *b* 61¼ *b*	Consolid. Gold Fields .£1	50/-	49/6	10·10	2
108/9	72/6	15 *a* 20 *b*	General Mining £1	80/-	80/-	8·75	2
48/6	40/-	40 *a* 120 *b*	Union Corporation .2/6	46/3	45/6	8·79	3
25/3	15/3	40 *a* 40 *b*	Daggafontein 5/-	16/6	16/9	23·88	1½
125/-	73/9	40 *a* 100 *b*	Free State Geduld ..5/-	81/10½	83/9*	10·15	2
54/3	37/6	25 *a* 25 *b*	Hartebeestfontein ...10/-	40/-	39/6	12·66	1½
64/6	41/10½	50 *a* 60 *b*	President Brand 5/-	51/10½	50/7½*	10·86	1½
157/6	101/3	90 *a* 120 *b*	Western Holdings ..5/-	116/10½	116/3	9·03	1¼
28/6	15/9	... 81¾ *a*	Winkelhaak..... 10/-	18/9*	18/6	...	8½
75/3	55/-	36⅞ *b* 13½ *a*	Chartered 15/-	57/3*	58/6	12·82	2
63/6	51/3	60 *b* 20 *a*	Rhod. Anglo-Amer. 10/-	52/6	53/9	14·88‖	2
11/7½	8/3	4½ *a* 4½ *a*	Rhod. Selection Tst. .5/-	8/4½	8/4½	10·26‖	2¼
6/11½	4/10½	10¹⁵/₁₆ *a*	Roan Antelope 5/-	5/1½	5/3	14·38‖	1¾
30/9	18/9	22½ *b* 15 *a*	Tanganyika Cons.....10/-	19/3	18/9	20·00	1½
81/6	61/3	6¼ *a* 13¾ *b*	Consolidated Zinc..... £1	64/9	61/3	6·53	1¾
159/4½	110/-	100 *a* De Beers Defd. Reg. .5/-		131/3	127/6*	9·80	1¾
159	$104	$1·50*c* $1·50*c*	Internat. Nickel ...n.p.v.	$146½	$143	1·86	...
18/9	10/9	6¼ *a* 22¹¹/₁₂ *b*	London Tin..... 4/-	16/4½	16/10½	8·30**	1¼
45/-	30/-	20 *c* 27½ *c*	Rio Tinto..... 10/-	35/-	35/7½	7·72	1½
88/6	35/6	105 *c* 40 *a*	Tronoh 5/-	68/-	63/-	8·33	1
			OIL				
61/6	41/9	†8⅜ *b* †3½ *a*	British Petroleum £1	42/9*	43/6	8·76	2¼
49/6	32/6	†2½ *a* †6⅞ *b*	Burmah Oil £1	34/3	35/9	8·57	1¼
52/-	37/-	6¼ *a* 13¾ *b*	Castrol..... 10/-	38/9	38/6	5·19	2½
£15½	£10⅝	23·87*c* 111⅛ *a*	Royal Dutch..... 20 fl.	£11⅛	£11⅛	4·11	2¾
39/7½	108/9	†20·8 *c* †10*a*	Shell Transport £1	115/-	115/9*	5·88	3
41/3	24/3	... ...	Ultramar 10/-	26/-	26/6	... *d*	...
			PAPER & NEWSPAPERS				
14/7½	9/10½	8 *b* 5 *a*	Daily Mirror..... 5/-	11/10½	12/-	6·25**	1¼
91/-	57/6	4 *a* 8 *b*	W. H. Smith & Son 'A' .£1	59/6	57/9	4·16	2
19/-	17/9	— —	Thomson Org'n. 5/-	19/-	18/9	6·40**	2
66/3	43/6	8¾ *b* 5 *a*	Bowater Paper..... £1	45/6*	44/6	6·18	1½
56/6	43/9	9 *a* 7 *b*	Albert E. Reed..... £1	45/9	43/9	7·31	1½
54/3	37/6	4 *a* 8½ *b*	Spicers..... £1	42/-	42/-	5·95	1¾
68/9	50/6	4 *a* 10 *b*	Wiggins Teape £1	56/6	55/6	5·05	2
			ENGINEERING				
36/9	23/3	4½ *a* 4½ *b*	Babcock & Wilcox....£1	24/6	23/6	7·66	
48/9	33/-	4 *a* 7 *b*	John Brown £1	35/4½	34/6	6·38	
8/4½	5/-	9 *b* 3 *a*	Cammell Laird 5/-	5/4½	5/-*	12·00	
33/9	23/-	20 *b* 10 *a*	Internat. Combust. .5/-	23/-	23/4½	6·42	
9/11½	4/11½	... ...	Rich'ds'ns. Westg'th. 10/-	4/7½	4/11½	...	
40/-	28/-	9½ *b* 2½ *a*	Swan Hunter £1	33/-	32/9*	7·33	
17/4½	13/-	5 *a* 5 *a*	John Thompson 5/-	13/9*	13/-	1·92	
33/10½	21/8¼	†7½ *c* †2½ *a*	Coventry Gauge.....10/-	31/11½	31/-	3·95	
79/9	51/6	†6 *b* †2½ *a*	Alfred Herbert £1	65/6	64/9	4·39	
78/-	57/-	5 *a* 12½ *b*	Allied Ironfounders...£1	59/-	57/3	6·98	
110/-	83/-	5 *a* 10 *b*	Averys 10/-	85/6	86/6	3·47	
36/10½	19/4½	7¾ *b* 4 *a*	B.S.A. 10/-	20/11½	20/11½	5·80	
81½	46	4½ *a*	George Cohen 5/-	10/3	10/-	6·50	
14/9	10/-	17½ *b*	Davy-Ashmore 5/-	37/6¾	38/9	3·55	
44/4½	32/4½	10 *a* 11 *b*	Guest Keen..... £1	87/9	86/6	3·70	
108/7½	78/6	5 *a* 12 *b*	Head Wrightson..... 5/-	22/1½	22/4½	3·58	
31/-	21/10½	4 *a* 7 *b*	Metal Box £1	82/6	82/-	2·93	
100/3	68/3	5 *a* 10 *b*	Ransome & Marles...5/-	16/6	16/6	4·24	
22/6	14/-	4 *a* 7 *b*	Renold Chains £1	42/6	41/6	4·82	
50/6	34/6	3 *a*	Simon Engineering ..5/-	38/4½	37/6	3·67	
44/11½	29/7½	10 *a* 17½ *b*	Tube Investments..... £1	62/3	59/-	4·75	
85/6	58/6	14 *c* 7 *a*	Vickers £1	29/10½	27/9	7·21	
38/4½	27/4½	7½ *b* 2½ *a*	Ward (Thos. W.) £1	70/-	69/-	4·35	
84/6	64/6	11¼ *b* 3½ *a*	Woodall-Duckham...5/-	21/6	21/-	5·00**	
30/-	20/-	5 *a* 22½ *b*					

Prices, 1961 High	Prices, 1961 Low	Last Two Dividends (a) (b) (c)	ORDINARY STOCKS	Price, Sept. 27, 1961	Price, Oct. 4, 1961	Yield, Oct. 4, 1961	Cover
		% %	**FOOD & TOBACCO**				
34/-	17/6	10 *c* 10 *c*	Allied Suppliers 10/-	18/11½	18/11½	5·52	2¼
15/-	7/9¾	10 *a* 12½ *b*	Assoc. British Foods.. 1/-	12/3	12/-	1·88	2
74/-	55/-	4 *a* 8 *b*	Bovril £1	57/9	57/3	4·19	2½
15/6	11/9	†47½ *b* †21½ *a*	Brooke Bond 'B' 5/-	12/10½	12/9	4·26	3¾
19/3	12/10½	2½ *a* 10 *b*	International Tea 5/-	13/11¼	13/6¾	4·61	1½
07/9	67/6	5 *a* 10⅝ *b*	J. Lyons 'A' £1	67/6	67/-	4·73	1¼
35/6	25/9	9 *b* 5 *a*	Ranks 10/-	28/1½	28/3	4·96	2
14/03/4	10/9	7½ *b* 2½ *a*	Spillers 5/-	11/3	11/1½	4·49	2
55/-	42/10½	9 *b* 3 *a*	Tate & Lyle £1	45/1½	43/4½	5·53	2
20/10½	15/7½	5 *a* 9 *b*	Unigate 5/-	15/9	16/-	4·38	2¼
73/-	60/-	†21½ *c* †11½ *a*	Brit. Amer. Tobac. 10/-	61/9	61/3	5·77	2¾
51/6	40/-	15 *b* 5 *a*	Gallaher 10/-	41/6	40/9*	4·91	2
71/6	65/3	14 *b* 8½ *a*	Imperial Tobacco..... £1	68/-	66/9	6·74	1¾
			INSURANCE				
15/14	11⅝	†55 *b* †50 *a*	Britannic 5/-	12⅝	12⅝	3·40	...
86/3	61/-	20 *a* 25 *b*	Commercial Union ..5/-	61/-	65/3	3·45	...
32	17⅞	†41·17*c* †41·17*c*	Equity & Law Life ...8/6	27⅛	27⅜	1·04	...
88/41/2	51/10½	10 *a* 20 *b*	General Accident..... 5/-	70/3‖	70/9	2·12	...
60/6	42/7½	40 *b* 35 *a*	Guardian 5/-	49/6	49/-*	2·72**	...
39½	23¼	80 *a* 110 *b*	Legal & General..... 5/-	33¼	34⅝	1·37	...
146/-	100/-	81½ *a* 111½ *b*	Northern & Empl..... £1	125/-	127/-	3·15	...
172/6	156/3	†70 *b* †20 *a*	Pearl 5/-	212/6	225/-	3·27	...
29	18	†183½ *c* †208½ *c*	Prudential 'A' 4/-	21¾	21⅞	3·11	...
49/3	38/10½	— —	Royal 5/-	42/9¶	42/9¶	3·51**	...
129/3	103/6	111¼ *b* 71½ *a*	Royal Exchange £1	100/9	103/9*	3·61	...
			MOTORS & AIRCRAFT				
18/10½	13/-	12½ *b* 7½ *a*	British Motor 5/-	13/4½	13/03/4	7·66	2½
86/3	66/11½	20 *c* 20 *c*	Jaguar Cars 'A' 5/-	80/3	80/-	1·25	7¾
48/6	41/10½	2½ *a* 8½ *b*	Rolls-Royce £1	44/-	42/11½	5·22	5¼
10/-	6/8¼	12 *c* 12 *c*	Rootes Motors 'A' ...4/-	6/4½	6/11½	7·86	5¼
88/9	52/3¼	15 *b* 7½ *a*	A.C.V. £1	72/4½	68/11½	4·70**	2½
101/-	79/-	15 *c* 20 *c*	Leyland Motors £1	87/6	82/11½	4·87	...
18/6	14/-	9 *b* 3½ *c*	Bristol Aeroplane ..10/-	15/7½	15/8½	7·97	2¼
33/3	27/10½	10 *a* 5 *b*	Hawker Siddeley..... £1	28/6	28/11½	7·54**	1¼
41/3	31/9	14 *a* †5½ *b*	Dowty Group..... 10/-	34/4½	34/4½	4·55	2¼
28/10½	21/6	3½ *a* 12½ *b*	Dunlop Rubber 10/-	26/3	26/-	6·09	2
72/-	51/9	11¼ *b* 2½ *a*	Joseph Lucas..... £1	52/9	51/9	5·31	3
33/3	17/6	9 *a* 21 *b*	Pressed Steel..... 5/-	18/9	17/6	8·57	1¼
46/3	29/6	15 *c* 12½ *c*	Triplex Holdings ... 10/-	30/3	29/6	4·24	2
			MINES				
168/9	110/-	50 *b* 40 *a*	Anglo-American..... 10/-	121/10½	122/6	7·35	1½
67/3	43/-	183¼ *b* 61¼ *b*	Consolid. Gold Fields .£1	50/-	49/6	10·10	2
108/9	72/6	15 *a* 20 *b*	General Mining £1	80/-	80/-	8·75	2
48/6	40/-	40 *a* 120 *b*	Union Corporation .2/6	46/3	45/6	8·79	3
25/3	15/3	40 *a* 40 *b*	Daggafontein 5/-	16/6	16/9	23·88	1½
125/-	73/9	40 *a* 100 *b*	Free State Geduld ..5/-	81/10½	83/9*	10·15	2
54/3	37/6	25 *a* 25 *b*	Hartebeestfontein ...10/-	40/-	39/6	12·66	1½
64/6	41/10½	50 *a* 60 *b*	President Brand 5/-	51/10½	50/7½*	10·86	1½
157/6	101/3	90 *a* 120 *b*	Western Holdings ..5/-	116/10½	116/3	9·03	1¼
28/6	15/9	... 81¾ *a*	Winkelhaak..... 10/-	18/9*	18/6	...	8½
75/3	55/-	36⅞ *b* 13½ *a*	Chartered 15/-	57/3*	58/6	12·82	2
63/6	51/3	60 *b* 20 *a*	Rhod. Anglo-Amer. 10/-	52/6	53/9	14·88‖	2
11/7½	8/3	4½ *a* 4½ *a*	Rhod. Selection Tst. .5/-	8/4½	8/4½	10·26‖	2¼

Money and Exchanges

EXCHEQUER RETURNS

For the week ended September 30, 1961, there was an "above-line" deficit (after allowing for sinking funds) of £63,055,000 compared with a deficit of £5,885,000 in the previous week and a deficit of £44,132,000 in the corresponding period of last year. There was a net expenditure "below-line" of £96,727,000 leaving a total cumulative deficit to date of £690,932,000 compared with £664,605,000 in 1960–61.

£'000	Estimate 1961–62	April 1, 1960, to Sept. 30, 1960	April 1, 1961, to Sept. 30, 1961	6 days ended Sept. 30, 1960	Week ended Sept. 30, 1961
Ordinary Revenue					
Income Tax	2,728,500	678,107	787,401	30,535	34,126
Surtax	210,000	36,200	42,900	1,100	1,200
Death Duties	240,000	111,200	132,900	4,100	4,200
Stamps	94,000	43,800	51,300	1,300	1,400
Profits tax, EPT and EPL	325,500	140,600	177,600	3,500	5,900
Other Inland Rev. Duties	...	50	...	...	...
Total Inland Rev.	3,598,000	1,009,957	1,192,101	40,535	46,826
Customs	1,550,000	728,402	798,182	24,558	29,464
Excise	960,000	462,035	476,885	12,535	26,435
Total Customs and Excise	2,510,000	1,190,437	1,275,067	37,093	55,899
Motor Duties	155,000	26,669	31,154	192	...
PO (Net Recpts)	...	...	...	...	...
Broadcast Lic's.	40,000	13,500	14,200	2,900	...
Sundry Loans / Miscellaneous	205,000	34,154 / 55,184	121,397	1,000 / 1,749	1,072
Total	6,508,000	2,239,901	2,633,919	83,469	103,797
Ordinary Expenditure					
Debt Interest	660,000	330,956	396,362	...	3,218
Payments to N. Ireland Exch.	92,000	40,387	41,715	3,739	3,894
PO Fund — Initial settlement	15,000	...	...	...	...
Other Consolidated Funds	8,000	3,932	4,140	56	116
Supply Services	5,186,902	2,322,623	2,515,844	123,593	159,506
Total	5,961,902	2,697,898	2,958,061	127,388	166,734
Sinking Funds	40,000	18,783	18,790	213	118
"Above-line" Surplus or Deficit	—	386,780	342,932	44,132	63,055
"Below-line" Net Expenditure*	—	277,826	348,000	66,581	96,727
Total Surplus or Deficit	—	664,606	690,932	110,713	159,782
Net receipts from:					
Tax Reserve Certificates	—	126,001	106,676	10,821	14,155
Savings Certificates	—	36,100	−12,500	600	100
Defence Bonds	—	55,501	18,259	1,787	−130
Premium Savings Bonds	—	29,120	21,200	480	1,400
Total	—	246,722	133,635	13,688	15,525

* Net receipt to the Civil Contingencies Fund of £5 million in 1961–62 compared with a net receipt of £7 million in 1960–61.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1960 Oct. 1	3,490·0	2,083·1	285·8	0·3	5,859·1
1961 June 24	3,290·0	1,909·6	201·6	...	5,365·8
,, 30	3,290·0		283·3	...	5,483·0
July 8	3,280·0	1,853·1	265·2	0·8	5,399·0
,, 15	3,270·0	1,866·0	269·0	...	5,405·0
,, 22	3,260·0	1,894·4	214·3	...	5,368·7
,, 29	3,250·0	1,920·3	220·4	3·3	5,393·9
Aug. 5	3,280·0	1,882·6	207·3	...	5,369·9
,, 12	3,290·0	1,712·9	206·6	...	5,209·4
,, 19	3,290·0	1,732·5	316·8	1·5	5,340·7
,, 26	3,280·0	1,840·0	201·9	2·3	5,324·1
Sept. 2	3,260·0	1,855·3	239·4	...	5,354·8
,, 9	3,240·0	1,886·4	221·4	...	5,347·9
,, 16	3,240·0	1,905·2	229·5	...	5,374·7
,, 23	3,220·0	1,928·7	228·3	...	5,377·0
,, 30	3,220·0	2,018·6	283·7	...	5,522·3

THE MONEY MARKET

THE reduction in Bank rate to 6½ per cent on Thursday surprised the money market; a reduction was certainly expected but not quite so soon. The minimum rate on call loans from the clearing banks was reduced by ½ per cent to 4⅞ per cent, and deposit rates at the clearing banks and discount houses were also cut by ½ per cent, to 4½ per cent and 4½–¾ per cent respectively.

At the bill tender on the Friday six days before the Bank rate cut the syndicate of discount houses actually lowered its agreed bid by 3d. to £98 7s. 2d. following rises totalling 11d. in the previous three weeks. Outside offers were maintained around the previous week's level and the average rate of discount rose by only 5.97d. to £6 11s. 0.48d. per cent. Total applications rose sharply by £65 million to £448 million and the market secured only 39 per cent of its application.

Credit became progressively tighter last week after an easy day on Thursday. Conditions continued difficult on Monday and Tuesday, and on both days the authorities supplied fairly large amounts of assistance, but on Monday two or three houses were also forced to borrow a very small sum from the Bank of England.

MONEY RATES

LONDON

	%		%
Bank rate (from 7% 5/10/61)	6½	Discount rates:	
		Bank bills:	
Deposit rates (7 days' notice):		60 days	6 13/16–6 7/8
		3 months	6 13/16–6 7/8
Banks	4½	4 months	6 13/16–6 7/8
Discount houses	4½–¾	6 months	6 13/16–7
Local Authorities	7 1/2	Fine trade bills:	
Money:		3 months	7 1/2–8 1/2
Day-to-Day	5 3/8–6 3/8	4 months	7 1/2–8 1/2
		6 months	8 –9

NEW YORK

	%		%
Official Discount rate: (from 3½%, 11/8/60)	3	Treasury bills: Sept. 25	2·233
		Oct. 2	2·202

BANK OF ENGLAND RETURNS

(£ million)	Oct. 5, 1960	Sept. 27, 1961	Oct. 4, 1961
*Issue Department**:			
Notes in circulation	2,220·1	2,303·7	2,308·2
Notes in banking dept.	30·3	21·6	17·1
Govt. debt and securities*	2,247·7	2,324·0	2,324·0
Other securities	0·8	0·7	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	1·5	0·3	0·3
Banking Department:			
Deposits:			
Public accounts	11·6	14·6	11·6
Special deposits	149·8	232·9	232·9
Bankers	251·4	265·5	258·9
Others	65·3	71·4	68·6
Total	478·1	584·5	572·0
Securities:			
Government	428·0	517·5	501·6
Discounts and advances	17·6	43·4	51·6
Other	19·0	19·6	19·4
Total	464·6	580·6	572·5
Banking department reserve	31·2	22·5	18·0
"Proportion"	% 6·5	% 3·8	% 3·1

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced by £25 million to £2,325 million on September 20th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills: Average Rate of Allotment	Allotted at Max Rate†
1960 Sept. 30	91 day 290·0	478·7	s. d. 111 3·65	% 38
1961 June 30	250·0	400·8	90 8·94	45
July 7	240·0	405·2	90 8·80	42
,, 14	240·0	378·2	91 4·47	47
,, 21	240·0	333·3	92 5·62	66
,, 28	250·0	426·6	133 9·22	28
Aug. 4	250·0	386·0	134 3·33	44
,, 11	250·0	394·7	134 8·51	41
,, 18	250·0	379·6	134 1·83	61
,, 25	260·0‡	409·9	134 0·12	39
Sept. 1	250·0	379·8	134 0·50	48
,, 8	260·0	441·6	132 10·81	69
,, 15	250·0‡	407·0	131 10·99	59
,, 22	250·0	383·3	130 6·51	65
,, 29	270·0	447·9	131 0·48	39

* On September 29th tenders for 91 day bills at £98 7s. 2d. secured 39 per cent, higher tenders being allotted in full. The offer for this week was for £260 million 91 day bills. ‡ Allotment cut by £10 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits: October 4	Market Rates: Spot: September 28	September 29	September 30	October 2	October 3	October 4
United States $	2·78–2·82*	2·81 1/4–3/8	2·81 3/8–1/2	2·81 3/8–1/2	2·81 7/16–9/16	2·81 7/16–9/16	2·81 7/16–9/16
Canadian $	...	2·89 13/16–15/16	2·89 13/16–15/16	2·89 7/8–90	2·89 7/8–90	2·89 7/8–90	2·89 7/8–90
French Fr.	13·832–14·027	13·83–83 1/4	13·83–83 1/4	13·83–83 1/4	13·84 3/8–5/8	13·84 1/4–1/2	13·83 3/8–1/2
Swiss Fr.	11·94–12·54 3/8	12·16 5/8–7/8	12·16 5/8–7/8	12·16 3/4–17	12·17 3/8–7/8	12·16 3/8–5/8	12·16 3/8–5/8
Belgian Fr.	137·96–142·05	140·05–10	140·05–10	140·05–08	140·07 1/2–12 1/2	140·05–10	140·07 1/2–12 1/2
Dutch Gld.	9·983 1/2–10·28 1/2	10·16 1/8–3/8	10·16 1/8–3/8	10·16–16 1/4	10·15 1/2–3/4	10·15 3/8–5/8	10·15 1/4–1/2
W. Ger. D-Mk.	11·037–11·365	11·24 3/8–7/8	11·24 3/8–7/8	11·24 1/2–5/8	11·24 1/4–25	11·24 1/4–25	11·23 5/8–7/8
Portug. Esc.	...	80·15–25	80·15–25	80·15–25	80·20–30	80·20–30	80·20–30
Italian Lire	1725–1775	1746–1745 1/2	1746–1746 1/2	1746–1746 1/2	1746 3/4–1747	1746 3/4–1747 1/4	1746 1/2–4/7
Swedish Kr.	14·27 1/2–14·70	14·53 1/2–3/4	14·54 1/2–3/4	14·54 3/4–55	14·55 1/4–1/2	14·54 3/4–55	14·54 3/4–1/4
Danish Kr.	19·06 1/2–19·62	19·37 1/2–3/4	19·37 3/4–38	19·37 3/4–38	19·37 1/4–3/8	19·37 1/4–1/2	19·37 1/2–3/4
Norwegian Kr.	19·71–20·30 1/2	20·02 1/8–3/8	20·02 1/8–3/8	20·02 1/8–3/8	20·02 1/8–3/8	20·02–02 1/4	20·01 3/4–02
	* Official Limits	**One Month Forward Rates**					
United States $		1/16–13/16c. pm	1/16–15/16c. pm	1–7c. pm	1/16–15/16c. pm	1–7c. pm	1–7c. pm
Canadian $		1/16–15/16c. pm	1/16–15/16c. pm	1/16–15/16c. pm	1/16–15/16c. pm	1/16–15/16c. pm	1/16–15/16c. pm
French Fr.		4 1/8–3 5/8c. pm	3 3/4–3 1/4c. pm	3 3/4–3 1/4c. pm	4–3 1/4c. pm	4–3 1/4c. pm	4 1/4–3 3/8c. pm
Swiss Fr.		5 1/8–4 5/8c. pm	5 1/8–4 5/8c. pm	5 1/8–4 5/8c. pm	5 1/4–4 3/4c. pm	5 1/4–4 3/4c. pm	5 1/4–4 3/4c. pm
Belgian Fr.		45–35c. pm	45–35c. pm	45–35c. pm	43–33c. pm	35–25c. pm	35–25c. pm
Dutch Gld.		4 1/2–4c. pm	4 1/8–3 5/8c. pm	4 1/8–3 3/8c. pm	3 7/8–3 3/8c. pm	3 3/8–3 1/8c. pm	3 1/2–3 1/4c. pm
W. German D-Mk.		4 3/8–4 1/8pf. pm	4 3/8–4 1/8pf. pm	4 3/8–4 1/8pf. pm	4 1/8–4pf. pm	4 1/4–3 3/4pf. pm	4 1/2–4pf. pm
		Three Months Forward Rates					
United States $		23/4–25/8c. pm	23/4–25/8c. pm	23/4–25/8c. pm	23/4–25/8c. pm	23/4–25/8c. pm	23/4–25/8c. pm
Canadian $		27/8–23/4c. pm	27/8–23/4c. pm	27/8–23/4c. pm	2 13/16–2 11/16c. pm	2 13/16–2 11/16c. pm	2 13/16–2 11/16c. pm
Swiss Fr.		14 3/8–14 1/4c. pm	14 3/8–14 1/4c. pm	14 3/8–14 1/4c. pm	14–13 1/2c. pm	14–13 1/2c. pm	13 3/4–13 1/4c. pm
W. German D-Mk.		13–12 1/2pf. pm	13–12 1/2pf. pm	13–12 1/2pf. pm	12 1/2–12pf. pm	12 1/4–11 3/4pf. pm	12 1/2–12pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/2 1/2	250/1 1/4	...	250/0 1/4	250/–	250/–
($,, ,, ,,)		35·18 1/2	35·13 1/2		35·18 1/2	35·18 1/2	35·18 1/2

APPOINTMENTS

AGRICULTURAL ECONOMISTS

THE UNITED NATIONS

has two vacancies in the Secretariat of the United Nations Economic Commission for Africa, in Addis Ababa, Ethiopia, to plan, conduct and direct investigations into the problems and progress of agricultural development with special reference to African countries, and to formulate agricultural development projects.

Qualifications desired are advanced university education in economics or agricultural economics; substantial experience at governmental or inter-governmental level in handling practical economical problems in the agricultural sector, preferably in those of less developed countries; and excellent knowledge of English or French (working knowledge of the other desirable), with demonstrated ability in drafting reports.

One vacancy is at the First Officer level with a salary range of US $7,300-US $9,500 net, free of tax, per annum, while the other is at the Senior Officer level with a salary range of US $8,750-US $11,000. In addition, there is a cost of living allowance of $2,375 for the First Officer and $2,500 for the Senior Officer posts, net, for persons with dependants (somewhat less for single) plus dependency allowances and benefits.

In accordance with the principles of the United Nations Charter, recruitment of staff for the Secretariat is made on as wide a geographical basis as possible. Accordingly, in recruitment for the above vacancies preference shall be given to nationals of Member States which have at present disproportionately few or no nationals on the staff.

Applications should be sent to the Personnel Officer, Economic Commission for Africa, P.O. Box 3001, Addis Ababa.

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD: MARKETING OFFICERS Pensionable posts for men as follows:
(a) Two Grade III posts for work involving investigations covering all aspects of horticultural marketing. Age at least 25 on October 1, 1961. Qualifications: normally, degree in Horticulture or a related subject, or N.D.H., or equivalent; exceptionally, extensive practical experience considered in lieu. National salary scale £1,004-£1,570. Starting salary may be above minimum.
(b) Three Grade B posts for work on fruit and vegetable market surveys, and inspections under the Grade Assessment Service. Age at least 20½ on October 1, 1961. Sound general education and practical experience of horticultural marketing essential; knowledge of the wholesale trade is particularly important. National starting salary £536 (at 20) to £785 (at 26 or over); scale maximum £978. Salary scales under review.
Car driving essential for all posts. Promotion prospects.—Write Civil Service Commission, 6 Burlington Gardens, London, W.1, for application form quoting S393/61. Closing date October 30, 1961. AT8246/DM

SURREY EDUCATION COMMITTEE

KINGSTON TECHNICAL COLLEGE, FASSETT ROAD, KINGSTON-UPON-THAMES

Required 1st January, 1962:
(1) Assistant Lecturer in Accountancy; should be qualified Accountant with special interest in Costing.
(2) Assistant Lecturer in Government; with honours degree in Economics in which specialised in Government.
Salary: Burnham Technical Scale Grade B, £700 x £27 10s. (15) and £37 10s.—£1,150, allowances for degree, training and experience. London Allowance payable.
S.A.E. to Principal for further particulars and application forms.

THE British Employers' Confederation has a vacancy for a graduate, preferably in Economics, aged about 30, with practical knowledge of wages systems, to assist in its Wages and Conditions Information Service. Salary £1,200.—Applications to Secretary, British Employers' Confederation, 36, Smith Square, Westminster, London, S.W.1.

MARKET RESEARCH

S. H. Benson has a vacancy for a Senior Market Research Executive. The executive sought will be responsible for the organisation and interpretation of field studies on a major national account, involving a considerable amount of contact with psychologists, sociologists and executives of the agency and the client.

The successful candidate will probably be about 30 with at least five years' experience in market research. He will be widely experienced in all the conventional research techniques, but will also be keen to learn about new advances in motivation and operational research, and to help develop their application in solving practical marketing and advertising problems. He can count on finding congenial working conditions, and a remuneration in line with the very high standards demanded.

The position will be pensionable. Please write giving age and details of experience to date, to The Staff Manager, S. H. Benson Ltd., 129 Kingsway, W.C.2.

MSL *have been retained to advise on this appointment.*

MARKETING MANAGER

Advertising Agency

for a medium size West End agency handling a small number of large accounts mainly in the grocery and allied fields. The Marketing Manager will control a highly qualified staff which includes four marketing assistants all of whom are graduates.

Candidates should be in their mid 30's and possess a first or second class honours degree in arts or science. They must have a thorough knowledge of and experience in consumer, product and marketing techniques acquired on the agency or client side. Previous experience with a consumer research organisation would also be useful. The position requires a man of exceptional calibre who will already be earning not less than £4,000. Please send brief details in confidence quoting reference S. 3721 to P. J. H. Fryer.

In no circumstances will a candidate's identity be disclosed to our client unless he gives permission after a confidential interview at which he will be given full details of the appointment.

MANAGEMENT SELECTION LIMITED,
17 Stratton Street, London, W.1

INTERNATIONAL MARKET RESEARCH
and
MARKETING MANAGEMENT

London office of international (American-British-Swiss) marketing management consultants invites applications for the following positions:
(a) SENIOR CONSULTANTS with substantial experience in industrial marketing research and/or management;
(b) RESEARCH ASSISTANTS with suitable background for being trained in required techniques.
Work principally consists in conducting market research (mainly industrial) on international scale and in advising management on marketing techniques and problems, both domestic and foreign.
Appointments will be London-based but extensive travel abroad required. Fluent languages a definite advantage but not essential for all posts. Initial salaries will depend on qualifications, experience and on technical and linguistic qualifications. Incentive bonus scheme for established senior personnel.
Interviews in London, New York or Geneva. Applications, which will be treated in absolute confidence but which must include full CURRICULUM VITAE, career details and salary range, should be addressed to:—
Stewart, Dougall and Riley Limited.
40 Chancery Lane, London, W.C.2.

BUILDING RESEARCH STATION (D.S.I.R.) Garston, Watford, Herts., requires Scientific Officer/Senior Scientific Officer, Mathematician, Statistician or Physicist for Operational Research into building processes. Successful candidate will join team of Architects, Engineers, Scientists and Economists engaged on research to improve effectiveness and economy of planning, design and construction of buildings, with opportunities for development and publication of new research techniques.
Qualifications: 1st or 2nd Class Hons. degree in Maths or Physics. For S.S.O. at least three years' post graduate experience and minimum age 26.
Interim Salary ranges: S.O. £717—£1,222. S.S.O. £1,302—£1,654.
Career prospects to P.S.O., salary range to £2,418. Application forms from Director, above address, quoting 28 X.W. Closing date, October 30, 1961.

For other appointments see page 83 and 90

BX PLASTICS LIMITED

HEAD OF TECHNICAL WRITING SECTION. An interesting opportunity exists for a graduate who has experience in writing technical publications. He will need to be intelligent and clear thinking with a good understanding of scientific matters. It would be an advantage if he had some experience of publication work and proof correction. He must be able to get on well with other Technical and Sales Staff with whom he will have to co-operate, and he must have a flair for clear expression. For the right man this may lead to a more senior position once he has proved himself. The appointment will be based at the Research Station, which is situated in pleasant countryside on the Essex/Suffolk borders, within easy reach of the residential areas of Ipswich, Clacton, and Colchester.—Write, giving full particulars and present salary, to Research Director, BX Plastics Limited, Lawford Place Research Station, Manningtree, Essex.

SCHOOL OF ORIENTAL AND AFRICAN STUDIES

UNIVERSITY OF LONDON, W.C.1
Applications are invited for a RESEARCH FELLOWSHIP in Economics. The Candidate appointed will be required to carry out individual research with an existing research group of historians and economists relating to some aspect of the economics of South Asia (India and Pakistan). Specialised knowledge of the area is not required, but candidates must be graduates with high honours in economics who have conducted research in their own field and are prepared to develop a long-term interest in the economics of South Asia. Language or other training will be provided as necessary and the holder of the Fellowship must be prepared to undertake field work in the area of his specialisation. The appointment will be initially for three years, with the possibility of extension or of transfer to a permanent post at the School. Salary will be fixed within the range £1,000-£1,500 according to qualifications and experience, with entitlement to membership of the FSSU.
Applications, stating age, qualifications, experience and the names of three referees, should reach the Secretary of the School by October 21, 1961.

STAFF WRITER

Texaco Trinidad, Inc.

require a Staff Writer for their Public Relations Department in Trinidad, West Indies. The man or woman appointed will be responsible for writing, from factual information supplied, articles on technical and non-technical topics for use in Company publications such as the quarterly magazine, public relations handbooks, etc., and will also be required to act for the editors of the two regular publications in their absence.

Candidates should be experienced in building a miscellaneous assortment of facts into a readable composition in good English, and will probably have spent some years in writing for Institutional magazines or industrial House organs. Experience in magazine layout and printing will be an advantage.

Starting salary about £1,500 p.a.

Conditions of service and amenities are those normally expected of a major oil company overseas, including regular paid home leave.

Apply with brief particulars to:

The Personnel Officer, TRINOIL (U.K.) LIMITED, 29/30 Old Burlington Street, London, W.1.

MANCHESTER COLLEGE OF TECHNOLOGY, COVENTRY

(Principal: A. J. Richmond, B.Sc. (Eng.), Ph.D., M.I.Mech.E.)

Applications invited for following post, duties to commence January 1, 1962.

DEPARTMENT OF MANAGEMENT AND BUSINESS STUDIES

(Head of Department: W. F. Frank, Dr. jur., M.Sc. (Econ.), B. Com., LL.B., *M.B.I.M.*)

Lecturer in Commerce.—Candidates should be chartered or incorporated secretaries and preferably also university graduates. The successful candidate will be *expected to* teach *Secretarial Practice*, Company Law and other elementary law subjects *and* English for Secretaries and Bankers.

The *Department is housed* in new buildings occupied in 1960. Equipment and general facilities *in* the new buildings are excellent and a real opportunity exists for the staff to participate in the many further educational developments which are projected in close and growing co-operation with industry. An outstanding feature of all Departments are many well-supported post-graduate courses of lectures. All staff are encouraged to undertake research and/or consulting work.

Salary: £1,370 x £35 (4) x £40 (1)—£1,550 *p.a.* In certain circumstances candidate may be paid commencing *salary* above minimum of *scale.*

Further particulars and application forms from the Registrar, Lanchester College of Technology, Priory Street, Coventry, to whom applications should be submitted by October 16, 1961.

W. L. CHINN,
Director of Education.

For other appointments see pages 83 and 89

CO-OPERATIVE COLLEGE, Stanford Hall, Loughborough, Leics.—TUTOR required to *teach* within range of Economics, Social Economics and Economics of Business Organisation. Salary based on Burnham Further Education Scale for Assistants, Grade B, i.e., £790 to £1,240, with additions as appropriate. Accommodation may be available. Full details, including an application form which should be returned by October 25, 1961, obtainable from the Principal.

Large Publishing Group seeks a Specialist Consultant with high qualifications, full or part-time, on problems of international food production and marketing.

Box 1546.

GOVERNMENT OF TANGANYIKA

Two Statisticians are required in the Tanganyika Treasury. Candidates should have at least a Second Class Honours degree in Economics with Statistics as special *subject.* Duties will be to collect, analyse and interpret applied economic statistics, to conduct statistical *field* surveys and to assist in preparation of national accounts.

Appointment on contract for one tour of 21-27 *months* in first instance. Inclusive salary scale £1,221—£2,448, point of entry determined by experience. Gratuity of 25 *per* cent of total salary. Income tax at local rates. Free passages. Generous home leave and *education* allowances. Free medical attention.

Apply, in first *instance* with summary of personal particulars, to Director of Recruitment, Department of Technical Co-*operation*, Carlton House Terrace, London, S.W.1, from whom *further* details may be obtained. Please quote reference number RC 206/145/01/A3 and state full name.

BUSINESS AND PERSONAL

B.Sc.(ECON)

LONDON UNIVERSITY

U.C.C., founded in 1887, successfully prepares *students* for this Degree (obtainable *without* residence), which *is* a valuable qualification for *those seeking* executive appointments in commerce or industry, government or municipal posts.—Prospectus, *giving details of Courses* for other London Degrees, G.C.E., Law Exams., *etc., from Registrar,* University Correspondence College, 60 Burlington House, Cambridge.

EXPERT POSTAL TUITION

for *Examinations*—B.Sc.(Econ), Law, Accountancy, Costing, Secretarial, Civil Service, Management, Export, Commercial, General Certificate of Education, etc. Also many practical *(non-examination) courses* in business subjects.—Write today for free prospectus and/or advice, mentioning examination or subjects in which interested, to the Secretary (G9/2).

METROPOLITAN COLLEGE, ST. ALBANS

or call at 30 Queen Victoria Street, London, E.C.4. *Established 1910.*

TUITION FOR B.Sc. ECONOMICS

Wolsey Hall (Est. 1894) provides Postal Courses in a wide range of subjects for the two examinations for London *Univ. B.Sc.Econ.* (three if entrance is included) at moderate fees. 1,431 Wolsey Hall students passed London Univ., B.Sc. Economics exams. 1950-60. Tuition also for G.C.E., *Law, Statistical,* other exams. Prospectus (mention examination) from E. W. Shaw Fletcher, C.B.E., LL.B., Director of Studies, Dept. P.17.

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1. The names and addresses of the *publisher,* editor, managing editor and business manager:

Publisher, Sir Geoffrey Crowther, 22 Ryder Street, St. James's, London, S.W.1, England.

Editor, *Donald Tyerman,* 22 Ryder Street, St. James's, London, S.W.1, England.

Business Managers, Gerald Andrews and Peter Dallas Smith, 22 Ryder Street, St. James's, London, S.W.1, England.

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3. The known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: Financial News Ltd., 10 Cannon Street, E.C.4; L. J. Cadbury, The Davids, Northfield, *Birmingham;* D. E. W. Gibb, Hayes Barton, Gerrards Cross, Buckinghamshire; L. Gregg, Oakdene, *Parkfield* Road, Altrincham, Cheshire; E. R. A. de Rothschild, New Court, St. Swithin's Lane, E.C.4; The Executors of the late Lord Simon's Estate, Cheadle Heath, Stockport, *Cheshire;* H. Graham White, Mere Cottage, Birkenhead, Cheshire; David Layton, 47 *Hampstead* Way, London, N.W.11; G. C. Layton, Owls Wood, Avon Castle *Drive, Ringwood, Hampshire;* M. J. Layton, 45 Westleigh Avenue, London, S.W.15; C. W. Layton, 40 Elmbank *Gardens,* Barnes, London, S.W.13; H. W. B. Schroder, *145 Leadenhall Street,* London, E.C.3; Sir Geoffrey Crowther, 22 Dover Park Drive, Roehampton, London, S.W.15; B. M. Crowther, *Westfield,* The Marld, Ashtead, Surrey; R. St. *John* Mathews, Bouts *Farm,* Inkberrow, Worcestershire.

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5. The average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the 12 months preceding the date shown above was 65,366.

P. DALLAS SMITH,
Business Manager.

Sworn to and subscribed before me *this* 25th day of September, 1961.

H. E. MODFORD,
A Commissioner for Oaths.

ROYAL DUTCH PETROLEUM COMPANY

N. M. Rothschild & Sons announce that the Board of Directors and the Managing Directors of the Royal Dutch Petroleum Company have decided to declare an Interim Dividend for the year 1961 of fls. 2.25 per share.

A. ON THE BEARER SHARES

This dividend, amounting *to fls. 112.50 per* bearer *certificate* for 50 shares and fls. 11.25 *per bearer certificate* for five shares, will be payable on and after October 16, 1961, against *surrender of Coupon No.* 124, at the office of N. M. Rothschild & Sons on business days, Saturdays excepted, between the hours of 11 a.m. and 2 p.m.

Payment will be made in sterling at the buying rate of exchange on Amsterdam current at 2 p.m. on October 9, 1961, *in the case of* coupons presented on or before that date, or on the day of presentation in the case of coupons presented subsequently. In view of *the fact that guilder* funds are being provided by the Company for payment of this dividend the usual foreign exchange commission will be deducted from the *sterling* proceeds.

In the case of shareholders not resident within the Scheduled Territories the paying agent may, at the request of the Authorised Depositary presenting the coupons, pay the dividend in a different currency. Information in this respect will be supplied by the paying *agent upon* request.

Coupons must be accompanied by a declaration in triplicate signed by an Authorised Depositary reading:

"We declare under our responsibility that sufficient evidence has been submitted to us that the securities *from which* the coupons enumerated below have been detached:

(a) do not belong to residents of the Netherlands;

(b) are provided with red export certificates issued by the *Nederlandsche* Bank."

From the gross dividend the Netherlands *dividend tax of 15 per cent* is to be deducted except in the case of coupons presented on behalf of

(i) residents in the *United Kingdom, provided they* lodge a Netherlands declaration "Inkomstenbelasting No. 92 V.K." in duplicate;

(ii) residents in the *U.S.A.*, provided they lodge a Netherlands declaration "Inkomstenbelasting No. 92 V.S." in duplicate together with a single affidavit No. 92a V.S.; however, where form I.B. No. 92 V.S. is signed, in virtue of an authorisation by the Inspector of Taxes at Amsterdam, by the bank presenting the coupons, and the share certificate(s) in question is (are) in the custody of that bank, the production of *form* I.B. *No.* 92a V.S. (affidavit) is unnecessary.

(iii) residents in Sweden, provided they lodge a Netherlands declaration "Inkomstenbelasting No. 92 ZWE" duly completed by the Swedish tax authorities;

(iv) *residents in Finland, provided* they lodge a Netherlands declaration "Inkomstenbelasting No. 92 FIN" duly completed by the Finnish tax authorities;

(v) *residents in Denmark*, provided they lodge a Netherlands declaration "Inkomstenbelasting No. 92 DEN" duly completed by the Danish tax authorities; and

(vi) residents in France, in which case either a French declaration model A signed by the shareholder with the certificate on the back duly completed by the appropriate French Inspector of Taxes, or a French declaration model B in duplicate duly completed and signed by an authorised French bank must be provided.

As regards holders resident in France, attention is drawn to the fact that the regulations giving effect to the Franco-Netherlands Tax Convention provide that unless the model A or model B declaration referred to above is lodged when dividends are collected, dividend tax will be deducted and there will be no possibility whatever of reclaiming this tax.

In cases (ii), (iii), (iv), (v) *and* (vi) above the usual affidavit certifying non-residence in the United Kingdom will also be required if payment is to be made without deduction of *United Kingdom income tax.*

Coupons must be left for an appropriate period for examination and must be handed in personally; Coupons cannot be *sent* through *the post.*

Coupons must be listed in triplicate on special forms, *embodying the declaration* referred to above, which can be obtained on application.

B. ON THE REGISTERED SHARES

As to the shares *registered in the* United Kingdom Section of the Amsterdam Register, the following arrangements have been made for the payment of the interim dividend amounting to fls. 2.25 *per registered* share (nominal value fls. 20).

On October 11 the *sterling amount of the* dividend will be fixed on the basis of the *sterling/guilder* rate of exchange current in Amsterdam on that date.

October 19, 1961, will *be the record* date. Shareholders registered at the close of business on that date will be entitled to receive the dividend.

On or before November 14, 1961, dividend *warrants* will be posted by the transfer agent, Nederlandsche Handel-Maatschappij, N.V., to shareholders registered in their books on the record date.

As soon as possible after October 11, 1961, a further announcement will be made giving the rate of exchange, the amount of the dividend in sterling per share, and the amount of the 15 per cent Netherlands dividend tax in sterling per share.

New Court, St. Swithin's Lane, London, E.C.4. October 4, 1961.

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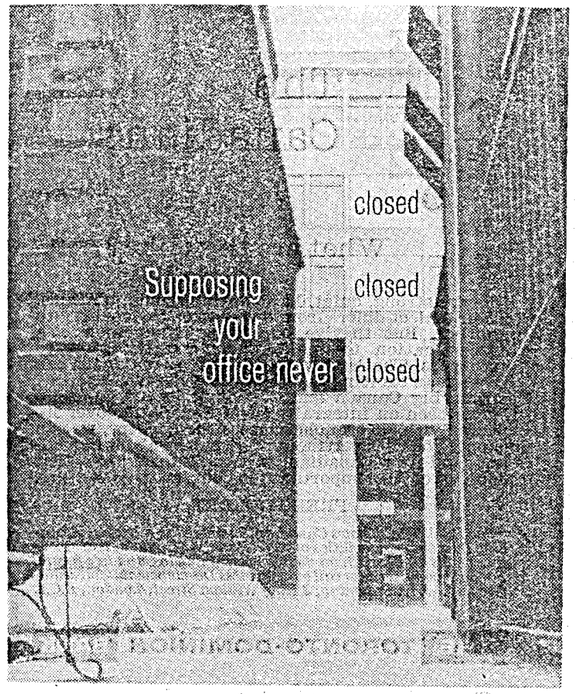
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an economic fable

ONCE UPON A TIME there was a wise old bird who laid nest-eggs. People brought him their berries and he took them in his beak and flew off into the forest. There—for he was a wise old bird and knew the forest well—he planted them. And there, in due course, they sent up shoots. The wise old bird tended these shoots carefully. He watched them and watered them. He perched day and night on a neighbouring



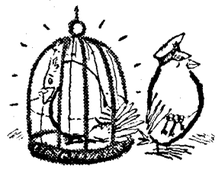
branch and was never caught napping. So the berries grew into berry-bushes. Very productive berry-bushes. And when winter arrived the same people came to him—and he gave them back their berries and more besides. And this way there were always berries, winter and summer, for the people who cared to come to the wise old bird. And this was how he laid his nest eggs.

Then the Keeper of the forest came to see the wise old bird. "This can't go on!" he said. "Why not?" said the wise old bird. "I've been doing it for two hundred years and everyone seems quite happy."—"But I'm not happy," said the Keeper. "It's untidy, that's what it is. There you go, planting your berry bushes all over the forest. Never a thought as to where they'll look best."—"I think of where they'll *grow* best," said the wise old bird. The Keeper wasn't listening. "It's just plain selfish," he cried indignantly. "You never think of



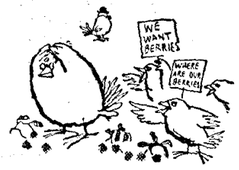
trying to keep the forest with everything in balance—every branch with a creeper, every creeper with a branch."—"I go to a lot of trouble to keep it in the best state for growing berry bushes," said the wise old bird. "And that's good for everyone, not just the people who save their berries and bring them to me to plant, instead of eating them at once."

But the Keeper wouldn't listen. He went and got an expensive gilded cage, and put the wise old bird into it. He was still allowed out to plant berry bushes, but only with an Under-Keeper to see that he



planted them in officially approved places. The wise old bird knew that many of these weren't good for growing berry bushes. But there was nothing he could do. And he thought it was unfair to the people who saved their berries and brought them to him that what they saved *should now be used simply for* keeping the forest tidy, instead of for growing lots of berries for winter time. But there was still nothing he could do.

And winter came, and there weren't enough berries to go round. And the people blamed the wise old bird. "Next time," they said, "we won't bother to bring our berries to *him*." And they didn't. They ate them instead.



The Keeper didn't like this, but there was nothing he could do about it. He couldn't watch every mouth in the forest to see if it was munching at the wrong moment or not. And no berry bushes were planted, and the forest suddenly began to look much more untidy than before.

And the winter after that everyone went hungry, including the wise old bird, the Under-Keeper and the Keeper himself.

MORAL:

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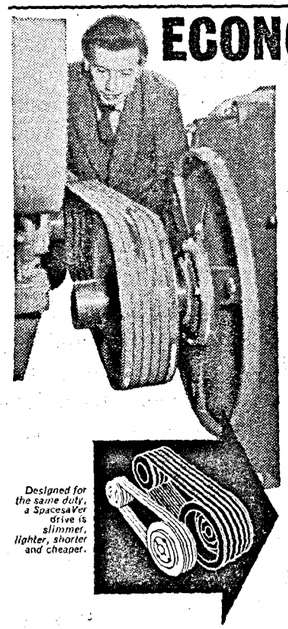
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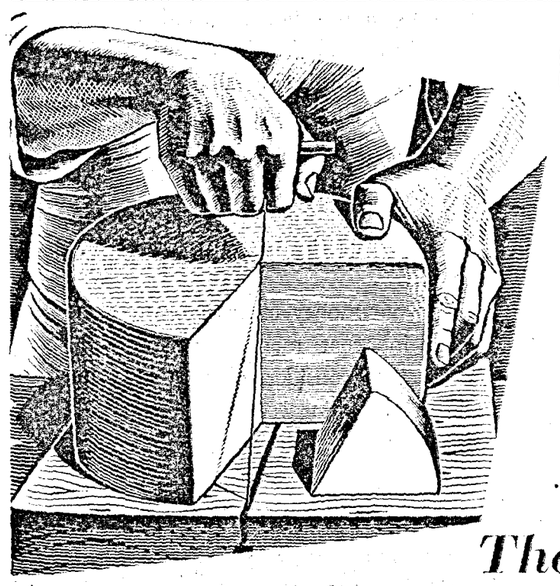
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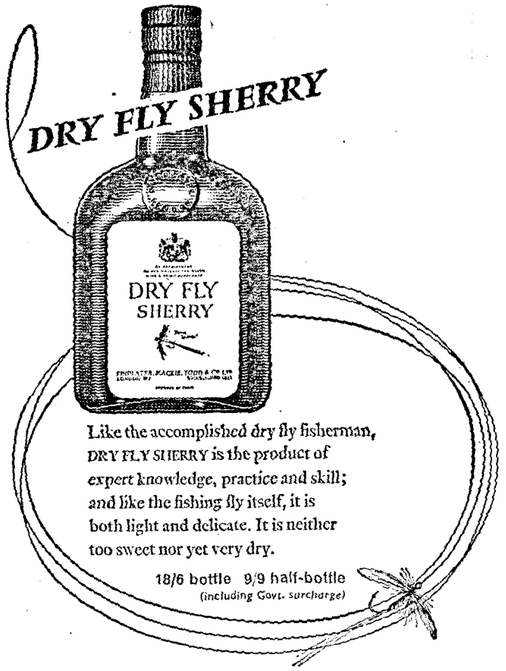
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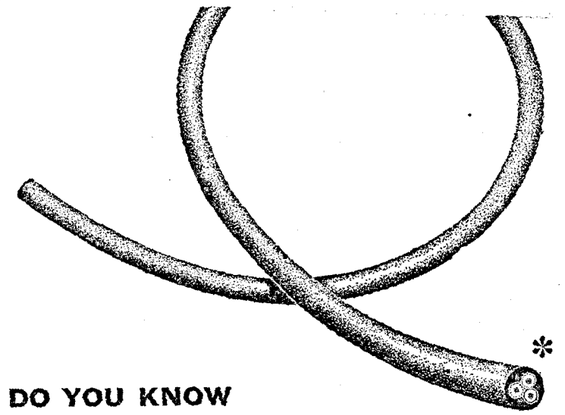
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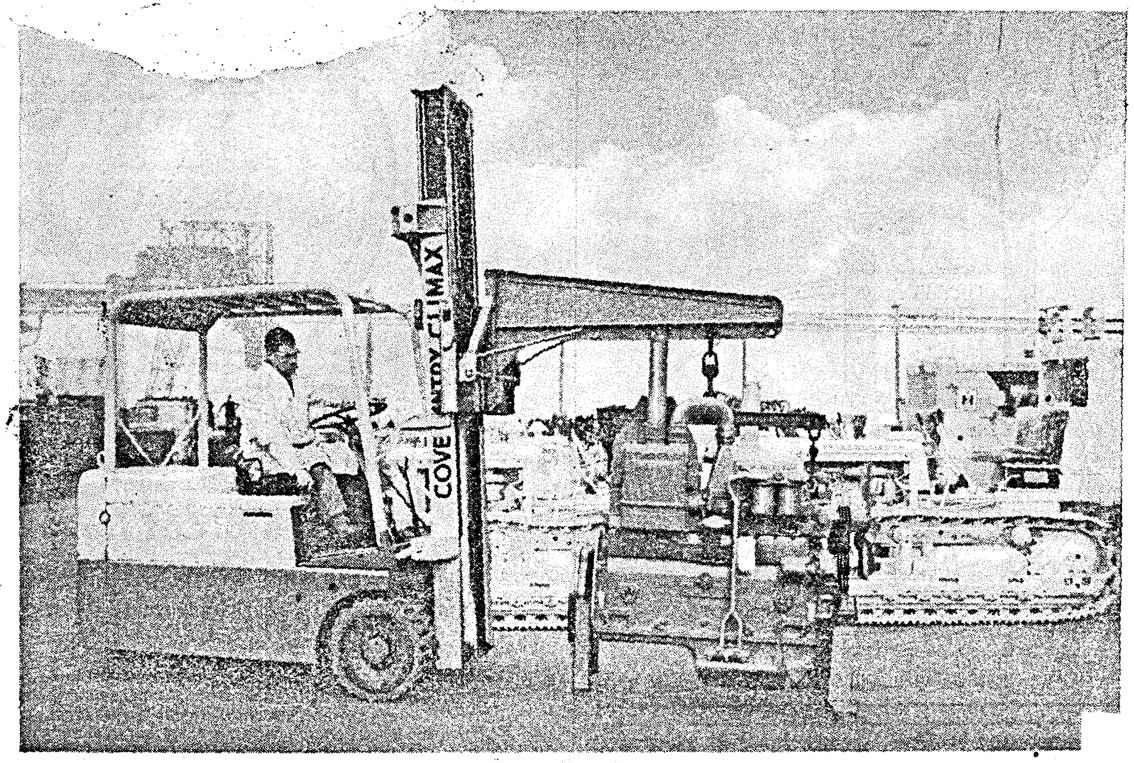
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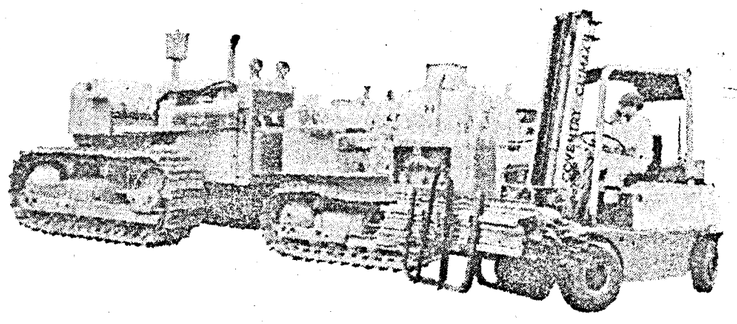
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LORD LONGFORD, are you an enthusiastic newspaper reader?
Yes, I am. I read six papers a day, including the Daily Herald; quite a chunk out of them, anyway. I think reading newspapers is one of the basic pleasures of life.

You must have noticed the change that has been taking place in the Daily Herald recently. Do you think that, on its present showing, the Herald can fill this role of an influential popular radical newspaper?
I see no reason why it shouldn't. The Herald has made a magnificent improvement in recent months. It's now a paper one can read for pleasure and instruction, and not just for reasons of duty.

Are you happy about the Daily Herald as it is now?
I'm very happy on the whole. I have one or two criticisms, of course. For instance, I think they could say more about world government, which is a great passion of mine; stress it more positively as a vision, I mean. And I think a more deliberately moral tone might be struck at certain points; and that, at other points, the paper could be gayer; more frivolous, even.

Common Market: a bold lead

Is there any aspect of world affairs on which you think the Herald has given a really notable lead in recent times?

Yes, certainly; on the Common Market. I think that's the best thing the Herald has ever done since I've been reading it. They didn't handle it at all timidly. They went ahead of the Labour Party and the Press generally in coming right out in favour of it. That is assuming the responsibilities of leading public opinion, which a national newspaper simply can't shirk if it wants to be read and admired. They have been shirked by the Daily Herald in the past because it was tied to the Party chariot.

What else do you consider particularly good about the Herald as it is shaping up now?
Well, the leading articles have, it seems to me, changed completely, and changed entirely for the better. The difference is extraordinary, yet I am told the leader writers are the same. Now, one is really anxious to find out, over some very difficult thing like Katanga, what the Herald is saying. I don't say one is going to take one's views from any paper just like that, but I do feel that the views of the Herald are an important element now in any conclusion I reach on a difficult subject. Then Page 3, "The Daily Herald Explains," is so concise and informative I only fear your rivals will copy it. And shouldn't you add something of the same kind to deal with popular culture as distinct from world affairs?

What about the front-page feature "The World This Morning," which is a sort of résumé and guide to the contents? Is that, in your opinion, a good idea?
That's brilliant, it seems to me. That alone makes me look at the Herald before any other paper. And, having got that far, I tend to turn inside to read more. I think that's the most successful development in journalism of the last few months.

You are a man with a good many causes at heart, and the Herald has always been strongly for certain causes; racial tolerance for instance, and the abolition of capital punishment. Would you like to say anything about the Herald from that point of view?
Yes—they have taken up several causes I'm interested in with much more fervour than the Press as a whole. Prison reform, for instance, and the after-care of discharged prisoners. There are others, like mental handicap, which I hope they will get around to immediately. And the stress on education and the Youth Services seems to be very properly increasing.

There are undoubtedly some criticisms you would like to make, or improvements you would like to see in the Herald in its present emerging state?
Well, as a business-man, for instance, I must say that there's not enough in the Herald at present to interest ordinary business people. You must at least print the Stock Exchange prices. That's really a minimum. Then there are some gaps in the sports pages. The soccer is excellent, and the cricket is good within the space allotted. But it's a pity Rugby Union is practically non-existent in the Herald, because it is being played more widely nowadays in schools. And golf . . . if you're going to interest the ordinary businessman who travels first class or second class, you've got to have more about golf.

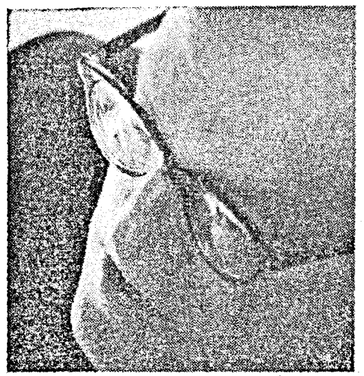
Fun, provocative, daring

What about Henry Fielding, the gossip columnist? Or don't you think a gossip column belongs in a radical paper at all?
Oh, yes, I do. I'm a hundred per cent in favour of some gossip. It mustn't be malicious, and in a paper like the Herald it mustn't be too snobbish, but it must be fun and provocative; a little daring. The Herald can't build up a lot of Dukes and Duchesses, even eccentric ones, so I think, on the whole, you've got to go for glamour in other ways . . . particularly artists; creative performers of all kinds. But I'm sure if you get a really brilliant column there, you will get an awful lot of young readers. You want the sort of touch that Malcolm Muggeridge gives to his "Life and Books"—or Dee Wells to her various experiences.

You have probably noticed the new Herald advertising theme: "People whose minds work know the Daily Herald gives it to you straight." Do you think the Herald can justifiably claim to have high standards of objectivity in its reporting of news?
It can fairly claim to be a dispassionate, honest paper. But I think you still have a rather painful step to take; that is, when it comes to reporting Parliament objectively. This is always extremely difficult, because there you are on the borderline between fact and comment, when you may have to say that a Conservative member was well received, while a Labour performer flopped. When the Herald gets to that point, I shall agree that it has really achieved objectivity.

Could we talk now about "people whose minds work"? The aim here is to appeal to the better educated, more critical and thoughtful generation that is growing up now. Do you think the Herald, as it is now taking shape, can, in fact, attract these young people? And do you think it is likely to win readers from other papers, or will they come mainly from the still uncommitted?
A lot will be from the wholly uncommitted. But there will certainly be many radical or Labour sympathisers who will be glad to change to the Daily Herald as soon as they discover that it has become so much brighter and better, and that a radical paper doesn't have to be tedious or dreary.

Do you think you could sum up the nature of the improvement you would still like to see in the Daily Herald?
Yes. What I feel is this. One's favourite paper should be like a personal friend. You may not want your friend to be preaching at you the whole time, but you do want him to have high moral standards; to know that those standards are there. That is why I feel strongly that the Herald should take a much more positive stand on religion. I would like, when I am presenting myself as a Christian, and asking another Christian person to read the Herald, to be able to point to a positive



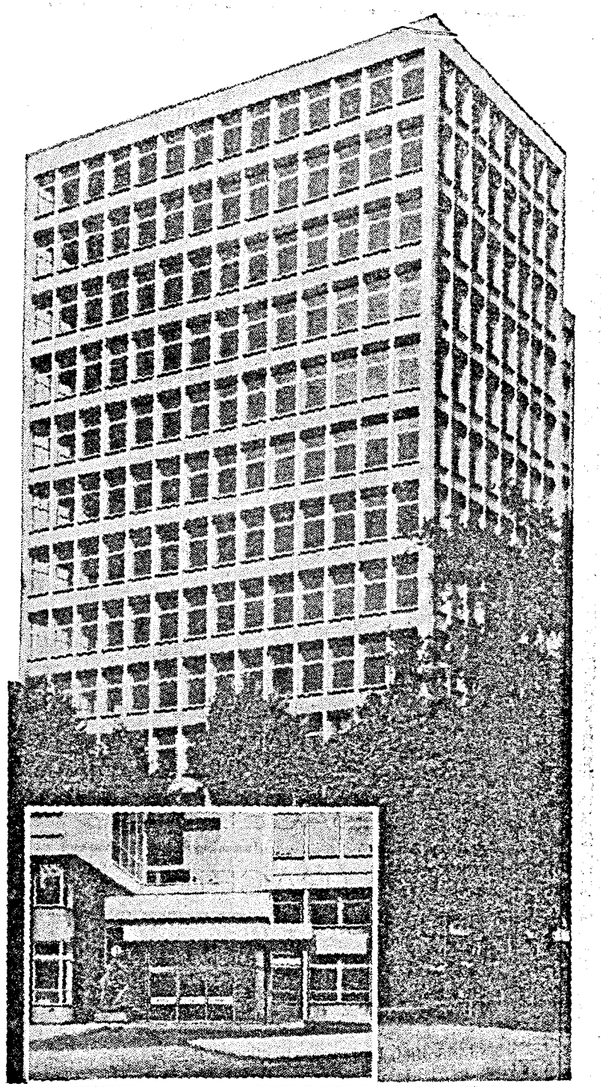
LORD LONGFORD TALKS ABOUT THE NEW DAILY HERALD

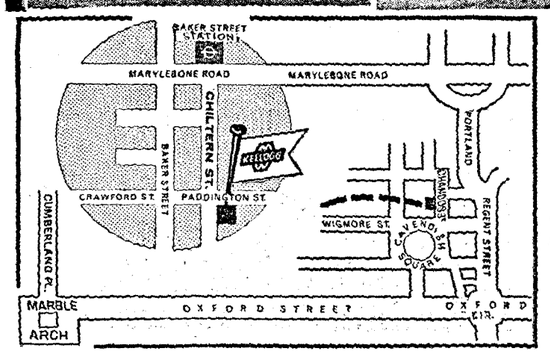
The Seventh Earl of Longford, more widely known as Lord Pakenham, is a former Labour Minister; a leading supporter of many causes, including Prison Reform, and After-care of Prisoners; and now Chairman of one of the Clearing Banks. Here he talks very frankly about the newly emerging Daily Herald.



Christian element; a weekly column, for one thing, and some positive Christian message at Christmas, Easter and so on. At the same time, you mustn't be frightened of plenty of gaiety and smartness. I'm told, for instance, by my wife and daughters that the women's pages don't pay enough attention to fashion. Why shouldn't the Herald be the recognized Top for Hairdressing? Almost all women nowadays are interested in it, and all of them ought to be. One mustn't confuse smartness with snobbery. Female charm is not a question of class, and less and less an affair of money. Gaiety is the reverse side of seriousness, and you must have both.

And now, is there any other point you would like to make? Anything else you think should be said about the Daily Herald?
I seem to have been rather critical. Now I would like to say something cordial. I would like to repeat what I think I said earlier; that I don't remember any newspaper which has shown so marked an improvement in so short a time, and that this augurs extremely well for the Herald. I should like, in fact, to make it plain that I am highly enthusiastic about the future of the paper in its new form. . . .





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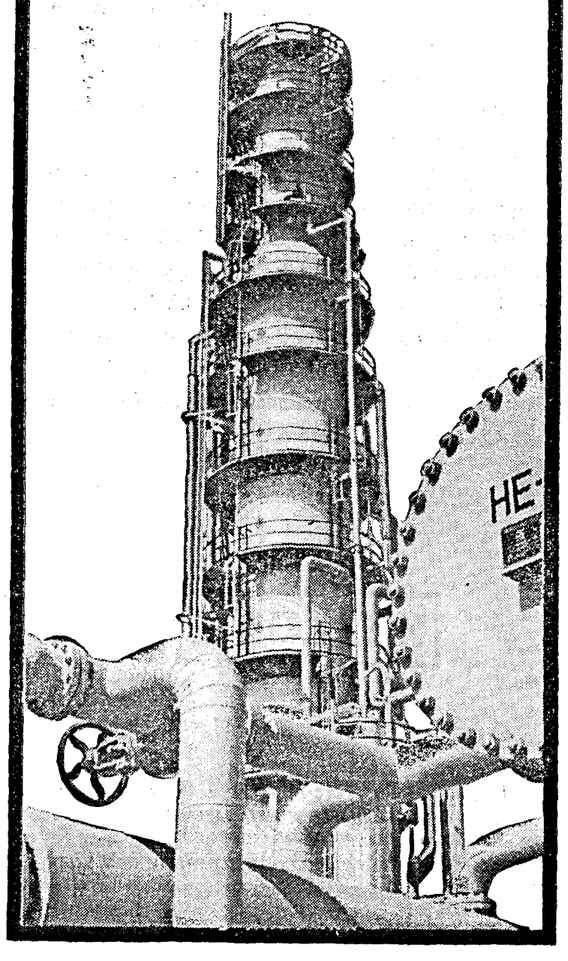
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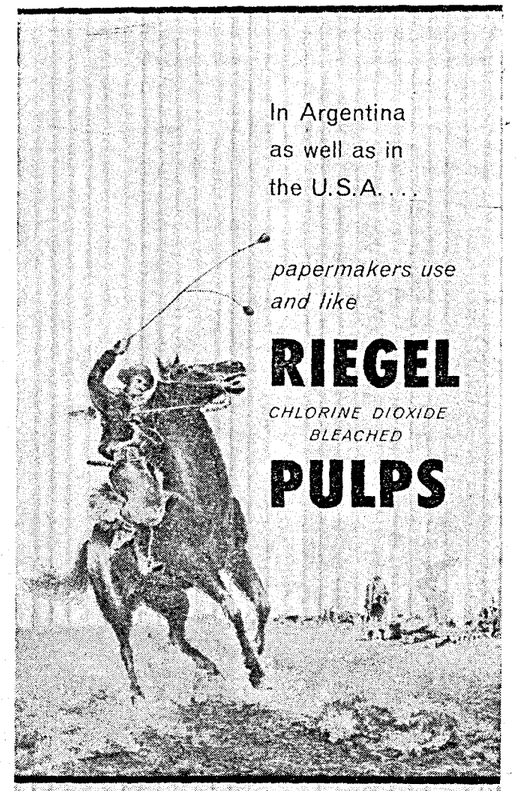
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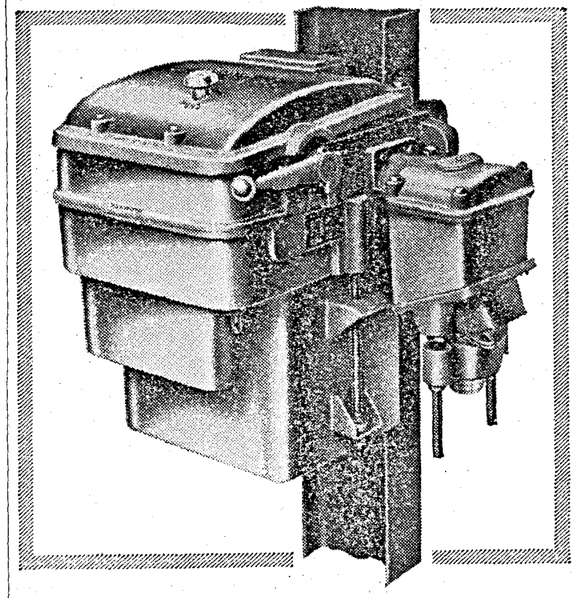
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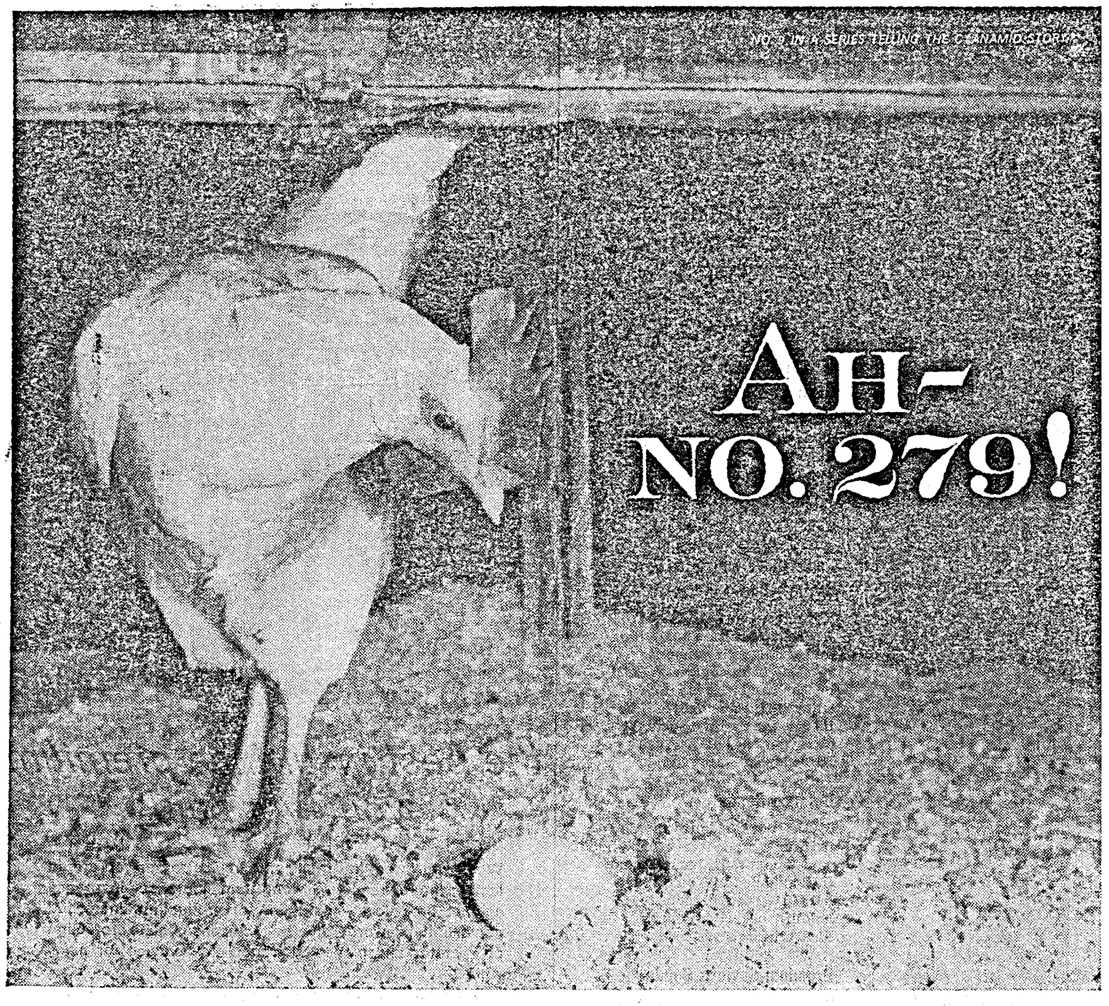
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The New Look

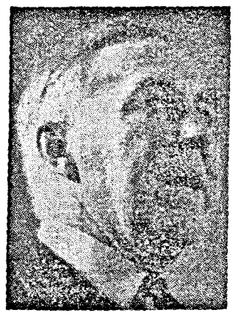


THE reorganisation of the Government, which has been talked about for so long, proved more dramatic than had been expected when it finally arrived on Monday. It was certainly a stimulating send-off for the Conservative party conference at Brighton, which is described from the spot on page 127. Inevitably the main interest centres on Mr Macleod's accession to two of the jobs previously held by Mr Butler, and on Mr Brooke's assumption of a job that has never been held by anybody before.

Mr Macleod's chairmanship of the Conservatives should be an immensely good thing for the party; he is their most effective orator, one of their ablest organisation men, and more likely than any other figure to give to the Tory organisation that appearance of dynamic mission which the country needs and the floating voters want. Among those who believe that Mr Macleod is the best next prime minister we've got, it has been generally and delightedly assumed that these changes also smooth his path to become Mr Macmillan's heir apparent. This is still a precarious prophecy to make. Mr Macleod will have no great state department behind him to give him weight in cabinet counsels; and, even when allied to the leadership of the House of Commons, the party chairmanship is not an automatic high road to power. The two previous election-winning heroes of the Conservatives' organisation (Lords Woolton and Hailsham) won plaudits from the party and the country rather than great political influence in the cabinet or practical advancement in their own careers.

Still, it is obvious that, at the very least, Mr Macleod has been given his chance. Inevitably, this has raised a flood of newspaper comment about the position of the existing heir apparent who has been *in situ* for so long. Nothing is certain in politics, and it is both premature and personally derogatory to take for granted that Mr Butler's star is now certainly in decline. He is in daily practice, though not in rank, the prime minister's deputy; and in addition to the stiff tasks that he is keeping at the Home Office, which must now include preparations for maintaining essential services if there should be widespread strikes, he wields a practised committee chairman's influence over many aspects of government policy. On the crucial common market negotiations, where his chairmanship of the presiding cabinet committee has now been announced, it may not be altogether an influence for good. But a chairman's influence is likely to become dominantly important only when the other members of the committee are either aimlessly drifting or hopelessly split, or when the prime minister himself does not hold determined views—and Mr Macmillan surely knows by now what he wants for Britain in Europe. Mr Sandys seemed to make it plain at Brighton on Thursday where the Government (and Mr Butler) ought now to stand.

The second most interesting feature of the shuffle—Mr Brooke's new post as Chief Secretary to the Treasury, entered on the cabinet's seniority list immediately below Mr Lloyd—is a large step in a direction that this newspaper has long urged; indeed it has apparently been something of a joke in Whitehall this week that the long advocacy by *The Economist* for installing "a second senior cabinet minister in the Treasury" has helped to create a new office for another of its former alumni (like Professor Cairncross, the new chief economic adviser to the Government, Mr Brooke was once, rather long ago, a member of this paper's editorial staff). Mr Brooke is to be responsible for supervising the control of government expenditure in both the short term (i.e. vetting of the annual depart-



Mr Brooke : arithmetic for policy ?



Mr Maudling : Tory image ?

mental estimates) and the long term (i.e. in the five-year forward looks for which the Plowden committee pleaded). So far, so good ; but we still think it would have been better if this "second minister" in the Treasury had also been made responsible for supervision over the inland revenue department and over the tactical details of the annual finance bill and budget—albeit obliged to cast the latter in such a way as to exert whatever degree of net deflationary or reflationary pressure the Chancellor deemed desirable for the economy.

The real test of Mr Brooke's new office, as it has been defined, will not merely be how far he manages to extend the best modern methods of efficient control over all central government expenditure (and, on request, over some local government expenditure as well). It will also be whether he can extend his long-term surveys of spending trends for the next five years from being merely an arithmetical exercise into becoming the preliminary premises for policy-making. A great deal of new thinking about the social services now urgently needs to be done, and it needs to be tied directly to estimates of those services' variously increasing costs. Mr Brooke's desk at the Treasury is the logical place from which the new thinking about new priorities should now be co-ordinated. He will be a success only if, with the backing of his own superior, Mr Lloyd, he can get the other departmental ministers to recognise this.

MOST of the rest of the reshuffle of ministers seems to have been the resultant of these two promotions, and to have been dictated largely by a desire to show that the policies, as distinct from the men, are not being changed. Mr Maudling goes to the Colonial Office because he is the senior minister most obviously near to the same Tory image and generation as Mr Macleod. His friends should perhaps express two doubts about him. One is that in the free trade area bargaining three years ago Mr Maudling did not show the sinewy capacity to cut through difficult negotiations by boldly demanding at the last moment that he must be allowed subtly to stretch the terms of a too cautious, pre-determined brief ; and this is just what a colonial secretary nowadays often needs to do. The other is that he might conceivably be more inflexible than Mr Macleod in refusing to negotiate whenever there is any continuing threat to law and order ; in matters relating to the suppression of violence, Mr Maudling has the reputation of being a rather conservative, hard-boiled egg. But those who have suggested that he might be more frightened of Salisburyite criticism than Mr Macleod do not know their Mr Maudling ; indeed, because he is by nature a much less sensitive and less ambitious character than Mr Macleod, he might be rather more likely to show to his own party's extreme right wing that their strictures do not matter a damn to him.

Similarly, Mr Erroll moves from the second to the first job at the Board of Trade because he is the minister of state most nearly in Mr Maudling's image ; Sir Keith Joseph comes in below him because he is the junior minister most like Mr Erroll ; and so on down the list until Mrs Margaret Thatcher gets the junior job at Pensions because she is of the same gender as Dame Patricia Hornsby Smith. The one obvious change of character is at the Ministry of Housing and Local Government, where Dr Charles Hill (who will also be required to don the ill-tailored hat of cabinet minister for Welsh affairs) succeeds Mr Brooke. For party propagandist reasons Dr Hill was required at an earlier stage of his career to play the role of a rumbustious clown, and he has been longing ever since to show what a quiet and able administrator he may be. One's guess is that his determination to live down his propagandist past may at first inhibit him in some of his policies: perhaps particularly in those of his policies that should annoy Labour (e.g., in reforming the local government structure of London) though less so in policies that should annoy Tory interests (e.g., in permitting new towns to be built over "good agricultural land"). But when he settles down there can still be some hope that he will be the minister to remove the last vestiges of rent control in England.

ALL in all, these changes are to be welcomed. Despite Mr Grimond's rather churlish comments, this is one of Mr Macmillan's deftest exercises, with every one put on his mettle, and with the place of the more liberal left in the Tory hierarchy definitely confirmed—as some rebuffs to the right-wingers at Brighton have underlined. The changes signal the arrival of the new Tory generation at the doorstep of power, even although, partly because at least one retirement that had been expected has not taken place, Mr Macmillan himself is still surrounded by an older coterie of personal friends—in a cabinet which (with 21 members) is now too large for convenience. And the fact that there will be two ministers at the Treasury also provides a new hope that Mr Lloyd's perseverating energy may now be directed into wholly productive channels.

As a result of the redeployment, the Queen's Government possesses in some undefinable way a more dynamic look than it did a week ago ; and October 9, 1961, may yet be marked as the date when the revolution in the Tory image which Mr Butler did so very much to create in the 1950s finally ensured its right of continuing succession. Besides this potentially great achievement for British history, it is a relatively small matter of personal speculation whether the revolution is or is not eating its undoubted father in the process.

Tory Persons and Policies

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Collision Course

Each believing that the other is hard of hearing, West and East have not reached even the beginning of real negotiations

MR GROMYKO is an important messenger, but he is not one of the makers of Soviet foreign policy ; Mr Khrushchev has *more than once let slip* what he thinks of foreign ministers. It is not astonishing that his series of meetings with the Secretary of State, Mr Dean Rusk, culminating in the long talk with President Kennedy on October 6th, should have left an inconclusive, unsatisfactory impression. Many people have hastened to claim that the talks were a failure: Frenchmen who hold, with General de Gaulle, that negotiation is at present a mistake ; Germans, like Herr Grewe and Herr Willy Brandt, fearful of the repercussions in their country when the redoubted last instalments of the "bill" for the second world war are presented ; right-wing Americans, indignant that their government should appear "soft," and not averse to tarring Mr Kennedy with the brush of appeasement. Tight-lipped American government spokesmen have done their best to counter these gloomy assertions, but not with anything more cheerful than hints that the Gromyko talks had left things much as they were.

And so they had. On his way back from Washington to Moscow, Mr Gromyko stopped in London on Wednesday and saw Mr Macmillan and Lord Home ; and once again the only crumb of satisfaction thrown out from the talks was that the Russians, like the West, would actually prefer negotiated settlements in Berlin and Germany to unilateral action which might lead to war. Soviet diplomacy, ham-handed and heavy-footed, has largely itself to thank that such an elementary discovery needed to be made at all. Mr Khrushchev has much personal blame to bear himself. Contemptuous in success, rumbustious in adversity, pugnacious at all times, the Khrushchev manner went very far this summer to convince the West that he was itching to pull down about the West's ears what is left of international law and order. The Soviet military measures, the prolonged and resounding resumption of nuclear tests, and the bitter onslaught on the United Nations have sown the idea that the new Russia actually prefers to rely on force. As a summary judgment, this is probably false ; but Moscow has done much this year and last to make it plausible and widely held.

Precisely because it is so widely held, among many of his own people and by certain of his allies, Mr Kennedy is having great difficulty in getting his hands free to embark on a serious negotiation with the Russians at all. First he must know if talks can be held otherwise than under direct Russian threat. Next he must know if there is anything that can be negotiated about ; this has involved both a mind-clearing operation on the western side, and an exploration of the Russian motives and objectives.

When the American policy-makers attempt to separate, as they have been quietly doing, the irreducible western requirements from the attitudes and aspirations that could be modified or deferred, alarm spreads in Germany, as was shown by the reaction to General Clay's no doubt experimental remark in Berlin on September 22nd that the west Germans might have to "face facts" ; it also ferments among those who put "appeasement" among the first of international dangers, basing their philosophy of world relations today on the not very enlightening analogy of Munich, 1938. An embarrassing number of people, inside and outside the United States, are therefore watching hawk-like for evidence of American lack of backbone ; the preserving of face, dignity and prestige is therefore more important to Washington just now than it ought to be.

FOR all these reasons a substantial part of any American-Russian colloquy at present is taken up with the earnest American effort to bring home to Moscow that America is not weak, is not in a weak frame of mind, regards any threat to western rights in Berlin very seriously, and cannot be provoked without terrible danger. It is very likely that when Mr Rusk, after his talks with Mr Gromyko in New York, sent the Soviet Foreign Minister on to see the President in Washington, he did so because he thought this point needed to be rammed home some more, not because Mr Gromyko had produced any unexpected or encouraging proposals that needed Mr Kennedy's attention.

What of the other side in these colloquies ? Mr Gromyko spent two hours and ten minutes with Mr Kennedy—not such a long time, if one remembers how much these occasions are taken up by the interpreters. The first hour is reported to have been expended on the reading, and translation, of a memorandum Mr Gromyko had brought with him. New proposals from Moscow ? Words of understanding for Mr Kennedy's position from Mr Khrushchev ? An ingenious new procedure for handling the dispute ? None of this is likely. For it is not only the Americans who are anxious, on these occasions, to say again with emphasis what they have said before, in the belief that when they last said it it did not sink in. The Russians, too, are convinced that what they have said so often cannot have been properly heard, or so little notice would not have been taken of it. They, too, like to leave no possibility of misunderstanding. Often when Mr Khrushchev raises his voice and causes trouble, it is with this simple purpose in view. Without much doubt Mr Gromyko informed Mr Kennedy once again, in dogged bureaucratic Moscow language, of what he must by now know so well, the elements of the Russian position about Berlin, Germany, and the security of Central Europe.

Other Russians have been busily explaining these familiar elements at less exalted levels where a western audience could be got together to listen. Thus Mr Alexei Ajubei, the editor of *Izvestia* and Mr Khrushchev's son-in-law, has lately attended unofficial round-table meetings on this complex of related subjects in London, Rome and Warsaw, each time bringing distinguished colleagues with him from Moscow. At the Warsaw meeting of journalists, on October 2nd and 3rd, numerous delegates from the other Warsaw Pact countries, including a strong and intellectually respectable east German group, supported the Russians in stating their case. On such

occasions the western technique of patting the ball of discussion back and forth goes only a certain way ; the communists feel bound to reply with systematic expositions of the subject, starting at the beginning.

Invariably the beginning is the same, though a historically-minded Pole may take it six centuries further back: Russia and eastern Europe suffered terribly from German aggression, and are determined not to go through the same experience again. The unsettled remnants of the second world war are untidy and dangerous. Unrecognised states, like east Germany, and unrecognised frontiers, like the Oder-Neisse Line, offer temptation to " political and military adventurers " (read, the west German government and the Bundeswehr) to try to upset them by force ; the attempts would fail (the communists argue) but a world war might start in this way. A key part of the argument is that west Germany is run by unrepentant Nazis, militarists and nationalists, bent on restoring the Reich.

To stop the use of Berlin as a weapon against east Germany —and hence against the whole existing order in eastern Europe—west Berlin has to be given a new " free and neutral " status. This, whatever room it left for a western military presence, would certainly have to break the city's existing links, largely extra-legal in character, with the German Federal Republic. This is the one change proposed in eastern Europe to stabilise the rest of the *status quo* there. Stabilisation will not be complete without a peace treaty, which ought to demilitarise and neutralise all Germany, starting with a prohibition of nuclear arms ; short of that, a one-sided treaty with east Germany will have to regularise the position there.

MUCH of this argument is naturally regarded in the West as sheer fantasy ; it is necessary to remember that the rulers in Russia—and in eastern Europe—believe every word of it, literally. Only a small minority in the West would really want to deny the Russians, the Poles or the Czechs, security against German attack. What the majority cannot do is to accept the communist contention about the nature of the German Federal Republic, or base a European settlement upon that contention. The communists, who harp endlessly on the terrible history of eastern Europe as the basis for their fears and their demands, conveniently forget those parts of history that the West feels imperatively compelled to remember—and notably, the enormous errors of Russian policy between 1945 and 1952. It was that period, Stalin's last years, that produced the division of Germany and the inexorable compulsions that brought west Germany into Nato, into the *institutions* of free Europe, and into the western community of nations in its widest sense. It is ludicrous to ask the West to conclude, on the basis that those events would have gone better unrecorded, treaties that assume Germany to be the prostrate, guilt-ridden form of 1945.

It is across this appalling gulf, not primarily of ideas about society or the future, but about the hard facts of national life in central Europe, that the would-be *negotiators* of Washington and Moscow have somehow to make contact. Mr Walter Lippmann has argued forcefully this week that the American President must not permit his allies, or his right wing at home, to drive him into a corner where he cannot negotiate ; and that it would be better to devise a new, active and genuine international function for west Berlin than to hold it indefinitely by the threat of war. Certainly, he has rightly diagnosed the West's present weakness as its lack of anything positive to propose.

This is more relevant to the West's position than the mechanical cries of " Munich " that still resound at any indication that Washington is giving serious thought to the future. Still, it must be clear that, while the Russians may be induced to accept a set of improved arrangements for west Berlin, and even possibly to impose them temporarily on the east German government, such arrangements by themselves are not going to stop the arms race, or to persuade the Russians that they are not threatened in Central Europe. The mere knowledge of this reinforces the entrenched attitudes of both sides, making a Berlin agreement more difficult than, by itself, it need be ; it also ensures that the European tension will no doubt continue after a Berlin agreement, even if one is reached. The preference of both sides for negotiation is only one point gained ; they are still on collision course.

Testing in the Kremlin

Mr Khrushchev has to explain the changed international outlook to his party, while the Russian people and the West watch for the fall-out

A TEST starts for Mr Khrushchev on Tuesday. The 22nd congress of the Communist party of the Soviet Union will not open in quite the international setting he may have once imagined. Party congresses are always important occasions in Russia. It is the party that, at least in theory, rules the Soviet state. The 1,700 or so delegates who will gather in the vast new Congress Hall of the Kremlin are the chosen audience for important policy announcements. The first secretary of the party—and this is Mr Khrushchev's title that *matters*—will report to them at length on the key events, home and foreign, since the last congress. (In form, since the 21st congress in 1959 was an extraordinary one, called to ratify the seven-year plan, he should go back to 1956, a fearsome prospect.) He has to give the delegates an assessment of the current situation and a pre-view of the future.

Key themes from this marathon oration are then taken up by the leading figures in the hierarchy ; since Stalin's death it can even happen that their interpretations differ, if only subtly, in tone. On the closing day, the new ruling organs—the central committee, its presidium and secretariat—are elected, and the turnover at the top is revealed. Finally, it is now becoming the fashion to take advantage of the presence in Moscow of the representative communist leaders from all over the world to crown the Russian gathering with a session of what might rightly be called the Communist International.

This 22nd congress was designed to be even more important than usual. It was to look further ahead and aim higher ; it was to herald a new era in Soviet society. For this purpose, a new party programme was published at the end of July, the first since the Bolshevik manifesto of 1919. By projecting far in advance the current rates of growth, the programme mapped out the Soviet road to prosperity. Mr Khrushchev was chosen—to nobody's surprise—to present this new charter to the congress. Mr Kozlov was commissioned to introduce changes in the party statutes in keeping, at least on paper, with the progress in prospect. Both documents were published well beforehand to get publicity abroad as well as in Russia. Nature obliging with a good harvest, all seemed set for a tremendous performance in which claims of economic achievement could be coupled with pledges of even more ambitious growth, and boasts about " overtaking the United States " could mingle with descriptions of a future communist society. Mr Khrushchev, patron of the new Soviet age, was to appear before the Russian people as the man who would lead them, after the generation of Stalinist blood and tears, across the threshold of plenty.

SOMETHING went wrong with the stage-management. Mr Khrushchev's vision of the future was overshadowed by clouds on the international horizon. The slogan of plenty is inseparable from that of peace ; but where, today, is peace ? *Military marches* have cut discordantly across the harmony. Mr Khrushchev, for five years the champion of peaceful co-existence, the man who had cut down the Red Army in the name of putting economic progress first, now chose to keep the national servicemen longer under arms and to preface his major performance with a series of nuclear bangs. Why ?

The Soviet pressure to get a settlement of the Berlin question is not itself the new element that caused the change. Ample notice had been given that the Russians would seek some success on this front before their congress. The puzzling element is the resumption of nuclear testing six weeks ago, so soon after the announcement of the economic programme, and so shortly before the party congress. Years of propaganda about the dreadful effects of fall-out were turned overnight from an asset to a liability. Communists in various " peace movements " were left on a limb ; the neutrals gathered in Belgrade last month were put on the spot. Mr Khrushchev's own image as peacemaker was tarnished not only for outsiders, but for the Russians as well.

To say that Mr Khrushchev listened to the advice of his military scientists does not explain why he did so just now, or why he had not yielded to them earlier. One explanation is that, for all their spectacular successes in rocketry, the Russians have gaps in their nuclear arsenal and that they felt it imperative to complete their range of weapons in order to make brinkmanship possible in the Berlin crisis. A complementary explanation is that Mr Khrushchev did not want to face his communist critics—who are still to be found in Moscow, not only in China—naked in the council-chamber after years of strenuous diplomatic exertion and countless changes of tactics. He may even have thought that his bangs would spread such alarm as to drive the western statesmen rapidly to the conference table and that he would be able to show the congress the shape, at least, of a favourable settlement of the Berlin question. Then, in a wider international conference, he might have hoped to try to revive a new version of his plan for total nuclear disarmament and, by hammering on this point, obliterate some of the ill-effects of his previous move.

If this was Mr Khrushchev's calculation, it has not paid off—yet. By way of a Berlin settlement, or of tangible grounds for claiming that a settlement is coming, the Russians have still nothing to show. Nor can they produce invitations to a major summit meeting. Without one or other of these, their economic celebration will be more than a little forced and uneasy. It is not yet known where Moscow stands after Mr Gromyko's soundings in the United States and London. Some answer will be provided next Tuesday in Mr Khrushchev's marathon oration. If the emphasis is on vigilance, tension and the arms race, the Moscow show will have neither the shape nor the success that was originally envisaged, but the immediate prospects for international negotiation will also be gloomy. If, on the other hand, the stress is laid on economic progress and competition, if the current difficulties are shown as a transient phase in peaceful co-existence, it may be a sign that the Russians still hope for a successful outcome to their diplomatic offensive.

One objection to this whole argument is that the congress as such does not matter for Mr Khrushchev. The congress will applaud whatever the tune. Some elements of " democracy " may have penetrated, since Stalin's death, into the presidium or even occasionally into the central committee ; they have certainly not spread to the vast congressional body. Judging by precedent, about a third of the delegates will be " workers of distinction," rewarded with a seat for some economic feat. Three-quarters of the delegates, at least, will be over forty, trained in the Stalinist methods of disciplined enthusiasm. But the real audience is the whole Soviet Union, and it is no longer a nation of frightened time-servers. Two minor but significant instances of a stirring of intellectual discontent are discussed on page 116. The best proof that Mr Khrushchev is aware of this public opinion is the fact that he has done his best to keep the Soviet people in the dark about the Soviet resumption of nuclear tests.

TO his own as to the European public, Mr Khrushchev has a stake in appearing reasonable. To the international communist élite whom he will probably face afterwards, he has to show the achievements and prospects of his diplomacy, or, more precisely, of the alternate bouts of wooing and disputation that still pass for diplomacy in the Soviet book. Most of the European communist leaders will rally to him if he pleads for negotiation and a compromise settlement. But, in his world, it is only success that succeeds ; there will be many besides the Chinese to draw attention to failure, or to the lack of any prospect of success. To argue that Mr Khrushchev is dancing to the Chinese tune is absurd. To assume that he can, as Stalin could, entirely ignore critics within the international communist movement, or within his own party, is equally unreal.

This is the test that Mr Khrushchev faces. The success of his whole programme, not merely of the set-piece in the new Congress Hall, is at issue. If the intensified arms race continues for very long, the whole economic edifice on which Mr Khrushchev has tried to base his own claim to power and glory will have to be reshaped on lines vastly less attractive to the Soviet peoples. In the coming days of oratory, in open and secret session, he will be struggling to preserve—more exactly, to revive—his chosen image as Nikita the Bountiful, the Peacemaker. His efforts will be watched anxiously by the outside world, which by now should have no illusions about the basic purposes of Soviet foreign policy.

Memo to Mr Maudling

Here we voice our private vision of the changing of the guard at the Colonial Office in the form of a valedictory from Mr Macleod

Dear Reggie, Don't worry immediately about Pitcairn Island. It's only two square miles; the 140 people there have the vote; anyway I am sure that they do not yet feel ready to apply for membership of the United Nations. You'll find we have rather a lot of islands and dependencies, but you cannot be expected to place all of them. There is a list somewhere in this desk. The problems of the ones in the Western Pacific are not urgent.

There is another group called "Atlantic and Indian Oceans." Aden and the Protectorate are in it; our man in Aden, Sir Charles Johnston, is continuing the talks I started in London in June. They must have a new constitution, but there may be some bother about bases, and it could be that pretty soon you will have your first experience of civil disobedience. With Mauritius, the problem is that there are too many people. We've given them self-government; they may now seek protection (from each other) in an east African federation—if we can only get the east Africans to demand federation.

In the Caribbean, Jamaica has let us down. But it may be possible to persuade Eric Williams in Trinidad to take on the rest of the islands in a smaller federation, especially if the Americans can be talked into giving a reasonable amount of aid. If the Americans baulk at this, trump them by saying "Cuba." If Selwyn baulks at extra money for Jamaica and Trinidad from us, trump him by saying "immigration."

Across in British Guiana, Cheddi Jagan thinks he's in a position to frighten the wits out of everyone. We have agreed that some time after August, 1962, we will talk with him about independence; however, you may think it wise to do some homework on this before then. Brunei, North Borneo and Sarawak can be given to the Malayans, who are willing to go with them and Singapore into a "Malaysia" federation, but a constitution must be devised to balance the Malay power against the Chinese, who, as usual, are too numerous to make this easy. The Tunku is coming over in a few weeks' time.

I sent the Uganda delegates home with a new constitution on Tuesday, and promised them full internal self-government in March; elections in April; and independence on October 9, 1962. If I were you, however, I would still keep an eye on Uganda. What we've done is to follow Munster's report pretty closely. Buganda will be federated with Uganda. The Kabaka's ministers won't wear direct elections to the central legislature—and Kiwanuka, chief minister of Uganda, won't have indirect elections through the Baganda parliament (they call it Lukiiko). Kiwanuka is—rightly—afraid that a Baganda bloc in the central parliament might do a deal with his opposition and put him out. Anyway, the compromise solution is that the Lukiiko will be made 68 per cent democratic—32 of its hundred members will be chiefs or the Kabaka's nominees or officials—and the Lukiiko is going to be allowed to choose between direct Buganda elections to the central parliament, and electing delegates itself. We've had to allow Buganda its own police force, and entrench its local powers and traditions pretty deeply into the new constitution. The other traditional-minded tribes have got about half of what we've given Buganda. It may not all blow up after independence, but watch it.

Kenya, I'm leaving you in a somewhat less tidy state. Kenyatta has been a disappointment. He has not united the tribes, he has been rejected by some of the politicians, and his old-guard friends are scaring our settlers there half to death—and we'll surely have to look after the settlers. You will have to feel your way in Kenya, but briefly, this is the form. Mboya and his friends lead Kanu; Odinga Oginga plays Michael Foot to Mboya's Cousins; there's no Gaitskell in sight. But Kanu has by far the most supporters in the country, and Mboya is a pro-western, orthodox African nationalist, and the best brain there. Kanu is mainly supported by the Kikuyu and Luo tribes; the other tribes are afraid they will be knocked on the head after independence, and the other politicians are scared of becoming Danquahs and Appiahs. They have formed Kadu and now a rather clever young man in Kadu, Peter Okondo, has come forward with a plan for a sort of tribal federation, giving the central government weak powers and chaining the executive even more severely than the American executive is chained. These chaps are reasonable and want to protect themselves from Kanu, but they are not the force of the future in Africa and their drive to unity is not strong. Look at Okondo's plan—but, if I may say so, Reggie, Kadu in Kenya is roughly equivalent to Efta in Europe; not the right horse to back, perhaps? Though, like Efta, they are nice people.

In Northern Rhodesia, keep talking, and keep vague. Last year the Africans and the Europeans wouldn't look at each other; now they are quarrelling about whether candidates in the next elections have to get 12½ per cent of each other's votes, or 5 per cent. The first figure will probably put Roy Welensky's men in; the second, Kenneth Kaunda's. You want to get as near to the second as possible; the trick is alternately to calm the one down by making the other cross, and *vice versa*. Don't bother going to see Kenneth Kaunda; he'll turn up. Sir Roy won't, but you may find him on the PM's doorstep. If he gets too difficult, get Duncan to talk to him. But keep the peace. I've got an election campaign to shape.

That's about it, Reggie, and best of luck. There are still Malta, Gambia, and (you will find) the high commission territories of Swaziland, Bechuanaland and Basutoland—we must argue with Verwoerd about them one day. But you have to leave something for Jimmy Callaghan.

Iain

P.S. Tristan da Cunha may have to be crossed off.

NOTES OF THE WEEK

EUROPE

A Good Start

In Britain, where the common market battle has been raging hotly for some months now, and where Mr Heath and Mr Sandys have just been triumphantly engaged with the hosts of Little England on the Brighton beach—there is a despatch from the Conservative conference on page 127—it is clear enough that the Government has made up its mind to join the European community and do its best to make it work. On the Continent, not everyone has got the message yet. Mr Heath's main task in Paris, when he expounded the British position to the council of ministers of the Six on Tuesday, was to deliver it as forcefully as possible. A look at French press comment on this preliminary round of the negotiations for British membership suggests that he has had a creditable success.

Two parts of his speech, in particular, seemed to impress his hearers: the acceptance of a common agricultural policy, and the willingness to share in the arrangements for political co-operation which the Six set in train at their July meeting in Bonn. It is in agriculture that France's economic interests are most immediately at stake. The political arrangements are important to all the Six: as Professor Hallstein said, "We are not in business, we are in politics."

Both these matters touch sensitive spots of the British body politic; sovereignty and agriculture are sore points with Tory rebels. But after his successful meeting in Paris Mr Heath has at least been able to present the sceptics (including Mr Butler?) with evidence that boldness pays in European dealings.

The six ministers appear to have been surprised—perhaps, indeed, somewhat taken aback—by the fullness of the British explanation; replies were not attempted. But the detail of Mr Heath's statement, and the clear acceptance of so much common ground with the Six, ought to mean that the full scale meetings planned for November can get down quickly to serious negotiation about the knotty trade problems of the Commonwealth.

One other useful step towards a united western Europe has been taken this week in Geneva. The three neutrals, Switzerland, Sweden, and Austria, are at last working out the terms for a joint application for association with the common market. Their desire to be inside economically and outside politically may prove even more difficult to satisfy than the special British wishes. But at least the neutrals are getting over their rather cross desire to go it alone, while on the side of the Six the feeling that neutrals can be left to stew in their own juice seems slightly on the wane.

IMMIGRATION

Gently Ban Your Brother Man

There is an arguable case for limiting the entry of black-skinned people into this country. It rests on the proposition that an apparently sizeable minority of white-skinned people fear and resent them, publicly denigrate them (even from political platforms), disseminate racialist literature about them (even at party conferences) and, from time to time, have to be restrained by the police from physically assaulting them. These are the grounds on which Mr Butler should approach the Commonwealth governments over the restrictions which he (with a suitably hangdog air) virtually promised the Conservative party on Wednesday. Undoubtedly the West Indians, the Pakistanis and the rest would appreciate his predicament better if he did. There is no excuse whatever for the hypocrisy uttered, with few exceptions, by the Tories at Brighton to justify the very end they are, it seems, ashamed to admit. There is no wish to hurt the Commonwealth... the question of colour does not arise... the measures, of course, must be applied to Commonwealth immigrants generally... Who believes a word of this? Still more, who believes that any West Indian, from Mr Manley to the rawest Jamaican off the boat, can believe a word of it?

If the explanations put up at Brighton are taken at their face value they amount to a sorry confession. It means that the professed way of life of a country of 52 million people is jeopardised by the presence of a coloured population of less than one per cent of the whole (and by the existence of 3 million more on the other side of the Atlantic). It means that there are fears for the welfare state because 14,000 coloured people are currently unemployed in Britain. It means that the absorption of 50,000 white immigrants annually (from former colonial territories like Ireland and Australia) is equally out of the question without a weighty inquisition at the ports. This does not make Britain look illiberal by other countries' standards; but it does make Britain a laughing-stock.

No one claimed at Brighton that the British economy is not the better for the immigrants that have arrived up to now, that the buses could not be run, the hospitals staffed or even the harvest gathered in without them. Instead of bleakly putting up the shutters, is it not more sensible to try other means first, including the provision of well-publicised but purely voluntary employment bureaux in the West Indies where more immigrants could ensure themselves employment on arrival without scandalising the British taxpayer by claiming national assistance? The machinery that Mr Butler has in mind may be tempered with humanity: it will still be impossible to operate without palpable charges of prejudice. Lord Home talked finely of Christian principles and Mr Macleod recited the easy sentiment:

It's coming yet for a' that...
That man to man the warld o'er
Shall brithers be for a' that...

They were addressing, of course, the Russians and Rhodesians.

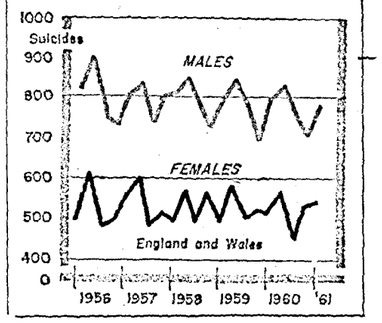
ECONOMIC POLICY

Again and Again

The Minister of Labour is no doubt full of excuses for his actions in granting statutory enforcement to the wage increase recommended by the Road Haulage Wages Council, and in eating the words of a previous reference back by doing the same thing for two other wages councils' recommendations as well. His arguments are that

FEWER SUICIDES

The 1960 total of 5,113 suicides was the lowest since 1955's 5,000, with, as usual, the highest incidence in the second quarter. As people grow older they are more likely to commit suicide although most attempted suicides are of young people made by those in their twenties. Poisoning is by far the most common method of committing suicide, with hanging for men, and drowning for women, second.



these recommendations were provisionally promulgated before Mr Lloyd announced the pay pause in July and that some of the employers, as well as the unions, regarded them as a commitment; that he will not allow them to take effect until January 1st; and that, in withdrawing a little on this front, the Government may be better able to fight the eventual wages battle on a front which public opinion will regard as more "reasonable."

The fact remains that this is the second bad economic mistake made by the Government in successive weeks. Once again, apparently, it is necessary to spell out the simple reasons for Britain's poor economic record since the war. The reason for our relative stagnation has not lain primarily in lack of planning machinery or anything of that sort. The main trouble has been that we have constantly fought inflation and our currency troubles in the most inefficient and expensive ways, through over-reliance on high tax rates and other restrictions which serve to hold back demand and production without exerting any other direct effect whatever. We have constantly shied away from the direct and efficient method of fighting cost inflation by damping down pay increases, and we have intermittently shied away from attracting support for sterling in its very difficult role as an international currency by the direct method of keeping interest rates very high.

Last July, in a deep crisis, the Chancellor at last seemed to have resorted to both these direct methods at once, plus some other weapons as well. As soon as the economic situation improved after July, the Government's first step internally should have been to rescind the special increases in indirect tax rates which the Chancellor then also made, and its first step externally should have been to use some of the foreign money that has flowed into London to repay part of the loan from the International Monetary Fund (thus revitalising that institution for the part it must play if sterling's position as a key international currency is to be bearable for long). Instead, in response to the usual departmental pressures from the Bank of England and the Ministry of Labour, the opening steps in this small springtime of recovery have been to lower Bank rate by a half of one per cent and to make a sort of half of one per cent thaw in the pay freeze. This is to put national priorities of efficiency in economic policy quite ludicrously the wrong way round.

WAGES

The Allies

The Minister of Labour's half-concession on three wages council awards can only add vigour to the unions' claims in another field that looks more dangerous—that of the so-called M-workers, the less-skilled government employees in service establishments, airports and so on. Their pay is normally reviewed at six-monthly intervals, when it is brought into line with pay in outside industry: in April the London rate went up by 4s. and the provincial rate by 3s. The unions now claim that the October review should give a rise of 2s.; but the Treasury says that, while it is willing to go through the regular process of working out the new level, no increase will be paid until the pause is officially over.

The main union champion in the battle of the wages councils has been Mr Cousins (who has remarked cryptically that he was never worried about road haulage anyway): the M-workers' claim, however, has created a formidable, if implausible, alliance between Mr Cousins and Sir Tom Williamson. The allies claim that the agreement to review the government industrial workers' pay at six-monthly intervals was as much a "prior commitment" as anything that goes on at a wages council: next Thursday they are to wait upon the Prime Minister, the Chancellor and poor Mr Hare, a reception committee that shows how seriously the Government takes these heavyweight opponents.

One argument that the ministers are bound to hear is that, when private industry is paying more, it is unfair that the Government should not do so too. But the wage increases and reductions of hours granted by Ford Motors and by the building employers are a very different matter. Not only are they the result of long negotiations, but they also allow for productivity increases by cutting unnecessarily long tea-breaks. Even though the employers have not got all they would have liked out of the unions on this score (at Fords they have even reached an absurd compromise whereby the morning tea-break will not allow a man time to smoke even a Woodbine), they have at least made the point that even minor interruptions in the rhythm of work are a serious matter in flow-production industries.

The largest wage-claim at present is that tabled by the engineering unions on July 17th. If the Government fails to hold the line on pay rises for its own workers, the position of the engineering employers would become impossible: and on the strength of their stand depends the whole future pattern elsewhere. This is the answer that Mr Macmillan, Mr Lloyd and Mr Hare should have ready. Even the thought that they have, uniquely, created an alliance between the poles of right and left in the Trades Union Congress should not deter them.

ARAB AFFAIRS

Far, Far Better Thing

PRESIDENT NASSER'S talent for transmuting defeat into victory has at times provoked grudging admiration. His courage, and his realism, in promptly accepting both military and political defeat in Syria have won him a personal victory that has been saluted from many quarters with sincere and spontaneous accolades. Seldom do losing battles get called off so quickly; no Light Brigade nonsense for President Nasser, and quite right. To launch a full-scale political campaign must have been much more of a temptation; the means were to hand and a measure of success was likely. Instead, President Nasser smartly pulled the mat from under the feet of most political commentators, including *The Economist*, by announcing on October 5th that national unity in Syria must be put before anything else, and that he would therefore not oppose Syria's admission either to the United Nations or to the Arab League. Nothing in the life of the union of Egypt and Syria has become President Nasser so well as the ending of it.

Taking its lead from Cairo, comment in the Arab world is, for the moment, pitched low. Only Amman, having by now little to gain from prudence, rages on with its exhortations to the Egyptian people to follow the Syrian example. Cairo radio, more in sorrow than in anger, looks to a time when imperialists and opportunists will once again scrabble over the sick body of Syria. Unwilling to bear the odious label of separation, the Syrians countered on Wednesday by announcing a scheme for a new Arab confederation, with a central parliament and a joint military command, but a wide devolution of domestic powers. These are the cross-winds of propaganda; the real subject of debate between Cairo and Damascus has to be the disheartening process of disentanglement. The two governments have taken issue with each other over their conflicting versions of the economic situation, and although both have suggested an investigation committee from the Arab League, each has set terms of reference that are likely to be unacceptable to the other.

The Soviet Union lost little time, after President Nasser cleared the way, in recognising the new government; the United States held off until Tuesday. But the new men in Syria may have experienced mixed reactions both to the Soviet Union's prompt recognition and to the support that has come from their local communist leaders. Our Middle East correspondent describes on page 147 the fumbling for political position that is now going on in Damascus. Possibly one of the main reasons why the conservative caretaker government hesitates to allow the resumption of party activity is that it has not found any tactful way out of the embarrassing quandary of how to allow freedom to some parties but not to all, and especially not to the communists.

GERMANY

Medicine Man

WHATEVER stature as statesman the history books one day accord to Dr Adenauer, they can hardly fail to grant him mastery in political manœuvre. Three weeks after the election which destroyed his parliamentary majority, all the signs are that Dr Adenauer is set for yet another spell as Chancellor. Herr Mende, leader of the Free Democrats, Herr Strauss, and the other Christian Social and Democrat politicians who gaily greeted the election result as marking the end of the long reign, seem to be eating their words with only the mildest signs of indigestion.

The final decision, it is true, is not yet made. All that has happened is that the Free Democrats, who hold the balance in the Bundestag, have discovered a good deal of common ground with the Christian Democrats in their talks on a possible coalition. The FDP is still in process of making up its mind whether it can really turn about and join a government under Dr Adenauer; the party may hold a special meeting to decide. Some differences of emphasis in policy also remain—a certain caution in the FDP about integration with the West, a desire to curb the excesses of the welfare state, a greater flexibility in eastern policy. But the broad lines of policy for a coalition government are agreed. And now that the CDU has decided that Dr Adenauer shall stay on, it is difficult to see how anyone else can head it.

The reversal of fortunes owes much to the feeling that any nasty foreign policy medicine that Germany has to take in the next few months is better administered by the old family doctor—a feeling evidently shared by other candidates for the chancellorship, like Dr Erhard. Any new coalition will doubtless be formed on the understanding that Dr Adenauer will hand over within a year or so when the difficult period is over, even though the condition may not be publicly expressed and will certainly be difficult to enforce. As if to rub the point home Dr Mende is expected to stay outside the government, and the FDP is not bidding for the highest posts. In particular, the key Foreign and Economics ministries are being left to the CDU; Dr Erhard will remain deputy chancellor and next in line for the succession. The reservations are at any rate interesting in theory, but there is little doubt that, if this design is adopted, the day will have gone in substance to Dr Adenauer.

CHINA

Fingertip

THERE is a depressing irony in the latest twist of circumstances in the Far East. The statement by Marshal Chen Yi, the Chinese foreign minister, that he would have no objection to meeting his American counterpart, Mr Dean Rusk, might be construed as the extension of a fingertip of conciliation towards the United States. Unfortunately, the fingertip is extended just when President Kennedy is least in a position to accept it. Marshal Chen Yi's conversation on Wednesday with the general manager of Reuters contains several signs of a new-found moderation on China's part. The marshal said he wanted to remove the apprehension caused by "distorted" reports that China advocated war as a way of settling international quarrels. (Moscow papers please copy.) He added that the communist government sought to avoid the mistake of not taking the feelings of other countries into account; though it is hard to square this sentiment with his odd assertion that there would be less chance of war once China had acquired nuclear weapons. One reason for Marshal Chen Yi's uncommon mildness is to be found in his admission that China's living standards had been "a little tight" in the past three years—a tightness caused, he acknowledged, not merely by natural disasters like droughts and floods but also by the "adjustments" it had been necessary to make in the current five-year plan.

But the marshal made it clear that the United States would have to make the first move towards negotiations; and that, if any of the points at issue between the two countries were to be resolved, the Americans would have to make concessions. "For example," he explained, they might withdraw their forces from Formosa. In saying that he feared Formosa was being used as a base to undermine the communist regime on the mainland, Marshal Chen Yi might just possibly have been hinting—in contrast to the burden of other Chinese statements—that Peking would be satisfied if the Americans acknowledged the existence of the Peking government, or at least stopped using Formosa as an irritant. But negotiations on this or any other question still look distant. It seems clear that Mr Kennedy has postponed, if not abandoned, the ideas for a new approach to the Chinese question which he brought into office with him. He has been obliged to do so because of the opposition, from a powerful section of his own party as well as from the Republicans, to granting any concessions; presumably this opposition, now that the President is being accused of "appeasement" over Berlin, constricts him more forcibly than ever.

TEACHERS' PAY

Second Thoughts

JUST how wide a gap now separates the National Union of Teachers from Sir David Eccles? To no one's great surprise, and the huge relief of many union members, there are to be no prolonged regional strikes over the difference of £5½ million between the Eccles and Burnham salary scales. The NUT ballot on the extended strike issue has thus served everyone's purpose pretty usefully. The militants have shown their teeth in particular regions (in one of them, Coventry, the local executive initiated a work-to-rule policy on Monday), but the broad consensus of feeling has been reluctant to go too far. The chief impression created by some of the regional returns is that support for tough action was strongest in those areas where a good many teachers are normally Labour voters and in others where professional status has been particularly jeopardised by the rising cost of middle-class housing. Conclusions are obviously difficult to draw, but one suspects that this may not be too far from the truth.

The teachers' restraint is entirely sensible, and all the more so in view of the minister's broad hint last month that, since he will not set a terminal date for his own award, a new and more favourable salary agreement for England and Wales can be expected when the present Scottish agreement runs out in March, 1963. The idea is gradually getting through that the teachers stand to gain more in this way than they would have done from a straight £47½ million award that would have run for the full Burnham period until

The Economist

OCTOBER 12, 1861

ON BEHALF OF BONDHOLDERS

We certainly admit that the English Government is not bound to negotiate in behalf of English capitalists who have lent money to foreign States. We think it has a discretion whether it should do so or not. In the case of Mexico, our Government thought there was a case of peculiarly gross fraud, committed under circumstances which did not extenuate but enhance its guilt. It therefore voluntarily chose to interfere. The Mexican Government voluntarily chose to promise the British Government to perform its former promises to British subjects. This international contract is as much binding as any other, and as much enforceable. We should be very sorry to see the English army, the English fleet, and the English taxation placed at the mercy of any English capitalists who may choose to lend money to a foreign nation upon specific security: our fleet would soon have little else to do than attend to such claims upon it, and the augmentation of our taxes would be more than the interest on the unpaid loans. But no such danger is incurred if it is clearly understood that the English Government need not even negotiate in such a case if it does not think fit; that it cannot interfere save by negotiation and representation unless it obtains a renewed promise to itself; and that even then it must be guided by circumstances, by the probability of success, by the absence or the presence of more pressing duties, in deciding whether it will interfere by arms to enforce the performance of the contract which the foreign Government has specifically and voluntarily made with it.

March, 1964. Equally, the minister's ideas on his future position in the Burnham machinery have not been as drastic as some teachers had professed to fear, although the NUT is likely to remain sceptical until it has had working experience of the changes.

The more militant NUT delegates at last week-end's conference made it clear that they intend to push ahead with those tactics (one-day strike, lobbying of MPs and withdrawing from the supervision of school meals) on which they have *carte blanche* for direct action. But on school meals the militants are not only likely to get into contractual troubles with their immediate employers, the local authorities (not the minister), but have now been opposed by the assistant masters' association. Harrying the Tories when the House returns is one thing, but is a row inside the profession really worth the candle? While the future of the Burnham committee is still in the balance the NUT may well find discretion the better part of valour.

LABOUR PARTY

Shadows Changing Too?

With Mr Macmillan's major cabinet reconstruction carried out, a reshuffle of the shadows is very much on the cards. By the end of Labour's Blackpool conference, some people were forecasting that it might be dramatic: it was being said that Mr Wilson might wisely be tempted by Mr Gaitskell to give up the shadow chancellorship and move over to foreign affairs, thereby leaving a vacancy for Mr Callaghan. A problem would then arise as to what to do with Mr Healey; but either he might take Colonies (*vice* Mr Callaghan) or else Mr Brown might be happy to surrender his defence portfolio to him and concentrate on his role as deputy leader. For a minister to give up all departmental authority is a notoriously hazardous course, but whether this is true of shadow portfolios is dubious. In any case Mr Brown's position as deputy leader gives him plenty of scope to range right over the field of home and foreign affairs, and to do this where it matters most—in the Commons. Whether or not Mr Wilson makes a move, there is likely to be a change in the shadow Ministry of Labour in place of Mr Fred Lee. Once again a strong contender for the position would be Mr Callaghan, and he might well do better service for his party there than at the shadow Exchequer. Indeed if he took this office, if Mr Brown took the shadow chancellorship and Mr Wilson the shadow Foreign Office, this might well be the best attainable mixture for Mr Gaitskell, and for giving every leading Labour figure a chance to turn over a new leaf. But this is not the mixture that most people were forecasting.

Labour is also faced with an urgent problem at Transport House where the continued ill health of Mr Morgan Phillips makes his early retirement sadly likely. The argument has been put forward that the new secretary should be a powerful political personality able to express the mind and will of the party rank and file, but the inevitable effect of any such appointment would be to create a new rival to the parliamentary leadership. Transport House has never been this in the past and it would be the height of folly to make it so now. Mr George Brown's name has been canvassed in connection with the position but he probably would not take it, while Mr Crossman or Mr Wedgwood Benn, however willing, at present seems unlikely to be made the offer. Some see Mr Len Williams as a coadjutor with right of succession and the appointment of this loyal administrator would have much to be said in its favour; but at present opinion seems to be veering towards the appointment of some reliable figure from the trade unions. It is said that such a man, while posing no threat to the leadership, would be able to carry through the major reforms of which Transport House is very much in need, and that his trade union status might make it easier to raise the cash to finance them. This would only be all right provided a sufficiently strong-willed reformer can be found for the job.

UNITED NATIONS

Headless Hydra

For four weeks the United Nations secretariat has had no head. Naturally, the routine servicing of the Assembly and other normal operations have gone on, under the competent direction of Mr Cordier, the under-secretary in charge of Assembly proceedings, Mr Narasimhan, the recently-appointed *chef de cabinet*, and their colleagues. No doubt the staff could be indefinitely headed by a committee, if the UN reverted to the role of no more than a "traditional conference mechanism." But, as Mr Hammarskjöld showed in the introduction to his last annual report—a document that many people now regard as his political testament—this reversion would betray the letter and spirit of the Charter, play into the hands of those who want to cripple the United Nations, and rob the smaller nations in particular of their hopes of finding security in a hard world.

This week the deadlock over the secretariat reappeared openly. The wispy hopes surrounding the series of private talks with Mr Gromyko and Mr Zorin were blown away. It is not a deadlock over a candidate for the post of interim secretary-general; U Thant, the head of the Burmese mission to the UN, appears to be acceptable to most parties; so might some other experienced neutral. As was evident from the beginning, the real argument turns on the Soviet insistence on shackling Mr Hammarskjöld's successor, whoever he may be, in a way that would stop him putting into execution any UN policy that Russia dislikes.

The outward and visible Soviet "troika" plan has been temporarily withdrawn, but Mr Zorin still demands what might be termed a system of moral vetoes: U Thant, or A. N. Other, must be placed under a formal obligation always to seek agreement with a group of assistants who would include a Soviet representative. It is a revealing fact that the Afro-Asians, whose preponderance in the 100-member Assembly was shown this week in its rough handling of Mr Louw of South Africa, are so utterly untrusted by the Russians.

RUSSIA

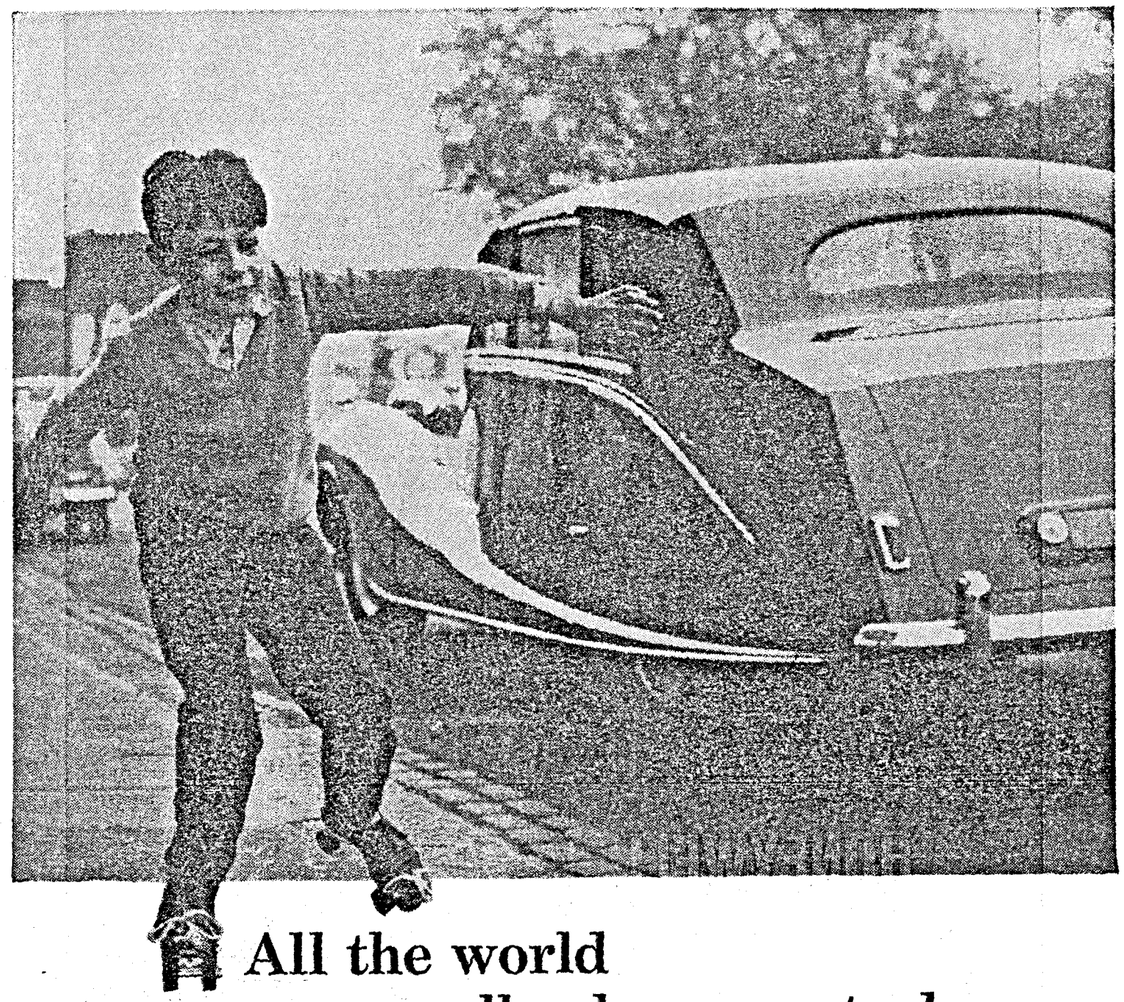
Daring Young Men

It takes a good deal of courage for young Russians to defy their official mentors in public. Fear of reprisals did not prevent two such acts in Moscow in the past week or so. University students shouted down the officials who wanted to cut short their hearing of the San Francisco-Moscow peace marchers. At the annual recitation of poetry around the statue of Mayakovsky, the crowd of young Muscovites clamoured for—and got—Yevgeni Yevtushenko, who had just been viciously denounced by the Soviet literary establishment because of his moving poem, *Babi Yar*, on the Nazi slaughter of Jews at Kiev.



Marchers in Red Square

Some of the university students passed notes to the peace marchers telling them that they should not be deceived by the official speakers put up to refute them. Such a brief—and rare—encounter could hardly reveal to what extent Soviet youth distrusts the version of world affairs that the official monopoly dispenses to it; but the clear point made was that these young people wanted to hear another side of the case, whether they agreed with it or not. That desire is in itself a form of heresy in a monopolistic system, and merely to express it calls for courage. The footsore little band who had been on the road to Moscow so long (although banned from France, and hustled across east Germany in a way that oddly recalls Lenin's famous journey by sealed train) can console themselves for the restrictions placed on them in Moscow and



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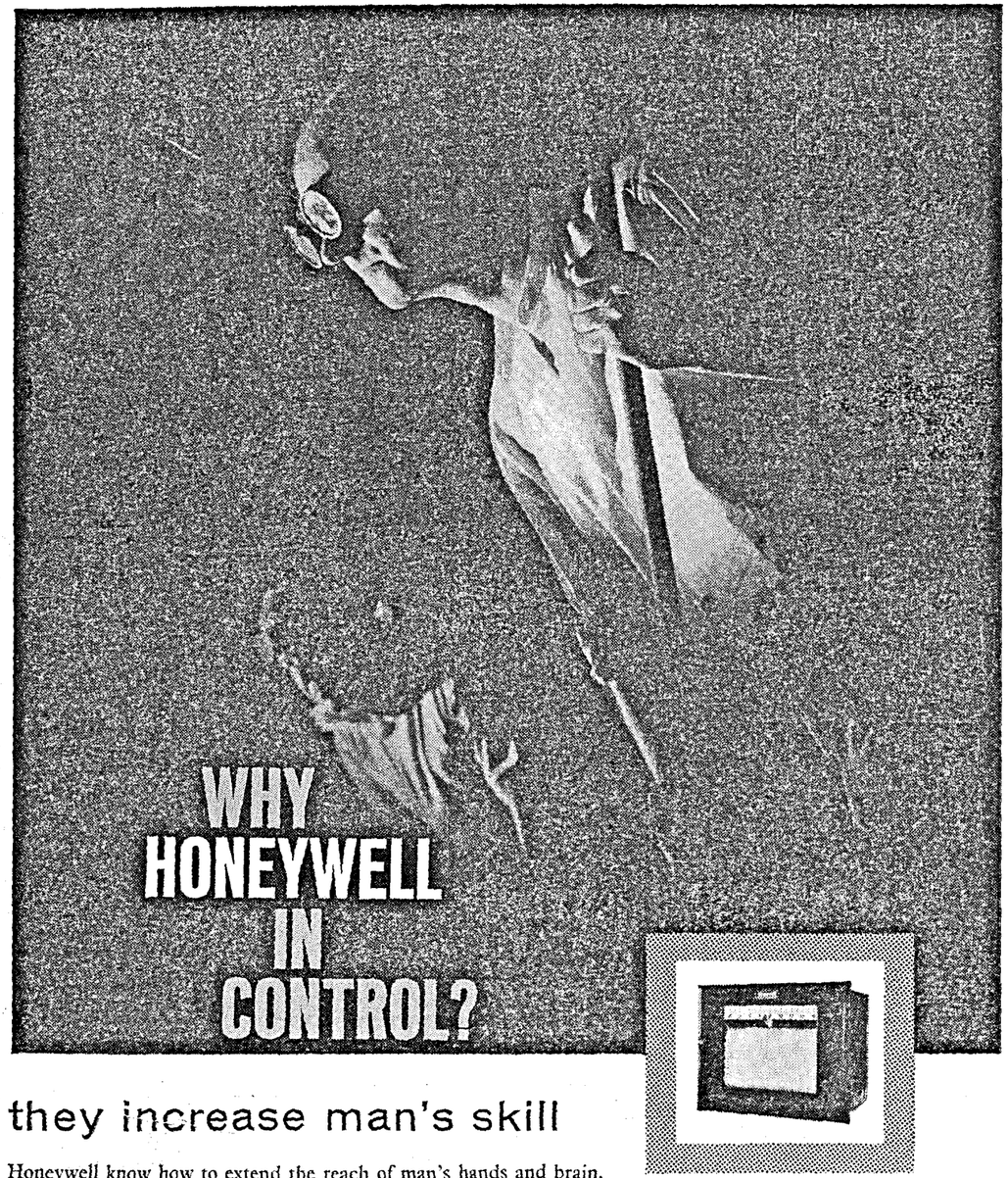
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elsewhere with the thought that their tenacity evoked, among the young Russians, an answering sign of the human spirit's power to defy circumstance.

The way young Moscow forced the organisers of the poetry recital on Sunday to break off the succession of "approved" authors, and to let Yevtushenko recite, to tumultuous applause, a biting attack on "those who love power for its own sake," was a similar sign of defiance. One cannot tell how widely young Russians share the poet's particular concern with the survival of anti-semitism in their country. The most direct warning against this danger in *Babi Yar* was cut out by the editors of *Literaturnaya Gazeta* before they published his poem last month. Again, however, the point that Sunday's demonstrators clearly made was that he ought to be given a hearing, and that the monopoly's outpouring of abuse had excited warm sympathy and admiration for him instead of the supposed general execration of his "negative attitude." Young Russia shows more and more signs of being chafed by its blinkers.

JUGOSLAVIA

Sparring with Moscow

THE draft programme of the Soviet Communist party, which will be adopted at the party congress next week, has not met with universal acclaim in the communist world. Two weeks ago *Kommunist*, the official journal of the Jugoslav Communist party, stated that although the Soviet programme contained "positive premises," *there are also* "quite a few that do not bear Marxist and scientific criticism." What of course particularly irks the Jugoslavs in the draft programme is the attack on Jugoslav revisionism, which in their view amounts to "*the most brutal interference*" in the country's internal affairs. The article maintains that for "narrow camp-ridden interests and reasons" the Russians are trying to discredit the theory that there are many different roads to socialism and that it is possible to be a perfectly good socialist without belonging to the socialist camp.

The *Komunist* adds that no Jugoslav comment had been made on the draft programme when it was first published, because it said nothing essentially new, but some reference had eventually been found necessary since the programme was being used as a pretext to step up the scope and intensity of the communist block's anti-Jugoslav propaganda. But no comebacks from the Jugoslav side are likely to stop this propaganda. Russia's present rulers have learnt, more or less, to live with Marshal Tito's Jugoslavia, which after all supports them on a good many international issues; what they cannot accept is Marshal Tito's influence among the uncommitted peoples of Asia and Africa. They made the best of the Belgrade conference last month, endorsing the parts they approved of, ignoring those they disliked. But they can hardly have been happy about it.

LOCAL GOVERNMENT

Dwindling Status

THE Conservative conference on local government, which opened the proceedings at Brighton on Tuesday, was in a mood to make short work of the Olde English *ealdorman*. This reaction to the aldermanic jiggery-pokery that goes on in some councils at election time is a thoroughly healthy one; but total abolition is both inconvenient and unnecessary. Mr Henry Brooke's defence of the alderman as an ancient institution was itself irrelevant. The alderman still has a useful function to fulfil, and particularly on narrowly divided councils (just as governments find it essential to make sure of their majorities on important committees in the Commons). The legislative reform that is needed in a future Local Government (Miscellaneous Provisions) Bill is simply to prevent aldermen swinging mayoralty elections, and thus conciliar control, against the electorate's express wishes. The practical reform in selecting men (even those over 75) who have something more to contribute than their political loyalty is one for the local parties themselves.

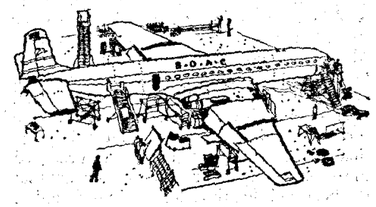
The conference was not understating the case when it voiced concern at local government's dwindling status and reputation. The challenge is now very clear in education, in which the argument for transferring responsibility to *ad hoc* committees on a regional basis is rapidly growing in strength and conviction. The Ministry of Education had to step in and take the colleges of advanced technology directly under its wing. A Fabian pamphlet ("The Structure of Higher Education," 2s. 6d.) published this week takes this debate a stage further in recommending to the Robbins committee that higher education as a whole would benefit from a tighter regional organisation under a national supervisory body. This is not necessarily the best suggestion in the field, or one that will find favour in existing and potential degree-giving institutions, but the principle is already being urged lower down—and above all in the schools themselves. The inadequacy of local finance to meet educational and other charges is only part of the problem: the increasingly obvious need for planning and co-ordination on a regional basis in all the major spheres of local government is a matter that ought now to give Dr Charles Hill plenty to think about.

LONDON AIRPORT

Report on a Muddle

RESPONSIBLE, highly skilled and fairly prosperous aircraft fitters are just the kind of workers who might be regarded by the innocent as least likely to strike. That this is not so has been proved *ad nauseam* by the disputes at London airport which have been greeted over the years by denunciations of red plots, ambitious shop stewards, disruptive influences and the rest. But the British Overseas Airways Corporation has come off worse than British European Airways or the other companies with substantial workshops at Heath Row; and experience has shown that a notorious "troublemaker," moved into the purer atmosphere of Gatwick, inexplicably ceased to make trouble. The easy conclusion was that there was something wrong with BOAC: and this has now been confirmed to the hilt by the report of a committee of inquiry set up after last July's strike, which grounded almost the entire fleet of the corporation for ten days, at an estimated loss of revenue of £2½ million.

The report is unanimous—which in itself is a remarkable achievement for a body composed of two management representatives, two from the supervisors' union and two from the operatives' unions (including Mr Ian Mikardo for the supervisors and Mr John Hendy of the Electrical Trades Union for the operatives). Its most saddening conclusion is that "no group of workers has



been adversely affected to any significant extent by the new supervisory system"—*which means, since the supervisory system* was the ostensible cause of the strike, that there was no reason for it to happen at all. Many of the witnesses who came forward with complaints simply did not know what they were *talking about. The workers'* representatives appeared not to have carried out to any effect their job of reporting to the men the results of their negotiations with the management. But the report makes the fundamental criticism that "manage-

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ment have not made the best of all the opportunities open to it to ensure the complete dissemination (even reiteration) of information in simple and understandable language. . . ." The grammar is odd, but the sentiment deserves a loud hurrah.

It is perfectly true that joint consultation does not always work, and there will always be shop stewards who, for one reason or another, try to present the arguments of managements in the worst possible light. But men—and especially skilled men with money in the bank and the knowledge that they can get another job elsewhere—will not co-operate unless the reasons why their co-operation is needed are properly explained. The failure in communication does not only concern BOAC; the strike by a few London Transport bus crews on Tuesday over the introduction of new work schedules is yet another instance of a stoppage caused by sheer incomprehension.

TURKEY

Back to the Ballot

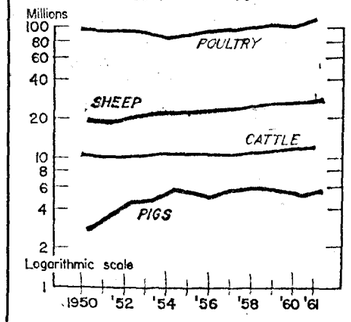
On Sunday, October 15th, Turkey is holding its first general elections since the Menderes regime was overthrown in May, 1960. For some eight months General Gürsel and his military colleagues have been cautiously and gradually lowering the frail boat of Turkish democracy back into the turbulent political stream. Their hope is that at the same time they have succeeded in so controlling and curbing the stream that the boat will this time float and not founder.

This means that although the actual voting will be free, the electioneering over the past three weeks has been deliberately fettered. An agreement announced early last month, under the scarcely veiled pressure of the military authorities, pledged the parties and the press not to discuss any of the topics—like the record of the Menderes regime, the Yassiada trials and the application of Ataturk's reforms—which form the stuff of political controversy in Turkey today. In the past, Turkish party politics have been notorious for their violence (sometimes physical) and extremism, and in theory it seems sensible to try to prevent excesses in the future. But if the Turks are really to go back to a genuine parliamentary democracy, they will sooner or later have to get out of their systems all the burning questions which they are now forbidden to discuss. It may not necessarily be for the best that the return to free discussion should be later rather than sooner.

Sunday's elections will be contested by the four parties which have managed to establish themselves in at least fifteen provinces. The Republican People's Party, led by Mr Ismet Inönü, is the original party founded by Ataturk 38 years ago. The only other party dating from before last year's coup, the Republican Peasants' National Party, is unlikely to be of much importance. The two parties formed since the military coup, the Justice party and the New Turkey party, are both hoping to attract the votes of former Democrat party supporters, although they dare not angle for them too blatantly. The Republican People's Party, with by far the largest and most efficient party organisation, should come off best; it may, however, have become too closely identified with the military regime for its own good, and thus may fail to win an absolute majority of seats. Thus the formation of a government might depend in part on men who have failed to repudiate completely the former Democrat regime; nobody knows what General Gürsel would do in that case.

BRITISH LIVESTOCK

The number of cattle, sheep and poultry on British farms has increased steadily over the last few years, but pig-breeding has bounced in response to changes in the guaranteed price which is now, therefore, to be reviewed quarterly. Because of the mechanisation of farming, only 66,000 horses were kept for agricultural purposes in 1960 compared with 396,000 in 1950.



FRANCE AND SPAIN

Awkward Guests

Like stock characters out of a bad spy film, Messrs Lagaillarde and Ortiz, plus fifteen other miscellaneous leaders of *Algérie Française,* have lurched once more across the world stage. They seem this time to have entered the act a little early. While Paris has been buzzing with rumours of another impending coup, it has been President de Gaulle who has struck first, or rather induced General Franco to strike for him, by putting the would-be plotters under house arrest in Spain.

The move is notable. Contacts between the European nationalists in Algeria and the Spanish in Morocco have been close for some time. If there is any natural spiritual and political home in Europe for the French ultras—or indeed a natural base to plot from—the Iberian peninsula would seem to offer it. For some time, however, the Spanish government has been under pressure from the French to curb the plotters who fled to Spain after the failure of the last coup, or of the one before. It now seems that levers have been found of sufficient strength to persuade the Spanish to act.

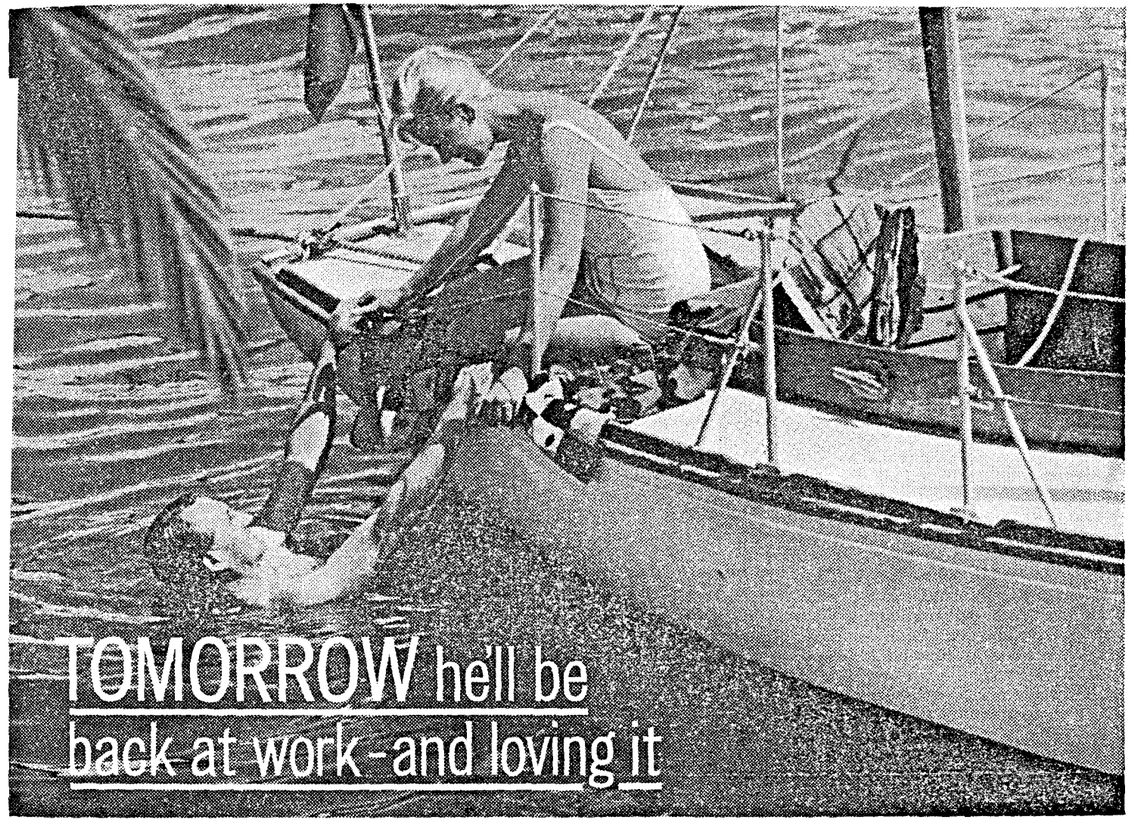
One of the levers could be the negotiations, due next year, on the renewal of the Spanish-American security treaty; President Kennedy's administration might not be deaf to a French suggestion that General Franco was blocking peace in Algeria. More in keeping with the melodramatic tone of the play is another episode. Two months ago Sr Gonzales (El Campesino) a republican veteran of the Spanish civil war, led a tiny but ostentatious border raid into Spanish territory across the Pyrenees, while the French authorities were looking pointedly another way. Soon afterwards, on August 24th, they confined him to an agreeable island off the Breton coast, as if to give General Franco a hint. Now that the hint has been taken, and the malcontents from Algeria have been under restriction, El Campesino has been put under arrest.

Just how effective the move in Spain will prove is difficult to judge. Though the Spanish government may find it convenient, both internally and externally, to limit the scope of the plotters, it is by no means certain that their part in the plotting will stop. In Algeria itself General Salan's daily broadcasts, interrupting normal radio programmes, provide confirmation—if any were needed—that the Europeans' underground army (OAS) continues to be active. The blow in Spain last Sunday may have helped to divide the plotters in Spain from those in Algeria, but it has not removed the impression that some kind of eruption is coming.

INDONESIA

Fairyland

Dr Subandrio, meet Mr Bocoum. On October 4th, Mr Bocoum, the foreign minister of Mali, trying to explain to the United Nations Assembly why it was "spurious" to call for free elections in east Germany, suggested that the right of self-determination applied only to colonial territories. On October 9th, Dr Subandrio, the foreign minister of Indonesia, also addressing the Assembly, rejected Holland's offer of self-determination for the colonial territory of Dutch New Guinea (West Irian on Indonesian maps) as a "fairy tale." Dr Subandrio's claim that there could be no real self-determination in the territory because of the presence of Dutch police is not convincing. The Dutch proposal, spelled out in some detail to the Assembly on September 26th, provided for the territory to be administered by an international authority operating under the United Nations, which could have guaranteed the inhabitants a free vote on their future. The Indonesians are willing to let the UN lend a hand in arranging the transfer of power, but insist that the



'Men who take responsibility must take a second holiday'—medical opinion agrees

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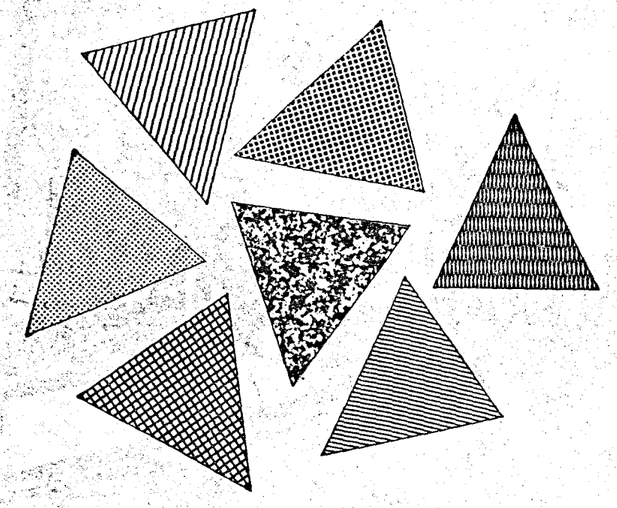
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*The Health of Business Executives—Transactions of a One-Day Conference held by the Chest and Heart Association in the Royal Festival Hall, London on 30th November, 1959.



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ultimate result must be to make western New Guinea part of Indonesia.

It is a pity that the Dutch did not make their offer long ago. Had they done so, it is just possible that a middle way might have been found between the extremes of a prolonged Dutch occupation of the half-island, and unconditional surrender to the Indonesian claim; Australian feelings on the matter are discussed by our correspondent in Canberra on page 144. The middle way now having been rejected, Dr Subandrio having ruled out the possibility of letting the inhabitants choose independence from both Holland and Indonesia, the alternatives remain as stark as ever. But, by making the offer, the Dutch have at least improved their tactical position in the General Assembly. So long as the Indonesians could present the matter as a simple dispute between colonialism and anti-colonialism, they could count on the sympathy of most uncommitted countries. Now that the dispute is between the Indonesian claim to sovereignty and an offer of self-determination, some countries may reflect that, after all, the population of western New Guinea has little in common with that of, say Java or Sumatra. And if the Indonesians were to carry out their vague but repeated threats to invade the island (their army having nothing else to do, now that the last rebels in Celebes have surrendered) they might find themselves going ashore in a cold silence of international disapproval.

ULSTER UNIONS

Going it Alone?

NORTHERN IRELAND is the one region in the United Kingdom that has no local productivity council. (In this it also lags behind the Republic of Ireland.) Three years ago, at the instigation of Lord Chandos, chairman of the Northern Ireland Development Council, the British Productivity Council arranged a conference in Belfast to try to form a local committee and the General Council of the TUC sent over two representatives. But no committee resulted for the simple reason that the Northern Ireland committee of what was then the Irish TUC (it is now the Irish Congress of Trade Unions) wanted its secretary to be the trade union member of the new body. This the Northern Ireland Minister of Labour would not have because the Government did not officially recognise the Irish TUC—known at Stormont as a "quasi-political body" run from Dublin and dedicated to Irish reunification.

Now, however, the Northern Ireland committee of the International Confederation of Free Trade Unions has decided to go it alone and do something about getting a productivity committee. It has called a conference on productivity in Belfast next Tuesday, to which industry, the unions, management organisations, commerce, and technical educationists have been invited. The Ulster unions are increasingly alive to the fact that if the province enters the common market the traditional methods so widespread in local industry will have to be drastically overhauled. But the general response to this initiative is doubtful.

IRISH ELECTION

Not Quite as Before

Our Dublin correspondent writes:

IN last week's election Mr Lemass lost the overall majority that he inherited from Mr de Valera. There are members of the old guard of Fianna Fail who blame him for not fighting the electoral campaign in the old-fashioned manner—plenty of blazing tar-barrels and much denunciation of the British hidden hand in Katanga, and any other topic that might arouse ancestral spirits. But he is a realist and could not engage in such theatricals with any degree of conviction; it is quite obvious, too, that the electorate has had enough of tar-barrels. In any event, it seems probable that Mr Lemass will continue in charge of affairs for quite a while to come.

The main lesson of the election was that militant republicanism, both of the Sinn Fein brand and of the type sponsored by Mr MacBride's Clann na Poblachta, has altogether lost its appeal. Mr Lemass did reasonably well in the Dublin area but lost seats in the other cities and throughout the rural constituencies. It is tempting to attribute this to his party's prolonged neglect of the needs of agriculture; but the losses are more probably due to a slackening in the party's usually efficient organisation and to the loss of Mr de Valera's hold on the small farmer and agricultural labourer. Much attention has been given to the Labour gains; but not enough to the odd fact that they occurred not in Dublin but in rural constituencies where attention is often given more to who a candidate is than to what party he supports. By winning seven seats, for Fine Gael, Mr Dillon did much better than any of the other leaders, but he recaptured only one half of the votes which his party lost between the last two elections in 1954 and 1957. If and when he gets back the balance, Fine Gael will begin to look like a possible alternative government in its own right.

In the good old days, no doubt, Mr de Valera, when faced with a similar situation, would have dissolved within six months and the electors would have obediently given him an overall majority. There is no reason to believe that such tactics would work for Mr Lemass now. But, if Fine Gael and Labour are agreed on anything, it is that they will not consider a third experiment in coalition government. In these circumstances Mr Lemass should be able to rely on a working majority on most things. These will include negotiations about the common market. It remains to be seen if they will include wages policy, which is perhaps the most urgent problem that faces the new Dail. One other point should be noted. A quarter of the members of the new Dail have been elected for the first time: nearly half of them are Fine Gael members. At least, it will not be wholly the mixture as before.

LETTERS

The Economy

SIR—Sir Robert Hall, in his very interesting two articles, makes the usual statement that "It is very likely that in recent years Britain has lagged behind its main competitors in the proportion of national income devoted to investment."

In an attempt to find out how true this was as far as manufacturing industry was concerned, the Institute of Cost and Works Accountants (with considerable help from the Economist Intelligence Unit) investigated the capital investment in manufacturing industries in this country and others. This produced results markedly different from those of gross capital formation and gross output for the whole economy, which are those which are usually quoted. Some of the results of the investigation are quoted below.

	1952		1957	
	per cent	per cent	per cent	per cent
UK	13	10.5	15	12
USA	16	12.9	17	14.2
West Germany	19	10.7	22	12.7
Italy	19	16.2	22	15.7

In each year the first column is the gross fixed capital formation as a percentage of gross national product, and the second column gross fixed capital formation as a percentage of net output by manufacturing industry. The complete table shows that on capital formation for industry Britain has kept up reasonably well with its competitors.

The picture is less pleasant if the indices of output per head in manufacturing are considered. Taking 1953 as 100, for the same years as above the indices are:

	1952 per cent	1957 per cent	1959 per cent
UK	96	111	117
USA	97	112	121
West Germany	94	118	131
Italy	90	130	153

Analysis of the output per head in manufacturing industry by major industries in Britain shows the wide differences in performance between the different groups. Between 1954 and 1957 motor vehicles and cycles showed only an increase of 2 per cent, while at the other end of the scale gas supply industry showed an increase of 28 per cent. It is not possible to compare the output per head in major industries between different countries. These figures support Sir Robert's statement that it is difficult to avoid the conclusion that labour is being hoarded.—Yours faithfully,

IAN T. MORROW

London, W1

Rutland

SIR—"Rutland has made the greatest fuss" (about being abolished) you say in your article on the report of the Local Government Commission. How stupid it is of the Rutland people *not* to accept the views of the learned gentlemen from London! Or is it?

Rutland does not claim that, on grounds of "logic," all county areas should be reduced to the same size as itself. It does claim that for a relatively sparsely populated agricultural area its present well proven county administration does provide the services its ratepayers require, in the form in which they like them: and that it should not be abolished on grounds of "logic" and a thirst for conformity with theoretical criteria of population.

Surely the sensible course is to press on with such boundary adjustments elsewhere as are desired by the ratepayers concerned: and to leave Rutland undisturbed. After all, Britain thrives on "anomalies" and "ad hoc-eries" especially where these reflect the wishes of those most affected.—Yours faithfully, ALAN J. C. YATES

Oakham, Rutland

Lubricating Oil

SIR—Your article regarding lubricating oil marketing in Britain in *The Economist* of July 15th, was felt to be prejudicial to our company's reputation. Ashland Oil and Refining Company, a fully integrated production and refining company, is a supplier of quality industrial lubricants in Britain under the name "Valvoline." Valvoline lubricants have been marketed in Great Britain since 1870. Only in 1960 did serious campaigning begin to enter the filling station oil market. Since that time over 1,200 accounts have been opened with service stations in many parts of Britain. In the face of the monopolistic practices you pointed out in your article, this can hardly be classed an "admission of defeat." The report made to the Monopolies Commission was not instigated by us but was in answer to the commission's circular enquiry sent to all the "independent" oil marketers.

We are confident that "Valvoline" will eventually attain the reputation and following of the British motorist that it enjoys with the motoring public in Europe, America and other countries around the world and with the engineering profession in Great Britain.—Yours faithfully,

EARL W. WEAVER
Ashland Oil & Refining Co.

Ashland, Kentucky

White Africans

SIR—Mr John Connell pleads for recognition of the rights of white Africans—in the last resort their right to emigrate. In most African countries for which Britain is still responsible, this problem is complementary to that of ensuring black African advancement and eventual independence. The fate of white Africans has, however, been virtually overlooked, even by liberal observers, and the omission gives some credence to the campaign for the retention of a preponderant white African influence.

Emigration has already been the resort of many white Africans, not only the Kenyans, whom Mr Connell mentions, but also Algerians; their destinations have been South Africa and South America. Emigration is, however, a negative reaction, and it usually entails considerable capital loss on the sale of property. Nor need it be the only resort of white Africans in a country attaining independence.

Some categories of white Africans are needed by newly independent countries, notably in administration and teaching. The British Government has taken pains to provide financial inducements to stay on (and compensation if ejected) in the case of white civil servants. White teachers are, however, less favoured: despite recommendations made by the Duke of Edinburgh's 1959 Oxford Conference on Commonwealth Education, financial guarantees are lacking, and teachers trained abroad are in many cases unrecognised in this country. If these obstacles were removed by the British Government, expatriate and local white teachers would be easier to attract and retain in Africa. The problem of providing a financial guarantee in case of eviction, but not an inducement to emigrate has been solved in the case of civil servants, and could be solved similarly for teachers.

Some white Africans may unfortunately find it necessary to leave as their countries become independent; in the case of lower-class whites because their jobs can be undertaken by black Africans without much experience or training, and in the case of farmers because the black Africans feel emotionally attached to the land, and resent "intruders." The friction which is caused by rising black African pressure against these white Africans could be avoided if the British Government acknowledged the existence of the pressure, and took steps to assist the evacuation of the whites concerned.

Farmers could be assisted if their move was to South America, but not to South Africa. They could also be offered posts as advisers under the Colombo Plan, and in each case financial help for their passages and a guarantee of employment might well prove sufficient inducements. Even those white Africans with few or no skills would be welcome in Canada or Australia, and similiar inducements could be offered.

Planning ahead on these lines may be attacked as appeasement but it can also be considered as redeployment of skills and labour towards the countries where they are required. It is pointless to force favours on unwilling recipients.—Yours faithfully,

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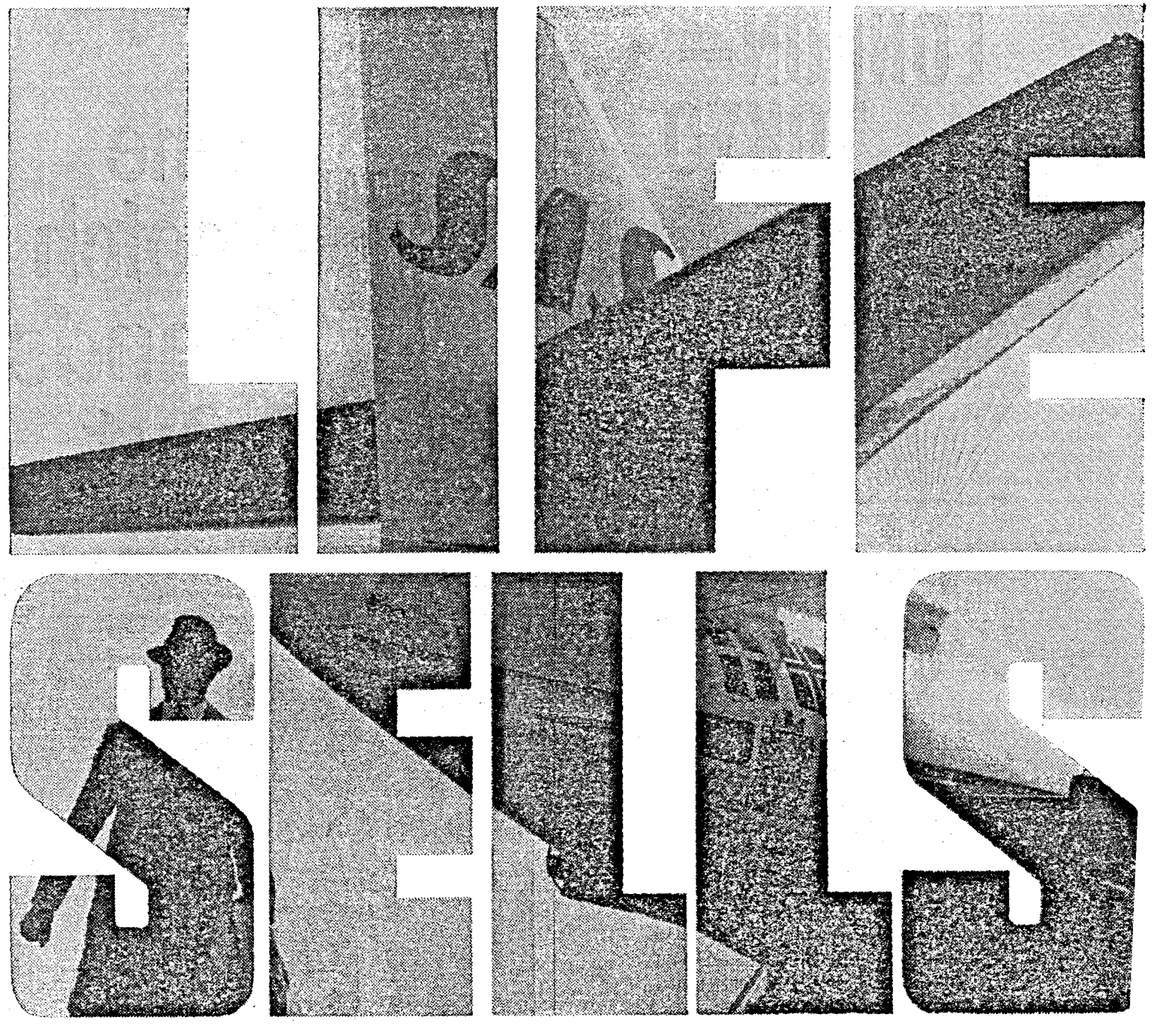
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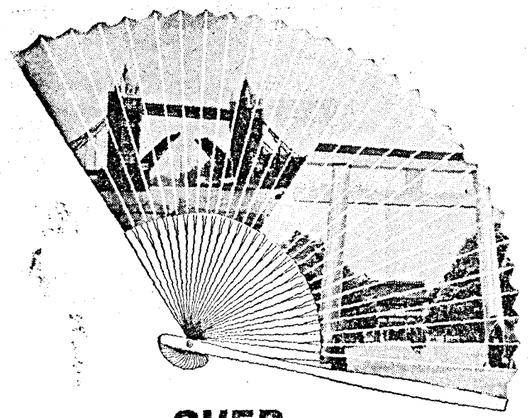
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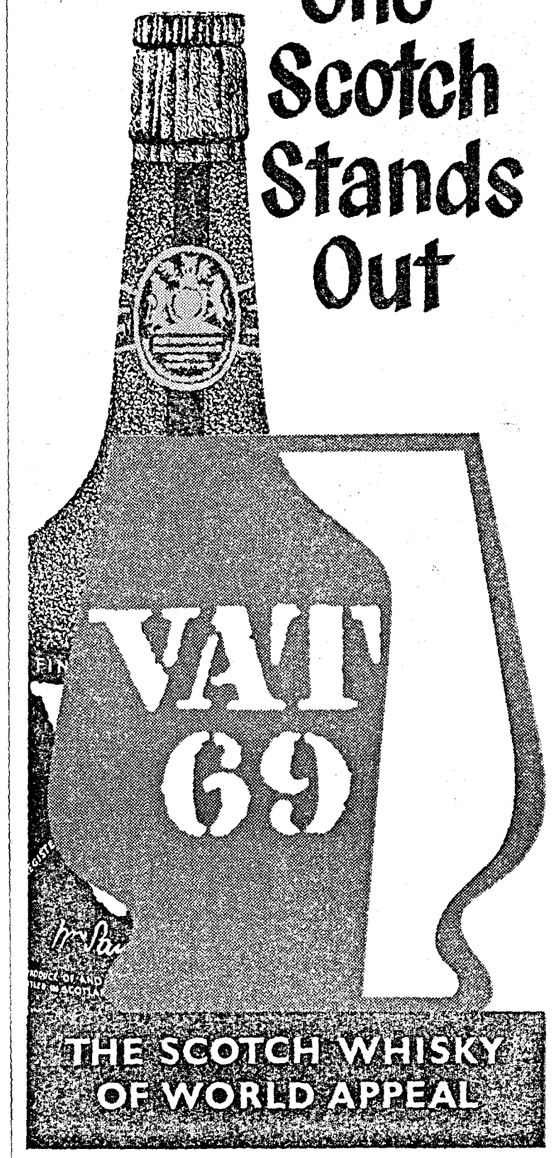
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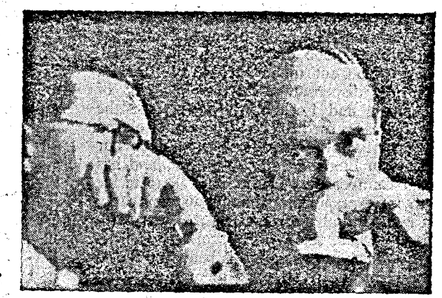
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Brighton's Tides

FROM OUR SPECIAL CORRESPONDENT IN BRIGHTON



Concentrated? Extended?

WHEN this article was dispatched only half of the Conservatives' 1961 conference had been completed; despite a bad session on immigration, the liberals rallied bravely and well on Thursday to rout the wild men on both the common market and flogging and hanging. Even so, it is rash as yet to sum up "the mood of this conference," if indeed there is any such thing: the conference is often a very imperfect geiger counter to gauge the atmosphere in which Messrs Macleod, Maulding, Butler and Heath will be carrying out their newly extended or restricted jobs. The mood of most debates is set largely by which half-a-dozen or so speakers out of the several thousand delegates the chairman happens to call, and by whether their talent is to arouse excitement or encourage sleep.

Throughout most of the first morning, while the conference was debating the possibility of nuclear war and the progressive liquidation of the colonial empire, the inspirers of sleep had it all the way. Some liberal optimists noted that the occasional polite digs at Mr Macleod and at the United Nations over Katanga attracted what seemed to be only the thinnest possible trickle of applause, but against that the super-Macleodites attracted virtually no applause (although also no interjections) at all. The only clapping that rose above the perfunctory seemed to be reserved for those who said what very nice chaps the British have always been compared with other people—"Look what the Americans did to the Red Indians" (cheers)—and when Mr Macleod rose to hand over the "inspiring trust" of colonial affairs to Mr Maudling, he received an opening cheer that was significantly smaller than had earlier greeted Lord Hailsham when his presence was merely pointed out to the audience from the platform.

To some extent Mr Macleod changed all this. His electric valedictory "declaration of faith" drilled through the apathy to arouse the first more or less standing ovation of the conference. But it was an ovation still noticeably led by a minority claque, in which the rank and file of Tuscany eventually joined because it seemed impolite not to do so. "Beautiful phrases Macleod has," said one admirer of Lord Salisbury's politics in the hotel bar later, "but they mean nothing. I still wouldn't like to be a white man in Africa; however, there's nothing we can do about it. I've never been keen on colonisation anyway." It is not amid an atmosphere of resignation by his right wing that Mr Maudling takes up his new post: but it is not an atmosphere that should be powerful enough to deter him from liberal action, even if—as was being suggested in some surprising circles in Brighton—the Prime Minister's motives in promoting Mr Macleod to the party chairmanship had been influenced more than one believes by a desire to get him out of the Colonial Office.

On some domestic matters where parts of the British proletariat agree with them, however, the right wing still thinks with good reason that it can wield some influence, and it was clear from the start that it was likely to get some satisfaction in Wednesday afternoon's debate on the control of immigration. "One knows that there is going to be legislation anyway," said one liberal Tory sadly in explaining why he would temper his opposition to a motion advocating immigration curbs that was eventually passed by a large majority. To do the conference justice, however, the debate was shamefaced rather than nasty. The only really nasty speech attracted significantly less applause than the MP concerned looked as if he had expected. Speaker after speaker said that he felt no colour prejudice, and then proceeded shamefacedly to show really that he did. The result is likely to be a considerable economic as well as moral misfortune.

Mr Butler has now made it evident that he is likely to introduce a system whereby Commonwealth immigrants, like aliens, will be allowed to come here only if they can persuade the Ministry of Labour that they have a job waiting for them or that their services are needed: this is a restrictionist planning device that will take away much of the element of flexibility and mobility which is one of immigrant labour's greatest virtues. Quite apart from the damage done to Britain's image in the world, this was an expensive afternoon's work in holding back the potentialities for future improvements in Britain's level of production and standard of living.

AND so to Thursday morning's much more heartening debate on the common market. Sir Derek Walker Smith and his anti-Europeans had phrased their expected amendment in a rather punch-pulling sort of way, saying that they were "animated with goodwill" towards the common market but that any proposals which the Government accepts should not "involve surrender of British sovereignty." On the Wednesday evening Cabinet ministers in the headquarters hotel were guessing freely that this amendment would be carried by a sizeable majority, but were saying that because of its wording this would not matter. But, in the event, Sir Derek's amendment was smashed to pieces in his hands, and Mr Sandys, sensing what was happening, toughened up his final speech to ask for, and secure, its astonishingly massive rejection.

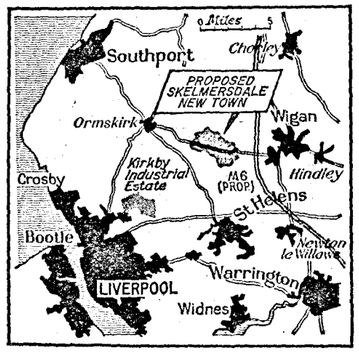
There had been a great danger that Sir Derek, who on occasions can be a very moving speaker indeed, might set the conference on fire: but he slipped over in a few phrases just too far into floridity, and the applause for him was sufficiently restrained for ministers to begin to look relieved. Later both Mr Heath and Mr Sandys got a standing ovation: and the majority in favour of their policy was officially announced as "overwhelming." One more of the possible impediments in the way of a junction with Europe has thereby been removed, and as impediments go, this Conservative conference would not have been entirely a small one.

Merseyspill

FROM OUR SPECIAL CORRESPONDENT

SKELMERSDALE new town, intended to take 80,000 of Merseyside's overspill, has turned out to be Mr Henry Brooke's parting dispensation at the Ministry of Housing and Local Government. So the wheel has turned full circle and, after eleven years, new towns are demonstrably in favour again in England and Wales (Scotland has had Cumbernauld in the interval) to tackle urgent overspill problems. This may cause a hopeful flutter of hearts in the west Midlands, where the Dawley project (which is now under investigation) is badly needed to supplement Mr Brooke's more limited development plans outside the conurbation announced a month ago.

The Skelmersdale site has been on the stocks, one way and another, for a full decade, and the ultimate ministerial approval for development under the New Towns Act is so necessary a relief for Liverpool (which has by itself a potential overspill twice as large as Skelmersdale can take) that some lingering doubts about the precise choice of location have almost certainly had to be stifled. Skelmersdale is within a dozen miles of Liverpool itself and only seven miles from Wigan: it is, in fact, just a short leap-frog away from Liverpool's enormous postwar satellite at Kirkby. The minister has admitted the desirability of more breathing space in this part of south Lancashire, but the argument for being within easy reach of Merseyside has obviously prevailed. The primary need is to rehouse Liverpool's slum-dwellers, who have close links with the city and some of whom, initially at least, may be concerned to retain their jobs there.



Given this approach, Skelmersdale is probably the one remaining place in the region where a sizeable scheme (a population of 80,000 is the largest yet proposed) could be fitted in with any elbow room left —and there is little enough of that anywhere between the Pennines and the sea. The convenience for Merseyside should make it relatively easy to persuade firms to move out there. All the same, the new town's ability to establish itself as a separate entity in an area of pronounced local loyalties is, by the same token, less assured. In the end Merseyside will have to go further afield to solve its problems.

The Skelmersdale project originally saw the light of day in the Lancashire county development plan of 1951, when a community of 50,000 was envisaged. For years, however, the government's preference has been to try to cope with Liverpool's overspill under the Town Development Act. These efforts should certainly continue elsewhere, but so far the potential importing authorities have not been sufficient to answer anything like Merseyside's needs. Mr Brooke's return to the New Towns Act in this type of case has been necessary; it remains for his successor to see, in general, just how much can be done in association with private development and in the provision of private enterprise housing.

Pound for Pound?

MONEY and culture are natural bedfellows but the cry still goes up that the British are slow to recognise this. Introducing the Arts Council's sixteenth annual report,* Sir William Emrys Williams starts by giving the civic authorities a pat on the back for their increased encouragement of the arts, and ends by telling them it is far from good enough. In his view, it would be sensible to give local authorities "three years' or five years' notice that if they wish to enjoy the amenities of the arts they must pay a fair share of their cost."

But what is a fair share? The Government's contribution is now quite a substantial sum, the Arts Council grant having risen from £235,000 in 1946 to £1,675,000 in the current year. Under the Local Government Act of 1948 an expenditure of up to a 6d. rate (4⅛d. in Scotland) on sustaining the arts is allowable, which would entitle the municipalities of this country to spend over £16 million a year on the arts. In fact they contribute less than one-sixtieth of that amount. To match the Arts Council grant, pound for pound, local subsidies would have to be stepped up six times; even so, they would amount to less than a three-farthings rate.

It would be rash to try to draw a hard and fast line as to where one kind of responsibility for the arts ends and another begins. At present, the Arts Council divides its money about equally between the capital and the provinces, if allowance is made for the sums required to send the London-based companies on tour. This is not so unfair to the provinces as some people like to suggest. It is all too easy to forget that there is a continuous stream of visitors to London from the provinces, to many of whom a special event in the arts world—like last year's Picasso exhibition at the Tate—is a highly respectable excuse for a trip to town.

Nevertheless the Arts Council is concentrating on giving injections to provincial activities. For instance, as the accompanying table shows, one of the main increases in its expenditure last year was on drama and the major part of the extra grant went to the repertory theatres and the expenses of sending the Old Vic on tour. The Arts Council is also paying out more in subsidising festivals, its contribution to those in England last year varying from 4 per cent of the total income of the Three Choirs Festivals to 27 per cent in the case of the Cheltenham Festival of British Contemporary Music.

Taxpayers, ratepayers, individuals, industry, trade unions, universities, voluntary bodies—all, in the view of the Arts Council, should share in the patronage of the arts. As a small step forward in its own activities, the council suggests it should have the power to contribute in a minor way to new building projects, such as providing a new municipal theatre with a stage-lighting system. This is a sensible idea. There is no doubt that display is a large part of the battle; however fine the quality of the arts, however good the play or orchestra, if shown —or heard—in the typical Victorian municipal building people will not be lured away from their fireside television.

HOW THE ARTS COUNCIL SPENDS ITS MONEY

(Great Britain; £ thousand)

	1959–60	1960–61
Opera and Ballet	730·2	856·8
of which:		
Royal Opera House	473·0	500·7
Sadler's Wells	200·0	275·0
Music	178·1	227·1
of which:		
Bournemouth Symphony Orchestra	20·0	30·0
Scottish National Orchestra Society	21·5	28·5
Royal Liverpool Philharmonic	20·0	27·0
Halle Concerts Society	15·0	25·8
City of Birmingham Symphony Orchestra	20·0	22·0
Drama	112·9	192·1
Festivals	20·7	29·0
Art	41·5	53·4*
Other activities	11·0	13·1
General operating costs	124·9	153·9
Total current expenditure	1,219·2	1,525·4

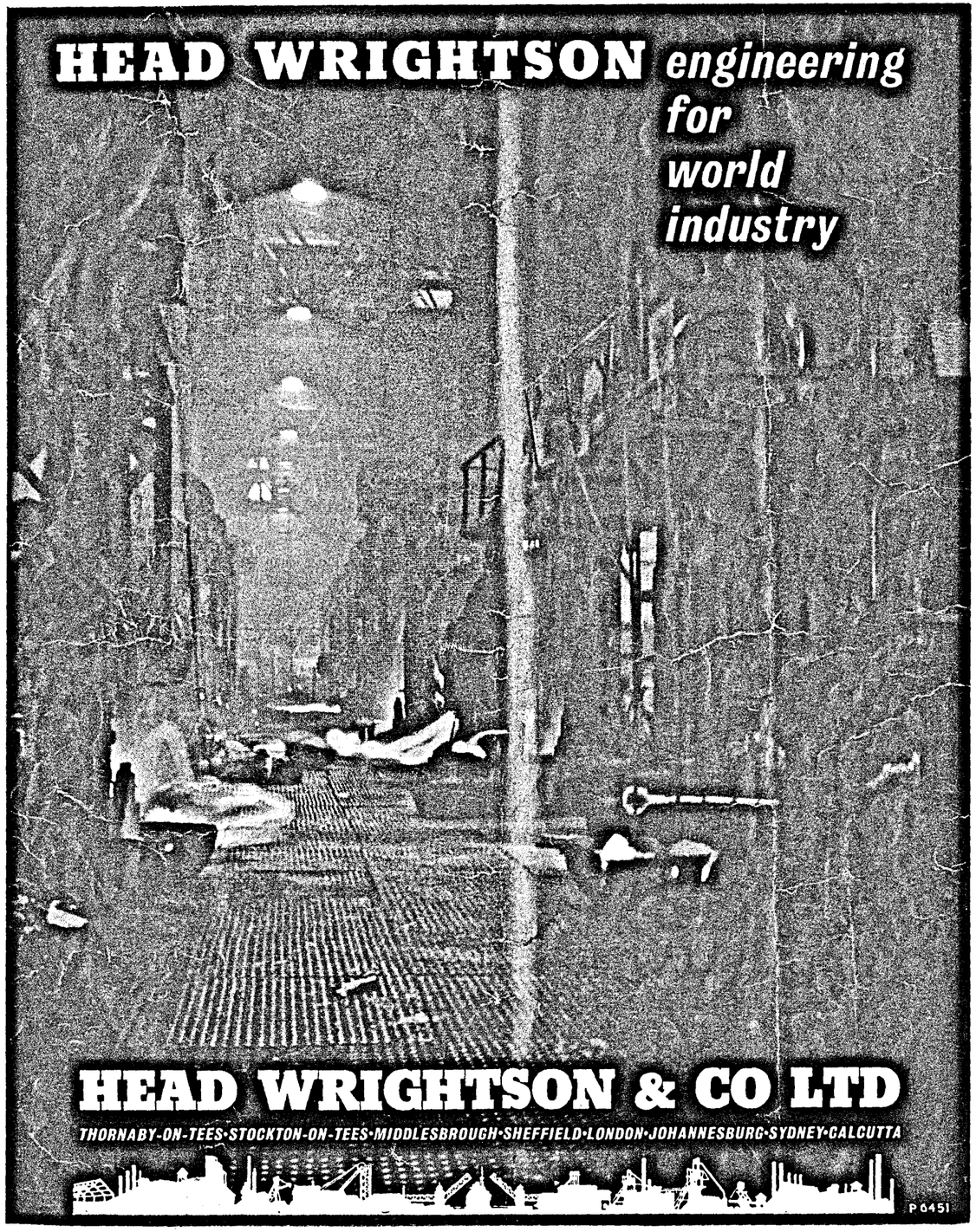
* Excluding the Picasso Exhibition.

* *Partners in Patronage.* The Arts Council of Great Britain. 2s. 6d.



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BOOKS

Future of Megalopolis

Metropolis 1985
By Raymond Vernon.
265 pages. 40s.

1400 Governments
By Robert C. Wood.
285 pages. 46s.
Harvard University Press. London: *Oxford University Press.*

THE first of these books offers an interpretation of the findings of the New York Metropolitan Region Study (of which eight* other volumes have been published), written by the director of the study. The interest of the book lies in its attempt to analyse and project economic and social developments in this vast urban region. The region is defined so as to include 22 counties lying within 3 states, with a population in 1960 of nearly 16 million. This region extends a minimum of 30 miles from the centre of Manhattan, and reaches out to take in the whole of Long Island, Fairfield county in Connecticut, and Dutchess and Orange counties in New York State.

"Metropolis 1985," like the whole study, has one great merit. It pays close attention to the economic forces that are shaping the physical growth and pattern of the region. Mr Vernon takes for granted a continued rapid growth of population and production in America, and concentrates on the New York region's share in this development. The region is favoured, economically speaking, because it contains a high proportion of those activities (for instance, finance, professional services, and a variety of manufacturing industries) which are likely to grow most quickly; but, on the other hand, the traditional competitive advantage of many expanding industries located in New York are growing less as industrialisation spreads across America. Mr Vernon's guess (he wisely presents it as no more) is that by 1985 the total employed in the region will have risen to 9½ million, and total population to 23.7 million. The biggest gains are expected in finance and in business and professional services, where employment will almost double.

Naturally enough, the additional people will not be living in New York City itself. The massive movement of families "from tenement to split level" will continue, so that, by 1985, if Mr Vernon is right, almost 5 million more people will be living in an "outer ring" of counties such as Suffolk (Long Island), Fairfield (Connecticut), and Monmouth (New Jersey). Employment will also be much more widely dispersed, but not quite to the same extent. New York City is expected to remain almost static in population, but to gain half a million more jobs—a formidable prospect for transport.

Mr Robert Wood's companion volume (the last of the series to appear) deals with the part of local government and public agencies in shaping the region's growth. The region has a formidable tally of over 1,400 local governments, including school boards and special districts. From the viewpoint of regional development (although not surely of good government), many of the activities of these authorities—for example, efforts to attract new industries—largely cancel each other out. Differences in functional efficiency and in tax levels vary considerably, but are not thought to be a major influence on development, except for prospective water shortages in New Jersey. More significant are the clashes between the giant transport and highway authorities, and little progress has been made with "integrated transportation," or the diversion of highway tolls for railway and tube improvement. As Mr Robert Moses has it, the future is still arriving on rubber tyres.

The weakness of these two books, as of the whole regional study, is that they overdo the significance of economic forecasts, especially as these forecasts are necessarily built on most slippery foundations. Consequently, too little attention has been paid to social, governmental, and other influences upon where people live and work. It is social tastes that have already reduced New York City's population below Mr Vernon's 1985 forecast, while causing faster growth on the more distant shores of Long Island. It is extensive zoning in one-acre lots ("zoning poverty out of existence," it is sometimes called) that is checking the growth of Westchester county's population. Some of the forecasts seem too deterministic. Is it really probable that the number of *manufacturing* jobs in New York City will continue to grow? And may not transport problems push much of the projected development into other, emptier regions?

"Metropolis 1985" illustrates the difference in the British and American attitude to urban growth. The fantastic urban spread that so appals British planners has a magnetism to Americans: what would our green belt planners think of the vast areas of very low-density housing arising for miles around New York? The market economy is accepted by the New York study as a central fact, with government activities as very peripheral, whereas British planners want the economy to comply with their social goals. But both groups have much to learn. A proper economic analysis of the forces behind the continued growth of the London region is long overdue. The New York researchers, for their part, should go beyond their "objective" (but still most uncertain) market predictions to a closer analysis of the other factors shaping regional development, and of the possible ways in which government could influence this pattern for the better.

*ANATOMY OF A METROPOLIS, by E. M. Hoover and R. Vernon. MADE IN NEW YORK, by R. B. Helfgott, W. E. Gustafson and J. M. Hund. THE NEWCOMERS, by O. Handlin. WAGES IN THE METROPOLIS, by M. Segal. MONEY METROPOLIS, by S. M. Robbins and N. E. Terleckyj. FREIGHT AND THE METROPOLIS, by B. Chinitz. ONE-TENTH OF A NATION, by R. M. Lichtenberg. Also a technical supplement (PROJECTION OF A METROPOLIS, by B. R. Berman, B. Chinitz and E. M. Hoover).

Mr Maudling's Ancestry

The Colonial Office in the Early Nineteenth Century
By D. M. Young.
Longmans. 320 pages. 35s.

MR GLADSTONE once observed that "the golden age of administrative reform" fell between the passing of the first Reform Act and the outbreak of the Crimean War. This judgment applies very readily to the history of the Colonial Office and in particular to the decade between 1836 and 1847 when James Stephen exercised his ascendancy as permanent under-secretary. But the author of this book, Mr Young, has looked back to the first thirty years of the century and has examined the origins of change in colonial administration as it was organised from Whitehall in that period.

The outcome has been a valuable piece of work, interesting not only in itself but also as a part of the larger story of administrative change that took place in every department of government under the impulse of the younger Pitt and the school of statesmen trained by him or in his principles. Pitt himself neglected colonial administration during his first, great ministry; so when the third secretaryship of state, which had been abolished in 1782, was restored in 1794, the original plan to allot it the supervision of the colonies as well as of war was not preserved, and instead, for political reasons, colonial business was left in the care of the Home Secretary. Only in 1801 did the third secretary of state become responsible for War and Colonies. Even then, until the war against France had been won, colonial affairs naturally took second place in this double office. But in the next fifteen years, and particularly in the prosperous years of the middle twenties, colonial business greatly expanded and dominated the office. It was then that the foundations were laid for the modern Colonial Office: by extending its accommodation; by increasing its personnel; by improving its methods of

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work; and by raising the intellectual status of those who conducted it.

The hero of this transition was Lord Bathurst, who was secretary of state from 1812 to 1827. A true "Pittite," Bathurst believed in making the existing system of government work and was always suspicious of sweeping reforms advanced on theoretical grounds. "There is nothing," he minuted on one occasion, "so fatal to investigation of truth as the having a preconceived system." No slave to forms for their own sake, he saw that they frequently embodied "the substance too"; and in his decisions of policy he fearlessly looked to the interests of the individual colonies under his care, even if this meant battles with reformers in Parliament and in the Treasury. When Huskisson abolished custom-house dues in 1825, Bathurst urged that the Treasury should pay for this—not the colonies—since the purpose of the reform was purely commercial and "the British Merchant will be much more benefited than the poor Planter."

But Mr Young is not in sympathy with Bathurst. He accuses him of "waspish obstruction of attempts at reform" and of "stout resistance to all change." And while he sees Bathurst as the "key figure" in this period, he ascribes the great advances in the Colonial Office more to the unco-ordinated enthusiasm of Wilmot Horton who, as he puts it, "boldly wove the new web round the solid core of Lord Bathurst's good nature." Nevertheless it is a measure of the excellence of Mr Young's book that, while putting forward his own interpretation of personalities and trends, he leaves it open to his readers to take different points of view on the basis of the ample information he has lucidly assembled.

Labour in the House

Parliamentary Socialism: *A Study in the Politics of Labour*

By Ralph Miliband.

Allen & Unwin. 356 pages. 35s.

No one can complain that the Labour party does not receive its fair share of academic studies these days, and Mr Miliband's is one more useful contribution. The theme of his analysis, Labour's devotion to the parliamentary system, and conditioning by it, is a valuable one. The historical treatment generally is sound. Mr Miliband assembles a mass of information from numerous sources: he is particularly illuminating on the periods of Keir Hardie's and of Ramsay MacDonald's pre-eminence, during which the effective autonomy of the Parliamentary Labour Party was established. The writer is clearly a partisan, yet not intentionally guilty of wishful thinking. A major concern for him is the defectiveness of Labour leadership, but he is equally frank about the ineffectiveness of the Left and fairly realistic about the mood of public opinion. However, his standpoint, though it may make for interesting reading, can hardly be substantiated to the satisfaction of most informed readers.

Of course, *plus ça change* . . . is as true of the Labour party as of any other institution, and the rift between Right and Left is not really new. Mr Miliband must look more deeply to pinpoint the causes of the party's specific failures, which, incidentally, were not always so serious as he seems to think. Generally his prescription is for more national campaigns, more parliamentary obstruction and, it would appear, direct action. There is no proof that the first two would have been any more successful in, say, the Munich era than the actual reactions of Labour in Parliament and in the country. As for industrial action for political purposes, the writer is far from clear about his own position, and his narrative provides the answer to whether it would be practicable.

Mr Miliband seems to be at his most pessimistic in his consideration of current Labour ideology, but this problem again is, as he shows, no new historical phenomenon. Labour has always had both its Milibands and its Croslands. It also has, we should remember, the trade unions and the co-operatives. Labour's effectiveness for the years ahead is not a challenge merely to its political and parliamentary wing, and its problems do not so much arise from the party's "respectability," as Mr Miliband's argument is inclined to run; effectiveness will also depend in no small measure on the adaptability of the institutions of the Labour movement, in the widest sense, to the needs and tasks of this new era and society.

Spinner of Webs

The Holstein Papers, Vol. 3: *Correspondence 1861-1896*

Edited by Norman Rich & M. H. Fisher.

Cambridge University Press. 680 pages. 105s.

After the memoirs and the diaries, the first volume of Holstein's unpublished correspondence up to the end of 1896 has now appeared. It is really almost more than one had bargained for. Wherever the circumstances are precarious Holstein has invariably placed a confidant discreetly to inform him of every indiscretion. From Radolin he received letters with the most intimate information about the Crown Prince Frederick and his wife. Once the Crown Prince's illness had become critical, the distasteful battle began between the British doctor, Mackenzie, and the German medical advisers; Mackenzie, called in and backed by the Crown Princess, was blamed for his undue optimism and held responsible for the tragic death of Frederick after a three months' reign in 1888. The whole situation was used to inflame the personal resentments that culminated in Wilhelm II's hatred for his mother. It is interesting to find Philipp zu Eulenburg later boasting to Holstein of his struggle against Wilhelm's anglophobia.

Scarcely was his father dead than the new young Emperor set out on a naval excursion in order simultaneously to indulge his marine ambitions and to try his hand at what would now be called summit diplomacy in St Petersburg. This time Holstein had arranged with Kiderlen-Wächter to send him letters describing every detail of the voyage and the visit. The Kaiser was the second on board his *Hohenzollern* to be seasick, but, undismayed, he declared that he would travel like this each autumn and take many more ships in the future. He was accompanied by Herbert Bismarck whom Kiderlen described as having the greatest difficulty to induce the Emperor to listen to instructions from the ageing Chancellor: "he [Wilhelm II] seems to regard all this as very insignificant compared with the question of how he will bring in his fleet." In St Petersburg the Emperor replied in Russian to the Czar's toast in French, but, not having learnt the Russian for the word army, was unable to return the Czar's compliment to the German Army. On the whole this tiro's escapade went off better than many had feared.

By and large this voluminous collection of letters adds endless gossip and thus a certain colour to the history we know. "Now that you are more or less the absolute ruler," Holstein's old friend, Karl von Eisendecher, wrote to him four months after the dismissal of Bismarck, "one ought really not to plague you with letters." On the contrary, the old master spider wove his web with all these confidences, many of them surely as indiscreet as those promised by word of mouth. His power in the nineties was immense. He had defeated the Bismarcks, he enjoyed the intimacy of Philipp Eulenburg, the Kaiser's most intimate friend. At the beginning of 1894 Eulenburg succeeded Prince Reuss as ambassador in Vienna. This was part of a shift round that also made Bernhard von Bülow ambassador in Rome and which fortified Holstein against the defeated Bismarckians still left here and there in the German foreign service. While Prince Reuss wrote to Holstein to say that the tradition of a great age lived on in him, Holstein continued to receive details about the All-Highest from Eulenburg, whose frequent absence from Vienna was quickly the subject of adverse comment.

Radio Robots

Communist China Today

By S. Chandrasekhar.

Asia Publishing House. 199 pages. 21s.

Professor Chandrasekhar, Director of the Indian Institute for Population Studies in Madras, toured Communist China at the end of 1958; he had previously seen something of Kuomintang China in 1940. As a specialist on population problems, he was chiefly interested in the Communist attitude towards the increase of China's already enormous aggregate of human beings; he was also concerned, however, to observe what he could of the workings of the social and economic institutions of the People's Republic, bearing always in mind the analogies between China's basic problems of development and those of India.

The author found much that was impressive and praiseworthy in China's economic effort, but as an Indian of strong democratic convictions he was appalled at the complete regimentation and uniformity of Chinese national life. Although he was hospitably received by officials, he could make no real personal contacts, and never came across anyone who would admit to a thought independent of official propaganda. The system seemed to him to be producing a race of "robots responsive to radio." The ubiquity and incessancy of radio loud-speakers appears, indeed, to have been the strongest of all the impressions he carried away with him from China. "The voice," as he puts it, "blares away at one in the bus, in the train, in Pullman sleepers and dining-cars, on street corners, in villages, towns and cities . . . even in the most backward villages I saw the loudspeaker hidden in the tree tops."

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and its achievements, to inculcate hatred of imperialist America, and to exhort the people to ever greater efforts in production. The amount of work done by the people under the impulsion of the regime the author found to be prodigious, but he maintains that the principle of treating manpower as capital often means that ten men are put to do the work of one, so that even with China's enormous population there tends to be a shortage of labour—one result of which has been the reversal of the previous communist policy of trying to limit the increase of the population through birth control.

Hinduism in Indian Life

The Soul of India

By Amaury de Riencourt.

Cape. 447 pages. 25s.

MR DE RIENCOURT'S theme is the interaction through time of Hindu thought and Indian society. His central doctrine is that the Hindus are a people of space, not time. Their emphasis is on the immanence of God in the universe, not, as with the Jews, on the working out of God's purpose through history. For them eternity does not go forward, but round in circles. The world is an illusion, creation but God's play, to be succeeded endlessly by destruction and new creation. Therefore, the best Hindus have concentrated on mystical experience, for which the necessary preliminary is the stripping away of the personality, and which is in the end incommunicable because it is beyond logic.

Therefore, too, the Hindu mind is unworried by contradictions, since logic is a trammel, and knows no one divinely revealed system of ethics; since it is not loving one's neighbour, but total non-attachment either to one's neighbour or to oneself, that is the way to salvation. Hence the meaningless cynicism of so much of Indian history, with its wars without principle and its princes without morals. Hence, too, the suitability for the old India of the caste system, which enabled different groups to follow different rules of life, and still to live together in peace. Hence, finally, the endless tolerance of Hindu life; where only return to the One matters, there is no need to quarrel over the approximations of this world.

Muslim conquest created a Muslim community in India, whose sense of separateness led eventually to Pakistan. It did not essentially change Hinduism, except to make caste more rigid. British rule, however, did shake the Hindus, both through the evident British material superiority, and through the Christian concern with one's neighbour. The westernised intellectual, symbolised by Nehru, represents India's attempt to absorb western knowledge. The succession Ramakrishna, Vivekanda, Gandhi represents Hinduism's acceptance of the need to attain salvation through works in the world also. Hinduism is still the fundamental fact of Indian life; the bar to communism, which rests on a world view steeped in the idea of progress through history; the cornerstone of a unity threatened by linguistic differences; the possible mother of a reaction to a self-absorbed and xenophobic past.

Indian history is so uncertain that it is possible both to defend and to attack most of Mr de Riencourt's dicta. One does not know whether the Harappan civilisation was bourgeois, or whether Indian kings in fact read Kautilya, or whether the Mauryas were really conquerors of a quite different order from the Satyavahanas or the Guptas, or whether race had anything to do with caste. Sometimes Mr de Riencourt is clearly wrong: the Industrial Revolution did not depend on the plunder of Bengal; the zemindars were not the major moneylenders; British idealism as well as British weakness brought about the independence of India; Gandhi had an aim of independence he never forgot, and did not simply move from disconnected present to disconnected present. But none of this really affects Mr de Riencourt's main contention. Here it is more important that he has probably overestimated the importance of monism and underestimated that of bhakti. The Indian today is less devoted to mysticism, and more devoted to his personal God and his daily duties than Mr de Riencourt allows. One suspects that it was always so.

Peter Stubs, File-maker

An Eighteenth Century Industrialist: *Peter Stubs of Warrington, 1756-1806*

By T. S. Ashton.

Manchester University Press. 166 pages. 21s.

THIS reissue of Professor Ashton's famous study of a Warrington file-maker, first published in 1939, only serves to show what a superb piece of historical writing it is. Business history has flourished greatly since the Manchester school of economic historians inaugurated it, but no one has matched Mr Ashton's ability to express the essential problems of business enterprise so vividly and yet with such wonderful discipline and economy.

Of the good things there seems no end. We see Stubs beginning as a small master, making files to the order of merchants and manufacturers (who usually supplied him with steel in return), his wife taking in washing to make ends meet. Later the file-making business was extended and combined with the role of malster-innkeeper-brewer, activities that were mutually helpful. The beer barrel dregs provided good protective paste for the files, while the inn was a good centre for industrial and friendly society activities. Eventually Stubs had his own factory; he branded his goods and widened the entrepreneurial function to establish direct contact with retailers and to eliminate the middleman in the sale of manufactured goods. A fascinating account is built up of Stubs's relations with his normally debt-ridden workers and of his attempts to resolve two of the most serious problems he had to face—transport and the means of payment. The Ashton touch is superb; never too much detail but always enough to make the book live.

Stubs was obviously a good employer for his time, not above a little chicanery over discounts and the like now and then, fond of racing and good company, and dying before the real returns for his efforts could be reaped. There is his daughter, Sarah, writing so fluently and charmingly and only sixteen at that. Would that Mr Ashton had constrained himself less here and told us more; when last mentioned she had a slightly broken neck. There is the outworker, Carolus Charles, vainly seeking to escape his creditors and seeing his son hanged for rape. It is a fine human document as well as an incisive study into the mechanics of an emerging industrial economy.

Too many academic business historians, though aspiring to Mr Ashton's scholarship, ignore his wit and humanity and above all his brevity. We must thank the Manchester University Press for giving a new generation the chance to keep this rare book ever present on their desks.

OTHER BOOKS

MAJOR DOCUMENTS IN AMERICAN ECONOMIC HISTORY. Edited by Louis M. Hacker, *D. van Nostrand.* Anvil Original. Vol. I, 188 pages; Vol. II, 187 pages. 9s. 6d. each.

These paperbacks in handy format contain texts of most of the important American documents pertaining to finance, development and trade, tariffs, immigration, inter-State commerce, censuses, silver, anti-trust laws, investment in the United States, railways, canals, etc.: they are well worth their price of less than a pound sterling.

STATISTICAL SUMMARY OF THE MINERAL INDUSTRY: *World Production, Exports and Imports, 1954-1959.* Overseas Geological Surveys, Mineral Resources Division. *Her Majesty's Stationery Office.* 400 pages. 27s. 6d.

CENTRAL EUROPE. By Alice F. A. Mutton. *Longmans.* 499 pages. 50s.

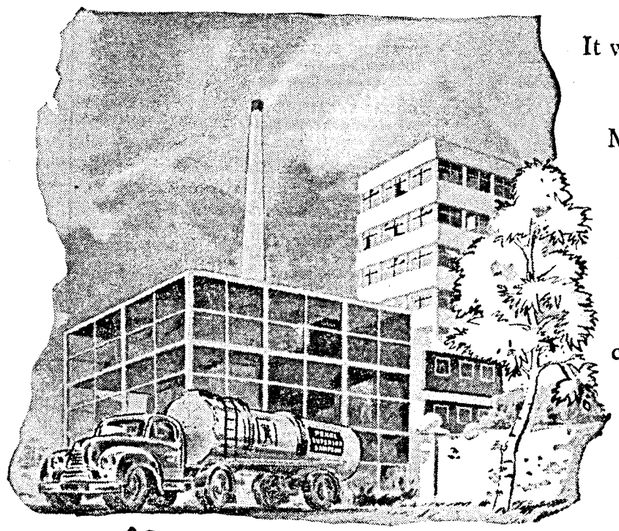
Today, when Europe is either east or west, there is a real doubt about the existence of Central Europe, and Dr Mutton is therefore to be applauded for her courage in trying to write about it. Even on her restricted definition of what constitutes Central Europe, the writer is faced with the need to bring within the limits of a single regional treatment countries so economically, culturally and politically disparate as the Netherlands and Slovakia. Perhaps because of the difficulty of treating "Central Europe" as a whole, most of the book is in fact given over to orthodox regional description on a country by country basis. The writer evidently shares the usual English passion for mountains, and this is fortunate, as there is a curious lack of geographical material in English on Switzerland and Austria. Away from the Alps, however, the adequacy and accuracy of factual information decline, especially with the passage of the "iron curtain." Towns are incorrectly placed (which reference to an atlas could have avoided), the economic information is unreliable, and the human geography sometimes garbled. This is a pity, for the book otherwise contains much that would be useful for the advanced students of geography for whom it is intended.

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Assets

Cash and due from banks	$ 710,937,306
U. S. Government obligations	1,120,900,005
State, municipal, and public securities	199,317,316
Other securities	10,845,299
Loans	2,286,395,333
Customers' acceptance liability	193,674,479
Stock of Federal Reserve Bank	12,750,000
Investment in subsidiary companies	7,020,496
Bank premises	18,053,579
Other assets	119,630,468
	$4,679,524,281

Liabilities

Deposits	$3,774,913,073
Foreign funds borrowed	1,119,250
Reserve for expenses and taxes	31,732,178
Liability on acceptances	196,562,164
Dividend payable October 13, 1961	7,540,000
Other liabilities	101,600,334
Capital — 7,540,000 shares @ $25 par	$188,500,000
Surplus	236,500,000
Undivided profits	141,057,282
Total capital funds	566,057,282
	$4,679,524,281

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AMERICAN SURVEY

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

Aid on the American Plan

WASHINGTON, DC

THE United States has not been doing well lately in the battle for the billion or so "non-aligned" people who are believed to hold the balance of power in the world. President Kennedy intimated in March that he thought long-range plans were what gave the Soviet Union an advantage in the field of foreign aid. He said that they enabled Russia to advance its schemes for world communism by making less developed countries "economically dependent on Russian support." The United States, by contrast, has expended its energies and its help in dashing from one economic crisis to another in different countries like a fireman putting out fires while people died of thirst. From now on, the least developed countries will be encouraged, even commanded, to adopt "national development programmes" into which American loans at little or no interest, American surplus food and American equipment, technicians and know-how will be fitted. A decade of development is to replace what one critic has called "a decade of aimless fumbles."

The short title of the new aid legislation is the Act for International Development. This was also the name of President Truman's vaunted Point IV programme. But the tonics dispensed under past schemes are now dismissed as "haphazard and irrational" by Mr Kennedy and "muddled and confused in operation, often mediocre in administration" by Mr Eugene Black of the World Bank. Mr Black also declared last week in New York that foreign aid had failed to stop communism, make friends or expand American trade. The confusion has extended from Japan, where President Eisenhower was not received, to North Africa, where military aid to France has been used against Algerians, and to Cuba, where arms for President Batista led only to a near-communist government. Mr Khrushchev is identified by many citizens of the less developed countries as their potential friend, while the United States and its allies remain identified with what Senator Humphrey has called "the rich, the powerful and the steel companies."

Congress gave Mr Kennedy an economy version of the new lamp he asked for. Originally the President wanted seven separate aid programmes, including the Peace Corps, to be integrated into a single agency. What in fact has been done is to rename the International Co-operation Administration, to lump the Development Loan Fund in with it and to give the whole thing higher standing in the State Department. But Mr Fowler Hamilton, the new head of this new agency for international development, feels that the important thing is to create an entirely fresh spirit in an at least partly fresh staff, so that dams and roads can roll efficiently off the assembly line in the less developed friendly countries. Therefore he plans to run the agency "like the four billion dollar enterprise it is," manning the upper levels with big business names if he can get them, as well as with top economists and scientists. He calculates that Congress will be ready to give such men of proven ability whatever sums they say they need, within reason. But if this calculation should fail, the appropriation committees, while probably acknowledging a moral obligation to furnish money for the loans that the President is now authorised to promise in advance of appropriation, may hack the more savagely at other foreign aid funds, such as contingency appropriations, in order to reduce the total to the figure that they, not the President, deem sufficient.

There are still suspicions concerning the sort of genie the new lamp will produce when it is rubbed by Mr Hamilton. He says that the agency will gladly extend aid to foreign capitalists, not just to foreign governments. There is nevertheless a fear that the private corporation, the characteristic powerhouse of American enterprise, may be relegated to a subordinate role, in favour of the kind of government-to-government dealing in which the Soviet Union has had the most practice. Senator Capehart has said that he tried to ensure that half the aid funds going to Africa went to private enterprise, but was told that in the new African countries which are to receive aid there was no private enterprise to encourage. He concluded that America was simply "hurrying along the day when these nations will be socialised." It would certainly be ironical if the United States unconsciously helped to export the Russian socialist, instead of its own American, revolution. Senator Capehart is one of the most conservative Republicans, but many other Americans believe that the purpose of aid should be to ensure that private enterprise is established in places where it does not now exist.

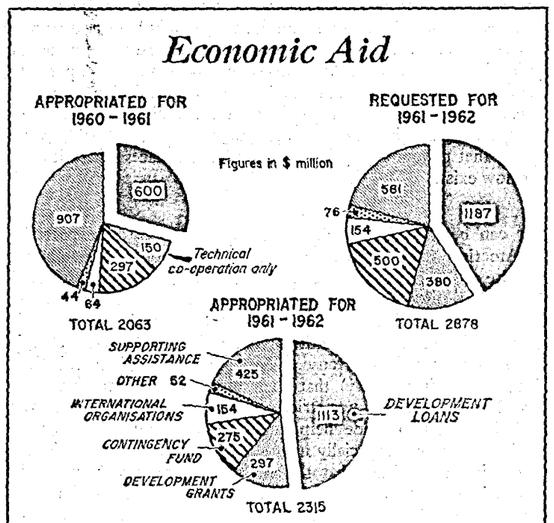
IT can be argued, however, that AID is hoping to export the American dream of the cleared forest, the little red schoolhouse and the court of law, with a consequent growth of fairly distributed and well-diffused wealth, culminating in the appearance on the scene of a local General Motors Corporation, and with an indigenous John F. Kennedy in the no longer less-developed country's equivalent of the White House. Most Americans, it is true, believe sincerely (if erroneously) that their own national progress from coonskin cap to riches was strictly a bootstrap operation, achieved entirely without outside help and indeed with a great deal of foreign hindrance, especially in the early stages. But there is also a growing recognition that the American forests and plains, in spite of the Red Indians, were perhaps a softer proposition than equatorial jungles and tropical diseases. Also, Americans brought with them to the new world a feeling for thrift and hard work which, unhappily, today's less developed peoples are rarely blest with in their very different environments and with their startlingly different customs—for instance, cow-worship and caste systems. But the Americans are anxious to implant among the less developed the virtues that made them great themselves. The National Association of Mutual Savings Banks, with over $40 billion in the kitty, proclaims itself "ready, willing and able to offer know-how to underdeveloped nations to encourage thrift, on a basis that unsophisticated nations can understand."

Mr Hamilton says that aid will go first to the countries which display the American virtue of self-help. The national development plans that their governments produce will have to be judged to have a reasonable chance of success before loans are forthcoming. The top people in countries to be aided must no longer refuse to pay taxes on the excuse that these only enable the finance minister to acquire another mistress. American technicians will not be sent to underdeveloped countries merely to serve as a base for a bureaucrat there to build himself a pyramid of power on the Parkinson plan. More equal opportunities will have to be

created for the mass of people by, for instance, taking land from the rich and distributing it among the peasants. Such countries may conceivably even be asked to do something about their population problem; it is estimated that, at its present rate of procreativity, Latin America will need to double its income in the next thirty years merely to keep its living standards at their existing miserable level.

A spirit of self-help, however, will not suffice by itself. It is commanded that "great attention and consideration should be given to those nations which share the view of the United States on the world crisis." This phrase was inserted in the appropriation Bill by Congress as a hint to President Tito of Jugoslavia, following his apparent defence of Russia's resumption of atomic tests. It was said that Ghana would have to satisfy the requirement of friendliness before it gets the promised assistance for the Volta aluminium and hydro-electric project although the President seemed to soften this at his press conference this week. Henceforth, the United States is going to be much more unwilling to submit to blackmail along the lines of "more aid, or we turn to Russia." And the Department of Defence may be less able than in the past to obtain dollars for the propping up of undemocratic regimes on the ground that they are staunchly anti-communist.

Economic Aid



THE character of foreign economic assistance has changed radically this year. As the chart shows, the funds for development loans have doubled, while the grants for supporting assistance—to countries which otherwise could not meet their heavy military commitments or which are on the verge of economic collapse—have fallen sharply. Such grants have been viewed with increasing suspicion by Congress as constituting an endless drain and the President's original request reduced them, though not as drastically as Congress did in the end. Technical assistance is now lumped with various other programmes under the heading of development grants. In addition to this new money, Congress authorised the use of $69.5 million from unspent earlier appropriations. The appropriations measure also included $30 million for the Peace Corps, $110 million for the Inter-American Development Bank, $61.7 million for the United States subscription to the International Development Association and $7 million for the administration of the Ryuku Islands. In all, overseas economic assistance during this fiscal year, which began in July, will cost $2.6 billion; an additional $1.6 billion is to be spent on military assistance.

The aid legislation declares that one of its aims is "to help make a historic demonstration that economic growth and political democracy can go hand in hand." This did not prevent President Abboud, who was welcomed in Washington with a big street parade last weekend and entertained in the White House with an excerpt from "Macbeth," from remarking that he hoped for aid but would not permit political democracy in the Sudan. But he and others may find that times are changing.

Filling Mr Rayburn's Shoes

THE President flew 3,000 miles this week to Texas to pay a farewell visit to Mr Samuel Rayburn, who has been in the House of Representatives since 1913 and who has been its Speaker (with the exception of two short periods when the Republicans were in control) since 1940. In "Mr Sam" the country is losing an important link with an earlier America and the President a man whose long experience gave him unusual authority over the unruly and unwieldy House and who had a keen sense of how far it could be coaxed or driven. The chaos which followed Mr Rayburn's departure at the end of August is warning of the trouble which may be in store for the White House next year. Even the ablest of successors could not hope, at the outset, to fill Mr Rayburn's shoes.

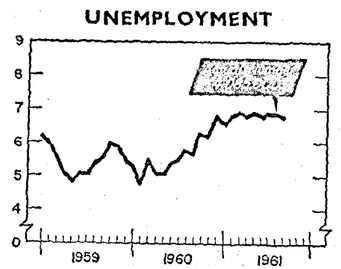
Traditionally the majority leader, in this case Mr McCormack of Massachusetts, succeeds the Speaker and, in a body where seniority is so sacred, tradition is hard to flout. There are reasons for doing so this time but it is hard to believe that they will prove persuasive. As acting Speaker in the last month of the session Mr McCormack's performance—particularly over the foreign aid Bill—left much to be desired, though it would not have been easy for any man to exercise real authority with only a temporary mandate. Moreover he is a Roman Catholic at a time when one of his co-religionists is President and another is the majority leader of the Senate. Finally Mr McCormack is not on the best of terms with the White House, partly because of the part he played over the education Bill, partly because he and Mr Kennedy have clashed for a long time in their native state of Massachusetts.

But none of the other candidates is without drawbacks. Mr Albert, of Oklahoma, who has been promoted to be temporary majority leader, is fair and has few enemies but is no driver; Mr Walter, the chairman of the Committee on Un-American Activities, who has postponed his retirement on the chance that he might be chosen, has an illiberal reputation on immigration and civil liberties, although he is popular personally even in unexpected quarters; Mr Bolling of Missouri, one of Mr Rayburn's most effective lieutenants, who might have been the Speaker's own choice, is well regarded by the White House but is too young to have accumulated much seniority and is too liberal for many members. Probably only Mr Rayburn himself could have prevented Mr McCormack's succession; certainly it would be imprudent for the President to intervene openly. In the three months before the decision must be taken, the White House seems likely to use its influence discreetly to secure the choice of a strong majority leader in the hope that he may become Speaker before too long; Mr McCormack is 69.

Recovery at Work

IN the usual monthly flood of statistics on the employment situation in the United States the Secretary of Labour, Mr Goldberg, has found solid ground for optimism. In September the number of non-farm wage and salary earners rose to a record 53.9 million, an increase of 500,000 for the month and a gain of 2.6 million since February, which marked the low-point of the

recession. This seven-month gain is double the usual seasonal improvement and includes a very welcome increase of 500,000 in the motor, steel and other durable goods industries which bore the brunt of the recession. Moreover, there is good reason for thinking that the September showing would have been considerably more encouraging had "special factors" not conspired to depress the labour market in the week that the count was taken. Hurricane Carla left her mark off the farm as well as on it (particularly in the construction industry); the strike at the General Motors Corporation held back the recruitment of workers to turn out the new cars; and the Jewish New Year reduced the number at work in the garment trade and elsewhere.



As percentage of labour force, seasonally adjusted.

In the course of September the number of those without work fell by 450,000 to 4.1 million; although still a very high figure it compares favourably with the 5.7 million jobless last February. Even so, the seasonally adjusted rate of unemployment, at 6.8 per cent, showed little change from its level of the preceding ten months. Again, a "special factor" can be blamed; between August and September, with the schools and the armed services dipping heavily into the labour pool, the size of the civilian labour force (at work and out of work) shrank by nearly two million; this kept the percentage from falling.

Although unemployment is expected to decline substantially between now and Christmas, there is still clear need for special measures. One out of every ten unskilled workers is currently out of work and 800,000 teenagers, many of them at present fitted only for unskilled work, are among the unemployed. It was therefore regrettable that the House of Representatives (thanks to its Rules Committee) postponed until it meets again in January consideration of a Bill already passed by the Senate to train the unemployed in new skills at public expense. At the same time, the five-month old programme for pumping $394 million of loans and grants into "depressed" areas has (with only two minor projects to its credit) barely got off the ground. Since each successful applicant must both produce long-range plans and receive the blessing of some seven government departments, the impact of the programme on unemployment is likely to be somewhat delayed.

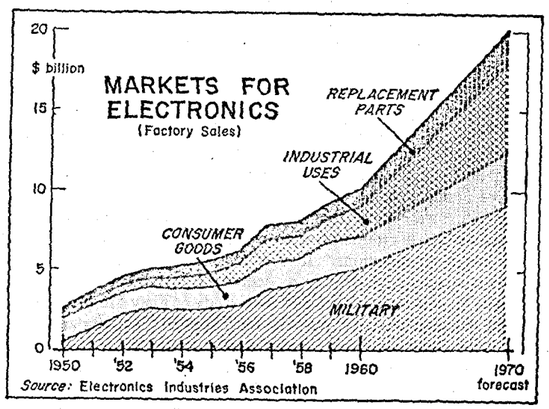
Growing Pains in Electronics—II

FROM A CORRESPONDENT IN CALIFORNIA

IN the copious literature about electronics firms provided by investment houses, little emphasis is placed on the part played by government contracts in the rising volume of their sales. Much more is made of the glittering civilian future of the esoteric devices—diodes and triodes, masers and lasers, transistors and capacitors—that so far have had meaning and usefulness chiefly for the armed services. But the fact is that the dramatic growth of the industry, which now employs 750,000 people (including a fifth of the country's engineers) has been generated and sustained largely by military orders. Not only have defence budgets increased almost continuously, but the role of electronics in armaments has more than doubled. Government demand seems certain to go on growing. Space research and exploration is expanding rapidly and an ever larger proportion of every military dollar is channelled into electronics because missiles, which are replacing manned aircraft, rely much more heavily than aircraft upon electronic gear.

On the other hand, the production of radios, television sets and other consumer goods, which constitute the second largest segment of the industry, has been beset with such difficulties that it experienced little growth during the whole decade from 1950 to 1960. The latest and probably most menacing difficulty, the large-scale imports of cheap Japanese electronic goods, threatens to depress even further a business already suffering from slackening demand. Last year consumer purchases only just managed to exceed the $2 billion spent in 1959, and early in 1961 sales dropped toward the annual rate of $1.5 billion, which had been reached as early as 1950 when consumer goods made up 60 per cent of the industry's sales. Television sets account for more than half of the sales to consumers, but nine out of ten households already have a set. The demand for replacements, exports, the growth of the population and improvements such as colour television are not enough to make the coming decade look inviting.

The part of the civilian industry which is growing the most rapidly and looks the most promising is that which is adapting to the use of industry and commerce devices—most of them developed for military purposes—that can perform a whole range of tasks more quickly and more economically than present methods can. Progress in this field depends, necessarily, on the general level of capital spending by business and its willingness to pay the high costs of what are admittedly better methods. They have been used most successfully in clerical work and accounting; banks,



insurance companies and government agencies are all resorting to electronic computers to deal with their rising flood of paper work. The future looks particularly bright in the field of microwave communication and in the "automation" of industrial processes through the use of continuous processes to test and analyse materials and control quality.

The manufacture of basic electronic components—tiny (and large) tubes, transistors, diodes, rectifiers and many others—accounts for about one-third of the industry's factory sales. They command a market of about $1.3 billion a year and are used in a wide variety of consumer and industrial products. But the replacement demand is slight, because the outstanding characteristic of many of these components is that they hardly ever wear out. In the past five years enormous strides have been made in "solid-

state" devices, so-called because they involve the movement of electrons through solid materials (semi-conductors) without moving parts, rather than through heated filaments or vacuum tubes. The original solid state device, the transistor, first appeared in 1949, but its use spread so slowly that by 1955 sales still amounted to only $37 million a year. But demand from the services (an advanced missile may require more than 100,000 semi-conductor devices) has helped to push sales up to $600 million this year and it is estimated that they will total $1 billion three to five years from now. Obsolescence is rapid, however, in this field: just as the vacuum tube was supplanted by the transistor, the transistor in its turn is being succeeded by newer and tinier devices which operate at speeds a hundred times greater, use a hundredth of the power and take up a hundredth of the space. Once "miniaturisation" was said to be the advantage of semi-conductor devices, but now the watch-word of the industry is "sub-micro-miniaturisation."

But by far the most important product of the electronics industry has been ordinary shares. Issues of electronics companies provided the most popular vehicles for the speculative surge which carried the stock markets to new high levels in the past decade and they have been especially prominent in the flood of new issues and the increase in over-the-counter trading (that is, trading outside the established stock exchanges). During the nineteen-fifties the prices of electronics shares far outran the rise in the standard stock market averages and they managed to remain strong after the market turned down early in 1960. Electronics shares had their own, more severe, recession in the second half of the year, but they still sell for prices that, relative to their earnings, are much higher than industrial shares in general. Most electronics issues still command prices 50 to 70 times their annual earnings while the average for industrial shares is about 18 or 19 times earnings; some electronics firms with no earnings at all are popular with investors looking for companies with the greatest supposed possibilities of growth.

Almost any share with "electro-" or "-tronics" or "aero" in its name is easy to sell, even if the firm, like one called "Aero-Dynamics Corporation" is only in the business of importing Italian marble and tiles. Even when only legitimate firms are counted there has been almost continuous creation, often by a kind of fission process, of new electronics companies. At the last count there were more than 4,000, most of them very small ones formed by small groups of scientists which have split off recently from larger organisations. It is widely known that, as employees, electronics scientists display a degree of instability approaching that of the sub-atomic particles they study. They are often reluctant to abandon academic pursuits for "applied" activity and many care little about the high salaries that are offered for their scarce services or the fortunes that Wall Street has heaped on some of them who have set up their own companies. Therefore the advertisement columns of the newspapers and technical journals are full of appeals that stress the recreational and academic resources that a firm in, say, California can offer and the stimulating intellectual atmosphere of its laboratories. The scientists' personal preferences have influenced the geographical pattern of the industry, which is concentrated largely in six or seven centres, usually near university communities in places with better-than-average climates. Electronics is a light manufacturing industry which can be carried on outside industrial centres; it requires little in the way of space or raw materials and many companies started in the basement or garage of a scientist at a university, who later built his factory nearby.

One further quality of the scientists—their discomfort at feeling "lost" in a large organisation—has been at least partly responsible for the failure of some firms to grow as expected and even for the over-production of semi-conductors. Companies expanding in order to qualify for large government contracts have often found that a key man or scientific team has begun to feel engulfed and has moved—often only down the street—to set up shop independently. The Bell Laboratories not only gave the transistor and its multiplying family of semi-conducts to the world in 1948, but they were also the original source of many of the scientists who now head the firms that are manufacturing a surplus of such devices. The enthusiastic stock market encouraged the atomisation of the industry by pressing capital on the scientists who sought independence.

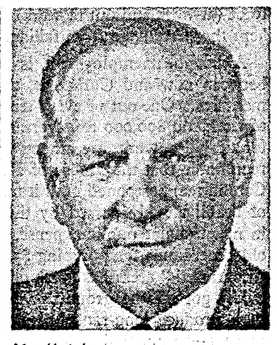
Nixon's Hurdles

As Governor of California, the second most populous state, Mr Nixon would have a powerful political base and a platform from which to express his views; he lacks both as a private citizen. By standing next year he will earn the gratitude of his party, which wants to recapture California and elect as many as possible of its thirty-eight Representatives. Moreover, the promise he has had to make—that he will not be a candidate for the Presidency in 1964—means that he will have an excellent excuse for sitting out a presidential election which is not likely to be won by a Republican. But if he is defeated in California, Mr Nixon probably will be out of politics for good. The hurdles to be surmounted explain why it took him so long to make up his mind to take this gamble.

The Republican nomination for Governor, which will be decided at an intra-party election in June, is not Mr Nixon's for the asking.



Governor Brown



Mr. Knight

There are three other men in the field, notably Mr Knight, an ex-Governor who blames Mr Nixon for the party pressure which forced him to withdraw from the race for Governor in 1958 (he ran for the Senate instead and was defeated). Early last month Mr Knight invited Democrats to invade the Republican primary to defeat Mr Nixon. Last week Mr Knight charged that an emissary of Mr Nixon promised him any appointive job in the state if only he would not contest the nomination—an offer which Mr Nixon says was made without his knowledge. The sight of Republicans trying to cut each others' throats has the Democrats rubbing their hands; a hard-fought primary might leave the victor badly bruised. Lack of money may hamper Mr Knight but he is not a negligible opponent; he has kept himself in the public eye as a television commentator and he has strong links with labour, which is powerful in the state. Mr Nixon has already gone part-way to meet the hostility of the trade unions by opposing the passage of right-to-work (anti-trade-union) legislation which, as Mr Knowland discovered in 1958, is political poison in California. Mr Nixon has also disowned the support of the extreme right wing group known

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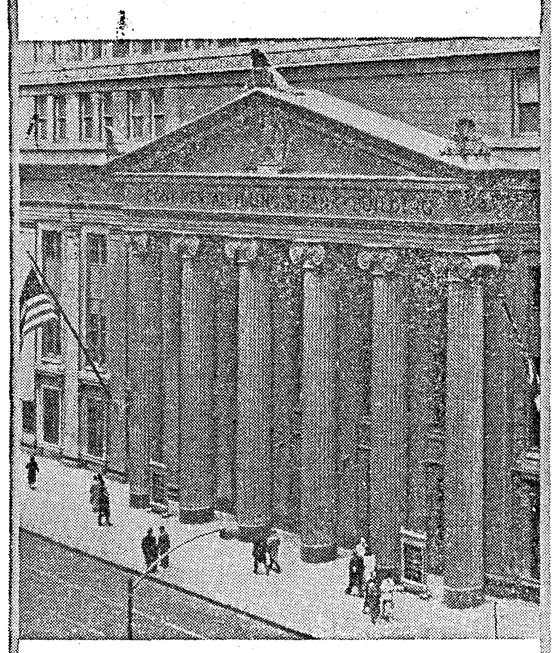
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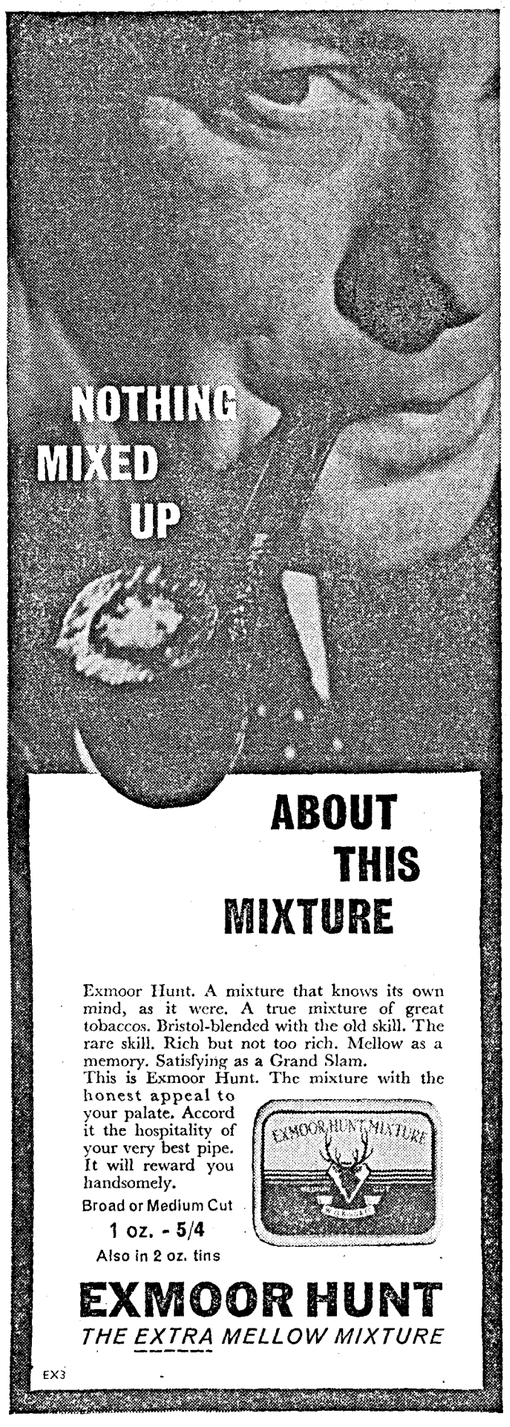
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as the John Birchers who, in consequence, will probably support a third candidate, the Republican leader in the State Assembly, Mr Shell.

This move away from the right is essential if Mr Nixon, assuming he wins the Republican nomination, is to defeat Governor Brown in next November's election. There are a million more Democrats than Republicans in the state and, although Mr Brown's administration can be (and is) criticised, he is not an unattractive candidate. It is true that Mr Nixon carried California as a presidential candidate in 1960, but only by a hair's breadth and thanks to the absentee vote ; he had the advantage then of all the impetus of a national campaign. Now his opponents—both Republican and Democratic—are bearing down on his lack of experience or interest in state politics and his long absence from the state. Mr Miller, the Republican national chairman, did his candidate no good when he insisted this week that Mr Nixon would not be able to resist a presidential draft in 1964, whatever he says now. Californians do not like to think of their Governorship as a pawn in national politics.

Deadlock on the Columbia

FROM A CORRESPONDENT IN OREGON

THE states of the Pacific Northwest, which share with British Columbia the rich lands and resources of the Columbia River basin, are waiting anxiously to see whether the Canadian parliament will make its peace with the provincial government so that plans for the joint development of the Columbia by the United States and Canada can go ahead. After years of intermittent negotiation, a treaty for this purpose was signed last January by Mr Eisenhower (three days before he left the White House) and by Mr Diefenbaker, the Canadian prime minister. It provides for the construction of a series of huge storage dams, mainly in Canada, so as to increase substantially the output of the American power plants lower down the river. The treaty also settles the delicate question of how the resulting benefits (which will accrue on American soil) shall be apportioned: one-half of the additional power will be routed back across the border to Canada.

The United States Senate approved the treaty, but the Canadian team has worked itself into a deadlock. Ratification is being held up primarily by a disagreement between the government of Canada and the provincial government of British Columbia over the question of the export of electric power. The Social Credit government of British Columbia, headed by Mr Bennett, is interested in the Columbia River scheme only if it is allowed to export the province's large potential surplus of hydro-electricity to the United States. The Conservative regime in Ottawa, on the other hand, has so far maintained Canada's traditional stand against the sale of power to the United States on the grounds that there is little point in flooding large areas of Canada for the benefit of American consumers and that once power starts to flow south it will be lost to the Canadians forever. The prospect of huge surpluses of electricity in British Columbia would not be so serious had Mr Bennett not switched his main interest to the development of another rive—the Peace River in the far North—which obligingly steers clear of American territory throughout its course. In August Mr Bennett expropriated the main privately owned power companies in the province and put his government in a position to develop more hydro-electricity from this one river than could be used by all western Canada in the next decade.

Looked at from south of the border, prospects for the great Columbia scheme look distinctly unpromising unless the Canadians can work out a compromise on the vital question of exports. Mr Bennett for one is clearly not without hope that he will be in a position to sell electricity to the United States ; in past weeks he and members of his cabinet have visited California (which is always hungry for more power) and have talked business with the Pacific Gas & Electric Company, the big private firm. Also, Mr Charles Luce, the head of the Bonneville Power Administration (and Mr Kennedy's chief spokesman on power in the Northwest), has offered BPA's services in "wheeling" electricity from British Columbia to California. What is much less certain is whether Congress would be prepared to sanction the building of the necessary transmission line. Nevertheless, there is little doubt in the states of the Northwest that some arrangment could be made for marketing British Columbia's surplus if Ottawa were to give the green light ; if it does not the whole scheme seems likely to be put on the shelf.

Gags and Gaffes

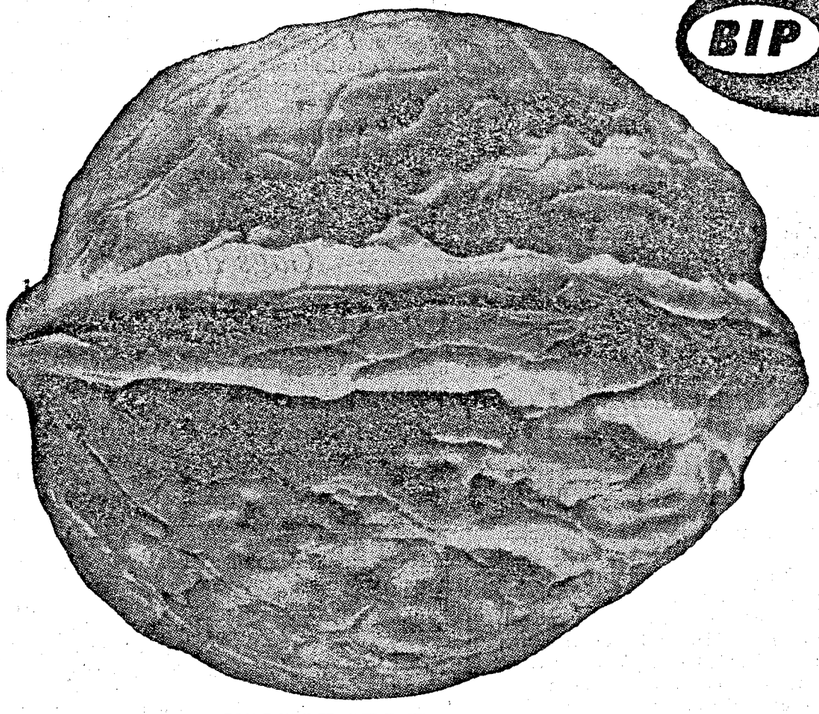
ON October 5th Mr McNamara, the Secretary of Defence, issued a directive forbidding any of his military and civilian subordinates to participate in "public information programmes sponsored by non-governmental organisations and groups" unless such participation confined itself to matters within the competence of the department and did not involve the expression of partisan views or views conflicting with national policy. This move was a firm response to controversy arising out of the case of General Walker, who was disciplined earlier this year for talking out of turn politically, and out of a memorandum written in June by Senator Fulbright of Arkansas, the chairman of the Senate Foreign Relations Committee. Mr Fulbright said then that too many officers had overstepped the mark in their efforts to indoctrinate their troops in anti-communism. Two recent cases which have seemed to bear him out have been that of a seminar in San Antonio, Texas, of ineffable silliness but supported, for all that, by the Fourth Army ; and that of two Air Force officers, disciplined for showing reservists a tendentious right-wing film during training hours meant for something else.

Rallying to their own, the right-wing extremists in the Senate, led by Senator Thurmond of South Carolina, have hailed General Walker as an injured martyr, and denounced the Defence Department for "muzzling" him and other good anti-communist officers. General Walker was removed from his command in Germany before the conclusion of an investigation into his conduct ; and Mr McNamara may have acted too hastily in publishing the records of the investigation, contrary to Army practice. There seems to be a feeling in the army in Germany that the general did not have a square deal. Nevertheless, it remains true that the investigating officer found that he had made "inflammatory and derogatory statements" about such public figures as ex-President Truman and Mrs Eleanor Roosevelt and that he had tried to influence the way his soldiers voted in the 1960 elections by partisan propaganda.

Senator Thurmond succeeded in bringing the Secretary of Defence before the Senate Armed Services Committee for two days to answer questions, and on his urging its Preparedness subcommittee is to "study and appraise" (Mr Thurmond had wanted it to "investigate") the "muzzle" charges. But the chairmen of the committee and subcommittee, Senators Russell and Stennis, are unlikely to allow Mr McNamara to be harried unreasonably. And if Senator Thurmond hoped to use the inquiry to discredit Senator Fulbright, who may have trouble being re-elected next year in Arkansas, he may have overlooked the fact that General Walker commanded the federal troops at Little Rock during the 1957 civil rights disturbances, and did so none too tactfully.

Correction.—The first Negro to be made a federal judge with life tenure was appointed not by Mr Kennedy as *The Economist* stated incorrectly last week but by Mr Truman. He is Judge Hastie, who sits on the Circuit Court of Appeals with headquarters in Philadelphia.

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Dr Nkrumah's Political Kingdom

FROM A SPECIAL CORRESPONDENT IN ACCRA

OUTSIDE the Ghana Parliament House is a statue of Kwame Nkrumah entitled "The Founder of the Nation" and inscribed with selected examples of the great man's wisdom, among them the exhortation to "seek ye first the political kingdom and all other things shall be added unto it." As members entered the chamber on Tuesday afternoon for Parliament's formal reopening, some of them—to judge from their unnaturally glum faces—were wondering what sort of political kingdom they had found and whether the things that were being added to it were worth having.

Four of their number had been arrested a week before on charges of conspiracy and subversion along with 46 other people, among them the widely respected Mr J. B. Danquah, whom some of the members would prefer to regard as the true founder of their nation. Mr K. A. Gbedemah, the popular minister of finance and one of Dr Nkrumah's oldest friends, had just been dismissed from the cabinet in a reshuffle that gave greatly increased power to the left wing of the ruling Convention People's Party, which is personified by the new ministers of information and of the interior, Messrs Tawia Adamafio and Kwaku Boateng. A threat of arrest was known to hang over Mr Gbedemah's head. And before the house for the first week of business in the new session were three government bills of alarming significance—one to justify the installation of a government censor in the office of *The Ashanti Pioneer*, an old-established opposition newspaper, one to institute heavy penalties for bringing the president into "hatred, ridicule or contempt" and one to permit the creation of special courts at the president's recommendation for the summary trial of persons accused of crimes against the state.

When these bills are ratified, as they surely will be by the CPP machine, Dr Nkrumah will have established full personal control



Old friend: Mr Gbedemah



New master: Dr Nkrumah

wer his country and any lingering pretence that Ghana is still democratic state in any recognisable western sense will have to e abandoned. Parliament may continue, criticism may still be eard, but already there is really no way left of changing the overnment of Ghana except by conspiracy or force. This is a ne-party nation and Dr Nkrumah has shown that he intends to un a one-man band.

What has brought Ghana to this disappointing pass, and what effect has the last month's lurch towards the left and towards repression had upon the internal situation? To begin with, the pass is not necessarily as disappointing to Ghanaians as it is to the West in general and to Britain in particular. With the qualified exceptions of Nigeria, Sierra Leone and the remaining British possessions, there is scarcely a nation in Africa that is not either heading towards, or has already achieved, some more or less dictatorial form of government. Deplorable as this may seem, it is nevertheless a fact; and Ghanaians are unlikely to be disturbed for long over their country's tendency to follow the rest in abandoning some of the trappings—and most of the reality—of democracy. Yet those long faces at the opening of parliament were not without significance. Besides the plain fear that, if they did not behave themselves, Dr Nkrumah's displeasure might descend next upon them, the deputies reflected a widespread discontent in the country at Ghana's economic plight. This has resulted from a combination of extravagance and misfortune. The misfortune is that Ghana's balance of payments deficit this year will be even greater than the £26 million which was registered last year. Extravagance has resulted from Dr Nkrumah's taste for prestige and pan-African leadership and ostentatious non-alignment. The triumphal arches and reviewing stands in the new Black Star Square in Accra, for instance, one of several prestige building projects, are estimated to cost £750,000. Loans to Guinea and Mali this year amount to £10 million, and assistance to African nationalist movements elsewhere may have swallowed up another million or so. Increased defence expenditure involving the purchase of Russian arms has been incurred for reasons apparently unconnected with Ghana's strict defence needs. Eight four-engined Ilyushin airliners have been bought also from Russia at a cost of some £800,000 apiece, ostensibly to serve the growing pan-African network of Ghana Airways, although the airline's only economic route is that between London and Accra, which is already well taken care of.

Add to this misfortune and extravagance the routine share of mismanagement that every young nation suffers from, and you have most of the explanation of the fall in Ghana's foreign exchange reserves from over £200 million in 1957 to £90 million today. There, too, lies the explanation of the government's inability to meet its domestic debts—cocoa farmers in some areas, for instance, are receiving promissory notes instead of cheques for their sales to the cocoa marketing board—and for the austerity budget of July with its provisions for compulsory savings which set off the Takoradi strike last month.

The upshot is discomfort all round. While the new compulsory savings scheme reduces everybody's pay packet, the new import and purchase taxes designed to discourage consumption have forced up the cost of living by perhaps as much as 20 per cent. This is the root cause of the alienation in recent months of much of Dr Nkrumah's popular support. For the first time many members of his own party are disturbed by his policies, and many observers here suggest that if an election were to be held now the CPP would be lucky to win it. Dr Nkrumah, of course, has no intention of holding elections now, but this new sense of political insecurity is probably the reason for his latest steps towards dictatorship and

his growing reliance upon the left wing of his party, which he can trust to support him both in enforcing socialism at home and in pursuing positive neutralism and pan-Africanism abroad. These new steps have made him even less popular, as any one can discover in a few days of random observations and conversation—for Ghanaians, although showing a depressing tendency to glance over their shoulders, now will still talk occasionally in private.

But it is difficult now to see where the focus of an effective opposition can be found. Only the army remains, enigmatic, certainly a little troubled, but unlikely under its stolid new commander, Major-General Otu—and while it adjusts itself to the removal of the British officers—to make a bid for power. President Nkrumah has secured his political kingdom. What he wants to add to it from now on is not a matter in which his critics can hope to have any voice.

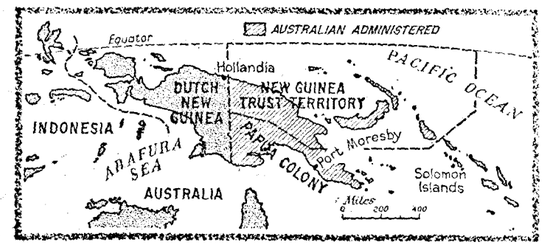
Gamble for a Small Colonial Power

FROM OUR CORRESPONDENT IN CANBERRA

AUSTRALIA'S interests are deeply involved in the Netherlands' proposal that the United Nations should assume executive charge of the Dutch colony of West New Guinea. Everything that happens in the western half of the island inevitably has its effect in the eastern half administered by Australia.

For Australia, as for the bigger colonial powers, the proposal has its embarrassing side. First, if the General Assembly of the United Nations passes, by the necessary two-thirds majority, a resolution to give effect to the proposal, there will undoubtedly be a demand that Australia's Papua and its trust territory of New Guinea should come under the same administrative arrangements. Secondly, at the very least, any target dates for political independence that a United Nations commission thought fit to recommend would be taken as properly applicable also to the Australian territories. This would violate a principle to which the Australian government clings steadfastly but with increasing difficulty—namely that it should plod steadily on with development in depth, setting targets (as it now concedes) for stages of educational and social progress, but refusing to commit itself to a date for political independence. Thirdly, once the Dutch proposal has been tossed into the arena of the United Nations, who can say how it will be mangled and mauled by amendments?

Nevertheless, as the Dutch foreign minister described it to the General Assembly on September 26th, the plan has features which should be somewhat reassuring to Australia. Dr Luns said that "since these proposals embody an entirely new concept in decolonisation," the General Assembly might first wish to have more information; and he suggested that it should send a commission to West New Guinea to make a complete and impartial report. This is an excellent suggestion. A commission that had observed the New Guinea Council, with its majority of native members, might well think that these men should determine their own future instead of being handed over to the Indonesians. But when the commission had seen for itself the poverty of the territory and the primitive tribesmen in the all but inaccessible hinterland, it might set a date for independence very different from the date that might be urged by delegates working from general principles in the anti-colonial atmosphere of the United Nations. The recommended date might even be further off than the mere ten years that the Dutch seemed to be dreaming of when they put into operation last year their ten-year plan for the development of the territory. To have that point of comparison removed would be quite a relief in Papua and New Guinea.

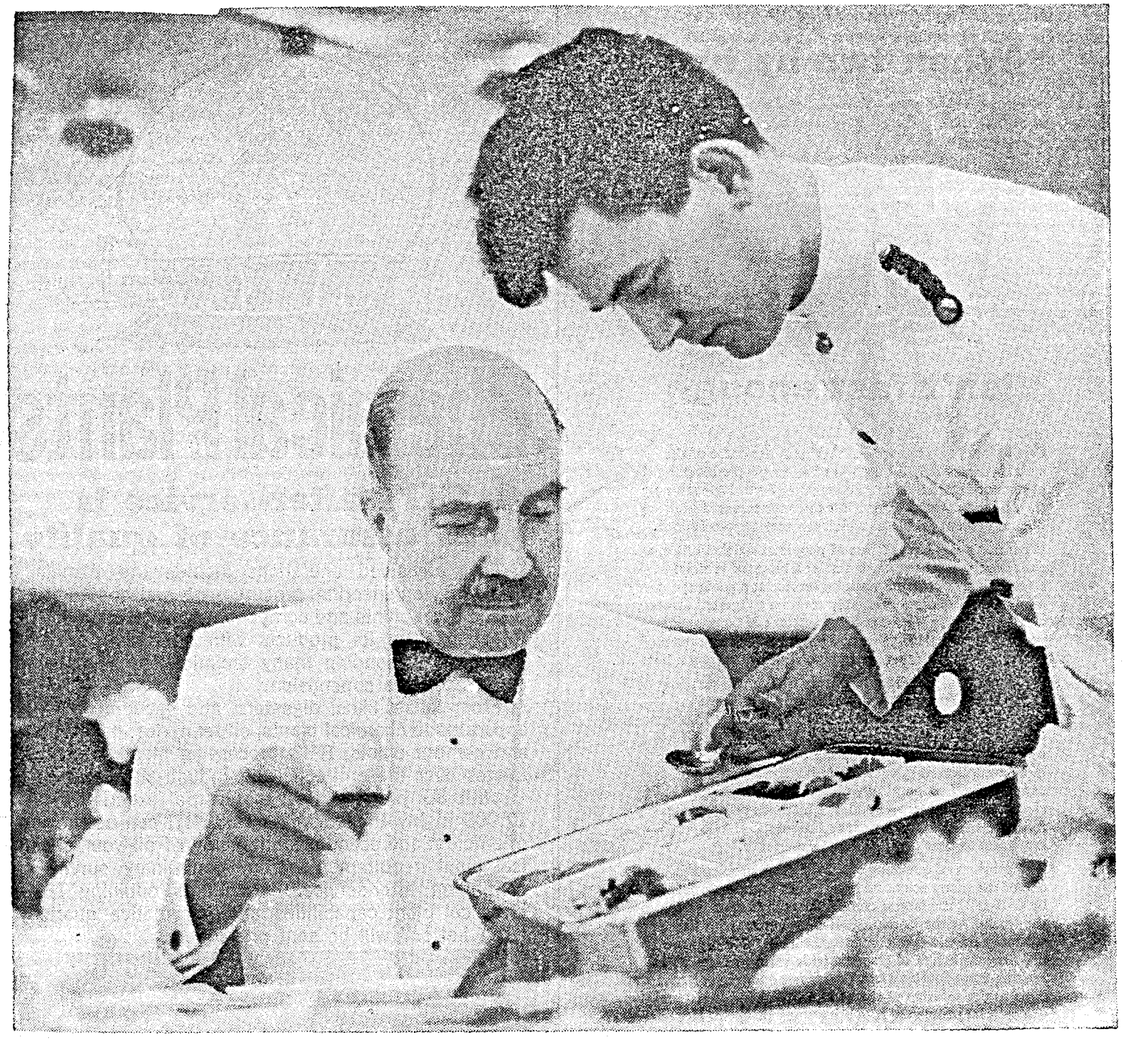


The Australian prime minister, Mr Menzies, has therefore described the proposal as "very constructive," and the Australian ambassador to the United Nations, Mr James Plimsoll, has welcomed it. The government, even if it had wished to do so, was in no position to complain. It has taken its stand on self-determination for the native peoples in both halves of the island, and it supports Dutch sovereignty over the western half meanwhile. But fearing to antagonise its neighbours the Indonesians, it has consistently refused to back up this theoretical support with any military guarantees. The Dutch are facing, with no promises of support from anyone, the likelihood of a military coup from an Indonesia already well-equipped with foreign arms and now expecting a big consignment from Russia. They must take what preventive action they can; and as such their plan is shrewd. If there is any substantial vote for it in the General Assembly, even if this does not amount to the two-thirds majority needed for action, it will become harder for Indonesia to try force, and more likely that, if it did so, the United Nations would call for a cease-fire.

The plan might thus spare the Australian government an agonising choice if the Indonesians should in fact resort to force: whether on the one hand to go to the help of the Dutch against a nation with which it particularly wants to be friendly; or on the other hand, to do nothing, thus allowing Indonesia to flout the assurances that it has more than once given Australia not to seek a solution by force. A United Nations administration of West New Guinea would be far better than either of these horrible possibilities.

Many Australians feel it would also be far better for Australia than the course advocated, to their regret, in *The Economist* of May 6, 1961 ("Perilous Half Island," page 526), namely that the Dutch should give the place away to the Indonesians. Two years ago the Menzies government declared that if, without duress, the Dutch and Indonesians agreed to a transfer of sovereignty, it would recognise the transfer. But if the transfer were made now, after the huge build-up of Indonesian arms, how could it be said that there was no duress? In this way, the Soviet arms would have done their work without even having to be used. They would not even have arrived. The Australian territories then would have exchanged the peaceful and co-operative Dutch for a neighbour who had learned that it pays to be belligerent. And after all the fine speeches that have been made about self-determination for the peoples of New Guinea, those in the western half would have been handed over like cattle, just as a few of them are learning how to govern.

The Dutch proposal may help to ensure that those few can be left to continue their work in peace. If they are given time they will shortly become experienced enough and articulate enough to convince other Asians and Africans that self-determination is not by definition self-determination against the white man. The crucial question is, does the Dutch proposal buy time? It is certainly a gamble. A heavy Dutch defeat might encourage Indonesian belligerence; and the prospect of growing support for the Indonesians might precipitate aggression instead of deterring it. As far as one can see at this stage, however, the gamble is not altogether unattractive for Australia.

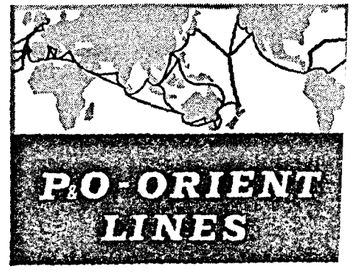


DECISIONS! DECISIONS!

He can buy up a mile of Mayfair or a stretch of Shaftesbury Avenue without batting an eyelid. But when it comes to deciding between the Stuffed Olives and the Anchovies he's stumped, flummoxed, helpless.

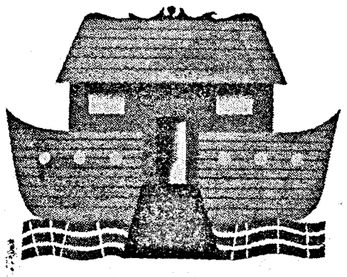
If you've eaten in a P & O - Orient dining room you'll know how he's feeling. How can a man make snap decisions when each dish looks (and tastes) more delicious than the last? How can he bark out an order when the stewards are so smilingly courteous, so obviously willing to wait till he's satisfied?

He's been basking in this state of indecision ever since he chose the lazy way out and took the roundabout sea route to those yearly Los Angeles talks—via Naples, Bombay, Colombo, Sydney and the vast and sunny Pacific. He's spent whole mornings wondering whether to have a swim in that glittering blue pool or exercise his new-found sea legs in one of those shamelessly invigorating deck games. Then of course, just when he's made up his mind (to do both) it's time for another delectable, challenging meal. Oh, well, there's always tomorrow!



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isn't fast enough

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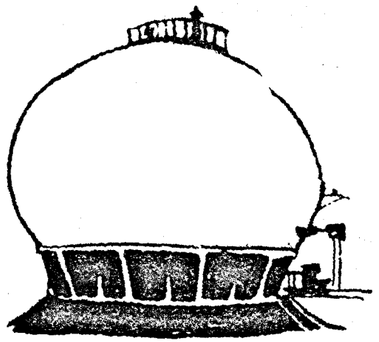
What can be done about it? Every individual queueing problem has its own peculiarities, which makes it impossible to lay down hard and fast rules. But mathematicians have evolved a fairly extensive Queueing Theory which provides a framework for the solution of simpler cases: more complicated queueing and bottleneck problems can be solved economically only by using high-speed electronic computers—by digital methods or by various forms of analog. To all such techniques C-E-I-R can bring to bear great skill and experience.

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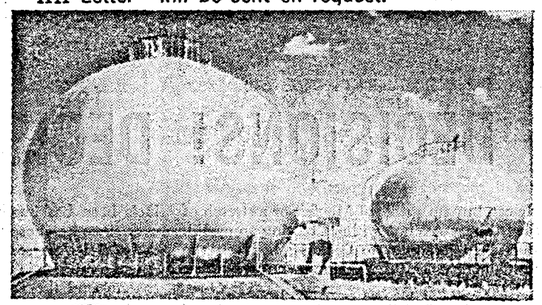
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New Patterns in Syria

FROM OUR MIDDLE EAST CORRESPONDENT

"IT is our fault." In these words a distinguished Arab scholar and supporter of President Nasser summed up his shocked reaction to the dissolution of the United Arab Republic. It is necessary to have lived some time in the Arab world to appreciate the significance of such an admission. Ever since the break-up of the Ottoman Empire after the first world war it has been fatally easy for Arabs to blame all their misfortunes on outside influences —British, French, Jewish, or "imperialism" at large. The failure of the union between Egypt and Syria must bring with it the growing realisation that while Britain and France bear a continuing responsibility for the mess in which the Middle East still finds itself, this is far from being the whole story. The Arabs themselves could have done more to mitigate the ill-effects of the political settlements that were imposed on them.

It is clear, and now generally admitted, that the Syrian revolution was a purely internal movement free from outside influences, except perhaps for the moral support of King Hussein. This in fact was a typically Syrian coup, with a handful of officers playing their traditional part as breakers and makers of governments. The reserve with which the British and Americans originally treated the new regime in Damascus caused some astonishment in Beirut, where it was remarked that two years ago Syria's secession would have been welcomed by the West as an exercise in cutting Nasser down to size. But the feeling among western officials today is that while, largely owing to President Nasser's moderation, the revolution has gone through remarkably smoothly, a weak independent Syria is bound to be a source of future instability.



Dr. Kuzbari: call for unity

No comprehensive policy statement has yet been issued from Damascus. In matters of detail it is possible to detect a clash of opinion between the civilian government and the officers who engineered the revolt. Although new army leaders have declared their unequivocal support for the government, they still retain the responsibility for safeguarding the revolution; and their views *must*, to say the least, be taken into account. With the exception of Colonel Serraj, who is now tasting some of his own medicine, all the outstanding figures on the Syrian political scene have now declared their support for the new regime. They range from the People's party on the right to the Communists on the left. The latest to fall into line is Mr Kuwatly, who as president of Syria announced the union with Egypt nearly four years ago, and by standing down then in favour of President Nasser acquired the honorific title of "first citizen of the republic."

The main political question now agitating Syria is the resumption of party activity. With the dissolution of the National Union last week, all parties are now banned. The contradictory reports from Damascus on this subject arise from the government's difficulty in making up its mind when, or if, party politics can again be safely permitted. On Wednesday, Dr Kuzbari called for a "unified national front" until after the elections. Despite this, the former party leaders are already busily doing their homework. Out of the inter-party consultations, two possible coalitions are beginning to emerge. On one side, the People's party is lining up with a right-wing faction of the National party. This group is composed of politicians who, though they always disapproved of the union with Egypt, did nothing active to oppose it. On the other side there is the possibility of a coalition consisting of the left-wing of the National party, led by Mr Sabri Assali, the last prime minister of independent Syria, the Ba'ath Socialists, under Mr Akram Hourani, a leading theorist of Arab nationalism, and an independent group led by Mr Khaled el Azm, the former minister of defence, who negotiated the Soviet loans in 1957.

All the indications from Damascus are that the new regime intends to liberalise the economy with a view to Syria resuming its traditional place in world trade. The only lasting remnant from the time of union may be the land reform programme, and even that may be significantly modified. In Lebanon future prospects are considered bright and the Syrian pound has jumped up in the Beirut money market. During Syria's union with Egypt it sank to the equivalent of 66 Lebanese piastres; within a fortnight it has risen to more than 81 piastres. Although speculation has played its part, the increase also reflects a genuine belief in Syria's economic future.

Tamil's Dilemma

FROM OUR CORRESPONDENT IN COLOMBO

THOUGH the release of the Federal party's leaders last week was received well by responsible opinion in Ceylon as a necessary prelude to the settlement of the language problem, the action itself has in no way altered the political situation. Indeed, it has placed the Tamil leaders in an embarrassing predicament. Mobbed and garlanded in Jaffna, the island's northern capital, and in other Tamil areas, these political detainees who had been incarcerated for organising a Tamil *satyagraha* campaign against the government's language policy, now face a serious dilemma. They must either defy the emergency regulations or acquiesce in the present state of things.

The first course may provoke stern reprisals. In any case, it is doubtful whether the traditionally docile Tamil would respond to any adventurist slogans with the necessary militancy. But passivity on the part of the leaders could induce in the average Tamil a fatal sense of resignation. For a party whose *raison d'être* is a federal state for Tamils (and during the demonstrations in March there was even a clamour for a separate state) any failure to keep feelings alive and the movement intact would be to court the danger of the Tamil minority seeking fresh solutions to their problems. It looks as if the Federal leaders have been compelled to give up the assured comfort of martyrdom in exchange for the perplexities of an uncertain future.

Any new signs of rebelliousness on their part will no doubt provide the government with an opportunity to show that it is the Federal party, not the government, that is being unreasonable. Fresh trouble would also justify a continuation of emergency rule. But the government's reasons for prolonging the emergency have already been challenged by all the opposition parties, including the Freedom party's electoral allies of the Left. Indeed, it was the Trotskyist Sama Samaja party which three weeks ago moved a resolution in parliament demanding the immediate withdrawal of the emergency regulations. It is possible that this debate, in which, for the first time since July last year, the government had to face a combined opposition barrage, influenced the cabinet decisions to withdraw some of the more stringent emergency regulations and to release the Federal leaders. Justifiable or not, emergency rule is no solution for the problem of the Tamil minority. Confident that it retains the support of the Sinhala rural population, the government can choose to live and let live with a permanently embittered minority, or it can explore ways of settling

the language issue. Even if it appreciates the wisdom of the second alternative, the government will tread warily. Its main opponent is the United National party, which conducted a virulent communal campaign during the general elections last year. Its chief charge against the Freedom party was that it had a secret understanding with the Federal party in order to win marginal Tamil votes in Sinhala areas. Any attempt now by the government to negotiate with the Tamil leaders, even to adjust genuine grievances over their language rights, can of course be exploited by the United National party, which is openly boasting today that the government will collapse in six months' time. The government is therefore unlikely to surrender the initiative on this issue to an enemy which is already on the offensive on the economic front and to a party which bared an ugly racialist tooth at the last elections. Thus negotiations with the Tamil leaders in the near future are unlikely.

The Freedom party's extreme sensitivity to this question was revealed in its ambivalent handling of the Rajaratna affair. Mr Rajaratna, a young Sinhala firebrand, was sentenced by the supreme court to one and a half years in jail for offences committed during the communal disturbances of 1958. He began to fast, on the grounds that he had been unjustly tried. His supporters canvassed for a free pardon from the governor-general. The government placed him under house arrest after the incident had provoked a demonstration by students and Buddhist monks. Finally, Mr Rajaratna was committed to prison to begin serving his sentence. This meant, under Ceylon election law, that he would not only lose his parliamentary seat but be disqualified for seven years. Then the governor-general, exercising his prerogative, reduced the sentence to two months. The reduction means that Mr Rajaratna can contest a by-election. He has placed his deposit as a candidate already. Nevertheless, it is doubtful whether the government will hold this election next month; under the emergency law, elections may be postponed.

The government has, however, other worries beside the language question. The opposition leader and other opposition parties claim that the emergency is being prolonged in order to contain the general dissatisfaction over the rising cost of living, food shortages and the new tax burdens of the August budget. Government circles believe the discontent has been grossly exaggerated. What-



Are Frogs Un-British?

FROM A CORRESPONDENT



DOUBTLESS a marginal barrier to Britain's entry into the common market is the leg of the French frog. "Frog's legs" epitomises British distrust of Frenchmen, and, by extension, of foreigners in general; they not even reinforce, they are used to justify, his insularity. In the last ten years or so garlic has become not only accepted, but in some circles worshipped in Britain. You can buy snails nowadays in tins in most English towns. But frog's legs are still out. In the interests of closer European association this attitude requires careful re-examination.

Like most prejudices, aversion to frog's legs is built on a number of false premises. To start with, they aren't legs. They are thighs. 'Cuisses de grenouille' they are called in French. Nobody ever eats any other part of the frog, and people who know what's what in France only eat them if they come from a particular species of frog of a particular age and a particular size. The taste only appeals to persons *'d'un tempérament délicat.'* In fact few people in France eat frog at all. Country people never eat them under any circumstances, and even in the towns, they say, the best customers are the hotels where the English and the Americans and the Germans go.

In Les Halles in Paris frogs' thighs are sold in a special section of the market. They are always sold by the dozen, and they come in two grades. One is called 'grenouille de parc,' and the other 'grenouille de pêche.' The first cost two or three times more than the second, and one might think from this, and the names, that the ones are cultivated and the others wild. Even this premise is false. All that the distinction means in practice is that the 'grenouilles de parc' are large specimens of the green aquatic frog (*rana esculenta*), and the others are either smaller-sized frogs of this ilk, or frogs of any size belonging to the three or four other edible varieties like *rana temporaria*, or *rana agilis*.

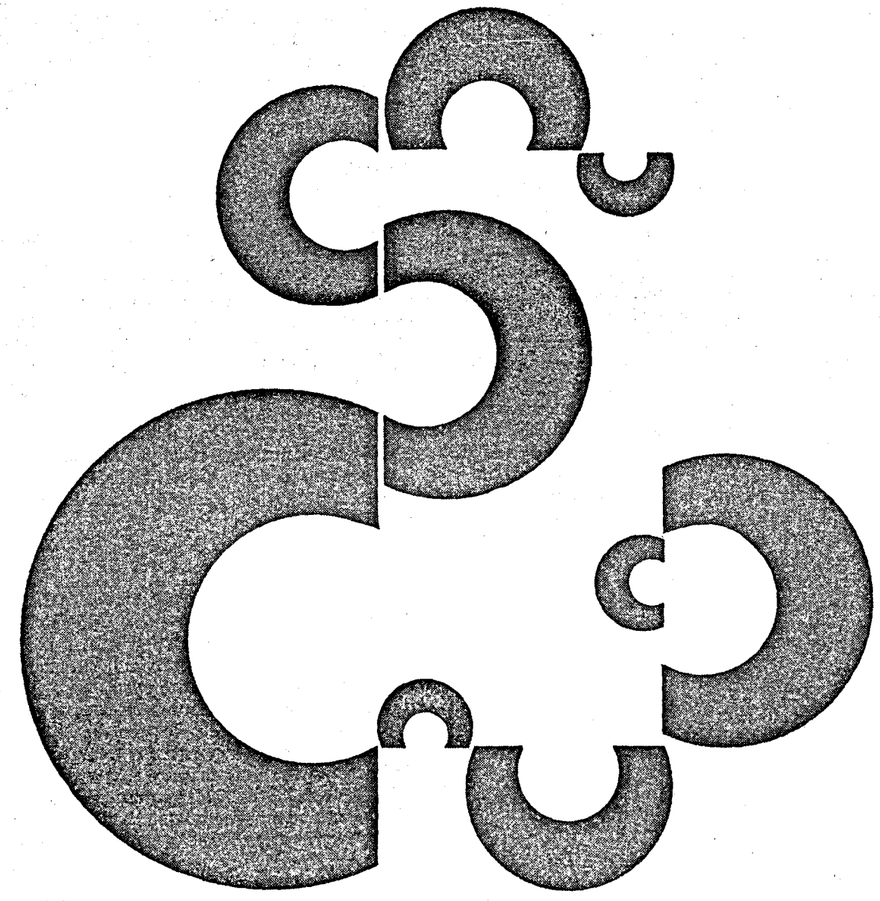
In fact frogs are not cultivated now in France at all. One authority on the subject, writing before the 1914-18 war, when France was really French, heard tell of a frog-farm of one hectare where the owner made a profit of 5,000 (pre-1914) francs a year. "But," he adds, "nous avons l'incredulité de Saint Thomas." Nowadays all the green frogs eaten in France are fished for from streams and canals and ponds with nets, the mesh being regulated by law; with lamps; or with a rod and line and a piece of red cloth as bait.

Frogs are normally caught in the summer or the autumn. During the winter frogs, like snails, go into strict hibernation, and in the spring they are still thin and tasteless from the solitary, celibate months. In the spring too they mate, for up to a fortnight on end, and their capture during this period is regarded as unsporting; in some areas it is even illegal. The best years of a frog, from the gourmet's point of view, are from four to six.

The best edible frogs in France come from La Vendée, and the best frogs in La Vendée, according to those esoteric experts Thévenot and Lesourd, come from the artificial canals and lakes which are used round St Hilaire de Vicz for the rearing of Rouen ducks. Inferior qualities of edible frogs come mostly from the north and north-east of France between the Pas de Calais and the Marne.

Even in France frogs are only eaten by specialists. About 20,000 kilos of frogs are sold in the highly centralised Paris markets a year. At an average first quality thigh weight of 20 grammes a frog this means no more than a million frogs, or less than one frog to every forty-five Frenchmen a year. This seems a flimsy basis on which to build a national prejudice.

In anticipation of the future, some French firms are already exporting frogs' thighs in tins. To encourage sales in Britain part of the labels are printed in English with the information that the calorific value of frogs is 55.27 per 100 grammes. The name of the product, however, on both sides of the tin is wisely left as 'Cuisses de Grenouille.' The price, for a 7¼ oz. tin, is around 13s. 6d. It looks as if, for some time at least, only a few of us are likely to be corrupted.



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ever the attitude of the middle classes and urban population, the government hopes that the rural masses from whom the Freedom party draws its real strength have not been affected seriously by the new measures. But any test of public opinion is difficult under emergency conditions. Trade unions both in the public and the private sector have voiced strong protests against the budget. The salaries commission appointed by the late Mr Bandaranaike in 1958 recently issued a report recommending salary increases to many public servants. Now the finance minister tells the public servant that these proposals cannot be implemented in the present financial crisis. Public servants, on the other hand, face a four per cent deduction from their salaries at the end of the current month as a national development tax. The unions have called it a euphemism for a salary cut. Trade union pressure and the progressive disenchantment of the hard core intellectuals in the Trotskyist Sama Samaja party have led to a loosening of bonds between that party and the government. While the small but very articulate Communist party is content to jog along with the government, the much bigger Trotskyist party, the other member of the electoral troika, has become increasingly restive. This is the first major political development in Ceylon since the last elections. Memories of the rout of March last year, when Sama Samajists made a bold bid for power, and fear of a revival of the right-wing United National party, keep the Trotskyists within the fold, but relations are getting strained. If events, and the present right-wing tactics of pushing the extreme left into open opposition to the government, result in a severance of ties between the Trotskyists and the Freedom party, then the government may face trouble on a new front—the labour front.

South African Progressives Between Two Fires

FROM A CORRESPONDENT IN SOUTH AFRICA

ALTHOUGH the non-white majority in South Africa will not vote, they will dominate the elections on October 18th. Everyone agrees that the elections are being fought over whether and how political power should be shared with them. Dr Verwoerd, speaking in the intellectual home of Afrikaner nationalism, Stellenbosch, on October 4th, claimed that only his policy of separate development, which is supposed to give the non-whites political rights in their own "streams," could at least ensure that a bit of South Africa would remain exclusively white. Sir de Villiers Graaff, leader of the United party, the "traditional" opposition since the Nationalists came to power in 1948, believes that this fragmentation spells the doom of the white man. The United party holds that its racial federation plan—which in many respects is a vague reaction to Bantustan (separate development)—is the only one which extends, and at the same time places a ceiling on, non-white rights in accordance with its "white leadership with justice" policy. Finally, the liberal Progressives, who broke from the United party two years ago when it took an unashamed swing to the right, foresees, in the words of Dr Zac de Beer, "a dreadful racial clash that might result in black domination of the worst type" unless the Progressive plan for equal rights for all civilised and responsible people is adopted.

There is no doubt that Dr Verwoerd will win the election. The real interest lies in what success the Progressives will have. The Nationalists have made it clear that in calling elections eighteen months before the statutory time for them their object is to eliminate the Progressives from Parliament, where they had twelve members, all originally elected as United party candidates. This would make the republic safe for *apartheid*, by restoring white politics to its familiar conservative setting. Mr B. J. Vorster, the new "strong man" minister of justice (he was interned by the Smuts government during the war), has by implication allocated the task of wiping out the Progressives to the United party. Observers deduce from this strategy that the Nationalists regard the Progressive party as a greater threat, or potential threat, than the United party.

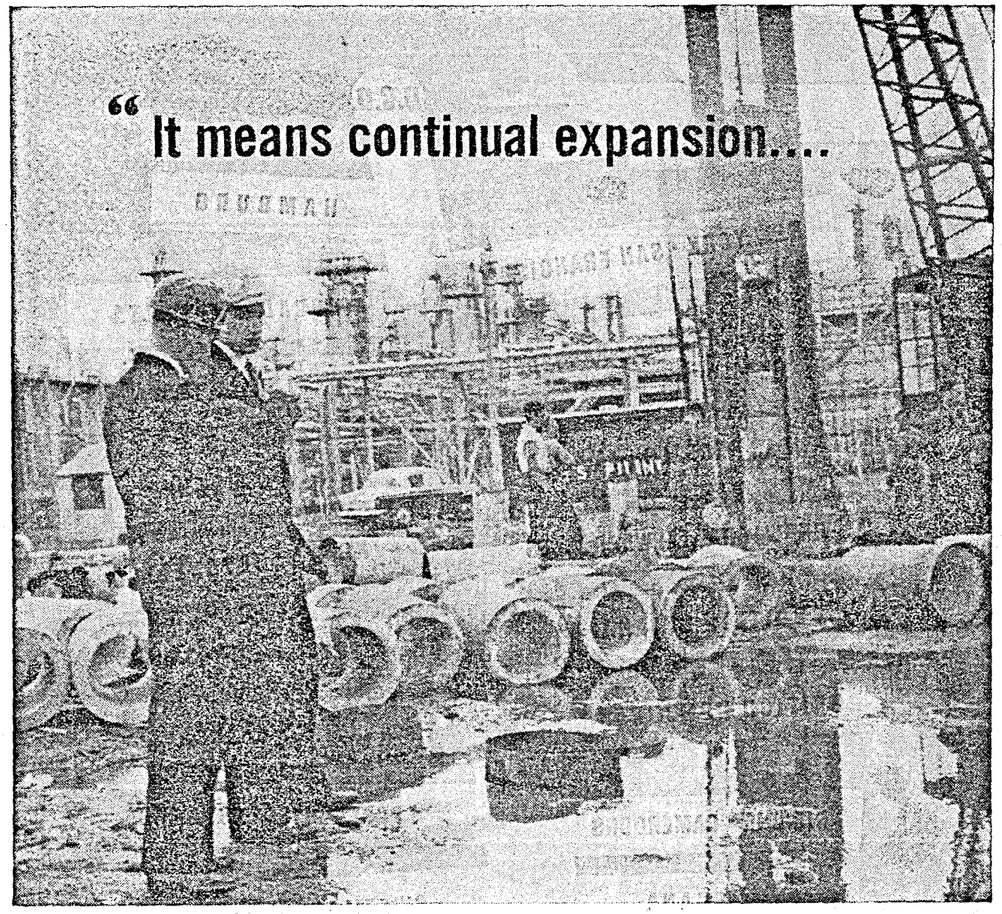
The United party is directing most of its energies to fighting the Progressives. It is using the most blatant "black menace" propaganda to suggest that if English-speaking South Africans support the Progressives their daughters will marry—even swim with—"natives." This spectacle amuses the Nationalists very much: to see the English section of the country engaged in a bitter and personal feud is a rare phenomenon in South African politics. It will be a tragedy if the Progressives do not win a seat, but even the most optimistic of their officials predict that they can win no more than three of the 24 seats they are contesting.

The non-whites, generally, are taking little interest in the campaign. But there are signs that the African political movements, which have been forced underground since the Sharpeville shootings by bans on the African National Congress and the Pan-African Congress, are planning further demonstrations during the next few months.

EVENTS in the outside world, and in Africa in particular, have again influenced the elections. At the time of the referendum which gave Dr Verwoerd so slender a mandate for his republic a year ago, the single shouted word, "Lumumba" probably did more than any other slogan to secure the Nationalist victory. In this election the Nationalists have included another Congo allusion —"Tshombe"; not Tshombe the despot or obstructionist, but Tshombe the hero, whose state was the only "stable" one in black Africa before the United Nations hordes descended.

Dr Verwoerd is particularly worried about the United Nations, which has been attacked with incredible vigour by the Nationalist press. He knows well that the UN action in Katanga could be a portent of "police" action in South West Africa. On October 6th Mr Eric Louw, the foreign minister, reported to the nation on the position as seen from the United Nations, where he is South Africa's chief representative. He said that in the UN an attack was being made by the Afro-Asian world on the "white man" in South Africa. Mr Louw has found that opinion in the world organisation is hardening to a point where mere resolutions condemning *apartheid* may not suffice. The newly elected president of the General Assembly, Mr Mongi Slim, annoyed Mr Louw at the beginning of the session by saying that peace continued to be seriously threatened as long as the hideous spectacle of racism was not banished forever. The people of South Africa would have to give full rights to the non-whites, he said. All this suggests strongly that South Africa may soon be forced to leave the United Nations; Mr Louw has already hinted as much.

Meanwhile, South Africa proceeds steadily on course towards a garrison state. Unemployment among whites as well as non-whites is increasing; the defence minister, Mr J. J. Fouche, speaks as though a war with the "communist" world (and this includes the African and Asian states) is about to break out. The republic has been suspended from the Federation of International Football Associations as a result of discrimination in soccer. The Nationalists are clamping down on Afrikaner intellectuals and clergymen who find *apartheid* an inhuman doctrine. A Pretoria University theologian, Professor A. S. Geyser, has been charged with heresy by some of his students, and the "moderates" have been removed from the executive of the Afrikaans Bureau of Racial Affairs.



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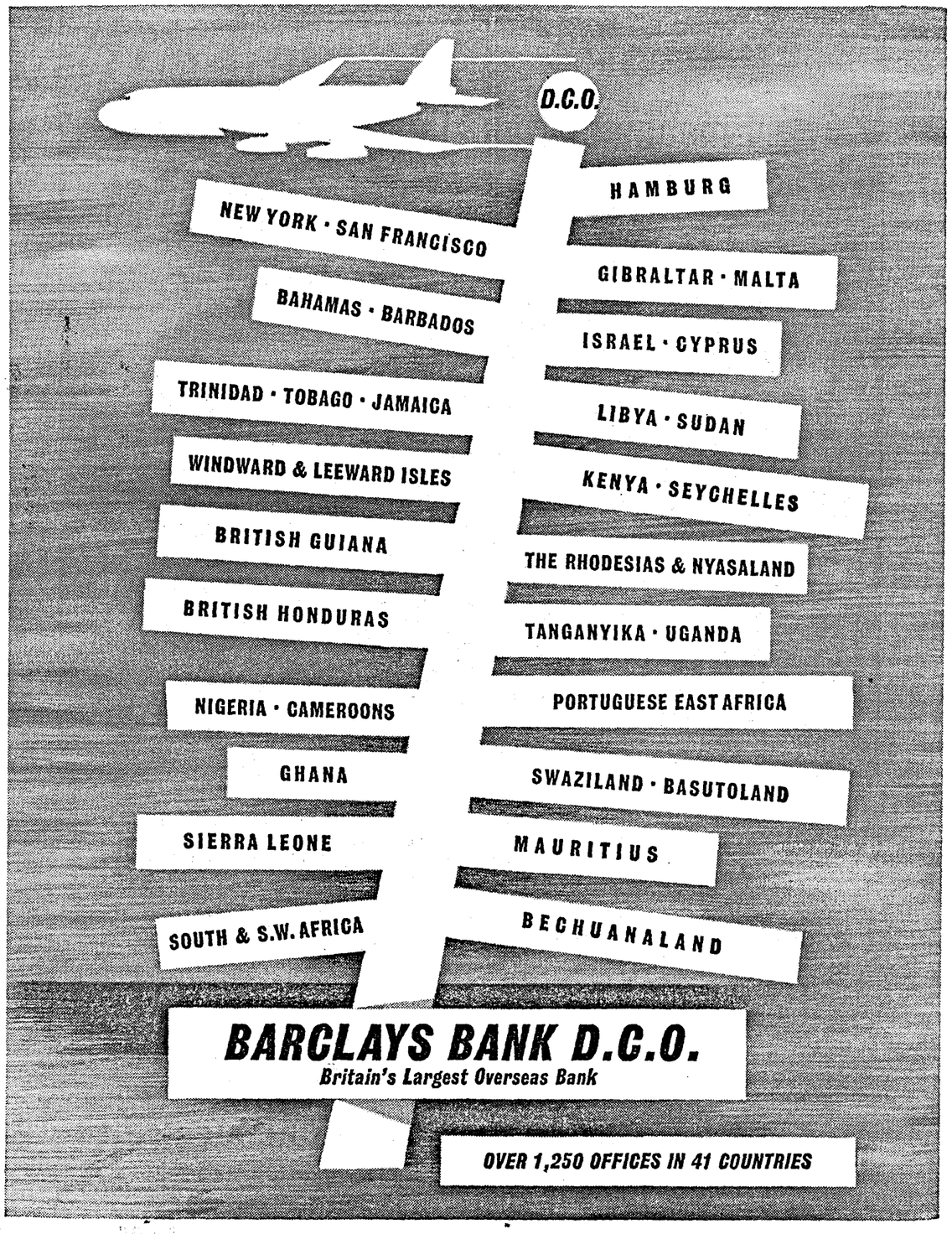
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THE BUSINESS WORLD

The Investor's Loaf

WHILE the cult of the equity prevailed, it was too easy to forget that investment is a venture into the unknown. One could "buy the index" and cover up the mistakes with the splendid successes. Now the whole index is behaving in a troubled way, and looking by no means confident about the so-called resistance points of 350 for *The Economist* indicator and 300 for the *Financial Times* index. In this groping mood equity prices last week touched the year's lowest levels and the subsequent rally was so lacking in thrust that prices fell to new lows by the middle of this week.

Other markets, on the Continent and on Wall Street, have been more affected than London by the shadow of the Berlin crisis. While every increase in defence spending has given another boost to the American economy each darkening of the shadow has brought prices down. Now, with common stocks below their peak and with the dollar again coming under pressure, Wall Street is less confident than it was of a continued market boom. Wall Street's concern, and the uncertainties of international politics themselves, afford no firm base for confidence in London. British domestic politics have so far had less effect but, in this season of conferences, Throgmorton Street has begun to recognise that a Tory administration might not be returned to office at the next election and to take notice of the twitchings of the opinion polls.

But the economic uncertainties are more perplexing than the political ones. One major question that will govern the stock market in coming months is whether Britain succeeds in negotiating entry into the common market and on what terms. If it happens, British industry will have wider opportunities and the stimulus that the British economy cries out for will be applied, but the pressure of competition will be intensified too. If the negotiations fail, Britain will be even more distant economically from the Continent and will face a formidable challenge in third markets. Neither prospect can please the investor holding shares in a comfortable but second-rate company. Nearer home, the Chancellor has taken pains to emphasise that the squeeze is still on, though the almost certainly premature reduction in Bank rate may foster the dangerous illusion that Britain is already on the mend. The effect of the Chancellor's policy has been to tighten the rein on those sectors of the economy—the motor and consumer durable industries are examples—that were not stretched out fully. It may well be that the economy is behaving no worse than had been expected and that some growth in industrial production and a swing to a more favourable balance of payments are in prospect. But that leaves two questions unanswered. Can Britain secure the needed rise in exports, which the Bank of England puts as high as 10 per cent? And will the Government's policies succeed in keeping prices and costs down? The test will come in this winter's wage disputes. The worst possible combination for a company that has been working close to capacity would be a strike, disrupting its output and pushing overhead costs up, followed by a wages settlement that further squeezed its profit margins.

How far can investors translate these doubts and uncertainties into estimates about profits and dividends? Profits reported so far this year have been patchy. The latest analysis, which is set out in detail on pages 182 and 183, relates to 546 companies reporting in the July-September quarter, whose accounts were drawn up mainly to March 31st or later. Combined trading profits of these companies have risen by £29 million to £431½ million—a rise of 7¼ per cent, which is slightly bigger than that reported in the second quarter but less than half of the increases recorded in the four preceding quarters. Among the leading groups, the more-than-average increases reported by breweries and distilleries, food, shops and stores and building have been partly offset by less-than-average increases in engineering and miscellaneous manufacture. And, almost without exception, these industries are earning a lower return on the capital they employ. Net equity earnings have fallen a little, but slightly more was paid out in dividends. Hence, quite apart from the Chancellor's request for a dividend freeze, there would be little room for further increases in dividends.

Profits reported in the coming months are likely to remain patchy. Companies working close to normal capacity—for example, in food, brewing, building supplies and some sectors of the engineering industry—may earn higher profits. Companies working below capacity—for example, in the motor and consumer durable industries—are likely to find the burden of overhead costs dragging their profits down. There are also signs—ICI's interim report provided one—that the effects of a reduction in production on profit margins are spreading outside the industries

HOW YIELDS HAVE CHANGED

	Mid-Dec. %	Mid-May %	Mid-Oct. %
APC	3·2	2·3	3·5
Beecham	3·2	2·6	3·1
Boots	2·0	1·8	2·0
Distillers	3·6	2·9	4·1
GUS 'A'	4·0	3·1	3·9
Guest Keen	3·8	2·9	3·9
ICI	3·3	3·3	4·7
Marks & Spencer	2·1	2·0	2·2
Metal Box	3·3	2·3	2·9
Unilever	3·0	3·0	3·3
British Ropes	5·0	4·0	6·0
Geo. Cohen	5·2	4·3	6·3
Murex	6·0	4·6	6·5
Revertex	5·5	4·0	4·7
Renold Chains	5·7	4·2	4·8
Stone-Platt	5·5	4·7	6·4
Sunday Pictorial	6·1	5·7	6·2
Venesta	5·6	4·9	6·0
Allen West	5·4	5·2	6·3
Wiggins Teape	4·9	4·1	5·0

immediately concerned. A rise in production and productivity in the coming months could lead to slightly better margins in the future, but that is not the posture of British industry at this moment.

All this gives point to the evident reluctance of investors to reverse their go-slow policies. In recent months they have not sold equities heavily, but they have not bought them eagerly either. Should they not turn instead more willingly to the gilt-edged market? This market has more friends than it had and if the authorities really believe, as some of their recent actions and words might suggest, that 7 or even 6½ per cent is a crisis rate and should be reduced to a more "normal" level (5 per cent?) as soon as it seems safe to do so, the gilt-edged market could gain many more. But there are two big snags here. First, the credit squeeze is putting as much immediate pressure on fixed interest stocks through new issues, such as that announced by the LCC this week, as it is upon equities through rights issues. Secondly, doubts whether the Chancellor's dose will cure Britain's economic troubles have even more relevance to gilt-edged stocks than they have to equities. There is at least enough uncertainty on this point to restrain private investors from leaping into the gilt-edged market. If another exchange crisis occurred, gilt-edged stocks would suffer a whirlwind.

THE lack of a copper-bottomed alternative for investible funds partly explains why another dramatic fall in equity prices seems improbable. At current levels, it is fair to say, equity values have caught up with postwar price levels; and it would not be reckless to buy equities at to-day's prices for the long term. In the 1950s the value of equities was underpinned by institutional buying. Now the character of the buying has changed with the life offices rather less eager and certainly more discriminating than they were in adding to their equity holdings. At the moment, certainly, the returns on fixed interest securities are acceptable to the insurance offices and their further commitments in equities are fully assured by the shares that come on offer in new issues. In the future, therefore, institutional buying of ordinary stocks in the market may depend more upon the further growth of pensions funds and less on orders from the life offices. Buying from such sources is unlikely to be dramatic in its effect; but it does give a foundation for the industrial market.

The course of prices over coming months will rest more than usually in the hands of private investors. Of these, not the least important are trustees with their newly-won freedom to invest in equities. But they are asking whether, given present uncertainties, they should continue to hold their hand or whether they might start to buy in the winter in the expectation of some economic recovery and an easing of the squeeze in the spring. One might venture the prognosis that if things go badly in the short run prices would continue around present levels rather than collapse; on more optimistic assumptions, prices could rise; certainly to-day's dividend yield of 5½ per cent on leading equities is more in tune with economic facts than the 4¼ per cent average at the height of the boom in May. So long as he keeps his fingers crossed, an investor might think it plausible to expect a slow, hesitant and undramatic rise.

But what to buy? Since the collapse of the boom in May, it has largely been the defensive stocks—tobacco, brewery, food, insurance, investment trust and stores issues—which have lost the least ground; the cyclical shares—chemical, engineering, motor, building material, machine tool and steel—have lost the most. But it may be wondered whether the virtues of defence cannot be overdone. For examples, the yields on some of the supermarket shares look thin and make little allowance for the high cost of conversions and for increasingly savage competition in the retail trade. Yields on some of the composite insurance office shares look several valuations ahead. And yields on some of the property shares assume as fierce and as profitable rates of development in the future as in the last few years. Cyclical shares, on the other hand, are what they are and if investors turn to thoughts of an economic recovery, they will have to include them in their considerations, even though currently earned profit margins are uniformly depressing.

DECLINING RETURNS*

	GROSS		NET	
	Previous year	Latest year	Previous year	Latest year
	%	%	%	%
Breweries	22·9	24·9	12·4	11·2
Shops	25·5	24·5	12·1	11·1
Building	20·5	20·1	9·8	9·4
Food	20·2	19·3	10·3	9·7
Paper & newspapers	17·6	15·6	7·9	7·0
Engineering	15·1	13·8	7·2	6·4
Electrical manufacturing	16·0	13·4	8·3	6·4
Iron & steel	11·4	12·4	7·4	7·1
Miscellaneous manufacturing	19·3	17·7	9·4	8·5
Other companies	20·3	19·6	10·5	9·8
All groups	19·2	18·2	9·6	8·8

*Equity earnings, before and after tax, as a percentage of net equity assets.

For the first time in a generation, the investor can no longer rely on the cult of the equity to bail out his mistakes, or allow his actions to be governed by such catch-words as "a hedge against inflation" and "growth." More than ever, whether Britain joins the common market or not, he will have to sort out those British companies which can stand a competitive pace and show the qualities of a middle-distance runner—staying power and a reserve of energy, capable of imparting a "kick" when the other runners are at full stretch. Essentially this is a quality of management, which is easier to assess than to measure. But it must mean paying attention not merely to earnings and dividends yields but also to long-ranging statistics of profit margins on sales and the returns on capital employed. When this latter yardstick is applied to a number of companies of supposedly top class, it is dismaying to discover so many cases of non-growth. Such sober appraisals may not appeal to the speculator, looking for the next popular favourites; if he has money to gamble with, he might look outside British industry—to the newer South African gold mines, say, which, if politics could be forgotten, are undervalued in terms of their economic potential. For the investor prepared to hold on, for some time, the self-evident and unexciting conclusion is to look for the equity with the better than average record in profit margins and rates of return over a fair period of time. This could be an opportune moment to start the search not for "growth" stocks but for competitive equities—though probably not yet the buying.

Choosing Targets for Gas

DURING the last few weeks the Treasury and the Ministry of Power have been considering what rate of return on capital ought to be earned in the gas industry during the next five years. By now these ministries, having taken into account views from within the industry on this rather crucial matter, may well have answered with details of what Whitehall has decided. Gas seems to be one of the first nationalised industries to complete this target-setting exercise, inaugurated this autumn under the Government's new policy for these industries; though it was not completed quite as soon as the ministry hoped in June. But the exercise for gas will have differed somewhat from the parallel exercise for coal—or even for electricity. It has involved settling bogey rates of return not for one monolithic industry, nor even for an industry in which the fortunes of the wholesaler and the retail distributors of fuel are necessarily interlinked; but for twelve biggish self-contained businesses which are highly diverse in size, operations, problems and opportunities. The rates of return that the twelve area gas boards will have been required to earn on their capital will not, under the present dispensation, be published until their next annual reports unless any of them has to alter gas prices because of it and tells the public why. (This is an odd and probably unwise arrangement applying to all public industries: is the public to wait until particular chairmen in these industries happen to mention the "target" rates they have been set?) But one can safely assume, in the gas industry, that these boards will not all have been set the same target.

This diversity of the publicly-owned businesses that run the gas industry in Britain is an element that sets it apart from its nationalised competitors and suppliers in fuel. The point comes up as inevitably in considering their annual financial results, as in reading their published evidence to the Select Committee on Nationalised Industries (both of which happen to have been published this week). Different gas boards' turnover in 1960-61 from selling gas and by-products varied from under £9 million to nearly £55 million; their capital employed varies from £24 million to nearly £109 million; and after paying interest the boards' results ranged from a deficit of £460,000 to a surplus of £680,000. In physical operations, these businesses range from one that has more gas available than it can sell in its own area and "exports" a little, through others that buy almost as much gas as they make, to one that makes practically none of its own gas and relies on purchasing 90 per cent of what it sells. These financial results of independently-managed boards are what lie beneath the statement that "the gas industry earned a surplus of £2 million in 1960-61," which is not much more than an aggregate of them.

Such diversity and decentralisation of structure gives the gas industry perhaps greater strength at the points where it does its ordinary business than some of the industries, also often nationalised, with which it has to bargain. It does not give it equal strength at the top when it comes to things about which bargains have to be made—or political manœuvres have to be deployed—centrally. The Gas Council has certain formal financial powers (such as the power to issue stock which is no longer issued); considerable advisory influence with the boards and the Minister; responsibility for collective research. One area board chairman, in evidence to the select committee, likened it to a trade association; and its rôle is indeed analogous to that played by the British Iron and Steel Federation before the steel nationalisation episode, if perhaps a little weaker. It has certainly none of the teeth now possessed by the Iron and Steel Board in the largely privately-owned steel industry. Much of the recent controversy in this industry has focused or impinged upon the question whether the Gas Council, or some other central body, should now be given more decisive responsibility in some parts at least of gas supply in Britain.

The Select Committee on Nationalised Industries, this summer, suggested that greater central power was needed for the promotion of unconventional kinds of gas supply and perhaps gas transmission. It felt that this should be put into the hands of "a thirteenth board," with special responsibility for developments that needed—as some will—to cut across area board boundaries. The Gas Council, or at least the two members of its fourteen who are not chairmen of area gas boards, not surprisingly agreed that this central power was needed but thought that the council itself should have it, with power to require the area boards (i.e. the other twelve members) to take, if necessary, nationally-distributed gas rather than make their own. The Ministry of Power, now as in its evidence to the select committee earlier this year, appears not to wish to create too much central power over what it, like the committee, considers for the most part a group of pretty well-managed businesses. It has talked vaguely about a thirteenth member, without a new board, on the Gas Council, with the job of promoting the development of new and cheaper forms of gas supply. Whether he would have any powers to require area boards to fit in, or would be expected to rely simply upon the economic attractions of these new supplies, does not emerge from the Ministry's evidence. Obviously it might; these local businessmen have a sharp eye for a bargain. But deals between boards buying and selling these new supplies, for example, might involve some horse-trading in which the Gas Council's influence became somewhat remote.

DECISIONS whether the gas industry in Britain needs a somewhat different shape, and if so what that shape should be, are probably dependent upon technical decisions about what the new gas supplies can and should be—which are at present engaging the Cabinet, no less. The Gas Council's application to import liquid methane in refrigerated tankers from Algeria, under a contract already initialled with a tanker company owned partly by Royal Dutch/Shell and with a semi-nationalised French gas company operating there, has been with the ministry for some months now. The minister was at pains, before the Parliamentary recess, to emphasise that he did not need to delay his decision on this application until a report was received from the joint study by expert contractors, financed by the Gas Council and the National Coal Board, into the economics of complete gasification of coal in large-scale Lurgi plants on the coalfields. But the

decision has still not been announced, and Sir Henry Jones, chairman of the Gas Council, this week deprecated suggestions that this meant undue delay. The Algerian situation may not encourage hastiness—though there are many other places with gas where refrigeration plants could be built if necessary.

While such technically attractive possibilities dangle before the industry, and its existing plant grows steadily more obsolescent and uncompetitive with the kinds of price at which other energy industries can sell fuels of convenience, capital investment is not easy to plan; nor is it easy to prescribe in advance what sort of return this industry ought to be earning. In the evidence before the select committee now published, chairmen of different gas boards expressed different views about town gas from methane and/or Lurgi—and not always quite the views one might have predicted from an outside view of their boards' geographical and commercial location. "The gas industry's view" becomes as shimmering as "the gas industry's financial result for the year," and as hard to sum up realistically. This may well have been partly responsible for the select committee's own ambivalence of attitude on these technical issues, in spite of the fact that much of the figuring it reproduced in its report tended to emphasise the indubitable uncertainties of Lurgi economics.

For the present, beneath the levels of governmental approval for developments requiring large-scale imports and/or large-scale investment in new kinds of plant, the business decisions in this industry continue to be taken by the twelve businesses in it, individually rather than in concert. One effect of the select committee's report may have been to make the chairmen of these businesses look somewhat critically at the possible new forms of central organisation that it and others would like to have interposed into the pattern of their industry; and this could indeed affect their attitudes towards the technical possibilities open to the industry. One wholly welcome result already from the impact of the liquid methane proposals, as has been said before in these columns, has been that it has scared other offers of cheap gas into the market. The Coal Board's active interest in the Lurgi process, and in possible forms of cheap hydrocarbons to enrich it, might also claim some of the credit for adding to the alternatives; some of the cheapest gas or oil fractions that are being offered around Britain today were originally offered for Lurgi enrichment. This does not mean that the only way to use them would be with the lean coal gas that Lurgi might make available; some of them are attractive for "re-forming" into town gas in their own right, as methane can be.

Below the political level at which the Gas Council and the Coal Board seem in a sense to have become deadlocked, these businesses whose job it is to supply gas, whether they make it out of coal or oil or buy it from coke ovens or refineries, have been considering these other possible suppliers. Several gas boards appear to be in touch independently with suppliers of naphtha or propane, both of which, in the volumes required to achieve the prices now being quoted, would also have to be imported; one is said to have sent a mission to the United States to discuss the technical aspects of supply, as the North Thames Gas Board did off its own bat some years ago when it originated the whole liquid methane project for this country. It would be possible, if unlikely, for these fresh offers of cheap gas to leave economically high and dry, both of the contenders over which so much political heat has been generated. What is certain is that in this industry's future sources of cheap gas, as in everything else about it, there may be more diversity than now appears on the surface.

BUSINESS NOTES

BUSINESS OPINION

Falling Orders

MR SELWYN LLOYD may choose to find some encouragement in the results of the latest survey taken by the Federation of British Industries. By a large majority the 686 top businessmen who earlier this month recorded their opinions felt less optimistic about the general business situation than four months ago. But the gloom was not shared by exporters; those feeling more pessimistic about export prospects in the year ahead were just outnumbered by those who sensed an improvement. In short, from these answers, export prospects seem to have kept up but home demand to have slackened. On the other hand, there seems to have been a deterioration in order-books even for overseas, more firms reporting a decline in the rate of new orders received for exports than an increase.

The downturn in the rate of new ordering for the home trade appears even more marked and more firms reported a shortening than a lengthening of total order books. The replies to the questions about orders suggested a much less satisfactory seller's position than in June and a slightly less satisfactory one than in February. Looking to the future, these industrialists are still worried about skilled labour; but their biggest anxiety now concerns immediate demand. Nevertheless, in the past four months, orders seem to have been sufficient to keep output rising, although it would be risky to assume that these surveys can reflect the trend accurately. Of those industrialists recording any changes, a majority still said that both output and employment had gone up in the past four months, but the upward balance was less marked than in June. At the same time, the answers suggest that capacity has increased faster than output: half the firms were considered to be working below a satisfactory full rate and many had more unused capacity than in June.

For the first time since February 1959 a majority of firms reported that they expect to spend less on plant and machinery in the next twelve months, as well as less on buildings. Some tailing-off of the investment boom was already expected; on the other hand, expectations are by no means always realised. For some time, these businessmen have been forecasting a fall in stocks. And yet, contrary to expectations, more firms have reported a rise than a fall over the last four months in stocks of both raw materials and finished goods.

MONEY AND EXCHANGES

Bank Rate and the Pound

BANK rate was reduced by ½ per cent last week in order to discourage an inflow of funds to London and an outflow from New York. This week sterling has touched a new peak, the inflow of money has continued and accelerated, and pressure on the dollar has manifested itself in a revival of interest in gold. None of this should surprise anybody: what is surprising is that anyone at the Bank of England thought it might be otherwise. Now the City is already talking about "the other half"; but if London interest rates are really to be aligned with foreign centres the authorities will have to go much further than that. Their little, glossed-over Bank rate cut has started something.

The fall in the spot rate at the end of last week proved to be purely technical—reflecting the lengthening of the normal delivery period of two days for foreign exchange, which gives the buyer one or two days more in which to deploy his funds. This week sterling has again been in strong demand. There is still a backlog of commercial transactions in sterling which were delayed during the crisis. Banks in New York (though not on the Continent) are still believed to have a substantial bear position in sterling, so that commercial demands for sterling as they come forward tend to have a sharp impact on the market. It is much more difficult to assess the volume of balances that have returned to London for short-term investment.

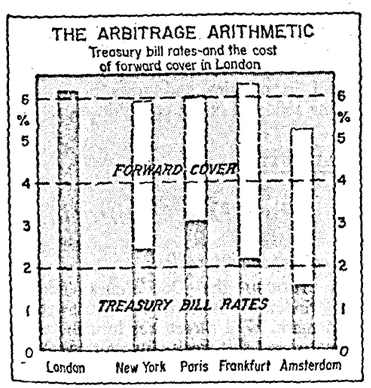
In the City this week much has been said about returning hot money. The gilt-edged market talks of it. The discount market reports substantial enquiries for Treasury bills from German banks; the gilt-edged market and brokers in local authority mortgages report large offers of money from merchant banks—through which the bulk of overseas money entering the mortgage market is routed. Dealers in foreign exchange, however, are less sure that they have seen the money yet: enquiries are another thing.

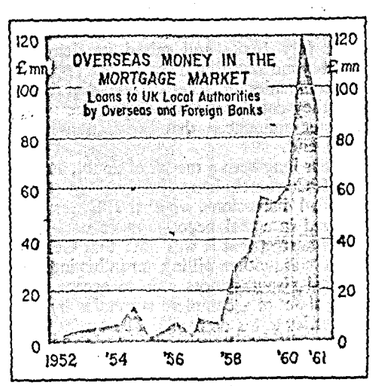
The present situation in arbitrage is intriguing. On the one hand the absolute margins in favour of London are extraordinarily wide, ranging up to 3½ per cent and more. On the other hand these are neatly offset by the cost of forward exchange cover. This week the forward exchanges were adjusted almost exactly in line with the cut in London short money rates, which followed the ½ per cent cut in Bank rate fairly closely (see page 184). Thus the differential on covered arbitrage was hardly affected: against the guilder indeed the forward margin has narrowed by the equivalent of as much as ¼ per cent, but this reflects a simultaneous tightening in the Dutch money market.

Confidence and the Dollar

ON one view, the Bank rate reduction has actually given a stimulus to foreign funds by acting as a demonstration of confidence, encouraging more operators to chance their arm and invest without forward exchange cover. As far as can be seen such operations are slow to reappear. The German and Dutch revaluations of last March have left painful wounds here, and some German banks, for example, have forbidden their exchange dealers to take any open investment positions abroad. At the same time, it should not be forgotten that there is never any single interest rate differential. Thus local authorities in the London market are now paying 7 per cent for 7-day money, almost a full point above the Treasury bill rate, while merchant banks anxious to tap foreign funds to feed into this market are offering rates of 6⅛ per cent for a one-month *deposit*—which is getting on for two full points above the 7-day deposit rate of the London clearing banks. In one way or another it seems clear, from the behaviour of sterling, foreign money is returning to London, if not yet in the proportions of 1960—when there was a margin of over one per cent on covered arbitrage.

Underlying confidence in sterling is far from unquestioned, but for the moment it is the dollar that has fallen out of favour. It has weakened not only against sterling but also against the mark (which had previously been adversely affected by the Berlin crisis). There has been a marked increase in private buying of gold, which was falling back in the previous fortnight, and it is probably only support sales by the Bank of England that have prevented the price from breaking through $35.20 an ounce. The buying has come mainly through Swiss banks. Berlin is one factor—some Continental newspapers this week have swung back to pessimism. But this is not all. The climate for the dollar changed visibly at the Vienna meeting of the International Monetary Fund, with its open display of a disunited front. In the past week the published losses of gold by the United States have seemed to confirm the fears, and the makings of a speculative spiral are there. Some quick second thoughts about international co-operation may be needed to check it.





GILT-EDGED

All the Rage

WHILE the ordinary share market, after its brief Bank rate flurry, has returned to gloom, gilt-edged continue to shine. Buying has been on a considerable scale, although it is still concentrated mainly at the shorter end of the market. It is now certain that the clearing banks are back as buyers of bonds. This does not necessarily reflect a change in their basic attitude to gilt-edged; it has been prompted by the sudden increase in liquidity resulting from the banks' unexpected success in cutting advances. The bankers know that high liquidity ratios could nowadays be deflated in a further call to special deposits. Hence their gingerly return to gilt-edged. They are keeping short—the bank purchases are not reported to include the maturing February stock, but some are not much longer. Some of the discount houses which were unloading bonds before the July increase in Bank rate are now also replenishing their portfolios. But interest in gilt-edged has not been confined to the professionals. Individuals and institutional funds in Britain have taken to fixed-interest securities as a reaction to their uncertainty about equities—an exact rever-

GILT-EDGED NET PRICES

	Jan. 3, 1961	Aug. 4, 1961	Oct. 4, 1961	Oct. 11, 1961	Gross yield
Exchequer 3% 62/63	95 3/32	94 5/16	94 23/32	95 19/32	5·88
Treasury 5½% 1962..	100 1/32	99 1/32	99 3/32	100 3/32	5·43
Conversion 4¾% 1963	98 11/16	96 7/8	97 3/8	98 1/8	5·93
Exchequer 5½% 1966	98 7/8	96 3/32	96 21/32	97 3/8	6·13
Savings 2½% 64/67..	82 7/16	80 3/16	83	83 5/8	6·02
Funding 3½% 66/68 ...	81 17/32	78 15/16	81 1/32	81 23/32	6·31
Funding 5½% 82/84.	95 1/32	87 7/8	88 3/8	88 23/32	6·46
Funding 3½% 99/2004	63 3/32	55	55 13/16	56 1/8	6·58
Treasry. 5½% 2008/12	93 3/32	81 9/32	82	82	6·76
War Loan 3½%	58 19/32	49 27/32	51 25/32	52 3/32	6·72
LCC 6% 75/78	99 7/16	91 19/32	93 3/16	93 1/16	6·65

sal of the switch that went on through the fifties. There have also been purchases from overseas, which have helped to narrow the discount on security sterling to only 0.3 per cent.

The revival of the past few weeks has raised prices of short bonds by more than one point and of the low couponed medium dated stocks, which are so attractive to surtax payers, by about three points. War Loan also has achieved a rise of this magnitude since the low point of early August, but the long-term market as a whole is still held in check by the official tap—the net price of 5½ per cent Treasury 2008-12 has risen by less than one point. The market expects soon a stream of corporation issues—but it has been anything but damped by this week's cash and conversion issue of 6½ per cent 1971-72 stock by the London County Council, which at the issue price of 96½ gives a running yield of nearly 6¾ per cent and a gross redemption yield of £6 19s. per cent. At these terms the LCC confined its issue to £10 million, the amount of the maturing stock (which is now being bought at 102 to ensure an entry into the new stock) and it presumably intends to rely on short term borrowing to meet its needs for new money.

While funding issues are expected from the local authorities, however, the gilt-edged market is anticipating a reduction in the volume of stock emanating from the government itself. It is now recalling the Chancellor's (April) budget prognosis that the government would not be looking for new money in the gilt-edged market; and this is being interpreted to mean that when the government broker's holdings of short and medium stocks run out—and they are getting pretty thin—the government could not, in decency, replace them by a new issue (as distinct from a conversion issue to deal with the February maturity). For once, on this view, demand for gilt-edged is pressing on supply, rather than the other way round. In association with the inclinations implicitly expressed by the Governor of the Bank in his Mansion House speech, this is leading some observers to predict fairly sharp price increases before the end of the year. Some big reservations are needed about this bullishness; but the fact is that it has now taken hold in the gilt-edged market more widely than for many years past.

THE NEW MONEY RATES

	From per cent	To per cent
Bank rate	7	6½
Treasury bill rate	6 9/16	6⅛
Overdraft rates :—		
England	7½—9½	7 —8
Scotland (minimum)	8 —9	7½—8½
Deposit rates :— (7 days notice)		
Clearing banks	5	4½
Discount Houses	5 —5¼	4½—4¾
Local authorities	7½	7
Building Societies*	3¾ (6⅛)	
Natnl. Savings Certificates*	4 1/16 (6⅞)	

* Bracketed figures are grossed-up allowing for tax at 7s. 9d.

OIL TALKS

"Severance" in Baghdad

PREDICTABLY, General Qasim on Wednesday night this week in Baghdad made a series of "final demands" upon the Iraq Petroleum Company to which its corporate shareholders told him they were wholly unable to agree; he then declared negotiations between the government and the company "severed," and said that he would introduce prepared legislation to limit the producing operations of the Iraq, Basrah, and Mosul companies.

What IPC's shareholders—BP, Royal Dutch/Shell, Standard Oil of New Jersey, Socony-Mobil, Compagnie Française des Petroles, and the Gulbenkian interests—had offered, in addition to points conceded before on dead rents, "Iraqisation," and the relinquishment of 90 per cent of the unexplored areas according to a time-table, was, on the question of participation:

> a 20 per cent interest for the Iraq government in a new company to be set up to explore and develop the 15 per cent of the unexplored areas in the concession that IPC had agreed to relinquish in 7 years time (it had in any case agreed to relinquish 75 per cent of the area immediately).

What General Qasim, after rejecting the companies' memorandum setting out their arguments against participation in existing IPC operations, demanded on Wednesday was:

> relinquishment of 90 per cent of the unexplored area of the concession straight away;
> participation, in proportions to be discussed, in a joint company to be set up to develop all of the remaining 10 per cent except "the producing wells." (IPC produces oil from about 2 per cent of its total concession area of some 170,000 square miles, though it has explored and proved oil in more than that);
> and that on their remaining operations the companies should pay in tax and royalties more than 50 per cent of their profits reckoned at posted price.

These demands went beyond anything the government had previously mentioned—a process of steadily raising the ante to which the companies have become accustomed in dealing with General Qasim's government since July 1958—and raised its demands well beyond anything it could have expected the companies to accept. The negotiators said they could not; whereupon the prime minister announced that negotiations were at an end.

It has long been a matter of doubt, among the IPC shareholders involved in these Baghdad discussions, whether IPC was ever engaged in a real negotiation or not. The cynics argued that it was not; that General Qasim was neither willing nor in his internal political circumstances able to accept anything short of a complete surrender by the companies to his demands. The cynics have it. It remains to be seen what kind of legislation the Iraq government has prepared; whether the operating companies, if allowed to go on producing, will be able to do so on the present 50-50 tax basis; and whether IPC's shareholders, who are not generally short of oil elsewhere, continue under any conditions of duress that may be imposed to "lift" Iraq oil.

DUNLOP RUBBER

Modestly Better Margins

IN keeping with an earlier promise, the directors of Dunlop Rubber have reduced the disparity between the interim and final dividends by raising the interim payment from 4d. to 6d. per 10s. stock. They make the usual disclaimer that this does not imply a higher total distribution than the 1s. 7d. paid for 1960. The statement, however, is encouraging in that it shows that, against the trend in much of British industry, Dunlop's gross margins in the first half of this year were higher than they were in either of the two halves of 1960. Last year, the company had some stock losses and these, with the price of natural rubber comparatively stable in the first half of this year, cannot have had any significant effect on the latest results. Sales are slightly down, but export sales have risen by as much as 16 per cent to a new record level. This suggests that Dunlop's overseas business, which contributes well over half of the profit, has again stood the group in good stead. At home there has been a fall in sales of original equipment tyres, but Dunlop seems to have made further progress in the replacement market, where margins are higher. Policies of decentralising the divisions and imparting more vigour to some of the subsidiaries may also have helped. The directors say results in the second half of the year should be broadly the same as those in the second half of 1960. This is a welcome reassurance, though the weight of tax and minority interests could prevent the modest improvement in margins and gross profits from being reflected in net equity income.

SALES AND PROFITS
(£ million)

Six months ended	Dec. 31, 1959	June 30, 1960	Dec. 31, 1960	June 30, 1961
Sales	134·0	136·0	139·0	133·0
Gross profit	11·95	11·18	12·05	11·88
Net profit	4·02	3·29	3·37	3·24
	%	%	%	%
Gross profit/sales	8·9	8·2	8·7	8·9
Net profit/sales	3·0	2·4	2·4	2·4

WALL STREET

More Discrimination

A correspondent cables:

ALTHOUGH the Dow Jones industrial index continues to hover just over the 700 mark, Wall Street was in a more confident mood this week. Investors were once again buying, which might suggest that the

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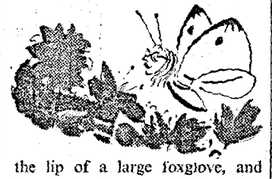
A HOME-SERVICE INSURANCE OFFICE

THE BUTTERFLY AND THE BEE

an economic fable

ONCE UPON A TIME there was a Cabbage White Butterfly who fancied herself as an intellectual. However, as is the nature of butterflies, she was a little inclined to flit from flower to flower. One subject which she rather liked was economics. That, she felt, was a nice basic thing for a butterfly to be brainy about.

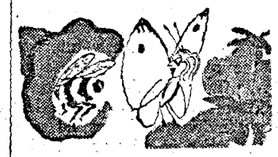
One day, in high summer, she was lazily hovering over the herbaceous border, making, as she put it "an Intensive Survey of Honey Production." In due course she landed, a little out of breath, on



the lip of a large foxglove, and began fanning herself languidly with her wings. "I say, do you *mind*," said a voice. "You're making an awful draught down the back of my neck." Startled, the Cabbage White looked behind her. Backing out of another foxglove was a large honey bee. "Oh, how perfectly delightful!" cried the Cabbage White, in her most refined tones, "I've been wanting to have a chat with you. You see (and here she simpered) I'm a bit worried about what's happening in the world." The honey bee gave a little buzz which was almost a groan. He'd had conversations like this before with the Cabbage White.

"In fact," went on the Cabbage White, "I do think you chaps are being a bit unfair to us chaps. Speaking generally, of course," she added. "Oh?" said the honey bee. "You see," said the Cabbage White confidingly, "you're so energetic. Rushing back and forth, filling that hive up."—"Nothing wrong with that which I can see," said the honey bee.

"Ah, but isn't it terribly, terribly monopolistic?" cooed the Cabbage White. "You bees will soon control the whole garden. And poor little insects like me won't be able to get a look in."—"Well," said the bee,



"which particular set of bees do you mean? There are lots of hives in this garden."—"Ah," said the Cabbage White, flirtatiously batting her wings, "but I know for a fact you're all in it together."—"You know very well that we can't be," said the bee. "We all make honey. Every hive works more or less the same way. But we're all competitors. And we've all got very different ideas on what's the best mixture of flowers for a good honey."—"Really?" said the Cabbage White. "Why didn't anybody ever tell me that?"—"They did, but I expect you weren't listening," said the honey bee.

The Cabbage White changed her tune. "But aren't you frightfully selfish?" she persisted. "Pillaging the poor flowers, taking their precious pollen?"—"If it weren't for us fertilising things, there'd be fewer flowers next year," said the bee. "Oh, you mustn't be rude to poor little me," sighed the Cabbage White. "You big strong bees, bossing all the flowers in the garden, rushing round telling them exactly how to grow."—"Oh, don't be silly," cried the bee, crossly, "you know we haven't got time to bother about



all that. The flowers know their job. We know ours, and that's all there is to it. In fact, only a very little of what the flowers make comes to us." But the Cabbage White had already fluttered to another foxglove.

MORAL:

Those who can, do. Those who can't, preach.

* * * * *

ISSUED BY THE LIFE OFFICES' ASSOCIATION, LONDON—AND ASSOCIATED SCOTTISH LIFE OFFICES, EDINBURGH.

recent decline from the peak of 730 was simply a pause in the upward trend and not the harbinger of a new bear market. The most promising sign was the action of railroad stocks, which have been lagging behind industrial equities but which are now in demand because it is believed that they will show greatly improved earnings as the recovery in business gathers way. While, however, the Dow Jones and other indicators have made only moderate declines many individual issues have suffered big losses and have a lot of ground to make up. These depressed issues, which include drug, electronic, entertainment and steel stocks, will be candidates for investors seeking tax losses so that the prospect of a swift rise in prices is dim. Tax selling is traditional at this time of the year and the indications are that it will be of greater than normal proportions. The rise in the prices in the first half of the year induced many investors to take their profits and the subsequent fall, particularly in the growth stocks, affords the opportunity for tax losses.

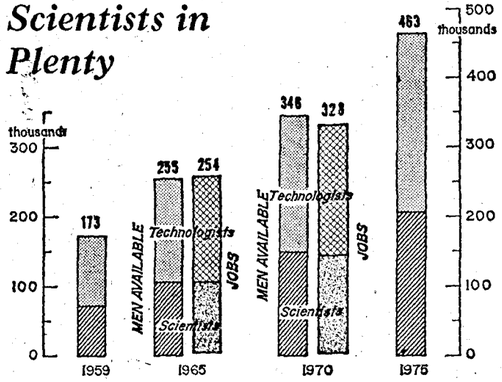
Institutional investors have taken up a somewhat more defensive attitude, though they continue to buy equities as fresh funds become available. They complain that there are relatively few reasonably priced issues that can be held for the long terms and they are sceptical of buying for a quick turn. At the same time they do not feel that fixed interest stocks offer attractive enough yields to dictate a shift. Hence they are exercising an increasing degree of discrimination, concentrating on equities offering good yields and, they hope, some prospect of capital gain rather than on the growth stocks that have had such violent fluctuations.

AIR TRAFFIC

A Freight Boom?

THE airlines introduced lower tariffs for air freight in the middle of the summer and the effect has been startling. During August, the tonnage of goods crossing the North Atlantic by air was not far short of 6,000 tons, an increase of 55 per cent on the previous August. This contrasts sharply with passenger experience which seems to worsen each month. During the first half of the year, the number of passengers showed an increase of 12 per cent, which left a high proportion of the airlines' 45 per cent additional seating embarrassingly empty but was a long way short of slump.

Scientists in Plenty



THE prospect of an impending surplus of scientists is going to shock many people (and parents) who have become conditioned during the past five years into believing that the golden boys and girls of science would never lack work. In fact, prospects even for those science students now at universities and technical colleges may be tougher than the government's Committee on Scientific Manpower has suggested in its latest estimates* of the supply and demand for technically qualified people during the next decade.

These estimates are hedged with qualifications; they are no more, as the chairman, Sir Solly Zuckerman, was at pains to explain, than an attempt to keep a rapidly changing situation under running review. The probable number of technically qualified people available between now and 1970 can be estimated from the number of places available at universities and technical colleges, assuming that all of these places will be taken up. On this guess, the number of technically qualified people will rise from about 173,000 at the beginning of the decade to 255,000 in 1965 and 346,000 in 1970. By 1975 their numbers should be not far short of half a million.

Estimating the jobs liable to be available for them, however, is a thankless and near-impossible task. Earlier attempts to get a rough idea of the probable demand for scientists—by asking the people who actually employ them—has led to wildly misleading answers; in times of buoyant production industry tends grossly to overestimate the numbers it is likely to employ and in times of depression it gives correspondingly depressing replies. This time the committee used a new yardstick—and an admittedly optimistic one.

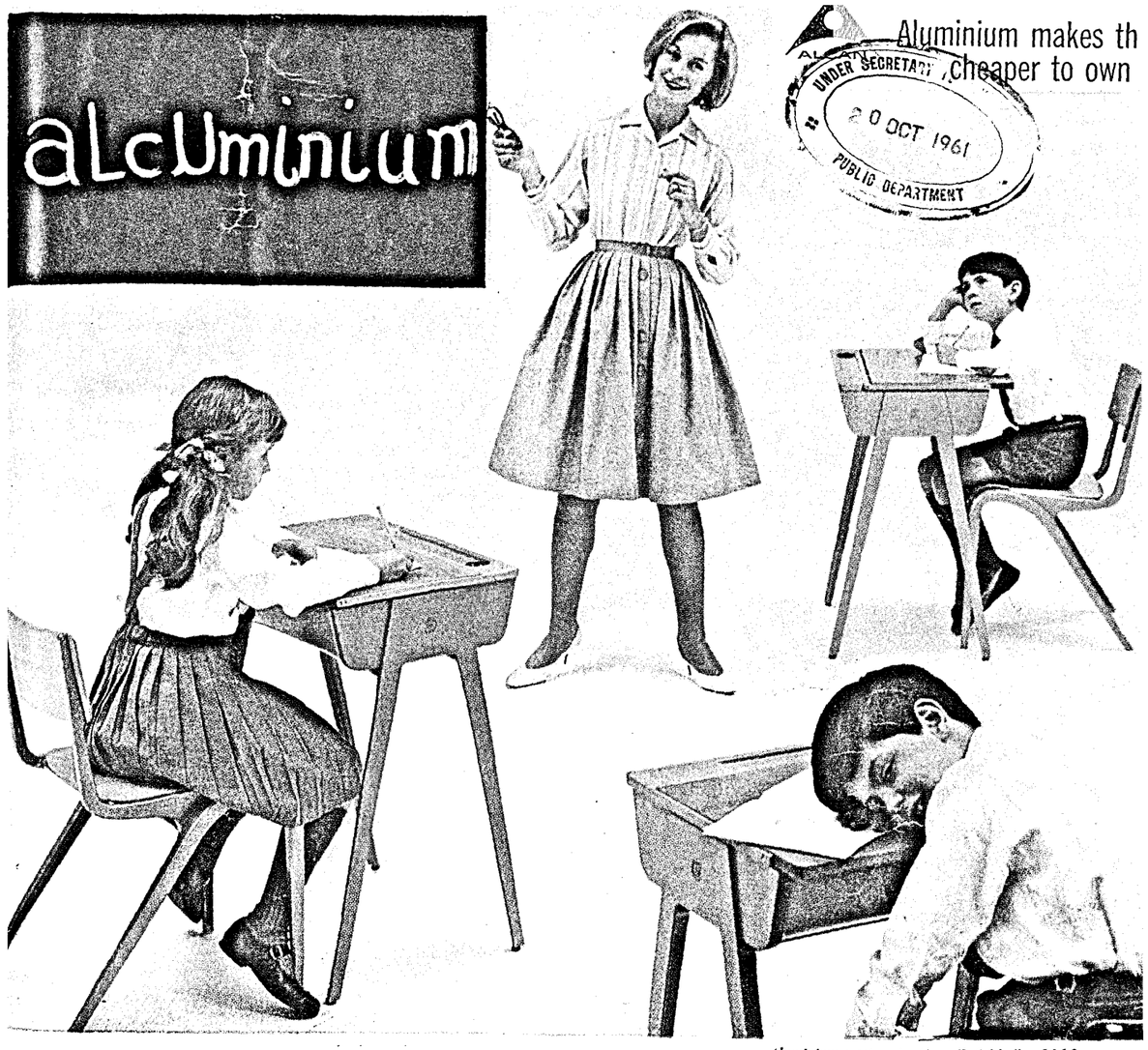
It assumed, in the first place, that industrial production would rise during the present decade by an average of 4 per cent yearly, which is a sanguine figure to start with. Secondly, it has guessed that the level of efficiency throughout British industry will rise during the period to such a level that every company will be employing by 1970 the same ratio of technically qualified men in its total labour force as the best and most exceptional companies alone employ today. This is an admirable target. Whether industry will reach it is another matter altogether.

On these assumptions the scientific and technical manpower available will roughly match the number of jobs available by 1965, and by 1970 there will be an actual surplus of scientists. Then, says the committee, industry will be able to employ men with scientific training in other jobs where their technical background will be an asset. This assumes that those other jobs will not have been snapped up by the large numbers of arts graduates who are already finding some difficulty in getting work.

THESE figures merely indicate trends, nothing more. The committee itself says that it had not enough evidence "to permit detailed conclusions to be drawn." But they are trends of great importance. Last year the committee recorded that a surplus of some kinds of scientists had already appeared. This year it says that some companies questioned "were unable to make full use of their existing qualified manpower," an ominous generalisation that would be confirmed by numbers of irritated young science graduates in industry who find themselves shunted into the kind of administrative or sales job that they never wanted to do and for which they feel themselves totally unfitted. And if the committee is right in assuming that supply and demand will be roughly in balance four years from now, this indicates that there will be substantial surplus of certain types of scientist because others, mainly mathematicians, will still be scarce.

The attitude of industry to the employment of scientists is bound to become of increasing importance, because if assumptions about government-sponsored research (including defence) are correct, then industry will be employing half the total number of technically qualified people by 1970, instead of only about 44 per cent which it did in 1959. It is quite possible to argue that it will still not be employing anything like enough.

* The Long-Term Demand for Scientific Manpower. Cmnd 1490. HMSO. 1s. 9d.



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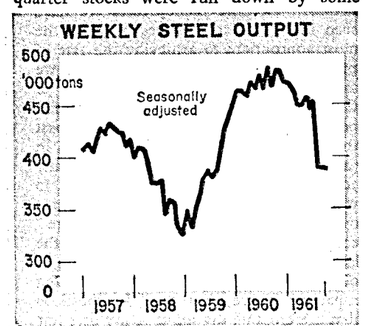
But growth has been sliding steadily and after a temporary recovery in mid-summer, the preliminary figures for August show a marginal increase in passenger traffic. During what is normally their peak month for travel between Europe and North America, the airlines flew with half their seats empty and the actual numbers carried increased by a mere 2.2 per cent to 237,000.

To an industry geared to a steady annual increase in traffic of up to 15 per cent, such results are alarming, especially in a year when all airlines had over-expanded. The temperature chart of the air transport industry is best measured by the percentage of seats sold ; in August last year it was more than 68 per cent on North Atlantic routes, providing a profit to spread over leaner months of the winter. This August it was 52.4 per cent which meant that most services were running at a loss. In fact, the big airlines, with high-powered selling organisations, have probably been doing better than this, at the expense of the smaller operators who rely considerably on picking up traffic for which the big airlines have no room. Some smaller countries may ponder after a year such as this whether prestige alone justifies maintaining a North Atlantic service.

STEEL

Down to 77 Per Cent

STEEL users again drew heavily from their stocks in September, creating another hole in steel production. At an average weekly rate of output of 400,200 tons, the steel industry was working at about 77 per cent of its current capacity during the month, compared with about 78 per cent during August. All told, steel production was 14 per cent lower than last year during the third quarter, after running 2 per cent lower in the second quarter: this was roughly the pattern of decline in 1958, the last year of stock recession. Up to March this year, stocks held by users and merchants were still, albeit slowly, being built up: about 100,000 tons were added during the three months. In the second quarter stocks were run down by some



80,000 tons, and present indications point to a possible further reduction of as much as 250,000 tons during the third quarter. Another substantial reduction is expected during the fourth quarter, though the industry is hoping, perhaps optimistically, that by the end of the year most of the larger stockholders among the motor companies and consumer goods manufacturers will have brought their stocks down to something like desirable levels. This year's change round, however, has already caused Appleby-Frodingham to delay completing the extra pig iron capacity it had planned.

Meanwhile there has been no significant change in the pattern of orders actually placed, pointing for instance to any slackening in the activity of heavy and structural engineering firms. New export orders are becoming hard to get ; current export shipments are slightly higher than last year, but deliveries have not been matched by new orders.

BIDS AND DEALS

Entertainment Mergers

AS expected the latest move in the tidying up of the complicated capital structure of the Rank Organisation is its bid for the ordinary shares in Gaumont British which it does not already own. At the moment Rank owns 41.6 per cent of the Gaumont equity but controls 57.2 per cent of the votes, and the directors say that the terms of the merger pay particular regard to the common revenue resources of the two companies and their predetermined sharing of profits as a result of the 1959 rationalisation scheme. Thus Rank's more highly geared equity has been recognised by the inclusion of an element of preference capital in the exchange offer for the Gaumont equity. What the terms do not recognise however are the existing, though admittedly minority, voting rights of the Gaumont shareholders who have one vote for every 10s. share and one vote for every 20 5s. "A" shares.

Voting control of Rank Organisation is firmly held by a Rank family trust. It does not seem necessary however to debar the Gaumont shareholders completely from any say in the group's affairs as the present offer does. The terms, 260 Rank "A" plus 75 6¾ per cent preference shares for 200 Gaumont British 10s. shares and 260 Rank "A" plus 60 6¼ per cent preference shares for 400 5s. "A" shares means that holders of Gaumont "A" shares will have their dividend maintained at 20 per cent while the dividend of a Gaumont ordinary shareholder will be raised effectively from 20 to 20.9 per cent. This calculation takes account of the preference distribution and Rank's forecast that the 1961-62 dividend will be raised from 22½ to 25 per cent.

★

THE proposed merger of Mecca and Forte's two of the largest catering and entertainment groups in this country, has also focused attention on the importance of non-voting shares, for Mecca's capital, all in 5s. units, consists of £350,000 ordinary and £2,040,000 non-voting "A" ordinary. Forte's is still a private company with its founder, Mr Charles Forte, its controlling shareholder. Full details of the merger are not yet settled and it remains to be seen how the merger is to be effected ; suggestions that Mr Forte is prepared to accept "A" shares for his catering companies which are roughly equal in size to those of Mecca are difficult to believe even if he and several of his colleagues went on the board of the merged group. It seems certain that the two companies will have to discuss the possibility of giving votes to the Mecca "A" shareholders or the creation of some new type of capital such as management shares. The latter step however would certainly not please many in the City.

The profit implications of the merger of these two lively groups both with thrustful managements exploring and developing wide interests in the entertainment and catering fields have been made clear in the net rise of over 10s. in Mecca 5s. ordinary to 54s. 6d., after they had touched a peak of 61s. 6d. The "A" shares were only 2s. better on balance at 35s. 3d. after touching 40s. 3d.

EUROPEAN CAPITAL MARKETS

Conference of Bourses

A MEETING between the representatives of eighteen stock exchanges from thirteen European countries has been taking place in London this week. This is the fourth and biggest conference of its kind, and the first to be held in London. Delegates from the three Scandinavian countries have joined in for the first time, together with representatives from this country, Switzerland, Austria, Spain and the common market countries. The possibility that Britain may enter the common market enhances the importance of a conference which aims at good will and co-operation between the bourses, as well as tangible matters such as aiding the freer movement of securities throughout Western Europe, methods of exchanging information and better standards of protection for the investor.

These are worthy aims, though to a large extent they demand government action to remove the barriers of exchange control, administrative regulations and tax complications. But the stock exchanges can play an important role themselves. A report* from Political and Economic Planning this week shows that one important impediment to trading in foreign securities is lack of published information in company accounts —which stock exchanges can influence. The report also concludes that the slow pace of integration among European stock exchanges

* International Money and Capital Movements in Europe. PEP, 16 Queen Anne's Gate, London, SW1. 4s.

has not been due so much to government restriction as to insufficient interest on the part of the companies whose shares are most likely to obtain quotation on the principal stock exchanges in West Europe.

Such questions deserve as much attention from the European stockbrokers' club as it gives to pressing governments to do their part by abolishing stamp duties—a point that Lord Ritchie again took up in his speech at the Mansion House last week. The conference can also pool its knowledge on such technical problems as the printing of bearer securities, the exchange of information about lost or stolen securities and the possibility of some kind of international clearing mechanism. One result of this week's meeting may be to establish a rather more formal and permanent federation of bourses. This could only be a loose federation at first and in its early stages it would probably not need a permanent secretariat; but it could develop into a valuable instrument for assisting free and safe movement of investments across Europe's frontiers.

See How They Run

THE traffic has not been completely one way to the London Stock Exchange this week, for a small party of London stockbrokers paid a short visit to the Basle Stock Exchange to see how prices can be communicated by a closed circuit television system. They have a lively interest in such a development, for when the London Stock Exchange is re-built television could ease the problem of communications between the "house" and the brokers' offices. In Basle

The New Governor Speaks

LORD CROMER'S address at the Mansion House dinner on Thursday of last week was his first public speech since he became Governor of the Bank of England on July 1st. The Governor spoke frankly. He indicated his leanings in his own sphere of policy—questioning the desirability of high interest rates and emphasising the limited scope that monetary measures should be asked to perform—and, as the following extracts show, he also asked some radical questions over a wide range of economic and social policy.



Mixture of Maladies

We had borrowed short, and properly so, to deal with what I might describe as an attack of fever. This fever tended to obscure the deeper-seated, but more malignant, disease which was afflicting us as well; both diseases are curable, but while the fever would soon subside with appropriate treatment, the other would need more drastic treatment and longer-term care. As it was, we were left in the situation of owing our bills arising out of the treatment of the short-term fever, and were not earning enough to pay these bills owing to the longer-term disease which, in itself, required further treatment. The regime for the longer-term treatment was initiated by the various measures announced by the Chancellor at the end of July.

Limitations of Monetary Measures

What I may call the non-monetary measures, which included the pause in wage and salary increases and the promised reduction in the rate of increasing Government expenditure, although fundamentally the most important of all the measures, were likely to be relatively slow in producing their effect. But the seriousness of the situation that had arisen, together with the discouraging factors outlook, demanded defensive measures making an immediate impact. I was therefore fully in support of the proportionately heavy reliance on the use of monetary measures in the short term, which alone could, in the time available, make this impact. . . . I would, however, not be true to my own convictions if I did not state that it is my firm belief that continued recourse to disproportionate use of monetary measures is no substitute for a consistent and appropriate national economic policy.

The Bank Rate Reduction

Today Bank Rate has been reduced from 7 per cent to 6½ per cent. I have little to add to what the Chancellor has said, except to endorse that this change calls for no less resolution in the application of the Government's determined economic policy over the longer run as the other measures of monetary restraint. This modest reduction in Bank rate made possible by an improvement in the exchanges. There is also the evidence of credit restraint in which the banks and other financial institutions have been operating.

Tariff Barriers and Export Profits

Let us be under no illusion that we have been forced into borrowing from the Fund solely by the activities of foreign speculators. We have been spending overseas more than we have been earning overseas; at the same time at home we have allowed the level of demand to grow in such a way that, in the home market, behind some debilitating protective barriers, increased costs have been passed on to the consumer in higher prices, with the result that, by comparison, the profit motive in exporting is today in many cases inadequate.

Some Searching Questions

If we are to maintain our present standard of living, let alone improve it, we have to work for it and not against it. There are, I believe, a number of factors working against it, stemming in part from our national tendency to revere the past to an excessive extent, to hanker after the good old days or to use our energies to fight evils and abuses, many happily long disappeared, of the bad old days. Are there not still many out-dated customs and practices in industry which owe their origin to mitigating the dire hardships of the years of depression between the wars, but which today only result in limiting the advance in the standard of living? Is it perhaps not possible that the overall level of Government expenditure today has grown to levels that the population as a whole is not willing to support by foregoing personal consumption to the extent necessary? Is our system of taxation matched to the present needs of the nation? Are the money rates we have seen in this country in recent years the most appropriate to achieving the rate of progress we would like to see? Are we saving enough? Is the high level of Government expenditure overseas not perhaps based more on our Imperial past than tailored to our changing position in the world or the need to confine financially unremunerative expenditure overseas to what, as a nation, we are prepared to earn overseas? Do the remnants of the "siege" economy which remain with us from the last war make any positive contribution to our good or merely restrict our earning capacity? These are some of the questions that are crossing my mind in my first few months of office. . . .



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hey were shown how prices established by he Stock Exchange "ring" of banks are isted on a large share form. This is divided nto the various market sections, such as ponds, banks and dollar stocks, and each ection is covered by one of eight cameras concealed in the ceiling above the clerk's nead. The pictures are transmitted throughout the building to screens, each with a push button selector unit to project the appropriate section of securities on the screen. This system was developed by Pye and may soon be extended to banks and offices throughout Basle, as is already being done n Zurich. Eventually it is hoped to link it least these two exchanges by a television system.

Screening of prices is not unknown around the "House"; a few firms using Pye or other equipment already relay prices from their boxes to their offices and *to some institutional clients.* One method used is a scanning system with a prism moving *in front of a television camera* which covers every 75 seconds a board showing *the prices of about 200 stocks. Soon a firm* of stockbrokers handling a large amount of *business from Scottish institutions plans to* transmit prices, first "telexed" from Lon*don to its clients by television from its Edin*burgh office.

The use of television would be facilitated f the brokers' boxes in London approached he impressive standard of the streamlined booths at Basle. The cost is not much of a stumbling block; the Pye equipment at the two Swiss exchanges cost about £30,000 though on present levels of business, many London brokers would think hard before investing on this scale.

RESTRICTIVE PRACTICES COURT

Five More—Scots 'n All

IN one day's sitting the Restrictive Practices Court, under Mr Justice Russell for the first time, sealed the fate of five more restrictive agreements, all of them by consent order. The agreement of the **Steel Hinge Makers' Association** was a straightforward minimum price restriction. The agreement of the mileage conference group of the **Tyre Manufacturers' Conference** was broadly similar: it had provided for minimum rentals based upon mileage where tyres are rented by large fleet operators rather than bought outright. The **Diary Publishers' Association** agreement had prohibited the supply of dated diaries on sale or return, and maintained manufacturers' retail prices until after March 1st for each year's batch of new diaries. The **Millinery Distributors'** agreement contained a roughly similar provision precluding the supply of new autumn hats before June 18th, and new spring models before November 12th, as well as forbidding price cuts on spring millinery before June 12th. It also confined supplies of millinery to firms appearing on an approved list.

The fifth agreement, that of the **National Caravan Council** which in effect maintained a closed shop of manufacturers and retailers, provided the Court with a chance to publicise the boundaries of its jurisdiction. Two Scottish members of the council, evidently believing that no Court sitting in London had any power north of the border, had told the Registrar that they would not be attending the hearing nor represented. Mr Justice Russell, presiding over a United Kingdom Court that on occasion sits in Edinburgh and Belfast, granted injunctions against both companies, adding that they should be informed of the situation "not offensively in any way but factually."

HIRE PURCHASE

Beta for Effort

THE urgent need for extending official information about hire purchase agreements to provide a major forward indicator of consumer spending has been demonstrated pretty conclusively. Now, tentatively, the Board of Trade seems to be responding. In an article in the September issue of *Economic Trends** it ventures into a fuller analysis of its regular figures. The new presentation is a marked embellishment of the regular series. This analysis provides a subdivision of the new credit extended by finance houses between "mainly to business" and "mainly to personal consumers" (though there is still a substantial category "partly business," "partly personal"). A new table compares sales of motor cars in recent years with total instalment credit extended on new and used cars; the credit amounted to 60 per cent of sales in 1959 and 47 per cent in 1960—but net credit extended (that is total credit less estimated repayments) took up only one tenth of gross credit last year.

The official analysis goes on, encouragingly, to approach hire purchase from the

* HMSO, 3s.

A Quarter's Profits

The tables below summarise the profits and finances of the 546 companies whose full accounts were received and analysed in this office in the July-September quarter. The detailed tables appear on pages 182 and 183, and comments on them appear on page 153.

PROFITS, PROVISIONS AND DEPRECIATION (£'000)

	Reports published July to September, 1961 — 546 Companies		Reports published October, 1960, to September, 1961 — 2,307 Companies	
	Previous Year	Latest Year	Previous Year	Latest Year
Gross trading profit	402,543	431,634	2,504,545	2,759,814
Income from investments	19,488	21,997	142,228	164,235
Other current income	165	137	1,735	1,616
Non-recurring credits	12,123	10,297	72,805	50,670
Total Income	**434,319**	**464,065**	**2,721,313**	**2,976,335**
Depreciation	74,079	83,518	517,891	568,637
Income tax	121,811	127,340	750,321	818,749
Profits tax	26,372	35,375	147,370	193,589
Directors' emoluments	13,789	14,155	65,568	69,189
Administrative charges	6,757	6,073	18,898	24,522
Contingencies, and provisions, etc.	5,386	5,228	47,010	51,198
Pensions	3,299	3,018	33,314	35,872
Minority interests	6,821	6,440	31,130	33,866
Loan interest	10,768	13,172	73,135	81,159
Preference dividends	5,916	6,699	34,401	36,184
Profits retained by subsidiaries	35,824	31,229	166,947	187,223
Ordinary dividends	69,429	76,736	432,679	463,274
Reserves (parent company)	45,990	42,330	295,013	331,215
Brought in (parent company)	83,339	93,398	507,074	591,710
Carried forward (parent company)	93,398	106,150	591,710	662,670

ANALYSIS OF BALANCE SHEETS Published July to September 1961 (£'000)

Capital Liabilities and Reserves	546 Companies Previous Year	546 Companies Latest Year	Assets	546 Companies Previous Year	546 Companies Latest Year
Capital:—			Fixed Assets:—		
Debenture	218,510	253,883	Land, property and plant	1,644,156	1,885,870
Preference	173,259	179,943	Less depreciation	479,527	567,024
Ordinary	663,329	743,363		1,164,629	1,318,846
	1,055,098	1,177,189			
Reserves and Surplus:—					
Capital reserves	292,564	358,544			
Revenue res. and carry forward	590,608	635,692	Trade Investments	114,457	112,315
Total Capital Reserves and Surplus	1,938,290	2,171,625			
Outside Interests in subsidiaries	99,895	91,531	Intangible Assets	101,478	129,939
Current Liabilities and Provisions:—			Current Assets:—		
Bank overdrafts and loans	191,695	249,694	Stocks	674,772	769,607
Creditors	507,872	580,132	Debtors	733,112	696,975
Other current liabilities	100,057	209,713	Gilt-edged securities	18,149	17,197
Future taxation	124,371	132,805	Other marketable investments	59,743	54,263
Other provisions	35,302	36,025	Cash	206,552	187,583
	1,039,327	1,208,369		1,656,948	1,911,625
	3,067,512	3,471,525		3,067,512	3,471,525

standpoint of the consumer: it makes estimates for each period of deposits and repayments, giving together "*total* cash outlay." It finds, interestingly, that whereas switches in official restrictions had dramatic effects on amounts of new credit advanced, they had comparatively little effect on total cash outlay—larger credit, *for the most part,*

CASH OUTLAY AND PERSONAL INCOME
Consumer Instalment Credit *Transactions in* Durable Goods
(£ million)

	Cash outlay			Cash outlay as per cent of income	New credit to consumers	New credit as per cent of income
	Deposits	Repayments	Total			
1957.....	...	...	580	3·8	...	...
1958.....	164	431	595	3·7	531	3·3
1959.....	96	518	614	3·6	760	4·5
1960.....	112	611	723	4·0	638	3·5
1958 :—						
1st qtr.	38	101	139	3·6	104	2·7
2nd "	46	104	150	3·7	118	2·9
3rd "	44	105	149	3·8	116	2·9
4th "	36	121	157	3·8	193	4·6
1959 :—						
1st qtr.	21	123	144	3·7	167	4·2
2nd "	27	130	157	3·6	202	4·7
3rd "	25	128	153	3·6	194	4·6
4th "	23	137	160	3·6	197	4·4
1960 :—						
1st qtr.	26	147	173	4·1	190	4·5
2nd "	32	153	185	4·0	176	3·8
3rd "	28	153	181	4·0	140	3·1
4th "	26	158	184	3·9	132	2·8
1961 :—						
1st qtr.	31	163	194	4·3	150	3·3
2nd "	36	163	199	...	175	...

meant longer credit and lower deposits. It emerges that the proportion of disposable income laid out on instalment buying has remained pretty constant. This is one of the underlying assumptions made by Mr J. R. Cuthbertson in his analysis of car buying, which led him to conclude that the major influence on the starting of a new contract is the termination of an old one. But the other key element in the Cuthbertson analysis is the role of the trade-in;

WHERE HIRE PURCHASE COUNTS

	Yearly changes in Personal disposable income	Net borrowing on credit instalments (£ million)	Consumer spending on durables
1957.....	+ 725	+134	+121
1958.....	+ 585	+ 41	+150
1959.....	+ 868	+142	+196
1960.....	+1,272	−215	+ 11

and on this the Board of Trade is utterly silent. It carries the analysis to the brink of a forward projection: and there, precipitately, it stops. "Given estimates of the future trend of disposable income," it says tantalisingly, "and of how much is likely to be pre-empted by way of repayments on past credit contracts, a forecast can be derived of what deposits are likely to be put down on new contracts." Can be, but is not. "The various stages in such a forecast pre-suppose some knowledge of the terms on which business is currently being transacted and has been transacted in the immediate past. . . ." The hire purchase companies themselves have that knowledge; could the Board of Trade not tap it?

BALANCE OF PAYMENTS

What Target for Trade?

THE big story in the Treasury's half-yearly white paper on the balance of payments was scooped last week by the Bank of England's quarterly bulletin, which provided the information about the Basle central banking credits necessary to show how the current deficit and the capital outflow in the first half of this year were financed. The figuring was done in these columns a week ago. The main interest in the white paper is in details of invisible transactions, in some important revisions of past figures—which for once have been generally in the right direction—and in the figures on the overseas sterling area. These show that in their current payments with non-sterling areas, the overseas sterling countries as a whole ran a deficit of £180 million in the first half of 1961—well below the high figure of £302 million in the seasonally adverse second half of 1960, but well above the deficit of £70 million in the first half of last year. The deterioration was more than offset, however, by a sharp rise in the inflow of non-sterling capital (including drawings on the International Monetary Fund), from £129 million in the first half of 1960 and £228 million in the second half to as much as £281 million in the first half of this year. The upshot was that the overseas sterling countries were able to make a net contribution to the London gold and dollar pool of £101 million, compared with a drawing of £74 million in the second half of 1960.

The accounts for the United Kingdom itself confirm the improvement in the current balance in the first half of 1961 that had already been evident in the monthly trade figures and quarterly payments estimates. The balance has probably improved further since mid-year; but the Treasury would be happier if more of the improvement were based on a rise in exports rather than a pause in imports. The balance of merchandise trade in the first half of 1961 still showed a deficit of £108 million, and this has to be turned into a substantial surplus. Just how substantial this surplus must be to restore stability to the balance of payments depends on two major elements which at present are in a state of flux: net invisible earnings on the one hand, and net overseas investment commitments on the other. Net outflows of long-term capital have recently been kept down by special transactions such as the Ford take-over and debt repayments by Germany: the gross outflow of private investment has in fact risen sharply, to no less than £195 million in the first half of 1961. The Chancellor has given notice of his intention to curb this strain on the balance of payments, and companies may now get their projects approved only if they arrange overseas borrowing to finance them. May such borrowing provide continuing relief even when the pause is over? Certainly Britain is now beginning to find some offset to its own capital commitments overseas.

Better Value from Investments

EARNINGS from invisibles in the first half of 1961 were only £25 million—compared with £49 million in the first half of 1960. The deterioration was entirely due to increased aid and overseas military expenditure, notably in Germany, which Mr Lloyd says will now be checked. Some reassurance can also be derived from the statisticians' wider coverage of investment income, and notably interest on export credits, which suggests that Britain has in fact been getting better value from its overseas investments than previously appeared. Net receipts of interest, profits and dividends for 1960 are revised upward from £179 million to £238 million. (These figures include the unremitted portion of investment earnings, but the figures which the Board of Trade published last week suggested that the unremitted portion actually fell in 1960.) In the first half of 1961, net investment income is estimated to have risen to £143 million. The main element is a rise of £32 million to £158 million between the first half of 1960 and 1961 in "other credits" including the income of the oil companies. This hardly squares with the fall in profits reported by the major companies, and the improvement may simply reflect the cut in overseas taxation per barrel of oil sold that resulted from the change in posted prices in the Middle East between the first and second halves of 1960.

Optimism about the invisibles is also checked by still more unfavourable estimates for shipping. The net debit for 1960 is now put as high as £58 million, and it continued at the same rate in the first half of 1961. Expensive charters taken at the time of Suez continue to be an unfavourable influence, but the big factor is presumably the shrinking portion of trade—including Britain's trade—carried in British ships. There is also a downward revision of the freight element in the cif trade figures which slightly increases the trade deficit as shown on the Treasury's fob basis.

All these revisions more or less cancelled themselves out in 1960, so that the estimate of that year's current deficit fell by only £5 million to £339 million, leaving the balancing item only £13 million down on £364 million. But for 1959 and 1960 the statisticians have now decided that a fair part of their unknown receipts in the balancing item were in fact current receipts and the persistence of a large positive balancing item in the first half of this year when short-term capital was clearly flowing out, seems to confirm that there is a built-in understatement of current earnings

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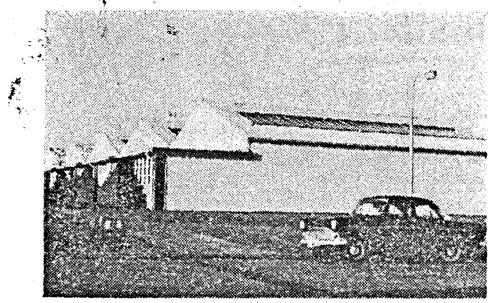
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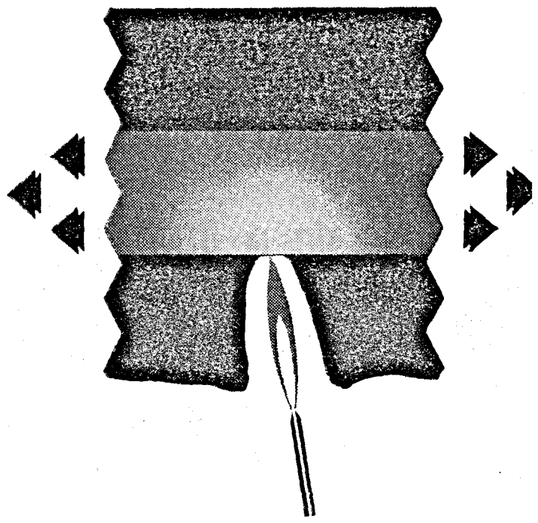
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Chubb counter the crime wave

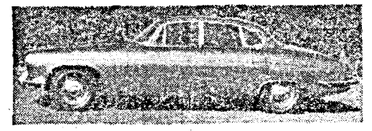
certainly official sources of current debits are more comprehensive than those of current credits, though the Treasury is now trying to remedy this by direct enquiry. Meanwhile, the balancing item remains the joker in Britain's balance of payments, and much thought is devoted to its likely trend. But as one Treasury official declared gravely this week: "We are not prepared, at this stage, to forecast what our future errors and omissions will be."

JAGUAR

For Plutocrats and Plebs

JAGUAR has chosen the same week to announce its new luxury car, the Mark X, and to buy the moribund firm of bus and lorry makers, Guy, from the receiver in bankruptcy. The Mark X replaces the Mark IX as Jaguar's contribution to the luxury car market; after ten years in production, the old car was becoming somewhat dated. The Mark X is just as big as the Mark IX in all dimensions except height—it is only 4 ft. 6 in. high but 16 ft. 4 in. long. In design the car shares the main features of the E-type sports car; the engine is also the 265 bhp version of the 3.8 litre, and the same independent rear suspension system is used. This should provide a useful improvement in handling qualities and ride. The performance of the Mark X is roughly the same as that of the present Mark 2 saloon with 3.8 litre engine, which develops 220 bhp in the form in which it is fitted to this car; the makers claim a maximum speed of 120 mph and acceleration from rest to 100 mph in 29.2 seconds. A car of this mechanical specification that sells for £2,392 seems assured of a large market at home and abroad, and will make life harder for those who are trying to sell other luxury cars for twice the price.

Jaguar's decision to buy Guy is surprising; this company has been operating at a substantial loss for several years, and though it produces buses of advanced design, the reason for these losses seems to be that these vehicles are too expensive to make. Jaguar



is certainly anxious to extend the commercial vehicle interests that it acquired with Daimler, which also specialises on buses; it must be assumed that it intends to amalgamate the activities of these two companies. The production facilities of Guy are mainly useful for assembly; the firm used to buy out a large proportion of the parts of its vehicles, which may be one reason for its commercial troubles. But at the £900,000 that Jaguar is reported to have paid, these facilities may be cheap.

RAIL V. AIR

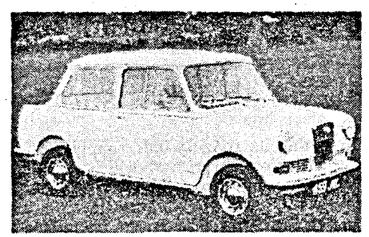
Three Guinea War

THE British Transport Commission has in the past had to fume impotently under increasing competition from internal air services that made it possible to commute daily between London and points in Scotland and Northern Ireland for a fare that, in winter at least, was no more than a first-class rail ticket. The creation of the Air Transport Licensing Board to hear applications for, and objections to, new air services has provided the BTC with its first real opportunity to scotch this competition and it has chosen its ground for a major show-down with British European Airways with formidable care. BEA wants to run a nightly mail and newspaper service in both directions between London and Belfast, Glasgow and Edinburgh, leaving shortly before midnight and arriving between 1 and 2 a.m. To make this service pay, it will be necessary to carry rather more passengers than might normally use night services during winter and BEA has plans to attract them with a flat-rate single fare of £3 3s. between November and April.

This is lower than the second class rail fares, which range up to 72s. though with bus fare added, there is little difference beyond the saving in time. The BTC seems to have no doubt where the traveller's choice will lie and it has protested loudly to the Air Transport Licensing Board at "unfair"

NEW CARS

The High Price of Walnut



THE British Motor Corporation has followed almost its prewar practice this year in modifying most of the models in its range for the Motor Show, while adding yet more variants to its range of baby cars and raising some prices. All the models in its Farina range have had their track widened or their wheelbase lengthened to improve their ride and cornering—something that was much needed with the popular 1½ litre models. An anti-roll bar has been added to the front suspension of the 1½ litre cars and of the A40, and the rear springs modified. The power output of their engines has been increased at the same time; on the A40 the carburettor and inlet manifold have been changed, raising power from 34 to 37 bhp, but on the 1½ litre cars the engine has been enlarged to 1,600 cc and bigger valves fitted, putting the power up from 53 bhp to 61 bhp. So the A55 now becomes the A60; and, to take advantage of the extra power, the top gear ratio has been raised. Externally the cars have received a face-lift to make them recognisable from the old models and somewhat to reduce the angularity of the original Farina bodies. The price of the A40 is unchanged, but that of the 1.6 litre cars goes up by £20. The big six cylinder models too have had their engine power increased and their wheelbase lengthened: prices go up by £60.

The most interesting technical innovation this year in the BMC range is the adoption of the new Borg-Warner automatic transmission on the 1.6 litre range, for an extra cost of only £99 including purchase tax—£29 less than Smiths automatic transmission on the Hillman Minx. This new transmission has appeared after several years of development, and is intended for cars of from 1½ to 2½ litres capacity—it is being made in the United States as well as in Britain and there used in the Rambler.

BMC has also put Riley and Wolseley radiator grilles on its baby cars so that these can now be sold by nearly all the dealers in its network. It is assuming that there is a section of the public that likes its baby cars, but will only buy a car if it has a traditional look and some more chromium. This trimming, which may seem to some a negation of the Mini's utilitarian design, will cost such a buyer £80 extra for the Wolseley and £100 more for the Riley, which has a walnut facia. At the same time the price of the basic and de luxe versions of the Minis goes up by £10, though the only changes are more colours and a plated grille for the Mini-Minor; BMC no doubt wants to improve the margins on its biggest-selling lines.

competition. The BTC may have its eye as much on the mail and newspaper traffic as on passengers in making this stand; it is quite right in suspecting that BEA has worked out the new fare on a marginal basis, balancing it against the mail and newspaper contracts that it hopes to negotiate. If BEA is refused a three guinea fare, it may have to drop the negotiations for new night services. In that case the BTC would have killed a number of troublesome birds with one shot.

The issue turns, not on what is good for the passengers, but on whether the licensing board, set up solely to deal with air traffic, is under any obligation to allow for the effect of air competition on other forms of transport. BEA says that it is not, but the Transport Commission has suggested that if the licensing board were to decide in favour of BEA, it would take the point to a higher court. If a legal battle develops, there would be little chance of starting the service on November 1st and the railways would win an important delaying action. They are not fighting so much for the few shillings difference between the old and new fares as for the principle that a new, thrusting form of transport should hold back in deference to its older, slower and apparently less competitive elders.

BANK NOTES

Six Million a Day

This week the new ten shilling note goes into circulation. It is the second bank note in the Bank of England's new series and in design it is little different—unfortunately—from the one pound note, using the same three-quarter face portrait of the Queen. The note has a continuous watermark in readiness for production on a continuous roll of paper instead of separate sheets, a process discussed in an article on bank note printing in the Bank's latest quarterly bulletin.

There are, the Bank says, some 1,500 million notes circulating in the United Kingdom at present, weighing some 1,500 tons—surely a new entry for weights and measures tables. To keep these notes clean and serviceable the Bank's printing presses turn out six million notes every working day. Zurich need not suspect hyper-inflation: another six million dirty notes are withdrawn from circulation by the commercial banks. This means that the note issue is completely replaced about once a year. In fact the average life of each note is only about 14 months. The ten shilling note lasts for a mere six months, the pound note for just over a year, and the five pound note for nearly two years. Thus, although 452 million ten shilling notes were issued in 1960, against 112 million five pound notes, there are now nearly as many five pound notes in circulation as ten shilling notes.

The £5 note has gained rapid popularity since the new note was introduced in 1957, and it now accounts for more than 40 per cent of the value of all notes in circulation. But the Bank itself points out that some other countries have twice as high a percentage of their notes in this or larger denominations. The Bank therefore has to do far more work than should be necessary to keep the public supplied with its notes. Yet while the Bank has made impressive progress in developing new printing machinery designed eventually to produce notes "untouched by hand," production of new bank notes still takes many years. The earliest date that it can offer the new £5 note in the "Queen's portrait" series is 1963—and, more regrettably, no date at all can be put on the issue of the promised £10 note.

COPPER

Market Influences

Since dealings in copper were resumed on the London Metal Exchange in August, 1953, the prices fixed there have not been to everyone's liking. Excluding France and Belgium, they remain nevertheless the basis for settling most transactions in copper in the free world outside the United States. Sir Ronald Prain, the chairman of the Rhodesian Selection Trust group, was never one of the Exchange's most enthusiastic supporters: he said in London last April that the output restrictions the copper companies have been forced to retain should be based on statistical rather than market factors. But there can be more than one view about statistics and despite lengthy consultations between consumers and producers the sort of negotiating machinery that could reconcile these opinions has not yet been evolved.

Failing that, the London market gives the best reconciliation of people's independent readings of the statistical evidence. On the evidence before it, the market broke sharply in the middle of last month after a period of relative stability. By Monday of last week cash copper was down to £220½ a ton following the anouncement of a rise in copper held in London Metal Exchange warehouses to 22,600 tons. Since then a producer who was evidently prepared to quarrel with the market's prevailing view about copper has become a substantial buyer of the metal; in market parlance, "an influential buyer" bought several thousand tons of the metal when prices cracked and has since supported the market intermittently, touching off a recovery in cash copper to £230 a ton.

Sir Ronald Prain's group was thought to have been responsible for the "influential buying" of copper that occurred just over a year ago. That intervention was largely unsuccessful, unlike the support that was given when copper dropped to £160 a ton in 1958. Then the market was ripe for recovery, but the timing of last year's intervention was less fortunate and the buying was mainly of forward copper which gave those who took a dim view of copper's prospects the opportunity to sell forward in the hope that they could later cover their transactions by buying when copper prices fell.

On this occasion the buying has been of cash copper, so that only those who have copper to sell could counteract the special buyer in the market, but the premium on metal for forward delivery, which earlier was £4 a ton, disappeared completely. However, one man's view cannot prevail indefinitely against the market; it will be proved right or wrong by the subsequent course of prices.

SHORTER NOTES

In setting its 1962-63 bulk supply tariff for electricity—the price at which it sells power wholesale from the grid to area electricity boards—the Central Electricity Board this week made significant alterations in the way that it charges these boards a "kilowatt charge" related to maximum demand, and introduced a differential in its unit charges for power consumed, as between night and day supplies.

*

Schweppes is to raise £3 million by a one for twelve rights issue of 5s. ordinary shares at 26s. per share. Before the news of the issue the 5s. shares fell back from 34s. 6d. to 31s. 6d., to make the rights worth 5d.

*

Nothing came of this week's meeting of the International Tin Council. As expected, producing countries were unanimous in favour of raising the support price for tin within the agreement. For reasons discussed in last week's issue, consumers claimed that this was the wrong time to alter the agreement's price range and voted overwhelmingly against the producers' proposal. The matter will be raised again at the next meeting of the Tin Council in February.

COMPANY AFFAIRS
Comments on pages 178 and 179 on:
Babcock and Wilcox · United Drapery
United Glass · Sunday Pictorial
Second Covent Garden · Hallmark Securities
United Real Property · Gallaher
Thos. W. Ward · "Rhoanglo"
Rhodesian Selection Trust

LONDON AND NEW YORK
Stock prices, yields and security indices on pages 180 and 181

LONDON STOCK EXCHANGE
The week's movements reported on page 175

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 184

COMPANY MEETINGS

ALITALIA

Italian Airlines S.p.A.—Rome

CAPITAL LIT. 25,000,000,000

ANNUAL GENERAL MEETING

The Annual General Meeting of ALITALIA was held on June 22, 1961, at the Head Office of the Company at 92 Viale Maresciallo Pilsudski, Rome, with **Count Dr. Nicolò Carandini** presiding.

The meeting approved the Balance Sheet as at December 31, 1960, which shows a net profit of Lit. 110,597,259.

The report of the Board of Directors to the shareholders draws particular attention to the fact that the year 1960 marked the entry of the Company into a new era of commercial aviation, when ALITALIA joined the small number of major air-transport companies which, in 1959, had begun to use jet aircraft.

Commencing in May, 1960, and gradually throughout that year, a total of eight jet aircraft were put into service, comprising four DC-8 long-range types and four medium-range Caravelles.

During the current year ALITALIA will have available three additional DC-8s and six Caravelles and in the first months of 1962 three more DC-8s and four Caravelles.

At December 31, 1960, the Company's fleet consisted of the following units:

DC-8	4	DC-6	3
Caravelle	4	Viscount	14
DC-7C	5	Convair	6
DC-6B	8	DC-3	4
		Total	48

During the year, a new link with Canada (Montreal) was established in connection with the New York service, as well as new services linking Italy with Egypt (Cairo), with Czechoslovakia (Prague) and with Holland (Amsterdam). In addition two DC-7Cs have been adapted for freight carrying and are already in service on the following routes:

Rome/Turin/Milan—London—New York
Rome—Beirut—Teheran
Rome—Tripoli

The expanding requirements connected with the training of aircrews in every sphere of duty were met by the construction of a suitable building at Fiumicino Airport. Designed to accommodate flight simulators for DC-8s, Caravelles and Viscounts, it will constitute a modern and fully equipped training centre.

Within the framework of a vigorous commercial policy, several new traffic agreements were concluded, thereby strengthening the structure of the Company's concession agreements. New agencies were created, new centres of representation and production established, and the network of agents was also strengthened, particularly in the Far East.

In order to satisfy the growing demands of traffic and to maintain the constant high quality of the service on board that is a traditional characteristic of ALITALIA, the Company has almost completed a new building at Fiumicino that will house the catering organisation with its up-to-date methods for the efficient preparation of meals to be served in flight.

The workshops were supplied with all the adequate equipment. At the same time, the technical services were intensively occupied with the transfer of the maintenance shops and associated stores to the large new hangar at Fiumicino. The overhaul shops have remained at Ciampino Airport, awaiting transfer to Fiumicino on the completion of additional hangars now under construction.

The administrative department adapted itself to the complex demands imposed by the new methods and the consequent expansion of the Company's business. The innovations introduced and the increasingly diversified operations carried out were facilitated particularly by the timely acquisition by the Company of a modern IBM-7070 electronic computer.

* * *

The report underlines the opinion that, allowing for administrative difficulties, the economic results achieved in 1960 may be regarded with satisfaction. The increase in gross income over the 1959 figure is shown in Table III, which also indicates the movement of corresponding incomes in the last few years. It is significant that foreign currency accounts for 63.8 per cent of this income.

THE PROFIT AND LOSS ACCOUNT FOR 1960 is summarised in the following figures:

Traffic income	Lit. 44,481,688,193
Income from various sources	„ 2,242,280,301
Total income	Lit. 46,723,968,494
General operating expenses	„ 41,520,780,979
Balance	Lit. 5,203,187,515
Sinking fund	„ 5,092,590,256
Net profit	Lit. 110,597,259

Reviewing the Company's assets, the report draws attention to the considerable investments effected during the year. In fact, the items relating to the fleet and to the fixed assets reached the outstanding figure of about Lit. 78,000 million. In the previous year the same items totalled about Lit. 47,000 million.

The report also points out that the increase in authorised capital from Lit. 20,000 million to Lit. 25,000 million, decided upon in 1960, was fully subscribed; the first six-tenths of this increase were paid up early in 1961.

The Sinking Fund stands at about Lit. 18,000 million. Contingent liabilities amount to Lit. 10,000 million, and liabilities to financial institutions total about Lit. 30,000 million.

Finally, the Company extends its warm thanks to all those who have contributed to the development of Italian civil aviation, to the Ministries of State Participation and of Defence and Civil Aviation, to the *Istituto per la Ricostruzione Industriale*, ever attentive to the problems confronting the industry, and to the various economic and financial bodies with which ALITALIA has relations.

TABLE I.—SUMMARY OF OPERATIONS IN 1959 AND 1960

	1959	1960	Increase %
Kilometres flown	34,859,346	37,629,333	7·9
Passengers	849,644	1,099,668	29·4
Passengers pass./km.	1,039,395,743	1,338,812,912	28·8
Seat/km. offered	1,854,031,370	2,321,710,546	25·2
Baggage carried kg.	842,800	968,616	14·9
Baggage carried ton/km.	1,137,744	1,281,871	12·7
Mail carried kg.	3,325,062	3,984,889	19·8
Mail carried ton/km.	5,947,144	6,645,322	11·7
Freight carried kg.	8,658,703	12,062,241	39·3
Freight carried ton/km.	13,717,194	19,864,761	44·8
Total ton/km. carried	114,718,788	148,575,063	29·5
Total ton/km. offered	211,580,471	271,593,434	28·4
Passenger load factor %	56·1	57·7	2·9
Overall load factor %	54·6	55·6	1·8

TABLE II.—INCREASE IN PRODUCTION AND SALES OVER PRECEDING YEARS

	Production (ton/km. offered)	Increase over preceding year %	Sales (ton/km. flown)	Increase over preceding year %
1956	45,217,954	22·5	25,542,164	23·7
1957	71,295,108	55·4	40,712,420	59·4
1958	157,306,037	121·4	82,332,759	102·2
1959	210,151,218	33·3	114,718,788	39·3
1960	267,389,680	27·2	148,575,063	29·5

TABLE III.
GROSS INCOME FROM TRAFFIC

	1956	1957	1958	1959	1960
In Lit. m.	8,134	12,986	26,138	35,033	44,481
Increase %	29·6	59·6	101·2	34·0	26·9

MANUFACTURERS HANOVER TRUST COMPANY · New York

Statement of Condition, September 30, 1961

ASSETS		LIABILITIES		
Cash and Due from Banks	$1,559,523,638	Deposits		$5,073,312,668
U. S. Government Obligations	1,232,387,283	Acceptances		185,829,854
State, Municipal and Public Securities	341,193,825	Reserve for Taxes, Accrued Expenses, etc.		64,900,017
Other Securities	41,937,087	Dividend Payable October 2, 1961		5,859,333
Loans	2,312,171,218	Other Liabilities		8,405,385
U. S. Government Insured F.H.A. Mortgages	79,122,790	Reserve for Possible Loan Losses		75,773,317
Other Mortgages	59,766,304	*Capital Funds:*		
Banking Premises and Equipment	36,903,240	Capital Stock ($15 Par)	$175,780,005	
Customers' Liability on Acceptances	177,111,581	Surplus	200,000,000	
Accrued Interest and Other Assets	24,007,344	Undivided Profits	74,264,231	450,044,236
	$5,864,124,810			$5,864,124,810

U. S. Government obligations and other securities carried at $239,846,633 were pledged for various purposes as required or permitted by law.

International Division: 55 BROAD STREET, NEW YORK

Member Federal Deposit Insurance Corporation

Overseas Branches: 7 Princes Street, E. C. 2; 10 Mount Street, W. 1, London

Representative Offices: Paris, Frankfurt am Main, Rome, Tokyo, Beirut, Manila

Incorporated with Limited Liability in U. S. A.

ROMAC INDUSTRIES

The thirty-sixth annual meeting of Romac Industries Limited was held on October 6th in London, **Mr R. D. Boyce** (the chairman) presiding said:

Despite our problems, the turnover of your Company shows an advance, both at Home and Abroad, and is reflected in the increased Trading Profit of £54,933 compared with £51,965. The Final Net Profit after taxation (£27,386) remains in the neighbourhood of last year's figure, which was the highest obtained in the Company's history.

Our Cable Division continues to expand.

Reception of the Company's B.S.I. "Kitemark" range of Car Seat Safety Belts has been most gratifying.

During the year under review an Equipment Division was formed to deal with heavy vulcanising plant. This, too, has made a good start.

The Company is about to introduce on a large scale a new range of "Motorway" patches to meet modern standards of high speed road travel. There is encouraging indication that this new product will be beneficial to the Company both at Home and in the Export field.

Referring to the current year, the Chairman said: With the knowledge I have of the new projects in hand, the sound and, indeed, very low book valuation of the Company's Fixed Assets, and the stability of its finance, I feel we will at least hold our own.

The report was adopted and a total distribution of 27½ per cent for the year was approved.

THE DOXFORD & SUNDERLAND SHIPBUILDING & ENGINEERING CO. LIMITED

SUBSTANTIAL BENEFITS ENVISAGED FROM MERGER

The annual general meeting of The Doxford & Sunderland Shipbuilding & Engineering Co., Limited, will be held on October 31st in London.

The following is an extract from the circulated statement of the chairman, **Dr. J. Ramsay Gebbie, CBE.**

The merger with The Sunderland Shipbuilding Dry Docks and Engineering Company Limited (The Sunderland Group) became effective on the 6th June, 1961. Your Board is confident that in the long run the merger will prove of great benefit to the group and therefore to the company's stockholders.

The consolidated balance sheet shows the united strength of the two groups now merged with net assets in excess of £12,000,000.

In view of the intense competition from shipyards and engineering works both at home and abroad it is clear to your directors that further considerable capital expenditure will have to be made in the next few years.

The further and rapid development of the Doxford oil engine is clearly a matter of major importance and will entail heavy outlay so that the maintenance of ample resources is essential.

During the year our three shipyards and the Doxford engine works have continued to work at high capacity.

Eight of the new Doxford "P" engines are now in service and they show every prospect of being completely successful. A considerable number of these engines are now under construction or on order with ourselves and some of our licensees.

We are proceeding with all possible speed with the design and construction of a further new type of engine designed to give ultimately power of up to about 25,000 b.h.p.

Major reconstruction schemes at Joseph L Thompson's shipyard are now complete and will permit the building of tankers up to 100,000 tons deadweight.

New plater's and welding sheds are being built at Sir James Laing's shipyard.

All our shipyards and the engine works have received a number of new orders during the year and all of them will be well occupied during the current financial year, whilst a considerable number of orders are also on our books for the following year.

The prices at which orders are now obtainable, however, leave little or no margin for profit and where deferred terms of payment have to be conceded there is a substantial time lag before final payment. In these circumstances it is to be expected that there will be a further reduction in profits for 1961/1962.

Much hard work and thought will be needed to obtain the best results from the enlarged group but we have a team of highly experienced executives who are well qualified and capable of tackling all the difficult problems ahead.

INDUSTRIAL DEVELOPMENT CORPORATION OF SOUTH AFRICA LTD.

SUMMARY OF ANNUAL REPORTS

Dr H. J. van Eck, the Chairman of the Industrial Development Corporation, presided in Johannesburg on October 9, 1961, at its 22nd Ordinary General Meeting.

The following are the main points from the Corporation's Annual Report and the Chairman's Statement:

The Corporation's issued capital on June 30th was R117,284,000. Operating profits, before tax, for the year amounted to R1,269,000, from which R1,040,441 was appropriated to Reserves, bringing the accumulated reserves at the year end to R6,725,000. Investments increased by *R4,740,000 to R136,854,000.*

The Statement dealt at some length with the Corporation's policy towards applications and again stressed the importance of "economic merit" which was a statutory prerequisite to every proposal considered. The IDC was designed primarily to champion private enterprise and generally could not provide an unduly large proportion of the capital required for any project. It was contrary to its policy to control the companies assisted by it and it normally limited its participation to a minority interest. It regarded the ability to earn reasonable profits as the yardstick of an efficient enterprise and had to satisfy itself that competent management was available.

More applications were received than in any previous year and the resultant commitment aggregated R12,344,000, a new record for the Corporation, excluding certain periods when Sasol and Foskor were involved.

In dealing with the future outlook in South Africa, the Chairman referred to the slackening in the tempo of industrial development which had become apparent a few years ago and which had coincided with, amongst other factors, the completion of a programme of large-scale mining and railway development. A period of consolidation had followed which had been taken advantage of by many industries to lay plans for future expansion. The operating results of the majority of the Corporation's associated companies showed increased turnovers and profits in their last financial year. This suggested that business conditions generally favoured the implementation of these expansion schemes.

In Dr van Eck's view South Africa could look forward to an improvement in her monetary situation and in internal liquidity during the immediately foreseeable months. This factor should exert a beneficial influence on the general business outlook.

INDUSTRIAL ESTATES

The statement concluded with a reference to the establishment by the IDC of its first industrial estate. This was being operated under the aegis of a wholly-owned subsidiary, Elangeni Estates (Pty.) Limited, which had acquired ground at Hammarsdale on the border of the Umlaas Bantu Reserve, where industrialists could lease factories, erected to their specifications, on reasonable terms with an option of renewal or outright purchase.

THE RANK ORGANISATION

A YEAR OF PROGRESS AND DEVELOPMENT

In his Statement for the 52 weeks ended 24th June, 1961, The Lord Rank described the past year as an important one in the history of the Organisation. There have been substantial changes in the Group structure, and considerable developments in the scope of the Group's activities, particularly in the non-cinema interests.

RESULTS FOR 1960/61

Group profit before taxation was £5,082,240 compared with £4,002,764 last year.

The proposed final ordinary dividend of 15% as forecast, payable on the increased capital, together with the interim dividend of 7½%—making 22½% in all—compares with 15% last year, and absorbs £441,106 as against £230,371.

Group exports were in excess of £7,500,000.

FILM PRODUCTION; DISTRIBUTION AND EXHIBITION

Pinewood films produced and released during the year made an overall profit, and more than 45% of net earnings were secured abroad.

Attendances at Group theatres showed a slight upward tendency in the latter half of the year—although it is too early to say that the decline has been permanently arrested.

The theatre rationalisation and modernisation programmes have continued. A phase of redevelopment, incorporating cinemas in the redeveloped properties, has begun.

NON-THEATRICAL ENTERTAINMENT AND ALLIED ACTIVITIES

Expansion of Ballrooms and Dance Studios, and the Group's first ventures into Tenpin Bowling and Health Clubs, have all proved successful. Further developments are planned in all these fields, and also in catering. The gross dividend received this year from Southern Television was £276,120 as against £184,080 last year.

TELEVISION RETAIL AND RELAY

New relay franchises have been obtained in addition to those already operated, and 'Choiceview'—the joint venture with Rediffusion Limited into Pay-TV—has reached the stage at which a field trial could be carried out. The number of 'Visda' shops, retailing television, radio and consumer durable goods, has been slowly expanded.

INDUSTRIAL AND COMMERCIAL ENTERPRISES

RANK-XEROX has a great and important part to play in the Group's future. It is now in profit, and its growth amply confirms the belief we have always had in its potentialities.

RANK PRECISION INDUSTRIES has continued to develop. Heavy capital commitments have required a conservative dividend policy.

In common with other manufacturers of television sets—although to a lesser degree than most—BUSH RADIO experienced a marked decline in profits, but profits from manufacturing activities other than of television receivers continue to grow. The pioneering work of RANK CINTEL in colour television has placed it in a strong position in this market, and important developments in aircraft instrumentation have been made.

THE FUTURE

23% of Group Profits were derived from manufacturing and miscellaneous activities in 1961, which I anticipate will increase in 1961/62. I firmly believe that on our present foundation we are entitled to look forward to steadily increasing profits in the next few years providing that our programme and trading operations are not adversely affected by factors outside our control.

At the close of the Annual General Meeting the Deputy Chairman and Managing Director, Mr. John Davis, announced that proposals were being submitted to shareholders, the effect of which would, if adopted, make Gaumont British a wholly owned subsidiary company of The Rank Organisation.

A copy of the Chairman's full statement and Annual Accounts may be obtained from The Rank Organisation Limited, 38, South Street, London, W.1.

RÉGIE NATIONALE DES USINES RENAULT

BILLANCOURT, FRANCE

INTERNATIONAL COMPETITION IN EXPORTS

The report for 1960 of the Régie Nationale Des Usines was recently presented by **Monsieur Pierre Dreyfus**, chairman and managing director. The following are extracts from his introductory statement:

The year 1960 was marked by a stiffening in International Competition. In the United States this increase in competition was most severe. European manufacturers exported to the United States only 444,000 vehicles in 1960 compared with 668,000 in 1959; the fall in exports was concentrated in the second half of the year, on the other hand, in European Markets a keener struggle developed. The heightening of competition in European markets was in part hidden by the overall increase in production (Germany : 18 per cent ; Italy : 51 per cent).

The strengthening of competition was, nevertheless, evidenced by such signs as the almost general disappearance of delivery delays, price reductions and the introduction of numerous new models. From the Autumn of 1960, it was apparent to manufacturers involved in world-wide competition that in the winter of 1960/61 they would have to mark time.

This was the situation in which the large American companies found themselves : after having broken production records in the first half of 1960 they had in September a stock of unsold vehicles exceeding 1,000,000 which is far from being eliminated in the middle of 1961.

As a result of this in the earlier months of this year, there were shut-downs and dismissals which had the effect of cutting down American production by an average of more than 40 per cent in the first quarter of 1961, compared with the same period in 1960. [British manufacturers have been in a similar predicament and have had to reduce the number of their employees and cut down their working week from five days to two or three days over a period of several weeks.]

Renault, being involved in export markets since it was a national necessity and because the company is convinced that it is only those who succeed in developing outside French territory who will be able to stand up to future competition, has suffered the consequences of the present situation and the stiffening of competition.

The 1960 results must be assessed in the light of these facts. In 1960 the company produced 542,920 motor vehicles and 16,207 agricultural tractors and thus maintained its place as sixth largest world manufacturer, it sold within the metropolitan area 214,138 private cars and industrial vehicles, that is 15.8 per cent more than in 1959.

EXPORT MARKETS

Exports from the metropolitan area were slightly lower than in 1959. In 1960 as a whole deliveries by the company outside the metropolitan area amounted to 297,514 private cars and industrial vehicles which is 54.79 per cent of the company's production and 51.2 per cent of French exports. In the United States the company remained the second largest European exporter by a substantial margin. The company exported 52.4 per cent of French exports to the Common Market and 59.2 per cent of French exports to EFTA countries and 61.7 per cent of those to Latin America. The standing which Renault has acquired outside France is firmly based ; the results for 1961 will confirm this, for the company continues to export more than half the French cars sold outside France.

Of course, Renault like most of the world-wide automobile companies has known difficulties in the trading year 1960-61, but these difficulties will perhaps have had the benefit of clarifying certain issues.

First, exports, and particularly bulk exports, are more than ever a national necessity. It is essential that French industry, and especially the car industry, should continue to earn the currency needed by France. That is all the more essential since, as customs barriers are rapidly being lowered, France is becoming, at a speed unimaginable only two years ago, a large importer of manufactured goods.

In 1959 our imports of cars totalled some 11,000. In 1960 they rose to 25,000. They will probably amount to 60,000 in 1961, although the distribution networks of the majority of the large foreign firms (in France) are not yet very concentrated and the international Common Market tariff is still 18 per cent and our external tariff—that is against such large producing countries as the UK and the USA—is 29 per cent.

Customs barriers will continue to be lowered and Europe will become the chosen area for competition, in which the European and American firms will concentrate all the weight of their industrial, commercial and, most important of all, financial strength. French manufacturers will soon have to put as much effort into maintaining their positions in the national market as upon winning foreign markets.

Second, it is essential to appreciate that the French economy would be incapable of standing up to world competition if it clung to its old ways. The only way of resisting effectively is to achieve maximum flexibility in our business efforts. In the car industry in particular, we cannot expect as in the last 15 years a steady advance in production and sales of all firms at the same time. Necessarily, there will be peaks and troughs, either for the whole industry or for a particular firm at a given time. What is true now for this competitive industry will soon be true for the others. [Of course, it is possible to alleviate to some extent the consequences of these variations, but it is impossible to eliminate them altogether as they are part of the rules of the game which the countries of the Western world have imposed upon themselves.] The removal of trade barriers [between these countries] is perhaps the way to speed up the raising of our standard of living as well as of those under-developed countries which we must aid, but whether we wish it or not, it implies a capacity for rapid adaptation to competitive fluctuations and a great degree of flexibility. Competition is not trench warfare. It is a war of rapid movement. The worst illusion would be to fail to recognise this. To prepare for unavoidable changes is the first task.

THE KETTON PORTLAND CEMENT CO. LTD.

The Thirty-third Annual General Meeting of The Ketton Portland Cement Co. Ltd., was held on October 12th at Albion Works, Sheffield. The Chairman, **Mr H. W. Secker, OBE**, presided, and in his report, already circulated, said:

Our deliveries were 326,506 tons compared with 337,854 tons last year, and this is the second highest figure obtained by the Company.

The profit for the year, before tax, is £440,090 compared with £407,932, an increase of £32,158, which has been influenced by a change in the basis for computing depreciation, to which I refer later.

INCREASED PROFIT

Taxation at £196,000 is £13,000 less than for the previous year owing to the influence of Investment Allowances. The profit after tax is £244,090, an increase of £45,158.

Your Directors recommend a Final Dividend of 15 per cent on the ordinary shares, making, with the Interim Dividend of 5 per cent already paid, a total of 20 per cent less tax. Holders of 7½ per cent participating preference shares will be entitled to the half-year's dividend of 3¾ per cent and an additional participation of £6 8s. per cent, in accordance with the terms of issue.

We propose to allocate £150,119 to General Reserve, which will then stand at £500,000, and after payment of the proposed dividends the amount to be carried forward will be £260,857, an increase of £4,607 over last year.

The charge for depreciation is £102,163 compared with £139,393 for the previous year. This follows from the change made in the basis for computing depreciation. In recent years this charge was calculated on a fixed rate per ton of cement produced, but to accord with more general practice the depreciation charge for the year under review has been based on percentage rates of depreciation applied to the various categories of assets on a "straight line" basis. Although this has resulted in a temporary decrease in the annual charge it will be appreciated that on the completion of the 5th unit there will be a considerable increase in the annual charge for depreciation in future years.

Additions to the fixed assets in the past year amount to £335,827, which includes £271,30 related to the installation of the 5th unit.

Your Company's liquid position is satisfactory but Current Assets exceed Current Liabilities b some £956,000.

NEW PLANT

The plant, buildings and machinery have bee maintained at a high standard, and in othe directions the past year has been one of prepar tion for a 5th unit.

Extensions at Ribblesdale Cement Ltd., whic is jointly owned by ourselves and the Tunn Portland Cement Co. Ltd., were substantial completed in the Spring and a 50 per cent i crease in output is now being fully absorbed.

It is a pleasure to refer to the conscientio and willing services of our workpeople, staff a management, and the sales staff of our sole se ing agents, Thos. W. Ward Ltd.

The report and accounts were adopted a the retiring director, Mr. F. W. Robinson, w re-elected.

HECHT, LEVIS & KAHN

(Merchants in Raw Rubber and Other Commodities)

A MORE PROFITABLE YEAR

The thirty-sixth annual general meeting of Hecht, Levis & Kahn, Ltd, was held on October 6th in London, **Sir James Helmore, KCB, KCMG** (the chairman), presiding.

The following is an extract from his circulated statement:

Towards the end of my statement last year, I said that prospects seemed favourable. In the result, the profits of the group, before tax and before deducting minority interests, rose from £410,875 to £567,828. This was due to maintenance of their substantial contribution to the group's earnings by the S.A.F.I.C. group of companies, the elimination of the severe losses incurred in the Far East in the previous year and profitable use by the parent company of its increased liquid funds. The net profit available for appropriation is £168,460 as compared with £123,755.

In these circumstances, and having in mind the strong liquid position of the group, the Board would have wished to give consideration to an increase in the rate of dividend. Having regard, however, to the Chancellor's wishes, we are proposing a dividend of 15 per cent (same).

The results of S.A.F.I.C.'s trading speak well for the skill and knowledge of those responsible; the French market for natural rubber becomes more difficult every year not least because of the competition of synthetic rubber produced in Europe and sold direct by the producers. This development in the context of the Common Market means that we can no longer look for increased profits from rubber dealing by S.A.F.I.C. and its efforts to find new lines of activity are therefore being intensified. One such effort is the 25 per cent interest in Schenectady de France (a subsidiary of Schenectady Varnish Inc.). The production by Schenectady de France of a wide range of synthetic resins has now begun and the marketing of these products in the Common Market will be undertaken by S.A.F.I.C. and also by S.E.P.P.I.C.

Having referred to the merger of S.E.P.P.I.C. with S.I.N.T.E.C. (Société des Industries Techniques de Cernay) and to the satisfactory re-organisation of the Company's interests in the Far East, the Chairman continued:

PROPOSED CAPITAL DISTRIBUTION

I now come to the proposed reorganisation of Hecht, Levis & Kahn, Ltd. itself, concerning which a brief preliminary announcement was made on August 23rd. It is still too early to give any details of the method of putting this re-organisation into practice. I can, however, say that it is intended in the future to concentrate our investment upon the European group of companies, of which S.A.F.I.C. is the most important and to dispose of our remaining interests including those in the Far East. I have referred on more than one occasion to our desire to diversify should suitable opportunities arise and also to the strength of our liquid position. While our efforts to diversify have shown some results in France—and to some extent also in the Far East—we have come to the conclusion that it would not be justifiable to continue to retain such large liquid resources in conditions where the opportunities for fresh investment of a kind appropriate for a group such as this are both rare and expensive. We intend therefore to bring before you in due course proposals under which, after satisfying the claims of the preference stockholders, ordinary stockholders will receive at least £800,000 in cash.

The report was adopted.

GOLD MINES OF KALGOORLIE (AUST.)

The annual general meeting of Gold Mines of Kalgoorlie (Aust.) Limited was held on September 21st in Melbourne.

Mr G. Lindesay Clark, CMG (the Chairman), presided and, in the course of his speech, said:

(All figures quoted are in Australian currency.)

Net profit for the year ended March 31, 1961, was £281,917 compared with £323,869 for the year 1959-60, a decrease of £41,952. This decrease was caused mainly by an increase in operating costs, consequent upon higher labour costs and a higher proportion of cut-and-fill stoping compared with the previous year.

Calls of 1s. per contributing share were made during the year by Kalgoorlie Southern Gold Mines No Liability, and have increased this Company's interest in the project by a further £9,131 to £88,155. Since the close of the year a loan of up to £15,000 has been made available to Kalgoorlie Southern, in return for which an option over 50,000 forfeited shares at par has been granted.

A dividend of 1s. per share absorbing £202,265 was paid on December, 1, 1960. Since the close of the year the Company has recommenced consideration of dividends half yearly, and a dividend of 6d. per share was paid in May, 1961.

OPERATING RESULTS

The mill treated 530,138 tons for the year including 441 tons of customs ore, an average of 40,780 tons per four-weekly period, an increase of nearly 500 tons per period over the corresponding figure last year.

Gold recovered amounted to 144,411 fine ounces, being 134,005 ex Mill, 10,324 from concentrates treated at Fremantle and 82 from clean-up of shut down mills. Gold in concentrates awaiting treatment at Fremantle increased by 2,331 ounces.

The head grade from the mines for the year averaged 6.16 dwts per ton and the residues 0.62 dwts, giving an overall recovery of 90.0 per cent.

Ore Reserves at March 31, 1961, were estimated at 1,133,000 tons averaging 5.9 dwts per ton, compared with 1,287,000 tons averaging 5.8 dwts per ton in March, 1960.

During the year 31,708 feet of development was done, of which 1,195 feet was special work in connection with shafts, haulage connections and ore passes. Of the 30,513 feet of normal development, 23 per cent was in ore averaging 9.2 dwts over 65 inches. Between the end of the year and August 15, 1961, 10,992 feet of normal development has been done, of which 27.4 per cent was in ore averaging 10.1 dwts over 64 inches.

The report and accounts were adopted.

WESTERN MINING CORPORATION

The annual general meeting of Western Mining Corporation Limited was held on September 27th in Melbourne.

Mr G. Lindesay Clark, CMG (the chairman), presided and paid tribute to the memory of the late Mr Leslie Edwards, a Director of the Company, who died on November 29, 1960.

(All figures quoted are in Australian currency.)

Net profit for the year ended March 31, 1961, of £297,568 was £42,188 higher than for the year 1959/60. Dividends received from the Central Norseman and Gold Mines of Kalgoorlie companies were unchanged and the principal reasons for the increase in profits were reductions in the amount of investigations written off and in administration charges and interest.

GOLD MINING

Production by the three gold mining companies in the Group totalled 1,127,024 tons, yielding 309,883 ounces of fine gold in bullion and concentrates. A further 1,893 tons of ore, from which 1,643 ounces of fine gold were recovered, was mined by tributers working the Yilgangie Queen Mine.

Operations at Central Norseman Gold Corporation N.L. and Gold Mines of Kalgoorlie (Aust.) Ltd. continued this year with satisfactory developments and dividends were maintained at the level of the previous year.

Great Western Consolidated N.L. suffered a loss on its operations and is now in the stage of mining and treating its residual ore reserves.

ALUMINIUM

Commenting on prospecting for minerals other than gold the Chairman said: When it became apparent that an important bauxite deposit had been discovered in Western Australia it was thought that we might hope to develop an export trade in bauxite which could lead later to the erection of a refinery to produce alumina.

Following extended negotiations, we had the great good fortune to interest the Aluminum Co. of America in joining us in establishing an integrated aluminium industry through the formation of Alcoa of Australia Proprietary Limited to develop these resources. Your Directors look forward to the future of Alcoa of Australia with the greatest confidence.

IRON ORE

For some time the Corporation has been interested in the iron ore resources of Western Australia. Recently the Government has decided to grant reserves over certain deposits and six reserves have been granted to the Corporation.

The market for iron ore is the expanding steel industry in Japan. We have recently had conversations with representatives of steel mills in Japan and are assured that their market can absorb any tonnages that we are likely to be able to supply.

CAPITAL

The Board considered that if people subscribed to separate companies establishing new

industries, such as Alcoa of Australia and iron ore, they would not expect dividends for some years in any event. It was thought, therefore, that the situation could be best met by issuing deferred shares which would enable the tax-free dividends to be continued on the present issue.

On this basis the Board now proposes to make a rights issue of 60 per 100 at 12s. 6d. per share, due for dividend in August, 1964. The payment for these shares will be 2s. 6d. down, the remainder in calls over approximately 2 years.

The report and accounts were adopted.

SCRIBBANS-KEMP LIMITED

The 34th annual general meeting of Scribbans-Kemp Limited was held on October 9th in London.

In his circulated statement the chairman, **Mr. F. N. Martin, FCA,** said that the Company had had a most difficult year. It had become apparent that they could not make money in Ireland and the Board had decided to withdraw. He added that the Company retained a distribution depot in Northern Ireland for the sale of products made on this side.

Reporting on new acquisitions, Mr. Martin stated that during the year they had acquired the old-established firm of H. H. & S. Budgett & Co. Ltd. of Bristol. Since the close of the financial year they had also acquired the whole of the share capital of Hughes Bros. (Manufacturers) Ltd., of Liverpool.

Turning to the retail side of the business, which was now considerable, the chairman said that there had been an improvement in both sales and profits.

Export trade last year had shown a further substantial increase and had been easily the best ever.

The features of the past year, concluded Mr. Martin, may perhaps be summarised as follows: sales were maintained, but we are to have a 'new look' on marketing; profits were down, but we are to go out for better margins as a result of efficiency and economy. And what of the future? In the current year we have not got off to a particularly good start but we have great confidence in the steps we have taken and feel that we have justification for a cautious optimism.

The report was adopted.

ACROW (ENGINEERS) LIMITED

MR W. A. de VIGIER SURVEYS 25 YEARS OF PROGRESS

The twenty-fifth annual general meeting of Acrow (Engineers) Limited was held on October 5th in London.

Mr W. A. de Vigier (the chairman) presided and said:

From the accounts in front of you, you will have noted that the consolidated trading profit for the year under review amounted to £774,310. A final dividend of 12½ per cent on the Ordinary shares, making 47½ per cent for the year on the increased capital, is recommended by your Directors. In addition, an Anniversary bonus of 2½ per cent was paid on September 5th.

Much criticism is often meted out against private enterprise so let's review, on the occasion of the Twenty-Fifth Anniversary, what the Acrow team has achieved.

We started in 1936 at a time when over a million were registered as unemployed and a war was looming ahead, with only £150 capital and a railway arch as a works. Soon the war years came when the Company had no E.P.T. standard and all profits went in taxation. 1936/46 were struggling years when, believe me, many an anxious hour was spent by the Company Secretary wondering how to pay the wages on Thursday. However, a team emerged from this struggle which had only one aim—to see Acrow grow. At home, in ten different towns, offices and depots were organised to give our customers the best possible service; five works were built in South Africa, Australia, the Argentine, Canada and Italy; selling companies were established in eighteen different countries. For the first twelve years shareholders did not get a penny in dividends, every cent was ploughed back into the business. In 1949 the Company was made public and since that date shareholders have had ten bonus issues and the Directors have progressively increased the dividend on the increased capital to 50 per cent. this year including the Anniversary bonus.

Product-wise, an intense programme of diversification has taken place, always remaining within the engineering field. Whereas ten years ago nearly all our output went to the building and civil engineering trade, today, after 30 per cent of the total output has been exported, to seventy different countries, of the remaining 70 per cent sold at home, 25 per cent goes to the building and civil engineering trade, 20 per cent to agriculture and forestry, 11 per cent to industrial and catering and 14 per cent to Government and mining. The name Acrow is today known the world over. For many of the products manufactured the Company has become the leader in the field.

The above is a record of true private enterprise.

I am sure that you would like me to pay a tribute of thanks to all my colleagues on the various Companies' Boards, and to the employees who, through their loyal co-operation and unstinted efforts, have made these twenty-five years of progress possible. No Company Chairman could wish to have a more wonderful team than I have the privilege to lead.

For the future, the outlook remains satisfactory and in the absence of unforeseen circumstances there is no reason why 1961-62 should not be another record year.

The report and accounts were adopted.

JAMES HOWDEN & COMPANY

(Engineers: Specialists in the Design and Manufacture of Air and Gas Handling Plant)

RECORD LEVEL OF OUTPUT

OVERSEAS SUBSIDIARIES' CONTINUED EXPANSION

MR CRAWFORD W. HUME ON A DECADE OF PROGRESS

The fifty-fifth annual general meeting of James Howden & Company, Limited was held on October 11th in Glasgow, **Mr Crawford W. Hume, MRINA** (the chairman), presiding.

The following is his circulated statement:

Since the last Annual General Meeting, Mr H. L. Paul, MBE, retired from the Board after 27 years of valuable service with the Company. We wish him health and happiness in his well earned retirement.

Mr H. K. Roseveare, MBE, GM, who has been some 10 years with the Group, has been appointed to the Board. We look forward to the benefit of his wide experience as an able administrator who has already been of great and valuable assistance to us in our overseas subsidiaries.

The Accounts of the Parent Company and of the Group are presented in the usual form for the year which ended on April 30, 1961.

THE YEAR'S RESULTS

The profit of the Group before taxation is £802,524. The Parent Company contributed £671,433 and the Subsidiary Companies £131,091. After making provision for taxation, the profit of the Group amounts to £421,705.

£200,000 has been transferred to the Group General Reserve, bringing this to £2,559,604.

If the recommended final dividend of 20 per cent is approved there will be a balance to be carried forward of £193,575 in the Parent Company's accounts. The Group balance to carry forward will then be £109,401.

The factories in Scotland have been fully employed throughout the year. Output, both in tonnage and in sales value, was higher than ever before. Manufacturing facilities were expanded and improved by purchase and installation of new and more efficient plant, and by rearrangement of internal layout. This policy will continue.

We constantly seek to extend the range of products which fit into our fields of activity. Two years ago we negotiated a licence from Lurgi Apparatebau Gesellschaft m. b. H. of Frankfurt, West Germany, for sale and manufacture of their design of Electro Precipitator. Substantial orders were subsequently received for Power Stations and Steelworks and those already in operation are proving satisfactory.

I am very pleased to say that our booking of orders during the year was most encouraging. At the present time the order book of the Parent Company is the highest in its history.

OVERSEAS ACTIVITIES

During the last ten years or so great efforts have been made in the establishment and expansion of the Company's Subsidiaries in Australia, Canada and South Africa. These efforts are being rewarded by the growth of healthy and vigorous Subsidiaries. Their effect on the fortunes of the Group as a whole is twofold. Not only do they enable the Group to obtain orders in overseas markets which, in the absence of such subsidiaries, might easily have been taken by foreign competitors, but, having booked the orders, they then place with the Parent Company a considerable proportion of the equipment for manufacture at home. These parts, made by the Parent Company, rank as direct exports. At the same time, the Subsidiaries manufacture the other parts thus benefiting the Group as a whole.

The Canadian Company has again had a profitable year and its long term prospects continue to be encouraging.

The South African Companies have had a good year. It does not appear that the political situation there will affect the business in any serious way. The Johannesburg factory is working normally and there are no indications of uneasiness over labour conditions. The order book is very much larger than ever before and the prospects for business satisfactory.

The Australian Company had a busy year but the profits were down. This to some extent was due to the completion of a contract being delayed beyond the end of the year. The bookings during the year, however, were satisfactory and the amount in the order book was more than trebled. These orders are for plant to be delivered within the next three years and the prospects are therefore good.

I have also to report recent developments of some importance affecting our business on the Continent of Europe. We have acquired a controlling interest in a new Dutch Company named Holima Ingenieursbureau voor Warmte-en Koudetechniek N.V., established to take over the business of our former Agents in Holland. We have enjoyed valuable business in Holland for upwards of 30 years and by this step we believe the future there will be assured.

Our sales in France have been increasing steadily over the past four years to some extent due to the easing of import restrictions and are now substantial. The market is promising and we are at present forming a French subsidiary company. It is our belief that the new company will afford us certain advantages.

RECORD OF PROGRESS

The growth of the Group to which I have referred from time to time can be well illustrated by a few figures. For instance, in 1951 the net assets amounted to £1,019,510. By 1956 they had risen to £2,546,924, and at the end of the year under review to £4,800,841.

On your behalf and on behalf of the Board I have pleasure in thanking the Boards of the Subsidiary Companies and all the executives, staff and workpeople at home and abroad for their loyalty and service.

The report and accounts were adopted.

EDUCATION AND COURSES

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Wolsey Hall (Est. 1894) provides Postal courses in a wide range of subjects for the so examinations for London Univ. B.Sc.Econ. three if entrance is included) at moderate fees. 431 Wolsey Hall students passed London Univ., B.Sc. *Economics exams, 1950-60.* Tuition fee for G.C.E., Law, Statistical, other exams. Prospectus (mention examination) from L. W. Shaw Fletcher, C.B.E., LL.B., *Director of Studies,* Dept. P.17.

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BUSINESS AND PERSONAL

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THE NATIONAL BANK LIMITED.
NATIONAL PROVINCIAL BANK LIMITED.
WESTMINSTER BANK LIMITED.
WILLIAMS DEACON'S BANK LIMITED.

R. H. BARKSHIRE,
Secretary.

10 Lombard Street, London, E.C.3.
October 5, 1961.

ANNOUNCEMENT

STATEMENT REQUIRED BY THE ACT OF AUGUST 24, 1912, AS AMENDED BY THE ACTS OF MARCH 3, 1933; JULY 2, 1940, and JUNE 11, 1960 (74 STAT. 208) SHOWING THE OWNERSHIP, MANAGEMENT, AND CIRCULATION OF The Economist, published weekly at New York, N.Y., for October 1, 1961.

1. The names and addresses of the publisher, editor, managing editor and business manager: Publisher, Sir Geoffrey Crowther, 22 Ryder Street, St. James's, London, S.W.1, England. Editor, Donald Tyerman, 22 Ryder Street, St. James, London, S.W.1, England. *Business* Managers, Gerald Andrews and Peter Dallas *Smith,* 22 Ryder Street, St. James's, London, S.W.1, England.

2. The owner is:

The Economist, Newspaper Limited, 22 Ryder Street, St. James's, London, S.W.1, England.

Stockholders owning or holding 1 per cent or more of *total amount of stock are:* Financial News Ltd., 10 Cannon Street, E.C.4; J. Cadbury, The Davis, Northfield, Birmingham; D. E. W. Gibb, Hayes Bacton, Gerrards Cross, Buckinghamshire; R. L. Greig, Oaklene, Parkfield Road, Altrincham, Cheshire; L. K. A. de Rothschild, *New Court, St. Swithin's* Lane, E.C.4; The Executors of the late Lord Simon's Estate, Cheadle Heath, Stockport, Cheshire; H. Graham White, Mere Cottage, Birkenhead, Cheshire; David Layton, 47 Hampstead Way, London, N.W.11; G. C. Layton, Owls Wood, Avon Castle Drive, Ringwood, Hampshire; M. J. Layton, 48 Wesleigh Avenue, London, S.W.15; C. W. Layton, 41 Elsham Gardens, Barnes, London, S.W.13; H. W. B. Schroder, 145 Leadenhall Street, London, E.C.3; Sir Geoffrey Crowther, 19 Dover Park Drive, Roehampton, London, S.W.15; B. M. Crowther, Westfield, The Sland, Ashtead, Surrey; R. St. John Thomas, Bouts Farm, Inkberrow, Worcestershire.

3. The known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: none.

4. Paragraphs 2 and 3 include, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, also the statements in the two paragraphs show the affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner.

5. The average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the 12 months preceding the date shown above was 65,366.

P. DALLAS SMITH,
Business Manager.

Sworn to and subscribed before me this 25th day of September, 1961.

H. E. MOLONEY,
A Commissioner for Oaths.

WEST HIGHLAND SEA SCHOOL LAMLASH, ISLE OF ARRAN 1962

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THE LINCOLN GALLERY, 8, Sloane Street, Knightsbridge, S.W.1. *Rt.Gravia* 6639. Sept. 25th to Oct. 21st "Art and energy"—a Scheltini retrospective.

THE PURCHASING OFFICERS ASSOCIATION maintains an Appointments Register, and employers *requiring* the services of *purchasing* staff are invited to communicate with the Association at Wardrobe Court, 146a, Queen Victoria Street, London, E.C.4 (City 3841).

APPOINTMENTS

The

EEC COMMISSION

requires *two experienced* TRANSLATORS for English. *University degree or equivalent and thorough* knowledge of FRENCH and/or GERMAN essential, *Dutch or Italian* useful.

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Applications to:

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For other appointments see page 185

DEPARTMENT OF AGRICULTURE AND FISHERIES FOR SCOTLAND. *Pensionable posts* in Edinburgh for man or woman as (a) AGRICULTURAL ECONOMIST or (b) ASSISTANT AGRICULTURAL ECONOMIST. Age on 1.11.61: at least 26 for (a); at least 23 and normally under 28 for (b). Qualifications: university degree, normally with 1st or 2nd *class honours,* in economics, agriculture or *closely related subject, or practical experience* of *agriculture* an advantage. Duties include investigation of changes in financial conditions of agricultural holdings, or *practical experience* of *agriculture* an advantage. Duties include investigation of changes in financial conditions of agricultural holdings, or practical experience of agriculture an advantage. Duties include investigation of changes in financial conditions of agricultural holdings, analysis of farm accounting data, and preparation of material for farm management advisory work. Salary scales: (a) £1,342-£1,674; (b) £738-£1,222. Starting salary may be above minimum in either grade. Promotion prospects. —Write Civil Service Commission, Burlington Gardens, London, W.1, for application form, quoting 5395/61. Closing date November 6, 1961. A1826/DM.

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NORTH EASTERN REGION

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Forms of application may be obtained from the Regional Personnel Officer, Central Electricity Generating Board, North Eastern Region, 3 Whitehall Road, Leeds, 1.

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COMPANY AFFAIRS

Margins Still Falling

THE latest batch of interim reports has sharply checked the rise in the industrial market which occurred after the reduction in Bank rate, for they all follow the trend of past months by showing narrower profit margins. **Babcock and Wilcox** indeed administered a shock to the market by its decision to pass its interim dividend. In the past two years the dividend of 9 per cent has not been fully covered by earnings and in omitting the interim dividend, recently half the total payment, the directors say they took into account the provisional trading results. These have been affected by the low level of manufacturing activity, by the nuclear contracts (for which they believe sufficient provision has been made) and by a number of outstanding claims on contracts still under construction. For the longer term the news is slightly more encouraging as the group's order book is the highest for four years though the directors add the warning that "capacity in the boiler manufacturing industry is in excess of requirements and trading conditions are likely to remain highly competitive."

From **United Drapery** comes the more reassuring news that sales in the six months to July 29th were higher than in the corresponding period of 1960, in the first quarter of which HP sales were free of restrictions. But costs have continued to rise so that the 3 per cent increase in trading profits from £4,484,000 to £4,628,000 is much smaller than in past years. After bringing in a credit from hire purchase provisions and

DIVIDENDS AND YIELDS

	Prev. interim	Prev. final	Latest interim	Price	Yield
	%	%	%		%
Babcock & Wilcox	4½	4½	Nil	19/6	...
United Drapery..	10*	20*	10	44/3	3·4
United Glass.....	5	10	5	15/3	4·9
Sunday Pictorial..	10	17½	10	21/7½	6·4

* Adjusted for scrip issue.

crediting net interest income (in the previous year there was a large interest charge) profits before tax have risen by 13 per cent from £4,013,000 to £4,489,000. After tax and a full year's preference dividend, net equity earnings have risen from £1,915,000 to £2,095,000. A similar improvement in profits in the second half of the year would raise earnings on the bigger capital by about 2 points to cover the 30 per cent dividend almost twice. With the company well endowed with cash the directors of United Drapery might well be disposed to follow their policy in the last two years of distributing rather more than half of the available earnings.

Sales by **United Glass** rose in the first half of 1961 but profits were lower in this period though the directors do not tell shareholders by how much. They say the culprit is the increase in costs. But prices have now been raised and profits for the full year are expected to be higher than in any year apart from 1960, when net equity earnings amounted to £960,000 to cover the 15 per cent dividend over 2½ times. It seems certain that this payment, raised from 12½ per cent, will be maintained, for on the basis of 1959 earnings a 15 per cent dividend would still be covered twice.

The results from **Sunday Pictorial** for the six months to August 31st begin to bear out Mr Cecil King's forecast that trading profits for the full year would be somewhat higher and investment income slightly lower than in 1960-61. Reflecting the increase in the selling price, trading profits amounted to £355,000, compared with £279,000 in the same period last year and £264,000 in the second half of 1960-61. Investment income contributed £529,000, which is slightly more than the £515,000 received in the corresponding period last year but well below £599,000 received in the second half of the 1960-61 financial year. Earnings for the whole year seem likely to rise by a sufficient margin to justify an increase in the dividend to 30 per cent. But there is always the Chancellor and his request.

Properties in Plenty

THIS week there has been a further spate of news from several property companies not only on new developments but on their search for funds. For the second time in a year **Second Covent Garden Property** is making a rights issue. The company in which Eagle Star Insurance is a major shareholder and supplier of funds is raising over £4 million by a two for five issue at 24s. a share. This compares with the pre-issue price of 30s. and the company is effectively raising its funds at about 3¾ per cent. The reasons for the issue are clear; overdrafts have risen close to £2¼ million; existing commitments amount to £4 million; other projects are under discussion; and the unspecified proceeds from the sale of Covent Garden market will not be available until the middle of 1962.

Hallmark Securities too is securing new funds. Sun Life Assurance has agreed to provide further finance beyond the £5 million which it agreed to advance in August, 1960. The £5 million is being used to finance £4¾ million development schemes on the Sussex coast and in London. Together these developments should produce £473,000 in gross rental income and this prospect of expansion forms the background to the results for the year to April 30, 1961, when pre-tax profits more than doubled. But for the Chancellor's request the ordinary dividend would have been higher than the forecast 60 per cent, which compares with the equivalent of 45 per cent. A similar payment has been forecast for the current year, when the Sun Life's 10 per cent stake in the equity first ranks for a dividend, and it will be paid on the capital as increased by another one-for-ten scrip issue.

Particular interest has been centred this week on the offer for sale of 1,400,000 shares in **United Real Property Trust**, founded by Mr Maurice Wohl. As expected the offer has been heavily oversubscribed which is a sign of investors' confidence in the management ability of the company founded only 13 years ago and now possessing a portfolio of properties valued at almost £14½ million. After the offer Mr Wohl's stake in the company will amount to 74 per cent. The Co-operative Insurance Society, which has agreed to lend up to £10 million (of which £6 million is already committed) for long

	Dividend per cent	Current price	Yield per cent
Second Covent Gdn.	16	24/9xr	3·2
Hallmark Securities	60	28/3	2·4*
United Real Property	7½	18/–	2·1

* Allowing for proposed scrip issue.

term finance, has a 10 per cent stake in the equity which it acquired at 17s. 9d. a share. The public will hold 11¾ per cent. The group's properties consist almost entirely of modern office blocks in London and its rental income is expected to double by 1963-64, and the dividend to be progressively raised from 7½ per cent through 12½ per cent to 15 per cent. These would seem to be minimum forecasts, for they make no allowance for income from the additional £4 million made available by the Co-operative Insurance. With the offer price of 18s. a little above the net asset value of 17s. 2d. per 5s. share as calculated on existing developments, the market is looking for a premium of about 2s. when dealings begin next week.

Gallaher

IN the past five years Gallaher has doubled its sales to £320 million and enlarged its share of the cigarette market from under 20 per cent to 35 per cent. Shareholders can hardly expect this rapid rate of expansion to continue. Higher prices, incorporating further tax increases, are proving a deterrent not so much to the established smoker (who often switches to a cheaper brand when prices rise) but to the younger person, especially the office worker. The proportion of non-smokers is rising, especially among young people. It is not surprising, therefore, that Gallaher would now be satisfied with a 2½ per cent growth rate which would still enable it to gain ground from its competitors.

While Imperial Tobacco's "Woodbine" remains Britain's best selling cigarette, Gallaher's "Senior Service" is still set towards supremacy among the 4s. 6d. brands, and already it is selling better than

"Players" in the South. While the industry awaits the outcome of the Monopolies Commission's recommendation that Imperial Tobacco should divest itself of its 42½ per cent shareholding in Gallaher, the latter's contention is that competition between the two groups could not be more intense that it now is.

Gallaher plans further expansion; recently it bought for about £2 million a textile mill in Belfast which it is to convert for a like sum into a modern cigarette factory on the lines of the Linisfallan factory, 30 miles outside Belfast which makes about 30 per cent of "Senior Service" cigarettes as well as the "Park Drive" brand and cigars. Other capital commitments amount to £2 million and the increase in leaf tobacco prices has tied still larger sums in stocks, which were shown at £65½ million at the end of last year. The group's overdraft then amounted to £6½ million even though £10 million had been raised by the rights issue in June, 1960. Gallaher has been a big user of capital having raised in the past five years £25 million by rights issues and £18 million by loan stock.

Earlier this year Gallaher increased its authorised capital by 10 million shares and it may not be too long before the company once again has to come to the market. The success of any such issue would partly turn on the decisions taken about Imperial Tobacco's holdings. At 41s. xd the 10s. shares yield at 4¾ per cent, two percentage points lower than the yield on the shares of its major competitor and shareholder.

Copper Dividends

THE interim dividends declared by the Rhodesian copper producers in the spring proved a better guide to payments for the full year to June 30th than the quarterly results published by the **Rhodesian Selection Trust** group. These showed that Mufulira, from which RST draws practically all its income, suffered a fall from £9,954,000 to £7,727,000 in its operating profit. Roan Antelope suffered an even steeper decline from £8,399,000 to £6,343,000. In May, the interim dividends of Mufulira and RST had been cut by about a quarter and there were some fears that the final payments would have to be reduced even more sharply. In fact, the final dividends have only been cut in the same proportion as the interims. Mufulira is paying a final dividend of 4s. a share after Rhodesian taxes, making 6s. a share for the year, against 7s. 10½d., and RST is paying a final of 9d. a share, making 1s. 1½d. a share, against 1s. 6d. Roan's interim payment was reduced by only ½d. to 4d. a share; but though the fall in profits might have justified a bigger cut in the total dividend, Roan is paying a final of 8d. a share, making 1s. for the year, against 1s. 3d.

The results of the copper companies in the "**Rhoanglo**" group with June accounting dates are still more encouraging. In March, Rhokana and Rhodesian Anglo American maintained their interim payments. Now they have held their final dividends at last year's level, so that Rhokana is again paying 7s. a share and "Rhoanglo" 8s. a share. The lame runner from this stable appears to be Bancroft, which has been forced to cut its dividend from 1s. 3d. to 9d. a share.

The profits of the "Rhoanglo" companies have held up rather better than those of the RST group. Rhokana's operating profit was only 16 per cent lower and its investment income higher, so that its net profit fell only slightly from £11,534,000 to £10,956,000. Rhoanglo's net profit increased from £7,135,000 to £7,251,000. In the Anglo American group, investment income depends partly on past profits earned by other associated copper producers. Rhoanglo, which has a 52 per cent holding in Rhokana, also derives a substantial part of its income from Nchanga, which has a March accounting date and enjoyed a slightly more favourable year than the June companies. Higher production costs at Bancroft may explain in part the relatively greater effect that the decline in the price of copper has had on its profits, which fell from £3,693,000 to £2,745,000.

A year ago the RST companies decided to restrict their production and the results were clearly seen in their results: Roan's output dropped by 10,000 tons to 82,000 tons; Chibuluma's output fell by 3,000 tons to 19,000 tons; and Mufulira cut its production from 104,000 tons to 101,000 tons. But the Anglo American companies apparently preferred to rely mainly on stockpiling copper to achieve a reduction of 3,000 tons a month in their marketing, though more recently they may have modified this policy.

Thos. W. Ward

THE Thos. W. Ward group has an unusually wide range of interests ranging from steel, engineering, scrap metals and locomotive manufacture to chemical plant and cement. In the year to June 30th, turnover rose by 5 per cent to £52 million and trading profits rose by 4½ per cent from £3,433,000 to £3,595,000. The tax charge showed hardly any increase so that the rise in net profits from £1,468,000 to £1,593,000 is proportionately higher at 8½ per cent. The ordinary dividend is effectively maintained at 13¾ per cent and the bigger earnings cover it almost 3.6 times, compared with 3.1 times in the previous year.

The rise in profits probably comes mainly from the engineering interests, where machine tools are likely to have done well. The iron and steel divisions will have felt the burden of higher costs and of the reduction in demand for sheet steel from the motor industry. Ketton Portland Cement made slightly smaller deliveries last year and its profits, which constitute about one-seventh of the group's total, were only marginally higher even though the depreciation charge fell by 38 per cent. The £1 ordinary shares were little changed after these results were published and at 68s. yield 4 per cent.

London Stock Exchange

FIRST DEALINGS:	Sept. 18	Oct. 2	Oct. 16
LAST DEALINGS:	Sept. 29	Oct. 13	Oct. 27
ACCOUNT DAY:	Oct. 10	Oct. 24	Nov. 7

THE cut in Bank Rate last Thursday brought an immediate rise in the prices of both gilt-edged stocks and equities. But the Chancellor then emphasised that the cut did not herald any easing of the credit squeeze or of the wages pause. Consideration of this statement brought the rise in equities to a halt after the week-end. Disappointing results from a number of companies contributed to the uneasy time in the industrial market and by the middle of the week the gains made in the short-lived rally had been wiped out. *The Economist* indicator fell by 4.1 points to 346.7, a new low for the year.

After the reduction in Bank Rate the gilt-edged market became more lively. There had been a fair amount of switching into medium and short dated stocks as well as some institutional buying of them. There was a pause in investment buying on Tuesday but prices remained steady; short dated stocks rose on Wednesday but long dated were dull. Bank buying of Savings 3 per cent. 1955-65 contributed to the rise of ⅞ to 89 23/32. Conversion 5 per cent 1971 gained ¼ to 90⅛ and Funding 3½ per cent 1999-2004 gained ⅜ to 57. Among the irredeemables, 2½ per cent Consols gained ⅝ to 38 13/16. Corporation stocks also had a firm week, helped by the announcement of the new LCC loan conversion offer of 6½ per cent 1971-72 at 96½ for the maturing 3 per cent stock 1956-61. This stock gained 1½ to 102¾ on the announcement and the new stock was fully subscribed at the opening on Thursday morning.

Bank shares gained limited amounts over the week, though Barclays went ahead of the rest, putting on 3s. 3d. to 77s. 9d. Insurance shares were slightly lower over the week, losing their early gains, but breweries held their early rises and Watney Mann gained 1s. to 91s. Heavy falls occurred among store shares and Marks and Spencer "A" lost 1s. 7½d. to 99s. 7½d. Bad news from capital goods producers depressed prices in several sections of the market. The passing of the interim dividend by Babcock and Wilcox led to a drop of 4s. 3d. to 19s. 3d. in its shares and Doxford and Sunderland lost 6s. 3d. to 50s. xd following the chairman's statement. The cutback in United Steel's development programme and the latest report about steel output led to sharp falls in steel equities; United Steel itself lost 2s. 3d. to 40s. 7½d.

Exceptionally, Unilever gained another 4s. to 147s. on further consideration of the share split and Jaguar "A" showed a net gain of 1s. to 81s. though the price was trimmed a little on the announcement of the acquisition of Guy Motors. Kaffir shares were reasonably firm ahead of the quarterly figures; St. Helena gained 1s. to 58s. 9d. and F.S. Geduld gained 2s. 6d. to 56s. 3d.

LONDON AND NEW

Prices, 1961 High	Prices, 1961 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Oct. 4, 1961	Price, Oct. 11, 1961	Net Yield, Oct. 11, 1961 § £ s. d.	Gross Yield, Oct. 11, 1961 £ s. d.
92½	88⅞	Savings Bonds 3%.....1955–65	88⅞	89⅜	4 14 9	6 0 7
101⅜	99	Conversion 4½%.....1962	99½	99⅝	5 1 2	6 11 2
96⅞	93¾	Exchequer 3%.....1962–63	94⅜	95⅛	4 8 8	5 17 6
101⅝	98⅜	Treasury 5½%.....1962	99⅞	100⅜	3 9 3	5 8 6
93⅜	90¼	Exchequer 2½%.....1963–64	91⅛	92⅛	4 17 1	5 8 6
99⅛	96⅜	Conversion 4¾%.....1963	97⅜	98⅛	3 13 10	5 18 7
98⅜	94½	Conversion 4½%.....1964	95⅞	96⅛	4 5 2	5 19 8
101⅝	96	Exchequer 5½%.....1966	96⅜	97⅝	3 18 5	6 2 6
83⅛	78⅜	Funding 3%.....1959–69	79⅞	80⅛	4 19 8	6 6 01
89¾	84½	Funding 4%.....1960–90	85⅝	86⅛	3 15 8	5 9 41
79⅛	74⅝	Savings Bonds 3%.....1960–70	76⅞	77⅛	5 0 3	6 7 8
84⅞	80¾	Savings Bonds 2½%.....1964–67	82⅜	83½	4 19 1	6 0 41
72⅛	66¼	Savings Bonds 3%.....1965–75	68⅞	69⅛	4 19 9	6 9 41
83	78⅛	Funding 3%.....1966–68	81⅜	82½	4 19 3	6 6 21
97½	92½	Victory 4%.....1920–76	93¼	93⅜	3 9 5	5 2 7
85½	80¼	Conversion 3½%.....1969	82⅞	83½	4 17 5	6 8 3
93⅝	87	Conversion 5%.....1971	89⅜	90⅛	4 8 5	6 11 3
95	89	Conversion 5½%.....1974	90¾	91½	4 3 11	6 8 10
73⅛	66⅜	Treasury 3½%.....1977–80	67	67¼	4 15 10	6 11 9
72¼	65	Treasury 3½%.....1979–81	66⅞	67⅜	4 15 5	6 11 01
97⅛	89⅞	Funding 5½%.....1982–84	89⅝	90¼	4 2 2	6 9 21
59½	51½	Redemption 3½%.....1986–96	52¼	53	4 10 8	6 7 81
88¼	79¼	Treasury 5%.....1986–89	79⅜	79⅜	4 6 7	6 12 21
63¼	55	Funding 3½%.....1999–2004	56⅜	57	4 8 4	6 11 71
94⅝	81⅝	Treasury 5½%.....2008–12	82⅜	82½	4 4 6	6 15 21
65⅜	56½	Consols 4%.....after Feb. 1957	58⅞	59¾	4 2 8	6 15 81
59¼	50½	War Loan 3½%.....after 1952	53	53⅜	4 1 6	6 14 5f
59	50½	Conv. 3½%.....after Apr. 1961	51¾	52¼	4 2 2	6 14 3f
50⅞	43¼	Treasury 3%.....after Apr. 1966	44⅜	44⅞	4 2 0	6 13 11f
44	36½	Consols 2½%.....|	38⅜	39⅛	3 13 9	6 8 7f
43½	36½	Treasury 2½%.....after Apr. 1975	37⅝	38	4 0 8	6 11 10f
91⅝	85¾	British Electric 4½%.....1967–69	87⅛	89	4 10 2	6 8 81
75¼	70⅛	British Electric 3%.....1968–73	71⅞	72½	5 0 7	6 8 101
70⅝	64½	British Electric 3%.....1974–77	66⅛	66¼	4 19 5	6 9 51
81⅞	74⅞	British Electric 4½%.....1974–79	75¾	76⅜	4 11 1	6 10 51
73½	67	British Electric 3½%.....1976–79	68¾	67⅞	4 16 2	6 10 61
84⅞	78¾	British Gas 4%.....1969–72	80⅞	81½	4 14 0	6 9 111
81¼	76	British Gas 3½%.....1969–71	78¼	79⅛	4 16 11	6 8 61
59⅜	51¾	British Gas 3%.....1990–95	52⅛	52¼	4 12 5	6 9 11
73½	70⅛	British Transport 3%.....1968–73	71⅝	72½	5 0 7	6 8 101
80⅞	74	British Transport 4%.....1972–77	75⅞	76¼	4 12 4	6 10 51
61¾	53¾	British Transport 3%.....1978–88	56⅛	56½	4 15 4	6 10 71

Prices, 1961 High	Prices, 1961 Low	DOMINION AND CORPORATION STOCKS	Price, Oct. 4, 1961	Price, Oct. 11, 1961	Yield, Oct. 11, 1961 £ s. d.
82⅛	76½	Australia 3¼%.....1965–69	78⅜	79¾	6 13 01
101	92¾	Australia 6%.....1974–76	93	93¾	6 12 01
72½	64½	Ceylon 4%.....1973–75	65½	65¾	8 5 01
101⅛	92¾	New Zealand 6%.....1976–80	93	93¾	6 12 01
80½	70½	Rhodesia and Nyasaland 6%.....1978–81	71	71¾	9 5 01
81	73	South Africa 3½%.....1965–67	76½	77½	9 12 01
59	53½	Southern Rhodesia 4½%.....1937–92	54	54½	8 18 01
94⅝	85⅛	Agricultural Mortgage 5½%.....1980–85	86¼	86½	6 15 01
89	82½	Birmingham 4¼%.....1967–70	83¾	84⅜	6 14 01
92¾	86½	Bristol 5%.....1971–73	87¼	87¾	6 13 01
93	87	Corporation of London 5½%.....1976–79	87	87½	6 12 01
43¾	41	L.C.C. 3%.....after 1920	43	43½	6 17 0f
89½	80⅛	L.C.C. 5%.....1980–83	83½	80¾	6 13 01
93	84¼	Middlesex 5½%.....1980	84¼	84½	6 14 01

NEW YORK PRICES AND INDICES

	Oct. 4 $	Oct. 11 $		Oct. 4 $	Oct. 11 $		Oct. 4 $	Oct. 11 $
Atch. Topeka ...	273⅜	281¼	Boeing.....	50¾	52⅜	Int. Harvester..	50	49⅝
Can. Pacific.....	24½	25	Celanese.....	35	34⅝	Inter. Nickel...	80½	81¾
Pennsylvania	15⅝	15⅜	Chrysler.....	56½	54⅝	Inter. Paper ...	36¼	38⅛
Union Pacific ...	36½	36⅝	Col. Palmolive ..	47⅜	46½	Kennecott.....	80¾	81⅞
Amer. Electric ...	69⅜	70	Crown Zeller....	59⅜	61¾	Monsanto	54¼	54¼
Am. Tel. & Tel...	119½	120¾	Distillers Seag...	40½	43½	Nat. Distillers...	25⅞	26⅛
Cons. Edison....	81¼	82½	Douglas.....	34⅝	33⅜	Pan-American .	18⅞	19¾
Int. Tel. & Tel...	54⅜	53⅞	Dow Chemical..	78¼	77⅜	Procter Gamble	96⅜	96
South'n. Nat. Gas	41¼	44¾	Du Pont.....	222	227½	Radio Corpn....	54¾	56
United Corpn...	8⅜	8¼	East. Kodak....	101¼	100¼	Sears Roebuck .	72¾	76½
Western Union ..	42⅛	43¼	Ford Motor.....	103	107⅝	Shell Oil	36½	38⅛
Alcoa.....	63¾	60	Gen. Electric	75⅝	76⅞	Socony-Mobil ..	42½	43½
Aluminium.....	28⅜	27¾	General Foods ..	92¾	93	Stand. Oil Ind..	46⅝	47⅞
Amer. Can.....	44½	45	General Motors ..	50	51	Stand. Oil N.J..	43	43⅞
Am. Smelting....	59	60	Goodyear	44	45⅛	Union Carbide..	135	128
Am. Viscose	57⅜	57	Gulf Oil.....	35⅝	36⅛	U.S. Steel	80⅛	79¾
Anaconda	49	50⅛	Heinz.....	44⅞	43⅝	West. Electric ..	44⅞	43⅝
Beth. Steel	41	41¼	Int. Bus. Mach...	546¾	560	Woolworth....	79½	79¾

Standard and Poor's Indices (1941–43 = 10)

1961	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Sept. 13	71·76	2·83	33·12	4·92	62·44	3·11	88·39	4·04
,, 20	70·53	2·88	33·03	4·92	62·12	3·16	88·39	4·02
,, 27	70·00	2·90	32·90	4·95	61·47	3·18	89·22	3·96
Oct. 4	70·57	2·88	34·54	4·71	63·24	3·11	89·22	3·96
,, 11	71·60	2·84	35·30	4·61	64·13	3·06	88·91	3·99

425 Industrials :—High, 72·38 (Aug. 22). Low, 60·87 (Jan. 3).

YORK STOCKS

Prices, 1961 High	Prices, 1961 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Oct. 4, 1961	Price, Oct. 11, 1961	Yield, Oct. 11, 1961	Cover
		%	%					
34/-	17/6	10 c	10 c	**FOOD & TOBACCO** Allied Suppliers.....10/-	18/1½	18/4½	5·44	2¼
15/-	7/9¾	10 a	12½ b	Assoc. British Foods..1/-	12/-	12/3	1·84	2
74/-	55/-	4 a	8 b	Bovril.....£1	57/3	57/3	4·19	2½
15/6	11/9	£47½sb	£71/2a	Brooke Bond 'B'.....5/-	12/9	12/9	4·26	33¼
19/3	12/10½	2½ a	10 b	Internationl Tea.....5/-	13/6¾	13/3	4·72	11½
107/9	67/-	5 a	10⅝ b	J. Lyons 'A'.....£1	67/-	67/6	4·69	11¼
35/6	25/9	9 b	5 a	Ranks.....10/-	28/3	29/11½	4·81	2
14/03⁄4	10/9	7½ b	2½ a	Spillers.....5/-	11/1½	11/-	4·55	2
55/-	42/10½	9 b	3 a	Tate & Lyle.....£1	43/4½	44/4½	5·41	2
20/10½	15/7½	2 a	8 b	Unigate.....5/-	16/-	16/1½	4·34	2
73/-	60/-	£12½ a	£11¾ a	Brit. Amer. Tobac. ..10/-	61/3	60/9	5·82	2¾
71/6	40/-	15 b	5 a	Imperial Chemical.....£1	40/-*	41/3*	4·65	2
71/6	65/3	14 b	8½ a	Imperial Tobacco.....£1	66/9	66/6	6·77	1¾
				INSURANCE				
15/14	11⅝	£55 b	£50 a	Britannic.....5/-	12⅝	12⅞	3·46	...
86/3	61/-	25 b	20 a	Commercial Union ..5/-	65/3	64/6	3·49	...
31	17⅝	£41·17 c	£41·17 c	Equity & Law Life ..8/6	27⅛	28⅛	1·02	...
88/41⁄2	51/10½	20 b	10 a	General Accident....5/-	70/9	72/9	2·06	...
60/6	42/7½	40 b	35 a	Guardian.....5/-	49/-*	49/9*	2·68**	...
39½	23¼	60 a	110 b	Legal & General.....5/-	34⅝	34⅝	1·37	...
146/-	100/-	8½ a	11½ b	Northern & Empl.....£1	127/-	125/-	3·20	...
172/6	156/3	£70 b	£20 a	Pearl.....5/-	225/-	201/3	3·65	...
25	18	£1831⁄2 c	£2081⁄2 c	Prudential 'A'.....£1	21⅝	21⅝	3·11	...
49/3	38/101⁄2	----	----	Royal 5/-	42/3¶	42/3¶	3·55**	...
129/3	103/6	111¼ b	71½ a	Royal Exchange £1	103/9*	104/9*	3·58	...
				MOTORS & AIRCRAFT				
18/101⁄2	13/-	12½ b	7½ a	British Motor 5/-	13/03⁄4	13/4½	7·48	2½
86/3	66/11½	20 c	20 c	Jaguar Cars 'A'.....5/-	60/-	81/-	1·23	7¾
48/6	41/6	2½ c	8½ b	Rolls-Royce £1	41/11½	41/6	5·05	3¼
10/-	6/11½	12 c	12 c	Rootes Motors 'A'.. 4/-	6/11½	6/8¼	7·18	5¼
88/9	52/3¼	15 b	7½ a	A.C.V.....£1	68/11½	69/-	4·64**	2½
101/-	79/-	15 c	20 c	Leyland Motors £1	82/11½	81/4½	4·92	...
18/6	14/-	9 b	3½ a	Bristol Aeroplane ..10/-	15/8¼	15/7½	8·00	2¼
33/3	27/10½	10 a	5 b	Hawker Siddeley.....£1	28/11½	27/10½	7·61**	2¼
31/3	31/9	14 a	15½ b	Dowty Group.....10/-	34/11½	33/10½	4·58	2¼
38/101⁄2	21/6	3½ a	12½ b	Dunlop Rubber 10/-	26/-	25/6	6·21	2
72/-	51/9	11¼ b	2½ a	Joseph Lucas £1	51/9	52/-	5·29	3
33/3	17/6	9 a	2½ b	Pressed Steel.....5/-	17/6	17/8¼	8·48	1¼
46/3	29/6	15 c	12½ c	Triplex Holdings ...10/-	29/6	29/9	4·20	2
				MINES				
68/9	110/-	50 b	40 a	Anglo-American.....10/-	122/6	125/7½	7·16	11½
87/3	43/-	183¾ b	61¼ b	Consolid. Gold Fields .£1	49/6	51/3	9·76	2
68/9	72/6	15 a	20 b	General Mining £1	80/-	81/101⁄2	8·54	2
46/6	40/-	40 a	120 b	Union Corporation ..2/6	45/6	46/6	8·60	3
35/3	15/3	40 a	40 b	Daggafontein 5/-	16/9	17/-	23·53	11½
15/-	7/3/9	20 a	100 b	Free State Geduld ..5/-	83/9*	86/3	9·86	2
54/3	37/6	25 a	5 b	Hartebeestfontein ..10/-	39/6	40/6	12·35	11½
44/6	41/101⁄2	50 a	60 b	President Brand 5/-	50/71⁄2*	49/41⁄4*	11·14	11½
107/6	101/3	90 a	120 b	Western Holdings ...5/-	116/3	115/71⁄2*	9·08	11¼
28/6	15/9	...	81¾ a	Winkelhaak.....10/-	18/6	18/6	...	8½
75/3	55/-	36⅔ b	131¾ a	Chartered.....15/-	58/6	59/9	12·55	2
63/6	51/3	20 a	60 b	Rhod. Anglo-Amer..10/-	53/9	55/-	14·55h	2
11/71⁄2	8/3	411/16a	9 b	Rhod. Selection Tst. .5/-	8/41⁄2	8/3	8·30h	2¼
61/12	4/10½	4½ a	8 b	Roan Antelope.....5/-	5/3	5/3	11·59h	13¾
20/9	18/9	15 a	17½ b	Tanganyika Cons.....10/-	18/9	19/-	17·11	11½
81/6	61/3	16¾ b	13¾ b	Consolidated Zinc....£1	61/3	62/6	6·40	13¾
109/41⁄2	110/-	150 b	100 a	De Beers Defd. Reg. .5/-	127/6*	131/101⁄2	9·48	13¾
109	$104	$1·50c	$1·50c	Internat. Nickel ....n.p.v.	$143	$145½	1·83	...
18/9	10/9	61¼ a	22½12b	London Tin.....4/-	16/101⁄2	16/101⁄2	8·30**	11¼
45/-	30/-	20 c	27½ c	Rio Tinto.....10/-	35/71⁄2	36/101⁄2	7·46	11½
68/6	35/6	105 c	40 a	Tronoh 5/-	63/-	64/-	8·20	f
				OIL				
41/6	41/6	£83 b	£31 a	British Petroleum £1	43/6	42/6	8·96	2¼
33/6	32/6	£21⁄2 a	£67⅛ b	Burmah Oil £1	35/9	35/6	8·63	11¼
52/-	37/-	61¼ a	13¾ b	Castrol.....10/-	38/6	39/6	5·06	2½
15/16	£10⅝	11¼ a	23·62½ b	Royal Dutch.....20 fl.	£11⅝	£12⅛	3·85	23¼
19/71⁄2	108/9	£20·8c	£10a	Shell Transport £1	115/9*	117/6	5·79	3
11/3	24/3	...	...	Ultramar.....10/-	26/6	30/3	... d	...
				PAPER & NEWSPAPERS				
9/71⁄2	9/101⁄2	8 b	5 a	Daily Mirror.....5/-	12/-	12/6	6·00**	11¼
8/-	57/6	4 a	8 b	W. H. Smith & Son 'A'..£1	57/9	60/-	4·00	2
8/-	17/9	---	---	Thomson Org'n. 5/-	25/-	18/9	6·00**	2
5/3	43/6	8¾ b	5 a	Bowater Paper £1	44/6	44/9	6·15	11½
6/6	43/9	9 a	7 b	Albert E. Reed.....£1	43/9	44/3	7·23	11½
5/3	37/6	4 a	8½ b	Spicers.....£1	42/-	41/9	5·99	13¼
8/9	50/6	4 a	10 b	Wiggins Teape £1	55/6	55/9	5·02	2

Prices, 1961 High	Prices, 1961 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Oct. 4, 1961	Price, Oct. 11, 1961	Yield, Oct. 11, 1961	Cover
		%	%					
93/-	43/-	20 a	60 b	**MISCELLANEOUS** Assoc. British Picture..5/-	47/3	47/3	6·35	2
34/6	26/9	20 a	40 b	Assoc. Television 'A' .5/-	30/3	30/6	9·84	1
51/9	41/4½	16 a	14 b	Beecham Group.....5/-	48/11½	48/-	3·13	1
54/3	32/-	31½ a	6⅔ b	British Match £1	33/6	33/71⁄2	4·17	2
28/41⁄2	15/7½	6⅔ b	4 a	British Oxygen.....5/-	17/3	16/-	3·33	2
7	8/11½	7 b	3 a	British Ropes 5/-	8/41⁄2*	8/11⁄2*	6·15	2
70/-	50/-	7½ a	15 b	De La Rue.....10/-	51/-	50/-	4·50	2
20 c	71½ a	20 c	7½ a	Gestetner 'A' 5/-	38/6	38/6	2·60	2
73/9	52/6	6 a	9 b	Glaxo.....10/-	54/6	55/6	2·70	2
57/6	47/-	12 b	3 a	Harrisons & Cr. Defd..£1	47/6	47/-	6·38	2
55/6	35/6	40 b	5 a	Hoover 'A' 5/-	42/9	42/3	5·29	2
28/-	19/-	12½ b	5 a	Ilford 5/-	19/-	19/3	4·55	2
107/3	56/3	7½ b	4 a	I.C.T. £1	88/9	90/9	2·48	2
78/9	45/-	12½ c	12½ c	National Canning £1	45/-	46/3	5·41	1
37/3	29/6	6 a	10 b	Powell Duffryn.....10/-	33/6	33/3	4·81	2
30/3	24/7½	15 b	5 a	Radio Rentals 5/-	26/101⁄2	27/6	3·64	3
37/6	18/9	7½ a	15 b	Rank Organisation ...5/-	25/3	25/-	4·50	2
43/3	32/101⁄2	16½ b	7½ a	Schweppes 5/-	33/9	35/-	3·43	2
31/3¾	24/-	20 c	25 c	Sears 'A' 5/-	31/3¾	32/3	3·88	2
23/3	17/-	11½ b	8½ a	Thomas Tilling 4/-	22/9	23/41⁄2	3·42	2
12 c	4 a	12 c	4 a	Turner & Newall.....£1	57/101⁄2	58/6	4·10	2
146/-	130/-	9·042a	15·56b	Unilever £1	143/-	147/-	3·34	3
8 a	13 b	9⅝16	10316	Unilever N.V. .....12 fl.	9⅝16	10316	2·44	3
10 b	5 a	22/6	16/-	United Glass.....5/-	16/3	16/-	4·69	2
£41⁄6 a	£10516 b	30/6	30/101⁄2	United Molasses 10/-	30/6	30/101⁄2	7·93	1
				SHIPPING				
46/3	36/-	6½ a	13½ b	Brit. & Com'wealth. 10/-	38/6	38/9	5·16	2
20/-	13/9	8 c	6 c	Cunard £1	14/6	15/6	7·74	1¼
17 c	7 c	17 c	7 c	France Fenwick £1	20/41⁄2	20/41⁄2	6·87	2
50/6	33/3	10 c	10 c	Furness Withy £1	34/-	33/3	6·02	1
15/-	10/6	7½ a	10 b	London & Overseas..5/-	11/1½	11/1½	7·87	...
48/6	34/101⁄2	3 a	8 b	P & O Defd.....£1	36/9	37/3	5·91	1
21⁄2 c	21⁄2 c	21⁄2 c	21⁄2 c	Reardon Smith 10/-	13/9	13/9	1·82	...
8 c	5 c	Royal Mail.....£1	13/9	14/-	7·14	...		
				STEEL				
74/101⁄2	51/71⁄2	6 a	10 b	Colvilles £1	53/11⁄2	51/71⁄2	6·20	41⁄2
43/71⁄2	26/101⁄2	6½ b	3½ a	Dorman Long.....£1	28/41⁄2	27/101⁄2	7·17	21⁄2
49/101⁄2	31/9	7½ b	3½ a	Lancashire Steel £1	32/41⁄2	31/101⁄2	6·90	31⁄2
8 b	4 a	South Durham.....£1	27/41⁄2	26/11⁄2	9·19	2		
47/81⁄4	33/41⁄2	7½ b	5 a	Steel Co. of Wales....£1	34/3	33/6	7·46	23⁄4
47/41⁄2	40/101⁄2	15 c	5 a	Stewarts & Lloyds £1	43/101⁄2	41/101⁄2	7·16	31⁄2
9 b	5 a	John Summers £1	45/71⁄2	43/41⁄2	6·92	23⁄4		
12 b	4·8a	United Steel £1	43/101⁄2	40/71⁄2	6·06**	3		
83/4 b	61⁄4 a	Whitehead £1	47/-	47/-	6·38	31⁄4		
				TEXTILES				
26/3*	26/-*	English Sewing Cotton £1	26/3*	26/-*	9·62	11½		
22/41⁄2	22/71⁄2	Fine Spinners £1	22/41⁄2	22/71⁄2	13·26	2		
17½ b	7½ a	Lancashire Cotton £1	16/6	16/6	10·75	11½		
33/3	32/71⁄2	Courtaulds £1	32/11⁄2	32/71⁄2	6·13	31⁄2		
5/101⁄2	5/101⁄2	Illingworth Morris...4/-	5/101⁄2	5/101⁄2	9·08	11½		
74/3	74/9	Woolcombers.....£1	29/-	29/-	6·90	2		
71⁄2 b	21⁄2 a	Bradford Dyers £1	12/6	12/11⁄2	9·89	11½		
71⁄2 a	13¾ b	Calico Printers 5/-	11/111⁄4*	12/6*	8·00**	31⁄4		
...	...	Coats, Patons & B.....£1	41/71⁄2	40/9	6·13**	2		
13/71⁄2	9/101⁄2	Jute Industries.....10/-	10/3	10/3	12·68	3		
35/3	24/41⁄2*	Tootal £1	24/101⁄2*	24/41⁄2*	8·21	11¼		
				TRUSTS, LAND & PROPERTY				
70/-	52/6	12½ a	25 b	Alliance Trust.....5/-	63/-	64/6	2·91	11¼
50/101⁄2	42/6	12½ a	37½ b	B.E.T. 'A' Defd.....5/-	49/-	48/9	5·13	11⁄2
20/-	17/71⁄2	10 c	10 c	Cable & Wireless.....5/-	16/3	16/3	3·08	13⁄4
65/9	47/-	20 c	23½ a	City Centre Props. .5/-	56/6	56/3	2·25**	3⁄4
95/6	64/3	31½ a	7½ b	City Land. Real Prop..£1	70/9	70/9	3·11	1
100/71⁄2	72/6	7·04a	9·04b	Hudson's Bay £1	83/9	78/9	4·08	13⁄4
36/-	22/3	2 a	4 b	Land Securities.....10/-	29/-	29/6	2·03	1
121⁄2 c	37½ b	Lond. Cnty. Freehld. 10/-	29/-*	29/9*	4·07	1		
				TEA & RUBBER				
42/71⁄2	24/71⁄2	7½ b	5 a	English Sewing Cotton £1	26/3*	26/-*	9·62	11½
55/71⁄2	38/-	12 b	4·8a	United Steel £1	43/101⁄2	40/71⁄2	6·06**	3
107/3	56/3	7½ b	8 a	Woolcombers.....£1	29/-	29/-	6·90	2
78/9	45/-	12½ c	12½ c	National Canning £1	45/-	46/3	5·41	1
37/3	29/6	6 a	10 b	Powell Duffryn.....10/-	33/6	33/3	4·81	2
30/3	24/7½	15 b	5 a	Radio Rentals 5/-	26/101⁄2	27/6	3·64	3
37/6	18/9	7½ a	15 b	Rank Organisation ...5/-	25/3	25/-	4·50	2
43/3	32/101⁄2	16½ b	7½ a	Schweppes 5/-	33/9	35/-	3·43	2
31/3¾	24/-	20 c	25 c	Sears 'A' 5/-	31/3¾	32/3	3·88	2
23/3	17/-	11½ b	8½ a	Thomas Tilling 4/-	22/9	23/41⁄2	3·42	2
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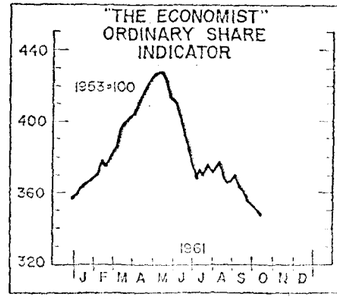
The Economist Indicator (1953 = 100)

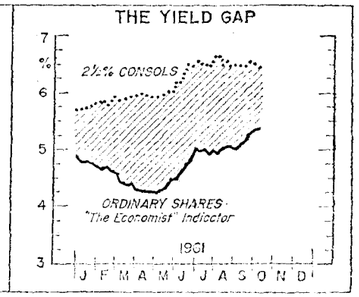
1961	Indicator	Yield %	1961 High	1961 Low
Sept. 6	370·7	5·00		
,, 13	363·4	5·10		
,, 20	361·2	5·14	427·2 (May 10)	346·7 (Oct. 11)
,, 27	355·7	5·26		
Oct. 4	350·8	5·36		
,, 11	346·7	5·36		

Financial Times Indices

1961	Index †	Ord. Yield	Fixed Int. ‡	2½% Consols Yield	Bargains Marked
Oct. 5	300·5	5·25	81·74	6·43	11,998
,, 6	301·6	5·23	81·89	6·41	13,170
,, 9	298·5	5·28	82·09	6·41	15,830
,, 10	296·3	5·33	82·22	6·43	13,268
,, 11	292·0	5·40	82·24	6·43	11,496

High, 365·7 (May 15). Low, 292·0 (Oct. 11).
† July 1, 1935 = 100. ‡ 1928 = 100.





* Ex dividend. † Tax free. ‡ Assumed average life 7¾ years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. (a) Interim dividend (b) Final dividend. (c) Year's dividend. (d) Capital distribution of 1s. 0d. per share. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (i) To latest date.

Yields based on assumed dividends :—A.C.V., 16%. Bass, Mitchells & B., 11%. Calico Printers, 20%. City & Centre Props., 25½%. Coats, Patons & B., 12½%. Daily Mirror, 15%. Guardian, 26⅔%. Guinness, 22%. Hawker Siddeley, 10·6%. Ind Coope, T.A., 12% on merger terms. Lloyds Bank, 10%. London Tin, 35%. Midland Bank, 15%. Royal Assurance, 30%. Thomson Organisation, 24%. United Steel, 12·5%. Woodall-Duckham, 21%.

Industrial Profits and Assets

The tables below continue the analysis of company balance sheets and profit and loss accounts which was introduced in *The Economist* of January 22, 1949; the figures are discussed on an earlier page in this issue.

Comparative analysis of 546 profit and loss accounts published July - September, 1961 (£'000)

Industry	Breweries and Distilleries		Clothing and Footwear		Food and Confectionery		Shops and Stores		Tobacco		Building		Engineering		Iron and Steal	
No. of Companies	(15)		(17)		(32)		(11)		(1)		(46)		(71)		(9)	
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Gross trading profit	48,366	53,699	4,190	4,634	47,612	51,687	38,243	41,546	178	161	21,998	24,235	31,985	32,371	7,515	9,224
Income from investments	2,906	3,025	83	65	772	758	426	437	8	3	622	685	1,024	1,222	115	79
Other current income	...	...	...	...	...	...	...	...	7	7	12	11	3	12	...	...
Non-recurring credits	1,933	892	125	330	453	966	1,200	1,872	...	...	559	343	1,383	844	390	74
Total Income	**53,205**	**57,616**	**4,398**	**5,029**	**48,837**	**53,411**	**39,869**	**43,855**	**193**	**171**	**23,191**	**25,274**	**34,395**	**34,449**	**8,020**	**9,377**
Depreciation	4,987	5,606	510	596	11,926	13,414	3,664	3,753	28	30	4,974	5,589	6,641	7,267	2,445	2,857
Income tax	16,749	18,676	1,192	1,331	12,268	12,623	13,475	14,457	50	34	6,564	6,933	9,406	8,993	1,103	1,526
Profits tax	3,736	5,312	311	410	3,072	3,976	3,226	4,409	12	11	1,344	1,913	2,086	2,630	404	563
Directors' emoluments	770	788	402	389	1,364	1,459	439	467	22	19	1,254	1,322	2,048	2,114	247	273
Administrative charges	110	129	40	70	655	893	641	644	2	2	143	260	225	432	26	155
Contingencies, provisions, etc.	37	159	103	193	401	453	133	69	9	3	253	230	454	488	2	12
Pensions	52	52	35	25	789	716	61	77	15	17	99	97	397	300	91	141
Minority interests	734	576	1	8	333	345	751	651	...	...	278	220	204	188	15	34
Loan interest	1,699	1,719	53	54	933	999	800	1,256	...	...	242	293	711	805	491	893
Preference dividends	498	578	98	100	766	825	361	624	...	...	245	258	380	412	14	15
Profits retained by subsidiaries	6,177	4,750	379	202	3,869	2,751	5,255	4,378	...	Dr. 2	1,152	1,009	2,194	1,662	267	474
Ordinary dividends	10,154	11,518	649	703	6,750	7,573	7,756	8,134	44	44	2,957	3,351	5,833	5,768	1,043	1,132
Reserves (parent company)	6,993	7,178	112	1,199	3,304	4,416	2,589	2,642	11	12	2,839	3,028	3,336	3,993	1,252	1,106
Brought in (parent company)	4,802	5,311	1,590	2,103	10,530	12,937	2,654	3,372	28	28	4,842	5,689	9,125	9,605	2,161	2,781
Carried forward (parent company)	5,311	5,886	2,103	1,852	12,937	15,905	3,372	5,666	28	29	5,689	6,455	9,605	9,002	2,781	2,967

Industry	Shipbuilding		Chemicals and Paint		Electrical Manufacturing		Motors, Cycles and Aircraft		Newspapers, Paper & Printing		Miscellaneous Manufacturing		Shipping		Cotton	
No. of Companies	(2)		(10)		(23)		(20)		(14)		(95)		(6)		(6)	
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Gross trading profit	4,941	5,517	3,934	4,384	25,332	24,190	9,047	9,007	18,058	22,569	66,034	67,597	5,939	5,730	2,802	3,897
Income from investments	295	361	54	46	438	537	54	49	554	672	3,138	3,340	1,010	1,023	40	59
Other current income	...	...	1	2	...	...	57	51	...	...	38	...	...	...	...	...
Non-recurring credits	...	...	73	109	572	329	100	179	1,336	453	1,329	1,723	177	180	189	31
Total Income	**5,236**	**5,878**	**4,062**	**4,541**	**26,342**	**25,056**	**9,258**	**9,286**	**19,948**	**23,694**	**70,539**	**72,660**	**7,126**	**6,933**	**3,031**	**3,977**
Depreciation	983	1,043	708	813	5,078	5,770	1,374	1,568	3,704	4,683	12,868	14,300	3,856	4,311	716	838
Income tax	1,629	1,933	1,253	1,343	5,886	5,276	2,845	2,669	5,539	6,821	20,309	19,937	401	314	731	1,016
Profits tax	318	506	256	352	1,444	1,752	661	821	1,264	1,709	4,203	5,361	69	35	142	302
Directors' emoluments	103	76	235	266	609	584	446	429	581	629	2,940	2,963	151	160	176	174
Administrative charges	1	1	55	114	580	529	44	59	45	58	482	687	59	53	13	14
Contingencies, provisions, etc.	...	...	77	8	1,640	1,390	39	36	1	55	1,209	545	...	...	...	2
Pensions	...	...	22	2	790	875	30	35	13	28	643	563	...	...	...	...
Minority interests	98	122	13	Dr. 32	265	342	Dr. 2	Dr. 1	481	534	1,366	1,333	140	131	12	11
Loan interest	...	...	...	84	1,257	1,499	189	211	637	731	725	853	100	103	78	74
Preference dividends	72	72	29	60	363	364	54	63	800	1,022	1,028	1,061	98	98	121	121
Profits retained by subsidiaries	904	1,112	131	193	1,257	894	1,151	1,068	693	1,284	6,047	4,674	518	244	99	347
Ordinary dividends	742	742	666	791	2,393	2,501	1,348	1,451	2,583	3,405	10,680	11,704	796	789	586	710
Reserves (parent company)	160	100	646	509	4,255	3,579	969	603	3,324	2,546	5,727	4,887	757	536	529	285
Brought in (parent company)	2,132	2,358	529	500	4,644	5,169	1,394	1,504	3,031	3,314	17,488	19,800	1,499	1,680	905	733
Carried forward (parent company)	2,358	2,529	500	538	5,169	4,870	1,504	1,778	3,314	3,503	19,800	23,592	1,680	1,839	733	815

Industry	Silk and Rayon		Wool		Other Textiles		Oil		Rubber		Tea		Other Companies*		TOTALS ALL GROUPS 546 Companies	
No. of Companies	(4)		(12)		(9)		(1)		(28)		(64)		(50)			
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Gross trading profit	1,373	1,686	3,439	3,323	5,051	4,530	1,249	1,224	4,000	4,114	6,468	5,543	44,790	50,776	402,543	431,634
Income from investments	10	13	122	113	99	128	11	17	382	401	302	354	7,023	8,610	19,488	21,997
Other current income	...	...	...	...	...	...	...	...	22	26	13	10	12	18	165	137
Non-recurring credits	14	23	48	43	36	9	...	...	182	191	434	741	1,590	965	12,123	10,297
Total Income	**1,397**	**1,722**	**3,609**	**3,479**	**5,186**	**4,667**	**1,259**	**1,241**	**4,586**	**4,732**	**7,217**	**6,648**	**53,415**	**60,369**	**434,319**	**464,065**
Depreciation	304	325	291	364	681	771	196	228	269	368	884	933	6,992	8,091	74,079	83,518
Income tax	388	492	1,101	1,029	1,546	1,302	404	385	1,491	1,458	2,689	2,426	14,792	16,366	121,811	127,340
Profits tax	97	160	284	322	382	427	97	96	36	36	43	43	2,905	4,229	26,372	35,375
Directors' emoluments	102	120	287	297	289	261	7	7	85	97	178	140	1,053	1,116	13,788	14,155
Administrative charges	5	10	42	44	15	15	24	24	82	87	159	176	1,309	1,617	4,757	6,073
Contingencies, provisions, etc.	9	13	108	108	58	7	...	...	270	348	193	173	390	936	5,386	5,228
Pensions	...	...	100	1	122	22	...	...	...	...	18	24	22	43	3,299	3,018
Minority interests	6	5	4	2	7	14	...	...	30	14	113	118	1,972	1,825	6,821	6,440
Loan interest	2	2	...	...	72	71	6	6	2	2	20	22	2,771	3,485	10,788	13,173
Preference dividends	60	36	43	43	35	35	...	...	11	5	64	118	776	789	5,916	6,699
Profits retained by subsidiaries	91	223	157	255	364	499	...	...	22	94	168	199	4,929	4,919	35,824	31,229
Ordinary dividends	218	166	664	718	518	575	387	387	1,560	1,518	1,763	1,566	9,339	11,490	69,429	76,735
Reserves (parent company)	75	130	661	266	1,215	383	135	100	701	704	670	636	5,730	3,492	45,990	42,330
Brought in (parent company)	104	144	1,656	1,543	1,617	1,499	40	43	597	624	1,172	1,427	10,799	11,234	83,339	93,398
Carried forward (parent company)	144	184	1,543	1,573	1,499	1,784	43	51	624	625	1,427	1,501	11,234	13,205	93,398	106,159

* This group includes canals and docks, entertainment, finance and land, hotels and restaurants and warehousing.

Comparative analysis of 546 balance sheets published July - September, 1961 (£'000)

Industry	Breweries and Distilleries		Clothing and Footwear		Food and Confectionery		Shops and Stores		Tobacco		Building		Engineering		Iron and Steel	
No. of Companies	(15)		(17)		(32)		(11)		(1)		(46)		(71)		(9)	
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Fixed assets	155,542	189,641	11,057	12,735	228,202	258,861	119,349	117,486	496	601	81,317	93,598	116,071	127,404	52,542	61,954
Trade investments	13,940	15,545	388	295	2,373	2,521	4,493	4,605	66	63	5,336	4,613	9,340	9,625	201	229
Stocks	96,803	112,677	8,834	10,842	75,376	88,362	59,488	62,812	689	799	34,301	46,364	78,324	91,549	12,923	16,442
Debtors	35,041	46,166	4,233	4,887	39,156	46,667	96,947	101,018	1,290	1,456	34,550	41,091	56,322	65,190	12,335	14,454
Net balances due to parent company	9	7	...	...	267	31	...	...	...	...	19	21	7	53	...	...
Gilt-edged	602	491	34	34	495	258	...	...	7	7	661	691	862	907	16	2
Cash	17,429	10,632	1,629	1,283	11,210	7,664	12,620	20,298	12	5	7,057	7,403	17,066	13,314	3,052	255
Other marketable investments	1,483	1,461	35	...	2,692	2,654	2,493	2,255	...	...	1,312	1,310	2,928	2,605	2	2
Intangible assets	2,765	2,844	847	776	22,055	25,479	3,705	4,615	...	...	751	949	4,132	3,631	87	51
Total Assets	**323,614**	**379,464**	**27,057**	**30,852**	**382,135**	**432,497**	**299,175**	**313,090**	**2,560**	**2,931**	**165,304**	**196,040**	**285,052**	**314,278**	**81,158**	**93,369**
Bank overdrafts and loans	3,189	3,143	777	2,074	24,816	32,281	23,599	12,768	357	665	8,863	13,558	8,228	13,619	468	3,715
Reserve for future income tax	16,982	19,921	1,221	1,320	12,520	14,188	16,226	16,492	43	37	6,581	7,364	10,531	10,192	2,832	3,684
Depreciation	35,726	45,022	4,030	4,569	73,306	84,360	22,755	24,652	125	131	32,442	38,770	43,827	48,823	18,792	21,429
Capital reserves	17,844	32,431	733	980	32,333	35,798	42,370	48,553	48	48	7,546	8,885	17,273	19,264	8,825	9,083
Other provisions	1,523	1,355	123	94	4,510	4,030	565	503	...	...	728	719	931	912	869	507
Creditors	18,569	25,387	3,408	4,138	47,044	57,862	43,135	44,008	1,147	1,174	24,316	31,476	36,967	43,721	8,552	8,777
Other current liabilities	15,638	19,198	1,721	1,996	15,761	16,624	26,874	29,170	67	84	5,486	6,836	11,936	12,382	1,476	1,998
Revenue reserves and carried forward	51,130	40,473	5,524	4,689	53,005	59,125	42,228	50,791	293	312	32,875	36,873	61,795	64,589	12,976	14,600
Net balances due to subsidiaries	80	7	5	5	387	1,195	750	725	...	...	118	154	3	...	1	...
Minority interests	5,610	6,246	4	21	6,508	6,470	11,172	11,231	...	...	2,277	2,801	2,460	2,841	70	200
Loan capital	35,747	36,593	1,225	1,211	17,546	17,658	12,270	15,513	...	...	3,962	4,559	13,126	13,674	10,063	13,024
Preference capital	14,240	16,695	2,388	2,262	24,251	24,972	17,249	17,529	...	...	6,820	7,017	11,554	11,835	444	444
Ordinary capital	107,316	132,993	5,898	7,283	69,148	77,844	39,982	41,155	480	480	33,290	37,028	66,421	72,426	15,790	15,928
Total Liabilities	**323,614**	**379,464**	**27,057**	**30,852**	**382,135**	**432,497**	**299,175**	**313,090**	**2,560**	**2,931**	**165,304**	**196,040**	**285,052**	**314,278**	**81,158**	**93,389**
Year's Free Scrip Issues	**4,911**	**17,995**	**—**	**1,227**	**5,499**	**4,088**	**2,829**	**374**	**—**	**—**	**4,502**	**2,086**	**3,881**	**3,876**	**550**	**—**

Industry	Shipbuilding		Chemicals and Paint		Electrical Manufacturing		Motors, Cycles and Aircraft		Newspapers, Paper & Printing		Miscellaneous Manufacturing		Shipping		Cotton	
No. of Companies	(2)		(10)		(23)		(20)		(14)		(95)		(6)		(6)	
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Fixed assets	18,075	19,717	13,117	14,461	83,579	93,153	21,208	24,007	72,724	117,636	214,657	245,248	62,998	67,924	22,860	23,825
Trade investments	2,396	2,530	278	162	4,296	4,819	379	558	4,339	5,429	28,707	18,106	2,574	2,551	84	73
Stocks	10,633	13,204	3,559	3,789	78,477	96,190	15,811	19,270	19,461	30,353	100,362	115,222	1,184	1,078	10,238	10,849
Debtors	8,539	8,753	4,780	5,569	55,118	60,100	13,406	15,400	23,488	30,498	124,571	147,144	6,799	7,525	7,243	6,333
Net balances due to parent company	...	...	...	...	126	119	52	24	...	...	414	362	6,361	5,807	10	10
Gilt-edged	...	...	...	...	...	...	...	...	46	56	1,173	617	...	...	6	5
Cash	10,241	8,119	2,875	2,953	8,072	5,000	3,062	1,651	12,003	6,819	42,932	33,198	5,952	5,588	271	1,427
Other marketable investments	...	...	24	27	566	324	174	115	1,163	2,820	4,865	5,353	4,765	4,982	464	525
Intangible assets	2,039	2,223	5,251	5,869	1,393	1,403	597	827	21,803	33,904	25,938	32,975	...	...	4	246
Total Assets	**52,143**	**54,546**	**30,010**	**32,949**	**231,553**	**261,713**	**54,637**	**62,328**	**155,461**	**227,897**	**549,566**	**603,670**	**88,397**	**93,778**	**41,180**	**43,293**
Bank overdrafts and loans	...	...	2,958	1,653	8,634	21,454	3,330	5,403	2,919	6,482	29,075	30,881	3,540	4,564	771	1,141
Reserve for future income tax	1,909	2,445	997	1,176	6,265	6,167	3,263	3,234	5,715	6,353	19,137	18,984	1,067	1,037	221	365
Depreciation	7,271	8,331	5,286	6,045	34,039	37,853	7,003	7,735	25,479	49,370	80,551	92,809	2,875	3,121	8,183	8,372
Capital reserves	4,611	4,623	2,802	918	17,829	18,016	3,315	3,523	12,110	27,816	45,050	50,772	6,817	6,897	4,683	4,864
Other provisions	24	14	46	24	141	138	89	...	1,675	1,663	3,564	3,302	827	855	2,339	2,312
Creditors	7,008	8,424	3,343	3,829	39,049	44,672	7,170	8,733	13,125	16,026	84,618	95,391	10,661	12,371	4,549	4,502
Other current liabilities	6,427	4,543	1,795	1,747	9,294	9,128	2,300	2,425	5,754	8,166	26,142	29,155	6,088	6,410	1,092	1,643
Revenue reserves and carried forward	9,691	11,028	5,149	4,753	47,318	49,894	10,651	12,274	29,882	33,908	98,426	109,988	31,031	33,041	6,462	7,157
Net balances due to subsidiaries	...	...	2	3	62	...	...	...	...	...	636	743	40	20	...	...
Minority interests	1,689	1,642	1,241	304	1,815	2,077	65	67	3,452	7,806	13,871	14,364	3,911	4,050	128	149
Loan capital	23	56	2	2,001	26,911	30,128	3,005	3,152	12,316	18,491	14,003	14,264	1,669	1,359	1,724	1,641
Preference capital	2,567	2,567	821	1,821	10,478	10,431	1,717	2,013	14,652	14,652	29,232	29,576	2,996	2,996	3,845	3,852
Ordinary capital	10,873	10,873	5,568	8,665	29,718	31,755	12,729	13,769	28,362	37,264	105,261	113,421	16,875	17,057	7,183	7,295
Total Liabilities	**52,143**	**54,546**	**30,010**	**32,949**	**231,553**	**261,713**	**54,637**	**62,328**	**155,461**	**227,897**	**549,566**	**603,670**	**88,397**	**93,778**	**41,180**	**43,293**
Year's Free Scrip Issues	**—**	**—**	**100**	**2,931**	**679**	**1,766**	**3,733**	**526**	**486**	**818**	**14,704**	**4,312**	**—**	**—**	**321**	**—**

Industry	Silk and Rayon		Wool		Other Textiles		Oil		Rubber		Tea		Other Companies*		TOTALS ALL GROUPS 546 Companies	
No. of Companies	(4)		(12)		(9)		(1)		(28)		(64)		(50)			
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Fixed assets	6,921	7,305	7,394	8,494	14,337	15,634	7,837	8,234	15,160	17,865	31,712	34,107	287,001	325,960	1,644,156	1,885,870
Trade investments	23	23	133	103	402	477	16	16	1,303	1,366	734	832	32,656	37,774	114,457	112,315
Stocks	3,500	3,805	11,328	11,838	8,611	9,723	459	510	1,504	1,365	13,132	14,815	28,955	31,249	674,172	793,607
Debtors	1,757	1,913	3,303	4,071	5,561	6,218	1,607	1,807	728	803	4,392	5,139	192,419	235,932	733,385	858,134
Net balances due to parent company	...	...	...	...	...	...	...	...	...	...	...	...	...	...	1,527	841
Gilt-edged	1	...	10	10	12	12	...	...	1,286	1,404	2,077	2,056	998	873	18,149	17,197
Cash	398	343	2,864	1,670	1,807	1,295	463	656	3,191	3,425	7,805	6,291	36,733	47,294	206,752	187,383
Other marketable investments	...	...	756	785	1,267	1,371	...	...	734	828	595	625	24,144	26,321	50,763	54,263
Intangible assets	458	448	...	...	58	58	...	...	9	7	218	147	9,288	12,487	101,478	128,939
Total Assets	**13,058**	**13,837**	**25,788**	**26,971**	**32,055**	**34,788**	**10,382**	**11,223**	**23,915**	**27,063**	**60,665**	**64,012**	**612,194**	**717,940**	**3,547,039**	**4,038,549**
Bank overdrafts and loans	620	523	2,255	1,762	416	1,243	...	...	13	53	4,819	6,207	62,048	86,505	191,695	249,694
Reserve for future income tax	380	488	1,023	1,012	1,612	1,472	...	...	427	287	1,008	1,062	13,411	15,515	124,371	132,805
Depreciation	3,487	3,799	3,182	3,602	6,085	6,690	4,681	4,906	2,100	2,410	6,366	7,197	51,936	57,028	479,527	567,024
Capital reserves	1,335	1,091	464	427	1,226	1,779	200	200	5,499	6,517	7,620	7,819	52,051	68,240	292,584	358,544
Other provisions	...	...	129	129	...	115	...	...	388	422	418	376	16,413	18,545	35,302	36,025
Creditors	1,060	1,138	2,777	3,270	3,633	3,311	603	1,051	1,687	1,698	5,436	5,545	140,015	153,628	507,872	580,132
Other current liabilities	466	551	1,040	1,281	1,552	1,686	600	660	2,052	2,296	5,550	5,195	26,541	40,108	175,672	203,282
Revenue reserves and carried forward	1,161	1,459	6,853	6,986	7,744	8,568	1,298	1,406	2,680	2,957	11,357	12,115	61,079	68,806	590,608	635,892
Net balances due to subsidiaries	...	...	51	61	...	...	...	...	...	...	10	...	2,270	3,428	4,415	6,431
Minority interests	29	32	26	30	89	100	...	...	345	86	948	978	34,185	30,016	89,895	91,531
Loan capital	50	50	380	360	1,672	1,651	100	100	20	81	438	415	62,208	77,902	218,510	253,883
Preference capital	1,770	2,920	1,118	1,118	1,466	1,466	...	...	96	96	2,108	2,128	23,447	23,553	173,259	179,943
Ordinary capital	2,700	1,786	6,490	6,933	6,560	6,707	2,900	2,900	8,608	10,160	14,587	14,975	66,390	74,666	663,329	743,363
Total Liabilities	**13,058**	**13,837**	**25,788**	**26,971**	**32,055**	**34,788**	**10,382**	**11,223**	**23,915**	**27,063**	**60,665**	**64,012**	**612,194**	**717,940**	**3,547,039**	**4,038,549**
Year's Free Scrip Issues	**—**	**—**	**250**	**443**	**550**	**300**	**—**	**—**	**857**	**592**	**—**	**300**	**7,521**	**2,755**	**51,373**	**44,389**

* This group includes canals and docks, entertainment, finance and land, hotels and restaurants and warehousing.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended October 7, 1961, there was an "above-line" surplus (after allowing for sinking funds) of £7,900,000 compared with a deficit of £63,055,000 in the previous week and a surplus of £13,827,000 in the corresponding period of last year. There was a net receipt "below-line" of £38,790,000 leaving a total cumulative deficit to date of £644,242,000 compared with £640,516,000 in 1960–61.

£'000	Estimate 1961–62	April 1, 1960, Oct. 8, 1960	April 1, 1961, Oct. 7, 1961	8 days ended Oct. 8, 1960	Week ended Oct. 7, 1961
Ordinary Revenue					
Income Tax	2,728,500	704,195	815,022	26,088	27,621
Surtax	210,000	37,500	44,200	1,300	1,300
Death Duties	240,000	115,700	136,500	4,500	3,600
Stamps	94,000	44,500	52,800	1,700	1,500
Profits tax, EPT and EPL	325,500	146,200	183,000	5,600	5,400
Other Inland Rev. Duties	...	50	...	...	...
Total Inland Rev.	3,598,000	1,049,145	1,231,522	39,188	39,421
Customs	1,550,000	767,843	833,499	39,441	35,317
Excise	960,000	478,090	483,135	16,055	6,250
Total Customs and Excise	2,510,000	1,245,933	1,316,634	55,496	41,567
Motor Duties	155,000	27,857	31,600	1,188	446
PO (Net Receipts)	...	...	...	...	...
Broadcast Lic's.	40,000	13,500	14,200	...	...
Sundry Loans	205,000	34,262	132,929	108	11,532
Miscellaneous		60,911		5,727	
Total	6,508,000	2,431,608	2,726,885	101,707	92,966
Ordinary Expenditure					
Debt Interest	660,000	330,956	396,362	...	...
Payments to N. Ireland Exch.	92,000	43,415	45,067	3,028	3,352
EPO Fund — Initial settlement	15,000	...	...	...	...
Other Consolidated Funds	8,000	4,039	4,153	107	13
Supply Services	5,186,902	2,406,323	2,596,344	83,700	80,500
Total	5,961,902	2,784,733	3,041,926	86,835	83,865
Sinking Funds	40,000	19,828	19,991	1,045	1,201
"Above-line" Surplus or Deficit	—	372,953	335,032	+ 13,827 Cr.	+ 7,900 Cr.
"Below-line" Net Expenditure[a]	—	267,563	309,210	+ 10,263	+ 38,790
Total Surplus or Deficit	—	640,516	644,242	+ 24,090	+ 46,690
Net receipts *from*:					
Tax Reserve Certificates		134,555	137,172	8,554	30,496
Savings Certificates		36,700	— 13,800	600	— 1,300
Defence Bonds		57,161	18,261	1,660	2
Premium Savings Bonds		29,770	21,600	650	400
Total		258,186	163,233	11,464	29,598

[a] Net receipt to the Civil Contingencies Fund of £5 million in 1961–62 compared with a net receipt of £6 million in 1960–61.

FLOATING DEBT

(£ million)

	Treasury Bills		Ways and Means Advances		Total Floating Debt
	Tender	Tap	Public Dept.	Bank of England	
1960					
Oct. 8	3,500·0	1,642·5	203·5	0·3	5,346·3
1961					
June 30		3,290·0	283·3	...	5,483·0
July 8	3,280·0	1,853·1	265·2	0·8	5,399·0
,, 15	3,270·0	1,866·0	269·0	...	5,405·0
,, 22	3,260·0	1,894·4	214·3	...	5,368·7
,, 29	3,250·0	1,920·3	220·4	3·3	5,393·9
Aug. 5	3,280·0	1,882·6	207·3	...	5,369·9
,, 12	3,290·0	1,712·9	206·6	...	5,209·4
,, 19	3,290·0	1,731·5	316·8	1·5	5,340·7
,, 26	3,280·0	1,840·0	201·9	2·3	5,324·1
Sept. 2	3,260·0	1,855·3	239·4	...	5,354·8
,, 9	3,240·0	1,886·4	221·4	...	5,347·9
,, 16	3,240·0	1,905·2	229·5	...	5,374·7
,, 23	3,220·0	1,928·7	228·3	...	5,377·0
,, 30	3,220·0	2,018·6	283·7	...	5,522·3
Oct. 7	3,240·0	1,998·1	207·2	...	5,445·3

* Official Limits

THE MONEY MARKET

At the Treasury bill tender following last week's cut in Bank rate the syndicate of discount houses raised its bid by 2s. 5d. to £98 9s. 5d., and the average rate of discount fell sharply by $\frac{7}{16}$ per cent to $6\frac{1}{8}$ per cent. It is unusual for the bill rate to fall almost fully as much as Bank rate; but, still more unusually, the bill rate had actually risen at the tender before the Bank rate cut. Thus the present rate of $6\frac{1}{8}$ per cent is by no means out of line with Bank rate at $6\frac{1}{2}$ per cent, and it gives the market some scope for competitive bidding for bills in coming weeks. This week, however, two or three houses have been obliged to borrow small amounts from the Bank of England on two occasions. But the Bank of England was, after all, discouraging the discount market from anticipating the reduction to $6\frac{1}{2}$ per cent, and that did not prevent the Bank from making it.

Total applications at the tender fell by £50 million to £398 million and the market received 57 per cent of its application against 39 per cent a week earlier. Credit has been very short throughout this week and the rate for day-to-day money has rarely fallen below $5\frac{7}{8}$ per cent and has often been up to 6 per cent—compared with $6\frac{1}{8}$ per cent before the Bank rate cut.

MONEY RATES

LONDON

	%		%
Bank rate (from 7% 5/10/61)	6½	**Discount rates:**	
		Bank bills:	
Deposit rates		60 days	$6\frac{3}{8}$–$6\frac{7}{16}$
(7 days' notice):		3 months	$6\frac{3}{8}$–$6\frac{7}{16}$
Banks	$4\frac{1}{2}$	4 months	$6\frac{3}{8}$–$6\frac{7}{16}$
Discount houses	$4\frac{1}{2}$–$3\frac{3}{4}$	6 months	$6\frac{3}{8}$–$6\frac{1}{2}$
Local Authorities	7	Fine trade bills:	
Money:		3 months	$7\frac{1}{4}$–$8\frac{1}{4}$
Day-to-Day	$4\frac{7}{8}$–6	4 months	$7\frac{1}{4}$–$8\frac{1}{4}$
		6 months	$7\frac{1}{2}$–$8\frac{1}{2}$

NEW YORK

	%		%
Official Discount rate: (from 31/5/60)	3	**Treasury bills:** Oct. 2	2·302
		,, 9	2·389

BANK OF ENGLAND RETURNS

(£ million)	Oct. 12, 1960	Oct. 4, 1961	Oct. 11, 1961
*Issue Department**:			
Notes in circulation	2,220·3	2,308·2	2,307·3
Notes in banking dept.	30·1	17·1	18·1
Govt. debt and securities*	2,247·7	2,324·0	2,324·0
Other securities	0·8	0·8	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	1·5	0·3	0·3
Banking Department:			
Deposits:			
Public accounts	10·2	11·6	10·2
Special deposits	149·4	232·9	230·3
Bankers	247·4	258·9	243·0
Others	65·5	68·6	68·3
Total	472·5	572·0	551·9
Securities:			
Government	426·1	501·6	474·9
Discounts and advances	14·3	51·6	56·3
Other	18·9	19·4	19·3
Total	459·3	572·5	550·6
Banking department reserve	30·9	18·0	18·9
"Proportion"	% 6·5	% 3·1	% 3·4

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced by £25 million to £2,325 million on September 20th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills Average Rate of Allotment	Allotted at Max. Rate*
1960 Oct. 7	*91 day* 290·0‡	491·4	s. d. 111 3·52	% 35
1961 July 7	240·0	405·2	90 8·80	42
,, 14	240·0	378·2	91 4·47	47
,, 21	240·0	333·3	92 5·62	66
,, 28	250·0	426·6	133 9·22	28
Aug. 4	250·0	386·0	134 3·33	44
,, 11	250·0	394·7	134 8·51	41
,, 18	250·0	379·6	134 1·83	61
,, 25	260·0‡	409·9	134 0·12	39
Sept. 1	250·0	379·8	134 0·50	48
,, 8	260·0	441·6	132 10·81	60
,, 15	250·0‡	407·0	131 10·99	59
,, 22	250·0	383·3	130 6·51	65
,, 29	270·0	447·9	131 0·48	39
Oct. 6	260·0	397·9	122 5·80	57

* On October 6th tenders for 91 day bills at £98 9s 5d secured 57 per cent, higher tenders being allotted in full. The offer for this week was for £260 million 91 day bills. ‡ Allotment cut by £10 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits October 11	Market Rates: Spot October 5	October 6	October 7	October 9	October 10	October 11
United States $	2·78–2·82*	$2·815_{16}$–7_{16}	$2·813_{8}$–1_{2}	$2·813_{8}$–1_{2}	$2·817_{16}$–9_{16}	$2·817_{16}$–9_{16}	$2·811_{2}$–5_{8}
Canadian $	...	$2·893_{4}$–7_{8}	$2·893_{16}$–15_{16}	$2·893_{16}$–15_{16}	$2·897_{8}$–90	$2·895_{16}$–901_{16}	$2·895_{16}$–901_{16}
French Fr.	13·622–14·027	13·827$_{8}$–831$_{8}$	13·827$_{8}$–831$_{8}$	13·831$_{8}$–$_{8}$	13·833$_{8}$–$_{8}$	13·833$_{8}$–$_{8}$	13·84–84¼
Swiss Fr.	11·94–12·54⅞	12·161$_{8}$–$_{8}$	12·17–17¼	12·171$_{8}$–$_{8}$	12·173$_{8}$–$_{8}$	12·173$_{8}$–$_{8}$	12·17¼–$_{2}$
Belgian Fr.	137·96–142·05	140·02½– 07½	140·02½– 07½	140·05– 10	140·07½– 12½	140·07½– 12½	140·07½– 12½
Dutch Gld.	9·983$_{4}$–10·28½	10·15–15¼	10·15–15¼	10·15–15¼	10·15¼–$_{2}$	10·15⅛–$_{8}$	10·14⅞–15⅛
W. Ger. D-Mk.	11·037–11·365	11·23½–$_{8}$	11·23½–$_{8}$	11·23½–¾	11·24¼–$_{2}$	11·24⅝–$_{8}$	11·24⅝–$_{8}$
Portug. Esc.	...	80·20–30	80·20–30	80·20–30	80·18–28	80·18–28	80·18–28
Italian Lire	1725–1775	17453$_{4}$–461$_{4}$	17453$_{4}$–461$_{4}$	1746–46½	17463$_{4}$–471$_{4}$	17463$_{4}$–471$_{4}$	1747–47½
Swedish Kr.	14·27½–14·70	14·533$_{4}$–54	14·523$_{4}$–53	14·523$_{4}$–53	14·53¼–$_{2}$	14·53½–¾	14·53½–¾
Danish Kr.	19·06½–19·62	19·373$_{8}$–$_{8}$	19·377$_{8}$–38⅛	19·377$_{8}$–38⅛	19·377$_{8}$–38⅜	19·38–38¼	19·38⅜–$_{8}$
Norwegian Kr.	19·71–20·30½	20·013$_{8}$–$_{8}$	20·013$_{8}$–$_{8}$	20·01½–¾	20·017$_{8}$–02⅛	20·02–02¼	20·023$_{4}$–03

One Month Forward Rates

United States $	7_{8}–3c. pm
Canadian $	15_{16}–13_{16}c. pm
French Fr.	3⅜–3¼c. pm
Swiss Fr.	4¾–4¼c. pm
Belgian Fr.	35–25c. pm
Dutch Gld.	3¼–3c. pm
W. German D-Mk.	3½–3pf. pm
United States $	7_{8}–3c. pm
Canadian $	7_{8}–3c. pm
French Fr.	3¼–2¾c. pm
Swiss Fr.	4¾–4¼c. pm
Belgian Fr.	35–25c. pm
Dutch Gld.	3–2¾c. pm
W. German D-Mk.	3⅞–3⅜pf. pm
United States $	15_{16}–13_{16}c. pm
Canadian $	1–$_{8}$c. pm
French Fr.	3¼–2¾c. pm
Swiss Fr.	4¾–4¼c. pm
Belgian Fr.	37–27c. pm
Dutch Gld.	3⅛–2¾c. pm
W. German D-Mk.	3⅞–3⅜pf. pm
United States $	15_{16}–13_{16}c. pm
Canadian $	15_{16}–13_{16}c. pm
French Fr.	3¼–2¾c. pm
Swiss Fr.	4¾–4¼c. pm
Belgian Fr.	37–27c. pm
Dutch Gld.	3⅛–2½c. pm
W. German D-Mk.	4–3½pf. pm
United States $	15_{16}–13_{16}c. pm
Canadian $	15_{16}–13_{16}c. pm
French Fr.	3¼–2¾c. pm
Swiss Fr.	4¾–4¼c. pm
Belgian Fr.	37–27c. pm
Dutch Gld.	3–2½c. pm
W. German D-Mk.	4¼–3¾pf. pm

Three Months Forward Rates

United States $	2_{16}–2_{8}c. pm
Canadian $	2_{16}–2_{16}c. pm
Swiss Fr.	12⅜–11⅞c. pm
W. German D-Mk.	113¼–111¼pf. pm
United States $	2_{16}–2_{16}c. pm
Canadian $	2⅛–2⅜c. pm
Swiss Fr.	12⅛–11⅝c. pm
W. German D-Mk.	111½–11pf. pm
United States $	2_{16}–2_{16}c. pm
Canadian $	2⅛–2⅜c. pm
Swiss Fr.	12⅛–11⅝c. pm
W. German D-Mk.	113¼–111¼pf. pm
United States $	2_{16}–2_{16}c. pm
Canadian $	2⅛–2⅜c. pm
Swiss Fr.	12⅛–11⅝c. pm
W. German D-Mk.	111½–11pf. pm
United States $	2_{16}–2_{16}c. pm
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required by the West Midlands Divisional Coal Board at their Electronic Computer Centre situated at Bridgtown, near Cannock, Staffordshire.

This position would suit a recently qualified graduate in Mathematics or Statistics, or someone with an equivalent qualification, who is looking for interesting and creative work.

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Application forms from Divisional Chief Staff Officer (quote ref. O), WEST MIDLANDS DIVISIONAL COAL BOARD, Himley Hall, Dudley, Worcs., to be returned by October 20, 1961.

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OZALID, the leading Company in the photocopying field with established overseas markets, wishes to expand its Export Sales Force and young men of proved selling ability with some experience in the export field and a knowledge of several languages are invited to apply for a restricted number of vacancies which will become available in the near future.

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Applications are invited, preferably from University graduates, for an appointment as an Assistant to the Secretary of the Company. Candidates should be under 28 years of age and either possess legal qualifications or have had experience of public administration.

Applications, giving full particulars, should be addressed to the Manager and Secretary, The Manchester Ship Canal Company, Ship Canal House, King Street, Manchester, 2, and be received not later than November 30, 1961. Envelopes should be marked "Personal."

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For further appointments and other classified advertisements see page 177

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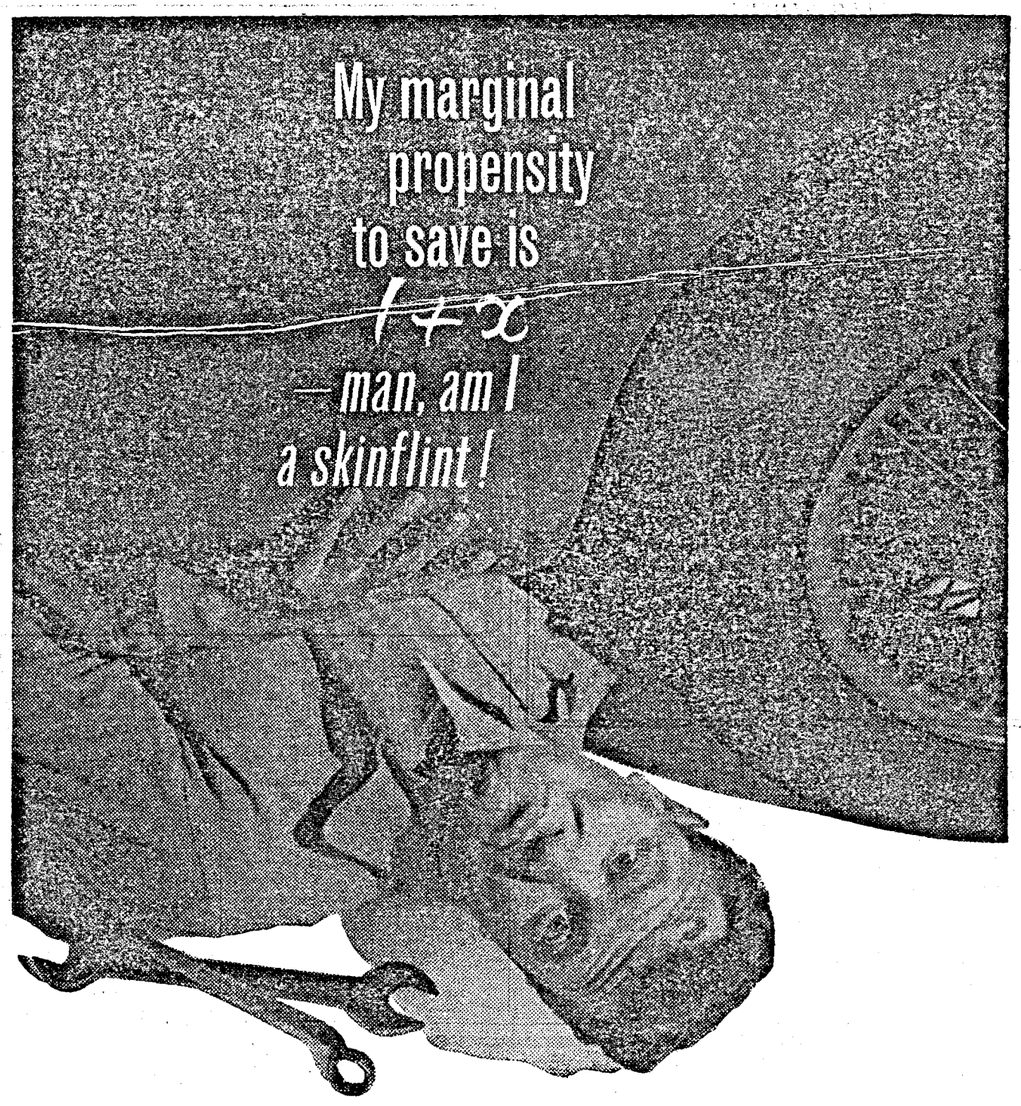
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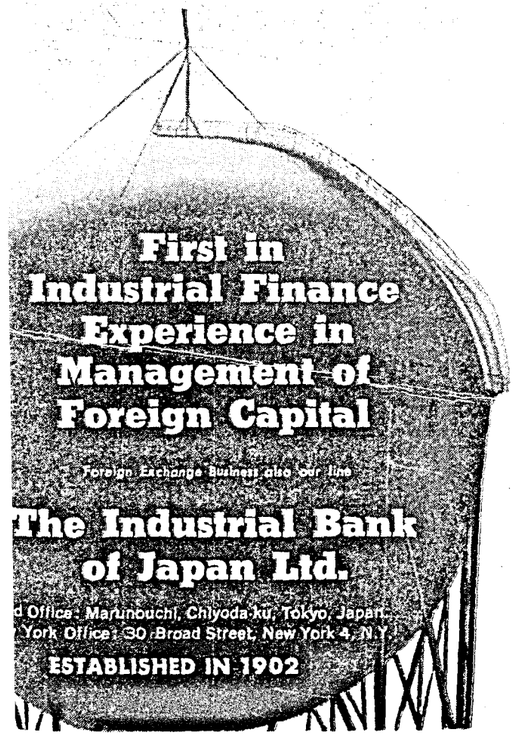
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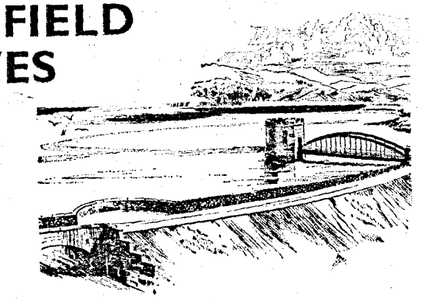
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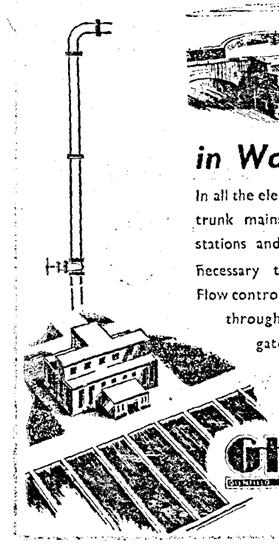
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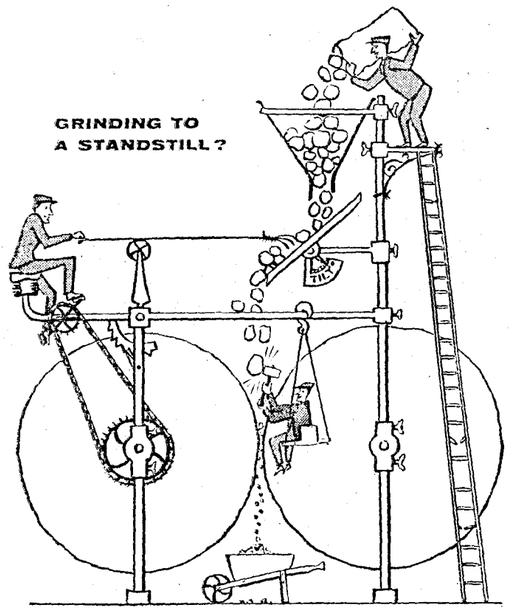
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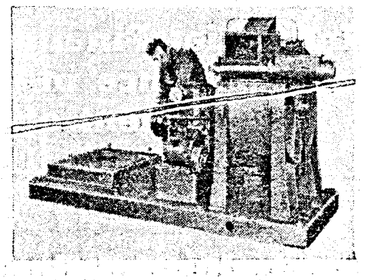
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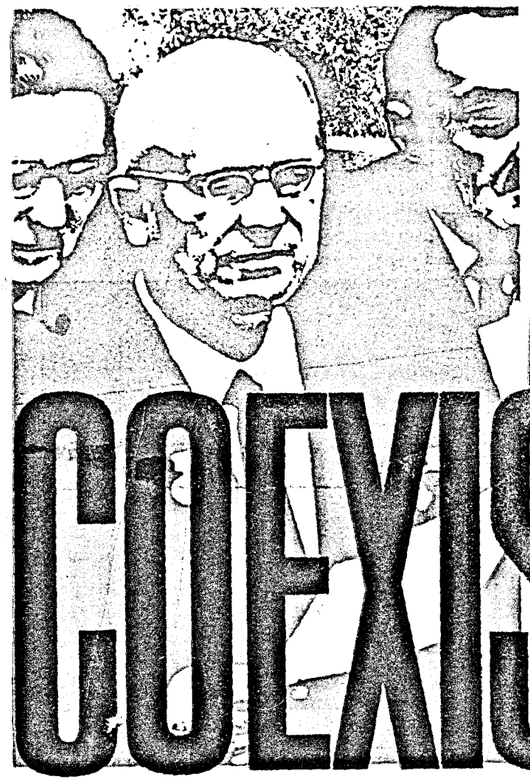
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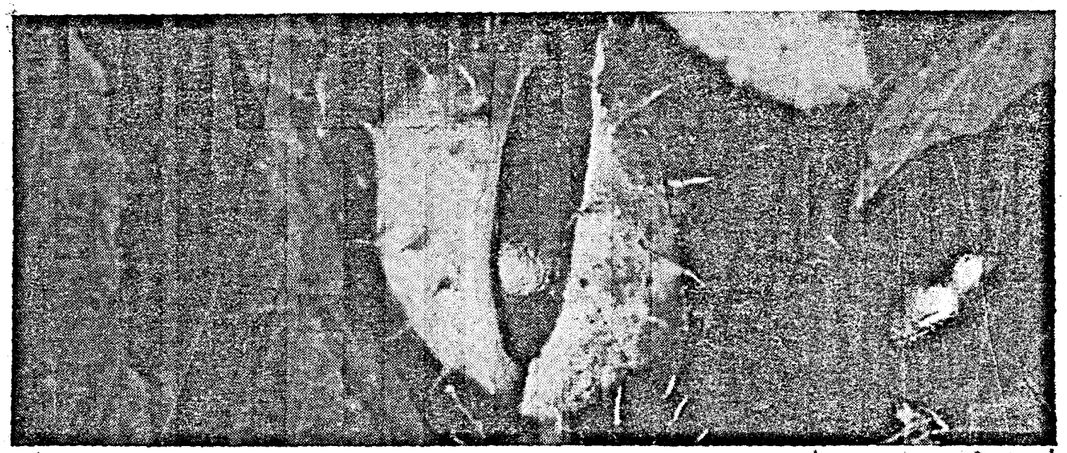
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MOTORS 1961
pages 241 to 262

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In The Economist this Week — October 21, 1961

INTERNATIONAL

Concerto Grosso

In his solo performance at the Communist party congress, Mr Khrushchev has reaffirmed the theme of peaceful co-existence. Like American policy it is composed of two strands—ostentatious armed strength and a willingness to talk (page 203). His softer words on Berlin are conditioned by expectation that the West will talk too. If no response comes, the military theme will swell (page 204).

Ensembles

The uncommitted nations are now the dominant element in the **United Nations.** But the assembly badly needs the tonic of improved parliamentary machinery if they are to become the effective masters of the UN executive (page 207).

The new **west German** Bundestag may provide livelier debates than its predecessor. But the conductor, Dr Adenauer, is expected to stay on; how long, is not yet clear to anybody but, perhaps, him (page 234).

Swing

Turkey's electoral swing against General Gürsel and his government of soldiers is also a vote against Kemal Ataturk's vision of a modern, western nation (pages 211 and 233).

Discords

President Nasser's graceful acceptance of **Syrian** independence has not lasted long. For it is a tacit premise of Arab politics that he who controls Syria controls the Middle East (p. 211).

The Bizerta explosion has left scars both on **Franco-Tunisian** relations and on President Bourguiba's standing in his country (p. 214). Violence in the streets of Paris is a reminder that the **Algerian** malaise has infected France itself (p. 212).

Sotto Voce

Separatism amongst **Kenya's** tribes and regions, muted hitherto, has been brought into the open—*with perilous implications*—by the prospect of independence (p. 237).

Mr Tshombe of **Katanga** has many secrets. His latest failure to hand over United Nations prisoners was predictable; it is the series of military and political manoeuvres which led to their capture that demands investigation (p. 215).

New World

Americans are deeply divided over the civil defence precautions which the Administration is pressing (p. 223).

Farm exports may be threatened if the European common market adopts protectionist farm policies (page 228); demands for protection against **imports** of **textiles** may be checked by new tax laws making it easier for firms to renew their machines (p. 227).

The shocking spectacle of cops turning robber in Denver shows that the lot of the honest policeman in many states is unhappier than the felon's (p. 227).

HOME

Stand Pat

A cold douche brings Cunard to its senses; there is to be no new Queen, and the whole prospect of transatlantic travel by sea and air will be reappraised (p. 273).

Britain's present high interest rates are an essential part of the long-term recovery programme—at home and abroad (p. 271).

The high cost of holding gold (p. 280).

September's trade figures give a jolt to the optimists (p. 275).

Englishmen are C of E but still stay away from their established, [illegible]nised and increasingly international church (p. 209).

Up

[illegible]e pause is on it is essential to think hard about how [illegible]e increases should be mapped out: some new ideas for over (p. 205).

[illegible]aims on the production line: a warning progress report

g Over

At Brighton the Tories showed their newly scrubbed, progressive face (p. 218): but their own extremists scared them off from tackling trade union reform (p. 214).

Some of Birmingham's overcrowded population must be dispersed, but others should stay close to home—*and their jobs* (p. 211).

Europe's stock exchanges form a federation (p. 278).

The Air Transport Licensing Board is no longer accepting applicants without looking at their books (p. 280).

Breaking Down

Europe's biggest integrated steelworks has been halted by a tiny dispute (p. 216).

The Rootes motor group, too, is at a standstill because of a few malcontents (p. 276).

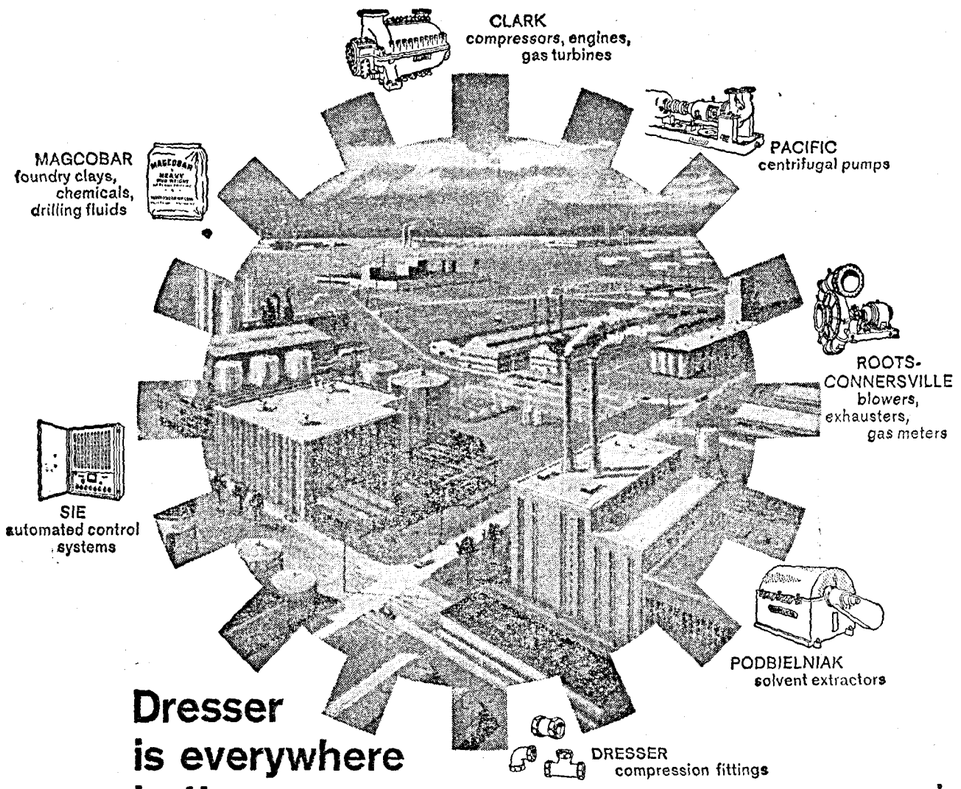
The teachers' resistance to the salary offer by the Minister of Education has collapsed (p. 211).

The traditional Welsh Sunday (not exactly temperate) is the subject of a hotly contested referendum (p. 221).

The workings of last month's butter conference needed lubrication: it ground to an international deadlock (p. 278).

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Detailed contents on page 203



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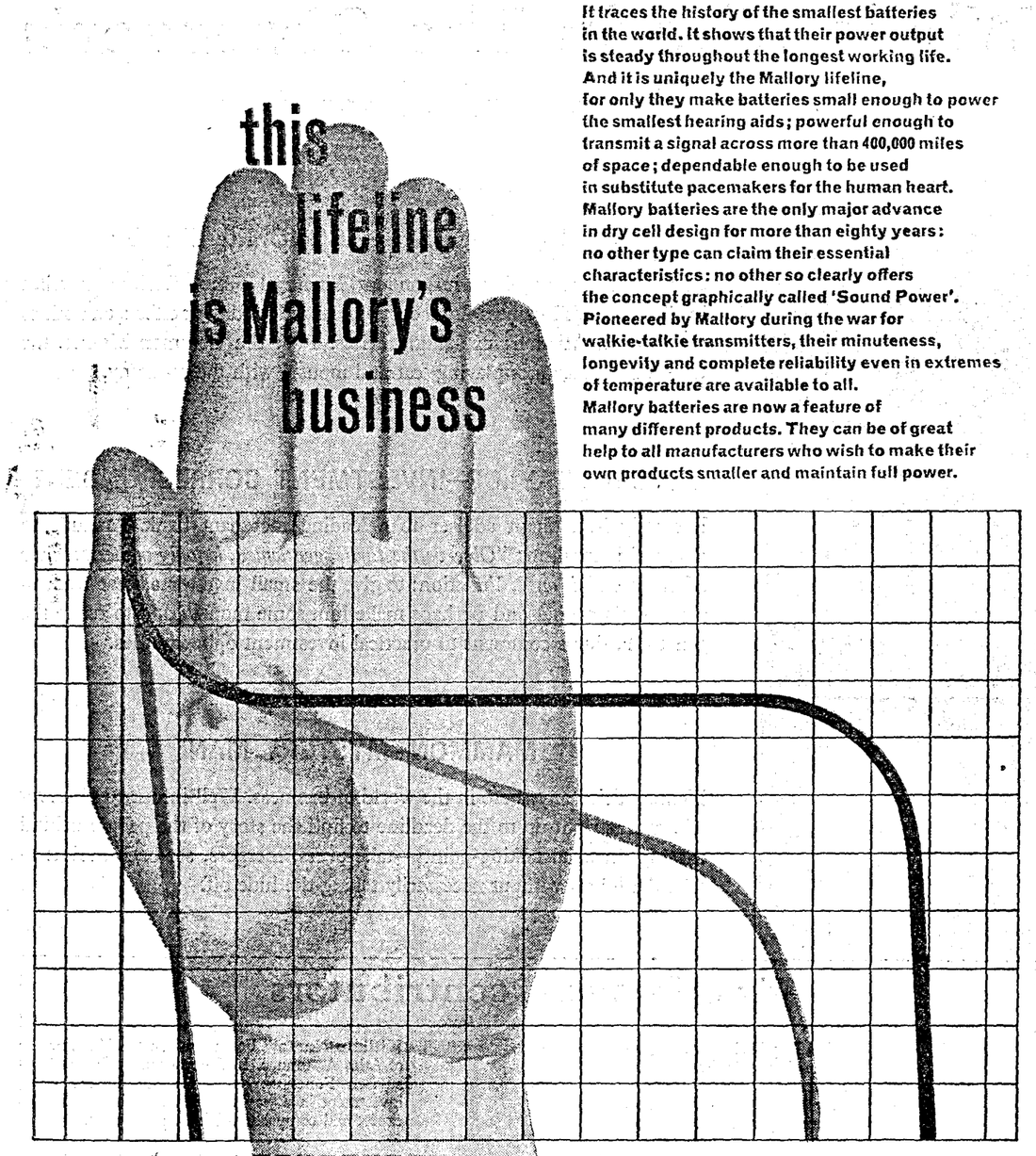
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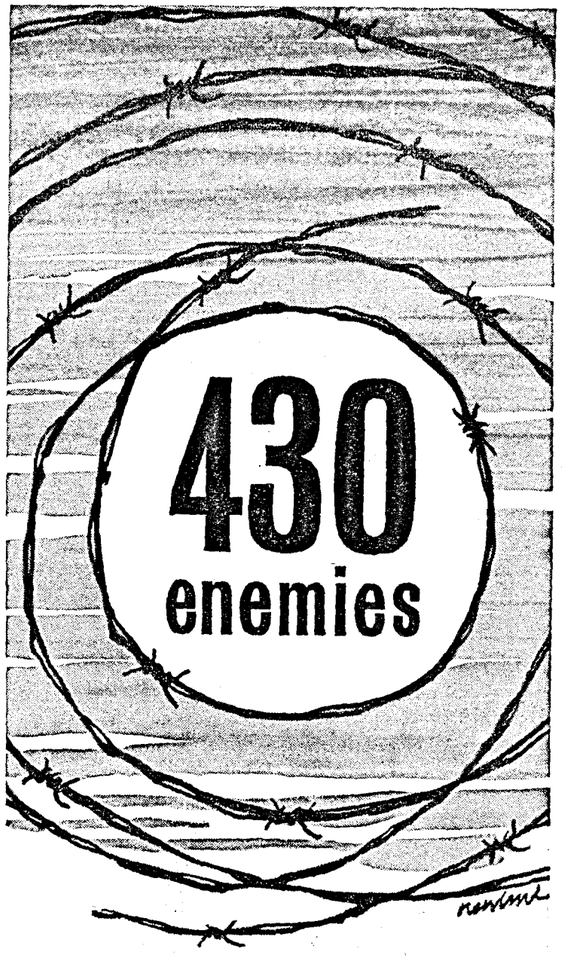


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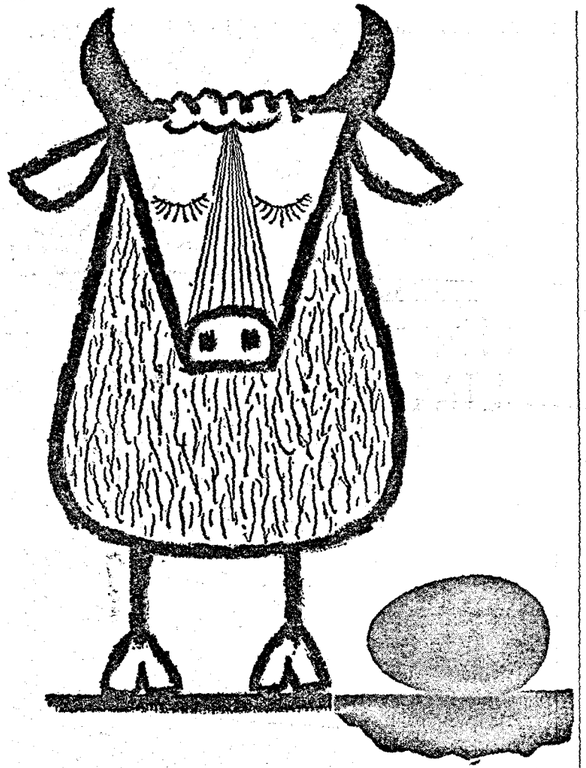
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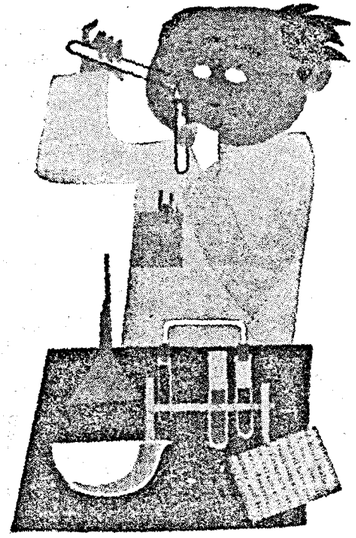
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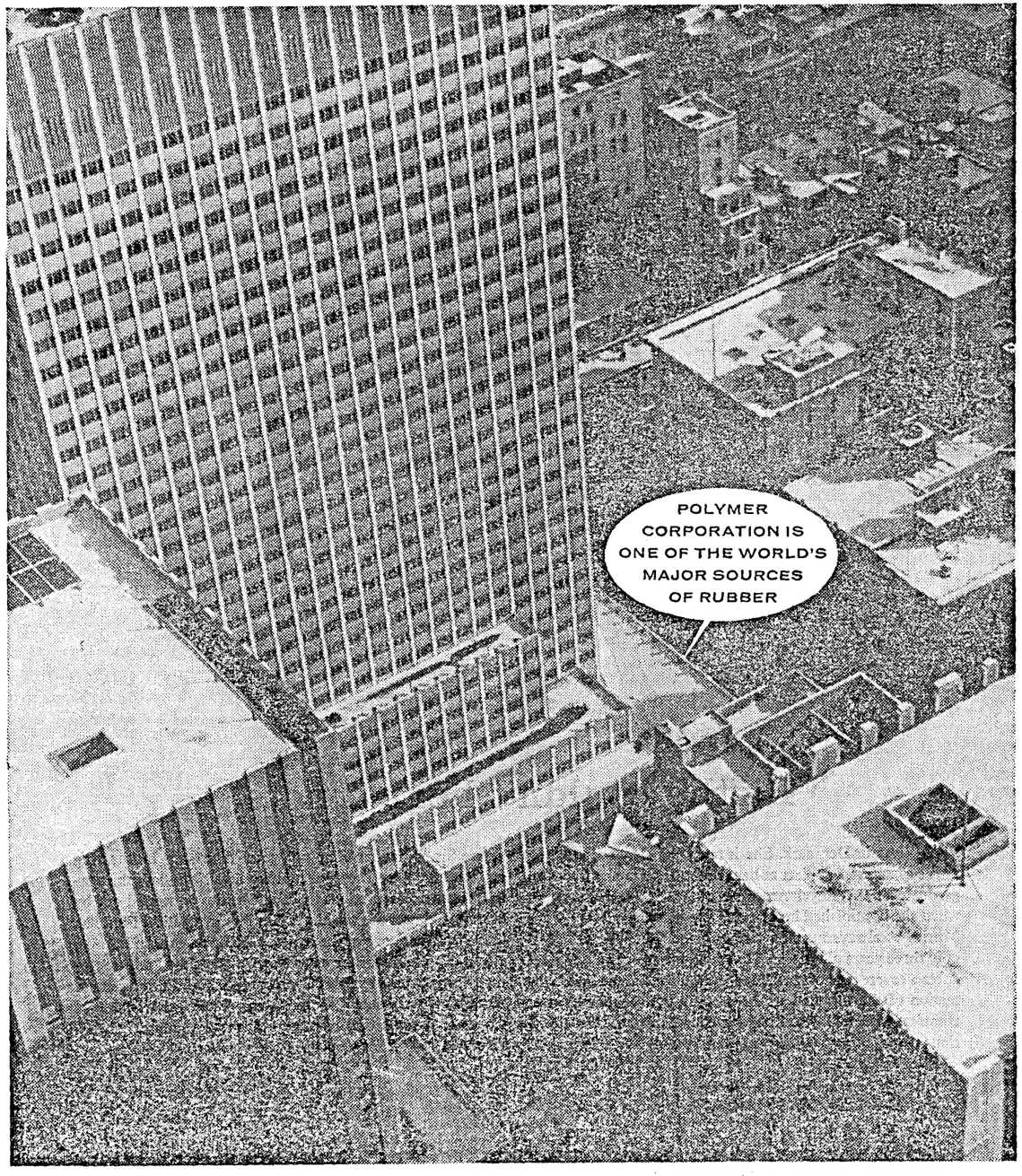
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The Economist

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Armed Coexistence

MR KHRUSHCHEV, the Indefatigable, addressed his party congress on Tuesday for more than six hours, reporting on Soviet and world events since 1956. On Wednesday he was up on the rostrum again, outlining the new party programme and his country's economic and social plans for the next twenty years. Probably he will close the public proceedings with yet another oration; he is bound to be active in the subsequent debates if the eighty foreign delegations join the Russians in a secret session after the congress. It was the first of these performances that was expected to provide a tentative answer to two key questions. Are the Russians embarking on a radical revision of their foreign policy? Will the climax of the Berlin crisis come before the end of the year?

On the second, more urgent, question Mr Khrushchev provided a very plain answer. Denying now that there ever was a Soviet ultimatum, he argued that the essential thing was to get a German peace treaty; the time factor was subordinate. If the western powers showed signs of willingness to come to an agreement, the time limit of December 31st would cease to apply. He gave his reasons for a qualified optimism. Mr Gromyko's talks in Washington and London have given the Russians the impression of a "certain understanding of the situation" and of western inclination "to seek a solution . . . on a mutually acceptable basis."

Having thus held out to his 5,000 or so listeners the hope of an east-west agreement on the German question (not merely on Berlin), Mr Khrushchev could reiterate his basic doctrine of peaceful coexistence. Indeed, a great deal of his speech was taken up by the restatement of this doctrine, elaborated at the memorable twentieth congress of 1956 and amended, in conjunction with the Chinese, at the international gathering in Moscow in November of last year. Once again, he asserted that wars were avoidable in the current "historical period." Once again he stressed that the communist system, because of its superior economic dynamism, would win. Russia's industrial output was now sixty per cent of the American; this gap would soon be closed. The economies of the communist block, he added, had grown much faster than those of the advanced western states. The world's changing economic balance had been affected, and would be more affected, in the Russian view, by the shrinking of western overseas possessions through the "just anti-imperialist" struggle. Mr Khrushchev has reworded his warning to the West. Now he promises not to export revolutions by force, since "you cannot bring in ideas . . . on rockets." But he gave warning notice, too, that "the export of counter-revolution" would not be tolerated.

Mr Khrushchev's latest survey places communist dynamism in the usual sharp contrast to western stagnation. The United States is given the by now traditional appellation of "international gendarme," but the relative decline of the American share in the total western economic output is underlined. Much play is made of alleged conflicts in the western block resulting from economic competition. West Germany and Britain are represented as bitter rivals, with France as Germany's unnatural ally. This vision of a world in which the Soviet parts are expanding and the western ones, torn by internal dissensions, are shrinking is painted by Mr Khrushchev to justify his faith in the inevitable ultimate victory of communism. It is aimed at the domestic critics as well as at the foreigners.

and is an inherent part of his thesis that wars can and must be avoided in this nuclear age.

At the same time, great pains are taken by Mr Khrushchev to ensure that the new delay of action on Berlin, the reiterated proposals for zones free of nuclear weapons in Europe and Asia, and the renewed talk of global disarmament, cannot be interpreted as signs of weakness. He sticks out his chest as well as holding out his hand. The ruin of war, if a separate treaty with Berlin touched off the conflict, he grimly said, would not be unilateral. At the same time he showed great anxiety to stress Soviet might in what may be called this phase of armed coexistence. He spoke of the growing fleet of Soviet nuclear submarines and, in a passage apparently added to the original script, announced that the current Soviet series of nuclear tests would probably culminate at the end of this month with the detonation of a 50-megaton bomb. It was, immediately, this brandishing of the big bomb that made most impact on the waiting world.

The "fantastic weapon" mentioned with awe by Mr Khrushchev on several earlier occasions is the 100-megaton bomb. Once again he has re-asserted the existence of this jumbo weapon, adding, however, that Russia is not to test it for fear of breaking its own windows. But the testing of a bomb even half that size raises perplexing questions, as well as great perturbation and distaste the world over, uncommitted or committed. If western experts are to be believed, the possession of such a weapon does not alter radically a country's striking power. This opinion was reinforced by a statement the same day from the White House claiming that the United States had been in a position to produce such colossal weapons ever since 1957, but did not consider that their production was worth while. The statement was coupled with an appeal to the Soviet Union not to pollute the world's atmosphere by such an explosion. Can one believe that the Soviet leader is willing to shoulder the international blame for the nuclear fall-out of this test, if there is no substantial advantage to be gained from it?

On this score, the arguments and counter-arguments remain baffling. But the picture produced by Mr Khrushchev at this congress is that of a man determined to stick to his set course. Deliberately and emphatically—while brandishing the bomb—he has identified himself and his policies with the changes and reforms carried out since Stalin's death. In this break with the stalinist past, domestic communist matters and foreign affairs are intimately connected. Mr Khrushchev gave his own version of the way in which the majority of his colleagues in the presidium (with Marshal Voroshilov now firmly placed in the ranks of his opponents) had tried to eliminate him in June, 1957. He claimed that he won the battle in the larger central committee because he stood as the champion of the new order against the old.

Again, when Mr Khrushchev charged the Albanians—revealing the reason for their conspicuous absence—with an attempt to revert to stalinist practices, he said the Russians would not yield on this "either to the Albanians or to anyone else." According to eye-witnesses, an unsmiling Mr Chou En-lai did not join in the general chorus of applause. It is obvious that Mr Khrushchev would not have made so much fuss if the Albanians had been the only dissenters. He mentioned the "personality cult" as an Albanian sin, but the controversy is not merely about that; nor are the communists neatly aligned in Stalin black and Khrushchev white. For years the leading communists, and notably the Russians and the Chinese, have been arguing about basic principles of home and foreign policy. It may be that Mr Chou En-lai will stay in Moscow for quite a time, as Mr Liu Shao-chi did last year, to thrash out a new compromise. The significant fact is that, even at this awkward stage of armed coexistence, Mr Khrushchev has again publicly asserted his belief in communist success through prosperity and reform.

The possible Berlin respite has to be seen in this context of unfinished communist controversy. Western military experts will use it to try to understand the strategic significance of the big Soviet bomb, with which Mr Khrushchev has again taunted them. Western diplomats must take advantage of it to find out what a "mutually acceptable basis" may now conceivably mean over Berlin and Germany, when translated from the Russian. But they should also thoroughly probe Mr Khrushchev's suggestions of zones of safety and other forms of disarmament. When the armourers talk in megatons, however brashly, neither side can afford to base its policy on pride or prejudice.

Breathing Space

A respite has been provisionally offered; it must be realistically used

Two rival explanations are going to be offered for Mr Khrushchev's announcement on Tuesday that he is willing to put off his deadline for a peace treaty with east Germany until next year. One, which is no doubt the explanation favoured by General de Gaulle and those Americans who think like him, is that Mr Khrushchev has been pushed into making this concession because the West has stood firm on Berlin, reinforcing its armies in Europe and, so far, declining to negotiate; the implied moral is that the West has only to maintain this attitude and the Russians will back down still further. The second explanation is that Mr Khrushchev has been drawn into this concession—not thrust into it—as the result of hints dropped into Mr Gromyko's ear, by President Kennedy and Mr Rusk, that the crisis might be resolved by an accommodation acceptable to both sides.

No doubt Mr Khrushchev has felt both a push and a pull. Had the West not said that it would fight rather than surrender the freedom of west Berlin, and half-unsheathed its bayonet to emphasise its words, Mr Khrushchev's reasons for holding his hand would have been less strong. But it would be a mistake to think that this alone is what has moved him—and a perhaps fatal miscalculation to assume that he can be impelled further in the same direction simply by a policy of armed silence. Mr Khrushchev made it clear on Tuesday that the deferment of his peace treaty with east Germany was conditional upon the allies' willingness to negotiate about the German question, which could not be "put off to infinity." He claimed to detect such a willingness in Mr Gromyko's account of his conversations in New York and Washington; and then, to make sure that the willingness persisted, he produced one of his now familiar atomic *aide memoires* in the shape of the 50-megaton bomb to be "probably" let off by the end of October.

To use the current phrase in Washington, Mr Khrushchev's approach to the Berlin crisis is, like Mr Kennedy's, a double-barrelled one. On the one hand, both sides make repeated demonstrations of military determination. (For the American equivalent of Mr Khrushchev's multi-megaton bang, one might look at the cover stories in recent issues of *Time* and *Life,* and one might glance at the article on American civil defence on page 223 of this issue of *The Economist.*) On the other hand, both sides interleave these shows of resolution with hints that it is possible to come to an accommodation. The West cannot now assume that it can leave the second barrel to rust.

It is unlikely that a man of Mr Khrushchev's temper, having twice put off the east German treaty beyond a time limit publicly announced, will go on deferring it for ever. Those who say that the West should just sit tight ought to let their mind's eye wander over the situation that would develop once the treaty was signed. Even if there were no interference with Berlin itself, or with the access routes to the city, the people of west Berlin would live in perpetual fear of such interference, and the temptation to get away from it all by packing their bags for west Germany would never cease to nag. The only way the free half of Berlin can be saved from dying of insecurity is to give it a guarantee, assented to by both East and West, that it will have an extended and unharassed future.

Mr Khrushchev having now withdrawn his time limit, and thus (apart from his big bombast) the "duress" under which the West refused to negotiate, the two sides have a lengthier time to search for a method of securing Berlin's future that might be acceptable to both of them. So far General de Gaulle has prevented any serious attempt by the western powers to formulate the limits within which they are willing to conduct this search. It is not clear why General de Gaulle refused to allow the French representative to join his American, west German and British colleagues in the meeting of senior officials it had been intended to hold in London this week. He may have objected to the place, to the level of representation, or to the whole idea of discussing terms to be offered to Moscow. The effect, though, is plain: consultation among the four allies has for the present been brought to a halt, save for the (lately, rather ineffectual) committee of ambassadors in Washington.

It is unlikely that the United States, which is still the main source of western power, will accept this stoppage of the alliance's mechanism indefinitely. By again taking out the time-fuse from his Berlin menaces, Mr Khrushchev has offered another breathing space which can be used for finding a way out of the present danger; or which, if left unused, may lead straight to worse danger. It will be easier to tell how the alliance can be got in motion again when more is known of the new government in Bonn—in particular, the extent of its willingness to confront the German public with unpleasant facts. But it will do no harm if, in the meantime, General de Gaulle is reminded that the rest of the alliance can no longer accept total immobility.

Pay After the Pause

A proposal for advancing now towards a national wages policy

Next Monday Parliament is to hold the first of several debates on Mr Lloyd's wages pause. These debates should be treated by all who care for the future of Britain's economy as occasions for going back to the simple fundamentals of economic policy, and for repeating them as clearly and often as the opponents of the pause repeat their slogans. Only thus can there be a hope not only of keeping policy on the right lines for the next few months, but also of moving towards some more sensible system of wages determination when the immediate pause is over.

The first and simplest immediate point to make during these coming debates is that a Government can fight a wage-price spiral either by taking a tough line on wages directly—or else by holding down production through fiscal and other restrictions, in the hope that wage inflation may then be checked indirectly, by the general deflation of demand. There is not the slightest doubt that the direct method is the more progressive and sensible; because the level of real earnings depends overwhelmingly on the level of production, the method of the wages pause is the one that should be overwhelmingly supported by all who want to see an advance in Britain's real standard of living. More and more people may gradually come to recognise this in the next few months; but it will be argued against them in debate that (*a*) the pause will react unfairly on those who were next in the queue for a pay rise when the chopper fell, particularly those in some parts of the public service; and that (*b*) the Government is "breaking up the traditional, long-built-up system of wage arbitration and conciliation in this country."

The answer to argument (*a*) is that whenever one cuts into a spiral, those on the next step up are bound to feel unfairly treated for a while; that is what cutting into a spiral means. The answer to argument (*b*) is that the break-up of parts of the "traditional, long-built-up system of wage arbitration and conciliation in this country" would be a very good thing; indeed, because constant inflation through arbitration has been a main impediment to British economic advance, such a break-up is now an essential national requirement.

To these two simple lessons of experience it is certainly sensible to enter two long-term provisos. First, in deference to argument (*a*), measures need to be devised to ensure that a national wages and salaries policy does not work uneconomically in the public sector; that is to say, that it does not work in a way that creates a perpetual shortage of staff in those parts of the public services which ought to be expanding as the economy grows richer. Secondly, if the present system of arbitration is to be broken up, something else has to be put in its place; instead of abolishing industrial courts and

the like, the Government could reasonably demand merely that there are certain sorts of information for the public that must henceforth always be included in official courts' reports.

THESE two long-term provisos—the need for a new yardstick for negotiating wage and salary increases in the public service, and the need for new sorts of terms of reference for arbitrators—really march hand in hand. In the sector of public servants' salaries, as in arbitration awards in the private sector, the great toxic influence in recent years has been the doctrine of "strict comparability" or of "fair wages for inflation"; this principle of unthinking "comparability" has been specifically written into salary negotiations in the civil service ever since the disastrous royal commission report of 1955, and it has been written into wages negotiations in the nationalised industries by such documents as the Guillebaud report on railway pay.

This has had two results. One is that whenever there has been an inflationary wage increase in outside industry, that increase has eventually been passed on to all public servants, even when they work in jobs or grades where more public servants are not needed, so that the public sector has done much to keep the spiral spinning. The other result has been that under "strict comparability" special sorts of public servants in fields where large new recruitment happens to be especially needed—in the police forces, in some of the welfare services, some scientific civil servants and certain categories of long-service teachers—have tended to get merely the same wage or salary increase as everybody else; so the extra recruitment that is urgently needed has not taken place. Usually, when the services concerned have become hopelessly undermanned, a special "non-comparable" wage increase has been granted to them; but it would be much better if the undermanning were never allowed to occur in the first place.

A more sensible system of bargaining about wage increases in the public services now needs to be worked out. Different people will have different ideas on this, but let us suggest one as a basis for discussion. First, the Government could announce some base figure of "economically tolerable" increases in the public sector's total wage bill, fixed either by the increase in gross national product in the year before, or by the expected increase in gross national product during the current bargaining year; the exact formula should be left flexible. If the base figure for the increase in gross national product in the year concerned worked out at, say, 4 per cent, the Government might reasonably offer an increase averaging 3 per cent to most public servants; it could then keep back the other 1 per cent of "economically justifiable" increases in the public sector's wage bill for special pay increases to certain named categories of workers whose recruitment it most especially required to step up. Because these "named categories" should be relatively small, an extra 1 per cent of the public service wage bill spread among them could give them very sizeable individual increases indeed.

The actual distribution of the general 3 per cent increase could then be the subject of bargaining between the Government and the civil service unions, with some public servants getting more and some less; the only thing that the Government would really have to insist on resolutely is that the "named categories" of workers in short supply should get their fair share of this "general increase" too. There could also be bargaining on whether agreements should run for one, two or three years; an increase of 3 per cent each year for three years would cost the Government the same eventually as a flat 6 per cent increase in a three-year contract, although under a three-year agreement the beneficiaries would gain more at first and less later in the contract. In years when the Government was particularly eager to hold down costs immediately, it would therefore favour short-term settlements rather than longer-term ones, but this could certainly be a matter for bargaining.

The solution of the teachers' pay dispute this week has, in fact, proved to be along these lines. The original Burnham recommendation was to have run for two and a quarter years: the new one will be for one and a quarter. The Government has held the line now, when it wanted to—and the teachers stand to get more under the new arrangement (say a further 3 per cent rise from March, 1963) than they would have done over the full period of the original Burnham contract.

IF the Government could work towards some such system of wage determination in the public sector, what should then be done about arbitration awards in outside industry? The main requirement here is that the reports of any arbitration courts in whose establishment the Government plays any part should be obliged to lay the plain, unvarnished truth before the public on two matters about any awards they are recommending; private industrial arbitrators could then be shamed into doing the same thing. The two essential requirements for aiding clear thinking on this matter seem to be:

(1) Arbitrators should always be required to state plainly, at a fixed place in their reports, what percentage increase in average earnings their recommendations would bring about, on the assumption that average hours actually worked remained the same as now; at present the real effect of many awards is fudged by citing only a small percentage increase in basic wage rates but ignoring the fact that a concurrent cut in official hours worked will expand overtime payments. By the same token, arbitrators would always be required to state the present level of actual earnings in the industry; at present they often mislead the public by mentioning only minimum basic wages rates which are sometimes only half of what average earnings are. Moreover, arbitrators should be required to look back to the period covered by their industry's last wage award, and to say what the workers' effective increase per annum in that period has therefore been; and to look forward and declare until what "stated date" their new award would have to last if the average increase per annum granted under it is not to exceed the average wage increase (3 per cent per annum or what not) at present being granted by the Government's own public service wage awards, in line with its estimation of the current rate of expansion in gross national product.

(2) Often, of course, it would be right for particular groups of workers to get above-average wage increases. Arbitrators should therefore also be required to make some estimate of the present level of unfilled vacancies in the industry they are reviewing, both by grades and by regions of the country; the latter point is important because it would often be right to concentrate above-average increases on special differentials for the grades or the districts where recruitment is most needed, instead of making them general. In the case of nationalised industries that are running at a loss, the estimate of "unfilled vacancies" should not apply simply to the number of (e.g.) buses which the establishment of the industry concerned might like to run; there should be a separate schedule showing how many staff would be required to run the number of buses that might reasonably be expected to operate at some sort of financial profit. If it is argued that these estimates would be too difficult for an *ad hoc* body of arbitrators to work out, then by all means let the Government provide a small team of economists and researchers to each major body to try to do the fairly simple sums required.

These requirements, by themselves, would not necessarily deter some arbitrators from recommending wage increases that were right out of line with the arguments of economic virtue that they would thereby be required to set down; but the public would soon come to recognise who these particular arbitrators are, and the spotlight of public criticism would be turned on them. Moreover, the requirement of promulgating a "stated date" until which an award should last, if it is not to be an above-average one, could become an important psychological weapon; under certain circumstances it might be right for the Government to refuse to grant any official arbitration facilities in any dispute where an effort is being made to secure an additional increase long before that previously stated date is reached.

The degree of "government interference" involved in stating such terms of reference for arbitrators would merely be that arbitrators were being required to tell the whole economic truth in their reports. It would be difficult for anybody to call such interference very wicked. Yet, by switching the emphasis of pay policy away from the doctrine of fair wages for inflation towards the proper economic doctrines of what the country can afford and where inflows of labour are most needed, a reform along the lines set down as a cockshy here, or any reasoned variant of it, could transform the whole prospect for future British economic expansion. During the next few months the British people are going to have to decide whether some such system is at last to be set up.

The 101 Masters

The UN needs to overcome the unwieldiness of its swollen Assembly as well as to ensure that its executive arm is not paralysed

NO MAN can serve two masters? The staff of the United Nations has to serve 101, now that the admission of Sierra Leone and the reappearance of Syria have lifted the number of member states into three figures. Membership has doubled since 1945. The 27 African and 21 Asian members, together with the 20 Latin Americans, constitute a clear two-thirds majority—without any need of help from the ten communist votes—on issues that strike a strong chord of anti-colonial or anti-racialist feeling; last week's unprecedented vote of censure on a speech by the South African foreign minister was a vivid illustration.

In the prewar show at Geneva, it was the Europeans who starred. Now they have been almost drowned in the human sea at Turtle Bay—and the tide is still rising. Western Europe, even if stretched to include Cyprus and Turkey, commands only a sixth of the Assembly's voting power; more, admittedly, than it would command if votes reflected populations, but little enough for the old masters. Again, the two secretaries-general who served the organisation during its first seventeen years were both Europeans, but the next one will not be. On Tuesday the western European delegates held an indignation meeting over the prospect that there would not even be one of their nationals among the new chief's deputies. The proportion of their nationals in the ranks of the secretariat as a whole is also being reduced to make more places for Africans and Asians.

For Europeans, it is only too easy and natural to equate the United Nations' present troubles with this eclipse of Europe, and to forecast that when "equitable geographical distribution" has ousted many experienced old-timers from the staff, the predominance of rawness among both masters and servants will prove a disastrous combination. But nostalgia for the way things were run at Geneva in the old days is of little relevance in a fast changing world. Is it solely because they are green that the new faces are distrusted, or is pigmentation of another sort the real objection?

There is certainly still a tendency for the aim of making the United Nations more effective to be confused with the instinctive wish of each group for more say in its operation. The west Europeans (who are not alone in this respect) showed this confusion in their statement after their Tuesday caucus, which rejected any rearrangement that "would not give Europe its rightful place." It is true that the recession in European representation at the United Nations has coincided with a resurgence of European economic strength, and is to that extent unrealistic. Two of the greatest European nations have contributed to this bizarre effect—France by turning its back on the organisation's affairs in a mood of national affront, Germany by choosing not to be represented at all rather than see two German governments sit side by side. However, the Europeans would be wiser to hold to the principle that the secretariat is better not composed along lines of national, regional, or ideological representation, at any rate in the present state of world struggle and tension; or its task will be made impossibly difficult.

THE Europeans, like the vast majority of member governments, had already rebuffed Russia's demand that the next secretary-general should be fettered by veto-wielding deputies. They had insisted that, as in the past, he must be free to accept or reject his assistants' advice; and this essential condition still looks like being secured, although Thursday's reports suggested that U Thant might not after all be going

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up in the fast lift to the top floor of the secretariat skyscraper. What, then, is this talk of *rightful* places?

In June Mr Hammarskjöld made public his own proposal—which has been widely approved, and nowhere decried—that the secretary-general should have five chief political advisers and assistants, one of them American, one Russian, and three "from countries outside any power-blocks." He was obviously neither toadying to the uncommitted states nor in any other way concerned with "rightful places"; he wanted a set-up that would work. Experience has amply shown that a UN secretary-general needs, above all, political assistants whom he can entrust with special assignments, as in the Congo. A Soviet career official temporarily seconded to the secretariat is, in practice, useless for this purpose; an American or other Nato national, however single-minded in loyalty to the UN, is of limited use because he is vulnerable to the kind of baseless attack that Russia made upon Dr Ralph Bunche's record in the Congo. Even among the "uncommitted," few can be found with a reputation for disinterested competence that would shield them from criticism and thus lend the UN more effectiveness. But it is among these few that the key political officials of the secretariat have to be sought—not because they are necessarily purer in spirit than other men, but simply because they are more usable.

The place for a "cabinet" is above the UN's chief official, not below him. What the secretariat needs is clearer and more continuous direction from its 101 masters, not a hidden layer of factionalists in its own structure whose wrangles might prevent it acting even when the guidance from above was clear. The presence at UN headquarters of the permanent missions of the member states gives them plentiful opportunities of reminding the secretariat to take their various viewpoints into account. But no one of the 101 masters can expect obedience to his wishes unless he has first won over enough of the other 100 to the same view to make it official UN policy. And that is a cumbrous business when the Assembly is sitting, a virtually impossible one when it is not.



U Thant: stuck in the lift?

Ever cumbrous, the Assembly is now so swollen that it has taken a month to get through its rambling and disconnected "general debate." The Charter's provisions for smaller, quasi-executive organs have revealed their inadequacies all too plainly. The Trusteeship Council has nearly run out of trust territories to watch over. The Economic and Social Council has defied repeated attempts to drag it out of its normal state of near-oblivion. The Security Council rarely emerges from a similar state (its last resolution on the Congo was in February). Whenever it does, its absurd composition draws caustic comment: Turkey is now its representative for eastern Europe, Liberia for western Europe, Formosa for China, and the Syrians could make out a case for occupying on alternate days the seat to which the United Arab Republic was elected while they were united with Egypt.

The decline of the councils has contributed to the congestion of the Assembly. It is gorged not only with members, but also with matter that the founding fathers meant smaller organs to digest. Little wonder that it usually requires a general state of panic or outrage to rouse the sluggish monster to give its servants any definite instructions about the complex tasks it has landed them with. The member states will have solved only part of their problem if they manage to get a new (and unfettered) secretary-general. They will simply be thrusting him into the same intolerably vulnerable position as his predecessor, unless they also take thought for their own parliamentary procedures.

Some thought about this is in the air. Siam, Jugoslavia and other members have been canvassing the idea of creating committees of a workable size to fill the gap between the unwieldy Assembly and its struggling servants. The smaller nations' general sense of fear and frustration has been vividly expressed by the Nigerian foreign minister, who last week, in effect, told the great powers to move over and let others run the show. It was Mr Hammarskjöld's often expressed belief that these "others," who have the keenest interest in seeing the UN thrive, are the members to whom the secretariat is responsible in the fullest sense. They have played a crucial part in beating off Mr Khrushchev's assault on the loyalty of the secretariat. Can they now sink their own many differences sufficiently to devise workable means of guiding their international servants through the trials to come?

The Economist

OCTOBER 19, 1861

FREE THOUGHT FOR STUDENTS

The Duke of Modena's objection to University learning appear to be infectious. Not only have they made a complete conquest of the Marquis of Normanby and roused that venerative nobleman to a campaign in their favour, but they seem to have been eagerly taken up by the highest authorities at St Petersburg, in the absence of the Emperor in the Crimea. Hitherto the Universities have been the principal centres of free thought in Russia. Like the students of the German Universities, the men who end in being submissive bureaucrats, begin life in the centre of the most extreme and fiery democracy of theory, and yet the Russian Government cannot apparently see the worldly prudence of leaving this safety-valve of liberal youthful feeling free. . . . [The] new rigour is one ultimately to be lamented, we believe, only by the *despotic party*. . . . That the students are the embryo bureaucracy is true, but is exactly the truth which should induce the Government to be lenient with them. The depraving power of official interests is found sufficient to extinguish the seeds of radicalism in all minds when it has been permitted to bloom fully in the years when it is most ardent and sentimental. But if rigidly repressed, then it is likely enough to take a more formidable form, and to grow into mature revolutionary purposes where otherwise it would have flowered and died. Experience shows that very free and democratic Universities are one of the safest outlets for social discontent in despotic countries. When young men have had their say without let or hindrance, they easily become aware of its extravagance; a reaction sets in, and if backed by the power of corrupting official self-interest, only too surely obliterates all the elements of revolutionary enthusiasm. It is the men who are permitted no freedom in their youth whose democratic sentiments condense to sterner stuff as they grow older. . . . That a wide-scepticism and spirit of resistance to authority has taken possession of the educated youth of Russia seems to be established on the clearest evidence. If the Government were as cunning as despotic Governments usually are, they would not discourage the scepticism, while they would trust to self-interest to bribe out all the smouldering dislike to authority.



The Church of England



A survey of the present state and problems of England's established church

Comprehensive, tolerant, quite illogical, the Church of England is a very English institution. Protestant and reformed, it takes pride each day in proclaiming its belief in the holy Catholic Church, and includes within its communion shades of theological opinion which range from the anglo-catholic Church Union to the ultra-protestant Church Society. Outsiders sometimes mistake this diversity for doctrinal indifferentism; insiders explain that each school is firm in its own orthodoxy but willing to tolerate within the same fold other peoples' 'doxies as well. The truth is that Anglicans inherited doctrinal diversity from the original Elizabethan settlement three hundred years ago, which was intended to embrace as much of the nation as possible; and they have learned to make the best of it. The secret of Anglican survival is dogmatic tolerance just as that of Rome is dogmatic intolerance. Because compromise has always repelled a certain austere type of religious mind, the Church of England throughout its history has been apt to lose bands of its zealots, shedding a wing in one century and a section in another. But the main body somehow contrives to go marching on.

Besides being English, the Church of England is also a very medieval establishment. A benefice is still essentially a piece of property. Patronage rights are extensive, half of them vested in private hands and the rest in the crown, the church, the universities and other institutions. Once appointed, an incumbent becomes virtually owner of his benefice and is practically irremovable. Curates are nominated by the incumbent and licensed by the bishop and cannot be removed without the latter's consent. Deans, canons, and other dignitaries also have entrenched positions, so there are strict limits on the powers of the Church of England's diocesan bishops. (There are 43 of these, 29 in the southern province of Canterbury and 14 in the northern province of York; since 1870 there have also been 40 suffragan bishops, who bear territorial titles but wield no jurisdiction, and are dubbed by the irreverent "confirmation hacks.") The Church of England has escaped nearly all the post-Tridentine centralising of the Roman Catholic Church. The Archbishop of Canterbury is not a protestant pope, although Dr Fisher sometimes behaved like one; he enjoys a primacy more of honour than of jurisdiction.

The Church of England claims to be the church of the nation and this is borne out by the baptismal statistics. Some 27 million Englishmen, 66 per cent of those born in the two provinces of Canterbury and York, are baptised Anglicans. But baptism is not a reliable indicator of active membership. Confirmation is a slightly better one, and the number of confirmed members (aged 13 and over) drops sharply to about 9½ million. Easter communion is generally accepted as the best test of the committed, and Easter communicants numbered 2,248,229 in 1958. The rest of the baptised are only nominal Anglicans.

The Anglican Church is said to be "by law established," but no one statute lays this down. Establishment does not bring it any money from the state, but does bring a number of statutory and customary privileges. Twenty-six of the senior Anglican bishops are entitled to sit in the Lords. The Archbishop of Canterbury ranks before every other subject of the crown, excluding only members of the royal family. The Church of England has the right to conduct all services associated with the state and to celebrate marriages in its own right. This official rank of the Church of England undoubtedly adds to its influence; it makes "C of E" the ritual religion to belong to; but it is bought at a high price.

No change in the doctrine or ritual of the church can be made without the consent of Parliament. All the bishops and many other high ecclesiastical dignitaries are appointed by the crown, which in practice means by the prime minister. The judicial committee of the privy council, a body composed entirely of laymen, is the final court of appeal for all matters concerning church doctrine and discipline. Feeling in the church is growing that it should have an official say in the appointment of its own officers; and that the ecclesiastical jurisdiction which up till now has been undertaken by the judicial committee of the privy council should be handed over to a special new court (perhaps composed of the two archbishops and a number of Anglican laymen who have held high judicial office).

The other disability of establishment—that Parliament ultimately controls the Church of England—is tempered by the practical fact that the church has considerable autonomy in conducting its ordinary affairs. In each province "convocation" (and especially the upper house of convocation, which is composed of the diocesan bishops) is the highest ecclesiastical authority and exercises considerable spiritual jurisdiction over the church. For instance, the rule that no divorced person can be re-married in church while the original partner is still living has no legal validity, but because it is an act of convocation is almost universally observed; the only right the clergy have at law is a legal privilege to refuse to conduct such a ceremony. Apart from the two convocations, the principal instrument of internal government is the Church Assembly, a vigorous and lively organisation, made up of bishops, clergy and laity (the latter elected on the basis of the

parochial electoral rolls). Parliament has delegated much of its legislative authority on ecclesiastical matters to the assembly since 1919, but retains a right of veto (which is far from theoretical, as the rejection of the 1928 prayer book showed).

The Church of England also possesses a network of ecclesiastical courts. Canon law is part of the law of England and the official acts of the church must be carried out in accordance with the law. Each diocese has a consistory and archdeacon's court (day-to-day supervision of the clergy and churches of each diocese is the archdeacon's office, acting as *oculus episcopi*) ; there are courts of appeal in each province ; and special courts can be set up, such as the court of the archbishop for the trial of heresy. All this antiquated jumble might well be reformed when the revision of canon law, tortuously proceeding since 1939, is completed in the 1970s.

TODAY the Church of England is beset by pastoral problems. Its clergy has dwindled as well as its congregations. In 1911, a population of 33½ million was served by 23,000 clergy, but in 1958 for a population of 43 million only 15,000 were available. Death and retirement claim 600 clergymen a year, and the church has only recently succeeded in replacing these each year. The average age of the clergy is going up ; it had risen from 44 in 1851 to 55 in 1951 and today is probably near 56. York (i.e., northern England) is shorter of clergy than Canterbury (the south).

The Church of England also has a pressing schools problem. Many of its schools have been unable to bear the financial burdens placed on them by the 1944 Education Act and have changed from "aided schools" (which provide a full Anglican training) to "controlled status" (where religious instruction is limited to two hours a week and based on a syllabus acceptable to non-conformists). In 1959 there were only 402,640 Anglican children in aided schools compared with 482,375 Roman Catholics. Some 14.7 per cent of the total of schoolchildren in 1957 were still in Church of England schools, but this compared with 17.2 per cent only seven years earlier.

Despite its reputed wealth the Church of England has serious financial problems too. Apart from the pay of certain chaplains the Church of England receives nothing from the state, and depends on voluntary contributions and endowments. The income of the parochial church councils for 1959-60 was £18.6 million, of which £12.8 million came from voluntary contributions. For the same period the investment income of the Church Commissioners was £14.3 million; the commissioners have made handsome capital profits in recent years since their investment policy has been overhauled by an expert committee, and their rising income has been used to raise the average stipend of vicars, which is now at a minimum of £750 a year.

The Church of England today has spread far beyond the confines of Britain. Past missionary efforts have resulted in the growth and development of autonomous churches in Australia, Canada, New Zealand and the United States ; there are also a number of overseas dioceses directly under Canterbury. Since 1867 the Anglican Communion has held regular conferences at Lambeth and their influence on Anglican thought has steadily increased, distinguishing it from that of continental and American protestantism. The appointment of the American Bishop Bayne as executive officer of the Anglican Communion in 1960 marked a new stage in this international development. The Church of England is certainly better organised today than for many years past, but its impact on England is far from being as effective. A majority of the nation stays indifferent to its ministry and witness.

NOTES OF THE WEEK

PARLIAMENT

Who Comes Home?

THE country now has the evidence on which to judge whether the emergency recall of Parliament, which has annoyingly interrupted many people's timetables, was really particularly necessary. What is clear, however, is that it is a great mercy that Parliament was still in recess last month when the fighting in Katanga broke out. Otherwise the stream of criticism against Dr O'Brien—which emanated from the Tory backbenches during this week's foreign affairs debate—would certainly have made it even more difficult to keep the British Government's name unmuddied in the uncommitted Commonwealth. The debate provided some troubling indications that the Conservative party, despite the massive triumph of its left wing at Brighton, still contains a large enough right wing in the House to give the Government some cause for unease.

Across the floor, Mr Gaitskell has been served notice that his extremist wing is still kicking too. Mr Greenwood is to stand against him in Labour MPs' election for the leadership, Mrs Castle against Mr Brown for the deputy leadership, and Mr Parkin against Mr Bowden for the office of Labour chief whip. Obviously this left wing trio can expect less than the 81 Labour MPs' votes that Mr Wilson gathered against Mr Gaitskell in the election for the leadership last year, but the very fact that there is to be a contest means that the counting of heads will begin again. Throughout the coming session both the Conservative and Labour leaderships will be concerned to try to degrade their guerilla wings from the status of a recognisable faction to that of a mere dissident group. The difference between these statuses is that a recognisable faction sometimes has to be appeased by a party leader, although preferably by absorbing some of its members into his counsels rather than by adopting any of its policies ; a mere dissident group can be overridden because it consists of bounders who are universally regarded as "damaging party unity."

When they look in front of them, instead of behind them, both front benches at the beginning of this session are inclined to regard their immediate opponents as even more reasonable chaps than usual ; Mr Gaitskell's patriotic speech on foreign affairs on Tuesday won many Conservative plaudits, and the Macleodite swing of the Tory party could logically tend to revive Butskellite bipartisanship in home affairs again. But some time early in this session fighting has got to be started across the floor, between the best of enemies, for political conventionalism's sake; the political struggle cannot for ever be left to be fought merely internally, within each party, between the worst of friends. One's guess is that Labour will choose industrial relations as the first bloody battlefield, and that it may thereby make a grave, if ineluctable, electoral mistake.

TEACHERS' PAY

At Last

THE teachers have decided to be sensible. The settlement they accepted on Wednesday means that the Burnham committee formally agrees to the £42 million salary offer by the Minister of Education, on the understanding that a new agreement can take effect from the beginning of April, 1963. If the teachers receive a further 3 per cent rise then (and if the increase in national productivity that the Government expects has materialised they can hope for more than this) they will be better off than they would have been had the £47½ million Burnham recommendation been implemented for the full contract period up to April, 1964. Negotiations will start in July next year. The date envisaged for the next award has no particular relevance (as some people are curiously claiming) to the length of the general pay pause: the period of the English teachers' award is merely intended to synchronise with the existing Scottish one which ends on March 31, 1963.

The new agreement naturally relieves the minister of the need to enforce his basic salary scale by immediate legislation. It thereby gives all concerned a better chance to discuss the overhaul of the Burnham machinery itself in a less strained atmosphere (the teachers' threatened withdrawal from the supervision of school meals would have been a serious obstacle to restoring relations) ; it also gives the teachers' side a useful opportunity to see how the Government's policy on wage negotiating as a whole is shaping up. Sir William Alexander, the spokesman for the local authorities' side of the Burnham committee, said on Wednesday that the committee as a whole would resist unilateral action against the teachers' salary machinery, but equally he admitted the blinding truth that Burnham itself could be improved upon. It will not have escaped anyone's attention that the salary machinery for the teaching profession in Britain is not uniform as it stands: the Minister's ideas merely seem to be moving towards the negotiating procedure already established in Scotland. There is nothing to cavil at in this. It will, however, be plain to the members of the National Union of Teachers that the new salary arrangement is one that has been on open offer from the Minister for the past six weeks: why the executive of the NUT has taken so long to grasp and expound the realities of the situation is a matter for the union membership to elucidate for themselves.

TURKEY

Morning After

THE military junta, which has been ruling Turkey for nearly eighteen months, promised fair and free elections, and the Turks took it at its word. In the elections held on October 15th, roughly half the electors, by voting for one of the three parties which are in effect heirs to the Democrat party of the late Mr Menderes, demonstrated that they did not approve of the soldiers' stewardship. As our correspondent in Ankara points out on page 233 this should not really have surprised the present government, especially as in the referendum on the new constitution in July —the only other occasion on which the Turks have had an opportunity to express their feelings about the military coup of May, 1960—nearly 40 per cent of the votes were adverse. Moreover since then Mr Menderes and two of his colleagues have been executed. But it must be deeply discouraging for those officers who believed, as most of them did, that in overthrowing Mr Menderes they were carrying out a patriotic duty. And it means that Turkey's new attempt at parliamentary democracy will begin in the most difficult and inauspicious circumstances.

General Gürsel had obviously hoped that he would be able to cast his mantle on the Republican People's party, Mr Menderes's old adversary. But although the RPP has emerged as the largest party in the Assembly, it does not have an absolute majority ; and in the Senate, elected by a different voting system, it has some 24 seats less than the Justice party, led by General Gümüşpala, which has presented itself, within the limits of what could be dared, more openly than the others as successor to the Democrats. Clearly Turkey's eighteen months of military rule have not turned out to be a unifying experience.

Some sort of coalition now seems inevitable. In theory the RPP could go into opposition, but it is doubtful if the military junta would accept this. It has asked the parties to form a four-party national government under a neutral premier. This may turn out to be the only practicable solution, but it would hardly be a happy or a durable one ; almost certainly, it would mean that the army remained the real ruler of the country. Another solution might be a coalition between the RPP and Mr Alican's New Turkey party which enjoys a good deal of support among the intellectuals. This might be the best solution if Turkey is now going to make a genuine attempt at parliamentary government.

EGYPT AND SYRIA

Divisive Unity

TRUCES between Arabs are notoriously short-lived. By gracefully conceding defeat in Syria, President Nasser raised hopes that the former partners in the United Arab Republic might in future live apart more equably than they had lived together. Those hopes have been dashed by this week's fierce exchange between Cairo and Damascus. What angered Cairo and roused its combativeness was the proposal for a decentralised Arab confederation, advanced by Dr Kuzbari, the new Syrian prime minister, on October 11th. This was a direct challenge to President Nasser's claim to be the sole leader of the movement for Arab unity. "Our people," he wrote in March to King Hussein, "have been chosen by destiny to be both the vanguard and the base of the Arab struggle."

Now President Nasser is thrown on the defensive ; how much so, was brought out on Wednesday by his explanation to Kuwait of the strange decision to withdraw his contingent from the Arab defence force, only just assembled, there. The real meaning of his vague hints of "conspiracy" and "provocation" involving the contingent may become clear later.

Arab unity may be a fuzzy notion in the minds of Arab theorists, but to the men actually engaged in the inter-Arab power battle it means something quite specific: the struggle for the control of Syria. It is a tacit premise of Arab politics that whoever controls Syria leads the Middle East. A combination of Syria with either Egypt or Iraq is more than a match for any other local grouping. The loss of Syria, therefore, means far more for President Nasser than that of a distant and factious province. It raises the possibility of Syria moving into a rival Arab sphere of influence, and of the consequent emergence in Arab Asia of a unit strong enough to challenge the Egyptian "elder sister." This is a development which it has been Egyptian policy for a quarter of a century to prevent.

No wonder Cairo now sees sinister imperialist designs behind Dr Kuzbari's proposals. Today, as in pre-union years, Egypt raises the alarm of "Fertile Crescent" or "Greater Syria" whenever Syria, slipping from Cairo's grasp, throws so much as a glance towards Amman or Baghdad. But President Nasser may be counted on to resist vigorously any attempt to "contain" him on the Nile. His Arab rivals might well find allies in Egypt itself. Arabism has never been a strong growth there ; and the sight of President Nasser's Arab policy in ruins may be expected to encourage the latent isolationism in Egyptian opinion. One of the president's most deep-seated fears must be that all the effort he has put into making Egyptians feel at one with other Arabs will now have been wasted. Nothing could sap his position as Arab leader more effectively than a revulsion against Arabism in Egypt itself. "Brothers," he cried on the morrow of the Syrian coup in an appeal to his people, "there is no more vital time than now to call upon us to adhere to our Arabism."

WEST MIDLANDS

The Awkward Ones

THE undeniably serious problem o coping with the overspill of populatio from Birmingham and the west Midland had an unsatisfactory airing last weekend Dr David Eversley, secretary of the Mid lands New Towns Society, set off the rum pus by accusing the Ministry of Housin and Local Government of designs to dum

300,000 people just outside the green belt. The Ministry replied stiffly on Monday that no decisions had been taken but that, of course, good planning standards would always be upheld. This exchange does not advance matters very far. There is, in fact, a potential overspill in the present west Midlands conurbation of some half a million people. The Ministry's idea seems to be that 200,000 of these can be dealt with by the prospective new town at Dawley and by local expansions at Daventry, Redditch and Worcester under the Town Development Act. But this still leaves the awkward 300,000, and the Ministry has not denied that sites for the 100,000 houses that they need are being sought in the three surrounding, and apparently rather reluctant, counties.

If employment is allowed to go on rising in the Birmingham region (as it is still doing) there will be no option but to allow the city itself to expand or to have many more people commuting to their jobs into Birmingham across the green belt. Some industries can be persuaded to move to a new town like Dawley (and there seems to be a growing case for a second new town as well); it is also desirable, although this may be harder to achieve in practice, to shift as much routine office work out of the city as possible. (One of Dr Eversley's complaints is that when industrial workers have moved out of Birmingham office workers promptly move in.) The dispersal of industrial growth can be tackled either under the New Towns Act, or (as the Board of Trade prefers) by encouraging firms to go to areas with some slack of unemployment in north east England and elsewhere.

But these methods cannot solve the major problem of providing enough housing to clear Birmingham's own overcrowding and slums. The experience of London's new towns suggests that their contribution to this kind of rehousing, although important, is not necessarily the most efficacious way of tackling the more urgent overspill problems. As far as Birmingham is concerned many of the people who need to be rehoused are tied to jobs in the city, and it is arguable on economic grounds that most of these jobs ought to remain where, in fact, they are: there is a point at which it is unwise to disrupt industrial success stories. It is wrong, therefore, to shut one's eyes to the need to rehouse a substantial population near their work, and to shudder too doctrinarily at the thought that Birmingham may need some outer suburbs of the sort that Reigate and Dorking are to London. But commonsense on this point needs to be complemented by purposeful and imaginative efforts to prevent the level of general employment in and around the conurbation from rising in the spectacular way it has been doing.

FRANCE

Seven Years' War

MOSLEM mass demonstrations reached Paris itself this week. Thirty thousand Algerians came out into the streets on Tuesday night in several districts of Paris to protest against the virtual curfew imposed on them earlier this month. The police went into action. The provisional casualty list mentions three dead and 77 (including 13 policemen) wounded. More than 11,000 Algerians have been arrested and the bulk of these are being deported. The Paris police have been heavily reinforced to face yet another move in the absurd, and yet inevitable, cycle of violence.

The Moslem insurgents have stepped up their terrorist activity in France in recent weeks, taking policemen as their favourite targets. The French authorities replied by "advising" Algerians living in the capital or its suburbs not to leave their homes between 8.30 in the evening and dawn (and the word "advice" is the French understatement of the year). Justifiable or not, the discriminatory measure angered the Moslem community and increased its sympathy for the rebels. The rebel government in Tunis will now be able to claim the Paris demonstrations as yet another proof of its hold over Algerians everywhere. The

Strikes, Claims—and Lockouts

EVERY year with the autumn gales comes the round of wage claims from the major unions, and the prospect, more or less remote, of winter strikes. This year the happy—and inflationary—solutions have been ruled out by the Chancellor. But the Government has let cracks appear in the pause: three wages council awards have been authorised by the Minister of Labour because the employers agreed to pay more before the pause was announced: yet another wages council (for *catering staff*) may be allowed an increase. The leaders of the public servants' unions may now try to exploit the fact that a few *government scientists* were awarded a rise this week: but these people's case was based on the ground that a rise was needed to overcome a shortage of essential men, rather than on the well-worn platform of "fair comparability." By outmanoeuvring the *teachers* (see page 211), the Minister of Education has averted an unpleasant, rather than a dangerous struggle.

Wage claimants in private industry have one recent increase to look to: but *Ford Motors* got substantial concessions on productivity and on tea-breaks in exchange for their deal on higher wages and shorter hours. The same healthy trend has shown itself in the *building* industry: the last little strikes over the building workers' cuppa petered out this week after a skilful and somewhat obscure text allowing for local arrangements on tea-breaks had been worked out.

Far more portentous are the two giant lock-outs in *Rootes Motors* (page 276) and at *Steel of Wales* (page 216): in both the employers are standing up to small groups of their workpeople—at Rootes to an unofficial team of persistent troublemakers who are disapproved of by their unions (although a few left-wing union officials have displayed a sadly ambiguous attitude); and in Wales to a tiny group of official strikers who by their action have threatened the livelihood of a whole community. Two smaller and odder strikes are on the cards—by Equity and the Variety Artists on *independent television*, possibly beginning on November 1st, and by *pharmacists*. The most bizarre threat is that of the supervisors' and technicians' union, whose members will stop work at *airports* for one hour on November 2nd to try to secure Government finance for a supersonic airliner.

The most formidable claims come in *engineering*, and their progress will depend on the employers' answer in about six weeks' time to a claim for perhaps £1 a week for manual engineering employees. The *shipyard* and the *railway workshop* men have also asked for indeterminate amounts, and the white-collar engineering workers are to put in their claim on October 31st. The *railwaymen* and the *electricity supply* employees have been turned down, and have expressed the expected indignation: the railwaymen's union has persuaded its Scottish members not to strike on November 6th in protest against the closing of branch lines. All three railway unions—the clerks, the footplate men and the NUR—are furious at the rejection of the Guillebaud principle of automatic pay rises: for once it is just possible that they might act together. Other current claims have gone in to the employers from the *clothing* workers, the *textile* makers and finishers, and the *agricultural* workers: on Thursday the *mineworkers* decided to ask for a rise of £1.

The big threat remains the claim for a rise for workers in *government industrial establishments*: Mr Cousins and Sir Tom Williamson agree that the Government had committed itself to reviewing these people's pay at regular intervals, and their combined action, if it materialises, could be dangerous. The risk this winter is that those manual unions whose claims are directly affected by the Chancellor's pause may get together to oppose it—and rally to their side the unions in private industry affected by the new toughness of employers. Such unity could possibly be backed by the Labour party on the political front (see page 210).

GROUP PENSIONS are briefly introduced, clearly explained and factually discussed in the Society's new publication 'Pensions and Retirement Benefits'. This booklet, which is issued as a guide for employers who may be considering the installation of a scheme to provide pensions or other retirement benefits for some or all of their employees, is available on request from

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Algerian community in France still exceeds the 300,000 mark, and is concentrated chiefly around Paris and in the industrial areas of north-eastern France.

While the plague has thus been spreading to France, in Oran—Camus's town—mobs of angry Europeans have once again been lynching Moslems, as if bent on destroying any chance of peaceful cohabitation in the future. Tension between the two communities is reaching a paroxysm in Algeria and everybody is now wondering how the Moslem population will celebrate the 1st of November, the seventh anniversary of their insurrection. The week's distressing and repugnant events in the streets of Paris drive home once more the evil importance of the war as a source of infection to France itself.

FRANCE AND TUNISIA

Fall-Out from Bizerta

OUTWARDLY, Bizerta has returned to normal. French troops are back in their base areas; the whole town is in Tunisian hands. No good reason now remains for delaying talks about the status of the base and about the awkward subject of its future evacuation. The July battle is over; but it is very far from forgotten. A painful reminder was issued in Geneva on October 13th by the International Commission of Jurists. Sponsored by the commission, three distinguished lawyers, including Mr G. Gardiner, QC, investigated on the Tunisian side and concluded that French paratroopers had perpetrated numerous acts of atrocity during the July fighting. The French government, angrily denying all the allegations, has recalled that the Tunisians, at one stage, rejected the idea of a combined inquiry. It implied that this was why the international team had not been allowed to investigate on the French side.

Three other distinguished members of the International Commission—including Lord Shawcross—have since dissociated themselves from the report, questioning, if not the findings, at least the manner in which it was presented without prior reference to the French government. On the substance itself it is hard for outsiders to form a definite judgment. Yet two circumstances might well be given thought in Paris. The previous, and unpunished, behaviour of French paratroopers in Algeria inclines many people to find atrocity stories credible. Secondly, the present French government's attitude of ostentatious contempt for international bodies ensures a ready hearing in the world for suggestions that France has something to hide. (The seizure, this week, of a Paris daily which published the commission's report, together with comments by its correspondent, is certainly not the best way of proving innocence.)

In Tunisia, too, the after-effects of the Bizerta incident are still being felt. The way in which President Bourguiba first threw his men resolutely into battle, and then returned to what seemed his original position—"going into reverse at 100 miles an hour," according to one of his colleagues—has proved too much even for the docile Tunisians. The departure of M. Masmoudi from the ministry of information is a symptom of this malaise. M. Masmoudi is connected with the group of younger politicians who express their views in M. Bechir Ben Yahmed's lively weekly, *Afrique Action*. It is no accident that his removal coincided with the publication in that weekly of a leading article questioning the virtue of "personal rule" in newly independent states. President Bourguiba's position is still solid, but after his changes of course over Bizerta, his infallibility no longer goes unquestioned.

TRADE UNION LAW

Killed by Extremists

ALL hopes that the Government might introduce a sort of Companies Act for trade unions were buried at Brighton last week, when Mr Hare firmly rejected a very mildly worded motion at the Tory conference (calling for an inquiry into trade unions, and suggesting legislation if the Government then desired it); and when the conference voted with Mr Hare by an overwhelming majority. The manner of this burial was interesting. There was only one even mildly good speech in the whole debate, when the mover of the resolution propounded the sort of reform that *The Economist*, among others, has long called for (enact that trade union privileges under the 1906 Act should apply only to unions registered with the chief registrar of friendly societies; get the registrar to publish an annual report; give him power, as a last resort, to strike off unions which either blatantly infringe personal rights of their members or engage in ballot rigging).

Nearly every other speech in the debate fell into one of two categories. Against the motion spoke a succession of the members of the small band of minor trade union officials who give increasing service to the Tory party on its advisory councils and so forth, and whom the party cherishes for the devotedly worthy men they are. Their continual cry was that any legislation could lose the Tory party three million trade unionists' votes, and that legislation would involve building hundreds of new prisons to lock up thousands of unofficial strikers; the arguments that a sort of companies' act would annoy trade union officials much more than ordinary trade union members, and that the proposer of the motion had shown how such an act could be enforced without bringing any shades of the prison house into the matter, were completely disregarded. For the motion spoke some of the most right wing Tory backwoodsmen, who plainly did want to lock up unofficial strikers and do all the things that the Tory trade union officials rightly castigated. By the time that Mr Hare summed up, this sensibly liberal Tory conference of 1961 felt overwhelmingly that it could not vote with most of those who had spoken to the motion. The net effect is that all hope of reform thereby goes into limbo for another three or four years.

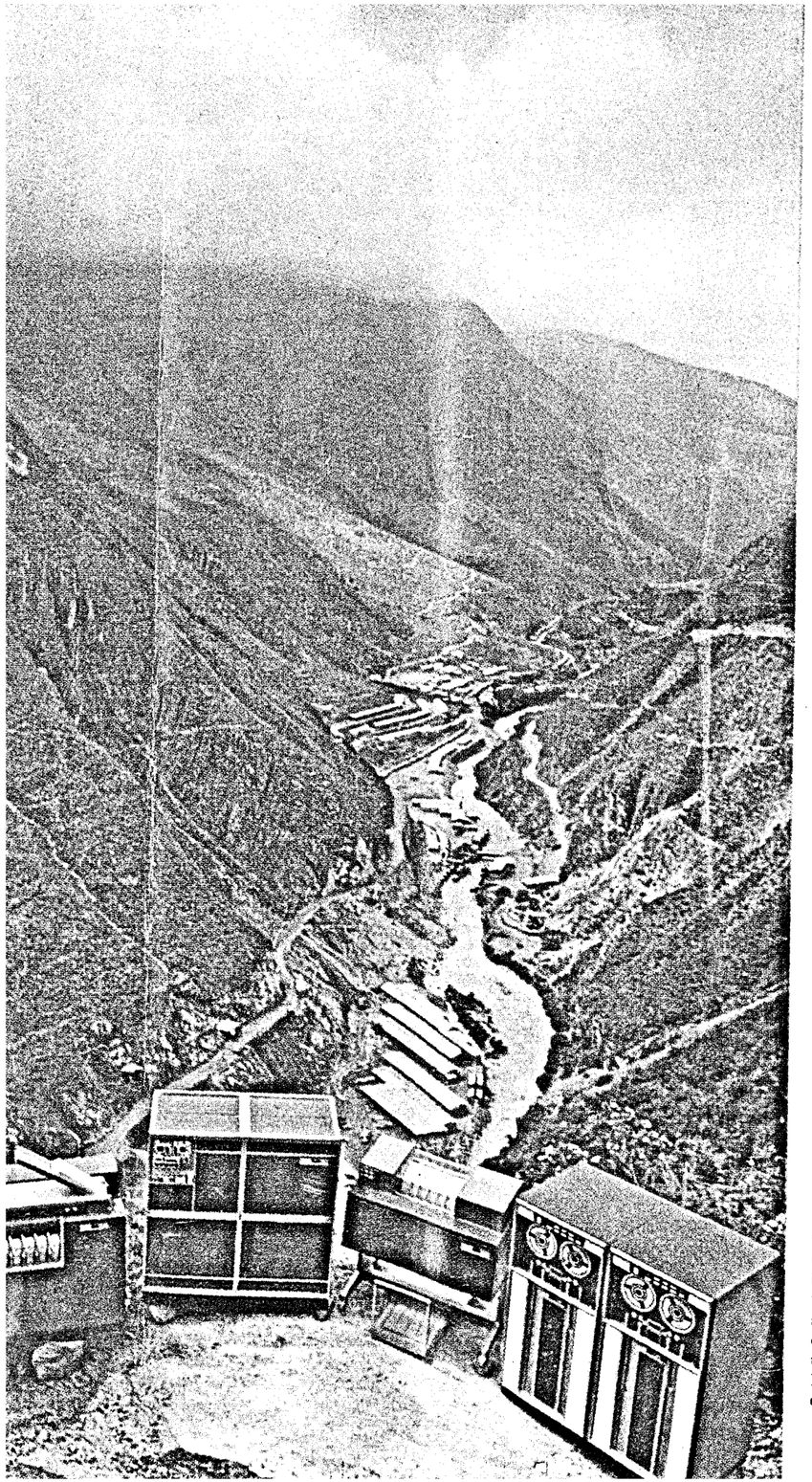
GHANA

Queen to Red Pawn?

THE QUEEN belongs to many countries and many peoples; she is only in a very general way the property of His High Dedication the Osagyefo, the President and Victorious Leader of Ghana. She is, first of all, Queen of the United Kingdom; secondly Queen of her non-republican realms; thirdly head of the Commonwealth. Ghana has a claim on her in her last capacity—but it is in her first that her relationships with West Africa will be judged. Whatever decision the British Government takes about the Queen's proposed visit to Ghana on November 9th to 20th will be seen as a declaration of policy. The decision will be hard to make.

The visit should be cancelled if there is any serious reason to believe that the Queen's life would be in danger. The British Government has investigated this point and, up to Thursday, still hoped that the Queen would be at least as safe in Ghana as she is anywhere else. It would be tempting to cancel the visit as an expression of British disapproval of a government that locks up fifty people without trials; moves steadily towards complete authoritarian rule; and looks like being in danger of doing many more of the repulsive things that authoritarian states in a mood of high tension sometimes do. But this leads on to treacherous ground. When ought a British Government, or the British monarch, to express disapproval or approval of a country's internal policies? Ghana's internal affairs are no more, and no less, private than *apartheid* in South Africa, or Portuguese repression in Angola, matters in which the British Government has been over-careful to avoid appearing to interfere, as Mr Gaitskell pointed out in the Commons on Tuesday.

In practice, if charges of "neo-colonialism" are to be avoided, Britain has to be more careful to be seen not interfering in Ghana's internal affairs than in the internal affairs of older countries, or of countries that were not lately British colonies. (Britain's foreign policy differences with Ghana were—on paper at least—ironed out in the joint statement signed by Dr Nkrumah and Mr Sandys in Accra on October 4th.) The price of the Queen's visit may be to be accused of bolstering an unpleasant regime; the price of asking her not, after all, to go would probably be a complete break between Britain and Ghana and a readjustment of Commonwealth habits of thought as far-reaching as the one made necessary by the expulsion of South Africa. It might also make a genuine red pawn out of Dr Nkrumah.



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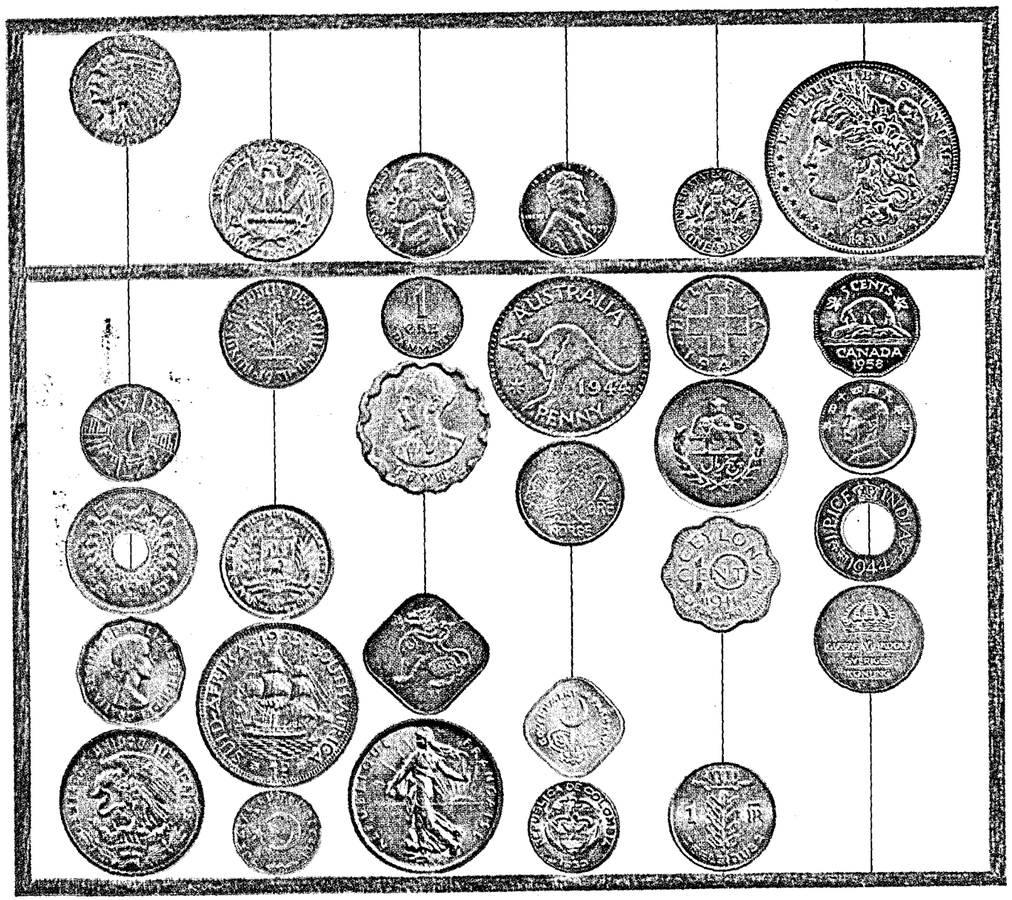
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CONGO

Mysteries of Katanga

MR TSHOMBE'S failure to hand over his 190 Irish prisoners in the exchange that had been arranged for Monday as part of what was to have been a definitive cease-fire agreement was, unhappily, predictable. The Katanga president's trail of broken promises is now so long that the only question left is whether he is personally responsible for all his irresponsibilities, or is not a free agent. For a year and more he has veered between declarations of independence and pledges of loyalty to a united Congo; between undertakings to halt the recurrent bloodshed in his province, and arbitrary cancellation of them; between signed agreements to co-operate with the United Nations, and rabble-rousing calls for action against the UN. On August 28th he publicly announced that all Europeans had been removed from his gendarmerie. It was in response to the assurances then given by him and by the local Belgian consul that the UN halted its round-up of mercenaries in Katanga: only to find, when the round-up was resumed on September 13th, that these Europeans were now prepared not only to start a battle but even to continue it despite a cease-fire appeal from Mr Tshombe.

Lord Lansdowne told the House of Lords on Wednesday that it might never be known who fired first on September 13th. The Government seems ready to ignore the detailed report made on the 14th by Dr Sture Linner, the UN officer in charge in the Congo, which makes it clear that the first shots came from a building occupied by European officers. Even more total oblivion seems to be the fate of Dr Linner's letter to the Red Cross International Committee, which was distributed to the press on October 11th but got little further. This letter said that the celebrated charges of UN firing on ambulances in Elisabethville had been carefully investigated, and that, apart from cases of unintentional involvement in cross-fire, the only "ambulance" attacked was one carrying four Europeans and a bazooka with which they had killed three Irish soldiers and injured others; the injured survived to give evidence.

If Lord Lansdowne wants to clear up a real mystery, he might ask how Mr Tshombe got the Irishmen whom he is now using as bargaining counters. They had been sent to Jadotville at the urgent request of the Belgian consul and his colleagues, who said that Europeans there were in grave danger. They were promptly surrounded and shelled by a much superior force, led by Belgian officers, and bombed by a jet aircraft flown, from a base 100 miles away, by Europeans. Their absence, and that of two more UN companies sent to relieve them (which were held up on the road by a European-led force skilfully entrenched in positions which the first Irish company had been allowed to pass without encountering any resistance), depleted the UN strength in Elisabethville. The UN's anxiety to free them is now one of the levers on which Mr Tshombe—or his even more intransigent friends—may press to secure better terms.

EAST AFRICA

Haven of Peace?

POLITICS in east and central Africa will be changed by the emergence, on December 9th, of an independent Tanganyika. For a while at least Dar-es-Salaam will become the natural capital of African nationalist activity in the surrounding territories; not until October, 1962, will Uganda, the next in line for independence, be able to claim the same amount of pan-Africanist attention. On Monday the importance of Dar-es-Salaam was underlined when several African nationalist leaders ended their meeting in the town by signing a joint statement of aims.

The signatories were Mr Nyerere, the Tanganyikan prime minister; Mr Kenyatta (tribal, but not yet paramount, chief of Kenya); Mr Nkomo, Mr Kaunda and Dr Banda of the Rhodesias and Nyasaland; and a representative from Zanzibar. These men held, as it were, their first board meeting. They welcomed Uganda's coming independence. They said they would fight for independence "under popular governments" of the other territories, and that they were determined to make all other African lands independent and united.

The importance of their statement is that it effectively gives notice of what is to come in east and central Africa. Several years ago, when he was seen overseas as a radical black nationalist, Mr Nyerere began to point out that the future of these territories was going to be decided by Africans only. His prediction is near to coming true; that is why the British Government is waiting for the east African leaders to ask for a federation of their territories. For Britain to suggest it, it is believed in Whitehall, would be disastrous. What is equally likely, however, is that the east and central African leaders will jointly demand an end to the federation of Rhodesia and Nyasaland; or at least the incorporation of Northern Rhodesia and Nyasaland in an east African federation. The centre of activity for the men who will press these claims will in the coming months almost certainly be the Haven of Peace—or, in its African name, Dar-es-Salaam.

EAST GERMANY

Response to a Threat

THE western idea of an economic embargo on east Germany, widely aired after Herr Ulbricht's Berlin coup in August, has produced a striking reaction from the east German economic council. In a speec in Berlin on October 14th Herr Mewi chief of the state planning commissio declared that the first aim of planning i 1962 would be to link the east Germa economy so closely to the Soviet block tha it would be independent of the West.

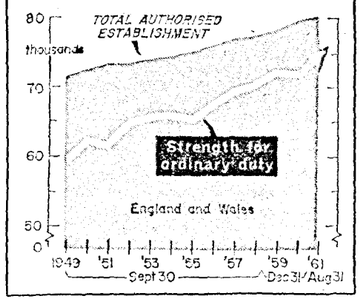
In a sense this is a tribute to the poten tialities of a western embargo, if it were im posed now. The east Germans are stil sufficiently dependent on exports from wes Germany—of special steels and certair kinds of machinery, for instance—to find the threat embarrassing, and to want to be free from it. But threats of this kind, though originally designed to punish Herr Ulbricht for dividing Berlin, also evidently impel the east Germans to deepen the division of Germany as a whole.

A year ago, when the west Germans first threatened not to renew the inter-zonal trade agreement, this pressure (or the removal of the pressure?) apparently helped in the end to persuade the east Germans to renew the same agreement on relatively friendly terms which included reasonable arrangements about traffic to west Berlin. But that threat, too, worked in a double-edged way, stimulating the east Germans to develop plans for adapting their engineering industry from German to Russian standards, thus freeing themselves from dependence on the West.

The new effort to make east Germany invulnerable to western action may prove costly, adding further to the burdens on an economy which—though no longer weakened by the flight of refugees—now has to support the strain of a partial military mobilisation. All the same, given Russian backing, the aim can no doubt be achieved. The division of Germany is becoming steadily more complete.

WATCH IT—CRIMINALS!

The police force strength does respond to rises in pay: following a considerable pay increase in 1951, the force swelled by 3,000. Now, after the biggest increment in wages for 40 years in September, 1960, the Home Secretary announced at Brighton that the strength of the police force for ordinary duty increased by 2,330 in the first eight months of this year. That brings it to 6,500 below the required strength or "total authorised establishment."

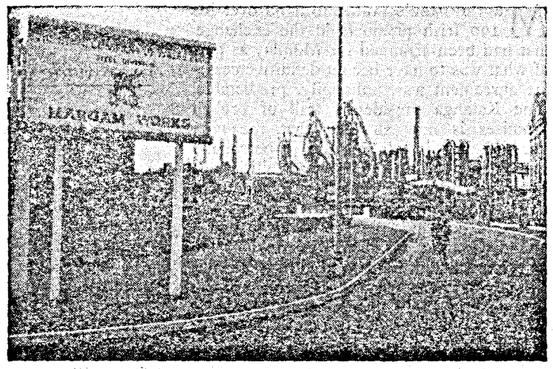


HOME REPORT

IN HOME REPORT members of the editorial staff and local correspondents report on life and happenings in and around Britain.

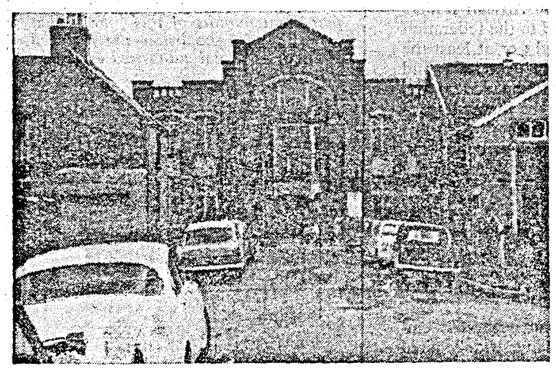
Half Blast in South Wales

FROM OUR SPECIAL CORRESPONDENT



CITY of Steel takes up the Challenge—thus, by an unhappy chance, an advertisement that has been appearing in the national press during the past week. The challenge meant was that of foreign competition: but this week the City of Steel—the works of the Steel Company of Wales that stretch for 4½ miles along the coast at Port Talbot, Glamorgan—has been facing up with a vengeance to a challenge much nearer home. From Monday on 15,500 of its 17,000 employees, sacked at a moment's notice, have been rolling up in their cars to sign on for the dole at a Wesleyan hall, transformed for the occasion into a labour exchange. Whole communities along the foreshore and up into the black mining valleys were smitten with something like panic at the realisation that this vast plant, the fountainhead of a prosperity such as the area has never known, might not go on for ever dispensing its bounty. Memories of unemployment, dormant for twenty-five years, were once again alive.

But this experience was no more than the logical consequence of what had been going on for years. Some 13,000 of the steelworks' employees are members of the Iron and Steel Trades Confederation, which has the highest-paid membership of any British trade union, and is probably the most level-headed. The remaining 3,000-odd trade unionists belong to a complex of craft unions: most of these resent the domination of the ISTC, and their members have carved out tiny but important fields of influence in the works. Average pay at SCOW is £18 10s. a week (meaning, incidentally, that local spending power will be reduced by some £250,000 a week while the strike lasts): with such a vast wage-bill, and with demand for steel strip exceeding the supply, the company has too often taken the easy way out of an argument with the craft unions by granting them absurdly large wage concessions. Of these small groups the 358 bricklayers had built themselves the strongest fortress of privilege: their leaders, indignant at some press reports of their vast earnings, claim that they have on average been getting a mere £35 for a 35-hour week. (With wages at this level, and with no unemployment, it is understandable that new employers have been reluctant to come in and relieve the area of its total dependence on one employer.)

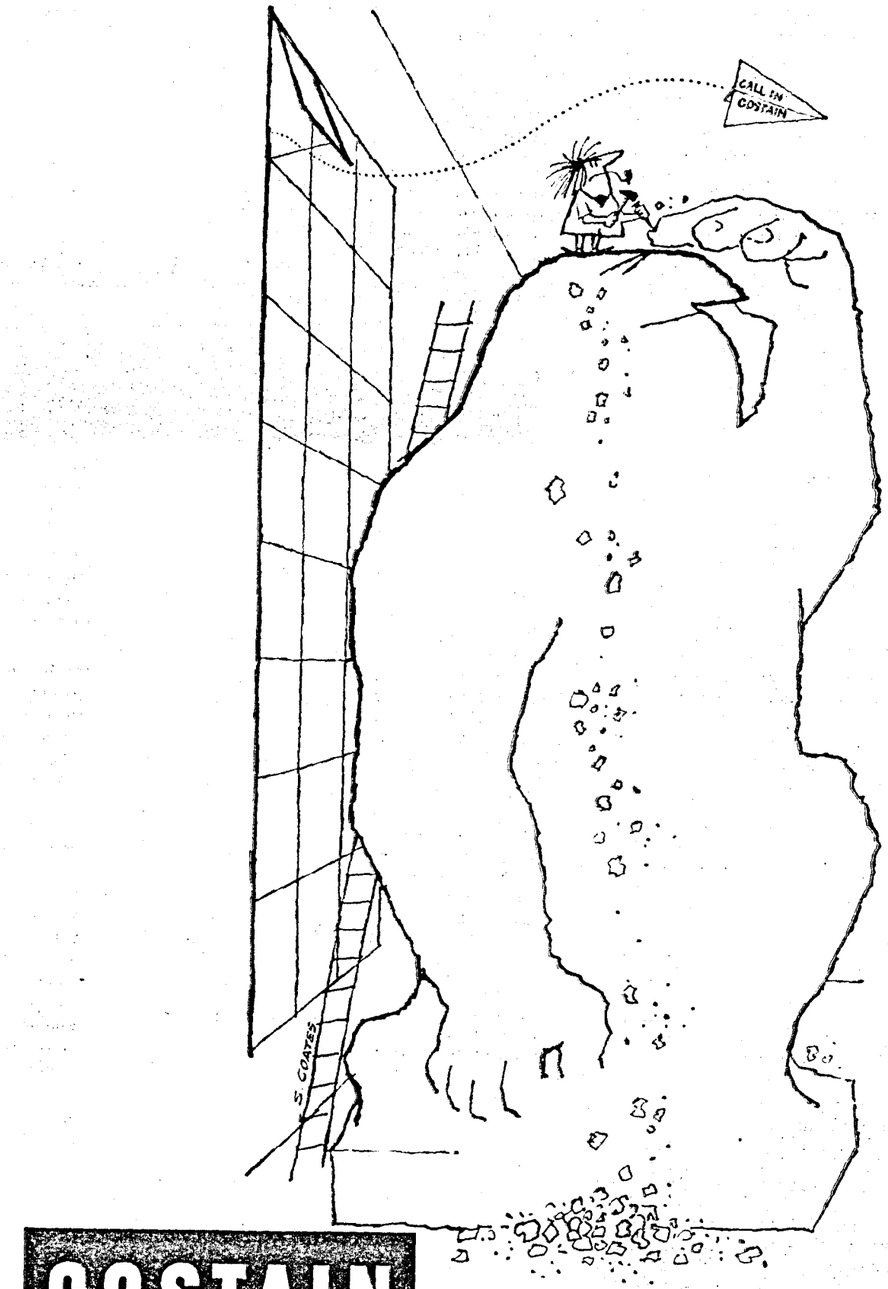


Rolling up for the dole

The bricklayers' technique for pushing wages up and hours down has been simple. Their job of relining the furnaces and ladles that contain molten steel is both tough and dangerous. Their bodies are dried out by heat, and their lungs threatened with the dangerous silicosis. To speed up production they have been paid a special bonus for going into ladles and furnaces before they have cooled, in temperatures that would literally set their clothes on fire if they remained in them long. They have been allowed to leave the works as soon as they have finished one such job, while continuing to be paid for a complete shift at the special incentive rates. This can hardly be quarrelled with. But, with an incredible lack of foresight, the company allowed this practice of "job and finish" working to spread to jobs in which there is no danger and no special need for fast working: for two years now they have been trying to repair this expensive mistake.

In mid-September these negotiations broke down: under a leader who really does run a Jag and buy his suits in Savile Row—and with the official backing of their union—the "brickies" came out on strike. They were followed by their 700 mates, who, absurdly, belong to the Iron and Steel Trades Confederation and were not backed by their union. The work continued to be done by office staff and foremen (which might indicate that the bricklayers' job is neither so arduous nor so skilled as they have made out): after a month the Amalgamated Engineering Union noticed that its members were working with blacklegs, and threatened to strike. The company was not waiting for this: it closed the works. For the first time in ten years Port Talbot was free of the cloud of noxious yellow smoke that is the symbol of its riches.

THE first local reaction was that "they can't do this to *our* steelworks": in this overwhelmingly labour area there were some vocal hankerings after the days of nationalisation. The "brickies," in a country where the betting shops are so often the liveliest place in town, are envied as sharp operators rather than resented for their high wages. The only rumoured violence



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had come when the strikers broke the windows of one of their rare blackleg members: but bad feeling has started to build up as the local transport firms and others that live on orders from the steelworks begin to lay off men whom they no longer need either. The most worried people now are the officials of the Iron and Steel Trades Confederation: not only has their authority been defied by the bricklayers' mates, but their union may face the heavy financial threat of having to pay lock-out benefit to its 13,000 workless members.

Meanwhile the company will not meet the local officials of the Building Trade Workers, with whom it has negotiated in vain for many years, and who cannot put themselves in the position of appearing to agree to a drop in their members' pay. But the company can make little progress with the national officials of the union, who, however much they may know about the building industry, are quite ignorant of the complicated techniques of work in a steel plant. So the parties sit in separate rooms in the Ministry of Labour in Cardiff, while an official tries good-heartedly to find some common ground.

Port Talbot itself, which shows little outward sign of its prosperity save for monumental traffic-jams and fine tweeds on its menfolk's shoulders, for the moment regards the whole business as an absurdity. As long as the optimistic wisps of white smoke show that the blast-furnaces are still alight, nobody believes that the cataclysm of a long lock-out will really come. What people do realise, at last, is that the employers mean business when they talk of economies. Perhaps this is not such a bad way to face up to the foreign challenge after all.

Unforgettable Thursday

FROM OUR SPECIAL CORRESPONDENT AT BRIGHTON

SWELTERING in Brighton's ice rink on Wednesday last week, with an Indian summer blazing outside and the refrigerating system unseasonably turned off inside, the 5,000 Tory representatives (not delegates please) wilted their way through a tedious first day and seemed bent on making a staunch counter bid to rival Blackpool's insipidity. The usual rituals were solemnly enacted—the inter-denominational service which hints that Tory power does not stop with this world: the banalities of the befurred mayoral party: Lord Hailsham's bid for the front pages by adding flippers to his aquatic equipment, supplemented by some new on-stage business with a red despatch box (from Fylingdales, of course). It was all very dull, very decorous, and very Homely. But Thursday's astonishing events swept all this mumbo-jumbo into oblivion and staked out Brighton's claim to rank as one of the great conclaves of the party.

At a stroke—or more accurately at two—they brought about a remarkable rejuvenation of the conference, and seemed to swing the whole Tory image into touch with contemporary reality. The much heralded internal party savaging on flogging, the colonies, and the common market never took place. The right was eclipsed—but that has happened before. What was new was the triumphant resumption of the advance of the forces of progressive Toryism. Nothing like it has been seen since the exhilaration of the immediate postwar years. There were several reasons for this, but the Cabinet reshuffle was the most important. It both checkmated the right wing revolt—you don't waste powder and shot on an evaporating colonial secretary and you don't kick even Mr Butler when he is down—and gave an electric new stimulus to the left and centre. Although there is an uneasy feeling in some circles that Mr Butler's departure from the party chairmanship means that King Stork has been substituted for King Log, it seems almost inevitable that Mr Macleod will become the conference idol. He has not only the grittiness and strength which evoke loyalty and devotion, but the charm to consolidate it, and the skill to manipulate it, as well.

Secondly, the Tory left won the two vital battles on the common market and penal reform because above all else Tory party workers are realistic. Just as they accepted Mr Macleod's colonial policy because they saw it was inevitable, so the common market —cold, unfamiliar and prickly creature as it is—has been grappled to the party bosom. Thirdly, the battles were won because the Tory party is a deferential party and enjoys following its leaders. Of all the demarcations in the penal policy debate the most marked was social. The nasties had the wrong accents, the goodies the right ones. The weight of argument, thanks to some judicious platform selection of pro-Government speakers and the poverty of mind inherent in the floggers, was heavily in favour of the penal reforms. Mr Butler also made a brilliantly clever speech, but not a particularly brave one; he was too intent on sheltering his liberal penal policies behind the rest of the Government's skirts, and on declaring that Lord Kilmuir was the most liberal home secretary we hadn't got. (And what were the eventually triumphant infantry meant to make of this from their platoon commander: "I am afraid, much as I should like to, I cannot say that the Government can agree to reintroduce corporal punishment.")

Finally, much credit for the turn-round should go to an unwilling recipient, Mrs Eirene White, whose remarks about sex perverts had warned the conference how much the floggers could damage the party. Fear of ridicule has a much more powerful impact on the Tory mind than Benthamite argument, and, relentlessly hammered home at the conference, it proved a turning point. Caught up in its own exhilaration, the conference then kept to what it thought was the left by overwhelmingly rejecting a mild motion calling for an inquiry into trade unions (see page 214) and by defeating another motion on education policy. But this last defeat was largely a mistake. Sir David Eccles had said that he agreed equally with speeches in support of the first part of the motion (which warmly approved the Government's educational policy) and with those in criticism of the second part (which implied that more attention should be paid to primary schools); the conference was horrified to read in some newspapers afterwards that its vote meant that it had risen in revolt about teachers' pay. Nevertheless the party leaders left Brighton with the knowledge that the old image of the Conservative conference, as a force that is supposed to impede the Government from forward-looking policies, has ceased to exist.



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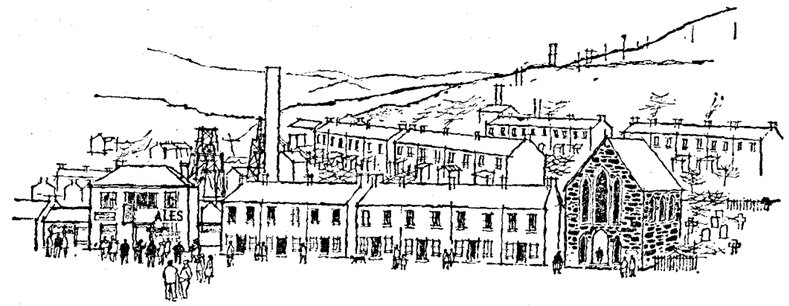
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Open and Shut Case



FROM OUR SPECIAL CORRESPONDENT

FULMINATIONS against the evils of drink are as old as Proverbs. But popular feeling about the uses of alcohol waxes and wanes, even in Wales. The origins of the Principality's present row are almost in the mists of time. In 1880 Welsh nonconformity presented a petition at Westminster aimed at the closure of the public house. It did not press for total abolition ; still, Sunday closing was to be a beginning.

Allied with the puritans were the nationalists, anxious to achieve a crack in the façade of Welsh-English unity. Any separate legislation for Wales was a small triumph for them, and their support aided the passage, in 1881, of a bill resulting from the petition. It is not by accident that the present agitation against any liberalisation of the licensing laws is based firmly on "the *Welsh* way of life" and "the *Welsh* Sabbath," nor that some of the vituperation against the 1960 act is so intemperate in tone ("an unholy alliance of Tories, brewers and Englishmen" bent on destroying Gwalia's calm).

A further triumph for the separatists, long covetous of the rich land on their borders, was the addition, in the licensing laws if not elsewhere, of Monmouthshire to Wales—a measure sworn by Lloyd George to be temporary in 1915, but entrenched in the act of 1921. That act also stopped publicans from serving any *bona fide* traveller on a Sunday, a gateway through which entire populations drove their "whisky brakes" to one another's villages. (The inclusion of Monmouth was on the ground that the Sabbath migration of thousands of thirsty Welshmen over the border would be dangerous in wartime.) A royal commission of 1931 succumbed (with reservations) to the well-used arguments of sentiment, which seem thin only outside Wales itself ; even last year's licensing bill came close to losing its reference to Wales (clause VI) in face of the passion displayed in committee by patriotic Welsh members. In the outcome the national referendum pressed for by some members was refused, and the system of local option offered in its stead.

That nonconformist religious forces are neither the main nor the sole resisters to this reform is suggested by the absence of similar agitation against the "clubs" which are so outstanding a feature of the Welsh Sabbath. The 2.6 million population is catered for by no less than 1,350 of these unsupervised institutions, and membership (obtainable, as in Bingo, on the payment of a nominal fee and a delay of 24 hours) extends to nearly 600,000—which would be some 60 per cent of the adult male population. The clubs' share of the drink trade is probably 25 per cent, nearly three-quarters of that being done at weekends, to the great annoyance of the 5,000 licensees of Wales, nine-tenths of whom (according to a poll conducted by the Sunday Opening Council for Wales) will cry "aye" when the referenda are held on November 8th.

Local option means that each county (there are 13) and county borough (four) will conduct its own referendum, the prerequisite being a petition of at least 500 local signatures in favour of change. Every authority has received such a requisition (Glamorgan's had 50,000 signatures) ; and every one of them is likely on present indications to go "wet," although some strength remains in the opposition in the rural north and west.

THE taint of nationalism is denied by the Welsh Sunday Closing Act United Campaign (a holy alliance of the Fellowship of the Lord's Day in Wales, the Temperance Council of Christian Churches in Wales and others) ; but their protestations do nothing to mitigate the impression created by some of their supporters. These have been very sharp with the (Anglican) Archbishop of Wales, Dr Morris, accusing him of unilingualism, priesthood in the worship of Bacchus, and blasphemy allied with the intention of corrupting young Cambrians—all for propounding the essential moral neutrality of alcohol and its sale on Sundays and reserving his condemnation for its misuse at any time. They have not been kind, either, to Mr Iorweth Thomas, Labour MP for Rhondda West (there are 70 clubs in Rhondda), who is vehemently opposed to Mr James Griffiths, MP for Llanelly, on the side of (for want of a better word) the angels.

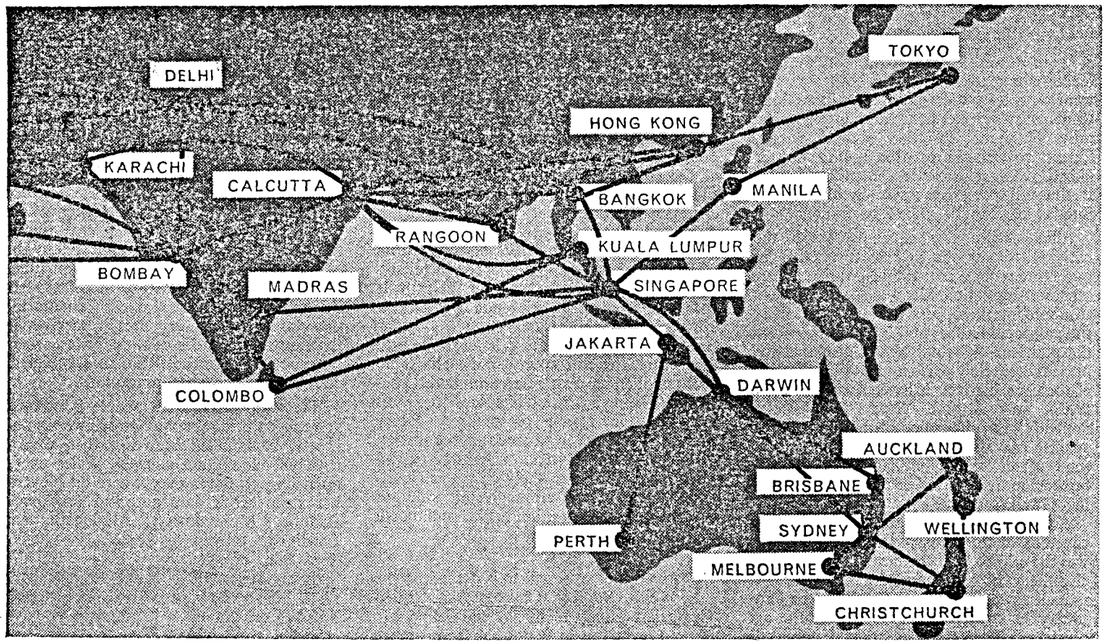
This bitter invective is significant less of the strength of the temperance side than of its weakness. Nationalism has cause to be loudly vituperative if it is to draw attention to itself ; and nonconformism is in danger of falling into the same low esteem in Wales. Membership of "chapel" is claimed to be 62 per cent of the churchgoing population (compared with 26 per cent for the Anglican Church in Wales)—but only 10 per cent of Welshmen attend church, and the masochistically dark Bethels and Bethesdas, like the parish churches, are emptying where they are not empty. In the large towns, where little importance is attached to the twitch of a lace curtain, the puritan influence is dead (and it was low in 1880, when these large towns asked to remain outside the closing legislation) ; but it survives in the tiny communities of rural Wales, where there are even towns (Rhos in Denbigh is one) without the ubiquitous clubs.

The ratio of clubs to people is uniform at 1 : 2,500 throughout Wales, however, and it may be inferred from this that, were a national referendum allowed, Wales would open its pub doors everywhere on November 12th. If it does not, and Brecknock Radnor, Montgomery, Merioneth and Cardigan remain dry, one of the biggest bogies of the closers, drunken drivers on crowded roads, is likely to become less chimerical: drinkers from the deprived counties may well realise all the fears of the Union of Club Stewards and desert on Sundays to the surrounding vinous areas. And if these drinkers fail to carry the poll, no doubt they will be better organised and more numerous seven years hence, when the stern, unending conflict that is local option comes round once more.



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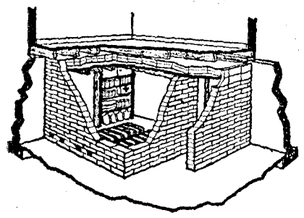
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A Matter of Survival

WASHINGTON, DC

SNCE the barriers went up in Berlin and radioactive particles came down from the Russian nuclear tests the "revival for survival" called for by the American civil defence authorities has generated its own mushroom cloud. Fall-out shelters make a daily appearance on the front pages of newspapers and in the advertisement columns. The government's booklet on how to build your own shelter, which has been collecting dust on official shelves for years, has been bought at a rate of 500,000 copies a week, while *Life* magazine sold out the recent issue which featured the same information. People line up to inspect model shelters and displays of the food and other equipment which should go in them and shelters are discussed at every cocktail party.

There, someone is sure to mention the Jesuit father who, in an article on ethical niceties in the shelter doorway, maintained that a householder would be justified in using violence, even in shooting, to keep neighbours from crowding into his family's shelter. The distaste with which sophisticated intellectuals discuss this epitomises their feeling that the whole idea of building shelters is degrading. And their feeling that the whole idea is also silly was epitomised last week by the elegant young man who walked down a sunlit avenue in New York under a large black umbrella on which was painted in white letters "portable fall-out shelter."

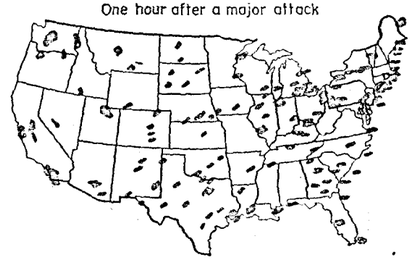
The current emphasis is on protection against the deadly radio-active dust which would descend like rain after, but not immediately after, a nuclear attack, spreading all over the country; no one who is within several miles of the immediate blast of the bombs is expected to survive. Shelters with a sufficient thickness (three feet) of heavy material—and, for example—to block fall-out would according to *Life*, save 97 people out of 100. Government officials are less optimistic; they talk of reducing deaths from, say, 60 million (one-third of the population) to 45 million. To many scientists, however, this calculation seems unrealistic; while some of them are building their own shelters others allege that shelters would be death traps, with their occupants being "barbecued" by the fire storms which would sweep across huge areas outside the main centre of destruction after the bombs exploded. Furthermore, in the opinion of these scientists, when the survivors emerged after two weeks in their shelters they would find only a devastation unable to support any life worth living.

These views are seized upon by those who contend that fall-out shelters are a waste of money and energy. To these people—and here they find much agreement—nuclear war would be the final failure of civilisation and they prefer to meet it in the open. In the meantime they fear that concentration on civil defence will engender a sense of security and will thus weaken public pressure for the constructive negotiations with the Soviet Union which are the only true protection against fall-out. There is also a complex argument to the effect that, if the United States builds shelters, the Russians will deduce that the Americans are going to strike first and will therefore launch a surprise attack themselves.

The President and his advisers refuse to accept these contentions, although they agree that if the government were to initiate a "crash" programme of blast-proof shelters this might give a belligerent impression. They regard fall-out shelters as an insurance, which they hope will never be needed, against an accidental or miscalculated war, an insurance which "we could never forgive ourselves for forgoing in the event of catastrophe." The fresh emphasis on civil defence is part of the President's new effort to make Americans realise that peace is unlikely in their time and to teach them to be patient through the long years of tension ahead. It is denied officially that the shelter programme is part of the current attempt to convince the Russians that the United States will use its nuclear weapons if necessary. But effective protection for civilians will, it is believed, make the Russians think that an attack is less likely to succeed and make Americans think that they themselves have some chance of surviving such an attack.

HOW FALL-OUT WOULD SPREAD

One hour after a major attack



Twenty-four hours afterward



Prevailing winds on a given day

The new drive behind civil defence began when the operational responsibility for it, hitherto in the hands of an independent and rather ineffective agency, was transferred to the Department of Defence. This was done partly because, logically, civil defence should be co-ordinated with the general defence system, partly in the hope that civil defence would no longer be starved of funds if it was included in Congress's favourite department. This hope was justified; Congress gave the President $294 million for civil defence this year, almost all he had asked for and nearly five times as much as was appropriated in the previous year.

This year's expanded programme is only a first step. What will come after is not decided—maybe government help for private shelters, maybe deep blast-proof shelters for the general public in target areas, maybe communal fall-out shelters for everyone, maybe just shelters in schools and new buildings. The cost

of complete protection is estimated at $20 billion, but there are suggestions that such structures might double as underground parking areas or public transport facilities and thus help to solve traffic problems as well. *Meanwhile, about $170 million will be spent in* the coming twelve months on surveying and marking spaces—mostly basements and corridors—in existing buildings which offer adequate shelter against fall-out and in installing ventilation and stocks of food, water and radiation detectors. These should provide room for 50 million persons during working hours but at night, when attack is considered most probable, nothing like that number would be able to reach this comparative safety from their homes during the half hour that is expected between the nuclear explosions—perhaps the only warning—and the beginning of fall-out.

If the enemy missiles were directed against urban areas, many of these shelters would be destroyed, but military installations rather than cities may be the primary targets; moreover, the missiles may not be aimed accurately or may be diverted in flight. In fact, no one can be sure of being near enough to a bomb to make protection against fall-out a purely academic question. For all these reasons all families, particularly those in the suburbs, are being urged by the government to build their own home shelters. Some critics argue that such shelters put a premium on selfishness and that communal shelters would make it easier to re-establish a civilised way of life after the attack. But while the government hopes that neighbours will build shelters jointly wherever possible, it does not want people to sit back and wait for the government to do something. Private enterprise is co-operating enthusiastically with the Administration in this regard, offering the public home shelters of all kinds. Manufacturers are rushing into the business and investment in such firms is being recommended as a means of getting in on the ground floor of a coming growth industry.

A home shelter may soon be the successor of the swimming pool as a status symbol—if something which is kept secret can be such a symbol. For people are disinclined to talk about their shelters, both because they are afraid of being laughed at and because they do not want to share them with less far-sighted friends. It is therefore difficult to guess how many family shelters are actually being added to the 2,000 or so already in existence; inquiries are certainly much more numerous than are actual orders. Next month the President is going to suggest minimum steps, at a cost of about $100, which home-owners can take to protect themselves and their families.

The federal government's main purpose—and one which it seems to be achieving fairly satisfactorily—is to stimulate initiative on the part of the state and local governments which are primarily responsible for civil defence and by communities, business firms and individuals. It insists that the effort is worth while, that survival is possible, but it is hard for the ordinary citizen to be convinced of this when so much scientific controversy and so many obvious doubts are included in the government's calculations. "The intentions of the enemy are the most significant variable in civil defence," said an expert this week, and these will not be known for sure until it is too late for that certainty to make any contribution to survival.

Scholarly Doubts

WASHINGTON, DC

EVEN though Congress has gone home and the Indian summer is surpassing itself, there is unhappiness and dissatisfaction in Washington or at least in those parts of it—the White House and the huge government offices—which constitute "the nation's capital." The bright young professors and politicians, who were piling into the new Administration with so much confidence and determination last spring, and the journalists who greeted them and particularly their President so hopefully and so uncritically, are worried and disillusioned. Much of this is because the experiences of the last nine months have forced them to accept what they knew but tried not to recognise: that the troubles of their times cannot be solved by a change of Administration in the United States and that it may really make very little difference whether the President is an Eisenhower or a Kennedy.

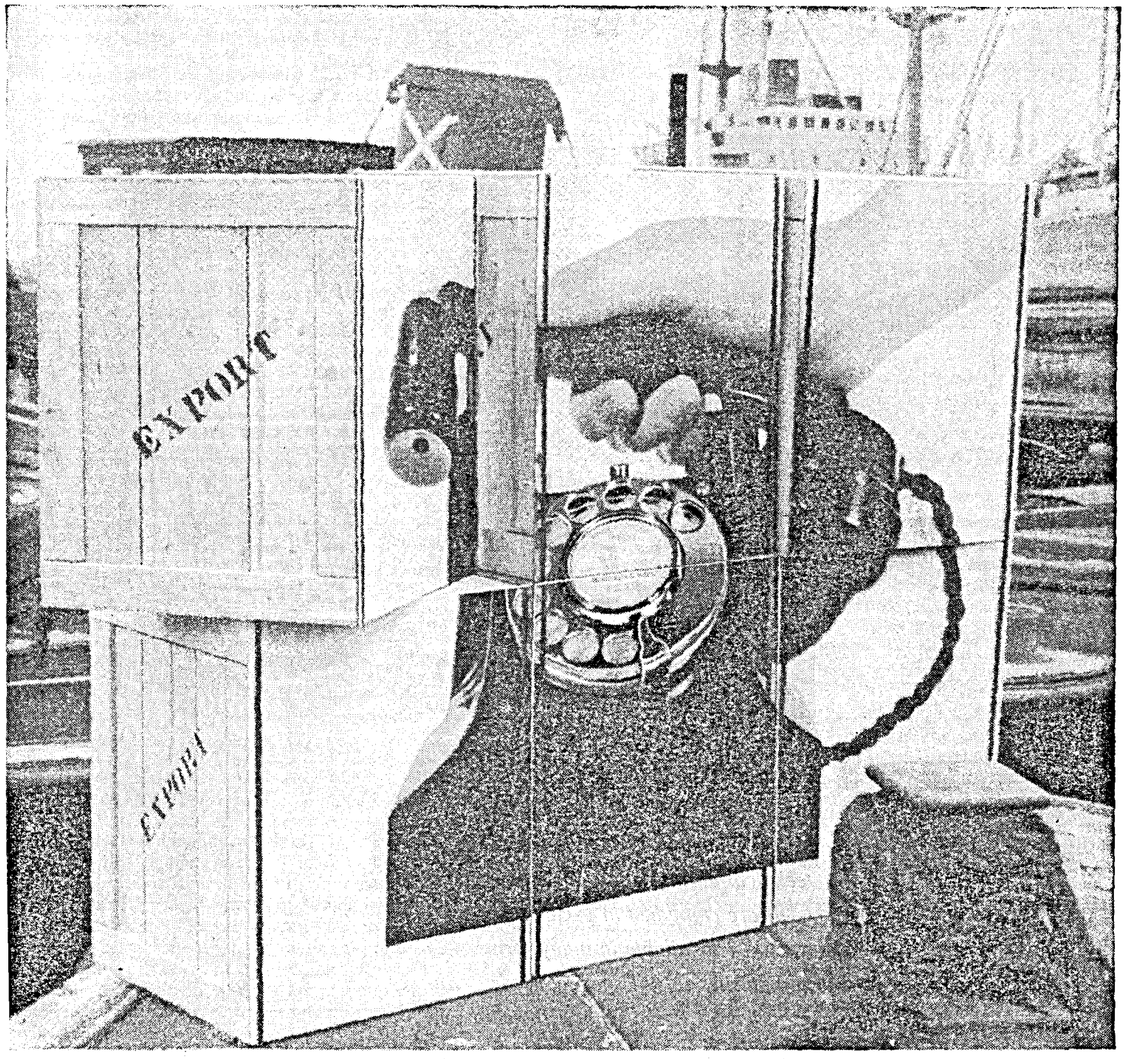
But on top of this is a growing fear that their President is not the man they thought he was. More and more it is being said that Mr Kennedy is immature, a party leader not a national one, that he is concerned more with saving the Democratic party at the next election than with saving the world, that he is afraid to be unpopular and therefore afraid to be as tough as a President must be. These are damning comments on the man whose courage and independence were supposed to be among his main qualifications for the Presidency. Another of his qualifications, and this one has been very evident during his first months in office, was his intellectual capacity and his respect for it in others. Therefore, if he is indeed as sensitive to criticism as is being rumoured, the current issue of the *American Scholar*, the quarterly publication of Phi Beta Kappa, the intellectual society whose members consist of the cream of college graduates, must be disturbing him. The autumn number has as its subject "The Changing American Scene" and among the wide variety of articles are several discussing some of the doubts being expressed about the President—though not, unfortunately, the reciprocal doubts which Mr Kennedy may now feel about some intellectuals.

These articles hardly merit the attention which they are attracting. Mr William Shannon of the *New York Post* explains, as he has done before, why "only future events can make clear whether Kennedy has the moral vision necessary to give steady leadership." Mr Richard Rovere of the *New Yorker* reports irreverently on his researches into the American establishment. Mr David Butler reflects an English point of view on the new Administration. Mr Alfred Kazin's study of "The President and Other Intellectuals" is the only really pointed attack on Mr Kennedy and one which probes him where it hurts most—but that is Mr Kazin's habitual approach. Now that the intellectuals have talked the stars out of their eyes perhaps they will be able to see the President and his problems in a more realistic and helpful perspective.

Hoffa True to Form

ON the face of it, things did not go well last week for Mr James Hoffa, the incorrigible president of the International Brotherhood of Teamsters, the trade union for lorry drivers (and anyone else who cares to join) that was expelled from the federation of American labour in 1957 on grounds of corruption. A federal grand jury returned a new indictment accusing Mr Hoffa of misusing $500,000 of union funds for a property venture in Florida; an earlier indictment was dismissed on a legal technicality. He found himself back in the Senate Caucus Room where, for the past four years, he has engaged in intermittent verbal battle with lawyers (notably Mr Robert Kennedy, the present Attorney General) and unsympathetic Senators; this time he was defending not his own integrity but his right to make mutual assistance pacts with two trade unions that are believed to be communist-dominated. And finally, a move to readmit him and his teamsters to the merged American Federation of Labour and





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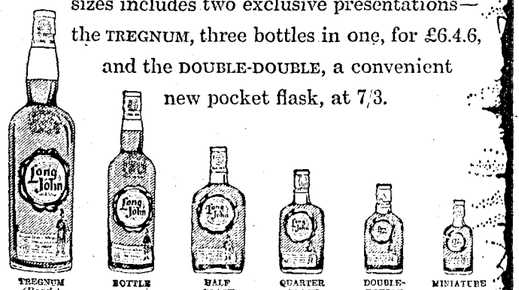
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to be invited and that the anti-trust laws were not to be violated. On these lines the FCC instructed the firms involved to produce a joint plan by Friday, October 13th. It looked like a clear victory for private enterprise. But almost since the day of the President's announcement there has been strong congressional opposition to the FCC's proposals and this has a powerful ally in the Justice Department, which has twice recently expressed its continuing concern about possible violations of the anti-trust laws by AT & T and has stated its opinion that no one firm should dominate the running of the satellite system.

The issue is complicated by other considerations, particularly by the desire of the United States, which seems likely to be bested by the Russians in the race to the moon, to come first in this field. Would private development be quickest or is government operation preferable, given the possibility of a long wrangle between AT & T and its critics? On the other hand, the company's Bell Laboratories have played an essential part in the technology of space communications and the willingness of private firms to find the necessary risk capital is attractive. Last week nine of the communications companies submitted their scheme for a non-profit corporation, which they would own jointly, to develop and operate a system of communications satellites by 1964 or 1965. No concern would have a majority of the directors, but the Western Union Telegraph Company, in a dissenting report, objected that this was no guarantee against domination by a single company; AT & T seems certain to put up much more of the money than anyone else. The FCC insists that it is not committed to the companies' plan and it seems plain that the last word will rest with Congress and the President.

Going to the Country

CONGRESSMEN who have been home only a few weeks will soon find their grass-roots alive with official figures from Washington. The President has announced that regional conferences are to be held all over the country in November in fourteen cities ranging from San Francisco to New York and Houston to Chicago. Cabinet officers, government officials and experts of various kinds will meet local officials, civic groups and other interested people to discuss the legislation which was passed by Congress and how it affects them; the emphasis is to be placed on the impact upon the communities where people live. Among the topics scheduled for discussion are full employment, economic growth, the problems and opportunities for young and old people, the plight of the cities, agriculture and the conservation of natural resources. But given this list, it will not be easy to keep the discussion to what Congress did and avoid the larger question of what it ought to have done.

The President himself also plans to go west—as far as Seattle—something which he has not done since his election campaign a year ago. At his press conference last week Mr Kennedy denied that either his own trip or the regional conferences amounted to an attempt to go over the head of Congress, which showed so little enthusiasm for his programme, to stir up interest among the ordinary people who would benefit from it. Members of the House of Representatives and of the conservative groups which oppose any increase in spending for domestic purposes are likely to take this denial with more than a grain of salt.

Mr Kennedy's personal popularity is undimmed in spite of the international difficulties which he has encountered; it is higher than that of Mr Eisenhower at a comparable stage in his Presidency. But so far foreign affairs have left Mr Kennedy little time to undertake the education of the public in the domestic issues which must be dealt with if the country, in his old phrase, is "to move ahead." Mr Ribicoff, the Secretary of Health, Education and Welfare, recently opened fire with an aggressive speech to the American Council on Education, blaming the defeat of the Bill for federal aid to education on the short-sightedness and selfishness of various groups—including the educators themselves. It would be surprising if at least some other members of the Administration did not feel that the moment had come to put pressure on Congress through the voters. The pressure may not be enough to budge the present House of Representatives. But educating the public now may lay the ground-work for the election of a more responsive Congress in 1962—at least this is what the Republicans suspect.

Marshal Tito's Fighters

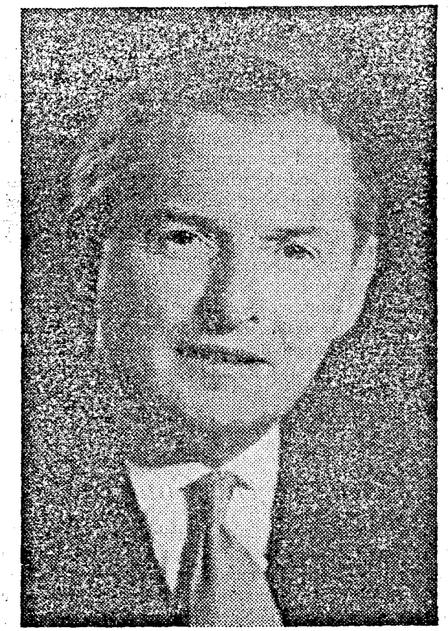
IN spite of his exasperation with the attitude of some of the neutrals at the Belgrade conference, the President has, on second thoughts, declared that the independence of a country—not whether its views on foreign policy coincide with those of the United States—should be a basic condition of foreign aid. For example, if Mr Nkrumah can satisfy a high-level mission which is to be sent to Ghana for a last look at the financial soundness of the Volta project, American support for it is likely to be forthcoming. But not all Americans are so level-headed under the strain of the international tension which has been built up over Berlin. The discovery that a handful of Jugoslav pilots and maintenance men are being trained in Texas and that the United States has sold obsolescent jet fighters to Marshal Tito has evoked cries of "treason" and inflamed even further the right-wing extremists who think that one communist is much like another.

The present Administration has the defence that the sale of these 130 aircraft was concluded before Mr Eisenhower left the White House, though it could have been cancelled by Mr Kennedy. But the new Administration shared Mr Eisenhower's belief that such sales would prevent Marshal Tito from turning to the Soviet Union for military supplies and would strengthen Jugoslavia's independence. This sensible policy goes back to 1949, the year after Marshal Tito broke with Moscow, when a programme of economic aid was instituted; military aid flowed to the Jugoslavs from 1952 to 1957 when it was ended by Belgrade. In all, assistance of about $2.3 billion has been given to Jugoslavia of which nearly $700 million was military. A wide-ranging review of relations between the two countries is now going on in Washington, to the alarm of the Jugoslavs, who would find it hard to obtain the wheat they need to supplement their poor harvest if no new American aid is made available. Poland—an actual member of the Soviet block which has been treated as a friendly country ever since it showed signs of independence at the time of the Hungarian revolt in 1956—is in much the same boat. The Americans are not hurrying to commit themselves to three more years of enlarged sales of wheat (for Polish currency) to a country where American consulates are stoned and Mr Kennedy insulted and where the Soviet line on Berlin is faithfully echoed.

Unfortunately right-wing critics of American policies toward Poland and Jugoslavia have a sounding-board right at hand; soon a special committee of the House is scheduled to hold hearings (which are not likely to be sympathetic ones) on trade with the communists. Mr Hodges, the Secretary of Commerce, has done his best to take the wind out of its sales by hastening to release figures that show that new licences for exports to these countries are much lower than they were under the Eisenhower Administration. They fell to less than $12 million in the third quarter, apart from exports to Poland; the quarterly average during the past two years has been over $20 million. Actual exports (including some goods which do not require licences) to the whole Soviet block came to $100 million in the first six months of 1960—considerably less than those from the United Kingdom, France, Italy or Germany.

CITY OF STEEL TAKES UP THE CHALLENGE

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The Rt. Hon. Selwyn Lloyd, Chancellor of the Exchequer, speaking at the Mansion House, October 5th, 1961

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In the year to the end of September 1961, direct exports of Tinplate, Sheet Steel and Electrical Steel from The Steel Company of Wales amounted to £34,250,000. Shipments went to fifty-nine countries including consignments to Russia and the U.S.A.

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THE STEEL COMPANY OF WALES LIMITED

This is Broadsheet No. 25 from the City of Steel

THE WORLD OVERSEAS

A Vote Against Kemalism

FROM OUR CORRESPONDENT IN ANKARA

MANY people in Ankara today are openly saying that the result of last Sunday's elections to the new Turkish parliament is "a victory for Menderes." Certainly the successes scored by the Justice party and the New Turkey party, each of them a direct heir of the Democrat party led by the late Mr Menderes, have shaken the Turkish leaders. These successes make the execution of Mr Menderes in mid-September more than ever a sorry business ; but, at the same time, they explain it.

Turkey has been divided for many years into two camps: the now dissolved Democrats, and the Republicans led by Mr Ismet Inönü. More than anything else, the vote of October 15th was a vote against the Republicans. Without doubt the hanging of Mr Menderes and his two colleagues, and its delayed shock, played a definite part. But the Turks are familiar with the idea of sudden death, and the crucial factor in the elections was the persisting hatred of a large part of the Turkish population for the Republican People's party. Despite all Mr Inönü's prestige, despite his party's experience, wealth and organisation, the RPP lost. Why?

To begin with, it had become identified with the military regime. The frustration and sterility of eighteen months of army rule, culminating in the executions, was laid at its door. A capital error was made by the military junta in November last year, when it dismissed and exiled the fourteen "radical" officers led by Colonel Turkesh, and followed this with the nomination, by dubious means, of a constituent assembly dominated by Republicans. This more than anything made the junta and the Republicans synonymous in the public mind.

But the thing goes deeper. The result of the election is a bizarre but natural one. It was certain if free elections were held—which they have been—that it would have this sort of a result. The election underlines once more the basic fact in Turkey: that Turkey still has a built-in majority that does not accept the reforms of Ataturk which tried to make Turkey into a European nation. This is a fact which made Ataturk himself despair, and which brought Mr Menderes in the end to the gallows because as a Democrat leader he came inevitably to represent the Reaction (which in Turkey means the movement away from Ataturk back to Islam and the ways of the East). Mr Menderes represented reaction simply because there was nothing else in Turkey that his party could represent. The Justice, New Turkey, and Republican Peasants' and Nation parties all represent reaction today. So, oddly enough, to some extent, does even Ataturk's own Republican party.

The astonishing fact in the election campaign was that the name of the mighty Kemal Ataturk, founder and father of the Turkish nation, which is usually on everybody's lips, was almost not mentioned at all. More amazing still, the election manifesto of Ataturk's Republican party, in all its fifty-six pages, does not refer to him. Even Ataturk's famous foreign policy slogan, "Peace at home, peace in the world," is used without attribution to its author. The day after the election a highly educated Turk, a member of the New Turkey party, said to your correspondent. "We Turks can never be Europeans. We can only pretend to be Europeans. We must stay Turks, and develop our religion of Islam." His words recall the other words that one of Ataturk's most convinced followers said to me on the day after the May coup last year : "We shall never be able to impose Ataturk's ideas on our people."

The renewed emergence of reaction raises a fundamental issue in Turkey. Is Kemalism a spent force? How many Turks, in their hearts, really believe that it is possible to make the Turks into Europeans, or to detach them from their traditional religion, which is the apparent intention behind Ataturk's ideology of the secular state ? If last Sunday's elections show anything, it is that the reaction away from Ataturk is stronger than ever in the Turkish people. It is reasonable to suppose that the twin force which made the May revolution, the army officers and the Kemalist intellectuals, is still strong enough to impose its will. But it is ideologically committed, and seems genuinely devoted, to a western-type democracy. The constitutional referendum in July, and the present elections, both fair and free, are proof of this. But how is Turkey to continue Ataturk's revolution, and combine it with democracy, if what the people want is reaction ?

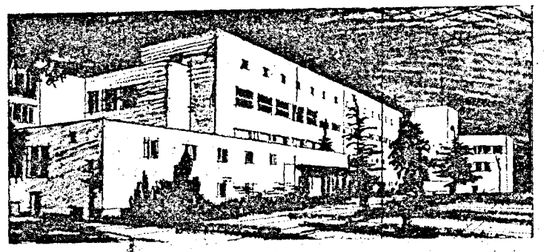
For some months it has been clear that the real rulers in Turkey have not been the junta, who are powerless and partly discredited, but a secret cabal of some two hundred officers in the armed forces known as the Ordu şurasi (the council of the army). This powerful body is said to include the chiefs of the air and naval staffs, and to have the patronage, though not the actual membership, of the elderly chief of the general staff, General Cevdet Sunay. Four or five extremist members of the junta are also in it, and it is said to have high-placed civilian members in the ministries. It was primarily Ordu şurasi which insisted on the execution of Mr Menderes, Mr Zorlu and Mr Polatkan. It is believed that this power behind the throne would not permit government by coalition of the two "Democrat" parties—the Justice and the New Turkey parties—as that would amount in its eyes to a counter-revolution. The officers seem to be aiming at a national coalition which would include all four parties, or which would at least not exclude the Republican party, possibly with some "natural" ex-military figure, perhaps even a member of the present junta, as prime minister. The president of the republic is likely at present to be General Gürsel.

This idea, which in practice would be an authoritarian regime disguised as a western democracy, seems remarkably similar to that thought to have been held by the fourteen "radicals" of Colonel Turkesh, who were denounced as "traitors" and "fascists" less than a year ago, but today, it seems, are to be welcomed back with honours. The return of the fourteen is just another somersault in the fierce struggle for power in Turkey. Whether the fourteen are members of Ordu şurasi is uncertain, but it is probable that they think in parallel.

Turkey, under the presidency of the benign General Gürsel, is now likely to traverse a further period of confusion and uncertainty out of which, after a pause, a new man may emerge to carry Ataturk's revolution further, and to make a start on the appalling backlog of economic and social reforms which no Turkish government has ever really attempted to tackle. Such a man is not yet in sight.

Germany's Fourth Bundestag

FROM OUR BONN CORRESPONDENT



THE fourth Bundestag held its inaugural session on Tuesday—*piano* in Bonn, not *con brio* in Berlin as its predecessor did in 1957, thirteen happy months before Mr Khrushchev unfolded his plan for a neutralised free city. But this deference to Soviet susceptibility was not the only sobering circumstance. The Federal Republic's newly elected representatives were still awaiting President Lübke's nominee for the chancellorship. In his turn the president was still waiting for the party leaders to make up their minds with whom, and on what terms, they would form a government—that new government which, Mr Kennedy was hoping last week, would enable the Germans "to participate with perhaps more vigour in making allied policy with the other Nato countries."

Herr Mende, the chairman of the Free Democrats, has not yet persuaded a sizeable section of his party to join him in eating their tough words about the impossibility of serving in a coalition government headed by Dr Adenauer. At midweek such a prospect was still anathema to the *Land* organisations of Schleswig-Holstein, Hamburg, Bremen, and the Saar, as well as to the chairman of the Hessian Free Democrats, Dr Oswald Kohut. The issue is to be thrashed out at a meeting of 150 party delegates in Bonn this Saturday, October 21st. In the meantime, Dr Adenauer has tried to allay suspicion by assuring his own party that he has no intention of remaining in office for another four years. At the same party gathering, Herr Erhard, the neglected heir apparent, provoked ardent applause when he declared pointedly that continuity of policy demanded "close personal collaboration between the chancellor and the vice-chancellor." Herr Mende has been advocating that Dr Adenauer should undertake to retire by the spring of 1963 at the latest; the Christian Democrats reply that to impose a time limit would be as unseemly as it would be unconstitutional. These exchanges continue. If things go as the coalition negotiators would now like them to, it should be possible for the president to propose a chancellor, most probably Dr Adenauer, to the Bundestag about the middle of next week. But it is not wholly certain that agreement will be reached by then. Calls for a crisis government of all the parties are still being heard, notably from Herr Brandt.

Dr Adenauer has been giving his mind this week much more to the tangled east-west issues than to coalition soundings. After a series of conferences with ambassadors and foreign office officials, he is sending Dr Grewe back to his post in Washington this weekend with a discouraging message for President Kennedy. Its gist is that the federal government, whoever its head and foreign minister may be, can accept virtually none of the president's tentative proposals for easing the tension arising from German partition. All plans for a "thinned-out" military zone confined to central Europe, or for going any further towards recognising the east German regime—even, for instance, extending existing contacts—are regarded in Bonn as a deadly threat to the status and security of the Federal Republic. And the Federal Republic, as Herr Gerstenmaier declared on Tuesday after his re-election as president of the Bundestag, is the only rightful custodian of the interests of the whole German people.

The new Bundestag consists of 521 members, including the 22 non-voting representatives of west Berlin. Together with their Bavarian confederates of the Christian Social Union, the Christian Democrats hold 251 seats with 242 voting occupants; the Social Democrats 203 seats with 190 votes; and the Free Democrats, who are not represented in the Berlin parliament, 67 seats with 67 votes. The CDU has 38 seats fewer than it had in the last Bundestag; the SPD 23 more; the FDP 22 more.

The average age of the new parliament is fifty-two. Three deputies are over eighty—Dr Adenauer himself, his lifelong friend, Dr Robert Pferdmenges (who presided on Tuesday until Dr Gerstenmaier was re-elected), and Frau Helene Weber, a Christian Democrat who is less known to the German public as a feminist than as a solicitous slipper of chocolate to Dr Adenauer during long debates. One of the three deputies under thirty is Gottfried Arnold, the twenty-eight-year-old lawyer son of Karl Arnold, the prominent left-wing Christian Democrat and one-time minister-president of North Rhine-Westphalia who died prematurely in 1958.

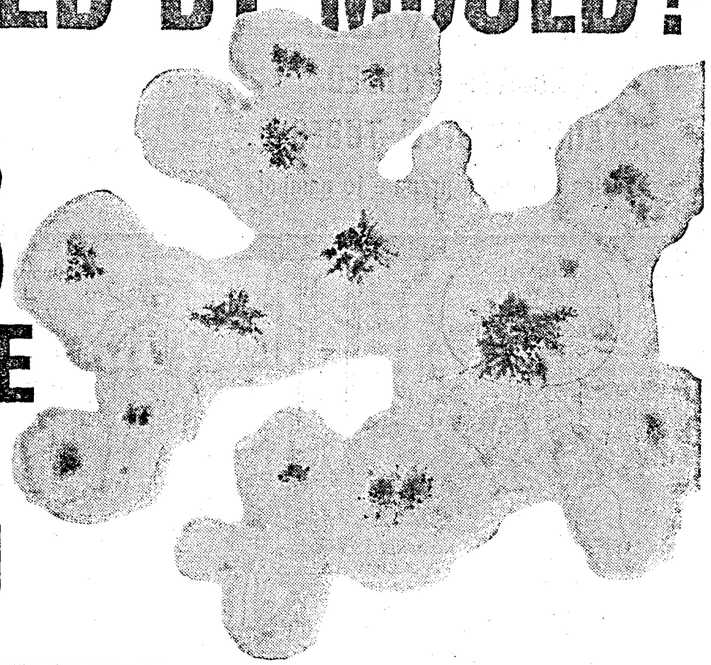
More than half the members are either public administrative officials (27.5 per cent), industrial and commercial executives (16.3 per cent), lawyers (8.3 per cent), or party and trade union functionaries (8.8 per cent). Among the rest are 57 farmers, 36 journalists and publishers, 29 schoolteachers, 16 housewives, 12 professors, 8 doctors, one carpenter, one baker, one wine merchant, and one expert on cattle breeding. There are altogether 43 women in the present Bundestag, compared with 48 in the last.

As many as 133 deputies will be sitting for the first time in the Bonn parliament. Of these 57 are Social Democrats, 48 Christian Democrats, and 28 Free Democrats. Several of the newcomers bring much useful experience, and some the promise of livelier opposition. One, for instance, is Max Brauer, the 74-year-old Social Democrat and one-time Burgomaster of Hamburg. Two other prominent reinforcements for the Social Democrats are Wilhem Hoegner, a former minister-president of Bavaria, and Fritz Steinoff, who has held the same office in North Rhine-Westphalia. And the quality of opposition (or of coalition, if the unexpected happens) should be further strengthened by the addition of Alex Möller (director-general of a Karlsruhe life insurance company), Philipp Seibert (chairman of the railwaymen's union), and Fritz Sänger, a former editor-in-chief of the German Press Agency. Two eloquent and independent-minded Christian Democratic newcomers are expected to salt discussion. One is Erich Blumenfeld, the well-to-do coal shipper and chairman of the Hamburg Christian Democrats, who quite openly opposes the party's official decision to put forward Dr Adenauer for the chancellorship. The other is Max Güde, hitherto the chief state prosecutor at the federal supreme court at Karlsruhe. Dr Güde has performed with magnaminity the disagreeable task of prosecuting at most of the important treason and espionage trials that are a by-product of partition. He declared the other day that the Germans as a whole had not yet contemplated their recent past with sufficient honesty. The Free Democrats have fewer notabilities among their freshmen. But one is Dr Wilhelm Menne, founder of the association of chemical industries and one-time vice-president of the Federation of German Industries.

All in all, the fourth Bundestag looks as though it may deport itself rather more energetically and constructively than its predecessors have done, and show its better paces more frequently

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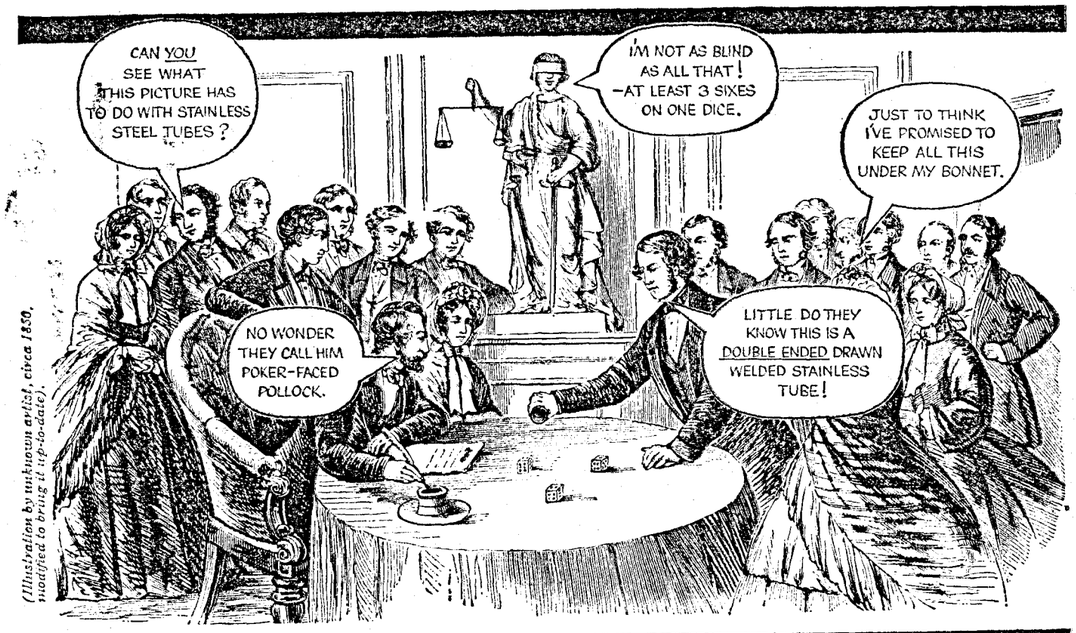
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Accles & Pollock prepare to gambol



(Illustration by unknown artist, circa 1850, modified to bring it up-to-date).

IF it were not for the well-known fact that nobody (except the Directors of Accles & Pollock) ever reads advertisements we should now be in the difficult position of explaining what this one is all about. As it is, all we need do is to state clearly what the Directors would like to read. **HERE IT IS:–** For a long time past Accles & Pollock (sometimes miscalled Pickles & Wallop, Anchors & Poppycock etc. etc.) have been known as skilled makers, manipulators and fabricators of cold-drawn seamless precision steel tubes. The Directors would like all fifty-two million of you to know that, not only are they the country's largest producers of seamless stainless steel tubes but that they are also the leading makers of **WELDED** and **DRAWN WELDED STAINLESS** steel tubes. For many purposes, **WELDED** and **DRAWN WELDED** stainless tubes offer considerable economic advantages.



We should be most obliged if all manufacturers—potential users of stainless steel tubes—would sign the affidavit alongside for the Directors—

We/I the undersigned hereby declare that I/We have read and nearly/fully understood Accles & Pollock's Directors statement about Stainless Steel Tubes and would like a technical booklet about them (the tubes, not the Directors).

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in full assembly, not only in committee. This week the three parties were continuing to sound each other with the genuine intention of formulating a common foreign policy. But there is going to be plenty of scope for stimulating controversy on domestic issues. Of these, one of the most important is the pending reform of the whole administration of justice and of the penal and civil codes.

Uganda's New Harmony

FROM OUR CORRESPONDENT IN KAMPALA

UGANDA is well satisfied with the results of the constitutional conference which ended in London on October 9th. A time-table for independence has been set, and the outline settled of a future constitution which reconciles the claims of traditional rulers and modern politicians, central government and local administrations. The relationships between the different parts of Uganda are to follow the lines suggested in Lord Munster's report, with some modifications, such as dropping the rather unfortunate term "semi-federal" to describe the status of the three kingdoms outside Buganda. The cause of unity must have been helped forward by the mere fact that delegates from all Uganda managed to sit round the conference table together for three weeks, with only two brief walk-outs by disappointed groups.

The attitude of the Baganda was crucial for the success or failure of the London conference. Under skilful pressure from Mr Macleod, who carried on parallel negotiations outside the conference room with the Buganda delegates, Buganda came to terms with the rest of Uganda. The policy of secession, announced by the Lukiko a year ago and supposed to have taken effect last January 1st, and still not rescinded, is now dead as far as the Buganda leaders are concerned; it can be buried when the Kabaka and his chief advisers return from London to convert the Lukiko backwoodsmen. There is no reason to suppose that the Buganda leaders will not carry their followers over to the new policy, but it is still to be proved how sincere is their own conversion to the national view and just how co-operative they intend to be.

The price of Buganda's participation in the central government is permission for the Lukiko to select the Buganda representatives in the national assembly—21 of its 82 elected members. But before the next general election is held the Lukiko itself must be reformed—68 out of its 100 members will be directly elected—and the block of 20 chiefs who continue to sit in the Lukiko by right will not take part in the choice of the Buganda representatives, if the Lukiko does opt for indirect elections to the central legislature. Immediate interest therefore attaches to the Lukiko elections. There is rumour of a "Buganda Party" being formed, which would certainly sweep the board in these elections. If this should happen the Lukiko will presumably choose to act as an electoral college, and thereafter a Buganda party could easily hold the balance of power between the other two Uganda political parties.

Indirect elections in Buganda may affect the Uganda political parties in another way. Mr Benedicto Kiwanuka, chief minister and leader of the Democratic party, opposed the granting of this concession to Buganda separatism, and staged the conference's first walk-out on this issue; while Mr M. A. Obote, leader of the opposition and of the Uganda People's Congress, supported the concession, and indeed anticipated it by a pre-conference bargain with the Buganda leaders. At present the Democratic party's majority in the legislative council depends on the Buganda seats it won six months ago, more or less by default, since so few electors then voted in Buganda. The Democratic party may now expect to lose its Buganda seats in the next election. On the other hand, Mr Obote's attitude to indirect elections will undoubtedly cost him support outside Buganda. With the probability of DP losses in Buganda, and UPC losses elsewhere, the next general election could produce a very close result—again playing into the hands of the Buganda party in the national assembly.

On balance, these dangers are worth risking for the sake of Buganda's present co-operation, but a lot depends on the honesty of the Buganda leaders' intention to work with and not against the rest of the country. Meanwhile, Mr Kiwanuka has put the best face on his defeat over indirect elections, and has said that he regards the new constitution as 99 per cent satisfactory. Mr Obote has announced that he has got most of what he wanted from the conference. He had hoped, however, that the next general election would precede the granting of internal self-government to Uganda on March 1, 1962. As it is, the election is scheduled to take place in April, so that the Democratic party will get the credit for carrying the country into the stage of semi-independence, as well as the kudos that may accrue to Mr Kiwanuka for his defence of "undiluted democracy" against the principle of indirect elections.

The second walk-out at the London conference took place on its last day, and was a protest by the Bunyoro delegation against the conference's failure to consider the "lost counties" dispute between Bunyoro and Buganda. This problem remains to disturb the new harmony in Uganda, as does the problem of the future head of state, which was considered too hot to touch and was not even included in the agenda. With these exceptions, however, the present prospects for Uganda's political future are brighter than they have been for a long time. The greatest achievement, Mr Macleod's last before he left the Colonial Office, is to have brought Buganda and the other parts of the country within the framework of a single constitution.

Pandora's Box in Kenya

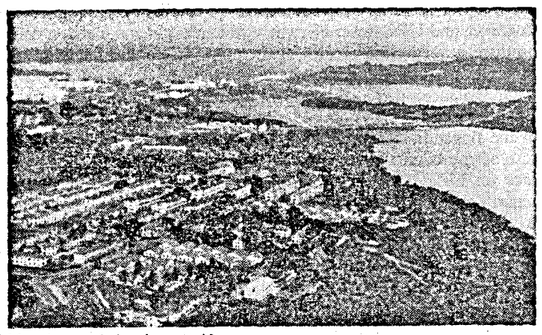
FROM OUR CORRESPONDENT IN NAIROBI

SOMEONE has opened Pandora's box in Kenya, and the troubles that have been hidden there for most of Britain's sixty-odd years' administration in east Africa have flown out to darken the skies. Who that someone was is a difficult question to answer. The governor, Sir Patrick Renison, seems to assume some of the blame for himself. Summing up in a broadcast, after the five frustrating weeks of all-party constitutional talks under his chairmanship broke down this month, he said:

> I was determined to bring the major problems of the country into the open so that the leaders would know what they would have to face in the years ahead. I don't think it is fair to sweep all the difficulties under the carpet and leave them to be discovered after independence. But we seem to have let loose all these worries for nothing.

He was probably being too gloomy. The airing of these problems, which mostly concern minorities, has raised tension, but this was necessary if they were to be acknowledged and resolved before independence. Nevertheless, as Sir Patrick said, "now we have all round us and all at once" such worries as the coastal strip, the Somali secession movement in the northern frontier district and other tribal fears. What chances are there of dispersing Pandora's flock of troubles?

The coastal strip, the ten-mile wide belt stretching from the Tanganyika border to the Tana river, which is known as the Kenya Protectorate, was originally thought the most difficult of these problems, principally because it is bound up with an international agreement. Under an agreement signed in 1895, Britain leased the strip from the Sultan of Zanzibar—for which it now pays £16,000 a year—and undertook that it should be administered by officials

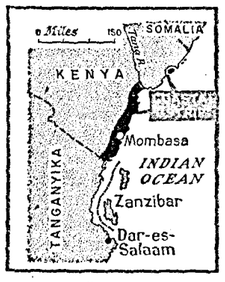


Mombasa : federal capital?

directly responsible to the British Government. With Kenya shortly to become independent, the agreement obviously needs to be reviewed and Sir James Robertson arrived in Kenya a fortnight ago, as commissioner, to investigate the problem. The 35,000 Arabs who live in Mombasa and other parts of the strip have campaigned for a year for coastal autonomy ; they have been quietly backed by their few thousand European neighbours. Both communities have said they want to cut nearly all ties with the quarrelsome up-country tribes. They argue that the need to review the 1895 agreement provides the opportunity to pass to autonomy. Autonomy they see as making them a small unit inside an east African federation. They offer to set up a port trust for Mombasa of all the user territories to make sure that its profits are put to port development. They dangle before Britain the bait of a secure military and naval base. They suggest Mombasa as a federal capital and produce Lagos for an analogy.

The objections to autonomy are many. The ten-mile strip makes no geographical or administrative sense. The area would lose as much as £1 million annually of central government expenditure and would need to use the port profits, which have recently been about that figure, to fill this gap rather than to develop the port. The vast majority of the 300,000 Africans and 40,000 Asians in the area are opposed to autonomy ; autonomists would want to disqualify them from voting as not being "permanent residents" without ever defining this term. Most of them are permanent in any ordinary sense, however, and the recent arrivals must be reckoned with, since they provide a good deal of the dock labour.

Since Sir James Robertson arrived there have been signs that the problem will evaporate rather than explode, as some Arabs have threatened it will do if they do not receive independence by mid-December. One sign has been the public disinterest in Zanzibar, where Sir James had some pleasantly idle days for lack of witnesses. Another has been the reported attitude of the new Sultan, who is said to have told two African emissaries from the Kenya legislative council that he does not support Arab claims. There is a growing hope that Sir James, bluff and sensible, with years in the Sudan and Nigeria to sustain him, will put the right amount of pressure in his report to make the autonomists listen to other plans.



Government officials look on the campaign for secession among the hundred thousand nomadic Somalis in the northern frontier district as Kenya's most intractable problem. Like the coastal strip, it needs to be settled before Kenya gains internal self-government ; the Somalis made it clear through their delegation to the recent Government House talks that they wanted unification with Somalia before Africans took over full responsibility for Kenya's internal affairs. Unlike the coastal strip, opinion is almost unanimous for secession in the whole area east of Lake Rudolf and Marsabit. The reasons why Kenya nationalists strongly oppose any secessionist move are partly economic, since exploration for oil has begun there, but mostly political. To allow one-third of Kenya's land area, however barren agriculturally, to be alienated would be a blow to national pride and too tempting a precedent for other secessionists. At present the Somalia Republic, which could stir up much trouble in the area, is being extremely sensible. Its president, Aden Abdulla Osman, said in Nairobi this week: "The aspirations of our people for unification are commonly known, but there is no question of an aggressive policy being sponsored by our country." Nevertheless, tensions in the province, which grew from the time of Mr Kenyatta's release (the moment Somalis realised that Britain was making ready to depart) run high.

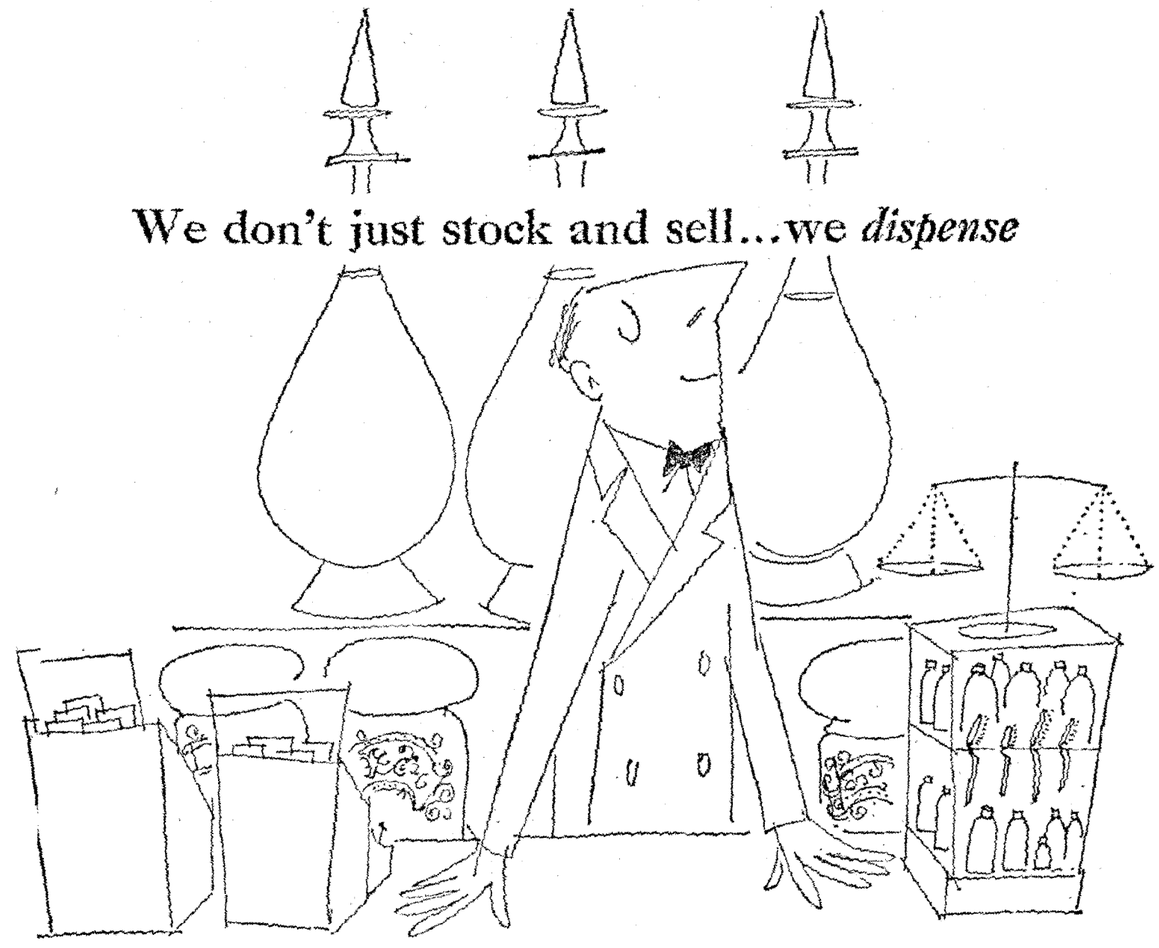
Encouraged by talk and publicity about these major problems, other minority groups have hastened to add their claims. The 60,000 Masai are asking the government to pay for a delegation to London to impress on Mr Maudling the importance of what they consider to be their exclusive rights to large areas in south Kenya under their 50-year-old treaty. The leader of the 160,000 Kipsigis, Mr Arap Towett, the minister of labour, has talked confidently about tribal independence and of founding their own university. The 5,000 Tende in the far south-east, whom no one had noticed for a long time, have now said they want to join Tanganyika.

Many of these breakaway movements stem from fear, partly natural and partly induced, of being dominated in a strong unitary state by the sophisticated if mistrusted Kikuyu and Luo tribes. The Kenya African Democratic Union, the main base of the coalition government and itself sustained by the minority tribes, has caught (some would say inspired) this mood and has rationalised these secessionist feelings into their new regional plan. A Kadu leader, Mr Peter Okondo, made out during a recent London visit a plausible case for dividing Kenya into five regions with strong reserved powers over education, administration and land.

This week Mr Tom Mboya put the nationalist counter arguments. The regionalists, he said, wanted to safeguard individual rights, but this could only be done by those in charge of security—the central government. Similarly the central government's control of finance meant that the regions would have only shadowy powers. He argued that regionalism would harm the economy by interfering with the free movement of labour and that if each region ran its own civil service Africanisation would be retarded in them all and for decades in some of them. Finally, tribalism was being aggravated, not assuaged, by regionalist talk. What was needed was devolution of powers to effective local government and the education of the coming generation to move away from tribalism.

There is considerable common ground between the nationalists and the moderate regionalists. Both end up by talking about stronger powers for a form of county council government. The clarification of issues through this discussion of regionalism may do more lasting good than the temporary harm already seen in the raising of tribal passions. It has, after all, made Mr Mboya and his party analyse their views on the division of powers between the central and local government. On the other wing it has offered a compromise for some of the coastal autonomists. For the Kenya Somalis perhaps it seems irrelevant: the most likely solution for their problem would come if Somalia joins an east African federation. Its president unexpectedly said this week that his republic would welcome an invitation to federal talks.

If all sides keep their tempers while these questions are being discussed for the first time with some penetration, this period of tension could still turn out to be the most constructive in Kenya's history.



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Burma Dreams and Realities

FROM A CORRESPONDENT

EARLY last month, on September 6th, Burma officially embarked on its second four-year plan. It is, however, really the first in a series of four. The aim—or rather, the hope—of the whole programme is to double *per capita* real income by 1977. It is difficult to predict how realistic this is ; in spite of the impressive jungle of tables and figures with which it is illustrated, the latest plan, like some of Burma's earlier exercises in planning, is somewhat vague. Many sections seem to be simply statements of aspirations rather than guides to action.

As a statement of policy, however, the plan is significant. The government has decided (for this plan at least) not to participate any further in industry ; it will limit itself to the "consolidation and rationalisation of factories and industries already established," and will otherwise concentrate on such essentials as improving the transport system and providing electric power. In order to promote industry, the government promises "all possible help and facilities" to private industrialists. Hence, the private sector of the economy is expected to provide nearly half of the investment envisaged by the plan—540 million kyats (£41.5 million) out of a yearly total of 1,090 million (£83.8 million).

The decision to abandon government ventures seems sensible in view of their past record—they include a steel rolling mill for which adequate stocks of raw material are not yet available and a textile mill unsuited to the kind of cotton grown in Burma. But it is doubtful whether the private sector can or will provide anything like the hoped-for amount of capital. Even if sufficient credit can be provided for private entrepreneurs, the fact that private enterprise has for long been frowned on in Burma may discourage heavy private investment for a time at least.

To expand the meagre credit now available to private business from existing banks, the minister of industry, U Raschid, has promised that the government will establish an Industrial Development Bank. The bank has not yet reached the planning stage, however, and it will certainly take time to establish it. In order to provide a more favourable investment climate, the plan promises to "make necessary changes in fiscal policy." But unfortunately the government's most recent fiscal measure, a reduction in the turnover tax (sales tax) exemption level from 500,000 kyats (£38,000) to 100,000 kyats (£7,800) is bound to dampen the spirits of private businessmen still more. The traditional gap between planning and reality looms wider than ever, and the projected industrialisation appears unlikely to materialise.

Another disturbing feature of the plan is the foreign exchange deficit (400 million kyats or £34.6 million), which remains even after the normal sources of foreign aid have been counted—the Chinese loan, Japanese reparations, American aid, and a loan from the International Bank for Reconstruction and Development. To plug this gap, Burma has presented Japan with a demand for additional reparations, which is likely to be at least partly granted, and hopes for further loans from various sources. The remainder is to be covered by private foreign investors, who, the plan confidently states, are "going to come to Burma in increasing numbers." Although it is generally acknowledged that the existing Investment Act, which guarantees foreign investments against nationalisation for ten to twenty years only, offers insufficient inducements to foreign capital, the plan is vague about what, if any, measures will be taken to attract investment from abroad. As if to dramatise the insecurity of foreign capital, the ministry of trade recently ruled that, as of October 1st, all imports must pass through agencies owned by nationals ; at the same time it was left uncertain whether British trading firms thus forced to liquidate their businesses would be allowed to repatriate their capital.

The plan frankly admits that Burma is still a one-crop rice economy. It aims to diversify agriculture and to increase production, which is still below prewar levels for most crops. To increase production, the plan proposes greater irrigation, the establishment of a fertiliser plant, and the purchase of over 2,000 new tractors. Irrigation and fertilisers are urgently needed, but in Burma's small wet paddy fields the usefulness of tractors is limited ; and to use foreign exchange to mechanise farming while there is still substantial unemployment seems of doubtful wisdom. The real obstacle to increased production, of course, is rural insecurity, which prevents resettlement and the development of new land. But if effective military operations, such as are now under way against the Karen rebels, continue, and if the trust of all the minority people can be gained, this section of the plan stands a good chance of success.

In order to diversify production, plantings of rubber, cotton, jute, sugar, wheat, and tobacco will be increased. Except in the case of rubber, the present aim is simply to achieve self-sufficiency. Hence Burma cannot expect to diversify its exports much during this first plan period.

The agricultural sections of the plan are not only by far the soundest, they are also the most important and, fortunately, they depend the least on heavy investment and foreign exchange. If the plans for agriculture can be carried out, Burma's dependence on imports will be reduced and it can hope in the future to diversify its exports. The emphasis on improved transport is also important since without it greater agricultural output would be useless. If Burma's four-year plan includes a number of dreams, it also contains a realistic approach to some of the country's most crucial problems.

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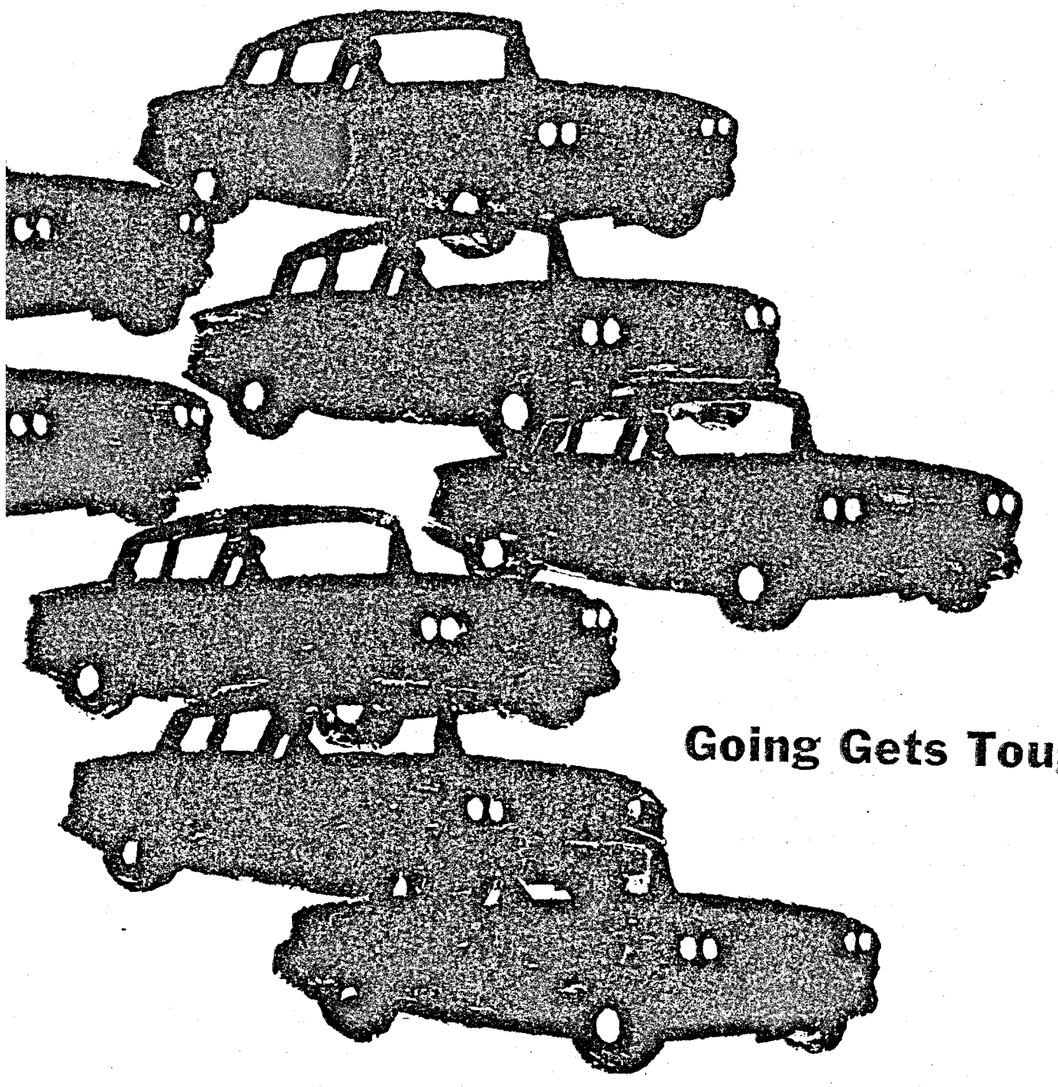
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THE ECONOMIST MOTOR SUPPLEMENT 1961



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Triumph is already in an awkward position, despite the success of the Herald 1200 during the summer; the new breeds of Minis may take some sales from it, as may the old and cheap Minx, and the price cut that its makers have felt forced to introduce must take away some of their profit. The Leyland directors have succeeded in making big cuts in operating expenses; if the selling costs of the big companies are as inflated as Leyland says those of S-TI were, the austere policy that Leyland is applying to this firm might prove a part of the answer to the problem of competing with bigger companies if it really does not affect efficiency—until they adopted this policy too.

THE two bigger makers face the same problem of over-capacity after their expansion schemes are finished; BMC, which has started production of trucks in Scotland and will complete other new factories during the winter, will suffer more than Ford, which has to wait another year for its factory near Liverpool. But neither is likely to have as big a margin of surplus capacity as the other firms will, and a boom next summer might find BMC welcoming its availability and Ford lamenting its absence. And this will mean that the smaller companies cannot do again as they did last summer and get sales that the bigger firms lacked the production to satisfy.

Entry into the common market is another factor that may well increase pressure on the medium-sized companies, even though all three regard entry as their best hope for raising sales in Europe to an economic level and so of putting their new capacity to use. European cars would face the same problem of inadequate distribution facilities that British cars meet on the continent, and only the bigger firms that are already established here—Volkswagen, Renault and Fiat—would be likely to sell in quantities at first. All British firms would lose some home sales, but those with the fewer would feel this loss most. Foreign cars have already proved competitors for those of the medium-sized firms. The more these rely on the appeal of "something different," the more competitive will the foreigners be.

In the long run, the effect of producing a market for cars that will be bigger than that of the United States must strengthen the pressure towards concentration within it. But the competition is likely to be tough enough to make even BMC and Ford suffer; the former has yet to make much impression on the European market, though its new cars should suit its tastes, and it might therefore suffer more than Ford. As in Britain, only the smaller concerns that successfully specialise can expect to survive unless they can somehow match the costs of the bigger producers or produce a model that has more sales appeal, and provide the production facilities for really large-scale production. At least the surplus capacity that the smaller British concerns possess makes them better able to cope with any such situation, just as American Motors could when it introduced the Rambler American.

Over-capacity is no unusual factor for a motor industry: that of the United States has been operating at around 60 per cent of its capacity for many years past, and some British companies found that their plants were far from fully used in the years after the Suez recession: BMC, for example, operated below its potential capacity from 1956 until late 1959, partly as the result of model changes; yet it earned a reasonable profit in 1958 and 1959, though it was 50 per cent greater in 1960. But if one guesses that the market will allow the smaller firms to operate at around 60 per cent of capacity for the next few years, BMC and Ford might be at 75 per cent or so—even if they make no further increase in their share of the market. And they may well do that too in the long run. Ultimately, however, only the designers of the motor industry, and the reaction of the public, here and abroad, to their efforts, can determine whether the capacity that the different firms have installed with so much optimism earns them profits or is a millstone around their necks.

How much Capacity in Europe?

FEAR of over-capacity dominates discussion of the future of the European motor industry. With the prospect of protection being progressively eliminated as the provisions of the Rome Treaty take effect, and the likelihood of Britain joining the club becoming greater, some have suggested that there might be not only a certain amount of unemployment, but also some cut-throat competition by 1965. In France, the Minister for Industry, M. Jeanneney, has gone so far as to suggest that the Common Market Commission, or some other body, ought to get the European motor manufacturers around the conference table to develop a co-ordinated investment programme.

It is obviously difficult to decide whether or not these fears are



justified, for two aggregates, demand and capacity, have to be compared, and both of them are subject to the margin of error inherent in estimating for a period four years ahead. Even so, to make such a comparison is instructive, and indeed essential, if we are to assess the prospects for the British motor industry in the common market.

Table I contains the available information on the expansion plans of the European manufacturers, with some of the more important gaps filled by estimates. Alongside them are the 1960 production figures for comparison. No very accurate deductions can be made from these figures, however, since European manufacturers are even less forthcoming about the exact nature of their expansion plans in their public announcements than are United Kingdom manufacturers. Dates for completion are usually vague, and so is the division of planned output between cars and commercial vehicles. And it is rarely clear whether the figures refer to capacity with full overtime working, or to capacity with straight time working. In the absence of any indication to the contrary one must assume that capacity means maximum capacity; but since output at straight time working may be only 80 per cent or less of that at overtime working, there is a considerable margin of possible error. A further source of error in estimating capacity is that investment plans can be, and often are, modified upwards or downwards as manufacturers' expectations change. This usually means that the difference between capacity and demand proves to be smaller than the long-term forecasts have suggested.

THESE uncertainties are exemplified by the Volkswagen expansion plans in Germany. Current daily output of the "1200" is said to be 4,200, while daily production of the "1500" will soon reach about 300 units. If these figures are accepted the planned capacity for 1965 of about 4,800 units a day certainly seems to be a modest objective for such a successful concern. The two American-owned companies, Ford and Opel, plan the largest expansion in Germany, both for cars and for commercial vehicles. All of the increase in Opel's capacity is to come from a new factory to be built at Bochum, in the Ruhr, while Ford is extending its existing plant at Cologne. Mercedes has not been particularly explicit about its plans to increase its own car and commercial vehicle production, though its DKW subsidiary is expanding its car output by 50 per cent.

With the exception of Citroën-Panhard, which is expecting a larger share of the market since adding the Ami-Six to its range, the announcements of expansion plans by French manufacturers have been remarkably vague. All the French manufacturers are said to have difficulty in raising enough capital from their own resources to finance their expansion, yet the plans announced so far imply a considerably greater increase in vehicle output than the 1.8 million vehicles allowed for in the Fourth Plan of the *Commissariat du Plan*.

In 1959 Fiat announced that it was planning to double its output of vehicles by the middle 1960's. If these plans are realised Fiat will displace Renault as the second largest manufacturer on the Continent. The commercial vehicle figures for Fiat do not include the output of its subsidiary O.M. which made 11,000 units in 1960. Alfa Romeo, the second Italian manufacturer, is of course dwarfed by Fiat, but it plans an even greater increase in output, involving a five-fold increase in the area covered by its factory at Milan. Much of Alfa Romeo's future output will presumably consist of small Renault cars, which it assembles and which accounted for one third of the firm's car production in 1960. The high costs of Italian companies makes their competitive position in the common market a weak one. Their home market has been heavily protected in the past, and they are therefore vulnerable to competition in the home and export markets. Their ambitious expansion plans may well in practice not be matched by a significant rise in sales.

IF one adds up these capacity estimates for the Continental producers one has a total of almost 6½ million vehicles. The capacity of the UK industry by 1965 should be about 3½ million. Thus, including Sweden but not allowing for any capacity in Austria, the Netherlands or elsewhere (which amounted to about 40,000 vehicles in 1960), the maximum capacity of the European motor industry in 1965 should be as much as 10 million vehicles. This is rather less than the present capacity of the United States industry, but substantially more than the present level of production in the United States.

These estimates, however, represent maximum capacity. A firm cannot work at maximum capacity throughout the year. It must have some margin to cope with cyclical and seasonal fluctuations in demand. One cannot assume, therefore, that the effective annual capacity is more than 80 per cent of the figures given in Table I, or about 8 million vehicles annually for all European manufacturers.

Turning now to demand, estimates of the home and export sales which each country's manufacturers might reasonably expect by 1965 are shown in Table II. The home market sales estimates are net of imports, that is, they show how many vehicles manufacturers may expect to sell in their own domestic markets; sales in each other's domestic markets are included in the export sales estimates. By 1965 the German manufacturers should have the advantage of a larger home market than the British industry. Not only is the German population bigger, but it is likely, on present trends, that income per head will be higher in Germany than in Britain by the middle 1960's. And as there is no purchase tax in Germany, prices of both new and second-hand cars are much lower than in Britain. The number of persons per car might also fall to a lower level in Germany than in Britain (as it has already done in France) because of the lower population density and the superior road system. The German market is relatively unprotected already and

TABLE I. EUROPEAN MOTOR PRODUCTION, 1960 AND ESTIMATED CAPACITY, 1965

(thousands of units)

	Cars		Commercial vehicles		Total	
	1960	1965	1960	1965	1960	1965
Volkswagen	700	1,200	140	175	840	1,375
Opel	351	600	19	25	370	625
Mercedes and Auto-Union	236	430	54	70	290	500
Ford	186	325	28	30	214	355
Others	237	280	72	70	309	350
German industry	**1,710**	**2,835**	**313**	**370**	**2,023**	**3,205**
Citroën-Panhard	270	620	80	100	350	720
Renault	449	750	58	75	507	825
Simca	211	280	12	35	223	315
Peugeot	191	230	25	50	219	280
Others	8	15	19	20	27	35
French industry	**1,132**	**1,895**	**194**	**280**	**1,326**	**2,175**
Fiat	470	850	32	40	502	890
Alfa Romeo	58	200	4	10	62	210
Others	38	60	13	25	51	85
Italian industry	**566**	**1,110**	**49**	**75**	**615**	**1,185**
Volvo	N.A.	155	N.A.	20	N.A.	175
Saab	N.A.	15	—	—	N.A.	15
Scania-Vabis	—	—	N.A.	10	N.A.	10
Swedish industry	**112**	**170**	**9**	**30**	**121**	**200**
CONTINENTAL TOTAL	**3,520**	**6,010**	**565**	**755**	**4,085**	**6,765**
BMC	500	1,000	135	280	635	1,280
Ford	405	750	100	160	505	910
Rootes	135	400	25	50	160	450
Vauxhall	145	250	105	150	250	400
STI	105	200	15	50	120	250
Others	63	100	78	100	146	200
United Kingdom industry	**1,353**	**2,700**	**458**	**790**	**1,811**	**3,490**
EUROPEAN TOTAL	**4,873**	**8,710**	**1,023**	**10,545**	**5,896**	**10,255**

imports are not expected to increase very much as a proportion of total sales. The size of the German home market will, in fact, probably be an important factor in maintaining the competitive strength of German manufacturers in this period. The French and Italian markets, on the other hand, are very much more vulnerable to imports, having a relatively high level of tariff protection at present. The growth of sales in France is likely to be slower than in Germany. Some increase in imports by Sweden is expected as tariffs come down, but it is already a "mature" market, and only a relatively small expansion in sales is expected.

The passenger car exports of the four vehicle producing countries will largely expand to the extent to which each penetrates the markets of the others, and is successful in selling its cars to the

other countries of Europe. Only a small increase in sale to North America is expected, but there should be a slightly faster rate of increase in vehicle exports, particularly of commercial vehicles, to the rest of the world than in the recent past.

The United Kingdom has been included at the bottom of the table, since it is assumed that in 1965 Britain will be a full member of the common market, and at no significant tariff disadvantage compared with its competitors in Europe. The sales and capacity estimates for the UK are the same as those developed in *The Economist* of October 22, 1960; recent events have shown that only a small increase is needed in the capacity estimate and that no change is required in the demand estimates.

THE best that one can do in forecasting sales for a period four or five years ahead is to estimate the trend in demand. Such estimates are subject to two distinct sources of error. One is that the actual trend of demand may depart from the estimated trend because of an implied or explicit failure to predict accurately changes in the factors which determine the sales of vehicles, such as incomes, relative prices, and consumer preferences. Except in the most elaborate and sophisticated estimates the margin of error resulting from this cannot be assessed, and is best ignored. The other source of error arises from the certainty of fluctuations about the trend, and the fact that the timing of these fluctuations cannot be predicted. These cyclical swings may introduce a range of uncertainty of plus or minus 10 to 15 per cent in the estimate for any particular year. These margins of error apply, of course, to

TABLE II. TOTAL ESTIMATED SALES BY EUROPEAN VEHICLE MANUFACTURERS, 1965

(thousands of units)

	Cars			Commercial Vehicles			Total		
	Domestic	Export	Total	Domestic	Export	Total	Domestic	Export	Total
Germany	1,200	1,200	2,400	160	190	350	1,360	1,390	2,750
France	700	450	1,150	140	70	210	840	545	1,385
Italy	400	225	625	65	10	75	465	235	700
Sweden	55	55	110	10	12	22	65	67	132
Continental total	2,355	1,955	4,310	375	282	657	2,730	2,237	4,967
United Kingdom	1,000	750	1,750	250	275	525	1,250	1,050	2,300
European total	3,355	2,730	6,085	625	557	1,182	3,980	3,287	7,267

the estimates of total European demand. Errors in the estimates of market shares could result in over-estimating or under-estimating the sales of individual countries. Again, in assessing the export demand of different manufacturing countries a qualification that must be borne in mind is that in "free" conditions such as will prevail in the common market the inherent advantages of particular countries of origin will disappear: country shares will result from the aggregate performance of individual manufacturers.

In Table III estimates of "normal" capacity (which are simply 80 per cent of the maximum capacity figures given in Table I) are expressed as a percentage of the demand estimates (from Table II). For Europe as a whole total vehicle capacity exceeds estimated demand by 11 per cent, and should therefore be sufficient to cope with any upward cyclical swing that might raise demand 10 to

TABLE III. MANUFACTURERS' CAPACITY AS A PERCENTAGE OF ESTIMATED DEMAND IN 1965

	Cars	Commercial Vehicles	Total
Germany	90	90	89
France	132	107	126
Italy	142	80	135
Sweden	122	110	121
Continental total	109	89	106
United Kingdom	120	120	120
European total	112	103	111

15 per cent above the estimated trend level. It follows, however, that there is more likely to be too much capacity than too little, and that cars, rather than commercial vehicles, will be in surplus. The British industry clearly is building enough capacity to cope with any likely level of demand, and is almost certain to have excess capacity by 1965.

The Continental producers, taken as a group, are likely to find that their capacity to supply will be roughly in balance with demand, although if there were a boom year they could be unable to meet demand for commercial vehicles. Even if the market shares of the French and Italian producers are under-estimated, however, these two countries are likely to suffer from excess capacity in passenger cars by 1965, even if demand is at boom levels. On the other hand German manufacturers, with their present plans, will almost certainly have insufficient capacity to meet demand. This is, of course, the static picture; it assumes that manufacturers will not revise their plans. The United Kingdom, France and Italy could take advantage of any shortage of German vehicles, and if plans are not revised to allow for increased capacity on the Continent the British industry would be in a good position to profit from any shortage of commercial vehicles.

ONE final point has to be made. Any discussion of the problem of productive capacity must also take account of the possibility that some firms may not be able to survive the increasingly competitive market conditions that lie ahead. The fact that there is not likely to be very much excess capacity in Europe as a whole in 1965 can do little to defer the process of rationalisation and concentration. The competitively weaker firms, in any case, are most likely to succumb during cyclical downturns in demand. Certainly the lowering of tariffs will hasten the process of concentration, for which there is still a great deal of scope in Europe, especially among commercial vehicle producers. In Germany 84 per cent of vehicle output was accounted for by four firms (taking Mercedes and Auto-Union as a group); in the UK five firms accounted for 88 per cent of output; while in Italy Fiat accounted for 82 per cent of production, and in France four firms produced 96 per cent of output. For cars alone the percentages are much higher.

The scope for concentration in some countries is greater than these figures would suggest. In Germany, for example, there are no less than eight firms with an annual output of less than 50,000 cars, and fifteen with an annual output of less than 12,000 commercial vehicles. In France there is very little scope for further concentration, except among the big four. In Italy the smaller producers will encounter considerable difficulties as the relatively high Italian tariffs are reduced. At the moment only General Motors and Ford have major manufacturing interests in more than one European country, but the growing integration of the European market will soon lead to amalgamation and concentration across national frontiers as well as within them. The sales and technical agreements between Renault and Alfa Romeo and Fiat and Simca will probably soon be followed by others, and eventually by mergers too.

The British industry is in a rather stronger position to compete with the Continental manufacturers now than it was in 1957 when the discussions for the free trade area were under way. Although it is at present suffering (like the French) from a recession, its output in 1960 was slightly higher relative to that of Continental manufacturers than it was in 1957, its range of models compares more favourably, and a great deal of rationalisation has been carried out. The UK industry is not likely to be short of capacity in the middle 1960's, but the production capacity prospects for Europe provide additional reasons for thinking that the motor manufacturers are wise in their eagerness to have Britain participate in the common market. The initial shock is likely to be unpleasant, and to involve some losses in sales on the home market; but British makers, once they have built up an adequate sales network on the Continent, should have the ability to provide cars that are competitive in design and price with those of Continental manufacturers.



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An Ideal Car?

In recent years the British motor industry has been showing more signs of originality—one might say, of thought—in its efforts to produce the sort of car that can enjoy as world-wide an appeal as the Volkswagen that it once scorned. But each car buyer has his own desires, which British car makers often neglect; one wonders why, for example, continental makers can afford to provide such popular fittings as the sunshine roof on their cheapest cars, when British makers claim that they cannot have their production lines complicated by adding to the number of variants on each model they produce. But falling export sales may help to convince makers that they will have to do more to adjust their products to the varying desires of the public. A guide to some people's prejudices in car design may thus be of some use to the car manufacturers; and it may give readers the excuse to think what they really want, but can never get—and, we hope, fire them to start demanding these features. The selection of ideal features set out here—and compared in passing with the characteristics of some of the world's new cars—is highly individualised, and very demanding; it comes from two discriminating, 'semi-professional' motorists. What would your ideal car be?

THE first thing that an ordinary motorist buying a car considers is the price; and the biggest market is certainly for cars that cost, including the present rate of British purchase tax, under £650—say £450 without tax. This is the price that we shall take as the maximum cost of our ideal small car in its basic form. Given large-scale production, it should be possible; and if such a car is to get world-wide sales, this would be the maximum figure that could be considered.

In this country traffic density and lack of easily attained parking space has made the really diminutive automobile acceptable, but the biggest sales are made to family motorists who must have four seats. Small overall dimensions with decent living room inside the car are going to prove more and more acceptable. Alec Issigonis of the British Motor Corporation has set the lead with his recent minicars, in which four adults can sit in comfort, with elbow room to spare, plenty of stowage room for oddments, and enough volume in the boot for a week's luggage for two of the occupants. All this in a vehicle in the baby-car class.

The popularity of the Austin A 40 has attuned the public to slab-ended bodywork and so our "ideal" family car might well be one that is as wide as the Morris Mini-Minor or Austin 850, perhaps a few inches longer, with good visibility ensured through the provision of generous window area. But it should be sparing of overhang all round, so that parking in small spaces shall not be an accomplishment confined to the expert driver.

The boot should be able to hold three or four weekend suit-cases but be compatible with the lack of overhang. The boot of the Ford Classic will be popular at holiday times, but it does make the car a foot longer than it need be. The new Vauxhall Victor shows that an equally large boot can be combined with less rear overhang and more space for the rear passengers' legs. The spare wheel might well be accommodated in a separate compartment below it, as so well contrived in the Wolseley 1500 and the Riley 1.5, or the new Singer Vogue and Hillman Super Minx; for luggage that lives with the spare becomes easily chafed if not downright dirty. A folding sunshine roof, like that of the Volkswagen, Fiat 600 and Renault 4 L, should be a cheap option.



Within the car the seats must be properly designed, not just something on which to place the occupants, and the driver's must slide back far enough for even a tall man to adopt the "arms stretch" driving stance made popular through watching Grand Prix drivers at work (but also the best for an average person to use). A bench seat is of no merit in the smaller car, as it would be too narrow to seat more than two side by side; and separate seat squabs should have adjustment of rake, by a simple means as in the VW, or should fold flat to form a double bed with camping holidays in mind. This need not be a costly arrangement—the Russian Moskvitch, which sells here for under £760, has a very crude main seat adjustment but still contrives that the seat squabs fold flat.

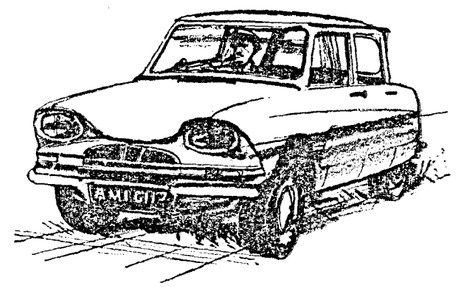
Rubber floor matting will save cost and be easy to clean and the upholstery must be porous; nobody wants to be stuck to the seat with his own sweat. The heating and de-misting system should avoid the too-general shortcomings of complex controls that leave passengers either too hot or icy cold. Fresh air vents on each side of the scuttle, as in modern Citroën and Rootes cars, would be welcome, and it might not be impossible to provide aircraft-style ducts for the back-compartment passengers. Some means of quickly de-misting the back window is important, perhaps as a development of Saab's rear outlet ducts, which also help to provide for good air circulation within the car.

HAVING visualised the car as a shell, what size of engine shall it have and how shall it be sprung? Modern traffic conditions which vary between the need for effortless fast cruising along our better roads (headed by M1) and the best possible pick-up to regain speed lost in congested places set a minimum engine size of around 1,000 cc. A straightforward push-rod overhead valve unit of this size could develop 40 bhp at a normal maximum of about 4,800 rpm and could give the compact car we have visualised a performance better than that of present small cars—in the same class as the Ford Classic, in fact, with its 51 bhp engine. This engine could be flexible enough to permit a minimum speed of 15-20 mph in a top gear high enough to give a stress-free cruising speed of 70-75 mph.

As to suspension, the leaf spring, especially in conjunction with a rigid back axle, has had a very long innings. It is well worthwhile using an alternative: and so successful are the rubber suspension units of the BMC minicars that these would seem to suit our purpose admirably, especially if front-wheel drive is used to simplify the provision of independent rear suspension. This is a matter for the design staff, but as users we want a comfortable ride coupled with stability when cornering, sufficient damping to cut out bouncing, and enough traction at the driving wheels to make muddy car parks and steep slime-coated hills no excuse for getting out and walking—or pushing.

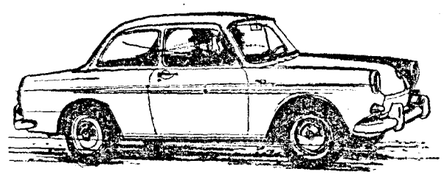
The cost and time involved in car maintenance are becoming steadily less tolerable; chassis lubrication has remained virtually unchanged for over 60 years. So let us be firm and insist upon following the brave lead taken by the Triumph Herald and now followed by Rootes, Renault with the cheap R4L, and the new Vauxhall Victor, which use rubber and/or nylon bushes throughout the car, so that greasing operations are virtually eliminated. The more heavily loaded moving parts could be metal bearings impregnated with graphite, or oil-sealed units such as Rover and American Ford have found serviceable. And if the car does not need greasing, it is hardly logical to have to adjust brakes; whether disc or drum, they should be self-adjusting.

The entire car should be conceived with the idea of simple assembly, which will help to reduce factory inspection lapses, and a durability of components that would give 50,000 trouble-free miles. From this



Citroen Ami-6

THE Ami-6 is Citroën's attempt to make a small car that would combine the virtues of the 2cv with the style and performance of more conventional vehicles. The result is a car that is more like the 2cv than an ordinary small car, but sells for a price—£480 in France—that scarcely puts it among the ranks of the cheap cars. It retains the soft springing of the 2cv, allowing it to be driven fast over the worst of roads with reasonable comfort for the occupants, but means considerable roll on corners. With an engine that is still of only 600 cc, the acceleration remains significantly inferior to that of other small cars selling for the same price or less, though the maximum speed and cruising speed differ little. The Ami-6, surprisingly, gives the rear seat passengers less space for their legs than they have on the 2cv, though the luggage boot should contain all that four people are likely to want to take for a holiday. It is in small matters, however, that the Ami-6 shows some unexpected failings: only the rear halves of the front windows slide open, an arrangement calculated to provide only draughts—though there is a cool air intake under the windscreen—and the seats are difficult to adjust.



Volkswagen 1500

THE new Volkswagen is a surprisingly conventional car, which its makers seem to hope will sell at its higher price on the reputation for reliability and good service that the old car has gained for itself. In design there is little difference between the two cars; the 1500 is a little wider, but the wheelbase is the same and the engine differs chiefly in its internal dimensions. Thus Volkswagen can make a second model with the minimum of extra tooling—little more than that needed for the body—while the new car should inherit the virtues of the old car so far as its main components are concerned.

The 1500 develops a third more power than the old VW and weighs little more, so that it should have a significantly better performance. But it is much less powerful than the cars that it is priced to sell against, such as the Ford Taunus, while the old VW competes on equal terms for power with its rivals. And the bigger car is not significantly roomier: legroom is still limited in the back seat, and though the two luggage boots provide much more space than is available on the old car, this is still rather less than conventional cars of the same price can offer, and the luggage needs to be removed from the rear boot if any work has to be done on the engine. The springing is rather softer than that of the old model, though the design of the suspension system is basically unchanged, so that the car still oversteers, and the steering is lower geared. The car gives the impression that its designers have sought to avoid the then novel approach that gave the old model part of its appeal.

aspect air-cooling has something to recommend it, as it dispenses with anti-freeze and eliminates faulty water hoses and joints. But the matter of exterior finish is more important; the body shell must be initially cleaned and rust-proofed to retain its paint, which must be able to withstand extremes of climate and airborne corrosives so that, after five years of open-air garaging, the car will polish up like new. Volkswagen manage it and in a low-priced vehicle, so it is not impossible. Stainless steel for bumpers and bright work is preferable to chrome, as Peugeot knows.

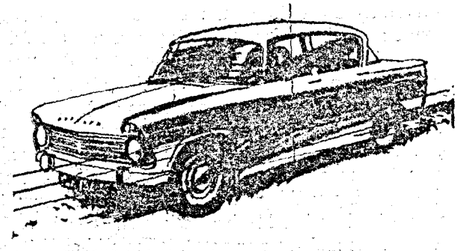
A really thorough treatment with underseal compound should be normal practice, applied even to hidden places, as Saab do it. Inspection after assembly must include a water bath using very powerful hoses directed from every conceivable angle, to eliminate the chance of any single car giving its owner wet feet, as happened with new products from two of Britain's biggest manufacturers a couple of years ago.

If troubles should arise, the minimum period of guarantee should be twelve months, and should include labour charges incurred at the agents, not only the factory, as well as free replacement parts. The manufacturer should set up an efficient department where customers' complaints are investigated thoroughly with a minimum of delay, as Vauxhall have, and their findings are passed on to the design staff. Best of all, the car should be so designed and built that the customer does not have to complain.

WE have now "designed" for ourselves a comfortable, not too cramped, four-seater saloon, cool in summer, warm in winter, of adequate if not sports performance, that needs a minimum of attention and cleaning. It is well sprung and does not roll on corners, so we are encouraged to drive it fast. In today's traffic this demands powerful brakes that do not deteriorate when hot—as too many car's brakes still do. Progressive rather than ultra-light retardation should be the aim; if Ford can afford to offer disc brakes on the Classic, we shall demand them on our ideal car, too.

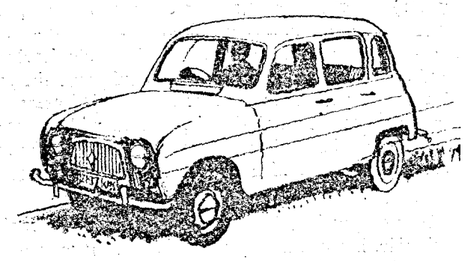
So we have looked at the design in general, but curiously it is in the smaller aspects of a car that sales are so often made or lost. There is the question of whether to have two doors or four. The latter are far more convenient, providing each door is not skimped in width, but parents with children may feel happier with a two-door car. If there is to be crash-padding, let it be scientifically applied. With it should go safety-belts; and perhaps the designer has done sufficient in providing steering, road-holding and braking to enable an accident to be avoided. But he must provide really good head lamps, with an adequate cut-off beam when dipped. Dipping should be by a stalk lever protruding from the steering column, because the foot for a floor dipper is so often working the clutch pedal when dipping is needed. And we are adamant that a daylight head lamps flasher be provided. To help preserve personal possessions from theft, the cubby hole should be really large, and be locked by a separate key from that used for the ignition.

The gear change should be by a simple little central lever, well placed and rigid, with reverse not too difficult to engage; the hand brake should lie between the seats and the pedals should not be off-set in relation to the steering column. Steering should not need a boxer's muscles when parking and should be both light and smooth at speed—Volkswagen do it to perfection, aided by a rear engine weighting the rear wheels. It should be geared not lower than 2½ turns lock-to-lock, for quick skid correction, in conjunction with a Herald-like turning circle; and a little kick-back, as with rack and pinion, is preferable to no "feel." If there is castor return action the wheel should play easily through the driver's fingers, not spin back viciously to straight-ahead, and the wheel should incorporate decent finger grips and be sweat-absorbing, as on the Citroën



Hillman Super Minx

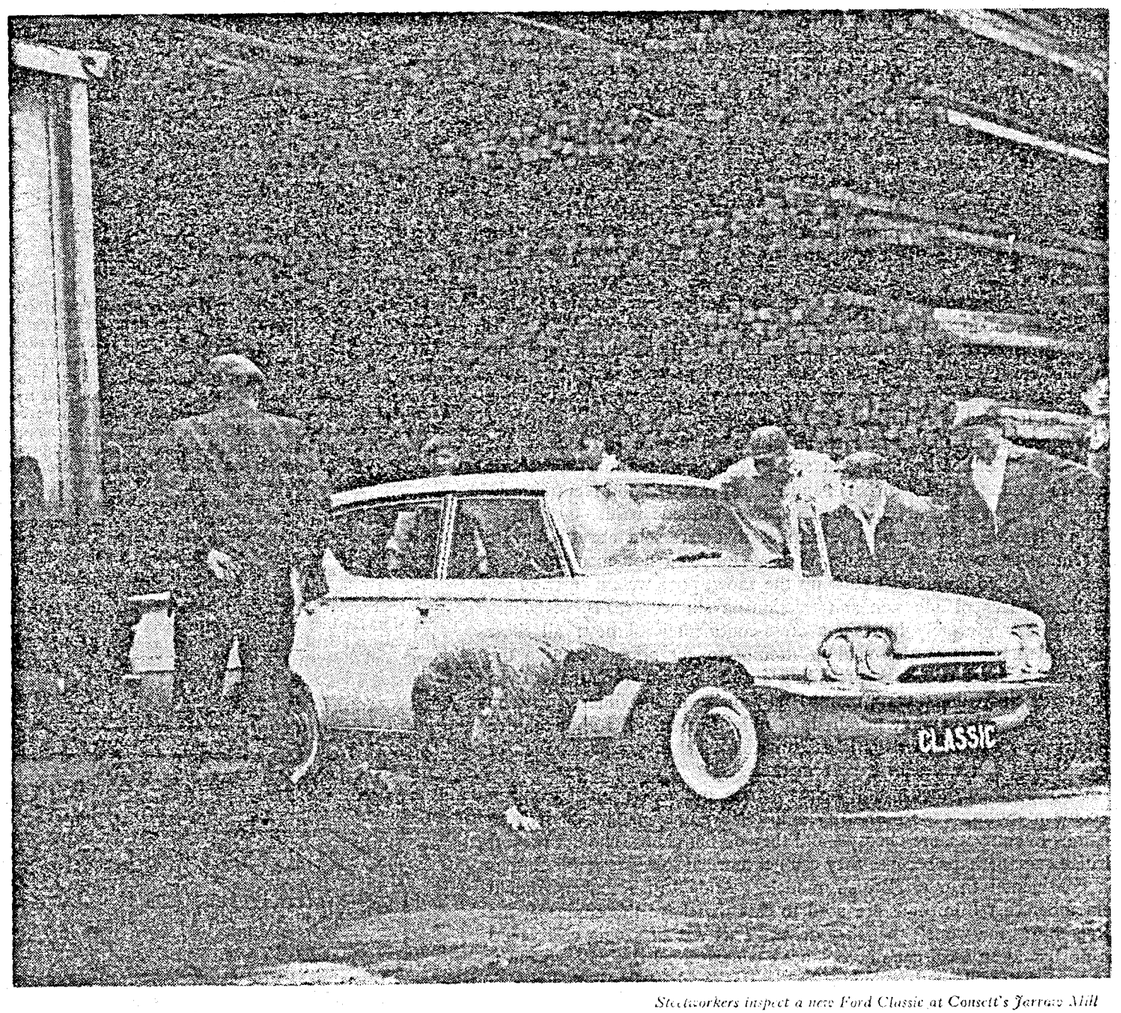
ROOTES has not followed any less conventional an approach to design than Ford or Vauxhall, but it has produced a car of quite different character. The Super Minx feels much more of a sports car in its handling characteristics, having springing that is firm enough to allow the car to be cornered fast with little roll, though still absorbing most bumps. In body space Rootes follows closer to Ford than to Vauxhall, holding to the traditional concept of the Minx as a four-seater car and no more, but the boot is smaller than that of either. In design for easy maintenance it is closer to Vauxhall, reducing the number of points that need greasing to three that need attention every 3,000 miles, when the engine oil is changed. And, like Vauxhall, Rootes sticks to the drum brake. It also has the body undersealed, and it has taken much trouble to reduce the noise level inside the car; plastic foam is stuck on the engine side of the scuttle, and the floor covered with felt. The ventilation system incorporates a separate cool air intake for the driver, apart from the air that can enter through the heater itself.



Renault R4L

THE R4L is Renault's entry into the market for a countryman's car selling for £390 in France. Though its handling characteristics tend to excessive understeer, it is a design that shows much ingenuity and forethought in its details. Greasing has been completely eliminated by the use of rubber bushes, self-lubricating bearings or bearings in which the lubricant is sealed for its life; and, what may prove less useful in practice, for the risk of a burst radiator hose remains, the cooling system is also sealed and should not need refilling during the life of the engine. In suspension Renault has opted for a soft ride, to give real comfort over unmade roads, and despite the use of methods that are conventional except for the softness of the springs, the result is remarkably successful. The actual cornering ability of the car does not seem to meet the same high standard as that of other front-wheel drive cars such as the BMC babies. The gearbox provides only three speeds, and there is no synchromesh in bottom gear; and the brakes need adjusting as usual—one item of maintenance that still remains.

The R4L seems essentially designed for the user who puts comfort over bad roads and low maintenance costs before the ability to travel fast; and many amenities that such buyers would like are provided, if only as extras. One that many British buyers will envy is a sunshine roof that opens above both the front and the back seats, which costs £9. Standard features include an effective fresh-air ventilation system, though the rear seat passengers have to put up with fixed windows and comfortable though cheap-looking seats.



Steelworkers inspect a new Ford Classic at Consett's Jarrow Mill

Some Consett steel comes elegantly home

THE AMOUNT of Consett steel in any single car on Britain's roads may not look very impressive; it's to be measured in pounds rather than hundredweights. But if you took all the cars made in Britain in one year and added all these pounds together you would get a figure of thousands of tons. In fact only constructional engineers, tube manufacturers and cold rollers take more steel from Consett's Jarrow Merchant Bar and Strip Mill than does the motor industry.

Consett steel goes into wheel rims and brake shoes, bumpers and rainwater channels, door-handles and lay-shafts for gear boxes. Wilmot Breeden use it for their accessories and so do Rubery Owen and the Dunlop Rim and Wheel Company. Ford Motor Company Ltd. buy it direct for their distinguished family of cars, including the exciting new Classic.

So Consett provides the sinews of industry not only to its home ground in the North-East but far afield over Britain. And over the world, too. Both the Jarrow Mill and the new plate mill at Hownsgill are making a substantial contribution to our overseas trade as well as our home markets. A £30 million development plan is helping to make sure that Consett—and Britain—maintain a leading position in the field of export.

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DS and ID. The wheel must be placed so that a driver of average height looks over it, not through it.

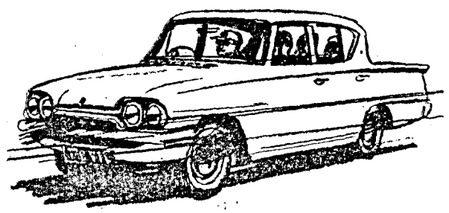
Instrument lighting should be controlled for brightness by a rheostat incorporated in the switch and illuminate the controls as well as the dials, when fully turned up. We want to see the various knobs clearly labelled as to their functions and located with some care, choke adjacent to starter-key, washers control beside the screen wiper knob, and so on. The driver's window should open fully with not more than one turn of its handle, so that he can get his head out. And the bonnet and boot lids should stay up of their own accord. A jack that is simple to operate and raises the vehicle without buckling, a starting handle that is both easy to insert and rigid in use, and fuses that a novice can find and replace are all other vital items of this "ideal" automobile.

It is attention to details such as these that make or mar a car, but the first essentials to world sales are durability and dependability, with which must be coupled quick starting in low temperatures, provision of adequate interior heating of a water and dust-proof body, and controllability that imparts a sense of security to the driver. He must have excellent forward visibility, as on the Triumph Herald; the car must neither over- nor under-steer to an abnormal degree (if it does, the accident will either happen as it spins round going into a corner, or head-on coming out of a corner); and it must ride well and feel unbreakable, as does a Saab or Citroën 2 cv, over unmade roads.

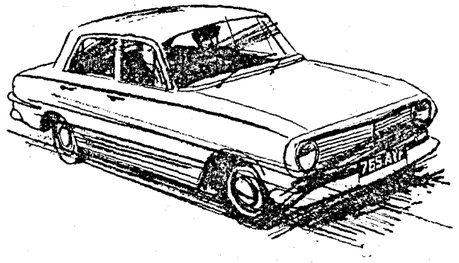
Our designers must try to remember that cars sold abroad operate in remote areas and in extremes of heat and cold not encountered at home. Hooded lamps that pack up the snow, poor weight distribution that spells lack of adhesion and traction on slippery roads, seats that become uncomfortably hard in a cross-continental journey: all these can lose sales. It is also vital to attempt to get prices down to the competitive level of those prevailing in the common market. Even a comprehensive instruction manual may make all the difference when the nearest agent is many hundreds of miles distant. A fully operative spares service in all markets is essential: its lack has caused much of our industry's troubles in export markets.

A car on these lines would help to make our motor industry again become a leading export industry. European markets, which it is so anxious to cultivate, are choosy—and they do not choose enough present British cars, perhaps because they can get more of these desirable fittings on continental than on British models. And British makers should remember that Europeans are used to cars that have the engine at the same end as the wheels that they drive. This way of saving cost would be no bar to an ideal car's acceptance; conventional designs can do it, too, but they will need ingenious production engineering if they are to offer comparable value.

Ford Classic

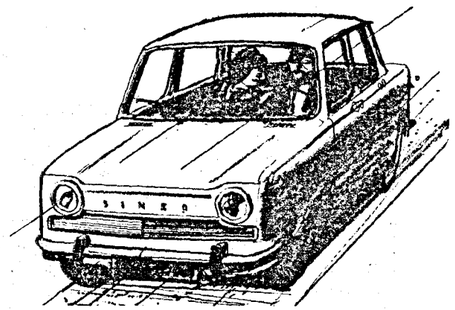


THE Classic may suffer in comparison with competing cars from the fact that it was designed at the same time as the Anglia. Thus it does not have such details of design as few greasing points, but it does have disc brakes: buyers seem unable to get a car that needs neither brake adjustment nor greasing. In suspension design Ford has leaned towards Vauxhall, and adopted soft springs that give a comfortable ride but allow some roll on corners. They have not, however, followed Vauxhall in providing as much space for the rear passengers' legs, though they have built just as big a boot into the body. One criticism of the car is that it does not provide as much space as one expects in a car of its price—and less than older and only slightly dearer models such as the BMC 1.6 litre cars provide. In styling the car rather lacks the look of a purposeful means of transport, such as the Minis possess, with its long overhang at the rear and front-end decoration; perhaps our tastes are changing.



Vauxhall Victor

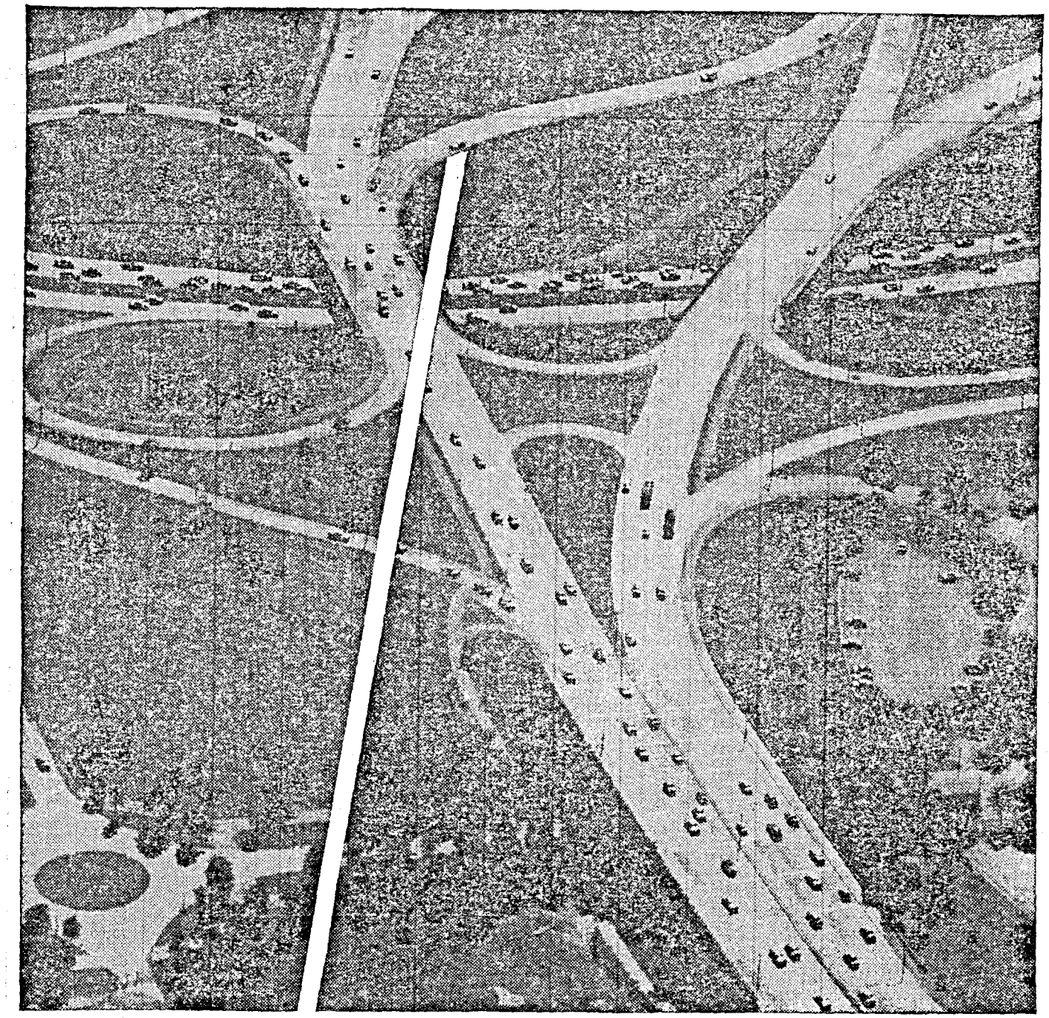
THE Victor is yet another of the conventional cars that the British motor industry mostly still thinks are the best bet in the medium-sized class. In basic design it follows the old Victor, but with a general softening of its character; the effect has been to change it from a continental car into an American car. The ride is more comfortable on bad roads, but this has been gained at the price of considerable body roll if corners are taken fast. The designers have, however, thought through the details of the design; they appreciate that the rear seat passengers in the car of this size expect to have enough space for their legs, and that buyers would like this feature combined with a large luggage boot. Greasing is another feature where this care appears; there are only four points that need attention every 12,000 miles. But disc brakes, which are self-adjusting, have not been adopted, and as drivers are likely to find that drum brakes need adjusting more often than the oil needs changing if braking efficiency is to be maintained, part of the benefit from this simplification of maintenance procedure is lost. Much emphasis is placed by the makers on the quality of the paint-work, and the body is undersealed.



Simca 1000

THE Simca 1000 is one of the more expensive small cars, selling for £475 in France, and intended to give more comfort and performance than the basic Dauphine, Minis or Volkswagen offer. But with a weight of 14 cwt and an engine developing a gross power of 45 bhp, it does not have a significantly better power-weight ratio than the Minis, for example; solidity looks like being one of its maker's advertising points. The basic design of the car is that of the Fiat 600, except for an engine which derives from that of the Simca Aronde, with its five-bearing crankshaft. It is thus well-tried, though it originated a decade ago. The detail design, however, shows signs of the commercial acumen of the Simca concern: greasing has been reduced to four points on the front suspension that need attention only every 12,500 miles, and the turning circle is only 29½ feet. There is also synchromesh on all four forward speeds, by now a feature that appears on most new cars; but the brakes are normal drums, if generously proportioned for a car of this size. The body has been designed for easy repairs, with detachable wings—essential in Paris traffic, one might think.

CAN BRITISH CARS TAKE IT?



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Current Cars Compared

Grateful acknowledgment is made to "The Motor" for the use of this table of technical

MODEL (In descending order of price)	Kerb Weight (cwt)	PRICE IN UK (excluding PT) £	PRICE IN UK (excluding PT) d. per lb	Touring Fuel Consumption	Max. Speed	Max. Gradient in Top Gear	ACCELERATION Top Gear 10–30 mph	ACCELERATION Top Gear 40–60 mph	ACCELERATION 0–50 mph through Gears	ENGINE No. of Cylinders	ENGINE Bore	ENGINE Stroke	
				mpg	mph	1 in	secs.	secs.	secs.		mm	mm	
Rolls-Royce Silver Cloud*	40½	4,300	227·5	13·0	112·3	7·1	2·4	5·4	7·9	V–8	104·14	91·44	1
Bristol 407*	32½	3,525	232·4	17·5	125·2	5·0	...	6·2	6·8	V–8	98·55	84·07	2
Facel Vega HK 500	36	3,345	199·1	14·7	140·0	5·8	...	6·3	6·8	V–8	107·95	85·85	3
Aston Martin DB4 Saloon	27½	2,800	218·2	17·7	139·3	7·1	8·2	8·4	7·2	6	92·00	92·00	4
Daimler Majestic Major*	37¾	2,113	119·9	16·9	122·3	7·6	...	7·9	7·1	V–8	95·25	80·01	5
Alvis 3-litre*	31	1,995	137·9	20·2	102·3	9·5	9·2	10·6	9·3	6	84·00	90·00	6
Facellia F2 4-seater	22½	1,900	180·9	26·9	105·6	13·1	12·8	14·8	9·4	4	82·00	78·00	7
Mercedes-Benz 220S	26	1,847	152·2	26·4	105·4	9·7	9·8	10·9	9·7	6	80·00	72·80	8
Daimler 3·8 Majestic*	35	1,760	107·8	19·3	100·6	8·7	...	9·4	10·1	6	86·36	107·95	9
Chrysler Valiant Station Wagon*	26¾	1,700	136·2	21·8	92·3	7·5	3·9	8·6	12·6	6	86·40	79·40	10
Ford Galaxie Town Sedan*	35¾	1,590	95·7	15·5	98·5	6·4	3·9	10·2	11·8	V–8	101·60	83·70	11
Lancia Flavia	23¼	1,499	138·2	30·0	92·6	14·3	16·1	18·8	13·2	4	82·00	71·00	12
Jaguar E-Type	24	1,480	132·1	21·3	149·1	5·0	5·6	5·4	5·6	6	87·00	106·00	13
Lotus Elite	13¼	1,375	222·4	40·5	111·8	9·7	12·3	11·3	8·0	4	76·20	66·60	14
Rover 3-litre*	32	1,288	86·3	20·5	95·0	9·5	...	11·4	12·4	6	77·80	105·00	15
Auto Union 1000SP	18½	1,268	146·9	27·0	82·9	16·0	25·8	19·2	14·0	3	74·00	76·00	16
Citroën DS19	24½	1,196	104·6	31·0	93·3	20·3	...	19·2	12·8	4	78·00	100·00	17
Jaguar 3·4-litre Mark 2*	30¼	1,177	83·4	19·0	119·9	8·1	3·4	5·6	9·0	6	83·00	106·00	18
Rover 100	29¾	1,095	78·9	23·9	92·1	9·5	...	17·3	12·1	6	77·80	92·075	19
Humber Super Snipe	31	1,050	72·6	24·6	94·7	7·8	...	15·5	12·1	6	87·30	82·55	20
Humber Hawk Estate	29¼	1,030	75·5	24·6	84·9	8·9	...	16·9	13·9	4	81·00	110·00	21
Ford Falcon Fordor	21¾	1,022	100·6	27·0	85·9	11·1	11·1	14·2	13·7	6	88·90	63·50	22
Fiat 2100 Saloon	23¼	987	91·0	22·2	90·7	9·7	9·9	10·1	10·6	6	77·00	73·50	23
Vanden Plas 3-litre*	31	985	68·1	21·1	99·3	8·6	4·9	7·8	11·7	6	83·34	88·90	24
Daimler SP250 Sports	20	984	105·4	25·0	123·7	7·5	7·3	7·7	6·8	V–8	76·20	69·85	25
Volvo 122S	21	930	94·9	26·7	89·3	12·7	12·1	14·8	11·9	4	79·37	80·00	26
Peugeot 404	20½	915	95·6	30·0	84·0	11·8	11·4	15·2	14·5	4	84·00	73·00	27
Ford Taunus 17m 4-door	20¼	895	94·7	31·0	78·8	10·8	12·1	15·3	13·4	4	84·00	76·70	28
Peugeot 403 Station Wagon	23½	865	78·8	30·5	79·0	14·9	13·2	18·6	17·8	4	80·00	73·00	29
Renault Floride	15¼	848	119·2	44·5	76·1	17·2	17·0	24·5	17·9	4	58·00	80·00	30
Austin Healey 3000 Hard Top	22¾	824	77·6	23·5	112·9	6·9	8·8	10·5	8·3	6	83·34	88·90	31
Austin A99*	30½	810	57·4	23·0	98·1	10·8	4·4	8·8	13·1	6	83·34	88·90	32
Sunbeam Alpine Series II	20	802	85·9	31·0	98·6	9·1	...	15·9	9·9	4	81·50	76·20	33
Standard Vanguard Estate	26¼	800	65·3	27·5	83·5	10·1	11·5	14·0	15·4	4	85·00	92·00	34
Sunbeam Rapier Series III	21¼	747	75·3	31·0	87·7	11·1	15·9	18·3	12·9	4	81·50	76·20	35
Standard Vanguard Vignale	24	720	64·3	24·9	87·2	11·4	9·8	12·7	11·8	6	74·70	76·00	36
Vauxhall Cresta	24	715	63·8	26·8	94·7	8·2	...	14·4	10·4	6	82·55	82·55	37
MG Magnette Mark II	22	714	69·5	31·4	87·7	11·1	11·4	14·3	13·5	4	73·025	88·90	38
Holden Special	21¼	N.A.	...	24·7	84·3	9·1	9·3	12·8	13·4	6	76·20	79·40	39
MGA 1600 Mark II	18¼	663	77·8	29·7	96·1	10·9	12·1	11·2	9·1	4	75·39	88·90	40
Morris Oxford Traveller	22½	655	62·4	28·3	78·0	11·8	11·6	14·8	16·3	4	73·025	89·00	41
Ford Zephyr II	24	628	56·1	28·5	88·7	8·2	7·4	9·3	11·6	6	82·55	79·50	42
Saab 96 Saloon	15¾	624	84·9	43·5	71·8	9·1	13·5	14·2	16·3	3	70·00	72·90	43
Simca Aronde Montlhery	18¼	614	72·1	35·0	83·6	13·5	13·1	14·0	13·3	4	74·00	75·00	44
Ford Consul de Luxe	22½	598	57·0	25·7	74·6	13·0	11·8	18·5	17·2	4	82·55	79·50	45
Morris Oxford V de Luxe	21½	595	59·3	29·3	78·3	11·1	11·9	15·7	16·6	4	73·025	88·90	46
Austin A55 Mark II de Luxe	21¼	585	59·0	29·3	79·4	10·7	10·1	13·5	14·1	4	73·025	88·90	47
Riley One-Point-Five	18½	580	67·1	29·8	82·4	12·7	11·8	18·4	12·5	4	73·025	88·90	48
Singer Gazelle III (Conv.)*	21½	580	57·3	27·9	80·2	...	5·5	13·7	16·4	4	79·00	76·20	49
Ford Consul Classic 315	18½	565	65·5	35·8	78·4	12·0	12·5	15·5	14·0	4	80·96	65·07	50
Triumph Herald 1200 (Conv.)	15⅜	531	74·0	34·0	75·4	12·8	11·0	17·3	15·0	4	69·30	76·00	51
Wolseley 1500 Fleet Model	17¾	530	63·9	32·2	79·6	11·7	13·8	15·0	14·6	4	73·025	88·90	52
Volkswagen Saloon de Luxe	14¼	521	78·3	41·0	71·6	13·5	15·4	27·0	16·9	4	77·00	64·00	53
Hillman Minx III de Luxe*	21¼	498	50·2	32·8	80·0	...	5·4	13·0	16·7	4	79·00	76·20	54
Renault Dauphine	13	490	80·5	45·0	70·3	12·1	12·2	23·8	19·8	4	58·00	80·00	55
Hillman Husky	18¾	475	54·3	30·8	73·4	10·6	11·3	19·9	15·9	4	76·20	76·20	56
Austin A40 de Luxe	14¾	475	68·9	38·0	70·2	12·4	13·1	22·2	19·5	4	62·90	76·20	57
Goggomobile Royal T700	12	473	84·4	43·8	66·0	13·1	15·0	30·8	28·5	2	78·00	72·00	58
Morris Mini-Cooper	12½	465	79·7	40·5	85·2	12·4	10·7	13·3	11·8	4	62·43	81·28	59
NSU Prinz 30	10	452½	96·8	48·5	71·7	12·4	12·8	19·5	17·1	2	75·00	66·00	60
Austin Healey Sprite	13½	452	71·7	43·5	85·8	12·7	12·0	16·4	13·2	4	62·90	76·20	61
Austin 7 Countryman	12¾	439	73·8	40·5	67·3	13·1	13·4	38·6	20·5	4	62·90	68·26	62
Fiat 600D	11¾	438	79·9	39·3	65·2	14·9	15·1	29·4	20·6	4	62·00	63·50	63
Morris Minor 1000 (Conv.)	14¾	416	60·4	39·5	73·2	13·3	13·7	20·0	16·0	4	62·93	76·20	64
Skoda Octavia	17½	415	50·8	34·0	75·2	15·0	14·8	22·7	18·7	4	68·00	75·00	65
Ford New Anglia	14½	415	61·3	41·2	75·5	13·5	14·3	21·6	16·7	4	80·96	48·41	66
Citroën Bijou	11¼	410	78·1	59·5	44·7	25·0	35·7	...	...	2	66·00	62·00	67
Austin 7 850 de Luxe	13¾	388½	70·7	43·5	72·4	13·1	14·8	21·7	17·0	4	62·90	68·26	68
Ford Popular 100E	14¾	348	50·5	33·2	69·9	13·5	13·6	25·0	19·6	4	63·50	92·50	69

* Automatic transmission on car tested. ¹ Gross power.

Power, Price and Performance

performance data established in "The Motor's" authoritative road tests.

	ENGINE Cubic Capacity	ENGINE Cwts per Litre	ENGINE Net BHP	ENGINE At Revs. per min.	ENGINE Comp. Ratio	BODY DIMENSIONS Dashb'd. to Rear Squab	BODY DIMENSIONS Width at Front Seat	BODY DIMENSIONS Front Seat to Roof	BODY DIMENSIONS Width at Rear Seat	BODY DIMENSIONS Rear Seat to Roof	LENGTH Wheelbase	LENGTH Overall	Turning Circle	
	c.c.					ins.	ins.	ins.	ins.	ins.			feet	
1	6,230	6·5	...	4,100	8·0/1	74	54	40½	55½	39½	10′ 3″	17′ 9″	40¾	Rolls-Royce Silver Cloud*
2	5,130	6·3	250	4,400	9·0/1	65	55½	41	53½	38½	9′ 6″	16′ 5½″	34½	Bristol 407*
3	6,286	5·7	360¹	5,200	10·0/1	64	57	41½	46	36	8′ 9″	15′ 1″	38½	Facel Vega HK 500
4	3,670	7·5	240	5,500	8·25/1	58	55½	38½	49½	34	8′ 2″	14′ 9″	32½	Aston Martin DB4 Saloon
5	4,561	8·3	220	5,200	8·0/1	73½	59	42¼	62	38	9′ 6″	16′ 10½″	39¾	Daimler Majestic Major*
6	2,993	10·4	115	4,000	8·5/1	68	52½	41½	49	37	9′ 3½″	15′ 10″	44¼	Alvis 3-litre
7	1,647	13·7	115	6,400	9·4/1	59	50	38¼	45½	36	8′ 1″	13′ 7½″	43½	Facellia F2 4-seater
8	2,195	11·8	110	5,000	8·7/1	70	58¼	42	59	39	9′ 0¼″	16′ 0¼″	34¾	Mercedes-Benz 220S
9	3,794	9·2	134·5	4,400	7·5/1	74	59	40	62½	37	9′ 6″	16′ 4″	40	Daimler 3·8 Majestic*
10	2,790	9·6	101¹	4,400	8·5/1	68½	55	41	52	39½	8′ 10½″	15′ 3¼″	35	Chrysler Valiant Station Wagon*
11	5,441	6·6	225¹	4,400	8·9/1	74½	60¾	40½	62	36½	9′ 11½″	17′ 10¼″	40½	Ford Galaxie Town Sedan*
12	1,500	15·5	78	5,200	8·3/1	70	53¾	40	53	36	8′ 8½″	15′ 0¼″	34¼	Lancia Flavia
13	3,781	6·3	265	5,500	9·0/1	40½	55	39	...	...	8′ 0″	14′ 7½″	39	Jaguar E-Type
14	1,216	10·9	75	6,100	10·0/1	21½	53	39	...	...	7′ 4¼″	12′ 4″	35	Lotus Elite
15	2,995	10·7	115	4,500	8·75/1	76	58	42	58½	36½	9′ 2¾″	15′ 6¾″	40	Rover 3-litre*
16	980	18·9	55	4,500	8·0/1	56½	52	39½	55	...	7′ 9″	13′ 9¾″	45	Auto Union 1000SP
17	1,911	12·9	83¹	4,500	8·5/1	64½	55½	43½	53¾	37¾	10′ 3″	15′ 7½″	36¾	Citroën DS19
18	3,442	8·8	210	5,500	8·0/1	66½	56	42	57½	38½	8′ 11½″	15′ 0″	36¾	Jaguar 3·4-litre Mark 2*
19	2,625	11·3	104	4,750	7·8/1	71	53	41	53	36	9′ 3″	14′ 10¼″	38¼	Rover 100
20	2,965	10·5	121	4,800	8·0/1	70½	58¾	41	60	36½	9′ 2″	15′ 5″	37½	Humber Super Snipe
21	2,267	12·9	73	4,400	7·5/1	68	59	41½	54¾	39¾	9′ 2″	15′ 4½″	34¾	Humber Hawk Estate
22	2,365	9·2	90¹	4,200	8·7/1	64½	56	41	56	36½	9′ 1½″	15′ 1½″	36¾	Ford Falcon Fordor
23	2,054	11·3	82	5,000	8·8/1	70	54½	40½	54	36	8′ 8½″	14′ 8½″	33¾	Fiat 2100 Saloon
24	2,913	10·6	108	4,750	8·3/1	71	58	41	56½	37	9′ 0″	15′ 7¾″	37½	Vanden Plas 3-litre*
25	2,548	7·8	135	5,800	8·2/1	47	50	38½	37	...	7′ 8″	13′ 9¾″	31¼	Daimler SP250 Sports
26	1,580	13·3	85¹	5,500	8·2/1	64	52½	41	52¼	36	8′ 6½″	14′ 6″	31½	Volvo 122S
27	1,618	12·7	72	5,400	7·2/1	68	54½	40½	55	38	8′ 8¼″	14′ 6″	30	Peugeot 404
28	1,608	11·9	60	4,400	7·0/1	68	46¼	40¼	52	37½	8′ 7″	14′ 4¼″	35¾	Ford Taunus 17m 4-door
29	1,468	16·0	58¹	4,900	7·0/1	65	55½	42	56½	44½	9′ 6½″	15′ 11½″	30½	Peugeot 403 Station Wagon
30	845	18·0	35·5	5,000	8·0/1	57	48¼	40	33	...	7′ 5½″	14′ 0″	29¼	Renault Floride
31	2,912	7·8	132	4,750	9·0/1	47¾	56½	39	...	...	7′ 8″	13′ 1″	33¾	Austin Healey 3000 Hard Top
32	2,912	10·4	108	4,750	8·23/1	71	58	38¼	58½	36½	9′ 0″	15′ 7½″	36¾	Austin A99*
33	1,592	12·6	80	5,000	9·1/1	49	51½	38¼	...	...	7′ 2″	12′ 11½″	32	Sunbeam Alpine Series II
34	2,088	12·7	68	4,200	7·5/1	66	54	41	53½	41	8′ 6″	14′ 2¼″	31½	Standard Vanguard Estate
35	1,592	13·3	75	5,100	9·1/1	66	51¼	41	50	36½	8′ 0″	13′ 6½″	33½	Sunbeam Rapier Series III
36	1,998	12·0	80	4,500	8·0/1	65	54	43	53	37	8′ 6″	14′ 3¾″	35¾	Standard Vanguard Vignale
37	2,651	9·1	113¹	4,800	8·1/1	65	56½	40½	57	36	8′ 9″	15′ 0″	37	Vauxhall Cresta
38	1,489	14·8	66·5¹	5,200	8·3/1	68½	55½	41	53½	36	8′ 3¼″	14′ 10″	34¾	MG Magnette Mark II
39	2,170	9·8	70¹	4,000	7·0/1	75½	54½	42	56	38	8′ 9″	14′ 8¾″	36	Holden Special
40	1,588	11·5	75·5	5,300	8·3/1	32½	55	38	...	...	7′ 10″	13′ 0″	29½	MGA 1600 Mark II
41	1,489	15·1	53	4,350	8·3/1	68½	54	41	54	37½	8′ 3″	14′ 9¼″	35	Morris Oxford Traveller
42	2,553	9·4	85	4,400	7·8/1	67¾	56¼	42	56½	37	8′ 11″	14′ 11½″	35¾	Ford Zephyr II
43	841	18·7	38	4,250	7·3/1	62	48	43½	56	36½	8′ 2″	13′ 2½″	35¼	Saab 96 Saloon
44	1,290	14·1	60	5,400	8·2/1	65½	48	39½	50½	36½	8′ 0¼″	13′ 8¼″	30½	Simca Aronde Montlhery
45	1,703	13·2	59	4,400	7·8/1	68	55	42	55¼	37	8′ 8¾″	14′ 6¾″	33¼	Ford Consul de Luxe
46	1,489	14·4	53	4,200	8·3/1	68½	54½	39½	53½	36½	8′ 3¼″	14′ 10½″	35	Morris Oxford V de Luxe
47	1,489	14·3	53	4,350	8·3/1	68½	53½	39	52½	36	8′ 3¼″	14′ 10¼″	34	Austin A55 Mark II de Luxe
48	1,489	12·4	60	4,800	8·3/1	61½	52	41	51	35½	7′ 2″	12′ 9¼″	32¾	Riley One-Point-Five
49	1,494	14·4	60	4,600	8·5/1	68	50¾	42½	50½	36	8′ 0″	13′ 8″	36	Singer Gazelle III (Conv.)*
50	1,340	13·8	54	4,900	8·5/1	64½	50	40	50¾	38½	8′ 3″	14′ 2¾″	32	Ford Consul Classic 315
51	1,147	13·4	39	4,500	8·0/1	54	50½	40	38	34	7′ 7½″	12′ 9″	22¾	Triumph Herald 1200 (Conv.)
52	1,489	11·9	43	4,200	7·2/1	61½	53	42	51	36	7′ 2″	12′ 8½″	33	Wolseley 1500 Fleet Model
53	1,192	12·0	34	3,600	7·0/1	59	46¾	42	52	36	7′ 10¾″	13′ 4½″	32¼	Volkswagen Saloon de Luxe
54	1,494	14·2	56·5¹	4,400	8·5/1	70	51	42	51	36¼	8′ 0″	13′ 7″	34¾	Hillman Minx III de Luxe*
55	845	15·4	31	4,200	7·75/1	60	49½	40½	50	36½	7′ 5½″	12′ 11″	28½	Renault Dauphine
56	1,390	13·5	47·5	4,400	8·0/1	64½	51	42	51	38	7′ 2″	12′ 8″	32½	Hillman Husky
57	948	15·6	34	4,750	8·3/1	60	48¼	41½	49¼	37	6′ 11½″	12′ 0¼″	35¼	Austin A40 de Luxe
58	688	17·4	33·9¹	4,900	7·2/1	62½	47½	40	49½	34	6′ 7″	11′ 3½″	28	Goggomobile Royal T700
59	997	12·5	55	6,000	9·0/1	66	54	41½	52¼	35	6′ 8″	10′ 0½″	31¼	Morris Mini-Cooper
60	583	17·2	30	5,500	7·6/1	55¾	52	40½	50½	33¼	6′ 7″	10′ 4½″	26¾	NSU Prinz 30
61	948	14·2	46·5	5,500	9·0/1	42	53	39¼	34½	...	6′ 8″	11′ 5½″	29¼	Austin Healey Sprite
62	848	15·0	34	5,500	8·3/1	66	54	40¼	52¼	37	7′ 0″	10′ 10″	32	Austin 7 Countryman
63	767	15·3	29	4,800	7·5/1	59½	46½	41	48¼	36	6′ 7¼″	10′ 9¾″	26½	Fiat 600D
64	948	15·6	35	4,800	8·3/1	61	50	40¼	49½	36½	7′ 2″	12′ 5¼″	32¾	Morris Minor 1000 (Conv.)
65	1,089	16·1	40	4,200	7·0/1	64	48¼	41½	49	37½	7′ 10¼″	13′ 4½″	31¾	Skoda Octavia
66	996·6	14·5	39	5,000	8·9/1	64	48½	40½	47	36½	7′ 6½″	12′ 9½″	31¾	Ford New Anglia
67	425	26·4	12¹	3,800	7·0/1	57	49½	40	59½	33½	7′ 10¾″	13′ 0″	33¼	Citroën Bijou
68	848	13·9	34	5,500	8·3/1	66½	54	40	52¼	36	6′ 8″	10′ 0½″	32¼	Austin 7 850 de Luxe
69	1,172	12·6	36	4,500	7·0/1	61¾	49	41	47¾	36	7′ 3″	12′ 6¼″	31	Ford Popular 100E

* Automatic transmission on car tested. ¹ Gross power.



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Sea Change in Detroit

FROM A CORRESPONDENT IN DETROIT

ONE who has carefully observed the US automobile industry for a number of years has the unsettling feeling this fall of 1961 that he is looking into an industrial kaleidoscope. Every time he blinks he sees a different kind of industry.

Looked at from one aspect, the industry does not seem to have changed, or even progressed, very much. Some cars are longer and more powerful; once again there are bright metal strips to festoon the sides. Still, some of the cars with familiar nameplates on, even at a glance, are smaller than they were a year ago.

Again, the apparent engineering pattern of the industry would seem to be the tried and true designs and mechanical arrangements of the past decade. Yet one car this fall has a V-6 engine and another firm has an in-line 4-cylinder unit such as it has not used for over 30 years. In an industry that long has tried to simplify the transmission of power from engine to wheel to a point where even a chimpanzee could be trained to push the right selector button, there leaps into view a company that has gone back to a semi-automatic transmission.

An industry swollen into the biggest in the world by spawning millions of models as similar as possible, has suddenly shattered into dozens and dozens of odd sizes and shapes, each a car designed for a different purpose or clientele. An industry that has always seemed dedicated to a marketing system calculated to sell each motorist a new car every year or so, now appears to be an industry dedicated to helping the buyer keep the same car much longer. And once in a while eyes that stare at the automobile industry do not see automobiles at all, but refrigerators, washing machines, television sets, missiles, space ships and weird flying vehicles. From yet another view, the American automobile industry, the largest manufacturing complex in the country, appears to be going abroad.

The automobile industry in the United States has profoundly changed, even in the past half-dozen years, changing other industries and regional economies with it. If the kaleidoscope is dismantled, and some of the most prominent shiny bits examined separately, you can easily see the change.

Encouragement to Engineers

THE saying so popular around Detroit a few years ago—"you have to sell the sizzle instead of the steak," that is, styling rather than engineering—seems forgotten. Americans have become more interested in what their cars will do, rather than merely in how they look at the time they are bought.

The 1962 models continue the concentration on engineering and mechanical features that become so prominent with the small cars from General Motors, Ford Motor Co. and Chrysler in 1960. Buick has a V-6 engine, an innovation in American passenger cars, for its Special, the cheapest car it makes. Buick claims that this engine (although it has a cast iron block) is from 140 lbs. to 179 lbs. lighter than competitive in-line 6-cylinder engines. Perhaps as important, of course, is the fact that the V configuration permits Buick to retain the low hood line of its Special. In 1961, the first year it was on sale, the Special used an aluminium V-8. This, however, was not only more expensive to make than the V-6, but an embarrassingly high proportion of the sand castings were porous. So this year Buick's aluminium V-8 is being reserved for its bigger cars; the cheaper V-6 has enabled the Special to drop down a notch in price.

Chevrolet, too, has a new engine: an in-line 4-cylinder with a displacement of 153 cu. in. and 90 horsepower. Although Pontiac last year brought back 4-cylinder engines to US passenger cars, this is the first time Chevrolet has had such a power plant since 1928. This small engine is used in a new car Chevrolet has introduced, confusingly named "the Chevy II." This has another new feature, a single-leaf spring as part of the rear suspension. The single, tapered piece of steel is 5 feet long, and in addition to saving money is supposed to provide a better ride.

American Motors Corp. is the company bringing back the semi-automatic transmission—which was last used (on some Chrysler cars) in 1954. For its 100-inch wheelbase American, AMC is offering what it calls an "E-Stick" (for economy) transmission, which is simply the familiar automatic clutch type of arrangement recently used in some British and European cars. It will cost less than $100 and be more sparing of fuel than an automatic transmission.

Detroit engineers have thus been given encouragement to design a better car than ever before. In 1962 nearly every new car will be supposed to run for 30,000 miles without additional lubrication. Recommended mileage between oil changes is up to 6,000; in a few cases even higher. Some oil filters are claimed to be good for 30,000 miles. Some car factories are offering (at extra cost) to instal a "permanent" coolant in cars, to last 30,000 miles.

There are risks attached to claims such as these. There are customers who will abuse their vehicles and expect the manufacturers' guarantee for "normal" driving still to pertain. One factory head complains that whereas the chassis of his car is guaranteed not to need lubrication within 30,000 miles, customers complain about body squeaks. Just as important a consideration for the factories is that their dealers may be made unhappy when they don't see their customers as often.

Myriads of Models

IT would be a brave man who would say flatly that the sea change in the type and character of US automobiles that began several years ago has now run its course; but it is hard to see how much farther it could go. The spread of models now is so wide that the posture of the industry almost has to be indicated by a factory-by-factory run-down.

Starting at the top is easiest. **Cadillac** is still a big car, serving the same kind of market as ever. But it, alone, has been untouched by the ferment in the market of the past few years.

Chrysler Corp. now has two car divisions, instead of the five it had only two years ago. The **Chrysler-Plymouth** Division gives that factory and its dealers a size range from around 227 inches in overall length (Imperial) down to 183 inches (Valiant) and a price range from nearly $6,000 to down around $1,800 (before federal tax). There is no more Desoto. **Dodge** Division spreads across a major part of the entire size and price spectrum with a middle-size and middle-price car, standard-size car, and compact. Dodge used to what was called a "medium-price" car, and competed with Pontiac, Buick, and Mercury. Now its major sales effort will be behind its "Dart," a car on a wheelbase of 116 inches, two

inches shorter than in 1961. Plymouth is the same size, having also shortened its wheelbase by the same two inches.

The **Ford** Division of Ford Motor Co. is bringing out early in November a completely new line of cars with an old name, Fairlane and Fairlane 500. These cars, on a wheelbase of 115.5 inches, come in price and size in between the 109.5-inch wheelbase "compact" Falcon and the 119-inch Galaxie. The **Lincoln-Mercury** Division of Ford Motor Co. will have the same sized (115.5-inch wheelbase) car named the Mercury Meteor (in addition to the Continental at the top of the price list and the 114-inch wheelbase Comet at under $2,000). The Mercury Monterey continues the same size (120-inch wheelbase) as in 1961.

Chevrolet Division of General Motors also has an entirely new-size car, its Chevy II, on a wheelbase of 110 inches and has an overall length of 183 inches. As before, the "big" Chevrolet is on a wheelbase of 119 inches. The other GM divisions, **Pontiac, Buick** and **Oldsmobile,** are continuing with "big" cars of at least 120-inch wheelbase, and the compact Tempest, Special and F-85 on a wheelbase of 112 inches.

Studebaker-Packard has lengthened many of its models, some by as much as 12 inches, and **American Motors** has discontinued its luxury model, the Ambassador, which had a wheelbase of 117 inches, retaining that name on a 108-inch wheelbase model.

Ford's Galaxie, Chevrolet's Impala and Mercury's Monterey will be merchandised as distinct automobiles. Plymouth and Dodge have withdrawn from that particular arena, but now will compete with the Fairlane and Meteor. The Chevy II is to compete with Ford's enormously successful Falcon. Chevrolet's rear-engine Corvair will be directed toward a different kind of market, people who buy a car for lively performance and unusual handling. In size and price there will be more competition than ever for American Motor's Rambler and Studebaker-Packard's Lark—the two makes that started Detroit's move toward economy.

That is an indication of how Detroit sees the majority of customers for the next year or so. They are more interested than ever in a comfortable, but not extravagant, size. They are more price conscious than ever. The pattern of living in the United States is making two or more cars in a family not merely desirable, but nearly necessary. Accordingly, a dealer cannot survive in attempting to serve the popular market if he cannot have a broad selection of vehicles to offer his customers.

With that philosophy, the factories are trying to reassure dealers that extending the period between customer visits to a dealer's service shop really will not be bad for business. On the assumption that most owners drive 12,000-15,000 miles a year, the factories are telling the dealers that the time to go after "repeat business" is when the 30,000-mile lubrication period is up, when the tyres need replacing, or when the car needs a heavy overhaul—in other words, at the end of two years, a time when the dealer normally would not be seeing the customer anyway. Meanwhile, the companies argue, there will be a greater sales potential because of the number of families who need more than one car.

This may just be the familiar and often unwarranted confidence of U.S. motor makers that they function in an ever-expanding market. In fact, though, it seems to be a different type of confidence. Once Detroit believed that every wage-earner panted for a new car—and frequently. Now the belief has more substance: that every wage earner probably needs a car, and that he will buy a new car more frequently if a new car, by extended maintenance periods, can be made cheaper to own over a reasonable period of time than operating a trouble-prone older car.

This new philosophy will enter its testing period with the 1962 cars. Next year the U.S. auto industry believes that new-car sales will be between 6.5 million and 7 million, including perhaps 400,000 imported makes. That 6.5 million to 7 million is getting to be a shop-worn figure now. It has been used every fall for the past three years; came true in 1960; but will be too high for 1961. But the people most optimistic about it are at General Motors and Ford, the companies that are invading new markets.

Many Talents

AUTOMOBILE manufacture requires such huge resources of capital that no company in it can afford to broaden the base of its fortunes very widely beyond its central job of selling cars. Ford's stockholder equity, for example, is nearly $3 billion. It is quite impossible to think of Ford being able to put anywhere near that amount into any other business in order to balance any drop in its income from auto sales.

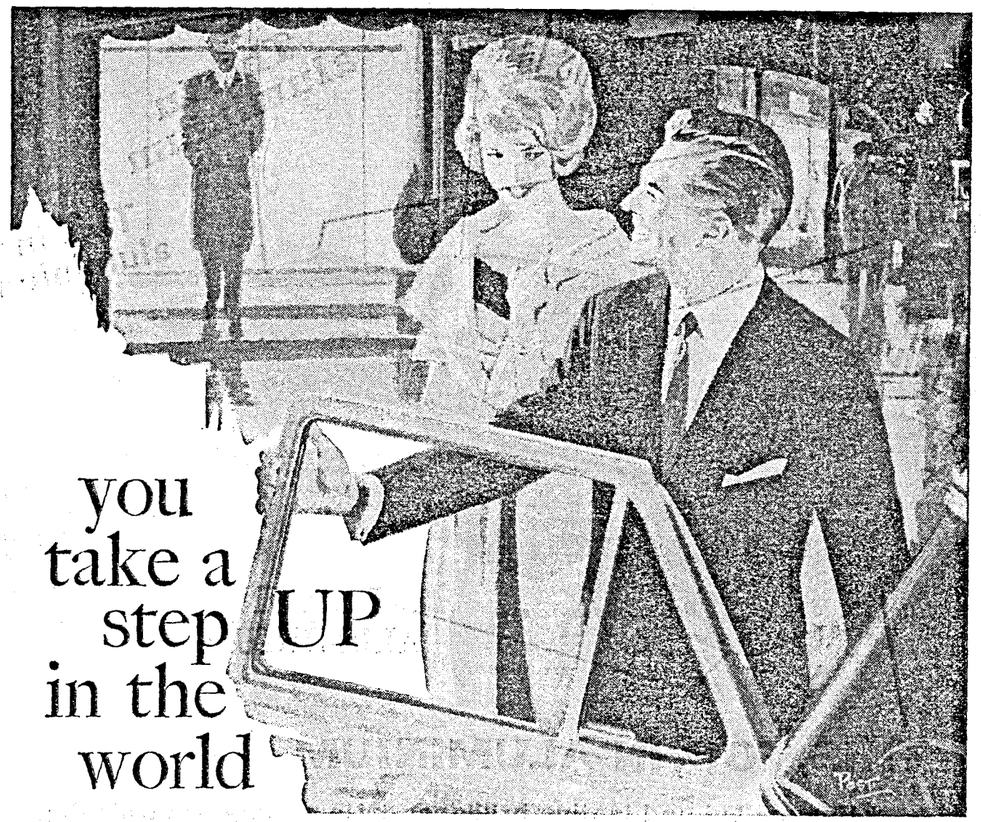
Such moves as Ford's present proposal to acquire Philco therefore have to be viewed for what they really are: an attempt to get a position in the world of the future and to employ automobile profits where they can be of more use to the stockholders. Ford doesn't need vast new plant capacity in anything, for the auto industry is not expanding that fast. General Motors is building a new assembly plant on the Pacific Coast, but to replace an older plant. Consequently there is a noticeable drive among automobile companies today to move into other expanding industries. The emphasis, of course, is on defence and space, because of the enormous sums of money the government pours into these activities. Ford was more concerned to obtain scientific manpower and knowledge in the electronics business in its offer to buy Philco than by the desire to enter another hotly competitive consumer-goods business such as electrical appliances.

General Motors is already a big producer in many different businesses. In addition to making cars, trucks and buses, it manufactures earth-moving machinery, diesel engines, locomotives, a full line of electrical appliances, commercial refrigeration equipment, aircraft engines, every accessory or part for a car except tyres and glass (and sells them to other auto companies). Ford now is edging its way into the commercial glass and plastics market in addition to making cars, trucks and tractors and industrial engines. Chrysler Corp. manufactures cars and trucks, and marine engines, air-conditioning and heating equipment, metal bonding materials and powdered metals. American Motors has a very large division for electrical appliances, Kelvinator. Studebaker-Packard, a late-comer to diversification, owns companies which manufacture floor-cleaning equipment, earth-movers, plastics and chemicals.

And all these automobile companies are in defence or space work to some extent. General Motors' AC division is a main source of guidance gear of all kinds, and bits and pieces of far-out work are scattered through the GM complex. Chrysler has built the Redstone and Jupiter boosters which first put the U.S. into the space race. Ford has an "Aeronutronic" division in California which is working on, among others things, a capsule which will be fired toward the moon next year. American Motors and Studebaker-Packard are still trying to get substantial government contracts.

On balance, the effort of the auto companies to move into new pursuits generally benefits their employees, stockholders and the sponsors of the new activities. But it is bad news to some others—specifically the traditional beneficiaries of motor industry payrolls. Ford may expand many times in electronics or space work, but in California or the south, not around Dearborn its home, or even elsewhere in Michigan. General Motors over the years have spread out over a good part of the United States; it has a total of 130 plants, less than half of them in Michigan. Chrysler, too, has had to expand more outside of Michigan than in that state.

Up to now, the auto industry's activities outside of Michigan have been due to changing markets occasioned by shifting population; 40 years ago, for instance, there was no reason to put assembly plants or any manufacturing in California. Today the auto industry is important to many states other than Michigan, and that state will have to find other industries to furnish a sound tax base—which with its current labour costs may not be easy.



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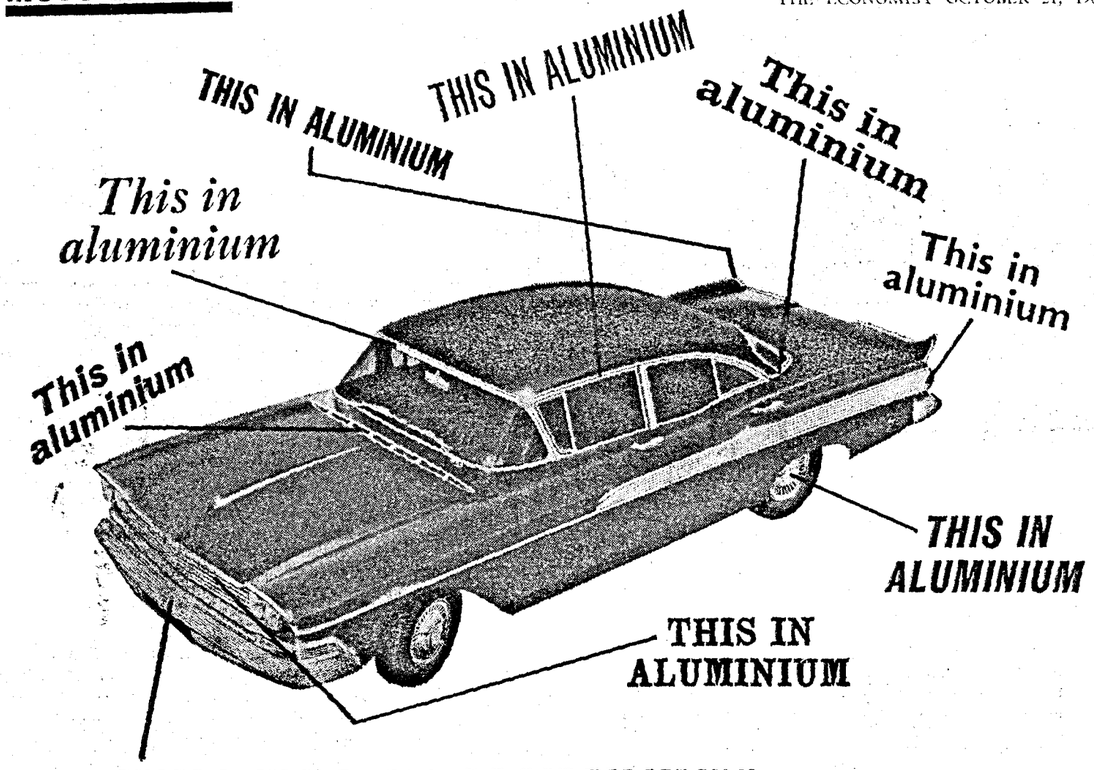
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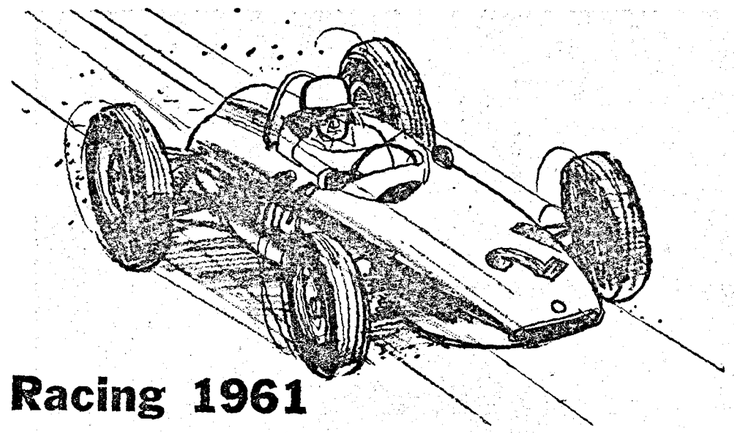
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Racing 1961

A YEAR ago, when the 2½-litre Grand Prix formula was replaced by a new formula for the years 1961-64, British makers gave this new formula a stormy reception. It calls for a top engine size of 1½-litres allied to a minimum weight limit of 450 kg (8.9 cwt), together with self-starters, crash anti-roll bars, a ban on oil replenishment during a race and other stipulations aimed at safer racing. The British argued that the reduced power (on average, about 70 bhp) would result in skill being of less account and the driver's task in a difficult situation being made more dangerous. Lotus, Cooper and BRM, who had no new engines available, feared that foreign rivals would beat them on sheer horse-power. Racing organisers feared that the formula would reduce the spectacle of racing; smaller engines imply less wheel-spin and controlled sliding at corners and reduced maximum speed.

In fact, few of these objections have turned out to be well founded. While it is true that British cars, dependent on the four-cylinder 3.22 × 3.80 inch (1,498 cc) Coventry-Climax engine, have been outclassed by Ferrari, who had prepared narrow and wide-angle V6 engines for 1961 of considerably greater power, the year's racing has been exciting and stimulating.

Early in the season claims of 190 bhp at 9,500 rpm were made for the new Ferrari V-6 engine; even with 178 bhp this would have had about 28 bhp more than the British cars commanded in four-cylinder form. To combat this deficiency Coventry-Climax and BRM put in hand new V-8 racing engines, but these were not ready until late in the year and even when they did appear were insufficiently developed to be of any assistance in overcoming Ferrari supremacy. However, both are likely to be formidable engines by 1962. Both weigh more than the four-cylinder units they replace and may well provoke road-holding problems. Moreover, the advent of these V-8 power units built under the new racing rules may help the development of production engines. This V-8 cylinder formation is common for American production cars, albeit of much greater swept volume than that of the latest racing engines, and has been adopted by Rolls-Royce and Daimler for cars in the highest price class. Lessons that racing may teach in respect of extracting the utmost power and reliability from this type of engine, which poses problems of carburation and sump ventilation, should thus be applicable to production cars, especially as modern Grand Prix cars run on pump fuel. The Ferrari V-6 layout has now been followed by General Motors; perhaps the horizontally-opposed eight-cylinder form that Porsche has chosen for its new engine may also prove another future commercial design. Bringing Porsche, the German sports car manufacturer, into Grand Prix racing has been another merit of the new formula.

IT is significant that with one exception every Grand Prix car has its engine mounted behind the driver, in spite of the tendency of normal saloon cars so arranged to suffer from over-steer (tail-out) cornering. De Dion rear suspension, in which the final drive mechanism was mounted on the frame but the wheels were tied together by a cross-tube, has given way to universal adoption of full independent wishbone rear springing. The need to run these new small racing engines at speeds in the region of 10,000 rpm should result in valuable development work on transistorised ignition systems and on valve gear.

At the end of the season another very important technical development was vindicated when Stirling Moss won the Gold Cup Race in a front-engined Coventry-Climax-powered Ferguson, largely by reason of enhanced traction from four-wheel-drive and maximum retardation from Dunlop Maxaret non-locking brakes, evolved originally for aircraft applications. However, the Ferrari team was not in that race.

Apart from the incentive that the new formula has given to engine designers, forebodings that the new cars would be depressingly slow went overboard very early in the season. Over the slow, twisty circuit at Pau and at the faster course at Bruxelles, lap records were beaten by Cooper and Lotus, proof that the 1961 cars were fast enough, even though at this early stage they were virtually last year's chassis re-engined. Later in the year improvements in braking, road-holding, tyres and driving rendered the new 1½-litre cars more than a match for the former 2½-litres except over the fastest circuits.

Further vindication of the effective performance of the new racing cars came as the season advanced. At Monaco Moss in the winning Lotus and Ginther in a Ferrari came within 0.1 second of the former 2½-litre lap record and at the extremely difficult Nurburgring Phil Hill's Ferrari beat the absolute lap record by the handsome margin of 11.4 seconds. However, these evenly-matched cars give rise to bunching and to the difficult art of "slip-streaming" a slightly faster rival; it seems probable that the former contributed to the fatal accident to Count von Trips at Monza.

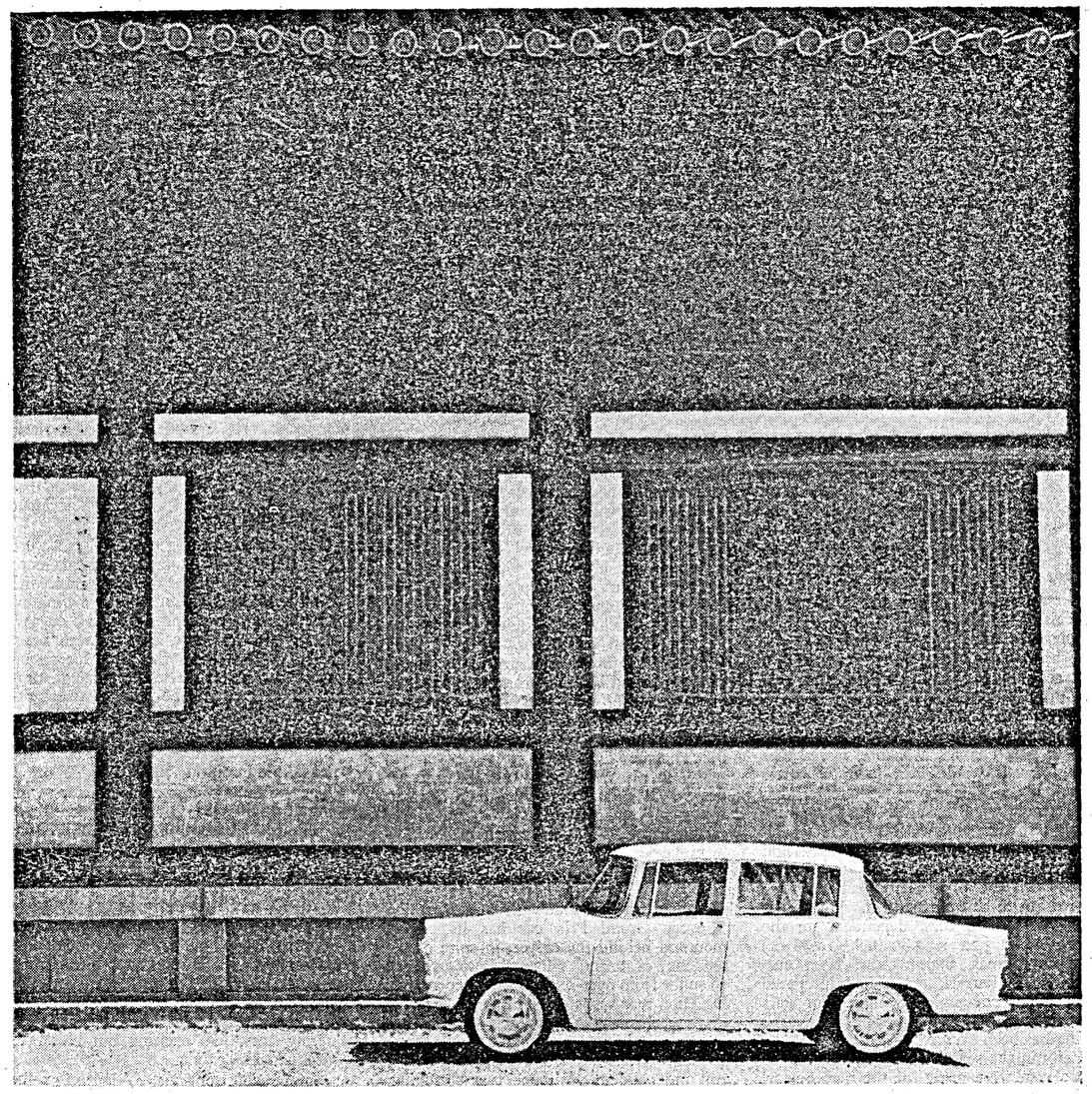
Although the leading races of 1961 were for 1½-litre cars an attempt was made to encourage racing bigger machines under the Inter-Continental Formula with a limit of 3-litres. Ferrari prepared a 2,925 cc 310 bhp car, but only the English were keen, There are still those who hope for racing next year of single-seaters using production engines with no limit on size, suitably tuned, in the hope of attracting American support. But such cars would need racing tyres, and these may not be forthcoming in appropriate sizes.

The Formula Junior single-seaters with 1,100 cc engines based on catalogue power units flourished. Both Ford and BMC have acknowledged the publicity value of this class of racing, in which their 997 cc engines figure prominently: BMC employed Cooper research when designing their new high-performance minicars.

Sports-racing cars having become as fast as Grand Prix machines, a 3-litre ceiling was imposed which did not deter Ferrari of Italy from winning the 1961 Championship. Next year the emphasis will be on Grand Touring cars, less exciting but closer to catalogue specification.

Motor racing continues to depend on the support of petrol companies and newspaper sponsorship. It is possible that the World Drivers' Championship is wearing a bit thin and that Grand Prix racing should revert to a battle between manufacturers' teams, with team managers again permitted to call a car in for a faster driver to take it over if race tactics render this desirable. The RAC has delegated the 1962 British Grand Prix to Aintree under the management of the British Automobile Racing Club and there is every reason to suppose that it will be a contest between Ferrari, Cooper, Lotus, BRM, Porsche and Ferguson, using highly developed multi-cylinder engines approaching a maximum horse power of 200.

MOTORS 1961



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LETTERS

Immigrants

SIR—One wonders whether you are fully aware of the conditions in which West Indian negroes live in Brixton and Islington. You suggest (in your issue of October 14th) that there should be "purely voluntary employment bureaux in the West Indies," but then have nothing to propose at home, where there is a need for facilities to cope with the arrival of nearly 100,000 people a year from the West Indies alone (at 1961 rates). There is a need for these facilities because West Indian negro immigrants have rather different standards to those one finds among ordinary English city-dwellers.

A welfare officer recently visited an Islington house where he found 43 people living in eight rooms. In one room there were eight or nine people (constituting two families) and a single bed; all these people slept in the one room. Consumer durables were being bought on hire purchase at such a rate that weekly outgoings on hire purchase were a large proportion of weekly pay in some cases. One man, living in another house, was paying £6 a week in hire purchase instalments while his weekly pay was rather over £9. One of his hire-purchases was a £55 tape-recorder. He paid in addition £1 a week alimony.

Is it realised that such living conditions are not unusual among West Indian immigrants? There seems to be plenty of evidence that some immigrants' standards of conduct are not sufficiently flexible to enable them to lead happy lives in the poorer parts of London. This is not equivalent to saying that they should learn to live happily in the muck. The point is that some immigrants do not know how to adapt themselves, and are only too liable to make passable houses into squalid and smelly pits in a short time.

The coloured immigrants in particular have to be helped to adapt themselves, and purely "voluntary employment bureaux" in the West Indies would not be enough. What do the immigrants do when they have entered the country? An immigration policy has to be coupled with a policy for these people once they have landed at Southampton. There should be action to deal with the landlords, often West Indians, who exploit their countrymen. Who finances the landlords who allow eight men to live in a small room, charge them thirty bob a week each, and find them floor space by taking in four on night work and four on day work? How can it be that a West Indian obtains the minimum £4,000 to buy a fair-sized house in Islington? Even if half a dozen of them club together this is a large sum. An overall approach to working and housing conditions is plainly overdue.—Yours faithfully, H. SCOTT STOKES

London, SW1

Drug Prices

SIR—In your issue of October 7th you commented upon the Minister of Health's use of S.46 of the Patents Act to buy drugs from unlicensed suppliers. It was suggested that the Minister's decision was influenced by figures of profit on capital employed, prepared by a firm of accountants, in respect of the subsidiaries of eight American pharmaceutical companies—"including the four companies supplying hospitals with the new antibiotics."

This statement is incorrect. Pfizer, the patentee of two of the antibiotics concerned (oxytetracycline and tetracycline) was not one of the eight companies to which you refer. At the time the Minister issued invitations to tender Pfizer had quite independently undertaken to submit information about its return on capital employed in its entire pharmaceutical business. This was done, but although the figure was quite close to the 20 per cent attributed to British firms, and in spite of a demonstration that prices in the UK are generally lower than in other countries, the data provided had not even been discussed when the contracts were awarded.

The 30-35 per cent return which was shown by the adjusted figures of the eight American companies should be considered in the light of the following special circumstances. The companies were chosen because they appeared to be, at that moment, some of the most profitable in the industry, but the figures relate to the most risky part of their business, not to all their activities. It is not reasonable to compare such figures with the 20 per cent average of British companies whose activities include non-pharmaceutical operations nor, in view of the fact that a whole range of companies in various industries has, in recent years, shown similar results, is it fair to stigmatise them in particular as "rather on the lush side."

The idea that there is something special about the profitability of American pharmaceutical companies is widespread, but it is easily corrected by reference to the July issue of *Fortune*. The ten companies listed there as showing the highest returns on capital employed included only one which is primarily a pharmaceutical concern, and it stood in fifth place.—Yours faithfully,

P. V. COLEBROOK
Chairman and Managing Director,
Pfizer Ltd.

Sandwich, Kent

White Africans

SIR—Mr Mynott's letter and a line in your own "Memo to Mr Maudling" (October 14th) give grounds for a little hope, a little encouragement. However, you will, I am sure, admit that Mr Macleod himself, during his time at the Colonial Office, never conceded anything as generous or as forthright as "we'll surely have to look after the settlers." Even at the party conference at Brighton he said once more that the minorities in Africa must rely on the good will of the Africans.

Mr Mynott's sentiments are excellent, but I doubt whether he has appreciated the realities of the Kenya situation, in so far as it concerns the British farmers. While squatters invade British-owned farms, plant their crops, pasture their cattle, enter homes and insult and wound farmers, Mr Paul Ngei demands "the farms which were given to us by the God of Africans," and turns his demand into a chant: "The farms belong to us, the farms belong to us in Africa, the farms belong to us in Kenya."

In face of this situation, the compensation of individual officials and the placing in suitable jobs of technicians and teachers, though excellent as minor palliatives, are not enough. What is required is the evacuation of a whole community, before and not after the transfer of power. It will now have to be planned for, with speed and skill. First, however, the Government, Parliament and the electorate must be brought to realise that an emergency exists, and that an obligation lies on us all, which it would be dishonourable as well as tragic any longer to evade.

As Mr Mynott points out: "the fate of white Africans has been virtually overlooked, even by liberal observers." It may prove in the next month or two no longer possible for any observer, however liberal, to avert his eyes from a catastrophe to which, month after month, I have striven to direct attention.—Yours faithfully,

JOHN CONNELL

London, SW1

Local Government

SIR—In your issue of October 14th Mr Alan Yates defends an anomaly in local government, which he admits the separate existence of Rutland to be, on the ground that it reflects the wishes of the inhabitants themselves.

I wish to point to another anomaly which has been maintained in the interests of those who are not the inhabitants. The justice of the claim of Cambridge to be a county borough has been recognised by independent tribunals three times in 50 years, so that its continued existence as a non-county borough must be regarded as an anomaly. In this case, however, it can hardly coincide with the wishes of the inhabitants of Cambridge, since one ground of defence for this anomaly is that they are under an obligation to subsidise those who inhabit the neighbouring and largely de-rated rural areas. There is something to be said for removing rather than perpetuating anomalies.—Yours faithfully, G. F. HICKSON

Cambridge

BOOKS

The Margin of Waste

The Strategic Air Offensive Against Germany, 1939-1945, Vols. I-IV
By Charles Webster and Noble Frankland.
Her Majesty's Stationery Office. 42s. each.

Air Bombardment
By Robert Saundby.
Chatto & Windus. 288 pages. 30s.

THE four official volumes do not say that the bombing of Germany was a costly failure. One of the conclusions of this monumental task of research, analysis and description is that strategic bombing "made a contribution to victory which was decisive." This is a historical judgment made in retrospect. It is not an expression of faith as one may suppose some of Sir Robert Saundby's comments and those made earlier by that indomitable and pugnacious commander, Sir Arthur Harris, were. Of all men these are the two who know best the toil and gallantry of Bomber Command ; this was their policy and their purpose and to deny either is cruelly unjust. As the leaders of Bomber Command they crystallised in their single-minded determination the desire and will of the British people to strike back. Bombing from the air in the black days of 1942 and 1943 was practically the only offensive weapon Britain could use ; and to argue, however strong the rational calculations against its use, or over-use, were then and are now, that Britain should have held its hand is sadly to underrate the emotions that underlie the conduct of war.

The controversy, then or now, was not 'to bomb or not to bomb," but about how much bombing, when and where. Though there were moral objections—and in the final phases of the war political ones as well—the argument is really about priorities, about the use of scarce resources in terms of cost and yield. It was this that concerned Sir Henry Tizard when he said after the war: " No one thinks now that it would have been possible to defeat Germany by bombing alone. The actual effort in manpower and resources that was expended on bombing Germany was greater than the value in manpower of the damage caused." In the war, as these four volumes and other evidence have made plain, there were serious doubts in Whitehall about the wisdom of the policies governing the air offensive—and there was some public disquiet, as the wartime copies of this newspaper reveal.

Should so much of Britain's resources in men, production and scientific effort have been devoted to the air offensive ? Which, for example, in 1942-43 should have had first priority—engines for aircraft or for landing craft? In 1941 and 1942 should more of the effort devoted to and by Bomber Command have been switched to the one battle that Britain could not afford to lose—the battle of the Atlantic? Should more of Bomber Command's skills have been used defensively—in bombing, say, the U-boat pens—and, later, offensively in tactical support of the land and sea forces? These questions are in the province of grand strategy and it was not the first task of the late Sir Charles Webster and Dr Noble Frankland to answer them directly.

What they have done is to make forthrightly clear what the cost of the decision to press ahead with strategic bombing was, and how muddled was the thinking which informed this decision and affected the campaign. That, in doing so, they provide further arguments for those who have questioned the priorities given to the air offensive is not surprising. Precision daylight bombing by British aircraft failed because of the strength of the German defences. Selective night-time bombing had to be abandoned because of its inaccuracy and, in turn, gave way — though never quite entirely — to general area bombing. This policy was not successful, at the time, as Sir Henry Tizard and others had argued. Sir Charles Webster and Dr Frankland say bluntly:

> But the great area offensive of March, 1943, to March, 1944, did not produce direct results commensurate with the hopes once entertained and at times, indeed, feared by the Germans themselves. Huge areas in many great towns all over Germany were severely stricken and some were devastated, but the will of the German people was not broken nor even significantly impaired and the effect on war production was remarkably small.

It was not until the Russian and Allied forces were poised on the borders of Germany—until the ring was closing and the Germans' economy was for the first time totally extended—that the allied air offensive became truly effective ; and then it was largely directed against Germany's oil installations and transport centres.

The part Bomber Command then played in hastening Germany's defeat was of decisive significance. But the earlier failures strongly suggest that too much effort, sometimes maladroitly applied, was concentrated on this one weapon of war ; it is a question, as it always is in war or economics, of the margin of waste. It is upon the reasons for the failures that Sir Charles and Dr Frankland are so clear and just. With means, they say, far less effective than expected Bomber Command had to undertake a task far more formidable than had been supposed, and " it took more than four years to realise and to close the gap." In those four years, Bomber Command learnt its job, continually revising its aircraft, its manning policies, its training, its navigational aids, its bombs and its tactics. And then, in the final phases of the war, the authors conclude that " the potential of the strategic air offensive was greater than its achievement."

The failure to make fully effective use of the resources lavished on Bomber Command was bound up with the organisation of command (there were, in Sir Arthur Harris's phrase, too many fingers in the bomber pie) ; with faulty intelligence (for which the Ministry of Economic Warfare and the Foreign Office must shoulder much of the blame) ; with the constant and unresolved controversy about area and selective bombing (on which the tough character of Sir Arthur Harris had an important bearing); and above all, with the inability to grasp the essential meaning of air superiority. For strategic bombing to be successful, Germany's fighter force had to be neutralised, but a policy of a combined, concentrated and selective attack on the sources of the German fighter force was not achieved. The British Air Staff, the authors say, was " slow to accept this conclusion and, indeed, never entirely admitted it."

In view of these statements it would be ridiculous to charge Sir Charles and Dr Frankland with not being tough enough. It is equally ridiculous to criticise them for making the comments they do because so many gallant lives were lost. Casualties neither excuse nor justify any action in war. The pity of war is that lives pay for success or failure, victory or defeat.

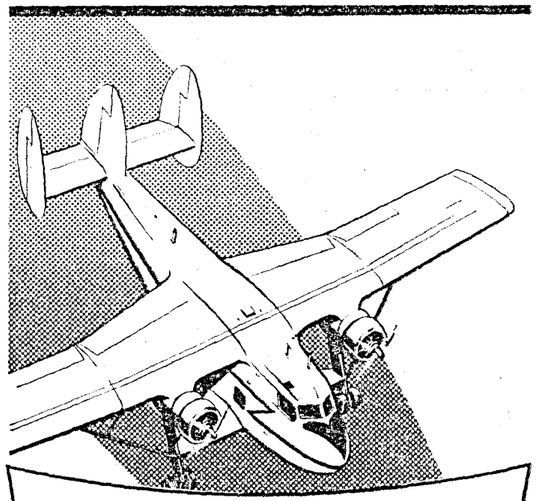
Youth in Rebellion

Insecure Offenders
By T. R. Fyvel
Chatto & Windus. 347 pages. 25s.

AT the end of his speech on the prevention of crime at the Tory conference last week, Mr Butler spoke of launching a national appeal for the " mobilisation of our whole society " to combat the spread of delinquency among the young. The main influence on teenage youth, he said,

> instead of being the family, religion and the teacher, was incitement to excitement, whether in films, television or commercial advertisements.

This, roughly, is also the theme of Mr Fyvel's book. Not that he is much impressed by the argument that the portrayal of violence in the cinema or on television (which the courting, gang-forming youth rarely watches) is a cause of the increase in crime. For him, rebellious youth has to be seen in the context of the affluent society and all that pertains to it : the consumer revolution ; the advertising that sustains it ; the commercial build up of ordinary youths into teenage idols with fabulous incomes ; the decline in the status of the father with the rise in teenage earnings and the emergence of the mother as a breadwinner in her own right ; the failure of the state to expand and support sufficiently the services that affect the rebellious adolescent most

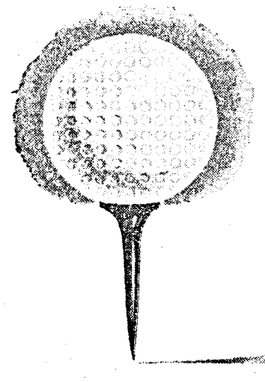


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nearly—the schools, the probation service, youth clubs, playing fields.

Mr Fyvel, it will be seen, is deeply impressed by the writings of Professor Galbraith. He also refers to, among others, the writings of Professor Titmuss on the welfare state and Lady Woolton on social pathology. But his book is far more than just a rehash of other people's views. For one thing, he has done extensive field work among the rebellious young, so often and so wrongly, as he points out, all lumped together as Teds (he has, incidentally, an interesting chapter on the fashions in clothes from which the epithet Teddy boy sprang). He mixed with them in their caffs, went with them to their tailors, visited them in a remand home and a borstal. Secondly, he neither accepts the views of others unquestioningly nor applies what he himself saw and was told too dogmatically.

But Mr Fyvel's very diffidence prevents his book, in the end, from coming up to the expectations aroused by the earlier, reporting chapters. He somehow fails to marshal his material and his propositions into a convincing and satisfying whole, and gives the impression that he is groping for a synthesis that constantly just eludes him. For instance, he does not reconcile with his main theme the increase in delinquency among the Russian young in a most unGalbraithian *milieu*. So much has been written about juvenile delinquency that is far too sweeping and remote from the facts that it is a bit unfair to criticise Mr Fyvel for failing to be more positive. In any case, as an account of all that it means to be out of step in contemporary society his book deserves to be widely read for its detachment and humanity.

Man the Animal

African Genesis

By Robert Ardrey.

Collins. 379 pages. 36s.

ALTHOUGH the increasing sophistication of palaeontologists and anthropologists no longer allows us to expect the dramatic discovery of a missing link between ape and man, any promise of new light on man's animal origins is hard to resist. Perhaps, if only we knew where we came from, we could see better where we are going; and if we knew how we came to be as we are, we could understand why we behave as we do. Mr Ardrey has spent six years on this quest, visiting laboratories, museums and field sites, reading dusty journals, discovering and synthesising the latest scientific discoveries. As a dramatist, he is well equipped to provide a readable and exciting story of his search. Detailed studies of the behaviour of fish, bird and monkey, hunts for skull fragments extending over decades, patient analyses of collections of bone and stone; all are presented with vividness and clarity. Even the scientists come alive through Mr Ardrey's typewriter as he describes how he took tea with this one at the Athenaeum, was phoned by another at his Johannesburg hotel, while a third has the manner of "a bull in search of a china shop" and is "churning up pre-human remains . . . by the bucket load"—though this description conveys little idea of the tedious, heartbreaking, dogged work lying behind the success of the man in question.

The book has two main themes. On the one hand the author claims that the "contemporary revolution" in science has brought with it the disclosure that man is neither innocent nor unique, but dominated by ineradicable animal instincts, with "sapient powers devoted largely, thus far, to the task of hiding from himself all those truths which he deems disagreeable." Is this news, a century after "The Origin of Species" and a half century after Freud wrote about our instincts and their "vicissitudes"? If it is, then Mr Ardrey presents it in a dramatic and disturbing fashion, and its impact is only partially diminished by his carefree juxtaposition of anecdote and experiment, and his smooth generalisations from one species to another which ignore hundreds of millions of years of separate evolutionary history.

The second theme concerns the nature of the ape-like animal from which man arose. Did man come before tools, or tools before man? (Surely this is a matter of definition?) Was man a predator or preyed upon? Did he come from stock already engaged in intraspecific strife, using weapons to strike down their fellows? Here the author has synthesised a mass of difficult and obscure material and presented it with the excitement of a detective story. He has achieved this by pressing a minority view, and poking fun at the conservative weight of opinion from armchair scientists. At the least he gives the lay reader an idea of the problems, and he will stimulate many to read up more detailed accounts. But even the author himself would hardly claim to be giving a balanced account of knowledge in this difficult, controversial and rapidly expanding field.

Soldiers in Charge

The Egyptian Army in Politics

By P. J. Vatikiotis.

Indiana University Press. 317 pages. $7.95.

MR VATIKIOTIS'S contention that Egypt's military dictatorship may provide the pattern of government for other Middle East or underdeveloped countries is not exactly prophetic. So many have already discarded their faltering parliamentary systems for brass hat rule. That only soldiers have the discipline and technical competence to impose social change—and unity—on politically immature peoples is a tempting argument. Yet the itch for democracy dies slowly: many military governments are tolerated only as a necessary evil. In Egypt President Nasser's most outstanding achievement is to have persuaded the Egyptians that his rule, and his revolution, are, of all alternatives, the best. That he could not so persuade the Syrians has been proved since this book was written. But its author has not been caught napping by the dissolution of the United Arab Republic. "Egyptians," he writes, "but not necessarily Syrians, have realised that a return to . . . representative government would be both unpractical and undesirable." Indeed, his reservations about Syria find him at his most far seeing. He describes Colonel Nasser's twin policies of political regimentation from Cairo and controlled economy as "standard enough for Egypt and the Egyptians, but quite alien to the less placid Syrians . . . ."

The conversion of soldier into ruler is of course in the Islamic tradition. From earliest times the triumphant warriors for Islam were rewarded by political office. In modern times an army career has moulded a number of formidable statesmen from Reza Shah to Nuri Said. It was, however, defeat (in Palestine), not victory, that galvanised Egypt's Free Officers. And, on seizing power, they are shown by Mr Vatikiotis to have been not so green, politically, as they were thought to be. A number had been members of the socialist or communist parties or the powerful Moslem Brotherhood. Their skill in scattering all political rivals is seen to have been remarkable. As a crowning example one might take Colonel Nasser's promise in 1954 to restore parliamentary government: Mr Vatikiotis interprets this promise as a deliberate feint to disarm the political parties before finally demolishing them.

Drawing largely on Arabic sources, Mr Vatikiotis explains in great detail Colonel Nasser's revolutionary measures and his efforts to identify them—through the one-party National Union—with the so-called popular will. Whether the mass of Egyptians really wish to co-operate in government or prefer to be told what to do by a man they admire and trust is problematic. This book does not quite make out its case for military government in the abstract. But it does make a concrete case for the military dictatorship in Egypt.

Protest too Late

The Birth of the Bomb

By Ronald W. Clark.

Phœnix. 223 pages. 16s.

THE damp but determined nuclear disarmers have made their protests nearly a quarter of a century too late; the time to have demonstrated against the bomb was in the late 1930s when scientists first conceived the possibility of building it, and the early 1940s when the British Government gave them the facilities to try. It was the first government to do so, and although the bomb would have been built without this British initiative, "it would probably have been made too late for this particular war." In that case, scientists would have found it difficult to convince anyone of the bomb's monstrous destructive capacity and the present course of world politics might have run differently.

Mr Clark's purpose is to show how, through a series of political accidents, Britain came to be the first country to sponsor intensive research into nuclear weapons. During the inter-war years, when physics were in a great state of ferment, some of the leading European research workers were either Jews or, like the late, great Enrico Fermi, married to Jewish girls. Nazi persecution turned these men into refugees seeking shelter in Britain and the United States. This explosive concentration of talent was set to work in wartime Britain on the technical problems of designing and building nuclear weapons because the British Government was convinced that the Germans were doing the same. By the time the project was transported bodily to the United States, much of the laboratory spadework had been finished and the time had come to hand over to the chemical engineers who built the plants that built the bomb. It is a complicated story, involving the tying together of many loose strands, but for a professional writer, Mr Clark makes unexpectedly heavy weather of it. His scientists have no identity. Who did the work of separating uranium 235; was it Slizard? No, *he* was the one who went to America to build reactors with Fermi, so it must have been Peierls . . . or was it Rotblat? Sir James Chadwick? No, he supervised the programme. The scientist from France, Halban? No, he was the one who brought the heavy water and refused to stay at the Great Western in Paddington because he always used the May Fair. Then it must have been Peierls . . . wait a minute, who is (or what is) Frisch? Perhaps it's Peierls's Christian name. Oh, what does it matter; the bomb went off, didn't it?

After Versailles

Documents on British Foreign Policy, 1919-39

Edited by Rohan Butler and J. P. T. Bury. First Series, Vol. XI, 824 pages, 75s.; Third Series, Vol. X, 154 pages, 27s. 6d. *Her Majesty's Stationery Office.*

THE First Series of these documents continues the very comprehensive coverage of the situation in post-Versailles Europe to which it has already devoted several volumes. How comprehensive the treatment is may be judged from the fact that the latest volume accords nearly 200 pages to the arrangements made for the plebiscite in Upper Silesia in the period from January, 1920, to March, 1921, and nearly 550 pages to the settlement of problems in Poland, Danzig and the Baltic states during the same period.

Like its predecessors in the series on the same theme, the volume is even more important for its account of the situation in these areas than it is for British policy in relation to them. It is not too much to say that it contains the only reliable and detailed assessment of the developments that took place in these areas during the later stages of the Russo-Polish war that at present exists in print or is likely to exist for a considerable time. It is, of course, the assessment of British observers; but they were the more detached in that British policy with regard to these developments was to await on them.

This was particularly true in Upper Silesia where it was impossible for Great Britain, who had no troops in the area, to do more than report on the situation. But it was also the case in Poland, Danzig and the Baltic states. The British attitude to the problems raised by the break-up of the old Russian Empire in these areas was that nothing should be done which, to quote Curzon, would enable "a reconstituted Russia to demand the restitution of territory filched from her at a time when she was not in control of her own destinies." It was only when Britain was convinced that the Russian Government was in favour of the independence of the Baltic states that it granted them *de jure* recognition. Its ambassadors hailed the Battle of Warsaw, in which Poland defeated Russia, in August, 1920, as one of the decisive battles of the world, but in the Russo-Polish war as in the Baltic states Great Britain waited on events and was content to accept their consequences.

The Third Series of the documents being now complete, the editors have issued an index. It contains reference lists to the sovereigns, the holders of political office and the diplomatic representatives of all the states in addition to an index of persons and a subject index to the documents printed in the nine volumes of the Third Series.

Birth of a Nation

The Emergence of Modern Turkey

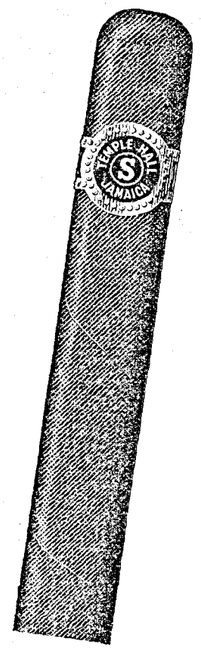
By Bernard Lewis.

Oxford University Press for Royal Institute of International Affairs. 526 pages. 48s.

NOT surprisingly, among all the peoples belonging to the Ottoman empire, the Turks themselves were the last to feel the urge to assert their separate national identity, which for centuries had been submerged in a sense of loyalty first to Islam and secondly to the Ottoman dynasty. It was not until the early nineteenth century that Turkish writers, largely influenced by the research and ideas of European scholars, began to show an interest in a separate Turkish national consciousness. And when the Turkish republic was founded by Kemal Ataturk, some forty years ago, the idea of a territorial state, based on the Turkish nation, and confined within specific (new) frontiers, was quite unfamiliar to the vast majority of Turks. It is significant that the National Pact, in which the Anatolian nationalists, led by Ataturk, put forward their basic demands in the early days of their revolution, speaks of "Ottoman Muslims," but never of "Turks."

It is against this background that modern

whatever the occasion choose



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Turkey, having successfully established its position in the world as a whole, is still painfully struggling to establish a stable and progressive form of government. No English writer has described this background with greater erudition, objectivity and insight than Professor Bernard Lewis in this book. It is equally valuable for the scholar planning to explore specific lines of research, and for the teacher and journalist who have to explain and analyse developments in modern Turkey.

The book is divided into two parts. The first is largely devoted to a chronological account of the efforts made, from the early nineteenth century onwards, first by the Sultans and then by the Young Turks, to reform the Ottoman empire; this is followed by an account of the establishment and development of the modern Turkish republic. In the second part of the book, Mr Lewis discusses in more detail the development of the Turks' sense of corporate identity and loyalty, of their theory and practice of government, of their religious and cultural life, and of their economic and social order.

Mr Lewis does not carry his story beyond 1950, when for the first time in Turkey, power was peacefully transferred from one party to another after fair and free elections. The hopes aroused by the 1950 elections have been sadly disappointed. But this book, by placing the events of the last ten years in their proper perspective against the long years of Ottoman rule and the long struggle to escape from outmoded ideas and ways, suggests that, in the long run, the present setbacks may not prove irreversible.

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Sick and Hurt

Medicine and the Navy, 1200-1900: Vol. III, 1714-1815

By Christopher Lloyd and J. L. S. Coulter. *Livingstone.* 414 pages. 50s.

UNTIL 1806, when it was amalgamated with the Transport Board, the medical department of the navy was administered by the Sick and Hurt Board, the commissioners of which were appointed by the Admiralty. The exigencies of war exposed its limitations, and what the Secretary to the Admiralty called a "new model" was introduced in 1806. When the commissioners were chided in the last days of the old regime with their want of system and it was suggested that they might work longer hours, they replied that "six hours a day is as long a time as official business can be prosecuted with alacrity and effect." It is scarcely surprising that they disappeared from history with little official sympathy.

The industrious authors of this well compiled and definitive volume have described the various aspects of the care of the sick and hurt during the eighteenth and early nineteenth centuries with skill and vigour. They start with a survey of the social status and professional accomplishments of surgeons, physicians and apothecaries, an interesting study of eighteenth-century notions of hierarchy, and before turning to the naval hospitals they describe conditions of victualling and hygiene and some of the medical problems that arose in the successive wars of the period. A good chapter on "Nelson and the surgeons" brings out many of the points dealt with in other chapters, for Nelson suffered from most of the diseases described in the book and underwent more operations than almost any other flag officer. "I have all the diseases that are," he said soon after being wounded in the eye in Corsica, "but there is not enough in my frame to fasten them on." The chapters on the hospitals at Haslar and Plymouth are fascinating. The various methods of discipline are set out in documentary sources of the period, and there are many revelations of contemporary attitudes towards administration and incidentally towards religion. Apparently the naval hospital at Plymouth was sufficiently good to attract sick army deserters, who felt that they would get better treatment there than in any other place.

In the last part of the book there is a useful account of sea diseases and the various ways of treating them. The sections on yellow fever show how misleading it is to write, as most historians have done, about the Seven Years War without mentioning it. The last chapter is concerned with the very primitive surgery of the period, and the final paragraph is about the statistics of amputation. It is interesting to note how slowly new methods were adopted in many of the arts both of surgery and of general medical treatment. For example, with sea water all around, the routine use of saline solution for burns did not appeal to the doctors. As in the twentieth century, however, large-scale wars encouraged changes in official policy. Thus at the end of the eighteenth century lemon juice, for protection against scurvy, was made a general issue after a delay of forty years.

The general historian will learn much from this volume, although he will have to make his own comparisons with what was happening in civilian hospitals and civilian medicine. Not the least interesting material comes from journals and autobiographical reminiscences. Smollett's account of his experiences in "Roderick Random" is well known. The authors have discovered many other examples of such material, however, including an unforgettable account of the scene in the cockpit of HMS *Ardent* at the battle of Camperdown, written by Robert Young, a naval surgeon. Governor Cryke's daily journal at the Plymouth hospital is also a superb historical source.

OTHER BOOKS

THE FABRIC OF THE HEAVENS. By Stephen Toulmin and June Goodfield. *Hutchinson.* 272 pages. 25s.

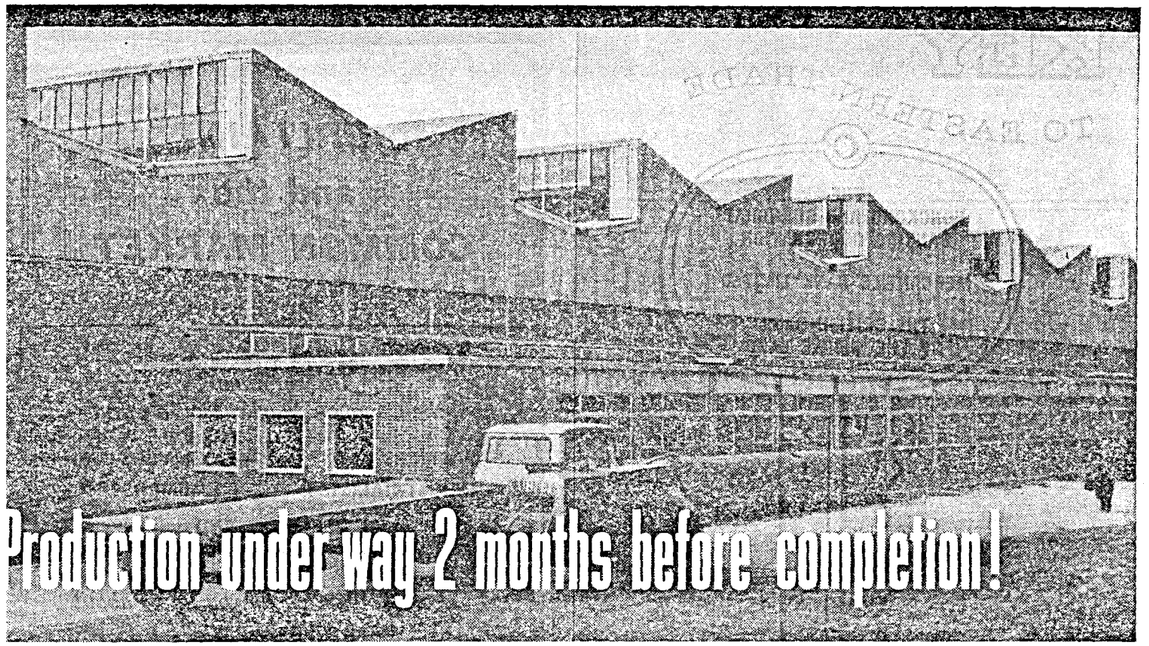
This first volume of four in a series on "the ancestry of science," part of the work of the Nuffield Foundation unit for the history of ideas, is an admirable introduction alike to cosmology and that increasingly important study—the history of scientific thought: an excellent sample of scientific exposition in the best humanistic style. It should serve students of the humanities, who may think science and scientists uncultivated, well.

TRENDS IN THE AMERICAN ECONOMY IN THE NINETEENTH CENTURY. Conference on Research in Income and Wealth. National Bureau of Economic Research. *Princeton University Press.* London: *Oxford University Press.* 780 pages. £6.

This new tome in a valuable, established, series of analytical studies by North America economists, brought together by the National Bureau of Economic Research, throws much light on the recent background of the developing American and Canadian economies. Balances of trade and payments, investment in railroads and canals, etc., wages and dividends, and prices and production of both primary and industrial products are carefully tabulated, with studies of interregional and other contrasts. It is another sourcebook for economics libraries provided by the indefatigable bureau and its officers, and it is germane to current disputes about "growth."

CHANGING PATTERNS IN SOUTH ASIA. By Ian Thomson. *Barrie and Rockliff* with *Pall Mall Press.* 166 pages. 18s.

For the layman who is interested in, but baffled by, news items from West Pakistan to the Philippines, Mr Thomson has performed a service. Larger tomes are overburdened with the history of a complex area or heavy with charts and statistics. Reporters' books are often circumscribed by individual experience. Mr Thomson may not write as compellingly as some foreign correspondents, but he has a selective mind. His originality consists in presenting South Asia in terms of its dominant ideas: nationalism and racialism, democracy, communism and socialism, Islam, Hinduism and Buddhism. It is a rewarding method, for each of his *exposés* is illustrated by examples drawn from the contemporary scene.



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Mr. J. R. Stanfield, Works Director of Fisher & Ludlow Ltd., Birmingham, says: "Teamwork has been the essential factor that has ensured the completion of this vast undertaking within the time scheduled. Large areas of the factory are devoted to specialized process plants involving complicated foundation work and numerous underfloor services. Only the closest of co-operation throughout between architects, contractors and our own planning and engineering departments has enabled construction to proceed without interruption."

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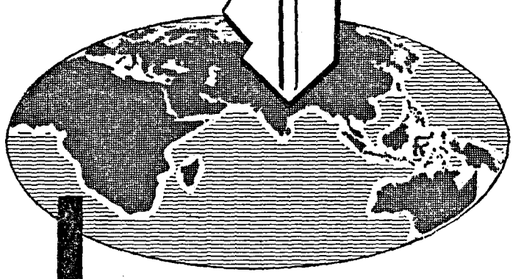
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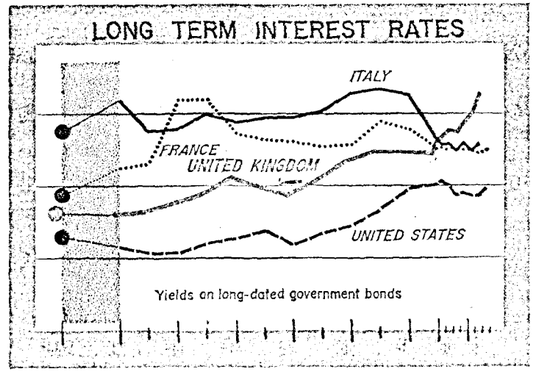
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THE BUSINESS WORLD

Interest Rates and $2.80

WHEN investors sell equity shares because they are worried about the balance of payments one does not normally expect them to buy gilt-edged. Yet this is what has happened on the London Stock Exchange in the past fortnight; at the very moment that the City has become so concerned about the competitiveness of British industry, it has started talking about the likelihood of interest rates coming down. More extraordinary still, the talk-down was set in motion by the Bank of England itself. The ½ per cent reduction in Bank rate a fortnight ago was accompanied by a revealing speech from the new Governor, Lord Cromer, which made it clear that he was as concerned as his predecessor about the "disproportionate use" of monetary measures. In a phrase that the City has since repeated to itself many times he asked: "Are the money rates we have seen in this country in recent years the most appropriate to achieving the rate of progress we would like to see?" Spurred by these ruminations, the City has reminded itself that the balance of the budget is the most disinflationary since the days of Sir Stafford Cripps—so much for disproportionate reliance on monetary measures alone—and is reviving the original interpretation of the April budget as implying that pressure on gilt-edged would be reduced. This prognosis was rudely shattered by the summer exchange crisis. Now, the talk internationally is of "co-ordinating" Britain's interest rates to obviate a renewed inflow of hot money, and this is seen as another reason for interest rates to fall.

Prudent men cannot, of course, go so far as to advocate a general relaxation of credit restrictions. So, while the authorities reduce Bank rate, they affirm that this marks no relaxation in credit restrictions. They are thereby subscribing implicitly to the view that the price of credit has no essential part in regulating the quantity. The ultimate logic of this argument leads to what one school has long advocated—that high interest rates are an irrelevant extravagance, and that credit can be kept tight but cheap. City institutions, contrary to the popular view but for good reasons of their own, dislike high interest rates: they limit their business. But the Bank of England can be expected to take a longer view and think through the implications of its "no green light" reductions. The fact is that on both external and internal grounds, high interest rates are in the long-term category of Britain's present recovery programme. Seven per cent Bank rate, and more directly the associated level of domestic overdraft rates and bond yields, should be regarded, not as crisis rates, but as norms for the new situation, as relevant to the defence of $2.80 as toughness on wages and government expenditure. The Bank of England, naturally, is more concerned than anybody to protect and retain the present fixed parity; it cannot expect Mr Hare and Mr Brooke to do the job by themselves.



INTERNALLY, it is now clear that in this economy it is only when interest rates are around their recent levels that they begin to have a real impact on business and investment decisions. For years, while the authorities were fumbling with Bank rate at the levels that would have been high in the past, the critics were pointing out why four or five per cent on borrowed money was nowadays a negligible factor. Admittedly the doctrine of permanent inflation has lost favour since then, but it is still probably true that to restore interest rates to those levels now would remove such restraining influence as they now have. Some critics of course will assert that this influence is itself excessive, and Lord Cromer himself appeared to range himself with them. It is hardly excessive on savings—the Governor's next question was: "Are we saving enough?" And the restraints on economic growth in Britain in recent years surely stem from a different source.

The most important check on investment in productive assets is not the cost of the money but uncertainty about future demand, which is partly caused in turn by periodic upsets from the Government's impositions of purchase tax or changes in hire purchase controls. The burden of evidence that industrialists give about interest rates is that they will never be a decisive element on a project which is clearly called for by the state of demand; and this is as it should be. In so far as high interest rates encourage a curtailing of fringe projects, which there will always be, they relieve pressure on the economy and thereby

reduce the need for government restraints that tend to stop, not the least productive, but the most productive investment. Thus in the present context it would surely be the negation of economic priority to bring Bank rate down, let gilt-edged rise, and relieve the pressure on the builders of municipal swimming pools or factory canteens while leaving Coventry on short time.

The one point at which high interest rates could now have undesirable results is in the cost of export finance. Since Britain needs to give a special boost to exports at present and since international conventions about export credit have, most unfortunately, pretty well gone by the board, there is now a case for a special export finance corporation able to supply cheap finance, on a highly selective basis. The problem must be tackled directly: it would be absurd to bring down the whole structure of interest rates, or even all rates for exporters, because foreign governments give occasional credit subsidies for specific export contracts.

In the domestic economy, therefore, high interest rates—very high rates by old standards—are needed to act as a modest but not insignificant selective brake on less urgent investment, and financially to maintain a due balance between fixed-interest securities and equity shares in the capital market. Externally, high interest rates have a more direct function—which, because of all the furore about that nebulous entity "hot money," is rarely understood.

BLUNTLY, the point is this. The course of Britain's balance of payments in the past ten years shows conclusively that, whatever targets may have been set up by the Treasury, Britain has been unable to earn the very large surplus (£450 million was the last official estimate) that would be necessary to cover its large outward investment commitments and improve the extraordinarily weak ratio of quick monetary assets to liabilities (gold reserves to sterling balances). Nor is there any real prospect that at the exchange rate of $2.80 a surplus of this magnitude will consistently be attainable in future. This does not mean that the exchange rate is wrong, or that devaluation would be the right remedy. It does mean that in present circumstances some offset to the large investment commitments must be found; and that some underpinning of the reserve position must be achieved. This is the key external argument for high London interest rates.

A few years ago London was easily the cheapest centre in Europe, if not in the world, to borrow. It may not have appeared so on the basis of comparative Bank rates; but the highly organised London capital market has always offered a spread of rates that is smaller beyond official rates, and smaller too between different categories of creditworthy borrowers, than market interest rates in other centres. It takes a Bank rate of 7 per cent in Britain to bring bank lending rates to the level of 7½-9 per cent prevalent in Germany with a Bank rate of 3 per cent. Even in the United States, where the official discount rate is also 3 per cent and the prime loan rate is 4½ per cent, many small and middle-sized businesses are paying 6 per cent on their bank loans, and after allowing for differences between loan accounts and overdrafts, some of them may be paying an effective rate as high as their English counterparts. In Holland and Switzerland, admittedly, the whole structure of interest rates is lower than in Britain, but these capital markets have a distinctly limited capacity, and have to ration their allotment to outsiders. Thus it needs a Bank rate around the current level to get rid of an actual incentive to commercial firms to borrow in London rather than abroad.

In the bond market, admittedly, yields in London, even allowing for the smaller commissions that prevail in this sector of the capital market too, are now at last significantly higher than in most markets outside Latin America. This comparison itself is apt to be taken in the City as something of a slight—but it is an accurate and desirable reflection of Britain's difficulty in balancing its international payments. Bond yields of 6½ per cent plus are an effective deterrent to overseas borrowers. The overseas sterling countries have now become quite accustomed to looking elsewhere: in the first six months of this year alone they borrowed £281 million from non-sterling sources, or almost twice as much as their annual intake from such sources five years ago. At the same time, large companies in Britain now have a distinct incentive to borrow abroad when they can, and, very belatedly, it is now Treasury policy to encourage them to do so. Thirdly, high yields in the London capital market attract the overseas investor: the Treasury has now detected £100 million of portfolio investment in the second half of 1960, and it admits that its information is not complete. A new burst of such portfolio investment should be taking place now.

It is at this point that people are apt to raise the spectre of money that is not worth having because it is apt to flow out again very fast: overseas portfolio investment, it is said, is at best lukewarm, while investment in Treasury bills or local authority deposits is palpably hot. The caution cannot be dismissed; but neither can Britain's continuing need to attract foreign capital. This is the baby that must not be thrown out with the bathwater. A high structure of interest rates in Britain will, in divers ways, help to redress the balance in Britain's long-term capital account. At the same time, admittedly, it will tend to attract the loose money that moves from centre to centre for a turn in the interest rate, but is still more prone to a dabble in exchange speculation. No monetary authority relishes this loose money. But in present circumstances there is no reason why Britain should be embarrassed by it—certainly not to the extent of reducing the attraction for foreign money as a whole. Indeed, while Britain has $1,500 million owing to the International Monetary Fund there is an urgent purpose to which every pound of short-term investment here should be put: for the only acceptable way of coping with excessive movements of short-term funds is to compensate them with official funds, and the compensation machinery through IMF happens at present to be in urgent need of the boost that an early United Kingdom repayment could give it.

The time to start thinking that Britain's short-term rates might be too high will be only when the whole IMF loan has been repaid. But even then care might be needed to avoid

BANK DEPOSITS IN BRITAIN
(£ million)

	Clearing Banks Total	Merchant Banks* Total	Merchant Banks* (UK residents)
End–1957	6,929	151	(71)
1958	7,199	212	(100)
1959	7,667	259	(114)
1960	7,831	424	(174)
Mid–1961	7,709	430	(193)

* Members of Accepting Houses Committee.

bringing the whole structure of rates down in a way that brought money market rates in London to the international level but took commercial borrowing rates far below it. In practice a sustained inflow of funds to London should itself tend to narrow the differential in short-term rates, by raising them in foreign centres and also by reducing them in London. The Bank of England at the moment feels bound to exert a sharp brake on any falling away in Treasury bill rates—which makes its unexpected reduction in Bank rate still more inexplicable. But over the years, once it becomes clear that something like the present level of long-term rates is here to stay, this change in expectations should itself take pressure off the short-term market. It is only when borrowers expect interest rates to fall, as local authority treasurers have done ever since rates started rising from 3 per cent, that they are willing to pay significantly more for short-term money than for long. This is the case for saying, as the Radcliffe committee did, that the authorities can help guide the capital market by taking a view of rates. Lord Cromer perhaps came nearer to that than the Bank has ventured in the past; it is a pity that the view he implicitly expressed should have been such a debatable one.

IT may be, therefore, that short money rates in London should in time become somewhat lower in relation to long-term rates. But it would be highly dangerous to try to force such a development under the mirage of a "two tier" structure of rates, rigging the market so that the government pays as little as possible on its floating debt, especially that held by foreigners. Advocates of this course tend to forget that the foreigners might then withdraw their money: as a note on page 280 points out, London's hold on the reserves of overseas sterling countries now rests very largely on the relatively high return that it offers.

More generally, the two-tier solution, like the similar idea of "tight but cheap" credit, is not compatible with a highly organised and reasonably free capital market such as London's. Suppose Bank rate were brought down to 4 per cent and special deposits were raised *pari passu*—a scheme which has already been suggested by some observers, and might be held to be in line with the logic of this month's Bank rate reduction. Bank overdrafts would be as tight as they are now—and manifestly under-priced. A wide gap would emerge between rates in the officially influenced and the free sectors of the money market; and the same gap between deposit rates would give a further stimulus to the growth of the unorganised sector. Even now the clearing banks, with their uncompetitive deposit rates, are standing still while the merchant banks and overseas banks sweep forward. Either special deposits will have to be imposed on every City institution; or the authorities must rely mainly on the price mechanism—interest rates—as a credit regulator. The prospect of Britain's entry into the common market sharpens the choice. For if once the financial barriers begin to come down, the technical superiority that the City of London has even now over Continental facilities will necessitate a brake, of one kind or the other, to stop it lending more than the balance of payments can stand.

Cunard Heaves To

AT the eleventh hour a combination of belated wisdom and cold feet round the boardroom table of Cunard Steamship Company has brought about the decision that the liner company's critics, within the shipping industry and outside, have said right from the start it ought to take—not to build a replacement for the *Queen Mary* of the size, capacity and design that until now the company has stubbornly favoured. Just in time Cunard has saved itself from being stuck for thirty years with a maritime white elephant, which never had a chance of being profitable (why, if otherwise, ask for a subsidy?) and which, rather than fostering prestige, would merely have invited professional scorn.

In the bleak situation that has descended upon Cunard this year, the decision to postpone placing any order for a new passenger liner was perhaps inevitable as well as sensible. The group as a whole, Sir John Brocklebank announced, will incur a "substantial overall loss" this year. Preference dividends are to be paid, but if any distribution is made to ordinary stockholders—a matter yet to be considered—then it will have to come from reserves. The group is currently losing money not only on its passenger operations but also, more surprisingly, in cargo carrying. While the two Queens are still earning a profit, the Cunard Company itself is making a "heavy loss." So is Thos. & Jno. Brocklebank, one of the group's two major freight subsidiaries, mainly because of difficulties in the India trade. And, for another year, Cunard Eagle Airways is deep in the red too.

Without stretching historical analogies too far, a comparison can be made with the events of thirty years ago when the collapse of passenger and cargo traffic at the time of the slump forced Cunard to stop work on the *Queen Mary* itself. But the ship that was then on John Brown's slipway was something new and bold in mercantile technology, even if it now reminds a generation used to transatlantic jet travel of the dinosaur. The Q3 Cunard had in mind was little more than a moderately updated replica of the *Queen Mary*. It reflected none of the advances in naval architecture achieved, for instance, by the designers of P & O's *Oriana*, the 45,000-ton passenger liner built by Vickers-Armstrongs—which in partnership with Swan Hunter submitted the lowest tender for the Q3 (still under £30 million even after allowing for increases in costs under the customary escalation clauses of a shipbuilding contract). Even if traffic and profits had been maintained, Cunard states that the new ideas in the Swan Hunter-Vickers tender, particularly on weight, hull design, and the ratio of power to size and speed, would have needed "time for evaluation before any final commitment on the size and performance of a new ship." These ideas, Sir John confessed, "will profoundly influence our thinking in regard to any large ship which may later be built for this service." Not only laymen, but also other shipping men, wonder why it took so long for the light to dawn.

Treasury bill rate fell sharply last week by ⅛ per cent to a shade over 6 per cent; covered arbitrage in Treasury bills now offers a margin in favour of London over New York of ⅜ per cent, compared with ⅝ last week.

In the discount market the Bank of England has now applied the brakes quite noisily, forcing the market to take a considerable amount of money at Bank rate. In the mortgage market supply and demand interact rather more freely, and the large offerings from industrial companies at home and bankers overseas have reduced the rate on seven day money from 7 to 6¾ per cent. Before this, the Treasury last weekend followed the market in the usual way by reducing the rate for loans of less than 15 years from the Public Works Loans Board from 7½ to 7¼ per cent as an adjustment to the Bank rate cut (it is now again out of line); the rate on longer loans is unchanged at 7 per cent.

The dollar has been rather stronger this week against all currencies except sterling and the Swiss franc. Its strengthening against the mark, pretty clearly, though not equally obviously, was associated with the 50 megaton blast from Mr Khrushchev, and the same influence was cited to explain similar gains for the dollar in Amsterdam, Paris and Milan. The Swiss, or rather the operators acting through Switzerland, presumably prefer gold, which has again been in active demand from private holders this week. In London the dollar price has continued to be quoted in the range $35.18-21 a fine ounce; central banks are still absent as buyers, and the Russians as sellers.

The Swiss government has now formally asked the Berne parliament to approve its proposed loan to Britain. The amount is 215 million francs (nearly £18 million) which is rather more than market sources had at first expected. Interest is at 3 per cent and repayment is to be in Swiss francs by the end of 1964. The loan thus provides assistance on the same lines as that granted by other countries through the International Monetary Fund, of which Switzerland is still not a member. The loan will fund Basle central banking credits that have not yet been repaid, and it is unlikely therefore that there will be any transfer across the exchanges.

THE ECONOMY

Output Speculative

FACTORY holidays are not always taken at precisely the same time each year, so the course of industrial production between July and August is more than customarily difficult to correct for seasonal variations. The fact that the official index of output, after adjustments intended to allow for holiday habits, failed to register any further gain in August, following successive monthly improvements from 122 to 125 (1954=100) since May, should not necessarily be taken as meaning, therefore, that the economy's incipient growth has been nipped in the bud. The one point drop in the seasonally corrected index of manufacturing output, from 127 in July to 126 in August, could also turn out to have been contrary to trend—or even to reflect the chance effect of "rounding off."

But it was in August that the recession in steel stocks first began to have a major impact upon the current production of the steel mills, and the decline in steel production is likely to continue for some months to come. August was also a bad month for the motor industry, even after allowing for the varied incidence of holidays; nor is car output likely to improve much in the coming winter months. Against that, engineering output and construction work were still holding up under the intense pressure of past orders; though new orders for capital goods, as this week's figures of approvals for new industrial building projects confirm, have for some time been flowing in at a much lower rate. The chemical industry is still working at a high rate and there appears to have been some slight increase in July and August in the production of textiles and clothing. Manufacturers of household equipment, on the other hand, have still to experience any real improvement. All in all, the grounds for reckoning on much of a further improvement in output are hardly very encouraging.

INDEX OF INDUSTRIAL PRODUCTION

(1954=100; seasonally adjusted)

	All industries		Manufacturing	
	1960	1961	1960	1961
January	119	120	122	121
February	119	121	122	123
March	120	121	123	124
April	121	123	124	125
May	121	122	124	123
June	120	124	123	127
July	120	125	123	127
August	121	125	124	126

MOTORS

Shadows over the Show

THE leaders of the motor industry (whose long-term problems are discussed in a series of articles on pages 241 to 262) have marked the opening of this year's motor show with their usual optimistic pronouncements about the success of their new models. But they have felt it necessary, for the second year running, to remind the government that its economic policy is cutting deeply into sales at home and so making it even more difficult for the industry to achieve capacity operation in its new factories. Heavier purchase tax, tight credit and less ready hire purchase, have depressed used car prices, and seem to have had a more immediate and perhaps more severe effect on car sales than the hire-purchase restrictions did last year. The industry hopes that the short-term effects will prove to be the worst. Sales in September at 47,449 were only 1,400 higher than in August, though they usually rise by about a fifth, and they were more than a fifth below those of September 1960. Sales seem to show no further increase in October. So the industry hardly feels very happy about the prospect of the rest of the winter. Exports may rise a little during the winter, however, now that there are new models to sell and stocks in the United States near exhaustion; even the American-owned companies hope to restart shipping cars there in the new year.

The company with the most dismal prospect is Rootes. Car production has been virtually at a standstill for seven weeks, since the workers at its subsidiary British Light Steel Pressings went on strike. Rootes buys its car bodies from Pressed Steel, but some parts for all its bodies are made at BLSP. Its decision to dismiss all the workers at its Coventry and Dunstable factories who had been made idle by the strike was, it says, determined by its inability to afford to pay them their guaranteed wage any longer, which cost some £70,000 a week. Certainly the situation must impose a severe financial strain on Rootes, after a year in which its output has been at a low rate; but one effect of the dismissals has been to make the union leaders take a more active interest in the stoppage. Rootes' reluctance to take back the men who have organised the strike seems, however, to be an obstacle to agreement on terms for a return to work. The present lack of alternative jobs in Coventry makes it likely that Rootes will be able to get most of its workers back whenever it is able to employ them again. But the company is losing sales that it can ill afford to its rivals, while the introduction of the Super Minx in Europe, where the company was planning a big sales effort, has perforce been a flop.

BIDS AND DEALS

Revival of Take-overs

ALTHOUGH equity markets are depressed there has been a revival in take-over bids. In view of the sharp decline in share prices this is not altogether surprising since take-overs can now be made on cheaper terms than over the past couple of years. Moreover intensive competition and dwindling margins are now hitting a number of smaller companies to such an extent that a take-over by a bigger company with the necessary resources to withstand the present difficulties might well prove the only logical solution to their problems.

1. This was the case with British Enka, the biggest rayon manufacturer in this country outside the Courtaulds group for which Courtaulds has now made a bid worth £1,875,000 of 5s. in cash per 5s. share. The bid might seem to be on the low side, for it is only 6d. above the pre-bid price and compares with a net asset value in the last balance sheet of 9s. 5d. per share. But since the end of 1960, losses of about £200,000 for the first eight months and capital expenditure have seriously depleted current assets and the British Enka chairman esti-



The Hawera Star!

WHERE IN HEAVEN'S THAT?

We can tell you in a twinkling. For it's not in the heavens at all, oddly enough, but in New Zealand. And it is, in fact, a newspaper. We know because it just happens to be something to do with our country. And so far as *that* is concerned, there is very little we don't know. For as a Bank operating in New Zealand, we are constantly being called upon to provide reliable, comprehensive information on subjects relating to our national life. This we can do without the slightest difficulty, since we have more than 160 branches and agencies throughout the North and South Islands. So whenever your question involves points of national interest about New Zealand, ask us—

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THE BIG FERRY

an economic fable

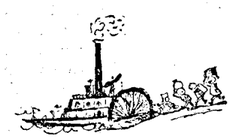
ONCE UPON A TIME there was a very strange country. This country was divided into two parts by a great and dangerous river. The part on the North bank was called Spending. The part on the South bank was called Saving. One of the strange things about this country was the difficulty of getting



any money across the river, from the Spending side, where it ran to waste, to the Saving side, where it was put to good use.

It was a very capricious river. For one thing, it refused to have a bridge built across itself. When people tried to build one, it just shrugged its shoulders and down it all came. It was a little better about boats, but not much. To get across, one needed not only a strong, well-built boat, but also a helmsman who knew the currents and the sandbanks.

At long last, after many years of struggling with the river and its ways, a number of citizens of the strange country decided to band themselves together. They built a strong, large, well-found boat specially adapted to the conditions to be found on the river. And they selected an experienced helmsman to pilot it. The boat began to ply across the river with the savings of



the people who had built it. Everyone saved as never before. And as the years went by, the helmsman got to know the currents and sandbanks, the wind and the weather, more than anyone else in the whole land.

But one day the King of the strange country died and the Crown Prince succeeded him. The new King was a handsome and virtuous young man. He wanted to do everything that was best for his people. He ran up and down, scolding, supervising and—especially—organising them.

One day he arrived at the place where the ferryboat was making its way across the stream. He looked at it. He looked, too, at the turbulent river. Then he began to worry. "What!" cried the new King. "Is there no-one to supervise, no-one to organise, no-one to keep a watch over this important and valuable ferry-boat which is one of our national assets? How monstrous! How unheard of!" Then he settled his crown a little straighter. "I myself", he declared, "despite the numerous other cares of my office, will now take charge of matters. I will tell the ferryman when to set out and when not to set out. I will tell him how much money to carry and at what point on the other bank to land it." The ferryman was forced to acquiesce.

And so the King stood on the Spending bank and scolded, and



supervised and organised. (It was one of the traditions of the Monarchy that the King must never cross over to Saving.) The ferryman did his best to do as he was told, but he was always being made to set out at odd hours and to go by unaccustomed channels. And one day the ferryboat got stuck on a sandbank and nearly sank with all the money aboard.

The King was upset about this. So was the ferryman. But most upset of all were the people whose money it was. "Why bother to save at all?" they said. "Next time it will be worse", they said. And nearly all the citizens who used the ferry agreed with them. There and then a good many of them stopped sending money across from Spending to Saving.

MORAL:

Confidence takes years. No confidence takes minutes.

* * * * *

ISSUED BY THE LIFE OFFICES' ASSOCIATION, LONDON—AND ASSOCIATED SCOTTISH LIFE OFFICES, EDINBURGH.

mates that the realistic break up value is now below the offer price. Algemene Kunstzijde Unie (AKU), the Dutch textile company, holds 54.8 per cent of British Enka equity and is accepting the offer. Enka shareholders will still retain their rights to subscribe for shares in British Enkalon which will produce mainly nylon yarns at a factory to be built in Northern Ireland. Clearly this latest move by Courtaulds will bring a rationalisation involving a considerable reduction in British Enka's operations and staff for Courtaulds already has ample capacity for rayon production following its past acquisitions of British Celanese and Harbens.

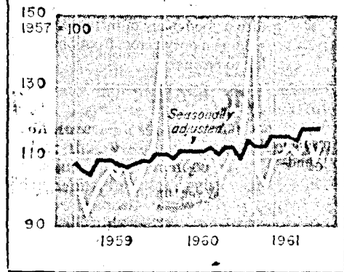
2. Treasury consent has been given to the sale by Firth Cleveland of its 56.7 per cent holding in Solartron to Schlumberger Limited for £1,928,000. This represents a capital profit of 40 per cent for Firth Cleveland which purchased a 53.125 interest in this electronic group early in 1960. This interest was extended to 56.7 per cent as a result of Firth Cleveland's offer for the remaining shares last July and the few shareholders who accepted this latest offer are to receive an ex gratia payment amounting in all to £33,500, representing the difference between the price of the two offers. The sale will improve Firth Cleveland's net liquid balances by about £2½ million but it is selling what the group's shareholders have been led to believe was an outstanding long term prospect. The directors say that Firth Cleveland will now be better placed to maintain expansion; but this sale, following board room disputes and resignations, may well leave shareholders with uneasy questions in their minds as to the group's future prospects.

The Schlumberger group is closely linked with the oil industry and has assets of about $140 million and its shares are shortly to be quoted in New York following its proposed merger with Daystrom Inc., a big manufacturer of electronic equipment. Its bid of 85s. in cash for the Solartron shares is being extended to the minority holders, of whom Mr John Bolton and other directors of Solartron hold about 25 per cent of the equity. It has also agreed to assume Firth Cleveland's undertaking to permit an application for a quotation for Solartron shares by 1965 unless the majority of minority shareholders decide against it. Schlumberger is not bound to make any of its shares available but clearly to hold on could be a more attractive prospect to minority shareholders than the present bid if the high hopes held out for this company, now to be backed by ample resources, materialise.

RETAIL SALES

Shoppers were still spending as much in September as in the weeks of anticipatory buying before the Chancellor put up prices. According to the Board of Trade's estimate (provisional but "unlikely to be revised downward"), retail sales, seasonally adjusted, remained at the same level as in July and August. The indications are that food and clothing shops did well, but that sales of durables may have declined further.

Allowing for price increases, the total volume of goods bought over the counter in both August and September was probably only about 1 per cent less than in July.



BUTTER

Fat Still in the Fire

LAST month a meeting of Gatt members in Geneva to discuss the problem of butter dumping ended. How exactly it ended is not yet public knowledge, though to an outsider it ended in what looked uncommonly like complete deadlock. This was particularly disappointing to the United Kingdom which had little directly at stake but plenty of friends it might alienate by taking precipitate action. Britain is the only big open market for butter; it consequently draws butter from many, often unsuspected, supplying countries. Today there is by common consent too much butter in this market; the value of New Zealand's finest grade, having slumped to 250s. a cwt, has stayed there all this year. The only promising factor in the great milk glut is that communist cows seem to have been less productive than their western counterparts: Russia has taken 5,000 tons of Danish butter and has signed a two-year agreement to take more. East Germany has been drawing off supplies from France and Finland, but a high output of milk has been maintained in western Europe relatively late in the season.

Since the problem will not melt away, British officials may have to take some further initiative in solving it. Their task will probably not have been made easier by the reported general agreement between farming interests at last week's meeting of the International Federation of Agricultural Producers in Paris on a suggested solution to be put to their respective governments. Farmers are proverbial lobbyists, and one would have thought that a gathering of 42 farmers' representatives from 14 countries could be very influential indeed. But the governments' and producers' interests are far from identical. The point at which the governmental negotiations broke down at Gatt was when specific reductions were suggested for specific exporters. A country like New Zealand could not be expected lightly to surrender free access to Britain's market with all its implications for trade relations between Britain, the common market and Commonwealth countries. But other suppliers such as France might be equally unwilling to restrict their exports without corresponding sacrifices from the so-called "traditional" suppliers.

If Britain raises the question of anti-dumping duties with Gatt, it will again face deadlock because the principal suppliers will be represented and this side of Gatt's articles has never before been tested. It is not therefore surprising that despite New Zealand's prompting, no further action has yet been taken since last month's Gatt meeting. A compromise that will not sacrifice New Zealand's principles may yet prove possible.

EUROPEAN CAPITAL MARKET

Fédération des Bourses

AS expected, the principal result of the conference of European stock exchanges held in London last week was the establishment of a federation of bourses. Called the "Fédération Internationale des Bourses de Valeurs," it will have a Frenchman as its first president and a Dutchman as its vice-president. Rather to the surprise of the English delegation, the establishment of a permanent secretariat for the federation was agreed in principle. Regulations governing its operations and administration were adopted and its broad aims were defined. These were:

(1) To promote collaboration between its members, while respecting traditional relationships which some of them have with exchanges of other countries.

(2) To act as the representative appointed by the various members to assist in making their opinion, or that of some of them, known to the international organisations on subjects relating to stock exchange activities.

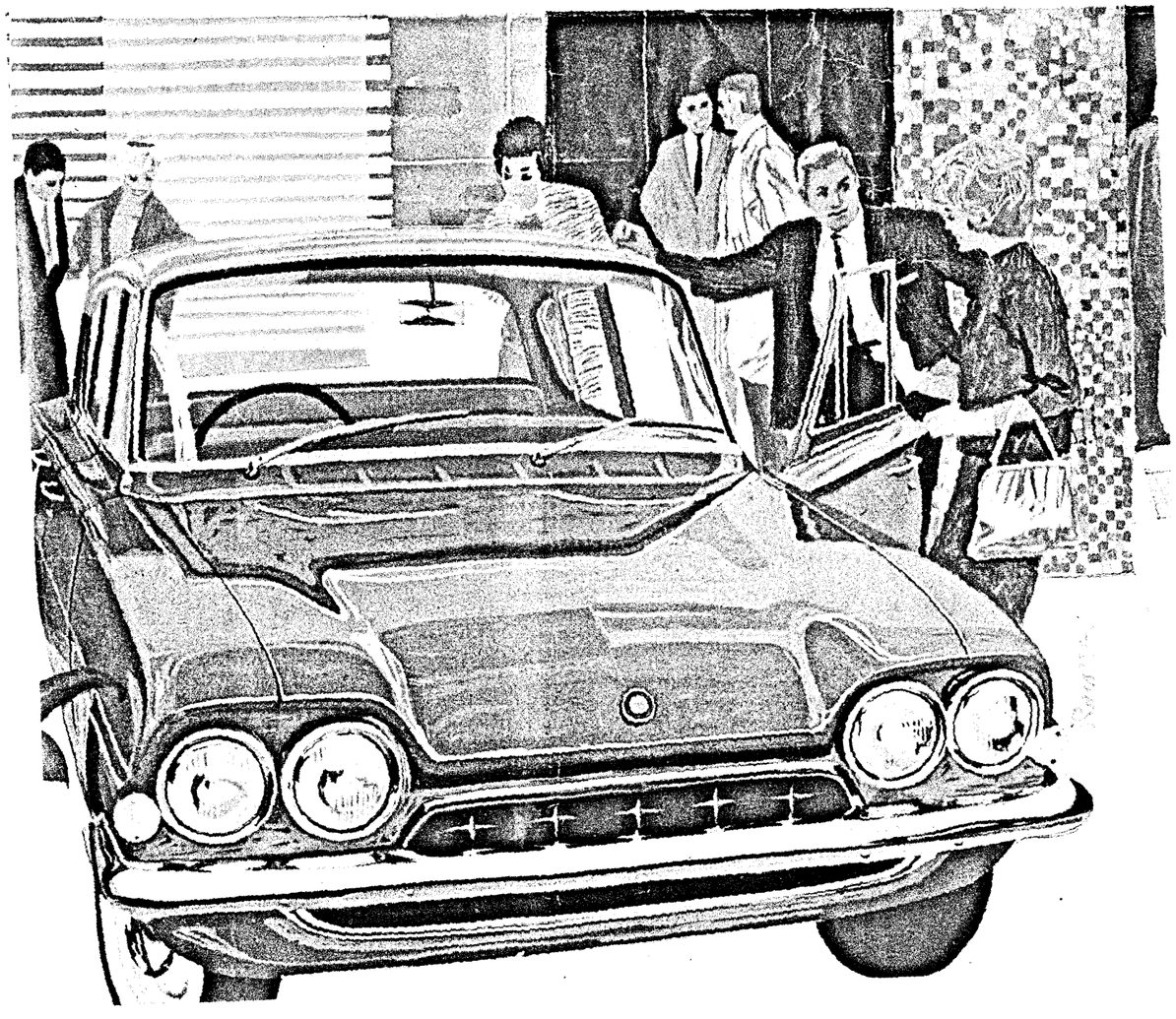
Although the freer movement of securities across national boundaries depends largely on governmental action, such a federation can perform a useful service, not least in promoting common interests and exchanging information. It can build, for example, on the foundations that the conference has already laid on such matters as the methods of quotations in various countries, the problems arising from the international circulation of damaged bearer securities and the standards of printing required for such securities. At the conference, moreover, the delegates from London and Paris in special reports described the type and standard of information required from quoted companies in regard to their securities and activities. It is upon such a question that the federation can do much in helping to protect investors by promoting uniform and better standards. But to do so it will have to feel its way gently, since in practice the standards vary widely.

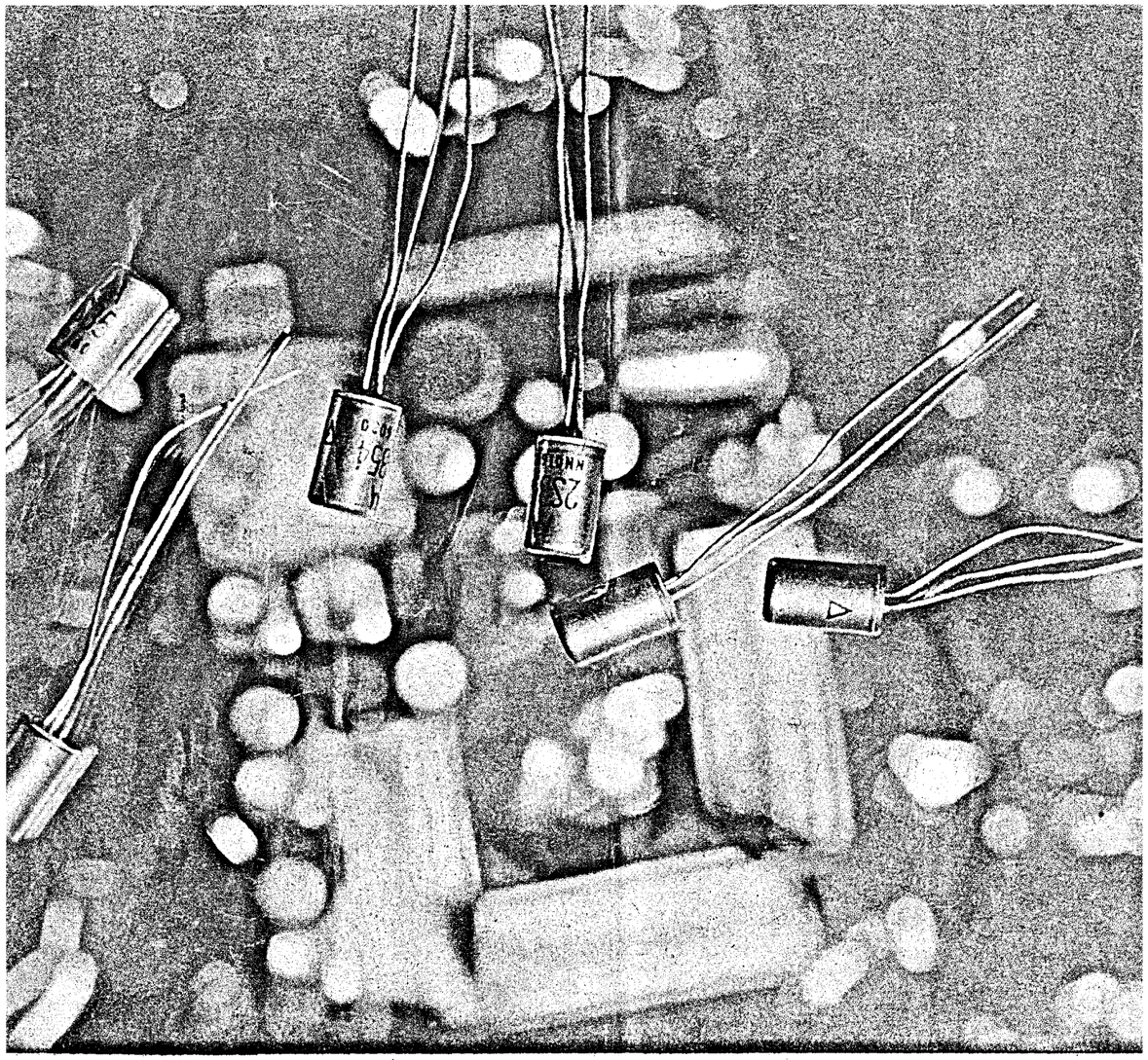
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TELEVISION

TV-in-the-Slot

THE Rank Organisation is the latest of several companies to propose a scheme for private, wired television services with the subscriber paying for those programmes he chooses to watch. Limited services of this kind have recently been started in Canada. Rank, which has teamed up for this purpose with Rediffusion Ltd., wants to start a similar experiment in this country to test the demand for the kind of super-programmes for which subscribers are said to be willing to pay between 6d. and £1 to see. It has never yet been satisfactorily explained where these super-programmes are to be found for 365 days of the year. Sport can provide only a portion of the time required; and the obvious choice, new feature films, are not produced in anything like the numbers required for, to take Rank as an example, a service offering one afternoon and two evening programmes.

The sheer number of programmes required is likely to worry the wire company much more than the subscriber, who can always go back to the old, free BBC and ITA programmes when nothing takes his fancy on the Pay TV channel. It is usually estimated that an average of £1 weekly per subscriber is needed to make a Pay TV break even, and in Canada where these services have been running longest, average spending in the early days was only three-quarters of the break-even figure and is said today to be well below half. If, however, Rank can restrict the service to only those subscribers taking Rediffusions's wired relay system, and therefore already paying rental for their television receiver, then the company would by-pass the heavy capital investment in cable, wire and specially designed receiver (estimated at £50 or more per subscriber). Its main capital outlay would be the coin-box attachments—plus the programme costs—and it might be able to break even if subscribers bought only a few shillings' worth of programmes weekly.

Whether the government would license a service that was restricted to Rediffusion subscribers is another matter, but these obviously present the company with a ready-made market for its Pay TV programmes. It is prepared—but much less anxious—to send its Pay TV programmes by air from a central transmitter even though the transmitter would cover a much wider catchment area than any wired service could hope to do. The main reason for its reluctance probably lies in the need to send these programmes out "scrambled" and provide each subscriber with a descrambling device for his receiver. These are expensive to supply but are said to be far from fool-proof; do-it-yourself addicts may be able to construct their own and get the company's programmes without paying its fee. Hence Rank's discreet reference to the need for "more research . . . before a reliable means of doing this (i.e. unscrambling) without undue expense can be developed."

INDUSTRIAL FINANCE

Boffins in the Parlour?

THE burden of the 1961 Sir Alfred Herbert paper delivered to the Institution of Production Engineers by Mr D. L. Donne, a director of Charterhouse Industrial Development, was that the services the financial institutions provide must keep pace with the changing needs of industry. As a man with experience in production management and management consultancy, who later became a director of a company primarily concerned with the provision of finance for small and medium-sized firms, it was natural for Mr Donne to give particular attention to the links between the financial institutions and industry and to the problem of finance for the smaller business. Few will dispute his conclusions that the working relationship the finance house has with the smaller company is less close than that it has with the bigger concern and that the smaller company finds it difficult to raise the permanent capital it

CALDER HALL

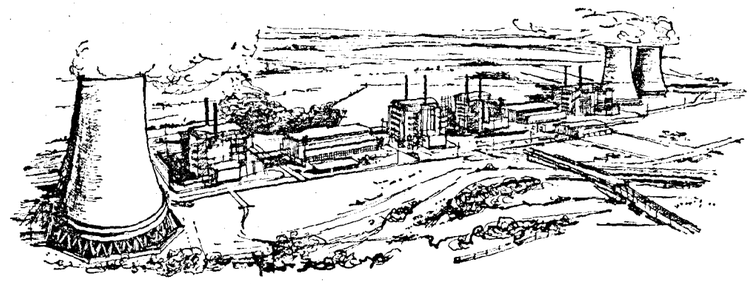
Five Years Wiser

ON a bright cold morning five years ago last Tuesday, the first half of the Calder Hall nuclear power station was officially opened by the Queen, the first nuclear plant of its size in the world. Time blurs the memory of the gamble taken by the men who built it from scratch, without benefit of a prototype, against a strict military timetable that demanded delivery of plutonium from the new reactors by a certain date and would brook no delay for tests and experiments on the power generation side of the installation. Five years later, all that needs to be said about Calder Hall is that it has worked, and worked triumphantly well despite the unknowns that went into its construction.

Its very success has tended to diminish in popular esteem the size of this achievement by making it look so easy. Other nuclear power stations since commissioned in various parts of the world have run into considerable troubles, some of them involving expensive re-design. But according to the Atomic Energy Authority, only four break-downs have occurred in its nuclear power stations during the five years that it has been in the power generating business—and occurred in the conventional transmission and generating equipment. The reactors themselves have given 25 per cent more heat than was expected of them; and even after re-blading the turbines this leaves a considerable surplus in hand which will now be used to produce process steam. More important for the nuclear power programme even than the fact that load factors of near 90 per cent have been achieved without difficulty is the toughness of the nuclear fuel. There has been some doubt about whether uranium fuel as designed in Britain could stand up to the strains produced inside a reactor for long enough to yield an economic amount of heat (the target was 3,000 megawatt days per ton of uranium).

These doubts look less serious since experiments carried out in Calder Hall, where some fuel elements have stayed four years in the reactors and where one reactor has been operated without a break (or a break-down) on the same charge of fuel for a year. The biggest question still to be answered now is the probable life of a nuclear station.

It does not follow automatically that the commercial nuclear power stations now being run in by the Central Electricity Generating Board will work as well or as smoothly as those at Calder Hall. They are designed, for one thing, for much more exacting operating conditions, and their construction started before there was much data from Calder Hall to guide the designers. But the engineers working on today's blue-prints are five years wiser, and the Calder Hall type nuclear power stations on their drawing board still look a better bet for competitive atomic electricity than many a fancier design.



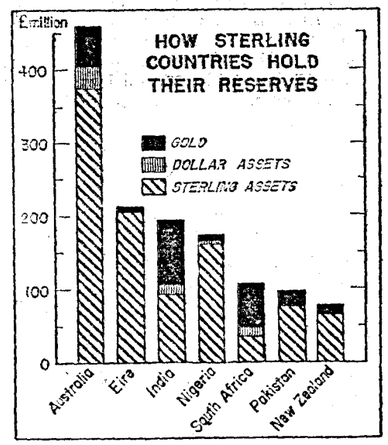
requires. But not everyone will agree with his suggestion that, taking a leaf out of legislation in the United States, finance could be provided for the small company by a combination of private and governmental money.

There will, however, be less reluctance to accept Mr Donne's other thesis that as industrial processes become more specialised and complex, the financial institutions themselves will have to specialise more. A finance house set up solely to provide money for, say, electronics or plastics could offer something more than finance and could become, Mr Donne suggests, the source of central management services for smaller companies. Some institutions already provide such services and, as Mr Donne says, this requires the cross-fertilisation of ideas and men between the City and industry. This can also be of importance when finance is being arranged for larger concerns. As industry becomes more capital-intensive, technical advances are likely to require the provision on a bigger scale than hitherto of finance for research and development, and in putting up risk capital for such developments the financial institution will need to be able to assess the quality of technical management. It will have to know something about industrial techniques as well as money and financial management; and also, Mr Donne argues, to "employ people competent to evaluate the prospects of a technical development." The bankers' parlour will require, in other words, the support of specialists recruited largely from industry.

STERLING BALANCES

The High Price of Gold

THE announcement from Lagos last week that Nigeria had converted some £7 million of its sterling balances into gold and about £3½ million into United States dollars must have made many of the sterling area countries contemplate afresh the conflict of influences in the manner they should hold their reserves. The exchange value of sterling has periodically come under suspicion; there is always talk of a rise in the price of gold; and, not least important for a newly independent country, a national gold reserve has come to be almost as much of a symbol of independence as a national airline. But it can also be almost as costly. London offers far higher yields than the alternative reserve centre, New York, and Nigeria's conversion of less than one fifteenth of its reserves into gold and dollars will mean a loss of close on £500,000 in foreign exchange earnings. Ghana has so far been more cautious in this sphere and still holds only £2 million in gold out of reserves that totalled £100 million last March. Many of the other sterling area countries, however, as the chart shows, are making quite large sacrifices in earnings by keeping substantial portions of their reserves in gold—though only in South Africa and India is the gold and dollar portion more than half of total reserves.



The continued financial links that these countries have with London make sterling a particularly convenient reserve and trading currency for them. But the link to the London capital market as such has become much weaker, and even the formal right of privileged access may become less significant if Britain has to allow a freer flow of capital to the common market. Overseas sterling countries may therefore feel that they are getting less of a *quid pro quo* from the sterling area arrangement. In that case, interest rates may become still more important in affecting the disposition of their reserves.

SUGAR CONFERENCE

At Full Stretch

ALLOWING for lengthy warming up period before delegates really got down to business, the international conference to review the 1958 Sugar Agreement was expected to last five weeks. It began on September 12th, but it has still not completed its business. This is not the first commodity conference to fall behind schedule this year, but this delay is probably the most significant of all. No official statement was made when the conference was adjourned at the end of last week, and a normal annual meeting of the International Sugar Council was sandwiched between these abortive discussions and a resumption of the review conference on Wednesday, when a fairly heated discussion seems to have followed the introduction of a draft solution worked out by a negotiating committee.

The conference has been an unusually tight-lipped affair, but the stumbling block has undoubtedly been Cuba's request for an enlarged export tonnage under the agreement to compensate for the loss of its market in the United States. Cuba was originally allotted an export tonnage of 2.4 million tons to the free market, and other producers would apparently have accepted a proposal that this basic tonnage should have been increased by the 3 million tons of sugar shut out of the American market. However, Cuba wanted a basic tonnage of 7.3 million tons, which would consolidate its original quota and the 4.9 million tons of sugar it has arranged to sell to communist countries.

Though the conference was apparently willing to stretch its export tonnages a little further, Cuba stood out for a very large allocation and no agreement has been reached. Doubts surrounding the conference have caused a renewed weakening in the price of sugar, which has dropped to about £23 a ton in London. On two points, the conference seems to have reached agreement. South Africa's application for an independent export quota instead of sharing the Commonwealth's combined quota has been favourably received. Less unanimous has been the qualified acceptance of a proposal that a committee be formed to investigate the curious state of affairs that results in refined sugar fetching a lower price than raw sugar in world markets.

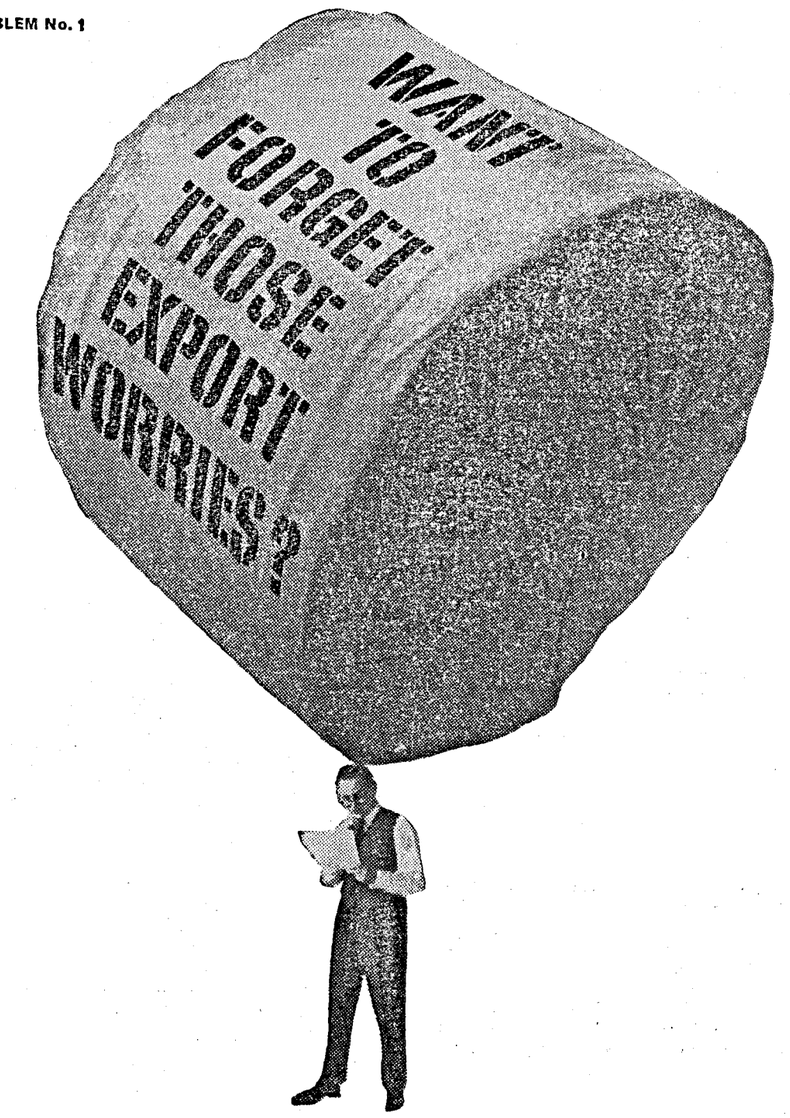
AIR TRANSPORT

Interim Report

THE government's new Air Transport Licensing Board came into being a year ago but during its first six months it was faced with the need virtually to rubber-stamp applications for air services submitted to it if the whole business of civil aviation was not to grind to a standstill before the summer. Reporting on the work of the first six months, the board says frankly that it was none too happy about some of the decisions it reached. Nor are some of the board's critics, who have been asking how it was that small relatively unknown airlines were granted licences for large numbers of flights (mainly holiday tours) without first inquiring whether they had the resources and the fleets to fulfil all these commitments. At least one of them, Overseas Aviation, went out of business half-way through the holiday season, but there have been other cases too of passengers temporarily stranded.

The board says that in those rushed first months it just did not have the time "to examine the financial standing of the licence holders" who were applying for transitional licences by the hundred to enable them to maintain services while the board got down to the serious business of deciding how much competition to allow in the air. It is now going through each airline's books, but "this will take some time." In the meantime, the cursory inspection that has been possible to date has thrown up one aspect of the air licensing system that strikes the board as unworkable. It is instructed not only to take into account the financial standing of any airline applying for a licence, but

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CEG 46

to see that it is properly insured and can meet any claims that might be made on it for loss or damage.

This is easier said than done ; producing an insurance certificate is not necessarily the same thing as being able to meet all liabilities for loss or damage, for should the aircraft crash because someone has broken the rules, the insurance policies will probably become void leaving the victims and their dependents to claim what they can by way of compensation from the airline itself. There has been at least one instance of this in Britain in recent years and when, as in that case, the airline is a small one, the chances of adequate compensation are slim. Even under the existing international agreement that puts maximum liability at £3,000 per person (and this maximum liability does not hold in every circumstance or even in every country) claims on behalf of 50 or 60 passengers killed in an accident could put even a flourishing small airline out of business. Cases of this kind are admittedly rare, and it is not their frequency that concerns the board so much as the fact that clumsy drafting in the Aviation Act has saddled it with a duty, namely to see that airlines can pay compensation under all conceivable circumstances, that it cannot possibly carry out. Altogether it is a report that contains an unusual amount of plain speaking whether on this, on the subject of competition ("competition in the public mind usually connotes price competition . . . there is no opportunity for this kind of competition in the international civil air transport business") or on the board's offices in Glasshouse Yard to which it takes strong exception.

TEA

Doom Dooma's Aftermath

EXCEPT for companies badly hit by last season's drought in India and Pakistan, tea producers are not having a noticeably better season than a year ago. The average price for North Indian tea so far this year is a penny a pound lower than a year earlier. The recovery in production in North India and Pakistan has ensured an abundance of tea by the end of the year: stocks in bonded warehouses in Britain have already risen to 128 million lb at the end of September, compared with 86 million lb a year earlier. The weather has been favourable in India and September and October are the peak months for output. It is only the temporary shortage of supplies caused by delay in shipments of tea from North India that has brought firmer prices at recent ten auctions.

Under the weight of imports from Africa, the price of plain teas fell by about 7d. a lb from the end of June, though prices have recently recovered slightly to around 3s. 4d. a lb. The main consideration of investors in the recent boomlet in Indian tea companies which are the biggest producers of quality teas has been asset values and this interest has been mainly inspired by Brooke Bond's bid for Doom Dooma. Fortunately for the estates this was a protracted affair during the course of which all the hidden assets of this tea company were thoroughly exposed and Brooke Bond acknowledged them by lifting its bid in two stages from 45s. to 60s. a share. This bid put a value of about £180 an acre on the estates ; it is generally agreed that tea estates in Africa cost more than £500 an acre with ancillary buildings.

INDIAN TEA SHARES

	Price, August 15	Current price	Latest dividend %	Yield %
Assam Dooars £1	25/6	33/6	22½	12·9
Jhanzie £1	17/6	24/6	5*	6·4
Jokai £1	29/9	32/-xd	14*	13·9
Jorehaut £1	26/6	33/9	5*	4·7
Pabbojan £1	31/6	38/-	15*	12·4
Southern India	20/9	23/3xd	27½	22·4

*Tax free.

But production costs are probably lower about 5,000 sq ft, economies of scale become less important, the extra capacity may not be matched by extra sales, the risk of pilfering increases, and the need for organised management emerges.

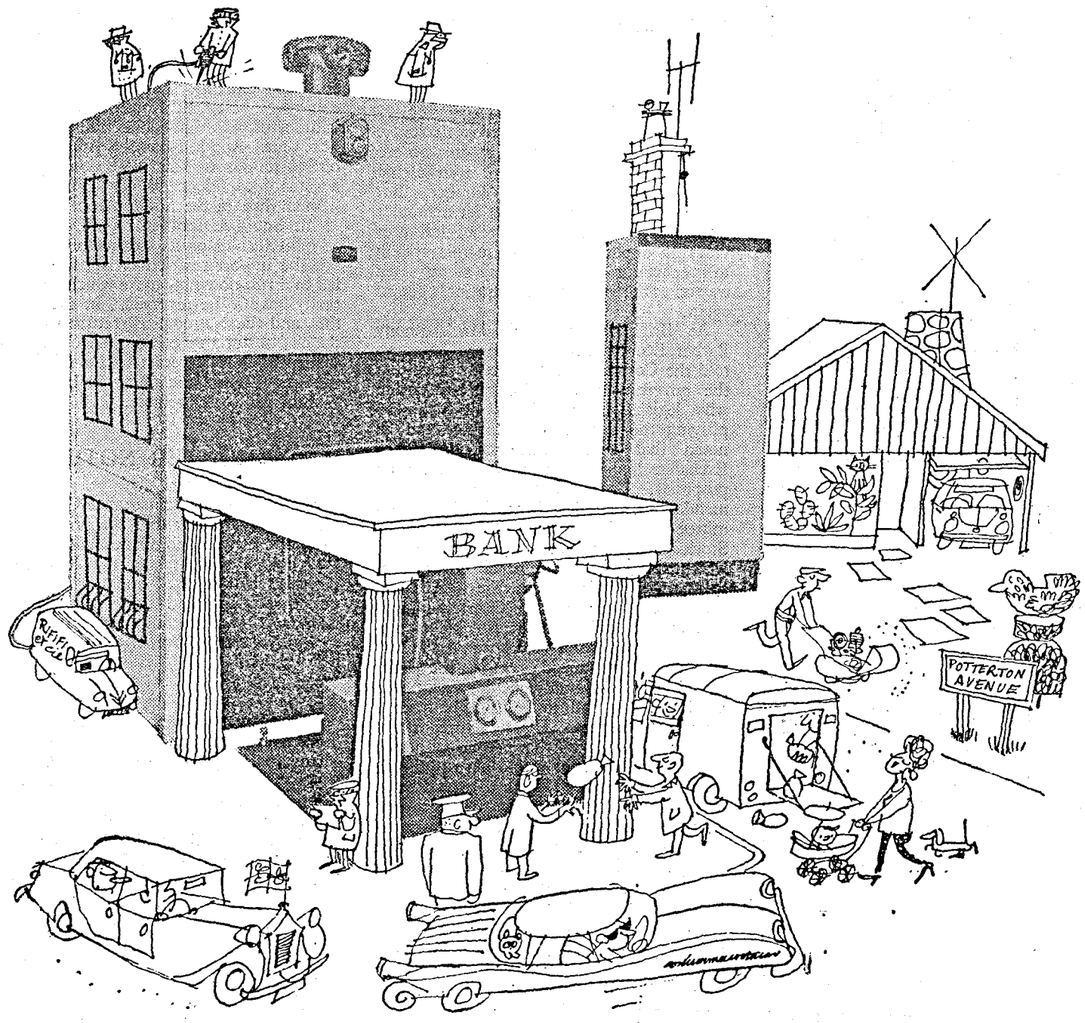
Managing and staffing a supermarket in fact require rather different skills and experience than the proprietor and girl-of-all-work of the corner grocery is accustomed to. In many other ways, too, Mr McClelland considers the supermarket to be a "new commercial form" in food retailing, requiring techniques and an approach much more different than the mere difference in size with an owner-managed grocery would suggest. It demands acumen in pricing, an understanding of "customer behaviour," an ability to handle other lines of food and other articles than groceries, a knowledge of packaging, as well as the ability to exploit the opportunities of internal rationalisation and specialisation that come with size. Mr McClelland believes that the development of supermarkets should have wholly beneficial effects upon retailing. Besides offering the prospect of increased productivity in distribution, "their concentrated buying power, their competitive situations and their price flexibility can be an important power on the side of the consumer, countervailing the power of the manufacturer, which in my judgment is now not only excessive but overweening . . . they could do for the food shopper what Marks and Spencer has done for the clothes shopper."

Growth Pains in Supermarkets

SUPERMARKETS have a long way to go in Britain before they bulk as large in food retailing as they do in the United States. There, they now handle about two-thirds of the trade: here, still only about 3 per cent, and that is after taking a somewhat more generous view of what in fact constitutes a supermarket—it does not allow, for instance, for any minimum qualifying turnover. But American supermarkets had a twenty-year start and in Britain the number has been growing fast by any measure. Four years ago there were only about 80, with at least 2,000 sq ft of selling area, the sole criterion adopted here to distinguish the genuine article from the self-service copy. By 1961, Mr W. G. McClelland, who is managing director of a Northern chain of grocery shops, told the British Association at Norwich recently there were reckoned to be about 600. As in the United States, the initiative came primarily from outside the grocery trade—from a Canadian millionaire, a large milk chain, and from a department store group.

This kind of super-grocery, which offers the housewife so minded the chance of buying at one go all her week's supplies of food and certain of the more common household stores, is still largely confined to London, the Home Counties and certain other parts of the country where compact population and busy high streets presented obvious concentrations of "housewife traffic." Mr McClelland asked himself the question whether future development of supermarkets in Britain would be more or less rapid than in the United States. Britain's greater density of population cuts both ways. While it helps the super-grocer to attract the much higher turnover needed to cover his high fixed costs (and low marginal costs), it makes sites for the store itself and the parking space its customers will want very much more expensive ; it also still makes economically possible some home delivery service.

THE extensive programmes of rebuilding and urban renewal that Mr McClelland sees coming in Britain in the next few decades may give supermarket developers a better chance of getting hold of good sites. But they may still be disinclined to go in for supermarket "emporia" of the size now common in the United States. There, a selling area of 20,000 sq ft is a good size ; some as big as 100,000 sq ft, where pretty well everything imaginable is sold, have recently been opened. Apart from the problem of space for car parking, which American supermarkets generally reckon ought to be four or five times the actual selling area, several other factors may keep most British supermarkets to a more modest 10,000 sq ft or less. Beyond



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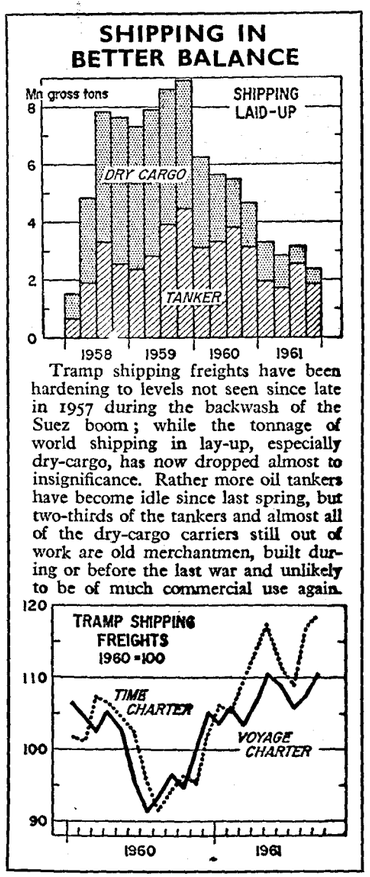
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in Africa and taxes, particularly the absence of export duties in British East Africa, have been less inhibiting. Therefore it has been in Africa that proportionately the greater expansion in production has been taking place. In fact, tea growing has been spreading rapidly in other areas and India's exports have lagged behind, though this is partly the result of increasing local consumption. That seems particularly disconcerting in view of the surplus that appears to be developing.

However, when politics are taken into account, India now has few strong rivals as a haven for non-residents wishing to invest in tea estates. This year Brooke Bond has reduced its normal rate of planting in Africa, where it is one of the largest producers, after it its chairman admitted a concern at what he called "clouds gathered over the horizon in Africa." Brooke Bond has followed a consistent policy of ploughing back a considerable part of its earnings into estates. That it should invest £1.6 million in India at this time is doubly significant. It may mean a shift in the group's direction of expansion as well as a further strategic strengthening of its competitive position among blenders in this country.



Tramp shipping freights have been hardening to levels not seen since late in 1957 during the backwash of the Suez boom; while the tonnage of world shipping in lay-up, especially dry-cargo, has now dropped almost to insignificance. Rather more oil tankers have become idle since last spring, but two-thirds of the tankers and almost all of the dry-cargo carriers still out of work are old merchantmen, built during or before the last war and unlikely to be of much commercial use again.

STOCK EXCHANGE

Simplified Transfers

The sharp fall in the volume of transactions on the London Stock Exchange has brought some respite to those who are engaged in the mechanics of transferring shares from one investor to another. But this has not lessened the need for a simpler transfer system, and the current lull provides an opportunity to revise this system to prepare for the time, which seems some way off at the moment, when business booms again.

At Brighton last week Mr Anthony Barber, Economic Secretary to the Treasury, told the Conservative party conference that the government was already considering what legislation might be involved in simplifying the transfer of securities and he noted that a committee of the Stock Exchange had already put forward certain proposals. These are based on the recommendations made last December by a committee consisting of representatives of the Stock Exchange, the Bank of England, which acts as registrar for all government stocks, the clearing banks, the issuing and acceptance houses and the Chartered Institute of Secretaries. The principal recommendation was that a "stock transfer form" should be introduced so that the seller would have to sign only one document even if his holding had to be split between a number of buyers. His signature, it was suggested, would not have to be witnessed but the seller's agent would have to fix his stamp to the form. The stamp would be an integral part of the conveyance so as to prevent the document from becoming a quasi-bearer security. The buyer would not have to sign the form at all. Since December these proposals have been discussed with a large number of interested institutions, including the broking firms themselves; they have generally welcomed the new system although on some points of detail, such as on the wording of the transfer form, minor adjustments have been suggested.

Whether legislation will be introduced in the forthcoming session remains to be seen; it is more likely to be later in the new parliamentary year. Much depends on the speed with which the various government departments involved, primarily the Treasury, the Board of Trade and the Lord Chancellor's department, can tackle the problem of framing a bill.

SOUTH AFRICA

One Hundred Up

South Africa's siege economy is yielding results. This week, with Dr Verwoerd gaining an increased majority in the elections, the external reserves have topped the £100 million mark. This is an increase of £30 million on the mid-June low-point. It

is also reported that a consortium of Italian banks, headed by the Banca Commerciale Italiana, is making a £3½ million loan to South Africa. But the country's financial headache remains. The Italian loan is for only three years and South Africa has £50 million of external obligations maturing next year. And last month's American loan of $30 million to Rand Selection was more a sign of confidence in Sir Harry Oppenheimer than in the South African Government. South Africa is still running a current account surplus on its balance of payments, but the import restrictions appear to have led to a run-down in stocks which will eventually have to be reversed. In the light of this, and the Nationalists' return to power, the chances of a relaxation in exchange control regulations, forecast by Dr Diederichs, minister of economic affairs, in London last month, still seems remote.

SHORTER NOTES

Shareholders of Reinsurance Corporation were told last week that the proposed bid from Mercantile and General Reinsurance was 90s. a share which the Reinsurance directors had rejected and that two other possible bidders had also withdrawn. On Monday the shares fell sharply from 128s. to 85s., before recovering to 95s.

★

Arrangements have been made with Cazenove and Company to place 129,998 £1 shares (out of 500,000 shares) and £300,000 of a 7 per cent debenture 1984-87 in Cumulus Investment Trust, a new trust backed by a number of bankers and by Sir Edwin Herbert, the chairman of the Industrial and General Trust. Its aim is to invest primarily in equities with long term growth prospects.

★

For the fourth consecutive month the value of unit trust funds have fallen. In September, despite the inclusion of the Trades Union Unit Trust for the first time, total funds fell from £219.1 million to £217.3 million. But sales of units, at £1,163,000, again exceeded repurchases, which totalled £752,000.

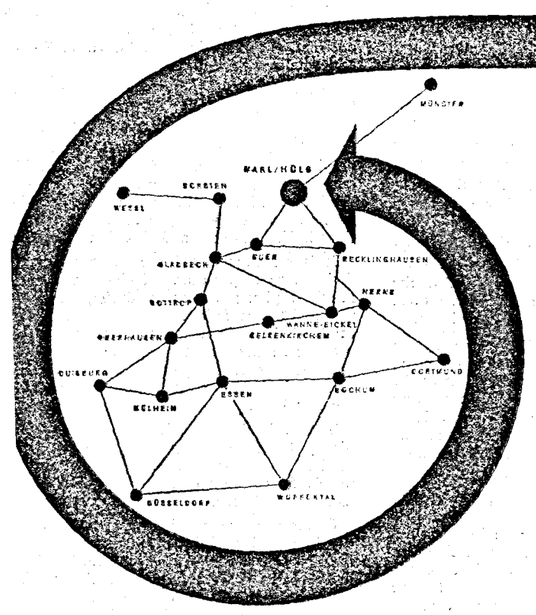
COMPANY AFFAIRS
Comments on pages 287 and 290 on:
British Electronics Industries — Decca
Astley Industrial — Tronoh
J. and F. Stone — Norvic Shoe
Neepsend Steel and Tool

LONDON AND NEW YORK
Stock prices, yields and security indices on pages 288 and 289

LONDON STOCK EXCHANGE
The week's movements reported on page 290

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 291

CHEMISCHE WERKE HÜLS AG



On the northern periphery of the Ruhr near newly sunk colliery shafts Chemische Werke Hüls AG and its subsidiaries have, during recent years, developed into the fourth largest chemical concern in West Germany. Production, for example, has now reached an average of 80,000 tons of Vestolit (polyvinyl chloride), 30,000 tons of Vestyron (Polystyrene), 6,000 tons of Vestolen A (low-pressure polyethylene) and 3,600 tons of Vestolen P (low-pressure polypropylene) per year. And, finally, this new chemical manufacturing centre on the river Lippe also turns out 120,000 tons of "BUNA Hüls" synthetic rubber annually and will produce synthetic textile fibres in the very near future.

RESEARCH
DM 36 millions were expended on research and development and on related installations and equipment. The success of these research efforts are reflected in the numerous new or improved products in the Company's range, particularly in the traditional production lines of polystyrene and polyvinyl chloride, as well as in the field of polyolefines. The operation of a large-scale pilot plant for polypropylene was also inaugurated in 1960. Research in the fields of epoxy resins and detergents was intensified, thus ensuring that interesting new products will be forthcoming in the near future. Data required for the production of 1·4-cis-polybutadiene were assembled by work on a pilot plant scale.

INVESTMENTS IN AFFILIATED COMPANIES
The Company's 50 per cent subsidiary, Bunawerke Hüls GmbH, Marl, recorded an output of approximately 71,000 tons of synthetic rubber in 1960. By virtue of completed plant extensions an annual productive capacity of 120,000 tons was attained by the end of the year.

The year 1960 also witnessed the foundation of the Katalysatorenwerke Houdry-Hüls GmbH, Marl, in which Chemische Werke Hüls AG and Houdry Process Corp. of Philadelphia, Pa. (USA), both hold 50 per cent of the shares. This subsidiary is designed to produce catalysts for the petroleum and chemical industries.

Furthermore, Faserwerke Hüls GmbH, Marl, was established by the Chemische Werke Hüls AG, for the manufacture and sale of fully synthetic fibres. It is a joint subsidiary with Eastman Kodak, Rochester, New York (USA), both parent companies participating with an interest of 50 per cent.

PERSONNEL
At the end of 1960 Chemische Werke Hüls AG maintained a total personnel force of 12,512 workers and employees, as well as an additional group of 2,969 persons in the employ of sub-contractors engaged by the Company. The number of Company-owned or Company-subsidised flats rose by 227 to a total of 4,483 dwelling units.

DIVIDENDS AND CAPITAL
A dividend of 17 per cent on the share capital of DM 180 millions was distributed for the financial year 1960 with the capital increase of DM 30 millions (October, 1960) participating in the dividend to the extent of 25 per cent only. The Annual General Meeting of Shareholders authorised the Board of Directors to increase the share capital by an additional DM 30 millions by June 1, 1966, through the issue of new shares against cash or kind.

SALES
The Company's turnover in 1960 (not including its subsidiaries) rose to a high of DM 709 millions, representing 14·5 per cent increase over the previous year's total of DM 619 millions. An increasingly significant share of this sales turnover was achieved by plastic raw materials, auxiliaries and plasticisers. Home market sales accounted for a somewhat larger proportion of this rise in turnover than the Company's exports which were responsible for roughly 32 per cent of total sales.

INVESTMENTS IN MATERIAL ASSETS
During 1960 capital investments, totalling DM 92 millions, were directed predominantly to the building of new and the extension of existing plant, as well as to still further measures of rationalisation and automation of production facilities. Of this investment 63·3 per cent were apportioned to manufacturing plants, including laboratories and technical centres, 24 per cent to power stations, and 12·7 per cent to transportation facilities, workshops and social welfare services. Seventy-two per cent of the investments were covered by depreciation.

ASSETS	DM (million)	LIABILITIES	DM (million)
Fixed Assets, incl. Investments in Affiliated Companies	348·8	Share Capital	180·0
Stocks	61·3	Reserves	100·0
Receivables and Transitory Items	124·8	Reserves under Export Promotion Act	3·2
Liquid Assets, incl. Securities	59·4	Value Adjustments on Accounts receivable	44·9
		Contingency Reserves, Credit Profits Tax	76·8
		Liabilities and Transitory Items	162·6
		Net Profit = Dividends	26·8
	594·3		594·3

EXTRACT FROM PROFIT AND LOSS ACCOUNT

	DM (million)
Wages, salaries and statutory social security expenditure	112·3
Depreciations	66·2
Taxes	83·4
Capital Levy (Equalisation of Burdens Act)	4·9

CHAIRMAN OF THE SUPERVISORY BOARD
Dr. Hermann Richter.
BOARD OF DIRECTORS
Prof. Dr Dr. h.c. Paul Baumann, Vorsitzer.
Dr. Franz Broich, stellv. Vorsitzer, Dr. Hans Beckmann.
Dr. e.h. Arthur Gaszberger. Walter Husung.
Dr. Hans Kuhfusz. Kurt Roehder. Dr. Friedrich Zobel.

PIFCO HOLDINGS LIMITED

INCREASED SALES

The Forty-ninth Annual General Meeting of Pifco Holdings Limited was held on October 19th in London.

The following is an extract from the circulated statement by **Mr A. D. Webber,** chairman and managing director:

I am pleased to report increased sales and some improvement in profits. Turnover rose, but profit margins were a little thinner. The rise in costs continues and competition in our field is intensive, which means that we cannot always increase our selling prices.

The Group Profit before providing for Taxation amounted to £253,128 as compared with £227,601 the preceding year. I consider this a creditable performance in the varying conditions experienced in the period. The Group Profit after Taxation is £126,890.

Your Board recommends a final dividend of 22½ per cent, less income tax, making a total of 35 per cent for the year.

You will doubtless expect me to furnish you with some information on trading results since the end of the financial year and prospects for the present year. Turnover in the first four months shows a satisfactory increase, but a forecast may be unwise. Nevertheless, we are in good heart for the future. Your Company exports to many markets and continues to make vigorous efforts to increase sales abroad. The new appliances introduced last autumn have made good progress. The popularity of our Products grows and a bold advertising campaign has been planned for the autumn.

BEKOH CONSOLIDATED RUBBER

A SATISFACTORY PROFIT

The forty-first annual general meeting of Bekoh Consolidated Rubber Estates Limited was held on October 18th in London, **Mr A. A. Estall** (Chairman) presiding.

The following is an extract from his circulated Review:

The Accounts for the year ended March 31, 1961, show a profit of £64,218 before taxation and provision for replanting and upkeep of immature areas. This compares with a profit of £85,108 for the previous year and, bearing in mind the lower prices realised for our crop, cannot be considered unsatisfactory. Taxation requires £17,865, and we have spent during the year on replanting and upkeep of immature areas, less Malayan Government grants, no less than £14,897.

Your Board recommend a final dividend of 10 per cent less Income tax, making a total for the year of 12½ per cent.

2,481,000 lb. of rubber were produced during the year, against an estimate of 2,600,000 lb.—the main reasons for the shortage being due to holidays and subsequent absenteeism on Coronation Estate and, to a certain extent, to declining yields in the old areas.

For the current year we have estimated for a crop of 2,592,000 lb. and for the five months to the end of August 1,063,000 lb. have been harvested, and it is confidently expected that our estimate will be obtained. The replanting programme is proceeding as planned.

The report and accounts were adopted.

THE ENGLISH, SCOTTISH AND AUSTRALIAN BANK

THE HON. DAVID F. BRAND'S REVIEW

The sixty-ninth annual general meeting of The English, Scottish and Australian Bank, Limited will be held on November 8 in London.

The following is an extract from the circulated review of the Chairman, **The Hon David F. Brand:**

In my review last year I mentioned that there had been a noticeable expansion in the main sections of Australia's economy and that the difficulty would be to ensure that such growth did not encourage an undue degree of inflation.

In the event difficulties did arise and by the second half of 1960 there was an unhealthy boom condition in the internal economy, while at the same time there appeared a serious imbalance in Australia's overseas trade. This imbalance was consequent on the freeing of import restrictions early in 1960 while general terms of trade were moving adversely.

After commenting on Britain's possible entry into the Common Market and its practicable effect on Australian trade, the chairman said: It must be acknowledged that any development that led to the overall increased economic strength of the Western Countries of Europe and at the same time brought about a common unity of purpose in those countries could have far-reaching and beneficial effects for the whole world.

THE BANK'S AFFAIRS

The Consolidated Profit and Loss account of the Bank shows the Group profit for the year at £526,789, an increase of £148,358 over the previous year. Of this increase £31,526 represents the improvement in the Bank's net earnings which are shown at £356,385. Most of the balance of the improved profits of the Group were contributed by Esanda, Limited, our main subsidiary, which, in difficult operating conditions, had a successful year.

The Directors now recommend a final dividend of 5 per cent, less the standard rate of income tax, making a total distribution of 9 per cent, less tax, for the year.

When I recall the many difficulties that have prevailed during the twelve months under review, I regard the Group's profit figures as satisfactory.

Commenting on other aspects of the Bank's activities, the chairman stated: During the year the Bank acquired the remaining shares of Federal Trusts Limited, which has been renamed E. S. & A. Federal Trusts Limited. This wholly-owned subsidiary will enable the public to invest in Trust Units through the Bank's network of offices in Australia.

On September 29, 1961, we commenced our Savings Bank business through our subsidiary company in Australia, namely E. S. & A. Savings Bank Limited. Its business can be transacted at every one of the bank's 500 offices in the Commonwealth.

It is hoped that both of these new services will prove to be of benefit to the public and, at the same time widen our sphere of operations and open new avenues of business.

EAST ASIATIC RUBBER ESTATES

The thirty-eighth annual general meeting of East Asiatic Rubber Estates, Limited was held on October 16th in London, **Mr H. T. Karsten** (the chairman) presiding.

The following is an extract from his circulated statement:

The profit of £124,283 for the past year is approximately the same as that for 1959/60 despite a reduction of nearly £30,000 in rubber sale proceeds. This was partly due to a dividend received from Teluk Merbau Plantations Ltd., our subsidiary company, and also to reductions in Export duties and Taxation provisions.

It is recommended, however, to restrict the dividend to 15 per cent. Having regard to the heavier capital commitments during the current year and the necessity of ensuring that sufficient funds will be available for our planned replanting programme and for the upkeep of immature areas it is thought advisable to conserve our resources and to increase our carry forward by some £13,000.

The replanting of older areas with modern high yielding clones is progressing steadily, and at the end of the year under review approximately 56 per cent of the total cultivated area had been replanted.

Commenting on the increasing menace from the improved qualities of the new synthetics, the chairman said: We may see a further decline in the price of natural rubber during the next few years. Until therefore we can increase the output from our replantings this may have an adverse effect on our earning capacity.

The report was adopted.

CRYSTALATE (HOLDINGS)

The Annual General Meeting of Crystalate (Holdings) Limited was held on October 12th in London, **Mr J. Lesser** (Chairman and Managing Director) presiding. The following is an extract from his circulated Review:

The Consolidated Accounts for the year to March 31, 1961, show a profit of £120,911 as compared with £119,686 and Group Net Profits after taxation are £55,645 as compared with £65,527. The Directors recommend a Dividend of 15 per cent less tax on the Ordinary shares for the year. The Consolidated Balance Sheet of the Group continues to show a sound financial position.

The manufacturing companies, Crystalate (Mouldings) Limited, Ebonestos Industries Limited and Mica Products Limited, comprise the major revenue producing activities of your Group. The three companies on balance did slightly better than the previous year. For the first four months in the current year in total these companies are maintaining comparable figures.

This year Crystalate (Printing) Limited made a profit, as against a small loss incurred in the previous year. The British Homophone Company Limited continued to manufacture and supply Gramophone Records consistent with its policy of "Pressing for the Trade."

For the period from the end of the financial year the trading figures of the Group as a whole have been maintained, and the "orders in hand" position is somewhat stronger than at the same time last year. The policy of steady expansion is being continued.

The report and accounts were adopted.

COMPANY AFFAIRS

British Electronics' Next Dividend

SHAREHOLDERS of Pye and E. K. Cole, merged a year ago into British Electronics Industries, were no doubt very relieved to hear in September that they were to receive the 15 per cent dividend promised them at the time of the merger even though the combined group's profit before tax had fallen sharply from £3,099,000 to £727,000. They will now study the full report to assess the chances of the payment being maintained in the current year which runs to next March. The balance sheet suggests that the augurs are not too hopeful, for stocks have now risen to £19.3 million and net bank overdrafts to over £8 million. But these figures are not really startling, for stocks have risen by under £3 million, which is less than might have been expected in such a gloomy year for the television market while, after allowing for the cost of the acquisition of Telephone Manufacturing, bank overdrafts are at about the same level as a year ago. Nevertheless at a time when it would clearly be difficult to fund this overdraft on anything but penal terms the group is faced with a very heavy interest charge. Total loan and bank interest last year amounted to £1.1 million, more than double the previous year's figure and over a third of the group's trading profit.

On the current outlook for the television et industry Mr C. O. Stanley, the chairman, ays that no one can say how soon the resent difficulties arising from factors oth within and outside the industry can e overcome. He adds that it is not posible to judge how profits in the current year ill be affected. Shareholders will perhaps e disappointed that Mr Stanley, who in he past has been very frank with them, annot give a clearer indication of the nmediate prospects of profits or losses from ie main section of the group's business hen over half the current year's trading as been completed. He does however tell iem that the main reason for Cole's loss last year was its very heavy stocks of television sets, which exceeded those of Pye's.

On the group's growing interests in electronics and other fields Mr Stanley is able to paint a much brighter picture. For its new subsidiary Temco and its other telecommunications interests the group is budgeting for increased profits; its scientific instrument companies are expected to show a profit in the current year of over £500,000 and plans are in hand to double this business, of which a large part is in exports, over the next five years. Pye TVT which makes television, studio and transmitter equipment has successfully introduced a new television camera and hopes soon to bring production of this camera more in line with orders.

Cole's electronics group, which is a major supplier of airborne radar, suffered a fall in output as a result of the group's move from Malmesbury to Southend, made necessary by the expansion in business. Its plastics division which it had been thought would provide the group with some element of diversification failed to do so, for it was badly hit by the recession in consumer durables, but Mr Stanley says that currently the outlook is better.

Clearly this cannot be said yet for the group as a whole and the current difficulties are partly reflected in the 7 per cent yield offered by the 5s. shares at 10s. 7½d.

Astley Industrial Trust

ASTLEY is fortunate in its balance sheet date of June 30th. Last year's results were still buoyed-up by the 1958-59 boom, while this year's setback in profits and reduction in dividend caused no surprise coming after so much bad news from the hire purchase companies. Astley's setback is attributed to an increase in bad and doubtful debts, and to the rise in borrowing costs. In his report however, the chairman, Sir Stanley Bell, throws little light on these problems. An extra £110,000 has been set aside for doubtful debts "in addition to normal provisions," but the size of the normal provision is not revealed. Bank and loan interest has more than doubled from £648,000 to £1,395,000 and it is difficult to reconcile this sharp rise with borrowing that has increased over the year to June 30th by only one third from £18 million to £24 million and with interest rates that were on average about 20 per cent higher. It would appear that Astley has had to pay very high rates for its deposits from the public. Sir Stanley also fails to explain why, when debts outstanding have increased by £5 million to £31 million unearned revenue charges are little changed at £2.7 million.

Sir Stanley concludes his statement by forecasting a recovery in profits "in the absence of any untoward change in the economy." But he expects that Astley will for some while have to bear the cost and trouble in cleaning up further defaults and financing existing low rated contracts with dearer money, though he says that new business, which is apparently still at a high level, is now being taken on terms which take account of higher interest rates. It is possible, however, that this is too optimistic a view of the immediate prospects for Astley and other hire purchase companies in this country, but on the dividend reduced from 16 to 13 per cent, the 5s. shares at 16s. 4½d. still yield only 4 per cent.

Decca Record

THE news that Decca Record has earned higher profits came as a pleasant relief to investors who have been buffeted in the last few weeks by reports of smaller margins of profits in almost every sector of British industry. In the year to March 31st its trading profits rose by 9½ per cent, from £3,468,000 to £3,796,000, even though its total sales fell by £700,000 to £24½ million. At home there was a small increase in sales but sales to Canada and the United States fell by £900,000 to £1,480,000. Exports, on the other hand, to countries other than the United States and Canada, fell by only £40,000.

Heavier charges for depreciation, mortgage and loan interest and taxation have left net profits slightly lower at £1,249,000, against £1,260,000. But earnings still cover the maintained dividend of 23½ per cent twice. At home the group clearly felt the effect of the marked fall in demand for television receivers although this may have been partly offset by the rise in sales of transistor radios. But gramophone records are still Decca's principal business and last November the chairman, Sir Edward Lewis, said that in the first seven months of the year sales of 45 rpm records were slightly higher and there was "quite an upsurge in demand" for the group's long playing records. The record industry as a whole in this country sold 5 per cent more records in Decca's financial year—so that Decca may have added to its share of this highly competitive market. Better profits may also have been earned by the navigator and radar divisions. Since the results were published the 10s. ordinary shares have fallen slightly to 57s. 3d. and the 10s. "A" shares to 55s., to yield 4.1 and 4.3 per cent respectively.

Years to March 31	1960 (£'000s)	1961 (£'000s)
Sales	25,200	24,500
Trading profit	3,468	3,796
Depreciation	1,020	1,134
Interest	246	313
Taxation	928	1,083
Net profit	1,260	1,249
Ordinary dividend	601	601
	%	%
Trading profit/sales	*13·8*	*15·4*
Net profit/sales	*5·0*	*5·1*

Tronoh

A COMBINATION of high earnings and political stability is a rarity in the commodity section of the Stock Exchange nowadays. But for Malayan tin shares, 1960 provided a double blessing: the twelve-years-old political "emergency" was officially ended and the three-years-old international restriction of tin production was lifted. Tronoh has gained directly from both these factors; as a producer Tronoh's revenue rose from £1,022,000 to £1,559,000 and as a company holding a portfolio of tin shares the value of its quoted investments advanced from £2½ million to £3 million in the year to December 31st.

(*Continued on page 290*)

THE ECONOMIST OCTOBER 21, 1961

LONDON AND NEW YORK STOCKS

Prices, 1961 High	Prices, 1961 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Oct. 11, 1961	Price, Oct. 18, 1961	Net Yield, Oct. 18, 1961 £ s. d.	Gross Yield, Oct. 18, 1961 £ s. d.
92½	88⅜	Savings Bonds 3% 1955–65	89 22/32	89 22/32	4 14 1	6 0 11
91 1/32	99	Conversion 4½% 1962	99 3/32	99¾	2 10 1	5 3 9
96⅞	93¼	Exchequer 3% 1962–63	95 3/32	95 2/32	4 6 7	5 15 9
101 5/16	98⅝	Treasury 5½% 1962	100 3/32	100 3/16	5 6 7	5 6 8
93 29/32	90 1/4	Exchequer 2½% 1963–64	92 1/8	92 3/16	4 16 10	5 18 10
99 19/32	96⅜	Conversion 4¾% 1963	98⅛	98⅛	3 13 7	5 18 10
99 3/32	94½	Conversion 4½% 1964	96 17/32	96 21/32	4 4 0	5 18 9
101 5/16	96	Exchequer 5½% 1964	97⅝	97 13/16	4 3 11	6 1 6
83¼	78 15/16	Funding 3% 1959–69	80⅛*	81 7/16	4 16 6	6 2 9
89⅜	84¾	Funding 4% 1960–90	86¼*	87 1/8*	4 7 4	5 7 8
79 13/16	74⅝	Savings Bonds 3% 1960–70	77 1/16	78⅜	4 17 5	6 4 9
84⅞	80⅜	Savings Bonds 2½% 1964–67	83½*	84 1/16*	4 16 10	5 18 11
72 11/16	66¼	Savings Bonds 3% 1965–75	69 1/16	69 13/16	4 18 0	6 7 6
83 15/16	78⅞	Funding 3% 1966–68	82⅓	83 1/16	4 15 5	6 2 3
97½	92½	Victory 4% 1920–76	93⅜	93 9/16	3 9 8	5 2 3
85½	80¼	Conversion 3½% 1969	83½	84 1/16	4 13 11	6 4 6
93 5/16	87	Conversion 5% 1971	90 1/16	91 7/16	4 4 11	6 7 6
95 11/16	88½	Conversion 5½% 1974	91½	92 9/16	4 1 9	6 6 5
73⅛	66	Treasury 3½% 1977–80	69¼	69	4 14 5	6 10 11
72¼	65	Treasury 3½% 1979–81	67⅞	68 1/16	4 14 7	6 10 01
97 7/16	88½	Funding 5½% 1982–84	90 1/16	90 7/16	4 1 9	6 8 9
59½	51¼	Redemption 3% 1986–96	53	53⅝	4 9 8	6 6 11
88¼	79¼	Treasury 5% 1986–89	79 15/16	80 1/16	4 5 11	6 11 6
63 1/16	55	Funding 3½% 1999–2004	57	57⅛	4 7 8	6 10 11
94⅝	81⅝	Treasury 5½% 2008–12	82½	82 13/16	4 6 11	6 14 8
65⅜*	55½	Consols 4% ..... after Feb. 1957	59¾	60¼	4 2 1	6 14 9
59¼	50½	War Loan 3½% ..... after 1952	53⅜	54	4 0 8	6 12 11
59	50½	Conv. 3½% ..... after Apr. 1961	52¼	52 1/16	4 1 7	6 13 4
50⅞	43¼	Treasury 3% ..... after Apr. 1966	44⅞	45⅜	4 1 2	6 12 7
44	36½	Consols 2½%	38 15/16	39½	3 17 8	6 6 11
43½	36½	Treasury 2½% ..... after Apr. 1975	38	38 5/16	4 0 1	6 10 11
91 5/16	85¾	British Electric 4½% 1967–69	89	90	4 4 2	6 6 5
75 11/16*	70⅛	British Electric 3% 1968–73	72½	73 1/16	4 18 0	6 6 11
70⅝	64½	British Electric 3% 1974–77	66 1/16	67½	4 17 7	6 7 6
81⅞	74⅞	British Electric 4¼% 1974–79	76⅞	77 1/16	4 9 5	6 8 7
73½	67	British Electric 3½% 1976–79	67⅝*	69 5/16	4 14 9	6 8 10
84⅞	78¾	British Gas 4% 1969–72	81½	82 7/16	4 11 9	6 7 6
81 13/16	76	British Gas 3½% 1969–71	79⅛	80	4 14 7	6 6 11
59⅜	51¾	British Gas 3% 1990–95	52 1/16*	53¼*	4 11 6	6 7 11
75 11/16	70⅛	British Transport 3% 1968–73	72½	73½	4 18 0	6 6 11
80⅞	74	British Transport 4% 1972–77	76¼	77⅛	4 10 8	6 8 7
61 7/16	53¾	British Transport 3% 1978–88	56½	57⅛	4 14 3	6 9 3

Prices, 1961 High	Prices, 1961 Low	DOMINION AND CORPORATION STOCKS	Price, Oct. 11, 1961	Price, Oct. 18, 1961	Yield, Oct. 18, 1961 £ s. d.
83½	76½	Australia 3½% 1965–69	79¾	81	6 8 01
101	92¾	Australia 6% 1974–76	93¾	95½	6 9 01
72½	64½	Ceylon 4% 1973–75	65¾	65¾	8 5 01
101⅛	92¾	New Zealand 6% 1976–80	93¾	94¾	6 11 01
80½	70½	Rhodesia and Nyasaland 6% 1978–81	71¾	73	9 2 01
81	73	South Africa 3½% 1965–67	77½	78	8 10 01
59	53½	Southern Rhodesia 4½% 1937–92	54½	55	8 17 01
94⅝	85⅛	Agricultural Mortgage 5½% 1980–95	86½	86½	6 15 01
89	82¼	Birmingham 4¼% 1967–70	84¾	85¾	6 11 01
92¾	86½	Bristol 5% 1971–73	87¾	88½	6 11 01
93	87	Corporation of London 5¼% 1976–79	87½	88¼	6 11 01
49¾	41	L.C.C. 3% ..... after 1920	43½	43¾	6 17 01
89 1/16	80⅛	L.C.C. 5½ 1980–83	80¾	81½	6 12 01
93	84¼	Middlesex 5½% 1980	84½	86	6 11 01

NEW YORK PRICES AND INDICES

	Oct. 11 $	Oct. 18 $		Oct. 11 $	Oct. 18 $		Oct. 11 $	Oct. 18 $
Atch. Topeka ...	28¼	28½	Boeing	52⅜	50⅞	Int. Harvester ..	49⅝	80¾
Can. Pacific	25	24⅜	Celanese	34¾	34⅞	Inter. Nickel ...	81¾	82
Pennsylvania	15⅜	14⅞	Chrysler	54⅝	52	Inter. Paper	38⅛	37
Union Pacific ...	36⅝	36½	Col. Palmolive ...	46½	43⅜	Kennecott	81⅞	81⅜
Amer. Electric ...	70	70½	Crown Zeller.	61¾	60¾	Monsanto	54¼	51¾
Am. Tel. & Tel...	120¾	121⅜	Distillers Seag...	43½	43½	Nat. Distillers...	26⅛	26¼
Cons. Edison	82½	81⅞	Douglas	33⅜	35	Pan-American .	19¾	19⅞
Int. Tel. & Tel...	53⅞	52½	Dow Chemical..	77⅜	76½	Procter Gamble	96	95½
South'n. Nat. Gas	44¾	45	Du Pont	227½	226¾	Radio Corpn...	56	54⅜
United Corpn...	8½	8⅜	East. Kodak	100¾	106	Sears Roebuck .	76½	80½
Western Union .	43⅛	42¾	Ford Motor	107⅝	105⅛	Shell Oil	38⅛	39¼
Alcoa	60	58¾	Gen. Electric ..	76⅞	75	Socony-Mobil ..	43½	44¼
Aluminium	27¾	26⅞	General Foods ..	93	94½	Stand. Oil Ind..	47⅞	47¾
Amer. Can.....	45	44¾	General Motors .	51	50⅜	Stand. Oil N.J..	43⅞	44½
Am. Smelting...	60	67⅛	Goodyear	45⅛	45⅞	Union Carbide.	128	125¼
Am. Viscose	57	56¾	Gulf Oil	36½	36¾	U.S. Steel	79¾	79½
Anaconda	50⅛	50	Heinz	62⅜	62	West. Electric..	43⅜	41½
Beth. Steel	41¼	40⅛	Int. Bus. Mach...	560	580	Woolworth	79¾	80¾

Standard and Poor's Indices (1941–43=10)

1961	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Sept. 20	70·53	2·83	33·09	4·92	62·12	3·16	88·59	4·02
,, 27	70·00	2·90	32·90	4·95	61·47	3·18	89·22	3·96
Oct. 4	70·57	2·83	34·54	4·71	63·24	3·11	89·22	3·96
,, 11	71·60	2·84	35·30	4·61	64·13	3·06	88·91	3·99
,, 18	71·69	2·93	34·90	4·63	64·00	3·07	88·91	3·99

425 Industrials :—High, 72·33 (Aug. 22). Low, 60·87 (Jan. 3).

Prices, 1961 High	Prices, 1961 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Oct. 11, 1961	Price, Oct. 18, 1961	Yield, Oct. 18, 1961	Cover
		%	%	**BANKS, DISCOUNT & HP**				
89 7/12	64/–	13 c	6 3/4 a	Barclays £1	77/9	78/3	3·32	...
100/3	74/3	16 c	8 a	District £1	83/3	83/3	3·84	...
80/–	58/7½	13 c	5 a	Lloyds £1	62/6	62/–	3·51**	...
26/4½	18/7½	8 b	7 a	Martins 5/–	21/3	21/6	3·49	...
94/6	67/3	19 c	9½ a	Midland £1	83/3	83/–	3·61**	...
97/3	73/–	7 b	7 a	Nat Provincial £1	83/9	82/6	3·39	...
95/6	58/9	7 11/12 b	6 3/4 a	Westminster 'B' £1	82/–	79/3	3·68	...
44/9	35/3	8 b	4 a	Australia & N.Z. ..£1 p.p.	35/9	35/3	6·81	...
52/–	41/–	6 b	4 a	Bk. Lond. & S. Amer..£1	43/–	42/3	4·73	...
£247/8	£213/16	$1·85c	$2·05c	Bank of Montreal $10	£239/16	£243/16	2·92	...
303/8	251/–	8 c	9 c	Bank of New S. Wales £20	253/4	251/–	5·70g	...
44/9	31/9	10 c	5 a	Barclays D.C.O. £1	33/3	32/3	6·20	...
60/7½	46/7½	7½ b	7½ a	Chartered £1	49/3†	47/3†	6·35	...
£21	£14 5/8	5/– a	10/– b	Hongk'g. & Shang....$25	£17¾	£17	4·41	...
53/10½	34/10½	23 b	10 a	United Drapery 5/–	44/6	44/3*	3·39	13/4
62/11½	50/–	25 b	10 5/6 a	Woolworth 5/–	51/7½	51/–	3·51	11½
				ELECTRICAL & RADIO				
48/6	23/3	10 b	5 a	A.E.I. £1	29/3*	29/–	10·34	1
15/5¼	9/7½	...	15 c	Brit. Electronic Inds..5/–	11/3	11/–	6·82	1¼
62/3	49/–	4 a	9½ b	B.I.C.C. £1	56/–	54/10½	4·92	2
14/7½	11/3	7½ b	5 a	Crompton Parkinson..5/–	11/4½	11/6	5·43	2¼
76/–	54/–	7½ a	15¾ b	Decca Record. 10/–	59/–	56/–*	4·17	2
52/–	35/–	5 a	12½ b	E.M.I. 10/–	37/6	37/3	4·70	2
38/–	25/9	5 a	8 b	Elliott-Automation ..5/–	35/3	33/11¼	1·92	2
40/6	26/6	3 a	7 b	English Electric £1	26/6	27/9	7·21	1½
39/6	24/6	3 a	7 b	General Electric..... £1	24/6	25/3	7·92	3¼
72/9	47/–	8¼ b	4¾ a	C. A. Parsons £1	48/–*	48/6	5·15	4
52/3	37/9	6½ b	3¼ a	A. Reyrolle £1	37/9	38/6	5·06	2¾
63/–	45/3	25 c	25 c	Thorn Electrical 5/–	57/–	58/–	2·16	3
				ENGINEERING				
36/9	18/9	9 c	Nil a	Babcock & Wilcox....£1	19/3	21/3	...	1
48/9	32/4½	4 a	7 b	John Brown £1	34/–	32/4½	6·80	2¾
8/4½	4/9	9 b	3 a	Cammell Laird 5/–	4/9*	4/9	12·63	1
33/9	22/7½	20 b	10 a	Internat. Combust. ..5/–	23/–	22/10½	6·56	1½
9/1½	4/1½	...	...	Rich'ds'ns. Westg'th. 10/–	4/6	4/4½	...	...
40/–	28/–	9½ b	2½ a	Swan Hunter £1	33/6*	31/4½	7·65	2¼
17/4½	12/7½	5 c	5 a	John Thompson 5/–	12/9	12/9	4·96	...
33/10½	21/8¼	17½ c	12½ a	Coventry Gauge....10/–	30/6	29/11½	4·20	2¼
79/9	51/6	16 b	12½ a	Alfred Herbert £1	63/9	59/–	4·71	1¾
78/–	51/–	7½ a	12½ b	Allied Ironfounders...£1	53/–	51/–	7·84	1½
110/–	83/–	5 a	10 b	Averys £1	85/9	85/6	3·51	2½
36/10½	19/3	7½ b	4 a	B.S.A. 10/–	19/10½	19/4½	6·02	2¾
14/9	9/9	8½ b	4½ a	George Cohen 5/–	9/9	9/9	6·67	1¾
44/4½	32/4½	10 a	17½ b	Davy-Ashmore 5/–	35/–	32/6	4·23	2¼
108/7½	78/6	5 a	11 b	Guest Keen £1	81/6	78/6	4·08	3½
31/–	21/11½	4 a	12 b	Head Wrightson 5/–	22/11½	21/11½	3·79	2½
100/3	68/3	5 a	7 b	Metal Box £1	81/–	78/3	3·07	2¼
22/6	14/–	4 a	10 b	Ransome & Marles. ..5/–	16/–	15/–	4·67	3
50/6	34/6	3 a	7 b	Renold Chains £1	41/–	39/6	5·06	2
44/11½	29/7½	10 a	17½ b	Simon Engineering ..5/–	36/10½	35/6	3·87	2
85/6	54/–	14 c	7 a	Tube Investments £1	54/9	56/–	5·00	2¾
38/4½	26/3	7½ b	2½ a	Vickers £1	27/3	26/7½	7·51	3½
84/6	64/6	3¾ a	10 b	Ward (Thos. W.) £1	69/–	67/6	4·07	3½
30/–	20/–	5 a	22½ b	Woodall-Duckham..5/–	21/–	20/3	5·19**	2¼

Prices, 1961 High	Prices, 1961 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Oct. 11, 1961	Price, Oct. 18, 1961	Yield, Oct. 18, 1961	Cover
		%	%	**FOOD & TOBACCO**				
34/–	17/4½	10 c	10 c	Allied Suppliers 10/–	18/4½	17/4½	5·76	2¼
15/–	7/9¾	10 a	12½ b	Assoc. British Foods.. 1/–	12/3	11/3	2·00	2
74/–	55/–	4 a	8 b	Bovril £1	57/3	56/3	4·27	2½
15/6	11/9	47½ b	27½ a	Brooke Bond 'B' 5/–	12/9	12/6	4·35	3¾
19/3	12/9	2½ a	10 b	International Tea 5/–	13/3	12/9	4·90	1½
07/9	65/3	5 a	10⅝ b	J. Lyons 'A' £1	67/6	65/3	4·85	1¼
35/6	25/9	9 b	5 a	Ranks 10/–	29/1½	28/6	4·91	2
Spillers 14/03¼	10/4½	7½ b	2½ a	Spillers 5/–	11/–	10/6*	4·76	2
55/–	42/6	5 a	3 a	Tate & Lyle £1	44/4½	42/6	5·65	2
20/10½	15/6	5 a	3 a	Unigate 5/–	16/1½	15/7½	4·48	2
73/–	60/–	†21½ c	†11½ a	Brit. Amer. Tobac. .10/–	60/9	60/6	5·85	2¾
51/6	40/–	15 b	5 a	Gallaher 10/–	41/3*	40/9	4·91	2
71/6	65/3	14 b	8½ a	Imperial Tobacco..... £1	66/6	67/–	7·62	13⅝
				INSURANCE				
141¼	115/16	†55 b	†50 a	Britannic 5/–	12⅜	12⅝	3·40	...
86/3	61/–	25 b	20 a	Commercial Union 5/–	64/6	62/–*	3·63	...
32	17⅜	†41·17 c	†41·17 c	Equity & Law Life ...8/6	28⅛	28 1/16	1·02	...
88/4½	51/10½	20 b	10 a	General Accident.... 5/–	72/9	75/–	2·00	...
60/6	42/7½	40 b	35 a	Guardian 5/–	49/9*	48/–	2·78**	...
39½	23¼	80 a	110 b	Legal & General..... 5/–	34⅝	34¾	1·39	...
46/–	100/–	11½ b	8½ a	Northern & Empl..... £1	125/–	121/6	3·29	...
172/6	156/3	†70 b	†20 a	Pearl 5/–	201/3	200/–	3·67	...
29	18	†183½ c	†208½ c	Prudential 'A' 4/–	21⅞*	21⅝	3·15	...
49/3	38/10½	...	...	Royal 5/–	42/3¶	41/3*	3·64**	...
29/3	103/6	11¼ b	7½ a	Royal Exchange £1	104/9*	102/3	3·67	...
				MOTORS & AIRCRAFT				
18/10½	12/10½	12½ b	7½ a	British Motor 5/–	13/4½	12/10½	7·77	2½
86/3	66/11½	20 c	20 c	Jaguar Cars 'A' 5/–	81/–	80/–	1·25	7¾
48/6	39/6	2½ a	8½ b	Rolls-Royce £1	41/6	39/9	5·53	2¼
10/–	6/–	12 c	12 c	Rootes Motors 'A' 4/–	6/8¼	6/6	7·38	5¼
88/9	52/2¼	15 b	7½ a	A.C.V. £1	69/–	66/6	4·81**	2½
101/–	77/7½	15 c	20 c	Leyland Motors £1	81/4½	77/9	5·14	...
18/6	14/–	9 b	3½ a	Bristol Aeroplane ..10/–	15/7½	15/4½*	8·13	2¼
33/3	26/9	10 a	5 b	Hawker Siddeley £1	27/10½	26/9	7·93**	1¼
41/3	31/9	14 a	15½ b	Dowty Group 10/–	33/10½	33/3	4·66	2¼
28/10½	21/6	15⅝ c	5 a	Dunlop Rubber 10/–	25/6	25/7½*	6·18	2
72/–	50/11½	12 a	21½ a	Joseph Lucas £1	52/–	50/11½	5·49	3
33/3	15/9	9 a	21 b	Pressed Steel..... 5/–	17/8¼	16/–	9·38	1¼
46/3	29/3	15 c	12½ c	Triplex Holdings ..10/–	29/9	29/3	4·27	2
				MINES				
168/9	110/–	50 b	40 a	Anglo-American..... 10/–	125/7½	127/6*	7·06	1½
67/3	43/–	18¾ b	6¼ b	Consolid. Gold Fields .£1	51/3	54/–	9·26	2
108/9	72/6	15 a	20 b	General Mining £1	81/10½	86/3	8·12	2
68/6	40/–	10 a	40 b	Union Corporation..2/6	46/6	50/9	7·88	3
25/3	15/3	40 a	40 b	Daggafontein 5/–	17/–	16/9	23·88	1½
125/–	73/9	70 a	100 b	Free State Geduld 5/–	86/3	94/4½	9·01	2
54/3	37/6	25 a	25 b	Hartebeestfontein 10/–	40/6	41/3	12·12	1½
64/6	41/10½	50 a	60 b	President Brand 5/–	49/4½*	49/4½	11·14	1½
157/6	101/3	90 a	120 b	Western Holdings 5/–	115/7½*	115/7½	9·08	1¼
28/6	15/9	...	8½ a	Winkelhaak 10/–	18/6	18/6	...	6½
75/3	55/–	36⅔ b	13½ a	Chartered £1	59/9	59/6	12·61	2
63/6	51/3	20 a	60 b	Rhod. Anglo-Amer. 10/–	55/–	52/3*	15·31h	2
11/7½	8/11½	4 11/16 a	9 b	Rhod. Selection Tst. .5/–	8/3	8/3	8·30h	2¼
6/11½	4/10½	4½ a	8 b	Roan Antelope 5/–	5/3	5/1½	11·90h	1¾
30/9	18/9	15 a	17½ b	Tanganyika Cons.... 10/–	19/–	19/–	17·11	1½
81/6	58/6	6¼ a	13¾ b	Consolidated Zinc.... £1	62/6	59/–	6·78	1¾
159/4½	110/–	150 b	100 a	De Beers Defd. Reg..5/–	131/10½	136/10½	9·13	1¾
$159	$104	$1·50c	$1·50c	Internat. Nickel ...n.p.v.	$145½	$145	1·84	...
18/9	10/9	6¼ a	22 1/12 b	London Tin 4/–	16/10½	16/4½	8·55**	1¼
45/–	30/–	20 c	27½ c	Rio Tinto 10/–	36/10½	36/10½	7·46	1½
44/3	17/9	52½ c	20 a	Tronoh 5/–	32/–‖	30/11½‖	8·71	1
				OIL				
61/6	41/6	†81⅓ b	†31⅓ a	British Petroleum £1	42/6	42/3	9·02	2¼
49/6	32/6	†21½ a	†67⅔ b	Burmah Oil £1	35/6	34/3	8·94	1¼
52/–	37/–	13¾ b	6¼ a	Castrol 10/–	39/6	37/3*	5·37	2½
£151/16	£105/8	23·87c	11⅛ a	Royal Dutch ..... 20 fl.	£121/8	£115/8*	4·04	2¼
£89 1/2	£68/9	†20·8 c	†10 a	Shell Transport £1	117/6	115/6	5·89	3
41/3	24/3	...	...	Ultramar 10/–	30/3	27/9	... d	...
				PAPER & NEWSPAPERS				
14/7½	9/10½	8 b	5 a	Daily Mirror 5/–	12/6	12/7½	5·94**	1¼
91/–	57/6	4 a	8 b	W. H. Smith & Son 'A'..£1	60/–	59/6	4·03	2
20/–	17/9	...	10 a	Thomson Org'n. 5/–	20/–	20/–	6·00**	2
46/3	43/6	8¾ b	5 a	Bowater Paper £1	44/9	44/3	6·21	1½
56/6	42/6	9 a	7 b	Albert E. Reed £1	44/3	42/6	7·53	1½
54/3	37/6	4 a	8½ b	Spicers £1	41/9	41/6	6·02	1¾
68/9	50/6	4 a	10 b	Wiggins Teape £1	55/9	55/6	5·05	2

Prices, 1961 High	Prices, 1961 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Oct. 11, 1961	Price, Oct. 18, 1961	Yield, Oct. 18, 1961	Cover
		%	%	**MISCELLANEOUS**				
46/3	36/–	20 a	60 b	Assoc. British Picture .5/–	47/3	46/3	6·49	2¾
34/6	26/9	20 a	40 b	Assoc. Television 'A' .5/–	30/6	29/10½	10·04	1¾
16 a	14 b	14 b	8 b	Beecham Group 5/–	48/–	46/4½	3·23	1½
54/3	32/–	33¾ a	6½ b	British Match £1	33 7/12	32/4½	6·18	2
28/4½	14/9	6¾ a	4 a	British Oxygen 5/–	16/–	14/9	3·61	2½
7 b	3 a	4 a	3 a	British Ropes 5/–	8/11½*	7/11¼	6·30	2¼
13/–	7/10½	7 b	3 a	De La Rue 10/–	50/–	47/6	4·74	2
70/–	47/6	7½ a	15 b	Gestetner 'A' 5/–	38/6	35/6*	2·82	3¼
73/9	52/6	6 a	9 b	Glaxo 10/–	55/6	55/3*	2·71	3¼
57/6	45/6	12 b	3 a	Harrisons & Cr. Defd..£1	47/–	45/6	6·59	2¾
40 b	5 a	40 b	5 a	Hoover 'A' 5/–	42/3	41/10½	5·37	2¼
55/6	35/6	12½ b	5 a	Ilford 5/–	19/3	18/9	4·67	2
107/3	56/3	7¼ b	4 a	I.C.T. £1	90/9	87/3	2·57	2¾
78/9	43/9	12½ c	12½ c	National Canning £1	46/3	43/9	5·71	1
37/3	29/6	6 a	10 b	Powell Duffryn..... 10/–	33/3	32/3	4·96	2¼
30/3	24/7½	15 b	5 a	Radio Rentals 5/–	27/6	27/–	3·70	3
37/6	18/9	7½ a	15 b	Rank Organisation 5/–	25/–	25/6	4·41	2½
43/3	30/9	16½ b	7½ a	Schweppes 5/–	35/–	31/3	3·84	1¾
32/3	26/–	20 c	25 c	Sears 'A' 5/–	32/3	32/03¼	3·90	2¼
28/4½	21/7½	11½ b	8½ a	Thomas Tilling 4/–	23/4½	23/9*	3·37	2
78/–	56/–	12½ c	4 a	Turner & Newall..... £1	58/6	57/–	4·21	2¼
166/6	130/–	9·042c	15·56	Unilever £1	147/–	150/–	3·27	3¼
111 32	83⅛	8 a	13 b	Unilever N.V. ..... 12 fl.	103½	103½	2·43	3¼
22/6	13/9	10 b	5 a	United Glass 5/–	16/–	14/9	5·08	2½
41 6/16	30/–	10 a	10⅝ b	United Molasses 10/–	30/10½	30/6	8·03	1
				SHIPPING				
46/3	36/–	6½ a	13½ b	Brit. & Com'wealth. 10/–	38/9	37/3	5·37	2
35/6	28/9	13 a	11 b	Cunard £1	15/6	17/–	7·06	1/4
24/9	20/–	17 c	7 c	France Fenwick £1	20/4½	20/11½	6·95	1/2
50/6	33/–	10 c	10 c	Furness Withy £1	33/3	33/3	6·02	1
15/–	10/6	7½ a	10 b	London & Overseas..5/–	11/11½	10/10½	8·05	...
48/6	34/10½	8 b	3 a	P & O Defd. £1	37/3	36/3	6·07	1
21/–	12/–	2½ c	2½ c	Reardon Smith 10/–	13/9	13/–	1·92	...
25/–	13/7½	8 c	5 c	Royal Mail £1	14/–	13/9	7·27	...
				STEEL				
74/10½	48/10½	6 a	10 b	Colvilles £1	51/7½	48/10½	6·55	4½
43/7½	26/6	6½ b	3½ a	Dorman Long..... £1	27/10½	27/4½	7·31	2½
42/–	30/9	7½ b	3½ a	Lancashire Steel..... £1	31/10½	31/11½	7·07	3½
42/–	24/9	8 b	4 a	South Durham £1	26/11½	24/10½	9·65	2
47/8¼	31/–	7½ b	5 a	Steel Co. of Wales.... £1	33/6	33/9	7·41	2¾
57/4½	40/11½	15 c	5 a	Stewarts & Lloyds £1	41/10

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Last year was undoubtedly a turning point. This year should be better and next year, failing an unforeseen slump in demand for tin, might be better still. A major factor in that prospect is that tin production is unlikely to rise very swiftly because many mines are becoming worked out. Therefore, only those companies owning mines with a considerable life ahead of them will really benefit. On this point, Mr J. H. Rich, the chairman of Tronoh, has made a full and very encouraging report. Tronoh's Kampar Section will be exhausted in about three years' time, and the current rate of tin production will taper off. But drilling has revealed that payable ground might be found at greater depths. Further development is also hinted at in another section of the group's mines. Prospecting on the western side of Malaya has proved moderately encouraging and in a joint venture with another group it is hoped to get permission to work a new area in Thailand. Tronoh has also joined a group investigating the reopening of a mine in Cornwall, and appears to have a small stake in the promising North Quebec copper discovery. After the recent one-for-one scrip issue, Tronoh's 5s. units at 30s. yield 8¾ per cent on last year's total dividend of 5s. 3d. a share on the old capital.

J. & F. Stone

LIKE other retailers of consumer durables, J. & F. Stone Lighting and Radio has suffered from the credit squeeze over the past eighteen months. Even so its profits have continued to grow and in the year to June 30th its trading profits rose by just over 10 per cent from £916,000 to £1,019,000. Two factors mentioned last November by the chairman, Mr D. G. Nairn, have probably helped to maintain the advance of profits in the past year: the growth in cash sales and the inflow of repayments and profits on earlier HP contracts. The latter item was probably still quite substantial, as the amounts owing under the agreements rose from £105,000 in mid-1958 to £1,024,000 in mid-1959 and £1,286,000 in mid-1960; but the current year could witness a drop in these receipts and shareholders will be interested to know what contribution they have made and will make to total income. Net profits are 9 per cent higher at £421,000 and cover the unchanged dividend of 35 per cent over 1.6 times.

The directors have also announced plans to form a property holding company, in which existing Stone shareholders will receive a free issue of shares. Last year the group had 191 branches, of which the freehold values amounted to £726,000 at cost. A revaluation of all properties made in 1956 showed a surplus of £816,000 over the then book value of £591,000, but this has never been written into the accounts. In the first instance the company will take over the freeholds and the directors hope by the time of the annual meeting in November to be able to indicate the size of the proposed issue. The possibilities opened up by the new development led to a rise of 2s. 4½d. to 28s. 4½d. on the 5s. Ordinary shares which now yield 6¼ per cent.

Norvic Shoe

INCREASED buying by affluent teenagers has been a major factor behind the present boom in the footwear industry. Among the shoe makers Norvic has made a big effort to capture this valuable market and its success has been marked by a second successive increase of 21 per cent in gross profits. In the year to June 30th its gross profits advanced from £529,000 to £639,000 and it is not surprising that profits rose even more sharply in the second half of the financial year as this includes the early spring and summer.

Norvic has apparently been able to withstand the pressure on margins resulting from the wage increase in the industry in March last year and the full report will show whether its increase in sales in 1960-61 matched the rise of 20 per cent in 1959-60. Although net equity earnings have risen the ordinary dividend has been left unchanged at 15 per cent, presumably in deference to the Chancellor's request for dividend restraint. This payment is now covered more than twice and the 5s. shares at 13s. 9d. yield 5½ per cent. This is not an unreasonable return from a company which over the next few years is likely to serve a growing market as the number of teenagers rises.

Neepsend Steel

RESULTS against the current trend have also come from Neepsend Steel and Tool which has again done well and, indeed, rather better than had been expected. In an interim statement in February the directors simply indicated that results for the full year would be comparable with those for 1959-60 but in the event trading profits rose by 21½ per cent from £1,211,000 to £1,473,000. This suggests that most of the improvement came in the second half of the financial year ending on March 31st. For the first time, profits are included from G. H. Blackbourn, the mill furnishers acquired in February, 1960, but steel and steel products, including stainless steel, still remain the principal activities of the group. It may be that the economies effected by the conversion from coal to oil fired boilers have continued to benefit the group, and that higher sales to other industries have offset the contraction in demand from the motor industry.

Net profits have risen by nearly 9 per cent from £704,000 to £765,000, so that the cover on the unchanged dividend of 50 per cent has risen from 1.8 times to nearly twice. The under-utilisation of capacity in the steel and motor industries, however, is reflected in the yield of nearly 6 per cent offered by the 5s. shares at 43s. each.

London Stock Exchange

FIRST DEALINGS:	Oct. 2	Oct. 16	Oct. 30
LAST DEALINGS:	Oct. 13	Oct. 27	Nov. 10
ACCOUNT DAY:	Oct. 24	Nov. 7	Nov. 21

As the account drew to a close last Friday the unfavourable prospects for industry revealed by the FBI inquiry assisted the downward movement of equity prices that had persisted throughout the week, and the widening of the trade gap in September was a further dampening influence. On Monday the *Financial Times* index at 284.7 struck its lowest level since the Conservative election victory in early October, 1959. But on Tuesday there was a limited amount of investment buying and bear covering, sufficient in the absence of many sellers to push prices slightly higher; this modest rally continued on Wednesday. It was not enough, however, to offset the earlier falls and over the week *The Economist* indicator lost 4 points to 342.7.

In contrast, the gilt-edged market continued to attract buyers but this week there was less interest in short-dated stocks and more switching into longer-dated stocks. But there was also a good deal of buying throughout the range of stocks and the short-dated issues still made further gains with Treasury 5½ per cent 1962 up 3/32 to 100 3/16. Among the medium-dated stocks 5 per cent Conversion 1971 gained 1⅛ to 91 7/16. Long-dated and undated issues also rose sharply; 3½ per cent Funding 1999-2004 gained ½ to 57½ and 2½ per cent Consols 7/16 to 39½.

Bank and insurance shares both lost ground as the account closed last weekend but insurances became firmer by mid-week. General Accident gained 2s. 3d. to 75s. and among the banks Barclays gained 6d. to 78s. 3d., while Lloyds fell by the same amount to 62s. The expectation that ICI workers' shares would come on the market caused falls before the weekend but over the week the shares were unchanged at 58s. 1½d. Stores were not in demand and were generally lower but J. and F. Stone gained 3s. 3d. to 28s. 9d. following the news of higher profits and a property scrip issue.

Electrical shares generally held up over the week though AEI lost 3d. to a new low of 29s. Shipbuilding shares were depressed by rumours that the Cunard Q.3 project would be dropped and John Brown lost 1s. 7½d. to 34s. but Cunard gained 1s. 6d. to 17s. This gain was wiped out on Thursday, however. Motor shares closed lower with Leyland showing a sharper drop of 3s. 7½d. to 77s. 9d. Unilever again ran against the trend, the coming Wall Street quotation adding to buying pressure which raised them by 3s. to 150s. Initially depressed by the breakdown of the IPC-Iraq talks oil shares later made good some of their losses as investment buyers appeared but Shell Transport fell by 2s. over the week to 115s. 6d. Several Kaffirs made sharp gains as buyers appeared in a market short of stock: Union Corporation gained 4s. 3d. to 50s. 9d. and F. S. Geduld 8s. 1½d. to 94s. 4½d.

EXCHEQUER RETURNS

For the week ended October 14, 1961, there was an "above-line" deficit (after allowing for sinking funds) of £6,513,000 compared with a surplus of £7,900,000 in the previous week and a deficit of £15,599,000 in the corresponding period of last year. There was a net expenditure "below-line" of £16,505,000 leaving a total cumulative deficit to date of £667,260,000 compared with £669,134,000 in 1960-61.

£'000	Estimate 1961-62	April 1, 1960, Oct. 15, 1960	April 1, 1961, Oct. 14, 1961	Week ended Oct. 15, 1960	Week ended Oct. 14, 1961
Ordinary Revenue					
Income Tax	2,728,500	720,978	832,073	16,783	17,051
Surtax	210,000	39,000	45,800	1,500	1,600
Death Duties	240,000	120,800	140,200	5,100	3,700
Stamps	94,000	46,800	54,200	1,300	1,400
Profits tax, EPT and EPL	325,500	153,000	190,100	6,800	7,100
Other Inland Rev. Duties	...	50	...	...	...
Total Inland Rev.	3,598,000	1,080,628	1,262,373	31,483	30,851
Customs	1,550,000	797,348	867,533	29,505	34,034
Excise	960,000	484,355	488,685	6,265	5,550
Total Customs and Excise	2,510,000	1,281,703	1,356,218	35,770	39,584
Motor Duties	155,000	29,478	36,104	1,621	4,504
PO (Net Receipts)	...	...	...	...	...
Broadcast Lic's.	40,000	13,500	14,200	...	...
Sundry Loans	205,000	34,262	139,700	4,238	6,771
Miscellaneous		65,149			
Total	6,508,000	2,504,720	2,808,595	73,112	81,710
Ordinary Expenditure					
Debt Interest	660,000	338,767	396,362	7,811	...
Payments to N. Ireland Exch.	92,000	43,415	45,068	...	1
PO Fund — Initial settlement	15,000	...	...	...	...
Other Consolidated Funds	8,000	4,077	4,168	38	15
Supply Services	5,186,902	2,486,823	2,684,044	80,500	87,700
Total	5,961,902	2,873,082	3,129,642	88,349	87,716
Sinking Funds	40,000	20,190	20,498	362	507
"Above-line" Surplus or Deficit	—	—	—	—	—
		388,552	341,545	15,599	6,513
"Below-line" Net Expenditure*		280,582	325,715	13,019	16,505
Total Surplus or Deficit		669,134	667,260	28,618	23,018
Net receipts from:					
Tax Reserve Certificates		134,938	138,482	383	1,310
Savings Certificates		38,600	−14,000	1,900	−200
Defence Bonds		58,655	18,307	1,494	46
Premium Savings Bonds		31,790	21,900	2,020	300
Total		263,983	164,689	5,797	1,456

* Net receipt to the Civil Contingencies Fund of £5 million in 1961-62 compared with a net receipt of £6 million in 1960-61.

FLOATING DEBT

(£ million)

	Treasury Bills		Ways and Means Advances		Total Floating Debt
	Tender	Tap	Public Dept.	Bank of England	
1960					
Oct. 15	3,520·0	1,638·5	217·2	...	5,375·7
1961					
July 8	3,280·0	1,853·1	265·2	0·8	5,399·0
" 15	3,270·0	1,866·0	269·0	...	5,405·0
" 22	3,260·0	1,894·4	214·3	...	5,368·7
" 29	3,250·0	1,920·3	220·4	3·3	5,393·9
Aug. 5	3,280·0	1,882·6	207·3	...	5,369·9
" 12	3,290·0	1,712·9	206·6	...	5,209·4
" 19	3,290·0	1,732·5	316·8	1·5	5,340·7
" 26	3,280·0	1,840·0	201·9	2·3	5,324·1
Sept. 2	3,260·0	1,855·3	239·4	...	5,354·8
" 9	3,240·0	1,886·4	221·4	...	5,347·9
" 16	3,240·0	1,905·2	229·5	...	5,374·7
" 23	3,220·0	1,918·7	228·3	...	5,377·0
" 30	3,220·0	2,018·6	283·7	...	5,522·3
Oct. 7	3,240·0	1,998·1	207·2	...	5,445·3
" 14	3,260·0	2,003·4	208·7	...	5,472·2

Money and Exchanges

THE MONEY MARKET

SINCE Bank rate was cut to 6½ per cent, competition for Treasury bills has become noticeably keener, on the expectation of a further cut in the rate in the next few weeks. The authorities, to prevent the bill rate falling too quickly in the face of this pressure, forced the discount market to borrow from the Bank of England on each of the three days preceding last week's bill tender. But the syndicate of discount houses raised its bid by 10d. to £98 10s. at the tender and the average rate of discount fell sharply by nearly ⅛ per cent to fractionally above 6 per cent. The Bank was quick to retaliate, and on the same day six or seven houses had to borrow a large amount from the Bank at Bank rate. Seven or eight houses were again in the Bank this Tuesday. Total application for the £250 million bills on offer rose by £21 million to £419 million and the market received 59 per cent of its application as against 57 per cent a week earlier. In the weeks ahead the market syndicate will need all the guile it can muster if it is both to satisfy the Bank and obtain satisfactory bill quotas.

Credit has been very tight throughout the week in Lombard Street. The rate for overnight loans has remained at 5⅞ per cent.

MONEY RATES

LONDON

	%		%
Bank rate (from 7%, 5/10/61)	6½	Discount rates: Bank bills:	
		60 days	6¼–6⅝
Deposit rates (7 days' notice):		3 months	6¼–6⅝
		4 months	6¼–6⅝
Banks	4½	6 months	6¼–6⅜
Discount houses	4½–¾	Fine trade bills:	
Local Authorities	6¾	3 months	7¼–8¼
Money:		4 months	7¼–8¼
Day-to-Day	4⅞–6	6 months	7½–8½

NEW YORK

	%		%
Official Discount rate: (from 3½%, 11/8/60)	3	Treasury bills: Oct. 9	2·389
		" 16	2·382

BANK OF ENGLAND RETURNS

(£ million)	Oct. 19, 1960	Oct. 11, 1961	Oct. 18, 1961
*Issue Department**:			
Notes in circulation	2,213·5	2,307·3	2,305·4
Notes in banking dept.	36·9	18·1	20·0
Govt. debt and securities*	2,247·8	2,324·0	2,324·0
Other securities	0·7	0·7	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	1·5	0·3	0·3
Banking Department:			
Deposits:			
Public accounts	11·6	10·2	12·2
Special deposits	149·4	230·3	230·3
Bankers	260·3	243·0	263·2
Others	66·1	68·3	74·1
Total	487·4	551·9	579·9
Securities:			
Government	427·1	474·9	469·1
Discounts and advances	21·5	56·3	88·3
Other	18·9	19·3	19·4
Total	467·5	550·6	576·8
Banking department reserve	37·7	18·9	20·8
"Proportion"	% 7·7	% 3·4	% 3·5

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced by £25 million to £2,325 million on September 20th

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills Average Rate of Allotment	Allotted at Max. Rate*
1960	*91 day*		s. d.	%
Oct. 14	280·0	450·8	109 6·35	63
1961				
July 14	240·0	378·2	91 4·47	47
" 21	240·0	333·3	92 5·62	66
" 28	250·0	426·6	133 9·22	28
Aug. 4	250·0	386·0	134 3·33	44
" 11	250·0	394·7	134 8·51	41
" 18	250·0	379·6	134 1·83	61
" 25	260·0‡	409·9	134 0·12	39
Sept. 1	250·0	379·8	134 0·50	48
" 8	260·0	441·6	132 10·81	60
" 15	250·0‡	407·0	131 10·99	59
" 22	250·0	383·3	130 6·51	65
" 29	270·0	447·9	131 0·48	39
Oct. 6	260·0	397·9	122 5·80	57
" 13	260·0‡	419·0	120 0·28	59

* On October 13th tenders for 91 day bills at £98 10s. 0d. secured 59 per cent, higher tenders being allotted in full. The offer for this week was for £250 million 91 day bills.
‡ Allotment cut by £10 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits	Market Rates: Spot					
	October 18	October 12	October 13	October 14	October 16	October 17	October 18
United States $	2·78–2·82*	2·81 1/2–5/8	2·81 7/16–9/16	2·81 1/2–5/8	2·81 1/2–5/8	2·81 1/2–5/8	2·81 9/16–11/16
Canadian $	...	2·89 15/16–90 1/16	2·89 7/8–90	2·89 15/16–90 1/16	2·89 15/16–90 1/16	2·89 15/16–90 1/16	2·90–90 1/8
French Fr.	13·622–14·027	13·84 1/4–1/2	13·84–84 1/4	13·84–84 1/4	13·83 5/8–7/8	13·83 1/2–3/4	13·84–84 1/4
Swiss Fr.	11·94–12·54 7/8	12·17–17 1/4	12·163/4–17	12·17–17 1/4	12·16 3/4–7/8	12·16 1/2–3/4	12·16 3/4–17
Belgian Fr.	137·96–142·05	140·10–15	140·10–15	140·10–15	140·10–15	140·15–20	140·15–20
Dutch Gld.	9·98 3/4–10·28 1/2	10·14 5/8–7/8	10·14 1/2–3/4	10·14 1/2–3/4	10·15 1/8–3/8	10·16 1/8–3/8	10·16 3/8–5/8
W. Ger. D-Mk.	11·037–11·365	11·24 3/4–25	11·24 3/4–25	11·24 3/4–25 1/4	11·25–25 1/4	11·25 1/2–3/4	11·26–26 1/4
Portug. Esc.	...	80·18–28	80·18–28	80·18–28	80·18–28	80·18–28	80·18–28
Italian Lire	1725–1775	17463/4–471/4	17463/4–47 1/4	17463/4–471/4	1747–47 1/2	1747 1/8–5/8	1747 1/4–3/4
Swedish Kr.	14·27 1/2–14·70	14·53 1/4–54	14·53 7/8–54 1/8	14·53 7/8–54 1/8	14·54 1/4–1/2	14·54 5/8–7/8	14·54 5/8–7/8
Danish Kr.	19·06 1/2–19·62	19·38 5/8–7/8	19·38 5/8–7/8	19·38 5/8–7/8	19·38 5/8–7/8	19·38 1/2–3/4	19·38 3/8–5/8
Norwegian Kr.	19·71–20·30 1/2	20·03 5/8–7/8	20·03 5/8–7/8	20·03 5/8–7/8	20·03 3/4–04	20·03 3/4–04	20·03 3/4–04
	* Official Limits	**One Month Forward Rates**					
United States $		15/16–13/16c. pm	15/16–13/16c. pm	15/16–13/16c. pm	15/16–13/16c. pm	15/16–13/16c. pm	15/16–13/16c. pm
Canadian $		15/16–13/16c. pm	15/16–13/16c. pm	15/16–13/16c. pm	15/16–13/16c. pm	15/16–13/16c. pm	1–7/8c. pm
French Fr.		3/4–2 3/4c. pm	3/4–2 3/4c. pm	3/4–2 3/4c. pm	3/4–2 3/4c. pm	3/4–2 3/4c. pm	3/4–2 3/4c. pm
Swiss Fr.		5–4 3/4c. pm	5–4 3/4c. pm	5–4 3/4c. pm	5–4 3/4c. pm	5–4 7/8c. pm	5–4 3/4c. pm
Belgian Fr.		37–27c. pm	37–27c. pm	37–27c. pm	37–27c. pm	40–30c. pm	40–30c. pm
Dutch Gld.		2 7/8–2 3/8c. pm	3–2 1/2c. pm	3–2 1/2c. pm	3–2 1/2c. pm	3–2 1/2c. pm	3 1/4–2 3/4c. pm
W. German D-Mk.		4 1/4–3 3/4pf. pm	4 1/4–3 3/4pf. pm	4 1/4–3 3/4pf. pm	4 3/4–4 1/4pf. pm	4 3/4–4 1/4pf. pm	5–4 1/2pf. pm
		Three Months Forward Rates					
United States $		2 3/8–2 1/4c. pm	2 3/8–2 1/4c. pm	2 3/8–2 1/4c. pm	2 3/8–2 1/4c. pm	2 5/16–2 3/16c. pm	2 5/16–2 3/16c. pm
Canadian $		2 1/2–2 3/8c. pm	2 1/2–2 3/8c. pm	2 1/2–2 3/8c. pm	2 7/16–2 5/16c. pm	2 3/8–2 1/4c. pm	2 3/8–2 1/4c. pm
Swiss Fr.		12–11 3/8c. pm	12 1/8–11 3/8c. pm	12 1/8–11 3/8c. pm	12 1/4–11 3/4c. pm	12 1/4–11 3/4c. pm	12 1/8–11 3/8c. pm
W. German D-Mk.		11 1/2–11pf. pm	11 1/2–11pf. pm	11 1/2–11pf. pm	11 1/2–11pf. pm	11 1/2–11pf. pm	11 1/2–11pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/03 1/4	250/01 1/4	...	250/–	250/01 1/4	250/–
" ($ " " ")		35·19	35·19	...	35·18 1/2	35·18 1/2	35·19

Prices and Wages

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

BRITISH

Prices and Wages.....	This week	External Trade	Sept. 2nd
Manpower and Output....	Sept. 23rd	Industrial Profits	Oct. 14th

OVERSEAS

Western Europe.....	Sept. 30th	United States.....	Aug. 26th

	Unit	1958	1959	1960	1960			1961				
		mid-June			Oct. 4	Oct. 11	Oct. 18	Sept. 19	Sept. 26	Oct. 3	Oct. 10	Oct. 17
WORLD PRICES												
Commodity Price Indicator(4):												
All items	1958=100	99·7	96·8	98·3	95·4	95·3	94·7	93·1	92·5	92·3	92·5	92·5
Food	"	100·0	95·8	93·0	94·2	93·7	93·0	89·7	89·1	89·1	89·3	89·5
Fibres	"	104·2	95·3	98·7	95·5	97·3	97·7	101·4	101·4	100·5	100·2	99·9
Metals	"	101·2	113·0	122·4	112·3	112·7	110·6	113·0	111·3	111·7	113·0	113·5
		Monthly averages			1960			1961				
BRITISH WHOLESALE PRICES		1958	1959	1960	July	August	Sept.	May	June	July	August	Sept.
Materials used in:												
All manufacturing industries	1954=100	100·8	101·7	101·8	101·6	100·8	100·6	101·5	100·7	100·7	100·6	100·3
Mechanical engineering	"	123·5	124·5	126·2	126·9	126·4	126·2	128·4	128·6	128·3	128·8	128·8
Electrical machinery	"	114·5	115·6	116·9	117·4	117·2	116·7	118·5	118·7	118·9	119·0	119·0
Building and civil engineering	"	114·2	113·4	115·1	115·2	115·4	115·5	117·8	118·0	118·8	118·9	118·9
House building	"	111·9	111·0	114·0	114·2	114·6	114·8	117·6	117·8	118·6	118·6	118·6
Products of:												
All manufacturing industries	"	111·1	111·5	113·0	113·4	113·5	113·5	115·5	115·8	116·1	116·9	116·9
Chemicals and allied trades	"	105·6	106·6	106·0	106·0	105·7	105·4	105·5	105·2	104·7	105·2	105·1
Iron and steel	"	129·9	129·0	128·5	128·7	128·7	128·7	129·0	129·4	130·2	130·2	130·2
Textiles industry	"	97·9	96·0	100·8	100·7	101·2	101·5	104·6	104·2	104·2	103·9	104·0
Food manufacturing	"	104·9	106·9	106·9	107·2	107·4	107·0	107·6	107·3	107·2	107·1	107·0
Commodities:												
Cotton, raw (7)	"	76·8	68·6	75·0	75·3	74·9	74·7	75·0	74·9	74·3	73·7	73·6
Wool, raw	"	72·4	76·6	76·3	76·0	72·8	71·2	80·5	79·4	77·8	78·6	78·6
Rubber, No. 1 RSS, one month future	"	118·2	148·1	158·0	161·1	146·7	146·3	131·1	124·2	123·4	125·0	126·7
Softwood, imported	"	102·1	95·4	104·9	106·9	106·8	106·6	107·3	107·6	107·7	107·6	107·3
Copper, ex-warehouse	"	79·4	95·6	99·0	102·4	98·6	94·4	97·5	95·1	92·4	92·9	92·2
UK RETAIL PRICES	Jan. 17, 1956=100	109·0	109·6	110·7	111·1	110·4	110·5	113·6	114·6	114·6	115·7	115·5
All items (1)		107·1	108·2	107·4	108·8	106·4	106·1	109·5	111·4	110·7	109·9	...
Food	"											
All items	1938=100[2]	271	273	276	277	275	275	283	285	285	288	288
Food	"	282	285	282	286	280	279	288	293	291	289	...
Housing	"	172	180	186	186	187	187	194	194	195	195	...
Clothing	"	269	268	271	271	271	272	275	275	276	276	...
Fuel and light	"	281	284	291	279	280	281	300	302	302	303	...
Household durable goods	"	307	300	300	301	301	302	304	305	305	307	...
Drink	"	276	261	256	256	256	256	257	258	265	277	...
Tobacco	"	428	428	444	449	449	449	449	454	455	491	...
Purchasing power of £ (based on all consumer spending)	1938=100	35·9	35·7	35·4	35·4	35·5	35·5	34·5	34·2	34·2	33·9	34·0
UK TERMS OF TRADE												
Import prices:												
All items	1954=100	99	98	99	98	98	98	99	98	97	95	...
Food, drink and tobacco	"	97	98	97	95	95	95	97	96	97	96	...
Basic materials	"	96	93	96	97	95	97	96	95	96	93	...
Fuels	"	112	104	98	97	98	96	96	95	96	93	...
Manufactured goods	"	101	104	107	108	108	108	109	109	108	107	106	...
Export prices:												
All items	"	110	109	111	111	111	112	112	112	112	112	...
All manufactures	"	111	111	114	114	113	115	115	115	115	115	...
Metals	"	118	115	118	120	120	118	117	116	118	119	...
Engineering products	"	115	117	120	119	119	122	120	121	121	122	...
Textiles (excluding clothing)	"	101	98	102	103	104	103	107	108	105	107	...
Terms of trade:												
Ratio of import to export prices	"	90	90	89	88	88	88	88	88	86	85	...
SHIPPING FREIGHTS (3)												
Tramp shipping freights	1960=100	90·4	96·9	100·0	91·3	93·3	96·5	111·3	108·7	105·8	107·2	110·6
UK WAGES												
Weekly wage rates:	Jan. 31, 1956=100											
All workers (3)		114·0	117·0	120·0	120·1	120·4	120·8	124·5	125·0	125·1	125·2	...
Men	"	113·8	116·8	119·7	119·7	120·0	120·4	124·2	124·5	124·6	124·7	...
Women	"	114·0	117·0	120·8	121·0	121·0	121·3	124·8	125·6	125·8	126·1	...
Juveniles (4)	"	115·8	119·0	123·2	124·3	124·5	125·0	129·8	130·6	130·7	130·8	...
All workers	Sept., 1939=100	296	304	317	312	313	313	324	325	325	325	...
Weekly earnings (5):												
Men	s. d.	256 8	271 1	290 8	282 9[9]	...	290 8[10]	301 4[9]	...	...	...	...
Women (full time)	"	134 1	140 11	148 4	145 0[9]	...	148 4[10]	152 7[9]	...	...	...	...
Youths (4)	"	112 0	117 6	130 0	123 9[9]	...	130 0[10]	135 9[9]	...	...	...	...
Girls (4)	"	86 9	90 10	96 10	93 1[9]	...	96 10[10]	99 11[9]	...	...	...	...
Men	Oct., 1938=100	372	393	421	409[9]	...	421[10]	437[9]	...	...	...	...
Women (full time)	"	412	432	456	446[9]	...	456[10]	470[9]	...	...	...	...

(1) For a rough conversion to basis of June, 1947, multiply throughout by 1·534. (2) The interim index of retail prices has been linked back to 1938 with the aid of calculations made by Professor R. G. D. Allen for the London and Cambridge Economic Service. (3) For a rough conversion to basis of June, 1947, multiply throughout by 1·561. (4) In general males under 21 and females under 18 years of age. (5) Surveys made twice a year; annual figures relate to October survey. (6) Index revised and rebased on 1958=100 (see *The Economist*, January 7, 1961, page 59). (7) Revised series. (8) Revised series; 1958 and 1959 figures on the old basis of 1952 =100 have been linked to 1960=100 by multiplying by 1·348. (9) April (10) October.

APPOINTMENTS

ORGANISATION AND METHODS ANALYST

We are looking for a man, preferably educated to graduate level, who has had O & M training, and experience in the fields of accountancy machinery or office reproduction equipment. A knowledge of the application of office systems to computers is useful.

The Analyst will be expected to carry out investigations in General Offices and Warehouses of the Mail Order Division and also in Chain Stores, so he should be prepared to travel throughout Britain from time to time.

His age range will be around 27-32 years and he should be earning £1,000-£1,200 in his present employment. His commencing salary with us will be up to £1,500, and this appointment should lead to further promotions within the Organisation during the next five years, with appropriate salary increases.

Letters of application, giving brief details, should be sent to:

The Management Appointments Officer
(Ref. O&MA/236/TE),
Littlewoods Mail Order Stores Ltd.,
Spinney House,
Church Street,
Liverpool, X.

ASSISTANT EDITOR for investment journal for research and writing. Permanent.—Details, in confidence, to Box 1548.

UNIVERSITY OF KHARTOUM

Applications are invited for the Chair, Readership or Senior Lectureship in Agricultural Economics.

Salary Scale:
Professor — £5,2,760 per annum.
Reader — £5,2,175 per annum.
Senior Lecturer — £5,2,052-£5,2,127 p.a.

Generous allowances payable. Passage for appointee and family on appointment, termination and annual leave. There is a superannuation scheme, and arrangements can be made to maintain F.S.S.U. policies. Direct appointment on contract normally for five years with possibility of renewal; (secondment welcomed if possible). Unfurnished accommodation provided at rent (excluding rates) up to 7½ per cent. of salary.

Applications (10 copies) detailing qualifications and experience and naming three referees by November 20, 1961, to Registrar, University of Khartoum, c/o Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1.

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OZALID, the leading Company in the photocopying field with established overseas markets, wishes to expand its Export Sales Force and young men of proved selling ability with some experience in the export field and a knowledge of several languages are invited to apply for a restricted number of vacancies which will become available in the near future.

Good salary and incentive offered. Contributory Pension Scheme. All expenses paid. Applicants must be willing to travel extensively. Apply in writing, in confidence, to:

The Administrative Controller of Sales,
OZALID COMPANY LIMITED.
Langston Road,
Loughton, Essex.

M&B

MARKET RESEARCH ASSISTANT

MAY & BAKER LTD., Dagenham, Essex, invite applications from young men, aged 20-25, for a position in the Product Development Group, who have Graduated with an Honours degree in Economics preferably with some commercial experience in market research or a similar organisation.

The successful candidate will be required to carry out surveys within the Company's general fields of interest. Salary according to age, qualifications and experience. There is a Pension Fund and Life Assurance Scheme in operation. Five-day week, sports and social club, canteen facilities. Apply initially in writing to the Personnel Officer, giving full particulars of qualifications and experience, quoting Reference No. 63/61.

CITY OF BIRMINGHAM EDUCATION COMMITTEE

CITY OF BIRMINGHAM COLLEGE OF COMMERCE

Applications are invited for the following post, effective from January 1, 1962, or earlier if possible:

ASSISTANT, GRADE "B," IN ECONOMICS AND BUSINESS ADMINISTRATION

Candidates should hold a good Honours Degree in Economics or Commerce and should have had business and teaching experience. Research experience would be an additional advantage.

SALARY—in accordance with the Burnham Scale for Teachers in Establishments for Further Education:

Assistant, Grade "B," £700 x £27 10s. to £1,150 per annum, plus graduate allowance of £90 and good Honours degree allowance of £75, where applicable.

In fixing the point of entry on the scale, certain increments (up to a maximum of twelve) may be allowed for approved professional experience after the age of 21.

APPLICATIONS: Forms of application and details of the post may be obtained by sending a stamped addressed foolscap envelope, as soon as possible, to the Principal, City of Birmingham College of Commerce, Broad Street, Birmingham, 1.

E. L. RUSSELL,
Chief Education Officer.

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BRITISH HYDROCARBON CHEMICALS LIMITED
(Manufacturers of Petroleum Chemicals)
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A TECHNICAL SALES ASSISTANT

Applicants should be approximately 25-30 with a science degree and preferably some experience in the paint, plastics or detergents industries as duties will include sales of raw materials in these fields in the U.K.

This post carries an attractive starting salary, is pensionable (non-contributory), and has prospects of increasing responsibility.

Apply, quoting Serial No. SA/74, in strict confidence, with full details, to: Personnel Department, British Hydrocarbon Chemicals Limited, Devonshire House, Mayfair Place, London, W.1.

APPLICATIONS are invited for position as Economics Secretary to a National Employers' Federation in Westminster. Duties cover the economic, research and accident prevention aspects of an important industry. Age 25-30. Applicants must be graduates in economics, preferably with statistics, but previous experience of trade association work essential.—Write, giving full details of age, education, qualifications, experience and salary required, to Box 1549.

For other appointments see page 294

CO-OPERATIVE AND MARKETING OFFICER required by the Government of NORTHERN RHODESIA for one tour of 36 months in first instance with prospect of permanency.

Commencing salary £1,110 a year rising to £1,848 a year. Outfit allowance £30. Liberal leave on full salary. Free passages.

Candidates, of good education, must have a sound general knowledge of economic and commercial principles, business administration, commercial book-keeping and accountancy. Experience in the co-operative trade, agricultural or retail stores, or an accountancy, banking or book-keeping qualification an advantage.

Officer will be responsible after training for promoting and supervising all co-operative and agricultural marketing activities in a large district including both rural and urban areas, and for lecturing to Europeans and Africans on co-operative societies.

Apply to Crown Agents, 4 Millbank, London, S.W.1, for application form and further particulars, stating age, name, brief details of qualifications and experience and quoting reference M3B/53655/LN.

UNIVERSITY OF AUCKLAND
NEW ZEALAND.

SENIOR LECTURESHIP IN TOWN PLANNING.

Applications are invited for the above-mentioned post. The Senior Lecturer will be required to lecture and conduct seminars in Town Planning Theory and Techniques and to supervise Drawing Office and Field Work exercises. The appointment will carry certain rights of private practice provided such practice does not in any way interfere with the Senior Lecturer's work at the University. Preference will be given to a graduate in Town Planning or in an allied field and to those who have direct experience in the professional planning field.

The salary scale for the position is £1,750 per annum rising to £2,000 per annum by annual increments, two of £100 and one of £50. Commencing salary within this scale will be determined according to qualifications and experience.

The person appointed will be expected to take up his duties on February 1, 1962, or upon such other date as may be arranged with the University Council.

Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close, in New Zealand and London, on November 27, 1961.

The Wellcome Foundation Limited

Burroughs Wellcome & Co. invite applications for the post of

PERSONNEL OFFICER

at The Wellcome Chemical Works, Dartford, Kent.

Applicants, who should be men, should have a sound knowledge of personnel management and some experience as a Personnel Officer. The possession of a University degree or a Diploma in Personnel Management would be an advantage. The successful applicant will be responsible to the Personnel Manager for employment and welfare duties in connection with all weekly and hourly paid employees in the factory (1,500). He would also be responsible for the control of personnel records and other general duties connected with the personnel function which is very well established. The post is interesting and progressive. Salary will be in accordance with experience and qualifications.

Written applications should be sent to the Personnel Manager, Wellcome Chemical Works, Dartford, Kent.

THE EDINBURGH SCHOOL OF AGRICULTURE

Applications are invited for the post of ASSISTANT ADVISORY OFFICER, FARM BUILDINGS.

Salary Grade IV, £718-£993.

The appointment is eligible for superannuation.

Candidates should hold a Degree in Agricultural Economics or Agriculture or Economics. Post-graduate study or especial interest in Work Study is desirable. The post has been created to further the study of labour and power organization in farming. Particulars and application forms may be obtained from The Secretary, Edinburgh School of Agriculture, West Mains Road, Edinburgh, 9, with whom applications should be lodged within two weeks of this advertisement.

J. A. JOHNSTON,
Secretary.

INTERESTING OPPORTUNITY with City Reinsurance Company with world-wide business for young graduate in law or economics and law. Successful applicant required to become familiar with Insurance Exchange Control and Company Laws of Overseas Territories particularly where Company has Subsidiaries or Branches. Non-contributory pension and life assurance schemes.—Write, giving full details, to Box 1550.

HERTFORDSHIRE COUNTY COUNCIL. ST. ALBANS COLLEGE OF FURTHER EDUCATION AND HERTFORDSHIRE COLLEGE OF BUILDING. Assistant Lecturer, Grade B (Graduate) to teach Pure Mathematics to Advanced Level and Mathematics to Ordinary Level, mainly to full-time students. Salary Scale, at present within the range £820 to £1,405, according to qualifications and experience.

Application Forms can be obtained by sending a stamped addressed envelope to the Principal, 29 Hatfield Road, St. Albans, to whom they should be returned when completed.

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There is a vacancy in the Jardine, Matheson Group of Companies for a young qualified Chartered or Certified Accountant or Chartered Secretary with some experience since qualification. There are good prospects of making a pleasant and interesting career in the Group which has a variety of interests through the medium of branches and subsidiary and associated companies in Hong Kong, Singapore and elsewhere in the Far East. Terms of service include regular home leave, including paid passages; kit allowance; medical benefits; provident fund and pension scheme. Furnished accommodation provided at nominal rental. An unmarried man is preferred for the first tour of service. Applicants available for interview in London October/November should apply to the Secretary, Matheson & Co. Limited, 3 Lombard Street, London, E.C.3.

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Personnel Officer (Commercial),
I.C.I. Ltd., Paints Division,
Wexham Road, Slough, Bucks.

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Prominent British Group of engineering companies engaged in manufacture of extensive range of valves and flow control equipment wishes to engage a full-time representative to promote its business on the continent of Europe.

Candidates for this important appointment should have a recognised engineering degree or equivalent qualifications and also practical experience of engineering methods and commercial practice in continental countries. Fluency in English, French and German essential.

Emoluments will be commensurate with qualifications and the importance of the assignment.

Applications, which will be treated in strictest confidence should list personal details, qualifications, experience, present remuneration or level likely to be desired and should be addressed to the Secretary, Glenfield & Kennedy Holdings Ltd., Kilmarnock, Scotland.

MARKETING EXECUTIVE

A leading London Advertising Agency wishes to appoint a Marketing Executive aged 25-35, with a thorough knowledge of merchandising and marketing techniques in the consumer goods field.

Applicants should be accustomed to making recommendations on sales promotion, product presentation, etc., and, preferably, have had experience of working with specialist market research staff.

Please write, in confidence, stating age, qualifications, full details of experience, and salary required, to the Marketing Director, Osborne-Peacock Co. Ltd., 26A Albemarle Street, London, W.1.

THE REPUBLIC OF THE SUDAN

The Ministry of Education invites applications for Senior Lecturers in Accountancy in the School of Commerce, Khartoum Technical Institute which adopts the syllabuses of the Association of Certified and Corporate Accountants for both the Intermediate and the Final.

(i) Candidates for these posts must (a) possess an appropriate University Degree; (b) or must be Chartered or Certified accountants; and (c) must have had considerable experience either in

(continued in next column)

business or government departments.

(ii) Appointment will be on contract (with bonus) for a period up to five years. Salary scale ranges from £S.2100 to £S.2225 (£S.1 = £1 0s. 6d.). Starting salary in accordance with age, qualifications and experience. In addition to salary quoted a cost of living allowance, which is reviewed every two months, is payable at present between £S.168 and £S.180 per annum. An initial outfit allowance of £S.50 is payable on appointment. Leave accrues at the rate of seven days per month.

A special re-settlement gratuity to British Lecturers will also be paid on satisfactory completion of the contract.

Applications, in writing, stating full details of age, qualifications and experience, should be made to the Appointments Section, Sudan Embassy, Cleveland Row, St. James's, London, S.W.1.

Closing date: November 15, 1961.

NORTH EAST DEVELOPMENT COUNCIL

APPOINTMENT OF DIRECTOR

This post, previously advertised, has not been filled. Further applications will now be entertained.

The Director will be responsible for the control and administration of the Council whose purpose is to assist in promoting the sound economic development of the Region.

The Director will be required, very largely by his personal endeavours, to "sell" the Region as an area of natural opportunity for the development of industrial and commercial activity.

The qualities required are initiative, imagination and drive; the calibre and personality to negotiate at high level, and administrative ability.

Wide general industrial experience is essential; a knowledge of public relations and economics will be useful.

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Final applications will close November 1, 1961.

Further details of appointment will be provided on request.

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Successful candidates will join existing teams working on the preparation of cost targets and budgets and cost control for future cars, vans and trucks and the appointments offer considerable variety and scope.

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Applications, giving full details of training, experience and salary requirements, should be addressed to:

Mr V. W. Williams
Training and Recruitment Office 012A
Ford Motor Company Limited
Dagenham Essex
quoting reference VFC/1

(For other appointments see page 293)

ECONOMIST

Harris Lebus Ltd. invite applications for the post of ECONOMIST in the Marketing Division. The successful candidate will be responsible for the Company's sales forecasting and will undertake economic and statistical studies on a wide variety of marketing problems. He will be a graduate under 30 with good qualifications in economics or statistics. Previous research experience would be an added, but not decisive, advantage.

This is an unusual opportunity for a young economist to assume very real responsibility and make an important contribution to the Company's marketing policy.

The salary to be paid will be dependent on the qualifications and experience of the successful applicant, but will in any case be attractive.

Applications, which will be treated in strict confidence, should give full details of qualifications, experience and present salary, and should be addressed to

The Marketing Manager
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Tinsbury Works, Tottenham, N.17.

BUSINESS AND PERSONAL

CANADIAN PACIFIC RAILWAY COMPANY (Incorporated in Canada with Limited Liability). ONTARIO & QUEBEC RAILWAY COMPANY 5% DEBENTURE STOCK, 6% COMMON STOCK. In preparation for the payment of the half-yearly interest payable on December 1st next, the Debenture Stock Transfer Books will be closed on November 1st and will be reopened on December 2nd. The half-yearly interest on the Common Stock will be paid on December 1st to holders of record on November 1st.—R. F. TREMAYNE, Deputy Secretary, 8 Waterloo Place, Pall Mall, London, S.W.1. October 11th, 1961.

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ROYAL DUTCH PETROLEUM COMPANY

With reference to their announcement dated October 4, 1961, regarding the INTERIM DIVIDEND for the year 1961 on the shares of Fls. 20 registered in the United Kingdom section of the Amsterdam Register, N. M. Rothschild & Sons are authorised by Royal Dutch Petroleum Company and by Nederlandsche Handel-Maatschappij, N.V., Amsterdam, the Transfer Agent, to announce that the rate of exchange fixed for the payment of the dividend is Fls. 10.15½=£1. The gross amount of the dividend will be £0 4s. 5.189d. per share and the amount of the 15 per cent. Netherlands Dividend Tax £0 0s. 7.978d. per share.

New Court, St. Swithin's Lane, London, E.C.4.
October 13, 1961.

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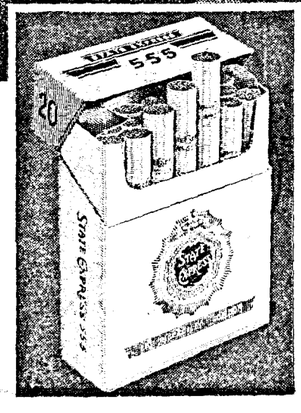
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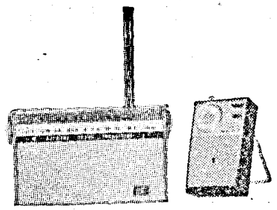


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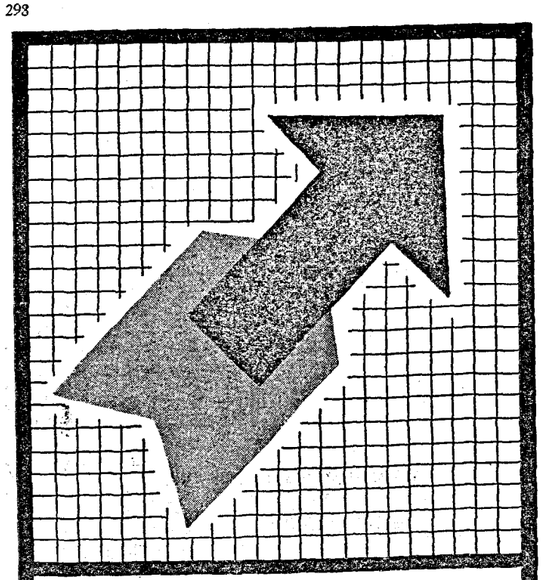
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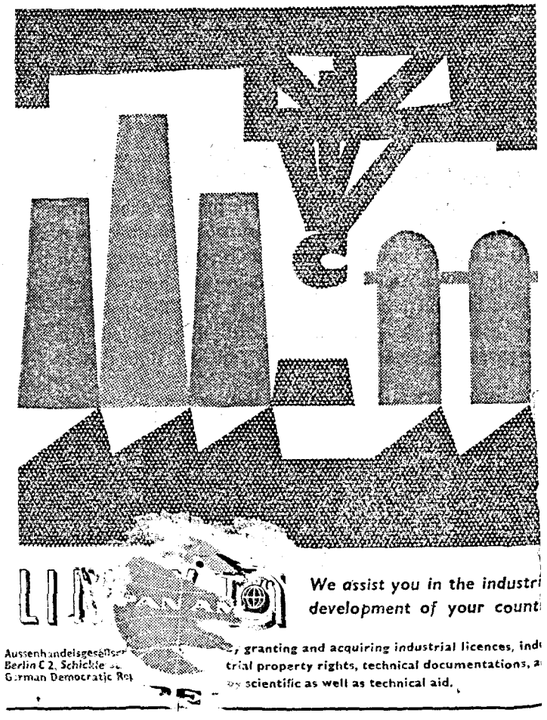
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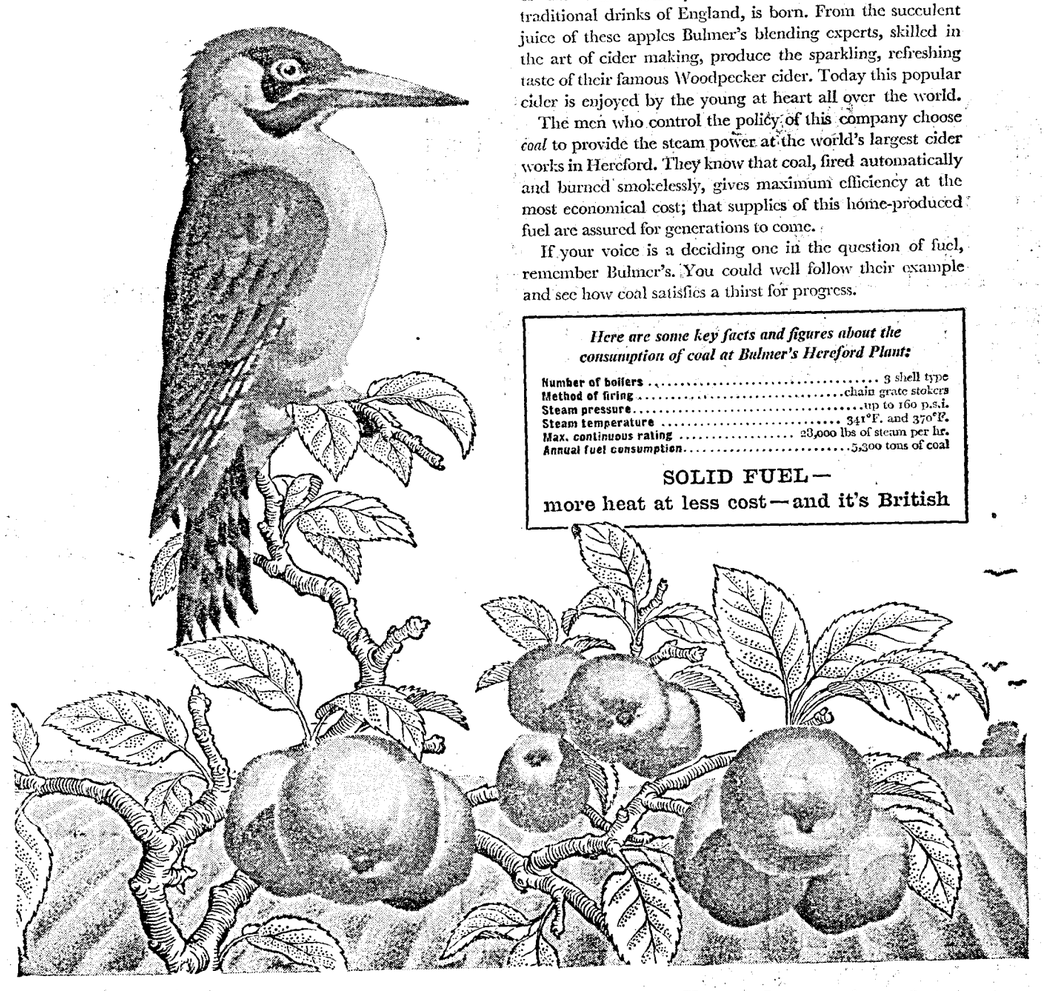
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In The Economist this Week — October 28, 1961

INTERNATIONAL

THE BOMB BLOCKS

Camps and Contests

Mr Khrushchev's latest big blast has raised the level of anger, as well as that of other kinds of fall-out, throughout the world. But if his chief motive was a wish to demonstrate his nuclear resolution to his own communist opposition, while he goes on negotiating with the West, natural indignation should not make the Nato powers spurn the chance of a settlement with him (p. 316).

The evidence of continuing dissensions within the once-monolithic communist block, provided by events at the Soviet party congress, reinforces this point (p. 319). Russia's not-so-little, not-so-local difficulties with Albania are discussed on pp. 326-8.

Mr Kennedy's support for attempts to use atomic bomb energy peacefully, and his reluctance to resume bomb-tests in the atmosphere are to be applauded (p. 336); his compatriot's readiness to throw needles in the eyes of astronomy is not (p. 316).

Meanwhile the Berlin timebomb ticks louder; President de Gaulle and Dr Adenauer are not disposed to try to defuse it (p. 322).

Shades of Democracy

After Dr Verwoerd's victory in the South African elections, the one Progressive MP returned becomes the sole representative of 56,000 liberal whites and 10 million non-whites (p. 358). It would be magnanimous of the South African government to permit Chief Luthuli to receive his Nobel Prize in person (p. 324). The Commonwealth Relations Office must show courage if Swaziland is to be a shop-window for democracy and not for apartheid (p. 354).

North of the Limpopo, Sir Edgar Whitehead has promised to "fight like a tiger" for a mandate at the next general election to end racial discrimination in public places in Southern Rhodesia (p. 324).

In spite of the wish recently expressed at the polls by a majority of voters, to say good-bye to his long reign, Dr Adenauer is set for another period as west German chancellor (p. 351).

Tomorrow's Greek elections will serve to test communist strength against the westward-looking government and the democratic opposition (p. 357).

The New Jersey Republicans have a good chance to end eight years of Democratic rule (p. 342).

Imperilled Associations

President Nasser has survived the breach of the union with Syria; but he depends heavily on army loyalty as he rough-rides Egypt towards socialism (p. 320).

Belgium is having one of its periodic outbursts of ill-feeling between Flemings and Walloons (p. 352).

Cornflakes and bacon may make or mar the common market (p. 322).

The United Nations' and the Congo's futures are still obscure, and for the same reasons (p. 322).

State of the United States

New Spy Master. In appointing Mr John McCone to reorganise and rein in America's MI6, the President has aroused liberal doubts (p. 335).

Disorderly House: Wall Street has a great deal at stake in the efforts of some members of the American Stock Exchange to put its house in order before the government does so (p. 338).

HOME

New Hopes

Can Britain's planning machinery be fashioned on the French model? A reconnaissance in Paris points to the problems, the possibilities—and the potential muddles (p. 313).

Britain's large repayment to the International Monetary Fund ought to—but may not—lessen the pressure to make dangerous cuts in Bank rate (p. 364).

National wages in the Commons (p. 323).

New Bills for Parliament (p. 329).

The National Association of Schoolmasters has won its coveted place on the Burnham committee—in exchange for an agreement not to campaign there for sex discrimination (p. 328).

Old Fears

War: the Government is likely to reject the reintroduction of compulsory military service for electoral reasons: but the idea deserves serious consideration if military contingencies change markedly (p. 317).

Sickness: the new vaccines against polio can effectively combat the spread of new epidemics (p. 323).

Murder: largely a family business (p. 326).

Poverty—and Wealth: family spending in Britain (p. 328) *and the USA* (p. 342).

Live Wires

The Central Electricity Generating Board is to change the way in which it charges area boards: now some equally bright new ideas are needed farther down the line (p. 363).

Shopping in Cambridge: new prospects—or flash in the pan? (p. 345).

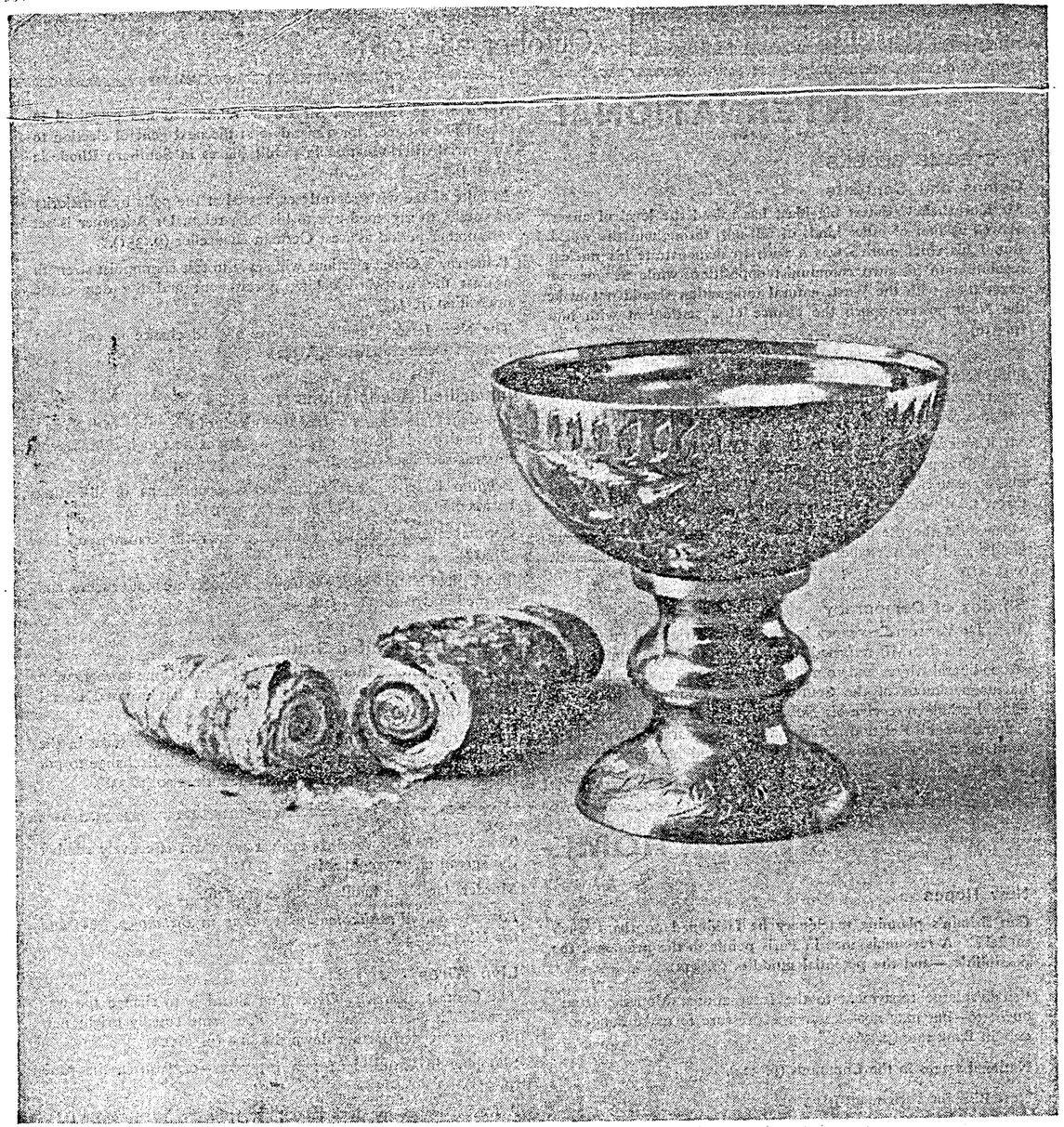
A fresh advance for dock labour (p. 326).

Dead Ends

If Lancashire does not change some of its old ways it can hardly make much of the changed circumstances in which it finds itself (p. 361).

The chemists' threat to withdraw from the health service has been treated like the teachers' strike threat—with a ministerial ultimatum (p. 323).

Detailed contents on page 313



DEPARTURE: *Salt Sticks in Colombia, Salt Water in Ceylon— Both can taste good because of AMF equipment!*

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Who's Who in The Observer's new financial team



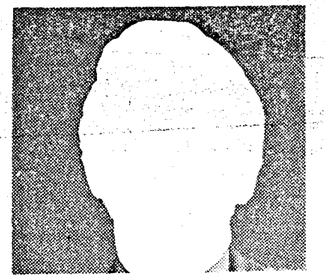
SAMUEL BRITTAN—ECONOMIC EDITOR

Formerly the economic correspondent, Financial Times. Each week writes in The Nation's Business about economic trends and their effects on politics and people. Mission: explaining crises. For: the Common Market, the wage pause. Against: playing 'cat and mouse' with the economy.



RUSSELL TAYLOR—INVESTMENT CORRESPONDENT

Formerly investment adviser to a leading merchant bank. Attitude to financial journalism: "*Observe the turtle, gentlemen, he only makes progress when his neck is out*". Function: to give the small investor a clear lead, to protect his capital and perhaps make him some money; and to relate the general business comment to practical investment opportunities.



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Alan Day Well-known international economist. Special interests: money and traffic—how to keep cars moving and where to park them.



William Nursaw Formerly Trustee Manager of Atlas Assurance. High-level family financial adviser. Function: to write about the art of investment in a way that is interesting to the expert and comprehensible to the layman.

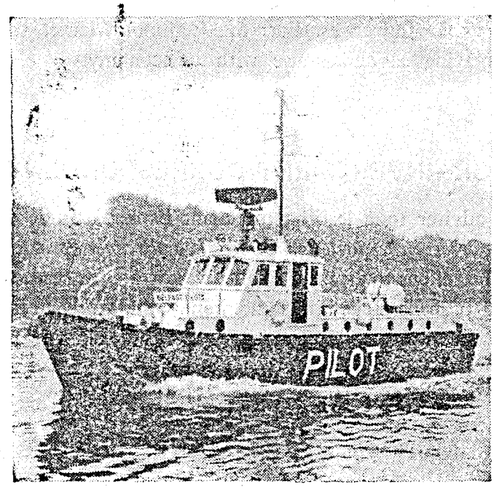
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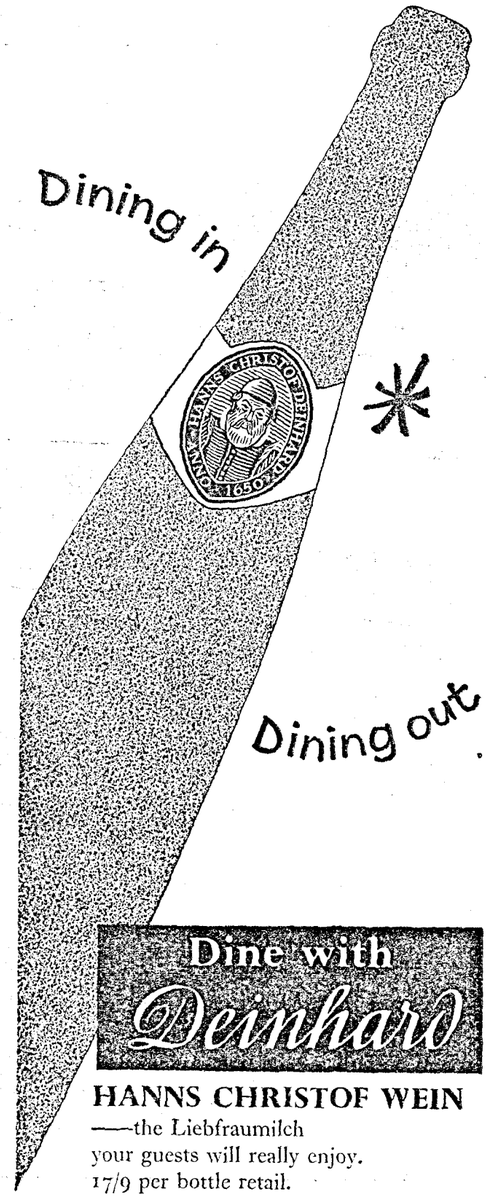
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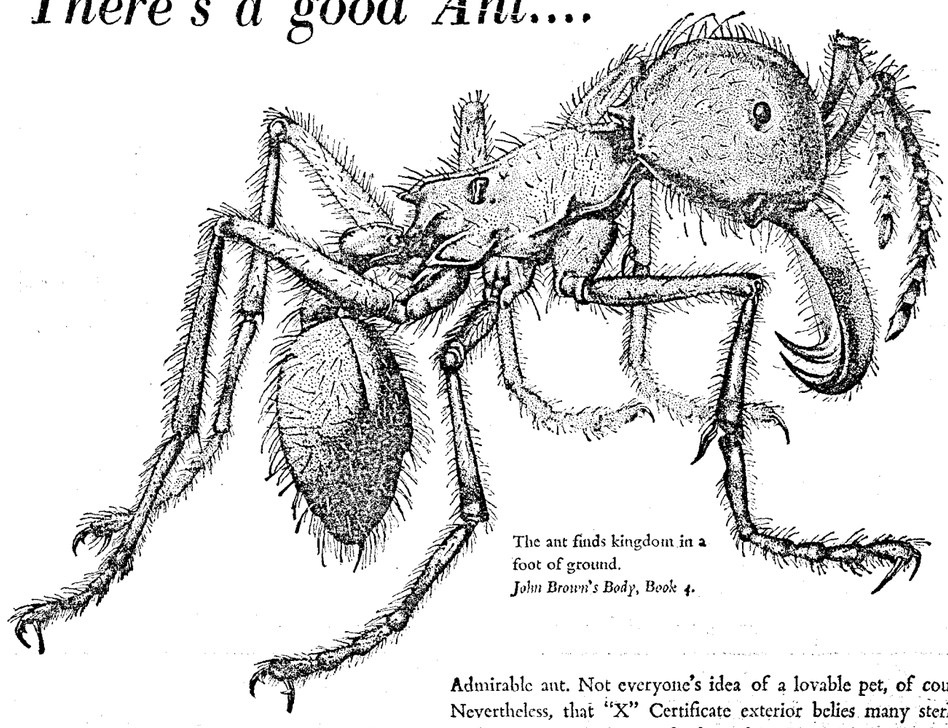


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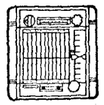
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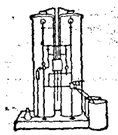
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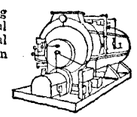
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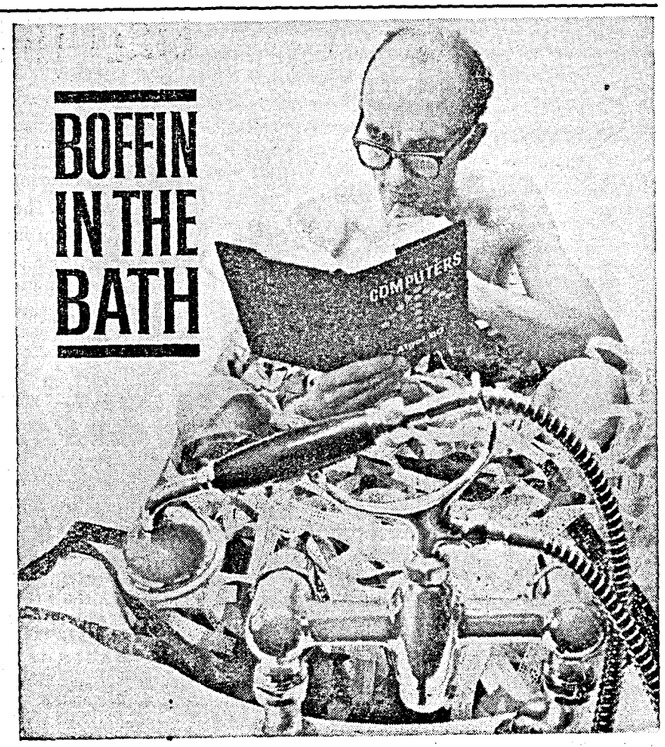
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Clark Centrifugal and Motor-Driven Reciprocating Compressors to be built in Japan

Japanese Government Validates Agreement between Mitsubishi Zosen and Clark Division of Dresser A.G.

New York – Clark's overseas network of licensed manufacturers has been expanded by the addition of Mitsubishi Zosen, Tokyo, it was announced by R. R. McCartney, vice president of overseas operations for Clark Bros., Co., Olean, New York, one of the Dresser Industries. The licensing arrangement was concluded by Dresser A.G., Clark's overseas licensing representative.

Mitsubishi Zosen is one of Japan's largest manufacturers of engineered equipment. Sales of Clark compressors built in Japan will be handled through Nippon Clark, a Japanese trading company to be jointly owned by Dresser A.G. and Mitsubishi.

The network of companies outside the U.S.A. licensed by Dresser A.G. to manufacture various products in the Clark line of heavy-duty compressors, engines and gas turbines now numbers six, with the addition of Mitsubishi. Five licensees are located in Europe.

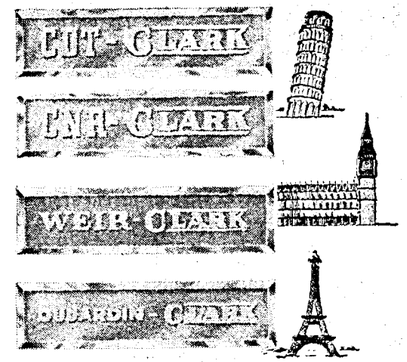
In conformity with the world-wide availability and service of Clark products, the compressors to be manufactured by Mitsubishi Zosen will have parts that are fully interchangeable with those of Clark compressors manufactured in the United States and under license in Great Britain, France and Italy. The units manufactured in Japan will bear a Mitsubishi-Clark nameplate.

Mitsubishi Zosen, a long established engineering, shipbuilding and manufacturing organization known for the precision and quality of its products, has global distribution of such units as land and marine prime movers, machine tools, chemical process equipment as well as iron and steel manufacturing machinery. The manufacture of world-proved Clark compressors will complement this production. Mitsubishi is also a leader in Japan's shipbuilding industry.

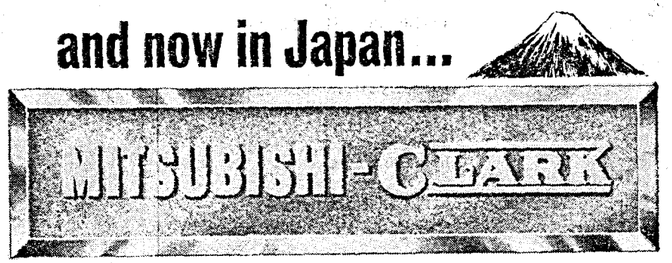
Clark centrifugal compressors are available in both horizontally-split case and vertically-split case designs. A third group is designed specifically for pipeline booster service. Capacities of Clark's centrifugal line range from 2,000 to more than 150,000 cubic feet per minute.

Clark motor-driven reciprocating compressors feature the time-tested Clark Balanced/Opposed design principle. These heavy duty units are available in six stroke lengths and eighteen frame sizes, with ratings from 200 to 8,000 bhp.

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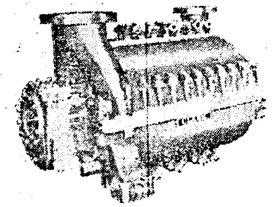
Clark centrifugal and motor-driven reciprocating compressors, world-proved in performance, now for the first time will be built in Japan by Mitsubishi-Zosen. These heavy-duty units, designed and engineered in the United States by Clark Bros. Co. and manufactured by Mitsubishi, can now be purchased in Japan through Nippon Clark. All parts of Mitsubishi-Clark compressors are identical and fully interchangeable with Clark equipment built in the United States and under license in Italy, France and Great Britain. For complete performance and application data, write to either of the two addresses below:

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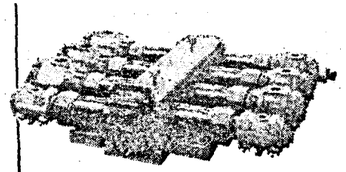
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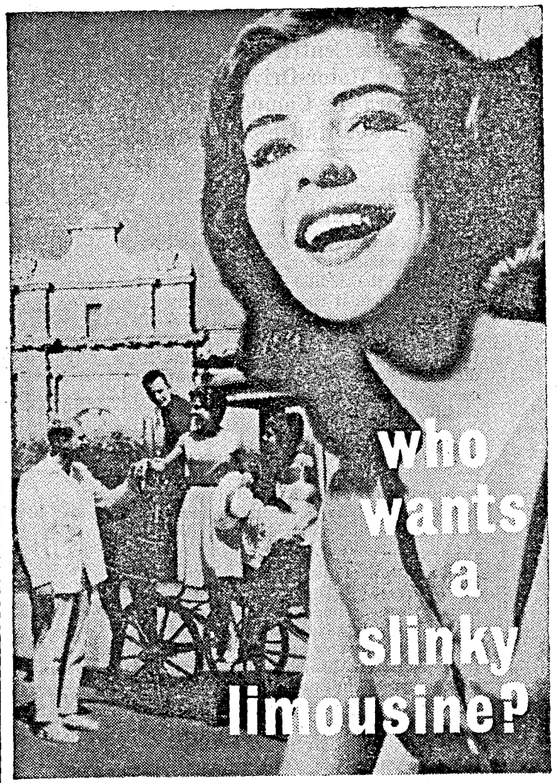
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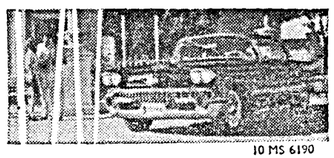
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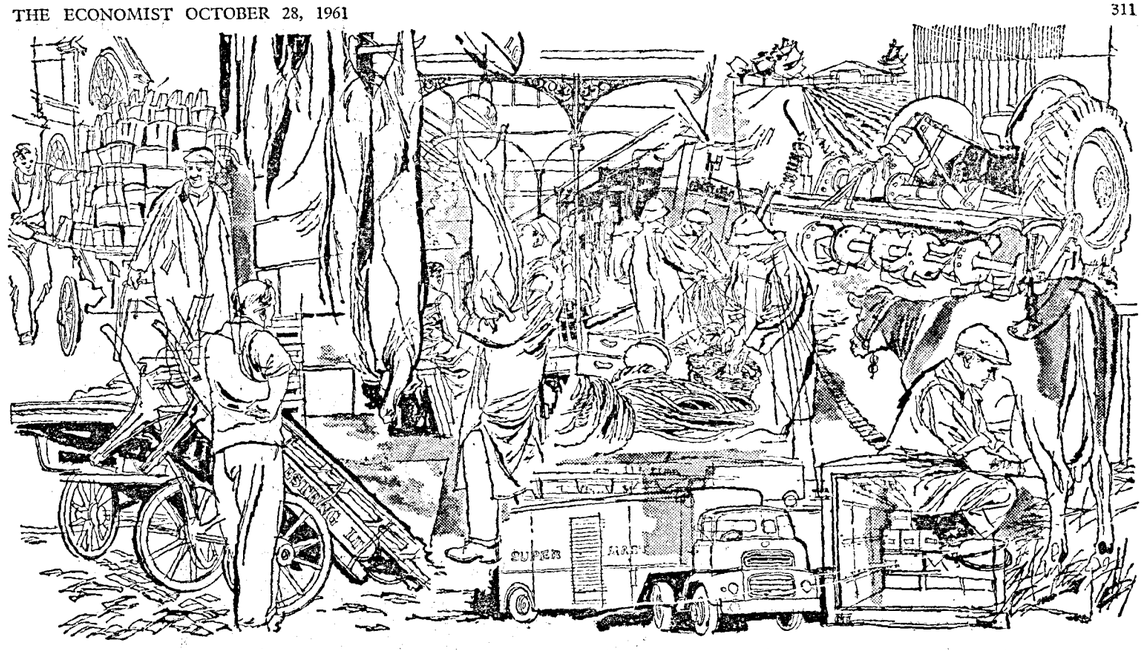
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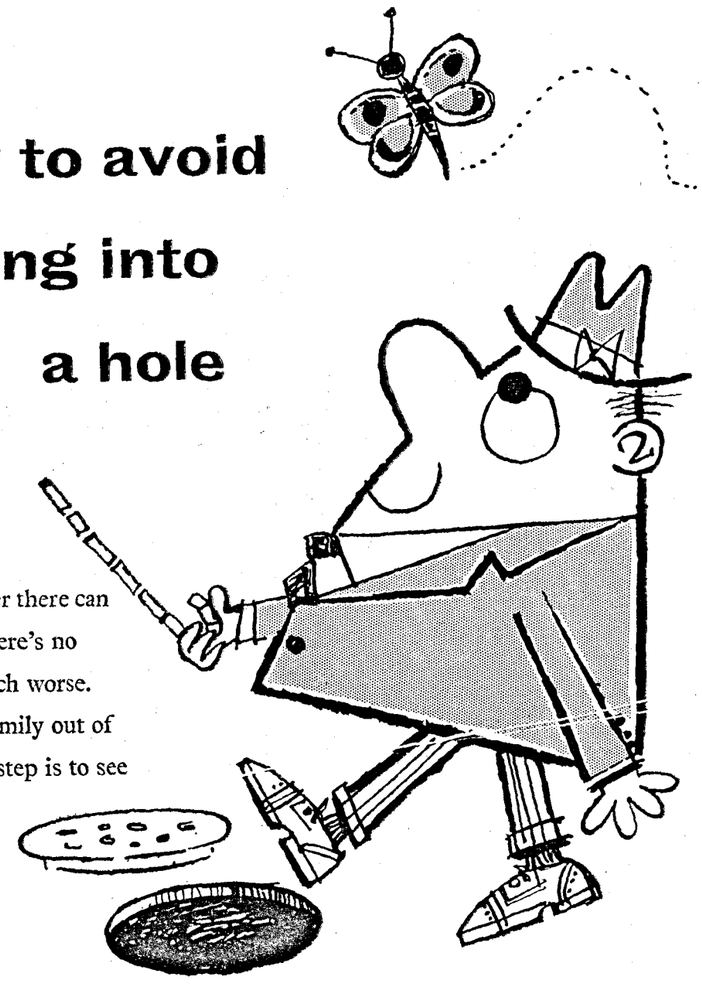
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Planning Like the French?

HOW far does Mr Selwyn Lloyd's draft scheme for a new National Economic Development Council (hereafter called Ned) in Britain incorporate the real lessons to be learned from planning experience in France? Or how far is everybody here in danger of misreading what those lessons are? This article is written after an intensive visit of exploration in Paris last week. It is inevitable that it should be a controversial article, for there seem to us to be some considerable dangers as well as considerable opportunities in the present state of Britain's planning debate. The problems, possibilities and (in our view) potential muddles now emerging can best be summarised under four heads.

The first head concerns the machinery required. The French machinery for planning, like Mr Lloyd's draft scheme for Ned, includes (*a*) a nominally top council (*conseil supérieur*) of employers' representatives, trade unionists, ministers and independent members; and (*b*) an "office" of economic technocrats, the *commissariat du plan*. But, at first sight, Mr Lloyd either does not seem to have grasped—or else is in danger of allowing British employers and trade unions to lead him into forgetting—that the secret of the French success is that the *conseil supérieur* has been completely dormant and powerless. Indeed, most Frenchmen probably do not even know that this *conseil supérieur* exists, although (under personal prompting from General de Gaulle) it held a series of meetings last week, and has decided to meet once every six months in future. The driving force behind France's planning machinery has resided entirely in the office of technocrats in the *commissariat du plan*.

The commissariat professes to be reasonably pleased that the *conseil supérieur* is to meet as often as once every six months in future; it hopes vaguely (presumably like Mr Lloyd) that, if inflation recurs, the union leaders and agricultural representatives on the council may lend some useful moral support to the commissariat's determination that this should be countered by restraint in incomes rather than by measures of demand deflation which would slow down production. But everybody agrees privately that if the *conseil supérieur*, with its balance of divergent and protectionist interests, tried to be the real initiator of French planning, the result would be disastrous. Fortunately for France, the *conseil supérieur* has 57 members (far too many to be effective), does not take votes at the end of its discussions, and so is only a talking shop.

Mr Lloyd's draft scheme at least pretends to British employers and union leaders that the equivalent of the *conseil supérieur* in Britain would be much more of a policy-making body; he is also seeking to keep it down to only about 20 members, in order to allow it to try to be effective. But if this conglomerated body of competing vested interests does try to be the main plan-making authority, striking a compromise on every issue, the planning simply will not work. There is therefore a certain element of lunacy in the present state of the debate in Britain, where everybody is supposing that the big question is whether the Chancellor can persuade union leaders to sit on his equivalent of the *conseil supérieur*—but where the real question is whether, once he has formed this *conseil supérieur*, he can successfully send it to sleep.

The second main question is the effect of planning on Government policy, and here again one enters a field where the hand often seems to delude the eye. Some French Treasury officials say privately that the influence even of the commissariat—of the office of economic technocrats—has been exaggerated.

"The commissariat people discussed their latest four-year plan with us for three years in advance," they will say, "and the target figure for annual expansion in industrial production that they eventually wrote into it (5½ per cent a year for 1961-65) was exactly the figure that we thought right on financial grounds." Probably the greatest triumph of the commissariat is that the French Treasury genuinely believes this, and the greatest triumph of Ned in Britain would be if it could gradually get the British Treasury to come to do the same.

The Economist had better be frank about the changes in Government policy which it would like planning to bring about. At the moment the British Treasury constantly directs its policy according to two guiding lights: its main purposes are to avoid cost inflation at home, and to maintain the strength of sterling on the international exchanges. Whenever a warning signal flashes in either field, the Government reacts by damping down internal demand and production. If Ned could get a third guiding light installed in the Treasury—a target rate for annual expansion in national production—then the Treasury would be more likely to come to tackle its other two problems in more direct, more desirable and less anti-expansionist ways. It could tackle cost inflation by sticking to the sort of national wages policy which it has at last begun to edge towards during this year's crisis. It could attract support for sterling by a bold policy of maintaining high interest rates, but could offset the anti-expansionist force of these at home by deliberately running the sort of budget deficit required to enable domestic expansion to be maintained.

The question of how Ned could best work to bring about such changes in national economic targets—how best it could get this new guiding light of an annual target rate for expansion set up in the Treasury—is a complex one. Previously this newspaper has argued that Ned would be most effective if it was tied fairly closely within the Treasury's own official family, but with the duty of publishing reports to the public about how much expansion might be attained. But last week's study in Paris of how M. Monnet and his successors have influenced the French Treasury, from outside, into believing that expansion was all its own idea, leaves one delighted with the ingenious technique of diplomacy from an outside body which these men have invented and which Ned might copy; the commissariat's willingness to withdraw or keep silent on small (and medium) matters that would have annoyed the Treasury has been as important as its readiness to be a propagandist on big ones. One should not despair of an outside body attaining some of the same sort of influence in Britain, provided the office of Ned, which will issue statistics and plans, is given a sufficient high-powered permanent staff. But if this staff is formed mainly of people on purely temporary (two or three years) secondment from outside jobs in the universities or the civil service, as Mr Lloyd has suggested, its influence will be moribund.

THE third head concerns planning and industry. Many British admirers of the *commissariat du plan* believe that the real achievement of planning in France has not lain in its effect on government policy, but in the degree of detail into which discussions of industrial trends have gone with over 3,000 representatives of different industries in more than 300 industrial working parties. These enthusiasts argue that Mr Lloyd's planning scheme will fail in its main purpose if he does not manage to set up a similar network of groups in Britain.

Once again, one must enter some reservations here. Part of the services rendered by these working groups seem to be eyewash—although in the moderately useful as well as the derisory sense of that medical term. The main purpose of most of the groups is supposed to be to fix a target figure for the likely expansion of their own industry within the general framework of expansion set by the four-year plan; but, in fact, the figures arrived at are not often far out of line with the estimates that an outsider would reach by a crude guess of market possibilities without the benefit of all this work. Given that the target figure for total French expansion by 1965 is 24 per cent, what figures on either side of this total would you guess for the expansion of (*a*) the relatively undynamic industry of agriculture, (*b*) metal manufactures, (*c*) energy production, (*d*) chemical industry, (*e*) catching up the big backlog in French public works? The estimates given in the latest French plan are shown in a footnote below, and no prizes need be awarded to those readers who have reached approximately the same guesses off their cuff as the French planning groups have done after all their cogitation.*

Nor should too great an emphasis be laid on the claim that once French industrialists and trade unions have set targets for expansion in their own industries, a massive sense of united purpose produces a drive to hit them; trade union participation in some of the working groups has been less pronounced than most of the planners would like, and many of these groups seem to have been mainly enthusiastic coteries of leading industrialists with a planner as *rapporteur*. Sometimes such coteries of industrialists can lead to market-sharing arrangements and other restrictive practices which are not necessarily a good thing. Some of them have led to mergers which, in an age when concentration and take-over bids can lead to greater efficiency, sometimes are a good thing; but this largely amounts to saying that if (like France, but unlike Britain) one has not got a stock exchange system which makes economic rationalisers and takers-over like Mr Charles Clore possible, it is sometimes useful to invent a new system for establishing them. Nor should the British Government suppose that the idea of writing export targets into these individual industrial plans is a panacea; there is little evidence from French experience that these have any direct effect at all.

NEVERTHELESS, there clearly have been some advantages in these working groups which could conceivably be repeated in Britain. In the private sector of industry some of the sleepier industrialists have been encouraged to expand after contact with more expansion-minded people in their own industry. The very fact that a target figure for expansion is laid down tends to make some boards of directors feel that it would be a confession of failure if they did not try to expand their investment and capacity sufficiently to maintain their share of the market. There has been some sharing between competitors of the fruits of market research, technical research, managerial know-how, information about investment plans in

* Agriculture 19 per cent, metal manufactures 23 per cent, energy 24 per cent, chemicals 29 per cent, public works 32 per cent.

different segments of the industry (leading to some avoidance of purely wasteful overlapping), and a certain cross-fertilisation of ideas. It can also be argued that the presence of government *rapporteurs* on these industrial working groups enables the government to get a closer view of industrial problems, in contrast to the rather stand-offish atmosphere that more often characterises Whitehall's relations with industry. (But it is a moot point whether this is a criticism of the lack of any machinery for appropriate contact in Britain, or of the different outlook on economic problems bred within industry and the civil service by the British educational system.)

On balance, one's conclusion is that it would probably be useful to introduce some elements of this side of French planning into Britain, although a constant watch should be kept to see that such working groups do not become a breeding ground of new restrictive or monopolistic practices. In this context it was noticeable in Paris last week that some French planners hope that planning may be extended on "a common market wide" scale so that "European countries should not overlap in their industrial efforts"; in some circumstances, this could become a dangerous invitation to fix up market-sharing arrangements with continental cartels, and Britain would be likely to do very badly out of it.

THE fourth head for discussion is: how far has the mechanism of French planning been *dirigiste*, in the sense of deciding in which places growth should take place and of diverting resources towards them? In the nationalised sector of French industry there was certainly one important early example of this in the first Monnet plan. The first targets for expansion for French electricity production were pitched almost twice as high as anybody had previously expected: the French planners' philosophy here was that "the early stages of instilling a growth mentality are like a bayonet charge, and we chose electricity to lead it." If urgent steps are needed to lift an economy out of stagnation, there is probably something in this argument. In Britain, for example, there might well be a case now—although there was not such a case when a Tory conference called for such a policy ten years ago—for picking out a growth industry like building, and setting up a target that the country should try to advance within a recognisable period towards erecting 400,000 houses or other new buildings a year. But it is a symptom of the difference in economic language on either side of the channel that most "planners" in Britain are in fact people who are temperamentally inclined to restrict discriminatorily growth industries like building, by imposing building licences or other means.

Apart from its initial "act of faith" in electricity and some other industries, however, most French planning in the public sector has more closely accorded with the best theoretical practice in nationalised industries here. Nowadays, the French concentrate on carrying out whichever public investment ventures seem to be most profitable at some notional (but fairly high) rate of interest. But there is evidence that the existence of a national plan enables this policy to be followed more consistently than here—that it gives more power to the elbow of those parts of the public sector where investment is plainly most economic. Certainly those in charge of France's large roadbuilding programme say that they have found it easier to secure funds for their obviously economic ventures "while working within a general investment system than we would have done as lone horsemen."

In the private sector, one's impression is that French planning today is also much less *dirigiste* than many outsiders suggest. It is made to look *dirigiste* because France has always had a much less efficient capital market than Britain and, to get investment funds on what the British industry would regard as commercial terms, French capital issues generally have to secure official support. But the French authorities have praiseworthily tried to act in the same way as an intelligent private investor would do; they have channelled their funds and support to whichever investment ventures look most profitable, with remarkably little political meandering to help lame dogs over stiles.

One recent example, which is sometimes quoted as a sign that they are *dirigiste*, shows in reality how little *dirigisme* there now is. Two companies making refrigerators recently applied for permission to make bond issues to increase their production of refrigerators; as the plan suggested that more refrigerators should be bought these were agreed to, but eyebrows were raised when another company came along to join the queue at a time when the future market for refrigerators had begun to look a bit glutted: "We would not have refused permission for the issue if the company had insisted," said one French planner, "but we pointed out the market situation to it, and suggested that it withdrew." Probably, in that third case, a normal equity issue on the British market would have failed.

SUCH, then, is the best summary one can make of France's lessons for Britain. Perhaps the main conclusions are four. First, new planning machinery in Britain might do something to breathe a spirit of expansion into British economic policy and into the dustier halls of the Treasury. Secondly, however, the proposed top council of Ned—the twenty or so employers and trade unionists—should certainly not be given real authority over the proposed "permanent office" of Ned; Mr Lloyd's purpose in setting up the top council is presumably a hope that it might say some vaguely useful things about wages policy, but he should not sacrifice to this mirage all prospects that the permanent office of Ned might draw up effective targets and plans for expansion, which should point always to the places where it seems that growth would be most profitable instead of to those which vested interests in existing employers' organisations and existing large trade unions would most like to protect. Thirdly, the system of detailed industrial consultation in France has some lessons for Britain, but there are also dangers of breeding restrictive practices in it. Finally, there is no point in duplicating those elements of French planning which have mainly been concerned to find French substitutes for institutions (like an effective capital market) which Britain enjoys already.

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Megaton Motives

In considering the latest and biggest Russian bangs, cause and effect must be weighed equally

MR KHRUSHCHEV has shot his megatons in the air, they will come to earth he knows not where. The victim areas, and precise degree of poisonousness, of the fall-out are not the only mysteries about the 30-megaton weapon (or was it 50-megaton, after all ?) tested over Novaya Zemlya on Monday. If the explosion was really of only thirty megatons—the "only" marks the lunatic dimensions of the subject—it may have been either intentionally or unintentionally so. If intentionally, it is odd that Mr Khrushchev, whose purposes apparently require him to advertise his nuclear strength as forcefully as possible, did not publicise it beforehand ; and the depressing possibility remains of another, even bigger, bang by the end of the month. If, on the other hand, Monday's explosion was an intended 50-megaton shot which just, as it were, trickled out of the end of the cannon, there is an even more depressing possibility that the errant scientists will be told to do it again and again until they get it right.

Mr Khrushchev is not likely to say whether or not this was a dud shot. There are three other questions, however, to which at least tentative answers can be given.

Fall-out effects. The extent of the offence that the Russians have perpetrated against mankind by showering it with more poisonous radiation than has ever before been released in a single explosion cannot even be guessed at until the answers are known to two questions. What kind of bomb have they built, and how many are going to be tested ? As the Prime Minister pointed out on Tuesday, the fusion reaction of an H-bomb produces no fall-out ; the radioactive dust that floats down from the stratosphere gently as autumn leaves is caused exclusively by nuclear fission, the detritus of split atoms. Both reactions are required to produce a megaton explosion, but the proportions in which they are combined can be varied to produce a bomb that is, relatively speaking, "clean" or "dirty." Russian officials in London have assured Lord Russell that Monday's monster was whiter than white. Scientists will not know the truth until they have analysed the fall-out arriving in this country during the next few weeks.

Meanwhile, the Medical Research Council has made certain assumptions about the amount of fall-out that might be expected from a 50-megaton blast. Its figures have been arrived at quite simply by looking at the fall-out known to have been produced by the same number of megatons during the 1957-58 tests, which included a number of "clean" as well as "dirty" bombs. The figures suggest, as a rough guide, that one test gives no special cause for alarm ; whether there is cause for alarm in the future depends on how many more of these bombs are exploded.

The sheer size of the Russian weapons has introduced a new dimension into fall-out. The only real hazard in the past has come from strontium 90, which the council expects to remain well below danger levels. Now scientists have to contend with the possibility that radioactive iodine 131 could easily build up to concentrations that were dangerous to the thyroid of babies, if not of the rest of the population. Iodine 131 has always been present in fall-out, but since its radioactivity diminishes rapidly, what little remained by the time the iodine reached the ground could safely be ignored. The quantities likely to be produced in an explosion of 30 or 50 megatons are too big to be overlooked, and the time and place at which the Russians carried out their test mean that the fall-out will descend quickly, with much of its normally short-lived radioactivity still unspent.

The Medical Research Council does not expect the amount of iodine 131 from a single 50-megaton test to exceed safe levels, but it is sufficiently worried about the prospect to have advised the government to arrange alternative milk supplies for babies under 12 months if it does. Not until next week will scientists begin to get an inkling of whether they have estimated this new hazard correctly ; and not until next spring will they know whether their comparative optimism about the danger from strontium is justified.

Military uses. The usefulness of a big warhead is that, by increasing the area of devastation, it diminishes the need for accuracy in the rocket that carries it. This may be particularly important in the case of the Russian rockets designed to destroy American missiles kept in underground emplacements, like the Minuteman and some Titans. The Russians have claimed that rockets can be made extremely accurate, and American experiments have tended to confirm that a missile can be put down within a mile or so of its target after a 5,000-mile run. Even so, it might take two or three five-megaton warheads to guarantee the destruction of an underground emplacement. If the Russians have found that their rockets are slow in coming off the assembly line, and if a 50-megaton warhead compact enough to fit into existing rockets is successfully tested, they may have decided that the bigger bang represents an economy. The suspicion that rockets are being produced more slowly than they would like is strengthened by the fact that the Americans have recently reduced their estimate of the number of missiles the Russians have ready for firing from 200 to sixty.

On the same grounds, the big warhead might be used against prowling Polaris submarines, if their general whereabouts, but not their exact position, were known to Soviet intelligence ; the extra hull-cracking pressure produced by the bigger explosion might make the difference between a hit and a miss. Just possibly, Monday's test may also be connected with the claim made by Marshal Malinovsky the same day that "the problem of destroying missiles in flight has been successfully solved." But, as the Americans have discovered, there is a big difference between solving the theoretical problem of intercepting a missile and creating an anti-missile defence that will ward off a mass attack. Marshal Malinovsky's vague phrase is unlikely to have put Strategic Air Command's missile squadrons out of business yet.

Political motives. If Mr Khrushchev had simply weighed these apparently somewhat marginal military advantages against the propaganda disadvantages of poisoning the northern hemisphere's babies, he would probably have decided against a test of Monday's size. Some third factor must have entered into his calculations. Perhaps he hoped to frighten people in western Europe, and through them their governments, into accepting a solution of the Berlin crisis on terms they would otherwise have rejected. But this hope had been stultified even before Monday's bomb went off. Britain's nuclear disarmers had already been sitting furiously in a salon of Mr Khrushchev's London embassy ; the general, predictable, reaction was one of less, not more, willingness to negotiate about Berlin or anything else.

One other possible motive, perhaps the decisive one, remains. The chief feature of the current party congress in Moscow has been the evidence it provides of a major struggle between Mr Khrushchev and his opponents in the communist block, even within the Soviet Union, who differ with him because (among other reasons) they regard him as too ready to compromise with the West. It would not be astonishing if, in putting his case for peaceful coexistence to the congress, he felt it necessary to cover his flank against accusations of "softness on capitalism" from the Goldwaters of the communist world ; the 50-megaton bomb was a ready means of demonstrating his resolution, and all that.

If this is so, it suggests what the West's response should be. There is already enough bad temper in the world to make sensible discussion about the differences between East and West remarkably difficult ; Mr Khrushchev's latest show of devil-may-care toughness has made everyone angrier still. But if one of his purposes was to enable himself to keep the door to negotiation open, by outmanœuvring opponents on his own side who would have preferred to slam it shut in favour of a "policy of strength" pure and simple, it would be silly of the West to do the intransigents' job for them. It remains the general lesson of the Soviet party congress (examined in the article overleaf) that Mr Khrushchev has the strength and the will to negotiate. The right attitude for the West after the multi-megaton test is the same as it was before: to be ready to negotiate within the limits set by the free world's basic interests in central Europe.

Pinprick

The shock administered to world opinion by the big Soviet test explosion has made the high-handed decision of the United States government, carried out on October 21st, to circle the world with a band of copper needles seem a mere pinprick ; still, it is a mighty irritating one to anyone with a professional interest in space. The needles, 75 pounds of fine copper hairs scattered in an orbit 2,000 miles high, are the prototype of a new, possibly interference-free, system of military radio communication. But if they work as planned, and reflect signals transmitted from earth back to receivers on the ground, astronomers fear they will work equally well in reverse and deflect back into space the light and radio signals from far galaxies which the astronomers are attempting to record and study. The experiment was modified substantially to meet furious protests of astronomers all over the world, but many remain uneasy about its consequences, especially when the needles are likely to remain in space for at least seven years and possibly even longer. It is an alarming demonstration of the ability of a small body of scientists to cause inconvenience to their colleagues generally. Some international forum to co-ordinate experiments in space seems needed if similar incidents are to be avoided in future.

Arms and Men

In an age of nuclear strategy what use would selective conscription in Britain be?

THE descent on London, Paris and Bonn this week by Mr Gilpatric, the American deputy secretary of defence, has been seized on by the advocates of a "conventional" —. distinct from a nuclear—defence policy for western Europe as proof that President Kennedy is firmly on their side. Whatever Mr Gilpatric had to say to Mr Watkinson, whom he was due to meet on Friday and Saturday, he will have discovered that the British Government has still to be persuaded both of the practicality of a conventional defence system in Europe and of the desirability of a major British contribution in manpower to it. Since Mr Gilpatric's mission has coincided with the grand climacteric of the present campaign to reverse the Sandys defence policy through the reintroduction of compulsory (preferably selective) military service, it seems desirable to try to spell out briefly just what the conflict over British policy really is, and what effect the resort to selective service would have on particular military contingencies. It is necessary to remark at the outset (for any innocents who may not have grasped the point) that the debate is less relevant to the present Berlin crisis than to the current preparation of the 1962-63 defence estimates.

1. The Concept of the "Pause." The most commonly heard case for increasing Nato's conventional forces rests on the supposition that the Russians might deliberately push forward from the Elbe using conventional weapons only ; it is said that Nato's ground and air forces must be strong enough to enforce a "pause" for diplomatic reflection in Moscow, without using tactical nuclear weapons which would be likely to escalate hostilities into a global nuclear war. This argument is politically popular. Against it, British planners contend that the idea of the pause is meaningless, except as a euphemism for a Russian defeat, to which the Russians would respond, if they really meant business, by using their own nuclear weapons. This might leave the West morally pure but militarily at a disadvantage since the conventional deployment of its forces would be particularly vulnerable to tactical nuclear bombardment. A strong build-up of forces in a purely conventional posture might even invite a nuclear attack *ab initio*. The moral argument, however, is not one to be scorned. If the West pursues a policy in which nuclear war is the only alternative to pacifism—however minor the emergency—its moral position becomes untenable.

2. The European Balance. The immediate argument for giving General Norstad a greater conventional capacity is

that his present forces (23 divisions—of which 17-18 are probably effective) are insufficient to stop even a limited, or accidental, foray across the border by the 18-20 Russian divisions (half of them armoured and half mechanised) in east Germany. To this it is answered that the numerical superiority of the attacker to the defender under modern conventional conditions has to be of the order of 3 to 1 at the point of attack. Thus, granted the mobility of the Nato defenders, if the Russians were to make a deliberate move they would first have to strengthen their present force in east Germany, a process which western intelligence would pick up as the extra divisions crossed the satellite countries. Once the Russians mustered a commanding superiority they would know that the West both expected deliberate aggression and would have to use nuclear weapons to stop it. Should part of the present force stumble over the border by accident it would not be too difficult to contain them. If there are any local doubts about the efficiency of the British Army of the Rhine at its present strength, the small British strategic reserve and the army emergency reserve (particularly to supplement technicians and specialist grades) could be dispatched quickly in any crisis. It is certainly desirable that General Norstad should have more substantial reserves to call on; and civilians on this side of the Channel are pretty useless. Even so, standing expeditionary forces on the American and British model are expensive and probably wasteful in resources and manpower. The ideal ground force reserves—at least in the official British view—are local European troops who can live and train on the spot.

3. The Army of 165,000-180,000. Some advocates of selective service based their original contention (some years ago) on the improbability of the army recruiting up to its minimum level. The Ministry of Defence does not now expect recruitment to fall significantly below "the floor" of 165,000 by the target date, January 1, 1963, when the last national serviceman has left. The later contention has been that this 165,000 is a meaningless figure, chosen for political convenience, and that "the ceiling" of 180,000 is, in fact, the necessary minimum. The official answer is that 180,000 is likely to be reached by the mid-nineteen sixties, that special training schemes will increase the intake of technicians, and that savings in the supply "tail" can be made by greater inter-service co-operation. In these circumstances selective service might be useful in providing 15,000 extra men in 1963 (although regulars would be needed to train them), but thereafter would be merely a costly embarrassment.

4. The Army of 250,000-300,000. It is argued that a sizeable increase in British conventional forces would not only help to give greater flexibility to General Norstad in western Europe but also increase the British political voice within the alliance which is now being lost to the west Germans with their 10-12 divisions in being or in formation. Clearly, selective service would be needed if large conventional forces of this kind were to become (over British objections) the accepted Nato policy. This would entail both the disruption of the present British regular army and vast new expenses in manpower and money. It would impose a major new strain on the British economy, and one that could not possibly be "paid for" by the small savings that might be derived by scrapping the antiquated parts of Britain's independent nuclear deterrent. Moreover, while the West as a whole could probably better afford to put more men into uniform than it now has, compared with the Soviet Union, a renewed build-up on both sides is not the best prelude to disarmament discussions.

5. Overseas Bases. A military argument for selective service, which has more impact behind the scenes than in the public debate, is that more men would help to sustain some of the British overseas bases which may otherwise have to be closed down to keep the British army in Germany up to strength. It is much more likely, however, that some bases (Kenya, Singapore) will have to be shut down anyway for political reasons. In any event, long-range air-sea commando forces seem a more effective police system than stationary garrisons. The prospect of a heavy British military commitment in, say, south-east Asia would naturally be a different matter.

THE political unpopularity, on both sides of the Commons, of reintroducing any form of compulsory military service is, on all present evidence, likely to be the decisive factor in determining the Government's mind. It should not be. But, equally, the concept of an increased conventional defence of western Europe, while attractive in appearance, may not necessarily be a substantial improvement on the existing Nato deterrent to aggression. The contingency in which increased conventional strength would be desirable would be if the West felt that it might have to fight for west Berlin itself in a limited operation on the access routes, or if it planned a riposte against some part of the German Democratic Republic which might compensate, in some sense, for a Russian and east German seizure of the western sectors of the city. It is this feeling, now becoming more vocal in Washington, that ends in calculations of the vast potential the West could put in the field for conventional war—if it accepted the permanent military burden that the Soviet Union does. But any western conventional thrust would still have to pay as much respect to the Russian ability to retaliate with tactical nuclear weapons as Nato now expects the Red Army to do in planning a conventional punch of its own towards the west.

The Economist

OCTOBER 26, 1861

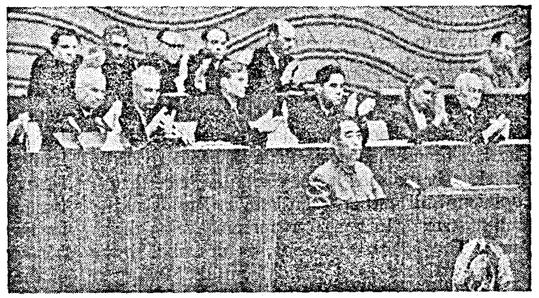
AMERICAN SURVEY

(FROM OUR SPECIAL AMERICAN CORRESPONDENT)

"When I arrived from England a few days ago, after a fortnight's voyage, my knowledge of events in this country was of course a month behindhand; and as it requires pretty hard work even to keep pace with the daily current of news, it is of course still more difficult to recover a month which has been lapsed, and to sift for oneself "the wheat from the chaff," without the light usually derived from the knowledge and conversation of the hour. For so far, therefore, I am groping about, if not in the dark, at least in a dim twilight. I therefore take up my pen with considerable diffidence to give you my first impressions, and must reserve to myself liberty to modify them, if necessary, upon further knowledge hereafter. I may here state that I do not propose to fill my letters with "news" properly so called. That is well enough supplied by the daily papers. To events of any importance I shall of course refer, but my main object will be to inquire into the probable duration of a war which so seriously affects the commerce of England,—to form, if it be possible, a definite opinion on this point, and to lay it and the considerations which lead me to it before your readers. Whatever has any perceptible bearing on this point, proximate or remote, I shall consider within my province, and also anything affecting the finances, the general trade, or the chief staples of the country; but, above all, anything touching upon the great question of cotton supply.

The Communist Opposition

Historians may record this week's congress in Moscow as marking the end of the Soviet block's "monolithic" period



IT might have been a family reunion to celebrate the bright future, all the skeletons being firmly shut away in the cupboard. But it has turned out a much more controversial affair, at which at least some of the lurking family quarrels were brought into the open. Mr Khrushchev's new twenty-year programme was to be the main dish for the 22nd congress of the Soviet communist party. But his picture of future power and prosperity was overshadowed not only by the Berlin crisis and Russia's nuclear explosions, but also by the two major disputes that he himself suddenly unveiled in the new Kremlin hall. One is international: the Sino-Soviet controversy about policy towards the West, a controversy in which the Albanian quarrel merely serves as a pretext. The second is internal, and though the fresh denunciations of the "anti-party" group have mostly been worded in the past tense, they are clearly in the present, also. Indeed, the two controversies are twin aspects of the same big dispute over the shape and direction of the communist movement after Stalin.

When, last December, after 22 days of hard bargaining, the 81 communist parties of the world finally managed to agree on a common declaration, it was possible to argue that the communist eagle had two heads, with a tongue each. Such an argument, however, had to be based on guesswork and was hotly denied by both Moscow and Peking with protestations of absolute and eternal unity. Now, the division is plain for all to see. Mr Khrushchev's strictures on Albanian "stalinism" met with a prompt complaint from Mr Chou En-lai that "to disclose a dispute between fraternal parties in the face of the enemy cannot be regarded as a serious marxist-leninist attitude." On Monday, Mr Chou flew back to Peking, probably to consult Mao Tse-tung on how far the breach is to be allowed to widen.

While Albania provided a touchstone of international alignments (its own leaders' reactions are discussed on page 326), all the important Soviet speakers felt it necessary to attack the "anti-party group" at home. The official version of the critical conflict of June, 1957, is now more detailed, though hardly altered. It claims that Mr Khrushchev's opponents had tried to sabotage various reforms carried out since Stalin's death, but that they chose as their common platform resistance to his managerial reform. Mr Molotov launched the attack, and Mr Khrushchev was outvoted by at least 7 to 4 in the party presidium (of the then full members, only Mr Kirichenko, Mr Mikoyan and Mr Suslov are not mentioned among his opponents). He then turned the tables on them by transferring the struggle into the much larger central committee. At that moment, Marshal Zhukov, by throwing the army's weight into the scales, must have played a crucial part. Four months later, Mr Khrushchev got rid of this dangerous ally; Marshal Zhukov is now accused of Bonapartist ambitions.

Even in this official version, it is obvious that in 1957 Mr Khrushchev was faced with a broad coalition. Mr Malenkov had been previously accused of making too many concessions to the Russian consumer, and of arguing that nuclear war would spell the doom of the whole world, not merely of its capitalist half; he cannot be seriously identified with such stalinist die-hards as Mr Molotov or Mr Kaganovich. Although it suits the present accusers to lump the sins of the defeated opposition together, it is interesting to see whom each of them singles out as his favourite target. Mr Mikoyan, concerning himself mainly with international relations, concentrated his fire on Mr Molotov, whom he charged with too little faith in communist growth and strength, leading him to deny the possibility of avoiding war, with opposition to more flexible policies, contempt for Mr Khrushchev's travelling diplomacy, and preference for the cold war. Mr Mikoyan implied that even now Mr Molotov's views remained unchanged; and Mr Satyukov, editor of *Pravda*, told the congress on Wednesday that, just before it opened, Mr Molotov had written to the central committee criticising the new programme as "revisionist."

The protégés whom Mr Khrushchev has promoted tended to emphasise the "anti-party" group's opposition to reforms at home and its complicity in Stalin's crimes. Messrs. Molotov and Kaganovich, Voroshilov and Malenkov are accused of having resisted the rehabilitation of Tukhachevsky and other marshals who had been victims of Stalin's pre-war purges (all this sounds as if a new attempt was being made to enlist the army's support against somebody). In general, the defeated leaders' opposition to the revelation of past injustices is attributed to the natural apprehensions of men who had been Stalin's accomplices. Mr Malenkov, for instance, is now held responsible for the memorable purges in Leningrad and

Byelorussia back in the nineteen-thirties.

Was Mr Khrushchev, then—once the pupil and protégé of Kaganovich—the only innocent man among Stalin's underlings? Complicity in the crimes of the fallen idol is a tricky charge to revive in Soviet Russia. Even Mr Khrushchev's present lieutenants are not young enough to have clean hands. The new generation, which entered active politics only after Stalin's death, will have to come to the fore before the whole truth can be told, and the charge-sheet read without a tremor.

MR KHRUSHCHEV must know how double-edged is the weapon he has brandished against his defeated rivals. If he has, nevertheless, brandished it, the reason must be that some of their opinions still find an echo both in Russia and in other communist states. In regard to foreign affairs, the evidence is plain. The Molotov position, as described by Mr Mikoyan, sounds almost as if lifted from the Peking *People's Daily*. (As if to emphasise that the Chinese distaste for negotiations with the United States has not diminished, Mr Chou repeated, in his speech to the congress, the Chinese argument that President Kennedy is worse than his predecessor.) Among the Soviet people, the Khrushchev doctrine of co-existence is certainly more popular than Mr Molotov's rigidity, but Soviet officials may be critical of Mr Khrushchev's failure to get results. Indeed, it may be supposed that the latest multi-megaton bangs and Marshal Malinovsky's claims of Russia's superior military power (including anti-missile missiles) were largely meant to silence such critics and to show them that, if Mr Khrushchev is still trying to solve the German question by negotiation, he has no intention of negotiating from weakness.

On the home front, too, there are many controversies. One concerns the volume and direction of investment. Mr Khrushchev's decentralisation of management has, apparently, led to abuses. The strain on Soviet resources was heightened this year by the heavier defence burden. An investment pause has now officially been decreed for a year. Another dispute centres on the seemingly theoretical question whether Russia is still in the stage of "dictatorship of the proletariat." Mr Khrushchev, who claims that it is not, accuses his critics of wanting to retain the term as an excuse for repressive measures; but it is possible that some of them have merely wanted to call a spade a spade, and have demanded a speedier transformation of the regime so as to end the dictatorship in more than name. Some of the criticisms of his programme had a "Malenkov" ring; there have been demands for more consumer goods soon and for more momentum in the housing drive. And the biggest pressure from below was for greater equality in wages.

ONCE again, as in 1957, Mr Khrushchev gives the impression of a man standing in the middle of the road, dodging dangerous drivers on either side. But the immediate question is what he will do with his rivals who are down but not quite out. The advice given to him is contradictory. Mr Mikoyan insists on the "ideological" nature of the struggle, thus implicitly opposing summary "administrative" punishments. Many of Mr Khrushchev's lieutenants, however, are clamouring for the victims' expulsion from the party and, by cataloguing their alleged crimes, are preparing the way for trials. Mr Khrushchev's decision will partly depend on his estimate of the strength of his defeated opponents' following; partly on the immediate course of the Sino-Soviet conflict. If the Soviet leader can preserve his own position without resorting to trials, he will no doubt prefer to do so. The mood of Soviet society has changed greatly even since 1956; in February of that year, Mr Khrushchev had to deliver his indictment of Stalin in secret session: now, this indictment is displayed as one of his principal claims to fame and popularity.

Marshal Voroshilov's election to the presidium of the congress only a few days before it became the scene of his humiliation, and Mr Chou En-lai's hurried trip to Peking, suggest that both the dramatic controversies in the Kremlin hall contained elements of surprise. Other surprises may follow. Yet, even if Mr Khrushchev were to emerge in the end as the undisputed master of a united communist movement, his would be something of a pyrrhic victory. Stalin could afford to be consistent. He cowed his own people into silence and turned the Comintern into a ventriloquist's dummy. Mr Khrushchev, as behoves a ruler in a transitional period, is a man of half-measures. He has tolerated controversy within his own party, hoping to limit it to the chosen few; and he has then been compelled to accept controversy within the communist international, even though he hoped to be able to keep this quite separate from Russia's internal debates. Given the impossibility of a return to stalinism, the persistence of controversy is going to have to be accepted. Historians may see the 22nd congress as the evident end of the communist monolith.

Nasser Changes Windmills

With Syria lost, President Nasser has quickened the pace of change in Egypt

PRESIDENT NASSER has described in "The Philosophy of the Revolution" his conceit of a heroic role wandering in search of a hero, who is found at last in Egypt. The heroic figure—who, to be fair, was appointed by many beside himself—may now be pursuing a more confined, but possibly more rewarding, part. When that amateur show, the United Arab Republic, ended its run, President Nasser's strangely candid friend, Mr Hassanein Heikal, wrote in the newspaper he edits that "hero personality" can never become the foundation for Arab union. Nothing, said Mr Heikal, united Egypt and Syria save the personality and popularity of President Nasser; this, he soberly commented, was not enough. In confessional mood, the Egyptians are forestalling much criticism; seldom have dust and ashes been scattered in Egypt with such precision.

Shortly before the Syrian revolt, President Nasser had cast himself in two different but not unconnected parts. He was

co-starring as one of the more responsible leaders of uncommitted world opinion and, in a virtuoso solo performance, he was engaged in tipping the United Arab Republic over the brink of practical socialism. Although the president has emerged from the Syrian debacle with considerable personal honour, his voice in world affairs will have been severely diminished by the incontestable fact that he was unable to hold together the state of his own construction. When, in the past, domestic progress ground into the intractable sand, President Nasser would yield to the temptation of more rewarding avenues beyond his own frontiers. Now, this would probably be too risky an extravagance; Egyptian public opinion, impatient over the whole Syrian operation and increasingly isolationist, would hardly be appeased by any international posturing, however stout-hearted. The fences at home had to be strengthened first.

But here, too, there are signals of danger. In July, President Nasser embarked on a massive programme of nationalisation and socialisation, applied indiscriminately to Egypt and to Syria. A series of presidential decrees gave the then government a controlling interest in almost all business concerns except for retail trade, sliced the size of the maximum permitted land-holding in half, and limited the amount of money anybody could earn or receive from dividends. Although it was these decrees that precipitated the revolt in Syria, it is impossible, acrobatically, for President Nasser to pause in the middle of this heroic leap towards socialism. Instead, in Egypt, he has quickened the pace and brutalised the means. The problem with which he is faced is that the business and landowning classes, who objected to the laws in Syria, object to them no less violently in Egypt.



Studying a new part: President Nasser

IN his broadcast on October 16th, blaming Syria's defection on his own softheartedness towards "reactionaries," he had, therefore, a double object: on the one hand, he wanted to discredit the new Syrian regime as a bunch of rich opportunists; on the other, to prepare the way for tough action against Egypt's propertied classes. Dreaming of a merciful revolution, he said his government had made the mistake of "reconciliation with reaction." He admitted that the UAR had tilted its spears against the windmills of imperialist pacts and bases when, in fact, "imperialism had already changed its place and had hidden in palaces and in the safes of millionaires." (With this unusually sophisticated admission he relinquishes, temporarily, a good old propaganda stand-by.) The foundation on which the Egyptian revolution is built should, he claimed, be broadened by better publicity, by overhauling the civil service and the political machinery, and by indoctrination at all levels of society—but of a society that "has no room for millionaires." A few days later, the minister of the interior, Mr Mohieddin, announced the names of 40 "reactionaries" who had been arrested to insulate them from "any foolishness"; he also announced the names of 167 capitalists who had had their property expropriated by the government.

EGYPT is not a country in which the arrest of political discontents causes much surprise, nor is it usually publicised. Reports circulating in Beirut and Damascus suggest that, quite apart from the publicised pounce on "millionaires," there has been a much wider and more significant purge, possibly of army officers. Mr Mohieddin allowed no more than that one former officer and two former politicians (all three of whom had been in custody some years ago) had been re-arrested. But the flamboyance of these arrests and of the seizure of private property point to a much rougher road towards Arab socialism than was indicated by the sophisticated, if jumbled, principles laid down three months ago.

Probably all Egyptians who have something to lose are deeply suspicious of President Nasser's socialist leap. The plunge in July was taken precipitately and the results are confused, but even with the most careful preparation it would have been against nature to expect the better-off Egyptians to welcome a measure that was bound to hurt them. The question is whether the government, in justifying its ends with such rough means, is not once again tilting its force against windmills. Are the Egyptian upper and upper middle classes really so formidable that they need to be flung into disarray by arrest and expropriation? As also in Syria, civilian victims of socialism, however dismayed or hostile, can, in fact, do mighty little to dislodge the regime without the whole-hearted co-operation of a substantial group in the armed forces.

And so any assessment of President Nasser's strength on his own home ground boggles before the difficulty of making any useful speculation on just how loyal to its president the Egyptian army still is. There are one or two pointers: the rumours, and they are no more than rumours, of arrests, and President Nasser's still mysterious decision to withdraw the UAR contingent from Kuwait. Just possibly, one of the reasons behind the president's decision may have been his unwillingness to think of his officers communing so closely with Saudis, Kuwaitis and, particularly, Jordanians. But there are other, perhaps more tangible, reasons for believing that there may be elements in the Egyptian army who are not altogether happy at the way things are going. At this stage in the revolution, many of the officers or former officers are dug into good jobs at the head of banks or business firms. They themselves have become members of the ruling class, and as such their revolutionary fervour may have lost some of whatever edge it once had. Armies are not as a general rule a crusading force for socialism. Then again, there may be younger officers frustrated by the usual grouse that cabinet shuffles seldom produce new names. All this is circumstantial and speculative; what can hardly be in doubt is that the army's loyalty will decide whether or not President Nasser emerges a hero from this new, and tougher, ride towards Egyptian socialism.

NOTES OF THE WEEK

EAST-WEST

Continental Block

PRESIDENT KENNEDY has had a forbidding post this week. On Monday he received a letter from President de Gaulle; on Tuesday another from Dr Adenauer. Both seemed to reaffirm the determination of the French and west German governments to contribute nothing to any negotiation on Berlin. General de Gaulle, for his part, evidently takes the view that the clash between Moscow and Peking makes it unnecessary for the West to budge; the French do not regard themselves as bound by the exploratory exchanges between Mr Rusk and Mr Gromyko. Dr Adenauer, as our Bonn correspondent reports on page 351, has opposed all the suggestions for compromise that have been put forward. President Kennedy's recent soundings by letter, and Sir Evelyn Shuckburgh's visits to Paris and Bonn, have yielded no positive results.

There may therefore be some vigorous talk when Dr Adenauer visits Washington next month. During the uncertain phase of German domestic politics it has been President de Gaulle who has borne the brunt of the stand against negotiations; now, with Dr Adenauer evidently set for another spell as chancellor, the old inflexible German view has re-emerged. Yet it is clear enough that Mr Khrushchev, in postponing his peace treaty with east Germany, has acted on the definite understanding that the United States and Britain are prepared to talk. It would be courting big trouble to break faith with Mr Khrushchev in this matter. Voices are being raised in America to ask how far allies can be allowed to veto American policy, when the United States, after all, must take the ultimate decision for peace or war.

Meanwhile the situation in Berlin itself grows worse. The wall is becoming more elaborate; shots across the frontier are frequent. General Clay, after giving the Germans a first unpleasant dose of "realism," when he first arrived, has been cheering them by a demonstration of American determination to preserve the four-power status of Berlin. He and other American officials have been crossing the border regularly, and doggedly refusing to show their papers to east German officials (though to make identification possible they cross in clearly marked cars). On Sunday, and again on Wednesday, passengers who had been stopped were given a military police escort through the check-point, with the further backing of a show of force (including tanks) on the boundary. This game has ended in yet another formal dispute, which the American and Soviet commandants have tried, and failed, to settle between themselves.

EUROPE

Three Decisions for Six

CORNFLAKES and bacon have rarely decided the fate of nations, but they may make or mar that of the European Community. When on Wednesday the Council of Ministers of the Six discussed proposals from the Commission on cereals and pigmeat, they were entering a critical phase in the community's internal debates. With the west German elections past, the time has now come for Bonn to honour its promise to the French to do something to implement the common market in agriculture. This week's meeting did not get far. Major decisions may not be made until just before the end of the year. But there is no mistaking the French determination to make German concessions a condition of further progress in the common market as a whole.

The council made a friendly gesture to Britain by deciding that, when the British start negotiations with the Six, Britain should take a turn in the chair after Germany and France. But the importance of the gesture should not be over-estimated. The free trade area talks showed that British chairmanship does not guarantee success. Indeed, it is becoming increasingly apparent that, as far as negotiating procedure is concerned, Britain's first interest is that a formula should be found that helps the Six to agree on a single point of view. Delays caused by differences between them could be a serious source of trouble.

The six ministers also agreed on a formula for negotiations with the Turks on association with the common market, and on a lukewarm reply to the Irish application for membership. They have invited the Irish to further exploratory talks in January. Ostensibly, the reason for this postponement is the fear that Ireland may be too poor to stand up to the full blast of competition. But this notion was effectively squashed in the meeting when the Germans pointed out that national income per head in Ireland was higher than in Italy.

In fact, the economic argument masks the reluctance of the French and, Italians to admit a country which is not a member of Nato. If the European community were merely a coalition of military allies, the argument would carry weight. But, as it is designed to be something more organic and more permanent, the doubts lose much of their force. The qualities required for membership of the common market are loyalty to its aims and co-operation in constructing European unity. These qualities Ireland has.

CONGO

A Taste of Gall

SOMBRELY, United Nations Day was observed on Tuesday by a world whose ears were ringing from Mr Khrushchev's big blast, and by an organisation in travail. Twice on that day the UN was reminded how it must now live from hand to mouth. The Assembly's budgetary committee, faced with the imminent exhaustion of the funds for the Congo operation, authorised the secretariat to carry on until the end of December. The Russians, who once again combined a demand for strong UN action in the Congo with a refusal to help pay for it, found themselves once again completely

Tshombe with gendarmerie

isolated in opposing the resolution; but the longer-term financial problem remains unsolved. Meanwhile the secretariat announced its conditional approval of the cease-fire terms that Mr Khiari had negotiated with Mr Tshombe's regime in Katanga.

This was the first substantial decision of a political nature taken in the secretariat since Mr Hammarskjöld's death six weeks ago. It was taken, in effect, by the officials who had made up his informal working group in Congo matters: Dr Bunche, Mr Narasimhan, Mr Cordier, Brigadier Rikhye, Mr Gardiner (the Ghanaian UN official who had served as one of the conciliation envoys in the Congo), and Sir Alexander MacFarquhar, the chief adviser on civilian operations. Several members of the mainly Afro-Asian advisory committee on the Congo were known to feel—as does the Congo government—that the cease-fire terms conceded too much to Mr Tshombe; and there will be inevitable repercussions. But this endorsement of the terms was part of the price Mr Tshombe demanded for the return of the 190 Irish UN soldiers who had been trapped at Jadotville in September. To free these men, the UN has been prepared to turn a blind eye on the many violations of the cease-fire that Mr Tshombe's troops have already committed.

His demands that Leopoldville should recognise Katanga's independence as a precondition of negotiation have led to yet another deadlock in his dealings with the Congo government, which now proposes to ask the Security Council to give the UN force a clearer mandate. The vacuum created by Mr Hammarskjöld's death makes it the more urgently necessary that the force should be given authoritative guidance. Twice in the past week there were clashes between the government's troops and Mr Tshombe's. The legality of the UN force's action in Elisabethville on September 13th seems to have gained belated recognition; a noteworthy opinion in support of it has been given in a broadcast by Professor Jennings, Whewell Professor of International Law at Cambridge. But vindication for past actions is of little use to the UN's representatives in the Congo if they can get no clear direction from headquarters about the future.

WAGES DEBATE

Largely About Us

MONDAY'S debate in the Commons on arbitration ran along the expected tramlines. All six Labour speeches accused the Government of breaking contracts. Four of the seven Conservative speeches referred to articles in *The Economist* with approval. But the real interest centred on the Chancellor's speech. Quoting *The Economist* for the view that Britain's present procedures of negotiation and arbitration can be "built-in producers of inflation," he first blew hot ("I am determined that a new approach to these matters should be made") and then cold ("the Government alone cannot solve this problem"). But he agreed that the Government will "certainly have to consider with both sides of industry whether there should be some sort of guiding light" about the general level of wage increases that the country can afford; and added that "there is no great difficulty, perhaps, in arriving at a view on the likely rate in the growth of national productivity, but there are many practical problems to be worked out in regard to personal incomes."

He cited one "practical problem" about a national wages policy that is certainly paramount—"how does one secure that answers in principle are translated into action?"—and four "practical problems" that do not really exist. He thought dolefully that hard thought would have to be given in a national wages policy about how to secure (a) proper relativities among wage and salary earners, (b) the most effective deployment of manpower, and (c and d) fair play for workers in industries where productivity cannot easily be measured, or where individual productivity is bound to increase more slowly than the national average. But the essence of an economic wages policy should be that workers in industries where there is an above-average demand for new labour should then succeed in getting wage increases above the average increase in national productivity, and workers in industries where new labour is not needed should get a below-average increase. All of the Chancellor's last four "practical problems" would then come out in the wash. The problem of moving towards a "guiding light" policy for wages is difficult enough in all conscience, but it is a pity to make it more difficult by puzzling over problems that free market forces working within such a policy would rub out. The same applies to some other ministers' obvious worry that "if wages increases are to be kept down to the level made possible by increasing productivity, then we must take special measures to keep down profits too."

POLIOMYELITIS

Hull and the Vaccine

THE polio outbreak in Hull has coincided with the publication in last week's *British Medical Journal* of an official report on a trial of the Sabin vaccine and with the Ministry of Health's decision eventually to substitute this vaccine for the Salk vaccine in routine immunisation. Thanks largely to the Salk vaccine, the number of cases of polio in Britain has fallen from over 6,000 in 1955 to below 400 last year. But this reduction has not been followed by the progressive elimination of the polio virus from the community.



A taste of honey

Virtually the whole of the population would have to undergo the full course of immunisation with the Salk vaccine before sporadic epidemics, such as have now occurred in Hull and other northern towns, would be prevented.

Since the Sabin vaccine is given by mouth in the form of sweets or syrup, it will be far preferable to the population at large—particularly grown-ups, who can decide for themselves—than four, and perhaps more, Salk injections. Doubt about the safety of the vaccine, which contains a live, weakened virus instead of the killed virus of the Salk vaccine, has now been dispelled by last week's report and, even more, by the fact that it has been extensively and safely used in other countries. But the overwhelming advantage of the Sabin vaccine over the Salk is that besides stimulating the formation of antibodies in the blood, it produces an immunity in the gut. People vaccinated with Salk, though immune to the disease themselves, can still carry the virus in their gut. Through the Sabin vaccine it is hoped to break the chain of infection, by making the gut resistant to colonisation by the virus, and the complete eradication of the disease is thus a foreseeable possibility.

It is this property—the ability to protect the community as well as the individual—that makes the Sabin vaccine the vaccine of choice in combating an epidemic. The only doubt, so far as the Hull outbreak is concerned, is whether the vaccine given ought not to be of the same type of polio virus as the one that is causing the disease. Of the three types of virus, type I is the most prevalent and is responsible for the Hull outbreak. But type II Sabin vaccine, which is being used, has the advantage of producing gut immunity most speedily and, temporarily at least, prevents colonisation by type I. When it is given for routine immunisation, the vaccine will contain all three types of virus and three doses will be given.

CHEMISTS

Pill for Chemists

MR POWELL has countered the chemists' threat to withdraw from the health service if their demands for higher fees were not met by laying down his own revised fees, to take effect from November 1st. At present, chemists are paid the wholesale cost of the ingredients of the drug supplied, plus an on-cost allowance of 25 per cent for overhead expenses and profit, plus an allowance for containers (just over three-halfpence for each prescription) and a dispensing fee averaging 1s. 2½d. a prescription.

It is this last payment that has brought matters to a head. The chemists asked for an increase to 2s. and wanted it to be called a professional fee, whereas the Ministry of Health regards as one entity the chemist's remuneration from his business as a retailer of drugs and from his professional skill in dispensing them. Since chemists' total net earnings have gone up by 50 per cent since 1957, according to the Ministry, because their expenses have not risen so fast as the cost of ingredients to which the on-cost allowance is directly related, Mr Powell is now reducing that allowance, a reduction that will more than offset the small increase (2½d.) he is proposing in the dispensing fee. The taxpayer will, in fact, be saved £1¼ million a year. The new allowance will be

on a sliding scale, depending on the number of prescriptions dispensed. For the first 500 prescriptions the allowance will remain at 25 per cent, so that the new scale will be to the advantage of small chemists.

Chemists as a whole will still be 14 per cent better off, under the new terms of remuneration, than they were in 1957, and it is difficult to swallow the whole of their case for a high professional fee now that so much of their dispensing consists of putting the right number of pills into containers and writing the doctor's instructions on the label. Moreover, prescriptions dispensed for the health service are said to account for little more than a quarter of the total turnover of retail chemists. The contents of the average chemist's shop, with its mixture of cosmetics, hair brushes and soap, weaken the chemists' case to be considered more of a profession than a trade. Were they to persist in their threat to withdraw from the public service, they would be unlikely to win public sympathy.

ALGERIA

Race against Violence

BOMB and dove, concession and show of strength: the double-barrelled approach is in fashion, and not only in east-west politics. In Algeria, too, the new leader of the rebels' provisional government, M. ben Khedda, who succeeded the more moderate M. Ferhat Abbas in August, seems to be combining force and flexibility in a systematic way. Last week there were massive but pacific demonstrations by Algerians in Paris; more are planned in both France and Algeria on November 1st, the anniversary of the start of the rebellion. Yet M. ben Khedda, as he made plain in a statement in Tunis on Tuesday, still seeks to renew negotiations with General de Gaulle.

Some of the suggestions in his statement on Tuesday were hardly calculated to please the French. Independence, which, he pointed out, General de Gaulle had after all conceded in principle, meant for the Moslems the territorial integrity of Algeria, including the Sahara. He proposed a quick agreement on independence and a ceasefire first, and only afterwards negotiations on co-operation with France and guarantees for Europeans in Algeria—the crucial French demands.



Without much discrimination

Nevertheless, the clear public expression of a willingness to talk is encouraging; so is the offer of guarantees for the European settlers. Some observers in France feel that the negotiation of safeguards for the lives and property of the settlers is the crux of General de Gaulle's struggle with the French extremists in Algeria. There is thus some prospect of a resumption of negotiations. But President de Gaulle, like M. ben Khedda, is combining the desire to talk with the mailed fist. The unarmed Algerians who demonstrated in Paris last week were treated by the French police with a severity the extent of which is only now becoming known. Beatings-up in the provisional encampments where they were herded apparently disgusted even some policemen. Corpses have been found floating in the Seine. Tunisians, Moroccans, Algerians were rounded up, apparently without much discrimination, in the Moslem quarters of Paris. The demonstrations on November 1st could easily lead to a new clash. Now that the violence in Algeria is infecting France itself, the peacemakers have not much time left.

SOUTH AFRICA

Nobel Savage

IN the words of Mr Albert J. Luthuli, deposed chief and banned leader of the banned African National Congress, this is the history of South Africa:

> Who will deny that thirty years of my life have been spent knocking in vain, patiently, moderately and modestly at a closed and barred door? What have bee the fruits of moderation? The past thirt years have seen the greatest number of law restricting our rights and progress unt today we have reached the stage where w have almost no rights at all.

It is because Mr Luthuli has steadfastl resisted the easy next step in such a situ ation, the step towards violence, that he ha been awarded the Nobel Peace Prize fo 1960. A devout Christian, a socialist "of th British type," a passionate believer in non violence, Mr Luthuli's moment of inter national recognition has come—and, let i be noted, from Europe itself. The moment it seems, may coincide with another: les patient South Africans are thinking o immoderately crashing the door down.

When that happens, Mr Luthuli's sym pathies may well lie at least partly with th whites; even with those among them wh still regard him as an agitator among th savages. For Mr Luthuli has already sai that he does not hate the white man, whos position of domination has put him in position of moral weakness: "We mus sympathise with him." A government tha has only just won a resounding electora victory (it is described on page 358) ma see the moral strength of magnanimity; i should allow Mr Luthuli to travel abroad t collect his prize.

SOUTHERN RHODESIA

Righter than Right

"THE essence of tragedy," said M Maudling in the Commons or October 19th, "is not a conflict betwee right and wrong, but a conflict betwee right and right." The annual congresses o Southern Rhodesia's two main politica parties have, in this sense, brought fort such an essence. The congress of the United Federal party (Southern Rhodesia division), which ended in Salisbury three weeks ago, resolved to do right by the standards of 1953, when the federation was formed and "partnership" promised. The resolutions called on the UFP government to give highest priority to removing racial restrictions on ownership of land. It asked for the Land Husbandry Act, and African education, to be reviewed and that pay and conditions of service should be the same for everybody.

More dramatically, it said that after the next general election (1962) the government should bar racial discrimination in cinemas, hotels, cafés and similar public places. This resolution was carried unanimously, and Sir Edgar Whitehead, the prime minister, said he would "fight like a tiger" to get a mandate for such legislation at the general election. In an encouraging speech, Sir Edgar said that straightforward white supremacy was dead as the dodo, and that the new policy of regarding everybody as a Rhodesian was the policy he believed in. The party congress—and Sir Edgar—are to be congratulated.

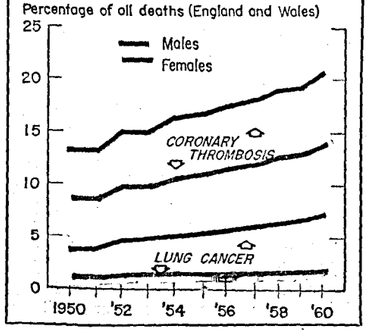
Tragically, however, they are far too late.

CAUSES OF DEATH

THE steady increase in deaths from coronary thrombosis in England and Wales over the last ten years is in part due to more accurate, or more fashionable, diagnosis, and to some extent has been offset by a fall in deaths attributed to other forms of heart disease. Coronary thrombosis is more prevalent in this country than in any other European country, but less prevalent than in America.

In 1950, deaths from tuberculosis (16,000) outnumbered those from lung cancer by four to three. Last year tuberculosis deaths had fallen below 4,000, less than a fifth of lung cancer deaths.

Percentage of all deaths (England and Wales)





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Acting by the standards of 1961, the African National Democratic party, at its congress last week-end, resolved to boycott the next elections. They will thus forfeit the 15 seats in a house of 65 offered to Africans (for the first time) under the new constitution. But to the NDP, "we don't want to sit next to whites in cinemas, we want one man one vote." Tactically, they may be wrong in choosing to fight outside Parliament; there is, however, hope that Mr Garfield Todd's New Africa party will fill the 15 seats with NDP sympathisers for them.

MURDER

A Family Crime

THE analysis of murders by the Home Office research unit (HMSO, 4s.) will doubtless be quoted to further their case by both supporters and opponents of capital punishment. The retentionists will point out that the total number of murders (including those classified as manslaughter under section 2 of the Homicide Act) has increased since the Act came into force: the annual average in the last three years was 160, compared with 143 before the Act. Further, the proportion of men with previous convictions has increased from a quarter to over a third, which on the face of it supports the argument that bad men have been encouraged to kill; half of those who committed sexual murders after the Act had had previous convictions for sexual offences.

On the other hand, the report also shows that, while the number of murders fluctuates considerably and inconsistently from year to year, the recent rise in murders has been much smaller than in other serious crimes; even over the last thirty years, the rise in murders is slight. Per million of the population the average annual number of murders was 3.2 in 1931-40 and 3.7 in 1960. Sexual murders of women, which are no longer punishable by death, have accounted for 7.1 per cent of all murders since the Homicide Act came into force; before, they accounted for 7 per cent. As regards girls under 16, over whom there has been most outcry, the report shows that the number murdered for sexual motives is tiny (only three last year). In a footnote, the report cites evidence in support of the suspicion that such murders occur in series, and are probably provoked by the publicity given to the first case.

In fact, what is made abundantly clear from the report is that murder is largely a family affair. Of the 51 child victims in 1960 (out of a total of 166 murders), nearly three-quarters were murdered by a parent or other relative; of the 71 women, over half were murdered, or suspected of being murdered, by their husbands. As the report states, if life is to be saved, a deterrent penalty is much less important "than investigating the kind of mental breakdown that leads to family murders." It is because these murders bulk so largely that nearly one-third of all murderers commit suicide immediately after their offence. The report also shows that the proportion of male murders committed for gain (a type of murder that still attracts the death penalty) has risen from 7.6 per cent before the Act to 19.6 per cent—though the actual numbers concerned are still tiny.

DOCK LABOUR

Decasualised Docks?

A MEMORANDUM distributed last week, over the signatures of the chairman of the National Association of Port Employers and of Mr Cousins for the Transport and General Workers, is the most encouraging event in the docks industry for years. It recommends that joint committees of employers and workers in ports throughout the country should consider a major advance to further decasualisation of labour in the docks.

At present over three-quarters of the 70,000 dockers in the country are not permanently employed. They are inscribed on a register, which ensures them a minimum income: but at the beginning of each day they do not know whether they will get a job that day or what firm they will be working for if they do. Not only does their income vary quite unpredictably; they also have hours of wasted time in which to sit around and brew grievances up to striking point. The casual docker's loyalties lie entirely with his fellow-workers: in this atmosphere men will enforce all sorts of uneconomic practices, such as the "carrying" of unneeded workers in a gang, refusing to operate labour-saving machinery for fear of working a mate out of a job, and so on. Most employers, too, are discouraged by the casual system from trying to engender loyalty and a spirit of co-operation, whether with pensions or with good-natured but intangible schemes such as sports clubs. Average earnings are high in the docks, but labour relations are as bad as can be.

The main advance towards decasualisation would be for employers to co-operate far more closely in forecasting their labour needs, for at least a week in advance. After all, the arrival of ships no longer depends on the trade winds. Men who are not needed for a particular week could then be selected by rota, informed in advance, and entitled to receive their fall-back pay without the demoralising business of having to turn up for calls. There is no reason why they should not take outside jobs for such weeks, provided that—in return for the privilege of fall-back pay—they agree to return to the docks when needed. Fair spreading of the burden of unemployment by rota in this way would help to remove the men's objection to decasualisation hitherto: namely that, if decasualisation were effected by each firm or group of firms signing up a larger roll of permanent employees, this would throw the risk of unemployment most heavily on the few casuals who remained.

COMMUNIST BLOCK

Defiant Albania

SINCE Mr Khrushchev openly revealed his quarrel with the Albanians on the first day of the Soviet party congress last week, neither side has shown any disposition to compromise. Day after day in their speeches to the congress, Mr Khrushchev's colleagues have added to, or embroidered upon, his original charge that the Albanian communist leaders were, in effect, defying Moscow's leadership and trying to turn the clock back. Mr Enver Hoxha and his friends have been accused among other things, of trying to sow dissension in the socialist family; of publishing only an "abbreviated and distorted version" of the Soviet party programme; of persecuting those Albanians who have been to Russia or who do not hide their pro-Soviet views; and of practically closing Albania to Soviet literature and newspapers.

The Albanians have not taken all this lying down. They at once despatched a letter to Moscow in which they flatly put upon Mr Khrushchev (disrespectfully referred to throughout as plain "Nikita Khrushchev") the responsibility for an open attack on the unity of the socialist camp. They went on to threaten to make public "by means of facts and documents" the "whole truth" about the relations between the Albanian and the Russian leaders. Mr Suslov has referred to this letter, in his speech to the party congress, as "a mixture of hypocrisy and slanderous insinuations." Inside Albania, the party's line has been made plain in a series of telegrams sent to Tirana by groups of workers and students; the eternal friendship between the Albanian and Soviet peoples is heavily underlined; Nikita Khrushchev is trying to destroy this, but he will fail "because his reach is short" and because his own people are not with him.

Mr Hoxha may or may not really believe that Mr Khrushchev is likely to be disavowed by his own party. He can take some comfort from Chou En-lai's prompt rallying to his support. Personal hostility to Mr Khrushchev, and the nagging fear that the Russian leader might contemplate a deal with Marshal Tito at Albania's expense, may also have played their part in stiffening Mr Hoxha's hostility. In any case it is now the Chinese and not the Russians to whom the Albanians look for economic and technical, as well as moral, support.

On Whose Authority?

IT is generally assumed that in directing his fire at the Albanians, Mr Khrushchev was really aiming at the Chinese. He has no doubt succeeded in getting his point across to the Chinese, but his indirect tactics have failed to avoid either what amounts to a direct clash with the Chinese or the danger of undermining the unity of the communist block.

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When Stalin decided to expel Jugoslavia from the communist camp in 1948 no other member ventured to disagree. But when Mr Khrushchev now publicly denounces the Albanians, Mr Chou En-lai at once rebukes him; and of the remaining ten members of the communist block, two, North Korea and North Vietnam, have demonstrated, by their refusal to attack the Albanians at the Soviet party congress, that they side with the Chinese. What is at issue here is not only the particular sins of the Albanians (and the Chinese) but the right of the Russians to hand down judgments on the behaviour of individual members that are binding on everybody else. "We must clearly understand," said Mr Mikoyan to the Soviet congress, that only by "choosing the attitude obligatory for communist parties" can one count upon the friendship of the Soviet people and party. The question is how, and by whom, it is to be decided what the obligatory attitude is to be.

How far the Russian quarrel with the Albanians will be pushed is not yet clear. They have not been formally expelled from the Warsaw pact, although Herr Ulbricht has taken it upon himself to say that they have violated its principles. Mr Khrushchev may feel that in the circumstances he would prefer to go no further and that a little vagueness about the status of the Albanians might be no bad thing. He might, on the other hand, find himself forced to thrash the matter out in a private conclave of the twelve communist parties in the sequence of international communist meetings that must follow the congress.

TEACHERS

Schoolmasters Join the Class

THE Minister of Education has taken an obvious gamble (as well as having to eat some of his own words) in offering a place on the reconstituted Burnham committee to the National Association of Schoolmasters. The NAS has been a militant, sex-discriminatory outfit that has earned itself just over 25,000 members, few outside admirers and some useful publicity by pressing male teachers' salary grievances without regard for the policy of equal pay. Its nuisance value has not lain so much in the staggered one-day strikes it has lately held in its local strongholds as in the leap-frogging competition over the basic scale that it had earlier worked up with the militant wing of the National Union of Teachers. Part of the NUT's antics this year have been explained by their fear of losing militant members to the NAS. For this reason alone the NUT, despite its cautious reception of the news, should not be sorry to see the NAS confronted with the responsibilities of wage negotiation.

The NAS's accession to respectability raises some intriguing questions. It has promised to respect equal pay in the workings of the Burnham committee, but what it does outside will be another matter. It is possible in the short run that the NAS will continue to pick up recruits from the dissatisfied males in the NUT. The NUT will, however, retain its overall majority on the teachers' panel, and if the distinctive NAS policies fail to impress themselves on future Burnham awards there could eventually be a disillusioned swing back to the big battalions. Should the Minister now decide to take in the one sizeable teachers' organisation left out in the cold, the National Association of Head Teachers (14,000 members), the teachers' side of the new Burnham committee will at least be more representative.

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FAMILY SPENDING

More on the Home

IN 1959, the average British family, in the statistical sense of 3.08 persons, spent £15 10s. a week, of which one-third went on food. In publishing some results from the small-scale family expenditure survey, which has been going on continuously since the beginning of 1957, the Ministry of Labour shows that more of the average budget in recent years has gone on the home and on transport, particularly private motoring, and less on food and clothing, since the large-scale inquiry made in 1953.

FAMILY BUDGETS IN 1959

Weekly income of household :—	£10–£14	£20–£30	£50 or more
Number of persons ...	3·15	3·61	3·91
	Per cent of total household expenditure		
Housing	10·0	8·5	5·9
Fuel and light	7·7	5·0	4·4
Household durables .	6·9	7·3	6·8
Transport	5·9	10·7	9·9
Food*	36·7	30·8	23·9
Clothing	8·7	11·0	11·9
Drink and tobacco* ..	9·5	9·8	8·3
Services	7·1	9·2	20·5
Other expenditure ..	7·5	7·7	8·4
Total	100·0	100·0	100·0

* As usual, people were coy about their indulgences —there was obvious under-recording of expenditure on drink, smoking, meals out, chocolates and ice-cream.

In part such trends reflect changing tastes in a society as it grows more prosperous, in part the relative shifts in prices. For instance, as the first table shows, the richer the family the smaller is the proportion of its spending that goes on housing but the larger the proportion on clothing. But average expenditures on these items did not change in these directions between 1953 and 1959 because housing has become relatively dearer and clothing relatively cheaper.

In 1953, the well-to-do spent less on TV and radio sets than those with moderate incomes; this was no longer true in 1959. Stereophonic equipment, slim-line television, the second wireless set—as well as the mechanisation of the home—were attracting much more of the middle-class budget, at the expense of public entertainments and domestic service.

SOME "SPARE" SPENDING

Weekly income of head of household :—*	Over £20 1953	Over £30 1959
	Weekly expenditure in shillings	
Gas and electric appliances	5·2	15·5
Domestic help	20·4	21·2
Radio, TV and musical instruments	2·3	10·8
Books, newspapers, etc.	7·6	7·9
Cinemas	1·9	1·1
Theatres and other entertainments	10·0	8·0
Total expenditure	543·4	661·2

* Income of main earner, as opposed to total household income in previous table.

Using the Survey

ONE of the purposes of this continuous survey, taking information from 3,000 families each year, is to keep a check on the "weighting" of the retail price index and another is to improve the estimates of consumer expenditure in the national accounting. But a lot more should come out of this survey than just household spending—questions are asked about taxes, insurance, mortgages, housing, business expenses, and instalment buying. The processing of this material, which has been pitifully slow, should be speeded up now the Ministry of Labour has its own electronic computer.

From this feast of possible studies, two immediate ones suggest themselves. The first is to see whether the retail price index needs revision. There is as yet no official guidance on this, but a rough calculation suggests that if the current index were re-weighted on the 1959 spending pattern, it would be revised upwards by about half a point. Secondly, the information about housing should be looked at immediately to try to see how big a shake-out has followed the 1957 rent act. It seems that a household with an income of £10-£14 a week in 1953 paid an average of 17s. a week for an unfurnished house or flat; the comparable household in 1959 might be in the £14-£20 income bracket and would then be paying 25s. 9d. in rent. At the top end of the scale, households with £30-£50 a week coming in during 1953 were paying 29s. in rent, those with higher incomes 30s. 5d.: in 1959, the corresponding rents for the same income groups were 35s. 7d. and 50s. 1d. At the lower end of the scale households with £3-£6 in 1953 paid 12s. 3d. in rent; households with £6-£8 in 1959 paid 20s. 1d. in rent. Including repairs and an imputed rent for owner-occupiers, housing was still taking less than 10 per cent of the average budget in 1959.

Bills in Prospect

The new session of Parliament, which will be opened by Her Majesty on Tuesday, will no doubt be remembered in British history for its watching brief over Britain's approach to Europe, and for the inauguration of likely experiments in British economic policy, much more than for its legislative programme. But some advance comments deserve to be made on the major pieces of legislation that appear to be in prospect for it.

THE biggest new bill—possibly a monster of 80 or more clauses—will probably be the **Transport Bill,** which will free the top railway management of administrative concern for London Transport, canals and docks, and the state-owned bus and road haulage fleets. The bill may cause some controversy inside the Tory party because some £1,200 million of railway capital is to be written off or put in a suspense account (leaving only about £800-£900 million on which interest at varying rates up to 5 per cent will still have to be paid). But perhaps its most important succour to Dr Beeching is that the Government has at last promised that the railways will be freed of the Transport Tribunal's control over fares and charges—except in and around London where officialdom clings to the mistaken belief that public transport still enjoys a position of monopoly—and from present restrictions on property development. Changes may also be made in existing safeguards for coastal shipping from competition from inland transport; these safeguards have never been very effective and it would be wise to strike them out of the statute book altogether. In general, however, the question whether railways will ever again pay their way must depend on whether the Government and Dr Beeching prove to be realistically modest when they eventually decide what shape and size of railway system a motorised Britain should afford.

Dr Hill should look closely at the new **Water Bill** Mr Brooke left on his desk. It is designed to inject a measure of rational order, and some economies of scale, into the medley of unco-ordinated private and public enterprise that provides Britain's present system of water supply. To put responsibility for flood and drought prevention into the same hands appears sensible in principle; so does the idea of basing control by the new water conservation authorities upon major watersheds. But to enable water to be pumped from wet to thirsty areas, there should be provision for effective ministerial co-ordination of the new authorities. The boards of the new authorities should be executive rather than representative, and their financial powers ought to be made a good deal stronger than those that Mr Brooke was considering earlier this year.

THE deplorable **Immigration Bill,** which will restrict Commonwealth immigrants except when they can show that "they have a job waiting for them or are needed," may not be mentioned in the Queen's Speech. But as this legislation is coming, let it be as liberal as possible. First, all skilled workers from the Commonwealth should be allowed into Britain automatically, for the economy of the country needs every skilled worker it can get. Secondly, there should be a provision for the free entry of at least some unskilled workers—i.e. there should not be a complete bar even for those who have not lined up jobs with short-staffed industries (such as hospitals and London Transport) from Jamaica, but a mobile curtain for free immigrants that moves up and down with the state of demand for labour. As Southern Irish labourers will manage to come here anyway, the legislation is bound to be colour-bar-discriminatory in practice; if unnecessary restrictions are imposed on white immigrants in a hypocritical attempt to pretend that it isn't, these will not make the bill better, but worse.

The Government's first attempt at a new **Weights and Measures Bill** made such heavy weather that it was withdrawn last summer and a revised version substituted. This is expected to be reintroduced in the new session. It meets criticism on some points of detail by bringing more goods into the net—soap and cosmetics for example—but inexplicably still does not define the size of a small brandy or sherry. Some of the most objectionable features of the old bill remain, like the latitude given to marking packs with their gross rather than their net weight, which looks like an open invitation to stuff out with packing. And in cases where the new draft appears deliberately vague about the information that, say, greengrocers or fishmongers are legally obliged to give their customers, it actually provides shoppers, especially the timid ones, with rather less protection than the old bill.

Mr Marples's **Road Traffic Bill** foundered in the Lords last session, but it is worth persevering with it. The original bill stiffened penalties for all road offences. Thus obligatory twelve-month disqualification from driving was laid down as the penalty for six first offences, and discretionary disqualification for a further 25; anybody who committed three of these lesser offences within any three-year period was to suffer an obligatory additional disqualification of six months, even if only endorsement had been imposed in the first two convictions. The provisions to deal with drunk drivers said that account could be taken by the courts of evidence obtained by breath, blood or urine tests, and of refusal to undergo such tests; it was the prolonged controversy over this clause which delayed the bill's passage, although the provisions for disqualification were much more important.

A year ago ministers indicated that the Government was considering "comprehensive legislation covering health, safety and welfare in **shops, offices, and other non-industrial premises.**" This Factory Act-type legislation—laying down the number of cloakrooms and so on that employers of white collar workers must provide—may be introduced this year, because the Government probably wishes to overtake a rather untidy private member's Offices Act of 1960 which would otherwise come into operation in June of 1962. Two points should be made about it. First, the Government should try to avoid the age-old trap of first issuing an impossibly draconian preliminary list of suggested requirements that would drive many small employers out of business—and then having to withdraw some of the more ridiculous of these, amid a loud outcry that it is giving way to vested interests. Secondly, there should be an end to "crown privilege" in this matter; any new office inspectors should be allowed to look at government offices as well as private offices, and above all at some of the insanitary office accommodation in Whitehall itself.

MR MACLAY is due to introduce a **Housing (Scotland) Bill** in order to come more closely (but not entirely) into line with Mr Brooke's new Housing Act in England. Scottish housing conditions (including a large slum clearance programme) are rather worse than in the south, but many Scottish councils have been charging absurdly low rents and letting the burden fall on the ratepayer. Mr Maclay should cut down Exchequer subsidies to Scottish councils which do not charge "reasonable" average rents; for this purpose average rents at this year's revised valuation figures for council houses (£40-45 a year) would still be absurdly low.

A minor, but hotly contested, measure (which has already

prompted one Scottish Tory from a fishing constituency to resign the Whip) is the **Salmon (Drift-net Fishing) Bill.** This will prohibit drift-net fishing for salmon around the Scottish coast, both inside and outside territorial waters, with power of extension to areas outside English territorial waters if necessary. Although this may look suspiciously like protection for an upper-class sport, it is eagerly supported by operators of stake nets in the Scottish rivers, who have suffered from the rapid rise in drift-netting by subsidised inshore fishing vessels off the Tay and Tweed, where a state of naval warfare has existed between the rivals. It should provide some interesting debates.

Among other bills in prospect, Sir David Eccles's reform of the Burnham negotiating machinery for **Teachers' Salaries** will now be delayed to allow for discussion among the interested parties. By contrast Mr Lloyd has hinted that he may bring forward in advance of the budget his limited **Capital Gains Bill,** which will ensure that "certain transactions such as short-term deals on the stock exchange and in property which are intended to bring in spending money and incomes will be taxed as such."

Any such hurrying forward would be a palpable sop designed to make his wages pause look fairer ; a hurried bill would probably either have to look absurdly narrow to the trade unions, or else be much wider in its effect than it was originally meant to be. One's fear is that the Tories may be going to make the same sort of muddle as they did with the Excess Profits Tax, and introduce a measure that is too silly to last. If so, serious consideration of the very reasonable case for a capital gains tax on all property sales (which should be tied in with a new approach to the problem of land planning) may be jeopardised. A bill that should certainly be brought forward is to reform the structure of **Local Government in London** along the lines recommended (with some reservations on education) by one of the best of recent royal commissions.

The proposed measure for **Protection of the Investor**—regulating the acceptance of deposits from the public—has run into constant drafting difficulties ; it might be better to hold it over until after the full Jenkins report appears. There are indications that the promised bill to create an independent authority to run the main **Civil Airports** will be delayed.

BOOKS

Unbreakable Hero

The History of Broadcasting in the United Kingdom, Volume 1: *The Birth of Broadcasting*
By Asa Briggs.
Oxford University Press. 415 pages. 42s.

BRITAIN is a nation noted for the impermanence of its idols: the respect and even adoration felt for such figures as T. E. Lawrence, Haig and Chamberlain can turn swiftly to ribaldry and contempt—perhaps justly, for we are noted equally for our gullibility in the face of large claims on our sensibilities. The mirth that greeted Lord Reith's forlorn plea, in *The Times,* for advice on the destination of his diaries of fifty years may be thought to have presaged another such reversal of image ; but, in fact, the diaries that matter, those between 1922 and 1938, have already fallen into hands worthy of them and, taken together with the considerable body of reminiscence and record of the period available to Professor Briggs, present us with an unbreakable hero, a man who occupied a strategic post in modern British history and changed, for the better, all our lives, who had, as he saw it, "a great work to do" and did it, undeniably, greatly.

For "The Birth of Broadcasting" is above all about Reith, as the subsequent volumes in this meticulous and scholarly history of a social revolution also cannot fail to be. Nothing that went before his advent to the general managership of the new British Broadcasting Company (and not much that came after his retirement in 1938 from the corporation which grew out of the company) is so important as Reith, so relevant to the shape of mass communication in Britain today. Nor is it remarkable, after a reading of this history, that this influence should last so long: what is remarkable is that it should have been founded not in the life of the corporation but in the four years that preceded its charter, four years in which radio grew from toyhood to social force.

Professor Briggs's first volume (two or three more are promised) concerns itself chiefly with those four years, 1922 to 1926. At the beginning of that period, in the face of intense opposition from government departments (chiefly the Post Office and the armed services), which felt that they had interests vested in radio and that the security of the country depended on those interests, Marconis and other firms agreed among themselves and finally with the Post Office to set up an organisation for the general dissemination, as opposed to the point-to-point transmission, of "messages by wireless." Their interests were neither the security of the country nor the entertainment of its people, but the proliferation of their own manufacture of radio sets, so much so that the company formed to broadcast for them was virtually non-profit-making, its dividend being fixed at 7½ per cent.

That they managed to get this far was not Reith's doing: it was only after the consortium had begun business and was already transmitting a minimal programme that he, at a loose end and ambitious, applied for and captured this unexpected stronghold of influence on the life of the whole nation. But it was he who, suddenly enlightened on the nature of his duties and their scope, guided the enterprise out of the hands of financial and sectarian interests and into the hands of his deeply respected "public," using the weapon of unified control which the manufacturers had insisted on if the chaotic example of America was to be avoided.

Professor Briggs shows that it was in these years of private enterprise that the characteristics of the BBC as we know it were bred and not, as is generally thought, in the early years of the corporation, when popular imagination saw it as an instrument of government (an impression understandable in view of the role it played in the general strike of 1926 when, while being as fair as it could, it did much to ease the government's task).

The key to Reith's success was his absolute control of an organisation itself in absolute control. In his view the public (never the masses, always the public) were intelligent but deprived, and with the mystery "God-given" into his hands, he intended that their deprivation should not last long, that their taste and welfare should be raised by "the brute force of monopoly." This view was not universally popular: there were those who saw in broadcasting not the instrument for enlightenment, education and culture that Reith saw, not even the means of giving the public the trifling entertainment which Reith allowed only in small doses—and then diluted—but a way of undreamed of profits. The *Daily Express* among others conducted an intensive campaign against the monopoly, Reith and the GPO, the while offering to provide a free (that is, sponsored) programme itself—an offer mercifully not taken up by the Post Office, which alone issued licences to broadcast.

But Reith's friends were powerful, too, and the major newspapers (this one among them) supported him then in his contention that this was Promethean fire, to be treated carefully and controlled if chaos was not to supervene. After two committees of inquiry the public service for which he had laboured so hard was incorporated by royal charter. Life in Britain today would have been different if it had not.

Naturally, if fortuitously, the publication f this volume is opportune to the deliberaons of the Pilkington Commission, conerned as it is, though in a much different etting, with much the same arguments bout competition and monopoly as raged 1926. Much of Professor Briggs's source aterial will no doubt be new to the comissioners ; it cannot fail to be grist to their ill. His own conclusions from the early vidence are clear enough :

> The temptation to exploit large numbers of people has grown as it has become abundantly clear that effective technical means lie at the disposal of would-be exploiters and that the profits of exploitation are huge. Moreover, the moral issues have been blurred by a great deal of loose thinking and equally loose writing. Much of the recent writing on the BBC falls into this category.

Two Passages to India

A Time in India
By C. Ross Smith.
Macdonald. 292 pages. 30s.

India: *Mirage and Reality*
By Peter Schmid.
Harrap. 256 pages. 25s.

THESE are two remarkably similar books. Mr Schmid is an observant Swiss with n eye for a picture and very well served by is translator. Mr Ross Smith is an Ameri-an who has spent much time in Paris, every it as sharp in spotting and reporting. The ommon quality they bring is an element f discovery and wonderment about India hat nowadays largely eludes the British, whose forebears wrote on India with greater cholarship and romance. Messrs Schmid nd Smith are seeing it all for the first ime, with eyes unimpeded by the past lories and shames of an imperial raj or by redispositions and affections for India and ndians that have been released since indeendence among so many British students f Indian affairs.

It is as if one were seeing it all again for he first time—the monuments, the millions, he squalor and the hope. The ambivalence —favourite Indian word—is well brought ut. "Dialogue with a Hindu is like a game f tennis in a fog. You demand precise letails and facts: the Hindu will evade them y lengthy general disquisition." So Mr Schmid ; he might almost have shared that hree-hour car ride to Bokhara during which n intendedly straightforward question bout the present condition of the Indian oal industry was taken back to 1925 and brought no further up to date than 1927. Both writers make shrewd—and for them riginal—assessments of Indian societies and eligions. Their tourism too is of a high rder. If Mr Ross Smith loses himself motionally in contemplation of the Taj Mahal, he gets Fatehpur-Sikri gloriously ight: "All men must have felt completely t home at Fatehpur-Sikri." And they make honest attempts to come to terms with the rotic sexuality of the sculpture that adorns Khajuraho and so many other Hindu temples.

On politics and economics, neither book offers conclusions of high significance. Indeed, Mr Schmid has a chapter boldly labelled "The Steel Battle for India" that can only be characterised as superficial. There is little on government, planning, or the prospects of Indian development. But both books paint a comprehensive and occasionally vivid social and cultural background, with all the richness and internal contradictions, which in the end will determine whether a comprehensive Indian government will prevail and whether the Indian people will grasp their opportunities for betterment. They are two literate attempts to solve some basic Indian puzzles.

Tawney's Century

Essays in the Economic and Social History of Tudor and Stuart England
Edited by F. J. Fisher.
Cambridge University Press. 235 pages. 30s.

THESE essays were written in honour of R. H. Tawney and presented to him on his eightieth birthday. Similar tributes have recently been paid to Sir John Neale and Professor Notestein, so that with the publication of these essays each of the great trio of Tudor and Stuart historians can contemplate his triumphal arch. Such monuments often make the observer reflect gloomily on the contrast between their stereotyped design and craftsmanship and the inspiration of the victories they commemorate. Here the first and last panel form striking exceptions. Mr Coleman combines precision with vitality in his description of the activities of that "rich tycoon," Sir John Banks, the Restoration financier, setting these firmly in the setting of monetary scarcity. Professor Fisher in his introductory essay, unfortunately the shortest in the book, sets "Tawney's century" in a new perspective. Starting with a happy quotation from *Lloyds Bank Review* on the underdeveloped parts of the world today, he draws the parallels with the economy of the late Tudor and early Stuart period, and suggests that "the task of the historian is less that of demonstrating the expansive force of economic ambition than that of examining the impediments that contained it." Professor Tawney has stressed the impetus given by the acquisitive forces in society ; Professor Fisher is concerned to emphasise the technological and social obstacles to economic growth.

The other essays deal with agrarian history, trade and government finance, apart from Mr Hill's contribution, which seeks to clarify the interdependence of Protestantism and capitalism. Mr Hill assumes that some connection between them is now accepted by most historians with the conspicuous exception of Professor Trevor-Roper. However, two of the contributors to this volume are also heretics. Professor Fisher finds the attempt to identify a capitalist ethic distinct from the simple and enduring desire for economic gain unconvincing ; and Mr Coleman refuses to regard Sir John Banks as moved by "a nebulous Protestant Ethic urging frugality and mysteriously favouring the reinvestment of gain," but shows him responding in a practical if unedifying way to the opportunities open to a man with money to lend at a time when money was scarce. Mr Hill's argument relies on a specialised definition of the "capitalist spirit," and his emphasis on Luther's theology stands in interesting contrast to Professor Tawney's own dismissal of Luther as a "capricious volcano," notable for his patriarchal ethics and his "hatred of economic appetites."

Mrs Thirsk has a thoughtful essay on rural industries, in which she suggests that their location should be explained more by the social structure of local communities than by the factors of easy access to raw materials or the demands of the market. Her evidence is drawn from the remoter parts of Westmorland and the Yorkshire dales as well as from southern England ; and she has given a valuable lead to local historians anxious to relate their work to general problems. Mr Aylmer adds an extended footnote to his study of the civil service of Charles I. Mr Ashton has a useful account of the splits within the City produced by the policies and expedients of Charles I's government ; but he is disposed to exaggerate the novelty and sophistication of his main argument. Mr Stone has an attractive essay on Robert Cecil's rich harvest of wealth from office. Limitations of space have prevented him from showing how he reaches all his figures, but he certainly establishes that Cecil "used his official position for personal financial gain on a very large scale." Only a much fuller study could establish and reconcile the conclusion that in respect of official morality "things had clearly gone downhill sharply during Salisbury's tenure of office" and that Salisbury was "a shrewd and clear-headed statesman who worked actively to further what he conceived to be the best interests of his country."

Russia's Trade Policies

The Challenge of Co-existence
By Milton Kovner
Public Affairs Press, Washington. 136 pages. $3.25.

"WE value trade least for economic reasons and most for political reasons." Thus Mr Khrushchev in 1955 to five visiting US Senators, and Mr Kovner writes to illustrate and establish the theme. This study provides a salutary—and at present a timely—reminder that sabre rattling conveys only part of the Soviet challenge: more subtle and continuing economic challenges may ultimately be much more decisive. The argument is familiar to specialists, but in chapters devoted to Soviet policies towards less developed countries

new insight is provided. We are reminded that the manipulation of trade and trade policies is much easier and of greater advantage for a totalitarian power than for a democracy. Trade can be adjusted in order to bolster some regimes, or to inhibit —perhaps destroy—others: Soviet imports of Egyptian cotton between 1956 and 1959, and the economic blockade of Jugoslavia from 1949 to 1953, are cases in point; decreased trade with Australia from 1954 to 1959, and the careful wooing of the Finnish economy, are others.

The main flaw in the work is the assumption of Russia's omnipotence in economic affairs. There is not sufficient stress—or documentation—on the pressing problems that afflict the Soviet economy continuously. Mention is made of some shortages, and the growing pains of each five year plan. But Russia's dependence on imports in, for instance, rubber, cotton, wool and other vital raw materials, makes it utterly dependent in several areas of trade; again, the internal demand for many capital and consumer goods can no longer be restrained as in earlier decades. Soviet trade—and hence Soviet foreign policy—is less independent than Mr Kovner's study suggests.

Statistics are usefully employed throughout the book, but only in the baldest form of percentages and trends: the study would be more valuable to specialists (not least to economists and Kremlinologists) if there were a closer analysis of trading figures from yearbooks. The most useful chapters relate to Soviet policies towards underdeveloped countries, and the author skilfully examines Russian strategy for speeding the end of colonialism.

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September 30, 1961

RESOURCES

Cash and due from Banks	$143,581,765
United States Government Securities	112,942,244
Municipal and Other Public Securities	21,624,238
Other Securities	3,079,814
Loans and Discounts	286,024,729
Banking Houses and Equipment	11,492,044
Customers' Liability for Acceptances	28,521,304
Accrued Interest and Other Resources	4,674,060
	$611,940,198

LIABILITIES

Capital (270,000 Shares—$100 Par)	$ 27,000,000
Surplus	20,000,000
Undivided Profits	10,395,374
Reserve for Contingencies	5,716,980
Dividend Payable October 2, 1961	810,000
Deposits	510,045,200
Acceptances	29,745,880
Reserve for Taxes, Interest, etc.	4,459,744
Other Liabilities	3,767,020
	$611,940,198

Securities pledged to secure U. S. Government Deposits and for other purposes as required or permitted by law $32,880,652.

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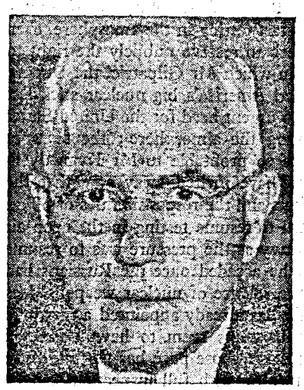
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AMERICAN SURVEY

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



McCone

America's New Spy Master

WASHINGTON, DC

SPYING is big business in America. The Central Intelligence Agency, roughly the equivalent of Britain's MI6, costs the taxpayers well over $500 million a year. It has about 10,000 employees in Washington, though there has been a cutback in recent years, and many more abroad. Those at work in Washington are scattered through about thirty office buildings, but are shortly to transfer themselves and their closely guarded files across the Potomac River to a brand-new, $50 million headquarters in Virginia.

The CIA is also about to get a new chief. President Kennedy has selected Mr John McCone, who was Mr Eisenhower's last chairman of the Atomic Energy Commission, to succeed Mr Allen Dulles as Director of Central Intelligence and there seems little doubt that the Senate will confirm the appointment when it meets in January. Mr McCone is of craggy Scottish descent and he is a rich Republican and ardent Roman Catholic who is reputed to have a molten temper and a whim of iron. The liberal wing of the Democratic party disapproves of the President's appointment of Republicans to high positions in the Administration and it disapproves particularly of Mr McCone, who has been a firm believer in massive retaliation and was a strong opponent of the moratorium on nuclear tests.

But leading conservative Democrats on the Congressional Joint Committee for Atomic Energy are believed to have sponsored Mr McCone for the central intelligence post because he established flattering relations with them when he was chairman of the Atomic Energy Commission. The directorship of the CIA is said to be one of the two or three most important choices that a President may have to make and the CIA is under fire in Congress. Mr McCone's backers evidently believe, in the light of his past performance, that he is well fitted to handle just such a situation. What his critics fear is that this zealous man will behave in his new job like a sort of McCone the Knife, making the hot role that the CIA has been playing in the cold war still hotter. But the Kennedy Administration apparently feels confident that, while Mr McCone will employ his undoubted administrative talents to prune the agency's overgrown bureaucracy, he will refrain loyally from embarking on adventures similar to that in Laos last year and in Cuba this year—adventures of a sort that this scalded Administration is far from wishing to repeat.

The Central Intelligence Agency does not confine itself to spying. It is credited with having helped to oust Mr Mossadegh from the premiership in Iran in 1953, and Dr Arbenz from the presidency in Guatemala in 1954. Last year, in Laos, it apparently helped to persuade the strongly right-wing General Phoumi Nosavan to leave Vientiane and raise a southern army to drive the neutralist Prime Minister, Prince Souvanna Phouma, from power, instead of accepting his offer to join the cabinet as Vice-Premier and Minister of the Interior. This action was taken in the teeth of warnings and protests by both the French and the British, who predicted, correctly, that it would provoke a communist counteraction that would have more chance of success than the CIA's gambit. The agency's stock has been low since a U-2 spy aircraft was shot down in Russia in 1960, and it slumped heavily after the fiasco of the attempted landing of anti-Castro rebels in Cuba last April.

The anti-Castro forces were equipped and trained under CIA auspices in Guatemala on "ranches" and at a "shrimp factory" that the CIA rented as cover for the operation. Since the Cuban venture's ignominious collapse, a first-class row has been going on behind the scenes involving the Joint Chiefs of Staff, the Department of State and the White House, but at least some Americans are more concerned with the dubious morality of the Cuban affair, even if it had succeeded, than with who is chiefly to blame for its failure. Reportedly the Cuban rebel "leaders" were treated like pawns and a Congressman has accused the CIA of trying to "predetermine the composition and orientation of the proposed Cuban government" that was to have replaced Dr Castro.

SENATOR EUGENE MCCARTHY thinks that Congress would not have permitted the Cuban adventure had it been told about it in advance. It was not. At present, Congress votes money for the agency, but it does not know how much the CIA gets because the CIA's budget is concealed in appropriations for other departments, like the new fur coat in the expense account of the newspaper correspondent who said it was in there somewhere but that he defied anyone to find it. The agency is believed to get considerably more than the entire cost of the State Department. The Director of Central Intelligence reports once or twice a year to a dozen highly influential members of the Appropriations and Armed Services committees, but apparently they ask him very few questions. One member, Senator Saltonstall, said that "as a member of Congress and as a citizen" he preferred not to have the information that Mr Dulles was willing to give. Another, Senator Russell, said that it "chills the marrow of a man to hear about" such activities as those of the CIA.

Senator McCarthy, however, has proposed, as a result of recent mishaps, an enlarged congressional joint committee to supervise the CIA. This revives a proposal made five years ago by Senator Mansfield, and supported by the then Senator Kennedy, for a joint committee that would make itself "fully informed" about the CIA, with the right to subpœna witnesses and call for documents. Under strong pressure from President Eisenhower, Mr Allen Dulles and his brother, the late John Foster Dulles, who was then Secretary of State, the Mansfield proposal was defeated—and Senator McCarthy's new attempt to gain greater congressional control over the CIA is not expected to fare any better, even though Senator

Kennedy is now President Kennedy. "You can't conduct spy operations and tell Congress everything," explains Mr Kilday, a Democratic member of the House Armed Services Committee.

Last May the President reappointed Dr James Killian as head of a board of foreign intelligence consultants, a post that Dr Killian held under Mr Eisenhower, when the CIA continued to grow in power and prestige without any interference. Mr Kennedy has also asked General Taylor to review American intelligence work in the light of the Cuban debacle. It seems possible that in future the agency will be expected to leave the planning and mounting of military undertakings to the military, and may also be required to co-operate more closely with the State Department as well as with the Department of Defence. But neither of these seems inclined to take over from it what Americans call the "department of dirty tricks" which, in conjunction with the agency's huge financial resources, its thousands of operatives and the almost unrestricted power of its director to use both for secret projects in foreign countries, gives thoughtful Americans most cause for alarm.

The CIA was set up in 1947 by the National Security Act, which gave it the three functions of co-ordinating the work of the other intelligence units, performing such other functions relating to national security as the National Security Council, a central policy-planning agency for the President, may direct, and acting, through its director, as chief adviser and consultant on intelligence matters to the President and the National Security Council. Because there were considerable fears that it might become a sort of Gestapo, the CIA was expressly forbidden to engage in domestic security functions, a ban that still applies. In 1949 it was made exempt from any law requiring disclosure of its organisation, functions, numbers or finances. Its subsequent vast growth has been due partly to the cold war and partly to the agency having Mr Dulles as its director while his powerful brother ran the State Department. Both brothers had ready access to the President. The National Security Council directed the operations of CIA, but Mr Dulles advised the Council, and the President, what operations the CIA should undertake.

President Eisenhower allowed the CIA to recruit and train an invasion force against Cuba, because he thought Cuba was drifting into communism, and President Kennedy allowed the invasion to be launched. This month Mr Kennedy told a press conference that American aid was intended to help countries that wished to maintain their sovereignty and independence. But withholding aid from governments that seem to be yielding up their independence by going communist is one thing; subterranean acts against such governments are quite another. It is said in defence of such CIA activities that they are intended to bolster the "democratic forces" in foreign countries, to counter Russian bolstering of anti-democratic forces. This week, however, Mr Harlan Cleveland, an Assistant Secretary of State, said that "the best answer to the stealthy Soviet practice of indirect aggression is often not reciprocal stealth but the highlight of publicity." Some Americans think the time has come to end the sort of morality that believes it is right to do wrong so long as the right side is doing it.

Atomic Testing for Peace

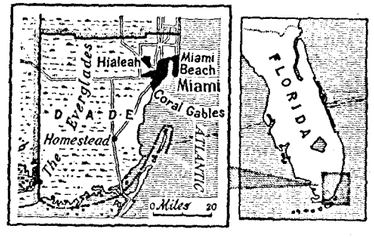
THE President's announcement that the first step toward developing peaceful uses for atomic explosions is to be taken in the salt caverns of New Mexico comes, probably not by accident, in a week when the world is preoccupied with the fall-out from the Russian tests of atomic weapons. The experiment, which will probably be made in December, is primarily to determine whether the heat released by an explosion of the force of 5,000 tons of TNT can be stored and tapped for the production of electricity. It would have taken place sooner but for the desire of the United States to do nothing to arouse Soviet suspicions while the talks on a ban on nuclear tests were still proceeding. Observers from countries which are members of the United Nations, including the Soviet Union, will be welcome to watch Project Gnome, though not to examine the explosives.

No radioactivity will escape into the air from this experiment, just as none has escaped from the handful of weapons tests which the United States has conducted underground since the Russians resumed testing. America has harvested such golden opinions from this restraint (and from the Russians' lack of it) that Washington would be most reluctant to start testing in the amosphere, even though it felt compelled last week to reserve publicly the right to do so. Moreover the bold way in which Mr Gilpatric, the Deputy Secretary of Defence, brandished America's big nuclear stick last weekend suggests that there is no urgent need for the United States to join the Russians in polluting the atmosphere; the fears of American weakness, which were so profitable to Mr Kennedy in his election campaign, seem to have melted away now that the Democrats have both the full facts and the responsibilities of office.

The pressure on the President to resume testing in the open air is apparently nothing like as heavy as the pressure was to resume testing underground, to which he acceded once the Russians had broken the moratorium. But the science of nuclear weapons does not stand still and Mr Kennedy has already appointed a group to consider the question. If the Russians seem to have learned a great deal from their present series (whose pace has surprised the Americans) and no new moratorium, with full inspection, can be achieved, the pressure on Mr Kennedy will rise. This will be particularly true if the Russians appear to be making rapid progress toward an anti-missile missile, which cannot be tested underground and which may someday represent the difference between destruction and survival. But in other tests as well the country limited to underground explosions is at a disadvantage compared with one which has no scruples about radioactive fall-out.

Reprieve for Metro

THE reputation of Miami is said to have been founded on fast women and slow horses, but recently this corner of the sunshine state has attracted attention for a more sober undertaking—the introduction of a regional form of government novel to the United States. Last week, however, it looked as if the four-year old metropolitan government of Dade County (known as Metro) might meet an untimely end; at a public referendum in the county voters were asked to approve a string of amendments that would in effect have killed the experiment. To the surprise of some and the intense relief of its backers, Metro pulled through. But with 48 per cent of the votes cast in favour of the hostile petition the future of Metro remains uncertain.



The idea of imposing a new layer of government on top of existing local authorities has been controversial from the start. The staunch supporters of Metro—civic leaders, business groups, the local newspapers—argued that only regional planning and administration could restore order to public services in the Miami area. Not only had responsibility for them been divided in the past between 26 municipalities, but population was also pouring into the region, much of it settling in the unincorporated hinterland where builders were hard at work converting patches o

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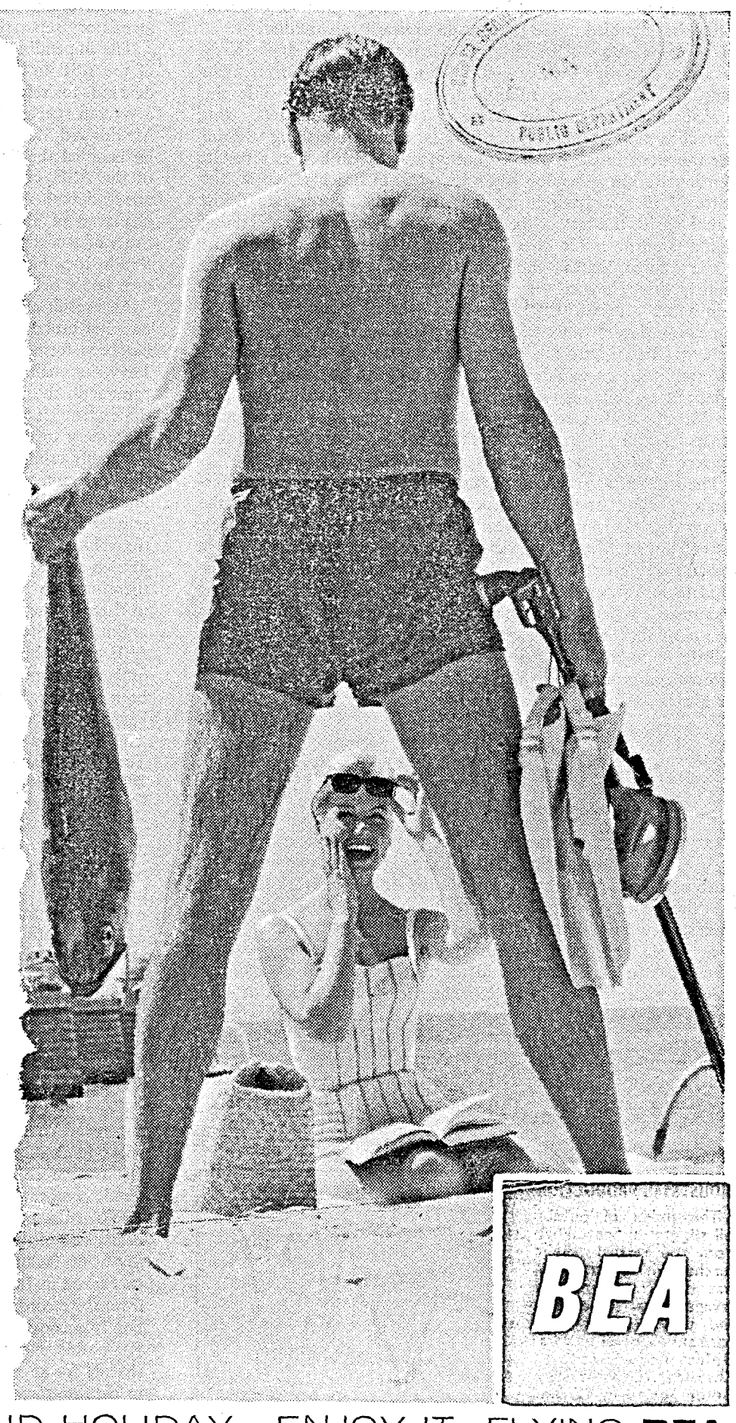
This is a summary of the conclusion reached by medical men* concerned with the health of the nation's top management. Their work has convinced them that for men in important positions a second holiday is no luxury. It is an absolute necessity.

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*The Health of Business Executives — Transactions of a One-Day Conference held by the Chest and Heart Association in the Royal Festival Hall, London on 20th November, 1959.



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swampland into desirable building plots. The population of Dade County has doubled in the last decade to nearly one million.

Under the terms of its charter, Metro was given responsibility for all county-wide services—for planning, traffic control, main roads, water, sewerage, rubbish disposal and so on—while the municipalities remained in charge of purely local matters. But in practice most of these bodies have been quite unwilling to hand over functions to the higher authority, and Metro has, as a result, been involved in some 600 law suits. Miami Beach which, as the centre of the tourist industry, is particularly reluctant to throw in its lot with the rest of the county, took its case for maintaining an independent traffic court all the way to the Supreme Court of the United States—and lost last week. What is more, the municipalities show no signs whatever of withering away (as had been hoped). Instead the existence of Metro has spurred them on to new (and sometimes directly competitive) activities. Despite these rivalries, Metro has made good progress in some fields. It has established a single traffic court and uniform traffic and building codes; it is building express roads and a new $20 million port for Miami; and it has made a start at organising county-wide transport. But to a large extent it has supplemented and not replaced the old pattern of government.

The latest attack on Metro has been led by one of its ex-commissioners, Mr McLeod, who has been telling voters up and down the county that Metro represents an additional and wholly unjustifiable cost of government. His views have received warm support in a good many quarters, particularly among small householders who stand to lose from the revision of rateable values that Metro has undertaken. Metro still has strong and influential supporters, but it is clear that its narrow victory at the polls last week has given it little more than a breathing space for a crash programme of reforms and economies before the forces of the opposition regroup for a new assault.

Self-Control at the Curb

FROM A CORRESPONDENT IN NEW YORK

WALL STREET is seriously worried about one of its own institutions—the American Stock Exchange. Once known as the Curb because of its pavement origins, the American Stock Exchange lists the shares of a great many relatively small, unseasoned companies, including some of the most popular growth stocks. It has always been regarded as something of a brash upstart by the senior New York Stock Exchange and the rest of Wall Street, although they have been prepared to accept the wide fluctuations in its share prices as one of the risks of the game. But this tolerant attitude has cooled perceptibly since the disclosure of a $10 million manipulation by the Res, a father and son team of specialist dealers on the American Stock Exchange. The Re case has led not only to a major investigation of the ASE itself, but also to a full scale inquiry —at the behest of Congress—into the entire securities industry. The latter could produce some fundamental revisions in the regulations governing the markets; for instance, it could result in a mandatory separation of the functions of broker and dealer.

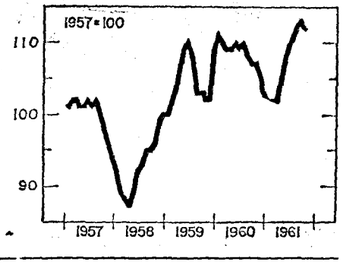
The impending investigation, as well as the apparent reluctance of the ASE to discipline some of its own members, has brought demands for reform from inside the ASE itself. Mr David Jackson, a veteran specialist on the ASE, has demanded the resignation of Mr Edward McCormick, the president of the Exchange, for the way he handled the Re case. And a small group of younger members of the ASE, christened the "Young Turks" by the press, have attacked both Mr McCormick and Mr Joseph Reilly, the elected chairman of the ASE. More important, a group of the largest firms of stockbrokers, including Merrill Lynch, Pierce, Fenner & Smith, Inc., have made it clear that the ASE should clean up its own house before Washington steps in to do the job.

As a result of these developments a blue-ribbon committee, composed of brokers and investment bankers, all members of the ASE, has been formed to look into the exchange's affairs. Mr Gustave Levy, its chairman, has said he is determined to sort fact from rumour in the scandals being whispered about the ASE, to recast the exchange's rules and regulations, and to give the ASE adequate machinery to police itself. This will not be an easy task. It will inevitably crimp the style of operators on the ASE floor, and will thus encounter the opposition of many members who have already lined up behind Mr McCormick. Their support for him is understandable; since Mr McCormick assumed the presidency in 1951 the volume of trading on the exchange has soared from about 110 million shares a year to well over 400 million this year. Members, therefore, are prosperous and by and large have little inclination to change things.

But Wall Street in general recognises that the reputation of the ASE cannot be divorced from its own. The big firms of stockbrokers have too much at stake to permit the kind of laxity that has been revealed. Even some of the companies listed on the ASE have become uneasy, fearing that their own standing may be jeopardised; a number of them have applied for listing on the New York Stock Exchange. These factors, as well as the knowledge that Washington is prepared to move in if Wall Street fails to police itself adequately, should help Mr Levy in his task.

INDUSTRIAL PRODUCTION

The index of output fell slightly in September from the record height reached in August; this was due chiefly to the ravages of hurricane Carla and the strikes against Ford and General Motors. Unless negotiations at Chrysler, the other big motor company break down the advance should be resumed soon.



Mississippi's Gathering Storm

THE city of Washington is full of ideas for tackling racial discrimination: the Civil Rights Commission has just submitted two more reports on racial handicaps—one on housing, the other on jobs; there are plans for a Freedom Ride along Route 40, the road from Washington to Baltimore where so many African diplomats (and native Negroes) have been refused service at restaurants and cafés; and three big southern railways have announced the end of racial segregation at their terminals. But the next real battleground may lie in Mississippi, the poorest state of the South, the one with the highest proportion of Negroes and the one where any racial change has seemed almost unthinkable. Few Negroes vote; in Panola County, which the Department of Justice has just taken to court, only 10 of 7,250 Negroes of voting age are registered, compared with more than 5,000 of the 7,639 whites.

When the Freedom Riders passed through the state last summer nearly 200 of them were arrested on charges of breaching the peace (by using facilities reserved for whites). Although a federal court was asked in June to order these arrests and convictions expunged from the record, on the ground that the state law requiring segregation is unconstitutional, the judges have kept postponing any ruling. Early this month the Department of Justice asked the court sharply for an early decision which, if necessary, could be appealed to the Supreme Court. As things stand the delay of the judges and their reluctance to interfere with the state courts leaves standing all these wrongful convictions.

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September 30, 1961

RESOURCES		LIABILITIES		
Cash and Due from Banks	$169,780,305.63	Capital Stock		$ 15,000,000.00
U. S. Government Securities	315,588,588.87	Surplus		32,000,000.00
State, Municipal and Other Securities	103,860,380.51	Undivided Profits		8,932,665.96
Loans and Discounts	290,389,448.72	Reserve for Taxes, Interest, etc.		10,774,661.74
Federal Reserve Bank Stock	1,410,000.00	General Reserve		10,115,781.05
Bank Premises	3,750,000.00	Dividend Payable October 2, 1961		562,500.00
Customers' Liability, Account of Acceptances	11,663,784.95	Acceptances Outstanding		11,663,784.95
Other Resources	4,917,799.51	Other Liabilities		777,500.92
		Deposits:		
		Demand	$479,983,681.16	
		Time	260,617,166.55	
		U.S. Government	70,932,565.86	811,533,413.57
Total	$901,360,308.19	Total		$901,360,308.19

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The real trouble, however, is brewing in three counties further south, along the Louisiana border. Here students who conducted a "sit-in" and a parade as a protest against segregation were expelled from school; those over 18 were arrested; and a 15-year old girl was sent to a state home for juvenile delinquents. Negroes and whites who came from outside the state to encourage the local Negroes to vote have been beaten up; one Negro has been killed (in "self-defence"); and local Negro leaders have been arrested. In one extraordinary case a Negro voting instructor, Mr Hardy, was attacked by a voting clerk; it was Mr Hardy, not his attacker, who was arrested for a breach of the peace. Because voting rights were involved, the Department of Justice has intervened to ask that this prosecution be dropped. But in general its powers are limited. Negroes courageous enough to speak out in Mississippi can often not even count on legal help; there are very few Negro lawyers and no white ones will defend them in cases involving racial matters.

Third Force in Michigan?

FROM A CORRESPONDENT IN DETROIT

For more than a year Mr George Romney, the exuberant president of the American Motors Corporation, has devoted a part of his abundant energies to a group called "Citizens for Michigan," of which he is the leading spirit. The object of the group is to encourage citizens of substance who are beholden to neither political party to take greater interest, and perhaps participate, in the government of their ill-run state. Mr Romney has long been concerned over the fact that, for the last decade Michigan has been the rope in a tug of war between Mr Reuther's United Automobile Workers' union, which has the state Democratic party in its pocket, and the big business interests which operate the state Republican party more or less as a branch of their public relations and tax departments.



The Citizens for Michigan played an important part in a campaign last spring which has led to a special convention, now in session, for re-writing the State Constitution—a document which dates back to 1908 and is badly in need of modernisation. For the purposes of the convention Mr Romney has called himself an "independent Republican"; much as he dislikes it he cannot avoid a party label of some sort, and he could never fit into the Democratic party in Michigan, which requires its members to rubber stamp the programmes put forward by the automobile workers. Mr Romney is one of three vice-presidents of the convention. If he displays there some of the drive and leadership that have characterised his other ventures, he may emerge as a leading candidate for the Governorship of Michigan in next year's elections and, conceivably, he may become a national political figure by 1964, the next presidential year.

In many ways Mr Romney is a familiar figure in American life: the successful businessman who turns to public affairs. The exceptional circumstance in his case is that in any bid for elective office he would get only lukewarm support from some of his fellow businessmen and bitter opposition from others—particularly his colleagues in the automobile industry. For in his fight to keep American Motors (which makes the Rambler car and Kelvinator appliances) in the race with the three big motor manufacturers he has been a constant thorn in his competitors' flesh.

Most recently he has irritated, if not alarmed, the rest of the automobile industry by reaching a new three-year agreement with Mr Reuther, the president of the United Automobile Workers, which includes provision for profit-sharing or, as Mr Romney prefers to call it, "progress-sharing." Also unpopular in Detroit was his scheme, announced last winter with much fanfare, to "share progress" with the buyers of Ramblers by returning to them, in government bonds, part of the purchase price if the number of his cars sold exceeded a stated total. But the real damage to his relations with the officials of the other motor companies was done a few years ago when Mr Romney embarked on an extremely hard-hitting sales campaign to promote his Rambler car—then the only "compact" car made in the United States. He not only ridiculed the size of his competitors' products but, by implying that their construction was obsolete, also aroused a faint question about their safety. Even in the citadel of free enterprise this was regarded as not quite cricket.

Mr Romney became president of American Motors in 1954, a few months after its creation out of the merger of two automobile companies—Hudson and Nash—and at the death of the architect of this union. He was 47 years old and had never before run a company. The new enterprise was awash in debts to the tune of $70 million, and was losing more money every month. By ruthless economies, by being the first to introduce the smaller car that proved so popular with the American consumer and by persuading bankers and insurance companies not to foreclose, Mr Romney emerged with a company that, in the year ending September 30th, 1960, had sales of more than $1 billion and earnings after tax of nearly $50 million. (The 1961 figures will not be so shining but they will be comfortably in the black.) It is Mr Romney's boast that his company makes more money in relation to its investment than any other motor manufacturer—including the General Motors Corporation.

The possibility that Mr Romney may emerge as a commanding figure in American politics bothers a great many people and encourages many others who have been exposed to his magnetic personality—a term that should be reserved for people like Mr Romney. He is no demagogue though he often sounds like one. He is a man of such rock-ribbed integrity and earnestness that a cynical society has difficulty in accepting him at face value. And he is a salesman of awesome talents who is inclined to oversell his wares; this has been apparent in nearly all the manoeuvres that have drawn attention to him in the past few years. For instance, the Rambler, though undeniably a good product, has had difficulty in living up to the extravagant claims that he made for it. His "crusade" to share progress wih the consumer was quietly abandoned after only one month of rebates. And, in his recent negotiations with Mr Reuther, Mr Romney has had to eat some of his words.

When talks on a new labour pact began last summer Mr Cushman, the vice president of American Motors, vowed that AMC would not sign a contract which included either an automatic annual increase for improved productivity or a clause which relates wages to the cost of living index because of their inflationary impact (both of them were originated by and staunchly defended by the General Motors Corporation). Eliminate them, the union was told, and we will offer you a plan by which your members can share in the profits. The profit-sharing scheme was quite satisfactory to Mr Reuther but, since the "Big Three" had already offered to renew both the improvement factor and the cost of living clause, he insisted that these, too, should be included in any agreement with American Motors. Mr Romney had either to accept these terms or let Mr Reuther conclude a deal with the Big Three which American Motors would then have to accept or undergo a strike. He chose the former, and conceded the very clauses whose elimina-

tion was a condition of the progress-sharing offer.

In claiming that the agreement does not increase the company's labour costs, Mr Romney is once again overselling his wares. But while his fellow businessmen may reproach him for this trait of his personality, the voting public probably never will. In politics, the product that he will be selling is himself: an articulate, imaginative, vigorous man (he trots round the golf course at dawn, winter and summer, for pre-office exercise) of impeccable rectitude. He is president (the equivalent of bishop) of the Detroit branch of the Church of the Latter Day Saints and he fulfils the obligation of all good Mormons to give 10 per cent of their income to the church. He neither smokes nor drinks alcohol or coffee; he was a missionary overseas in his youth and once preached in Trafalgar Square. His career has included being a congressional employee and a lobbyist in Washington and few businessmen of his standing have such a detailed knowledge of the processes of government.

At the moment Mr Romney's great desire is to create a third force in American politics which would be a vehicle not for political adventuring but for rallying public opinion against bigness in both business and labour. Mr Romney does not approve of bigness. But, because of the kind of man he is, everything in which he gets involved starts to roll like a snowball, growing in size as it gathers momentum.

New Jersey's Choice

NEXT month the voters have to choose a new Mayor of New York and new Governors of Virginia and New Jersey. It is fairly safe to assume that the Democrats will—as usual—win in New York City and in Virginia, but Mr James Mitchell, the Republican candidate, seems almost equally certain to defeat his opponent, Mr Hughes, and put an end to an eight-year period of Democratic rule in New Jersey. Mr Mitchell was President Eisenhower's Secretary of Labour for nearly eight years, and in that role earned the respect of both management and workers; he is also a Roman Catholic. He can thus expect to make inroads on two traditional sources of Democratic support, although Mr Hughes, his opponent, is himself Roman Catholic. Mr Mitchell can also expect to benefit from the resentments inevitably provoked in two terms of office even by the popular Governor, Mr Meyner (who is debarred by law from running for a third term). But above all, Mr Mitchell is a national figure ("A big man for a big job," proclaim his campaign posters) while Mr Hughes, a lawyer by profession, is still little known in the state, in spite of 60,000 miles covered and 100,000 hands shaken since his campaign opened in the spring.

Mr Hughes has done his best to overcome these handicaps by accusing Mr Mitchell of knowing little about New Jersey's problems because of his long sojourn in Washington, and by offering to prove this in debate with his opponent. Mr Mitchell, who advised Mr Nixon (wisely, as the event proved) not to meet Mr Kennedy on television last year, has refused to give his opponent publicity by accepting this invitation, and has done his best, by issuing a stream of proposals, to prove that he is as well-informed about New Jersey's problems as possible. His programme, like that of his opponent, is broadly benevolent; but like Mr Hughes, he is cagey as to how he intends to pay for it—New Jersey does not tax sales or incomes, and neither party dares to suggest that it would introduce such novelties, except as a last resort.

President Kennedy's popularity not being the real issue of the election, the Republicans stand on the whole to gain more than the Democrats from victory. It would hearten their forces for next year's congressional battle, and it would put an end to the growth of Democratic strength in New Jersey, which has been marked since Governor Meyner's first victory. It is recognition of this, as well as a desire to help an old friend, that brought General Eisenhower into the campaign last week. He was greeted with all the old enthusiasm, which cannot have injured Mr Mitchell's already good chances, especially as the Democrats' big draw, the President, scenting the possibility of defeat afar, shows no intention of risking his prestige in a similar foray. He has sent three cabinet ministers instead.

Family Living

IN 1959, a man earning a salary of about $7,000 in Washington, DC, the national capital, could support his wife and two children on a "modest but adequate" scale of living for $6,147 a year. To do so, his wife would have to do all the cooking, cleaning and laundry without paid help. The budget covers rent for a five-room dwelling equipped with private bath, central heating, gas or electric cooking stove, refrigerator and a washing machine. The $6,147 includes outlays for taxes, social security payments, life insurance and participation in group medical plans. In addition, it provides the family with funds to buy a used car once every three years, to maintain a television set, and to pay for a telephone and varying amounts of other incidentals such as tobacco. This "City Worker's Family Budget," included in a study of twenty major cities in the United States by the Department of Labour,* is not a minimum subsistence budget nor does it attempt to show how the income should be spent; it is below the average for this type of family but is an estimate of the total cost of a representative list of the goods and services considered necessary by such a family.

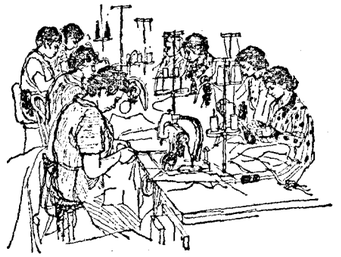
The study, when compared with a similar one made in 1950, reflects sizeable increases in both standards of living and in costs. In 1950 the same Washington man was making approximately $4,838 of which, the department said, he would need $3,926 to support his family of three modestly but adequately. In 1959, this family was eating more meat and fish and drinking more milk; and it was spending more on medical expenses, housing and other things.

In 1959 the total cost of the budget varied with the city as is shown by the examples given in the table; Houston, Texas, was the cheapest of the twenty cities to live in, Chicago, Illinois, the most expensive. One of the major factors was the cost of renting a house, which represented from one-fifth to one-quarter of the total; although in most cities the majority of families of this type own their houses, there were no suitable statistical means for estimating comparative costs of home ownership. Food costs also varied with regional differences; the pattern of food consumption in the South meant that the food budget was lower there, while the amount spent on food was highest in the Northeast.

THE CITY WORKER'S BUDGET IN 1959

	Houston $	New York $	Washington, DC $	Minneapolis $	San Francisco $	Chicago $
Food and drink	1,486	1,853	1,684	1,647	1,795	1,751
Rent, heat, etc.	941	1,013	1,226	1,150	1,079	1,386
Other goods and services	2,195	2,182	2,289	2,368	2,467	2,470
Other costs	258	273	258	258	294	258
Personal taxes	490	649	690	758	669	702
Total	5,370	5,970	6,147	6,181	6,304	6,567

* *Monthly Labour Review*, August, 1960.



WOMEN AT WORK



FROM A SPECIAL CORRESPONDENT

RECENTLY President Kennedy raised the head of the Women's Bureau of the Department of Labour to the rank of Assistant Secretary. The post (a political appointment) is not one of great influence but the upgrading is an acknowledgement by the Administration of the ever-increasing importance of women in the American labour force. In July, 1961, a third of American workers were women; this represented a rise of almost a million over July of last year, in a period when employment in general was slack.

Mr James Thurber, asked to forecast the future, once said that he could only predict that women would get larger and that there would be more of them. Where the female American worker is concerned his prediction has come true already. They are larger (or at least heavier) because they are older and their numbers are rising steadily. At the beginning of this century, though American women were emancipated by the standards of that time, they made up only 17 per cent of the labour force and less than one-fifth of American women worked. During the war against Hitler the proportion went up to nearly 40 per cent in both cases. There was a drop after that but the numbers started to rise again with the Korean War and have gone on rising.

The changes in age and status have been striking. The typical working woman of 1900 was either very young or a spinster, employed in industrial work at home or in a domestic job. Mrs Esther Peterson, the new Assistant Secretary of Labour, is an embodiment of the statistics. She is 54, married (her husband is a State Department labour expert) and has four children. A modern American woman is most likely to work between the ages of 45 and 54 and 54 per cent are classed as "married, husband present." Spinsters seem to be relatively fewer and marriages are made younger, thanks either to the affluent society or the somewhat contradictory expectation that a wife will work for the first few years of marriage. In fact a pattern seems to be developing in female working life: a job after leaving school or college, marriage at an average age of about 20 and a couple of years of paid work, then the woman drops out of the labour force with the birth of her first child. At 35 or so, when the youngest child is in school, she is likely to reappear in the job market and by the age of 45 there is an even chance that she will be employed.

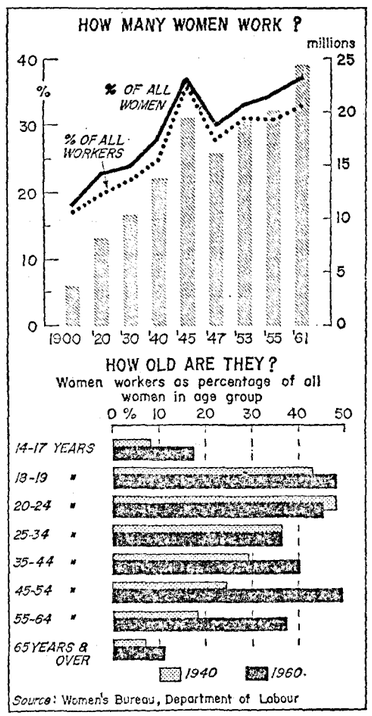
If the trend is toward the working wife, it is almost equally toward the working mother too, no matter how moralists rail at them or pundits relate them to the rise in juvenile delinquency. In March of last year, 8 million mothers of children under 18 were in the labour force, compared with 4 million in 1950 and about 1 million in 1940. Not all of them work from grim necessity: a quarter of the women with children between 6 and 17 and husbands with an annual income of $7,000 or more were out earning. Indeed there is a special incentive to go out to work in the middle-class family.

Such a family wants to send its children to the best college it can afford. Even with some help from scholarships, it costs around $12,000 to put a boy through a first-class private college, a terrifying sum to a low-paid government worker, teacher or other professional man. This sudden addition to the family expenses, justified by prestige and the graduate's subsequent earning power, can be coped with only if the mother works. Once the financial crisis is past, she may take up her home duties again; on the other hand she may decide to keep on working long enough to qualify for retirement benefits under the social security system.

The out-again-in-again pattern of women's work poses problems for employers and educators. Some occupations, especially those which are traditional with women, may not demand much retraining. Assembly line work in factories, retail selling, elementary teaching, professional or practical nursing and many kinds of office jobs can be resumed without much trouble, though the rapid increase in the use of complicated office machines and computers has brought problems of retraining and not just for lapsed workers. More than a quarter of all women employees are in clerical and office jobs, about 3 million are in non-household service jobs (waitresses, office cleaners) and another 3 million have semi-skilled factory jobs. Retraining can be done while at work or at a government-supported night school. Many will continue to work only part-time or part of the year, while the children are at school or during the Christmas rush. The high turnover of female labour (about 16 per cent above that of men) disguises the total size of the working force, which is probably around 30 million in any one year.

In more highly skilled occupations the female working pattern is a source of national concern, especially to the women's colleges. Women get less schooling than men even in egalitarian America. They attend high school in the same proportion but only a third of the bachelors' and masters' degrees awarded by American colleges are won by women and half of those are in education. Relatively few women enter professions like law or medicine or study the preferred masculine subject, business administration. Those who do are apt to stay in their jobs through marriage and child-bearing, probably because they earn enough to make it profitable to employ help. A full-time nanny can earn as much as a graduate teacher.

A women's college, however, must reckon that most of its graduates, expensively and carefully stuffed with knowledge and skills, will retire after a very few years of doing what they were trained to do and become split-level housewives for their most creative years, the years of their early maturity. The shortage and high cost of domestic help mean that most young housewives must resign themselves to a period of captivity at home. Heads of women's colleges are continually holding forth on the best ways of making this adjustment; some emphasise the importance of rearing clever children and urge their charges to resign themselves to the inevitable, while others insist that they fight it and take the place in the world to which their higher education should entitle them and in which they are badly needed, with the current shortage of trained graduates for many vital jobs. Recently Radcliffe College broke new ground with its Institute for Independent Study which gives part-time scholarships and access to the college's facilities to highly qualified women with family responsibilities who wish to get back into the intellectual swim.



707th Heaven



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HOME REPORT

IN HOME REPORT members of the editorial staff and local correspondents report on life and happenings in and around Britain.

The Battle of Petty Cury

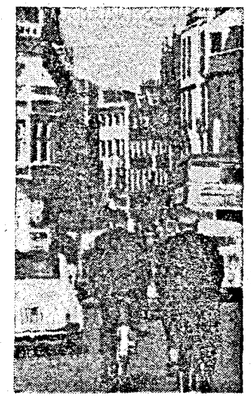
FROM OUR SPECIAL CORRESPONDENT

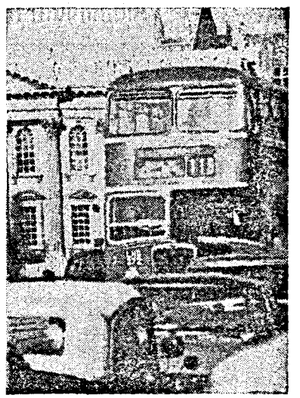
CAMBRIDGE was a market town before its university was thought of: today its university shoppers and seekers-after-culture have made the city into a regional capital, offering the East Anglian hinterland a range of goods and services far above what might be expected of a community of under 100,000 souls. But the briefest Saturday afternoon glimpse of the picturesque huddle that is the centre of Cambridge proves that, for shopping, it has reached capacity. Jostled by country Mums, menaced by bicycling undergraduates, obstructed by dons' jalopies or the subsidised Jaguars of East Anglian farmers, the Cambridge shopper is a hunted being.

Firm planning in the postwar years enabled the city, unlike Oxford, to keep at bay the rising tide of heavy industry; and the (now barely adequate) prewar relief roads ensure that most of the through-traffic passes round the city rather than trying vainly to thread between the colleges. But the Cambridge brand of congestion is as bad in its own way. The streets cannot be widened without knocking down or defacing various architectural gems: enclosed in a ring of colleges and historic open spaces, the inadequate shops cannot expand, or even devise ways of unloading their deliveries at the back of the premises. Something must be done, but, as ever, town and gown are incapable of agreeing on what it should be.

The natural site for expansion might seem to lie on the south side of Petty Cury. Here stands a rather ramshackle former coaching inn, the Lion Hotel: behind it is an area of some eight acres occupied largely by an open-air car-park belonging to the city, with a few ill-housed small businesses. This under-employed site, known as the Lion Yard area, abuts on the present huddle of shops in the town centre. In 1958 the city sought planning permission to redevelop almost the whole of it, between Petty Cury, St Andrew's Street, Downing Street and Corn Exchange Street. Its application was turned down after a planning inquiry, on the ground (advanced by the university) that high blocks and extensive shops would attract more traffic than the existing approach roads could hold.

The city now complains that the official inspector did not understand its proposals: it is to try once more for a less extensive development of the area that would merely give room for the existing central-area shops to expand, without greatly increasing the total amount of trading. The university argues that, given the inevitable geographical and cultural attractions of the city, such an expansion would soon attract more shoppers than it could hold from the rapidly expanding towns near Cambridge: the present congestion would simply be pushed into the future. The county council, which is in charge of the city's planning for as long as Cambridge fails to secure the status of a county borough, is on the city's side: and there is now a joker in the pack in the form of Messrs Cotton and Clore, who have bought the Lion Hotel itself, but have not declared their intentions.





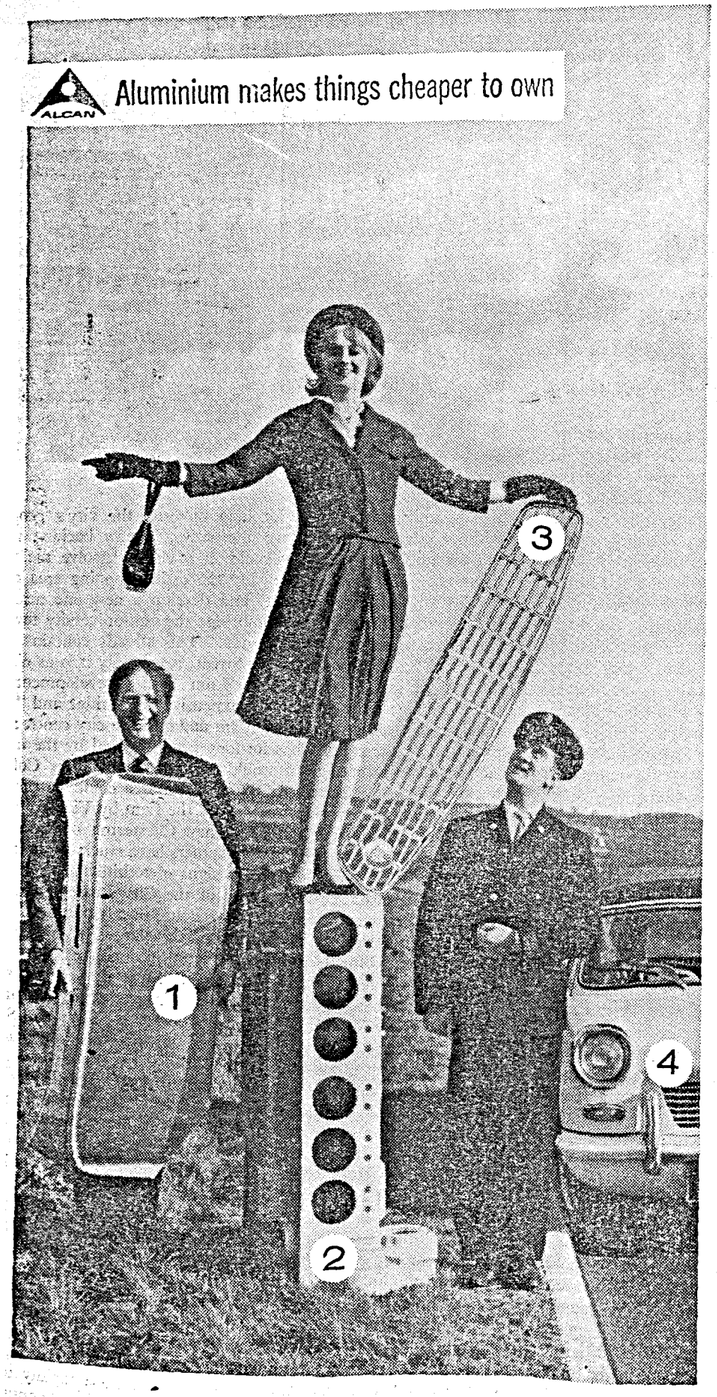
But better planning than Oxford's

The university, having for long opposed the city's proposals without advancing a positive alternative, is now backing to the hilt an ambitious plan that could, it is claimed, solve the whole dilemma. This is to shift bodily the main shopping area out of the historic centre of the city and develop a new one nearer to the geographical centre of Cambridge the non-university town, in what is called the City Road area. This already contains a few sad, largish stores along Fitzroy Street, but mainly it is as obvious an area of urban blight as the Lion Yard. Development here would eliminate the need for an expensive new bridge and "spine relief road" leading across the Cam and into the city centre: this, proposed by the county, has for long been opposed by the university (cynics say because it would destroy one of Jesus College's hockey pitches). Access to the City Road area could be provided by improving the existing road across the Cam by Victoria Bridge from the north and west, and by a new Chesterton Bridge further east. But the overworked county planners have stuck by their Lion Yard scheme, despite some recent signs of rethinking.

There are obstacles in the way of the City Road scheme. It would be necessary to remove and rehouse over 1,000 households and 200 businesses, 12 of which are fairly large. Capital would have to be found for the quick redevelopment of an area of 65 acres. The big stores at present in the historic centre of the town would have to be persuaded to move—a shopping centre in England is nothing without Marks and Spencer, Woolworths, Boots and Sainsburys (although their present premises are so inadequate that not much persuasion might be needed). But if the move were made the historic centre could house the low-turnover specialist shops—bookshops, tailors, high-class grocers—that might thrive even more without the mass shoppers and as a result of lower site-values.

The Lion Yard itself could then provide a site for the concert hall that is so sorely needed in Cambridge: in the knowledge that this would be a heavy burden on the rates, plans have been drawn up for a combined concert hall and examination school, so that the university could bear some of the financial burden of building and upkeep. (The idea brings a gleam to the eye of some bursars, mindful of the profitable hotel accommodation their colleges could supply to conventions and conferences using such a hall during the vacation.)

But the university's most pressing argument is that its plan could enable Cambridge to remain a regional capital in an area of England whose population is likely to increase rapidly in the next couple of decades—without unduly increasing the population



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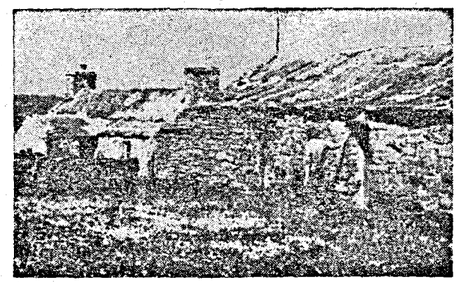
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of the city or interfering with the life of the university. The city and county authorities sometimes seem mesmerised by the figure of 100,000 as an absolute maximum for Cambridge's own population, but growth in the surrounding countryside is coming whatever anybody does. It is a new thing for a British city to shift an entire congested shopping area to a site where it can expand. But, in the words of an enthusiastic don: "If Cambridge can't do it, who can?"

An Island Like Tristan?

FROM A CORRESPONDENT IN GLASGOW


Orcadian periphery—with subsidy

THE Colonial Office has decided that the 270 former inhabitants of Tristan da Cunha must have at least a month's privacy in the Home Counties in which to ponder their personal and collective problems of rehabilitation. Shetland and Orkney, which have been strongly favoured as the islanders' destination, will thus have to wait almost until Christmas before knowing whether they are to be partially recolonised from the South Atlantic.

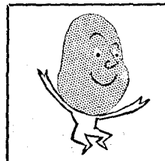
Those who feel sure that most of the refugees will finally opt for Scotland include Mr Jo Grimond, MP for Orkney and Shetland, Sir Irving Gane, chairman of the Tristan da Cunha Appeal Fund (which was first launched 76 years ago) and Mr Sidney Glass, the Tristan leader of Scots descent. Sir Irving, however, is not so confident about the younger generation. The Tristan da Cunhans are appreciably more sophisticated than they were before the war, and he thinks, now that the volcano has enforced the physical break, that the young ones may be less keen to resume island ways.

The Shetland and Orcadian interest in getting new blood is obvious: their own young people have steadily drifted south. Shetland's population fell by 8 per cent in the last decade and Orkney's by 11.8 per cent. But are these the kind of statistics to induce the refugees to put their roots down in North Yell or Unst, or in the North Isles of Orkney, where community life is almost finished? The larger, "mainland" islands, especially the Orcadian mainland, are prosperous enough, but it is impossible to make a good life around the periphery where bad communications abound, and it is only there that island land is at all readily available.

One capital point that the local authorities seem to be banking on is that the refugees cannot be resettled (either as a single colony or in groups conveniently dispersed in neighbouring areas) without Government assistance—or without an expert examination of the local economy to find out exactly how the newcomers can be fitted in. The Shetlanders, particularly, feel it would be splendid if the Government produced a comprehensive scheme that would allow both refugees and Shetlanders to live profitably and contentedly in the non-mainland part of the archipelago.

The northern and western islands of Scotland are said already to float on seas of subsidy and to be totally encompassed by advice, but the truth is that the island peoples are less affluent than most—and, as a result, decline steadily. From time to time there are specific aid projects, such as the Scottish Office's recent decision to spend £500,000 on modern steamers to serve Orkney's North Isles, but the familiar complaint is that there is no comprehensive plan to cure the sick economy.

The Scottish Department of Agriculture has told the Colonial Office that it is ready to assist the Tristan resettlement. The Colonial Office, in return, has said that its social survey department will study the entire rehabilitation operation and publish its findings as a contribution to solving the problems encountered by migrant communities. It is possible that the refugees will survive the northern climate, only to be defeated by the chill island economy unless the communities they join are made more viable. As St Kilda and Soay have shown, there are other ways for islands to die than by volcanic eruption.



Chip on his shoulder

OVERPRODUCTION is the abiding terror of farmers, and most of them have been only too happy to fall in with the Government's compulsory marketing schemes which have become entrenched in the past decade in the fields of hops, milk, wool, eggs, tomatoes and cucumbers, and potatoes. Some, however, either individualistic or unconvinced, resent the coercion of the board and kick bitterly against the levy imposed on them for their enforced membership, as well as the excess contribution (i.e., fine) for producing more than what the board deems to be their quota for the season.

The Potato Marketing Board plans to raise its levies from £1 to £3 an acre, and its excess contributions from £10 to £25 an acre, much to the indignation of Mr Jack Merricks, who, firmly anti-board in any case, managed to get himself elected in place of the outgoing chairman three years ago, when the four national seats (out of 29) came up for refilling. Once on the board, Mr Merricks upheld his election promise to oppose the wasteful expenditure of farmers' money, presumably to the irritation of the other members, all official candidates of the National Farmers' Union.

Last Monday, however, the elections for three of these seats came round again, and Mr Merricks stood again, after a campaign of great fortitude and enterprise in the course of which he spent nearly £1,000 on publicity and damned the board as the ruination of farmers. He offered a grim personal illustration: the £380 his 60 to 80 acres of potatoes had cost him last year in excess contributions and the £1,000 they would cost him this year if the increases went through.

But fortune was against him. The NFU drummed up support for its official candidates (though they paid their own expenses) and overcame some of the apathy which had cost it the seat last time: the percentage poll rose from 17.4 in 1958 to 25.4, which is better than most boards can expect; and in its favour, too, was a weighted voting system by which large farmers have more say than small farmers. Mr Merricks failed, and with him failed the only other opponent of the NFU candidates: out of 52,000 votes, Mr Merricks polled 10,500, the other independent 4,000, and the NFU men more than 12,000 each. In a post-election manifesto Mr Merricks deduces that the NFU ganged up on him, and expresses regret at its tactics. So far, however, he remains a union member.

THE ECONOMIST OCTOBER 28, 1961



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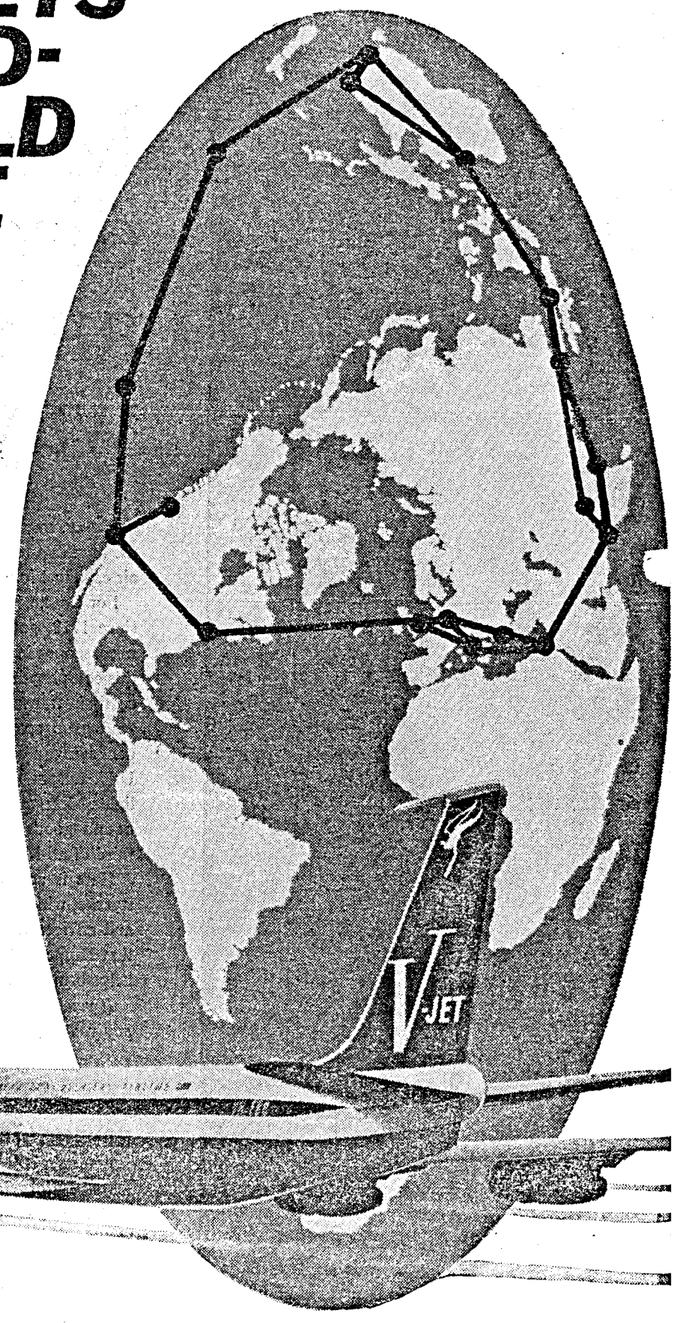
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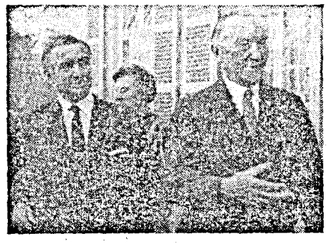


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THE WORLD OVERSEAS



Allies after all: Herr Mende, Dr Adenauer

Dr Adenauer Again

FROM OUR BONN CORRESPONDENT

IN spite of last minute wrangling, everything looks arranged for the re-election of Dr Adenauer as federal Chancellor next week and consequently—so at least he himself would say—for preserving the continuity of his foreign policy. Dr Adenauer has maintained his ascendancy by a remarkable feat of canny, resolute and almost single-handed manœuvring. The swing of majority opinion against him, registered at the polls on September 17th, had been set in motion mainly by first reflections on the meaning of the barriers that went up in east Berlin on August 13th. Suddenly there were widely felt misgivings about the old man's judgment.

His course appeared to have led after all to increasing danger for Berlin and to a receding into the remote distance of any prospect of German reunification: the precise opposite, that is, of the declared objectives of the Federal Republic's foreign policy. Intoxicated by their election gains, the Free Democrats began by insisting that Dr Adenauer's hand must be removed from the helm. They have since humbly settled for a verbal assurance that he will withdraw it some time before 1965 (probably in 1963), and for some—still rather vague—arrangements for giving them a bigger say in foreign policy. The Chancellor is stoutly resisting their demand that Herr von Brentano should quit the foreign ministry in token of the government's readiness to think anew about old problems. Within a few days—before there can be time for proper consultation with the Free Democrats—Dr Adenauer will be setting off once again for Washington in order to restate his ideas of continuity to President Kennedy.

Partly for reasons of coalition tactics, partly for plain want of bearings, the Free Democrats have as yet little more than hinted at a new direction they would like German foreign policy to move in. They talk of "normalising" Bonn's relations with the countries of the eastern block and, more intriguingly, of pursuing Dr Gerstenmaier's suggestion (at the closing session of the last Bundestag) that the two German states might at least tentatively approach each other with the object of discussing the possible military status of a reunited Germany. Through five ministers in the cabinet, possibly a minister of state at the foreign ministry, and their deputies participating in the weekly meetings of a new Bundestag coalition committee, the Free Democrats hope to exert an appreciable influence on the framing and execution of foreign policy. But Dr Adenauer and Herr von Brentano are evidently still of the firm opinion that the two courses of action so far known to be contemplated by the Free Democrats would only help further to consolidate the east German regime. Both impenitently uphold the Hallstein doctrine, which excommunicates from Bonn all governments (Moscow excepted) that maintain diplomatic relations with east Berlin. And more than once during the election campaign Dr Adenauer dissociated himself from Herr Gerstenmaier's idea of a modest all-German reconnaissance.

President Kennedy has said he is hoping to hear from Dr Adenauer what ideas the new Bonn government has for helping the West to satisfy—as painlessly as possible for Germany as a whole—the Soviets' importunate demand for "a satisfactory solution to the German problem." It is possible that in the privacy of the White House the Chancellor will admit that the time has come to look some awkward facts in the face, and that he himself expects the western allies will soon be meeting Mr Khrushchev part of the way. But Dr Adenauer is no readier now than he has been before to offer his government's ratification to what may be done. There is, for instance, circumstantial evidence that, despite some of their weekend speeches, both Dr Adenauer and Herr von Brentano have in their hearts written off the eastern territories, where some ten million Germans used to live before the war. But should west Germany be asked to recognise the Oder-Neisse line for the sake of peace and quiet, they are not going to change their view that a freely-elected all-German government is alone legally entitled to do so. And, whatever Herr Gerstenmaier and the Free Democrats may have in mind concerning the military status of a reunited Germany, Dr Adenauer's government is still resolutely opposed to all schemes for military disengagement or for keeping nuclear weapons from the Bundeswehr. The most it is at present prepared to agree to would be the delimitation of an extensive area in central Europe from which the danger of surprise attack might be reduced by a system of inspection.

In the matter of Berlin, Dr Adenauer is opposed in principle to making any concessions at all, being convinced that any loosening of west Berlin's political and economic ties with the German federal republic would have mortal consequences. As for the existing east German regime, recognition is out of the question for any west German government. The farthest Dr Adenauer's government is prepared to go is to act as an agent of the allied powers in cultivating technical contacts with the east German authorities, primarily for purposes of trade and travel; these contacts just might be extended to the drafting of an all-German electoral law. For reasons of personal conviction and political expediency Dr Adenauer is bound to reject any other concessions that may be mooted. It remains to be seen whether the Free Democrats will have the ideas and the authority later on to initiate some experiments in German co-existence that might help to alleviate conditions in the east German state and lessen east-west tension.

From the national and party political point of view Dr Adenauer's intransigence is quite understandable. Yet its possible consequences are making many thoughtful Germans uneasy. Appreciating that some concessions at Germany's expense are unavoidable, they fear that public disillusionment may take ugly forms. The editor of the Hamburg paper *Die Welt*, rebuking the nation as a whole for its slow comprehension of what is happening, has remarked that the German people "must accustom themselves to their new insecurity after their almost absurd faith in the strong uncle in America and the wise father in Bonn has given them a hybrid measure of security, self-assurance and political indifference." The German character being what it is, he has pointed out, "there is a danger of the Germans feeling sorry for them-

selves and pinning responsibility for everything on the wicked world."

Blaming the foreigner for what the future may bring has already begun. This week the *Frankfurter Allgemeine Zeitung* reproached the West in general and the Anglo-Saxons in particular for encouraging Mr Khrushchev's expectations by brandishing "cliché conceptions of the German past" in order to prove that there are still ominous traces in Germany of an aggressive military spirit; and this in spite of federal Germany's enthusiastic contribution towards European integration. The newspaper recalled that the failure of the outside world to trust the leaders of the Weimar Republic had contributed substantially to its collapse.

Bilingual Doubletalk

FROM OUR CORRESPONDENT IN BRUSSELS

BELGIUM rivals England in the frequency of its marches and demonstrations. While the British, however, get wet feet and cold posteriors for the sake of world issues such as the bomb or apartheid, the Belgians set their sights strictly nearer home; often the target for their indignation seems to be their own compatriots. So it was in 1950 when the return from exile of King Leopold III brought thousands on to the streets, and again in the mid-1950s



Youth and ancient wrongs

when the rival claims of church and state over education almost tore the country in two. During last winter's strikes a Socialist march through Brussels became an almost daily event. Unfortunately, none of these past explosions of feeling can now be written off as a dead letter; all of them remain alive in the public memory, and they helped to generate some of the complex emotions that brought fifty to sixty thousand Flemish Belgians into the heart of Brussels last Sunday.

Although 57 Catholic deputies and some hundred burgomasters accompanied the marchers, the Flemings insisted that their demonstration was a social rather than a political protest; it was directed against their status as "second-class citizens in their own country." They feel that Belgium is dominated by their French-speaking compatriots, in spite of the fact that the Flemish outnumber the Walloons by a million and a half. For three hours they marched, grimly conscious of their numbers and of innumerable ancient wrongs; yet the exuberance of the young turned the affair into something of a kermesse.

The young are the crux of the problem. Flemish families outside the industrial complexes of Antwerp, Ghent and Malines usually have four or five children, against an average of one child per family in the Walloon South. Agriculture, the traditional northern occupation, offers a dwindling source of employment and sets a general wage level lower than that of the Walloon coal and steel complexes. The northern areas suitable for industrialisation—around the Limburg coalfield and elsewhere—have lacked capital investment, thus forcing Flemish workers to travel long distances to their jobs. The construction of a huge steel plant at Zelzate, near Ghent (though resented by the Walloons), will help matters, but Flanders has long-standing economic grievances, and the fact that the Walloon areas now also suffer from under-investment and under-employment does not lessen the Flemings' genuine claims.

But close to the heart of the matter is the non-economic fact that the consequences of the language settlement of 1932 are now beginning to be felt. In that year Belgium was divided linguistically into two regions along an east-west line running roughly from Menin to Tongeren; those north of the line subsequently received all their school and university education in Flemish (a tongue almost identical with Dutch), those south of it continued to be taught in French only. Now a generation of young Flemings has grown up with a purely Flemish culture and outlook; and although the days when they were ruled and scorned by a French-speaking bourgeoisie are officially over, they resent the discovery that they still need French if they are to make their way in Belgium. They complain that the best jobs in the theoretically bilingual civil service, in finance and in the armed forces are still held by French speakers, and they are deaf to the plea that Belgium needs this world language for the foreign contacts on which its position and its economy depend. They feel themselves "intellectually and materially crippled . . . slaughtered . . . a case of mental genocide."

This wounded *amour propre* is further inflamed by religious fervour. There were no priests in last Sunday's procession, but the Church undoubtedly still plays a great though waning part in the life of the traditionally pious Flemings. Until quite recently young parish priests were openly anti-French and thundered regularly from their pulpits against the evil example of their godless republican decadent neighbour. Even now their slogan of the 1930s,

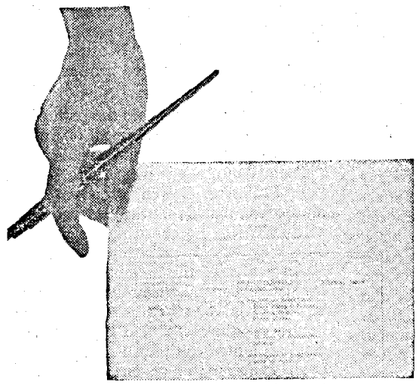
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Alles voor Vlaanderen, Vlaanderen voor Kristus (All for Flanders, Flanders for Christ), still appears each morning on the cover of the leading Flemish daily. The force of this combined social and religious feeling is one that no Belgian government would dare to under-rate.

Since the death last August of the Archbishop of Malines, Belgium has been without a Primate. Because of the great size of the archbishopric and because of the widening breach between the two halves of the country, there is talk of appointing two successors, one Flemish and one Walloon. It is a difficult decision for the Pope to make, for if he throws the cross into the scales, or appears to do so, he may well tip the balance away from Belgian unity towards the long-heralded creation of a federalist state.

Many Flemings favour federalism, as do the Socialists of the growing *Mouvement Populaire Wallon*—even though federalism does not mean the same thing to the two sides; but if the separatist movement grows the dispute will continue to be centred on the capital, already an apple of discord. At present Brussels, historically Flemish, is predominantly French-speaking, but is surrounded by Flemish villages which are rapidly becoming dormitory suburbs. Most new suburbanites speak French, but because of the 1932 laws are obliged to accept Flemish as the language in which they pay their rates, buy their stamps and, more controversially, have their children educated. Legally, bilingualism must be introduced into any commune whose ten-year language census

Continued on page 357



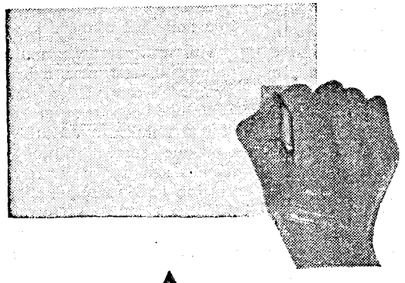
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Swaziland Shelter

FOR many South Africans, Swaziland is a sunny, hilly place; a haven to visit on a honeymoon, on a romantic weekend, or on the run from the political branch of the police. It is a spot for a farm to retire to; a fall-out shelter from apartheid. For the British Government, Swaziland is something different: one of three protectorates that must be used to demonstrate to white South Africans that their way of doing things is, perhaps, not the best. In Basutoland and Bechuanaland the Commonwealth Relations Office has arranged timid constitutional steps forward; in Swaziland the arrangements are now being made. The danger is that in this case timidity may lead the CRO directly up Dr Verwoerd's garden path.

Mr Sandys appointed a constitutional committee in November, 1960. Last month Sir Charles Arden-Clarke was sent out to advise the committee. Its report will probably appear at the end of this year, or perhaps at the beginning of next. Things have not gone smoothly—already the leader of Swaziland's African nationalist party, Mr John Nquku (the "q" is a champagne-pop click) has arrived this week in London to lobby the British people.

Mr Nquku was born and educated in South Africa. He was an inspector of schools before becoming a full-time politician; now, at 59, he is both a member of the South African Liberal party and head of his country's few thousand black nationalists. It is mostly the educated Swazis who follow Mr Nquku, and there are not many of them; his party claims a membership of 3,600. For many years he was president of the Swaziland Progressive Association, a social club for educated Swazis that was formed in 1929 with the encouragement of the British.

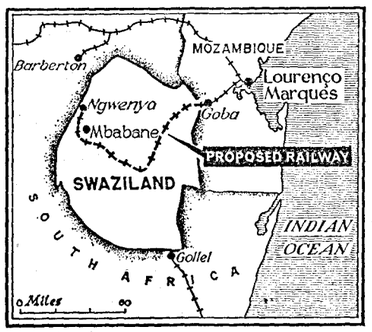
In those years he also worked closely with the real black power in Swaziland: the Paramount Chief-in-Council (the Ngwenyama in Libandhla). Most of the 250,000 Swazilanders swear allegiance to this traditional tribal body; indeed, in theory, the heads of all their families belong to it. In practice, they are ruled by Sobhuza II, a bearded patriarch of 72 who has run Swaziland's tribal kingdom for 40 years and who traces his Dhlamini dynasty back for four centuries. He has been a wise king: he has bought many thousands of acres of his country's land and holds it, fallow, in the name of the nation. The result is that only about 43 per cent of Swaziland is held privately by Europeans; even so there is a serious land tenure problem.

Paramount Chief Sobhuza's idea of constitutional advance is to raise the status of the present European advisory council (representing the territory's ten thousand Europeans) so that it may sit as an equal alongside the Ngwenyama in Libandhla. He has insisted that while the Europeans may have their democracy, the Africans must retain their ancient way. The effect of this would be to divide power between the African tribal authority in the black part of Swaziland and the European tribal authority in the white part. Some of the overall power at present exercised by the British Resident Commissioner, Mr B. A. Marwick, would pass to this new council. With one leap Europeans would jump to a position of considerable political power.

This form of government, however, would be a microcosm of Dr Verwoerd's system of "separate development." Its major fault is that it fails to take account of the (comparatively small) number of educated, modern-minded, Swazis; and that it leaves little room for their influence to grow as they grow in numbers. These are Mr Nquku's Swazis; they have formed the Swaziland Progressive party to fight for their case.

Mr Nquku and two other SPP members sat on the constitutional committee until May. They were there as members of the Swazi nation, not as party representatives. When they made suggestions outside the framework of the Chief's wishes, they were suspended. Cannily, they retained Professor D. V. Cowen, of Cape Town University, to advise them what to do next. (Professor Cowen did the same thing, successfully, for the Basuto four years ago.) His Swazi report appeared in Cape Town a month ago, and is made on behalf of the SPP and the mixed-blood coloured people in Swaziland. It is a comprehensive and well-argued document.

Professor Cowen points out that the Europeans in Swaziland must choose between Swaziland nationality, or South African. Many of them at present have a foot—and a vote—in both camps. In this, the professor is with Dr Verwoerd, who has said that the High Commission territories can no longer be considered as future South African "Bantustans" but must instead be looked on as foreign countries.

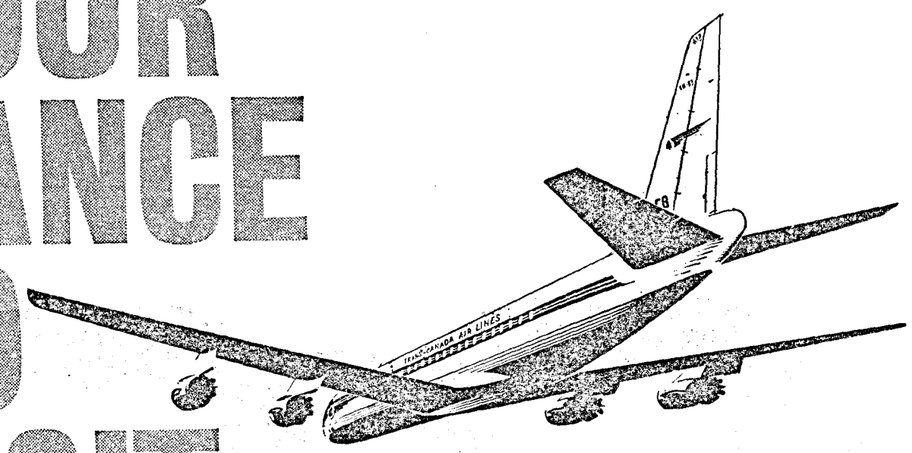


But if the CRO chooses the path of easy virtue and acquiescence in all of Sobhuza II's constitutional, and racial-minded, plans, a Bantustan is what Swaziland will be. Professor Cowen proposes, as an alternative, that Sobhuza be elevated from a tribal chief to a constitutional monarch. The king would, provisionally, nominate about a fifth of the members of the new legislative council. Another fifth would be officials and British Government nominees; the rest would be elected on a single common roll for all races, based on adult franchise; or on one such roll plus an "upper" roll. Mr Nquku and his party are putting forward their adviser's plan as a compromise; as one that will meet the demands of traditional society, make room for white Swazilanders, and allow for speedy development to a more orthodox democracy. The SPP has also suggested alternatives, as compromises, to this plan. It asks too for a Bill of Rights to use against the territory's racially-discriminating laws. The job of the CRO must be to lead its local administration, Swaziland's Europeans, and the tribal hierarchy along this path. The mainly South African-minded Europeans of Swaziland are as strongly against this idea as is Sobhuza II. South Africa's economy embraces Swaziland. The two monetary systems are inextricably bound up. Now, a railway 140 miles long is to be built at a cost of £9 million, some of which will come from the Anglo-American Corporation of South Africa. The railway will take iron ore (and other products) to the Portuguese territory of Mozambique; from the border it will travel by rail to the port of Lourenço Marques. From there it will be shipped to Japan, under a contract signed with the Yawata and Fuji iron and steel companies.

This will give Swaziland a state-owned railway, several new industries (Anglo-American's contract for iron ore is worth £40 million over ten years); and a chance of real viability. A British Government economic survey mission reported 18 months ago that if its recommendations (costing £2,667,260) are adopted, viability will be a near certainty. The British Government has not been able to find quite as much as that; £1 million has been spent so far.

These economic plans will make Swaziland something more for some South Africans: a place to make money in. But it depends on the political plans—and on a courage that the CRO has not so far demonstrated—whether or not the territory will be the genuine shop-window of the British way that it should be, and that the CRO tells itself it is intended to be.

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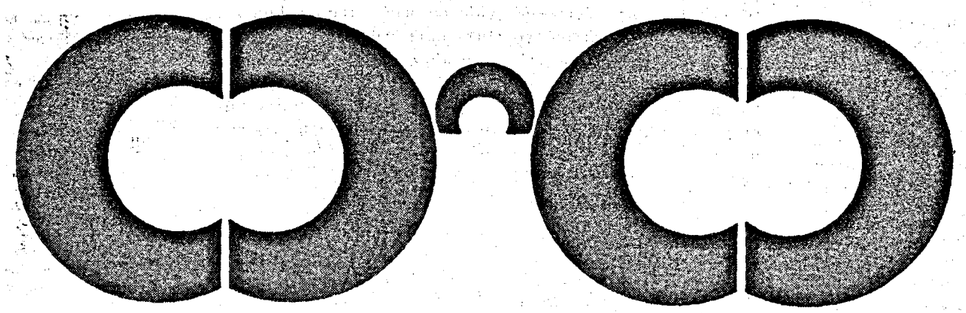
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Continued from page 352

hows the population ratio to warrant it; but the Flemings passionately oppose this on the grounds that the soil of "mother Flanders" is sacred—it is up to the newcomers to learn Flemish f they wish to remain. To this their opponents retort that such pplication of the *ius soli* ties them to the soil as if they were serfs.

Both sides feel so passionately about the language question that he government fears to tackle it. Indeed, the Flemish-Walloon ivalry now bedevils so much of national life that the government's plans for long-needed decentralisation, capital investment, fiscal eform and the rest are being gravely hindered. As the Flemings riumphantly said after last Sunday: "Nothing can be done now gainst us or without us." Numerically superior, they seem to wish to dominate as they once were dominated; above all, they want to feel at home in Brussels, which is steadily becoming the most European of cities. The banners they carried last Sunday said "Brussels must be bilingual." Was this doubletalk? What hey all shouted was "Brussels must be Flemish."

Athenian Permutations

FROM OUR ATHENS CORRESPONDENT

THE Greek general elections tomorrow, October 29th, will be unusually important. The results will determine whether Greece is going to go on enjoying governmental stability, whether the Centre—the political backbone of the nation—can be revived, and whether communism in Greece is above or below the safety limits imposed by the country's western outlook.

The disposition of forces is clear. Mr Karamanlis and his National Radical Union (ERE), who have administered the country for six years, polled 41.6 per cent of the total vote in the last elections three and a half years ago. The Centre Union led by Mr Papandreou is essentially a last-minute alliance of the once powerful Liberal party, incorporating some isolated right- and left-wing groups, and with the well-disciplined Progressives of Mr Markezinis. These stood separately in the last elections, but their votes put together added up to 32.8 per cent of the total. The pro-communist EDA now running under the innocuous title of PAME (All-Democratic Agrarian Front) has a few non-communist candidates with well-known names—this was the best that EDA could do after the Centre's rejection of its attractive offers for a "popular front." In 1958 EDA capitalised on the divided Centre's loss of prestige and polled 24.4 per cent of the total vote.

The Greeks have a habit of changing their electoral system on the eve of every general election. Not one of the six postwar elections has been held under the same system. This time a modified system of proportional representation will be used. It will not give an absolute majority in the 300-seat parliament to any party polling less than a minimum of perhaps 46 or 47 per cent. Mr Karamanlis and his party, who returned 171 deputies with 41.6 per cent of the votes in the last elections, did so because the previous system awarded bonus seats to the two largest parties. It was in the same way that EDA's 24.4 per cent gave it 79 seats in the last Chamber, whereas the Centre added together returned only 48 deputies because of its disunity. In Sunday's elections Mr Karamanlis not only has to preserve his 1958 following intact, which in itself would be a victory, considering the wear and tear of six years in power; he must also attract a large number of new voters if his party is to be strong enough to rule alone as before. Mr Karamanlis believes he can do this mainly because of the good record of his government, popular appreciation of the political and financial stability it has brought and, above all, because he feels that the last-minute regrouping of the Centre has not inspired sufficient confidence among its more conservative followers. Many of them might therefore side with the National Radical Union in which the parliamentary élite is of Liberal extraction and which anyway has no ideological differences with the Centre.

Mr Karamanlis has many other advantages. The possibility of a world crisis or of a further worsening of Greek relations with the communist block, coupled with the presence of a sizeable communist following in Greece, should ensure a middle-class following for the strong government which has already shown that it can give them security. The Centre has both the advantages and the disadvantages of being composed of excellent men of politics. These could certainly give a far more effective performance as individual ministers than Mr Karamanlis's team, with few exceptions, has on record. Yet it is this individual excellence that has created the rivalries responsible for the disintegration of the Liberal party and through it of the whole Centre. The Centre leaders believe that although Mr Karamanlis's administration has done well by Greek standards, it has not yet grasped the basic fact that nowadays progress must not only be good, but must be continuously getting better. The Centre leaders have hopes—if not of an absolute victory, at least of a relative one. They believe that the discontented voters from the National Radical Union will join them and they are convinced that they can snatch back from the pro-communists those Centre voters who in 1958 favoured EDA out of disillusionment with the fragmentation of the Centre. Their opponents have repeatedly used the "lost vote" argument, claiming that the Centre's rival groups would break up on the morrow of the elections. The Centre leaders, however, point out that once in power, to split up would be absurd, particularly since they expect that the eventual defeat of the ERE would bring to the Centre several of its deputies. The nationalist parties forecast that the EDA-PAME electoral following will decline to 20 or less per cent, mainly as a result of the reconstitution of the Centre and this party's purely pro-Soviet attitude in the past few years.

The electoral law may deny either Mr Karamanlis or the Centre the chance to form a single-party government, which is evidently what Greece needs at the present stage of its economic development. In this context the key to the problem next week may be Mr Markezinis, the leader of the small Progressive party, whose intelligence is generally acknowledged in Greece and whose popularity has been growing. If Mr Markezinis returns with a sufficient number of Progressive party deputies he might be able to give Mr Karamanlis the working majority he may need in the new parliament. This would be a technically powerful team provided that the explosive characters of the two leaders can be harnessed for the sake of governmental harmony.

Austrian Press Changes

FROM OUR VIENNA CORRESPONDENT

HERR FRITZ MOLDEN, hitherto owner and chief editor of the Vienna daily *Die Presse* has sold the paper and will confine his attention to his printing works and his other publishing activities. Herr Molden took over the independent right wing *Die Presse* from his father ten years ago while he was still in his late twenties. He founded other papers and rapidly became the most controversial figure in the small world of the Austrian press. The hiving-off has been going on for some time. A year ago Herr Molden owned three other newspapers: *Die Wochenpresse*, a weekly which he later sold to an industrial combine, the *Express*, taken over by the Socialists last January, and the *Abend-Zeitung*, which was bought up by Herr Fred Ungart, who is part owner and business manager of the advertising firm IWG (Internationale Werbegesellschaft mbH). Herr Ungart is the new owner of *Die Presse*, and is closely associated with the former Chancellor, now President of the Federal Chamber, Herr Raab.

This sale has caused a minor sensation because *Die Presse* is the only independent right wing paper in Vienna directed at a politically literate readership. Although it is widely criticised as being (a singularly deadly combination) both stuffy and not always reliable, it is the direct successor of the famous old *Neue Freie Presse* which, by a little tinkering with genealogy, can be considered as heir to the *Freie Presse*, child of the 1848 revolution. Herr Oscar Pollak, the internationally known old-time Social Democrat, has initialled a leading article in his *Arbeiter-Zeitung* in which he laments not only the decline of the liberal tradition of sturdy independence, but also the passing of the wholesome practice of ownership combined with active editorial direction. Herr Molden has been in the habit of contributing to his own papers, but Herr Pollak remarks that Molden was always primarily a manager before he was a journalist. In their small way, he says, these events can be compared with trends in other countries; he mentions Mr Roy Thomson.

> We have watched with concern the battles and mergers, the wholesale shutting down and mopping up in the British press. In Austria we now have a miniature version of the same manager type and his methods.

This is the bitterness of a life-long professional journalist over a man who, he feels, has let the side down. Herr Pollak's distress ought to be slightly mitigated by the fact that feelers put out by intending German buyers were quickly clipped off by the Austrian Press Council, which recently issued a public warning that foreign ownership of a newspaper must on no account be permitted.

Ownership by a publicity expert may improve the layout of *Die Presse*; conservative party influence is less likely to enliven the content. If Herr Ungart can, he might make a start by knocking something off the price. *Die Presse* costs twice as much as its rival *the Wiener Kurier*, a popular-style, vigorous paper with a large circulation. The *Kurier*, with its two editions, has an initial pull over any separately produced evening paper, and has taken swift advantage of the *Presse's* embarrassment by announcing greatly extended international news coverage as well as more local gossip.

Dr Verwoerd's Mandate

FROM A CORRESPONDENT IN SOUTH AFRICA

IN the shadow of Paul Kruger's statue in Church Square, Pretoria, on October 18th, the minister of Bantu administration and development, Mr M. D. C. de Wet Nel, welcomed the National party's triumph in that day's general elections with these words:

> The United Nations knows where it stands and what to expect from my people in this southern corner of Africa. We will die—each and every one of us, every son and daughter of South Africa—rather than give up our nationhood.

The results show that this kind of rabble-rousing appeals to an increasing number of white South Africans. Dr Verwoerd's National party increased its share of the poll in every seat it contested. It captured three seats from the opposition: two from the United party, the third from the National Union, which had formed a pact with the United party and which failed lamentably to serve as a decoy for dissatisfied Afrikaner Nationalists. The Nationalists now hold 105 of the 160 seats in the all-white Parliament—only two short of that cherished South African political ideal, the two-thirds majority. Dr Verwoerd has a clear mandate from the whites—the wishes of the non-white majority are not considered—to push ahead with his "separate development" policy, which seeks to divide the country into a white parent state and several black satellite "Bantustans." He has five years to make "separate development" a reality, no matter what the cost.

But the going will not be easy: the election campaign showed that the Nationalists are still the prisoners of their own past propaganda about the "black menace." The rank-and-file Nationalists are more than unwilling to make the economic sacrifices necessary if genuine "Bantustans" are to be built up; they are by nature suspicious of "doing too much for the *Kafir*." In a broadcast on October 20th, Dr Verwoerd stressed that there will be no sudden speed-up of separate development. A student of applied psychology, he understands well the mood of most white South Africans. His speech, which might have been charitable in the face of so great a victory, was instead devoted to sneers at his opponents.

The other feature of the elections was the support gained by the liberal Progressive party, which the Nationalists had hoped would be wiped out by the United party. The Progressives won only one seat from the United party, but they came close to taking several others. They polled 56,000 votes to the United party's 83,000 in 16 urban English-speaking constituencies. Tens of thousands of people in the cities are apparently prepared to reject race discrimination—the very basis of South African political thinking—and to strike out boldly for a shared society in which individual merit, and not race, will be the criterion. A heavy burden will rest on the shoulders of Mrs Helen Suzman, the only Progressive who won a seat. She will have to carry the banner in Parliament not only of 12,000 affluent white voters in Houghton (Johannesburg), but of 10-million non-whites. Judging by her performance in Parliament during the Sharpeville emergency last year, she is well qualified for the task. Liberal-minded people hope that she will become a substitute for Mrs Margaret Ballinger, who served as a representative of African interests in Parliament for many years before the Africans' representatives were barred from Parliament by Nationalist legislation in 1959.

EX-CHIEF Albert Luthuli, who is also ex-president of the banned African National Congress, commented in the peaceful spirit that has this week won him the Nobel Prize. He said he "deeply regretted" that white voters had given Dr Verwoerd's party increased support, which amounted to a mandate to continue its repressive policies. This meant that there would be hard times ahead for South Africa. But characteristically, Mr Luthuli added that the support which the Progressives had received was an encouraging sign. Although he did not agree totally with the policies of the Progressive party, it was moving along the only true path to healthy race relations in South Africa.

Now that the elections are over, white South Africans are wondering whether the United party, the traditional opposition which has "White leadership with Justice" as its slogan, has a future. In every election since 1948 it has lost ground; since the death of General Smuts it has lacked not only a leader, but a positive policy. Instead of opposing the Nationalists on principle, it has adopted an expedient "me too" approach: when Dr Verwoerd came forward with his Bantustan plan, the United party's answer was a vague "race federation" scheme. The party has not accepted what General Smuts would surely have acknowledged—that there is now a clear-cut division between liberal and conservative thought in South Africa. Although the United party won 42 seats, it lost ground to the left and to the right in every seat contested.

The tide is running strongly in favour of white nationalism in all but a few progressive urban areas; this will surely—and dangerously—stir the embers of non-white nationalism. On the eve of the elections, power lines near Johannesburg were sabotaged, and slogans—"The People Shall Govern"—were daubed on an Afrikaans church and on public buildings. This action, it is said, was directed from London. The Nationalist leaders assume that it will be from abroad—from the United Nations especially—that South Africa will be attacked during the coming years of Dr Verwoerd's rule.

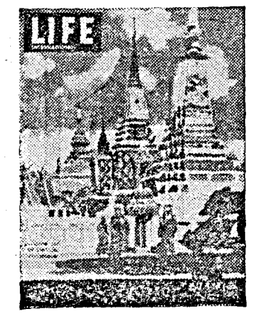


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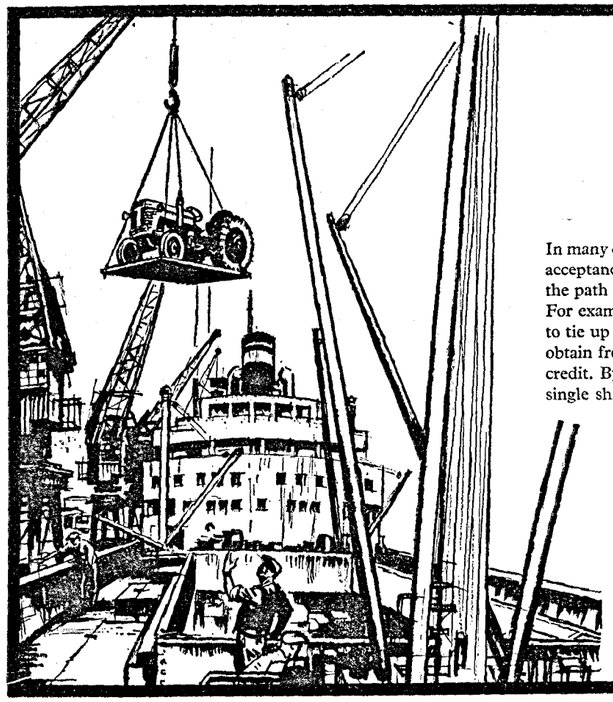
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THE BUSINESS WORLD

How Lancashire Stands

BRINGING Lancashire to Harrogate for the annual cotton conference does not ensure that cobwebs collected in the clammy climate west of the Pennines will be blown away in Yorkshire's brisker atmosphere. On the contrary, the cotton industry habitually counters the barbs of its critics at these meetings with a determination that might equally be applied to getting its costs down and its competitive power up. No one expects representatives of the cotton industry to leave behind their fears of lost markets, profits and jobs ; it is with reasonable measures to safeguard all these that the conference should properly be concerned. But the re-creation in Harrogate of the very atmosphere of Lancashire prevents this conference doing the constructive job that it should.

The main plank in the Cotton Board's platform this year was evidently intended to be a thoughtful paper given by Mr A. G. B. Burney, the director of reorganisation for the Cotton Board in 1959-60, which prescribed a drastic remodelling of the industry from its traditional horizontal organisation into a more vertically integrated one, able to stand up to the large retailing groups with which it often deals. The proposal was received with no great enthusiasm. At the same time a few stray shots from a quiverful of criticisms by speakers outside the industry attracted tart rejoinders. Lord Rochdale's restrained but revealing report of the important negotiations on the regulation of imports, in which he has been a central figure this year, as chairman of the Cotton Board, hardly attracted the attention it deserved. But when Mr W. T. Winterbottom, chairman of Fine Spinners and one of the three employer members of the Cotton Board, replied to a question with: "We have been completely let down. We have been lifted up and dropped and were lifted up when I believe an election was just around the corner. Since then we have been ditched"—he stole the headlines and, within the conference, turned the thoughts of many of the delegates away from practical proposals for lifting Lancashire out of its rut.

Trouble came to Lancashire, with monotonous regularity, in 1952, 1955 and 1958. Now despite import ceilings and financial inducements from the government to scrap and to modernise, a more serious crisis looms. Yarn output has been sliding since the spring. Cloth production was maintained at a high level until August, but new orders were negligible. Then short-time working, redundancy and—more surprisingly with the scrapping scheme completed only 18 months earlier—mill closures began to plague the industry once more. The labour force has again begun to drift, and the cotton industry has already lost a further 7,000 workers during the past year. Its labour force is now down to 177,000 ; five years ago it was 255,000. Meanwhile there is little sign of a revival in orders.

But Lancashire has not been ditched. Its troubles arise partly from continuing weaknesses in its own structure, which have themselves played a part in the apparently unexpected upsurge in imports of cotton manufactures from new sources. A large part of the overspill of demand from merchants last year was satisfied by imports from outside the Commonwealth, despite an import duty for cloth ranging up to 17½ per cent. When orders for Lancashire declined sharply this year it was hoped that this mainly reflected fears that voluntary curbs on duty-free imports from the Commonwealth might end ; it is now clear that the decline was a kick-back from excessive purchases made partly because it was feared that the cotton reorganisation had gone too far. The assured market for which Lancashire began to agitate in 1955, and thought it had in its grasp when Commonwealth producers agreed to ceilings on exports in 1958, has slipped away. While the warehouses are crammed full of cloth there will be few orders for Lancashire ; and the new suppliers who have their foot in this market are likely to remain.

ACCORDING to Mr Winterbottom, some machinery installed under the reorganisation scheme, and thereby qualifying for the grant of a quarter of its cost, is standing idle. But few manufacturers have been bold enough to invest too much—the majority have taken a more realistic view. Up to the first week in October, the Cotton Board had received applications for grants covering the installation of only £33 million worth of new machinery from the whole industry, which Lord Rochdale judged to be little more than a modern textile industry would require "for its normal development." Because it appeared that few further orders for new equipment would be placed before July 1962 in time to qualify for grants, the Cotton Board persuaded the Board of Trade to extend the qualifying period by a year.

Certainly, Lancashire's re-equipment still has far to go ; less than a third of its looms are automatic—and only a third of these are worked for three shifts. But if most of the industry is waiting for assurances of a kind that practically guarantee profits before it ventures more of its own capital, the re-equipment phase of the reorganisation scheme will be as far from succeeding next year as it is now. With one government-sponsored reorganisation scheme barely completed, it was hardly surprising that the official line with

delegates seemed to be that if the cotton industry was to regain prosperity it had better set about earning it by its own efforts, and not hope to obtain it as a right from the government.

Lord Rochdale had some brave remedies to suggest for the industry's ills. But in accord with the Cotton Board's notion of its position in the industry, they were advanced so tentatively that no delegate left the conference with a clear idea of the direction in which the board was driving. With a wage demand for cotton operatives under discussion—and incidentally holding up implementation of more shift working—the structure of wages in the cotton industry is currently more ticklish than usual. It was therefore no sooner mentioned than dismissed, even though it is certain that without a revision of the wages structure some of the value of re-equipment will be lost. A proposal to launch a sales promotion campaign for cotton goods has been put before the various trade associations within the industry, but Lord Rochdale spoke of it so diffidently that the substantial expenditure that is apparently envisaged has only a modest chance of being approved by the many separate bodies and some of their pinch-penny members.

Lord Rochdale was at least a little more forthright in his implied criticism of the industry's structure, which appears decidedly outmoded in today's conditions. Fifty years ago the mills were said to work from the first whistle to tea break for the export market; what remained of the day was given over to the home market, which then absorbed only a fifth of their output. The respective importance of these two markets is now precisely reversed, and other fundamental changes have transformed practically everything to do with the Lancashire industry—except its organisational structure.

Company	Trading profit Prev. £'000	Trading profit Latest £'000	Ord. dividends Prev. %	Ord. dividends Latest %	Price	Yield %
Combined Eng. Mills £1	119	806	2½	6	9/1½	12·6
Fine Spnrs. & Dblrs. £1..	1,822	2,682	12½	15	22/4½	13·2
Lancashire Cotton £1 ...	1,680	3,809	17½	25	46/6	10·6
English Sewing Cotton £1	3,415	3,710	12½†	12½	25/1½	9·8
Joshua Hoyle 2s.	Dr6	732	5	15	2/4½	12·0
David Whitehead 1s.	605	955	25	27½	2/3¾	11·3
Bleachers' Assn. 10s.	1,674	1,789	15	17½	16/1½	10·6
Bradford Dyers £1.....	429	766	3	6	12/7½	9·2
Calico Printers 5s.....	3,577	3,351	20†	21¼	11/9	8·8

† Adjusted for scrip issue.

The three main processes of spinning, weaving, and dyeing and finishing are still usually carried out by independent firms, with the cloth eventually getting into the hands of the 1,400 or so merchants and merchant converters registered—but currently, it seems, a little unpopular—with the Cotton Board. This horizontal structure undoubtedly makes it easier for overseas manufacturers to enter the Lancashire market. A weaver faced with stiff competition has no incentive to resist imports of cheaper yarn from foreign spinners. In their turn, weavers have been short-circuited by dyers who find that they can maintain their level of production only by processing imported grey cloth.

But it is the merchants and merchant converters that are now seen as the most suspect link in Lancashire's chain. To them attaches much of the "blame" for last year's large imports of foreign cloth. It is also inferred that they are no diligent enough in selling Lancashire's products. When thei trade by-passes the whole of Lancashire's industry, it is hardl surprising that it arouses the animosity of the rest of th trade. Control over marketing, therefore, is now receiving lot of attention; this seems the focal point of the proposal t "verticalise" urged at last week's conference. It is hope that cutting across the traditional divisions of the Lancashir industry will at the same time plug some of the loophole through which foreign goods have streamed and damp the trad swings that appear to floor the industry every third year. Bu the result seems likely to be a dearer end product and hence further weakening of Lancashire's competitive position, unles real economies in costs can be found in the vertical structure The aim is probably to sell a branded product that is les susceptible to price competition.

DESPITE the emphasis at Harrogate on domestic issues, i is nevertheless the international implications to whicl most minds are turned. Negotiations on Britain's entry int the common market, and this week's conference of the Genera Agreement on Tariffs and Trade to discuss a long-term agree ment for controlling low-cost competition in cotton textiles have given the difficulties of the cotton trade a three-cornered aspect, involving the Commonwealth, Gatt and the commor market.

At Gatt, Britain will certainly press other importers tc share more equally the "burden" of importing cheap Asiar textiles. The Cotton Board has asked the Board of Trade tc propose that by 1970 western countries should each take at least 10 per cent but no more than 20 per cent of their domestic requirements of cotton goods from low-wage producers. Britain at present is importing about one-third of its requirements, so that this formula could provide relief for Lancashire. The Cotton Board has also suggested that foreign (as opposed to Commonwealth) imports should be caught in the net of the existing temporary Gatt textile agreement which allows restrictions to be imposed on non-participants whose exports are likely to frustrate the working of the agreement.

From Lord Rochdale's account of his dealings with the Board of Trade over the imposition of a new ceiling in July for cotton imports from Hongkong, it seems most unlikely that the government will negotiate at the Gatt meeting terms such as the Cotton Board has in mind. As was thought at the time of the government-imposed ceiling on Hongkong exports, the terms dictated by the government were far more generous to Hongkong than the Cotton Board expected. It had urged that there should be no increase in Hongkong's basic quota. But Lord Rochdale reminded the conference that without the government's "overt" intervention, no agreement could have been reached.

The common market negotiations, however, may strengthen Lancashire's hand. Continental manufacturers fear that cheap Asian textiles will find their way into their markets through Britain, and unless the Continental countries and Britain bring their import policies into harmony, difficulties will arise. So Britain's relatively liberal treatment of outside suppliers may have to be amended. As far as Asian imports are concerned, Lancashire for once has nothing to lose.

Pricing Electricity

NO announcement about the "target" rate of return that electricity supply will have to earn under the Government's new five-year regimen for nationalised industries has yet been made—or seems likely to be until about the end of the year, when the Minister of Power will have to ask Parliament for an extension of this industry's borrowing powers, and will presumably be obliged to say how much self-financing it has been told to do. But the fact that the Central Electricity Generating Board has now published its bulk supply tariff for the year beginning April 1, 1962, means that this largest piece of the electricity industry, at least, knows what kind of a surplus it needs to earn during the first of the next five years. So the broad average for the industry, which one can express alternatively as a gross or net rate of return on capital employed, a proportion of self-financing of its investment, or a level of surplus after paying fixed interest on its capital, must now be settled, even if targets for some of the area boards are still under discussion.

When this industry published its annual report last month, Professor Ronald Edwards, deputy chairman and chairman-designate of the Electricity Council, said that the industry had anyway been envisaging total surpluses of the order of £55-£60 million a year by 1964-65. The Treasury and the Ministry of Power, considering the record of growth and the huge investment plans of this dependably prosperous nationalised industry, may well have asked it to earn a little more even than that sum—the magnitude of which will not be lost on the industry's trade unionists or its consumers. The industry should not find it hard to earn these surpluses, though keeping them may be another matter. But the way it chooses to earn them—its pricing policy—will have considerable implications for its continued growth, and the vast slice of the nation's capital investment that this pre-empts.

In setting the bulk supply tariff, which is the price at which CEGB sells electricity from the grid wholesale to the area boards who distribute it and sell it retail to consumers, the industry automatically determines the division of whatever surplus it has to earn between wholesaler and retailers. Over the last three years the CEGB's surplus as a wholesaler has declined sharply as a proportion of the industry's total: it amounted to about 35 per cent in 1958-59, only about a fifth in 1959-60, and nil last year, when after paying interest and depreciation on a very conservative basis the board showed a small deficit. It will presumably have eliminated that deficit in the current year by adjusting last autumn its bulk supply tariff for 1961-62 with an increase of 2½ per cent in charges. But over the next five years under the new ground rules of nationalised industry finance, CEGB may well be reckoning to earn a considerably larger slice of the industry's surpluses.

But the wholesale price that it charges for electricity in Britain, and the way in which it charges the price, do more than aim at raising a particular surplus for the generating board. The "shape" of the bulk supply tariff can have fundamental effects upon the kind of tariffs that the area boards in turn can "design," and upon the profitable utilisation of the industry's vast capital employed. The 1962-63 tariff published recently by CEGB is the result of a comprehensive review of just what results it wants this basic price to achieve and how best its details could be adjusted to achieve them.

This is a two-part tariff, like most in electricity. The traditional system is to recover all those costs that do not vary with the number of units actually supplied through a fixed charge per kilowatt of maximum demand upon the system, and the costs that do vary with units supplied—basically running costs—through a charge per unit. In recent years this has meant a continual increase in the fixed "demand" charge, as more and larger power stations have built up CEGB's capital investment but reduced its fuel and other running costs per unit generated. Conventional stations are still getting bigger and more efficient; and the introduction of a growing nuclear component into generation will go on increasing the "demand" charge and cutting down the charge per unit of electricity bought. Until recently, this was accentuated by CEGB's practice of planning to get whatever it needed for its annual surplus out of the "demand" charge, making the unit charge simply cover estimated running costs.

IN principle, this could be fine. The more that an extra kilowatt of demand costs a buyer, the more incentive he has to moderate his peak simultaneous demand in relation to his total annual consumption, the better his average "load factor" on the industry's capital equipment, and the less investment required to support the continuing growth of power consumption. But in practice, the bulk tariff in force now (and until next spring) does not quite achieve that virtuous result. A board's demand charge is reckoned according to its maximum demand in any half-hour during the day; but this is not necessarily the half-hour of the year that gives the bulk supply system the most trouble in supplying that many kilowatts. One area board, not long ago, had an extra cold snap in February that put up its demand by 500 megawatts. That increased its annual demand charge by £3½ million for the year, though the load occurred on a day when meeting it imposed virtually no strain upon the CEGB's generation and transmission system at all. That seemed unfair to the area board; and the CEGB in fact probably had much more trouble in supplying it with less power in a peak hour say a month before, when other boards may have shared much more responsibility for calling in the peak load generated by old stations from which power may cost up to 6d. a unit or more.

Some area boards, again, have better opportunities than others to "shave" their peak demand in one way or another. The high demand charge of extra kilowatts on its peak load has led one area board to investigate and then install a small gas-turbine power plant, operated by remote control, largely for peak load purposes, rather than buy extra units from the grid. That may make good sense: it has set CEGB, too, to looking at peak power costs to see if a new small station could beat an old one. But it also made CEGB less anxious to push up its demand charge. Moreover, the higher the fixed element in the bulk price of electricity and the lower the unit charge, the less are area boards tempted to make their own unit charges to

consumers, and the smaller can be any variations that they can offer in attempts to improve the load factor of consumers' demand.

For 1962-63, CEGB began by loading only half of its planned surplus on to the demand charge and reckoning to recover half through its unit charges. It then refined its maximum demand criterion by charging area boards according to their contribution to the peak demand on the system as a whole, not their individual maximum demands; and set this as the average of each board's contribution to the two half-hours of maximum system demand before and after Christmas in any year. This and certain other refinements will not affect the total sum that CEGB gets from its demand charge, since its charge per kilowatt is revised in retrospect at the end of each year to bring it in a prescribed amount of money whatever the actual maximum demand involved. But it will affect the contribution that each area board makes to this, and should bring it in line more closely with the actual demand that each board makes on CEGB's "capacity costs."

A more obvious innovation in this new tariff comes in the charge for units supplied—a day and night differential. Only about 20 per cent of the electricity Britain uses is taken at night: this base load is met by big power stations running almost continuously, with very low fuel costs. During the day, it costs on the average 17 per cent more to supply a unit of electricity than it does during the night. The differential that CEGB is offering in 1962-63 is quite a significant one proportionally—0.47d. at night, against 0.58d. by day. It should make it more easy for area boards to increase their differentials to commercial and domestic consumers.

The basic unit charge in the British bulk supply tariff is adjusted by a "coal price differential" designed to take account of the fact that some power stations are better located for cheap coal than others—and that some area boards have to sell in the market against cheaper coal and coal-based gas than others do. For next year the size of these adjustments has been reduced by moving up the basic price of coal to 85s. a ton, against the earlier and out-of-date 60s. Area boards pay more or less than this for power generated within their own areas, according to their local coal costs; they pay a nationally-averaged price for power that they import through the grid from other areas; and they pay at this "national" price for power generated in nuclear stations, even in their own area, on the argument that all boards contributed to the national capital costs of this power and gain equally from its exceptionally low unit costs. Over the years one would expect the "coal price differential" to decrease as more and more power is generated in big power stations on the coalfields or at coastal sites for nuclear and oil generation. But moving too fast towards its abolition would mean a sharp increase in unit prices to areas with low costs—mainly industrial—and quite uncovenanted benefits to some of the more rural areas remote from coal.

This is a tariff set for one year and not for three, as the CEGB hoped the last one would be (it had to be revised for 1961-62, its last year). The surpluses aimed at are small in proportion to the industry's turnover. Moreover, a complex tariff such as this one has many ramifications in its effects, some perhaps unexpected. Critics of electricity pricing policy in this country, who have seen some of their arguments accepted and the bases for others utterly overturned in recent years, can at any rate approve the objects of this electricity tariff and respect the hard thinking that lies behind it. But before the industry is much further into its new five-year plan an equally comprehensive and subtle-minded exercise will be required in thinking through its retail tariffs—the point where the final consumer has to pay the price of electricity and ought to pay a price as closely related to costs as maybe. That may be much more trouble to get through.

BUSINESS NOTES

REPAYING IMF

The Alternative Route

WISELY, the Treasury has made a start in using the foreign funds that are flowing into London to repay the International Monetary Fund; and it is doing so in a substantial way. Britain is to repurchase £100 million of its August drawing of £535 million, by early next week—in time to deflate the October gold figures. The Treasury describes the transaction as a "technical redisposition," of Britain's reserves, since the repayment increases *pari passu* the stand-by facilities available to Britain at IMF. The importance of the operation is that it cushions the impact of the flows of private money to London on the centres which the funds are leaving. The object of the operation is largely to check the gold loss from the United States, and for this reason the repurchase is wholly in dollars. Admittedly the currencies which the Fund needs most at present are marks and lire, but special arrangements should soon be completed to replenish these holdings by bilateral borrowings under Article VII.

Britain's repayment, it is officially intimated, has been made possible by the "substantial" return of funds over recent weeks. This does not mean that there has been a corresponding improvement in the underlying balance of payments, and provides no justification for any relaxation of the measures designed to bring about a lasting solution of our external imbalance . . . The familiar warning "no green light" makes sense in connection with this technical operation, as it cannot do in connection with a reduction in interest rates. Bank rate was unchanged on Thursday; and one would like to think that the authorities have taken the IMF route as an alternative to a series of Bank rate reductions that would have to go dangerously far before they had any real impact on hot money. The financial markets, however, now regard "the other half," and perhaps more, as inevitable.

Expectations of a cut in Bank rate the next day caused a sudden sale of spot sterling from New York on Wednesday afternoon, accompanied by further bidding of forward sterling. The narrowing of the margin to 2 1/16 cents three months forward, equivalent to an annual interest rate of slightly under 3 per cent, caused the margin on covered interest arbitrage in favour of London over New York on the Treasury bill

comparison to widen to 5/8 per cent. After Thursday's announcement of no change in London Bank rate, spot sterling was gain bid, and the forward rate was unchanged.

Before Wednesday's sudden rumour sterling had been in very strong demand and rose to a new peak of $2.81 1/8. Evidence of the flow of investment funds to London can be seen in the strength of security sterling, which is now at only a nominal discount below the official rate. Overseas money is also streaming in to the mortgage market, and the expectation of a falling away in rates is reflected in the eagerness of lenders to secure their deposits for three months and more. The local authority borrowers, in turn, now prefer to commit themselves for the shortest possible period, and the rate on three months deposits has been forced down from 6 7/8 per cent last week to 6 5/8 per cent. The Treasury bill rate, too, continues to fall. At the tender on Friday of last week the discount houses felt bound to keep their bid competitive, and after pushing the rate below 6 per cent they were not surprised when the authorities responded by forcing them to take loans at the penal rate. The cost of such loans is still relatively small compared with the cost of missing the bills at a time when everyone wants them.

On the Continent, the mark fell below parity on the dollar a week ago for the first time since revaluation; in midweek it recovered somewhat, partly as a result of a rumour that the ban on payment of interest on foreign residents' bank deposits was about to be lifted. Elsewhere the dollar has been relatively weak—at its support point against the lira, and under pressure too in Paris, Amsterdam and Switzerland. In the London gold market the price continues steady at $35.19 3/4; the market has not been affected by the fall in the gold price in Hongkong and Macao, to around $38 an ounce. Business at the London fixings has been of much the same kind and scale as in previous weeks, with a moderate amount of private buying. One special official transaction has been the purchase of £3 1/2 million of gold by the Spanish authorities for their reserves.

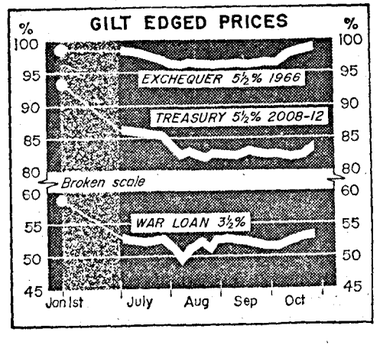
IN THE MARKETS

Unasked Question

THE tide has run still more strongly in favour of gilt-edged this week. Buying has been large and widespread, with the general public and the overseas investor increasingly in evidence. Prices have risen daily. The market has suddenly seized on the undoubted uncertainties in equity investment in the 'sixties as a reason for securing a fixed interest return at the high level that is available today—and may no longer be available tomorrow. There is nothing new in the first half of this diagnosis—it was clear a year ago that a mixed bag of equities no longer offered the certainty of growth, and that the assurance of fixed interest in a fixed interest security was regaining its attraction. A few far-sighted institutions realised this, and have been buyers of gilt-edged ever since the bursting of the post-election boom in equities at the end of 1959.

The sudden spreading of the gilt-edged fashion to the wider investing public clearly reflects the expectation that interest rates have now passed their peak, an interpretation that can be backed by the reduction in Bank rate and by one of Lord Cromer's Mansion House questions—but not yet by the Bank of England's tactics in the gilt-edged market. The market is assuming that the authorities will have to yield to market pressures—forgetting that the market pressures themselves arise partly in anticipation of official action. And it is difficult to feel certain that gilt-edged stocks have at last found their base until one feels equally certain that Britain has mastered its external payments problem. It is sterling that has checked the incipient downward movements of interest rates in the past; is its long run future so assured that it need no longer lean on high interest rates now?

For the moment however the City is in no mood to entertain such doubts, and the gilt-edged bandwagon is on the move. The authorities are trying, within self-imposed limitations, to check it. The government broker has allowed the net price of his 5 1/2 per cent Treasury 2008-12 to rise only very slightly: since the beginning of this month, while other long-dated stocks have risen by around two points, the tap stock has been raised by only 1/16. But this is now virtually the only stock which the authorities hold in any substantial quantity, and it is proving increasingly difficult to control the market on this one lever alone. Other stocks are rising and the tap stock is increasingly attractive. It still yields £6 14s. per cent, only 9d. less than in early August; but whereas then it actually offered one-quarter per cent less than irredeemable War Loan and about the same gross redemption yield as 2 1/2 per cent Savings 1964-67, it now offers a margin of 2s. 6d. over War Loan, 3s. 8d. over the almost comparable 3 1/2 per cent 1999-2004 stock, 9s. over the 1982-84s and 18s. 9d. over Savings 1964-67.



. . . Chasing Too Few Gilts?

ON these terms the government broker is doubtless selling large amounts. But if the rise in the market is to be checked he will need a fortification in the supply of medium-dated stocks. Since the Government has budgeted for no new money from the gilt-edged market this year it is not expected to make a new issue of its own. But there are other uses to which a government issue could be put—it could soak up the superfluous bank liquidity that has suddenly appeared, or it could be an excellent alternative to special deposits. More likely however is a further stream of corporation issues. But if these are to restrain the market they will have to be more finely priced than the LCC's recent cash and conversion issue, which opened on Monday at a premium of 3 1/4 and stood at five points premium two days later.

Equities, meanwhile, are the sufferers from the turn-round in Throgmorton Street's thinking. After a small rally last week they were depressed again on Monday by news of further hire purchase losses and on Tuesday by the Chancellor's hint that a capital gains tax could be introduced before the budget and also by his warning that: "If we face facts, something like this [wage inflation] has already been happening, and it can lead to disaster." Just how this can be good for gilt-edged is difficult to imagine—unless the City is wholeheartedly convinced that the Chancellor has wages under control. On Wednesday, investors could turn to more favourable sentiments from Mr Lloyd—"Just because the steel industry is not working to full capacity, because some consumer durable industries also have capacity to spare . . . it does not follow that the economy as a whole is moving downwards." The share markets duly gave themselves a minor lift. just in time to stop the *Financial Times* ordinary index from dropping to a new low point. Over the week to Wednesday, *The Economist* indicator rose by 2.3 to 245.

SHIPBUILDING

Who Has Lost Credit?

IT is even more difficult, after the publication of the report* by Peat, Marwick, Mitchell, the firm of accountants, on British shipbuilding orders placed abroad, to fathom the real reason that moved Mr Marples to commission it. If he wished to silence shipbuilders' complaints about credit facilities in this country and pitch the ball back into the industry's court, arguing in effect that the only thing wrong with British shipbuilding was its own inefficiency, then

* "Shipbuilding Orders Placed Abroad by British Shipowners": HMSO. 1s. 0d.

he can hardly be surprised if the industry points out that its complaints about difficulties over the cost or availability of credit primarily concerned orders from foreign, not from British, owners.

Out of the 34 ships, worth some £23 million and totalling almost 200,000 tons, that British registered shipping companies contracted from overseas yards between the beginning of 1959 and July, 1961, the report finds that advantage was taken of credit facilities offered by foreign builders in only nine.

But in none of these nine were credit terms of paramount importance in the decision where the order should go. Price was always of greater or equal consideration, as in twenty-two of the other twenty-five cases studied. Where credit facilities were offered and used, they covered between 60 per cent and 80 per cent of the total contract price over periods of from five to eight years at interest rates ranging from 3 per cent to 6½ per cent. This would seem to support the British shipyards' argument that better terms can often be raised by their overseas competitors.

This may be so. But the position in Britain is not quite as bad as is often made out. Much, for instance, has been made of the recent failure of the Sunderland shipyard of Joseph L. Thompson to land the Naess order for an 80,000 ton tanker, allegedly because no finance could be raised here. It appears, however, that originally the Naess group had ordered two tankers from a German shipyard, but were unable to raise adequate credit. Finance for both ships could have been found in Britain if the orders were transferred to a British yard, but the increased cost of construction would have wiped out the slim margin of profit on the long term charter from Shell. So the group proposed building one tanker, but financing both, in Britain. It then encountered understandable reluctance in London to finance German exports. Since then the Thompson yard has won a contract for an 80,000 ton tanker from the Olsen line of Oslo, also for charter to Shell Tankers, having succeeded in raising the credit that the Norwegian yard, which had previously been given the order, had failed to muster.

These examples, and the Peat, Marwick study, argue that the prime reason why Britain has now become a major net importer of new ships is the inability of British shipyards to compete on price. The cost of credit, reluctance to guarantee delivery, and weaknesses in marine engineering development have also played a part. But the accountants' study does not come up with any significantly new information that has not already been covered in depth by the three previous major Government or industry-sponsored reports on the industry in the last twelve months. Perhaps, Mr Marples intends to maintain a sustained barrage of public criticism of British shipbuilding's faults in the hope that it will shame the industry into remedial action.

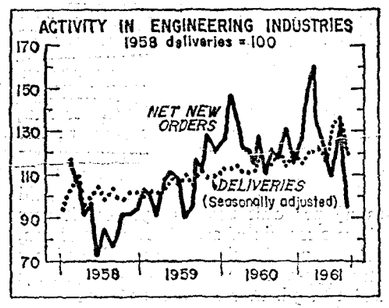
THE ECONOMY

The Squeeze Takes Effect

LATELY, there have been increasing signs of slackening pressure in the economy. This is evident in the latest figures (both of engineering orders and of unemployment). On October 16th, there were 365,607 people out of work in Britain, of whom 43,230 were only temporarily stopped. That means for the second month running there was more unemployment than a year before; the latest rate was 1.6 per cent of the labour force compared with 1.5 per cent in October, 1960. Since the previous count, the numbers wholly unemployed had risen by 42,000, the normal increase being around 27,000. As unemployment has edged upwards, vacancies have become fewer; after allowing for seasonal influences, there were nearly 60,000 fewer vacant jobs on the books in October than there had been in June.

Engineering Swings Round?

NEW orders received by the engineering industries in August were 15 per cent below the volume of August last year. Orders from the home market fell by 19 per cent, but export orders were only four per cent lower. These figures fit in with other suggestions that capital spending at home is being cut but that the export demand for capital goods remains high. But it would be hazardous to reach too definite a conclusion on the evidence of one month's



figures, for these orders have a tendency to fluctuate wildly from month to month for no obvious reason. A suspicion that the demand for capital goods has begun to decline at home is therefore all that one can safely hold; until the level of new orders for September is known, it would be risky to assume more.

BANK CREDIT

Advances Still Falling

BANK advances are still falling, though the decline has not surprisingly slowed down considerably from the extraordinary rate of August and September. The mid-October statements of the clearing banks also confirm that, as was apparent in the market, the banks are back as buyers of gilt-edged, having added £49 million to their portfolios in the four weeks to October 18th. The recorded decline in net advances was £69 million; but this was swollen by a reclassification of the bank figures which transfers about £40 million from advances to money at call and short notice. The items involved in the switch are mainly balances held abroad, which the banks have previously classified in different ways. The clearing banks state that since the object of the reclassification, which has been approved by the Bank of England, has been to standardise practice and not to improve the liquidity ratio, some banks have used the extra leeway to increase investments—a movement which, the statement recognises, is also permitted by the increase in liquidity from other sources.

Despite a fall of £15 million in holdings of commercial bills, the banks' liquid assets rose in October by £80 million (or about £40 million without the special transfer). The net Exchequer deficit was no longer running higher than a year before, and the government must have been drawing finance from the gilt-edged market in this period; but working the other way was its increasing need to finance such inflows of

LONDON CLEARING BANKS
OCTOBER 18, 1961

	£ mn.	%	Change on Month £ mn.	Change on Year £ mn.
Gross deposits	7,436		+77	+171
Net deposits*	6,967		+51	+162
Liquid Assets	2,601	35·0	+80	+314
Cash	616	8·3	+14	+ 19
Call money	639	8·6	+54†	+ 90†
Treasury bills	1,106	14·9	+27	+ 90
Other bills and "liquid" credits	240	3·2	−15	+115
Special deposits	218	3·0	− 3	+ 77
Risk Assets:				
Gilt-edged	986	13·3	+49	−189
Other market investments	112	1·5	..	− 17
Advances*	3,248	45·4	−69†	+ 17†
(to State Boards)	62	..	+ 1	− 10

* Excluding all transit items except ratio of advances to deposits; all ratios are of gross deposits. † About £40 million was transferred from advances to call money in October.

foreign funds that were not directed into government paper. The upshot of all these influences was a rise in the liquidity ratio from the already comfortable 34.3 to 35.0 per cent—even after the freezing of 3 per cent in special deposits. The increase on the month is broadly accounted for by the reclassification.

The dramatic transformation in bank liquidity in the past three months is predominantly the result of the equally dramatic reduction in advances, which totals just over £300 million on the recorded figures and £260 million, or 7½ per cent, on a true comparison. Advances by the Scottish banks fell at much the same rate, by £32½ million. The steep fall in bank lending can be attributed to (1) the "toughest ever" directives sent out by the banks in August, received by managers who

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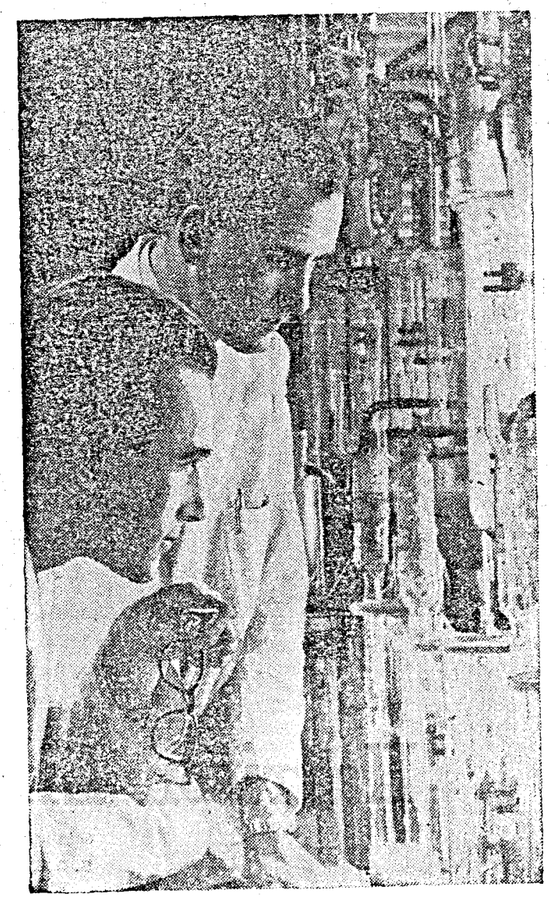
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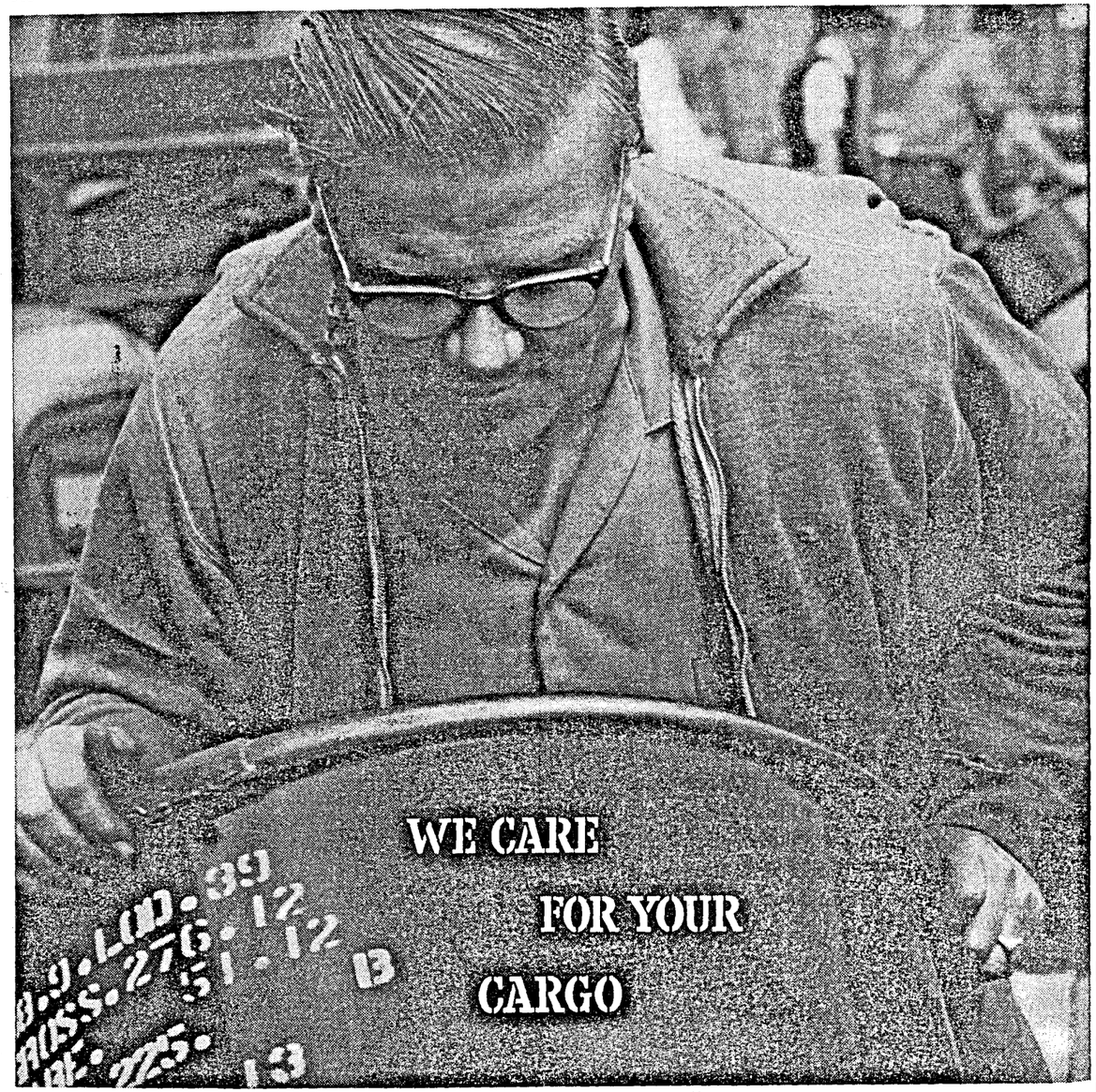
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had already been putting on the brakes; (2) the turn-round in sterling, which increases the supply of credit in London and eases the demand in a number of ways; (3) the high overdraft rates; and, not least, (4) the sharp reduction in the rate of stock-building in the economy. The upshot is that the banks have a new worry—how to stop their liquidity ratio looking too lush.

AIR TRANSPORT

"Three Sizes Too Big"



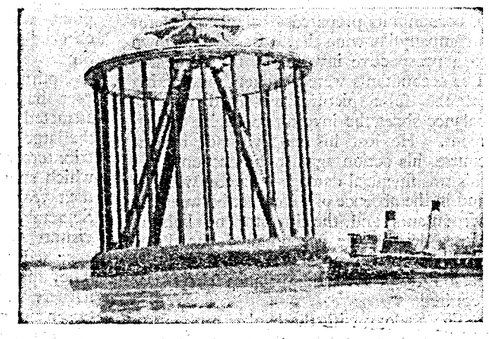
READING between the lines of the address given by the director general, Sir William Hildred, to the International Air Transport Association's annual meeting in Sydney this week, it appears that the airlines would still have been in difficulties this year even if traffic had come up to expectations. The fact that it failed to produce the steady annual rate of growth to which airlines have become accustomed has made a bad situation worse, but the original cause of the trouble lies elsewhere. When the airlines re-equipped with jets—500 are now flying and 400 have still to be delivered—they compressed a decade's growth in capacity into a few years and now find themselves, according to Sir William, in the same situation as "the growing boy who is sent to school with a jacket which is still three sizes too big for him." He went on to predict that "traffic, like the boy, will be bursting the seams of this particular jacket long before it wears out." The listening airlines must have hoped this will be soon.

Sir William did not give them any grounds for optimism; he told the meeting in the plainest language that the only way to fill those empty seats was by tapping new markets with "real low low fares" considerably below the "low" fares of today, which are still too expensive for many pockets. There is room for cuts. The level of international air fares is considerably above the price of travel on the North American continent; indeed, the general level is well above that charged on the North Atlantic where the most thrusting and forward looking airlines have forced the introduction of "economy" fares and of special winter rates that make it cheaper for the first time to fly than to go by sea.

The aim, wherever possible, is to make air travel competitive with surface transport and the airlines have at their disposal now—again for the first time—aircraft that make this possible. But not all airlines have the traffic or the route network to enable them to use big jets to maximum effect; these are currently losing money at an alarming rate, as the accounts of some already show and they are likely to pull a wry face at the tonic recommended by Sir William. These airlines are likely to resist both new fare cuts and the extension of the

LIBYAN OIL

Beneath the Surface



FROM OUR SPECIAL CORRESPONDENT

WHAT would have been the only spectacular thing about the oil terminal, that Esso Standard Libya has built at Marsa el Brega on the Sirte gulf at the end of the 110-mile-long pipeline from Zelten, sank largely out of sight several weeks before King Idris of Libya officially opened the pipeline on Wednesday and may never be seen by man again. This is the 148-foot high bow mooring device that Esso towed all the way from New Orleans. Tankers tied to this tubular steel framework can load oil continuously even while swinging through a full 360 degrees. Esso calls it a "birdcage" but, as it sits on the seabed off the Brega terminal with only the top fifty feet showing, it looks at low tide like a giant lobster pot. The achievement represented by the first shipment from Port Brega, however, was itself spectacular—exports of crude from an oilfield where oil was first struck two-and-a-half years ago and from a country where the first concessions were granted only about six years ago. But at the simple ceremony when the King opened the valve "start flow" for the crude oil from Zelten, there was more below the surface than was obvious.

The oil that flowed into the tanker *Esso Canterbury* at anchor in the bay ranked as the first commercial shipment of crude from Libya. (Fawley had already taken five tanker loads for trial processing; other trial shipments have been sent to France.) It was therefore some of the first Libyan crude oil to be moved at the price of $2.21 a barrel that Esso posted ex-Brega in August—a price that is low in comparison with Middle East postings and more realistically related to the European value of such light crude oils than the postings of Saharan oil, but which is much higher than the discounted prices that some Libyan producers are believed to have contracted for their future output.

THE Libyan government never formally accepted this posting and again on Wednesday refused explicitly to approve it. Formally this may not matter. Esso's concession agreement, dating from 1955, provides that royalties and tax are related to prices realised on actual deals and not on posted prices. And as long as Esso is moving Libyan crude oil to its European affiliates at a posted price realistic enough not to need discounting, the posted and realised prices are identical. Under the agreement Esso is also entitled to a depletion allowance before reckoning Libyan tax. Some companies that made later deals are not; and under the amendments to 1955 law published in July none will be. Neither point was mentioned in the speeches at Brega this week by the King and Mr Rathbone, the president of Standard Oil of New Jersey: questioned afterwards, Mr Rathbone still had no comment to make.

The latent tension over prices and terms need not break surface until the company files its tax return for 1961-62. But another government ploy may tempt Standard Oil of New Jersey to accept new terms. Amendments to the petroleum law in July offered existing concessionnaires three years' extension if within six months—that is by January 15th—they accept a revision of existing agreements which would base their tax liability on posted prices without a depletion allowance. Moreover, no company will be granted any new concessions unless it incorporates these new tax rules in its existing agreement.

Under the 1955 law existing concessions are to dwindle to a third or a quarter of their original size. Jersey appears to put great store by Libyan oil—though "pressure maintenance" in its Zelten field could pose some technical problems. It is hard to believe that the group, as its existing concessions are reduced, will not eventually be interested in further acreage. Below the surface courtesies at Brega, therefore, there was a mild squeeze play by the new host government that only six years ago attracted oil companies by sweet reasonableness. Since oil was found in such abundance, this reasonableness has been somewhat modified. This has emphasised the new handle that "relinquishment" provisions in any oil-producing country can now give a host government. But the market still finally sets the limit to producers' bargaining power.

cheaper North Atlantic fares to other parts of the world. Mr Menzies, when he complained that air transport as a whole was fundamentally uneconomic, was exaggerating; but had he said that certain airlines can never hope to pay their way, few people would have disagreed. The logical conclusion to draw from Sir William's analysis of the current state of aviation is that airlines which cannot, because of their structure and management, contemplate "real low low fares" ought to go out of business leaving the field to those who can. But he could hardly be expected to say this when it would amount to advising a large number of IATA members to close shop.

Some Make It Pay

THE collapse of several small British independent airlines—two more closed down this week—combined with Cunard's doleful admission that its air services were losing money, have goaded the largest of the independents, British United Airways, into demonstrating that there are some who can make aviation pay. It has done this by publishing its accounts for the first time—for the year ending December 31, 1960. BUA is a private company whose principal shareholders are three shipping groups and on last year's showing their investment was paying off. The airline made a trading profit of nearly £500,000 on a capital employed of £16 million; unlike other airlines it gives no details of revenue or expenditure or indeed any information at all about its flying operations, but the financial results are considerably better than those returned by many a more opulent and heavily capitalised airline, even among those rare birds that actually show a profit. It has also written off £1.2 million against profits in the past four years for goodwill—the direct result of the series of mergers that led to the formation of BUA.

BUA has always boasted that the lower overheads possible in privately-owned airlines gave them a competitive edge over big nationalised operators, and the accounts seem to bear this out. But BUA's testing time will come when the results are known during the next few days of its application for a network of services across Europe and Africa. If this is granted, the airline will have to expand the scale of its operations at a rate that could send overheads rocketing. It will have no difficulty in finding the money to do so: the accounts show that the parent companies simply advance cash as and when required. But management and sales organisation will find themselves at full stretch, something for which they have waited ten years.

A BANKER'S REFERENCE

On Inquiry

WHAT is a banker's reference worth? One of the more curious of the law's anomalies was given an airing in the Court of Appeal last week in *Hedley Byrne & Co. Ltd.* v. *Heller & Partners Ltd.* The defendants, merchant bankers, answered credit inquiries about a customer which had been made by the plaintiffs through their own bankers, the National Provincial Bank. These replies were held to have been given negligently, and as a result of acting upon them the plaintiffs lost a substantial sum of money—£15,454. But the Court of Appeal upheld the decision of Mr Justice McNair last December, that the defendants could not be liable for their negligence to a party to whom they owed no contractual duty.

In the memorable case of the snail in the ginger beer, in 1931, it was established that an action for negligence by a third party could succeed, and Lord Atkin said "You must take reasonable care to avoid acts or omissions which you can reasonably foresee would be likely to injure your neighbour," going on to define neighbours as "persons who are so closely and directly affected by my act that I ought reasonably to have them in contemplation" when the act in question is being performed. But in *Candler* v. *Crane Christmas & Co.* in 1951 the Court of Appeal held that the third party action could not succeed when the damage complained of was financial. In that case a firm of accountants prepared a balance sheet for a company knowing that it was to be shown to a prospective investor in the company. The accountants were negligent, and acting on the false picture presented by the balance sheet the investor made his investment. He lost his money, and, in due course, his action against the accountants; this was financial damage—£2,000 worth—and in the absence of a contract between the accountants and the investor no liability arose, despite the accountants' knowledge of both the purpose for which and the person for whom the balance sheet was required.

The analogy with the banker replying to an inquiry is not exact, but it is near enough. The posture in which the law finds itself in this matter is not one that commends itself to the business community. In his dissenting judgment in 1951 Lord Justice Denning (as he then was) analysed the present position, found it displeasing, and showed the path of escape. It has not yet been followed; and in last week's case Lord Justice Pearson went so far as to say that "it would be unreasonable to expect a banker in the bank's time to study his records and files before giving an answer." This is probably just what most people thought a banker did when he answered credit inquiries. In the particular case of bankers' references, as in the general matter of professional negligence causing financial damage, the law is hardly keeping itself commercially up to date.

MOTORS

Stable Outputs Rising Stocks

CAR production showed little change between August and September; the rate of 20,181 a week in September was only about 1,000 a week below that of August, when seasonal effects are allowed for. Though the strike at British Light Steel Pressings probably cost Rootes about two-thirds of its car output, the rising production of the new Vauxhall Victor, few of which had been made in August, seems to have helped to offset this. And though Standard-Triumph put its workers on to a three-day week at the beginning of the month, and the production of the British Motor Corporation was slightly reduced by model changes, Ford was making cars at a slightly higher rate in September than in August. Exports remained, at 28,000, the same as in August or in September last year.

The industry may soon find that it is necessary to reduce output further; stocks of cars seem to have risen by at least 14,000 during September—roughly the amount by which home sales fell short of the 1960 level. Though makers are prepared to see stocks rise during the winter, they are mostly anxious to keep them under control. As sales and output this month seem to have remained at much the same level as in September, stocks may soon have reached the point where their growth needs to be checked—which would mean more short-time working.

Optimism about the prospects for next year has been increased by the interest attracted at the motor show. Apart from the large orders from the United States distributors of BMC, S-TI and Jaguar cars, which suggest that exports to that market next year might be more than treble their September rate of 2,500 a month, private visitors to the show have displayed an unexpectedly strong interest in buying cars. They may not want to buy a car now, but if there were to be a smaller difference between the value of their old car and the cost of a new one in the spring, they might then be prepared to buy. Those who believe that 1962 might find the industry on the upswing of its trade cycle are encouraged in their optimism by this evidence; but much depends on the actions of the government and the strength of the seasonal improvement in demand for used cars in the new year.

WALL STREET

Tax Loss Influences

A correspondent cables:

WALL STREET has been sobered down by reports of corporate earnings in the third quarter, which though they are higher than a year ago are not as high as had been expected, and has also been disappointed by other signs of slowing down in the economy. While the cult of the equity is far from dead and little outright selling is taking place, there was no fresh demand for common stocks this week, and for the first time since mid-September, the Dow Jones average fell below 700. There is little prospect of a swift snapback until the economy

THE JACKDAW AND THE SQUIRREL

an economic fable

ONCE UPON A TIME there was a quite exceptional squirrel. He lived in a large wood in which there were many nut trees. And, like all squirrels, he was a saver. He gathered nuts for the winter. And this is where he began to be exceptional. He was a squirrel who knew what a good nut looked like.



Many other squirrels, in the course of time, had begun to rely on him. He gathered nuts for them, too, and kept them safely. He did not hide them away—he had got rather beyond that. He thought to himself that a nut by itself was just a nut. But, planted, it became a nut tree, from which came more nuts. So he encouraged the planting of nut trees.

One day as he was going about his business, he heard a great squawking. "Hey you! You there!" said a voice. The squirrel looked up from what he was doing. He peered into the branches. And there he saw a large, glossy jackdaw. "That's a nice nut," said the jackdaw. "I'm fond of nuts. In fact, I need nuts to keep going." The squirrel did not reply. "Well, aren't you going to give me that nut I'm admiring?" said the jackdaw crossly. "It's not my



nut," said the squirrel. "Of course it's your nut" said the jackdaw. "You've got it in your paws. I don't think it's at all nice, the way you're hanging on to it. Share and share alike you know!"—"But I do share and share alike," said the squirrel. "When the proper time comes round, I'll be distributing nuts to all the other squirrels. I just look after the nut-crop for them." — "You're a busybody, that's what you are," said the jackdaw. "Running round from tree to tree, gathering up all the nuts. Nobody else gets a look in. *I* intend to have a look in." "Other people plant the trees and get nuts from them," said the squirrel. "In fact, I and the other squirrels have only a small share in any one tree. We don't like to keep all our nuts on one branch, or in one part of the wood. When the trees bear well, every creature in the wood gets a share. Even jackdaws do better—or so I'm told," he added.

"Oh, I know what you're up to," said the jackdaw. "You may not own all the nut trees now. But soon you will. Oh yes, don't bother to deny it. I've been watching you. You've been taking them over one after another."

"Look," said the squirrel, "I'm a squirrel. I'm even a professional squirrel. I have an interest in nuts. And that's quite enough. What good would it do me to carve my name on a lot of nut-trees? All I want is to make certain that there is always enough to feed all the squirrels in the wood. Most nut-trees know how to get on with their own growing without any help from me." And with that he went about his own affairs.

The jackdaw was so cross about this that he swooped down and grabbed the big nut the squirrel was holding. "Hey!" cried the



squirrel. "Mind your own business," squawked the jackdaw as he flapped away.

So the squirrel didn't bother to shout any more. He knew that this particular nut had a worm in it. But he thought that perhaps the jackdaw would like to find this out for himself.

MORAL:

Minding your own business properly leaves little enough time to mind other people's.

* * * * *

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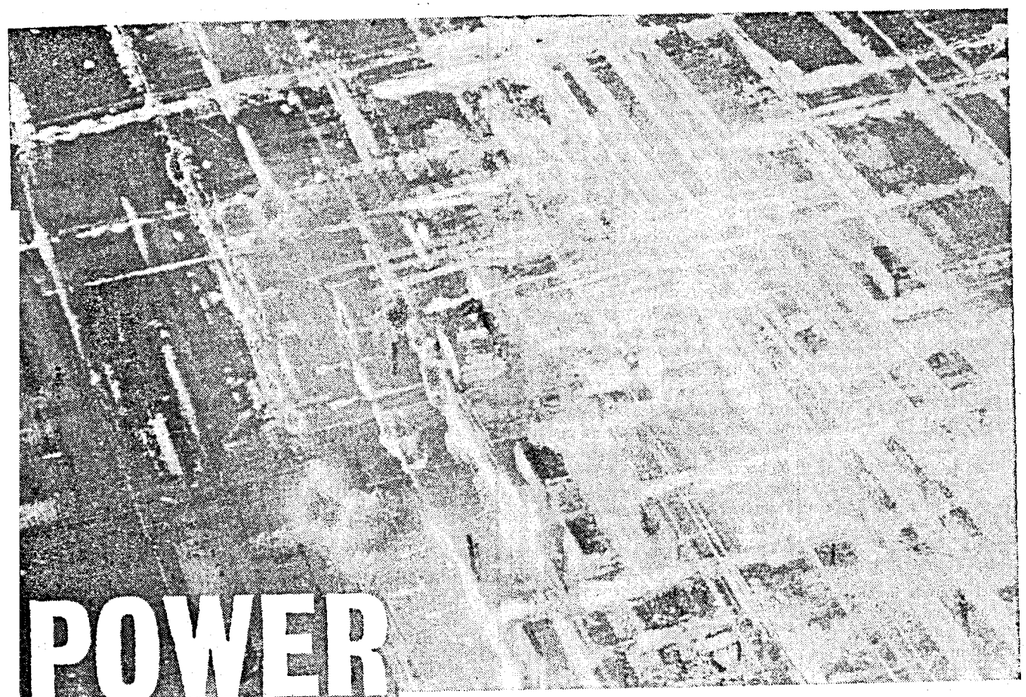
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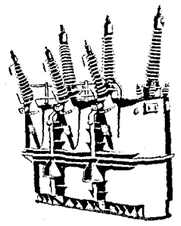
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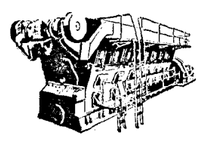
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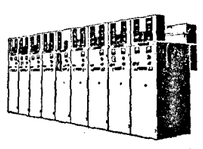
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shows more signs of strength. Even then, investors are likely to discriminate. This is evident from the current wave of tax selling which has depressed many "glamour" stocks as well as steel and other cyclical issues whose profits are lagging.

Selling for tax purposes, however, is not a serious factor in depressing the market as a whole, for the funds accruing from the sales are largely being reinvested in other stocks. Under the law, an investor can take tax losses and re-establish his investment position by buying back the same shares after a waiting period of 30 days. This is being done by a number of institutions, particularly some of the mutual funds which are seeking to offset some of their earlier capital gains with tax losses without permanently abandoning particular investments. In the absence of a strong movement in market prices either way, tax selling can also be the occasion for switching and it tends to drive down the prices of stocks that are already depressed and to add to the demand for those which already have good earnings. This is what Wall Street is now experiencing; but if the economy booms and profits rise the demand for equities is likely to revive, as there is still no inclination to shift into fixed interest securities.

OVERSEAS TRADE

Sticky Exports

DESPITE the pronounced fall in imports, that has reduced their value quarter by quarter since the start of the year, Britain had the barest surplus on visible trade with the rest of the world in the third quarter after allowing for the uneven basis for valuing imports and exports used in the monthly Board of Trade figures. The contraction in imports (seasonally adjusted) amounted to £32 million a month between the last quarter of 1960 and the third quarter of this year. Exports and re-exports *improved by £16 million a month*; however they appear to have virtually stopped rising early this year. Clearly, a further improvement in either imports or exports is needed in the current quarter.

Seasonally adjusted, the value of food imports was unaltered between the second and third quarters of this year. But this was partly the result of bigger imports of livestock; imports of meat continued to fall. Imports of basic materials dropped quite sharply once more, but while the level of production in Britain's manufacturing industry is rising, it would be over-optimistic to expect this contraction to go on much longer. Imports of manufactures for further processing, such as metals and chemicals, were unchanged between the two quarters; *paper and wood products were partly responsible* for checking their fall. Imports of finished manufactures showed a further sharp rise. Though the increase has come mainly in capital goods, imports of clothing and footwear and other non-durable consumer goods are substantially higher than a year ago.

Between the second and third quarters, exports to North America continued to increase, despite a steep drop in exports to Canada. Obviously, there is reasonable hope for further improvements in exports to the United States. Exports to western Europe, including both EFTA and common market countries are still expanding, but exports to the rest of the sterling area remain bogged down.



CHURCH COMMISSIONERS

Anglican Acumen

SINCE the Church Commissioners first began to invest in equities in 1948, their income has nearly doubled. Most of the rise of £1.5 million to £15.8 million in their income in the year to March 31st last came from bigger dividends on the equity holdings. As the table shows over the past two years the overall yield on its investment portfolio has improved by one per cent to nearly 6½ per cent.

In another year of active dealings, the Commissioners—probably for the first time—were net sellers of industrial equities. Even so new investments in this section amounted to £3.8 million, of which half was absorbed by rights issues and the rest largely by purchases of chemical manufacturing and store shares. They also added to their holdings of industrial debentures and some further switching among gilt-edged securities brought about a good improvement in the average yield on this section of the portfolio.

It has been estimated that the Church Commissioners now provide about three-quarters of the stipends of the clergy and about one-half of the Church of England's annual budget. About two-thirds of their income last year went towards stipends, pensions and the upkeep of parsonages. From their surplus of just over £3 million they plan to allot from next April a further £750,000 a year to raise stipends and, in addition, they will increase the income of every benefice by £50 a year, except in the rare cases where the income already exceeds £1,500 a year. A recent survey showed that less than one per cent of all clergy came in this category. Over 77 per cent received less than £850 a year, net of rates and mortgage repayments, but this calculation ignores any sums received in other capacities such as chaplaincies or the contribution that a growing number of parishes makes towards car, telephone and other expenses.

THE CHURCH'S PORTFOLIO

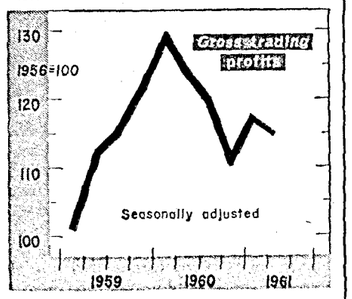
(£'000s)	At March 31, 1959	1960	1961
Total Investments†:			
Book value†	£122,942	£128,397	£132,262
Market value	£138,678	£186,090	£204,563
Average yield*	£5/9/4	£5/18/3	£6/9/4
Of which:—			
Government Stock:			
Book value	£20,056	£20,020	£19,441
Market value	£18,779	£17,601	£15,885
Average yield*	£4/13/0	£4/13/3	£4/16/1
*Percentage of portfolio**	*16·3%*	*15·6%*	*14·7%*
Indust. Ord. Stock:			
Book value	£73,857	£75,228	£76,427
Market value	£88,315	£128,116	£144,413
Average yield*	£5/11/2	£6/4/11	£7/0/10
*Percentage of portfolio**	*60·1%*	*58·6%*	*57·8%*
Income:			
Security income	£7,011	£7,929	£9,156
Net rental income	£4,189	£4,249	£4,480
Investment mortgage income	£1,244	£1,222	£1,227
Total income	***£13,308***	***£14,297***	***£15,765***

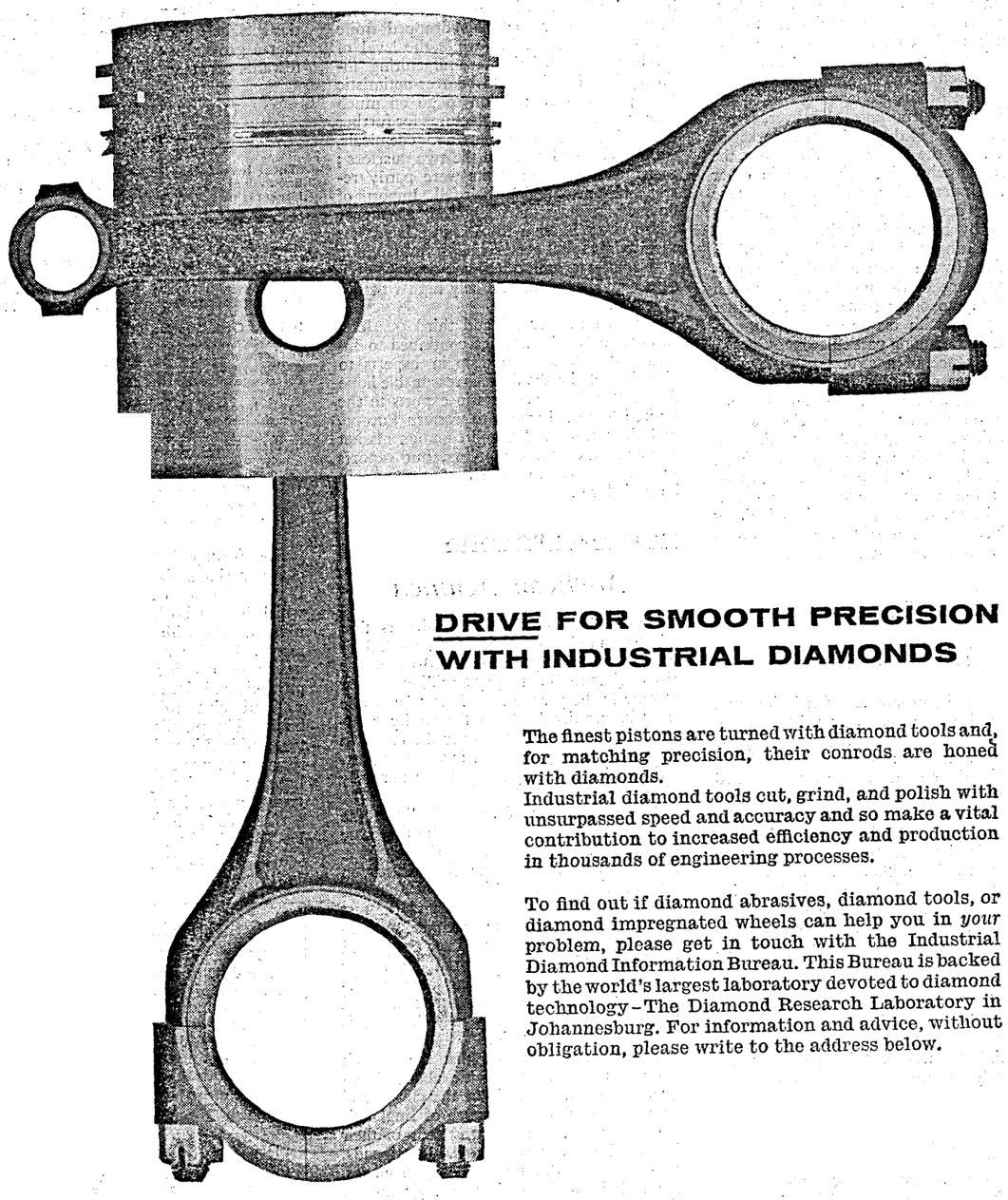
* At book values which were revalued at market prices on April 1, 1957. †Excluding short term loans.

For further increases in stipends the clergy perhaps should look more towards the Commissioners' property interests which have a book value of just over £69 million. As with stock exchange investments, the Commissioners have pursued a policy of pruning and streamlining this portfolio and since 1956 property sales have realised £20 million. This has been balanced by purchases and capital expenditure and in this period net rental income has risen by 50 per cent. The Commissioners' house properties have now been concentrated in five large estates at Hyde Park, Maida Vale, Kensington, Chelsea and Hampstead. In some of these estates the Commissioners' property development com-

THE SQUEEZE ON PROFITS

The wage and salary bill paid in the second quarter of this year was 9½ per cent higher than last year; and dividends of industrial companies were up by 15 per cent. Profits, however, were 8 per cent down on the year, and this is now being reflected in unchanged dividend declarations.





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I D
I B

The Industrial Diamond Information Bureau

2 CHARTERHOUSE STREET (DEPT E), LONDON, E.C.1.
Telephone: Fleet Street 7157

pany, Church Estates Development, is promoting in association with private developers and builders new blocks of flats and houses. But the total commitments of this subsidiary amounting to over £13 million are primarily concerned with the development of commercial properties. Not surprisingly with such vast sums to invest the Commissioners have forged links with Mr Cotton and Mr Clore and other property developers, and they are confident that these developments will give a yield of not less than 8 per cent when they are completed.

COMMODITIES

Inconclusive Conferences

LEAD and zinc producers' earlier forecasts of supplies and consumption in 1961 were shown to have been too optimistic by the behaviour of the market since March. Their new estimates put the surplus in lead supplies this year at 73,000 tons—not far short of last year's surplus which was absorbed none too readily by the United States stockpile. The surplus of zinc is reckoned to amount to 60,000 tons. Earlier forecasts were based on the assumption that supplies from communist countries would not increase beyond their level in 1960, but that hope has evidently not been realised. Zinc has now fallen to £71 a ton for spot supplies: only in 1946 has lead been cheaper. Even after quite a sharp rally on Thursday, spot lead was £62 a ton.

It is expected that the rise in zinc consumption will keep in step with higher production in the first half of 1962; with some producers continuing to restrain their output, lead consumption and supplies are expected to be roughly in balance. No restrictions have been placed on zinc producers and no further curbs have been applied to lead production for the first half of 1962, although this is apparently regarded as only an interim arrangement, because the lead and zinc study group mentions a further review "before the end of the quarter." This would in any case be made at the customary meeting next March, but the group may have immediate restrictions if necessary at that time, in mind. A statement that "a number of countries" will continue to restrict their lead output does not necessarily exclude the possibility that some producers who have done so up to now have not renewed this voluntary obligation.

The sugar conference in Geneva took a long time to come to an agreement to differ—at least for the time being. The conference was adjourned *sine die*, but the intention appears to be that it should recon-

CHANNEL CROSSING

A Matter of Money

WHEN, in a few weeks' time, Mr Marples sits down with M. Buron, his French opposite number, to open ministerial discussions between their two governments on what, if any, new type of transport link should be provided across the Straits of Dover, they will in effect have before them three possibilities—building a road and rail bridge; excavating a rail tunnel; or making do with the existing sea and air services. By then their advisers should have been able to go over in detail the proposals and calculations of the respective pressure groups backing the tunnel and bridge and produce their own estimates of how much capital each of the three will need in order to cater for expected traffic, what tolls each would have to charge in order to cover costs and make a reasonable profit, and what those respective rates of return might possibly be. That presumably ought to be the basis for decision. But both governments will doubtless be conscious also that if either or both the tunnel and bridge can in fact be successfully financed entirely by private capital—as the two sets of sponsors confidently allege—then their budgets would be relieved of having to find further investment for at least the sea ferries. Moreover, both groups claim that most of the money for their projects would come from outside Britain or France.

Of the three, it would seem that the tunnel would probably cost least—about £130 million including interest on borrowings during construction, against at least £220 million for the bridge (excluding capitalisation of "pre-opening" interest payments), and a figure somewhere between the two for keeping the present port, ferry and air services abreast of the growth in traffic during the next fifty years—though this last sum would not have to be spent all at once in the first five or six years. The tolls that the tunnel and bridge groups have in mind are similar; they are lower than the present sea ferry fares and the difference could reasonably be expected to grow with time owing to the heavier wage content in the cost of running the ferries. Comparing possible rates of return it would seem that the tunnel again may come off best. The sea ferries are barely washing their face even now, with written down capital and depreciation based on original cost. The tunnel and bridge groups express their hoped-for profitability in different terms: the tunnellers claim a 14 per cent "time adjusted" return while the bridge-builders promise 4 per cent in the first year, rising to 6 per cent in the sixth, and 8 per cent in the seventeenth year. That would be roughly equivalent to about 4½ per cent on a "time adjusted" basis, or about half that of the tunnel.

Strangely, both groups assume the same traffic potential, differing mainly only in their estimates of the new vehicular traffic the new facility will itself "generate." Yet the bridge would cost almost twice as much to construct as the tunnel (if neither runs into technical trouble) and have a great deal more potential—but for a long time to come little used—capacity. Moreover, while the tunnellers propose to raise most of their capital in bonds, and invite the two governments to assume the head lease of the tunnel so as to "guarantee" bondholders their interest, the bridge group freely claims it expects to raise the whole of its £220 million or more as equity. Apart from an agreement on the inevitable question of tax liability—which also concerns the tunnellers—the bridge group states it asks no more of either government other than permission to go ahead and the freedom to remit dividends to foreign investors.

But some rather oddly phrased references to the possibility of a rescue operation by the two governments in a booklet the group has published in France suggest that its own mind may not be entirely free of doubt:

> We would assert that the general interest of the bridge is so important for the future of Europe that it should be constructed even if its operation were unable to remunerate the invested capital, that is to say both governments, anxious to develop their economies, should build it from budget funds. Fortunately, there is no question of resorting to this method, which would be prohibited by considerations regarding the budgetary balance of public finances within the limits of prosperous economies. Calling up private capital will enable this vast undertaking to be realised, with the assurance that it will be satisfactorily remunerated, without prejudice to any other financing which is imposed by necessity.

Whatever this example of Gallic clarity (subjected to translation) may mean, the group's solutions to the technical problems posed by straddling one of the most crowded, and at times foggiest and windiest, shipping lanes in the world are at least comprehensible. It claims that wind deflectors, similar to those used on ships' bridges, would reduce the effects even of gales on vehicles crossing the bridge to levels that motorists ordinarily encounter from light winds inland. Lighting and the height of the carriageway above sea level, it argues, would limit hindrance by fog; and the very presence of a bridge across the channel, plus the adoption of modern navigational aids, would impose traffic order upon channel shipping where no such regulation exists at present. All this may be so; but it was not so long ago that a radar-equipped oil tanker crashed into the Severn railway bridge. The tunnellers may also not be entirely free of technical risks: the French and Italian contractors painfully cutting the new motor road under Mont Blanc have had some blunt words for the geologists who made the initial surveys.

vene next month. The difference that divides Cuba from probably all other members of the international sugar agreement, including perhaps its communist signatories, is about one million tons of sugar. Cuba wants a very large increase in its quota within the agreement. Although this might not necessarily affect sales to the free world, as the communist countries have agreed to take about five million tons of Cuban sugar a year, there are important principles at stake. Although it is argued that if no solution can be found the current agreement will simply continue to operate, the market is sceptical; the price of sugar in London has declined to £22½ a ton.

LIFE ASSURANCE

One Million Policies

LAST year the business of the life offices was more buoyant than ever before. New sums assured by members of the Life Offices' Association and the Associated Scottish Life Offices, which cover over 99 per cent of the ordinary life and annuity business of offices established in the United

EMPLOYEES' BENEFITS
(Under pension and life assurance schemes)

	1956 £ mn.	1957 £ mn.	1958 £ mn.	1959 £ mn.	1960 £ mn.
In force:					
Lump sum on death before retirement ...	1,815	2,182	2,573	2,884	3,260
Annual Pensions:					
Future*	403	464	533	582	643
Current	9·2	10·6	12·9	15·6	18·4
Premiums received	141	155	171	185	204
Employees covered ('000s)	2,701	3,011	3,302	3,493	3,769
New Business:					
Lump sum on death before retirement ...	440	500	621	585	715
Future annual pensions*	92	100	118	112	120
Yearly and single premiums ...	28·1	32·7	41·6	39·3	47·0
Employees covered ('000s)	523	534	573	552	615

* Based on current salaries.

Kingdom and of overseas offices operating in this country, rose by 21 per cent to the new record figure of £2,305 million while new annual premium income jumped to £90 million, compared with £75 million in 1959 and £74 million in 1958. Both individual ordinary life assurances and lump-sum benefits on death before retirement under occupational schemes contributed to the record figures and for the first time more than one million individual policies were taken out in a single year.

New business under pension and life assurance schemes more than recovered the ground lost in 1959, when employers appear to have been pre-occupied with the implications of the graduated state pension scheme. So far there has been no sign that higher statutory contributions are materially affecting the market for assured pensions. In contrast, the self-employed pension business has been sluggish: last year about 21,000 new policies were issued at premiums totalling £6.2 million, which was slightly more than the new premiums received in 1959 but less than the income from this source in the two preceding years. About 137,000 policies of this kind are now in force, assuring deferred annuities of £41 million per annum.

TOTAL LIFE OFFICE INVESTMENTS

	1956 %	1957 %	1958 %	1959 %	1960 %
Mortgages	15	15½	15½	15½	16
Gilt-edged	30½	28	26½	25	24
Other fixed interest securities	21½	22	21	21	20½
Equities	16½	17½	19	20½	22
Real property, ground rents and other investments	16½	17	18	18	17½

Ordinary life and annuity funds, as adjusted for transfers from reserve accounts, rose by £405 million last year. This record contribution to personal savings compares with £348 million in 1959 and £215 million five years ago. Combined ordinary and industrial branch funds rose by £519 million to £5,585 million and once again, as the table shows, the life offices added to their stake in equities. They now, however, appear to be less eager to buy ordinary shares, largely contenting themselves by taking up their rights in new issues.

RAIL v. AIR

The Minister Drops a Hint

LAST week, the Air Transport Licensing Board approved a scheme put forward by British European Airways to run combined nightly mail-newspaper-passenger flights between London and Belfast, Edinburgh, and Glasgow. The Transport Commission protested strongly against the £3 3s. fare that BEA proposed to charge in order to tempt passengers to fly in the middle of the night. This, protested the Transport Commission, was lower than second-class rail fare and would hit rail traffic badly. British European Airways retorted that the fate of the railways was none of the business of the Air Licensing Board, whose sole duty was to promote air traffic. The Minister of Aviation has contradicted this in terms that must have revived the Transport Commission's spirits.

The machinery for licensing air service provides for an appeal against any decision of the board and the Transport Commission has just appealed, in vain, against the grant of a licence for flights between Swansea and Birmingham. The commissioner who heard this appeal endorsed BEA's limited view of the board's brief. Mr Thorneycroft upheld the commissioner's decision to throw out the appeal, but added that he "did not agree with the view expressed by the commissioner that the board was neither empowered nor required to take into consideration the question of wasteful competition with rail facilities." The Transport Commission has still some time in which to decide whether to appeal against the Board's decision to approve BEA's £3 3s. fare which it has tended to regard as a test case. Such an appeal might clarify how Mr Thornycroft defines "wasteful competition" between air and rail and how far he is prepared to curb the development of internal air services to enable the railways to survive.

SHORTER NOTES

A correspondent writes from the United States that airlines have recently had first-hand experience of the pitfalls of translations from one language to another by computer. Technical manuals for the French-built Caravelle jets supplied to United Airlines have, he says, been translated in this way and contain frequent puzzling references to "water goat." This should read "hydraulic ram."

★

The Government of Switzerland is to lend the World Bank 100 million Swiss francs (about £8 million) at 3¾ per cent, to be repaid in two equal instalments in 1966 and 1968. This is the second loan to the Bank from the Swiss Government—the previous one of Sw. Fr. 200 million was made in 1956—and it brings the total gross borrowing by the Bank in Switzerland to almost one billion francs (£83 million), of which Sw. Fr. 887 million is outstanding.

★

The New Zealand Government has arranged a $20 million loan in the New York market, in 5¾ per cent bonds maturing in 1976. It is also reported that representatives of the IMF and World Bank have been invited to New Zealand to discuss possibilities of loans. This follows New Zealand's admission to the Fund last April.

COMPANY AFFAIRS
Comments on pages 383, 386 and 387 on:
Fisons, Rolls-Royce, Charterhouse, Caffyns, Frank Cooper, Robeco, Saxone, Lilley & Skinner, Daily Mirror, Johannesburg Consolidated, Cumulus Investment, Brooke Bond, Rover, Wall Paper Manufacturers

LONDON AND NEW YORK
Stock prices, yields and security indices on pages 384 and 385

LONDON STOCK EXCHANGE
The week's movements reported on page 387

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 388

THE ECONOMIST OCTOBER 28, 1961

NOW— a Computer for *growing* Companies



A short time ago, the Honeywell 800 was announced as leader of 'the new generation' of computers, able to process more data at a time than any other system. Here now is the Honeywell 400 – the most advanced small scale system for small-to-medium size companies, and divisions of large companies. It offers magnetic tape and card processing at card system cost.

HONEYWELL 400

FIRST STEP TO COMPUTER GROWTH
The 400 incorporates the same ancillary equipment as the 800, Honeywell's medium-to-large scale electronic system. The two computers are also compatible in the use of a similar programming language, based on simple words. The 400 is primarily intended for use as an independent data processing system ... but it can also function as a satellite to an 800 for fully integrated data processing operations: programmes run on 'local' 400's can be easily integrated with programmes run on the head office '800'. When greater processing power is needed, graduation from 400 to 800 is a logical and economic step.

BIG SYSTEM PERFORMANCE SMALL SYSTEM COST
Honeywell 400 is a full-scale electronic data processing system complete with magnetic-core memory, high-speed magnetic tapes operating at 96,000 decimal digits per second, input at 650 cards per minute and printing at 900 lines per minute. This powerful combination has been achieved at a cost that compares favourably with that of many punch-card systems, and is lower than that of any comparable magnetic-tape system. Random Access Storage is now available for those requiring immediate access to large files (up to 12 million words).

Enquiries
Honeywell Controls Limited have established in London an Electronic Data Processing Division. A Computer Service Bureau is being set up, at which you will be able to see and use the Honeywell system. Enquiries should be addressed to: Electronic Data Processing Division, Honeywell Controls Limited, Greenford, Middlesex.
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ANOTHER RECORD YEAR

Mr. ISAAC WOLFSON, Chairman and Managing Director

THE GREAT UNIVERSAL STORES LIMITED

in his Statement for the year ended 31st March, 1961, said :

FINANCIAL RESULTS FOR THE YEAR. Group Profit for the year, after providing for Depreciation, etc., but before Taxation is £26 million. This is some £1½ million above that of the previous year, and once again it is a record figure. This was achieved in a most difficult year, due to the re-imposition of hire purchase controls. This increase is in excess of the average increase for the past five years. It has been earned almost entirely from internal development.

DIVIDENDS AND APPROPRIATIONS OF PROFITS. We have decided to recommend a final dividend upon the Ordinary and "A" Ordinary Stock of the Company of 25 per cent. less tax, for the year ended 31st March, 1961, which together with the Interim Dividend of 12½ per cent. already paid makes a total dividend of 37½ per cent. less tax. It was our intention to recommend a larger dividend, which the profits of the Company justify, but having regard to The Chancellor of the Exchequer's speech in The House of Commons on 25th July, we have decided not to increase it, but to maintain the same total dividend as last year. Stockholders will of course derive the ultimate benefit of increased retentions.

After appropriations £7,732,256 is retained in the business. The Ordinary Dividend, therefore, is covered some 2·5 times by the net distributable revenue and some 2·2 times by the net profit for the year.

BALANCE SHEET. The Consolidated Balance Sheet shows increased strength. The Capital and Reserves of the Group, including £11 million set aside for future taxation, are £106 million and exceed £100 million for the first time. It is interesting to note that in 1955 the amount was £50 million. The figure of £106 million is reached before taking into account any increase in the value of our properties (£22 million of which are freehold), since they were last valued in 1955, Nor does it include the substantial reserve for unearned profit which forms the larger part of the provision of over £19 million deducted from hire purchase debts. The excess of the current assets over current liabilities is approximately £75 million compared with £68 million last year. Cash in the United Kingdom at £11½ million is ample for our present requirements and will stand us well in a period of credit stringency.

DIVISIONS. Stockholders are by now familiar with the composition and scope of the various trading divisions which go to make up The Great Universal Stores Group. All these divisions have shown sound progress at home and overseas. At home, the Mail Order and Multiple Shops sections, in particular, have shown continued growth.

Overseas, the economic situation in Canada and the political situation in South Africa, in both of which countries GUS has extensive interests, have presented us with particular problems. Nevertheless our trade in Canada was maintained and there was an increase in both sales and profit in South Africa.

CONCLUSION. The problems which face our business are directly related to the economic outlook of the nation. Our organisation is soundly based for long term development and our management well equipped to tackle the immediate difficulties which lie ahead. I repeat, as I have said previously, that our Company will continue to grow as the country's economy expands, as in the long term it will.

I am pleased to report that so far comparable sales and trading profits are higher than in the same period last year. I am hopeful that, subject to no unforeseen circumstances, the trading profits will compare favourably with those which I now have the honour to put before you.

Comparative Figures 1952-1961

Year ended 31st March.	Group Profit before Taxation.	Taxation.	Net Dividends paid to Stockholders of G.U.S. Ltd.	Cash Flow (Profit retained in Business plus Depreciation).	Group Net Assets.
	£	£	£	£	£
1952 ...	8,638,047	5,365,365	412,784	3,191,546	21,527,186
1953 ...	10,198,721	6,746,550	792,615	3,210,628	25,649,539
1954 ...	14,273,393	9,197,490	1,408,646	4,192,062	33,420,756
1955 ...	17,491,253	9,634,158	2,927,438	5,981,728	50,433,226
1956 ...	18,429,784	10,377,993	3,438,170	6,133,592	56,987,120
1957 ...	19,734,019	11,207,282	3,620,915	6,594,614	66,549,234
1958 ...	20,685,340	12,034,818	3,950,579	6,761,576	75,531,767
1959 ...	21,705,494	11,326,755	4,506,935	7,366,593	81,650,092
1960 ...	24,272,995	12,312,456	5,445,887	9,131,365	98,252,685
1961 ...	26,066,113	13,913,448	5,665,224	9,767,855	106,592,324

THE GREAT UNIVERSAL STORES LIMITED

OPERATING 2,025 SHOPS AND DEPOTS THROUGHOUT THE UNITED KINGDOM AND OVERSEAS

THE TAP & DIE CORPORATION LIMITED

Salient points from the Statement of the Chairman, Mr D. G. N. Lloyd-Lowles, at the Annual General Meeting on 26th October, 1961.

★ A company is being formed to acquire an engineering business at Biggleswade, mainly for the purpose of manufacturing special purpose machine tools for our own use and for export.

★ Our dominant position in the industry makes us far and away the largest exporters of screwing tools from the United Kingdom, and we are well poised to take advantage of the opportunities for expanding trade which will be offered if the United Kingdom joins the Common Market.

★ Our properties have recently been revalued at £1,200,000 compared with a book value of £520,000.

★ Net Assets now stand at £3,581,125 (excluding the increased value of the properties).

★ Profits before tax amounted to £827,181 for the year to 31st May, 1961, an increase of 17% over the previous twelve months.

★ The dividend of 20% for the year is covered 1.8 times.

★ Turnover is running at a rate well in excess of last year and given normal conditions we can be very confident of the future.

Rael-Brook Holdings Ltd.

PLANS FOR EXPANSION

The fifth annual general meeting of Rael-Brook Holdings Limited was held on October 20th in London, **Mr Harrry Rael-Brook** (chairman and managing director) presiding.

The following is an extract from his circulated statement:

During the year we increased our total sales by some 26 per cent and our export sales by approximately 19 per cent. After making the appropriate adjustments for the minority interest in our Italian subsidiaries, the net profit before taxation attributable to members of the holding company is £323,817 as compared with £231,879 for 1960. We have again placed the sum of £20,000 to general reserve.

Expansion of Interests

Rael-Brook began to manufacture shirts some 12 years ago with a capital of £1,000. It has now become the largest shirt manufacturer in the United Kingdom. This side of our business is still expanding and our share of the market is still growing. However, in order to accelerate our rate of expansion, we do not wish to restrict our activities purely to this field. We feel that the time has come to extend our activities over the men's wear industry as a whole. The basic problems of each section of the industry are the same, and we are satisfied that the management "know how" which we have developed will enable us to invest successfully in the other sections of the men's wear industry.

To pursue this policy, we have formed an investment holding company, Wellpax Investments Limited, to control and manage our existing and future interests apart from our United Kingdom shirt business. These interests at present include our companies in Italy and our most recent acquisition, S. Leader & Company Limited and its associated companies. It is intended that future investments should include all branches of the men's wear industry, both in the United Kingdom and in the Common Market countries, where a successful beginning has already been made.

It is my firm conviction that within a comparatively short period of years the profits attributable to Wellpax Investments Limited should be greater than those of the existing group.

Profit Forecast

Despite the slowness in the retail trade and the unsettled economic climate at the time of writing this statement, our sales are in excess of those for the same period of last year. We are still facing rising costs but subject to unforeseen circumstances, the profits for the year to April 19, 1962, including the initial profits of Wellpax Investments Limited, should show a gratifying increase over those of 1961.

Share Conversion Rights

I feel it is appropriate to draw the attention of those shareholders who own Convertible Preferred Ordinary Shares to their right to convert these Shares into Ordinary Shares on April 19th in each of the next four years. The proposed dividend on the Ordinary Shares in respect of the year to April 19, 1961, amounts to 37½ per cent compared with 33⅓ per cent on the Convertible Preferred Ordinary Shares.

The report and accounts were adopted.

EASTWOODS LIMITED

SUBSTANTIALLY IMPROVED RESULTS

The Annual Meeting of Eastwoods Limite will be held on November 16th in London.

The following is an extract from the revie by **Sir Thomas Moore, Bt, CBE, MP,** chairmar circulated with the report and accounts:

The accounts to March 31, 1961, show a sub stantial improvement over the good results of th previous period. Every department of East woods was extremely busy meeting the urger requirements of the building and civil engineer ing industries and sales of our own product created a new record in the history of the Grou Deliveries of cement, bricks, concrete tiles, con crete pipes, and sand and ballast were at or nea the limit of our productive capacity and ou merchanted sales also expanded to a new hig level of achievement.

In spite of increased costs of production du to substantial wage advances and increases i the price of coal and electricity, satisfactor profit margins were maintained on most of ou various manufactures largely as a result of th economies derived from increased mechanizatio and peak production at all our undertakings.

The net profit of the Group was an all-tim record.

Various schemes of reorganisation and expar sion are now receiving consideration, some c which will require very large expenditure o capital account.

Orders totalling £200,000 have been place for further transport and we have receive planning permission for construction of a kil at our Otterham stock brick works in Ken which will cost £100,000.

The board also have under active considera tion the construction of a new kiln at ou Cement works in Cambridgeshire, to give a output of 200,000 tons of cement clinker pe annum. The cost of this comprehensiv scheme would amount to about £2½ million an would take upwards of two years to complet from the date of placing the order. Th method of financing this project is engaging ou attention and if we proceed it is clear that s some stage it will be necessary to raise additiona permanent finance.

CURRENT TRADING

Building activity has continued at a extremely high level right up to the preser moment, but during the remaining months of th winter, we must expect the usual seasonal declin in building and to what degree, if any, this wi be accentuated by the Chancellor's recer stringent measures it is difficult to gauge. I thin there is certain to be a distinct slackening c impetus in the upsurge of building activit which normally takes place in the spring.

To make a reliable forecast in these uncertai circumstances is impossible, but Eastwood turnover to date is well ahead of the comparabl period in 1960 and it is not unreasonable t hope that the results of the current financial yea will prove to be not less satisfactory than thos at present under review.

In the long term a large building programm is essential to the health, happiness an prosperity of this country and I am confiden that a future of great activity lies ahead for th building industry in which Eastwoods are wel equipped to take an increasing share.

ROBECO

SECOND INTERIM REPORT

Considerable alterations have taken place in the assets composition of your Company since our previous Interim Report. We have reduced liquid resources considerably and have used them mainly for Investment in American securities, whilst we have at the same time increased our interests in many European companies.

Spread of Investments	1.10.61	1.6.61
European Common Market inc. Dutch Internationals	44·74%	(49·19%)
U.S.A and Canada	43·02%	(35·69%)
Great Britain	3·47%	(3·45%)
Other Countries	1·24%	(1·24%)
Cash or Equivalent	7·53%	(10·43%)

United States: In the sectors where the outlook is most promising, e.g., the so-called savings and loan industry, the public utilities and the office equipment and packaged foods industries, we have made considerable additions to our holdings of selected stocks.

Europe: Our preference has been directed particularly to the consumer goods industry, to retail trade and to banks and insurance companies.

ROBECO's growth so far in 1961 has continued. On October 1st the issued capital amounted to f 187,116,450 and the net asset value of your Company reached more than f 865 million. The assets value of a ROBECO share, increased by the cost of issuing new shares, amounted on October 1st to f 242.50. The

income account has shown a satisfactory tendency so far this year.

We are pleased to announce the distribution of an interim dividend of f 4.—(7s. 9d. approx.) per share. On the bearer shares dividend coupon No. 35 was declared payable on October 26th.

Copies of the full Interim Report and the last Annual Report in English can be obtained from the Company at P.O. Box 973, Rotterdam, Holland.

CAWOODS HOLDINGS LIMITED

The thirty-ninth Annual General Meeting was held on October 20, 1961, in Leeds, **Mr E. W. Towler** (the Chairman) presiding. The following is an extract from his circulated Statement:

The Group Trading Profit for the year under review is £497,075 compared with £505,810. Capital and Reserves increased from £1,553,398 to £1,688,971; the net current assets amount to £826,578. The Directors recommend a dividend of 1s. less Income Tax, per Stock Unit.

The Group Profits included the post-acquisition profits of the Morfitt and Heaton businesses and were adversely affected by the trading losses incurred in the closure of the West Drayton Works, the freehold of which has been sold at a substantial capital profit, which will mature in the current year's accounts. More coal was sold both at home and abroad, and the Briquette plants worked to capacity. A new fleet of barges is being built for service at the end of this year to Skelton Grange Power Station. Although competition in the Fuel Oil market has increased in severity our expanding organisation for the distribution of Regent products is expected to produce satisfactory returns. The quarry section of our business, in spite of the keenly competitive market, produced very satisfactory figures.

The trading profits this year show the anticipated improvement compared with last year, and with the inclusion of a full year's earnings from the Thrutchley Group and John Heaton Limited, satisfactorily increased group profits are expected this year.

The report was adopted.

UNION ESPANOLA DE EXPLOSIVOS S.A.

Paseo de la Castellana 20
MADRID
CHEMICAL MANUFACTURERS
Incorporated in Spain 1896

PRODUCERS OF :-

FERTILISERS : Phosphates ; Superphosphates ; Nitrogen Compounds ; Other organic Fertilisers. INSECTICIDES and FUNGICIDES

POTASH INDUSTRIAL and MILITARY EXPLOSIVES INDUSTRIAL CHEMICALS : Sulphuric Acid ; Nitric Acid ;

Hydrochloric Acid ; Acetic Acid ; Caustic Soda ; Liquid Chlorine ; Calcium Carbide ; and a full range of derivatives.

CAPITAL - AUTHORISED AND ISSUED
1,250,000,000 Pesetas in Ordinary Shares of 500 Pesetas each

BALANCE SHEET - AS AT 31st DECEMBER 1960

	Pesetas		*Pesetas*
Capital	1,000,000,000	Industrial Fixed Assets	963,489,916
Special Reserve	338,934	Other Fixed Assets	23,005,775
Legal and other Reserves	572,855,143	Special Reserve Fund	338,934
Debentures	921,000,000	Quoted Investments	298,626,206
Taxes Payable	71,700,237	Other Investments	367,065,108
Bills Payable	1,573,801	Patents	106,882
Sundry Creditors	694,828,280	Bills Receivable	188,212
Profit and Loss Account	121,062,052	Stores and Materials	915,223,219
		Prepayments	820,428
		Sundry Debtors	666,234,435
		Cash	46,459,332
		Dividend Account	101,800,000
Pesetas	3,383,358,447	Pesetas	3,383,358,447

BANKERS : BANCO HISPANO AMERICANO : BANCO URQUIJO.
LONDON FINANCIAL CORRESPONDENTS : DA PONTE & CO. LTD., Private Bankers.

ALEX. LAWRIE & COMPANY

The thirty-seventh annual general meeting of Alex. Lawrie & Company, Limited was held on October 25th in London, **Mr G. W. Gemmell** (the chairman) presiding.

The following is an extract from his circulated statement:

The Parent Company's profits for the year ended June 30, 1961, have shown a slight improvement, the net figure after tax being £105,088 as against £100,758 in 1960. As a result the Board have been able to put a further £45,000 to General Reserve and to recommend a final dividend of 7½ per cent, making a total for the year of 12½ per cent.

The Consolidated Accounts however do not show up quite so well, the net profit being down by £16,381, due I regret, almost entirely to the unprofitable year's trading suffered by our East African company, Kettles-Roy & Tysons Ltd. As a result the Group profit is therefore £91,169 (£107,550 in 1960) of which £47,700 (£55,000 in 1960) has been transferred to General Reserve.

The total interest of Alex. Lawrie & Co. shareholders has risen by £117,114 and stands at £1,824,574. This increase is mainly accounted for by the higher market value of our holding in Balmer Lawrie & Co. and the transfer t General Reserve.

The trading results of the Parent Compan have followed very much the pattern of previou years.

The statement then reviewed in detail the acti vities of the Group's subsidiary and associate companies, and concluded:

Finally, I would like to express the Board' deep appreciation of and thanks for all that ha been done by the staffs both in London an overseas to further the welfare and prosperity c all our companies and associated interests.

The report was adopted.

ARMSTRONG SHOCK ABSORBERS

The twenty-sixth annual general meeting of Armstrong Shock Absorbers Limited was held on October 23rd in London, **Mr Irvin Haylock, FCA,** presided in the absence of the Chairman and Managing Director, Mr William Armstrong, BSc, AMIMechE, AFRAeS.

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

The drop in profits during the Financial Year was due to the severe recession in the Motor Industry which lasted for five months last Winter. A similar and even more serious recession occurred in Australia and unfortunately this is still continuing. Added to these problems has been the general increase in costs due to Wage increases and it has been extraordinarily difficult to obtain even a proportion of these increased costs by means of price increases from our Customers. However the Commercial Vehicle industry continued at full production and our diversification programme, in particular Heli-Coil, was extremely helpful to the position. Also our direct Export business increased very considerably so that all in all your Directors feel that profits are at a level sufficient to maintain the Dividend of 25 per cent.

We are proposing that the name of the Company be altered to Armstrong Equipmer Limited. The object of this is to reflect mor appropriately the wider spread of the Company activities outside the Shock Absorber field bot at home and overseas.

At the time of writing (Mid-September) ou factories at Beverley and York are operating a full load and the Motor Industry is going ahea with its considerable expansion plans so that w feel, with the Overseas and Export positior there are grounds for reasonable confidenc regarding the current Financial Year.

The report was adopted and a resolution wa passed changing the name of the Company t "Armstrong Equipment Limited."

APPOINTMENTS

UNIVERSITY OF CANTERBURY
CHRISTCHURCH, NEW ZEALAND
CHAIR OF ECONOMICS

Applications are invited for the Chair of Economics, this vacancy being due to the death of Professor C. Westfstrate.

The University will be prepared to arrange with the successful applicant a date on which he should take up his duties.

The salary attached to the Chair is at the rate of £2,800 per annum.

Further particulars are available from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close in New Zealand and London on *30th November*, 1961.

THE ECONOMIST INTELLIGENCE UNIT LTD. wishes to make a graduate appointment to the staff of its International Division. This division is concerned with economic research for clients as well as publications dealing with all parts of the world. Applicants should not be more than 28 and should have a good honours degree; this need not be in economics, but in such case they should have experience of economic or related research; a good working knowledge of either Spanish or German is desirable.—Detailed applications should be sent to International Research, EIU, 5, Bury Street, London, S.W.1.

GRANADA TV
require an
ORGANISATION AND METHODS OFFICER
to work from their TV Centre Manchester. Duties will include investigation, recommendation and implementation of systems of procedure. Applicants should have had at least three years' experience of O & M work and be able to operate at all levels in the organisation. This is a senior post for which a commensurate salary will be paid. Five-day week, generous Pension and Dependent Insurance arrangements. Write, giving details of age, qualifications and experience to:
Norman Price,
Personnel Manager,
Granada TV Network Limited,
Manchester.

A NUMBER of vacancies exist in the Market Research Department of a leading London advertising agency for Assistant Research Executive trainees.
The work of the department consists mainly of planning and organising sample surveys of the general public, and of interpreting the results of these surveys to management and other departments in the agency.
Selected candidates will, in the first instance, assist Research Executives by whom they will be trained in the techniques of market research. It is expected that Assistant Executives will eventually assume full executive responsibility for market research on a group of the agency's accounts.
Applicants should possess a first- or second-class Hons. degree in one of the arts, social sciences, or mathematics.
Starting salary will be between £650 and £750 per annum, depending upon qualifications.
Application forms can be obtained from the *Staff Manager*.—Box 1554.

I.T.I.
I.T.I. LTD. is an Anglo-Swiss organisation specialising in industrial marketing research in the British Commonwealth and in Europe. We are associated with GfK, a leading market research organisation in Germany, and with engineering consultants in London, Zurich and Dusseldorf. We have two vacancies in our London office for graduates with a minimum of two and three years' experience, respectively, in market research, marketing or consultancy.
Salary according to age and experience.
The prospects are not unexciting.
Write to:
I.T.I. LTD., 185, Piccadilly, W.1.

For further appointments and other classified advertisements see pages 389 and 390

AUSTRALIAN NATIONAL UNIVERSITY
CANBERRA
RESEARCH SCHOOL OF PACIFIC STUDIES

Applications are invited for appointment to a READERSHIP IN INTERNATIONAL RELATIONS; salary £A3,750. Reasonable travel and removal expenses are payable.
One year's study leave with travel allowances will be granted after each five years' service.
The Reader in International Relations will be expected to engage in and to supervise research into the political, economic and legal relationships between nations, especially, but not necessarily exclusively, in the Asian and Pacific regions.
Further particulars should be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.
Applications close on *8th December*, 1961.

THE EDINBURGH AND EAST OF SCOTLAND COLLEGE OF AGRICULTURE

Applications are invited for the post of Assistant Agricultural Economist. Salary according to qualifications and experience:
Grade III £1,004—£1,570
Grade IV £797—£993
The appointment is eligible for superannuation.
Candidates should hold a degree in Agricultural Economics or Economics or Agriculture.
Further particulars and application forms from the Secretary, The Edinburgh School of Agriculture, West Mains Road, Edinburgh, 9, with whom the application should be lodged within two weeks of this advertisement.
J. A. JOHNSTON,
Secretary.

UNIVERSITY OF SYDNEY
LECTURESHIP IN ACCOUNTING

Applications are invited for the above-mentioned position.
The salary for a Lecturer is within the range £A1,730 x £105—£2,435 per annum plus cost of living adjustments (at present £A49 p.a.) and will be subject to deductions under the State Superannuation Act. The commencing salary will be fixed according to the qualifications and experience of the successful applicant.
Under the Joint Members' Housing Scheme, in cases approved by the University and its Bankers, married men may be assisted by loans to purchase a house.
Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.
Applications close, in Australia and London, on *22nd December*, 1961.

BROWN & POLSON LTD.
SENIOR ASSISTANT
ORGANISATION AND METHODS
Applications are invited from men or women in the age group 23-28 with a good educational background and experience in an O. & M. Department. Based in London now (moving to new offices at Esher within 2 years), some work may be necessary in the Company's Branch Offices and Factories in the U.K. The appointment carries a good salary and participation in a substantial Profit Payment Scheme, Pension and Life Assurance. Applications to:—
Group Personnel Manager,
BROWN & POLSON LTD.,
123/130, Strand, London, W.C.2.

FERRANTI LTD., Hollinwood, Lancs, have a vacancy in the Export Sales Department for a Woman Economist. The work includes the provision of an information service and reports on specific projects. Candidates must have some experience of working on their own initiative. Good salary and staff conditions, including Superannuation Scheme.—Apply, giving full particulars of age, education and experience, to Miss I. Graham.

SALZBURG SEMINAR IN AMERICAN STUDIES
SCHLOSS LEOPOLDSKRON, SALZBURG AUSTRIA.
Scholarships are offered for the following sessions:
AMERICAN FOREIGN POLICY
January 7 to February 3, 1962.
AMERICAN LITERATURE AND MASS MEDIA
February 11 to March 10, 1962.
THE AMERICAN ECONOMY
March 18 to April 14, 1962.
Lectures and Seminars at the post-graduate lev Admission is granted for evidence of abili and accomplishment. General age range 25 40.
For further information and application form please write promptly to: Salzburg Seminar, Upper Brook Street, London, W.1.

BBC requires Producer/Language Supervis African Service in London (British su ject). Duties include writing, adaptation ar production of talks and feature programme language supervision and co-ordination of duti of Hausa staff engaged on translation and broa casting. Recent experience in at least one the West African Territories, high standa of Hausa and keen interest in and knowledg of Africa and international affairs essenti Journalistic and broadcasting experience a advantage. Candidates having passed Low Standard Hausa only may be required to tal oral and written test. Salary £1,380 (possib higher if qualifications exceptional), rising five annual increments to £1,780 max. p. Requests for application forms (enclosi addressed envelope and quoting referen 61.G.496 E.C.1) should reach Appointmen Officer, Broadcasting House, London, W. within five days.



The Wellcome Foundation Limited require for their Biological Control Laboratories a Statistician to take charge of their Statistical Unit at Dartford.
Applicants should possess a degree in statistics or mathematics, or an equivalent professional qualification. The work entails the design and analysis of routine biological assays and of research projects. Previous experience in this field would be an advantage. Salary according to qualifications and experience.—Applications should be made in writing to the Personnel Manager, Wellcome Chemical Works, Dartford, Kent.

COMPANY AFFAIRS

New Problems for Fisons

DESPITE numerous attempts Fisons has been able to establish no more than a foothold in industries other than fertilisers. Bids for Crosse and Blackwell, British Drug Houses and Evans Medical have all been unsuccessful and the bulk of Fisons' profits continue to stem from fertiliser sales. The chairman, Sir Clavering Fison, had already forecast that profits in the year to June 30th last would be lower as the 1959-60 profits had benefited from an exceptional increase in fertiliser sales which partly reflected the very good harvest of 1959 and the introduction of the Small Farmer Grant Scheme. In 1960-61 fertiliser prices were reduced by 4 per cent and it seems unlikely that total sales rose at all, though a 4 per cent increase had been looked for. It was not therefore surprising that profits fell back from £6,840,000 to £5,773,000; the fall in net profits from £2,021,000 to £1,860,000 was much less steep, reflecting an unexpected reduction in depreciation and a much lower tax charge, which presumably results from bigger investment allowances. There had been some fears that the ordinary dividend would be reduced but in fact it has been maintained at 11 per cent, though the cover for it has fallen slightly to 1.7 times.

Fisons' attempts at diversification have been based on its substantial holdings of cash and investments. The size of these balances is always high on June 30th, when fertiliser stocks are low and most of the traders' accounts have been settled. But by June 30th this year, these liquid holdings had fallen sharply from £8.7 million to £3.9 million, the lowest level for some years. As capital commitments at that date amounted to £13½ million, against £2¼ million, it seems unlikely that the fall in liquid assets simply reflects spending on either of Fisons' two major development projects, the nitrogen plant to be built in conjunction with Esso at Milford Haven and the doubling of the ammonia capacity at Flixborough. These plants are expected to cost £12 million and the company plans to devote between £2 million and £3 million on building up its export business. Despite the company's contention that the major part of this expenditure can be met from "existing and accruing resources" the cash flow of about £2.7 million is unlikely to be sufficient in view of the sharp fall in liquid assets and it looks as if Fisons will have to come to the market for new funds before these programmes are completed in 1964. Not surprisingly the £1 shares at 34s. are close to their low point for the year and yield 6½ per cent. This is higher than the average yield offered by blue-chips and it reflects not only the possibility of a further share issue but also the uncertainty over the outcome of the common market negotiations. Fertiliser prices in Europe are generally lower than those in this country and any cuts in the agricultural subsidies could hit Fisons hard.

Rolls-Royce

HOPES of a more significant increase in the trading profits of Rolls-Royce for 1961 have been dashed by this week's interim statement; although this records an increase in sales from £51 million to £59 million in the first half of the year it contains much gloomy news besides. Shareholders are told that development expenditure on aero engines has been at a higher level than in any previous year. Part at least of this must be due to continued trouble with the big turbo-prop Tyne. Thus while the favourable trend in sales is expected to be reflected in the full year's figures it would seem likely that any increase in profit will be absorbed by another very heavy development charge (which in 1960 rose to £7¾ million, to make a total of over £20 million in three years). A substantial increase in working capital and high interest rates have also resulted in "unexpectedly large" charges for loan and bank interest; these should presumably show some reduction in the second half of the year following the issue in June of £12 million of a 6½ per cent debenture. Orders in hand have also shown a sharp fall and at the end of September amounted to £94 million, against £116 million at the end of 1960 when the delayed deliveries had swollen the total.

On the car side of the business, which now accounts for only 10 per cent of total sales, the outlook is depressing with the demand for Rolls-Royce and Bentley cars "severely reduced" following the budget proposal which limited to £2,000 the tax allowance which a buyer can claim on a car used for business purposes. The interim dividend has been doubled to 5 per cent in line with Lord Kindersley's forecast but it is not surprising that the directors say that the total distribution for 1961 will not be increased beyond the current rate of 11 per cent to which the dividend was raised for 1960. The £1 shares, which fell by 7½d. to 40s. on the interim statement, yield 5½ per cent.

Charterhouse

THE Charterhouse Group has passed its interim dividend, which amounted to 4 per cent in 1959-60 when a total dividend of 8 per cent was paid. The reason is further trouble from its hire purchase subsidiary, Charterhouse Credit, which last year made a loss of £1,305,000. Reorganisation of Charterhouse Credit was obviously likely to result in an operating loss in the current year, but after last year's drastic surgery the need to make a further bad and doubtful debt provision was certainly not expected. Sir Nutcombe Hume, chairman of the group, who six months ago was forecasting "a much better report" for this year, now reports that the trading loss and extra debt provision of the credit company may mean a reduction in group profits of "as much as £400,000." Sir Nutcombe does not say how much of this £400,000 is attributable to the trading loss and how much to bad debts. But he does add that it may be prudent to provide for further operating losses. Last year's loss was largely absorbed by the hire purchase company's preference capital and capital reserves so that only £333,000 came out of the group's profits. This time profits will have to bear the full loss. The net profits of the rest of the Group for the year to November 11th are likely to be the same as in 1959-60. Shareholders must now have serious doubts about the size of the final dividend.

Saxone Lilley and Skinner

THE boom in shoe sales continues, but sales depend very much on the whims of fashion and the shoe manufacturers need plenty of skill—and some good fortune—to keep in step with the bewildering changes in them. Now it seems that "stiletto" heels and "winkle-pickers" have passed out of favour and Saxone, Lilley and Skinner is having to cut its prices to avoid being left with stocks of unfashionable shoes. The benefit of higher sales has, in addition, been more than absorbed by higher costs, and the company's chairman, Mr J. S. Abbott, now forecasts lower profits for 1961.

Shareholders received this disquieting and unexpected news in a circular giving details of the one-for-one scrip issue that is to follow the revaluation of the group's properties. This has revealed a surplus over book values of over £12 million, but of this only the surplus of £5.6 million relating to freehold properties is being written into the accounts. The big surplus has drawn attention to the relatively low return Saxone earns on the capital it employs. The return is no more than 4½ per cent if leasehold as well as freehold properties are taken at current valuations. Mr Abbott says that each trading site is now being examined in relation to the contribution it makes to profits and he expects profits to rise again once this examination and the resulting "vigorous action" has been completed.

In the present state of the stock market the normal reaction to a forecast of lower profits would have been to mark the shares down, but, in fact, the 5s. shares were virtually unchanged at 26s. 6d., close to their 1961 peak. They offer a yield of under 3 per cent on the forecast of an effectively maintained dividend. This low return is certainly not justified by current trading prospects but reflects the steady buying of the shares and reports in the stock market

Continued on page 386

LONDON AND NEW

Prices, 1961 High	Prices, 1961 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Oct. 18, 1961	Price, Oct. 25, 1961	Net Yield, Oct. 25, 1961 § £ s. d.	Gross Yield, Oct. 25, 1961 £ s. d.
92½	88⅜	Savings Bonds 3%.....1955–65	89 27/32	90 5/32	4 12 4	5 18 5
101 1/32	99	Conversion 4½%.....1962	99 3/4	99 23/32	2 5 6	5 2 6
96⅞	93¾	Exchequer 3%.....1962–63	95 1/32	95 3/32	4 6 10	5 16 5
101 5/16	98⅜	Treasury 5½%.....1962	100 3/16	100 5/32	3 4 0	5 4 7
93 29/32	90¼	Exchequer 2½%.....1963–64	92⅜	92½	4 14 4	5 14 4
99 19/32	96⅝	Conversion 4¾%.....1963	98⅛	98 7/32	3 12 1	5 17 11
98 7/32	94½	Conversion 4½%.....1964	96 21/32	96 13/16	4 2 7	5 17 7
101 5/16	96	Exchequer 5½%.....1966	99⅞	99 13/32	3 15 9	6 0 1
83⅛	78 3/4	Funding 3%.....1959–69	81 7/16	82 3/8	4 13 5	5 19 7
89⅜	84¾	Funding 4%.....1960–90	87 1/16*	88 3/4*	3 10 8	5 3 11
80 3/16	74⅝	Savings Bonds 3%.....1960–70	78⅝	80 3/16	4 12 8	5 19 9
84⅞	80¾	Savings Bonds 2½%.....1964–67	84 1/16*	84 3/4*	4 14 1	5 15 4
72 11/16	66¼	Savings Bonds 3%.....1965–75	69 13/16	71 5/16	4 13 0	6 2 0
84¼	78⅞	Funding 3%.....1966–68	83 1/16	84¼	4 13 0	5 10 10
97½	92½	Victory 4%.....1920–76	93 1/16	93¾	3 8 7	5 1 11
85⅞	80¼	Conversion 3½%.....1969	84 1/16	85⅞	4 9 6	6 0 0
93 5/16	87	Conversion 5%.....1971	91 7/16	93	4 1 0	6 3 2
95 11/16	88½	Conversion 5¼%.....1974	92⅛	94¼	3 18 4	6 2 7
73⅛	66	Treasury 3½%.....1977–80	69	71	4 10 6	6 5 7
72¼	65	Treasury 3½%.....1979–81	67⅞	69 7/16	4 11 7	6 5 2
97 9/16	88½	Funding 5½%.....1982–84	90 7/16	92½	3 18 10	6 5 2
59½	51½	Redemption 3%.....1986–96	53⅝	54½	4 8 3	6 4 6
88¼	79¼	Treasury 5%.....1986–89	80 1/16	81 3/16	4 3 7	6 8 5
63 1/16	55	Funding 3½%.....1999–2004	57⅛	57⅝	4 7 6	6 10 5
94⅝	81⅝	Treasury 5½%.....2008–12	82 15/16	83⅜	4 3 8	6 14 1
65⅜	56½	Consols 4%.....after Feb. 1957	60¼	60½	4 1 9	6 14 4
59¾	50½	War Loan 3½%.....after 1952	54	52⅞	4 0 9	6 11 7
58	50½	Conv. 3½%.....after Apr. 1961	52 1/16	52¾	4 1 6	6 13 4
50⅞	43¼	Treasury 3%.....after Apr. 1966	45⅜	45¾	4 0 6	6 11 8
44	36½	Consols 2½%.....after Apr. 1975	39½	39⅜	3 17 6	6 6 8
43½	36½	Treasury 2½%.....after Apr. 1975	38 5/16	38⅜	4 0 0	6 10 11
91⅜	85¾	British Electric 4½%.....1967–69	90	91⅜	4 3 0	6 1 11
75 11/16	70⅛	British Electric 3%.....1968–73	73½	75⅛	4 13 9	6 1 7
70⅝	64½	British Electric 3%.....1974–77	67½	69½	4 13 2	6 2 6
81⅞	74⅞	British Electric 4½%.....1974–79	77 5/16	78 5/16	4 6 6	6 5 2
73½	67	British Electric 3½%.....1976–79	68⅜*	70⅜*	4 11 3	6 4 11
84⅛	78¾	British Gas 4%.....1969–72	82 1/16	84¼	4 7 2	6 2 6
81 13/16	76	British Gas 3½%.....1969–71	80	81¾	4 9 9	6 0 11
59⅜	51¾	British Gas 3%.....1990–95	53¼*	54⅜*	4 10 3	6 6 4
75 11/16	70⅛	British Transport 3%.....1968–73	73½	75⅛	4 13 9	6 1 7
80⅞	74	British Transport 4%.....1972–77	77⅛	78 13/16	4 7 4	6 4 9
61 7/16	53¾	British Transport 3%.....1978–88	57⅛	57⅜	4 12 11	6 7 7

Prices, 1961 High	Prices, 1961 Low	DOMINION AND CORPORATION STOCKS	Price, Oct. 18, 1961	Price, Oct. 25, 1961	Yield, Oct. 25, 1961 £ s. d.
82⅛	76½	Australia 3¼%.....1965–69	81	82	6 5 0
101	92¾	Australia 6%.....1974–76	95½	96½	6 7 0
72½	64½	Ceylon 4%.....1973–75	65¾	65¾	8 5 0
101⅛	92¾	New Zealand 6%.....1976–80	94¾	95¾	6 9 0
80½	70½	Rhodesia and Nyasaland 6%.....1978–81	73	74½	8 18 0
81	73	South Africa 3½%.....1965–67	78	79½	8 2 0
59	53½	Southern Rhodesia 4½%.....1987–92	55	56	8 13 0
94⅝	85⅛	Agricultural Mortgage 5½%.....1980–85	86½	88	6 13 0
89	82¼	Birmingham 4¼%.....1967–70	85¾	87	6 7 0
92¾	86½	Bristol 5%.....1971–73	88½	90	6 7 0
93	86½	Corporation of London 5½%.....1976–79	88¼	87*	6 6 0
49¾	41	L.C.C. 3%.....after 1920	43¾	44¾	6 14 0
89⅛	80⅛	L.C.C. 5%.....1980–83	81½	83¼	6 9 0
93	84¼	Middlesex 5½%.....1980	86	87½	6 8 0

NEW YORK PRICES AND INDICES

	Oct. 18 $	Oct. 25 $		Oct. 18 $	Oct. 25 $		Oct. 18 $	Oct. 25 $
Atch. Topeka ...	28½	28⅛	Boeing.....	507⅛	477⅛	Int. Harvester..	50¾	48
Can. Pacific.....	24⅜	24⅜	Celanese.....	34⅞	34	Inter. Nickel...	82	80¼
Pennsylvania....	14⅞	14¼	Chrysler.....	52	51⅜	Inter. Paper ...	37	36⅝
Union Pacific ...	36½	36¼	Coca Palmolive ..	48¾	47⅝	Kennecott.....	81¾	79½
Amer. Electric ...	70½	72½	Crown Zeller....	60¾	60¼	Monsanto.....	51¾	52¼
Am. Tel. & Tel...	121⅜	122	Distillers Seag...	43½	43	Nat. Distillers..	26¼	25⅝
Cons. Edison....	81⅞	82⅝	Douglas.....	35	34⅛	Pan-American .	19⅞	20½
Int. Tel. & Tel...	52½	52⅜	Dow Chemical..	76½	72¾	Procter Gamble	95½	92¾
South'n. Nat. Gas	45	44⅝	Du Pont.....	226¾	231	Radio Corpn...	54⅜	52
United Corpn...	8⅝	8¾	East. Kodak.....	106	104¾	Sears Roebuck .	80½	82½
Western Union .	42¾	41½	Ford Motor.....	105⅛	103⅛	Shell Oil	39¼	38½
Alcoa.....	58¾	58⅜	Gen. Electric	75	72⅛	Socony-Mobil ..	44¼	45⅛
Aluminium.....	26⅞	27⅛	General Foods ..	94½	97⅝	Stand. Oil Ind..	47¾	48
Amer. Can.....	44¾	45⅝	General Motors .	50⅛	48¾	Stand. Oil N.J..	44½	46⅞
Am. Smelting....	67⅛	58¾	Goodyear	45⅞	45¼	Union Carbide.	125¼	128
Am. Viscose	56¾	54⅛	Gulf Oil.....	36¾	37½	U.S. Steel	79½	75⅞
Anaconda	50	48¼	Heinz.....	62	64⅝	West. Electric..	41½	38¾
Beth. Steel	40⅛	40⅛	Int. Bus. Mach...	580	603½	Woolworth....	80¾	84¼

Standard and Poor's Indices (1941–43=10)

1961	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Sept. 27	70·00	2·90	32·90	4·95	61·47	3·18	89·22	3·96
Oct. 4	70·57	2·88	34·54	4·71	63·24	3·11	89·22	3·96
,, 11	71·60	2·84	35·30	4·61	64·13	3·06	88·91	3·99
,, 18	71·68	2·83	34·80	4·68	64·00	3·07	88·91	3·99
,, 25	71·77	2·83	34·30	4·75	64·67	3·04	88·91	3·99

425 Industrials :—High, 72·38 (Aug. 22). Low, 60·87 (Jan. 3).

Prices, 1961 High	Prices, 1961 Low		Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Oct. 18, 1961	Price, Oct. 25, 1961	Yield, Oct. 25, 1961	Cover
			%	%	**BANKS, DISCOUNT & HP**				
89/7½	64/–	13 c		6½ a	Barclays.....£1	78/3	77/9	3·35	...
100/3	74/3	16 c		8 a	District.....£1	83/3	85/9	3·73	...
80/–	58/7½	13 c		5 a	Lloyds.....£1	62/–	63/–	3·46**	...
26/4½	18/7½	8 b		7 a	Martins.....5/–	21/6	20/9	3·61	...
94/6	67/3	19 c		9½ a	Midland.....£1	83/–	83/–	3·61**	...
97/3	73/–	7 b		7 a	Nat Provincial.....£1	82/6	81/3	3·45	...
95/6	58/9	7 11/12 b		6 3/4 a	Westminster 'B'.....£1	79/3	78/6	3·71	...
44/9	35/3	8 b		4 a	Australia & N.Z...£1 p.p.	35/3	36/6	6·58	...
52/–	41/–	6 b		4 a	Bk. Lond. & S. Amer..£1	42/3	42/3	4·73	...
£247/8	£213/16	$2·05c		$2·05c	Bank of Montreal.....$10	£24 5/16	£24 5/16	2·91	...
303/4	251/4	8 b		9 a	Bank of New S. Wales £20	251/4	251/4	5·65g	...
44/9	31/9	10 c		5 a	Barclays D.C.O.....£1	32/3	33/9	5·93	...
60/7½	46/7½	7½ b		7½ a	Chartered.....£1	47/3h	46/9h	6·42	...
£21	£14 5/8	5/– a		10/– b	Hongk'g. & Shang....$25	£17	£16 3/4	4·48	...
70/6	49/9	9 b		7½ a	Nat. Com. Bk. Scot..10/–	51/–	51/3	3·22	...
£29 1/16	£25 15/16	$2·32 1/2c		$2·37 1/2c	Royal Bk. Canada....$10	£26 1/16	£23 1/16	2·97	...
119/6	96/3	10 b		9 a	Royal Bk. of Scotland .£1	100/3	101/6	3·74	...
40/3	32/–	5 a		10 b	Stand. Bk. S. Africa...£1	35/–	37/6	8·00	...
165/–	95/–	22½ c		22½ c	Hambros .....£1 f.p.	127/6	130/–	3·46	...
89/6	59/6	5 b		21/2 a	Schroders.....£1	76/6	78/6	1·91	...
60/6	45/6	6¼ a		6¼ b	Union Discount.....£1	51/3	53/3	4·69	...
27/4½	13/–	18 c		Nil a	Bowmaker.....5/–	14/4½	13/4½	...	11/4
23/6	13/3	19 c		9 a	Lombard Banking.....5/–	13/9	13/3	...	1
21/9	12/9	7½ b		5 a	Mercantile Credit...5/–	12/10½	12/9	4·90	11/4
210/–	132/–	4 a		22½ b	United Domins. Tst....£1	140/–	136/3	3·89	3/4
					BREWERIES, Etc.				
13/–	11/–	...		...	Bass, M. & B. 5/–	12/3	12/9	4·31**	...
41/11½	31/–	5 a		8½ b	Distillers 10/–	35/11½	35/10½	3·76	2
26/9	13/–	6½ b		4 a	Flowers 5/–	17/9	17/6	3·00	2
60/6	50/–	14 7/8 b		8 a	Guinness 10/–	50/9	52/1½	4·22**	2
14/9	12/–	...		...	Ind Coope T.A. 5/–	13/4½	14/3	4·21**	...
42/–	30/–	7½ b		5 a	Teacher (Distillers) .10/–	33/9	34/–	3·68	2½
98/–	76/9	12 b		6 a	Watney Mann £1	91/–	93/–	3·87	2
34/6	26/–	27 c		9 a	Whitbread 'A' 5/–	33/–	34/–	3·97	1¾
					BUILDING, PAINT, Etc.				
64/–	44/10½	22½ a		52½ b	Associated Portland...£1	46/4½	47/7½	3·50	2½
28/11½	19/10½	4 a		7¼ b	British Plaster Bd. ..10/–	20/4½	19/10½	6·29	2¼
26/10½	16/11½	6 a		10 b	Richard Costain 5/–	16/4½	16/11½	4·96	2¾
13/–	9/4½	10 b		5 a	Crittall Mfg. 5/–	10/–	10/–	7·50	2
18/6	10/–	6 a		14 b	International Paints ..4/–	11/3	11/6	6·96	11½
105/6	85/–	12½ b		5 a	London Brick.....£1	89/6	89/–	3·93	1¾
66/9	40/6	21 7/8 c		25 c	Rugby Portland 5/–	49/4½	49/11½	2·54	3¼
28/4½	18/3	12½ b		7½ a	Taylor Woodrow.....5/–	19/3	18/10½	5·30	1¼
167/11½	119/6	7½ a		17½ b	Wall Paper Defd.....£1	124/9	121/9	4·11	2
					CHEMICAL				
29/3	20/3	14 b		6 a	Albright & Wilson...5/–	20/10½	21/6	4·65	2½
22/–	14/10½	11½ c		4 a	Borax Defd. 5/–	15/–	15/4½	3·74	3
58/9	33/6	7 b		4 a	Dobsons.....£1	33/9	33/9	6·52	1¾
81/6	56/3	7½ b		6¼ a	I.C.I. £1	58/11½	60/10½	4·52	2
26/10½	14/6	10 b		5 a	Monsanto.....5/–	15/–	15/3	4·92	2½
					DRAPERY & STORES				
36/–	24/–	4 a		8 b	Boots Pure Drug 5/–	27/9	28/–	2·14	2¼
91/3	58/6	20 b		7½ a	Montague Burton....10/–	85/3	84/9	3·24	2
75/03¾	47/7½	56¼ a		13½ b	Debenhams.....10/–	51/6¶	51/3¶	3·75	1¾
59/4½	45/–	12½ a		25 b	G.U.S. 'A'.....5/–	47/10½	47/10½	3·92	2
46/9¾	33/4½	13½ a		16⅔ b	House of Fraser 5/–	35/9	35/3	4·26	1¼
21/11½	14/3	7½ b		5 a	Lewis's Invest. Tst....4/–	14/5¼	14/5¼	3·42	2¼
106/9	85/11½	15 a		32½ b	Marks & Spencer 'A'.5/–	99/9	101/9	2·33	1½
53/10½	34/10½	20 b		10 a	United Drapery 5/–	44/3*	46/3*	3·24	1¾
62/11½	50/–	25 b		10 5/8 a	Woolworth.....5/–	51/–	51/6	3·48	1½
48/6	28/3	10 b		5 a	**ELECTRICAL & RADIO** A.E.I.....£1	29/–	29/9	10·08	1
15/5¼	9/7½	...		15 c	Brit. Electronic Inds..5/–	11/–	10/4½	7·23	1¼
62/3	49/–	4 a		9½ b	B.I.C.C.....£1	54/10½	55/6	4·86	2
14/7½	11/3	7½ b		5 a	Crompton Parkinson.5/–	11/6	11/7½	5·38	2¼
76/–	54/–	7½ a		15⅝ b	Decca Record.....10/–	56/–*	58/–	4·02	2
52/–	35/–	5 a		12½ b	E.M.I.....10/–	37/3	36/3	4·83	2
38/–	25/9	5 a		8 b	Elliott-Automation....5/–	33/11¼	34/03¾	1·91	2
40/6	26/3	3 a		7 b	English Electric £1	27/9	27/9	7·21	1½
39/6	24/3	3 a		7 b	General Electric.....£1	25/3	24/9	8·08	3/4
72/9	47/–	8 1/8 b		4¾ a	C. A. Parsons.....£1	48/6	48/9	5·13	4
52/3	37/6	6½ b		3¼ a	A. Reyrolle.....£1	38/6	38/6	5·06	2¾
63/–	45/3	25 c		25 c	Thorn Electrical.....5/–	58/–	57/–	21·9	3
					ENGINEERING				
36/9	18/9	9 c		Nil a	Babcock & Wilcox....£1	21/3	21/6	...	1
48/9	30/4½	4 a		7 b	John Brown £1	32/4½	30/4½	7·24	2¾
8/4½	4/7½	9 b		3 a	Cammell Laird 5/–	4/9	4/9	12·63	1½
33/9	22/4½	20 b		10 a	Internat. Combust. ..5/–	22/10½	22/7½	..6·63	1½
9/11½	4/–	...		...	Rich'ds'ns. Westg'th. 10/–	4/4½	4/–	...	2¼
40/–	28/–	9½ b		2½ a	Swan Hunter £1	31/4½	31/11½	7·71	2¼
17/4½	12/7½	5 c		5 b	John Thompson 5/–	12/9	12/7½	1·98	...
33/10½	21/8¼	7½ c		12½ a	Coventry Gauge....10/–	29/11½	29/–	4·22	2¼
79/9	51/6	16 b		12½ a	Alfred Herbert £1	59/–	60/–	4·63	1¾
78/–	49/3	7½ a		12½ b	Allied Ironfounders...£1	51/–	49/3	8·12	1½
110/–	83/–	5 a		10 b	Averys.....£1	85/6	85/–	3·53	2½
36/10½	19/3	7½ b		4 a	B.S.A.....10/–	19/4½	19/9	5·91	2¾
14/9	9/–	8½ b		4½ a	George Cohen 5/–	9/9	9/–	7·22	1¾
44/4½	29/6	10 a		17½ b	Davy-Ashmore 5/–	32/6	30/–	4·58	2¼
108/7½	75/6	5 a		11 b	Guest Keen.....£1	78/6	76/9	4·17	3½
31/–	18/3	4 a		12 b	Head Wrightson.....5/–	21/11½	18/9	4·27	2½
100/3	68/3	5 a		7 b	Metal Box.....£1	78/3	76/3	3·15	2¼
22/6	14/–	4 a		10 b	Ransome & Marles...5/–	15/–	14/9	4·75	3
50/6	34/6	3 a		7 b	Renold Chains £1	39/6	38/9	5·16	2
44/11½	29/7½	10 a		17½ b	Simon Engineering ..5/–	35/6	32/–	4·30	2¾
85/6	54/–	14 c		7 a	Tube Investments.....£1	56/–	57/6	4·87	2¾
38/4½	25/10½	7½ b		21½ a	Vickers £1	26/7½	25/10½	7·73	1¾
84/6	64/6	3¾ a		10 b	Ward (Thos. W.).....£1	67/6	66/–	4·17	3½
30/–	20/–	5 a		22½ b	Woodall-Duckham...5/–	20/3	20/3	5·19**	2¾

* Ex dividend. † Tax free. ‡ Assumed average life 7¾ years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution of 1s. 0d. per share. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (j) To latest date.

YORK STOCKS

Prices, 1961 High	Prices, 1961 Low		Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Oct. 18, 1961	Price, Oct. 25, 1961	Yield, Oct. 25, 1961	Cover
			%	%	**FOOD & TOBACCO**				
34/–	17/4½	10 c		10 c	Allied Suppliers.....10/–	17/4½	17/7½	5·67	2¼
15/–	7/9¾	10 a		12½ b	Assoc. British Foods..1/–	11/3	11/6	1·96	2
74/–	55/–	8 b		4 a	Bovril.....£1	56/3	55/9	4·30	2½
15/6	11/9	12½ a		14⅞ b	Brooke Bond 'B'.....5/–	12/6	13/–	4·18	3¾
19/3	12/6	2½ a		10 b	International Tea.....5/–	12/9	12/6	5·00	1½
107/9	65/–	5 a		10⅝ b	J. Lyons 'A'.....£1	65/3	65/–	4·87	1¼
35/6	25/9	9 b		5 a	Ranks.....10/–	28/6	29/4½	4·77	2
14/03¼	10/4½	7½ b		21 a	Spillers.....5/–	10/6*	10/6*	4·76	2
50/– *	38/7½	9 b		3 a	Tate & Lyle.....£1	38/7½‖	40/10½‖	5·87	2
20/10½	15/4½	5 a		9 b	Unigate 5/–	15/7½	15/6	4·52	2
73/–	56/9	12½ c		11½ a	Brit. Amer. Tobac. ..10/–	60/6	58/–	6·10	2¾
51/6	40/–	15 b		5 a	Gallaher 10/–	40/9	40/3	4·97	2
71/6	65/3	14 b		9½ a	Imperial Tobacco.....£1	67/–	68/6	6·57	13¼
					INSURANCE				
151¼	115 5/16	55 b		50 a	Britannic 5/–	125⅛	125⅛	3·40	...
86/3	60/6	25 b		20 a	Commercial Union ..5/–	62/–*	61/9*	3·64	...
32	17⅞	41·17c		41·17c	Equity & Law Life ..8/6	28 1/16	28¾	0·99	...
88/4½	51/10½	20 b		10 a	General Accident.....5/–	75/–	73/6	2·04	...
60/6	42/7½	40 b		35 a	Guardian.....5/–	48/–	45/9	2·91**	...
39½	23/–	80 a		110 b	Legal & General.....5/–	34½	34½	1·38	...
146/–	100/–	111½ b		81½ a	Northern & Empl. ..3	£121/6	121/6	3·29	...
272/6	156/3	170 b		120 a	Pearl 5/–	200/–	207/6	3·54	...
29	18	18 3/31 c		20 8/31 c	Prudential 'A'.....4/–	21 5/8	22½	3·02	...
49/3	38/10½	...		...	Royal 5/–	41/3*	43/3*	3·47**	...
129/3	100/3	111 4 b		71½ a	Royal Exchange.....£1	102/3	102/3	3·67	...
					MOTORS & AIRCRAFT				
18/10½	12/10½	12½ b		7½ a	British Motor 5/–	12/10½	13/3	7·55	2½
86/3	66/11½	20 c		20 c	Jaguar Cars 'A'.....5/–	80/–	82/11½	1·22	7¾
48/6	39/6	11 c		5 a	Rolls-Royce.....£1	39/9	40/–	5·50	2¼
10/–	6/–	12 c		12 c	Rootes Motors 'A'...4/–	6/6	6/9	7·11	5¼
88/9	52/2¼	15 b		7½ a	A.C.V.....£1	66/6	66/6	4·81**	2½
101/–	77/7½	15 c		20 c	Leyland Motors £1	77/9	82/4½	4·85	...
18/6	14/–	9 b		3½ a	Bristol Aeroplane ..10/–	15/4½*	16/–*	7·81	2¼
33/3	26/9	10 a		5 b	Hawker Siddeley £1	26/9*	27/–	7·85**	1¼
41/3	31/9	14 a		15½ b	Dowty Group.....10/–	33/3	32/9	4·74	2¼
28/10½	21/6	15 5/8 c		5 a	Dunlop Rubber 10/–	25/7½*	25/4½	6·24	2
72/–	49/9	11¼ b		2½ a	Joseph Lucas.....£1	50/11½	50/4½	5·46	3
33/3	15/9	9 a		21 b	Pressed Steel.....5/–	16/–	17/9¾	8·42	1¼
46/3	29/3	15 c		12½ c	Triplex Holdings ..10/–	29/3	29/6	4·24	2
					MINES				
168/9	110/–	50 b		40 a	Anglo-American.....10/–	127/6*	132/6*	6·79	1½
67/3	43/–	18¾ b		6¼ b	Consolid. Gold Fields .£1	54/–	55/9	8·97	2
108/9	72/6	15 a		20 b	General Mining £1	86/3	87/6	8·00	2
68/6	40/–	120 b		40 a	Union Corporation ..2/6	50/9	51/6	7·77	3
25/3	15/3	40 a		40 b	Daggafontein 5/–	16/9	16/9	23·88	1½
125/–	73/9	70 a		100 b	Free State Geduld ...5/–	94/4½	93/9	9·07	2
54/3	37/6	25 a		25 b	Hartebeestfontein ..10/–	41/3	42/6	11·74	1½
64/6	41/10½	50 a		60 b	President Brand.....5/–	49/4½	48/9	11·28	1½
157/6	101/3	90 a		120 b	Western Holdings ..10/–	115/7½	116/10½	8·98	1½
28/6	15/9	...		8½ a	Winkelhaak.....10/–	...	...	...	8½
75/3	55/–	36⅔ b		13½ a	Chartered.....£1	59/6	59/6	12·61	2
63/6	51/3	20 a		60 b	Rhod. Anglo-Amer..10/–	52/3*	52/–*	15·38h	2
11/7½	8/11½	4 11/16d		9 b	Rhod. Selection Tst. .5/–	8/3	8/3	8·30h	2¼
6/1½	4/10½	4½ a		8 b	Roan Antelope.....5/–	5/1½	5/1½	11·90h	13¼
30/9	18/9	15 a		17½ b	Tanganyika Cons....10/–	19/–	19/6	16·67	1½
81/6	58/6	6¼ a		13¾ b	Consolidated Zinc....£1	59/3	59/3	6·75	1¾
159/41½	110/–	150 b		100 a	De Beers Defd. Reg..5/–	136/10½	136/3	9·17	1¾
$159	$104	$1·50c		$1·50c	Internat. Nickel ...n.p./–	$145	$144¾	1·84	...
18/9	10/9	27½ b		7½ a	London Tin.....4/–	16/4½	15/11½	9·26	1¼
45/–	30/–	20 c		27½ c	Rio Tinto.....10/–	36/10½	37/6	7·33	1½
44/3	17/9	52½ c		20 a	Tronoh 5/–	30/11½‖	28/6‖	9·21	1
					OIL				
61/6	41/3	18½ b		13½ a	British Petroleum £1	42/3	41/6	9·18	2¼
49/6	32/6	12½ a		16⅞ b	Burmah Oil £1	34/3	32/9	9·35	1¼
52/–	36/–	6¼ a		10 b	Castrol.....10/–	37/3*	36/–*	5·55	2½
£151 5/16	£105 8/8	23·87c		11 8/8 a	Royal Dutch.....20 fl.	£115 8/8	£111 13/16*	3·98	2¾
139 7/12	108/9	12·20 c		10 a	Shell Transport £1	115/6	115/–	5·92	3
41/3	24/3	...		...	Ultramar.....10/–	27/9	27/4½	... d	...
					PAPER & NEWSPAPERS				
14/7½	9/10½	10 b		5 a	Daily Mirror 5/–	12/7½	12/4½	6·06	1¼
91/–	57/6	4 a		8 b	W. H. Smith & Son 'A'..£1	59/6	60/–	4·00	2
20/–	17/9	...		10 a	Thomson Org'n. 5/–	20/–	20/–	6·00**	2
66/3	43/6	8¾ b		5 a	Bowater Paper.....£1	44/3	44/–	6·25	1½
56/6	42/6	9 a		7 b	Albert E. Reed.....£1	42/6	42/9	7·49	1½
54/3	37/6	4 a		8½ b	Spicers.....£1	41/6	41

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that a bid from Mr Clore's Sears Holdings, is possible. If it acquired Saxone's 475 shops, its shoe empire would become even more dominant. However, with the possibility of a bid hanging over them, the Saxone directors who own a sizeable but not a controlling interest in the equity seem to be intent on making a more profitable use of the company's assets. This is not the first time that even the bare mention of Mr Clore's name has made a board of directors take a long, hard look at its policies.

New Placings

DEALINGS have started this week in the shares of three newcomers to the stock market but of these only **Cumulus Investment Trust** is a recently formed company. Cazenove and Co. have placed 129,998 of its 500,000 ordinary shares of £1 each at 28s., as well as £300,000 of a 7 per cent debenture 1984-87 at £99. It is an indication of the directors' confidence in the future growth of equities that it is prepared to invest in them the proceeds of a fixed interest issue on which they are committed to pay the high interest rate of 7 per cent for the next 25 years. Their aim is to maintain a high gearing and they say that this will mean in the trust's early years retaining a much higher proportion of its income than is normal for an investment trust and that hence it is unlikely that any dividend will be paid for the year to October, 1962. Clearly this trust is designed for the surtax payer who will be more interested in the long-term growth prospects than immediate income; the management's undoubted investment ability enhances these prospects and on Thursday the shares rose to 31s. Among the trust's existing holdings are a 10 per cent stake in the discount house, Smith St Aubyn, and an 11 per cent stake in Witan Investment. It also has acquired from one of its directors, Sir Edwin Herbert, his holding of 56,000 "A" shares in the unquoted Associated-Rediffusion.

After the placing of 20 per cent of the equity of **Caffyns**, the directors and their families will hold about one third of the ordinary shares but will control almost 59 per cent of the votes through their holding of voting second preference shares. Caffyns has been in the motor trade since the turn of the century and while its business has grown steadily it has confined its operations to Kent and Sussex, where it has 56 properties. It is one of the principal motor agents in those counties but over 50 per cent of its profits come from the service and repairs side of the business. In the past two trading years pre-tax profits have been around £350,000, much higher than the levels of earlier years. Turnover in the first five months of the current year was 5 per cent higher than in the corresponding period in 1960 and the directors expect profits at least to be maintained so that the forecast dividend of 15 per cent would be covered 1.9 times. Placed at 10s. 3d. the shares rose to 10s. 9d. and yield 7 per cent.

The placing of just over one quarter of the ordinary capital of **Frank Cooper** will provide the company with £128,000. This will be used to finance a new factory in Oxford, which will enable the company to add to the production of its Oxford marmalades and other branded products. Exports at the moment account for about 15 per cent of total production. Cooper's profits are vulnerable to fluctuations in the prices of its raw materials but in the first half of the current year turnover was 11 per cent higher so that the directors forecast pre-tax profits of not less than £70,000, almost double the average of the previous five years. On this basis the forecast dividend of 8 per cent would be covered 1.8 times and the 5s. shares closed on Thursday at 9s., against the placing price of 7s. 3d., to yield 4½ per cent.

Daily Mirror

THE sharp rise in the profits of the Daily Mirror group in the six months to August 31st, from £2,320,000 in 1960 to £5,688,000 naturally owes a great deal to the inclusion of Odhams' results into the latest accounts. If Odhams did as well as in 1960 its profits would have been about £2¼ million in the half-year and on this reckoning the profits of the Mirror group, excluding Odhams, would have been about £1 million higher even though only one month's profit from Imperial Paper Mills, which was sold at the end of March, was included.

Higher profits from the group's original interests are possible because the price of the *Daily Mirror* has been raised and because some immediate savings in promotional costs following the acquisition of Odhams may have been achieved. But the directors say that the second half of the year will show less satisfactory results because additional expenses will arise in consolidating the merger of women's magazines and that "the full benefits from these operations" should appear in the 1962-63 results. The interim dividend has been left unchanged at 5 per cent on the increased capital of £31.2 million and on the forecast of a total payment of not less than 15 per cent the 5s. ordinary shares at 12s. 4½d. yield 6 per cent.

Johannesburg Consolidated

THERE are few shares where the relationship between the net asset value and the market price is so out of line as the £1 shares of Johannesburg Consolidated. They stand at 42s. 3d. to offer a yield of 11¾ per cent, but at June 30th last the shares had a net asset value of 90s. a share. This valuation, moreover, is based conservatively on London prices which, because of South Africa's restrictions on capital outflows, stand at about a 20 per cent discount on Johannesburg prices.

This mining finance house is registered in South Africa, but it pays taxes in this country. It was thus faced with difficult

problems when the exchange control regulations were imposed in June, but the South African authorities have now agreed that it should be regarded as a "non-resident" company. This agreement enables it to remit to this country any of its South African income which is not needed there. "Johnnies'" principal interests outside the republic of South Africa are in Rhodesian copper through the investments it owns in the operating companies and "Chartered." Copper, together with diamonds and platinum, contributed over two-thirds of its total income in 1960-61 of £2,888,000, against £2,521,000. This level is unlikely to be maintained in the current year, for the copper producing companies have recently reduced their final dividends and so has the major platinum producer, Rustenburg. Nor does a bigger payment from De Beers seem to be in prospect and the directors of "Johnnies" do not expect income arising from investments in the gold mines to alter significantly this year. "Johnnies" has substantial investments in two developing mines, Western Areas and Freddies, and to the latter it has made a temporary loan of £625,000.

The 11¼ per cent yield, well above the returns given by other leading mining finance shares, clearly reflects the political risks on both sides of the Limpopo as well as the prospect of a lower income. Even so, the dividend of 5s. a share was covered over 2½ times (or just under twice if the special tax relief for investment depreciation is excluded) and a reduction in it appears unlikely.

Wall Paper Manufacturers

THE steady climb in Wall Paper Manufacturers' profits since 1957 was halted in the year to June 30th last but the fall in profits was less sharp than had been expected. At the time of the rights issue in June the directors forecast that profits would amount to £5 million but in the event they came to £5,160,000, compared with £6,078,000 in 1959-60. WPM acquired control of two major paint and wall paper manufacturers, K.L. Holdings and Smith and Walton early in the year, but the directors say that these acquisitions contributed comparatively little to the consolidated results. Net profits have fallen by as much as 22½ per cent from £3,353,000 to £2,693,000 so that the cover for the dividend of 25 per cent on the increased deferred capital has fallen from 3 to 2.1 times.

The fall in profits has not unduly worried the stock market, for the directors have forecast that earnings in the year to June 30 1962, should improve because of "greater efficiency as a result of capital expenditure on plant and buildings." Both the new acquisitions should also contribute more to profits in the current financial year. The rights issue raised almost £10 million and as this lessens the group's dependence on bank overdrafts (which amounted to £8½ million at the end

of June) the reduction in gross interest charges should boost net earnings. The prospect that factors such as these will produce a recovery in earnings is reflected in the yield of 4.1 per cent offered by the £1 deferred ordinary shares at 12½s. 9d., which is well below the peak for the year.

Rover

SALES by the Rover Car Company rose to record levels both at home and abroad in 1959-60 and profits rose sharply. But a year ago the chairman, Mr S. B. Wilks, warned shareholders that the outlook was by no means as bright and the preliminary figures for the year to August 5 now show that trading profits have fallen by 23 per cent. Gross profits after depreciation fell by 9 per cent from £2,765,000 to £2,234,000 and as the tax charge has been reduced by £581,000 to £1,007,000, net profits have actually risen by nearly 5 per cent from £1,174,000 to £1,229,000. This is an unusual result and it may arise from an exceptional combination of circumstances. The reduction in depreciation may reflect the decision to write off completely body dies in the current models in the 1959-60 accounts while the fall in the tax charge may partly reflect the incidence of capital allowances arising from the company's development programme, which in keeping with the company's restricted share in the vehicle market is a comparatively modest one.

The dividend has been maintained at 15⅝ per cent on the capital as increased by the one-for-five rights issue, but inevitably the cover has fallen, from 3 to 2½ times. Rover differs from most of the big motor manufacturers in that it earns its bread and butter from Land-Rovers, whose share of production and contribution to profits is much higher than cars proper. The prices of these models are below the £2,000 limit on tax concession cars for companies, but so far this has done nothing to boost sales and the difficulties of such a small manufacturer as Rover, which remains dependent on the continuing success of the Land-Rover, is reflected in the yield of 6¼ per cent offered by the 5s. shares which currently stand at 11s. 10½d.

Brooke Bond

THOUGH Brooke Bond's gross profit for the year to June 30th fell from £4,395,000 to £4,062,000, there is certainly no sign yet that this thrustful group is losing its grip on the market for packet teas in this country. Turnover of the group rose by £5 million to £108 million, and most of this improvement was apparently in sales of packet teas at home and overseas. But as well as blending and distributing tea, Brooke Bond has substantial plantation interests. Whether the group was more affected by the complex changes in the factors affecting its widespread tea growing interests or by narrower profit margins on its sales of packet teas will probably be made clear in the chairman's statement. The total dividend for the year has been maintained at 4d. a share, free of tax, giving a yield of 4.2 per cent on the 5s. "B" shares at 13s. Brooke Bond has consistently followed the policy of ploughing back a big proportion of its earnings into the expansion of its distribution and growing activities. Not surprisingly, there is to be a one-for-five scrip issue to bring issued capital more into line with capital employed in the business. The group has plenty of liquid resources, of which the recent bid for Doom Dooma will absorb about £1½ million.

Robeco

SHAREHOLDERS of General Accident, Rawlplug, Tesco and Transport Development can find support for their confidence in the long term growth prospects of these companies across the Channel for Robeco (Rotterdamsch Beleggingsconsortium NV), the big European investment trust, added these companies to its British portfolio between June and October. Only one of these four shares yields over 2 per cent gross, which is equivalent to 1¼ per cent net to the trust. It has also added to its existing holdings of other low yielding shares such as Beecham, Davy-Ashmore, Glaxo, International Computers and Tabulators, Jaguar "A," Sears "A" and Associated British Foods. Robeco now also has a much bigger stake in Marks and Spencer. But it has sold part of its holdings in Imperial Chemical Industries, Tube Investments and Great Universal Stores and shareholders in these companies should note that Robeco's investment policy has been to sell or reduce its stake in companies "the long term prospects of which do not indicate a steady increment of profit."

British companies however account for only 3½ per cent of Robeco's portfolio which on October 1st was worth about £86½ million. American stocks now represent 40 per cent of the portfolio, against 29 per cent at the end of 1960, and with the management taking a favourable view of the American economy its cash holdings have been halved since the beginning of the year to 7½ per cent of the total in building up the dollar portfolio. At the same time Robeco has added to its interests in many European companies, although the managers note that the rate of increase in production in Europe is levelling out.

The shares of Fl.50 in this trust are to have a London quotation soon and dealings just in this country will be possible in subshares, representing one tenth of a Robeco share, which at the current price of about £25½ yield 3½ per cent gross. Their attraction for the English investor is not the high dollar content of the portfolio (which can also be found in a number of English trusts) but as a means of obtaining a stake in common market securities.

London Stock Exchange

FIRST DEALINGS:	Oct. 2	Oct. 16	Oct. 30
LAST DEALINGS:	Oct. 13	Oct. 27	Nov. 10
ACCOUNT DAY:	Oct. 24	Nov. 7	Nov. 21

THE outstanding feature of the stock market over the week to Wednesday has again been the continued rise in gilt edged prices, helped by the Chancellor's statements on the state of the economy; prices are already discounting a further fall in Bank rate. Before the weekend equities met enough investment buying to push prices up but these gains were lost on Monday and Tuesday when the market was unsettled by the possibility that a capital gains tax might be introduced before the budget. However a slight rally among the leaders on Wednesday following a more optimistic statement from the Chancellor helped to offset the falls of the previous two days. Over the week to Wednesday, *The Economist* indicator rose for the first time in seven weeks gaining 2.3 points to 345.0

The demand for gilt-edged has brought good gains throughout the range of maturities. Exchequer 5½ per cent 1966 gained ⅝ to 98⅜; Funding 5½ per cent 1982-84 rose sharply by 2⅛ points to 92½ but among undated stocks 2½ per cent Consols were a bare ⅛ higher at 39⅝. The LCC 6½ per cent 1971-72 loan issued at 96½ rose to a premium of 5⅛.

Bank shares showed mixed movements over the week, but Standard Bank of South Africa was prominent with a gain of 2s. 6d. to 37s. 6d., but among hire purchase houses falls were commonplace; Charterhouse lost 2s. 7½d. to 14s. after the news of further losses by its hire purchase subsidiary. Insurance shares were also dull and Guardian dropped 2s. 3d. to 45s. 9d. Breweries however maintained their strength of recent weeks and Whitbread "A" gained 1s. to 34s., helped by the news of the link with Heineken's. Chemical shares rose with ICI gaining 2s. 9d. to 60s. 10½d. Among stores, Macowards lost 9d. to 11s. 3d. on the bid for Thomas Wallis and some leaders lost small amounts though Marks and Spencer gained 2s. to 101s. 9d. The Cunard decision naturally hit shipping and shipbuilding shares; Cunard lost 3s. to 14s. and John Brown 2s. to 30s. 4½d. American buying helped Beecham to put on 3s. to 49s. 4½d. and the formal application by Unilever for a New York quotation brought in American buyers and led to a further rise of 3s. 9d. to 153s. 9d. American orders for British cars also boosted motor share prices with Jaguar "A" gaining 2s. 1½d. to 82s. 1½d. and Leyland Motors 4s. 7½d. to 82s. 4½d. BMC showed a more modest rise of 4½d. to 13s. 3d. Textile properties and steels were subdued and oil shares fell slightly. Kaffirs were firm before the weekend but fell back afterwards until local investment buying raised prices on Wednesday. Anglo American made a net gain of 5s. to 132s. 6d.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended October 21, 1961, there was an "above-line" surplus (after allowing for sinking funds) of £4,577,000 compared with a deficit of £6,513,000 in the previous week and a deficit of £18,556,000 in the corresponding period of last year. There was a net credit "below-line" of £19,099,000 leaving a total cumulative deficit to date of £643,584,000 compared with £666,081,000 in 1960–61.

£'000	Estimate 1961–62	April 1, 1960, Oct. 22, 1960	April 1, 1961, Oct. 21, 1961	Week ended Oct. 22, 1960	Week ended Oct. 21, 1961
Ordinary Revenue					
Income Tax	2,728,500	738,944	852,100	17,966	20,027
Surtax	210,000	40,300	46,900	1,300	1,100
Death Duties	240,000	125,700	145,000	4,900	4,800
Stamps	94,000	49,300	55,600	2,500	1,400
Profits tax, EPT and EPL	325,500	158,000	197,300	5,000	7,200
Other Inland Rev. Duties	...	50	...	...	...
Total Inland Rev.	3,598,000	1,112,294	1,296,900	31,666	34,527
Customs	1,550,000	827,089	900,808	29,741	33,275
Excise	960,000	490,710	496,430	6,355	7,745
Total Customs and Excise	2,510,000	1,317,799	1,397,238	36,096	41,020
Motor Duties	155,000	29,714	39,718	236	3,614
PO (Net Receipts)		...	...	...	...
Broadcast Lic's.	40,000	13,500	19,100	...	4,900
Sundry Loans	205,000	34,309	148,650	47	8,950
Miscellaneous		65,254		105	
Total	6,508,000	2,572,870	2,901,606	68,150	93,011
Ordinary Expenditure					
Debt Interest	660,000	347,790	396,362	9,023	...
Payments to N. Ireland Exch.	92,000	43,415	45,068	...	...
PO Fund — Initial settlement	15,000	...	...	...	...
Other Consolidated Funds	8,000	4,100	4,182	23	14
Supply Services	5,186,902	2,564,033	2,771,754	77,210	87,710
Total	5,961,902	2,959,338	3,217,366	86,256	87,724
Sinking Funds	40,000	20,640	21,208	450	710
"Above-line" Surplus or Deficit	— 407,108	336,968	— 316,768	18,556	+ 4,577
				Cr.	Cr.
"Below-line" Net Expenditure*	258,973	306,616	326,841	21,609	19,099
	—	—	—	+	+
Total Surplus or Deficit	666,081	643,584	3,053	23,676	
Net receipts from:					
Tax Reserve Certificates	136,829	140,905	1,891	2,423	
Savings Certificates	40,400	— 16,400	1,800	— 2,400	
Defence Bonds	60,924	18,506	2,269	199	
Premium Savings Bonds	32,640	22,700	850	800	
Total	270,793	165,711	6,810	1,022	

* Net receipt to the Civil Contingencies Fund of £5 million in 1961–62 compared with a net receipt of £6 million in 1960–61

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1960					
Oct. 22	3,570·0	1,608·8	190·1	...	5,368·9
1961					
July 15	3,270·0	1,866·0	269·0	...	5,405·0
,, 22	3,260·0	1,894·4	214·3	...	5,368·7
,, 29	3,250·0	1,920·3	220·4	3·3	5,393·9
Aug. 5	3,280·0	1,882·6	207·3	...	5,369·9
,, 12	3,290·0	1,712·9	206·6	...	5,209·4
,, 19	3,290·0	1,732·5	316·8	1·5	5,340·7
,, 26	3,280·0	1,840·0	201·9	2·3	5,324·1
Sept. 2	3,260·0	1,855·3	239·4	...	5,354·8
,, 9	3,240·0	1,886·4	221·4	...	5,347·9
,, 16	3,240·0	1,905·2	229·5	...	5,374·7
,, 23	3,220·0	1,928·7	228·3	...	5,377·0
,, 30	3,220·0	2,018·6	283·7	...	5,225·3
Oct. 7	3,240·0	1,998·1	207·2	...	5,445·3
,, 14	3,260·0	2,003·4	208·7	...	5,472·2
,, 21	3,270·0	1,997·8	283·1	...	5,450·9

THE MONEY MARKET

THE City is now confident that the next cut in Bank rate is very close. At the Treasury bill tender on Friday of last week the syndicate of discount houses chose to ignore official pressures designed to check the slide in short term-rates, and increased its bid by 5d. to £98 10s. 5d. The average rate of discount fell by 1s. 8.93d. to £5 18s. 5·35d. per cent. Following the tender two or three houses were forced to borrow at Bank rate from the Bank of England, but the amount involved was small. On Monday, this marginal borrowing from the Bank was repeated, and on Tuesday four or five houses were forced to borrow a moderate amount from the Bank.

Although the prospect of a fall in the Bank rate has stimulated a keen demand for Treasury bills the market has been notably successful in maintaining its allotment. Last week it received 51 per cent of its application, and over the past seven weeks its quota has averaged 56 per cent.

Credit has again been tight this week, and the rate for overnight loans has stayed very close to bill rate, at about 5¾ per cent. But on Wednesday credit suddenly became comfortable and the authorities sold a small amount of bills to mop up the surplus credit.

MONEY RATES

LONDON

Bank rate (from 7%, 5/10/61)	% 6½
Deposit rates (7 days' notice):	
Banks	4½
Discount houses	4½–3¾
Local Authorities	6¾
Money: Day-to-Day	4–5⅞

Discount rates:	%
Bank bills:	
60 days	6 3/16–6 1/4
3 months	6 3/16–6 1/4
4 months	6 3/16–6 1/4
6 months	6 3/16–6 5/16
Fine trade bills:	
3 months	7 1/4–8 1/4
4 months	7 1/4–8 1/4
6 months	7 1/2–8 1/2

NEW YORK

Official Discount rate: (from 3½, 11/8/60)	% 3

Treasury bills:	%
Oct. 16	2·382
,, 23	2·325

BANK OF ENGLAND RETURNS

(£ million)	Oct. 26, 1960	Oct. 18, 1961	Oct. 25, 1961
*Issue Department**:			
Notes in circulation	2,207·7	2,305·4	2,300·4
Notes in banking dept.	42·7	20·0	25·0
Govt. debt and securities*	2,247·8	2,324·0	2,324·0
Other securities	0·7	0·7	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	1·5	0·3	0·3
Banking Department:			
Deposits:			
Public accounts	12·9	12·2	13·8
Special deposits	149·4	230·3	230·3
Bankers	261·5	263·2	259·7
Others	65·5	74·1	70·1
Total	489·3	579·9	573·9
Securities:			
Government	422·9	469·1	481·7
Discounts and advances	21·7	88·3	64·8
Other	19·1	19·4	19·3
Total	463·7	576·8	565·8
Banking department reserve	43·5	20·8	25·9
	%	%	%
"Proportion"	8·8	3·5	4·5

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced by £25 million to £2,325 million on September 20th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills Average Rate of Allotment	Allotted at Max. Rate*
1960	*91 day*		s. d.	%
Oct. 21	280·0	473·2	106 6·38	65
1961				
July 21	240·0	333·3	92 5·62	66
,, 28	250·0	426·6	133 9·22	28
Aug. 4	250·0	386·0	134 3·33	44
,, 11	250·0	394·7	134 8·51	41
,, 18	250·0	379·6	134 1·83	61
,, 25	260·0‡	409·9	134 0·12	39
Sept. 1	250·0	379·8	134 0·50	48
,, 8	260·0	441·6	132 10·81	60
,, 15	250·0‡	407·0	131 10·99	59
,, 22	250·0	383·3	130 6·51	65
,, 29	270·0	447·9	131 0·48	39
Oct. 6	260·0	397·9	122 5·80	57
,, 13	260·0‡	419·0	120 2·28	59
,, 20	250·0	416·1	118 5·35	51

* On October 20th tenders for 91 day bills at £98 10s. 5d. secured 51 per cent, higher tenders being allotted in full. The offer for this week was for £250 million 91 day bills. ‡ Allotment cut by £10 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits October 25	Market Rates: Spot October 19	October 20	October 21	October 23	October 24	October 25
United States $	2·78–2·82*	2·81 9/16–11/16	2·81 9/16–11/16	2·81 9/16–11/16	2·81 9/16–11/16	2·81 5/8–3/4	2·81 1/2–5/8
Canadian $	...	2·89 15/16–90 1/16	2·90–90 1/8	2·90–90 1/8	2·90–90 1/8	2·90 1/16–3/16	2·90–90 1/8
French Fr.	13·622–14·027	13·83 3/4–84	13·84–84 1/4	13·83 7/8–84 1/8	13·84–84 1/4	13·84 1/4–1/2	13·84 1/8–3/8
Swiss Fr.	11·94–12·54 1/8	12·16 3/8–5/8	12·16–16 1/4	12·16–16 1/4	12·16 1/2–3/4	140·15–20	12·16 7/8–17 1/8
Belgian Fr.	137·96–142·05	140·12 1/2–17 1/2	140·12 1/2–17 1/2	140·12 1/2–17 1/2	140·15–20	140·17 1/2–22 1/2	140·12 1/2–17 1/2
Dutch Gld.	9·98 3/4–10·28 1/2	10·16 1/4–1/2	10·16 1/8–3/8	10·16 1/4–1/2	10·16 1/8–3/8	10·15 7/8–16 1/8	10·14 1/2–3/4
W. Ger. D-Mk.	11·037–11·365	11·25 7/8–26 1/8	11·26 1/2–3/4	11·26 3/8–7/8	11·26 1/2–7/8	11·26 3/4–27	11·26–26 1/4
Portug. Esc.	...	80·18–28	80·18–28	80·18–28	80·18–28	80·18–28	80·18–28
Italian Lire	1725–1775	17471 3/8–7/8	17473 3/8–7/8	17473 3/8–7/8	17471 1/2–48	17471 1/2–48	17471 1/4–4 3/4
Swedish Kr.	14·27 1/2–14·70	14·54 3/4–55	14·55–55 1/4	14·55–55 1/4	14·54 7/8–55 1/8	14·55–55 1/4	14·54 7/8–55 1/8
Danish Kr.	19·06 1/2–19·62	19·38 3/4–39	19·38 3/4–39	19·38 7/8–39 1/8	19·38 5/8–7/8	19·38 5/8–7/8	19·38 3/8–5/8
Norwegian Kr.	19·71–20·30 1/2	20·03 7/8–04 1/8	20·03 3/4–04	20·03 3/4–04	20·03 3/4–04 1/8	20·03 7/8–04 1/8	20·03 7/8–04 1/8
	* Official Limits	**One Month Forward Rates**					
United States $		15/16–13/16c. pm	7/8–3/4c. pm	7/8–3/4c. pm	15/16–13/16c. pm	7/8–3/4c. pm	13/16–11/16c. pm
Canadian $		1–7/8c. pm	1–7/8c. pm.	1–7/8c. pm.	1–7/8c. pm.	1–7/8c. pm	15/16–13/16c. pm
French Fr.		3 1/4–2 3/4c. pm	3 1/4–2 3/4c. pm	3 1/4–2 3/4c. pm	3 1/4–2 3/4c. pm	3 1/8–2 5/8c. pm	2 7/8–2 3/8c. pm
Swiss Fr.		5–4 3/4c. pm	4 7/8–4 3/8c. pm	4 7/8–4 3/8c. pm	4 7/8–4 3/8c. pm	4 5/8–4 1/8c. pm	4 5/8–4 1/8c. pm
Belgian Fr.		40–10c. pm	35–25c. pm	35–25c. pm	37–27c. pm	40–30c. pm	40–30c. pm
Dutch Gld.		3–2 1/2c. pm	3–2 1/2c. pm	3–2 1/2c. pm	3–2 1/2c. pm	2 5/8–2 1/8c. pm	2 1/4–1 3/4c. pm
W. German D-Mk.		4 3/4–4 1/4pf. pm	4–3 1/2pf. pm	4–3 1/2pf. pm	4–3 1/2pf. pm	4–3 1/2pf. pm	3 7/8–3 3/8pf. pm
		Three Months Forward Rates					
United States $		2 1/4–2 1/8c. pm	2 3/16–2 1/16c. pm	2 3/16–2 1/16c. pm	2 3/16–2 1/16c. pm	2 3/16–2 1/16c. pm	2 1/8–2c. pm
Canadian $		2 3/8–2 1/4c. pm	2 5/16–2 3/16c. pm	2 5/16–2 3/16c. pm	2 3/8–2 1/4c. pm	2 5/16–2 3/16c. pm	2 1/4–2 1/8c. pm
Swiss Fr.		12–11 1/2c. pm	11 1/4–10 3/4c. pm	11 1/4–10 3/4c. pm	11 1/4–10 3/4c. pm	10 5/8–10 1/8c. pm	10 1/4–9 3/4c. pm
W. German D-Mk.		11 1/2–11pf. pm	10 3/4–10 1/4pf. pm	10 3/4–10 1/4pf. pm	10 1/2–10pf. pm	10 1/2–10pf. pm	10 1/4–9 3/4pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/–	249/11 3/4	...	249/11 3/4	249/11 1/4	249/11
,, ($,, ,, ,,)		35 91/2	35·19 1/2	...	35·19 1/2	35·19 1/2	35·19 1/2

COLLEGE OF ADVANCED TECHNOLOGY, BIRMINGHAM

DEPARTMENT OF INDUSTRIAL ADMINISTRATION

Applications are invited for the following posts:

SENIOR LECTURER IN ECONOMICS

Candidates must be graduates, or possess equivalent professional qualification. A knowledge of marketing techniques would be a distinct qualification.

LECTURER IN FINANCE AND COST ACCOUNTING

Applicants should be graduates and/or professionally qualified accountants and should be able to assist in the teaching of finance and cost accounting, management accounting and data processing. Experience in industry is desirable.

Salary: Senior Lecturers £1,550—£1,750
Lecturers £1,370—£1,550

Further particulars and forms of application from the Bursar, College of Advanced Technology, Gosta Green, Birmingham, 4. Applications to be received within 14 days of this advertisement. Please quote: W/1061.

K. R. Pilling, Clerk to the Governors.

CITY OF SHEFFIELD EDUCATION COMMITTEE

COLLEGE OF TECHNOLOGY

DEPARTMENT OF COMMERCE AND MANAGEMENT

Applications are invited for appointment as LECTURER in MARKETING. The person appointed should have academic qualifications and practical experience in the field of marketing and market research, and will be required to continue the development of teaching and student research in these subjects, particularly in block release and day courses for the new Diploma in Management Studies. A sound knowledge of economics and other related subjects will be an advantage. Previous teaching experience or teacher training is also required.

Duties will commence on 1st January, 1962, or as soon thereafter as possible.

Salary (Burnham Technical Scale): £1,370 x £35–£1,550 per annum.

Application Forms, obtainable from the undersigned (s.a.e.) at P.O. Box 67, Sheffield, 1, should be returned within 14 days of the appearance of this advertisement.

T. H. TUNN,
Director of Education.

The Electricity Council

PRINCIPAL ASSISTANT

(ECONOMICS and STATISTICS)

Applications are invited for the superannuable post of Principal Assistant in the Commercial and Development Departments at Headquarters in London. Duties will be to assist in the provision of a statistics and economic intelligence service, the organisation of consumer sampling and market surveys and the formulation of long and short term estimates of electricity requirements. Candidates should have an honours degree in economics and a sound knowledge of modern statistical techniques.

● *The salary for the post will be within the range £1,300–£1,550 p.a. inclusive of London Allowance, commencing at a point dependent on the applicant's qualifications and experience.*

Applications, stating age, qualifications, and experience, present position and salary, to E. Landucci, The Electricity Council, Winsley Street, London, W.1, by 11th November, 1961. Quote Ref. ECO/134.

THE REPUBLIC OF THE SUDAN

The Ministry of Education invites applications for Senior Lecturers in Accountancy in the School of Commerce, Khartoum Technical Institute which adopts the syllabuses of the Association of Certified and Corporate Accountants for both the Intermediate and the Final.

(i) Candidates for these posts must (a) possess an appropriate University Degree; (b) or must be Chartered or Certified accountants; and (c) must have had considerable experience either in business or government departments.

(ii) Appointment will be on contract (with bonus) for a period up to five years. Salary scale ranges from £S.2100 to £S2225 (£S.1= £1 0s. 6d.). Starting salary in accordance with age, qualifications and experience. In addition to salary quoted a cost of living allowance, which is reviewed every two months, is payable at present between £S.168 and £S.180 per annum. An initial outfit allowance of £S.50 is payable on appointment. Leave accrues at the rate of seven days per month.

A special re-settlement gratuity to British Lecturers will also be paid on satisfactory completion of the contract.

Applications, in writing, stating full details of age, qualifications and experience, should be made to the Appointments Section, Sudan Embassy, Cleveland Row, St. James's, London, S.W.1.

Closing date: November 15, 1961.

SPILLERS LIMITED

require

A COST ACCOUNTANT

to take charge of all costing matter for their Milling and Grocery interests.

—Applications giving details of age, present salary, education, qualification and experience, should be sent to the Chief Accountant, Spillers Limited, Old Change House, Cannon Street, London, E.C.4.

APPLICATIONS invited for the post of Principal of the Catholic Workers College, a residential college for adult social students. Duties to commence with session 1962-1963. Salary £1,800 x £75 to £2,100. Accommodation for priest or single woman; rent allowance for married. Superannuation and children's allowance.—Application to be made before December 1st, 1961, to the Clerk to the Governors, Catholic Workers College, Boars Hill, Oxford.

For other appointments see pages 382 and 390.

UNIVERSITY OF SYDNEY

LECTURESHIPS IN ECONOMICS

Applications are invited for two positions of Lecturer in Economics. It is desirable, but not essential, that one appointee be qualified in labour economics or industrial relations.

The salary for a Lecturer is within the range £A1,730 x £105—£2,435 per annum plus cost of living adjustments (at present £A49 p.a.) and will be subject to deductions under the State Superannuation Act. The commencing salary will be fixed according to the qualifications and experience of the successful applicant.

Under the Staff Members' Housing Scheme, in cases approved by the University and its Bankers, married men may be assisted by loans to purchase a house.

Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close, in Australia and London, on 8th December, 1961.

NORTH WESTERN GAS BOARD

HEAD OFFICE—MANCHESTER

ASSISTANT STATISTICIAN (MARKET RESEARCH)

Applications are invited for the above pensionable appointment in the Statistics Department, at a commencing salary within the range £770/£1,015 per annum according to qualifications and experience.

Candidates should preferably be not more than 27 years of age and must hold an appropriate graduate or equivalent qualification. Preference will be given to Honours graduates in Economics combined with Statistics.

The Assistant Statistician will be concerned mainly with planning, preparation and analysis of market surveys but may also be required to assist in general statistical studies in the field of demand forecasting, load research, etc. The work is interesting and offers scope for imagination and initiative in the application of statistical techniques to business problems.

Detailed applications, giving the names of two referees, should reach the Secretary of the Board, Bridgewater House, 60 Whitworth Street, Manchester, 1, within 14 days.

NEWCASTLE UPON TYNE EDUCATION COMMITTEE

MUNICIPAL COLLEGE OF COMMERCE

The Municipal College of Commerce offers the following:

Full-time Sandwich Course, beginning Monday, 8th January, 1962.

Three months at the College and nine months in industry, over three years, leading to the Intermediate and Final Examinations of the Institute of Cost and Works Accountants and/or the Higher National Diploma in Business Studies.

Further information and application forms can be obtained from the *Principal*, Municipal College of Commerce, College Street, Newcastle-upon-Tyne, 1.

APPOINTMENTS REQUIRED

SOUTH AMERICA

Senior Executive with long residence and wide financial and credit experience in South America seeks change to British or U.S. organisation requiring thoroughly reliable officer permanently based abroad. No objection periodic travel but preferably based Chile or Peru. Available with reasonable notice.—Box 1552, "The Economist."

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sought by retired

CHAIRMAN AND MANAGING DIRECTOR

of companies with turnover exceeding £10 million with contacts and very extensive knowledge of Finance, Banking and Marketing throughout the world. For further details write Box 1551.

A PUBLICITY AND PRESS RELATIONS senior executive, now with international company in London, seeks new appointment. Sound experience of press, broadcasting, conference, exhibition publicity in U.K. and abroad. Foreign languages: German, French. Willing to travel.—Write to Box 1553.

BUSINESS AND PERSONAL

INSIDE THE COMMON MARKET

A Conference which will provide a general introduction to the implications for industry of British entry into the European Economic Community, will be held at the Londoner Hotel, Welbeck Street, London, W.1, on November 9 and 10. Chairmen and Speakers will include Gen. Sir Brian Robertson, Dr. Adler, Mr. H. Douglass, Mr. W. G. Mills, Mr. J. Rodgers, M.P., Mr. P. Tennant, Professor Wheatcroft, as well as many from the E.E.C. Commission in Brussels.

Further information from Federal Trust, 10 Wyndham Place, London, W.1. Tel: PADdington 6670.

AWAY WITH COLOUR PREJUDICE

MARTIN LUTHER KING

(Minister of Ebenezer Baptist Church, Atlanta: Leader of the Montgomery Bus Protest)

will speak at the Central Hall, Westminster, on Monday, October 30th at 7.30 p.m.

SUPPORTING SPEAKERS: Robert Resha (Treason Trialist Number 17) and Stuart Hall.

CHAIRMAN: Canon L. John Collins.

Tickets from Christian Action, 2, Amen Court, London, E.C.4. 3s. reserved, 1s. 6d. unreserved.

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Gifted Managers are few, management technicians many. If your son has shown management potential, send him to us. Please write our Secretary, Mrs. E. Douglas Morrell, Parkview, 127 Lockerbie Road, Dumfries.

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EDUCATION

TUITION FOR B.Sc. ECONOMICS

Wolsey Hall (Est. 1894) provides Postal Courses in a wide range of subjects for the two examinations for London Univ., B.Sc.Econ. (three if entrance is included) at moderate fees. 1,431 Wolsey Hall students passed London Univ., B.Sc. Economics exams, 1950–60. Tuition also for G.C.E., Law, Statistical, other exams. —Prospectus (mention examination) from E. W. Shaw Fletcher, C.B.E., LL.B., Director of Studies, Dept. P.17.

WOLSEY HALL, OXFORD

SECRETARIAL TRAINING, especially for university graduates and older students. Six-month and intensive 14-week courses.—Write, Organising Secretary, Davies's, 158 Holland Park Avenue, W.11. PARk 4654.

EXPERT POSTAL TUITION

for Examinations—B.Sc.(Econ.), Law, Accountancy, Costing, Secretarial, Civil Service, Management, Export, Commercial, General Certificate of Education, etc. Also many practical (non-examination) courses in business subjects.—Write today for free prospectus and/or advice, mentioning examination or subjects in which interested, to the Secretary (G9/2).

METROPOLITAN COLLEGE, ST. ALBANS

or call at 30 Queen Victoria Street, London, E.C.4. Established 1910.

NOTICES

CANADIAN PACIFIC RAILWAY COMPANY (Incorporated in Canada with Limited Liability). *Canadian Pacific Railway* Perpetual 4 per cent Consolidated Debenture Stock. *New Brunswick Railway* 4 per cent. Debenture Stock. *Calgary & Edmonton Railway* 4 per cent *Debenture Stock*. *In preparation for the payment of the half-yearly interest due 1st January, 1962, on the above stocks, the Transfer books will be closed on 20th November, 1961, and will be opened on 2nd January, 1962.*—R. F. TREMAYNE, Deputy Secretary, 8, Waterloo Place, Pall Mall, London, S.W.1. 24th October, 1961.

THE ROYAL BANK of CANADA DIVIDEND No. 297 and BONUS. Notice is hereby given that a DIVIDEND of 55 cents per share upon the paid-up capital stock of this Bank has been declared for the current quarter and a bonus of 50 cents per share for the year ending 30th November, and both will be PAYABLE at the Bank and its branches on and after 1st December, 1961, to Shareholders of record at the close of business on 31st October, 1961.

By Order of the Board,
C. B. NEAPOLE,
General Manager.

23rd October, 1961.

HUDSON'S BAY OIL AND GAS COMPANY LIMITED

Charles A. Perlitz of Houston, Executive Vice President of Continental Oil Company has been elected Chairman of the Board of Directors of Hudson's Bay Oil and Gas Company Limited, and J. R. Murray Winnipeg Managing Director of the Hudson's Bay Company, has been elected Vice-Chairman.

Mr Perlitz succeeds L. F. McCollum Houston President of Continental, who continues as a Director of Hudson's Bay Oil and Gas. Mr Murray was elected to the vacant Vice-Chairmanship on the company board.

The other directors of the company are: James A. Richardson and E. E. Woods of Winnipeg, Ira H. Cram, New York, A. J. Foley, Quebec, P.Q., Herbert H. Lank, Montreal, G. T. Pearson and L. J. Richards, both of Calgary.

HUDSON'S BAY OIL AND GAS COMPANY LIMITED

M. B. Morris, General Manager of the Exploration Department, has been appointed a Vice-President of Hudson's Bay Oil and Gas Company Limited, it was announced today by G. T. Pearson, President. Mr Morris joined the company in December of 1957, when he was appointed Assistant Exploration Manager. He was appointed Exploration Manager in June of 1959. Prior to joining Hudson's Bay Oil and Gas Company, Mr Morris held various assignments with *Continental Oil Company*. He received his BSc degree in geology from the University of Texas. He is a member of the Alberta Society of Petroleum Geologists and the American Association of Petroleum Geologists.

APPOINTMENTS

DEPARTMENT OF TECHNICAL CO-OPERATION
APPOINTMENTS UNDER THE COLOMBO PLAN
FOR
INDIAN STEELWORKS

GENERAL SUPERINTENDENT

A General Superintendent is urgently required for a fully integrated modern steel plant of 1 million ton capacity with expansion planned to 1.6 million tons, in course of commissioning at Durgapur in India, with complete responsibility to the General Manager for control of operations. The duties of the post would include, but be somewhat wider than, the duties of a Works Manager in the United Kingdom.

This post calls not only for considerable experience of up-to-date steelworks practice, but also for a proven record of successively increasing management experience, including preferably service as *Works Manager or equivalent.*

Candidates must possess appropriate technical qualifications and experience and should be preferably in the age range 35 to 55.

It is intended that this appointment will be for a minimum period of three years with every chance of extension for the right man. Where applicable, every effort will be made to arrange with the successful candidate's present Company for the safeguarding of seniority, pension rights and promotion prospects during secondment.

Pay and allowances will be subject to negotiation, but for the right man they will be about £9,000 (single) and £10,000 (married) including tax free overseas allowance. Annual home leave, passages and medical attention for self and family, accommodation and *transport* provided.

ASSISTANT GENERAL SUPERINTENDENT

An Assistant General Superintendent is also required for the same Works in India. He will be responsible to the General Superintendent. The post requires a man with wide knowledge of engineering maintenance who is prepared to undertake pioneering work of national importance in what may sometimes be exacting conditions.

The appointment will be for an initial period of three years. The pay and allowances for a suitable man would approximate to £5,500 (single) and £6,500 (married) including tax free overseas allowance. Apart from pay his conditions of service would be broadly the same as those of the *General Superintendent.*

Successful applicants for both these posts *will be appointed and paid by* the Department of Technical Co-operation but will be engaged to serve Hindustan Steel Ltd.

Applications, in confidence, giving full details, should be addressed to the Director-General, Department of Technical Co-operation, 2-6, Carlton House Terrace, London, S.W.1, and should be received not later than 22nd November, 1961, and the envelope should be marked "Posts at Durgapur Steelworks."

MSL *have been retained to advise on this appointment.*

MANAGER INVESTMENT ANALYSIS AND INTELLIGENCE DEPARTMENT

for a firm of stockbrokers dealing principally with institutional clients. He will be expected to develop the intelligence service which is available to the partners (more than 12 of them) and through them to their clients, by ensuring that current information is available quickly and that important trends in markets, industries, companies, and political activity are analysed to provide the best possible basis for advising on probable future developments.

Candidates, age 35 to 45, must have had experience of directing and supervising similar work in a firm of stockbrokers or a large investing organisation.

Initial remuneration £3,500 to £4,500. Please send brief details in confidence quoting reference S. 4642 to T. E. Watson.

In no circumstances will a candidate's identity be disclosed to our client unless he gives permission after a confidential interview at which he will be given full details of the appointment.

MANAGEMENT SELECTION LIMITED,
17 Stratton Street, London, W.1

BBC requires Production Assistant for "Tonight" to contribute generally to programme formulation and content; help producers in programme preparation and administration; in research, selection and direction of film stories and presentation of studio items. This requires developed visual imagination, wide range of interests and ability to translate programme ideas into practical television. Essential qualifications include ability to work at sustained speed on location and in studios, and upon preparation of commentaries and other written matter; positive interest in current affairs; experience in handling scripts or films; ability to work constructively as member of a highly-professional team. Experience of journalism and working for a magazine programme, preferably in television, would be advantages. Salary £1,380 (possibly higher if qualifications exceptional) rising by five annual increments to £1,780 max. p.a. Requests for application forms (enclosing addressed envelope and quoting reference 61.G.498 ECT.) should reach Appointments Officer, Broadcasting House, London, W.1., within five days.

THE UNIVERSITY OF SHEFFIELD

Applications are invited for a post of LECTURER or ASSISTANT LECTURER in STATISTICS to begin duties on 1st January, 1962, or as soon as possible thereafter. Salary scales: Lecturer, £1,050×£50—£1,400×£75—£1,850. Assistant Lecturer, £800×£50—£950, with F.S.S.U. provision and family allowance. Initial salary on either scale according to qualifications and experience. A grant towards removal expenses will be made. Further particulars may be obtained from the Registrar to whom applications (4 copies) should be sent by 18th November, 1961.

For further appointments and other classified advertisements see pages 382 and 389.

PSYCHOLOGIST. Ph.D. level, with some commercial experience in marketing to be Research Director of company specialising in Market Surveys. Salary depending on experience and qualifications. Box 1556.

BRITISH COUNCIL
EDUCATIONAL CO-OPERATION IN THE COMMONWEALTH
INDIA

Applications are invited for the following posts:—

(a) OSMANIA UNIVERSITY, HYDERABAD: (i) VISITING PROFESSOR of ECONOMICS and (ii) VISITING PROFESSOR of POLITICAL SCIENCE. Appointment to be taken up in 1962. Contract with University and British Council for two years.

(b) UNIVERSITY of RAJASTHAN, JAIPUR: PROFESSOR of or READER in ECONOMETRICS and PUBLIC ADMINISTRATION. Appointment to the Professorship or Readership will depend upon the calibre of the successful candidate. If the appointment is made to a Professorship it will involve the establishment of a Department. Commencement of appointment, July, 1962. Contract with University and British Council for two years renewable.

Candidates must be British graduates with appropriate qualifications and experience.

In both cases, salary on a scale, for a Professor, of £2,700 to £3,700; for a Reader, of £1,980 by £75 to £2,505. Overseas allowance. Children's and home education allowances. Free furnished accommodation. Installation grant. Medical scheme. Outward car freight paid. Fares paid, and for family (including mid-tour passages for children in U.K.). Employer's portion U.K. superannuation paid. Secondment from home employment may be arranged.

Write, quoting L.10M (61) for the University of Rajasthan, and L.12M (61) for Osmania University, and enclosing stamped addressed foolscap envelope to Director, Recruitment Department British Council, 65, Davies Street, London, W.1, for further particulars and application form to be returned completed within two weeks of receipt.

(continued in next column)

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BOX 1555
The Economist Newspaper Ltd., 22, Ryder St., St. James's, London, S.W.1.

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Lebanon	£7 15s.	—
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Nigeria	£9 0s.	£6 10s
Pakistan	£9 0s.	—
Philippines	£10 6s.	—
Rhodesia	£9 0s.	—
South Africa	£9 0s	£7 10s
South and Central America	£9 0s	—
Sudan	£7 15s.	£6 15s.
USA		$25 or £9
West Indies	£9 0s.	—

NOTES: **Air Freight** is normally 24/48 hours slower than air-mail. **Proportionate Rates** are acceptable for subscriptions for less than a year (minimum four weeks). **H.M. Forces** at official service addresses can enter Airmail Subscriptions in Europe at £5. elsewhere overseas at £7 15s. a year; surface mail rates and airmail rates for Gibraltar and Malta are as shown above.

SOME PRINCIPAL OVERSEAS SUBSCRIPTION AGENTS: AUSTRALIA: John Hinton & Co., 50 Miller Street, Sydney, New South Wales. BELGIUM: W. H. Smith & Son, 71 Boulevard Adolphe Max, Brussels. BRAZIL: J. de Croze, Rua Mexico 70, #1110, Rio de Janeiro. CANADA: Wm. Dawson Subscription Service, 587 Mount Pleasant Road, Toronto 7, Ontario. CEYLON: The Lake House Bookshop, 100 Parsons Road, Fort, Colombo. DENMARK: Einar Munksgaard, 6 Norregade, Copenhagen K. EGYPT: G. Avatis, 8 Ibrahim El Lakani, Heliopolis, Cairo. FINLAND: Akateeminen Kirjkauppa, 2 Keskuskato, Helsinki. FRANCE: W. H. Smith & Son, 248 Rue de Rivoli, Paris. GERMANY: W. E. Saarbach, Gertrudenstrasse 36, Koln 1; H. E. Braumueller, Karlstrasse 34, Hamburg 22. GHANA: Travel Service Ltd., P.O. Box 401, Accra. GREECE: Librairie Kauffman, 28 Rue du Stade, Athens. HOLLAND: Van Gelderen Hoofdkantoor, N.Z. Voorburgwal, 142, Amsterdam-C. HONGKONG: The Advertising & Publicity Bureau Ltd., 701-706 Marina House. INDIA: Patrika Syndicate Private Ltd., Gole Market, New Delhi 1, or 12/1A Lindsay Street, Calcutta 16. IRAN: Iranian Amalgamated Distribution Agency, Avenue Shah, 62 Yazhma Street, Teheran. IRAQ: Coronet Bookstore, Merjan Building, Southgate, Baghdad. ISRAEL: Welss' Subscriptions, 22 Allenby Road, Tel Aviv. ITALY: Messaggerie Italiane, Via Lomazzo 52, Milan 12. JAPAN: Maruzen & Co., P.O. Box 605, Tokyo Central. JORDAN: Joseph I. Bahout & Co., P.O. Box 66, Amman. KENYA: East African Standard, P.O. Box 30030, Nairobi. LEBANON: Librairies Antoine, A. Naufal & Freres, Rue de l'Emir, Bechir, Beirut. MALAYA: Messrs. Marican & Sons, Subscription Dept., 74 Orchard Road, Singapore, 9. NEW ZEALAND: Gordon & Gotch (NZ), Ltd., P.O. Box 584, 75 Anzac Avenue, Auckland; Gordon & Gotch (NZ), Ltd., 32 Waring-Taylor Street, Wellington. NIGERIA: Atlas Nigeria Ltd., 6 Labinjo Lane, P.M.B. 2120, Lagos. NORWAY: A/S Narvesens Litteraturtjeneste, P.O. Box 115, Oslo. PHILIPPINES: Morris Corporation, P.O. Box 1451, Manila. POLAND: A. R. S. Polona Krakowskie Przedmiescie 7, Warsaw. RHODESIA: Kingstons Ltd., P.O. Box 1495, Bulawayo, Southern Rhodesia. SOUTH AFRICA: American & Overseas Publications, P.O. Box 3025, Port Elizabeth. SPAIN: Distribuidora International, Duque de Sexto, 36, Apartada 9156, Madrid. SUDAN: Sudan Bookshop, P.O. Box 156, Khartoum. SWEDEN: Wennergren-Williams A.B. Nordenflychtsvagen 70, Stockholm. SWITZERLAND: Agence Aeberhard, Case, 123, Berne Transit. TANGANYIKA: The Tanganyika Standard, P.O. Box 33, Dar es Salaam. TURKEY: Librairie Hachette, 469 Istklal Caddesi, Beyoglu-Istanbul. UGANDA: East African Standard, P.O. Box 1656, Kampala. UNITED STATES: British Publications Inc., 30 East 60th Street, New York 22, N.Y.; Eastern News Distributors Inc., 306 West 11th Street, New York 14, N.Y.; The Economist, National Press Building, Washington 4, D.C.; National Publications Co., 4935 Wilshire Blvd., Los Angeles 5, California. VENEZUELA: Distribuidora Santiago C.A., Quinta Oasis, Segunda Transversal Norte, Urbanizacion Guacaipuro, Apartado No. 2539, Caracas.

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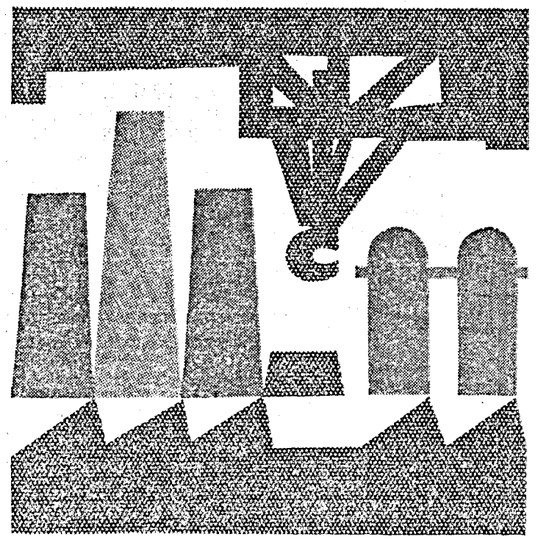


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Gold yield oz. fine	dwt. per ton	*Uranium Oxide yield* lb.	lb. per ton
1,046,542	12.904	751,875	0.356

		Per ton milled
Gold		
Total Working Revenue	R26,382,382	R16.26
Total Working Expenditure	10,416,998	6.42
Working Profit	15,965,384	R9.84
Uranium and Sulphuric Acid Working Profit	3,779,000	
Total Working Profit	19,744,384	
Sundry Revenue *less* Expenses	242,847	
	19,987,231	
Taxation (R8,337,828) and Mineral Lease Consideration (R2,027,211)	10,365,039	
Profit after Taxation and Mineral Lease Consideration	9,622,192	
Balance of Income and Expenditure Account at 30th June, 1960	6,096,441	R15,718,633
Dividends—Nos. 30 and 31, each of 13c per share	6,240,000	
Transfers to Capital Reserve:		
Repayment on account of capital portion of uranium and acid loans	R1,113,493	
Net expenditure on mining assets and trade investments	2,833,289	
	3,946,782	10,186,782
Balance of Income and Expenditure Account at 30th June, 1961		R5,531,851

The full Report and Accounts may be obtained from the London Secretaries, A. MOIR & CO. LTD., 4 London Wall Buildings, London, E.C.2.

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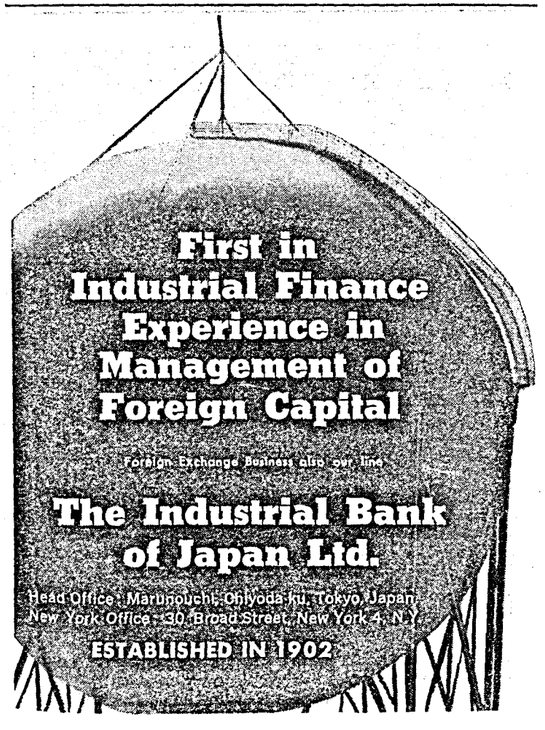
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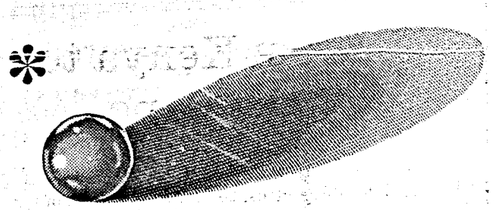
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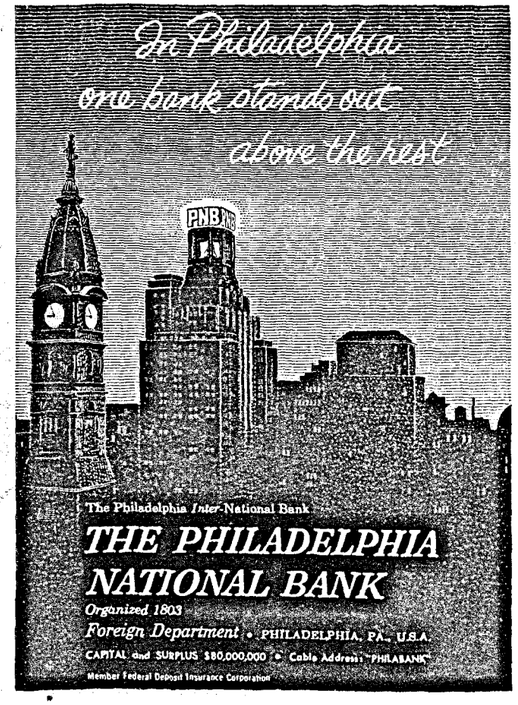
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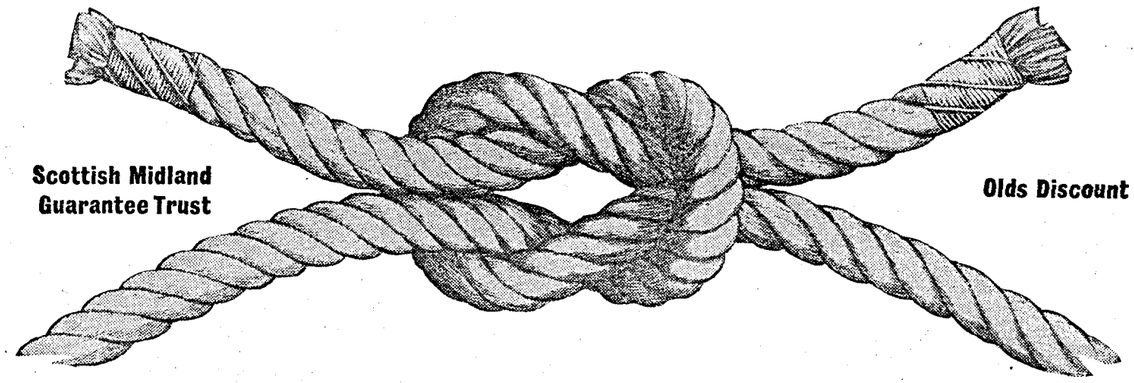
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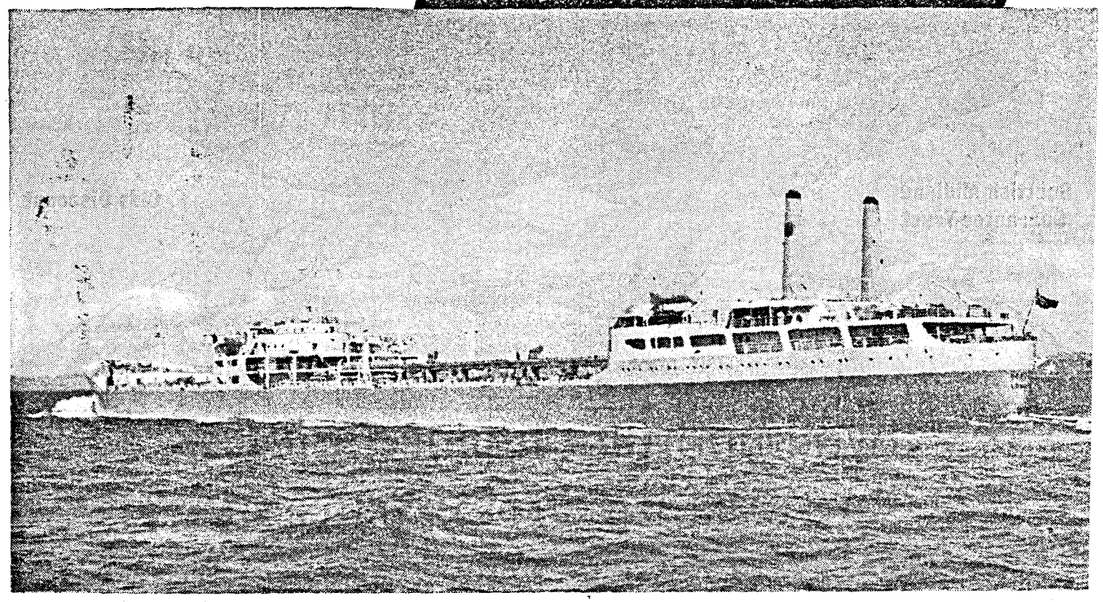
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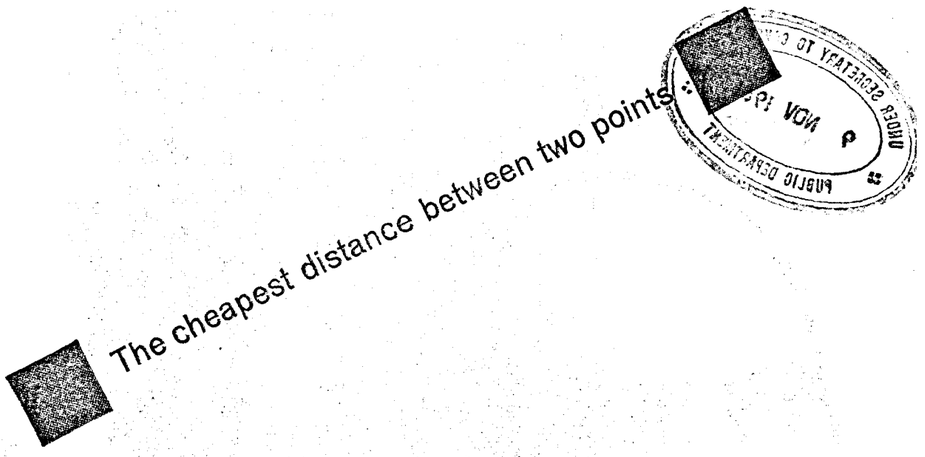
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In The Economist this Week — November 4, 1961

INTERNATIONAL

COMMUNISTS' GREAT DIVIDE

Mr. Khrushchev's giant bomb has obscured the loud noise of fission between himself and the diehards of world communism. The middle-men inside Russia, however, like Mr Khrushchev, combine a desire for unadventurous foreign policies with anxieties about Germany and a wish for negotiation (p. 411).

This has been brought no nearer by tankmanship in Berlin (p. 417). The Russian squeeze on Finland is both a means of pressure on the West to talk and a military insurance (of doubtful value) in case talks fail (p. 418).

AFRICA FOR AFRICANS

Security for the whites of **Northern Rhodesia** depends on coming to just terms with the black men who must one day rule the country. To put off the unavoidable day will only make the African nationalists more difficult (p. 415).

Jomo Kenyatta has come down from the mountain into the political battlefield as leader of the Kanu party. Wiser leadership will be required from him if the tribalism now rife in **Kenya** is to be contained (p. 460).

Men must come before **game** in Africa; but wild life might be preserved if it were put to economic use (p. 456).

QASIM AT BAY

The troubles General Qasim has to cope with—oil, Kurds, Kuwait—will plague his successor too. But his way of doing things has alienated such important groups in **Iraq** that he now has a struggle to keep power (p. 416).

Since the elections **Turkey** has been groping vainly for a government (p. 425); in **Greece,** by contrast, Mr Karamanlis has been given a clear mandate (p. 425).

RENDEZVOUS

Mr Macmillan is to meet President de Gaulle; the general occupies a key place both in East-West exchanges and in Britain's European negotiations (p. 423).

France is still troubled by tales of violence by the Paris police (p. 459); and there have been more deaths in Algeria; but bit by bit the French and Algerian leaders are moving towards negotiation (p. 425).

In Bonn Dr Adenauer continues to make forcing bids with poor cards (p. 455).

AMERICA: PAUSE . . .

The present economic pause may be the prelude to a risky boom, but the Administration is prepared to take the risk (p. 465).

Economists now have a do-it-yourself kit for forecasting (p. 466).

. . . AND PARTIES

Republican v Democrat: General Eisenhower and President Kennedy are engaged in party battle (p. 466).

Pilots v Engineers: A proposed settlement of grievances in the cockpit has yet to be accepted by the unions involved (p. 470).

Cross Currents: Upstream users of **Missouri** waters for electric power are at odds with downstream sailors (p. 470).

HOME

GOOD INTENTIONS

The Whyatt recommendation for the appointment of a British equivalent of the Scandinavian ombudsman to protect citizens against bureaucrats is a good one: but its supporters will have to be prepared to make concessions to prejudice—and alert to improve upon the proposals (p. 413).

Exporters are agitating for better credit facilities: and, though their complaints are often wide of the mark, there is indeed room for improvement (p. 475).

Parliament faces the prospect this session of more than 20 new pieces of legislation—and more, if time allows (p. 418).

FALSE STEPS

Thursday's Bank rate cut is another move in a dubious direction (p. 479).

Planned cuts in public spending seem sensible: but the economies already made are without any sense whatever (p. 423).

Treasury acquiescence in recent wages council awards seem to presage a deliberate end to the Pause next April—whence may come the deluge (p. 420).

POOR RELATIONS

The bill designed by the Government to sop up the spilt bile of its anti-migrant wing is so bad as to be almost unworkable; and this is no bad thing (p. 418).

Some Independent Television programme contractors seem more willing than others to meet their striking actors' demands for more pay (p. 426).

The Rhine Army's gravest need is for technicians, whom the present recruiting measures do little to supply: another need, for money, may be temporarily eased by hand-outs from Germany (p. 420).

BAD BLOOD

Local complexities abound in next week's three Parliamentary by-elections: but Labour's goal is simple—a massive swing (p. 424).

Nottingham's Tory council has proved incapable of elegant patronage of the theatre, and has aroused the town's ire (p. 428).

Grimsby fishermen, disappointed in the Transport and General Workers' Union, have formed their own: the competition has spurred the TGWU to a show of militancy (p. 431).

BON ACCORD

Hopefully bilingual Harrogate, Spa of the North, is still, in its way, as Dickens left it (p. 432).

autumn books pages 433 to 451

Detailed contents on page 411



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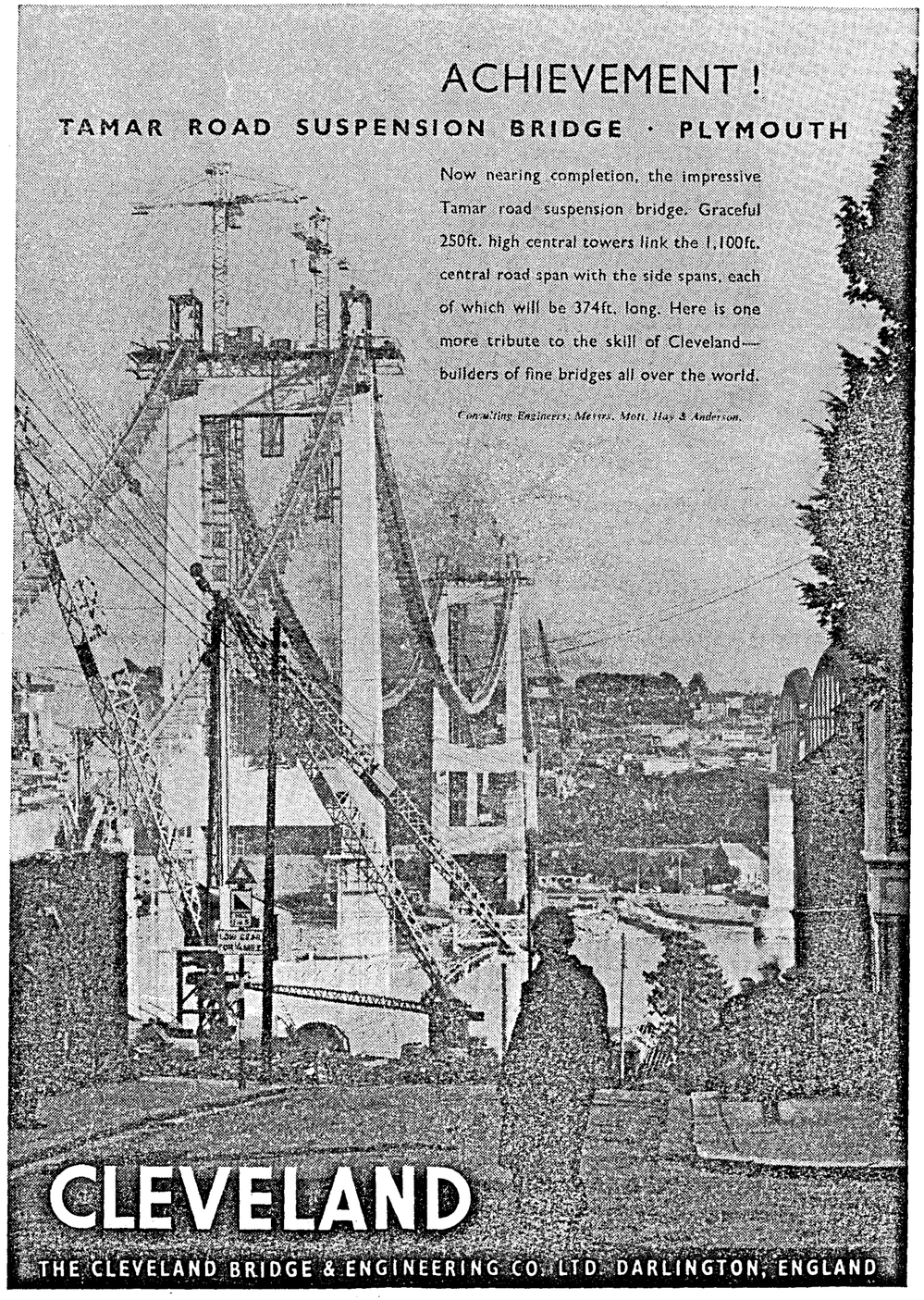
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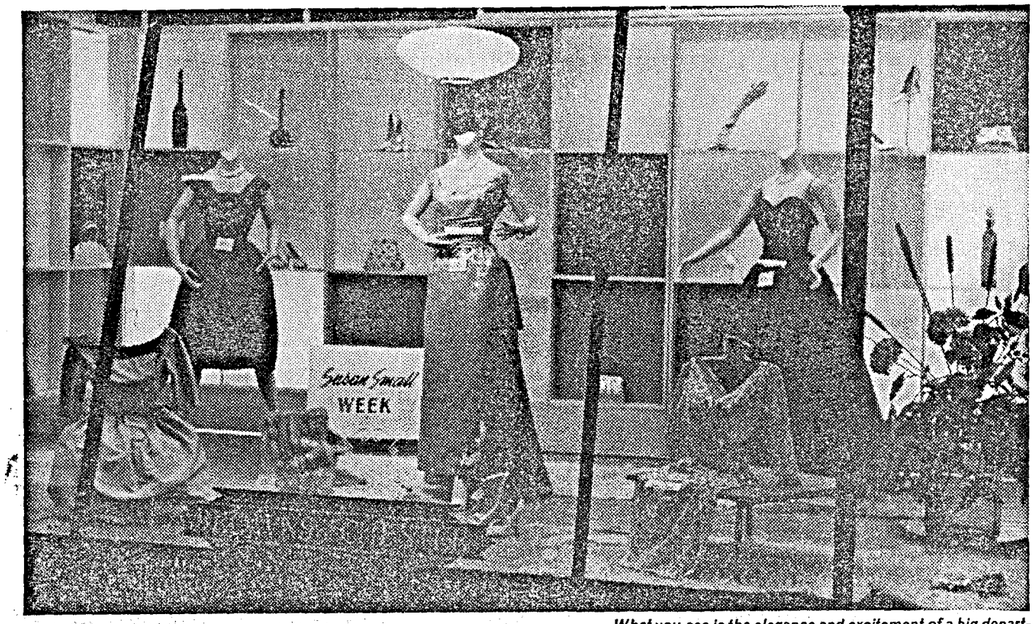
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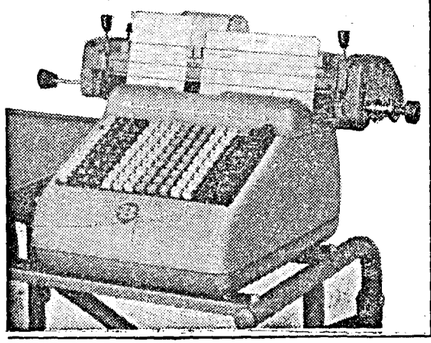
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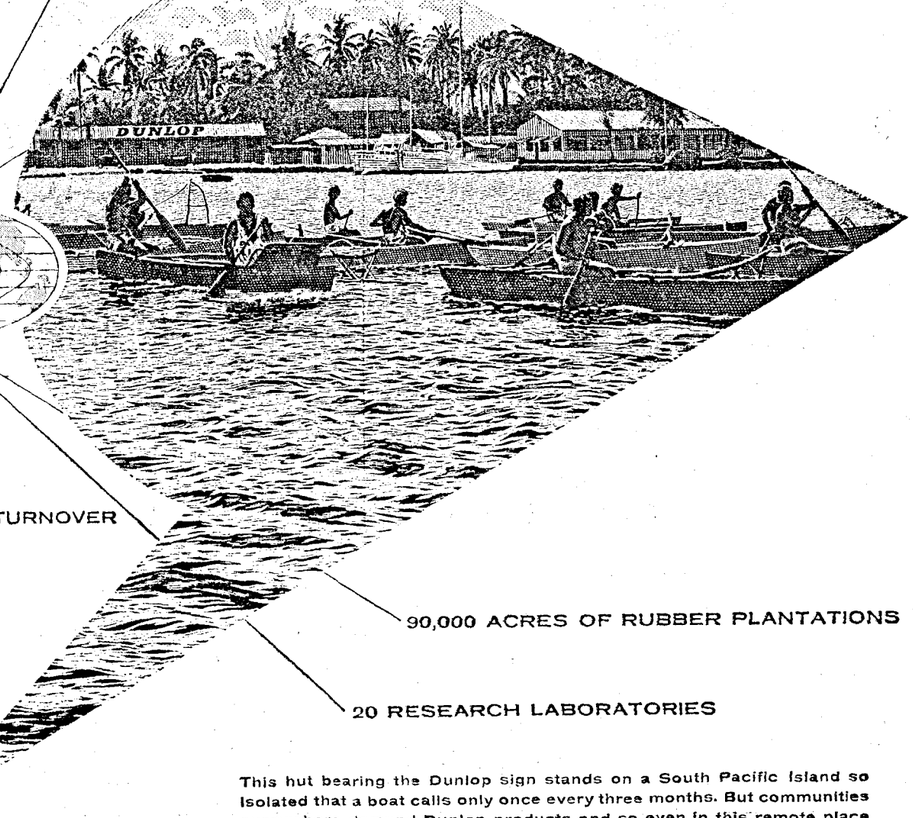
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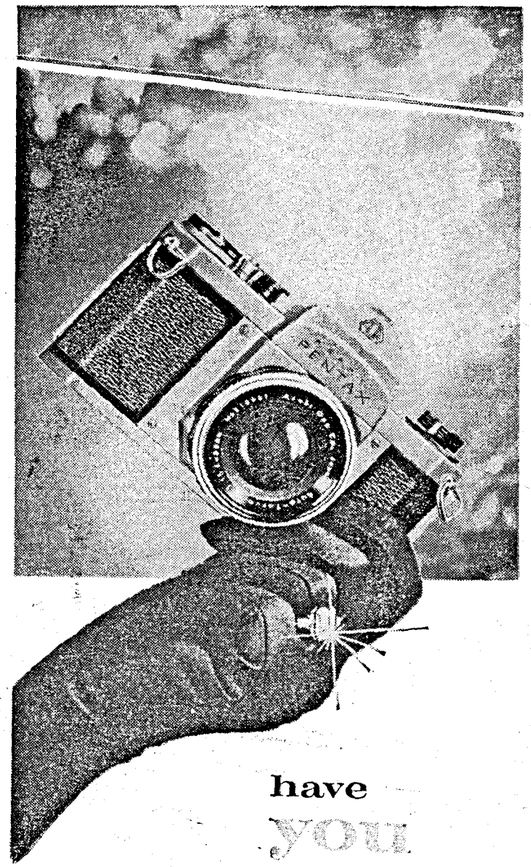
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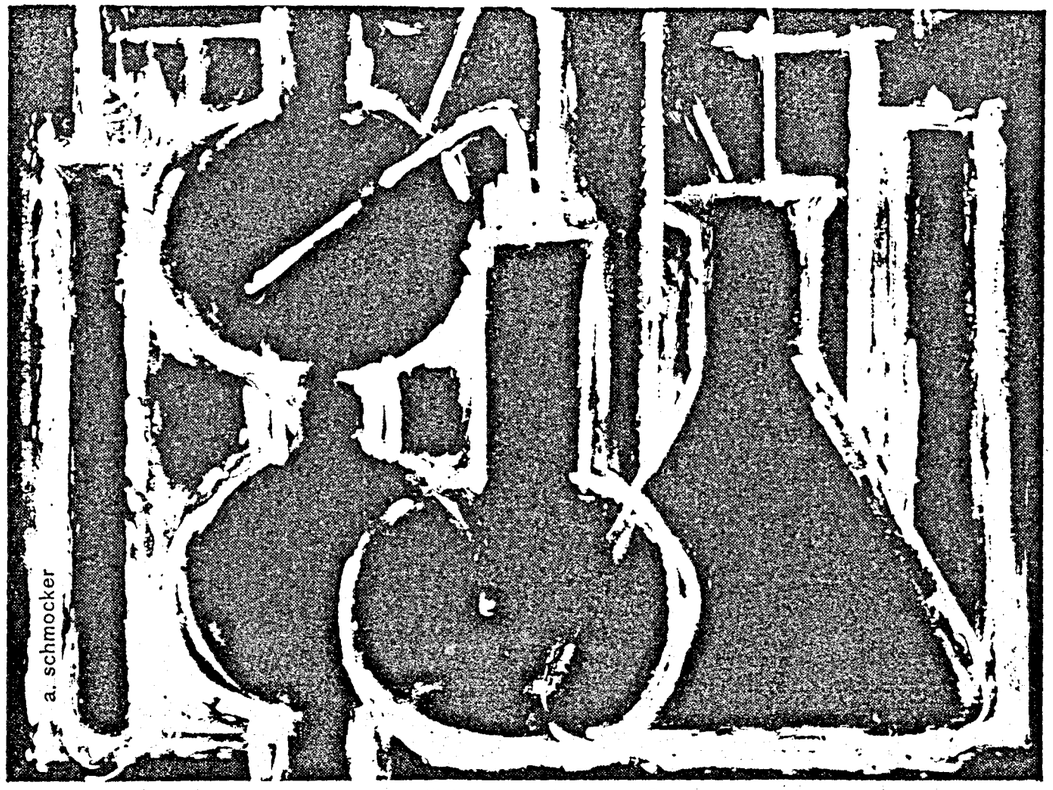
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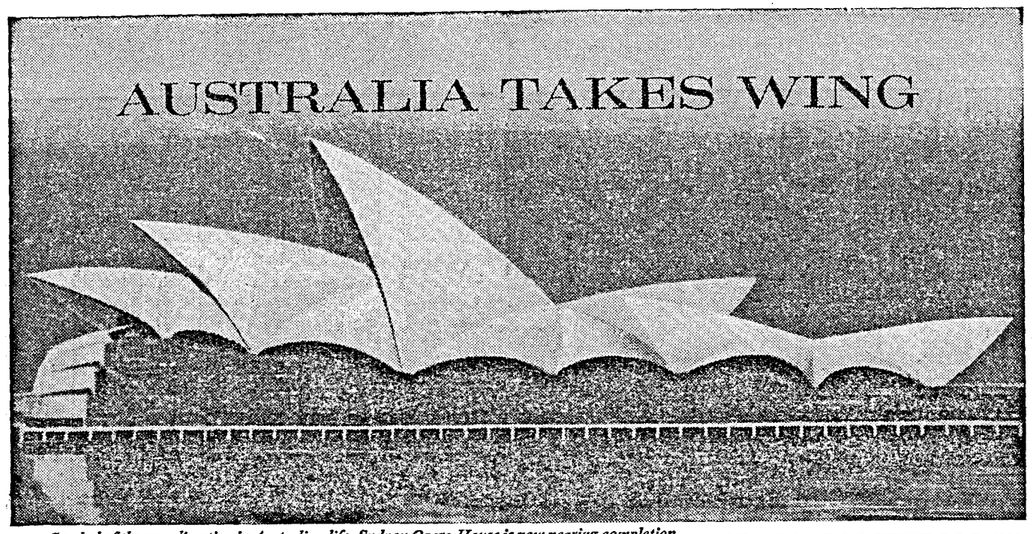


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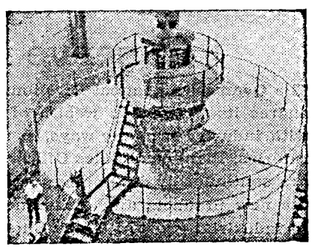
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Fission in Moscow



IN NOVAYA ZEMLYA, the biggest-ever hydrogen bomb was exploded by Russia on Monday in cold disregard of the appeal of 87 governments through the United Nations. In Berlin, the chain reaction set off by the building of the communist wall in August reached a critical-looking stage on October 27th, when Soviet and American tanks confronted each other through the night; but it did not reach flashpoint. It is from Moscow that the biggest shock waves of all have gone out to rattle the political seismographs. The blast of the Communist party congress there blew Stalin's corpse out of the granite mausoleum beneath the Kremlin wall, flung Chou En-lai back to Peking, and left the whole socialist camp quivering.

Is it all according to plan? One of the difficulties for a westerner, peering at the "other side of the hill" to try to make out what is really going on, is to distinguish what was intended to happen from what was not. He has to peer through the murk of a system designed to obscure everything that has not been officially approved for revelation. He has to discount the buoyant dexterity of a Soviet leader who can never afford to admit defeat or error, and who is uncommonly good at representing either as a triumph.

No doubt Mr Khrushchev's renewed lifting of his Berlin deadline was as deliberate as his denunciation of his Albanian comrades or his new squeeze play in Finland. But under what pressures did he feel impelled to explode his monstrous bombs in the face of worldwide remonstrances, and to pursue his demolition of Stalin, regardless of the impact on China and other parts of the communist world? And did the explosions in both cases exceed his precise intentions?

The present Soviet leader is a bolder gambler than Stalin was. But did he consciously arrange his congress so that the attention of his own people, as well as of the outside world, was diverted from his gleaming vision of 1981 to the chilling reality of pre-1953 tyranny? The launching of the programme for achieving full communism within a generation has been synchronised both with a trial of nerve with the West, and with a public split in the world communist movement. Was this timing deliberate?

Even after Chou En-lai's demonstrative departure, Mr Khrushchev assured the congress that "the socialist camp has again shown the monolithic unity of its ranks." An eyebrow or two must have twitched even among his well-drilled audience. According to Moscow's versions of the speeches, his charges against Albania were dutifully repeated by most of the European and Latin American delegates and by those from Mongolia, Ceylon, Iraq, Persia, Syria and the United States, in disregard of the Chinese protest against any such airing of quarrels. But 25 foreign representatives—including those from North Korea and North Vietnam, from India, Indonesia, Japan, Malaya, Burma, and North Africa, and from Britain, Australia, Canada, and Scandinavia—failed to pronounce the required anathema. (The delegates from the friendly, but not quite fraternal, ruling parties of Ghana, Guinea and Mali were also silent on the point; but this scarcely indicated their alignment, as neither of the disputing big brothers is exactly a blood relation of theirs.) The absent Albanians themselves have now got to the point of accusing "Khrushchev and his faction" of preparing a *Putsch* against them. The Chinese have followed up Mr Chou's public rebuke to Russia in the congress hall by devoting whole pages of their press to praise of

Albania, while almost suppressing the Moscow speeches.

If Mr Khrushchev had planned it all the way it came out, he did not give his comrades fair warning. In the darkness of Monday night a clean sweep had to be made of the wreaths honouring Stalin, "the great Marxist-Leninist," that had been freshly placed in and around the mausoleum not only by Mr Chou but also by many other foreign delegates to the congress. In his opening addresses, the present Soviet leader had referred to his predecessor's offences with judicious restraint. But when he wound up the main debate on October 27th, he joined full-throatedly in the swelling chorus of damning accounts of mass murder and torture:

> [Shelepin] did not tell you anything like all that has now been revealed. Thousands of absolutely innocent people perished.... Here among the delegates are comrades who were many years in prison. They were "persuaded"—by certain methods—that they were German or British spies, and some confessed. Even when told that charges of spying against them were being dropped, they themselves thought it better to stand by their false evidence, so that the torture might end sooner, and death come sooner. That is the meaning of the personality cult!

His famous "secret speech" in 1956, which reached the Soviet public only through the party's discreet filters, had contained only a short list of guilty men. Now the congress speeches, as reported in the Moscow press, name virtually the whole of Russia's past leadership (except for the new leader himself, and a few secondary figures who have climbed to sanctuary on his careering bandwaggon) as either executioners or victims during what Mr Khrushchev now calls "the times, hard for our party and our country, when nobody was safe." And there are hints of further revelations still to come. Bold as always, the Soviet leader took the calculated risk of letting his congress whip itself up into wrath over crimes in which he himself played no small part. With his characteristic skill, he contrived to show as much indignation as anybody, yet applied a well-timed brake in his winding up speech by recalling Lenin's clemency to "traitors to the party." Today's fallen idols ought, indeed, to be able to count on more clemency than they deserve. To put them on trial might lead some of them to inculpate their conqueror; but drastic punishment without trial would be an embarrassing breach of the new regime's claim to have restored "revolutionary legality."

The whole bizarre affair has freshly exposed the profound schizophrenia of the system and society over which Mr Khrushchev now presides. He felt it necessary to begin with a lengthy defence of the decision to reveal facts that "might arouse bitterness and discontent in the party and people." Even eight years after Stalin's death, his revelations remain very selective, and do not justify his claim that "the party has honestly and frankly told the people the whole truth." Still less convincing are the present claims that all risk of any reversion to tyranny has now been removed by constitutional reforms, and that collective leadership has been so far extended that, in Mr Brezhnev's words, "nowadays no important decision is taken without consulting the people." (The resumption of nuclear explosions was summarily decided at the top and kept a secret from the Soviet people for seven weeks.) The alarm among the *apparatchiki* at each sign of movement in a democratic direction is still, as has often been pointed out, one of the factors that Mr Khrushchev must reckon with. But what the congress showed most clearly was his awareness of the need to go along as far as he dared with the angry pressure from below for a clear break with the absolutist past.

Trimming his sails to the wind of change, he has made his bid for popularity and outmanœuvred the diehards by branding his defeated rivals as men who would have restored Stalinist tyranny if they had won power—a charge that was not brought against them either when he overthrew them in 1957, or during the later campaigns of defamation. The fact that the charge is made now gives some indication of the strong undertow in Russia, with which Mr Khrushchev has to go along even at the cost of a public dispute with the Chinese, a dispute in which the Chinese must enjoy support in quarters much nearer to the Kremlin than Albania.

The Soviet undertow is in favour of an unadventurous foreign policy as well as of liberalisation at home. The maturing Russian society is naturally attracted by Mr Khrushchev's gospel of the inevitable victory of communism in peaceful competition, and correspondingly repelled by Peking's bleak vision of desperate conflict. As a long-term trend, this offers nothing but encouragement to the democratic world. But what of the short term? It is not easy for western eyes to identify the man who insists on showering the globe with fallout, and who puts the squeeze now on Berlin, now on Finland, now on some other vulnerable area, as "the best Soviet prime minister we have," the essential figure in the transformation of the communist world into something its neighbours may be able to live with more comfortably.

WHAT one can say is that the motives for Mr Khrushchev's rocket-rattling are clearly mixed; the difficulty is to assess the proportions in which they are mixed. However exaggerated the official Soviet caricature of Germany may be, there lies behind it a real fear of German reunion and military revival. Moreover, this is one issue on which Mr Khrushchev can count on evoking genuine popular support both in Russia and in eastern Europe. A Russian who insists that there is no incompatibility between his leader's sometimes violent pressure for a settlement in Germany and the general doctrine of peaceful co-existence is not necessarily a blinkered moron. And Soviet impatience for a German settlement is obviously one of the major reasons for the breaking off of negotiations on disarmament and nuclear testing, for the testing of the megaton monsters, and for the new pressure on Finland.

To what extent the hydrogen bomb blasts and other shows of toughness are directed towards Peking is a more speculative question. But it is on public record that the Chinese government officially approves of a wider dissemination of nuclear arms, while Russia has gone along with most other nations in officially deploring such a trend. If the big Soviet bangs have a message for Peking, it is not only "don't accuse us of showing weakness to the enemy"; it is also "shed your illusions about emerging from a nuclear war in good shape"—and, incidentally, "remember we've got the things, and you haven't yet."

Finally, it must be remembered that Mr Khrushchev's expressed preference for victory without war rests on the massive foundation of the world's most heavily militarised state. Marshal Malinovsky's speech to the congress was a proud claim that "the might of the armed forces has grown immeasurably" thanks to unceasing efforts made ever since the 1956 congress; and that, as the West was "making mad plans for armed attack on the Soviet Union," both rockets and conventional forces were "in constant combat readiness." The defence minister insisted that, while any conflict involving nuclear powers "will inevitably become a universal nuclear rocket war," nevertheless "any future world war will be fought by mass armed forces in all their millions."

The Soviet marshals' insistence on having their old armies as well as their new arms is another factor Mr Khrushchev must allow for. He himself, in a revealing juxtaposition, coupled the usual claim that the communist world would soon outstrip the capitalist in peaceful production with the claim that it had already outstripped it in the military field. Such an order of priorities may appal an idealistic socialist; but the Soviet leader went on to argue that, precisely because Russia was militarily superior and the "imperialists" knew it, war could be avoided. The outside world may feel that he could walk a good deal more softly while carrying his big stick than he is doing at present. But at least the internal Soviet evolution that now seems to be carrying him along is of a kind that could, in time, enforce a whittling down of the stick that must otherwise remain a colossal burden on the shoulder of both leader and people.

Ombudsmanship

A private report has given Parliament good grounds to act on behalf of citizens' complaints against officialdom

THE Whyatt report on ombudsmanship for Britain (see box on page 414) is a fairly cautious document; in most respects, but not all, it is the better for this. The important thing now is to push its main ideas (and some new ones) through into parliamentary action. For that reason liberals should think out carefully which compromises they should be ready to accept to placate the people who would sincerely resent reforms, and which they should try to resist.

The centrepiece of the Whyatt approach is a distinction—which is not altogether tidy, but which is acceptable—between two sorts of complaint that aggrieved individuals may have against officialdom. First, individuals can sometimes complain that they have no right of appeal to an independent body against the discretionary decisions which civil servants may make against them; the Whyatt remedy here is to set up appeal tribunals against bureaucracy *ad lib.* At present, individual English farmers (but not Scottish ones) can appeal to their county agricultural executive committees if they think that departmental officials have denied them their fair share of production grants and other agricultural subsidies; all applicants for national assistance can go to appeals tribunals if they think the general means test has been applied unfairly against them; and there are formal tribunals for appeals against most planning decisions, against many decisions on pensions (but not military pensions) and in national insurance, against deportation orders for aliens and the like. But English parents (unlike Scottish ones) cannot at present appeal past the Ministry of Education if their children are directed to particular state schools that they do not like; nobody can appeal against the Post Office if he is not allowed immediate installation of a telephone (even if his business makes this essential); there is no formal avenue of outside appeal against some Board of Trade decisions on import duty obligations, against the application of the means test for university awards, against refusal of naturalisation, against a lot of actions by the War Office in regard to damage to private property, and against several dozen other types of decision that can be made by perhaps a dozen other Government departments.

Sir John Whyatt's recommendations here are that new tribunals or inquiries should be establishable by statutory order (i.e. without special legislation being required each time) whenever the independent council on tribunals judges that there is scope for one; and, in particular, that a general tribunal, on the Swedish model, should be set up "to deal with appeals from miscellaneous discretionary decisions which cannot suitably be allocated to specialised tribunals." This last recommendation is the all-important one, and deserves full liberal support.

The Swedish General Tribunal works informally and inexpensively, largely because proceedings before it are for the most part in writing (only exceptionally does it hold oral hearings). Government departments are asked each year to submit lists of the classes of discretionary decisions which should come within its competence; and outsiders can then raise an annual fuss whenever any department seems to be trying unreasonably to keep particular sorts of decisions free from appeal. The volume of work falling on a British General Tribunal would soon show which types of administrative decision raise so many complaints that they deserve a specialised appeals tribunal on their own.

Admittedly, this mechanism of appeals tribunals and systems of inquiry would not put an end to outcries such as arose over the recent Essex chalkpit case, when there was an inspector's inquiry and the minister turned the recommendation of the inspector down. It is not meant to. In many planning questions and many other fields that affect the public interest, the minister concerned should still keep the ultimate power of decision under his own control. But when a minister makes a decision that is contrary to the recommendation from a court of inquiry, he knows that he will run into a major row; that is why in many such cases (including the Essex chalkpit one) cool assessment after the event often suggests that he had a good reason for what he did. Anybody who has studied this problem knows that the real, as distinct from the most publicised, cases of injustice to an individual more often occur when a government department can make a decision against which the aggrieved citizen has no opportunity of making an appeal or calling for an inquiry at all.

The second sort of complaint against officialdom occurs when an individual wishes not to appeal from its decisions, but to make actual accusations against it. These may range all the way from accusations that policemen or prison officials

treated somebody too roughly, through to complaints at some civil servant has sat on a businessman's letter so long that the letter-writer has suffered personal loss. It is to deal with these varied "accusations of maladministration" that the Whyatt report recommends that a British parliamentary commissioner, on the model of the Scandinavians' ombudsman, should be set up.

The duties of the ombudsman in Sweden are described in the box on this page, but in Britain Sir John Whyatt would hedge them round with certain safeguards. What may be called the "emollient" rather than the "exclusive" safeguards in his report—the ones designed to make the system more acceptable in Westminster and Whitehall, rather than those designed to keep the ombudsman out of certain fields—have been attacked in some newspapers; but liberals would be wise to accept them in order to have any hope of making headway at all. For example, Sir John recommends that at first only MPs should be allowed to pass on complaints to the ombudsman, although later "consideration should be given to extending his powers to enable him to receive complaints direct from the public." The logic here is that some MPs might be the fiercest objectors to the Swedish sort of ombudsman system, because they might feel that he would devalue their importance as the orthodox channel of complaints from their constituents. Anyway, nobody knows how many quite lunatic complaints might pour in on an ombudsman unless there were some intermediary to sift them, and MPs are as good sifters as anybody; this proposal should be accepted.

AGAIN, Sir John believes that the ombudsman should have access to an accused department's file of inward and outward correspondence on any matter he is reviewing, but not to internal minutes and documents recording discussions within the department; in cases of exceptional difficulty he could ask to see internal minutes, and record the fact when his request is turned down. The logic here is that Whitehall's loudest and most reasonable complaint against the ombudsman system is likely to be that "if every civil servant has to draft every minute in a way that is designed to guard himself against possible later public criticism, the administrative process will be slowed down considerably"; the informal system suggested in the Whyatt report seems to be a sensible and respectable safeguard against this real danger. The Whyatt report has also been criticised for recommending that a minister should have the power to veto any proposed investigation by the ombudsman of a complaint against his department; if he did this, however, his veto would be publicised and the minister would obviously have to defend himself against strong public complaints. Under these circumstances, this is a reasonable reserve power for a minister to have.

The sorts of safeguard in the Whyatt report that seem much less reasonable are those that might limit both the publicity given to the ombudsman's reports and the general field over which inquiries could roam. First, the report seems to suggest merely that the parliamentary commissioner should make an annual report to a select committee of MPs "on the more important cases that he has investigated, and special reports from time to time on cases of particular interest." But the whole essence of the Swedish system (see box) is the day-to-day publicity which the ombudsman's reports can attract; and that is what is also needed here.

Secondly, the Whyatt report would exclude too many fields from the ombudsman's purview. It suggests that consideration of complaints against the police should be held over pending the royal commission's report; but dealing with complaints against the police should be an important part of the ombudsman's work—as should the airing of possible complaints against prison authorities, hospital authorities, old people's home authorities and any other officials who have British citizens in their custodial care. Secondly, the report rather throws up its hands at the difficulty of dealing with complaints against local government authorities, because there might be so many of them. But that is precisely why ombudsmanship in the field of local government is so badly needed, and so is the extension of appeals tribunals within it (for example, tribunals to deal with the ways in which some local authorities arrange "priorities" on their housing waiting lists).

Finally, it is worth noting that the Swedish ombudsman can issue reports about some actions by the local magistracy; and that the Swedes and West Germans even have special "military ombudsmen" to provide soldiers with the means of making complaints without necessarily submitting them through their superior officers. Eventually, one would like to move towards the same system here; but perhaps the public should be willing to compromise in these two fields at present, if the other reforms can be battered past the resistance of Whitehall and Town Hall. All together, now, push.

Definitions

(1) The **Whyatt report,** although published privately by "Justice," the British section of the International Commission of Jurists (as "The Citizen and the Administration," Stevens, 10s. 6d.), is the nearest approach to a royal commission report that the British taxpayer has ever got private citizens to pay for. Sir John Whyatt himself is a former chief justice of Singapore. His committee included Lord Shawcross (for a time), two very distinguished academic lawyers, and the director of the London School of Economics. Government departments supplied the committee with memoranda and statistical material; and Mr Macmillan told Parliament that he was waiting "until the results of this study are known before coming to any final conclusion" on whether Britain should appoint an ombudsman.

(2) **Ombudsmen** exist in Sweden and Denmark; the system is to be started in Norway this year, and a bill to introduce one is now before the New Zealand Parliament. The Swedish ombudsman, who is the best prototype for Britain to copy, examined just over 1,000 complaints against officialdom in 1959. Of these 803 were found to necessitate no action or to be without foundation; but 247 resulted in admonitions to officials, and 5 resulted in prosecutions against officials. The Whyatt report comments: "In practice, the real sanction is the publicity which is given to the ombudsman's criticisms of the administration in his annual reports to Parliament but more especially in the daily press. Every day at 11 a.m. a representative of the Swedish Press Bureau calls at the ombudsman's office to examine the complaints and the decisions of the previous day. The files are laid out on a table ready for the Pressman's inspection and contain all the inward and outward correspondence and any reports relating to the particular complaint or decision. The Pressman selects those cases which are of general interest and circulates the information to the national newspapers; if a case is of merely local interest, he sends the information only to the provincial newspapers circulating in the locality concerned. Almost every day, the Pressman has something to report. . . . The wide and continuous publicity resulting from this system . . . is much feared and respected by the civil servants."

So Little Done

Hard as it is, the white Rhodesians can assure their future better by seeking black friendship than by clinging to power

VERY soon the British Government will have to make up its colonial secretary's mind about Northern Rhodesia. There is plenty of advice. The prime minister of the federation of Rhodesia and Nyasaland, Sir Roy Welensky, arrives in London this weekend; he will oppose giving African nationalists an early majority in Northern Rhodesia's legislative council. It would surprise no one if Mr Kenneth Kaunda, leader of the United National Independence party, turned up soon to insist on keeping the white nationalists out of power in Northern Rhodesia. The white-led Liberal party of Northern Rhodesia has been represented in London for the past three weeks by its chairman, Mr Harry Franklin; he is staying on for another week to support proposals that might enable his party to share power with, perhaps, Mr Kaunda's. On Monday and Tuesday, Sir Glyn Jones, governor of Nyasaland, met Mr Maudling at the Colonial Office; he will have been instructive about what can happen when African nationalists are given their head. When the Nyasaland legislative council opens on November 28th, Dr. Banda's nationalists are likely to be more instructive still.

Whatever the decision, it must be made quickly. It is like this: Mr Macleod's February proposals for a new constitution for Northern Rhodesia looked like putting the African nationalists and the Liberals in power, while keeping the white nationalists in opposition. Sir Roy objected, strongly. Mr. Macleod's June proposals looked like putting the white nationalists back into government. Soon afterwards the black nationalists lost patience; and since then, twenty or more (the figure is disputed) Africans were killed by the police in disturbances; 2,715 were arrested; 2,072 were convicted on charges of stoning, pass-burning, arson, road-blocking, and the like. On September 14th the British Government said that once violence ceased, it might think again. On Wednesday the governor of Northern Rhodesia said that violence had ceased. Now it is time for the new colonial secretary, Mr Maudling, to do the new thinking; the decision is grave enough to require full cabinet and prime ministerial backing.

It is quite clear what the decision must be: as gently as possible, to bring white rule in Northern Rhodesia to an end. Gently, because it was the fear that, in their turn, the white nationalists might lose patience that caused the February plan to be replaced by the June plan; and the same fear is causing hesitation over what should be the November constitution. This is said without benefit of slide rule. The mathematical juggling that may have prevented civil war in Northern Rhodesia must not now be allowed to obscure the real logic of the situation. The future of the white Rhodesians will best be assured if an attempt is made now to win the friendship and trust of the black Rhodesians who, inevitably, will govern within a few years. This way gives the best chance now of political peace and economic recovery. If it is too late to keep the federation together, it may not be too late to bring all of its people into some other kind of beneficial association. The federation has meant rule by Southern Rhodesia's whites: that is why it cannot last. The new association will have to be, primarily, black.

None of this means that all white Rhodesians are devils who must be put down; or that all black central Africans are angels waiting to elect wise governments; or the opposite. Giving African nationalists power is a risk, but necessary. In Ghana things have gone awry; in Nyasaland, Dr Banda's first words on attaining an overwhelming majority in the legislative council were that he wanted more white immigrants, albeit of a kind willing to accept ordinary citizenship of a black country. There is no guarantee that Northern Rhodesia's future African government will be as tolerant; all that is certain is that delaying the nationalists' advance unduly is more likely to make them worse than better. It must be hoped that when in power they will see their need of the white men in their midst, and that they will not attempt to revenge past grievances by means of new oppression. Mr Kaunda is likely to be that sensible; those who will take his place if he continues to be thwarted are not. Either way, there can be no security without goodwill.

IT is hard for white central Africans to move forward from their comfortable past into so uncertain a future. But moving forward is the safest way, however dangerous it may seem. It is sometimes hard, too, for the outside world to understand that white Rhodesians are no more, and no less, than ordinary people in a highly unusual situation. Their first and most frequent sight of the Africans around them seems to them (and to many visitors) to bear out their descriptions of an ignorant and uncivilised lot; that the black men should be treated as less than equal seemed to follow.

Rare perception is required if men on the spot are to see through the fallacy of this; and, together with perception, the opportunity of meeting the educated, responsible Africans who prove that the black man's need of human dignity is as great as anyone else's. The Rev Colin Morris, a Methodist minister in Northern Rhodesia and a liberal, has described his own experience of this well in a new book.* He went to his African pulpit in 1956 burningly indignant at white Rhodesians; he soon saw their point of view and accepted their way of life. It took him many months to regain his initial sense of indignation and this time it was tempered with compassion. The white Rhodesians may rightly be judged in Britain, where responsibility rests, and they must certainly be persuaded to do what is in their own ultimate interest—but neither judgment nor persuasion is ever the worse for compassion.

* The Hour After Midnight. Longmans. 16s.

Appointments, Business and Personal notices, and other Classified Advertisements: pages 494 and 502

Qasim's Bequest

The Iraqi ruler is pursuing several unpromising ambitions at once ; but survival has become his first interest



GENERAL QASIM, who has the respect for detail of a well-trained army officer, is not the man to do even the wrong things in a hurry. On October 11th, when he finally called off his shadow boxing with the team from the oil companies, he warned his adversaries, politely enough, that legislation had been prepared to expropriate all the Iraq Petroleum Company's unexploited concessions (the company had already agreed to relinquish 75 per cent of these concessions straightaway and another 15 per cent later). Three weeks have passed since then, and the Iraqi government's only action so far has been to set up a committee to study these laws and to submit them to the cabinet. But the caution suggested by this delay should not becalm anybody into underestimating the grievous effect of the probable legislation or the personal ferment behind the pounce, when it comes.

A second military virtue attributed to General Qasim is singleness of purpose. But, latterly, this purpose has narrowed to self-preservation. Seeking safety in the principle of divide and rule, he has found, as others have, that the labour of dividing and crushing a conspiratorial opposition increasingly absorbs the work of government. Although the concept of "hero personality" is going through a bad patch (as far away as Moscow and as near as Cairo), General Qasim strives to preserve the lonely image of himself as Iraq's Faithful Leader. But the question in Iraq has become, who has faith in him?

Behind the barricade of the army, the secret police and his own stringent security arrangements, General Qasim has been pushing policies that are bound, in themselves, to appeal to all good nationalists. Needling the "imperialist" oil companies for more money is a well-tried bait ; the much more ambitious project of absorbing Kuwait, and so making Iraq the richest of the Arab countries, is mightily tempting. But although most Iraqis wholeheartedly support the theory behind General Qasim's policies, they feel no enthusiasm for his methods ; the lack of trust in his ability has become general among them. This more than anything else explains the apathy that most western travellers to Baghdad hopefully report. It is surely misleading to interpret the prevailing inertia as indifference to the lure of Kuwait, or, even more sanguine, to see it as sympathy for the oil companies' difficulties. Rather, it is a mark of scepticism and, possibly, a form of insurance against General Qasim's possible departure. There is no convincing reason to expect any succeeding regime to be any less ambitious or exacting. General Qasim himself made this point during the negotiations with the oil companies, when he commented:

> You think the situation in Iraq will change . . . I wish to emphasise to you that this is a chain that has no end.

Recordings of the last three sessions between General Qasim and the companies' delegation, led by Mr Fisher of Standard Oil of New Jersey, have been broadcast by the Iraqis. They show what a sad travesty of negotiations these long drawn-out talks had become. At no stage was there the down-to-earth horse trading that might have produced a workable compromise. The basis of the discussion, according to the companies, was the list of demands that General Qasim had made during the course of earlier negotiations. This put Mr Fisher and his colleagues permanently, and uncomfortably, on the defensive, while General Qasim drew rings round them with his own brand of logic. The companies offered concessions that came too late ; among other things Mr Fisher proposed that the Iraqi government should be offered the option of a one-fifth share in a new venture that would take over from IPC certain areas in which oil had not yet been found, but which the company did not intend immediately to relinquish. But General Qasim's demands fluctuated ; he explained that, as the oil companies had taken so long to comply with his earlier requests, the terms had meanwhile stiffened. He dropped his demand for a 20 per cent share in IPC. But his final three-pronged proposal—that 90 per cent of IPC's concession should be relinquished immediately, that the Iraqi government should have a share in the remaining tenth, but not of "the existing wells," and that the government's revenue should be increased—brought the talks to an end.

AT his leisure, General Qasim is now preparing legislation that is expected to take over everything but the area actually producing oil; the exact size of this area may be a subject of controversy. He may also impose new taxation. The Iraqis will then be faced with this alternative: to try to interest other oil companies in the expropriated rights (and it is questionable whether the commercial attraction will offset the political uncertainty) or to work it themselves—and, subsequently, to look for markets for the oil they may find. To this extent, the initiative is, at least partly, in Iraqi hands. But the IPC has to decide at what rate it continues production. At present, the company is producing 48 million tons of crude oil a year ; its expansion programme will have raised capacity to 70 million tons by the beginning of 1962. An act of *force majeure* by the Iraq government would render this increase problematic, and could lead to a cut in production.

If the short-term result of all this is a drop in Iraq's oil revenues, General Qasim's lonely eminence will be even more precarious than it is already. The money is needed pressingly to pay the army. The Kurdish revolt in the north was halted last month by ruthless bombing, and the sizeable guerrilla force hiding in the mountains, still led by Mullah Mustafa Barazani, is unlikely to make much headway during the winter. Militarily effective as they were, General Qasim's brutal tactics will have done nothing to endear him to his Kurdish subjects. The danger of a better organised, more united Kurdish rebellion has been postponed, not ended ; and General Qasim will probably find that having been brutal once, he has no alternative but to be brutal again.

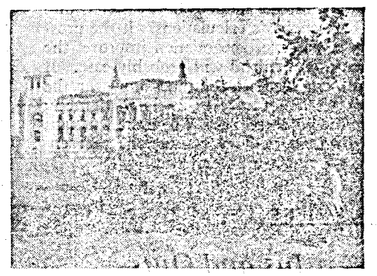
The collapse of the union between Egypt and Syria has strengthened General Qasim's position, but only marginally. His jubilance, unlike King Hussein's, was veiled under diplomatic propriety. But since pro-Nasser elements have been behind most of the important conspiracies against him, General Qasim, no less than King Hussein, welcomed the setback to Nasserism and the banishment of Egyptians from his Syrian frontiers. The repercussions in Kuwait are of more immediate interest. Clearly Iraq's main hope of getting any sort of toehold in Kuwait is by way of the dismemberment of the Arab force now stationed there. In this respect the Egyptian withdrawal from the force, evidently in consequence of the Syrian secession, was, at least, a beginning.

With the arrival earlier this week of a Syrian economic delegation in Baghdad, a start has already been made to improve the trading relations between the two countries. The Syrian government's proposal for an Arab confederation has not caught fire in Iraq, although the Syrian army officers who accompanied the economic ministers to Baghdad are reported to be pleading the cause of some form of union. The present Syrian regime carries small guns, and General Qasim is by now too discredited a warrior to be able to bring his country into the promised land of Arab unity. But his battle for survival has, as he said, started a chain of events from which there can be no going back. Kuwait, Kurdistan, and oil may be written on General Qasim's heart ; but these disputes are also the inheritance he will pass to any successor.

NOTES OF THE WEEK

BERLIN





The Tanks that Bloom

A PRINCIPLE must have been at stake in the sixteen tense hours on October 27th and 28th, when American and Soviet tanks confronted each other directly at the Friedrichstrasse crossing-point in the centre of Berlin. What is difficult is to isolate the precise principle involved. Applying a recent regulation, the east German guards on the crossing-point had insisted on seeing the identity papers of western official visitors not in uniform before allowing them into the eastern sector. The American authorities in west Berlin sent a series of officials and soldiers in civilian clothes, but in cars with American military number-plates, to demand admittance without showing papers.

What happened when this was refused depended on the officer's mission. One or two, with real business to get done, changed into uniform and went through. Some waited for a Soviet officer to be brought so that their papers could be shown to him. A few were given an armed, motorised escort across the boundary line, drove round the block, and returned.

In support of this dangerous manœuvre, the American authorities on October 25th brought up tanks ; on the 26th, a bigger force of Soviet tanks entered Berlin (it is said, for the first time since the suppression of the 1953 disorders), and on the 27th they confronted the American tanks directly at the Friedrichstrasse. Amiable Germans brought flowers to the tank crews on either side, a proceeding that made the situation look a shade less warlike than it had looked, but a good deal more bizarre. On the 28th, the Soviet tanks withdrew from the boundary, though not from Berlin, and the Americans followed suit. Throughout the whole incident, Soviet and allied officers, properly dressed, had been pottering to and fro across the line, each observing the other side's activities with its consent.

In two ways these events have been claimed as an American success: the Russians withdrew first ; to have brought them in at all was to have extorted a Soviet admission of responsibility and therefore to have asserted the four-power status of the city. As to the first claim, the Russians withdrew after an American intimation that there were to be no more visitors out of uniform for the present. As to the second, Moscow has never made any secret of its readiness to give armed support when necessary to the east Germans, its allies in the Warsaw Pact ; and this is what it claims, with some plausibility, to have been doing.

The Forgotten Casualty

LOOKED at in this way, to have enticed Soviet armour into Berlin does not appear as a triumph for western policy at all. The triumph would be to get the Russians moving east. Indeed, one would have preferred to see some awareness in the western governments that the deliberate turning of a political imbroglio into a direct military confrontation is not particularly in their interest, and puts them in an unfortunate posture in the eyes of the world, including their own peoples. That any such awareness is sternly suppressed may arise from the present almost obsessive fear of being thought weak or irresolute, which makes it actually an end of policy to display readiness to go to war. A contributory factor is the now widely accepted, and surely false, idea that the western powers either could or should have taken violent action to "stop" the sealing off of east Berlin on August 13th. The recent tactics look like an effort to compensate for a fancied omission.

For the present, this pinpricking has been allowed to lapse; and whatever principle

was involved seems to have been buried with Wednesday's decision to entrust the west Berlin police with the duty of checking the personal papers of Russians and other foreigners, not in uniform, coming in from the east. This, in reverse, is precisely what the Americans had been refusing to accept.

In the sense that the shooting did not start, it can be said that no harm has been done. There is, however, a casualty. When Mr Lewellyn Thompson and Sir Frank Roberts, the American and British ambassadors in Moscow, arrived back at their posts a week ago it had been intended that they should resume the diplomatic "probe" laboriously begun in New York, to find out if east-west negotiations about Berlin and Germany are possible. Instead, they were at once involved in the acrimonious exchange of protests about what was happening at the Friedrichstrasse crossing-point. The "probe," therefore, is still in abeyance, and not (as Mr Heath suggested in the Commons on Thursday) because of the government crisis in Bonn. The problem is to get it going again.

FINLAND

Bearspaw

When the midriff of the Soviet Union is agitated by events in central Europe, its right paw closes convulsively on Finland. This reflex, which the Finns have already experienced twice (in 1939 and 1948), occurred again on Monday. Two possible motives may underlie the Russian request for consultation under the Russo-Finnish pact of 1948, which provides for such talks if there is a "threat of military aggression" against Russia by Germany, or by allies of Germany, across Finland.

One explanation, to which *Helsingin Sanomat*, the leading Finnish paper, seems to subscribe, is that the Russians are genuinely exercised by the possibility that the Berlin crisis may lead to war. This might make them anxious to strengthen



their defences against air attack from the north-west and, possibly, against submarines operating in the Baltic. They may have decided that they want to reoccupy the base at Porkkala, which they gave up in 1956, although it will puzzle strategists to work out what good this would do them when they already control the southern shore of the Baltic as far west as Lübeck Bay. A likelier objective might be to force the Finns to let them share a radar warning system in Finland's north-west.

The other explanation is that the Russians' motive is more political than strategic: that the renewal of pressure on Finland, like the events of last weekend at the Friedrichstrasse crossing in Berlin, along the autobahn to Helmstedt, and in the atmosphere over Novaya Zemlya, is a reminder that Russia can make life unpleasant for everybody unless the West agrees to negotiate about Berlin and Germany. A demonstration of unpleasantness on the Finnish front has, from the Russian point of view, a double virtue. It not only reminds the West that the Finns can be held hostage to its willingness to come to terms; it also enables Russia, because of the form in which the 1948 treaty was cast, to play upon the other Nordic countries' fear (still not entirely dead) of a German military revival. Quite possibly both the political and the strategic motives have entered into Mr Khrushchev's calculations. If the prospects of east-west negotiation improve, the pressure on Finland will probably ease. If the present deadlock continues, however, the Finns are likely to feel the clutch tighten; up to the point, perhaps, where the Russians will demand military concessions that endanger Finnish independence.

PARLIAMENT

Ins and Outs

The 21 or 22 new bills specifically foreshadowed in the Queen's Speech aim, in approximate order of political interest, at controlling immigration; filling the gaps in the army; reorganising the railways; a useful trio for education (one mitigating disruption of the last year of compulsory schooling by saying that no child may leave school before the Easter after his 15th birthday, the second reforming the award of university scholarships but still leaving some sort of means test, the third reforming the Burnham committee); another trio for Scotland (bringing some sense into its extravagant system of council housing subsidies, its ridiculous drink licensing laws, and making necessary adjustments in Equalisation Grant procedure); an attempt to cut down the normal waiting period between committal and trial to under eight weeks, either by appointing more assize judges or cutting judges' holidays; recognising or according a new constitutional status for South Africa (not too vindictively, please), Tanganyika, Uganda, Southern Rhodesia and the West Indies; reintroduction of the Road Traffic Bill; providing for orderly development of privately-owned pipelines; giving another unnecessary subsidy to fishing (on the lines of the Fleck report) and forbidding drift-netting of salmon; raising the limits on the liabilities that may be borne by the Export Credits Guarantee Department (see page 475); establishing long-needed national training councils for health workers and social workers as recommended in the Younghusband report; and making some very small and largely self-balancing changes in the social services (family allowances will no longer be paid for 15-year-old apprentices earning over £2 a week, but there are to be some improvements for workmen disabled before 1948 and a few other disabled people, while a man can earn slightly better increments for his widow by deferring his retirement).

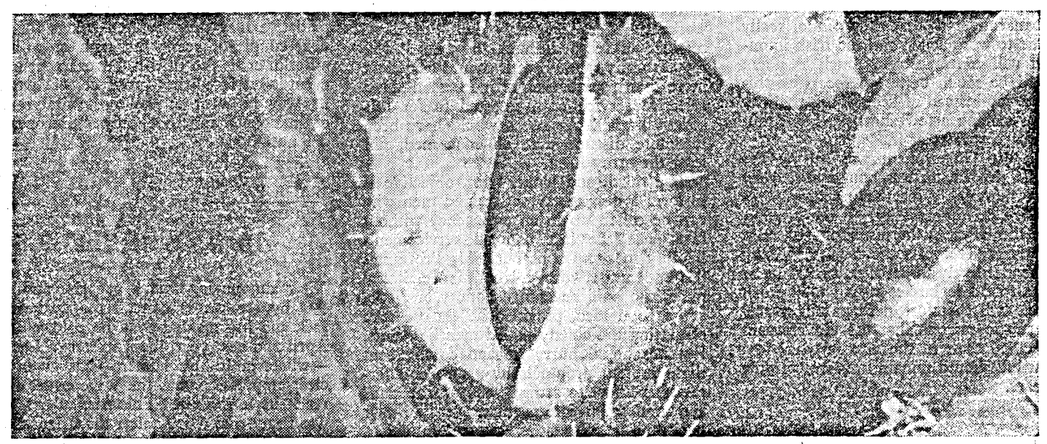
The expected bills that were not mentioned were those dealing with weights and measures (which may still just be squeezed in), with working conditions in offices and other non-industrial establishments, with Mr Lloyd's proposed short-term capital gains tax, and with control of various financial institutions that invite deposits from the public. The first two seem to have been omitted because the Government fears they might take up too much parliamentary time; the last two are presumably delayed because the Government sensibly wants to take an adequately long time over the very complicated task of drafting them in any conceivably workable form. There was no mention in the speech of reform of local government in London, but apparently a white paper may be published. The speech also promised Parliament that "plans will be laid before you for the development of the hospitals over the next decade, within the framework of the National Health Service as a whole"—which, with Mr Enoch Powell as the Minister concerned, could be interesting. But immediate legislative controversy will centre on railway reorganisation, immigration, and the army stopgap measures; and details of all three of these bills have already been published.

IMMIGRANTS' BILL

Attemptedly Innocuous

The details of the Commonwealth Immigrants' Bill, which were published on Wednesday, at least have the grace to show some symptoms of the Government's guilty libertarian conscience. Commonwealth citizens will still be allowed to come here without restriction if they can show that they have a job to come to, or that they can support themselves and their dependants from their own resources, or that they possess "training, skill or educational qualifications likely to be useful in this country." This last clause presumably means that the Ministry of Labour will issue its permissive "vouchers" automatically to skilled workers, and it is very welcome. Even un-

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skilled workers who have not tied up jobs for themselves in Britain from abroad can still apply to come, but the numbers accepted will be "subject to any limit which the Government may from time to time consider necessary." Presumably this quota system will move up and down in accordance with such variable factors as the relative pressure or slack on the British labour market, and the relative importance or unimportance of Sir Cyril Osborne.

A great deal of new discretionary work, in a bill which is largely a blank cheque for administrative discretion, will be thrown upon immigration officers. They will have to decide lots of marginal cases such as of Commonwealth "students" who are not really students, of compassionate cases, and of Commonwealth citizens whom they regard as undesirable immigrants for medical or mental reasons. Inevitably they will make some mistakes and involve the Government in some nasty rows; it is significant that the Treasury expects that the bill will increase the cost of operating immigration controls by about £500,000 a year. In order to pretend that the bill is not motivated by racial prejudice, the new controls are supposed to apply to Irish citizens too; but Mr Butler is discussing with the Irish Republic how these can be made to work vis-a-vis the Irish. It seems a reasonable guess that he will thankfully find that they cannot really be made to work at all, and the Irish immigration will continue very much as now; it would be much better to recognise this straightaway instead of keeping up the pretence of making a few short-lived and unnecessary pinpricks at it.

Once the Government was set on the course of this bill, it was bound to make it either a thoroughly reactionary measure or a ramshackle monstrosity. It has rightly chosen the latter as the lesser of two evils, and perhaps deserves some credit for doing so; but it is likely to get little sympathy as it spins round in circles trying to make it operate. It is therefore perhaps not wholly for altruistic reasons that the Government has decided that, in the first instance, the present bill should remain in force for only five years.

DEFENCE

Ever Ready...

THE Government has conceded an inch to the critics of its defence policy on both sides of the Atlantic. It seems to have had three objects in doing so. The first is simply to make a political gesture, both to Mr Khrushchev and to Nato, by determining to do the fashionable thing in arranging to retain more men with the colours in Germany next year. The real extent of the manpower shortage in the Rhine Army is still a nice point for argument; men still insist on going sick or on leave even when Mr George Brown has arranged a visit. But in the immediate Berlin situation even the present British army, which still has about 50,000 national servicemen, has had some difficulty in keeping British forces in Germany up to their nominal strength of 55,000, especially in certain technical arms. And this has reinforced the apprehension that an all-regular army of only 165,000 men would prove too inflexible an instrument to meet Britain's Nato commitments in central Europe on a properly active footing, especially if it has to be assumed that the Berlin crisis is likely to persist through next year and that the present dispersal of British garrisons round the world is to continue.

The Government's second, and more important, aim is therefore to bridge the gap between January 1, 1963, when the last national serviceman was due to go, and the notional date sometime in the mid-nineteen sixties by which it is hoped that regular recruitment may have lifted the army's strength from 165,000 to over 180,000 (the Sandys "ceiling"). In this period it will obviously be very useful to the War Office to raise as many of the missing 15,000 from non-regular sources as circumstances require. By far the easiest tap to turn on and off is that controlling the recall of trained national servicemen, who are already under a part-time service liability for a further 3½ years. This is bad luck on some individuals—although the extent of real hardship will depend on how the system is worked, and it is certainly right that those retained or recalled should be paid at full regular army rates. But it should not affect more than 15,000 even at the outset. Had selective service been resorted to for this strictly limited purpose it would have been far more disruptive to all concerned, not least the army itself.

The third, and longer-term, objective is to form a new reserve of trained men who can be called up in an emergency without fuss once the last national servicemen's liability to recall runs out. Mr Profumo's "Ever Readies," drawn from the Territorial ranks and paid an annual bounty of £100, are a good idea, provided he can be sure of getting the chiefly skilled men he wants. But he should hurry up and complement these present proposals by a new and far-reaching effort to attract young technicians and tradesmen into a three or four-year period of regular army service, in return for which they should be assured of a first-class technical college education. The army would thus not only be helping itself in its gravest problem of technician-shortage: the training would also be an investment for the national economy.

...Ever Needy

AS it happens, the most important news for the future of the British Rhine Army has come this week from Bonn, not London. West Germany's concurrence in the Nato Council's ruling that Britain has been justified in seeking financial help from its allies means that something will be done to reduce the expenditure of over £70 million a year in D-marks that the Treasury currently has to meet for the British forces in Germany. Exactly how much is to be forthcoming, and in what way, remains uncertain. The west Germans are to reimburse the Americans (who have now begun their serious conventional build-up) to what is reported to be the tune of £220 million, but chiefly by buying American military equipment and supplies for their own forces. This seems to close the door on the purchase of any substantial amount of British arms. It will not be very long before west Germany's own defence budget equals the British one, at which point Mr Lloyd's chief remaining argument is going to fall to the ground. In any event the receptiveness of Nato ears to British financial pleas is likely to diminish sharply if this country remains stiffly outside a new conventional strategy for central Europe.

The immediate prospect seems to be that west Germany, without having any truck with the previous system of "support costs" (which had declined to £12 million a year under the last agreement, now expired), will contribute something towards the wage bill for the 40,000 German civilians employed by the British forces. Britain seems to have threatened, if it is not satisfied, to withdraw up to two divisions from the continent once the Berlin emergency eases. The present west German palliative may now sweeten things for the next couple of years, but with or without a Berlin crisis the British Government must eventually face the prospect of paying its way in what is the most vital sector of national, and not only "European," defence.

WAGE PAUSE

April Foolishness?

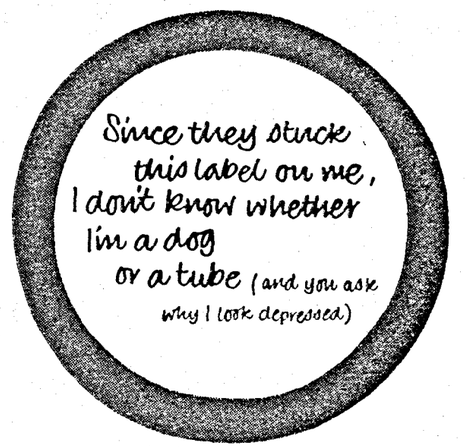
BY announcing that a pay rise awarded by the wages council for workers in sack and bag making shall be paid as from April 2nd next year, the Minister of Labour —whatever his disclaimers—has given the clear impression that the wage pause is to reach its term then. This particular award was negotiated wholly after the Chancellor's statement of July 25th, and therefore cannot possibly be explained as having been a "prior commitment." There have been one or two other guarded hints, notably in the timing of the wage offer made by the nationalised electricity industry, that after about April 1st the freeze might be allowed suddenly to thaw out. Doubtless the Government hopes to have prepared its planning machinery by then, including its machinery for offering guidance about the "nationally sustainable" level for wage increases. If this meant that all wage increases coming into effect after April 1st were to be closely vetted in this way—if statements were issued that most settlements offering wage increases above the 3 per cent or so that is likely to be the initial target rate for annual increases in national production must be expected to last for more than a year—

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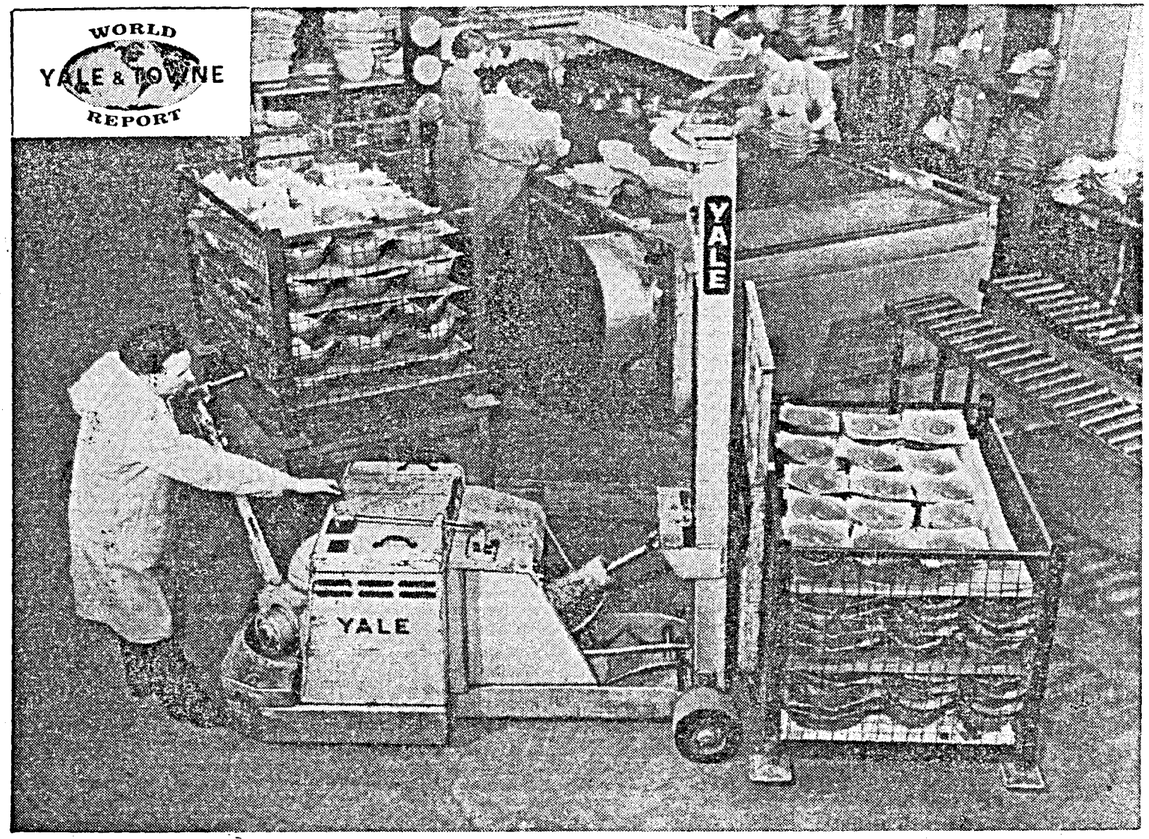
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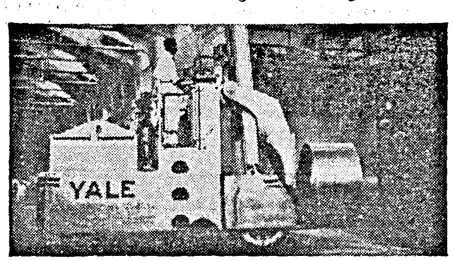






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this new policy might be all right. But it is noteworthy that no such careful analysis has been applied to the sack and bag offer; the Minister of Labour has simply accepted the wages council's recommendation off the cuff.

The danger is obvious. It is that April 1st may become All Fools' Day indeed. If the impression gets around that that is the scheduled end of the pause—and if the Government and others choose to avoid strikes and other unpleasantnesses by assuming, whenever they come under pressure, that any increases that are post-dated until after April 1st are perfectly all right—then the whole point of the present stringency will be lost. The piled-up water will crash over the dam with the spring, following upon a winter when the external defences for sterling will have been further whittled away by the Bank of England's present ill-considered policy of making successive reductions in Bank rate. Inexorably, this would lead on to another summer crisis for sterling, and another brutal necessity to clamp down into stagnation of production again. This premature setting of a target date when inflation may break loose again—this careful positioning of a ladder which all who wish to avoid the awkwardness of standing up to the pause may choose to climb down—is a heavy price to pay for maintaining the good-natured traditions of the Ministry of Labour towards wages councils, and towards sack and bag makers.

PUBLIC EXPENDITURE

Unplanned Axe

THE Queen's Speech contained a significant phrase about the Government's determination to "keep public expenditure within the limits justified by national resources." In its new public sector investment programme for 1962-63 (discussed on page 480), the Government seems to be carrying out this policy of moderate restraint through a system of sensible long-term planning. Public investment is to continue to rise at the reasonable rate of rather under £100 million a year, and most of both the increases (e.g. on roads) and the economies seem to be being directed towards carefully thought-out places. But, despite Mr Brooke's new appointment, there is no sign of a similar approach to long-term planning of the restraints to be imposed on government current expenditure. Indeed, the two latest examples of departmental current economies could not easily be more unplanned or madder.

Last week the Ministry of Labour discussed plans with the civil service unions to save £750,000 a year by closing down two government centres for training unskilled school leavers and unemployed people in Nottinghamshire and London; by cutting the intakes at the country's 15 industrial rehabilitation units where disabled workers are trained to overcome their disabilities; and by closing the Government's register of scientific and technical jobs, which at present lists some 5,700 vacancies. This week the Ministry of Works admitted that it may be going to economise by retiring some of its servants at the age of 60 instead of 65.

Could somebody in the Treasury please explain to these departments what Government economy campaigns are supposed to do? The object of making economies in government expenditure during a period of presumed inflationary pressure is to cut general demand and to create a pool of more active unemployed, so that they are then free to move to more productive jobs. You do not further these objects by deliberately arranging, in one department, that the people you throw out of work should be immobile sexagenarians; and by directing your economies, in another department, precisely to those parts of the Government's services which help people to undertake more productive jobs once they do become unemployed or handicapped.

FALL-OUT

What Goes Up

MONDAY'S monstrous Soviet explosion, so big that it took even its designers by surprise, could double the amount of fall-out deposited into the atmosphere by the present series of Russian tests. Since the radioactive matter is now aloft, it becomes acutely important to know where it has gone. Scientists have produced during the past few days a comforting hypothesis that has yet to be confirmed by events. Although an exceptionally big explosion of 50 to 60 megatons might be expected to produce up to fifty or sixty times as much fall-out as a one-megaton bang, they say, it might also be expected to propel a high proportion of that debris to such heights that it would enter a region of stagnant air high above the winds and currents that normally carry fall-out to the ground within six to twelve months of the explosion. They cannot suggest how long the fall-out might stay suspended in this celestial garbage tip above the stratosphere. But the longer it does, the less radioactivity it will contain when it ultimately sinks to earth.

Had the main object of the Russian tests been to let loose so much fall-out as to make it impossible for the United States to resume testing in the atmosphere, this end could have been achieved more easily by exploding fifty or sixty one-megaton bombs than by one 60-megaton monster. However, scientists have never suggested that all the fall-out from a multi-megaton explosion would be thrown clear of the stratosphere. The most they have ventured is a guess that, in terms of radioactive contamination, big explosions might yield diminishing returns. Thus Monday's explosion still poses a frightening danger to health, even if the hazard proves to be confined to the amount of radioactive iodine babies may drink in their milk.

Since mankind has to live for the next few years with Soviet fall-out (and perhaps American too, if the United States resumes atmospheric tests), it would be just as well to take collective steps to find out where it is coming down and in what quantities. Outside one or two countries, methods of collecting fall-out are rudimentary, and techniques for analysing and measuring it even worse. Even among scientists, there is no standardised system of analysis or measurement. The sophisticated, for example, distinguish among the hundreds of fall-out products between two separate forms of strontium; the unsophisticated do not and therefore record levels of radioactivity 200 times greater. International agreement on techniques is needed, if scientists are not to find themselves talking at cross-purposes.

EUROPE

Channel Soundings

LIKE a rock in a current, President de Gaulle's view of world affairs often stands out in lapidary contrast to the views of friends and foes alike. But it is more difficult to make out the shape of the considerations that lie beneath the surface and support his obstinacy. In international affairs, as in French domestic ones, his magisterial opinions acquire mystery through inaccessibility. All the more important are the occasional personal meetings that give his fellow statesmen the chance to penetrate the gloom.

This time the French President is to visit Mr Macmillan at his Sussex home. The Prime Minister has now been twice to Rambouillet for talks, but though President de Gaulle paid a state visit to this country in April 1960, the visit on November 24th will be his first political visit here for talks with the Prime Minister. For one so conscious of his representative dignity, to come to the English Colombey, Birch Grove, is a friendly gesture.

High on the list of topics for discussion will be Berlin and east-west relations. It is here that the French President has been standing out most craggily against the judgment of the Anglo-Saxon allies, and here that the Prime Minister may desire—for all the British Government's anxiety to show loyalty to the European allies—to persuade him to be a little more flexible. Whether he will succeed is another matter. Report has it that in President de Gaulle's interpretation, Mr Khrushchev's pressure on Berlin is designed, above all, to split Germany from its western friends—and that firmness, and firmness alone, is therefore called for.

The Prime Minister will at least be able to cap the argument with the suggestion that nothing could serve western unity better

than British participation in European integration. Mr Macmillan may also learn more from President de Gaulle about the latest French proposals for a political treaty between the Six countries. These seem to envisage a systematic and obligatory co-ordination of foreign policies—in which, however, the inter-governmental method would be preserved. From what is known so far they would not deter this country, if it were asked to join in. There are still, of course, extremists here who fear any kind of European political institution. Others may one day come to feel that strong parliamentary or community-style institutions are more what is needed. But at the moment President de Gaulle's conception of *L'Europe des patries* fits well enough with the general British preference for cautious first steps.

Dry Land

WHAT President de Gaulle and Mr Macmillan can do for the actual negotiations for British membership of the common market will be limited. By the time they meet the negotiations, which start next week, will be in the hands of the technicians. All the same, meetings with President de Gaulle have a way of producing bigger results than appear at the time. Mr Thorneycroft's European space club, for example, which has been moving a stage further this week at a conference in London, was given a valuable prod forward when the Prime Minister met General de Gaulle at Rambouillet in February. That meeting may even have encouraged the spring thaw in French attitudes to British membership of the common market.

The talks in Brussels next week will not do more than get the negotiations under way. The first wave of goodwill in reaction to Mr Heath's Paris speech has been followed, in Brussels and elsewhere, by the recollection that all the old economic differences have still to be solved. Next week the ministers of the Six will meet on their own to prepare their position on Monday and Tuesday, and with the British on Wednesday and Thursday. The ministers will presumably set up official working parties or committees to deal with the various questions and then meet from time to time themselves when the officials get stuck. By Easter the outlook may be predictable.

With the various applications for membership, and others coming along, the Brussels institutions have their hands full. On October 26th the first meeting with the Danes (equivalent to the meeting with the British in Paris on October 10th) took place. The opening statement by Herr Krag, the Danish foreign minister, closely followed the lines of Mr Heath's, except that agriculture loomed larger and the Commonwealth did not loom at all. Full negotiations with Denmark (like those with the British which start next week) will begin on November 30th.

BY-ELECTIONS

Autumn Trilogy

THE by-election season starts next week with confused and multi-candidate fights in three Conservative constituencies—next Tuesday in the mixed-up Manchester constituency of Moss Side (two trim suburban wards, and two pretty slummy ones), next Wednesday at Oswestry (in Shropshire) and East Fife (in Scotland). The best bogey figure to remember is that Labour will need a net swing of 3½ per cent from Conservative at the next general election in order to topple the Tories from power. The latest Gallup poll, reporting a post-conference Tory recovery, suggests that the net pro-Labour swing since 1959 is now just under 3 per cent. In constituencies with new Liberal appearances—as at Moss Side and East Fife—Labour ought to be able to expect a net swing that is somewhat higher. But the table below shows that to capture seats next week Labour would need a net swing of 12.3 per cent at Moss Side, and more than that elsewhere. So far in this Parliament, as distinct from in the last one, there has been no sign of so large a swing against the Government anywhere.

	1959 % of Poll			% Net Labour Swing Needed*	No. of Candidates Next Week
	Con.	Lab.	Lib.		
Moss Side	62·3	37·7	...	12·3	(4)
East Fife	69·9	30·1	...	19·9	(3)
Oswestry	55·9	28·0	16·1	14·0	(4)

*This means swing relative to Conservatives. For example, Labour could get a winning net swing of 12·3% at Moss Side if the intervening Liberal and Mosleyite picked up 24·6% of the poll between them, drawn wholly from the Tory and leaving Labour's percentage of the poll unchanged.

At Moss Side next week the two newly appearing candidates are a Liberal and a Mosleyite; and the rather right wing Conservative candidate is campaigning loudly about the constituency's "coloured immigrant" problem, to an electorate which includes increasing numbers of West Indians and Irishmen on its register. A Tory setback here—to Labour's advantage—would be no bad thing for the country.

In Oswestry, the pattern of candidates is very different. Here a young Bow Group Conservative who got a First at Cambridge is campaigning against a Gaitskellite Labour candidate who got a Second at Oxford, while the Liberal is (of all things) an assistant editor of the *Sunday Express*; to complete this odd cross-section, the fourth candidate is Mr Drayton of the "Patriotic Front" who hopes to draw votes from the Tories by campaigning against the common market.

At East Fife, a land of farmers, fishermen and the University of St Andrews, the Liberals can claim that they won the seat (Tory majority in 1959 of 15,164) last time that they fought it with anything like the determination they are showing this time; but that was in 1929, and ever since then (until this week) the local Tory candidate called himself some sort of a Liberal too. There are therefore plenty of little local complications which each party can use to explain away any peculiar results. But the general trend will be well worth watching.

INDOCHINA

Elusive Visions

MOMENTS of truth, in Indochina, are liable to shimmer, blur and vanish like a mirage. General Maxwell Taylor, who went to south Vietnam on October 18th to see whether American troops ought to be sent there to support the guerrilla-harassed government, was due back in Washington late this week to present his report to President Kennedy. It seems likely that, contrary to many people's expectations at the time he left for Vietnam, General Taylor's advice is going to be against sending troops.

One reason may be a feeling that President Diem's government, which combines the autocratic with the nepotic, ought to reform itself before American units go into action on its behalf against the rebels. Other reasons, perhaps more telling ones, include the difficulty of proving that the guerrillas include actual north Vietnamese troops; doubts whether American soldiers would be more useful than local ones in a paddy-field war; and a suspicion that other measures, such as a substantial increase in the number of American military advisers with the south Vietnamese army, might express American solidarity just as effectively without provoking open intervention by the communist powers. Mr Joseph Alsop, the columnist camp-follower of General Taylor, reports that the general had convinced President Diem of the force of these arguments before he left.

In the long run, however, neither Vietnamese nor American troops can deal with the guerrillas decisively until order is established in neighbouring Laos, at present the main supply route for the Vietnamese guerrillas. On October 8th, in another false



moment of truth, the three rival princes jockeying for power in Laos agreed to nominate the middle one, Souvanna Phouma, as prime minister. But since then, exhausted, they have been unable to agree on the next step, the distribution of cabinet posts. The Geneva conference on Laos, which on Wednesday held its first full meeting for more than a month, cannot make much progress until it includes the representative of a unified Laotian government. Like the kingdom that was lost for want of a nail, the stability of all Indochina is in peril until a thread is found to bind the princes together.

ALGERIA

Grim Anniversary

THE eighth year of the Algerian war begins with violence once more overshadowing the expressions by French and Moslem leaders of a wish to talk. On instructions from their leaders in Tunis, the Moslem population celebrated November 1st, the seventh anniversary of the rebellion, with systematic, though generally pacific, demonstrations throughout Algeria. French forces and police tried to confine the demonstrators to the Moslem quarters to forestall inter-racial riots; and in Algiers they succeeded. But in the small towns where troops are thinner on the ground they were less successful; in several places a shot fired by one side or the other led to a violent melee. Some seventy were killed, and many more wounded. The rebel leaders have succeeded in reminding President de Gaulle of the popular power they can enlist at will, but at the price of heightened communal bitterness.

Two factors mitigate the tragedy. Wisely, the Algerian leaders made no attempt to repeat the demonstrations in Paris which were put down with such severity in October (the conduct of the French police is discussed on page 459). And in Algeria itself the right-wing secret army, the OAS, did not use the occasion to strike a counter-blow. That could be a sign, not that the ultras are weak, but that they are waiting for a propitious moment, which this clearly was not. The OAS secret radio had told the Europeans on Tuesday not to get involved.

General de Gaulle is reputed to believe that peace must be attained by the end of the year. The French wish for an early resumption of talks was borne out on October 27th in a speech by M. Joxe, minister for Algerian affairs. M. Joxe rejected the Moslem rebel proposal for a new two-stage timetable which would put independence before the negotiation of the details. But he did reaffirm the French desire for a united Algeria, implicitly rejecting partition; and, among French interests, he emphasised only the need to guarantee the security of the Europeans in Algeria. Although the violence goes on, the public attitudes of the two sides are converging.

GREECE

Steady Pendulum

MR KARAMANLIS has experienced no swing of the pendulum. His performance in the Greek general elections last Sunday will make most democratic politicians in the West green with envy; after six years in office, he has increased his share of the popular vote from less than 42 per cent (in the last elections in 1958) to more than 50 per cent. This means that his party, the National Radical Union (ERE), with probably 170 seats, will have an



Enviable: Mr Karamanlis

absolute majority of some 40 seats in the new parliament. The Greek voter, it seems, in spite of his reputation for volatility, likes a steady, stable government as much as the next man. This, on the whole, is what he has been getting; and if Mr Karamanlis cannot boast of any spectacular success in solving Greece's social and economic problems, he has at any rate made a reasonably energetic beginning.

Mr Karamanlis also had the advantage of unexpected and no doubt involuntary allies in Moscow and Sofia. The verbal onslaughts directed against Greece from eastern Europe in recent months may well have helped to alienate non-communist voters who in 1958 voted for the communist-led EDA because they found Mr Karamanlis too far to the right, but did not want to waste their votes on one of the small, disunited centre parties. This time the extreme left, now calling itself the Pan-Democratic Agrarian Front (PAME), polled 15 per cent of the votes (as against nearly a quarter in 1958) and will probably have 24 seats. In the new parliament the extreme left will be supplanted as the official opposition by the Centre Union, an alliance of centre parties which won some 106 seats.

Thus Greek politics are no longer dangerously polarised between the extreme left and the centre-right ERE. Mr Karamanlis himself played an important part in securing this desirable state of affairs, since he deliberately accepted an electoral law which might have jeopardised his own party's absolute majority, but improved the chances of the centre parties against the extreme left. For this statesmanship the centre parties are now less than grateful. Disappointed in their hopes of at least sharing in Mr Karamanlis's next government, they are now accusing his party of intimidation during the elections. This, however, is not really the best way to win the next election. Since many Greek voters doubt their ability to stick together for worthwhile ends, the centre parties might be better advised to concentrate on turning themselves into a united constructive opposition.

TURKEY

Dangerous Deadlock

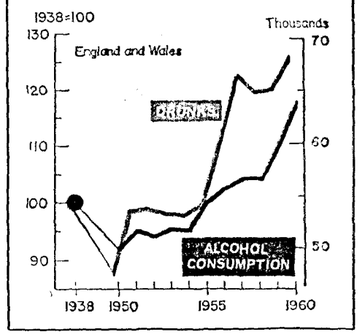
IN Turkey they do not have to worry, as they have been doing in Greece, at the possibility that the communists might legally come to power. There, the problem is that the politicians are apparently unwilling to play the political game according to the rather special rules that the army insists they should observe if they are again to start playing the game at all.

Ten days ago, on October 25th, the army, which since May last year has been governing Turkey, bowed itself off the stage, and in theory handed over to the civilian politicians. General Gürsel, who had worn uniform for his inaugural speech to the new parliament, appeared again next day in civilian clothes to take the oath of office as president of the new republic; he had been elected unopposed and by a large majority. So far, so good. But after that the rivalries of the politicians seem quickly to have gained the upper hand.

A member of the Justice party, Mr Suad Mayri Urguplu, was elected president of the senate without too much difficulty; but

STRONGER HEADS?

The number of women found guilty of drunkenness (4,248 in 1960) and the number of those driven to drinking methylated spirits (152 in 1960) have diminished since 1950 and were far less than before the war. As the chart shows, the total number of cases of drunkenness proved has increased, but last year's rise of 4½ per cent was less than that in the country's consumption of alcohol.



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ILLUSTRATED PAMPHLET

FROM

DIARY DEPT, THE ECONOMIST
22 RYDER ST. LONDON SW1
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angry words and numerous ballots failed to secure the election of a Speaker of the national assembly last week. On Wednesday the assembly tried again and after nine ballots managed to elect Mr Fuad Sirmen, a Republican. But on Thursday the government was still being carried on provisionally by General Ozdilek, who was formerly a member of the military junta. General Gürsel's failure to nominate a prime minister is presumably due to the reluctance of the politicians to collaborate in a four-party coalition, which is known to be what the army would like. He himself may well be under pressure from the more radical elements in the army to take a tough line with the politicians. Behind the scenes, the army is obviously still active.

Meanwhile the fourteen officers belonging to the radical Turkes group of the military junta, who were sent into exile a year ago, have met together. At a press conference in Paris this week some of them guardedly expressed their disapproval of the latest developments in Turkey; they added that although they were now free to return home, they preferred to bide their time. The politicians in Ankara, who are now finding it difficult to co-operate with General Gürsel and his friends, may if they are not careful find themselves landed with less amiable masters.

TELEVISION FEES

Striking Posture

The expected deadlock between the performers' unions and the independent television companies has come to a head: Equity and the Variety Artistes' Federation are maintaining their claim for the payment of a performing fee to players graduated by the size of the audience that sees a particular programme, and have firmly rejected a compromise offer by the companies (although there is to be another meeting between them and the companies next Monday). Both sides include some pretty tough nuts: the unions have been particularly annoyed by one statement from the employers which put inverted commas round the word "earning" a fee. The normal rules of economics may not apply in this strike. The ordinary man might suppose that in a rambling profession like acting, with heavy unemployment, a strike is unlikely to prove very solid; but a more general view in the profession is that actors are well used to periods without work, and that a strike will provide a topic of self-righteous conversation that is lacking during a normal "rest." The only real sufferers, even if the strike led as far as a temporary return to a BBC monopoly of the air, would be the incurable addicts of some soap operas and a few advertisers.

For those in neither class, the most interesting question could be how long solidarity will last among the employers if the strike persists; some contracting companies have seemed more ready to negotiate with the actors than others, and television tycoons are surely not the people to have scruples over stealing marches on each other by reaching separate independent agreements to get their advertisers' favourite programmes back on the air. Among the employees, the technicians' unions have indicated that they will refuse to handle "black" material designed to replace a stricken programme. The companies appear to have no shortage of such material, whether in the form of old movies or of plays filmed during the last few months in the expectation that a strike might be brewing (some actors, incidentally, have done very well out of this unaccustomed volume of work). Equity proclaims that it is determined to win its own battle. Perhaps what the actors fear most is that too close an alliance with the Electrical Trades Union might make them unpopular with the public—and actors are the last people to relish the notion of unpopularity.

PORTUGAL

Heretic of Passage

Whatever one's opinions on Portuguese politics, the treatment of Senhor Galvão at London airport on October 26th seems rude and silly. Senhor Galvão, the man who seized the Portuguese liner *Santa Maria* in the Caribbean in January, was passing through London on his way to Stockholm. At London airport he was met by police at the aircraft, was prevented from seeing reporters, was asked a number of questions about the purpose of his visit to Sweden (a matter which is of doubtful concern to the British Government); and, according to his own account, was then locked in a room until it was time for his plane to leave.

Views may vary on the *Santa Maria* exploit, a political protest with regrettable as well as admirable aspects. Whatever view is held, there seems no excuse for treating Senhor Galvão as an undesirable, even if he had wished to visit Britain. If people who want to protest against tyranny in their own countries cannot get a hearing in Britain, the outlook for civil liberties in the world generally looks poor. But in fact Senhor Galvão was a mere heretic of passage. This kind of officious nosey-parkery gives the British immigration authorities a bad name.

OBITUARY

Luigi Einaudi, scholar-statesman, liberal economist and second president of the Italian Republic from 1948 to 1955, who died on Monday, was surely the most distinguished of all foreign correspondents of *The Economist*, for which he wrote regularly from Italy in the years before the last war. **Albert Henry Chapman,** who died on Friday last week, was certainly the longest-serving member of *The Economist*'s staff, which he joined in June, 1897, and took leave of only in January this year, after a loyal lifetime's work.

LETTERS

German Elections

Sir—You and Senator Fulbright are, of course, right when you speak, in the case of Germany, of a "fledgling democracy," but a journal of which Walter Bagehot was at one time the editor should not judge the outcome of the recent election without reference to the system of voting. Under the British electoral system there would have been a clear-cut popular decision as between the two major parties, the Christian Democrats and the Social Democrats; they were the only ones to secure any of the 247 seats distributed in Germany on the basis of pluralities, the CDU/CSU obtaining 156 and the SPD 91.

Had the plurality system actually obtained, there would, of course, have been a change in the distribution of the votes, but certainly one of the major parties would have had an overall parliamentary majority. Thus there would have been no more of a need for coalition and no more of a chance for partisan jockeying than there was after the recent British elections.

Germany is not the only recent case where proportional representation elections were followed by awkward results. In Ireland Fianna Fail lost its overall majority by a margin as tantalizingly narrow as that of the Christian Democrats in Germany; in Norway the Labour Party lost by even less. Mr Gerhardsen may nevertheless find it possible to hang on and Mr Lemass may do the same, though neither seems to be happy about the prospect.

In Israel the splintering effects of PR have reached the point that the strongest party no longer enjoys a commanding lead; its four potential coalition partners have formed a kind of cartel which is determined to put the highest possible price on their support. Boys will be boys and parties which have developed according to the rules of PR follow a natural bent if they act that way. Still, it is equally natural if public opinion fails to be impressed with that kind of democracy.

In all these cases there were, of course, a number of factors involved; also, there was leeway of action for the political leaders. Still, if PR is used, certain risks are run which are not a necessary consequence of democracy.—Yours faithfully,

F. A. Hermens
Cologne University

Teachers' Pay

Sir—Can there be any economic justification for the contrast which now exists between honours graduate teachers' pay in England and Scotland?

A Scottish honours graduate aged 32 (10 years' experience) receives £1,600 a year, or about £22 a week net. In contrast, the English honours graduate at the same age receives £1,190 a year or just over £16 net a week. He climbs to approximately £20 a week 6 years later. He does the same job as his Scottish counterpart, has the same qualifications and the same length of teaching service, yet receives £6 a week less for it. To make the contrast more absurd Scotland has a lower industrial wage level and lower rents than we have. The French *lycée* teacher with equivalent qualifications has a maximum salary of £1,700 per annum which usually rises to £2,000 with special family allowances.—Yours faithfully,

A. Birney
Felling-on-Tyne

Tangier

Sir—In the issue of *The Economist* of September 16th, your correspondent, referring to King Hassan's visit to Tangier last summer, writes with obvious irony, "The royal party made a special effort and arrived only an hour late."

Having been invited by His Majesty to accompany him on his journey to Tangier, I can explain the true nature of that "special effort." The journey from Rabat to Tangier took 12 hours, since at many places along the way the king had to perform various official functions. What, however, delayed our arrival in Tangier was the fact that one of the cars in the royal party suffered a fatal accident. The chauffeur was killed and his two passengers were seriously wounded. The king refused to continue his journey until the two wounded were safely transported, one by helicopter and one by ambulance, to Rabat. We spent at the place of the accident exactly 55 minutes.—Yours faithfully,

Rom Landau
California

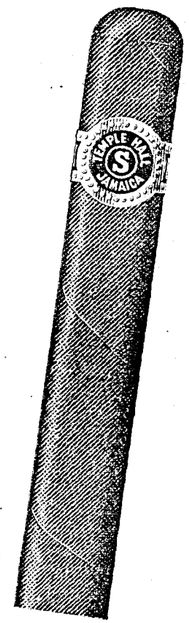
Ghana Cocoa

Sir—On page 143 of your issue of October 14th, your correspondent in Accra stated: "Cocoa farmers in some areas, for instance, are receiving promissory notes instead of cheques for their sales to the cocoa marketing board . . ." and this was instanced as an example of "the Government's inability to meet its domestic debts."

It has never been the practice to pay cocoa farmers by cheque, but rather by hard cash. Promissory notes have never been issued to the farmers by the Ghana Farmers' Marketing Co-operatives Ltd, the Cocoa Marketing Board's sole buying agent. The Farmers' Marketing Co-operatives Ltd, has received sufficient funds from the Cocoa Marketing Board to pay the farmers for any cocoa delivered to the buying centres. The Government of Ghana does not interfere in any way with cocoa sales.—Yours faithfully,

Martin Appiah Danquah
United Ghana Farmers' Council
Accra

whatever the occasion choose



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HOME REPORT

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Tories Off Stage

FROM OUR SPECIAL CORRESPONDENT

New readers begin here:

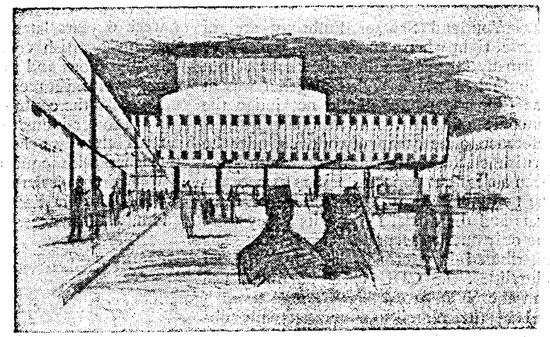
WHEN Nottingham, "Queen of the Midlands," lost its gas undertaking to the nation it was recompensed with £250,000, to be used for "the improvement of the borough and the public benefit of the inhabitants"—a directive that was thought compatible with the building of a civic theatre. Estimates of the cost of such a theatre, to house the local repertory players as well as touring companies, rose rapidly from £150,000 in 1956 to £400,000 in 1960 for a design which was condemned by the (Tory) opposition in the city council as wasteful and grandiose. The lowest tender received, from a local firm, was for £358,000, which was accepted by the casting vote of the (Labour) Lord Mayor. Work began last March, when the estimate had risen to £386,000, the Tories swearing the while to cancel the project (penalty for breach of contract: £100,000) when they came to power—as they duly did in May.

Now read on:

THE electors' hope that Conservative rule in Nottingham would be less dictatorial than that of their Socialist predecessors was, it must now be reported, groundless. The Tory handling of the civic theatre affair has been marked by just such ineptitude, obstinacy and lack of tact as that of the breaking of Captain Popkess had been under the *ancien régime*. (And let it not be imagined that *that* sorry affair has been amended by the new council: in spite of election promises to "rehabilitate" the reputation of their maligned chief constable—supposedly by granting him the freedom of the city—no move has been detected since the Conservatives took office.)

The theatrical dilemma in which the Tories found themselves (which, indeed, they had fashioned for themselves) was certainly a formidable one. On the one hand they had promised that the theatre would not be a charge on the rates; on the other hand, the demolition and site-levelling had already been completed, and the penalty for suspension would be the waste of £100,000, leaving little of the nest-egg for any alternative venture. They had either to go ahead with what they believed would be a recurring burden on a rate already at 23s. per £1 ("If Moss Empires and Prince Littler can't make theatres pay, how can we hope to?") or abandon the darling of much of the town's heart.

A disingenuous scheme to save both face and money was therefore evolved and put to the Theatre Trust (governing the present repertory Playhouse), who rejected it. It would have involved the loan by the council to the trust of £100,000 interest free, the grant of fees up to £35,000, and the reduction of the site rent to a nominal £100 a year—leaving the trust, in charge of the project, to raise £205,000 (in addition to the £60,000 it has already promised to the building) by mortgage and debentures; expenses



Vanishing vision: theatre design by Peter Moro

would then be met from a putative Arts Council grant of £15,000 a year. It was a neat ploy to offload the council's burden, but the trust would not wear it: the payment of rates and the servicing of loans alone would cost it £19,000 a year.

The council then fell back on secret plans and, during the three months following its rebuff, refused to comment on anything to do with the theatre. During this time, ABC Television presented the Theatre Trust with £1,000; and the Gulbenkian Foundation followed suit with £5,500, to be used for the restoration to the planned theatre of facilities that had already been struck out for economy's sake.

In September the council's decision was announced. Negotiations were in progress with Moss Empires whereby Moss would take over the site for a new theatre of "spectacular" size to replace the existing Empire and Royal theatres, due for demolition and development. At one blow this would, it was explained, relieve the council of its commitment, provide a far bigger building and insure against any incursion into the rate fund; nor would penalties be incurred for, in return for the virtual gift of the site to Moss, the same contractors and architects would continue to be used.

BUT the flaws in this gambit were promptly seized on by supporters of the civic theatre. The immediate loss of capital would be no less (might, indeed, be more); and the avowed purpose of the gas compensation could as little be served by this wastage of a third of it as by simple abandonment. Nor was there any guarantee that the work already done could be modified to accommodate the new plan, or even that the site was suitable. And if, as the Tories claimed, the gas money was the property of the ratepayers, how could they justify this expenditure of it?

The Socialists (now, for all their past authoritarian excesses, fortuitously on the side of the angels) are determined to obtain an injunction against any favourable decision by Moss. But it may not be necessary: Moss's managing director is quoted as saying: "There are so many intangibles—and we don't want to be mixed up in politics, or to interfere with the civic theatre." The decision, expected daily now, will hardly be a victory for commonsense, but it could well be a defeat for philistinism.

Nottingham's Tories are not, of course, alone in the Midlands in sustaining a philistine democracy. Now Leicester, by refusing to spend £2,000 on a Henry Moore reclining figure (described by one councillor as "a heap of junk, a mediocrity masquerading as the magnificent") is catching up in a modest, but neighbourly, way.

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Grimsby's Breakaways

FROM A CORRESPONDENT

THE big taxis wait as usual outside the dock gates in Grimsby, ready to take the men just off the trawlers on the ritual round of pubs and clubs. There seems to be plenty of money about, despite the six weeks' fishing lost in the spring when the skippers and mates refused to sail in protest against the fishing limits agreement with Iceland. Though heavy landings of foreign-caught fish were made during the stoppage, British landings are now said to be almost back to normal ; markets have not been lost, and only two elderly trawlers failed to put to sea again.

But the strike did give birth to the breakaway United Fishermen's Union that now claims a membership of over 2,000, some 90 per cent of Grimsby's deckhands. The UFU has shown its milk teeth by calling for a closed shop (against non-unionists rather than against those who stick to the Transport and General Workers' Union). This is probably just the beginning of its activities.

Trawlermen are difficult to organise. After three weeks at sea, with only a break of sixty hours before the next trip, they have little inclination to attend branch meetings, which are bound in any event to be unrepresentative since at least two-thirds of the fleet is normally at sea. Since 1924, when it absorbed the British Fishermen's Union, the TGWU has been the main trawlermen's union (though in some ports the skippers, mates, engineers and firemen have guilds or unions of their own) and has represented them on the port committees and the national joint industrial council.

One consequence of the skippers' stoppage was that the deckhands, though they played no part in the dispute, were all together in port with little to do and no money for drink. In these unusual circumstances a group of deckhands went to the local secretary of the TGWU and demanded that the union should tell the owners that they would not sail again until the basic wage was increased to £10 a week. The secretary replied that any claim would have to be put in due course through the proper negotiating machinery. The men decided to break away from the TGWU, and approached a local figure of some legend, Skipper C. W. Chapple, to lead them.

Skipper Chapple is a vigorous giant who commanded a minesweeper flotilla during the war, and at the age of 72 must be the oldest man ever to have started a union. His first move was to sound out the General and Municipal Workers' Union, but it had to stand by the Bridlington agreement. So the deckhands struck out on their own. Up to now, however, the UFU has not been recognised by the employers as the men's representatives.

The UFU wants to increase the basic wage rate under a system that recognises different levels of skill more generously. It is true that most deckhands' annual earnings are high, and for a sixteen-year-old "deckie learner" there is the not impossible hope of becoming a skipper (they all have to work their way up) making anything up to £8,000 a year. But most trawlermen know they have a pretty low chance of making the grade, and some try to leave the industry when they get married. They are usually drawn back, for they have acquired expensive habits during their short shore spells, and are too old to take up anything but unskilled work at less than half what they earned at sea.

PERHAPS even more important in deckhands' conversation is the feeling that undermanning is adding an unnecessary extra hazard to a job that already has one of the highest death rates in Britain. Fatigue is the great danger, particularly on distant-water trawlers that are now having to go even further afield to new grounds north of Newfoundland and west of Greenland. The Fleck Report made a (so far disregarded) recommendation that at least one additional officer should be carried. The UFU wants four extra men : one deck officer, one fireman, one deckhand and a second "deckie learner."

The new union has its headquarters in a rickety, condemned house near the docks. A hundred yards away is the equally drab, though structurally sounder, office of the TGWU, whose officials are openly hostile to "that creek of hooligans down the street." The TGWU complains that the owners have always refused it facilities for collecting subscriptions aboard or at the pay office, and since previously no sort of closed shop has been worked there has been little but moral pressure on a trawlerman to keep his subscription up to date. The union also says that it won "through the proper negotiating machinery" all but 6d. of the rise the rebels were demanding in April.

The TGWU is determined to win the trawlermen back—or at least to prevent the UFU getting on the negotiating bodies. It has been hinted that the "lumpers"—the dockside porters—will be called out if the owners look like giving way. The TGWU could virtually paralyse the whole port if it wished. Five organisers are now at work in the docks and a leaflet is being distributed calling on the men to come back to the recognised union that "has the resources to fight injury cases." As one trawlerman remarked, if the TGWU had shown this sort of activity a little sooner the breakaway would never have happened.

Olé?

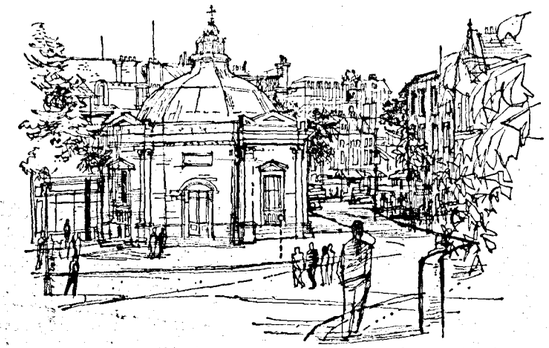


IMPASSIONED cries of "The fox—si! El toro—no!" will possibly be heard at the next general meeting of the Royal Society for the Prevention of Cruelty to Animals. It appears that a concerted drive may shortly be made to bring blood, sand and slight abrasions in the afternoon into the staid grey lives of British bingoists. "I think the people need something fresh in entertainment," says Mr Ernest Shepherd, the Clore of York, "and . . . humane bullfights are the answer." If "humane" seems an odd word, Mr Shepherd will reply that he feels Spanish bullfighting to be cruel, but sees no tint of shame in the Portuguese style, in which the bull is not actually killed.

But the high hopes of this enterprising exploiter of boredom (and of another impresario presumptive in London) are unlikely to be realised. The Protection of Animals Act of 1911, amended in 1954, simply cannot be overlooked by any future director of *corridas*. Clause 1 of the Act defines as an offence the causing, procuring, or assistance at, the fighting or baiting of any animal ; and it backs the prohibition with heavier penalties than are usually prescribed for cruelty: £50 and/or three months. There are, of course, omissions in the Act (you may be cruel to a fox or a stag without penalty); but since it applies to domestic animals and wild animals in captivity (even a rat in a trap), there seems no loophole. This is already a source of inconvenience to other Northerners in the Lake District in their private pursuit of the old English sport of cockfighting.

The RSPCA could not fail to prosecute the new *aficionados*, and its prosecution could not fail. Thus other questions, such as whether resting (or striking) Equity members could be pressed to don the spangles, whether HM Customs would be persuaded to grant permits for the import of fighting bulls, and whether the planned use of the local football ground would meet with Football Association approval, fall to the ground. The whole project, indeed, suffers from improbability. There would be rain, and mud, in the ring ; plastic macs and newspaper hats the only colour in the steaming crowd. York must stay content with Rugby League.

Harrogate-sur-Moor



The Pump Room: a nauseous past.

FROM A CORRESPONDENT

WITH its "delightful tree-lined boulevards," Harrogate, says a town brochure, "is the ideal place for a Continental holiday in an English setting. . . ." It is not, however, to be recommended for surf-riding. The point must be made because, with the progress of education, more and more families go there on a day-ticket, dash out of the station and ask the nearest policeman the way to the sea. "Which one do you want, love?" he replies. "T'Irish or t'North?" The town is, in fact, midway between the two, firmly landlocked in the heart of northern England.

As is well known, England's human geography is slightly cockeyed. The Normans, dourest of northerners (ask any Frenchman), conquered the south, driving the southerners up north. England's present *de facto* northerners are thus, morally, *méridionaux*. Yorkshire folk, in particular, chatter like starlings, laugh like *pétanque*-players, and exaggerate like Marseillais. They articulate their vowels with Castilian fastidiousness and are not in the least surprised to learn that the French Ministry of Education's leading authority on English acquired his mastery of the language in their county ("Where else," they ask, "could he have gone?"). When, eight years ago, a young idealist named Jean-Marie Bressand was in the throes of launching his Bilingual World movement (its aim is the promotion of English-French bilingualism), nothing could seem more natural than that the first municipalities he approached for support were those of Luchon, in the furthest south-west of France, and warm-hearted, clear-spoken Harrogate.

M. Bressand irrupted into Harrogate's municipal council-chamber with the incisiveness of an archangel and made a powerful speech in impassioned French; and, slightly to its surprise, the town council (Tory to a man) found itself voting for bilingualism. Precisely what swayed the issue—whether it was natural Yorkshire idealism, the fact that no one could on the spur of the moment think of a devastating anti-bilingual argument (and translate it into French), or simply the gleam in the publicity manager's eyes—has never been determined; but Yorkshire doggedness did the rest. While its officials polished up their French at night-school, the corporation organised or pump-primed a succession of Anglo-French entertainments ranging from existentialist plays to poodle-shows; and, through all the political storms that broke over Bressand's head in France, Harrogate—unlike Luchon—remained loyal.

Virtue was, of course, rewarded. As the movement spread, ultimately receiving the endorsement of both Mr Eisenhower and Mr Khrushchev, journalists and delegations poured into Harrogate from every continent. This summer alone, one medium-sized hotel reported 3,315 overseas visitors, 898 of them from Scandinavia, 724 from France and 73 from the Far East.

HARROGATE has naturally been accused of exploiting bilingualism as a tripper-trapping gimmick. But its economy is no longer dependent on tourism. The town's own official guidebook now pokes fun at its nauseous waters, only 30 glasses of which are sold daily compared with 3,000 a day before 1939. Electrotherapy and physiotherapy have all but dislodged hydrotherapy in what is still nominally Britain's biggest spa, and where princelings preened themselves the national health service now holds court. Smokeless light industries—notably ICI's Terylene Research Centre—have been enticed into the town, and Harrogate's vast Victorian hotels are kept alive by an average of 180 conferences and trade fairs a year.

But conferences can be as hazardous as an overdose of sulphur water. One evening not long ago the mayor's wife was delivering an address of welcome to the British Women's Temperance Association while the mayor was assuring the Association of Licensed Victuallers of his lifelong sympathy. When the National Association of Schoolmasters and the Association of Women Teachers arranged, unknowingly, simultaneous conventions in Harrogate, the town clerk hospitably suggested a joint reception and ball to pair them off—and was almost lynched.

At the end of September Harrogate played host to the twentieth joint conference of the Association of Burial and Cremation Authorities. The 550 delegates and their wives were a gay crowd and discussed with animation the merits of plastic coffins, multi-charge incinerators, ice-cream-type cartons for the despatch of ashes by post, and rival systems for smoke control and the pulverisation of residues; they advocated the use of inflammable embalming-fluid, and appeared downcast only when the highly topical problem of handling radio-active remains was raised. But the Royal Hall and its annexes began to look like Naples after a plague as exhibitors of coffins and other funereal gadgetry moved in to boost their wares.

"No practical demonstrations!" the manager warned them, wanly. But in the early hours of the morning after the delegates' last session and lively farewell party, bottles were heard exploding in the Royal Hall bar. Firemen arrived just in time to save the main building. Exhibitors hurriedly moved out their coffins and combustible shrouds.

A few hours later an elderly Frenchman of professional mien was seen beside the Royal Hall contemplating a row of coffins. "*Ah!*" he sighed, removing his hat. "*Quelle catastrophe!*" "Oh, I don't know," a municipal official said brightly. "The bar needed redecorating." The Frenchman's eyes glazed as they fell on two workmen who were sitting on a coffin drinking tea. . . .

One likes to think of him, in some still provincial villa, honing the subjunctives and shunting the subordinate clauses in the account of the scene—with asides on the Anglo-Saxon Mentality—that he will be preparing for a local paper. He might be comforted to know that even Dickens was baffled by Harrogate. "The queerest place," Dickens wrote in 1858, "with the strangest people in it, leading the oddest lives."

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AUTUMN BOOKS



A Book Trade in Search of Authors

FROM OUR BONN CORRESPONDENT

BRING any two German publishers together these days, and it is as likely as not that you will hear them talk much more of the marketing than of the making of books. For during the last ten years—ever since Rowohlt introduced the first paper-covered pocket books to the German public in 1951—the German book trade has been adjusting itself by trial and error to the difficult conditions caused by the division of Germany and by the rising costs of production and distribution. It is because several of their experiments have been surprisingly profitable that the publishers like to dwell on them. It is always possible that in the process some other rewarding ideas may be conceived.

There are as many as 1,837 firms publishing books of one sort or another in the Federal Republic. Last year they produced between them 22,524 titles, of which 17,639 were first editions. But roughly half these firms publish only one or two books a year, and some thirty per cent bring out from three to ten. The remaining twenty per cent account for the bulk of output. Concentration of publishing, with the consequent building up of publishing empires, has not yet been pursued in Germany to the same extent as in England. And there is no national publishing centre in Germany, such as London and Paris. The centre used to be Leipzig. Today 238 publishers are in business in west Berlin, 222 in Munich, 180 in Stuttgart, 179 in Hamburg, 119 in Frankfurt, 69 in Cologne, 54 each in Hanover and Wiesbaden, and 51 in Darmstadt.

Although Berlin has the largest number of individual firms, they publish together only eight per cent of all the books. (The Berlin houses specialise largely in medical and other scientific works, as those of Hanover do in schoolbooks). It is the publishers of Baden-Württemberg (mainly Stuttgart) who are the most productive, accounting for approximately 24 per cent of all west German book titles. They are followed by those of the Rhineland and Westphalia (Cologne and Düsseldorf) with 19 per cent; Bavaria (mainly Munich) with 19 per cent; Hesse (Frankfurt, Wiesbaden and Darmstadt) with 12 per cent; and Hamburg with 8.2 per cent.

The common interests of these widely scattered houses are represented by the *Börsenverein des Deutschen Buchhandels*, whose offices at Frankfurt are within a stone's throw of the house in which Goethe was born and spent his boyhood. The Börsenverein claims to be one of the oldest, if not the oldest, professional book trade association in the world. It was founded in Leipzig in 1825, with the primary object of easing book trade clearing at a time when it was exceedingly complicated by currency arrangements. Eventually it grew into an organisation watching over the general interests of publishers and authors. It championed the freedom of the printed word in Germany in the nineteenth century, and the protection of authors and publishers against pirating. In 1945, when the east German communists began to fetter publishing as cripplingly as their Nazi predecessors had done, the Börsenverein moved to Frankfurt. There it now concerns itself with such matters as collective publicity for the German book trade, market research, promotion of the import and export of books, and staging book shows at home and abroad. It was the Börsenverein that organised the international book fair held at Frankfurt last month; of the 1,843 exhibitors 1,143 had come from abroad, among them Russians, Poles, Hungarians, Czechs and Slovaks.

Like so many of their fellow countrymen most of the west German publishers were faced after the war with the problem of reconstructing their businesses more or less from scratch, their former connections with east Germany completely severed. They had to take into consideration new techniques, and presently the demands of a public with more money to spend and simultaneously more opportunities for spending it. Noting the success of the paperback in England and America, several of them wondered

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whether it could be introduced to Germany. Rowohlt was first in the field in 1951, and Fischer followed a year later. Much to their surprise—for they had supposed the German reading public was extremely conservative in its approach to books and reading—Rowohlt alone has since sold fifty million *Taschenbücher* and Fischer thirty-five million. They are called *Taschenbücher*—that is, pocket books—not paperbacks; and no book in this category costs more than DM 2.50 (4s. 5d.), Rowohlt publishing the cheapest at DM 1.90 (3s. 4d.). The English word "paperback" is used untranslated in Germany to denote paper-covered books of more scholarly content that may cost up to DM 10 each (nearly a pound).

On September 1st this year, inspired by Rowohlt's and Fischer's success, eleven smaller publishers banded themselves together as the *Deutscher Taschenbuchverlag*, with headquarters at Munich, for the purpose of publishing and distributing pocket books under the one imprint. It is too soon to be able to report on their progress. But their enterprise has sufficiently alarmed the big three of the pocket book world—Rowohlt, Fischer and Ullstein—to drive them into an arrangement to pool their pocket book advertising. This is not the first time since the war that German publishers have joined forces in order to keep down costs and prices. In 1953, calling themselves *Die Bücher der Neunzehn*, nineteen of the leading houses (among them Fischer, Piper, Rowohlt, Suhrkamp and Ullstein) began jointly to publish volumes of fiction and belles lettres at half the customary price. Their practice is, for instance, to market at DM 10 under the common imprint a first edition of 17,000 copies. Subsequent editions of the same work are published by the originating house at DM 20 the copy.

Stocking little but garish tales of crime and romance, the German lending libraries as a whole do virtually nothing to help the serious publishers dispose of their wares. But the many book clubs (*Buchgemeinschaften*) help considerably. Bertelsmann, which, with two and a half million members, claims to be the largest book club in the world, counts on selling some 300,000 copies of its chief recommendation for the month. In return for a subscription of DM 11.70 (about a guinea) quarterly, Bertelsmann offers members a wide choice of books at approximately half the shop price.

German publishers reckon they are well served on the whole—probably better than English publishers—by the booksellers. Of these there are at present 4,121 firms in 985 towns. German booksellers and their assistants are comparatively highly trained. And many of the bookshops in the Federal Republic have been attractively modernised over the past few years. Book tokens are coming increasingly into fashion. Some booksellers have installed automatic vending machines outside their shops for selling pocket books after closing time.

The sterile years of Nazi dictatorship and *Gleichschaltung* did immense harm to publishing houses, which had formerly cultivated a profitable export trade. They have only recently begun to recover. Today some fifteen per cent of German book production is exported, mostly to German-speaking Switzerland and Austria, and to the United States and Russia. The value of the books exported in 1960 was DM 115.2 million. Each year east Germany buys from west Germany technical and scientific books worth DM 15 million.

A striking feature of German publishers' lists is still the relatively large number of translations from foreign languages. There were 2,613 in 1960, compared with 1,605 in 1959; and some forty per cent of these were translations from English. German readers have always been keenly interested in foreign, and particularly English, writing. Galsworthy, Shaw and Maugham, for instance, have for years brought in a steady income to their German publishers. But ever since 1933 there has been a dearth of native creative writers. As one publisher has put it: "A whole generation of writers is missing—and now the east Germans are missing too." That is another reason why, when German publishers meet nowadays, they talk so much more of their salesmanship than their authors.

Tutored in the Classics

Augustan Studies

By Geoffrey Tillotson.

Athlone Press. 266 pages. 35s.

THE epithet "Augustan" applied to English literature has always had a slightly pedantic flavour, and nowadays necessitates a good deal of explanation to make it even faintly plausible to the average student, who is untutored in the classics. Whether Professor Tillotson is improving matters by extending its normal time-range to include Spenser at one end and Tennyson at the other may be doubted, though no doubts can be entertained of his learning or powers of persuasion.

This book is made up for the most part of reprinted articles, lectures and broadcasts that have appeared at intervals over the last twenty years or so. Some are too narrowly detailed to attract anyone who is not already a connoisseur of Pope, Gray or Dyer; but the group on poetic diction and the way in which certain eighteenth and nineteenth century poets set about composition is of greater general interest.

The modern notion that any kind of vocabulary can be used in serious poetry departs radically from the doctrine of poetic "kinds," which since the days of Aristotle has favoured the choice of such language as is felt to be specially appropriate for heroic, elegiac, pastoral and so on. Professor Tillotson's Augustans are united in their veneration for ancient practice, their intimate acquaintance with Latin exemplars, and their highly conscious craftsmanship.

Manifesto

Mycenaeans and Minoans

By Leonard R. Palmer.

Faber. 263 pages. 30s.

EVER since Schliemann brought archaeology into the middle of the Homeric question good rows have not been wanting about the early history of the Greek lands. In this century they were fomented by the fact that Sir Arthur Evans combined astonishing achievement with a very strong character: he did things in his own way. The late Michael Ventris was the most generous and least quarrelsome of men, but disputes inevitably arose around and from his discovery, unexpected by everyone including himself, that the Linear B inscriptions, which had first been discovered in Crete by Sir Arthur Evans, were written in Greek. Professor Palmer is the last and not the least of the *plastiqueurs*, as readers of the press learned not long ago, when he alleged that Evans had misstated some of his evidence in support of his pet theories.

That explosion in the press was what gunners call a premature, and did Professor Palmer's discovery little good: it was dramatised into a general attack on Evans, and it was described as uprooting our whole concept of the origin of our civilisation. Neither point is true. The allegations about Evans are serious but limited, and Professor Palmer is careful to make this plain and to avoid any ascription of motive. The issue makes no difference whatever to the ordinary man, nor does it shatter the basis of our life: it is concerned with the course of events in Crete between the fifteenth and twelfth centuries BC.

This is the part of the book that will attract most attention, but it is by no means all of it. Professor Palmer started with the intention of writing an uncontentious book for the general reader about Linear B; but



A monthly ration statement from Knossos

the pace of his own discoveries and theories swept him away. The first part of the book, based mainly on the Pylos tablets, gives an admirable account of the civilisation which they disclose, most of it quite new to the non-specialised reader. Then comes the Cretan part. Sir Arthur Evans's thesis was firmly based on Knossos: there was a great Minoan civilisation, which collapsed when the palace was burnt about 1450 BC, after which only squatters occupied the site. Ventris's discovery that tablets, apparently preserved by being burnt in this conflagration, were in Greek, seemed to prove that the civilisation at that time was from the mainland, not Minoan. Professor Palmer sets out to show that Evans's date for the tablets rests on distorted evidence, and that they were written (and baked) some three hundred years later. This implies that the earlier period is restored to the Minoans, but that the conflagration was followed not by decay and squatters but by a vigorous Greek monarchy, which lasted as long as the Mycenaean kingdoms on the mainland (this, after all, is what Homer said) and, like them, was destroyed by the Dorian invasions.

So far so good, and for the second time Professor Palmer sent his book to the press; but then he made another discovery, and decided to put it in for good measure. He believes that he has equated the language of the earlier Cretan inscriptions (Linear A) with Luvian, an Indo-European language of ancient Anatolia. This, and other arguments, lead him to query the hitherto accepted theories of the entry of the Greeks into Europe. After that the book only had to be pulled back a few times more for the addition of one more minor theory, some fresh evidence on Evans and a postscript or two.

The result is very rare: not one but two major new theories, covering archaeology and philology, presented for the first time to the public, with fragments of shell on their beaks, in a work of vulgarisation. Until Professor Palmer, in a forthcoming book, has published his full argument and evidence, even the learned will not be able to judge the validity of his argument. On the Cretan question, one can only say that there is a strong case to answer and that it sounds convincing; but one must wait for quarter sessions. Professor Palmer is a philologist, and it will take a massive amount of archaeological work to prove or disprove his thesis. Whatever happens, he must be congratulated on having excavated the original documents of the Knossos digs from the lower strata of the Ashmolean.

The Hero's Wife

Adrienne: *The Life of the Marquise de la Fayette*

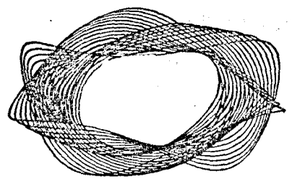
By André Maurois. Translated by Gerard Hopkins.

Cape. 496 pages. 42s.

NEITHER his contemporaries nor historians could ignore Gilbert Motier de la Fayette, "Apostle of liberty," "Hero of two worlds," "Statue in search of a pedestal." But they have almost ignored his wife; and she has long deserved the biographical admiration which she now receives from M. Maurois, inspired by his sympathetic study of documents recently found in Gilbert's Chateau de la Grange. The distress the Marquis tried to express in a long and typically mannered letter to a friend soon after her comparatively early death was genuine; but it is doubtful if he really appreciated her worth.

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Touraine, and Brittany he married the fifteen-year-old Adrienne de Noailles in 1774 for the influence her family could exercise at court. He owed his early fame to his well-advertised use of his opportunities in the American War of Independence and the prelude to the French Revolution. He owed his solvency to Adrienne who, when he left her without warning for America, insured his ship and raised funds for his volunteers. And later on, while he led, or was led by, his national guards in and out of the increasingly bloody disorders that preceded the monarchy's fall, she maintained domestic order in a house in the Rue Bourbon continually crowded with his supporters, and corresponded with his neglected land-agents.

Bewildered though he was by the storm he had helped to raise and could not ride, he had the sense to send her into the country soon after the "massacre" on the Champs-de-Mars. But his flight from his mutinous troops into Belgium marked her as a "suspect." Local sympathy delayed her arrest long enough for her to put her affairs in order and her children in safe keeping; and she was not taken to Paris till June, 1794. There in the prison of Plessis she waited for the tumbril which had carried her grandmother, mother and sister to the guillotine. The fall of Robespierre saved her head with scores of others; but it did not at once open the prison door: she was the wife of a *ci-devant*, a sham republican "who had glaringly betrayed his country."

But she was also the wife of Washington's friend; and in January, 1795, the American Minister, Monroe, obtained her freedom—which she at once prepared to sacrifice; she had learned of Gilbert's imprisonment in Olmutz and was determined to join him. For six months she insistently pleaded with members of the new government, and with Monroe—reclaiming her property, raising money for her journey, and, with difficulty, acquiring a passport. With this she and her daughters reached Hamburg where she induced the American consul to provide another, describing her as Mrs Motier of Hartford (Conn), which ensured a safe passage to Vienna. Her usual persistence won an interview with the Emperor Francis and permission to share her husband's cell; in which she remained, "in hideously unhealthy conditions" that shortened her life, till Bonaparte's victories in 1797 ended their imprisonment.

But La Fayette was not allowed to go to France; neither his parade of inflexible principles nor his previous performances appealed to the careerists in Paris. He remained in Holland with his children till Brumaire and Bonaparte's subsequent invitation to exiled Frenchmen of goodwill. Meanwhile, it was Adrienne who saved the La Fayette fortunes: she worked unceasingly despite crippling ill-health; impressing her claims and her personality on lawyers, officials, individual members of the moribund Directory, even on Bonaparte. Adrienne's achievement was the resettlement of her husband and children in France on their ancestral lands. Gilbert's was the creation of his own political legend—a curious compound of obstinate idealism, ill-timed gestures, and a theatrical sort of courage. Her early death on Christmas Eve, 1807, was, perhaps, the price of both.

The Wistful Years

The Frontiers of Privilege: *A Century of Social Conflict as reflected in The Queen.*
By Quentin Crewe.
Collins. 255 pages. 55*s*.

Cavalcade of the 1920s and 1930s.
Edited by Cleveland Amory and Frederic Bradlee.
Bodley Head. 327 pages. 60*s*.

A Picture of the Twenties.
By Richard Bennett.
Vista Books. 224 pages. 30*s*.

THESE are the wistful years. It sometimes seems that nobody since "1984" has tried to look ahead. Burke said "People will not look forward to posterity who never look backward to their ancestors"; now a generation with no surety about its posterity looks back at its ancestors all the time. Out of the radio and on the television screen the memories stream in song and story. Mostly, the souvenirs are of the years between the wars: the generation which began by being "postwar" and found itself "prewar." This is where we came in.

Whether we listen or look or read, we are always wistfully turning over the leaves of our family album. Two of these books are family albums in their own right: *The Queen* is a hundred years old now, and puts together here what it has said and, better, how it illustrated what it said, since 1861; for "Cavalcade" the most significant pieces and pictures have been picked from the American *Vanity Fair*, which lived excitingly from 1914 to 1936. "A Picture of the Twenties" is just the simple, emotive newsstills of a decade.

When *The Economist* became a hundred years old, eighteen years ago and during the last war, one idea was an article called "We Were Wrong," setting together the leading cases of *The Economist's* false prophesying; the article was never written, for lack of space in wartime and because the easiest examples came from only one (or two) editorships during the century. In "The Frontiers of Privilege," it is frankly confessed that, for a hundred years, "*The Queen* was wrong almost always about general affairs"—though "right and accurate in the things it knew about—fashion, decoration, royalty (most of the time) and behaviour." So, though the running commentary is fun, and sometimes very revealing, the pictures are the thing.

The pictures are the thing, too, in *Vanity Fair's* "Cavalcade"; even though articles and poems are reproduced, a few of them well worth revival, by such writers as Anita Loos, Arthur Symons, Gertrude Stein, Dorothy Parker, P. G. Wodehouse, Robert Benchley, Hugh Walpole, G. K. Chesterton, Noel Coward, Carl Sandburg, Jean Cocteau, T. S. Eliot, Somerset Maugham, Aldous Huxley, Colette, Robert Sherwood, Theodore Dreiser, Walter Lippmann, André Maurois, Alexander Woollcott, Max Beerbohm, Compton Mackenzie, André Gide, Paul Gallico, Lord Dunsany, Clare Booth, Harold Nicolson, George Jean Nathan, John Gunther, John Van Druten, Thomas Wolfe, G. B. Stern and the inimitable editor, Frank Crowninshield himself.

Both *The Queen* and *Vanity Fair*, very different though they were, suffered, at any rate until *The Queen's* very recent and still cocky pseudo-emancipation, from the same impediment. They were, like *Punch*, written from inside the establishment of the day—even though the springboard of *Vanity Fair* was ostensibly anti-establishment: the anti-establishment that was becoming, and still is, part of the establishment of letters itself.



The Duke of York and Lady Elizabeth Lyon. (*From The Frontiers of Privilege*)

So the pictures tell the story. And what a story it is, to our wistful, elderly eyes. These books are worth getting just to look again at the young and ageless Garbo: to see again in the quite splendid illustrations of "Cavalcade" the inexhaustible Barrymores, the everlasting Hoovers, Lillian Gish, Katherine Hepburn and Mistinguett, Bertrand Russell with a beady eye and, all when young, Somerset Maugham and Noel Coward, Eugene O'Neill, Harold Ross, Sinclair Lewis and Aldous Huxley, Tallulah Bankhead and Gertrude Lawrence, Rudolph Valentino, Leslie Howard, Gary Cooper, the Sitwells, Jesse Owens and Mrs Roosevelt.

And so, too, with the habits and pastimes of the women of *The Queen's* first hundred years and the pointedly, sometimes astringently, picked pictures of during, between and since the two world wars: ranging from war-working women in 1914-18 to Ted Hill, the Duke of Edinburgh and the supposititious "establishment" of today; from royalty, the Astaires, Charlie Chaplin and changing fashions to Garbo again, the Baldwins, the Chamberlains, Mr Macmillan and Mr Grimond getting married, Churchill, Roosevelt, General de Gaulle with Cardinal Hinsley, the Mountbattens, royalty again, the welfare state, Somerset Maugham again, Gilbert Harding, Marilyn Monroe, Albert Finney and the Earl of Snowdon. It was obviously all great fun while it lasted; but was it what was really happening?

Class Issues

The Schools

By Martin Mayer.
Bodley Head. 416 pages. 30*s*.

THIS is a highly readable and occasionally illuminating study in educational comparisons: it covers the American, English and certain west European school systems. Although it is always intriguing to discover what the outsider feels about our failings ("class bias" *et al*) the weight of the book, despite commendable efforts at translation, is American for American readers. If the immediate illumination to be received from Mr Mayer is rather less than, say, the political critic of the English system may have hoped for, it is because Mr Mayer, for all his readiness to enter a good-going argument, is sensibly undidactic in his final conclusions. It is certainly difficult to discover a preference between the "overdone" specialisation of the English grammar school, the "cruel" strain of the *lycée* and the American "A" student who must be "'A' in everything."

It is important to know what the Americans are doing, if only because the bad as well as the good elements in the American debate eventually find their way across the Atlantic; it may soon be more important still to know about the French. But if Mr Mayer helps to break down our insularity, it does not necessarily mean that all our priorities are wrong. It is useful to be reminded of the parental class influence that still determines the quality of education an American child may expect to have; the postwar tendency in this country has been to make the child's academic ability the criterion of its future class. Neither may be admirable, nor in the end acceptable, but is the English bias worse, given the conditions of the time? There are several chapters that one would wish to underline for critical consumption on this side of the Atlantic, particularly those on teaching methods and the tools and technology of the trade. As for principles, a word Mr Mayer is rather shy of, both sides have a lot that they can learn from the other: this book is a considerable contribution to the dialogue.

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King Bomba Reclothed

The Last Bourbons of Naples

By Harold Acton.

Methuen. 584 pages. 50s.

If the Bourbons of Naples had not existed one feels that Mr Osbert Lancaster would have invented them. There is a wonderful pointlessness about them which, set against the grandeur of their palaces and the magnificence of the Neapolitan scene, recalls the stout awkward and impish figures that delight us in "Pillar to Post" or "Homes, Sweet Homes." In this handsomely produced and agreeably written volume Mr Harold Acton concludes his account of the dynasty. The period covered runs from 1825 to 1861. Apart from the brief reign of Francis I, with which the book opens, and the even briefer one of Francis II, which ends the story, it is the period of Ferdinand II or "King Bomba" to give him the nickname by which he was known to contemporary Englishmen. Indeed it is to redeem him from the furious invective of Mr Gladstone—"the negation of God erected into a system of government"—that the author is most concerned. Ferdinand, he argues, was gentle and humane. If his politics were somewhat negative this was because of his sympathetic understanding of the Neapolitan temperament. His subjects liked things as they were: only mischief could result from importing ideas of reform and constitutional government. The imprisonment and execution of political offenders were unpleasant necessities forced on the king by the violent and bloodthirsty activities of his so-called liberal opponents. Had it been possible, or thinkable, to hold a plebiscite in the kingdom of the two Sicilies the vast mass of the population would have expressed their satisfaction with the rule of King Ferdinand and, by extension, with the indefinite continuation of the Bourbon monarchy.

Such, in brief, is Mr Acton's contention. To its support he brings an unrivalled knowledge of the personal memoirs and diplomatic reports of the period, an intimate familiarity with Italian life and an aesthete's contempt for moralising. With such an equipment he has no difficulty in disposing of Mr Gladstone. The intemperate language of political propaganda is quickly shown up by contrast with the sober tones of the historian. Even the more guarded strictures of Nassau Senior and Dr Arnold are easily seen, in the clear Neapolitan light of the author's sympathies, to be the dyspeptic utterances of foggy northern prigs. So far so good. But when the author attempts to enlist our sympathies for Ferdinand instead of demolishing his more extravagant critics, his path lies uphill. It is one thing to convince us that the king was kindly, conscientious and brave: it is quite another to convince us that he was interesting. Distinction of mind was not among his qualities. Indeed the only discernible signs of intellectual life are the expansion and contraction of his prejudices according to the temperature of the prevailing political climate. With so inert a hero even so skilful a producer as Mr Acton cannot hold us spellbound in our seats.

Perhaps to counterbalance the secondrateness of the Bourbons the author loses no opportunity of running down their opponents. Garibaldi, though allowed a certain military talent, is treated with scorn and those historians who have admired him, notably Dr G. M. Trevelyan, are put, somewhat superciliously, in their place. Liberals and Nationalists in general, it seems, acted from motives of low ambition or mere selfishness. Those who having had the honour of employment under the Bourbons subsequently obtained office in a united Italy are treated with particular distaste. (It is pleasant to record that Captain Acton of the Neapolitan warship *Stromboli,* who later became Italian Minister of Marine, is an exception.) In his concluding paragraph, the author points out that the tyranny of Fascism "made the Bourbon tyrants look like gentle lambs." He is on strong ground here; in negative qualities the Bourbons could take on all comers. The heady influence of Mr Gladstone is no doubt responsible for Mr Acton's lapses into political sermonising. His amusing and sympathetic account of Neapolitan court life gains nothing from such excursions.

Trail Erratic

Trail Sinister: *An Autobiography*

By Sefton Delmer.

Secker and Warburg. 423 pages. 30s.

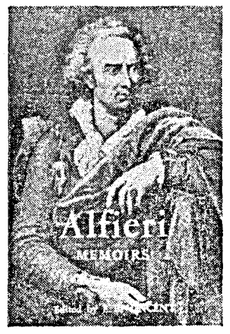
As is natural, the *Daily Express* ("There will be no war in Europe this year or next") has been the most adamant of newspapers against any reconsideration of Germany's possible place in European life. Nobody wants to make the same mistake twice; therefore the possibility that the German nation, too, may have learnt something from experience is ruled out.

Mr Delmer is no longer the foreign conscience of the *Daily Express*—one of the most engaging things in this first volume of his autobiography is the preface with its graceful acknowledgment to Lord Beaverbrook, to whom "I owe not only most of the adventures recorded in this book but the final push to write it." But he does incorporate, in a singular degree, the European experience of the most newspaper-like of English newspapers in our time, which has also been the time of the most total British involvement in, and the most emphatic British revulsion from, European affairs. To see Mr Delmer on a story has always been an experience; not only because he is a masterly newspaperman, but also because the involvement and the revulsion are to be observed, plainly as nowhere else, ebbing and flowing, fighting it out within one, admittedly ample, person.

And here it is, the story-hunting, the connoisseurship of German grotesquerie, the feeling for Weimar Berlin not surpassed by Mr Isherwood's, the bizarre conspectus of a changing European scene observed for thirty years through the bifocals of Mr Delmer's love-hate relationship with the foreign country where he was born and where he spent his childhood. There are interludes, some of them vivid, in the Spanish civil war, Palestine, Prague, and Moscow, but it is always Berlin that is the centre of the action. That action is a jumble, as life is.

Mr Delmer always had a special affinity for the men and the women between the fronts, the ones whom events were almost bound to catch and destroy. He had a feeling for the eccentrics, the quacks, exhibitionists and miracle men who came and went briefly in the doomed society of Weimar Germany; men with hypnotic power, or theories of cosmic energy, or formulae for making gold. On a stage crowded with such characters it was easy to miss the Nazis, as Mr Delmer recalls that he did one day in 1929 when he came across Hitler admonishing the Germans to stop eating foreign fruit like oranges; another crackpot, he thought, and left. The lapse was later fully repaired, and Delmer made himself accepted by the Nazi bosses as a western watchdog they could not shake off and might as well, therefore, talk to. (He was even able to see the Reichstag fire in their company and send his paper a political report which got him no thanks: he was asked, "How many fire-engines?") Those who want to know how Berlin came to be the place it is should read him, though he will prudently beware of taking this Delmer's eye view as the whole scene, which it is not and never was.

This volume goes up to 1940; the second, one hopes, may throw some light on the British at war through the hardly less bizarre medium of the British political warfare organisation. Although the writer's entire postwar experience (which ought also to be worth reading) is left to a later volume, an earnest little chapter is tagged on setting out his view of the menace of German irredentism at the present day. It is a plea not to be ignored. But it would carry more weight if he had found room, in his parade of the grotesqueness of German twentieth-century life, for a look at the honourable, civilising stream of German intelligence that has always fought, sometimes dominant, sometimes submerged, against the dotties and the barbarians. If this other Germany is left out of the reckoning, who is to understand what has happened, much less lay down the law about what ought to happen next?





The Oxford Library of Italian Classics. General Editor, Archibald Colquhoun. *Oxford University Press.*

English people have always liked to visit Italy, but many even of those who do not go merely to lie on the beaches do not acquire more than a very exiguous knowledge of the language. This does not, of course, stop them from enjoying the pictures and the palaces; it does mean, however, that they can read very little of what was being written when the pictures were painted and the palaces built.

The Oxford University Press has now decided to remedy this deficiency by publishing, with the support of the Italian Institute and the Anglo-Italian Cultural Commission, a series of translations by Italian writers of the past, some of which will have been barely heard of by the average English reader. The first five volumes are:—Vittorio Alfieri: *Memoirs,* the anonymous translation of 1810, revised by E. R. Vincent (310 pages, 16s.); Machiavelli: *The Literary Works,* as distinct from "The Prince" and other political works, with selections from his private letters, edited and translated by J. R. Hale (202 pages, 16s.); *Italian Regional Tales of the Nineteenth Century,* selected and introduced by Archibald Colquhoun and Neville Rogers (268 pages, 16s.); Carlo Goldoni: *Three Comedies*; *La locandiera* (Mine Hostess) translated by Clifford Bax; *I rusteghi* (The Boors), translated by I. M. Rawson; and *Il ventaglio* (The Fan), translated by E. and H. Farjeon (293 pages, 16s.); Dante: *The Inferno,* translated by Warwick Chipman into English verse which retains Dante's pattern of triple rhymes (151 pages, 12s. 6d.). The books are well and elegantly produced.

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Picasso's Picassos

By David Douglas Duncan.
Macmillan. 271 pages. £7 7s.

STILL vigorous, agile, intriguing and legendary, Pablo Picasso must surely have derived an impish pleasure in keeping a surprise to spring on his public on his eightieth birthday. After many rumours and much unsatisfied curiosity about this man's collection of his own paintings, he has at last let the cat out of the bag. What an outsize one it turns out to be. In his villa in the hilly inland part of Cannes, he has kept to himself over five hundred of his paintings, a store which, according to one estimate, may be worth over £15 million. (And there are still more in his chateau near Aix-en-Provence.)

This sumptuous volume contains small black and white reproductions of all the paintings at Cannes and large tip-in colour plates of *102 of them*. *Mr Duncan* is responsible for the photographs, having spent six months on taking them with great care. The outcome, printed in Switzerland, is of the highest quality.

The small amount of text accompanying the pictures has its irritations. Was it necessary to call Picasso the Maestro or to use phrases such as "the strings of the instrument which is Picasso"? Yet, as this reviewer turned the pages and read the informal, intimate captions to some of the pictures, he found his irritation lessening. *Picasso's comments, when he looks back on* his own works, are often revealing.

There are examples of his work as far back as *1895* and as recent as 1960. Except perhaps in one or two of the earliest ones, no new styles are revealed by this publication, but there are important examples of many periods. In particular there are some haunting portraits painted in the first decade of the century in the first steps towards cubism, and there is a series of twenty-three canvases, all painted in a single month in *1936*, which, so it is believed, have not hitherto been seen together since those days by anyone, not even Picasso. Restless, concerned with his own emotional problems, in this one month's output he painted some compelling portraits of Marie-Thérèse, mixtures of fantasy and reality, in which only the tracery of her features is discernible. This book is a find for those who are susceptible to Picasso's power, and for the world it is one more reflection of his ceaseless energy and the variety of his art.



Not for Burning?

Letters to a Friend, 1950-1952

By Rose Macaulay. Edited by Constance Babington Smith.
Collins. 382 pages. 25s.

ROSE MACAULAY was born and bred in a tradition of decent reticence about the privacies of life. She was an extremely sensitive woman, as well as a highly intelligent and erudite one. At her death, in 1958, all the personal papers in her possession were, at her express wish, burned. Among them was a long series of letters from her spiritual adviser, Father Hamilton Johnson. "They're not for other people to see," she tells him, in the last of the letters printed in *this collection. In the same letter she says*, "I'm *glad* you like to have my letters. Really too? I think you'd better get rid of them, or any that you have kept, in that incinerator!" But Father Johnson did not *take this advice. They were*, indeed, letters to treasure: spontaneous, warm-hearted, amusing, sometimes nakedly revealing of the woman who wrote them. One sees why he was reluctant to destroy them. But that he should have *authorised, indeed encouraged*, their publication so soon after her death would surely have shocked Rose Macaulay to the heart. How it can be regarded as anything but the betrayal of trust it is very *difficult to see.*

Two plausible reasons can be alleged, the one literary, the other propagandist. The first appears in the publishers' blurb, to the effect that these letters are a wonderful find, and Rose Macaulay "one of the great letter-writers of this century." This is a large claim. Her novels and broadcasts had great charm and wit, but she never ranked as a major figure in the English literary scene. It is questionable whether these letters, certainly intensely characteristic, do exhibit qualities of mind, heart and spirit that she did not distil into her published works. To many readers they will appear repellently full of churchy small-talk; the blending of seriousness and flippancy is not always attractive; and a vast deal of time is spent on establishing a distant kinship, which meant much to both of the people concerned, but less to us.

The second reason for publishing these letters is, no doubt, that they may be supposed to influence, for good, people who have become estranged from their church. They do exhibit, to sympathetic eyes, the process of release from a long-lasting sense of guilt and the joy of restoration to full participation in the common life of prayer and the sacraments. But there is all the difference in the world between Rose Macaulay's rather fastidious and literary concern with the externalities of worship and the deep religiousness of Simone Weil, the rare quality of whose spirit fully justified the publication of her letters to her spiritual adviser. *One doubts whether anybody but* a lapsed Anglican could derive much stimulus from Rose Macaulay, whereas Simone Weil speaks to anybody who has ever pondered the mysteries of faith. It must, however, be added that the collection of letters as a whole gives a far less distressing impression than the first selection printed in *The Observer* as advance publicity for Miss Babington Smith's book. This, in its concentration on the most intimate disclosures, distorted the tone of the correspondence, which was conducted in the most civilised and often entertaining terms. Far worse than that, it shocked and alienated many, even of the devout, who might now *think* twice about opening their hearts on paper to a priest. Unquestionably, it exposed Rose Macaulay's innermost life to a publicity she would have abhorred.

King and Emperor

Citizen-King

By T. E. B. Howarth.
Eyre & Spottiswoode. 344 pages. 30s.

Democratic Despot

By T. A. B. Corley.
Barrie and Rockliff. 413 pages. 42s.

LOUIS-PHILIPPE and Louis Napoleon (better known as Napoleon III) are, beyond question, rewarding subjects for biographers. Both came to power in the wake of successful insurrections, thus confirming the axiom that they who make a revolution seldom finish it; both fell because of their own incapacity and the inadequacies of the systems they had created, thus confirming the other axiom that revolutions are successful not by virtue of their own innate strength but of the incompetence of their opponents; the lives of both gave them exceptional experience of the world of their time (each had a period of exile in America); above all, each experimented in what still seems to be the impossible task of pacifying and stabilising French politics. Their careers fulfil that prime requisite of the rewarding historical subject, by throwing light on the enduring and on the present, as much as on the transient and the past. These books* about them are therefore to be welcomed with special eagerness.

Neither, perhaps, quite measures up to the challenge of its theme. Mr Corley, principally concerned, as the matter of his book makes plain, to chronicle a reign and analyse a regime, has nevertheless tried to force his material into the shape of a straightforward biography. This means that the reader too frequently loses sight of the principal figure in a maze of explanatory and exploratory matter, while, by a perverse paradox, failing to grasp wholly the nature of the crises, conflicts and systems, both national and international, among which Napoleon worked out his destiny. Mr Corley, in short, has written a flat and reliable textbook, which will be useful to

* "Citizen King" is to be published on November 9th.

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DARTON, LONGMAN & TODD

students. It has certain blemishes: for example, the author is much too uncritical of his hero, and never seriously questions his judgment, still less the significance of the entourage of shady financiers and shady politicians who governed under the Emperor. Mr Corley is an economist by profession, and has much of interest to say on the business aspects of the reign; but he does not always avoid the jargon of his calling.

Mr Howarth is a schoolmaster, but, except for his uncomradely gibes at Louis-Philippe's brief career as an usher in Switzerland and its effects on his character, one would never guess it. The only real criticism of his book is that it is too brilliant, too wise, too short. The author has confined himself strictly to the life of Louis-Philippe, never allowing himself a tempting excursion into irrelevant fields of social, economic or diplomatic history. But in resisting the temptation to write a general textbook for his pupils (not that it can be a very pressing temptation for a man who tells a *risqué* anecdote so well as Mr Howarth) he has also denied himself the privilege of saying the last word on the July Monarchy. He makes plain the fundamental instability of that patched up defence against the liberal tides of the first part of the nineteenth century, and demonstrates yet again how the king's refusal to countenance an extension of the franchise and Guizot's refusal to depart from the strictest form of *laisser faire* (each of course supporting the other) led inexorably to the regime's collapse; but the reader is surely entitled to feel that a man who is capable of doing what he does so well could have successfully attempted a great deal more. As his own bibliography makes plain, a modern, full-dress, account of the July Monarchy is much to be desired and wholly lacking. Perhaps Mr Howarth may yet turn his hand to the job.

Meanwhile he has given us this just and graceful work. In it he convincingly presents Louis-Philippe as both amiable and able, making us feel that, though perhaps he came to his throne too late, France was lucky in being ruled by him at all: he kept the country at peace and fairly prosperous for nearly twenty years, which is more than can be said for either of the Napoleons. Mr Howarth's sketches of the king's ancestry, upbringing and daily life are done with rare charm and vivacity. His quick outlines of the personalities of the men he deals with, though seldom more than a sentence long, are almost invariably just—one might except his remarks on Lamartine, though he hits off the poet's weaknesses precisely. He is very seldom too charitable to his subject, and when he is so, makes an honest man's botch of the business, as on the question of the king's avarice. He includes effective



short accounts of the three French Revolutions. All in all, an excellent book.

Of Rats and Men

Behaviour

By D. E. Broadbent.

Eyre & Spottiswoode. 215 pages. 21s.

PSYCHIATRISTS and clinical psychologists, confronted with desperate problems of human happiness, have used their experience of the clinical situation to evolve systems of treatment with considerable success. In the urgency of the consulting room, however, they have been able to devote little of their hard thinking to the theoretical background that co-ordinates their methods. Indeed, they have diverse theories which, although mostly stemming from Freud, are incompatible in many ways and yet cannot by their nature be evaluated against each other—they are based too much on intuitive judgments, and have structures too flexible to permit rigid tests.

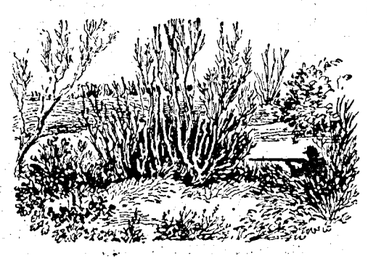
Less well known than the clinicians, perhaps because most of them live in ivory towers, are the experimental psychologists. Although the monastic tradition does not permit its ivory towers to be comfortable in a material sense, their inhabitants are shielded from some of the external pressures, and can afford laboriously to lay brick upon brick, to erect and reject theories of behaviour with tangible and repeatable evidence. It is with this latter group that the present book is concerned, and the author demonstrates that the bricks are being used not to make the towers more impregnable, but to build a causeway to ordinary life so that facts, ideas and theories can flow in either direction. Most of these experimental psychologists can be described as "behaviourists" as they are concerned with directly observable behaviour rather than subjective feelings—although this does not eliminate so very much, for speech is directly observable behaviour. This emphasis on behaviour was formulated by J. B. Watson at the time of the first war as a reaction against the introspective psychology of the preceding decades. The progress made possible by the change in the climate of opinion that followed Watson's publications is traced in this book.

Most behaviourists work in a laboratory, and many of them use the white rat as an experimental animal. Some may question the relevance of work on the rat to human problems, and they should certainly read this book. Throughout the author alternates between controlled experiments on animals and issues of everyday life. What is the best way to teach children? Is it true that punishment produces more long-lasting effects than reward? If so, can rewards be given in such a way as to produce a long-lasting effect without production of the anxiety which punishment entails? What sorts of conflict are most likely to produce profound disturbances of behaviour, and why? How can they be avoided, or their

effects reduced? Just how does learning occur, and how complicated are the processes by which we learn our way from Liverpool Street to a restaurant in Piccadilly? For these and many other problems behaviourists are producing new evidence, and evidence which is based on precise observation whose reliability can be assessed. Their approach is providing a sure foundation on which to base both clinical practice and many decisions of everyday life.

However, the progress they are making has not gone to their heads. "The discrepancy between our partial success . . . and the human problems which surround us, is appalling." But even a realisation of the complexity of the problem of how a rat learns a maze is sufficient to justify a mistrust of many of the dogmatisms passed in newspaper editorials, pulpits and school prizegivings.

Rightly, the book reflects the author's own interests. There is scant mention of the non-learned origins of behaviour, or of the behaviour of animals other than rats and men; and physiology receives only a sincerely respectful but cursory nod. But the author has succeeded in covering a fairly clear area of study, in laying bare the controversies within it, and in demonstrating its significance, with an almost complete lack of technical jargon and a clarity that could well serve as a model for other scientists writing for the non-specialist.



An illustration by Lynton Lamb for James Hawker's Journal: **A Victorian Poacher,** edited and introduced by Garth Christian. *Oxford University Press.* 136 pages. 12s. 6d.

In this year 1850—when I was 14 years of age—I first commenced to Poach. My Father Had Tried to Better our Position Lawfully and had failed. So I was determined to try some other means. I was surrounded by every Temptation. The Class that starved me certainly tempted me with all their Game and Fish. Having no Gun, no net, no Dog, I was content for a time to Poach Fish with a Ball of String Hooks and Small Baits. I would catch Pike Ranging from one to ten Pounds each.

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MACMILLAN

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Dust in the Lion's Paw: *Autobiography 1939-1946*

By Freya Stark.
Murray. 297 pages. 25*s.*

THE Almighty dealt Miss Freya Stark some aces and a joker, and the latter is her capacity for perceiving the essence of a human situation and fixing it for us in some neat phrase, either uttered or on paper. This volume of her autobiography opens with the home truth that our own lives always seem to us three dimensional "against the apparently flat and simple surface of our neighbours." But, she adds, "as we unravel our thread we find—there, in the lives that touched us—the origin or echo of every mood we thought of as our own." This again is true, but this volume does not illustrate the point. In contrast to the best of its predecessors ("Traveller's Prelude") it fails to show others in the round. Perhaps this is too much to ask, for, whereas, then, Miss Stark was a girl and needed a supporting cast, here she is a mature, experienced and confident woman—one of dimensions enough to fill any book without digression upon the admirers, hosts, employers, warders, escorts, letter-boxes and victims who criss-cross her way.

The book is the story of her war. At its outset, she joined the Ministry of Information, which judiciously employed her at point after point where she could use her tongue. And so we follow her from contests with the Italians in the harems of the Yemen to a threatened Egypt where, in 1940, "if we took to leaning against anything it would be a fifth column," and on to Iraq where, in 1941, the cloven hoof was often "hidden in official slippers" but where, later, perhaps her best work was done. But not the most exacting. This was in the United States and Canada, where she was given the distasteful task of explaining to hostile audiences that there were Arabs as well as Zionists in need of Palestine.

Much of this was costly in effort, both physical and mental. To be paid to be pleasant mars human relations; so does feeling bound to bring the talk round to Palestine during every chat, in between lectures to "awful open beaks like unreasonable fledglings"; "but I have enjoyed all my work during the war so much that I feel rather glad to make a sort of offering of something I don't like to do."

She contends that "persuasion looks like the weapon of the future" ("with annihilation as the alternative") and, using the war as a training ground, she distils the essence of the art. First, you must have some goods to purvey; propaganda was an uphill job when we were "singing Land of Hope and Glory notwithstanding the fall of Singapore." Next, you must have complete faith in your own message; thirdly, you must be able to show that all or part of it is in the interests of those to whom you speak. In the course of distillation, she utters some shrewd remarks about past British shortcomings in the field of public relations in the Middle East—notably, about failure to proffer education alongside administration and justice. She has also much of interest to say about the value that can be obtained if, far beneath the level of ambassadors who are bound to deal with *ancien régimes* and vested interests, lower forms of life are employed to make friends with the opposition and the juvenile kickers-against-the-pricks.

Psychologically, she is penetrating; politically, her judgments are more facile and less valuable. For instance, her contention that Britain lost the commanding position it held in the Middle East in 1945 simply because it infringed the basic rules of persuasion by its Palestine policy entirely leaves out of account at least fifty per cent of the reason for its decline. This is that, given the relations with Stalin that led to the lip of war over Berlin in 1948, a government that was keen to behave to Egypt and Iraq as it was doing to India judged that it could not do so because of the greater vulnerability of the Middle East, and so hung on to bases long after it was possible to do this and remain persuasive.

But this flaw, if it impairs the instruction, does not mar the entertainment. All must award a doff of the hat and a wave of the hand to a woman ingenious and resilient enough to evade imprisonment by telling an Iraqi frontier guard that she cannot possibly be imprisoned unless he supplies a lady's maid. This argument, unanswerable at Khanikin in May, 1941, speeds her on her indomitable way.

Nothing Nasty in the Wodehouse

Wodehouse at Work

By Richard Usborne.
Herbert Jenkins. 224 pages. 21*s.*

A PERSONIFICATION of the wistful years we live in is Mr P. G. Wodehouse still busily writing at eighty years of age—and still being busily read—about some of the (imaginary) things we are wistful about. The best books about Mr Wodehouse's books are his own autobiographical writings; he has lasted so well because he writes so well and works so hard; never sentimental (or serious or reverent), and always a craftsman, he has not wilted with time. Mr Usborne's book is really a series of footnotes to what Mr Wodehouse has told us of himself—and to what we have glimpsed ourselves from our reading, and re-reading, of the Works.

But for all Wodehouseians these jottings are jewels. This book has the fascination of the Wisden file for connoisseurs of ageless cricketers; of old Bradshaws for amateurs of railways; of the scholarly cantrips that have made Sherlock Holmes (to whom Mr Wodehouse owed a lot) a bit of history; of back-numbers of *Chums,* the *Boys Own Paper,* the *Captain,* the *Magnet* and the *Gem* (that other octogenarian, Mr Frank Richards, hardly gets enough credit here for his part in the Wodehouse story; when we are ancient history, some smart pundit may well prove that Wodehouse wrote Richards as well, or even vice versa).

What Mr Usborne is after is quite simple. From what *ambience* did Mr Wodehouse draw his characters, their language or lingo and their attitude to the familiar society that never existed any more than did the wood near Athens or the coast of Bohemia? What is the line of descent, from contemporary and literary "influences" and in the course of the Works themselves, of the great ones: Psmith, Ukridge, Jeeves and Wooster (Mr Usborne would say Wooster and Jeeves)? Where did Mr Wodehouse's butlers, girls and, above all, aunts spring from? In what heaven is laid up the idea of the Drones Club, Dover Street, London, W.1?

That should be enough to send the fans flocking to find out how far Mr Usborne confirms, or contumeliously flouts, their own fancies. It is all provocative stuff, if a bit bitty. The best section deals with the genealogy of Psmith, with among the gems a little comparative study of "Mike" and Ian Hay's "Pip," nodding, too, to Kipling's "Stalky." This makes it timely to protest now against the absence from the bookshops and from the projected Wodehouse reprints of "Mike" itself (with the two parts in one), "Psmith in the City," and "Psmith Journalist."

NOT SO DUMB

Harpo Speaks!

By Harpo Marx with Rowland Barber.
Gollancz. 475 pages. 25*s.*

JULIUS, Adolph, Leonard, Milton and Herbert Marx were born poor on New York's East Side in the nineties. In 1918 in Rockford, Illinois, over a poker game they became Groucho, Harpo, Chico, Gummo and later Zeppo. They were on a vaudeville circuit. Gummo got drafted. Four went on to Broadway and then to Paramount. Metro Goldwyn-Mayer gave us just three and made a bit of cinema history: Groucho with greasepaint, moustache, cigar and doubled up walk; Chico, the Italian organ grinder's monkey, the one finger piano player; Harpo, the dumb zany klaxon honking loon.

Harpo can speak, and here he writes; he produces nearly twice as much as Groucho did two years ago. Throughout the recollections Harpo is always reminding us how meagre his education was, how bad his intellect, memory and sense of direction are. In spite of this, and probably with Mr Barber's help, he has made a book that is fast and racy, very American and played for laughs and occasional sobs. It does not miss the almost inevitable traps of theatrical autobiographies—the insensate name dropping, the constant cataloguing of celebrities, the fawning before top people and royalty. Death in the family and the growth of Harpo's own family are given a sugary sentimental treatment—schmaltz is the word.

The films are incidental to the book; no check list appears, and only a rough guide can be assembled from the captions of the photographs sprinkled erratically through the book. But then this is about Harpo, and in short jabs of colourful recall, often with a throwaway gagline, he punches his way through nearly seventy years.

Those fortunates who are insane Marx Brothers addicts will read and enjoy the book for the information and belly laughs it brings; maybe they will be a trifle disappointed at its faint slickness and the lack of some of the anarchic fire of the other Marxes. Those who simply like the Brothers will like the book, provided they can tolerate American vernacular. The remaining two per cent are beyond the pale: how can they bear not to be human?



THE STRUCTURE OF INDUSTRY IN BRITAIN
G. C. ALLEN

'This brief but comprehensive account of the transformation that has come over British industry since 1900 is the best that has been offered, to students at least, for a long time . . . .'
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'Particularly timely . . . . He bridges the gap between the problems of individual firms and those of the economy as a whole.'
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Peter Townsend, The Guardian 30*s*

LONGMANS

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JOHN GUNTHER
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"A fascinating and intensely readable picture."—*Observer*
2nd impression 25*s.*

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an early autobiography
EMLYN WILLIAMS
"A childhood memoir of extraordinary freshness and unsentimental lucidity."—*The Times* 25*s.*

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Love in Five Temperaments
J. CHRISTOPHER HEROLD
Author of *Mistress to an Age*
"An industrious and perceptive writer with an unusual scholarly equipment."—REBECCA WEST (*Sunday Telegraph*) *Illustrated* 25*s.*

HAMISH HAMILTON

New Biographies from Odhams

BERNARD M. BARUCH
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The Autobiography of a Great American. Controversial and compelling—one of America's most versatile public figures looks back over the policies and personalities of his years as "adviser to Presidents". Illustrated. Out on Monday. 30*s.*

SPEARHEAD GENERAL
Henry Maule
Supreme example of a "soldiers' General", Sir Frank Messervy's blazing courage and cool humour carried him through five years under fire in Eritrea, the Western Desert and Burma. Here is his magnificent story. Illustrated. November 13. 30*s.*

JOHN SPENCER CHURCHILL'S Crowded Canvas
A well-known artist—who happens also to be Sir Winston's nephew—"has produced a startlingly frank autobiography . . . not a dull page" (The Earl of Birkenhead, *Daily Telegraph*). Illustrated. 21*s.*

Light, Shade and Space

Italian Gardens

By Georgina Masson.

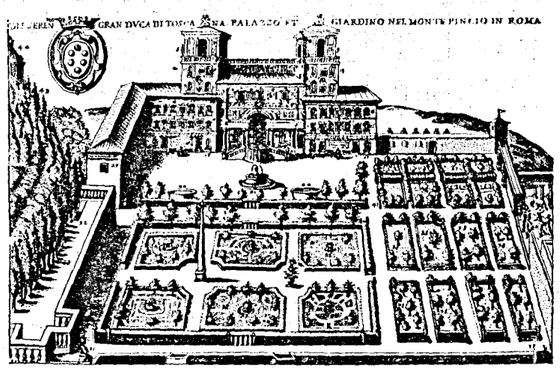
Thames and Hudson. 300 pages. £4 4s. (To be published on Monday.)

As one turns the illustrated pages of this book, looking over the shoulder of Miss Masson as she takes her photographs from the window or the terrace of one great villa after another, it is difficult not to exclaim aloud at the boldness with which men have moulded nature to their will. This is not the conquest of space ; it is the creation of it. Here the warmth of the sun, there the cool of water are trapped to comfort the body and gladden the senses ; but above all light is related to shade, snug enclosure to liberating space.

Miss Masson tells us that as she studied these Italian gardens she became more and more aware that "in the eyes of their creators at least they were replicas of the gardens of classical times." This led her to a study of the antique architectural sources at the disposal of the Italian garden architects of the Renaissance and of their predecessors. As with the other arts the classical idea was revived long before it was generally talked about. As early as 1070, when St Benedict rebuilt the Abbey of Cassino, he called it a "Paradise in the Roman fashion." This compulsion to follow classical precepts was perhaps even less constricting to the Italian creative spirit in gardening than it was in painting or sculpture or architecture. There were fewer models to imitate, though enough of Hadrian's villa had survived to inspire, for instance, the famous water parterre at the Villa Lante at Bagnaia and the *isolotto* in the Boboli Gardens in Florence.

Miss Masson not only has fewer rivals when she writes about the Italian garden than about the villa upon which it depends ; she seems more at home in it. The sixteen years which she tells us she has spent on the preparation of this book, during which she discovered many gardens not before recorded, especially in the Marche and Northern Italy, were evidently enjoyable to her and will be as fruitful for us. She has given us a chapter on Roman gardens and another on mediaeval ones, while the more abundant gardens of later time are grouped by regions in a way that should prove convenient to the intending traveller.

Lastly, there is a botanical appendix which will be both absorbing and useful to anyone who has tried to identify or name flowers that are to be found in Italian Renaissance pictures.



An early print of the Villa Medici, Rome

Complex Relationship

Elizabeth and Leicester

By Elizabeth Jenkins.

Gollancz. 384 pages. 21s.

"Gods death, my Lord, I have wished you well, but my favour is not so locked up in you that others shall not participate thereof. . . . I will have but one mistress and no master."

"And they say she is in love with Lord Robert and will never let him leave her."

These two quotations, the first said by Elizabeth herself to Leicester in public, the second written by the Spanish ambassador, are the pivotal points of this book, for they give the two extremes of the complex relationship between Queen Elizabeth and Lord Robert Dudley, Earl of Leicester, which is its central theme. Miss Jenkins has theories of considerable interest to offer. Like Lytton Strachey, she thinks Elizabeth was incapable of a normal relationship with any man, and that beyond any political considerations there was a mental bar to marriage that could never be broken. Burghley's careful and revealing memorandum on the relative merits of Leicester and the Archduke Charles as possible husbands for the queen was therefore so much waste paper. Even the desperate need of the country for an heir to continue the Protestant succession was not sufficient. In "Elizabeth the Great" Miss Jenkins gave the reasons for this most clearly ; to Elizabeth marriage was in her childhood associated with violent death. Her mother, stepmother and the virile Thomas Seymour had all been executed. The difficulties before Leicester were therefore insuperable, but it was some years before he accepted the fact.

That Elizabeth loved him is borne out by innumerable details, and this explains why she continued her favour in spite of Leicester's many shortcomings, in spite of the scandal over Lady Sheffield and his marriage to the Countess of Essex. At his death she shut herself away for two days until Burghley had to force open the door.

Leicester himself is a far from admirable character. He was vindictive, egoistic, and politically inept. He was even capable of intriguing with Spain to re-establish Catholicism in England if he could marry Elizabeth. Burghley's estimate of him as a potential husband is that he would study nothing but to advance his friends to wealth and to offend others. In 1586, in defiance of the queen's instructions, he allowed himself to be made Governor-General of the United Provinces, thus wrecking Elizabeth's policy of "brinkmanship" in the ticklish business of supporting rebels against their sovereign: an indiscretion which called forth one of Elizabeth's more scathing letters:

> Jesus! What availeth wit, when it fails the owner at greatest need. Do that you are bidden, and leave your considerations for your own affairs.

In spite of contemporary scandal, Leicester was probably not guilty of murdering his first wife. The latest theory, based on medical evidence, is that she suffered from a malignant cancer, which indirectly caused a broken neck. The disputed question of Leicester's marriage with Lady Sheffield is dealt with in some detail. The evidence produced by Miss Jenkins makes it probable that no valid marriage was contracted, but adds a touch of humour to the wedding ceremony with Lady Essex, when her father, Sir Francis Knollys, took care to be present with reliable witnesses.

In contrast to the darker side of his character, Leicester was patron of artists like Edmund Spenser and Nicolas Hilliard, and his love for the queen, though selfish, was deep and sincere. Their affection lasted throughout their lives, and is revealed most poignantly in their letters.

History concerns people, not shadows. Miss Jenkins is keenly aware of this, and writes about people for people rather than affairs for scholars. As a result, the book is full of descriptions of clothes, furniture, jewellery, which she uses as a background to her characters to intensify their reality.

VIEW FROM THE WEST. By Claud Cockburn. *MacGibbon and Kee.* 208 pages. 21s.

This is the third volume of Mr Cockburn's own story. The guest star in the first volume was Sir Wilmot Lewis of *The Times*, who nearly stole the show; this time it is Mr Malcolm Muggeridge of *Punch*, who so won Mr Cockburn's affection and admiration that he tries hard here to unlock that far from stony heart.

But Mr Cockburn's best creation is himself. Mr Cockburn in hospital facing tuberculosis, cancer and death ; Mr Cockburn astounded to find himself alive, uproariously and abortively planning new papers for Hulton's, and a Muggeridge's *Punch* writer; Mr Cockburn coping, movingly, with the onset of polio upon his family; Mr Cockburn thinking aloud, mordant but kindly, about everything under the sun. It is all well written because it is all freshly and honestly felt.

The Beecham Legend

Sir Thomas Beecham

By Neville Cardus.

Collins. 126 pages. 12s. 6d.

Thomas Beecham

By Charles Reid.

Gollancz. 256 pages. 21s.

Two well respected musical critics here offer us two notably different assessments of Sir Thomas Beecham. Mr Cardus, it seems, was nominated by Beecham as his biographer ; but his modest book is much more a portrayal and memoir and does not attempt a detailed pursuit of Beecham's life from that Wednesday in December, 1899, when he stood in for Richter ("those damned foreign importations") to conduct the Hallé Orchestra at St. Helens, ordered up from Manchester by his father Joseph to make an occasion, with the lobsters and foie gras, at his mayoral reception. Beecham opened this concert with the Mastersingers overture. Twenty-five years later, he opened a concert at another desolate provincial town with the London Symphony Orchestra with the same work, and by it set more than one young listener on the road to musical appreciation—and to adulation of Beecham ; on this occasion, as on so many others, he made a typical speech, too subtly rude for the Midland "squares" but vividly cosmopolitan for the teenagers of that time, who were with it and him. For how many thousands is the Beecham legend an equally vivid personal experience?

Mr Reid's book is featured as "an independent biography." Just what this formula means does not emerge too clearly from the pages. He gives all the details—the divorce proceedings in 1911, for example, so boring fifty years after, and Beecham's financial troubles after the first war. (Mr Frederick Maugham, KC: "My client has spent a fortune in advancing music"; Mr Justice Eve: "And what good does that do anybody ? ") But his assessment of Beecham's musical limitations is remarkably close to that of Mr Cardus:

> With only minor and expedient or experimental deflections his career ran clean against the Stravinsky-Bartok axis which, at this writing, seems likely to dominate European musical history over the first half or more of our century. Apart from Delius, the only composer among his contemporaries to whom, a little belatedly, Beecham responded roaringly and consistently was Jan Sibelius, the Finnish sage and seer, as many deem him.

So Mr Reid—very fairly said both about Beecham and Sibelius. Mr Cardus recalls that Beecham's detractors said that he was at his best conducting second-rate music. What he could do with his "lollipops" was indeed staggering. His musical range was limited, particularly in his response to German music, among which he found time for some Haydn, some Mozart, some middle Beethoven and one symphony of Brahms. How many in a generation's time will be listening to Delius or *Ein Heldenleben*, which Beecham glorified ? Yet as Mr Cardus fairly claims, no other conductor has equalled Beecham in the consistent dispensing of musical pleasure. Mr Cardus, who had long known Beecham, became his friend in, of all places, Australia in 1940. It must have been a strange tour, but evidently a warming one. The two had quarrelled six years earlier when Mr Cardus took Beecham to task for some outrageous cuts he made in *Der Rosenkavalier*. They settled it a year or two later, meeting by chance in a hotel lift. "It is time," said Beecham, "that we buried the hatchet—but let us carefully mark the place."

Uncle Sam's Burden

Little Brown Brother

By Leon Wolff.

Longmans. 383 pages. 30s.

Disapproval obviously inspires Mr Wolff's pen. His first book was about the bombing raid on Ploesti, his second about Passchendaele and his third about the venture of the United States into imperialism in the Philippines at the turn of the century. To say that it is less good than his second is not to be insular, for all that judgment recognises is how good "In Flanders Fields" was. Judged by any other standard than what Mr Wolff has created for himself, this is a fine piece of historical reconstruction. His researches are meticulous, his eye for detail or a character alert, his style lively and his theme just.

The American essay in jingoism reads very much like essays in colonialism by other great powers at the end of the nineteenth century. The United States, or at least some sectors of its society, wanted to be in the act. Plausible pretexts were found for an annexation that at this distance of time does not appear to have been morally justified. The American Army, like others before it and since, found it practically impossible to impose its government's will on a hostile population that had the heart, courage and means to resist and whose leaders had the sense to see that the strength of their cause was best expressed in guerrilla warfare. Savagery often accompanies such fighting and in the Philippines brutality was matched by brutality, reprisal by reprisal and there is some evidence that both sides on occasion tortured prisoners. It is much to the credit of such men as Mark Twain that they protested at the time against these aspects of enlightenment and civilisation. The Americans were neither the first nor the last to ask in the words of a parody that appeared in the *New York World*:

> We've taken up the white man's burden
> Of ebony and brown ;
> Now will you tell us, Rudyard,
> How we may put it down?

Graham Greene
IN SEARCH OF A CHARACTER

Two African Journals. From the "Congo Journal", which is the first part of this book, came much of the material used in *A Burnt-Out Case*.
The other, shorter journal, "Convoy to West Africa", covers a voyage from Liverpool to Freetown in 1941. 10s. 6d.

100,000 YEARS OF DAILY LIFE

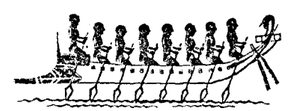
A superbly illustrated volume, giving a complete panorama of man's daily life in every age and continent. The narrative is keyed to the illustrations—863 of them (33 pages in colour). Size 11¾" x 9¼". 90s.

CAVALCADE OF THE 1920s and 1930s

The great and famous of the era appear in photographs and other illustrations, or as contributors in this anthology from the cosmopolitan American *Vanity Fair*. 476 illustrations (8 pages in full colour).
"It makes fascinating reading . . . "
Cyril Connolly, *S. Times* 60s.

The Schools
MARTIN MAYER

". . . a *tour de force* . . . a report which educationists ought to read and the plain man will enjoy reading." *The Times*
". . . an intelligent layman's guide to the schools." *Sunday Telegraph* 30s.



JASON Henry Treece's
brilliant interpretation of Jason's quest for the Golden Fleece. 18s.

BODLEY HEAD

Plays and Players

Each Actor On His Ass

By Micheál MacLiammóir.

Routledge. 248 pages. 25s.

George: *An Early Autobiography*

By Emlyn Williams.

Hamish Hamilton. 461 pages. 25s.

THE title may cause sniggers in the United States. It even has a double meaning in Irish, the language from which it was translated, for "ar an asal," "on the donkey (or ass)" means the same as "footless" does in English. Mr MacLiammóir wrote these two long theatrical essays in diary form for a Dublin publisher who specialises in Irish books. It is as brilliant as everything he undertakes and naturally of course sometimes as superficial.

If a man writes in one language and translates himself into another—taking it that he is bi-lingual—nobody, presumably, can argue with him. But it would still be fascinating to know how any other translator could put this passage of Mr MacLiammóir's English back into the original:

> I like your boldness, *cher ami*! cried he (really it is a pity Bram Stoker never met him). You are Micheál, yes? I am Ali! *Salute*! Ali, Micheál, Micheál, Ali! ..(Was convinced it was going to be something like Haroun al Raschid or at least Marco Polo, but no: Ali, just like that, so I firmly quelled well-nigh irresistible impulse to sing "Sally, Sally, don't ever wander, away from our Ali and me" fearing it would date me.)

It would be a genius who could bring out those hints of "Dracula" and Gracie Fields without resorting to footnotes. More lyrical, less brittle passages are easier to imagine in translation, as:

> And here we are tonight at the end of our season. We played *Seagull* to the best audience it has found so far, I think, and was of course followed by emotional speeches and by subsequent emotional drinking of champagne . . . this Island will never walk into those parts of my being where Egypt lives: it has a place, small yet vivid, all to itself. The plays are played, our work is done, the devious, festive, sad and laughing journey is over, the invitations to make holiday in a series of houses flow in. . . .

The serious intent is never deeply buried beneath Mr MacLiammóir's bubbling and squeaking. He can take anything seriously, if forced to it, even himself. Equally he can be wickedly witty about anything, including himself: for instance, when he gives a sparkling description of tarting up beyond any reasonable needs of the part to play the Prince of Aragon in *The Merchant of Venice* in Cairo then swaggering on to the stage "... unhesitatingly into the Prince of Morocco speech . . . of which I delivered five whole lines before realising it had been played by Reg Jarman half-an-hour before. . . . A shameless exhibition." Yet one expects he enjoyed the doing of it as much as the describing of it.

Orson Welles, Eartha Kitt and Hilton Edwards are other leading characters in this traveller's diary-tale. It does not shake any theatrical theory or enunciate any new faith —but it is a book to be read by all who think of the theatre as a place of colour and joy and perfumes mixed with grimness and frustration and smells. It is a book of the actors' theatre, not of the press-agents'.

THIS is a very remarkable book. If it has a fault, it is that Mr Williams, being an exceptionally clever man, is sometimes almost too clever; he writes so well that sometimes he is tempted to write even better, and by verbal virtuosity to embellish material that needs no embellishment.

"George" is a long, detailed, fascinating account of Mr Williams's first twenty-one years, before he earned the fame that came to him later under his other name of Emlyn. It is an extremely moving account of how a boy, under the most unlikely circumstances, succeeded in becoming the man he was intended to be; and it is at the same time an extraordinarily vivid social document, describing a way of life that by now has almost ceased to exist. In the richness of its detail, observed with an extremely sharp eye and preserved by an astonishing feat of memory, one may distinguish three dominating themes.

There is first of all the story of an astonishingly gifted boy, who from a small Welsh primary school made his way up the scholarship ladder to Oxford and Christ Church. This was over forty years ago, and the qualities required then for such an achievement are even rarer than those which qualify for success in the educational rat race of today. The story is all the more dramatic because, academically, it ended in the catastrophe of a nervous breakdown.

There is also the theme of the poverty stricken Welsh environment in which Mr Williams played his part of the clever schoolboy, which he continued to play until at Oxford he discovered that his true gifts were for the theatre. His mother had been a domestic servant; his father was a drunkard. One was puritanical, narrow-minded and thrifty; the other weak, generous and openhearted. Mr Williams describes both with the same love and gratitude as pervade the whole of his book, as if he felt that in all things he had been lucky, down to the most sordid and squalid details of lives that were hardly ever above the poverty line, and sometimes very near the subsistence level. Indeed he was lucky; only it requires a man of his own sensibility to see it, and to make us see it too.

Lastly, there is the theme of how George, in these unpromising circumstances, and amid his scholastic preoccupations, seized upon every scrap that could nourish his imagination, so that all the time we are watching the growth of a mind that was to find its true fulfilment in the theatre.

Each of these three themes enriches and illuminates the others. Sometimes in reading "George" one has the sensation of *déja vu*, because so much of it, particularly the portrait of Mr Williams's astonishing schoolteacher and patron, Miss Cooke, has provided material for *The Corn is Green* In the end one is left with the feeling that here the material has been put to even better use, and that the book deserves an even greater success than the play.

Which Way Round?

An Experiment in Criticism

By C. S. Lewis.

Cambridge University Press. 143 pages. 15s.

THIS is a highly engaging squib. Professor Lewis is a good writer, a learned man, and far too honest to put anything out on the world without adequate backing. But how seriously are we to take him? Here is the insoluble question which one must ask about anyone who dares to turn the world upside down. This is his thesis: we normally judge people's taste by asking whether they read good or bad books; would it not be more sensible to judge books by asking whether they are read by good or bad readers? Hence, very felicitously, he proceeds in many directions.

Let us jump at once to the polemic end of the book. The squib lands on the tail of what Professor Lewis calls the Vigilants, those evaluative critics who lay down the law to the young, condemn certain books and authors, and thus at the start prevent that fruitful conjunction which he describes as "reader meets text." It follows from his thesis that if any serious reader, not casual in his approach to literature, has read and re-read any book with delight, it is hard to claim that this book has no virtue, however far it has fallen out of fashion. If one accepts this, final condemnations of books once seriously admired are impossible, and vigilant criticism is out at one blow—but of course so is much else. Are all reversals of literary fortune and judgment meaningless?

Let us leave the polemics to the polemists. There remains a core of something serious. This approach to literature has several clear weaknesses. The first lies in defining a good, or serious, reader: Professor Lewis, as a religious man, is at home with moral concepts and takes this in his stride, not altogether convincingly. The second lies in the difficulty of application. The third is the muzzling effect on critics, who can only dispraise what has never been seriously praised. But there are two great strengths in his approach. The first is a practical warning to teachers, not to condemn too absolutely, lest a coming generation which will have a different taste be discouraged from forming their own views about works that have given serious pleasure in the past The second, more important, strength is his emphasis on what actually happens when people read. In a short book he cannot carry this far, but the experiment—his work —deserves to be carried further: dare one say scientifically? Pending more exhaustive researches, all serious readers can be assured of getting some very stimulating ideas and a lot of fun from this book.

Bushman of the Kalahari

The Heart of the Hunter

By Laurens van der Post.

Hogarth Press. 256 pages. 21s.

THIS remarkable and moving book is Mr van der Post's second instalment in his story of the Bushman of the Kalahari Desert, a labour of love and true reverence for humanity that is rare and memorable. The present volume is a much better book than its immediate predecessor, "The Lost World of the Kalahari"; for here Mr van der Post steps over the petty worries and annoyances of his hard journey, and tells us directly what he knows and feels and believes about the remote Bushman communities and individuals whom he encountered and came to know and respect. Anyone who reads "The Heart of the Hunter" will surely want to read its companion volume but will come back, just as surely, to the greater pleasure and satisfaction of the later book.

Here he takes up the story of his Kalahari wanderings when they are nearing an end: "on the way out from the central desert" but "still deep in the Kalahari, moving slowly through a difficult tract of country into which the rains as yet had been unable to break": the "Great Thirstland" of grim and mortal memory and reputation. There is shortly a wonderful encounter with a little group of Bushman, men, women and children, who stumble out of the empty land in the last stages of exhaustion and are revived by the water-cans of Mr van der Post's expedition. With this incident, as repeatedly through his book, the author brings off to perfection his difficult enterprise of "personalising" the Bushman for a modern and an urban audience. Suddenly and splendidly the familiar focus shifts, and the vague and squalid figures of a small stone age community are refined, and grow into people, into persons one can know and understand, into human beings one can even love and admire.

All this is strange and good alchemy, and the magic continues when the writer turns in the second part of his book to his description of Bushman myth and motive and cosmology. At this point the reader may shift a little uneasily in his armchair, and the brutal and licentious reviewer, if he has managed to retain any feelings of decency, will put a bridle on his clattering typewriter and tread the keyboard more softly. For here, indeed, he is treading on Mr van der Post's dreams, and entering upon "a great lost world to be re-discovered and rebuilt, not in the Kalahari but in the wasteland of our spirit where we [have] driven the first things of life, as we [have] driven the little Bushman into the desert of Southern Africa." Bushman metaphysics, as they are illuminated here, are very beautiful; but it is sometimes hard to know where they end and where van der Postian metaphysics begin. And it is sometimes hard to understand what is being said.

> The passion of the spirit, which would inspire man to live his finest hour dangerously on the exposed frontier of his knowledge, seemed to me to have declined [in our modern world] into a vague and arid restlessness hiding behind an arrogant intellectualism. . . .

For Mr van der Post, the Bushman stands for Man's pure innocence before the Fall, and nobody has argued more cogently than he that a lot of knowledge is a dangerous thing; but the manner of his argument, once he passes from his experience in the Kalahari, becomes sadly obscure. Perhaps you have to be Pascal to do this kind of thing with any success: as it is, we can be grateful to this writer for an unmatched description of an almost unknown branch of *Homo sapiens*. There are some excellent drawings by Maurice Wilson.

Retreading Africa's Past

The Lake Regions of Central Africa

By Richard F. Burton.

Sidgwick and Jackson. 2 volumes. 436 and 476 pages. £4 4s. 0d.

BRITAIN'S new frontiers in the nineteenth century, whether in industry or trade, learning or technology, or empire-building, were manned by a remarkable crop of "characters," men of gusto, originality and, above all, curiosity. One of these was Richard Burton, an angry young man from the Indian army who went venturing into Africa. The sun is setting quickly now on the British Empire in Africa, and it is astonishing to realise how very short the day has been. A hundred years ago the simple geographical facts were still being sought.

This book, splendidly reprinted with the original illustrations after just a hundred years, is by a brave, difficult, irritable and irritating, highly intelligent and highly articulate man who had bad luck but ranks high indeed among both explorers and nineteenth-century Englishmen. Its reprinting is another sign of the lively interest of the retreating Englishman today in his brief African past, which matches the interest of the indigenous and emerging Africans in the longer past they have lost. It makes the best of reading because it is a great journey very well told.

Yet Burton was wrong about the source of the Nile and the dogmatic guesswork of his unhappy companion, John Hanning Speke, turned out to be right. The publishers are much to be thanked for these volumes, and Mr Alan Moorehead for his preface and his part in the project. Now we want in the same style, not perhaps Speke's own inferior works on the discovery of the Nile's sources, but "The Albert Nyanza," by Samuel White Baker who, indefatigably and with his indomitable wife, sewed the story up.

Old World's Roundabout

Between Oxus and Jumna

By Arnold J. Toynbee.

Oxford University Press. 223 pages. 21s.

ANYONE who has travelled east of Teheran knows that a normal requirement is the gift of time. ("The bus is not full today; perhaps on Wednesday. . . .") But Professor Toynbee, needless to say, is not in the normal category. Though he was able to allot only four months and ten days to the huge tract of wild country that he was determined to see, he was blessed with compensating advantages. He is a celebrity, and an eager one, and quickly infects companions with his enthusiasm. These three boons brought him endless assistance in enriching his experience: good fellow-travellers; good drivers; not one but two Landrovers with strong chains; provincial pundits commanding enough men and shovels to fill each chasm wrought by each frustrating torrent; and British Council officials ready to get him to his lorry by dawn even if this meant forming a rugger scrum to push him on to the train. (In the end, it never did, and the glarry that was pressed into service when the Landrover jibbed always just got through, and hardly ever was he deflected from "making a dash" for a snowline on which he had set his sights.)

The best feature of the book is the sense of fulfilment that it imparts. Maybe his companions began by saying to themselves that he was seventy-one, and they must not flag first, but—at a guess—they soon became as eager as he for more, when he began to alter the landscape for them by unfolding layer on layer of its history. For, as he explains, Afghanistan and the passes through it into India are the Old World's greatest roundabout. Round it have swirled conquerors and languages, alphabets and religions. From its high rank as a channel of communication, it was demoted for some centuries by the Portuguese invention of ocean-going ships. Now, aircraft are bringing it back into service; some years hence, when the Russians have built the tunnel that will link Kabul with their ports on the Oxus, it will once more be a main thoroughfare. Perhaps he did well to see it before it becomes so.

His book, though an exciting one, is here and there hard for ordinary readers to follow. Not everyone responds to a visual comparison with the Ghutta of Damascus, or can jump into the right century when Antigonus or the Ghaznavids are mentioned. Yet anyone can share a traveller's joy at being alive, or standing where Alexander stood, or feel nostalgia at numbering a fast-decaying British reproduction of Aldershot (Razmak in Pakistan) among the relics of past conquests. "Today I have seen Balkh with my own eyes"; to one reader, at least, the satisfaction in this sentence is equivalent

to that conveyed by Robert Curzon at first sight of Jerusalem.

For those unready to read with a good atlas at their elbow, there is one real drawback to a book issued at a reasonable price. The map supplied is hopeless. Tiny numbers denote place-names ; these, which are based on date order, have to be hunted up in a key that hangs on dates, yet the dating in the text is intermittent. A dated itinerary is printed separately, but why not have helped by printing the date at the top of every page ? As things stand, hunting in three places is tedious, and the hand holding the book has not enough fingers for the job.

Arbitrary Fellow

Growing

By Leonard Woolf.
Hogarth Press. 256 pages. 25s.

THIS second volume of Mr Woolf's autobiography covers his time in the Ceylon Civil Service, from 1904 to 1911. It ends when he decides that he is in love with his future wife and is tired of imperialism: the two motives combined lead him to send in his resignation at the end of his first home leave. But this is in no sense the record of lost years or failure. Mr Woolf had been a remarkably successful young civil servant, had got early promotion, had gained a reputation for efficiency and some severity and (like so many others) had immensely enjoyed the experience of early responsibility in outstations.

Some fifty years after these events one of Mr Woolf's admirers asked an old hand in Colombo what he remembered of him. The old hand said : "Woolf ? Woolf ? Yes, I remember him. Very able, but the most arbitrary fellow in the service." And one sees what he meant. The trouble about Mr Woolf is that he is altogether too many people rolled up into one, and his friends in Ceylon must have had some surprises, culminating in his resignation at the beginning of a brilliant career. There is the Trinity intellectual ; the anti-imperialist (only just poking his nose out of the pupa-case); the lover of all games ; the lover of animals ; the severe magistrate and the believer in strict administration ; the hater of flogging and capital punishment (here alone in the book, when he describes what he had to witness and supervise, passion flares out); and half a dozen others.

On the whole the administrator, the magistrate and the lover of nature have the upper hand in this volume, as they should: one gets an immensely intelligent and detached view of a forgotten world ; and, if it comes to that, a view of a partially, but not entirely, submerged Leonard Woolf that makes one regret that not all the half-dozen potential men whom he contains could come to maturity. One would have liked to see that character who, as he says, would have emerged if he had stayed on—His Excellency Sir Leonard Woolf, KCMG.

Other Autumn Books

In time for the Christmas market, the usual large crop of picture books for grown-ups has appeared. With the growing competition in this sphere, publishers can no longer rely for sales on beautiful illustrations alone, and there is an increasing tendency for a more scholarly text to accompany the pictures. Here are brief notices of some illustrated books not noticed elsewhere in this issue.

The main text of **The Horizon Book of the Renaissance** (to be published on November 6th) has been written by Dr J. H. Plumb. "Into the pursuit of art," he writes, "both money and social energy were poured, and the effect was as dramatic as the investment of capital during the nineteenth century in technology and invention—and in many ways similar in its results." Yet with its masterpieces staled by centuries of reproduction, it is no easy task to recapture for the general reader the freshness, the early uncertain and diffident promise, the vitality of the art, poetry, philosophy and religious life that fused into the intellectual richness of the Renaissance in Italy. It is a tribute to the many who have had a hand in this book that it succeeds in such a large measure. Dr Plumb describes the world of violence and war in which the Italian achievements took place, the cities, their buildings, their societies and their great artists who were "as common as peaks in the Himalayas." There are also biographical sketches by other contributors ; Sir Kenneth Clark, for instance, writes on Michelangelo, Professor Trevor-Roper on Francesco Foscari, the Doge who enjoyed the longest ducal reign of the Venetian republic.

Printed in the United States and published simultaneously there and in Britain, this volume contains close on five hundred well-chosen and well-captioned illustrations.

Ships and Seamen is by a well-known naval historian. The illustrations are well chosen and the captions lively, apt and informative. The book begins with a picture of a Viking ship, where the beautiful and the practical were combined, and ends with a photograph of a Polaris missile, where the flurry of foam and smoke have their own beauty, but the rocket looks like a bottle. At sea, art and utility often go hand in hand and this book respects the tradition.

From the same publisher comes **Great Houses of Europe.** Forty of Europe's outstanding country (and occasionally town) houses are here illustrated by large photographs to the accompaniment of textual descriptions of reasonable length. The book will be appreciated both by those who prefer to do their country house viewing from the armchair and by the serious minded who want to brush up on the facts before and after their tour of inspection: the tome is definitely too heavy to take along. The houses illustrated cover the Renaissance, Tudor, baroque, rococo and classical periods, including some interesting less well-known establishments. There are examples from fourteen countries, with Italy holding pride of place. The specimens from England are Hardwick Hall, Wilton, Blenheim, Syon, Claydon and Arbury. The descriptive articles are by different authors, including Ralph Dutton, John Sparrow, Sir John Summerson and Hugh Thomas. The photographs are good and well chosen, though the colour reproductions are disappointing. But on the whole the publishers have done a fine job.

Also from these publishers comes a new series called **Pleasures and Treasures,** attractively produced and illustrated books which have been printed in Italy. **Silver** and **Clocks** both trace the evolution of a craft of many centuries' standing. The exquisiteness of some of the pieces of sixteenth century silver may come as no great surprise ; the elaborateness of medieval clocks, on the other hand, may, although it should be added that they were wanted for their snob value, sundials and sandglasses still being more trustworthy timekeepers.

Paintings of the World's Great Galleries contains short histories of thirty of the world's art galleries and a guide to what is rather grandly called the principal works in each. The list is highly selective. London's National Gallery, for instance, contains about 2,000 pictures ; 79 are annotated here with rather less than half of these illustrated and described. From the Tate's even larger collection, 49 are selected. (Users of this book should note that since it was printed Seurat's *Une Baignade, Asnierès* has been transferred from the Tate to the National Gallery.) Nevertheless this book will be useful for brief visits to art galleries, although the faithfulness of the colour reproductions leaves much to be desired.

The first edition of *Phaidon's* **Egypt** was published over twenty years ago ; this third and revised edition incorporates further study. It is an elegant survey of ancient Egyptian art with 260 handsome plates of tombs, temples, statues and relief work—monuments of fantastic technical, as well as artistic, achievement.

English Furniture for the Private Collector is a helpful short guide to pieces of antique furniture that might be within the reach of the ordinary buyer: it is not concerned with the exceptional. "Antiques for the Small Collector" advises the amateur collector in a more personal style, ranging over a wide field.

The third volume has appeared in the *Macdonald Illustrated Library.* Called **Geography : Our Planet, Its People and Resources,** it has many two-page spreads, a glossary of geographical terms and statistical information. Designed by Hans Erni, it is extremely well produced.

Lastly *The Bodley Head* has produced the second volume in its visual history series. Unlike the first, which was confined to Europe, **100,000 Years of Daily Life** ranges all over the world, beginning with the cavemen and their paintings and ending with modern cities and a colour photograph of the Parliament building, Brasilia. Like its predecessor, the book has a ready reference from text to illustrations, and at the back there is a chart comparing the details of daily life through the ages in different parts of the world.

THE HORIZON BOOK OF THE RENAISSANCE. By J. H. Plumb and other contributors. *Collins.* 431 pages. £5 5s.

SHIPS AND SEAMEN. By Christopher Lloyd. *Weidenfeld & Nicolson.* 223 pages. 50s.

GREAT HOUSES OF EUROPE. Edited by Sacheverell Sitwell ; photography by Edwin Smith. *Weidenfeld & Nicolson.* 320 pages. 90s.

SILVER. By Richard Came. CLOCKS. By Simon Fleet. *Weidenfeld & Nicolson.* 128 pages. 27s. 6d. each.

PAINTINGS OF THE WORLD'S GREAT GALLERIES. Described and annotated by 29 authors. *Thames and Hudson.* 584 pages. £4 4s. (£4 14s. 6d. beginning 1962).

EGYPT. By K. Lange and M. Hirmer. *Phaidon.* 372 pages. 70s.

ENGLISH FURNITURE FOR THE PRIVATE COLLECTOR. By Anthony Bird. *Batsford.* 216 pages 30s.

ANTIQUES FOR THE SMALL COLLECTOR. By Gil Thomas. *Arthur Barker.* 160 pages. 16s.

GEOGRAPHY. Editorial board: Gordon Manley, with G. Barry, J. Bronowski, J. Fisher, J. Huxley. *Macdonald.* 360 pages. 50s.

100,000 YEARS OF DAILY LIFE. By J. Brosse, Paul Chaland and Jacques Ostier. *The Bodley Head.* 295 pages. £4 10s.

Backbench Opinion in the House of Commons 1955-59

S. E. Finer, Hugh B. Berrington, D. J. Bartholomew
University College of North Staffordshire

The division list is accepted by the electorate as useful only as an index of party loyalty. How a Member of Parliament spoke and voted at the critical binding debate in that private meeting upstairs is known mostly by rumour or leakage. Yet there *is* a means of detecting an M.P.'s personal sympathies—means which can provide an X-ray of the two great British Parliamentary parties. The picture that emerges is somewhat blurred; but it is nevertheless an exceptionally interesting image.

This book presents the picture of the two parties as they were in the Parliament 1955-59. It provides a critical analysis of the relationship between the social make-up and the shades (or divisions) of political opinion to be found in each of them. It establishes the political views of individual M.P.s on the one hand, and their political and social histories on the other. The task has not previously been attempted in any shape or manner, nor has the basic material (The Order Paper of the House of Commons) been explored systematically before.

60s. net ($10.00)

PERGAMON PRESS
Headington Hill Hall, Oxford
4 & 5 Fitzroy Square, London, W.1.
122 East 55th Street, New York 22, N.Y.

Studies in Immigration from the Commonwealth

No. 1 Basic Statistics

The first of a series of booklets giving the factual background to the immigration problem. The first one—to be published on November 8th—collects together for the first time estimates of the number of immigrants from the individual countries of the Commonwealth and from Ireland.

8 pages; price 1s. (1s. 3d. including U.K. postage).

If Britain Joins

A short guide to the economic effects of membership of the Common Market, including summaries of the effect on: the iron and steel industry, motor vehicles, paper, building materials, chemicals, electrical engineering, machine tools and wool textiles.

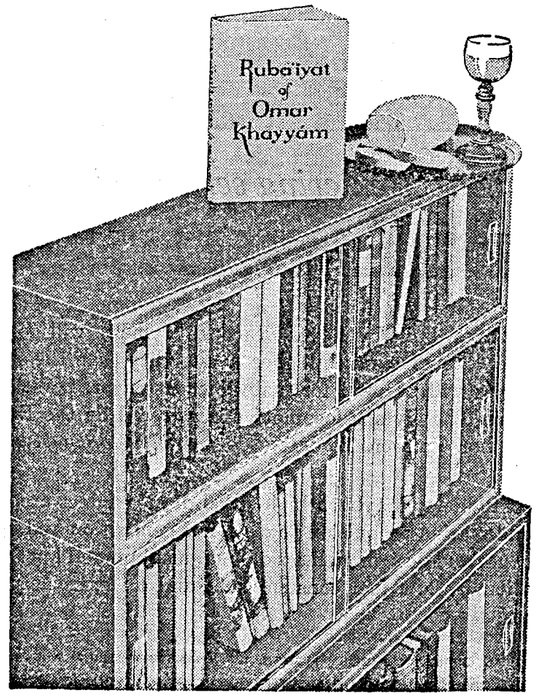
32 pages; price 6s. (6s. 6d. including U.K. postage).

Obtainable from any bookseller or from:—

The Economist Intelligence Unit

Publications Department,
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London, S.W.1.

60 East 42nd Street,
New York 17,
U.S.A.



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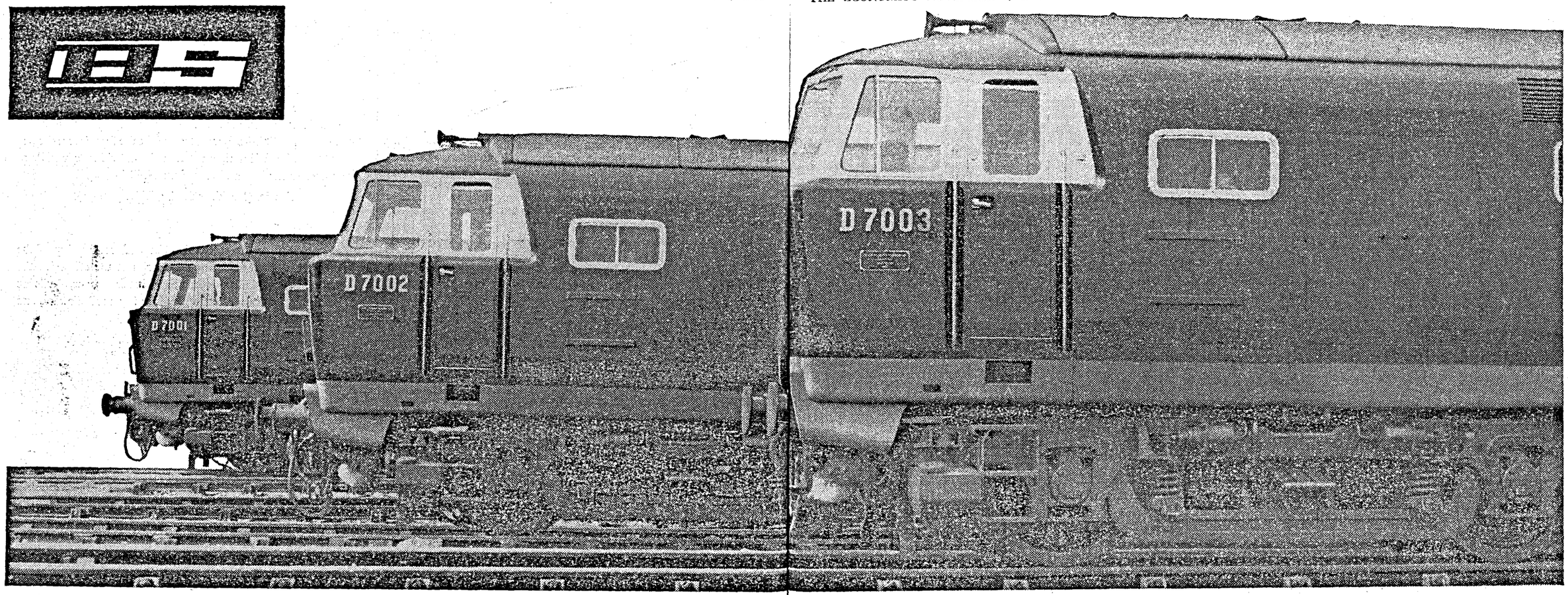
Breadless, wineless, sadly songless in an unpoetic wilderness known as "the doghouse." Such poetic justice may well descend upon that dream-filled head of yours. For if you scatter your quatrains to the four corners of the living-room, don't feign surprise when you're hauled onto the carpet—Persian or otherwise—and faced with a wife waxing anything but lyrical. The gist of her few-thousand-word sermon being: "The proper place for books is a bookcase." Who can deny it?

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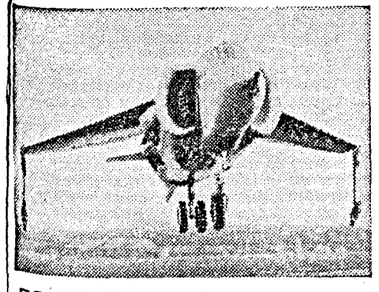
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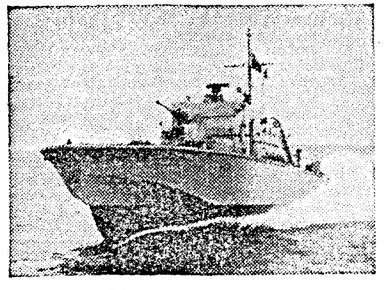
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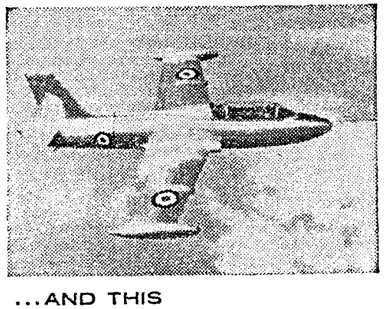
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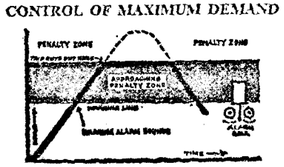
Electrical Aids in Industry — Data Sheet **20**

Load Factor Improvement

Most industrial electricity tariffs consist of a fixed charge based on the maximum demand for electricity by the works and a running charge for each unit (kWh) of electricity used. Broadly speaking, the fixed charge covers the capital cost of generating, transmitting and distributing equipment for the particular demand and the running charge covers the cost of generating the units.

Thus, if the factory maximum demand is reduced for the same level of consumption or is held constant for an increased consumption, the cost per unit will be reduced. This is termed improving the 'load factor': load factor being defined as the ratio of the number of units supplied during a given period to the number of units that would have been supplied had the maximum demand been maintained throughout the period; it is usually expressed as a percentage. Some ways in which load factor can be improved are:

CONTROL OF MAXIMUM DEMAND



A maximum-demand alarm gives a warning when the maximum demand is about to be exceeded. One of the simplest devices has two warning contacts, but, as a useful addition, an auxiliary relay can be supplied so that non-essential load can be tripped automatically.

The Load Limiter, an automatic device, meets the requirements of medium and large consumers who wish not only to control their system loading to some target maximum but also to improve the load factor in order to increase the overall economy of the plant.

EXAMPLES OF REDUCTION IN MAXIMUM DEMAND

Broadly speaking, loads which contain some storage element can be transferred from on-peak to off-peak times. Examples are: charging electric batteries used in industrial trucks and road vehicles; pumping loads in drainage schemes; water pumping in quarries, gravel pits and other open-air workings; large cold-storage warehouses; ice-making factories in which cost of power is a sufficiently large item of the operating expense to make a reduced charge acceptable.

Many processes at times of peak demand can, under controlled conditions, tolerate a temporary reduction, or even cessation, of supply without any serious effect on the product. With electro-chemical processes such as in the manufacture of hydrogen peroxide no difficulty arises from periodic interruptions at short or even no notice.

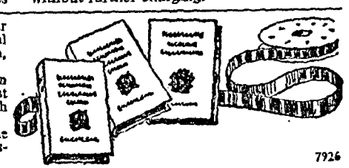
In a plastics factory the management arranged for dies to be switched on by time switches one after another early Monday morning so at the beginning of work all dies had reached their operating temperatures.

In a certain chemical works compressed air is used for blowing out containers for plastic material. The nature of this operation is such that the consumption of air is spasmodic and irregular. The demand-recording meter in this works showed that the 18-kilowatt motor driving the air compressor was frequently cutting in on top of the factory load, thus incurring a higher maximum-demand charge. In this case all that was necessary was to ensure that the air receiver only required charging at night-time or at other off-peak times. It was found that the existing receiver had such a small capacity that the pump had to operate to recharge it almost every time the blowing operation took place. This small receiver was therefore replaced by a receiver of large enough capacity to maintain the blowing requirements over the peak periods without further charging.

For further information, get in touch with your Electricity Board or write direct to the Electrical Development Association, 2 Savoy Hill, London, W.C.2. Telephone: TEMple Bar 9434.

Excellent reference books are available on electricity and productivity (8/6 each, or 9/- post free)—'Higher Industrial Production with Electricity' is an example.

B.D.A. also have available on free loan in the United Kingdom a series of films on the industrial uses of electricity. Ask for a catalogue.



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THE WORLD OVERSEAS

Bonn's Crisis of Confidence

FROM OUR BONN CORRESPONDENT

HERR ULBRICHT'S embarrassment over sundry conspicuous memorials to Stalin in the Democratic Republic may have been relieved this week by a tremor of *Schadenfreude* at the spectacle of the agonies of government-making in Bonn. Yet it did not take the whoopings of east Germany's *Neues Deutschland* to awaken the west German public to the shortcomings of their freely elected representatives. "The situation is shameful. The situation is dangerous," cried the *Frankfurter Allgemeine Zeitung* with unaccustomed staccato in an editorial on the question, "Is Bonn like Weimar after all?". The protestant Bishop of Hanover, Dr Hanns Lilje, had sounded a sternly warning note in his sermon at the service for protestant deputies before the opening of the new Bundestag. "Anyone who believes that he can do everything himself," the bishop declared, naming no names, "is already on the way to dictatorship. Anyone who presumptuously believes that he alone knows the way leads the nation inexorably to disaster." A fortnight later, seven weeks after the general election, the professor of political science at Tuebingen University, Dr Theodor Eschenburg, branded the coalition manœuvrings of the Christian Democrats and the Free Democrats "an unworthy scuffle for power." In at least one breast disgust flamed into active wrath. Dr Manfred Freise, a Godesberg dentist who voted for the Free Democrats on September 17th, has started legal proceedings against Herr Mende for "grave breach of promise"—in that, he alleges, the Free Democrats' chairman has broken an election pledge not to take part in a government led by Dr Adenauer.

In the eyes of the German public all but one of Bonn's prominent political personages have lost personal stature in the bickering of the past seven weeks, and they are seen collectively to have reduced the likelihood of a strong federal government being formed at an extremely grave moment in the nation's affairs. The admirable exception is Herr von Brentano. The foreign minister's statement on Monday of the reasons for his resignation, after six years in office, breathed a spirit of personal disinterestedness rarely displayed in postwar German politics. There has been only one voluntary resignation from the cabinet since the Federal Republic was founded—that of Dr Heinemann, Dr Adenauer's first minister of the interior, in 1950; he dissented from the government's defence policy, and has since joined the Social Democrats. For the most part the three successive governments headed by Dr Adenauer have shown themselves to be manned, from the top downwards, by ministers determined to cling to office at almost any price. Herr von Brentano's withdrawal from the foreign ministry, and his rejection of any other post in the contemplated coalition government, have introduced into Bonn politics a discordant note of personal dignity.

With Dr Adenauer directing foreign policy more or less all on his own, Herr von Brentano has long been in an uncomfortable position at the foreign ministry—and looked as if he was. Even the many admirers of his latest action remark in the same breath that he had been "little more than a postman." The Free Democrats' demand for a new foreign minister, and Dr Adenauer's apparent willingness to compromise by considering the appointment of a Free Democrat as a minister of state alongside Herr von Brentano, have implied an intolerable lack of confidence. Dr Adenauer has since been toying with the idea of installing the trusty Dr Hallstein at the foreign ministry, but to the Free Democrats Dr Hallstein and his famous doctrine (that the Federal Republic should have no relations with any government, except Moscow, which recognises Herr Ulbricht's regime) are an even more offensive symbol than Herr von Brentano of the heavy Adenauer hand on foreign policy. On Wednesday Dr Hallstein settled the matter by announcing that he would not accept the foreign ministry. Herr Schröder, hitherto minister of the interior, is being mentioned as a generally acceptable successor. So is Herr Kiesinger, the minister-president of Baden-Württemberg, who specialised in foreign affairs when he was in the Bundestag. But the awkward truth is that nobody—well, hardly anybody—wants to be foreign minister under Dr Adenauer.

IT is this Adenauer-laden atmosphere of mutual distrust, which Herr von Brentano has refused to breathe any longer, that has been the chief impediment to the coalition negotiators in their efforts to reach a working agreement. The Chancellor's revocation of his decision to resign in 1959, and his continuing delight in office, have led the Free Democrats to question the credibility of his verbal assurance that, should he be re-elected chancellor, he would hand over to a successor well before 1965. And it is Dr Adenauer's record of high-handedness—and in some particulars of sharp political practice—that has prompted the Free Democrats to insist on getting as much as possible of the coalition agreement in writing. Having drafted a sixteen-page document outlining the policies that could conceivably be pursued in common, the Free Democrats persuaded their Christian Democratic partners, including Dr Adenauer, to accept it with only a few unsubstantial modifications.

But nobody signed, and Dr Adenauer was ready in subsequent talks to belittle the document's validity after some of its points had come under fire from more literally-minded Christian Democrats. (He did not actually call it a "scrap of paper," but the phrase attributed to him, in reports of a private CDU meeting on October 24th which later reached Free Democrat ears, sounds not very far from that.) The contemplated foreign and defence policies are so vaguely worded as to have scarcely come into dispute. It is some of the Free Democrats' domestic recommendations which their prospective partners are hesitating to commit themselves to. These include devoting the proceeds of the petroleum tax wholly to road building, guaranteeing farmers' fixed prices, empowering the Bundestag (not the government alone) to proclaim a state of national emergency, and accelerating war damage compensation payments. The Christian Democrats have been trying further to limit the competence of the present permanent Bundestag coalition committee, in the establishment of which the Free Democrats see something of a safeguard against subjection to their stronger partner.

On Thursday it looked, once again, as though the two parties were managing to bridge their divergences sufficiently to agree to make a go of it in harness under Dr Adenauer. If they could not, the expectation had grown that President Lübke would wait no longer: he would next week nominate his own choice of a chancellor.

Men Against the Animals

BY OUR SPECIAL CORRESPONDENT

THE animals that have killed and cropped their way across the African continent for millennia are in danger of extermination, according to the experts. The animals are in retreat because the land on which they feed is needed for farming, and an improvement in living standards (in itself pathetically small) is increasing the pressure on grazing land. They are also in danger of drowning in an ooze of sticky sentiment which argues that the interests of, say, 2½ tons of evil temper called a rhinoceros should be put before the economic progress of the African people. But it is not only unreasonable, it is also cruel to suggest that the clock should be put back and large tracts of Africa made into an animal museum for the rest of the world to gape at. And it is unrealistic to think that African governments would accept such a policy.

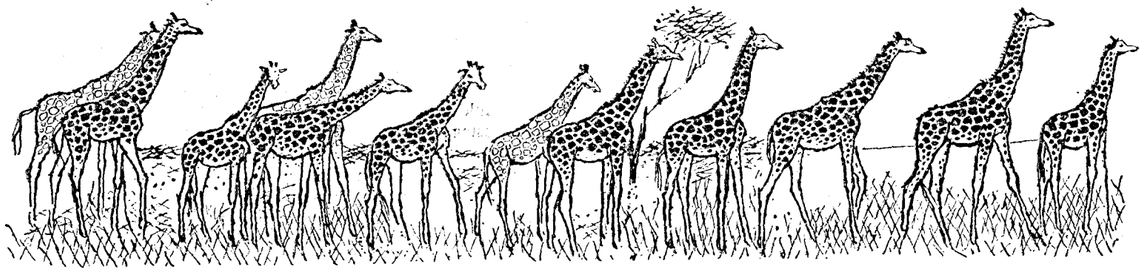
The mistake lies in treating the animals of Africa as if they were nothing more than museum specimens. They are indeed wonderful to behold and a rich source of material for the zoologist, but it so happens that most of them are edible and the few that are not have valuable pelts—the current black market price for cheetah skin in Nairobi is estimated at £50. There are parts of Africa (and other parts of the world, too, from Scotland to Russia) where game animals of all sizes thrive better than domesticated cows and sheep and there is a strong theoretical case for arguing that such areas should be deliberately stocked with mixed game which could be butchered on a commercial scale, at a rate scientifically calculated to keep the herds in equilibrium.

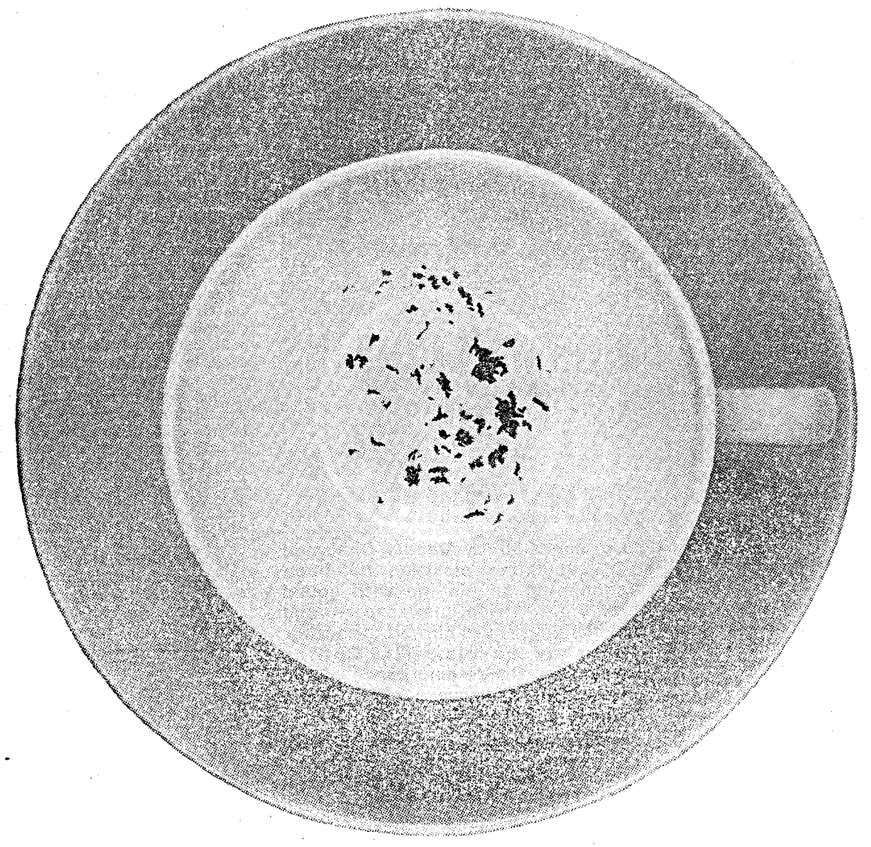
If this theory could be translated into practice it would have three advantages. First, and most important for the long-term prosperity of the continent, it might check and perhaps even reverse the process of soil erosion that is turning areas of once-fertile land into deserts resembling the Sahara. This is the direct result of over-stocking with domestic cattle. African vegetation is as gloriously varied as its animal life; but cows select from it only three kinds of grass, which they proceed to eat to destruction. This creates the bare patches that encourage erosion, and the process is helped by scanty and erratic rainfall; meanwhile the coarser vegetation, including thorn scrub, grows unchecked. At the end of the cycle, nothing remains of the original pasture but bare soil, thorn scrub and elephant grass. Mixed game avoid similar damage for the simple reason that the different species live off different plants. All vegetation is cropped evenly giving the coarser types no opportunity to get out of hand. But there must be a proper assortment of game, starting at the top with giraffes and elephants to keep the trees under control and working down to the more toothsome venison.

The second advantage rises naturally out of this: since the game eat more of the available vegetation, the yield in terms of meat is also much higher; estimates suggest that a square mile of marginal land stocked with mixed game would yield 95,000 pounds of meat (10 per cent of which would be eaten by lions, hyenas, leopards and other predators unless these were checked) compared with a yield of 45,000 pounds for the same area under European cattle, and a mere 16,000 pounds if it were stocked with Masai cattle, which are, in certain regions, the biggest competitors for grazing. The Masai, who are not on the whole meat eaters, but who keep their cattle as a source of blood rather as other farmers keep cows for milk, are not particularly impressed by these figures; but the point has been taken in other parts of Africa. So has the fact that many game animals mature within one to three years compared with 5 years for cattle and yield when dead a higher ratio of virtually fat-free carcase. Some experiments are starting in parts of East Africa to rotate game with cattle in a 4-year cycle.

The third advantage of systematic game cropping is that it does still leave a spectacle for the tourist; indeed it has been suggested that the tourists might pay handsomely for the privilege of being allowed to cull the animals while the butchers followed at a discreet distance to whisk the carcase to market. Although the African tourist industry is in its infancy, Kenya alone earned £8 million revenue from tourists last year despite a marked shortage of hotels in the best game areas. The difficulty, however, in duplicating such successful enterprises as the Tree Tops hotel, which provides game-watching de luxe at £6 a night, is to find similar sites traversed by large numbers of game in sufficient variety to attract the average holidaymaker who merely wants to see as many wild animals as possible in the shortest time. A non-stop air service at just under £200 return takes much of the hardship out of reaching the game areas of East Africa; and the average outlay per head is then estimated at perhaps £6 a day, making the animals useful earners of foreign exchange. But until there are more "packaged holidays" to compare with the three-week tours at £200 available to German tourists going round the Tanganyika game parks, people who want to see a gnu will continue to take a Green Line bus to Whipsnade. The first step that the newly independent African states might take would be to find themselves a good travel agent.

Until the separate economies of Africa become as dependent on tourist revenue as, say, the Swiss economy of today, game cropping offers the best means of reconciling the conflicting interests of Africans on the spot with all those, mainly outside Africa, who genuinely believe that the world will suffer a real loss if Africa's wild life dies. There are, however, a number of difficulties about putting its theories into practice, most of them concerned with marketing. Farmers in the Transvaal who have experimented on a small scale with game on their marginal land earned £2 million from its sale last year, but outside similar heavily fenced, European-style farms it will not be easy to get the carcases to market.





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ADVERTISER'S ANNOUNCEMENT

"A very exciting paper..."

You are a television man, Mr. Collins. Do you think television has had a great influence on newspaper readers, or do people exaggerate this?
No, I don't think they do. The effect has been very great. The process started with sound radio, of course. A person who comes down to breakfast having listened to an early morning news bulletin is an entirely different kind of human being from a person who has not heard any news, and is looking to his newspaper to bring him up to date. For that reason, I think the function of a newspaper has changed absolutely fundamentally since radio and television came on the scene.

And do you feel the newspapers themselves have fully realized this? That they have adapted themselves to a changed situation?
I think that, to an extraordinary degree, most of them haven't. That, in fact, is what I find so encouraging about the new Daily Herald; it shows an awareness no other paper has shown of a completely changed set of circumstances. It's the only paper in Fleet Street in which one is conscious that *something is going on.*

Do you think that ordinary people, who have not got a Fleet Street background, as you have, are already aware of this?
They must be, I'm sure. (I don't think the process of change is complete, yet; I'll tell you why in a moment.) Because the Herald is unique in Fleet Street at present. There are other papers which are admirable pieces of presentation, but no more admirable than they were two or, if it comes to that, ten years ago. The Herald is really evolving.

Could you give an example of the way the Herald is emerging as a documentary *newspaper; explaining and commenting on the news?*
Yes. This issue, for example, to take one at random. On page 3, where once you would have had another page of miscellaneous news, there is an article about the United Nations' plans for peace. Now, that was written on the assumption that most of the readers had already heard the news of Hammarskjöld's death, and were now really concerned to know more about its implications, and about the working of the UN as a whole.

You have probably noticed that these page 3 articles are a regular feature, under the headline "The Daily Herald Explains." What do you think of the series as a whole?
Oh, very good. I thought the ones on the Common Market, for instance, were excellent; and I know what a difficult subject it is to give a lead on, because I've already sought to do something about it on television. Of course, the Herald has an advantage over us in this respect, because people can go back and re-read . . . important with such a complicated subject. The whole series is an excellent idea.

Grand old men are out

It certainly seems to be a success. Now, what do you feel about the leading articles in the Herald?
Well, frankly, I think the leading article as such is out of date. It belongs to the nineteenth century, when there was a grand old man in the back room laying down the law. The only purpose a leader achieves is to induce certain thoughts in readers, and you can achieve that more successfully by informative and intelligent comment elsewhere in the paper—as the Herald does in those articles we've just discussed, for example.



NORMAN COLLINS LOOKS AT THE NEW DAILY HERALD

Norman Collins, Deputy-Chairman of Associated Television, has been connected all his life with sound radio, television, newspapers and publishing; and is himself the author of many novels. Mr. Collins welcomes the re-emergence of the Herald as a newspaper for people whose minds work.

Do any other examples occur to you?
Well, Malcolm Muggeridge, for instance. I'm schizophrenic about him. I disagree with nearly everything he writes, but he's a superb journalist . . . the best of his kind in the country, and the Herald is entirely right to give space to such first-class writers as this. Which brings me to another thing. I very much welcome the reversal of the policy which says that you can't have any articles more than three hundred words long. This is very exciting and I hope it's the beginning of a general trend. You really have *something to read* in the paper and surely that's what you want.

Yes, indeed. Also something light, even frivolous, to read, don't you think? Do you approve of Henry Fielding's column—or do you feel that a gossip column is out of place in a radical paper?
I'm quite sure it isn't. I don't think this one *looks* sufficiently like a social column at the moment, though. One thing I feel is important in a feature like this is that the contributors should be the sort of people who normally would enjoy the sort of life they are describing.

You think the Herald must forget all about political or social gulfs here?
I do. And just have a really brilliant social column. Effectively illustrated, too—that's important.

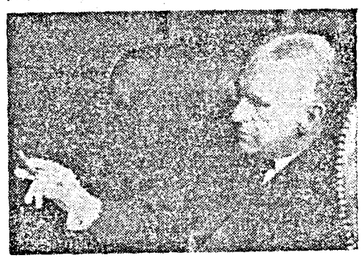
Is there any one step you feel the Herald could take that would be a really major step forward?
Yes, there is. The Herald is in process of becoming a very exciting paper. In my opinion, it would be even more exciting if the make-up and typography matched the contents more. I don't think it *looks* as good as it *is*, yet.

Aim: the new young people

I see. And now, what about the new Daily Herald advertising theme: "People whose minds work know the Daily Herald gives it to you straight"? This means the younger people, from late teenage upwards; and particularly the better educated, more thoughtful and critical generation that is growing up now. Do you agree they're the Herald's coming readers?
I think the aim is absolutely all right, and I think the Herald is moving in that direction. But I feel (and my 17-year-old daughter confirms this) that the paper could still get much closer to this generation; give them much more than it does now of the things that interest them.

Do you mean serious things, or lightweight things?
Oh, they want both. It's a curious generation; quite different from the one before; it's musical both in terms of classical music and pop; its tastes in art and entertainment are far more catholic, and I think you must have a much wider cultural sweep to reach large numbers of them. It would be a terribly clever thing if the Herald became a paper known widely for its music and its ballet and its discs and its theatre and books. That would be getting *really* close to the late teenage and upwards. And, of course, much more about science. That's vital to this generation, too.

You made it clear that you are not a Socialist. Could you say why, then, you feel able to say a good word (because, in spite of your criticisms, you have been enthusiastic) for a paper which is definitely left of centre? Is it just because, as a former journalist, you admire the Herald's improvement professionally?



Oh, no, certainly not. Two reasons. Firstly, I deplore the passing of the News Chronicle. I know the Herald is in no sense another Chronicle, and has, fundamentally, another type of reader in mind. Nevertheless, I very much hope that it will also take over a large number of dispossessed Chronicle readers who have nothing whatever in common with the baby they found on their doorstep on that amazing morning of the Daily Mail take-over.

And the other reason?
That I believe it is very, very important indeed that one should have all shades of political opinion in the Press. I think it is absolutely vital that the Herald should exist; that there should be a real radical alternative to the other popular papers. I *feel that very deeply and fervently.* One need not be a Socialist to feel that. . . .

Assuming that most of the cropping would take place inside today's game reserves, the carcase might lie 20 miles from the nearest road and hundreds of miles from the nearest market. Butchering an animal the size of an elephant deep in the bush, and removing a ton or more of meat, is not going to be easy. A fair success has been achieved in Uganda where butchers systematically cull hippopotomus on the river banks and get the meat to native markets in still-edible condition, but the project obviously presents a challenge in terms of transport and refrigeration.

A second difficulty arises from the meat surplus already existing in some of the biggest game producing countries, and most particularly in Kenya, where local Africans cannot afford to buy what is already on the market however heavily subsidised. And the game meat that could be produced cannot be exported to the Rhodesias and South Africa where it could command a premium, because these countries will not allow in meat from areas where rinderpest is prevalent. Canning the meat in small tins for export makes it uncompetitive, while big cans, which could be sold at competitive prices, need to be sterilised at temperatures that destroy the palatability of the meat. It is not proving easy to find ways of preserving game meat without making it prohibitively expensive. The traditional biltong (dried salted meat which can be made, among other things, from elephant) is cheap and still finds a market, but more sophisticated African palates are said to be turning against it; the Food and Agriculture Organisation of the United Nations is sponsoring experiments with dried meat powder. Too much, however, still seems to be left to the energy and initiative of the local game departments who between chasing poachers and fighting cuts in their budgets have neither the time, resources nor staff to carry out proper scientific trials. The first step may, indeed, be to raise the professional qualifications needed for the job of game warden on which the success of any game cropping experiment will depend. Very few have qualifications in any of the biological sciences, yet if they are to supervise the building up of game herds to levels where they will provide a yearly surplus for market (numbers today are well below this level) they will need more than the ability to hold a rifle and a devoted willingness to meet expenses out of their own pocket.

If game cropping is viable it could become an important part of the African economy. As much as a quarter of the continent infected with disease and tsetse fly, to which game is apparently immune, might be stocked permanently with these mixed herds. If it is not viable, wild game in the numbers known today must disappear from the continent. It is no use crying over dead zebras unless the people whose land they occupy are given some good reason for keeping them alive. African politicians politely explain that Europe and North America are not still stocked with wolves, bears and buffalo although a baby brown bear is every bit as cuddly (and dangerous) as a baby lion.

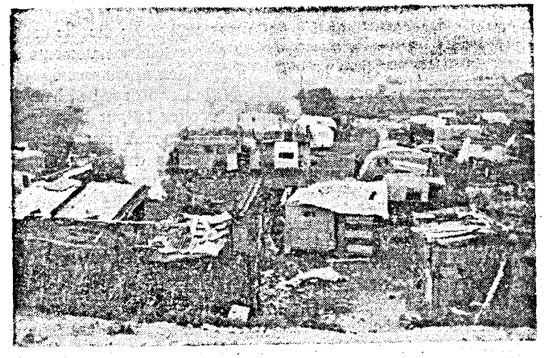
La Peste

FROM OUR PARIS CORRESPONDENT

STORIES of sadistic practices need not, just now, be bought under the counter in Paris; they are to be found in such respectable papers as *Le Figaro* and *La Croix*, and, with a wealth of repulsive detail, in the political weeklies. The stories told are of men and women beaten up in cold blood; broken limbs left unattended for days; victims strangled in the woods around Paris; half-dead people dropped into the Seine for the river to finish them off. The victims are Arabs, their alleged persecutors the forces of law and order. All this is the sequel to the Algerian demonstrations in Paris on October 17th.

When, on that night, thousands of Algerians swarmed into the centre of Paris to protest against the curfew, nobody expected that the police would treat them gently; the Paris police claim that 14 of their members have been murdered by Algerian terrorists since April. But the full story is only now beginning to be told. First, no weapons whatsoever were found among the demonstrators. Secondly, those detained in a stadium for further "investigation" were not all demonstrators. The policemen, it is widely reported, picked their "culprits" throughout Paris on "looks." The public was not supposed to know what was happening to the Algerians herded in the Palais des Sports. Journalists were not allowed in, but a soldier, there on duty, sent an eye-witness account to *Témoignage Chrétien*. He describes the frightened Algerians emerging from a Black Maria, their hands protecting their heads, and being made to run the gauntlet of the policemen's violent blows; the rest of his account contains further horrifying details of the ill-treatment meted out to the detained Algerians. As to the Moslem dead, those picked out of the Seine from time to time are alleged by the survivors to be only a small proportion. Too many questions are left unanswered.

Few believe that, the Algerians having been taught their "lesson," order will now reign in Paris. The Algerians have too little to lose. The 8.30 p.m. curfew imposed on them was the final blow. To understand why, it is not necessary to go far away from



Nanterre: Algerians in Paris

the famous tourist places. The Goutte d'Or is within walking distance of the bright lights of Pigalle; the shanty town of Nanterre is within easy reach of the Champs-Elysées. There are some 150,000 Algerians in the Paris area, including only 8,000 women and 22,000 children. Even those who have their next of kin with them send money back to Algeria for the maintenance of entire families. Poor, and spurned by most landlords, the bulk of the Algerians live squalidly, five or six to a room. For them to be confined to their "homes" for the evening is much worse than for the members of the affluent television society. Many Algerians claim that they dare not even go out shopping for fear of being picked up by the police.

The Arabs came to France from North Africa looking for higher wages and a better life; and, as the Algerian war has disrupted the life of their home country, to escape the rigours of *Algérie française*. They now have cause to wonder whether France is not turning *algérienne*. The French authorities have argued that the curfew is designed to protect the Moslem community from the FLN (rebel) organisation. But the FLN could not have invented any better tactics for a recruiting drive.

It is not the purpose here to analyse the full cycle of colonial rule, revolt, repression, terrorism and war. What is now interesting is the reaction of Paris to this new phenomenon. Letters from liberal Frenchmen, indignant and ashamed, have been published in

the press. Former resistance people have recalled the time when it was the Jews who were being herded into the sports grounds of Paris. But most people, perhaps becoming inured, seem to be taking it all in their stride. The pressure for an investigation into the alleged cruelties expresses the fear that the French public may get accustomed to such practices, and the spread of the Algerian disease may be blamed on the victims alone.

In truth, the allegations about the treatment of these Algerians in Paris ought not to have come as a shocking revelation. Worse things have been happening in Algeria, where few now deny that torture has been widely practised for years. There have even been some prosecutions for torture, though, as yet, no sentences. Thus the war has turned even the horrible into the routine. Ordinary Frenchmen could claim that they knew what went on in Algeria only by proxy, through the tales of their national servicemen. It is now beginning—but only beginning—to come home to them that it can happen here in civilised Paris, where the minister of culture is the author of a novel called "Man's Estate." And where next? War has always been the best carrier of the plague.

Facing Mount Kenyatta

FROM OUR CORRESPONDENT IN NAIROBI

TEN days ago Mr Jomo Kenyatta was explaining that he could not be held responsible for some of the wilder statements of Kenya politicians because he was in no position of command. He was "a general without an army." Within two days he changed this situation by accepting a month-old offer to put himself at the head of the country's largest party, the Kenya African National Union. In the present tense mood of Kenya the metaphor he chose was perhaps too belligerent for comfort, but judgment may be suspended until it is seen in what direction he intends to march his troops.

Nearly all his supporters accept that his first task is to reorganise his army, whose discipline has been lax in many units. Ever since rival Kanu candidates crowded into the February elections and thus lost several seats for the party on split votes, it has been notorious for brotherly strife. Recently there have been some improvements: Mr Oginga Odinga, the party's vice-president, once relished his vendetta against his fellow Luo, general secretary Mr Tom Mboya. But since Mr Odinga was assaulted by a political opponent two months ago, his public utterances have been almost saintly in their exhortations to tolerance and unity. Others have followed his example.

Even so, Mr Kenyatta needs—and knows that he needs—to close further the ranks of his party. The squatters who have moved in anticipation on to European farms; Mr Paul Ngei, who has encouraged the squatters by repeatedly demanding the eviction of white farmers; even the clandestine actions of the proscribed Land Freedom Army, are all associated with Kanu and the Kikuyu. This has damaged the party's reputation.

This week Mr Kenyatta said in an interview that he does not like dealing in names but only in policies—his way of avoiding censuring Mr Ngei. But he added, "I intend soon to lay down the framework of policy for my party and I will discipline anyone who fails to speak inside that framework." He has also emphasised two points particularly relevant to his own Kikuyu: there shall be no revenge for anything that happened during the Mau Mau emergency, and the time for oath-taking is past.

Plans for party reorganisation will become apparent this month. Elections to official posts in the party are due. They should bring into the executive not only Mr Ngei but other ex-detainees known more for ability than for recent extreme statements. One such is probably Mr Fred Kubai. There will also be a drive to win members in areas hitherto conceded to the rival Kenya African Democratic Union, both in Nyanza province and on the coast. One sensible scheme Mr Kenyatta is known to favour is the creation of a number of party vice-presidents who would be placed strategically throughout the branches.

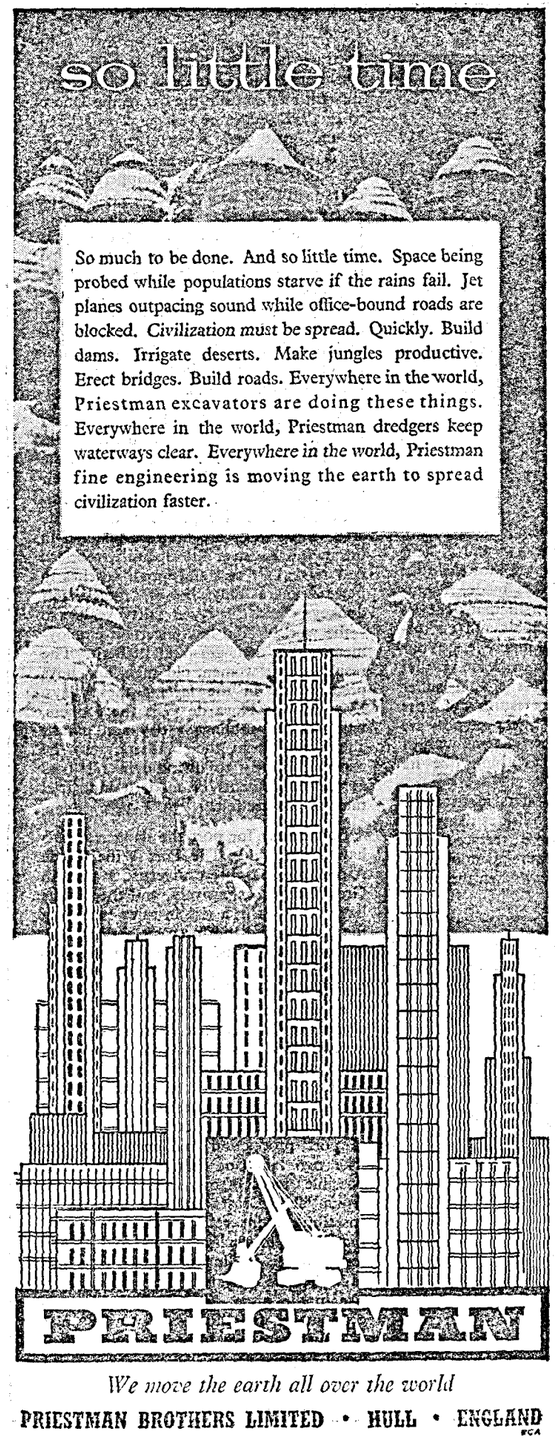
In face of the new offensive by Kanu its rival, Kadu, has become more eager to divide Kenya into regions, with an upper house of its proposed federal parliament holding powers to check the democratic lower house. Kadu has avoided setting out in any detail its plans for the division of powers and resources, so that it cannot easily be attacked before the constitutional conference that will probably be held early next year. But probably half the projected regions are economically unviable and it seems impossible that such a structure would be flexible enough to fit into a federal framework embracing east and central Africa as its supporters claim it could.

Despite the vagueness of the plan, Kadu leaders are busy gathering allies abroad. The president, Mr Ronald Ngala, had little success when he approached Mr Nyerere at the opening of the University College at Dar-es-Salaam last week. But Kadu claims that both main Uganda parties are in favour of regionalism and plans to hold a conference with them soon. At home the drumming up of support for regionalism has taken a sinister turn because Kadu speakers reject as too sophisticated for their audiences any explanation of checks and balances and simply resort to tribal emotionalism. Replying to an opposition motion this week which deplored speeches by two Kadu parliamentary secretaries, the minister for internal security admitted that tribalism had never been so rife as now, or the country so close to an explosion.

THE Kanu tacticians are aware that regionalism has its roots in the fears of smaller tribes that the Kikuyu may dominate the central government and district administration—and that these fears centre on land, education and the civil service. Kanu is preparing a policy statement which offers to strengthen the powers of local government. This may go as far as giving local authorities power to control land transfers and education through secondary school. It also points out that most civil servants in the provinces will anyway be under the control of local authorities, who engage and pay them. But a strong central government is necessary in a country whose economy will tend to be unstable for several transition years.

The migration of the governor, the finance minister and the minister of agriculture (and Mr Mboya) to London during the past fortnight has hinted at the perilous state of the economy. Mr Blundell is particularly worried that the scheme for resettling the Highlands has proved unacceptable to the white farmers and feels that until the scheme is altered the economy, based mainly on European agriculture, is bound to decline. A farming member, Mr Maconochie Welwood, has moved that the government declare the true financial position and say what it intends to do "to avert the grave peril of moving to independence in a bankrupt country."

The most effective action to avert this peril can come from Kanu and Mr Kenyatta. If they take the initiative to remove the fears of the regionalists, and further display some unity in support of their policy, tension would ease considerably and Kanu might be seen as a worthy government-in-waiting. They need to appear worthy to Mr Maudling when he visits Kenya soon—and they must have proposals ready well in advance of the constitutional conference. Like Tamburlaine, Mr Kenyatta has a choice of white, red or black banners for his troops to hold. If he marches them forward with black banners as a sign that a unitary government must crush regionalism before anything else, tribalism is likely to develop to Congo proportions. If he sends them out with white banners to symbolise tolerance and understanding, Kadu leaders will have less occasion to speak—as they do ominously now—of civil war next year. •



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Port in the Twentieth Century



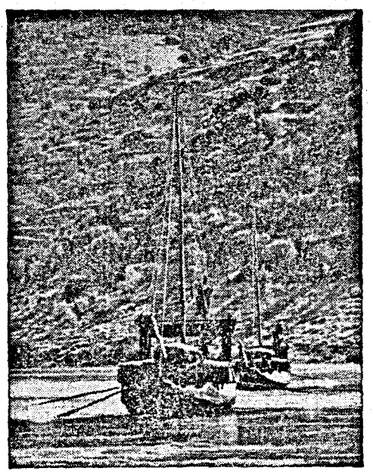
BY OUR SPECIAL CORRESPONDENT

PORT wine, everyone knows, is less a drink than a national institution, traditionally used for the Loyal Toast. The business of making, shipping and selling port is less a trade than a way of life. All the essential characteristics of both the wine and the way of life date back to the eighteenth century, when the Methuen Treaty (1703) first guaranteed the wines of Oporto a market in England. This can best be appreciated in the Factory House at Oporto, finished in 1795, where the shippers can seat sixty to dine at one table, surrounded by the splendours of Ionic pilasters and Chippendale furniture, eighteenth century porcelain, glittering chandeliers and, of course, the best of food and drink. Perhaps the amenity of the trade is more characteristic of Portuguese than of British commerce today, but to the visitor from England it appears as refreshing and old-fashioned as the way of life at a Cambridge college or an Inn of Court, and more graceful, more removed from twentieth century squalors than either.

Port has always been produced in the same way since the technique of blending brandy with wine, and one wine with another, was perfected. At the vintage—earlier than usual this year, thanks to an exceptionally fine summer—the bunches of grapes are heaped into shallow stone tanks, known as *lagares*, and trodden. For two days or more the treading continues, while the juice ferments into wine. When the wine is ready (a judgment related, like everything else in the process, to the type and quality of port desired), it is drawn off, and brandy is added to stop the fermentation. In winter, after heavy rains have swelled the waters of the Douro, the wine is carried downstream to the entrepot opposite Oporto at Vila Nova de Gaia by boat, or, less romantically, by train. There it is stored until the moment of shipping, and there it is nursed into the various types of tawny, ruby and white, which go all over the world but particularly to Great Britain. There, too, the tasters create the glories of the trade, the vintage ports, blended from the best wines of the best vineyards of the best years.

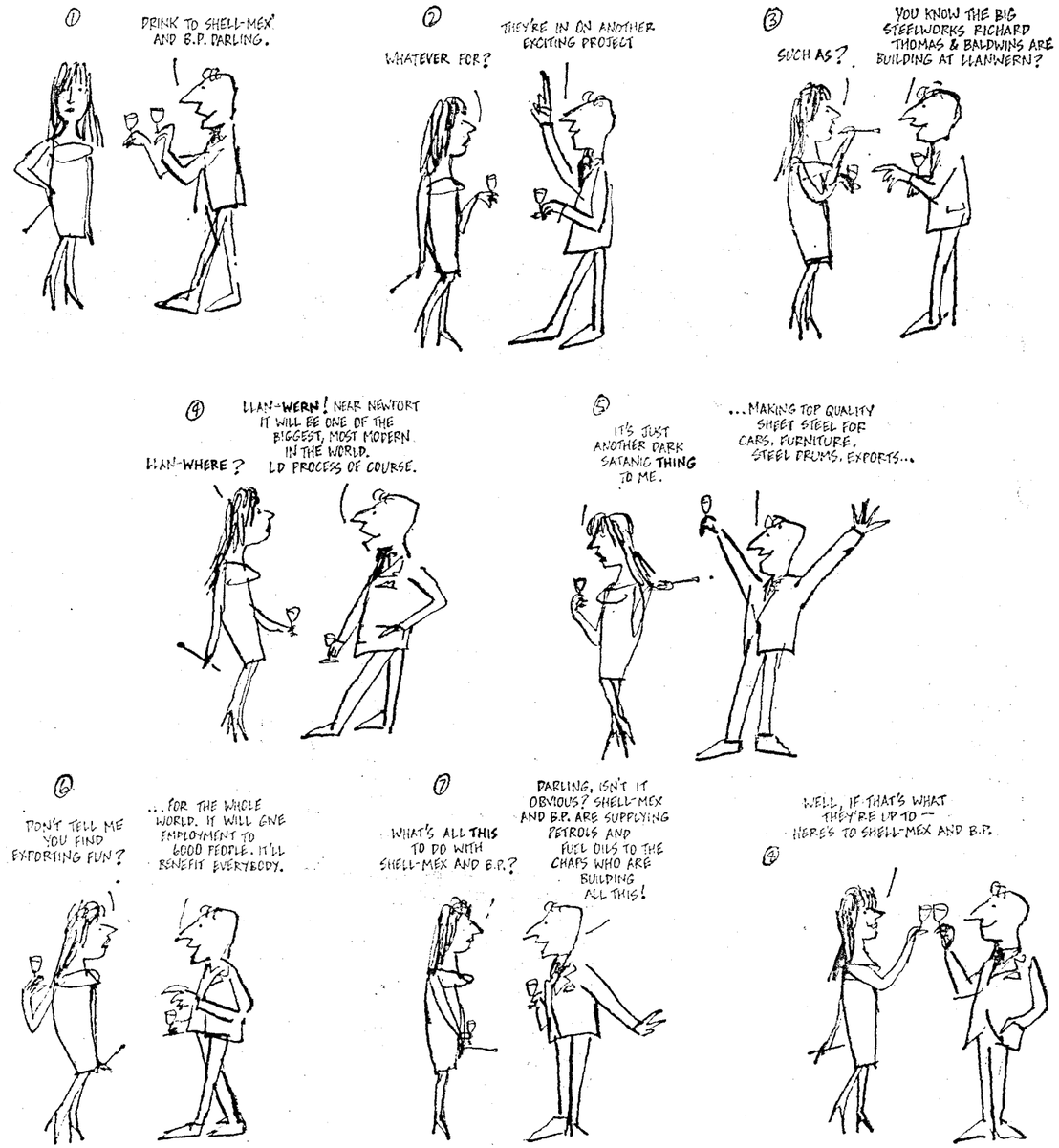
The whole process has all the appeal of any immensely accomplished and ancient craft. The coopers in Oporto, for example, make, as they have always made, magnificent oak casks with a skill that depends very little on scientific tools and enormously on a sure hand and eye. Your correspondent is far from wishing that either port or its makers should suffer unduly under the pressures of the twentieth century. But the pressures are there, and must be come to terms with, if port is to survive in anything like its present form.

Port has survived disasters in its time. One can still see whole hillsides along the Douro which were once terraced and covered with vines, but were abandoned in the late nineteenth century when the phylloxera struck. Nor did the last war and its aftermath help the trade, since it became difficult to ship from the bar of the Douro to England (hence no vintage was declared in the great year of 1945) and because fewer and fewer people laid down port in the old style. The shippers were cushioned from feeling the effects to some extent by the exceptionally low cost of labour in Portugal, but now this prop is being removed, as it is being removed from all forms of agriculture throughout the West. Almost 37,000 persons, most of them young men, emigrate from Portugal each year. In a predominantly peasant nation such a rate is bound to affect agriculture severely; and in the Douro region there are other factors.



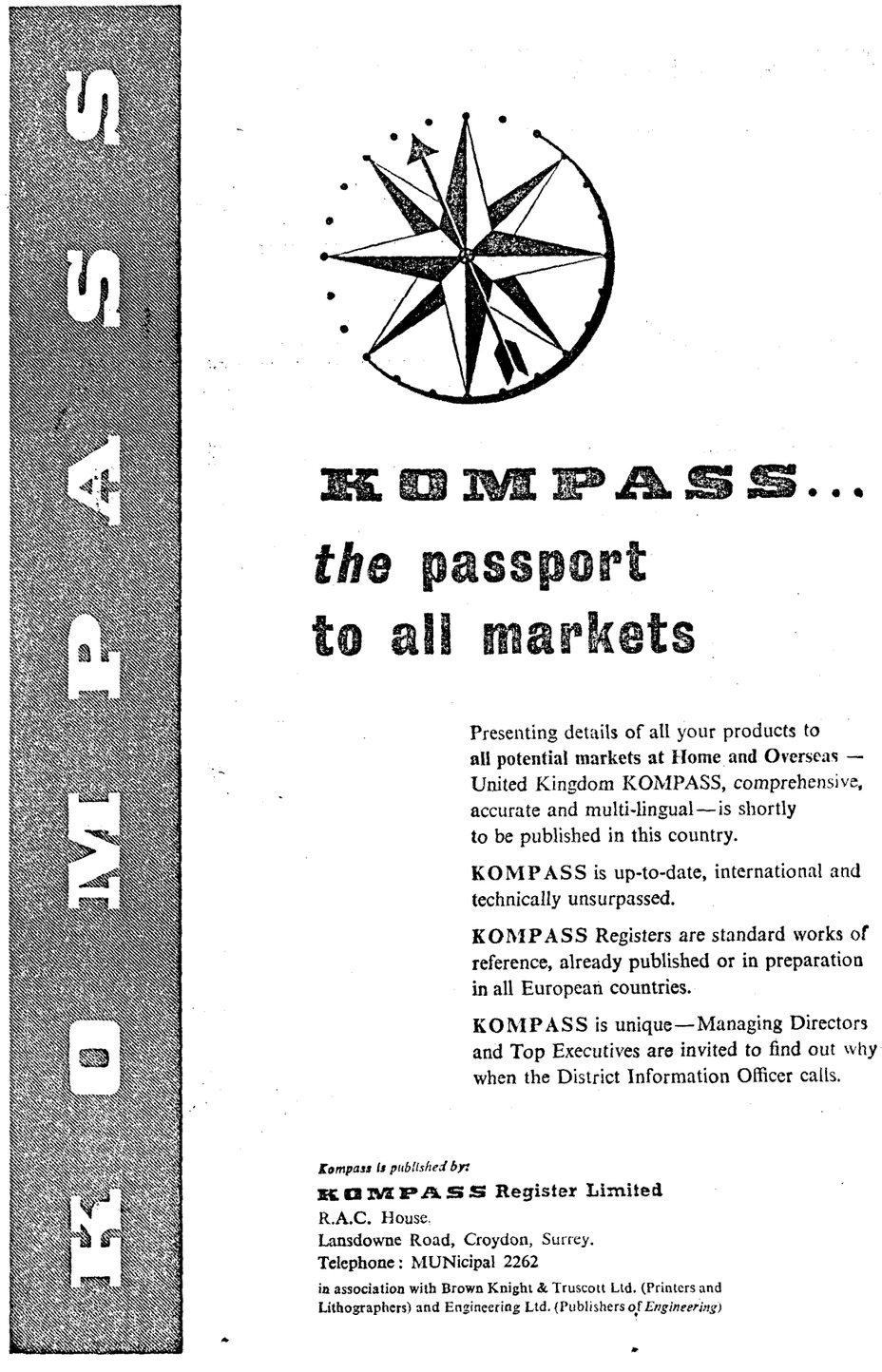
At the time of the vintage men and women used to come from all over Beira and Tras-os-Montes to pick and tread the grapes, for six shillings a day and their keep. But since the present regime embarked on extensive public works in the area—three dams are built or planned in the mountains near the Spanish frontier; new roads take cars and motor-coaches to places where only horses, mules and donkeys could carry you thirty years ago—the workers find less uncertain employment within their grasp, and take it. The result is that women, old men, and boys predominate in the *lagares* these days. Even in Vila Nova de Gaia the coopers, who get ten shillings a day and inherit their craft from their fathers, may be expected slowly to dwindle in numbers as the enticements of modern industrial rates of pay are felt.

Fortunately for port the danger signals have been seen. The Port Wine Trade Association has been advertising port in Great Britain extensively, and the results have been felt in a rise in sales exceeding the most optimistic forecasts—stimulated, no doubt, among other things, by the substantial reduction in the duty in 1958. Habits of port-drinking are changing too, it appears: it is no longer the drink of charwomen, squires and dons alone. Port as an aperitif, port as an all-the-year-round drink, port for women; these are the new selling points. Certain rationalisations now in progress between the companies should facilitate the better organisation of port production and merchandising. The two kinds of change may make it possible to confront the difficulty of rising labour costs and the expense of installing more refrigeration plant and machinery to replace "good old smelly feet" in the making of wine. It is just as well: the only alternative is a steady rise in the price, with its probable concomitant of dwindling sales, to the point of—but there, we must all hope that it won't happen.



Two facts worth remembering: (1) Shell-Mex and B.P. are supplying Sir Robert McAlpine & Sons with all the fuel-oils and petrol needed in the construction of Richard Thomas & Baldwin's new strip mill at Llanwern and when it's completed Shell-Mex & B.P. will supply the huge quantities of fuel-oil needed to run it. (2) This mill when completed, will be among the most modern in the world: it is just one of the big new projects that Shell-Mex and B.P. are concerned with.

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AMERICAN SURVEY

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Lull before the Boom?

FROM A CORRESPONDENT IN NEW YORK

LIKE a tropical storm with a personality of its own, the upward movement of the American economy seems to have lost some of its force and direction. The new mood of uncertainty among businessmen and economists who had been confidently expecting a prolonged period of expansion is reflected in Wall Street, where the climb in equity prices that began well before the rise in business activity has been arrested, with many industrial issues losing most of the gains they had registered over the past year. The slowdown has been most disconcerting to professional forecasters; a poll of business economists revealed that, while most of them still expect industrial production and the gross national product to reach new records next year, their latest projections are below their earlier predictions.

This change in mood caused by the shift in the economic weather is not shared by the Administration's policy-makers who, paradoxically, had been slow to acknowledge the end of the recession (partly because they were seeking congressional action on a series of stimulating measures) and had been surprised by the rapid pace of the recovery. Now, however, Washington appears undismayed by the current lull; indeed, officials seem to be making up for their tardiness by almost excessive optimism. They put on a bold front before the newly renamed Business Council, an organisation composed of the leading executives of the nation's major corporations which holds periodic consultations with government officials. A rift had developed between the Kennedy team and the council, so that the recent meeting was devoted largely to dispelling the notion that the Administration was anti-business; but the officials in attendance also spoke about the economic outlook in a manner calculated to bolster the sagging spirits of businessmen.

The Administration is not unaware of—or insensitive to—the statistical barometers that indicate a slackening in the pace of the advance, a slackening which is keeping unemployment and excess capacity at relatively high levels. But its officials do not think that the slowdown justifies any great alarm and argue that some let-up should have been expected after so rapid a rise from the low point of the recession. While private economists interpret the mild demand for bank credit as a sign that demand as a whole is sluggish, this can also be viewed as evidence of the healthy degree of corporate liquidity. In the Administration's view the current situation may be no more than a pause for the regrouping of expansionary elements.

The storm cloud that Washington fears is not the one on the mainland, arising from the cross-currents in the economy, but the one out at sea: the deficit in the American balance of international payments. President Kennedy's recent call to his cabinet to hold down government spending was motivated, at least in part, by the prospect of renewed pressure on the dollar, and Mr Walter Heller, the chairman of the President's Council of Economic Advisers, warned the Business Council that if "creeping inflation" in 1962 required restraints, these might stifle the economy before full employment was achieved. In recent weeks the Administration has been demanding that both wages and profits be held down in order to assure non-inflationary growth and to lessen the need for overt government action, whether by tightening credit or cutting government spending.

While Washington is demonstrating that it is heeding some of the sermons delivered at the meeting of the International Monetary Fund in Vienna, the business community has been wholly absorbed in conditions at home. Although the output of goods and services increased from an annual rate of $516 billion in the second quarter to $526 billion in the third, the rate of advance slowed down and it will take a sharp rise to reach the Administration's estimate of $540 billion in the fourth quarter. The strikes in the motor industry—and stoppages in the factories which supply it—were clearly responsible for most of the slip in the production index from 113 in August to 112 in September; now that output of cars is being raised to provide dealers with a full line of new models, the downturn should be reversed quickly. But a sustained rise in production depends upon an increase in demand, which so far has been quixotic as far as cars are concerned; sales of other durable goods are reported to be rising although much more slowly than manufacturers and retailers had expected. Stocks of such goods are still fairly low, but the fear is that hesitancy on the part of consumers may sap the momentum provided by such building up of stocks as has taken place.

THE becalmed state of consumer demand is not altogether surprising. In the last three business cycles consumer spending was a sustaining element during the decline and did not make itself felt as a stimulant until well along in the recovery. The pattern seems to be repeating itself, although the lag has lasted somewhat longer than usual in spite of the fact that personal incomes have increased at a faster rate than in past recoveries. This makes some people wonder whether the confidence of consumers has been shaken by three recessions within six years and by increasingly intractable unemployment in each successive recovery. But there has been no real consumer strike; instead, spending on services is rising, suggesting that consumers are turning away from durable goods in favour of the new status symbols—education, investments, travel and recreation—that come under the category of service expenditures. War scares usually stimulate buying, but the Berlin crises—and the Soviet resumption of nuclear tests—seem to have had the reverse effect, while prospective buyers ponder whether or not to put their money into fall-out shelters.

With consumers responsible for about two-thirds of total spending on goods and services, they are a key element in the business outlook and even a marginal shift in their habits could have profound repercussions. Their laggard performance is disturbing, but surveys indicate that they plan to increase their spending on appliances, cars and soft goods; with personal incomes at record peaks and with hire purchase debt declining, there is no doubt that they have the means to do so. But until there is more concrete evidence about what people think of the new cars the strength and the duration of the expansion in activity will be hard to measure.

This is because the level of consumer demand has a major impact on business spending for new plant and equipment and

...g in sales seems to have caused some postponement of capital outlays. But a strong pickup in consumer demand would almost surely set off a rise in business spending, particularly now that the Treasury has announced its intention of liberalising its tax depreciation policy and providing tax credits for industrial equipment as well. It is estimated that in 1961 such expenditures will fall only a little short of the 1960 total of $35.6 billion, which is a remarkably good showing compared with the sharp drop that followed the 1957-58 recession. The estimates for 1962 indicate a rise of about 5 per cent, which does not constitute a boom level, but if consumers as well as the government are lending encouragement the possibility of a much higher rate cannot be ruled out.

Washington is understandably anxious to see the economy moving forward at a fast pace ; it does not want to repeat what happened in 1959, when the Eisenhower Administration was forced by balance of payments difficulties into a restrictive policy before the economy had reached the boom stage. The Federal Reserve Board is continuing its easy credit policy, with the result that in September the money supply increased by $1.2 billion, the largest monthly rise in over three years. The obvious intention is to make funds available for increased borrowing by corporations and consumers, at least until demand shows signs of straining resources. And in spite of its insistence on a balanced budget in fiscal 1963 and its determination to economise on non-essential spending for the remainder of the current fiscal year, the fact is that the Government's outlays, particularly for defence, are scheduled to increase during the next six months; this will help to stimulate a new surge in economic activity.

The current pause, in fact, may be an ominous one, like the calm before a storm. For the slackening in the rate of the advance does not seem to reflect a basic change in the economic climate, but merely a short-lived hiatus between the period of recovery and the period of expansion. The elements of a far from moderate boom are present and the danger is that the forces of the government, consumers and business will move forward in concert. This would pose a formidable problem because it would inevitably put pressure on wages and prices and might force the government into unpopular restrictive measures. But Washington would rather encourage a boom, and risk having to keep it under control, than sit back and let nature take its course.

Politicians-in-Chief

IT is not merely the usual reluctance of old soldiers to fade away that has brought General Eisenhower back into the forefront of politics, nor merely boredom in his retirement, nor even his alleged jealousy of President Kennedy's vaulting popularity. The Republican party is already running hard for the congressional elections in 1962, and since Mr Nixon bowed out to concentrate on California, where he is trying for the governorship, there has been no national leader to bridge the gap between left and right, to rally the fainthearts and revitalise the weary. Mr Eisenhower has always been the party's most popular bridge-builder. And, finally, though General Eisenhower continues to urge loyal support for Mr Kennedy over Berlin, he is not above girding at such lesser targets as the Peace Corps—"a juvenile experiment" was how he described it during a speech made last week in the mayoral campaign in New York—and he continues to believe profoundly in the sacredness of a balanced budget. "Immoral deficit spending must stop" he proclaims, and asks "What's going to happen to this country if it can't pay its debts?"

It was, apparently, the slighting allusions to the Peace Corps which made President Kennedy abandon his attempts to remain on friendly terms with his predecessor and decide to intervene in person in the election for Governor in New Jersey. Last week it seemed certain that the President would not risk his prestige by committing it too heavily to the support of the Democratic candidate, Mr Hughes, who seemed certain to be beaten by the liberal Republican, Mr James Mitchell, President Eisenhower's Secretary of Labour ; his victory seemed all the more certain after the ex-President, in his new role, had made a triumphal tour in his friend's support. But reports that Mr Hughes was gaining ground in New Jersey, reports also that Mr Wagner, the Democratic Mayor of New York, who is seeking re-election, might be losing it, may have helped to decide Mr Kennedy. At any rate, he announced that he would make personal appearances on Thursday in both places.

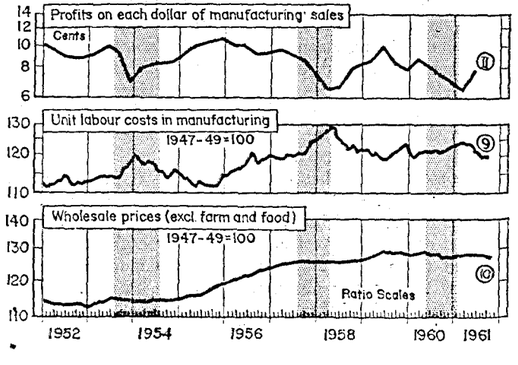
General Eisenhower has also been campaigning in San Antonio, Texas, where a non-liberal Republican is challenging the traditional Democratic hold on the House seat in a special by-election. The

Economists' Weather Map

THE three charts on the right are taken from "Business-Cycle Developments," a new monthly publication* of the Department of Commerce which brings together, in chart form, some 70 of the most important measurements of economic activity, with other data to aid the reader in forming a judgment about the future. It has been circulating in government offices for some time and is now offered to the public in the hope that its extremely up-to-date information (made possible only by the use of computers) will help economists, knowledgeable businessmen and others to determine what is happening and, perhaps, to smooth out some of the fluctuations in the business cycle—for example, by regulating their stocks more wisely. The figure in the circle on the charts gives the latest month or quarter which is plotted ; for wholesale prices it is October.

In addition to its promptness, the great virtue of the report is that it groups indicators according to their relation in time to the changes in the business cycle (recessions, from peak to trough, are shaded in the charts). About 30 are classed as "leading" indicators because they reach their peaks or troughs before the "roughly coincident" ones which move with economic activity as a whole. There are also 7 lagging indicators. Of the three shown at the right, that for profits (before taxes) is a leading indicator, wholesale prices a "roughly coincident" one and unit labour costs a lagger. These classifications, as well as the fixing of the historical turning-points, are the work of the National Bureau of Economic Research.

"Business-Cycle Developments" contains no interpretation or forecasts and those who use it must not expect automatic guidance ; they must also make allowances for factors such as strikes and international tension. But at his press conference introducing the publication last week Mr Hodges, the Secretary of Commerce, pointed out that with profits rising so sharply in the second quarter, wholesale prices stable and unit labour costs falling, at least until September, the omens for further expansion were favourable—even though some other indicators were pointing downward.



* Obtainable from Superintendent of Documents, Government Printing Office, Washington, DC, $4 a year+single copies 40 cents.



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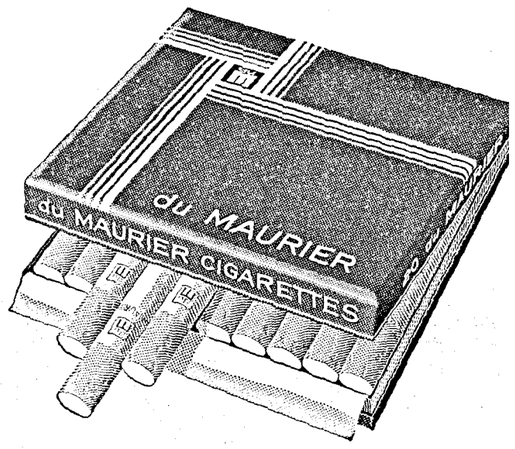
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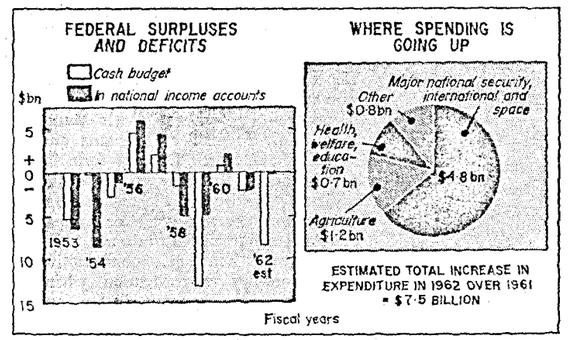
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contest is an interesting one. The Republican candidate, Mr Goode, is a new-style conservative of the grimly anti-communist, anti-spending type of Mr Tower, who carried off Vice President Johnson's senatorial seat in May in the first such Republican victory Texas has known since Reconstruction. The Democrat, Mr Gonzalez, of Mexican extraction, is a liberal who would be a valuable asset to Mr Kennedy but the President is confining his support to heartening messages.

Best Deficit Forward

THE estimate of a $6.9 billion deficit in the federal budget for the 1962 fiscal year, which ends next June, is vulnerable to attack from two quarters—from the liberals who think it is not big enough to sustain economic growth and expansion and from the conservatives who think it shocking to have a deficit at all in a year of recovery. The President's call to his cabinet to dismantle all anti-recessionary spending and economise elsewhere and the tenor of the mid-year budget review which appeared last weekend show that it is the Republican charges of fiscal recklessness—particularly trying to a man who is "very hard with a dollar"—which concern



Mr Kennedy most. Last year's deficit, which was mostly Mr Eisenhower's responsibility, was $3.9 billion and in January the outgoing President prophesied a surplus of $1.5 billion for the present year. But revenues are still held down by the recession to $82 billion while expenditure, put at $88.9 billion is growing, mainly because of defence costs, which are non-political, but also because of the misfortune of a bountiful harvest and the failure of Congress to limit agricultural production.

The authors of the budget review insist that a $6.9 billion deficit is non-inflationary while unemployment and excess capacity continue to loom so large and that neither the domestic price level nor the balance of payments is likely to suffer. For the first time they have included charts showing that both budget expenditures as a whole and domestic civilian spending still remain a fairly stable proportion of the growing national product. But the most striking innovation is the discussion of a third measure of budget deficits and surpluses and their impact on the economy—the calculations in the national income and product statistics issued by the Department of Commerce. The so-called cash budget, which differs from the regular accounts in that it includes the giant government trust funds and excludes certain intergovernmental transactions, is by now fairly familiar; it shows an estimated deficit of $8.4 billion for the present fiscal year.

The national income accounts yield a very different figure—a deficit of only $0.2 billion. This is because they exclude all capital and credit transactions and record federal receipts and spending on an accrual rather than a cash basis. For example they include the tax liabilities of corporations, the most volatile element in federal revenues, as they accrue and not when payment is made—which is on average about six months later—and so give a more realistic picture. On the basis of the national income accounts the budget, which has stimulated the economy throughout the calendar year 1961, may exert a mildly restraining effect in the second half of the present fiscal year. This may be offset, as the Director of the Budget suggested early this week, if it is possible to continue an easy monetary policy. But Mr Kennedy's liberal critics may be hard to satisfy if he submits a conventionally balanced budget for fiscal 1963 (as he has promised to do unless there are unforeseen increases in defence spending), if unemployment shows no real signs of falling.

Saturnalia

AT six minutes past eleven local time last Friday week, American space scientists lost their collective inferiority complex, the cure being effected by the sight of a Saturn rocket 20 storeys high disappearing from view with all eight engines firing full blast. Whether the cure proves permanent is going to depend on how Saturn behaves during subsequent trials. The American space programme has been ham-strung from the outset for want of big rocket engines equivalent to those used by the Russians. This has put severe limits on the size of payload that could be put into orbit and, what is worse, has obliged engineers to cut corners, in an attempt to save ounces, in ways that explain the failure of a good many space shots made in the past. It is still touch and go whether Project Mercury can muster sufficient power to get an astronaut not only off the ground but also into orbit, even under conditions infinitely more cramped than those endured by the Russian space men.

Saturn will change all this; the first version fired last week had a total thrust of 1.3 million pounds against less than 400,000 for the Atlas, which up till now has been America's biggest rocket. The fully developed Saturn should achieve 1.5 million pounds of thrust, which puts it in the same class as the big Soviet space launchers. With this amount of power in hand, the National Aeronautics and Space Administration has told contractors that

The Economist

NOVEMBER 2, 1861

THE CIVIL WAR

"There can be *no question* that the severance into two of the great American Republic materially diminishes its immediate grandeur, and impairs its prestige in the eyes of Europe. Its power is indisputably curtailed, and its empire, both over the territory of the New World and the imagination of the Old World, considerably shaken. It is one thing to reign over a whole continent, and another to reign over only half. It is one thing to command thirty millions, and another thing to command only twenty. It is a heavy blow and a great discouragement to lose a splendid territory, which is vast in extent even now, and which is capable of indefinite extension to the South. But this, we are assured, is not the real ground on which Secession is so vehemently dreaded and denounced by the citizens of the Free States,—and we credit the assurance. They fear that Secession once permitted will not stop short of wide and general dismemberment;—that severance between North and South if consummated—at least if consummated without a terrible and deterring conflict—will be speedily followed by severance between East and West, between Pacific and Atlantic States, perhaps even by indefinite and continuous separation;—and that, ultimately, in place of one great Republic—which was very grand and which every one dreaded and admired, America will present half a dozen moderate sized Republics—which will attain no marvellous dimensions, and which no one need adulate or fear. In a word, they apprehend the fate and the character of the South American revolted colonies of Spain. We take leave to say that the apprehension is not complimentary either to the moderation of their views or to the vigour of their nature.

it plans to put a three-man space capsule into orbit round the earth within the next two to three years, but for its ultimate target, the moon, much bigger engines than Saturn's will be needed. This will require a technical advance in some ways much bigger than that which divides the Saturn from smaller rockets like the Atlas. The German-born designer, Mr von Braun, obtained the power required by Saturn by harnessing together eight rocket motors of individually modest thrust, a system that is also used by the Russians, but that has never found much favour with other American rocket engineers. The Nova family of rockets intended to take men to the moon and beyond calls for completely new rocket engines each of which will have as much power as all Saturn's eight put together. NASA expects the first manned orbital flight round the moon to take place by 1965.

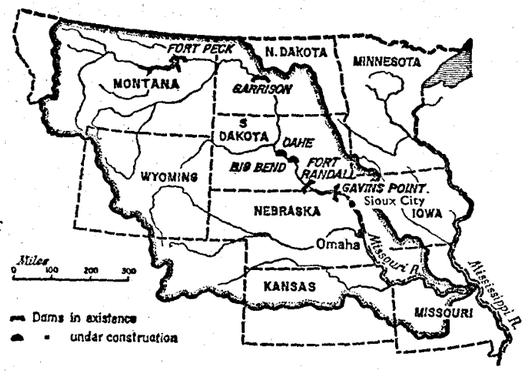
Jets' Third Man

FROM A SPECIAL CORRESPONDENT

THE three-man commission appointed by President Kennedy to suggest a solution for the long-standing and complicated dispute which grounded most of the nation's airlines for seven days in February has finally completed its task and made public its unanimous recommendations. The dispute arises from the conflicting claims of two trade unions—one representing the pilots and the other the flight engineers—to supply the third member of the crew in the turbojet aircraft which most of the large American airlines now use on their long flights. All previous attempts to resolve the issue have failed, including one by the

Tug of Water

FROM A CORRESPONDENT IN MINNESOTA



AFTER seventeen years the programme for developing the resources of the Missouri river basin is now about one-third complete, and both the benefits and the problems involved are becoming clearer. About $2 billion has been spent, of a federal investment expected to total about $6 billion. Four of the six huge earth dams spanning the wide, shallow river valley are now virtually finished and the other two are under construction. Lakes up to 200 miles in length cut like a blue slash through the brown prairie; they have brought a new world of water recreation to the people who live in this semi-arid region. Though the great floods which prompted the programme have not recurred, the dams, and the levees along the lower river, were credited with averting some $183 million in damages in 1960. In 1954 the improvement of the channel made possible the start of commercial navigation as far upriver as Sioux City, Iowa; this is tiny, but growing steadily. The output of power from the dams has made possible the rapid electrification of the sparsely-settled Great Plains. Some 847,000 kilowatts of generating capacity was installed by the end of 1960; about 900,000 kilowatts more is being built. Storage capacity for about 87 million acre-feet of water has been constructed. Irrigation—the top-priority use for this stored water—has been the notable laggard; fewer than 250,000 acres are receiving water, compared with the target of 4 million.

The next few years are likely to bring the sharpest test yet of the peculiar administrative arrangements for managing this river development in which 10 states and 7 federal agencies are involved. The idea of a public corporation, like the Tennessee Valley Authority, was rejected when the programme was authorised in 1944. Instead, Congress merged the divergent proposals of the Army's Corps of Engineers and the Department of the Interior's Bureau of Reclamation; it gave the former the responsibility for flood control and navigation and the latter the responsibility for irrigation and electric power, thereby building in the conflicts which have beset the programme ever since. Projects are co-ordinated by an elaborate framework of committees, through which serious disputes sift upward to Congress or to the President.

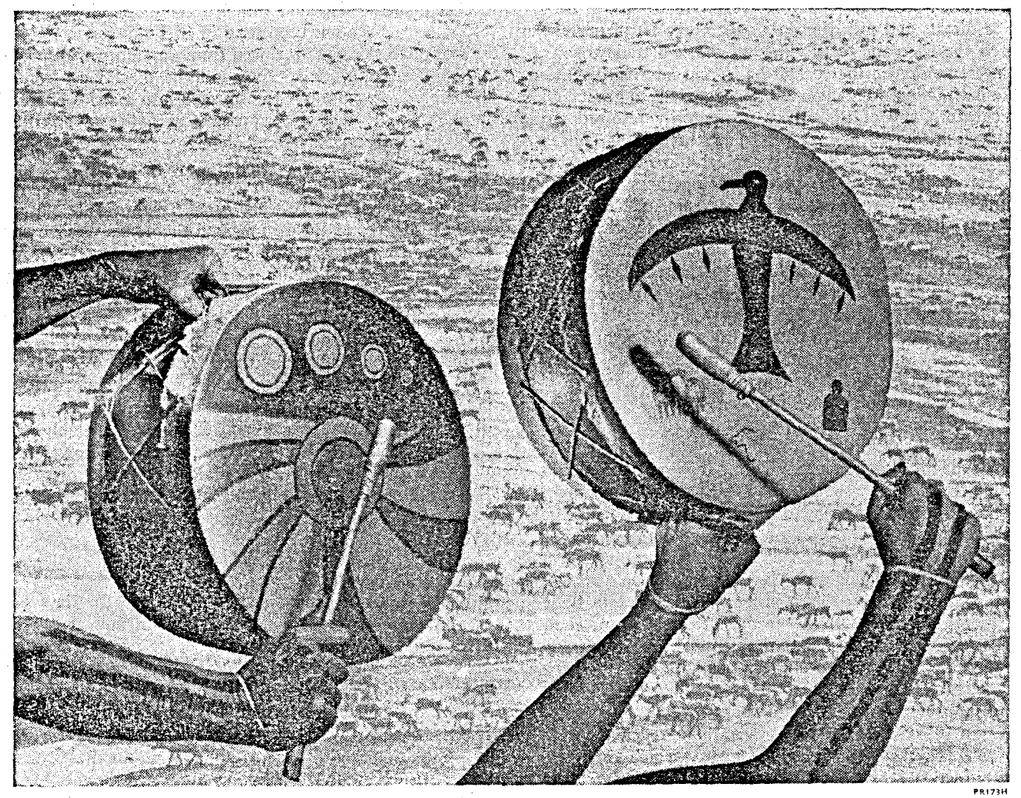
IT would be difficult enough under normal conditions to provide "balanced multiple-purpose service" to all the diverse interests involved in a river basin whose 529,000 square miles cover one-sixth of the continental United States, from the high plains of Montana to the humid lowlands of Missouri. The job has been made more difficult by eight successive years in which the run-off of water into the reservoirs has been only about 75 per cent of normal. The principal controversy to emerge has been between the consumers of electric power upriver, who want water to go through the generators in the winter, and the cities, shippers and barge lines downstream who are interested in releasing water during the summer to maintain the channel depths for navigation.

The dispute was carried to the White House last spring when three Democratic Senators from upriver states—Mr Mansfield and Mr Metcalf of Montana and Mr Burdick of North Dakota—formally asked President Kennedy to make the Army stop "unwise and illegal" releases of water from the reservoirs for navigation. An amendment to the basic legislation gave "beneficial consumptive uses" priority over navigation where waters rising in the upper basin are concerned. The Attorney General now has the task of determining whether electric power can be considered such a "beneficial consumptive use."

One solution to the dispute—but a costly one—would be resort to "slack-water navigation," which employs frequent dams to economise on water. Another way out would be to build steam electric plants, perhaps using the local lignites, to supplement power from the dams when the river is low; one local group of consumers has already asked for a government loan to do just this. Partly to block such a development and to discourage the building of more government transmission lines, 14 private mid-western electricity companies have just offered to supplement the supply themselves—a move in tune with the strategy that has been adopted by private electricity firms all over the country.

Whatever the Attorney General decides, the tug of war over the Missouri's waters is certain to continue. Irrigation unquestionably has priority over navigation and as it develops will add to the demand. Nothing, at this point, would help as much as another of the great floods of the nineteen forties, caught and held in the reservoirs.

Drums (non-returnable) along the Athabaska



PR173H

Under the midnight sun of Canada's far North-West, a line of barges creeps into Yellowknife—a gold-mining settlement on the desolate shore of a great lake. Their load—cyanide in drums—is prosaic, perhaps; but it has completed an adventurous journey that started 10,000 miles away at an I.C.I. factory in England: by sea across the Atlantic and through the Panama Canal to Canada's Pacific coast; down-river by barge, overland again for many a rugged mile, down-river once more to the waters of the lake itself.

Such odysseys are not uncommon for I.C.I. chemicals, and least of all for I.C.I. cyanide. Known for 50 years as the key for unlocking gold and silver from their ores, it is used almost everywhere these precious metals are mined—in the Australian deserts, in the rolling hills of Southern India, in the mountains of Colombia and the uplands of Fiji. And, like so many I.C.I. chemicals, it is no stranger to the engineering industries of Europe. Cyanide case-hardening salts from I.C.I., as well as degreasing solvents and metal pre-treatments, play a part in the production of everything from hypodermic needles to agricultural machinery.

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Imperial Chemical Industries Ltd., London, S.W.1

ICI

American Federation of Labour and Congress of Industrial Organisations, to which both groups are affiliated.

The airlines have had no agreed policy among themselves for dealing with the problem and for years there have been strikes, strike threats and picketing in almost every set of negotiations between the companies and either of the two trade unions. There was great tension in the cockpit itself, and internal disputes raged within each union. Finally one airline, anxious to get its jets into the air before any of the others, temporarily resolved the dispute by putting four men in the cockpit: three pilots and an engineer. But this "solution" was costly for those airlines that adopted it, especially since some of their competitors flew with only the three-man crew required by the government. The situation ultimately exploded into a seven-day strike by the flight engineers' union which led, because of the public interest involved, to the creation of the commission headed by Professor Feinsinger.

The panel's preliminary report, issued in May, was received with great disfavour by all the groups involved and its final judgment may not fare much better, although the commission worked hard to find a solution acceptable to everybody. Its recommendations call for bringing the size of the crew down from four to three on the airlines which have four men in the cockpit. In the transitional period engineers with mechanical backgrounds will be given enough flight training, at the airlines' expense, to enable them to relieve the pilots in an emergency and manipulate the flight controls. But they will not be required to take off or to make landings. This is the recommendation that will undoubtedly be the most difficult for the pilots to swallow, since up to now they have insisted that the engineer be a fully qualified pilot. An equally bitter pill for the engineers is the commission's recommendation that they give up their existence as a separate trade union and merge with the pilots' group. A number of their branches have done this already, but the national leaders bitterly oppose the idea of giving up the union's separate identity.

If the commission's proposals are followed, all engineers hired by the airlines in the future will be pilots. Any pilots now employed are to be safeguarded for at least a year, and perhaps for as long as four years, from any loss in pay which they may suffer if the reduction in the size of crews means they have to fly aircraft on which the scales of pay are lower. The engineers would receive similar guarantees. The presidents of American, Eastern, Trans-World and Pan-American Airlines have all agreed to accept the recommendations (in spite of the heavy financial burdens they would impose on the companies at a time when money is short), because they represent a fair solution to a complex problem. But what the two unions will do is still uncertain.

Britain in the Middle West

FROM A CORRESPONDENT IN ST LOUIS

An increased interest in British quality goods, from woollens to motor cars, is expected after the two-week "Festival Britannia" in St Louis which ended last Saturday. This prosperous metropolitan region has a population of about two million and accounted in 1960 for some $2.5 billion in retail sales. French and Italian goods have been promoted successfully by similar means in recent years, but the market has been virtually untapped by British exporters although Britain buys considerable quantities of food, machine tools and consumer goods in the Middle West.

Festival Britannia was sponsored by Stix, Baer & Fuller, perhaps the most enterprising of St Louis's three big department stores, in co-operation with British exporters and the British Board of Trade. In addition to elaborate displays in the firm's downtown store and in its two suburban outlets, various civic events were keyed into the festival. The Essex and Kent Scottish Regiment from Canada performed with the St Louis Symphony and the City Art Museum and public library put on special events. To arouse interest two sergeants from the Household Brigade performed the ceremony of the Changing of the Guard and a double-decker bus from London rumbled about the city's streets; buses of this type have not been used in St Louis for many years.

The plate glass was removed from a number of display windows at the firm's downtown store and the block-long frontage along Washington Avenue was transformed into a series of English shop fronts. Inside the main store was a replica of an 18th-century pub, where beer, stout and ale were dispensed at appropriately warm temperatures. All three stores were stocked with British edibles—part of $1 million worth of merchandise accumulated by 18 buyers from the store who visited Britain for the purpose. The recorded chimes of Big Ben marked the hours. Ballad singers and bagpipers performed, and Sotheby's, behind a replica of its London front, displayed a Cézanne still life valued at $160,000; outside British newspapers and magazines were on sale.

The festival marked the opening of a special exhibit by the British Board of Trade, "Britain Past and Present," which henceforth will be on display elsewhere in the United States. It depicts through scale models the old and new in architecture, transport, industry, inventions, art, education, farming, textiles, interior design and other subjects and includes, inevitably, models of Buckingham Palace, Windsor Castle and the Tower of London. But the Tower is dwarfed by Calder Hall and the 16th-century Harvard House is compared with new blocks of flats in St Pancras.

Cross of Silver

Silver has not caused such a stir since the days of William Jennings Bryan and bimetallism. But now it is the price of silver itself which is in question, not its possible monetary effect upon the price level in general. Today silver plays a modest part as legal backing for the American currency and the Treasury buys and sells the metal at prices that have remained unchanged since 1946. Since then the demand for silver for industrial uses has grown, particularly for photographic film, but the Treasury's willingness to sell at a fixed price has prevented the market price from rising; buyers can always count on satisfying their needs there. The result is that the Treasury's stock of "free silver" (silver not needed as currency backing) has been shrinking; this year it has fallen from 124 million ounces to 45 million.

To prevent its stocks from being completely exhausted in six months or so (and the Treasury itself is constantly in need of silver for minting new coins) the Administration is having to make a rapid reappraisal of its silver policy. Several courses of action are open to it. It could raise the official price of silver or it could suspend its own sales, thus freeing the commercial price. Either of these steps would disappoint silver users, but would gratify the producers, the representatives of the western silver states, and the struggling lead and zinc miners; silver is produced largely as a by-product in these mines. Alternatively the Treasury could take steps to liberate part or all of the 1.7 billion ounces of silver reserved at present as legal backing for the currency; this would provide more silver for the coinage and please the industrial users, though not the producers.

Recently the Treasury launched a full-scale study to help the Administration make up its mind. It is under the direction of Mr Roosa, to whom control over all matters concerning silver and gold was quietly transferred last month. Up until then authority over official silver policy rested, at least nominally, with the Director of the Mint. Since September she has been Miss Eva Adams, long an assistant of Senators known as spokesmen for the silver producers. But the unsuitability of this appointment was realised in time and she was not allowed to take over the office until this week when it had become an empty honour.



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THE BUSINESS WORLD

Improving Export Finance

THERE has been a distinct change in the past year or so in the British Government's reactions to the ever-present complaints from exporters that they are being handicapped in world markets by inferior credit facilities. The Treasury can (and should) still point out that the balance of payments benefits not from the physical shipment of goods overseas but from payments for those shipments; and it can also point to the always sobering reminder that manufacturers in the United States, Germany, France and the rest are also complaining to their own governments that their credit facilities are inferior. Britain has a clear interest in avoiding an export credits race, which is most likely to be won by the country whose foreign exchange purse is the longest; and for this reason the Government for many years laid prime emphasis on the conventions embodied in the Berne Union.

It has become quite clear, however, that to all intents and purposes the Berne Union is dead. In particular, its limitation of export credit insurance to a period of five years has become increasingly unrealistic, as competition for major capital projects has intensified and as the buyers in countries short of foreign exchange have been able to demand and get credit for ten and fifteen years. Last April the Export Credits Guarantee Department made a major new departure, still not sufficiently appreciated in British industry: its arrangements for long-term financial guarantees give British exporters of capital goods a flexible facility that is the envy of their rivals. But the critics in Britain still have two main worries—first about the availability of adequate finance under the long-term guarantees; and secondly about the rate of interest on it.

The City has been talking a good deal about the handicap that high interest rates impose on export finance, and this has been seen as a general argument for getting rates down. Those who believe that the recent level of interest rates should be regarded not as a crisis level but as the norm in Britain's present circumstances have the more reason now to consider some special easing for export finance. Export credits, admittedly, initially appear in the balance of payments book-keeping as burdensome exports of capital, but they are the form of capital exports that is most quickly and most surely requited in future receipts. In the world trading conditions of the sixties, Britain must regretfully set its cash preference a little lower.

What form should any improvement in export credit facilities take? This is the question now being debated, not without heat, within the Government and between it and the City. It can certainly be maintained that the actual facilities now available to the British exporter—leaving aside the interest rate for the moment—are extraordinarily good. Finance up to five years is available without much difficulty. The ECGD provides credit insurance cover up to 95 per cent—in the United States the Export-Import Bank has only just entered this field. This business has been expanding so fast in Britain that the Government now needs to raise the present limit of £1,000 million on ECGD guarantees. Finance in this range could nearly always be raised from the clearing banks even before the Bank of England gave them facilities for re-discounting this export paper once it was within eighteen months of maturity—which has meant that a five- or seven-year advance for export finance holds the promise of a future addition to the bank's liquid assets. Similar facilities exist in other countries; but by and large access to the capital market is easier for the average firm in Britain than in Continental countries, where the capital market is much narrower. The closer connections of the banks with industry there may make finance easier for the big, well-connected firm—but may cause difficulties for the firm that lacks such connections.

BANK money in Britain is limited, however, to a term of five and at most seven years, and this is also the limit of the normal credit insurance cover provided by ECGD. Its new facilities for guaranteeing longer credits, which are granted direct to the overseas buyer and thus get away from the form of "supplier's credit" which technically is all that is affected by the credit insurance conventions, are limited to major capital projects, and applications are subject to special scrutiny. But the scheme has got off to a resounding start; since April, cover has been agreed in principle on five projects valued at about £69 million, of which the loan element will be some £53 million. A number of other projects are in the pipeline. The finance is being provided mainly on a joint basis between the clearing banks, providing credit up to seven years, and the insurance companies, which take the later maturities—even the maximum of fifteen years or so is rather short for their liking. A number of insurance companies, and also pension funds, have joined a consortium arranged by Lazard Brothers, in which the participants have each indicated their maximum commitment, standing prepared to put up money to that limit as the need arises. Some other merchant banks have made approaches of the same kind, but so far no second consortium has been set up. Finance can, of course, be raised without such arrangements—Hambros and M. Samuel are active in shipping finance. So far, it seems, no serious project put before ECGD under the new scheme has fallen down for lack of support in the City. Looking to the future, however, one cannot feel sure that existing channels are sufficient to cope

with a substantial continuing demand for five- to fifteen-year money; and although the present scheme does provide for recourse to Government money under Section III of the Export Guarantees Act, this is essentially a last resort.

What of interest rates? No exact international comparisons are possible. The current rate in London has recently been 7½ per cent—1 per cent above Bank rate charged by the clearing banks, and a small turn on the rate on industrial debentures asked by the insurance companies for taking up an unquoted security. The half per cent cut in Bank rate and the fall in fixed-interest yields may now reduce this to 7 per cent. These rates are not above the effective lending rate charged by banks in many Continental countries—though Holland, Switzerland and the United States are clearly cheaper. Other countries, however, do offer specially favourable rates on export finance. Thus the Belgian National Bank has quoted two re-discount rates, one for export paper and one for the rest. The Bank of France maintains a stable, and normally lower, rate for export paper. In Germany the agency dispensing the old counterpart funds from Marshall aid provides export finance at 6 per cent, and the Government has been plagued by angry shipbuilders to give them credit at 5 per cent. Official finance at these rates is undoubtedly cheaper than London market rates—which in turn set the rate for Government money through Section III. It has to be remembered, however, that in most cases the cheap Continental finance is available in strictly limited quantity; the average rate for export finance there is appreciably higher.

So far, the City and ECGD have been able to find few indications that the current level of London rates has resulted in a loss of business, though the City would add that it has fears for the future. High interest rates are of relatively small significance on a short or medium term credit. It is for the large capital projects that they may be decisive—such as for a ship that has been chartered out at a fine margin. This was one of the considerations in the much publicised difficulty in financing a tanker for the Naess group, but here it was not the decisive one. The project fell through because while City institutions agreed to finance the ship that was to be built in Britain they refused to provide parallel finance for a companion ship to be built in Germany—it was there that construction costs were cheaper but the builders were initially unable to arrange the credit. A complicating element in this case, which is often found in tanker finance and generally works to the advantage of British builders, is that where the long-term charter from the oil company is in terms of sterling, the shipowner is nowadays reluctant to commit himself to a long-term commitment to repay over the years in another currency such as marks or guilders.

The broad picture that emerges is thus that Britain's present framework of financing facilities is good, but may need underpinning by the assurance of finance for the "difficult" period; and that interest rates, while they cannot be said to be greatly out of line with those in overseas capital markets do penalise the British exporter where he has to compete with an overseas competitor who has access to specially favourable official facilities. Against this background, here are the main alternative routes of reform.

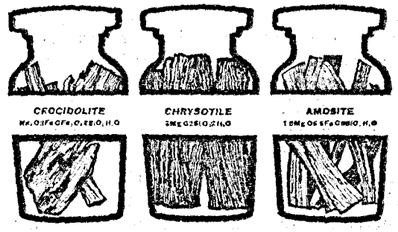
(1) **An exporter's Bank rate.** If the Bank of England established a special and lower re-discount rate for export paper, Britain's competitors in the General Agreement on Tariffs and Trade could hardly inveigh against a form of export subsidy that some of them use themselves. And it should be possible to establish a preferential rate for this quite distinct purpose without running into the major difficulties that would be involved in a general move to a two-tier structure of interest rates. But any such innovation would have major implications for the banking system and official finance. If the preferential rate is to be passed on to exporters in cheaper bank overdrafts, the re-discount facilities must be used by the banks (in contrast with their existing facility for export paper, which does the trick simply by permitting a book transfer from advances to liquid assets). Thus the mass of bank finance for exports would be refinanced from official funds. Given the flexibility of official financing arrangements in Britain this would raise technical rather than fundamental difficulties. The question is whether this is the most economical route to achieve the desired result. On the one hand it gives a general boost to all exporters. The obverse of this, however, is that it is unselective, and indeed misses altogether the really important cases—the relatively few capital projects needing finance for ten or fifteen years.

(2) A special **Export Finance Corporation,** believed to be favoured by the Bank of England. This is an old friend. There is nothing to be said for a corporation set up in the traditional City way, with the banks, insurance companies and other institutions putting up the capital. The warning is visible. ICFC, FCI, CDFC—how many people even remember what they mean? The fate of all these institutions has been that the sponsors, jollied along into putting up the initial capital, have thereafter neglected their charge and even regarded it as a rival.

(3) If the new corporation leans on City finance it must do so in a form that appears attractive to the sponsor. Some bright new thoughts are needed. One possibility would be for the **insurance companies** to set up their own corporation and put 20-year money into it, which the Government would guarantee to service every year; the insurance companies would hold the equity of the corporation and derive an equity profit from the commissions which would ordinarily go to the bankers. This idea would, of course, cause loud cries in the City. But a new corporation must have independence.

(4) The other way of achieving this is to set up a **quasi-government body** that can raise finance for itself, either from the Exchequer or by gilt-edged issues of its own. The days when fixed interest finance could not be raised in London are over. Nor is there any real problem of management—the thrustful ECGD is fully at home in this field. Whatever form the corporation takes, there should probably be a special credit line with the Bank of England or the Exchequer through which finance can if necessary be provided below the market rate. This line should be used sparsely and selectively, only with special ministerial approval. It would be a last resort to be avoided unless particular circumstances pointed overwhelmingly the other way.

No one can say which of these alternative approaches will be most suitable to conditions that lie ahead. Certainly there is now a strong case for an export finance corporation, but it must be of the right kind. The Government will do much better to risk a little competition with City institutions than to goad them into setting up a Cinderella of their own. Official finance would still be used only when market finance was not forthcoming; in the jargon, it is just a question of streamlining Section III.



Changing Face of Asbestos

In this age of the mineral, oil and coal have set the pace in opening up a wealth of new materials for industry. Almost unremarked, the group of materials known as asbestos—and a perplexing string of other names picked up in the course of time—has contributed a scarcely less important range of new products. Asbestos has a past almost as long as written history, yet it can only boast a real working life of just over three-quarters of a century.

In its long unproductive past, asbestos was habitually cloaked in mild mystery. Vestal virgins traded on the apparently supernatural life of their lamp wicks, and Charlemagne pitched his unburnable blanket on to the fire to impress his visitors. To a degree, some air of mystery has in the past shrouded the facts about the asbestos industry, and history, too, has played some confusing tricks in shaping it. Major discoveries of asbestos were made in South Africa in the early 1800's, and in 1878 a forest fire in Quebec laid bare a rich asbestos deposit. Raw fibre from this deposit reached this country in the following year, Turner Brothers of Rochdale had been trying for eight years to make gland packings for superheated steam engines from cotton. They succeeded with asbestos and pioneered the spinning and weaving of asbestos on power-driven machinery. At the same time the significance of asbestos for dealing with superheated steam was recognised by John Bell, who acquired the original Bell Asbestos Mine in Canada, still one of the most important in the world. By developing spun and woven asbestos for brake and clutch linings, packings, gaskets, protective clothing, insulation cloth and plastic reinforcement, Turners became the largest asbestos spinners in the world. In value, the textile side of the industry, which absorbs the longer, more expensive fibre, still accounts for about a third of asbestos consumption in this country.

But by volume, the principal user is the building industry which now absorbs about 80 per cent of the raw material imported into this country. Asbestos was first combined with Portland cement to make asbestos cement building products in the form of flat sheets or slates in 1913. The exceptional plasticity of this material in its wet state and its ease of handling were soon recognised, and exploited in a variety of corrugated forms. By 1918 there were four major manufacturers in this country. Bell's United Asbestos amalgamated with an asbestos cement company in 1922; seven years later the three major manufacturers of asbestos cement were combined within the Turner and Newall group, which then supplied almost all these products used in Britain. Through a complicated series of transactions, T and N got Bell's Canadian mine; the rump of the Bell organisation became the nucleus of the thriving Bell's Asbestos and Engineering; and two of Bell's key personnel left to become the mainspring of the equally thriving Universal Asbestos, which with Atlas Asbestos is now Turner's competitor in asbestos cement in this country.

The other major asbestos concern in Britain, Cape Asbestos, has a slightly less colourful history. Francis Oats of De Beers formed Cape to snap up South African asbestos deposits at the turn of the century. Cape also acquired, and still has, a manufacturing subsidiary in Turin. Asbestos had been mined at the foot of the Italian Alps throughout the dark ages and a modern asbestos textile industry was developing from the centuries-old hand spinning and weaving establishments. In 1925, Cape bought a number of mines in the Transvaal producing a fawn asbestos known as amosite. For a considerable time Cape held a near monopoly of this material, which gives good heat insulation though it is too stiff to spin. Using this material, Cape developed its asbestos interests in a larger range of finished products, especially insulation board and lagging materials, after the war. To widen the market for its asbestos fibre, it licenses the manufacture of its products abroad. But different types of asbestos vary so greatly in their properties that Cape and Turner and Newall have to sell fibre to each other.

In Britain, the asbestos industry now consists of two integrated producers, who also sell raw asbestos (T and N on a vaster scale than Cape); several medium-sized manufacturers, principally Universal, Bell's and British Belting and Asbestos; and many smaller manufacturers each following a special bent in asbestos and often with more than a foothold in other industries such as plastics, which compete fiercely with asbestos at some points. In a sense every smaller manufacturer in Britain must live

PROFITS AND RETURNS

(£000's)

Years to	Turner & Newall September			Cape Asbestos December			Bell's Asbestos December			Universal Asbestos September		
	1956	1959	1960	1956	1959	1960	1956	1959	1960	1956	1959	1960
Trading profit	17,162	16,023	17,269	1,711	2,274	2,689	900	848	1,094	415	664	863
Net profit	5,678	6,472	7,535	550	768	909	305	282	356	164	318	364
Ordinary dividend	1,731	2,681	3,218	250	417	502	83	89	127	48	96	156
Ordinary Dividend (per cent)	7½*	10*	12*	15	20	22½	13⅓*	13⅓*	15*	6·4*	12*	16*
Net assets	55,188	75,412	79,780	7,212	9,544	11,053	2,331	2,922	4,170	1,107	1,693	2,381
Trading profit/net assets (per cent)	31·1	21·2	21·7	23·7	23·8	24·3	38·6	29·0	26·2	37·5	39·2	36·2
Price	58s. 6d.			17s. 0d.			15s. 9d. xc.			19s. 10½d.		
Yield (per cent)	4·0			6·5			4·7			3·9		

British Belting and Asbestos was made public in June 1961; trading profit in year to December last was £1,643,000; ordinary shares at 19s. 1½d. yield 4·5 per cent.

* Adjusted for scrip issue.

in the shadow of Turner and Newall, which has net capital assets of over £100 million and tries to market most of the asbestos products needed by its customers. Only one other asbestos group, the Johns-Manville Corporation of America, operates on this scale. In asbestos cement the group claims to control as much as three-quarters of Britain's output, though this is disputed by its competitors. But no manufacturer is at a disadvantage when it comes to purchasing fibre; it can rely on T and N for its supplies or get them freely from alternative sources. In fact, T and N's chief competitors claim on their profits record to have made the greater progress since the war; their shares have been among the leading growth stocks.

But competition is beginning to develop to a less comfortable pitch. Good profits are still being made, new plant is being installed and the immediate prospects for this industry must be considerably more comforting than for many others. But in the asbestos cement business, delivery dates are shortening and the customer is being more attentively served. Costs of production continue to rise and more of them may have to be absorbed in thinner profit margins. Cement has gone up—T and N is the biggest user in the country—and wages depend on the efficacy of the "pause." The cost of asbestos itself has also been edging steadily higher, though it appears to have temporarily reached its peak. Substantial savings in costs have already been achieved, but the manufacture of many asbestos products is already near the technical optimum and new savings will be harder to win. The size of the market for asbestos products and its rate of expansion are little guide to profitability. America is the largest consumer of asbestos in the West, but the degree of competition there at times borders on the frenzied.

When competition begins to bite, it is not necessarily the giant who is bound to win. Any large organisation must have its weaker spots. The smaller rival has the choice of time, place and materials in attacking the market of its bigger rival. Some rivals were prepared to say that as a manufacturer, Turner and Newall had grown a little flabby a few years ago. But accusations of this kind have to be weighed against the burden of holding down a dominant role in any industry. T and N feels compelled to develop and research on an institutional scale, and extend its range over products which give varying margins, rather than concentrate its efforts where the immediate gain is greatest. Whatever illusions T and N's thrustful competitors might hold about its past performance, few would be wise to bank on gloved competition in future. All the signs suggest that Turner and Newall has no lack of vigour: it absorbed half of the fibre imported into this country last year, but its net profit was more than four times as great as all its principal competitors combined.

In its main use, building, most factors seem to be on the side of asbestos. The trend toward dry pre-fabricated construction and the greater fire protection necessary in light buildings are helpful. In Africa, where bad neighbours commonly set fire to each other's thatch, asbestos sheeting has proved a godsend. Even termites refuse to eat it; asbestos cement is relatively cheap and can be manufactured locally without great difficulty, though temporarily at somewhat high cost. Both the major British asbestos cement manufacturers have opened plants in former British colonies in Africa. Asbestos products have long made their mark in cheap agricultural buildings, which local farmers are reasonably able to afford. Asbestos can be sprayed on interior surfaces or supplied as moulded panels. An important use is in asbestos pressure pipes for water supply which are not affected by corrosion in soft water districts.

The greater use of aluminium in ships increases the use of asbestos products for fire protection, manufacturers are under greater pressure to keep down fuel bills by proper lagging and the electrical industry is an important customer for insulating materials. New chemicals, machinery and boilers are increasing the use of asbestos for pipes, flues and packing, and many companies in the asbestos business produce some form of brake linings.

Competition for asbestos stems from new materials like plastics, and supplies of relatively inexpensive local materials like tiles. Asbestos deposits are fairly common, but commercially workable ones less so. Canada is by far the largest supplier and T and N has a sizeable stake—direct and indirect—in its production of white chrysotile asbestos, some grades of which spin well. As well as amosite, South Africa is the principal source of blue crocidolite which fiberises into greater volume, is more resistant to acids and is used extensively for the production of pipes. New deposits are being explored and supplies of asbestos fibres will probably remain adequate. In his efforts to industrialise Russia, Peter the Great tried to start an asbestos industry. As in his other ventures, the communists have completed his work. Russia claims to have the largest reserves of asbestos in the world. It intends to double its production by 1965, and though all this output could undoubtedly be used within the communist block, Russia's need for foreign exchange will govern its sales to outside markets. At present Russian exports of asbestos are only about 125,000 tons a year, of which 3,000 tons (1.6 per cent of imports) reach this country. For asbestos, expansion is still the keynote; Turner and Newall has a £3½ million expansion programme for brake linings and a £1 million factory for moulded asbestos cement goods to be completed next year. Cape has acquired Small and Parkes to become probably the second largest manufacturer of brake linings in this country. Investment in asbestos has produced a satisfactory rise in dividends, though these also reflect higher profits from non-asbestos interests, but the next stage of the struggle for markets may prove tougher.

INVESTMENT SERVICES ON LATER PAGES

COMPANY AFFAIRS

Comments on pages 495, 498 and 499 on:

Tube Investments	Fisons	Crompton Parkinson
Fairey	Dalgety	Harris Lebus
Stone Platt	Birmid	Grampian Holdings
British and Commonwealth Shipping		Reardon Smith Line

LONDON AND NEW YORK

Stocks, prices, yields and security indices on pages 496 and 497

LONDON STOCK EXCHANGE

The week's movements reported on page 499

MONEY AND EXCHANGES

Money market report, exchange rates and public finance on page 500

BUSINESS NOTES

BANK RATE

Slippery Slope

To nobody's surprise, Bank rate came down another half per cent on Thursday, to six per cent. The City had noted the Bank of England's milder treatment of the discount market earlier in the week, and the Bank was for once content to forego a technical surprise. This further cut follows directly from the first move a month ago: once the downward spiral was set in motion it was, and is, very difficult to stop. For the prime object of both the reductions has been to check the inflow of foreign funds by reducing the interest rate differential in favour of London; and since Bank rate would have to be reduced at least to 4 per cent for that differential to be eliminated, the main effect of the present reductions may be to whet the City's appetite for more—and encourage foreign holders of liquid funds to get in while the going is good. The foreign exchange markets, in expecting a reduction of a full point on Thursday, may have appeared unfamiliar with the Bank's customary ways: but a wholehearted move might indeed have had a logic that these tentative, partial moves lack. As it is the authorities find themselves on a slippery slope.

Thus the flow of funds to London clearly increased substantially after the first Bank rate cut. The cost of forward exchange cover fell more than proportionately, so that the margin in London's favour on covered arbitrage widened, to around ⅝ per cent. The gold figures for October, published a few hours after Thursday's Bank rate posting, reflect an extraordinarily high inflow. There were repayments of £100 million to the International Monetary Fund, of £4 million under the old European Payments Union, and of a further "small amount" to Continental central banks, which discharge the whole of the Basle debts except the £18 million which is to be funded in the Swiss loan. In addition, Nigeria converted £11 million of its sterling reserve into gold and dollars. After these payments adding up to £115 million, plus Basle, the reserves fell by £8 million—so that the true intake was something over £107 million.

THE NEW MONEY RATES

	From per cent	To per cent
Bank rate	6½	6
Overdraft rates:		
England	7–8	6½–7½
Scotland (minimum)	7½–8½	7–8
Deposit rates (7 days' notice):		
Clearing banks	4½	4
Discount houses	4½–¾	4–4¼
Local authorities	6½	6⅛
Building societies	No change 3¾ (tax paid)	
Nat. Savings Certificates	No change 4 3/16 (tax free)	

Domestically, this Bank rate reduction, like its predecessor and indeed like most Bank rate reductions that one remembers, is not intended to mark any relaxation in credit restrictions as a whole. The Governor has made this clear to the clearing banks, and also to representatives of the finance houses and building societies. Nor do the authorities at present contemplate any change in their funding tactics in the gilt-edged market—though they might indeed need to reinforce the funding drive if a significant fall in yields, and a further rise in bank liquidity, is to be avoided. While Bank rate at six per cent is still traditionally high, the two reductions have undoubtedly eased the pressure in the City, and elsewhere. Thus the building societies now see more scope for attracting funds, as their lending rates have become more competitive, and they may be able to grant mortgages more freely.

STOCK MARKETS

In Their Stride

Stock markets, having offered odds-on that the Bank rate would be reduced this week, took the cut of one half of one per cent in their stride. Anticipation that the reduction would come this week had been so strong that short term money flooded into the local authority mortgage market and did not find many takers. Gilt-edged prices, too, continued to move up; but a reduction in Bank rate had been discounted in the earlier sustained rise, so the advance was not quite at the pace of previous weeks. Indeed, War Loan, having gone ex-dividend, slipped back a little and the tap price on the 5½ per cent Treasury, 2008-12, was left unchanged at a net price of 82⅛ in the three days preceding the Bank rate. After the reduction was announced it was raised to 82⅛ and though some profits were taken elsewhere in the gilt-edged market prices were still higher on balance at the close. The continued strength of the gilt-edged market ensures success for the £6 million cash-cum-conversion offer by Bootle Corporation of a 6½ per cent stock, 1971-72, at 99. The coupon and dates are the same as those on the recently successful LCC offer, but the price is 2½ points higher, taking some account of the rise in prices since the LCC carried through its cash-cum-conversion operation. The Bootle terms, like those on the LCC stock, were clearly generous, but this is inevitable in rising markets when the conversion lists have to be left open for ten days.

The most significant change in the stock market, however, occurred in industrial equities. In the week to Wednesday's close *The Economist* indicator gained 11 points to 356.0, its highest point since the middle of September. The volume of business broadened a little as investment and some short-term speculative buying (including some bear covering) took place. Investors may simply have thought that prices had hit bottom, and that selective buying would not offer too much of a hostage to the future. But the renewal of interest owed

	Jan. 3, 1961	July 24, 1961	Oct. 6, 1961	Oct. 26, 1961	Nov. 2, 1961
Exchequer 3% 62/63	95 5/32	95 3/8	95 13/32	95 11/16	95 15/16
Conv. 4½% 1963	98 11/16	98 1/4	98	98 5/16	98 1/2
Saving 2½% 64/67	82 7/16	83 3/32	83 7/32	84 3/4	85 1/8
Funding 3% 66/68	81 7/32	81 7/16	81 13/16	83 7/16	83 23/32
Treasury 5½% 2008/12	93 1/4	85 3/8	82 5/32	82 11/16	82 15/16
War Loan 3½%	58 9/32	53 11/32	52 1/4	53 1/8	52 25/32
APC	46/10½†	52/–†	48/4½	48/7½	49/4½
GKN	78/–	88/10½	88/–	75/9	81/–
ICI	63/9	68/–	60/10½*	59/10½	62/4½
Ind Coope TA		13/9	13/11½	14/1½	14/4½
Marks & Sp. 'A'	85/10½†	99/11½†	103/–	101/9	103/9
Metal Box	69/9	89/–	83/–	76/3	80/–

* Ex dividend. † Adjusted for scrip issue.

something to the realisation that not all company reports contain depressing news; the results from Tube Investments, for example, played their part in the rise in steel and engineering shares.

Equities continued to rise immediately after the reduction in Bank rate, but gloomy announcements from Courtaulds and Hawker Siddeley put the market into reverse on Thursday afternoon. Buying up to noon on Thursday had lifted the *Financial Times* index by 2.8 points to 298.9, but by the close it had fallen to 294.7, representing a gain of 6 points in four days' trading. Anticipation of the reduction played nearly as an important role in the industrial market this week as it had in the gilt-edged market earlier. However much official spokesmen labour the point that the reduction can be made without detracting from the force of credit restrictions, investors see in the two successive reductions a hope of economic recovery. Doubts about the future course of Britain's balance of payments remain, but investors can argue that this is as bad for gilt-edged stocks as equities and that a slight rise in equity prices is not entirely out of place.

THE EXCHANGES

Bank Rate Anticipated

Strong expectations of a cut in Bank rate, as well as technical end-month influences, kept the London exchange

market subdued this week. Sterling fell slightly to just under $2.81½. On Thursday morning it dipped to $2.81¼, but after the Bank rate reduction had been announced, buying of sterling from Germany brought a recovery in the rate. There is no reason to believe that the official exchange account has given any support to a rate that is artificially high for the season; the market guesses indeed that even this week the control may again have taken in dollars. The pause in buying that occurs in anticipation of a Bank rate reduction is based on the assumption that the reduction will be accompanied by a fall in the spot rate, so that operators who need sterling to cover their commitments are tempted to hold back in anticipation of getting their sterling cheaper. There is, however, a contrary influence from operators in possession of liquid funds; they are naturally keen to make their investment before the interest rate falls. Those investors who believed that the cut in Bank rate would not be sufficient to choke off the inflow of hot money, and would not therefore cause more than a temporary fall in the spot rate, took the opportunity to buy sterling; but apparently they were in a minority.

The other facet of the anticipation of a Bank rate reduction in the exchange market was a continuing fall in the forward discount, to under 2 cents on New York three months forward. This is also in line with the sharp reduction in the Treasury bill rate at last Friday's tender, to under 5¾ per cent, or 8s. below the rate on the morrow of the cut in Bank rate from 7 to 6½ per cent four weeks ago. The margin on covered arbitrage in Treasury bills has remained at about ⅝ per cent in favour of London.

On the Continent the dollar has remained weak on all the main centres, and even in Germany has slipped below parity. The main Continental markets now appear to regard the Berlin crisis as over, and some of the money that went out of marks into gold or Swiss francs is reported to have returned. The Bundesbank's reserves of gold and foreign exchange were still falling in the third week of October. At 27.69 billion marks ($6.9 billion) they were 2.7 billion marks lower than in July, though part of this reduction reflects Germany's contribution to Britain's IMF loan.

COURTAULDS

A Penny Cut

It is hard to find in Courtaulds' results for the six months to September 30th any evidence of the improvement in profits since the end of June promised by the chairman in his last report. Profits in the first quarter of Courtaulds' financial year were lower than in the corresponding period in 1960, but not, one can assume, £2 million lower, which is the extent of the fall in profits before tax for the half-year. Gross profits contracted from £9,569,000 to £7,586,000 in those six months, and if, as the directors forecast—though without a great deal of confidence—profits in the second half run at about the same level as in the first six months, they will show almost as large a decline as in the first half.

Things are evidently not going quite as well as was hoped, and it must be a considerable disappointment to the directors that, despite the considerable diversification of interests, they have been forced to cut the dividend—as they did in the textile slump of 1958. The interim payment has been cut by 1d. to 9d. per share and it appears quite likely that the total dividend for the year will be trimmed by, say, 3d. to 1s. 9d.

Turnover in the six months to September 30th at £83½ million was £3½ million higher than in the corresponding half of 1960, but lower than in the second half of that year. But it seems that much of this increase occurred in exports, which though gratifying from the balance of payments point of view is not so attractive from the business angle since margins are far lower. In this half-year, exports rose substantially and therefore must have accounted for about a fifth of the group's turnover. It is known that though the group's exports of fabrics have been practically unchanged this year sales to the Commonwealth have fallen heavily and exports have been switched to western Europe, at the cost, one would guess from the level of tariffs, of some significant reductions in profit margins.

Last year Courtaulds was still enjoying the tail end of a textile boom; this year rayon fibre factories have had to cut production and Courtaulds has embarked on some further rationalisation of the industry through mergers. Its non-textile interests have not yet paid the dividends expected of them, but by next spring the group will have completed the re-equipment of its weaving mills, which will by then have been reduced from nine to four, and all but 10 per cent of the looms will be automatic. It would therefore seem that apart from a revival of the growth in consumption of older man-made fibres, better margins may be obtainable from its textile interests in future. But to some extent imports of cheap cotton manufactures from low-cost Asian producers also compete with certain goods made from man-made fibres.

THE ECONOMY

Planning Public Investment

Fixed capital investment in the public sector, which was rising even more sharply than private investment in the first half of this year, is expected to be about 7 per cent higher in 1961-62 than in 1960-61; and the Treasury has authorised a further increase of nearly 5 per cent for 1962-63. This would have been more but for "the immediate contribution from the public sector" that the Chancellor said in July would be needed "towards relieving the overall pressure upon the economy," and also as "part of the process of bringing the rate of increase of total expenditure into a better relationship with prospective resources and thus of strengthening the nation's efficiency and competitive power." In the white paper* on public investment that it published this week the Treasury comments that its recent adjustments have been designed to moderate the growth of public investment rather than to stop any increases.

In this, its second annual white paper on the subject, the Treasury recognises that different criteria apply to investment in the nationalised industries, which are responsible for about half of public investment from those applicable to social investment in the public sector. Capital expenditure by the nationalised industries and public corporations at least ought to earn a commercial return—what this white paper calls "their contribution to financial performance"—and the Treasury does not try to control individual projects in their long-term investment. In the capital expenditure of the public services, no such criteria can readily be applied; "decisions have to be taken on broad grounds of public interest." In practice, the distinction is not always as hard and fast.

The Treasury and other Government departments are, formally at least, not yet finished with the new exercise of setting the nationalised new target rates of return to aim at earning on their capital investment—and their prescriptions, so far, are couched

PUBLIC SECTOR INVESTMENT, 1959/60 TO 1962/63

	1959-1960 Out-turn	1960-1961 Esti-mated	1961-1962 Fore-cast	1962-1963 Ap-proved
Investment by the nationalised industries and public corporations:				
Coal	108	94	97	95
Gas	48	43	47	49
Electricity	357	336	363	397
Airlines	31	47	44	37
Transport	205	204	175	177
Atomic Energy	37	36	36	32
Post Office	94	100	107	118
Other	5	6	12	10
Total (rounded)	885	865	880	915
Public service capital expenditure:				
Roads	86	98	113	127
Education	138	142	160	169
Housing	287	280	273	272
Water and sewer	73	76	95	106
Hospital and health services	37	44	56	66
Other central Govt. services	31	40	49	55
Other local authority services	84	94	128	131
Total (rounded)	735	775	870	925
Grand total (rounded)	1,620	1,640	1,735	1,840

* Cmnd 1522.

in terms of averages over five-year periods on the whole capital employed in these industries, not as criteria for the returns to be required from new investment. The Treasury, again, is concerning itself with "five years forward" planning of public service expenditure. But the effects of neither of these exercises appear directly in his white paper.

Whitehall planning of public investment is generally exerted to adjust the total balance of supply and demand in the economy; but in this week's white paper there is evidence of more specific restraint to avoid overloading the construction industries. By the end of June publicly-financed housing under construction had risen to a level that was tending to delay actual completions; it has therefore been decided to hold back new starts on house-building in "the months immediately ahead" and to exercise restraint in letting projects out to tender, in order to get quicker progress on those already begun.

OIL

Refinery for Regent

Five years ago, after control of the Regent Oil Company in Britain passed wholly into American corporate hands through the purchase of Trinidad Oil by the Texas Oil Company, it was announced that Regent was to be supplied from a refinery in Britain. The company, which had been owned half by Trinidad and half by Caltex, the jointly-owned international marketing subsidiary of Texaco and the Standard Oil Company of California, had been, under the direction of the late Mr Simon Voss, the last large-scale marketer of petroleum products in Britain to rely on importing the actual products from overseas refineries, notably in Trinidad and Bahrein, instead of importing crude and refining it here. Mr Voss had indeed been notably sceptical about the whole postwar swing to refining near centres of consumption rather than at source. But within a few months of the takeover Caltex announced that it was going to build a refinery of up to 100,000 barrels a day, or 5 million tons a year, in capacity.

That refinery was never built: Caltex ran into strong local opposition on grounds of amenity in Southampton Water, suspended the scheme, and finally, only three months ago gave it up, selling the site it had already bought. But this week a refinery for Regent was on again. Mr Augustus Long of Texaco told a meeting of security analysts in New York that his company planned to build a refinery of a similar size in Britain to supply Regent, without saying exactly where it would be put. The difference this time is that Standard of California will not be called on to contribute a half-share to the investment—which at say £7 an annual ton might run to £35 million.

Regent is believed to have 7-8 per cent of the total market for petroleum products in Britain; but its main strength is in gasoline and diesel fuel for vehicles, which it sells through nearly 4,000 service stations, and here its proportionate shares may be about double its average for the whole products market. It is a somewhat sporadic and occasional seller in the fuel oil market—this is one field in which its association with a refinery that will add perhaps 10 per cent to Britain's total capacity may press it towards much more active selling than at present. Texaco has not announced where its refinery will be planned; it is presumably seeking somewhere freer of amenity objections than Southampton.

PROFITS AND DIVIDENDS

One Month's Reckoning

In the stock market, prices have lately been adjusted to the fact that British industry as a whole is earning smaller profits and to the prospect that, even without the Chancellor's request for restraint, dividends would not rise at all quickly. The estimate by the Government's statisticians that profits earned in the second quarter of this year were about 8 per cent lower than in the second quarter of 1960 came, therefore, as no surprise to the stock exchange. It is always difficult to reconcile such national income estimates with the collation of profits reported by public companies in any quarter or month. The first is an estimate from an Inland Revenue sample of what has been earned in a particular quarter, while the second relates to the profits returned for a full financial year which happened to be published in a particular period.

PROFITS AND DIVIDENDS
(£ million)

138 companies reporting in October	Previous year	Latest year
Trading profit	63·4	67·1
Gross profit*	42·1	43·0
Net equity earnings*	19·9	19·9
Net ordinary dividends	9·6	9·9
Times covered	2·1	2·0
Net equity assets	245·7	277·3
Gross profit/net assets	16·5%	15·5%
Net earnings/net assets	7·8%	7·2%

* After deducting non-recurring credits.

It is upon the second method that the analysis of published reports made in this office is based and the customary collation of the accounts of 138 companies reporting in October still showed a rise in trading profits of about 5¾ per cent. Most of these companies ended their financial years in June and thus earned their profits around the mean date of December 31st. This is one reason why the statistics do not square with the national income estimates. Another is that in any one month the profits of individual companies will have a marked effect on the total result and it happened that in October Decca Record and Calico Printers loomed large and both of them reported a good rise in profits.

As the accompanying table shows, the rise in trading profits was not accompanied by an increase in net equity earnings and this kept dividend payments on a tight rein. Moreover, it shows that the average rate of return on capital employed is still falling. This has been apparent now for more than a year and it should impress investors who return to the equity market, as some of them did this week, with the need for caution in appraising individual securities.

RAILWAYS

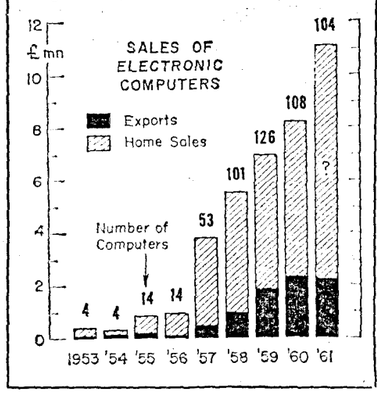
Making Them Pay

The Government's new Transport Bill, which will be designed to reorganise the railways and the rest of the nationalised transport industry, was not published until after this edition of *The Economist* went to press; it was drafted to carry out the new policy on railways outlined in the white paper of December last year. By now Dr Richard Beeching, who was appointed to run the reorganised railways, has been a member of the British Transport Commission for seven months, and chairman for five.

The process of improving commercial efficiency, however, has to be a day-to-day one that cannot wait upon major changes in structure; on Thursday the Southern Region announced that it is reducing the number of stations that handle freight wagons from 650 to 300, the number of depots that handle small consignments from 130 to 25, and marshalling yards from 40 to less than 30. All this will allow it to run longer, fewer and faster freight trains,

THE COMPUTERS ARE COMING

The chart below shows clearly the increasing use of British-made electronic computers. A machine is classified as "sold" only when it is fully installed and delivery can take as much as two years. This means that the 1961 figures (an estimate made by doubling the half year sales) does not take account of this year's orders. IBM are reported to have taken orders worth over £10 million for their 1401 computer and ICT 61 orders, worth about £6½ million, for their 1301 computer.



and should save £2 million a year on operating costs when it is completed in some three years' time. Other railway regions are working on the same lines, but the Southern, where freight traffic forms the smallest proportion of the total, is able to get on quickest.

CANADIAN DOLLAR

Lower, Not Higher

WHEN Mr Donald Fleming, the Canadian finance minister, proclaimed in his June budget that he would use the exchange fund to drive the Canadian dollar to a "significant discount," he took upon himself the job of deciding what rate was "appropriate to Canada's economic position." The Canadian authorities have in fact intervened in the market in both directions. The exchange reserves actually fell by $61 million between end-June and end-September, which would appear to indicate that the Canadian authorities have on balance been holding the rate up: but part of this loss reflects Canada's contribution to the IMF loan to Britain. Since the budget the discount on the US dollar has remained obstinately stable at 3 per cent.

In a speech last week, however, Mr Fleming injected a new element of uncertainty into the market. Following press reports that the government had been purchasing US dollars in order to keep the Canadian dollar down in the face of active demand for Canadian funds, Mr Fleming said that it was a "misinterpretation" to believe that the government intended keeping the Canadian dollar at its present 3 per cent discount. This was taken as an indication that the discount was likely to narrow. Later however Mr Fleming was reported as having said that he meant to imply the opposite—that the Canadian dollar might go lower and not, as some observers had assumed from his speech, higher. This week it has duly fallen, though not too steeply—from 97.06 to 96.80.

At the end of 1960 the premium on the Canadian dollar was about 3 cents, which means that the rate has fallen by something like 6 cents in all. Given the close links between the United States and Canada, with keen price competition over a range of directly competitive products, a movement of this size is by no means ineffective. Canada's current account balance has in fact been improving—in the second quarter of the year the deficit was $323 million, compared with $470 million a year before, and preliminary indications suggest a further improvement in the third quarter. This improvement, together with the maintenance of the volume of direct investment from abroad, has offset the expected slackening in the inflow from short-term capital and new issues in New York by Canadian companies, following the narrowing in the long-term interest differential from 1¼ to under one per cent. Thus the improvement in the current account appears to have offset the fall in demand for Canadian funds on capital account, and may explain why the Canadian authorities have so far been content with a 3 cent discount. Now they have made it plain that this is not set policy: their determination to maintain orderly markets does not imply a commitment to stable rates.

BMC

Sir Leonard Retires

RETIREMENT of Sir Leonard Lord from the chairmanship of the British Motor Corporation on November 7th is bound to be regarded as marking the end of the first stage in the combine's life, as he has been so closely responsible for its birth and growth. But if he is succeeded by the present deputy chairman and managing director, Mr G. W. Harriman, there will be no sharp break in management; since 1958 Mr Harriman has been responsible for the day-to-day running of the company. And Sir Leonard will remain a non-executive director and vice-president. He is leaving the chair at a time when BMC seems to be strengthening its competitive position; despite the fall in home sales this autumn, the demand from dealers at home and abroad for its new range of cars should allow it to produce at its capacity of 15,000 a week until the end of January. Model changes every year are expensive, but they may be the only way of avoiding short-time working in the winter. If the industry follows this American habit, the position of the bigger firms like BMC will be again strengthened.

RUBBER

Selling Stockpiles

FAITH, it is said, can move mountains, but it seems that the controllers of the British and American rubber stockpiles are prepared to wait no longer for the revival in rubber prices that would allow them to resume disposals of their surplus stocks. The United States announced two years ago that it would dispose of 470,000 tons of rubber over nine years; Britain said it had 100,000 tons to sell. Tripartite discussions between Britain, the United States and rubber growers produced a price scale for these disposals which got rid of nearly 100,000 tons of American rubber and 68,000 tons of British rubber by the end of 1960. There were no complaints about the pace of selling until this year when sales by the United States dipped to 21,000 tons and Britain disposed of only 4,000 tons.

The original scheme prevented disposals below 25½d. a lb and did not permit significant sales below 27d. a lb. The price of grade one rubber in London has barely exceeded 27d. a lb at any time this year, and for much of the period has resided just inside the "safe" zone below 25½d. a lb. The season of peak output is now approaching, manufacturers have not been avi buyers, synthetics have made more progres than expected this year and a fairly larg surplus of natural rubber seems certain Sales to communist countries also petere out recently and left the market drifting. is into this rather dispirited market tha more stockpile rubber is to be injected.

The Board of Trade announced the sus pension of the old price scale for its sale last Saturday; now up to 1,000 tons a mont may be sold below 27d. a lb at an unspeci fied price. This arrangement, dubbed "tem porary," will remain in force for a year an is liable to suspension if it "unduly de presses" the market which has alread wilted to 23d. a lb under the strain.

Not the least singular aspect of thi change was that it became effective on th last day of October, so that 1,000 tons o rubber were theoretically available on Tues day when Board of Trade rubber wa actively dealt in by the market and a further 1,000 tons became available on Wednesday Rumours of changes in the United States selling policy have abounded since June when discussions were held between the affected government agencies. The Board of Trade did apparently consult the United States and growers before changing its policy. That lent strength to the sugges tion that the United States, whose remain ing stock is now really the only one with great significance, set this ball rolling. The market was therefore chiefly concerned with parallel changes that it expected in Ameri can policy, and on Wednesday it was an nounced that the United States would sel 5,000 tons of rubber a month below 32 cent a lb.

Malaya which is now the biggest produce of both rubber and tin, appears to be absorb ing most of the kicks from stockpile releases The price of tin rose too high and has been restrained by the threat of releases from America's stock; because rubber was too weak it has brought these changes upon itself. Malaya's exports and re-exports of rubber amounted to $Malay 2,500 million last year out of total exports of $Malay 4,70 million.

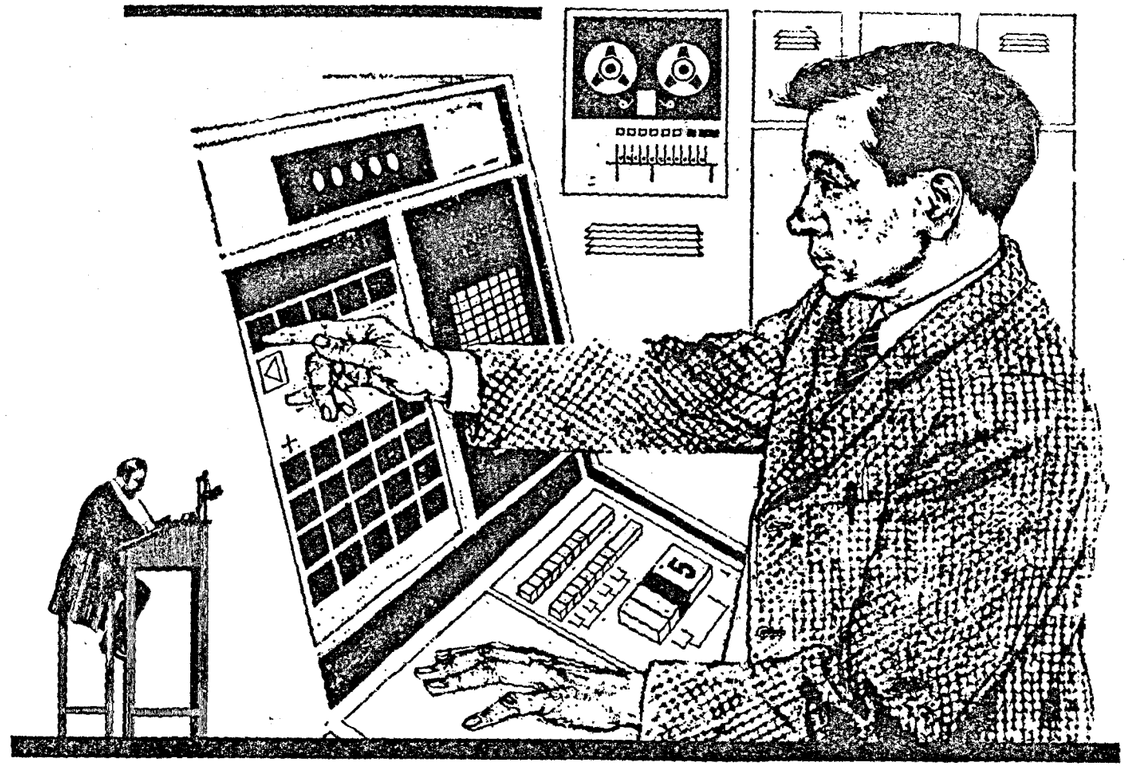
SPACE RESEARCH

Shaking Down

THE silly season in space research is over for Britain. With delegates from nine countries spending the week at Lancaster House drafting a convention which will lay down (a) how much each member will con tribute towards the cost of a Blue Streak space rocket and (b) what they will do with the rocket when built, companies that have been actively lobbying for a share of the hardware are faced now with the need either to justify their words or eat them.

The Hawker Siddeley Group had no stake in the space business before it bought the de Havilland Company nearly two years ago. It sought to acquire one by

in a changing world



If ten Dickensian clerks with ten pens worked ten hours a day for ten years, how many sums would they have done? Fewer, no doubt, than one modern electronic computer can do in ten hours.

In commerce, in industry, in research and in defence, the computer is performing prodigious tasks today—saving time, saving money, saving valuable manpower.

And Mullard's contribution to this revolutionary development? Principally in the shape of memory cores and assemblies, transistors, valves and other specialized devices, but also to some extent in know-how.

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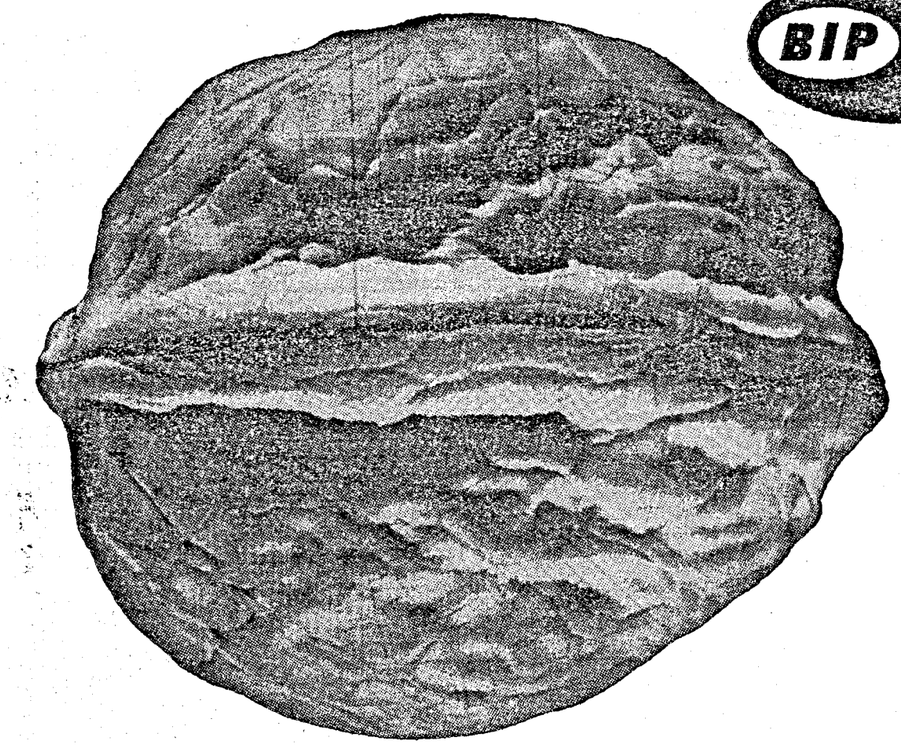
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WOULD IT BE BETTER WITH PLASTICS?

setting up a small "advanced projects" research group headed by Dr Hilton who, since his company had no big rockets, was obliged to confine his work to probable satellite developments. Thus Hawker Siddeley was able to claim a vested interest in any future space programme, although it is doubtful whether the company ever gave or intended to give Dr Hilton the staff or the money that he would have required to make a serious contribution to such a complex undertaking as, say, communication satellites. But with the purchase of de Havilland, Hawker Siddeley became the prime contractor for Blue Streak, the one part of any European space launcher certain to be built in Britain, and the employer of an energetic group of salesmen headed by Geoffrey Pardoe, whose occupation has been thinking up new uses for Blue Streak.

Last week, against the background of the Lancaster House conference, Hawker Siddeley decided there was no future for an aircraft company in the satellite end of the space business and it summarily dismissed Dr Hilton and most of his team. The company's peculiarly inept sense of public relations has managed to make Dr Hilton's dismissal appear brutal and tactless; but whatever decided the management to choose this particular time to close his department, it must have been obvious for months that a company like Hawker Siddeley, with no experience of electronics, had little chance of winning any contracts going for satellite instrumentation. The excuse that the Government was showing no interest is a thin one. The Government has done a considerable amount of work on satellites—at Farnborough with far more extensive resources than those available to any aircraft company. When some of this work was shown to visitors this summer, scientists were heard drily to comment that few manufacturers and not many scientists realised quite what engineering problems were raised by even the simplest of satellites. Dr Hilton's dismissal may be only the start of a wholesale reorganisation inside the Hawker Siddeley Group.

COTTON TEXTILES

No General Agreement

GATT is no cure-all for every sickness: the industrialised western countries that passed to that body the increasingly troublesome problem of imports of cotton goods from low-cost Asian producers seemed to have asked a lot of it; and that it is having some difficulty in producing a solution to which all parties can agree is hardly surprising. However, the Gatt textile group appeared at its meeting in July quickly to have achieved the seemingly improbable with a makeshift scheme for limiting imports from Asian producers in the year to September next to their average level in the twelve months to June this year. The "impossible"—a fair long-term solution that would successfully reconcile the many conflicting interests—still seems a distant vision, though delegates were pushing on determinedly with the project at last week's conference in Geneva.

But it became obvious at this meeting that even the short-run arrangement has hit snags. Britain—or perhaps more accurately Britain for Hongkong—has not yet accepted these proposals, though it might soon do so as Hongkong has apparently dropped its objections. However, exports are classed in 64 categories under the scheme, and Hongkong wants, among other points, a clearer indication of how the United States will apply the Gatt agreement to individual classes of manufacturers. Under the Gatt agreement, the United States could in any case impose restrictions without Hongkong's concurrence on any categories of imports which reached a "critical" level.

Before the next Gatt meeting at the end of January, it is hoped that a long-term plan will be put forward by a sub-committee. The short-run pact was particularly favourable to the United States, whose imports fell in the first half of this year, and it appears that its representatives pressed for the replacement of the temporary scheme with a slightly modified five-year agreement on similar lines, to which Britain at least raised objections.

The form in which "liberalisation" of imports will be written into the long-term agreement is far from settled. Manufacturers in this country and the United States have recorded their preference for the more comfortable "fixed percentage of total consumption" formula, though an automatic increase in the size of import quotas would seem to fit the needs of the Asian producers better. Hongkong also wants the right of an importer to impose restrictions on imports following disagreement with the producer to be transferred to an impartial body under the long-term agreement.

ATOMIC ENERGY AUTHORITY

Exodus

DR J. V. DUNWORTH, deputy director of the Atomic Energy Authority's reactor research station at Winfrith and one of the original members of the small team that re-started atomic research in Britain after the war, is the fourth senior member of the Atomic Energy Authority to resign in the past few weeks. Nor have they necessarily resigned to take up nuclear jobs with industry. Dr Dunworth is leaving atomic research entirely to become deputy director of the National Physical Laboratory and several of his colleagues have also turned their backs on nuclear research.

These resignations leave the Atomic Energy Authority thin at the top, Sir Leonard Owen, another founder-member, who has just reached retiring age, must have had his own experience at the AEA in mind when he complained recently of the difficulty of getting men for top management. But these changes are also a sign to be welcomed that an element of mobility is beginning to appear in scientific research. The authority is over-staffed. The big heave both in nuclear weapons and nuclear power took place some years ago, and the vast machine has been running wastefully at half-power for several years. This is frustrating for able men of energetic mind, but all too often their transfer to other laboratories where their talents are needed is made unnecessarily difficult by the inability to carry their pension rights with them. Much has been heard lately about the need to keep big research institutions lively by encouraging a constant flow of migrant researchers from the universities through their laboratories. But it is easier to get into these big institutions than it is to get out again.

INTERNATIONAL TRUSTS

Investing Overseas

JUST as investment trusts and unit trusts in this country offer an opportunity for those wishing to spread their risks, similar trusts overseas, particularly in Europe, offer the same facilities. With them, the investor has to "back the management" even more than with domestic trusts, not least because information about individual investments in overseas companies is not so readily at hand.

The popularity with British investors of these managed trusts is growing and following the official quotation for Interunie and a similar application by Robeco, shares in a third Dutch trust, N.V. Vereenigd Bezit van 1894 (United Holdings 1894) are being introduced in London. Like other Dutch trusts, Vereenigd Bezit combines the features of the conventional investment trust and unit trust in this country, for while its shares can be dealt in only through the stock exchange the company always maintains a tap in its shares, which it releases through the market at a price based on the value of the underlying assets plus duties and issue costs. The trust is not obliged to buy back its shares but it usually will.

At the end of June Vereenigd Bezit's portfolio was worth Fls. 82¼ million, of which almost 80 per cent was invested in Dutch stocks and nearly all the remainder in dollar securities. Vereenigd Bezit has a far greater proportion of its funds in local Dutch securities and a much smaller stake in dollar stocks than the other big Dutch trusts have. Dealings are expected to begin in this country at about £14½, so that the yield is just over 2½ per cent on a 7½ per cent dividend. For the last six years, however, this payment has been supplemented by a small stock bonus and on the increased capital the dividend has usually been raised.

Further afield, an investment trust, the Anglo-Nippon Trust, has been formed to invest in Japanese equities. The size of its capital has not yet been decided, but almost all of it will be issued to the public. Prices

of Japanese securities have fallen sharply in the past few months and the Dow Jones index which reached an all time high of 1,829.7 in July now stands at 1,360.2, at which the average yield is 4⅛ per cent. The Japanese brokers to the trust will be Yamaichi Securities which handled over 20 per cent of the total volume of business on the Tokyo Stock Exchange last year. The trust, which is looking for investments with long term growth prospects, is unlikely to be worried about the regulations which prevent non-residents from repatriating funds for two years unless the transaction is between non-residents.

COCOA

Better Times Ahead?

IN this year of crumbling commodity prices, no one begrudges a primary producer a sudden change of fortune, though a rise of nearly £40 a ton in the price of cocoa to about £190 a ton within the space of a month might be reckoned a little steep. But because this is a topsyturvy world the chances of establishing an international cocoa price stabilisation scheme are that much slimmer following last month's violent fluctuation. The peak of this rally coincided with a meeting of a committee of the UN Food and Agriculture cocoa study group to review the draft of an agreement to stabilise prices. That committee was therefore able to defer with few qualms taking any immediate action to help producers. The next meeting of the full cocoa study group will be held in May.

In view of the large surpluses in the two preceding seasons, it is encouraging that prices can still respond so sharply to early forecasts of production in the new season, particularly as the FAO's estimates suggest that consumption will only barely exceed production. Early forecasts, however, are not very reliable, though they are supported by exceptionally small purchases of cocoa from farmers so far this season. The FAO cocoa group might have a built-in bias towards underestimating production which it puts at 1,069,000 metric tons this season, and perhaps towards understating consumption which the FAO reckons will increase by 84,000 tons to 1,080,000 tons in 1962.

In the light of present knowledge, the recovery could be running ahead of events, and large manufacturers appear to withdraw from the market when prices are advancing. But at the current shipment price of £190 a ton, cocoa might still look cheap compared with average prices of about £225 a ton in 1960 and £285 a ton in 1959. Following its decision to sell cocoa in Accra, Ghana has unexpectedly stopped sales through London. Nigeria has also decided to offer cocoa in Lagos, and though, like Ghana, Nigeria's sales have been extremely heavy for this stage of the season, all the business is being transacted through its London agency, until the Lagos office opens at the beginning of next month.

Exchange Rates on a Moving Average

A correspondent in Oxford puts forward a simple but ingenious way of achieving controlled flexibility in exchange rates:

THIS is a proposal to change the present rules governing the levels at which exchange rates between different currencies are pegged. The present system embodies an endemic dilemma—between maintaining exchange rates that have become inappropriate to changed circumstances, and of provoking speculation by allowing the belief to arise that any currency may suddenly be devalued by a large amount. At the same time, a simple widening of margins of fluctuation allowed around existing parities has the disadvantage that it allows the possibility of a major fall in a short period when a currency is at or above parity, while once a currency has fallen to the permitted floor, no further downward movement is possible except by alteration of its par value.

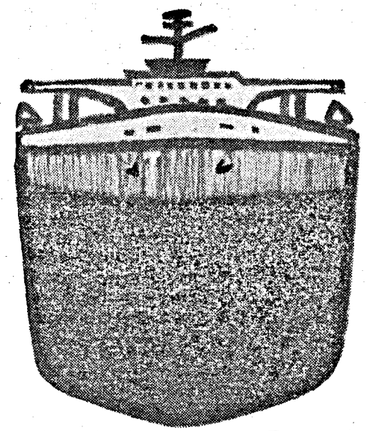
What one would suggest is the adoption of a method of frequent minor adjustments —e.g. daily adjustment of registered par rates. The registered par rate of any currency against gold could be made equal to the daily average of market rates over some past period, such as a year. The official exchange account of any country would then be committed to maintaining the market rate within one per cent of this parity at any moment. Thus any country whose currency had fluctuated in a given year within the permitted range, with an average equal to its parity at the beginning of the year, would commence the next year with the same par value as at the start of the year before. If on the other hand a country's currency pressed continuously on its lower limit it would be able in time to go still lower, since the average for the past twelve months would be decreasing. If the rate were kept continuously at its permitted minimum, thus always equal to one per cent below its average for the past year, the annual rate of fall could approach two per cent. If the currency did not press continuously on its lower limit, the permitted fall would be slower; and no country which did not wish to allow its market rate to fall would be forced to do so, though after a year it would find that any market rate it had held consistently had become its official parity.

IF it is thought that the speed of alteration of exchange rates which this system would allow would be too rapid, this could be countered by lengthening the period over which the average of market rates should be calculated. In practice, however, the possible effects on speculation of the prospect of a maximum rate of appreciation or depreciation of 2 per cent per annum should be easily controlled by equivalent variations in interest rates.

Some special provision might be thought necessary during the first year of such a scheme, as its immediate introduction would permit an immediate fall by 1 per cent of both the parity and the market rate of any currency that had stood consistently at its lower limit during the year before the scheme was introduced. The expectation of such a fall in the price of a currency might lead to disequilibrating speculation in the period immediately before the scheme came into effect. A simple way to avoid this would be to provide that in the calculation of the average market rate for the past year, the old par value of the currency should be used for dates before the scheme came into force, and the actual market value only for dates after this, so that the new arrangement would come into effect only gradually during the first year of its operation.

Obviously, such a reform would not solve all exchange rate problems; countries which started with their exchange rates far removed from their equilibrium values might still find it necessary to make major, once-for-all, shifts in their parities, and there would be nothing to prevent them from making these changes, any more than there is now. It would still be necessary to avoid major inflationary or deflationary movements which would make any exchange rate in the neighbourhood of the old parity untenable. The scheme would however provide a useful measure of long-run flexibility combined with short-run stability for countries whose problems are less extreme, but none the less real and persistent. It can for example be maintained that the deutschmark troubles of the past few years, for which a 5 or 10 per cent appreciation were suggested, could have been coped with more smoothly by a movement spread over three to five years than by the actual method of a jump of 5 per cent, the size and timing of which had attracted wholesale speculation for half a decade.

Finally, the proposed reform has the advantage over more drastic reforms that its introduction need involve no violent upsets, so that it can be subjected to rational discussion in public before being adopted. If adopted it would be a small but useful improvement in the world's payments mechanism.

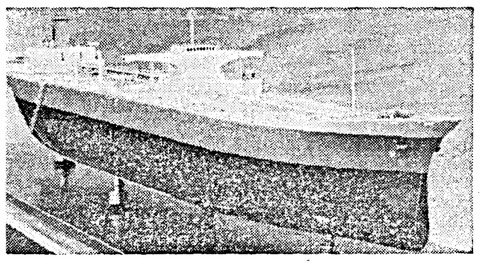


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THE FARMER AND THE GOOSE

an economic fable



ONCE UPON A TIME there was a farmer who was blessed by fortune. He had broad acres, cows which gave rich milk, hens which laid many eggs. But this is the lot of other rich farmers. Where he was superior to them all was in his ownership of a goose who laid golden eggs. This goose was a faithful and obedient creature, and for a long time the farmer treated her with the consideration which was due for the help she gave his finances. The goose foraged happily for herself and laid many eggs for the farmer. And the farmer drove an expensive car and smoked only the best cigars.

Then the farmer married a wife. This lady had many virtues, but one serious defect. She couldn't bear to think that anyone around her performed any task which wasn't under her own personal supervision. She chased the maids, she chivvied the hens. And she took a great interest in the goose who laid the golden eggs.

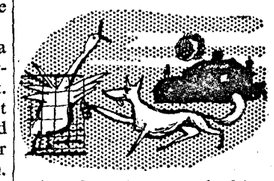
"It's not right," she told her husband night after night in



the privacy of the double bed. "The creature can't be left to look after herself."—"She's done all right up till now," said the farmer. But in the end his wife had her own way, as women will.

So she had a special goose-run constructed, and shut the poor goose up in it. She was no longer allowed to forage for herself. Instead, her diet was strictly controlled. Strange and outlandish foods were given to her, as the farmer's wife had the idea that these would make her lay yet more eggs. All they did, unfortunately, was to give the poor creature the hiccups. In other moods, the farmer's wife would economise at the goose's expense, and force her to eat all the leavings which no-one else wanted. "After all, she's there to make herself useful," said the farmer's wife. The farmer, however, was a bit put out to find the golden eggs growing fewer and fewer.

Until one day, or rather one night, there was very nearly a tragedy. The farmer's wife had insisted that the goose-run be built right out in the open, where she could see it from her kitchen window. The goose, who was a wary bird and wise to the ways of foxes, complained that the spot was not safe. The farmer's wife told her to hold her tongue. But, sure enough, the fox came. He lifted the latch. He stepped into the run. And he had the goose cornered and was on the very



point of making an end of her when her cries brought the farmer running out in his nightshirt.

The farmer set the goose free again. But the damage was done. Thenceforth she laid only ordinary goose-eggs. The farmer grew poor and blamed his wife for it. One day he turned her out of doors, and that was the end of the marriage.

MORAL:

There's more than one way of cooking one's goose.

* * * * *

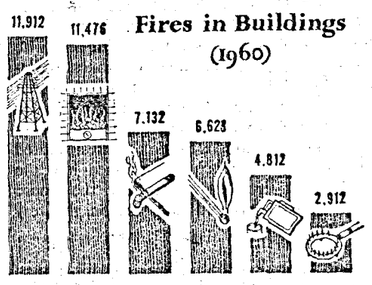
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FIRE

Up in Smoke

WITHIN the past three years Britain seems to have become a more inflammatory country. Up to 1958, losses caused by fires used to amount to about £24 to £28 million a year. But in 1959, the total jumped suddenly to an annual £44 million and has stayed at that level ever since, this present year being no exception. Nor is the casualty list growing any shorter. Last year at least 529 people died in major fires and more than 700 died altogether from burns and scalds; 23 of them were firemen. Another 257 firemen were injured out of a total casualty list of nearly 4,000.

Analysis of the causes of the 133,484 fires that were bad enough to need Fire Brigades does not really explain why the country is going up in smoke. Outdoor fires vary with the weather—up spectacularly in a dry summer like that of 1959, down in a wet one like that of 1958 but generally bobbing around the 70,000 a year mark. Fires inside buildings are, however, rising at such a steady rate—51,500 in 1956, 62,500 in 1960 (half of them in people's homes)—that one is led to infer that something must



be wrong with the buildings themselves and the fire regulations governing their construction and maintenance. And this seems to be borne out at least in part by the Government's move to bring fire regulations gradually under the Home Office instead of leaving them to the discretion of local authorities that take markedly different views of the urgency of the fire risk.

It is easy to say that most fires are caused by carelessness: to argue, for example, that the reason why more and more fires apparently start in or on electric cookers is because more women are leaving fat on the stove to catch fire (nearly one fire in six started in a building is due to electricity; mainly to wiring, with cookers second and fires or heaters the third main cause). But carelessness is part of the human make-up, and before they blame the rising number of fires on scatterbrained housewives, smokers and kindergarten incendiaries, the experts might ask themselves about their designs and choice of materials. Most pertinent of all, how many of the new possibilities of making buildings resistant to fire have been incorporated into local by-laws? Perhaps the underwriters, who have had to meet bills for some spectacular fires in the

past three years, might like to ask developers and their architects a few searching questions?

FRUIT IMPORTS

More Apples

IN September, the Board of Trade announced that it would consider applications from canners or processors of apples for additional licences to import apples for processing. In the past, cider manufacturers and the like have been helped out of a difficult spot caused by partial failure of the home-grown crop such has happened this year by a liberalisation of import quotas. Production of dessert apples in this country has fallen by about a third this year and cooking apples by about two thirds. The wholesale price of "Cox's" has more than doubled to 165s. a cwt since a year ago and some cooking apples are four times as expensive. The 40,000 members of the Retail Fruit Trade Federation anxious lest their customers will not be able to afford apples by Christmas, also asked for a temporary liberalisation of imports and have had their request granted. Ten per cent of next year's January-June quota can be imported before the end of this year.

The chosen method of protecting British apple growers is a seasonal import quota. From January to June non-sterling exporters can ship 68,750 tons of apples to this country; in the second half of the year quotas are reduced to 15,200 tons. The 10 per cent advance quota therefore represents a considerable relaxation for the second half of the year. Imports from the sterling Commonwealth are not restricted, but they arrive mainly in the slack season when prices are high. South African apples are normally the first to arrive, followed by New Zealand's with Australia's apples filling in the gap before the arrival of the new crop. Import quotas for apples were not fully used in the first half of this year, and few apples come into this country during the main harvesting period; imports under quota were negligible in July and August, though in September they were more than twice as large as a year earlier. The biggest exporters subject to quota are Italy, the United States and Argentina. Despite the restriction of the large British market, Italy and Argentina have expanded their exports phenomenally since the war.

MACHINE TOOLS

Still Virtuous

THE machine tool industry continued to get more orders from export markets during August, while those from the home market remained below the 1960 level. But the fall in orders at home was smaller than it had been in the first seven months of the year; though differences in the part of August that industry may have spent on holiday make it difficult to be sure why variations in output or orders have occurred,

these figures hardly suggest that industry had then begun cutting back any more on this part of its capital spending. The industry's order book has continued to grow throughout this year; even home orders exceeded home deliveries during the summer, despite the fall in orders, while export orders have been well above the rate of deliveries.

This evidence of the international competitive strength of the machine tool industry is welcome if unexpected; but the continued increase in its order book could be a danger to this if delivery periods are allowed to become excessive. Deliveries have risen, however, and were nearly 13 per cent higher in July and August than they had been a year before. Even greater increases in output may be needed if the industry is to maintain its competitiveness—unless home demand should start to fall again.

SHORTER NOTES

In view of the Chancellor's request Butlins is raising its interim dividend by only 2½ per cent to 15 per cent, but it forecasts a final payment of not less than 40 per cent to make an effective increase of 15 per cent in the total distribution. Gross revenue for 1961 is likely to rise by over £1¼ million which would bring it over the £10 million mark. Butlins will consider opening holiday camps in Europe if Britain joins the common market.

★

Vauxhall announces that it will be starting night shift working again at the beginning of January, for the first time since the recession in the motor industry began last autumn. The reasons for this increase in output are that shipments of the new Victor to the United States will begin in December, the good reception that the car is reported to have had in other export markets and that production of the VX90 sports version of the Victor will then begin.

★

The Council of the London Stock Exchange has appointed Trollope and Colls, which has had long experience of the existing Stock Exchange building, as contractors for the rebuilding of the stock exchange. The Council decided against inviting tenders for the contract after taking the advice of the architects, Legal and General Assurance (which is providing the finance) and other consultants. The shares of Trollope and Colls are to be quoted soon in London.

★

A comprehensive and well presented guide to the main capital markets of the world is published by Business International, 200 Park Avenue South, New York 3, at $50.

COMPANY MEETINGS

JOHN WALLACE & SONS LIMITED

SUCCESS OF BOARD'S DIVERSIFICATION POLICY

The thirty-seventh annual general meeting of John Wallace & Sons Limited was held on October 27th in Glasgow, **Mr Charles Kemp** (Chairman and Managing Director) presiding.

The following is an extract from his circulated statement:

The financial year ended March 31, 1961, has been a most eventful one. At the beginning of that year the issued capital stood at £100,000; by the close of that year it had increased to £779,625. The profit, before tax, for the year to March 31, 1961, amounted to £295,033 compared with £47,076 for 1960. Shortly after the end of the financial year the issued capital was increased to £995,300, with current earnings estimated at some £440,000.

ACQUISITIONS

In a review of the Company's history, Mr Kemp said: In 1955 we took the first step to widen the scope of the Company's activities by acquiring the whole of the Ordinary share capital of A. Baird & Sons Ltd., a substantial part of whose business lies in the distribution of motor vehicles and the retailing of electrical goods and equipment. This purchase proved to be highly satisfactory.

In the early part of 1960 your Company was able to acquire on advantageous terms substantially the whole of the issued share capital of a number of first-class industrial companies, with eminently satisfactory results.

The first new acquisition was completed in August, 1960, when we entered the field of printing, purchasing the whole of the Ordinary Shares of Claridge, Lewis & Jordan Ltd. and its wholly owned subsidiaries, Expedite Publicity Ltd. and P. Cassin Ltd. At the same time, Praills (Hereford) Ltd., Automobile Engineers and Distributors of Commercial Motor Vehicles, came into the Group.

Following these initial purchases, the Ordinary Capital of seven further companies has been acquired, namely Arthur Productions (Clydebank) Ltd., Rookery Bridge Refining Co. Ltd., Associated Metal Works (Glasgow) Ltd., Graham & Wylie Ltd., Maurice Lipkin & Co. Ltd., Bates Bros. (Engineers) Ltd., and R. W. Haughton Ltd.

The last three were taken over after March 31, 1961, and in consequence they are not included in the Accounts now before you, but will figure in the Accounts for the year ending March 31, 1962.

CURRENT POSITION AND PROSPECTS

Commenting on the current position, Mr Kemp said he had prepared a table showing, on what he believed to be a realistic basis, the earnings now accruing to the Company from all sources, which showed that approximate percentage earnings on Ordinary Capital in issue at 30.9.61 was 51 per cent.

He continued: When it is recalled that for the year ended March 31, 1960, the percentage earnings on the Ordinary Capital then in issue was under 17 per cent as against over 51 per cent currently, it will be seen that the diversification policy we have pursued over the past year has indeed already been of great benefit to the Company.

I am hopeful that the current year will contribute markedly to the further progress of the Company, basing my hopes on two main features—the current position and prospects of the companies now in the Group and arrangements contemplated for the acquisition of further ancillary and complementary interests.

Firstly, the turnover of the majority of the companies acquired during the past 15 months has shown, and continues to show, an upward tendency. Moreover, all our main subsidiaries have growth prospects; quite a few are indeed actively engaged in programmes of expansion, one of them on a considerable scale. On the other hand it must be borne in mind that in some cases profit margins are reduced or overhead expenses have risen, and there is, of course, always the possibility of an unexpected setback in one or other of the companies. However, I have no reason to think that your Directors will have any occasion to revise their estimate of last May of a Profit of £432,000 from these sources for the year ending March 31, 1962—a figure which did not include the profits from R. W. Haughton Ltd.

Secondly, negotiations are now in progress for the acquisition by your Company on advantageous terms of certain further companies of a nature complementary to those already in the Group and, incidentally, larger in size than any so far taken over. The total purchase price will probably be in the region of £900,000.

NEW CAPITAL ISSUE

Discussions have lately been taking place with influential financial bodies both in London and Glasgow regarding the underwriting of a public issue (in which existing shareholders would be entitled to preferential allotment) of Unsecured Loan or similar stock, partly convertible into Ordinary Shares at prices somewhat higher than the present market price.

DIVIDENDS

In the circular letter to shareholders of May 1st it was intimated that, in the absence of unforeseen circumstances, your Board would consider a distribution of 25 per cent for the year to March 31, 1962, to be reasonable and that it would be their intention to declare an interim dividend of 10 per cent payable in November 1961. With nearly six months still to go before the end of our financial year, I am obviously not in a position to give a definite forecast of the total dividend likely to be paid on the Ordinary Shares for the year to March 31, 1962. All I can say at this juncture is that, after taking all the known factors into consideration, your Directors have felt justified in declaring an interim dividend of 12½ per cent on account of the year payable on November 30, 1961, as against the 10 per cent interim foreshadowed.

In May 1961 two new Directors, General Sir Leslie Hollis, KCB, KBE, and Mr A. H. Cortez-Leigh, were co-opted to the Board of your Company.

The report was adopted and the total dividend of 20 per cent for the year to March 31, 1961, was approved.

H. A. SAUNDERS LIMITED

(Car Distributors)

SATISFACTORY OUTCOME OF A DIFFICULT YEAR

The twenty-sixth Annual Meeting of H. A. Saunders Limited was held on October 31st at Hendon, N.W.4. **Mr G. W. Saunders** (Chairman of the Company) presided and, in the course of his speech, said:

The net profit before Tax has been held in a difficult period to within 5¼ per cent of last year's record, which gives more than adequate cover for the 12½ per cent Ordinary Dividend which we are again recommending for the year.

It has been felt by the Board for some time that the Company needs to increase the Authorised Ordinary Capital, so that we can more readily adapt ourselves to trading conditions, either by raising fresh money or using authorised but unissued capital to purchase other business which may be offered. We are fortunate in having a wonderful new range of Austin vehicles, which I am confident will give us a greater share of the increasingly competitive market.

Our preliminary unaudited figures for the period from March 31st to date, show us to be running approximately level with last year, and although it is very early to forecast, providing we are given a reasonable run by the Chancellor, we may well be able to equal last year's figures.

The report was adopted and at the subsequent extraordinary general meeting a resolution was passed increasing the capital of the company to £1,500,000 by the creation of an additional 5 million Ordinary Shares of 2s. each.

CICELY RUBBER ESTATES

COMPETITIVE ESSENTIALS

The fifty-sixth annual general meeting of The Cicely Rubber Estates Company, Limited, was held on October 26th in London, **Mr F. S. Physick**, chairman, presiding.

In his circulated review the chairman said that increasing crops from the replanted areas coupled with the advantages expected to accrue from their recently completed centralised modern factory should lead to lower estate costs. Thereby it was hoped to place themselves in a position to compete with the rapidly expanding synthetic industry. To keep pace with developments the vital need of the plantation industry was to produce more rubber not only at a lower cost but, just as important, be enabled to deliver at a competitive price.

In this connection it behoved the Governments of natural rubber-producing countries to bear in mind that manufacturers of synthetic substitutes were not called upon to pay export duties. In their own case the cost of export duty and cesses amounted to £23,128 in respect of the year under review.

A warning had been given by the far-sighted framers of the Mudie Report (1954) of this aspect, as well as of the need for continuous replanting operations. The industry indeed was much indebted to them as also to the Government in Malaya for its co-operation as regarded replanting.

The planted acreage as at March 31, 1961, consisted of 2,542 acres mature and 649 acres immature.

The report was adopted and the recommended dividend of 27½ per cent was declared payable.

GRAFTON INDUSTRIAL SECURITIES LIMITED

Rapid and Substantial Growth

The Annual General Meeting of the Company was held on October 31st in London

The following are extracts from the Report and Accounts and the statement by the Chairman, **Mr Gordon Heynes, C.A.,** *for the year ended June 30, 1961.*

	1961	1960	1959	1958
	£	£	£	£
Group Profit before Tax	**122,076**	**63,126**	**88,090**	**70,228**

In his review of the subsidiaries' activities, the Chairman said: Of all the companies in the Group, Quicktho Engineering Ltd. has the greatest potential for fairly rapid growth. The company's turnover for 1960/61 was over double that for 1959/60.

We now cover the whole of the United Kingdom mainly by direct employed technical representatives or in one or two areas where there are special problems by independent agents.

Peak Engineering Company Limited and the Non-Ferrous Die Casting Company Limited: Both these companies have made satisfactory progress.

Air Engine Services (U.S.-U.K.) Limited: Turnover and profits were considerably greater than in the previous year. As some indication of the very high quality of our work, I am pleased to report that British European Airways and their associate Cambrian Airways Limited have recently entrusted us with a three-year contract for the reconditioning of a substantial number of their engines.

Current trading has so far confirmed the continuing improving trend on which I have been happy to report.

Copies of the full accounts are obtainable from the Secretary, 5 Grafton Street, London, W.1.

SATISFACTORY ACHIEVEMENT

LT.-COL. C. P. DAWNAY, C.B.E., M.V.O., CHAIRMAN OF DALGETY AND CO., in his review for the year ended 30th June, 1961, said: Last year I mentioned that a decline in profits for the year 1960-61 must be expected, and events have proved this forecast to be true. However, because of the effort made by all concerned to control expenses and to increase earnings from other activities, the reduced quantity of wool available for sale and the lower prices it fetched did not diminish profits to the extent they might otherwise have done. I feel that in the circumstances we have reason to be satisfied with our achievement, and it is encouraging that the current wool selling season has opened with an improvement in prices.

Your board decided that substantial and continuing benefits could best be achieved by the amalgamation of suitable competitors in our field of activity. The Board of the New Zealand Loan and Mercantile Agency Company Limited had reached a similar conclusion, and a merger was mutually agreed to be beneficial to both Companies.

DEVELOPMENT: The year has been marked by the stringent credit policies pursued in Australia and New Zealand, and now in England. Such policies were undoubtedly necessary to correct the slide towards inflation which was everywhere all too apparent.

AUSTRALIA: Steps have been taken recently to continue to improve administrative efficiency and thereby results, by the formation of two subsidiary Companies. The Australian pastoral business will also benefit from the establishment of some twenty new sub-branches and staffed agencies, and the acquisition of the South Australian livestock business of Coles Bros. Limited. The Company is directly established in 222 centres in all states of Australia.

NEW ZEALAND: Expansion of existing interests has been effected by the acquisition of a majority shareholding in Tasman Vaccine Laboratory Limited, the products of which are vaccines for veterinary purposes and agricultural chemicals.

EAST AFRICA: The whole economy has been impeded by political conditions and profits have not been maintained at a satisfactory level. Given more settled conditions, the benefit of integration and rationalisation of the Company's operations will become apparent.

UNITED KINGDOM: The Company's interests have continued to expand quietly.

FINANCE AND ACCOUNTS: The Group Net Profit for the year is £940,429, a decrease of £134,587 compared with the previous year. We are recommending a Final Dividend of 5 per cent. free of tax on the Ordinary Shares making 8 per cent. for the year, the same as for the year ended 30th June, 1960.

OUTLOOK: The measures taken by Governments to control inflation are having a dominating effect on our business. If they are successful it is to be hoped that costs can be brought under control. Wool prices have improved and are now on a more reasonable level, and demand for meat and grain is good. We must, however, now face a period of major reorganisation.

Dalgety
and Company Limited

SECOND BROADMOUNT TRUST LIMITED

GROWTH OF EARNINGS

The thirty-third annual general meeting wa held recently in London. The following ar extracts from the remarks of the Chairman, **E. B. Montesole, JP,** at the meeting.

Gross receipts show an increase from £66,44 to £74,836 and after deducting expenses an taxation and certain non-recurring items, ne revenue is £43,194 compared with £37,483 Dividends totalling 3¼ per cent or 3¼d. pe Ordinary 1s. share are recommended.

A valuation of the investments at Septembe 14, 1961, amounted to £1,672,280 compare with a book value of £506,758; the characte and class of these remain as before and consis mainly of selected equities.

We are proposing to make a free issue o Ordinary shares in the proportion of one to four Your Directors are of opinion that revenue fo the current period may show some recession bu they anticipate that unless unforeseen circumstances affect the present flow of income it wil be possible to distribute, for the current year, no less than the same amount in dividend, tha is, 25 per cent on the increased capital; it i intended that the interim dividend shall b maintained at 1d. and the final adjusted t accord with results.

The report was adopted.

SOUTH AFRICAN COAL, OIL AND GAS CORPORATION LIMITED

The following is a summary of the addre delivered by **Mr P. E. Rousseau,** the Chairma of the South African Coal, Oil and Gas Co poration Limited (Sasol) at the Eleventh Annu General Meeting held in Johannesburg on Oct ber 11, 1961.

Profit after charging depreciation for the ye ended June, 1961, at R2,594,678 (£1,297,33 was more than double the previous yea R1,259,412 (£629,706). Total sales increas from R16,436,000 (£8,218,000) to R17,917,0 (£8,958,500). Exports increased by nearly on third to R2.4 million (£1.2 million).

Profit plus provision for depreciati amounted to R5,291,567 (£2,645,783.10 while a net amount of R3,648,354 (£1,824,1 was spent on new capital assets. As a result cash resources of the company increased R1,643,213 (£821,706.10.0) to R4,238, (£2,119,101.10.0.). Mr Rousseau stated that t cash build-up, which is expected to contin will be a major source of finance for the exp sion and diversification of the company's p duction facilities at Sasolburg.

In the processes employed by Sasol for production of oil and chemicals from coal, essential intermediate step is the manufact of synthesis gas. Such gas can be used as a f Likewise, in converting the synthesis gas to and chemicals, quantities of gaseous hyd carbons are produced which are at pres further processed to petrol. These gase hydrocarbons can also be diverted for purposes and accordingly the possibility installing a gas pipeline to feed the South Transvaal and Witwatersrand is under deta study.

THE MUAR RIVER RUBBER COMPANY LIMITED

SIR JOHN BARLOW'S STATEMENT

The Forty-First Annual General Meeting was held in London on November 2nd.

The following is a summary of the Review of the Chairman—**Sir John D. Barlow, Bart, M.P.**

The profit for the year ended March 31, 1961, was £226,800. *Investment* income, mainly from tea and rubber companies, accounted for over a third of the profit. Taxation requires £89,050,

the transfer to Replanting Reserve is £59,000 and the dividend is 4½d. per 2s. Share, which will require £78,501 less income tax.

The rubber crop was 5,197,000 lbs. It is hoped to harvest 5½ million lbs. in 1961/62. 561 acres were replanted in 1960/61 and 438 acres are to be planted in the current year. The policy of selling reserve land on Sapong Estate to smallholders is being continued and this is encouraged by the Government.

MALAYA

The effect of the United Kingdom's entry into the Common Market on Malaya would be small. Natural rubber which accounted for 63 per cent in value of Malaya's 1960 exports and tin which accounted for 17 per cent would not be affected as no import duties on these two products are envisaged under the Rome Treaties. About 25 per cent of Malaya's rubber goes to the United Kingdom, 25 per cent to the Common Market countries and 11 per cent to the European Free Trade Area countries; the remaining 39 per cent is sold to America and Communist countries.

Malayan exports such as copra, vegetable oils, coffee, tea, spices, pineapples and timber would be liable to duty under the Common Market tariff. These commodities account for about 7 per cent of Malaya's total exports to Europe. It is hoped that during discussions on the terms of the United Kingdom's entry into the Common Market that favourable arrangements will be made for Malaya's secondary exports to Europe.

NORTH BORNEO

Tunku Abdul Rahman favours the formation of an expanded Malaysia which would comprise Malaya, Singapore, North Borneo, Sarawak and Brunei. Although North Borneo and Sarawak, which are still Colonies of the United Kingdom, are developing; they are not so advanced as Malaya and Singapore. Few of the people in North Borneo and Sarawak are politically conscious and there is little sign of any strong desire among the majority of people for rapid political development. It would be best for all concerned for both North Borneo and Sarawak to develop further under the Colonial Office.

The report and accounts were adopted.

Fisons plan expansion at home and overseas



Sir Clavering Fison anticipates opportunities in the Common Market and expresses confidence in the future

THE following is an extract from the Statement by the Chairman, Sir Clavering Fison, which has been circulated with the Report and Accounts for the year ended 30th June 1961.

Group sales were £54,576,000 against £51,343,000 last year and profit before taxation was £3,607,000 compared with £4,509,000. The net profit after tax was £1,860,000 against £2,021,000.

We did not expect the exceptional level of profits earned in 1959 to be repeated last year but, nevertheless, the level of profit earned was the second highest in the Company's history.

Fertilizers

The estimated usage of plant nutrients in fertilizer compounds increased by only 1 per cent over last year against the previous year's exceptional 15 per cent increase. This check in the rate of growth in fertilizer application must be viewed against the background of a difficult farming year. Even so, sales of Fisons Fertilizers Limited exceeded the 1959-60 level and our share of the trade increased by a small amount.

Modernisation of the Company's granulating plants to enable them to produce compounds of higher concentrations has continued.

A large expansion of our nitrogen capacity is proposed and a major project with the Esso Petroleum Company Limited is expected to involve a capital expenditure of approximately £10 million.

Fisons Horticulture Limited had another very successful year and continued the previous rate of growth.

Results from our overseas fertilizer interests are satisfactory and total profit available to us is higher than last year.

Chemicals and Other Interests

Our chemical companies again showed profits although in total the overall profit was lower than the previous year due to the special difficulties encountered by Benger Laboratories Limited. The profits of Fisons Pest Control Limited have risen increased, especially overseas. Benger Laboratories Limited returned a much lower profit because of special difficulties with an important product. Expansion continues at home and abroad; a new plant in India owned by Fisons in association with Tata Industries Limited is nearly complete and is expected to contribute to profits next year. The progress of Vatosan Limited was not maintained; but the improvement noted last year is expected to be resumed. Our food interests have been fused into one company trading as Fisons Foods Limited which is concentrating on the production of processed foods, based largely on milk. The Loughborough Glass Company, making laboratory apparatus and instruments, and Whiffen & Sons Limited, our industrial chemical company, both had a satisfactory year.

Fisons Overseas

During the year we carried out a major reorganisation of our overseas activities. All export selling has been concentrated under the direction of a unified organisation, Fisons Overseas Limited. Direct export sales of chemicals and pharmaceuticals rose by 14 per cent and compares favourably with the figures for UK chemical exports generally. Conscious of our duty to increase overseas sales in the national interest, it is our intention to increase export sales wherever possible and to seek investment opportunities for chemicals and fertilizers throughout the world.

The Future

The conditions affecting the chemical industry as a whole must of course concern the future of this Company. It seems necessary for this country to prepare itself for sterner competition within a freer market. The chemical industry is highly protected and some general adjustment of prices is inevitable. Therefore, like most other companies, we have been reconsidering our projections for the future to take account of changing conditions. There has been in any event a tendency for profits, measured by return on capital employed, to decline in the last few years as the shortages arising from the war have been made good and the backlog of inventions worked off. These facts would in any case have made for more competitive conditions and the process will merely be accelerated by the possible need to compete in the conditions of the Common Market. We are confident about the future and do not doubt that we shall fare as well as other companies in the chemical industry. We are well equipped to do so with a strong organisation, a group of products for which there are expanding markets, and efficient research teams. As regards the current year, of which of course only three months have passed as this is written, the deflation of prices continues, costs are increasing, and the economic situation remains confused. It would not be justifiable, therefore, to hold out hope of higher profits.

JOKAI (ASSAM) TEA

The eighty-first annual general meeting of Jokai (Assam) Tea Company Limited was held on November 3rd in London, **Mr G. A. Rainey** (the chairman) presiding.

The following is an extract from his circulated statement:

1960 has been a most successful season, with each of your fifteen gardens showing increased profits. Some areas in North Eastern India suffered a very severe drought, but so far as your own Company is concerned, although certain sections were affected, to some extent, the crop produced is only fractionally down on last year. Considerably higher prices were achieved in both the London and Calcutta markets and, despite an increase in revenue expenditure of some £100,000, the profit on tea at £782,474 shows a most satisfactory increase of £214,000.

Transfers totalling £300,300 have been made to General Reserve, Development Rebate Reserve and the Renewals and Replacement Account, and from the balance your Board propose to pay a final dividend of 11 per cent making 14 per cent free of tax for the year.

Crop prospects are most promising, but with lower prices ruling generally on both the London and Calcutta markets, it is yet too early to forecast the current season's results with any reliability.

The British African Tea Estates Ltd., in which your Company has a substantial interest, enjoyed an excellent year to 30th June, 1961. A record tea crop of over 3,000,000 lbs. was produced and the prices realised compare favourably with those obtained for the previous season.

The report was adopted.

BRITISH OVERSEAS STORES LTD.

MR R. J. BLACKADDER'S REVIEW

The Fortieth Annual General Meeting of *British Overseas Stores Limited* was held on October 27th in London, **Mr R. J. Blackadder, MC, CA** (Chairman), presiding.

The following is an extract from his circulated review:

The Accounts disclose a serious recession during the year under review. In fact, the position is not such as the combined figures seem to indicate as the majority of our interests earned total profits roughly equal to the results achieved by the same Companies in the previous year, and it was out of these profits that dividends were declared by certain of our Subsidiaries. Only in four cases did the results deteriorate so seriously that the profits were drastically reduced and appear in the Group Accounts as £42,515, compared with £121,189 last year. Indications to date suggest that this deterioration in the Group results should be largely corrected during 1961/62.

The London Subsidiaries have improved on the results attained last year. This is a satisfactory achievement, having in view the growing difficulties experienced in maintaining orders from overseas. These difficulties have been largely due to import restrictions which have encouraged the growth of secondary industries. Returns received so far this year indicate that the exceptional losses experienced in 1960/61 will not be repeated.

The report was adopted.

HALLMARK SECURITIES LIMITED

The Annual General Meeting of the Company was held on October 31 in London. The following are extracts from the statement by the Chairman, **Mr Sidney Bloch,** circulated with the Accounts.

GROUP PROFITS DOUBLED

The Group Profits before tax amounted to £542,369 (*£259,689*). After Tax profit is £288,227 (*£137,318*).

CAPITAL, RESERVES AND SURPLUSES TREBLED

Share Capital, Reserves and Surpluses amounted to £1,936,481 (*£679,063*). The Share Premium Account has increased from £10,779 to £402,854, Group Capital Reserves from £286,798 to £694,440, and the Group Revenue Reserve and undistributed profits from £166,520 to £329,608.

FINAL DIVIDEND AS FORECAST

The final dividend is held at 30 per cent less income tax, making 60 per cent less income tax for the year. Profits would clearly have justified a final dividend in excess of that forecast, but the Board have observed the Chancellor's plea for restraint.

BONUS ISSUE: ONE FOR TEN ORDINARY

Bonus issue proposed of one share for every ten held. Preliminary figures to August, 1961 are encouraging. In the absence of unforeseen circumstances, the Board will be able to recommend a dividend to the year April 30 next, of not less than 60 per cent less income tax on ordinary share capital, as increased by the bonus issue.

COMMERCIAL AND SHOP DEVELOPMENT: *£4.25 MILLION*

The Group now have under construction, or in an advanced stage of planning, office and commercial developments comprising a total lettable area of office space of 476,000 square feet, and a number of shops, stores and supermarkets, estimated to produce ultimately a gross rental income of £473,000, subject to servicing of mortgages. The total capital commitment of these projects is estimated at a sum in excess of £4,250,000, provision for all of which has been made on a long term basis. This is undoubtedly the most significant feature of the Group's activities during the year. Progress has, however, also been made in building up the Group's investment portfolio.

SUN LIFE FINANCE: SECOND TRANCHE

Provision for a long term advance of £5,000,000 was made with Sun Life in August, 1960 and in June a basis was agreed for further finance to be made available to the Company.

HOUSING DEVELOPMENTS

Actual sales in the year were lower than the previous year, due solely to production difficulties. Demand for houses continues to be high, and to maintain the programme, building land costing approximately £1,200,000 was purchased in the year to August 31, 1961. Land stock has never been higher than it is to-day. The Board are determined to expand this side of the business as much as is prudent.

SUBSIDIARIES

Barking Brassware Co. Ltd., manufacturing quality taps and and other sanitary fittings, had a full order book throughout the year and earnings have exceeded estimates at the time of purchase. Industrial Banking Division which began to restrict investment and hire purchase two years ago, is doing good and profitable business in the form of secured short term property finance. No serious losses in hire purchase have been sustained, neither are they anticipated.

DIRECTORS

Sidney Bloch (*Chairman*)
Herbert Ashworth (*General Manager*)
P. N. Bower — I. R. Crammond
A. C. Draycott, FRICS, FAI — J. Hamilton
R. W. Matthews, FCA (*Secretary*)

Registered Office : 26/27 Regency Square, Brighton, Sussex.

ISSUED CAPITAL

222,000 6½ per cent Cumulative Preference Shares of £1 each.
5,751,575 Ordinary Shares of 1s. each.
Ordinary dividend for the year to April 30, 1961: 60 per cent (less income Tax).
Ordinary Share price at October 31, 1961: 26s.

CAPITAL & COUNTIES PROPERTY

The twenty-seventh Annual General Meeting of Capital & Counties Property Company Limited was held on October 26th in London, **Mr Leslie Marler, OBE, TD,** the chairman, presiding.

The following are extracts from his circulated statement for the year ended April 30, 1961:

Your Company continues to expand and prosper, and although our greatest volume of development lies in the years immediately ahead my colleagues and I are satisfied that the Company's foundations are broadly based and soundly laid and we look forward with no small degree of confidence to many years of steady prosperous growth.

Our rental income has risen by over £230,000 to the new record figure of £1,202,404 and our net profits before the tax collector takes his share to £476,991. The carry forward at £157,581 is nearly doubled, a useful reserve to fill in the occasional revenue gaps which are bound to occur in a development programme as large and varied as is ours.

Mr Marler referred to some fifteen major developments now in progress, including:

Knightsbridge Green, London, S.W.:—Great progress has been made with the plans for this development which will assuredly provide one of the most spectacular group of buildings in Europe.

The London County Council have passed a resolution to designate the area as one of Comprehensive Development, our layout has received the approval of the Royal Fine Arts Commission and has the support of the Multiple Shops Federation.

It is with this programme in view that we have been able to come to an arrangement with our good friends, the Norwich Union Life Insurance Society and The Prudential Assurance Company Limited to make available to us the sum of £18.3 millions during the next few years. The Institutions concerned have expressed a wish to be able to convert some portion of this loan into Ordinary Shares of your Company. As this conversion right will not arise for some years and then in conditions which it is impossible to foresee at the present time, it seemed appropriate that the option price should be based on a yield related to the dividend then being paid rather than on a price fixed in relation to today's market conditions.

Your Board have estimated the income which should be available for dividends on completion of these developments and consider that the basis which has been agreed of providing a yield of 6 per cent on conversion would result in the issue of shares at a figure in excess of the present market price.

In conclusion may I say that as we are continually exploring further opportunities of adding to your Company's profitability and taking into account our known reversions it may well be that our view of our future earnings is conservative.

The report was adopted.

PRETORIA PORTLAND CEMENT COMPANY LIMITED

(Incorporated in the Republic of South Africa)

The Sixty-sixth Ordinary General Meeting of Shareholders will be held in Johannesburg on November 23, 1961.

The following is an extract from the circulated Statement by the Chairman, **Mr B. G. Twycross,** dated October 4, 1961.

During the second half of the financial year, mainly as a result of the material decline in building activity, the demand for cement decreased. This has had its effect on the Company's sales, and the trading profit was lower than the previous year by R251,058. Our associate companies experienced similar conditions which are reflected in the reduction of our income from investments.

Slurry Factory.—The second dry process kiln with its ancillary equipment was commissioned during December, 1960, and has operated satisfactorily.

Jupiter Factory.—Construction has commenced on the modernisation of the packing and despatch plant. Orders have been placed for new coal milling units. In connection with the manufacture of Portland-Blastfurnace Cement, extensions to the Raw Material Store, to accommodate Granulated Blastfurnace Slag, have been put in hand and plant to dry that material is due for completion in the near future.

Hercules Factory.—During the current year a modern packing and despatch plant will be erected and an outdated finishing mill department will be replaced by a modern plant.

Work is in progress on the installation of plant to deal with the manufacture of Portland-Blastfurnace Cement on a larger scale than hitherto.

Pre-Mixed Concrete.—Two companies have been formed on the Witwatersrand to provide a service for supplying pre-mixed concrete delivered on site. Your Company, in conjunction with the other cement producers in the Transvaal, has decided to take an interest in these concerns.

SUBSIDIARY AND ASSOCIATED COMPANIES

Eastern Province Cement Company Limited.—The Trading Profit was maintained at much the same level as in the previous year albeit a decline in sales was experienced. It was not possible to export surplus production.

The Premier Portland Cement Company (Rhodesia) Limited.—Sales were again adversely affected by the unsettled economic conditions in the Federation of Rhodesia and Nyasaland.

Cape Portland Cement Company Limited.—Productive capacity was materially in excess of demand, which reflected the lower level of activity in the area served by the company.

MARKET CONDITIONS

The fall in sales over the year ended June 30, 1961, as noted above, has continued during the first two months of the current year in respect of your Company and the Cement Industry as a whole.

Durban Cement Limited.—Since the close of the year negotiations in regard to the establishment of the processing of Blastfurnace Slag in Natal have reached the point where it is agreed that your Company will participate in the formation of a company for that purpose, to be designated Durban Cement Limited, with a factory in Durban.

HOSCOTE RUBBER ESTATES LIMITED

Issued Capital £195,750 in 2s. Shares

Directors
H. B. E. Hake, C.B.E. (Chairman), T. H. Miller,
G. M. Knocker, C.B.E., J. A. Clubb, M.M., M.S.M.

Secretaries and Agents
Harrisons & Crosfield, Limited

RUBBER CROPS AND PRICES: Year ended 30th June

1960/61	**3,273,900 lb.**	**23.51d. per lb. net**
1959/60	***2,889,800 lb.***	***30.78d. per lb. net***

PROFIT AND DIVIDEND: The profit before tax was £98,526 compared with £119,376 for 1959/60. A dividend of 20 per cent. is recommended and in addition a special non-recurring bonus of 5 per cent. in respect of a tax adjustment.

CURRENT FINANCIAL YEAR: The estimated crop is 3,477,000 lb. and prospects are that this figure will be realised. Replanting to be resumed next year after a pause this season.

Annual General Meeting 12 noon Wednesday, 29th November, 1961.

WHITELEY STEVENS (HOLDINGS) LTD.

"The activities of your Company are now diversified and form two main groups . . ."

THE EXPORT-IMPORT MERCHANTS' GROUP
Carters (Merchants) Holdings Ltd.

Carters (Merchants) Ltd.
E. C. Sunningdale & Co. Ltd.
Charles Gane & Co. Ltd.
Clark, Wilson & Co. Ltd.
B. E. Cooper & Co. Ltd.
J. C. Hodson & Co. Ltd.
Willis, Sindall & Syrett Ltd.
Fruit Juice Importers Ltd.

THE TEXTILE AND FASHION GROUP
Whiteley Stevens & Co. Ltd.

Kirkland & Clemerson Ltd.
The Danda Knitting Co. Ltd.
George Newton (Nottingham) Ltd.
S. Travers Ltd.—ESTRAVA.

The first report since the expansion of the Group includes the following points:

NET TRADING PROFITS after deducting all charges and taxation to 31st March, 1961, covering seven months of Whiteley Stevens & Co. Ltd., and five months of Carters (Merchants) Holdings Ltd. were £45,024.

DIVIDEND: 10 per cent paid on Ordinary shares for seven-month period (equal to 17.14 per cent for a full year) an increase of approximately 40 per cent over the previous year.

LIQUID POSITION: Net current assets stand at £333,708 including £154,323 in cash and quoted investments.

The Prospects—by Mr E. C. Sosnow (*Chairman*).

Mr Sosnow reports that trading has been well maintained, the volume of orders substantially exceeding those for last year. Export and re-export business is unaffected by the credit squeeze, raw materials shipments to Eastern Europe are increasing. Entry into the Common Market could bring great opportunities. Export experience of the import-export group will now be available to help development of textile group.

Binding Cases

Binding cases for THE ECONOMIST *are available from* EASIBIND LTD. *The cases are in stiff, dark blue cloth covers, and are gilt-lettered on the spine; they provide an extremely effective and firm binding and will hold 13 issues of the normal edition together with the quarterly Index, or 26 issues of the air edition with two quarterly Indexes. The year can be stamped on the spine. The cost per case, post free throughout the world, is 12/6. Orders, stating requirements clearly and enclosing a remittance, should be sent,* **not** *to* THE ECONOMIST, *but to—*

EASIBIND Ltd
(Dept. E),
84 Newman St., London, W.1

SEAPORT (SELANGOR) RUBBER ESTATE

WELCOME INCREASE IN CROP

The Fifty-first Annual General Meeting of Seaport (Selangor) Rubber Estate Limited will be held on November 23rd in London.

The following is an extract from the Statement of the Chairman, **Mr J. A. Clubb**, circulated with the report and accounts for the year ended June 30, 1961:

Our crop of 1,104,000 lb which represented a yield per mature acre of over 800 lb exceeded last year's harvest by 240,000 lb and was a record for the Company. This welcome increase in crop came mainly from areas of budded and clonal seedling rubber following the introduction of new tapping techniques. While we hope to improve on this level of cropping, the results from the new tapping techniques cannot be precisely estimated and a material increase in crop for the current year should not be expected. Despite the lower selling price crop proceeds were more than maintained and, including the refund of three-quarters of the anti-inflationary cess due to us amounting to £2,777 before tax, the profit after taxation was £39,327 (£34,652). From the balance available £2,000 has been transferred to Capital General Reserve and £14,327 to Replacement of Planted Areas Reserve. The increased profit has permitted us to restore this latter Reserve to its former £35,000 and to recommend a dividend of 20 per cent less tax, the same as last year.

The usual high standard of field upkeep has been fully maintained and immature replantings, including 50 acres replanted in 1960 with high-yielding material, are reported to be developing well. No further mining has been done on the estate by Petaling Tin. Your Board is keeping the situation with regard to the Mining Leases under review and when the time is opportune will consider renewing the Company's application to the Selangor State Government for reconversion to agricultural title of 300 acres held under Mining Lease.

The crop for the three months to September 1961 was 321,000 lb as against 262,000 lb for the similar period in 1960. Although technical advances in the development of synthetic rubber continue, I am confident that Seaport, with its present acreage and a progressively improving rate of production per acre as replantings come into bearing, will be able to maintain a competitive position in the industry.

APPOINTMENTS REQUIRED

EXPORT—SALES—ADMIN.

37, Single, British. Linguist. 12 years' experience after B.Com. degree, mainly Scandinavia, S. Afr., Contin., U.S.A. Seeks position Britain or abroad.—Box 1557.

ECONOMIST, lady 30's, languages, experience (government (administration), secretarial (industry), travelled, seeks responsible position London area.—Box 1561.

EDUCATION AND COURSES

TUITION FOR B.Sc. ECONOMICS

Wolsey Hall (Est. 1894) provides Postal Courses in a wide range of subjects for the two examinations for London Univ., B.Sc.Econ. (three if entrance is included) at moderate fees. 1,431 Wolsey Hall students passed London Univ., B.Sc. Economics exams, 1950-60. Tuition also for G.C.E., Law, Statistical, other exams. —Prospectus (mention examination) from E. W. Shaw Fletcher, C.B.E., LL.B., Director of Studies, Dept. P.17.

WOLSEY HALL, OXFORD

SECRETARIAL TRAINING, especially for university graduates and older students. Six-month and intensive 14-week courses.—Write, Organising Secretary, Davies's, 158 Holland Park Avenue, W.11. PARK 4654.

EXPERT POSTAL TUITION

for Examinations—B.Sc.(Econ.), Law, Accountancy, Costing, Secretarial, Civil Service, Management, Export, Commercial, General Certificate of Education, etc. Also many practical (non-examination) courses in business subjects.—Write today for free prospectus and/or advice, mentioning examination or subjects in which interested, to the Secretary (G9/2).

METROPLITAN COLLEGE, ST. ALBANS

or call at 30 Queen Victoria Street, London, E.C.4. Established 1910.

BUSINESS AND PERSONAL

THE CHARTERED INSTITUTE OF SECRETARIES

Employers requiring the services of Chartered Secretaries to fill secretarial and similar executive posts are invited to communicate with the Secretary of the Institute (Dept. E), 14 New Bridge Street, London, E.C.4.

UNIVERSITY OF LONDON: The Stamp Memorial Lecture, entitled "Problems of the American Economy," will be delivered by Professor Paul A. Samuelson (Massachusetts Institute of Technology) at 5.30 p.m. on November 9th at the University of London, Senate House, W.C.1. ADMISSION FREE, WITHOUT TICKET.—James Henderson, Academic Registrar.

WEST HAM Corporation 6¾%
MORTGAGES 3-10 YEARS
MINIMUM INVESTMENT £500
Treasurer (K) 95 The Grove, London, E.15

"ENGINEERING INDUSTRY BUSINESS IN AUSTRALIA AT A GLANCE": Complimentary copies of this useful aid to marketing will be forwarded by air-mail on application.—J. S. Jackson, Industrial Economic Consultant, P.O. Box 331, North Sydney, N.S.W.

WEST HIGHLAND SEA SCHOOL LAMLASH, ISLE OF ARRAN 1962

Gifted Managers are few, management technicians many. If your son has shown management potential, send him to us. Please write our Secretary, Mrs. E. Douglas Morrell, Parkview, 127 Lockerbie Road, Dumfries.

YOUR DAUGHTER would enjoy finding her job through STELLA FISHER BUREAU in the STRAND.

YOU ARE HOLIDAY WISE—if you GO H.F. For your School or Youth party next year take your pick—a short trip across the Channel to France—or a more adventurous visit to Russia—See the grandeur of *Switzerland's* mighty peaks—or the warmth and colour of *Italy*, and its art and culture—or a *Cruising Holiday* can take you to *Greece* or *Madeira, Palma* or *Tenerife*. If it is Holidays at Home, then H.F. Youth Camps and Youth Guest Houses provide especially for parties of Young People. There is also an H.F. Youth Guest House in the Wye Valley, with certain weeks reserved exclusively for individual bookings from the younger age group. Write or 'phone NOW for free booklets "Holidays Abroad for Parties of Young People, 1962" or "Holidays for Parties of Young People, 1962."—THE HOLIDAY FELLOWSHIP, Dept. 27, 142 Great North Way, London, N.W.4. Telephone: SUNnyhill 3381 (six lines).

FORGOT my wife's birthday, lost my new umbrella, a dog trampled my pet plants—a day of despair! Then a soothing glass of superb EL CID Sherry, and a genial outlook now restored.

DOMINION OF CANADA THREE-AND-A-QUARTER PER CENT REGISTERED STOCK, 1958-1963. For the purpose of preparing the Interest Warrants due January 1, 1962, the BALANCES will be STRUCK at the close of business on December 1, 1961, after which date the Stock will be transferred ex-dividend. For the Bank of Montreal, Financial Agents of the Government of Canada in London.

John H. F. Turner, Manager.

47 Threadneedle Street, E.C.2.
November 1, 1961.

APPOINTMENTS

MANAGER required for a medium-sized private Bank in West Germany. Aged about 45. Financial experience and fluency in German essential.—Handwritten applications, which will be confidentially treated, to Box No. 1559.

FERRANTI LTD., Hollinwood, Lancs, have a vacancy in the export Sales Department for a Woman Economist. The work includes the provision of an information service and reports on specific projects. Candidates must have some experience of working on their own initiative. Good salary and staff conditions, including Superannuation Scheme.—Apply, giving full particulars of age, education and experience, to Miss I. Graham.

APPLICATIONS invited for post of Librarian to the Labour Party. Duties include selection and organisation of Library of books, pamphlets, photographs and periodicals (Congress classification); running of extensive press-cuttings collection; supervision of staff of six; and reference work. Applicants should be Associates of Library Association, or have equivalent qualifications, and be familiar with reference or special library methods. Labour Party membership is condition of service. Salary £800-£980, 5-day week, superannuation scheme. —Application forms from Administrative Officer, Labour Party, Transport House, Smith Square, London, S.W.1, to whom they should be returned not later than Monday, November 13th.

MEDICAL RESEARCH COUNCIL have a vacancy at their Statistical Research Unit for a suitably qualified graduate to advise and assist research workers in medicine and allied sciences in the application of electronic computing methods to their problems, to undertake programming and computing in conjunction with the staff of the University of London Computer Unit and to develop independent research. Appointment for three years in the first instance. Commencing salary, with superannuation benefits under N.H.S.S. scheme and child allowances, determined by age, qualifications and experience. Applications, giving personal particulars and names of two professional referees, to the Director, M.R.C. Statistical Research Unit, London School of Hygiene and Tropical Medicine, Keppel Street, London, W.C.1.

AUSTRALIAN NATIONAL UNIVERSITY
CANBERRA

RESEARCH SCHOOL OF PACIFIC STUDIES

Applications are invited for appointment to a READERSHIP IN INTERNATIONAL RELATIONS; salary £A3,750. Reasonable travel and removal expenses are payable.

One year's study leave with travel allowances will be granted after each five years' service. The Reader in International Relations will be expected to engage in and to supervise research into the political, economic and legal relationships between nations, especially, but not necessarily exclusively, in the Asian and Pacific regions.

Further particulars should be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close on *8th December*, 1961.

For other appointments see page 502

UNIVERSITY OF NATAL
DEPARTMENT OF ECONOMICS

Applications are invited from suitably qualified persons for appointment to the posts of: SENIOR LECTURER OR LECTURER IN ECONOMICS, DURBAN; RESEARCH ASSISTANT IN ECONOMICS, DURBAN.

The salary scales attached to the posts are:—

Senior Lecturer: R3,180 x 120—R4,140 (£1,590 x 60—£2,070)
Lecturer: R2,340 x 120—R3,300 (£1,170 x 60—£1,650)
Research Assistant: R2,340 x 120—R3,300 (£1,170 x 60—£1,650)

The commencing notch on the above salary scales will be dependent on the qualifications and/or experience of the successful candidate.

Application forms and further particulars are obtainable from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close in South Africa and London on November 30, 1961.

BBC requires Senior Research Assistant in Projects and Developments Section of Audience Research Department. Duties include design and supervision of special enquiries with analysis and tabulation of results; preparation of tests and questionnaires, and administration of these to experimental groups; writing of reports. An Honours degree, preferably in Psychology, followed by at least two years' practical experience of social enquiries, market research or similar work essential, and knowledge of statistical methods desirable. Salary £1,380 (possibly higher if qualifications exceptional) rising by five annual increments to £1,780 max., p.a. Requests for application forms (enclosing addressed envelope and quoting reference 61.G.499.Ec.) should be sent to Appointments Officer, Broadcasting House, London, W.1.

CITY OF PORTSMOUTH COLLEGE OF TECHNOLOGY

DEPARTMENT OF COMMERCE

Applications are invited for appointment as Lecturer in Economics and Statistics from January 1, 1962. Candidates should hold a degree in Commerce or Economics and be able to teach these subjects to Degree level.

Applications should be made as early as possible in writing to the Registrar, College of Technology, Park Road, Portsmouth.

NORTH WESTERN GAS BOARD
HEAD OFFICE—MANCHESTER

ASSISTANT STATISTICIAN (MARKET RESEARCH)

Applications are invited for the above pensionable appointment in the Statistics Department, at a commencing salary within the range £770/£1,015 per annum according to qualifications and experience.

Candidates should preferably be not more than 27 years of age and must hold an appropriate graduate or equivalent qualification. Preference will be given to Honours graduates in Economics combined with Statistics.

The Assistant Statistician will be concerned mainly with planning, preparation and analysis of market surveys but may also be required to assist in general statistical studies in the field of demand forecasting, load research, etc. The work is interesting and offers scope for imagination and initiative in the application of statistical techniques to business problems.

Detailed applications, giving the names of two referees, should be forwarded to the Secretary of the Board, Bridgewater House, 60 Whitworth Street, Manchester, 1.

THE UNIVERSITY OF MANCHESTER
EXTRA-MURAL DEPARTMENT

Applications are invited for the post of STAFF TUTOR in Holly Royde College with the salary and status of either Lecturer or Assistant Lecturer in the University. Applicants should hold a good Honours degree in one of the following subjects:—*Literature, Philosophy* or Sociology. Salary scales per annum:—Lecturer, £1,050 to £1,850; Assistant Lecturer, £800 to £950. Membership of F.S.S.U. and Children's Allowance scheme. Initial salary and status according to qualifications and experience. Duties to commence on January 1, 1962, or as soon as possible thereafter. Applications should be sent not later than Monday, November 20, 1961, to the Registrar, the University, Manchester, 13, from whom further particulars and forms of application may be obtained.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the post of INVESTIGATIONAL OFFICER in the DEPARTMENT of AGRICULTURAL ECONOMICS. Candidates should have academic qualifications and/or practical experience in Agriculture, Economics or Accountancy. Salary scale £650 x £25 to £750 x £50 to £900 with membership of the F.S.S.U. and Children's Allowance Scheme. Graduates would have an initial salary of £725 per annum. Investigational officers may be considered on reaching a salary of £800 per annum for promotion to the grade of Senior Investigational Officer (salary scale: £1,050 x £50 to £1,300 (merit bar-line) x £50 to £1,550). Applications should be sent not later than Monday, November 20, 1961, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

BENGUELA RAILWAY COMPANY

The following preliminary traffic results for the first nine months of 1961 compared with the first nine months of 1960 have been issued.

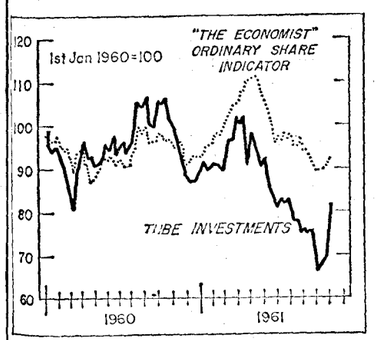
	1961		1960	
Kilometres run		6,019,057		5,839,050
	Tons	Escudos	Tons	Escudos
Passenger Traffic	948 —	10,284,000	1,278 —	13,665,000
Local Traffic:				
Minerals	315,861 —	35,931,000	334,270 —	39,936,000
Other	439,117 —	63,206,000	447,792 —	58,494,000
Transit Traffic:				
Minerals	454,598 —	245,764,000	469,939 —	242,374,000
Other	116,429 —	87,024,000	79,538 —	63,951,000
Miscellaneous Receipts	— —	9,210,000	— —	11,083,000
TONS (Excluding Service Traffic)	1,376,953 —	451,419,000	1,332,817 —	429,553,000
Working Expenses in Africa		242,934,000		215,673,000
Net Operating Receipts		208,485,000		213,873,000

Tanganyika Concessions Limited owns all the Debentures and 90 per cent of the equity of the Benguela Railway.

COMPANY AFFAIRS

TI's Pleasant Surprise

As the chart shows the £1 shares of Tube Investments have fallen sharply from this year's peak of 85s. 6d. and clearly there was little prospect of any increase on the 1950-60 payment of 14 per cent. On the face of it the results for the year to July 31st certainly live up to the chairman's forecast of "satisfactory" results. Trading profits rose by £3 million from £24.1 million to £27.2 million but these figures included the profits of the British Aluminium group which fell from £6.3 million to £4.7 million. Thus profits of the group ex-BA rose by over 25 per cent from £17.9 million to £22.4 million, but the 1960-61 results included for the first time profits of recently acquired companies, including Raleigh Industries and Loewy Engineering; earlier this week it was announced that profits of Raleigh, which has now taken over all TI's cycle interests, had fallen from £2.7 million to just over £2 million. Thus even allowing for profits from other acquisitions some or all of the group's other three main divisions, steel tubes, iron and steel and engineering have apparently earned higher profits. This is only an assumption, but if it is correct it is a highly satisfactory outcome to what must have been a difficult year. Higher depreciation and tax have absorbed most of the rise in profit to limit the increase in net profits from £8.3 million to £9.1 million.



The results reflect the first benefits from TI's capital programme. Commitments in July 1960 amounted to £12¼ million but since then the group has undertaken a major steel expansion project; at first it was planned to spend £58 million at Park Gate but early this year the company announced it had decided to rephase its plans cutting the cost of the scheme to about £33 million. While these are vast sums they are perhaps not beyond the resources of a company whose cash flow is running at over £12 million a year. Not surprisingly the maintained ordinary dividend of 14 per cent is covered over three times. It must not be forgotten, however, that £3 million of this cash flow relates to British Aluminium, which had capital commitments of its own of £15½ million at the end of this July. Lord Plowden, the chairman of British Aluminium, says it is difficult to forecast any immediate improvement for the aluminium industry in this country. It remains to be seen whether Sir Ivan Stedeford, the chairman of Tube Investments, can paint a brighter picture of the current prospects for the group as a whole. Meanwhile the £1 shares, 4s. 6d. higher at 65s. 9d., yield 4¼ per cent.

Fisons

While Fisons does not intend to raise any new capital in the current financial year the chairman, Sir Clavering Fison, has told shareholders that if all the present projects are carried through some more permanent capital will be required. As was pointed out in these columns last week capital commitments of £13½ million at the end of June even if spread over several years—and it now seems that payments for these schemes will not be completed until 1965—could not be met from the present cash flow of about £2¾ million, especially as Fisons' liquid holdings in the year to June 30th had been run down from £8¾ million to under £4 million. It now seems however that the estimate of £13½ million is on the high side and that a good deal of rethinking has been done at Felixstowe since the announcement of Britain's decision to negotiate entry into the common market.

Most of the proposed spending is tied up with the Milford Haven "nitrogen complex" and part of this project has now been abandoned. Fisons is also examining ways of reducing the working capital it employs and thus hopes to be able to free considerable sums for other investment. The sharp reduction in its cash funds at the end of June, which partly reflected new acquisitions, also reflected an increase of £1¼ million in debtors resulting from special bargain offers of fertilisers in May and June towards the end of the financial year.

These sales at special discounts were mainly responsible for the rise in the group's total sales from £51.3 million to £54.6 million but, as the table shows, these sales at smaller margins and the earlier reduction in prices has had a considerable affect on profits; the ratio of gross profits to sales fell sharply from 10.8 to 8.3 per cent while the return on capital employed fell from 12.6 to 10.3 per cent. It is not surprising that the £1 shares have fallen from 58s. 9d. early this year and now stand at 35s. 7½d., to yield 6¼ per cent on the maintained dividend of 11 per cent. There is little in the report to suggest that in the short term at least this decline in the share price has been overdone.

Sir Clavering says that he would not be justified in holding out hope of higher profits in the current year. Fisons should clearly benefit from the fine autumn and there can be no doubt that more fertilisers have been used in this season than at the same time last year when as a result of the very wet weather the total area sown was one million acres less than in 1959. But some of the fertilisers were no doubt bought in the "bargain basement" period and will not be reflected in the current year's sales and profits.

At the present time however investors have to look much further ahead—towards the possibility of Britain joining the common market. As far as Fisons is concerned, this is also tied to the question of agricultural subsidies in this country. On these issues shareholders will find Sir Clavering reassuring; any big reduction in subsidies will in his view have only a short term effect on fertiliser consumption and he looks for a greater use of fertilisers by farmers to combat the pressure of more competition from abroad. While fertiliser prices in Europe as a whole are slightly lower than prices in this country, transport costs, both externally and internally, are an important factor and on this basis the directors believe that prices for compound fertilisers in this country are comparable with the average European price, particularly as Fisons already has plants at "strategic points" all over the country.

Years to June 30	1960 £'000s	1961 £'000s
Consolidated earnings:—		
Sales	51,343	54,576
Trading profit	4,315	3,292
Other income	594	734
Depreciation	1,902	1,742
Tax	2,484	1,740
Net profit	2,021	1,860
Ordinary dividend	1,043	1,043
Retained profits	860	699
Consolidated balance sheet:—		
Net fixed assets	21,385	22,318
Net current assets	15,606	12,975
Stocks	9,484	10,845
Debtors	4,462	6,254
Liquid assets	8,723	3,902
Reserves	7,585	8,284
Ordinary capital	15,480	15,480

Clearly however there can be little prospect for fertiliser exports to Europe beyond, say, Northern France and the low countries. But exports of chemicals and pharmaceuticals by Fisons are rising following the reorganisation of the group's export and overseas management. Interests other than fertilisers in the home market now produce about one third of the total profits and the management looks for further substantial gains from these businesses, particularly in the underdeveloped areas. Nevertheless the pharmaceutical and chemical businesses seem unlikely to grow as they would have done had some of Fisons' earlier bids been successful and, despite the tone of the chairman's statement, uncertainty about this company's growth potential is unlikely to disappear overnight.

Continued on page 498

LONDON AND NEW YORK STOCKS

Prices, 1961 High	Prices, 1961 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Oct. 25, 1961	Price, Nov. 1, 1961	Net Yield, Nov. 1, 1961 §	Gross Yield, Nov. 1, 1961
			£ s. d.	£ s. d.		
92½	88⅞	Savings Bonds 3%	1955–65	90 15/32	91	4 7 4	5 13 4
101 1/32	99	Conversion 4½%	1962	99 25/32	99 13/16	2 0 4	5 1 1
95⅞	93¾	Exchequer 3%	1962–63	95 21/32	95 13/16	4 5 1	5 14 11
101 5/16	98⅜	Treasury 5½%	1962	100 9/32	100 5/16	3 2 6	5 3 9
93 29/32	90¼	Exchequer 2½%	1963–64	92½	93 3/32	4 7 9	5 7 9
99 19/32	96⅝	Conversion 4¾%	1963	98 1/32	98 13/32	3 9 5	5 15 8
93 3/32	94½	Conversion 4½%	1964	96 13/16	97 3/32	4 0 1	5 15 3
101 5/16	96	Exchequer 5½%	1966	99 3/32	98¼	3 14 9	5 19 3
83⅛	78 13/16	Funding 3%	1959–69	82⅜	82⅝	4 12 9	5 18 11
89¾	84¾	Funding 4%	1960–90	88⅛*	89⅞	3 9 5	5 2 7
80⅜	74⅝	Savings Bonds 3%	1960–70	80¾	80⅞	4 12 4	5 19 5
85	80⅞	Savings Bonds 2½%	1964–67	84¼*	85	4 13 3	6 1 10
72 11/16	66¼	Savings Bonds 3%	1965–75	71 5/16	72 1/16	4 12 10	6 1 10
84⅜	78⅛	Funding 3%	1966–68	84¼	84⅜	4 12 10	5 19 8
97½	92½	Victory 4%	1920–76	93¾	94¼	3 7 3	5 0 7
86 1/16	80¼	Conversion 3½%	1969	85⅝	86 1/16	4 9 1	5 19 8
93 5/16	87	Conversion 5%	1971	93	93 1/16	4 1 0	6 3 4
95 11/16	88½	Conversion 5¼%	1974	94¼	94 11/16	3 17 6	6 1 10
73⅛	66⅜	Treasury 3½%	1977–80	71	71¼	4 10 2	6 5 2
72¼	65⅜	Treasury 3½%	1979–81	69 1/16	69¾	4 11 1	6 4 0
97 5/16	88 1/2	Funding 5½%	1982–84	92½	92 13/16	3 13 6	6 4 9
59½	51½	Redemption 3%	1986–96	54½	54½	4 8 4	6 4 8
88⅛	79¼	Treasury 5%	1986–89	81 13/16	82	4 3 5	6 8 3
63¼	55	Funding 3½%	1999–2004	57⅝	57 13/16	4 7 4	6 10 2
94⅜	81⅝	Treasury 5½%	2008–12	83⅞	83½	4 3 7	6 14 11
65⅜	56½	Consols 4%	after Feb. 1957	60½	60¼	4 2 2	6 15 11
59¼	50½	War Loan 3½%	after 1952	52⅜*	52½*	4 1 5	6 12 8
59	50½	Conv. 3½%	after Apr. 1961	52¾	52 7/16	4 2 1	6 14 4
50⅞	43¼	Treasury 3%	after Apr. 1966	45¾	45¾	4 0 7	6 11 10
44	36½	Consols 2½%		39⅛	39 7/16	3 17 8	6 7 0
43½	36½	Treasury 2½%	after Apr. 1975	38⅛	38 3/16	4 0 6	6 11 9
91 11/16	85¾	British Electric 4½%	1967–69	91⅜	91⅝	4 2 5	6 0 11
75 11/16	70⅛	British Electric 3%	1968–73	75⅛	75⅜	4 13 3	6 1 11
70⅝	64½	British Electric 3%	1974–77	69⅛	69¾	4 12 8	6 2 11
81⅞	74⅞	British Electric 4½%	1974–79	78 5/16	79¼	4 6 0	6 4 8
73½	67	*British Electric 3½%*	1976–79	70⅜*	70¾*	4 10 7	6 4 3
84⅞	78¾	British Gas 4%	1969–72	84¼	84 9/16	4 6 6	6 1 11
81⅞	76	British Gas 3½%	1969–71	81¾	81⅞	4 9 7	6 0 9
59⅜	51⅜	British Gas 3%	1990–95	54*	54⅜	4 9 8	6 5 8
75 11/16	70⅛	*British Transport* 3%	1968–73	75⅛	75⅜	4 13 3	6 1 11
80⅞	74	British Transport 4%	1972–77	78 13/16	79 3/16	4 6 9	6 4 2
61 7/16	53¾	British Transport 3%	1978–88	57⅞	58½	4 11 10	6 6 4

Prices, 1961 High	Prices, 1961 Low	DOMINION AND CORPORATION STOCKS	Price, Oct. 25, 1961	Price, Nov. 1, 1961	Yield, Nov. 1, 1961
					£ s. d.
82⅛	76½	Australia 3¼%	1965–69	82	81⅞	6 6 0
101	92¾	Australia 6%	1974–76	96½	97	6 6 0
72½	64½	Ceylon 4%	1973–75	65¾	66½	8 3 0
101⅛	92¾	New Zealand 6%	1976–80	95¾	95½*	6 10 0
80½	70½	Rhodesia and Nyasaland 6%	1978–81	74½	76½	8 13 0
81	73	South Africa 3½%	1965–67	79½	80	8 1 0
59	53½	Southern Rhodesia 4½%	1987–92	56	56	8 13 0
94⅝	85⅛	*Agricultural Mortgage* 5½%	1980–85	88	88½	6 12 0
89	82¼	Birmingham 4¼%	1967–70	87	88	6 4 0
92¾	86½	Bristol 5%	1971–73	90	90¼	6 7 0
93	86½	*Corporation of London* 5¼%	1976–79	87*	87¾*	6 6 0
48¾	41	L.C.C. 3%	after 1920	44¾	44¼*	6 16 0
89⅛	80⅛	L.C.C. 5%	1980–83	83¼	83¾	6 8 0
93	84¼	*Middlesex* 5¼%	1980	87½	88¼	6 7 0

NEW YORK PRICES AND INDICES

	Oct. 25 $	Nov. 1 $		Oct. 25 $	Nov. 1 $		Oct. 25 $	Nov. 1 $
Atch. Topeka ...	28⅛	28	Boeing	47⅞	48⅛	Int. Harvester ..	48	50⅝
Can. Pacific ...	24⅜	24⅜	Celanese	34	33⅝	Inter. Nickel ...	80¼	79⅞
Pennsylvania ...	14¼	14⅝	Chrysler	51⅜	53⅝*	Inter. Paper ...	36⅝	36
Union Pacific ...	36⅛	36¼	Col. Palmolive ..	47⅝	47½	Kennecott	79½	79⅞
Amer. Electric ..	72½	73⅛	Crown Zeller...	60¼	61	*Monsanto*	52¼	53½
Am. Tel. & Tel..	122	121⅝	Distillers Seag...	43	45¼	Nat. Distillers..	25⅝	25⅞
Cons. Edison	82⅝	84	Douglas	34⅛	33¾	Pan-American ..	20½	20⅜
Int. Tel. & Tel...	52⅜	52⅛	Dow Chemical..	72¾	73½	Procter Gamble	92¾	93½
South'n. Nat. Gas	44⅝	44⅞	Du Pont	231	232	Radio Corpn....	52	55⅜
United Corpn...	8¾	8¾	East. Kodak	104¾	109¾	Sears Roebuck .	82½	82⅜
Western Union .	41½	40⅞	Ford Motor.....	103⅛	104⅛	Shell Oil	38½	39⅞
Alcoa	58⅜	57⅜	Gen. Electric ...	72⅛	74⅝	Socony-Mobil ..	45⅞	46½*
Aluminium	27⅛	26¾*	General Foods ..	97⅝	96⅝	Stand. Oil Ind..	48	48⅜
Amer. Can.....	45⅝	45	General Motors .	48¾	50	Stand. Oil N.J..	46⅞	46⅜
Am. Smelting...	58¾	59⅞	*Goodyear*	45¼	45¼	Studebaker ...	12⅜	12⅞*
Am. Viscose	54⅛	55½	Gulf Oil.....	37½	38⅞	U.S. Steel	75⅞	76⅜
Anaconda	48¼	48	Heinz.....	64¾	64¾	West. Electric...	38¾	39*
Beth. Steel	40⅛	41⅝*	Int. Bus. Mach...	603½	585	Woolworth....	84¼	83½

Standard and Poor's Indices (1941–43=10)

1961	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Oct. 4	70·57	2·88	34·54	4·71	63·24	3·11	89·22	3·96
,, 11	71·60	2·84	35·30	4·61	64·13	3·06	88·91	3·99
,, 18	71·68	2·83	34·80	4·68	64·00	3·07	88·91	3·99
,, 25	71·77	2·83	34·30	4·75	64·67	3·04	88·91	3·99
Nov. 1	72·20	2·82	34·16	4·77	65·09	3·02	89·43	3·94

425 Industrials :—High, 72·38 (Aug. 22). Low, 60·87 (Jan. 3).

Prices, 1961 High	Prices, 1961 Low	ORDINARY STOCKS	Price, Oct. 25, 1961	Price, Nov. 1, 1961	Yield, Nov. 1, 1961	Cover
29/3	20/3	**BANKS, DISCOUNT & HP**				
22/–	14/10½	Barclays £1	77/9	82/9	3·14	4·3
58/9	33/6	District £1	85/9	87/–	3·68	4·3
81/6	56/3	Lloyds £1	63/–	68/3	3·19**	4·3
26/10½	14/6	Martins 5/–	20/9	21/6	3·49	4·3
		Midland £1	83/–	85/9	3·50**	4·3
		Nat Provincial £1	81/3	83/–	3·37	4·3
36/–	24/–	Westminster 'B' £1	78/6	82/–	3·56	4·3
91/3	58/6	Australia & N.Z.... £1 p.p.	36/6	38/–	6·32	4·3
75/03	47/7½	Bk. Lond. & S. Amer.. £1	42/3	42/–	4·76	4·3
59/4½	45/–	Bank of Montreal....$10	£24 5/16	£24*	2·94	4·3
46/93	33/4½	Bank of New S. Wales £20	25½	26*	5·54g	4·3
21/11½	14/3	Barclays D.C.O..... £1	33/9	38/–	5·26	4·3
106/9	85/11½	Chartered £1	46/9¶	48/3	6·22	4·3
53/10½	34/10½	Hongk'g. & Shang....$25	£16¾	£17	4·41	4·3
62/11½	50/–	Nat. Com. Bk. Scot..10/–	51/3	53/–	3·11	4·3
		Royal Bk. Canada....$10	£27 5/16	£27 1/2*	3·00	4·3
48/6	28/3	Royal Bk. of Scotland .£1	101/6	102/3	3·72	4·3
15/5¼	9/7½	Stand. Bk. S. Africa...£1	37/6	37/–	8·11	4·3
49/6	32/–					
14/7½	11/3	Hambros .....£1 f.p.	130/–	132/6	3·40	
76/–	54/–	Schroders £1	78/6	80/–	1·88	
52/–	35/–	Union Discount £1	53/3	53/9	4·65	
38/–	25/9					
40/6	26/3					
39/6	24/3					
72/9	47/–					
52/3	37/6					
63/–	45/3					
36/9	18/9	**BREWERIES, Etc.**				
48/3	30/4½	Bass, M. & B. 5/–	12/9	13/10½	0·00**	
8/4½	4/6	Distillers 10/–	35/10½	37/7½	3·96	
33/9	22/4½	Flowers 5/–	17/6	17/6	3·00	
9/11½	5/10½	Guinness 10/–	52/11½	52/4½	4·20**	
14/9	12/–	Ind Coope T.A. 5/–	14/3	14/4½	4·17**	
42/–	30/–	Teacher (Distillers) .10/–	34/–	34/–	3·68	
34/6	26/–	Watney Mann..... £1	93/–	97/6	3·69	
		Whitbread 'A' 5/–	34/–	34/–	3·97	
64/–	44/10½	**BUILDING, PAINT, Etc.**				
28/11½	19/10½	Associated Portland...£1	47/7½	49/10½	3·34	
26/10½	16/11½	British Plaster Bd. ..10/–	19/10½	21/3	5·88	
16/–	9/4½	Richard Costain 5/–	16/11½	17/9	4·51	
13/–	9/4½	Crittall Mfg. 5/–	10/–	9/11¼	7·55	
18/6	10/–	*International Paints* ..4/–	11/6	11/6	6·96	
105/6	85/–	London Brick £1	89/–	87/–	4·02	
66/9	40/6	Rugby Portland 5/–	49/11½	51/11½	2·44	
28/4½	18/3	*Taylor Woodrow* 5/–	18/10½	21/9	4·65	
167/11½	119/6	Wall Paper Defd..... £1	121/9	123/6*	4·05	
29/3	20/3	**CHEMICAL**				
22/–	14/10½	Albright & Wilson ...5/–	21/6	22/4½	4·47	
58/9	33/6	Borax Defd. 5/–	15/4½	16/10½	3·41	
81/6	56/3	*Fisons*..... £1	33/9	35/6	6·20	
26/10½	14/6	I C I £1	60/10½	63/4½	4·34	
		Monsanto..... 5/–	15/3	17/3	4·35	
36/–	24/–	**DRAPERY & STORES**				
91/3	58/6	Boots Pure Drug 5/–	28/–	28/3	2·12	
75/03	47/7½	*Montague Burton*.....10/–	84/9	87/9	3·13	
59/4½	45/–	Debenhams 10/–	51/3¶	54/–	3·56	
46/93	33/4½	G.U.S. 'A' 5/–	47/10½	49/11½	3·82	
21/11½	14/3	House of Fraser 5/–	35/3	36/–*	4·17	
106/9	85/11½	Lewis's Invest. Tst.... 4/–	14/5¼	14/11¼	3·30	
53/10½	34/10½	Marks & Spencer 'A'.5/–	101/9	103/9	2·29	
62/11½	50/–	United Drapery 5/–	46/3*	46/9	3·21	
		Woolworth..... 5/–	51/6	52/11½	3·44	
48/6	28/3	**ELECTRICAL & RADIO**				
15/5¼	9/7½	A.E.I. £1	29/9	30/6	9·84	
62/3	49/–	Brit. Electronic Inds. 5/–	10/4½	10/9	6·96	
14/7½	11/3	B.I.C.C. £1	56/6	56/9	4·75	
76/–	54/–	Crompton Parkinson .5/–	11/7½	12/9	4·90	
52/–	35/–	Decca Record..... 10/–	58/–*	60/–	3·89	
38/–	25/9	E.M.I. 10/–	36/3	36/6*	4·79	
40/6	26/3	Elliott-Automation ...5/–	34/03	34/9	1·87	
39/6	24/3	*English Electric* £1	27/9	28/9	6·96	
72/9	47/–	General Electric..... £1	24/9	25/3	7·92	
52/3	37/6	C. A. Parsons £1	48/9	48/6	5·15	
63/–	45/3	*A. Reyrolle*..... £1	38/6	38/6	5·06	
		Thorn Electrical 5/–	57/–	57/–	2·19	
36/9	18/9	**ENGINEERING**				
48/3	30/4½	Babcock & Wilcox....£1	21/6	21/9	...	
8/4½	4/6	John Brown £1	30/4½	31/11½	7·07	
33/9	22/4½	*Cammell Laird* 5/–	4/9	4/6	13·33	
9/11½	5/10½	Internat. Combust. ..5/–	22/7½	23/4½	6·42	
40/–	28/–	Rich'ds'ns. Westg'th. 10/–	4/–	3/10½	...	
17/4½	12/6	Swan Hunter £1	31/11½	32/3	7·44	
33/10½	21/8¼	John Thompson 5/–	12/7½	12/9	1·96	
79/9	51/6	Coventry Gauge.....10/–	29/–	29/–	4·22	
78/–	48/–	Alfred Herbert £1	60/–	61/6	4·51	
110/–	83/–	Allied Ironfounders...£1	49/3	49/–	8·16	
36/10½	19/3	Averys £1	85/–	85/–	3·53	
14/9	9/–	B.S.A. 10/–	19/9	20/4½	5·73	
44/4½	29/6	George Cohen 5/–	9/–	10/–	6·50	
108/7½	75/6	Davy-Ashmore 5/–	30/–	30/–	4·58	
31/–	18/3	Guest Keen..... £1	76/9	80/6	3·98	
100/3	68/3	Head Wrightson.....5/–	18/9	19/9	4·05	
22/6	14/–	Metal Box £1	76/3	79/6	3·02	
50/6	34/6	Ransome & Marles...5/–	14/9	14/9	4·75	
		Renold Chains £1	38/9	38/6	5·19	
44/11½	29/7½	Simon Engineering ..5/–	32/–	33/6	4·10	
85/6	54/–	Tube Investments..... £1	57/6	67/6	4·15	
38/4½	25/9	Vickers £1	25/10½	27/–	7·41	
84/6	64/6	Ward (Thos. W.) £1	66/–	65/6*	4·20	
30/–	19/6	Woodall-Duckham...5/–	20/3	19/6	5·38**	

Prices, 1961 High	Prices, 1961 Low	ORDINARY STOCKS	Price, Oct. 25, 1961	Price, Nov. 1, 1961	Yield, Nov. 1, 1961	Cover
17/–	17/4½	**FOOD & TOBACCO**				
7/–	7/9¾	Allied Suppliers 10/–	17/7½	18/11½	5·52	2·4
54/9	54/9	Assoc. British Foods..1/–	11/6	12/11½	1·86	2
11/9	12½	Bovril £1	55/9	54/9	4·38	2·1
10/6	10/–	Brooke Bond 'B' 5/–	13/–	13/11½*	4·14	3·2
12/6	12/6	International Tea 5/–	12/6	12/6	5·00	1·5
65/–	65/–	J. Lyons 'A' £1	65/–	68/3	4·64	1·4
25/9	9	Ranks..... 10/–	29/4½	30/11½	4·65	2
10/4½	7½	Spillers..... 5/–	10/6*	10/7½	4·71	2
38/7½	9	Tate & Lyle..... £1	40/10½	44/1½	5·44	2
14/10½	5	Unigate 5/–	15/6	15/11½	4·63	2
56/9	13/3	Brit. Amer. Tobac. ..10/–	59/9	59/9	5·92	2·3
39/3	15	Gallaher 10/–	40/3	39/9	5·03	2
65/3	14	Imperial Tobacco..... £1	68/6	69/–	6·52	1·3
115/16	55	**INSURANCE**				
60/6	25	Britannic 5/–	12 5/8	12 7/8	3·33	...
17 7/8	41·17c	Commercial Union ..5/–	61 3/8*	65/6	3·44	...
51/10½	20	Equity & Law Life ...8/6	28/–	30/–	5·94	...
20	10	General Accident.....5/–	73/6	80/6	1·86	2
42 7/16	40	Guardian..... 5/–	45/9	50/–	2·67**	2
110	80	Legal & General.....5/–	34½	36 3/8	1·31	...
100/–	11½ b	Northern & Empl.....£1	121/6	122/6*	3·27	...
156/3	70	Pearl 5/–	207/6	210/–	3·50	...
18	183½ c	Prudential 'A'..... 4/–	22½	25	2·72*	...
38/10½	...	Royal 5/–	43/3*	43/9	3·43**	...
100/3	11 7/4 b	Royal Exchange £1	102/3	105/3	3·56	...
12/10½	12½ b	**MOTORS & AIRCRAFT**				
66/11½	20	British Motor 5/–	13/3	13/9	7·27	2½
39/6	11	Jaguar Cars 'A' 5/–	82/11½	81/9	1·22	7·3
11	5	Rolls-Royce..... £1	40/–	39/9*	5·53	2·4
12	12	Rootes Motors 'A' ..4/–	7/–	6/6	3·23	2·1
52/3	12	A.C.V. £1	66/6	69/3	4·62**	2·1
57/7½	15	Leyland Motors £1	82/4½	86/4½	4·63	...
8/6	9	Bristol Aeroplane ..10/–	16/–*	15/9	7·94	2·1
26/4½	10	Hawker Siddeley..... £1	27/–	26/6	8·00**	1·4
31/9	14	Dowty Group..... 10/–	32/9	33/11½	4·68	2·4
21/6	15⅝	Dunlop Rubber 10/–	25/4½	26/4½	6·00	2
49/9	11 4/8	Joseph Lucas..... £1	50/4½	50/9	5·42	3
15/9	9	Pressed Steel..... 5/–	17/9¾	18/3	8·22	1·4
29/3	15	Triplex Holdings ...10/–	29/6	29/9	4·20	2
110/–	50	**MINES**				
120/–	40	Anglo-American....10/–	132/6*	136/10½	6·58	1½
40/–	25	Consolid. Gold Fields .£1	55/9	57/6	8·70	2
72/6	15	General Mining £1	87/6	87/6*	8·00	2
40/–	120	Union Corporation ...£1	54/–	54/–*	7·41	3
15/3	40	Daggafontein 5/–	16/9	17/6	2·29	1½
73/9	70	Free State Geduld 5/–	93/9	95/7½	8·89	2
37/6	25	Hartebeestfontein ..10/–	42/6	43/–	11·63	1½
41/10½	50	President Brand 5/–	48/9	50/–	11·00	1½
101/3	90	Western Holdings ...5/–	116/10½	116/10½	8·98	1½
15/9	...	Winkelhaak..... 10/–	18/6	19/–	...	8½
55/–	36 3/8	Chartered 15/–	59/6	60/9	12·35	2
51/9	20	Rhod. Anglo-Amer.. 10/–	32/–*	34/–*	14·81g	2
7/10½	4 11/16	Rhod. Selection Tst.. 5/–	8/3	8/11½*	8·42g	2·4
4/7½	4½	Roan Antelope..... 5/–	5/11½	4/10½*	12·48g	1·4
18/9	15	Tanganyika Cons.... 10/–	19/6	18/9	17·33	1½
58/6	6¼	Consolidated Zinc....£1	59/3	61/6	6·50	1·4
110/–	150	De Beers Defd. Reg..5/–	136/3	137/6	9·09	1·4
$104	$1·50c	Internat. Nickel ...n.p.v.	$144¾	$142	1·88	...
10/9	27½	London Tin..... 4/–	15/11½	15/4½*	9·11	1½
30/–	20	Rio Tinto..... 10/–	37/6	39/4½	6·98	1½
17/9	52½	Tronoh 5/–	28/6‖	30/6	8·61	1
40/9	18 3/8	**OIL**				
32/–	12½	British Petroleum £1	41/6	42/9	8·91	2·4
36/–	13¾	Burmah Oil £1	32/9	35/–	8·75	1·4
23/6	6¼	Castrol..... 10/–	36/*	38/–	5·26	2½
£10 6/8	23·87c	Royal Dutch..... 20 fl.	£13 1/6	£13½	4·10	2·3
108/9	20·8	Shell Transport £1	115/–	114/–	5·97	3
24/3	...	Ultramar 10/–	27/4½	28/–	...	d
9/10½	10	**PAPER & NEWSPAPERS**				
57/6	4	Daily Mirror..... 5/–	12/4½	12/4½*	6·06	1·4
37/9	...	W. H. Smith & Son 'A'. £1	60/–	63/–	3·81	2
17/9	...	Thomson Org'n. 5/–	20/–	21/9	5·52**	2
43/6	8¾	Bowater Paper £1	44/–	47/3	5·82	1½
42/6	9	Albert E. Reed..... £1	42/9	44/6	7·19	1½
37/6	8½	Spicers..... £1	41/9	40/6	6·17	1¾
50/6	4	Wiggins Teape £1	55/–	54/6	5·14	2

Prices, 1961 High	Prices, 1961 Low	ORDINARY STOCKS	Price, Oct. 25, 1961	Price, Nov. 1, 1961	Yield, Nov. 1, 1961	Cover
62/–	43/–	**MISCELLANEOUS**				
34/6	26/9	Assoc. British Picture..5/–	47/3	47/6	6·32	2·3
51/9	41/4½	Assoc. Television 'A' .5/–	29/7½	28/10½	10·39	1·3
54/3	31/4½	Beecham Group..... 5/–	49/3½	52/9	2·84	1·3
54/3	31/4½	British Match £1	31/7½	31/10½	6·27	2
28/4½	14/9	British Oxygen..... 5/–	15/6	17/3	3·09	2·1
13/–	7/10½	British Ropes 5/–	8/–	8/4½	5·97	2·1
70/–	44/9	De La Rue..... 10/–	45/–	45/6	4·95	2
50/–	31/9	Gestetner 'A' 5/–	36/–*	37/6*	2·67	3·1
73/9	52/6	Glaxo..... 10/–	55/9*	56/–	2·68	3·4
57/6	43/9	Harrisons & Cr. Defd..£1	45/6	43/9	6·82	2·1
44/–	43/9	*Hoover* 'A' 5/–	44/–	43/9	5·14	2·1
19/3	13/–	Ilford 5/–	19/3	21/–	4·17	2
90/–	89/6	I.C.T. £1	90/–	89/6	2·51	2·3
42/6	42/6	National Canning £1	42/6	42/6	5·88	1
33/3	33/3	Powell Duffryn..... 10/–	32/3	33/3	4·81	2·1
30/3	24/7½	Radio Rentals 5/–	27/–	28/6	3·51	3
37/6	18/9	Rank Organisation....5/–	26/9	30/9	6·66	2·1
41/10½	30/11½	Schweppes 5/–	30/11½	33/–¶	3·64	1·4
39/–	27/6	Sears 'A' 5/–	32/11¼	34/–	3·68	2·1
28/4½	21/7½	Thomas Tilling 4/–	23/9*	24/3	3·30	2
15/6	55/–	Unilever 5/–	38/5¼	40/–	3·07	3·1
12/6	8¾	Unilever N.V. ..... 12 fl.	101½	105⅜	2·34	3·1
18/–	10	United Glass 5/–	15/3	16/9	4·89	2·1
41/3	29/6	United Molasses 10/–	30/3	29/9*	8·23	1
63/6	30/6	**SHIPPING**				
20/–	13/3	Brit. & Com'wealth. 10/–	33/6	30/6*	6·56	2
17/–	7/–	Cunard £1	14/–	13/9	...	...
24/9	18/9	France Fenwick £1	19/10½	18/9	7·47	1·2
50/6	32/3	Furness Withy £1	33/–	33/3	6·02	1
15/–	10/–	London & Overseas..5/–	10/6	10/–	8·75	...
48/6	30/11½	P & O Defd..... £1	32/4½	30/11½*	7·30	1
17/9	12/–	Reardon Smith 10/–	12/–	12/9	1·96	...
25/–	12/10½	Royal Mail..... £1	12/10½	13/11½	7·62	...
46/3	30/6	**STEEL**				
74/10½	48/6	Colvilles £1	51/11½	51/4½	6·23	4·2
43/7½	25/11½	Dorman Long..... £1	27/11½	25/7½	7·80	2·1
49/10½	30/9	Lancashire Steel..... £1	31/11½	33/6	6·57	3·1
42/–	23/7½	South Durham £1	24/4½	24/7½	9·75	2
47/8¼	31/–	Steel Co. of Wales....£1	34/7½	34/10½	7·17	2·3
57/4½	40/–	Stewarts & Lloyds £1	40/10½

Crompton Parkinson

In the last few years the profits of Crompton Parkinson have held up well in the face of unfavourable trading conditions in the heavy electrical manufacturing industry. Even the optimists, however, did not expect that Crompton Parkinson would report an 8 per cent increase in trading profits from £2,509,000 to £2,722,000 in the year to June 30th. A higher tax charge has restricted the rise in net profits to only £45,000 to £1,306,000 so that the maintained dividend of 12½ per cent is covered 2.3 times.

There is no indication with the preliminary figures as to which of the group's many sections made the biggest contribution to the rise in profits and so helped to offset the effects of rising costs and intense competition. The cable making section may have done rather better after the sharp setback in profits in 1959-60 following the ending of price agreements in the cable industry. The battery side of the business was picked out by the chairman last year as one which had shown particularly steady growth in the past and which held out the prospect of further growth. But from wherever the better profits stem they give force to the chairman's remark last year that "diversification of our activities has been and will continue to be of great influence in maintaining a steady and even trading performance." Having risen by 1s. 1½d. since the results were published the 5s. shares at 12s. 10½d. yield just under 5 per cent; this is well below the return offered by most shares of electrical manufacturers with a similar range of interests.

Fairey

The passing of Fairey's interim dividend in May and the directors' statement that the results would be disappointing put shareholders on their guard. But they were still taken aback when the directors announced that for the year to March 31st the final dividend was to be cut from 12½ to 7½ per cent, bringing the total dividend down from 20 to 7½ per cent. In the market the 10s. ordinary shares were marked down from 13s. to 11s. 6d. to yield 6.8 per cent. No direct comparison can be made between profits in 1959-60 and 1960-61 as Fairey sold Fairey Aviation to Westland in December, 1959, and the group subsequently used £1,139,000 to buy Siebe, Gorman and distributed £1,650,000 in Westland shares to its own shareholders. Thus the results for 1959-60 included 9 months' profits from the aviation interests, and the 1960-61 figures included 15 months' profits from Siebe, Gorman.

In 1960-61 the group made a gross profit of £166,000 after a much heavier depreciation provision that reflects the expenditure on new plant and equipment by Fairey Engineering and a Canadian subsidiary, but the profits have been struck after crediting profits relating to earlier years and after debiting losses on certain contracts. In all profits on deliveries in earlier years included in the latest accounts amounted to £805,000. This includes profits in Fairey Engineering amounting to as much as £490,000 that have been brought into the account on the basis of estimated prices in respect of goods delivered before the end of the financial year which had not been subject to a firm price settlement. This is a major change in accounting procedure, as in earlier years Fairey Engineering consolidated only the profits arising in contracts on which a price settlement had been made. Such profits have been largely offset by provisions made against future losses and include £500,000 relating to nuclear power contracts and £150,000 relating to a contract for hydraulic power controls on a civil aircraft. In addition, two of the group's subsidiaries, Aeroplastics and Avions Fairey, made a total loss of £367,000. In all, therefore, the group, after providing for tax, made a loss of £61,000, compared with a profit of £389,000 in 1959-60. This is a dismal start for Fairey in its new guise, but shareholders will hope that the payment of a dividend for a year of so many losses means that the worst is past.

Dalgety

The past year has been marked by stringent credit policies in Australia and New Zealand, the main area of operations of Dalgety the merchants and wool brokers. Although Dalgety has been forced to keep advances to clients on a tight rein these still rose from £18 million to £19.8 million. With stocks and debtors also higher the group's liquid balances have been squeezed; investments have been reduced by £1¼ million while net bank overdrafts, which virtually did not exist at the end of June, 1960, amounted to £4¼ million by the end of last June. The chairman, Lieutenant-Colonel C. P. Dawnay says that the rising demand by clients for financial assistance still gives cause for concern and clearly this was one factor behind the proposed merger with the New Zealand Loan and Mercantile Agency.

As a result of the merger the new company Dalgety and New Zealand Loan will be the world's biggest woolbroking firm with a turnover exceeding £100 million a year. But size is not so important as the considerable benefits that should accrue to both shareholders and clients of the two companies from the substantial economies which should arise when the pattern of the 500 trading stations of the group is revised. The group will begin its trading life as the credit squeeze in Australia virtually ends; wool prices have improved and there is a good demand for both meat and grain. The immediate benefits of the merger are not likely to be big for the chairman warns shareholders of both companies that the group "faces a period of major reorganisation which cannot be quickly achieved." The yield of 7.9 per cent offered by the £1 shares at 33s. 3d. xd (on the forecast of a maintained tax free dividend of 8 per cent on the increased capital) seems to allow for teething troubles.

Harris Lebus

The fall in the pre-tax profits of Har Lebus in the year to mid-July fr £514,000 to £169,000 bears out the fo cast made in June that profits would "very considerably lower." Then the dir tors passed the interim dividend but th have now declared a final dividend of per cent. This compares with a total p ment of 7 per cent for 1959-60 and abso £31,000 of the £37,000 available for dist bution (representing equity earnings of o 3 per cent). But for a moderate impro ment in business in the spring it does seem likely that earnings would have jus fied the payment of any dividend at Harris Lebus, like other furniture manuf turers, was badly hit by the reimposition hire-purchase restrictions. Its effect been most marked on the sale of inexpens furniture, with which Harris Lebus mainly concerned. As a result short ti working was in force at its factories for major part of the financial year.

On the results the £1 shares fell by to 14s. 1½d. so that the shares yield 3½ cent on the latest dividend. In his sta ment the chairman, Sir Laurence Watk son may be able to paint a slightly l sombre picture of the company's curr trading and the high gearing of the capi structure means that any recovery in pro will be quickly reflected in equity earnin But the prospect of any quick recovery the price of the shares is not enhanced the likelihood that bank overdrafts will higher than they were in July, 1960, wh they amounted to £626,000 and when holding in cash was no more than £48,0

Stone-Platt

If the directors of Stone-Platt intend the cut from 4½ to 4 per cent in company's interim dividend as a gen warning that prospects had deteriorat since the chairman's review in June, th badly misjudged the impact which such announcement was likely to make. T stock market has recently been unsettl by several unexpectedly poor company sults: following the cut in dividend, Sto Platt's £1 units immediately fell by 7s. to 40s. But this fall seems to have elicit a hasty explanation from the directors. Th said that it was too early to say what pro would be for the year (of which only t months remain) but they considered "prudent" to reduce the interim divide to the rate prevailing from 1954 to 19 though they still hope that the chairma forecast last June of maintained profits w be proved right.

Doubts about Stone-Platt's profits w persist until the full year's accounts a published. But it is not unreasonable think that despite the directors' explanatio their doubts are not confined entirely to th year's profits. The re-equipment of t cotton textile industry in this country w probably not now bring the additional bus ness that was once expected, and two oth

industries which the group supplies, shipbuilding and oil, may also be giving the directors some cause for disquiet. In many of its engineering branches the group is probably finding it difficult to maintain profits, and its bank overdrafts stood at £2¼ million on December 31st. It is quite likely that in view of the uncertain outlook, the directors have in mind a possible reduction in the total ordinary dividend this year of no point to 15 per cent, reversing last year's increase. On a dividend of 15 per cent, Stone-Platt's shares would yield 7 per cent at the current price of 42s. 9d. xd.

Grampian Holdings

Grampian Holdings, the Scottish industrial holding company, recently added the technical publishing house of Leonard Hill to its miscellaneous collection of eleven subsidiary companies. The price paid for Hill, a private publishing house of technical scientific and trade journals and books, was £425,000, made up of £345,000 in cash and a balancing issue of 61,420 Ordinary shares of 5s. each, now standing at 25s. to yield 5 per cent. Of the total value imputed to Hill by this purchase, £225,000 was regarded by Grampian as being in respect of Leonard Hill's net trading assets, including goodwill.

Grampian was created from the "shell" of Bowlana Tea Estates in March, 1955, and adopted its present name in 1958. It has a wide spread of interests, including light and heavy engineering, textiles, electric lighting and radio components, furniture and road haulage. The rationale of Grampian, the directors claim, is threefold. First, it provides the means whereby owners of private companies, faced with surtax and death duty problems, can sell out, as in the case of Leonard Hill. Secondly, it has set up a Scottish finance company to provide facilities which hitherto had only been available in England. Thirdly, it offers a diversified spread of interests to the investor. It can, moreover, take a more active part in the management than an investment trust could, though the chairman, Sir James Hutchison, has said that the directors prefer as far as possible to leave the subsidiaries' management undisturbed. So far this has worked well; in 1960 gross profits, including those of new acquisitions, amounted to £583,000, against £400,000, despite falls in the profits of the structural engineering and furniture divisions. Unlike many other industrial holding companies, Grampian publishes separate profit and net asset figures for its subsidiaries, so that shareholders have the opportunity of judging the worth of its acquisitions. This year they certainly appear to be a mixed bunch, including a woollen producer, a sporting equipment maker as well as Leonard Hill. But the Grampian directors presumably keep a close eye on the price and the management of the companies they take over; in Leonard Hill, for instance, they believe there are substantial growth prospects in the market for technical information.

Shipping Results

The news from shipping companies has been bleak in recent weeks, with Cunard's operating loss underlining the warning given by the chairman of P & O. The interim statement from **British and Commonwealth Shipping** adds to the tale of woe. Though the dividend has been maintained at 6½ per cent the directors say that profits are running at a lower level and that the 1961 results will fall below the estimates given at the annual meeting in July. Sir Nicholas Cayzer then said that profits would be below those for 1960 but would be higher than those for 1959, when they amounted to £2,553,000 after tax.

Last year the dividend of 20 per cent was covered twice by earnings but if equity earnings fell to, say, £2 million such a dividend would be barely covered. British and Commonwealth has no doubt found costs, particularly wages, rising and squeezing its margins. The worsening of the situation since July suggests that other factors have been at work; of these, a slight fall in the South African traffic might be the principal culprit. The 10s. ordinary shares at their low point for the year of 29s. 9d. xd. yield 6½ per cent on a 20 per cent dividend.

In contrast, **Reardon Smith Line** has published results which the chairman, Mr A. J. Reardon Smith, describes as "not unsatisfactory." The group made a working profit of £220,000 in the year to March 31st, compared with £78,000 in 1959-60. Investment income raised the total from £209,000 to £358,000. The ordinary dividend has been maintained at 2½ per cent but this is not fully covered by net earnings. The chairman believes that the outlook is brighter than it was a year ago, although the continued operation of tankers, which might otherwise have been employed in carrying oil in the grain trade is still a source of concern. But freight rates are higher than they were and the directors have shown their confidence in the future by ordering two new motor vessels of 15,000 tons each. The 10s. shares at 12s. 7½d. yield just under 2 per cent. This price, which is well below the 1961 peak of 17s., reflects the company's big holding of cash and investments worth almost £5 million.

Motor Components

The recession in the motor industry has taken its toll among the industry's component suppliers. Birmid sells a high proportion of its products, which include castings, cylinders and brake drums, to the motor producers and for the year to July 31st net profits fell by 23½ per cent from £1,761,000 to £1,346,000. Lower sales must have contributed to the fall in earnings from the record level of 1959-60, but they have probably been squeezed from the other side too, as the engineering wages award has pushed labour costs up. The ordinary dividend has been left unchanged at 20 per cent and the £1 ordinary shares at 69s. yield 5.8 per cent.

London Stock Exchange

FIRST DEALINGS:	Oct. 16	Oct. 30	Nov. 13
LAST DEALINGS:	Oct. 27	Nov. 10	Nov. 24
ACCOUNT DAY:	Nov. 7	Nov. 21	Dec. 5

With a fall in Bank rate already discounted buyers of gilt-edged held off at first after the recent sharp rise in prices, but the general tone of gilts was firm, however, and the further fall in the Treasury Bill rate last Friday had led the market to expect this week's cut to 6 per cent. Equities behaved in sharp contrast with their performance in recent weeks and the new account opened with a notable recovery in prices. The demand for equities broadened as more public and institutional buyers appeared on Wednesday and over the week *The Economist* indicator gained 11 points to 356.0.

The gilt-edged market has been firmest at the short end and medium and long dated stocks were quiet until Tuesday. Savings 3 per cent 1955-65 gained 27/32 to 91 and Conversion 5¼ per cent 1974 gained 7/16 to 94 11/16. Funding 3½ per cent 1999-2004 gained 3/16 to 57 13/16, but the irredeemables were very dull until Wednesday when there was a slight rally; but this was not enough to counter earlier falls and 3½ per cent War Loan lost ¾ to 52½ xd. Dominion and Corporation stocks remained firm, with continued interest in the new LCC 6½ per cent 1971-72 loan; the new Bootle issue shares the same coupon and is thought to be heavily over-subscribed at its issue price of £99.

Banks were firm over the week and made widespread gains; both Barclays and Lloyds gained 5s. to 82s. 9d. and 68s. respectively. Insurance shares also showed notable rises, with Prudential "A" 2½ higher at 25. Breweries were also in demand, and Watney Mann put on 4s. 6d. to 97s. 6d. Among building shares, Associated Portland lost earlier gains after the interim dividend but gained 2s. 3d. over the week. Early losses in ICI were also made good to result in a net rise of 2s. 6d. to 63s. 4½d. Stores were among the shares attracting investment buyers; Marks and Spencer "A" gained 2s. to 101s. 9d. Rank Organisation gained 4s. to 30s. 9d. ahead of the full merger terms with Gaumont. Mecca was in strong demand and the voting shares gained 12s. to 70s. 6d. Many industrial shares gained after the new account opened; Turner and Newall made good early losses to put on 2s. to 57s. 6d. and Unilever gained 1s. 6½d. to 40s. after the subdivision of the shares. Electrical and motor shares were also higher and oils came back after losses before the weekend on news of growing competition; but even so Shell lost 1s. to 114s. The revival of local demand pushed tin shares up, and despite profit taking Tronoh gained 2s. to 30s. 6d. A rise in demand for Kaffirs on Monday, which centred mainly upon the finance houses was not sustained. Anglo-American gained in all 4s. 4½d. to 136s. 10½d.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended October 28, 1961, there was an "above-line" deficit (after allowing for sinking funds) of £42,594,000 compared with a surplus of £4,577,000 in the previous week and a deficit of £20,898,000 in the corresponding period of last year. There was a net expenditure "below-line" of £22,509,000 leaving a total cumulative deficit to date of £703,687,000 compared with £714,289,000 in 1960–61.

£'000	Estimate 1961–62	April 1, 1960, Oct. 29, 1960	April 1, 1961, Oct. 28, 1961	Week ended Oct. 29, 1960	Week ended Oct. 28, 1961
Ordinary Revenue					
Income Tax	2,728,500	771,345	854,005	33,401	32,205
Surtax	215,000	41,300	48,200	1,000	1,300
Death Duties	240,000	130,300	149,800	4,600	4,800
Stamps	94,000	51,700	57,800	2,400	2,200
Profits tax, EPT and EPL	325,500	163,000	202,800	5,000	5,500
Other Inland Rev. Duties	...	50	...	...	...
Total Inland Rev.	3,593,000	1,157,695	1,342,905	45,101	46,005
Customs	1,550,000	857,794	935,477	30,705	34,669
Excise	960,000	515,105	513,390	24,395	16,960
Total Customs and Excise	2,510,000	1,372,899	1,448,867	55,100	51,629
Motor Duties	155,000	32,954	39,719	3,240	...
PO (Net Receipts)	...	...	...	...	...
Broadcast Lic's.	40,000	18,300	19,100	4,800	...
Sundry Loans	205,000	34,328	149,800	19	1,150
Miscellaneous		70,924		5,670	
Total	**6,508,000**	**2,687,100**	**3,000,390**	**114,230**	**98,784**
Ordinary Expenditure					
Debt Interest	660,000	353,582	396,362	5,792	...
Payments to N. Ireland Exch.	92,000	46,967	49,961	3,552	3,893
PO Fund — Initial settlement	15,000	...	7,282	...	7,282
Other Consolidated Funds	8,000	4,595	4,835	495	653
Supply Services	5,186,902	2,688,882	2,901,138	124,849	129,384
Total	**5,961,902**	**3,094,026**	**3,358,578**	**134,688**	**141,212**
Sinking Funds	40,000	21,080	21,374	440	166
"Above-line" Surplus or Deficit	**428,006**	**379,562**	**20,398**	**42,594**	
"Below-line" Net Expenditure*	286,283	329,125	27,310	22,509	
Total Surplus or Deficit	**714,289**	**708,687**	**48,208**	**65,103**	
Net receipts from:					
Tax Reserve Certificates	149,347	160,538	11,518	19,633	
Savings Certificates	40,600	−16,900	200	−500	
Defence Bonds	63,098	18,050	2,174	−456	
Premium Savings Bonds	34,490	24,000	1,850	1,300	
Total		**286,535**	**135,688**	**15,742**	**19,977**

* Net receipt to the Civil Contingencies Fund of £5 million in 1961–62 compared with a net receipt of £6 million in 1960–61.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1960					
Oct. 29	3,600·0	1,617·2	213·1	...	5,430·3
1961					
July 22	3,260·0	1,934·4	214·3	...	5,368·7
„ 29	3,250·0	1,920·3	220·4	3·3	5,393·9
Aug. 5	3,280·0	1,882·6	207·3	...	5,369·9
„ 12	3,290·0	1,712·9	206·6	...	5,209·4
„ 19	3,290·0	1,732·5	316·8	1·5	5,340·7
„ 26	3,280·0	1,940·0	201·9	2·3	5,324·1
Sept. 2	3,260·0	1,855·3	239·4	...	5,354·8
„ 9	3,240·0	1,886·4	221·4	...	5,347·9
„ 16	3,240·0	1,905·2	229·5	...	5,374·7
„ 23	3,220·0	1,928·7	228·3	...	5,377·0
„ 30	3,220·0	2,018·6	283·7	...	5,525·3
Oct. 7	3,240·0	1,998·1	207·2	...	5,445·3
„ 14	3,260·0	2,003·4	209·7	...	5,472·2
„ 21	3,270·0	1,997·8	183·1	...	5,450·9
„ 28	3,280·0	2,003·2	211·5	...	5,494·8

THE MONEY MARKET

THURSDAY's cut of ½ per cent in Bank rate was followed by a corresponding cut in the fixed rates in the money market (see page 479). The move to 6 per cent was widely expected. Rarely have the day-to-day dealings between the Bank of England and the discount market been so closely watched and assessed by the financial public—and the Bank of England kept to the "rules of the game." It followed this week's comparatively mild treatment of the market with a cut in Bank rate.

At the Treasury bill tender before the Bank rate change, the syndicate of discount houses again ignored its several visits to the Bank and raised their bid by 1s. to £98 11s.5d.; the average rate of discount fell by 3s. 10.78d. to £5 14s. 6.57d. per cent. The market's quota of bills was 66 per cent, bringing its average quota since the first cut in Bank rate on October 5th to a very satisfactory 58 per cent. Following the tender five or six houses were forced into the Bank for a moderate amount. On the two days before the Bank rate change the market was again in the Bank, but this time the amounts were small and were taken only after the Bank had provided special help through the purchase of bills.

MONEY RATES

LONDON

	%		
Bank rate (from 6½%, 2/11/61)	6	**Discount rates** (Wednesday):	%
Deposit rates (7 days' notice):		Bank bills:	
Banks	4	60 days	5 15/16–6
Discount houses	4–4¼	3 months	5 15/16–6
Local Authorities	6⅛	4 months	5 15/16–6
Money:		6 months	5 15/16–5 11/16
Clearing banks' minimum	4⅜	Fine trade bills:	
		3 months	7¼–9¼
		4 months	7¼–9¼
		6 months	7½–9½

NEW YORK

	%		%
Official Discount rate: (from 3½%, 11/8/60)	3	**Treasury bills:** Oct. 23	2·35
		„ 30	2·280

BANK OF ENGLAND RETURNS

(£ million)	Nov. 2, 1960	Oct. 25, 1961	Nov. 4, 1961
Issue Department:			
Notes in circulation	2,216·2	2,300·4	2,305·2
Notes in banking dept.	34·2	25·0	20·1
Govt. debt and securities*	2,247·7	2,324·0	2,324·0
Other securities	0·8	0·8	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	1·5	0·3	0·3
Banking Department:			
Deposits:			
Public accounts	10·9	13·8	15·4
Special deposits	149·4	230·3	230·3
Bankers	263·7	259·7	249·9
Others	65·3	70·1	70·1
Total	489·3	573·9	561·6
Securities:			
Government	416·2	481·7	467·5
Discounts and advances	37·2	64·8	74·3
Other	18·8	19·3	19·2
Total	472·2	565·8	551·5
Banking department reserve	35·0	25·9	21·0
"Proportion"	7·1	4·5	3·7

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced by £25 million to £2,325 million on September 20th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills: Average Rate of Allotment	Allotted at Max. Rate*
	91 day / *63 day*		s. d.	%
1960 Oct. 28	250·0 / 30·0	476·9	101 9·52	36
1961 July 28	250·0	426·6	133 9·22	28
Aug. 4	250·0	386·0	134 3·33	44
„ 11	250·0	394·7	134 8·51	41
„ 18	250·0	279·6	134 1·83	61
„ 25	250·0‡	409·9	134 0·12	39
Sept. 1	250·0	379·8	134 0·50	48
„ 8	260·0	441·6	132 10·81	60
„ 15	250·0‡	407·0	131 10·99	59
„ 22	250·0	383·3	130 6·51	65
„ 29	270·0	447·9	131 0·48	59
Oct. 6	260·0	397·9	122 5·80	57
„ 13	260·0‡	419·0	120 2·28	59
„ 20	250·0	416·1	118 5·35	51
„ 27	250·0	431·2	114 6·57	66

* On October 27th tenders for 91 day bills at £98 11s. 5d secured 66 per cent, higher tenders being allotted in full. The offer for this week was for £200 million 91 day bills and £60 million 63 day bills. ‡ Allotment cut by £10 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits: November 1	Market Rates: Spot: October 26	October 27	October 28	October 30	October 31	November 1
United States $	2·78–2·82*	2·81½–5/8	2·81½–5/8	2·81½–5/8	2·81⅜–½	2·81 7/16–9/16	2·81⅜–½
Canadian $	...	2·89 15/16–90 1/16	2·89 15/16–90 1/16	2·90 1/16–⅜	2·90 1/4–⅜	2·90 1/8–3/16	2·90⅞–91
French Fr.	13·622–14·027	13·84⅜–5/8	13·85⅜–⅝	13·85 1/4–½	13·83–83¼	13·83–83¼	13·83–83¼
Swiss Fr.	11·94–12·54⅞	12·17⅜–⅝	12·16⅞–17⅛	12·17–17¼	12·16¼–½	12·16¼–½	12·15⅜–16
Belgian Fr.	137·96–140·10	140·12½–15	140·12½–17½	140·10–15	140·05–10	140·05–10	140·00–05
Dutch Gld.	9·93⅛–10·28½	10·13⅞–14⅛	10·13⅞–14⅛	10·13⅝–⅞	10·12–12¼	10·12–12¼	10·12¾–13
W. Ger. D-Mk.	11·037–11·365	11·25⅞–26¼	11·25⅞–26⅛	11·25⅞–26⅛	11·24½–¾	11·24⅞–25⅞	11·24⅞–25¼
Portug. Esc.	...	80·18–28	80·18–28	80·18–28	80·18–28	80·17–27	80·17–27
Italian Lire	1725–1775	1747–47½	1747¼–¾	1747–47½	1746¼–¾	1746–46½	1746–46½
Swedish Kr.	14·27½–14·70	14·55½–¾	14·55½–¾	14·55½–¾	14·54⅝–¾	14·54¼–½	14·53⅞–54¼
Danish Kr.	19·06½–19·62	19·37⅜–38	19·37⅜–38⅛	19·37⅜–⅝	19·37⅜–⅝	19·37¼–½	19·37¼–½
Norwegian Kr.	19·71–20·30½	20·03⅝–7/8	20·03⅝–7/8	20·03¾–04	20·03½–¾	20·03¼–½	20·03¼–⅜
	* Official Limits	**One Month Forward Rates**					
United States $		7/16–7/16c. pm	13/16–11/16c. pm	13/16–11/16c. pm	13/16–11/16c. pm	13/16–11/16c. pm	13/16–11/16c. pm
Canadian $		15/16–13/16c. pm	15/16–13/16c. pm	15/16–13/16c. pm	15/16–13/16c. pm	15/16–13/16c. pm	15/16–13/16c. pm
French Fr.		3⅛–2⅝c. pm	3–2½c. pm	3–2½c. pm	2⅝–2⅛c. pm	2½–2c. pm	2⅜–1⅞c. pm
Swiss Fr.		4⅛–3⅝c. pm	4⅛–3⅝c. pm	4–3½c. pm	4–3⅜c. pm	4⅛–3⅝c. pm	4⅛–3⅝c. pm
Belgian Fr.		33–23c. pm	30–20c. pm	30–20c. pm	30–20c. pm	30–20c. pm	30–20c. pm
Dutch Gld.		2⅛–1⅜c. pm	2⅛–1⅜c. pm	2½–2c. pm	2¼–1¾c. pm	2–1½c. pm	2½–2c. pm
W. German D-Mk.		4⅛–3⅝pf. pm	4–3½pf. pm	4–3½pf. pm	4–3½pf. pm	4–3⅝pf. pm	4⅛–3⅝pf. pm
		Three Months Forward Rates					
United States $		2 1/16–1 15/16c. pm	2 1/16–1 15/16c. pm	2–1 7/8c. pm	2–1 7/8c. pm	2–1 7/8c. pm	2–1 7/8c. pm
Canadian $		2⅛–2⅛c. pm	2 3/16–2 1/16c. pm	2⅛–2c. pm	2⅛–2c. pm	2⅛–2c. pm	2⅛–2c. pm
French Fr.		10–9⅛c. pm	10–9⅛c. pm	10–9⅛c. pm	10–9⅛c. pm	10¼–9⅜c. pm	10–9⅛c. pm
Swiss Fr.		10¼–9⅜pf. pm	10–9⅛pf. pm	10–9⅛pf. pm	10–9⅛pf. pm	10–9⅛pf. pm	10–9⅛c. pm
W. German D-Mk.				**Gold Price at Fixing**			
Price (s. d. per fine oz.)		250/0¾d. 35·191s	249/11½d. 35·191s	...	250/0¼ 35·191s	250/1¼ 35·191s	250/1¼ 35·191s
„ ($ „ „)							

UK External Trade

Imports are valued cif: exports fob.
Total trade unless otherwise stated.

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

BRITISH			
Prices and Wages	Oct. 21st	External Trade	This week
Manpower and Output	Sept. 23rd	Industrial Profits	Oct. 14th
OVERSEAS			
Western Europe	Sept. 30th	United States	Aug. 26th

	Unit	Monthly averages 1958	1959	1960	1960 July	Aug.	Sept.	1961 May	June	July	Aug.	Sept.
VALUE												
Imports:												
Total	£ million	312·3	331·9	379·9	381·5	381·5	363·4	394·4	371·3	350·2	358·8	343·1
Food, drink and tobacco	„	124·2	126·5	128·8	124·4	117·8	123·9	132·0	122·9	114·5	113·9	123·1
Basic materials	„	74·1	77·6	88·6	93·2	98·5	83·6	91·6	84·6	76·8	87·0	71·9
Fuels	„	36·6	38·9	40·2	36·2	43·6	38·1	43·2	37·8	41·3	38·7	35·3
Manufactures	„	76·1	87·6	120·7	126·3	119·7	116·7	126·3	124·1	116·1	117·8	111·3
Exports of UK produce:												
Total	„	264·7	277·5	296·3	276·4	281·0	261·3	298·9	316·3	308·7	305·2	260·5
Manufactures—Total	„	222·5	234·5	250·1	235·0	239·1	219·2	257·1	270·2	263·7	259·6	215·6
„ Metals	„	36·0	37·8	39·3	37·3	34·4	35·4	41·9	39·9	40·8	35·9	30·7
„ Engineering products	„	115·6	122·4	131·0	122·5	125·3	105·3	137·9	150·3	140·0	148·3	112·0
„ Textiles	„	21·2	20·7	21·8	20·1	21·7	21·2	20·0	19·6	21·4	19·1	18·1
Re-exports	„	11·8	10·9	11·8	10·9	12·9	12·8	13·6	13·8	14·4	13·4	12·5
Balance of trade (exports less imports)	„	−35·8	−43·5	−71·8	−94·2	−87·6	−89·4	−81·9	−41·2	−27·1	−40·2	−70·1
VOLUME(1)												
Imports:												
Total	1954=100	114	122	138	...	135[4]	...	138[5]	...	130	135	...
Food, drink and tobacco	„	119	118	121	...	113[4]	...	121[5]	...	...	...	...
Basic materials	„	94	101	110	...	151[4]	...	106[5]	...	...	...	...
Fuels	„	124	143	157	...	199[4]	...	162[5]	...	...	...	...
Manufactures	„	132	150	201	...		...	202[5]	...	...	...	...
Exports:												
Total	„	111	116	122	...	113[4]	...	127[5]	...	126	126	...
Manufactures	„	113	117	124	...	116[4]	...	131[5]	...	...	...	...
BY AREA												
Imports from:												
USA	£ million	29·2	30·9	47·3	48·5	45·1	49·5	39·3	32·7	28·3	36·2	40·9
Canada	„	25·7	26·0	31·3	34·2	35·7	28·9	33·1	30·3	29·4	31·5	27·5
Latin America	„	24·6	26·8	26·0	28·7	27·3	22·6	27·5	26·2	24·2	21·8	18·4
West'n. Europe—Common Market	„	44·4	46·6	55·2	53·9	51·7	53·2	59·1	60·1	57·2	56·3	53·7
„ „ Free Trade Association (3)	„	36·2	39·0	46·7	49·5	50·2	50·7	47·8	51·7	48·8	47·2	46·3
Soviet Eastern Europe	„	8·5	9·7	11·6	11·4	14·0	13·4	10·9	11·7	13·5	16·7	14·9
Other Non-Sterling	„	30·2	32·7	35·5	28·7	33·4	28·9	40·0	31·3	27·7	28·5	27·8
Sterling area	„	112·8	120·2	126·3	126·6	124·1	116·2	136·7	127·3	121·1	120·6	113·6
Exports of UK produce to:												
USA	„	22·9	30·3	27·4	21·2	22·4	23·4	21·5	23·0	23·3	25·2	23·7
Canada	„	15·7	17·3	17·9	16·7	16·7	13·0	22·3	18·4	18·1	18·7	12·3
Latin America	„	12·6	12·9	14·3	11·4	18·2	11·9	12·2	14·3	14·7	12·7	12·2
West'n. Europe—Common Market	„	34·9	38·8	43·3	44·0	38·7	38·0	52·8	52·3	53·2	46·4	44·7
„ „ Free Trade Association	„	29·2	32·0	35·8	32·8	32·4	30·7	39·7	48·1	40·3	34·2	36·8
Soviet Eastern Europe	„	3·8	5·1	6·4	6·7	5·7	6·3	9·4	9·7	8·7	9·7	7·7
Other Non-Sterling	„	29·6	29·4	32·2	31·7	28·0	26·3	31·6	36·4	36·6	33·9	28·6
Sterling area	„	116·0	111·7	119·0	111·9	118·9	111·7	109·4	114·1	113·8	124·4	94·5
TRADE IN SELECTED COMMODITIES												
Imports:												
Wheat	'000 tons	376·4	356·3	342·3	419·5	336·7	326·3	421·3	309·8	323·0	350·6	269·1
Meat	„	69·4	67·6	70·2	76·7	65·8	66·5	68·4	74·9	68·0	51·3	53·5
Sugar, unrefined	„	219·3	201·8	184·1	260·0	139·6	156·5	176·7	168·8	140·2	172·1	148·2
Raw cotton (2)	„	21·5	22·5	22·6	26·3	26·6	8·4	16·8	16·3	9·8	16·0	10·9
Raw wool, sheep's and lambs' (2)	mn. lb.	51·1	58·6	59·9	57·1	37·1	27·7	63·3	48·7	42·4	32·0	18·9
Rubber, natural and synthetic (2)	'000 tons	17·0	17·0	16·4	18·6	7·7	6·5	12·3	14·0	11·5	18·9	12·2
Softwood	'000 stds.	106·4	121·7	150·1	213·9	244·6	189·9	109·3	173·8	179·0	202·3	171·1
Woodpulp	'000 tons	175·4	185·4	226·0	182·2	228·4	235·7	259·1	226·5	161·4	193·0	196·3
Crude petroleum	mn. galls.	728	847	969	905	1,108	1,006	1,171	1,010	1,080	1,065	895
Exports of UK produce:												
Coal, including bunkers	'000 tons	403	343	455	426	418	489	579	505	493	382	469
Woven piece-goods—cotton	mn. sq. yds.	32	29	27	22	26	25	24	22	23	21	22
„ „ „ wool	'000 sq. yds.	7,893	8,536	8,085	7,817	8,166	7,225	6,882	7,043	8,387	7,964	6,211
Passenger cars and chassis	number	40,323	47,414	47,493	44,817	41,024	29,795	29,827	31,937	31,497	27,988	28,180
Commercial vehicles and chassis	„	9,303	10,619	12,127	12,092	12,292	9,180	12,773	16,437	14,877	11,428	10,914
Agricultural tractors	„	8,709	9,474	11,964	11,081	10,964	12,274	10,705	12,218	13,318	11,470	10,163
Machinery—electrical	£'000	5,818	5,706	5,265	4,914	4,957	4,321	5,707	5,924	5,729	4,758	4,199
„ other	„	42,773	47,264	52,926	50,608	49,320	44,217	60,966	62,665	62,323	56,925	53,605
Chemicals, elements and compounds	„	5,027	5,862	6,438	5,996	6,118	6,699	6,253	5,970	5,972	5,620	5,885

(1) Trade with the Channel Islands is included in all 1958 indices and in the total import and export indices only from 1959 onwards. (2) Retained imports. (3) Including Finland. (4) Average for third quarter. (5) Average for second quarter.

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Gold yield		*Uranium Oxide yield*	
oz. fine	dwt. per ton	lbs.	lb. per ton
857,794	8.108	974,349	0.471

Pyrites concentrate recovered..... 36,381 tons.
Sulphuric Acid produced..... 37,785 tons.

		Per ton milled
Gold		
Total Working Revenue	R21,620,993	R10·22
Total Working Expenditure	13,439,638	6·35
Working Profit	8,181,355	R3·87
Uranium, Pyrites and Sulphuric Acid Working Profit	5,360,467	
Total Working Profit	13,541,822	
Expenses, *less* Sundry Revenue	191,515	
	13,350,307	
Taxation	828	
Profit after Taxation	13,349,479	
Balance of Income and Expenditure Account at 30th June, 1960	2,624,900	R15,974,379
Dividends—No. 9 of 13·65c and No. 10 of 14c per share	R4,995,000	
Transfer to Capital Reserve :		
Expenditure on mining assets and trade investments	3,296,637	
Repayment on account of capital portion of uranium, pyrites and other loans	2,786,601	
	6,083,238	
Less Interest free uranium loan	262,000	
	5,821,238	10,816,238
Balance of Income and Expenditure Account at 30th June, 1961		R5,158,141

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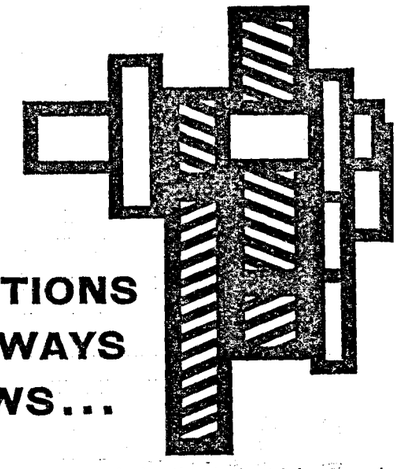
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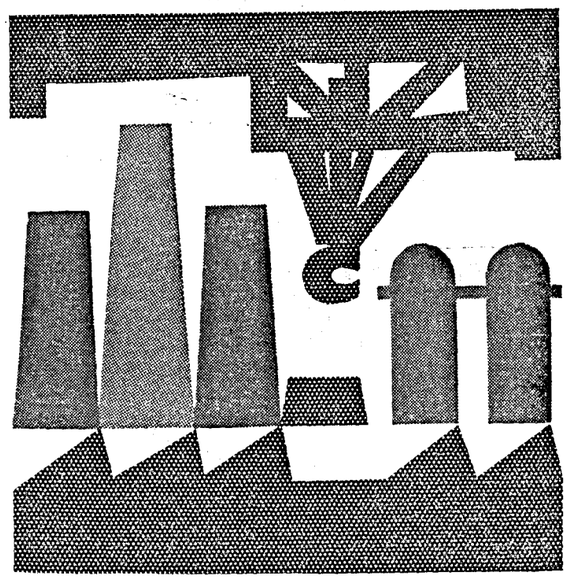
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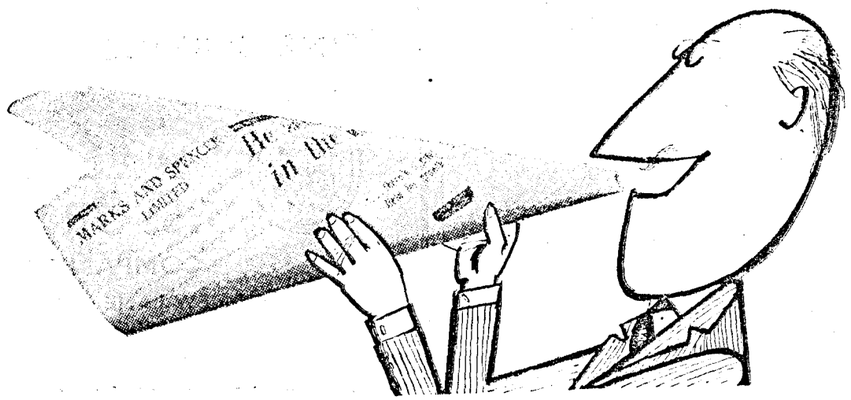
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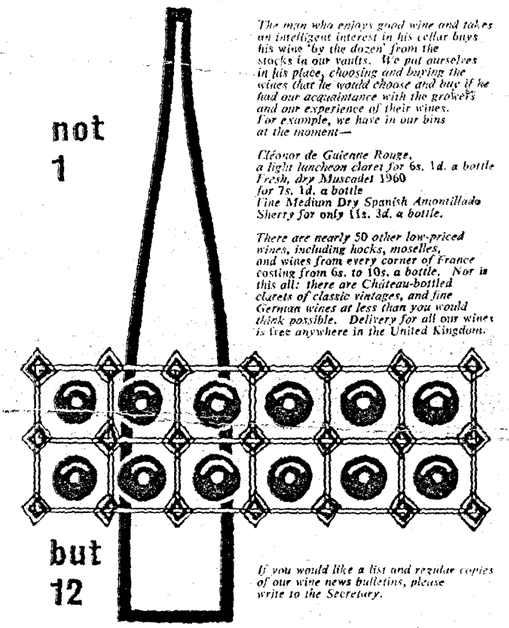
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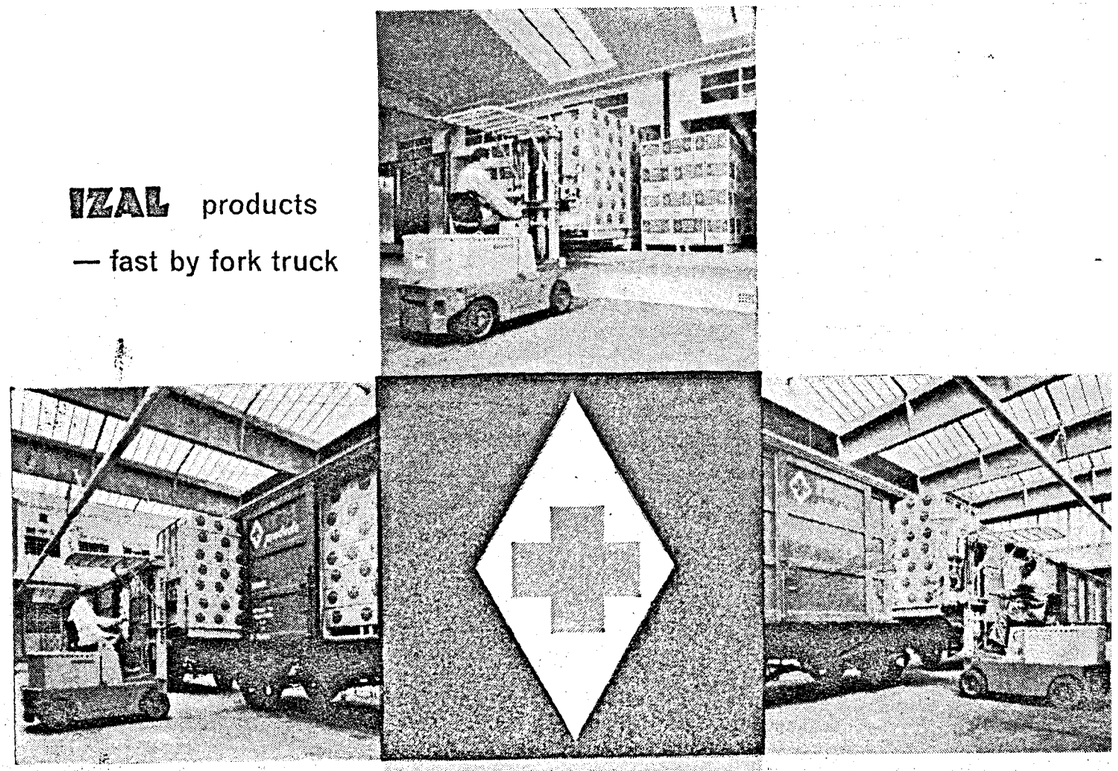
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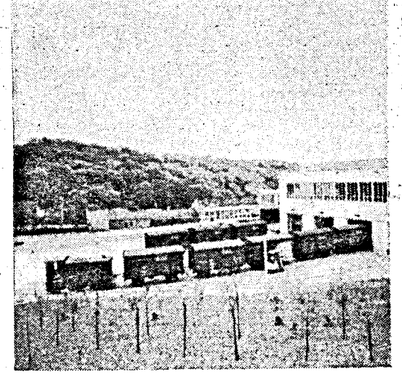
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INTERNATIONAL

LOOKING AT LEADERS

A YEAR ON THE NEW FRONTIER

President Kennedy has shown an unexpected lack of assertiveness since he was elected a year ago. His reluctance to do battle with America's vocal right wing has flawed his conduct of foreign policy (p. 523). There is now a danger of an ill-considered resumption of nuclear tests (p. 529).

But Europe would do well to remember that the Administration of the United States seems to be about to launch a drive for freer trade; and that during the past six months President Kennedy has been trying to revolutionise the western philosophy of aid. In both fields Europe can and should help (p. 527).

As in the formulation of foreign policy, so at home: Mr Kennedy's chief problem is the shaping of American public opinion nearer to his aspirations. He is embarked on a large educative process to that end (p. 549) particularly to liberalise America's trading policies (p. 553). Some election results suggest that the auguries may not be unfavourable (p. 550).

Accusations that the Administration is hostile to business are exaggerated; it cannot afford to be (p. 550).

•

Dr Adenauer has patched together a coalition that will be under attack from within and without the Bundestag (p. 564). His own position is much the same as before; but the way the long governmental crisis has been conducted has raised doubt in Germany about the life expectancy of the Bonn system (p. 526).

Mr Khrushchev has to display great dexterity if the post-Stalin wind of change is not to blow him away before his time (p. 563).

President Nasser, partly in order to regain momentum after the collapse of the United Arab Republic, is embarking on a large, and largely obscure, process of democratisation (p. 568).

Mr U Thant, amid general relief, has at length been chosen as the Acting Secretary-General of the United Nations (p. 532).

The President of **Ecuador** succumbed to riots, and his successor had to meet army opposition; none of the Andean republics is doing more than postpone further explosions (p. 531).

London has been having a look at **Mr Kenyatta** (p. 530).

LOOKING AT PLACES . . .

In **Brussels** the negotiations for Britain's entry into the Common Market are now much concerned with the difficulties in the way (p. 570); **France** has been assuming British approval for *l'Eitrope des patates* (p. 532).

Mr Dean Rusk has been having a look at **Japan's** isolated economic position and its problems (p. 537).

Mr Duncan Sandys had a look at Ghana, and decided that it was safe for the Queen to do so too (p. 529).

HOME

UP

. . . in the air

Britain is not building enough houses, and those that are being built—particularly by local authorities—are not often available to those who really need them: the answer lies not in controls but in the freer play of market forces (p. 525).

The regional planning which might ease the housing situation is notably lacking in drive: but new ideas are available (p. 548).

Mr Lloyd's capital gains tax is tangled in nice definitions: it ignores the changing tide of opinion about the probity of such a tax (p. 573).

. . . to the minute?

The shanty town at London Airport North has at last been replaced (p. 575).

Brewers are putting their money on new ideas—lager and "container" draught: but consumption will need to double in the next decade if they are not to be out of pocket (p. 576). Americans, with "instant" beer, are answering a different problem (p. 559).

The prospects for new newspapers at home (p. 537) are at best weakly glowing. But in America three national newspapers are to try to span the continent within the year (p. 557).

. . . in arms

The long-expected wages showdown, averted in other fields, could conceivably come in the electricity supply industry (p. 531).

DOWN

. . . in the mouth

Lord Robens and the prophets of Lurgi have been cut to the quick by ministerial approval for methane imports (p. 580).

Tired, inept or merely vindictive, MPs—and more particularly front benchers—had little cause to feel self-satisfied last week (p. 530).

The proposed restrictions on immigration worry the nourishers of Ireland's chief export—people (p. 546). Some questions by Sir Cyril Osborne—and some answers (p. 538).

. . . on the table

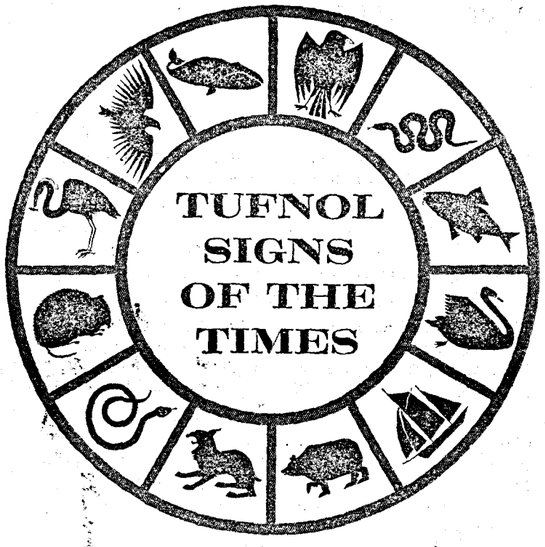
New legislation goes ahead: in Criminal Justice Administration, to reduce the law's delays (p. 532); in Education, to reduce the price to parents of their children's university education (p. 531); in the training of Social Workers and Health Visitors, to reduce confusion and overwork (p. 538); in Transport, to leave managers to make their own decisions (p. 588).

. . . among the dead men

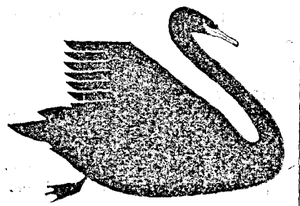
De mortuis nil . . . but the latest volley has just been fired in the posthumous war over Lord Cherwell's work (p. 541).

How the pound nearly floated—a chapter from Cherwell (p. 584).

Detailed contents on page 523



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Those people born under the sign of the Swan fly high to the top of their profession without ever flapping. They glide smoothly over troubled waters in their jobs as chief purchasing officers, chief engineers, chief draughtsmen and chief designers. Swan men are perfectionists who travel far when they find one material that combines the properties of many materials—a material that is light yet strong and hard-wearing, resistant to corrosion and a good electrical insulator. They also find that this ideal material resists deterioration in storage and machines easily with ordinary tools. Many Swan men have already discovered this remarkable material—"SWAN" brand Tufnol. They have also discovered that Tufnol is available in eleven other brands, each with pre-determined properties. *All* brands of Tufnol are laminated plastics, and *most* are available in sheets, tubes, rods, angles and channels. *Each* brand is formulated to satisfy specific requirements—your requirements. If your birthday falls between January 1st and December 31st, this could be your lucky week—the week you discovered Tufnol. *'Phone or write to your local Tufnol Branch Office and we predict you'll thank your lucky stars.*

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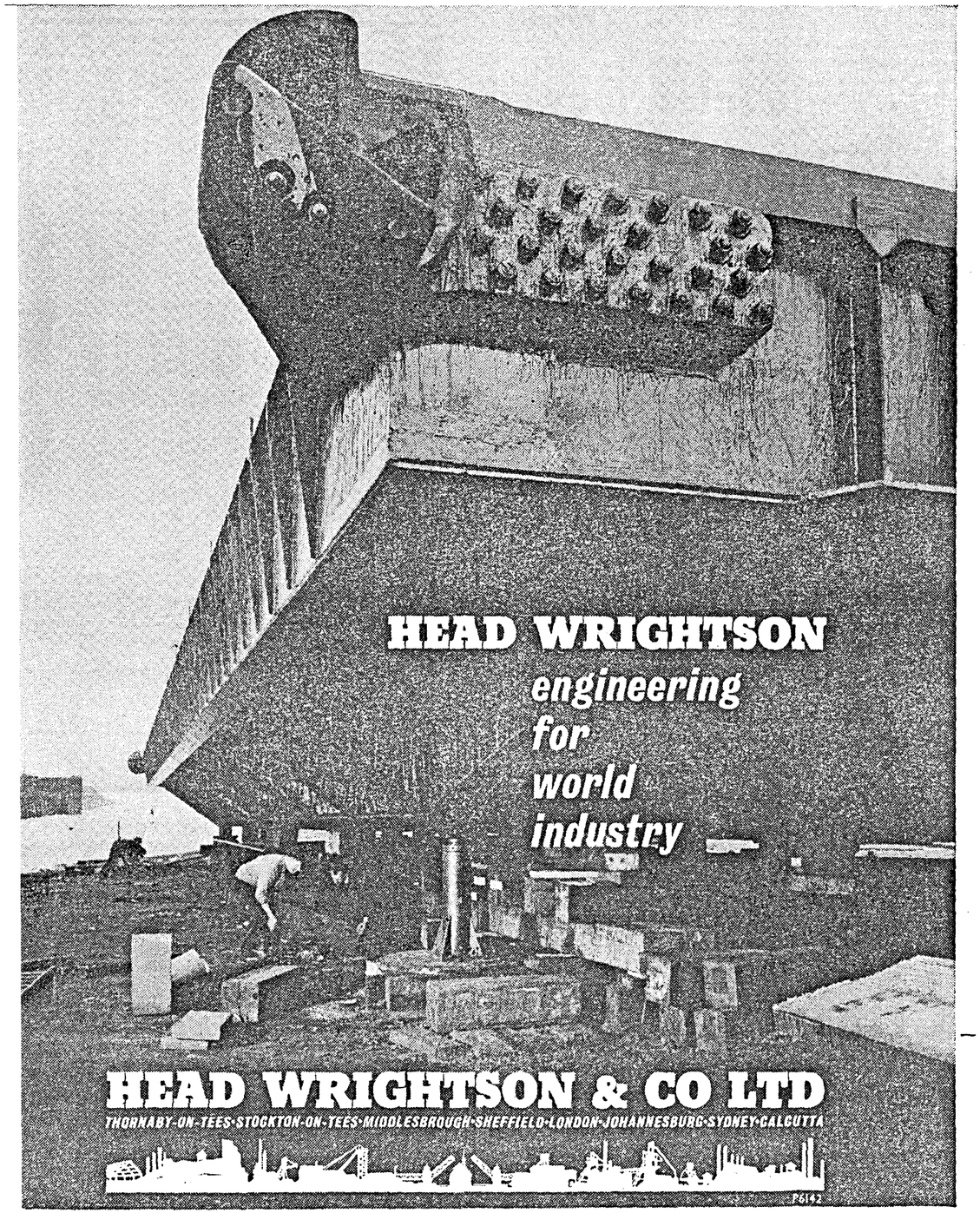
Even people who (for reasons best known to themselves) take run-of-the-mill newspapers on run-of-the-mill days prefer The Guardian when something special's happened in the world of science. They recognise that here is science reporting which treats them neither as B.Sc.s on the one hand nor as little children on the other, but as intelligent adults with their adult wits about them.

John Maddox, who looks after our scientific side, is himself an atomic physicist and lectured at Manchester University before joining us. On The Guardian he is given unlimited (well, nearly) scope to follow up promising lines of scientific development, whether it's the low-down on the lemming's love-life or the latest loggerheading between the neo-Freudians and the neo-neo-Freudians.

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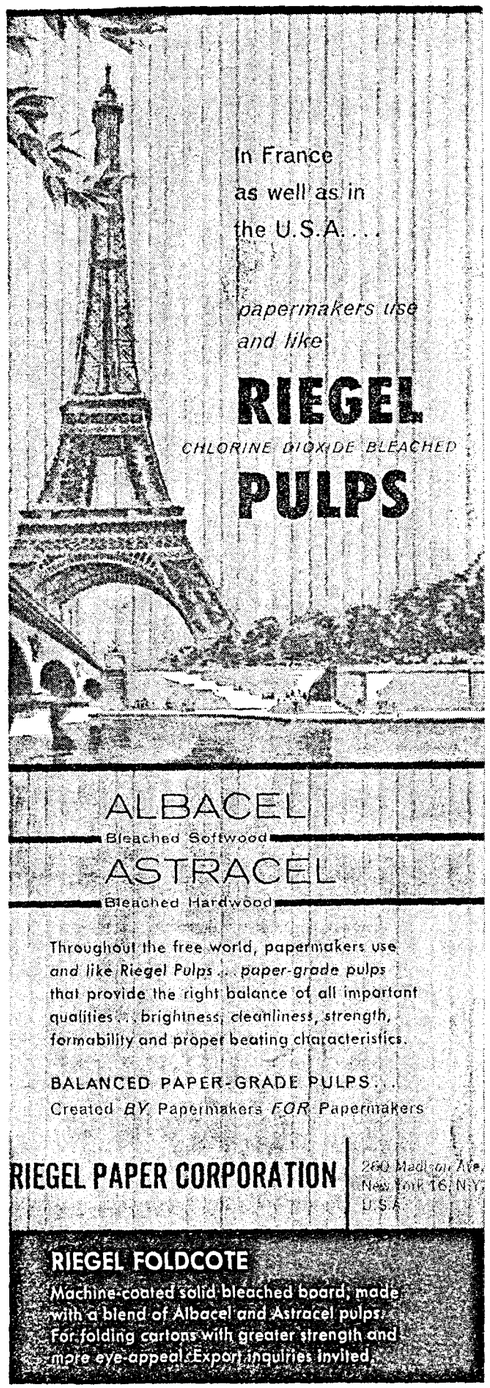
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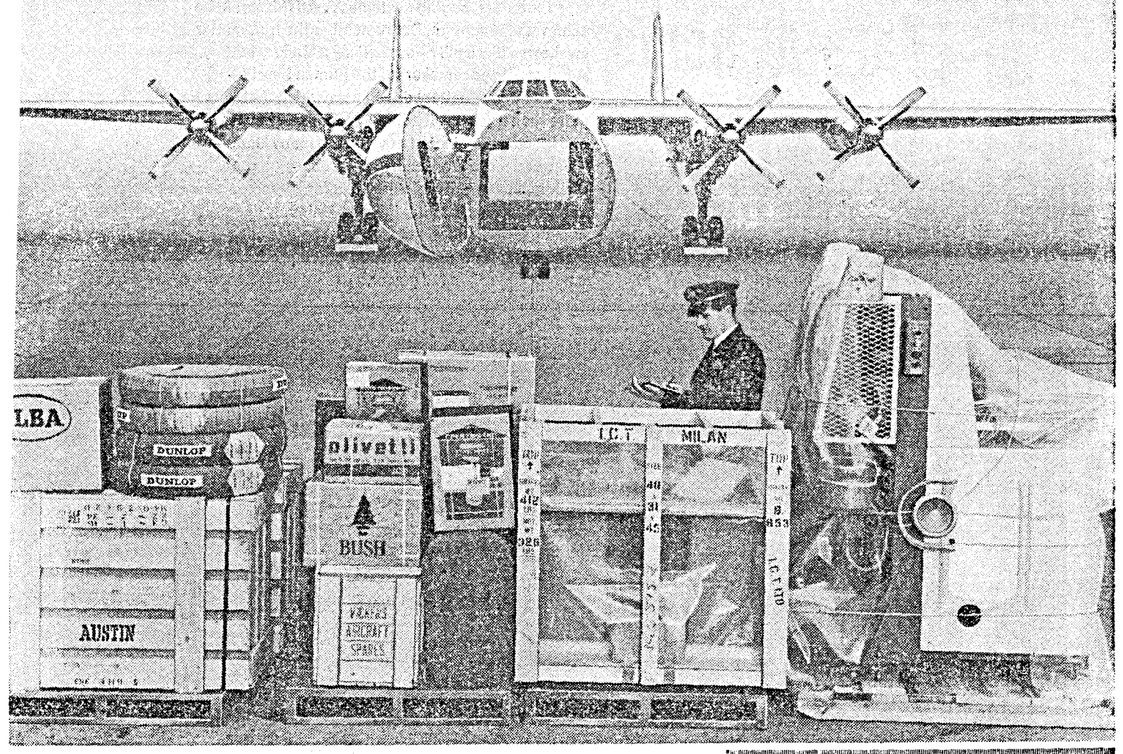
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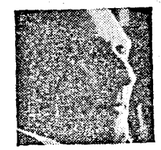
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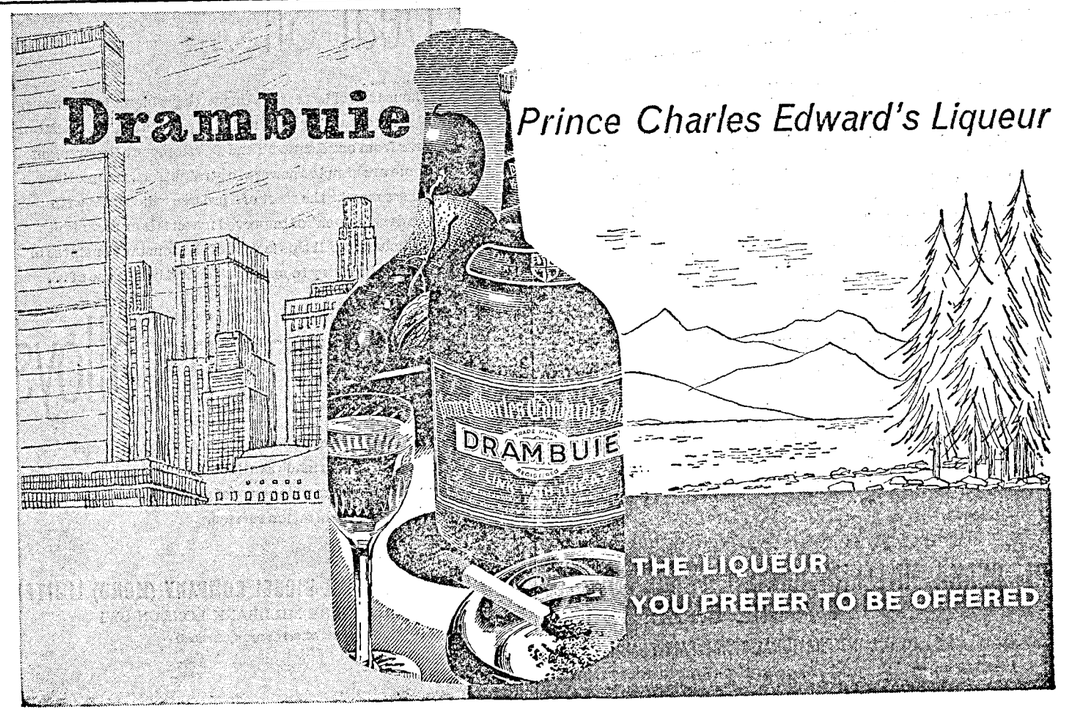
GEORGE WOODCOCK
Planned economy—will the unions play?

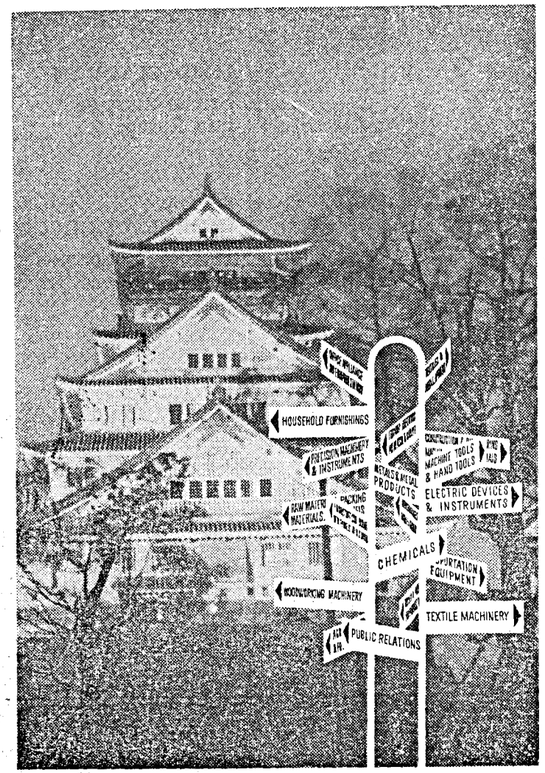


PROFESSOR PAISH
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PAUL BAREAU
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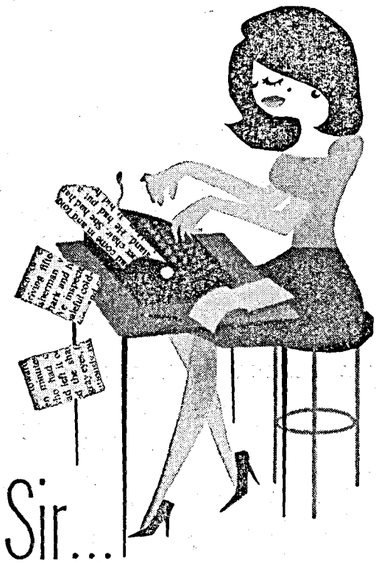
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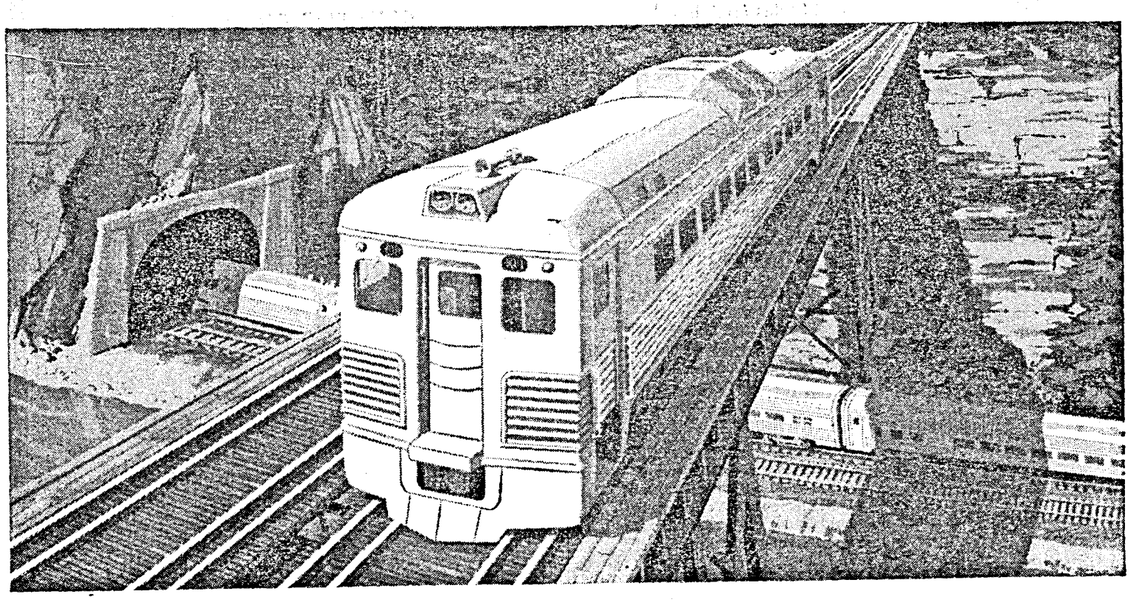
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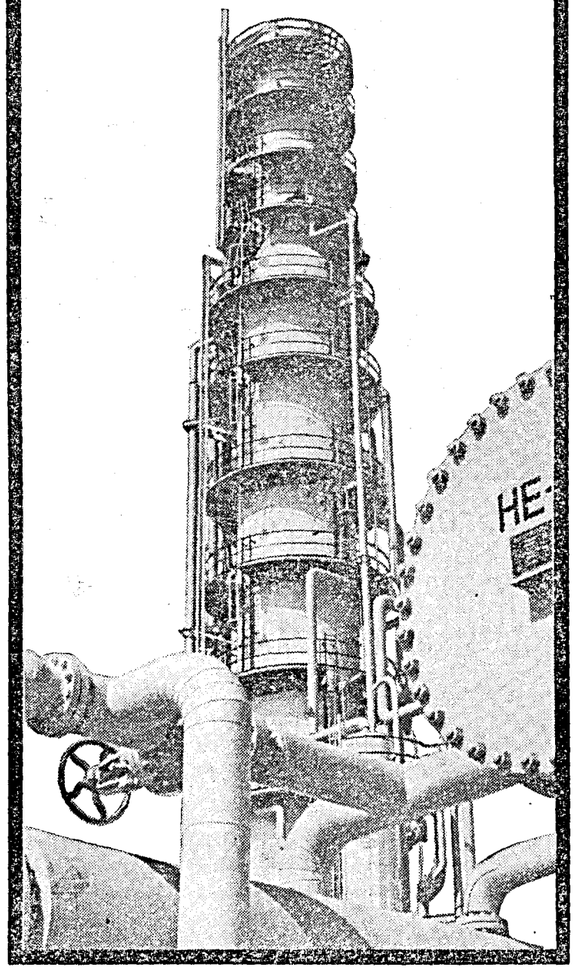
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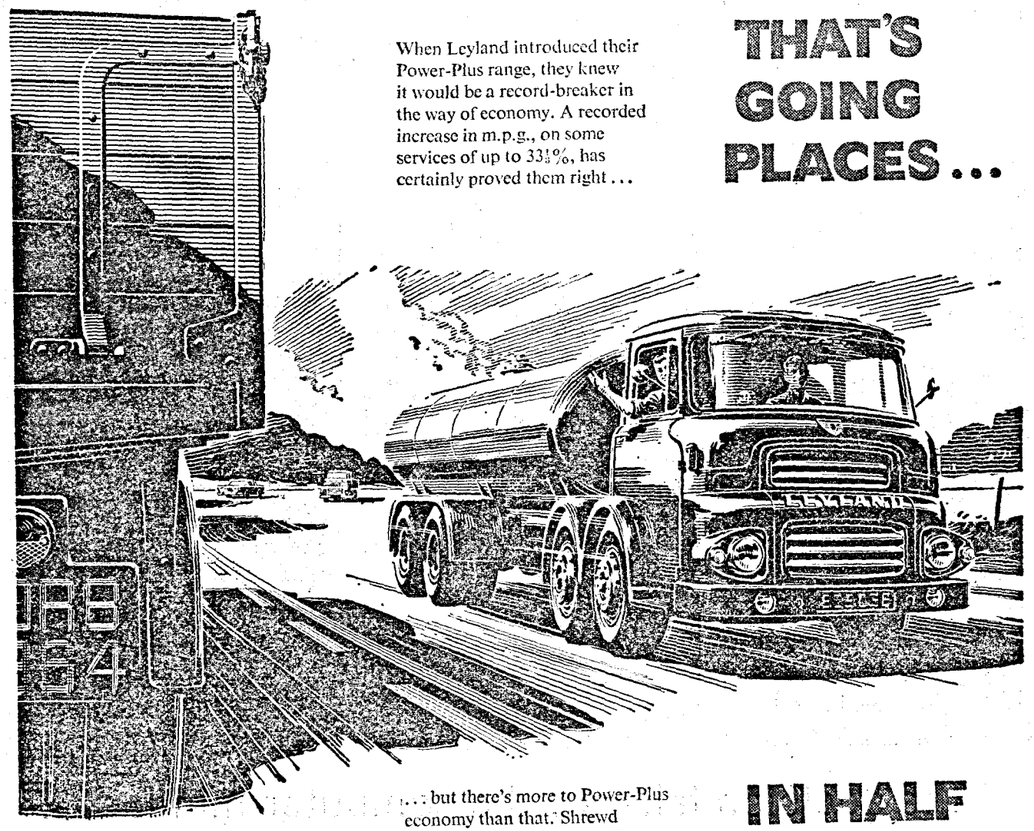
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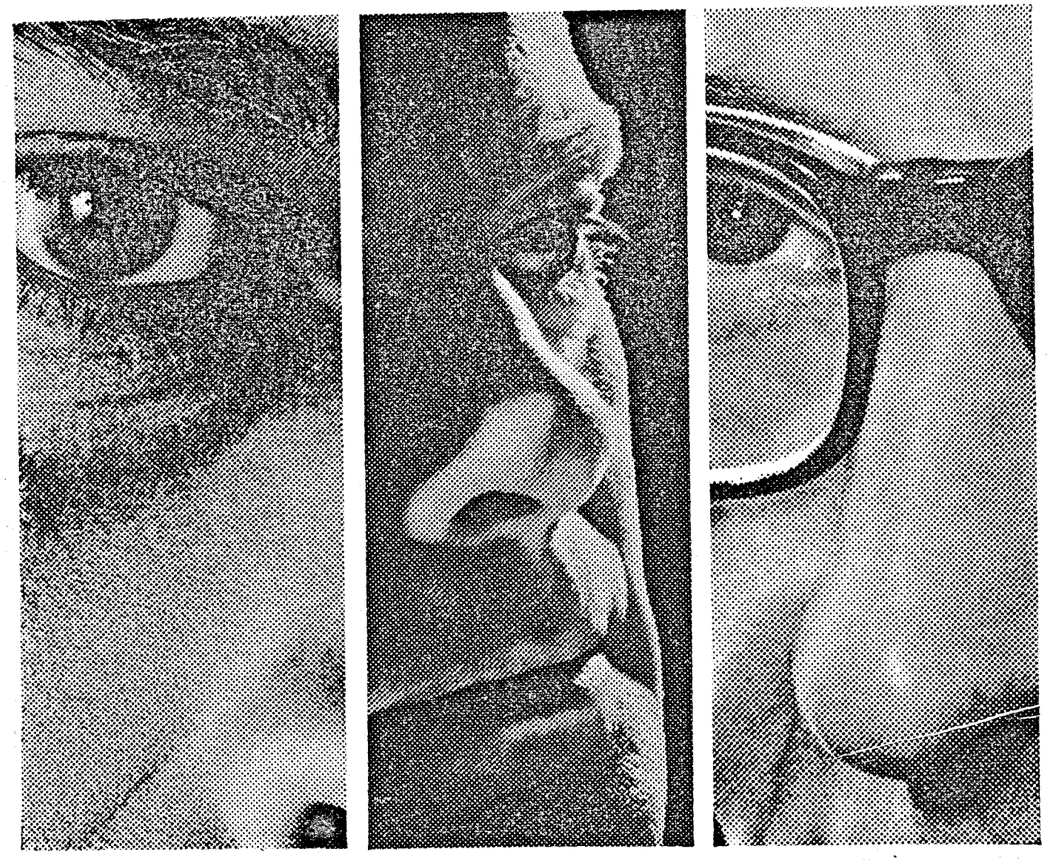
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Kennedy the Cautious

LAST TUESDAY, collectors of coincidences will note, was the first anniversary of the election that brought President Kennedy to power in the United States, and the forty-fourth of the revolution that brought the communists to power in Russia. Neither event has worked out in quite the way people expected at the time; in President Kennedy's case, the past year has not borne out either the main hope, or the main fear, his election aroused.

The chief misgiving felt about Mr Kennedy last November was that he might make mistakes of judgment, particularly in foreign policy, through exuberant self-confidence. In fact, so far he has been if anything too diffident; his one undoubted error of judgment, the decision to permit the invasion of Cuba, seems to have been committed because he lacked the self-confidence needed to overrule the experienced men who favoured military action. The chief hope he raised, on the other hand, was that he would be the kind of President he talked about in his campaign, a leader who would mould public opinion rather than conform to it, and if necessary defy it in order to do what he believed right. This expectation, too, remains largely unfulfilled. So far Mr Kennedy seems to have looked upon his popularity as an object of value to be hoarded, instead of as capital to be invested. The result is a distinct danger that American public opinion, not having been pushed in the right direction by him, may now push him in the wrong direction.

If the President has been unexpectedly cautious, it is partly because he came into office with his foot extended for a bold step forward—only to find it poised over thin air. His first weeks in the White House were marked by two major decisions: to accept a neutral government in Laos, and to negotiate seriously for a treaty banning nuclear tests. Both decisions marked an abrupt and courageous change from the policies of Mr Eisenhower. Unfortunately, Mr Khrushchev turned out to have lost interest in both of them by the time they were taken. Laos remains divided, and a source of infection to the whole of Indochina; nuclear tests remain spectacularly unbanned.

These rebuffs have apparently qualified Mr Kennedy's whole approach to the relationship between the communist and non-communist world. Like Mr Eisenhower, he seems at one time to have flirted with the idea that a process of intelligent negotiation might usher in a new period of tolerance, perhaps even of goodwill, between East and West. The President still believes in the value of negotiating, but he now regards it simply as a means of avoiding the worst dangers of what he clearly expects to be a long and intolerant tussle between America and Russia; and he seems reluctant to press even this cautious proposition on those people in the West who do not share it.

But Mr Kennedy's current wariness cannot be explained entirely in terms of disappointments received at the hands of Mr Khrushchev. No assessment of his conduct of foreign policy is complete that does not take into account the marked change in the climate of American opinion in the past year. It may be misleading for foreign observers to pay too much attention to the pronouncements of men like Mr Dealey, the Texan publisher who recently told the President over the White House lunch table that he was a "soft sister," and General Walker, the officer who prefaced his declaration of war on the Administration last week by announcing that he was resigning the commission which he had held "by God's grace." These voices of the militant Right, it will be pointed

out, are heard at regular intervals in America; in a country which longs to find a final solution for every problem, the frustrations of a divided world inevitably produce a crop of angry men bent on kicking impediments, such as communism, out of the way.

All this is true (and Mr Khrushchev has his own counterparts of Mr Dealey to deal with). Yet it is hard to resist the conclusion that in America these voices have become louder, and better concerted, in the past year; that they have agreed upon the rudiments of the course of action they want the United States to follow; and, worst of all, that they have begun to have an effect on public opinion—which, in its turn, may have an effect on Mr Kennedy.

This lurch towards militancy was partly responsible for the pressure that thrust the President into the Cuban adventure. It has also led him to abandon, at least for the time being, the ideas he seemed to entertain last year of a new approach to the problem of communist China; the result being that the West's policy towards China, like its policy towards central Europe in Mr Dulles's day, still consists of clinging to the *status quo* without thought for what will happen when the loss of western nuclear superiority makes the *status quo* untenable. But undoubtedly the main danger presented by the growing vigour of the radical Right is that it may prevent a peaceable settlement of the dispute about Berlin and central Europe. The militants have now made their views on this subject bleakly plain. They oppose negotiations with Russia, not merely because they are unwilling to offer any accommodation whatsoever but also because they decline in principle to talk to the forces of evil. They would fight not only for the protection of west Berlin, on which the West stands unanimous, but also to prevent any further acknowledgment at all of the authority of the east German government. They look forward to a prolonged struggle designed to achieve "victory over communism," for which they propose to prepare by substantial rearmament, starting with a resumption of nuclear tests in the atmosphere and an extension of the civil defence programme.

Mr Kennedy's own views on the subject are almost certainly quite different. He may have modified his earlier ideas about the extent to which negotiation is likely to resolve the hostility between East and West, but the evidence suggests that he still regards negotiation as a necessary means of preventing the hostility spilling over into war. Clearly, the preservation of peace strikes him as a more practical objective than total victory over the communists; and, although determined to maintain the military strength of the United States (if necessary, it seems, even by starting atomic tests in the air again), he sees military strength as the underpinning of diplomacy, not a substitute for it.

Unfortunately, Mr Kennedy has not yet fully committed the authority of the Presidency to a declaration of these beliefs. Some members of his Administration, such as Mr Harlan Cleveland on October 20th and Mr Chester Bowles on November 5th, have attacked the notion that "toughness in foreign policy is measured by a belligerence that needs neither brains nor skills," as Mr Cleveland put it. But the President himself, except for an occasional reference, as in his speech at the University of North Carolina last month, has so far not reinforced these voices of reason through all the methods of amplification—press conferences, public speeches, television appearances—available to him. One's impression is that he is still weighing the balance of opinion among his advisers, and in the country; he has not yet got down into the scales himself.

There are probably several explanations for the immoderate self-restraint that has delayed Mr Kennedy's plunge into the debate. One reason, as our Washington correspondent suggests on page 549, lies in the way the President organised the White House when he took office. His determination to surround himself with as many different points of view as possible, and his reluctance to delegate the task of sorting them out, have very likely made decisions slower to come to—even though, when reached, they are better informed than Mr Eisenhower's were. Undoubtedly, a second reason is Mr Kennedy's preoccupation with next year's elections to Congress; he is naturally chary of doing anything that might cost his party the support of voters who confuse peace-preserving with appeasement. On both these counts there is a straightforward reply. Sooner or later, a President must turn his ear neither to the conflicting voices of his advisers, nor to the gurglings of the floating vote, but to his own judgment.

Perhaps the real reason for this strange cautiousness lies deeper. Mr Kennedy is called a politician-President, as Mr Roosevelt was (and Mr Eisenhower was not). But there are two different ways in which the skills of the politician can be used to serve the purposes of the Presidency. One way, the Rooseveltian one, is predominantly concerned to use the art of political persuasion to rally the country behind policies which the President deems necessary. The other is predominantly concerned to use the art of political analysis to find out what policies the President can safely advocate. Mr Kennedy has not yet made it clear where he puts the emphasis. He may be carefully waiting until he has built up a sufficient fund of prestige before he employs it in the way Mr Roosevelt did. But events in central Europe may not allow very much more waiting.

If peace is to be saved, America and Russia must both stay under the leadership of moderate men who can control the instincts of their anti-communist and anti-capitalist extremists. The recently ended congress of the Soviet Communist party suggested that in Russia the moderates have stayed in command, though still with difficulty and at the cost of concessions. The mirror-image of the same struggle is now beginning in the West. Mr Kennedy may have to deploy the full strength of his convictions if it is to end the right way.

A Year on the New Frontier

pages 549 to 550

Busy Critics • Election Returns • Time for Trade • Critical Business

Home Truths | A discussion of present housing policy

Almost every housing debate nowadays demands to be translated from politicians' catchphrases into economists' English. Last Monday's affair in the Commons was no exception. There were two quite separate questions that ought to have been at issue. The first, which should have special relevance at a time when Britain is thinking of indulging more in economic planning, is: how many new houses a year should Britain try to be building? There are indications that Britain is now at a stage of its evolving new living standards when it would be sensible for the rate of housebuilding to be stepped up. The other question is: what should be done, as a social service, to provide decent housing for people who cannot afford to pay the market price for it? By this one does not mean the arbitrarily selected group of people who happen to be enjoying council housing subsidies or rent-controlled dwellings at the moment. One means people who are actually and genuinely in need and yet are sometimes outside these sheltered sectors: especially—to cite one group particularly in the news just now—low income families with large numbers of children in big towns like London.

First, then, about the total rate of housebuilding that would seem to be sensible. The rate of completion of new houses in Britain is now just over 290,000 a year, which appears to be about half the rate (both absolutely and as a proportion of national income) recently current in west Germany. Dr Hill found some comfort in the fact that Britain's present building rate would suffice to provide the 6 million new houses that he deemed might be needed in the next twenty years, although it would not suffice for the "8 million houses in twenty years" which was the figure some Labour speakers were bandying about. Much of the arithmetic underlying these estimates that are cast as far forward as twenty years is irritating and absurd, because nobody can really know what the marriage rate (which is very volatile) will be in the 1980s. But the main reason for suspecting that, in the next ten years, a continuing rate of around 300,000 new houses a year would be too low is that the Minister of Housing has almost certainly underestimated what he himself called "the quite incalculable factor of the extent to which greater prosperity is leading, and will lead, people to expect higher standards of housing and amenities"; however incalculable this factor, it seems reasonable to calculate nowadays that a house becomes obsolescent for modern needs before it is a hundred years old, which is the age of obsolescence that Dr Hill assumed in his figures. And, for those who find all statistics tiresome, the logic of stepping up the rate of housebuilding and house-replacement in future is surely suggested by comparing the improvement in the consumer durables that people have recently put into their houses with the much slower rate of improvements in the houses themselves—or else just by looking at Wigan, or parts of London, Liverpool, Birmingham and even Edinburgh.

The next question is therefore: why has the supply of modern houses not increased to meet demand in a free market—as, for example, the supply of luxuries such as television sets has done? The big answer to this is that there has not been a free market in housing; private building of new houses for rent has been rendered unprofitable by years of rent control, and local authorities' building has been rendered unprofitable by their habit of not charging a rent anywhere near to the level that would pay for the new houses built. (This last factor is implicity admitted when local authorities say that "they cannot afford to build the increasing numbers of houses they need unless Exchequer help is increased.") But there are admittedly three other subsidiary damping factors, which tend to keep the rate of housebuilding below the rate that consumers would demand in a free market. They are: (a) the shortage of land for building in the areas where demand is greatest; (b) planning restrictions; and (c) the effect of high interest rates.

Part of the solution for (a) must lie in measures to steer the increase in jobs, and thus in demand for new housing, away from overcrowded wens like London to other parts of the country; some new suggestions for ways of doing this are discussed on page 548. The reverse of a solution would be any scheme that provided a disincentive to the supply of new land for building in scarcity areas; Labour's scheme to "deal with land speculators"—which would dispossess an owner of his freehold precisely as soon as he did offer land for new building—would do exactly this, and a welcome feature of Monday's debate was that Labour speakers were already plainly preparing to retreat from it. Dr Hill's remedy was to encourage the bringing forward of "enough land in the right places within the existing urban areas as well as beyond the green belt." But, although he recognised that "by protecting agricultural land by the green belt policy, we ourselves are helping in the process of putting up the price of land which is allowed for development," he wanted "to make it perfectly clear that we intend to adhere to the green belt policy." Some of the fetishes—as distinct from the real social advantages—of that green belt policy ought to be looked at anew. So should some other planning restrictions—including the way that local authority bye-laws inhibit a growth in building productivity by making the construction of some sorts of non-traditional houses virtually impossible, and the way in which local residents can often block the building of three or four new houses on sites where only one house has stood before, because they say it would spoil their view.

Next, interest rates. Those who, like *The Economist*, believe that high interest rates are an essential concomitant of running sterling as an international currency have a particular responsibility to consider whether there should be special easements for things like export finance (discussed in an article last week) and housing. One obvious remedy would be to introduce an investment allowance for new housebuilding; there are various other tax inducements that could easily be worked out, in order to see that the burden of running an international currency does not have an entirely illogical effect in cutting the proportion of national income that Britain would otherwise devote to new housing. In the local authority sector, there would then be a good case for restoring a subsidy to *new* building of council houses for general purposes—but to make up for this by cutting the subsidy still "contractually" paid

out on houses built a long time ago at much lower building costs than now. The general level of local authority rents should then be raised to the proper market level: an authority should recognise that it is subsidising a tenant whenever his rent does not cover the cost of a newly built house minus a depreciation factor (to make up for the fact that old houses are not as nice as brand new ones) minus this general subsidy. Rebates should be given only to tenants who could not afford to pay these full rents.

This leads on to the second main question discussed in Monday's debate: the social problem of certain large and hardly-hit families who cannot afford a free market rent under present conditions. These are precisely the people for whom council houses were originally intended, and the real long-term answer to the London County Council's present problem of its 628 homeless families was provided on Monday by Dr Hill:

> If [local authority] rent policies were framed so as to require those who can afford to pay an economic rent to do so and so encourage them to find their own accommodation, a great many houses would be released for occupation by those who really need assistance.

But there is clearly also a short-term, human problem for London here. So long as London is overcrowded, and landlords can be choosers, decent young families with large numbers of children, who lose their home for any reason, are liable to take a considerable time over finding a new one. It should be said straightaway that after a time most of them do find one; although something like 45 London families now become homeless every week, the total now on the LCC's lists (628) is only 348 higher than four years ago, which indicates that the turnover out of the welfare committee's homes is usually very quick. It should also be emphasised that the effect of the Rent Act in causing the recent growth in evictions has been grossly exaggerated; about five out of every eight of those who have recently become homeless have come from furnished accommodation, which was not affected by the 1957 Act; others had been sub-tenants, who were not affected by that Act either; anyway, the vast majority of even unfurnished tenancies of working class houses still remain subject to control and restraints against eviction. But, once again, those who believe that remaining rent controls should be abolished have a special responsibility to propose remedies for this numerically small, but sometimes humanly disastrous, problem.

While the long-term solution must be to make more room for lower-income families on council estates by pricing some better-off tenants out of council houses, the short-term need is to provide more temporary accommodation for people while they are seeking a new home. The LCC is empowered to buy empty properties for this purpose, and it ought to hasten to do so—and to maintain more temporary accommodation of this sort as a permanent feature of its social policy. In order to dissuade people from using these temporary resting places as permanent homes, it should charge pretty tough rents for reasonable temporary accommodation; indeed if people who could afford to find outside homes did start to make long stays in the new temporary accommodation, they should be charged rents, increasing with their length of stay, above the outside market level (while those who plainly cannot afford to pay full market rents are precisely the people who should be given priority for council housing vacancies).

To those who say that this would be cruel, the answer is that it would be much less cruel than the system which now keeps the turnover of these temporary homes so high: namely, the sheer nastiness of some of their marginal accommodation and the fact that families have to be split up when entering most of it. This, indeed, is another example of the way in which politicians, not economic forces, have created the bitterest anomalies of Britain's housing problem. Politicians start by saying that it is inhuman to allow a scarce social service to be ruled by market economics; and they end by building fewer houses, by running a "controlled" market in which there is always an insufficient revolving stock of empty houses standing ready and by causing more inhuman treatment of hard cases, than a policy of genuine economic freedom would have done.

Bonn's Seven Weeks War

What lessons will the Germans draw from the struggle to form the fourth Adenauer government?

MERELY to have been re-elected chancellor by the narrow, but sufficient, margin of eight votes is not enough in itself to dismay or weaken Dr Adenauer. When he was first elected, in 1949, his margin was only one vote (his own, as a wag pointed out), but all the same, once elected, he was firmly in the saddle. Tuesday's ballot for the chancellorship was one of the rare secret ballots which the Bundestag's rules of procedure allow; the members of the two coalition parties, Christian Democrats and Free Democrats, who abstained or dissented then are unlikely to be so ready to go against their parties in an open vote on any major question. To the extent that the monstrous new procedure of coalition management allows him to use it, Dr Adenauer commands a working majority in the Bundestag.

What is more, the west German Basic Law makes a chancellor's removal extremely difficult. The motion that asks the Federal President to dismiss him must simultaneously name his successor, an elaborate operation to arrange, and one which the chancellor, unless actually incapacitated, has means of frustrating. Dr Adenauer is not likely to be troubled much by the thought of a combination to remove him without his consent. There is, it is true, an understanding that he will not serve the whole of the new parliamentary term. The next elections are not till 1965; an exchange of letters between the coalition partners has named 1963 as a likely year for the hand-over. Dr Adenauer may choose to respect this understanding; but the effective choice probably remains his.

In short, the government at Bonn is still an Adenauer government, and the power of decision remains where it was. Neither policies nor methods are likely, in the short run, to change perceptibly, and it may even be doubted whether the elaborate arrangements for control, laid down in writing in the coalition agreement, will effectively prevent Dr Adenauer from doing whatever he chooses to do, or make him do anything important that he would not have chosen.

POLITICS in west Germany have undergone a change, for all that; the west Germans themselves seem not to doubt that things will never be the same again. The government crisis that ended on Tuesday night has been the longest Bonn has known, the most heated and the most alarming; and the manner in which it was conducted has spread disgust and disquiet among those Germans (not, as yet, very many) who think seriously about politics. West German newspapers have been describing the political spectacle in language of un-German pithiness: "Ambition, opportunism, unscrupulousness," said the Hamburg weekly *Die Zeit*.

Normally loyal and orthodox, the *Frankfurter Allgemeine Zeitung* searched its vocabulary to no less purpose: "Insolence and blindness, cunning and dogmatism" were the words it found for the charmed circle of Bonn politicians on whom government rests. Faithful anti-socialists have admitted that only the opposition, the Social Democrats, have come through the crisis with credit. *Die Welt*, the Hamburg daily, has explained the moral collapse of west German political life as the reverse side of west German economic achievements: since 1945 the men of quality have gone in for business, heart and soul, leaving public life alone. This is now being paid for.

And, indeed, it is. The strictures are just. They have extended to political fundamentals: it is being asked whether the German Federal Republic has any greater inner cohesion, or any more effective will to live, than the Weimar Reich had in the days when another octogenarian, Hindenburg, was the national father-figure. Admittedly there is now no direct threat, Communist or Nazi, to the republic from within; and Bonn has been, to put it mildly, spared the economic storm that wore down the Weimar state. On the other hand, the Germans feel that the Soviet pressure on Berlin means a more bitter external strain than the Weimar Republic knew; and they doubt, more explicitly than ever before, whether their institutions are in shape to stand such a strain.

What has been revealed is that the Bonn institutions have as yet acquired little content, beyond that provided by the authority of Dr Adenauer himself. If this had not been so, neither the erosion of public confidence in Dr Adenauer (inevitable, after all, as the years passed) nor his party's modest electoral losses on September 17th would have been a disaster. The institutions have not proved unworkable at all; to work them, they need men who must be willing to take over from Dr Adenauer and govern, supported by a public ready to spare some attention from its private concerns. If these conditions had existed, there would have been no need for the seven weeks war to produce a fourth Adenauer government restricted (ineffectually, it must be hoped) in its power to govern.

Just possibly, the west Germans may now be allowed time for the lessons of their autumn crisis to ferment, and may use the time to prepare themselves to make their institutions work. The limit is set for them by the approaching renewal of the East-West crisis about Germany. In that field it is too much to hope for any early German policy contribution. For that, the flight from reality has gone too far; the task of reversing it will fall to the men who come after Dr Adenauer.

America Discovers Europe

Like Britain before it the United States is being forced by the European common market to re-examine its future

SLOWLY, American opinion is awakening to the fact that if Britain joins the European common market, together with other new members and associates, the result will be a very large economic union indeed, implying possibly a shift in the structure of world power. For a decade America has supported European integration without stint, for the sake of the political gains it would bring. Now that the goal is being approached, Americans are realising that their country cannot remain a mere benevolent spectator. Some—protectionists and isolationists, becoming increasingly vocal on the American right—are already reacting with cries for more protection in self-defence. But other signs suggest a more positive response. Outstanding among these was the bipartisan report to a joint Congressional committee by Mr William L. Clayton and Mr Christian Herter, published in Washington on November 2nd. (Mr Herter was Mr Eisenhower's Secretary of State; Mr Clayton, a Democrat, was one of the architects of Marshall aid.) Their report urges that the United States should take "a giant step" by forming a closer trading partnership with Europe.

In the life of the Atlantic community this report could possibly be a turning-point comparable in importance to General Marshall's Harvard speech in 1947. It is merely a report to a committee of Congress, but there is little doubt that it reflects Administration thinking. On the day the report came out a lance was broken for freer trade by Mr George Ball, the former collaborator of M. Monnet, now at the State Department. Indeed the only uncertainty in Washington seems to be not if, but when, the President will throw his weight into the scale. The Washington debate is examined on page 553.

In domestic American terms, the immediate objective is to get radical new powers for the President to negotiate on tariffs when the present Reciprocal Trade Agreement Act expires in June. It is, after all, the common market's outer tariff that will bite first on American interests, as it has bitten on Britain's. It is this that is giving the protectionists an excuse to demand higher tariffs, and a paring of the President's powers, when the act runs out. The liberals, by contrast, see attack as the best defence. In the General Agreement on Tariffs and Trade, as the Herter-Clayton report points out, bargaining with the common market has already got stuck because of the meagre size of the President's powers to bargain about individual tariff items. The time has come, it argues, to give the President—"as a minimum requirement"—new powers to make sweeping cuts across the board in the

merican tariff in bargaining with Europe, to enable "the xample of the common market" to be followed on a wider cale.

The specific tariff point is backed by a good deal of argu- nent reflecting the dawning awareness in America that much nore than trade is involved in the challenge from Europe. Phrases like "a trade partnership with the common market" and a "free world economic community" are indeed vague, too vague, but they do imply an interest in integration as well as in free trade.

Already, immediate American interests have prompted the administration to be active in the new Organisation for Economic Co-operation and Development, which formally took over from the Organisation for European Economic Co-operation on October 1st, with America and Canada as full members. In agriculture, for instance, it has used OECD as a forum for pressing the Europeans to be liberal in their policies and to consult closely with America. Neither of these processes can go far unless the United States reciprocates. The Administration attaches even more importance to the co-ordination of economic policies in OECD, and it has been sending top men—like Mr Heller, chairman of the President's Council of Economic Advisors—to the economic policy committee of OECD.

One pragmatic reason for this deep interest is, of course, the new weakness of the dollar. The more far-sighted boffins in Washington even see the European Monetary Agreement—the OECD's monetary arm—as the place for a pooling of western reserves, if present efforts in the International Monetary Fund turn out to be inadequate. But the interest also springs from the hot debate inside America about economic growth. All western countries have begun to realise that not only welfare but also power, in terms of defence, aid and social peace, depend on a high rate of growth. In OECD, Mr Heller explained on a recent visit to Paris, the United States hoped both to develop a co-ordinated growth policy for the Atlantic countries and to learn from western Europe's recent experience of high rates of growth. One leading Congressman has said that OECD could be the West's economic high command.

THERE have been few signs that the Europeans have yet taken in the implications of the possibly portentous change in America or begun to respond to it. Britain, as well as the Six, is now preoccupied with European affairs, and has so far shown little zeal for the work of OECD. On the Continent, too, there are the inevitable apprehensions that a vast extension of the common market—a "*mondialisation*" to use the latest jargon—will lead to precisely that watering down of the European communities, the fear of which long haunted the community's creators in their relations with Britain. Such misgivings may well be nourished by suggestions like Mr Harold Wilson's last weekend—that Britain should hold up its own common market negotiations after all until it had sounded the United States to see if it will join. They will not have been allayed by some of the comment in Washington on the new report. "Trade partnership," it is explained, is distinguished from membership of the common market by the avoidance of political implications. This kind of talk has been heard before nearer home.

American opinion is, indeed, now teetering on the brink in the same uncertain way as Britain did in the days of the free trade area. And it may have to be treated to some of the same bitter-sweet medicine that the Europeans inflicted on Britain. On the one hand Europe has to press ahead with its own integration, to which the present evolution in America is, after all, a response. But the liberals in America are embarking on a struggle as fateful and as difficult as Britain's decision last July; if Europe can help them, it should. A united Europe makes little sense if it is not a part of a uniting West.

WHAT kinds of arrangement should be devised to give the new stirring in America practical effect? If President Kennedy gets his new powers—and a long, hard battle has still to be fought—a series of big tariff cuts between western Europe and America, together with a growing co-ordination of policies, is on the cards. Ultimately these ingredients might have to be made more formal and durable in some kind of Atlantic Economic Community. Certainly the constitution of OECD, created as it was amid the cross-currents and confusions of its predecessor's demise, is still a blank to be filled in.

The wider the circle of integration of the rich Atlantic countries, the more essential it becomes that they shall not unite at the expense of poorer regions. It is a refreshing feature of the new thinking in Washington that it recognises this and indeed puts at the centre of a possible new Atlantic partnership a joint trade and aid effort to help the undeveloped, uncommitted countries. The most radical and precise suggestions in the Herter-Clayton report are for abolition of raw material tariffs by developed countries and a series of 10 per cent cuts in their other tariffs in return for 5 per cent cuts by the undeveloped ones. Such ideas may be needed, not in the distant future, but in the next twelve months, as Britain's negotiations with the common market bring the question of trading policies with the undeveloped countries to a head.

Aid is a no less urgent matter. Here again western Europe has been slow to respond to American appeals and slow to realise that its new prosperity and its potential new power give it new responsibilities. It has been widely missed on this side of the Atlantic that President Kennedy has been trying, in the past six months, to introduce a revolution, not so much in the quantity of western aid as in the philosophy behind it. His aid message in March was a stimulating appeal for a new kind of joint aid effort by western countries. With Europe recovered, and the burden of the East-West conflict shifting to the economic field, it was time, he suggested, to move the main effort away from the propping up of the protégés of military policy towards sustained assistance to the countries capable of self-sustaining growth. Aid was to have a social purpose and encourage the receivers to help themselves.

While the cold war goes on, the fine new principles are not proving easy to put into practice; their future success may be much influenced by the amount of European support they get. In a new Atlantic partnership the Europeans thus have a double opportunity—a chance to bring America into the system pioneered by the common market, and a chance to repay America's wise generosity to Europe in the last decade by doing as much, in the decade now opening, for the newly independent nations.

NOTES OF THE WEEK

BY-ELECTIONS

Swing to Liberal

THE usual mid-term swing from Tory to Liberal is on, but so far any real swing to Labour is not. In this week's three by-elections the proportions of people who had voted Conservative in 1959 but who did not turn out to support their party this time ranged from 40 out of every hundred (at both Oswestry and East Fife) to 57 per cent (Manchester Moss Side). Over all, it looks as if under half of these Tory "deserters" switched to the Liberals and rather over half simply represented the usual crop of by-election apathetics who failed to vote at all. Labour's proportion of deserters ranged from 19 per cent (Oswestry) through 22 per cent (East Fife) to 55 per cent (Moss Side). Despite the bigger anti-Tory swing (shown and explained in the table below), these by-elections should probably be regarded as even more worrying for Mr Gaitskell than for Mr Macmillan. The Conservatives did after all hold all three seats as expected, while Labour dropped to third place behind the Liberals in two of them, and only avoided a trio of third places by a margin of less than a hundred votes at East Fife. More important, what is probably the penultimate session of this Parliament is now under way, but there is no sign of the ground swell that could bring Labour back to power at the next general election.

CHANGES IN PER CENT SHARE OF POLL

	Conservative	Labour	Liberal	Hesketh/Dayton
Manchester, Moss Side ..	−21·2	−11·9	+27·9*	+ 5·2*
Oswestry.....	−15·1	*Nil*	+12·3	+ 2·8*
East Fife	−22·4	− 3·7	+26·1*	—

* No candidate in 1959, so these figures represent total share of poll.

Note:—Figures shown represent changes in share of total poll and therefore, in these reduced poll by-elections in safe Conservative seats, probably tend to exaggerate the relative revulsion from the Conservatives. For example, at Moss Side, just over 55 per cent both of last time's Labour and Conservative voters did not bother to support their party now, but the total "swing" away of Conservative voters is shown as much larger because there were many more of them.

What does seem to be in prospect now is that there might well soon be some Torrington-style by-elections in which some ostensibly safe Tory seats could fall to the Liberals. The Liberals secured between 26 and 28½ per cent of the vote at each of this week's three by-elections; the scale of their present advance since the general election was best shown at Oswestry where their share rose from 16.1 per cent in 1959 to 28.4 per cent now. The anti-common market candidate Mr Dayton secured only a derisory 839 votes (or 2.8 per cent of the poll) at Oswestry; the Mosleyite Mr Hesketh secured 1,212 votes (or 5.2 per cent) at Manchester Moss Side. This Moss Side result was perhaps the most interesting—although also the most apathetic—of the three. The constituency had once been advertised as seething with indignation about its inflow of coloured immigrants, but less than half of the electorate turned out to vote. The swing away from Labour was larger here than elsewhere (some of the Mosleyites' tiny proportion of voters no doubt came from working class people in the immigrants' wards), but the swing to the Liberals was also the biggest and most surprising of all. Very largely this was due to the apathy of both Conservative and Labour voters, but it seems clear that some Liberal voters must have been former Tory supporters who could not stomach their new right-wing candidate's anti-coloured-immigrant (and pro-flogging) views.

NUCLEAR TESTS

Stay for an Answer

WHAT is necessity? says President Kennedy; or should say, preferably without jesting. The President repeated on Wednesday that the United States would start testing nuclear weapons in the atmosphere again if an analysis of the recent Russian tests showed it to be "militarily necessary." Preparations have begun, and many people in Washington think that this further contribution to the contamination of the air is settled.

But before Mr Kennedy gives the order to go ahead, he should make quite sure what the advocates of atmospheric tests mean by "military necessity." If there is solid evidence that the Russians are making progress with weapons that might tilt the whole balance of power (such as an anti-missile missile, though there are other possibilities), and if these weapons must be tried out in the air, then it is right, though repugnant, for the Americans to do what is needed to keep abreast. The same is true if there is serious doubt whether the hitherto untested warheads of the Polaris and Minuteman missiles will work; but one is entitled to comment that, if Mr Kennedy was willing to trust these warheads before the Russian tests began, there is no reason why his trust should be less valid now.

Grim necessity, however, is no relation of marginal desirability. It may be cheaper and more convenient to test small warheads for tactical weapons in the air rather than underground; it may be desirable, from the point of view of air force generals, to make minor improvements in the existing warheads. In both cases the military advantages seem to be outweighed by the disadvantages of adding to the volume of fall-out, and giving yet another twist to the spiral of the arms race. Mr Khrushchev said on November 3rd that the Soviet Union might extend the series of tests it held in October if the United States resumed explosions in the atmosphere. The reason he gave was the same as Mr Kennedy gave on Wednesday, and the same as Mr Macmillan gave to the House of Commons on October 31st to justify a possible British resumption of tests: the need to protect his country's security. The nuclear powers' lunatic search for security through measures that increase everybody's insecurity can be arrested only if one of them has the intellectual honesty to distinguish between what is truly necessary, and what is not, and the courage to act on the distinction.

GHANA

Brave Duncan

DISPLAYING admirable courage, and a nice sense of the dramatic, the British Government risked its Commonwealth Relations Secretary on Tuesday to prove that it was not risking its Queen. Last Saturday two explosions occurred on the route the Queen was due to follow during her visit to Ghana, beginning on Thursday. One of the explosions broke the ankles of a statue of President Nkrumah; a second very slightly damaged the Independence Arch in Accra. The next day Mr Duncan Sandys flew to Accra to find out how dangerous Dr Nkrumah's nearly-authoritarian state had become.

Reasonably dangerous, the answer seemed to be, for on Monday there were two new explosions. If British public opinion was to allow the Queen to carry on with the tour planned for her, a demonstration had to be made. On Tuesday it was: Dr Nkrumah and Mr Sandys travelled together along the entire length of the route proposed for the Queen. It was an impressive demonstration, so much so that after a visit to the old imperial palace, Christiansborg Castle, Britain's dashing Duncan could return to his Prime Minister and—perhaps—report:

This castle hath a pleasant seat; the air
Nimbly and sweetly recommends itself
Unto our gentle senses.

In Parliament on Wednesday Mr Macmillan was able to declare, in effect, that he did not believe the Queen would suffer the fate of the Duncan who entered Macbeth's castle. There is no way of telling who set off the explosions; the saboteurs could have been extreme left-wing or extreme right-wing Ghanaians, or simply Ghanaians perturbed

at the undemocratic way in which the president has been running things. But, on Wednesday, there seemed to be no evidence that they would attack him openly or endanger the Queen.

Only a genuine fear for the Queen's safety could have justified calling off her trip. The consequences of cancelling it would probably have been Ghana's *exit from the Commonwealth* (and entry into the communist camp). The fall-out from such an explosion might have poisoned all of West Africa, to Britain's disadvantage. So courageously setting aside its distaste for authoritarianism, the British Government advised the Queen to spend her eleven planned days in Ghana, courageously by the side of the king of the castle.

KENYA

Traveller's Return



BACK in London after 16 years, Mr Jomo Kenyatta has had some trying moments. Two eggs were thrown, a thing that could not have happened in 1945. A woman poked at him with an umbrella. Britain's lunatic fringe cannot, it seems, be denied these futile exhibitions of temper. More disturbing, Kenya's politicians—of all colours and parties—seem themselves not to have moved very far out of the umbrella-poking, egg-throwing stage.

This is a criticism especially of the Kenya African National Union, of which Mr Kenyatta is now leader. After the elections in February, the African nationalists—and Kanu—could, constitutionally, have had the government in their hands. This was the time to stop fighting the British, and to start working with them. Mr Nyerere, of Tanganyika, knows when to fight and when to co-operate ; his country will be independent on December 9th.

But Kanu chose then—and is choosing now—to keep out of government so long as it could not have precisely the government it wanted. Good reasons for Kanu's behaviour have not been lacking. In February there was the need to get Mr Kenyatta out of restriction (and keep an election promise) ; since then there has been the struggle against the equally intransigent Kadu, the minority party that came into power because Kanu would not. But Kanu is not yet in government: in a long statement this week it tried to show how patient it had been with the other side, and how (in its view) the British Government was gratefully bolstering Kadu in power.

But even if this is so, it is still up to Kanu—the strongest force in Kenya and undoubtedly its future government—to exercise self-control. In its own interests Kanu should realise that Kenya is being held up because the British Government—and the settlers—are frightened. When Mr Kenyatta has demonstrated his ability to put Kanu's own house in order ; when the party itself begins to play politics in a more reassuring way ; independence will probably come so rapidly that it might take everyone by surprise.

PARLIAMENT

House in Travail

SIX weary days of debate on the address, a grand inquisition into every aspect of Government policy from Berlin to what Mr Selwyn Lloyd really said to a certain Councillor Smith at Leicester, staggered to its fore-ordained close on Tuesday night with a Government majority of 108. No minister added to his reputation. Mr Macmillan returned to the House looking like a cadaver and indeed speaking like one. For some months past the Prime Minister's enemies have been gleefully drawing comparisons between him and Mr Ramsay Macdonald: after two tired performances in one week, some of his friends have begun to draw much more sinister parallels between him and the Earl of Avon. Among his principal lieutenants, Mr Butler sat bereft and glum. Mr Macleod could have summed up the debate on the address with either a rabble-rousing party speech or else an elegiac and statesmanlike one, but choosing to try both he succeeded in making neither, and left his audience bewildered. Mr Selwyn Lloyd floundered about in the economic debate like a stranded whale, mercilessly goaded by the Opposition.

Yet Mr Gaitskell, although personally as incisive as ever, can hardly be much happier than Mr Macmillan ; and in view of the calm passage his party seems to be giving to the Government's immigration plan, perhaps he does not deserve to be. It must have been a shock to him that, after his year-long effort and Blackpool triumph, 59 Labour MPs last week still voted that Mr Greenwood should be leader of the party ; last year with the unilateral controversy at its height and a much more significant rival in Mr Wilson, the left mustered 81 votes. Of the 22 votes it has lost since then, five are MPs who have been expelled from the Parliamentary party ; only about five seem to have switched right over to Mr Gaitskell (he got 171 votes against last year's 166); and most of the rest must have abstained.

Of the 248 Labour MPs entitled to vote, 18 failed to cast their ballots, presumably because of either deliberate neutralism or quite invincible apathy, since personal attendance is not required.

Only Mr Grimond had any real cause for satisfaction this week. At long last and deservedly, he has been made a privy councillor, which is a nice distinction. More important, it will give him a right of precedence in speaking in the House. Formerly he had to rely on the courtesy of the chair in getting the Liberal voice heard on major Commons occasions.

THE ECONOMY

An Unsatisfactory Debate

TUESDAY'S economic debate did not show either front bench at its best. For the Opposition both Mr Gaitskell and Mr Wilson spent an absurd amount of time jeering at the Chancellor's recent impromptu admission that he had at one time underestimated the damage that rising personal incomes would wreak upon the economy—and then showed that Labour itself is plainly underestimating that damage still ; Mr Gaitskell also calculated the balance of payments "saving" and Mr Wilson notionally redistributed the tax "saving" that they pretended would arise from the inflationary expedient of putting interest rates down ; and Mr Gaitskell sententiously explained that British trade union leaders are "able and patriotic men," and that the Chancellor's duty is therefore to secure their co-operation by being as irrelevantly beastly to capitalists as possible. Yet in one sector of their assault—their complaint that Mr Lloyd is now beginning to hold back production—the Opposition plainly had the best of the argument.

The main impression that the Chancellor gave in his speech is that he is now waiting for Godot, who is unfortunately not turning up. Again and again, he said that he must hold back domestic demand and production until exports rise ; but exports at present are not noticeably rising. They ought to start to rise soon, because of the revival of world demand, but Mr Lloyd had better realise now that the least successful part of his July measures, so far, has been the assumption that moderation of "the pull of the home market" was the remedy needed to put exports up. The most successful features of his July measures have been the reversal of the run on sterling (which was almost wholly due to his policy of high interest rates) and the hopes that he aroused of a new wages policy. Unfortunately, it is precisely these features that one fears he might be abandoning first. Mr Lloyd's speech contained no defence of his action in twice reducing Bank rate before making any reduction in the purchase tax regulators ; and, under pressure from Mr Gaitskell, he yielded another hostage to fortune by promising that he will look again at the state of the wages pause "early next year."

WAGES

Electricity Strike?

IT is just possible, although not necessarily likely, that the long-expected national wages showdown could come in the electricity supply industry, where there are to be crucial meetings between the unions (who include the ETU, both the big general workers' unions and the AEU) and the employers next Wednesday and Thursday. The unions' position of strength is that the Electricity Board is obviously very willing to give a wage increase, largely because (in this capital intensive industry) wage increases do not put up its total costs by very much ; this, and the fact that it is the one large nationalised industry earning a current surplus, always makes it a good first front for the unions to drive against.

Electricity's basic wage rates, ranging from £9 9s. to £12 10s. 3d. a week, are actually higher than those in engineering. But its average earnings (£14 9s. 11d. a week last April) are lower, largely because the electricity board—like most nationalised industries—thinks that it would be "provocative" to the unions to introduce district differentials and bonus schemes in areas where labour is short. Job security in electricity is excellent (short-time working is virtually unknown), and there is therefore not in fact—*pace* some newspaper reports—a serious difficulty in recruiting or keeping workers in electricity supply in most parts of the country. But there is such a difficulty in a few districts, especially those near motor works and steel works. Nevertheless, sticking resolutely to its refusal to introduce district differentials, the board has already made an offer of the usual nationalised industries' sort—one that would be uneconomically small in peak wage districts and uneconomically large in the rest of the country.

For the three quarters of electricity supply workers with more than three years' service, the board has offered increases from next April 1st ranging from 8s. 6d. a week for unskilled workers to 13s. 3d. for skilled workers (short service men would get less). Very sensibly, manual workers with more than three years' service are also to be offered the same status and privileges as office staff (which, among other things, could give them longer holidays). The communist Mr Foulkes, who is chairman of the unions' negotiators and who is aided by a communist-organised unofficial workers' movement in some power stations, has said that this offer is unacceptable. A strike in electricity supply would be (a) a plain breach of contract (the unions and the board have signed an agreement that arbitration should be binding) ; and (b) actually illegal (legislation dating from 1875 makes anti-contractual strikes in electricity supply a punishable offence). But Mr Foulkes has said that if his men give a week's notice of termination of employment, that would not be a strike ; one doubts if the courts would agree.

Now that the board has made its offer from April 1st next, it cannot presumably go back on it. But it would be inexcusable for it to go further next week, except in offering district differentials and in defining more closely what "office status" means. As usual, an electricity strike would almost certainly prove less apocalyptic than most newspapers are saying ; the technical staffs could—and would—go on operating the power stations for a good while, although there would be a long hold-up in making repairs when and if breakdowns occurred.

LATIN AMERICA

Andean Fires...

AS the inter-American "Alliance for Progress" creaks slowly into action, the fires of social discontent simmer and spread. In Ecuador, a backward Andean republic that suffers, intensely, from the endemic Latin American disease of two segregated cultures, the flames have crackled to the surface. Serious riots in Ecuador's three main cities led, on Wednesday, to the president's resignation and to open conflict between the army and the air force about the succession. Sr Velasco Ibarra, a shrewd veteran, has only once been able to last out a full term in office ; this is the third time he has been deposed. But this time it is no longer just a question of rivals struggling for the plum job.

The clash over the new president recalls the recent political crisis in Brazil. According to the constitution, the vice-president, Dr Carlos Arosemena, should automatically succeed and his candidature is backed by air force jets and congressional argument. But Dr Arosemena is a shade too far to the left for some factions in the army, who are trying to push through the appointment of a less controversial figure, Sr Gallegos Toledo, the president of the supreme court. Dr Arosemena visited Moscow earlier this year, and came back primed with arguments for closer relations with the communist world and for some sort of social reform at home. Predictably, he was charged with communism.

...and Firemen

THE governments of the other two Andean republics are also running serious political hazards. Peru shares with Ecuador a situation in which a small, largely Spanish élite of landowners, business and military men decide what is best for the appallingly poor Indian workers and peasants. In both countries a budding middle class of teachers, students, trade unionists and others has begun to dispute this state of affairs. A fortnight ago, the Peruvian government suspended constitutional guarantees for a month after a strike of school teachers led to riots in Lima ; the prime minister, Dr Beltrán, braved a hail of rock and stones when he visited Cuzco a few weeks ago. In its foreign policy Peru has got out of step with the other Latin American republics ; by stubbornly pressing for some kind of collective action against Cuba. In his home policy, Dr Beltrán is credited with understanding the urgency of social reform ; but nothing much gets done.

Bolivia's revolution in 1952 ended racial segregation and encouraged a less feudal outlook. The United States handed out generous financial help although not, until recently, to the decrepit nationalised tin mines which provide Bolivia with most of its foreign currency. Poverty in all its wretchedness persists, and President Paz Estenssoro has clashed with left-wing politicians in his own party, including his vice-president. Two weeks ago, several people were killed in La Paz when transport workers led a protest against the removal of some domestic subsidies, including petrol ; a state of siege has been imposed. This, like most such emergency measures, may buy a little time ; but, by itself, it only postpones the next eruption.

EDUCATION BILLS

Substantial Half

THE more contentious of Sir David Eccles's two education bills, that to reform the Burnham committee which negotiates teachers' salaries, will not be introduced until after Christmas. The one that has been published reduces the parental contribution to the cost of university education, and will oblige 15-year-olds in England and Wales to stay on to the end of the Easter and summer terms in their last year of compulsory schooling (from 1963 onwards).

The concessions on university fees are complicated and not inconsiderable ; they will cost the taxpayer an extra £10 million a year. Many middle-class parents will want to study them in detail. Under the present system parental contributions are assessed at 14 per cent of the balance of income above £450. In future, the contribution will be 8 per cent of the balance of income between £600 and £1,400 (those earning under £700 being fully exempt) and 10 per cent of the balance above £1,400. No less important, parents will still benefit from the income tax child allowance. The following examples from the proposed scales assume that parents have an only child at the university, and make an allowance of 5 per cent in the balance of income for insurance premiums and mortgage interest:

Parental incomes (£s)		Parental contributions (£s)		Tax allowance (£s)
Gross	Balance	Present	Revised	
800	760	43	13	46
1,000	950	70	28	57
1,400	1,330	123	58	58
2,000	1,900	203	114	58
3,000	2,850	336	209	77
4,000	3,800	Full cost	304	84

It will be seen that the tax allowance exceeds the new parental contribution up to an income of £1,400. The changes should mean that 10,000 more families with children at the university will no longer pay anything, and that 40 per cent of students will receive full grants, compared with 25

per cent hitherto. This is a sizeable step towards the total abolition of contributions which the majority of the Anderson committee recommended; it means that the sum, minus tax allowance, to be asked of a parent earning, say, £2,000, will be much less than most parents spend on cigarettes.

On school-leaving dates, as on his implementation of the Anderson report, Sir David Eccles said that he would have liked to go further, but that half a loaf is better than no bread. He has been held back from making all 15-year-olds stay on to the end of the summer term by fears of juvenile unemployment in some areas if too many school-leavers came on to the labour market at one time. One would certainly prefer the eventual introduction of a single leaving date to be complemented by an earlier ending of the school year itself, to encourage staggered holidays and allow proper time for GCE "A" and "S" level examination results to be digested by the universities.

CRIMINAL JUSTICE BILL

Law's Delays

THE prompt introduction of the Criminal Justice Administration Bill, which will implement the main recommendations made by the Streatfield committee last year, deserves a hearty welcome. Britain's criminal courts have long been creaking at the joints: delays between committal and trial have in many cases been scandalous, and excessive rigidity has increased inefficiency further. This is now to be remedied, not by setting up new courts, but by improving the present ones.

The bill provides for the appointment of five additional high court judges (above the present authorised complement of 48), who presumably will be allotted to the Queen's Bench Division. If there is difficulty in finding the right men at the Bar, the Lord Chancellor would be wise to follow American precedent and look to the university law faculties for some of his new judges (including, dare one say it?, to Dr Radzinowicz's new criminal law department at Cambridge—a criminologist on the bench could revolutionise judicial attitudes, which is one reason why he is unlikely to be appointed). In magistrates' courts, the bill proposes that justices be made to work harder. Courts of Quarter Sessions in counties and boroughs are to sit a minimum of four times a year (which is the present maximum), and in addition as often as "the court thinks necessary or the Lord Chancellor directs." Such a change is essential if the principle informing the second half of the Streatfield report, that sentencing should become scientific and be based on the fullest available information, is to be implemented. Only with courts in almost continuous session can the adjournments between conviction and sentence be made, which are needed to collect relevant information.

The assize system is also to be reorganised by orders in council, and extra officials appointed to enable assizes to be held in two towns on the circuit simultaneously. The power to commit to assizes or quarter sessions in a neighbouring county where trial in the original county would be delayed (the so-called "convenient court" procedure) has long existed but been little used. The bill provides that it *may* be used where a person is unlikely to be dealt with within one month of committal, and *must* be used if the case is otherwise unlikely to be dealt with within eight weeks. Any sentence of imprisonment is to be reduced by the period of committal spent in custody before trial. One would like to see the "convenient court" procedure applied also when there is an unduly long delay between the issuing of a summons and a trial, even when there has been no committal (especially in some criminal charges in motoring cases).

Some important changes are to be made in borough quarter sessions. These are presided over by recorders who sit alone, but who are only part-time officials; they are also practising barristers and sometimes even MPs. The post is really honorary although some remuneration is paid and is accepted by the ambitious as a stepping stone to the high court. In the past recorders have been allowed to appoint deputies only in exceptional circumstances, and have had to pay them themselves. The bill allows them to appoint deputies if required and permits these to be paid out of public funds. Since the recorder is required to hold four sessions a year personally there is no danger of the office degenerating into a sinecure.

EUROPE

Frankness and Reticence

THE encouraging thing about Mr Heath's first working encounter with the Six this week in the negotiations for British membership of the common market was that it got straight down to business, and specifically to the Commonwealth problem. The danger had seemed to be that the two sides might circle coyly round each other, discussing principles and showing goodwill, but evading practical details out of fear of giving away positions or getting stuck in rigid ones. This did not happen; thanks in part to the Commission of the common market, whose collective view was stated by Professor Hallstein, the talks moved on a stage from Mr Heath's good start last month in Paris.

In this and other speeches from the common market side some common ground with the British appeared. The Six, it seems, like the British, feel that the problems of Commonwealth countries might be solved in three ways—by association, protocols, or tariff cuts and quotas. But of course, as an article from our Brussels correspondent on page 570 points out, there may be differences on how far these should go. This is what the negotiation is about.

One major topic—agriculture—was also conspicuous by its absence from this week's discussions. On this the Six evidently wish to postpone negotiations with the British until they have made progress among themselves. Instead, the most substantial discussion concerned the outer tariff. The British Government, while willing to accept the common market tariff, would like the present provisional 20 per cent cut in it to be permanent. Professor Hallstein argued that it would be wrong for Europe to give away tariff positions without getting a return from the United States. With the debate about America's relationship with Europe beginning, this is a live issue.

Whose Sovereignty?

LURKING in the background of the Brussels talks are the ideas for further political co-operation now circulating among the Six. The new French plan, which received much publicity last week, is only one of several drafts from various common market governments now being discussed by a special commission set up by their chiefs in July. But by leaking their plan efficiently the French have (as usual) given it a better start than the rest.

From what is known of its views the British Government is not unsympathetic to the kind of ideas put forward by the French. The French draft provides for consultation on foreign policy and regular meetings of ministers, but it carefully provides for unanimous voting when decisions are taken. The smaller countries of the community continue to press for community-style institutions and a strengthening of the parliament. The new Bonn government seems to share French reluctance to surrender the power of decision, but it may support the stronger parliament.

The British Government has as yet no actual part in these discussions and it has not even seen the draft schemes. Hence, when a French foreign ministry spokesman gave the impression at the end of last week that Britain backed the French plan, there were mild disclaimers in London. Some degree of reserve is bound to persist until more is known of the defence proposals in the French plan. In substance, however, the French can reasonably argue within the Six that their conception of *l'Europe des patries* suits the British taste.

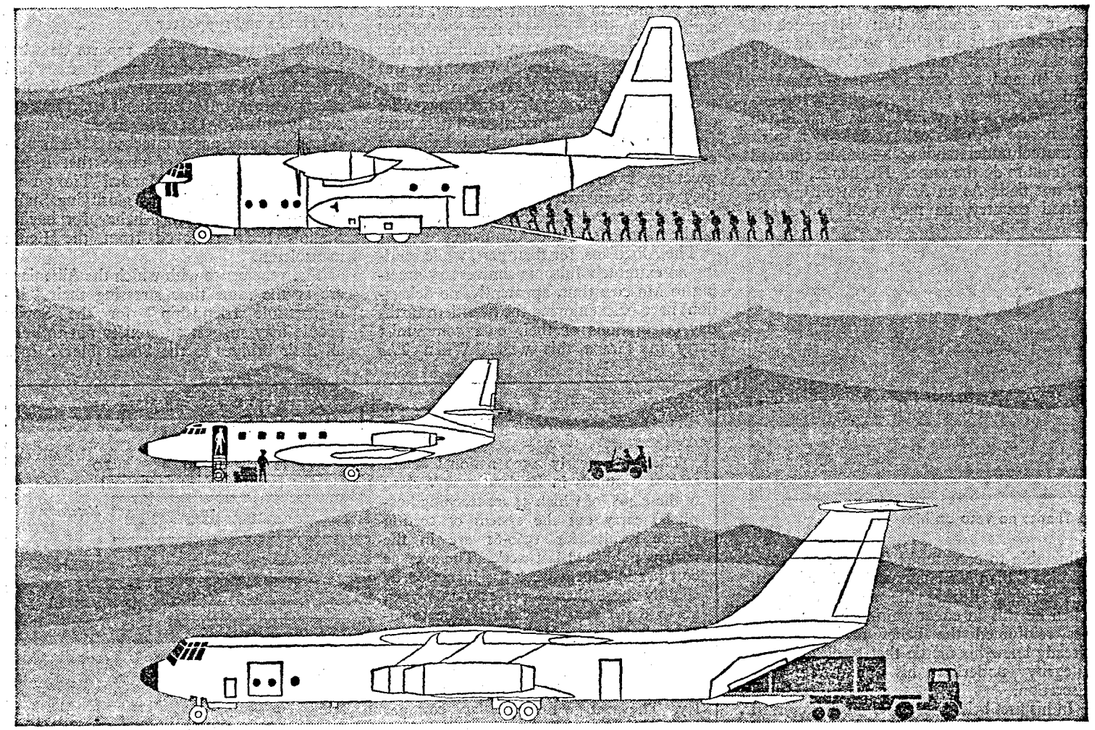
UNITED NATIONS

U New

SEVEN weeks after the death of Dag Hammerskjöld, the now 103 members of the United Nations unanimously elected U Thant on November 3rd as acting Secretary-General, to serve until April, 1963. This quietly pertinacious Burmese diplomat's appointment was itself a feat of quiet pertinacity. Last year Mr Khrushchev had told the Assembly that it would be impossible to find any single man who could be trusted to do the job. After Mr Hammarskjöld's death, the Russians demanded the immediate introduction of the

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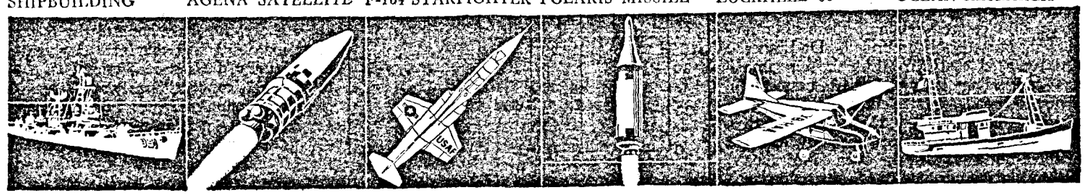


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Khrushchev "troika" system, hinting that if the demand was not accepted there would simply be a long vacuum. When they found the uncommitted countries as firmly opposed to the troika as the West was, the Russians gave ground, but still fought hard to secure a concealed power of veto over the new chief executive's actions. Even this bid was defeated by the stubborn loyalty of the great majority of members to the principle, embodied in the Charter, that the secretariat's allegiance must be to the organisation alone.

Mr Thant announced in his speech of acceptance that his chief political advisers would (at least to begin with) include a Russian and an American—Mr Arkadyev and Dr Bunche, who were already undersecretaries. He would seek, he said, to collaborate with his colleagues "in a spirit of mutual understanding"—and he counted on them to do the same. His hands, in fact, are not tied. As an Asian from an uncommitted country, he may well prove less



U Thant: no veto on him

vulnerable to communist "character assassination" than Mr Hammarskjöld had been. His conduct during the awkward weeks when he was in effect waiting in the wings has reinforced the belief of those who already knew his mettle that a solid core of integrity underlies his preference for discretion.

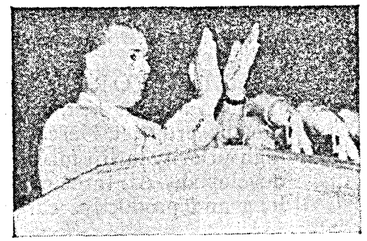
In his first brief speech, U Thant referred to only one specific problem, the Congo, where "an urgent solution" was needed. This is indeed the field in which he must take immediate decisions, if neither the Assembly nor the Security Council can clarify his mandate for him. On the day of his election, Dr Sture Linner, the chief UN official in the Congo, reported that bombing raids in Kasai province by Mr Tshombe's new fleet of European-manned aircraft (which may or may not have been justified by the central government's offensive into Katanga, now renewed) had led him to warn the Katanga authorities that the UN would take counter-action if these aircraft were not immediately grounded. Dr Linner also reported that Mr Tshombe's regime was continuing to violate the cease-fire terms, to broadcast false and violent propaganda against the United Nations, and to employ white mercenaries not only as an air force but also, with the open connivance of the Belgian consulate in Elisabethville, as a staff for the armed gendarmerie.

COMMUNIST BLOCK

Tirana Unbowed

CONTRARY to tradition, no top Soviet party leader made a speech this year at the reception held in the new Kremlin congress hall on Monday, the eve of the 44th anniversary of the October revolution. Perhaps, after all the speechifying in the same place over the past three weeks, they had no more to say. But next day, at the anniversary military parade through the Red Square, there was a sharp reminder of the party congress as Marshal Voroshilov was ignominiously turned away from his customary place among the communist élite on top of the Lenin mausoleum. There were further reminders of what had happened at the congress in the official anniversary greetings from other communist parties; they were sprinkled with condemnations of Stalin's excesses, of the personality cult and of the misdeeds of the Albanians.

The Albanians, for their part, while sending an extremely fulsome anniversary greeting to Moscow (but, apparently, no delegation) have been enjoying the twentieth birthday celebrations of their own communist party in Tirana this week. When *The*



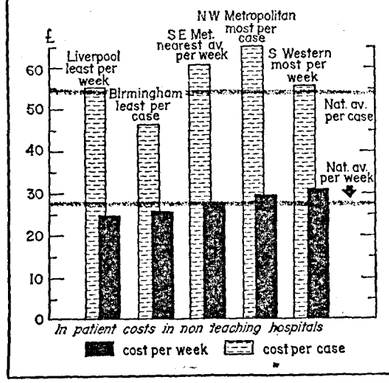
Mr Hoxha and supporter

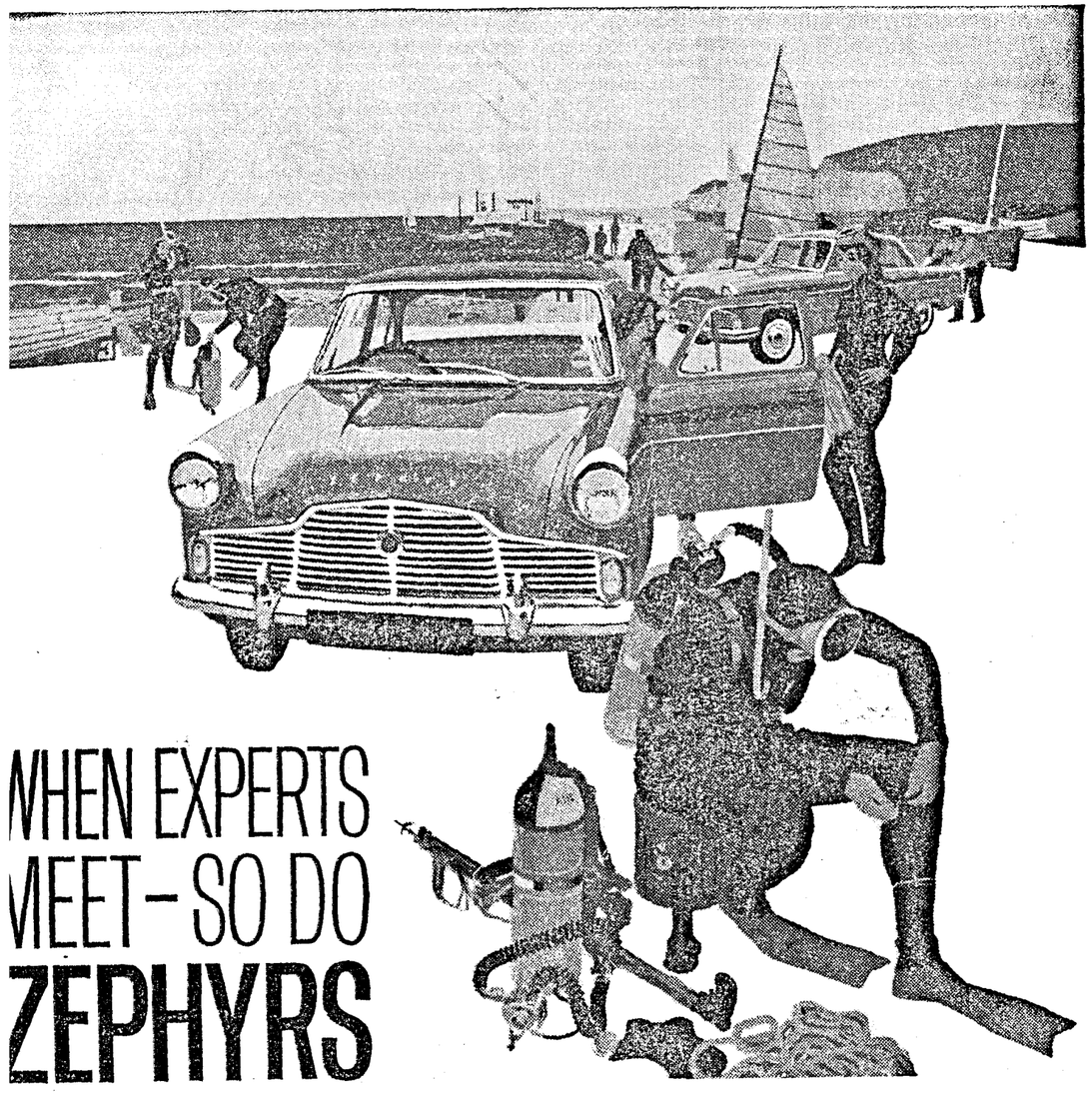
Economist went to press, reports on what had been said, and what foreign guests had turned up, were still scanty. But Albanian reactions to Mr Khrushchev's strictures are already plain. On November 1st the Albanian party paper attacked Mr Khrushchev with the kind of abuse that it has hitherto reserved for Marshal Tito; next day it published a leader glorifying Stalin and attacking Mr Khrushchev for having Stalin's body removed from the Lenin mausoleum.

The vehemence with which the Albanians are at the same time stressing their "indestructible friendship" for the Soviet people may suggest an anxiety not to burn all their bridges to the Soviet block. In a

Hospital Costs

There are nearly 2,500 national health service hospitals in England and Wales; of these 468 (of which 34 are teaching hospitals) carry out the system of costing whose results for 1960-61 are in the returns published last week. The average cost per in-patient week has increased by slightly more than 8 per cent this year, about 6 per cent of which is due to increased wages and salaries, shortened hours for nurses and higher prices. This breakdown of accounts shows that it is nurses' salaries which are the greatest outlay. The average nurse's salary cost per in-patient week in maternity hospitals is just over £10; in children's hospitals in the category "acute" (i.e. where not more than 15 per cent of the beds are allocated to diseases like tuberculosis, or to the chronic sick, etc.) it is about £7 15s., while in mental hospitals it is less than £3. Medical salaries take much less: almost £3 in children's hospitals, about £1 in maternity hospitals and under 10 shillings in mental hospitals. Drugs seldom take much over £1 per in-patient week. The cost per case in all types of non-teaching hospitals (among them those listed in the chart above) has only gone up by 6 per cent, indicating that the increasingly intensive use of beds is continuing. Teaching hospitals are considerably more expensive than non-teaching: the average London cost per in-patient week is £39 7s. 4d. and per case is £89 4s. 7d. In the provinces the costs are £33 16s. and £61 0s. 5d. respectively.





WHEN EXPERTS MEET—SO DO ZEPHYRS

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FORD FRUGALITY TOO. Your Zephyr promises you other qualities not so apparent but just as vital—Ford economy and Ford service. Wherever you go throughout the world, quality Ford Service keeps your Zephyr running smoothly. And like all Ford cars, your Zephyr promises you low insurance rates, better hp terms, low running costs with fixed-price service, and a better-than-average trade-in price. **£628 + £289.1.5. = £917.1.5.**

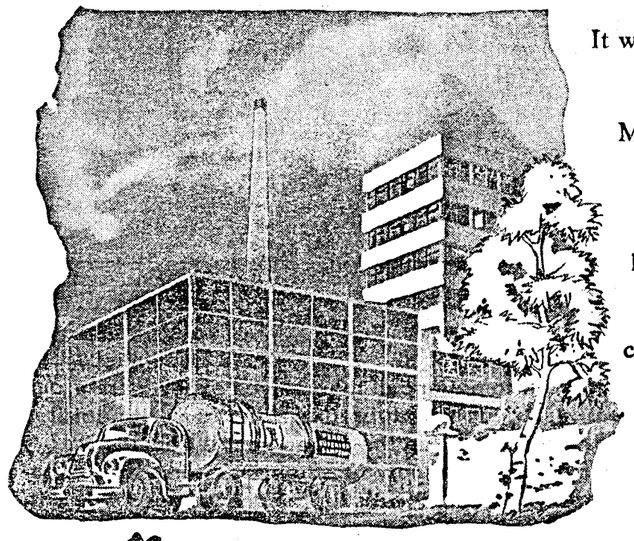
AUTOMATIC TRANSMISSION OR OVERDRIVE OPTIONAL EXTRAS. ESTATE CAR AND CONVERTIBLE MODELS ALSO AVAILABLE. **ZEPHYR FROM FORD OF BRITAIN**

The Old World made Hercules . . .



Hercules and the Augean Stables.

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It was by meeting the challenges of his age that Hercules of old earned immortality . . . . To-day, Hercules still meets challenges. More—he anticipates them. For in industrial chemistry, research by Hercules Powder Company has produced many a "breakthrough" leading to better things. Take packaging for instance. Packaging materials need to be sized, given strength when wet, printed, protected, stuck together. Hercules can claim many important advances in these fields. If the New World is better off for better packages, Hercules has a hand in it. Hercules has some key-words for his successes. Words like Pexol—Kymene—Pentalyn—EC—Neolyn. You should know what they mean.



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mammoth speech on Tuesday, Mr Hoxha suggested that he was not without friends in the "socialist countries" and hinted that Mr Khrushchev might be in trouble with his own opposition. However that may be, the Albanians can take comfort from Chinese support and from the pointed references, in Chinese messages and speeches about the Soviet October anniversary, to "the twelve socialist countries"—that is, including Albania. It remains to be seen, however, how far the Chinese will carry their support.

JAPAN

Pacific Isolation

JAPAN has long occupied an anomalous position between Asia and the West, in economics as well as politics. Amongst Asian countries it provides an example of successful industrialisation which has had less attention than it deserves. But in the eyes of Lancashire the name of Japan still stands, unjustly, for exploited labour and "unfair" competition, and Britain is not the only industrial country that continues to treat Japan as a black sheep by denying it most-favoured-nation treatment. Japan's isolation is now being aggravated by the formation of regional communities in many parts of the world. If, as the article on page 527 suggests, America is one day to join Europe in a vast new trading group, Japan would be the one major industrial country left outside.

There was thus a special significance to the visit to Japan last week of Mr Rusk, the American Secretary of State, to attend the first meeting of a joint cabinet committee on economic policy set up last June by President Kennedy and Mr Ikeda, the Japanese premier. American policy is evidently designed to bring Japan fully into the fold. Because Japan is a useful ally, and is in a position to make an important contribution to aiding poorer countries in Asia, the United States last year helped Japan to become a member of the Development Assistance Group, now the aid committee of the Organisation for Economic Co-operation and Development. But Japan inevitably asks whether it is going to get trade benefits in return for assuming new aid burdens.

For some ten years the United States has treated Japanese exports a good deal more liberally than some other western countries do; Britain, for instance, still refuses Japan the full benefits of Article 35 of the General Agreement on Tariffs and Trade. The time may be coming when this country may have to reappraise its attitude. If membership of the common market is to mean that other western countries "share the burden"—in the quaint phrase—of importing cheap cloth from Hongkong, Britain may have to share more of the "burden" of importing Japan's excellent cheap cameras and transistors.

MAGAZINES

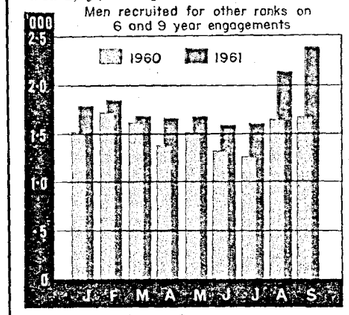
How Topical?

THE reading classes will always buy a first issue and a centenary one. It is the years between that are harder. The new magazine *Topic* ("the British newsweekly") did not quite sell out on its initial appearance at the end of last month, and since then, although its content has become more tabloid, its sales seem to have followed the expected droop downwards. *Topic* has tried to carve out a place for itself among the middle-brow public (usually designated as "the busy reader") which is thought to like a mildly newsy, encouragingly illustrated magazine around the house—but which has unfortunately allowed a long series of precisely such magazines either to fall by the way or find their last resting place in the uneasy amalgam of *Today* (formerly *John Bull*). The initial blend that *Topic* tried was gossip-length news coverage with longer stories on the Snowdons and Mrs Khrushchev ("the woman behind the bomb") that seemed deliberately geared to the woman's angle and written in a style reminiscent of *Woman's Own*. This could conceivably click, but as yet it is an uncertain brand image beside the professional slickness of *Time* with its wider transatlantic resources.

The scepticism with which Fleet Street has greeted the new venture has been based on the obvious difficulty of achieving freshness of content with a deadline which appears to be set early on Monday, when the news of the new week is only a gleam in Mr Khrushchev's (or anyone else's) eye. This looks a serious liability among a readership which already has the "quality Sunday" habit. It may have been what Mr Cecil King had in mind when he sent his (potentially classic) telegram: "Wish you every success with your brave new venture. Thank God none of my money is invested therein." The victim promptly retaliated with best wishes for rebirth this week of Mr King's "valued little magazine," the *Statist*, with (so *Topic* said) its circulation of 1,100 a week.

MORE ARE JOINING UP

Recruiting for long service engagements in the army has been considerably more successful this year than last. The balance of total intake over wastage among other ranks (including boys) was 55 in June, 212 in July, 320 in August and 2,654 in September.



Old Friend in New Dress

NEITHER the *Statist* nor its new editor, Mr Paul Bareau, is in any sense a stranger to *The Economist*. Its bid, now that it has become a contingent part of Mr King's empire, to win more readers' attention and more influence where influence counts could be applauded by *The Economist* as flattery's best form. But this would be unfair. The *Statist*, which was founded 83 years ago by a group including Robert Giffen, previously the best and best-known assistant to Walter Bagehot, *The Economist's* own greatest editor, who had suddenly died a year before, makes its bid in its own long-established right; and it does so under an editor who, for a quarter of a century, has been, among many other things, one of *The Economist's* best friends and colleagues. We have shared with paper and editor these many years a belief in competitive enterprise. They have our handshake.

The Economist

NOVEMBER 9, 1861

WOMEN'S MAGAZINES

The "English Woman's Journal" continues to bring forward and advocate every rational scheme for the advancement of education and the means of self-support among women. This journal deserves credit for the good sense with which it avoids aimless talk and unpractical suggestions, confining itself to the forwarding of actual work, and the awakening in women themselves of a feeling of responsibility and a spirit of mutual helpfulness. The last two numbers report the progress made by the "Society for Promoting the Employment of Women" during the years it has now existed; they draw attention to a plan for helping our over-numerous governesses to emigrate to places where their services would be valued and well remunerated; they give some graphic sketches of "Slavery in the South"; and the usual fairly written articles on celebrated women, on various reformatories and charities, and on general literary topics.

The "Englishwoman's Domestic Magazine" keeps its contributors well supplied with the latest fashions and inventions in dress and needlework. The pattern sleeve accompanying the number will, we have no doubt, be welcome to many fair readers; while the tales, some of them we are inclined to think translations from the French, will serve to amuse an idle hour innocently at least, if not very profitably.

COMMONWEALTH PRESS

Polylithic Unity

A CYNIC might say that if the Commonwealth countries were less plentifully informed about each others' doings, they might get into fewer rows. There have lately been needlessly bitter exchanges between newspapers in Britain and India (about Katanga), and in Britain and Ghana; strong words recur in exchanges between Indian and Pakistani papers; South Africa's departure from the sorority has reduced the field of Commonwealth controversy, but it remains large. And controversy will go on as long as Commonwealth countries take a special interest in one another and judge each other by standards somewhat higher than they apply to countries about which they care less.

At the conference of the Commonwealth Press Union last week at Rawalpindi, Karachi and Delhi, special attention was naturally paid to the fate of the Pakistan press under military government. President Ayub Khan, in his opening address, admitted with characteristic frankness that martial law had involved some limitation of journalistic freedoms, and leant on the argument that, in a country where many people are still unfamiliar with print, there was no such self-regulating discipline as a more sophisticated readership would impose on newspapers. Mr Gavin Astor, the chairman of the union, answered the president with matching frankness. It may be that the very fact that such a public exchange of arguments can be held in Pakistan now is an encouraging pointer.

The present trend is ominously in the other direction in Ghana, where an already weakly opposition press has been further reduced to silence, and in Ceylon, where Mrs Bandaranaike's government is now preparing a Bill for the compulsory transfer of the principal newspapers to public corporations. Ceylon's press has lingered long beneath this Damoclean sword, and there is obviously much anxiety in the country (and some in the cabinet) at the prospect of an enforced "monolithic" press structure. Even now it would not seem too late for the government to search for a better alternative, which need not necessarily mean just leaving the newspapers as they are, admittedly over-concentrated in two main groups. Ceylon might learn much from the experience of other Commonwealth countries in this respect. Somewhere in the essentially "polylithic" variety of the sisterhood there must be an answer.

HEALTH AND SOCIAL WORKERS

In Search of Status

ALTHOUGH the Government has been rightly castigated for its laggardliness in bringing forward several overdue pieces of social legislation, it has at least made one minor attempt to work off part of the lengthening backlog. The origins of the *Health Visitors and Social Workers Training* Bill go back as far as the Jameson report on health visiting in 1956 and to the Younghusband report on social workers in 1959. The experience in the light of the Mental Health Act has made it even more important to hasten it along.

The services concerned are so heterogeneous that generalisation about their *specific needs is difficult.* The Jameson report recommended a total force of 11,500 whole-time health visitors, an increase of some 3,500. The Younghusband committee, confronted with the varying circumstances of mental welfare officers, home teachers of the blind, hospital almoners and the rest, and having to reckon with a long tradition of part-time work in many categories, concluded that no reliable estimate of the recruitment problem, or any part of it, was possible at that time. Its working figures, however, suggested that there should be an establishment of the equivalent of 5,500 whole-time officers with a general training in social work (an increase of 2,500), and the equivalent of 800 whole-time officers (psychiatric social workers, almoners and family caseworkers), an increase of 700. Not the least important task for all those concerned is still further research into duties, caseloads and general co-operation.

The new bill, while providing for research by central and local authorities, will create two training councils, one apiece for health and social work, to supervise the provision of training facilities, courses and examinations. These councils will also have responsibility for research in training matters. One primary result of the councils' establishment should be to increase the status of the ordinary social worker; this should be one aid to recruitment, but most of these whole-time workers deserve more pay as well.

LETTERS

Immigration

SIR—Since you couple my name with the Immigration Bill may I ask you a few questions? Coloured immigration is now running at the rate of 200,000 per annum, and the influx from India's 500 million has scarcely started, though its poverty is the greatest. How soon will it be before there are more coloured than white people in England (assuming the recent rate of increase continues and there is no legislation to curb it), and do you seriously advocate the English people should ultimately become a minority in their own country?

The seeds of crisis are already present among the workers who are directly involved in the social strains of competing with immigrants for homes, hospital beds and social services. Do you advocate this crisis be deepened by unlimited immigration until inevitably there is a social explosion and bitter hatreds? Do you believe the entire Commonwealth of nearly 600 million people should have the undisputed right to dump in England its criminals, its lunatics, its lepers and its own vast un-numbered unemployed? Are we not entitled to impose at least a quality control? And would *The Economist* apply its high-minded principles of unlimited entry even if we had serious unemployment at home?

I posed similar questions to you in my letter of June 26th, which you refused to answer. Sir, since you tie my name to the Bill, will you please answer these questions?
—Yours faithfully, CYRIL OSBORNE
House of Commons

[(1) There are now estimated to be about half a million coloured people in this country, compared with perhaps 300,000 two years ago. At this level of increase, they would outnumber the 52 million native-born Britons some time around the year 2480, by which date colour prejudice (itself a product of the post-slavery century) will be forgotten. (2) If serious unemployment appeared at home under a government of Sir Cyril's party, we would recommend chucking that Government out in favour of one that followed Keynesian policies before heaping the blame on the immigrants. Meanwhile, because some of these immigrants unfortunately live 50 or so to a house, they add far more to the productive (including building) labour force than they do to the demand for houses; this will remain true even when we at last start to house them better. And the theory that it is not decent workers who afford the fare to Britain—but lunatics, lepers, criminals and unemployables—is a figment of Sir Cyril's imagination and prejudices.].

★

SIR—Would you explain why West Indians represent our Brother Man any more than other Europeans or Americans or Chinese, all of whom are already much more securely banned from this country than Commonwealth citizens will be under the legislation proposed by the Government? Surely a nationality bar must be nearly as wicked as a colour bar and its abolition would enable you to fill up this overcrowded little country even faster than at present.

Has it ever occurred to you that what we can do for our most important coloured guests, meaning students, trainees or even ordinary visitors, may be gravely damaged by the racial strife that will follow the unrestricted coloured immigration you appear to advocate?—Yours faithfully,
London, SW3 RICHARD WHITEHEAD

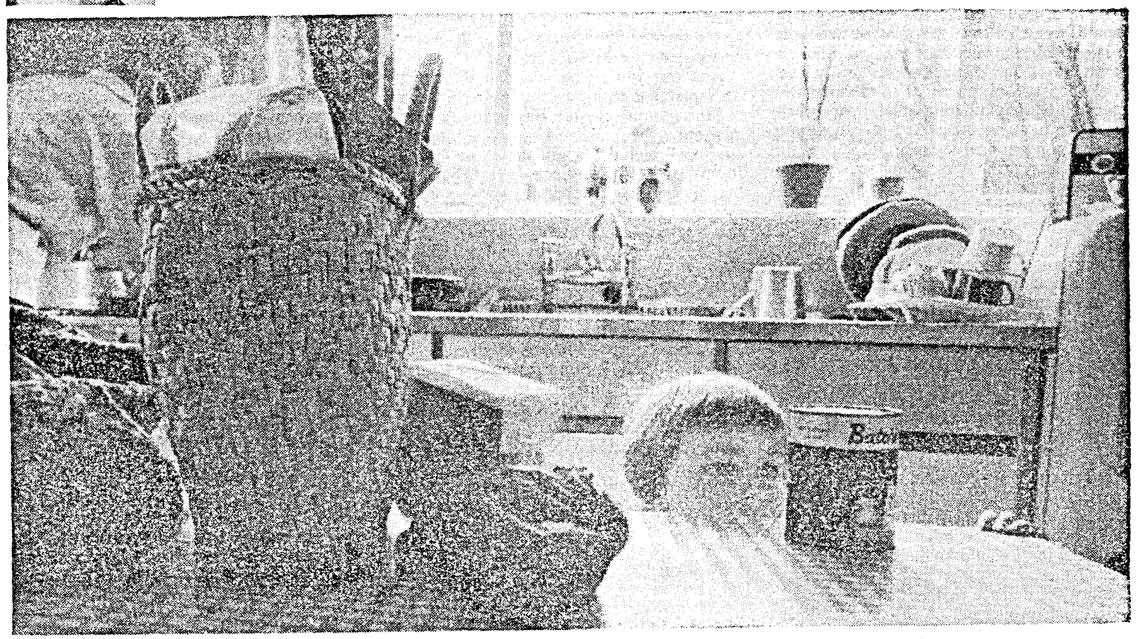
Arms and Men

SIR—Your article "Arms and Men" (October 28th) underlines the main objection to the proposal to increase NATO's ground force: a large, modern conventional force would be very costly. But you do not adequately state the case for a larger ground force: you do not indicate what risks



FAY BATEMAN SAYS:

It's nice to have a can about the house



Cans even help to keep you young

REMEMBER THE DAYS when you were first married, and cooking seemed exciting? And so did the shopping? And even the housework? Now, as the mother of—say—three children under five, those innocent days may seem a long way off. And if your watch (or worse, your mirror) begins to tell you that time is your enemy, why then—you've got to do something about it.

Meals in minutes

And what you've got to do is to get yourself organised. Be adaptable again, the way you used to be. Go shopping twice a week instead of every morning. Keep your cupboard full of cans so you never have to worry. Knock up meals in minutes, instead of spending hours in niggling preparation. And so set yourself free, just sometimes, to do what you want when you want. Which is the best and pleasantest way in the world of keeping young.

Cans for the housework too

How do you find time? Well, you don't always scrape the carrots, you open a can instead. They're just as nice. You don't peel and gouge away at the neighbour's windfalls, just gratefully received: you throw them out (tactfully) and open a can of raspberries. They're *nicer.* Now that so many different and delicious kinds of fruit and vegetables come in cans (with vitamins and flavour intact) you make the very most of them.

Then you simplify your *housework—with aerosols.* After all, they'll clean the shoes, polish the furniture, starch the washing and accomplish any number of otherwise dull and unrewarding household chores *just for the press of a* button. It's being so very much up to the minute, in short, that keeps your brow so very unclouded.



WHAT NEXT? New aerosols for home dry-cleaning save bills and time. Just a whiff and a puff and the grease stain's gone. Your local supermarket probably stocks them. And what about keeping the telephone germ-free now the flu season is here? Aerosols will do this, too.

LUNCH NOTE: *On the table in just twenty minutes. Hot soup, then canned steak and kidney pudding, baked beans and those peas nicely hotted up with a sliver of onion and a knob of butter.*

Europe is running if it does not increase its ground defence, particularly in conventional forces. It is only by taking the risk into account that it is possible to decide whether the cost is too high.

The first risk has been widely discussed: the danger that, in relying on a nuclear defence against major ground attack, the West may find itself paralysed if the Soviets should ever challenge the western position. It is one thing to stick to a policy of nuclear threats to deter a nuclear strike by the Soviets; it is quite another to take the responsibility for initiating nuclear war because we have no other way of resisting a serious conventional attack. The present strategy leaves the West dangerously open to pressure and blackmail.

The second risk arises from the fact that it is an American nuclear threat which deters a Soviet invasion under the present strategy. It is a source of weakness in an alliance that one member should bear disproportionate risks. Since the United States has become aware of its vulnerability to nuclear attack, it has been seeking an alternative way of deterring those military threats which fall short of an attack on the United States itself. To this end, the United States is incurring substantially increased costs. It would seem unwise for Europe to refuse a similar effort, on the ground that it is too costly. Furthermore, the present differences on strategy themselves weaken Nato, and it is not likely that the Americans will give up their conviction that a large conventional force would be the safer policy for the alliance.

Since the defence budget has represented a declining proportion of Britain's national income for nearly a decade, it would not be an intolerable sacrifice if the proportion should be increased.—Yours faithfully,

J. L. RICHARDSON

Cambridge, Mass.

Katanga

SIR—At the time I read your recent "Mysteries of Katanga" (October 21st, page 215) I thought you were less than fair to President Tshombe over his failure to hand over his Irish prisoners. The release of prisoners was promised by Mr Tshombe as soon as the terms of the cease-fire were ratified at UN headquarters. As the Communist and Afro-Asian blocks were obstructing this ratification, Mr Tshombe's reluctance to observe his side of the bargain until it was clear that the UN could follow suit was understandable. As soon as the terms of the cease-fire were conditionally ratified (whatever that may mean), the Irish prisoners were promptly released.

You furthermore dismiss the alleged atrocities committed by UN troops on the grounds that these were "carefully investigated" by the UN (forgive me for saying that this is about as convincing as a housebreaker being acquitted by a packed jury of burglars!) and "that, apart from cases of unintentional involvement in crossfire, the only 'ambulance' attacked was one carrying four Europeans and a bazooka with which they had killed three Irish soldiers and injured others." The result of this investigation does not agree with other eye-witness reports, including those of your own special correspondent who gave instances he had witnessed in an article "The Events in Katanga" (September 23rd), or the statements of certain Swedish and Irish UN officers who were reported to be sickened and disgusted by atrocities they had seen committed by other UN troops.

And can you be so sure that the action on September 13th was simply a resumption of the round-up of European military advisers (the UN's bag of "military advisers" included a sanitary inspector!)? In an article in *The Economist* of September 30th, your special correspondent referred to "the failure of the UN to defeat the Katanga gendarmerie" and the UN's "failure to bring Mr Tshombe to heel." Is this the language with which to describe a police action? Apart from isolated incidents, the "war" broke out when UN troops attempted to storm the Post Office which was defended by African troops led by African officers. Simultaneously—though somewhat prematurely—Dr Conor Cruise O'Brien announced that Katanga's secession had come to an end. This, to me, gives the impression that the UN action was undertaken on somewhat broader lines (and outside the spirit and letter of the UN resolutions), to bring Katanga under Leopoldville's authority by force of arms.—Yours faithfully,

E. D. O'BRIEN

London, W1

Kenyatta

SIR—I read in Mr Macleod's "open memo" to Mr Maudling (October 14th): "Kenyatta has been a disappointment." To whom? To his fellow-tribesmen bestially slaughtered for Christian faith and loyalty to the Crown?—Yours faithfully,

JOHN BIGGS-DAVISON

House of Commons

After the Pause

SIR—Your article, "Pay after the Pause" (October 21st), repeats the usual answer to the complaint that a pause "will react unfairly on those who were next in the queue when the chopper fell." The implicit assumption that the spiral is continuous, and that the principal motive for all wage claims is the maintenance of relativities (with each union choosing to maintain those most favourable to its own members), is mistaken. Surely the real motive for pay claims is the growing expectation of union members that they should enjoy an annual increase in real and/or money wages. Some smaller unions may base their claims upon changed relativities, but that is a matter of tactics. In principle, at least, it is quite possible to distinguish between those unions which are setting the pace and those which are trying to bring the pay of their members up to the level received by workers doing comparable work.

Your article also shows the same confusion of thought that colours much of the discussion of the role of wage differentials. It has been too readily assumed that expanding industries need to offer higher wages in *order to attract workers from contracting* industries. A contracting industry cannot attract young workers (who may be needed to some extent still) nor retain its older workers if it allows the wages it offers to fall far below those being paid by expanding industries to those workers who can easily change jobs (the semi-skilled and craftsmen whose skill is in demand in both contracting and expanding industries). Why not recognise this and put wages up in contracting industries to the level paid to similar workers in other industries? This is not incompatible with the re-allocation of labour, since higher wages will force employers in the contracting industries to release workers they can no longer profitably employ.—Yours faithfully,

J. JACKSON

Dundee

* * *

SIR—The reluctance of employers to stand firm in the face of wage demands which, if conceded, would be inflationary, is firmly buttressed by the fact that the Government does, in effect, find approximately half the cost of any increase conceded—the sum involved being a charge against profits for income and profits tax purposes.

The deliberations of the National Economic Development Council will eventually, one assumes, produce a figure for what the Government will regard as a reasonable and attainable rate of economic growth. Could not fiscal teeth be given to this yardstick by disallowing for tax purposes any wage increases beyond this figure? Thus supposing that the forecast rate of growth were 3 per cent per annum, if a pay award of 5 per cent were conceded by an employer, the additional 2 per cent would not (say for the first year) be allowable as a deduction from taxable income. Since it would be necessary to allow for changes in the labour force employed, the calculation could be based on the average weekly pay per head for the previous year; this rate, grossed up by 3 per cent (or whatever the appropriate figure might be), would then be applied to the average labour force for the tax year in question to obtain the total allowable charge for wages (and salaries of course).—Yours faithfully,

Harwich, Essex R. B. GIBBS

Burma

SIR—In the article "Burma Dreams and Realities" in *The Economist* of October 21st, it is stated, ". . . the minister of industry, U Raschid, has promised that the government will establish an Industrial Development Bank. The bank has not yet reached the planning stage, however, and it will certainly take time to establish it."

In fact, the Industrial Development Bank had, as promised by U Raschid, already been established and it was officially opened *on October 2nd, 1961, by U Nu, the Prime* Minister.—Yours faithfully,

Rangoon KHIN MAUNG SOE

BOOKS

Churchill's Cherwell

The Prof in Two Worlds
By Lord Birkenhead.
Collins. 383 pages. 45s.

IT is around his performance as scientist-politician, not as economist, that the battle about Lord Cherwell's reputation and personality has been, and still is, bombinating. Yet his largest influence during the war upon his prime-minister patron was exercised through the agency of a deft team of (mainly) economist and statistician intruders under Sir Donald MacDougall. And certainly the chapters in Lord Birkenhead's new biography of him with the largest special interest to *The Economist* are the two which set out succinctly Lord Cherwell's stance on the great issues of international economic policy after the war. One tells in a few pages how, in the post lend-lease discussions from the mutual aid agreement of 1942 to the Bretton Woods agreement two years later, he threw his weight behind accord with the United States and an international system. The other tells, discreetly, how in 1952 he opposed the plans for a floating rate for the pound and for immediate convertibility, which were splitting the cabinet, but sponsored instead an "Atlantic payments union"; this chapter is discussed separately, for its contribution to the historical record, on page 584.

The aim of Lord Birkenhead's book about his father's and his own close friend, Frederick Lindemann, Viscount Cherwell, the greatly gifted and well endowed, tennis-playing, piano-playing, sybaritic, vegetarian, bowler-hatted, intransigently Tory and intellectually cocksure "Prof," is to put a rounded portrait of him in place of earlier caricatures. Before the first world war Lindemann walked, as a young scientist in Berlin, with Planck, Einstein and Nernst; during the war, at Farnborough, he turned his acuity of thought, and his personal courage, to the problems of military aircraft; after the war, in his Oxford chair, he took the run-down Clarendon laboratory and built it into the first rank. Then, midway between the first world war and the second, his mind became fixed on the perils of air attack, and the need for proper defences. So he sought, and through Winston Churchill he got, political influence and power; it is about his exercise of these that the argument rages.

Lindemann entered politics, and history, through society. The precise date was August 1921, when he first met Churchill at the town house of the Duke of Westminster. He is one more classic case of the outsider in England who makes his way, and finds his fulfilment, on the inside station. With his cosmopolitan background, his German father and his American mother, he was, though an Englishman, always ill at ease among Englishmen at large. Only among those who themselves felt at ease and were ready to accept him for what he was, and for what he had to give in thought and talk (and tennis), did he feel comfortable and relaxed: among the top people at Charlton, Eaton Hall, Blenheim Palace, Taplow Court, Welbeck Abbey and Mount Stewart (as in the earlier days when he mixed with Kaiser and Tsar at the Grand Duke's in Darmstadt); in the Christ Church common room; with always admiring undergraduates; and feeding the bright young men in his laboratory with brilliant ideas. For the rest he made his own shell, with his still-life rooms (and modern conveniences) in college, his Rolls-Royce and the faithful servants to whom he was unfailingly kind.

This was not just snobbery; he knew where power, as well as comfort, was. To Winston Churchill he was at once "one of the most attractive and fascinating minds with which I have ever been brought in contact," and became his friend and confidant in the wilderness while the storm was gathering. Then, when the war brought Churchill to the top, Lindemann was there to be his essential tool: he "could decipher the signals from the experts on the far horizons and explain to me in lucid, homely terms what the issues were." That was the justification in history for Lindemann's role; Churchill could not do without him. Churchill was (exceptionally) literate; he was (exceptionally) numerate; the two fused.

IN power, Winston Churchill, ceaselessly fertile of ideas, needed men about him to sift the good among them from the bad in his out-tray: his Ismay and his Bridges. And for the projects and ideas that filled his in-tray he needed a translator, a simplifier and ready-reckoner: the ever-loyal Prof. Sometimes Lindemann, in this process of explication, had the quality of the best journalism, which is first to simplify (truthfully) and then to exaggerate (to drive the point home). But too often he had the quality of the worst journalism, which is first to exaggerate (in order to press a preconceived idea) and then to simplify (in order to rule out other choices). That is the gravamen of the case against him, against the kind of power that he had and the way he used it; that, and not any personal adjectives or inaccurate anecdotage, was the real point of Sir Charles Snow's recent attack on him in "Science and Government."

Lord Birkenhead, whose book is a very honest job of work, fairly brings in Sir Robert Watson-Watt to prove that the Prof, with his passionate concern for air defence and his alert attention to every trick of science, did not obstruct, could not have and would not have obstructed, the development of radar. Yet, at the end, Sir Robert gives the game away: "As a mere tactical diversion Prof may have made a flourishing feint against radar, so that he might better the chances of those projects of his own which were being coldly received."

Lindemann, who sought comfort so persistently in his own and his social life, was the most uncomfortable of all men in committee. There, except when he had behind him the fiat of his master, Churchill, he was deliberately the opposition, crying up his own contribution and crying down the rest. That is why war-time ministers who had to cope with him and his intruders still call his interventions in other departments' policies "unhappy and mischievous," however "hopeful and right" his planting of science in the forefront of public policy might be. His real enemy was not either Tizard or Blackett or Snow; it was himself.

None of this Lord Birkenhead really denies. For all the "teeming ideas" which Einstein ascribed to him, despite the fact that Tizard himself said at the end that he was "as clever as Rutherford," the Prof, who would never play bridge for fear of playing it badly, would overplay his hand. Unable to understand or even to consider some other points of view, rancorous towards those who would disagree with him, arrogant, sarcastic and aloof when made to back his views in counsel, he cantankerously diminished the special function that he, by his qualities, had invented.

So the argument rests. Lord Cherwell is entitled to praise for the causes he pursued: safe air defence; the proper place of science and scientists and education; the crucial contribution in national growth of technological education: he made a lasting mark, for himself, his patron and his country, by backing these. But, for all his arithmetic, when he had a cause or a ploy of his own to press he seemed to care hardly a hoot for the balance of priorities.

Lord Birkenhead's advocacy is fairly rounded, but not yet the last word. It is just to end with the judgment, which he quotes, of one of Lord Cherwell's faithful intruders, an economist and a civil servant:

> He displayed admirable tact and could be a most fascinating companion. That he could be and often was intolerably grumpy, spoilt, unjust, etc., cannot possibly be denied—too many who only met him once or twice saw nothing else. But if all was well he could be entrancingly funny, understanding and kind. . . . I do not think any of us failed to perceive that he had a real scale and greatness in the depth, clarity, speed and severe simplicity of his thought. Certainly in my experience he can be compared only with Keynes.

On the inside, the Prof could be a great man; outside he was not.

Whose Image?

The Moulding of Modern Man

By T. H. Pear.

Allen & Unwin. 220 pages. 21s.

It is a fact, unfortunately, that a book called "The Moulding of Modern Man" by a professor-emeritus of psychology will arouse foreboding in the mind of the prospective reader. Opaque technicalities and unfounded generalisations are what his experience may lead him to expect. Mr T. H. Pear is never like that. His professional colleagues of the more solemn sort may sometimes raise an eyebrow as he skips nimbly from topic to topic, but the intelligent layman cannot but be instructed and entertained.

This volume is a sort of commonplace book, in which a shrewd observer of the present scene has jotted down his reflections. It is unsystematic, prejudiced, humane and often penetrating. The theme that holds it all together is the extent to which modern man is subjected to a range of influences—social, political and commercial—so that his existence as an individual is increasingly threatened. Society will no longer let us be ourselves. In making his case Mr Pear does not fall into the romantic fallacy of the self-sufficient human microcosm whose mind is its own place, but he does perhaps underrate the psychological pressure of past times. The middle ages exacted a considerable conformity in most things, and the early rebels against eighteenth century rationalism went mad in breaking their shackles.

But these are small matters. Anyone concerned at the effects of propaganda, advertising, brainwashing and the rest of the less explicit pressure towards conformity will find no comfort here. There may have been times when pressure was exercised in similar ways. A morality play may have advertised a sure way to salvation, and brainwashing was not unknown in various kinds of dungeon. But now we are putting at the disposal of those who would exercise psychological pressure the tools and concepts of modern research. As we improve in efficiency so the individual becomes more vulnerable. This, at any rate, seems to be the gist of the argument.

Perhaps things are not quite so bad as they seem. A literate man is rendered more accessible by his literacy, but an educated man can evaluate what he reads and hears. Recently a schoolmaster was reported to have used television programmes to analyse with his pupils the wiles of the advertiser. The children learned quickly. Madison Avenue and Big Brother can be ingenious, but we must not overrate them. The man is hard to hide behind the "image." This book itself and others like it help to weaken the influences which they deplore.

It may be that Professor Pear has suffered under one handicap through becoming emeritus—he is less aware than he would otherwise be of the questioning nonconformists that are our young people today. An Organisation Man among them has rather an old-fashioned air.

Fall of a Monarchy

The Break-up of the Habsburg Empire, 1914-1918

By Z. A. B. Zeman. *Oxford University Press.* 292 pages. 30s.

This valuable study of so hotly disputed a theme is stiff, specialist reading. Mr Zeman keeps strictly within his terms of reference. Apart from one introductory paragraph about the extent of Austria-Hungary in 1908, he gives his readers no historical help, but plunges them straight into the confessional and racial conflicts of Austrian Galicia on the eve of the first world war: were one not fairly familiar with the wrangles between Poles, Ruthenes and other kinds of Ukrainians, and with the social and linguistic nuances, which the slow and only partial industrialisation of eastern Europe had made more bitter, one might well feel lost. The *Ausgleich* is very briefly sketched in, but no indication is given of the constitutional development of either Austria or Hungary after 1867, except for several bare references to the introduction of manhood suffrage in Austria in 1907; the relation of this measure to the relations between the nationalities within Austria is scarcely indicated.

The analysis of the four war years is all the more precise. Interesting contrasts are made between the position of Poles, of the Southern Slavs and of the Czechs. The Poles were favoured stepchildren, as it were, of the Austrians and, for that matter, of the Magyars as well, though Mr Zeman does not touch upon this. But there were Russian and Prussian Poles outside the monarchy, and the sense of partition remained while this was so. There was also the fatal question of the Polish-Ukrainian relationship: this created the biggest problem of the post-war Republic of Poland and provided some justification for the eastern frontier upon which Stalin insisted in 1945.

The southern Slavs had two *points d'appui*: one within the monarchy in the nominal autonomy of Croatia within Hungary; and one beyond in the independence of Serbia, which since 1903 had been under Russian patronage. As Mr Zeman writes, "Serbian terrorist activities in Bosnia . . . had pushed the monarchy into its last war," and it seems that Russian secret service money had not been lacking. Even the Rumanians of Transylvania and the Bukovina had an independent Rumanian monarchy to which to look. And yet Mr Zeman believes, and few of the *cognoscenti* would disagree, that the Czechs, with no political or racial sponsor or patron within the Habsburg Empire or outside it, through their leaders in exile, were probably the most important single factor in that empire's undoing. This is difficult to understand with so little background information. It is not only in the light of subsequent events that the claim may be made; there were observers who in 1914 were aware that the unending quarrel between the Czechs and Germans in Bohemia would be fatal to the Habsburg regime. Masaryk used the war to end this quarrel in what seemed to him the best way.

Mr Zeman is right to wish to correct the version offered by Masaryk and Benes of the history of the Czechs during the war. In exile they undoubtedly anticipated events in Prague by a good deal and ignored what they preferred not to know; but perhaps only visionaries can make their dreams come true.

"The argument," Mr Zeman concludes, "that the Allies wilfully broke up the [Habsburg] monarchy in October, 1918, or, still worse, at the peace conference, completely lacks substance. . . . The ultimate responsibility for the disappearance of the Habsburg monarchy rests squarely on the shoulders of its rulers."

History in the Future Tense

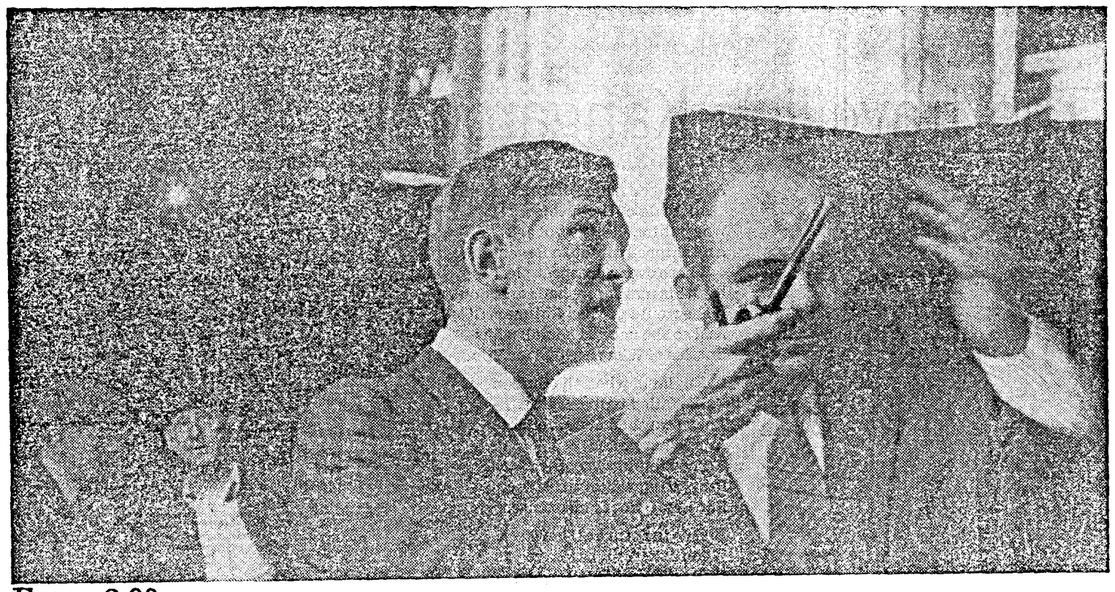
What Is History?

By Edward Hallett Carr.

Macmillan. 155 pages. 21s.

"Nobody," says Mr Carr in his Trevelyan Lectures, "is obliged to write or read history." This little book will certainly be read by historians, and not least by those mystics, sceptics, indifferentists, conservatives (Mr Carr does not say obscurantists), theologians and mere men of letters at whom Mr Carr points his most polished darts. The point to make here is that it ought to be read by politicians and diplomats—and journalists—as well. It is not necessary for any of them to agree with all the closely joined links in Mr Carr's characteristic argument. But his plea for a "bold readiness . . . to present fundamental challenges in the name of reason to the current way of doing things and to the avowed or hidden assumptions on which it rests" is not addressed only to historians and sociologists. It is addressed also to all the "political thinkers of the English-speaking world." Mr Carr's apprehension is that, when the world is changing more rapidly and more radically than at any time in the last four hundred years, Britain may "lag behind the general advance and relapse helplessly and uncomplainingly into some nostalgic backwater."

These are fighting words. What have they to do with the meaning of history? Mr Carr has tasted Marx appreciatively, without quite swallowing him; he denies that he himself (or Marx either) can be called determinist; and he cocks his snooks urbanely against Sir Isaiah Berlin, Professor Popper, Professor Oakeshott and the late Sir Lewis Namier who would take the other view vigorously. He leans rather, without resting, upon Acton, Collingwood and, unexpectedly, Powicke—as well as upon Marx and himself—in his interpretation of what



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If she would get her Guinness Stout,
And so she packed herself a few
Bottles of What is Good for You.

In England, when the Customs men
She failed to understand,
They searched her . . . ouch!
And in her pouch
They found the contraband.
Protesting was of little use
For ignorance is no excuse.

And so in future all beware,
When asked, "What have you to declare?"
Declare in accents loud and free—



Guinness is good for you—and me

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The Company's task?
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it is vital in 1961

For British industry in 1961 D-day is today. The construction of modern factories to a planned construction programme with assurance of completion on time is of vital importance

completion on time

The need for new factories to expand production demands that construction shall be carried out rapidly and economically to a planned programme, and the installation of costly plant and machinery must not be delayed. The resources of the Laing Companies all contribute to rapid and efficient construction through detailed planning, mechanisation, new operational techniques, and the development and use of new materials. Completion on time we regard as an obligation and not as a virtue

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history is, both the process of it and the writing of it.

The historian is inextricably the product of his times ; so is history of its times, and so is its selected recording. The best historian —Mr Carr would really say the only historian—is the one who, by frankly recognising the contemporary involvement both of himself and of his facts, can rise above it. And his job in writing about the past, or the present, is to spot the winners in the future.

This is where Mr Carr goes to Professor Powicke for the plea made thirty years ago for "a constructive outlook over the past." History is, as it were, a dialogue between the historian of the present and the facts of the past ; and it "acquires meaning and objectivity only when it establishes a coherent relation between past and future." It can be written "only by those who find and accept a sense of direction in history itself."

What is the direction ? There will be more losers than winners in detecting it, according to what historians think most important in their own society when they write. Mr Carr looks for his winning number in de Tocqueville, who wrote of men seeing "the gradual and progressive development of equality as at once the past and the future of their history"; and he applies this both to the deepening of change and choice in developed societies and, especially, to the widening of change and choice among what we nowadays call the underdeveloped. Change, he claims, is to too many historians and sociologists and politicians and economists "an object of fear." To him, in "a world in tumult and a world in travail," it is both fact and hope.

The argument of the pundits will, no doubt, wax hot over all the implications, some of them starkly contemporary, of Mr Carr's contentions. That is one reason why journalists as well as politicians should read this tendentious book. The other is that the taut reasoning, the felicity of illustration, the breadth of example and the sharpness of phrase make it plain that Mr Carr's withdrawal first to Oxford and then to Cambridge was, while scholarship's great gain, a real loss to the more public disputation in which for a time he engaged.

In and Out of Whitehall

Memoirs of a Public Servant

By Lord Salter.

Faber. 355 pages. 30s.

LORD SALTER signed the preface of his latest book on his eightieth birthday. It is the story, told with frank self-analysis and great charm, of a long and full life, which includes an unusual variety of occupations. Born and brought up in a riverside home in the middle of Oxford, he went up to the university with the help of a scholarship at Brasenose. There he duly achieved his double first and in 1904 passed high into the civil service.

From the day of his entry into the service the story falls clearly into two parts. The first covers the span of his official career—at first as a member of the home service and in the decade following the first world war as an international civil servant. His entry into Whitehall was marked by an instructive—and amusing—little tragedy of errors, as a result of which Salter found himself in a small backwater of the Admiralty dealing with the chartering of civilian ships engaged in naval service. But this he found irksome and he was glad to escape and join the lively group of those who were busy drafting and subsequently launching Lloyd George's national health insurance scheme. But the wheel turned. When war came Salter was recalled to the humble Transport Department, which quickly grew into the Ministry of Shipping, with, by 1917, most of the world's ships on its great card index. Salter found himself at a pivotal point of the shipping and supply system and ended the war as chairman of the Allied Maritime Transport Executive. This was the first peak of his career.

After the war Salter was appointed Secretary-General of the Reparations Commission—an institution which the peacemakers of Paris hoped would smooth out some of the absurdities they had left unsettled. But its efforts were constantly overruled by a succession of governmental conferences that did not allow the commission to exercise any independent authority. So Salter, who had accepted the post rather unwillingly, resigned and rejoined the Secretariat in Geneva as head of the Economic and Finance Section of the League of Nations. It was in Geneva that he took charge of the various reconstruction schemes that brought first aid to the new states of impoverished Europe. He also organised the first world economic conference in 1927, which made a great effort to restrain the economic nationalism that was rampant in Europe. Salter's ten years of wrestling at Geneva with Europe's financial reconstruction were the second peak of his official career.

But in the end he was disillusioned here too. In his opinion the League had not got adequate powers and he was anxious to speak his mind. So in 1931 he resigned and resumed his freedom to take his part in public life.

In the subsequent thirty years Lord Salter has been author, journalist, don, Independent MP for Oxford University, junior minister, and for three years of the second world war head of the British Shipping Mission in Washington. He was Chancellor of the Duchy of Lancaster in the caretaker government, Conservative MP for Ormskirk 1951-53, and second minister to the Treasury. This second half of his life has been varied and colourful ; but he does not conceal, rather he takes pride in, the fact that his years as an official have been those of his greatest achievements. It is they that have shaped his habits and his thinking, for his general outlook has remained more that of an official than that of a politician.

Lord Salter regrets that so little has been

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written about the profession of civil servant, and he holds out hope that he may yet make a modest contribution to the science —or art—of administration. To such a debate the present book makes no pretence to be more than a background. But it has a theme of its own. Salter's story is designed to show that, properly used, there are ample opportunities for initiative, enterprise and achievement in both national and international service. For that reason his book will make a special appeal to the growing army of civil servants of all nations.

To the wider public it will be a peep behind the scenes—not merely of the how and the wherefore, but also of the actors themselves on and off the stage. Yet Salter has done something more than tell his story; for as the play has unrolled the reader realises that he has been given the details of a most interesting self-portrait in which, from a mixture of frank comment, ambition, disillusion and loyalty, there has emerged the idealism that has been the driving force of Lord Salter's long career.

True Patriot

The Beloved Land

By Vladimir Dedijer.

MacGibbon & Kee. 375 pages. 30s.

SIGNIFICANTLY, the two distinguished Jugoslavs who in recent years have published autobiographies have chosen to call their books after their country. Mr Djilas's description of his youth, published some three years ago, was called "Land without Justice" and referred specifically to his native Montenegro. Mr Dedijer's book, in which he describes his life up to his visit to San Francisco in 1945 as a Jugoslav delegate to the inaugural meeting of the United Nations, is called "The Beloved Land." Both men have fallen out with Marshal Tito's government; Mr Djilas is in prison and Mr Dedijer is in exile in England. But it is a safe bet that if any of Jugoslavia's present rulers found time to write their autobiography, it would be filled with the same profound and dominating devotion to their native land as fills these two books. For the Jugoslav communists, their ideology is above all a means to make their country united, stable, prosperous and of consequence in the world.

Vladimir Dedijer was born and brought up in Belgrade. His mother, a woman of great character and a strong, even fanatic, feminist, came from Bosnia, and his father, who began life as a shepherd boy and became a distinguished academic, from Herzegovina. The description of the background of both his parents forms an illuminating and important part of Mr Dedijer's book. He himself, while still a very young man, became a star reporter and foreign correspondent of *Politika*, which although known as "*The Times* of Belgrade" was at that time an opposition paper whose staff had to show a great deal of ingenuity to circumvent the censorship. In 1937 the paper, under pressure from the government, which was then falling increasingly under the influence of the Axis powers, sacked Mr Dedijer for his left wing views in general and some articles on Spain in particular.

From then until the outbreak of the war, Mr Dedijer became increasingly involved in opposition to the government and hence increasingly caught up in the activities of the illegal Communist party, whose members were the most determined and dynamic enemies of the regime. When the war came, it was a natural step to become a party member and join Tito's partisans. Mr Dedijer has already published his detailed war diary. His account of the partisan campaign in this book is impressionistic, rather disjointed, but often vivid and moving.

There is no political disputation in this book, no hint of the controversies that have now unhappily alienated Mr Dedijer from his former comrades. What emerges most clearly is his passionate concern that the South Slavs, who achieved political unity only in 1918, should learn to overcome completely the hatreds and discords that bitterly divided them during the long centuries of alien rule.

OTHER BOOKS

NEW FRONTIERS OF THE KENNEDY ADMINISTRATION. *Public Affairs Press.* 175 pages. $3.75.

This book makes available, for the first time, the texts of all the reports submitted to President Kennedy by his various task forces. Whether or not these reports are implemented, they illuminate the thinking of the intellectuals whom the President likes to consult on subjects ranging from space policy to cultural dilemmas.

HOME REPORT

Members of the editorial staff and local correspondents report on life and happenings in and around Britain.

The Exiles' Home

FROM OUR SPECIAL CORRESPONDENT

MIGRANT labour is an ugly word: exile is somehow a gracious one. In London, New York or Sydney the strong Irish myth of exile can still impel many a native-born son to song, but along Europe's most western seaboard it is a less attractive reality. The rocky parish of Cluain Cearban, fifteen miles by five between the end of the mountains and the sea in West Mayo, can now sustain only 2,200 souls, having (despite its high Roman Catholic birth rate) lost over 12 per cent of its people in the last thirty years. To England alone it has sent 12 doctors, 6 graduate engineers, 4 priests (there are 20 in America) and some 40 qualified nurses.

But the bulk of the uncounted emigrants wield the shovel or the mop and they are precisely the people who have most to fear from any attempt by Britain to restrict the flow of workers from overseas. If this outlet were cut off the outlook for the parish would be black indeed. In the past few years the region has welcomed electricity, the telephone, tarred roads and afforestation. The Irish government's scheme for converting peat into industrial fuel has foundered on rocks in the machines and high transport costs. There are rumours of an impending German holiday camp, and the first waterproofed English caravaners have faced the August gales.



In London (left) and Mayo

There are lavish government grants for house improvement and subsidies for drainage. But still the people leave.

With the railhead 20 miles off, and Dublin 160 miles from there, transport charges handicap any industry from the start: the profits from mountain sheep, wiry black cattle and virus-free potatoes can enable only the lucky and hard-working few to lift themselves on to a cash economy.

At least half of the 550 families in the parish receive regular remittances from abroad, which provide quite literally the jam on the subsistence bread. English or American money buys the old Ford, builds a bathroom or enables a child to stay on at school. The new barn or the tractor are bought from savings made overseas, where with the incentive of a cash wage these people are famous workers. People are the only export.

Except at holiday times there are not even enough young people to pay for a dance band in the village on Sunday evenings. There is no cinema, no other collective diversion for 20 miles. One long mountain valley sent 60 children to its school in 1900; now there are 16.

Perhaps half of the emigrants go to America—the next parish westward is Boston—and quota restrictions present no barrier to people so amply supplied with American cousins to act as sponsors. But from England home is at least accessible and work is easier to find. The days when teams of Irish left for the English harvest at the end of June and returned flush with cash and flushed with Guinness for Christmas are over; yet many of the jobs they do are in fact seasonal in sugarbeet factories, in hotels or on the inevitable building sites. This, of course, is precisely why, despite threats of British action to limit all immigration, the Irish know they are needed.

Responsible locals would even welcome some measure of control if it did not mean outright restriction. England is widely regarded as a sink of moral iniquity and is known to present infertile soil for maturing Catholic minds. New regulations might prevent unprepared young people from lighting out for the cosmopolitan joys of Wolverhampton as soon as they quarrel with their parents or find themselves bored with the long, chaste evenings.

Finally, the Irish are well used to soft talkers, and no special perspicacity was needed by the Dublin paper that remarked: "The real purpose of the proposed new legislation is to control the flow of coloured immigrants into Britain." Irish immigrants to the United States, *pace* the Clan Kennedy, have never been specially tender to the coloured people who compete for unskilled jobs. A limit on negro or Indian migrants to Nottingham or Notting Hill might well reduce tension while raising casual wages for their Irish competitors. But, as a philosopher on a hill farm queried, in the blandest of brogues: "Wasn't it us that chose not to be British?"

Lunch with the Board

FROM OUR SPECIAL CORRESPONDENT

BALANCING their lunches in plastic and cardboard boxes on their laps, five thousand directors sat suspended between Sir Roy Welensky's cry for a return to Victorian glory and Mr Macmillan's prayer for a peaceful—"or at any rate, a non-warring"—future for the world. The annual outing of the Institute of Directors on Wednesday had about it an air of unreality. It seemed as if the Royal Albert Hall were a blown-up flying machine, charting its course between Britain's imagined past and its feared-for future. A pair of smart hostesses saw to the needs of the superior directors in the three front rows, but there was, otherwise, equality.

Every man was given the same box, with a cold airliner lunch, nearer to first than tourist class. To get it right, flap A had to be tucked into slot A: at a casual count only about a fifth of the directors seemed able to follow the instructions printed on the label. The rest struggled with the flap as they struggled with their conversation, and with their fellow-directors who had made take-over bids for their seats during the pre-lunch drink. "Sir Roy was good, eh?" Most of them seemed to think so; he was given frequent applause during his hour's oration and if the intermittent "hear hears" from the front row came from the direction of Lord Salisbury, that was all to the good.

The chairman of ICI, Mr Paul Chambers, was for going into the common market, but against dumping; for a "sound non-inflationary budget," but against waste by national industries or subsidies to inefficient private industries; for a new tax system without the "jungle of complexities and gimmicks" that bedevilled it, but against spending money on "sentiment and political expediency" or penalising initiative and enterprise. It was not a very radical opening speech. It was well received. Sir Edwin Herbert asked: "Is Your Board Really Necessary?" (capitals included), and attracted a great deal of bored-room coughing as he spoke up admirably for the principles of democracy—and "responsibility" in company practice. At the flying lunch, few of the sentimentally bald heads and red gin-and-tonic faces discussed his speech. What they liked was the "sound common sense" of Sir Roy.

FROM him they learned of the dangers created by communism's victories in Africa: these were the result of the tragic reversal of colonial policy undertaken by the colonial powers after the war. It was bad for the country, it was bad for all the peoples of Africa, it was bad for business.

In the federation they had long acknowledged that the days of white privilege were over; today "greater progress is being made on the march to freedom in the Federation of Rhodesia and Nyasaland than anywhere else in Africa." Wiping his forehead with his handkerchief in a manner more characteristic of Mr Macleod, Sir Roy declared: "I am asking for a change of policy, a rededication to the proven ideals of the past." When he had finished, the applause lasted for a full 40 seconds.

Not as long, however, as the standing ovation given to Mr Macmillan when, lunch-boxes cleared away, he came in with a broad smile and apologised, as it were, because a funny thing was going to happen to him after he left the hall. The Prime Minister was a scream: four years ago, he said, he had addressed the institute as the head of a government that had just raised Bank rate to 7 per cent; made money scarce and expensive, and knocked a great block off the equity market. He had felt then, too, that he owed them an explanation.

This time's explanation turned out to be that there had been since 1948 a 120 per cent rise in income; only a 40 per cent rise in output; and a 50 per cent rise in prices. Even racing cars had to have brakes. The other big gag was about a foreign country where it "doesn't matter much to your corpse what they do with it when you're dead."



In the flying machine

Seemingly answering criticisms made in Parliament on Monday, and certainly striking a chord in some directorial hearts, the Prime Minister said that economic advances could not be brought about by talk and persuasion alone. The Government must themselves take decisions. Apart from looking forward to a national wage policy, he did not announce any.

The Prime Minister left; so did many directors. The cardboard box lunches were explained by an institute man: "If you let them go out for lunch they never come back." Clicking their free ball-point pens (made in UK) the directors of Britain followed the funniest Prime Minister we've got into the murky afternoon, and the future.

Checking the Drift

Is regional planning ever going to get out of the doldrums? Dr Hill, the new Minister of Housing and Local Government, told the Commons on Monday that he had been studying the claims for wider conceptions in planning "with particular and peculiar care." He was prepared to concede that the existing local authority structure might not be ideally suited for some functions. But not a word escaped him to suggest that his would be the ministerial axe to thin out the tangled undergrowth. And ministers are likely to remain as coyly retiring until the Local Government Commission really bulldozes a clearing somewhere. Manchester, where there have always been some imaginative ideas on setting the government of the local conurbation to rights, is one place where the commissioners could still be educated in realities.

It happens that on Merseyside, next door to the south-east Lancashire conurbation, something has just stirred in a special issue of the Town Planning Review,* written very largely from Liverpool university. Its chief message has to do with the future of all the great northern conurbations which are now facing the major problem of their own rejuvenation and physical expansion (slum clearance and overspill) at a time when the general drift of industry and employment is increasingly into the west Midlands and south-east England.

The plight of the Unfavoured regions of the north and west which ever since 1914 (with some arrestation after 1945) have steadily been losing population to the Favoured regions is by no means new. Yet, if anything, it is likely to get worse. It is perfectly possible that, with the advent of entry into the common market, this population drift will increase, not only into London but also into the growing south coast complex.

Professor Myles Wright offers three stimulating, if not equally acceptable, suggestions to meet the present drift, on the basis that the north should properly hold more of its population to the particular relief of London and Birmingham, which are each bursting at the seams. What is attractive about his analysis is that it need not cause the jarring interference in economic development, involving the arbitrary relocation of reluctant industry into every dying town, that most Labour planners from the north and west seem to hanker after.

His first contention is that the major effort to stop the migration should be in and around the Scottish and northern conurbations themselves, where skills and services already exist and where there is a substantial drawing power attracting population from the local hinterlands. This is entirely sensible, although in a particularly cramped area like the Clyde valley there is a case for thinking (as the Scottish Office is doing) of a completely new start for a modern industrial complex in the Bathgate-Livingston area further east. Merseyside, too, may have to come to this in the end.

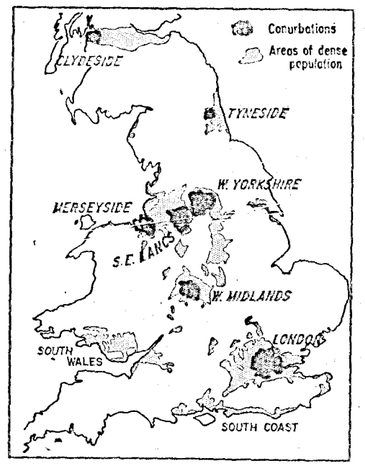
Jobs are only part of the equation for rescue. It is the degeneration of the conurbations, their physical dilapidation and sense of non-enterprise, that is helping to drive away the more energetic and socially ambitious, despite the migrants' local loyalties and despite the higher cost of living (especially of housing) that offsets better rates of pay in London and the Midlands. Regeneration must first be internal: without it the task of getting new industry from outside will always be hard.

Professor Wright's second point is that planning for the best use of land should be concentrated within 20 miles of these provincial conurbations. One would have preferred him to have gone wider, for the modern urban region in the age of private transport is a much larger entity. He wants to see development commissioners for each peripheral zone to estimate overspill, find sites for development and map out a communications framework. Presumably from despair at the prospect of effective local government reform he does not go into how the commissioners' proposals would work out in practice among *disputing authorities*. But this has to be tackled, and the Government, with large regional projects like the Tyne and Mersey tunnels to underwrite, should realise that it has plenty of opportunities to knock some thick parochial heads together.

The third proposal is that private enterprise should be closely connected with the development and house building schemes in these peripheral zones, and that (most important) it should be given sites extensive enough to encourage the rationalisation of building for the maximum in speed and economy. These plans must, of course, be complemented by the reconstruction of the city centres with proper services for the surrounding region—another reason for ensuring that the suburban areas are brought into the plan as a whole.

This kind of expansion probably means the end of the green belt in the rigidly constricting sense (the green "girdle") that we know now. This is not necessarily a disaster, provided the alternative still gives sufficient open space for amenity and, in fact, produces the proper satellite planning that was notably lacking in the period before the green belts were conjured up expressly to stop reckless urban sprawl. The geographical conditions around each conurbation are sufficiently dissimilar for there to be no standard solution to the best use of their space. The real need is to get people to think in a regional context about their own problems. Dr Hill should be putting his shoulder behind every administrative push in this direction.

* Land Use in an Urban Environment. 35s.



Separate Sundays

The local option polls taken in the 17 counties and county boroughs of Wales, to decide whether pubs should open on Sundays or not, have had the expected *results*: the four county boroughs and the heavily populated and industrialised counties of the south and far north have decided to drink when they feel like it; and rural north west and mid-Wales have stuck to the "traditional" Welsh Sunday. Some counties did not run true to form: Brecon and Radnor are wet, Denbigh and Cardiganshire dry. The balance is slightly in favour of the openers, who led in 10 polls. In their strongholds the poll was generally marked by apathy (but Carmarthen scraped together 61 per cent of its voters). In the areas carried by the closers the polls were high (in Merioneth it was 65 per cent). This proves something, perhaps that while you may take a drinker to a petition, you cannot make him vote; or that the influence of nonconformism, where it exists, is not to be sneered at.

The effects of having two more or less distinct Waleses on Sundays will probably be no more stirring than the conduct of the polls; but among them may be considerable migrations of thirsty and deprived Welshmen from dry to wet areas, thereby realising the fear of the closers that the Sabbath roads would be full of drinking drivers. There will be rage mixed with triumph in the chapels, calm acceptance in the Anglican church, gloom in the headquarters of Plaid Cymru and disappointment among the openers. But they can all take heart; it will all happen again in seven years' time. The new Scottish bill will not give the "drys" the same opportunity.

AMERICAN SURVEY

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

A Year on the New Frontier

I—BUSY CRITICS

WASHINGTON, DC

A year ago, just after the election, when asked what Americans expected of their new President, someone tartly answered "too much." This is being proved right. There were fears then that the power behind the rocking-chair might turn out to be the Pope. Now some Americans almost seem to wish it were, for their discovery that Mr Kennedy is no more infallible than *any of his thirty predecessors* is causing them dismay and chagrin. The "new frontier" a year later looks to many people suspiciously like the same old frontier. Mr Kennedy's penchant for placing Republicans in high posts and low—for instance, Mr McNamara as Secretary of Defence and Mr Foster in charge of disarmament—has caused some blunt-minded Democrats to call his "the third Eisenhower Administration." Last month a soured critic from the other end of the political spectrum told the President to his face that instead of being a man on a horse he has turned out to be a man riding a child's tricycle. Weightier accusers like Mr James Reston of the *New York Times* charge that the President is not providing the people with enough guidance and is failing to command public opinion.

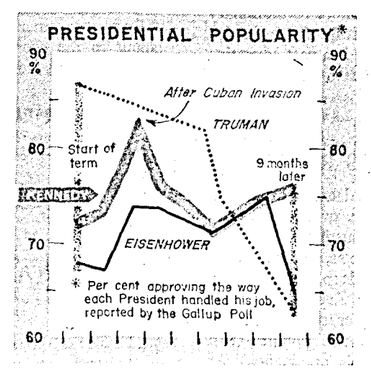
This month Mr Kennedy and members of his cabinet are taking up the latter challenge. They are fanning out across America, from Seattle to Saint Louis and from San Francisco to New York, to tell people what the Administration is doing and to find out how people feel about them. They will engage in all-day verbal grapplings with state and local officials and representatives of civic groups and the public is *cordially invited to attend the soul-searching seminars*. Mr Kennedy hitherto has operated on the rather aloof theory that the way to get things done smoothly is to work out carefully devised political compromises with his fellow professionals of the powerful committees of the House of Representatives and the Senate, freely employing the tool of patronage whenever necessary. Also now being refurbished are some of Mr Eisenhower's methods of administration, of which the frontiersmen made considerable hay when they first entered the White House. Last week it was announced that the President, who began by by-passing his cabinet and the National Security Council, will meet them henceforth on alternate Thursdays. It was Mark Twain who drew attention to the fact that the laughable ways of one's elders become surprisingly less risible as one grows up.

Mr Kennedy began his Presidency by putting the White House on speaking terms with poets, playwrights and other eggheads. Though at first the shock was great, there is now fairly widespread understanding that this is good for American prestige. But the *new frontiersmen* also laid their busy axes to Mr Eisenhower's cherished chains of command. Persons were admitted and papers ascended to Mr Eisenhower's tidy office in an orderly and dignified fashion, through channels. This meant that Mr Eisenhower took decisions but did not help to make them, and had no way of knowing about possible alternatives that failed to reach his desk through his human screens and filters, especially on foreign policy. (Some critics of the Eisenhower regime put it more pithily, saying that the late Mr Dulles was his own President).

Mr Kennedy largely replaced this system by picking up a telephone to summon people whose views he wanted to hear and by taking an active part in decision-making and energetically pursuing his own and others' ideas up and down the rapidly rising and falling graphs of White House enthusiasms and deflations. But the Kennedy method of impromptu conversations, quick-fire suggestions, task forces and crash programmes has been under fire from winded civil servants and critics who openly doubt if it really makes for clear decisions—or even decisions. Mr Kennedy, as well as holding regular cabinet meetings, has now decided to see fewer people.

In the twelve months that have passed since his narrow victory over Mr Nixon, Mr Kennedy has suffered various serious frustrations. He finds himself deeply engaged in what is basically an old-fashioned armaments race, whose only novel features are that it involves a fight for control of the moon and a threat of race suicide as a by-product. This is hardly all that he had in mind when he first set his ambition on the Presidency. He and Mr McNamara have succeeded to some extent in curbing the military men whose massive five-sided headquarters in Washington, the Pentagon, is enormous enough to swallow the House of Representatives and the Senate five times over. Mr Eisenhower also knew all about that problem and before he laid down the burden of office specifically drew attention to the combination of the Pentagon and the munitions interests that employ hundreds of retired generals and have more power than was ever dreamed of by Andrew Undershaft, Bernard Shaw's merchant of death. Pressure from the Pentagon—and the arms plants and the trade unions—caused Congress to thrust several hundred million dollars into Mr Kennedy's reluctant hand for unwanted bombers, just as it did into Mr Eisenhower's; like his predecessor, the President is declining to spend it.

But at the same time as it gave him money for arms and the moon, Congress frustrated Mr Kennedy's request for federal aid to education, so that children by the hundred thousand will continue to learn their lessons in double and triple shifts in hallways and basements, in the richest country in the world. The successful passing of the most important housing legislation since 1949 opened up a prospect of a decent home for every family in America; but people are told to build their own fall-out shelters. The President's foreign aid programme had a qualified success with Congress, and if there is no retreat from its commitments almost as much will be spent on development loans



in the next five years as on taking shots at the moon.

Mr Kennedy is a politician of over fifteen years' experience and he has accepted his setbacks and his hard-won modest victories with philosophical calm. But even his coolness seems to jar on some critics, who scold him for failing to show "a sense of Churchillian exuberance in adversity," though the secret of his continuing personal popularity with a great many people is their belief that in a crisis his blood pressure soars to normal. Others grumble that Mr Kennedy's score to date is scarcely worth all the tumult and upset that the new frontiersmen are alleged to have introduced into an American political scene whose torpor was for them its chief charm.

After nearly ten months of his Administration there is still widespread perplexity among the conventionally minded over whether Mr Kennedy is a liberal who has been slowed up by his fellow Americans' conservatism, or a conservative who is driving a liberal bandwagon with the brakes on. It seems probable that the President—and with him a growing number of young Americans—is as untouched by such labels as he and they would be by disputes between Big and Little Enders. They are a new breed, and old slogans leave them cold (many who fought the old battles find a curious coldness in them about most things the older generation held dear). But whatever it is they want to do—and quite likely this is not at all clear even to themselves—their room for even tactical manœuvre seems to be fearfully limited. Even if it is assumed that approximately half the voters are willing to go forward slowly with Mr Kennedy, to whatever his goals are, the other half show indications of trying to find refuge from a troubled present in reviving or reliving a simpler—and simplified—past.

It is to those voters that Mr Eisenhower appeals when he denounces the Peace Corps as a juvenile experiment whose members would be better employed on the moon, "which is also an underdeveloped country," and when he attacks increased social security benefits as "fiscal irresponsibility." Mr Kennedy seems inclined to stake his future on his belief that Americans are now sophisticated enough to prefer even unpalatable reality to such bumblings. But he is unlikely to shed his habitual caution or try to rush things. He knows that in 1962 Republicans hope to gain even more seats in the House of Representatives than they did last year and that their chances of doing so look good. Some of Mr Kennedy's supporters, who feel that the President could have shown more political courage in Congress this year, argue that the way to "buck the trend" is for him to play a bolder hand next session. For example, they would like him to try to get a much broader trade policy through Congress despite anticipatory howls of outrage from protectionists. Mr Kennedy has not yet made up his mind.

He is young enough to have time for the waiting game. The new frontier is essentially an adventure in new ideas. Building an integrated Atlantic community may prove a more revolutionary project than landing on the moon. These ideas still have to sink in. Some, indeed, still await proper formulation. It is a vast educative process that Mr Kennedy, after nearly ten months in office, finds himself willy-nilly about to embark upon.

II—WHISPER FROM THE GRASS ROOTS

Scattered elections in an off-year do not add up to a national referendum, but the Democrats' jubilation over this week's victories is, from the party's point of view, fully justified. They had feared the loss of a congressional seat in Texas, the loss of a Governor's mansion in New Jersey and the deep slashing of a Mayor's majority in New York. Instead, the Republicans were defeated in all these places. It is too much to interpret these results either as amounting to a resounding affirmation of popular faith in the President, or as a crushing blow for his opponents. At most, they demonstrate that he is somewhat stronger and they are somewhat weaker than was thought. But there is nothing like winning elections for a party's morale.

Beyond that, it is difficult to relate the three results to each other, except by stating that each was a special case. Mr Mitchell seems to have been beaten in New Jersey as much by ill-luck as by bad management. He broke his leg before the campaign was well started and was immobilised for months while Mr Hughes, his lesser-known opponent, ranged indefatigably up and down the state. This advantage, Mr Mitchell's refusal to meet him in public debate, the death of his father, which may have earned him a sympathetic vote, Mr Kennedy's last-minute personal appearance, perhaps even popular satisfaction with the past eight years of Democratic rule, explain Mr Hughes's victory. In New York, Mr Wagner lost some strength to a dissident Democratic candidate, but won comfortably, in spite of an increased Republican vote and in spite of the efforts of Governor Rockefeller and General Eisenhower. As Mr Mitchell also benefited from the support of these two, it is easy to see why their prestige, and the prestige of their moderate wing of the Republican party, have been slightly damaged.

Among those quick to draw this conclusion was Senator Goldwater, leader of the Republican right, who has said that liberal Republicans can "almost never" win. But his own wing's drawing powers are also open to doubt as a result of the Texas election, where a liberal Democrat beat a right wing Republican by a comfortable margin. This was the only straight fight between conservatism and liberalism. Mr Gonzalez, the victor, was helped by his Mexican blood in a city (San Antonio) with a very large Mexican-American population. But there is a stubborn suspicion in Republican circles that he was also helped by the fact that, as a Democrat, he will be in a good position to bring in the federal funds on which the city depends. "You just can't beat Santa Claus" said one politician. This could prove true of more places than Texas next year.

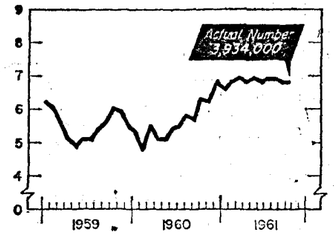
III—CRITICAL BUSINESS

WASHINGTON, DC

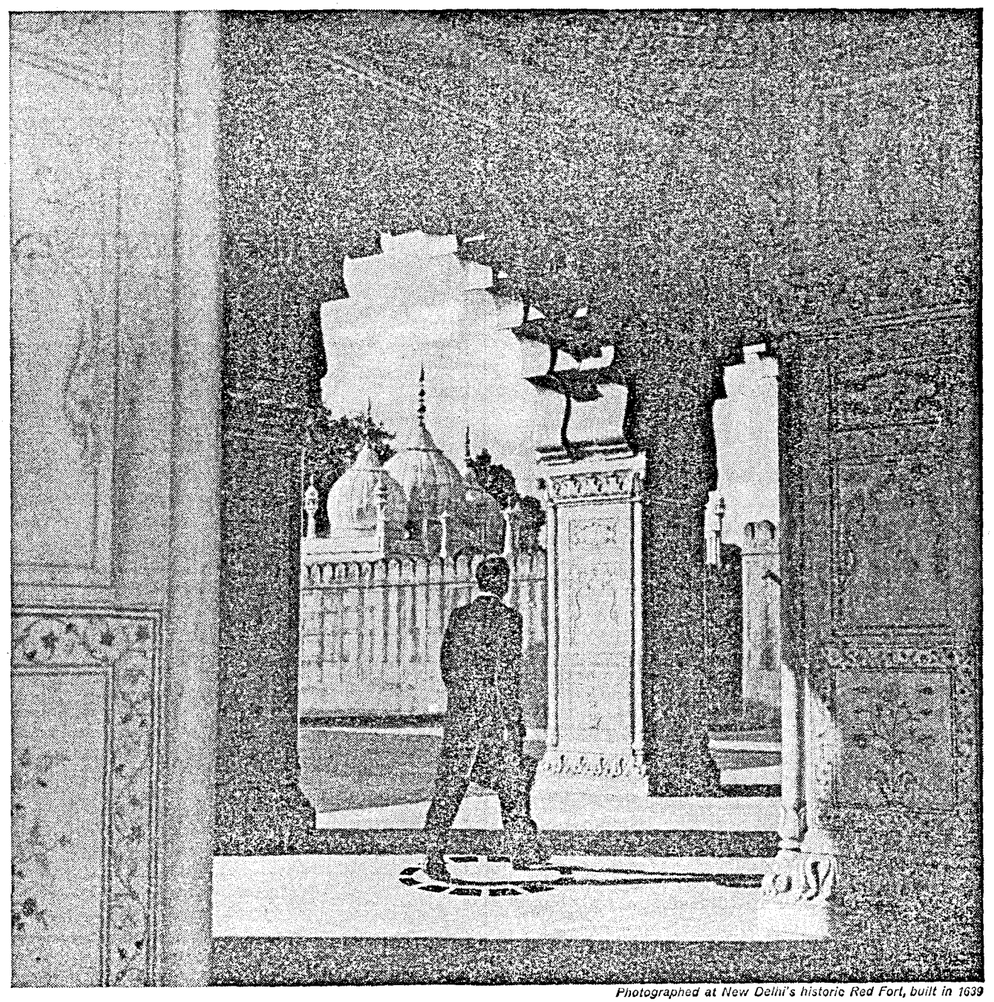
Politically and internationally President Kennedy may have failed to make his mark so far, but economically he seems to have come up to expectations. America's relations with Russia, and indeed with the rest of the world, may have deteriorated since he took office and Congress may have refused to co-operate with him, but at least the recession is over at home and the balance of America's payments abroad has improved. But in fact even these successes are superficial and temporary. Nearly seven per cent of the labour force is still as obstinately unemployed as it was a year ago, and America's reserves of gold are now threatened once again. The problem of how to encourage economic growth domestically without undermining confidence in the dollar internationally has become a semi-permanent one.

By next summer the excesses of industrial capacity and of skilled labour in the economy which prevent the current deficit in the federal budget from being inflationary will have been absorbed.

UNEMPLOYMENT
(as a percentage of the labour force)



But almost certainly there will still be some five per cent or so of the work force unemployed, the hard core of the unskilled who have really no place in the labour market today. Even the growth enthusiasts at the President's Council of Economic Advisers admit that these people will not find jobs unless the economic pressure



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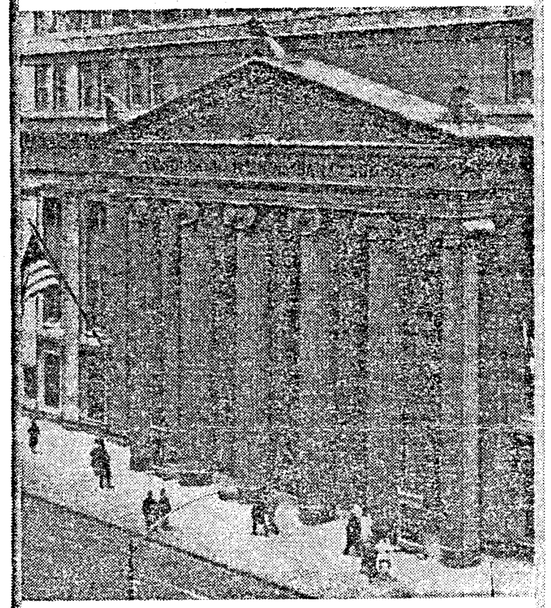
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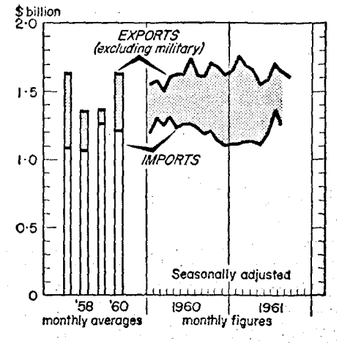
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builds up to inflationary levels—but sustained unemployment at a rate of five per cent of the labour force is not an easy proposition to defend politically.

Yet over at the Treasury those in charge are already aware that the combination of higher interest rates in Europe than in New York with the foreign bankers' tendency to think that any deficit in inflationary is drawing money away from the United States at a rate which is disturbing. It is particularly so at a time when prosperity has brought a rise in imports and international tension one in military spending overseas; the surplus on America's trading account is being eroded just as calls on it are growing. The Treasury's answer to this situation would be higher interest rates and a really effective curtailment of government spending, were it not that either or both might check the economic recovery. So far, at least, the Treasury has had to make do with increasingly firm statements from the President that the budget will be balanced next year.



But European businessmen are disinclined to believe that he really means this and their lack of conviction is encouraged by the American colleagues with whom they have such frequent contact nowadays. The Administration has been making special efforts to please business in recent weeks, with meetings all over the country being attended by speakers from the highest levels of government, notably by Mr Dillon, the Republican Wall Street banker who is Secretary of the Treasury. But to many other Wall Street bankers Mr Dillon is suspect because of the high premium which he puts on the foreign aid programme while to Republicans in other parts of the country he is suspect because he is a Wall Street banker.

Businessmen certainly welcome the tax concessions which the Treasury has just offered them to encourage industrial expansion, but these are not enough to make them forget that the Treasury also wants to withdraw tax allowances for entertainment expenses. Nor has it lessened their annoyance at the constant harassment of the inquiries from the anti-trust division of the Department of Justice and from the various regulatory agencies, looking for evidence of illegal practices, particularly of price-fixing. These inquiries have been stepped up, according to businessmen, since the new Administration came in largely, they believe, because with Democratic officials at the top the zeal of subordinates is no longer held in check as it was under the Republicans, although the Republicans showed no lack of zeal in anti-trust prosecutions.

BUSINESSMEN assert that by these and other types of interference in their concerns the Administration is trying to control prices indirectly since it has no power to do so directly. Special resentment was caused by the President's peremptory request to the steel companies not to raise their charges to their customers when wages went up in October, a request based on what to the industry seemed very dubious calculations of how much constitutes a fair profit. It did not in fact put up its prices, for reasons of its own, and is now waiting to see if the President keeps his promise to deal equally firmly with the steel trade union when it demands another increase in wages next year. Businessmen do not believe that he will, for they feel that no Democratic Administration can afford to offend labour and they say that they detect a new assertiveness in trade unions even though so far the Administration has been careful not to favour labour.

Underlying all this is a certain sense of guilt by association—few people deny that there was justification for both the charges of price-fixing against the electrical equipment companies earlier this year and for the current investigation of the stock exchanges—and a conviction that, however, conciliatory the present Administration may try to be towards businessmen, it will never sympathise with them as its predecessor did. The President, hard as he may try, has little in common with businessmen and his brother, the Attorney General, is antipathetic to them. They do not trust either the Secretary of the Treasury or the Secretary of Commerce to fight hard for them or against inflation, although they have more faith in the chairman of the Federal Reserve Board and the Under Secretary of the Treasury. The President's other economic advisers are all professors and bright young intellectuals who respect and admire businessmen even less than businessmen respect and admire them.

In fact, businessmen are probably receiving more consideration in Washington at present than they have under any previous Democratic Administration. Here again President Kennedy is clinging cautiously to the middle of the road instead of pushing on to the new frontier as his liberal critics would like. And here, perhaps more than anywhere else, he is probably wise to do so, given the peculiar nature of the economic dilemma with which he, unlike any of his predecessors, is faced.

Timing the Trade Battle

THE opening shots have now been fired in the battle to determine whether the United States is to liberalise its trading policies in step with Europe. Two reports to the subcommittee of the Congressional Joint Economic Committee which is to hold hearings next month—that of Mr Herter and Mr Clayton and that of Congressman Reuss—actually go far beyond Mr Ball, the Under Secretary of State for Economic Affairs, who is the Administration's spokesman, by advocating a free-world-wide common market. Indeed at his press conference this week the President said candidly that it will be two or three weeks before the Administration decides whether to beard Congress at its coming session, or wait until 1963, though his own feeling is that "the time to begin is now."

With the expiry of the Reciprocal Trade Agreements Act next June, there is much to be said for moving forward without a pause to take up the new challenges and opportunities provided by the common market and Britain's probable entry into it. Simply to extend this worn-out Act for another year would leave the President with virtually no effective powers to negotiate lower tariffs and would invite new protectionist amendments. Simply to let it die would be to haul down the symbol of freer trade with which the United States has become identified for nearly thirty years. Whether the President needs new negotiating powers immediately is open to more argument. He said himself this week that the full significance of the common market for the United States would not be apparent until 1963 or 1964, but many of his officials think that the power to negotiate is essential if America is to influence the course of the common market in the next year or two.

The decisive question is whether the Administration can be more certain of success by waiting until 1963. An election year like 1962, when every member of the House and a third of those in the Senate is particularly vulnerable to pressure from his constituents, is a far from ideal time to debate sweeping reductions in tariffs. But with the rise in protectionist feeling, the Congress elected next year may be even more hostile than the present one. A more important consideration is how quickly the Administration

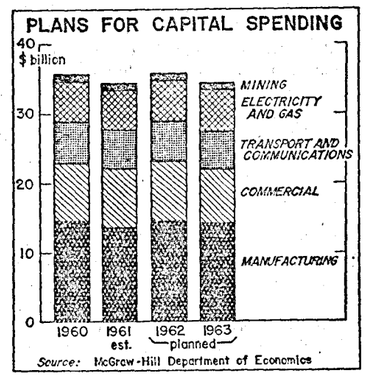
can educate the average American (and through him Congress) in the dangers of restriction and the immense benefits—political as well as economic—of freer trade in the free world.

Mr Ball marshalled the arguments convincingly for a sophisticated audience (the National Foreign Trade Convention) when he underlined the importance of the power to make broad bargains with Europe, which accounts for a third of America's trade, both on behalf of the United States and of the underdeveloped countries; when he pointed to the risk that without tariff reductions American firms might feel forced to export employment by setting up even more plants inside the common market; and when he emphasised that the way could be opened to a tremendous increase even in America's high living standards. The Administration's view that the main burden of the structural changes needed should be borne by industry and that only in exceptional cases should government help be provided will be less palatable. It can be argued that it is already too late to put this in terms the common man can understand in time for action in 1962. But it can be argued even more convincingly that a whole-hearted fight for a big cause—with every ounce of the President's determination committed to it—may be the best schooling of all and the best foundation for a victory in 1963 if this eludes the Administration next year.

Little Fuel for a Boom

NEW YORK

HOPES for a boom in business activities are not supported by the latest McGraw-Hill survey of industry's preliminary plans for capital spending in 1962. American business expects to increase its investment in plant and equipment by 4 per cent over this year's level and, while the total would be second only to the record achieved in 1957, this is not a big enough rise to assure a rapid and vigorous expansion. Normally businessmen tend to underestimate both increases and reductions in their capital expenditures so it is possible that better consumer demand, rising profits and more liberal tax provisions on depreciation of equipment may raise spending above the preliminary estimate. But the survey, which was taken in October, makes it clear that American industry is still plagued by over-capacity and that corporations are reluctant to add to their plant until they feel certain of increased demand.



The survey indicates that businessmen are hoping for a 7 per cent rise in their physical volume of sales next year, but as they are now operating at an average of 81 per cent of capacity they have considerable leeway before their present plant will be under strain. Though output is rising industrial production continues below the rate at which corporations enjoy maximum profits and profits are a big factor in the decision to make new outlays. To better their competitive position businessmen are evidently counting on tighter control over present costs as much as on fresh outlays for cost-cutting equipment. Moreover, the price of plant and equipment does not seem likely to rise much so the incentive to buy before prices go higher is lacking.

The hesitancy of most corporations is not shared by those which are doing well or expect to do better soon. Manufacturers who account for about forty per cent of total corporate investment report that they will increase their spending by 7 per cent compared with the overall average of 4 per cent. The steel industry, for example, will be increasing spending by 15 per cent. On the other hand, electrical machinery and chemical firms are planning to decrease their outlays partly because they have been maintaining a very high level of investment and partly because of excessive capacity. This sort of rational planning may be a blessing in disguise; if present plans for 1962 fall below boom proportions, they hardly imply a retreat. Furthermore, the survey notes that preliminary plans for 1963 are already close to the projected 1962 level, which indicates that corporate investment should be a sustaining force if not a stimulant.

Schooling the South

FROM A CORRESPONDENT IN VIRGINIA

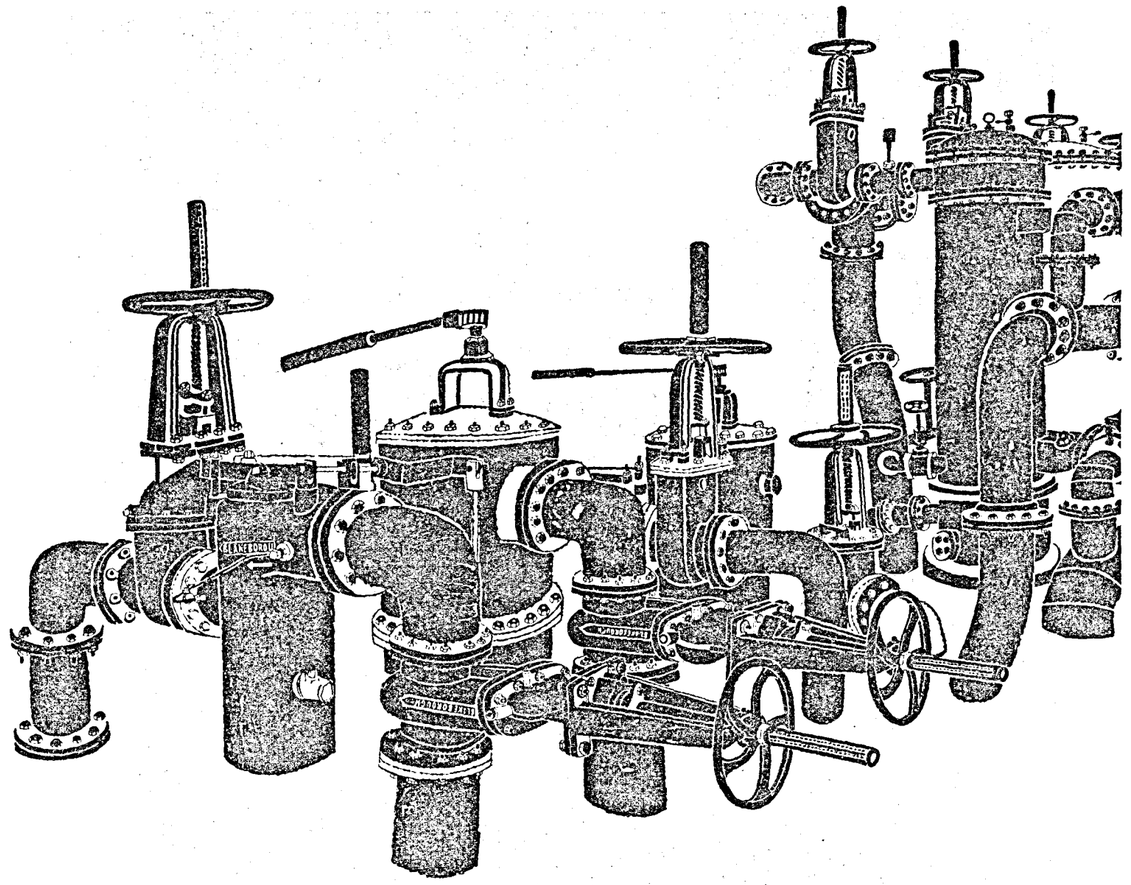
IN recent years the difficulties connected with imposing racial desegregation on schools in the South have obscured a larger question: is the education available to young Southerners in general good enough to fit them for life in the United States in the latter half of the twentieth century? The South contains a third of the population of the United States, but at present its colleges and universities are granting only a quarter of the bachelor's degrees and only 12 per cent of the doctorates being earned in the country as a whole. In 1950 more than a fifth of the population in six southern states was nearly illiterate and ten of the eleven states in which about half the population had had only an elementary education were in the South. The non-South is spending 60 per cent more for each pupil than is the much poorer South.

The South's poverty aggravates its problem in another way: the prospect of earning more money—and more recognition—in other parts of the country has long been drawing able people out of the region. For instance, though teachers' salaries have been going up faster in the South than elsewhere, they are still far below the national level. The State of California, which pays its teachers the highest salaries in the country, raids the South regularly; teachers in its elementary schools earn an average of $6,175 a year compared with $4,925 in Florida and its high school teachers average $6,950 as against Georgia's $3,868.

Yet to set against these rather dismal examples there is hopeful evidence of a growing appreciation of the desirability of education and of a new concern for its quality. Many state universities in the South have been tightening up their entrance requirements, which used to be lower than in other states. The three states with the highest proportional increase in expenditure a pupil for public education between 1950 and 1960 were southern and in all three the increase was over 100 per cent; in Mississippi, with the lowest income a head in the country, it was 142.9 per cent and seven of the twelve southern states did better than the national average in this respect. These increases, moreover, came at a time when the number of pupils was rising rapidly.

Some of the ways in which these new funds have been raised have been devised to call public attention to the desirability of more education as well as to bring in more dollars. West Virginia's up-to-date medical centre at Morgantown represents the conversion of "cokes" into clinics; its cost of $32 million was financed by a tax of one cent on every soft drink sold in the state. For a decade North Carolina's farmers have paid a "Nickels for Know-How" levy of five cents a ton on the feed and fertiliser they buy; the proceeds go to the State Agricultural College.

Recently, certain educational facilities in the South have been



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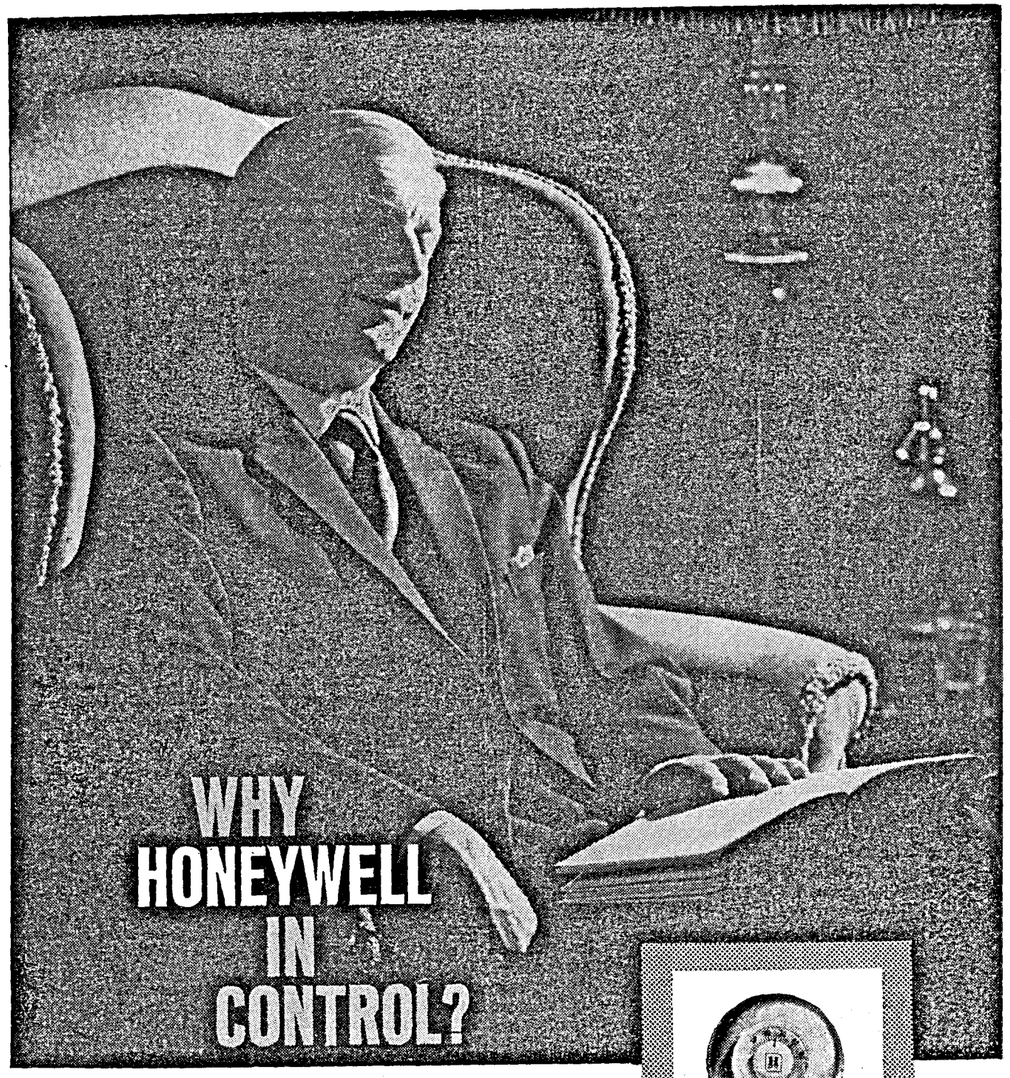
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treated as a regional whole to their great advantage. Training in engineering is being expanded co-operatively at the University of Florida, Georgia Institute of Technology, North Carolina State College and the University of Texas as a result of a grant from the Ford Foundation. The Oak Ridge Institute of Nuclear Studies links southern institutions and thus facilitates concerted specialisation in this field. The broadest and most official pooling of resources occurred in 1949 when the legislatures of sixteen states, from Delaware and West Virgina to Oklahoma, established the Southern Regional Education Board. This helps the states to make combined use of their funds and works to create a public atmosphere favourable to greater expenditure and greater attainment. At the end of last year the board set up a special and authoritative Commission on Goals for Higher Education, which is to report shortly on how to

> *provide a wider range of opportunities for the increasing student* enrolments and at the same time achieve excellence and competence that will enable its graduates to contribute to the expansion of a better and more abundant society.

Some groups which have been active in inducing southern



National Newspapers



NEW YORK

THE United States, doing things in a big way as usual, is to have three new national newspapers within the year, at a time when the newspaper business is supposed to be in a bad way and in a country which is supposed to have only local newspapers. The first of the new publications, the only one which has actually appeared and the one with the most ambitious title, *World,* is the one thought least likely to succeed. This "compact national newspaper," published weekly in Washington, at 15 cents a copy, by a middle western millionaire with no newspaper experience, is a shoddy affair with no advertising and no leaders. It claims to be non-political, but its editor is a known conservative and it may appeal more than the experts allow for to the reactionary groups which are gaining strength all over the country.

They are particularly strong in the West and this may make difficulties for the liberal and internationally-minded *New York Times* when in the second half of next year it turns itself in practice into the national newspaper which it has long been in fact, by printing a west coast edition in Los Angeles—to the annoyance of San Franciscans. But commercial printing capacity is available in Los Angeles as are facilities for distributing the paper by air to all major centres west of the Rocky Mountains, and possibly to Alaska and Hawaii, on the day of issue. Distribution will be mainly by postal subscription although the paper will also be available on news-stands. The price will be 10 cents which is the normal charge both for the *Times* outside the New York area and for Californian papers.

In this operation time, running three hours behind New York on the west coast, is on the publisher's side as it is not in the case of the European edition of the paper. For this reason and because production and distribution will be easier in Los Angeles than in Paris, the new paper should be more successful financially than the European one has been. Both are being printed by linotype set by electronic signals transmitted from New York. The west coast edition will be substantially larger than the European one and will carry everything that appears in New York except for matters of purely local interest. Advertisements will be accepted for both editions or for either. There will be no special coverage of western news and no open attempt to compete directly with western papers—but the *New York Times* news service will no longer be available to them.

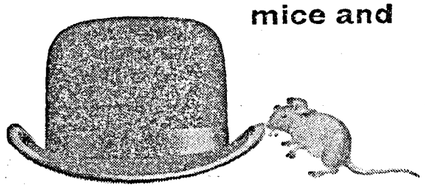
The decision to print on the west coast was largely the result of the spontaneous and unprecedented demand from the region after publication in Europe was begun last year. But the west coast edition, like the European, will not appear on Sunday. The Sunday *Times* is especially popular in distant parts of the country; its circulation is twice as large as that of the weekday paper but so is its content without counting its special sections. Quite apart from the virtual impossibility of printing so much on the west coast there are no facilities for postal distribution on Sundays. Here, however, the gap may be filled eventually by the third new national newspaper, the *Wall Street Journal's,* or rather the Dow Jones company's, *National Observer,* to appear from February on Sundays only.

BUT for the present the *National Observer* is to be printed in Washington and will therefore be available on the day of issue only to the 40 million people, nearly a quarter of the population, who live on or near the east coast. They will be able to get the new paper by home delivery or from news-stands, probably for 25 cents a copy; elsewhere in the country distribution will be by post, at $9 a year for advance subscribers, and even without airmail the paper will arrive earlier in the week than do the weekly news magazines which are considered to be its main competitors. The Washington plant can handle up to 200,000 copies but the hope is naturally that demand will grow enough to justify printing at the *Journal's* six—soon to be seven—other plants all across the country, the evidence of its own success as a national newspaper in the last decade. This would enable the Sunday paper to be delivered almost everywhere on the day of issue.

Washington was chosen to begin the operation rather than New York because it is an easier place in which to live and work, because modern communications mean that today a paper can be edited almost anywhere and because Washington is the source of most of the background information in which the *National Observer* is to specialise. It will carry a certain amount of late Saturday news but it will contain mainly interpretative articles covering all aspects of national and international life, including sport and culture, not just the business and industrial topics on which the *Wall Street Journal* concentrates. It will have a separate staff.

There will be plenty of pictures and other illustrations in the paper, which will have a maximum of 32 pages and no special sections, a relief to Americans who feel overburdened on the day of rest. The effect will be something like the British *Sunday Telegraph* and the editors insist that in so far as they had any British model at all it was this paper, and not, as has been reported, the *Sunday Times* or the *Observer.*

The aim is to produce a paper for the general public to read at home, as opposed to one for the specialist to read in his office, which is what the *Wall Street Journal* is intended to be although its appeal has spread far beyond that. In its narrower field the *Journal* already does on weekdays what the *National Observer* hopes to do on Sundays; it brings the news that people need to know to them in a way that enables them to understand it and to enjoy it.



Of mice and management

'The best laid plans of mice and men . . .'
For *'men'* read *'management'*—and consider how often even the most minutely planned commercial or industrial operation can go astray—not because of any fault or failure on the part of management, but because of the sheer complexity of commercial and industrial organization today. Making the very most of resources in labour, money, time, plant and materials is an essential part of management's job—but with so many interacting variables the human mind is sometimes baffled. Can such problems be solved? The answer is: They can, quickly and relatively cheaply, by the technique of *Linear Programming* aided by a high-speed electronic computer. How does the system work?

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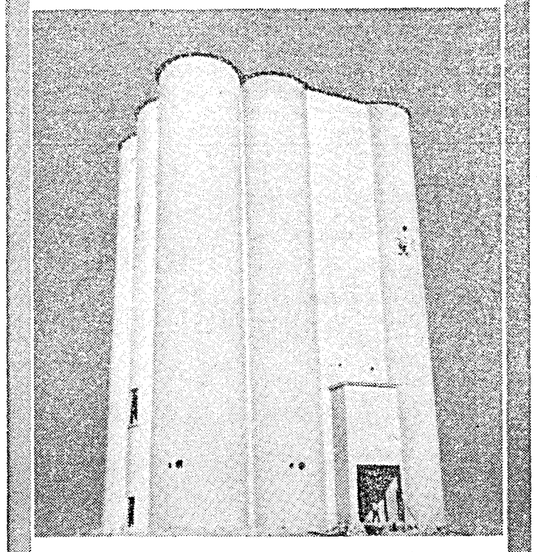
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communities to accept Negro children in white schools are now turning their attention to improving the cultural background of those children so that they will not pull down the standards of the schools when they enter them. Another result of the low incomes and lack of educational interest among many parents in the South, whether white or coloured, is that the region probably contains more than its share of the many gifted children in the country who are not able to develop their potentialities to the full. To remedy this, experimental classes for superior students have recently been established in all high schools in Atlanta, and in Florida and Texan colleges have started summer "Step Ahead" programmes for promising high school students. In a parallel effort educational television is being used increasingly to spread the coverage of specially gifted teachers; seventeen—almost half—of the country's educational TV stations are in the South, the country's first state-wide ETV network was in Alabama and at Austin, Texas, ETV has been used for all laboratory courses in chemistry for the past two years.

As the numbers of students grow and adult education becomes more widespread the need for classroom and laboratory space is leading to year-round and round-the-clock use of existing buildings. With this in view, air-conditioning is increasingly common in newly built facilities in the Deep South. Shortages of space are also causing a trend towards community colleges, especially two-year "junior colleges," which students can attend while living at home, at less cost to themselves and to the institution concerned, since capital outlays for providing bed and board are no longer needed.

SOUTHERN education is certainly being stimulated by new ideas. But equality with the rest of the country is still a long way off. A recent study of persons who take PhD degrees showed marked weaknesses in the South: in New England, the rate of those taking such degrees was 11.23 out of every thousand graduates from high school; in the East-South-Central states, 2.84. The difference was greatest in the physical and life sciences—the fields which, over the country as a whole, are favoured by the very top students; the South's relative showing was better in the arts and humanities (after all, it produces disproportionate numbers of America's best writers) and was best in education.

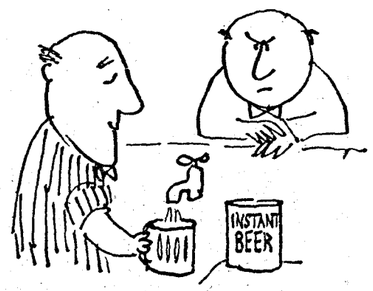
But perhaps the most striking result of the study was its demonstration of the extent to which the size of the high school is a limiting factor on post-graduate achievement. And of the fourteen states in which 90 per cent or more of the high schools are too small for adequate education, six are in the South. Moreover, by 1970, the region will need 50,000 new college teachers, yet it is not expected to produce more than 15,000 PhDs during that time. Inadequate training among new additions to college and university staff was already marked in the nineteen-fifties.

Undoubtedly the South is catching up with the rest of the country educationally as it is economically. But is it catching up fast enough? Or will its economic growth, its transition from an agricultural to an industrial way of life, continue to be hampered by deficiencies in its educational system and in the training of its people, children and adults alike?

Beer for Proserpine

STUNG, perhaps, by the secretary's defiant cry in "Candida," "I'm a beer teetotaller, not a champagne teetotaller," the brewers of America have applied themselves to ways of luring Prossy into their fold. Those who share her scruples can now drink a beverage called Fox Brew, which has a head of foam and contains everything except alcohol—its ingredients are malted barleys, maize, brewers' yeast, seedless hops and wheat germ. It even tastes something like beer—the light, frothy, lagerish beers that Americans prefer. According to the manufacturing company it is meant to compete with soft rather than with alcoholic drinks, and it has only 70 calories to the 12 ounce can. If Prossy is worried about her figure it is hard to see how she can resist this bowl which cheers but neither inebriates nor fattens; she may, of course, still prefer champagne.

Some women, no doubt, will be immune to the lure of a sinless tipple. For them Piels, a New York brewery, has invented a slimming beer called Trommers Red Letter. It was first put on sale in early September, and has apparently been selling nicely. It is, admittedly, slightly less alcoholic than other beers, but as it is also two-thirds less fattening, with fewer than 100 calories to the can, the brewers probably feel they are on to a good thing, since 35 per cent of the population is reported to be worried about its weight. They have launched it with an advertising campaign costing more than $1 million a year. Piel's enterprise has provoked sour comments from rival firms, who dislike anything that associates the idea of fatness with beer, however negatively.



But the ire caused by Trommers was as nothing to the annoyance provoked by something called Instant Beer, which has been developed by the Union Carbide Company in co-operation with the Miller Brewing Company, one of the top ten brewers in the United States. It is made by dehydrating beer to a quarter of its liquid bulk for convenience in shipping and storing. Before sale it is "reconstituted" by the addition of the right amounts of water and carbon dioxide. It is alleged to be indistinguishable from the conventional types of beer, and could be a boon to big companies who would like to sell their products throughout the country. By the same token it is a threat to the small local brewers at a time when consumption of beer a head is dropping, although more people are buying the drink. At present federal regulations forbid the sale of beer concentrate, so the sponsors of the new processes are lobbying for a revision of the law. The hearing was due to open this week.

SHORTER NOTES

At his press conference this week Mr Kennedy was delighted to announce that General Eisenhower had accepted the post of first chairman of a new private "people to people" organisation designed to further contacts between Americans and other peoples. This is work in which Mr Eisenhower has always been interested and for which he has great talent. But Mr Kennedy's pleasure may have been heightened by the fact that General Eisenhower's new task will give him less time and inclination for partisan politics.

* * *

The Department of Justice won a notable victory for Negro rights recently. It persuaded a federal court of appeal to issue a temporary order restraining Mississippi from prosecuting Mr John Hardy, a leader in the drive to enable Negroes to vote in the state. Mr Hardy was charged with breach of the peace after he had been hit over the head by a white registrar of votes. If the Department of Justice can prove that the prosecution was part of an effort to frighten Negroes from voting, the order is likely to be made permanent. Usually federal courts never interfere in state criminal proceedings.

THE ECONOMIST NOVEMBER 11, 1961



Production under way 2 months before completion!

One of the fastest construction projects ever carried out on Merseyside, this new £3¼ million Fisher & Ludlow factory, was built by Cubitts on a 50-acre site at Kirkby. Just 15 months from initial planning to completion—with sections of the factory being made available for machinery installation as they were finished! This allowed Fisher & Ludlow to start production of domestic appliances two months before completion of the factory.

Speedy construction was made possible only by precise planning and exact timing of every building operation: and 100% co-operation between the client, architect, Cubitts and their 40 sub-contractors. At regular meetings they devised methods of streamlining operations using the most modern equipment, thus keeping construction time to a minimum and ironing out problems as they arose. This close collaboration resulted in the 17 bays of the main production building being erected in 17 weeks—half the normal time!

ARCHITECTS: Harry W. Weedon, F.R.I.B.A., & Partners.



Mr. Philip Wyatt, Managing Director of Holland & Hannen and Cubitts (North West) Limited, says:
"One of the most important industrial projects on Merseyside, the Fisher & Ludlow factory required a construction team able to build at speed with close attention to economy and quality. Detailed planning and co-operation at all stages between client, architect and contractor has led to early completion of this project. It demonstrates the advantages of working closely together with an efficient construction team."



Mr. J. R. Stanfield, Works Director of Fisher & Ludlow Ltd., Birmingham, says:
"Teamwork has been the essential factor that has ensured the completion of this vast undertaking within the time scheduled for occupation. Large areas of the factory are devoted to specialized process plants involving complicated foundation work and numerous underfloor services. Only the closest of co-operation throughout between architects, contractors and our own planning and engineering departments has enabled construction to proceed without interruption."

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THE WORLD OVERSEAS

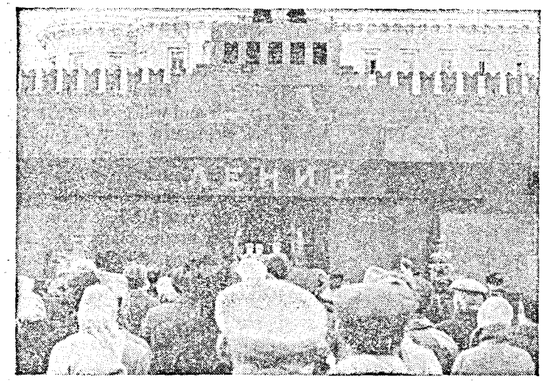
The Khrushchev Interlude

STALIN'S vacant place in the mausoleum and the monument that is to be erected to honour his victims will be permanent reminders of the 22nd Soviet party congress. Symbolically, they will mark the end of an era, although in fact iconoclasts were at work in Moscow as far back as March, 1953, the month of Stalin's death. Mr Khrushchev—who had organised Stalin's funeral—delivered his indictment of the dead Russian leader less than three years later. What he then said in secret session, and more, has now been proclaimed from the congress platform. It has been publicly admitted that, under Stalin, Russia went through a reign of terror. Each speech that recalled the crimes of the Stalin era included a promise that in future the five o'clock knock would always be the milkman's. "Never again" was the congress's refrain and its chief message for the Soviet people.

The traumatic effect of Stalin's posthumous fall should not be underestimated. For the Russians Stalin was not only a symbol of blood, tears and fear. Millions were taught that all their achievements were due to this "Leader of Genius." In this nightmare adoration was mingled with horror, and the awakening has consequently been all the more painful. Even Mr Khrushchev's "secret" version, although watered down by the time it reached the ordinary party member, was enough to shake the world communist movement to its very foundations in 1956. Today Communists, not only in Russia, must be better prepared for the ostentatious revelation of Stalin's crimes. All the same it is bound to stir up fresh ferment in the communist world. Last week, the real debate over Stalin did not take place in the congress hall, but outside among ordinary Russians putting forward their different and often contradictory views. It was, almost certainly, only a foretaste of things to come. When a myth is destroyed, the disillusioned are forced to think for themselves.

Stalinism, however, was not only the Byzantine cult of the Georgian leader; it was a system of government, in which the omnipotent ruler held all the reins of command and in which the tiniest voice of dissent had to be punished. The 22nd congress shows both the progress made since Stalin's time and the limits of that progress. With the exception of the aged marshal Voroshilov, all the members of the "anti-party group" have apparently stuck to their views. Mr Molotov, in particular, had tried to express them in *Kommunist* and, on the eve of the congress, criticised the party programme in a letter to members of the central committee. Yet the heretics apparently remain untouched. The process of expelling them from the party, which starts in their own party cells, will only now begin. This is a long way from the inquisitorial trials of the nineteen-thirties.

On the other hand, the views of the opposition (or oppositions) are only known to the public through the distorting mirror of the accusation. None of the culprits has been allowed to give his own reasons for disagreeing with Mr Khrushchev's conduct of foreign policy, his managerial reform or his drive to conquer the virgin lands. Still less have they been allowed to reply to accusations of complicity in Stalin's crimes with a *tu quoque*. It would have been easy to turn the tables on Mr Khrushchev, even without delving into the archives of the NKVD. The following is an extract



Lenin without Stalin

from his speech at the 18th congress, in 1938, in a debate that Stalin opened by taking a cynical pride in the extermination of all his opponents (including Marshal Tukhachevsky):

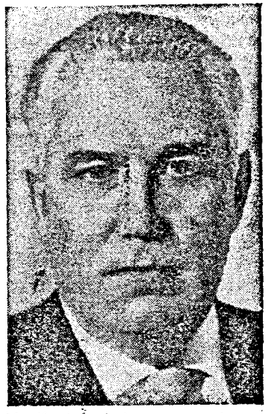
> Every citizen of our Soviet land is clear in his mind that our success, our victory in defeating the fascist agents—all these despicable trotskyists, bukharinists and bourgeois nationalists—we owe above all to the personal effort of our great leader, comrade Stalin. . . . Long live the towering genius of all humanity, the teacher and guide who is leading us victoriously to communism, our beloved comrade Stalin.

Mr Khrushchev looks strange in the censor's mantle. And his embarrassing posture may explain part of his conduct. Aware of the need for change, sufficiently adroit to swim with the popular anti-stalinist trend, Mr Khrushchev is trying, in the intervals between his spectacular interventions, to slow down the process that he himself has helped to accelerate. For years he has tried to limit the list of Stalin's crimes to the executions of faithful stalinists. Now, in order to tarnish his rivals, he has gone back to 1934 and raised the Kirov affair. Henceforward it will be increasingly difficult to ignore the Moscow trials of 1936-38, when Stalin's ideological opponents from the Bolshevik old guard stood in the dock. It will be increasingly difficult, too, for Mr Khrushchev to appear on the side of the angels; again, last week, he contrasted his own generosity with the stalinist methods that the "anti-party group" would have used in case of victory. Yet, his own victory, in that June of 1957, had something odd about it, the "arithmetical" majority of the heretics in the presidium having been turned into a unanimous vote against them in the central committee. Mr Khrushchev's magnanimity did not, of course, extend to a free debate in which the whole party would decide which side was right.

On this fundamental question it was idle to seek an answer in the new party statutes. Mr Kozlov, who as second secretary now seems to be confirmed as the heir-apparent, introduced the new rules to the congress and had plenty of democratic gimmicks in his bag. But he also added that the party would not be drawn "into sterile discussion at the whim of some muddle-headed or immature people, in which individual anti-party elements could undertake actions leading to the subversion of party unity"; this was his negative answer to the question whether any dissenting

activity should be allowed within the party. Where no "dissenting activity" is allowed, elections are merely a confirmation of the establishment.

In fact, the congress did not produce any spectacular changes at the very top. Mr Khrushchev had thoroughly renewed the party presidium after his victory in 1957. The only new full member is Gennadi Voronov, who has risen rapidly to the top; he is a firm supporter of Mr Khrushchev's agricultural policy. The four who are downgraded are not remnants of Stalin's old guard. The secretariat is, once again, increased from five to nine people and will probably have a closer control over day-to-day work. The inclusion in it of the former Comintern official, Mr B. N. Ponomarev, in addition to the veteran Mr Kuusinen, is a sign of the importance attached to relations with other Communist parties. Finally, the ranks of the central committee have been swollen to include 175 full members and 155 candidates. Here the turnover is bigger, but the gaps to be filled were largely caused by Mr Khrushchev's recent purges for political and agricultural offences. The central committee may, one day, become the party's parliament. For the time being its members are not elected on any platform, but chosen by Mr Khrushchev, or through a compromise among the leaders.



Mr Kozlov: heir presumptive

Hopes for Russia's political awakening are based on the changing structure of Soviet society. Most Russian leaders agree on that, even if they differ about the best method and pace of change. They did not wait for Mr Khrushchev to introduce reforms before making it clear that they wanted them; and his political skill has been demonstrated by the way in which he has appeared to the public as the champion of the new, fighting against the upholders of the old, order. The image is only partly true. There are indications that Mr Khrushchev was often prompted into action by more zealous reformers and then tried to apply the brakes. He may now try to do so again. But having been told about the sins of its former infallible ruler, the Russian people is likely henceforth to watch more critically the actions of its present leaders. It is aware of the relationship between the government's policies and the people's own comfort. And increasingly the word comfort is being used not only in its narrow material sense. In keeping with an old tradition, the writers, and the intelligentsia as a whole, are the most articulate spokesmen for popular aspirations.

To maintain his position, Mr Khrushchev will have to rely increasingly on popular support. Khrushchevism, too, to use the marxist diagnosis, contains the seeds of its own destruction. How this will come about will depend on a combination of factors, in which diplomatic successes will not be the least important. The immediate effects of the tensions in the communist world are unpredictable, but the general direction is towards a revival of politics. Stalin, through his spectacular fall, will posthumously contribute to this awakening.

SOVIET LEADERSHIP

March 1953 (After Stalin's death)	October 1961 (Before Congress)	November 1961 (After Congress)
PARTY PRESIDIUM (full members)		
Malenkov	Khrushchev	Khrushchev
Beria	Aristov	Brezhnev
Molotov	Brezhnev	Kosygin
Voroshilov	Furtseva	Kozlov
Khrushchev	N. G. Ignatov	Kuusinen
Bulganin	Kosygin	Mikoyan
Kaganovich	Kozlov	Podgorny
Mikoyan	Kuusinen	Polyansky
Saburov	Mikoyan	Shvernik
Pervukhin	Mukhitdinov	Suslov
	Podgorny	Voronov
	Polyansky	
	Shvernik	
	Suslov	
	Voroshilov	
SECRETARIAT		
*Malenkov	Khrushchev	Khrushchev
Khrushchev	Kozlov	Kozlov
S. D. Ignatyev	Kuusinen	Demichev
Suslov	Mukhitdinov	Ilyichev
Pospelov	Suslov	Kuusinen
Shatalin		Ponomarev
		Shelepin
		Spiridonov
		Suslov

* Resigned on March 14th.

Makeshift Government

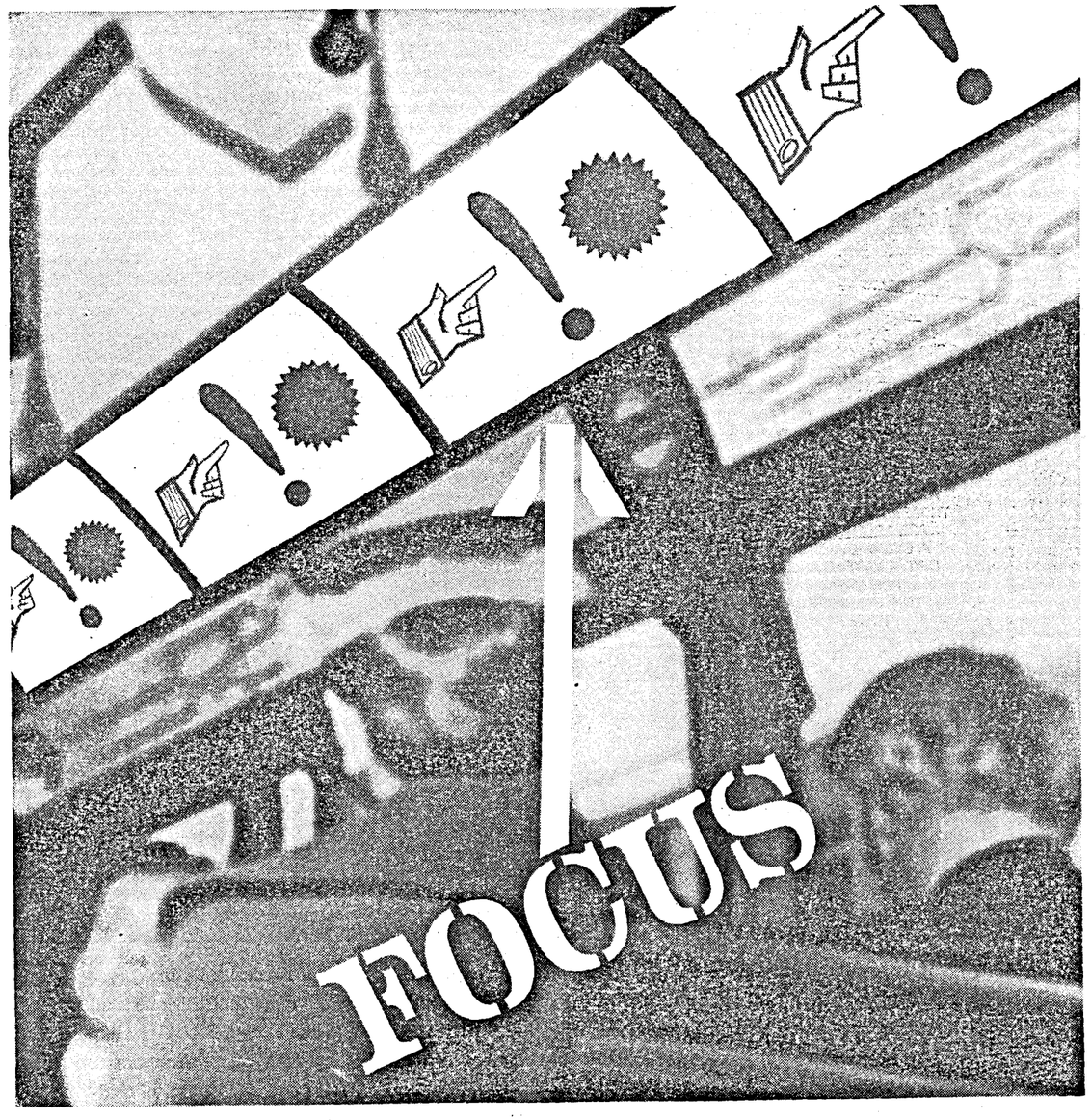
FROM OUR BONN CORRESPONDENT

DR ADENAUER entered the last lap of his long run as Federal Chancellor on Tuesday evening. His party colleagues clapped respectfully, but with little warmth, when the president of the Bundestag announced the result of the secret ballot. Dr Adenauer had cleared the hurdle of 250 votes out of 499 with eight to spare. Most of the Free Democrats looked as though they did not quite know what to do with their hands. Herr Mende went on writing, or pretending to write. But later he joined the group gathering round the Chancellor to congratulate him. Dr Adenauer stood in their middle—as old, upright and impassive as the hills.

That Dr Adenauer's fourth term of office will not last the full four years of the legislative period is stipulated—unconstitutionally, some are saying—in the written coalition agreement on the strength of which the Free Democrats reluctantly undertook to help the Christian Democrats re-elect him. The precise timing of his exit has been left to Dr Adenauer himself. His colleagues anticipate that he will choose to go later rather than sooner—probably in the summer of 1963. Yet perhaps, after all, the Chancellor may weary before then. He will be 86 in January, and the unfamiliar obstruction and growing impatience with which he is now bound to be confronted can also be expected to take some of the spring out of his step.

Dr Adenauer's list of ministers has yet to be submitted to the Bundestag, but its salient features were fixed during the coalition negotiations. The Free Democrats have secured five of the eighteen federal ministries—those of the interior, finance (or possibly justice), federal assets, refugees and either a new-fangled ministry for development aid, or one other yet to be determined. They have insisted further that one or another of these five ministers shall have the right to scrutinise the uses of the mounting secret budget for "promoting goodwill" for the Federal Republic at home and abroad. (This budget, whose allocations out of approximately a million pounds annually are known in full to the Chancellor alone, has come to be affectionately known to the uninitiated as the *Reptilienfonds*.)

Even more vexatiously for Dr Adenauer and the constitutional puritans, the Free Democrats have engineered a standing Bundestag coalition committee in which they, with only 67 seats in the



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(Illustration circa 1850, modified to bring it up-to-date.)

IF it were not for the well-known fact that nobody (except the Directors of Accles & Pollock) ever reads advertisements we should now be in the difficult position of explaining what this one is all about. As it is, all we need do is to state clearly what the Directors would like to read. **HERE IT IS:–**

For a long time past Accles & Pollock (sometimes miscalled Pickles & Wallop, Anchors & Poppycock etc. etc.) have been known as skilled makers, manipulators and fabricators of cold-drawn seamless precision steel tubes. The Directors would like all fifty-two million of you to know that, not only are they the country's largest producers of seamless stainless steel tubes but that they are also the leading makers of **WELDED** and **DRAWN WELDED STAINLESS** steel tubes. For many purposes, **WELDED** and **DRAWN WELDED** stainless tubes offer considerable economic advantages.



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We/I the undersigned hereby declare that I/We have read and nearly/fully understood Accles & Pollock's Directors statement about Stainless Steel Tubes and would like a technical booklet about them (the tubes, not the Directors).

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Bundestag, will enjoy equal representation with the Christian Democrats, who have 241 seats. The committee's chief business, it is laid down, will be to discuss proposed government legislation before it reaches the cabinet. The committee, which is due to meet on the first working day of every week while the Bundestag is sitting, will be composed of the chairmen of the two coalition parliamentary parties, their deputies and the two chief whips. The two chairmen will have the right to attend cabinet meetings. And so Herr Mende, who has ruled himself out of a ministerial post for the time being through having protested too much that he would never serve under Dr Adenauer, will be as good as in the cabinet all the same. In addition to all these potentially troublesome intruders, Dr Adenauer will be having to cope with many restive spirits in his own camp. Not for the first time, he has publicly slighted several highly placed Christian Democrats in the course of his self-absorbed coalition making—most notably the important trio Erhard, Brentano, Gerstenmaier. And the thought of his pending retirement must naturally set ambitious juniors scheming according to their various hopes.

DR ADENAUER will now be putting the finishing touches to his cabinet list, and preparing to set off to see President Kennedy in Washington on November 20th or thereabouts. There is not much of importance left to be done, for the salient appointments were allotted in the coalition negotiations. Herr von Brentano's successor at the foreign ministry is to be Herr Gerhard Schröder, 51, hitherto minister of the interior, who left the law for politics soon after the war. One of Dr Adenauer's most loyal, ambitious and at the same time contented ministers, Herr Schröder can be counted upon to work with conviction along the lines of foreign policy laid down by the Chancellor. As the coalition agreement states them, these are to be directed in general to the maintenance of peace, the reunification of Germany and the strengthening of the Federal Republic's ties with the West—in that order. It is further stated, in particular, that Dr Adenauer's new government will continue to press for closer political consultation and military integration within the North Atlantic Treaty Organisation—on the understanding that the Bundeswehr shall have access to "all the modern weapons, including modern means of delivery," together with an equal voice with the European Nato partners in the control of the warheads.

With a streak of anglophile in him ever since he read law at Edinburgh University in the nineteen-thirties, Herr Schröder can be relied upon also to implement as best he can the new government's declared intention of encouraging Britain to come into the European common market. The Berlin Christian Democrats have misgivings about Herr Schröder because he opposed the holding of the presidential election in Berlin in 1959, disputed the Berlin deputies' right to vote on that occasion and is alleged to have remarked that the West could not hold Berlin in the long run. But if for no other reason than that of his own future prospects, Herr Schröder is not likely to show any sign of wishing to deviate from the new government's solemnly proclaimed repudiations. These include not only any weakening of west Berlin's political and economic ties with the Federal Republic, but also any form whatever—"technical contacts" apart—of recognition of the east German regime, or any frontier settlement before the conclusion of a peace treaty with all Germany. That does not mean that Herr Schröder believes such developments are wholly avoidable.

Herr Erhard continues his long wait as vice-chancellor and economics minister. His patience in the face of Dr Adenauer's repeated slights is admirable. Yet it is losing him place in the rough and tumble of the struggle for the highest office. Herr Erhard has been doing his utmost this week to prevent the coalition spawning a new ministry for development aid that would poach to some extent on the economic ministry's preserves. But on Thursday it looked as though he was losing this particular battle. Herr Erhard's prospects of cutting a more powerful figure in German politics seem to be waning. Professor Carlo Schmid, one of the Social Democrats' leading minds, has observed that the trend is towards a coalition that will be headed eventually by Herr Strauss, the defence minister, with Herr Mende in support. Herr Strauss is expected to take part in the coming Kennedy-Adenauer talks in Washington.

The five new ministers likely to be drawn from the Free Democrats are scarcely known to the public at large. Dr Wolfgang Stammberger, who is expected to succeed Herr Schröder at the ministry of the interior, has been chairman of the health committee of the Bundestag. A passionate local patriot, he says that his real ambition is to be elected chief burgomaster of Coburg in two years' time. His departure from Bonn in 1963 would coincide, on present form, with Dr Adenauer's; thus he would make way for Herr Mende, then free of his present inhibition, at the ministry of the interior. Dr Heinz Starke, who is provisionally earmarked for the ministry of finance now that Herr Etzel is retiring on grounds of health, is a Munich lawyer and an administrative force at the Bayreuth chamber of commerce. He has played an active part in the European organisations at Luxembourg and Strasbourg. Herr Starke will be working closely at times with Herr Hans Lenz, who is to be the new minister for federal assets in place of Herr Wilhelmi, a Christian Democrat. Herr Wolfgang Mischnik, 40, a lanky refugee from east Germany, is taking over the ministry of refugees—not wholly to the satisfaction of the refugees' organisations, which would rather see in this job an "expellee" from one of the lost territories than a voluntary fugitive from Saxony.

According to the consensus of opinion among political fanciers, Dr Adenauer's coalition government is likely to be weak. The two parties concerned are not only inordinately suspicious of each other, they are also each impaired internally by conflicting motives and ambitions. The opposition Social Democrats are happily sharpening their knives in expectation of some fun at last. But domestic noises outside the Bundestag are probably troubling the coalition leaders rather more. Several trade unions—among them the million-strong engineering union—are responding to the rising cost of living by threatening not to renew their present wage agreements. The drying up of the stream of east German refugee labour since August 13th puts the unions in a strong position. A severe bout of industrial strife, combined with the unrelenting pressure from the east, could soon put Dr Adenauer's makeshift regime under strain.

Mr Fleming and the Market Monster

FROM OUR OTTAWA CORRESPONDENT

THE squat, earnest figure of Mr Donald Fleming is not of the type you would expect to find at the centre of a cliff-hanging serial of suspense and adventure. Yet his term of office as Canadian minister of finance continues to provide one thrilling instalment after another. In contrast to the summer assault on Mr James Coyne, then governor of the Bank of Canada, which was played with almost as much violence and villainy as a story by Mickey Spillane, the new autumn volume has a parlour setting more appropriate for Lord Peter Wimsey or, say, Miss Silver. The threads are more complex, the weapons more subtle; and the dénouement will turn on a clash of motives which puts this in the class of "psychological thrillers."

Mr Fleming's antagonist this time is not a solitary bank governor fighting out in the open, but the cloaked, anonymous, many-faced monster known throughout the underworld by the dreaded name of "the Market." To be fair to the monster, its ways were peaceable until Mr Fleming himself challenged it to battle in his June budget when he announced his determination to reduce the exchange value of the Canadian dollar by use of his official exchange fund. The blow appeared at first to have had the decisive effect of David's slingshots at Goliath. The Canadian dollar, thoroughly weakened by the fight between Mr Fleming and Mr Coyne (recounted in an earlier volume), dropped by mid-July to a discount of three per cent on the US dollar and stayed there right through September. The market monster appeared to have submitted to Donald Fleming, Canada's intrepid David of finance.

But the monster's meekness turned out a sham. Early in October it struck back. In vain Mr Fleming hurled million after million of dollar pebbles in the face of the speculators who were resolved to buy Canadian dollars. Towards the end of the month he ran out of millions and had to run to the brook for more. In the last week of October the Canadian government borrowed $45 million from the Bank of Canada. During the month Mr Fleming poured $186 million into the exchange fund to buy American dollars, just enough to enable him to hold his own. The discount was kept down to three per cent.

It was the first time Mr Fleming had resorted to the hard weapon of dollar millions instead of the soft weapon of quiet talk; and as dusk fell over the battlefield in the closing days of October he saved the day by returning to psychological warfare. His intelligence staff, busy as always identifying the enemy's forces, told him that the October assault came primarily from Canadians who had been keeping their foreign currency earnings abroad until they were sure they could not get a better price in Canadian dollars. They had concluded, said the intelligence officers of the Bank of Canada, that the lasting three per cent discount was what Mr Fleming wanted and that the exchange rate was henceforward more likely to go up than down. So they rushed in to buy Canadian dollars.

On this advice, in the closing days of the month, Mr Fleming issued at last a clear statement that the market monster was all wrong. The government still wanted the dollar to go down rather than up. The intelligence officers and psychological warriors were quickly vindicated. Mr Fleming's statement had more effect than all his millions, and last week the discount widened by more than a quarter of a point without official intervention.

The first round of the fight went to David. But the result of the next round has still to be seen, and the conditions are bound to be different. Mr Fleming has exposed his heavy dependence on psychological weapons, at the same time as he has revealed the limited supply of pebbles to back them up. When his cash deficit for the year is already known to be at least $1,000 million, he cannot go on hurling nearly $200 million a month against the market monster. His only hope of defeating it is an appeal to its self-interest. This, of course, was always so. Self-interest was what had kept the monster shamming dead throughout August and September. The difference now is that the fact is openly exposed.

The policy of Mr Fleming's June budget depended on two promises: a lower exchange rate and lower interest rates. The first now depends entirely on the second. The spread between Canadian and American rates has already been narrowed enough to stop the Canadian provincial governments from offering new issues in New York, but not enough to stop some foreign buying of Canadian issues. If Mr Fleming can reduce the interest differential, or the exchange rate, or both, enough to discourage any inflow of foreign funds, he will have the market monster prostrate. Theoretically it could be calculated just what spread of interest rates is needed in combination with a given exchange rate. But in practice, no mathematical calculation can subdue the monster; everything depends on his frame of mind. Mr Fleming is out of the Mickey Spillane book. His new thriller is strictly psychological.

Pyramid in the Fog

BY OUR MIDDLE EAST CORRESPONDENT

Having cracked down hard on "reactionary" elements in Egypt, by means of arrests and sequestration of property, President Nasser announced last Saturday a new scheme, pyramidal in size if not in simplicity, for giving his regime a more democratic aspect. A preparatory committee is to present within a month a report on how to convene, through free elections, a national congress of the popular forces. This congress, which is to meet in January, will represent the peasants, workers, industrialists, merchants, free business men and other "popular forces" or, to simplify, social groups. The congress will debate in public a charter of national work, to be introduced by President Nasser himself. The charter will form the basis for the election, later on, of constituent committees of the National Union; these in turn will be the foundation of the general congress of the National Union, which is destined to be the supreme popular authority.

Posterity will doubtless discover what all this is about, for the pertinent questions that now suggest themselves are numberless. Who is to decide which are the true popular forces? Will the election of the representatives of those forces be really free? Will the debate on President Nasser's charter of national work be uninhibited? What will happen if the supreme popular authority clashes with the government? Will it ever be allowed to do so? *The Economist* is not alone in its fog of incomprehension. The political commentator of Cairo radio, in a brave attempt to explain the new plan to the Egyptian people, pithily remarked:

> The public discussions on the level of the whole homeland during the successive election operations which will be held horizontally and vertically should be a main springboard for the development of the popular consciousness which is the basis of any sound democratic organisation by which the people can specify their position and objective as well as the method for the achievement of their objective with all their potentials and might.

While the plan and its execution raise more questions than they answer, President Nasser's motive is clear. He has embarked again on the course of stressing the cleavage between reaction and revolution in the Arab world. His drive against the remnants of the old order in Egypt suggests a fear that they might gain enough popular support to copy their Syrian friends. He has decided against trying conciliation in favour of suppression, and has staked his personal reputation on forcing Egypt, willy-nilly, along the road to state socialism. The same theme recurs in the bitter propaganda campaign directed from Cairo against King Saud, as well as against King Hussein and the "reactionaries" of Syria. It may also underlie President Nasser's decision to withdraw military support from the "feudalists" of Kuwait.

One of the chief aims of the renewed strong emphasis on revolution *versus* reaction is to erect all possible obstacles in the way of a rapprochement between revolutionary Iraq and reactionary Syria, since an association of the two would pose the most serious threat yet to President Nasser's pretension to leadership in the Arab world. It may already be too late. The economic agreements just signed by the governments of Damascus and Baghdad, which provide for drastic lowering of customs barriers and for the free flow of capital and labour between the two countries, suggest that

Chemicals from Stratford
... and Henry Yeoman's aching back

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The Albright & Wilson Group

hey are in a hurry to get together. When Cairo radio accuses the Syrians, Iraqis and Jordanians of discussing with the British and Americans a revival of the Fertile Crescent project, it is doubtless stretching a point or two. But there is at least a flicker of fire behind this particular smoke.

Brass Tacks in Brussels

FROM OUR CORRESPONDENT

AFTER the engagement, the marriage contract. Mr Heath's statement in Paris on October 10th about Britain and the common market undoubtedly made a favourable impression on those who heard it, and the summary released to the press (which appears to have emphasised the positive aspects of the speech) added to the atmosphere of optimism sparked off by the British decision to accept the Rome Treaty without amendment. If the exchanges which began in Brussels this week are likely to be much less starry-eyed, this is largely because in the meantime the community's negotiators have been examining the detailed implications of Mr Heath's suggestions for overcoming the three well-known major difficulties—the Commonwealth, agriculture and the European Free Trade Association.

In Paris Mr Heath had proposed that these problems should be dealt with by means of protocols to the Treaty. This proposal formally respects the insistence of the Six that the Rome Treaty cannot be substantially amended, but its significance is played down in Brussels, for protocols to the Treaty have exactly the same legal force as the articles proper. But they are only intended to cover exceptional cases, often with a time limit. The problems of the Commonwealth might prove too extensive for the Six to count them as mere "exceptions" to the principle of the common external tariff; and it is not clear here whether Great Britain for its part will be willing to make such exceptions temporary. Professor Hallstein made these points on Wednesday.

Mr Heath was apparently not specific about the various types of solution that might be found: he seemed to suggest that some Commonwealth countries might be associated with the enlarged common market as are the former French, Belgian and Italian colonies in Africa. Would such association be limited to African countries, or would it also be expected to cover India and Pakistan? Another solution mooted is that of tariff quotas; but under the Rome Treaty these are intended not so much as regular aid for non-member countries, but as a temporary means of allowing members access to necessary outside supplies. A third possible course would be to extend to Britain the kind of arrangement that at present allows France to continue its imports from Morocco and Tunisia; but this, owing to the differences of scale and kind between the French and British cases, would obviously run into difficulties both of principle and substance.

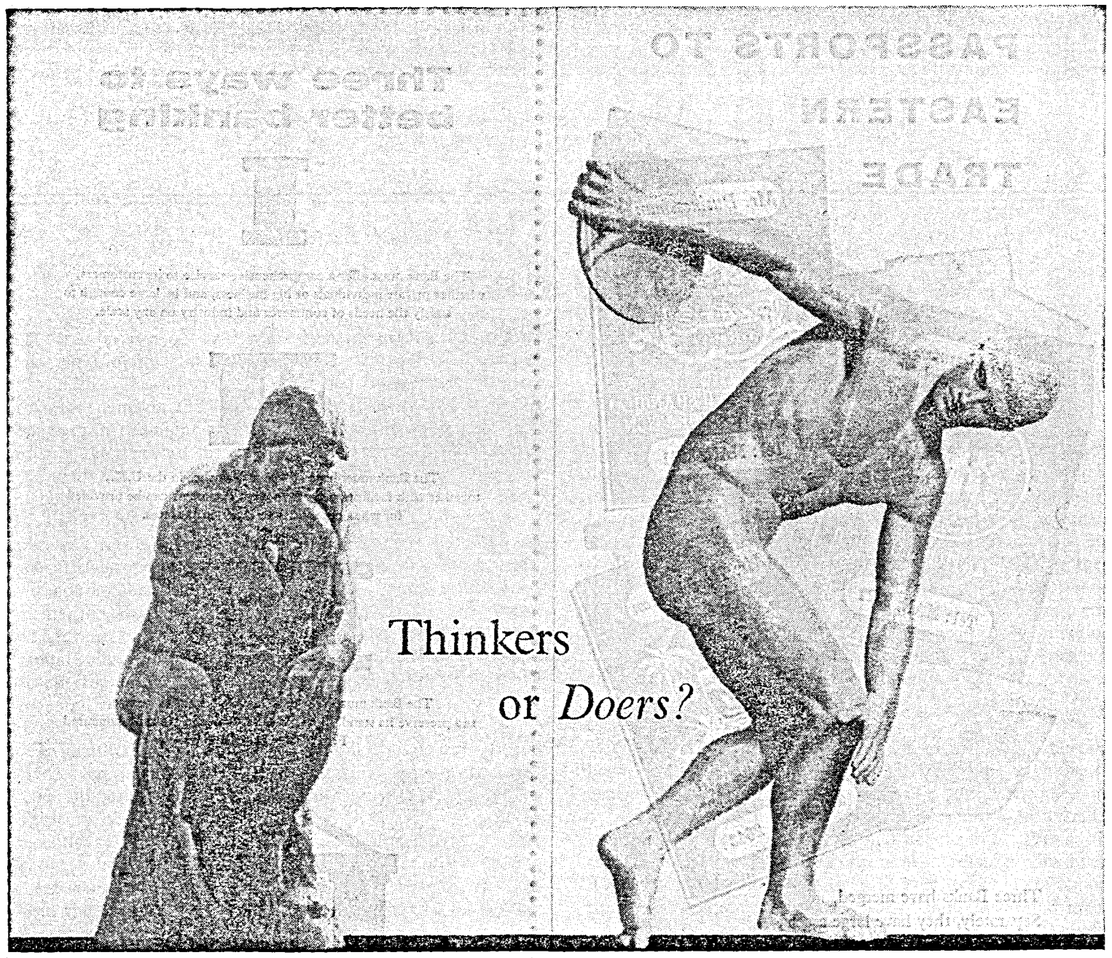
Apart from the trade-deflecting effects of such an arrangement, continued British imports of cheap food might well distort competitive conditions within the common market, and to remedy this it would probably be necessary to establish controls or levies on goods crossing the Channel—exactly the reverse of the common market's aim. A fourth approach would be to lower or abolish the common external tariff applied by the common market. This is already the case for a number of raw material imports which make up a substantial proportion of Britain's imports from the Commonwealth: if the European Commission's proposals to halve the tariff on coffee, cocoa and so on (made as part of its proposed new association agreement with the African states) were accepted, another precedent would be provided for this "global" approach.

Whatever the solutions ultimately agreed upon, it looks as if the Six will insist upon some adaptation of the Commonwealth preference system. All agree upon the importance of preserving the Commonwealth but many of them, as well as their American friends, have yet to be convinced that Commonwealth preferences are essential to this aim. Some believe that a concerted European aid effort might be as valuable to the Commonwealth countries as the preferences they at present enjoy. It seems to be recognised, however, that any adaptation of Commonwealth preference would have to be extremely gradual and that—particularly in the case of New Zealand—very generous arrangements would have to be made. The general principle underlying the community's approach to all the economic problems of its members seems to be one of gradual adaptation to a common policy assisted by community aid; and this principle seems likely to guide the community in seeking to solve the very genuine and complex problems of the Commonwealth.

On agriculture similar uncertainty reigns. Here again Mr Heath's Paris statement apparently did not propose detailed solutions, but indicated general willingness to share in the execution and, especially, the formation of a common agricultural policy. Although the Six have yet to agree on the commission's levy proposals, the process of reaching an understanding, with lobbying from pressure groups and the gradual softening up of opposition is already far advanced; final agreement may be reached at special council meetings later this month or in December, thus permitting the community to embark on stage two of the transition period on January 1, 1962. If this happens, Britain will find itself faced with at least half a fait accompli. This may be why Mr Heath in Paris asked for an agricultural transition period of the same length as that originally provided for in the Rome Treaty—twelve to fifteen years. Community farmers, on the other hand, who are now being asked to accept an eight-year transition, seem to feel that Britain's difficulties in adapting itself to community policy are in substance no greater than their own, particularly Germany's and should not require a longer period of adaptation. Some tough bargaining, therefore, seems likely here.

MR HEATH'S statement seemed to assume that Efta's problems must be solved before Britain joins the common market; and when the Danes presented their case in Brussels recently their foreign minister emphasised the importance of finding solutions for all the member countries. The Six, however, feel that the phrase "legitimate interests," mentioned in the Efta ministers' joint declaration in London on June 28th, is ambiguous; as a French representative recently remarked, one would like to know what the illegitimate interests are. The European Commission has recently been at pains to point out that association—publicly favoured by the three neutral Efta members—is an extremely flexible formula, presumably intending to imply that a full customs union like that with Greece is not necessarily on the cards for those who choose to be neutral of their own free will. Of the rest, Norway must modify its constitution before it can carry out its wish to apply for membership, and Portugal, like God in Browning's poem, has not yet said a word. How far Britain would allow its hands to be tied by these difficulties is a matter for speculation here; in the last resort it could presumably invoke the secession clause of the Efta treaty and opt out after a year's notice but nobody expects this dire situation to be reached.

For many reasons the Six genuinely want the British to join them, yet they are well aware of the dangers of enlarging the community so greatly so soon. They are finding it difficult enough to integrate among themselves; some fear that the fairly watertight union which it is their basic aim to create might turn into a leaky sieve. It is harder now to sense the current of optimism generated in Paris; but as one community official recently remarked "the new spirit shown by Mr Heath may count for more than people realise."



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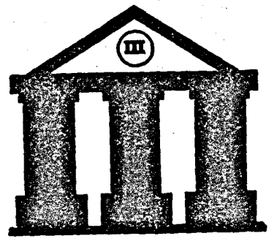
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THE BUSINESS WORLD

Trouble with Capital Gains

If resounding pseudo-moral arguments made good tax law, Mr Lloyd would not be in his present difficulty. It has been fully, if variously, described by a dozen political correspondents in the last ten days. Like the dog that did not bark in the night, the omission from the Queen's Speech of any reference to his proposed measure to tax short-run speculative gains has attracted remarkable attention, and elaborate efforts have since been made to explain it. Most of them have been larded with the predictable pejorative phrases ; the bill, it is asserted, will hit at the most glaring speculative operations and catch the anti-social operator, without discouraging genuine investment. Most of these comments, too, have sought to impart the simple-minded notion, which must be in Mr Lloyd's mind too, that legislation to tax capital gains will encourage trade union and public opinion to accept the wage pause and the rest of the Government's economic prescription. The pause looks like being over before the bill even appears.

Evidently this is proving no simple bill ; but no one who has given even passing consideration to taxing capital gains could have supposed that it would be otherwise. The orthodox Treasury view about capital gains—it was reaffirmed as recently as last April when Mr Lloyd introduced his first budget—has always been that the complications of taxing them would not justify the prospective net return. This has been the attitude about capital gains as a whole, not merely the short-term sort that are now thought to be so objectionable or embarrassing. But Mr Lloyd appears to adhere to the traditional view that long-term capital gains should not be made taxable and so has got himself involved in the insubstantial niceties between short- and long-term, whereas there is no ontological distinction between them. There was merit in Keynes's observation that investment should be made like marriage—indissoluble save for weighty reasons. But there can be no merit in any law that says that capital gains realised within, say, six months are "speculative" and taxable, whereas those realised after six months and a day result from "genuine investment" and should go untaxed.

It seems, indeed, from what the Chancellor said in his budget about capital gains, and from what he has said since, that he is missing a changing tide of opinion about their taxability. Since 1955, when the Royal Commission on the Taxation of Profits and Income came down against a capital gains tax, an increasing body of opinion (and not self-evidently left-wing opinion) has been questioning this immutability of doctrine, and even many of the subtleties of the Royal Commission's arguments in support of it. Today, many more people than then feel a greater response to Mr Kaldor's minority arguments for subjecting capital gains to income tax (not, he said, to surtax) with due allowance for realised losses. More people have been reaching this conclusion because of the readiness (less than it was, but still widely prevalent) with which certain transactions aimed at providing profit and therefore income can be dressed in the appearance of untaxable transactions in capital as distinct from trade. This poodle-faking is, indeed, less easy than it was; the Commissioners of Inland Revenue are much readier than they were to clip the "badge of trade" on to such transactions, whether they are paraded as being of a once-for-all nature or not, and without making fine judgments about their motivation ; and they are prepared to fight their decisions with determination through the courts. The evolving tests of what is taxable, and what is not taxable, as income nowadays bring within the ambit of taxation many gains that would formerly have escaped.

Yet the British tax code still seeks to apply a distinction between a detachable surplus arising from "an adventure or concern in the nature of trade," which is taxable income, and a profit from realising property not committed to a trade, which is an accretion to capital and not taxable. Preserving this distinction involves the drawing of increasingly fine lines. The "badges of trade" change with every widening of opportunity for economic gain. Mr Lloyd himself seemed to be closely on this point when he declared in his budget speech that firms or individuals who made a business of seeking capital gains are liable to full income tax, surtax and profits tax on them ; it was for the commissioners to decide whether a particular case fell on this side of the line, or whether it fell on the side of "genuine investment." At that stage, at any rate, he was endorsing the view that the commissioners could determine, under the existing law, whether "dealing" could be said to exist in a given case, and to act accordingly. And so he rejected "what is called a capital gains tax."

He may now be regretting this display of forthrightness. It is beginning to look as if a reasonably constructed capital gains tax, buttressed by a gifts tax, would serve the country, and the Conservative party, much better than the self-righteous nuisance that is now giving so much trouble to devise. Opportunity, means, and knowledge now confer on an ever-widening section of the community the ability to profit on the Stock Exchange and from transactions in all kinds of property. Nineteen ladies from Wallasey won the investment clubs' championship last year, with four per cent capital appreciation, based, it seems, on timely purchases of Butlins

and Dental Manufacturing; they and the other members of the association were told by Mr Whitelaw, a Conservative whip, that he thought the unions would demand restrictions on company profits as the price of acceptance of the Government's proposals for planning and wages, which sounds like two cheers for a property-owning democracy. The fact is that Throgmorton Street is no longer a top-hat preserve; the distinction between amateur and professional is breaking down here as elsewhere. The butcher and the baker pursue their bit of "tax free" quite as assiduously as the smart City gentlemen chase their bigger game; neither they nor anyone else will want telling to hold for six months and a day if that is the means of escaping tax.

Capital Gains

THE taxability of capital gains cannot be made to rest on any judgment that they are anti-social, and certainly not on any view that short-term gains are immoral, whereas "short-term plus one day" gains are not. The question is solely one of whether they should be treated as income or not. One view, which the British system has hitherto tried to preserve, is to distinguish between the "fruit" and the "tree," taxing the former but leaving the latter untaxed (except for those who deal in "trees"). The other view is to attempt none of this distinction and to roll up capital gains into taxable income, as the American Internal Revenue Code does, in one all-comprehending definition:

> "Gross income" includes gains, profits, and income derived from salaries, wages or compensation for personal service . . . of whatever kind and in whatever form paid, or from professions, vocations, trades, businesses, commerce or sales, or dealings in property, whether real or personal, growing out of the ownership, or use of, or interest in such property, also from interest, rent, dividends, securities, or the transaction of any business carried on for gain or profit, or gains or profits or income derived from any source whatever.

And this definition, the United States Courts decided at the outset, was to include any realised appreciation in the value of any assets, even though not in the course of business.

Since one can argue either way about bringing capital gains into taxable income, it is well to look at the Board of Inland Revenue's own recorded views, set down in a memorandum dated 1952 which was published with the Royal Commission's report. This first clears the hurdle about taxable capacity. There are, it provisionally concluded, some types of (realised) capital gains that are capable of bearing income taxation. But there would be "much public opposition" to the treatment as income of gains occurring on "ordinary changes of investments." Losses should be allowable, but not carried back. And having examined the impact of a highly graduated surtax on irregular gains, even when moderated by some method of averaging, the board was prepared to concede that a flat rate tax on long-term gains, as in the USA, might be preferable, or at any rate some graduation less steep than that of the ordinary income tax and surtax rates.

The pundits have recently been suggesting that Mr Lloyd's bill will tax short-term gains fully for income tax and surtax. Again, the board then saw little distinction on grounds of taxable capacity between short- and long-term gains, though it recognised that any such distinction, which would involve the definition of a holding period, would become of first-class importance, and difficulty, in administration. From these considerations, the board proceeded to outline a possible scheme, to tax realised gains on "any form of property" (other than stock in trade), with "realisation" defined to include dispossession by sale, exchange, compensated loss, gift or death. It allowed modifications for forced or voluntary conversions of property, and thought that owner-occupied property might be excluded, or any gains offset by the additional cost of a new house. It foresaw the need to prevent avoidance by using false values or spurious sales. And the gains would have to be returned on the ordinary tax declaration.

This is the barest summary of the board's outline, which itself was put forward with no illusions about initial complications and inevitable amendments. Much thought was given to the public reactions to a capital gains tax and to the effect on the board's work. It must be brooding over similar points now, even though a short-term capital gains tax would spare it the hideous difficulties of fairly computing "cost of acquisition" and the "spreading" of gains that an equitable tax on long-term gains would involve. "It is feared," the board then declared, "that the most willing co-operation from taxpayers would not be forthcoming. . . . With a tax that must be based largely on returns by taxpayers, the extent to which accurate returns are made will depend on the degree in which the tax is accepted as being levied on a proper subject matter and fairly distributed." A formidable "search for liabilities" would be involved, testing the reliability of returns against available sources of information—such as records of property transfers kept by the Valuation Office of the Inland Revenue, shareholders' returns at Bush House, Estate Duty Office records and "advertisements in the national and local press and in trade journals." The board thought that it might also be necessary to seek powers to obtain returns of transfers from the Stock Exchange, "from local authorities (re cars)," and from auctioneers and retailers in connection with transfers of such valuables as "jewellery, fur coats, antiques, pictures, stamp collections, horses, greyhounds, etc., etc." On the Stock Exchange side, it contemplated the possibility of a yearly volume of 2½ million transactions (probably on the low side even in 1952 and certainly low now) and it admitted defeat from the outset:

> It is not considered feasible to require comprehensive returns from stockbrokers. The sorting, and linking with departmental papers of some 2,500,000 items per annum would be almost impossible and probably uneconomical. It might, however, be necessary to require returns of transactions of over a certain amount, say £1,000, with a similar task of linking, etc.

Yet these horrors of policing would still be relevant to a short-term capital gains tax. It would be an optional tax in the sense that it could be totally avoided by a little waiting—short-term gains as defined for tax purposes would simply not be realised in the great bulk of cases. And the deliberate evader could make it largely optional in the different sense that the poor Inland Revenue would have less than a sporting chance of establishing dishonesty and bringing home the penalty.

Whether such an apparatus is going to be worth while to produce risible revenue and merely to extend the period over which short-term gains are taken is a matter for Mr Lloyd to answer. Among the particular cases that his bill will have to cover are the treatment of provisional documents of title in new issues and dealings in short bonds. It is imperative that these two important areas of the capital market should not

be impeded. Lord Ritchie has made his point about the new issue market under a capital gains tax, but the Stock Exchange will have to be on its guard against damage to any part of its machinery.

Two final points are worth making. Nine years ago, the board concluded its examination in these words:

> Existing stamp duties on transfers already absorb a high proportion of net capital gains. Since these duties were doubled in 1947, they have produced between £35 and £40 million a year, which represents a charge of 21 per cent of average net gains. Stamp duties on securities (which are charged before any gain or loss is made) brought in no less than £60 million in the year 1959-60. Forty-one years ago, a Royal Commission declared: "There are many categories of transactions the profits arising from which seem, to the ordinary mind, eminently suitable for income tax" and it recommended that casual gains arising from a transaction ostensibly seeking profits should be taxed. The argument has gone back and forth ever since, with the Revenue laboriously but only partially extending its grasp over such kinds of income. But it is far behind the modern way of the world. What are those Midas Ladies of Wallasey, who last year put so many investment trust managers to shame, seeking if not eventual profit?

Airports Public and Private

THE shanty town that is at present known officially as London Airport North Side (and unofficially by several less euphonious sobriquets) will not close for good until the midde of next year. But from Monday onwards rather more than half the air passengers leaving this country for distant parts—including all flying with BOAC—will saunter or puff, according to their physique, up and down the gilded ramps and stairways of London Airport's new £1.3 million "long-haul" passenger building. This is being commissioned in sections, with the airlines moving in on the heels of the builders. If at first sight it looks very much like any other new building in any other big international airport, this is because the conflicting needs of passengers who are small and numerous, of aircraft that are vast but relatively few, and of Customs and Immigration departments which are !*XX!!***!, leave architects scope for little more than small variations on the theme of a central booking-in hall, a "comb" of Customs and Immigration desks through which passengers must pass, and a departure lounge in which they sit waiting for their aircraft.

In spite of this superficial similarity, the new London Airport buildings show signs of some re-thinking about ways of getting passengers on and off aeroplanes. Passengers themselves will regret that this does not extend to keeping them under cover from the elements, even though airports in North America have shown that the damp and chilly journey across the tarmac in pouring rain can be avoided with a little ingenuity and some expense. And the biggest international airport in the world might at least have arranged for cars and coaches to disgorge their passengers under cover, instead of expecting them to jump like steerage passengers for the sheltering canopy.

It is inside rather than outside the building that the re-thinking becomes evident. The Ministry of Aviation has turned its back on the complex arrangement of numbered channels that make travellers trail through its short-haul buildings like so many penned sheep. It has also side-stepped —temporarily at least—the pitfalls of so many new continental and North American airports where passengers have to tramp interminable distances for no useful purpose that they, at least, can see. Most significant of all is the built-in flexibility which the passenger cannot see but which allows partitions to be moved and removed, staircases to be added or taken away, and the whole interior of the building chopped about to meet changing traffic requirements. London Airport officials have learnt the hard way that it is impossible to tell whether a building is adequate until the passengers come in. Since the BOAC section alone is planned to handle 2,000 passengers simultaneously arriving and departing within an hour, and the buildings themselves are expected to be adequate to meet all long-haul traffic until 1970 (estimated at 3 million people a year by that date compared with a million last year) this freedom to vary the interior layout by moving a few nuts and bolts may prove important.

If the buildings at the airport are now, or soon will be, adequate to handle air traffic into London for the next decade, the same cannot be said of the access roads leading into them. Long-haul traffic is moving from the North side, where it was next to the main road, to the centre of the airport, which can be approached only by a a single tunnel. There must be misgivings about the capacity of this tunnel. The apparent placidity with which this prospect is viewed by the Ministry of Aviation may be due in no small part to the knowledge that by the time the start-up comes, London Airport will very probably be the responsibility not of the Ministry, but of a new airport authority. The bill to set up this authority is not likely to be presented this session by the time it does become law, the four main international airports for which it will be responsible—Heath Row, Gatwick and Stansted all serving London, and Prestwick serving the North—should together be showing a comfortable working profit. The new authority would take them over as sound going concerns, which many think preferable to starting it off with a subsidy.

IF no change in ownership at these big airports seems likely for a year or two, the same cannot be said of a sizeable group consisting of seven provincial airports which between them have been losing almost as much money as they take in revenue. These can be sold or closed by the Ministry without the need for new legislation. Blackpool Corporation has been negotiating grudgingly with the Ministry for years to buy its local airport, and negotiations are being opened with several other local authorities. The municipalities' marked reluctance to take these unwanted airports off the Ministry's hands lies in the size of the losses they are currently incurring. The Ministry's last accounts to March 31, 1960, show a deficit of £2.3 million on a turnover of £2.9 million; some were earning a bare twentieth of their expenses.

Yet under certain conditions, local provincial airports can be made to pay, or to show losses small enough not to disturb the ratepayers. The second busiest airport in the country after London Airport itself is municipally-owned Southend, which handled as many as 8,000 passengers in a single day and made a gross profit in the last financial year of £96,000 on a turnover of £381,000, and which was still able to put £15,000 to reserves after meeting all charges.

These kind of results are not easy to achieve. Southend's prosperity dates only from the past few years since it became the centre of a high proportion of holiday tours, and its future is closely bound up with the attitude of the Air Transport Licensing Board towards the independent airlines, and especially the smaller ones whose existence depends on this kind of business. Airports can, however, operate on a scale much smaller than that of Southend and still keep expenses within reasonable bounds. The municipal airport at Luton is small by any standards, with an annual turnover around £50,000, yet the average cost to the rates has remained steady at approximately £2,000 a year. The deficit jumped in the last financial year to £6,000 because the airport has started on an expansion programme which involves lengthening the runway, providing new hangars and spending altogether £1½ million.

Luton has faced the dilemma of many a small airport by deciding to risk substantial capital investment in order to attract traffic; that is, in this case to be able to take short-haul aircraft up to Vanguard size. It happens, however, to be strategically placed to the north of London and at a height where it is rarely closed by the kind of bad weather that shuts London Airport. For this reason, KLM has chosen Luton for its main bad weather diversion airport and may thus have set a fashion ; small independent airlines may also make it their base because they cannot afford the high rents charged at Gatwick, which is now the "official" base for independent operators. A solid basis of regular scheduled flying is needed to make any airport pay, and a good deal will be needed to make Luton's far-sighted investment pay off.

This kind of uncertainty also limits expansion at Southend, where the authorities have steadfastly insisted on maintaining it as an airport for short-haul traffic handling aircraft no bigger than a DC6 although British European Airways would have liked to see it develop as the third airport for London. The temptation to grow and to put in facilities and navigation aids which cannot be justified by the extra traffic may be the reason why some municipal and government-owned airports in the provinces lose substantial sums already. Another may be the fact that they do not exploit alternative sources of revenue. Luton rents factory space and is planning for shops ; both Luton and Southend retail fuel to the airlines and the profit to Luton works out at 3¼d a gallon (the Ministry of Aviation might learn something here). Not all airport commandants realise that they must go out and sell their airports to airlines and agents as vigorously as if they were selling car hire or sausages ; not all of them realise the growing importance of air freight, particularly in smoothing out seasonal dips in traffic. Southend is building new freight sheds.

IT is interesting to speculate how much extra traffic might go through these and other privately-owned airports if they dropped the present practice of charging the same landing fees as the Ministry of Aviation does at its vast international airports. There seems to be an underlying fear here that any price-cutting of this kind would lead to retaliation from the ministry, on whose goodwill many municipal airports depend for meteorological services and some help in longer distance traffic control. But there seems no reason why the same charge should be made to land, say, a Viscount, at London Airport with its lavish terminal facilities, at Southend where the facilities are simple, and at Luton where they are cosily small. The standard of efficiency is probably the same in all three cases, but it is obvious that the scale of investment is not. More short-haul traffic might go through these municipal airports, so easing the strain on London, if they trimmed landing charges to their expenses. Perhaps freer pricing may follow the formation of the authority for the international airports.

A Taste of Beer

Lager and "container draught"* have been the fastest growth elements in the brewing business during the last decade. Can this growth be maintained?

TEMPORARILY the headquarters of Harp Lager are at Park Royal, where only one beer, Guinness Extra Stout, is brewed. At this brewery, probably the biggest single item of capital expenditure in recent years has been concerned with the establishment of a container draught line. Guinness is thus backing both of the new growth elements in British beer ; but it intends to spend more energy and money on lager, which it will sell through tied as well as free public houses and off-licenses, than it has on its container draught, which is sold almost exclusively in the free trade. Whitbread is another brewer backing both horses, having scored a remarkable success with its container "Tankard" and having recently signed an agreement with the Dutch lager brewers, Heineken. This agreement may, however, have more significance for Whitbread's overseas developments than for the home trade, where Whitbread houses will be selling Heineken alongside Ind Coope's "Skol" and the Belgian "Stella." Ind Coope, having developed the bottled ale, "Double Diamond," and the canned beer, "Long Life," and wishing to make the fullest use of its centralised bottling store at Burton, is putting the weight of its promotion behind "Skol" and seems less active in promoting fresh orders for its container draught beer, "Red Hand," though it already has quite big contracts in some sectors of the free trade. Watney Mann has taken the other alternative. It was the first British brewer to produce a container beer before the war and now, despite the postwar efforts of Flowers, it has the biggest share of this market. It is actively trying to widen the number of outlets to serve container "Red Barrel." But for lager it relies largely on trading agreements with Ind Coope and United Breweries ; it stocks "Skol" in some of its pubs and "Carling" in others, securing in return an outlet for "Red Barrel."

* Brewers have not agreed on a title for draught beer stored in an airtight metal cask, incorporating, or coupled to, a gas cylinder, and served under pressure at the bar. "Pressurised" is not quite accurate as some of the more usual draught beers are also served under pressure. "Keg" is short and apt, but has the disadvantage to the other brewers of being Flowers' brand name. "Canister" tastes of tin. "Container" is dull and neutral.

Except in the sense that one beer satisfies the thirst as much as any other, bottled lager and container draught are not direct competitors. Container draught is traditional English beer served in another fashion, enjoying the same advantage that bottled beer has of being consistent in taste and quality from pub to pub. Only at the last stage of the brewing process does it require specialised equipment, though the cost of that equipment and of the casks and gas cylinders with which it is distributed is sufficiently high to deter many of the small brewers from trying their hand. Lager, which requires bottom fermentation, a brewing process used generally abroad but not ordinarily in Britain, and time in storage to produce its distinctive qualities, is very different from traditional British brews. It needs its own specialised brewing plants and has a different taste from most British beers. (To this black-and-tan drinking correspondent it tastes of pears.) But to the British brewers, trying to decide where to put the weight of their promotional and development activities, container draught and lager compete for their effort and money. Are these, the trade asks itself, the beers of the future and which will sell most readily in the next decade?

Neither lager nor container draught at the moment accounts for more than three per cent of total beer consumption in this country. But in the last few years their consumption has grown faster than that of any other beers. Between the end of the war and the mid-fifties, annual beer consumption was falling ; it amounted to only about 25 million bulk barrels in 1957 and in 1958. In 1959, reflecting a reduction in duty and a hot summer, it rose to 29 million barrels, but in 1960 slipped back to 27 million bulk barrels. This year it may be of the order of 28 million barrels. Some brewers will be neither surprised nor dismayed if it levels out between 28 million and 30 million barrels per annum over the next decade. Recognising the strong competition for the customers' shillings in an affluent society, they are not basing their plans on a strong growth in total consumption. But what they do count on is some shift in demand between different types of beer. For example, lagers and pasteurised bottled ales may gain at the expense of naturally conditioned bottled beers, and container beers at the expense of traditional cask draught. The expectation is based on something more than hope. In 1950, less than 100,000 barrels of lager, mostly imported from abroad, was drunk ; by 1959, when Ind Coope introduced "Skol," total lager consumption was of the order of 500,000 barrels ; in 1960, it was in the region of 550,000 barrels and this year guesses put it at 600,000-700,000 barrels and possibly slightly more. Lager is predominantly drunk in the summer, and largely by younger people. From an equally small start, made somewhat later in the decade, the consumption of container draught this year will probably be not much less than 500,000 barrels. Here, "Red Barrel" appears to have over a third of the trade ; its sales seem to be about twice those of Flowers' "Keg" and three times as much as Whitbread's "Tankard." Like lager, this is largely a saloon and lounge bar trade ; but it has none of lager's off-licence sales.

So far, the well-known imported lagers, including Carlsberg and Tuborg, appear to have held on to their volume of sales in Britain, but that hold is now being strongly assailed by the British brewers who are better placed to tie up outlets and able, because foreign lager has to vault over an extra £1 of duty per barrel, to offer a slightly higher gravity lager. The British brewers may also find it easier to get into the supermarket trade for canned beer, which may develop as a result of the new licensing law, and, if the demand is established, to offer draught lager. Their efforts are aided by the British idiosyncrasy, invented it has been said by an American GI, of drinking lager and lime. "Two per cent of 'em drink lager," one publican grumbled recently, "the rest add lime." And once the lime is in, any distinction of taste between brands is out. No brewer, therefore, cares for this drinking habit ; but for the moment he has to live with it. "Harp" will now add to "Skol" and "Carling" expenditure on promoting British lager ; their combined efforts may well have the effect of cutting down the imported lagers' share of the market. At the moment this amounts to about a quarter, slightly more than "Carling's" and slightly less than "Skol's."

IT is from the base of tied outlets that the British brewers, by spending heavily on promotion and by encouraging their publicans to press the sale of their own national brews, hope to keep any further growth in lager consumption to themselves. "Harp," for instance, must be aiming at a market share as big as "Skol's" ; it is being brewed at Dundalk (100 per cent Guinness), at Royal Moss Side in Manchester (50 per cent Guinness, 50 per cent Scottish and Newcastle) and at Park Street in London (45 per cent Guinness, 45 per cent Courage Barclay and Simonds, 10 per cent Mitchells and Butlers). The three latter companies will have the same interests in the £2½ million brewery being built at Alton ; lager brewing at Park Street will stop when Alton, which should have no difficulty in brewing 150,000 barrels a year, comes into production in 1963. At this point, no doubt, Guinness and its partners hope that the initial losses on promotion will be past and that their lager operation will begin to show a profit. By now "Skol" should have passed the break-even point, though the profit it is making must still be very small. But the British brewers' expectations of a really profitable return on their investment depends upon their ability to gain sales at the expense of the imported lagers and upon a further growth in consumption. With container draughts, their task is easier: this operation is already profitable and, as the mark-ups to the big breweries and to their publicans on them are comparable with those on bottled beers, they will not be unduly perturbed if sales from containers rise at the expense of cask draught.

In both container draught and lager, the customers appear at the moment prepared to pay prices comparable with those of top-quality bottled ales. But the brewers themselves appear to be wondering if the prices are just a little too high: to secure a further increase in consumption they will want to hold prices down or possibly to reduce them. To justify the efforts they have put into both developments, consumption of both these kinds of beer will need at least to double within the next decade. In neither case do the brewers believe this to be too sanguine a hope. Where they differ is on respective rates of growth of container draught and lager and whether either will do better than double its sales. One group feels that as lager is predominantly a summer drink, the installation of cooled cellars and cooling shelves for traditional beers will

check its growth; but that as container draught offers a consistent quality comparable with that of bottled beers it will inevitably grow at the expense of cask draught—and probably faster than lager. Others argue that an all-out effort to improve cellarage in the pubs and to impose tighter control on the quality of draught beer at the point of sale would nullify the advantages claimed for container draught, and if applied radically enough could check its growth.

This is a matter of choice between differing forms of capital expenditure, and each brewer comes up with a slightly different answer. Some of the choices and many of the guesses will, in the event, be found to be wrong, for the brewers are, at glass-bottom, trying to discern intangible changes in fashion and taste. But it would seem safe to say that in the next decade, though the traditional beers will still form the bulk of the trade, more lager and more container draught will be drunk. The prediction that container draught will grow faster and reap a bigger profit than lager is far less firm but it still may be ventured. Whatever happens the effort already devoted to these developments suggests that the regional and national brewers will continue to grow at the expense of the smaller concerns; that more brands of beer will be sold in any one public house; and that the structure of this industry, increasingly dominated by mergers and trading agreements, will set more rigidly into the pattern of "inner sixes" and "outer sevens" of breweries.

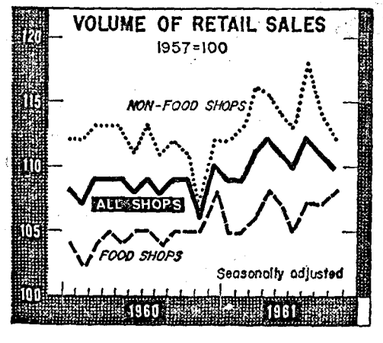
BUSINESS NOTES

CONSUMER SPENDING

Curbing What?

DESPITE the Board of Trade's assurance that it was unlikely to revise downwards its preliminary estimate of retail trade in September, this is just what it has done. The final estimate of seasonally adjusted sales (1957 = 100) is 116 compared with 117 in each of the two previous months. Taking the price element out of these calculations for the first time, by revaluation at constant 1957 prices, a new series (shown in the chart) suggests that the volume of retail business slipped a point in August and again in September, bringing it back to the rather depressed June level.

People were buying more food in September than in June; more clothing, too, although less than in August. The slackening in buying was entirely in the durable goods shops, where turnover was lower than in any other month this year. Compared with September, 1960, however, durable goods shops were doing just about the same amount of business and it was the clothing trade which was depressed. To a smaller extent, food shops have also been experiencing see-saws in trade, although the underlying trend here seems doggedly upwards and it was a growth of 3 per cent in food buying which entirely accounted for the 1 per cent rise in the total volume of spending in the shops between September, 1960, and September, 1961.



Credit sales of household goods shops have followed much the same course in recent months as the total business of these shops. After a rise which was less than is usual seasonally, these credit sales in September were only 3 per cent higher in value than a year before, the same as the margin in total sales. Outside ordinary retail trade, credit business in cars has been considerably reduced, and total instalment debt in September fell by £12 million. Figures collected by Hire Purchase Information show that hire purchase sales of new cars were still falling in October when they numbered only some 9,200 compared with 10,200 in September and 20,000 in July. October was the second month in which contracts were fewer than last year for new cars and the third month in which this was true for used cars; although credit sales of the latter recovered a little in October, rising from 44,600 to 47,400, they were still 7,000 short of the October, 1960, figure.

The credit squeeze has had its effect. But where was the buoyancy in spending that the Chancellor set out to curb? After having been falling slightly for six months the volume of total consumer spending, after allowing for seasonal factors, rose by just over 2 per cent between the final quarter of last year and the first quarter of this year, and then further by just under 1 per cent in the second quarter. By then people had 8 per cent more money than a year before but had stepped up their spending by only 3 per cent. As a consequence, the rate of saving was exceptionally high in the months just before the Chancellor announced his economic measures: indeed, if the statistics are to be believed, it was running at a record level.

MONEY MARKET

Accepting Six Per Cent?

TALK about the next cut in Bank rate has been heard rather less in the City this week than it was immediately after the reduction to 6 per cent last Thursday. The discount houses reduced the Treasury bill rate by nearly ⅛ per cent at the following day's tender, and at just under 5 17/16 per cent the rate is already on the low side in relation to 6 per cent Bank rate—though the margin is by no means excessive. The Bank of England was quick to apply the brake and, as in each of the previous weeks except that of the Bank rate reduction itself, it forced the discount market to take loans at Bank rate one day after the other. The discount houses this week have been paying up to 5½ per cent for overnight money, and while the average cost of their money is probably a shade below 5 per cent, this means that, at the margin, they are financing bills at a loss. This could still make sense at a time when Bank rate and money costs were shortly expected to fall; but now that the much expected reduction to 6 per cent has come, the penalties exacted by the Bank may not be ineffective. This modest inculcation of caution has also made its mark elsewhere in the City. The gilt-edged market lost some of its sparkle early this week, though the buyers returned on Wednesday. In the local authority money market lenders have successfully resisted a sharp fall in rates, and seven-day money, after falling from 6½ to 6¼ per cent, hardened a shade. Isolated withdrawals of foreign deposits have been reported, but these have been accompanied by a continuing inflow of money on three and six months' term.

STOCK MARKETS

To and Fro

HAVING caused no more than a ripple in the stock markets before the weekend, the reduction in Bank rate was little more than a memory this week. Both the gilt-edged and industrial markets swung first one way and then another. The volume of business remained small and at first the nervous uncertainties that have characterised the equity market for several months were again evident in a slight fall in prices. Dealers found nothing new to say about this mood, except to point vaguely to the possible effects of a capital gains tax. On Wednesday however the market drew encouragement from the Chancellor's forecast that "strong expansionary forces" would be at work again at the beginning of next year. This, together possibly with the brighter tone on Wall Street, sent prices moving up again, with the net result that over the week to Wednesday's close *The Economist* indicator was slightly higher at 356.4. On Wednesday, moreover, some institutions and some trustees were prepared to buy selected stocks in small quantities and this was, for instance, reflected in quite a sharp rise in Dunlop. Prices continued to go ahead on Thursday, when the *Financial Times* rose by 3.5 points to 298.4.

At the beginning of the week, gilt-edged prices fell back a little. This appeared to be no more than a natural reaction to the sustained rise in recent weeks, prompted by the tight conditions prevailing in Lombard Street and the further realisation that the authorities are not afraid to take advantage of the healthier tone in the gilt-edged market to bring new issues forward. The slight easing in prices was reflected in the modest premium at which dealings began in the 6½ per cent stock offered at 99 by the Bootle Corporation. At 3/16 premium, the opening price was smaller than had been expected, but when gilt-edged prices moved up again on Wednesday, partly in response to the Chancellor's statement, the premium rapidly improved to 15/32. This recovery brightened the prospect for the £10 million issue by the Agricultural Mortgage Corporation of a 6½ per cent stock, 1975-77, at 99½. Comparison with the price of the LCC and Bootle stocks shows that while the authorities have taken account of the rise in gilt-edged prices they are not forcing the pace. The dates and the yields—£6 11s. per cent to redemption and £6 10s. 8d. per cent flat—have an obvious appeal to institutional funds; but the market has noticed that £26 million in new local and public authority issues has been offered within the space of three or four weeks, and if another offer followed immediately on the heels of the establishment of a premium on the new "Farmers" loan the market might again be restrained.

THE EXCHANGES

Germany Reappraised

BUSINESS in the exchange market became notably quieter after the Bank rate cut. The firm undertone in sterling persisted, and on Tuesday afternoon the rate again began to rise, and the authorities are believed to have taken in dollars then and on Wednesday. The margin on covered arbitrage in favour of London over New York has declined, from about ⅝ to ¼ per cent on the Treasury bill comparison. At the same time as the bill rate has fallen in London it has risen in New York in line with official tactics there. At 2.35 per cent the bill rate there is still a clear three points below London, which is sufficient to attract some investors to transfer funds. But for the more cautious, the forward premium on three months' dollars now almost offsets the interest margin: it was reduced to 2-1⅞ cents by anticipatory purchases of forward sterling before the Bank rate reduction (which some operators thought would be by a full one per cent) and has barely fallen further since.

The most striking currency news of the week has been the acceleration of the fall in the reserves of the German Bundesbank, to 441 million marks ($110 million) in the last week of October. This brings the total loss last month to about 1 billion marks and the loss since July to over 3 billion marks—of which about one-third is accounted for by German credits to the International Monetary Fund. There is still plenty left in the German kitty—some $6.8 billion, or about double the London reserves with a fraction of the liabilities.

The Bundesbank is reported to have made further supporting sales of dollars this week. The weakness of the mark is largely a result of a political reappraisal. While many observers feel that the immediate Berlin crisis has eased, they have been deeply concerned about the machinations in Bonn during the past few weeks; and this, combined with the uncertainties for the future that the Berlin crisis has posed, has persuaded a number of operators that Germany is not as safe a home for their funds as it appeared before the summer.

THE DOLLAR

Gold Guarantees?

A New York correspondent cables:

THE three months credit of $46 million in Swiss francs that the United States Treasury has arranged with the Swiss National Bank is another step in the Treasury's short run defensive efforts to build up an active stabilisation fund for the dollar. Last spring the Treasury acquired D-marks for this purpose from the proceeds of Germany's prepayment of debt; more currencies could be added to the fund later. The official currency fund is of course a limited tactical weapon, but the Treasury believes that the knowledge that it exists should help to dampen currency speculation, particularly in the near term which will show a worsening deficit in the balance of payments. Official preliminary estimates are that the net deficit ran at annual rate of $3 billion during the third quarter compared to the rate of $1.7 billion in the first half of the year. These figures could touch off new doubts about the administration's ability to control the deficit.

In addition to the Swiss franc borrowing, the Treasury has been engaged in strenuous efforts to gain European fiscal and central bank co-operation over the short term should a crisis of confidence occur. It seems that the United States has been promised help at least on a temporary basis to keep the price of gold in London stable with no immediate diminution in the United States gold stock. This presumably involves gold guarantees to countries that are not converting their dollar balances. Britain and other traditional gold holders now appear to have agreed on a new policy to refrain, to a limited degree, from building up gold reserves during the present period of potential strain. The US Treasury sees this as an example of the new measure of co-operation by Europe, contrasting with Britain's 1956 drawing on IMF, which went partially into gold, and also with foreign central banks' action last year in building up their gold reserves during the period of strain on the dollar. The Treasury emphasises, however, that central banks are still free to buy gold if they wish. In the regular meetings of central bankers in Basle and of OECD in Paris the United States is stressing that steps are being taken to correct deficits in both the domestic budget and the balance of payments.

MOTOR PROFITS

BMC Holds the Line

THE fall of 51½ per cent from £32 million to £15½ million in the trading profits of British Motor Corporation in the year to July 31st was no worse than had been expected, and on the maintained dividend of 20 per cent the 5s. shares were marked up by 3d. to 14s. 1½d., to yield 7 per cent. It seems possible that in three months of that financial year BMC was making losses and in another three was doing little more than to break even. A fall of 10 per cent in the output of vehicles to 601,000 would not usually produce such a sharp fall in profits; but the cut in production was concentrated in a few months when the factories were simply ticking over but all the workers were kept on the payroll. Such an action could only be justified on the expectation of a rapid recovery in sales; this, indeed, occurred in the spring. The increasing proportion of sales that baby cars and light vans now form will have reduced the value of turnover more sharply than its volume.

The decision to leave the dividend unchanged, even though it is barely covered, suggests that more optimistic views of the future are now being taken at Longbridge. Production schedules have been set at 15,000 vehicles a week until the end of January though recent changes in models have kept production below this level in the last few weeks. But production at this rate must involve a good deal of stockbuilding, though this is usual in the winter months

and after the introduction of new models. BMC appears to have raised its share of domestic sales, from about 40 per cent to about 45 per cent, in the last three months, but this build-up in stocks could be a source of trouble if sales fail to rise by January. Dealers might then refrain from ordering more cars until their own stocks had been reduced. This would place BMC in the same predicament as it was in the autumn of 1960; but any dip in sales is likely to be less than it was then.

The choice of Mr George Harriman to succeed Sir Leonard Lord as chairman was expected. He had been groomed for many years by Sir Leonard as his successor. The direction of BMC thus remains in the hands of a production engineer at a time when the company has to face the problems of starting up the new factories that constitute its expansion programme. But he is taking over a company with a very different image from that of the combine Sir Leonard formed: one which now recognises the importance of the design engineer, and one which has pioneered technical innovations.

OIL

Enter ENI

HERALDED by scare stories and a Parliamentary question suggesting that it had made yet another frightening deal with the Russians, the Italian state gas and oil concern ENI finally appeared in the British gasoline market this week—saying that it hoped to begin marketing oil products here in 1962 provided it can build a terminal by then at one of several sites which it is considering. Mr Charles Forte, who is announced as chairman of AGIP Great Britain, the British company that ENI established some months ago, with Signor Enrico Mattei, ENI's dynamic boss, as deputy chairman, said the group now has 70 sites for the building of service stations. But he added that it will not compete in price with the major brands, and will sell on "quality and service." Mr Forte added that the products brought in for AGIP stations would not be refined from Russian crude; and that later, when ENI hopes to build a refinery here it would refine crude from oilfields where the group itself is producing oil. He added that ENI would like to get the same share of the British market as Shell Mex and BP have of the Italian—"perhaps 25 per cent."

The appearance of ENI on the British market has come when filling stations offering cut-price petrol are becoming an increasingly familiar sight on British roadsides. If one includes the French company, Total, which does sell its petrol at the regular price, some two per cent of retail petrol sales now go under unfamiliar names. Jet, the pioneer of cut-price petrol sales, now claims 400 filling stations—more than one per cent of

Methane Wins its Way

NEITHER the Gas Council nor Conch International Methane are even now prepared to state the price at which liquefied natural gas will be landed in Britain under the scheme that finally received ministerial approval last week to import 700,000 tons of it a year, or 354 million therms, for use in Britain's town gas system. With the rather complicated company structure to be employed in the shipping operation, it could even be that no c.i.f. price as such appears in their contracts; even the estimate of landed cost which the chairman of the Gas Council gave in confidence to the Select Committee on Estimates earlier this year included a provision for contingencies and a small element of profit for the Gas Council itself. However, keeping mum about the price has served the partners in methane extremely well in their recent months of political catch-as-catch-can with the National Coal Board and of competition with other potential suppliers of imported hydrocarbons for British gas supply: the other side have never known quite what price they had to underquote. And if some of their rivals' guesses that the landed cost estimate for methane will in fact be about 5.75d. a therm, these partners remain wise not to disclose it publicly; offers of naphtha and even propane have been made for significantly less than that.

Quite a cluster of companies will be involved in importing this natural gas. First, it is produced at the Hassi R'Mel gasfields in Algeria by *CFP Algerie*, and moved 300 miles by pipeline to a liquefaction plant at Arzew which will be built by CAMEL, a company jointly owned by this company, S.N.Repal which is another semi-nationalised French petroleum firm operating in Algeria, and Conch (of which Royal Dutch/Shell owns 40 per cent). The two specialised tankers that will carry it liquid to Canvey Island will be built by Vickers and Harland & Wolff, one for Conch and one for a British shipowner. They will be let on bareboat charter to British Methane Ltd., which is owned half by the Gas Council and half by Conch. Then British Methane Ltd. will have the ships actually operated by a company experienced in coal and oil shipping, which will be paid a management fee.

SOME complication of ownership indeed will ensue in the handling of the gas after it is pumped out of the tanker. The tanker terminal and special refrigerated tank farm for this liquid gas (at minus 258 degrees Fahrenheit), Sir Henry Jones said last week, will be owned by the Gas Council. He said that the Council would also own the gas as pumped through the 18-inch pipeline running up to the Midlands, and would sell it to area gas boards as methane into gasworks. The area gas boards would then convert it for use as British town gas in one way or another. An official Gas Council statement said that each area board "would be responsible" for that part of this new 18-inch main running through its own area, and Sir Henry said that each board would in fact own its relevant section of the line. Presumably, in that case, the Gas Council will pay these owners for using the line, offsetting these charges against the final price it charges the area boards that will take the gas. But in any case the gas boards will get the methane for 7½d. a therm. Degrading it to British town gas (of half the calorific value in terms of volume) will bring this up to 8½d. a therm ex gasworks (before distribution through the mains) against about a shilling a therm from carbonisation plant.

The Minister of Power's announcement last week marked defeat for Lord Robens in his efforts to delay a decision on methane until cost figures for large scale Lurgi generation of gas were available from the joint study that the Gas Council and the National Board agreed to make early this year. His statement last weekend that this study could give results in three months sounded rather optimistic. The gas and coal negotiators have not yet even finally agreed all details of the specification to be given to the contractors whom they have commissioned to do design studies for them; one had hardly have expected a report before well into next summer.

Sir Henry Jones, last week, continued to insist there was no conflict between the methane deal and the Lurgi proposals. This, again, may be too polite. Technically, one can mix rich, cheap methane with lean, and more expensive Lurgi gas to make British town gas: whether this is the most economic thing to do with rich imported hydrocarbons, though, is another matter. From the outside it still looks as if the methane deal, with a pipeline that could eventually deliver much more methane right up to the Midlands than is proposed initially, will probably preclude further development of Lurgi gasification. Coal appears to have been quite outmanœuvred in this battle; mainly perhaps because Sir James Bowman never took any interest in the Lurgi process, considering that gasification was not coal's business; so that by the time Lord Robens did take a real interest the methane project was too far advanced and the Lurgi enthusiasts lacked firm and incontrovertible figures.

707th Heaven



FAMILY IN FLIGHT . . . You're coming with Mummy and me to visit your Granny, Daddy said. In a great big Rolls-Royce 707. So I told my school-friends. I'm going to fly Air-India (stuck-up thing! said one). I shall sit on a seat of purest gossamer, with millions of jewels all round me (you're ugly! said another) and be served with big helpings of jelly on gold plates (piggy! said another). And I shall be escorted on and off the plane like the queen of all the world. And my luggage will be carried by handsome princes (big head! shouted my best friend). I don't care. I shall fly like this to

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THE KETTLE AND THE MONEY-BOX

an economic fable

ONCE UPON A TIME a kettle and a money-box lived together on the mantelshelf of a farm-house kitchen. The kettle led a busy life. He was always being taken down from his place and set on the hob to boil up water for tea or for scrubbing. In fact, he started to feel he never got a moment's rest. So he began, as a way of relieving his feelings, to jeer at the money-box.

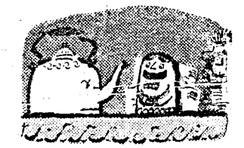
"You," said the kettle, "are nothing but an idle good-for-nothing. There you sit, with a silly smile on your face, swallowing up the money the farmer's



wife brings you. I can't see why she does it. You ought to get an honest job."—"I already do an honest job," said the money-box, as gently as he could. "Well, you tell me how," jeered the kettle. "As far as I can see, you're just something more to be dusted."

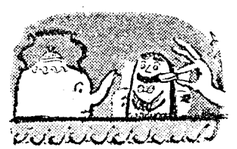
"Tell me," said the money-box, "do you remember the time when the farmer's wife left you on too long, and you boiled bone-dry and had a hole burnt in you?"—"Do I not?" said the kettle feelingly. "But I didn't see you hopping off that shelf to bring help."—"How do you think you got yourself mended then?" asked the money-box. "They sent me off to the tinker," said the kettle. "And that cost money, I imagine?" said the money-box. "Of course it did."—"And where do you think the money came from?"—"I didn't ask," said the kettle a bit huffily. "Well, it came out of me," said the money-box triumphantly. "That's one of the things I'm for. I make sure there's always money to spare when things go wrong."

"I can't see that getting one poor old kettle out of a bad spot is much to boast of," said the kettle. "It isn't—but think of all the other things I help with on the farm."—"You're just used for things for the house," said the kettle rudely. "You don't keep your eyes



open," said the money-box. "A lot more goes into me than is needed for mending you. The money doesn't just lie there either. I'm emptied every week. And then the money's used for buying all sorts of things that make the farm yield more. The farmer's new plough this spring came out of me."

"What an altruist!" sneered the kettle. "Well, if doing an important job properly—helping you, and the farmer's wife, and the farmer himself, is altruism, I suppose I am," the money-box agreed placidly. "But after all, saving's what I'm for—and I reckon I earn my keep if I'm left to get on with it. Just as you do, and all those saucepans and frying pans with you."



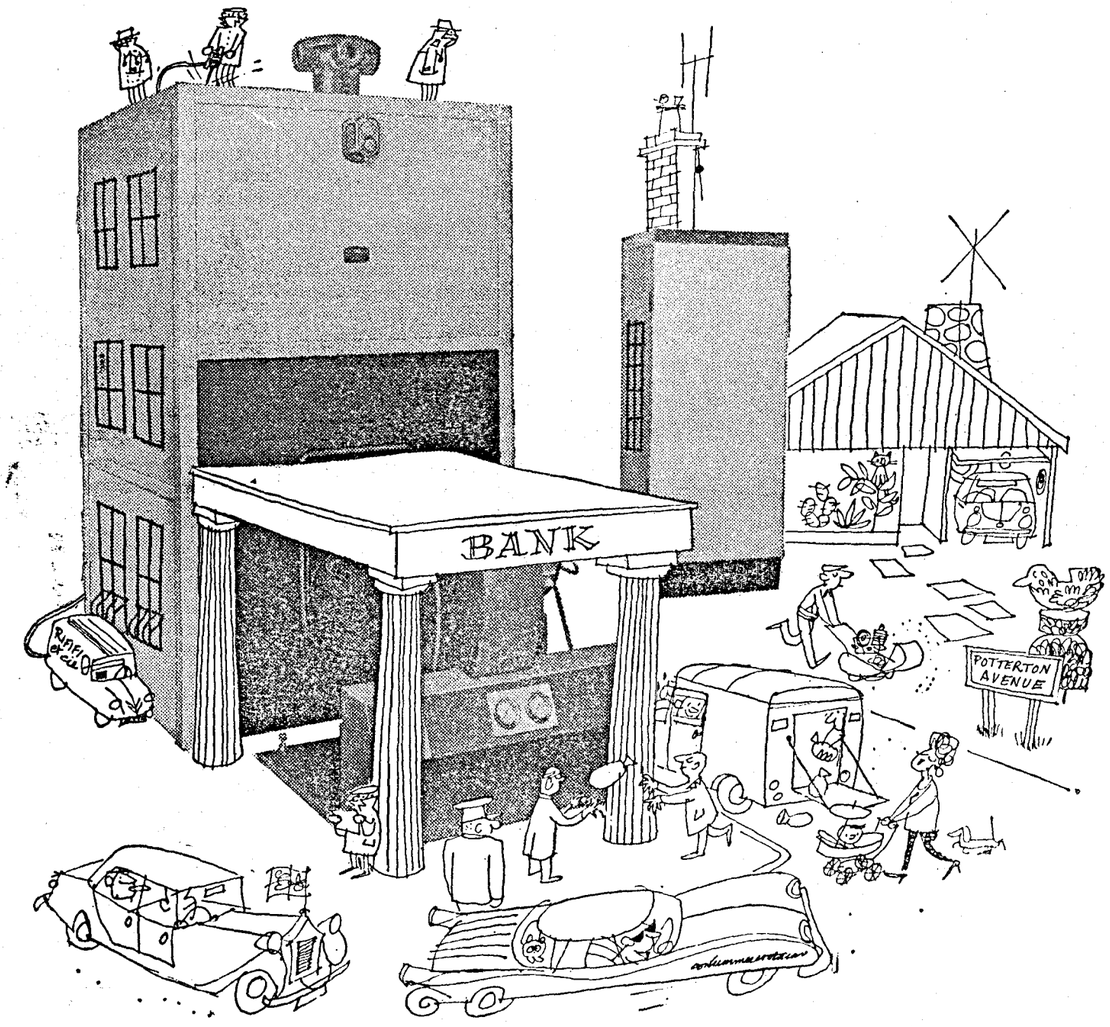
Then the farmer's wife came hurrying in and popped another penny in his mouth.

MORAL:

The best way of knowing a job is to do it for a living.

* * * * *

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the total. It differs from the other companies selling cheaper petrol in that it imports its supplies itself; this was always its practice, even before it was bought by the American company, Continental Oil. Total also imports its own petrol, but the other cheap brands such as Octane and VIP are supplied by various established importers.

Now that ENI has arrived, just behind the American Murphy Corporation, the effect on the majors may become more noticeable. But they still control something like 97 per cent of the filling stations through dealing contracts or in some cases ownership; they are not likely to notice it much until their retailers' existing contracts expire. Station operators may well benefit more from this competition than the final motoring customer: petrol stations are one of the scarcest commodities in the oil industry today.

PLASTICS

Down with Dumpers?

The application for an anti-dumping duty on imports of American polythene that Imperial Chemical Industries has put in motion, and which Monsanto has decided to support, canalises the resentment that the British industry feels at being less protected than its rivals. The British duty on plastics is 10 per cent, while the United States charges roughly 42 per cent on polythene. So British producers complain that it is difficult for them to retaliate in the usual manner by dumping back in the American market, whereas one British producer of synthetic rubber is said to have scotched an attempt to sell Italian SBR cheaply in Britain by dumping a consignment there last summer. Dumping is in effect the normal practice of the plastics industry; its cost structure is so top-heavy that it pays to sell its marginal production at anything more than its direct cost. The complaint against the Americans seems to be that it is in some way immoral to do this in another producer's home market—or that they are selling at prices that do not even cover their direct costs. Italian companies are said to be selling polythene in Britain at 1s. a lb, which certainly seems unlikely to do so.

The timing of ICI's move, after it has brought the price of polythene down from 2s. 2d. to 1s. 6d. in a year to match the falling American price, can best be explained by a feeling that its back is against the wall. If the price goes lower, its profits are likely to become marginal. And the continuation of cut-price exports by the United States, despite the recovery of demand in its home market, has been a reminder that this situation is likely to last. The decision of the French customs to impose an anti-dumping duty of about 5½d. a lb on polythene being imported by Spencer Chemicals of Texas may have sparked off the decision, by raising the fear that this polythene which had been going to France would start coming here.

The plastics industry has managed to grow fast despite its unprotected state. Now that it has survived its infancy, does it need or deserve protection to let it return to the comfortably fat profit margins of its youth? The industry likes to believe that high prices can speed growth by allowing it to do more research on new applications, and argues that it may have to cut expenditure if its margins do not improve. Establishments such as the new technical service and development laboratory that Shell recently opened are an expensive overhead; this one cost £400,000. But an economist may be excused if he wonders whether lower prices are not the most effective means of expanding the markets for materials that have to win new uses by replacing old ones.

DECIMAL COINAGE

En Principe?

Last spring the Chancellor of the Exchequer parried the growing pressure for introduction of decimal coinage by promising a considered statement by the end of the year. Now that this is approaching some commentators have concluded that the go-ahead will then be given. Unfortunately this is far from certain. It is true that Government spokesmen in the House of Lords indicated early this year that the great majority of representations received by the Government by then favoured a change. It is known, too, that the Chancellor discussed the matter with his counterparts from Australia and New Zealand at the otherwise unhappy finance ministers' conference at Accra. But there was no firm suggestion that the three countries should make the change simultaneously. Indeed, Mr Lake of New Zealand has declared that he would not recommend his government to make the switch while the overseas exchange position remains as it is. The British Government would presumably have rather greater difficulty in invoking its external difficulties as a reason for delay: most of the estimated cost of £100 million plus for conversion of accounting machines would be spent inside Britain.

Even this domestic cost, however, may make ministers flinch at present—it will certainly disturb Mr Brooke. There are indications that the most than can be expected is for Mr Lloyd to announce that the Government accepts decimal coinage in principle—but that it cannot be expected to make a start at this difficult time. This would be a clear misjudgment. It was Gladstone who said that the weight of evidence in favour of decimal coinage was irresistible. Today decimal money is by no means irrelevant to Britain's external task. It would have a much needed psychological effect on the British public, and it would remove a hindrance from British exporters. Finally, and not least, the international position of sterling itself provides the strongest and most urgent reason for reform: it cannot be assumed that the world will continue to put shillings and pence through its decimal-geared accounting machines for ever.

ATOMIC SHIPPING

Thumbs Down

The Minister of Transport was right to have turned down plans for subsidising the construction of a nuclear powered merchant ship, right to throw the ball back to the Atomic Energy Authority for further research, but culpably wrong in the way that he handled the whole affair. Why, in the first place, did Mr. Marples ever invite tenders from industry for a nuclear tanker when the full weight of the AEA's technical advice was against the project? Why, having received tenders from five separate groups (which have spent, individually, as much as £80,000 in preparing the tenders and a good deal more in preliminary research), did he wait ten months before throwing them out? The scrutinising committee of experts reported to him as long ago as February but the Government's decision to reject the tenders was made known only last Wednesday although industry had long realised which way the penny would drop.

The arguments against building a nuclear ship at the present time are simple; none of the reactors that can at present be built are efficient in sizes small enough to fit inside a ship's hull. The running cost of a nuclear-powered tanker might not have been significantly different from the running costs of an oil-burning one, but the capital cost would have been close to £12 million for a 65,000 ton vessel which is perhaps three times the cost of a conventional tanker of the same size. There might still have been some justification for building a nuclear-powered tanker even at this cost if, like Calder Hall, it would have served as the prototype for later, more efficient versions. But although industry argues that this is, indeed, what would have happened, the Atomic Energy Authority has repeatedly argued that nuclear ships of the future will be driven by reactors radically different from any now available. Belatedly, the Government has accepted this advice and told the AEA to go ahead with research into new breeds designed from the outset to be competitive in small sizes. Although industry submitted tenders knowing that the tanker might not be built, this is one case where the Government might consider paying some compensation for wasted work or at least, like Cunard, of compensating the tenderer who might have been successful had the ship been built.

STEEL

Down Again

Steel production in October was at the rate of 382,200 tons a week, which was 4½ per cent lower than in September and 23

per cent below the peak levels of output last year. But the Iron and Steel Board thinks that the actual drop in output between September and October was entirely due to the strike at the Steel Company of Wales; and though in the third quarter of the year, consumers' stocks of steel appear to have fallen more than in the second, some steelmakers feel this rate of stock reduction cannot continue.

The uncertainty here, perhaps, lies in the rate of actual consumption of steel—which appears to have been no better than level since the beginning of the year. Motor output is probably holding up better than the industry's steel suppliers would have expected; but demand from the capital goods industries, except for the construction industries, may now be not quite as strong.

STAINLESS STEEL

Finding Its Place

THE 1950s saw stainless steel begin to find large-scale uses, 40 years after its discovery. By 1960 production had reached 220,000 tons a year, treble that of 1950; the industry estimates that it will grow little this year, but reach 280,000 tons by 1963. With this growth record and hopes, it is not surprising that Firth-Vickers should be planning to spend £4,375,000 over the next three or four years to modernise its plant for making sheet and wide strip. The company claims that it accounts for 40 per cent of British stainless steel output, so the expansion in demand should have been profitable for its joint owners—the English Steel Corporation and Thomas Firth and John Brown.

The growing use of stainless steel seems to have been spread over domestic and industrial applications. The former now take about 40 per cent of output; the popularity of such relatively large units as stainless steel sinks as well as pots and pans help to swell the volume used. As with car trim, another application that is beginning to take significent quantities of stainless, better ways of fabricating the cheaper and brittler grades have made such uses possible. This material previously could not be pressed.

It is in fact more a chromium iron than a steel. Chemical plant and atomic energy installations have also been big users of stainless steel. The heavy capital expenditure of the chemical industry and its need for corrosion and heat resistant materials make it a natural market. In atomic energy many of the same conditions apply, but resistance to radiation counts for much as well: hence the use of thick plates of stainless steel as the casings of atomic reactors. The nuclear power station programme has been a blessing to the stainless steel producers.

How Sterling Nearly Floated

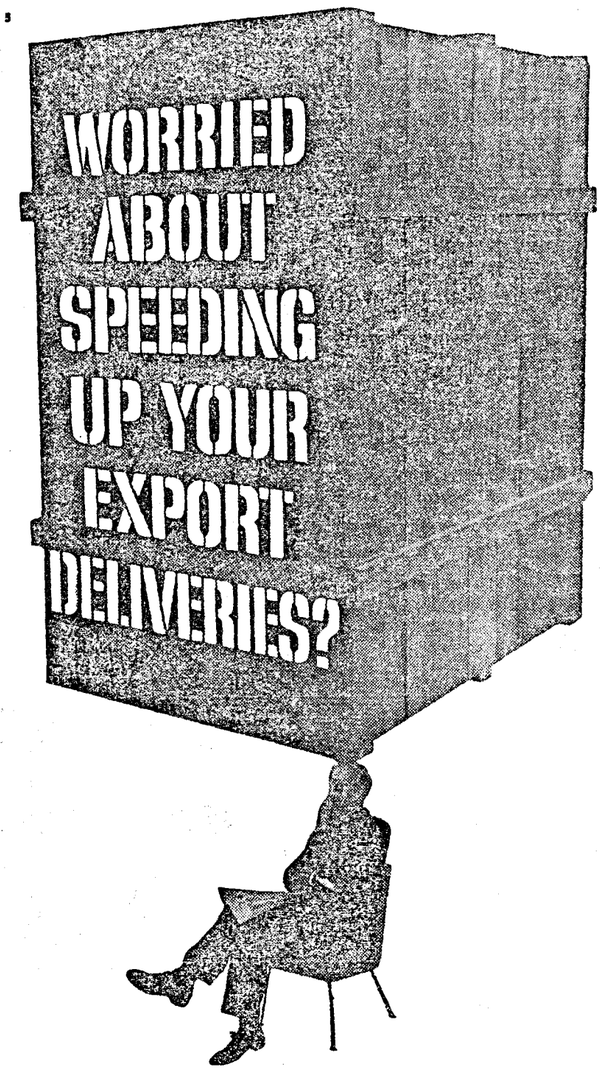
LORD BIRKENHEAD's official biography of Lord Cherwell, reviewed on page 541, contains the most fascinatingly full account that has yet appeared of the three occasions in 1952-53 when Britain came within an ace of setting the sterling exchange rate free to float. When the Conservatives came to power in October, 1951, they at first met the speculative run then in progress against the pound by pumping out dollars from the reserves, by imposing physical restrictions on imports and by persuading other sterling area countries to restrict imports too. But, says Lord Birkenhead, the view soon began to gain ground "both in Whitehall and Threadneedle Street" that a better alternative way out of Britain's difficulties would be to stop supporting the fixed sterling parity, to let it drift downwards "until the demand for pounds equalled the supply of them," and thus, in a phrase which soon became the battle-cry of one group in the Treasury, to "take the strain off the reserves and put it on the rate of exchange." Because it was felt that no one would hold a currency that suffered from the two disadvantages of inconvertibility and a fluctuating dollar value, it was proposed that current earnings of sterling accruing to non-residents of the sterling area should simultaneously be allowed convertibility into dollars; but tight exchange controls both on residents of the sterling area and on nine-tenths of the sterling balances accumulated in the past would remain. This double-headed plan became known as "Operation Robot"—reputedly, although this is not mentioned in the biography, in honour of the three Treasury and Bank of England men (Sir Leslie Rowan, Sir George Bolton, Mr Otto Clarke) who had mainly conceived it. Moreover, the essence of Robot was that it should be sprung on the world suddenly, after only a minimum of consultation with the Commonwealth and the United States.

There is not the slightest doubt that Operation Robot would have been accepted, first at a hectic cabinet meeting of February of 1952 and then in a slightly modified form at a cabinet meeting in June of 1952, had it not been for the opposition of Lord Cherwell. But Cherwell, although nominally only Paymaster General, had taken up residence on the top floor of No. 11 Downing Street (the Chancellor, Mr Butler, had chosen to continue to live in his own house in Westminster); and the "Prof" was thereby enabled to keep on popping through the communicating door to No. 10, and to maintain his wartime position as principal economic adviser (and, indeed, as interpreter of all economic jargon) to Mr Churchill. Thus it was, after a "fearless struggle," that the death of Robot was brought about, and that the "Prof" saved the fixed parity of the pound.

AFTER the defeat of Robot at the cabinet meeting of June, 1952, the opposing schools turned to two different plans. Lord Cherwell—aided by his brilliant backroom economist, Sir Donald MacDougall—conceived his plan for an Atlantic Payments Union, designed to bring the United States and Canada into the European Payments Union; the main trouble about this plan, which was also being sponsored (independently and in a somewhat different form) by *The Economist* at the time, was that the United States would not wear it. The ex-Robot planners turned to their scheme for the "collective approach" to convertibility; under this Britain was still to proceed as quickly as possible to a floating exchange rate for sterling and to a slightly wider system of non-resident convertibility, but only after getting a big loan from the United States and on the understanding that three continental countries (France, Belgium, Holland) should go convertible too. This "collective approach" was accepted as Britain's official policy, and in March of 1953 Mr Eden and Mr Butler took the scheme out to Washington to ask for the support of the new Eisenhower administration; but America was unwilling to offer any loans, and the project died.

Lord Cherwell's biographer says that the full details of this "mighty battle" cannot "unfortunately yet be told"; but confirms that if the battle had gone against him Cherwell "would almost certainly have resigned." Actually, the main details that are not told in this book are probably those about the other cabinet ministers who were hurling threats of resignation about at this time; the backstage journalists' assumption in 1952 was that the leader of the pro-floating-rate group of ministers was Mr Butler and that the second-in-command of the anti-floating-rate group was Mr Macmillan. In the end, Britain went convertible with a fixed rate: if the floating rate had been accepted in 1952 or 1953 convertibility might have been achieved much sooner, and the recent economic history of Britain might have been much more dynamic. As it is, the burden of maintaining one of the world's key currencies under a regime of fixed rate convertibility has made it much more difficult to move to floating rates in future.

PROBLEM No. 5



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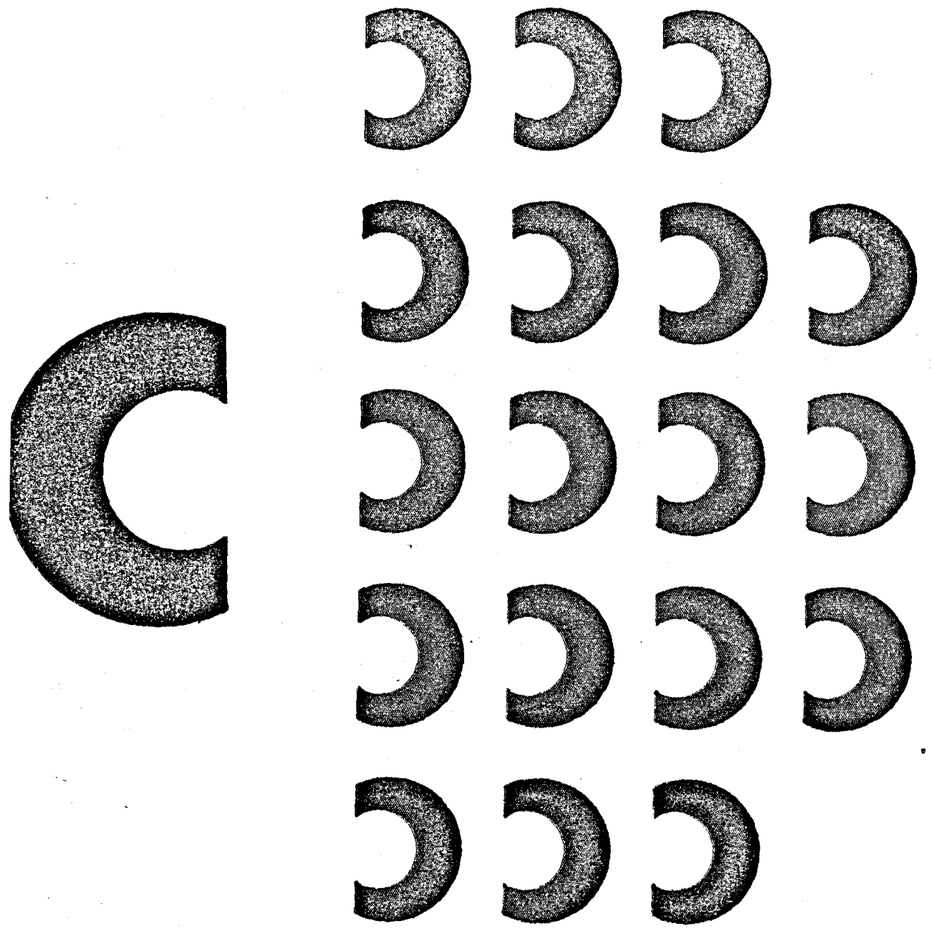
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TAXING BENEFITS

The Fuel Bill

ONE further round between the Revenue and the taxpayer on the subject of benefits in kind was fought in the Chancery Division this week when Mr Justice Cross decided the case of *Butter* v *Bennett* in favour of the Crown. As an employee Mr Bennett was required to live in a house provided by his employers and it was in fact necessary for him to live there for the proper performance of his duties. The special provisions regarding the taxation of the expenses and benefits of directors and of employees earning more than £2,000 a year do not apply to expenses incurred by a company in, or in connection with, the provision of living accommodation if the employee is required by the terms of his employment to reside there in order to perform his duties properly.

The question at issue in the *Butter* v *Bennett* case was whether the cost of coal, heating, lighting and garden upkeep came within this exemption—could it be said to be incurred in connection with the provision of living accommodation? Mr Justice Cross decided that it could not and that all that was covered was the cost of providing and maintaining the house qua house, and not the further costs of upkeep which on a contrary view might cover not only heating and lighting but also furnishings and cleaning.

The case is of limited application. It does not cover houses provided as a general amenity for directors or employees but is confined to representative occupiers in those classes of trade where it is necessary for employees to live on the premises—bank managers, lodgekeepers, level-crossing keepers, colliery managers or the like. Alternatively, it applies where it was a common practice for at least twenty years before 1948 in a particular trade to provide certain employees with accommodation in order that they might carry out their duties properly. Such persons are, under the *Butter* v *Bennett* decision, entitled to occupy their house rent free, but to nothing more.

SCOOTERS

In the Cold

THE price cuts of £13 to £34 that Lambretta has made for the period from now to Christmas are a sign of the troubles of scooter trade. It has never really recovered from the effects of the hire purchase restrictions of April, 1960, which caught it with high stocks and past the peak of its boom. And sales this year seem to be a third lower than those of 1960. For more than a year it has been suffering from indigestion; and this action by Lambretta is its attempt to clear the decks for 1962. Imports of scooters in the first eight months of this year were only 25,000, little more than a third of the number brought in a year before and equal to British production. The drastic price cuts that Vespa made last May will have improved its competitive position in relation to the more popular Lambretta and so helped to keep up home output. This unexpected success of the British manufacturer—even if largely that of the producer of an Italian design—has helped to make Lambretta's position so awkward; despite the drastic cut in imports, stocks are unlikely to have fallen this year. The happy days of rapid expansion seem to be over for the scooter in Britain. They are bought by the young, and the proportion of those who want one seems now to be approaching stability. Scooter salesmen will have to accustom themselves to the sort of market that their confrères selling cars know.

CREDIT TRANSFERS

Catching On

SLOWLY and still rather tentatively the British public is taking to its new facilities for transferring money. The clearing banks have now embarked on their major advertising campaign explaining how the new credit transfers work, and bank managers report a modest though not yet dramatic response. The first people to convince are the organisations that send out the bills, for the new system can be used economically only if their invoices incorporate a credit transfer slip. Many gas and electricity authorities were already using this system, and the new publicity has now persuaded some of the rest to come into line. Private firms seem to be rather slower, and even some of the big hire purchase companies, for whom the scheme is particularly suited, have been slow in adapting their administrative machinery.

The increasing use of credit transfers is reflected in the figures of credit clearings passing through the Bankers' Clearing House. In October these touched a new peak of £469 million, nearly four-fifths higher than a year before. This is about 10 per cent of the value of cheques cleared through the general and provincial debit clearings, which is not a bad start; the addition of the town clearing, which is heavily weighted by City transactions, brings the total debit clearing to £22,000 million.

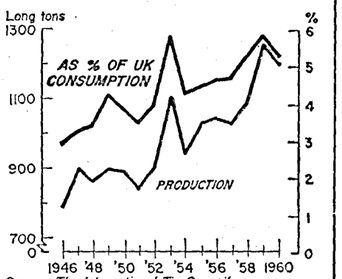
BUTTER

Not Yet According to Plan

AFTER a tedious charade of abortive negotiations with exporting countries, Britain has at last come to the point of dealing positively with the problem of imports of dumped butter. The President of the Board of Trade has announced that the interim solution for the six months to March 31st that received GATT's blessing at the last international butter wrangle will be enforced. If exporters do not comply, an anti-dumping duty will be levied, where necessary, after obtaining GATT's approval. In the meantime, countervailing duties, which do not require GATT's consent, might be imposed. Countervailing duties can be imposed to offset "any bounty or subsidy bestowed directly, or indirectly, upon the manufacture, production or export of any merchandise," and in practice will probably be equally effective. Similar action will be taken against any exporters not yet dragged into these discussions who try to dump butter here during this period.

The GATT plan for restricting exports—of which the details remain shadowy—has been accepted by Denmark (43,000 tons), the Netherlands, Australia (42,000 tons) and New Zealand (93,000 tons). New Zealand, with its legitimate doubts about accepting any form of restriction, is able to accept the plan because its allocation is "in line with the existing shipping programme." The same can apparently not be said of Argentina's rumoured allocation of 5,000 tons and France's share, which gave it a "disagreeable surprise." The plan must obviously be made effective soon; six weeks of the six months' period have already slipped by. The matter will certainly crop up once more at the coming meeting of GATT. Last week's action has already enabled New Zealand to raise the wholesale price of its butter by 10s. to 260s. a cwt.

CORNISH TIN MINING



Source: *The International Tin Council*

A hundred years ago, the tin mines of Cornwall and Devon supplied a third of the world's needs: Cornwall now mines only about one half of one per cent of world production. Today, most tin comes from more easily worked alluvial deposits, but in Cornwall, tin is mined from granite at depths down to 6,000 feet. Because tin is scarce—the price is once more above £970 a ton—some people think this is a good time to open some of the 1,500 abandoned mines in Cornwall, and to increase output of South Crofty and Geevor, the only two Cornish tin companies still in operation.

SPACE RESEARCH

Amber to Green

DELEGATES left Lancaster House for home last week-end carrying in their brief-cases the agreed draft of what is, for all practical purposes, a common market space plan. Of the countries that took part in the original discussions, Norway, Sweden and Switzerland bowed out and attended the Lancaster House meeting merely as "observers," leaving as the only countries outside Britain and the Six, Australia—whose Woomera launching range is vital to the plan—and Spain.

The plan—there is no agreed research programme—provides for the development of a satellite launcher engineered around Blue Streak, to be ready for firing in 1965. It is up to the scientists in the meantime to decide what they want to do with this massive launcher once it has been built. Some of them eye it today with the dubious enthusiasm of one about to receive the gift of a voracious white elephant; not many purely scientific experiments (other than some astronomical ones) want a rocket as big as the one under discussion, which they fear will eat large holes in their scientific budgets. But with each month that passes it becomes clearer that however good its intentions, the United States has not the facilities to launch research rockets for other people; it already has a queue of Ameri can scientists waiting to use the launchin pads that are available.

The driving force behind the Blue Strea plan comes from those who feel, as M Thorneycroft explained last week, that thi is Europe's last chance to get into the rocke launching business, which is potentiall capable of widespread repercussion throughout industry and communications—or of proving a flop.

To the eight other countries now studyin the draft convention, it is also the last op portunity for getting into the business a bargain prices, since more than half th investment required to go into space ha already been provided by Britain in th preliminary development of Blue Streak an

TRANSPORT BILL

Railways without the Clutter?

FEW of the 91 clauses of the new Transport Bill that the government "laid" in the House of Commons last week depart significantly from the blueprint of its intentions to unscramble nationalised transport that was provided in the white paper of December last year; and those, like the blueprint itself, appear to be pragmatic rather than doctrinaire. It is a fairly massive and complicated bill, designed primarily for a simplifying purpose: to separate out Britain's railways into a reasonably manageable entity, and to remove some of the statutory inhibitions that have hitherto prevented anyone managing them effectively.

The Ministry of Transport hopes that it will have its second reading and possibly get into committee by Christmas. There is plenty of meat in it for detailed argument in committee; the longest discussions, indeed, are liable to come over one of the least important parts of the bill, when the canal lobby gets to work on the new proposals for inland waterways. But it is hoped that "vesting date" for the transfer of assets to the new railways and other boards can be January 1, 1963. Then, after 18 months of running the moribund commission and building up what might be called a "shadow" railways board, Dr Beeching will eventually enter upon his appointed heritage.

The Railways Board, of which he will become chairman, will have here and there rather more power left to it than the government, in its first enthusiasm for decentralisation eighteen months ago, originally quite intended. Not only are the railway hotels not to be denationalised, as some Tory back-benchers hoped before the white paper was published. They are not now to be placed, as the white paper suggested, under the transport holding company that is to be formed to run the bits and pieces of transport that cannot be readily allocated to railways, London Transport, the docks or the waterways boards; the hotels are to be left in the ownership of the railways, though managed by a subsidiary hotels company.

Nor does this bill include any mention of regional railway accounting. Six regional railway boards are to be set up, appointed by the Railways Board, and exercising such powers over railway operation in their areas as the Railways Board decides to delegate, "on lines settled from time to time with the approval of the minister." In fact, the present regional railway authorities, the ministry, and Dr Beeching are proceeding as fast as possible in developing an effective system of decentralised accounting. But the scope—and the limitations—of this can only be worked out in practice, not put as principles into a bill.

FINANCIAL differences between the white paper and this bill, however, are more apparent than real; they arise mainly from the over-simplified rounding of figures, used in the white paper and from the sheer passage of time during which the railways are not ceasing to spend—or to lose—public money. There have been revisions to the estimates of the railway capital that will be written off (from £400 million to £475 million), and of the amount to be placed in a suspense account (from £800 million to £650-700 million).

At the end of 1960, the ministry could reckon the capital debt on which the railways would have to go on paying interest as, then, about £400 million; but by the new vesting date, two years more investment and depreciation, quite apart from the detailed separation of other transport assets, will have taken place and the bill understandably embodies no estimate.

So far as current deficits from now on are concerned, this bill will give the government power to lend the Railways Board up to £450 million over the next five years, until it can hope to meet its reduced capital charges (and the Inland Waterways board, similarly, up to £10 million). These boards, like the others created under the new bill, will be given the ordinary statutory duty of a British public corporation to cover or ensure that revenue shall cover all charges "taking one year with another"; but special clauses will exempt them from this duty for the first five years from vesting date.

Under the new bill the common carrier and other statutory obligations on the railways are swept away, and only London fares will remain subject to the Transport Tribunal. Coastal shippers alone will retain any right to object to railway fares charged in competition with them; and even here the minister will promise only to examine complaints *post facto*. The railways' freedom to close uneconomic lines, again, is increased, though this is not too bluntly stated. The railways will have to consult area transport users' consultative committees only when cutting out passenger services, not over freight. The area committees will send their views direct to the Minister, cutting out further delay in consideration of the issues in a central consultative committee. And consultative committees will be able to offer their views only where they feel that hardship is being caused, about alternative courses of action to alleviate this—not to argue, for example, about the railways' cost accounting for the line in question.



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PRIDE OF COGNAC

REMY MARTIN

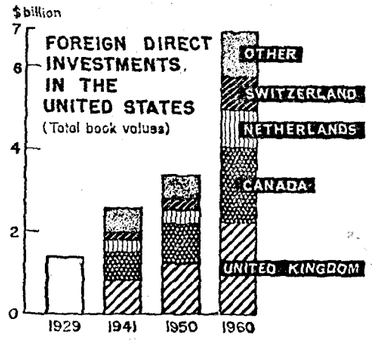
the specially instrumented Woomera range. The most significant part of the draft convention is therefore that section which provides for detailed study of advanced launching systems to replace Blue Streak. These might take ten or more years to develop. It would be premature to assume that the lion's share of any development work on them would again go to Britain, but the future of any rocket industry depends on some contracts of this kind being handed round.

OVERSEAS INVESTMENT

The Dollar Balance

In a survey of foreign direct investment in the United States, the first of its kind since 1941, the United States Department of Commerce reveals that Britain's stake in American business at the end of 1960 amounted at book values to $2,248 million—not far short of the $2,475 million of direct investments that United States companies have made in Britain. According to these figures, just under half of the investment by British companies in the United States will have been made in the last decade; in 1941 the book value of Britain's stake in US business was only $712 million and in 1950 it was $1,168 million. Britain now accounts for roughly a third of all foreign investment in the United States; it is particularly important in insurance, where its investment of $900 million accounts for over half of foreign investment in finance and insurance together. Britain's other large stake is in oil; here British investment of $300 million accounts for about a quarter of the foreign-owned total.

While the total book values of direct investments that Britain and the United States hold in each other's economies are roughly equal, there is a wide difference in earnings. Figures compiled in Britain by the Board of Trade put earnings of British branches and subsidiaries in the United States in 1960, excluding the $1,200 million invested in oil and insurance, at $46 million, while the earnings of United States companies in Britain in the same year, again excluding oil and insurance which amounted to about $600 million, were $269 million.



Thus excluding the oil and insurance element (and insurance business in the United States has not of late been very profitable), Britain's proportionate earnings were still appreciably smaller than those of the United States. In general, indeed, United States investment abroad tends to be more profitable than foreign investment in the United States. The Department of Commerce puts earnings on the $6.9 billion invested in the United States at $385 million. American earnings abroad are ten times higher, on an investment total valued four times higher.

JUTE

Brisker Business

Jute is getting back to normal: some growers are complaining once more that prices are too low, while many manufacturers believe that they could with advantage be lower still. A year ago, nearly everyone in the trade agreed that prices were too high, and Pakistan, which is practically the only source of raw jute for the outside world and which appears to have been pursuing a mildly restrictionist policy in recent years, rather self-consciously took all possible precautions against a repetition of last season's crop failure.

Pakistan's new crop will probably be more than a third larger than last season's, and a comparable improvement is expected in India. The best quality jute has fallen about £80 to £128 a ton since March, dispelling the unhealthy unanimity about prices that was a symptom of last year's jute famine. A sizeable surplus of jute is required this year to make good the depletion of stocks during the past two seasons, but Pakistan and India seem to be anxious to prevent the otherwise welcome reaction in prices from getting out of hand. Now that fresh supplies of jute are reaching the trade, Indian mills have restored cuts in their working hours and restarted some looms which were sealed to preserve jute. Prices of jute goods have been reduced and business has begun to move more freely. This has enabled Dundee to get back on its feet again, and the short-time working that occurred early this year is now a thing of the past. But prices are still comparatively high; the cost of a typical hessian cloth in Calcutta has fallen by a quarter since February, but is still 10 per cent higher than a year ago. As yet there is little obvious sign that any permanent damage has been done to jute by high prices, but it might not be all that long before some effects begin to show.

The proverbial jute sack certainly seems to have come through this ordeal unscathed. West of England Sack Holdings, a sack hire group which owns 13 million sacks and lets them at a penny a week—its closest rival for the sack crown in this country is said to be British Railways—has ordered at least 7 million more from Jute Industries of Dundee. Deliveries will be stretched over five years, and the order will absorb all of Jute Industries' output of this type of seamless sack which, like the seamless stocking, is currently *à la mode*. Dundee is protected from imports of Indian or Pakistani sacks by a form of protection peculiar to this industry. Dundee cannot compete in sacking materials in export markets, but Britain does a substantial trade in secondhand sacks amounting to more than half of its imports, which will not make arguments about origin in the negotiations over Britain's entry into the common market any easier.

SHORTER NOTES

Wall Paper Manufacturers proposes to reorganise its share capital and to convert each £100 of ordinary stock into 160 new 7 per cent preference shares. The existing ordinary shares which at present carry one vote per £1 stock are limited to a non-cumulative 10 per cent dividend and thus holders will receive a 12 per cent increase in income but will have only the normal preference voting rights. The existing deferred stock is to be renamed as ordinary stock and a one for two scrip issue is to be made, after which the £1 units are to be split into 5s. units. Thus the present heavy price of 126s. will be reduced to about 21s. per 5s. unit.

★

The Standard Bank of South Africa plans to drop "South Africa" from its name, but a new subsidiary will be formed with the present name in full to run its business in South Africa.

The main point of interest in the full terms of the Rank Organisation's offer for Gaumont British is that, while Gaumont "A" and ordinary shareholders are being offered Rank non-voting "A" shares, these will in future entitle holders to attend general meetings of the Company.

COMPANY AFFAIRS
Comments on pages 597 and 600 on:
Marks and Spencer — *Debenhams*
EMI — *De La Rue*
Kundenkreditbank — *Wiggins Teape*
Spicers — *A. E. Reed*

LONDON AND NEW YORK
Stock prices, yields and security indices on pages 598 and 599

LONDON STOCK EXCHANGE
The week's movements reported on page 60

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 601

COMPANY MEETINGS

BROKEN HILL SOUTH LIMITED

HIGHLIGHTS FROM MR G. LINDESAY CLARK'S SPEECH

The Forty-third Annual General Meeting of Broken Hill South Limited was held in Melbourne on October 30th.

Mr G. Lindesay Clark (the Chairman) said:

CAPITAL PROPOSALS

With the Report and Accounts, Stockholders will also have received a circular dated October 12, 1961, advising the details of the scheme for reorganising the Company's capital, to be followed by a new issue of shares.

It is proposed that the nominal capital of the Company be increased to the amount of £10 million and Stockholders will be asked later at this meeting to resolve accordingly.

The effect of the scheme will be to increase the present paid up capital of £800,000 represented by 16 million stock units of 1s. each, up to £4 million represented by 16 million stock units of 5s. each. Stockholders have been advised of the Company's participation in the Alcoa of Australia Pty. Ltd. project for the production of aluminium in Australia and also of the developments at Cobar. The Alcoa of Australia investment will require £3,663,889 spread over a period of approximately six years. In addition to this, the 76 2/3 per cent interest in Cobar may be expected to require, mainly in the second half of the next four years, funds of the order of £4 million to £4½ million, some of which may be provided from sources other than share issues.

The methods of raising additional funds will be decided at a date closer to the time when they will be needed.

FINANCIAL RESULTS

The Net Profit of the South Company amounted to £761,000 being a fall of £123,000 as compared with last year.

Although ore production was slightly higher and mining costs were reduced, the surplus from mining operations fell due to the lower prices realised for lead and zinc. Income from dividends was also affected by the passing of a dividend payment by a subsidiary, The Electrolytic Refining & Smelting Company of Australia Proprietary Limited. The increase in Administrative and General Expenses resulted mainly from an internal interest payment in respect of funds deposited by a subsidiary company, Barrier Central Pty. Limited. The provisions made for Income Tax and Mining Royalty were in total £125,000 lower than for the previous year.

After appropriating the sum of £482,000 for expenditure on Plant and Mine Development at Broken Hill during the ensuing year, a credit balance of £948,000 remains in the Profit and Loss Appropriation Account out of which Dividend No. 112 amounting to £333,333 has been declared. The balance carried forward in the Appropriation Account this year is comparable with last year's carry forward.

Some comment on the impact of prospecting and development expenditure on our accounts is appropriate in reviewing the financial results.

For Income Tax purposes expenditure on prospecting is deductible from income in the year of expenditure, and therefore it is to the advantage of the Company to finance this work from current earnings while the various prospects are in a speculative stage.

In the year under review, £183,000 was expended on prospecting and of this amount the larger proportion was expended at Cobar. In future, most of the expenditure at Cobar will be capitalised. In addition to expenditure on prospecting, substantial sums have been spent in the last few years on the development of the Western leases at Broken Hill. The rate of expenditure on this development can now be reduced.

In total, the reduction in these expenditures will result in considerable relief to the net profit position.

DIVIDENDS

A total distribution of 9d. per 1s. unit of stock has been maintained for the current year by the payment of 4d. per unit in June, 1961, and the decision to pay 5d. per unit on December 15, 1961.

REVALUATION OF ASSETS

The Board arranged for valuations by independent experts to be made of shares (other than shares in subsidiaries), debentures and notes in companies not acquired for the purpose of resale at a profit. Valuations of listed securities were made on the Board's instructions by a recognised firm of Stockbrokers, and of unlisted securities by the Company's auditors. On the basis of these valuations, and after taking into account the value of shares in subsidiary companies—the book value of which remains unaltered—the total value of all shares, debentures and notes has been conservatively revalued at £13,257,000 resulting in a capital profit of £5,345,000. Shares, debentures and notes held in companies listed on Australian Stock Exchanges which are included in the revaluation and now appear in the Company's books at £5,018,000, had a market value as at October 27th, of £5,033,000. The shares held in subsidiary and other companies not listed now stand in the books at the figure of £8,239,000.

OPERATIONS AT BROKEN HILL

Ore production at Broken Hill has been limited to the Company's commitments under the arrangement whereby world producers of lead are limiting production and sales. Increased production from the South Mine leases more than compensated for the reduced output from Barrier Central leases. The total operating cost at the South Mine fell by £1 2s. 7d. per ton to £7 6s. 0d. per ton of ore. The current international restrictions applying to lead production at Broken Hill and the lower prices now being received for lead and zinc are expected to result in a reduction in the level of earnings from the Mine in this current financial year.

ACQUISITION OF BRITISH-JUNCTION LEASES

In view of its large investments in plant and equipment at Broken Hill, it is clear that the Company should seek to extend its mining life in every way possible. The British-Junction leases which are owned by North Broken Hill Limited are located closer to this Company's main leases. The two Companies consider there will be mutual advantage if the South Company were to purchase these leases, and an agreement has been reached, subject to consent of the New South Wales Minister for Mines, to bring this about. The consideration for the purchase of these leases will be satisfied by the issue of 450,000 shares of 5s. each fully paid without rights to the new cash issue. It is anticipated that the acquisition of these leases will extend the mining life of the Company in Broken Hill for some years.

BROKEN HILL DISTRICT

Last year I mentioned that new geophysical techniques had been used in the search for further orebodies in the Broken Hill district, and during this current year, two units will be in use. This work, guided by both geological mapping and structural interpretation, has succeeded in locating several anomalies, of which two are extensive.

In view of the grade and size of the Broken Hill mineralisation, your Directors think that, notwithstanding its other commitments, the interests of the Company lie in persisting with this prospecting at least for the next two or three years by which time most of our areas will have been covered.

The exploration expenditure on the anomalies referred to above is being shared with Electrolytic Zinc Co. of Australasia Limited and North Broken Hill Limited, under the terms of the arrangement reported last year which gives the South Company a 51 per cent interest and an interest of 24½ per cent each to the other companies.

COBAR

Diamond drilling has indicated already some 18 million tons of ore averaging grade of 3.5 per cent copper as drilled.

Also, as mentioned in the Annual Report, the orebodies which vary from 29 to 40 ft. in width dip vertically between good walls and are well suited to low-cost mining.

We now intend to begin shaft sinking on the C.S.A. orebodies. Once underground development has confirmed the drilling results, these initial steps would be immediately followed by equipping the mine for production at a rate of 50,000 tons per four-weekly period. Cobar is an already-established town, linked by rail to Sydney and Port Kembla. In addition, the power grid of the Electricity Commission of N.S.W. which is connected to the town will supply power to the mines. While an increased

water supply will be needed, as well as additional housing in Cobar, the expense usually involved in equipping a mine will be reduced by the extent to which the above facilities are already available. The Electrolytic Refining and Smelting Co. of Australia Pty. Ltd. in which the South Company has a 60 per cent interest, is at the present time short of feed.

With relatively small capital expenditure this plant can be extended to smelt the larger part of the concentrates produced at Cobar. The E. R. & S. Co. is already equipped to electrolytically refine the blister copper so produced and to cast it into commercial shapes.

EXPLORATION

In addition to prospecting in Broken Hill district we have made further attempts to expand exploration during the current year. Broken Hill South Limited has joined Gold Mines of Australia Limited, a subsidiary of Western Mining Corporation Limited, in the exploration of the Moonta-Wallaroo district of South Australia. Work has already commenced in this district, which was one of the early major copper producing areas in Australia. Your Company will hold a 30 per cent equity in this project and supply most of the geophysical equipment required to carry out the exploration effectively.

An arrangement has also been made with our geophysical contractors, McPhar Geophysics Limited, of Canada, who, with Mines Exploration Pty. Limited, a wholly-owned subsidiary of Broken Hill South Limited, will jointly conduct exploration outside the Broken Hill, Cobar and Moonta-Wallaroo districts.

ALCOA OF AUSTRALIA PTY. LIMITED

For some years your Company, Western Mining Corporation Limited and North Broken Hill Limited have been interested, through their shareholdings in Western Aluminium No Liability, in the prospecting work being carried out in the Darling Ranges of Western Australia for bauxite. As the prospecting results were gradually accumulated, the existence of a bauxite deposit of great magnitude became apparent, and thoughts were at first turned to the possibility of developing an export trade in bauxite which might ultimately lead to the establishment of a refinery to produce alumina. Subsequently, the proving of large reserves of coal at Anglesea, Victoria, made possible the establishment of an integrated aluminium industry in Australia.

The economic production of aluminium requires not only large sums in capital, but also the use of specialised technical knowledge and secret processes available to long established producers. It was, therefore, desirable to enlist the support of such a producer, and following lengthy negotiations the Aluminum Co. of America (ALCOA) joined the Australian Companies in the Australian project through the formation of Alcoa of Australia Pty. Ltd., on June 14, 1961, with an authorised capital of £40,000,000 Aust., divided into 40,000,000 shares of £1 each. In a circular to Stockholders dated July 12, 1961, a general description of the project was given.

The project provides for the erection of a refinery at Kwinana, Western Australia, and a smelter and a fabricating plant at Point Henry, near Geelong.

The refinery is expected to be completed and in operation by the end of 1963. The first unit of the aluminium smelter at Geelong is expected to be brought into production by April, 1963, to be followed by the second unit to double the annual capacity. The fabricating unit at Geelong should also be in production by the end of 1963. Power for the Point Henry plants will be provided initially by the State Electricity Commission of Victoria, but ultimately it is proposed to construct a power staton at Anglesea, based on the local brown coal reserves.

The estimated cost of the project to completion is £A44 million. These funds will be found from both share and loan sources, and the Aluminum Company of America has agreed to provide loan money approximately equal to twice the share capital issued for cash, as well as its proportion of the share capital. Fully paid shares have been issued by Alcoa of Australia Pty. Ltd. to the three Australian Companies in exchange for their interest in Western Aluminium N.L. and for certain other assets. A further issue of 6,250,000 £1 fully-paid shares will be made to the Aluminum Company of America for the full and exclusive right to use, in Australia only, certain secret processes, technical knowledge and research information for the engineering, design, construction and operation of the facilities.

Your Company has received 486,111 of the £A1 fully paid shares issued, and it has applied for 3,663,889 of the contributing £A1 shares, upon which at this date an amount of 2s. per share has been paid. The South Company therefore holds 4,150,000 shares in Alcoa of Australia Pty. Limited representing an interest of 16.6 per cent. It is believed that the consumption of aluminium in Australia will grow under the impetus of new products and marketing techniques. In addition, Alcoa of Australia expects to develop an export trade in alumina, aluminium metal and semi-fabricated products, and in fact sale of a large portion of the alumina production from the Kwinana refinery is already assured.

One of the terms of the arrangements between Alcoa and the three Australian mining Companies is that, except with the unanimous consent of all Directors of Alcoa of Australia Pty. Limited, at least one-third of the net profits of Alcoa of Australia for each of its financial years, commencing with the financial year ending in 1965 shall be distributed as dividends. Consideration will be given, once the enterprise is firmly established, to listing the shares of Alcoa of Australia on the Australian Stock Exchanges. Your Directors feel confident that the South Company has become a partner in a great venture from which appropriate benefits will flow in due course.

THE ELECTROLYTIC REFINING & SMELTING COMPANY OF AUSTRALIA PTY. LIMITED

Because of its inability to obtain sufficient raw materials to sustain economic operations at Port Kembla, the earning capacity of this Company has continued to decline and has now fallen to such a level that the operations for the year ended June 30, 1961, resulted in a small loss.

While the amended copper bounty legislation which became effective as at January 1, 1961, for a period of three years, should enable the E.R. & S. Company to continue to receive raw material from certain local sources, it would seem that the return of this smeltery to its former active and profitable state will rest on the developments at Cobar.

The installation of the continuous casting plant was completed towards the end of the financial year, but it did not contribute towards the E.R. & S. Company's profitability for the period. Commercial production of high grade castings from this specialised plant has been successfully achieved and should find a ready market.

METAL PRICES

The average price realised for lead during 1960/61 was £82 6s. 11d. per ton as compared with the previous year's average of £89 4s. 10d.; the average silver price was a fraction of a penny higher at 8s. 2d. per ounce, and the zinc price fell by £4 1s. 5d. per ton from £111 8s. 6d. in the previous year, to £107 7s. 1d. per ton.

METAL SALES

The restrictions on sales of lead, in terms of United Nations Agreements, continued in force during the whole of the year. Export sales accounted for 82 per cent of the total sales of B.H.A.S., as against 79 per cent in the previous year, with sales to the United Kingdom showing a tendency to increase.

In order to bring production more into line with demand, the United States Government offered to acquire for stockpiling surplus lead stocks accumulated to December 31, 1960. The condition of the offer was that both production and sales would be restricted throughout the 1961 calendar year.

The B.H.A.S. Pty. Limited and its shareholding supplying companies have since the close of the year sold to the US Government 40,000 long tons of lead, or practically the whole of the B.H.A.S. surplus lead stocks. Because production at the South Mine has been running in line with its sales quota for some time, your Company had a comparatively small interest in the barter sale proceeds.

During the year the Commonwealth Government sought increased quantities of silver for coinage purposes, but it was not possible to meet their indicated requirements in full.

The average price of zinc on the London Metal Exchange for the year ended June 30 1961, fell by approximately 5 per cent when compared with the previous year's average More recently the fall in the price of zinc has accelerated and at the end of September, 1961 was some £16 10s. 0d. Stg. below the price ruling at June 30, 1960. Zinc was removed from restriction by the International Lead and Zinc Study Group in February, 1960, but it would seem now that an accumulation of stock is bringing pressure on the price structure. The Company's long term contract with Electrolytic Zinc Company of Australasia Limited for the sale of zinc concentrate, expires on December 31st next, and the various avenues for disposal of the mine production of zinc concentrate subsequent to that date are being considered.

WORLD MARKETS

Although the consumption of both lead and zinc continues to increase, the world production capacity also continues to be above world demand and this is the most serious factor which the industry is facing. In March last the International Lead and Zinc Study Group decided to curtail lead supplies to a level of approximately 2 per cent below estimated world consumption for the calendar year and Australia as one of the 26 member countries has abided by this decision.

The Group has just concluded a meeting in Geneva and has announced that for 1962 it is expected that supplies of lead will exceed demand. Member countries of the Group have agreed to continue curtailment of supplies at existing levels until the end of March, 1962 when the position is to be reviewed again. No action to restrict supplies of zinc has been proposed at either of these Meetings.

A new factor in the marketing of lead and zinc by Australian producers is the application by the United Kingdom to join the Organisation for European Economic Co-operation. In relation to Australian metal exports the enlarged Common Market would have a small impact only on refined lead and bullion and slab zinc. Since member countries of OEEC require to import concentrates for their important smelting industries, the marketing of concentrates in Europe would be of greater significance in the future. These considerations should be seen in the light of the expectations of expanding consumption.

GENERAL SUMMARY

Finally I would like to refer to a tendency in some quarters to regard Broken Hill South as a company reaching the end of its mining career and concerning itself chiefly with investment. In fact, as has been announced at previous Annual Meetings, the Board, for some years, has been employing the Company's resources and experienced staff in a policy of mining development and exploration. As a result of this policy, the picture of the South Company the Board would like to put before you today is that of a company with a valuable investment portfolio, with an extended life for its mine at Broken Hill and with further prospects in that district, with a 16.6 per cent interest in the great aluminium industry being established by Alcoa of Australia Pty. Limited and with a 76¾ per cent interest in the major copper project at Cobar; in all constituting a large and progressive mining Company with diversified interests in all major non-ferrous metals.



BROOKE BOND & CO. LTD

extracts from the statement of The Chairman

Mr JOHN BROOKE

circulated with the Report and Accounts for the year to 30th June 1961, to be submitted to the Annual General Meeting on 1st December 1961

Group Net Profit for the Year to 30th June, 1961, is £2,210,825 after tax, compared with £2,397,545 last year. The Group Profit is £4,061,878. Last year it was £4,395,451. The decline in profits can be attributed to the unavoidable droughts in the tea growing areas, and to the autumn Tally Clerks Strike in Dockland.

Tea Prices and Trading At home, two unofficial strikes created chaos at the London Docks. The Tally Clerks Strike was particularly disastrous, as it came when our stocks of plain teas were low and we had to put higher priced teas into our cheaper packets at a heavy loss. Not unnaturally, market prices reacted unfavourably to the adverse trading conditions, but it is significant that retail prices remained unchanged for yet another twelve months—an encouraging sign of the soundness of the industry.

Sales News Another year of progress in which sales of Brooke Bond packet tea have increased by more than 14 million lbs. In the U.K., sales showed the greatest increase since the year following de-rationing. A vigorous advertising programme to attract the housewife, combined with demonstrations at the point of sale have helped to bring increased trade for our packet teas and for the shops concerned. The housewives of tomorrow have not been forgotten. For many years, in every packet of Brooke Bond Tea, there has been a picture card prepared by experts, which helps to encourage an interest in Natural History.

In India, tea consumption is increasing, and our Indian Company has secured its share of this trade. Brooke Bond Canada has shown another encouraging increase in turnover, and good progress has been made in the U.S.A., Ceylon and Rhodesia.

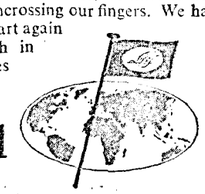
First and foremost, we are a Tea business, but it is only right to refer to our sizeable proprietary Coffee sales. They increased by 1¼ million lbs. this year.

Fixed Assets The total of the original cost, etc., of our fixed assets now exceeds £20m. Our fine new Redbourn Factory was opened in November 1960 and will feed the increasing sales in the south of England. A large factory has been purchased in Montreal and is being converted for tea and coffee packing.

Tea Plantations Our own production was about 2,000,000 lbs. less than last year. The figure is 29,760,351 lbs. This crop shortage was due to bouts of drought in North India, Kenya and Tanganyika. In South India development continues at a steady rate. In Ceylon, a fair crop was harvested, but the Ceylon government is now taking over 75% of profits in tax. New planting was carried out smoothly in Kenya.

The Welfare Insurance Company Just as good husbandry builds up the starch reserves in a tea bush, so in the insurance world, we employ 'good husbandry' to build up funds and reserves, whilst eschewing incautious development. Expansion continues in all classes of life and pension business. The Life Fund exceeded £1m. by the end of 1960, six years after its inception. The Trustee Department is now administering funds in excess of £500,000.

Prospects When making any forecast about the future of the Tea Trade, we have to keep crossing and uncrossing our fingers. We have made a good start again this year, both in terms of sales and profits.



Brooke Bond & Co. Ltd

JOHN I. THORNYCROFT & CO., LIMITED

The Sixtieth Annual General Meeting of John I. Thornycroft & Co., Limited, will be held on November 30th in London.

The following is an extract from the Statement by **Mr John W. Thornycroft**, the Chairman, circulated with the report and accounts:

Long term your Board are certain that Southampton as a port has a great future, and that the Company should participate in the prosperity that must increase year by year. The Company's fixed assets, land, buildings and plant, are primarily planned for shipbuilding, engineering and ship repairing. In valuers' language, they would be called "purpose-built hereditaments." That means that they are not readily convertible to other uses. Nevertheless, some of the plant and equipment is being used for general industrial purposes, despite some disadvantage due to their location in a terminal port area.

Unless facilities and equipment are modernised regularly, the existing assets could very easily become of little value. It must be appreciated that assets are only worth what can be made out of them year by year by obtaining work which results in a profit after all costs have been met. Despite the present depression in the shipbuilding and ship repairing industry, the Board are satisfied that the Company must invest additional capital in order to compete with Home and Continental shipbuilding and ship repairing yards. With improved facilities and equipment it is hoped that the hourly paid employees will co-operate and make available their labour on competitive terms with any other port in the world, and not waste the natural advantages that Southampton has as a terminal port. It is believed that a number of shipowners would prefer to use Southampton as a terminal port. The improvement in the roads to Southampton from the Midlands is becoming an important consideration in reducing f.o.b. costs. As more ships use the port, the necessity for more lay-by berths for periodic and major overhauls and repairs becomes more urgent.

LONDON MARINE DEPARTMENT

This section is being re-organised to give technical services, primarily to overseas customers, to assist them in building locally. It is proposed to build up a brokerage business. Owners wishing to sell craft will be encouraged to lay up either at our Northam Yard, Southampton, or at Hampton-on-Thames. Both these locations are very convenient for inspection by prospective purchasers.

"... I believe that over the years our direct stake in Europe will assume a growing importance"

MR. R. K. CALDER

The Fifty-fifth Annual General Meeting of Solar Industries Limited was held on November 3rd in Glasgow. In his statement circulated with the Annual Report and Accounts, the Chairman and Joint Managing Director, **Mr. R. K. Calder**, reported profits, before tax, of £522,707 compared with £451,790 for the previous year. Final Dividend was 12½%, less tax, making 17½% for the year. Group sales and earnings were again at record levels. Output was up by some 17%.

Commenting on the Group's activities, Mr. Calder said:

UNITED KINGDOM: "As a whole the U.K. Companies failed to maintain the pace achieved in the first half of the year but output was still up by just over 6%."

"The Foundry Division, represented by Aluminium Bronze Co. Ltd. and Trent Foundries Ltd., despite the very severe setback in demand from the motor trade, succeeded in more than maintaining output."

"The Burnley Group, which covers Burnley Aircraft Products Ltd., Universal Boilers & Engineering Co. Ltd. and Solar Weld Languepin Ltd., fully justified the confidence which I expressed last year. Both output and profits scored further notable increases."

"Atkinson's Agricultural Appliances Ltd. was not quite able to maintain the high rate of progress of the previous year. Export sales were considerably higher and every opportunity is being taken to expand this effort."

"The Plating Division, represented by the Verichrome Companies and the new acquisition, Irco Plating Co. Ltd. of Coventry, produced reasonably good results. Irco Plating Co. is now being integrated with Verichrome Plating Co."

"Scottish Aluminium Ware Ltd. (manufacturers of 'Luxaflex' Venetian Blinds), continued to make substantial progress, both sales and earnings being at record levels."

"The Draftex Group: As could be expected from the trend in the motor trade, the U.K. Companies suffered both reduced outputs and materially reduced profits.

GERMANY: "By contrast the German Company made spectacular gains in both output and earnings. Progress continues and new factory premises are a matter of urgency. A suitable site has been obtained and your Directors are giving consideration to the attendant problems of finance, etc., involved."

CANADA: ". . . we have had to provide for losses in the Canadian Companies of some £42,654, a position which, while still disappointing, is an improvement on the previous year."

THE FUTURE: "Our order book—overall—is higher by more than 25% than it was a year ago. New developments are beginning to pay off. While the deterioration in general conditions in the last six months—and particularly in the motor trade—has put a brake on our rate of progress, I feel quietly confident that this is but a pause in our continuing pattern of growth. I equally believe that over the years our direct stake in Europe will assume a growing importance and can be the base for further extensions of Group activities irrespective of whether the United Kingdom finally joins, or remains aloof from, the Common Market."

SOLAR INDUSTRIES LTD.

123 Hope Street, Glasgow, C.2.

United Kingdom · Canada · Germany

THE BRITISH LINEN BANK

STATEMENT TO STOCKHOLDERS BY THE GOVERNOR, LORD AIRLIE

The Right Hon The Earl of Airlie, KT, Governor of the Bank, has circulated a Statement with the Accounts of which the following is an extract:

In presenting the Bank's Accounts for the twelve months to September 30th last, it gives me pleasure to draw attention at the outset to the dominant feature, viz. the continued progress of the Bank's business in a year during which conditions generally have done little to assist further expansion.

Total resources have risen during the year from £109.32 million to £116.47 million—a record figure in the annual Balance Sheets of the Bank.

The main increase in individual items is in Current, Deposit, and Other Accounts which at over £93,608,000 show a welcome rise of £6,546,000, equivalent to just over 7¼ per cent.

Turning to the other side of the Balance Sheet, our quick assets—consisting of cash, cheques on other banks in course of collection, short money, and bills discounted—aggregate over £35,075,000. This represents a ratio of 32.26 per cent to the combined totals of our Deposits and Notes in Circulation, as against 29.1 a year earlier.

The book value of our holdings of British Government securities at £26,778,000 is some £1,179,000 less than the corresponding figure as per the 1960 Balance Sheet. The market value of these investments on September 30th last was in excess of the figure at which they appear in the Balance Sheet.

Our *Advances to Customers at September* 30th last amounted to £45.42 million—just under £2 million more than a year earlier. The peak was reached in April 1961, since when there has been the seasonal decline in customers' requirements which is our normal experience in late Summer and early Autumn. A special feature this year has been that, in common with other members of the British banking system, we came under severe pressure in July to exercise restraint in lending. We have loyally responded, as on former like occasions, and have again done our best to achieve the objective with a minimum of disturbance to our customers.

Greater revenue resulting from profitable employment of expanded resources—with a high average level of advances being a prominent feature—served to offset a continuing and substantial rise in our overhead costs and to bring out a net profit of £424,399. This is £12,527 above the previous year's figure, and it is very satisfactory to see the upward movement recorded in recent years thus maintained.

The sum of £76,562 has already been applied in payment of the dividend for the half-year to March 31st last at the unchanged rate of 20 per cent per annum less income tax, and it is now proposed to allocate a like sum in dividend, less tax, for the second half of the year. Declaration of a higher dividend at this time would have been well justified but, in deference to the wishes expressed by the Chancellor of the Exchequer, the Board feel that the rate should be left unchanged. Appropriations as before of £130,000 and £100,000 respectively to Staff Pension Fund and Contingencies Account will leave in Profit and Loss Account a surplus of £275,653—an increase on the year of £41,274.

HARRISONS & CROSFIELD LIMITED

REVIEW OF YEAR'S ACTIVITIES

The Annual General Meeting of Harrisons & Crosfield Limited will be held on December 6th in London.

The following are extracts from the circulated statement by the chairman, **Sir Leonard C. Paton, CBE, MC:**

Group earnings for the year have just not reached 1960's record figures. Trading in the Eastern countries was again buoyant, but Australia, Canada and America, for varying reasons, were all well below last year, both in turnover and profit. Results from UK operations were higher.

Group profit for the year was £1,618,373 from which taxation of £911,281 has to be deducted. The Directors recommend a Final Dividend of 12 per cent, repeating last year's total distribution of 15 per cent., but as a straight dividend without bonus. The Directors have refrained from proposing an increase in the distribution on this occasion in deference to the Chancellor's appeal.

Group turnover, exclusive of sales of the produce of the Plantation Companies whom we represent, was over £71 million, compared with £79 million last year. The reduction was almost equally split between the lower price of rubber handled by our own dealing departments and the fall in business in Canada.

Activity remained high and expansion in the UK continued. To broaden our insurance interests we recently acquired a substantial interest in the well-known brokers, Chandler, Hargreaves, Whittall & Co., Ltd.

We have also acquired a half-interest in the old-established firm of Elders, Walker & Co., Ltd., Newcastle upon Tyne.

The Birtley Group's new factory, reported as going into production last year, is already making a valuable contribution to profits.

There have been other acquisitions, but smaller.

Profits of Wilkinson Rubber Linatex Ltd. capped previous records.

After reviewing the Group's activities in the individual countries in which it operates, the statement continues:

TEA

Prices. During the year 1960, the total quantity of tea sold in London from North India was reduced by more than 25 per cent compared with 1959, and averaged 1d. per lb. more. South India, with a record crop, was 3.36d. higher, and Africa, also ahead in production, more than 4½d. higher. Ceylon fared less well and the year's average in London was 1d. under 1959. The total average for all tea, though reduced in overall quantity by just on 15 per cent., was slightly over ½d. per lb. higher than 1959.

The limited quantities of really top-quality tea, both from India and Ceylon, again realised record prices during 1960, though in North India the benefit in many cases was largely nullified by increased costs resulting from reduced output.

Production. In 1960, despite the serious loss of crop in North-East India and Pakistan, a total world supply of 1,548 million lb., according to the figures prepared by the International Tea Committee, was just about balanced by the recorded absorption of 1,546 million lb.

Although the fear of a shortage of tea from North India maintained prices in London in the early months of 1961, the substantial improvement in world crops over the past few months has been reflected in lower prices. This has altered the position, and the average of all prices to October is slightly below last year.

Consumption. Consumption in the UK remains steady round 500 million lb. yearly. Imports into the USA at 114 million lb. in 1960 showed an increase, and there have been small increases in some of the Middle East markets. Apart from this, little change has taken place in the pattern of consumption in the main markets of the world.

Prospects. Latest figures indicate that world crops during the twelve months will be in the region of 90 million lb. above 1960, and possibly 80 million lb. ahead of 1959, itself a year of record production.

In the long-term, as development proceeds and living standards rise in large areas of Asia and Africa, there is reason to hope that tea consumption will substantially increase. The availability of larger quantities of cheap tea should accelerate this progress.

RUBBER

Prices in 1961, up to mid-October, are down compared with the twelve months of 1960. The average for No. 1 RSS spot London was 25¼d. per lb., compared with the 1960 average of 32¼d. Larger stocks in Malaya and a possibility of further stockpile releases have moved prices within narrower limits down to lower levels. This has strengthened the competitive position of natural rubber in 1961.

Consumption. In the USA, car production is unlikely to be better than an average year. In Europe, the industry is only now emerging from an export crisis, which Germany alone has partly avoided. The UK, previously exporting some 50 per cent of output, has proved vulnerable to slackening demand from abroad and the credit squeeze at home. Consumption of natural rubber has thus fallen, both in the USA and West Europe.

World Production. Current estimates indicate the possibility of a further surplus of natural rubber in 1961, although perhaps only half the size of 1960. This is partly due to smaller disposals from stockpile. Total 1961 consumption of natural rubber may reach 2 million tons, against supply of about 2,065,000 tons (including approximately 30,000 tons from stockpile).

Prospects. Prospects for 1962 are difficult to assess. There are renewed fears of inflation: recovery in the USA is being induced by Government spending; the rate of growth in the Common Market countries shows signs of slackening under pressure from increasing costs and labour shortages: expansion in the UK depends on the success of the recent measures undertaken to restore competitive strength. Britain's entry into the Common Market, still under study, is at present an unpredictable factor.

The finest natural rubber that research and skilled husbandry can provide, and the most stable economic price that can be attained, will assure to natural rubber its proper share in the steadily expanding industrial production of the world.

PROSPECTS

Prospects. While pressing vigorously our general trading, we are increasingly buttressing the plantation and trading sections of the business with industrial activities, where the same basic qualities are needed for success.

THE PERAK RIVER HYDRO-ELECTRIC POWER COMPANY

RECORD RESULTS ACHIEVED

The 35th annual general meeting of The Perak River Hydro-Electric Power Company, Limited was held on November 8th in London, **Mr. Hugh G. Balfour** (the Chairman) presiding.

The Chairman said:

Before dealing with the business of the Meeting, it is my sad task to refer to the death of our old friend and colleague, Mr. Stewart Kilpatrick, OBE, which occurred on Friday, October 20th, last.

Mr. Kilpatrick was not only our senior director in length of service—he joined the Board in 1926, the first year of the Company's existence and had served continuously ever since—but he was a shrewd and genial colleague whose financial acumen and sound business judgment were always willingly brought to bear on the various problems which from time to time confronted the Board.

As the senior partner of Messrs Govett, Sons & Company, this Company's Brokers, he occupied a prominent position in the life of the City of London, where he will be much missed. I am sure that I speak for all who knew Mr. Kilpatrick when I say we feel a deep sense of loss at his passing.

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

The results for the Company's financial year ended July 31, 1961, continued to be satisfactory. Gross Revenue at £1,841,037 showed an increase of 22.5 per cent. on the previous year and surpasses the previous record year, 1957, when the comparable figure was £1,683,155.

Generating plant continued to give good service during the year. Total units generated at just under 480 million showed an increase of 24.03 per cent. on 1960. The Malim Nawar steam power station generated 243.37 million units, or 34.7 per cent. more than the previous year, while the Batu Gajah steam power station generated 76.69 million units, or 118.08 per cent. more than 1960. Unfortunately, the effective flow of the Perak River at the Chenderoh power station continues to be well below the average minimum flow for the last 31 years with the result that Chenderoh only generated 159.6 million units or 6.6 per cent. less than last year. We should reasonably expect some 190 million units in a year of normal rainfall.

INSTALLATION OF FURTHER GENERATING PLANT PROPOSED

During the year, 89 miles of high tension transmission line were constructed and energised and 71 miles of line dismantled because of normal changes in mining operations. Demand for electricity in our Concession Area showed a marked increase during the year, with the result that the distribution system is now virtually fully loaded. I referred last year to the possibility of obtaining a bulk supply of electricity from the Central Electricity Board. It is now clear, however, that, owing to the increasing demands on

the Board's system, such a supply cannot be expected for at least several years to come.

The Directors have therefore decided to proceed with the installation of two additional 20mW. generating sets and ancillary plant at the Malim Nawar power station, subject to the necessary consents of the Malayan Authorities.

Our subsidiary, The Kinta Electrical Distribution Company, Limited, had another satisfactory year and business continued to expand. The total number of units sold was 20,293,125 compared with 19,327,172 in 1960, an overall increase of 5 per cent. The gross profit of the Company from the sale of electricity increased by 12.08 per cent to £90,774 during the year under review.

Turning to the Revenue Account for the Company, revenue from the sale of current and miscellaneous income at £1,841,037 shows an increase of £338,349 over the previous year and resumes the pre-restriction rate of growth. After various deductions, including provision for taxation, the profit for the year is £407,340 as against £295,051 last year. Your Directors recommend a final dividend of 6 per cent and a bonus of 5 per cent. Taken in conjunction with the interim dividend of 4 per cent already paid, this makes the distribution to the Ordinary Shareholders for the year 15 per cent. This distribution represents an actual rate of 3.2 per cent on the total capital employed in the Company's business.

The Company's Balance Sheet at July 31, 1961, shows that fixed assets have increased by £207,442 and that the excess of current assets over liabilities is £1,018,139 as compared with £720,992 in the previous year. It will, therefore, be seen that the Company is building up a strong liquid position against the cost of the further generating plant required at Malim Nawar.

THE JHANZIE TEA ASSOCIATION

The eighty-fourth annual general meeting of The Jhanzie Tea Association, Limited, was held on October 27th in London, Mr G. A. Rainey (the chairman) presiding.

The following is an extract from his circulated statement:

The crop produced at 4,915,848 lbs. was some 100,000 lbs. less than that for 1959, most of this reduction being on the Seleng Estate, but it is worthy of note that three of the Association's gardens, Naganijan, Jaipur and Namsang, produced more tea in 1960 than in 1959. Seleng and Boisahabi, the two gardens most seriously affected by the 1959 drought, unfortunately again showed a loss over the season's working. The Board, however, feel confident that the rehabilitation measures now being taken will ensure that, in the near future, these two estates will again contribute towards the profit-earning capacity of the Association.

Higher prices were obtained in both the London and Calcutta markets and, although a smaller proportion of the crop was shipped to London, total proceeds are up by £16,000. Total revenue expenditure having remained steady, the profit on tea for the season is £101,132, an increase of £15,432 over that achieved for 1959.

As regards the prospects for the current season, it is reassuring to report that, up to the end of August, the 1960 crop shortfall has more than been made up, and that the outturn is, in fact, ahead of 1959.

The report was adopted and a dividend of 5 per cent, free of tax, was approved.

BERALT TIN & WOLFRAM

SIR CHRISTOPHER BULLOCK'S REVIEW OF THE WOLFRAM MARKET

The thirty-third annual general meeting of Beralt Tin & Wolfram, Ltd., was held on November 2nd at Winchester House, EC2.

Sir Christopher Ll. Bullock, KCB, CBE, Chairman, presided.

The Chairman, in the course of his speech, said:

WOLFRAM PRICES

The market for Wolfram has been in a sluggish and depressed condition for some time past. After a period of reasonable stability at between 150s. and 160s. per long ton unit during the first nine months of the year under review, the price fell to 120s. 6d. as at March 31, 1961. It then showed a small recovery and in June rose to 130s. 6d.; but during the past two months it has declined again and stood at the end of October at no more than 118s.

Various factors have contributed to these price fluctuations and the present weakness of the market. Among them have been sales from behind the Iron Curtain, primarily of concentrates of Russian or Chinese origin, which have been sold on occasion at very substantial discounts. Demand for wolfram from the Continent, particularly from Germany and Austria, has been largely satisfied for some time past by supplies from these sources under running contracts.

Another disturbing factor has been the availability of Government surplus stocks in this country. I am glad to say that there has been to date no repetition of the serious price debacles of 1957 and 1959, caused by these stocks being pressed on a market in no condition to absorb them. But it is obvious that the knowledge that they are awaiting sale has had, and must continue to have, an adverse influence. In my opinion, but for sales from this source, the price might well have risen to a more reasonable level when intermittent bursts of demand have occurred in the past twelve months.

Though it is only fair to say that those concerned have made every effort to avoid disruption of the market, I consider the Authorities should bring this whole question under careful review. I doubt whether it is to the tax-payers' advantage that these stocks should continue to be liquidated at what must be a very heavy loss on their original purchase price. Moreover, I regard continuance of the present state of affairs as unfair to producers in today's difficult conditions. The Authorities might well fix and announce a *minimum* price below which they will not sell; or a scheme might be devised on the lines of the Rubber disposal scheme whereby, within a prescribed price range, a "tap" would be automatically turned on and off.

It is encouraging that very large sums continue to be spent in the United States on research and experiment in the field of tungsten and its products. A recent report speaks of tungsten as one of four metals which are regarded as the most promising for rockets and similar missiles, whether for space exploration or for military purposes, and states that over $20,000,000 is being spent on research into these metals in the current year. Several interesting developments, for example in fabricating technique, have been reported as a result. If these prove capable of commercial application—and some of them have already done so—new uses may well emerge which will substantially enhance demand. And demand should in any case tend to increase over the years as world industrialisation develops and spreads into new countries. For what it is worth, the United States Materials Policy Commission estimated in 1952 that world consumption of tungsten might increase by 150 per cent by 1975.

The Board thought it right to sound a note of caution when announcing the interim in March and the proposed final dividend at the end of August. The average mean Metal Bulletin price for 1960/61 was 148s. 10d. per unit; as I have said, today's corresponding figure is only 118s. This is a fall of more than 30s. per unit (equivalent to about £113 per ton of our wolfram concentrates) and, in the case of a low-grade mine such as Beralt, such a price cannot leave even the most efficient producer with an adequate margin of profit in a period of rising costs.

The Report and Accounts were adopted.

COBALT DEVELOPMENT INSTITUTE

The Cobalt Development Institute, which groups leading cobalt producers of the free world, held its Sixth Annual Meeting in Brussels, on October 24th. Mr J. H. Lascelles, Resident Director of Rhodesian Selection Trust, Ltd., presided and was assisted by the two Vice-Chairmen, Mr Ch. Piedboeuf, a Manager of Union Minière du Haut-Katanga, and Dr Schackmann, President of the Board of Duisburger Kupferhütte.

The Assembly examined and approved the 1960 activities and financial management of the "Centre d'Information du Cobalt" (CIC), which is the executive organisation of the Institute. It also expressed its satisfaction at the setting up of two new branch offices, in Düsseldorf and London, which constitutes the outstanding achievement for the Institute in 1961.

As regards the research programme, emphasis was once more laid on three fields of application. One is concerned with the problem of air pollution by automobile exhaust gases. Research during the past two years has resulted in demonstrating the remarkable activity of cobalt oxide as a catalyst for the complete combustion of these gases, and in developing a suitable support for this catalytic agent. Next year's effort will be devoted to designing and testing a complete afterburner device incorporating the new catalytic material.

The other fields of application are the more traditional ones of magnetic materials and special steels and alloys. Here the research effort will be oriented in several directions, and will include both fundamental and practical work.

The "Centre d'Information du Cobalt" and its branch offices are at the disposal of cobalt users to answer requests related to cobalt and its applications. Information of current interest is diffused mainly through the quarterly "Cobalt," which is published in English, French and German. The head and branch offices of CIC are located at: 35, rue des Colonies, Brussels, Belgium; Battelle Memorial Institute, Columbus 1, Ohio, USA; Düsseldorf, Elisabethstrasse 14, Germany; Chichester House, 278/282, High Holborn, London, WC1, England.

THE ECONOMIST NOVEMBER 11, 1961

COMPANY AFFAIRS

Shopping and Shares

In his statement with the full report of Debenhams the chairman, Mr J. Bedford, tells shareholders that the full effects of the Chancellor's "little budget" still have to be felt. The latest figures from the Board of Trade show that apart from food almost all sections of retail trade suffered some decline in sales in September. There is further evidence of the slowing down in the rate of growth from the interim report of **Marks and Spencer** for the half year to end September; while sales reached a record figure of £84¼ million, an increase of 6 per cent over the £79 million for the corresponding period in 1960, this compared with the increase of 16 per cent achieved in the first half of 1960-61 and the increase of 12½ per cent for the year as a whole. Shareholders are left to guess whether the increase in turnover has brought a similar increase in profits; this seems unlikely if the increase in sales has been most marked in food, for margins there are slimmer than in clothing. Nevertheless the interim dividend has been left unchanged at 15 per cent on the capital as increased by the one for ten scrip issue and represents an effective increase of 1.4 points over the 1960-61 payment. There can be little doubt that the full year's payment will be kept at 47½ per cent, representing an effective increase of 4.3 points. On this assumption the 5s. "A" shares at 103s. 9d. yield 2¼ per cent.

The main interest in the **Debenhams** full report lies not so much in current trading prospects, on which the chairman declines to commit himself, as on future property developments. A year ago Mr Bedford said there were plans for developing and extending 28 existing stores over the next five years. But as a result of the credit squeeze the directors said in September that the programme of capital expenditure would be spread over a longer period. Capital commitments at July 31st amounted to £2.4 million and liquid assets then were down from £2,464,000 to £854,000 reflecting in part additional working capital; these figures pointed to the need for further funds, which were in fact raised by a £4½ million rights issue in September. The new plans for the development of the group's properties are much more ambitious and involve the setting up of a property subsidiary and the likelihood of a link with one of the insurance companies. Some plans are already well advanced and parts of the enlarged Plummer Roddis sites at Hastings and Brighton are to be given over to large blocks of flats.

The directors have decided against selling freehold properties and leasing them back; they say that "It is in our best interests to retain these valuable properties, which are the best hedge against inflation that we have." They admit however that there are short term advantages in lease-back financing but they believe that under the property subsidiary the properties will be used to "the best possible advantage."

The major challenge to Debenhams and other department stores groups comes from the continued growth of the multiples and Mr Bedford again refers to the progress made in the centralisation of the group's buying of the staple lines. It remains to be seen whether the group is moving quickly enough in that and other directions to keep step with the change in shopping habits. On the forecast dividend of 19.2 per cent. on the increased capital the 10s. shares at 57s. 3d. yield 3.4 per cent.

Electric and Musical Industries

As usual the statement from Sir Joseph Lockwood, the chairman of Electric and Musical Industries, is long and detailed, and shareholders should be encouraged by it. Many will perhaps content themselves with the last two sentences: "The prospects for the group's sales seem good and in the year to June 1962 they may well reach a total of the order of £90 millions, assuming no political crises. Although I expect group profits to be higher I would hesitate, in these conditions of intense competition, to make a forecast."

Sales in the year to June 30th last amounted to £82.4 million, against £68.7 million, but Sir Joseph points out that if the sales of the newly acquired subsidiaries, Morphy-Richards and Ardente, are included for the previous years, turnover has risen by no more than two per cent in each of the past two financial years. This reflects an increase of 8 per cent in sales of records, 13 per cent in electronic capital goods, a reduction of 11 per cent in household appliances, radio and television sets and virtually no change in the other products, which include magnetic tapes and hearing aids.

Profits before tax rose from £5,221,000 to £5,448,000. That this profit was not higher is attributed not only to the slump in consumer durables both here and in Australia but also to the heavy expenses incurred in the rationalisation of the group's household business in this country following the Morphy-Richards acquisition. Sharp increases in the depreciation charge, following the revaluation of freehold properties, and in interest charges, reflecting the rise in working capital and the financing of the cash portion of the Morphy-Richards deal, have also eaten into the trading profit. At the end of June there was a net overdraft of £3.9 million against a net liquid balance of £2.8 million. The directors do not intend at the moment to issue any new shares for cash but the issue in Switzerland of 40 million Swiss francs of 4½ per cent unsecured registered bonds, 1966-76, at par will raise £3.13 million net and this will clearly bring about some saving in loan interest.

The only shares which EMI proposes to issue are to its senior executives who are to be granted options to buy up to 600,000 shares. These options are to be for five years at a price which will either be the middle market price when the offer is made or the middle price on some subsequent date. With the shares standing only slightly above their low point and yielding 4.8 per cent on a 17½ per cent dividend at 36s. the first alternative will be the most attractive to any executives who are offered options in the near future. Certainly there will be many disappointed investors on both sides of the Atlantic if these options do not prove valuable over the five-year period. Before then the electronic group should be making good profits: so far the company admits that its profits hardly justify the amount of capital employed but all development and research costs are written off against current profits each year. Once the present recession is past Morphy-Richards should benefit from EMI's world-wide connections. Its sales of smaller appliances continued to rise last year and with the Astral refrigerator it added to its share of a depressed market at home. In the long term the uncertainties perhaps are concerned more with records, which have been so successful in recent years, than with EMI's other products. So far there is little sign of the record boom ending in this country (although it has been forecast for the past two years) but the trend is towards cheaper long-playing records and this presumably points to lower margins.

De La Rue

The interim results from De La Rue repeat a now familiar story in British industry: higher sales—14 per cent up on the corresponding period in 1960—but only a small increase in profits before tax and a small reduction in net profits. As the chairman, Mr B. C. Westall, predicted at the annual meeting late in July the Chancellor's measures have affected the progress of the group particularly the Formica group and the Thomas Potterton group which makes gas and oil fired heaters. Thus margins are below those of last year when profits of the Formica subsidiary were badly hit by the depression in the furniture trade.

If there is little evidence of progress in this country at the moment, the group's export and overseas business, which last year accounted for £10½ million of total sales of £18½ million, has made further strides. In the 28 weeks to mid-October the overseas subsidiaries raised their sales by 25 per cent and exports rose by 20 per cent, contributing together £5.9 million of total sales. While the order book shows a substantial increase over both the level at this time last year and at the end of the financial year the directors expect this to be offset by lower profit margins. They hope to pay the same total dividend of 22½ per cent.

Continued on page 600

LONDON AND NEW

Prices, 1961 High	Prices, 1961 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Nov. 1, 1961	Price, Nov. 8, 1961	Net Yield, Nov. 8, 1961 §	Gross Yield, Nov. 8, 1961
					£ s. d.	£ s. d.
92½	88⅜	Savings Bonds 3%.....1955-65	91	91	4 7 5	5 13 7
101 32	99	Conversion 4½%.....1962	99 13 16	99 13 16	5 1 10	5 13 11
96⅞	93¾	Exchequer 3%.....1962-63	95 13 32	95 31 32	4 11 5	5 13 7
101 16	98⅜	Treasury 5½%.....1962	100 5 16	100 5 16	3 1 6	5 3 7
93 32	90¼	Exchequer 2½%.....1963-64	93	93	4 10 6	5 10 8
99 32	96⅜	Conversion 4¾%.....1963	98 13 32	98½	4 0 3	5 15 3
98 32	94½	Conversion 4½%.....1964	97 32	97	4 0 9	5 16 3
101 16	96	Exchequer 5½%.....1966	98¼	98⅝	3 14 3	5 19 0
83⅛	78 16	Funding 3%.....1959-69	82⅝	82¾	4 12 7	5 18 10
89¾	84¾	Funding 4%.....1960-90	89 16	89 16	3 9 6	5 2 9
80½	74⅝	Savings Bonds 3%.....1960-70	80⅜	80 16	4 12 4	5 19 6
85⅛	80¾	Savings Bonds 2½%.....1964-67	85	85 16	4 13 4	5 14 8
72 11 16	66¼	Savings Bonds 3%.....1965-75	72 16	72 16	4 13 0	6 2 11
84 11 16	78⅛	Funding 3%.....1966-68	84⅜	84⅜	4 12 2	5 19 11
97½	92½	Victory 4%.....1920-76	94¼	94 13 16	3 5 8	4 18 11‡
86 16	80¼	Conversion 3½%.....1969	86 16	86⅛	4 9 2	5 19 9
93 16	87	Conversion 5%.....1971	93 16	93¼	4 0 8	6 3 1
95 11 16	88½	Conversion 5½%.....1974	94 11 16	92¾*	3 18 5	6 0 6
73⅛	66	Treasury 3½%.....1977-80	71¼	70⅛*	4 10 5	6 4 0
72¼	65	Treasury 3½%.....1979-81	69¾	70 16	4 10 7	6 5 5
97 16	88½	Funding 5½%.....1982-84	92 13 16	93 16	3 18 3	6 4 6
59½	51½	Redemption 3%.....1986-96	54½	54⅞	4 7 9	6 3 11
88¼	79¼	Treasury 5%.....1986-89	82	82 5 16	4 3 0	6 7 11
63 1 16	55	Funding 3½%.....1999-2004	57 13 16	58 1 16	4 7 0	6 9 10
94⅝	81⅝	Treasury 5½%.....2008-12	83½	84	4 3 1	6 13 5
65⅜	56½	Consols 4%.....after Feb. 1957	60¼	60 3 16	4 2 2	6 15 2
59 1 16	50½	War Loan 3½%.....after 1952	52½*	52 5 8*	4 1 3	6 12 6
59	50½	Conv. 3½%.....after Apr. 1961	52 7 16	52 5 8	4 0 10	6 12 4
50⅞	43¼	Treasury 3%.....after Apr. 1966	45¾	45⅜	4 0 6	6 7 2
44	36½	Consols 2½%.....after 1923	39 16	39 16	3 17 8	6 7 2
43½	36½	Treasury 2½%.....after Apr. 1975	38 16	38¼	4 0 5	6 11 8
91⅞	85¾	British Electric 4½%.....1967-69	91⅜	91¾	4 2 3	6 0 6
75 11 16	70⅛	British Electric 3%.....1968-73	75⅜	75 7 16	4 13 4	6 1 2
70⅝	64½	British Electric 3%.....1974-77	69¾	69⅞	4 12 7	6 1 11
81⅞	74⅞	British Electric 4½%.....1974-79	79¼	79⅝	4 5 5	6 4 0
73½	67	British Electric 3½%.....1976-79	70¾*	71*	4 10 3	6 3 10
84⅞	78¾	British Gas 4%.....1969-72	84 9 16	84⅝	4 6 6	6 2 0
82	76	British Gas 3½%.....1969-71	81⅞	82	4 9 5	6 0 8
59⅜	51¾	British Gas 3%.....1990-95	54⅜	54 9 16	4 9 5	6 5 4
75 11 16	70⅛	British Transport 3%.....1968-73	75⅜	75 7 16	4 13 4	6 1 2
80⅞	74	British Transport 4%.....1972-77	79 16	79¼	4 16 9	6 4 2
61 7 16	53¾	British Transport 3%.....1978-88	58½	58 9 16	4 11 10	6 6 4

Prices, 1961 High	Prices, 1961 Low	DOMINION AND CORPORATION STOCKS	Price, Nov. 1, 1961	Price, Nov. 8, 1961	Yield, Nov. 8, 1961 £ s. d.
82¼	76⅛	Australia 3½%.....1965-69	81⅞	82	6 6 01
101	92¾	Australia 6%.....1974-76	97	97¾	6 4 01
72½	64⅛	Ceylon 4%.....1963-75	66½	66½	6 8 01
101⅛	92¾	New Zealand 6%.....1976-80	95½*	96¼	6 8 01
80½	70½	Rhodesia and Nyasaland 6%.....1978-81	76½	76¾	8 13 01
81	73	South Africa 3½%.....1965-67	80	80½	7 19 01
59	53½	Southern Rhodesia 4½%.....1969-72	56	56¾	8 12 01
94⅝	85⅛	Agricultural Mortgage 5½%.....1980-85	88½	88¾	6 11 01
89	82¼	Birmingham 4¼%.....1967-72	88	88⅛	6 3 01
92¾	86½	Bristol 5%.....1971-73	90¼	90¼	6 7 01
93	86½	Corporation of London 5¼%.....1976-79	87¾*	87¾*	6 6 01
48¾	41	L.C.C. 3%.....after 1920	44¼*	44*	6 14 0†
89⅛	80⅛	L.C.C. 5%.....1980-83	83¾	84	6 7 01
93	84¼	Middlesex 5¼%.....1980	88¼	88½	6 7 01

NEW YORK PRICES AND INDICES

	Nov. 1 $	Nov. 8 $		Nov. 1 $	Nov. 8 $		Nov. 1 $	Nov. 8 $
Atch. Topeka ...	28	28⅛	Boeing.....	48⅛	49½	Int. Harvester..	50⅝	52⅞
Can. Pacific....	24⅜	24⅝	Celanese.....	33⅜	36	Inter. Nickel...	79⅞	81¼
Pennsylvania....	14⅝	16⅛	Chrysler.....	53⅜*	54½	Inter. Paper ...	36	36
Union Pacific ...	36¼	36¼	Col. Palmolive ..	47½	50⅞	Kennecott.....	79⅞	82½
Amer. Electric ..	73⅛	75⅞	Crown Zeller....	61	62¼	Monsanto	53½	57¼
Am. Tel. & Tel....	121⅝	129	Distillers Seag. ..	45¼	46	Nat. Distillers..	25⅞	26⅛
Cons. Edison....	84	84⅛	Douglas.....	33¾	34	Pan-American .	20¾	22
Int. Tel. & Tel...	52⅛	54⅝	Dow Chemical..	73½	75½	Procter Gamble	93½	96
South'n. Nat. Gas	44½	45	Du Pont.....	232	243¾	Radio Corpn...	55⅜	56
United Corpn...	8¾	8⅞	East. Kodak.....	109¾	111	Sears Roebuck .	82¾	85⅜
Western Union .	10⅞	11¼	Ford Motor.....	101¾	110	Shell Oil	39⅞	40⅜
Alcoa.....	57⅜	60⅝	Gen. Electric	74⅝	74⅞	Socony-Mobil ..	46½*	47¼
Aluminium	263¾*	273¾	General Foods ..	96⅝	102*	Stand. Oil Ind..	48⅜	48
Amer. Can.....	45	45	General Motors .	50	53⅞	Stand. Oil N.J..	46⅜	47⅜*
Am. Smelting....	59⅞	65	Goodyear	45¼	46½	Union Carbide..	127*	126⅞
Am. Viscose	55½	59½	Gulf Oil.....	38⅞	39¼	U.S. Steel	76⅜	79¼
Anaconda	48	50⅜	Heinz.....	64¾	69¾	Wast. Electric..	39*	39⅞
Bath. Steel	41⅝*	41⅞	Int. Bus. Mach...	585	592	Woolworth.....	83½	83⅜

Standard and Poor's Indices (1941–43=10)

1961	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Oct. 11	71·60	2·84	35·30	4·61	64·13	3·06	88·91	3·99
,, 18	71·68	2·83	34·80	4·68	64·09	3·07	88·91	3·99
,, 25	71·77	2·83	34·30	4·75	64·67	3·04	88·91	3·99
Nov. 1	72·20	2·82	34·16	4·77	65·09	3·02	89·43	3·94
,, 8	74·51	2·74	34·50	4·73	66·90	2·94	89·43	3·94

425 Industrials :—High, 74·51 (Nov. 8). Low, 60·87 (Jan. 3)

Prices, 1961 High	Prices, 1961 Low	ORDINARY STOCKS	Price, Nov. 1, 1961	Price, Nov. 8, 1961	Yield, Nov. 8, 1961	Cover
					%	%
29/3	20/3	14 b	6 a	**BANKS, DISCOUNT & HP**		
22/–	14/10½	11½ c	4 a	Barclays..... £1	82/9	84/6	3·08	...
58/9	33/6	7 b	4 a	District..... £1	87/–*	88/–*	3·64	...
81/6	56/3	7½ b	6¼ a	Lloyds..... £1	68/3	65/6	3·32**‡	...
26/10½	14/6	10 b	5 a	Martins..... 5/–	21/6	22/–	3·41	...
				Midland..... £1	85/9	86/–	3·49**	...
				Nat Provincial £1	83/–	83/6	3·35	...
				Westminster 'B'..... £1	82/–	81/9	3·57	...
36/–	24/–	8 b	4 a	**DRAPERY & STORES**				
91/3	58/6	20 b	7½ a	Boots Pure Drug 5/–	28/3	27/6	2·18	2¼
75/0¾	47/7½	15¾ b	5¼ a	Montague Burton.... 10/–	87/9	89/6	3·07	2
134/6½	45/–	12½ a	25 b	Debenhams..... 10/–	54/–¶	56/9¶	3·38	1½
30¾	25¼	8 c	9 c	G.U.S. 'A'..... 5/–	49/1½	48/9	3·85	2
44/9	31/9	10 c	5 a	House of Fraser..... 5/–	36/–*	36/–*	4·17	1¼
68/7½	46/7½	7½ b	7½ b	Lewis's Invest. Tst.... 4/–	48/3	51/6	5·83	...
21/1½	14/3	7½ b	5 a	Marks & Spencer 'A'.. 5/–	14/11¼	14/11¼	3·30	2¼
£21	£14⅜	5/– a	10/– b	Hongk'g. & Shang.... $25	£17	£17½	4·29	...
106/9	85/11½	32½ b	15 a	Nat. Com. Bk. Scot.. 10/–	103/9	103/6	2·29	1½
53/10½	34/10½	20 b	10 a	Royal Bk. Canada.... $10	£29 5 16	£25 15 16	$2·32½ c	$2·37½ c
62/11½	50/–	25 b	10⅝ a	Royal Bk. of Scotland .£1	102/3	104/–	3·65	1½
				Stand. Bk. S. Africa...£1	37/–	39/3	7·64	...
49/6	28/3	10 b	5 a	**ELECTRICAL & RADIO**				
15/5¼	9/7½	...	15 c	A.E.I..... £1	30/6	31/6	9·52	1
62/3	49/–	4 a	9½ b	Brit. Electronic Inds..5/–	10/9	9/9¾	7·64	1¼
14/7½	11/3	5 a	7½ b	B.I.C.C..... £1	56/9	58/–	4·66	2
76/–	54/–	7½ a	15¾ b	Crompton Parkinson..5/–	60/–	62/6	3·73	1¾
52/–	35/–	5 a	12½ b	De La Rue..... 10/–	36/6*	38/–*	4·61	2
38/–	25/9	5 a	8 b	Elliott-Automation...5/–	34/9	35/5¼	1·83	2
40/6	26/3	3 a	7 b	English Electric £1	28/9	28/6	7·02	1½
39/6	24/3	3 a	7 b	General Electric..... £1	25/3	26/9	7·48	3¼
72/9	47/–	8⅛ a	4⅜ a	C. A. Parsons..... £1	48/6	49/6	5·05	4
52/3	37/6	6½ b	3¼ a	A. Reyrolle..... £1	38/6	38/9	5·03	2¾
63/–	45/3	25 c	25 c	Thorn Electrical 5/–	57/–	55/6	2·25	3
				ENGINEERING				
36/9	18/9	9 c	Nil a	Babcock & Wilcox....£1	21/9	21/6	...	1
48/9	30/4½	4 a	7 b	John Brown £1	31/1½	33/–	6·67	2¾
8/4½	4/4½	9 b	3 a	Cammell Laird 5/–	4/6	4/4½	13·71	1½
33/9	22/4½	20 b	10 a	Internat. Combust. .5/–	23¾	23/4½	6·42	1½
9/1½	3/7½	...	...	Rich'ns. Westg'th. 10/–	3/10½	3/7½	...	...
40/–	28/–	9½ b	2½ a	Swan Hunter..... £1	32/3	32/9	7·33	2¼
17/4½	12/6	5 c	5 a	John Thompson 5/–	12/9	12/6	2·00	1**
33/10½	21/8¼	7½ c	12½ a	Coventry Gauge....10/–	29/–	29/3	4·18	2¼
79/9	51/6	16 b	12½ a	Alfred Herbert £1	61/6	60/9	4·57	1¾
78/–	48/–	7½ a	12½ b	Allied Ironfounders...£1	49/–	48/6	8·25	1½
110/–	83/–	10 b	5 a	Averys..... £1	85/–	83/3	3·60	2½
36/10½	19/3	7½ b	4 a	B.S.A..... 10/–	20/4½	20/9	5·62	2¾
14/9	9/–	8½ b	4½ a	George Cohen 5/–	10/–	9/10½	6·58	1¾
44/4½	29/6	10 a	17½ b	Davy-Ashmore 5/–	30/–	30/–	4·58	2¼
108/7½	75/6	5 a	11 b	Guest Keen..... £1	80/6	81/6	3·93	3½
31/–	18/3	4 a	12 b	Head Wrightson.....5/–	19/9	20/–	4·00	2½
100/3	68/3	5 a	7 b	Metal Box..... £1	79/6	83/–	2·89	2¼
22⅞	14/–	4 a	10 b	Ransome & Marles....5/–	14/9	14/9	4·75	3
50/6	34/6	3 a	7 b	Renold Chains £1	38/6	39/6	5·06	2
44/11½	29/7½	17½	10 a	Simon Engineering ..5/–	33/6	33/11½	4·15	2
85/6	54/–	7 a	7 b	Tube Investments..... £1	67/6	66/6	4·21	2¾
38/4½	25/9	7½ b	2½ a	Vickers £1	27/–	26/3	7·62	1¾
84/6	64/6	33⅓ a	10 b	Ward (Thos. W.)..... £1	65/6*	65/6*	4·20	3½
30/–	19/6	5 a	22½ b	Woodall-Duckham..5/–	19/6	20/–	5·25**	2¾

Prices, 1961 High	Prices, 1961 Low	ORDINARY STOCKS	Price, Nov. 1, 1961	Price, Nov. 8, 1961	Yield, Nov. 8, 1961	Cover
					%	%
34/–	17/4½	**FOOD & TOBACCO**				
15/–	7/9¾	Allied Suppliers.... 10/–	18/11½	17/10½	5·60	2¼
74/–	54/3	Assoc. British Foods..1/–	12/11½	11/10½	1·89	2
15/6	11/9	Brooke Bond 'B'.... 5/–	8 b	4 a	4·42	2½
19/3	12/6	International Tea 5/–	13/11½*	13/–*	4·18	3¾
107/9	65/–	J. Lyons 'A'..... £1	12/6	12/6	5·00	1½
35/6	25/9	Ranks..... 10/–	68/3	70/3	4·51	1¼
14/0¾	10/4½	Spillers..... 10/–	30/11½	30/3	4·63	2
50/–	38/7½	Tate & Lyle..... £1	10/7½	10/9	4·64	2
20/10½	14/10½	Unigate 5/–	44/11 32	46/11½	5·20	2
73/–	56/9	Brit. Amer. Tobac. .10/–	15/11½	15/11½	4·63	2
51/6	39/3	Gallaher 10/–	59/9	60/3	5·87	2¾
71/6	65/3	Imperial Tobacco..... £1	39/9	39/3	5·10	2
			69/–	68/6	6·57	1¾
151¼	115⅛	**INSURANCE**				
86/3	60/6	Britannic..... 5/–	125⅞	135⅜	3·15	...
32¼	17⅞	Commercial Union ..5/–	65/6	66/3	3·40	...
88/4½	51/10½	Equity & Law Life ...8/6	30¼	31 11 16	0·90	...
60/6	42/7½	General Accident.....5/–	80/6	79/9	1·88	...
39½	23¼	Guardian..... 5/–	50/–	49/6	2·69**‡	...
146/–	100/–	Legal & General..... £1	36⅜	37⅛	1·28	...
277/6	156/3	Northern & Empl..... £1	122/6*	123/6*	3·24	...
29	18	Pearl 10/–	210/–	210/–	3·50	...
49/3	38/10½	Prudential 'A'..... 4/–	25	25	2·72	...
129/3	100/3	Royal 5/–	43/9	44/6	3·37**	...
		Royal Exchange £1	105/3	107/3	3·50	...
18/10½	12/10½	**MOTORS & AIRCRAFT**				
86/3	66/11½	British Motor 5/–	81/9	82/9	1·21	7¾
48/6	38/4½	Jaguar Cars 'A'..... 5/–	39/9*	38/4½*	5·73	2¼
10/–	6/–	Rolls-Royce..... £1	7/–	6/9¾	7·05	5¼
88/9	52/2¼	Rootes Motors 'A'....4/–	69/3	71/6	4·48**	2½
101/–	77/7½	A.C.V..... £1	86/4½	90/6	4·42	...
18/6	14/–	Leyland Motors £1	9 b	3½ a	8·62	2¼
33/3	22/6	Bristol Aeroplane ..10/–	10 b	5 b	9·42**	1¼
41/3	31/9	Hawker Siddeley..... £1	15½ b	15/9	4·76	2¼
28/10½	21/6	Dowty Group..... 10/–	33/11½	33/–	4·70	2¼
72/–	49/9	Dunlop Rubber 10/–	155 c	5 a	5·65	2
33/3	15/9	Joseph Lucas..... £1	111 4 b	21 a	5·09	2
46/3	29/3	Pressed Steel..... 5/–	9 a	21 b	8·70	1¼
		Triplex Holdings 10/–	15 c	12½ c	4·00	2
168/9	110/–	**MINES**				
67/3	43/–	Anglo-American.... 10/–	50 b	40 a	6·55	1½
108/9	72/6	Consolid. Gold Fields .£1	6¼ a	18¾ b	8·30	2
68/6	40/–	General Mining £1	15 a	20 b	8·00	2
25/3	15/3	Union Corporation ..2/6	120 b	40 a	7·34	3
125/–	73/9	Daggafontein 5/–	40 a	40 b	6·63	3
54/3	37/6	Free State Geduld 5/–	70 a	100 b	8·95	2
64/6	41/10½	Hartebeestfontein ...10/–	25 a	25 b	10·64	1½
157/6	101/3	President Brand 5/–	50 a	60 b	11·00	1½
28/6	15/9	Western Holdings 5/–	90 a	120 b	8·94	1¼
75/3	55/–	Winkelhaak..... 10/–	70 a	81½ b	9·43	1¼
63/6	51/3	Chartered 15/–	363⅜ b	131¾ a	12·71	2
11/7½	7/10½	Rhod. Anglo-Amer..10/–	60/9	59/–	14·48h	2
6/1½	4/7½	Rhod. Selection Tst. .5/–	54/–	55/3	8·56h	2¼
30/9	18/6	Roan Antelope..... 5/–	8/11½*	8/–*	12·48h	1¾
81/6	55/–	Tanganyika Cons.... 10/–	4/10½*	4/10½*	20/7½	1¼
159/4½	110/–	Tin Areas of Malaya..5/–	18/9	19/–	17·11	1½
18/9	10/9	Zambesia Exploring..5/–	137/6	140/–	8·93	1¾
45/–	30/–	Internat. Nickel ....p.y.	1·86	...	13/7½	1½
44/3	17/9	Rio Tinto..... 10/–	39/4½	40/7½	6·77	1½
		Tronoh 5/–	30/6	29/6	8·90	1
61/6	40/9	**OIL**				
49/6	32/–	British Petroleum £1	42/9	42/3	9·02	2¼
52/–	36/–	Burmah Oil £1	35/–	34/–	9·01	1¼
£15 1 16	£10 5 8	Castrol..... 10/–	38/–	38/6	5·19	2½
139 7½	108/9	Royal Dutch..... 20 fl.	£11 1 2	£12 1 16	3·90	2¾
41/3	24/3	Shell Transport £1	114/–	116/6	5·84	3
		Ultramar..... 10/–	28/–	25/6	... d	...
14/7½	9/10½	**PAPER & NEWSPAPERS**				
91/–	57/6	Daily Mirror..... 5/–	12/4½*	12/6*	6·00	1¼
23/9	17/9	W. H. Smith & Son 'A'..£1	63/–	66/–	3·64	2
66/3	43/6	Thomson Org'n. 5/–	21/9	23/3	5·16**	2
56/6	42/–	Bowater Paper..... £1	47/3	48/7½	5·66	1½
54/3	37/6	Albert E. Reed..... £1	40/6	40/3	6·21	1¾
68/9	48/–	Spicers..... £1	54/6	48/–	5·83	2

Prices, 1961 High	Prices, 1961 Low	ORDINARY STOCKS	Price, Nov. 1, 1961	Price, Nov. 8, 1961	Yield, Nov. 8, 1961	Cover
					%	%
62/–	43/–	**MISCELLANEOUS**				
34/6	26/9	Assoc. British Picture..5/–	20 a	20 a	6·25	2¾
52/9	41/4½	Assoc. Television 'A' .5/–	40 b	40 b	10·04	1¾
16 a	14 b	Beecham Group..... 5/–	28/10½	29/10½	10·04	1¾
54/3	31/11½	Brit. Match £1	16 a	14 b	2·94	1¾
28/4½	14/9	Brit. Match £1	31/10½	31/11½	6·32	2
12/6	10 b	Brit. Oxygen..... 5/–	17/3	16/3	3·28	2½
13/–	7/10½	British Ropes 5/–	6 b	7 b	3·28	2½
20 c	7½ a	Gestetner 'A'..... 5/–	8¼	8/9	5·71	2¼
7 b	3 a	Glaxo..... 10/–	37/6*	39/–*	2·56	3¼
73/9	52/6	Harrisons & Cr. Defd. .£1	6 a	9 b	2·68	3¼
57/6	42/–	Hoover 'A' 5/–	43/9	42/–	7·14	2¾
55/6	35/6	Ilford 5/–	43/9	45/–	5·00	2¼
28/–	18/9	I.C.T..... £1	12½ b	5 a	4·12	2
107/3	56/3	National Canning £1	89/6	90/3	2·49	2¾
78/9	41/3	Powell Duffryn..... 10/–	12½ c	12½ c	6·06	1
37/3	29/6	Tunnel 5/–	42/6	41/3	4·78	2¼
30/3	24/7½	Radio Rentals 5/–	33/3	33/6	4·77	2¼
37/6	18/9	Rank Organisation ...5/–	28/6	29/9	3·36	3
30/9	30/9	Schweppes 5/–	7½ a	15 b	3·66	2½
33/–¶	33/–¶	Sears 'A'..... 5/–	30/9	30/9	3·64	1¾
54/–	34/–	Stone Platt Inds..... 5/–	33/–¶	33/–¶	3·64	1¾
24/3	24/7½	Thomas Tilling 4/–	34/–	34/11½	3·66	2¼
78/–	55/–	Turner & Newall..... £1	24/3	24/7½	3·25	2
40/–	32/6	Unilever 5/–	58/6	58/3	4·15	2¼
12/9	12/9	Unilever N.V. ..... 12 fl.	41/–	41/3	2·97	3¼
11 15 32	8¾	Union Corp. £1	10⅝	11¼	2·21	3¼
22/6	13/9	United Glass..... 5/–	8 b	8 b	4·76	2½
42/11½	29/3	United Molasses 10/–	15/6	15/9	4·76	2½
			29/9*	29/3*	8·37	1
46/9	47/3	**SHIPPING**				
31/6	32/3	Brit. & Com'wealth. 10/–	30/6*	28/6*	7·02	2
14·17	2	Cunard £1	13/9	13/6	...	...
		France Fenwick..... £1	18/9	18/–	7·78	1½
8/9	8/6	Furness Withy £1	10/–	10 c	8·70	1
10/–	10/–	London & Overseas..5/–	10/–	7½ a	10 b	...
30/11½*	29/7½*	P & O Defd..... £1	8 b	3 a	7·43	1
12/9	12/9	Reardon Smith 10/–	11 8 32	11¼	1·96	...
13/11½	12/4½	Royal Mail..... £1	25/–	12/4½	8·08	...
		STEEL				
51/4½	51/4½	Colvilles £1	74/10½	48/6	6 a	10 b
25/7½	25/4½	Dorman Long..... £1	43/7½	25/11½	6½ b	3½ a
33/6	33/7½	Lancashire Steel..... £1	49/10½	30/9	7½ b	3½ a
23/7½	23/4½	South Durham..... £1	42/–	23/4½	8 b	5 a
34/10½	33/4½	Steel Co. of Wales..... £1	47/8¼	31/–	7½ b	5 a
40/–	15/–	Stewarts & Lloyds £1	41/4½	40/–	15 c	5 a
43/4½	43/10½	John Summers £1	68/7½	42/11½	9 b	6 a
41/4½	41/4½	United Steel..... £1	55/7½	38/–	12 b	4·8a
48/–	48/–	Whitehead £1	63/6	46/–	8¾ b	6¼ a
		TEXTILES				
25/4½	24/4½	English Sewing Cotton £1	42/7½	24/4½	7½ b	5 a
21/9	21/10½	Fine Spinners £1	31/10½	21/9	5 a	10 b
47/10½	42/10½	Lancashire Cotton £1	70/4½	45/3	17½ b	7½ a
30/4½	6·31	Courtaulds £1	47/6	29/3	5⅝ b	3¾ a
6/11½	6·11	Illingworth Morris....4/–	8/9	5/7½	9½ b	4 a
7/6	7·68	West Riding Worsted .£1	12/–	7½ b	8 a	5 a
27/6	7·27	Woolcombers..... £1	37/3	26/3	7½ b	2½ a
12/7½	12/3	Bradford Dyers £1	20/7½	12/11½	3 c	6 c
12/4½	8·08**	Calico Printers..... 5/–	7½ a	11/6	16 2/4	13¾ b
41/7½	6·10**	Coats, Patons & B.....£1	41/7½	38/6	...	...
12/4	12·24	Jute Industries..... 10/–	13/7½	9/10½	3 a	10 b
23/11½	22/9	Tootal £1	10 c	10 c	3 a	10 c
		TRUSTS, LAND & PROPERTY				
64/6	64/–	Alliance Trust..... 5/–	70/–	52/6	12½ a	25 b
51/3	51/–	B.E.T. 'A' Defd..... 5/–	57/10½	42/6	37½ b	12½ a
17/11½	17/11½	Cable & Wireless..... 5/–	20/–	12/7½	10 c	10 c
56/3	52/6	City Centre Props. ..5/–	65/9	47/–	20 c	25 c
76/–	77/6	City of Lond. Real Prop..£1	95/6	64/3	7½ b	3½ a
88/9*	87/6*	Hudson's Bay £1	100/7½	72/6	7·04a	9·04b
28/3	29/4½	Land Securities..... 10/–	38/3	22/3	2 a	4 b
33/–	33/–	Lond. Cnty. Freehld. 10/–	38/3	26/6	12½c	3½ a
19·01	1	**TEA & RUBBER**				
31/6	32/3	Cons. Tea & Lands £1	46/9	47/

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On this not too discouraging statement the 10s. shares gained 3s. 6d. to 49s. 6d. to yield 4½ per cent; the shares have been as high as 70s. this year and the fall in their price can be attributed partly to expectations of another rights issue. At March 31st liquid assets had been reduced to only £55,000 and the directors said in July that they were considering the most advantageous way of raising new capital.

	28 weeks ended Oct. 15, 1960 (£000s)	24 weeks ended April 1, 1961 (£000s)	28 weeks ended Oct. 14, 1961 (£000s)
Sales	9,094	9,448	10,408
Gross profit .	944	1,343	1,005
Net profit...	292	469	281
Gross profit/ sales (%)..	10·4	14·2	9·7

Kundenkreditbank

On Thursday dealings began on the London Stock Exchange in the equity of Kundenkreditbank, the leading instalment credit house in West Germany. This is the first time the shares have been quoted officially other than on the Duesseldorf exchange. Dealings in London, for the convenience of the British investor, will be not only in the DM 100 shares but also in deposit certificates of DM 10 nominal value each which will be made available through N. M. Rothschild. In Duesseldorf the DM 100 shares are quoted around DM 520 and the deposit certificates closed in London on Thursday at 96s. 6d. On last year's dividend of 16 per cent the yield is 2.94 per cent, about one point lower than that generally obtainable on leading British hire purchase shares. Ten per cent of the company's issued capital of DM 15.5 million (£1.4 million) is already held by British institutions, including United Dominions Trust.

The company is responsible for about one tenth of all instalment credit granted by banks in the Federal Republic, and its 1960 pre-tax profit of £600,000 is over five times the 1951 figure. Future prospects seem bright, with per capita instalment debt in Germany only about one-half that of the United Kingdom. About 62 per cent of the company's advances go to manual workers. But partly because German law allows instalment companies to take a charge over the wages or salaries of individual borrowers, bad debts in Germany have been less prevalent than in this country.

Paper Interims

With excess capacity in the paper industry it is not surprising that the interim results from three leading paper producers reveal further pressure on profit margins; the results also reflect a further reduction last July in tariffs on imported papers from the EFTA countries. Spicers was the first of the trio to report and with a maintained interim of 4 per cent came a small increase in pre-tax profits in the first half of 1961 from £445,000 to £455,000 resulting from "more than maintained turnover." There is however a twist to this: lower profits for the full year are forecast as a result of more difficult trading in recent months.

A similar picture emerges from the interim statement of Wiggins Teape for despite higher sales profits had already begun to turn in the six months to July 1st when gross profits before depreciation fell from £3,179,000 to £2,882,000. Since the end of July sales too have declined and it seems the earlier estimate of £4,850,000 before depreciation and tax will be about £300,000 too high. However the directors hope to maintain the total dividend at 14 per cent. The estimate did not include any income from Millbank Paper which is jointly owned with British American Tobacco and into which Wiggins Teape has put some of its paper interests. But the latest figure includes a dividend of £307,000 gross from Millbank and the 1960 figure has been adjusted accordingly. Wiggins Teape's share of the cost of capital developments by this new joint venture will come from 1,800,000 shares issued to BAT at 60s. per share, payable as required up to January, 1964. It seems likely that it will be some while before the new shareholders break even on this investment for the £1 shares now stand at 48s. 6d. to yield 5¾ per cent. A further £1 million of 6¼ per cent debenture is being issued at 99, one point above the price of the earlier issue of £4 million in July.

The most significant fact to be drawn from the interim results of **Albert E. Reed** is that the interim dividend has not been cut as had been feared but has been maintained at 5 per cent. The results for the six months to September 30th show sales of £56 million, against £38 million, trading profits of £5.4 million, against £3.6 million, and net profits of £1.7 million, against £1.4 million. These figures however are practically meaningless as they include for the first time contributions from Imperial Paper and Anglo-Canadian Paper which were acquired from the Daily Mirror group. It is no surprise that the chairman, Lord Cornwallis, tells shareholders that while sales have been maintained in this country profits were lower than in the corresponding period in 1960 and that for the year as a whole profits from home paper manufacture will be "significantly" lower. Nevertheless he expects profits from other home activities and particularly those from overseas to make "a very important contribution to profits." News has also come this week of a further extension of Reed's overseas interests with the announcement of plans to build a £4 million carton board mill in southern Italy. The chances that Albert E. Reed will be able to maintain the dividend at 16 per cent on the increased capital have certainly not been dimmed by this interim statement although the cover for such a payment is likely to be slender. Thus the £1 "A" shares have held up well this week but at 43s. are still close to their 1961 low and yield 7½ per cent, reflecting the many short term uncertainties and the sheer weight of recently issued capital.

London Stock Exchange

FIRST DEALINGS:	Oct. 16	Oct. 30	Nov. 13
LAST DEALINGS:	Oct. 27	Nov. 10	Nov. 24
ACCOUNT DAY:	Nov. 7	Nov. 21	Dec. 5

The cut in Bank Rate to 6 per cent last Thursday caused no more than a ripple in the stock market last week and investors paid much more attention to the latest company news and the prospects of a capital gains tax. Before the weekend the company news had a depressing effect on equity prices, but the market was prepared for the results from De La Rue, A. E. Reed and BMC; the fall in prices was halted on Tuesday and reversed on Wednesday. The rally was enough to offset earlier falls and *The Economist* indicator rose fractionally from 356 to 356.4 over the week to Wednesday; more gains appeared on Thursday with some buying for the new account.

The gilt-edged market was fairly busy last Thursday but around the weekend the amount of business fell, though the drop in Treasury Bill rate on Friday helped to keep prices up. After the weekend the shortage of credit in the money market and the competitive influence of the £10 million Agricultural Mortgage Corporation loan, coming soon after the LCC and Bootle issues, combined to restrict the amount of investment buying; there was also some profit-taking among short-dated stocks. On Wednesday the government long-dated tap stock, Treasury 5½ per cent 2008-12, attracted buyers and over the week the stock gained ½ to 84. Undated stocks were quiet before the weekend but War Loan went up by ⅛ to 52⅝ xd and among the shorts Exchequer 5½ per cent 1966 gained 1/16 to 98 15/16.

Bank shares had a quiet week; the leaders showed mixed movements and insurances made good earlier losses after selective buying on Wednesday. The revival in equities was due in part to the Chancellor's statement in the Commons on Tuesday that there might be expansion in the economy early next year. Electrical shares scored gains on press comment and EMI gained 1s. 6d. to 38s. over the week, mainly after the chairman's statement. Stores shares were an active market, with several anouncements this week; following early falls Marks and Spencer "A" improved after the interim results to lose only 6d. over the week to 103s. 6d. Debenhams' property development plans encouraged some buying and the shares gained 2s. 9d. to 56s. 9d.

There was some profit-taking among Tubes which came back 1s. to 66s. 6d. American interest in Beechams waned and they lost 1s. 9d. to 51s. but Unilever in their new form again attracted buyers and gained 1s. 3d. to 41s. 3d. Motor shares were firm and so were food shares, though National Canning lost 9d. to 41s. 9d. Steel shares were again out of favour, and the interim statements generally depressed paper shares, though Bowater were in demand on Wednesday and gained 6d. on the week to 47s. 9d.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended November 4, 1961, there was an "above-the-line" surplus (after allowing for sinking funds) of £14,712,000 compared with a deficit of £42,594,000 in the previous week and a surplus of £55,595,000 in the corresponding period of last year. There was a net expenditure "below-line" of £27,170,000 leaving a total cumulative deficit to date of £721,145,000 compared with £678,644,000 in 1960–61.

£'000	Estimate 1961–62	April 1, 1960, Nov. 5, 1960	April 1, 1961, Nov. 4, 1961	Week ended Nov. 5, 1960	Week ended Nov. 4, 1961
Ordinary Revenue					
ome Tax....	2,728,500	794,468	915,415	23,123	31,110
rtax	210,000	42,600	49,500	1,300	1,300
ach Duties ..	240,000	134,600	154,000	4,300	4,200
mps.....	94,000	53,300	59,700	1,600	1,900
ofits tax, EPT and EPL.....	325,500	171,400	210,600	8,400	7,800
her Inland Rev. Duties .	...	50	...	...	...
tal Inland Rev.	3,598,000	1,196,418	1,389,215	38,723	46,310
stoms.....	1,550,000	885,544	966,656	27,750	31,179
cise.....	960,000	590,570	557,610	75,465	44,220
tal Customs and Excise.	2,510,000	1,476,114	1,524,266	103,215	75,399
otor Duties ..	155,000	38,111	39,718	5,157	...
) (Net Receipts) oadcast Lic's.	...	...	...	...	...
ndry Loans ..	40,000	18,300	19,100	4,148	1,076
scellaneous ..	205,000	38,476 / 73,046	150,876	2,122	
Total	6,508,000	2,640,465	3,123,175	153,365	122,785
Ordinary Expenditure					
ebt Interest ..	660,000	373,185	403,600	19 503	7,238
yments to N. Ireland Exch.	92,000	49,996	48,961	5,029	
) Fund — Initial settlement	15,000	...	7,282		
ther Consolidated Funds	8,000	4,603	4,850	8	15
pply Services.	5,186,902	2,762,972	3,000,258	74,090	99,120
Total	5,961,902	3,190,756	3,464,951	96,730	106,373
nking Funds..	40,000	22,120	23,074	1,040	1,700
Above-line" Surplus or Deficit	— 372,411	— 364,850	+ 55,595	+ 14,712	
Below-line" Net Expenditure*	306,233	356,295	19,950	27,170	
otal Surplus or Deficit	— 678,644	— 721,145	+ 35,645	— 12,458	
et receipts from:					
Tax Reserve Certificates	158,359	172,219	10,012	11,681	
Savings Certificates.....	40,600	— 16,500	...	400	
Defence Bonds	64,989	17,782	1,891	— 268	
Premium Savings Bonds.	35,340	25,600	850	1,600	
Total.....	299,288	199,101	12,753	13,413	

* Net receipt to the Civil Contingencies Fund of £5 million in 1961–62 compared with a net receipt of £6 million in 1960–61.

FLOATING DEBT

(£ million)

	Treasury Bills		Ways and Means Advances		Total Floating Debt.
	Tender	Tap	Public Dept.	Bank of England	
1960					
Nov. 5	3,630·0	1,572·4	181·3	...	5,383·7
1961					
Aug. 5	3,280·0	1,882·6	207·3	...	5,369·9
" 12	3,290·0	1,712·9	206·6	...	5,209·4
" 19	3,290·0	1,732·5	316·8	1·5	5,340·7
" 26	3,280·0	1,840·0	201·9	2·3	5,324·1
Sept. 2	3,260·0	1,855·3	239·4	...	5,354·8
" 9	3,240·0	1,886·4	221·4	...	5,347·9
" 16	3,340·0	1,905·2	229·5	...	5,374·7
" 23	3,220·0	1,928·7	228·3	...	5,377·0
" 30	3,220·0	2,018·6	283·7	...	5,225·3
Oct. 7	3,240·0	1,998·1	207·2	...	5,445·3
" 14	3,260·0	2,003·4	208·7	...	5,472·2
" 21	3,270·0	1,997·8	183·1	...	5,450·9
" 28	3,280·0	2,003·2	211·5	...	5,494·8
Nov. 4	3,280·0	2,063·7	201·1	0·8	5,545·5

THE MONEY MARKET

At the Treasury bill tender following the cut in Bank rate to 6 per cent the syndicate of discount houses raised its bid for the 91-day bills on offer by 1s. 6d. to £98 12s. 11d., and the average rate of discount fell correspondingly by 6s. 0.47d. to £5 8s. 6.10d. per cent. This was not a large absolute fall after a ½ per cent cut in Bank rate but after the anticipatory reductions in bill rate it has nonetheless placed the rate 9/16 per cent below the new Bank rate. This leaves the market little room for manoeuvre, and since it is already having to pay 5 13/16 per cent for day to day money to finance bills taken up this week at 5 7/16 per cent, it is possible that the downward slide in the bill rate may soon be checked. The market's allotment of 91-day bills and the first of the 63-day bills averaged 69 per cent compared with the previous week's 66 per cent.

Credit has again been tight in Lombard Street this week and the authorities have taken the opportunity of forcing the market to borrow from the Bank of England at the penal rate on all but two days.

This week in New York the authorities increased the bill offer in order to drive-up short-term rates. The three months bill rate rose from 2.280 per cent to 2.349 per cent.

MONEY RATES

LONDON

	%		%
Bank rate (from 6½%, 2/11/61)	6	**Discount rates** (Wednesday):	
Deposit rates (7 days' notice):		Bank bills:	
Banks.....	4	60 days	5 9/16–5 11/16
Discount houses...	4–4⅛	3 months....	5 9/16–5 11/16
Local Authorities..	6¼	4 months....	5 9/16–5 11/16
Call money:		6 months....	5 9/16–5 3/4
Clearing banks' *minimum*	4⅜	Fine trade bills:	
Day-to-day.....	4 3/8–5½	3 months....	6¾–7½
		4 months....	6¾–7½
		6 months....	7 –8

NEW YORK

	%		%
Official Discount rate: (from 3½%, 11.8.60)	3	**Treasury bills:** Oct. 30.....	2·280
		Nov. 6.....	2·349

BANK OF ENGLAND RETURNS

£ million	Nov. 7, 1960	Nov. 9, 1961	Nov. 11 1961
Issue Department:			
Notes in circulation.....	2,224·6	2,305·2	2,313·8
Notes in banking dept.....	25·8	20·1	61·6
Govt. debt and securities*.	2,247·7	2,324·0	2,374·0
Other securities	0·8	0·7	0·8
Gold coin and bullion.....	0·4	0·4	0·4
Coin other than gold coin .	1·5	0·3	0·3
Banking Department:			
Deposits:			
Public accounts.....	9·2	15·4	12·2
Special deposits	150·3	230·3	232·7
Bankers	248·2	248·9	249·2
Others	64·9	70·1	68·4
Total.....	472·7	564·6	562·5
Securities:			
Government.....	405·2	467·5	400·4
Discounts and advances....	39·7	74·8	98·2
Other.....	19·1	19·2	19·3
Total.....	464·0	551·5	517·9
Banking department reserve .	20·5	21·0	62·4
" Proportion "	5·6	3·7	11·1

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £50 million to £2,375 million on November 8th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered		Applied for	Three Months' Bills Average Rate of Allotment	Allotted at Max. Rate ‡
	91 day	63 day			
1960 Nov. 4	250·0	30·0	480·3	s. d. 97 9·79	% 58
1961					
Aug. 4	250·0		386·0	134 3·33	44
" 11	250·0		394·7	134 8·51	41
" 18	250·0		379·6	134 1·83	61
" 25	260·0		409·9	134 0·12	39
Sept. 1	250·0		379·8	134 0·50	48
" 8	260·0		441·6	132 10·81	60
" 15	250·0		407·0	131 10·99	59
" 22	250·0		383·3	130 6·51	65
" 29	270·0		447·9	131 0·48	39
Oct. 6	260·0		397·9	122 5·80	57
" 13	260·0‡		419·0	120 2·28	59
" 20	250·0		416·1	118 5·35	51
" 27	250·0		431·2	114 6·57	66
	91 day	63 day			
Nov. 3	200·0	60·0	412·7	108 6·10	63

* On November 4th tenders for 91 day bills at £98 12s. 11d. secured 63 per cent, higher tenders being allotted in full. The offer for this week was for £230 million 91 day bills and £40 million 63 day bills. ‡ Allotment cut by £10 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits November 8	Market Rates: Spot November 2	November 3	November 4	November 6	November 7	November 8
United States $	2·78–2·82*	2·81 5/16–7/16	2·81 5/16–7/16	2·81 5/16–7/16	2·81 3/8–1/2	2·81 7/16–9/16	2·81 7/16–9/16
Canadian $ ...	...	2·90 11/16–13/16	2·90 11/16–13/16	2·90 11/16–13/16	2·90 11/16–13/16	2·90 11/16–13/16	2·90 11/16–13/16
French Fr.....	13·622–14·027	13·82¾–83	13·82¾–83	13·83–83¼	13·82¾–83	13·83⅛–3/8	13·83¼–½
Swiss Fr.....	11·94–12·547/8	12·15/8–3/8	12·15/8–16 1/8	12·15/8–3/8	12·16 1/8–3/8	12·16 3/8–5/8	12·17–1/4
Belgian Fr.....	137·96–142·05	140·02½–07½	05	140·00–05	140·00–05	140·02½–07½	140·07½–12½
Dutch Gld.....	9·98¾–10·28½	10·12 5/8–3/8	10·13¼–½	10·13½–¾	10·13¾–14	10·13⅞–14 1/8	10·14–¼
W. Ger. D-Mk.	11·037–11·365	11·24⅞–25 1/8	11·25¼–½	11·25¼–½	11·25⅞–26 1/8	11·26⅜–5/8	11·26⅞–27 1/8
Portug. Esc. ..	...	80·17–27	80·17–27	80·17–27	80·17–27	80·17–27	80·17–27
Italian Lire	1725–1775	17453/4–46½	1746–46½	1746–46½	1746–46½	1746–46½	1746½–¾
Swedish Kr....	14·27½–14·70	14·54 3/8–7/8	14·54¾–55	14·54¾–55	14·55 3/8–5/8	14·55 7/8–56 1/8	14·56 3/8–7/8
Danish Kr.	19·06½–19·62	19·37 1/8–3/8	19·37 1/8–3/8	19·37¼–½	19·37 3/8–5/8	19·37½–¾	19·38–¼
Norwegian Kr.	19·71–20·30½	20·03–03¼	20·03–03¼	20·03 1/8–3/8	20·03 3/8–5/8	20·03½–¾	20·03¾–04
	* Official Limits	**One Month Forward Rates**					
United States $		13/16–11/16c. pm	13/16–11/16c. pm	13/16–11/16c. pm	13/16–11/16c. pm	13/16–11/16c. pm	13/16–11/16c. pm
Canadian $		7/8–3/4c. pm	7/8–3/4c. pm	7/8–3/4c. pm	7/8–3/4c. pm	15/16–13/16c. pm	15/16–13/16c. pm
French Fr.		2 1/2–2c. pm	2 1/4–1 3/4c. pm	2 1/4–1 3/4c. pm	2 1/2–2c. pm	2 3/4–2 1/4c. pm	2 3/4–2 1/4c. pm
Swiss Fr.		4 1/4–3 3/4c. pm	4 1/4–3 3/4c. pm	4 1/4–3 3/4c. pm	4 1/4–3 3/4c. pm	4 1/2–4c. pm	4 1/2–4c. pm
Belgian Fr.		30–20c. pm	30–20c. pm	30–20c. pm	30–20c. pm	35–25c. pm	35–25c. pm
Dutch Gld.		2 1/2–2c. pm	2 7/8–2 3/8c. pm	2 7/8–2 3/8c. pm	2 3/4–2 1/2c. pm	2 7/8–2 3/8c. pm	3–2 1/2c. pm
W. German D-Mk.		4–3 1/2pf. pm	4–3 1/2pf. pm	4–3 1/2pf. pm	4–3 1/2pf. pm	4 1/4–3 3/4pf. pm	4 1/4–3 3/4pf. pm
		Three Months Forward Rates					
United States $		2–1 7/8c. pm	2–1 7/8c. pm	2–1 7/8c. pm	2–1 7/8c. pm	2–1 7/8c. pm	2 1/16–1 15/16c. pm
Canadian $		2 1/8–2c. pm	2 1/8–2c. pm	2 1/8–2c. pm	2 1/8–2c. pm	2 3/16–2 1/16c. pm	2 1/4–2 1/8c. pm
Swiss Fr.		10 1/4–9 3/4c. pm	10 1/4–9 3/4c. pm	10 1/4–9 3/4c. pm	10 1/2–10c. pm	10 1/2–10c. pm	10 1/2–10c. pm
W. German D-Mk.		10–9 1/2pf. pm	10–9 1/2pf. pm	10–9 1/2pf. pm	10–9 1/2pf. pm	10 1/4–9 3/4pf. pm	10 1/4–9 3/4pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/23/4	250/2	...	250/11/2	250/13/4	250/11/4
" ($ " " ")		35·19 1/2	35·19 1/2	...	35·19 1/2	35·19 1/2	35·19 1/2

The United States

Monthly averages or calendar months except where annual rates are shown.

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

BRITISH

Prices and Wages	Oct. 21st	External Trade	Nov. 4th
Manpower and Output	Sept. 23rd	Industrial Profits	Oct. 14th

OVERSEAS

Western Europe	Sept. 30th	United States	This week

PRICES AND WAGES

	Wholesale prices		Consumer prices				External prices			Stock prices	Average weekly earnings in manufacturing	
	All commodities	Farm products	All items	Food	Clothing	Housing	Import	Export	Terms of trade	Composite index	At current prices	At 1960 prices
	1947–49=100						1948=100			1957–59=100	$	
1948	104·4	107·3	102·8	104·1	103·5	101·7	100	100	100	36·6	54·14	65·54
1959	119·5	89·1	124·6	118·3	107·9	129·2	117	110	106	116·7	89·47	90·83
1960	119·6	88·8	126·5	119·7	109·4	131·5	118	111	106	113·9	90·91	90·91
1961, June	118·2	85·1	127·6	120·9	109·6	132·4	116	114	102	132·8	94·24	93·40
„ July	118·6	87·1	128·1	122·0	109·9	132·4	...	...	...	132·7	94·00	92·79
„ August	118·9	88·6	128·0	121·2	109·9	132·3	...	...	...	137·4	93·83	92·72
„ September	118·8	87·2	128·3	121·1	111·1	132·6	...	...	...	136·2	92·66	...

PRODUCTION AND MANPOWER

	Gross national product Seasonally adjusted annual rate	Total industrial production	Manufacturing production						Building	Civilian employment[1]		
			Durable goods			Non-durable goods			New construction; seasonally adjusted annual rates	Total labour force	Total employment	Unemployed as per cent of labour force; seasonally adjusted
			Total	Metals	Vehicles, etc.	Total	Textiles, clothing	Chemicals and petroleum products				
	$ billion	1957=100; seasonally adjusted							$ billion	thousands		
1948	259·4	68	64	84	44	72	87	54	23·2	61,442	59,378	3·4
1959	482·8	105	102	90	98	110	115	113	56·6	69,394	65,581	5·5
1960	504·4	108	104	91	102	114	115	118	55·6	70,612	66,671	5·6
1961, May	516·1[7]	108	103	90	99	116	113	122	55·9	71,546	66,778	6·9
„ June	...	110	105	92	101	117	116	125	57·6	74,286	68,706	6·8
„ July		112	107	95	102	119	118	127	57·2	73,639	68,499	6·9
„ August	526·0[8]	113	108	98	103	120	121	128	57·8	73,081	68,539	6·9
„ September		112	105	98	95	121	121	127	58·4	71,123	67,038	6·8[9]

TRADE

	Personal consumption Annual rates	Wholesale		Retail		Imports for US consumption			Exports of US merchandise		Volume of trade	
		Sales	Stocks[2]	Sales	Stocks[2]	Total	Crude materials	Semi-manuf'res.	Total	Finished goods	Imports	Exports
	$ billion; seasonally adjusted					$ million					1948=100	
1948	178·3	7·5	7·9	10·9	15·8	591	179	136	1,044	591	100	100
1959	314·0	12·3	12·6	18·0	24·3	1,249	258	275	1,453	878	182	127
1960	328·9	12·3	13·2	18·3	25·4	1,221	251	258	1,692	953	175	147
1961, April	336·1[7]	12·1	13·4	17·9	24·4	1,046	203	225	1,688	991	152	143
„ May		12·8	13·5	18·0	24·5	1,189	230	267	1,725	989	174	146
„ June		12·8	13·5	18·2	24·6	1,189	239	254	1,678	982	174	143
„ July	342·0[8]	12·5	13·6	18·0	24·7	1,241	254	257	1,617	941	...	...
„ August		13·1	13·6	18·2[6]	24·5	1,250	259	252	1,633	928	...	...

PURCHASING POWER AND FINANCE

	Personal income			Consumer credit[2]		Banking statistics[3]		Budget expenditure[4]		Bond yields		
	Total	Labour income	Farm income	Total	Instalment	Investments	Loans	Total	Surplus or deficit	3-month Treasury bills	Taxable Govt. bonds[5]	Corporate Aaa bonds
	$ billion: seasonally adjusted annual rates			$ billion; end of period		$ billion; end of period		$ billion		Per cent per annum		
1948	210·4	137·9	17·8	14·45	9·00	71·8	42·5	33·1	+ 8·4	1·040	2·44	2·82
1959	383·3	268·8	11·3	52·12	39·85	79·4	110·8	80·3	− 12·4	3·405	4·08	4·38
1960	404·2	282·2	12·0	56·05	43·28	81·9	117·6	76·5	+ 1·2	2·928	4·02	4·41
1961, May	413·2	288·0	12·9	54·39	42·13	83·4	117·9	7·2	− 0·7	2·288	3·73	4·27
„ June	417·3	291·7	13·0	54·79	42·44	83·9	118·0	7·9	+ 2·8	2·359	3·88	4·33
„ July	421·2	293·4	12·9	54·69	42·46	87·0	118·1	6·3	− 3·3	2·268	3·90	4·41
„ August	419·4	294·0	12·8	54·89	42·64	86·7	118·5	7·6	− 1·3	2·402	4·00	4·45
„ September	420·2	294·4	12·7	...	...	89·3	120·8	6·8	+ 2·2	2·304	4·02	4·45

(1) 1948 figures are not strictly comparable. (2) End of period. (3) All commercial Banks. (4) Annual figures are totals for the fiscal years ended June 30th. (5) Bonds due or callable from 10 to 20 years (except 1948: due or callable after 15 years). (6) September, 18·2. (7) Average for second quarter. (8) Average for third quarter. (9) October 6·8.

APPOINTMENTS

Unilever

RAW MATERIALS

UNILEVER INVITES APPLICATIONS FOR THE POST OF BUYER OF RAW MATERIALS.

The man appointed will join the central team in London which buys oilseeds, oils, and fats in world markets for Unilever companies in many countries. He will be responsible to the Chief Buyer for advising on policy on his particular commodities and for executing buying orders on behalf of Unilever companies.

Candidates should be in the age range of 28-33 years. They must have considerable experience in the world oils and fats trade. They must have a quick and acute mind and the calibre to make important decisions and stand by them. They must be able to work with people at many levels, both inside and outside Unilever.

The starting salary will depend on qualifications and experience, but will not be less than £1,500 per annum.

Applications, which will be treated in strict confidence, should be addressed to:—
THE CHIEF BUYER, UNILEVER RAW MATERIALS LIMITED, UNILEVER HOUSE, LONDON, E.C.4

EASTERN NIGERIA DEVELOPMENT CORPORATION ENUGU—NIGERIA

BREWERY MANAGER

Applications are invited from University Graduates in Economics or Industrial Management for the post of Manager of the new Brewery now under construction at Umuahia-Ibeku.

Applicants should not be under 35 years of age and have had at least ten years' experience in a commercial or industrial establishment. He must be a person of proven ability but may be required to undergo practical training in a brewery in Nigeria or overseas.

Applications should be addressed to the General Manager, Industrial and Commercial Division, E.N.D.C. Head Office, Enugu, Nigeria, to reach him not later than November 30, 1961, and clearly marked "BREWERY MANAGER."

EASTERN NIGERIA DEVELOPMENT CORPORATION ENUGU—NIGERIA

Applications are invited from University Graduates in Economics with qualifications in marketing for the post of

SALES MANAGER

in the new Brewery now under construction at Umuahia-Ibeku.

Applicants should not be under 35 years of age and have had ten years experience as a Sales Manager in a commercial establishment. He must be a person with proven sales and marketing abilities but may be required to undergo further training in Nigeria or overseas.

Applications should be addressed to the General Manager, Industrial and Commercial Division, ENDC Head Office, Enugu, clearly marked "Sales Manager", to reach him not later than November 30, 1961.

EASTERN NIGERIA DEVELOPMENT CORPORATION ENUGU—NIGERIA

Applications are invited from University Graduates in Economics or Industrial Management for the post of

MANAGER

of the new Glass Industry now under construction at Trans-Amadi Layout, Port Harcourt.

Applicants should not be under 35 years of age and have had at least ten years' experience in a commercial or industrial establishment. He must be a person of proven ability but may be required to undergo practical training in a Glass Industry overseas.

Applications should be addressed to the General Manager, Industrial and Commercial Division, E.N.D.C. Head Office, Enugu, not later than November 30, 1961, and clearly marked "Glass Manager."

EASTERN NIGERIA DEVELOPMENT CORPORATION ENUGU—NIGERIA

SALES MANAGER

GLASS INDUSTRY

Applications are invited from University Graduates in Economics with qualifications in marketing for the post of Sales Manager in the new Glass Industry now under construction at Trans-Amadi Layout, Port Harcourt.

Applicants should not be under 35 years of age and have had 10 years' experience as a Sales Manager in a commercial establishment. He must be a person with proven sales and marketing abilities but may be required to undergo further training in Nigeria or overseas.

Applications should be addressed to the General Manager, Industrial and Commercial Division, E.N.D.C., Head Office, Enugu, Nigeria, clearly marked "Sales Manager", and should reach him not later than November 30, 1961.

International Metallurgical Company requires:—

MALE SECRETARY JUNIOR EXECUTIVE

To travel with Chairman probably spending 4 months in Europe, 4 months in U.S.A. and 4 months travelling elsewhere in the world.

Duties will include:—

* Preparing agendas and keeping clear minutes of meetings.
* Initiating active follow-up of branch companies, agents or important decisions.

Requirements are:—

- Single, Age 24-30;
- Stable and discreet character, pleasant and adaptable personality;
- Very good French;
- Commerce or Economics degree or Commercial experience;
- Good shorthand-typing.
- Salary by arrangement.

This is a permanent, progressive post with a well-established and expanding Company.

Interviews will be arranged in London during November.

Apply in your own handwriting giving curriculum vitae to Box 1563, *The Economist*, 22, *Ryder Street, London, S.W.1.*

THE UNIVERSITY OF MANCHESTER

EXTRA-MURAL DEPARTMENT

Applications are invited for the post of STAFF TUTOR in Holly Royde College with the salary and status of either Lecturer or Assistant Lecturer in the University. Applicants should hold a good Honours degree in one of the following subjects:—Literature, Philosophy or Sociology. Salary scales per annum:—Lecturer, £1,050 to £1,850; Assistant Lecturer, £800 to £950. Membership of F.S.S.U. and Children's Allowance scheme. Initial salary and status according to qualifications and experience. Duties to commence on January 1, 1962, or as soon as possible thereafter. Applications should be sent not later than Monday, November 20, 1961, to the Registrar, the University, Manchester, 13, from whom further particulars and forms of application may be obtained.

UNIVERSITY OF WESTERN AUSTRALIA

RESEARCH FELLOWSHIP IN ECONOMICS

Applications are invited from graduates in Economics or Commerce for appointment to the above-mentioned Fellowship. The Fellow will be required to study the costs and economic benefits of the Ord River Scheme in the north of Western Australia.

The level of the appointment will depend on the successful applicant's qualifications and experience and will be either a Senior Research Fellowship within the salary range £A2,450-£3,000 p.a. or a Junior Research Fellowship within the salary range £A1,750-£2,450 p.a. In the case of a Senior Fellow the tenure will be for a period of twelve months, and for a Junior Fellow a period of eighteen months.

It is important that intending applicants obtain details of the procedure to be followed in applying for the post and a copy of the conditions of appointment before submitting their applications. This information, together with further information about the research programme, is available from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close, in Australia and London, on *December 16, 1961.*

CONSETT IRON COMPANY LIMITED

Organisation and Methods

Applications are invited for the position of Senior Organisation and Methods Assistant with Consett Iron Company Limited.

Applicants should be aged 25 to 35 and have a university degree or professional or technical qualifications. Experience in the investigation and re-design of clerical procedures is essential and a knowledge of modern data processing techniques would be highly desirable.

The successful candidate will require to work in close collaboration with a team of computer programmers engaged in programming a large-scale computer, and he will require to re-design clerical routines for application to the computer. He will also require to undertake such other methods investigations as are required.

Salary will be commensurate with age, qualifications and experience; assistance may be given with housing.

Applications should be sent to the

Personnel Manager, Consett Iron Company Limited, Consett, Co. Durham.

For further appointments and other classified advertisements see pages 604 and 605

CONSETT IRON COMPANY LIMITED

Computer Programmers

Consett Iron Company will shortly install an IBM 1401 computer to control production of steel plate at their new Plate Mill, one of the largest in Europe. Additional programming staff is required for this work, and applications are invited from suitably qualified men and women. Applicants should be preferably in the 25 to 35 age group and should have a degree or professional or technical qualification. Preference will be given to those with previous programming experience, particularly with IBM equipment. Candidates with previous Organisation and Methods experience will also be favourably considered. Salary will be commensurate with qualifications and experience; assistance may be given with housing.

Applications should be sent to the

Personnel Manager,
Consett Iron Company Limited,
Consett, Co. Durham.

DOWNING COLLEGE, CAMBRIDGE

FELLOWSHIP IN HISTORY

The Governing Body hope to elect a Fellow in *History* with tenure commencing not later than October 1, 1962.

The total emoluments, including payment for teaching, will be £1,050 per annum (£850 if resident in College) together with normal Fellowship allowances.

Applications should be made not later than December 31, 1961. Full particulars may be obtained from the Master.

MILK MARKETING BOARD AWARDS IN AGRICULTURAL ECONOMICS

The Milk Marketing Board invite applications for their awards for vocational study and for research in agricultural economics. The awards are open to men and women who are graduates of universities in the United Kingdom in any subject, but preference is given to those whose degrees have been obtained in agriculture, in economics, or in social or business studies. Candidates are expected to have gained a first-class or good *second-class Honours degree*, but any qualifications of similar status may be accepted.

There are two categories of awards:

(a) STUDENTSHIPS (£600-£700 per annum) are for postgraduate students qualified to study for a postgraduate degree or diploma or to take up research work in agricultural economics;

(b) FELLOWSHIPS (£800-£1,200 per annum) are for persons who have already had experience in postgraduate study in some subject cognate with agricultural economics.

Applications should be sent not later than January 31, 1962, to the Secretary, Awards in Agricultural Economics, Milk Marketing Board, Thames Ditton, Surrey, from whom further particulars and forms of application may be obtained.

UNIVERSITY OF SYDNEY

COMMONWEALTH BANK GRADUATE SCHOLARSHIPS

Applications are invited from graduates or graduands in Economics or graduates graduands in Arts who have specialised in Economics for Commonwealth Bank Scholarships. *Graduands may make application and* later supply, when available, evidence of final results at graduation. Commonwealth Bank Scholarships, which are tenable in the University of Sydney, are available for research in the Faculty of Economics. They are awarded in the first instance for one year, but may be renewed for a second year and, in exceptional *circumstances, for a third year. A scholar may* hold the Scholarship in the third year either at the University of Sydney or at an approved overseas University. The value of the Scholarship is £A1,000 per annum.

Further information and application forms may be obtained from the Registrar, University of Sydney, Sydney, New South Wales, Australia, with whom applications close on *December 31, 1961.*

M. A. TELFER,
Registrar.

NORTH WESTERN GAS BOARD

HEAD OFFICE, MANCHESTER

ASSISTANT ECONOMIST

Applications are invited for the above pensionable appointment in the Statistics Department at a commencing salary within the range £700/£1,015 per annum according to qualifications and experience.

Candidates should preferably be not more than 27 years of age and must hold an appropriate graduate or equivalent qualification. Preference will be given to Honours graduates *in Economics combined with Accountancy.*

The Assistant Economist will be concerned with cost and price studies within the business and with the analysis of economic trends, as they affect the gas industry. The work offers *ample scope for initiative in the application of* the economist's approach to the solution of business problems.

Detailed applications, giving the names of two referees, should reach the Secretary of the Board, Bridgewater House, 60 Whitworth Street, Manchester, 1, within 14 days.

STATISTICIAN—QUALITY CONTROL

S. Smith & Sons (England) Ltd., *wish to engage the services of a* Statistician.

Applicants should be graduates with a minimum period of two years' practical experience in quality control procedures, and be not only capable of statistical analysis, but be fully *conversant with the theory and practice* of modern statistical techniques.

The person appointed will be in charge of the Statistical Services Unit of the Quality Control Department of the Motor Accessory Factory at Cricklewood, which is engaged in quantity production of electrical and mechanical instruments and associated electrical equipment.

This post is available now and interviews will be *arranged immediately.*

Write in confidence, quoting reference SM.442, to:

The Staff Manager,
S. SMITH & SONS (ENGLAND) LTD.,
Cricklewood, London, N.W.2.

GOVERNMENT OF UGANDA

A Statistician is required in the Ministry of Economic Development, Uganda. Candidates, preferably aged under 45, should have a First or Second Class Honours degree in Economics. *Duties will include* taking charge of a section in the Statistics Branch, planning investigations into allocated subjects, analysing the results *and preparing* tables and draft reports.

Appointment on contract for one tour of 21-27 months in first instance. Inclusive salary scale £1,221-£2,448; experience taken into account when assessing entry point. Gratuity of 25 per cent on total *salary.* Income tax at local rates. Free passages. Generous home leave and education allowances. Free medical attention.

Apply in first instance with summary of personal particulars to Director of Recruitment, Department of Technical Co-operation, Carlton House Terrace, London, S.W.1, from *whom further details may be obtained.* Please quote reference number RC.206/153/01/A3 and state full name.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the post of INVESTIGATIONAL OFFICER in the DEPARTMENT of AGRICULTURAL ECONOMICS. Candidates should have academic qualifications and/or practical experience in Agriculture, Economics or Accountancy. Salary scale £650 x £25 to £750 x £30 to £950 with membership of the F.S.S.U. and Children's Allowance Scheme. Graduates would have an initial salary of £725 per annum. Investigational officers may be considered on reaching a salary of £800 per annum for promotion to the grade of Senior Investigational Officer (salary scale: £1,050 x £50 to £1,300 merit bar-line) x £50 to £1,550). Applications should be sent not later than Monday, November 20, 1961, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

UNIVERSITY OF HONG KONG

ASSISTANT BURSARSHIP

Applications for the above-mentioned post are invited from persons with good accountancy experience who hold a recognised accountancy or secretarial qualification. Experience of Hollerith punched card equipment will be an advantage. Other things being equal preference will be given to candidates who are between the ages of 24 and 30 years.

The salary scale attached to the post is £2,150 p.a., rising by annual increments of £75 to a maximum of £2,825 p.a.

Conditions of service include free air passages for the successful applicant and his wife and children, home leave, furnished housing accommodation at a reasonable rental, and a contributory Superannuation Scheme (5 per cent employee, 12½ per cent employer). Income tax rates are low.

Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close in Hong Kong and London on December 13, 1961.

Mars LIMITED

MARKET RESEARCH OFFICER
(Information)

Owing to the continuing expansion of the Company, the Market Research Department of Mars Limited wish to appoint an additional Market Research Officer.

The successful applicant will be responsible for a wide and interesting range of operations which may include packaging research, retail and consumer surveys undertaken in connection with merchandising and operational research tests, and research on advertising. The job will also involve the preparation of special reports based on available market data and the further development of general market intelligence. There would be full scope for experimental research into new techniques, and the man or woman who fills this appointment will be working in a context of a department which undertakes a large volume of research, and is fully equipped with its own field staff and data processing equipment.

Applicants should be between 27 and 33 years of age, and preferably have a degree in Economics or Psychology with Statistics as a subsidiary subject.

Salary will be in the range

£1,700 — £2,200

and the Company operates a very generous Social Security Scheme covering Pension, Life Assurance and Sickness benefits which is entirely non-contributory.

Applications, stating age, education and experience, should be addressed to:

Chief Personnel Officer, Mars Limited,
Dundee Road, Slough, Bucks.

COUNTY BOROUGH OF IPSWICH EDUCATION COMMITTEE

CHANTRY MIXED SECONDARY SCHOOL (GROUP XXIV)

Applications are invited for appointment as

HEAD TEACHER

of the above new ten-form entry Mixed Secondary School which will serve a developing housing area on the southern outskirts of the County Borough. It is designed for a five-year course, the first two years to be housed in a Lower School teaching block and the remaining three years in six House Blocks. The first stage, accommodating approximately 600 pupils, will be opened in September, 1962.

The Committee envisages the appointment of a person under the age of fifty who is a Head, a Deputy Head or holds a position of high responsibility in the Educational field.

Application forms, obtainable from the undersigned, must be received by November 30, 1961.

J. T. HILL,
Chief Education Officer.

Education Department,
17, Tower Street,
Ipswich.

A nationally known company selling to farmers, urgently requires a

MATHEMATICIAN/STATISTICIAN

who should possess either a Diploma in Statistics or have attended a comprehensive course in Statistics. The successful candidate will work under the Commercial Director, and his duties will cover a wide variety of statistical work. In the main, he will be engaged in the Design and Assessment of Experiments in Livestock Feeding, the statistical assessment of Quality Control Data for Animal Compounds, and the Operation of Plant.

There is an excellent contributory pension scheme, first-class welfare facilities and salary in accordance with experience/qualifications. Write, giving brief details of experience and career to date, to:—

THE PERSONNEL MANAGER,
THE BRITISH EXTRACTING COMPANY LIMITED,
BROMBOROUGH PORT, NEW FERRY,
BIRKENHEAD, CHESHIRE.

THE UNITED STEEL COMPANIES LTD

WORKINGTON IRON & STEEL COMPANY

Branch of The United Steel Companies Limited

STATISTICIAN

A Statistician, preferably under 30 years of age with degree in statistics or equivalent qualifications, is required at the works of Workington Iron & Steel Company (situated on the Cumberland coast near the Lake District).

The successful candidate will be responsible to the Operational Research and Work Study Manager for the application of Statistical techniques to problems in production and control. He will be responsible for providing a statistical service, and this will include the designing and supervising of works experiments.

An electronic computing service is available at the Central Department of Operational Research at Sheffield.

The company has a compulsory pension and life assurance scheme and offers opportunities for advancement throughout the departments and branches of the United Steel organisation.

Apply to:

The Secretary, Workington Iron & Steel Company,
P.O. Box 5, Workington, Cumberland.

WOMAN MATHEMATICIAN

The City head office of an international Mining House has a vacancy for a woman *graduate in mathematics or economics and statistics in a team responsible for the* evaluation of projects. Starting salary, which will depend upon qualifications and appropriate experience, would be not less than £700 per annum for successful applicant without experience. There are other benefits. Please write to The Secretary, Rio Tinto Management Services (U.K.) Ltd., Barrington House, 59, Gresham Street, London, E.C.2.

QUALIFIED SECRETARY/ACCOUNTANT

Large oil company expanding its sales and services in the United Kingdom requires a young qualified accountant to take charge of its accounting and budgetary operations. The accounting department will be based near Guildford. Prospects are excellent and a good salary will be paid to the right applicant.

Applications, with details of career including particulars of salary earned to date, should be addressed to Box 1564.

AN additional Assistant is required for the Research Section, I.C.A., Secretariat. The work involved provides a broad introduction to research in the social and management sciences, and demands a good qualification in economic and related subjects and a knowledge of European languages. *Brief details of qualifications* to be sent to: International Co-operative Alliance, 11, Upper Grosvenor Street, London, W.1, marked "Personal."

CHARTERED ACCOUNTANT

Large financial and industrial holding company requires a qualified accountant, aged under 35, to work under the direction of the Chief Accountant. Applicants should have experience with an industrial or commercial concern, particularly in budgeting and cost control and preferably also the preparation of consolidated accounts. Salary £1,500 to £2,000 per annum with commensurate pension provisions. Please write to Box TE.218, c/o Hanway House, Clark's Place, E.C.2.

UNIVERSITY OF WESTERN AUSTRALIA

INSTITUTE OF AGRICULTURE

RESEARCH ECONOMISTS

Applications are invited for appointment to two positions of *Research Economist in the* newly established John Thomson Agricultural Economics Centre. The appointees will be required to carry out operations research in Agricultural Economics. Appointment will be for a period of up to five years in the first instance.

The salary range for the positions will be identical with that of either a Lecturer or a Senior Lecturer within the University, depending on the level of the appointment. The salary range for a Lecturer is at present £A1,750-£A2,350 p.a. and for a Senior Lecturer £A2,450-£A2,950 p.a., but it is *expected* that these ranges will be increased in the near future to £A1,750-£A2,450 and £A2,450-£A3,000 p.a., respectively.

It is important that intending applicants obtain details of the *procedure* to be followed in applying for the posts and a copy of the conditions of appointment before submitting their applications. This information is available from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close in Australia and London on *December 31, 1961.*

EDUCATION: BUSINESS AND PERSONAL

EXPERT POSTAL TUITION

for Examinations—B.Sc.(Econ.), Law, Accountancy, Costing, Secretarial, Civil Service, Management, Export, Commercial, General Certificate of Education, etc. Also many practical (non-examination) courses in business subjects.—Write today for free prospectus and/or advice, mentioning examination or subjects in which interested, to the Secretary (G9/2).

METROPOLITAN COLLEGE, ST. ALBANS

or call at 30 Queen Victoria Street, London, E.C.4. Established 1910.

THE COMMITTEE OF LONDON CLEARING BANKERS.

Notice is hereby given that the MAXIMUM RATE OF INTEREST allowed by the undermentioned London Clearing Banks on deposits, which must be lodged for a minimum period of seven days and be subject to a minimum notice of withdrawal of seven days, will be FOUR per cent per annum until further notice.

BARCLAYS BANK LIMITED.
COUTTS & CO.
DISTRICT BANK LIMITED.
GLYN, MILLS & CO.
LLOYDS BANK LIMITED.
MARTINS BANK LIMITED.
MIDLAND BANK LIMITED.
THE NATIONAL BANK LIMITED.
NATIONAL PROVINCIAL BANK LIMITED.
WESTMINSTER BANK LIMITED.
WILLIAMS DEACON'S BANK LIMITED.

R. H. BARKSHIRE,
Secretary.

10 Lombard Street, London, E.C.3.
November 2, 1961.

UNIVERSITY OF BIRMINGHAM

CHAIR OF LAW

Applications are invited for a newly established *full-time* CHAIR OF LAW in the Faculty of Law with special reference to one or more of the fields of law which bear closely upon the work of the Faculty of Commerce and Social Science, for example, COMMERCIAL LAW, INDUSTRIAL LAW (including TRADES UNION LAW), ADMINISTRATIVE LAW and FAMILY LAW.

Applications (three copies) naming three referees, should be sent by December 31, 1961, to the Registrar, the University, Edgbaston, Birmingham 15, from whom further particulars may be obtained.

For other appointments see page 603

UNIVERSITY OF ADELAIDE

invites applications for the

GEORGE GOLLIN CHAIR OF ECONOMICS

The Gollin Chair, which has become vacant through the appointment of the present holder to another post in the University, carries with it the headship of the *Department* of Economics.

The staff of the Department comprises at present the Gollin Professor, 3 Readers, 2 Senior Lecturers, 9 Lecturers and 2 Tutors.

The salary now attached to the Chair is £A4,000, with superannuation on the F.S.S.U. basis; salaries are at present under review by the University. The University has a liberal Study Leave scheme.

Candidates are invited to obtain from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1, or from the Registrar of the University, general statements about the Chair and the Department and a copy of the formal terms of appointment.

Full particulars of *arrangements* available for house-purchase finance may be obtained from the Registrar.

The University will gladly supply further information on request to the Registrar.

Applications (in duplicate), giving (be particulars listed in the final paragraph of the statement, should reach the Registrar, University of Adelaide, Adelaide, South Australia, *not later than January 31, 1962.*

B.Sc.(ECON)

LONDON UNIVERSITY

U.C.C., founded in 1887, successfully prepares students for this Degree (obtainable without residence), which is a valuable qualification for those seeking executive appointments in commerce or industry, government or municipal posts.—Prospectus, giving details of Courses for *other London Degrees, G.C.E., Law Exams.*, etc., from Registrar, University Correspondence College, 60 Burlington House, Cambridge.

SECRETARIAL TRAINING, especially for university graduates and older students. Six-month and intensive 14-week courses.—Write, *Organising* Secretary, Davies's, 158 Holland Park Avenue, W.11. PARK 4654.

RAISING SPIRITS, that's my pet pastime. Nothing occult about the medium I employ —it's superb EL CID Sherry served all round. Guaranteed to spread pleasure at any seance. FOR SALE. The Economist, 1951-60, complete. Indexes if required.—Box 1565.

YOU ARE HOLIDAY WISE—if you GO H.F. For your School or Youth party next year take your pick—a short link across the *Channel to France*—or a *more* adventurous visit to Russia—See the grandeur of *Switzerland's* mighty peaks—or the warmth and colour of *Italy*, and its art and culture—or a Cruising Holiday can take you to *Greece* or *Madeira, Palma* or *Tenerife*. If it is Holidays at Home, then H.F. Youth Camps and Youth Guest Houses provide especially for parties of Young People. There is also an H.F. Youth Guest House in the Wye Valley, with certain weeks reserved exclusively for individual bookings from the younger age group. Write or 'phone NOW for free booklets "Holidays Abroad for Parties of Young People, 1962" or "Holidays for Parties of Young People, 1962."—The HOLIDAY FELLOWSHIP, Dept. 27, 142 Great North Way, London, N.W.4. Telephone: SUNnyhill 3381 (six lines).

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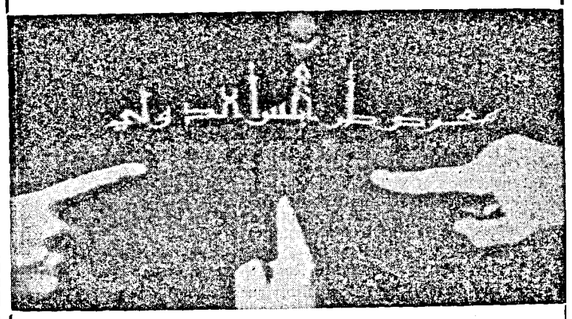
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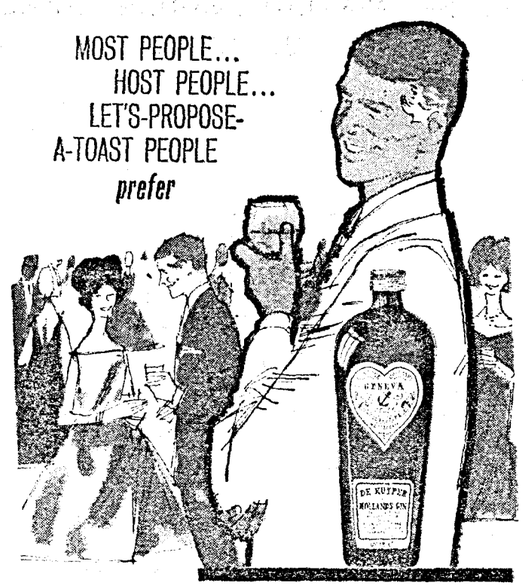
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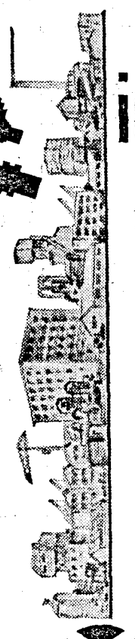
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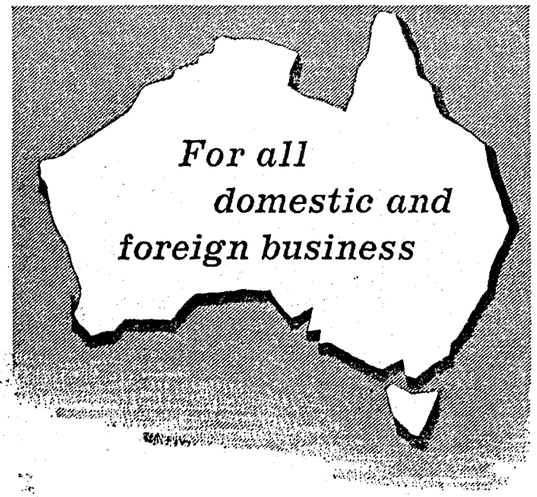
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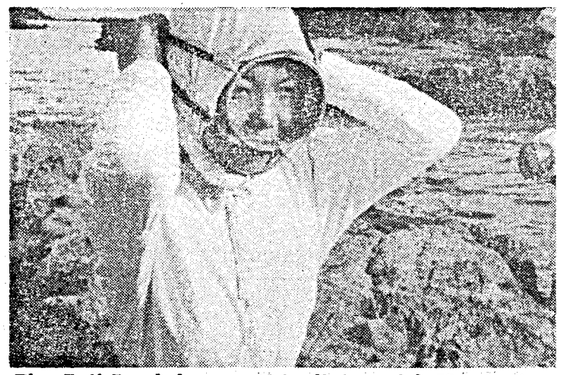
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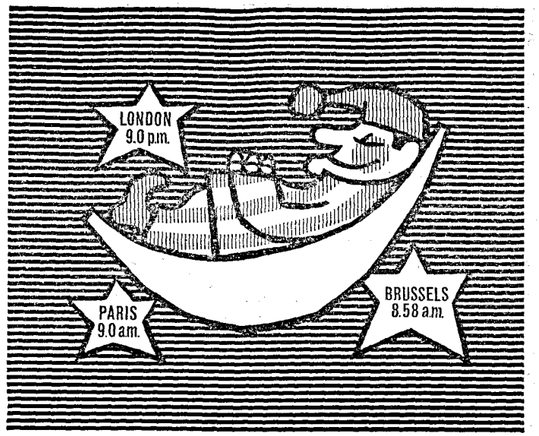
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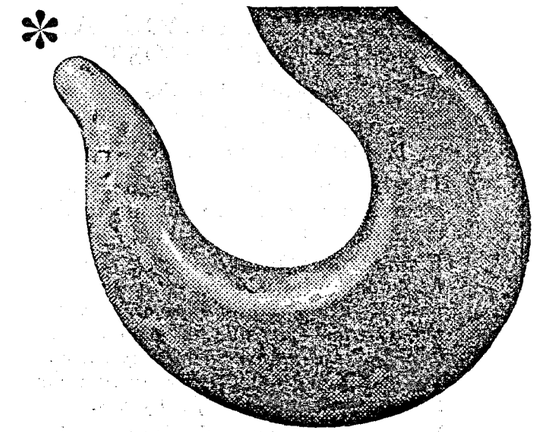
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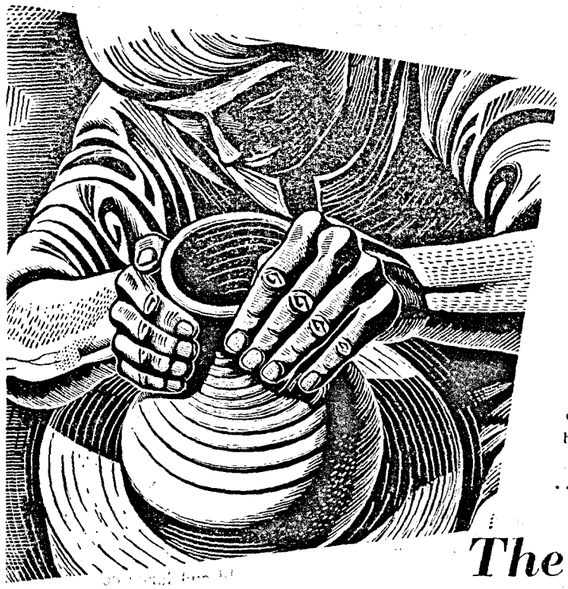
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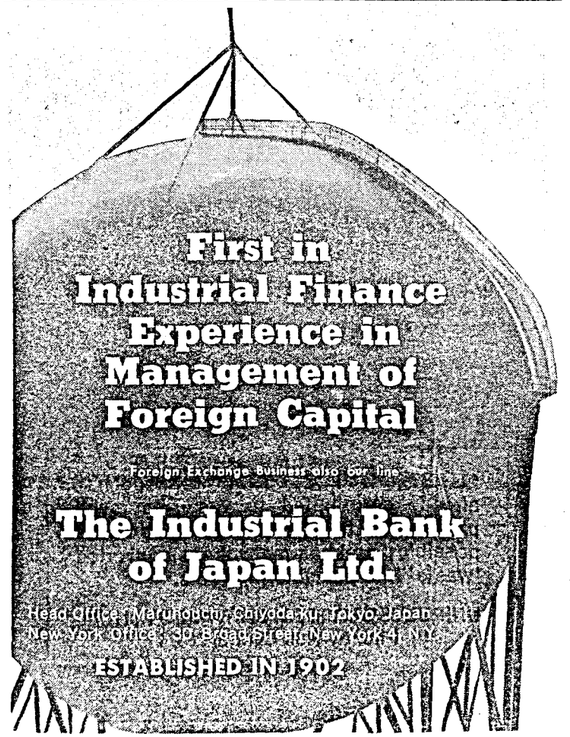
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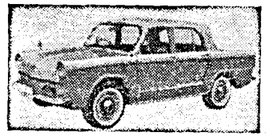
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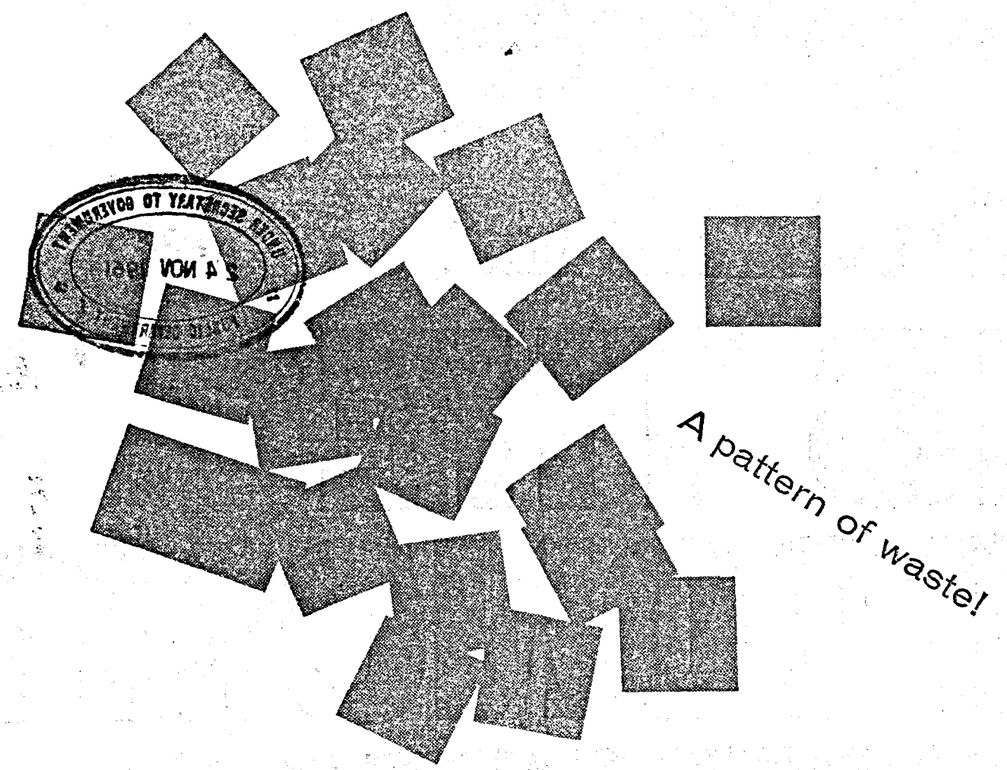
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INTERNATIONAL

LOYALTY IN SIGHT

The Six are now ready to welcome the British candidacy for their club but, as the meeting in Brussels last week showed, the boxing about rules of entry is no longer shadow (p. 654).

• Meanwhile, in Paris, the established members are at odds about schemes for political union (p. 656).

• Canadians do not conceal their dismay at Britain's progress towards Europe ; Mr Diefenbaker, showing a spark of gamesmanship at last, is trying to force Britain to declare its hand before he shows his (p. 657).

• Mr Douglas Jay suggests again, in a letter on p. 644, one issue on which he thinks Britain should stand firm. Argentina is worrying about the effect of the common market on its meat exports to Europe (p. 640).

Against the background of **famine in East Africa**, the British Government is showing some new initiative in thinking of ways to help backward countries with their agricultural problems (p. 634).

LOYALTY IN DOUBT

Some are shocked by the bomb tests, others by Mr Khrushchev's curt treatment of Albania and even curter treatment of Stalin's ghost. Mr Khrushchev has bruised the unity of the communist camp, but who—Russia, China or the West—stands to gain? (p. 627).

Italian communists are shattered by Mr K's tales of Stalin's crimes (p. 658). But it takes a thick brush to paint out Stalin's name (p. 643).

Dr Adenauer may not be able to rely on much team spirit from his motley new cabinet (p. 634). He has been embarrassed by his turbulent ambassador in Moscow, but Dr Kroll's initiative may, in fact, have stimulated the search for a negotiated settlement to the Berlin question (p. 629).

Dr Salazar, it seems, is immovable ; the best to hope for is that his feudal principles will eventually be buried with him (p. 632). Two new books on Portugal are reviewed on p. 646.

The chairman of the Foreign Relations Committee of the United States Senate is fighting for the loyalty of his constituents with arch-reactionaries in Arkansas (p. 669).

LOYALTY TO WHOM?

New disturbances in **the Congo** eat away at the central government's ragged authority (p. 653). The Security Council is again debating what it can do to help ; if the United Nations fails, others may have a go (p. 633).

The Queen's visit has called a truce to Ghana's political troubles —but it is only a truce (p. 653).

India wants to reduce the foreign exchange it has to spend on **oil**. Inside the country it can put pressure on the refineries ; in trading outside it lacks bargaining power (p. 679).

Mr Nehru, in Washington, has reminded his listeners that most countries are less concerned with the mighty problems of the cold war than the West would like them to be (p. 634).

General Park, who has also been in Washington, is making a show of liberalisation in South Korea (p. 638).

In Cambodia, the quality of neutrality is much strained (p. 661).

General Taylor's report to President Kennedy on Vietnam is still secret, but Washington has its ideas (p. 670).

What now happens to the Singapore base? (p. 637).

HOME

UNDER THE WEATHER

Mr Lloyd's economic policy looks now in the doldrums, perilously close to the rocks of which the Chancellor himself recently gave warning (p. 625).

October's trade figures are disappointing, but the Chancellor still feels that we are balancing our current account (p. 683).

This week's two most important strikes are hard to solve—and need probably never have happened (p. 640).

Lingering hopes of a recovery in lead prices have drifted away with the falling leaves (p. 688).

Lightship crews : the wages of boredom (p. 665).

OVER THE RAINBOW

Cash for Culture: a guidebook for a British Maecenas (p. 630).

Funds for Building: the building societies need to give their image a new shine—and they must not fear high interest rates (p. 681).

Drinking Scotsmen: the new concessions on Sunday opening north of the border do not go far enough—and may look like class prejudice (p. 637).

Special incentives for exporters are in the wind ; the Government has a narrow path to tread (p. 687).

The City is starting to think about its future role in the common market (p. 687).

The stock market seems to be in a strangely optimistic mood this week (p. 682).

BEHIND THE TIMES

Family Allowances: the Government's proposals are just plain mean (p. 638).

ETU : despite the election of a new executive, litigation continues within the electricians' union (p. 640).

Labour party : towards the long knives? (p. 633).

Bridgeton by-election : in Maxton's stronghold (p. 633).

School meals : teacher's toughest tasks? (p. 662).

AHEAD OF THE FIELD

The favoured consumer : a plethora of new private bills (p. 637).

Broadmoor : attempts to turn this mental hospital into a true prison would put the clock back a hundred years (p. 643).

Henley : the Catherine Wheel Hotel lights up a Thames-side dispute (p. 664).

Better beer: two British brewers join an international research agreement (p. 690).

Computers of the future—with a bedside manner? (p. 690).

Detailed contents on page 625



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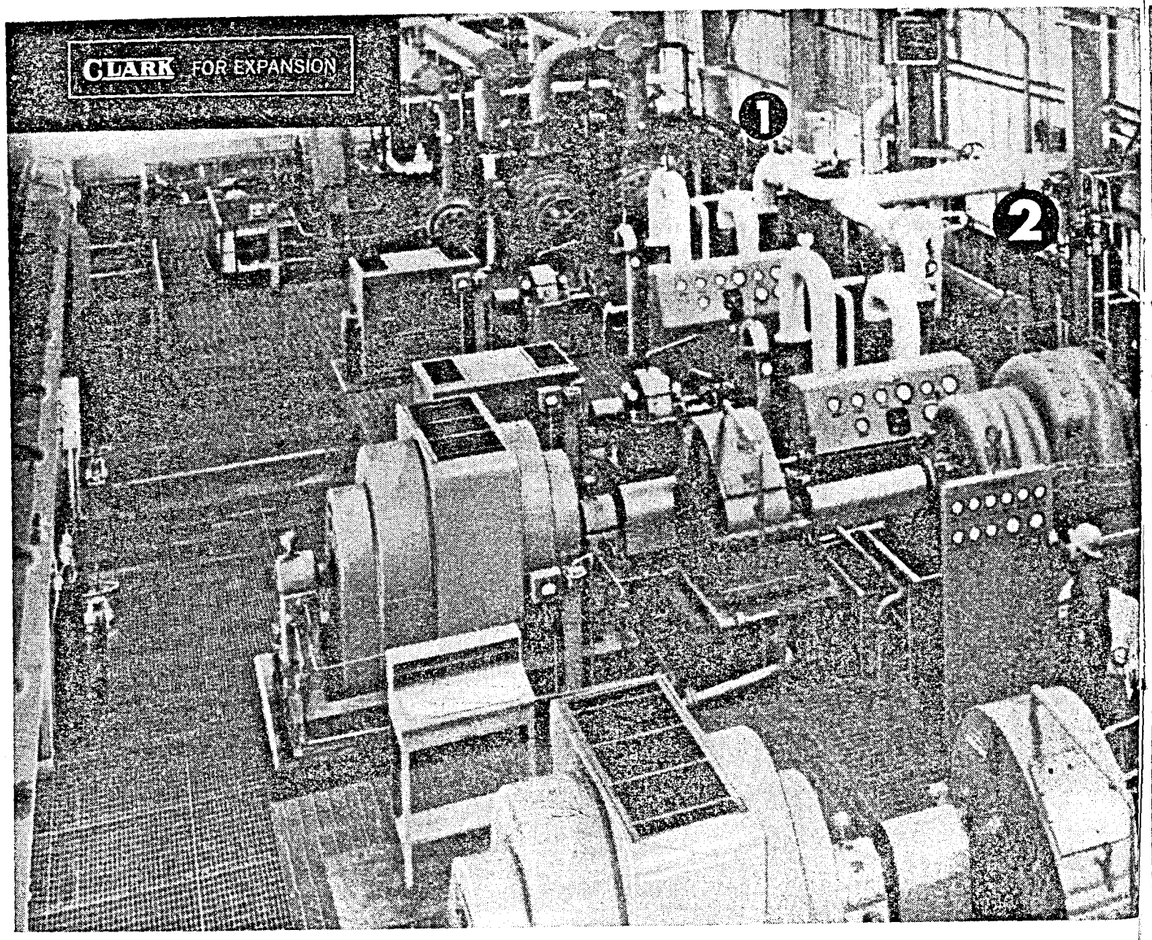
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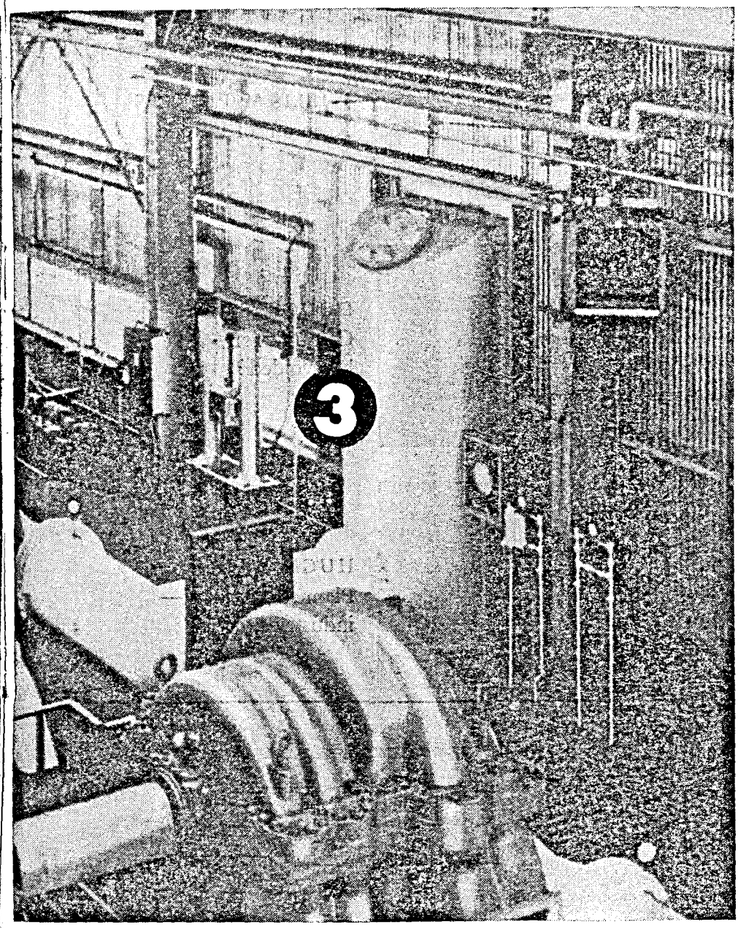
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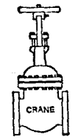


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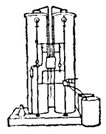
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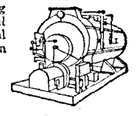


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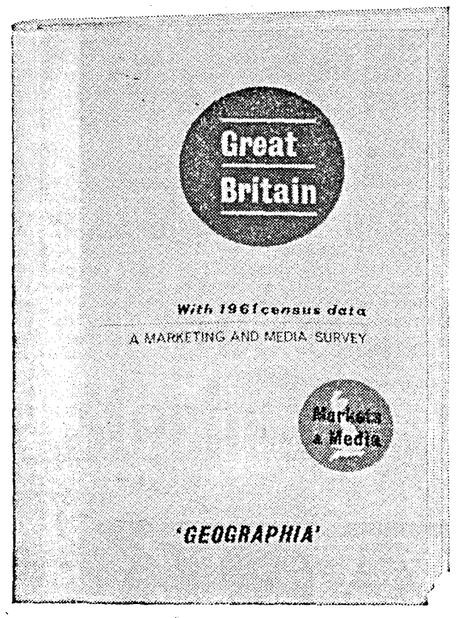


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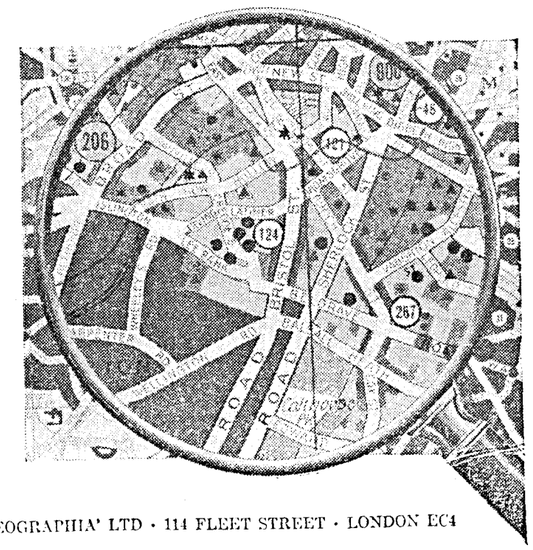
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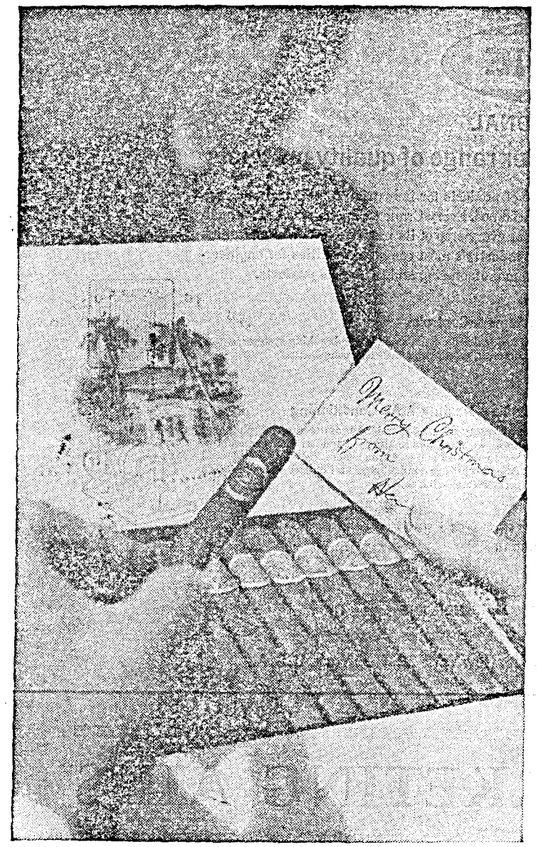
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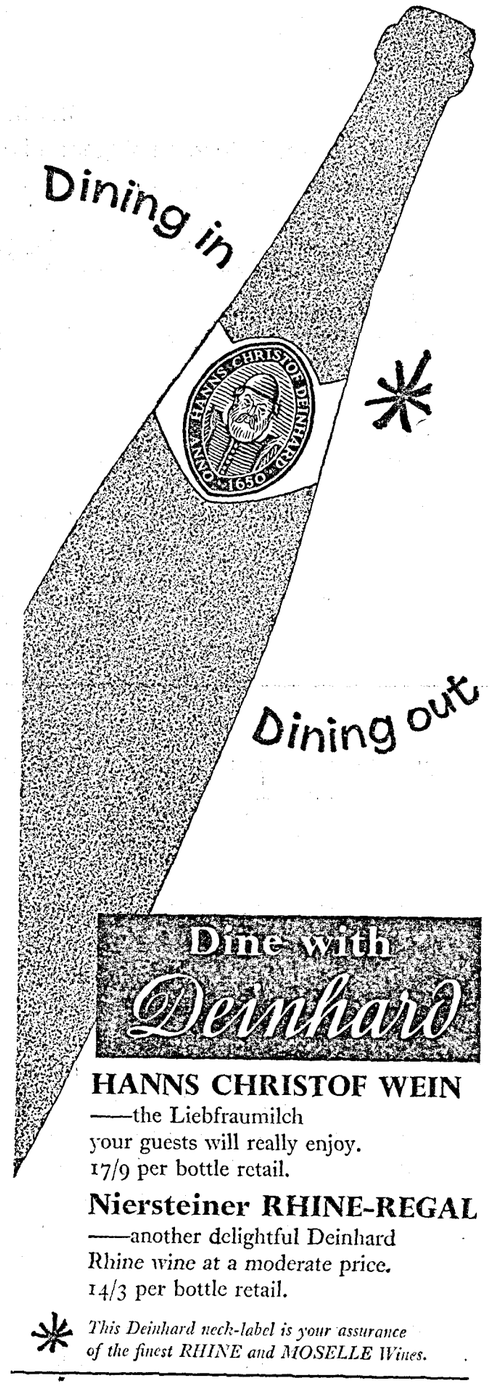
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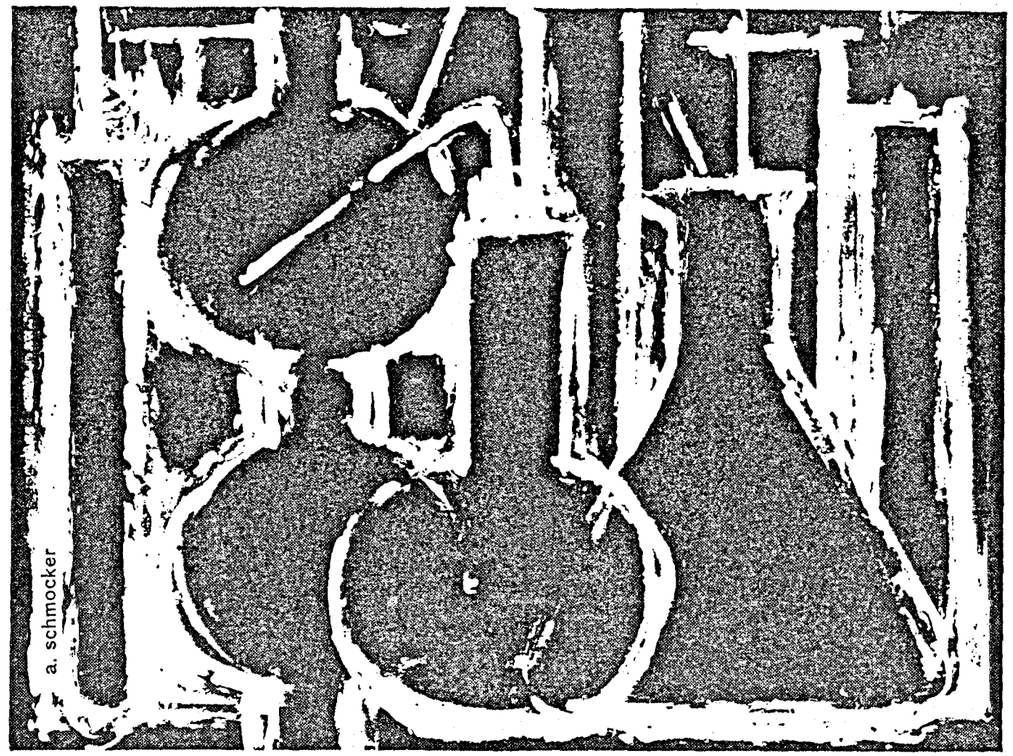


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The Economist

NOVEMBER 18, 1961

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VOLUME CCI - NUMBER 6169

Is the Economy Stuck?

WHAT is happening to Mr Selwyn Lloyd's economic policy? When he introduced his July measures, he said he was determined that they should not be merely expedients but should give Britain a breathing space in which to introduce fundamental economic changes, so that the country should henceforth achieve steady growth without inflation. Whether he recognises it or not, the speeches he is uttering nowadays are a complete and specific reversal of that policy: his theme now, struck alternately *allegro* and *penseroso,* is that Britain cannot afford to expand its production until it expands its exports by at least twice as much. And if world market conditions do not allow Britain's exports to go up, his remedy is to "continue to restrain home demand," for his "view is that nothing will frustrate the export drive more than the pull of the home market."

In and by itself, this is a pre-Keynesian policy for a return to a sort of reinforced automatism in economic affairs. Under it, when the state of the world trade cycle allows Britain's exports to rise a bit, production could be allowed to go forward for a while; but when the state of the world cycle forces Britain's exports to contract, Mr Lloyd's policy would oblige him to cause British production to contract twice over, not merely by the direct amount of the fall in exports but by a bit more still on top of that (in order to restrain "the pull of the home market"). This would not be a policy for ending "stop-go methods" of managing the economy; it would be a policy for quite deliberately reinforcing them.

The pain and sweat of this policy might be obscured in the immediate future because it is possible that Britain is temporarily entering a "go" period for its exports and balance of payments—although the October trade figures (discussed on page 683) certainly do not allow one to draw dogmatic conclusions that this is so. But Mr Lloyd needs to recognise that the extent to which Britain's balance of payments can be strengthened depends, tautologically, on the extent to which other countries' balances of payments are allowed to worsen. Which are these other countries? There is one major competitor of Britain that is certainly not going to allow its payments to worsen next year; the United States administration, worried by its large deficit in the third quarter of 1961, intends to take steps to try to improve its current balance fundamentally. There is a hope that Germany's current surplus may decline from now on; revaluation has already reduced its future export orders, although not its current export surplus as yet. But the Germans are suffering something of a nervous shock because people are fleeing from the D-mark on capital account (worried by both Berlin and Bonn politics) and because German production (which found its most dynamic element in export orders for so long) is much less buoyant than it was; one doubts if the Germans can or will be very good-neighbourly in allowing their export surplus to contract easily, massively and without resistance next year.

No doubt the ideal prescription for world economic expansion would be for all the developed countries to run the sort of increasing export surplus that they apparently regard as a pre-requisite for their progress and their dignity, and for the underdeveloped countries to run a concomitant increasing deficit. This latter could then be financed by an annual increase in international aid and in world liquidity, preferably pumped out through making the International Monetary Fund an international credit-creating central bank. But there has been no real

move this year towards making the IMF a new credit-creating agency of this kind. The prospects of increasing British and American exports to less developed countries in 1962 (by this one does not mean merely Afro-Asian nations, but also countries like Australia) will therefore depend mainly on whether those countries can step up their imports with payments out of their present currency balances and accumulated earnings. Some of them, particularly in the sterling area, have been artificially restricting imports this year, and may want to increase their stocks of manufactured goods soon; but the decline in some primary commodity prices since last May seems bound to keep their buying power under restraint after a while. The best tentative guess that one can make at present is that Britain's total exports should rise for a time; but that this rise may not continue (indeed, may be reversed) after about the first half of next year.

This forecast of timing may prove to be all wrong, but the timing is a matter of detail. What is blazingly obvious is that Britain has not yet improved its competitive power so far that it can look forward to adequate exports at all stages of the world trade cycle, and that under present policy Mr Lloyd would be obliged to respond to any cyclical downturn in exports by cutting back Britain's economic re-expansion, if indeed re-expansion had by then even got going. The prospect of an eventual (and possibly pretty early) stop to re-expansion could be averted only if we used the present breathing space to set in train a massive expansion in Britain's share of world exports, at the expense of the share held by our competitors. There are three ways in which this could be done, but at present the Government is treating two of them as unmentionable and the other as impracticable.

ONE way would be by a devaluation of sterling; by making many British goods cheaper in world markets, this might now put up British exports by quite a lot. But, quite apart from difficulties of prestige and of internal economic friction, the massive objection to this is that it would threaten to break up the makeshift key currency system on which (for all its faults) pretty well all international trade now depends; under present circumstances devaluation of sterling would almost certainly be followed by devaluation of the dollar and would merely set a competitive crisis of devaluations alight. The same objection applies to a system of letting the sterling exchange rate float, which might otherwise seem to be a sensible accompaniment of the sort of planning system which Mr Lloyd claims to have in mind; if British planning is really to be based on the assumption that we can expand production by 3 per cent only so long as exports increase by 6 per cent, a floating exchange rate would theoretically be a good regulator through which to express decisions about how much growth (paid for by how much internal price inflation) we really wanted at a time when exports were sticking. There would be one other circumstance for which Mr Lloyd might be wise to keep a threat to float sterling up his sleeve. If it seemed possible that by thus threatening to throw the key currency system in chaos, Britain could persuade other countries to put some new and more expansive world currency system (such as a reform of the IMF) in the key currency system's place, there would be something to be said for this British act of panache. But in the present state of international financial diplomacy, the threat would be unlikely to work; much more probably, we would get all the chaos without the necessary reform.

There remains the third possible policy, and the one to which Mr Lloyd was supposed to be committed: namely, to use the present breathing space for some major changes *in policy, in a heroic effort to make Britain an export-orientated* economy of the Erhard-economic-miracle type, fiercely competitive at the present sterling exchange rate. (Let it be made quite clear that if Britain did manage to build up a larger export surplus in this way it would cause considerable difficulties for people like the Americans and the Germans, just as the large German surplus of recent years has caused considerable difficulties for the Americans and us; but once we were in a strong position we could mitigate that difficulty by pressing for a reform in the IMF, of a sort much larger than that which the Germans and French, when they were in a strong position, so tartly vetoed this year.) Nobody denies that the efforts to achieve such an economy in Britain would have to be prodigious, but everybody ought to know by now what broad forms they should take: all of them would be desirable for Britain in their own right; and it is worth looking at how badly the Government is now failing to implement them.

THE first need for national efficiency is to concentrate Britain's resources on its most profitable and economic industries, and to close down uneconomic industries ruthlessly; everybody now pays intermittent lip service to this, but Hansard this week provides two eloquent examples of what is not being done. On Monday the Minister of Fuel virtually boasted that the Coal Board is sacking miners from uneconomic Scottish pits at a rate "rather below" that originally adumbrated in the "Revised Plan for Coal"; and on Tuesday the Commons duly debated and approved a brand new ten-year-long subsidy for uneconomic forms of fishing. Again, one obvious way to weed out inefficient industries and firms would be to cut Britain's tariffs on manufactured goods, because British concerns which could not survive free foreign competition on the home market are by definition the expendable concerns that have no hope of challenging free foreign competition in export markets; earlier this year there was much talk of the possibility of a unilateral cut in Britain's tariffs, but it is now pretty clear that nothing much is going to be done. It is true that an increase in freedom for imports from abroad might at first react badly on the current balance of payments, but it would have been worth bearing this strain and countering it by keeping up interest rates in order to attract foreign support for sterling; instead interest rates are being brought down.

If inefficient firms and industries find that their activities are cut, it is important that they should release their surplus labour promptly for employment elsewhere; this would necessitate an increase in transitional unemployment, but nothing whatever is being done to encourage or to handle this. Instead of introducing a new nationally-financed redundancy payments scheme, the Government is allowing the burden of redundancy payments to be thrown on the firms who sack the labour, so that the cost of releasing labour for redeployment is actually increased. And some of the Government's own proposed new economies have actually been directed to services which retrain the unemployed. In order to make the best use of labour resources, there is some case for redirecting new

industrial effort from the scarce-labour areas to the unemployment-surplus areas, from the Birminghams to the Scotlands, but only if this can be done in a way that does not increase costs; it is now urgent that wage rates should be allowed to be lower in unemployment-surplus areas than in boom towns.

But the nationalised industries are precisely the ones which are showing themselves afraid to introduce such district differentials; this week the nationalised electricity industry has reacted to its problem of recruiting workers in some labour-scarcity areas by offering a wage increase which it will also apply in areas where it has no problems of recruitment at all. If costs are to be held down, it is important that public sector industries should be brave about standing up to strikes; instead they are currently proving to be the first to shuffle away from them.

The part that "planning" could play in this would be by reporting on which the potential growth industries are, and setting targets for them and for the nation, like the ambitious target growth rate of 4½ per cent a year which President Kennedy would apparently like the OECD nations to start talking about; but British Treasury officials are reacting to President Kennedy's hopeful revivalist slogans rather like Dutch Calvinists react to acts of adultery, and Britain's own so-called planning mechanism is at present being kept in the pending tray while Mr Lloyd tries to inveigle the trade unions to join it. It would be worth tolerating some delay in establishing this planning council if the trade unions and employers, once they were on it, would be likely to push Britain's replanning in the directions that are needed—towards closing down inefficient industries, abandoning protection, introducing district wage differentials, encouraging resistance to strikes. But everybody knows that, once installed in positions of planning power, they would try to push Government policy in just the opposite directions. On the face of it, the story of Government muddle, misunderstanding of aims and of feeding these months of breathing space to the locusts could hardly be more complete. Is it impossible for the Treasury to wake up?

Mottled Reds

Mr Khrushchev's policies are stirring up fresh ferment in the communist camp; the rift with Peking widens

"As a mighty tree with deep roots does not fear any storm, so the new socialist world does not fear any adversity or shock." These brave words were spoken by Mr Khrushchev on the opening day of the 22nd Soviet party congress. Western sceptics would be wrong to dismiss them as wishful thinking. Yet the process of change and readjustment (and the reaction to change) that began in 1953 with Stalin's death, and was given a sharp shove forward by Mr Khrushchev at the 20th party congress in February, 1956, is not nearly worked out. It could bring adversity upon the communist world; it will certainly give it shocks.

It does not help, moreover, when the shocks are, as it were, self-administered. By the time the congress was over, Mr Khrushchev, a prey to conflicting pressures within his own party and to the compulsions of his own ideas, had been forced to administer three new shocks to the world communist movement. He threatened to explode a 50-megaton bomb and did in fact, through a miscalculation by his scientists, let off an even bigger one. He completed the process of destalinisation begun five years ago and symbolised this by authorising the removal of Stalin's body from its place beside Lenin's in the mausoleum in the Red Square. Finally, he brought his quarrel with Albania (and China) into the open in a way that can hardly fail to impair the "monolithic unity" of the block upon which he sets such store. It is still too early to have much evidence about the effects of these three events on the communist movement both inside and outside that block; in any case the effects may well be delayed and are unlikely to be given much publicity. But it is already clear that a fresh stage in the post-Stalin evolution of communism has begun.

In the long run the bomb is of less significance than the removal of Stalin's corpse or the discord over Albania. But the bomb's immediate effect is to damage the image of the Soviet Union which Moscow would like to present—and in an uncomfortably practical way. Nuclear fall-out is not an abstruse ideological issue, but a direct hazard. Mr Khrushchev's explanation that the warlike designs of the imperialists make it imperative to test ever bigger bombs will not sound convincing to party members who have to explain away the possibility of a contaminated milk supply both to themselves and to those whose support they are trying to win. Already the Italian communists have expressed their dismay and resentment at the appalling propaganda liability which Mr Khrushchev's bomb is for them. Inside the communist block, where the authorities can suppress unpleasant facts, reactions will be slower and more muted. But there is evidence that the Poles, for instance, who are relatively well informed through their greater contacts with the West, are deeply disturbed.

MR KHRUSHCHEV's attack on Stalin did not have the shock of complete novelty; it was a further (and this time much more public) instalment of an iconoclastic process begun five years ago. But it is bound to have wide and deep reverberations in the world of communism, particularly inside the communist block. There was nothing secret or surreptitious about the condemnation of Stalin this time. In the Soviet party congress he was attacked quite openly and unequivocally; the crimes committed under his rule were laid bare in a way that was bound to shake and disillusion many communists who had been taught to venerate him unquestioningly; the removal of his body was demonstrative and, for this generation of Russian leaders, final.

It is inside Russia itself, where for many ordinary Russians Stalin, whatever his failings, had been a heroic national leader against Hitler's armies, that the disturbance is bound to be

deepest. But all communist parties everywhere (except perhaps the Chinese), whether in or out of power, now have to adjust their ideas and their policies to the empty place in Lenin's mausoleum. Stalin personified a way of maintaining and extending communist power. For over five years now his way has been attacked by those communists who believe that their power cannot, and should not, be permanently and exclusively maintained on foundations of terror and repression. But they have not by any means yet carried the day against the old guard stalinists, who are either incapable or afraid of changing their outlook, or against the younger fanatics.

Inside the Soviet block the Poles, led by Mr Gomulka, himself one of Stalin's victims, have been the most successful in getting rid of their stalinist past; they can face the consequences of Stalin's disgrace with some equanimity. The Hungarian communists, too, have been outspoken in their approval of Mr Khrushchev's attack on Stalin. The east German communists, on the other hand, have been swift to show symptoms of disquiet. Their central committee has even found it necessary—presumably to stop talk about Herr Ulbricht's future—to issue a statement which says in effect that the east German comrades have nothing to fear; they have never made serious mistakes; any tendency to a personality cult (Herr Ulbricht's) was disposed of years ago. The Stalinallee, and Stalinstadt, have been quickly renamed. Elsewhere in the block there are other leaders either still in power or influential behind the scenes (like Mr Chervenkov in Bulgaria) who have never been convinced that the new ways are best; and there are younger men, of the post-Stalin vintage, like Mr Novotny, the Czechoslovak president and party boss, who though more flexible than Stalin was, and no doubt averse from repeating his excesses, keep much of the stalinist outlook.

The ejection of Stalin's body from Lenin's mausoleum is not likely to settle the long-drawn-out controversy between the stalinists and the anti-stalinists within the communist parties of the world. More probably, it will give it new life, although few will want to go as far as some Italian communists who have questioned the whole basis of the system that can allow such a phenomenon as Stalin to arise. So long as communist regimes continue to be imposed in one way or another on the people they govern, instead of being freely accepted by them, the stalinists will be able to put up a case. But in the long run, and if any more violent upheavals are avoided, the debate is likely to lose its vehemence, and change its character, as the various party leaderships are filled by younger men who have neither been implicated in, nor influenced by, the Stalin era; all the quicker, if they can produce more of the material benefits so often promised and so long delayed.



Now is the time for all good men

Harder to close in the long run may be the power-rift in the communist camp between Russia and China, which Mr Khrushchev's attack on Albania at the Soviet party congress brought into the open more nakedly than ever before. Indeed, it is not easy to make sense of Mr Khrushchev's action, unless he miscalculated the reactions to his attack. He may simply have intended to settle the hash of the troublesome Enver Hoxha and at the same time to warn the Chinese discreetly that Moscow would not tolerate a rival papacy of the communist world. But times have changed since 1948 when Stalin simply pronounced his anathema against Marshal Tito, and that was that.

When Mr Khrushchev denounced Albania, bell, book and candle, a month ago, he was straightaway rebuked by Mr Chou En-lai for washing the comrades' dirty linen in public. Still more exasperating, the eighty communist parties represented at the Soviet congress stood up to be counted for or against Mr Khrushchev; the Chinese even claim that a majority were, in effect, against him, since they failed to back his condemnation of Albania. Mr Hoxha, for his part, has bluntly declared that his party rejects the Russian criticism of Stalin; and that for the Russians to try to make their views binding on all parties "is a brutal violation of the principle of the equality and independence of Marxist-Leninist parties."

MR HOXHA's opposition to Mr Khrushchev is almost certainly primarily political: he deeply fears that the Russian leader might do a deal with Marshal Tito at his expense. But he is also acting as spokesman for the Chinese, and his appeal to "the equality and independence of Marxist-Leninist parties" hit the ideological nail on the head. Theoretical differences between the Russians and the Chinese—about the inevitability of war, the correct tactics for seizing power, and so on—have been boiling up for some time. But the rift has never before been so frankly exhibited, nor its divisive effect throughout the communist world. Fresh impetus has been given to the continuing discussion of the Chinese-Russian differences, above all among the communists in Asia, Africa and Latin America who may well feel that they have specially much to learn from the Chinese experience.

What happens now to Albania may give some indication of how far Moscow and Peking intend to push the quarrel. Will Albania be expelled from the Warsaw pact, whose members are about to meet? If so, what support will the Albanians get from the Chinese? Neither the Russians nor the Chinese can really want an outright break. But the ideological unity of the communist camp is of fundamental importance for Mr Khrushchev; to impair it is to open the way for "imperialist reaction" and "nationalist tendencies." In his view, if stalinist tendencies come to be lastingly supplanted throughout the communist camp by more flexible and less intransigent systems, making larger allowances for national differences, then Moscow's ideological supremacy will be the more essential as a binding and unifying force. It is unhappy for him that his quarrel with China has become more sharp just when the established Soviet image has been tarnished both by the historic condemnation of Stalin and by the menacing nuclear tests. The combination of all three developments could bring about the profoundest changes in the communist world, which could include a loosening of Moscow's hold. Who, if anyone—Russia, or China or the West—will be the gainer remains to be seen.

Infelix Kroll



They do not love you, Dr Kroll;

Just why not, is hard to tell

THOMAS MANN, in "The Confessions of Felix Krull," wrote about a young man who did well for himself by seizing opportunities and risking his hand. Dr Hans Kroll, the west German ambassador to Moscow, must wish that real life were as romantic. It may be that Dr Adenauer, after talking to Dr Kroll this week, and to President Kennedy next week, will modify the displeasure which led him to summon his errant ambassador to Bonn, and to label the suggestions about the Berlin crisis which Dr Kroll put to Mr Khrushchev on November 9th as "unauthorised." For the moment, however, unauthorised thinking, out loud and in the wrong place, has landed Dr Kroll in the doghouse; the lack of repentance he showed on his arrival at Cologne airport on Tuesday, when he rebuked the head of Dr Adenauer's press office for suggesting that he had exceeded his duties, is unlikely to prove the swiftest way of getting himself out again.

If the complaint against Dr Kroll were simply, on Dr Adenauer's part, that the ambassador ought to have told his government what he proposed to do before he did it, and, on the part of the other allies that he ought to have kept in step with their ambassadors in Moscow, there would be a good deal of substance to it. Dr Kroll has undoubtedly made various people look slightly silly. Two of them are Mr Llewellyn Thompson and Sir Frank Roberts, his American and British colleagues, who were sent back to Moscow by their governments last month to press on with the search for a basis of negotiation about Berlin and Germany. So far they have made little progress, partly because the search for negotiations got diverted (temporarily, perhaps?) by the squabble over the Friedrichstrasse crossing on October 27th and 28th; now a Kroll has dashed in where Anglo-Saxons have hesitated to tread.

But it is Dr Adenauer who finds himself in the most embarrassing position. This is not really because (as seems to have been suggested in Bonn) Dr Kroll's initiative will have awakened dormant fears that west Germany may one day try to come to terms with Russia independently of the rest of the western alliance. Neither the United States nor Britain is likely to find much to object to in the ideas Dr Kroll is said to have canvassed with Mr Khrushchev. The real source of embarrassment for Dr Adenauer is that at least two of these ideas—the proposal for contacts between west Berlin and the east German government, and the suggestion that both sides call a halt in the propaganda war—involve concessions that Dr Adenauer might well prefer to avoid. If, as is generally assumed, Dr Adenauer's chief purpose in his visit to Washington next week is to persuade President Kennedy to limit the concessions that might be offered to the Russians in return for a guarantee of west Berlin's freedom, it is distinctly awkward of Dr Kroll to have demonstrated that there are influential west Germans who disagree with their reinstated Chancellor.

To get the four main western allies moving towards negotiations in step, which is Mr Kennedy's present unenviable task, is remarkably like organising an eight-legged race. Dr Kroll, by getting one leg tangled up with some of the others, has complicated the task in the short run. In the long run, however, if one looks at the substance of what he did instead of at his infelicitous way of doing it, he may perhaps have brought negotiations a step closer. There is still some mystery about the exact relationship between the suggestions Dr Kroll put to Mr Khrushchev on November 9th and the four-point "Russian plan" which found its way into the western press the following day; in particular, it is not clear whether the latter came to light by way of western or Russian sources. But, by whatever channels it became public, the British Government seems to think that it expresses the Russians' present views on the subject; and Washington apparently thinks the same.

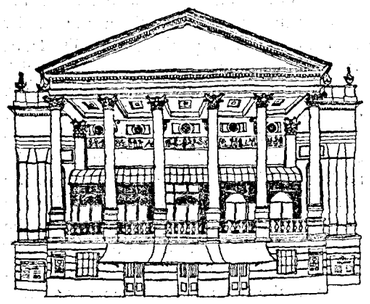
If this is so, the four points are important; not because they offer anything conspicuously new, but because for the first time they set out more or less openly what had previously been conveyed only in private conversation, or by inference. It is now known, for instance, that Mr Gromyko told Mr Kennedy on October 6th that the Russians would be willing to put off their peace treaty with the east Germans until after agreement had been reached on the future of Berlin. Similarly, the present Russian offer to make sure that Herr Ulbricht respects the West's freedom of access to Berlin, by means of a separate agreement between east Germany and the Soviet Union, may have been foreshadowed in the Russian *aide mémoire* of June 4th, which said that the question would have to be settled "by appropriate agreements with the German Democratic Republic"—without saying who was to conclude those agreements. What was discreet and veiled appears now to have been spelled out explicitly, though informally; which is one step nearer to an open Russian offer to negotiate on acceptable terms.

PRESUMABLY the allies' next step is to try to convert the informal into the formal. Mr Llewellyn Thompson and Sir Frank Roberts apparently do not plan to resume their probing operation in Moscow until after Dr Adenauer has visited Mr Kennedy, and General de Gaulle has met Mr Macmillan, next week. Then, however, they should ask the

Russians whether they admit to having fathered the proposals that appeared to come from them last week; and, if so, whether they will explain the obscurities that are still to be found in the four points. The West still wants to know, for example, what guarantees the Russians have in mind for the freedom of Berlin; what they mean by the demand that the allies should "respect" the sovereignty of east Germany (the same phrase as Mr Khrushchev used in the *aide mémoire* of June 4th); and whether the fourth point—the conclusion of a peace treaty—refers merely to the familiar project of a Russian-east German treaty, or to one covering the whole of Germany. If the Russians return even moderately helpful answers to these questions, the West might be within striking distance of the "basis for negotiations" it has been seeking since September.

The wrong way for the western governments to react to Dr Kroll's initiative is to pretend, because it violated the proper channels, that it never happened. The right way, having massaged the toes he has bruised, is to exploit the opportunity it may have offered. A substantial body of opinion in the West holds that Mr Khrushchev's lifting of the time-limit for his peace treaty with east Germany relieves the allies of the need to contrive a negotiated solution of the Berlin crisis. Almost certainly, this is a dangerous misjudgment; the present respite is a chance to renew the search for compromise by such avenues, regular or other, as present themselves.

The New Patronage



A guide to investing in Britain's arts

Royal Opera House, Covent Garden

SUPPOSE, just suppose, there were a prospective patron of the arts in Britain, not just Mr Selwyn Lloyd but an individual moneybags or a bulging industrial trust, with a lot of money to spend. This is not, one hastens to say, simply a fairy tale: such creatures can occasionally be discerned shaking their heads over the right pumpkin to alight on. How should they spend their money? Should it be in London or outside; to sustain professionals or encourage amateurs; to be distributed through bodies like the Arts Council or run completely separately? It is the kind of dilemma that makes good fairies swoon right away, and when they recover decide to settle for experimental reactors and women students' hostels. There are far too many deserving pumpkins and (sometimes less-deserving) pumpkin owner-operators all immediately and clamorously angling for the magic touch. Just in case anyone happens to be listening, here are some preferences and prejudices on what patrons ought, and ought not, to be doing in the nineteen-sixties.

The primary need, in British arts just as in British industry, is to reinforce such successes as this country already has: however unpopular this bias may be with the village halls and amateur music clubs, the biggest growing-points of the arts are where they are already professionally established. Few, if any, of the permanent companies, from Covent Garden to the provincial symphony orchestras, are at all soundly established. They have the first claim on what state subsidies there are (for the Covent Garden opera £500,000 a year, and now, for the provincial theatres, an extra £150,000) and on the local ratepayers (the Scottish National Orchestra, for example, gets around £40,000 a year from 100 local authorities). One would prefer to see this kind of help continue through the Arts Council and even to be stepped up by local authorities, who are empowered to spend a 6d. rate (4½d. in Scotland) on the arts but seldom go beyond a reluctant 1d.; and a fair proportion of what local authorities spend goes, in fact, on museums and bands in the public parks. But these state and local subsidies are invariably to cover normal running costs and nothing else. There is not a single national or semi-national institution that would not benefit artistically from a capital fund of its own.

Such funds need not be frighteningly grandiose to produce results. With the exception of grand opera, 85-90 per cent of costs should be coverable by box-office receipts if the concern is at all viable—and provided it is realistic enough to charge what the market will bear when it is assured of a sell-out (which not all institutions are). A capital fund should do two things. It should allow a good orchestra or repertory theatre to indulge in a little more experiment without worrying so much about external disasters (hot summers, an increase in television watching) that may wreck the budget unless the norm of Tchaikowsky and Agatha Christie is over-fulfilled. In this respect, it is good to see the enterprise of the small Harrogate Theatre Trust in staging a play on the bomb—"The Net"—which was commissioned by the Arts Council. But new ideas need capital if they are to take root.

The second function of a capital fund would be to raise internal morale even more by saving the company's finances from the rigours of the Arts Council's accounting, which inevitably tends to penalise success. A good financial year for an orchestra, which may include some hectic overseas touring, often merely means that the Arts Council is obliged to cut its contribution: the ideal is obviously to give people funds that they can manage themselves, building up in good years and running down in bad. This is pre-eminently a job that only private patronage can do: no political authority can reasonably be expected to will away capital for which it still feels responsible to the taxpayer and which therefore it will always believe it could manage better itself.

The second function of substantial private patronage should be to encourage the proper housing of the arts in Britain, particularly in provincial centres. Building and renovation grants are badly needed to allow otherwise encouraging ventures to continue (Mr Lloyd's bounty to the provincial theatres could not be better spent than on doing them up). Something like the Carnegie library system could work wonders for the fine arts, not least because the news of such a scheme in the offing would concentrate the minds of those local authorities whose present ideas of popular culture stop short at offering best-sellers on the rates. But three criteria for this kind of help should be strictly observed. The first, following Lord Bridges's recommendations, is that the initial efforts should be concentrated in regional capitals (not simply self-styled "festival towns") that can draw on as large a potential audience as possible; a dozen well-situated arts centres, with theatre, art gallery, concert hall, restaurant and parking space, probably costing over £1 million each, are worth umpteen scattered single-art enterprises which may come to real life for only two or three weeks a year. The needs of a festival on the Edinburgh scale do pose a special problem. It would be splendid if a patron, or patrons, could be found to give that city a modern theatre suitable for grand opera. But for the all-the-year life of the region something more modest in size would probably give even better service.

THE next criterion is that such help should not simply lift responsibility from lazy local authorities which do not stir a muscle themselves if they can help it. The Arts Council now seems to be considering a three- to five-year ultimatum to some authorities that if they wish to retain their present Exchequer subsidy for the arts they must put up their fair share too. This is a principle for private patrons to observe: local authorities might be required to provide a suitable arts centre site and private money could then finance the construction, but self-help is a necessary ingredient for any project. The third criterion should be that, besides the local authority most directly involved, other regional guarantees, particularly from parasitic suburban councils, should be asked for to underwrite the arts centre when it is in being. The Hallé and Bournemouth Symphony orchestras have worked up widespread and very useful connections in small towns and villages (which stump up 10 or 20 guineas a year) where even they are not expected to perform. Why should not a good rep. theatre or a gallery purchasing fund do the same? A new source one would like to see brought into any such arrangement is the local industrial development councils; they should have grasped by now that if they expect to get executives into their region there must be something more than pantomime to offer them.

The last major function of private patronage is much less easy to define. It ought to be, quite simply, to lose money without remorse. The need is to get at, and encourage, the individual who has (or just simply may have) creative potential but who is not necessarily the prize boy of the art or drama school. Occasionally one can distinguish the likely group where these people tend to crop up: the university milieu, the experimental theatre and the rest. There is a growing number of small awards for the more obvious, or self-publicising, of these deserving cases. But however understanding and lenient a public authority may be, there is a lingering degree of public accountability, not so much on the recipient but on the dispenser of such awards. This is a gap that ought to be filled by a private patronage which need account to no one but its own ideals, which is prepared to bury its failures year after year without losing its nerve. It would be really helpful if some travelling scholarships and living allowances were handed over without the chairman having to make a speech or worrying whether his selection committee has ferreted out as large a quota of publishable poets as the fund round the corner.

It should not matter in the last resort whether a fixed proportion of help is given outside London or not. Probably the need is greater in the provinces, and for the normal run of provincial operation (not grand opera) a smaller amount of money will do more immediate good. But better a success in London than a flop in Bruddersford. It would be wrong to insist that the amateurs should be choked off completely. Many of them, of course, happen to do very well (Wales is sometimes said to prefer amateurs anyway) and manage to fill theatres where a struggling one-week rep. cannot pay its way. But by and large it seems preferable that those amateur societies that do need assistance should get it from small local subscriptions rather than from public (or even large and centrally-directed private) patronage; local authorities' further education funds which now subsidise country-dancing ratepayers certainly ought to be overhauled so that they can contribute to those other tastes that are already developed during the school years and whose continuance should be propagated later on. It is above all the parlous financial condition of the professional arts in this country—a condition that by international standards is more than parlous—that argues most cogently for the concentration of new patronage on their succour and sustenance.

The Economist

NOVEMBER 16, 1861

FRENCH FINANCIAL CRISIS

"It is not often that the radical strength of Parliaments, their efficiency as taxing machines, is so conclusively demonstrated as by the edict signed by Louis Napoleon on the 14th instant. Our readers are well aware that for some time past there have been signs of a financial crisis impending in France. The origin of the singular uneasiness which existed in financial circles was believed to be partly the deficiency in the harvest, and partly the apprehension excited by the excessive expenditure of the State. Few, however, even of well-informed men conjectured the true state of affairs—a deficit of a thousand millions of francs, accompanied by a short supply of corn, a suspended import of tobacco, and a general depression of the great manufacturing cities. Such, however, was the fact: and the Emperor, as the truth broke upon him, roused himself to one of those fits of decisive energy, which so strangely alternate in his somewhat apathetic nature with habitual mental indolence. He sent for M. Fould—a capable financier—and . . . named him Minister of Finance. The dangers which influenced the Emperor must have been great indeed, for M. Fould's programme is nothing less than a Constitutional Budget,—expenditure, that is, absolutely limited to the amount voted each session by the Legislative Corps. . . . But will the decree be honestly carried out? We confess to a lingering doubt in our own minds as to the possibility of the Empire dispensing with some exceptional mode of meeting sudden demands. The entire system of French Administration depends so greatly on "credits," "subventions," sudden interpositions to avert unexpected calamities, and equally sudden exertions of force,—the people are so accustomed to see the Head of the State act as if he were a Providence, that the Emperor will need all his self-restraint to adhere to his self-imposed rule. He will be very apt, when the immediate pressure is passed, to grant credits "subject to sanction," which the Chamber dare not refuse, and a national "emergency" in France overrides every rule. Still he has undoubtedly made every such interference much more difficult, while he has wholly prohibited his Ministers from asking credits in which he himself is not specially interested. This last effect will be a strong security for economy; for it is the demands from every department, each moderate in itself, which make the aggregate so unendurable.

Portugal Waits

Salazarism may be kept going for a time by the daunting nature of Portugal's colonial problem

DR SALAZAR's regime, in its twilight years, has been challenged in unexpected quarters: by the Church, on the high seas and even, for a strange moment three years ago, at the polls. Above all, it has been frontally attacked in Angola. The outer world, which for long knew and cared very little about Portugal, has become better informed about the so-called New State. As a result, the tolerance which Dr Salazar so long enjoyed, as an unaccountable exception to all political rules, has been withdrawn. When Dr Salazar goes, Portugal's foreign friends, including the British, are not now likely to urge that his regime should be kept going without him.

Externally and internally, the opposition has lately been galvanised by the appearance of a new kind of leadership from General Delgado and Senhor Galvão. The Angolan war is slowly draining Portugal's scanty reserves of men, money and materials. In the long run, policies which lead to the ruin of the state must be abandoned. Willy-nilly, it seems, Portugal is going to have to yield up the empire it has held for upwards of four centuries, and which it has done so little with. At home, the feudal way of life is going to be superseded, for the stagnation has become barely tolerable to the Portuguese; and only a drastic modernisation of their economy can save the country from collapse after the loss of Angola. With these changes, the Salazarian system will lose its *raison d'être* and will crumble.

So much for the long run. But in the short run the outlook is by no means so lively. Dr Salazar, too, has read the signs of the times. Since April, when certain elements in the armed forces tried and failed to dislodge him, he has pursued a policy of ruthless repression in Angola and vigilance in Mozambique, at the same time seeking to persuade the West, by words and by nominal reforms, that an honest effort is being made to improve conditions in Portuguese Africa. The latest such device is the "Single Market," an interesting attempt to show that the New State is keeping up with the spirit of the times.

The Single Market will include Portugal and all its dependencies. Its chief arrangement is that no duties are, after a maximum transitional period of two years, to be exacted by Portugal on imports from the colonies; the transitional period before duties are abolished on goods going the other way, from Portugal to the colonies, is to be ten years. This scheme is not only intended as an economic sop, a *douceur*, for the rebellious Angolans and discontented settlers. It is also intended as an aid to Portugal's attempts to keep in with the European Six and Seven, to present its own dependencies on the same footing as those of France and Britain, and so secure, perhaps, similar treatment. Even if this technique works in Brussels, it will hardly impress the Angolans, whose economy is still governed by the convenience of Portuguese business.

Elections for a new National Assembly were held in Portugal last Sunday. The withdrawal before polling day of all opposition candidates (who had already been reduced to contesting only a third of the parliamentary seats), the impossibility of checking the government's figures, the fact that only a quarter or so of Portuguese adults have the vote, and the surveillance of the army and the secret police, make it impossible to say what the fairly heavy vote that has been announced—about 70 per cent of the electorate—really means. But the Lisbon government is at liberty to claim it as a national endorsement of its policies. Should its claim be contradicted, Dr Salazar has an unassailable line of defence to fall back on in his own theory of government. Elections, he holds, are not a means of peacefully effecting a change of power, or not in Portugal. "I have no knowledge of, and indeed I believe there is not in fact, any case of access to power as the result of success at the polls. Here, the vote follows on and confirms the choice of the supreme authority in the Nation"—meaning, surprisingly enough, the President of the Republic.

There is enough truth in this view of Portuguese history to impress members of the opposition with the futility of constitutional action. Senhor Galvão, the captor of the *Santa Maria* (about which episode he has written a valuable book*) has just said as much. Unfortunately, it is by no means clear what alternatives are open to the opposition. According to Senhor Galvão (who has broken with him on that account), the other exiled opposition leader, General Delgado, is prepared to accept the communists as allies against the Salazar regime. Senhor Galvão's own gift for dramatically effective gestures was displayed once again on November 10th, when a group of his supporters seized an airliner flying from Casablanca to Lisbon, and, after dropping anti-Salazar leaflets on the Portuguese capital, took the machine back to Tangiers. But neither leader seems to have the sort of support from inside the regime which could lead to the dictator's overthrow.

IT would, of course, be open to them, or to any other dissidents, to joint forces with African nationalism and seek the overthrow of Portuguese authority in Angola and Mozambique. But, although Senhor Galvão has sponsored a not uninteresting plan of gradual disengagement in Africa, he neither dares nor wants to make common cause with the forces of Mr Roberto Holden and the other leaders of the Angolan nationalists, whom he regards, as do most of his countrymen, as terrorists, active in a part only of Angola, and not representative even there. Similar considerations apply, with even greater force, to Mozambique where, so far, quiet reigns.

It seems probable, therefore, that Dr Salazar, with all his anachronisms, will last out his time, since those who oppose him lack the strength to destroy him, and those who have the strength have too much to lose from opposing him. Equally probably, when he dies the problems he bequeaths to his country will come to a head, and his heirs, if they are to salvage anything, for themselves or Portugal, from the wreck of his system, will have to introduce fundamental changes. The real problem for the forces of liberal democracy in Portugal is to prepare themselves for that day, and to ensure, if they can, that whoever their leader (and Senhor Galvão, for all his qualities, recalls Garibaldi, not Cavour) they will then be strong enough to profit from it.

* The *Santa Maria*: my crusade for Portugal. Weidenfeld and Nicolson. 212 pages. 21s.

NOTES OF THE WEEK

CONGO

Back to the Boil

U THANT, the United Nations' new secretary-general, has ordered urgent action by the UN force against the mutinous soldiers and riotous tribesmen responsible for the latest violent events in the Congo, where 13 Italians of UN air crews are now believed to have been killed (a correspondent's report on the situation there is on page 653). The UN commission set up to inquire into Mr Lumumba's murder has reported, laying the responsibility on Mr Tshombe and his colleagues. With such bitter ingredients, the Congo pot is boiling briskly as the Security Council, after nine months' silence, debates the problem again.

Since the council's resolution of February 21st, there has been at least one thing to put on the credit side of the Congo account. That resolution urged the restoration of parliamentary institutions and the formation of a government based on "genuine conciliation." The Congo parliament has since met and approved Mr Adoula's broad coalition government, which included Mr Gizenga, the head of the rival regime in Stanleyville, and which was recognised by the states that had previously recognised the Gizenga regime.

But the debit side is heavy. The February resolution urged that foreign mercenaries and political advisers should be removed and kept out. It reminded all states of their obligations, under earlier UN resolutions, not to aid or supply Congolese factions or otherwise intervene on their own account.

It authorised the UN to act, "if necessary, in the last resort," by force, to prevent civil war. So long as Mr Tshombe's regime flourishes with the pretensions of a separate state, and the outward evidences of European support, the Africans and their governments will feel that the Europeans have cheated them. The African states, Ethiopia, Nigeria and Sudan, which forced this week's debate on a Security Council so reluctant that its members could find nothing to say on Monday or Tuesday, are usually counted as "moderates"; they have all contributed helpfully to the UN Congo operation. Their pressure for strong action now is a reminder of the strain that the Katanga secession continues to place on Africa's forces of moderation. And the latest reports of disorder are a plain indication that, if no quick solution is found, Mr Adoula may be swept away by, or along with, elements who will look for outside help in quarters less disinterested than the United Nations.

LABOUR PARTY

In the Shadows

LABOUR'S bitter division between left and right, underlined by last week's contested election for the leadership of the party, has been spotlighted again this week by the elections for the shadow cabinet. Maddeningly, their results were due to be announced an hour after *The Economist* went to press; but their background is worth explaining. In recent years nominations have averaged about 40, but this time they were down to 25, not because of any burgeoning of modesty on the part of Labour members, but because both left and right were determined not to spread their votes too thinly and so let the other side in. This has long been a left-wing tactic, but the right has this year followed suit. An important feature of the voting system is the obligation to vote for twelve candidates if ballot papers are not to be spoiled. Of the 25 contestants this year, 13 were Gaitskellites, and 12 either anti-Gaitskell or extremely lukewarm. The Gaitskellite candidates were Miss Alice Bacon, Messrs Blyton, Callaghan, Fraser, Gordon Walker, Gunter, Healey, Houghton, Mayhew, Mitchison, Sir Frank Soskice, Mr Stewart, and Mr Willey. All save Miss Bacon, Mr Mayhew and Mr Blyton served in the shadow cabinet last year, and it may be surmised that Mr Gaitskell would be very happy to see any of them (but especially the first two) replace Mr Wilson and Mr Lee, the only two "lukewarms" who got in last year. But he presumably had the same hope a year ago.

What happens next? Party tempers are undoubtedly rising again, and Westminster has been full of rumours in the past week that another Labour night of long knives may begin. There might be a case for some rather discriminate knives: it would be sensible to move Mr Wilson from the image-creating shadow chancellorship to some other job, especially if he has done badly in the shadow cabinet elections: it might be right to re-impose Labour standing orders, so that ardent unilateralists who could not promise to accept them need not necessarily be confirmed as candidates for the next election. But one's guess is that a really dramatic hiving off from the whole party of 20 or 30 extreme left-wing irreconcilables, which is once again being widely canvassed, could only be achieved formally after and if Labour has suffered a further traumatic experience such as a fourth crushing repulse at the polls. In that event, the drive to reformism really might get going. The late 1960s might then see the emergence of a real Lib-Lab alliance, the first awkward essence of which would presumably have to be that the Libs would stand in as many places as possible and that the Labs would withdraw from as many as they could stomach. Mr Grimond, like Barkis, is known to be willing, but things will surely have to get a great deal worse than they have been at recent by-elections before Mr Gaitskell will be able even to contemplate this horrifying and hopeful possibility.

BY-ELECTIONS

Bogey for Bridgeton

LABOUR'S safe Glasgow constituency of Bridgeton—once the heart of Jimmy Maxton's Red Clydeside—was voting on Thursday; the result will have been announced before this issue is in readers' hands. Bridgeton is one of those peeling, rapidly depopulating, inner-ring-of-a-city constituencies where the turn-out of voters is almost invariably low, partly because quite a lot of the voters on the register will have left Bridgeton in the last year. Probably, therefore, the newspapers on Friday will be saying that the result is indicative of nothing except apathy; but it will still be worth watching it fairly closely, as it is one of the few recent by-elections in which a Liberal candidate has not appeared to plague the Tories. Instead of a Liberal there have been two other small-party candidates this week, in a constituency which Labour won in 1959 by a 26.8 per cent majority in a straight fight. The newcomers—if that is the right word for the ILP in Bridgeton—have been an Independent Labour Party unilateralist (set to plague Labour) and a Scottish Nationalist (fishing for dissidents from Tory and Labour together).

In last week's three by-elections (at Oswestry, East Fife and Moss Side) the heavier scale of Tory than Labour desertions had the same net effect as an average swing of 6½ per cent from Tory to Labour; but Tories are hoping that this was a special feature of those safe Tory seats (where there were bound to be more Tory desertions because the Tories had a bigger army to desert from) and where three Liberals appeared to fight. Elsewhere in the country

Tories must hope to keep the net swing to Labour down to the "safe" figure of under 3½ per cent (which is the general national swing Labour would need to win the next general election). If the ILP candidate at Bridgeton has won only, say, between 7 and 10 per cent of the vote—and this, in itself, is a terribly hazardous guess, lest Jimmy Maxton's ghost still walks—then the consequent depredation from Labour would just about cancel out the presumed "safe" national swing (of 3½ per cent or so) from Tory to Labour; on this basis of assumption, a reasonable Tory bogey for Bridgeton would be if the percentage voting shares of each major party have fallen by approximately the same amount. If Labour has done worse than this, it will have reason to feel very worried; while the Tories should feel perturbed if they again prove to have suffered many more deserters than Labour even from their small flock at Bridgeton, and especially if any recognisable proportion of disgruntled Tory voters has cast a protest vote even to the Scottish Nationalist.

GERMANY

Weight of Numbers

During the recent west German election campaign the two major parties both made much of the "team" which their candidate for the chancellorship, given the voters' mandate, could put into the field. In the event, Dr Adenauer has not been as free to pick and choose as he would have liked, and so can hardly rely on his motley twenty to be activated at all times by the proper team spirit. In the new government sworn in on Tuesday, Herr Erhard is still with him as vice-chancellor and economics minister; but it will be a touchy Erhard, with freshly injured chances of becoming chancellor, and authority reduced to some extent by the creation of a ministry for economic co-operation, whatever face-saving formula may be used to conceal the partition.

Herr Strauss remains in charge of defence—for the time being an outwardly contented collaborator but, like Herr Schröder, the new foreign minister, perspicuously engrossed in the pursuit of long-term advancement. Herr Krone, hitherto parliamentary leader of the Christian Democrats, has been brought into the cabinet as minister without portfolio, for more reasons than to enable Herr von Brentano to return from the foreign ministry to his old position of parliamentary party leader. One of the very few to whom the chancellor talks, and listens, the benign Herr Krone is frequently employed in mediation between his self-willed chief and ruffled colleagues. A steady demand for such services may be expected in the course of the next year or two.

It is also perfectly possible that Dr Adenauer sees in Herr Krone, now that Herr Etzel is out of the running, the least disputable person to take over the chancellorship for a brief period while the younger claimants sort themselves out. A generally liked elder (he is 67), Herr Krone should be of invaluable help to Dr Adenauer in handling the five Free Democrats in the cabinet. Of these Herr Scheel, the minister for economic co-operation, may prove the liveliest. Now 42, Herr Scheel was one of the "young Turks" of Düsseldorf who played a part in ousting the Christian Democrats from office in North Rhine-Westphalia in 1956, when the Free Democrats switched their allegiance to the Social Democrats. Such manoeuvring is banned on paper from the fourth Bundestag under the coalition agreement.

To the annoyance of the Social Democrats, who showed it by walking out of the Bundestag on Tuesday, the chancellor decided to withhold the new government's policy statement (the Bonn equivalent of the speech from the throne) until after his return from Washington. The delay may make the statement the more interesting when it comes.

INDIA AND AMERICA

Two Great Minds



Seldom is a joint communiqué as engaging in tone as the one issued on November 9th, after what it described as "four days of especially pleasant and rewarding conversation" between Mr Nehru and Mr Kennedy. The Indian prime minister "used the occasion to go deeply into the philosophic and historical background of Indian foreign policy." The "subjects covered amount almost to a map of the troubled areas of the world."

Undoubtedly Mr Nehru found it easier to get on terms of personal understanding with his host in Newport and Washington than it had been when he visited Mr Khrushchev in September. His talks with Mr Kennedy were a meeting of two wide-ranging intellects. It was not to be expected that the essential differences between India's and America's views of world affairs would be dissolved by this encounter. What it does seem to have produced is a recognition that, where they differ, their difference is a reasonable and human one.

Addressing the National Press Club on his last day in Washington, Mr Nehru dwelt on the need to understand the forces that shape each nation's outlook. In America he has encountered much criticism of the recent Belgrade conference of non-aligned governments, and he was concerned to emphasise that many of these countries are "full of their own problems," and that such questions as that of Berlin are only "at the fringe of their minds." This is indeed a point that needs to be grasped—both by westerners who sometimes mistake Asian indifference to European problems for anti-westernism, and by Asians who sometimes assume that their own problems entitle them to sympathy which the problems of others do not require.

Mr Nehru "concurred in the legitimate and necessary right of access to Berlin"; Mr Kennedy told him that every effort would be made to find a peaceful solution. They agreed on the need for a properly controlled ban on nuclear tests, a subject about which, while they talked, the UN Assembly was passing two resolutions. One, with India among its sponsors, called for a further voluntary moratorium on tests, and was opposed by both the communist and the western powers. The other, urging immediate resumption of the Geneva negotiations, was sponsored by America and Britain and supported by India and a majority of the Asian and African countries; only the Soviet block and Cuba opposed it.

FAMINE

Acts of God and Men

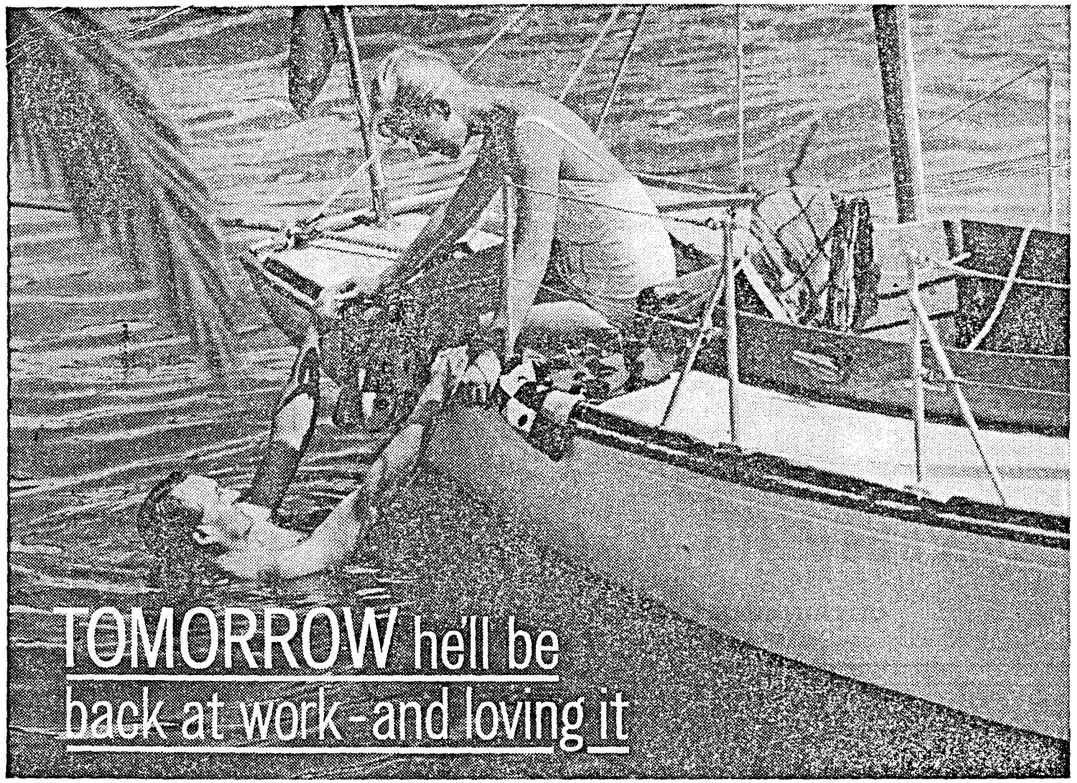
Emergency relief is urgently needed for about a million people in Kenya and Tanganyika who are suffering horribly from the effects of prolonged drought, now followed by brutal floods. Their situation will be critical for months to come, and the Oxford Committee for Famine Relief has launched an appeal for £1 million. Exceptionally cruel weather over the past three years has brought about the present catastrophe, but even without the weight of natural calamities to tip the scales, population and food are precariously balanced in most backward areas.

In a better-organised world, the responsibility for having increased the expectation of life in underdeveloped regions might lead, automatically, to the further responsibility of seeing that the people saved from disease should not then die of slow starvation. In 30 years' time there may be twice as many people living in tropical and sub-tropical areas as there are now; radical changes will have to be made if food supplies, also, are to double. Birth control, even if it catches on, will only be a slow and partial solution. Nor can the area under cultivation always be increased; in India, for instance, the minister of agriculture has said that all the land that is cultivable is already being farmed. This leaves the possibility of increasing the yields of present farms, and, for this, there is need, above all, for technical assistance.

It is therefore timely that Mr Denis Vosper, the Secretary for Technical Co-operation, should have announced on Wednesday that he had formed a committee to

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GROUP PENSIONS are briefly introduced, clearly explained and factually discussed in the Society's new publication 'Pensions and Retirement Benefits'. This booklet, which is issued as a guide for employers who may be considering the installation of a scheme to provide pensions or other retirement benefits for some or all of their employees, is available on request from
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*The Health of Business Executives—Transactions of a One-Day Conference held by the Chest and Heart Association in the Royal Festival Hall, London on 29th November, 1960.

YOU NEED A SECOND HOLIDAY : ENJOY IT—FLYING **BEA**

advise him on how Britain can best provide agricultural assistance to underdeveloped countries. The committee, which is headed by Mr Bawden, the director of the Rothamsted agricultural research station, and includes Mr Arthur Gaitskell, meets on November 23rd and will discuss, among other things, how to send British agricultural experts overseas, and how to train local experts in Britain.

At last, it seems, the British Government is taking a straight look at the problem. Not so long ago, Britain was supplying half the tropical world with its agricultural advisers but, despite this store of knowledge and experience, lamentably little has been done since the former British territories became independent. A group of dedicated individuals has persistently been urging on the Government the project of a centre for tropical agriculture; their ideas have been allowed to drift emptily away. Now, late in the day and against the background of famine in East Africa, a ray of initiative has appeared.

PRIVATE MEMBERS' BILLS

Consumers' Champions

CONSUMERS, who for so long have been the cinderellas of the law, now have three fairy godmothers among the first six MPs on the list of the twenty members successful in the ballot for private members' bills. These six are the ones most likely to get their bills translated into law. Mr W. T. Williams, who drew first place, had at first contemplated introducing a little consumer charter; but he has wisely decided to wait for the report of the Moloney committee, which really is coming out this session, and has limited himself to some useful reforms in the hire purchase law. He seeks to raise the value of goods to which the protections of the 1938 Hire Purchase Act apply from £300 to £1,000 (which would mean that the financers of most motor car sales would be unable to recover possession of their cars without a court order once a third of the purchase price had been paid); to protect gullible housewives from over-persuasive hire purchase salesmen by allowing them to rescind a hire purchase contract within forty-eight hours of signing it; and, for the purpose of hire purchase sales, to make the dealer an agent of the hire purchase company, so that any relevant warranties would become enforceable against the company.

All these changes—which are pretty far-reaching, and which the hire purchase companies will presumably contest fiercely—were recommended in Mr Philip Goodhart's recent report on consumer protection *Choice* (Conservative Political Centre: 2s.). By chance, Mr Goodhart himself has come second in the ballot. His own new bill seeks to tighten up the Sale of Goods Act, and to prevent the issue by individual firms of "guarantees" which, in fact, limit consumers' rights. No derogation by contract from such statutory or common law rights would be allowed. His bill also provides for registration by the Board of Trade of independent testing organisations and bodies that issue guarantee seals and certification marks as aids to the public. Registration would be allowed only where the body could establish that it had achieved reasonable standards of competence and was independent of manufacturing and commercial interests. Mr Robert Edwards, fifth, who already has one piece of consumer legislation to his credit, is also considering entering the ring.

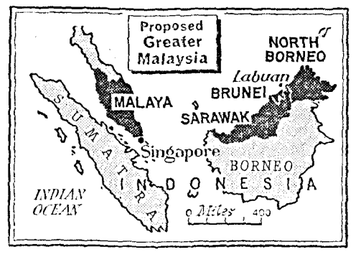
Mr Brian Batsford, fourth, wants to prevent the proliferation of large scale advertising hoardings in the English countryside. This bill needs watching; whatever one thinks about consumer goods advertising, controls over some forms of informational advertising on the highways (e.g., about where there are hotels, and where one can eat) are already in some places too tight. Mr Paul Channon, third, is considering anticipating both the Government and the common market by introducing a bill to decimalise the coinage; this ought to be done by a Government bill, not a private member's one. Mr Airey Neave, sixth, will probably introduce a bill dealing with agriculture.

MALAYSIA

Base Politics

TUNKU ABDUL RAHMAN'S conversations in London next week will set the British side a nice problem of balance between political and strategic considerations. The general debate will concern the proposed Greater Malaysia federation; but the main issue is bound to be the future of the Singapore base. The rapid erosion of Mr Lee Kuan-yew's parliamentary majority in Singapore lends urgency to next week's talks; on the other hand, the shaky military situation in south-east Asia renders inconvenient any proposals that would weaken Britain's control of the base.

Until May, the Malayan prime minister had resisted all suggestions that Singapore and Malaya should unite, on the ground that Singapore's Chinese would swamp Malaya's Malays. A merger had long been advocated by the Singapore prime minister, Mr Lee, on the ground that Singapore would be less dangerous to Malaya inside the federation than out. The Tunku was converted to Mr Lee's view by the alarming victory of an extremist defector from Mr Lee's ruling People's Action Party, in a by-election in May. On May 27th, the Tunku proposed the creation of a Greater Malaysia, to include the territories of British Borneo, as well as Singapore and Malaya, thus balancing Singapore's predominantly Chinese population with Borneo's Malaysians.



The core of Tunku Abdul Rahman's understanding with Mr Lee Kuan-yew is a proposal that Singapore's internal security, foreign relations and defence should come under the control of the federal government. The Tunku interprets this as meaning that Singapore would come under the terms of the 1957 Anglo-Malayan defence treaty. In that event, the base would be available for British action in defence of Malaya and other Commonwealth territories, but not necessarily for Seato purposes.

Should the Government resist this demand, Mr Lee's party could well be swept out of office, and a period of instability and violence might follow. The solution may lie in agreeing to put the base under Malayan control but negotiating a revision of the defence treaty.

DRINK IN SCOTLAND

Hauf an' Hauf

MR MACLAY'S compromise on Sunday drinking in his Scottish licensing bill looks ingenious—and possibly too ingenious by half. He has placated the temperance lobby by refusing, in spite of the Guest committee's recommendation, to let the 4,000 Scottish pubs open on Sundays, except for the 100-odd among them that happen to serve meals; but he is going to allow the 2,000 Scottish hotels to serve drinks for five hours each Sunday without restrictions. He has thus dealt the death blow to that legally dubious itinerant the *bona fide* traveller (the only person allowed to buy a Sunday drink in Scotland hitherto), but at the same time he has started a lively speculation on precisely what premises will be accepted henceforth as a *bona fide* hotel. The criteria followed by local licensing authorities are liable to vary. If one effect of the bill is to encourage more people to build good hotels in Scotland, where the tourist trade badly needs them to keep up its post-war rate of expansion, well and good. If it simply persuades the proprietors of various seedy and run-down establishments (some of which have clung to the temperance name because they have seen no easy profit in anything else) to open up a bar on Sunday evenings, the object of the bill will not have been notably furthered. And if it persuades pubs to add a guest room and call themselves a hotel, it will be absurd.

The aim of licensing reform in Scotland, as in Wales, should not be to balance off pro-temperance and pro-drinking pressure groups, but to move towards full freedom of individual choice and habit, providing this can be exercised in better surroundings than those of the traditional Saturday night in

Gorbals. Mr Maclay's bill will favour the tourist and the middle class, which normally patronises the hotels anyway. (Women, even when accompanied, are seldom welcome in the stronghold of masculinity that is the run-of-the-mill Glasgow bar.) But in the industrial Lowlands, where the hotels account for only a fraction of the weekday trade, the bill carries an obvious danger of class discrimination. The best argument for not opening the pubs on Sundays is that there are still far too few alternatives for non-churchgoing young people in search of a harmless evening out. If this side of Scottish life—the opening of places of entertainment on Sundays—could be lifted into the 1960s there should be an incontrovertible case for liberalising the Sunday opening law still further in five years' time. Even now, the Guest committee's preference for going all the way looks the sounder course.

FAMILY ALLOWANCES

The Wrong Economy?

It is always easy to attack any social services bill as too mean, and usually *these are occasions* which see the Labour party at its extravagant worst. But in last week's second reading debate on the new Family Allowances and Social Services Bill, at least some Labour speeches frankly sounded more sensible than Government ones. The bill is a pretty complicated, technical and largely self-balancing one. The main anomalous cases to which it directs more money are widows under sixty who will at last be allowed to reap part of the increment earned for other national insurance benefits by a husband who had deferred his retirement past the age of 65 (eventually this will cost £2 million a year); and a grant of an extra £550,000 a year for some 20,000 disabled workers who were injured before the 1946 Industrial Injuries Act came into effect. Even on this latter provision Mr Finch (Bedwellty) argued convincingly that some of the poorest cases are being treated least generously, because the bill lazily follows (instead of rectifying) some of the worst inconsistencies of the old pre-1946 workmen's compensation schemes. But inevitably the main Labour attack was concentrated on the £1¼ million a year which the Government intends to save on family allowances for apprentices. At present family allowances, on the scale normal for schoolchildren, are paid to 17-year-old apprentices in full-time training if they are earning less than £4 9s. 6d. a week (which an independent committee has defined as a "livelihood"); but henceforth they will go to apprentices only if they are earning less than £2 a week. This will reduce the number of apprentices who qualify for family allowances from 70,000 to 20,000.

Is this reduction in the weekly income of the families of 50,000 apprentices really wise? Mr Boyd-Carpenter said that the Government should be careful not to discriminate too much between apprentices under training and other young workers or other dependants in the national insurance scheme (a wife is not treated as a dependant if she earns over £2 a week); but if industrial training is to be encouraged, discrimination in its favour is precisely what the Government should want. The minister said, secondly, that although the Government wishes to encourage apprenticeships, family allowances are the wrong mechanism for doing so. But why? Surely they are the most obvious and discriminate social service easily to hand? Thirdly, the minister was confident that this change would not discourage people from entering their sons for apprenticeships; but to a family with two apprentices, this bill could bring a cut in income of 18s. a week. It seems a bit odd to be making this saving in the same session as the Government hands out an extra £10 million a year to (generally better-off) families whose sons are lucky enough to be getting university training instead of apprentice training. Why not make family allowances to some of these apprentices subject to a family means test, like the university scholarship means test? Or, failing that, could not the Government continue family allowances to some families with more than one child in an apprenticeship?

DEFENCE

What Weapons?

General Norstad's remarks to the Nato parliamentarians in Paris on Monday have, if anything, increased the confusion about precisely how wedded he is to the idea of a conventional defence of western Europe. Largely through American example and exertion he expects to have 25 divisions, almost all in combat readiness, on the central front early next year. This is a substantial improvement on the nominal 21 divisions (15 or 16 of them said to be fully effective) which he has had up to now. He still wishes to get closer to the target of 30 divisions laid down in the staff paper MC-70. The new increase should give Nato *sufficient conventional strength to stop any* conventional thrust by the 20 Russian divisions normally stationed in east Germany. This is undeniably a useful reinsurance for the West. But the calculations should not end there.

It is always open to Marshal Koniev to summon more substantial reinforcements from Russia than the United States, Britain and France can quickly bring across the Atlantic, the Channel and the Mediterranean. Were the Russians to take this step now it might be construed as a sign that Mr Khrushchev really anticipated a shooting war in Europe. But, equally, the Russians could believe that the American build-up presaged a western intention to push along the access routes to Berlin; their desire for reinforcements could thus be defensive. The effect of such precautions on both sides of the Elbe would not be likely to reduce tension for any negotiation on Berlin itself.

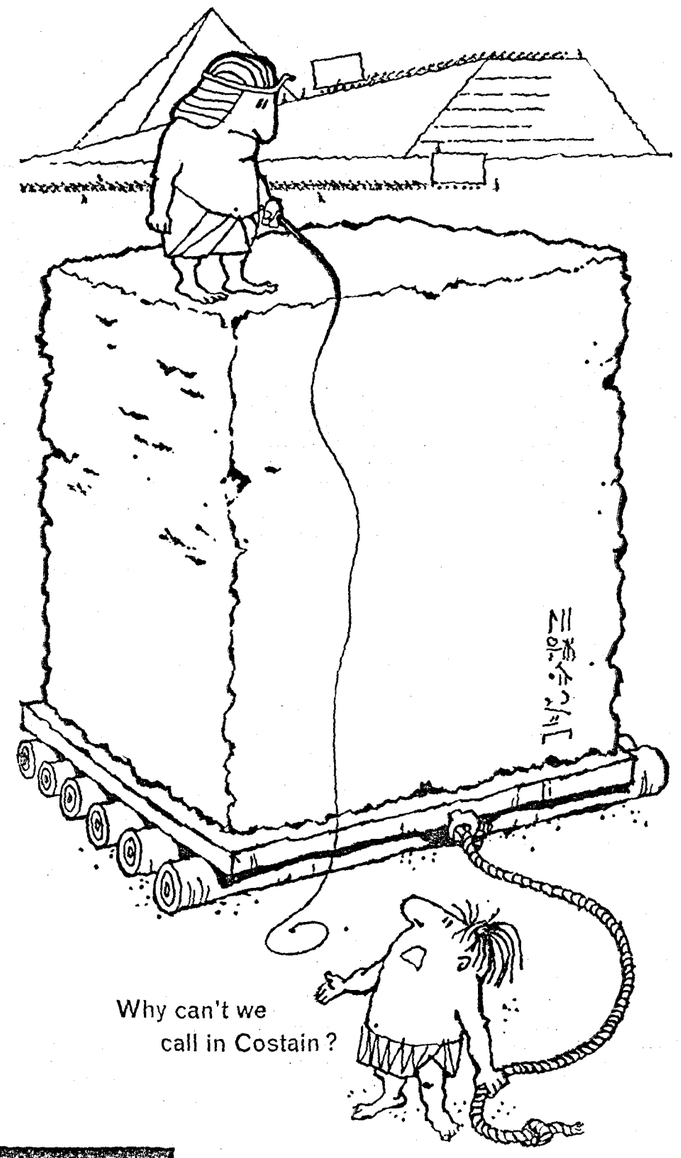
General Norstad still appears to be a strong believer in enforcing a "pause" in any local hostilities, to allow Moscow time to reflect on the gravity of the situation. If this concept is still accepted, added conventional forces are a help in checking Russian aggression. But it also emerged from General Norstad's speech that he doubts whether conventional forces, even augmented, would suffice in all circumstances; he is ready to use nuclear weapons to enforce the pause if the situation is serious enough.

KOREA

Parking Restricted

It may be ungracious to suggest a connection between President Kennedy's reception in Washington on Tuesday of General Park (formerly Pak), South Korea's military ruler, and the release from house arrest four days earlier of Dr Chang, the former prime minister; but it is probably accurate. The statement issued by Mr Kennedy and General Park after their meeting, non-committal for the most part, nevertheless expressed Mr Kennedy's "gratification" at the progress made by the military government, and promised "all possible economic aid" for its projected five-year plan. To win this degree of approval from the President, who declined to receive the original leader of the military junta when it seized power last May, General Park presumably had to provide some evidence of a softening in his rigorous rule. He had already promised to hold an election in May, 1963, to elect a civilian government (specifying, however, that the election will be run by the military regime, not a caretaker cabinet). The release of Dr Chang, who was arrested on the unlikely charge of having connived at communist activity during his year in office, is accompanied by the freeing of seven former ministers and a number of allegedly pro-communist students.

General Park continues to use stringent measures against South Korea's widespread corruption, and against those who propose contacts with communist North Korea as a step towards the reunification of the country. Three officials of the Seoul newspaper *Minjok Ilbo* were sentenced to death not long ago for advocating collaboration with North Korea—the pleas of the world's press for clemency have had no response yet—and stiff prison sentences were imposed last week on three men convicted on the same charge. On the other hand, the leaders of an organisation known as the All-Asian General Federation of Anti-Communist Organisations were indicted on October 30th for holding illegal meetings. To be impartially stern is at least a sign of growing sophistication.



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STRIKES

Roots of the Trouble

THE unofficial strike at the Rootes Group's components factory at Acton is now in its eighth week, and shows little sign of breaking. Despite the pleas of the Amalgamated Engineering Union, only some 250 out of the original 1,000 strikers appear to have drifted back to work: with some ingenuity Rootes have arranged their production lines so that they, and 250 men who never struck, can produce enough parts to give some employment to 3,000 out of Rootes's 7,000 employees at Coventry. But, in the absence of certain groups of specialists (notably the sheet-metal workers, who have declared the strike official), the Coventry production lines are idle most of the week. Rootes now claim that they will be unable to take back all the strikers even when they re-apply for work; the strikers in turn retort that their quarrel is now no longer about redundancy but about victimisation, since they are certain that among those who would not be taken back are the organisers of this strike and former strikes. Most of the 750 remaining strikers appear not to have reclaimed their insurance cards, so the odds are that they are at most doing casual jobs and have not gone into other factories. The plain truth is that the company, and its sympathisers who expected the strike to fold quietly up, underestimated the redoubtable—if irrational—fighting temperament of these North London workers.

Vacuous attempts have been made to blame this strike simply on subversive communist or Trotskyist agitators. The real causes, however, sadly need (and are fortunately receiving) attention from employers of all kinds. The negotiating machinery in engineering is designed, according to the Industrial Relations Handbook, so that "each stage of the proceedings removes the question under discussion further from the immediate disputants," with the aim of ensuring that cases are dispassionately examined. This works very well if there is also close contact between employers and men at a less formal level: but it seems that Rootes have been rather out of touch with this outlying factory, while some union officials have failed to report to the men the true content of the high-level negotiations being conducted on their behalf. The moral is that the official negotiating procedure, if it is not going to lead to an impasse in which neither side can act without losing face, must be doubled by a less rigid and more continuously active form of consultative machinery—preferably in the form of a works council on which the unions play an active part.

Phoney War in the Air

THE strike of 1,000 Ministry of Aviation employees at London Airport seems as much of a muddle as the Acton affair. Some 70 loaders with special responsibilities (i.e., who can work without a foreman looking over them) wanted an extra 2½d. an hour to bring them into line with their confrères employed by the British Overseas Airways Corporation. The Ministry said they could not have it until the end of the wage pause: hence the strike. It all seems particularly silly since the men concerned will next April be transferred to individual airlines in any case, and many of the companies using the airport have long been dissatisfied by the Ministry's employees' standard of service.



The only airline to be seriously affected is British European Airways. The many European airlines who use BEA's ground services at London have been able to get many loading and handling jobs done by their own clerks and bottle-washers, but most of the corresponding people in BEA belong to British trade unions and have therefore not been asked to act as blacklegs. Perhaps the main effect of this confusing business will be to muddle up the Ministry's employees at the airport, who have been awaiting the call from Mr Cousins and Sir Tom Williamson to lead a forthcoming struggle over the pay of government industrial employees. If the shock-troops in the ranks of these M-workers —themselves the *corps d'élite* of the battle of the pay pause—are allowed to waste their energies in such petty engagements, the unions' hopes of eventual victory must be substantially diminished.

ELECTRICAL TRADES UNION

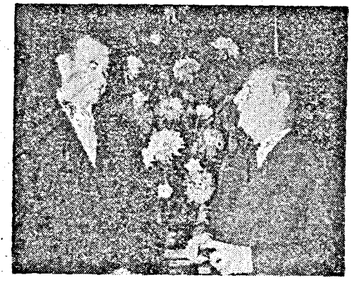
Slow March

AFTER fifteen years the control by communists of the executive of the Electrical Trades Union is formally at an end. At long last between a quarter and a third of its members have bothered to vote (and have managed to get their votes counted), compared with the derisory number who have been recorded as voting hitherto. The result is that staunch Labour men have won nine places on the executive out of eleven; against them one communist-supported candidate was returned unopposed, and another won by 185 votes. But the old communist executive, after delaying announcement of the election results for so long, have appointed one of their own number as acting general secretary in place of the ill Mr Byrne; they will control a rules revision conference due to be held next week; and the anti-communists are going to the courts to try to avert what may be the communists' last bid to retain power. The contest has lasted since 1957; allegations of vote-rigging have been rampant for years; there has been turned on this union a far fiercer spotlight of publicity than could ever hope to be generated by less flagrant suspicions of corruption. That the battle for honesty and control can still continue to drag on, in the courts and outside, is surely an indication that the present lack of any legislation governing union elections needs to be filled. But once again this week Mr Hare has run away from this.

ARGENTINA

Trains and Meat

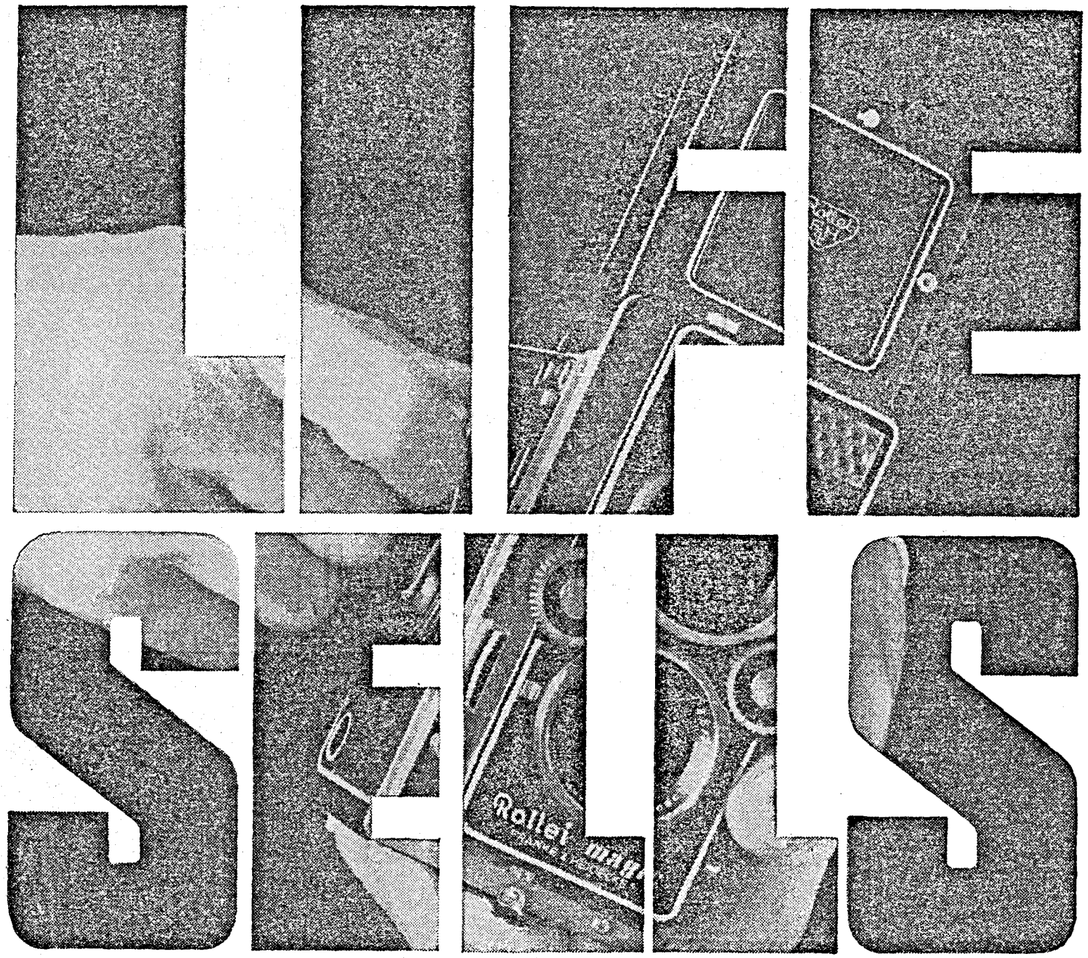
WITH congressional elections only four months off, President Frondizi has at last invited a show-down with the trade unions. The government's declaration of war was its decision, last month, to go ahead with proposals for bringing some sense into a railway system whose overstaffing and inefficiency have long been suffocating the country's economy. In August, a commission of union and government officials was appointed to study proposals for getting rid of 75,000 railway men, closing a number of branch lines, and turning railway restaurants and other side activities over to private enterprise. The commission was disbanded in October with the two sides still at loggerheads, and Dr Frondizi made it clear that he intended to implement the plan with or without union co-operation.



Here to argue: Dr Alemann with the Chancellor

Last week the railwaymen responded by going on strike, and they were supported by the confederation of labour unions, which announced a three-day general strike from November 7th. But the government claims that by the third day of the general strike three-quarters of the workers (but not the railwaymen) were back at their jobs: there is no strike pay, and there are many who realise that something has got to be done about the impossible state of the railways. By cracking the workers' loyalty to their unions, the government believes that it has won a first battle.

Every year the government forks out about £100 million for the railway deficit. This is money urgently needed elsewhere, if Dr Frondizi is to carry out his boast of merging the three-year-old stabilisation programme into a plan for economic development. Industrial production is up this year;



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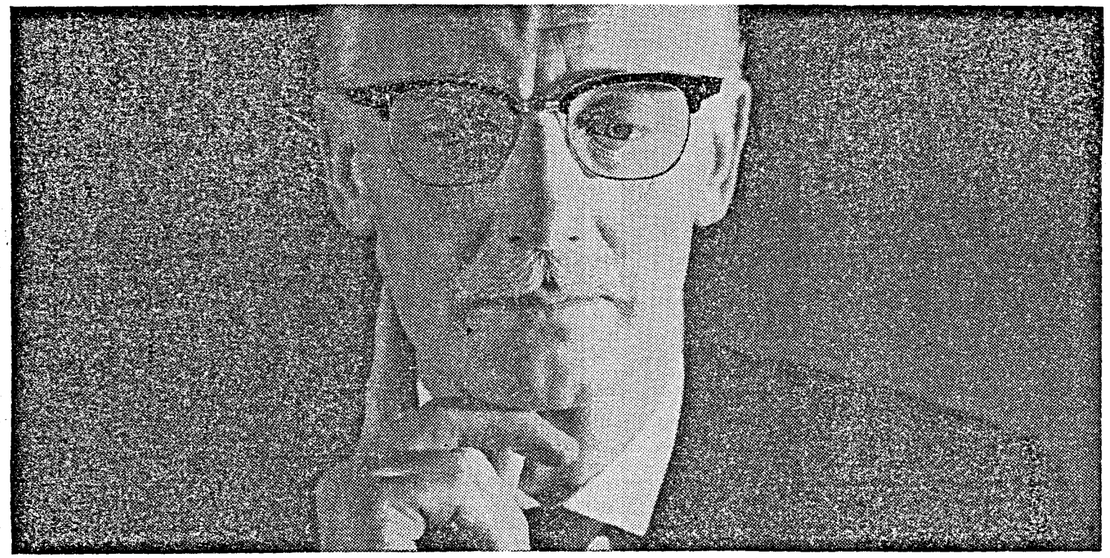
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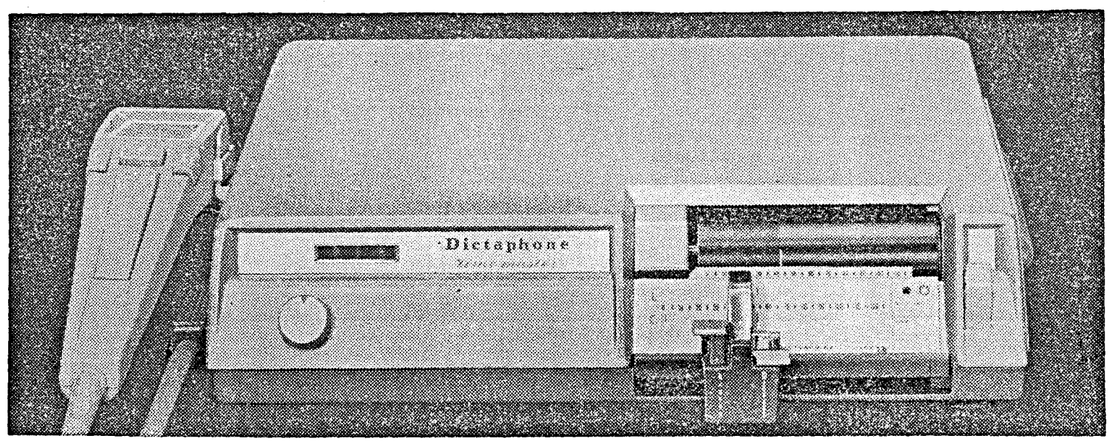
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private foreign investment is still coming in fast; the government is busy building roads and laying gas pipelines. But the foreign exchange position is gloomy. Sales of meat are down, and Argentina has had to draw a large chunk of its stand-by credit from the International Monetary Fund, and ask for more assistance for next year.

Dr Roberto Alemann, who has been minister of economics since April, was in London at the beginning of the week on the first lap of a mission to the capitals of the common market countries. He is in Europe to argue against any system of quotas or discrimination that may add to Argentina's difficulties in selling its meat to western Europe. Whatever the outcome of the government's battle with the unions, Argentina will not have a chance of fulfilling its triple aim—stabilising the currency, promoting economic development, and starting on social reform—unless it can market its most important export commodity.

SOVIET UNION

Sic Transit

HEINE, who attributed his childish reluctance to learn geography to the changing frontiers of the Napoleonic age, would sympathise with the schoolchildren of Russia, faced with the mutations of their country's place-names. Stalin's elimination sets a record. Stalingrad is not alone. There is Stalinabad, the Tadjik capital, a Stalin peak in the Kirghiz mountains, a Stalin bay in the Kara sea. There is Stalinogorsk, Stalinsk, Staliniri. Nearly every town has its statue of Stalin. Model collective farms, successful industrial plants, diligent academies were, over many years, rewarded with the honour of bearing the Leader's name.

In Russia and outside it, the great name is being painted out. East Berlin has renamed its showpiece, the Stalinallee. Of all the homonymous towns in central and eastern Europe, only one, in Albania, looks like keeping its identity. The Poles did their changing in advance: the Silesian town of Katowice recovered its name in 1956. But there are some interesting possibilities even in western Europe. To annoy the communists, a Parisian councillor has asked for the destalinisation of streets in the red belt. Nobody, however, has yet thought of renaming the Stalingrad station on the Paris metro.

Stalingrad itself becomes Volgograd. Only 36 years ago it was still called Tsaritsyn; it fell an early victim to the stalinist cult. One feature of the cult was that the main battles of the civil war had been fought around Tsaritsyn, where Stalin had served as politicil commissar with Voroshilov's army. But the inflated legend of Tsaritsyn was rendered trivial by the grim, grand reality of the Stalingrad battle of the second world war. The historical fact of the battle of Stalingrad is not easily painted over. It is because Stalin was the ruler under which Russia fought such battles that Mr Khrushchev will not be able to get rid of stalinism by merely changing a name.

ART MARKET

Fancy Prices

TWO dozen paintings fetched $4,679,250 (£1,670,000) in 57 minutes at the Parke-Bernet auction in New York on Wednesday evening. Far beyond any sum, at current prices, ever paid before in the salerooms, $2,300,000 (£821,400) was paid for a Rembrandt and, perhaps even more surprising, $875,000 (£312,000) for Fragonard's *La Liseuse*. The highest recorded London auction price is the £275,000 paid at Sotheby's in 1959 for Rubens's *Adoration of the Magi*, superseding the £220,000 paid in the same salerooms in 1958 for a Cézanne.

Staggering though these prices are, do they exceed, in real terms, anything paid in the past? Opportunely published last week, Mr Gerald Reitlinger's book "The Economics of Taste" (Barrie and Rockliff 42s.) is packed with intelligent information about picture prices over the last two hundred years. Many of the transactions recorded were pretty sensational; perhaps none more so than the purchase in 1930-31 by a single collector, Mr Andrew Mellon, of twenty-one pictures from the Hermitage Museum in Leningrad at a cost, it is said, of about £1,400,000; this sum included £173,600 for Botticelli's *Adoration of the Kings* and £103,500 for an *Annunciation* by Van Eyck, both now in Washington's National Gallery. Even if the Soviet Union wanted foreign currency as badly today as it did in 1931, no single buyer could bid for such a collection. Other eyebrow-raising prices recorded by Mr Reitlinger include £77,000 paid by Duveen for a Lawrence portrait in 1926 (subsequently sold for £90,000) and £225,000 by Baron von Beuningen for a Van Eyck in 1940. Multiply the prewar figures three times and the 1940 figure two and a half times to approximate to today's prices, and evidently it is not only in the last few years that pictures have been changing hands at astronomic figures.

BROADMOOR

Prison or Hospital?

IN eighteen months' time Broadmoor will celebrate the centenary of its opening as the first asylum to be specially built for criminal lunatics. Proposals now being placed before the Minister of Health by the Prison Officers' Association would, if accepted, put the clock back for the full hundred years. Broadmoor has had a doctor as superintendent from the very beginning: it has always been, in name at least, an asylum, not a prison. But the association now proposes that "an experienced governor" should be appointed with direct responsibility to the Minister for security and "with the right to override the medical staff should he feel it necessary."

Early superintendents certainly regarded themselves as governors rather than doctors; but after the first world war they began to lay much more emphasis on treatment, and by the time the second war had broken out a parole system for selected patients had been introduced. The logical conclusion to this gradual change from custodial institution to secure hospital came in 1948, when under the Criminal Justice Act Broadmoor was vested, like other hospitals, in the Minister of Health, and the management of it was transferred from the Home Office to the Board of Control. The last statutory change came with the introduction of the Mental Health Act a year ago. The Board of Control was then wound up, so the manager of Broadmoor is now Mr Enoch Powell. More important, Broadmoor was no longer restricted to taking patients who had been charged before a court. The criterion for admission, as the working party on the "special hospitals" pointed out earlier this year, should now be that a patient is too dangerous or violent for an ordinary mental hospital. Clearly, the vast majority of patients will continue for some time to be criminal lunatics; but if the more flexible arrangements recommended by the working party are gradually introduced, this distinction between Broadmoor and other mental hospitals will be less clearly drawn, and a custodial regime would be less appropriate than ever.

Security must, of course, continue to be effective. The purpose of the special hospitals is to treat patients who are too dangerous for the "open door" regime which has transformed the other mental hospitals and in consequence helped the recovery of their patients. But has the clinical judgment of Broadmoor superintendents been proved at fault in this respect? Since the hospital was taken over by the Ministry of Health there have altogether been eight escape incidents, involving eleven patients, some of whom were at large for hours only—a total that puts Broadmoor in a very favourable light compared with prisons. Perhaps the one thing needed to complete the recognition of the institution as a hospital is for the staff, who are trained mental nurses, to transfer their allegiance from the Prison Officers' Association to the Confederation of Health Service Employees.

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LETTERS

Capital Gains Tax

SIR—The general arguments in favour of the taxation of capital gains look very strong; so long as one stays on the general level it is difficult not to be convinced, as you (to judge from your article of November 11th) appear to have been convinced. Things look rather different when one gets to the point (at which Mr Selwyn Lloyd and his advisers are no doubt at present struggling) when one has to make a decision on a particular type of tax. The possible alternatives look so much less attractive than the general idea.

You have yourself shown that the obvious interpretation of Mr Lloyd's intentions—capital gains made in less than (say) six months to be taxable as income, in more than six months to be untaxed—produces so sharp a discontinuity at the six months' point as to invite avoidance. I agree with you over that; the unfairnesses that would be created at this margin, and the distortion of administration which would occur in the effort to police it, are not a pretty picture. But if that is accepted, what follows?

The natural deduction is that one should go all out, bringing all realised capital gains within the scope of ordinary income taxation. The administrative difficulties are still serious, but they could perhaps be overcome. It would be easier to overcome them if at the same time (and consistently, I think, with the original idea of Mr Kaldor) the surtax limit for all income (unearned as well as earned) were raised quite drastically, so that the capital gains that were liable to surtax became more circumscribed. Flat-rate income tax on stock exchange capital gains could conceivably be collected through brokers, on some sort of a PAYE system. The administration of this system would be more difficult on the side of land values, but I shall not go into that.

What, however, is really alarming about a proposal of this kind (certainly if it were introduced at all precipitately) is the economic effect to be expected from it. Equity prices have come to be very largely supported by the prospect of tax-free capital gains; if this prospect were removed, who would buy shares with a yield of 2½ per cent, when it was possible to get 4 per cent on deposit at a bank? Economically, it may be freely admitted, the present relation between yields is a distortion; but it is a distortion which cannot be removed at all quickly without administering a most severe deflationary shock.

I do not think that the shock could be much mitigated (at least in the short run) by a parallel reduction in interest rates; for the balance of payments has also to be considered. It may of course be argued that the British economy is now in such a state that it requires a shock, something like this. Anti-inflationary measures are however one thing, violent deflation is quite another. The advocacy of violent deflation does not come well from those who profess concern with the rate of economic growth.

If one dislikes both of the alternatives so far considered, what is left? Only, I think, a capital gains tax outside the income tax, at a low rate (which is really the sort of thing they have in America). If the rate were low enough, it would not much matter if (at least to begin with) it only fell on capital gains made in less than "six" months. It would not be surprising if this were, in the end, all that emerges from Mr Lloyd's cogitations. But perhaps it might be as well if you started already on the job of conditioning your readers to the probable appearance of what would certainly be greeted in some quarters as a very ridiculous mouse.—Yours faithfully,

J. R. HICKS
All Souls, Oxford

The Common Market

SIR—Last June I suggested in a letter in your columns that it would be deplorably retrograde if the UK, as part of a common market settlement, were to place tariffs on any food or raw materials now imported from the Commonwealth tariff-free. In your issue of November 11th you say (page 528): "The wider the circle of integration of the rich Atlantic countries, the more essential it becomes that they shall not unite at the expense of the poorer regions. It is a refreshing feature of the new thinking in Washington that it recognises this, and indeed puts at the centre of a possible new Atlantic partnership a joint trade and aid effort to help the undeveloped and uncommitted countries. The most radical and precise suggestions in the Herter-Clayton report are for abolition of raw material tariffs by developed countries and a series of 10 per cent cuts in their other tariffs in return for 5 per cent cuts by the undeveloped ones."

I am delighted that you are at last seeing the point. But could not this new thinking in *The Economist* now lead it (as a free trade paper) at least one step further to the modest conclusion that the UK should in no circumstances place tariffs on food and raw materials which are at present imported tariff-free?—Yours faithfully,

House of Commons DOUGLAS JAY

Immigration

SIR—I have with great reluctance this morning cancelled my order for *The Economist*. I have never read more evasive editorial answers to a letter than those relating to Sir Cyril Osborne.

While every decent person must deplore immigration restrictions I cannot see how the Government can do otherwise than impose such restrictions, but they must apply to others, especially the Irish, as well.
—Yours faithfully, J. SCHOLEFIELD
Twickenham

★

SIR—Sir Cyril Osborne's arguments against immigration are so specious as to spoil a rational case for controlling immigration.

At present the majority of immigrants (a) live in colonies and (b) occupy low-level jobs. The possible danger from this is, clearly, the establishment of a dual society based on race, and its rather nasty consequences. Earlier immigrations were of a different type and scale, so that this problem was never serious.

I would have thought that controlled immigration (reasonably defined) was the least unpleasant alternative to both those who are proud of a "British way of life" and those who abhor race and colour prejudice.

Finally, I think it is worth saying that it is the Government's responsibility to make this country as attractive as possible—not to make the immigrants' native lands Utopian at the taxpayers' expense.—Yours faithfully,
West Kingsdown, Kent S. JOHN ROGERS

Finland

SIR—Clear though your comment on Finland (November 4th) may have been, I think that you leave untouched one of the possibilities prompting the latest Russian move. There is at the moment in Finland more sympathy for the West than for the Soviet block, a situation perhaps worrying to Moscow, given that there will be two elections next year. The first is for President, a position of decisive importance in foreign policy. Mr Kekkonen is noted for following a rather middle-of-the-road policy, and this, it would seem, is not one desired by a majority of the Finns. There is thus a likelihood that in the February elections he might be ousted by someone right of centre. Hence one of the Russian motives could be that, by forcing negotiations to take place at the moment, and then concluding a reasonably satisfactory settlement before February, Mr Kekkonen's position could be strengthened. Should he be successful at the polls this would not be to the Russians' disadvantage. The other election, in the summer, is for the Parliament, and negotiations concluded could ensure that the votes for the Communist party are not lost, and indeed that their increase be continued.—Yours faithfully,

A. C. HUBERT

Freedom from Want

SIR—Do vegetarians eat eggs? Lord Cherwell did. In fact I once bribed him to come to lunch with the promise of a couple of fresh eggs and some spinach when such things were only with difficulty obtainable. In the middle of the war in one of his more inspirational moods Presiden





Good old Johnnie Walker

THE SCOTCH OF SCOTCH Born 1820—still going strong

Roosevelt in a personal telegram to the Prime Minister launched the idea of an immediate conference among all the Allies to consider what could be planned at once to secure "freedom from want" when the war was over. Although the idea was clearly the President's own and very dear to him personally, for some reason Lord Cherwell wanted the PM to raise objections.

I thought this might create a very bad impression. The Foreign Secretary was all in favour of an early and favourable reply, taking the very sensible line: "What everyone looks forward to after the war is a good guzzle." I decided to brave the old lion in his den and got him to receive me. With the eggs and spinach in prospect he promised to come to lunch to discuss the reply to the President's telegram. I got Dick Law, Keynes, Hubert Henderson, Lionel Robbins, and John Maude to agree to come too.

The eggs duly arrived fresh from a hen in North London and the spinach was bought as soon as Covent Garden opened that morning. We sat down punctually at one. For some reason Hubert Henderson was for raising objections to the proposal. But, pressed particularly by Keynes, Cherwell came round eventually and by 3.25, when he had to leave for a meeting, had undertaken to advise the PM to welcome the proposal with suitable warmth. By 3.45 I had drafted a reply and sent it across to Number 10. Such were the ante-natal pangs of the Hot Springs Conference and so, I suppose, of FAO.—Yours faithfully,

Beaminster, Dorset NIGEL RONALD

Ombudsmanship

SIR—With reference to your very interesting article of November 4th, I would for the sake of good order only inform you that an ombudsman, more or less equal to the Swedish one, exists in Finland as well. I mention this only in order to show the fact that this institution seems to be generally adopted in the north.—Yours faithfully,

Helsinki R. RELANDER

The Press in America

SIR—I was surprised to read no mention of the *Christian Science Monitor* in your article on American national papers. As you must know it is now printed in Boston, Los Angeles and in London, flown by plane to Chicago, and circulates over all the USA. —Yours faithfully,

F. J. WALKER

London, W.1

BOOKS

The Adams Brood

The Adams Papers: *Diary and Autobiography of John Adams, 4 vols.*

Edited by L. H. Butterfield and others.

Harvard University Press. London: *Oxford University Press.* 240s.

At Princeton Jefferson; at Yale Benjamin Franklin; at Harvard the Adams family. Thus, not inappropriately, the great pre-independence universities of the eastern seaboard have each annexed their deities from the national pantheon and are undertaking to honour them with the most fitting memorial: the publication in definitive editions of their collected writings. Harvard is the last to take up such a burden, but the burden it has assumed is likely to prove the heaviest of them all. It is not a mere founding father, but a whole dynasty, that the Adams archives enshrine, and that dynasty perhaps the most self-conscious and tenacious and articulate of all the great families of America.

In 1755 John Adams made the first entry in his diary. (It recorded the impact on Braintree, Massachusetts, of the earthquake that destroyed Lisbon.) Since then, with only the briefest intermissions, Adamses have been writing—and preserving what other Adamses have written. The result today is a microfilm of Adams Papers which, though stopping at 1889, runs to 27,464 feet of 35 mm. film. The papers themselves, deposited by the family with the Massachusetts Historical Society, include not only the public documents of a family that produced presidents, ambassadors, congressmen and scholars, but also the personal correspondence and private confidences of a clan that harboured some of the most eccentric and distinguished characters that New England has ever set its stamp upon.

The publication, of which these four volumes are a harbinger, has been made possible by the fusion of two great American institutions, Harvard and *Life*; the first, through its press, undertaking the publication, the second, in return for serial rights, financing the costly editorial work. If it should superficially appear that of these two angels one is more naturally an Adams guardian than the other, no doubt it is also true, as the editors affirm, that

> there is something highly fitting and gratifying in the realization that large portions of the writings of a family that for three generations devoted itself to national service should be presented to the American public in the numbers of a magazine that reaches millions of readers.

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diaries alone will run to between 41 and 47 volumes; family correspondence will run to about 20; while general correspondence and other papers could (the editors are cautious about pledging themselves to the future scale of their selection) easily run to another hundred. The audacity and devotion needed to plan such an enterprise are as much to be admired as the skill and scholarship with which it is evidently being carried out.

The four volumes so far launched contain the basic autobiographical material for the first and perhaps the greatest of the public Adamses, the founding father and the second President. He was a public man, but the diary, which fills two and a half of these volumes, was not a public document. Rather it is the repository of a set of reflections, memoranda, confessions and aspirations intended for no eye but the author's and as such uniquely revelatory of the man. Something between a quarter and a third is here published for the first time; none of it has previously been published in an adequate transcription or with the necessary annotation. The autobiography had been more nearly reproduced in the edition of John Adams's "Works" produced by his grandson in the eighteen-fifties; even so, the new edition is a great improvement both in comprehensiveness and in the ordering of the material.

Only spacious extracts could do justice to the freshness and diversity of the contents of these volumes—John Adams as sermon-taster, as lover, as natural philosopher, as lawyer, as rebel, as self-promoter, as self-inquisitor, as the perfect Bostonian (on New York: "with all the splendour and opulence of this city, there is very little good breeding to be found"), as the by-no-means-innocent abroad, as puritan and as patriot. Only use and close inspection can reveal the full excellence of the editing, in all its spacious and precise detail. The British reader, handling these beautifully produced first-fruits of a great historical harvest, cannot but mingle with his admiration a particle of envy, and ask when some of the deities of the British pantheon—William Ewart Gladstone, for instance—will find an equally fitting memorial.

Of Human Bondage

Oldest Ally: *A Portrait of Salazar's Portugal.*

By Peter Fryer and Patricia McGowan Pinheiro. *Dennis Dobson.* 280 pages. 25s.

Portugal and its Empire: *The Truth.*

By Antonio de Figueiredo. *Gollancz.* 159 pages. 18s.

In spite of the rapidity of our education about Portugal and things Portuguese—even because of it—these two books are welcome. For one thing Portugal will survive Dr Salazar and even Salazarism. It is pleasant and necessary to be reminded of the charm and greatness of a country with so much to offer in civilisation. This Mr Fryer and Miss McGowan do superbly in the first section of their work, which is part political analysis, part travel book. Their first hundred pages contain a lively, enormously sympathetic, if somewhat too compressed account of the land and its inhabitants. They are never content to accept either the picturesqueness or the squalor of a place or institution without enquiring for the social and economic reasons for it; and what is unearthed—for example, the account of the difficulties of a children's home in Oporto—is fascinating and heart-breaking. It may seem frivolous to commend the authors equally for including a handful of Portuguese recipes, but it would be ungrateful not to do so. The way to a tourist's heart is through his stomach.

The authors of "Oldest Ally," write to interest and instruct their countrymen in the truth about a nation for which this has seldom been done; Senhor Figueiredo writes his personal testimony to the authoritarian regime he knows. His book is much the less graceful of the two, but, for the serious student, is much the more indispensable. It consists of a detailed account of the rise and nature of the Estado Novo that is unlikely to be bettered while the regime lasts. Particularly impressive is the author's command of economic and other statistical material to support his case—which is, roughly, that Dr Salazar has oppressed and impoverished his countrymen in the name of a form of fascism—which, interestingly, he traces in part to the influence of such French reactionary thinkers as Maurras and Leon Daudet. He sees more clearly than Mr Fryer and Miss McGowan that Dr Salazar is the ally rather than the tool of the business interests that make a good thing out of the regime; and his accounts of Mozambique, where he lived for a long time, and Angola, are of the highest importance for the understanding of Portuguese Africa and the nature of its problems. Senhor Figueiredo perhaps exaggerates the culpability of the nationalist rebels, but no one would care to insist on this point in view of the undoubtedly large-scale atrocities they have committed; and Senhor Figueiredo never tries to pretend that the Portuguese colonial regime is not, in the last resort, responsible for the circumstances of its impending downfall.

One point both books make strongly: the extent to which British capital and diplomatic support bolster the anachronistic regime. It is easy to assume that Britain's relations with Portugal are confined to the familiar trade in port and a common membership of Nato that have nothing to do with internal affairs. No such assumption can survive a careful reading of these books. Responding to the stimulus of ancient association British business interests have invested heavily in Portugal, and now safeguard their investments by sponsoring pro-Salazar propaganda activities in London, in which cabinet ministers have on occasion got involved. The normal courtesies of diplomatic life are used by the Salazar government as opportunities to demonstrate to the Portuguese that it has the support of the West in its internal policies. The result is that Britain loses the trust of Africans and that the Portuguese themselves, despairing of support from the democracies in the task of ridding themselves of fascism, turn naturally eastward, as Senhor Figueiredo points out when he discusses the indifference shown to General Delgado and Captain Galvao, who were refused entry. In this respect, both "Oldest Ally" and "Portugal and its Empire" are timely.

Background to Unity

Twentieth Century Christianity

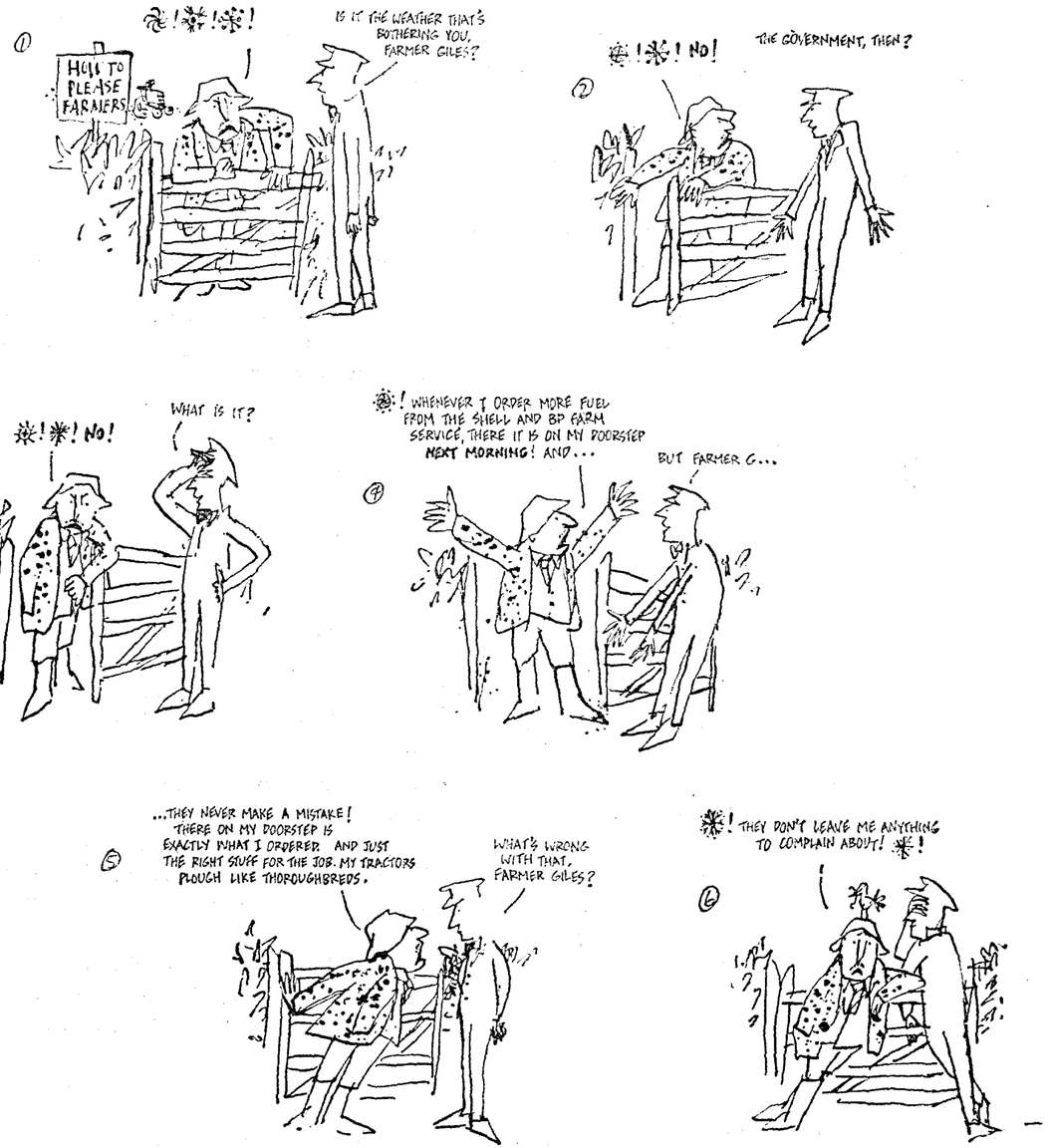
Edited by Stephen Neill. *Collins.* 448 pages. 30s.

In Delhi this week opened the meeting of the World Council of Churches. And this book is appropriately a symposium diagnosing the strength and weakness of the Christian church or churches at the present time, with a survey of its changing history since 1900.

The editor of such a volume must persuade his authors, some of whom are enthusiasts, to write with a detached observation and, if with optimism, then with informed optimism. There are two authors in the volume who talk largely and vaguely of the new strength brought to the church by persecution in Germany or Russia, and one of them almost writes as though a diminution in quantity is alone the cause of a rise in quality. But for the most part the editor, who is a realist, has kept his contributors on a leash, and so has produced a valuable analysis of what has been and is happening to the Christian religion.

A historian will note the transformation in Russian Orthodoxy after 1917 and the exclusion of white missions from China in 1950; the pressure against Christian evangelism in some parts of India and Africa; the new power in the resurgent religions of the east; the consequences for Christianity of a Germany divided after 1945 and a Russia dominant in eastern Europe; the transference of the protestant centre of gravity from a Europe of Lutherans and Anglicans and Reformed to a United States where protestantism was generally more radical in character, and where the most enthusiastic missionaries were often of the extreme left; the continued pressure upon the intelligent minds of western Europe as their modes of life changed, and as scientists and philosophers continued their investigations. The great age of European expansion seemed to have ended, and with its ending missionary movement paused and began to retreat. Near one Indian city, a single village has today its catechist and Christian group, and not so long ago there were fifteen such villages nearby.

To the contrary, and as signs of hope, the historian might observe the decline among the denominations of the more absurd rigidities of churchmanship, and the readiness to converse and to plan common



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action; the slow but steady progress in India and Japan and elsewhere, and the influence executed by Christian ideals upon India, an influence stretching far beyond the borders of those who profess the Christian faith; the readiness for experiment in liturgy and even in the restatement of traditional dogma, to be found even in the most conservative church of Rome, even in the still more conservative Orthodox Church, especially through the members scattered by exile into America and western Europe; the extraordinary statistics of growth in church allegiance throughout the United States; the passing beyond the old clear-cut warfare of Genesis versus Geology or reason versus faith into an argument more complex, but less contemptuous and more fertile; the natural swing of the pendulum, among some of the younger generations, against the cruder forms of materialism.

It is a prospect in part encouraging, in part sombre. It is a merit of this well constructed book that it does not blink at the sombre.

Dramatic Postmortem

The Death of Tragedy
By George Steiner.
Faber. 375 pages. 30s.

THERE used to be a preliminary examination in the Oxford English School on tragedy. The papers centred on the usual texts: the Greeks, Shakespeare, Corneille and Racine. Anything a candidate felt inclined to write was bedevilled by the limitations of having to consider in detail those formal questions unsolved by Dryden or anyone after him. Mr Steiner's syllabus is not so narrow. Indeed, he is remarkably well read. But one wonders if his thesis —the relationship between the tragic art and the western imagination—could not have appeared more striking if he had not so patiently (and interestingly) retraced all the ground in the light of this antique term "tragedy," which he is wise to define only obliquely in the course of his book. Categories are intriguingly exclusive. Here Mr Steiner and his readers are lucky in that the tragic form really does correspond to a particular expression of human feeling, which can be described by it only. The death of pastoral, for instance, or even of epic, would demand tighter critical blinkers. Mr Steiner is splendidly suggestive in his discussion of the intrusion of the un-tragic: of Christianity, for instance, or, in the post-Pascalian era, of Freud and Marx. These two are essentially Jewish, and, as he remarks, "tragedy is alien to the Judaic sense of the world." On the social and economic background he is perhaps allusive rather than suggestive: a book of this importance might have done for the development of tragedy in its crucial period what scholars like L. C. Knights and John Loftis have done for comedy.

But it is Mr Steiner's prerogative to feel that such an approach is not essential. The book's greatest virtue is his finely wielded summarising style, a semi-aphoristic assurance of which this is typical: "Racine is one of those great dramatic poets (Byron was another) who had no natural liking for the theatre." Or: "*Sardanapalus* resembles a Delacroix—vibrant in colouration, but firm in the drawing." These are the sort of striking but unexceptionable statements that have examiners reaching for their pens. One can almost hear the unwritten "Discuss" hanging over the pronouncements like a subtle form of punctuation. Incidentally, Mr Steiner is excellent on Byron, and the German romantics, but less good on Shakespeare or the moderns. Might this be the staleness of one's own familiarity, or does the ubiquitous critic have, after all, a special period and interest?

Mr Steiner is consciously trying to broaden the scope of criticism once again to include the deeply felt, panoptic, literary, meditative narrative. There is no crabbed brilliance here, no eccentric byways, no new large ideas. Mr Steiner relies on a stylistic insight into a work, and less on originality (he does not refer to other critics, however, and there are no source references; the book is cast in semi-popular form). All this is refreshingly unorthodox nowadays, and there is no doubt that Mr Steiner's method is an intended challenge to the course of twentieth century criticism. If this perhaps leads him to a disregard for minutiae (does he not confuse Lear with Gloucester?—page 36), nevertheless, the heart of the matter is extraordinarily well done. It is a pleasure to read a critic with his feet, but not his nose, on the ground.

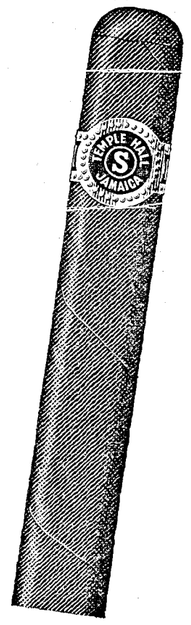
Wistful Jeremiah

The English Gentleman
By Simon Raven.
Anthony Blond. 188 pages. 21s.

MR SIMON RAVEN has many rare and valuable qualities. He writes precisely, vigorously and economically. He is, on his own admission, a howling cad, without shame and almost without reticence. He is preposterously romantic—at times almost sentimental. He has enormous gusto, and is clearly fascinated by the spectacle of vice, especially among the rich and their parasites. He has a sharp eye, a sharp pen and great knowledge of his chosen, deplorable, field. He would be the ideal scriptwriter for an English *La Dolce Vita;* he is in fact one of our most promising comic novelists and social satirists.

"The English Gentleman" is, in places, outrageously funny, perceptive and frank. The author lacerates the world of the gossip columnists with ruthless exactitude, seeing it as the most pressing present danger to what he understands as the good, if not the sweet, life; and his criticisms have added force as he does not spare himself his own justice. The book is, in fact, distinguished—like its model, Mr Cyril Connolly's "Enemies of Promise"—by a wry self-loathing that

whatever the occasion choose



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should ensure its survival beyond this season's publishers' lists ; but probably not so long a survival as that of the earlier work. For whereas time has, if anything, reinforced and added urgency to Mr Connolly's warnings, Mr Raven's jeremiads seem already curiously dated.

"The English Gentleman" professes to be an attempt to discredit the ideal it discusses, "justly and finally" ; but it is really a querulous exercise in nostalgia. The author gives a highly misleading account of the social and moral evolution which produced the ideal of the English gentlemen as it was understood at the end of the nineteenth century. He paints (also misleadingly) the social developments which, between 1914 and 1945, destroyed the traditional position of the country squire. He treats us to highly flavoured accounts of some chapters in his own sensational career. By the end it is evident that he does not know much of the Britain that lies outside the vision of an ex-army officer and an habitué of the shadier parts of SW3 ; and it is clear that, in spite of his repeated assertion that the gentlemanly ideal is outdated and futile, and that it needs exposure for the sham it is but still seems not to be, he is overcome with regret for it and regards it as being universally, and unfairly, despised by those who are themselves despicable.

Mr Raven pays due tribute, in one comical sideways flash, to Mr Connolly ; but his real Muse is Mr Evelyn Waugh, in his latest, least impressive phase. Like Mr Waugh, he derives most of his moral criteria from the standards obtaining in the regular army. His Waughish attitude to the modern, egalitarian Britain he inhabits can best be demonstrated in quotation:

> [Captain Wiley] liked his men, he studied their individual peculiarities, he was sometimes even indulgent to them ; but he could not take them seriously as adult and autonomous persons. I shall not argue the merits or otherwise of Wiley's view, beyond saying that when one has to do with teenage National Servicemen such a view sorts well with observable fact and answers usefully in practical situations.

Mr Raven does well not to try to argue the assumptions—repulsive and ill-informed—behind such a passage as this ; or as this:

> The old criteria of the upper class—visible prestige and lavish consumption—have now come to be accepted, in their most debased form, by the entire nation

Rubbish, Mr Raven. Do not despair so easily of the republic.

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Brains, Not Pudding

A. E. Housman: Selected Prose

Edited by John Carter.

Cambridge University Press. 219 pages. 21s.; paper 10s. 6d.

MR CARTER has done a great service by bringing together these works by the last of the great stylists. To read, on end, samples of his writing over some forty years is to realise how magnificent it was, in a manner that will not be repeated: he was always Augustan, even at his wittiest. He was in turn excoriating, serious, moving and delightful ; always in the grand manner, but never pompous. To this must be added—if it needs saying of this extraordinary man—that there was always substance and usually emotion in what he wrote.

This book contains his three well-known lectures: his introductory lecture of 1892, his paper on "The Application of Thought to Textual Criticism," and "The Name and Nature of Poetry." These need no comment, except that it is a delight to have them between two covers. There are excerpts from his vitriolic prefaces. In choosing them, Mr Carter has shown restraint: he has given us only three long passages, which give Housman the opportunity of setting out his thoughts at length, with praise as well as blame, at the cost of omitting some of the most scarifying passages of abuse ; nothing is quoted from the preface to Lucan so that, alas, one misses the magnificent attack on C. M. Francken, which is unique in the literature of the present age.

There are some sixty pages, all new to the ordinary reader, of papers and reviews (most but not all on classical subjects), which have been culled from various journals. The classical papers are highly technical, and it is doubtful whether the greater part, where Mr Carter has been lavish with asterisks, or the one which he has printed in full, is harder to follow. Even so, the clarity of argument and the perfect style make them a delight to read. The few reviews of non-classical works are models of their kind. Lastly, there are a couple of obituaries (one of them the well-known paper on his friend Professor Platt), a few ceremonial pieces in the high style, and a delightful and witty fragment (all that survives) of a paper which he read on Matthew Arnold to an undergraduate society at University College.

This is a book which all admirers of Housman, and one hopes many others who like dry thought, deep feeling and good style, should buy and keep by their bedside. It only remains to say that there is a misprint on page 185: Housman would have expected it.

And We Are for the Night

Television: *A Personal Report*

By Robin Day.

Hutchinson. 240 pages. 25s.

THIS short record of Mr Day's crowded hours in the service of the tyrannous box will add, contrary to the publisher's assertion, very little to the debate on the future of broadcasting and its control (his two most "provocative" suggestions are for the televising of Parliament and a departure from the doctrine of "impartiality"); but it will furnish his many admirers with an exhaustless source of titillation and endless opportunities for worship. Nor is it to be scorned on these grounds by those who, unlike the Guild of Television Producers and Directors, would find it difficult to vote Mr Day the Personality of the Year: for them there is much that is entertaining and, more creditably, a great deal of information about the mechanics and techniques of television journalism, in which the author is a competent practitioner.

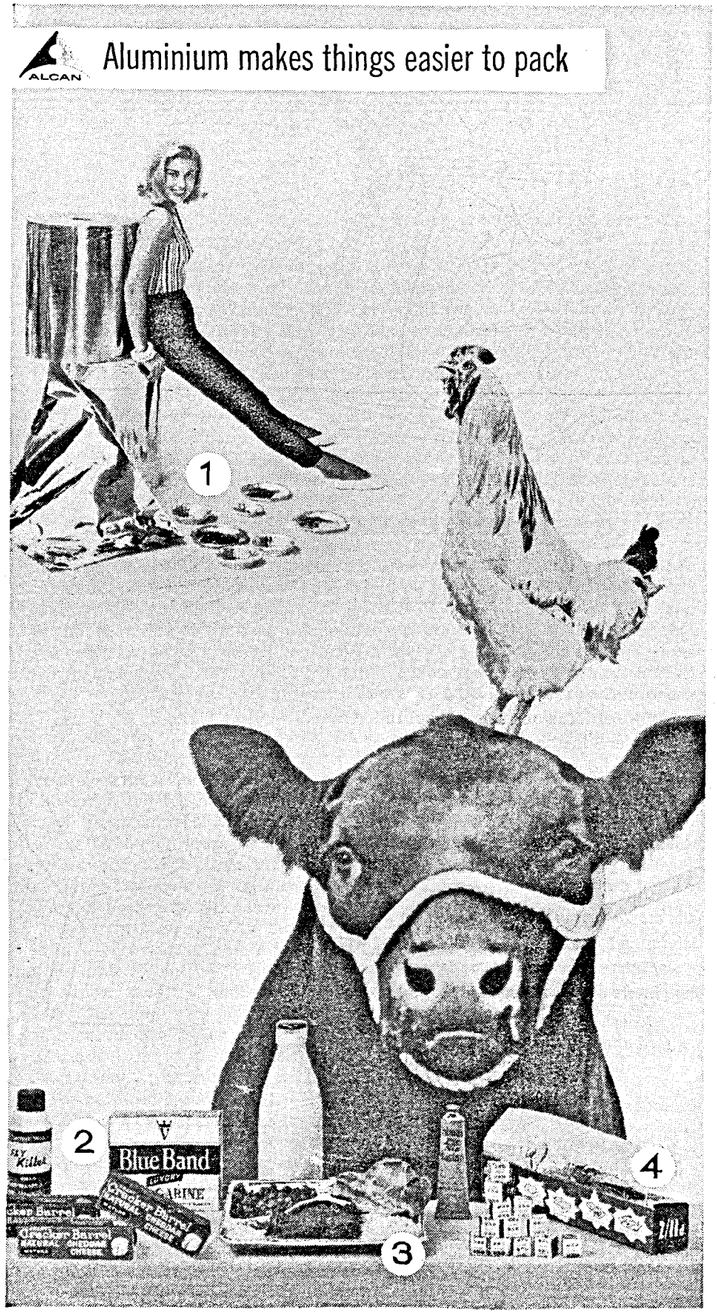
OTHER BOOKS

EASTERN EUROPE IN THE POSTWAR WORLD. By Hubert Ripka. *Methuen.* 281 pages. 25s.

This is a useful, well written analysis of the background to the present communist domination of eastern Europe. Dr Ripka, who from 1940 to 1948 was a minister in the Czech government either in exile or in Prague, was all his life exceptionally well placed to study the problem of the smaller countries of central and eastern Europe between the two great power blocks. He died in January, 1958, and if he were alive today he might (as his publisher suggests) wish to modify his last chapter, which contains a discussion of the consequence of the crisis in the Soviet block in the autumn of 1956, and his own ideas for a political settlement that might eventually end the Soviet domination of eastern Europe. He is at his best in his description and well-balanced analysis of the upheavals in Poland and Hungary in October, 1956; and at his weakest, perhaps, in his remarks about developments inside Russia itself and his rather inadequate references to the economic aims and consequences of communist rule.

Correction.—In a review last week of "The Beloved Land," by Vladimir Dedijer, it was stated that "Mr Djilas is in prison and Mr Dedijer is in exile in England." In fact, Mr Djilas was released from prison last January, and Mr Dedijer is legally free to return to Jugoslavia.

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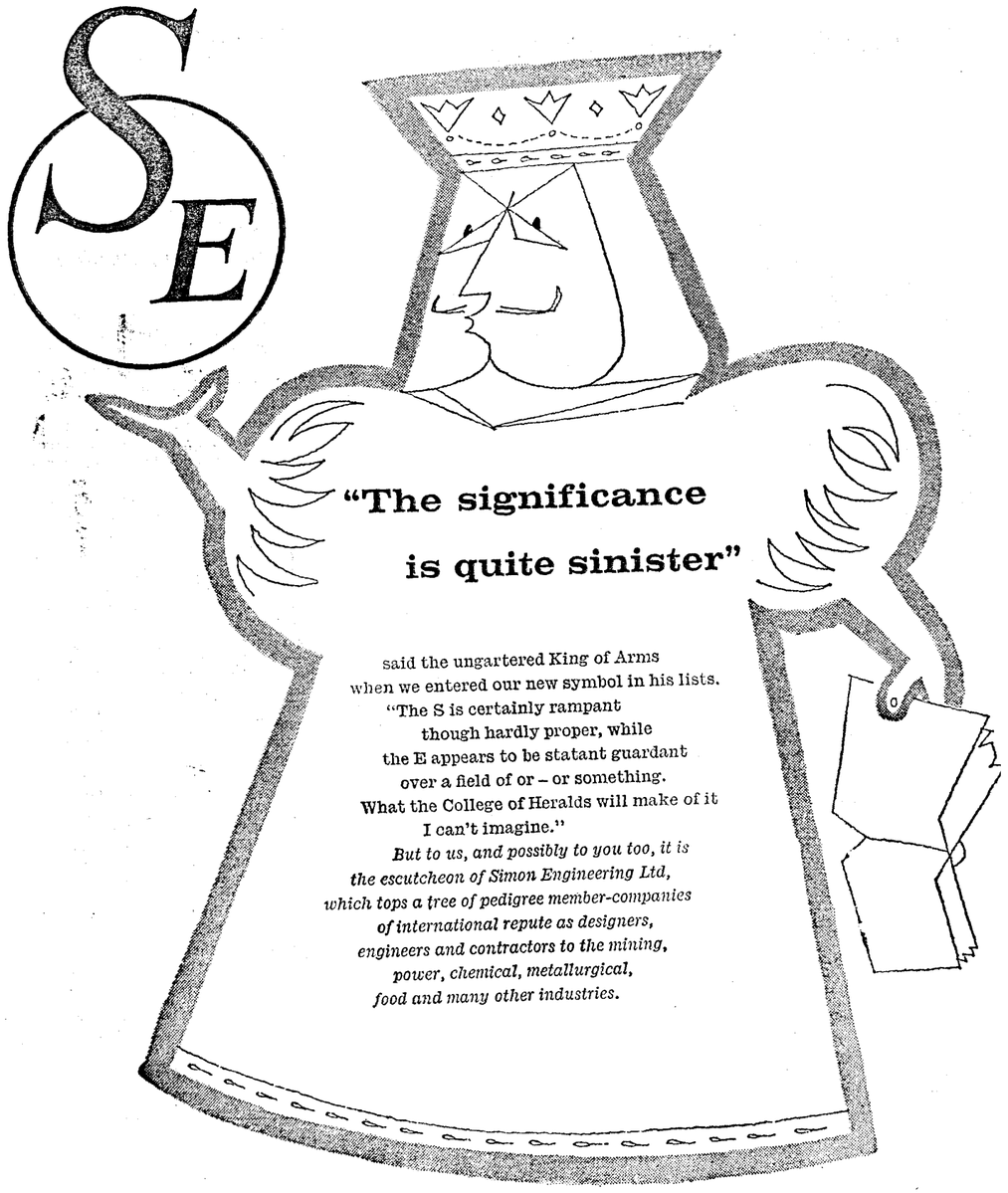
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THE WORLD OVERSEAS

Congo Confusion

FROM A SPECIAL CORRESPONDENT

WITHIN the last few days there was the curious sight at Leopoldville airport of plane-loads of Belgians flying into the Conga, while others, in a panic, flew out. This oddity typifies the confusion that befogs the country as the Katanga crisis drags on unsettled. The Congo may have been more lethal, more explosive, in the past ; rarely has the situation been more irrational. As well as the now traditional Leopoldville-Elisabethville vendetta, there is, at the moment of writing, a new secessionist movement in Orientale province, a breakdown of law and order in wide parts of Kasai, a serious internal split in Equateur, a half-baked attempt to overthrow the provincial government at Kivu, and a wave of Baluba bellicosity in North Katanga.

For good measure, reports of ugly incidents pour into Leopoldville every day. The total impression is disagreeable, to say the least ; yet, in the capital itself, visible tension is remarkably absent. The ordinary, amiable Congolese, with his sights usually on the next banana rather than on the confabulations of the Security Council or the palavering of his own parliamentarians, continues to display a resilience and a talent for recuperation which are his country's saving grace ; he seems ready to live with the crisis for a decade, if need be. There are moments when it seems he may have to.

For western observers—and for the United Nations—the disturbing question is how long the prime minister, Mr Adoula, can retain effectual control of the country, if things continue to disintegrate. Much sympathy is felt for Mr Adoula. He has made a brave attempt to set the country on its feet, but unfortunately only a handful of his colleagues share his sense or his enlightenment. Too many were appointed on grounds of political expediency during the period of the Lovanium Parliament, and are pathetically out of their depth in their almost continent-wide ministerial responsibilities. Faced with agitation, led by the Lumumbists, for strong-arm action to clobber Katanga, Mr Adoula, and General Mobutu with him, had little option but to launch the ill-starred offensive which soon disintegrated into mutiny and rampage.

The damage has been more psychological than military (it can hardly be described as a military disaster ; only about 20 were killed). The Adoula government has lost confidence and prestige through its association with this fiasco ; and the confidence of the Europeans has been badly undermined. The military failure has brought disorder in its wake and shown up the apparent incapacity of the central government to control or administer its vast territories. Mr Adoula is now all the more vulnerable to attack by the Lumumbists—and already Mr Gizenga, who had been lying low in Stanleyville for several weeks, has seized his chance. He has summoned a congress of all pro-Lumumbist groups in Stanleyville this weekend (November 18th) in open defiance of Mr Adoula's authority. Many observers consider that Mr Gizenga, who is still officially first deputy prime minister in the central government, is overplaying his hand ; but none the less it is a disturbing indication of the resurgence of secessionist feeling in Orientale.

No less serious for the central government is the reaction of the Europeans. The wave of brutality which broke out in Luluabourg at the same time as the military defeat has awakened all the old phobias of a year ago. Unless order and confidence are restored, Mr Adoula will find it hard to retain those Europeans—teachers, technicians, and others—on whose services his embryonic state still so much depends.

Already, however, the resilient Congolese are talking of the next offensive. Persistent requests for more direct United Nations support having been rejected on juridical grounds, the government has been casting around for military aid from outside sources—an exercise ominously reminiscent of the early Lumumba period, and a pointed reminder of what might happen if the Katanga question is not resolved. Despite the scant response to these overtures, General Mobutu and General Lundula (now apparently reinstated), locked in secret conclave, have seemed to be going through the motions of working out a new invasion plan. This time the target would obviously be North Katanga, where Mr Tshombe has virtually lost any control he ever had. Large stretches of it, including key places like Albertville (where Europeans have been fleeing from the tribesmen) and Manono, are reported to be in the hands of the Balubas, Mr Tshombe's traditional enemies. In terms of reducing the Katanga secession, this might seem a highly significant development ; but it is fraught with danger. An orgy of tribal fighting, in which Europeans would inevitably suffer, is hardly the best means of turning the tables on Mr Tshombe. It is, in any case, doubtful whether Mr Tshombe is seriously alarmed about the loss of this northern area ; as long as he firmly controls the key southern sector, with its wealth and its military supplies, he is likely to hold out unshaken.

What may be worrying Mr Tshombe more are the pressures—diplomatic, political and economic—being exerted on him from other directions. Mr Riches, the British ambassador, has recently paid a visit to Elisabethville ; there have been pointed words from Mr Spaak, and there is even talk of sanctions. To reunite the Congo peacefully looks like being slow ; to do it by military action does not seem to work. There is pressure for both, and the usual readiness to hope for a new United Nations formula which might somehow solve everything.

The Osagyefo's Umbrella

FROM A SPECIAL CORRESPONDENT IN ACCRA

WHEN Dr Nkrumah's new and provoking minister of information, Mr Tawia Adamafio, invited several representatives of the British press to a cordial private luncheon party here last Sunday, nobody could doubt any longer that the Queen's visit to Ghana was on the way to success. Nowhere has the ill-feeling between Britain and Ghana in the last few months been expressed more bitterly than in the columns of the newspapers on both sides. Dr Nkrumah's party newspapers, the *Ghanaian Times* and the *Evening News*, have howled with depressing regularity and hysterical suspicion about the machinations of the reactionary capitalist yellow press. The *Daily Express* and the *Daily Telegraph* have snapped back with alarm and despondency about Ghana's drift towards communism and the danger to the Queen in coming here at all. Only the day before the Queen and the Duke of

Edinburgh arrived Mr Adamafio called a conference of all the correspondents assigned to the royal tour, many of whom had been in Accra already for some time, and read them an ill-timed lecture on the alleged determination of some sections of the British press to distort the news from Ghana. Now suddenly all this is changed —at least in Accra. Not only does Mr Adamafio smile upon us all, but the local papers are almost beside themselves with joy, affec-



tion, admiration and respect for the royal visitors and all they represent. The cracks have been papered over with the stuff of pageantry, and barring accidents between now and Monday, when the royal party sails in the *Britannia* from Takoradi for Monrovia, Freetown, Bathurst and Dakar, this alone will have given the visit to Ghana an aura of success.

Accidents at this stage are not very likely. In view of the disturbed political situation of Ghana both internally and internationally, it was inevitable that some people would seize upon the explosions early last week to justify a demand for the cancellation of the tour. Indeed, the haste and feebleness of the explosions suggested that they were set off with precisely that in mind rather than with any serious purpose of bringing Dr Nkrumah or his government into physical danger. Essentially they seemed to be shots in a propaganda battle designed to alarm the British public and discredit Dr Nkrumah politically. It now looks fortunate that the British Government was not stampeded ; and one of the most pleasing and successful features of the tour now is that it is being accomplished, in defiance of most expectations, with a minimum of overt security precautions.

The extent of the precautionary arrests has almost certainly been exaggerated in some reports. There has been nothing like the thousand claimed by some representatives of the Ghana opposition. The real figure is probably nearer a hundred, nothing out of the way in many countries receiving a state visit, even within the Commonwealth. In any public appearance anywhere the Queen is liable to be at the mercy of the crazy assassin. Nobody, however, can point to any group in Ghana that would wish to harm her ; and those who wish most to harm the president are the most emphatic in their refusal to endanger the Queen. Dr Nkrumah, one suspects, is as well aware of this as anyone. He has done his duty by the royal party, appearing with them everywhere, even, on Tuesday, in Kumasi, where he is probably disliked by more people than anywhere else in the country. He has looked, according to those who know him well, more subdued than usual, but this may be because he is aware of his responsibility for the Queen—there is nothing Dr Nkrumah is more proud of than his position as a privy councillor. Even at his most sombre moments he must know that when he is holding an umbrella over Her Majesty to protect her from the sun, she is also holding an invisible umbrella over him protecting him possibly from something worse.

But, the Jeremiahs ask, is not that just the trouble ? Is it not wrong for the Queen to extend the protection of her prestige and charm—and she has never looked happier or more charming than on this trip—to a man who adopts such anti-democratic and anti-western policies as Dr Nkrumah ? To questions of this sort the answers can only be made on political, not security, grounds, and there really has never been much room for doubt where the political advantage lies. Had the Queen's tour been cancelled at short notice the shock to Ghana would have been immense, but it would scarcely have toppled Dr Nkrumah. On the contrary, it might have strengthened him, for many a Ghanaian who may dislike the Osagyefo's conduct and policies would dislike even more such a snub to his country and such a personal disappointment administered by his old colonial masters. Other African countries of the Commonwealth would hardly have known how to explain such a rebuff to their peoples ; and President Nkrumah's declining pan-African stock would have been given a gratuitous boost.

As it is, the Queen is here enjoying herself as much as any human being can possibly enjoy arduous tours such as these ; the Ghanaians are clearly loving the fun and excitement ; President Nkrumah is safe for the moment ; relations between Ghana and Britain have been given a new and cordial lease of life. The only question is, how long can this last ?

We should not be too sanguine. The new friendliness of Mr Adamafio and the newspapers towards Britain and the British is no better based than their old hostility was. Indeed, it is rather less so, for it does not reflect their naturally suspicious frame of mind. None of Ghana's problems will be solved by the Queen's visit. The country will still suffer from the disastrous fall in world cocoa prices, from Dr Nkrumah's ambition to be a pan-African leader, from the incipient tribalism which has to be suppressed, and from that familiar legacy of colonial touchiness and resentment that drives so many newly independent countries into extravagantly anti-western ways.

In a month or two, no doubt, when the Queen's visit has become only an agreeable memory, all these will be thrust forward again as the determining factors in Dr Nkrumah's policies ; and it would be wrong to expect that the sight of the Queen greeting the Asantahene in Kumasi will have any lasting effect on the country's course. The trend towards one-man or one-party rule, and towards closer relations with the communist block, will probably continue for some years yet. The important thing is not to regard this as an unmitigated disaster and resort to despair, but to recognise it as part of Ghana's post-colonial development and give it enough time to work itself out without either aggravation or specific condonation. It is this passive, in a way negative, function that the Queen is fulfilling here now. She is unlikely to change any attitudes permanently for the better, but she may prevent things from getting a great deal worse.

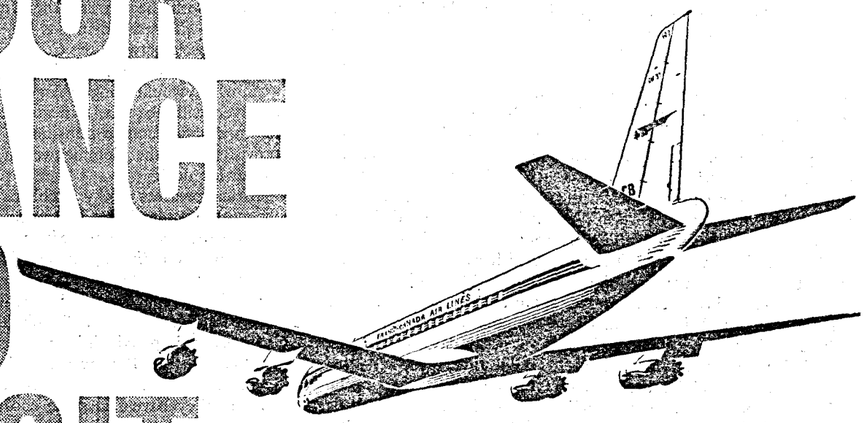
EUROPEAN HORIZONS

Crossfire at Quatre Bras

FROM OUR SPECIAL CORRESPONDENT

THE British arrived in grand style in Brussels last week for the first working session of the talks on British membership of the common market ; if necessary they were prepared to settle down at once to continuous negotiations. One suspects that they may have been a touch disappointed when, after two days of discussion, it was merely agreed that officials should meet again on November 22nd and ministers on December 8th. The mischievous may note that the talks took place, not in the glistening monolith on the Avenue de la Joyeuse Entrée, in which the community has set up house, but in another building on the Rue des Quatre Bras.

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And the first skirmish certainly brought it home that the negotiations will be, not a party, but a hard-fought tussle.

Nevertheless both sides regard last week's exchange as a businesslike start. The two sides are still building up their negotiating positions, but the questions that the Six shot at Mr Heath on the Wednesday (November 8th) and the exchange of fire on the Thursday were an essential part of the process of groping towards a discussion of the substance. As everyone knows, the heart of the negotiation is the reconciliation of Commonwealth interests with the common market's common tariff. Both sides inevitably began by putting this issue partly in their own terms—Britain by talking of "preserving the Commonwealth," the Six of the *inviolability* of the common tariff ("exceptions must not be made the rule"). But in the end a compromise formula was agreed as a framework for the next meeting of officials. Yet another procedural difference will then have to be settled. The Six want to discuss the Commonwealth question by commodities; the British want to go through the list of Commonwealth countries in turn. The subject is thus being approached from different angles, but the lines are converging rapidly enough to bring the officials to the point next week.

The shadow-boxing characteristic of the early days of most big negotiations does not worry either side. The time spent in formal manœuvre can still be used usefully to sound out the ground privately and establish understanding. Indeed, in a good many matters solutions, though far off, are visible to both sides. But one major tactical problem is bound to complicate the argument: ways have somehow to be found of grafting the discussions with Britain on to the work the community is already doing.

IN agriculture this obviously involves some delicate surgery. The Six asked the British last week to put off discussion on agriculture until they had managed to get their own common policy under way. This postponement is understandable to anyone who knows the atmosphere in Bonn, where the main sacrifices, in the form of lower prices for the farmer, have to be made. Dr Adenauer has had great difficulty in persuading his minister for agriculture, Herr Schwarz, to remain in office and there are a good many Germans who still express the hope that the British will help them to resist the European Commission's proposals. Obviously the French, who are insisting that further progress on the common market as a whole at the end of the year must depend on progress in agriculture, and the Commission, are anxious that this shall not happen. And the indications are that the first crucial steps to put the common market in agriculture into practice will be agreed at a meeting of the ministers of the Six on November 30th.

The temporary omission of agriculture from the talks with Britain raises no difficulties for the British Government. It has already accepted the principle of a change in the method of protection (from subsidies to levies) on meat and grain, the main commodities now at stake between the Six. And if a start is in fact made at the end of this year on bringing German grain prices down, that is, from the Commonwealth angle, all to the good. It also now seems possible that the pill administered to the Germans by their partners may be sugared; they may be permitted to help peasants who lose from lower prices with temporary subsidies instead. In dairy products, which will come up for discussion later, the Commission's proposals also leave room for elements of subsidy and of regional variation in prices—which will be convenient for British butter and milk. Thus the new common policies that are taking shape leave scope for a blend of the British and continental systems, once the talks with Britain get going.

Vigorous arguments over farming matters, however, still lie ahead. Partly, no doubt, to keep the farmers quiet at home, the British have asked for a twelve to fifteen-year transition period for agriculture—the same length of time as in the original Treaty of Rome. The Six, who in practice are now embarking on an eight-year transition period, after spending three years working out their plans, feel that this is absurdly long, when British farms are on the whole more competitive than many on the Continent. No doubt, too, there will be some arguments of principle about the Commonwealth. Both the Six and the United States have made it plain that they will resist demands for new preferential arrangements on a vast scale between the Commonwealth and Europe. The only alternative seems to be worldwide agreements on, say, meat and grain which would bring in Argentina and America as well. These, however, will take time to negotiate. It will be a delicate business to work out adequate transitional arrangements in which special provisions for the Commonwealth gradually give way to a new worldwide deal.

Africa presents tricky problems of grafting—perhaps, indeed, the most difficult of all. The ambassadors in Brussels of the African states associated with the Six urged them on November 10th to get on with building up the existing association and made it plain that they wanted big tariff preferences to be maintained. "First come, first served" was their reaction to talk of bringing the Commonwealth countries in. Within the European community itself there is a widespread willingness for an association with the African Commonwealth. But the Six can hardly ignore the urgent pressure from their own associates (even if, as some suspicious folk would have it, they have had some encouragement from Paris), and on December 6th there is to be a joint Euro-African meeting of ministers to discuss the refurbishing of their association. The British Government can of course propose association for the African members of the Commonwealth. But the key lies in Africa. The Nigerians, for instance, would probably be far more successful than the Europeans in persuading French Africa to put African unity before short-term commercial interests.

The problem of bringing the British gradually into the European process also arises in political integration; this is discussed in the immediately following article. Here Mr Heath's declaration in Paris that Britain is willing to play a part is already helping to get the economic negotiations under way. At a recent European discussion in Baden-Baden one German journalist remarked that he, together with a very large number of other faithful "Europeans" in France, Germany and Italy, had been opposed to British membership until about a year ago, because they thought the British would destroy the community from within. Now they had changed their minds for three reasons. The pressure from the east, they felt, had grown; Britain was now prepared to work for political as well as economic unity in Europe; and they recognised that a new younger generation was becoming influential in Britain. The backing of the "Europeans" has practical importance, for it is already becoming clear that the European Commission will play a leading part in the talks, if only by helping the six governments to agree. France retains its specially important position, underlined by the fact that in January it is M. Couve de Murville's turn to be chairman of the Council of Ministers. But in the opening engagement at Brussels, despite momentary splits among the Six, Britain has encountered a community outlook, in which a vigilant determination to defend the common market is combined with a real wish to have a seventh member.

Europe's Second Front

FROM OUR PARIS CORRESPONDENT

WHILE the future size of the European common market is the subject of the Brussels negotiations, its future political shape has been under discussion in Paris. The representatives of the six governments failed on November 10th to agree on a common draft for a political union, and decided to try again on November 29th. The draft principally under discussion was a diluted version of an old gaullist project. That project, it will be recalled, first attracted public attention in July, 1960, when General de Gaulle sketched out his ideas about the political co-operation of western Europe to Dr Adenauer in a *tête-à-tête* at Rambouillet.

Some people greeted the scheme with misgivings, as a threat both to the existing institutions of Little Europe and to Atlantic solidarity. The French had to water their scheme down in certain ways, and to offer assurances that it was not aimed either against the Brussels institutions or against Washington. The amended version found acceptance in Bonn, but the Dutch are still proving hard to win over.

To overcome the Dutch opposition the heads of government of the Six decided (last July, in Bonn) to set up a committee which would draft a political plan for Europe. This Fouchet committee (called after its French chairman) has received several proposals, but the French draft of a European Union is the most comprehensive and has been most heard of. This new union, in the French version, would have a council, a political commission and an assembly. The heads of government (or state) forming the council would meet every four months and reach their decisions unanimously; their foreign ministers would meet not less often. The political commission would be staffed by civil servants and housed in Paris. The assembly, which would not be a new body but the existing assembly of the European communities, would have only advisory powers. The novelty in the draft is the provision that the treaty must be revised after three years in the spirit of closer co-operation. Since aims such as "a unified foreign policy" have been included among the desirable objectives, this article has been hailed as a possible sign of a future gaullist conversion from the unanimity principle to majority rule.

ARTICLE 17 of the draft provides for the admission of new members. The Quai d'Orsay let it be known on November 3rd that the French plan had British blessing—an embarrassing overstatement at a time when the Foreign Office was, in fact, happy not to have been asked to express an opinion. It is true that the French plan—with its unanimity rule and strict preservation of sovereignty—should suit British taste. On the other hand, the timing of this new venture, parallel with the Brussels negotiations, is awkward. There will certainly be those in London who point out that the political rules of the European club are being altered, without British participation, just when Britain is trying to join. But the Foreign Office has additional reasons for discretion. It can hardly rush in to back a scheme which is merely one draft among several, and which happens to be opposed by just those members who are most keen on British participation. Once again the Dutch have objected to the French plan and have asked that when political institutions are to be elaborated, Britain should be brought in.

Backed this time by the Belgians, the Dutch have attacked the French project from many angles. Defence, they say, should be left to Nato exclusively. A European government, they argue, is best approached through the merger of the executives of the existing European communities, which should be backed by a popular assembly elected through universal suffrage. They want the British in the drafting room. The Dutch have their critics in turn, who warn them of a contradiction between the two objectives they seek—European federation and Britain's full entry into Europe. But the Dutch have their reasons. Whether through federal institutions or through the British presence, they want guarantees against a Franco-German domination. Aware that they cannot make progress on the first safeguard, for the time being, they lay stress on the second.

Professor Hallstein, the president of the European Commission, was the French President's guest on Thursday, an occasion presumably used by General de Gaulle to offer reassurance to the Europeans. General de Gaulle will doubtless talk further about his scheme when he meets Mr Macmillan on November 24th. In the following week the Fouchet commission makes its second attempt to produce a common draft, and General de Gaulle is to see Dr Adenauer again. This European second front is unlikely to fall quiet.

Mr Diefenbaker and the Common Market

FROM OUR OTTAWA CORRESPONDENT

AS it looks from here, the Anglo-Canadian differences about the European common market have developed into a competition in gamesmanship between an old pro and a bunch of country bumpkins. Mr Macmillan's management of British public opinion throughout the long build-up preceding the Brussels negotiations looks like a model for Madison Avenue to dream about. Some Canadians, eyeing it enviously, are now suggesting that a more critical and less docile press might in the long run be better for Britain. North Americans find it difficult to acquire, or wholly to approve of, the sort of solidarity which in British eyes probably seems most admirable and desirable for a country entering into a fateful undertaking, whether it be war or negotiations to join a common market.

Mr Macmillan's deft manipulation of British opinion deserves part of the credit for the excellent press that Britain's approach to the common market has had in this country. But if the Canadian ministers had been equally professional in their gamesmanship, their Madison Avenue rating need not now be nearly as bad as it is, either here or in Britain. The Canadian prime minister has been outclassed by Mr Macmillan in the very art which has been claimed as Mr Diefenbaker's chief political asset. The speeches of his ministers, whether leaked from private meetings at Accra, delivered in Parliament, or vouchsafed to service clubs and other miscellaneous audiences all over Canada, have reduced Canadian opinion to confusion. Last week's Canadian newspapers were rich in articles setting forth the statements of different ministers in the same week, and of the same ministers in different weeks, in a juxtaposition that made them ridiculous.

Mr Diefenbaker took practically no part in this ministerial relay until last week, when he spoke in Halifax. Even then, the voice of the master came through uncertainly; he spoke without a manuscript and neither his exact words, nor their context, are of certain record. But the keynote was unmistakably different from previous statements by his colleagues and by his High Commissioner in London. It was as though he said, "They may talk like country bumpkins, but I am as good a gamesman as any Macmillan." Whatever the precise words, the intent was clearly to place upon Mr Macmillan the whole responsibility for any damage Canada may suffer if Britain succeeds in joining the European Economic Community. Mr Diefenbaker said he had Mr Macmillan's assurance that Britain would not sacrifice any of those vital things upon which the continuance of the Commonwealth depended; and he confidently accepted that assurance.

This sounds like the first stroke of real gamesmanship to come from the side of the country bumpkins; unfortunately, that may be the extent of its significance. Certainly it does not alter the Diefenbaker government's opposition to British entry. But it does raise the question whether superior gamesmanship is more likely to gain real victories or to end in the futility of an advertising campaign which wins professional admiration without bringing in any sales. City folk are prone to the error of taking the bumpkin's clumsy awkwardness for complete boneheadedness. On this sub-

ject, Canadians generally would agree that their government has been both clumsy and awkward. The Canadian ministers have so completely failed to explain their case that even their own people are ready to assume that they have none. The British spokesmen have brilliantly exploited these inarticulate Canadian mumblings. One might say that it has almost been established that Macmillan washes whiter, while the Canadian advertising leaves it in doubt what the Diefenbaker detergent is meant for at all.

But the final test is at the washtub. The very clumsiness of the Canadian campaign raises a doubt whether the Canadian case can be as bad as all that. Summarily, this case—which officials here argue strongly—is that the British Government was both unreasonable and unfair to expect Canada and the other Commonwealth countries to announce in advance an order of priority among their trading interests. "That may have been possible for some countries like Australia," said one Canadian apologist, "but our interests go right across the board. We have declared our interest clearly enough; but we cannot announce in advance of negotiations that we are ready to sacrifice certain items rather than others." Thus the Canadian Government believes it has taken the only possible negotiating position in insisting that the British should advance their proposals for Canadian consideration, instead of expecting the Canadians to choose which limbs shall be lopped off. It is a position consistent with Canada's opposition to British entry, which, wise or foolish, was always clearly known. Britain, it is said, is seeking to break its preference contract with Canada; surely it is normal and proper that Britain should put forward proposals. There is irritation here that the British Government should ever have expected anything else; and it is being stoked by the growing impression that the British ministers are not fully revealing the details of their European talks, even to Commonwealth countries which they have criticised for hesitating to lay bare all their thoughts.

Behind the futile front the research and design team is presumably at work, planning, one supposes, for the day when Canada has to make up its mind what to do. The Canadian formula may not be revealed until Britain has got its own common market package tied up. In a tentative way, however, Canada's backroom boys are beginning to reckon with the sort of world the Americans may fashion when the British-European bargaining is over.

Italian Communists in Disarray

FROM OUR ROME CORRESPONDENT

THE Soviet Communist party's 22nd congress has all but shattered the ideological foundations of the Italian Communist party. The shock is more stunning than Mr Khrushchev's first repudiation of Stalin at the 20th congress. Five years ago it was possible partially to conceal the implications and even the facts of the Khrushchev report from most of the communist rank and file. Not more than 20 to 25 per cent of the party members are believed to have read it or at least to know its contents. In the depressed parts of Italy many communists even knew nothing. This time concealment is impossible because, for one thing, Mr Khrushchev himself has made the facts public and, for another, news now travels faster and wider in Southern Italy than it did five years ago, thanks to television. Moreover, in 1956 the Hungarian revolt, coming so soon after the 20th Soviet congress, made it possible for the communists to rally, if only defensively, and so to put aside the ideological problems raised by the Soviet congress.

This time Mr Khrushchev's accusations go much deeper. Moreover, by implication all Stalin's contemporaries and associates are involved, including Signor Togliatti (visibly aged since he came back from Moscow), who is not far from the last surviving member of the Comintern. He is therefore under suspicion with the younger members of the party, who are demanding a complete critical historical analysis of the whole period of Stalin's dictatorship, leading, if necessary, to the rehabilitation of Trotsky. The analysis, they feel (and they are encouraged in this by the Socialists and the Social Democrats) should show whether the men or the system were at fault. These young communists have been shaken by the Socialists' thesis (expressed by Signor Nenni) that the tale of Stalin's crimes goes to prove that the system lacks institutions able to guarantee it from abuses of power. Signor Togliatti pretended at first to take this bull by the horns. Signor Ingrao, Signor Pajetta, Signor Amendola and other members of the party directorate were detailed to declare that the party must explain to the rank and file how such things (as individual and mass murders) could happen



only in a particular historical context. They were to explain the historical reasons for the errors of the personality cult. Signor Togliatti, however, seems quickly to have felt that an appeal to history could drew him onto dangerous ground—especially since Signor Nenni is perhaps disingenuously, clamouring for Mr Khrushchev to open his archives. At the Communist party's central committee Signor Togliatti cut short the "historical" argument by saying that nothing can be seriously wrong with a system which, even under a cruel tyrant, allowed the Soviet Union to make such spectacular progress as a socialist society and as an international power. For Signor Togliatti (educated by the Jesuits) the end still justifies the (stalinist) means.

The Italian Communist leaders are now confronted with the problem of whether Mr Khrushchev is going to win the last round with the anti-party group or whether he, in turn, will very soon be overthrown either by the old guard or by a *nouvelle vague*. At present they resent his failure to give them any warning that he was going to drag Stalin from his tomb. They feel that, to put it mildly, he under-rates the ideological difficulties which destalinisation creates for the communist parties in the West. Moreover, he sprang on them his new attack on Stalin just when their morale was badly shaken by his bomb tests, which have been a serious ordeal for a party whose propaganda is based on "peace" talk and had pilloried the French bomb because it polluted the atmosphere. A further cause of disquiet is the belief of some communists (and socialists) that Mr Khrushchev intends to double-cross them by coming to terms with the Americans. His aim, they allege, is to obtain a twenty years' truce so that the Soviet Union can consolidate its economic progress. Any entente between the Russians and the Americans would leave the French and Italian Communist parties with an ideological platform of rotten boards.

In spite of these motives for resentment and suspicion, the



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Italian Communists are unlikely to sever their relationship with the Soviet party. At the same time they fear that a too supine obedience to Moscow may reduce them to the condition of the French Communist party, which they regard as a bunch of factious bureaucrats. Stalin used to be venerated as a father figure in thousands of Italian homes. Even after the 20th congress his picture still hung in many communist co-operatives. This idol cannot be destroyed without hurting the iconoclasts. Humble Italian peasants and workers will not understand the "historical" explanation of Stalin's crimes. To them the man who led the Soviet Union to victory, and destroyed the Nazis and the Fascists, is a symbol. Now they find their beloved *Baffone* (mustachios) insulted after his death in a way which almost recalls the treatment given to Mussolini.

After the ideological crises of 1956 the Italian Communist party lost 238,000 votes. The intellectuals deserted it *en masse*. But in the 1958 elections it gained more than half a million votes. Since then membership has declined steadily (from two million to about one and a half million) and votes have increased at every local or general election at the rate of 1.5-2 per cent. As votes have become more important than membership cards, the party's organisation and propaganda have undergone a subtle change. The party is conditioned by life in a parliamentary democracy. Today in local elections it is losing votes under the shock of Mr Khrushchev's bomb tests and it is certain that many members will fail to renew their cards. But in the long run the party's future depends first on what Mr Khrushchev does next and secondly on what Signor Nenni and the Socialists do.

At present Signor Nenni is determined to press his advantage, claiming that the new Khrushchev is but the old Stalin writ small, in order to bring the Socialist party into a left-centre coalition. This would isolate the Communists, a fate which they morbidly fear. Some Socialists, however, think it would be a mistake to leave the Communists alone in opposition, attracting the votes of all the dissatisfied Left. Instead, they claim, the Socialist party should take advantage of communist disarray to stand forward as the major party in opposition, reclaiming its right of primogeniture as the first working-class party. The Socialists' division on this issue is so bitter that it may split their party.

Neutral Dilemmas

FROM A CORRESPONDENT LATELY IN PNOM PENH

THE Cambodian policy of neutrality—a neutrality so absolute that Prince Sihanouk has even been at pains to avoid too close association with the "neutralist" block—is facing its severest test. Diplomatic relations between Cambodia and Siam have been broken and the frontier has been closed. South Vietnam accuses Cambodia of harbouring Viet Cong (communist) rebels and the Cambodians, conscious that their neighbours are far more numerous and better-armed, dig slit trenches in the public gardens of Pnom Penh. Now Prince Sihanouk, in a statement published in *Réalités Cambodgiennes* on November 3rd, has threatened to turn to the communist block for assistance if the Americans do not impose restraint on their allies. What is it all about?

The explanation is partly historical. When the great Empire of the Khmers (whose descendants are the modern Cambodians) foundered in the 14th century, its vast territory was divided between the Annamites (Vietnamese) and the Siamese. If the French had not imposed a protectorate in the 19th century Cambodia might well have disappeared altogether. Even as late as the second world war the Siamese took temporary possession of two Cambodian provinces as a reward for collaboration with the Japanese. Memories of Vietnamese invasions and occupations are as vivid.

A dispute about the ownership of an almost inaccessible ruined temple on the Siamese-Cambodian border caused a temporary diplomatic rupture and closing of the frontier two years ago, but the dispute was patched up and referred to the International Court of Justice. On October 20th, however, the Siamese strong-man, Marshal Sarit, on the strength of a garbled version of a press conference given in Tokyo by Prince Sihanouk, made a violent attack on Cambodia with insulting personal allusions to the prince. Cambodia, he said, had shown its willingness to become a base for communist aggression against Siam. The Cambodians, particularly offended by the sneers at Prince Sihanouk, broke off relations, and the Siamese then closed the frontier, making it more difficult for tourists to visit the magnificent Khmer ruins at Angkor in northern Cambodia.

Observers of the Bangkok political scene are full of possible explanations of Marshal Sarit's violent speech. He may have wished to create an atmosphere of national emergency in order to forestall a struggle between rival army generals anxious to stake out a claim to succeed him. He may have wished to get greater American financial aid or an even more categorical assurance of American support in the event of foreign attack. In the past the Siamese have found that a demonstration of an independent foreign policy can pay dividends.

SUCH sophisticated explanations have no currency in Cambodia, where the army is painfully conscious that its lack of modern equipment would soon reduce it to a guerrilla role. The threat of invasion is considered real and the Cambodians point to their concurrent troubles with south Vietnam as evidence that the two pro-western countries are planning a concerted campaign. The only question seems to be whether, as the more left-wing newspapers allege, the United States is conniving at this intended aggression. Hence Prince Sihanouk's statements that he will, reluctantly, have to ask for communist assistance if attacked.

The immediate cause of trouble with Saigon arises out of the struggle between government and Viet Cong forces in south Vietnam. Partly in order to disguise the fact that it holds only two frontier-posts in strength (one of these was actually overrun not long ago) the Ngo Dinh Diem government has accused Cambodia of harbouring and encouraging Viet Cong rebels. It is true that the frontier is ill-defined and so swampy that its physical aspect alters radically with the seasons. Hence it is quite possible that Viet Cong groups slip across the frontier, but it is quite wrong to talk of Cambodian connivance, just as it would be wrong to accuse the south Vietnamese of deliberately violating the frontier because they might cross it in the heat of a skirmish. It is a pity that the south Vietnamese allegations have been repeated by certain sections of the American press, giving a handle to the left-wing Cambodian newspapers who would like to push Prince Sihanouk nearer to the communist block.

Despite mild criticisms from both right and left in Pnom Penh, there is no doubt that Prince Sihanouk enjoys the overwhelming support of the Cambodian people. Amongst the peasants he enjoys the prestige of his royal birth as well as of a brilliant orator. In spite of his international preoccupations, he has not been neglecting the countryside and, although most people still live at the subsistence level, there are signs that the high proportion of the national resources spent on education will bear fruit in the use of better agricultural and fishing techniques.

The Americans have a difficult role to play. Siam and south Vietnam are, after all, their close military allies and far stronger militarily than Cambodia. Nevertheless, they will have to point out to their allies that violent attacks on Cambodia are, in fact, only likely to produce the very state of communist domination that these allies profess to fear. At the same time the Cambodians must realise that Marshal Sarit is not just an American puppet and that American influence is limited.

HOME REPORT

Members of the editorial staff and local correspondents report on life and happenings in and around Britain

The Eating Classes

FROM OUR SPECIAL CORRESPONDENT

DINNER at school is now a habit with over half the school-children in England and Wales, and as a habit it is still spreading. In rural areas where a child may travel fifteen miles to school education would be impossible without it, except at the cost of undernourishment. The genuine welfare aspect of the service is still a reality, too. At last year's census 3.8 per cent of children were receiving free dinners; many more were allowed reduced rates. The places where a relatively high proportion—over 8 per cent—of the dinners were free provide a commentary on the patchiness of modern prosperity. Of the towns, Sunderland, West Hartlepool, Newcastle-on-Tyne and Gateshead all came in this group. Of the counties, Anglesey was way ahead with nearly 17 per cent eating a free meal, in contrast to comfortable Hertfordshire with less than 1½ per cent.

The teachers knew the power of the weapon they had chosen when, in their salary dispute with Sir David Eccles, they threatened to withdraw entirely from supervision or any other duties connected with the lunch period. In most places this would have meant morning school only. The very fact that the meal service was seized upon as a weapon is bound up with the genuine grievances which teachers feel about the system. The Minister has recognised this and has said he is prepared to discuss ways of relieving the burden.

It is very provoking to do a service of one's own free will and then to find that it has become a permanent obligation. This is the feeling that many teachers had when the 1944 Education Act officially embedded the midday meal into the educational system. Embedded it has remained as a thorn in the flesh of the teachers who work in those schools where squalid physical conditions, poor organisation, or bad discipline make dinner-time the most dreaded hour of the day.

OUTSIDE such schools—fortunately in a decided minority—the meal system is not without its pinpricks, some of which could be alleviated by closer adherence to that part of the 1944 Act which says that school meals should not impose duties other than supervision. Collecting dinner money and accounting for it still take up too much of some teachers' time (even if a few secretly prefer dinner registers to teaching first thing in the morning). An amazing number of parents do not seem to have 5s. handy on a Monday morning for the week's payment; this and the cut price payments all make for added time consumption. A circular issued by the Ministry in March 1959 recommended only one reduced rate, but even this simplification has not been achieved by London County Council, for example. A non-teacher, such as the school secretary, may collect dinner money but again many teachers would rather do the chore themselves than have their lessons disturbed. Some Sheffield schools have used slot machines issuing meal tickets at 1s. a time, only to find children going hungry because the family's shillings are apparently all earmarked for the gas meter.

As for accounting for the money, there are now said to be no secondary or big primary schools without secretarial assistance for the purpose. Head teachers who feel they need help can ask for it from the local authority. The Ministry of Education is now paying



£1,250,000 a year for clerical work in connection with the meal service, an increase of £750,000 since 1957-8.

Expenditure on non-teaching supervisors to help with meals and meal-break playground duty has also risen—from £1,500,000 in 1957-8 to £2,250,000 now. These assistants see to queue-marshalling and so forth: there is always a teacher in general charge. The maximum number of pupils to one teacher at meal-times is supposed to be 150—it is more usual to halve this proportion. There are no rules about the frequency of dinner-duty, but an hour a week (which may be half an hour twice a week) has come to be regarded as reasonable. In secondary schools it is nearly always less. It is hard to see how this could be cut further unless the teachers were replaced entirely by assistants—which is, of course, what some of them want.

In infant schools, where the children need careful nannying, one assistant is recommended for 30 children; in junior schools the policy is one or at most two to 150 children. Secondary schools are not considered to need, and rarely have, supervisory assistance. The National Union of Teachers is campaigning for this approved level to be raised: in particular, it wants supervisory relief for the secondary school teacher.

This seems a misplaced aim, and one with which many teachers would not agree. It is one thing to find a kind, motherly person willing to help five-year-olds cut up their meat; it is quite another to hire a non-teacher capable of restoring order in a roomful of teenagers fighting each other with knives and forks. Such night-marish episodes may be rare, but the crux of the matter is that in a large, tough secondary modern school, where a teacher needs to combine the patience of the dove with the roar of a sergeant-major, few outsiders are likely to be very effective.

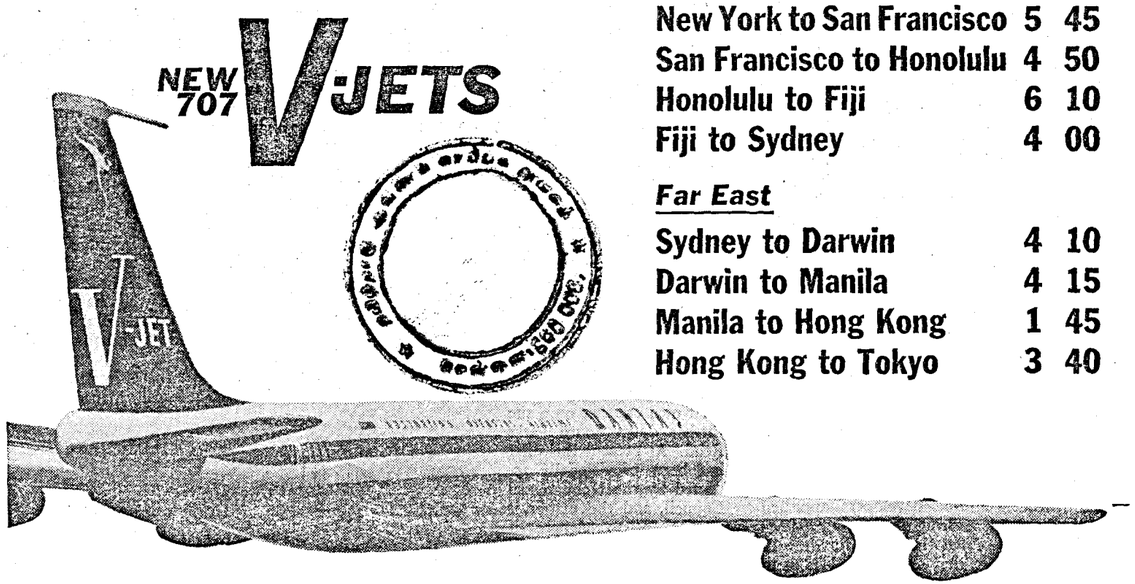
It all comes down to the fact that, as everyone recognises in theory but few are able to apply in practice, feeding is inseparable from social training. Nannying from five to seven is a good basis; it would be better still if things were so organised that in the junior schools adults—teachers and helpers—actually fed with the children, in as small groups as possible, and taught them that meal-time behaviour consists of more than just refraining from hitting your next-door neighbour.

The present arrangements fall hardest on teachers in primary schools, with no free periods and dinner duty probably cropping up once a week. If help to the teachers is to be increased, it is better that children's social sense should be encouraged at this stage. Finally, there are still too many schools where dining conditions are horribly cramped and squalid, sometimes necessitating as many as three sittings. In the smaller infant schools classroom feeding is common, and has not entirely disappeared for bigger children. This is one field where the authorities should, with the Ministry's backing, make determined improvements as soon as possible.

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Henley at Bay



FROM OUR SPECIAL CORRESPONDENT

HART STREET at Henley-on-Thames curves widely down from the commercial end of the town to a full stop at the parish church tower, a few yards from the river and regatta course. It is graceful and pleasant rather than distinguished ; but it is tranquil and mature, and therefore possibly more valuable to its inhabitants than mere architectural merit could be. Not that it lacks merit: 20 of the buildings which flank it are on the list of buildings of special architectural and historic interest.

One of these buildings is now threatened. This is the Catherine Wheel Hotel, whose double Georgian façade at the focal point of the curve occupies nearly a fifth of the street's frontage, and is, apart from the church, its most important single feature. A property company has in mind the demolition of the Catherine Wheel and the erection in its place of six shops with maisonettes above and sixteen garages—to which the residents and borough council of Henley and the Oxfordshire county council have taken the gravest exception, supported by the indignation of the Ancient Monuments Society, the Council for the Preservation of Rural England, the Georgian Group, the Fine Arts Commission, the British Travel and Holidays Association, the Council for British Archæology and Mr Osbert Lancaster.

When the planning application was first made to the borough council in 1959, the plans were returned for revision ; but the general purposes committee did not oppose the application when it was re-presented last December. Shortly thereafter Oxford county council, in some alarm, made a preservation order on the building and, when the planning application was duly passed to them, refused it. In July, Henley borough council, with the consent of the general purposes committee, rescinded the previous decision.

But the would-be developers appealed against refusal, and, at the hearing a fortnight ago, presented their case for demolition. The street, they said, needed shops to serve the town. And their planned development would enhance the architectural wealth of Henley, get rid of a building "ripe for demolition" and spare the owners the loss of thousands of pounds.

All these contentions were disputed by the objectors, who pointed out that Henley already had one shop to every 48 inhabitants, whereas other towns, even in Oxfordshire, had as many as 330 people to a shop (and new towns recommend between 100 and 230 to a shop) ; claimed there were already eight shops empty in Henley and that the turnover of the rest was only a fifth of that in comparable shops in other towns ; and dismissed as a joke the promise to improve Henley's architecture.

As to the losses of the hotel owners (£1,457 in five years), the citizens replied that they were not surprised, since there had been thirteen different managers during that period ; and in any case, if other hotels could make, and increase, their profits, so could the Catherine Wheel, rightly run.

It does not seem possible that the appeal can succeed ; but even if it does not, the matter will not be at an end. The owners have threatened to close the hotel and let it fall into ruin if they are not allowed to develop (and there are no powers to compel the owner of an historic building to keep it up). They may even refuse to sell it at market value to anyone interested in it as a going concern.

Perhaps the lesson in all this is that the time has almost passed when owners of desirable (and viable) property can destroy it, and with it the amenities of people living near it, without reference to anyone else's wishes or to anything but their own gain. That this is not always so has been shown by several cases of hotels in thriving country towns being replaced by "modern" facilities (which can hardly be good for tourism). Perhaps Henley, with its battalions of preservers, will redress the balance.

More About Rhodes

FROM A CORRESPONDENT IN OXFORD

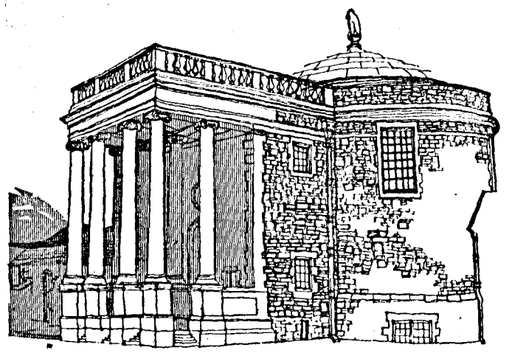
THE physical expansion of the university is less obvious in Oxford than the bold intrusion of the mass-service stores into the heart of the city, but is already marked and will increase. One estimate is that about £10 million of new university and college building is likely to go up by 1970, half of it within the next few years. Some of this, like the new St Catherine's College and the new engineering laboratory, has already begun.

Priority within this programme is decided by a mixture of University Grants Committee decisions, luck and individual bargaining, rather than by overall planning. The latest example of this Anglo-Saxon empiricism is the Rhodes Trustees' offer to donate Rhodes House to the university, to be used as headquarters by the Vice-Chancellor and Registry. The trustees mean to build a new warden's house and other accommodation at their own expense on a site further down South Parks Road. At present this offer has been provisionally accepted by the Hebdomadal Council, and the matter is now open to debate—if anyone wants to.

Would Rhodes have approved? At his death in 1902 he left a large sum to trustees to endow scholarships at Oxford. His intention was to prevent war by knitting together the future leaders of the Anglo-Saxon race. The scholarships were at first intended for white South Africans, other white dominions subjects, Americans and Germans, in that order. (The Germans came every year until 1914 and again from 1929 to 1939.)

Rhodes scholars (about 160 a year) now come from India and black Africa as well as from the dominions and America, and the Germans have not returned. The change in the pattern of world power has necessarily modified Rhodes's identification of its centre with the axis Berlin—London—Washington and first-class honours degrees have become almost more characteristic of the scholars than muscular imperialism. Still, with all these qualifications, the scholarships as they have worked out have been and are a powerful demonstration of the force of ideas and the creation of myths.

This cannot escape the visitor to Rhodes House, the neo-classical mausoleum to



Rhodes's memory built in warm Cotswold stone between 1926 and 1929 near Wadham College. Its echoing interior, with carvings of African animals and imperial mottoes, is reminiscent—deliberately so—of the age of Jameson, Milner, Beit and other heroes, after whom its rooms are named. Its large rooms are used for lectures, its smaller ones for conferences and university meetings. There is a big, well-organised library where you can browse in the stack

The background to the Rhodes Trustees' offer of these premises to the university is, first, the remorseless rise over the last decade and a half in undergraduate and graduate numbers (this looks as though it may level off) ; second, the scale and complexity of university projects which are likely to increase. Each year the fiction that only the colleges count, devised in a more leisured and lazy age, and demonstrated by the university administration's present cramped quarters in the old Clarendon building in Broad Street, becomes less convincing. One recent proposal was to demolish another imperial legacy, the Indian Institute (opposite the Clarendon building) and replace it with a new administrative block, over whose design heads were shaken. This plan now seems likely to be superseded by the present one.

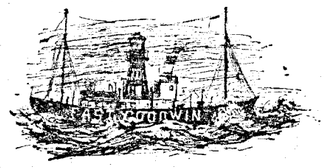
Several points could be raised over the Rhodes House proposal. Many dons believe, like good nineteenth century liberals, in keeping the central government small and uncomfortable: they may resent its proposed emancipation. There have even been murmurs that the trustees are skilfully disembarrassing themselves of a white elephant. At a more responsible level, it could be argued that though acting within their legal powers they are endangering the continuance of the Rhodes myth, of which Rhodes House is a conscious part. Admittedly the trustees insist that the name should remain. But then what is their proposed second building to be called?

Another point is that Rhodes House is not exactly tailor-made for office purposes. Even for its present ones modern design would plan differently. Is it to be altered? If it is, would this be within the scope of the gift? Anxiety will also be felt for the library, which the trustees have stipulated shall be kept intact. Where is it to go, with the Bodleian already so crowded? And what will happen to the present Registry building? As it stands, the proposed transfer, though partly intended to save on building, seems likely to result in a good deal of it.

★

Correction.—In a report on page 548 last week summarising the Welsh poll on the Sunday opening of public houses, the advocates of opening were credited with a victory in Carmarthen, which was, in fact, overwhelmingly in favour of closing. The final score for all Wales was: for opening, 5 counties, 4 county boroughs ; for closing, 8 counties.

Sea Lights



UNTIL this week's gale died down the crew of the East Goodwin lightship spent a highly dangerous and uncomfortable time riding out the storm, attentively watched over by lifeboats, a Trinity House tender and an admiring television audience. The vessel's securing chain snapped on Sunday night and, having no motive power (which is thought to be too expensive for light vessels) she drifted four miles off station until the emergency anchor held.

This is always a risk in winter for the 34 manned light vessels at sea under Trinity House management. Later on the suburban Christmas will not be complete without news stories of the overdue relief of the Wolf Rock or some other buffeted and isolated lighthouse.

There are 230 lightkeepers of all ranks, serving 24 shore and 31 rock stations, and 400 men in light vessels in the Trinity House service. Most of them earn rather less than the £13 4s. a week of a London bus conductor (before overtime). The basic scale for a principal lighthouse keeper now rises to a maximum of £618 a year (on the 1955 scale it was £492). An assistant keeper earns a basic £543 after 20 years' service. There are numerous small allowances (4s. 9d. a day for victualling at rock lighthouses, 2d. an hour when the fog siren is sounding), and a free life assurance premium (£3 a year), but land jobs still carry far better overtime opportunities.

The master of a lightship with four years' service gets £658 a year and a seaman of equal service £568 including a compounded allowance for overtime. Although there are new allowances for long service and others for long hours at sea (£4 a week) and various inconveniences, together with a fortnight's leave for every month on duty, it is still not an attractive job by snug home-and-garden standards.

The old tradition of lighthouse families has almost broken down. The job requires much more mechanical expertise than it did, particularly since the smaller lights have been changed to unmanned apparatus. The lightships' long spells of shore leave appeal to merchant seamen and distant-water trawlermen.

The general lighthouse fund shows an expenditure of £1,824,000 on the Trinity House operation (England and Wales) last year and £581,000 by the Commissioners of Northern Lighthouses (Scotland and the Isle of Man). As a continuing imperial link the Commissioners of Irish Lights (expenditure £751,000) are still accountable to Whitehall. Since the fund is chiefly sustained by dues levied on shipping using British, not Irish, ports the arrangement is not unreasonable.

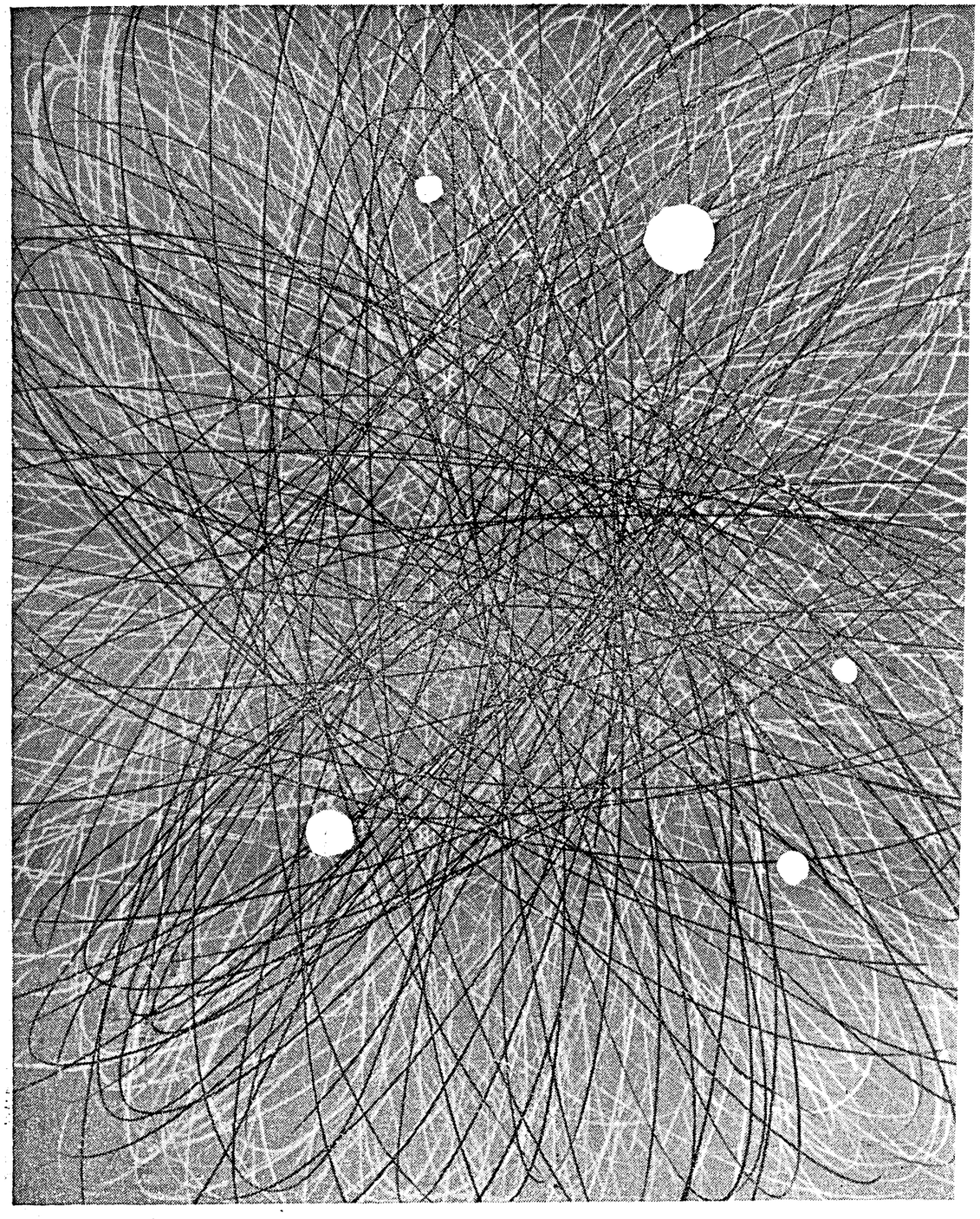
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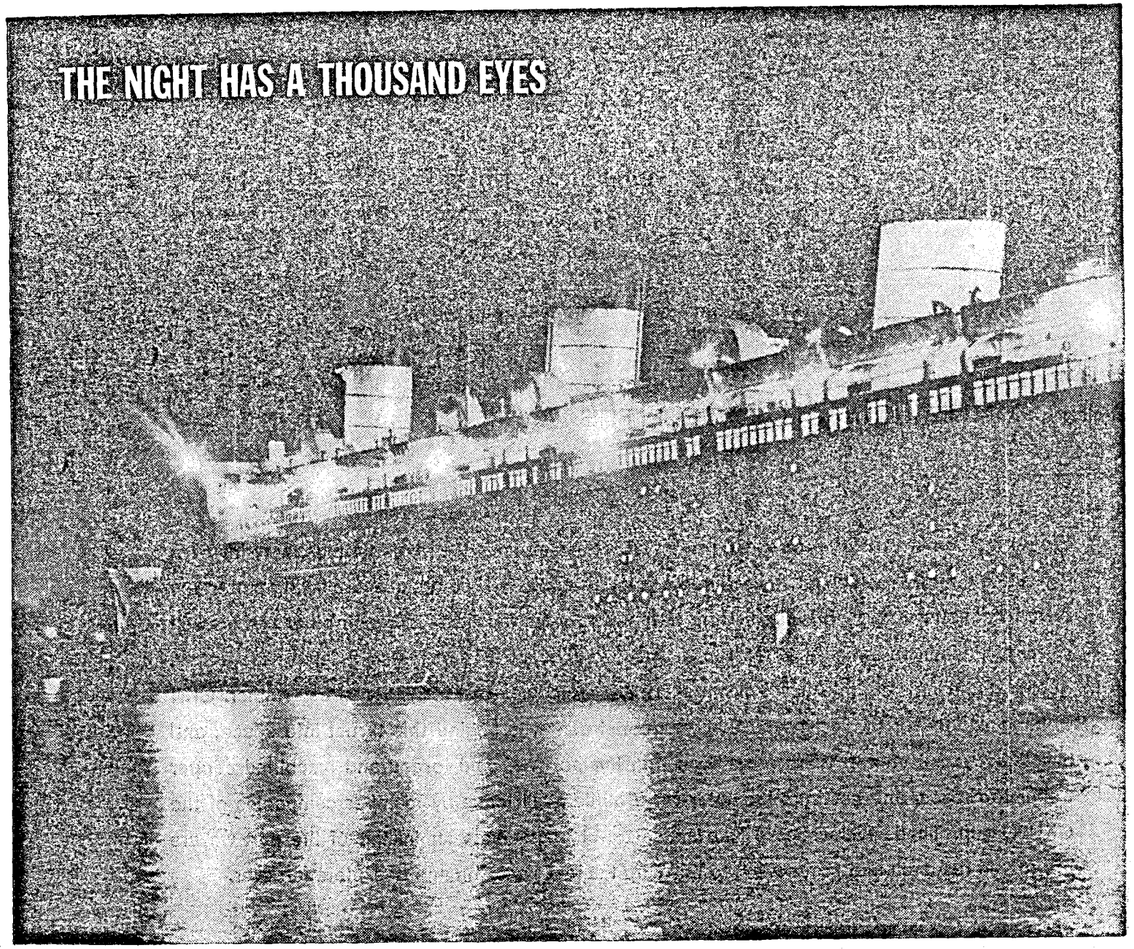


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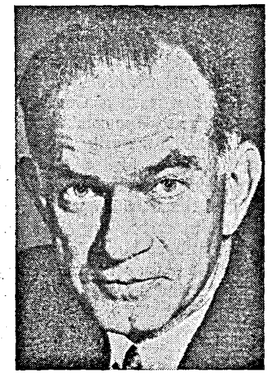
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Fulbright's Fight for Survival



LITTLE ROCK, ARKANSAS

THE political witch-hunt had a great vogue in the United States at one time but it began to go out of fashion in 1952, when many Americans were ashamed that General Eisenhower sat silent on the same platform with a demagogic Senator who denounced the late General Marshall, General Eisenhower's former military superior and benefactor, as a " front for traitors " and a " living lie." But unhappily this form of persecution holds inexhaustible charm for a stubborn and active minority and one such hunt has been in progress for some months in Arkansas, and specifically in Little Rock, where four years ago armed paratroopers escorted nine Negro children through the streets of this trimly laid-out town into a " white " school and thus forcibly ended the principle of educational segregation in the state. In the South as a whole the race situation may well get worse before it gets better. But in Little Rock about fifty carefully selected Negro children now attend school alongside white children and, contrary to the dire predictions of the segregationists, the racial atmosphere in the town has improved.

Most of the townspeople, who were bitterly opposed to integration, are now rather proud of the cautious progress that has been made and of their ability to remain emotionally undisturbed even when confronted, as they have been recently, by freedom riders arriving by bus and by Nigerians putting up at the best hotel. But some Arkansans who think that the Aristotelian golden mean is just left-wing semantics are calling Little Rock a turncoat town that has become a hotbed of moderates and are trying, under the inspiration of a new red scare, to prove that the moderates are " comsymps," or communist sympathisers. Last week, in default of ridding Little Rock's schools of Negroes, they tried to rid them of a history textbook which dares to hint that American nineteenth-century railway tycoons were not the farmer's best friends. The chief targets of the new witch-hunt are school teachers and Presbyterian ministers who four years ago urged racial moderation and are now being attacked at " patriotic " rallies for alleged " softness towards communism."

To the rescue of the beleaguered moderates of his state has come Senator William Fulbright, whom the extremists would love to unseat. Senator Fulbright is a Rhodes scholar, a former president of the University of Arkansas and a Democrat who for three years has been chairman of the Foreign Relations Committee of the Senate. He is a chief architect of foreign aid, which his political foes deride as " fighting communism with gift packages." They also credit him, erroneously, with responsibility for American foreign policy as a whole. At a series of meetings Senator Fulbright has been telling the people of Arkansas that the extremists, whom with cool disdain he calls " radical rightists " because he does not think that they qualify for the more dignified title of conservatives, are unfortunate people who are unwilling or unable to face reality; therefore they have taken refuge in a form of craven and infantile escapism that, he says, reminds him of German Nazis blaming everything on Jews. He adds that it is not the moderates who are too soft to bear the burden of a continuing struggle with communism, but those who prefer to sow suspicion and distrust and to create panic among their neighbours.

THE chief panic-makers are certain institutions which seem to be well endowed by large corporations interested in military contracts. From a fundamentalist college in Arkansas recently there issued a film about communism which ten million Americans are said to have seen and which characterises Britain as a country well on the way to a communist take-over from within, with Canada perhaps not far behind. These organisations equate socialism with communism and hint that a graduated income-tax is part of the international communist conspiracy. This leads only too easily not only to witch-hunting but also to the opinion, which the extremists freely express, that co-existence with Russia is impossible, total war ineluctable and the need for " total victory " imperative.

This summer in a personal memorandum to the Secretary of Defence, Senator Fulbright deprecated close contacts between extremist organisations and high-ranking military reserve officers and base commanders. For doing so he was accused by the " radical right " of " trying to soften American resistance to communism." Mr Fulbright is ready to condemn Russia as a " powerful and resourceful enemy " but he wants to reduce America's commitments to what is practical and to preserve liberty at home while extending it abroad where possible—a maxim that Burke would surely have approved.

The Senator doubts the value of racing the Russians to the moon, does not believe that it is worth sending American soldiers to fight in the jungles to save south Vietnam from communism and thinks that a successful invasion of Cuba would have been a worse calamity than was the actual failure, since it would have shattered American relations with other Latin American countries. He would like to see the United States in closer economic partnership with western Europe and he heartily approves Lord Avon's proposal of a political general staff for the West—but he does so because he believes that the countries concerned would then be sharing America's burden more fully, not adding to it. He is afraid of the United States over-extending itself. He says that " both tradition and George Washington are plainly on my side " when he insists that the armed services should stay out of politics but that he has found it difficult to counter, by his personal appearances in Arkansas, the televised onslaughts of the extremists.

Mr Fulbright may be being too gloomy or too modest. Some people in Arkansas feel that since he began his speaking tour the position of the moderates has improved. They are still being harried but the Senator's presence and his firm words have

heartened them to fight back at their denunciators. The move to exclude the allegedly "controversial" history book from Little Rock's schools failed rather ignominiously. Last week the Governor of Arkansas, Mr Orval Faubus, a diehard segregationist who has made a successful career out of extremism, publicly agreed with Senator Fulbright that "just because a person disagrees with you does not give him the right to call you an extremist." Mr Faubus disclosed that in 1954 when he stood for Governor he was falsely accused of pro-communism because nineteen years earlier he had spent ten days at a "communistic" college. In the United States even liberals seldom deny that witches exist—but it is significant that a man like Mr Faubus should concede that witch-hunts may threaten innocent persons with burning.

Mr Fulbright has represented Arkansas in the Senate, almost unopposed, since 1944 but next year Mr Faubus may run against him for the Democratic nomination which means election in that state. Or the Senator may be opposed by Mr Dale Alford, a segregationist Congressman who, because Arkansas is losing seats in the House of Representatives, will have otherwise to compete for a place with Mr Wilbur Mills, the powerful chairman of the Ways and Means Committee in the House. No one seems to think much of Mr Alford's chances if he runs against Senator Fulbright but Mr Faubus, who has been Governor of Arkansas for four terms and could probably get enough votes for an unprecedented fifth term, may feel that it is worth his while to try to take Mr Fulbright's Senate seat.

There are two snags to any such calculations that the Governor may be making. If he did unseat Mr Fulbright Mr Faubus, in spite of his new-found detestation of dirty tactics, would find that for him the Senate was an extremely lonely place, lacking not only in friendship but also in patronage, as the Kennedy Administration would almost certainly have nothing to do with him when it came to making appointments. The other snag would apply equally to any other contender for Senator Fulbright's seat: the people of Arkansas greatly value the lustre that his years of distinguished service confer on them and know that the state would lose its important position in some of the highest councils of the nation if he were to be replaced.

Therefore it is probable that Senator Fulbright will once again persuade Arkansans that he is the man for them and also that foreign aid is good for Arkansas cotton, rice and soy-beans and even that socialist-seeming free school lunches provide a useful outlet for surplus Arkansas poultry. Senator Fulbright reflects the pragmatic mood of America, which his critics do not. In Arkansas, as elsewhere in the United States, the antics of the extremists seem likely to be self-defeating, not for the first time.

Dilemma over Vietnam

GENERAL TAYLOR'S views on what the United States ought to do to help Vietman beat off communist incursions should be very welcome to the President. The contents of his report are still veiled in unaccustomed secrecy but it is taken for granted in Washington that it does not urge the despatch of American combat units—at least not at present. This is a relief when all the President's energies and resources are being concentrated on Berlin. He knows, moreover, that the Democrats cannot afford another Korea in Vietnam. President Diem himself has not asked for American forces and their arrival, it is felt, might inflict a perhaps mortal psychological blow on his government. They might also very possibly provoke the open intervention by the communist Chinese which the Russians have, so far, been able to restrain. Mr Nehru is said to have put this point of view forcibly to Mr Kennedy when he was in Washington.

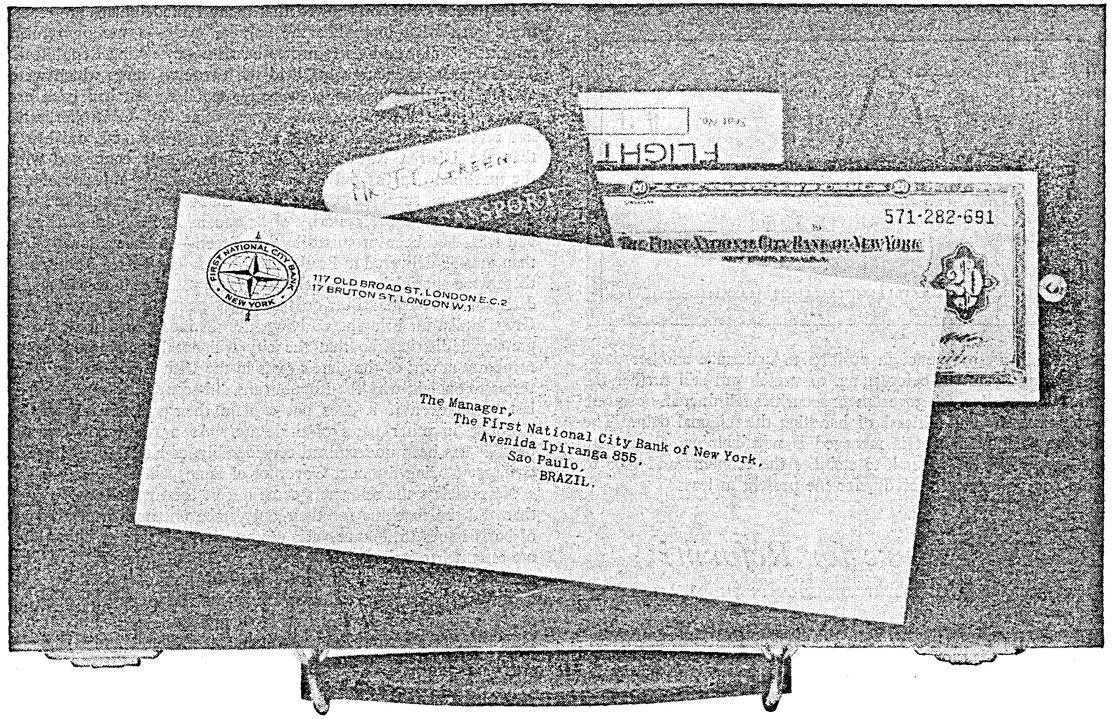
But the President also recognises that his party would be damned as appeasers by his Republican opponents if south Vietnam should be "lost" so soon after his temporising over Laos and Cuba. Luckily General Taylor appears to feel that this need not happen if the Diem government can be helped—and persuaded—to mobilise all its resources, end political bickering and improve its tactics. The number of American military instructors in south Vietnam is already being raised from about 400 earlier this year to about a thousand and helicopters, reconnaissance jets, light bombers and road and river transport are now arriving in Saigon to improve communications and give the government's forces some of the mobility which is one of their enemies' chief advantages. None of these steps has anything to do with General Taylor's mission; they simply fulfil the promises made by the President last spring.

The first result of General Taylor's visit is expected to be help on a large scale to combat the famine that, it is feared, will follow the floods in the valley of the Mekong River. The Seventh Fleet may bring in food and other civilian supplies while American engineers repair roads and bridges. This is a task in which the United States will, no doubt, welcome the participation of other countries, particularly Asian ones; it is also a humanitarian act which will be positively helpful to the reputation of the United States in Asia, whereas military intervention could only tarnish its name and unite its critics. Moreover, a famine might well be the quickest way of bringing down President's Diem's government and putting into power politicians willing to negotiate with the communists.

All's Well at Home

THIS week's announcement of the sharp increase during the third quarter in the deficit on America's balance of international payments had been prepared for in advance by Treasury officials; they have tried their best on their regular visits abroad to explain to foreign bankers what they are doing both to improve the immediate situation and to remedy the long-term difficulty. In their efforts to convince these bankers that the United States is not heading for inflation they are helped by the fact that the latest announcement comes at a time when the government's receipts and expenditures are roughly in balance and will continue to be so in effect until the fiscal year ends on June 30th, in spite of the deficit of about $7 billion on the year as a whole. The fact that the current Budget is in balance means that even if the economic recovery goes full speed ahead interest rates can remain low with safety as far as the domestic economy is concerned—although such rates are not so safe when the balance of payments is considered. Indeed one reason why last week the Treasury sold a special "strip" of $800 million short-term bills, with maturities ranging from 22 to 71 days, was to increase the supply of these bills and to prevent their prices from going up and their yield from going down. A fall in short-term interest rates encourages funds to flow to Europe, where yields are higher and has an adverse effect on the balance of payments.

But the main purpose of this special issue was to provide cash for paying off those holders of about $7 billion of Treasury bonds maturing this week who did not want to take advantage of any of the exchanges which were offered. In fact these exchanges were so attractive that only 7.5 per cent of the holders, instead of the usual 10 per cent, took cash, amounting to $515 million, so that the Treasury is left with a comfortable balance in hand. Holders had a choice of three exchanges: into a 3-month note at 3¼ per cent; a 4½-year bond at 3¾ per cent; or a 13-year bond at 3⅞ per cent. Over 40 per cent of the holders chose the longer-term issues and this brought a welcome lengthening in the maturity of the national debt. This result was particularly satisfactory since practically all the holders were private individuals. With no new cash needed before next July at the earliest the Treasury now feels



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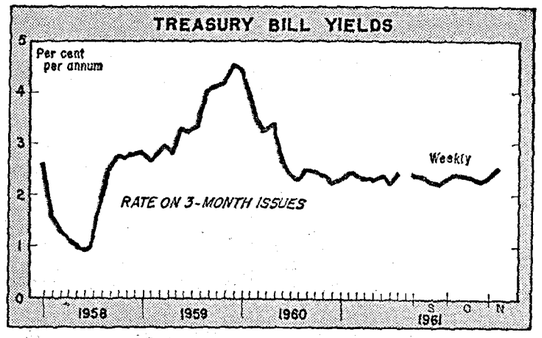
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that it is in a strong enough position to undertake another debt-lengthening operation before long, to stretch out still further the frequencies with which government securities fall due, an operation which eases the difficult task of handling the national debt. The way in which this debt is managed is now helping, along with monetary policy in general, to stabilise the economy and thus to avoid any tightening of credit, for the present at least.

No Future for Reform?

FROM A CORRESPONDENT RECENTLY IN PHILADELPHIA

MR RICHARDSON DILWORTH, the Democratic Mayor of Philadelphia, is running for Governor of Pennsylvania, to succeed Mr David Lawrence, who cannot succeed himself and whose term expires at the end of next year. Mr Dilworth's candidacy will not be official for some time because once it is he has to give up the mayoralty. He will have to do that in any case at the end of 1963 since the law allows only two four-year terms; this is one reason why Mr Dilworth is determined that his desire to run for Governor shall not be frustrated in 1962 as it was on earlier occasions. Evidently he hopes that, by making it clear that he intends to fight for the Democratic nomination even if he is opposed, he will choke off opposition, that the Democratic organisation will be prepared to accept him rather than have the party divided by a bitter dispute for the nomination just before what will be a hard struggle against the Republicans for the Governorship itself.

If Mr Dilworth is the candidate it will mean that the Democratic ticket is headed by two Philadelphians—a geographic coincidence which is politically undesirable—for Senator Clark is up for re-election next year. It will also mean that it is headed by the two leaders of the reform movement which brought the Democrats to power in Philadelphia in 1952 after nearly seventy years of increasingly corrupt and incompetent Republican control of the city. But since then the Democrats in Philadelphia have built up their own machine, headed by Representative Green, one of the city's members of Congress; it is modern and efficient but not above relying for its funds and influence on the time-honoured system of patronage and favouritism which the reformers threw out of City Hall. They have tried to hold aloof from Mr Green except when they have crossed swords with him. But lately, particularly in this autumn's election campaign, Mr Dilworth has been compromising with, and even supporting, Mr Green, partly to further Philadelphia's great rebuilding programme, one of the major achievements of the reform movement, partly perhaps to protect his own gubernatorial ambitions. Mr Dilworth is especially criticised by the Republicans for not taking seriously enough a resurgence of corruption which was discovered in the city government earlier this year.

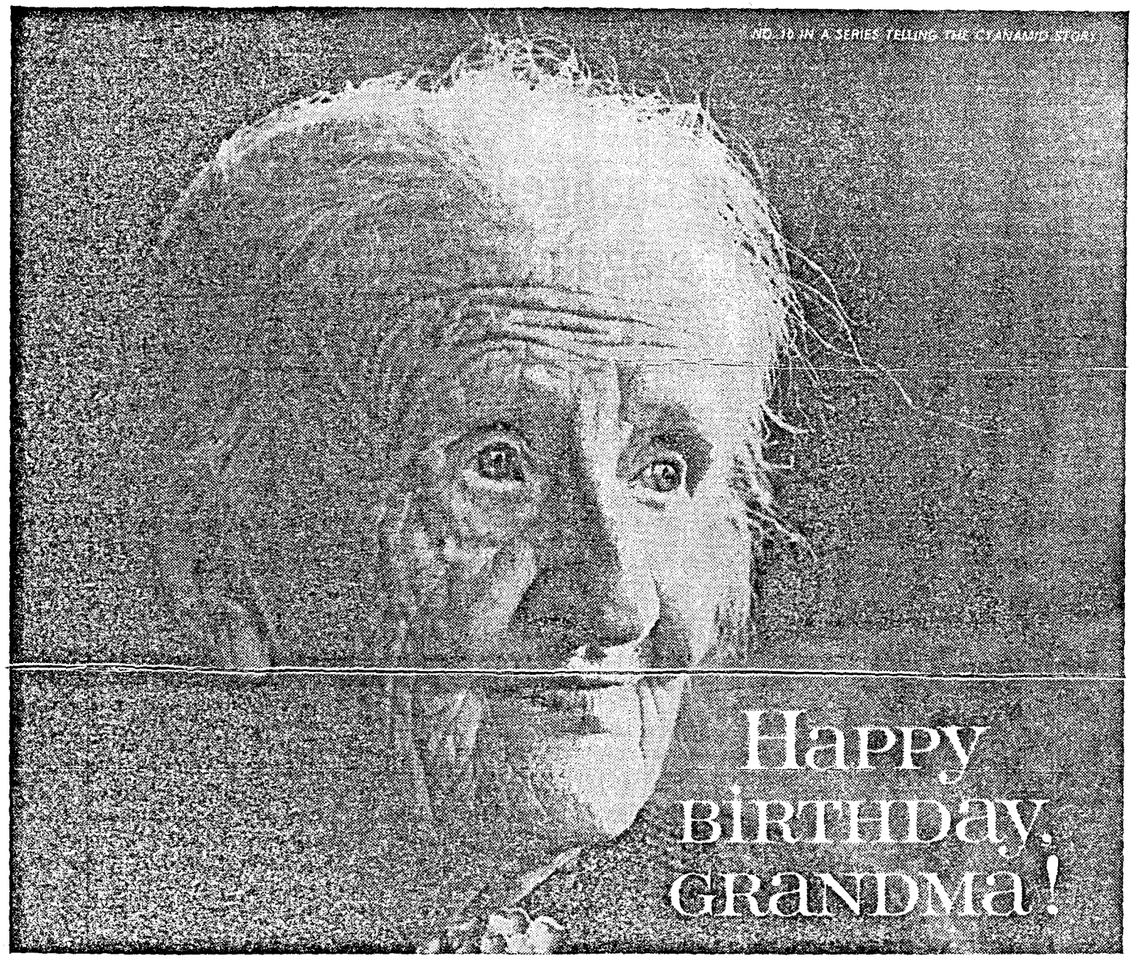
Last week's election showed that many Philadelphians are reacting against what looks like the familiar cycle—a waning reform movement followed by a return to bossism—by voting Republican. The Democratic incumbents held the two city offices which were at stake but their majorities were far smaller than had been expected while the total vote was larger. The City Controller, who had revealed the malfeasance in the letting of contracts, did better than the District Attorney, who is more closely connected with the machine. In the only state-wide election, for a Judge of the Pennsylvania supreme court, the Democratic candidate was defeated because her majority of 80,000 in Philadelphia was only half what had been promised by Mr Green—and sensationally less than that he delivered to President Kennedy last year. Admittedly there were special factors in this election; for one thing the candidate was a woman. But, on top of this, resentment against Mr Green's plan for bringing outlying suburbs into Philadelphia's congressional districts, so that the city will not lose by the current reapportionment of the state's seats in the United States Congress, seems to explain why the Republicans did so well in those suburbs last week, even if it does not explain their success in mayoral elections in other parts of the state. As a result Mr Green's prestige has been undermined considerably, as have Mr Dilworth's chances of being the next Governor of Pennsylvania.

Nevertheless the reformers came out of this near-disaster better than did the machine for their only stake on the ballot, a group of bond issues to finance various improvements in the city which are essential to its redevelopment, were all endorsed by the voters, showing that Philadelphians still want the progress which is associated with the name of Mayor Dilworth. For them the question now is whether that progress can be maintained by whoever follows him, whether a man of the right quality is available and is allowed to succeed him by Mr Green. For Mr Dilworth the question is whether he will be able to put at the service of the state the imaginative drive and administrative ability which has served the city so well.

Hosts to Africa

A TWO-DAY meeting, sponsored by the State Department and blessed by the President, on "improving the experience of foreign students in the United States," which took place at the end of last month, has thrown a spotlight on a problem that has increasingly exercised thoughtful people. America welcomes more students from abroad to its colleges than any other country—a wise long-term investment—and the number is still rising. The 53,000 who came last year were more numerous by 10 per cent than those of the year before. Some come on grants from private organisations but the majority make their own arrangements and have to rely on their own resources. Fewer than a quarter come under the government programmes which were co-ordinated and improved when the new Fulbright-Hays Act was passed earlier this year. The number of Africans among these students (2,831) is double what it was last year, but still only 5 per cent of the total. Nevertheless they pose the greatest problems, which must be dealt with if they are not to return home disillusioned (some of course want to stay).

One of these problems is already familiar to African diplomats in the United States. Because of racial discrimination, it is often difficult for Negroes to secure decent accommodation or part-time employment. But all who have commented on the question recently single out, above all, the enormous difficulties many students encounter when trying to pay for their college courses. Too many of them come on grants which do not even cover tuition fees. Far too many come with a quite inadequate command of English. Lesser but common difficulties are produced by the general ignorance, among Africans, of what America is like; and by enrolments



Seventeen grandchildren and nine great-grandchildren are very happy today. It's Grannie's ninetieth birthday and the big party's in her honour. Fit and well, she'll take her tributes from her family like the fine old lady she is.

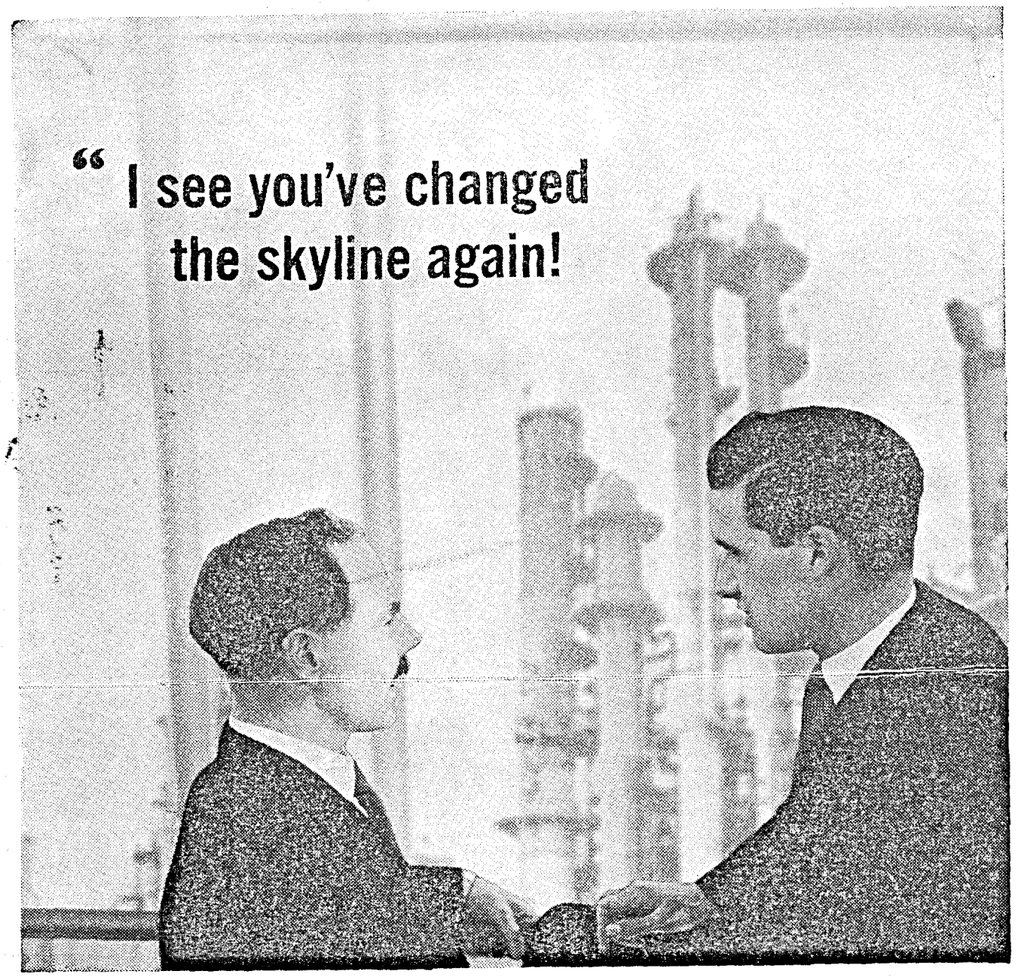
A month ago Grannie recovered from bronchitis after only a few days in hospital. Grannie remembers her youth, when the average span of life was limited to 42 years; she's had a double ration of life and she knows how lucky she is. Chronic bronchitis is a major problem in this country. Lord Cohen, Professor of Medicine at Liverpool University, recently told the conference of the National Society for Clean Air that chronic bronchitis is known abroad as the "English disease", and that the death rate for men in England and Wales, is about 50 times higher than in Denmark and 20 times higher than in Norway and Sweden. Over the past 10 years Government statistics show that this English disease has claimed 339,000 Britons and even last year 31 million working days were lost, with a consequent total output drop of £94 million.

Once there was little doctors could do about bronchitis. But modern methods and modern drugs are bringing new hope; not long ago Grannie's stay in hospital would have lasted longer. Life-saving, health-giving drugs, such as Cyanamid tetracyclines developed by the company's Lederle Laboratories Division, are the result of patient, painstaking research and development work. Yet, of the thousands of compounds screened every year, only a precious few reach the dispensary. Research and development are costly but essential for our welfare. Last year Cyanamid's research appropriation passed £10 million.

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in colleges which do not have facilities for the particular subjects which interest the students involved.

Since last summer, when the miserable plight of some Africans became known, the State Department has been taking more interest in the foreign students for whom the government is not directly responsible. In June it set up an advisory council and at the meeting last month it asked the organisations which were represented for recommendations for joint action ; what seems essential is some sort of a clearing-house for African students and better methods of screening and preparing them before they come to America. But there is an immediate problem as well. The official estimate of the amount needed to relieve existing distress is at least $500,000. The State Department has already given all that it feels it can reasonably withdraw from other programmes and feels that the money can—and should—be raised from private sources. Some observers think, however, that only a rush rescue job by the government can prevent a damaging set-back to Afro-American relations.

How Much Faster in the Air?

FROM A SPECIAL CORRESPONDENT

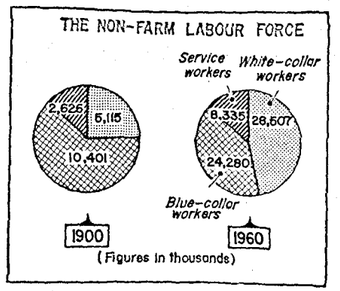
PROPOSALS to build a commercial aircraft that will fly faster than sound have at last been accepted. Before an idea, no matter how vital it may be, can break out of its cocoon in Washington and be transformed into a full-flown project, it must acquire first a set of identifying initials and, second, the unqualified blessing of Congress. Development of a supersonic transport has now achieved this status: it has been officially dubbed the " SST Project " and Congress has given it the ultimate accolade, an appropriation—in this case $11 million. This starting sum is very small in relation to the $500 million and more that will be needed before the first production model of the SST is flying, but the important thing is that Congress knows this and, even so, has given the green light. Next spring Congress will be asked for another $25 million to $35 million to carry the SST project forward; and so it will go ahead, picking up both money and momentum until SSTs are flying sometime in the early nineteen-seventies.

What caused Congress to take this first step down such a long and expensive road ? Mainly the spur of competition—the fear that the Russians would be the first to put on the market an aircraft that all the world's long-haul airlines, including those of the United States, would have to buy if they did not want to be left behind. British and French efforts to develop a SST are not considered cause for concern since both countries apparently favour development only of a supersonic transport that will double the speed of their present transport aircraft, such as the Comet and the Caravelle. There are strong arguments for such restraint. An aircraft whose maximum speed is twice that of sound (" Mach 2 " is the engineering term for this) could be built with present fabricating techniques, using already known and tested materials, and could employ advanced versions of jet engines now in the air. This would be a reasonable step forward in the march of industrial progress but the American decision is to leap beyond it. There is good reason to believe that the Russians have made the same decision.

More White Collars

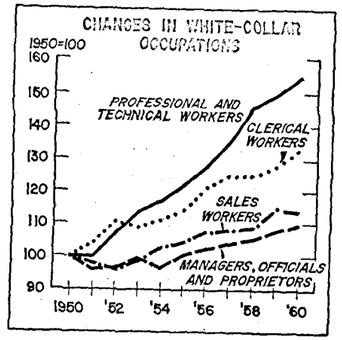
DURING the nineteen-fifties Americans discovered a new phenomenon in their midst. This was the " white-collar worker," a pallid, slightly stooped, paunchy individual who disappeared into a mammoth office building on the dot of 9 each morning. He was next seen at 5 in the evening, plodding with furrowed brow to bus, subway or the 5.32 train to the suburbs. The appearance of this phenomenon, often described as a " status-seeking tool of the business machine," aroused widespread interest and concern.

Meanwhile the white-collar worker himself—or herself—quite unperturbed, went on his or her way. A study published earlier this year by the Department of Labour* points out that about half the working Americans not employed on farms are now members of the white-collar force. Its ranks bulged sharply during the past decade, registering an increase of 27 per cent; in contrast, blue-collar workers, those who perform mostly manual tasks, showed an increase of only 4 per cent, or 1 million. By 1970 there are expected to be 37 million white-collar workers.



These workers follow a diversity of occupations ; the category includes business executives, shop girls, insurance salesmen, typists, government employees and nuclear scientists. They all have three major things in common, however. All work in offices, not factories ; all perform mental rather than physical tasks ; and all have had varying degrees of formal education, to the extent required by their particular jobs.

During the first half of the century the number of clerical workers increased at a rapid rate and by 1950 one out of every three white-collar workers was performing clerical duties. This rise was due partially to the great volume of record keeping which developed in all phases of industrial activity, but also to the expansion of industries such as banking, insurance, and government where record keeping is stressed. Between 1950 and 1960, with computors, duplicating machines and so on taking over many of the clerical jobs, professional and technical workers gained most sharply in numbers, with the increase resulting in large part from the added scientific demands of the electronic and space age, and from the speedy development of some professional and technical occupations unheard of in 1900, such as psychiatric social work and aeronautical engineering.



The white-collar worker has been able to hold his job through periods of recession with relative ease. Women, especially those over 45, are taking an ever increasing share in the group. The top median income for the group, that for professional men, was over $7,000 a year and the median period of education is 12 years with requirements stiffening. Negroes are barely represented in the white-collar ranks—registering 3.7 per cent of its total—but their numbers have been increasing slowly.

* *Monthly Labour Review, January,* February, March, 1961.

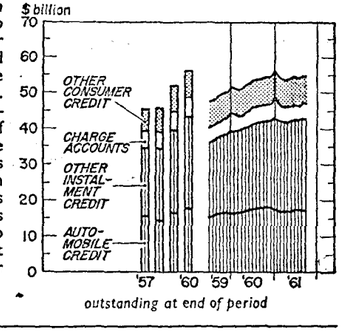
All American efforts are now to be concentrated on building a transport aircraft capable of flying at Mach 3 speeds and more. This will cost not only some $500 million, but will also mean five extra years of work. It involves a calculated risk, that of abandoning the market for intermediate supersonic transports to Britain and France, and perhaps to the Soviet Union. But, if the project succeeds, it will put the United States in the lead in development and production of the ultimate in supersonic transport: a Mach 3 aircraft which, with modifications and improvements, can be evolved into a Mach 5 transport, or even ultimately into a Mach 10 transport. Beyond Mach 10, nothing can be said: a barrier of silence has been lowered firmly on speculation of this kind by security officers.

The Mach 1 barrier is no longer a problem. Even some of the subsonic jets, such as the Douglas DC-8, have penetrated the sound barrier in steep dives and suffered no ill effect. The Mach 3 barrier is the heat barrier, at which skin friction—the air flowing over the metal surfaces—raises the temperature to intolerable heights. In the B-58 bomber (seen at the recent Paris Air Show) the United States already has a Mach 2 aircraft built of conventional materials and using a jet engine of advanced design. *But the United States has no jet aircraft or air breathing turbine engine capable of flying at Mach 3 or faster*; the X-15 aircraft is rocket propelled. Therefore the Air Force is keenly interested in the development of the Mach 3 SST and the Defence Department is co-operating fully in the new programme, even to the extent of acting as contracting officer for all funds to be spent on it. Engine development is what interests the Air Force most. The final design of the engines for the Mach 3 SST will determine most of its basic characteristics: payload, landing speed, efficiency, noise levels and even fares.

It seems likely that at least a "flying test bed" model of the long-disputed Mach 3 B-70 bomber will be built. This should help to supply some of the answers to the many questions of design raised by the SST. In a way, the B-70 has already been of help, for the debate over this project has conditioned Congress to the high probable cost of the SST. At the same time, the reasons which led to the decision to go ahead with a Mach 3 SST have caused repeated delays in the B-70 programme. A Mach 3 commercial transport represents a giant step forward and one which will break the trail for a Mach 5 transport, or whatever the optimum economic speed of a commercial transport is determined to be. A Mach 3 bomber, on the other hand, is only a small step forward from the Mach 2 B-58. What the Air Force is seeking is a comparable step forward in the speed of military aircraft. The X-15, now pressing Mach 6 in its test runs, is already an obsolete machine in the eyes of military planners. If it were not for congressional pressure, inspired in part by the depressed state of the airframe industry, the B-70 would be allowed to fade away like an old vapour trail.

As it is, at least one B-70 is certain to be built; similarly, a Mach 1.5 or even a Mach 2 test model SST will be flown. But neither of these aircraft will be prototypes, in the sense that production models will follow; they will not, in short, be "fathers" of the Mach 3 SST. The relationship will be more on the order of "kissing cousins"—the experience gained will be valuable for later and more serious efforts. If all goes well, these should culminate, sometime in the nineteen-seventies, in commercial services between New York and London in one hour (Mach 3-5) and between New York and Moonbase Alpha in one day (speed Mach 10, plus hush-hush).

CONSUMER CREDIT



Consumer credit in September continued to reflect the lag in consumer buying. Americans paid off more automobile debt than they incurred. The fall in this category—attributed to the lack of new cars caused by the strike at General Motors and to a slight decline in the proportion of cars bought on credit—was more than enough to offset increases in most other forms of consumer credit.

Metals Ask for More

For several years the in-trays of Congressmen have received a steady flow of proposals for bringing aid to domestic producers of lead and zinc who, everyone agrees, are in a bad way. Market prices for these commodities have fallen steadily, imports have been rising again, in spite of the quotas and tariffs, and employment in the mines has dropped from 25,000 in 1952 to 9,000 now. What the operators want most is a substantial increase in import duties—to twice or three times their present levels.

Although mindful of their plight—and of the pressures exerted by their representatives in Congress—successive Administrations have baulked at actions that would antagonise America's trading partners, particularly Mexico and Canada. As an alternative remedy, Mr Kennedy proposed recently a scheme to acquire more of these metals for the already bulging government stockpile. But producers replied that they were in no mood for temporary palliatives and pointed to the failure of a similar programme adopted by Mr Eisenhower when he was in the White House. Last month Mr Kennedy agreed, somewhat reluctantly, to a scheme of subsidies restricted to small producers which would give them an estimated $16.5 million over four years. This measure represents a compromise between what the majority of Congressmen wanted and what the Administration was willing to concede and is a less generous version of a Bill that Mr Eisenhower vetoed in 1960. Small producers will be paid part of the amount by which the market price of either metal falls short of 14½ cents a pound (75 per cent for lead and 55 per cent for zinc); present prices are 11 cents and 11½ cents respectively. But the Administration successfully avoided the introduction of a permanent system of subsidies by reducing the tonnage on which subsidies will be paid to individual producers in each of the four years. The scheme falls a long way short of satisfying mineowners or miners and Bills to bring them protection from imports are certain to come before Congress at the next session just, it seems, as the Administration will be asking for broad new powers to slash tariffs.

SHORTER NOTE

A small but notable achievement of the "people to people" movement is the melting of the ice which for nine years has separated two ex-Presidents—Mr Truman and Mr Eisenhower. Last week they met in Kansas City for the rededication of the city's Liberty Memorial "to the people of the world as a symbol of international understanding." To the amazement of everyone Mr Eisenhower drove first to the Truman Library in nearby Independence, where he was warmly welcomed by his predecessor. The two had not met, except formally, since November, 1952, just after the election campaign in which Mr Eisenhower was deeply affronted by some of Mr Truman's charges.

Long John

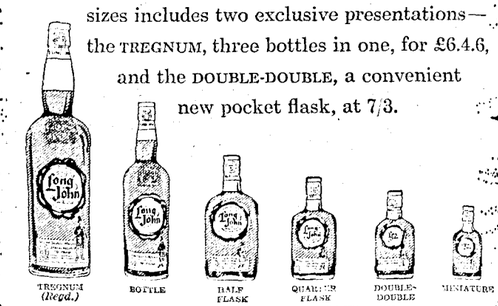
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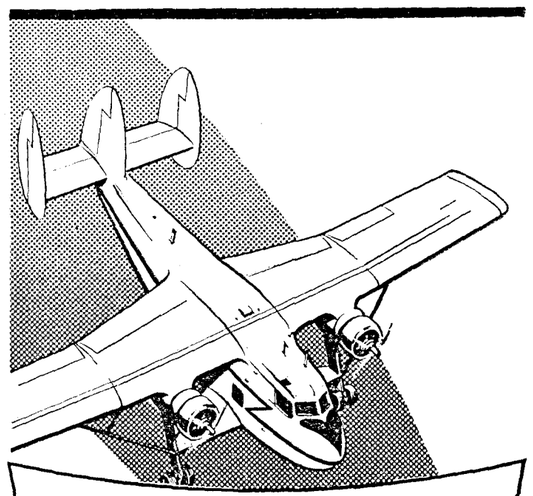
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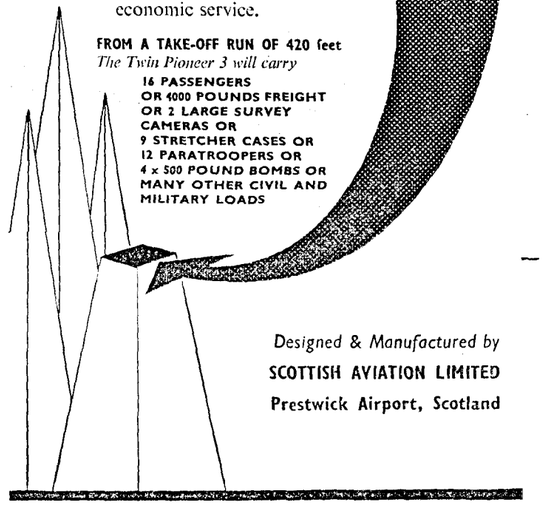
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—whether the reserves are large enough to meet the calls likely to be made on them before the Government's measures take effect?

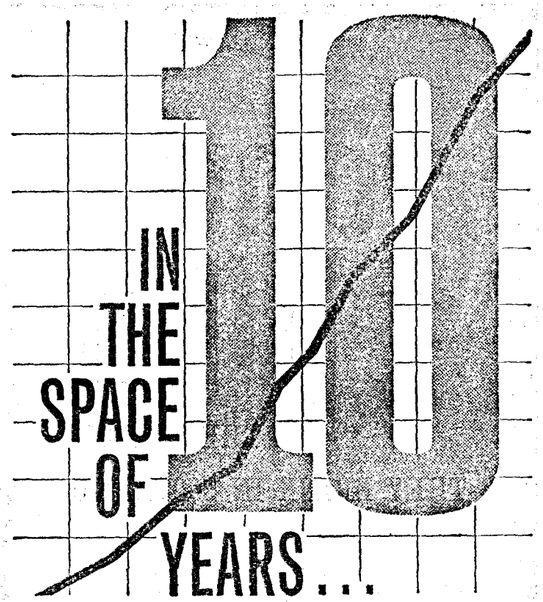
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THE BUSINESS WORLD

Currency and Eastern Oil

HAVE relations between oil companies and the Government of India turned down a Cuban road? This was the anxiety inevitably raised by reports from Delhi this week which suggested that in refusing to accept a set of discounts on petroleum prices urged upon them by the government, the major oil companies were threatening to cut off oil supplies to India—which at present has little oil but what they supply. Those reports, at the time they were printed, were exaggerated: the deadlock is not yet nearly as dangerous as that. But it could become so if either side were to insist on treating this argument over oil prices as indivisible.

One motive, certainly, over-rides all others in the Indian government's determination to reduce the import cost of petroleum products as well as crude oil—the need, clear and understandable, to reduce outgoings of foreign currency. That same determination, last year, won reluctant acceptance from the major companies operating in India of discounts on the prices of crude invoiced to their refining affiliates in India; this was indeed the first open "discounting to affiliates" of the present period of oil surplus, and played some part in breaking the posted prices of crude in the Persian Gulf in August 1960. The discounts given these Indian refineries then, after taking account of the posted price changes in August and September 1960 in the Middle East, now amount to about 8 per cent of the landed prices that would arise from full posted prices in the Gulf plus insurance and freights. Foreign exchange outgoings on crude, therefore, have already been cut to that extent.

One lever that helped India secure those discounts on crude was the example of another Eastern consumer determined to eke out foreign exchange, Japan. As well as the largest consumer of oil in the East, with one of the most rapid rates of increase in consumption in the world, Japan has of late become, through a mixture of commercial bargaining and government pressure, one of the toughest crude oil buyers in the world—and makes this plain for all to see. The assortment of refiners who import crude oil into Japan—some partly foreign-owned, but only one with less than 50 per cent of Japanese participation—get six-monthly allocations of convertible foreign exchange to do so from MITI, the country's Ministry of International Trade and Industry. The amount each refiner gets is set by a formula based partly on the sum he was allowed to spend previously and partly on the volume of oil he got for this, fob from his supplier: freight rates and hence cif prices do not come into the formula. The cheaper a Japanese importer gets his crude oil per barrel in the Gulf, the larger his foreign exchange allocation next time. And MITI adds a twist unusual in deals at a discount: it officially publishes the discounted prices that Japanese buyers secure.

In summer 1960, these published figures showed Japanese buyers were getting about 15 cents a barrel off heavy Middle East crudes priced then at $1.67 a barrel, and just on 30 cents off light crudes priced at $1.86. These discounts were not and are not the largest discounts any buyer gets. But the fact that they are published as regularly available to large-scale buyers there has made the "MITI reports" into a kind of shadow schedule of free market prices for Middle East crude, well below the official posted prices on which the major companies pay royalties and tax to host governments there and at which the majors mostly transfer Middle East crudes to their refining affiliates around the world. Although the argument that it could secure cheap oil from Russia was partly responsible for securing India discounts on its crude imports in summer 1960, citing the discounts that major companies were regularly giving Japanese buyers must have helped too.

WHEN they agreed to allow these discounts on crude imports to their Indian refineries, certain of the major companies concerned, such as Burmah-Shell, agreed that the saving on crude costs would not simply be retained to widen their refining margins; but neither would it go to the Indian consumer. The Indian government felt that an annual increase of some 5-10 per cent in consumption of this imported commodity was quite enough without price reductions to accelerate it; the government therefore proposed to mop up the saving itself by some form of tax. But it left the details unsettled, pending the report of a committee that it had already appointed in August 1960, to report on the internal pricing of crude oil and products. On September 27th this year representatives of the refining and marketing companies were summoned to the Ministry of Steel, Mines and Fuel and presented with one copy each of the 170-page report of this committee. Its recommendations, they were crisply informed, would come into effect from October 1st.

This committee, headed by Mr K. R. Damle, of India's Ministry of Food and Agriculture, covered the whole range of oil pricing within the country, assembling a mass of economic and financial data from the companies operating there. Its many recommendations go into considerable detail regarding marketing and distribution, and include special price formulae for the main refined products. But the key one recommends that after calculating "import parity" formulae

for these products, further discounts should be made on these parity prices, at the following rates:

10 per cent discount on kerosene, aviation turbine fuel and high speed diesel oil.
9.3 per cent discount on light diesel oil.
5 per cent discount on motor spirit.
3 per cent discount on furnace oil.

The committee recommended that these discounts should be passed on to the consumer by setting new ceiling prices for products. The Indian government, however, has decided to take the saving up in special duties imposed from October 1st, leaving product prices to the consumer where they are.

So far as this scale of discounts, or rather extra excise duties, concern the 6 million tons a year of products refined in India, their effect is simply to pass on to the government roughly the equivalent in rupees of the discounts already agreed on crude. At a meeting last week representatives of the major companies appear to have accepted this, though pointing out that the discounts actually proposed were oddly figured as between products. They also accepted various adjustments and restrictions proposed in the report on marketing charges; these were complex but not onerous. In money, these changes, including reductions in the prices of lubricants and special products, would cost the companies £7 million a year, much more than the discounts on bulk refined products detailed above. However, the committee reckoned that the companies in India should be allowed a 12 per cent return on capital employed, which is far more than the larger ones have recently been earning.

The committee and the government, however, proposed also to apply these discounts-cum-duties to petroleum products imported as such—currently about 1.6 million tons a year. This would save about another £1.53 million in foreign exchange—and transfer a like sum from the pockets of the importing companies to the government—over and above the £2.9 million a year already saved in respect of oil imported as crude. But what may be more important is that it would also establish openly published discounts on refined products traded in the world market east of Suez—where in fact, at present, prices of products other than fuel oil and motor spirit appear remarkably firm. And this is the point where the companies jibbed: they told the government they were not prepared to bring in products at these discounted landed prices.

The Damle committee had commented, quite logically on the face of it,

> as discounts are admittedly available on crude oil there is every reason to believe that discounts should also be available on refined products.

But refined product prices depend upon access to markets. The market east of Suez depends upon local and export refineries owned by the major companies, and is geographically fairly remote from independent refiners anywhere who can secure cheap crude and are prepared to export cheap products processed from it. Independent Japanese refiners get crude cheap, certainly—and are now trying to get it even cheaper—but their own booming and diverse market leaves them little in the way of excess products to export. Nor are they very significant buyers of products to balance their demand, though they get some fuel oil across the Pacific and may occasionally get distress cargoes of products cheaply. The Eastern market for products, therefore, is comparatively insulated from price competition. Even apart from the present degree of control of its refining capacity by the major companies, its main demand is for middle distillates. (India, for example, is the largest burner of kerosene in the world.) And everywhere, even in bitterly competitive markets for products such as most of Europe, it has recently been middle distillates that have been tighter in supply, and discounted the least. The scale of discounts proposed by the Damle committee may suit the pattern of Indian imports; but it is right out of line with the pattern of discounts available in markets where product prices actually are soft.

In Europe, indeed, Russian suppliers have recently been reported as telling their customers that no further middle distillates will be available during the balance of 1961, and that prices of all Russian products will be somewhat higher during 1962. This does not mean that Russian prices will then come up to those listed in world markets, or that India cannot get Russian oil. The state-owned Indian Oil Company is already importing Russian diesel oil, kerosene and turbine fuel at discounts said to be of the order of 15-20 per cent under major company prices, under a four-year contract signed in 1960, and it might be able to get more at sizeable discounts. It has limited storage and distribution facilities, but is building them up. Moreover, Russia is accepting payment in rupees.

THE government of India is perfectly entitled to minimise foreign exchange payments on oil, and set its internal taxes as it wishes. Quite obviously, from Japanese example and its own experience, the practical way to do this is to secure adequate local refining capacity and the power to make its local refiners bargain hard in a soft market for crude—either by having some refiners independent of crude suppliers, or by fiat. (None of the Indian government's own refineries is completed yet; and only one of the three planned, in Gujerat, may eventually be suitably located to process some imported as well as indigenous crude.) However, there is considerable spare capacity in the companies' Indian refineries. Since the companies are prepared to accept the new duty on products refined there, the government may find it economical in foreign exchange to let them increase crude throughput and reduce their direct imports of products accordingly. Beyond this, the government can arrange for imports of cheap products to the extent that it can obtain and handle them. The established marketers, also, are entitled to maintain product prices in any area that price-cutting competitors cannot reach; and they might well be unwise to break these prices across a whole area for the sake of direct product sales into one country alone. Over time, as the state refineries begin supplying products from indigenous Indian crude, and to the extent that the state import company goes on getting more imported products cheaper, these direct imports by the majors might in any case be expected to diminish.

The only danger here is that the government might decide to compel the companies to handle cut-price imports through their facilities in substitution for their own imports; or that certain companies, to back up a refusal to supply India with products for which they can get higher prices elsewhere, might talk of stopping crude supplies to the refineries too. The British consumer, who also on occasion sighs for the kind of oil prices that refineries bargaining at arm's length might get him, may well have mixed sympathies here. But the important thing is that this argument should remain limited to the real area in dispute.

Image of a Society

THIS title is taken from a novel concerned with the imaginary affairs of the "Saddleford Building Society." In it, the author, Mr Roy Fuller, poet and resident solicitor of the Woolwich Equitable, deliberately plays on the word "society":

> Many . . . have ceased to visualise the aims of the society, being unable to see beyond their own function as part of its complicated machinery. But one or two . . . though dedicating their whole lives to the service of the society have in fact come to disbelieve in its proposed aims; these beneath the veneer of their skill and devotion, are neurotic, unstable and unhappy, but fortunately they do not constitute any serious threat to the continuance of the society.

This could be as true of an industrial organisation as of a building society. But the first sentence is more likely to be true of a building society than the second, for the danger to a movement that is as conscious of social obligation as of economic necessity comes not so much from disenchantment with its ideals as from complacency and from the acceptance of routine as an end in itself.

The job confronting the chief executives of any building society lacks variety and in detail is largely governed by well-established precedents. The tasks of borrowing money from the public and lending it out on mortgage give rise to little in the way of new challenge to the executive power of making a decision. The stimulus that a new product, a new technique or a new market can present to an industrial company is lacking. The bustle and thrust of competition as it is understood by a commercial profit-making organisation is absent; the desire to expand is generated more from within the executives' own minds, where matters of personal prestige intrude, than from pressures from the outside. As managers of quasi-mutual funds, where the first criterion is absolute financial probity and the second to make only such a profit as will preserve the existence of the society indefinitely, they do not even have any ultimate yardstick of profitability against which to measure their achievements. Societies do indeed compare the rate of growth in their total funds, but this does not provide anything like the same stimulus.

This state of affairs has produced some diverse results. Two of the handful of dominant personalities within the movement—Sir Bruce Wycherley of the Abbey National and Mr Alexander Meikle of the Woolwich Equitable—have remained active within it. But, Mr Algernon Denham, whose recent death has been mourned by so many in the building society world—not excluding those whom he criticised so freely—always sought (though not with complete success) to remain at some distance from the day-to-day management of the Halifax. And Mr Herbert Ashworth, though remaining a director of the Co-operative Permanent, has gone into property development. Another result is that the movement as a whole does not readily contemplate change and mars much of its forward thinking by backward glances over its shoulder. Even today, when the movement's obvious task is to concentrate on getting the savings in, its executives will hark back to the 1930s when the problem was to get mortgages out. New ideas establish themselves only slowly, not being forged by necessity but moulded gradually by the pressure of circumstances. The further, moreover, one moves from the "multiple" image of the big, national societies towards the "independent shopkeeper" image of the small, local societies, the greater is the opposition towards change.

Put baldly, the choice which confronts the societies is whether to lend out what they happen to have in the kitty or to foster the spread of home ownership more positively. The first alternative puts emphasis on the technical minutiae of administration and mortgage lending, the second on the need to stimulate savings. Broadly, the big national societies have plumped for expansion whereas the small, local societies, proud of their financial rectitude, have been content to stand pat. But even the big societies are inhibited in their policies, for they are acutely aware of how hot a political issue anything that touches on housing can be and of how much odium greets a rise in mortgage rates.

THROUGHOUT the movement, there is a tendency to look back at the events of the last decade and to point with pride to the growth in funds that has taken place in the face of sharp changes in interest rates (which have been reflected in the fluctuations of the inflow of new savings to the societies) and of a rise in tax (which has squeezed the societies' margins). But much of this growth is due to the efforts of the big, national societies. Moreover, the rise in savings through the medium of the building societies has been less than the growth in personal savings as a whole; and mortgage business which by normal building society canons ought to be perfectly acceptable has increasingly been turned away because of lack of money to finance it. The building societies may therefore be criticised for not doing enough to satisfy their own professed aims of financing owner-occupied houses on economic terms. Even more worrying is the apparent lack of urgency with which the societies contemplate the further growth of demand for mortgages in the next decade. To live up to their own ideals, they must think harder about attracting more savings.

Primarily, but not wholly, the answer must lie in their attitude towards interest rates. Only with the greatest reluctance have the societies raised their investment rates up to economically competitive levels. Not until the middle of this year was the recommended rate on shares raised to 3¾ per cent, net, and on mortgages to 6½ per cent. Soon afterwards the little budget put the building societies' share rate out of line, and, as the table shows, the net inflow fell. Following the reductions in Bank rate and the clearing banks' deposit rate, the net inflow has picked up a little; but clearly the current rates are maintaining only a low level of new investment.

Yet any likelihood that the building societies will take a

	Building Societies Association* (£ million) 1961			Halifax (£ million) 1961		
Quarters	I	II	III	I	II	III
Gross receipts	122·2	120·5	120·4	31·4	31·2	28·7
Gross withdrawals.	84·3	85·6	94·0	21·1	24·8	22·4
Net receipts.....	37·9	34·9	26·4	10·3	6·4	6·3
Advances	95·1	110·4	111·8	21·4	25·8	23·3
Repayments	84·4	93·8	101·5	17·2	19·2	19·7
Liquid assets.....	361·1	366·3	389·7	75·6	75·4	77·0
Total assets	2,483·1	2,537·0	2,602·8	502·1	515·1	527·0
Liquidity ratio	*14·6%*	*14·4%*	*15·0%*	*15·0%*	*14·6%*	*14·6%*

*Covering about 77 per cent of the movement's total assets.

determined stride into the future by raising their rates, say, to 4 per cent, net, on shares and to 7 per cent on mortgages seems more remote than ever. It would be something, at any rate, if the building societies sternly resisted any pressure to bring their present rates down. There are signs that they may, for members of the movement are beginning to talk openly about "stability" in the rates. To satisfy a bigger slice of the demand for mortgages than they have hitherto done, the societies must not be afraid of high interest rates; if that should mean putting them up again, they should do so promptly. Not that the flow of savings into the building societies is governed solely by comparative rates of interest—the money they prefer to have, and often secure, is that deposited for a fair length of time by the middle-aged, middle class investor. But even he would probably be pretty responsive to efforts to promote fixed term deposits. What the societies can offer such investors is security; and this, with attractive terms, is their big selling point. The new building societies Act, together with trustee status, has given them a new opportunity for salesmanship.

Whether they should look much beyond the range of this class of investor is more debatable. Appeals to teen-agers, who do not save much in any case, may not produce much response; but appeals which link thrift with the buying of a house through a building society mortgage deserve more attention than the societies currently bestow upon them. More societies, too, might also consider following the example of some northern societies in drawing attention to their banking image, with the emphasis on the ease with which deposits and withdrawals can be made. The pass-book system is now common within the movement; but, if the societies are to tap new sources of savings, they will have to prepare themselves administratively for a more rapid turnover of individual funds invested with them.

Whichever method or combination of methods they use, the building societies in the 1960s must create a savings image in the mind of the public if they are to satisfy the aims they have set themselves. It is still too common for a building society to be thought of as an institution from which money is borrowed rather than one where money can be invested. The name "building society" itself stands in the way. It is now, perhaps, too late to change it to the more appropriate one of "savings and loan association" employed in the United States; but in some way the words "savings" or "investment" have to be firmly associated with the title "building society." The route by which the demand for mortgages reaches a particular society is well-established in its links with estate agencies up and down the country and the societies are well aware that the opening of a branch office in a new area, while it does not add very much to the mortgage demand, does often tap new sources of savings. In the past, it has been the big, national societies that have been most active in opening new branches. But it is an expensive business, which reduces the amount available for reserve appropriation. Hence the societies wishing to expand have a practical case—as opposed to an argument in principle—when they press for some concession on profits tax.

In the past, the big battalions have done most to promote expansion by going out to look for savings. The first five of them are responsible for about 45 per cent of the movement's assets; the first ten for about 57 per cent; and the first twenty for nearly 70 per cent. These are the societies that are the most likely to adjust their ideas and their administration to the needs of the future. And if the movement as a whole is convinced that more growth must be secured, it will have to think harder about amalgamations. For the small, local society this may mean some sacrifice, but the fact is that there are far too many small societies in a local rut. The building societies have an honoured and respected name in this country. They do not have to create a brand-new image for themselves. But they do need to give it a critical look and a new polish. There are dynamic possibilities in the future which can far transcend the conservative comforts of the past.

BUSINESS NOTES

IN THE MARKETS

Mind Reading

THE mood in the equity market this week has been distinctly more optimistic than for some months past. The volume of trading has broadened but not much stock has come on offer to meet the demand, which included some switching out of gilt-edged securities by trustees, and prices have risen sharply. The *Financial Times* index bounded smartly over the 300 mark on Monday and by Wednesday it had risen to 308.3, compared with 294.9 a week earlier. In the same period, *The Economist* indicator gained 12.5 points to 368.9 With thoughts concentrated upon this rise in equities, gilt-edged stocks, which had already enjoyed a steady rise in earlier weeks, were largely neglected and the movement in their prices was restrained. The Agricultural Mortgage Corporation's offer of a 6½ per cent stock, 1975-77, at 99½ was oversubscribed before the weekend but dealings began at a small discount.

Quite why the mood in the equity market changed is difficult to pinpoint exactly. The rise in prices on Wall Street to a new peak may have had some influence as a signal of some expansion in business and trade. The stock market, too, may have drawn some comfort from the by-elections, for while the Conservative party lost votes the fact that the Labour party failed to pick them up was perhaps more significant. Primarily, however, the rally was based on a more optimistic reading of the economic prospect and on the fact that much of the depressing news which is now being reported by British industry had been discounted in the earlier fall in equity prices. In this mood, the market was prepared to shrug off the gloomy forecast from GKN and to take the trade figures in its stride. The stock market also drew more encouragement from Mr Selwyn Lloyd's muffled statements about the future than Mr Lloyd himself perhaps intended.

On Wednesday afternoon prices were marked up sharply on his statement that the improvement in world trading conditions might create a favourable opportunity to move on "from emergency or crisis steps to the shaping and development of long-term policies"; but the pace of the advance was not fully maintained on Thursday after press comment had emphasised the qualifications with which Mr Lloyd had surrounded this statement. A change of view on equities now could theoretically be based on a belief that the authorities have weakened in their determination to defend the sterling parity. Scepticism on these lines is in fact rarely voiced in Throgmorton Street. But the market's behaviour this week does suggest that some investors are prepared to back their belief that equity prices have grounded and are beginning slowly and hesitantly to move up again.

Peak on Wall Street

A correspondent cables:

INCREASES in dividends, of which the most significant was the extra dividend declared last week by General Motors, has stimulated the demand for the established market leaders, including General Motors, Coca Cola, IBM, Reynolds Tobacco and Standard Oil, rather than for the small unseasoned issues that had been supposed to have a substantial capital gain potential. The volume of trading has been heavy, but the buying has been definitely less speculative as investors are disillusioned with the growth equities that have failed to come up to expectations. Buying has been concentrated upon the blue chips that have a reasonable prospect of expanding business, higher profits and bigger dividends. Such stocks, however, are already selling at historically high price/earnings ratios and hence there is a chance that interest will switch to second rank stocks with more erratic dividend records.

Investors appear to be convinced that the lull is over and they have been heartened by evidence that the government's spending on defence is having an impact on corporate earnings. On Wednesday, the Dow Jones average rose to a new peak of 734 and Wall Street, now that its confidence in the business outlook has been restored, is thinking in terms of a strong rally at the end of the year. This could be punctuated by profit taking but in the view of some dealers it could be sufficiently strong to carry the Dow Jones average above the 750 mark.

OVERSEAS TRADE

Rising Imports Again

THERE are so many ways of looking at Britain's monthly trade figures, so many dock-strike distorted figures of past months to compare them with, that the public interpretation given to any one set of figures, particularly by the broadcasting authorities, is quite unpredictable. October's figures caused little gloom either in the stock markets or in the exchange markets. But on balance they are undoubtedly disappointing.

The seasonally adjusted series shows a sharp jump in landed imports, by £19 million to £379 million—the first significant reversal of the decline from the peak levels of the end of 1960. Why should seasonally adjusted imports rise in a month when, by all appearances, retail trade was at a low ebb and stockbuilding was still curtailed by the credit squeeze? The detailed classification due next week will deserve special scrutiny.

Exports, admittedly, picked up last month after their September drop, but at £311 million the total was only barely above that of the previous average in each of the first three quarters of this year. The upshot was that the crude deficit, which had fallen successively since the last quarter of 1960 from £83 million to £64 million in the first

UNITED KINGDOM TRADE
(£ million per month; seasonally adjusted)

	Exports fob	Re-exports fob	Imports cif	Crude deficit
1960:—				
3rd quarter	290	13	385	82
4th "	295	12	390	83
1961:—				
1st quarter	309	12	385	64
2nd "	305	13	363	45
3rd "	309	15	357	33
May	278	13	367	76
June	330	15	368	23
July	307	16	354	31
August	324	15	361	22
September	297	14	360	49
October *	311	12	379	56
Jan.-Oct. *	308	13	370	49

* Provisional.

Note:—The different valuation of imports and exports in these figures means that the deficit shown here is overstated by an average of around £37 million a month.

quarter, £43 million in the second and £34 million in the third, widened in October for the second month in succession, from £49 million in September to £56 million. The distortion caused by valuation of imports cif and exports fob artificially swells the monthly deficit by £37 million or so; this still leaves a deficit that would surely not be covered by Britain's tenuous invisible earnings. But speaking to what this week became the National Association of British Manufacturers on Wednesday, the Chancellor of the Exchequer, after referring to the October trade figures, stated: "On current account we are probably just about in balance."

COAL

Steel's Fuel Costs

ABOUT 2½ million tons of coking coal out of the 18 million tons that British steelmakers use each year cost at least 15s. a ton more than similar coal they could import from the United States, the British Iron and Steel Federation argues in its *Steel Review* this week. Replacing this tonnage with imported coal could have saved more than £3 million a year (the average margin of British over landed prices from the United States was, in fact, about 30s. a ton); this would have reduced steelmaking costs at the ten major works concerned by more than 8s. a ton of finished steel. Britain has lost its cost advantage for coking coal against Continental steelmakers; coastal works there, in particular, are importing American coal at a long-term price of under £5 10s. a ton cif, while some British coastal works have to pay up to £7 a ton.

During the last twelve months, the federation argues, the British steel industry has had nearly £30 million a year added to its fuel costs by Government decisions. These decisions were, first, to approve increases in coal prices that cost steel £12 million a year directly and which they think added another £6 million through increases in their suppliers' prices: the decision to tax fuel oil and later to surcharge it, costing another £7½ million a year; and the decision not to allow steelmakers to import American coal, on account of which they appear to be adding in the £3 million a year calculated above. This arithmetic produces what answers one chooses: it could as properly be added up to an increase of £25 million a year that could have been reduced to £22 million. It also requires the assumption that the Government could have avoided approving any increase in coal prices in September, 1960.

Arithmetical reservations, however, in no sense weaken the federation's basic case against protection of high-cost fuel in Britain—from which export industries such as this is and serves suffer now and will suffer more when Britain is in the common market. Lord Robens has often expressed his enthusiasm to get into Europe and undersell higher-cost coal there—and also, no doubt, to take a hand in knitting Britain's kind of protection against imported fuels into that of the Six, which here and there is higher than Britain's but also includes much stronger elements of liberalism in fuel import policy. By the time Britain is in Europe, its own coal costs may not generally be as competitive as all that; and certainly its customers such as steel will have borne more of the consequences of using those British coals which are least competitive.

OIL IN EUROPE

Precedent from the Antilles

SOMEWHAT surprisingly, the Dutch government this week accepted the principle of a quota on imports of petroleum products from the Netherlands Antilles into the common market as the price of association of this dependent territory with the European Economic Community. They originally put forward a request to associate these West Indies with the common market as long ago as January, 1960; but until about a week ago what had developed into an argument between them and the French, with other member countries looking on, seemed liable to go on interminably. There were, however, signs of dispute between the Dutch foreign and economic ministries on the point: and this week the Council of ministers of EEC announced agreement on association, with a ceiling of 2 million tons a year on preferential terms for imports of refined oil products.

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including that of noise, facing designers (which include the British Aircraft Corporation) of big supersonic aircraft capable of operating on the North Atlantic. If the French think that sufficient people want to halve the journey time between, say, Paris and Athens or Moscow to justify putting an aircraft of this kind into production the proper course is to wish them luck and let them get on with it. There is no doubt at all that such an aircraft can be built. The only question is the size—or indeed the very existence—of a market for it.

But reports circulating in this country and Paris suggest that any Anglo-French agreement would go well beyond the super-Caravelle and would provide not only for the construction of the existing French design, but also for a stretched long-range version that might, but more probably might not be capable of operating on the North Atlantic. It is this part of the proposed agreement that needs to be looked at with special care, because an aircraft of the second type is likely to be worse than useless. Whatever market may exist for a short-range supersonic airliner, there is none at all for a medium-range poor relation to supersonic transports capable of operating on the North Atlantic. Anyone who doubts this might compare the order books of British and American aircraft manufacturers in the decade since the big jets came onto the market.

EXPORT INCENTIVES

Something Coming?

It now seems pretty certain that the government is preparing some special incentives for exporters, which are very likely to include new facilities for export credits, will quite probably embrace concessionary interest rates on such credits, and may possibly extend beyond export credits to direct help for all exporters. The caution that the government has constantly in mind is the importance of avoiding any outright breach of international agreements which Britain itself helped to build up after the war.

In the debate last Friday on the Export Guarantees Bill, which raises the limit on Section II guarantees and Section III loans from £400 million to £800 million, Sir Keith Joseph, the new minister of state at the Board of Trade, conceded that "some countries, particularly France and Belgium, have differential rates of interest for exports." He went on to say that such differential rates are not a breach of the General Agreement on Tariffs and Trade provided this rate is not lower than "the Government concerned has to pay to raise the necessary funds." This is quite a proviso, but it would be difficult to establish that it is adhered to by France and Belgium. Sir Keith also revealed that 75 per cent of the credit business insured by the countries forming part of the Berne Union was within the stipulated maximum of five years. He seemed to take this as a sign that the rules are being kept; in fact it shows how they are breaking down, even without any estimate for the effective evasion of the rules in loans or guarantees given direct to the buyer.

On the general incentives to exporters, the Chancellor last week again poured cold water on a turnover tax, with the aid of some specious arguments ("If there were a turnover tax of 10 per cent it would put the cost of living up 10 per cent"), but he promised to look into the accelerated depreciation allowance for exporters that exist in France. By Tuesday this week he had found out that "for some reason or another the French are shortly to abandon this system." In fact it is reported that they are abandoning it in favour of giving accelerated depreciation to all manufacturers, whether they are exporters or not. Probably this is a doubtful field for discriminating between exporters and the rest, but a case can be made for allowing manufacturers themselves to write off assets at the rate they choose.

SCIENCE

A Major Breakthrough?

The biggest innovation accepted and backed by Lord Hailsham since he became Minister for Science has been the idea of development contracts awarded to industry for work on major projects too big for a company to tackle single-handed (DSIR had had the idea long before). The system is well established in the defence industries and has spilt over from there to civil aircraft, but in all other fields the principle has been up till now that the government pays directly only for what the government buys. The government has no excuse for cluttering Lord Hailsham's office with large new pieces of capital equipment incorporating advanced techniques that everyone agrees are good and desirable but which industry hesitates to embark on because of their cost and the risk that they might not work (or sell). Therefore three years ago, the Department of Scientific and Industrial Research announced that as a means of bridging this gap between pure and applied research it would consider placing development contracts with any industry or individual company that could put up suitable projects. Lord Hailsham told the House of Lords on Wednesday that the first two contracts were all but signed and marked, in his view, "a major breakthrough in the relationships between government and industry in the encouragement of science."

One of these is for computer-controlled machine tools, the other for advanced forms of computers. This selection did not occur by chance. Computer development in this country has been almost entirely government-financed by one means or another, while the machine tool industry has a great deal of lost technological ground to make up. It got, indeed, a pat on the back from Lord Hailsham for the efforts made recently to put its house in order. This change of heart, thought the Minister, stemmed from the famous controversial report on the industry's research facilities prepared by the DSIR's economics committee. Other applications being considered for development contracts come at present mainly from the engineering industries, with machine tools well to the fore, but it is plain that the government is placing increasing reliance on the economics committee of DSIR to uncover deficiencies in industries that are simply not research-minded—among which, to judge from his remarks, Lord Hailsham numbers the motor industry.

THE CITY AND EUROPE

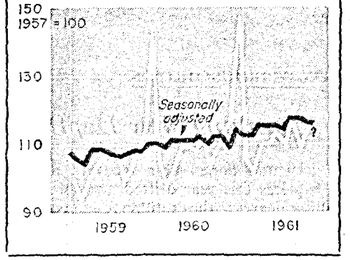
Learning to Borrow

"City houses which formerly had the closest links with Europe have until recently tended to allow these links to become dormant," Mr Kenneth Keith of Philip Hill, Higginson, Erlangers told a bankers' conference on the common market in London on Tuesday. The City is now recognising this lapse, and is thinking a good deal about its future role in the common market. It knows that it has the largest and on the whole the best machinery for financing; what is lacking is the finance itself, and this is a reflection of the weakness in Britain's external payments accounts. "Any of you who have recently visited the Continent have, I am certain, been asked on numerous occasions if a devaluation of

RETAIL SALES

Spending in the shops probably fell a little in October. But after having been too confident about its first shot at the value of sales last time, the Board of Trade is uncomfortably cautious. The seasonally adjusted index is provisionally put at "116 to 115" (1957=100); perhaps turnover pegged level with September, perhaps it slipped a point.

Compared with October, 1960, the increase in turnover was about 3 per cent, "most of which may have been accounted for by higher prices."



sterling would not be necessary to make us competitive." Mr Keith firmly rejected this prognosis, pointing to the rise in Continental costs and the pressure of full employment.

Nor is it difficult to think of ways in which Britain's entry into the community might bolster sterling. M. Louis Camu, president of the Banque de Bruxelles, referred at the conference to more formal co-operation between central banks and to the provisions in the Rome treaty for joint support of a currency in difficulty; while Mr Keith expects, in the longer term, "a great increase in European, and perhaps American, investment in Britain," attracted by relatively high yields. Later he voiced the familiar City complaint that high interest rates were driving away lending business. But if Britain is to secure the support from foreign capital to which Mr Keith sensibly looked, the City must resign itself to doing less foreign lending and more foreign borrowing, which high interest rates will indeed promote.

ELECTRICITY

Buying Abroad

THE Central Electricity Generating Board had bought equipment abroad before its recent order for two 90 MVA transformers from Canadian General Electric was announced. But these purchases had been limited to equipment that could not be bought in Britain; some of the DC equipment for the cross-Channel cable, for example, comes from Sweden. The order for transformers is more clearly aimed at British manufacturers, whose previous pricing agreements were declared illegal earlier this year by the Restrictive Practices Court.

This reminder that there are other sources of supply open to the CEGB, and that it is prepared to use them, might have a salutary effect on the prices that British manufacturers quote, now that they can no longer be sure that they will all quote the same. The CEGB is clearly anxious to press home the advantage that it has gained from the decision of the Restrictive Practices Court. The electrical manufacturers cannot feel happy to see their sole British customer give notice that it will do its best to get their margins down on what may have been one of their fairly few profitable lines.

NON-FERROUS METALS

Plumbing New Depths

LINGERING hopes of a recovery in lead prices this year drifted away with the falling leaves: the autumn conference of lead and zinc producers brought nothing but the reversal of a tentative estimate of a shortfall in lead supplies into a very definite forecast of a substantial surplus. Because of broken pledges and the apathy shown by most producers at that meeting, it seems most likely that all that will remain to be discussed at the next meeting in March will be statistics about the likely surplus in 1962, though the study group's "informed" guess was that new supplies and consumption would be in approximate balance during the first part of 1962. After that, all voluntary curbs might be abandoned and the prospect of what could happen to prices then must chill the big Australian and Canadian producers, who appear to have borne the brunt of voluntary restrictions.

The price of lead in New York has been cut twice this month, and is now 10 cents a lb. The unexpected rise in the United States' output seems to have embarrassed both the study group's statisticians and its own market, which is protected from imports by both tariffs and quotas. The London spot price of lead has dropped £3 to £58½ a ton since the beginning of the month, which is easily the lowest point since dealings were resumed on the London Metal Exchange in 1952, and this market has again come under criticism from producers, whose prices are governed by it, for its "sensitiveness"—that is its ability to recognise a bleak prospect when it sees it.

Spot zinc has dropped just as steeply as lead to £67½ a ton. The American recovery has made some impression on the stocks which have accumulated there, though a cut in the American zinc price is feared. Almost certainly there will be a surfeit of supplies throughout the world next year, though consumption should rise. The recent heavy sales of Russian zinc in London are possibly a harbinger of worse to follow.

The last-minute settlement of a wage dispute in Chile caused a fall of £4 a ton in copper and brought it back to about £227 a ton, the level at which a producer appears to have bought cash copper to support its price intermittently over the past month, though it later recovered to £228½. The "influential" support was still forthcoming and forward copper, which is not supported, sagged to a small discount. Even tin has come under pressure since the start of the month and spot supplies have eased about £7 to £966½ a ton.

Dent in Aluminium

CHANGES in the price of primary aluminium are rare: throughout the world, the number of large producers is small and a policy of stable prices suits their book. The present glut of aluminium is reflected mainly in greater competition for outlets, keener prices for aluminium products and less apparent enthusiasm for developing the vast bauxite deposits in West Africa. But recently, a cut of 2 cents to 24 cents a lb for aluminium in America has caused a flutter. The spark seems to have been generated by the friction that followed the realignment of the two North American dollars. Aluminium Limited of Canada, allowed some of its American customers to buy in Canada where the price was maintained at 23¾ Canadian cents a lb—there seemed no reason for raising the Canadian price simply because of a fall in the value of the Canadian dollar. The result was a reduction in the American price, but ripples from the disturbance were not allowed to spread to Europe where prices have remained firm, though customers did hold off for a time in expectation of a price reduction here. (The price in Britain is £186 a ton.)

Expansion in the use of aluminium is not quite living up to earlier expectations. Snags have arisen in its use for cylinder blocks in motors for instance, and the fall in the price of competing non-ferrous metals has meant that it is harder to dislodge them from some uses, while in others they appear even to have won back a little ground. In the first eight months of the year, deliveries of aluminium in this country were about a sixth lower than a year earlier, but because aluminium scrap is an important source of metal and supplies will hardly taper off much while prices of virgin metal are maintained, nearly all of the fall occurred in deliveries of primary aluminium which contracted by 55,000 to 193,000 tons.

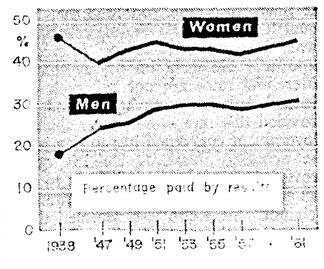
AIR RENTS

Above the Tracks

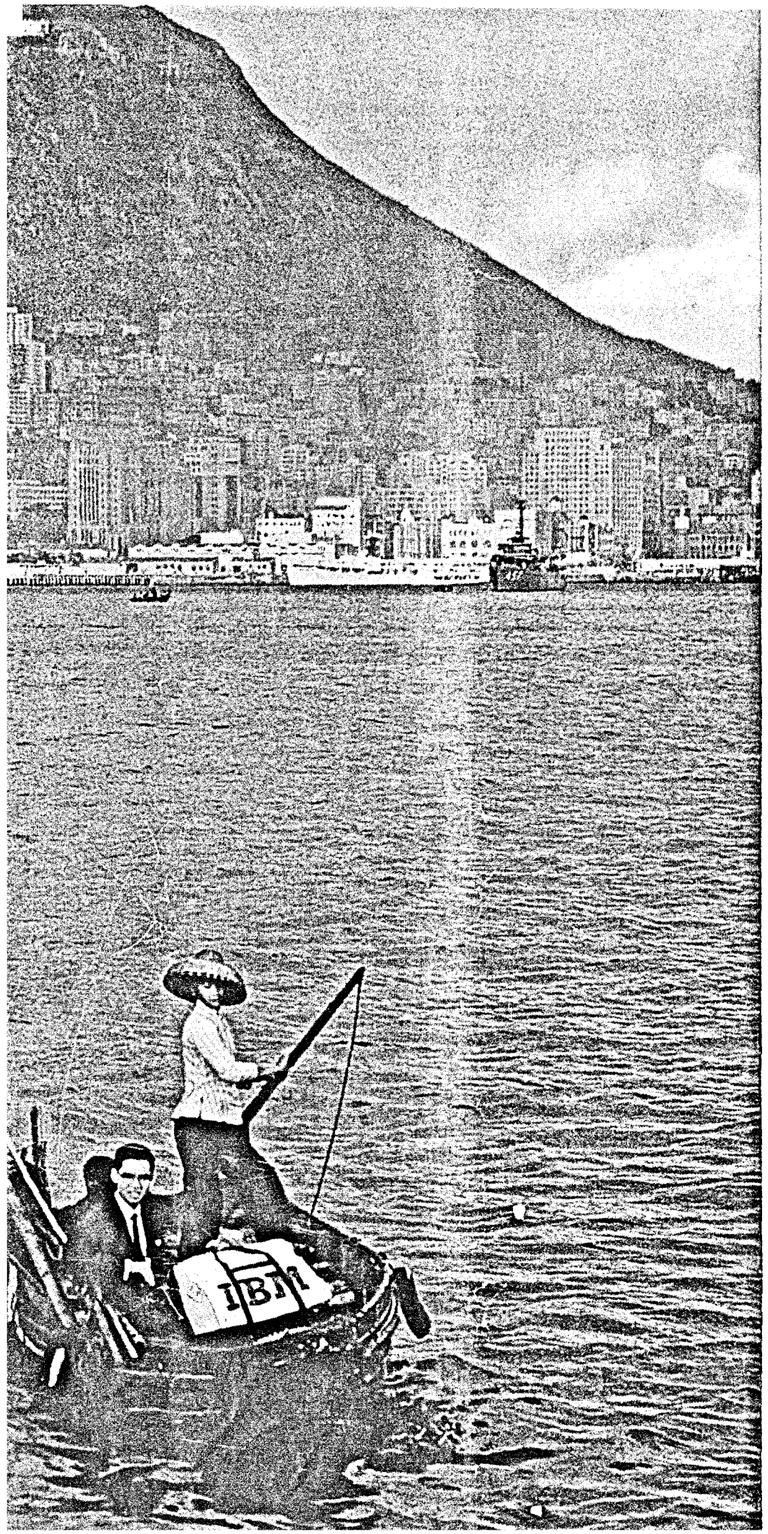
THE Transport Commission has only recently begun to develop the possibilities of renting off the air space above its railway tracks to property developers, and developers themselves may not have been

TIME AND PIECE

The Ministry of Labour has estimated that in April 33 per cent of all manual workers, and 42 per cent of those in manufacturing, were paid by results, i.e. under a scheme whereby wages vary according to the output of individuals, groups or departments. More among large firms than among small ones have such schemes. The industry group with the highest proportion paid by results was shipbuilding and marine engineering: there it was 65 per cent.



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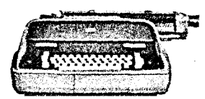
Kam Leung, IBM representative, makes a sale

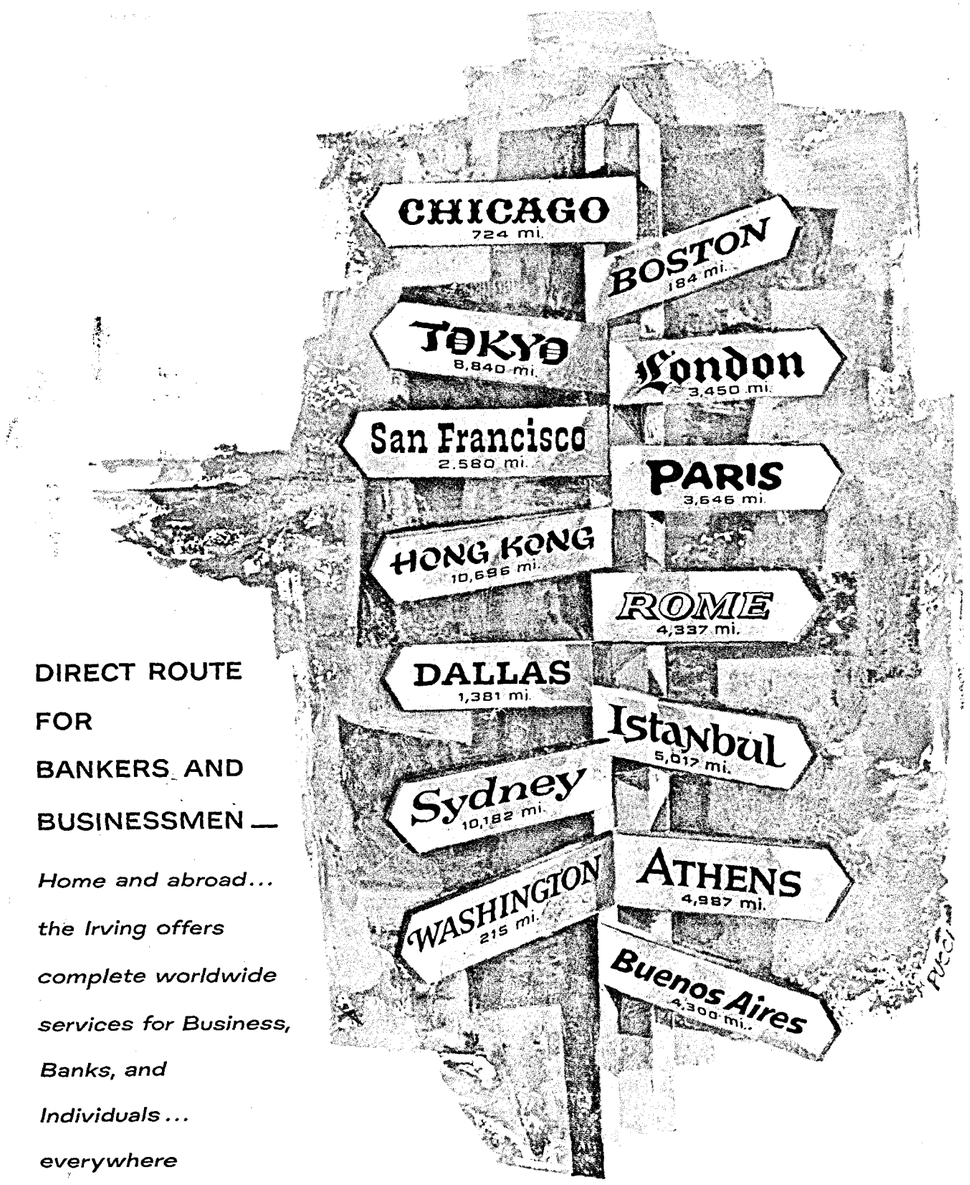
In the world of Kam Leung a sortie by sampan is not an everyday affair. But, as an IBM representative in Hong Kong, one of the world's most dynamic trade centres, he knows customers are where you find them—sometimes a mile off shore.

Kam Leung is ferrying an IBM Electric typewriter out to demonstrate it for the purser of a Norwegian ship anchored in Hong Kong harbour. Life afloat can be rough on machines as it is on men: the purser must have a typewriter that not only will turn out fine work quickly and economically, but will stand up to seagoing stresses. As Kam Leung pointed out, the IBM Electric is not only ruggedly built, but offers a special advantage to a customer who may be in Rio one month and Rangoon the next: practically anywhere his ship makes port in the free world, the purser will find skilled IBM service at his command.

IBM's way of doing things demands the same meticulous attention to the marketing and servicing of our products as is given to their design and manufacture. As Kam Leung occasionally makes a call by sampan, other IBM representatives have been known to travel about by reindeer sled in Norway, by helicopter in the Gulf of Mexico, by veldt-hopping private aeroplane in Africa.

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sufficiently pressed for space in city centres to think seriously of building on stilts over the tracks. Whatever the reason, two of the projects now in hand have both been started by airlines. British European Airways is putting up a new £3½ million, 10-storey terminal over the tracks at Gloucester Road and laid the foundation stone three weeks ago; British United Airways started work this week on a new £100,000 terminal stretching over several railway platforms on the Buckingham Palace Road side of Victoria Station.

This BUA terminal is much simpler than BEA's project, which is expected to be ready in mid-1963, but in a number of ways it is the more interesting. BEA has not been able to exploit the convenience of building above the tracks by having a direct link with the underground services beneath; London Transport did not think that enough air passengers were likely to use the underground to justify the cost. The Victoria Station project, on the other hand, works hand in glove with the railway. It is intended to serve air passengers for Gatwick airport (BUA will provide desks for other airlines using Gatwick) who will check in at the terminal and then board the trains waiting on the platforms below. There has been talk of providing a train every 15 minutes; there are only two services an hour to Gatwick at present, and airlines landing large numbers of passengers have complained that the railway does not always provide enough coaches to get them away.

The most interesting difference, however, is that while BEA pays a flat rent for the air rights above Gloucester Road, the Southern region of British Railways has learnt from mistakes made at London Airport and is charging British United Airways a toll charge, instead of a flat rent, based (on a sliding scale) on the number of people using the terminal. BUA's own estimates of the traffic are 350,000 passengers next year, when the terminal opens in the spring, and a million a year by 1964.

UNIT TRUSTS

Looking Up

THERE are more signs of activity in the unit trust movement, and October's net sales were much better than the unexciting conditions in the stock markets might have suggested. For the sixth successive month sales exceeded repurchases, amounting to £2,741,000, but nearly half of this total came from the Scotbits block offer. Even without this offer, however, sales were still considerably in excess of repurchases of £794,000. For the last four months repurchases have been around £750,000-£800,000 a month.

The attractions of unit trusts have not escaped the notice of trustees and many trusts are wooing these new equity investors. This week offers have come from Orthodox Unit Trust, British Industries Third Trust, Shield Unit Fund and Crosby Income. For

PUBLIC DEPARTMENT

some trustees wishing to maintain a high income on switching from gilt-edged stocks, British Industries Third and Crosby Income both offer a yield of 6 per cent. The former's portfolio is made up entirely of equities, but it includes a number of rubber and tea shares as well as copper and gold mining issues. About one third of Crosby's portfolio is in preference shares; its units are offered at 4s. 11½d. Following the subdivision of the old Shield units into three, the price of its offer has been fixed at 4s. 9½d. to yield just under 4 per cent. The Orthodox trust holds 35 per cent of its portfolio in fixed interest securities and a further 10 per cent in gold shares; at 14s. 5d. the units offer a yield of 4.6 per cent.

Some new trusts are in the offing and Board of Trade approval is being sought for the trust deed of Stockholders Unit Fund, which has been designed particularly for the small investor. It will be operated by the John Govett group which also manages a number of investment trusts and it will seek its investors from stockholders' introductions rather than by direct publicity. Reports of a link between Unicorn Securities and Royal Exchange Assurance group to form a new unit trust have been described as "unauthorised and premature." But the possibility of unit trust management being brought in to help to administer some of the big trust fund departments is an obvious possibility.

CAR EXPORTS

More for America

SHIPMENTS of British cars to the United States are beginning to reach a more respectable level this autumn. They had risen gradually during the summer, when BMC began shipping some of its new sports car models. But shipments remained well below the level of sales; in September, for example, some 2,500 were exported but 6,500 were sold. De-stocking at much this sort of rate had been going on for fifteen months. By now American dealers seem to have reduced their stocks to a level they think appropriate to the present rate of sales, and have begun to order again. Sales are now a little more than 60 per cent of those a year ago, when the decline was already well under way. This year they are likely to be under 80,000, compared with 134,000 in 1960 and 195,000 in 1959. Volkswagen alone will probably sell twice as many cars as British manufacturers this year; it remains the only European manufacturer unaffected by the slump in imported car sales.

Next year is expected to be rather better for all car sales in the United States. Importers of British cars hope to participate in this prosperity, and therefore want to build up stocks during the winter for the spring selling season. BMC reports that its dealers are taking all the sports cars that it can supply. It hopes that the Cooper versions of its baby cars will find a market in America among sporting enthusiasts—who are for the most part not the buyers of sports cars. These go to the middle-aged, who seek to recapture their youth, or anyone who wants a different second car. Standard-Triumph also reports a strong demand for its sports cars, and that Triumph remains the top-selling British make (though the different BMC names together outsell it by a wide margin). The main problem for S-TI now seems to be getting production of the TR4 built up quickly enough to take advantage of the demand for the new car. Rootes has found that demand for the Sunbeam Alpine remained fairly constant, and that sales of the Hillman Minx improved during the summer. It will soon be introducing the Super Minx as well, keeping the old model on as it has done in Britain.

The re-starting of shipments by the American-owned British companies is the most significant sign of the change in the American market. Ford announces that it began sending cars to America again last month, and has by now shipped 1,400. Most of these are Anglias, but it is also introducing the Classic and Capri to America. They will sell roughly in the price range of the American compact cars, though the Anglia costs less. Their appeal is therefore likely to be more specialised. The same applies to the new Vauxhall Victor, shipments of which will start in January. The old model was one of the most popular British cars in the United States two years ago, but sales fell away almost to nothing this year. After such an experience, it is encouraging that General Motors should find it worth importing cars from Britain again. Whether it and Ford will continue to do so after the Ford Cardinal is introduced in America, probably next year, remains the unknown factor.

WOOL TEXTILES

Opportunity Beckons?

A FALL of 2 per cent in the volume and value of Britain's exports of wool textiles this year is predicted by the National Wool Textile Export Corporation. Though exports in the first half of 1961 were 7 per cent lower than a year earlier, the improvement is not quite the revival that the corporation seems to have expected: three

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months ago a small increase in exports was thought possible. The ending of the annual scramble for the United States' market through the imposition of a crippling but uniform import tariff affected earlier comparisons, but in Canada, Britain's largest export market, exporters suffered a severe and genuine setback, from which they have not yet fully recovered.

Since the war, Britain's exporters have been squeezed between high tariff walls around many markets and a larger volume and greater range of wool manufactures from their competitors. Though they have so far proved adaptable enough to find other outlets to replace lost markets, the alternatives diminish with the sealing off of each market by protective duties. New Zealand has recently announced an increase in its tariffs from July next. The increase is smaller than it might have been had local manufacturers had their way, but in Australia, too, local manufacturers who have obtained temporary relief from imports of cheap cloth this year are now asking for greater protection. Whether by accident or design, British exports have been given a more pronounced European slant by an increase in exports of wool cloth to common market countries this year, despite slightly more unfavourable import duties.

Many manufacturers have already made some of the necessary dispositions in readiness for Britain's entry into the common market, and the industry as a whole is in favour of it. West Germany has become the largest export market for wool manufactures since the war; the snag is that Italy holds more than half this market, and Britain's share has fallen. Exports of cloth to France and Italy have been the principal source of satisfaction this year, but exports to France have probably been assisted by that country's earlier liberalisation of imports and Italy has increased its exports of woollen fabrics to this country by about two-thirds this year.

In the give and take that would follow Britain's entry into the common market, manufacturers of cheap woollens will evidently have to take it. If, as this year, Europe prospers, the worsted and better quality woollen manufacturers ought to expand their sales. The influx of Pakistani immigrants into the wool districts will help. Labour is extremely scarce, particularly for work in a hot, humid atmosphere, and immigrants have filled the breach, though at the cost, it is alleged, of a deterioration in the quality of some products. Deliveries of woollen cloth by manufacturers in this country fell 6 per cent in the year to September; deliveries of worsted cloth were unchanged.

GAS

LPG for London

ALONGSIDE the pipeline that it is laying from Fawley refinery to a terminal close to London Airport, Esso Petroleum is also laying an 8-inch line to carry liquid petroleum gases from the refinery to go into gas supplies for London. A deal has been made with the North Thames Gas Board under which it will purchase from Esso large quantities of this liquid gas; and Power Gas, a part of the Davy Ashmore group, is to build a continuous reforming plant at Southall to convert these rich gases into the gas of lower calorific value used in British households and factories. This plant is designed with a capacity of 60 million cubic feet a day; but the board may also be using propane in other forms of peak load gasmaking.

North Thames has always been the prime mover in the import of liquid methane; in that context it was strongly opposed to LPG or other imported hydrocarbons as substitutes for methane either for reforming or for enriching low-grade gas from Lurgi plants. However, the board has always stated its readiness to take all the petroleum fractions that it could from refineries within Britain. The propane, butane, and other gases contained in a broad specification LPG give this gas a calorific value per cubic foot, or per gallon liquid, of about five times that of British town gas and about twice that of methane; the gas can be liquefied under moderate pressure, as it will be in the line from Fawley, or at atmospheric pressure under moderate refrigeration. The North Thames board will no doubt be taking a sizeable proportion of the 354 million therms (700,000 tons liquid) of methane due to begin being landed in 1963 for the use of seven gas boards. The Southall plant for reforming LPG will also come into operation in mid-1963; by then North Thames may be the largest consumer of liquid gas in Britain, though there are other area boards with ambitious ideas too.

BREWING

Research Alliance

AN agreement to pool research and technical development has been signed by Ind Coope Tetley Ansell, John Labatt of Canada, Lucky Lager Breweries of the United States and Stockholm Breweries of Sweden. The main purpose of this agreement is to direct on an international scale basic and applied research designed to secure economies in production, an improvement in the taste of beer, the measurement of changes in public taste and the adaption of modern technology. How closely the work of geographically separated research teams can be blended together remains to be seen; but obviously there is room within this alliance to share out research projects and to exchange information.

The implications of this agreement, its signers have said, go much wider than research on continuous brewing and continuous fermentation. But it is these continuous processes which offer the most interesting possibilities at the moment. Members of the alliance are operating experimental continuous plants; but so are other go-ahead brewers both in this country and abroad. Labatt has a patent on continuous fermentation dating back to 1892; but there are quite a number of patents in this particular field and the brewers' principal task at the moment is to hit upon the one most suitable for their needs. In the mashing stage of brewing, continuous units have been developed that give satisfactory results and which compare economically reasonably well with the batch process. At the boiling stage, progress is not so well advanced and the major problem of linking continuous fermentation to the boiling and mashing processes is still in the experimental stage. A fully continuous process should offer the possibilities of economies in the size of plant and the use of labour, and it should give the brewers more consistent control over the quality of the beer they brew. At this stage it is unprofitable to speculate how far the continuous process could supplant batch brewing; but no doubt, as Mr Neville Thompson of Ind Coope has said, the public will have a chance to taste continuously brewed beer in a year or two's time.

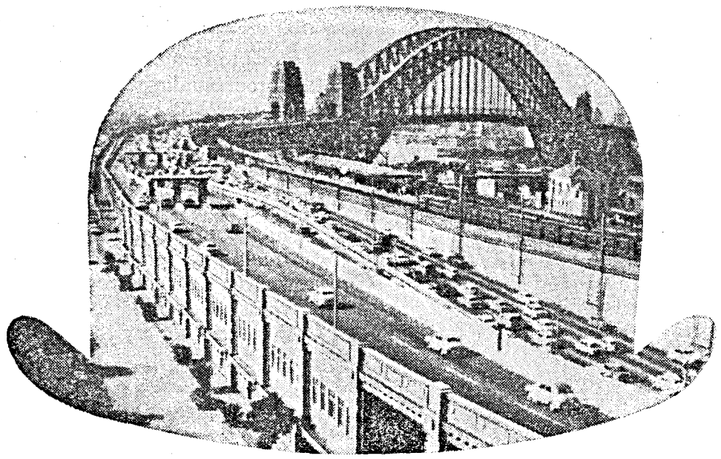
COMPUTERS

Where Do We Go From Here?

COMPUTERS have become the accepted means of handling large numbers of figures, whether they be wages, pensions, stores, bank accounts, orders or scientific equations. This market alone will not, however, keep alive all the computer manufacturers at present operating in Britain. To sustain production at its present level they must now start the more difficult task of convincing potential customers that computers are just as capable of handling data that is not expressed arithmetically and sometimes looks as if it never could be. The Institution of Production Engineers, in a survey* of the applications for computers in production control laid down the following criteria: "if the problems are complex, the volume of data is high or the processing must be done within a tight time schedule"; with a slight stretch of the imagination these standards could be made to fit a whole range of human activities from oil refineries to medical diagnosis.

Some of the best brains in the computer business on both sides of the Atlantic are currently engaged in trying to extend the market into these new fields. The Department of Scientific and Industrial Research** thinks that some of the obstacles may lie with the computer companies themselves. The DSIR points out, along with some acid comments on the performance of certain ancillary equipment, that industry is often quicker to grasp the principles of automa-

* Computers and Production Control. Institution of Productions Engineers. 1s. 6d.
** Automatic Data Processing. DSIR. 6s.



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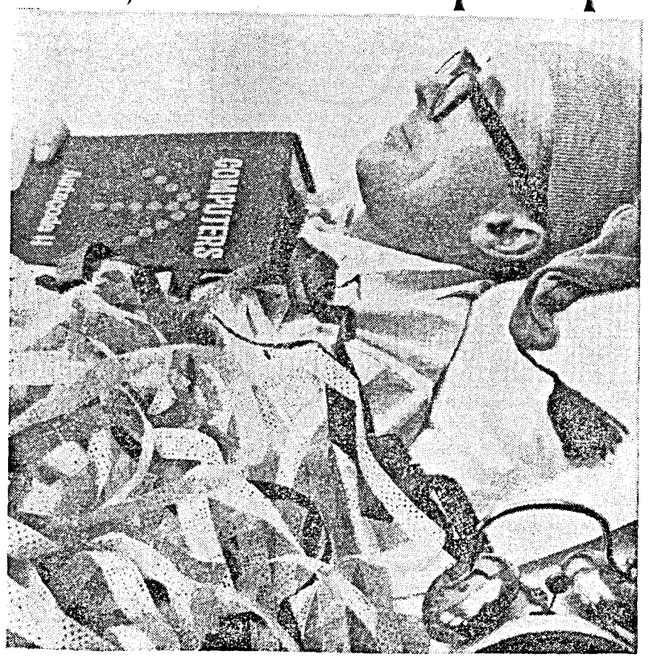
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Now, to sell computers successfully you need know-how. The know-how to produce a top flight computer at the lowest possible cost. That's what Elliotts did. And last year we made more, sold more, delivered more computers than ever before – success achieved by experience!

Now we've designed another computer. The 503. We've built into it all the ingredients of our success plus one more – speed. Speed at a sensible price too! With all the know-how to back us, we can give you the best of everything. Top quality, top reliability, top performance. *And* utilising existing 803 programmes you've no need to scrap your library or launch into new programmer training. What more could you ask for than the 503?

Come and pay us a visit. It's *not* far, and you could go a lot further before you found anything as good. Oh yes, don't take too much notice of this sleeping business. We'll have a wide-awake answer to your problems, so bring them along with you, too!



ELLIOTT COMPUTERS

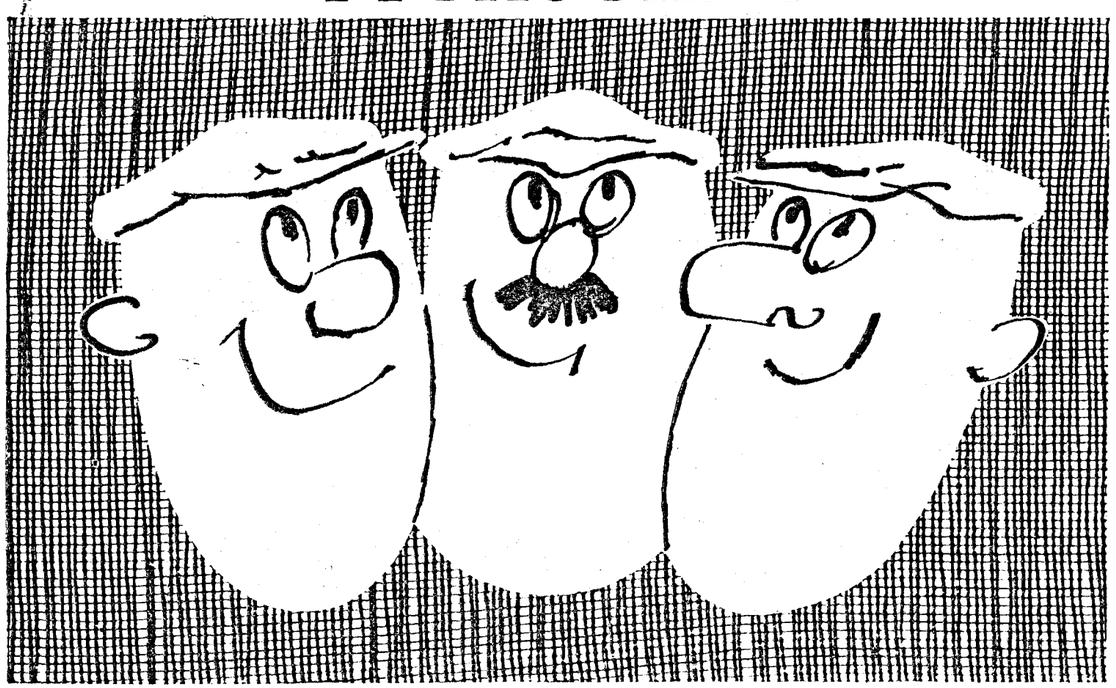
COMPUTING DIVISION, ELLIOTT BROTHERS (LONDON) LTD.
BOREHAMWOOD, HERTFORDSHIRE, ENGLAND.

A Member of the Elliott-Automation Group

Building gentlemen in flat tops look to

Specification of Tygascrim roofing membrane can prove to be a lasting solution in the waterproofing of flat roof buildings. This lightweight membrane weighs just over 2 oz. per square yard and yet has a bursting strength of 140 lbs. per square inch. The intrinsic virtue of Tygascrim is that it neither *carries* nor *traps* the moisture which can boil out of some materials to create trouble-brewing holidays or voids in the newly laid bitumen. Even so, TYGASCRIM has the strength to reinforce and homogenise the roofing asphalt. That's why wise men with flat tops in mind will ask their building gentlemen "Have you specified Tygascrim for my roof?"

TYGASCRIM



Full details of Tygascrim can be found in Specification 1962 Roofer section—or direct from The Marketing Officer, Fothergill & Harvey, Summit, Littleborough.

Fothergill & Harvey

devise special products for industry

tion than the automators are to grasp the principles of industry. This particular criticism gives special interest to the creation within one computer manufacturer, Elliott-Automation, of an eight-man team to analyse tasks that seem to defy quantitative description and see whether in fact these are as resistant to automation as they appear. The results of some early investigations are surprising; they show that some operations thought to depend on an element of human judgment do in fact conform to fairly predictable patterns and are therefore suitable subjects for automation. This is particularly true in the process industries. Alternatively, they depend, as medical diagnosis may, on human memory and access to reference books, and a computer could efficiently stand-in for both of these. These conclusions are not likely to surprise ultra-sophisticated scientists who have studied what is known in the vernacular as the "mechanisation of thought processes." But carrying out this kind of analysis in individual factories on individual pieces of equipment like distillation columns takes considerable time and skill, and Elliott is thought to be the first manufacturer to undertake its own investigations as part of its field research.

DOMESTIC APPLIANCES

Struggling Through

AUTUMN is usually the busy time for the domestic appliance industry—apart from the refrigerator makers, whose selling season is the summer. This year sales have remained at a pretty depressed level, and it seems that only where obsolete models are being sold at cut prices are sales higher in volume than they were last year. This practice has recently spread from refrigerators to washing machines and other appliances, as their manufacturers have found it necessary to clear stocks of old machines before introducing new models. Perhaps as a result, some makers find that orders from the trade are now slightly higher than they were a year ago. Cut price selling continues with refrigerators, and may help to explain why sales were about 30 per cent higher than a year before in September. Most sales, however, are still at list price. But, as this is the off-season for their sales, the rise in total is not large and there are signs that the improvement has not been maintained. Retailers' and makers' stocks of refrigerators remain uncomfortably high for the end of the selling season—the latter are 40,000 higher than a year ago—though retailers did manage to reduce theirs during September.

Manufacturers have a gloomy prospect to face this winter. Refrigerator makers already have stocks adequate for the new year, when retailers start buying. They cannot therefore afford to make many more refrigerators during the winter than retailers will currently take, which is likely to be few. More short-time working and perhaps dismissals can be expected. Makers of other appliances should not suffer as badly, with their more evenly spread sales. But they are all facing a second year of operating well below capacity. The industry feels that it is time that the Chancellor stopped adding to its burdens. A cut in purchase tax and ten per cent deposit for hire purchase is its formula for a return to prosperity. Even this might not bring back the boom of 1959. That seems to have been an experience that comes but once, not the pattern of the future—as too many firms thought it was.

Cheaper Dishwashing

THE merger between Charles Colston and Rolls Razor to form a jointly-owned company, Rolls-Colston, brings together the pioneer and the latest exponent of direct selling. Sir Charles Colston adopted this method to get the Hoover into the home by sending his salesmen there first, and has employed it for his dish-washing machine; Mr John Bloom used it to bypass the retailer, which Sir Charles and Hoover had not done, and, he claims, to save on the selling costs of his Electromatic washing machines. Now Mr Bloom's methods have won. The Colston dishwasher will only be sold direct to the home; and its price will be cut from £99 to "something over £60," with a simpler version selling for £51. Few changes have been made in the product to match this drastic cut in price; a cut of a third would roughly match the retail and wholesale margin. Sir Charles and Mr Bloom agree that this is a net saving, when they are sending their salesmen into the home in any case; and they also gain from a reduction in the purchase tax payable on the lower price. The market has failed to respond to dishwashers as quickly as Sir Charles had hoped; claimed improvements to the machine and this drastic price cut seem the best way of getting a reasonable volume of sales.

SHORTER NOTES

Lord Cobbold, former Governor of the Bank of England has been appointed a director of the Steel Company of Wales and also of Royal Exchange Assurance.

*

Britain has agreed to import 150,000 tons of South African sugar a year for the next five years. Following South Africa's break with the Commonwealth, it lost its rights under the Commonwealth sugar agreement. Under that scheme it obtained a quota of 157,000 tons in the British market this year at a price of £45 a ton. It qualified for the Commonwealth preferential rate of duty on other exports. The price paid for South African sugar will be £35½ a ton next year, which, in line with earlier expectations, is about mid-way between the free market and commonwealth price.

*

In the year to March 31st, the sales of Remploy, the organisation which employs severely disabled people, reached a record total of £5,557,000, compared with £5,143,000 in 1959-60. Net output per man rose from £409 to £448, but the excess of expenditure over income rose by £32,000 because higher wages were paid and more workers were engaged, many of whom had to be trained.

*

Firm applications have already been received for 875,000 of the issue of up to 2 million 5s. shares being made by the Anglo-Nippon Trust at 8s. a share. As stated in these columns two weeks ago, the trust is to invest in Japanese equities with long-term growth prospects. No dividend will be paid for the first accounting period to end February, but it is intended thereafter to distribute the bulk of the income until a gross annual rate of 8 per cent has been paid.

*

The Public Works Loan Board has cut its interest charges from 7¼ to 6⅞ per cent for loans of not more than 15 years, and from 7 to 6¾ per cent for loans of over 15 years. This move follows the cut in Bank rate and the general easing of local authority loan rates in the London market.

*

The directors of Rediffusion have declared an unchanged interim dividend of 9 per cent free of tax on the capital as increased by the recent rights issue. They are also to make a two-for-one scrip issue and forecast a 5 per cent tax free final dividend on the bigger capital, which would give a total equivalent to the 24 per cent tax free payment in 1960-61.

COMPANY AFFAIRS
Comments on pages 706, 707 and 710 on:
Royal Dutch/Shell — Guest Keen
Tube Investments — Combined English Mills
Carreras — Rootes
Motor Components — BICC
Beecham — Farbwerke Hoechst
Hire Purchase Results

LONDON AND NEW YORK
Stock prices, yields and security indices on pages 708 and 709

LONDON STOCK EXCHANGE
The week's movements reported on page 710

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 711

COMPANY MEETINGS

RONEO LIMITED

LARGER TURNOVER AND TRADING PROFIT

FURTHER ISSUE OF CAPITAL FORESHADOWED

ENCOURAGING PROGRESS IN OVERSEAS BUSINESS

SIR GREVILLE MAGINNESS ON FACTORS IN NATIONAL SITUATION

The Fifty-fourth Annual General Meeting of Roneo Limited was held on November 9th at the Connaught Rooms, Great Queen Street, London, W.C., **Sir Greville S. Maginness, KBE** (Chairman of the Company) presiding.

The secretary (Mr A. C. Hall) read the notice convening the meeting and Mr H. O. Coulson, FCA, representing the auditors, Messrs Barton, Mayhew & Co., read the report of his firm.

The Chairman said:



Ladies and Gentlemen,—In accordance with our usual custom I suggest that with your permission the Report and Accounts be taken as read, but before making any comments on the Accounts I propose to deal with certain changes on the Board of this Company since we last met.

DIRECTORATE

In April of this year Mr Peter Carew decided to relinquish his various industrial interests and duly resigned from the Board. It has been my privilege and pleasure to have been associated with Mr Carew on the Board of this Company for the past eighteen years during which period he has proved to be a wise counsellor and loyal colleague. I am sure that shareholders will desire to associate themselves with the Board in wishing Mr Carew many years of happy retirement.

To fill the vacancy Mr E. D. E. Andrewes was appointed a member of the Board.

Your Board also decided to appoint two additional Directors. I refer to Mr G. V. Willson Sales Manager of the Duplicating Machines and Supplies Division and Mr J. D. Forbes Watson Sales Manager of the Furniture Systems and Contracts Division. I am confident that the knowledge and experience which these two gentlemen have acquired in their important spheres of operation will be of considerable benefit at our Board Meetings. The confirmation of the appointment of these newly-appointed Directors will come up at a later stage in the proceedings today.

CONSOLIDATED ACCOUNTS

Your Board is pleased to report a trading profit for the past year ended June 30th last of £869,823 representing an increase of £58,088 over the previous year. The net profit for the year amounted to £260,563 as against £337,798 for the previous year. The latter figure included a sum of £78,443 in respect of taxation adjustments relating to previous years and surplus on the realisation of investments thus making the comparable net profit figures of £259,355 in 1960 and £260,563 last year. You will see from the Consolidated Profit and Loss Account that the charge for taxation is some £84,000 over and above the amount set aside last year. This is accounted for by the increase in trading profits higher rates of profits tax and in 1960 we enjoyed larger investment allowances on the heavy purchases of capital equipment. To this profit for the year we have to add the sum of £349,686 being the unappropriated balance at June 30, 1960. From the resultant figure of £610,249 it is proposed to transfer £100,000 to General Reserve bringing the total of this reserve in the Balance Sheet to £1,490,000. Dividends less income tax have already been paid in respect of the 6 per cent and 10 per cent Preference Stocks and an Interim of 5 per cent on the Ordinary Shares such dividends amounting in all to £55,080. It is now recommended that a Final Dividend of 12½ per cent less income tax be paid on the Ordinary Shares making 17½ per cent less income tax for the year. After making these provisions the balance of unappropriated profits to be carried forward is £350,271 as against £349,686 brought forward from the previous year.

I shall refer later to the bank overdraft appearing in the Balance Sheet but I would draw the attention of shareholders to the item of Balance at Bankers and Cash in hand under Current Assets amounting to £193,938 which almost entirely consists of cash held by our foreign branches and subsidiaries for their own requirements.

TRADING

Our sales last year advanced by 18 per cent compared with 1960 and I am pleased to be able to report that all Divisions made their contributions to this achievement.

This increase in turnover was all the more gratifying as we had to face intense competition both at home and abroad as well as further rises in labour and material costs and it was only by the profit earned on our increased sales that we were able to offset these additional burdens.

Notwithstanding the increased factory output the demand for the products of the Company was on such a scale as to make it impossible for us to satisfy the needs of our customers and your Board considered it necessary if we were to enjoy the continued goodwill of our friends both at home and abroad to embark upon a further scheme of expansion.

The financing of these necessary extensions and additions to-date has been provided by bank accommodation but it is the intention of your Board to submit proposals for the issue of further capital when conditions are appropriate so as to provide the necessary funds to repay this overdraft and such additional finance as may be necessary to cover the balance of our capital requirements.

Your Board is pleased to be able to report that orders placed in the first four months of this year have been well maintained. On the other hand the erosion of profit margins through competitive conditions both at home and abroad will continue and may well become more intense. Your Board however is satisfied that your Company is engaged in an expanding industry which will provide opportunities for continued growth and they see no reason why they should not obtain their fair share of this growing business.

When I addressed you last year I indicated that we would derive some benefit from our new factory at Norwich during the year under review. This has proved to be the case but I am sorry to say not as much as I had hoped. We had to face unexpected delays in the delivery of plant and special purpose tools and the acquiring and training of the necessary labour for the production of our products has demanded considerable patience but I am glad to be able to add that we are overcoming these initial difficulties and that we should derive increased benefits from these works during the current financial year.

DUPLICATING MACHINES AND SUPPLIES DIVISION

We are placing on the market a new Model 550 Policy Stencil Duplicator to replace the 500 Model over which it has several important advantages. Amongst others the motor is in the machine and a stand is not therefore absolutely necessary. Moreover it is being offered to users at a price considerably less than the 500 Model.

We are also offering a new photocopying machine under the name of "Roneo Flash" and Spirit Duplicators both hand and electrically operated.

The demand for supplies continues to grow with the increased sale of machines.

FURNITURE, SYSTEMS AND CONTRACTS DIVISION

We continue to widen the range of Flushline Furniture of the most modern design and during the past year encouraged by the considerable success which we have enjoyed in the sale of Desking, introduced two years ago, we have developed a matching range of furniture such as Telephone Tables, Bookcases, Sideboard units and various space-saving layouts. We have been able to apply these various items of matching furniture to our well-established Executive unit range.

We have also placed upon the market a new range of Lockers both in styling and construction which should appeal equally to both offices and works.

For some years now we have been developing a new range of vertical Planfiles of an entirely new design and application and we are now able to offer this new line of equipment designed to deal with the difficult problem of not only filing but of housing valuable drawings.

We have also placed on the market a new exclusive range of medium priced office chairs which will meet the needs of the modern office user for comfortable, economical, and attractively designed chairs.

By the provision of these various lines we are now able to offer a complete range of furniture in both upper and medium price ranges.

EXPORTS

Having regard to the vital need for increased exports in the national interests we have spared no effort to develop our foreign business. I mentioned in my Address to the shareholders last year that our export trade had shown uninterrupted progress each year for more than a decade. It is a source of considerable satisfaction to your Board to be able to report that last year we made further progress in all sections of our overseas business which showed an overall increase of 23 per cent over the previous year. We have no illusions about the struggle which lies ahead in our fight to obtain an even larger share of export trade but we face the challenge in the knowledge that we have made encouraging progress which will inspire us in our determined endeavours to establish another new record this year.

RONEO-NEOPOST

This wholly-owned subsidiary continues to progress satisfactorily. In addition to our well-established lines we have acquired the exclusive rights in the United Kingdom for the sale of certain specialised machines for inserting and mailing, folding and signing and dating. The extension of our lines in this way will enable us to offer a more comprehensive range of Mail Room equipment. I feel that too often this part of the office tends to be neglected from the point of view of modern equipment and the economies and increased efficiency which can be derived from its installation. We shall be pleased to examine with any interested concerns the best way of improving the layout and equipment of the Mailing Department without any obligation on their part whatever.

I need hardly add that the same offer of free survey applies to any other of our Divisions and in these sternly competitive days it is of the utmost importance for us all to examine every item of possible economy whether through labour saving, space saving or increased efficiency. "To Call in Roneo and do the job properly," will continue to be a worthwhile operation.

NATIONAL SITUATION

The prosperity of our Company is dependent not only upon our own efforts. Indispensable as these are they can too easily be frustrated by circumstances over which individually we can have little control. It is for this reason that for many years I have completed my review of our affairs by drawing attention to factors in our national situation which appeared to me currently significant in relation to the prospects of our own Company.

As I look back at what I have said in previous years I find one theme constantly recurring: the vital need to keep down industrial costs so as to increase our competitive power in the world's markets. Awareness of this need has been blunted by the very fact that the United Kingdom's share of world export trade has been declining for so long and so continuously. Sudden dangers are apprehended but those that mature slowly are disregarded.

Crises due to balance of payments difficulties or to loss of confidence by foreigners in sterling have followed each other with almost predictable regularity since the war. From these we have emerged at the apparent cost merely of a certain amount of temporary inconvenience caused by the emergency measures taken by the Government, but the disastrous consequences we might have feared of failure to deal with the underlying cause of these crises have not materialised. That this has been the case is hardly due to any merit on our part. We must attribute it instead to the forebearance of other countries towards ourselves as the chief beneficiary of the international arrangements which have been developed for assisting countries in balance of payments difficulties. The man who habitually conducts his business in such a way that he has repeatedly to throw himself on the mercy of his creditors finds after a little while that their terms stiffen against him and that his own standing among his fellows declines. So it is also on the scale of the affairs of nations and part of the price we have paid in recent years without being fully conscious of it for our own failure to avoid these recurrent crises has been a steady decline in our influence both political and economic in the world.

GOVERNMENT EXPEDIENTS

The expedients to which the Government has hitherto resorted as each succeeding crisis has occurred have had because of their very nature to be relaxed as soon as they have served their immediate purpose. Apart from more or less continuous exhortation to greater productivity there has hitherto been little sign of recognition that our recurrent difficulties call for any coherent and consistent policy from any postwar Government whatever its political complexion. From the fact that the Government at the present time appears to acknowledge the need for such a policy we must draw encouragement.

At the same time we should recognise the dangers inherent in the possible extension of Government intervention in the affairs of individual industries and perhaps of individual undertakings. Mistakes by industrialists, however serious, only rarely have grave repercussions beyond their own businesses. Mistakes by Government agencies can be far-reaching and disastrous. For this reason alone it is important that the Government should keep in close touch with those responsible for the management of our industries in developing its policy so that this can be done on the basis of the knowledge and experience of businessmen whose confidence in that policy is essential.

EMPLOYMENT PROBLEM

We are committed in this country to the maintenance so far as it is in our power of a high and stable level of employment. One of the big problems with which we are faced is to find the means of preventing in conditions of high employment the continuous upward pressure on industrial costs and hence on prices of increases in the monetary rewards received by large sections of the community in active employment.

Responsibility in this matter is widely diffused. Employers by their own over-keen competition for labour have often forced wages above the levels negotiated on their behalf with the trade unions to their own and the country's disadvantage and at the risk of discrediting both the responsible leadership in the trade unions and also the established machinery for dealing with these matters. Raising wages might be an effective means by which employers could recruit workers if there were appreciable resources of labour at present voluntarily unemployed. It is often argued that by pushing up wages more efficient employers are able to draw workers away from the less efficient. This contention does not stand up to very close inspection. Often it is not a question of efficiency at all, it is rather that an undertaking manufacturing for a predominantly home market is under less discipline in regard to its costs than one making mainly for export, or that an industry the nature of whose process involves a high ratio of capital costs to labour costs attaches less importance to increases in the latter than another in which this position is reversed. High wages may encourage the replacement of human effort by mechanical power but the extent to which this is possible at any particular time varies very much from industry to industry.

So far as the trade unions are concerned there is widespread misunderstanding of their capacity to make a direct and positive contribution towards a solution of these problems. It is only too obvious how irresponsible action by a trade union can frustrate the efforts of both employers and the Government, whether such action takes the form of encouraging the union's own members to believe that they can annex for themselves a disproportionate advantage in wage negotiations at the expense of the general body of workers or of other sections of the community, or whether it takes the form of disrupting production by strikes. Such action by a union may call for and receive condemnation from other trade unions acting perhaps through the TUC. We are a very long way however from a position in which individual trade unions are likely to accept the views of the TUC even if these could be formulated as to what are proper relationships between the wages of members of different unions.

INTERESTS OF THE PUBLIC

What all engaged in industry need to recognise much more closely is that these matters are not simply the concern of employers and employees and their respective organisations. The public

as a whole is vitally interested in actions and decisions which can have so great an effect on our national well-being and the Government has a duty to intervene if the national interest is threatened.

Some people claim that there is a conflict between the Government's main declared objectives of economic policy of balancing our overseas payments, maintaining employment, achieving higher output and living standards, and avoiding inflation. To my mind most of our difficulties flow from the breakdown of the discipline inherent in the maintenance of monetary stability. If we stop inflation the other objectives will be not more difficult but easier to achieve. We shall have to recognise that any effective check on inflation involves dispelling the comfortable assurance that increases in costs can readily be passed on to the customer. This will follow action positively to stimulate competition which we must all expect to have to meet not only in overseas markets but also increasingly at home. Whilst the principal economic reason for this country joining the Common Market may be that thereby the area will be broadened within which we can sell our goods with the minimum impediment from tariffs and quotas, I believe that in the short run the main advantage may be that it will make for keener competition in our own domestic markets.

In conclusion I would like to express on behalf of my colleagues and myself to all members of our organisation both at home and abroad our sincere appreciation of their loyal and devoted services during the past year and I am sure that shareholders will wish to associate themselves with these sentiments.

The report and accounts were unanimously adopted and the dividend, as recommended, was approved.

The retiring directors, Mr E. D. E. Andrewes, Mr J. D. Forbes-Watson, Mr G. V. Willson and Sir Greville S. Maginness, KBE, were re-elected and the proceedings terminated with a vote of thanks to the Chairman.

LAKE & ELLIOT, LIMITED

A MOST SUCCESSFUL YEAR

MR C. J. LAKE ON CHANGES IN GROUP STRUCTURE

The fifty-first annual general meeting of Lake & Elliot, Limited, was held on November 7th at Braintree, **Mr C. J. Lake** (the chairman) presiding.

The following is his circulated statement:

This has been a most successful year for the Group and it is very pleasing for me to be able to report that all Departments have contributed to the much improved result over the previous year.

In recommending a Final Dividend of 8¾ per cent, less tax, on the Ordinary Capital as increased by the recent Capitalisation Issue your Directors point out that, in respect of the Financial Year just ended, the total sum distributed in Dividend on the Ordinary Capital will be the same as would be required to cover payment of 12½ per cent, less tax, on the present £1,000,000 Ordinary Capital.

As announced in my letter dated June 2, 1961, the Directors have been considering the future structure of the Group and the manner in which its scope can best be expanded. Bearing in mind the differences in the nature of the products manufactured in the Foundries and the Jack Department at Braintree and the need for a greater degree of specialisation, not only in the actual manufacturing processes, but in administration and sales techniques, it has been decided to separate these two activities. A new Company, Lake & Elliot Founders and Engineers Limited, has been incorporated to operate the Steel and Iron Foundries together with the associated Machine Shops. A further Company, entitled Lake & Elliot Jacks and Equipment Limited, has been incorporated to operate the Jack and Lifting Equipment Department. Both these Companies began trading on August 1, 1961, as wholly owned Subsidiaries of the Parent Company.

OVERSEAS

Another wholly owned operating Company has been formed in France, entitled Compagnie Lake & Elliot France, primarily to produce jacks and equipment within the Continent of Europe. A site near Calais has been acquired and it is anticipated that production on a limited scale will have begun before the end of the next Financial Year. I believe that this project will enable the Group to trade in markets which have hitherto been very difficult to enter.

Other negotiations for the manufacture of the Group's products overseas are continuing.

During the year the original Agreement with Key Company for the manufacture of refinery fittings expired and was replaced by a new Agreement with ACF Industries Incorporated who had acquired the former Key Company. To facilitate world-wide sales and service a wholly owned trading Company entitled Lake & Elliot Overseas Limited has been incorporated.

NEW ACQUISITION

On October 1, 1961, through The National Steel Foundry (1914) Limited, the Group bought the share capital of Shanks Ironfounders Limited, of Arbroath. This old-established Company produces both grey iron and blackheart malleable iron castings and the acquisition enables the Group to offer the complete range of ferrous castings: carbon and alloy steels, S.G. iron, blackheart malleable iron and grey iron.

Whilst the short-term order position in the Group is satisfactory, sustained effort is needed to keep all activities in full production as the situation could change rapidly. Little benefit from Shanks Ironfounders Limited is expected during the coming year and it may take up to five years or more before the Subsidiary Company in France is fully developed. I therefore view the coming year, not without optimism, but with caution.

In March, 1961, both your Chairman and your Managing Director completed 35 years' service with the Company and each received the now customary gold watch.

I anticipate that by the date of the Annual General Meeting both the reconstructed Technical building and the Sports Club will be occupied and in use.

I feel sure that all Members will wish to join the Directors in expressing their sincere appreciation of the splendid efforts made by all employees during the year. And in particular I must congratulate The National Steel Foundry (1914) Limited and the Jack Department at Braintree for their achievements of record outputs both in goods and in value.

The report and accounts were adopted.

LONDON MERCHANT SECURITIES

SUCCESSFUL PROGRESS

The Eighty-Ninth Annual General Meeting of London Merchant Securities Limited was held on November 9th in London, Mr Max Rayne, chairman, presiding.

The Directors recommended a dividend of 10 per cent and a free scrip issue of one new share for every two held.

The following are extracts from the Chairman's circulated review:

The affairs of the Company and its subsidiaries have continued to proceed satisfactorily, on the lines forecast in the previous review and the successful progress is reflected in the accounts.

The wholly-owned subsidiary, British Commercial Property Investment Trust Limited, is now the vehicle for all the group's property enterprises. In accordance with our established policy, independent valuations have been obtained in respect of newly completed properties and the resultant surpluses have been taken to capital reserve.

Rentals and valuations achieved in respect of completed buildings have shown gratifying increases over estimates submitted in previous reports. It is expected that the further revaluations to be undertaken during the current year will again produce a significant surplus. Additional commercial properties have been acquired and important new developments are already in hand and in train.

In particular, there has been an impressive expansion in the activities of Kensington Commercial Property Investments Limited (the subsidiary in which we are associated* with the Commercial Union Assurance Company Limited).

British Commercial acquired a two-thirds interest in the Cawder Estate comprising some 5,000 acres immediately north-east of Glasgow.

Our Canadian subsidiary has completed the assembly of a large and important site in Toronto.

Discussions are currently proceeding which may lead to the acquisition by London Merchant Securities of a substantial interest in the equity of The New River Company, Limited, and our association with the latter in the redevelopment of parts of their Clerkenwell Estate.

The debenture loan from the Yorkshire Insurance Company Limited has been taken up to the extent of £2,500,000 in the period under review, leaving a further sum of £1,500,000 available for future requirements. The overall liquidity position may be regarded with confidence.

The results of The "Sanitas" Trust Limited showed a further improvement during the year under review and the increased dividend produces a satisfactory return on our investment.

As to future earnings, lettings already concluded by the property companies indicate that significant improvements can be expected and it is to be hoped that these will be reinforced by revenue accruing from the remaining interests of the group.

The report was adopted and at a subsequent extraordinary general meeting the one for two free scrip issue was approved.

TUBE INVESTMENTS LIMITED

SIXTH YEAR OF RECORD EARNINGS

TI'S POLICY OF BALANCED GROWTH

Record earnings for the sixth successive year were reported by **Sir Ivan Stedeford, GBE,** Chairman of Tube Investments Limited, in his annual review posted to Stockholders on November 16, 1961. In the course of his remarks, Sir Ivan said:

It is my pleasure to report record results for the sixth successive year. On a turnover expanded by 20 per cent, total trading profits, after depreciation of £6,199,900 (£4,904,825 last year), increased by £1,753,660—over 9 per cent—to £20,961,123, despite a reduction of £1,700,000 in the earnings of the British Aluminium Group.

It will be seen in the Consolidated Profit and Loss Account that the profits of the B.A. Group have been shown separately from those of the main TI Group. This has been done because the large minority interest in that Company reduced the impact its earnings have on TI's net amount available for appropriation.

If we look at our results, therefore, without the B.A. figures, we can better see how TI's preponderant and traditional business has fared. This shows that the pre-tax profits of the main TI Group increased by £3.5 million. These take in the earnings of the new companies consolidated this year but not last. If, for a comparison on a like with like basis, these, too, are excluded, our profits before tax, on an expanded turnover, exceeded the record earnings of the previous year by some £800,000.

Having regard to the unavoidable susceptibility of Groups like ours to the changing conditions of the national economy, I believe Stockholders will feel that, however we look at the year's trading figures, they represent a satisfactory result. This is expressed still more clearly in the net amount available for appropriation. While total trading profits rose by approximately 9 per cent, the net earnings of the Group increased by almost 15 per cent, from £8,100,735 to £9,304,538. A significant factor accounting for this was the reduction in the proportion of profit attributable to minority interests, resulting from the substantial fall in B.A.'s profits; there was also the release of £210,000 of a provision made last year against previous losses by Canadian British Aluminium, which is now operating at a profit.

PROGRESS OF DIVISIONS

It would be an over-simplification to generalise on these figures, for we had our full crop of difficulties. In addition to lower aluminium results, the operations of our Cycle and Electrical Divisions were less rewarding. These consumer-durable companies have been subjected to official restraint throughout the year, and there is no discernible prospect of it slackening. Competition became keener for the reduced business available to these industries, and this took its toll on earnings. On the other hand, activity in the capital goods and kindred industries remained at a high level, and kept our Steel Tube, Engineering and General Divisions busy, although margins were under growing pressure.

Our steelmaking companies served with valuable effect the main purpose for which they were acquired and are being developed—that of assuring us adequate supplies of the high quality steels we must use. But they were unfairly burdened by having to carry last autumn's additions to their basic coal and wage costs, and a heavy price increase of fuel oil, without being permitted anything like adequate recompense in their own prices. The argument that cost increases on this scale should be absorbed by higher levels of productivity, affords shallow comfort when this is prevented by official restraints on demand, and when, in any case, the higher productivity is impossible before necessary development schemes are completed. In the circumstances, our steel companies did well on a much increased turnover.

I referred last year to our intention, when circumstances permitted, of reverting to our earlier practice of dividing the year's distribution equally between the interim and final payments. An interim dividend of 7 per cent was, therefore, paid in May, equivalent to half the effective total dividend of the previous year. After careful consideration of the relevant circumstances, including national policy, your Directors recommend a final payment of 7 per cent, making again a total distribution for the year of 14 per cent.

There has been no significant change in the capital structure of the Group, and, I may say, none is contemplated. The small increase in the Share Capital results from the purchase of the remaining Ordinary shares outstanding at July 1960, in Raleigh Industries Limited; the premiums attaching to them are included in the increase in Capital Reserves. The main change to the Balance Sheet arises from the consolidation of the Raleigh Industries, Loewy Engineering and Venesta Foils companies, which were last year included in the accounts as unconsolidated subsidiaries at £19.9 million. We do not intend to consolidate our sub-subsidiary, Canadian British Aluminium, which operated at a substantial profit during the year.

I referred last year to the arrangements we were making to put the finances of the B.A. Group on an independent basis, not least to enable the Company itself to raise funds as necessary for its further development. These plans matured and subsequently by medium term borrowing totalling £9 million at advantageous rates in the Swiss capital market, B.A. has repaid its debts to its bankers and to TI. These Swiss loans, together with the £3½ million Debenture Stock of Raleigh Industries, account for the substantial increase in the consolidated liability under Loan and Debenture Stock. None of it relates to new borrowing by the TI Parent Company.

£75 MILLION DEVELOPMENT PROGRAMME

It was not to be expected that the capital developments for which we issued new Ordinary capital in the spring of 1960 would yet have reached the stage of expenditure on any commensurate scale; of the £23 million gross additions to fixed assets £14 million are in respect of the newly-acquired companies. Whilst substantial progress has been made on a number of important capital projects, the rate of expenditure will now accelerate, reaching its peak in about three years.

We estimate that the capital cost of our development programme (excluding the aluminium companies) will be approximately £75 million, spread over the next five years or so. Financing it should not set a serious problem. With our existing quick assets of £25 million (excluding B.A.), plus our cash flow calculated on a conservative basis, and allowing for additional working capital, the borrowing necessary will be quite short term and comfortably covered by our banking facilities, without affecting dividend policy.

The completion of the programme should ensure our ability to meet the challenges and the opportunities which an uncertain future is certain to present. It represents no more than a continuance, at a somewhat faster tempo, of our post-war policy of modernisation and expansion and carefully-planned rationalisation or production, which has served so well in recent years.

INTERNAL EXPANSION

By this policy, our growth over the post-war years has stemmed much more from the development of our own businesses than it has by the acquisition of new companies. By far the most substantial acquisitions in TI's forty-odd years' history have taken place during the last five years. In this respect, these five years have been exceptional and are, therefore, hardly representative. But during this period, when the disposable resources of the Group have increased by £120 million, £65 million—or over half—have been devoted to the expansion of our traditional business, to the development after purchase of acquired companies, and to the provision of additional working capital. During this same period, Group earnings have increased by 85 per cent, of which one-half has come directly from the companies in TI before 1956. This represents an effective growth rate of these companies of 8 per cent per annum.

The facts show that this policy of controlled and balanced development has been sound. In this critical time of change, a valuable degree of co-ordination and rationalisation has, by it, been firmly established in the aluminium, cycle and precision steel tube industries of the country. In each of our Divisions concerned, and also in the Engineering Division, the integrated whole has acquired a strength far beyond the sum total of the parts operating as separate units. Our competitive power is correspondingly greater: and it is still growing.

We are now proceeding with a £31 million scheme, to be completed in 1964, covering a new low cost steel works and primary and strip mills. It will raise Park Gate's productive capacity from 425,000 to 800,000 ingot tons a year. This extra capacity will be adequate for our needs as far as can be seen at present. It will give the Division a total production potential of 1,300,000 ingot tons a year, and will place us among the most up-to-date and cheapest producers of steel in Europe.

The motive force which generated this important scheme was the need to bridge a gap in TI's future supply of tube steel which threatened to assume serious proportions in the next few years—a situation of the kind from which we suffered so heavily after the war—and which originally forced us into steelmaking. The new project will reduce our dependence on outside supplies by more than 200,000 tons a year, thereby giving an assured market for well over half of the additional capacity.

HIGHER EXPORTS TO EUROPE

We are pleased, though not satisfied, with our

export performance. TI's intake of export orders was £34 million, plus £8 million by B.A. A significant change has been a more balanced distribution of our exports as between Divisions. The Cycle Division has regained its former lead, but, whereas a few years ago over 75 per cent of our direct exports were made by the Cycle and Steel Tube Divisions, now our sales are more evenly divided between four, including the Engineering and Aluminium Divisions.

Our total direct exports accounted for more than 1 per cent by value of all the exports from the United Kingdom, or 2 per cent of the country's total exports of metals and engineering goods. The Commonwealth and the United States of America took 43 per cent and 12 per cent respectively; and exports to Europe increased by over 30 per cent, representing 21 per cent of our total.

CURRENT OUTLOOK

I have reveiwed TI's main affairs in a year when the country once again has run headlong into serious balance of payments difficulties. The familiar measures, with their regular disruption of industrial effort, will no doubt be effective in time in restoring our exports to an acceptable level. They have already damped down home demand generally, but as yet there has not been the compensating improvement in business from abroad.

Our results for the current year, of which only seven weeks are known at the time of writing this statement, must depend to some extent upon how short or long this transition period will be. These are obviously not the circumstances in which one could make predictions with any confidence; neither are they those which might be expected to herald another record-breaking year. I do say without hesitation, however, that TI is in a strong position to make good use of all its trading opportunities, and will be intent on doing so.

COMMON MARKET

I believe the Government is right in seeking admission to the Common Market. In the world of today, we virtually have no other choice. It has become clear that the consolidation of an Atlantic Community lies now through Europe, not outside it. After a second bout of self destruction in a generation, Western Europe's economic revival has proved the vitality of the region and the important part it could play in the world through its economic strength and political influence. Europe might succeed in playing this part without Britain. But I would prefer not to speculate on what Britain's prospects would be if we stand aloof—if the Common Market succeeded without us—or if, without us, it fell apart under pressure of political discord.

Britain's need for larger markets is imperative. We require wider scope for mass production and specialisation. We must look for partners absorbed, as Britain is, in technical progress, and we must associate with other advanced industrial countries in sharing the burden and fruits of research. In reality, these partners can only be found in Western Europe.

I do not underrate the initial cost of joining. For some time, we in TI have been making our plans on the assumption that Britain will join the Common Market. We are not dismayed at the effects this is bound to have on us all. We look upon Britain's joining as an opportunity and a challenge, which should eventually bring the greatest good to the greatest number in this country and in the Commonwealth.

PETER BROTHERHOOD LIMITED

LARGER SALES BUT SMALLER PROFIT

SATISFACTORY ORDER BOOK

MR WILLIAM THOMPSON'S SPEECH

The fifty-fourth annual general meeting of Peter Brotherhood, Limited, was held on November 14th at Winchester House, Old Broad Street, London, EC, **Mr William Thompson, MIPE,** chairman, presiding.

The secretary, Mr Joseph Gerrard, having read the notice convening the meeting and the report of the auditors,

The chairman said: Ladies and gentlemen, I feel my first duty, while presiding for the first time over our annual general meeting, is to express our deep regret that, during the past year, Mr A. Marcus Neal, after fifty years with the firm, including some twenty-five as Chairman and General Manager, indicated his intention to retire from the firm's service.

Without attempting to assess the total value of Mr. Neal's activities during his management, there is no doubt that his intimate knowledge of the business of the company, his experience, his judgment and, above all, his ready guidance in all matters will be much missed by all those with whom he worked. All who know Mr Neal will wish him a long and happy retirement.

NEW DIRECTORS

Additions to the Board during the year have been Mr K. Grant, whose promotion to the position of Assistant General Manager was reported last year, and Mr A. F. Wainwright, who has been our Chief Accountant for the past twenty years.

The appointment of these two gentlemen has caused general satisfaction and will, I am sure, be to the benefit of the firm generally.

As you will see from the Directors' Report you will be asked to confirm the election to the Board of Messrs. Grant and Wainwright later in the proceedings.

THE ACCOUNTS

Before dealing with the question of the profit for the year I should now like, with your permission, ladies and gentlemen, to refer very briefly to the accounts.

From the Balance Sheet, on the Asset side, you will notice there has been an increase of £28,536 since last year under Fixed Assets which, in the main, is accounted for by the increase in the value of Fixed Plant and Machinery amounting to £23,956. This item is being constantly reviewed by your Board who realise the importance of keeping up with the latest machine tool practice which, as you will understand, has a fundamental bearing on efficient production.

Stores and Work in Progress at £1,589,026 show an increase of £216,358 over the 1960 figure. As the increase in the value of Stores amounts to £69,776, it follows that the Work in Progress has increased by £146,582. This, I should point out, is a figure which varies from year to year according to the class of work going through our shops during the period under review.

Debtors and Prepayments at £666,726 and Cash and Tax Reserve Certificates at £466,229 show an increase of £105,394 and £41,113 respectively over the 1960 amounts. These figures, I think you will agree, indicate that the liquid asset position is being well maintained.

The only other figure I would refer to is the surplus of Current Assets over Current Liabilities, which, as you will observe, amounts to the satisfactory figure of £1,349,879.

FIGURES REFLECT LARGER ORDER BOOK

A reference to the Liability side of the Balance Sheet shows Current Liabilities and Provisions at £855,959 as compared with £586,265 for 1960, an increase of £269,694, made up, in the main, by the increase in the amount of the Creditors figure. This figure reflects a larger order book, a remark which also applies to the increase in advance payments amounting to £99,533.

Before we leave this section of the accounts I should like to draw your attention to the Capital Commitments figure of £122,000 for machinery and equipment on order at March 31st to keep our foundries and machine shops thoroughly up to date. Of this amount equipment to the value of £38,000 has already been delivered, while further orders to the value of £62,000 have since been placed by us.

SALES, PROFIT AND DIVIDEND

Sales show an increase of 13 per cent over last year's figure but, as our Chairman, Mr Neal, informed you in his statement last November, a proportion of this work had been taken at very keen prices which were bound to lead to a reduction of Profit for the year now under review.

Accordingly from the Profit and Loss Account I have to report a Profit of £421,120, before taxation, against a comparable figure for 1960 of £509,859.

Of this Trading Profit of £421,120 provision for taxation absorbs £212,800—leaving us with a net profit for the year, available for distribution and allocation, of £208,320, against £268,859 last year.

The question of a Dividend has been considered by your Board who feel fully justified in recommending a Final of 20 per cent., less tax, making, with the 5 per cent, less tax, Interim Dividend already paid, a total of 25 per cent, less tax, on the Ordinary capital.

In addition to the payment of the above mentioned final dividend and allowing for the Preference and interim dividends already paid, we further recommend the allocation of £25,000 to General Reserve, bringing this reserve to a total of £550,000, and the addition of the balance of £16,980 to Carry Forward, bringing this surplus to a total of £184,195.

FULL EMPLOYMENT FOR SOME TIME

I would now like to refer to future prospects and to inform you that at the moment we have a most satisfactory order book which will ensure the full employment of our plant capacity for some time to come.

The skilled labour position has shown a decided improvement in recent months and this additional labour, combined with the benefit of the recently acquired machine tools referred to above, will, I am sure, result in an increase in output during the current year ending March 31, 1962.

The general tendency in engineering towards increased overhead expenses and reduced profit margins must not be overlooked, but in view of our anticipated additional output, it is expected that the profit for the year will also show an improvement.

Looking further ahead, we already have orders which will ensure working to full capital well into the following year and your Directors are confident that, given reasonable economic and political stability, the continued prosperity of your Company is assured.

TRIBUTE TO STAFF AND WORK-PEOPLE

In paying tribute to the staff and work-people I would like to offer my thanks for the efforts made by them to satisfy our heavy delivery programme during the past year.

This has entailed many hours of additional work and my Directors and I wish to express our appreciation of their willing co-operation.

The Report and Accounts were unanimously adopted and the proposed dividend was approved.

The retiring directors, Mr. G. W. Wilks, TD, FCA, Mr Kenneth Grant, AMIMechE, AMIMarE, and Mr A. F. Wainwright, were re-elected and the remuneration of the auditors, Messrs. Whinney, Smith & Whinney, was fixed.

The proceedings terminated with a vote of thanks to the chairman, directors, staff and work-people.

RHOKANA CORPORATION LIMITED

(Incorporated in Northern Rhodesia)

ADVERSE EFFECT OF LOWER COPPER PRICES

UPWARD TREND IN WORLD CONSUMPTION CONTINUED

The following is an extract from the review by **Mr H. F. Oppenheimer,** the chairman, which has been circulated with the annual report and accounts:

The lower copper prices prevailing during the year and the voluntarily reduced sales resulted in our gross profit from mining operations of £8.3m. being £1.9m. less than in the previous year. The adverse effects of the world market were partially offset in our case by a reduction in the unit costs of mining and treating copper. On the other hand, the cost of production of cobalt rose sharply and operations resulted in a small loss.

Our investment income of £4.87m. was £0.65m. higher than last year, mainly owing to the receipt of the Bancroft Mines maiden ordinary dividend, and our total gross profit was £14.37m. Taxation has to be provided at the increased rate of 8s. in the £ now applicable to public companies in the Federation, and our net profit was £10.95m. compared with £11.53m. last year.

The increased tax rate has also necessitated the provision of £0.26m. in respect of additional tax on last year's profits. The directors have appropriated £1.5m. for capital expenditure, placed £0.25m. to general reserve and have recommended the maintenance of the final dividend at 5s. 6d. (net), which together with the interim dividend of 1s. 6d. makes an unchanged 7s. (net) for the year.

COPPER MARKET

At the beginning of our financial year in July, 1960, the cash price of copper on the London Metal Exchange was £254 per ton, rising to £260 later in the month. From August prices steadily receded until, in October, a low point of £218 per ton was reached.

Early in October, 1960, the two producing groups in Northern Rhodesia and certain major producers in North America and in the Congo decided to impose voluntary cuts in production or in sales with a view to correcting the imbalance between supply and demand. In the first quarter of 1961 similar action was taken by other major producers in South and North America and, at that time, it was estimated that the flow of copper to world markets would be reduced by some 250,000 tons per annum. Two of the North American producers have since returned to normal production and the effective reduction in copper supplies is now probably of the order of 180,000 tons annually.

Largely as a result of these measures the downward trend in prices was arrested and at the end of December the market closed at £228 per ton. During the first nine months of 1961 prices on the London Metal Exchange remained relatively steady with a low point in January of £216 per ton and a high point of £248 per ton in May.

LONG-TERM OUTLOOK

The past 12 months have not been free of strikes among the world's major producers. Apart from short shutdowns at various properties, there was a six weeks' strike in October, 1960, at Chuquicamata which resulted in an estimated loss of output of some 35,000 tons. During August and September, 1961, further strikes in Chile and in North America caused losses in copper production amounting to upwards of 60,000 tons. Despite this loss of copper on world markets and political uncertainty in parts of Africa there has not been any hardening in prices. The long term prospects nevertheless remain encouraging. The era of major expansion in the world's productive capacity appears to have come to an end and the upward trend in consumption promises to continue.

The increase in the cost of cobalt production to which I have referred was due mainly to difficulties in recovery and to a reduction in the overall grade.

The political developments in Katanga and the unrest in the Northern Province of Northern Rhodesia did not affect production at Rhokana, which continued uninterrupted throughout the year.

SABOTAGE IN NORTHERN PROVINCE

There has recently been a spate of attempts at sabotage of communications and public buildings apparently arising from the dislike expressed by some African nationalists of the amended constitutional proposals for Northern Rhodesia. The main campaign of sabotage and arson has, however, been centred in the Northern Province, hundreds of miles from the Copperbelt. I am glad to say that the incidence of violence has been contained by firm Government action. There is not much hope of any constitution working until widespread intimidation and violence are eliminated and I trust that those who are in a position to bring the unrest to an end will come to realise that no good will be achieved for the country or themselves by pursuing their political objectives by such means.

The influence of political unrest and uncertainty in Northern Rhodesia and in the Congo over the past year has inevitably been felt by our employees, European and African alike, but they have nevertheless continued to provide the same high standard of service and loyalty as in the past.

Copies of the annual report and accounts are obtainable from the London Office of the Corporation, 40, Holborn Viaduct, E.C.1.

MIDLAND INDUSTRIES LIMITED

INCREASED TURNOVER OFFSETS LOWER PROFIT MARGINS

The fifteenth annual general meeting of Midland Industries Limited was held on November 9th at Wolverhampton, **Mr J. H. Bean, CBE** (the chairman), presiding.

The following is an extract from his circulated statement:

The modest optimism I expressed in my statement last year has been justified by events. In common with many other concerns we have had to meet higher costs both of materials and labour and to accept lower profit margins, but this has been counteracted by increased turnover, the net result being increased profits by all members of the Group.

The Group trading profit at £141,539 is an improvement of some £34,000 on last year. After providing for increased taxation, the net profit at £66,239 shows an advance of about £13,000 over that for last year.

We are recommending a Final Dividend on the Ordinary Shares of 4½d. per share, less tax, making a total of 7d. per share, less tax (same).

The Boston Companies are now wholly located at Heath Town Works, resulting in economies of administration and improved production efficiency.

The products of the Boston Companies are being well received. The Hoskinson Smokeless Incinerator is finding its way into the plant of many of the larger organisations in this country.

The Take-Off machine for plastics, rubber and metal extrusions is accepted as one of the best produced.

The Fordhouses factory of Bettles & Sons Ltd. has enjoyed a very successful year.

During the past year the Parent Company has finalised and brought into full-scale production a new series of "MIL" Hydraulic Loader while still retaining production of the former models for which the demand continues.

In the Steam Division the demand continues for the well-tried and almost indestructible "MIL" Thermostatic Traps. Increases were achieved in the sale of Pressure Reducing Valves and other accessories produced by the Steam Division.

Orders during the first quarter of the current year for the products of the Group in general are in excess of those for the corresponding period of last year, but, profit margins are narrowing. However, providing trading conditions do not further deteriorate, I feel there are reasonable prospects for a satisfactory year.

The report and accounts were adopted.

Chairman's Statement: RHODESIAN ANGLO AMERICAN LIMITED
Incorporated in Northern Rhodesia

Political Issues have Tended to Obscure Steady Economic Progress in the Federation

ENCOURAGING DEVELOPMENTS IN INDUSTRIAL AND SOCIAL RELATIONS

Mr H. F. Oppenheimer Stresses Need to Accelerate Development of Country's Resources

The following is from the statement by the Chairman, **Mr H. F. Oppenheimer,** *which has been circulated with the annual report and accounts:*

During our financial year the majority of copper producers in the western world decided to impose cuts in production or sales to restore the balance between copper supplies and demand. These measures helped to arrest the downward trend in price, which had reached a low point of £218 per ton in October, 1960, and since then the price has remained relatively stable. The three copper-producing companies of the Anglo American Corporation Group, Rhokana Corporation, Nchanga Consolidated Copper Mines and Bancroft Mines, from which the major part of our income is derived, decided in October last year to withhold 10 per cent of their production from the market.

The profits of all three companies were affected by the lower copper price and the cut in sales, but Bancroft suffered proportionately more owing to its higher cost of production. Rhokana and Nchanga were able to maintain their dividends, but Bancroft has recommended a reduction from 1s. to 9d. net per stock unit for the year, in view of the lower profits and the programme of capital expansion. In the result our net profit for the year of £7,251,275 was slightly higher than in 1960.

After recommending a final dividend of 6s. net, which with the interim dividend of 2s. gives the same distribution as last year, we have been able to transfer £1,876,571 to general reserve. After the transfer from this year's profit and from investment reserve the general reserve now stands at £9,250,000.

OUTLOOK FOR THE FEDERATION

Our Company's prospects depend so much on the future of the Federation that members may like to have some assessment of the political and general situation. Seen from outside, the Federation may appear during the last year to have undergone a series of political crises, to have had a stagnating economy, and to have made little progress along its avowed path of partnership. Certainly if stock exchange prices are a fair indication of Britain's and the Continent's view of the future of the country, they show little confidence, with Federal Government stock yielding around 9 per cent and copper mines with large ore reserves standing on a yield basis of about 16 per cent net after Federal taxes.

Nevertheless in my opinion it has been a year of great and heartening progress politically, economically and socially. Outstanding in the political field was the Referendum in Southern Rhodesia where by a two to one majority the electorate—at present largely European—voted for a new and progressive constitution. There has been a tendency to regard this constitution simply as one which, by the introduction of a separate lower roll, will give Africans 15 seats in an enlarged Assembly of 65 members. That may well be one immediate result; but in addition to the provision in this way of African representation in the Assembly, and an immediate increase in the total number of African voters, the non-racial character of the franchise will soon lead, with normal educational and economic progress, to significant African numbers on the upper roll as well. To my mind it is wrong to consider these changes necessarily in terms of racial conflict, as most of the existing political parties have members of all races and this tendency is increasing.

The party in power in Southern Rhodesia took the situation further forward at its Congress last month by voting without opposition that the Government should press ahead with legislation to allow the acquisition of land anywhere in Southern Rhodesia without regard to race (except that the Reserve land should continue to be protected for the benefit of its African inhabitants), and to facilitate the absorption of urban Africans into a non-racial community. At the same time it voted to introduce legislation after the next election to ban racial discrimination in public places; in fact many hotels and cinemas in Southern Rhodesia are already non-racial. In Northern Rhodesia, where the major interests of our company are established, similar legislation was introduced in September, 1960, and, after a few minor incidents, the new order has worked well.

However, the indecision over the constitutional plans for Northern Rhodesia led to some loss of confidence within the Territory and to a series of acts of arson and sabotage mainly in the Northern Province. The purpose of this lawlessness appears to have been to persuade the British Government to revise the constitution it announced in June. Whether or not these proposals are revised, it is certain that the influence of African voters will grow very rapidly, and this is a concept which is becoming increasingly accepted in Northern Rhodesia. The situation as I write is now calm; and in fact at the time it was clear that the incidents caused anxiety and resentment among large numbers of the African population.

The future constitutional shape of the Federation is still undecided and no date has yet been set for the Federal review talks. The Malawi Party now in power in Nyasaland has continued to voice its opposition to the Federation, but I remain convinced that Federation provides greater prospects for economic advance and for stability than the three territories could achieve individually; and certainly the facts of economic progress since federation are impressive.

While I do not regard economic progress as a substitute for political advance, equally I believe that immediate universal suffrage in these territories carries the risk of a sharp decline in living standards, and that the considerable number of Africans who favour qualifications for the suffrage can in no sense be called stooges because they support responsible Government. Very shortly after the start of Federation I said that its chief problem was poverty and, although since then there has been a great improvement in living standards, poverty and unemployment are still the major problems.

ECONOMIC PROGRESS

While there have been great advances in industrial activity, a firm foundation for an expanding economy in the Federation can only be assured by extensive rural development, leading to a general increase in cash earnings above the subsistence level by the majority of the people in the rural areas where 80 per cent of the population live. Rural development, in my view, is not only the best immediate means of widening employment and providing better living standards for the lowest capital cost, but should in turn lead to increased industrial activity. All three territories are working on schemes for land settlement and greater productivity, and our Group has indicated to the Federal Government our readiness to make loans available to assist this type of development.

The concentration of attention on political issues has tended to obscure the steady progress made by all sections of the economy apart from the building industry. The level of industrial activity in all manufacturing groups was 9.8 per cent greater in 1960 than in 1959 and there is every indication that this year will again show substantial progress.

In the sphere of mining there has been further expansion. In Southern Rhodesia the value of mineral production was £26,380,000 in 1960 compared with £25,003,000 in 1959. In Northern Rhodesia, our Group is engaged on three major schemes involving an aggregate estimated capital cost of £15 million.

Similarly, the Rhodesian Selection Trust Group's Mufulira Mine, in which we have a substantial interest, has been engaged on a major expansion scheme involving the development of the Mufulira West Orebody.

On the Copperbelt, and at Broken Hill and Wankie, the year has seen considerable progress in industrial and social relations. Last year I referred to the preliminary agreement the copper mining companies had reached with the European-controlled Northern Rhodesia Mine Workers' Union to establish a unified wage scale with no racial bar to progress. Although in our subsequent negotiations with the Northern Rhodesia African Mineworkers' Trade Union on the implementation of these proposals we are meeting many difficulties, I am hopeful that in due course we shall reach agreement. Meanwhile Africans and Europeans are being trained side by side in the underground schools at Nkana and Nchanga to qualify for jobs previously attainable only by Europeans. We are also negotiating with the Mines African Staff Association for the advancement of Africans in the staff field. All our African employees on the copper mines have this year been brought into the Group Pension Scheme which will give them greatly enhanced security and benefits. At Wankie, as a result of new industrial agreements in Southern Rhodesia, it is intended that European and African mineworkers will for the first time be represented by a single trade union as has already happened with officials and salaried staff of all races. The mines now have football, athletics and other sports sides in which the races participate together and I would particularly like to mention the outstanding success of the Wankie football team, which reached the final of the Southern Rhodesia Amateur Cup.

BREAKING DOWN OF SOCIAL BARRIERS

The first children to benefit from the creation of The Northern Rhodesia Educational Trust by the Copperbelt mining companies were admitted to schools in 1960. About 2,400 children have so far started their primary education in new schools or classrooms built with Trust money and this year five Trust secondary schools have been opened. Plans are in hand for the construction of a new college at Mufulira to provide additional teachers.

The College of Social Service at Lusaka, named after my father, is to receive its first intake of 33 students in January next year. The enrolment includes African, European and Coloured students, both women and men, drawn from different territories in Southern and East Africa. The Outward Bound School in the Chimanimani Mountains has run three very successful courses on non-racial lines as part of a pilot project, and the permanent school is to be started next year to take about 250 boys a year from all over the Federation. With the facilities shortly to be available at such institutions as the Bernard Mizeki School, St. Ignatius College and the Nyatsime College, substantial numbers of Africans will now be able to provide their children with a public school education.

All these projects have called for considerable contributions from both firms and individuals, and it is most impressive how much time, energy and money some citizens of the Federation are ready to devote to these causes. There has also been a most encouraging increase in the provision of services, training and amenities on a non-racial basis by voluntary organisations.

While I do not for a moment suggest that there are not still grave political, social and economic problems, credit should be given to the substantial advance that has been made. It is, I think, generally realised now that in the spectacular economic progress of the first three or four years of Federation attention was diverted from urgent social and political problems, but an outstanding effort is being made to make up for the time and opportunities that were lost.

I continue to believe that the Federation, given proper encouragement, constructive criticism and time, has a great chance of creating a genuinely non-racial society with a prosperous economy. To this end it is vital that immediate action should be taken to accelerate the development of the country's resources and so to provide better living standards for the mass of the population. It is my hope that our Group will continue to contribute to this advance.

Copies of the annual report and accounts are obtainable from the London office of the company, 40, Holborn Viaduct, E.C.1.

BLYVOORUITZICHT GOLD MINING COMPANY, LIMITED

(Incorporated in the Republic of South Africa)

The Twenty-fourth Ordinary General Meeting of shareholders will be held in Johannesburg on November 21, 1961.

The following is an extract from the circulated review of the affairs of the Company by the Chairman, **Mr T. Reekie,** dated November 2, 1961.

WORKING RESULTS

The results achieved during the year under review established many new records for the Company. A new record profit from gold production of R15,965,384 was attained and the profit from the production of uranium oxide and sulphuric acid, at R3,779,000, was also the highest recorded by the Company.

DEVELOPMENT AND ORE RESERVE

The footage developed underground also exceeded previous rates. Due, however, to the need to provide connections between the new "B" series of sub-incline shafts and the recently completed "A" series and to advance the three cross-cuts from the vicinity of A2 Sub-Incline Shaft to connect with the new No. 4 Vertical Shaft which is being sunk from the surface, the additional development footage was all off-reef. In the lower grade western section of the mine, however, development continues to be of an exploratory nature on the reef horizon. About 35 per cent of the footage developed on reef was in this lower-than-average-payability area, but nevertheless the general payability of reef disclosures fell off slightly in association with a small reduction in the channel width of the reef. It is not possible at this stage to determine whether or not this represents any persistent trend. It is of interest to note the establishment of some new ore reserve blocks in the section towards the western boundary of the property.

The available ore reserve, all on the Carbon Leader Reef, re-estimated at June 30, 1961, increased by a little over one per cent to 4,531,000 tons, there being a small decrease in the gold and uranium values and in the stoping width.

NO. 4 VERTICAL SHAFT

Sinking progress during the year under review was satisfactory and, at the year end, the shaft had reached a depth of 2,472 feet below the surface. Since July, however, the intersection of a series of water-bearing fissures has necessitated further cementation and caused some delay. It is clear that considerably more serious delays and difficulties would have been encountered in this badly fissured zone had pre-cementation of the shaft area not been undertaken in the first instance. Sinking operations were recommenced early in October, and steady, if slow, progress through this 240 feet is expected.

The three haulage cross-cuts which are to link No. 4 Shaft with the rest of the mine, two on the 6th level and the third on the 8th level, were advanced steadily during the year.

ACCOUNTS

The working profit for the year from gold, uranium and sulphuric acid of R19,744,384 was increased by sundry net income to a total profit of R19,987,231. Appropriations made for taxation, mineral lease consideration, dividends, repayments of the capital portions of the uranium and acid plant loans, and current net expenditure on mining assets, exceeded the total profit by R564,590, which amount was accordingly charged against the balance of the Income and Expenditure Account, thereby reducing it to R5,531,851 at June 30, 1961. Revenue Reserves, including the unappropriated balance, plus the small unexpended balance of the uranium and acid loans, were represented by net current assets totalling R5,974,154. Of the total loans obtained to construct the uranium and acid plants, R2,982,510 remained at June 30, 1961, to be repaid in equal quarterly instalments over the ensuing 2½ years.

Of the R2,829,591 spent on Capital Account during the year, approximately two-thirds was spent on the new No. 4 Vertical Shaft and its ancillary requirements, the remainder being mainly spent on the preparatory work and winders for sinking the "B" sub-inclines, pumping equipment. Of the R4,600,000 which it is estimated will be spent during the current year, No. 4 Shaft will again absorb about two-thirds, while the "B" sub-inclines will require approximately R900,000.

In relation to the total profit for the year of R19,987,231, the provision for taxation and mineral lease consideration represented 51.9 per cent. The two dividends declared were each of 13 cents per share, and equalled 31.2 per cent of the total profit.

URANIUM

The Board considered it to be in the Company's interest, provided it could be done without financial loss, to keep the uranium and sulphuric acid plants in production for as long as possible in order to be in a better position for taking advantage of any revival in the demand for uranium. Under the revised arrangements the Company's plants will be in operation until the end of 1966, and over the increased period there is expected to be a financial gain compared with what the Company would have received under the previous contract which was due to expire in December, 1963.

BRITISH ASSETS TRUST LIMITED

IMPORTANCE OF SELECTIVE INVESTMENT

MR ALASTAIR C. BLAIR ON COMPANY'S RECORD OF PROGRESS

The Sixty-Fourth Annual General Meeting of British Assets Trust Limited will be held on December 7, 1961, at the Registered Office of the Company, 9 Charlotte Square, Edinburgh.

The following is the Review by the Chairman, **Mr Alastair C. Blair, CVO, WS,** which has been circulated with the Report and Accounts for the year ended September 30, 1961:

Shareholders who keep their Annual Reports may find it both interesting and instructive to look up their report for the year to September 30, 1957, and to read my review at that time. Bank rate had been raised to 7 per cent as happened again this year; our investments had a market value of just under £20 million, a level at which they had stood for two years after a previous sharp rise, and our income had reached £1.1 million. At that time we looked forward to a slight fall in our income which duly happened in the following year but was succeeded by three years of steady growth so that our income has now reached £1,340,000.

RECORD VALUE OF INVESTMENTS

The market value of our investments at £30,884,000 is a record for a year-end and is 9 per cent higher than a year ago although the Financial Times Industrial Index had fallen during the same period from 322.9 to 297.1. This result stems largely from our holdings of American stocks where the market which had lagged behind the British market for two years has been rapidly catching up. There has also, however, been a marked divergence of experience over the past year between different industries and different companies which has been masked by the index. This is where one can see the importance of selection of investments, and it is satisfactory that the total value of our sterling investments is virtually unchanged from a year ago in spite of the fall in the index.

The advantage to the ordinary investor of professional management of his funds through an investment trust only becomes fully apparent at a time of widely divergent trends. During the fifties it was comparatively easy for the investor to do well. In the last two years it has been harder and we expect that it will continue to be difficult during the decade to 1970, but we still believe that there will be plenty of good opportunities.

In 1957 when our foreign currency reserves were, as they are now, much in the news, we published a graph showing the rise in our dollar investments. On page 11 of the Report and Accounts we bring this table up to date and you will be interested to see the continuation of the trend and to note that our holdings are now worth $32 million having a net cost of $6.8 million which has been covered by the $7.1 million received as income and remitted to this country in the last fourteen years.

THE OUTLOOK

The future today remains as obscure as it was in 1957, and we must expect the Chancellor of the Exchequer's appeal for a pause to be reflected in our income. It is for this reason that I have looked back at the progress we have made in the last four years. We believe that if we continue to follow the policies which have guided us in the past, shareholders will be able to share fully in the increased prosperity of an age which, with all its problems, remains one of great material progress.

Mr H. G. Sharp, who was appointed a Director on April 15, 1931, has now reached the age of seventy-five and under our Article 106 he retires from the Board at the close of the Annual General Meeting. All of us at No. 9 will miss the pleasure of working with him; the Board and Management have relied on his judgment and wise counsel in solving many difficult problems during the past thirty years and I would like to put on record the Company's indebtedness to him for all that he has done during that time.

PICKFORD, HOLLAND & CO.

EXCEPTIONAL TRADING CONDITIONS

The annual general meeting of Pickford, Holland & Company, Limited, was held on November 13th at Sheffield, **Mr Ronald Steel** (the chairman), presiding. The following is an extract from his circulated statement:

This time last year our main customers, the steel trade and the coke oven industry, had been enjoying twelve months of high demand for their products and these conditions continued during the first ten months of our year which ended on July 2nd. It was impossible to keep up with our customers' requirements for basic bricks and all our works were operating throughout that period at maximum capacity. Fortunately for your company the extensions and improvements upon which we have been concentrating in the last ten years were there to meet this unprecedented demand and we have thus been able to show you a trading profit which at £467,863 is 36 per cent better than the previous year.

I referred above to the exceptionally high demand in the first ten months of our year, but I am sorry to say there was a marked falling off in May and June. At the present time we are back to the conditions which prevailed in 1958; steel production has fallen and is still falling, thus reducing the demand for our bricks, and as in 1958 our customers are adjusting their stocks to their new level of activity. In August all work on silica bricks against a substantial coke oven order was suspended because building was being postponed, and on account of this and the fall in general demand we have had to make redundant 50 of our Crook works employees to our great regret. Current sales are running considerably below the level attained in the year under review and our brickmaking plants are not fully occupied; consequently we cannot expect to repeat this year's excellent financial results unless there is an immediate upturn in orders.

As for the future we have modern and efficient plant, a well equipped laboratory and enthusiastic employees, and so I feel convinced our sales department will get our full share of whatever trade the new year may bring.

The report and accounts were adopted and a dividend of 20 per cent approved.

BERKELEY PROPERTY AND INVESTMENT CO.

RECORD PROFITS, REVALUATION AND SCRIP ISSUE

MR J. H. HAMBRO REVIEWS ACTIVITIES

The thirty-seventh ordinary general meeting of The Berkeley Property and Investment Company Limited will be held on December 4th at 41, Upper Brook Street, London, W.1.

The following is an extract from the circulated statement of the Chairman, **Mr J. H. Hambro, C.M.G.**

The Accounts show not only increased income from our properties in this country but also from the subsidiaries in Canada and the Channel Islands. In addition, our partly-owned Subsidiary Company engaged in Estate Development has begun to make a worthwhile contribution to our profits.

To give Shareholders more accurate information about the value of our Freehold and Leasehold Properties these are now shown as valued by the Managing Director, Mr R. F. Willcocks. This more realistic assessment has produced a surplus of £2,403,120.

The new Valuation which applies only to properties in this country and the Channel Islands and not to those in Canada, has been made on a conservative basis and reflects only those increases in rents which are immediately foreseeable. The surplus created by the revaluation has enabled us to set up a reserve which can be used, when necessary, to cover future fluctuations in the values of individual properties.

Apart from the new reserve, the Holding Company's Balance Sheet shows "free" reserves amounting to £855,079. Having made the decision to revalue our properties it is now proposed to use a portion of the "free" reserves to bring the nominal capital more into line with the real value of the assets. Accordingly we are proposing a free issue of three Ordinary Shares for every ten Ordinary Shares at present held.

It is the intention of your Board to recommend, next year, a dividend on the increased capital at a rate not less than that paid this year on the present ordinary capital, namely 10 per cent., subject, of course, to no unforeseen circumstances arising. I should also point out that this dividend on the increased capital is already covered by existing earnings. Your Board had indeed looked forward to making some increase this year in the final Ordinary dividend but felt bound to accede to the Chancellor's request for a "pause."

In the past we have been able to show a steady annual increase in assets and income and, subject to unforeseen circumstances, we believe that this growth should, particularly if our various developments turn out as anticipated, be more than maintained.

We do not seek a merger and would not be prepared to give serious consideration to any proposition which did not offer to our Shareholders a full value for their assets and a greater rate of growth than is possible with our existing facilities.

NEW ZEALAND LOAN AND MERCANTILE AGENCY COMPANY, LIMITED

MR MICHAEL G. H. BROWN'S SPEECH

The Sixty-Seventh Annual General Meeting of New Zealand Loan and Mercantile Agency Company, Limited, was held on November 14th in London.

Mr Michael G. H. Brown, the Chairman, presided and, in the course of his speech, said:

If you accept the strong recommendation of your Board and agree to exchange your shareholdings in this Company for shareholdings in the Company to be called "Dalgety and New Zealand Loan Limited," this will be the last occasion upon which I shall have the honour to preside over a General Meeting of New Zealand Loan and Mercantile Agency Company, Limited with you as Shareholders.

Our Company was originally brought into being in 1865 and has survived through many vicissitudes of fortune for 96 years. It may seem in some ways a pity that it should not live on as a separate Public Company for a further four years, to reach its 100th birthday.

It is interesting, and of some comfort, to think that the Company with which we recommend you should merge your interests has been established even longer than we have and carries a reputation which is as highly regarded as our own within our industry.

Assuming that the merger goes through, it becomes even more difficult to forecast the possible results of the current year's trading. There is no doubt that, in due course, many economies will be effected and these economies will be really substantial. On the other hand, half the year will have passed before the formalities effecting the merger will have been completed and several more months will elapse before the practical problems of consolidating our businesses can be overcome.

Inevitably, the actual process of merging will produce exceptional expenses and these will be incurred before the economies can be achieved. Furthermore, we all know that it is not easy to achieve economies in the home without producing personal problems for members of the family. A somewhat similar situation arises in the life of a large concern and, clearly, you would want us, on your behalf, to see that these problems are mitigated so far as reasonably possible for everyone concerned. This can mean, also, delay in achieving the full benefits of the merger.

In Australia and many parts of New Zealand conditions are dry—in some areas very dry. Unless adequate rains fall and revenue becomes more buoyant than at present, it may be that the combined results for the year ending next June will be lower than the total of the two Companies' independent results for last year.

I feel quite sure, however, that in the year ending June 1963, a substantial part of the economies for which we are looking will play their part in the form of reduced expenditure or increased business, and that other benefits from the proposed merger will accrue over the two or three years after that.

If we did not think that you, as Shareholders, would be likely to receive larger Ordinary dividends from the merged Company than you would be likely to receive from our Company continuing on its own, we should not have recommended this merger to you.

The Report and Accounts were adopted.

Groupement de l'Industrie Sidérurgique

GIS

PARIS, FRANCE

(Iron and Steel Finance)

The Annual General Meeting of GIS was held in Paris on June 30th, and the following are details of the report presented by the Board of Directors:

REVIEW

The French iron and steel industry made remarkable progress in 1960.

Output of steel increased by 13.5 per cent to 17,281m. ingot tons; exports were 2.8 per cent higher at 3,964m. ingot tons; turnover rose by 22.2 per cent to NF. 10,310m. Investments in the iron and steel industry alone, which increased by 24.3 per cent to NF. 1,255 m., reached the highest level yet attained during the period of the Third Plan for the Iron and Steel Industry.

Gross profits of the industry as a whole, before depreciation, taxes and dividends increased to 16.5 per cent of total turnover as against 14.6 per cent in 1959 and 12.9 per cent in 1958. Depreciation amounted to 13.6 per cent of total turnover compared with 11.9 per cent in 1959 and 10.4 per cent in 1958.

INVESTMENTS

Depreciation allowances were almost equal to the whole of the profits for the year after payment of taxes and dividends. Working capital and medium and long-term debts increased appreciably less than turnover. The trend away from public to private investment continued; 69.3 per cent of long and medium-term loans contracted during the year were raised from private, and only 15.2 per cent from public sources.

FINANCE

Since no new loans were guaranteed during the year, and earlier loans were repaid in the usual course, total loans guaranteed fell by about 12 per cent to NF. 182,039,308.

The eighth debenture loan of NF. 340m. issued in September 1960 was similar to the 1959 loan except for the redemption period of 25 instead of 20 years, and was equally successful. From this loan, fourteen companies received credits from NF. 1.5m. to NF. 90m. each.

PROFIT AND DIVIDEND

On April 28, 1961, the capital of GIS was increased to NF. 112.5m. by the issue of 250,000 new shares of NF. 50 face value at NF. 53.50 each.

The profit and loss account showed a net profit of NF. 1,907,591. After crediting the reserves with 5 per cent, adding the sum brought forward from earlier years, and taking NF. 409,836 from reserves, the profit available for distribution amounted to NF. 2,421,052. It is accordingly proposed to distribute a dividend of NF. 0.92 net per old share issued on December 31, 1960.

The report, the accounts, and the proposals put forward by the Board of Directors were adopted.

HARMONY GOLD MINING COMPANY LIMITED

(*Incorporated in the Republic of South Africa*)

The Eleventh Ordinary General Meeting of shareholders will be held in Johannesburg on November 20, 1961.

The following is an extract from the circulated review of the affairs of the Company by the Chairman, **Mr P. H. Anderson,** dated November 10, 1961.

OPERATIONS AT THE MINE

Negotiations for the sale of approximately 397 claims were started during the year. Although the provisional agreement of sale was not ratified until July, it was essential in the interests of shareholders to increase the development rate in order to prepare for the replacement of actual and potential working faces that were included in the areas that were the subject of the provisional deed of sale. Whether a milling rate of 200,000 tons per month can be maintained or not depends very largely on the supply of labour and on what the present exploratory development programme reveals. In order to maintain the current milling rate, ore will have to be drawn from the area to the south and west of No. 3 Shaft and a development programme to open up and explore this ground has been initiated.

The development and sampling results given for the year ended June 30, 1961, include development and sampling in the northern area of approximately 313 claims sold to the Virginia Company (known as area "A"), but do not include work done by the Virginia Mine in the southern area of approximately 84 claims (known as area "B"). As the sale was ratified in July, 1961, all results of operations given after July 1, 1961, exclude work done on behalf of the Virginia Mine.

Gravity concentration of gold in the reduction plant was finally discontinued during July, 1961, and the plant now operates on full cyanidation only. The plant is capable of milling slightly in excess of its rated capacity of 200,000 tons per month.

SALE OF APPROXIMATELY 397 CLAIMS TO VIRGINIA ORANGE FREE STATE GOLD MINING COMPANY LIMITED

The minimum purchase price of R6,000,000 is payable quarterly and the first instalment of R225,000 was received at the end of September, 1961. Stoping by this Company of 10,000 fathoms in Area "A" as provided in the agreement was completed during August this year, and full possession and occupation of both Areas "A" and "B" has now been taken by the Virginia Company.

URANIUM

The Company produced a total of 487.2 tons of uranium during the year ended June 30, 1961, leaving a balance of 2,806 tons to be supplied from July 1, 1961 until the end of 1970. With the increase in the milling rate it is now necessary to dump uranium-bearing slime that is in excess of the capacity of the uranium plant. At June 30, 1961, the approximate quantity of accumulated slime was 46,000 tons.

FINANCE

The amount spent on capital account, after

allowing for certain credits, amounted to R3,140,249 during the financial year under review. In the Annual Report it was stated that capital expenditure for the three year period from July, 1961, to June, 1964, was estimated at R4,000,000 of which approximately R2,000,000 was expected to be spent during the year ending June 30, 1962. Both the figures may be exceeded slightly, depending on the area of additional land purchased for water disposal purposes.

In addition to the Reduction of Share Premium No. 1 of 3 cents per share, Dividend No. 11 of 14 cents per share was declared on September 15, 1961.

TAXATION

At June 30, 1961 the Company had an estimated income tax loss of R3,269,000 and an estimated loss for lease purposes of R3,753,000, and no South African taxation or lease considera-

tion was payable during the year under review. At September 30, 1961, it was estimated that the tax loss had practically been extinguished and it is evident that taxation should be payable during the current financial year. For the purpose of making a rough calculation, the combined tax and lease payments that the Company will make to the State, in terms of existing legislation, will be approximately 71 per cent of any profit (less capital expenditure) that is in excess of 6 per cent of revenue.

ANGLO-AMERICAN SHIPPING COMPANY

(A Member of the International Naess Group of Shipping Companies)

CHALLENGE AND OPPORTUNITY

MR ERLING D. NAESS'S STATEMENT

The Third Annual General Meeting of Anglo-American Shipping will be held on December 15th in Bermuda.

The following is the Statement by **Mr Erling D. Naess** to the Shareholders circulated with the Report and Accounts for the year ended June 30, 1961.

As stated in the Directors' Report, the Consolidated Net Earnings of Anglo-American Shipping Company Limited and its Subsidiaries for the year, after providing for depreciation, was £398,818. This was approximately £49,000 more than I forecast at this time last year, and about £99,000 in excess of the estimates published in 1959. These results were achieved despite a slight loss in the operation of "NAESS TRADER," due mainly to unusually heavy repair and maintenance costs incurred during the year. The profits for last year included only approximately six months' earnings from three new vessels, and it is estimated that, for the current year to June 30, 1962 the Consolidated Net Profit, after depreciation and other charges, should be of the order of £600,000. The remaining vessel of the fleet, "NAESS CHAMPION," is due to be delivered in July, 1962 and, with the additional earnings from this vessel, the annual profit should, subject to unforeseen circumstances, rise to a figure in excess of £800,000.

If the trend which I have forecast is maintained over the next few months, it should be possible for the Directors to consider the recommendation of a Dividend on the Ordinary Share capital for the six month period ending December 31, 1961. However, in this connection, it must be borne in mind that the major part of the cash represented by retained earnings is required to repay loan indebtedness.

The Directors of the Companies forming the International Naess Group, being of the opinion that the various interests of the Companies might with advantage be consolidated, are engaged in exploratory discussions with a view to a possible merger between Norness Shipping Company, Inc. and your Company. It must however, be emphasised that, apart from the normal considerations affecting the Shareholders in the Companies, any scheme would be subject to the agreement of the long-term lenders and Security Holders in both Companies and to the obtaining of approval from the Authorities concerned. It will be appreciated that the last-mentioned matters are beyond the control of the Directors of the Companies but, if sufficient progress can be made, the Shareholders will be informed and proposals submitted to them.

In regard to the outlook for the Companies' shipping operations, I would like to reiterate what I said at the Second Annual General Meeting about a year ago. The trade in which our Group is engaged—namely, the transportation of bulk commodities on a world-wide basis—is a growth industry which offers great opportunities to those who are willing to accept the challenge of fierce competition and rapid change. Our minds must at all times be open to new ideas, new doors which open, new concepts of sizes and types of ships, as well as new trade routes and markets, in order to make progress in an industry which is in its fifth year of depression. With our excellent connections, modern tonnage and energetic management, I feel confident that, even if the depression in freight rates should run the full term of the Biblical seven lean years, or maybe more, our Shareholders should not have reason to be dissatisfied with their investment.

It has taken a lot of time and painstaking work to arrive at the point where our Company finds itself today, and my co-directors and I pay tribute to the Company's staff, both ashore and afloat, for their loyal efforts and collaboration in the past year.

BRITISH ELECTRONIC INDUSTRIES LIMITED

MR C. O. STANLEY ON NEED FOR LONG-TERM GOVERNMENT PLANNING

The first annual general meeting of British Electronic Industries Limited was held on November 9th in London, **Mr C. O. Stanley, CBE, LLD, FCGI** (the Chairman), presiding.

The following is an extract from his circulated statement:

For nearly 30 years we have met and dealt with many vicissitudes and changes in the electronics industry, successfully coped with enormous wartime problems and built wartime experience into many new businesses. Yet in a year when Great Britain has had the highest level of employment, the Group of Companies of which I am Chairman produces very disappointing results—results far different from what either the shareholders or the management had contemplated when the merger between Pye and Ekco was first proposed.

The chairman then dealt with the factors contributing to the "present collapse in the [illegible] received as a [illegible] which he said stemmed country in the last [illegible] of the Government in the [illegible]en they suddenly decided [illegible] of intense promotion of [illegible] market. Manufacturers

The future today rem[illegible]y had to expand production facilities to manufacture and distribute television and radio sets to meet the huge demand following the removal of all credit restrictions. As the boom developed the country's export trade failed to expand, there was not enough money either to pay for our imports of food or the essential raw materials needed to run our industries. So in April, 1960, when the boom was already dying down, restrictions of the harshest kind were clamped down on the industry.

A RACE TO RUIN

Mr Stanley continued: But a considerable time is taken to slow down factories that have built up large productions, and while this is happening, substantial stocks accumulate all over the country, tying up money, and adding extra overheads for handling and storing. Financially, manufacturers are strained to the limit and suddenly the weaker companies break. This happened in December of last year and the stocks held by these companies had to be thrown on the market at what we would call distress prices, thus setting a race to ruin.

A Socialist will say this is what happens when you have no Government planning, but most of us had a terrible experience of Socialist planning between 1945 and 1951. But long-term planning is what was needed and what is still needed. Planning need not be carried through by a Goverment machine but could result from the co-operative association, on a democratic basis, between industry, trade unions, professional economists, and the Government of the day.

POTENTIALITIES OUTSIDE TV MARKET

Mr Stanley then outlined the interests of the Ekco business not associated with radio and television, i.e. light transistorised airborne radar, nucleonics, heating appliances and plastics and then gave a picture of the potential strength of the Pye electronic group in fields entirely outside the popular television consumer market mentioning inter alia, The Telephone Manufacturing Company, Pye Telecommunications, three companies in the home electrical appliance group, the scientific instrument companies, Pamphonic Reproducers, overseas interests in Italy, New Zealand and Australia, a substantial investment in ATV, investments in British Relay Wireless and Television and Pye Records, and interests in Ireland.

Mr Stanley continued: I have only been able to deal with some of the facets of your company which may influence the future, irrespective of what happens in the domestic television business. I do not say that within a matter of a few months we can entirely get rid of the damage which was done last year, but I can say that the foundations we have built in industries other than domestic television are so broad and have such great possibilities for the future that anything we have done in the past will be very small compared with what we can do in the future.

The report was adopted.

THE WALMSLEY (BURY) GROUP

(Manufacturers of Pulp and Paper Making Machinery and Equipment)

RECORD VALUE OF CURRENT ORDER BOOK

The twenty-ninth annual general meeting of the Walmsley (Bury) Group Limited will be held on December 8th at Bury.

The following is an extract from the circulated statement of the chairman, **Mr Percy Holland:**

The consolidated profit for the year ended June 30, 1961, is £691,589 as compared with last year's figure of £927,057. After charging taxation, and after relief from taxation of £121,715 in respect of investment and initial allowances, the profit becomes £454,898 against £463,607 for the previous year. We are proposing a final dividend of 17½ per cent on the ordinary share capital; this, with the interim of 5 per cent, makes a total for the year of 22½ per cent less tax.

Sales for the year were at approximately the same level as last year. Included in the orders completed were six paper-making machines and five substantial reconstructions to existing machines. Many items of preparatory plant and finishing equipment were also supplied in addition to an output of replacement and spare parts for the servicing of machines previously in commission. A large proportion of the major orders was shipped to countries abroad and they were obtained during a period of relative quietness in the paper-making industry worldwide, with a corresponding sharpening of competition.

The substantial addition to existing facilities represented by the new Bolton Works is now rapidly nearing completion. Transfer to the new works of the patternmaking and moulding sections permits of further development and rationalisation on the engineering side in the buildings thus vacated at the Bury and Wigan works. The substantial capital expenditure to be incurred on the new Bolton works and in the further development of the Bury and Wigan works will be found from the monies received for the new shares issued to Beloit International Corporation C.A. in the early part of 1960 and from other available resources. It is not expected that further new permanent capital will be required in the immediate future.

The increase in capacity will, in due course, result in an increased output, but I must emphasise that it will take time to achieve full integration of capacity, output and sales and the benefit will equally take time to show up in the profit record.

Since January of this year orders for complete paper and board making machines have been obtained for mills in Great Britain, Norway, the U.S.S.R., Australia, Sweden, Italy, Canada and New Zealand, with the result that our order book at present stands at a level higher in value than it has ever been. Over 75 per cent of the orders on hand are for export to 28 countries. Our association with the Beloit companies has proved invaluable in negotiating for and in securing many of these outstanding orders.

Extremely keen competition continues to affect profit margins as well as to provide a spur to searching out ways and means of reducing costs consistent with a maintenance of technical excellence and a high standard of workmanship.

It is proposed that approval be given to an increase of capital and the issue by way of capitalisation of reserves of one new ordinary share for each ordinary share at present in issue. The reserves that we propose should be capitalised result almost entirely from the share premium arising from the recent subscription by Beloit International Corporation and the operation recognises the fact that these reserves are permanently employed in the Group's business.

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WOLSEY HALL, OXFORD

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NORANDA MINES, LIMITED

DIVIDEND NOTICE

NOTICE is hereby given that an interim dividend of Fifty Cents (50c) per share, Canadian funds, plus an extra dividend of Ten Cents (10c) per share, has been declared by the Directors of NORANDA MINES, LIMITED, payable December 15, 1961, to Shareholders of record November 22, 1961.

By Order of the Board,
C. H. WINDEYER,
Secretary.

Toronto, Ontario,
November 9, 1961.

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DIRECTORS needing able office staff (m. and f).—Consult Stella Fisher *Bureau*, 430 Strand, W.C.2. TEMple Bar 6644.

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THE CLIFTON-BROWN CASE. 2s. 6d.
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APPOINTMENTS

GOVERNMENT OF TANGANYIKA

A Senior Economist is required in the Tanganyika Treasury. Candidates, preferably below 35 years of age, should have an Honours degree in Economics not below 2nd class level; at least five years post-graduate experience in the economics field and the ability to prepare concise economic reports and appreciation. The officer will be required to assist the Chief Economist in Economic Analyses and appreciations.

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For other appointments see pages 713 and 714

UNESTABLISHED DISTRICT COMMISSIONERS

NATIONAL SAVINGS COMMITTEE

Several vacancies, mainly in the Provinces, for MEN OR WOMEN with knowledge of economics, organising ability, preferably with experience of public speaking and voluntary organisations. University education desirable. National salary £775 on entry (aged 25 and over), rising to £1,430. Possible establishment later. Application forms from Manager (PE 3543), Ministry of Labour, Professional & Executive Register, Atlantic House, Farringdon Street, London, E.C.4. Closing date for completed application forms Monday, December 4th.

COMPANY AFFAIRS

Royal Dutch/Shell

THE third quarter's figures from the Royal Dutch/Shell group have a familiar ring about them; they show a much more substantial increase in the value of gross sales than in the two earlier quarters of 1961 but whereas this brought a marginal rise in income in the first half of the year all the benefit from higher sales in the third quarter has been eaten away by sharp rises in taxes and duties and in operating expenses and royalties (which rose by over £25 million in the third quarter against a rise of only £8 million in the first six months of 1961). Thus a cut of £3 million in income tax still left net income marginally lower compared with the third quarter of 1960, though for the first nine months of the year it is still £1½ million higher at £130¾ million.

SALES AND INCOME
(£ million)

	1960 Quarter (iii)	1961 Quarter (i)	(ii)	(iii)
Sales:—				
Including duties.	674·4	663·1	687·5	717·9
Excluding duties	479·7	494·8	491·0	500·0
Gross income	85·9	78·7	82·5	82·5
Net income	44·1	42·1	44·7	43·9
Gross income/sales*	17·9	15·9	16·8	16·5
Net income/sales*	9·2	8·5	9·1	8·8

* After deducting sales taxes, excise duties, etc. from turnover.

It is perhaps not surprising that after the heavy cuts in capital expenditure earlier this year capital spending remained almost unchanged at £95 million in the three months to end-September; this is about £4 million higher than the quarter's cash flow. For the first nine months, however, expenditure is still covered by the group's cash flow and the group's holdings of cash and short-term securities have now risen to £413 million, compared with £399 million a year ago.

With the tax free interim dividend maintained at 10 per cent on the capital after the one for five scrip issue, a maintained final of 15 per cent on the bigger capital is clearly on the cards and on this assumption at 114s. 6d. the £1 shares, which are shortly to be split into 5s. units, yield 7.1 per cent. This return reflects the present uncertainties and competitive pressures in the oil industry.

Beecham Group

LATE in July Mr H. G. Lazell, the chairman of Beecham Group told shareholders that sales so far in the current year were only marginally ahead of those for the previous year. It seems however that the hot spell late in August and some fine weather in September boosted the sales of soft drinks so that total sales in the six months to end September were almost 6 per cent higher than in the same period of 1960 when the particularly poor summer hit soft drink sales. But, as the table shows, bigger sales have not produced higher profits and while margins are better than they were

	Six months ended Sept. 30, 1960 (£000's)	Mar. 31, 1961 (£000's)	Sept. 30, 1961 (£000's)
Sales	26,988	29,356	28,569
Gross income	4,166	3,784	3,996
Taxation	1,965	1,842	1,885
Net income	2,194	1,933	2,104
	%	%	%
Gross income/sales	15·4	12·9	14·0
Net income/sales	8·1	6·6	7·4

in the winter period, when advertising expenditure at home and in most overseas markets reaches its peak, they are still below the levels of a year ago.

As far as the home market is concerned the chairman had forecast increased costs as a result of the Chancellor's measures, as these he thought would have the effect of increasing the prices of many of the raw materials the group uses. The long awaited improvement in margins from the field of antibiotics is apparently still to come and while Brylcreem has now gained a firm footing in America most of the profit it makes there is now supporting the promotion of Silvikrin shampoo. As forecast the group is to pay one interim of 16 per cent, against the two interims of 8 per cent in 1960-61; but the chances that the dividend will be higher than the total payment of 30 per cent in 1960-61 look slim. Even so, the 5s. shares at 50s. 6d. yield under 3 per cent.

Rootes Motors

THE halving of the gross profits of Rootes Motors from £5,864,000 to £2,912,000 in the year to July 31st is not too much of a shock, for production was running well below capacity for much of the year and while Rootes held on to its share of about 10 per cent of the domestic market its exports to North America, which were notably high throughout much of 1959-60, fell alarmingly. Tax has come down with a bump but both the depreciation provision and interest charges have risen, so that net profits have slumped from £2,228,000 to £796,000. The dividend on the ordinary and "A" ordinary has been slashed from 12 to 4 per cent. This decision, no doubt, was affected as much by the recent experience of the group, with production brought virtually to a standstill by a strike, as by the 1960-61 trading results. The stock market's reaction was to lower the "A" shares to 6s. 6d.

Tube Investments

THERE are several ways of looking at the trading figures of Tube Investments but generally they have been regarded as satisfactory and the £1 shares have since gained 6s. 6d. to 67s. 9d., to yield 4¼ per cent on the maintained 14 per cent dividend.

Without supplying a breakdown of the profits of the numerous divisions in the TI group the chairman, Sir Ivan Stedeford (who is to be succeeded at the end of 1962 by Lord Plowden, the chairman of British Aluminium) does fill in some of the gaps left by the preliminary statement. Thus shareholders are told that, excluding BA (whose profits fell) and new acquisitions such as Raleigh Industries (whose profits also fell), Loewy Engineering and Venesta Foils, profits before tax of the group rose by £800,000.

Most of this increase seems to have come from the steel tubes division which achieved record sales and earnings and which, against fierce competition, increased its direct sales abroad by 25 per cent. The engineering and general divisions also did well in overseas markets, with exports 17 per cent higher, and all the companies in these divisions "contributed well to the year's results." But it is no surprise that both the steel and the electrical divisions made smaller profits; Sir Ivan, like the directors of GKN, complains that the steelmaking companies are having to absorb higher costs without an adequate adjustment in prices. The electrical division has shared the experience of other consumer durable manufacturers and Sir Ivan can only hope for an improving market for its "Creda" products. For the cycle and aluminium divisions, now being reorganised and rationalised around Raleigh and BA respectively, the year was difficult but Sir Ivan says that the reorganisation policy is adding to the group's competitive power.

Although the Park Gate steel development project has been trimmed from £58 million to £31 million, TI's development programme is expected to cost about £75 million over the next five years. Sir Ivan is confident that this programme can be financed without affecting the dividend policy. His argument is a strong one, for liquid assets (excluding those of BA) amounted to £25 million at the end of June (reflecting in part the £21 million rights issue made in the spring of 1960) and its cash flow (again excluding BA) is running at about £10 million. But shareholders would be unwise to expect much in the way of an increase in the dividend until the programme is well advanced. Indeed, the current year could well see some reduction in the present dividend cover of over three times; Sir Ivan says that the present economic circumstances are not those "which might be expected to herald another record year." Looking further ahead, however, the development projects will bring their rewards, especially if Britain joints the common market.

Guest Keen & Nettlefolds

GKN's interim announcement was declared well after Stock Exchange hours on Friday and so the market had a full weekend to digest its rather unappetising contents. These included an estimate that pre-tax profits for 1961 would probably fall by £7 million or £8 million from the 1960 peak of £30.8 million. This warning was tempered by the directors' forecast that the dividend would be maintained at 16 per cent, of which the interim of 5 per cent is being paid for the first time on the shares resulting from the one-for-six rights issue made a year ago. The 1960 payment was covered over 3½ times but earnings in the current year, on the directors' estimate, are unlikely to cover the maintained dividend more than 2¼ times. Clearly the 1960 cash flow of over £19 million will be sharply reduced and although at December 31st liquid assets, allowing for the final rights issue instalment, amounted to £31 million, the group's high rate of capital spending will have quickly eaten into them.

This week the shares have fluctuated and finished 1s. 6d. lower on balance at 78s. 3d., to yield 4 per cent, but the rest of the market has shrugged off the sharp setback suffered by this key steel and engineering company. Some fall in profits had been forecast by the chairman in May and since then, the directors say, the pressure on profit margins, particularly in the steel companies, has intensified.

Carreras

THE swing to filter tipped cigarettes has added to Carreras' profits and there still seems some scope for further growth in filter tipped sales in this country. In the first half of this year Carreras' filter-tipped sales here rose by 35 per cent, almost double the increase of 18 per cent in the sales of all filter-tipped brands. But the chairman, Mr J. H. Hansard, warns shareholders that the 10 per cent surcharge on tobacco duty is bound to reduce consumption and that any reduction in home sales must affect costs. Profits before tax in the year to June 30th rose from £1,774,000 to £2,608,000 but these profits are not strictly comparable as the 1960-61 figures include for the first time those of Rothmans of Pall Mall which was acquired by Carreras at the time of the Rothman-Carreras integration scheme. Rothmans' profits had been estimated at £500,000 before tax but they were in fact much greater than this following a further growth in sales of king size filter-tipped cigarettes.

It is clear however that some of the improvement in profits is the result of the group's development programme which has been centred on the new Basildon factory. The latest results reflect the first full year of manufacture at this new plant. The company's development plans are not yet complete and the completion of the new administration block early next year will release more factory floor space for production. Further growth is expected not only by the management but also by the stock market: the 2s. 6d. "B" shares at 6s. 6d. yield only 3½ per cent. The low return certainly reflects the possibility of an increase in the dividend, for in raising the dividend from 8 to 9 per cent the directors said they would have paid more but for the Chancellor's request.

BICC

AS expected the interim results from British Insulated Callenders Cables reveal an improvement in profit margins in the first half of 1961, but the chairman, Sir William McFadzean, emphasises that margins still remain narrow. Sales have continued to run at a high level and, as the table shows, the improvement in margins is reflected in the rise in profits. Exports and overseas sales have also increased but profits both from BICC's Australian and Canadian companies have fallen; the latter has made a loss, but prospects there now seem a little brighter. Sir William forecasts that the improvement in profits in the first six months of 1961 is likely to be maintained in the second half of the year and that investment income for the whole of 1961 should be similar to that for 1960. It remains to be seen whether this will raise earnings per share, for the ordinary capital was increased by a one-for-seven rights issue in May. On the enlarged capital the directors have forecast a maintained dividend of 13½ per cent, but this interim report may prompt some shareholders to hope for a slightly higher final payment. On 13½ per cent. the £1 shares at 59s. yield 4.6 per cent.

Six months to	June 30, 1960 £'000	Dec. 31, 1961 £'000	June 30, 1961 £'000
Sales	74,000	69,000	75,000
Trading profit	4,469	4,553	5,273
Depreciation	1,285	1,297	1,424
Profit before tax	2,823	2,849	3,321
Investment income	38	535	62
Tax	1,113	1,480	1,471
Net profit	1,748	1,904	1,912
Trading profit/sales	6·0%	6·6%	7·0%

Motor Components

SUPPLIERS of motor components cannot protect themselves very much from a recession in the motor industry and the stock market was therefore fully prepared for disappointing results. But in several cases the falls have proved to be less severe than had been expected. The interim report from **Pressed Steel** last week provided the biggest shock, for the interim dividend, which the year before was set at 9 per cent, has been passed. Though the group has wider interests than most other component suppliers these have provided no cushion. The railway division worked below capacity and price cutting has hit the sales of refrigerators. The directors say that but for the interruption of unofficial strikes "a reasonable level of output would have been maintained in car body production." The results for 1961 are likely to be "most disappointing" and the interim dividend was passed in view of the heavy capital commitments of the group. The 5s. ordinary shares have recovered most of an earlier fall and now stand at 17s. 6d.

The two well-known electrical component manufacturers, **Joseph Lucas** and **S. Smith,** supply the aircraft industry, but ultimately are as dependent on orders from the motor industry as Pressed Steel is. Each earned a smaller profit in the year to July 31st. The gross profits of S. Smith fell by over 36 per cent. In July, 1960, gross profits of £4 million were forecast, but in May this estimate was reduced to £3 million. The directors say that unofficial strikes in June were the reason why profits fell short of this estimate; but a reduction in the profits of the Australian subsidiary also played a part. The ordinary dividend has been left unchanged at 20 per cent, but its cover has fallen from over three times to rather less than twice. The market would not have been surprised if profits had slumped even more sharply and the 4s. ordinary shares were promptly marked up after the results were published by 1s. 4½d. to 16s. 3d., which is well above the year's low point of 13s. 6d. The fact that the profits of Joseph Lucas did not fall more than 16½ per cent also pleased the stock market and the £1 ordinary shares rose quickly by 5s. 6d. to 57s. 1½d. Although sales were fractionally higher than the total of £122 million in 1959-60, lower profit margins cut the cover on the unchanged dividend of 13¾ per cent from 3 to 2¼ times. Both Lucas and Smith shares are now on a significantly lower yield basis than the shares of the two leading British motor manufacturers.

Duple Motor Bodies, which makes bodies for buses and coaches, has raised the total dividend from the equivalent of just under 10½ per cent to 12½ per cent. Profits, including £14,000 in respect of earlier years, were virtually maintained. But the stock market was not impressed with these results as future prospects are not bright. The manufacturing programme has been scaled down and profits are expected to be materially lower. Accordingly the 4s. ordinary shares were marked down 2s. 6d. to a new low of 7s. 1½d.

A warning about the future has also come from the Marquess of Exeter, the chairman of **Birmid,** which makes castings for the motor and aircraft industries. He says that while sales in 1960-61 were virtually unchanged, rising costs cut into margins, and since the end of the financial year there has been a distinct falling off in demand. Costs have continued to rise so steeply that some contracts may prove to be unprofitable.

	Gross profit £000's 1959–60	1960–61	Net profit £000's 1959–60	1960–61	Dividend per cent 1959–60	1960–61	Price	Yield per cent
S. Smith	4,191	2,660	2,313	1,462	20	20	16/3	4·9
J. Lucas	8,073	6,741	2,923	2,526	13¾	13¾	57/1½	4·8
Duple	374	373	168	167	10·4*	12½	7/1½	7·0
Birmid	3,452	2,784	1,768	1,360	20	20	65/6	6·1

* Adjusted for scrip issue.

Company Affairs continued on page 710

LONDON AND NEW

Prices, 1961 High	Prices, 1961 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Nov. 8, 1961	Price, Nov. 15, 1961	Net Yield, Nov. 15, 1961 § £ s. d.	Gross Yield, Nov. 15, 1961 £ s. d.
92½	88⅜	Savings Bonds 3%.....1955–65	91	90 15/16	4 7 11	5 14 3
101 1/32	99	Conversion 4½%.....1962	99 13/16	99 13/16	1 12 8	5 2 9
96⅞	93¾	Exchequer 3%.....1962–63	95 31/32	95 29/32	4 12 7	5 15 5
101 5/16	98⅜	Treasury 5½%.....1962	100 3/16	100 3/16	3 0 7	5 3 5
93 29/32	90¼	Exchequer 2½%.....1963–64	93	92 29/32	4 11 7	5 12 07
99 1/32	96⅜	Conversion 4¾%.....1963	98½	98¼	4 3 4	5 18 10
98 3/32	94½	Conversion 4½%.....1964	97	96 29/32	4 1 6	5 17 3
101 5/16	96	Exchequer 5½%.....1966	98 3/16	98 3/16	3 13 7	5 18 6
83 1/16	78 3/16	Funding 3%.....1959–69	82¾	82½	4 13 9	6 0 2
89¾	84¾	Funding 4%.....1960–90	89⅞	89 1/16	3 10 2	5 6 3
80½	74⅝	Savings Bonds 3%.....1960–70	80 7/16	80 1/16	4 13 9	6 1 1
85⅛	80¾	Savings Bonds 2½%.....1964–67	85 1/16	84 13/16	4 14 10	5 16 4
72 11/16	66¼	Savings Bonds 3%.....1965–75	72 1/16	71 13/16	4 13 9	6 3 0
84 1/16	78⅞	Funding 3%.....1966–68	84⅝	84⅜	4 13 5	6 0 6
97½	92½	Victory 4%.....1920–76	94 13/16	94 11/16	3 6 3	4 19 8½
86 3/16	80¼	Conversion 3½%.....1969	85⅛	85⅞	4 10 3	5 4 0
93 5/16	87	Conversion 5%.....1971	93½	93 1/16	4 1 4	4 4 0
95 11/16	88½	Conversion 5¼%.....1974	92 3/4	92 13/16	3 18 8	4 6 0 11
73⅛	66	Treasury 3½%.....1977–80	70 1/16	69 3/4	4 11 3	6 5 11
72¼	65	Treasury 3½%.....1979–81	70 7/16	69¾	4 11 4	6 6 4
97⅜	88½	Funding 5½%.....1982–84	93	93 1/16	3 18 5	6 4 10
59 1/2	51½	Redemption 3%.....1986–96	54⅞	54⅝	4 8 3	6 4 8
88¼	79¼	Treasury 5%.....1986–89	82 5/16	82 1/16	4 3 6	6 8 6
63 1/16	55	Funding 3½%.....1999–2004	58 1/16	57 13/16	4 7 5	6 10 6
94⅜	81⅝	Treasury 5½%.....2008–12	84	84	4 3 2	6 13 7
65¾	56½	Consols 4%.....after Feb. 1957	60 5/16	59 13/16	4 2 11	6 16 5
59¼	50½	War Loan 3½%.....after 1952	52 5/8	52 3/16	4 2 0	6 13 9
59	50½	Conv. 3½%.....after Apr. 1961	52⅝	52⅛	4 2 8	6 15 6
50⅞	43¼	Treasury 3%.....after Apr. 1966	45⅝	45	4 2 1	6 14 5
44	36½	Consols 2½%.....after Apr. 1975	39 7/16	39 3/16	3 18 6	6 8 7
43½	36½	British Electric 4½%.....1967–69	33¼	37 13/16	4 1 5	6 13 4
91⅞	85¾	British Electric 4½%.....1968–73	91¾	91½	4 3 3	6 1 3
75 11/16	70⅛	British Electric 3%.....1974–77	75⅞	75⅛	4 14 4	6 2 3
70⅝	64½	British Electric 3%.....1978–83	69¼	69⅛	4 13 7	6 3 11
81⅞	74⅞	British Electric 4½%.....1974–79	79⅝	79⅜	4 6 0	6 4 9
73½	67	British Electric 3½%.....1976–79	71⅝	70 11/16	4 11 0	6 4 9
84⅞	78¾	British Gas 4%.....1969–72	84⅝	84¼	4 7 8	6 3 4
82	76	British Gas 3½%.....1969–71	82	81 11/16	4 10 7	6 1 11
59⅜	51¾	British Gas 3%.....1990–95	54 7/16	54⅛	4 10 3	6 6 6
75 11/16	70⅛	British Transport 3%.....1968–73	75⅛	75⅛	4 14 4	6 2 3
80⅞	74	British Transport 4%.....1972–77	79¼	77 5/8*	4 8 2	6 4 2
61 7/16	53⅜	British Transport 3%.....1978–88	58 7/16	58 3/16	4 12 8	6 7 5

Prices, 1961 High	Prices, 1961 Low	DOMINION AND CORPORATION STOCKS	Price, Nov. 8, 1961	Price, Nov. 15, 1961	Yield, Nov. 15, 1961 £ s. d.
82¼	76½	Australia 3¼%.....1965–69	82	82	6 7 01
101	92¾	Australia 6%.....1974–76	97¾	97	6 6 01
72½	64½	Ceylon 4%.....1973–75	66½	66½	8 3 01
101⅛	92¾	New Zealand 6%.....1976–80	96¼	96	6 9 01
80½	70½	Rhodesia and Nyasaland 6%.....1978–81	76¾	76¾	8 13 01
81	73	South Africa 3½%.....1965–67	80½	80	8 1 01
59	53½	Southern Rhodesia 4½%.....1987–92	56¾	57½	8 10 01
94⅝	85⅛	Agricultural Mortgage 5½%.....1980–85	88¾	88¾	6 12 01
89	82¼	Birmingham 4¼%.....1967–70	88½	88½	6 7 01
92¾	86½	Bristol 5%.....1971–73	90¼	90½	6 7 01
93	86½	Corporation of London 5½%.....1976–79	87¾*	87¾	6 7 01
48¾	41	L.C.C. 3%.....after 1920	44*	43½*	6 16 01
89½	80⅛	L.C.C. 5%.....1980–83	84	83¾	6 8 01
93	84¼	Middlesex 5¼%.....1980	88½	88½	6 4 01

NEW YORK PRICES AND INDICES

	Nov. 8 $	Nov. 15 $		Nov. 8 $	Nov. 15 $		Nov. 8 $	Nov. 15 $
Atch. Topeka ...	28⅛	28¼	Boeing.....	49½	47¼	Int. Harvester..	52⅞	53
Can. Pacific....	24⅝	24⅞	Celanese.....	36	36¼	Inter. Nickel...	81¼	80½*
Pennsylvania....	16½	17	Chrysler.....	54½	50⅝	Inter. Paper ...	36	36½
Union Pacific...	36¼	36½	Col. Palmolive ..	50⅞	53⅜	Kennecott.....	82¼	85
Amer. Electric ..	75⅞	75¼	Crown Zeller...	62¼	62⅛	Monsanto.....	57¼	56⅞
Am. Tel. & Tel...	129	127⅞	Distillers Seag...	46	46¼	Nat. Distillers...	26⅛	25¾
Cons. Edison....	84⅛	83½	Douglas.....	34	35¾	Pan-American ..	22	20⅝
Int. Tel. & Tel...	54⅜	56⅞	Dow Chemical..	75½	75⅞	Procter Gamble	96	99½
South'n. Nat. Gas	45	48¼	Du Pont.....	243¾	250	Radio Corpn....	56	58½
United Corpn...	8⅞	9¼	East. Kodak.....	111	110⅝	Sears Roebuck .	85⅞	92¾
Western Union .	41¼	42	Ford Motor.....	110	110	Shell Oil	40⅜	41⅞
Alcoa.....	60⅝	59¾	Gen. Electric ...	74⅞	78⅜	Socony-Mobil ..	47¼	47¾
Aluminium.....	27¾	27¾	General Foods ..	102*	105⅜	Stand. Oil Ind..	48	49¾
Amer. Can.....	45	47⅛	General Motors .	53⅞	52⅞	Stand. Oil N.J..	47¾*	46⅞
Am. Smelting....	65	64½	Goodyear.....	46½	47	Union Carbide .	126⅞	131¼
Am. Viscose	59½	56⅞	Gulf Oil.....	39¼	39⅞	U.S. Steel	78½	78½
Anaconda.....	50⅛	50⅝	Heinz.....	69¾	70½	West. Electric ..	39⅞	40⅝
Beth. Steal	41⅞	41¼	Int. Bus. Mach...	592	598	Woolworth....	83⅛	89¾

Standard and Poor's Indices (1941–43=10)

1961	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Oct. 18	71·68	2·83	34·80	4·68	64·00	3·07	88·91	3·99
,, 25	71·77	2·83	34·30	4·75	64·67	3·04	88·91	3·99
Nov. 1	72·20	2·82	34·16	4·77	65·09	3·02	89·43	3·94
,, 8	74·51	2·74	34·50	4·73	66·90	2·94	89·43	3·94
,, 15	75·31	2·72	34·59	4·72	67·97	2·90	88·80	4·09

425 Industrials :—High, 75·32 (Nov. 14). Low, 60·87 (Jan. 3).

Prices, 1961 High	Prices, 1961 Low	ORDINARY STOCKS	Price, Nov. 8, 1961	Price, Nov. 15, 1961	Yield, Nov. 15, 1961	Last Two Dividends (a) (b) (c) %	%
		BANKS, DISCOUNT & HP					
84/6	72/6	Barclays.....£1	84/6	88/6	2·94	13 c	6½ a
100/3	74/3	District.....£1	88/–	92/6	3·46	16 c	8 a
80/–	58/7½	Lloyds.....£1	65/6	67/9	3·21*†	13 c	5 a
26/4½	18/7½	Martins.....5/–	22/–	24/–	3·13	8 b	7 a
94/6	67/3	Midland.....£1	86/–	90/9	3·31*†	19 c	9½ a
97/3	73/–	Nat. Provincial.....£1	83/6	88/9	3·15	7 b	7 a
95/6	58/9	Westminster 'B'.....£1	81/9	86/9	3·37	71 11/20 b	62½ a
44/9	35/3	Australia & N.Z....£1 p.p.	37/9	37/9	6·36	8 b	4 a
52/–	41/–	Bk. Lond. & S. Amer..£1	41/9	41/6	4·82	6 b	4 a
£24⅞	£24	Bank of Montreal....$10	£24	£24	2·93	$2·05 c	$2·05 c
30¾	25¼	Bank of New S. Wales £20	26*	27½	5·24g	8 c	9 c
44/9	31/9	Barclays D.C.O.....£1	37/9	40/–	5·00	10 c	5 a
60/7½	46/7½	Chartered.....£1	51/6	53/9	5·58	7½ b	7½ a
£21	£14⅝	Hongk'g. & Shang...$25	£17½	£17½	4·23	5/– a	10/– b
70/6	49/9	Nat. Com. Bk. Scot..10/–	53/–	53/3	3·10	71 a	9 b
£29 3/16	£25 15/16	Royal Bk. Canada....$10	£27¼*	£28⅛	2·90	$2·32½ c	$2·37½ c
119/6	96/3	Royal Bk. of Scotland .£1	104/–	109/3	3·48	10 b	9 a
40/6	32/–	Stand. Bk. S. Africa...£1	39/3	40/6	7·41	5 a	10 b
165/–	95/–	Hambros .....£1 f.p.	137/6	150/–	3·00	22½ c	22½ c
89/6	59/6	Schroders.....£1	79/9	81/3	1·85	5 b	2½ a
60/6	45/6	Union Discount.....£1	54/–	53/3	4·69	6¼ b	6¼ b
27/4½	13/–	Bowmaker.....5/–	14/–	15/10½	...	18 c	Nil a
23/6	13/–	Lombard Banking ...5/–	13/4½	13/10½	...	19 c	5 a
21/9	12/9	Mercantile Credit ...5/–	13/9	14/4½	4·35	7½ b	5 a
210/–	132/–	United Domins. Tst. ..£1	140/3	156/–	3·40	22½ b	4 a
		BREWERIES, Etc.					
14/–	11/–	Bass, M. & B. 5/–	13/10½	14/–	3·93**	...	...
41/11½	31/–	Distillers 10/–	37/7½	39/–	3·46	5 a	8½ b
26/9	13/–	Guinness 5/–	17/3	17/6	3·00	6½ b	4 a
60/6	50/–	Guinness 10/–	53/–	54/11½	4·06**	14⅞ b	8 a
14/9	12/–	Ind Coope T.A. 5/–	14/11½	14/6	4·14**	...	...
40/–	28/–	Teacher (Distillers) .10/–	34/9	36/–	3·47	7½ b	5 a
100/9	76/9	Watney Mann.....£1	99/–	100/3	3·59	12 b	6 a
37/3	26/–	Whitbread 'A' 5/–	34/9	37/3	3·62	27 c	9 a
		BUILDING, PAINT, ETC.					
64/–	44/10½	Associated Portland...£1	50/4½	56/6*	2·95	5⅞ b	3 a
28/11½	19/10½	British Plaster Bd. ..10/–	21/11½	22/3	5·61	4 a	7½ b
26/10½	16/11½	Richard Costain 5/–	18/–	19/–	4·21	6 a	10 b
13/–	9/4½	Crittall Mfg. 5/–	9/11¼	10/3*	7·32	10 b	5 a
18/6	11/–	International Paints ..4/–	11/–	11/–	7·27	6 a	14 b
105/6	83/9	London Brick £1	86/–	91/3	3·84	12½ a	5 a
28/4½	18/3	Taylor Woodrow 5/–	50/7½	56/9	2·20	7½ a	6¼ a
167/11½	119/6	Wall Paper Defd.....£1	125/3*	130/3	3·84	7½ a	17½ b
		CHEMICAL					
29/3	20/3	Albright & Wilson...5/–	22/6	23/11½	4·32	14 b	6 a
22/–	14/10½	Borax Defd. 5/–	16/6	16/11½	3·57	11½ c	4 a
58/9	33/–	Fisons.....£1	34/6	33/–*	6·67	7 b	4 a
81/6	56/3	I C I £1	62/6	64/–	4·30	7½ b	6¼ a
26/10½	14/6	Monsanto.....5/–	17/3	17/9	4·23	10 b	5 a
		DRAPERY & STORES					
36/–	24/–	Boots Pure Drug 5/–	27/6	28/3*	2·12	8 b	4 a
91/6	58/6	Montague Burton....10/–	89/6	91/–	3·01	20 b	7½ a
75/03¾	47/7½	Debenhams.....10/–	56/9¾	62/–	3·10	53⅛ a	13⅛ b
59/4½	45/–	G.U.S. 'A'.....10/–	48/9	50/7½	3·70	12½ a	25 b
46/9¾	33/4½	House of Fraser 5/–	36/–*	37/9	3·97	16⅜ b	13⅛ a
21/11½	14/3	Lewis's Invest. Tst. ..4/–	14/11¼	15/9¾	3·12	7⅛ b	5 a
32½	15	Marks & Spencer 'A'..5/–	103/6	105/–*	2·26	71 a	9 b
53/10½	34/10½	United Drapery 5/–	47/3	47/7½	3·15	20 b	10 a
62/11½	50/–	Woolworth.....5/–	52/–	53/9	3·33	25 b	10⅝ a
		ELECTRICAL & RADIO					
48/6	28/3	A.E.I. £1	31/6	34/6	8·70	10 b	5 a
15/5¼	9/7½	Brit. Electronic Inds..5/–	9/9¾	11/9	6·38	5 a	15 c
62/3	49/–	B.I.C.C. £1	58/–	59/–	4·58	9½ b	4 a
14/7½	11/3	Crompton Parkinson..5/–	13/–	13/4½	4·67	7½ b	5 a
76/–	54/–	Decca Record.....10/–	62/6	68/–	3·43	15⅝ b	7½ a
52/–	35/–	E.M.I. 10/–	38/–*	43/10½	4·00	12½ b	5 a
38/–	25/9	Elliott-Automation...5/–	35/5¼	37/3	1·74	5 a	8 b
40/6	26/3	English Electric £1	28/6	31/6	6·35	7 b	7 b
39/6	24/3	General Electric.....£1	26/9	29/–	6·90	7 b	7 a
72/9	47/–	Hawker Siddeley.....£1	49/6	54/–	4·63	8½ b	4¾ a
52/3	37/6	Hill (Chas.).....£1	38/9	44/–	4·43	6½ b	3¼ a
63/–	45/3	Thorn Electrical.....5/–	55/6	57/–	2·19	25 c	25 c
		ENGINEERING					
36/9	13/9	Babcock & Wilcox....£1	21/6	22/7½	...	9 c	Nil a
48/9	30/4½	Brown (J.).....£1	33/–	33/6	6·57	4 a	7 b
8/4½	4/4½	Cammell Laird.....5/–	4/4½	4/4½	13·71	9 b	3 a
33/9	22/4½	Internat. Combust. ..5/–	23/4½	24/10½	6·03	20 b	10 a
9/11½	3/4½	Rich'ds'ns. Westg'ch. 10/–	3/7½	3/6	...	...	...
40/–	28/–	Swan Hunter £1	32/9	32/6	7·38	9½ b	2½ a
17/4½	12/6	John Thompson 5/–	12/6	12/7½	1·98	5 c	5 a
33/10½	21/8¼	Tube Investments....£1	29/3	29/7½	4·13	17½ c	12½ a
16 b	11/6	Vickers £1	15/6	16/–	4·27	5 a	12½ a
78/–	48/–	Ward (Thos. W.).....£1	65/6	49/–	8·16	7½ a	12½ b
110/–	83/–	Averys £1	83/3	90/–*	3·33	10 b	5 a
36/10½	19/3	B.S.A. 10/–	20/9	22/11½*	5·27	7½ b	4 a
14/9	9/–	George Cohen 5/–	9/10½	9/10½	6·58	8½ b	4½ a
44/4½	29/–	Dorman Smith 5/–	30/–	30/6	4·51	10 a	17½ b
109/7½	75/3	Guest Keen.....£1	81/6	80/3	3·99	11 b	5 a
31/–	18/3	Head Wrightson.....5/–	20/–	22/6	3·56	4 a	12 b
100/3	68/3	Metal Box £1	83/–	88/–	2·73	5 a	7 b
22/6	14/–	Ransome & Marles...5/–	14/9	15/6	4·52	4 a	10 b
50/6	34/6	Renold Chains £1	39/6	43/6	4·60	3 a	7 b
44/11½	29/7½	Simon Engineering ..5/–	33/11½	32/10½*	4·18	17½ a	10 a
85/6	54/–	Tube Investments.....£1	66/6	68/3*	4·10	7 a	7 b
38/4½	25/9	Vickers £1	26/3	27/–	7·41	7½ b	2½ a
84/6	64/6	Ward (Thos. W.).....£1	65/6*	65/–	4·23	10 b	10 b
30/–	19/6	Woodall-Duckham...5/–	20/–	20/6	5·12**	5 a	22½ a

* Ex dividend. † Tax free. ‡=Assumed average life 7¾ years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution of 1s. 0d. per share. (f) Flat yield.* (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (l) To latest date.

YORK STOCKS

Prices, 1961 High	Prices, 1961 Low	ORDINARY STOCKS	Price, Nov. 8, 1961	Price, Nov. 15, 1961	Yield, Nov. 15, 1961	Cover	Last Two Dividends (a) (b) (c) %	%
		FOOD & TOBACCO						
34/–	17/4½	Allied Suppliers....10/–	17/10½	18/4½*	5·44	2¼	10 c	6 c
15/–	7/9¾	Assoc. British Foods. 1/–	11/10½	12/3	1·84	2	12½ b	6 a
74/–	54/3	Bovril.....£1	54/3*	54/9	4·38	2½	12½ b	6 a
15/6	11/9	Brooke Bond 'B' 5/–	13/–*	13/3	4·10	3½	54/3	31/11½
19/3	12/6	International Tea 5/–	12/6	12/10½	4·85	1½	28/4½	14/9
107/9	65/–	J. Lyons 'A'.....£1	70/3	74/9*	4·24	1¼	13/–	7/10½
35/6	25/9	Ranks.....10/–	30/3	30/3	4·63	2	7/6	4/9
14/03¾	10/4½	Sperlari.....5/–	10/9	11/6	4·35	2	5/–	3/–
50/–	38/7½	Tate & Lyle.....£1	46/11½‖	48/7½	4·94	2	23/9	12/6
20/10½	14/10½	Unigate 5/–	15/1½	15/10½	4·41	2	5/6	4/2
73/–	56/9	Brit. Amer. Tobac. 10/–	60/3	63/–	5·61	2½	55/6	35/6
51/6	38/9	Gallaher 10/–	39/3	39/3	5·10	2	28/–	18/9
71/9	65/3	Imperial Tobacco.....£1	68/6	68/9	6·55	1¾	107/3	56/3
		INSURANCE					78/9	40/–
15¼	11 5/16	Britannic 5/–	13⅝	14½	2·96	...	33/6	24/7½
86/3	60/6	Commercial Union ..5/–	66/3	68/6	3·28	...	37/6	18/9
32 15/16	17⅞	Equity & Law Life ...8/6	31 11/16	32 15/16	0·87	...	41/10½	30/11½
88/4½	51/10½	General Accident.....5/–	79/9	86/–	1·74	...	39/–	27/6
60/6	42/7½	Guardian.....5/–	49/6	55/–	2·42**	...	28/4½	21/3¾
39¼	23¼	Legal & General.....5/–	37⅛	39½	1·21	...	78/–	54/6
146/–	100/–	Northern & Empl....£1	123/6*	130/3	3·07	...	42/–	32/6
272/6	156/3	Pearl £1	210/–	223/9	3·28	...	111 5/32	83½
29	18	Prudential 'A'.....4/–	25	25¾	2·68	...	22/6	13/9
49/3	38/10½	Royal 5/–	44/6	47/–	3·19**	...	42/11½	29/3
129/3	100/3	Royal Exchange £1	107/3	113/9	3·30	...		
		MOTORS & AIRCRAFT					46/3	28/6
18/10½	12/10½	British Motor 5/–	14/4½	15/9	6·35	...	20/–	13/3
86/4½	66/11½	Jaguar Cars 'A'.....5/–	82/9	86/4½	1·16	7¾	24/9	16/6
48/6	37/9	Rolls-Royce.....£1	38/4½*	38/6	5·71	2¼	50/6	31/6
10/–	6/–	Rootes Motors 'A' ..4/–	6/9¾	6/7½	2·42	...	15/–	10/–
68/9	52/2¼	A.C.V. £1	71/6	74/11½	4·32**	2½	48/6	29/7½
10½	7/7½	Standard Motors £1	90/6	92/6	4·32	...	17/9	12/–
18/6	14/–	Bristol Aeroplane ..10/–	14/6	16/3	7·69	2¼	25/–	12/4½
33/3	21/6	Hawker Siddeley £1	22/6	23/–	9·22**	1¼		
41/3	31/9	Dowty Group.....10/–	33/–	33/–	4·70	2¼		
28/11¼	21/6	Dunlop Rubber 10/–	28/–	28/11¼	5·47	2		
72/–	49/9	Joseph Lucas.....£1	50/6	57/4½*	4·79	2¼	81/3	48/6
33/3	16/9	Pressed Steel.....5/–	17/3	17/4½	...	1¼	43/7½	24/10½
46/3	29/3	Tripiex Holdings ...10/–	31/3	36/3	3·45	2¼	49/10½	30/9
		MINES					42/–	23/4½
168/9	110/–	Anglo-American....10/–	137/6	140/–	6·43	1½	47/8¼	31/–
67/3	43/–	Consolid. Gold Fields .£1	60/3	64/–	7·81	2	57/4½	38/4½
108/9	72/6	General Mining £1	87/6*	90/–	7·78	2	68/7½	42/11½
68/6	40/–	Union Corporation ..2/6	54/6*	58/9	6·81	3	55/7½	38/–
25/3	15/3	Daggafontein 5/–	17/6	17/6	22·86	1½	63/6	46/–
125/–	73/9	Free State Geduld 5/–	95/–	97/6	8·72	2		
54/3	37/6	Hartebeestfontein ..10/–	47/–	47/9	10·47	1½	42/7½	23/10½
64/6	41/10½	President Brand 5/–	50/–	53/9	10·23	1½	31/10½	21/7½
157/6	101/3	Western Holdings ...5/–	117/6	123/9	8·48	1¼	70/4½	45/3
28/6	15/9	Winkelhaak.....10/–	18/9	20/–	...	8½	47/6	29/3
75/3	55/–	Charterhall 15/–	59/–	58/–	12·93	2	8/9	5/7½
63/6	51/3	Rhod. Anglo-Amer..10/–	55/3	55/6	14·41h	...	75/3	62/–
11/7½	7/10½	Rhod. Selection Tst. .5/–	8/–*	8/–	8·56h	...	37/3	26/3
6/11½	4/7½	Roan Antelope.....5/–	4/10½*	4/7½	13·15h	...	20/7½	12/11½
30/9	18/6	Tanganyika Cons....10/–	19/–	18/6	17·57	...	16/2¼	11/6
81/6	50/6	Consolidated Zinc ...£1	55/–	51/3	6·83	13¼	55/10½	38/6
159/4½	110/–	De Beers Defd. Reg. .5/–	140/–	142/6	8·77	13¼	13/7½	9/10½
$159½	$104	$1·50c	$1·50c	Internat. Nickel ...n.p.v.	$143	$144⁹	1·85	...
18/9	10/9	27½ b	7½ a	London Tin.....4/–	15/4½°	16/11½	8·68	1¼
45/–	30/–	20 c	27½ c	Rio Tinto.....10/–	40/7½	40/7½	6·77	1½
44/3	17/9	52½ c	20 a	Tronoh 5/–	29/6	30/6	8·61	1¼
		OIL					70/–	52/6
51/3	34/–	†6·94b	†2·78a	British Petroleum £1	35/3‖	36/–	8·82	21¼
49/6	32/–	†6⅞ b	†2½ a	Burmah Oil £1	34/–	34/6*	8·88	1¼
52/–	36/–	13¾ b	6¼ a	Castrol.....10/–	38/6	39/9	5·03	21½
£15 1/16	£10⅜	23·87c	11⅞ a	Royal Dutch.....20 fl.	£12 1/16	£11⅞	3·97	23¼
139/7½	108/9	†20·8 c	†10 a	Shell Transport £1	116/6	115/9	5·88	3
41/3	24/3	...	...	Ultramar 10/–	25/6	26/3	... d	...
		PAPER & NEWSPAPERS					38/3	26/6
14/7½	9/10½	Daily Mirror.....5/–	12/6*	12/10½	5·83	1¼		
91/–	57/6	W. H. Smith & Son 'A'..£1	66/–	68/6	3·50	2	47/6	40/6
23/9	17/9	Thomson Org'n. 5/–	23/3	23/6	5·11**	2	35/6	28/9
66/3	42/6	Bowater Paper.....£1	48/7½	48/6	5·67	1½	11/–	8/3
56/6	42/–	Albert E. Reed.....£1	43/–	43/6*	7·36	1½	6/10½	3/10½
54/3	37/6	Spicers.....£1	40/3	39/3*	6·37	1¾	7/4½	4/9
68/9	48/–	Wiggins Teape £1	48/–	50/–*	5·60	2	93/–	72/–
		MISCELLANEOUS						
24/–‖	25/6‖	Assoc. British Picture .5/–	24/–‖	25/6‖	5·68	23¼	10 a	20 b
29/10½	33/11½	Assoc. Television 'A' .5/–	29/10½	33/11½	9·06	13¼	20 a	40 b
52/9	41/4½	Beecham Group.....5/–	51/–	50/9	4·96	19¼	16 a	32 b
54/3	31/11½	British Match £1	31/7½	31/9	6·30	2	6¾ b	3¾ a
28/4½	14/9	British Oxygen.....5/–	16/3	15/6	3·44	2½	6¾ b	4 a
13/–	7/10½	British Ropes 5/–	8/9	9/7½	5·19	2¼	7 b	3 a
48/6	55/6*	De La Rue.....10/–	45/–	44/9	4·05	2	7½ a	7½ a
50/–	31/9	Gestetner 'A' 5/–	39/–*	41/–	2·44	3¼	20 c	7½ a
59/6	42/6	Glaxo.....10/–	56/–	59/6

Combined English Mills

BECAUSE the Lancashire cotton industry has been drifting since the spring from boom into recession, a company's accounting date is the key to its results this year. But it is sometimes too readily assumed that a favourable accounting date is responsible for all differences between cotton companies' profit performance—some groups like Combined English Mills were probably better prepared for this year's recession than some of their competitors. This group spent heavily on re-equipment before the Government's reorganisation scheme, and it was among the first to take advantage of the grants towards re-equipping mills offered under the reorganisation plan. Its management has also been quick to adopt new techniques, and its success last year in adding to its share of Britain's yarn exports is a pointer to its ability to compete.

The group has a stake in the manufacture of man-made fibre yarns and mixtures spun on the cotton system for the flourishing knitwear industry and this side of the business has not been so seriously affected by the setback this year. Combined English Mills also began its financial year with an exceptionally big volume of orders in hand. The increases in trading profits from £806,000 to £951,000 in the year to September 30th, and in net profits from £401,000 to £465,000 are not, therefore, all that surprising. The ordinary dividend has, however, been left unchanged at 6 per cent (so that the £1 shares at 10s. 9d. yield 11 per cent). The caution is justified: yarn output has fallen progressively this year and in September was 16 per cent lower than a year ago. Yarn prices, despite the lack of new orders, were higher in September than they were a year earlier, but have declined quite sharply in the past two months.

Farbwerke Hoechst

AFTER the war the I.G. Farben chemical group was split into three main groups; the shares of the biggest of the three principal successor companies, Farbenfabriken Bayer received a London quotation in February and now the shares of another of the trio, Farbwerke Hoechst, are being introduced to the London Stock Exchange. Hoechst is slightly smaller than Bayer, but has an equally impressive growth record; in 1960 its sales amounted to DM2,703 million, or 11.9 per cent of the total turnover of the German chemical industry. In the first nine months of the current year the volume of sales increased by 10 per cent but in value the increase was nearer 7 per cent, reflecting the squeeze on prices and margins, which was accentuated after the March revaluation. But the directors have no doubt that they will be able to maintain the current dividend of 18 per cent on the capital which has been increased this year from DM630 million to DM700 million.

One attraction of Hoechst shares to London investors is that dealings will be possible in deposit certificates of DM5; these will be issued by S. G. Warburg. On the basis of a price of just over 600 per cent for the Hoechst shares the price of the certificates will be about 56s. 6d. The yield is 2.8 per cent but allowing for double tax relief (at a provisional rate of 5s. 2d.) the yield improves to 3.2 per cent. Such a return is warranted by the company's exceptional growth record but for the moment at least a continuation of this rate of growth looks unlikely.

Hire Purchase Results

THE preliminary results of **Lloyds and Scottish**, the hire purchase finance house owned 50-50 by National Commercial Bank of Scotland and Lloyds Bank, reveal that the consolidated profit before tax for the year to September 30th slumped by 75 per cent from £3 million to £739,000. Presumably most of this fall is due to bad debts. The full report will no doubt confirm just how quickly business that was once considered satisfactory can become thoroughly unsatisfactory. In last year's report Mr Ian Macdonald, chairman of Lloyds and Scottish and of the National Commercial Bank, said that the company had followed "a selective policy" and rejected business "which did not attain a high standard of credit rating," and that as far as bad debts were concerned "we have not had any cause for concern."

Disclosed profits of **National Commercial Bank** for the year to October 28th have fallen from £1,540,000 to £1,368,000, but the dividend from Lloyds and Scottish has been slashed from £597,000 to £184,000; this suggests that banking profits have in fact risen—as might be expected with interest rates higher and an average level of advances for the Scottish banks some 15 per cent up on the year. The directors of the bank have recommended a final dividend of 9 per cent to make 16½ per cent for the year; in 1959-60 shareholders received the same payment plus a 150th anniversary bonus of 1½ per cent. For Lloyds Bank the hire purchase setback is equally serious, for while last year's dividend from Lloyds and Scottish represented 13 per cent of its disclosed profits, it also has a 25 per cent interest in Bowmaker which has passed its interim dividend and because of bad debts is unlikely to be able to pay a final dividend.

Last year, one of the first companies to announce heavy hire purchase losses was **Charles Roberts**, whose hire purchase subsidiary S. and J. Claye, incurred a loss of £500,000. Mr Duncan Bailey, the chairman of Charles Roberts, has now announced that the company made a further loss, of £989,000. The group's loss for the year to March 31st is £912,000 and the chairman has promised "a full explanation" with the full accounts next month. So far this year the news from the hire purchase companies has usually been as bad as that of last year, and investors who were hoping in the summer that the worst was past must now be having second thoughts.

London Stock Exchange

FIRST DEALINGS:	Oct. 30	Nov. 13	Nov. 27
LAST DEALINGS:	Nov. 10	Nov. 24	Dec. 8
ACCOUNT DAY:	Nov. 21	Dec. 5	Dec. 19

THE rally in equities which began last Wednesday has continued into the new account helped by the Chancellor's statements about the prospects for the economy and the further rise on Wall Street. Investors have shrugged off more unfavourable company news as well as the trade figures. Over the week to Wednesday *The Economist* indicator rose by 12.5 points to 368.9, its highest level since the beginning of September.

The gilt-edged market had a quiet week. The long dated "tap" stock, Treasury 5½ per cent 2008-12, attracted more buyers before the weekend, many of whom switched from other gilt-edged stocks, but the early gains were lost and over the week the stock was unchanged at 84. Among short dated stocks Conversion 4¾ per cent 1963 lost ¼ to 98¼ and the undated stocks were also dull, 3½ per cent War Loan losing ⅛ to 52⅜xd. The dull tone in the market stemmed partly from trustee switching into equities. The new Agricultural Mortgage 6½ per cent stock, 1975-77, opened at a discount of ¼; it closed on Wednesday at 99¼, a discount of ¼.

Bank and insurance shares made notable rises over the week: Barclay's were 4s. higher at 88s. 6d. and District 4s. 6d. higher at 92s. 6d. while Pearl Insurance gained 17s. 6d. to 227s. 6d. Business in brewery shares was also brisk and Watney Mann gained 2s. 3d. to 100s. 3d. Building shares joined in the rise and London Brick gained 5s. 3d. to 91s. 3d. and helped by the news of bigger cement deliveries Rugby Portland gained 6s. 1½d. to 56s. 9d. Among stores, Debenhams were in demand after the news of the property development plan, but some buyers took their profits after the earlier rises; nevertheless, the shares gained 5s. 3d. to 62s. over the week. Other leaders were also higher, Marks and Spencer "A" gaining 1s. 6d. to 105s.xd. Investment buyers also turned their attention to electrical shares and AEI gained 3s. to 34s. 6d. Engineering shares held their prices despite unfavourable news from GKN and Birmid; Tube Investments advanced 1s. 6d. to 66s. 6d. ahead of the full report and the prospects of a decimal coinage system have brought a sharp rise in Averys of 6s. 9d. to 90s.

Steel shares, however, were generally lower over the week and Stewarts and Lloyds lost 1s. 3d. to 39s. 7½d. Food shares were in demand and Associated British Foods gained 7½d. to 12s. 6d. Motor shares also improved on press comment, BMC gaining 1s. 4½d. to 15s. 9d. Shipping shares improved after falling towards the end of the old account but oils were mixed—BP, which are now ex the scrip issue, gained 6s. 3d. to 42s. 3d. but Shell lost 2s. 3d. to 114s. 3d. Kaffir shares gained over the week, helped by the easing of South African import controls. Union Corporation gained 4s. 3d. to 58s. 9d.

EXCHEQUER RETURNS

For the week ended November 11, 1961, there was an "above-the-line" surplus (after allowing for sinking funds) of £53,801,000 compared with a surplus of £14,712,000 in the previous week and a surplus of £2,399,000 in the corresponding period of last year. There was a net expenditure "below-line" of £9,427,000 leaving a total cumulative deficit to date of £676,771,000 compared with £685,682,000 in 1960-61.

£'000	Estimate 1961-62	April 1, 1960, Nov. 12, 1960	April 1, 1961, Nov. 11, 1961	Week ended Nov. 12, 1960	Week ended Nov. 11, 1961
Ordinary Revenue					
Income Tax	2,728,500	810,898	934,389	16,430	18,974
Surtax	210,000	43,800	51,000	1,200	1,500
Death Duties	240,000	138,200	158,100	3,600	4,100
Stamps	94,000	54,700	61,000	1,400	1,300
Profits tax, EPT and EPL	325,500	178,800	219,800	7,400	9,200
Other Inland Rev. Duties	...	50	...	...	...
Total Inland Rev.	3,598,000	1,226,448	1,424,289	30,030	35,074
Customs	1,550,000	915,151	1,002,209	29,607	35,553
Excise	960,000	622,065	630,680	31,495	73,070
Total Customs and Excise	2,510,000	1,537,216	1,632,889	61,102	108,623
Motor Duties	155,000	39,187	46,696	1,076	6,978
PO (Net Receipts)	...	...	...	...	...
Broadcast Lic's.	40,000	18,300	19,100	...	...
Sundry Loans	205,000	38,476	158,908	...	8,032
Miscellaneous		73,781		735	
Total	6,508,000	2,933,408	3,281,882	92,943	158,707
Ordinary Expenditure					
Debt Interest	660,000	378,170	409,198	4,985	5,598
Payments to N. Ireland Exch.	92,000	49,996	52,314	...	3,353
PO Fund — Initial settlement	15,000	...	7,282	...	...
Other Consolidated Funds	8,000	4,612	4,865	9	15
Supply Services	5,186,902	2,847,572	3,095,658	84,600	95,400
Total	5,961,902	3,280,350	3,569,317	89,594	104,366
Sinking Funds	40,000	23,070	23,614	950	540
"Above-line" Surplus or Deficit		– 370,012	– 311,049	+ 2,399	+ 53,801
"Below-line" Net Expenditure*		315,670	365,722	9,437	9,427
Total Surplus or Deficit		685,682	676,771	7,038	44,374
Net receipts from:					
Tax Reserve Certificates		159,913	175,813	1,554	3,594
Savings Certificates		42,900	– 16,800	2,300	– 300
Defence Bonds		66,517	17,750	1,528	– 32
Premium Savings Bonds		36,170	26,100	830	500
Total		305,500	202,863	6,212	3,762

* Net receipt to the Civil Contingencies Fund of £5 million in 1961-62 compared with a net receipt of £6 million in 1960-61.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1960					
Nov. 12	3,660·0	1,526·6	197·9	...	5,384·5
1961					
Aug. 12	3,290·0	1,712·9	206·6	...	5,209·4
" 19	3,290·0	1,732·5	316·8	1·5	5,340·7
" 26	3,280·0	1,840·0	201·9	2·3	5,324·1
Sept. 2	3,260·0	1,855·3	239·4	...	5,354·8
" 9	3,240·0	1,886·4	221·4	...	5,347·9
" 16	3,340·0	1,905·2	229·5	...	5,374·7
" 23	3,220·0	1,928·7	228·3	...	5,377·0
" 30	3,220·0	2,018·6	283·7	...	5,225·3
Oct. 7	3,240·0	1,998·1	207·2	...	5,445·3
" 14	3,260·0	2,003·4	208·7	...	5,472·2
" 21	3,270·0	1,997·8	183·1	...	5,450·9
" 28	3,280·0	2,003·2	211·5	...	5,494·8
Nov. 4	3,280·0	2,063·7	201·1	0·8	5,545·5
" 11	3,290·0	1,990·7	216·9	...	5,497·6

Money and Exchanges

THE MONEY MARKET

THE rapid fall in the Treasury bill rate, amounting to 1⅛ per cent over the previous six weeks, came to a halt at last Friday's bill tender; the syndicate of discount houses maintained its bid at £98 12s. 11d. for the £230 million of 91-day bills on offer and the average rate of discount fell by only 0.61d. to £5 8s. 5.49d. per cent. This check was not unexpected following the vigorous use of Bank rate in the money market immediately after its reduction to 6 per cent. The market's allotment of 91-day bills was only 44 per cent; its allotment of 63-day bills was 70 per cent against last week's 90 per cent.

Before last week's tender, the market was forced to borrow from the Bank of England on four occasions: this week the market has been forced into the Bank only once. Credit has been tight throughout the week, but on three days the market was given large special help from the authorities through purchases of bills. The rate for day-to-day loans has remained around 5⅛ per cent—only 3/64 per cent below the current bill rate.

In New York the three month bill rate rose sharply this week from 2.349 per cent to 2.516 per cent.

MONEY RATES

LONDON

	%		%
Bank rate (from 6½%, 2/11/61)	6	Discount rates (Wednesday):	
Deposit rates (7 days' notice):		Bank bills:	
Banks	4	60 days	5⅝–5 11/16
Discount houses	4–4¼	3 months	5⅝–5 11/16
Local Authorities	6¼	4 months	5⅝–5 11/16
Call money:		6 months	5⅝–5¾
Clearing banks' minimum	4⅜	Fine trade bills:	
Day-to-day	4⅜–5⅜	3 months	6¾–7⅛
		4 months	6¾–7⅛
		6 months	7 –8

NEW YORK

	%		%
Official Discount rate: (from 3½%, 11/8/60)	3	Treasury bills: Nov. 6	2·349
		" 13	2·516

BANK OF ENGLAND RETURNS

(£ million)	Nov. 16, 1960	Nov. 8, 1961	Nov. 15, 1961
*Issue Department**:			
Notes in circulation	2,228·9	2,313·8	2,316·9
Notes in banking dept.	21·4	61·6	58·4
Govt. debt and securities*	2,247·8	2,374·0	2,374·0
Other securities	0·7	0·8	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	1·5	0·3	0·3
Banking Department:			
Deposits:			
Public accounts	9·7	12·2	11·5
Special deposits	150·3	232·7	232·7
Bankers	252·2	249·2	252·6
Others	65·5	68·4	71·9
Total	477·7	562·5	568·7
Securities:			
Government	415·7	400·4	449·4
Discounts and advances	38·7	98·2	58·6
Other	19·0	19·3	19·3
Total	473·4	517·9	527·3
Banking department reserve	22·2	62·4	59·3
" Proportion "	% 4·6	% 11·1	% 10·4

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £50 million to £2,375 million on November 8th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills: Average Rate of Allotment	Allotted at Max. Rate *
1960	*91 day* *63 day*		s. d.	%
Nov. 11	260·0 30·0	458·0	95 5·46	59
1961				
Aug. 11	250·0	394·7	134 8·51	41
" 18	250·0	379·6	134 1·83	61
" 25	260·0‡	409·9	134 0·12	39
Sept. 1	250·0	379·8	134 0·50	48
" 8	260·0	441·6	132 10·81	60
" 15	250·0‡	407·0	131 10·99	59
" 22	250·0	383·3	130 6·51	65
" 29	270·0	447·9	131 0·48	39
Oct. 6	260·0	397·9	122 5·80	57
" 13	260·0‡	419·0	120 2·28	59
" 20	250·0	416·1	118 5·35	51
" 27	250·0	431·2	114 6·57	66
	91 day *63 day*			
Nov. 3	200·0 40·0	412·7	108 6·10	63
" 10	230·0 40·0	458·9	108 5·49	44

* On November 10th tenders for 91 day bills at £98 12s. 11d. secured 44 per cent, higher tenders being allotted in full. The offer for this week was for £220 million 91 day bills and £50 million 63 day bills. ‡ Allotment cut by £10 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits: November 15	Market Rates: Spot: November 9	November 10	November 11	November 13	November 14	November 15
United States $	2·78–2·82*	$2·81^{7}_{16}$–9_{16}	$2·81^{7}_{16}$–9_{16}	$2·81^{7}_{16}$–9_{16}	$2·81^{7}_{16}$–9_{16}	$2·81^{7}_{16}$–9_{16}	$2·81^{7}_{16}$–9_{16}
Canadian $	...	$2·90^{9}_{16}$–11_{16}	$2·90^{9}_{16}$–11_{16}	$2·90^{9}_{16}$–11_{16}	$2·90^{9}_{16}$–3_{4}	$2·90^{9}_{16}$–13_{16}	$2·90^{15}_{16}$–91^{1}_{16}
French Fr.	13·622–14·027	$13·83^{3}_{8}$–5_{8}	$13·83^{3}_{8}$–82	$13·81^{3}_{8}$–3_{4}	$13·81^{3}_{8}$–3_{4}	$13·81^{3}_{8}$–3_{4}	$13·82^{1}_{4}$–1_{2}
Swiss Fr.	11·94–12·54⅞	12·16⅜–17	12·17–17¼	12·16⅞–17⅛	12·16⅞–17⅛	12·16⅞–⅜	12·17–¾
Belgian Fr.	137·96–142·05	$140·07^{1}_{2}$–12^{1}_{2}	$140·07^{1}_{2}$–12^{1}_{2}	$140·07^{1}_{2}$–12^{1}_{2}	140·05–10	140·10–15	140·10–15
Dutch Gld.	$9·98^{3}_{4}$–$10·28^{1}_{2}$	$10·13^{7}_{8}$–14^{1}_{8}	$10·13^{3}_{4}$–14	$10·13^{3}_{4}$–14	$10·14^{3}_{8}$–$^{5}_{8}$	$10·14^{3}_{8}$–$^{5}_{8}$	$10·14^{3}_{8}$–$^{3}_{8}$
W. Ger. D-Mk.	11·037–11·365	$11·26^{3}_{4}$–27	$11·26^{3}_{8}$–$^{7}_{8}$	$11·26^{3}_{4}$–27	$11·26^{3}_{4}$–27	$11·26^{3}_{4}$–27	$11·27·^{1}_{4}$
Portug. Esc.	...	80·17–27	80·17–27	80·17–27	80·17–27	80·17–27	80·17–30
Italian Lire	1725–1775	1746^{1}_{2}–47	1746^{1}_{4}–$^{3}_{4}$	1746^{1}_{2}–47	1746^{1}_{2}–47	1746^{1}_{2}–47	1746^{3}_{4}–47^{1}_{4}
Swedish Kr.	14·27½–14·70	$14·56^{5}_{8}$–$^{7}_{8}$	$14·56$–56^{1}_{4}	$14·55^{3}_{8}$–$^{5}_{8}$	$14·54^{5}_{8}$–$^{7}_{8}$	$14·54^{5}_{8}$–$^{7}_{8}$	$14·54^{7}_{8}$–55^{1}_{8}
Danish Kr.	19·06½–19·62	$19·38^{5}_{8}$–$^{7}_{8}$	$19·38^{7}_{8}$–39^{1}_{8}	$19·38^{7}_{8}$–39^{1}_{8}	$19·38^{7}_{8}$–39^{1}_{8}	19·39–39^{1}_{4}	$19·38^{5}_{8}$–$^{7}_{8}$
Norwegian Kr.	19·71–20·30½	$20·04^{1}_{8}$–$^{3}_{8}$	$20·04^{1}_{8}$–$^{3}_{8}$	$20·04^{1}_{8}$–$^{3}_{8}$	$20·04^{1}_{8}$–$^{3}_{8}$	$20·04^{1}_{4}$–1_{2}	$20·04^{1}_{4}$–1_{2}
	* Official Limits	**One Month Forward Rates**					
United States $		$^{13}_{16}$–$^{11}_{16}$c. pm	$^{13}_{16}$–$^{11}_{16}$c. pm	$^{13}_{16}$–$^{11}_{16}$c. pm	$^{3}_{4}$–$^{5}_{8}$c. pm	$^{3}_{4}$–$^{5}_{8}$c. pm	$^{3}_{4}$–$^{5}_{8}$c. pm
Canadian $		$^{15}_{16}$–$^{13}_{16}$c. pm	1–$^{7}_{8}$c. pm	1–$^{7}_{8}$c. pm	1–$^{7}_{8}$c. pm	$^{15}_{16}$–$^{13}_{16}$c. pm	1–$^{7}_{8}$c. pm
French Fr.		2^{3}_{4}–2^{1}_{4}c. pm	2^{1}_{2}–2c. pm	2^{1}_{2}–2c. pm	2^{3}_{4}–2^{1}_{4}c. pm	2^{3}_{4}–2^{1}_{4}c. pm	2^{3}_{4}–2^{1}_{4}c. pm
Swiss Fr.		4^{1}_{2}–4c. pm	4^{1}_{2}–4c. pm	4^{1}_{2}–4c. pm	4^{1}_{4}–3^{3}_{4}c. pm	4–3^{1}_{2}c. pm	4–3^{1}_{2}c. pm
Belgian Fr.		35–25c. pm	35–25c. pm	35–25c. pm	35–25c. pm	35–25c. pm	35–25c. pm
Dutch Gld.		3–2^{1}_{2}c. pm	3–2^{1}_{2}c. pm	3–2^{1}_{2}c. pm	3^{1}_{4}–2^{3}_{4}c. pm	3^{1}_{4}–2^{3}_{4}c. pm	3^{1}_{4}–2^{3}_{4}c. pm
W. German D-Mk.		4^{1}_{8}–3^{5}_{8}pf. pm	4–3^{1}_{2}pf. pm	4–3^{1}_{2}pf. pm	3^{7}_{8}–3^{3}_{8}pf. pm	3^{3}_{4}–3^{1}_{4}pf. pm	3^{1}_{2}–3pf. pm
		Three Months Forward Rates					
United States $		2–1^{7}_{8}c. pm	2–1^{7}_{8}c. pm	2–1^{7}_{8}c. pm	1^{15}_{16}–1^{13}_{16}c. pm	1^{15}_{16}–1^{13}_{16}c. pm	2–1^{7}_{8}c. pm
Canadian $		2^{1}_{4}–2^{1}_{16}c. pm	2^{5}_{16}–2^{1}_{8}c. pm	2^{5}_{16}–2^{1}_{16}c. pm	2^{3}_{16}–2^{1}_{16}c. pm	2^{3}_{16}–2^{1}_{16}c. pm	2^{1}_{4}–2^{1}_{16}c. pm
Swiss Fr.		10^{1}_{2}–10c. pm	10^{1}_{2}–10c. pm	10^{1}_{2}–10c. pm	10–9^{1}_{2}c. pm	10–9^{1}_{2}c. pm	10–9^{1}_{2}c. pm
W. German D-Mk.		10^{1}_{8}–9^{5}_{8}pf. pm	10^{1}_{8}–9^{5}_{8}pf. pm	10^{1}_{8}–9^{5}_{8}pf. pm	9^{3}_{4}–9^{1}_{4}pf. pm	9^{5}_{8}–9^{1}_{8}pf. pm	9^{1}_{2}–9^{3}_{8}pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/11^{1}_{4}	250/11^{1}_{4}	...	250/1	250/11^{1}_{4}	250/1
" ($ " ")		35·19^{1}_{2}	35·19^{1}_{2}	...	35·19^{1}_{2}	35·19^{1}_{2}	35·19^{1}_{2}

Manpower and Output

Labour figures relate to Great Britain and production figures to United Kingdom unless otherwise stated.
M = Monthly averages or calendar months.
W = Weekly averages.

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

BRITISH

Prices and Wages	Oct. 21st	External Trade	Nov. 4th
Manpower and Output	This week	Industrial Profits	Oct. 14th

OVERSEAS

Western Europe	Sept. 30th	United States	Nov. 11th

	Unit	Mid-year or averages			1960			1961				
		1958	1959	1960	August	Sept.	October	June	July	August	Sept.	October
TOTAL MANPOWER		June figures										
Working population:												
Total	'000s	24,070	24,145	24,436	24,625	24,656	24,691	24,590	24,664	24,757	24,778	...
Men	,,	16,160	16,137	16,239	16,344	16,355	16,354	16,283	16,321	16,364	16,365	...
Women	,,	7,910	8,008	8,197	d,.81	8,301	8,337	8,307	8,343	8,393	8,413	...
Armed Forces	,,	614	565	518	513	513	511	474	469	464	464	...
Civil employment:												
Total	,,	23,080	23,197	23,628	23,807	23,835	23,858	23,865	23,916	24,000	24,008	...
Manufacturing industries (1)	,,	...	8,477	8,811	8,889	8,930	8,949	8,917	8,920	8,963	8,994	...
Manufacturing industries (old basis) (1)	,,	*9,147*	*9,169*	...	...	...	...	...	...	...	...	...
Employees (1):												
in engineering (2)	,,	...	3,545	3,740	3,768	3,780	3,795	3,799	3,797	3,818	...	...
in consumer goods industries (3)	,,	...	3,102	3,154	3 183	3,223	3,200	3,170	3,175	3,192	...	...
UNEMPLOYMENT		Monthly averages										
By duration:												
All durations—total	,,	457·4	475·2	360·4	321·4	305·2	328·5	265·9	258·6	305·2	317·0	365·7
Temporary or under 2 weeks	,,	141·0	120·8	89·8	81·1	83·2	99·6	67·8	69·3	80·5	104·2	130·4
Over 8 weeks	,,	197·7	243·4	187·6	159·6	149·3	151·2	140·1	136·4	137·9	134·2	143·9
By regions (4):												
Great Britain	%	2·1	2·2	1·6	1·4	1·4	1·5	1·2	1·2	1·4	1·4	1·6
London and South Eastern	,,	1·3	1·3	0·9	0·8	0·8	0·9	0·8	0·7	0·9	0·9	1·0
Eastern	,,	1·7	1·5	1·3	1·0	1·0	1·1	0·8	0·7	0·9	0·9	1·2
Southern (5)	,,	1·6										
South Western (5)	,,	2·2	2·2	1·7	1·3	1·3	1·5	1·1	1·0	1·2	1·2	1·5
Midland	,,	1·6	1·5	1·0	1·0	0·8	0·9	0·8	0·9	1·1	1·4	1·7
North Midland	,,	1·6	1·5	1·1	1·0	0·9	0·9	0·8	0·7	0·9	0·9	1·0
East and West Ridings	,,	1·9	1·9	1·2	1·1	1·0	1·0	0·8	0·8	0·9	1·0	1·1
North Western	,,	2·7	2·8	1·9	1·8	1·7	1·7	1·4	1·3	1·6	1·7	1·7
Northern	,,	2·4	3·3	2·8	2·5	2·4	2·5	2·0	1·9	2·3	2·3	2·5
Scotland	,,	3·8	4·4	3·6	3·1	3·0	3·3	2·8	2·7	2·9	2·8	3·0
Wales	,,	3·8	3·8	2·7	2·5	2·4	2·4	2·1	1·9	2·1	2·2	3·5
VACANCIES												
Unfilled vacancies notified to employment exchanges: Total	'000s	198	224	314	356	337	324	383	396	359	328	289
INDUSTRIAL PRODUCTION												
Index:												
All industries	1954=100	106	113	120	104	123	127	127	118	102	...	...
,, ,, *seasonally adjusted*	,,	...	...	...	*121*	*121*	*121*	*124*	*125*	*125*	...	...
Mining and quarrying	,,	94	92	89	72	90	94	91	80	66	...	...
Construction	,,	105	111	118	118	...	121[13]	126[12]	...	...	...	...
Gas, electricity and water	,,	119	123	133	109	123	136	121	114	111	...	...
Manufacturing, total	,,	107	114	123	105	127	131	131	121	101	...	...
,, ,, *seasonally adjusted*	,,	...	...	...	*124*	*123*	*123*	*127*	*127*	*126*	...	...
Engineering and electrical goods	,,	111	118	127	104	130	135	148	134	106	...	...
Shipbuilding	,,	109	101	92	89	90	89	90	88	90	...	...
Vehicles	,,	118	131	139	112	137	133	147	139	97	...	...
Chemical trades	,,	115	131	145	135	151	151	154	145	...	...	...
Textiles, leather and clothing	,,	91	98	102	83	111	115	101	97	82	...	...
BASIC MATERIALS		M/W averages										
Production of:												
Coal (7) (8)	W '000 tons	4,150	3,963	3,725	2,951	3,702	3,880	3,792	3,275	2,732	3,708	3,940
Pig iron	W ,,	245	242	303	291	306	314	297	277	265	261	248
Steel, ingots and castings	W ,,	369	388	467	423	481	497	447	380	338	400	382
Sulphuric acid	M ,,	186·8	202·3	225·1	215·1	229·6	233·3	221·7	221·0	203·9	208.3	...
Newsprint	W ,,	11·81	12·87	14·25	12·65	14·91	15·09	14·74	11·06	11·45	13·06	...
Electricity (7) (11)	M mn. kwh	8,208	8,764	9,904	7,992	9,044	10,448	8,817	8,515	8,306	9,148	...
MANUFACTURING												
Textile production:												
Cotton yarn, single	W mn. lb.	14·77	14·58	14·44	12·70	14·55	15·52	12·08	11·77	12·40	12·41	...
Worsted yarn (9)	M ,,	17·18	19·34	20·40	16·26	21·85	22·16	22·38	19·78	14·96	21·70	...
Rayon and synthetic fibres	M ,,	35·2	42·9	49·3	43·2	48·5	50·2	49·3	50·8	42·0	45·4	...
Cotton cloth, woven	W mn. yds.	27·0	25·7	24·9	24·3	24·5	26·9	25·7	16·1	23·1	23·0	...
Wool fabrics, woven (9)	M mn. sq. yds.	29·1	30·4	30·6	24·5	34·4	32·9	32·8	29·5	23·3	31·1	...
Engineering production:												
Passenger cars and chassis	W '000s	19·84	22·88	26·01	21·45	26·35	22·58	23·19	24·58	11·49	20·18	...
Commercial vehicles and chassis	W ,,	5·90	7·13	8·81	7·23	9·33	8·97	9·61	9·30	5·36	9·00	...
Internal combustion engines	M '000 BHP	378	468	577	507	567	576	645	547	...	...	...
Metal-working machine tools	M £'000	6,993	6,564	7,911	6,794	8,721	8,094	10,310	9,944	7,309	...	...
BUILDING ACTIVITY (10)												
Permanent houses completed:												
Total	M '000s	20·13	20·78	22·44	22·22	23·64	24·35	24·38	22·16	21·92	22·36	...
For local housing authorities	M ,,	9·43	8·29	8·60	7·71	8·59	8·63	8·39	7·47	6·98	7·01	...

(1) Current statistics of employment by industry, based on the 1958 Standard Industrial Classification, go back only to May, 1959. Manufacturing employment for earlier dates is shown on the old basis (1948 SIC). (2) Engineering and electrical goods, shipbuilding and marine engineering, vehicles, metal goods. (3) Textiles, leather goods, clothing, food, drink and tobacco, timber, furniture, paper, printing and publishing. (4) Number registered as unemployed expressed as a percentage of the estimated number of employees. (5) Dorset (excluding Poole) was transferred from the Southern to the South Western Region on May 12, 1958. (6) Deliveries. (7) Great Britain. (8) Excluding all screening losses normally amounting to around 5,000 tons a week. (9) Average for third quarter. (10) England and Wales. (11) Generation for public supply. (12) Average for second quarter. (13) Average for fourth quarter.

APPOINTMENTS

Unilever

ACCOUNTANTS FOR ORGANISATION DIVISION

Unilever invites applications from qualified accountants wishing to combine the interest and variety of consultancy work with the scope offered by one of the world's largest groups of operating companies.

The posts are located in a Head Office division providing advice, and implementation of recommendations, in the wide and growing range of industries which Unilever covers round the world. Most of the immediate assignments will be in the London area or in the North of England, but opportunities will arise later for overseas responsibilities if desired.

We are looking either for Chartered Accountants, who preferably also have a degree in Economics, or for Cost Accountants, preferably with experience in Work Study.

Two levels of post are available—for men aged 32-45, already earning around £2,500, and for men aged 28-35, who are already earning at least £1,500. The younger men must have the potential to fill the more senior posts after suitable training.

Applications, giving relevant details of age, experience, salaries earned, etc., should be addressed to :— Organisation Division (ref. C. 582/7), Unilever House, Blackfriars, London, E.C.4.

All applications will be treated in strict confidence and interviews will be arranged in London or the North.

STATISTICIANS

THE UNITED NATIONS

needs statisticians to fill vacancies at New York Headquarters and Regional Economic Commissions. They will be expected to conduct research and prepare statistical tables or reports in one or more of the following fields: external trade statistics; transport statistics; price statistics; employment, unemployment and wage statistics; production and consumption statistics; social statistics; vital statistics; population statistics; national accounts statistics; and other appropriate fields.

Qualifications required are university degree or equivalent in statistics or in economics or mathematics (allied with statistics); one or more years of graduate work or of practical experience, and fluency in English or French, preferably with a working knowledge of the other.

Salary, depending on qualifications and experience, from $4,800 to $7,300 net per year, free of tax, plus cost of living allowance ranging from $935 to $2,100; plus dependency allowance, if applicable, and other benefits. In recruitment for the above vacancies, preference will be given to nationals of member states of the United Nations which are not, or are inadequately, "represented" in the Secretariat.

Applications should be sent to the Recruitment Services (Room 3646), Office of Personnel, UNITED NATIONS, NEW YORK, NY

AREA POLITICAL EDUCATION OFFICER *required* for political party organisation. Applicants should be University graduates, preferably between 25 and 45. Commencing *salary according* to experience and qualifications, not less than £750.—Write to Conservative Political Centre, 32 Smith Square, London, S.W.1.

For further appointments and other classified advertisements see pages 705 and 714

TRAINEE SALESMAN *required* in the Packaging Industry. Age 23-30. Excellent training provided with a view to being an assistant to the Sales Director and eventually taking over an area. He must be well educated, well groomed and ambitious. All replies will be acknowledged. Factory situated in the north with pleasant surroundings.—Apply to Managing Director, Box 507, Robertson & Scott, 42 Charlotte Square, Edinburgh.

ACCOUNTANT

J. & P. COATS, LIMITED, world-wide manufacturers and distributors of *sewing threads*, have a vacancy in the overseas financial control department of their Head Office in Glasgow, for a *qualified* Accountant not over 30, preferably with some years of post-qualifying commercial experience. The *appointment* is likely to lead later to an overseas posting and applicants must be prepared to take up residence *in any country* where the Company operates. Applications, in writing, to the Personnel Manager, 155 St. Vincent Street, Glasgow, C.2, should give personal particulars and work experience. Full details of the appointment will be *given* to those asked to attend an interview for which expenses will be refunded.

UNIVERSITY OF HULL

Applications are invited for the *appointment* of SENIOR LECTURER IN OPERATIONAL RESEARCH FOR MANAGEMENT to take charge of courses to be offered for a new one-year post-graduate Diploma in this subject, commencing October, 1962. Candidates should have a good Honours degree in Economics (Statistical Theory), Mathematics (Statistics) or Statistics and appropriate practical experience in industry. Appointment tenable from August/September, 1962, to allow time for organising courses. Salary scale £1,650-£2,175 p.a. with *placing according* to *qualifications* and experience. F.S.S.U. benefits and children's allowances. Further particulars may be obtained from the undersigned, to whom applications (seven copies) and the names of three referees should be sent not later than December 18, 1961.

W. D. CRAIG, Registrar.

RESEARCH IN ECONOMICS AND FINANCE

HOUBLON-NORMAN AWARDS

The Trustees of the Houblon-Norman Fund invite applications for FELLOWSHIPS OR GRANTS in aid of research into the working of industry and finance in Great Britain and elsewhere, and the economic conditions affecting them.

Fellowships, which are intended for experienced research workers, are awarded for full-time research for one year, which may be renewed for a second year. Grants are awarded for either full-time or part-time work. The amount of the awards, which will take effect from October 1, 1962, will depend upon the circumstances of the candidate and the probable expenses of his work.

Applicants must be British subjects normally resident in the United Kingdom. The Trustees are prepared to relax this rule only in exceptional circumstances.

Forms of application, which may be obtained from the Secretary of the Fund, c/o Bank of England, London, E.C.2, should be returned not later than March 1, 1962.

FEDERATION OF RHODESIA AND NYASALAND

MINISTRY OF AGRICULTURE

VACANCIES FOR AGRICULTURAL ECONOMISTS

Applicants must hold a degree in either Agricultural Economics, Economics or Commerce, or hold a similar degree and have experience in the field of Agricultural Economics.

Commencing salary, depending on qualifications and experience: £752 10s. to £1,773 15s. per annum.

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Application forms and further details from the Secretary (B), Rhodesia House, 429 Strand, London, W.C.2.

Closing date, December 7, 1961.

CENTRAL OFFICE OF INFORMATION require a SENIOR INFORMATION OFFICER (unestablished) to act as head of a small unit writing reference information papers for overseas use on British home affairs (other than economic affairs), mainly on governmental and social topics. Candidates should have a university degree, a wide knowledge of current affairs, research experience and some administrative capacity; they should be able to present factual information concisely and accurately and be prepared to submit examples of written work. Salary £1,573-£1,937.—Write, giving age, full details of experience and qualifications, to Manager (PE.3977), Ministry of Labour, Professional & Executive Register, Atlantic House, Farringdon Street, London, E.C.4.

UNIVERSITY OF NOTTINGHAM

DEPARTMENT OF INDUSTRIAL ECONOMICS

Applications are invited for a LECTURESHIP or ASSISTANT LECTURESHIP in Industrial Economics, with special reference to Accounting. Salary scales: Lecturer, £1,050 to £1,850; Assistant Lecturer, £800 to £950. Initial salary according to qualifications and experience, plus membership of the Universities Superannuation Scheme and children's allowances.

Conditions of appointment and form of application, to be returned by December 9, 1961, from the Registrar.

ASSISTANT TO QUALITY CONTROL DIRECTOR

Required for Star Paper Mills Ltd. The position calls for an individual with experience of the application of statistical techniques in the process industries. The appointment will be a new one in the Company and offers an excellent opportunity.

Salary will take account of the qualifications and experience of the successful applicant.

The Company operates a Pension Scheme and the full cost of removal will be met.

Applications, giving full details of background and experience should be addressed to the

Managing Director,
STAR PAPER MILLS LTD.,
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Lancs.

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required by

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Applications should be sent to:—

The Group Chief Accountant,
THE BRITISH ALUMINIUM CO. LTD.,
Norfolk House,
St. James's Square, LONDON, S.W.1.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the post of INVESTIGATIONAL OFFICER in the DEPARTMENT of AGRICULTURAL ECONOMICS. Candidates should have academic qualifications and/or practical experience in Agriculture, Economics or Accountancy. Salary scale £650 x £25 to £750 x £50 to £950 with membership of the F.S.S.U. and Children's Allowance Scheme. Graduates would have an initial salary of £725 per annum. Investigational officers may be considered on reaching a salary of £800 per annum for promotion to the grade of Senior Investigational Officer (salary scale: £1,050 x £50 to £1,300 (merit bar-line) x £50 to £1,550). Applications should be sent not later than Monday, November 20, 1961, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

ROTHMANS FELLOWSHIPS

Rothmans of Pall Mall (Australia) Limited have set up the Rothmans University Endowment Fund to encourage higher education and research for the benefit of the Australian national welfare. The Fund is administered in the University of Sydney by Trustees on behalf of all Australian Universities.

The Trustees have agreed to establish Rothmans Fellowships at Senior and Junior levels to enable Fellows to undertake post-graduate work within a University or approved institution. The Senior Fellowship is of annual value of not more than £A4,000. The Junior Fellowship is in two grades, the first of an annual value of from £A1,000 to £A1,250, the second of an annual value of not more than £A2,300. At the discretion of the Trustees, a Fellow may be paid travelling expenses incurred in taking up the Fellowship and returning to his home.

In addition, an amount of £A500 per annum is available, at the discretion of the Trustees, to the University of institution where the Fellow is working for the payment of fees and expenses including the purchase and maintenance of equipment.

The Fellowships are open to graduates of any University but may be held at other than an Australian University only by a graduate of an Australian University. Preference in the award of the Fellowships will be given to graduates who desire to work in an Australian University.

Application forms and further details may be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close on *December 31, 1961.*

UNIVERSITY COLLEGE OF NORTH STAFFORDSHIRE

Applications are invited from Honours Graduates in Economics for a RESEARCH ASSISTANTSHIP in Department of Economics. Research experience is desirable but not essential. Salary from £600.—Further particulars and application forms may be obtained from the Registrar, The College, Keele, Staffs., to whom they should be returned not later than December 15, 1961.

A CLERICAL ASSISTANT

required

for Statistical Department in the tanker section of a major Oil Company in West End. The duties include the maintenance and analysis of records and the preparation of data for punched card records. Accuracy and attention to detail are essential. Minimum age 21, preferably with at least ordinary level G.C.E. passes in English, Geography and Mathematical subjects. The position might suit an older person of the requisite background and aptitude.

Permanent, pensionable post, excellent working conditions, Luncheon Vouchers.

Please apply to Box No. 4379 c/o Charles Barker & Sons Limited, 20 Cannon Street, London, E.C.4.

PERSONAL ASSISTANT required by R. E. Walpole, Director of Market Investigations Ltd., one of the leading companies in the Market Research field, operating at this country and overseas. Applicants should be graduates in economics, statistics or related subjects, but previous experience in Market Research is not essential. The successful candidate will be required to do a wide variety of work in the first two years which will qualify him for a Senior appointment within the company. Starting salary £800-£850 per annum with substantial six-monthly bonuses.—Reply, in confidence, to R. E. Walpole, 1 and 2 Berners Street, London, W.1.

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Application forms can be obtained from:—

The Employee Relations Superintendent,
ESSO PETROLEUM CO. LTD.,
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A good statistical background is essential and preference will be given to one having held a similar post in related industry.

This is a new post and offers exceptional opportunities.

Please write in first instance, giving full details of qualifications, experience and stating present salary to:

Chief Personnel Executive,
70, Dudden Hill Lane, N.W.10.

UNIVERSITY COLLEGE IBADAN, NIGERIA

Applications are invited from honours graduates for three posts of (a) TUTOR or (b) ASSISTANT TUTOR in Extra-Mural Studies, one to work in Eastern Nigeria, one in Northern Nigeria and one to be in charge of Industrial Relations Programme in Ibadan. Appointments to commence as soon as possible. Salary scales: (a) £1,200 x £75—£1,650 (bar) £1,725 x £75—£2,175 p.a., (b) £950 x £50—£1,100 p.a. (or if over 28 or holding a higher degree £1,050 x £50—£1,150 p.a.). Passages paid for appointee, wife and up to five children under 11 years, on appointment overseas leave and termination. Part-furnished accommodation at rent not exceeding 7.7 per cent. of salary. Children's, car and outfit allowances. F.S.S.U. Detailed applications (six copies) naming three referees by December 22, 1961, to Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

NUFFIELD COLLEGE (OXFORD)

RESEARCH FELLOWSHIP

Applications are invited from MEN OR WOMEN GRADUATES who wish to undertake research in Economics, Politics, Sociology, recent Economic and Social History and Political History, Industrial Relations, African Studies, Public and Social Administration, International and Public Law or other branches of the Social Studies. The appointment will normally be for two or three years. The stipend will be according to age.

Further particulars may be obtained from the Warden. Applications should reach him not later than January 8, 1962.

UNIVERSITY OF TASMANIA

Applications are invited for the following appointment:—

LECTURESHIP IN ECONOMICS

Candidates are asked to state fully their special interests and experience within the general field of Economics. Preference will be given to candidates with particular interests in the fields of international trade or economic development, but candidates specialising in other fields will be considered. Although not essential, subsidiary qualifications or experience in Economic Statistics would be an advantage.

The salary scales for Lecturers are: Grade II, £A1,650-£A100-£A1,950, and Grade I, £A2,050-£A100-£A2,450. Appointment will be offered within either of these grades according to qualifications and experience.

Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close in Australia and London on *December 31, 1961.*

STATISTICIANS. At least seven posts (six pensionable under Superannuation Acts, one under F.S.S.U.) in the London area for men or women at least 28 on 1.12.61 with wide statistical experience and (normally) first or second class honours degree in statistics, or other appropriate main subject combined with statistics. Other graduates with specially suitable statistical experience considered. Salary (Inner London) £1,781-£2,483. Starting salary may be above minimum. Promotion prospects. —Write Civil Service Commission, Burlington Gardens, London, W.1, for application form, quoting 5409/61. Closing date December 11, 1961.

NORTH WESTERN GAS BOARD HEAD OFFICE, MANCHESTER

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Applications are invited for the above pensionable appointment in the Statistics Department, at a commencing salary within the range £770-£1,015 per annum according to qualifications and experience.

Candidates should preferably be not more than 27 years of age and must hold an appropriate graduate or equivalent qualification. Preference will be given to Honours graduates in Economics combined with Accountancy.

The Assistant Economist will be concerned with cost and price studies within the business and with the analysis of economic trends, as they affect the gas industry. The work offers ample scope for initiative in the application of the economist's approach to the solution of business problems.

Detailed applications, giving the names of two referees, should be forwarded to the Secretary, North Western Gas Board, Bridgewater House, 60 Whitworth Street, Manchester, 1.

For further appointments and other classified advertisements see pages 705 and 713

THE ROYAL COLLEGE NAIROBI

Applications are invited for the Chair of Economics. Salary £3,000 p.a. F.S.S.U. Child allowance £50 p.a. per child (max. £150 p.a.). Passages for appointee and family (up to four adult passages) on appointment, termination and leave (once every two years). Rent accordant to quarters provided £60-£114 p.a. Medical scheme for member and family. Detailed applications (eight copies), naming three referees, by December 31, 1961, to Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.



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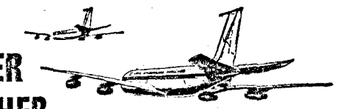
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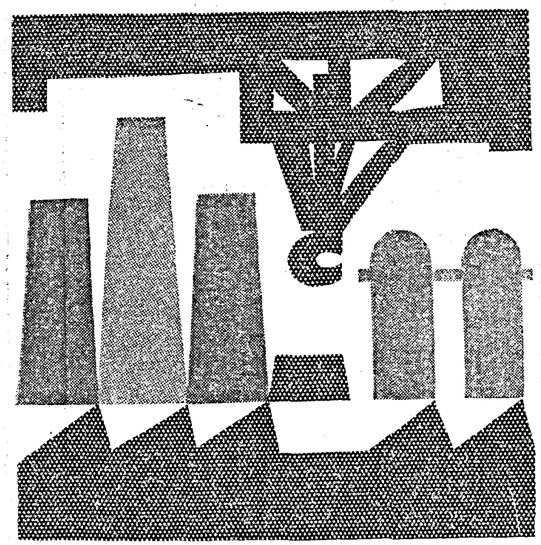
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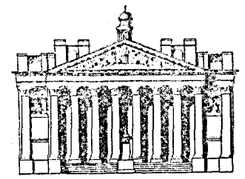
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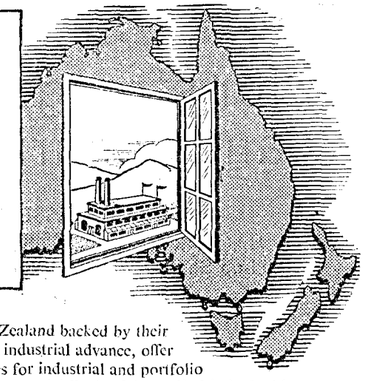
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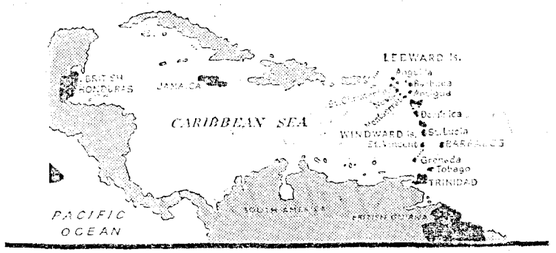
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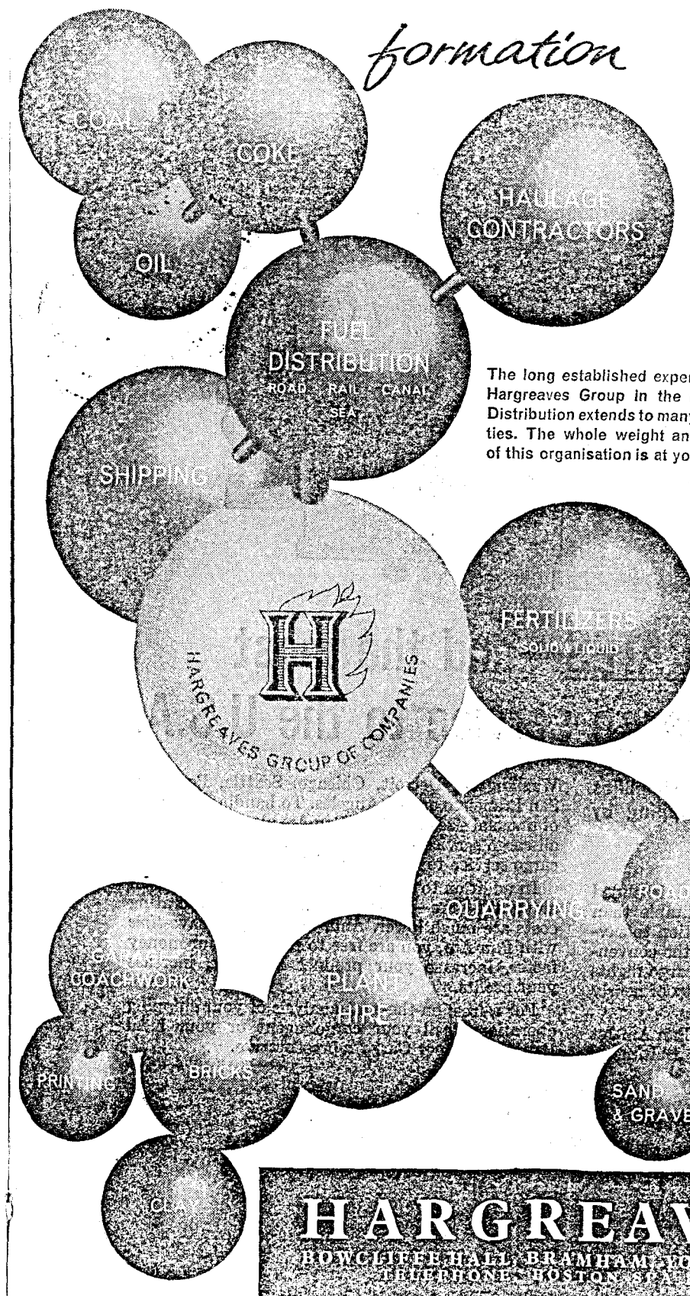
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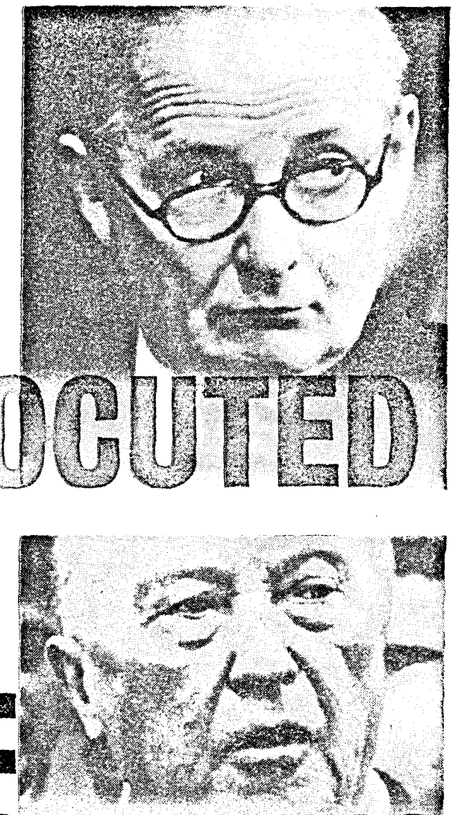
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NOVEMBER 25, 1961

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UNDER SECRETARY TO GOVERNMENT
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PUBLIC DEPARTMENT



THE PAUSE ELECTROCUTED

BERLIN: COMPROMISING POSITION

SCOTLAND: *THE MOST ACUTE CASE*

NO, MR THORNEYCROFT

CONVERTIBILITY UNDER STRAIN

A BANKING SURVEY Pages 781 to 817

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In The Economist this Week — November 25, 1961

HOME

UNDER ATTACK—THE GOVERNMENT

Electricity Wages: The first horse has bolted from a nerveless Cabinet: there is now no alternative but to bar the gate to the others seeking the rich pastures of higher wages (p. 729).

London Transport, too, may be looking for a way round the wage pause (p. 743).

Airline Licences: The Minister of Aviation has failed a basic test of policy by refusing to allow competition in the North Atlantic air (p. 819).

Aircraft companies are combining to get their teeth into the carrot of NATO contracts (p. 830).

Immigration Bill: The folly and weakness of discriminating by law against coloured British subjects cannot be remedied merely by discriminating against the Irish as well (p. 739).

Nottingham's black and comely 2½ per cent (p. 753).

UNDER SCRUTINY—THE NATION

Scottish Economy: A radical and clinical report upsets some northern taboos—and provokes some stern rethinking on issues south of the Border (p. 732).

Food for planners—frequent revision of the index of industrial production can make interpretation a trying task (p. 825).

The statistics of snobbery—British towns reviewed (p. 749).

London's bastards—a rising influx (p. 740).

Transport trials—interest rates for railways and protection for coastal shippers (p. 825); and buses for East Anglians (p. 750).

Labour's Luck

One up at Bridgeton (p. 740)—where the Independent Labour débâcle leaves room for a left-wing reshuffle (p. 753).
Shadow Cabinet: no new blood drawn (p. 740).

The World's Currencies

International Banking Survey (pp. 781-817) A year of turbulent upheavals in the foreign exchange markets has left the world's major currencies in even greater need of constructive international co-operation.

- The renewed confidence in sterling is thinly based and the real lesson of the crisis is misunderstood.
- The dollar is once more under suspicion. This may frustrate efforts to correct the balance of payments (p. 762), but there is plenty of confidence at home (p. 765).
- The mark—revaluation has begun to work but new problems are arising.
- The franc—a spectacular recovery but rising prices are causing new concern.
- Canada is still struggling to depress the value of its dollar, but may have to reduce interest rates first.
- In the overseas sterling area, international aid and capital imports have brought only temporary relief.

INTERNATIONAL

STEP BY STEP

Mr Kennedy has succeeded in arriving at an agreement with Dr Adenauer over Berlin tactics; it remains to be seen if this makes it easier to arrive at an agreement with Mr Khrushchev. But he still has a little room for manœuvre (p. 731).

In Berlin itself, the West must, however, be content at present to watch Herr Ulbricht's wall-building from the wings (p. 739).

Mr Khrushchev has been putting pressure on Finland; Mr Kekkonen, resourceful as usual, is playing for time (p. 777). Russia's acceptance of the Anglo-American invitation to resume talks on banning nuclear tests suggests that it is aware of the disadvantages of treating world opinion with contempt (p. 740).

President Tito has expressed anxiety at the extent to which the neutrals' interests are being trampled on by the rival camps of East and West (p. 744).

OUT OF STEP

The rise of the common market is driving further wedges between the various groups of African states; **Nigeria** has a part to play in reversing the process (p. 734). **Canada** has improved its gamesmanship over the question of British entry to the market, but Canadian opinion is still sadly confused (p. 774).

Both sides in the proposed **Malaysian** federation know they are engaged in a race against time; but the Malayans are markedly, and perhaps unrealistically, more optimistic than the government of Singapore (p. 773).

STEPPING DOWN

Goodbye Stalin: in Czechoslovakia it has been, so far, a relatively circumspect farewell (p. 743).

Goodbye Trujillo: The intervention of the United States navy appears to have scotched an attempted return to dictatorship in the Dominican Republic, and the chance of a fidelist uprising that might have followed it—to the annoyance of Cuba (p. 749).

The Cuban-American quarrel already looks like wrecking the **international sugar agreement**—the one stabilisation scheme that, on the face of it, might have succeeded (p. 820).

Goodbye Soldiers? The Turkish army has at last found a parliamentary government it can hand over to; but it will intervene again if the politicians fail to behave themselves (p. 736).

STEPPING UP

Italy needs to increase its output of technical school diplomas if it is to maintain its dizzy rate of industrial advance (p. 780).

The flow of **oil** through new European pipelines should soon bring more fuel more cheaply to central Europe (p. 774).

General de Gaulle has arrived at a satisfactory solution to the problem of Mr Ben Bella's hunger strike (p. 739).

STEPPING OUT

On his western tour President Kennedy has spoken up courageously (p. 765).

On civil defence Mr Nelson Rockefeller has set an example to the President (p. 766).

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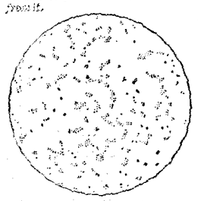
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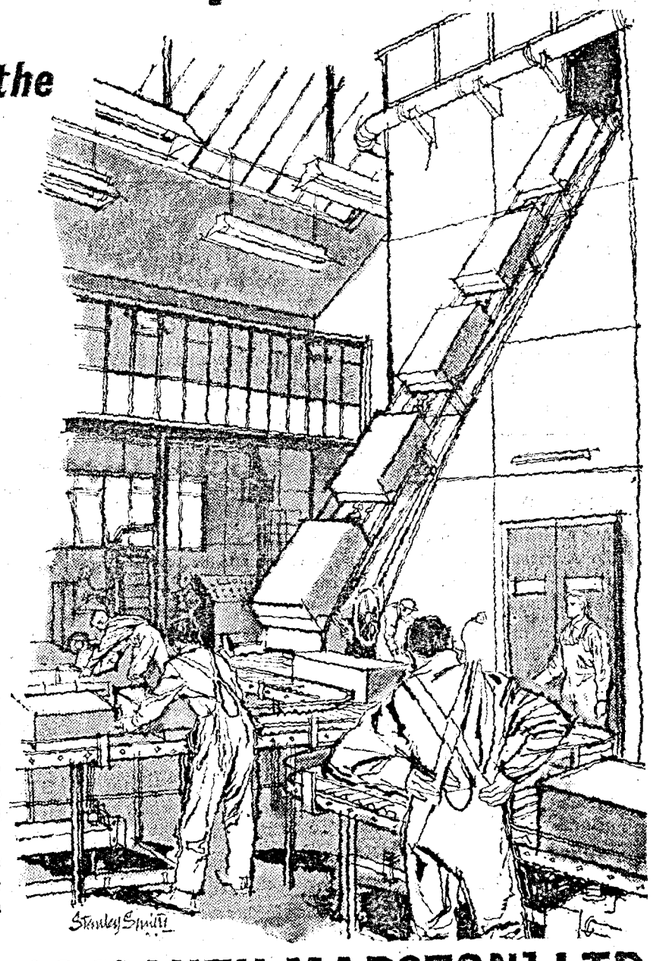
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PARLIAMENT MAN



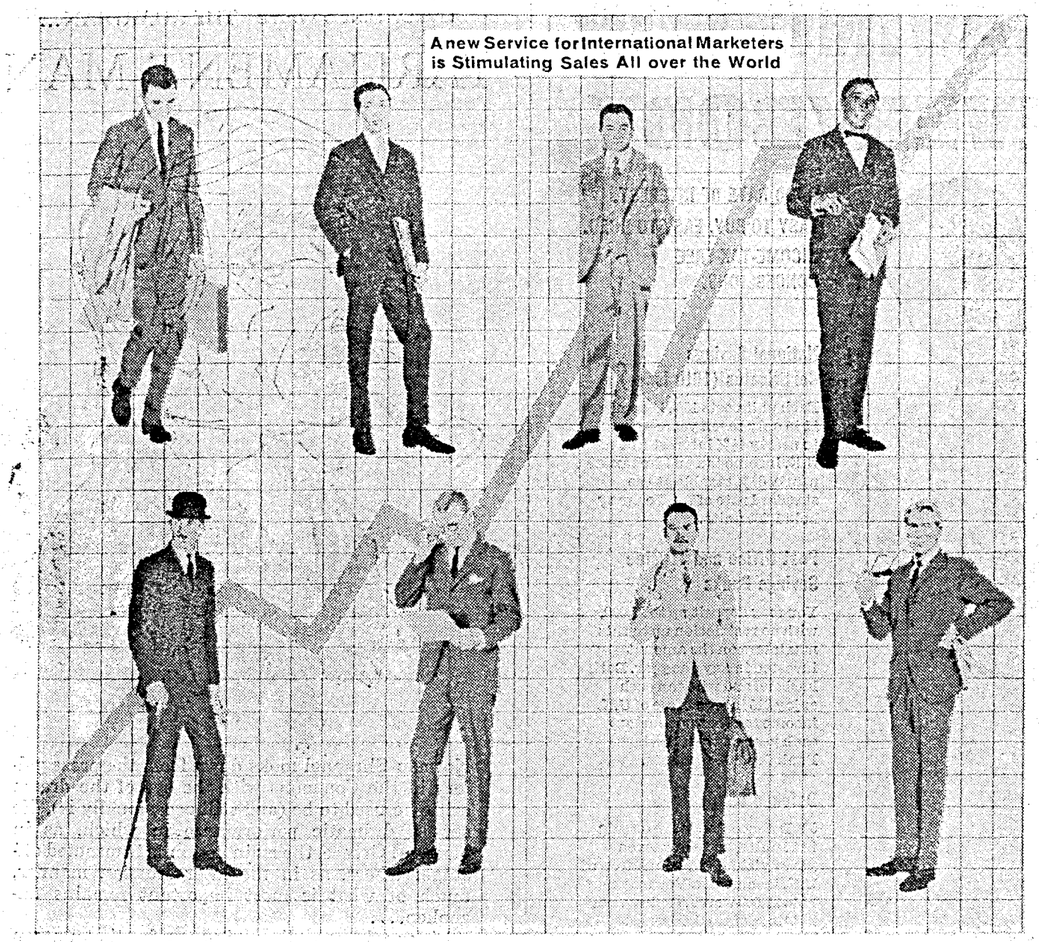
Norman Shrapnel looks down from the press gallery in the Commons with the eye of the drama critic he used to be (and still occasionally is). He sees a dramatic performance in which, as in classical Greece, the main action is transacted offstage: where, as in the later Russian manner, much of what is most important remains unspoken....

Shrapnel has a discerning eye for that unseen action, an ear cocked for those unspoken words. He has learnt, too, to interpret the ritual gestures learnt, for instance, to distinguish between the 57 varieties of what Hansard dryly notes as *(interruption)*; he knows when it signifies approval, when derision, when alarm, when relief. He has learnt to sense the emotion behind the deadpan ministerial utterance, the serious purpose concealed in the seemingly flippant rejoinder.

If The Guardian reader finds it easier than most people to read between the lines of the printed reports, it is largely because *he has* this subtle observer for guide. Giving praise where praise is due, thumbing his nose where this is the only appropriate gesture. Norman Shrapnel is perhaps the liveliest and most discerning critic of the farce, the tragedy, the *melodrama* that is parliament.

LIVELY MINDS WRITE

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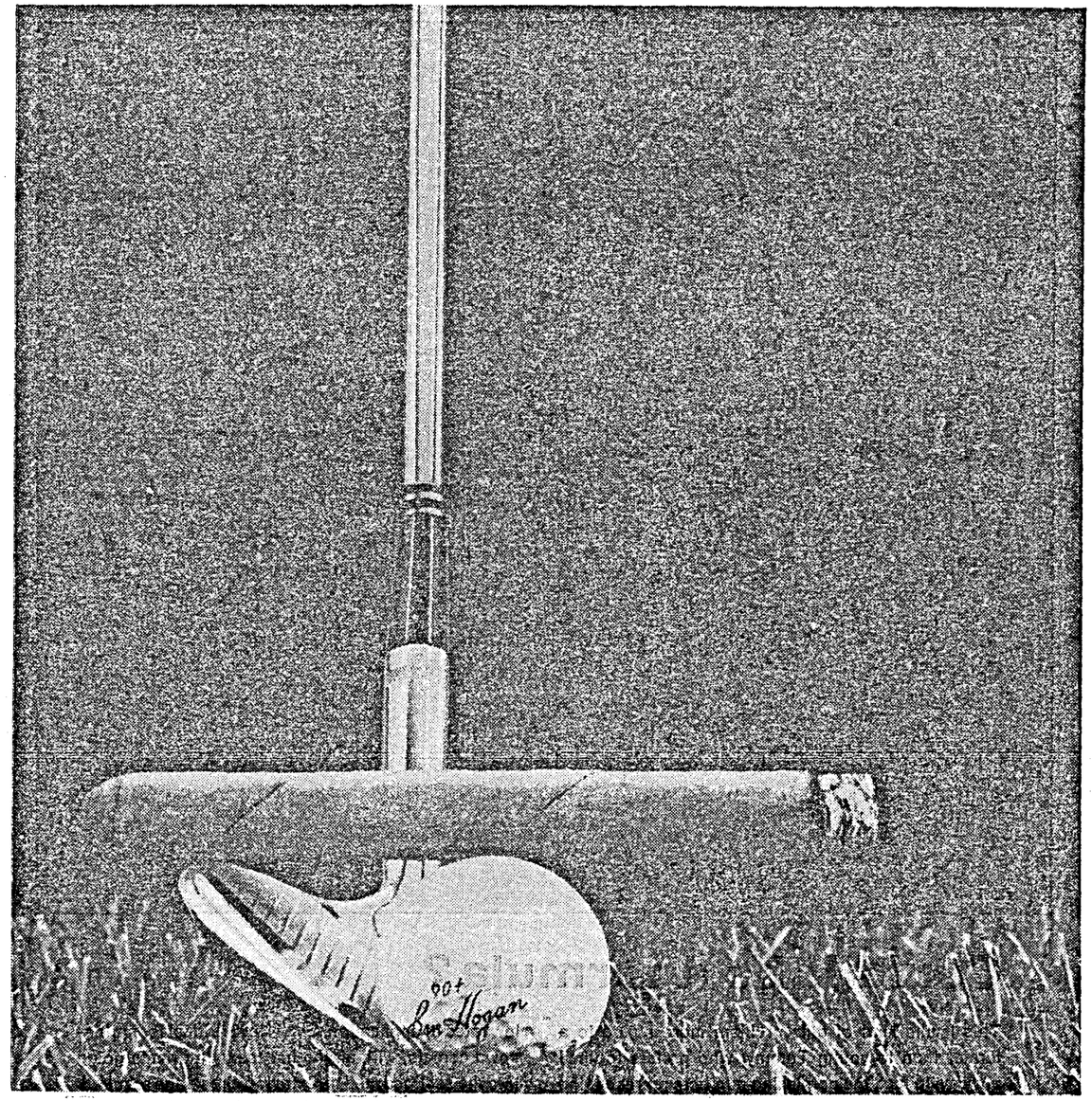
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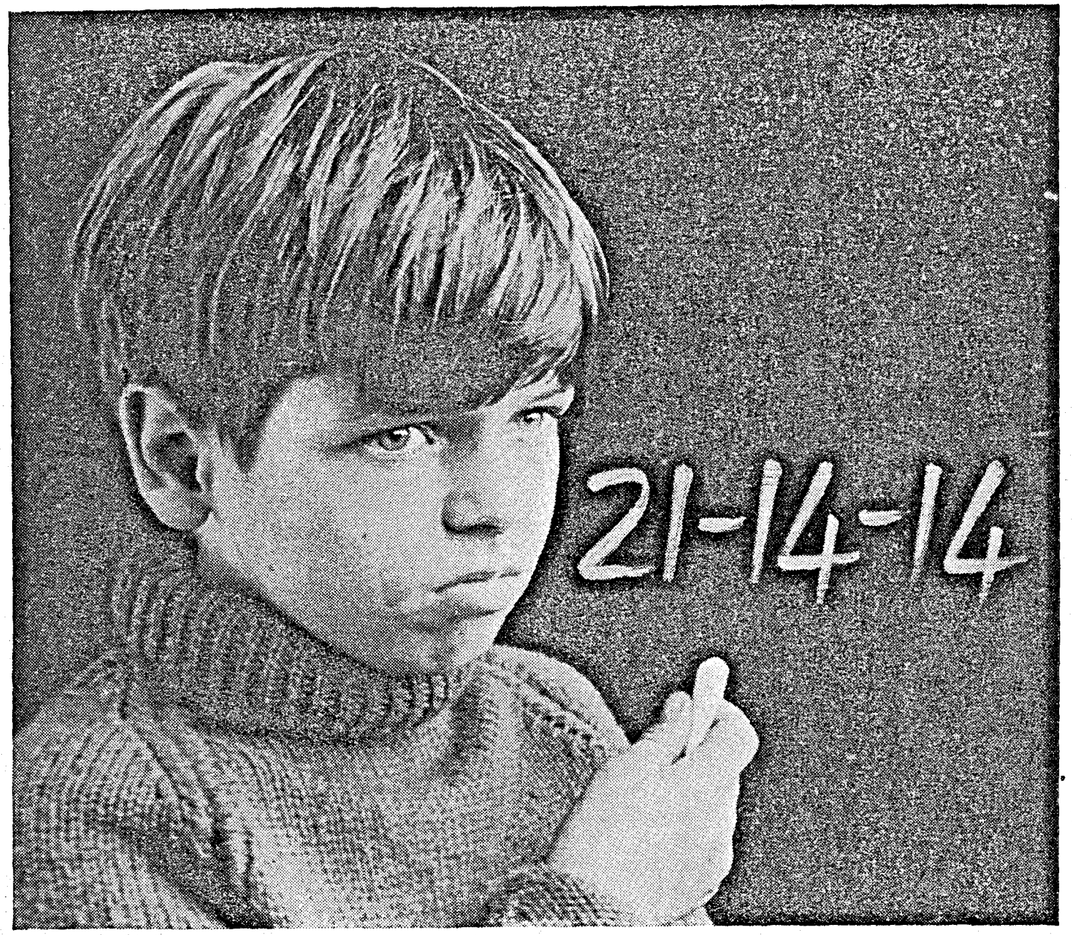


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The Economist

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The Pause Electrocuted?

THE Government deserves the deepest censure for its contribution to the electricity wages surrender ; and it is no good the Prime Minister wringing his hands like an impotent Pontius Pilate and saying that it was impossible for him and his Cabinet colleagues to avert it. When the Electricity Council made its first sizeable wage offer to power workers five weeks ago, ministers should have stated publicly that they disliked even this initial offer, and that they would certainly deplore it if the Electricity Council ever came to consider for a moment going one whit beyond it ; that would have influenced the council against allowing its retreat to slide further, into pretty full-scale rout, last week. The reason why ministers did not speak out specifically and earlier was that they felt that any such rude public statement about a nationalised industry, in the middle of complicated wage negotiations, would be "politically impossible" ; they thereby showed an extraordinary professional ignorance, as politicians, of what really influences electoral votes in this country. Even on the narrowest grounds of party advantage, they must see now that their failure to fulminate in time against the possibility of surrender by the Electricity Council has made the return of a Conservative government at the next general election much less likely.

One can have differing views whether that diminished Conservative prospect is a good or a bad thing. What must be a bad thing for the whole country is the reason why it has come about. The reason is that Sir Robertson King and his fellow-negotiators on the Electricity Council have made it much more probable that the Government will now be obliged to keep in being dreary and crippling restraints on Britain's drooping production for some while ahead. This is because additional imports would necessarily be associated with any increase in production ; and it seems very unlikely that Britain can sell enough exports to pay for those additional imports if wage rates are to be jacked up by 5 per cent all round. And the wage increase granted in electricity last week—an extra £4½ million a year going to a group of workers who were previously earning £90 million a year in total—did come, properly estimated, to 5 per cent.

Britain's future prosperity now hangs tenuously on the hope that this new standard of wage inflation will not become generalised throughout the land. This will depend on determined economic resolution rather than on angry paper resolutions. That is why what has been advertised as a second defeat for the pay pause this week—the refusal of the Trades Union Congress to take its place yet in Mr Lloyd's proposed National Economic Development Council—is frankly not on the same scale of calamity. It was always fatuous to suppose that hopes of stability could be advanced merely by getting top trade union and industrial people to sit on this body. After all, the men on both sides of the electricity negotiations were precisely the sort of men who were due to sit on poor young Ned. On the union side of the negotiations, along with Mr Foulkes, were the leaders of Britain's three biggest unions ; their nominal contribution to national solvency last week was to claim that their members in electricity should have an increase of £2 a week or over 15 per cent, and their actual aim was to make as big a dent as their personal power allowed in the policy of planned restraint for wages. As trade union leaders, they did not see how their aim could be anything else ; and, so long as the bargaining atmosphere created by this electricity surrender persists, their viewpoint would not be changed by their coming to sit round Ned's table instead of round a table in Trafalgar Buildings.

On the other side of the electricity negotiations, the three top men in the Electricity Council were two experienced industrialists and an eminent professional economist; these were men who well understood the need for a national wages pause, and who would have been shocked at the beginning of these talks by any accusation that they were likely soon to be castigated as men who had broken it. But, in the end, in the present British social climate, their inner compulsion was to reach whatever agreement they could with "our chaps"; and then to use the least ridiculous arguments they could find to persuade themselves that they had not done so. The council's spokesmen have been arguing, for example, that they have at least managed to postpone the operation of the agreement for 2½ months (and have ignored the fact that they have also signed the agreement at least 2½ months earlier than anybody else would have done). There have also been hopeful calculations that if the 5 per cent wage increase lasted for eighteen months, it would be equivalent to a "tolerable" annual average wage increase of only just over 3 per cent in that period; but it is admitted that there is no suggestion in the settlement that it must last for a full eighteen months, because the "union chaps" would not have agreed to this.

These are *ex-post* rationalisations of an award which was really dictated by a wish to reach friendly agreement with the unions at almost any price that the council could deceive itself into believing might look even quarter-respectable. In present circumstances, it is only too possible that any documents that emerged from a top planning council of industrialists and trade unionists might be drawn up in much the same manner. The Chancellor's wisest course after the TUC's refusal on Wednesday would be to go ahead with establishing the "office" of salaried economic technocrats which has always promised to be the most useful part of his planning machinery; later, if the underlying atmosphere for bargaining power changes, trade union leaders and industrialists could be invited again to sit on some body which is asked to read and comment on the office's reports first.

BUT how can the underlying atmosphere for bargaining power be changed? This is the thousand-million-pound-a-year question, and it can be answered only by returning again to what the Electricity Council's apologists were saying this week. When all the hopeful glosses and honest excuses were done, the real argument of the settlers was that the alternative to this wage increase might have been a strike in the power stations; and some people have been asking rhetorically whether anybody thinks that such a strike would have done less damage to the national economy than last week's settlement.

The answer to this question is Yes. And it is vital that the British public should come to understand it. There is a clear parallel between the present situation and 1958. When Mr Cousins's London bus strike was finally resisted in that year, the eighteen months that followed saw the most effective standstill in inflationary trade union claims, but also the biggest expansion in industrial production and therefore in workers' real earnings, in Britain's postwar history. It will be impossible to get back to that standard of industrial expansion until the attitudes of that time are re-established—until it is realised that strike threats will not always pay off in inflationary settlements, but will be resisted.

There are several reasons why it would have been better to make the first stand this year in the electricity industry. The strike that was threatened in this public utility would probably have been illegal, and certainly a plain breach of the unions' signed contract that they would submit all claims to compulsory arbitration. There would not have been real unity between the leaders of the main unions involved in it; the Electricity Council presumably thinks that there would have been, but the belief that there would be a lasting love feast between Sir Tom Williamson and Mr Foulkes, Mr Carron and Mr Cousins, is almost certainly a figment of the council's imagination. The strike would not, *pace* most newspapers, have caused a total black-out in the power stations: the 20,000 men on the stations' technical staffs could—and would—have gone on operating the stations for a while, even if all the 130,000 manual workers walked out. Once breakdowns occurred, the public would have supported the Government in bringing in troops to help repair essential equipment, both because of some of the emotional factors involved (such as keeping up electric power for the hospitals) and because this would have been an unpopular strike called in spite of a generous original wage offer.

Now that the Electricity Council has given way, the only hope of avoiding enforced stagnation of the nation's real income will be if there is no similar surrender in the other big industrial wage negotiations now pending. It is folly to say that the settlement with the power workers makes it only "fair" that there should be an agreed settlement with these other workers too; what last week's incident really does is to make any further surrender much more dangerous. There are several possible front-runners next in line. Let us consider bluntly what is potentially the most awkward case—the railwaymen, whose claim was actually being discussed when *The Economist* went to press. The relevant economic considerations in this case are both clear and (as usual) intensely "politically embarrassing." The Electricity Council last week could at least plead that it needed to attract more workers in some areas, and that it had no obvious superfluity of workers anywhere; the main fault in its original wage offer was that it offered to pay the increase that might have been economically justifiable in special "scarcity of labour areas" in all areas indiscriminately. On the railways, there may also be a case for some selective wage rises to attract or keep hold of labour in scarcity areas, around London and the Midlands—although even this has not been proved. But in the rest of the country the railways do not need to attract labour; as they are now running an operating deficit of about £80 million a year, it is the Government's stated policy that they should get rid of some labour and close down superfluous lines.

Over by far the greater part of the country, therefore, the economic increase for most railwaymen's wages in 1961-62 is nought. If Mr Macmillan and Mr Lloyd would publicly and immediately say this they might still repair the damage done by last week's débâcle. But so far they have not uttered a cheep. Let the Tory backbenchers who have been needling them this week stop crying over spilt electricity, and concentrate on hammering at Mr Macmillan to make this statement about the railways—and to issue a specific guiding light about other front-runners as they approach the bargaining table. Never mind the horse that has bolted; look now at the ones prancing up to the door.

Compromising Position

Mr Kennedy may find it hard, while joining hands with Dr Adenauer, to grope for Mr Khrushchev's fingertip

TO avoid a war over Berlin, President Kennedy has had the task of working out two successive compromises. The first of these compromises, the inter-allied one, may perhaps, at long last, be within reach after Dr Adenauer's visit to Washington this week. The statement issued by the two men on Wednesday night, flashed out by the despatches of the attendant journalists, suggests that Mr Kennedy has now contrived to isolate a negotiating position on which three of the four main western powers, and perhaps even France as well, can be persuaded to stand shoulder to shoulder. The question is whether this point of assembly is anywhere near the enemy; in other words, whether the compromise between the allies is compatible with the compromise the alliance next has to reach with the Russians.

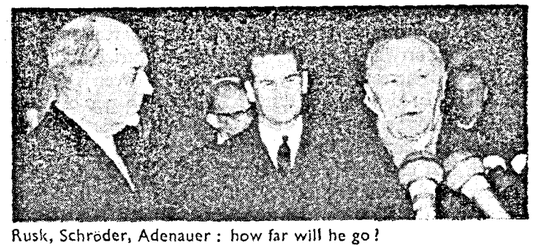
Dr Adenauer has made some modest concessions. To judge from a number of reports, particularly that in *Die Welt* of November 18th, he had made up his mind even before he set out for Washington that the allies did need to be ready to negotiate a new agreement reaffirming their rights in Berlin, and not just stand pat on the postwar occupation status. This marks him off from General de Gaulle, who repeated as recently as November 8th his refusal to negotiate at all; for a moment it has marked him off from his own foreign minister, Dr Schröder, who said on Wednesday that any "substitution" for the occupation rights would be dangerous. In order to get the Russians to sign the kind of agreement on Berlin the allies want, Dr Adenauer would apparently be willing to do one or two things to humour Mr Khrushchev's desire that the sovereignty of east Germany should be respected. He seems to have abandoned his former reluctance to let the United States, Britain and France deal with east German officials on the access routes to Berlin. For his own part, he would be ready to extend (though not by much) the range of contacts between east and west German officials. If, finally, the Russians want to put pen to the paper of their separate peace treaty with the east Germans, Dr Adenauer is unlikely to insist on interposing his dead body.

If the Russian four-point plan which came to light on November 10th is interpreted in the most favourable way, and if it really is the Russian plan, it may just possibly be compatible with the position Dr Adenauer has now adopted. Moreover, the mere fact that the Chancellor has moved to this position will make it more difficult for General de Gaulle to maintain his refusal to pick up his musket and let the diplomatic battle commence. General de Gaulle's meeting with Mr Macmillan this weekend, and with Dr Adenauer next Thursday, will show whether he can resist the combined urgings of all his principal allies.

Nevertheless, for every foot Dr Adenauer has stirred his aged bones in Mr Kennedy's direction, he has pulled Mr Kennedy a yard towards himself. It has become apparent in the last few weeks that the President is unable to bring himself to say "I recognise you" to east Germany, even if the phrase ends simply "as a matter of fact." The contemplated extension of dealings with east German officials is designed to fall well short of anything that might be interpreted as recognition. The permanence of the German-Polish frontier is another item that once might have been thought negotiable but now, at least to start with, is not. In other words, the negotiations look like being confined to Berlin alone, which may not be the impression Mr Khrushchev got from the Russo-American exploratory talks in September and October.

ABOVE all, Dr Adenauer appears to have pulled Mr Kennedy back from his earlier hopes of making at least a tentative start on the limitation of arms in central Europe. It is doubtful whether Dr Adenauer has made much progress with his suggestion that Mr Kennedy should hand over to Nato the presidential authority to fire nuclear weapons in Europe. But the Chancellor has clearly been determined, in return for the concessions he has made in other fields, to exact Mr Kennedy's acceptance of two other points. The possibility of creating "buffer zones" in central Europe, where armaments are limited, has been shelved, as Mr Dean Rusk made clear on October 28th. Dr Adenauer has also insisted on a proposition concerning nuclear weapons which is probably more important to him than who gives the order to fire: the proposition, that is, that there shall be no discrimination against west Germany in the distribution of atomic arms. The probable result is that the handing out of these weapons to the allied armies in Europe (of which the Bundeswehr is the largest) will continue at a faster pace than Mr Kennedy seemed to think desirable during the summer; the temptation for the Russians to respond by hostile measures of their own will continue, too.

Two observations are therefore in order about the negotiating position towards which the West appears to be moving. The first is that the gap between the western and Russian negotiating positions may still turn out unbridgeably wide if



Rusk, Schröder, Adenauer: how far will he go?

Mr Khrushchev does not interpret the Russian four-point plan of November 10th as obligingly as the allies hope he will. He may quite possibly require, in exchange for the agreement guaranteeing Berlin's freedom, some more substantial tokens of "respect" for east German sovereignty than a few extra contacts with east German officials. If he does, the West may find itself plunged in another round of intramural bargaining—if Mr Khrushchev gives it the time.

The second observation is that, even if the gap can be closed and an agreement signed along the lines Dr Adenauer finds acceptable, nothing will have been done to remove the underlying conditions that make Berlin a source of trouble. Mr Khrushchev's motives for putting pressure on Berlin (whatever else he had in mind) certainly included the desire to induce the West to accept the *status quo* in central Europe, and the desire to limit the rearmament of the Federal Republic.

If Dr Adenauer, having sent a few officials to chat to their opposite numbers in the Democratic Republic, immediately resumes his claim that east Germany is one day going to be absorbed by west Germany, and draws attention to his remarks by patting a growing pile of nuclear arms, Mr Khrushchev's motive for trouble-making will start to itch again; and the next Berlin crisis will not wait long. The only way in which a Berlin settlement might be made permanent (and the Berliners led to believe it might be worth while staying in the city) is to remove the communists' reasons for using Berlin as a way of twisting the West's arm. This can hardly be achieved without something like a general settlement in central Europe.

On the face of it, then, the West's negotiating position looks a shade too close to what Dr Adenauer wants, and a shade too far away from what Mr Khrushchev is willing to accept, to promise much. Fortunately, Mr Kennedy still seems to have some freedom of manœuvre left. It remains open to him to tell Mr Khrushchev that the West does not in fact intend to change the *status quo* in middle Europe, even if it cannot acknowledge it out loud at the moment; and that, even if there is to be no "discrimination" against west Germany in the matter of nuclear arms, it remains the President's intention to reduce the dependence of Nato as a whole on nuclear weapons in Europe. Such assurances, vague though they are, might just give Mr Kennedy the necessary degree of manœuvrability to stay within grasping range of the settlement he seeks.

The Most Acute Case



A disease can most easily be studied in its gravest manifestations. Analysts of Britain's economic ills should study Scotland

A REPORT* has just come out of Scotland which deserves to be called, without hyperbole, the most raptly interesting economic document to appear from there since the days of Adam Smith. It is the work of a committee appointed by the Scottish Council (Development and Industry), to which the Government seconded senior civil servants as assessors. When the committee was set up most people supposed that its main job would be to inquire why Scotland's average unemployment rate (about 3 per cent) in the last decade has remained consistently higher than the rest of Britain's (about 1½ per cent). But the committee has boldly said that, since dynamic countries like Germany have on average put up with over 4½ per cent of unemployed during this period, unemployment is not Scotland's real problem. The really worrying question is: why did industrial production in Scotland increase by only 13 per cent between 1953 and 1960, compared with the rest of Britain's 30 per cent and western Europe's 70 to 80 per cent? And the report's answer, which it propounds with a mixture of dynamism and mature wisdom that makes this a document which all British industrialists should read, is that "Scotland is suffering in an acute form from the ills to which the whole United Kingdom is subject."

The main trouble, says the committee, is that Scotland (for which hereafter also read Britain) entered the present industrial revolution with its resources heavily engaged in industries that were fated not to be growth industries. Its definition of which these non-growth industries are—its distinction between what it calls "small quantity specialised" industries and "large quantity standard" industries—runs like a banner headline through this report. The Scottish (and British) economy has always rested heavily on the "small quantity specialised article": on building a ship or a bridge or a power station for some individual customer, making bespoke clothing, producing so-called "craftsmen's goods," high quality stuff. In these industries, the whole structure and tempo of organisation are different from those in the big standardised growth industries of today. The producing firm "strives to keep in the forefront technically and to improve the article through higher performance efficiencies and longer service life"; it does not build up large junior sales organisations, because when one is contracting for building a ship or a bridge a top manager meets the top customer personally; advertising through television jingles and through close study of myriad retail and other sales outlets (abroad as well as at home) is not an important or natural art for the firm to acquire.

BUT in the "large quantity standard" industries leading the new industrial revolution—in making motor cars, television sets, refrigerators, light bulbs, mass-produced radio valves, shoes, soap, canned foods, and the like—the pattern of operations is very different. Here the "producer manufactures for stockholding and sells through retail to the public. He has to assess—and to influence by advertising—what the public wants and what price the public will pay." The sales organisation, often composed of chaps who drop their h's and are decidedly non-U types, is perhaps the most important, and certainly the most pushful, section of the firm. It is terribly difficult for both managements and men to move from one form of production to the other, and in Britain such slow switches as have taken place have often been fiercely resented. That is why it has become almost traditional in Britain—a tradition for which upper class dilettante intellectual philosophy, conservative British Labour party philosophy, and non-conformist pseudo-puritanism bear equally heavy shares of blame—to treat such words as "advertising," "high pressure salesmanship," and even "assembly-line mass production" as almost dirty terms.

In Scotland, perhaps because the older sorts of craftsmen's industries were so well established, the initial growth of the new "large quantity standard" industries was most particularly slow. Most of these new growth industries were set up first, often by young innovators, in the midlands and south. Once they had been originally established there—and this is a point which this report analyses with special skill—it became clear that there were large economies in concentrating the further growth of these industries in the same places. This was not primarily because of the traditional (and overplayed) argument that Scottish industry has to bear much heavier transport costs for these new types of goods to the main mass market of London. Three-quarters of the Scottish firms surveyed in this report reported that their total costs are increased by less than 1 per cent as a result of higher transport costs from Scotland; this sort of small differential could and should easily be wiped out, if necessary by making Scottish wage rates 1 or 2 per cent lower than southern English rates. But there have been a legion of other reasons why, once expansion of the new industries had got going in the midlands and south east of England, external economies have tended to accrue and foster further expansion there. Many of these reasons are rooted deep in the stupidest features of our national life.

FIRST, there is the appalling apprenticeship system in Britain, which means that skilled labour needed in any area is trained only to suit the needs of the industries already located in that area, and which often makes it impossible for men above the age of adolescence to move from one skilled trade to another. Secondly, there is mishandling of the whole "amenity" problem, which is aggravated by the present Local Employment Act; under this Act the Government subsidises new industries that move into bleak old decaying areas in which no pushful entrepreneur wants to live, but does not sufficiently subsidise the build-up of strong new "industrial complexes and centres which offer prospects of becoming zones of growth"—in, say, new towns outside Glasgow. In Scotland, this problem is made immeasurably worse by the artificially low rents charged by Glasgow corporation and other local authorities, a policy which penalises all mobility; this report devotes a full ten of its two hundred closely reasoned pages to castigating this low rent policy as one of the main reasons for Scotland's stagnation (and here again Scottish policy is merely an acute example of a general British ailment).

Thirdly, in the new growth industries the centrally-directed (and all-important) sales department needs to be closely integrated with both the manufacturing and research departments. For most of these new growth industries the midlands and south east of England have already managed to become the centre of Britain's scientific and industrial and sales research. "Close integration" means above all opportunity for frequent contact in meetings and so forth. The authors of this report "plotted a line on the map showing the areas within three to three and a half hours' journey by rail or road from London, probably the maximum return journey which can reasonably be undertaken in one day while still allowing some time for the conduct of business." They found a fantastically close correlation with a second line that they plotted "dividing the country into the administrative regions showing more than average and less than average growth in terms of employment between 1950 and 1960."

Fourthly, although the committee did not believe that actual *transport costs* from Scotland were a major contributory factor to Scotland's stagnation, yet one difficulty in

> the transport of goods over longer distances lay in ensuring reliability in deliveries, both in and out. . . . In many assembly industries low stocks of components are held and punctual deliveries have to be made by the supplier on a daily or even twice-daily basis. The longer the distances involved, the less likelihood of a firm's providing its own transport by means of C-licensed vehicles, because of the additional capital and effort required.

In consequence, Scottish firms have to rely for transport of goods on private or nationalised road hauliers or British Railways, and they lose flexibility of deliveries thereby. All of these factors show why it has been so difficult for Scotland to make progress once it had failed to be first in the field for the new industrial revolution. And the frightening thing, for a nation perhaps on the eve of joining the dynamic common market, is that as Scotland is to England today, so Britain could be to western Europe tomorrow; for 3½ hours' journey from London, read 3½ hours' journey from Düsseldorf.

What can be done? In the central sentence of its report the committee proclaims that it has no sympathy with anybody who advocates that "assistance for the Scottish economy must take the form of supporting the inefficient and seeking to

* "Report on the Scottish Economy." 203 pages. 25s.

The Economist

NOVEMBER 23, 1861

RETURN TO THE UNION?

"There are two ways of dealing with rebels who have been subdued. You may coerce them, or you may conciliate them. You may keep them down by the same forcible means by which you have *put* them down: or you may pacify them and *disarm them* by granting them what they *rose in rebellion to extort*. Can the North adopt either of these plans in reference to the *subjugated* South? Clearly not. The case of the Americans is, so far as we remember, unique in history. If the North succeed, and proceed to reannex the conquered Slave States, under what Government, under what Constitution, will they reannex them? They must either hold them as dependents, by military force and by centrally *appointed* Governors, or they must readmit them, or rather force them back into the Union, under the old Republican institutions, modified or unmodified, as the case may be. To hold by military force and to govern as *subdued* dependents six millions of men, of the same race as themselves, yet fiercer in their passions, and accustomed to the almost lawless freedom of democracy,—even if these six millions were less united in feeling than they are—is, to every sane mind, an obviously wild and impracticable scheme. To entertain it seriously, when the excitement of actual conflict was over, would indicate not so much incapacity as downright *insanidness*. The Southerners are passionate, warlike, accustomed to domineer, and reckless enough as to personal danger,—bearing little and exacting much. They are antipathic to the Northerners: they hate them bitterly and they despise them heartily—very irrationally no doubt, but that is not the question. Their feelings of animosity will, we may be certain, have been enormously aggravated by the sufferings of the war, by the exasperation of conflict, by the mortification of defeat. We ask the Federal politicians calmly to consider what army of occupation would suffice to keep down such a people, and how such an army could be paid? . . . The truth is, that the long habit and the deep ingraining of democratic institutions and ideas among all classes of Americans, will render the forcible reannexation of the Secessionists impossible. If they come back as dependents, it will be impossible to govern them. If they come back as fellow-citizens, it will be impossible to work with them.

postpone for a little by means of subsidies or controls the decay of industries or districts that had no prospect of achieving independent prosperity or growth." Instead "the policies should be designed not to prop up the inefficient but to help the innovating and progressive firm." *The aim must* be to encourage the growth of "new industrial centres and complexes" which can become breeding grounds of new growth industries. Government aid (including the building of advance factories) should go much more to new towns and shiningly reconstructed "overspill reception towns" like Bathgate-Livingston, East Kilbride and Cumbernauld, and less to the existing areas of above-average unemployment.

Next, in order to encourage mobility into these new industries and areas, Britain's "outdated apprenticeship and craft systems" must be "fundamentally reviewed" (which is the committee's euphemism for "swept away"); and the artificially low rent policy of local authorities in Scotland's decaying old industrial centres must go with them. The opportunities for "personal communication" must be improved. This does not mean that transport should become cheaper, but there should be an end to the "damage done to the economy for reasons as simple as that industrialists cannot at short notice get air passages to make contacts with their customers, to attend business meetings, or to get their customers to them." It would be perfectly sensible to make people pay more for special extra services at these peak times.

The same applies to the committee's plea for more arterial roads between new Scots industrial centres and the expanding industrial centres of England (these could well be paid for by tolls). In terms of Britain and Europe, the rationale underlying this report would presumably be in favour of the maximum possible development of new toll-financed cross-Channel communications—a Channel tunnel, or a Channel bridge, or even a Channel dam.

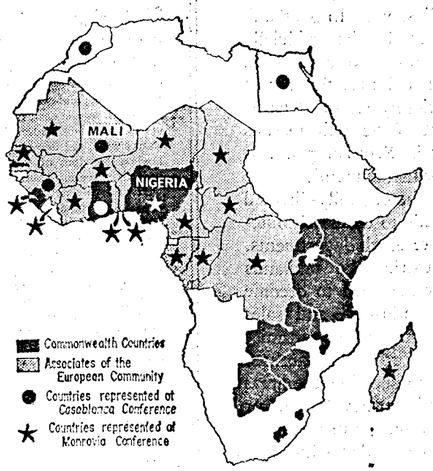
"This, then," the report concludes, "is the plan: not necessarily an ideal solution but one which we are confident will do the job, given the will." But is the will for these liberal reforms—for breaking down the craft and apprenticeship systems, for concentrating on the growth industries instead of the declining ones, for introducing greater mobility by higher rents and greater reliance on the market mechanism—lacking? The answer depends on whether enough individual Britons can make a fundamental change in their traditional national attitudes, deep down even in their private social contacts. Whenever any dilettante pontificates that *Britain is too much ruled* by advertising, whenever any armchair politician says that there ought to be a return to more rent control, whenever any well-meaning fuddy-duddy says that Britain's failing has been its departure from the old craft traditions—point a rude accusing finger at such men. For these are the men who are holding down the country's standard of life.

Eurafrica and Their Africa

Nigeria has a special part to play in the uniting of Africa

FRANCE, like Britain, brings to Europe a family of overseas possessions whose interests it had somehow to fit into the new structure. Late in the negotiations that led to the Rome treaty in 1957 it persuaded its five partners to associate the French African colonies with the community, together with their own colonies, principally the Congo and Somaliland. The association had three main features. The six European governments were to provide £208 million of aid over a period of five years; African exports were to enjoy free entry and high preferential tariffs not only in the French market, as in the past, but in the whole common market; in return the African associates, though still protecting their infant industries as Commonwealth countries do, would give preferences in their own markets, not just to France, but to all the Six. The African markets, hitherto tightly sealed, were to be half opened to the outside world.

The pleasant privileges for those inside the circle were, however, gall to those outside. In 1956 Ghana sent nearly half its cocoa exports to the common market. Nigeria also sent a large share. Latin American countries had similar interests. The new tariffs—*9 per cent on cocoa*, 16 per cent for coffee, 30 per cent for tobacco—would have struck a nasty blow at these exports. Dutch and German importers also disliked the tariffs. Above all, the new tariff system carried a political danger. It threatened to divide the African countries *from one* another, just when, as they advanced towards independence, it had become urgently desirable that they should unite.



Britain's decision to seek membership of the common market has brought a new and helpful element into this mosaic. If the walls were to come down in Europe, it looked logical that they should fall in Africa at the same time. Where Commonwealth goods, like Canadian manufactures or Australian grain, compete directly with European ones, Commonwealth interests are bound to be difficult to satisfy. But Europe has no competitive interest in restricting exports of Ghanaian cocoa or Nigerian oilseeds. The association for French Africa provides a natural precedent for the African members of the Commonwealth. Even the French have in the past year shown signs of seeing the wisdom of an effort by united Europe to help Africa to unite as well.

This hopeful prospect has, however, run into unexpected snags. Ghana, far from plunging happily into association with the common market (as its pure economic interest would have suggested) has been consistently rude about the whole business in the past four months. Even Nigeria has been cautious. The new Euro-African association has been branded as old colonialism in new clothes, a means of checking the development of local industries and keeping economic power in French hands. The view is mistaken, but understandable. Decades behind the high wall of the French protective system have left *the crops and economies of the French African states* far less competitive than those of Nigeria or Ghana and heavily dependent on French aid. The new states of the former French empire are sparsely inhabited (the largest has a population of 4.5 million, less than Ghana's). Many still depend on French forces to keep order. All are subject to a strict exchange control by Paris in the overseas franc zone. The rapid advance to political independence has caught them economically unprepared.

The reluctance of English-speaking Africans to be associated with the common market is matched by the resistance of their French-speaking neighbours. They see the trade and aid privileges of association as an economic asset which they do not wish to share. Far from asking that the association should be weakened, dismantled or broadened to include the African Commonwealth, they pressed in Brussels a fortnight ago for bigger and better preferences against their fellow Africans. Thus, as the states of Europe struggle to unite, the arbitrary frontiers they left on the map of Africa bite deeper than ever.

All this provides a strange commentary on the pan-African idea. Two separate groupings of African states have met in the past year—at Casablanca and Monrovia—to work out plans for closer unity. Yet in practice Africa is doubly divided—between the two preferential systems, and between the Casablanca and Monrovia groups. An examination of these divisions shows an unpleasant coincidence. The core of the Monrovia group is the French community countries, plus Nigeria, Liberia and Sierra Leone; the Casablanca group consists of heretical Guinea, Ghana and Mali, plus Egypt, Morocco and Algeria. There is a danger that west Africa will divide more and more into a westward-leaning group, associated with the common market, and a group of non-associates turning more and more towards the Soviet block.

In this situation, the countries that fit most awkwardly into the pattern may have most influence on the outcome. Guinea, despite its differences with France, still enjoys the benefits of association with the Six. Mali, though inside the association, has stood out for the Casablanca point of view by pressing for true economic independence for associates and a liberalisation of the franc zone. Incomparably more important in the drama is Nigeria. This giant among the newly independent African states (its population of 35 million is more than the whole of ex-French Africa put together) is well placed, in the Monrovia group, to press for the ideal of African unity to be given substance. If Nigeria once decided to seek association with the European common market, other Commonwealth African states might well follow.

The Nigerians have still to be finally persuaded that it is in their interest to seek association. But it would be a pity if, like the British a few years back, they underestimated their own potential influence once inside, overestimated the disagreeable features of the existing association and decided to shun the whole business.

ALREADY, under pressure from the liberal forces both inside and outside, the association between Africa and the common market is changing rapidly. On December 6th a Euro-African meeting of ministers in Paris will discuss proposals from the European Commission for reshaping the association on looser lines when the existing arrangements expire in December, 1962. These proposals provide for a halving of the high preferential tariffs on cocoa, bananas, and some other products. The association, originally designed for dependent territories, would take the form in future of a treaty of association between independent sovereign states, perhaps under Article 238 of the Rome treaty, instead of Part IV. The exchange arrangements of the franc zone would be liberalised. Aid would have the explicit purpose of helping the development of local industries and a viable agriculture.

Nigerians and Ghanaians will still not find all this this to their liking. The new institutions look too top-heavy; they are perhaps a shade too closely tied to Europe. It might be better for united Africa if the Africans could do more among themselves, with Europe helping on the side-lines as the *United States did in the* European recovery programme. Perhaps in the long run the conception of association with Europe will give place to the American idea of removing all tariffs on tropical products, together with new world-wide arrangements for aid and commodity stabilisation.

But the first step for Nigeria is to get into the association and help in shaping it. The African Commonwealth countries cannot afford to leave it to the British, the European Commission and the United States to fight their battles. Only Nigeria can persuade its French-speaking neighbours to take a step towards African unity by bringing the Commonwealth countries into relationships with Europe similar to theirs. No doubt the French community states will ask for some form of "compensation" for the loss of trade privileges in Europe. In that case adequate means of compensation—aid, commodity stabilisation plans and help for diversifying industry and agriculture—should be worked out. If the Nigerians would establish diplomatic representation in Brussels as other Commonwealth countries have done, they could quickly be drawn into the Euro-African discussions. The uniting of Africa cannot, after all, be left to the Europeans.

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Turkey has its first elected government, under Mr. Inönü, since the army took over; but the army is still in the wings



Politics on Probation

WHEN politicians become too quarrelsome, or behave in an arbitrary way, soldiers are often tempted to turn them out. This happened in Turkey eighteen months ago. Now the soldiers have tried to restore parliamentary rule, commendably enough, but without allowing for the nature of politics: the politicians remain as quarrelsome as ever. After a month of fruitless bickering, since the elections on October 15th, the soldiers have virtually forced the two largest, and most antagonistic, parties to serve together in a coalition government. Instead of contending across the floor of the national assembly, they are to co-operate in the cabinet room to rule the country. It may work; one certainly hopes so. But it is an unusual way to run a democracy.

Neither the electors nor the politicians have helped the army in its efforts to restore parliamentary government. The elections revealed once more the deep division in the country between those who want to follow in Ataturk's footsteps and turn Turkey into a secular western democracy, and those unwilling to accept such a radical break with Islam and the old ways. When the votes were counted, political power was seen to be largely polarised between Ataturk's old party, the Republican People's party, with a small majority in the national assembly, and the successor to Mr Menderes's Democrats, the Justice party, which has a comfortable majority in the Senate. Two smaller parties, the New Turkey party and the Republican Peasants' Nation party, between them hold rather more than a quarter of the seats in each house.

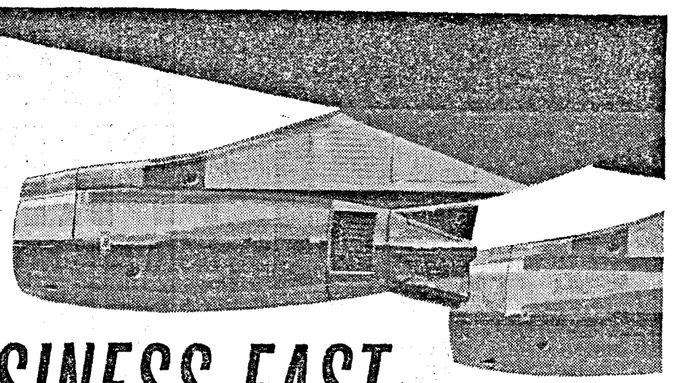
Faced with a parliamentary equation which made some sort of coalition inevitable, the soldiers quickly made clear their opinion that a coalition of all four parties would be best. The politicians, for their part, quickly demonstrated, in the protracted and stormy debates over the choice of a speaker for the lower house, that they found it as hard as ever to get together. In these circumstances, General Gürsel, who was elected president by Parliament on October 26th (he was the only candidate) rather naturally took his time over choosing his prime minister. There was even one dizzy moment when, finding it perhaps all too discouraging, he suggested that the government should "rotate" among the three chief parties for periods of eight months at a time.

EVENTUALLY, on November 10th, the President appointed Mr Ismet Inönü, the leader of the Republican People's party, as prime minister. The two smaller parties flatly refused to serve under Mr Inönü, and the army could, apparently, tolerate their refusal. But when the powerful Justice party showed signs of similar intransigence, the army made it plain that if the Justice party did not buckle to and serve under Mr Inönü, Turkey's new experiment in parliamentary rule would come to an untimely end. On Monday Mr Inönü presented his cabinet to General Gürsel; it is composed in equal parts of members of his own party and of the Justice party.

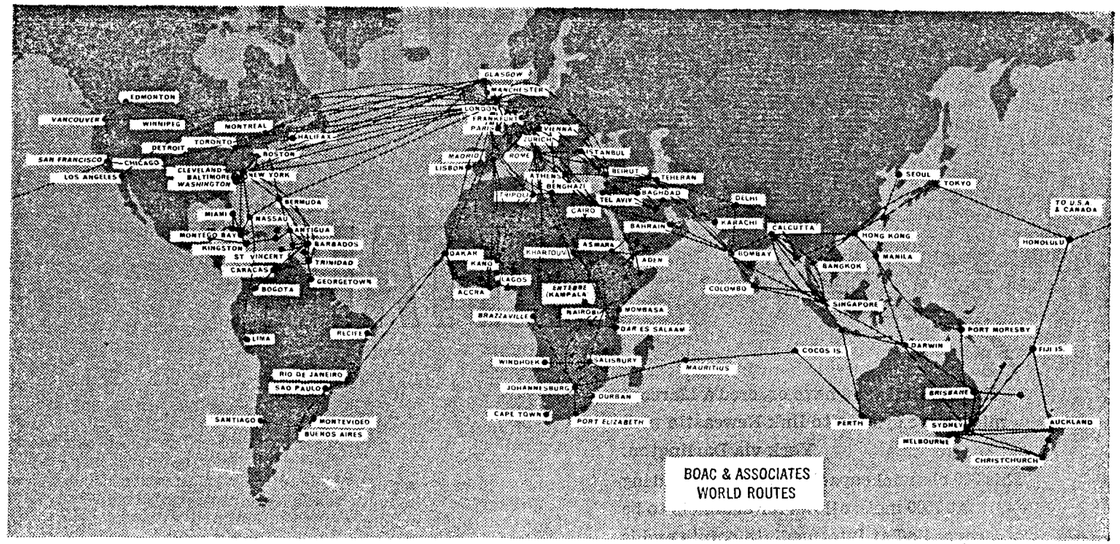
Paradox could hardly be greater: the army, or the small radical group of officers which is now believed to have the upper hand, has forced into positions of power and influence the supporters of the men whom it forcefully turned out of power eighteen months ago. Admittedly, the army's patience was virtually exhausted; one exasperated general is reported to have compared the political parties to ducks dabbling in the pond with their heads in the water and their behinds in the air. It may well have been argued that the members of the Justice party would do less mischief weighed down with ministerial responsibilities than free to make trouble on the floor of the assembly. Responsible men in Turkey are groping for a way of taking the venom out of Turkish politics; of replacing, in the words of the joint statement issued last week by the RPP and the Justice party, "the idea of political hostility by a civilised political concept."

Whether the right formula has been found remains to be seen. The present arrangement might have had a better chance of success if the new prime minister could have been a really compelling symbol of national unity for the deeply divided Turks. (President Gürsel himself is a widely respected figure; but neither by personal inclination nor by the prerogatives of his office, nor indeed by abilities, is he likely to become a second General de Gaulle.) Mr Inönü, known to an older generation as Ismet Pasha, who took his surname from the Anatolian village where, in 1921, he defeated the invading Greeks, is now the grand old man of Turkish politics and the living link with Kemal Ataturk; but he is also, and has been throughout his political career from the days when he served as Ataturk's prime minister, a deeply controversial figure. To make matters worse, many Turks have now chosen to make him a scapegoat for Mr Menderes's fate. He has always been acceptable to the men who overthrew the Democrat regime, presumably because of his association with Ataturk. But President Gürsel may be too sanguine in hoping that Mr Inönü will be able to wield the unifying influence of a national leader.

It may be that in Turkey political divisions have become so deep and bitter that some rather unorthodox arrangement is necessary to bridge the transition between army rule and effective parliamentary democracy. Much will depend on whether the two parties in the coalition are able to reconcile their differing points of view sufficiently to formulate, and carry out, sensible policies for overcoming the country's serious economic problems. It is at least encouraging that their joint statement should have shown a lively concern at "the present economic stagnation." Much will also depend on whether the RPP and the Justice party can each be prevented from splitting into warring factions; about 80 Justice party deputies voted against joining the coalition, and it is not yet clear whether they will accept being over-ruled. What is clear at the moment is that the army, having bowed itself off the centre of the stage, is still keeping a close watch from the wings on the performance of the politicians. If they bungle it, the soldiers will be tempted to run the show again.



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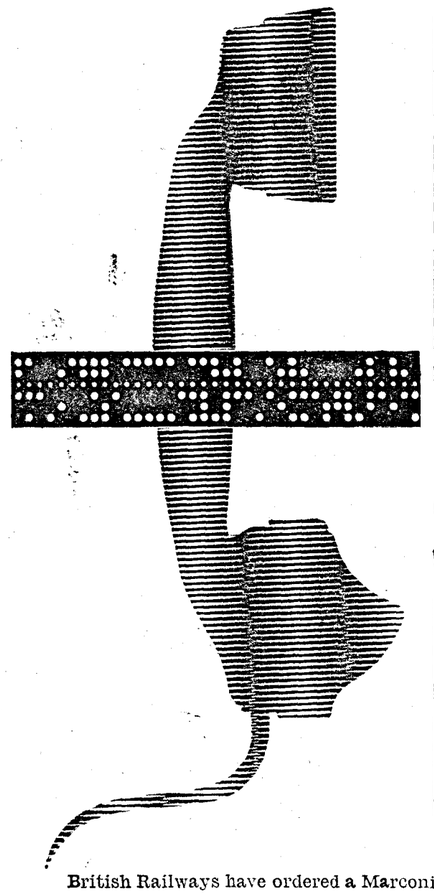
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NOTES OF THE WEEK

FRANCE

General Satisfaction

UNACCUSTOMED to be daunted by the international outlook, Mr Macmillan's distinguished weekend guest has probably come to Birch Grove in reasonably good spirits. General de Gaulle's recent utterances on the Algerian question have been highly optimistic, and the latest events do something to bear them out. It is true that murder continues to be the daily commonplace of life in Algeria. But the arrest of M. Dides, a ferocious critic of the government, on charges of incitement to murder, offences against the head of the state, and incitement to crimes against state security, shows that the government can still hit back at the extremists of the Right.

The happy ending of Mr ben Bella's hunger strike has improved the prospects, which had been endangered, of negotiation between the Algerian rebels and the French government.

The hunger strike was launched on November 1st by the Algerian prisoners in France as an attempt to exact improvements in the conditions of their imprisonment. Mr ben Bella appears to have associated himself with it from a desire to remind the world of his existence and to reinforce his authority among his fellow-captives; he asserted that he had no intention of holding up negotiations. Nevertheless, the provisional Algerian government felt obliged to declare its support for him, and to indicate that unless the French made some concessions the outlook for talks might be compromised. In response to opposition pressure, and alarmed by anti-French rioting in the capital, the Moroccan government began to urge General de Gaulle to release Mr ben Bella, or at least do something for him.

Now, thanks to good sense and moderation all round, the prisoners have begun to eat again. Most of their demands have been accepted, and though Mr ben Bella is still a prisoner he is being treated with unwonted consideration. This denouément represents a diplomatic success for the Moroccans; but it would never have been possible if all sides had not been most anxious to do nothing to endanger the peace talks. After such a display of reasonableness, it may be hoped that the old distrust will not keep the French and Algerian leaders apart much longer.

IMMIGRATION BILL

Debacle in the House

IN politics it is extremely hazardous to sponsor measures which one does not really believe in, and it is therefore nice to be able to report that the Government has got itself into an unholy mess over its Immigration Bill. Hypnotised by the public opinion polls and by the undoubtedly vociferous degree of public support for this measure, Mr Butler had probably never assumed that the second reading debate on the bill could be turned into a Conservative electoral handicap and a Labour electoral asset. But in the event the Labour party bravely stood up to be counted against the second reading. Credit for Labour's united and courageous assault on these restrictions must go to Mr Gaitskell, who by one of those stands which he is always liable to make when a question of principle is in issue routed the little group of Labour MPs sympathetic to the bill, assuaged the doubts of others, and scored a moral debating victory to which the newspapers (themselves mustering a fair majority against the bill) gave full credit next day.

For the debate brought out both the irrelevancy and the inconsistency of the Government bill. Immigrants come to Britain because there are jobs for them to do, and when the jobs are even marginally reduced (as happened in 1958) then the flow is reduced more than proportionately. The inclusion of the Irish in the bill was ridiculous from the start, and was put into the original draft as the only way the Government could think of to maintain the pretence that the bill does not create a colour bar. Mr Butler then announced that this provision was unenforceable, but that it must be kept in case it was necessary to enforce it in the future. It would be nice to think that an outraged sense of logic then stirred the Tory backbenchers to revolt, but it was not the inadequacies of Mr Butler's syllogism that aroused them but the fact that the Irish formed one of its major and favoured premises. Instinctual dislike dies hard; and when this cover for the hypocrisy that there was "no colour prejudice in the bill" was removed, a lot of Tories began to feel naked. Such indignation became evident among Government supporters that Mr Hare, gracelessly backpedalling at the close of the debate, was constrained to assure them that the intractable Irish would be dealt with after all.

The Way Out

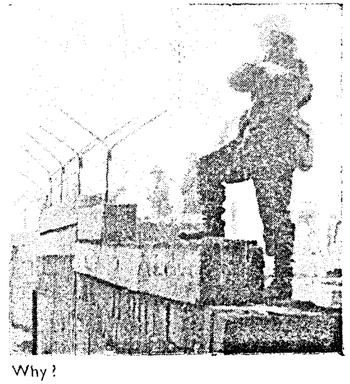
BUT how and why are the Irish to be controlled? As to how, some kind of control at the job level by means of Irishmen's insurance cards is evidently contemplated, of which not much can be prophesied except that any intelligent immigrant will quickly be able to drive a coach and four through it. As to why, the bill really will not be made more liberal by keeping Irishmen out. The best way of disposing of the charge that the bill is based on colour prejudice would be to decide to continue to allow both Irishmen and West Indians in automatically.

Cannot this be done? Such a provision would make the bill nominally discriminatory against other Commonwealth peoples—including Asians and Africans. But they would not be treated any worse than they will be if the present bill goes through; their economies are not nearly as dependent as the West Indies' is on continued free immigration into Britain; sponsors of this bill have often argued that the West Indians could be absorbed into Britain on their own, but that Britain would not be able to maintain free entry if a "flood of immigration started from Asia." Why not make this bill merely a contingent precaution against that supposed (although almost certainly vastly exaggerated) danger?

BERLIN

Wallflowers

ON Sunday evening (wall-building for Herr Ulbricht is always on Sunday) several hundred east German labourers, watched over by east German troops, watched in turn by Russian officers, started to reinforce the wall put up between the two



Why?

parts of Berlin on August 13th. Some of the more rickety parts of the original wall were reconstructed; gaps, as at the Brandenburg Gate, were closed; in several places a second line, consisting of anti-tank obstacles, was put up. Quite why Herr Ulbricht took this action, except to register his disagreement with Dr Adenauer, who said two days earlier that the West ought to insist on the removal of the wall in any negotiations with Russia, is not clear. The move may be connected with General Clay's statement in Paris last week that there would "probably" have been no war if the allies had knocked down the wall as soon as it was built on August 13th; there have been reports recently that the Americans might push tanks through if the east Germans imposed any further restrictions on the right of allied officials to enter east Berlin.

Sunday's wall-building, however, seems to have produced, as yet, few or none of the western demands for wall-demolishing that followed Herr Ulbricht's original action. Sir David Ormsby Gore, the British ambassador in Washington, said on an American television programme last Sunday that it would have been a mistake to try to knock down the first wall. Sir David is one of the few men in high positions in the West who have said this; and he is almost certainly right. Had the allies sent their bulldozers in on August 13th, the east Germans could without difficulty have stopped the movement of their civil population a little further back, and put up new obstructions there. The allies would then have had the alternative of either knocking down the second line, which would in effect have meant invading east Berlin and very considerably increasing the chances of war, or simply standing in the rubble looking rather silly. Neither east Berliners nor west Berliners would have been any better off. The allies would also have found it difficult to say why Russian tanks should not come into west Berlin if theirs went into east Berlin. Frustrating though it may be, so long as Herr Ulbricht confines his operations to the eastern sector the allies have no choice but to be wallflowers.

NUCLEAR TESTS

Bitten but not Shy

Even in Moscow, reversals of policy are seldom as sudden as Tuesday's Soviet acceptance of the Anglo-American invitation to resume the Geneva talks on banning nuclear tests. Only two weeks ago, the Soviet block in the United Nations Assembly had been alone, except for Cuba, in voting against an appeal for immediate resumption of these talks. Mr Tsarapkin told the assembly at the time that Russia could not take up the Geneva talks again, and that the banning of tests was inseparable from a general disarmament treaty.

With its own vast programme of test explosions completed, Russia may well see in the return to Geneva a means of inhibiting the Americans from launching a matching programme. But there are limitations to this argument. The existing inhibitions on further American testing will not be decisively reinforced by the resumption of the talks—unless the talks surprise everybody by quickly producing an agreement; and that would involve an even more spectacular Soviet somersault.

Once bitten, twice shy, Mr Kennedy's administration has carefully distinguished between resuming the Geneva talks and accepting another obligation to refrain from all tests while the talks continue. In some quarters it may be criticised for going back to Geneva at all, after the outrageous breach of faith involved in the Soviet resumption of testing at the beginning of September. But the search for agreement remains worth pursuing—without illusions, but without undue shyness either.

The Soviet action in September was widely seen as proof of a total indifference to world opinion. Since then, the Soviet leaders must have been presented with some sort of balance sheet, showing a sizeable net loss of goodwill among former friends and a decline into near-bankruptcy among some of their carefully cultivated "peace" movements. The UN assembly, on a suggestion from Cyprus, had set December 14th as the deadline after which, if the Geneva talks had not been resumed, it would take up the matter again. The speed of Mr Tsarapkin's somersault suggests that Soviet indifference to world opinion may not be as total as many people have lately thought.

BY-ELECTIONS

Labour in the Lead

Labour has every reason to feel pleased with the result of the Bridgeton (Glasgow) by-election. It is true that only just over two-fifths of the electorate turned out to vote, and that Labour's total votes fell by nearly half compared with 1959 and its share of the poll by 5.8 per cent. But the Conservatives' total votes fell by over two-thirds, and their share of the poll by 15.9 per cent. The Independent Labour Party unilateralist secured a derisory 3.1 per cent, or only 586 votes. The Scottish Nationalist secured a full 18.6 per cent. This last figure has some interesting implications for the Liberals. Disrespectful critics will say it suggests that up to two-thirds of the 27 per cent or so of the electorate who have been voting Liberal in recent by-elections may not really have been dedicated Liberals at all: they may have been simply transitory protest voters who would have voted equally for a Flat Earther, provided he was not an extremely left wing or right wing Flat Earther, if one had chanced to come along. Passionate Liberals will deny this and say that the Liberals' policy of regional devolution made the Scottish Nationalist the sensible candidate for Liberals to vote for at Bridgeton. The truth, one suspects, probably lies uncomfortably closer to the critics' view.

Because there were so *many more* Tory desertions than Labour ones, their net effect in this by-election was the same as a 5 per cent swing from Tory to Labour, or a 6½ per cent swing from right to left if one adds the Labour and ILP votes together. The average net swing from Tory to Labour in the previous week's three by-elections (at Oswestry, etc.) was also exactly 6½ per cent. And Labour would need only a 3½ per cent swing at the next general election in order to get back to power.

SHADOW CABINET

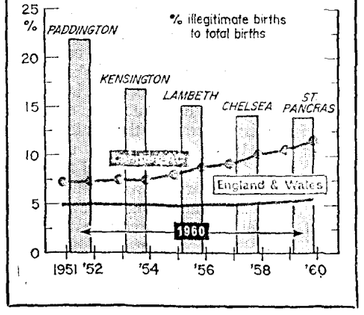
Delayed Reshuffle

In last week's elections for the shadow cabinet, Labour MPs returned all twelve sitting members. This meant that ten of the so-called Gaitskellite slate of thirteen candidates were re-elected, and that Mr Wilson and Mr Fred Lee retained their places. Indeed Mr Wilson soared to the top of the poll with 175 votes, but perhaps this need cause Mr Gaitskell no alarm. Last year when Mr Wilson stood as rival leader he polled only 124 in these shadow cabinet elections; the extra votes he has picked up since then have come from MPs who are satisfied that he has made his peace with the leadership. This peacemaking might be eased by some changes in the shadow cabinet that now seem to be in prospect.

Mr Gaitskell seems to be in no hurry about these changes, and the portfolios are unlikely to be redistributed until just before

LONDON'S BASTARDS

The LCC recorded 6,530 illegitimate births in London County in 1960. This rise of nearly 3,000 since 1957 is largely due to the influx of unmarried, and often pregnant, women to London and the welfare and medical facilities offered to unmarried mothers. In the year ended September 30, 1960, moral welfare associations saw 3,292 unmarried mothers of whom 25 per cent were Irish and another 19 per cent were from overseas; 26 per cent were pregnant on arrival in London.



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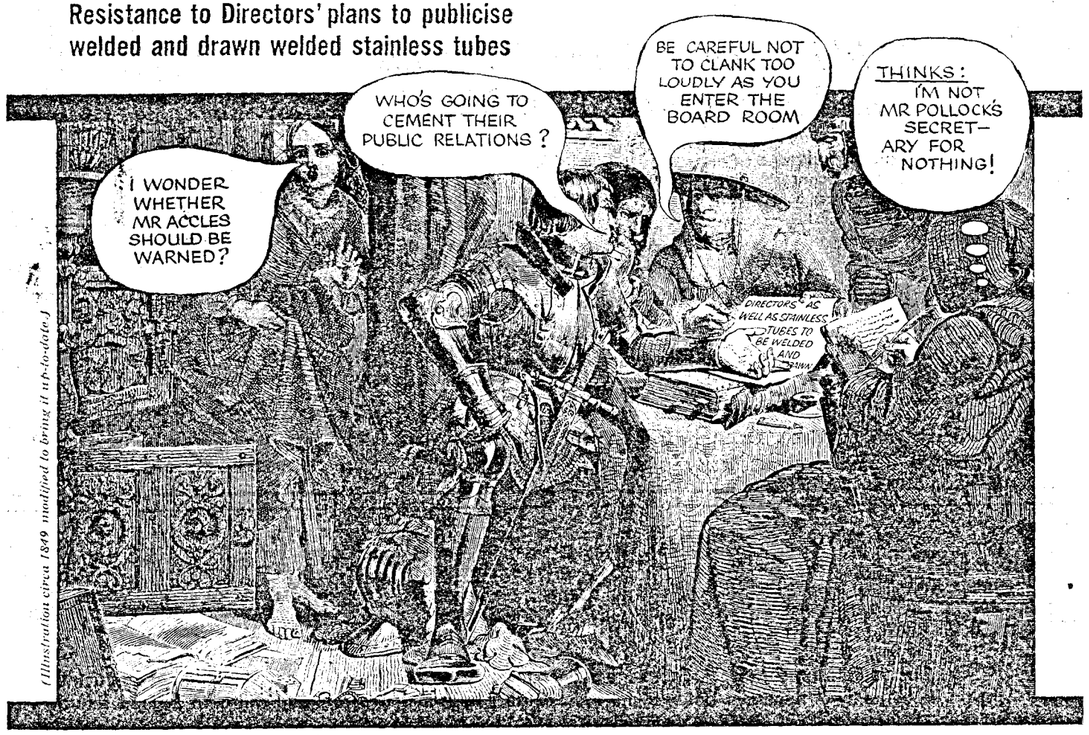
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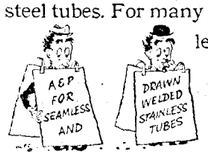
ACCLES & POLLOCK ADVERTISING DEPARTMENT REVOLTS

Resistance to Directors' plans to publicise welded and drawn welded stainless tubes



(Illustration circa 1849 modified to bring it up-to-date.)

IF it were not for the well-known fact that nobody (except the Directors of Accles & Pollock) ever reads advertisements we should now be in the difficult position of explaining what this one is all about. As it is, all we need do is to state clearly what the Directors would like to read. **HERE IT IS:-** For a long time past Accles & Pollock (sometimes miscalled Pickles & Wallop, Anchors & Poppycock etc. etc.) have been known as skilled makers, manipulators and fabricators of cold-drawn seamless precision steel tubes. The Directors would like all fifty-two million of you to know that, not only are they the country's largest producers of seamless stainless steel tubes but that they are also the leading makers of **WELDED** and **DRAWN WELDED STAINLESS** steel tubes. For many purposes, **WELDED** and **DRAWN WELDED** stainless tubes offer considerable economic advantages.



We should be most obliged if all manufacturers—potential users of stainless steel tubes—would sign the affidavit alongside for the Directors—

We I the undersigned hereby declare that I We have read and nearly fully understood Accles & Pollock's Directors statement about Stainless Steel Tubes and would like a technical booklet about them (the tubes, not the Directors).

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Haw 317

the Christmas recess. But apparently Mr Wilson has let it be known that his marriage to the Treasury is not a sacramental one, and that a bill of divorce would not be unwelcome provided his new partner is of sufficiently high status. Presumably, that means foreign affairs, and Mr Gaitskell would be wise to give them to him. Because he dared to outface the Scarborough conference, Mr Gaitskell is and will remain in complete control of Labour foreign policy, whoever his shadow foreign secretary is. He has not managed to establish the same control over domestic policy, and that is why he should be very careful when appointing a new shadow chancellor. Mr Callaghan is said to be favourite; though he is the most amiable of men and recently one of the most loyal of Gaitskellites, one suspects that he might be a bad choice because he has always seemed to be an instinctive protectionist. (His views on transport economics are appalling.) Mr Dennis Healey, by contrast, would come to finance and economics with an open—his critics would say a blank—mind. Mr Roy Jenkins would be an admirable choice, but alas politics remains the art of the possible. Mr George Brown's new duties at Transport House should make it easy for him to give up the unrewarding brief of defence and thus allow Mr Gaitskell more scope for reshuffling. A shake up will be all to the good, but new blood in the shadow cabinet room is also badly needed. (Provided, of course, that that last phrase is not taken too literally.)

CONGO

Breaking Step



At the UN: Spaak, Bomboko

THE United Nations' representatives in the Congo will be unexpectedly fortunate if the Security Council debate now produces a clear and workable mandate for their guidance. The council's resolution of February 21st, under which they are still operating, was sponsored by its African and Asian members and supported by the United States, Britain and all other members except Russia and France, which abstained. In contrast, the Afro-Asian draft resolution tabled last week has received Soviet backing, while the Americans have offered amendments and the British have openly opposed the project.

The draft resolution would authorise the use of UN force, if necessary, to apprehend "foreign mercenaries and hostile elements." It would demand the ending of secessionist activity in Katanga province, and the withholding of all foreign support and supplies that could be used militarily against the Congo government or the United Nations. African delegates have specifically insisted that the Belgian *Union Minière* group must stop giving financial assistance to Mr Tshombe's regime in Elisabethville. The Belgian foreign minister, M. Spaak, told the council that after November 17th "not one Belgian officer or soldier" would be in Katanga; and the French delegate emphasised that if "a handful of French adventurers" were active in the Congo, this was contrary to his government's express policy. But these assurances did not turn aside the wave of Afro-Asian impatience for strong and quick action against Mr Tshombe's European supporters.

The Americans combine this desire with a wish to strengthen the central government more generally. Their amendments would broaden the resolution to cover action against secessionist moves in provinces other than Katanga, and to provide for the retraining of the Congo army, whose indiscipline has once again been tragically spotlighted. The African delegations' initial reaction was to argue that the recent reports of a new breakaway by Mr Gizenga are still unconfirmed. Mr Zorin, for Russia, said he would veto most of the amendments. And Sir Patrick Dean said that they went too far; that force should not be used even against the mercenaries; and that, if the UN did not confine itself to conciliation, it might lose Britain's support. The United Nations operation in the Congo may not have reached breaking point; but its supporters are at present, visibly and unhappily, breaking step.

CZECHOSLOVAKIA

Balancing Act in Prague

STALIN'S monstrous statue, which for more than six years has disrupted Prague's ancient skyline, is to go; a special commission, including architects and artists, is to consider how to use the site on which the monument now stands. That at least is one felicitous outcome of the 22nd Soviet party congress. The Gottwald mausoleum is also to go, and the embalmed body of Clement Gottwald, the late party boss and president of Czechoslovakia, who died soon after Stalin in 1953, is to be buried on Vitkov Hill—Prague's equivalent of the Kremlin wall in Moscow.

These decisions, published on Tuesday, were announced by Mr Antonin Novotny, the present party boss and president of Czechoslovakia, at a meeting of the central committee from November 15th to 17th. They represent a gesture—and quite a handsome one—towards the new campaign against Stalin inaugurated by Mr Khrushchev last month. But Mr Novotny has, in a typically Czech way, been thoroughly circumspect. He admitted that between



Site vacant

1948 and 1953 the personality cult had invaded the party and that Mr Gottwald had made mistakes; but he was careful to stress that in spite of his faults Comrade Gottwald's name "will remain firmly inscribed in the revolutionary annals of our party." For Mr Novotny the villain of the piece was, and remains, Rudolf Slansky, the once all-powerful secretary-general of the party, who was arrested in November, 1951, and executed a year later after playing the leading role in one of the most notorious of the stalinist show trials. According to Mr Novotny, Slansky's "depraved" methods were similar to those used by Beria in the Soviet Union; at the time they did much harm, but all those harmed by them have now been compensated and rehabilitated.

Mr Novotny has thus made his dispositions for keeping in with Moscow without undermining the bases of his own power. Ever since 1956 the Czech communists have shown a marked lack of enthusiasm for liberalising their regime; and they have refused to rehabilitate Slansky as other victims of Stalin's purges, like Kostov in Bulgaria and Rajk in Hungary, were rehabilitated. No doubt they had their reasons—and these are as valid today as ever; ten years ago, in the fierce intercommunist struggle for power in Prague, Mr Novotny got his big chance just when Slansky made his swift and spectacular fall from power. The question now is whether his repudiation of the past can stop at symbolic gestures.

WAGES

Up and Up

THE strike of 1,000 Ministry of Aviation loaders and other ground staff at London Airport was ended by giving the 80-odd senior men whose pay claim had caused the dispute a wage increase neatly disguised as a promotion. This looks suspiciously like a manœuvre by the Ministry to get round the wage pause, but was in fact a far more commonsensical operation. Next March the men were in any case due to be transferred from ministry control to that of the operating company, British European Airways. The men's complaint was that they

were getting less money than those doing similar work for BOAC: their rise of 9s. 7d. a week would in any case have come then. The only damage done was the loss of passengers and goodwill by BEA—and the drawing of attention to one of the least important of the many casual anomalies that have risen as a result of the Government's emergency wage policy.

But there are signs that yet another public corporation, London Transport, is also looking for a way to get round its wage pause problems. The executive turned down a wage claim presented last week by the busmen, but offered a special "scarcity" payment to bus drivers: drivers are 1,600 below "establishment" and conductors 1,000 below. Unfortunately, it too often looks as though the official "establishment" is set at a figure that would permit the LTE to plunge into large financial deficit by running more buses on its least economic routes. In accord with the usual Cousins line, the union rejected this offer, and there is to be another meeting fairly soon. The case for any wage increase, whether disguised as scarcity or not, will be weakened if the rise in the number of drivers that has shown itself in recent weeks continues. The supply of bus drivers is in fact most directly influenced by the demand for heavy transport drivers in private firms (where men both get higher wages and have their weekends off): competition for the available men from such firms has decreased recently with the slackening of business activity.

CRO

No Colonials Wanted?

An interesting if largely unnoticed duel has been going on in the Commons for the last two weeks between Mr Humphry Berkeley, Tory member for Lancaster, and the Commonwealth Relations Office. Mr Berkeley, whose connections with Africa are well known, is not exactly an adept toer of the party line; he took the opportunity of the debate on the address to make an assault on the apparent lack of top quality diplomatic staff in the CRO, as compared with the Foreign Office. It is significant that the CRO has been able to find heads from its own office for only half its missions overseas, a shortcoming to which the Select Committee on Estimates on the CRO drew attention two years ago. Mr Berkeley has revived an old—and insufficiently answered—hare of the last Parliament by calling it a particular scandal that the CRO has failed to make up its deficiencies in Africa by recruiting from the old colonial service. He has spent the last week bombarding the CRO with questions, which have been progressively more cunningly worded and have elicited some interesting figures. They certainly appear to bear out his charge that insufficient use is being made by the CRO of ex-colonial civil servants on the ground that they are "tainted" by being former colonialists.

In Nigeria, for example, only 3 of 26 officers with a rank of second secretary or above have had previous experience in British colonial territories in Africa. In Sierra Leone there are only 2, and in Ghana none. Thus out of 38 officers in 3 West African missions only 5 have had previous African colonial experience and two in very junior capacities. Another ridiculous anomaly is the requirement that senior colonial officers should pass a written examination before transferring to the CRO. One question recently set in one of these examinations was to "give the impressions of Mr R. Van Winkle who fell asleep in 1930, on waking up in modern Britain." Mr Braine, the under-secretary, in a debate on the adjournment—also arranged by the indefatigable Mr Berkeley—complained that such criticisms were "wounding." Most well directed criticism is.

NEUTRALS

Cold Comfort at Cairo



Wise, or perhaps just travel weary, Mr Nehru played down the importance of his brief meeting with Presidents Tito and Nasser on Sunday. President Tito's decision to fly to Egypt for the weekend transformed the Indian prime minister's routine stop-over at Cairo, on his way home from Washington and Mexico, into a tiny summit, frills and all. Mr Nehru was at pains to emphasise the casualness of the whole encounter, and certainly the tranquillising communiqué, which clutched at various straws of comfort in its efforts to affirm that peace is the most important job on hand and disarmament the means, was a reflection of Mr Nehru's discreet optimism rather than the strident anxieties of the other two.

It was not for a comfortable exchange of generalities that President Tito came to Cairo. Since the Belgrade meeting of non-aligned countries in September, it has become no easier for a faithful neutral to feel his way through a much committed world. In a speech at Skoplje on November 13th, President Tito complained, in general, of the pressures that, since September, had squeezed the non-committed; in particular, he protested against the expression of American displeasure by withholding shipments of wheat to Jugoslavia at a time when drought had placed his country in a "very unpleasant situation." Reasonably, the Jugoslav and Egyptian leaders wanted to sound Mr Nehru on his talks in Washington; they would also be glad of the chance to pool their impressions of the 22nd Soviet party congress. But at Skoplje, President Tito hinted that he was looking for something more definite than an airing of views and grievances; he urged on fellow-outsiders the importance of finding some common way of countering the disadvantages of being excluded from closed, or closing, economic circles to east and to west. (He expressed the same worries to Mr Heath in Belgrade last week.) But reports from Cairo suggest that Mr Nehru responded tepidly to proposals for joint economic action.

Possibly, this was more disturbing to President Tito than to President Nasser. Cairo has not over-played its modest diplomatic success, but it was certainly no bad thing for President Nasser to show himself demonstrably still in his place among the leaders of the non-aligned world. Even if it was incidental to his main purpose, President Tito has done a good deed for a friend who is also, in some ways, his pupil. The boost for President Nasser's reputation was timely; unfortunately, it is not his international prestige that cuts most ice among Egyptians.

SYRIA

Twice as Good

When Dr Mamun Kuzbari formed the first government of the new Syrian Arab Republic on September 29th, he told the Syrians that they would be given a chance of electing a parliament within four months. His decision to hold elections on December 1st has cut the waiting period in half; thus he is twice as good as his word. On Tuesday, he and several of his ministers resigned from the provisional government in order to present themselves as independent candidates. The resumption of party activity is to be left to the parliament that emerges from the elections, so all candidates are to campaign as individuals, not as party men. In practice, this should make little difference; the previous affiliations of most candidates are well known, and in any case Syrian parties are so loosely organised that they scarcely deserve the name. The army high command has curtly dissociated itself from any candidates electioneering in its name.

The new parliament is to devise a constitution within six months of its election. But the guiding principles have already been laid down in a covenant that was signed last week in the Damascus officers' club by politicians of many shades of opinion. This covenant lays much stress on socialism and on the rights of peasants and workers.

Appointments, Business and Personal notices and other Classified Advertisements pages 843 and 852

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But as it was partly the speed of President Nasser's advance towards socialism that provoked the revolution, it is the brakes imposed by the covenant on that advance which call for attention. Thus the state will "preserve ownership and protect individual competition"; it will encourage small investors and protect the rights of landowners as well as those of the peasants. The inference is that the new Syria will be more socialistic than it was before union with Egypt, but less so than it would have been if the union had endured.

Dr Kuzbari insists that the elections will be free, subject to bans on "altercation" and on threats to the safety of the state. This could mean much or little, according to the degree of fidelity with which local authorities interpret the government's intentions. But can anyone seriously expect Arabs to conduct a general election without altercation?

MEDICINE AND THE PRESS

Should a Newspaper Tell?

THE reporting of medical news is a post-war child—at least to the British press. It probably owes its origin to a combination of three things: the enormous advances in medicine over the last twenty years, which have made it news; the tendency of health authorities (beginning with their wartime campaigns in the field of immunisation, public hygiene and food) to use the press among other media as an ally in preventive medicine; and lastly the growing appetite of the public itself for a sensational story, which, were they willing, doctors and hospitals could always be counted on to provide.

Ought this reporting of medical news to be encouraged? Does the high pressure production of the modern newspaper make it dangerous to attempt a careful account of some development in medicine, which may become utterly misleading by last-minute cuts and alterations? Should, therefore, the medical correspondent's matter be allowed some special privileges in this respect? Can medical news be handed to the public in an acceptable form anyway, without giving a wrong impression? These were the sort of questions discussed at a seminar on medical reporting recently organised by the International Press Institute. It is clear that there are wide differences between one country and another, both in the amount and quality of medical news that newspaper readers will accept and in the readiness of doctors to co-operate with journalists in the handling of it. But there was one point to which discussion tended to recur: can medical reporting be positively harmful?

Unlike the reporting of scientific news, stories of disease and cures strike home direct on the individual. For this reason any responsible journalist describing symptoms or the discovery of a new drug is bound to ask himself whether he is causing individual distress; and for this reason some would restrict all medical reporting to the field of preventive medicine, such as polio immunisation. But this would surely be going too far. A journalist cannot after all cause an illness or create a neurosis by what he writes. The sickness is there. What he may do is to make it overt—which in some cases will be a good thing—and he may make it too overt. As a general rule, this is the worst he can do, and it would be a pity if, as a result of letting their back hair down in a discussion of their problems, medical reporters were to have inflated ideas of their own wickedness.

OECD

Growing Pains

IN the ten years between 1949 and 1959, recovery helped the six common market states to expand their total output by an average of 5.8 per cent per year. Now, though the fires of reconstruction are flagging, the new stimulus of the common market is encouraging them to aim at an average annual increase of between 4 and 5 per cent a year. The British and American economies, by contrast, have been growing at less than half this speed. The new joint target adopted by the twenty members of the Organisation for Economic Co-operation and Development on November 18th—an average annual increase of 4.3 per cent between 1960 and 1970—implies, for all the reservations about different countries moving at different speeds, that the sluggish Anglo-Saxons must catch some of the dynamism of the Six. The American sponsors of the target see economic integration as a potential catalyst for them as well.

The target will not be easy to achieve. It is a good deal more ambitious for OECD as a whole than the estimates for Europe of a recent massive survey by the Twentieth Century Fund.* But the mere fact that the present American administration subscribes unreservedly to it could give an impetus to the long-term plans of industrialists throughout the North Atlantic area. The target symbolises the fact that the new frontiersmen in Washington give growth top priority in economic policy. If existing tax structures and international payments arrangements prove inadequate to the task, then, in their view, taxes must be reformed and the payments system changed.

The studied caution of the British response—less apparent when OECD met than in London beforehand, but still evident in the long list of qualifications in the final communiqué—betrays not only stuffiness about the objective, but a misunderstanding of the choices open to Britain. Of course, it is difficult to combine rapid growth with a strong pound and stable prices; much thought may be required. But if Britain joins the common market it cannot afford to accept the regime of a hypochondriac; nor could it, indeed, if it did not. Some choose growth; some have growth thrust upon them.

* Europe's Needs and Resources. *Macmillan.* £4 4s. 0d.

PHILIPPINES

Backs for Patting

ON several scores, the Filipinos deserve congratulations on the outcome of their presidential elections. They have demonstrated their approval of a man of principle, their distaste for corruption and xenophobia, and their aptness—exceedingly rare in Asia—for democratic processes. If

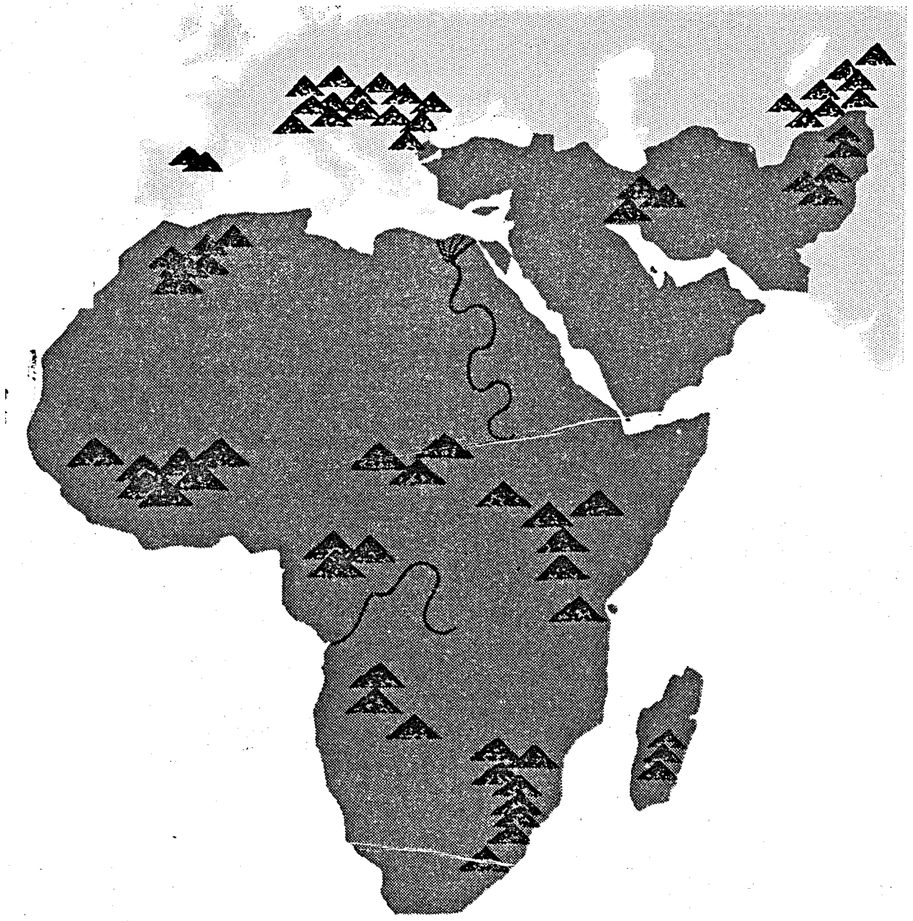
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a further set of backs remains to be patted, it is those of the Americans, for a continuing example of successful decolonisation.

Informed opinion has it that the accusations of corruption against the administration of the outgoing President, Mr García, played, on the whole, less part in the calculations of voters than the anti-foreign aspects of its programme. These included not only agitation against the American bases but also a "Filipino first" policy of easing foreigners, including Europeans as well as Americans and Chinese, out of key positions in the economy.

The new President, Mr Macapagal, has had his anti-American moments in public speeches, but he is considered in Washington to be more reasonable in this respect than his predecessor. His principal assets, in the eyes of the voters, have been a public and private life singularly free of scandal, and a clear attachment to principle. Thus when many members of his Liberal party deserted to the Nationalists after the victory of the late President Magsaysay's Nationalists in 1953, Mr Macapagal saw no reason to change his allegiance. He has now reaped the benefit of a swing of the political pendulum.

The fact that the pendulum has in fact swung, despite the financial resources available to the party in power, is a tribute to the common sense of the Filipinos, and it would be deplorable if Mr Macapagal's charge this week—that President García is plotting to prevent him taking office—were substantiated. The Filipinos have a right to the man of their choice.

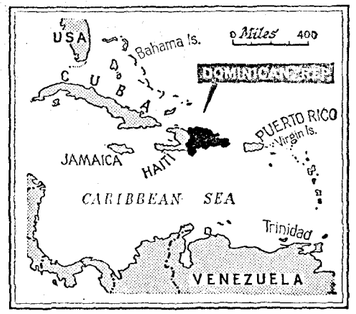
DOMINICAN REPUBLIC

Family Departure

DEMOCRACY in the Trujillo plantation, with most of the family still around, was never very easy to believe in. Last weekend, the United States, which had tried hard to convince itself that the two were compatible, had to admit that they were not; American warships appeared off the Dominican coast and the family slipped out of the island and out of power, perhaps for good. The slide began on November 15th when two brothers of General Rafael Trujillo, who was murdered in May after running the republic for thirty years, returned from a short exile in Bermuda breathing fire against their nephew, General Rafael Trujillo the younger, for giving away chunks of the family *hacienda*. Over the weekend, Rafael II resigned as chief of the armed services and left the country, President Balaguer declared a state of emergency, and Mr Dean Rusk declared that the United States would not allow the Trujillo family to reassert dictatorial domination. On Monday, 29 members of the family, including the two brothers, turned up in Florida; the American warships stayed where they were.

Since May, opposition parties have been allowed to form (provided they are not Fidelistas) and there are now three loosely organised groups. President Balaguer, who, despite his good work for the old general, has preserved a reputation for decency, several times invited these groups into a coalition; but they all refused so long as the Trujillo family stayed. Now a coalition is probable, leading, if all goes very well, to a new constitution and honest elections.

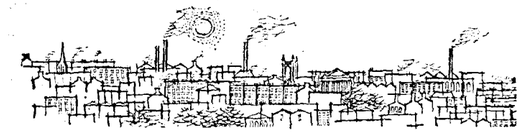
At the United Nations, the Security Council is debating with some heat the Cuban charge that the United States has been guilty of armed intervention against the Dominican Republic. Whatever the cause, unilateral action by the United States in the Caribbean is something the Cubans want discouraged. Undoubtedly too, Washington's desire to get rid of the Trujillo family (earlier last week the United States proposed a slight lifting of the partial economic sanctions against the Dominican Republic) is in effect a desire to forestall the Cuban-type revolution that might have followed a traditional right-wing coup.



HOME REPORT

Members of the editorial staff and local correspondents report on life and happenings in and around Britain

Top Townsmanship



SNOBBERY, the English vice, is the oldest and readiest differentiation between the Englishman's towns. The personal pecking-order is not unsubtle, and can be most acute of all where property values are concerned between the snootier London suburbs. Even the man from Bootle, who may not know where Southgate lies from Wanstead (may never, indeed, have heard of either of them), has been long conscious of the social curtain that hangs genteely between the Wash and the Bristol Channel.

The main conclusions of a new statistical analysis* emerging from the Centre for Urban Studies already belong to folklore. Indeed, the social effect of this folklore on the aspiring middle class has probably played a still wholly underestimated part in the great migration southwards that has gathered strength since the 1930s: the search for status (which does not mean surplus spending money) is not simply satisfied by more industrial estates for Merseyside or the Durham coalfield.

The most considerable assertion by Messrs Moser and Scott is that the mere size of the community has little effect on the differentiation (and hence social standing) of the English and Welsh towns. Judged on the 57 statistical variables available to them this is more than an assertion: it is proven fact. The sources they have had to use are those provided chiefly by the 1951 census, together with housing and health figures drawn up (presumably with varying accuracy) by the London administrative county, the 80 county boroughs, 64 municipal boroughs and 12 urban districts which had populations of over 50,000 ten years ago. From these variables they have formed four components, reflecting social class, growth between 1931 and 1951, growth between 1951 and 1958 and overcrowding. The result, both pioneering and stimulating, is to classify the towns in related groups, some (like the posh suburbs) clearly defined, others (like the north-east seaboard and Welsh mining towns) much less satisfactorily so.

The outcome is to confirm the social division of England and to emphasise the importance of housing conditions on social status. Naturally there are curiosities. Harrogate, with a higher proportion of the population engaged in finance (clipping coupons?) than London itself, has southern seaside characteristics; West Ham could be on Tyneside. The suburban struggle for precedence is clinically delineated by jobs, higher education, housing amenity and marriage age of females: thus Coulsdon is out on its own beyond

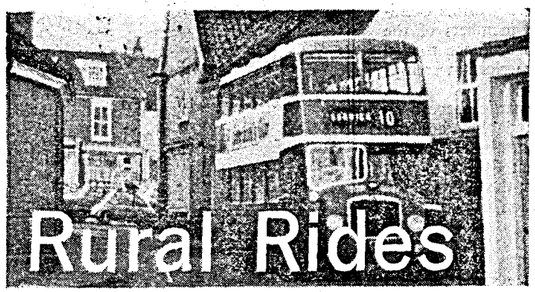
*British Towns. By C. A. Moser and Wolf Scott. Oliver & Boyd. 169 pages. 30s.

even the "exclusive" ring; Wimbledon and Twickenham are merely "mixed." The social laggards are, of course, shown up starkly: Dewsbury worst of all for water closets and baths, Gateshead with over 50 per cent of its dwellings confined to 1.3 rooms (while Doncaster, of all places, turns out to be less cramped than anywhere). It is possible to guess why Willesden and London are high up in illegitimate births, while Wigan is officially prim and pure.

Some surprises need looking into. Why should Barking have the worst cancer figures? (A rigorous MOH?) Although both Merthyr Tydfil and West Hartlepool show distinct and expected lower-class characteristics like high infant mortality, Merthyr is far less overcrowded than many other places. But is it strange that families should be leaving the north when the citizens of Carlisle have a life expectation a full nine years lower than Chigwell?

YET there must be a caveat or two. This is a survey that, as its authors would gladly admit, has had to leave out the intangibles of big-city life. When Birmingham (with all its faults as a regional centre) is classed with struggling Grimsby, and Coventry (now the only fast-grower in the 25 largest British towns) with Crewe, one suspects that something is missing. Is size quite so unimportant? The authors partly recognise the difficulty over social rating when trying to fit in Scotland. On all the housing criteria the Scots are deservedly below even Co. Durham, with Edinburgh itself something like an Athenian Burnley. The authors say: "In Scotland different standards ought perhaps to be applied. . . . Only on the strict standards set by the English suburban five-room house are the Scottish towns the poor cousins."

There are at least the remnants of strong non-suburban-minded communities in Britain outside Scotland which have rather different preferences and aspirations than, say, Gillingham and Enfield. It must be said, however, that on something like higher education—the Welsh apart—the regional reputations for other things than materialism do not show up at all. The point is that the type of urban housing that the inhabitants of the northern towns have to suffer make their regional centres so much less attractive than they should be if their younger generation (and active businessmen—the retired ones are in Worthing) are not to seep away. One suspects that if the Moser-Scott exercise is repeated on the basis of the 1961 census returns, the north will certainly not have improved its status rating.



Rural Rides

FROM A CORRESPONDENT IN NORWICH

TWO enterprising shopkeepers in the Norfolk country town of Aylsham have started to send private buses once a fortnight round twenty surrounding villages to bring people in, free of charge, to shop in the town.

Aylsham, a little market town of 3,000 inhabitants, was one of the sufferers when the Transport Commission, two years ago, closed the 70-odd miles of the old Midland and Great Northern Joint Railway, which used—at a considerable loss—to serve the most utterly rural part of Norfolk. Inadequately though this and other rural railways were used, no one in East Anglia will yet concede that the big nationalised Eastern Counties Omnibus Company has been able to provide a proper substitute. The buses, people say, do not run at the times to suit the customers. But the bus company protests that it is as much a loser on rural services as the railways, and that if it consulted nothing but economy village bus services would be cut down as ruthlessly as branch lines.

The object of the Aylsham private enterprise is to run one service that suits the particular needs of the people in the neighbourhood. It seemed to be popular on its first run, except with the shopkeepers of the neighbouring town of Reepham, who raised a cry of unfair competition. For Reepham, with a population of 1,400, also suffered from the closure of the railway, and fears equally with Aylsham the counter-attraction of Norwich itself, only twelve car miles away.

Norwich, with an ambition to extend its boundaries to embrace a population of 160,000 instead of its present 120,000, is the Great Wen for rural Norfolk. But even as little towns like Aylsham and Reepham are jealous of losing their motorised shoppers to Norwich, the small villages and hamlets are frightened of Norfolk county council's policy of concentrating new houses and schools on the larger villages and country towns, where they can most economically be given electricity, piped water supplies and sewerage.

There has been a revolt among the rural district councils against the county planners' (and the Ministry of Housing's) policy of restricting new housing development to the centres of villages, and not allowing it to straggle. This, say the RDCs, puts a prohibitively high price on sites in or near the middle of villages, and stifles private enterprise that might help to bring some fresh life into them. However well-meant the effort to conserve the countryside, and prevent the villages from developing their own version of subtopia, the effect, in the view of the average parish or rural district, is for the planners to conspire with the railways and the bus company to kill them by attrition.

Although Norfolk agriculture is more highly productive today than ever before, the permanent labour force is still diminishing through mechanisation; and with it, the population of rural districts. To counterbalance this, the county council has successfully pursued a policy of attracting manufacturing and processing industries (often from outside East Anglia) into the country and coastal towns, but the policy has not helped the small villages, except in so far as they are used as dormitories for their larger neighbours.

The county council has not set itself out to attract fresh population from London or the Midlands—all its efforts have hitherto been to find new industries for Norfolk people, as supplements to agriculture and the summer holiday trade. However, two West Norfolk boroughs—Thetford (5,000 inhabitants) and, very recently, King's Lynn (26,000)—have independently gone into collaboration with the London county council to receive surplus London population and industries under the Town Development Act.

However, Norfolk's planning officer has now warned the county that East Anglia is regarded as under-populated, and that within the next ten or twenty years it will probably be obliged, by the sheer outward pressure of the metropolitan area, to receive a million new inhabitants. He reckoned that Norfolk's share would be at least 300,000, on top of its present population of 550,000. Since East Anglia is well placed for the Rhine and the Baltic ports, the movement into Europe will be another influence drawing people and industries towards the region.

The sardonic Norfolk countrymen, nevertheless, are not slow to notice inconsistencies. They are beginning to ask how these prophecies of rapid growth in industry and population fall into line with the present

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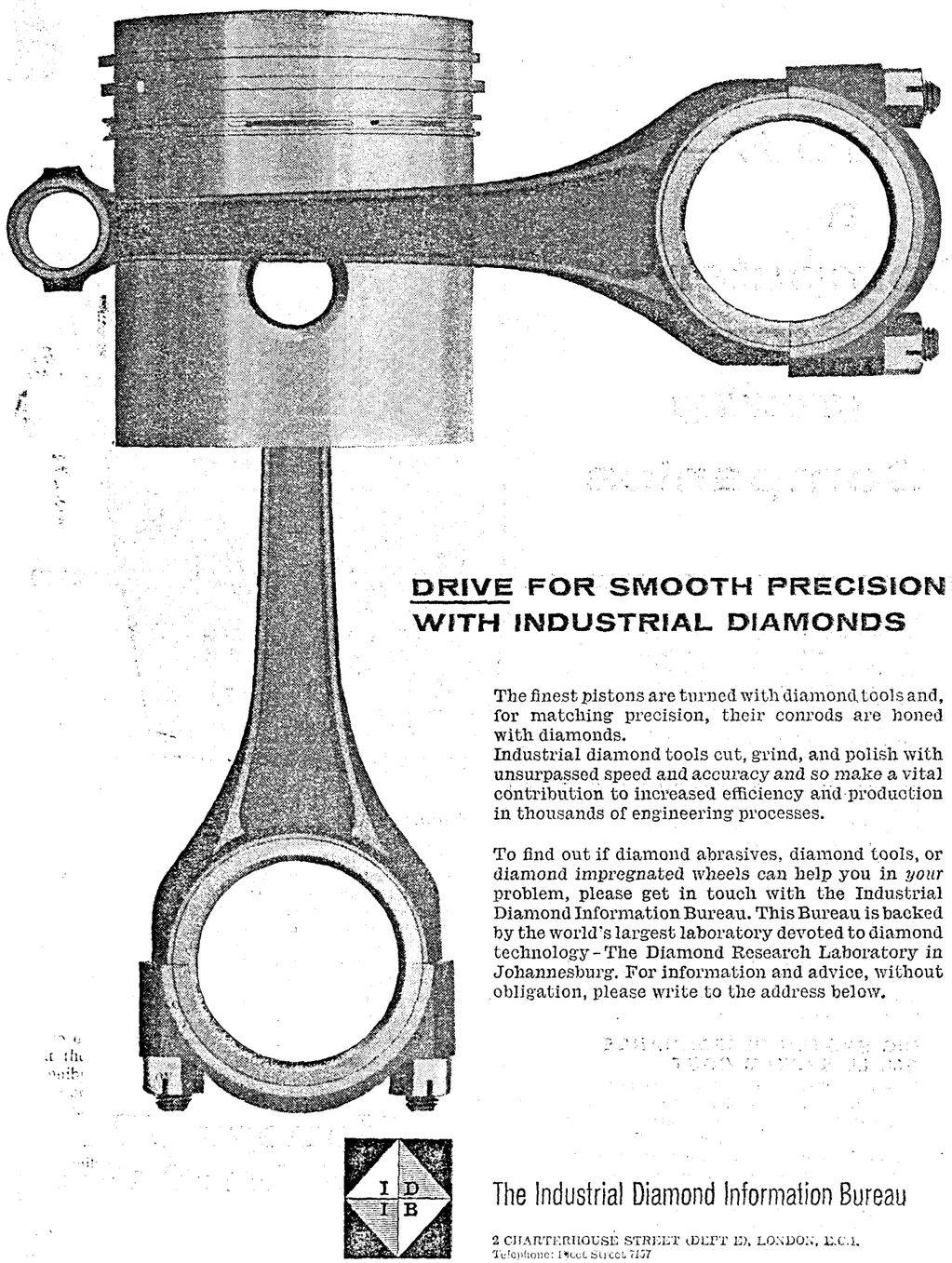
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ontraction of their rail and bus services, nd the strict control of new building in eir villages. The Town and Country lanning Association may believe in the oming influx into East Anglia, but do Whitehall and the Transport Commission believe in it?

"What I saay," drawls the countryman, out of a lifelong distrust of bureaucracy, "is seein's believin'. But as for these hare officials, yow can allus depend on 'em ter saay one thing an' dew another."





Maxton: seven victories

Stone: 500 votes

Pink Clydeside

FROM A CORRESPONDENT IN GLASGOW

THE Independent Labour party finished a shocking fourth in the Bridgeton by-election last week (see page 740), when a truncated 41.9 per cent of the electorate nevertheless gave a Labour right-winger a handsome majority in a constituency that for nearly a quarter of a century stood four-square for Jimmy Maxton. The party's demise was briskly summed up after the poll by one veteran who declared: "Man, but the ILP took a quare auld tanking this time."

Indeed it did. Even the Scottish Nationalists, fighting the seat for the first time (apart from Miss Wendy Wood's unofficial raid in 1946) did six times as well and are cock-a-hoop accordingly. But the ILP plans to come back for more, possibly after the party has gone into voluntary liquidation and re-emerged with a new title and policy with greater appeal for the militant but non-communist left. Talks are going on within the party (with feelers outside) to achieve such a regrouping, perhaps in time for the next general election.

Something of this kind was attempted over a year ago when the ILP, the Trotskyites, the Socialist Party of Great Britain, the Syndicalists, and other left-wing minorities sought a formula for coalition, but the schisms of doctrinal difference ran too deep. The current moves may fail too, although the ILP now seems to have in mind a priority rating for nuclear disarmament, relegating pure socialism some distance down the policy scale.

What this chiefly represents is a wooing of the Campaign for Nuclear Disarmament movement (now under fire itself for ducking the electoral test). Whether unilateralism is in any sense a vote-catcher is very dubious: Mr Stone probably got the unilateralist vote at Bridgeton anyway. But to all its prospective allies the ILP is an extremely wealthy organisation by left-wing standards. It has a substantial income from its splendidly equipped printing plant (idyllic trade union conditions) which produces the *Socialist Leader* and subsidises it from lucrative commercial orders. There are party branches up and down the country which own their own halls and other assets and have thousands in the bank; yet so abject has become the party's appeal that it can muster only a bare handful of ageing members.

These staunch idealists, whose faith endures because it is never compromised, are having to face their discrediting at Bridgeton as best they can. For Bridgeton itself has changed little with the years: its 45,000 electors are relatively just as underprivileged and badly-housed as in Maxton's day. They are second-class citizens, imprisoned among the drab tenements and ancient factories that characterise Glasgow's most melancholy industrial suburb. Such places bred the type of left-wing socialism that started the myth of Red Clydeside. The ILP itself flourished on the Clyde as nowhere else in Britain, and first achieved more than local prominence in the political-industrial alliance that fomented the anti-war and anti-profiteering campaigns which caused Lloyd George so much anxiety in 1914-18.

Bridgeton knew all the ILP's great names from MacDonald to Brockway and, with its neighbouring east-end constituencies of Shettleston and Camlachie, sustained the last of the party's parliamentarians, McGovern, Campbell Stephen, and James Carmichael (who succeeded Maxton himself). But all three defected to Labour shortly after Maxton's death in 1946, and since 1950 Bridgeton alone has cost Socialism in Our Time four lost deposits. Are the prospects of the Nationalists, despite their claim of achieving a significant impact, any rosier? One doubts it: they did little more than pick up the dissident vote that represents their average by-election achievement in the past 30 years. But the ILP is plainly no longer capable of picking up anything—except the last slim chance of political survival through a general reconstitution of the left.

Painted too Black



BEFORE Notting Hill there was Nottingham—only no one remembers Nottingham's racial troubles now. One of the reasons has been the voluntary and persistently humane effort by the Council of Social Service's special Commonwealth Citizens' Consultative Committee, which has been concerned to repair "weaknesses in the host society." The committee is not only opposed to immigration restrictions on West Indians, it has thrown its weight behind a plea for legislation penalising all discrimination by race. For the past two years it has collected observations, data and opinions about the 8,000 coloured people among Nottingham's multi-racial population of 313,000.

In the eight years from 1953 to 1960 the waiting list for council houses in the city shrank from 11,000 to 6,500; the population grew by 6,000; and 9,000 new houses were built—from which it may be inferred that immigrants are not using up all the housing that true-blood Englishmen should have. Nor are they packing into and smashing up the houses they do inhabit: the city's medical officer of health reports that neither disrepair nor overcrowding is more serious in immigrants' houses than it is in the rest of Nottingham. He is not altogether happy about multiple tenancies in houses which, on sanitation and service grounds, are ill-adapted for more than one family. Another, more detailed study by a clergyman confirms his conclusions.

Few immigrants are on national assistance. Few young coloured people are unemployed; but their elders are less easy to place—particularly older women, who make up 20-25 per cent of the city's female unemployed (their menfolk form only 6-7 per cent of the male unemployed). Of those coloured people who are out of work many say it is because they will not (unless in real need) accept jobs as far below their skills as those they are usually offered.

The greatest bogey held up by restrictionists is that of immigrants' health. But in Nottingham, far from being simultaneous carriers and spreaders of everything from smallpox to leprosy, the coloured population suffers mainly from digestive troubles (being unused to British food), coughs and colds; their children suffer umbilical hernia more often than English children do; and their babies get bronchitis. Tuberculosis, it is stressed, is rare.

The crime bill is remarkably clean. Nottingham's chief constable finds only that coloured people sometimes have noisy parties, which break up when the police ask them to. But, he says, "so far there is no evidence that they engage in crime." How many other communities of 8,000 people could match that?

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LETTERS

So Little Done

SIR—"Rare perception," you say, is required of white central Africans, and "the opportunity of meeting the educated responsible Africans who prove that the black man's need of human dignity is as great as anyone else's."

Surely the opportunity is there, on their doorstep, but it is not taken. In the course of three months' travel in central Africa last year I did not meet or hear of a single European family, apart from those of missionaries and teachers, that had ever entertained Africans in its own home. I do not include official receptions, which are no substitute for normal social contact; of this there appears to be none. In towns the two worlds, white and black, are just two worlds apart. On one side lives the European in his pleasant suburb, with good roads and sanitation: on the other, where such amenities end, the African, however "educated and responsible," in his location. I asked a Minister of the Kenya government what the white side of Nairobi knew about the black side and his answer was: "Absolutely nothing." A brilliant young Nyasalander, chosen for a scholarship at Cambridge, will consort there on natural terms with his fellows; but he has no hope of admission to the European society of his own country, unless independence brings a change to Blantyre and Zomba.

This complete social *apartheid* disappears the moment one enters the academic or, especially, the missionary sphere. There common sense and Christianity have ordained that the African shall be accepted as a man, as a teacher or priest, or as a superior in the hierarchy. The two universities are young. The churches are old in Africa; and to the traveller they appear to be generations ahead of all other European circles in their gradual assimilation of Africans into responsibility.

C'est le premier pas qui coûte. If Governors and a few "top people" were to invite leading Africans to their homes the rest would follow their example.—Yours faithfully, H. VAUGHAN BERRY
Aylesbury

Too Much Done

SIR—Your correspondent Mr Richard Whitehead (November 11th) asks why restrictions on the entry of West Indians should be any more reprehensible than t[illegible] on other Europeans or Chinese. It is surprising that the question should be asked: the answer is, of course, that for some three centuries the West Indian peoples, unlike Europeans or the Chinese, have been in all material respects integrated into the British economy—at our choice, not theirs—as closely as Wales or Scotland. The late Aneurin Bevan once remarked that the capital aggregations on which our contemporary standard of living depends originated in the wages which our forefathers were forced to go without. With equal validity he could have added our colonial peoples to our forefathers, except that the use of the past tense would then cease to be appropriate.

The people of Wales and Scotland succeeded long ago in establishing a right not merely to look for work in the British industrial machine but also to look for some equitable share in the resulting output. Britain is apparently too busy having it good to worry overmuch about extending the latter right to its erstwhile dependencies; now even in the former regard, it seems, justice is the one British commodity we are not anxious to export. Let us only hope that the spokesmen of our well-fed establishment will not persist in their tendency to deny that the purpose of the proposed legislation is what it manifestly is; the sole result of such efforts will be to reveal to the world the fact that we have lost even the last grace of shame for shameful acts.

I recall travelling in the United States with a West Indian colleague some years ago and experiencing mental jubilation at the expression on the face of an immigration officer of a southern state when my colleague told him, in very matter-of-fact fashion, that we were both British subjects. I am glad to have had that moment because the experience is unlikely to recur. I doubt very much if my colleague, cultured and civilised man as he is, would be so willing today to admit common citizenship with a people who, having so much, are showing themselves capable of so little.—Yours faithfully, EDWARD NEVIN
Dublin

So Much to Do

SIR—The only solution to the problem of the well-to-do council tenants that I have seen mentioned is to price them off the council estate, with rebates for the needy. But if, as originally intended, council houses and flats are provided as a social service for the poor, why not let the properties on a seven-year lease? At the end of it the family circumstances could again be reviewed, and, if warranted, a further seven-year lease be given, and so on.

After all, what was once a young family of school-age children later becomes, for a few years, a household of four or five wage-earners. If threatened by eviction on a given distant date, they would perhaps be persuaded to save enough money to buy a house or flat of their own. With a life-long tenancy there is no incentive at all, and expenditure on alcohol, tobacco and petrol rises, while homeless families are split up and living in squalor.—Yours faithfully,
Epsom, Surrey JANET A. GOODWIN

BOOKS

Fall Out from the New World

Reappraisals in History
By J. H. Hexter.

Longmans. 235 pages. 30s.

WITH the publication of these essays by Professor Hexter of Washington University, St Louis, the New World has come to redress the balance of the Old. Six of these eight essays are reprinted from various periodicals, and three of them, as Professor Hexter engagingly points out, were rejected by the editors to whom they were originally sent. Their collection is extremely welcome, for it makes their force and weight apparent. Professor Hexter is concerned with English history in the period from 1450 to 1650. He lays the sharp axe of a pioneer to such venerable oaks of English historical scholarship as Professors Pollard and Tawney; and he lops some branches from Professor Trevor-Roper's vernal growth. He is neither acrimonious nor pompous as he goes about his work of demolishing the myths of the middle class in Tudor England, the national state in sixteenth century Europe, and the now notorious rise of the gentry; indeed, the occasional wisecrack and touch of rumbustious gaiety show an affinity with Mark Twain, who showed a similar disrespect for the European establishment. But it quickly becomes apparent that a highly sophisticated as well as a robust intelligence is at work. The iconoclasm is backed by wide reading in the sources, a sensitive mind and the power to deploy detailed and intricate scholarship. Moreover, Professor Hexter is as much out of sympathy with American orthodoxies as with English. It was from the editor of the *American*, not the *English, Historical Review* that he received two of his rejection slips. Commenting on the "*indispensable* fervour of collecting vast stacks of 4 in. by 6 in. cards, covered with priceless, although somewhat incoherent bits of information," he asks us not to forget that "'He also serves,' who sometimes sits and thinks."

Professor Hexter's first article in 1938 on "The Problem of the Presbyterian Independents" set the tone of much that was to follow, for he there attacked the sharp distinction traditionally drawn between Presbyterian and Independents in the Civil War. His investigations led him to the agreeable discovery of "'Independents' who were not Independents adhering in a larger proportion than 'Presbyterians' who were not Presbyterian to a 'Presbyterian Church' that was not really Presbyterian." These "painfully negative" findings led him to produce in 1941 "The Reign of King Pym," a reinterpretation of the politics of the Long Parliament. Neither this book nor the article produced any ripples until after the war, when it became apparent that an under-water explosion had occurred, and that Professor Hexter had joined the nuclear club whose first member was Sir Lewis Namier. It was in 1948 with the paper on "The Myth of the Middle Class in Tudor England" that Professor Hexter showed his full destructive capacity. Nothing was left of this central explanation of Tudor history, and *the fall out from this explosion affected the* whole tract of time from the eleventh century to the nineteenth. Later explosions in the testing-ground of the history of ideas (here illustrated by the brilliant essay on "The Education of the Aristocracy in the Renaissance") showed the versatility and range of Professor Hexter's missiles.

He has not been content to show that many of the traditional interpretations of Tudor and Stuart history can be confronted with a wide range of evidence and shown to be inadequate. He has sat and thought to good purpose about the ways in which historians operate. He enjoys uncovering their assumptions and exposing their methods. Hence the interest of these reappraisals. They are not merely revisions in the light of new evidence, and not just statements of legitimate differences of opinion; they proceed from a well-thought-out position. But Professor Hexter recognises that historians who have entertained some very foolish general ideas have nevertheless done some very good work: good sense and a professional respect for the evidence have kept breaking in. He diagnoses only sporadic outbreaks of mild diseases, and his remedies are accordingly limited and moderate. Like Maitland, he does not believe that historians can profitably borrow the concepts of the natural sciences; like Maitland, he considers that historians should tell a story as well as analyse; and, above all, like Marc Bloch, he believes that the historian needs a richer, more flexible and more precise vocabulary. The propounding of ultimate solutions, he holds, has become a spiritual disorder; and his own suggestions are expressly limited to achieving "a slightly better way than the one now in use of talking about some two centuries of the history of the Western World." His suggestions have, in fact, rather wider implications; he wishes historians to ask questions that would require them to make less use of such words as *development, tendency, evolution, growth,* and make more use of such words as *think, consider, weigh, ponder, decide.*

There is a wealth of ideas in these essays, which combine fun with learning, iconoclasm with a respect for scholars of the past and present, disarming modesty with constructive suggestions. At one point he makes a cheerful proposal for a co-operative inquiry, but is quick to add that co-operative enterprises "have often provided a circuitous route to a general mediocrity quite easily and directly attainable without the inconvenience that they involve." Intellectual honesty and scholarly candour of Professor Hexter's kind are rare; at thirty shillings these essays are cheap—diamonds normally fetch a higher price.

The New Laisser Faire

Agenda for a Free Society

Edited by Arthur Seldon.

Hutchinson for the Institute of Economic Affairs. 192 pages. 25s.

THIS book is a collection of ten essays assessing, criticising and very often praising Professor F. A. Hayek's massive tome "The Constitution of Liberty." Professor Hayek's most recent work is undoubtedly an important one, but the claims put forward on its behalf by the editor of the present volume seem somewhat exaggerated. To class it with Adam Smith's "Wealth of Nations" is just silly, since there is no sign of it becoming a general seminal work, however much it may appeal to contemporary "liberals." Indeed Professor Hayek's basic principles do not advance very far from Adam Smith's or Mill's: that within a framework of law and morality social processes should be spontaneous so that the people can make the best of their own capabilities without government direction or interference, and that men should be governed by general laws and not by specific orders or directions. This latter point was developed fully by Dicey, although Professor Hayek justly takes him to task for undermining the rule of law by his misleading account, which attained such wide influence, of continental administrative law. Dicey was powerless to stop the growth of administrative agencies, but he was influential in holding up the growth of *institutions that would subject bureaucratic* machinery to effective control. The value of Professor Hayek's work is in the application of libertarian and neo-*laisser faire* ideas to contemporary society rather than in any striking originality of thought.

Every aspect of Professor Hayek's book is covered by the essayists. The economists outnumber the other contributors (there are six of them), but there is also a sociologist, a philosopher, and two lawyers. By far the most interesting, relevant and incisive essay is Professor Michael Fogarty's on social welfare. He shows how the whole concept of the welfare state has changed since the forties when the vision was one of an all-embracing state structure of social services. Today opinion is moving in favour of a more

selective form of state service, aid going to those most in need, and of a community where individuals can avail themselves of the state service as only one among a number of alternatives. The new Conservative pension scheme illustrates the trend.

Much of what Professor Hayek had to say about practical reforms certainly strikes one as somewhat unreal. To this he makes a tart reply that if we cannot learn from our mistakes we have made the most abject admission that we are incapable of using our intelligence ; but it is fair to point out that the role of the intelligence, especially in political affairs, is to assess the possible. Where Professor Hayek's book is most valuable is in his development of certain ideas which most people shy away from. His analysis of the social utility of wealthy men as important sources of innovation is an excellent example of his best writing.

Homeless Animals

Vanishing Animals

By Philip Street.
Faber. 232 pages. 21s.

Fly, Vulture

By Mervyn Cowie.
Harrap. 221 pages. 21s.

SPECIES of animals become extinct usually for one (or both) of two reasons. Either they are victims of what Mr Street defines as the "indiscriminate exploitation of economically valuable animals," slaughtered at a rate that reduces the population to vanishing point, or advancing agriculture renders them homeless. The cures are easy to prescribe but difficult to enforce: the choice lies between controlled exploitation of animals in their natural habitat or complete protection in some form of sanctuary —game reserve or zoo.

Being a zoologist, Mr Street leans more towards controlled exploitation because it is better for man and for the animals. Many people depend for their livelihood on several of the animals now threatened, the Eskimos hunting polar bear and walrus towards extinction just as much as the trawlermen now heavily over-fishing the North Sea. There is no reason why hunting should not continue providing the indiscriminate slaughter is checked and the annual toll kept within bounds much as whaling is controlled today. Several species have already been saved by this form of protection, but mainly in and around the Arctic where they are not in direct competition for land with domestic herds and crops.

Where this competition exists, as it does to a greater or lesser degree in all temperate and tropical countries, there has been until recently only one way of preserving wild game from extinction—by sanctuaries where all but the most strictly controlled hunting is barred. In extreme cases, zoos provide the last refuge for vanishing species, provided they can be encouraged to breed in captivity ; some of Mr Street's most interesting chapters deal with these problems of feeding and housing, and no one reading them will ever again look down his nose at zoos.

Game reserves also have their administrative difficulties, but the biggest is bringing them into being. The founding fathers of the game reserve movement are an odd collection of men who have not on the whole been zoologists, or indeed scientists at all. There was Theodore Roosevelt, President Kruger—and Mervyn Cowie, an accountant who virtually singlehanded fought the philistine indifference of white Kenya between and after the wars to start the Kenya game parks. He won his case on sentiment, not science, on the pleasure of watching at close quarters lions eat and play and wash each other's faces. In rage and exasperation he was led, as he frankly confesses, to overstate his case and overplay his hand ; he must have been an extraordinarily difficult man to deal with. But did that justify some of the quite dreadful snubs he received from his compatriots ? The pain of them is raw and fresh in this sentimental, gushing, deadly sincere book, which needs to be read beside Mr Street's pleasantly literate essays because it is the authentic, unedited raw material ; this is how, in real life, game reserves are created.

Yet Mr Cowie in his way is as much a realist as Mr Street. Both of them know that Africa is the last place on earth where game roams in much the same numbers as it has since the beginning of time. Both realise that this staggering spectacle of sheer number is what should, if humanly possible, be preserved for posterity. Both recognise that here the game sanctuary is not the answer ; it is not big enough, and the only way to retain the spectacle is to develop the commercial exploitation of this game as other threatened species of wild life are already exploited—and have therefore become valuable and worth conserving: the whales, the fur-bearing seals, the chinchilla and the polar bear. Will someone now get down to the business of showing how this can be done ?

The Federal Principle

The Structure of American Federalism

By M. J. C. Vile.
Oxford University Press. 216 pages. 25s.

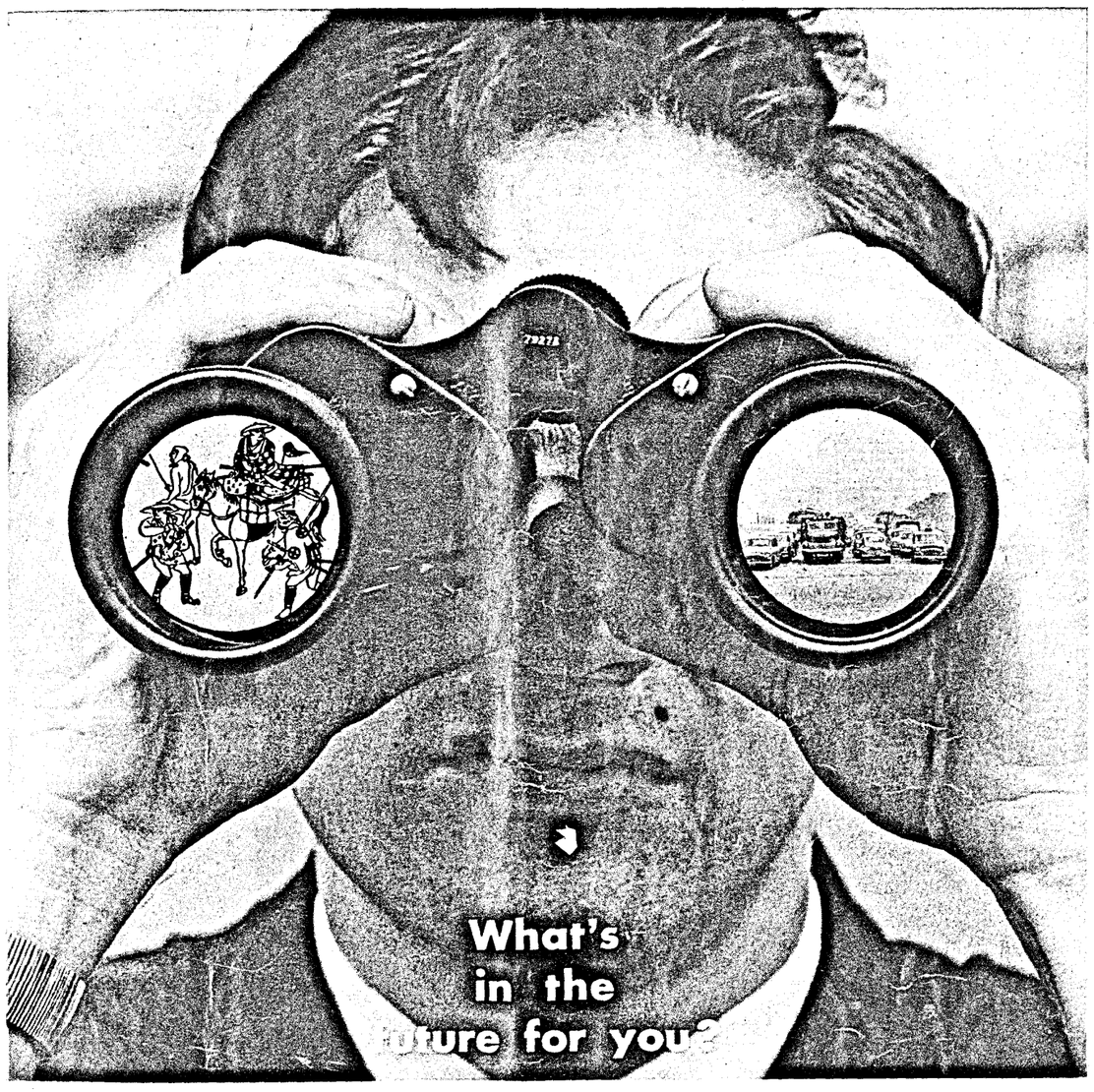
IT used to be a standing reproach by Americans that their history and institutions were little studied in British universities. And one goes on hearing it, although it has long ceased to be justified. Mr Vile's modest but important study shows that the younger generation of British Americanists need no longer confine themselves to expounding American authorities, but can make original contributions, even in a field so delicate and so quintessentially American as the interaction of law and politics in the governmental process. Although Mr Vile cannot as yet emulate Professor Brogan's ability to illustrate general propositions from a fund of detailed and often esoteric information, and although there is a certain clumsiness about his presentation of his material, he has undoubtedly made a notable contribution to an understanding of how American government actually operates.

As Mr Vile himself admits, to expound the system is one way of justifying it, and those who feel that the United States pays a high price both domestically and externally for its devotion to the federal principle will get little comfort here—but the book may have an added value from the very fact that the possibility of applying British ideas of majority rule to the infinite variety of the American scene is so firmly rejected.

What Mr Vile does is to show that the federal principle is not only a matter of constitutional law, but also the underlying factor both in the federal institutions themselves, notably Congress, and in the persistent patterns of American government, even where the new welfare functions are involved. (The broad field of economic controls through credit policy, for instance, provides perhaps the only notable exception in the domestic area.) Federalist assumptions also underlie the operations of the informal institutions of American government—parties and pressure groups. There, however, Mr Vile warns his readers against neglecting the constitutional aspect of the matter. "Excessive legalism," he writes, "has now given way, in the study of politics, to the emphasis upon party and group behaviour, but it would be a serious mistake to under-rate the role of the constitution in the working of American federalism." It is perhaps significant that Mr Vile is a product of the London School of Economics, which does not suffer from that curious wall of separation dividing political from legal studies at Oxford for instance.

The Supreme Court then, "today, no less than at any other time in American history, still stands at the heart of the political system of the United States." The fact that Acts of Congress are rarely invalidated does not testify to the contrary. It is by reviewing state legislation that the court charts the shifting borderline between federal and state responsibilities and, as in the matter of segregation, largely determines the direction in which both aspects of government must move. For, as Mr Vile rightly reminds us, it is not only necessary that the court should determine that something falls within the federal sphere ; it is also necessary that Congress should act upon this finding. Often it does not, again largely for "federal" reasons.

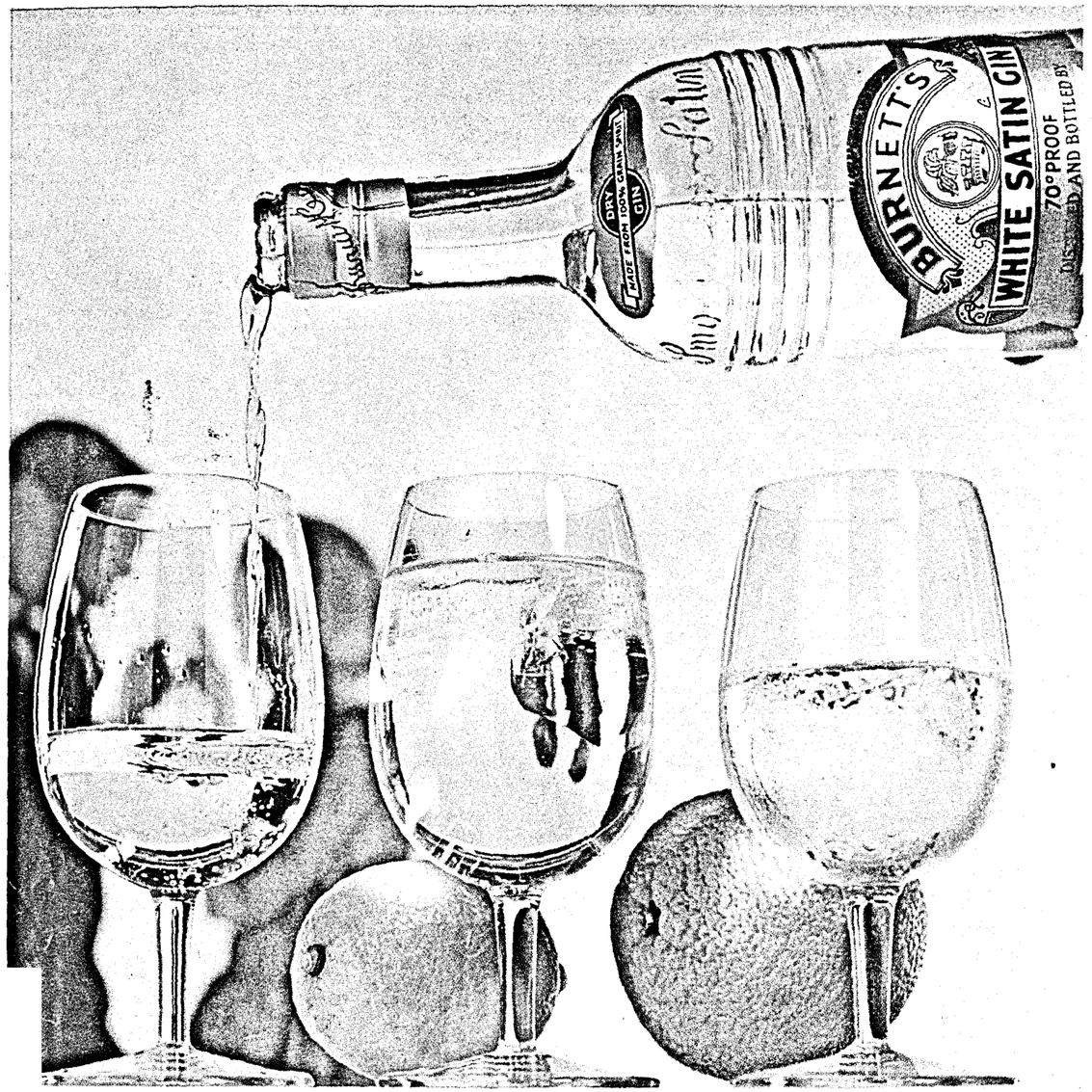
Mr Vile devotes rather less space to the complex financial relations lying at the heart of federal-state co-operation in the "new" fields of government. But he does bring out how strong the inhibitions have been against using federal resources to iron out inequalities between the states. What we end up with is no less than a new definition of federalism itself in which the word "interdependence" rather than "independence" is crucial. It is Mr Vile's contention that this is not only relevant to the present position when the commerce and general welfare



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clauses have been made to carry their modern connotation, but is indeed a concept essential for understanding the whole of American history.

Four Centuries

From Alfred to Henry III, 871-1272

By Christopher Brooke.

Nelson. 288 pages. 21s.

PROFESSOR CHRISTOPHER BROOKE, in his introduction to the period "From Alfred to Henry III," has had to face a task more difficult than that of most contributors to Nelson's new series on the History of England. Those surveying later periods have two advantages : in the first place they have probably to review only one century to his four ; and in the second, they can assume a certain knowledge on the part of the reader, which he cannot. Most people know something at least about Oliver Cromwell or Mr Gladstone, but they may know very little indeed about English history between 871 and 1272. A great deal of space in this book has had therefore to be devoted to narrative, and the four centuries with which it deals are not easily surveyed at a single view. They were centuries of crowded event ; they saw great changes in the organisation and social structure of England, and because they are remote in time, an understanding of these events and changes demands an imaginative effort both from author and reader. The whole period is ranged over by academic controversy, which does not simplify the writing of an introduction aimed to be at once comprehensive and comprehensible.

Nevertheless, Professor Brooke has achieved just this combination. The narrative, which constitutes about half his book, is lucid, and has been divided into four sections. The first of these covers the period of the Danish and Viking invasions, from Alfred to Canute—the period in which, as he puts it, the foundations of an English kingdom were laid. The next section covers the Norman Conquest down to 1087, and is followed by an excellent summary of the changes wrought by this invasion. The remaining story he tells in two halves, pausing at the death of Henry II in 1189 to discuss the effects of Norman infiltration on the outlying Celtic areas of Britain. In his last chapter, having carried his narrative safely past the watershed of Magna Carta to the year 1272, he takes stock of the developments of the period as they are illustrated by a view of England's social landscape in the mid-thirteenth century.

The lines of division which Professor Brooke has thus made are not the traditional ones, but this is no criticism of his choice. As he points out, though the period saw great changes, the various processes of change did not work at a uniform rate. The story of the peasant's life in the fields can be reviewed in a single chapter ; church history, which was more directly connected both with political events and with European developments, cannot. He has therefore broken his narrative not at the points where it is interrupted by dramatic incidents, but at the points where the effects of these can be most clearly seen. It is this that wins his book its first virtue, clarity. Technical phrases and ideas that always puzzle and confuse the student, such as "the manor" and "feudalism," are explained with a lucidity that should be the envy of scholars and a joy to the teacher. They are given, moreover, strategically, at just those points where their understanding is necessary to comprehend the next instalment of the story. The introduction provides an admirable guide to the kind of mental adjustment which is necessary if one is to understand the thoughts and actions of medieval people.

Throughout the book is enlivened by Professor Brooke's judicious asides and well chosen quotations from original sources. There is a useful discussion of these in the introduction, and there are sixteen illustrations.

High Travel

Karakoram : *The Ascent of Gasherbrum IV*

By Fosco Maraini. Translated by James Cadell.

Hutchinson. 320 pages. 60s.

THIS book is so well produced that the publishers should be congratulated as well as the author. It is a pleasure merely to handle, and is beautifully illustrated in monochrome and colour ; the colour photographs are especially good.

Fosco Maraini is already well known as a Himalayan writer from his "Secret Tibet." His new book is lighter, more exciting, reading. It describes the Italian Alpine Club's successful expedition to the hitherto unclimbed peak of Gasherbrum IV in the Karakoram. By modern standards this peak is not so high—thirty years ago, the Karakoram could be seen lying low on the horizon from the summit of Kamet, only some 700 feet lower but then the highest mountain ever climbed. Gasherbrum IV is, however, probably the most difficult peak of its size ever climbed, perhaps the most difficult in the whole of the great series of ranges enclosing India on the north.

The ascent is described with a Latin lack of inhibition that makes the book the more readable by the layman, even if the hardened British climber cannot occasionally restrain a *frisson* of embarrassment. For this he will be comforted by the evocative writing, which, if he is growing old and beginning to be conscious of a fading memory, will bring back past happiness as surely as a whiff borne on the breeze of wood smoke or of pines. The horror may here and there be laid on a little too thickly, but the humours and joys of travel in high mountains are also painted so clearly that this can be forgiven.

The author is not interested only in the difficulties of the pitch he is climbing. He is intensely concerned as well both with the characters of his companions (who, who, who chose their liaison officer ?) and with the people of the mountains, of whom he writes with sympathy even when they are most infuriating.

But in a second edition will he please use either surnames or first names and stick to them ? It is too difficult to remember that Walter and Bonatti, Ricardo and Cassin, are one and the same without frequent reference to the key. A dramatis personæ of eight becomes confusingly sixteen, and individual characters are blurred.

Wages Primer

The Economics of Wages and the Distribution of Income

By D. J. Robertson.

Macmillan. 254 pages. 21s.

THE author, who is Professor of Applied Economics at Glasgow, has aimed this book both at undergraduates and at the general reader. The idea of selling one product in two markets is only a sensible one when there is very little competition, since otherwise there is a risk that each market will be lost to a rival product specifically designed for it. In the present case there are few rivals, however, since there are only one or two British textbooks on labour economics and since international differences make foreign ones a poor substitute for British ones. The author is therefore a good applied economist.

Those of his chapters which are primarily descriptive are all excellent and well adapted both for the student and for the general reader. They include discussions of methods of wage payment, institutions in the labour market, the process of wage settlement, the structure of relative wages and the distribution of income. All are clear and fairly elementary expositions of important facts.

The chapters where economic theory bulks larger are less satisfactory, though this is not to suggest that they contain positive defects. The point is rather that the perfectly proper end of simplicity has been achieved by the means of rather discursive analysis which is insufficiently rigorous for the student and inadequate, by itself, for the general reader. Thus the section on the theory of employment in the chapter on wages in depression and the section on the meaning of inflation in the following chapter, though perfectly sound, are unlikely to meet the needs of either type of customer. Professor Robertson has, indeed, attempted rather too much. Less pure theory would have left room for more applied, as distinct from descriptive, economics. There are, indeed, several rather surprising omissions.

One of these is the recent econometric investigation of the relationship between unemployment and changes in the general wage level. This research is too interesting and important to be ignored. It is true that the relevant writings are too technical for the readers of this book, but that does not mean that Professor Robertson could not have usefully discussed them in elementary

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terms and provided his own evaluation of their results.

There are other examples. A single paragraph on the wage round is inadequate and some statistical examination of changes in the relative wage levels of different industries surely deserved a place in the book. It is true that British labour statistics are not much better than the typography and layout of the *Ministry of Labour Gazette*, but Professor Robertson scarcely tries to use such figures as are available on this topic.

Lastly, there is an important matter bang in the centre of the economics of wages which deserves quite extensive treatment. This is the relationship between the earnings of unionised and regulated employments on the one hand and unregulated ones on the other hand. The problem is an important issue in the context of wage inflation, for example. Some writers have asserted that unions can push up the wage level only when there is such a pressure of demand that earnings would have risen in any event. The argument is that if there were no pressure of demand, wage increases in unionised and regulated industries would create a downward pressure on wages in the rest of the economy, by increasing the supply of labour there, so that the general average could not rise. Even if this is all wrong, it ought to have been examined both theoretically and factually.

Wisdom and History

Four Studies of War and Peace in this Century

By W. K. Hancock.
Cambridge University Press. 136 pages. 18s. 6d.

SIR KEITH HANCOCK'S four studies of war and peace in this century were delivered as the Wiles lectures at Belfast last winter. They derive largely from his work on Smuts; from this comparatively narrow base he has been able to mount some striking penetrations into the problems of modern history. He begins by discussing war, which he thinks most of his fellow historians bother too little about. His economic training makes him find it "more realistic to think of defence and opulence as competing claimants upon national resources than to think of war and peace as separate segments of time." And his studies in political theory remind him that the individual powers live, in today's international anarchy, in just that dangerous grouping of all against all from which Hobbes inferred that state sovereignties must have arisen. At first glance some of his remarks seem commonplace:

> let governments first make clear to themselves what kind of peace they really need, and they will find themselves more than halfway to knowing what kind of war they must prepare for and fight—if indeed they find it necessary to fight at all.

Yet leading politicians of any nation can easily be too busy to notice this sort of fundamental point.

Sir Keith next contrasts the Versailles settlement with the peace of Vereeniging. This leads him to observe how much more likely it is that a small struggle, however bitter, will lead to a mutually satisfactory end than a "total" conflict on a world scale. This leads in turn to reflections on how small struggles can best be waged; and here his researches into Gandhi's early brushes with Smuts bear some interesting fruit. He concludes that a policy of non-violence may be useful against a constitutional regime that recognises the rule of law—though it is a policy of heroism, not of comfortable ease. His criticism of the King-Hall analysis of current international ills is telling: it is maintained that

> the nations of western Europe . . . lack the will to defend themselves by military means. . . . But, if their comforts mean so much more to them than their freedom, what reason have we to believe that they will summon up the will to fight the battle of freedom non-violently?

Lastly he considers the Commonwealth, the League of Nations and the United Nations as variant forms of international society. Always resolutely sceptical and clear, he doubts whether any authority yet in sight would be competent to wield the devastating powers which the two doubtfully prudent giants refuse in any case to surrender. These lectures make a short but sagacious and stimulating book.

OTHER BOOKS

THE PUBLIC YEARS. By Bernard M. Baruch. *Odhams.* 384 pages. 30s.

The second volume of this distinguished American public servant's autobiography takes his story from his entry into public life before the first world war through his friendships, and collaboration with Sir Winston Churchill and many American Presidents to the second world war and its aftermath. Readers of *The Economist* will be interested in his account of Lord Keynes: the two men never got on, largely because Keynes had severely criticised Baruch's book on reparations after the first war. The personality, deportment and irony of Keynes upset Henry Morgenthau Jr. and other leading Americans as well, and made Anglo-American financial co-operation more difficult. Baruch's account of his half-century in national and international affairs tells nothing new, but it reveals much of its author and his friends and colleagues.

ANNUAL ABSTRACT OF STATISTICS. *HMSO.* 340 pages. 25s.

Two new tables cover the United Kingdom's economic assistance to overseas countries, a third the sales of financial assets by the public sector. Otherwise, with much the same content as before and unchanged in price, this annual continues to give compactly an astonishing amount of information.

THE BOSS. By R. Lewis and R. Stewart. *Phœnix.* 288 pages. 25s.

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A GLOSSARY OF GEOGRAPHICAL TERMS. Edited by L. D. Stamp. *Longmans.* 568 pages. 63s.



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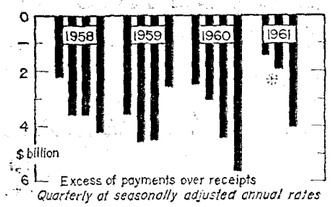
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AMERICAN SURVEY

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

Deficit Abroad— Balance at Home



NEW YORK

ALTHOUGH a great deal of publicity has been given to the deficit in the international balance of payments of the United States and to the size of its gold stock, the notion that the dollar may be in danger was regarded sceptically by Americans until recently. Hope has prevailed that the fuss would blow over; but now the public is beginning to accept the fact that the defence of the dollar is likely to be a long drawn-out affair. This is frustrating to the world's richest nation: in conservative circles it is arousing protectionist sentiment as well as demands for cutbacks in economic aid abroad and in welfare programmes at home; liberals, while eschewing neo-isolationism, are concerned that the need for safeguarding the dollar will conflict with the government's avowed objective of accelerating economic expansion. The Administration, which has been determined to avoid choosing between extremes that would run the risk of either impeding growth or placing the dollar in jeopardy, is beginning to speak out in favour of orthodoxy by promising to balance its Budget in the coming fiscal year. Clearly, Washington is seeking to apply fiscal discipline to its domestic Budget in order to avert the doubts that may arise over the growing deficit on its foreign payments.

The Administration's officials were not unduly disturbed by the worsening trend in the third quarter of this year. Their main concern is over the first half of 1962, when the expansion in the domestic economy should generate an increased demand for imports and rising corporate profits may lead to a larger outflow of funds for capital investment abroad. This would mean a further increase in the international deficit, which could trigger a fresh exodus of both European and American short-term funds from the United States. Now that so much attention has been drawn to the balance of payments, any substantial deterioration might mean renewed pressure on the dollar even if, as the Treasury claims, the basic problem is being brought under control. Washington is fairly confident that its defences will eventually bring about equilibrium, but it is somewhat vulnerable to a quick or sudden assault.

The prospective increase in the foreign deficit will reflect an expanding economy which should be counted upon as a defence in itself. After a deficit of around $3.8 billion had been chalked up in both 1960 and 1961, the first half of this year showed a radical improvement, largely because the domestic economy was still feeling the effects of the recession while most of Europe was enjoying boom conditions. With American imports at a low level and exports strong, the trade surplus in the first half ran at an annual rate of $6 billion, or almost enough to offset the outflow of government aid and private capital. This surplus dropped to a rate of $4.2 billion in the third quarter as imports went up with the recovery in business and exports levelled off. If economic activity continues to expand, then the trade surplus will shrink further; still, a period of prosperity should also attract foreign capital, for short-term interest rates will tend to rise and long-term investment opportunities will present themselves. During the third quarter, foreign investors withdrew funds from the United States but the recent advance in equity prices on Wall Street, sparked by a resurgence of optimism about the outlook for corporate profits, may bring a return flow.

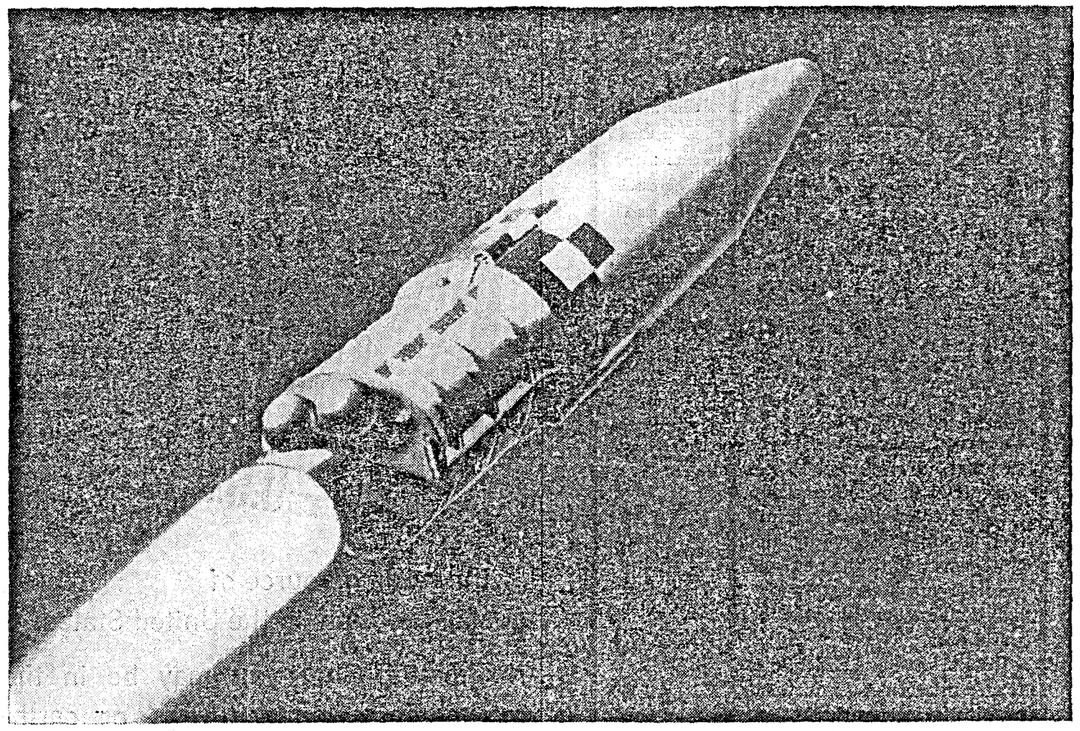
A much more serious threat will arise if the economy fails to achieve much growth. On the surface, the basic deficit would not be as large, but a lagging economy would raise doubts about the competitiveness of American producers and engender fresh fears that Washington would resort to inflationary methods to stimulate demand. Some members of the Administration have argued that the government should increase its spending to assure that there will be enough growth to absorb unemployment and excess productive capacity; they contend that the tax structure is so burdensome that it will hamper growth before full employment is achieved and that any additional restrictive measures, fiscal or monetary, would be almost certain to invite a new recession. But the Treasury —and the central bank—take the view that the economy is moving forward so that stimulants, which might encourage pressure on prices and increase American vulnerability to foreign competition, are no longer needed.

PRESIDENT KENNEDY, who listened to both sides while depending more on eloquence than action to defend the dollar, is now supporting the Secretary of the Treasury's position and his strategy. Mr Dillon and his aides are not banking on any one plan but have evolved a complex blueprint, composed of both defensive and offensive measures, designed to correct the basic imbalance in America's international financial position while minimising the restraints on the domestic economy. There is no thought in Washington of a devaluation of the dollar; this continues to be dismissed on the grounds that it would create as many difficulties as it could cure. Nor is there any disposition to carry out a massive reduction in the government account for military and economic aid. There has been some cutting back on military outlays abroad (that is, on military outlays which affect the balance of payments) and the Administration has already reached an agreement, calculated to save some $400 million a year, with west Germany. The United States is trying to persuade other countries to make similar arrangements, which in time may reduce the deficit on military spending from $3 billion to $1.5 billion a year. But there is no plan to cut economic assistance, although further pressure will be put on Europeans to increase their aid to other countries, if only to keep American expenditures for this purpose from rising.

Apart from the savings which it hopes to make in the military account, which should show up next year, the Administration is taking the traditional course of mounting an export campaign. The Export-Import Bank, in concert with a group of private financial institutions, has announced that it will provide credit guarantees for exporters. In addition they will have priority when

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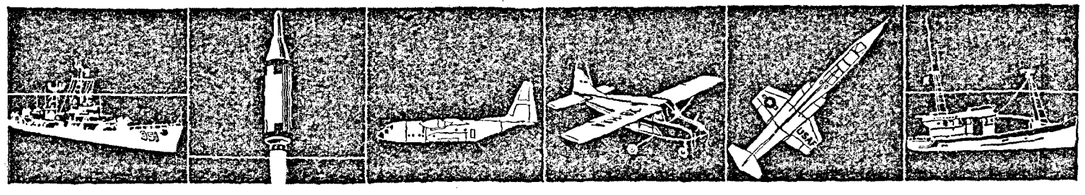


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tax changes are worked out under the Treasury's proposals for encouraging businessmen to invest in new plant. The goal is an increase of 20 per cent in exports; admittedly this will take some time to achieve but, if other items remain unchanged, it would turn the deficit into a surplus.

Meanwhile, the Administration is counting on international co-operation going beyond the recent agreement to strengthen the resources of the International Monetary Fund. Through the Organisation for Economic Co-operation and Development the United States is seeking a greater degree of co-ordination in financial policies and is working to reinforce and refurbish some of the recent bilateral arrangements that are proving so useful to both sides. Treasury officials point out that the new spirit of co-operation is in marked contrast to the almost anarchic conditions prevailing last year, when European central banks did not hesitate to exercise their right to exchange dollars for gold. This privilege is still open, of course, but the restraint now being exhibited is hardly accidental and it is clear that the United States, which has been candidly explaining its problems to its allies, feels that a great deal more can be done to ameliorate short-term strains and improve the prospects for long-term stability.

THE immediate problem, however, is the danger that the worsening of the deficit may set off a run on the dollar. On this front the Administration's direct defences are much skimpier, for it is relying on the central bank's power to increase short-term interest rates, a power which it hesitates to use too forcibly, and the restraint of foreign central banks. Both the White House and the Treasury acknowledge that psychology is the key to the short-term problem and efforts have been made to bolster confidence.

Mr Kennedy himself launched the psychological counter-offensive shortly after taking office, when he promised that the dollar price of gold would be maintained and that the entire American gold stock would be available to meet foreign claims. Although the short-term outflow—and the preference for gold—had begun to slow before this, officials credit the pledge (which any President might have been expected to give) with restoring confidence and providing the breathing spell needed to make a start in restoring balance. The resumption of pressure on the pound sterling also relieved the strain on the dollar. Nevertheless, the deficit is growing faster than the bulwarks against it and this means that the Administration must resort once again to its initial defensive tactic of speech-making.

In its new attempt to avert a crisis, the Administration is not claiming that equilibrium is in sight in the balance of payments but it insists that in the federal Budget this is in sight. This emphasis stems from the Administration's own embarrassment at being forced constantly to make upward revisions in the size of the deficit on the current Budget. The White House's willingness to seek counsel from many sources, combined with the candour of its advisers, has also resulted in damaging confusion about its policies. Now, however, the Administration is speaking with one voice and, though some of its members may have their private doubts about the virtue of a balanced Budget in present circumstances, they are no longer expressing these publicly.

To attain a balanced Budget would have considerable psychological influence, for it should convince sceptics, whether American or foreign, that the Administration has control of its finances. Budget balancing may slow down the economy's growth, but as federal spending in the fiscal year which begins next July will be higher than it is this year—with the achievement of a balance dependent on a vast increase in revenues—the Budget itself will not have a deflationary impact. In putting so much stress on a balance the Administration is making a gamble. If it fails to achieve it—or does not come close to doing so—it may invite the crisis in confidence which it is seeking to avoid.

Lectures to the Frustrated

MR KENNEDY'S four-day journey to the west coast last week—the most ambitious he has undertaken since he became President—gave him the opportunity of saying some unpalatable things that needed to be rubbed in and thus of showing those who criticise his "uncommunicativeness" that he can speak out like a national leader. By delaying his trip until Congress had gone home he made sure, however, that his words would receive attention all over the country. The President's appeal at the University of Washington, as it had been at Arlington on Veterans Day earlier this month, was for patience and good sense at a time of international danger; his theme was that America, for all its might and the burdens that it bears, cannot impose quick and cheap solutions for all the world's ills and that negotiations, to be successful, must leave both parties better satisfied than they had been before.

The West, in particular, needs to be reminded of such realities. It is the chief stronghold of the radical right-wing groups which have been proliferating ever since the reassuring figure of Mr Eisenhower left the White House. They include the John Birchers, members of the Christian Anti-Communist Crusade, and now the Minutemen, a loosely organised confederation of small units pledged to fight communism, even to the extent of becoming guerrillas in the hills if this should seem necessary to defend their country. In Los Angeles, his last stop, Mr Kennedy dealt scathingly with groups which pretend that the communist danger comes from within because they lack the maturity to live with the real peril from outside, who sow suspicion instead of confidence and equate liberalism with communism. They are the ones who believe that the only alternatives are complete victory or complete surrender and whose clamour for solutions limits the President's freedom of manœuvre. As Mr Kennedy spoke, a large group of these self-named "Indignant Citizens" put up a picket line outside. But the speech was well-timed in a week when both the Roman Catholics and the Hebrew Union were condemning publicly the extremists of the right.

The President has other reasons for feeling satisfied with his trip. He saw and was seen in a part of the United States that was not Kennedy country at the last election; then he carried only four states west of the Mississippi. He was able to underline what his Administration has done on issues that particularly interest the West, such as land reclamation, electric power, water and reforestation. He was also able to attend the funeral of Mr Rayburn in Texas, assist Democrats to raise funds and pay tactful compliments to two veteran members of the Senate—Mr Hayden of Arizona and Mr Magnuson of Washington. Both are chairmen of powerful committees and their good will will be worth having next year when the Administration's more controversial Bills are being dealt with.

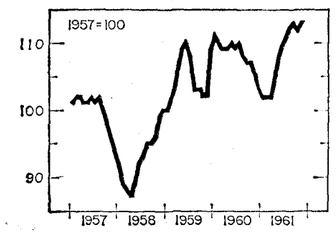
Boom-Halloo?

THE economic recovery, which went to ground in September, broke into the open again in October and should now give the business community a good run, perhaps right through the summer, without a check. However it will probably not be a very speedy one; steady but slow is the forecast for this recovery, a pace that can be kept up for a long time and that is more satisfactory than a fast spurt into a boom which will be followed by a slump.

October saw a return to August's record figure—which was bettered by a fraction—for the output of America's mines and factories. But the steel mills still lagged behind the other major industries and their production continued to decline during November; this was rather unexpected since stepped-up activity

in the plants of steel's big customer, the motor industry, was largely responsible for the general improvement in the industrial index in October, just as its decline in September had been due to the automobile workers' strike. The gaps left in car dealers' showrooms by that strike are now being filled but the manufacturers are not hurrying to finish the process. They prefer to spread the extra production well into the new year. This carries with it a danger that buyers who are kept waiting may decide to do without a new car altogether but so far there is little sign of this; demand has been most encouraging and shows no sign of falling off.

INDUSTRIAL PRODUCTION
seasonally adjusted



The excellent figures for car sales were the main reason why in October at last retail trade joined the upturning statistics, although it did not quite regain its record, which dates back to April, 1960. Evidently consumers have decided that the recovery can be counted on, that the international situation is not as critical as it seemed in the early autumn and that they may spend with confidence. This confidence extends even to such long-term capital investment as buying a new house; the number of these started in October was 4 per cent above the previous month for the second month running and far above the figure for a year earlier. And there is plenty of money available to pay for these purchases. Helped by the improvement in industrial activity, which pushed up factory workers' earnings, total personal income jumped in October by nearly $4 billion at annual rates, to a record of $425 billion.

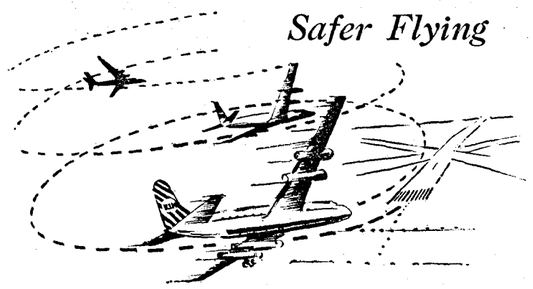
Shelter State

EARLY this month Mr Nelson Rockefeller persuaded the New York State Legislature to spend $100 million for shelters against nuclear fall-out—$15 million to build them in state institutions and the rest for grants (up to half the cost a person) to public and private schools and colleges which construct their own. Protection would be provided for more than 4 million people. So far this is the only notable result of all the alarm and excitement generated by the President in July when he appealed to individual Americans to prepare to survive a nuclear attack. Governor Rockefeller did not have to be convinced; he was working for shelters while Mr Kennedy was still a Senator. But the new concern of the public gave the project its majority in Albany, even though a number of state legislators who voted for it did so reluctantly.

No doubt Mr Kennedy hopes that public pressure will lead other states to follow New York's example, though few of them have a handy $100 million lying idle in a road fund and none has either New York's general resources or its priority as a nuclear target. Public pressure is also needed if Congress is to play its part next year, possibly by providing grants to the states for civil defence, but in any case by giving the federal government funds for its own programmes. But in the meantime the President is coming under serious and open attack for alarming people without giving them any clear idea of what they are to do; Mr James Reston suggests in the *New York Times* that the Administration is frightened by the war psychosis which it has unintentionally aroused. The clear guide-lines which the President promised last July are still lacking and even the issue of a new booklet on group shelters and cheaper "do-it-yourself" ones has been held up, apparently because of disagreements behind the scenes.

Recently a group of professors at Harvard and the Massachusetts Institute of Technology tried to revive the dispute over whether shelters are desirable at all and just last week Mr Walter Lippmann unmasked his own big guns, not to demolish the building of shelters altogether, but to blow up the idea that anything can be accomplished in a few months, even by creating a public panic. In his view the real protection against a calculated attack lies in the nuclear deterrent and shelters are useful only as insurance against an irrational, even suicidal, last throw by a cornered enemy. If, as is now believed, the Russians have fewer than 75 intercontinental missiles, fall-out shelters might indeed provide useful protection for a good many people. But however the academic argument goes, the President can hardly retreat at this point. Neither can he stand still. Already officials all over the country are reporting that confusion and the lack of clear directions from Washington are sapping the willingness to assume new burdens of civil defence.

Safer Flying



FROM A SPECIAL CORRESPONDENT

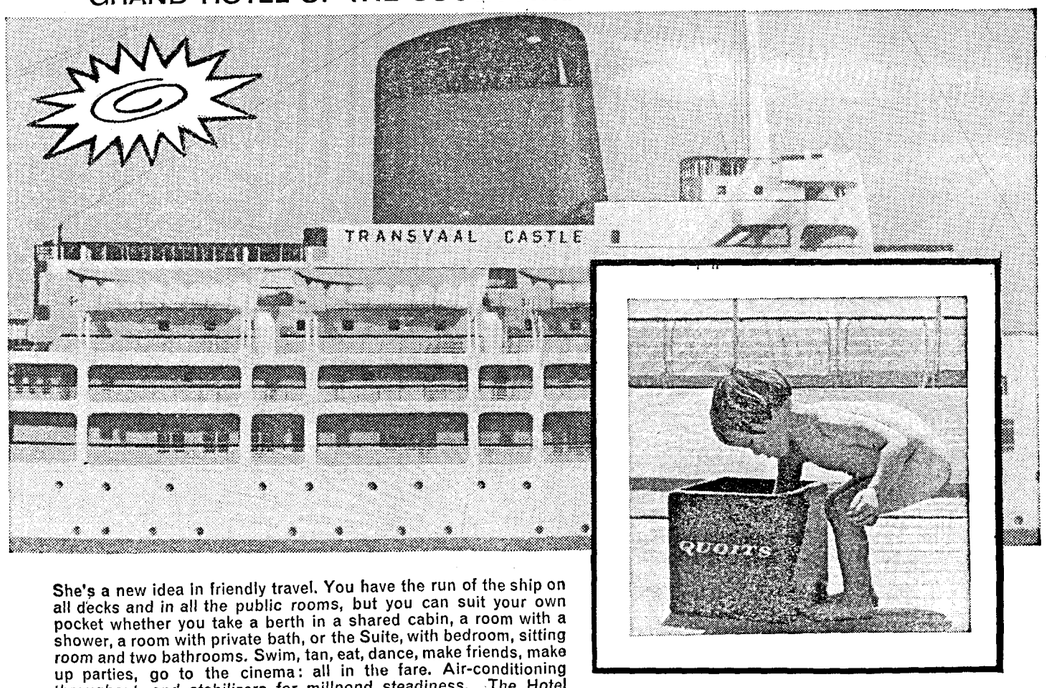
AT present delay—time wasted on the ground and in the air—is the price paid by the airlines and their passengers for safety. Holding an aircraft in the run-up area until it is cleared for take-off, or stacking it up over the airport until it is cleared for landing, is a time-honoured technique. It was in use when the first radio-equipped traffic control tower went into operation at Cleveland, Ohio, in 1931. It is still the system used to handle jet traffic at New York International Airport, even though it can now result in delays of many hours, particularly when the weather turns bad unexpectedly and all machines must be brought into a landing by the use of instruments.

According to Project Beacon, the newly published White House study of air traffic control, these delays are fast becoming intolerable. But if they are to be eliminated other safety factors, such as electronic data-processing machines, will have to be built into the control system and the system itself will have to be modernised drastically. It works as well as it does, the report suggests, only because the staff which operates it is first class, with good morale and high professional qualifications. But in the next fifteen years the volume of controlled traffic is likely to increase by about 300 per cent. To overhaul the system to meet this load will require the spending of some $500 million for capital improvements alone during the next five years, instead of the $250 million now projected; but this will be money well spent in terms of lives—and time—saved. Since all the air traffic control systems in the world, including that of the Soviet Union, are patterned in large measure after the American system, the impact of Project Beacon—many of whose recommendations are to be put in hand at once—is likely to be of great importance.

Fortunately, the 146-page study is a model of clarity, perception and good sense. The group which wrote it does not suggest (though it must have been sorely tempted to) that the federal government should take over the running of airports from local

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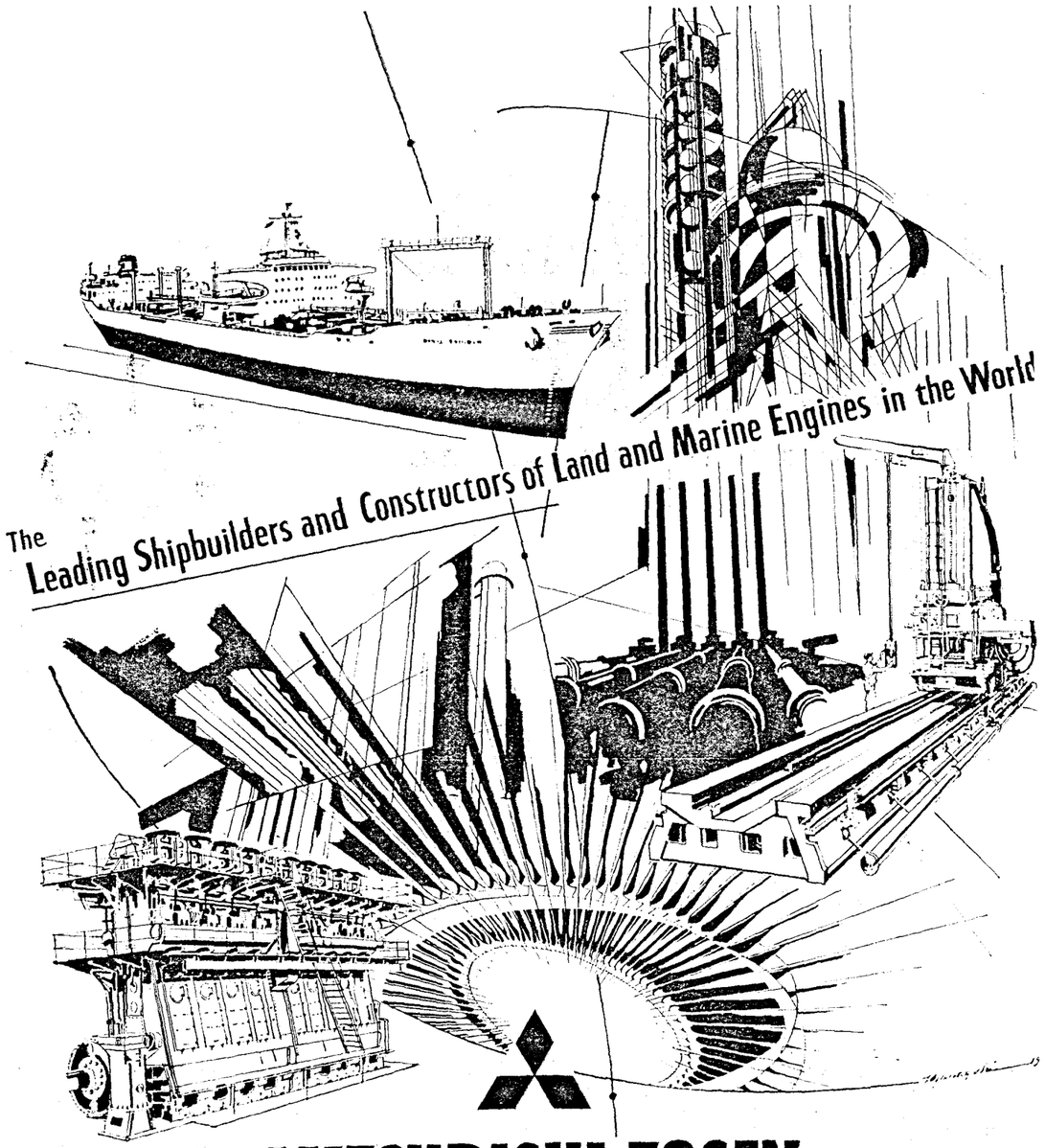
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communities as a way of solving the serious problem of overcrowding. Nor does it attempt to assess the previous policies of the Federal Aviation Agency and of its former administrator ; these often isolated the agency from the airlines and private fliers whom it was meant to serve. Instead, the Beacon members accept what they found as a basis for building a better system, though they did not praise all they found. They argue that the FAA needs a master traffic control plan, an Inspector General to see that it is carried out, and a Planning Office to keep the master plan up to date to meet the expanding needs of more aircraft which are travelling faster all the time. But they told the President that

> the Task Force found no evidence of a single system plan. There were a number of partial plans existing in the various bureaux [with] co-ordination being effected on day-to-day details rather than on the establishment of an overall plan for the agency.

To show that such a master plan is feasible, the Beacon group has outlined one. It envisions the replacement of the present cumbersome method of reporting the position and particularly the altitude of aircraft, which depends on periodic radio calls from each pilot, by a semi-automatic system which would receive its information from electronic "altitude reporting beacon transponders" carried in each aircraft. Such devices should cost no more than $500 each to purchase and install.

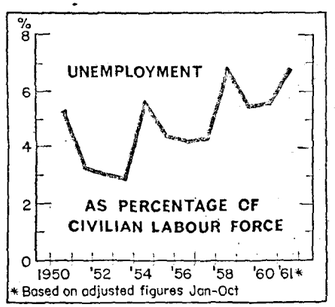
According to the report the FAA should also develop a new automatic system of ground control and departure clearance to replace the present one, which is "cumbersome and inefficient." In addition, improved lighting of runways and greater use of parallel ones would help to avoid some of today's most troublesome congestion. The Beacon technicians endorsed the FAA's decision to adopt the British visual glide slope lighting system for pilots flying in bad weather by visual reference ; it also urged the FAA to speed up its installation of instrument landing systems.

Counting the Jobless

FROM A SPECIAL CORRESPONDENT

In the last few months a considerable controversy has developed over the unemployment figures as calculated by the Bureau of Labour Statistics. These have shown a high level of joblessness (around 7 per cent of the labour force on a seasonal basis) continuously for the last eleven months, even though recently the general economic situation has been improving rapidly. This state of affairs has been used by many as evidence of the need for the federal government to take steps to create more jobs. The present argument has been stirred up largely by the opponents of such interference who contend that, by making unemployment appear worse than it is, the statistics help those who want to push the federal government into new spending programmes.

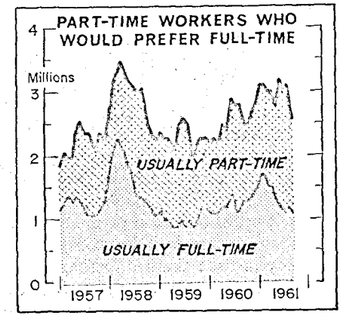
In the September issue of the *Reader's Digest* an article appeared—"Let's Look at Those Alarming Unemployment Figures"—in which the Department of Labour was accused of "juggling statistics to show progressive deterioration of the United States economic system." In a violent criticism the article maintained that the figures are inaccurate and therefore should not be used as a basis for comparing rates of joblessness in the United States and European countries, a comparison which is frequently made to emphasise the seriousness of the situation in the United States. While the article had an obvious political purpose, there is some justification for criticism of the American figures, although there is no doubt that they reflect the general trend accurately ; they prove, for example, that the rate of unemployment has doubled in the last decade.



According to the estimates of the Bureau of Labour Statistics in September, 1961, there were approximately 4.1 million people unemployed in the United States. The data on which this figure is based came from a monthly survey which entails the interviewing of 35,000 households in 641 counties and cities, with actual numerical projections being made from this sample. Included in the figure for unemployment is any person over 14 years of age who in the month of September was without a job and at the same time actively seeking work—even full-time students and housewives, for example.

In Britain no sampling technique is used and to be counted as unemployed a person has to be registered with the Ministry of Labour. The purpose in registering is both to learn of job opportunities and to collect unemployment insurance benefits ; therefore people who are not qualified for benefits may not register. Possibly the British system underestimates the extent of unemployment—the figure in September was 1.4 per cent as opposed to 5.7 per cent in the United States (without seasonal adjustment). Categories that are omitted in Britain include many married women who are not entitled to unemployment pay, some young people and some of those who are changing jobs. In the United States all such persons are included in the estimates and they may account for several hundred thousand of the jobless each month. For example, it is estimated that if teenagers were left out of the September, 1961, count of unemployed the figure would drop to 3.3 million and by 1 percentage point.

In fairness it should be pointed out that in certain ways even the high figures in the United States underestimate the problem if an acceptable definition of an unemployed person is someone who wants a job but cannot find one. The household survey method has its loopholes, for a person who is jobless but believes no job is available may genuinely answer in the negative when asked if he is actively seeking work. Furthermore, there is no special weighting in the sample for distressed areas although, by definition, the problem of unemployment is especially great in such areas. Finally, people who are working part-time but who would prefer to work full-time are not allowed for in the estimates of unemployment ; this latter group is particularly important.



The argument has become so serious that recently President Kennedy appointed a committee of six expert economists to take another look at the validity of the government statistics ; it is to examine the methods used in collecting the employment data and to reconsider the underlying definitions. It will be surprising if it gives much support to the critics.

The Beacon group was critical of the FAA for continuing to mix traffic which is operating on instruments (most high altitude flights are now made on instruments to take advantage of the positive separation and control service offered by FAA) and that which is not. This mixing of "blind" traffic with see-and-be-seen aircraft is particularly dangerous in overcrowded terminal areas. On the matter of a proximity warning device, the Beacon report merely echoed previous opinion that no acceptable device is yet available. If one is invented and adopted, the report said that it should be treated as an adjunct to the air traffic control system "rather than as a primary tool."

A great deal of the report is devoted to settling the issue of how closely a traffic control system for civilian flying should be linked to the military system for detecting hostile aircraft. Because the Beacon recommendations were unsatisfactory to the Air Force, which sought a close link, the report was held up by the White House for several weeks. In its final form, the study recommends that the Air Force should have its own highly flexible surveillance system for air traffic while the FAA should be free to develop "an optimum, modern air traffic control system built on the substantial foundation of the present system."

Dollar Sign on the White House

From the financial facts published by the Brookings Institution in a study of the presidential election of 1960 that appeared recently, two stand out. One is that a record $25 million was spent on the post-convention campaigns at a national level (an increase of 46 per cent since the election of 1956); the other is that the successful candidate, Mr Kennedy, spent $912,500 in his efforts to secure the Democratic nomination—as much, that is to say, as all his leading opponents put together. A figure that is unknown would be even more thought-provoking could it be established: the total cost of 1960's electioneering at national, state and district levels. Mr Herbert Alexander, the author of the financial section of the Brookings report, estimates that the bill may have come to as much as $175 million; Senator Morton, the ex-chairman of the Republican National Committee, puts it rather lower, at $100 million or more.

It is no wonder that even that conspicuous beneficiary of wealth, Mr Kennedy (a trifle abashed, perhaps, by the suggestion of how much he owes to mere money), has felt it necessary to do something to reduce the dependence of political candidates on large donations from a small number of rich men for help in meeting the costs of election campaigns. (Unless rich, Americans do not subscribe readily to party funds.) According to the President,

> it is not healthy for the democratic process—or for ethical standards in our government—to keep our national candidates in this condition of dependence. I have long thought that we must either provide a federal share in campaign costs, or reduce the costs of campaigning services, or both.

But federal aid might create more problems than it solved. In the name of equity minor parties would claim it as well as the Republicans and Democrats; yet to give it to them might undermine the two-party system. In the event of splits within either of the big parties it might be difficult to know to whom to give the money. And the problem of restricting the size of individual contributions would remain.

To investigate these difficulties Mr Kennedy has set up an able, bipartisan commission, headed by the author of a detailed study of campaign expenditure, Mr Alexander Heard, Dean of the Graduate School of North Carolina. The commission is to report in the spring of next year, so that Congress will have time to take any action it thinks fit on the recommendations. It will be interesting to see if either body tackles what is, apart from the size of the United States and the size of its population, the main root of the trouble, the absurdly loopholed election law. Under it no national party committee may receive more than $3 million in any one year (a ceiling so low, in American terms, that to evade it many auxiliary committees are formed, such as Volunteers for Nixon-Lodge) and no contributor may give more than $500 (but each may give to more than one committee). The present reporting arrangements are so poor that there is no record of a single Kennedy having made any contribution to last year's presidential campaign.

Fifty-fifty on Route 40

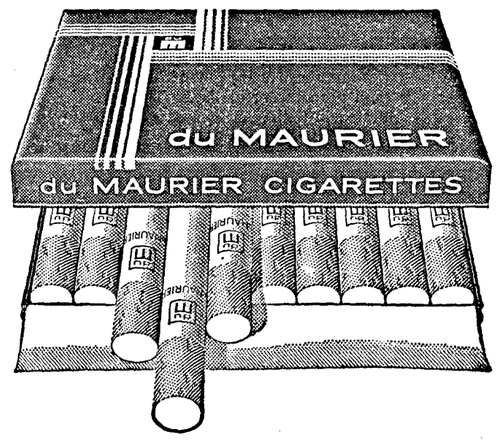
Negroes—whether they are native Americans or African diplomats—who seek refreshment along the road as they drive between New York and Washington have, from this week, about a fifty-fifty chance of equal treatment as they pass through Maryland. About half the proprietors of the small restaurants and cafes on this section of Route 40, which is much travelled by diplomats, agreed early this month to open their doors to all customers beginning on November 22nd, the day before Thanksgiving. The State Department has been disturbed for a long time by the rebuffs offered to the representatives of the new African states, but the surrender came only the day before a big "freedom ride" which the Congress and Racial Equality was preparing to stage along this route. It agreed to call off the demonstration because such a substantial number of the proprietors gave way but the ride may be revived if the rest do not fall into line by December 15th. Such "voluntary" compliance is a victory both for CORE and for Maryland's Commission on Racial Problems, which helped with the negotiations, but it may have one unfortunate result. Already there is less pressure on the State Legislature to outlaw such discrimination everywhere; even just outside Washington many restaurants still refuse to serve Negroes.

Last spring's freedom riders in the deep South also have real cause for satisfaction. On November 1st there went into effect the order of the Interstate Commerce Commission forbidding racial discrimination in railway and bus facilities—in lunch-rooms, wash-rooms and so on. Compliance has been the rule and defiance the exception. At a few places in Mississippi and northern Louisiana, city officials and police have, it is true, reinstated the racial signs which the transport firms had taken down; one operator of a terminal was arrested because he chose to obey the federal law rather than the state one which makes racial segregation mandatory. But the Department of Justice is moving energetically to have such laws declared unconstitutional. Just this week a panel of three federal judges in Mississippi knocked out three of them and agreed to issue an injunction ordering officials in one town to take down the infamous signs reading "white intrastate passengers only." Some of the southern states maintain that the federal government has no power over intrastate commerce but the federal courts have long held that discrimination in intrastate transport restricts inevitably the freedom of interstate travellers.

SHORTER NOTE

More property was destroyed by the recent fire which ravaged Los Angeles' film star belt than by any fire since that which followed the earthquake in San Francisco in 1906. Insurance payments for damage to houses and their contents may run to $24 million; the highest individual claim so far is for $260,000. The fire came after three years of drought and the speed with which it spread was accentuated because so many of the luxury homes in the area had wooden roofs and were surrounded by dense undergrowth. About 4,000 persons had to be evacuated and 460 houses were burned.

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PRIDE OF COGNAC

REMY MARTIN



Are the Tories cruel, indifferent and selfish?

Iain Macleod replies to Sir Harold Nicolson

Recently in The Observer Sir Harold Nicolson said that he had always hated the Tories, that they were cruel, indifferent and selfish. In this Sunday's Observer Conservative Party Chairman Iain Macleod answers Sir Harold's charges in an extremely animated conversation with Kenneth Harris.

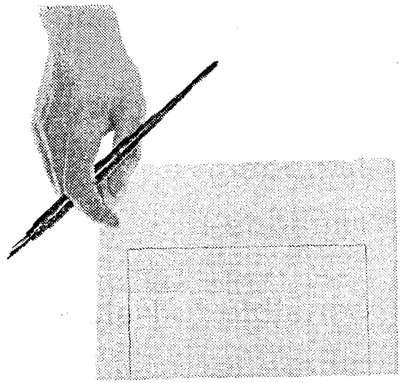
Macleod talks about what is really going on in present-day politics, about different attitudes within his party. He gives an insight into the way the parties (and the Conservatives in particular) run their Conferences.

For frankness, for forthrightness, this conversation compares favourably with the memoirs of political figures who left active politics years ago. But Macleod is a man right at the centre of things, and he is talking about what is happening *now*.

Danny Blanchflower joins The Observer
This Sunday Danny Blanchflower, captain of League and Cup winners Tottenham Hotspur, joins The Observer. He will write about football of course, and a great many other sports that interest him. His articles and reports, like his football, have a special sort of authority and originality. They are also highly entertaining. If you follow sport, you will enjoy it all the more with Danny Blanchflower.
For rugby fans:
Michael Green (of 'Coarse Rugby' fame) writes on Old Players Who Never Die.



THE OBSERVER



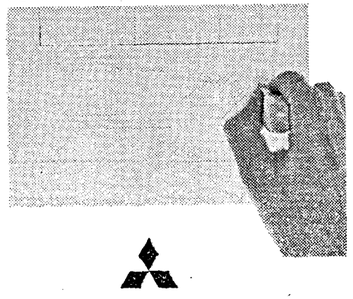
The profit mix: pen and *han*

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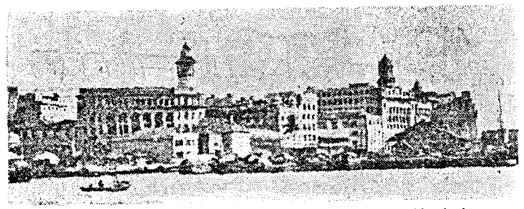
THE WORLD OVERSEAS

Malaysia: Race Against Time

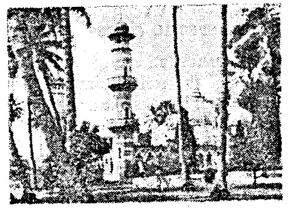
AGREEMENT between the Government and Tunku Abdul Rahman on the formation of a Malaysian federation has been commendably, unexpectedly swift. Both sides seem to have recognised that here is a race against time.

The core of the agreement announced in London on Wednesday lies in the provisions for the future of the British base in Singapore. The Malayan prime minister showed himself unexpectedly flexible, if one bears in mind that he has publicly opposed the use of the Singapore base for Seato (south-east Asia treaty) operations after the merger of Malaya with Singapore and what is now British Borneo. Under this week's agreement, the 1957 defence treaty with Malaya will be extended to the other territories of the proposed federation, but Singapore will be an exception to the treaty's proviso that the Malayan government's assent is needed before British troops are used in any non-Malayan situation. Indeed, "the preservation of peace in south-east Asia" is specifically stated to be one of the purposes of the base; in context, this phrase clearly sanctions the use of British troops for Seato purposes. On the other hand, the base is to remain British in the somewhat paradoxical sense that Britain surrenders its sovereign right to transfer the right to use it, either to Seato or to another country.

The agreement is thus a compromise, and therein lies its fragility. It will incense Singapore's clamorous left wing and may well fall short of what Mr Lee Kuan-yew, the island's prime minister, feels he can "sell" to his voters. Mr Lee has publicly committed himself to submitting the merger plan to a referendum, when all the details have been worked out. This will take time. So will the proposed steps to prepare and sound out the people of British Borneo. There will thus be opportunities a-plenty for opponents to work up feeling, especially in Singapore. Such obstacles can be overcome with good fortune; but only if the need for urgency is recognised all round.



Singapore and (below) Kuala Lumpur



Malaysian Light and Shade

FROM OUR SPECIAL CORRESPONDENT IN MALAYA

AFTER Tunku Abdul Rahman had for so long shuddered away from any suggestion of embracing explosive and unpredictable Singapore, it is astonishing to find the notion of Malaysia happily absorbing all Malayan diplomatic and political thinking. The Colombo Plan conference, which coincided with the Tunku's departure for London last week, was completely overshadowed by the contemplated merger. No Malayan minister or official even considered the possibility of any hitch or delay occurring in London. The Tunku's visit was seen only as a formality—even a courtesy. Diffident American arguments that changes in the status of the Singapore base would virtually paralyse the already palsied figure of the South-east Asia Treaty Organisation were brushed aside. Because the merger, once so undesirable, was now so highly favoured, it was bound, if for that reason alone, to be a success. In effect, having decided to take the plunge which he had so sturdily resisted, the Tunku, all agreed, was finding the water fine.

The humid, languorous atmosphere in the attractive little jungle capital of Kuala Lumpur was fairly crackling with improvisation and confidence. Singapore would now be "cleaned up." The old constitution could be easily suspended if security enforcement became difficult. The result of the referendum, which Singapore's prime minister, Lee Kuan-yew (noticeably more subdued than his prospective Malayan fellow-nationals), must submit to 600,000 voters in Singapore, was a foregone conclusion. Why? Because it would not be presented as a simple "yes" or "no" ruling on Mr Lee's proposal, but as a choice between that well-understood policy and the brash, ill-advised alternative of the breakaway Barisan Socialis scoundrels. (Comrade Lim Chin-siong's forthright counter-demands for "equality" would actually surrender control of education, labour and welfare to the federation, impose Islam as Singapore's religion, and accept Malay and English—but no longer Chinese—as national languages.)

On the risky premise that reason would match passion in the referendum campaign, it was expected that the Singapore government's lucid and temperate White Paper, issued on the eve of the Tunku's arrival in London, would set the tone and style of the arguments for and against merger. With 15 members, Singapore will rank second only to Perak province (19) in representation in the Malaysian parliament. On a basis of population Singapore should have 23 or 24; but this discrepancy, it was contended, would not cause head-breaking in the streets of Singapore.

It is, of course, a fact that the existing Singapore constitution and the present "sovereign" role of the base were, in any case, due for reconsideration and revision in 1963. In the eyes of both Mr Lee and his breakaway opponents, the base is still estimated and cherished, not as a fortification, but essentially as a welfare investment maintained by the British taxpayer to provide employment, directly and indirectly, for 200,000 workers. This enduring assessment casts a lurid light on the island-state's employment and production policies.

In Singapore, however, there are more sober reservations. No one there believes that the tough leaders of the communist-backed Barisan Socialis opposition, which controls practically all trade unions in Singapore, will quietly and uncomplainingly await the deportation or imprisonment order which is assured to most of them, under Malayan decree, as soon as the merger is effective. Malayan judgment on communist party membership is unlikely to be inhibited by strictly legal processes. Already nuisance strikes are giving a foretaste of the industrial disorders which appear certain to culminate in violence, with gathering chauvinistic, if not ideological, support from the predominantly Chinese population. The bright and shining confidence in Kuala Lumpur seems reckless and dangerous among the dark realities of Singapore.

Canada's European Perplexity

FROM OUR OTTAWA CORRESPONDENT

THE Canadian government's attempt to improve its gamesmanship in dealing with Britain and the common market, reported last week, was launched unexpectedly quickly by Mr Fleming, the finance minister, who, once he got to Paris for the meetings of the Organisation for Economic Co-operation and Development, arranged meetings successively with Mr George Ball, the United States under-secretary of State, President de Gaulle, Mr Macmillan, and Mr Duncan Sandys. His gambit is understood to have been approved by Mr Diefenbaker before he left Ottawa, but it was not foreseen by any of the government departments concerned, including his own. At press conferences in London and, on his return, in Ottawa, he revealed unmistakably that this was a new attempt to restore what Madison Avenue would call "the public image" of Canadian policy.

However it may have appeared in London, the attempt has not had much success in Canada. But this was hardly Mr Fleming's fault. He was as earnest as only he can be in assuring the Canadian reporters that his London talks had been "very cordial." He did his very best to prove that all was sweetness and light between Ottawa and London. It was true, he admitted, that he still wanted to see the text of Mr Heath's presentation of the British case to the Six in Paris on October 10th. But it was not true that he had "demanded" it, or that he had been "rebuffed" as some Canadian newspapers had reported. Admittedly he had not got it, but perhaps he would at a later date. Anyway, the importance of Mr Heath's text had been grossly exaggerated because of the great interest shown in it by British newspapers.

Mr Fleming's earnest manner lacks the persuasive charm of the bearded Commander Whitehead (tonic water) or the shirt man with the black eye-patch. But the contradictions he has had to overcome in his difficult public relations exercise might have defeated the very best publicity people in London or New York. Mr Fleming understands better than most Canadians the complex political undertones of the European Economic Community. If Britain was slow to realise how much more important the ultimate political goal is for General de Gaulle and Dr Adenauer than any purely economic considerations, it is now three years since Mr Reginald Maudling's discomfiture brought the facts home. Most Canadians have still not learned them. Mr Tommy Douglas, the leader of the New Democratic party, is still advocating that Canada should join the European common market. So is Mr Eric Kierans, the speechmaking president of the Montreal stock exchange.

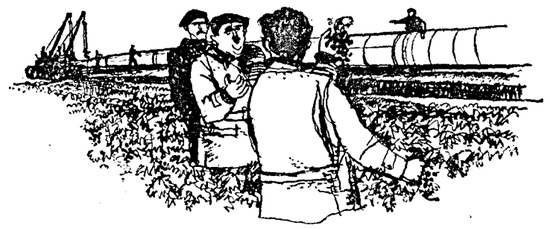
ONE question to Mr Fleming at his Ottawa press conference on Tuesday was, "why should not Canada join?" He answered that the Rome treaty conceived of the community as a purely European institution which just was not open to any outsider's adherence. But at the same moment his colleague, Mr George Hees, the minister of trade and commerce, was telling Toronto business men that his department was carrying out studies to determine whether Canada would gain or lose by joining the common market. Mr Hees also repeated an earlier statement that if Britain could not reach satisfactory arrangements with Europe, "the next step should be a re-examination of the possibilities of materially increasing trade within the Commonwealth." Mr Fleming evidently had not seen his colleague's speech, and showed that he did not think much of increased Commonwealth trade as an alternative to the common market.

All these things were embarrassing for Mr Fleming. But they signified less than the self-contradictions into which he was led by Mr Diefenbaker's gamesmanship. Loyally reasserting his prime minister's assertion that Canada could "rely on" Mr Macmillan's promise to safeguard Commonwealth interests, he said it would be "extremely difficult" for Britain to negotiate entry into the European Community without damaging Canadian trade. Plainly his interview with General de Gaulle had confirmed him in this view. It was pointed out to him that Mr Macmillan had never promised to avoid *all* injury to Commonwealth interests, and that Lord Amory, since his arrival here as High Commissioner, had always bluntly stated that some damage to Canadian interests was inevitable.

Mr Fleming's statements all suggested that he has himself acquired a perfectly realistic view of the compromises which Britain must make, and of the unwelcome choice of interests which the Canadian government will have to face. But his colleagues, and even his prime minister, are so busy finding ingenious ways to conceal reality that even the Canadian public is utterly confused. Thus a respectable Canadian position is in danger of being undermined, and public discussion of alternatives, which might produce the best policy for Canada's long-term interests, is inhibited.

See Thou Hurt Not . . .

the Oil and the Wine



BY OUR SPECIAL CORRESPONDENT

IMPLACABLY, an energetic, clanking machine is clutching a trench out of the soil of France. It is the only machine like it in Europe, and it looks like a combine harvester atop an old Mississippi paddle-boat. It moves forward at a steady walk and leaves a deep, wide ditch behind it. Busy, brawny men follow, commanding other machines to lay pipes by the trench-side; to provide heat for welding them; to wrap it round with scientific protection, and to bury the whole monstrous secret beneath the rudely disturbed earth of the valley of the Saône.

This is the creation of the South European Oil Pipeline; one of three that, from different points of the compass, will force an abundance of oil to flow towards central and southern Germany by 1963. It will be pumped through many hundreds of miles of steel-lined holes in the ground; holes under the vineyards and valleys of France; holes beneath the mountains of Italy and Switzerland; holes, perhaps, through the wall in eastern Europe. This may benefit the sellers of oil; it will almost certainly mean cheaper fuel for the industrialists of southern Germany.

This is partly because oil will no longer travel the long way round to the centre of Europe. The South European pipeline starts at Lavéra, near Marseilles; another at Genoa. Compared with Rotterdam and Wilhelmshaven, these ports save about five days (1,800 to 2,500 miles) tanker haul from the oilfields of north Africa, the eastern Mediterranean, or the Persian Gulf. Costs will be cut, too, because it is cheaper to move oil in large quantities through pipelines. The builders of the line from Lavéra believe that, initially, it will cost about half as much to take oil from Lavéra to, say, Karlsruhe as it now costs to take it round the coast of western Europe and down from Rotterdam. The Italian line will probably be blessed with cheap Russian crude oil; so, naturally,

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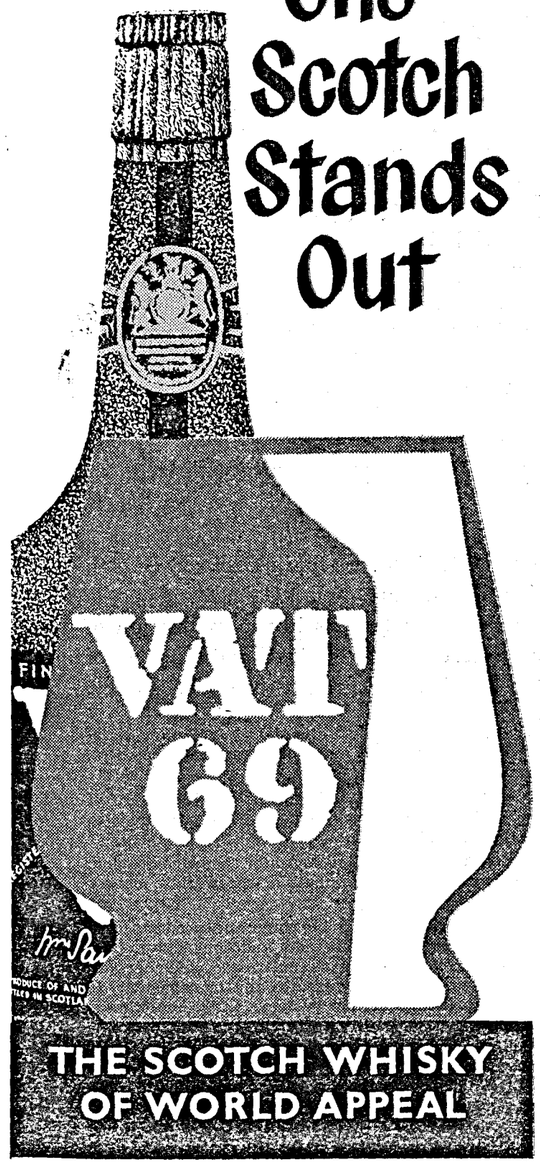
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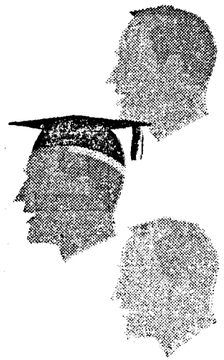
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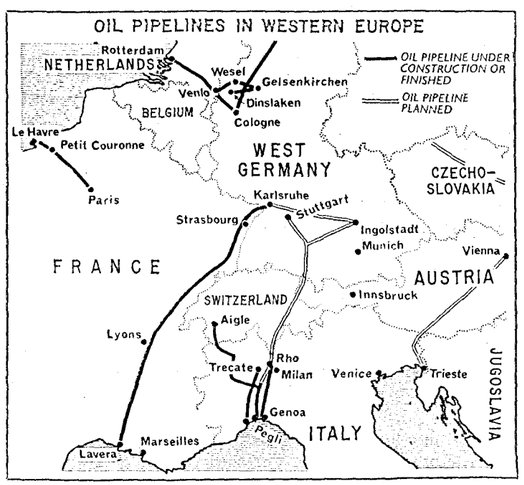
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will the line into Czechoslovakia from the east. About 70 miles of the line from Lavéra has already been buried, near Beaurepaire in the valley of the Rhône. It is never less than two feet below the ground; the payment made to the 16,000 landowners under whose feet it will pass is about one new franc a metre for right of passage.

In addition, damage to land and crops must be made good, and paid for, by the pipeline company (vines cut down take four or five years to grow again; the growers are compensated). Negotiations are usually smooth: the company reports only three per cent of *non* from difficult farmers so far. These will have to be persuaded, or forced by court order, to allow passage. Sometimes the arguments are heated: one farmer has threatened to plastic-bomb the line because it will run below his goldfish pond, a pond which, even for the good of Bavarian industry, he is reluctant to move. But, for the good of Bavarian industry, many miles of vineyard in Isère and Drôme lie wounded; cut by a desert-making crew that needs a twenty-metre swath along which to move its machines. The crew works well in desert: its members are experienced in the Sahara and in the Middle East. In France, when the managers have squared the people, the machines level the vineyards and work along a stretch of empty, rough soil that is the pipeline-layer's accustomed habitat. The pipes, with their bloom of new rust, the products of a delightedly busy French steel industry, lie in the mud as if dead, awaiting the welders and the embalmers.

Near Lavéra, a port made for oil, are the tanks that will store the black blood coming to put life in the pipes. They are tremendous, at least three storeys high it seems from the top, and the length of two football fields to walk around. Fourteen are being built. From the top of a tank, on a misty morning, the village of Fos-sur-mer can just be made out in the distance; on the spot, it is all magnified Meccano set and, thankfully, a verandah with a colonial-looking fronded roof under which to sip drinks after the visit.

Initially the line will carry crude oil 475 miles to two refineries at Strasbourg and two at Karlsruhe, at a rate of ten million tons a year. This throughput is expected to be trebled within a decade. The line, 34 inches in diameter, will be the biggest in Europe. An extension is planned from Karlsruhe, on the Rhine, to Ingolstadt, on the Danube. A new company, owned by four German and five international oil groups, has been set up to run this extension.



The whole line, it is reckoned, will serve twelve departments in eastern France, and north-west Switzerland, as well as Germany south of the river Main.

Pipelines are expensive: this one will cost about £45 million as far as Karlsruhe. A quarter of this has been put up by the sixteen oil companies that are sharing in the *Société du Pipe-Line Sud-Européen;* the rest is to be raised by bond issues. A large shareholder is Shell, which is building refineries at Strasbourg and Ingolstadt. Esso, with a refinery at Karlsruhe and another to be built at Ingolstadt, will be another large user.

Because of this preponderance of big companies, there may one day be arguments about the use of the lines. Shell and the South European company are both anxious to argue that the "common carrier" system used by the Americans would not make sense in Europe. The new European pipelines will take crude oil from the coast to the centre for refining: the argument is that the companies that build the lines and the refineries should have the exclusive use of them if they choose.

The French government, however, has decreed that if there is spare capacity in any privately owned pipeline it should be rented out to any company that chooses to use it. But the outside company would have to prove the spare capacity, and that may be difficult. The European Commission has suggested that the common market should introduce a "common carrier" system, to serve a co-ordinated energy policy. If this is done there will be much to co-ordinate.

The Russian system of pipelines will link Kuibyshev, on the Volga, with Poland, East Germany, Czechoslovakia and Hungary. This 2,800-mile system is expected to be ready by the end of 1963. The Italians, whose company, ENI, is headed by Signor Mattei, also have several lines planned. One is to branch north-west from the Po river, travel through the St Bernard pass, and, when completed, pump crude oil to the Italian-Swiss refinery at Aigle, in western Switzerland. The ENI line to Bavaria will feed refineries at Ingolstadt and Stuttgart. Eventually ENI expects to transport between 16 and 18 million tons of oil a year through its line; about a third to northern Italy, half to southern Germany and the rest to Switzerland and the Austrian Vorarlberg. The line should be ready by 1963.

If there is to be competition for sales in southern Germany, it seems as if the South European line will have the advantage of getting there first. So far, undistracted by peasants on either side of its private desert, the ruthless machine at Avignon has helped the pipeline-builders to move a tenth faster than planned. It seemed, on a wet morning ten days ago, to have even more ambitious ideas in mind.

On Kekkonen's Shoulders

FROM OUR FINNISH CORRESPONDENT

WHEN a new Finnish government takes office, after the parliamentary election and the election of a new president in February, it will be able truthfully to assure the Soviet Union that it intends to maintain Finland's policy of neutrality. Most Finns agree on wanting to stay outside the conflict between the big powers, to preserve their trade connections with both the East and the West, and to co-operate still more closely with their Nordic neighbours. In itself, this policy seems acceptable to everyone concerned; the trouble is that the Soviet Union's trust in Finland appears to depend on which politicians and which parties execute the policy.

President Kekkonen, who passed through Moscow on Thursday on his way to discuss the crisis between the two countries with Mr Khrushchev in Siberia, has refused in the past to dissolve parliament when asked to do so by domestic politicians. Now he has advanced next year's parliamentary elections from the summer to February 4th and 5th, as the result of a Russian request for assurances of continued friendly relations. Ten days later, 300 electors will meet to choose a new president for the following six years. It remains to be seen, after Mr Kekkonen's talk with Mr Khrushchev, whether this move will give him a period of grace to deal with the three-week-old Russian demand for "military consultations."

In advancing the parliamentary election, President Kekkonen was presumably aware that, when the Finns are subjected to outside pressure at election time, they generally react by favouring conservative policies at the expense of the extreme Left. The new parliament may therefore contain fewer People's Democrats (as the communists and their allies are called in Finland) and left-wing socialists than does the present Diet—an outcome which may be contrary to the unstated wish behind the Soviet request. Moreover, if the election favours the other parties, they will find it even more difficult than in the past to accept the participation of the extreme left wing in a government.



The Finns announced on November 14th that the Soviet government had told them it would demand joint defence talks, failing assurances of continued friendly relations between the two countries. The treaty of 1948 between Finland and the Soviet Union stipulates that if Finland, or Russia through Finnish territory, becomes the object of aggression by Germany or by powers allied with Germany, Finland will take up arms to resist the attack. It is thought that the Russians may be genuinely worried about the military strength of west Germany and about the growing west German influence in northern Europe. They may also fear that some political groups in Finland would applaud a development of this kind.

A sympathy for things German certainly exists among a limited nationalist group in Finland. But this is not comparable (although the Russians compare it) with the pro-German feelings of the 1930s and early 1940s. On the contrary, the Finnish government and the country's leading politicians are plainly concerned at the possibility that, if the cold war goes on, west Germany may be armed with nuclear weapons or given the right to produce such weapons. They fear that if that happened, a tougher west German policy towards Russia would soon follow. President Kekkonen is believed to have expressed this concern in conversations with western statesmen, most recently with President Kennedy in Washington.

According to the Finnish statement of November 14th, Mr Gromyko, the Soviet foreign minister, told his Finnish colleague, Mr Karjalainen, that Russia had "not the slightest intention of intervening in Finland's domestic affairs." The Finns reply that it would be interference for the Russians to criticise the appointment of leading Finnish Social Democrats or conservatives to carry out their country's policy of neutrality; even more so, for Russia to apply commercial sanctions. For some people, however, this blunt response is modified by the realisation that a small nation in Finland's delicate geographical position may not be able to afford a policy that leaves the wishes of a powerful neighbour out of account.

President Kekkonen has shown skill in his past dealings with statesmen of both East and West. It is widely assumed that, largely because of this, he will be re-elected in February. In that case, Finland's most pressing problem will not be its foreign policy (about which there is no question) but its domestic political situation. Presumably the president now realises that Finland's present foreign relations depend above all on having a firmly-based government. The current election campaign does not improve the prospects of lessening party strife. After the election, however, Mr Kekkonen will face the task of creating a majority government from the democratic parties in place of the present minority government of his own Agrarian party. The wounding charges against him of discrimination and favouritism on behalf of his political friends may then cease. The hope is that Mr Kekkonen possesses enough authority in the world's capitals, including Moscow, to gain their acceptance for a government formed on the basis of the election results, whatever they are. But the Finns fear that even their most earnest assurances may be in vain if the Russians—in their concern at the present situation in Europe and, particularly, the increase in west Germany's influence—are no longer in a mood to accommodate their small neighbour's wishes.

Hasta Luego?

GENERAL DE GAULLE carried his new policy of friendliness towards General Franco a stage further on November 16th when he received Sr Castiella, the Spanish foreign minister, and assured him of "all my sympathy" for the Caudillo and his regime, "which represents a factor of stability and social peace in Europe." This compliment, going somewhat beyond what is usually thought necessary, has been made much of by the Madrid government; it may be seen as one more instalment in the French President's payment of the debt for the Caudillo's welcome decision to repress the activities of the French right-wing exiles in Spain. But his gratitude to General Franco, though understandable, has led him into ingratitude to the Spanish republican exiles in France, who served France and Gaullism well in the Resistance and, since then, in peace. The Fifth Republic was not too proud to ask their organisations for help when the loyalty of its army was in doubt last spring. Nevertheless it forbade this summer's Spanish Labour party congress at Toulouse, though when French socialists protested it permitted the congress to be held at Puteaux. Early this month it banned all Spanish republican papers published on French territory.

The principal journals affected are *El Socialista*, a sober weekly founded in Madrid by Pablo Inglesias in 1890, and three lively anarcho-syndicalist periodicals displaced from Barcelona. All four are anti-communist and anti-Castro as well as anti-Franco. They have almost as many readers in Latin America as in western Europe.

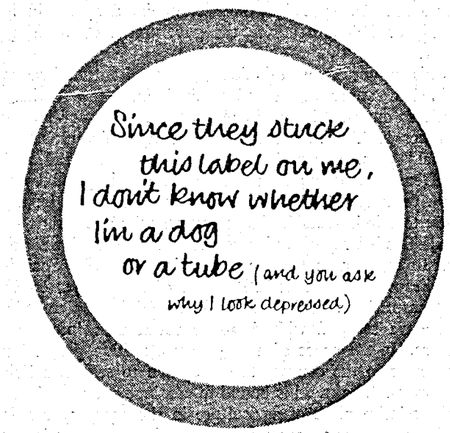
El Socialista can, of course, count on the support of the French socialist parties and trade unions (which, like the liberal *Dépêche du Midi* of Toulouse, have uttered strong protests), and its staff have sufficient faith in French democratic habits to be confident that the ban cannot be permanent. The paper's last issue, published the day after the government's decree but ante-dated to evade it, bore the front-page headline: "*Hasta luego.*" For the other three papers it may be different. Who, in these days, will break a lance for the anarchists? For these ideological orphans, the ban might well mean *Adiós*.

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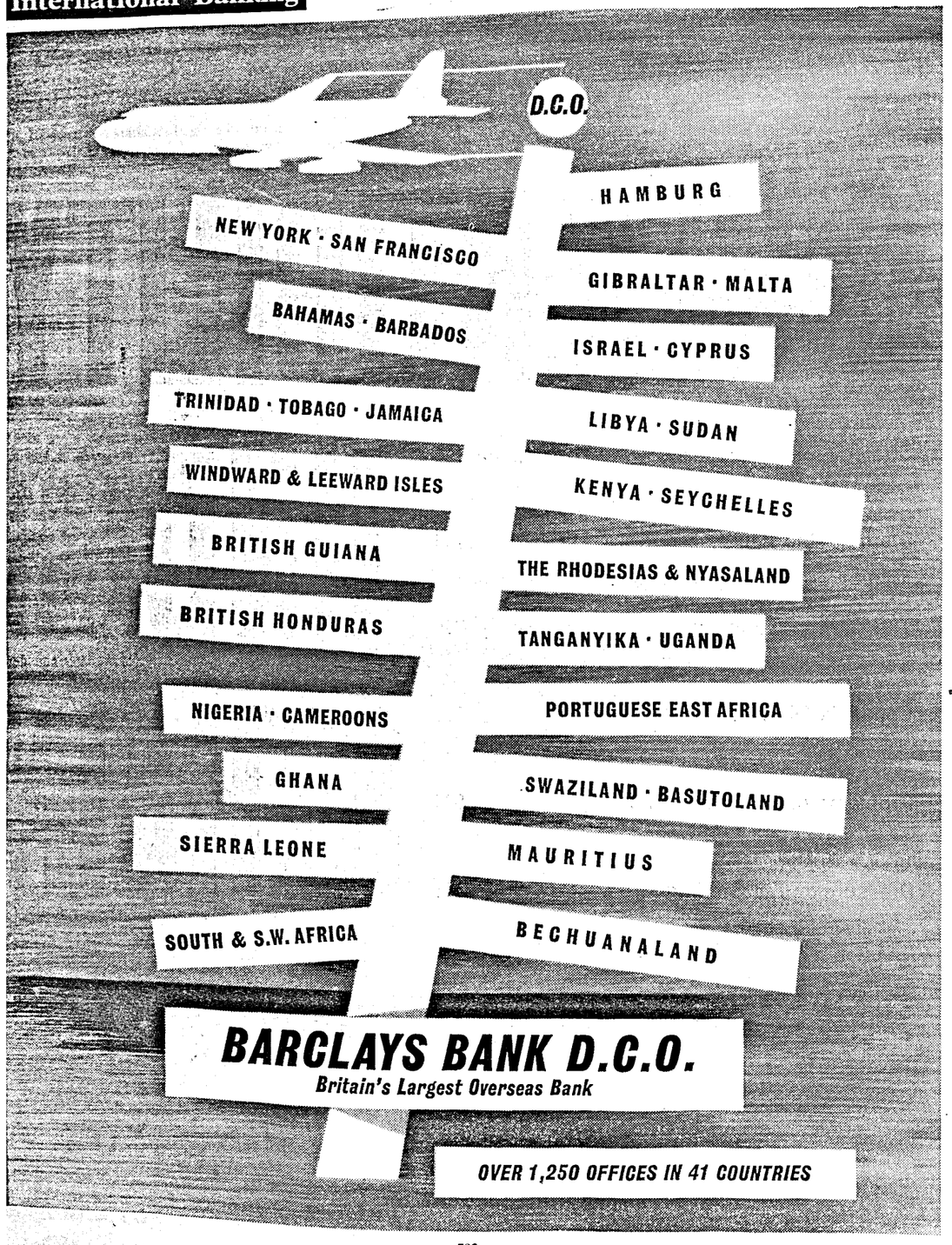
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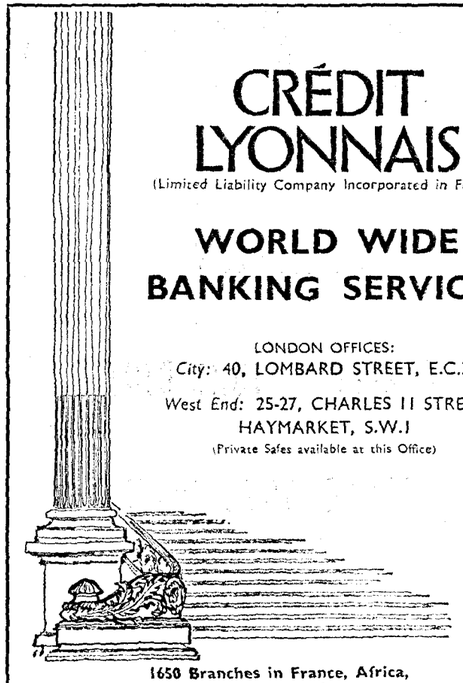
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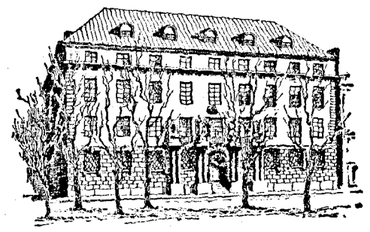
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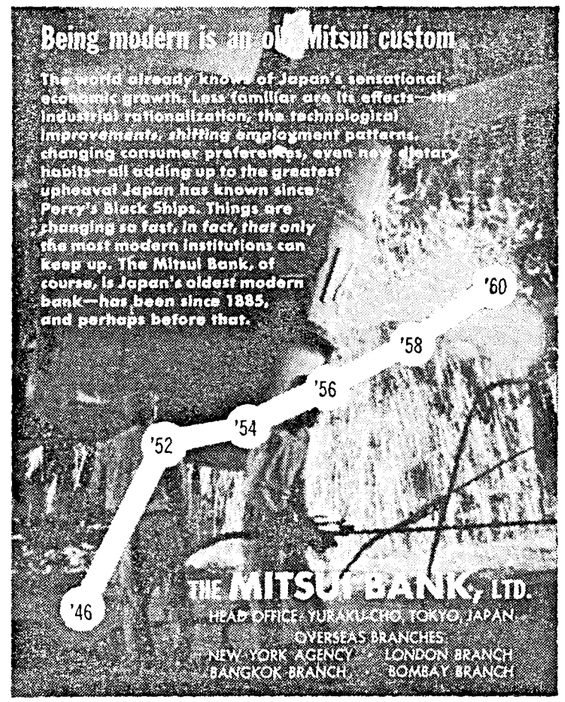
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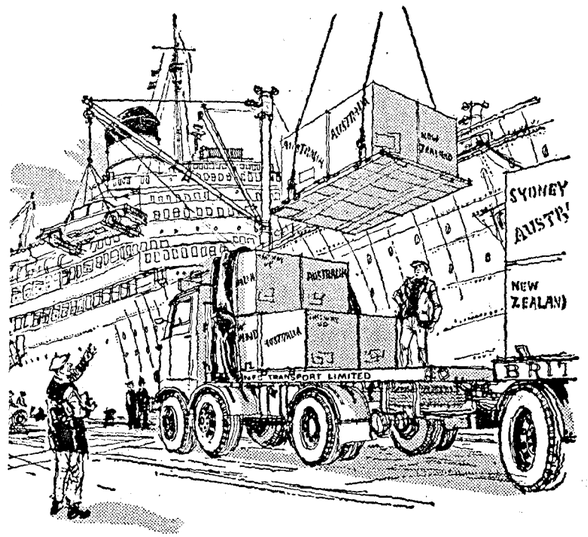
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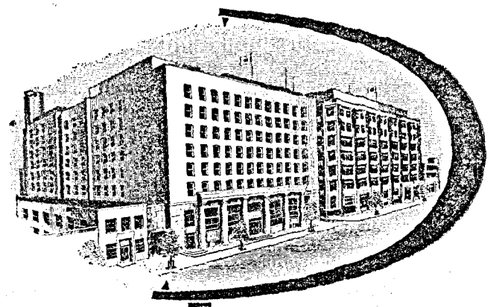
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GROWTH OF A NATION: In a series...No. 9

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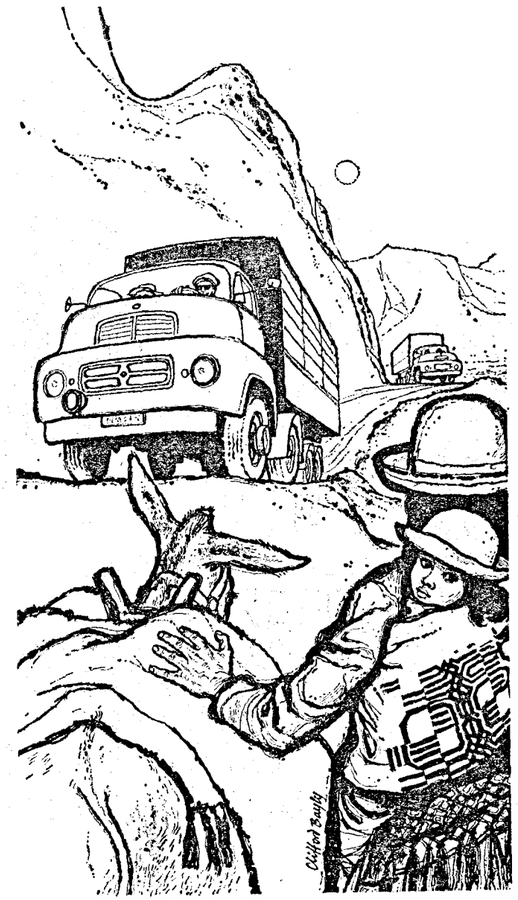
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The basic defence against inflation, which lies not in any monetary formula but in the state of public opinion, is in any case by no means weak at present. In the Continental countries in which raging inflation has within recent memory caused violent disruptions in economic and social life the fear of another inflation is of course obsessive. But even in Britain and the United States rising prices are nowadays domestic political issues ; and the spread of personal savings, which in these countries are still based to a large extent on a fixed monetary value, is adding to the anti-inflationary pressure group all the time. There is no reason to believe that the United States or Britain are now more willing to allow rising prices than the Continental countries ; the difference is rather that, because of differences in their past monetary experience, economists in the Anglo-Saxon countries are not so inclined to see inflation under every bed. Above all, they broadly accept the Keynesian doctrine that inflation is produced by the balance of purchasing power in the economy as a whole, and not by the balance of the budget as such. On the Continent, by contrast, this approach is still rejected by an influential section of academic opinion ; while in the world at large it has made little mark with practical bankers. The final nonsense is that although every country draws up its budget in a different way, the same mystical importance is attached to the balancing of these quite different quantities.

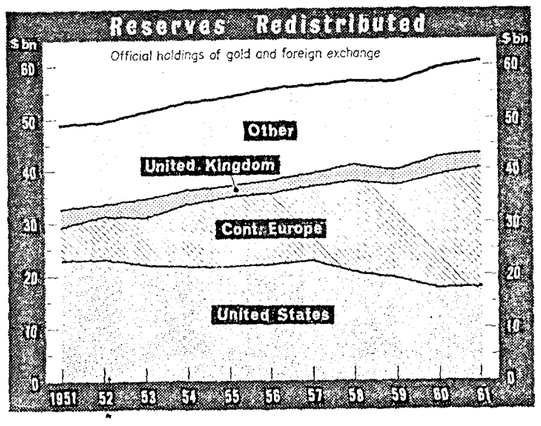
There is a remarkable failure of understanding here between Keynesian economists and practical bankers, which is at bottom responsible for the present currency impasse. That the impasse exists can hardly be disputed. There is in the present international system no specific machinery for adjusting balances of payments. Exchange rates of the major currencies are demonstrably difficult to shift. Import controls are being abandoned. Yet the obvious alternative means of taking the strain, international credit, does not exist on an adequate scale, and a key group of countries—which not coincidentally happen to be the existing international creditor countries—have made it clear that they have no intention of creating it. They are willing to provide credit in limited quantities on an *ad hoc* basis, to be administered by an international body, the Fund ; but they reject out of hand the concept of a powerful Fund with large and flexible resources at its disposal. It may be that this is an argument about power—central bankers, when they are in a position to choose, have no more predilection than any other professional men for passing their power into other hands—or it may be about principles. The impasse remains, and year by year the ratio of reserves to world trade shrinks. The strains that result themselves produce uncertainty about the maintenance of existing exchange rates, so that the cardinal advantage of the fixed-rate system, which is to provide a basis of certainty and confidence for international financial dealings, is itself largely lost. In addition, the attempt to maintain fixed rates in an inadequate credit framework involves irrational restraints (i.e. restraints not justified by the state of the domestic economy) on major economies such as that of the United States, and thereby puts artificial limits on world trade and production. Something has to give. If it is not to be the present system of fixed-rate convertibility, some speedy rethinking will be needed in the financial world.

Strategy for the Dollar

To defend the dollar without damaging the economy, the United States authorities need a new attitude to interest rates—and to budget rituals.

THE widespread attention fastened on ways of easing the world scarcity of dollars throughout the early postwar period had one major unintended result: when, largely as a fruit of those earlier efforts, the United States balance of payments deteriorated in the late fifties, the turn-round from dollar shortage to dollar plenty came as a special shock. The portents discerned by a few analysts in 1958 made their mark with the world banking community in 1959 and with the financial public at large—and equally ominously with foreign central bankers—in 1960. After the explosion on the London gold market on October 20th last year nothing was again the same. It had one positive result. The United States authorities realised at last that they too had to keep conscious watch on their balance of payments and on day to day movements in exchange markets : God, it was finally established, had given no special currency dispensation to the United States. The adjustment in the official mind proceeded remarkably quickly with the advent of the Kennedy Administration, which pledged the whole of the gold stock of $17½ billion to defend the present external value of the dollar ; but there is still a good way to go, above all in clarifying ideas about the international orientation of monetary policy and, consequently, in achieving greater flexibility in fiscal policy.

In the past four years the United States balance of international payments has changed course serveral times. The current balance, which in 1957 exceeded $8 billion before debiting military expenditures (the figures in the table show quarterly rates) thereafter fell steadily until it almost disappeared in the second quarter of 1959. The net balance, including all capital items, was then in large deficit ; the annual deficit in both 1958 and 1959 was $3½-4 billion and there was then little outflow of short-term capital. From mid-1959 on, the current surplus recovered.



Exports rose rapidly in 1959 and in the first half of 1960, and at this point, while exports remained on their high plateau, imports fell sharply. In the first half of 1961 the merchandise trade surplus reached $6 billion at a seasonally adjusted rate—its highest for a decade with the exception of the Suez aftermath.

The deficit on current and long-term capital account (the "basic deficit") was swollen in 1960 by Ford Motor's purchase of its British subsidiary for $365 million ; even so it was reduced from its 1958-59 level of $3½-4 billion to under $2 billion. In the first half of 1961 current and long-term capital payments were broadly back in balance, even without Germany's advance debt repayment of $650 million ; but in the third quarter, as business recovery took some of the buoyancy out of the trade surplus, a basic deficit probably reappeared.

The most striking feature of the US balance of payments throughout the period is that there has consistently been a surplus on current account, if military expenditures are excluded. The surplus has not been large enough to cover the special government expenditures together with long-term and short-term capital movements. Nevertheless the point should not be lost that the drain on United States reserves could have been stopped even in the worst year of 1959 if foreign aid and military expenditure abroad had been drastically pruned.

The big improvement in the current account from the beginning of 1960 to the middle of this year was partly a reflection of the different timing of the trade cycle in the United States and the rest of the world. During 1960 and early 1961 Western Europe and Japan were booming vigorously while the United States was still in recession. Because the United States constitutes a marginal source of supply for a number of raw materials, shipments tend to increase sharply in the later stages of a foreign boom when normal supply cannot meet all demands, and this appears to have happened during 1960 and 1961.

Because cyclical factors contributed to this improvement, and are now reversing it, fears are still expressed in some quarters that the United States is no longer fully competitive in world markets. Similar fears, indeed, are to be heard in almost every major exporting country nowadays ; and neither the price level nor industrial labour costs as a whole have risen faster in the United States than they have in other countries recently. There is some evidence, however, that in the important fields of steel and engineering products, US costs and prices have risen faster than in other sectors of its economy and faster than those of its main competitors. The recent OEEC report on inflation shows that prices in the "metals and metal products" sector rose by 21 per cent in the United States between 1953 and 1959: the largest increase in Europe was 11 per cent in Norway. This may be a source of future weakness for American industry.

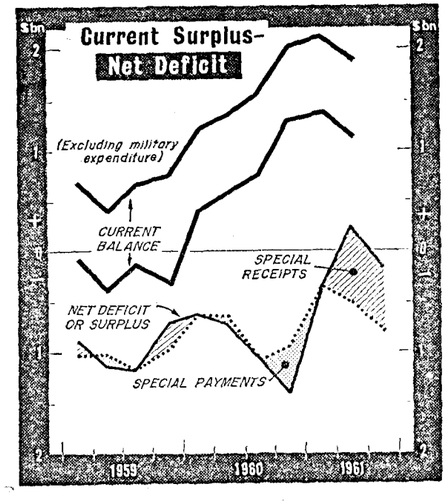
The flow of private American capital abroad, both long-term and short-term, has been considerable in recent years. Long-term private investment seems likely to remain strong in the future despite the discouragements of expropriation in countries like Cuba and political troubles in many parts of the world, for there is still a growing world demand for some primary products, and many attractive opportunities remain for investment not only in primary production but also in manufacturing, especially in Europe with its growing markets and lower manufacturing costs. At the same time, income on investments is likely to increase as the flow of new capital and the ploughing back of undistributed profits of subsidiaries expand the size of earning assets. So the balance here might even improve. In any case no major net drain is likely in this sector. The movement of short-term capital, however, has recently become volatile ; greater confidence in the stability of major European currencies has made United States liquid funds much more sensitive than in the past to differences between the rates of interest prevailing in the main centres of the international capital market. The outflow of $1½ billion in the second half of 1960 slowed down in the first half of 1961, but it still totalled around $1 billion. Part of this year's outflow of short-term capital is associated with the financing of trade, notably in the granting of commercial credits to Japan, but a considerable proportion must have been attracted by higher interest rates abroad.

The effect of exports of capital on the balance of payments is extremely complex. Direct foreign investment, by establishing plants abroad, is likely in the short run to have a favourable impact on the balance of trade to the extent that it stimulates the exports of US capital goods and semi-finished goods for assembly abroad. But, in so far as American-owned foreign plants produce finished goods in competition with United States manufactures and even export direct to the United States, the effect on the balance of trade and the balance of payments will be unfavourable. It is difficult to generalise over so varied a field, but there are reasons for believing

US BALANCE OF PAYMENTS, 1957-61
($ million ; quarterly figures, seasonally adjusted)

	1957	1958	1959	1960	1960 III	1960 IV	1961 I	1961 II
		(Quarterly rates)						
Exports :								
Merchandise*	4,848	4,066	4,071	4,852	4,927	4,995	5,054	4,751
Services	1,835	1,765	1,857	1,973	1,927	2,058	2,060	2,136
Imports :								
Merchandise	−3,323	−3,238	−3,824	−3,681	−3,674	−3,433	−3,394	−3,410
Services†	−1,117	−1,172	−1,283	−1,389	−1,402	−1,344	−1,368	−1,383
Pensions and remittances	− 175	− 180	− 198	− 212	− 207	− 230	− 210	− 221
Current balance†	+2,068	+1,241	+ 623	+1,543	+1,571	+2,046	+2,142	+1,873
Military expenditures, Government aid and capital (net)*	− 791	− 853	− 777	− 762	− 798	− 727	− 759	− 748
	− 644	− 647	− 496	− 687	− 605	− 868	− 869	− 24
Private long-term capital (net)	− 639	− 628	− 397	− 586	− 534	−1,019	− 281	− 452
"Basic" balance	− 6	− 887	−1,047	− 492	− 366	− 568	+ 233	+ 649
US short-term capital	− 64	− 77	− 19	− 328	− 534	− 539	− 559	− 104
Errors and omissions	+ 187	+ 95	+ 131	− 162	− 212	− 327	− 25	− 296
Net deficit—settled by gold and dollar balances	+ 117	− 869	− 935	− 982	−1,112	−1,434	− 351	+ 249

* Excluding military transfers under grants. † Excluding military expenditures. Source : US Department of Commerce.



that investment in the advanced manufacturing countries such as Western Germany and Japan is more likely to damage the US balance of payments than investment in underdeveloped countries.

The changes which contributed most to the improvement in the balance of payments in the first half of 1961 were in both long-term and short-term capital movements. These improvements reflected on the one hand some special receipts such as prepayment of German debts, and on the other a restoration of confidence in the stability of the dollar after President Kennedy's firm expression of determination to maintain it. The improvement in the balance on goods and services reached its height in the first quarter, and is now being reversed in some degree. The improvement of 1959-61 was based partly on the comparatively low level of business activity in the United States, which kept imports in the last quarter of 1960 and the first quarter of 1961 at a seasonally adjusted annual rate of about $2½ billion below the previous peak in the middle of 1959. Now business recovery is gaining momentum in the United States, and the rate of expansion in Western Europe and Japan is faltering: imports have already turned upward and the decline in the trade surplus was a major factor in the widening of the net monetary deficit to $800 million in the third quarter. In the short term, United States exports appear to be vulnerable in one or two specific fields. Exports of jet aircraft are not likely to be maintained at the high level of late 1960; and the expansion of capacity in some of the major steel-producing countries will probably reduce US steel exports of certain qualities. On the other hand certain imports which have grown most rapidly in recent years, such as meat and motor cars, are more likely to fall than to rise.

ALTHOUGH recovery in the United States may cause some worsening of the trade balance with Europe and Japan, it could after a small time-lag improve prospects in other parts of the world such as Latin America and Canada; for present slackness in business in these countries is partially attributable to the weakness of United States demand for their products. Imports of raw materials into the United States are now likely to rise, with a consequential improvement in the export earnings of the primary producing countries and their capacity to buy back from the United States.

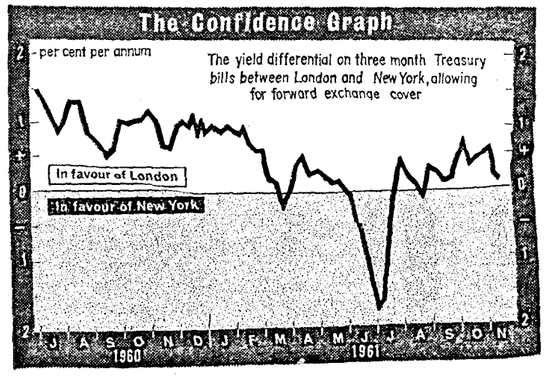
On long-term capital account, increasing prosperity in the United States, by giving bigger incentives for American businessmen to invest at home, is likely to provide a counter-attraction to direct investment in manufacturing capacity in other industrial countries —though desire to get established inside the European common market is likely to be a contrary influence. At the same time, increased need for working capital at home should reduce the incentive to employ idle corporate funds abroad.

As noted above, the movement of short-term capital has been persistently adverse in the past two years—without it the US balance of payments would have been in net surplus in the first half of 1961. This item in the balance of payments, more than any other, should be quickly amenable to policy; and now that the domestic economy is moving upward there is an especially strong case for the Federal Reserve and the Treasury to encourage directly the rise in interest rates that is a normal accompaniment of a cyclical upswing. The main effort should be on short-term rates, which have most influence on international interest arbitrage. During the recession the US authorities sought to prevent short-term rates from falling further, to prevent a widening of the interest differential. Now they can afford, domestically, to help close the international gap by pushing their own rates upward. Countries in Continental Europe have themselves been reducing their interest rates and thus bringing these closer to the United States level, and this movement can be expected to continue if their business activity slackens.

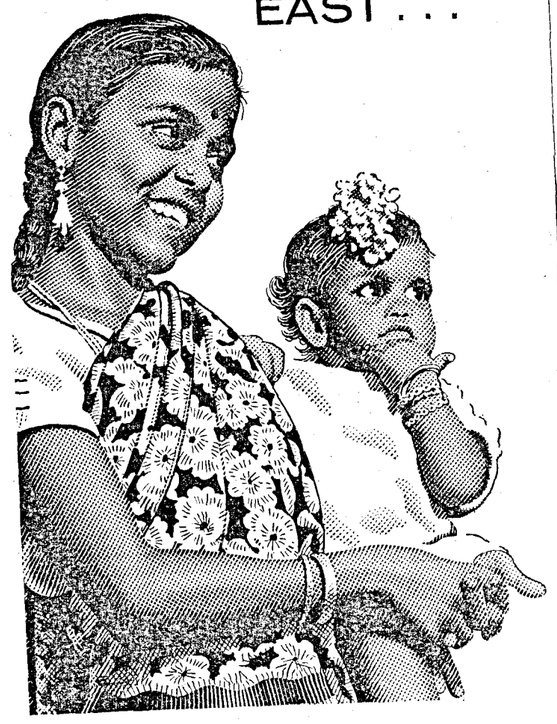
THUS while the constellation of a business upswing in the United States and a slackening in Europe may have adverse repercussions on the US trade balance, it should have favourable repercussions on the flow of liquid funds—just as the 1960 contrast of recession in the United States and boom in Europe helped the US trade balance but stimulated the capital outflow. But if the flow of short-term capital across the Atlantic is actually to be reversed, the monetary authorities in the United States will have to put still greater emphasis on international considerations in their policy decisions. For the time being, admittedly, they will have to reckon with Britain as a relatively high interest rate country: the aim should be to establish an interest rate differential in favour of both Anglo-Saxon countries against the Continent of Europe.

The United States authorities may therefore find it desirable to act on the flow of private capital by following interest rates abroad more closely and relying mainly on fiscal measures, including, if necessary, a substantial budget deficit, to eliminate unemployment. One big practical trouble here is of course that the financial community, both in the United States and abroad, is still highly suspicious of budget deficits in any circumstances. [illegible] only possible response to such irrational fears is to counterbalance frontally. The United States authorities should gain isolation. educating the financial public to fix its eyes on[illegible]ought to presenta- of the economy at large, rather than [illegible]ows deficits where other They could also give a good deal of [illegible]discovery of Britain's "below tion of their budget, which at [illegible]The key task is to align the budget countries would show a [illegible]nal income accounts and thereby put the the line" would be [illegible] in perspective. The automatic association accounts with [illegible] role of fiercles of budget deficit with inflationary finance must in [illegible]sted and refuted.

So far, regrettably, the US authorities show little sign of taking the bull by the horns. The Secretary of the Treasury, Mr Dillon, has chosen to skate over the current budget deficit, and has made advance promises to eliminate it next year. In the end, high interest rates are likely to be a much more effective pull in the international market than a ritually balanced budget: and if high interest rates are to be acceptable domestically, some budget rituals may have to be broken. Despite the likely deterioration in the United States trade balance in coming months the US authorities should be fully capable of defending the dollar internationally; but they cannot necessarily do so by adhering to the more old-fashioned of the market's maxims.



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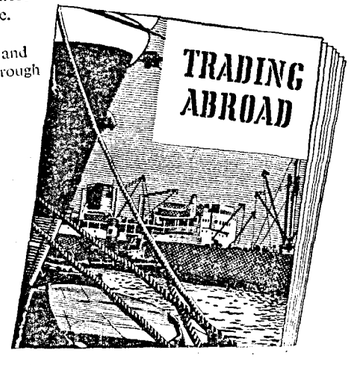
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Sterling—the Real Lesson

A blind eye on wages and official ignorance about the balance of payments—these, not the credits that averted an exchange collapse, were Britain's basic economic errors of 1960-61.

STERLING'S performance in the exchange markets in the past year has been a notoriously bad guide to its true health. Throughout the whole period, the balance of payments has been weak; yet sterling has swung sharply from strength to extreme weakness and now back again to at least superficial strength. In autumn 1960 it was still riding high, strangely unaffected by the flight out of dollars into gold—even though this was just the time when the deficit in Britain's current and long-term capital payments rose to its peak, of around £700 million at an annual rate. This year the current balance of payments has been improving, and relief has also been provided by some large special investment inflows. But the improvement has not been large enough to eradicate the deficit. This is the reality that underlies the special financing arrangements in what may be distinguished as three successive phases. The loan of £535 million from the International Monetary Fund, which together with the domestic measures taken on July 25th is responsible for the latest turn in the tide of confidence in favour of sterling, was needed immediately to fund the special central banking arrangements granted between mid-March and end-June, which in turn were needed to offset a massive withdrawal of the private capital that had financed the yawning basic deficit of 1960.

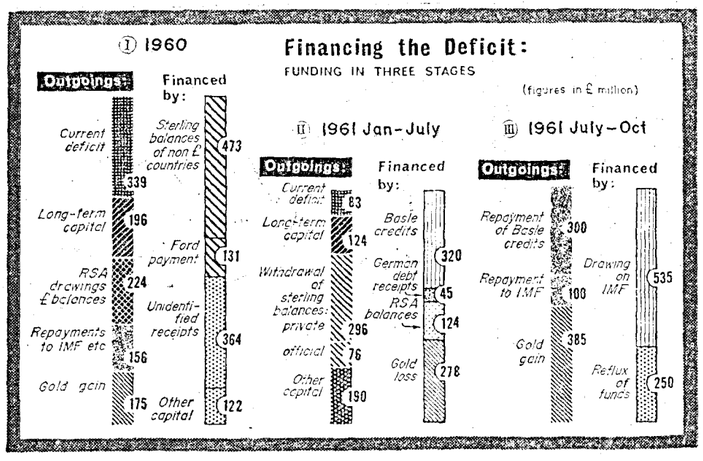
It is this deficit, at two removes, that the IMF loan is primarily financing, together with the smaller deficit that has continued in 196. Admittedly Britain has already made a start in repaying IM, with its repurchase of £100 million in October. But this repayment has plainly been financed out of the inflow of short-term capital—whether of foreign funds for investment or of British funs returning with the unwinding of the leads and lags. It therefore represents no strengthening in Britain's true external monetary position, which can come only from a surplus in the baic balance of payments.

This truism does not mean however, as so many people assume, tat the inflow of short-term capital is to be despised. Private credit, no less than official credit, provides a breathing space in which to put the basic balance of payments right; and though private funds may be more volatile, this need not be of undue concern if official facilities stand ready to take over in case of need. A commercial bank does not refuse deposits that may be taken out at short notice—because it has the assurance that in the last resort it can draw on the facilities of its central bank. A comparable arrangement, unhappily, is not yet in existence internationally, but it is in effect in being for Britain at this moment. Repayments of Britain's actual drawing increase *pari passu* its undrawn standby facility at the IMF; while this remains intact, Britain has a continuing right to draw up to a total of $2,000 million from the Fund.

LOOKING back over the sterling crisis of 1960-61, with its lag of something like a year between the underlying deficit reaching crisis proportions and the implementation of crisis measures, many people have fastened the blame on the temporary credits, first private and then official, that made this delay possible. Such criticism is to be heard in high and influential places. At the Vienna meeting of IMF, Continental central bankers who were insisting on keeping a tight control on additional credit facilities for the Fund would explain privately to British delegates, in so many words: "Now look what you did in 1960. Just put up Bank rate, got in some foreign money and ducked any domestic discipline."

In fact this is not what happened at all, and there is a clear danger of the real lesson of 1960 being misread. Early in the year the British government made a major mistake, obvious at the time, in accepting the Guillebaud award to the railwaymen, thereby putting official sanction behind "fair wages for inflation." But in their financial policy the authorities took a whole series of measures besides increasing Bank rate. They exercised, for the first time, deliberate downward pressure on the gilt-edged market and thus contributed to the puncturing of the stock exchange boom. They introduced special deposits which, together with the gilt-edged pressure, made bank liquidity extremely tight. They raised taxation in the 1960 budget and imposed a check on the future growth of public investment. And they reintroduced hire purchase restrictions that finished off the already dying boom in consumer durables. By August 1960, as a result, the domestic expansionary forces had been slowed down very considerably; and it was not unreasonable to suppose that the deterioration in the current account, which was partly associated with a major rise in stock-building, would be checked and reversed in 1961.

This improvement, as has been noted, did in fact occur. Admittedly, it has not been large enough; but this was by no means obvious in autumn 1960. As late as the end of January the most pessimistic estimate of last year's current deficit was £150-175 million. It was three months later that the Treasury came out with its new set of balance of payments



estimates that showed the deficit nearly £200 million larger, and suggested that Britain's current earnings over recent years as a whole had been still worse than was earlier thought.

This revision in the Treasury estimates came as a major shock in the early summer. In late March, there did seem a chance that sterling might ride out the intense speculation set off by the revaluations of the mark and guilder earlier that month: the Bank of England, aided by the Basle central bankers' credits, was throwing everything into an aggressive defence of sterling and was making life costly for the bears. Certainly it seems that the speculative pressure eased in April and early May—though there are regrettably still no figures by which this can be established. At this time, however, increasing attention was being fastened on the weaknesses in Britain's current account—on the decline in the invisibles, and on the large deficit that now appeared to have resulted.

By July, in the words of Lord Cromer, Governor of the Bank of England,

> it was the appraisal of the objective observer, every bit as much as the speculator, that was calling into question our ability to remain competitive in world markets or, perhaps even, our will to do so.

The key element in a country's ability and a country's will to remain competitive is its will and ability to keep a due balance between the money income it pays itself and what it can produce and sell. The real charge against the British government is first that it recognised and was willing to act upon this simple fact only when the external signals were at imminent danger, rather than when they first showed a warning amber; and secondly that it tolerated major deficiencies in the signals themselves, and the administrative network through which they were communicated to the Cabinet. Why were the balance of payments estimates allowed to become so rusty and so misleading? Why were the authorities so slow in developing new detectors that would, for example, have helped to pinpoint the inflow of funds in 1960 as they arrived and would thus have revealed the weakness of the current account? The revised estimates are far from being the last word—these in turn probably put too pessimistic a light on the current balance. But they were clearly a warning light; and one is bound to question why, when the Treasury must have known the figures by mid-March at latest, government action followed only four months later.

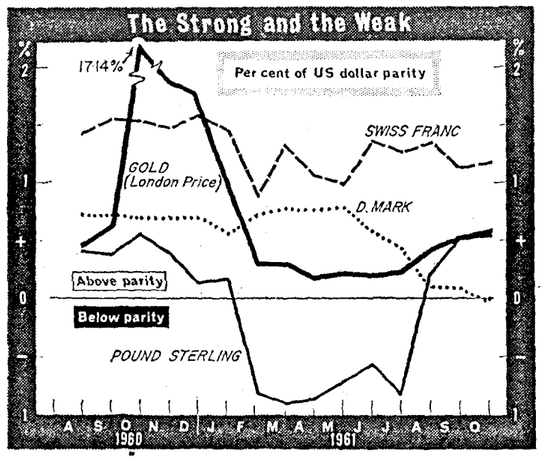
On the view that governments will take unpopular action only under *force majeure* such as a flight of funds that threatens devaluation, one could indeed contend that any supporting credit, whether from private or official sources, merely postpones the necessary remedial action and in the end therefore serves the recipient ill. In practice this does seem too cynical a view. The British government, as has been seen, did take a good deal of action in 1960, even if it omitted the most important action on the wages front. And most people would agree that, both in autumn 1960 and in March 1961, it was worthwhile stopping nature from taking its course, which would probably have involved dragging down the pound and the dollar with it on the first occasion and an unplanned free-for-all in world exchanges on the second. But the use of external credits does mean that much more attention has to be given, within the government machine, to signs of weakness in the underlying balance of payments—first to detecting them and then to finding the direct remedy.

The Turn in Germany?

Private capital is now leaving Germany, and export orders—though not yet actual export surpluses—are declining. Has revaluation worked?

EXCHANGE reserves have recently been flowing out of Germany at what would be regarded as crisis proportions in London. In October, the outflow was over 906 million marks, or about £80 million. The fall since the end of March now amounts to some £430 million—still reversing only just over half the inflow of 1960, but not a negligible amount. Moreover, whereas the outflow was at first produced entirely by special official operations—the large prepayment of German debts in the spring and the big participations in credits by the International Monetary Fund in the summer—the quickening outflow of the autumn reflects the withdrawal of private funds. These withdrawals are attributable to a reappraisal on two counts. The first is political, set off by the Berlin crisis and now extending much deeper than the immediate Berlin situation itself: questions have been raised about Germany's future links with the west, and fears have been heightened by the new government situation in Bonn. Fears that the Federal Republic may be "detached" from the West are far from general: but immediately such suggestions are raised they have an effect on financial confidence. At the same time, economic trends in Germany since the March revaluation, together with the ending of immediate worries about sterling, have put paid to expectations of a further revaluation, so that there are directly financial reasons too for the unwinding of the huge international bull position in the mark. It is true that the actual trade surplus since revaluation has continued to rise: but the trend of exports appears to have turned down, and export orders have been falling since the spring.

Since revaluation, in the six months to end-September, the total outflow of capital has amounted to DM 5.3 billion, and unilateral transfers have added a further DM 1.9 billion; so that there has been a big margin, of DM 3.9 billion, over the current surplus. As the table shows, the big special payments accounted for more than half the total capital outflow in these six months and without



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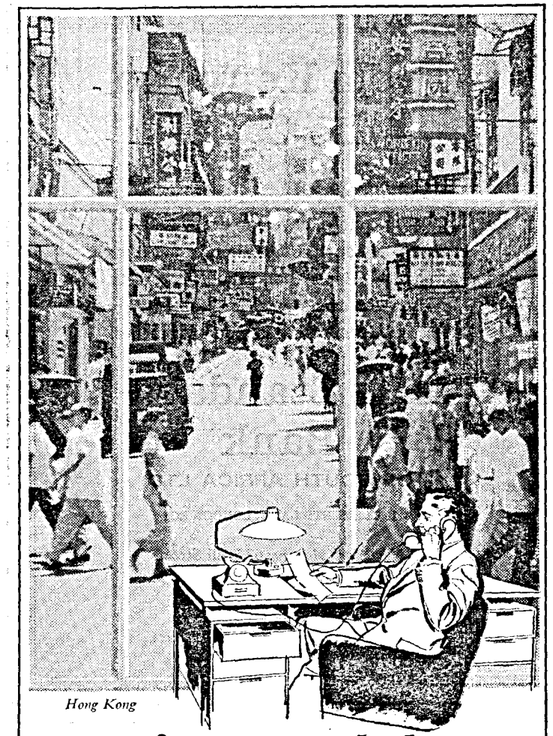
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OFFSETTING GERMANY'S CURRENT SURPLUS
(DM million)

1961	Change in reserves	Surplus on goods and services	Special factors	US Treasury bills on "aid" account	Banks' net foreign exchange position	Other Capital Movements: Official	Other Capital Movements: Private	Donations	Errors and Omissions
1st qtr.	− 207	+2,706	−1,420*	−677	−1,221	− 470	+1,195	− 652	+332
2nd qtr.	−1,892	+1,929	−3,122†	−124	− 482	− 686	+ 627	− 879	+845
3rd qtr.	−1,995	+1,383	−1,070‡	− 16	+ 36	− 352	− 100	− 980	−896
Total ..	−4,094	+6,018	−5,612	−817	−1,667	−1,508	+1,722	−2,511	+281

* Book loss in reserves on revaluation. † Repayment of postwar debts. ‡ IMF credits.

them the reserves would have continued to rise. While the German commercial banks were placing funds abroad, other movements of private capital continued to flow into Germany on balance. In the summer however the Berlin crisis and the recovery of sterling produced a sharp turn-round, and while private funds flowed out of Germany, the banks kept more of their funds at home.

In the first six months of this year the change in the net foreign exchange position of the banks contributed DM 1,703 million to the capital outflow; in the third quarter this trend was reversed and there was a net inflow of DM 36 million. The net external liabilities of the banks (the excess of foreign deposits with them over their short-term claims on foreign centres) were reduced from DM 2,526 million at the end of 1960 to DM 859 million by end-September. Foreign deposits with the German banks, after rising by DM 334 million in the second quarter fell in the third quarter by DM 340 million, and there has been talk of the Bundesbank ending the ban on payment of interest on these deposits.

The net outflow of other private capital in the third quarter was DM 100 million and this included a negative balance in transactions in securities. In April-December of 1960 there was an inflow of DM 1.7 billion on this account, and in the first six months of 1961 the inflow was still high, at DM 1.1 billion. Political tensions have now brought this inflow to a halt and although equity investment is still growing, sales of fixed interest securities in August and September produced a net outflow of DM 126 million. Another important turn-round was in the residual errors and omissions, which tend to be almost as elusive in the German balance of payments as they are in the British. During the period of exchange uncertainty, businessmen incurred foreign currency liabilities in order to set them against claims in foreign currencies which they feared might depreciate. These positions are now being liquidated, helping to produce an outflow on private capital account and a negative balancing item. The sharp turn-round in this item in the third quarter also reflects the unwinding of Germany's leads and lags—the counterpart of the reflux of funds to London.

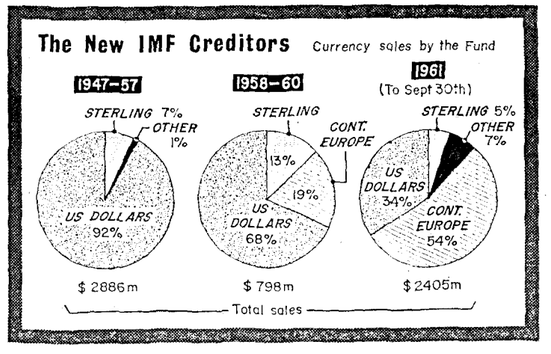
At the beginning of the year the German government, under international pressure, launched a large scale foreign aid programme providing for loans and grants of some DM 4-5 billion a year. In the first six months of the year long-term capital payments by public authorities amounted to DM 1,156 million; in the third quarter they fell back to DM 352 million. The programme naturally takes time to mount, and meanwhile some DM 800 million that has been paid up by industry but not yet lent abroad has been placed in United States Treasury bills.

Even if Germany's foreign aid effort next year were to reach the projected DM 4-5 billion this would still be smaller than its present surplus on current account—which has reached the extraordinary level of DM 6 billion (£535 million) in the first nine months of 1961 alone. There are clear signs however that the trend may soon be reversed—though the hard-bitten analyst is bound to add that similar signs have proved illusory before.

	1954	1957	1958	1959	1960	1961 (annual rate) Jan.-Sept.
	(DM. Million)					
CURRENT ACCOUNT						
Balance of trade ...	+2,698	+4,083	+4,954	+5,361	+5,223	+7,132
Services	+1,363	+3,718	+3,178	+2,040	+2,750	+ 892
Current balance..	+4,061	+7,801	+8,132	+7,401	+7,973	+8,024
CAPITAL ACCOUNT						
Long-term capital ..	− 718	− 726	−1,877	−3,919	− 458	−6,584
Short-term capital:						
Private	+ 305	− 3	− 737	−1,193	+2,912	−2,168
Official	+ 38	−1,711	+ 222	−1,131	− 754	+ 136
Grants	− 474	−1,833	−1,844	−2,906	−3,056	−3,348
Unidentified residual	− 430	+1,594	− 708	− 456	+1,390	+ 376
Net change in Reserves.....	+2,782	+5,122	+3,188	−2,204	+8,007	−3,564

The balance of invisible items, or services, continues to move against Germany, and in the third quarter it moved into a deficit of DM 333 million. The main factor is the ever growing wave of German tourists, who, taking advantage of cheaper foreign travel as a result of revaluation, poured a net DM 730 million into their neighbours' pockets in the summer quarter. In merchandise trade, while the recorded surplus is at a new peak, there is little doubt that the export boom is slowing down. In the third quarter exports were 9.1 per cent higher than in the same quarter of 1960, compared with 11.4 per cent in the second; the Bundesbank's seasonally adjusted export figures show a steady fall since the beginning of the year, by a total of some 6 per cent. New export orders booked by German industry in September were 7 per cent down on September of last year, and were 10.7 per cent down in the capital goods sector. In August they fell below actual export deliveries for the first time since early 1959.

German businessmen now seem to be finding exporting less profitable and less fun. Since revaluation they have found it more difficult to conclude export contracts in D-marks and have had to choose between incurring the exchange risk themselves or paying the relatively high charges for forward cover. At the same time the rise in wage costs per unit of production has tended to squeeze their profit margins. There has been an increase in overseas competition, with the United States in the van, and many German firms are finding it impossible to pass these cost increases on to the export market. Theoretically they ought to turn to the home market which is not quite so price sensitive. It remains to be seen how far they do so.



While revaluation has undoubtedly worked in the right direction on the export side, it is not yet clear that it has done so for imports. For it has contributed to a fall in import prices. In the second and third quarters of the year the volume of imports rose by 9-10 per cent over the corresponding periods of 1960—broadly the same increase as for exports—but imports by value rose by only 4-5 per cent. Nor has there been any rush to import at the more favourable exchange rate. At first importers were still looking to the chance of further exchange adjustments ; now that these expectations have receded, imports could get a delayed boost.

Pressure on Germany's domestic economy has now eased at most points. The Bundesbank reports a slowing down not only in export orders but also in orders for investment goods, in stock-building, and even in pressures on building. The seasonally adjusted index of industrial production has flattened since the end of 1960, and in the third quarter a number of important industries, including textiles, coal, and iron, were producing less than a year before. The pressure on supplies of labour however has not abated, with unemployment, at 0.5 per cent, exceeded six times over by notified vacancies. Labour remains the main bottleneck to further expansion, and the easing of demand on the economy to which revaluation has contributed has had little impact in this vital sector. Revaluation has however helped to check the tendency towards higher prices: in the twelve months to March, prices of industrial products in Germany rose by 2.3 per cent, whereas since then they have barely changed. But revaluation has also helped to check the expansion in German output, which had previously been a highly effective absorbant of heavy wage increases. It is too soon therefore to draw up the final balance sheet of this exercise. It may have marked the turn in Germany's great external surplus. But especially if, for political reasons, Germany appears in coming years a less attractive home for private capital, then a large current surplus will be needed to finance the outflow of official capital to poorer countries, and a rapid rate of domestic expansion may be needed to get the aid programme accepted by the German people. By slowing down Germany's big external expansionary force, revaluation therefore creates new problems as well as helping to solve a very tough old one.

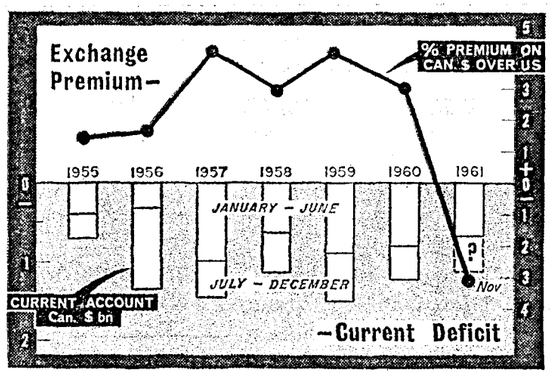
Canada's Obstinate Dollar

The Canadian authorities need to give careful attention to reducing interest rates if they are to succeed in their aim of holding down the exchange rate.

For more than a decade, from October, 1950 to June, 1961, the Canadian dollar enjoyed the singular distinction among major currencies of being officially valued at the price a free market set upon it. This position was taken in 1950 without the blessing of the International Monetary Fund, but with its acquiescence on the promise that the rate would be pegged again as soon as circumstances warranted. The alteration in exchange rate policy which was the centrepiece of Mr Fleming's June budget makes the Canadian dollar an even stranger creature. Still without fixed parities, its value is no longer to be determined entirely by the free play of market forces but is to be kept within such limits as may from time to time seem appropriate to the Canadian authorities. At the time the change was announced it was made clear that the current view was that a distinctly lower rate than the average of the last few years was appropriate, and that the resources of the exchange fund would be available to achieve this purpose.

The new exchange rate policy was not without its harbingers. A pattern of economic policies, and particularly of monetary policies, which gave Canada an exchange rate whose value stood higher during the years of disillusionment since 1957 than it had during the great boom of the mid-fifties had for some time been the target of criticism. The fact that Canada and its principal trading partner, the United States both have currencies called dollars, subdivided into cents, has, despite the lack of formal relationship between the values of the two currencies, contributed to the habit of speaking of the situation in which 100 Canadian cents is worth 100 American cents as " parity." If a fixed exchange parity were set down and decreed that 100 Canadian cents equalled only 90 US cents this could readily be understood by the Canadian laity. But as the Canadian dollar was not fixed, but left free to find its true market valuation, it was difficult to appreciate the logic of a market which sometimes seemed to make the Canadian dollar more valuable the weaker the industrial and current account position of Canada became. Even if the workings of such a market were explained so that all could understand, the question would remain: " If such is the result of a free market, wherein lies the advantage which makes Canada alone of all the major trading countries prefer a floating rate ?" Most critics suggested reverting to a normal fixed rate, and several rates had been suggested as appropriate—for example, a rate of, say, 95 US cents to the Canadian dollar. Sometimes, as a half-way house, it was suggested that Canada should adopt fixed parities but maintain a wider permitted margin of fluctuation, say 5 per cent either way, than the 1 per cent approved by the IMF.

By budget-time in 1960 the Canadian Government had begun to heed the view that the Canadian currency was standing at an undesirably high level. At that time, however, Mr Fleming contented himself with indicating his disapproval of the large volume of Canadian borrowing abroad (much of it by Canadian provinces and municipalities), which was partly responsible for the buoyancy of the exchange. This displeasure restricted the borrowing and induced a cautious attitude in the exchange market, so that in April 1960 the premium on the Canadian dollar fell from about 5 per cent to 3¼ per cent. But official displeasure proved only a modest restraint, especially as the disparity in long-term interest rates between Canada and New York tended to widen during 1960. In December 1960, Mr Fleming produced a series of measures



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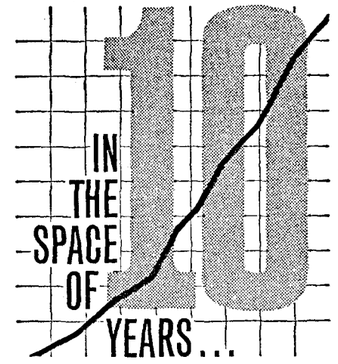
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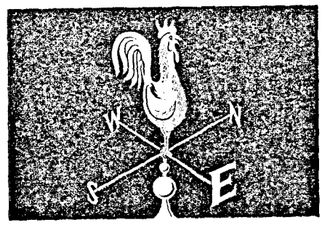
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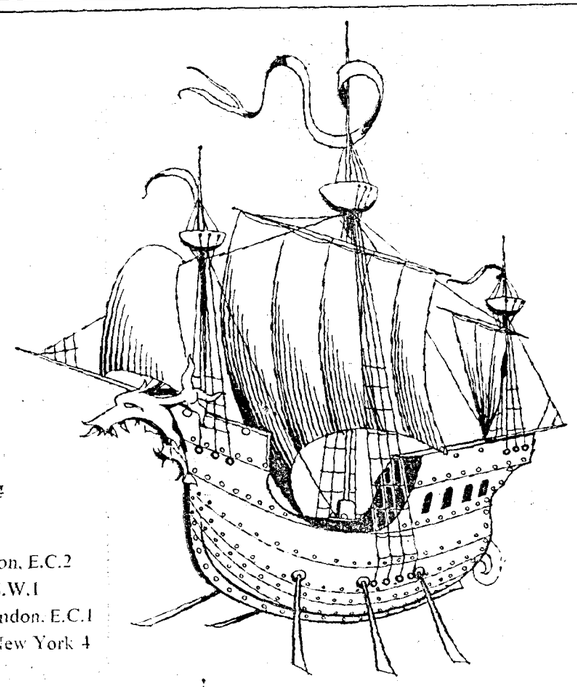
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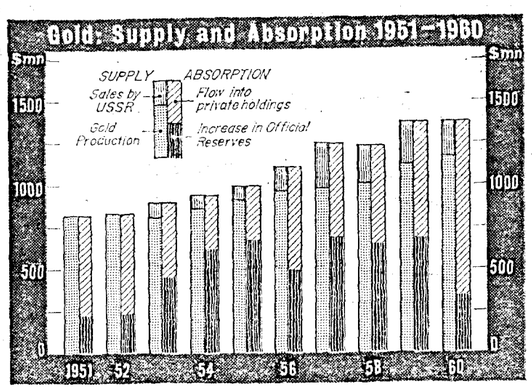
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known as the "little budget" which gave tangible form to his earlier discouragements, in that fiscal disincentives, albeit of a mild sort, were placed on borrowing abroad. The premium on the Canadian dollar fell from an average of 2½ per cent in November, 1960 to less than 1 per cent in January 1961.

The 1961 budget was presented several months later than is usual, and it was widely believed that new departures in economic policy were being contemplated, possibly in preparation for an early election. That the exchange rate might feature in the finance minister's plans was clearly possible, and the Canadian exchange rate became noticeably less buoyant, particularly after Mr Fleming's break with the then Governor of the Bank of Canada, Mr James Coyne, came into the open. As is now well known, Mr Fleming in his budget of June 20th this year proclaimed his intention of achieving an exchange rate at a significant discount on the US dollar. The principal prongs of his attack were to be the use of the exchange fund and the encouragement of a lower level of domestic interest rates in order to reduce the incentive to borrow abroad. In this connection tactical changes were made in the authorities' debt management policies. The budget generally indicated an expansion of the money supply—although any attempt to bring interest rates down "artificially" by "irresponsible increases" in the money supply was eschewed. The exchange rate moved quickly to a 3 cents discount, and has since then been remarkably steady within the range 3-3¼ cents discount.

The state of uncertainty about the rate which existed immediately after the budget made the task of reducing the market value of the Canadian dollar a relatively simple and costless one for the authorities. In North America a discount of five cents or more was widely believed to be what the Government had in mind, and some commentators, though principally those in Europe, talked of a discount as great as 10 cents. At any rate there was clearly no hurry to cover liabilities to Canadians, whilst Canadians had every incentive to make payments to foreigners as quickly as possible, rather than wait to see just how far the new policy would be pushed. The ease with which a discount was achieved and maintained in the first few months after the budget was, therefore, no true test of the working out of the June decision. In fact between the end of June and the end of September the Canadian gold and dollar reserves fell by US $60 million, as the Canadian control, so far from having to buy US dollars to achieve a discount, actually bought Canadian funds on balance. However, the stability of the rate since the budget itself diminished the uncertainties which had put downward pressure on the Canadian dollar, and in October the discount was maintained at the 3 cents level only by large scale purchase of US dollars—Canadian official holdings of US dollars rose by $186 million in that month, that is by about 10 per cent.



This was much the largest monthly change in the level of exchange holdings for some years. It was at this point, stimulated by some unclear comments on the rate by Mr Fleming, that the feeling gained ground that the Canadian authorities might not succeeed in their attempt to maintain the Canadian dollar at a discount—though when Mr Fleming hinted specifically that the rate might be pushed down further, the discount did widen by about ½ cent to 3½ cents.

The authorities, when adopting the new policy, must have envisaged the possibility of having to use the exchange fund fairly vigorously in support of their intentions. But this poses a problem. If it becomes widely believed that only large scale and persistent buying of US dollars by the Canadian authorities is maintaining the currency at a discount, it is likely that speculators will begin to bank upon such a policy eventually being abandoned.

A speculative inflow to take advantage of a likely appreciation, such as occurred in advance of the original switch to a floating rate eleven years ago, might then develop. Is Canada's exchange rate policy facing such a test? It might conceivably do so if buying of US dollars continues on the October scale. But it is unlikely that this will be necessary. The upward pressure on the Canadian dollar which necessitated this buying may have been connected with the reversal of the leads and lags in payments generated by post-budget uncertainties. To that extent it may therefore have been exceptional. However, by the same token, the ease with which the discount was achieved initially is also unlikely to represent the norm. In coming months the Canadian authorities are likely to find it necessary to keep a more watchful eye on the two main underlying factors in the exchange market: the state of the current account, and the differential between long-term interest rates in Canada and the United States.

THERE is reason to believe that it was a marked improvement in Canada's trading position in the third quarter which made the authorities content with a discount of only 3 per cent on the US dollar. If economic revival in North America were now to lead to any significant expansion in the level of Canadian domestic investment, it would be normal to expect a deterioration in Canada's trading balance, and consequently some downward pressure on the Canadian dollar. This apart, much is likely to depend upon the Canadian authorities' ability to achieve and maintain a narrowing in the wide interest rates margins above New York that prevailed before the budget. The effective comparison is between the rate on American grade AA corporate bonds and on Canadian provincial government issues. At the beginning of June the margin was nearly 1½ per cent; it has since fallen to under 1 per cent. As a result of the changed atmosphere, and the imposition of the new fiscal disincentives, the attraction of the US market to Canadian borrowers may be ended when the margin falls below three-quarters of one per cent, as opposed to the traditional half per cent. There is, however, a general feeling that if an expansion of the Canadian money supply were used to push the US-Canadian interest differential to much less than ¾ per cent, the Canadian authorities would find the public losing confidence in the market and regarding the rate as unrealistic. If the authorities then persisted in their policy, they might easily find themselves committed to a credit expansion of the order which Mr Fleming in June was at pains to rule out, in his renunciation of "irresponsible" increases.

No great scope is left, therefore, for the stronger use of monetary policy in support of the exchange rate policy; but present policy ought to be sufficient to maintain a small discount, in the absence of a major speculative attack. The recent reduction in the National Housing Association Mortgage rate by ¼ per cent to 6½ per cent, instead of by the expected ½ per cent, indicates the caution with which the authorities now feel they must move.

Canada is unlikely to find it easy to maintain the downward

differential against New York rates. The fall of 0.25-0.35 per cent which has been achieved since the end of May has had behind it very considerable official support. The money supply rose by over $100 million a month between the end of May and the end of October; and Bank of Canada holdings of Government securities rose by over $500 million. The Government has also run down its cash balances in the attempt to avoid borrowing on the market. Something like $750 million of this year's estimated $1,200 million overall budget deficit has to be covered, and $446 million of Government debt matures in December. Such considerations may have imparted some caution to the market. However, given reasonably good market management, these do not appear very forbidding obstacles to the maintenance of interest rates at the lower levels recently established. The 1961 Canadian Savings Bonds issue is expected to bring in about $500 million, and much of the December maturity is already in the hands of the Bank of Canada. On this basis as little as $250 million of this year's large budget deficit would remain.

There is now every appearance of unanimity and co-operation between the various branches of the Canadian economic management. The newly established exchange rate policy is currently facing its first real test, and success will depend to a large extent upon the authorities' ability to maintain Canadian long-term rates at a level which leaves the interest advantage offered to Canadian borrowers in New York not much above three quarters of one per cent. There does not appear to be any great threat to their ability to do so from the exigencies either of fiscal policy or of debt management. And general economic considerations themselves argue for rather lower domestic interest rates, as underemployment of Canadian resources remains considerable.

Problems of a Strong Franc

Financial recovery has been spectacular, and has permitted a notable revival of the Paris capital market. But rising prices are now again causing concern.

BY A PARIS CORRESPONDENT

CHRISTMAS 1958 was a turning point in the economic history of postwar France ranking in importance with that of 1926 after the first world war. On both occasions a spectacular financial recovery was achieved by a combination of venturesome reforms. There is no need to recall in detail the measures adopted on December 27th, 1958—a "cleansing" (*assainissement*) of public finances, devaluation of the franc by 15 per cent, the almost complete lifting of import quotas, market convertibility for the franc simultaneously with other currencies, and entry by France into the common market. These measures formed an integral whole and were a complete success. In one sector, that of the balance of payments, even the most optimistic expectations were surpassed. Some improvement always follows devaluation of a currency. What was unhoped for was the appearance and continuance of the large surpluses that France has achieved for nearly three years.

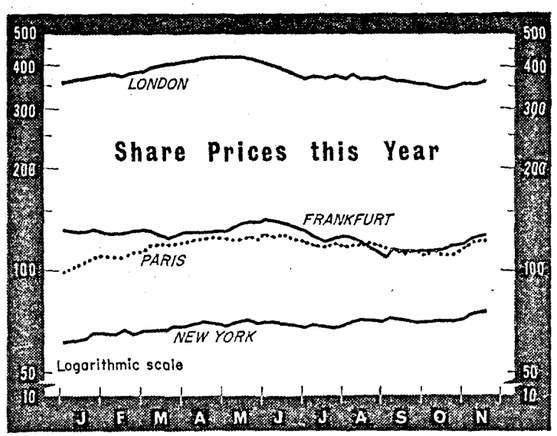
First results early in 1959 left grounds for some scepticism: the return of French funds from abroad, where they had been allowed to remain more or less permissively, and the inflow of foreign funds, obscured the underlying trend in the foreign balance. In the following months it became clear that the foundations of recovery had been laid. For not only was there a considerable surplus in the balance of payment on current account, but within this the balance of trade had become positive for the first time since 1926-28. Traditionally French exports cover, on average, no more than 80 to 90 per cent of imports, and the deficit is offset by invisible receipts. Since 1959, however, there has been a persistent trade surplus. The improvement, moreover, was not accomplished at the cost of official restrictions on imports. On the contrary, the quotas were removed, and customs duties reduced. The improvement has stemmed from the buoyancy of exports.

It is in transactions with the common market that the expansion in French trade has been concentrated. The other five countries now account for about 43 per cent of French foreign trade, as against 32 per cent in 1958. Transactions with other industrialised countries, on the other hand, have remained broadly unchanged, and France's share in this outside trade has declined.

In addition to the favourable swing in the trade balance, there were gains in invisible transactions. Thus the balance on goods and services showed a surplus of $710 million in 1959 and of $637 million in 1960. The total surplus, including capital movements, was $1,037 million in 1959 and $540 million in 1960. For 1961, the surplus may rise again to $1,000 million.

These global figures need elucidation. First the 1959 surplus was swollen by the deliberately delayed repatriation of French funds from overseas. Secondly, the influx of foreign private capital, long-term and short-term, has been and still is considerable—$439 million in 1959, $358 million in 1960. The influx to the reserves would in fact have been all the more spectacular if France had not used the surpluses in its current balance to repay either in advance or when due a large part of its external debt. These repayments total no less than $1,500 million since the end of 1958. This policy has reduced France's external debt to $1,756 million—and all of it is now long term.

Despite these massive repayments of short-term and medium-term debts, the official gold and currency reserves rose from $1,050 million at the end of 1958 to $2,070 million at the end of 1959 and $2,815 million at 30th September last. At this level they rank



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closely behind the central reserves of the sterling area (and the latter, unlike France's reserves, are encumbered by heavy short-term liabilities); come very close to Italian reserves; but are still less than half as large as Germany's.

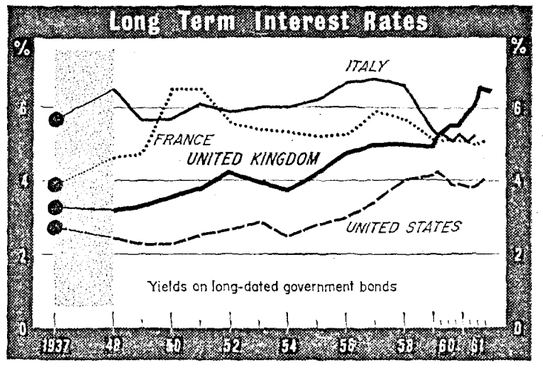
For more than two years now the franc has been consistently strong. For many months the dollar has been maintained at its lower support point of 4.90 NF. Even during the serious political crises which have taken place, the French authorities have had no need to give any support to the franc from the exchange stabilisation fund. Within a very short period the franc has become a strong currency, much in demand. In February last, simultaneously with other Western countries, France was able to abandon the protection of Article XIV of the International Monetary Fund statutes and proceed to formal external convertibility. France's new-found financial strength, however, has brought its own problems to the financial authorities in Paris.

On several occasions France has had to seek outside aid to help support its currency, and at present finds itself being called upon in turn to come to the assistance of other countries with financial troubles. Thus in the spring France took part in the Basle agreement in support of sterling. Moreover France agreed that the franc should be used in loans by the International Monetary Fund to various countries: Britain, India, Argentina are recent examples.

If the need arose there is no doubt that France would maintain its obligations towards the dollar, and would not refuse its support in buttressing the resources of the IMF. But forewarned by its own experience of the rapidity with which a favourable situation can become worse, France has no intention of blindly undertaking obligations which it might not be capable of fulfilling. France wishes to have control over any loans which may be made in its currency. This position, clearly expressed at the IMF meeting in Vienna, has been *parfaitement comprise*.

The French money market, both short and long term, is traditionally confined within narrow limits. It does not compare in breadth with the London or New York markets. Paris holds a relatively modest position in the international money market. Since the war the need for capital funds for expansion and reconstruction, the priority given to demands from the Treasury to cover successive budgetary deficits, credit control designed to check inflation—all these have still further tightened the market for investment funds.

The 1958 monetary reform and the reversal in the balance of payments have helped to make the market more fluid. The budgetary deficit was easily covered by short-term public loans, in



Treasury bonds and the like. For the last two years the Treasury has made no further demands on the long-term market. At the same time, the reflux of funds from abroad has kept the banks well supplied. Moreover, as the danger of inflation became more remote, credit restrictions were somewhat relaxed, but they have not simply been removed. On the contrary, the obligations on the banks to take up Treasury paper in proportion to their deposits have been reinforced.

Under these conditions no considerable expansion of credit in the Paris money market could have been expected. As long as the banks—as is the case at the moment—remain heavily indebted to the Bank of France the money market is bound to remain tight. On the other hand the cessation of demands on the long-term market by the Treasury and the new-found confidence in the currency have allowed private companies to obtain more easily the capital funds they need. The part played by foreign capital in the capital market has become appreciably more important.

In 1959 the net contribution of private foreign capital, both long and short term, reached the total of $439 million, to which must be added $128 million in repatriated French capital. In 1960 this amounted to $358 million (but was partly offset by the outflow of $103 million francs of French capital from the country). Of the foreign inflow transactions in Stock Exchange securities remained at the moderate total of $46 million, though they have increased this year to $60-70 million.

The greater part of the contributions of foreign capital was in the form of direct investment—in share participations, in the establishment of branches, and various other loans. North America alone provided in 1960 $125 million, OEEC countries $91 million, and international bodies $55 million. German and Swiss capital, through the medium of finance and investment companies, was more interested in Stock Exchange transactions.

There has also been a major increase in the past year or two in foreign currency arbitrage operations. Immediately following the devaluation, the French banks witnessed a considerable increase in their deposits of foreign currency. On the one hand they borrowed foreign balances from their correspondents either for their own needs or for arbitrage operations. The total of these loans in foreign currency reached $583 million by the end of 1960, as against $477 million in the previous year. On the other hand, foreign currency deposits by French and foreign depositors rose from $320 million to $400 million in the same period.

There has been, therefore, a notable extension in the operations of the Paris market. The figures must not however be exaggerated; they are still small in relation to the London or New York markets. If, as has been said, the French promoters of the Six had hoped to make Paris the chief financial centre of Europe, this hope is far from being achieved. London, even outside the Continent, has continued to be the leading financial centre of the Six.

The French Government, in the past three years, has been successful in bringing about a financial recovery and it has been successful in ensuring that France is in a favourable position to compete in the common market. Can this progress be maintained?

French industrial activity, admittedly, shows no signs of slowing down and exports are very active. Competition, however, is hardening. Even now in the car industry there are signs that a ceiling has been reached. For three years France has been able to maintain the advantages of its devaluation. But at present these are wearing thin owing to the continuous upward trend of costs. With an almost free European market, price competition is exerting its full pressure. But the upward trend of French prices is now clear. The Finance Minister, M. Baumgartner, has issued several warnings of the danger of this trend, which, towards the end of this year

has become alarmingly rapid. Fortunately the problem is a relative one. This upward price trend is also apparent in France's nearest commercial rivals, especially Germany and Switzerland. The essence of the external problem is to ensure that the upward trend in French prices is not more rapid than it is in these other countries.

Other difficulties, however, have cropped up, the most urgent of which is the effect of full employment on wage pressure. The second arises from the inadequacy, even now, of productive investment. The third lies in the constantly increasing surpluses of agricultural products which find almost no outlet in foreign markets, even at the cost of heavy losses. This is one of the stumbling blocks of the common market. In conclusion a more remote danger is the lack of exploration by French businessmen of markets, outside Europe, in which France's competitors are already more firmly entrenched.

The future is not at all clear. But in this field it never is for any country. The financial recovery already achieved will have to be consolidated if it is not to undergo the same ephemeral fate as the "Poincaré period" of 1926-28.

Pressure on the Sterling Area

Immediate pressure on the external finances of overseas sterling countries has been eased—but not, as they would wish, by higher export earnings.

BY AN AUSTRALIAN CORRESPONDENT

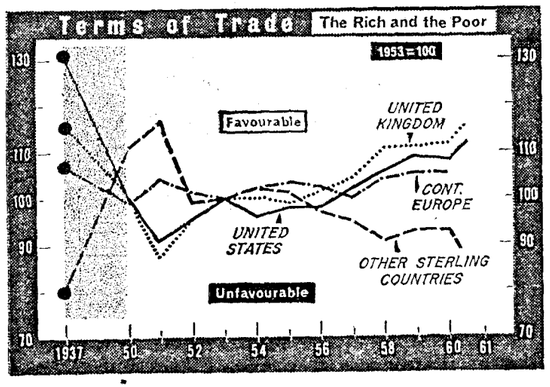
For those countries in the overseas sterling area lucky enough to attract it, the inflow of capital from abroad has considerably eased the pressure on external finances this year. Tighter control of imports and a significant inward flow of capital have increased the reserves of the overseas sterling area countries as a whole. Yet the basic strength of these economies, and particularly of those that cannot attract outside capital on a large scale, depends on the strength of current exports, which in turn depends largely on prices of primary products. And the current level of prices for primary producers is more unfavourable than a year ago. A feeble recovery in prices in the early months of this year at the outset of the economic recovery in the United States has been punctured by a decline, mainly in tropical products, since the spring, and *The Economist* indicator of commodity prices has now reached its lowest point since the Korean boom. This fall is a major setback for underdeveloped countries. The optimist may, however, set some hopes on an acceleration in the growth in consumption of the cheaper primary products, and also perhaps on the efforts to buttress prices. These influences could bring some improvement before the end of next year.

The terms of trade moved heavily against the overseas sterling area in 1960, following a partial recovery in 1959: falling export prices have been accompanied by a continued rise in import prices. The deterioration was continued in 1961 after the short-lived recovery. In Australia and New Zealand, the steadily worsening terms of trade have caused major concern. This has infected the thinking of many of their responsible ministers about Britain's projected entry into the European common market. The deterioration in their terms of trade since the end of fighting in Korea is becoming more generally recognised as an important factor in the recurrent crises in their external payments, which in turn have brought severe import restrictions.

The higher prices that South Africa, Australia and New Zealand have had to pay for their imports have been accentuated by the larger proportion of capital goods and consumer durables among their chief imports. Less developed countries, whose imports of manufactures consist to a greater extent of articles like textiles that are being supplied in increasing quantities from low-cost producing countries, have probably suffered a less pronounced increase in the price of their imports. The double squeeze of declining export prices and rising prices of imports is responsible for the relative stagnation over the past five years of Britain's exports to the important markets of the older dominions. The declining purchasing power of exports—between 1953 and 1960 the volume of Australia's exports rose by 24 per cent, yet its total export receipts at £A876 million were some £A12 million lower than in 1953—has weakened the economic growth of these countries and caused them to place a disproportionate reliance on inflows of foreign capital.

Sterling balances of the overseas sterling countries fell steadily between June 1960 and March 1961, by £233 million to £2,441 million. The serious drop in the second half of 1960 was partly seasonal, and was shared by all countries with the notable exceptions of Ghana, Malaya and Pakistan. By far the most severe falls were recorded by Australia, India and South Africa. In 1961, however, corrective policy measures designed to reduce imports, assisted in each of these three cases by borrowings from the International Monetary Fund, together managed to check this loss of reserves. The result was that by the second quarter of 1961 the reserves of overseas sterling countries as a whole began to rise again, and it is likely that the trend was continued during the seasonally adverse third quarter. It is important to note that the recovery was due mainly to a check on imports and higher borrowings—not to an upturn in commodity prices.

The improvement in Australia during the spring and summer of this year was exceptionally strong. On the import side, restrictive fiscal and monetary policies stopped the import boom and left the country with large stocks of imported goods, many supplied on long-term credit from Britain and elsewhere. The level of domestic activity declined and the demand for imports fell to abnormally low levels. This was accompanied by a strong rise in exports, highlighted by sales of wheat to Communist China, but also covering a wide range of minerals, foodstuffs and manu-



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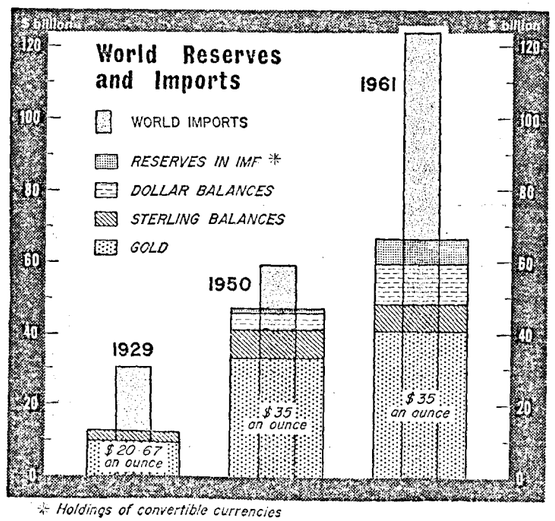
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factured goods. Further support has come from a record capital inflow, both official and private.

Many of the African sterling countries have shown signs of improving their balance of payments in recent months and South Africa, in particular, has checked the dangerous fall in reserves by tight import quotas and exchange control. Only two of the major countries, India and New Zealand, are still facing a heavily adverse balance of payments. India's problems, despite massive IMF and World Bank assistance, are as acute as ever. In New Zealand import restrictions should eventually reinforce the current balance, though they had made no impact up to September last.

The past year has certainly seen substantial assistance to sterling countries by the International Monetary Fund. The first arrangement with the Fund was made by South Africa in December 1960 and this was followed by Australia in April and India in July. In all the drawings totalled $462.5 million. Australia and South Africa were also granted stand-by credits, but the quick recovery in Australia's reserves has enabled this credit to be cancelled already. Further assistance has been afforded by the World Bank and its affiliates which since June last have approved several large loans for projects in India, Pakistan and Ceylon. Finally, it has been announced that New Zealand, which is a very recent member of the IMF, has entered into discussions with the Fund with the object of arranging a drawing. New Zealand has already raised a market loan in New York. It has been suggested in New Zealand that the Fund should be asked for a drawing of some £22.5 million or 50 per cent of the quota, and that a loan should also be sought from the World Bank.

Details of private capital inflow are more difficult to ascertain with any accuracy. New figures published by the Board of Trade show that direct private investment by Britain in the overseas sterling area rose by almost a third in 1960 from £100 million to £132 million, and nearly doubled between 1958 and 1960. Britain's investment in these countries is not only much larger in total than its investments on the Continent, it is rising faster too—which may not be illogical if tariff barriers are about to come down in Europe but continue or increase elsewhere. A very marked increase occurred in investment in Australia, which accounts for just over one third of the total. Britain's rate of new investment there rose from £27 million in 1959 to £47 million in 1960. British investment in the Federation of Rhodesia and Nyasaland also showed a substantial gain in 1960 of £12 million—but was nonetheless lower than in 1959. Private investment by the United States in the overseas sterling countries remained almost stationary at just over $200 million in 1960; but there was a substantial rise from $214 million to $305 million in long-term loans by the United States government.



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South Africa has recently managed to check the previous large outflow of capital, and has attracted a modest total of medium term credits from the United States and Italy. The most notable feat in attraction of foreign capital has been that of Australia. The inflow rose from £A218 million in 1959-60 to a record of £A408 million in the year to June, 1961. As intimated above, part of this capital inflow came in the form of imports supplied on long-term credit and is thus likely to appear as an import debit in the current financial year. Reliable estimates of the amount involved in such credits are not available although some observers put the figure at £A40 million and upwards. In the third quarter of 1961 there was a fall of more than 50 per cent compared with the same period of last year in the apparent rate of capital inflow into Australia.

One important uncertainty in this sphere arises from the recent official request to United Kingdom companies to remit to Britain a greater proportion of profits earned abroad. This is a matter of considerable importance to most members of the sterling area. Australia has already voiced its anxieties and a quick look at its balance of payments shows that it can ill-afford any further drain of this nature—remittances to the United States are already very high. Australia's deficit on current account has risen from £A152 million in 1958 to £A369 million in the year to June, 1961: it has needed huge private and official capital inflows to offset this growing current account deficit. Plainly there is little scope for further remittances of profits until this current deficit is reduced to more manageable proportions. If remittances are increased nonetheless, this may force a corresponding decline in outlay on imports.

The overseas sterling countries have thus succeeded in checking the fall in their reserves; they achieved a useful net surplus in the June quarter and these gains appear to be continuing in the second half of the year. Yet the recovery is thinly based—on IMF borrowings and other capital inflows on the one hand, and on limitation of imports, by direct control or by disinflationary pressure on their economies, on the other. There is no certainty of a sustained improvement in commodity prices: the state of oversupply of many primary products is growing worse rather than better. India and New Zealand are still facing serious exchange pressure. The inflow of private capital has been at high levels but may now decline slightly. Substantial repayments to IMF are due in the next few years.

Despite the improvement in reserves, therefore, it seems reasonable to conclude that a tight check will be kept on imports and that the emphasis will be to strengthen overseas reserves further. This movement will be assisted in the first six months of next year by seasonal factors, but the boost from this year's large drawings from the IMF and loans from the World Bank is not likely to be repeated in the immediate future, apart from a possible drawing by New Zealand. Imports can be expected to rise, especially in Australia, but the need to repay IMF drawings and the uncertainty about export prices may necessitate a cautious approach. Certainly an improvement in terms of trade would quickly alter this outlook. It is a prerequisite of a sustained expansion of the overseas sterling countries' own buying from Europe and the United States.

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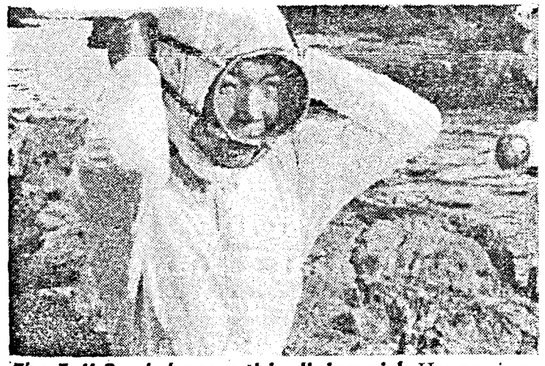


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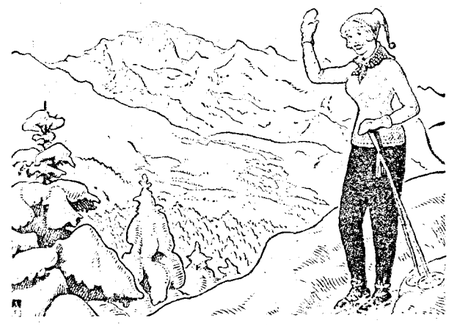
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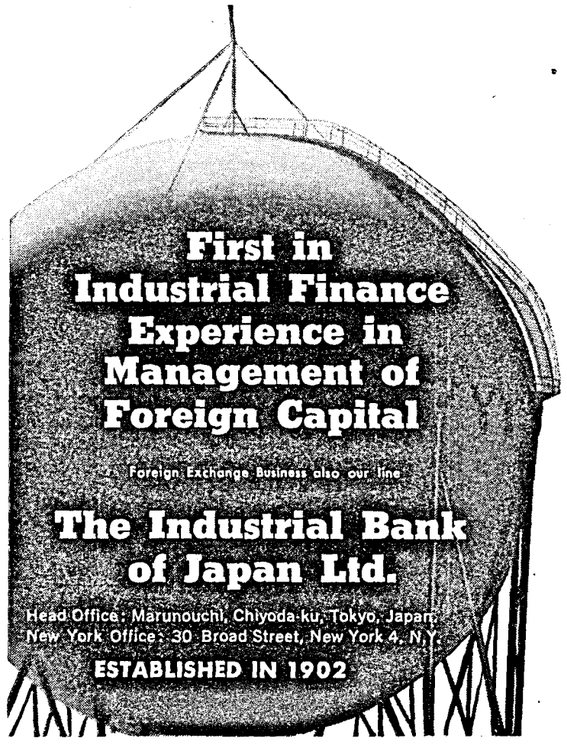
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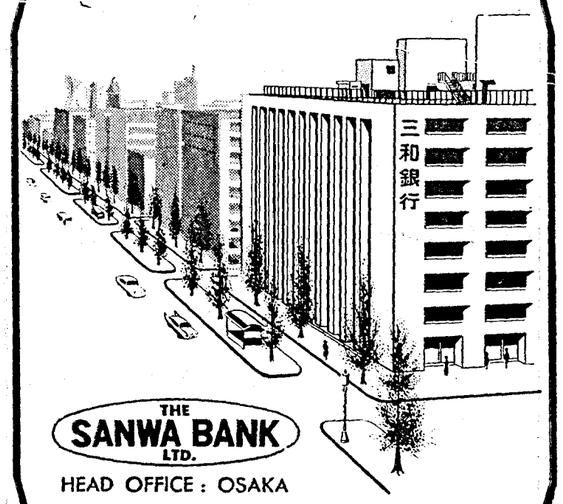
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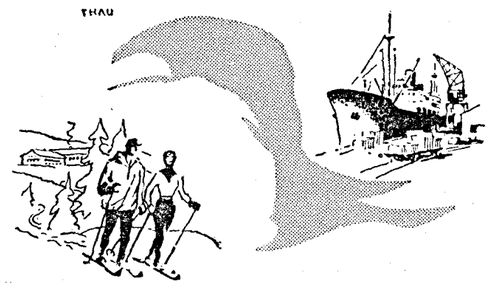
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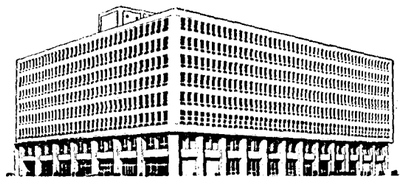
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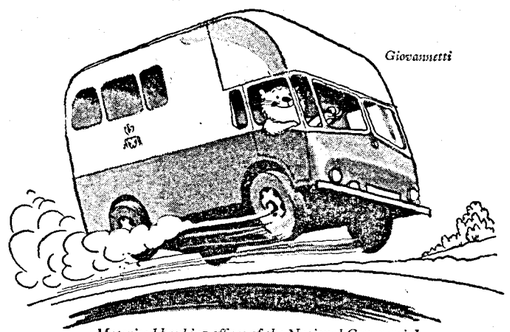
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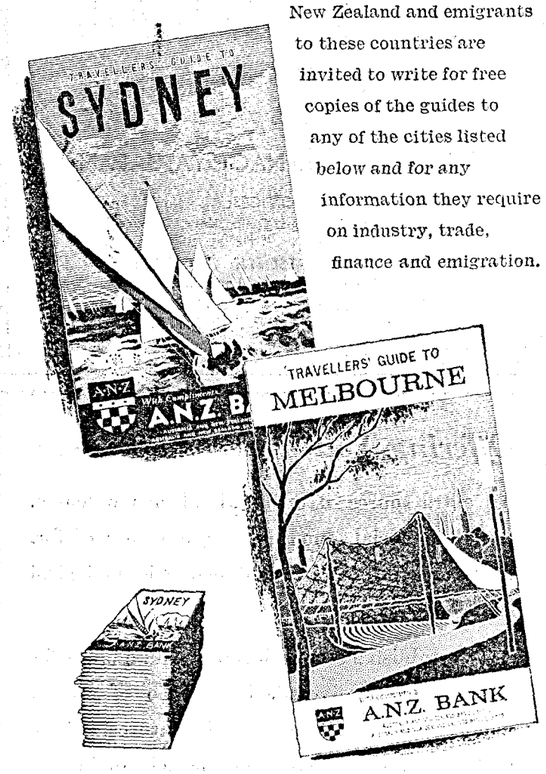
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No, Mr Thorneycroft

MR THORNEYCROFT, the Minister of Aviation, has failed the first major test of policy he has been called upon to decide since he returned to the Government. His refusal to endorse the grant of a licence to Cunard Eagle to fly on the North Atlantic has for the aviation industry one meaning and one only: that the Government does not intend to permit *competition in the air*. Indeed, the decision and Mr Thorneycroft's published reasons for arriving at it raise doubts about whether the Government rightly understands what the word "competition" means.

This year had been intended to mark a new phase in British flying. A new Act had come into force which purported to end the monopoly of the two nationalised air corporations; a new licensing body had come into being empowered to permit privately-owned airlines to fly services in competition with the corporations where conditions appeared to justify a second service. Among the many applications that this body received was one from Cunard Eagle to fly passenger services on the North Atlantic in competition with the British Overseas Airways Corporation. This was the first application for a major route to be heard by the board, and it was regarded throughout the industry as a test case. The board quite logically assumed that parliamentary time and *significant* expense would hardly have been expended on bringing a new Civil Aviation Act on to the statute book unless it was expected to produce *some changes in the status quo*. Accordingly, the board recommended the granting of a licence to Cunard Eagle for one daily round trip across the North Atlantic.

The Minister has thrown out this recommendation in terms that must leave the board wondering precisely what Mr Thorneycroft conceives its function to be, or why he thinks the Act was passed at all. If Mr Thorneycroft sincerely advances the bromide about "too many seats chasing too few passengers," his way is perfectly clear—to postpone the date for Cunard Eagle's licence from next summer to the one after. But Mr Thorneycroft's *real reasons* for countermanding the board's award must go deeper than this, for they draw the teeth of the new Act and turn it from a watch dog into a dozy old hound fit only to thump its tail approvingly at private airlines that know their place in the order of things and aspire to nothing higher than holiday tours and charter trade.

If the statement sent by the Ministry of Aviation to the unfortunate and disappointed licensing board on Tuesday night can be taken as a guide of Government intent, then Mr Thorneycroft is unlikely now or in the future to sanction any new services that take passengers from the corporations. The board had assumed that competition was the whole purpose of the Act. It recommended the licensing of Cunard Eagle in the knowledge that the new service would take passengers from BOAC as well as from other airlines, but considered the advantages outweighed any loss. It is not sufficient to argue, as Mr Thorneycroft has argued, that Cunard Eagle could not offer anything to passengers that they could not get from BOAC because "all the carriers are offering the same level of fares and basic standards of service to the public." There is, first, *nothing immutable about the present* ratio in which traffic is divided between BOAC and the American airlines operating into London. The airlines have *taken enough passengers from Cunard's ships for this company* to feel it is time for a *quid pro quo*. And might it not be just possible that passengers would like the option to choose to fly on a Cunard-owned airline, or that the company might actually have something to contribute from its shipping experience to the greater comfort, expedition, acceptability and economy of air travel?

MR THORNEYCROFT's reasons are just not good enough. What Cunard Eagle has to offer lies not in the outward *trimmings that differentiate one airline in the minds of* passengers from another, but in that precious commodity, competition, even in this, the most highly-cartelised industry in the world. When airlines have to compete hard for passengers, then they cut fares. The pressure to lower fares comes from those airlines that must fill their seats if they are to stay in business, because they *cannot fall back on a* government subsidy. Airlines that appreciate that empty seats can sometimes be filled only by lowering prices to tap a wider market are willing to nag, prod and push the great complacent mass (with one or two honourable exceptions) of protected, nationalised, subsidised airlines to agree to fare cuts, even if these have to be common to all competitors.

Starry-eyed idealists, among which it is now perhaps necessary to number the members of the Air Transport Licensing Board, thought that a modest form of competitive stimulus was what the Government *had in mind when it passed* the new Act. Others, like the board of the Cunard Steam-Ship Company, which rejected a sizeable Government subsidy to *build the futile Q3* in order to invest as much as £9 million out of its own funds in new aircraft, thought they were being offered a chance to pull out of a declining form of transport and re-invest in an expanding one. How wrong, it seems, we *all* were.

Many-Sided Sugar

ONCE upon a time, only eight years ago, an international scheme of co-operation between producers and consumers of sugar was launched. It was not exactly a new venture. The world monetary and economic conference of 1933 had drawn the blueprint, and the keel was laid in 1937 when 22 countries then controlling three-quarters of world trade in sugar ratified an international scheme to regulate its production and marketing. Since the agreement freed any contracting government that became involved in hostilities (most of them qualified all too soon) the 1937 project was brought to a standstill. Its basic principles were revived and launched in the 1953 agreement. Skilful piloting brought it safely through some awful storms, but it needed its refit in 1958, and now it has all but foundered. The United States (largest importer) and Cuba (biggest exporter) have quarrelled. A meeting in Geneva early next month will decide whether the international agreement will be abandoned as a result of it.

Despite all the troubles with surpluses in the 'thirties, world production of sugar quadrupled between 1900 and the outbreak of the second world war. But since the war, the growth in sugar consumption has been greater than in any other period and faster than the growth in any other important foodstuff. What could have been more conducive to the attainment of the international sugar council's chief aims—to maintain stable and equitable prices, to improve living standards in producing and consuming countries and to foster international co-operation? In fact, despite the paraphernalia of export tonnages and quotas linked to market prices, the free market in sugar has been anything but stable. The price has fallen more than £5 a ton this year to £22 a ton in London, the lowest point since the war. No producer calls this fair.

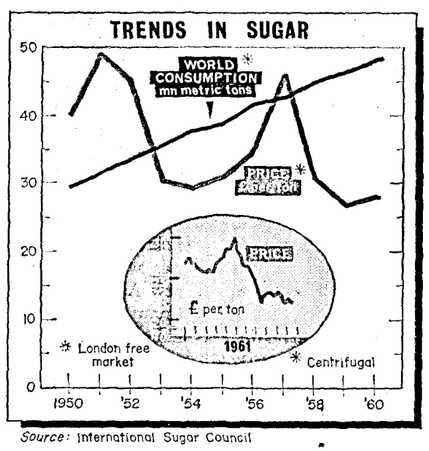
In 1954, before the agreement was two months old, sugar dropped through the "floor" price of 3¼ cents a lb. and the maximum restriction of exports under the scheme was soon in force. The Sugar Council was extricated from that difficulty by an unexpected increase in demand by communist countries rather than by the checks and balances of the international agreement. Before its first five-year period had run out, prices had soared to 6¾ cents a lb, 2¾ cents higher than the top step of the Sugar Council's export escalator; Japan, one of the biggest purchasers of sugar on the free market, was understandably dissatisfied with the council's unsuccessful efforts to bring prices back within its "range."

THOUGH it has not given full protection either to consumers or to producers, the sugar agreement has some friends (as distinct from participants) not least among producers. Since it began, the scheme has attracted new members — though would-be exporters seeking cover under the international scheme are patently as much of a liability as an asset. If a stabilisation scheme as broadly based as the sugar agreement, which nominally embraces most of the world including communist countries, comes to grief so easily, what hope is there for agreements whose environment is even less favourable?

Sugar has enjoyed an annual rise in consumption per head of about 2 per cent, plus the growth in world population of more than one per cent a year in this century. People in underdeveloped and tropical countries, even though abundantly supplied with fruit and vegetables, increase their consumption noticeably as their living standards improve. If they increased their consumption even towards the 100 lb a head in many developed countries (China is said to average about 5 lb a head a year), an enormous rise in production would be necessary.

Some claim that sugar has a potential market in industrial uses, such as plastics, detergents and emulsifiers, that might come to match its use for food. In plastics, sugar has been outdone by petrochemicals, but its application in other fields, still subject to experiment, could make great strides. On UN Food and Agriculture Organisation projections consumption of centrifugal sugar could rise from 48 million metric tons in 1960 to 57 million tons in 1965 and 67 million tons in 1970. This is impressive in all conscience. But the fact that does not square with it is that an experiment in international co-operation in sugar is now accompanied by a shrinking of the free market.

The international sugar agreement has, indeed, experienced all the troubles that beset such schemes: stocks have sometimes seemed too large, sometimes too small; in the past non-members have increased their exports to the regulated market; quotas have sometimes been exceeded; and the free market has always been one jump ahead of moves belatedly made by the Sugar Council. A major difficulty has been created by sugar beet production in consuming countries. In 1920, the United Kingdom produced no home-grown sugar; output regularly tops 750,000 tons a year now. European production of beet sugar has risen by 10 million to 22½ million tons since 1954.



Source: International Sugar Council

IF despite all efforts the international scheme founders, it will be politics, not sugar surpluses, that are the principal culprit. Sugar protection has long been a colonial responsibility—Britain was in the business as early as 1651, and the United States began to meddle with it as early as 1789. Special sugar relations developed with the Philippines, Puerto Rico and Cuba.

The United States offers its suppliers its domestic price, less duties varying with the degree of political friendship. The price it offers all suppliers is far more attractive than the free market price. Its system of granting quotas to suppliers to fill its estimated import requirements also has a political bias; producers like the Dominican Republic which find themselves out of favour with the American authorities can expect unfavourable treatment. Cuba lost all its quota of three million tons to the United States, setting in motion the events that have all but extinguished the international agreement.

The United Kingdom with its concern for colonial possessions—the British West Indies, Guiana, Honduras, East Africa, Fiji and Mauritius—has in recent years reserved its market principally for Commonwealth suppliers. In 1913, they provided only 4 per cent of Britain's sugar needs. Helped by increased tariff preferences granted after 1931 and the co-operation of refiners in this country, they raised this proportion to more than 50 per cent in the 'thirties. Last year Britain imported 1,600,000 tons of sugar from the Commonwealth and only 600,000 tons from foreign sources. Under the Commonwealth sugar agreement, suppliers get more than £45 a ton for their basic exports to Britain this year. The present contrast between these "negotiated" prices, which are supposed to be based mainly on costs of production, and prices in the free market certainly goes as far as is reasonable towards fostering sugar production in these countries. A stroke of political compromise has given South Africa, which was recently excluded from the "rights and obligations" of this agreement, a sort of associate membership of the Commonwealth sugar block, at £35¾ a ton.

Leaving aside less important pacts, the other main importing block today is formed by the communist countries, which have hastened to support Cuban sugar. Cuba claims to have an assured outlet in these countries for 5 million tons of sugar a year on terms that suggest in hard western cash something considerably above the free market price. Cuba thus claims to have found new outlets for sugar that entitle it to an export quota under the international agreement of about 7 million tons. That would be larger than the combined export quotas of all producer members last year. The irony that Cuba may not be able to continue to fill such a large quota only underlines a basic difficulty of the international agreement. So many participants get favoured treatment in other markets that their incentive to make it function properly is diminished. Some of the communist countries of Eastern Europe, in fact, would have most to lose should the international scheme lapse. They are among the few exporters who do not enjoy a sheltered market somewhere, and imports of Cuban sugar into the communist block will only add to their troubles.

It never looked as though Britain and the United States would sink their special import arrangements in an international scheme. To that extent "international" is a flag of convenience under which the United Nations' scheme sails. The result has been to sap the strength of the international agreement and leave it without adequate means to deal with the inevitable stresses in any international attempt to stabilise commodity prices.

BUSINESS NOTES

THE EXCHANGES

A Puzzling Week

SHERLOCK HOLMES would have found this a puzzling week in the exchange markets. While the crack in Britain's pay pause caused an immediate setback on the London stock market, it has had no visible impact on the sterling exchange—which has also been seemingly unaffected by renewed talk about flexible exchange rates. Spot sterling has been in continuous demand and the rate has stayed above $2.81½, while security sterling has stayed above $2.81. It is true that sterling is being propped up by the suspicions now being cast on the dollar, but herein lies the second mystery of what did not happen this week. While the exchange markets have continued to talk the dollar down, their distrust has not been indicated in the gold markets. The London market has indeed had an unusually quiet week, and in the absence of buying interest the price has fallen perceptibly below the level of just under $35.20 an ounce at which it was previously being held down by the Bank of England. On Wednesday the price was quoted at $35.17½-19 and on Thursday the fixing was at $35.15¼. The simultaneous rise in the gold price in Hong Kong has no general significance; the market there is dominated by the ebb and flow of the constant battle between officials and smugglers, and the latest movement is reported to have been caused by the arrest of two Arabs on Hong Kong airport. Of more significance to the gold markets of the west this week have been the national holidays in Beirut and Vientiane, two centres from which a good deal of demand for gold in Europe comes. Berlin, despite its second wall, may look less worrying; and some sizeable offerings of gold have been made in Zurich—from what source is not clear. It remains mystifying why, at a time when financial operators find bad things to say about the dollar, the pound and the mark all at once, they appear to have lost interest in gold. They have not, presumably, been converted overnight to Triffinism. The exchange authorities in the United States and Britain may well say: for such relief, much thanks. They would be unwise to draw more comfort than that.

The sharpest movement on the exchange markets this week was a sudden fall on Tuesday in the Canadian dollar, to 96.25 against the US dollar at one point. There has been talk that the Canadian authorities may now be aiming to get the discount to 5 per cent, which would seem rather more like the "significant" discount foreshadowed in the budget than the 3 per cent that has prevailed hitherto.

One of the few currencies that enjoys the luxury of bullish talk nowadays is the Spanish peseta: this week there has been a report that a mission from the World Bank has recommended revaluation, from 60 to 50 pesetas to the dollar. The report caused no marked response in the London market, where the peseta was quoted on Wednesday only a shade above its parity of 168 to the pound. Spain's gold and exchange reserves have risen strongly—at the end of September they were nearly $800 million, having been built up from virtually nothing at the time of the exchange reform in mid-1959; but there is no reason to believe that the Spanish authorities are anxious to impose a brake on economic expansion so soon after they have got it started.

IN THE MARKETS

Electric Shock

EQUITY prices went smartly into reverse after the wage award by the Electricity Council last weekend; and, after a notable absence, daily price falls returned to the gilt-edged market. In the previous week the markets had been confused, though not on

balance discouraged, by the daily succession of speeches from the Chancellor. This week confusion has given way to sheer bewilderment with the government's hold over the nation's finances—while hopes of early industrial expansion which some investors had derived from the Chancellor's speeches have withered somewhat in face of the two point drop in industrial output that the Treasury now registers for September. More bad news from industry, notably from English Electric, has added to the gloom. The upshot has been that in the week to Wednesday *The Economist* ordinary share indicator fell by 12.3 points to 356.6, neatly reversing the rise of the previous week, while the *Financial Times* index fell below 300 again. In gilt-edged, price falls were limited to ½ or so on the first three days of this week, but on Thursday they ranged up to 1⅛. Buying has come to a sudden stop, so that the steady stream of small selling by trustees that has been going on ever since August has been left to make its mark. There has also been a change of mood in the discount market, which is no longer counting on an early further reduction in Bank rate and is consequently less enamoured of short bonds.

The Prime Minister's effort to plaster over the crack by speaking for Mr Lloyd in the House of Commons on Tuesday gave little cheer to the City, and drew some cynical comments. It is possible to argue that this whole episode may in the end make the government more determined to hold firm on the big claims, and specifically that it increases the likelihood of a railway strike. But this is hardly a consolation to the holder of ordinary shares. On the opposite view, that the floodgates are now open, and that sterling will not be able to withstand another major assault on $2.80, the prospect for equities, on the long view, may not be unfavourable—though gilt-edged, at least in the short run, would obviously be vulnerable. All this is sheer conjecture, but it is to conjecture that the market has again been thrown by the government's electrical failure.

MOTORS

A Glimpse of Recovery

October was another depressed month so far as the production and home sales of the motor industry were concerned; but it saw the first significant rise in exports since they began to fall in June 1960. Car output was only 18,843 a week, 18 per cent below that of October 1960 and six per cent down on last September. Much of the fall since September results from the effects on the British Motor Corporation's output of the changes to its range, and of some shortages of bought-out parts needed for the new models. Undesirable though this loss of output may be, with the consequence of delivery delays for the new models, it does help BMC dealers clear their stocks of the old models without the need for special discounts. Amongst the other makers, Rootes made no cars last month, against a few in September, but the increase in Vauxhall's output of the new Victor seems to have roughly balanced this loss. Rootes has managed to start making cars again this month, but its output is only about a 1,000 cars a week—around a quarter of capacity—with 5,200 of its men at Coventry working one or two weeks out of three. Ford and Standard-Triumph International report that their output showed little change from September to October.

Home sales in October continued at the depressed level of September. Only 43,333 were registered, the lowest figure for October since 1957. This represents an annual rate of about 500,000 cars, compared with the 750,000 or so that will be sold this year and the 800,000 that were sold in 1960. The industry feels that these sales are too bad to last. Once Mr Lloyd begins to relax, it hopes that the buyers who are now holding off will return *en masse*, taking it back to boom conditions again. There is certainly no less reason now than there was at the Motor Show for believing that 1962 will be potentially a good year for the industry, though the immediate prospect is that sales will drift rather lower as the end of the year approaches.

The rise in exports resulted from an increase in shipments to the United States, already heralded by the industry—though only 1,600 more were shipped—and to Europe. Here the opening up of markets in France and Italy, since quotas were enlarged or abolished, remains a more significant factor than any increase in sales to established markets. Exports of commercial vehicles also rose—by 10 per cent over September and more than 25 per cent over October last year. But production fell slightly; demand for trucks on the home market is beginning to decline.

BANK CREDIT

Selwyn's Saver?

The City started talking on Wednesday of a possible increase in special deposits. This, it was thought, might be seen as a convenient way for the government to counter the impression that its financial policy is softening. The idea fires the imagination. One can see the Chancellor holding inflation at bay, a latter-day Marshal Foch: "My wage policy is punctured, my Bank rate is eroded, my planning council doesn't exist—but by raising special deposits to 4 per cent, *j'attaque!*"

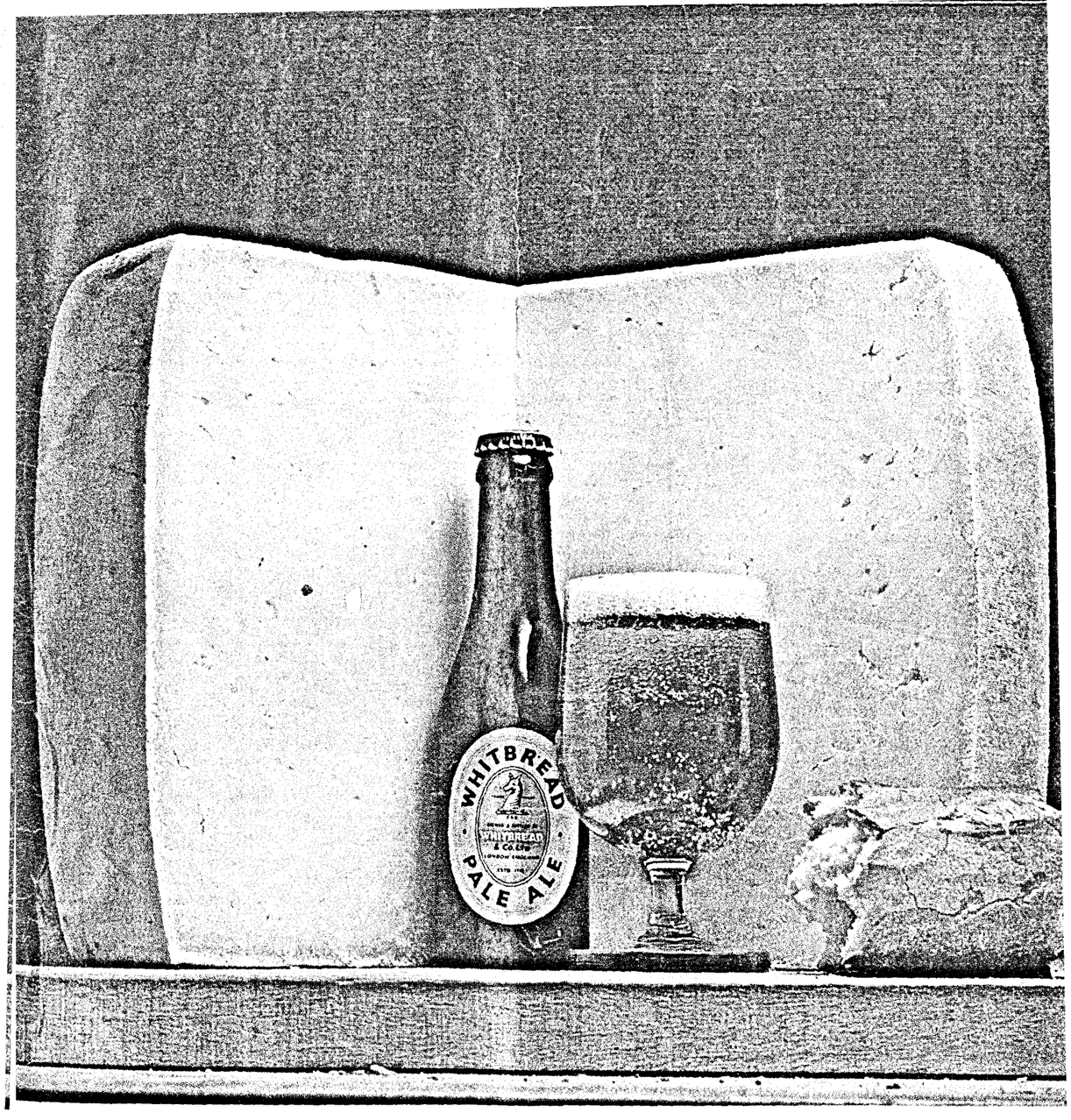
The clearing bankers have indeed felt anxieties for some time that their very success in cutting advances and raising liquidity this autumn might induce the authorities to remove this surplus liquidity by another call to special deposits. It is the essence of this weapon of policy, and thereby its major defect, that it arbitrarily upsets the bankers' normal basis of reckoning. Thus none of them at present can be sure whether, with this contingent threat hanging overhead, their liquidity is adequate or not. In the four weeks to mid-November, net advances by the clearing banks declined by a further £19 million (despite a temporary rise of £9 million to State boards) and the Scottish banks reduced their advances by £3 million. This marks a further slowing down in the pace of decline—in August and September advances were falling at over £100 million a month—but this was to be expected, and it is notable that the decline has not been reversed. The banks added a further £16 million to their gilt-edged portfolios, following the increase of £49 million in the previous month, which marked the first reversal of the long liquidation of these holdings. As liquid assets fell in November by £16 million, the upshot was that the liquidity ratio fell a little from its high October level of 35.0 per cent to 34.7 per cent.

THE BANK STATEMENTS
November 15, 1961

	£ mn.		Change on Month	Change on Year
London Clearing Banks:—				
Gross deposits	7,451		+15	+152
Net deposits*	6,951		−17	+152
		%		
Liquid Assets	2,585	34·7	−16	+298
Cash	605	8·1	−11	+ 12
Call money	686	9·2	+47	+121
Treasury bills	1,045	14·0	−61	+ 55
Other bills and "liquid" credits	249	3·3	+ 9	+110
Special deposits	221	3·0	+ 2	+ 78
Risk Assets:				
Gilt-edged	1,001	13·4	+16	−158
Other market investments	112	1·5	− 1	− 18
Advances*	3,230	45·1	−19	− 7
(to State Boards)	72		+9	− 12
Scottish Banks:—				
Gross deposits	829		+19	+ 22
Investments†	240	25·2	+ 1	− 26
Advances*†	294	37·4	− 3	+ 9
(to State Boards)	10		+ 1	−

* Excluding all transit items except ratio of advances to deposits; all ratios of gross deposits. † Ratios are of gross deposits and notes.

This would still normally be regarded as comfortable for this time of year; but this year is not normal. Apart from the special deposits threat, the banks also face the possibility of an exceptionally heavy inflow into the Exchequer, which would be needed if the final budget surplus were to attain the April and July estimates. It is quite possible, in fact, that the slowing down in spending and the at least momentary pause in wage and salary increases may erode that surplus. In the last two months, however, the Exchequer deficit has been rather smaller than a year before, and in November this contributed to an actual decline in the banks' liquid assets. The other influences were the strength of the gilt-edged market (which provides the Exchequer with non-bank finance) and the check in the flow of foreign funds to local authorities (which, unlike an inflow into Treasury bills, involves a net drain on the Exchequer to finance the purchase of the foreign exchange). The prospect both for the gilt-edged market and for the movement of foreign funds is now quite unclear: and so, therefore, is the prospects for bank liquidity.

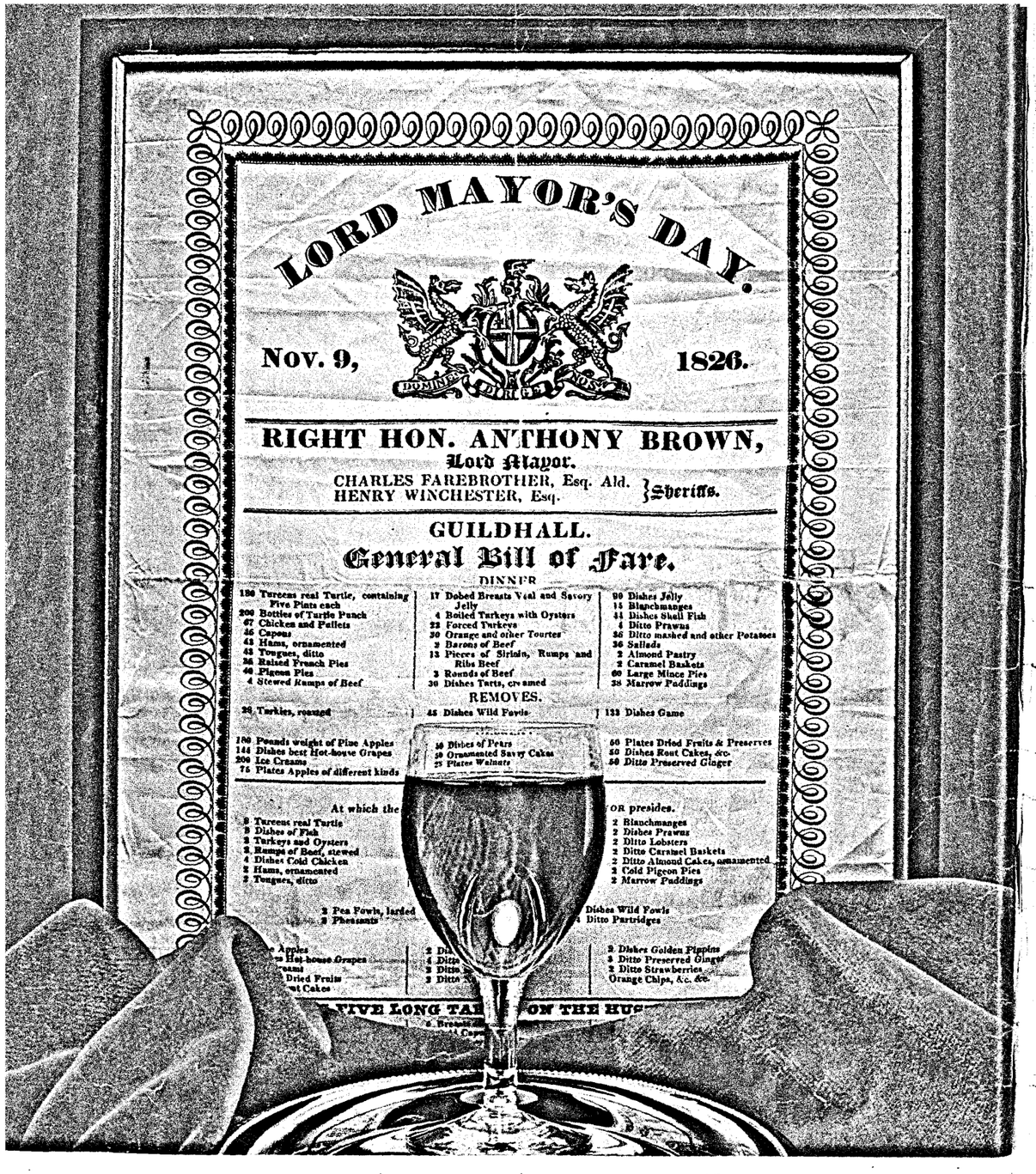


Try a little cheese with your Whitbread.

Is it because they're both products of the sun and soil that Whitbread and cheese go so happily together? Let gastronomes dispute the reason, while other people enjoy the result—a flavour combination so clean and fresh that it will enliven the most blunted appetite. Any cheese will do (though we recommend a slightly nutty-flavoured English cheese). Any time of day will do too, from lunch time to last thing at night. So next time you serve a Whitbread, pass round the cheese board. An absurdly simple way to tickle the palates of your more sophisticated friends.



a flavour to intrigue you *a pleasure to transform you*



PHOTOGRAPHED BY IRVING PENN

How a man can still dine famously at home

You don't need a butler to make a perfectly ordinary meal seem convincingly like a banquet. A bottle of Directors' Bin will do just as well. A glass of this noble and benevolent port wine will bring the simplest supper to its end with a fanfare of trumpets. And astonishingly, Directors' Bin costs no more than 26/- a bottle.



HARVEYS PORT

TRANSPORT

Rates for the New Job

If this government were setting up a new nationalised industry today—which by nature it wouldn't—it would no doubt apply today's rates of interest for such bodies, say 6 per cent or more, to the new industry's capital. In the Transport Bill that had its second reading in the Commons this week, the government is chopping up an old nationalised industry, and putting the pieces under five new public corporations, four of them operating enterprises and the fifth a holding company. What rate of interest ought these to pay?

Formally, this bill will extinguish the debts of the moribund Transport Commission, and transfer the whole obligation to pay interest on British Transport Stock to the Treasury, which was already guaranteeing the interest on this nationalisation stock and in recent years has often had to pay virtually all of it. The £2,450 million of debt accumulated by the commission on account of capital assets and past revenue deficits, consisted of various tranches of British Transport Stock and later of Exchequer advances, issued at different dates, on which it was liable to pay a variety of rates of interest. The book value at the end of December last year was £1,931 million and the commission was liable for interest of £64 million on this, so that the average rate of interest right across its assets was under four per cent. And it is the same sort of averaged rate—which remains to be worked out as the whole grab bag of assets is sorted out between the different new pieces of transport—that the new corporations will have to pay. If the Treasury were to insist on today's going rate to all the initial capital of the new corporations, it would simply guarantee that for the next five years it had to lend the railways and the canals perhaps £10 million a year more. The rate for the railways, on which the great bulk of transport capital investment has been expended since the war, may be higher than for some of the other corporations because by the time its investment was stepped up interest rates had risen too. On about £900 million of "live" capital, plus £300 million of superannuation and savings accounts, the new Railways Board would be liable to pay £65 million in annual interest charges, or an average of just over 5 per cent; but these estimates are only approximate.

Protection for the Coasters?

The threat of stronger competition from the railways for the traffic now carried by coastal shipping that is implicit in the Transport Bill stirred up more opposition in the Commons than any other specific provision. Under existing legislation, the coastal shipowners can go to the Transport

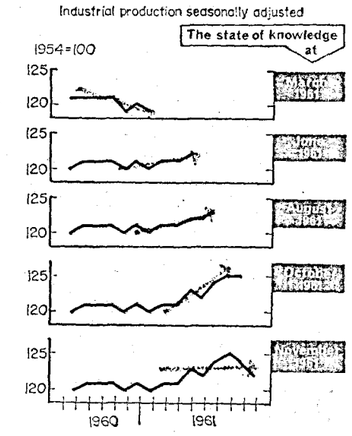
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THE ECONOMY

How it Looked at the Time

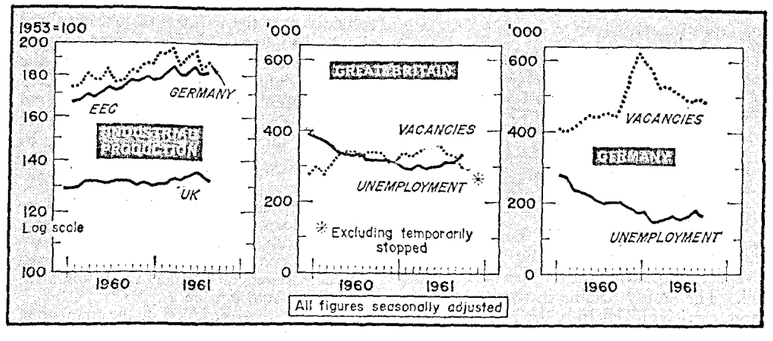
Most comment upon the month-to-month behaviour of the economy as a whole is of necessity rationalisation in the tranquillity of hindsight; and many of the explanations of what appears to have happened look pretty good until the next time the figures are revised. The degree of revision that has been applied, in succeeding months, to the last few months of the index of industrial production in the British economy this year have successively altered the state of knowledge about production in Britain to a degree that may give even his critics some sympathy with the Chancellor of the Exchequer, who has to trim the economy to what this among other meters on his economic instrument board shows. The outside commentator, looking at the up-to-date news after one month or two or three, can indulge in short-lived self-denying ordinances against over-glib explanation. The Chancellor is often less able to avoid trying to correct what may not have happened. Time and hot money wait for no man.

No explanation will therefore be offered in these columns of the latest indications of the production indices, which suggest that instead of remaining level, output in August according to the latest accumulation of data was going down, and went down another two points in September. The indications would indeed fit in with the fragmentary data on output of motor cars, durables, and steel that are available before the index for the whole of production. It would be a possible if *simpliste* explanation of the course of production as now recorded that the Chancellor's July measures of restraint on demand had an immediate and striking effect on industrial activity. But even if one trusted these latest figures more than the last lot, that would assume a very short pipeline between sales and the scheduling of production. If these figures turn out right, they suggest that various elements were moderating internal demand well before the Chancellor felt it necessary to curb it, which indeed has been suggested here before now on the evidence of



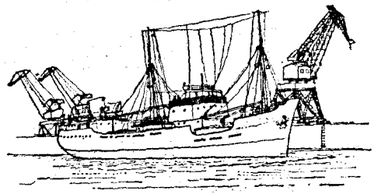
other indicators (also liable to revision).

Even as now revised, the trend of production in Britain since the beginning of the year looks to be at least as expansionary as in the common market as a whole or in Western Germany, its most important component economically. Between January and August the index of output in Germany, seasonally adjusted, actually showed a decline, though having passed higher levels in the interim; in Britain it rose from 120 in January to 122 in September (1954=100). Excess demand for labour, again, appears for the moment much stronger in Germany, where though unemployment is down to only 0.5 per cent of the estimated number of employees, the number of unfilled vacancies, even allowing for seasonal factors, is nearly three times the number unemployed and the flow of labour from East Germany has been checked. In Britain, by mid-November the number unemployed had risen to 1.7 per cent of the estimated number of employees; and this number, seasonally adjusted, exceeds the number of vacant jobs here.



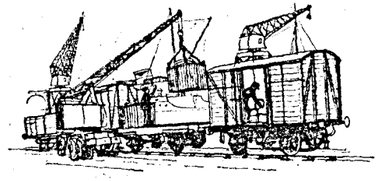
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Tribunal if they think that the railways are charging, or offering to charge, a rate that they either consider will put them at an unfair disadvantage or they believe to be



uneconomic. In giving the railways more freedom to set their rates as they think best, these safeguards for the shipowners will go. They will only be able to complain to the Minister of Transport *post hoc* if they suspect the railways of carrying competitive goods at uneconomic rates; and if the minister finds on enquiry that the railways are, he can order them to charge more. But there is no protection against an alternative form of competition—possible over-charging by the railways for goods transported to and from the docks, which could put up the total transport cost of movement mainly by sea. Most coal goes from the mines to the ships by rail, and coal accounts for more than 70 per cent of the cargo the coasters still carry.

Mr Marples told the Commons on Monday that he would arrange talks between the railways and the shipowners to see how this sort of discriminatory pricing could be avoided. But the supporters of coastal shipping in the House were not satisfied, though only one, Dame Irene Ward, went so far as to vote against the bill. They argued that the right to appeal to the minister if the railways undercut the coasters unfairly would be an inadequate protection. Nothing could be done until the traffic affected had been lost, and it might be difficult to recover it. The shipowners want the present protection against "unfair competition" to continue. But they add that it is not being effectively enforced; the railways are managing to undercut the coasters, so that traffic is being diverted from ships to trains. Only last March the General Council of British Shipping asked the Government to give the coasters better protection against "unfair competition" from rail and road—both of which, shipowners like to argue, get some help from the Government.



The Government did not respond, though it came under strong pressure to do something during the debates on the new bill. The steady decline in the amount of cargo carried and the number of coasters in use over the last four years seems likely to continue, however, whatever the Government may do. Much of the fall is simply the result of the switch from coal to oil—and next to natural gas—for alternative power in southern England, which has traditionally got much of its coal by sea. The shipowners hope that the common market may increase trade across the Channel and the North Sea. But only if they get protection, they say, will they feel secure enough to replace their present antique ships with modern vessels that could compete with those of the Dutch and Germans for this trade.

STOCK JOBBERS

Capital Needs

LONDON'S jobbing system may not be perfect but it makes the important distinction between jobbing principals and broking agents. Any smoothly working jobbing system has two essential needs: first, a sufficient number of jobbers competing for business; secondly, sufficient jobbers' capital to enable them to accept the risk of being "long" or "short" of stock. Income taxes and death duties have steadily eroded the volume of jobbers' capital serving the London market. As a result, small jobbers have become more and more reluctant to leave their books unbalanced for any length of time while the big ones in the gilt-edged market, even with the loan facilities open to them, have become increasingly dependent on the actions of the government broker. Since 1939, the number of jobbing firms has fallen from 324 to 89 and the number of jobbing partners from 1,123 to 520; and business, not least in the industrial market, has fallen more and more into the hands of the big jobbing firms.

While a special committee appointed by the Stock Exchange council could not see how or why this process should be arrested, it had some sympathy with the argument that in view of the increase in business the jobbers needed access to more capital. This committee has now circulated its report to the jobbers for their comments. In it, the committee mentions two suggestions that it thinks impracticable and not in the best interests of the stock exchange: first, that jobbing firms should be allowed to take in outsiders as non-member limited partners; secondly, that the partners of jobbing firms should be allowed to form companies in which the partners themselves bore all the risks of unlimited liability but in which other shareholders would have only limited liability. The committee looked with more favour on three other proposals, so long as these were strictly controlled by the council:

(1) That jobbers should be allowed to accept loan capital carrying interest that varied with the profits.

(2) That jobbing firms should be allowed to take in general partners (with unlimited liability) from outside.

(3) That the restriction of the number of members in a corporate member company to twenty should be abolished.

The committee recognised that the implementation of such proposals as these would tend to benefit the big firms, to save the medium firms from getting smaller, but to lead to the demise of further small firms. After the jobbers have considered this report, something is likely to be done to enable them to reinforce their capital. The committee could not rule on the suggestion that tax on jobbers' dealing profits should be averaged over three yearly periods; but obviously any tax reform that allowed the jobbers to offset losses in a bad year against gains in a good year would help.

TELEVISION

Getting Back to Normal

TELEVISION set-makers are slowly working back to something approaching "normal" conditions, but at a significantly lower level of trade than that to which the industry has been accustomed. Deliveries of sets from the factories to the shops during September, the best month this year, numbered 160,000, only about half the number that the factories were sending out two years ago when television was still booming. Since then the market has reached saturation and the bulk of future sales will come from whatever replacement demand the industry can manage to stimulate. It is questionable how many retailers, or even manufacturers, yet appreciate that selling a new television set to a man who already has an old one calls for methods quite different to those used to sell a set to a buyer who has never owned one before. Trade might be brisker if more did.

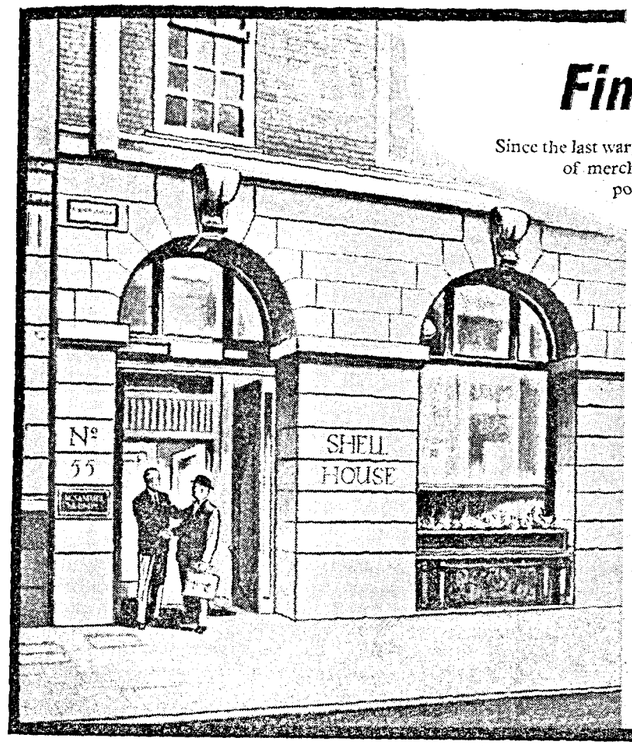
As it is, the number of receivers that have been sent to the shops in the first nine months of this year are 42 per cent below the numbers that the factories were shipping in the boom year of 1959, and 17 per cent below last year's levels when the slump was setting in. The reason for thinking that these relatively gloomy figures signify an improvement in the industry's health lies in the fact that they are deliveries made from stockrooms no longer crammed from floor to ceiling with obsolete receivers. The industry began the year with 1.2 million sets in stock, representing a year's sales. By the end of September it had reduced these to the manageable figure of 225,000, although how many of these represented obsolete designs can only be guessed. The industry has managed to unload its stocks by the kind of price cuts that it shudders to remember: the people who have probably gained most from this have been the television rental companies, which have taken large numbers of old 17-inch screen sets off manufacturers' hands.

OVERSEAS TRADE

Christmas Fare?

THOUGH in the absence of reliable seasonally adjusted figures for individual commodities the Board of Trade is at a loss

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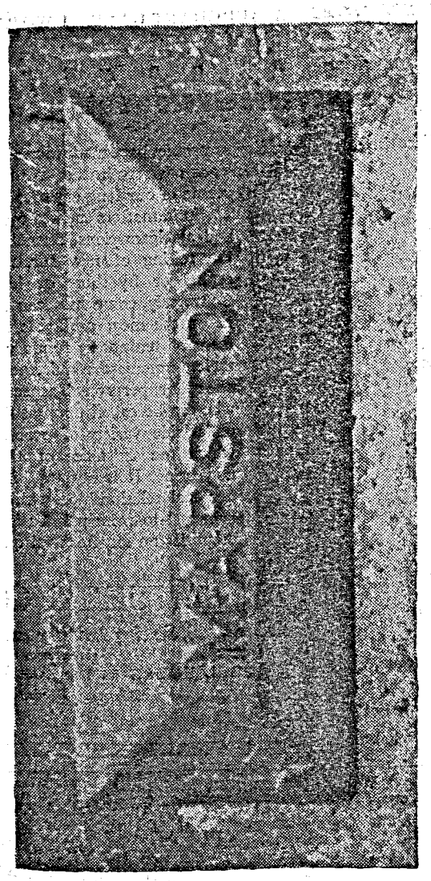
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to explain the recent upturn in imports, the full figures for trade in October shed some light on the sudden and disappointing jump in imports last month. The actual rise in the value of imports between September and October was £35 million, which adjusted for seasonal variations, the Board of Trade reckoned to have been equivalent to a true increase of £18 million. Fuels (mainly petroleum products) accounted for £6 million of this rise and basic materials for a further £6 million. Food beverages and tobacco and semi-finished manufactures each accounted for £3 million of the rise. Imports of finished manufactures increased in value, partly as a result of larger imports of agricultural equipment and office machinery, including computers. But after seasonal adjustment, the Board of Trade thinks they were again lower than the peak reached in August, and showed no measurable change from their level in September.

The increase in imports is too general to be explained by a temporary leap in imports of a few important items. That was the main hope when the preliminary trade figures were published last week. But where there have been large increases in the volume of imports, the rise is not entirely unexpected, or necessarily damaging. Among foodstuffs, imports of nuts rose sharply in October and were £400,000 higher than a year earlier. Because of the partial failure of Britain's apple crop, imports of apples rose sharply and were £500,000 higher than a year earlier. Imports of pears were £250,000 higher, and imports of all kinds of preserved fruit were £1 million larger. Tobacco imports in October increased very steeply; their value rose £7½ million to £24 million compared with £22.2 million in 1960.

Among basic materials, the chief rises in October to above the level of 1960 occurred in wool, cotton and other textile fibres. Stocks, particularly of wool, had been run down because of the previous low level of imports and a recovery was overdue. In

STEEL SHARES

Expecting the Worst

INVESTORS, for months past, have been taking an increasingly bearish view of steel shares and since April the *Financial Times* index of steel shares has fallen by as much as a third. This is not surprising given the progressively gloomier statements on steel output and steel stocks from the Iron and Steel Board. Up to March, stocks held by both users and merchants were still being built up, though at a much slower rate than in any quarter of 1960. But by March the turnround in stocks had begun and in the second quarter of this year steel production fell by two per cent. With steel users now prepared to hold much smaller stocks, production in the third quarter fell by 14 per cent. October's weekly output was about 23 per cent below last year's peak level, but part of this decline was due to the strike at the Steel Company of Wales.

However remote the possibility of the renationalisation of the steel industry may be, it cannot be ignored and this inhibits investors from basing their decisions exclusively on long-term prospects and forces them to think in terms of the short-run outlook. Their fears on this score have been underlined in a review of steel shares by a leading firm of London brokers, which argues that this is not a good moment to add to any stake in steel equities. Indeed, this firm of brokers believes that some of the steel companies may be forced to reduce their dividends in the rapidly approaching season of profit and dividend announcements and that it will take a much stronger revival of industrial activity next summer than seems likely at the moment for the companies to repeat in 1961-62 even the poor results for 1960-61 that they will be announcing in the next two or three weeks.

	Earnings 1959-1960	Earnings 1960-1961*	Dividend % 1959-1960	Price Nov. 23, 1961	Yield per cent
Colvilles	92·1	58	16	49/7½	6·45
Dorman Long	28·0	20	10	24/6	8·16
Firth Brown	40·6	35	12½	38/3	6·54
Lancashire	43·6	35	11	31/9	6·93
South Durham	49·5	38	12	23/-	10·43
Steel Co. of Wales	41·1	29	12½	30/3	8·26
Stewarts and Lloyds	59·1	43	15	36/10½	8·14
Summers	48·2	36	15	42/10½	7·00
United Steel	49·4	30	12·3†	38/6	6·39

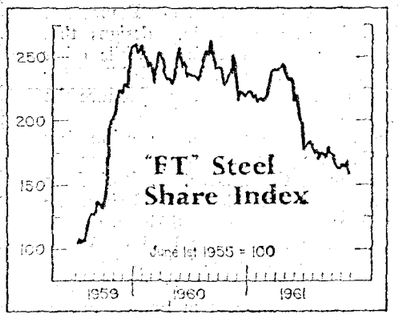
* Brokers' estimate. † Indicated dividend.

The steel industry is continuing to spend heavily on capital account, but one indication of the change in its views on the medium-term outlook has already been given by the scaling down of some of the development plans (notably by United Steel at Appleby-Frodingham). But the commitment is so big that the steel companies have had to retain a much higher proportion of earnings than is usual elsewhere in the economy and a sharp fall in profits, the brokers suggest, could mean some reductions in dividends unless more capital plans are put into cold storage. John Summers and Dorman Long, they say, are the most vulnerable in this respect.

THE directors of Tube Investments and Guest Keen and Nettlefolds have already referred to the inadequacy of the price increase of one per cent granted to the industry by the Iron and Steel Board in June following the imposition of a tax on fuel oil in the budget, and it is clear that the spokesmen of the steel companies will add to the chorus of complaint about the narrowness of profit margins. The board's steel price structure is based upon an assumed operating rate of 90 per cent of capacity, but the heavy drawing on stocks in the past few months has been reflected in the reduction of this rate to about 77 per cent. Further substantial reductions in stocks in the fourth quarter of 1961 seem certain, but some steelmakers are hoping—perhaps optimistically—that by then the major steel users will have reduced stocks to what they will regard as adequate levels.

If the steelmakers' optimism is misplaced it is improbable that steel output in 1962 will reach this year's level, which in any case is likely to fall short of the original estimate of 24 million tons. On the other hand, the prospects for exports which take about 40 per cent of all steel supplies seem brighter. About one-half of the industry's output depends on gross capital formation (including stocks and work in progress) and until demand in the economy is more buoyant steel consumption is not expected to show much improvement. But capacity continues to rise and it should amount to about 28 million tons by the end of next year.

In all, it is not surprising that investors have been advised not to consider steel equities until the middle of 1962, when the prospect should be clearer. By then Britain's future relation with the common



market may be apparent. If Britain joins the common market the steel industry's prospects could be enhanced, for British steel is still cheaper than that produced by many of its competitors in Europe. But this margin of advantage is being whittled away, for coastal steel works in Germany and Italy are operating not only on imported ore but on cheap imported coal from the United States. There are thus doubts in all directions and this will depress the price of steel shares in the next few months. And even if the future does begin to look brighter by the middle of next year there is no guarantee that this will be reflected in a strong rally in steel shares, for some of the steel companies will have to raise fresh capital and the risk of renationalisation will loom larger in the stock market as the next general election draws nearer.

semi-manufactures, the big rise in imports between September and October was in non-ferrous metals. While the London Metal Exchange remains open to all, part of this increase might be involuntary. Stocks of lead and zinc held in London Metal Exchange warehouses rose sharply following heavy sales of foreign metal here. The rise in all imports last month to £378 million—the seasonally adjusted figure was identical—brought them up to their level in October, 1960. Seasonally adjusted exports rose to £311 million and the crude trade gap widened to £55 million.

VERTICAL TAKE-OFF

Carrot from Nato

MID-JANUARY is the closing date for the submission of bids to Nato for a vertical take-off fighter. As the time runs out, the aviation industries of Britain, the continent and the United States are concluding that discretion is the better part of competition. One after the other are coming together to form consortiums of various kinds for the purpose of submitting common bids. A decade's experience of Nato competitions has left aircraft companies sadder but more worldly wise. The object of holding the competitions is to standardise equipment throughout the Nato air forces; but experience has shown that neither the United States, nor France nor Britain is prepared to buy designs that originate in another country, while other Nato members expect to be subsidised for tooling their local factories to produce the winning design.

The idea of international consortiums has suggested itself to the companies as a means of preventing this kind of deadlock from forming yet again. Could the RAF or the French Air Force or the USAF turn down a fighter designed by the kind of Anglo-Franco-Dutch - German - Belgian-American consortium just formed by Hawker Siddeley in this country, Breguet in France, Focke-Wulf in Germany, Republic Aviation in America, Fokker in Holland and two Belgium aircraft companies? The answer of course is "Yes." Nevertheless, the same kind of reasoning is behind earlier agreements signed between Shorts in Belfast and Lockheed in America, and other Anglo-French, Anglo-German, Franco-German and Dutch-American consortiums. The companies reason that as members of a group they stand a better chance of getting sub-contracts than they would if they played a lone hand. But the most important long-term aspect of these agreements is that although at present they are little more than sales and licensing agreements like the British Aircraft Corporation's arrangement with the French companies Sud and Dacsault, they may eventually encourage companies to pool resources for the development of major projects. And vertical take-off is the biggest single challenge to face aviation since the arrival of the jet.

Battle Royal, Stage Two

THE Nato competition also carries the battle royal between Rolls-Royce and Bristol Siddeley into a bigger arena. These two companies offer the only effective engines on the market for vertical take-off, but their designs incorporate two completely different systems. The first round of the battle went to Bristol Siddeley, when the RAF opted for the company's single-engine system, in which swinging ducts blow the jets straight down for take-off and swing back to the normal horizontal position once the aircraft is off the ground. Rolls-Royce immediately started hawking its competing multi-engine system round the international market, keeping all the time a wary eye on the reactions of the RAF. The Rolls-Royce method of vertical take-off uses a bank of small, short-life jets for take-off only, and normal engines for normal flight. In France the formidable Dassault company, which works hand in glove with the nationalised company Sud Aviation, has opted for the Rolls-Royce system with some hope of backing from the French Air Force. So has the American Lockheed company, in its consortium with Shorts, which did most of the development flying of the Rolls-Royce system. Other companies in Germany and Holland, however, have chosen the Bristol-Siddeley method and a good deal of Hawker Siddeley's experience in building for the RAF is likely to go into the designs that these companies are submitting in their consortium with Hawker Siddeley.

The stakes for Britain are therefore exceptionally high, and for Rolls-Royce perhaps the highest for which the company has ever played. If Nato rejects the designs using the company's engines, the future for Rolls-Royce's vertical take-off work is problematical, unless the company does a quick about-turn and redesigns its engines along the lines pioneered by Bristol-Siddeley. The issue is far from clear, because there are already complaints about the relatively modest performance specified both by Nato and the RAF, the winning design may still not be acceptable to the individual air forces of Nato members.

MACHINE TOOLS

How Old is Too Old?

THE survey that McGraw-Hill has made of the age of machine tools in British industry shows, in its provisional returns, that 65 per cent are more than ten years old. Though this might superficially be regarded as evidence of the backwardness of British industry, a similar survey that McGraw-Hill has made in the United States shows that there is little difference between the two countries in the average age of machine tools: and Continental industry seems to have a similar liking for aged equipment. Possessing old machine tools does not, of course, necessarily mean that the oldest are frequently used; certainly they are likely to be used less intensively than more modern tools. These will have to carry capital charges that the older machines will be free from; and the fact that they are depreciated is one reason why companies will cling on to them. They are the cheapest means of producing extra output; and wherever production is liable to fluctuate, there is a strong economic case for retaining depreciated equipment. Electricity generation is the outstanding example; peak loads are most cheaply met from old, depreciated power stations in which the running cost may be many times that of a modern station.

Another explanation for the retention of old equipment may simply be that industry does not believe that new equipment is sufficiently superior to the old machines for its use to reduce production costs. Inflation and the consequent rise in the price of machine tools in the last twenty years will have helped to produce such a situation. Whatever the reason, machine tool makers cannot be pleased to find industry so reluctant to change to their latest products. One must hope that they regard the facts revealed by this survey as a spur to make better machines rather than as an excuse to demand greater subsidies for investment.

MAN-MADE FIBRES

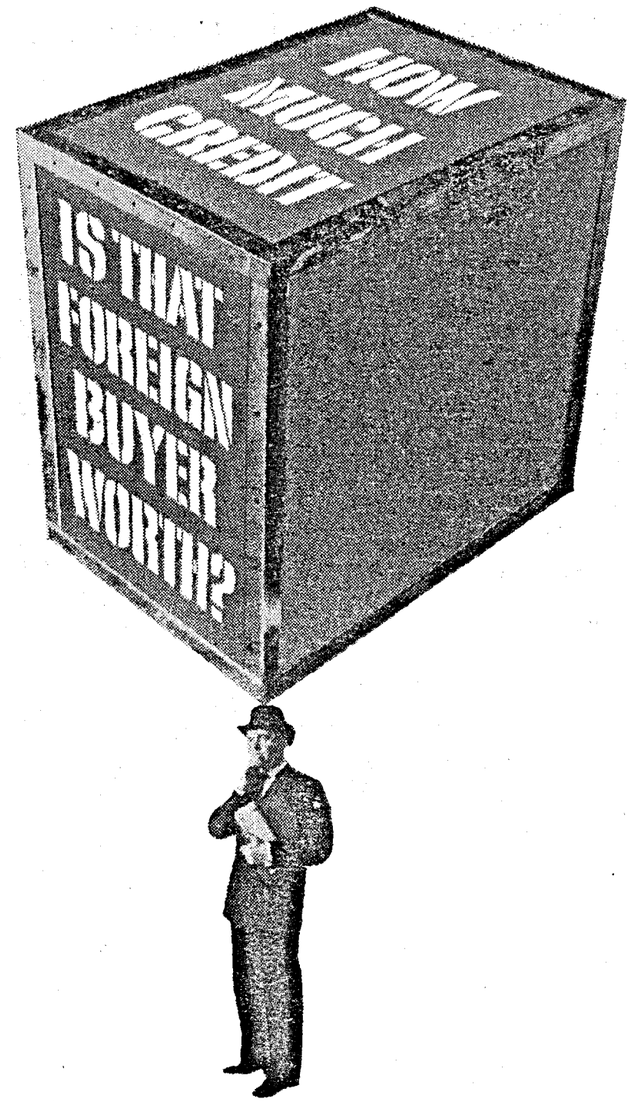
A Fresh Start

BRITISH Enka's rayon venture ended disastrously last month with a disclosed loss of £200,000 on trading in the first eight months of this year, bank overdrafts and loans swollen to £900,000 and a bid at par from Courtaulds for its 5s. shares. Fulfilling a promise made last month at the time of the Courtaulds bid, the Netherlands group, Algemene Kunstzijde Unie, which owned 55 per cent of British Enka's capital, is offering that subsidiary company's minority shareholders an equivalent stake in British Enkalon, its new nylon venture in the United Kingdom. Shareholders have the right to subscribe for two 5s. shares in British Enkalon at 5s. 6d. each for every share in Enka they formerly held, and dealings in the new shares are expected to start next Thursday.

Enka shareholders therefore have the unusual opportunity of participating in this nylon venture from the "green field" stage. Plans for the factory near Antrim, Northern Ireland, for which a £2 million grant is available, include a first stage to be completed in 1963 at a cost of £7.3 million and a doubling of capacity for an added cost of £4½ million in the second stage, which is scheduled to be completed in 1967. A gross profit of about £500,000 is expected in 1964, and a maiden dividend might be paid for 1965 if the profits warrant it.

The type of nylon produced at Antrim will be nylon 6, which the group thinks has better prospects in the expanding warp knitting sector of the textile industry than the commoner nylon 66. Nylon is the most im-

PROBLEM No. 2



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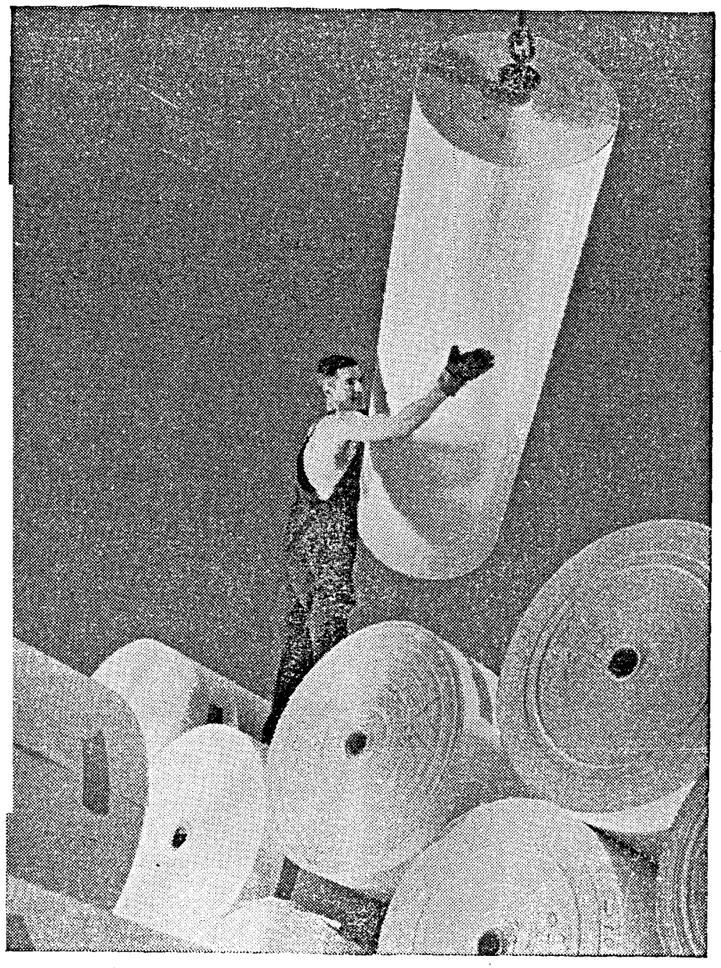
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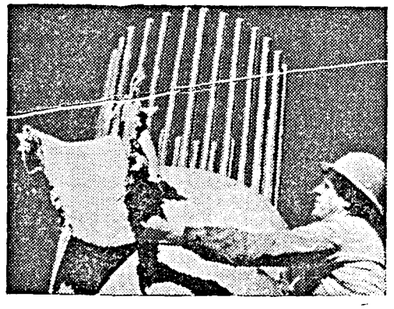


For Melbourne's new £3 million bridge, paperboard moulds 24 feet long are being used to cast the 60 massive steel and concrete columns. Foundations for these columns go as deep as 180 feet. The picture below shows a mould being stripped away.

AUSTRALIA PUTS PROGRESS TO PAPER

Paper production in Australia has almost doubled in less than 7 years. It is a vigorous industry—as is testified by the £A20 million shareholders' funds which have been invested since 1945. Such large-scale expansion is evident throughout the country. Current projects will incur £A14 million expenditure on new mills and plants, and a new £A5 million paperboard mill commenced production last year. Australia is confident of a continuing expansion in her industries. In such ventures she values her long-established partnership with Britain. During the last decade, Australians have attracted £A800 million from British, American and European investors. Australia is devoting 25% of her gross national product to investment in fixed capital.

Representatives of the Australian Government in the United Kingdom will be glad to provide information about opportunities in trade, investment and migration. Further information can be obtained at Australia House and at the Offices of Agents General for the Australian States.



portant of the non-cellulose man-made fibres and is expanding rapidly. World production rose by 18 per cent last year. It is not, however, expanding as rapidly as the acrylic fibres (Courtelle, Orlon, Acrilan, etc.). Shareholders who burnt their fingers with rayon, might, understandably, be wary of again backing the wrong fibre. World capacity for producing nylon is expected to rise from 876 million to 1,520 million lb between 1960 and 1962, so the potential market for nylon will not lack competition.

Meanwhile, according to the Commonwealth Economic Committee, there has been some improvement in world production of rayon in the third quarter of this year. Output in the United States was 13 per cent higher than a year earlier, and Courtaulds increased the price of its rayon staple by 4 cents to 27 cents a lb. In the United Kingdom, the decline in output of all man-made fibres was halted in the third quarter. Exports of filament yarns have increased, but so far there has been no marked recovery in demand at home.

SHIPBUILDING

Concentrating Research

ESTABLISHMENT of the British Ship Research Association follows the recommendations of the Department of Industrial and Scientific Research's inquiry that the arrangements for research in the industry were inadequate and should be reconsidered. The new body will combine the work of the existing British Shipbuilding Research Association with the research side of Pametrada (the Parsons and Marine Engineering Turbine Research Association) activities. The design of turbines will be hived off to a new organisation, controlled by the turbine makers and not receiving a DSIR grant, which will retain the name of Pametrada. This move helps to meet the DSIR's criticisms of combining design and research in the same organisation, which, it suggested, reduced the amount of research that was done and encouraged shipbuilders to retain their own turbine-making facilities.

The new Ship Research Association intends to extend the scope of its research beyond that which its constituents have done. Initially it plans to spend £1 million a year, £185,000 more than the two existing research associations spent in 1960—which included Pametrada's design work. It hopes that government will give the maximum financial assistance, which, "in the opinion of the industry, is vital to its success." Having shown that they can be good boys, they now expect their reward. Talks with the DSIR have started, and the new association should be legally formed by the spring of next year. By then the DSIR should

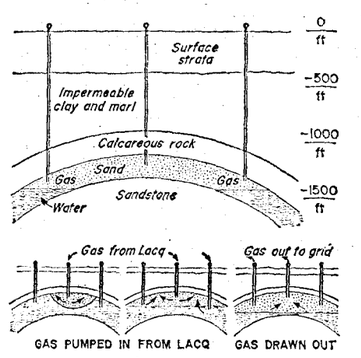
The Earth Hath Bubbles

At Chilcomb, near Winchester, and a few other places, Britain's gas industry is investigating the use of underground storage in permeable strata of the kind that might, if we were luckier, contain natural gas or oil. These, plus a few minor finds of natural gas, are the main results from several years' exploration for gas in this country. Under Chilcomb, about 750-850 feet down, there is a greensand "aquifer," or permeable layer containing water, in the shape of an elliptical anticline, which will take about 10,000 million cubic feet of recoverable gas (one has also to put in a "cushion" of gas which never comes out of storage). As yet this kind of underground storage is not actually in use in Britain (bringing it into use may indeed involve legislation). But in many other parts of the world it is—for example at Lussagnet in South-West France, of which a special correspondent gives the following account:

THE endearing thing about Europe's largest gas-holder is that it is invisible. At ground level and above, Lussagnet (in the department of Landes) is a village much like any other. Its inhabitants grow grapes and maize, rear poultry and pigs, poison themselves occasionally with mushrooms gathered in the surrounding oak-woods, and make a good *eau de vie*. But below its surface—1,400 feet below, to be precise—lurks a huge gas-bubble twice the size of the Kremlin. For Lussagnet stands on an anticlinal dome of highly porous sand roofed with impermeable rock and clay and sealed off by water; and into this dome French engineers have pumped over 600 million cubic metres of purified methane. Within the next few weeks the bubble will swell to its maximum volume, 700 million cubic metres—a maximum imposed not by the capacity of the dome but by a technical decision to keep the pressure of the gas inside it below 65 kilograms per square centimetre.

The methane is piped to Lussagnet from the natural gas-field discovered and exploited by the state-controlled *Société Nationale des Pétroles d'Aquitaine* at Lacq, 33 miles to the south. Lacq's estimated reserves are 280,000 million cubic metres, and the French authorities appreciated from the outset that without adequate storage facilities its development would be hampered. In 1956, eighteen months before large-scale production started, SNPA geologists set to work exploring promising anticlinal structures along the axis the main northbound pipeline would follow. After investigating two unsuitable sites, they pronounced Lussagnet satisfactory, and within a year 80 million cubic metres of refined gas had been stored there.

Production was thus able to go ahead without waiting for completion of the 1,800 miles of pipeline that now link Lacq with Bordeaux, Nantes, Paris, Lyons and other industrial centres; and it became possible to design the plant installed at Lacq to work round the clock at full capacity, irrespective of hourly or seasonal fluctuations in consumer demand. As a result, in less than four years



Lacq has revolutioned the French gas industry, and 46 conventional gasworks have been closed down.

THIRTY-FIVE "wells" have been sunk into and around the storage area at Lussagnet, 23 for the input and outlet of gas and 12 for observation of the pressure and temperature of the bubble, and movements of the water-table. The methane suffers no chemical change underground; only dehydration is necessary before it is fed into the national grid. Lussagnet's storage capacity is equal to that of 2,000 conventional gas-holders, yet a shift of six is sufficient to man the whole installation.

The basic techniques employed were pioneered in the United States. Coal gas has for some years been stored underground at Beynes, near Paris, and in the Ruhr; and underground reservoirs for natural gas are being brought into use in Italy and Russia. Near Marseilles a cavern is being refrigerated and equipped for the storage of Saharan gas. But Lussagnet is undoubtedly the most important achievement of its kind in Europe.

have decided how much it can afford to give; in 1960 it gave the two old associations only £130,000 between them.

RACING CARS

Why Purchase Tax?

THE Board of Trade's decision to stop refunding purchase tax on formula one racing cars is surprising. It will save only about £50,000 a year: racing cars are one of the cheaper methods of publicising British goods. Since 1950 the Board of Trade has repaid the makers the tax that they paid when the car was completed. Now it says that this concession was only intended to help that section of the industry making larger cars to get on its feet; and it considers that this purpose had now been achieved—though several of the firms affected in 1950 no longer exist, and several of those affected now had not been founded in 1950. The effect of adding £10,000 to £20,000 to the annual costs of a racing team could be crippling; none of the existing British manufacturers feels it could continue racing on the present scale if it had to pay this. They are therefore looking for ways around the regulations. One would be to complete the cars on the Continent and keep them there, never competing in British races; this would mean losing much revenue from appearance money, but it would expose the government to ridicule. Or the cars could be owned by a foreign company, and raced under foreign colours. A more hopeful move might be to challenge the legality of charging purchase tax on any racing car, and this will be done if the government does not relent. Purchase tax is supposed to be paid on cars designed for the carriage of passengers, and meeting the requirements of the Road Traffic Acts. A racing car can hardly be said to do so; makers therefore feel that they have a strong case to argue.

MOTOR CYCLES

Unhappy Prospect

THE motor cycle industry faces its hardest winter since the end of the war. No manufacturer is likely to operate at a profit this year; and other redundancies may follow Triumph's threat to sack 100 men. This is the consequence of the restrictions that the Government imposed on hire purchase in April 1960, plus a natural reaction from the boom that had characterised 1959. Sales this year have been little different from those in the latter months of 1960, but dealers were then building up stocks. They continued doing so until last summer, in the hope that sales would then rise; as these hopes were disappointed, they are entering the winter with heavy stocks, and therefore have stopped ordering from the manufacturers. Their mutual relations have been further complicated by the ending of the old distribution agreement, which was withdrawn before the Restrictive Practices Court could sit in judgment on it. The dealers, encouraged by the Motor Agents' Association, took the opportunity of making new agreements with the manufacturers to demand higher discounts. These the makers were naturally reluctant to concede; higher prices are hardly the way to raise sales. But about half have finally granted a small increase in margins, the rest maintaining the old level.

Prospects for next year are more than usually unsettled. But there are some reasons for expecting higher sales; the bunching of hire-purchase contracts in 1959 means that many will be expiring in 1962, as is the case with cars. Roughly half of all motor cycles are sold on hire purchase, though less than a fifth of all cars are; so this factor may be more important for motor cycles. And if there is a recovery in car production, motor cycle makers expect the workers in the motor industry will have more cash to spare for luxuries. Ultimately, however, the industry is hoping that two bad years will be followed by at least one good year; and that new models—such as the lightweight scooter that Triumph is developing—will help to keep the number of motor cycle owners growing.

SHORTER NOTES

Raleigh announces that it is closing some of its cycle factories in Birmingham which employ 1,500 men. In the last financial year, the sales of this section of Tube Investments fell by 12½ per cent, and its profits by 43 per cent.

★

The New York Stock Exchange has approved the listing of the shares of both Unilever Limited and Unilever NV and dealings are expected to start on December 12th. The group has undertaken to publish quarterly reports from 1964.

★

The Board of Trade has announced that it is considering ICI's application for an anti-dumping duty on imports of polythene from America. It invites interested parties to make written representations by December 8th, and adds that the application may be extended to cover other countries supplying polythene to Britain at prices that appear to be subsidised.

★

Because of tax complications the directors of J. and F. Stone Lighting are not proceeding with their plan to distribute free shares in the newly formed property company which will now be a wholly owned subsidiary of the group. They propose however to make a one for two scrip issue and expect to pay a dividend of 30 per cent on the increased capital. This is equivalent to 45 per cent on the present capital compared with the 35 per cent paid for the year to June 30th.

★

The market has been surprised by news of a £1½ million rights issue from Consolidated Gold Fields of South Africa and the reasons for the issue will be made clear at the annual meeting on December 14th. The terms, one for ten at 30s., make the rights worth about 2s. 9d. a share and with the forecast of a maintained dividend of 5s. a share the ex rights yield is 8½ per cent.

Great Universal Stores has sold its 37½ per cent interest in the Marble Arch hotel company, Mount Royal, to Mr Maxwell Joseph, the chairman and managing director of Mount Royal. At a price of 12s. 6d. a share the deal involved about £2¼ million.

★

The International Development Association has granted credits totalling $22½ million to India to increase agricultural production.

★

The Dresdner Bank, of Germany, has acquired shares in the Industrial Credit and Investment Corporation of India.

★

The directors of Lodge Plugs have announced that an offer has been made for the whole of the issued share capital and stockholders have been advised not to sell their 5s. units until they receive a further statement. Since the announcement the 5s. units have gained 5s. 6d. to 18s. 3d.

COMPANY AFFAIRS
Comments on pages 844, 845, 846 and 847 on:

English Electric	United Breweries
Hawker Siddeley	John Smith's, Tadcaster
Elliott-Automation	Warwicks & Richardson
Amalg. Roadstone	Strong and Co.
British Plaster	Bullard
Decca Record	Copper Shares
William Whiteley	BSA
Rover	Glaxo
Gomme Holdings	Crompton Parkinson
S. Smith	Berger, Jenson and Nicholson

LONDON AND NEW YORK
Stock prices, yields and security indices on pages 848 and 849

LONDON STOCK EXCHANGE
The week's movements reported on page 847

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 850

Mr. ERIC TURNER REVIEWS GROUP'S ACTIVITIES AND DEVELOPMENTS

The 100th annual general meeting of The Birmingham Small Arms Company Limited will be held on December 14 in Birmingham.

The following is an extract from the circulated statement of the Chairman, Mr. Eric Turner:

My colleagues and I are a little disappointed by the outcome of the year's trading. The figures for the first three or four months were encouraging but increased costs of production throughout the Group, together with the depressing effect of hire purchase restrictions on the sale of some of the Group's products, resulted in a marked fall during the latter part of the year. Even so, some of our activities, notably machine tools and steel, showed improved results, but these were insufficient to offset the reductions in others.

The Group profit before taxation of £2,932,745 is slightly less than that forecast in the interim statement and shows a reduction of some £485,000 from last year's figure, a fall of 14%, although the turnover of the Group slightly exceeded that of the previous year.

In present conditions your directors have decided to recommend a dividend of 7$\frac{3}{7}$rds% making 11$\frac{3}{7}$rds%, (same) less tax, for the year.

Although, taking the year as a whole, our three motor cycle companies (Ariel, B.S.A. & Triumph) enjoyed satisfactory sales, the position in the home market has deteriorated appreciably in the last few months.

Export business is still substantial, although on a slightly reduced scale, partly because of the trend of world trade and partly because of import restrictions imposed by an increasing number of overseas governments. Nevertheless, there is a great variety of markets, capable of expansion, which are being energetically pursued by the various companies.

Scooter sales were particularly disappointing. B.S.A. and Triumph scooters are considered by the trade to be amongst the best ever produced, as well as competitive in price, and I am therefore confident that we shall find that a substantial proportion of future scooter sales will come our way.

The most important event during the year was the acquisition last January of The Churchill Machine Tool Company in Manchester. Many of the Churchill company's activities will be strengthened by its inclusion in the B.S.A. Tools Division, which is now probably the second largest machine tool organisation in the United Kingdom.

The demand for machine tools remained at a high level throughout the year and was in excess of our capacity to produce, in spite of the additional facilities which were provided. Excluding new acquisitions, the turnover for the year was up by 25% on the previous year, and we are expecting a still larger output in 1961-62.

The trading profits of Jessop-Saville Limited show a gratifying improvement over those for the previous year but are still some way below peak figures in spite of the fact that sales during the last financial year were the highest in the history of the company.

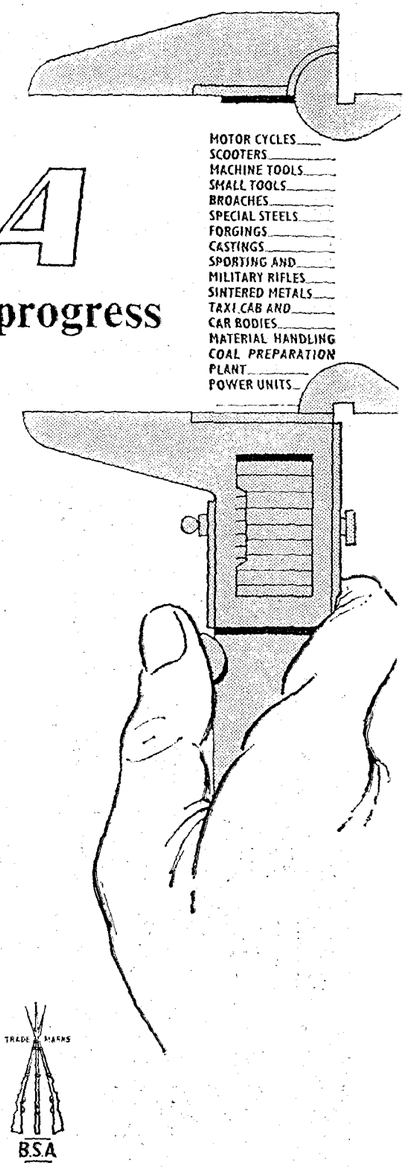
The Statement then reviewed the activities of the other units of the Group, and continued:

PROSPECTS OF THE GROUP

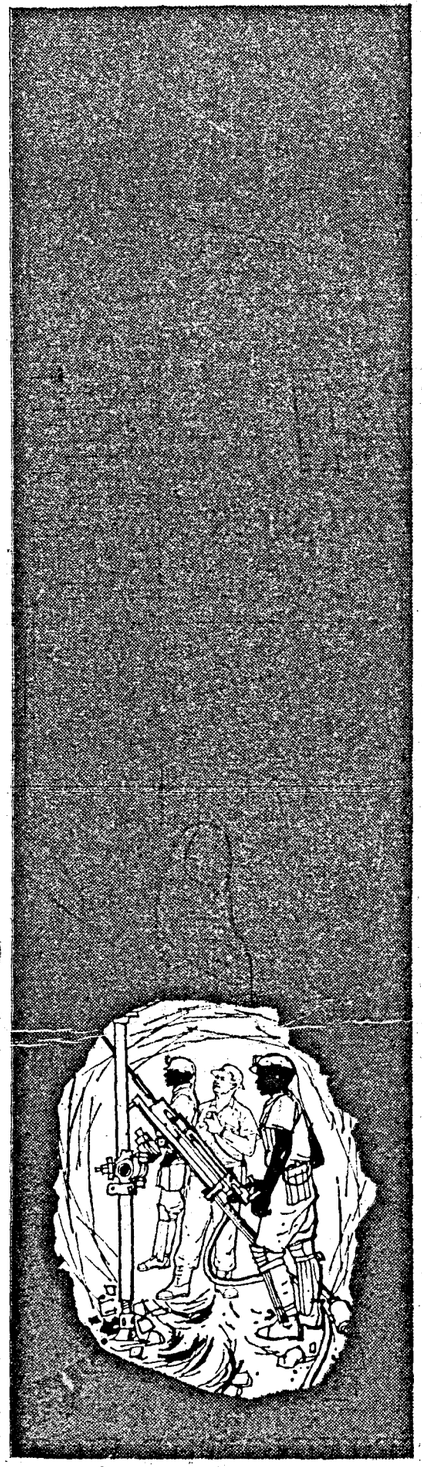
Trading conditions in the engineering and steel industries are at present patchy and I do not see any sign of an overall improvement in the immediate future. The machine tool companies still have full order books and we can anticipate satisfactory results from them. On the other hand, the order position for motor cycles, steel and certain general engineering companies is causing some concern and it seems likely that they may have an indifferent year.

In all the circumstances, it is impossible to forecast with confidence the results for the current year, but it seems to me that if there is no general improvement soon in some of the fields in which we operate, it will be difficult to maintain last year's figures and indeed it would be wise to anticipate some reduction but not, I hope, to a serious extent.

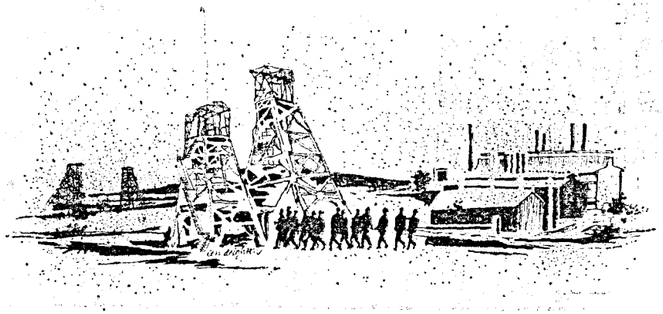
You will perhaps expect me to make some reference to our prospects if the United Kingdom becomes a member of the European Common Market. My broad assessment is that whilst Group prospects will not be improved in the early stages, I do not anticipate any disastrous consequences. Everybody who has the best long-term interests of U.K. industry and its employees at heart must recognise, if he does not do so already, that some of our industries are no longer competitive in price, and consequently it is essential to call a halt to the policy of granting wage increases without correspondingly greater production.



B.S.A. GROUP—30 COMPANIES SERVING THE WORLD



GROWTH OF AN INDUSTRY



Last month marked the 30th anniversary of the beginning of copper production at Roan Antelope, the first of the present mines on the Copperbelt of Northern Rhodesia to come into production. During those 30 years Roan Antelope has produced over 2 million tons of copper.

This milestone in the mine's history is referred to by Sir Ronald L. Prain, Chairman of the Rhodesian Selection Trust Group of Companies, in his annual statement to shareholders, extracts from which are reproduced on this page.

Roan Antelope still has among its employees men who were working on the mine when it cast its first copper in 1931. In congratulating them, and all others who have helped to make Roan Antelope the great mine it is today, Sir Ronald records that there are now 22,500 employees in the group as a whole, 4,000 Europeans and 18,500 Africans. Since operations on the Copperbelt began some 1,400 employees have completed 20 years' service and of these 800 are still working for the group. More than 1,000 of these 20-year "veterans" are Africans.

Looking to future development in the group, Sir Ronald records good progress with the expansion programme in the western section of Mufulira, R.S.T.'s biggest copper producer. This scheme is designed to add about 50 per cent to the mine's productive capacity and is expected to be completed in June next year. The Mufulira West scheme is one of the two largest expansion schemes in the copper industry and is a larger project than any of the new mines which are at present under development in various parts of the world.

After outlining the financing arrangements for this £14 million scheme, Sir Ronald comments: "I trust that shareholders will consider it satisfactory that this major expansion scheme looks like being achieved without calling on shareholders to subscribe any new money, and that the prospects are that the scheme will be commissioned on the original time schedule. I also hope, in a year's time, to be able to confirm that the scheme will have been accomplished within the original cost estimates".

Production of copper from the group's three mines during the year which ended on June 30 last was 202,041 long tons compared with 217,057 long tons in the previous year. This reduction was due to the policy of curtailing production to which I refer later. The average price received for copper was lower than the previous year. Sales amounted to £46,383,800 compared with £53,328,539.

Operations showed a total profit of approximately £15 million before making reserves or allowing for taxation, compared with the corresponding figure of approximately £20 million in the previous year.

The Copper Market

On the production side of the international market the main features of the past year were the relative absence of interruptions due to strikes in the producing areas, and the degree of voluntary curtailment of either production or sales which was undertaken by most of the major producers. In referring last year to our decision to cut production at the rate of 10 per cent I mentioned that the disequilibrium between production and consumption of primary copper in the free world was due less to a falling off in consumption than to steadily increasing production, including the bringing in of certain new mines.

During the past year the consumption of copper was satisfactory. In fact, 1960 was a record year, and the increase in consumption, especially in Europe, was at a rate which had not previously been equalled in any twelve months' period.

As a result of the voluntary curtailment on the one hand and the satisfactory consumption on the other, the year saw an improvement in the balance between production and consumption, though at the end of the financial year there was still some degree of over-production. The comfortable supply position was reflected, as I have already mentioned, by a somewhat lower average price on the London Metal Exchange. The variation on the Exchange was actually from £260 10s. 0d. per ton to £216 10s. 0d. per ton, with an average of £232 14s. 5d. per ton. This represents a range of £44 per ton which compares with a range of £70 per ton in the previous year.

Since the end of the financial year there have been strikes in Chile and U.S.A., and political troubles in or near the African producing areas. Despite these features the London Metal Exchange price in the first quarter of this financial year remained relatively steady at an average of £230 per ton and at the time of writing is £230 15s. 0d. per ton.

Looking forward, first on production, much will depend on whether supplies are to be affected in the coming months by further strikes in any of the producing areas. It is also of interest to note that many of the large-scale expansions or new enterprises which were embarked upon some years ago under the impetus of the high copper prices prevailing in the mid-1950's have now been completed. Those that remain to be completed are all scheduled to be finished within the next two or three years. In the absence of any announcements as to fresh mining activities, it would appear that the great increases in copper production which we have seen since the mid-1950's may not be equalled again in the next few years, though I have no doubt that taking a longer view the copper mining industry will continue to expand in line with requirements.

As far as consumption is concerned, there is no reason to suppose that it will not continue to be satisfactory, especially on the basis of the present level of prices which is conducive to continued growth in copper usage. Much will depend however on general business activity in the United States and the United Kingdom in the coming winter. Most producers would welcome the opportunity for a return to full production or sales, and no doubt will continue to watch the position closely. In my opinion decisions affecting curtailment should be based on the facts of the statistical position rather than on any short-term price movements.

Customers for our copper now number 61 covering 19 countries.

Federation of Rhodesia and Nyasaland

After outlining political events in the Federation in the past year, Sir Ronald continues:

In the field of the economy, while it has been inevitable that the position has suffered from political uncertainty, it must not be thought that investment in the country is at a very low ebb. Borrowing from abroad dropped substantially in 1959 and 1960 and is likely to remain low in 1961, but overall investment in 1960 was in fact slightly higher in real terms than in the first year of Federation. This was due largely to the investment of local savings, including continued heavy investment by the mining companies. Even at the present level investment is sufficient, by international per capita standards, to provide an increasing standard of living for a rapidly growing population.

Moreover, the Federation has what is, by African standards, a sophisticated banking and financial system which reflects the relatively advanced industrialisation of these territories as compared with others in tropical Africa. It is necessary to appreciate this degree of industrialisation if investors are to understand some of the political problems which it raises by comparison with the far less developed countries in tropical Africa with a predominantly agrarian economy. The banking and financial system to which I have referred should prove of considerable help in maintaining the economy at times such as the present, and thus indirectly in assisting a difficult political situation by ensuring that the maximum buoyancy is preserved in the economy.

The inter-relationship of politics and the economy is axiomatic. In the last two years, however, another factor has entered into our considerations. While it is obvious that political events in Africa as a whole will have a profound influence on our affairs here, it is only recently that violent changes have occurred in countries which border the Federation. In particular the situation which exists in the Congo has caused the gravest uneasiness in the territories of the Federation. It is too much to hope that there can be a quick solution to the problems of the Congo, and until more is known of this it will be necessary to qualify one's assessment of the immediate future of events here. One can only express the hope that the political solutions in the Congo as well as in the Federation will be based on the realities of a continent which is emerging into political consciousness, under world pressure, at a rate so much faster than anything which applied in the past. The determination of indigenous peoples to assume an increasing share in the political affairs of their countries is one of the strongest human and political forces of the 20th century, perhaps the outstanding historical feature of our times. It is a factor which must be faced squarely, and dealt with realistically if changes are to occur on an orderly basis.

As far as our companies are concerned, as I have stated in earlier statements, we take no part in party politics, and we support no political party. We regard our main job as that of producing copper with the maximum efficiency under our conditions, and thereby giving the greatest possible assistance to the economy which depends to such an unusual extent on the mining industry. Our industry has, I think, a record of moving with the times. It has been in the forefront of creating full opportunity for employees, irrespective of race, to advance, and has given practical expression wherever possible to the concept of racial partnership on which the Federal constitution is based.

I have tried in previous years to show that the copper mines of Central Africa have become a vital part of the structure of modern civilisation and that disturbance to their operations would not only be a disservice to the world industries which they serve, but also a disaster to the countries where they operate. The prospects of the copper market will call before long for a further opening up of the great reserves which still exist in Central Africa. Interference with these mining operations, whether by physical, political or fiscal measures, would prejudice the chances of obtaining the capital which will be essential for such expansion, for these countries have but limited internal resources.

I firmly believe that both European and African political leaders here are fully aware of the consequences which such interference would bring, and that they realise the great importance of maintaining their country's investment status. It seems therefore reasonable to expect that once the new political patterns have emerged in the next year or two there will be a renewed incentive making for the revival of overseas investment, based on the realisation that the continuance and expansion of profitable mining operations must be the first consideration of governments if the future prosperity of the people who live in Central Africa is not to be seriously retarded.

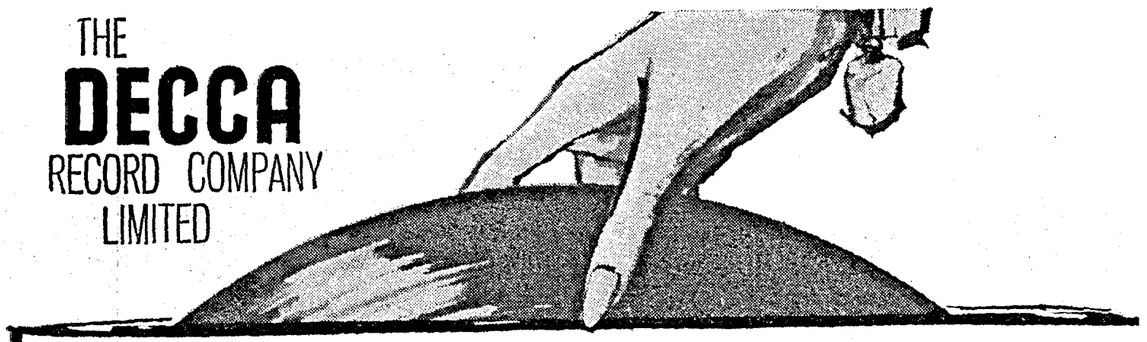
R S T

The Rhodesian Selection Trust Group of Companies

Incorporated in Northern Rhodesia, Southern Rhodesia and Bechuanaland Protectorate.

If you are interested in obtaining a copy of the full statement, dated October 20, from which the above are extracts, together with the Annual Reports, please write to Selection Trust Limited, Rhodesian Dept, Mason's Avenue, Coleman Street, London EC2

THE
DECCA
RECORD COMPANY
LIMITED



REPORT '61

TRADING RESULTS BEST IN COMPANY'S HISTORY

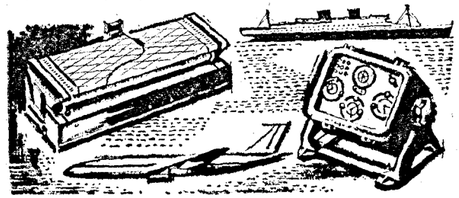
Sir Edward Lewis (Chairman) at the Annual General Meeting of The Decca Record Company Limited:

The balance from Trading Account which amounts to £3,796,000 shows an increase of £328,000. Profit before taxation amounts to £2,310,000, an increase of £143,000.

These results, which are the best in the Company's history, will I am sure be regarded as highly satisfactory, particularly as they cover a period of acute depression in the television industry.

After charging taxation and tax equalisation, the net profit amounts to £1,249,000 (against £1,261,000).

Consolidated turnover for the year to March 1961 at £24,500,000 was less than last year by some £700,000 due entirely to the fall in the sales of television receivers. All other main sections of the business showed an increase, in particular gramophone records where we fully participated in the industry's growth. Exports reached a total of £7,190,000.

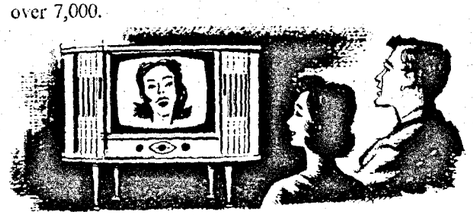


We regard this figure, amounting to about 30% of total sales, as most satisfactory.

Our recording department has gained further remarkable successes; particularly in the opera field with outstanding recordings by Joan Sutherland, Tebaldi, del Monaco, Birgit Nilsson, Kirsten Flagstad, George London, Siepi, Bastianini, Fernando Corena, Della Casa, to name but a few from our world famous catalogue of some 60 complete operas.

Our turnover and profits in the North American market were fully maintained—in areas where competition is so fierce and where the costs of selling are particularly heavy.

All sections of the Navigator division have shown a substantial improvement in trading volume with total marine contracts at home and abroad now totalling over 7,000.



Decca Radar had another successful year; total marine orders have now passed the 11,000 mark. Major military, defence and civil aviation systems have been carried out on a world-wide basis.

The current year is going well. Some slackening in the demand for 45 rpm records has been offset by an increase in the sales of LP records and turnover is ahead of last year. We continue to account for more than 50% of the total export sales of records from this country. Sales of our American and Canadian subsidiaries have increased as have also those of our associate companies in Germany and Italy. Better results are expected from our radio and television activities.

Expansion of our Navigator and Radar activities has continued during the current year and group turnover is up for the first six months.

Unless there is a marked change in conditions at home and abroad we expect another satisfactory year's trading and I need scarcely add that it is our constant endeavour to maintain our record of progress.

The total dividend of 2/4 for the year was approved.

DECCA *helps so many people*

...in so many ways

ASSOCIATED BRITISH MALTSTERS

UNPRECEDENTED DEMAND FOR PRODUCTS

The general meeting of Associated British Maltsters Limited will be held on December 11th in London.

The following is an extract from the circulated statement of the chairman, **Sir Nutcombe Hume, KBE, MC:**

Last year's profit of £934,801 was £174,653 greater than in the previous year. During the year the issued capital was increased by the issue in January 1961 of 2,271,100 shares for cash at 12s. each and in April by 257,000 shares as part payment for the share capital of J. M. Collett & Co. Ltd. Your Directors recommend a final dividend of 10 per cent, thus increasing the total dividend from 12½ to 15 per cent but with a bonus reduced from 5 per cent to 2½ per cent: so that the total distribution remains the same as last year at 17½ per cent. Your Board consider that they should pursue a cautious dividend policy because there is much capital expenditure still to be met and they consider it essential that a substantial proportion of it must be met out of retained profits.

The higher profit arose largely from an unprecedented demand for our products from all sections of our trade. Despite relatively bad weather, consumption of beer exceeded expectations and in order to meet our customers' heavy demands for malt we had to push our productive capacity almost beyond its limit.

Throughout the Group the problem of 1960/61 was to find enough capacity to meet our engagements and the pressure in 1961/62 will also be severe. Nevertheless we expect it to be an easier year in which to give our customers what they want, because the quality of this year's harvest is considerably better than that of last. In consequence we have brought into effect a scheme we have long planned, of offering a quantity rebate to customers in the English brewing trade who give us exceptionally large orders and are prepared to take delivery evenly over the year. I am very glad to report that our scheme has been well received.

Not only will our big new malting at Wallingford come into full use this year but we are increasing the capacity of our Knapton malting and have built a battery of storage silos at Bury St Edmunds with a present capacity of about 65,000 quarters. If the demand for malt remains at its present level we shall be faced with the necessity to build yet another factory which will probably be alongside our silos at Bury St Edmunds.

The Export Company contributed last year the same profits as in the previous year but is facing increasing difficulty because foreign exporters of malt are subsidised by their Governments. We should hope to benefit from Britain's entry into the Common Market, but that is most unlikely to contribute anything in the current year.

STOTHERT & PITT, LIMITED

The seventy-eighth annual general meeting of Stothert & Pitt, Limited, was held on November 16th at Bath.

Mr R. A. Riddles, CBE (the Chairman) presided and, in the course of his speech, said:

Although all departments were fully employed during the year the actual financial result of our trading does not this year reflect the amount of effort put in by those working in the business. The trading margin for the year leaves us with a balance of £737,395 from which there falls to be deducted £48,310 in respect of out-of-pocket costs of flood damage in addition to the provision of £329,600 for taxation.

The current level of turnover shows an improvement on last year, but although our order book, particularly in the crane section, has been well maintained, we are faced with many problems.

In the export markets of the world the battle for survival is becoming increasingly severe and the element of British preference which formerly existed, partly due to tradition and sentiment, is now being replaced by a tendency towards world tendering under conditions which are not always as equitable as they might be. Of course we have export hopes and prospects. However, I would be failing in my duty today if I did not warn you that the years immediately ahead will not be easy and we shall have to work harder for less reward.

The report was adopted and a total distribution of 20 per cent was approved.

financing the growth of **SMITHS**

	1951/2	1960/1
Sales	£14,300,000	£38,400,000
Capital Employed	£7,900,000	£18,200,000

In his annual Statement to shareholders, Mr. Ralph Gordon-Smith reviews the source and disposition of Smiths' funds over the ten years, 1951/2 to 1960/1.

Source of Funds	£ million	Funds Utilised	£ million
Retained profits	10½	Expenditure on fixed assets	14
Depreciation	7½	Increase in working capital	6½
Miscellaneous	1	Acquisition of outside interests and miscellaneous	1
Reduction in cash balances	2½		
	21½		21½

The Chairman points out that, in contrast to the £10½ million of ordinary shareholders' money retained, no money has been otherwise raised to finance expansion.

The Board's policy will be to restore a more appropriate balance, having regard to the pattern of Smiths' business, between fixed and equity capital; and this will be achieved by the raising of money on fixed interest terms.

A copy of the 1961 Report & Accounts, which includes the Chairman's Statement and a Product Review, may be obtained from the Secretary.

SMITHS S. SMITH & SONS (ENGLAND) LTD
LONDON, N.W.2

Manufacturers of Motor Vehicle Equipment
Aviation Instruments & Systems
Clocks, Watches & Appliance Controls
Marine and Industrial Instruments

HOLDERS INVESTMENT TRUST

NET PROFIT EXCEEDS £1,570,000

PURCHASE OF WILLIAM HILL (PARK LANE)

MR LIONEL BARBER'S SPEECH

The twenty-eighth annual general meeting of Holders Investment Trust, Ltd., will be held on December 14th at Winchester House, Old Broad Street, London, E.C.

The following is the circulated statement of the chairman, **Mr Lionel Barber, FCA:**

The Accounts of the Group for the year ended July 31, 1961, include for the first time the profit derived from the acquisition, as a wholly-owned subsidiary, of William Hill (Park Lane) Limited. The profit derived from that subsidiary is for the period of 14 months from June 1, 1960, and amounted to £613,779 which, with the profits of the Group from all other sources, brought the total net profit before taxation to £1,571,258.

DECLINE IN TURNOVER ARRESTED

Although the turnover from the businesses carried on by William Hill (Football) Limited and William Hill (Glasgow) Limited showed a fractional increase over that of the previous year, this would not have been so had no adjustment been made during the course of the Football Season by the inclusion of an additional quotation and an increase in odds on the Nothing Barred List of the Fixed Odds Football Coupon. This offer undoubtedly arrested a decline in turnover and although the gross profit earned during the Season was below average, it is fair to say that the additional quotation and the increased odds offered did not adversely affect the percentage of gross profit earned; moreover, it succeeded in reversing the turnover trend with the result that at the end of the Season all leeway had been made up and a fractionally higher total turnover achieved.

So far as William Hill (Park Lane) Limited is concerned, it was estimated when preparing the Circular to Members dated July 13, 1961, that the profit before taxation to be derived from that Company for the period June 1, 1960, to July 31, 1961, would amount to not less than £525,000; this compares with the actual of £613,779.

The net earnings of the Group after providing for taxation amounted to £779,775, of which £309,380, the amount attributable to the pre-acquisition profit after taxation of William Hill (Park Lane) Limited, has been applied against that portion of the purchase price attributable to goodwill which, as a result, now stands at £532,947, representing, on the basis of the profits for the 14 months to July 31, 1961, only slightly in excess of one year's purchase.

NORTHERN IRELAND SUBSIDIARY

Our Subsidiary in Northern Ireland, Debretta Limited, had a further satisfactory trading year. Great improvements were made during the year at the Newtownards Factory, thereby providing additional production facilities and better co-ordination. I should tell you that Mr Buster Sussman, the Founder and Vendor of the business to our Trust, who continued to act as Chairman and Joint Managing Director, retired by mutual consent recently and I am assured that the highly efficient management which has been built up over the years will continue to fulfil all requirements. I am now Chairman of the Company.

Mr A. G. Fletcher, who joined the Board of your Company in March, 1955, having indicated his wish to retire on reaching the age of 70, his resignation has been accepted with regret and I would wish to convey how grateful I have been for the advice and help which Mr Fletcher has been able to offer during his six years of office. Lieutenant-Colonel R. S. Rogers and Mr William Balshaw were invited to join the Board and this they have done. Lt-Col Rogers is well-known in the City and I am sure will be of great assistance to your Company. Mr William Balshaw has been the Managing Director of William Hill (Glasgow) Limited for upwards of fifteen years.

ADEQUATE LIQUID ASSETS

You will recall that the purchase of William Hill (Park Lane) Limited as from June 1, 1960, was at a cost of £2 million, of which £1 million was payable on completion and the balance in five equal annual instalments, commencing on March 31, 1962. This transaction was carried through on July 31, 1961, and as a result of this acquisition, and in spite of the payment to the Vendors of £1 million, the effect on the liquid assets of the Group which at July 31, 1960, totalled £3,220,493 and at July 31, 1961, £3,332,642 was negligible and they remain sufficient for the normal requirements of the businesses.

I regret that the Building Contractors were unable for various reasons to give William Hill (Football) Limited occupation of that portion of the new building which is essential to meet their requirements. It was thought that this would have been accomplished by the end of June, 1961, but it was found impossible to move before the commencement of the 1961/62 Football Season and consequently it may not be until the end of this Calendar year that the change of premises is made. I referred last year to the proposal that when the building has been completed and the lease granted, that a valuation would be made of the Company's leasehold interest with a view to negotiating with the holders of the 5 per cent Redeemable Preference Share Capital for the terms of the issue of those shares to be varied and replaced by Irredeemable Preference Shares. It is still intended that this be done as soon as possible and consequently the question of the redemption of the Preference Shares between July 31, 1959, and July 31, 1971, will not then fall to be considered.

With the Accounts this year you will find an analysis showing how the total profit of the Group has been earned, with comparative figures for the previous year except in the case of the new Subsidiary, William Hill (Park Lane) Limited. This will be an annual feature of the published Accounts and I hope will afford just that amount of additional information which you, the Members, will find both illuminating and interesting.

MEMBERS' CREDIT ACCOUNTS

During the year I have had several requests from Members of the Company that such members should be entitled without any formalities other than the statement that they are in fact members of the Company to be able to transact wagers with William Hill (Park Lane) Limited. Since May 1, 1961, when the Betting and Gaming Act of 1960 came into force, both the London Football and Glasgow Companies are conducting their business, with a few exceptions, purely on a cash basis, but William Hill (Park Lane) Limited continues business on both credit and cash basis. I am mentioning this matter by special request, so that if any Member not having an existing credit account with William Hill (Park Lane) Limited wishes to have one, all that is necessary is for him to apply for it, stating that he is a Member of the Company when all other formalities will be dispensed with.

As to the current Football Season, you will be pleased to know that turnover shows an increase of 26 per cent over the same period of last year and may well reach an increase of 30 per cent by the end of the Season. All we need are results favourable to the Bookmaker which, I am bound to say, up to now have favoured our Customers.

In conclusion, it is with pleasure that I thank on your behalf all employees in the Group for their efficient and loyal service.

THE IRISH GLASS BOTTLE COMPANY

(Manufacturers of Glass Containers)

The twenty-ninth annual general meeting of The Irish Glass Bottle Company Limited was held on November 16th in Dublin. The following is an extract from the circulated statement of **Mr Joseph McGrath** (the chairman).

For the year ended 27th June, 1961 there was an increase of approximately £35,000 in the net profit earned. This increase has been due almost entirely to an increase in production and sales.

In present conditions your Directors feel that the dividend should be maintained at the same level as last year, namely, at 12½ per cent less Income Tax. After providing for taxation and dividends and for the allocation to General Reserve of £50,000, bringing the total Reserve to £150,000, there is an increase of approximately £1,500 to be carried forward.

Commenting on an Agreement entered into with the Metal Box Company Limited for the establishment in Eire of a plastic packaging industry, the chairman said: This development will not only be an advantage to the Company through a diversification of interest, but will also be of considerable benefit to the National Economy as an indispensable service in the development of exports.

Once more I am very glad to report progress in the development of both production and sales of Waterford Glass Limited during the past year. There was quite a substantial increase in production and the increased production was successfully marketed. The increased sales were largely secured on export markets.

The report was adopted.

COURT LINE LIMITED

GROWING BURDEN OF SHIPOWNERS' COSTS

INSUFFICIENT GOVERNMENT AID TO MEET OVERSEAS COMPETITION

THE HON J. P. PHILIPPS ON NEED FOR MAJOR TAX CONCESSIONS

The thirty-second annual general meeting of Court Line Limited will be held on December 12th in London.

The following is the statement by the chairman, **The Hon J. P. Philipps, TD,** which has been circulated with the report and accounts:

Ladies and Gentlemen,

The year under review was yet another very difficult period for shipowners, and specially so for British Tramp Shipowners. While the graphs recently published show the Index of Tramp Shipping Freights to have hit the bottom during July and August, 1960, and the trend since then to have been fairly continuously upward with occasional minor setbacks, this by no means tells the whole story. Equally misleading were the recent headlines in one of our leading daily newspapers which read "Four-year-old shipping slump now ended."

It seems to be forgotten that during these four years the cost of running our ships has been steadily increasing so that what was considered a reasonable freight rate four years ago cannot possibly now cover both our operating costs and the higher depreciation necessary on very expensive modern ships.

It is true that freight rates have recovered somewhat, but each small rise caused foreign owners to bring out more of the old laid-up tonnage, which was regarded as practically obsolete, but, which was virtually given a new lease of life. It also gave encouragement for the placing of fresh orders for larger and faster vessels and thus every improvement in freight rates has been stifled at birth. I wonder how much longer it will be before those nationalities, who, as I explained last year, have only recently entered the trade for prestige reasons, will realise that they are not really earning profits at all after allowing for the depreciation on their fleets. Unfortunately, however, this is not a factor which would enter into their calculations or deter them from adopting their present policies.

SHIPPING'S IMPORTANT ROLE

This country is suffering from an adverse balance of trade to a large extent brought about by the serious fall in invisible earnings derived from its shipping services which it used to provide on a world-wide scale. Our Government is still doing virtually nothing to help maintain the vital Shipping Industry in its fight against the competition to which it has been subjected ever since the last war through "Flag Discrimination," untaxed "Flags of Convenience" and subsidised "Prestige Fleets." The only help they have so far offered is the Investment Allowance which would have been far more helpful if it had come earlier when we were earning sufficient profits to set it against. Is it not vital, therefore, that the Government should now permit these allowances to be credited back to previous years, when we paid many hundreds of thousands of pounds in tax, thus creating reserves to enable us to place orders for new ships with some greater degree of confidence.

In the good years after the war the Government took far too much of our income in taxation and thus prevented us from setting aside sufficient cash to keep abreast of our competitors by modernising our fleets. The Greek Government have wisely given their shipowners major tax concessions to build up every encouragement in the way of powerful modern fleets, but even if British Tramp Owners could utilise each Investment Allowance to the full, which for reasons already stated they cannot do today, it would only produce an amount equivalent to approximately 20 per cent of the cost of the vessel.

I would like again to make reference to the so-called Balancing Charge. This Charge was apparently based upon the assumption that replacement prices would remain static, but, in fact, there was a rise of 80 per cent in the cost between two similar vessels built in the years 1952 and 1957 respectively.

This rise in building costs in naturally reflected to some extent in the sale value of a second-hand vessel, but, if a British Tramp Owner sold the former vessel now, he might well find the whole of the statutory depreciation allowance he had received would be withdrawn and the resulting tax repaid to the Treasury. It can be seen, therefore, how difficult it now is to replace such a vessel having regard to the ever-rising cost of building. You will also appreciate the difficulty in raising capital either by the issue of shares, or raising loans in a tight money market subject to high interest rates, for an industry which is apparently not considered of particular national importance.

OPERATING RESULTS

I warned you twelve months ago that the results for the year ending June 30, 1961, could not be up to our usual standard. You will now see that the operating surplus was £103,112 compared to £393,769 in the previous year. Thus for the first time since the war we did not fully earn the depreciation on our fleet amounting to £217,392 per annum. We should, therefore, have had a debit balance for the year of £41,072 if it had not been for a profit of £88,737 realised on the sale of short-term investments. A credit of £28,608 on Taxation Account has been brought into Profit and Loss Account and £23,607 has been transferred from Contingency and Survey Reserve to meet expenditure on special surveys and certain repairs not recoverable under our insurance policies. There is still a balance of £315,876 to be carried forward after paying the final dividend of 3d. per share, less Income Tax, as forecast last May.

I am afraid that it is difficult at present to forecast with any degree of accuracy the results for the current year, but assuming that a continuing expansion of world trade results in an increased demand for shipping services, some improvement can reasonably be expected.

THE DIRECTORATE

You will see in the Directors' Report that Mr H. N. Haldin, one of the Directors retiring by rotation, is not seeking re-election in view of his many other commitments. We are very sorry to lose him as he and his family have been closely associated with this Company and its predecessors since 1905. Since the end of the year under review, Mr John Young, who has recently relinquished his apointment of Managing Director of the Hector Whaling Company, has joined our Board. In accordance with Article 117 of the Articles of Association his appointment can only have effect until the date of this meeting, but I strongly recommend that you now re-elect him.

These have been difficult times and I feel sure you would wish me to take this opportunity of thanking on your behalf all our staff, both ashore and at sea, for the part they have played in helping to keep our fleet running.

You will recall that in December, 1958, we took powers to issue share certificates with mechanical signatures. As it has now become common practice to dispense with signatures on share certificates and as we shall shortly have to obtain a new stock of these, I and my colleagues feel that it would be opportune to ask you for the necessary powers now. We are therefore calling an Extraordinary General Meeting to be held immediately after the Annual General Meeting.

THE ROVER COMPANY

HIGHER TURNOVER BUT LOWER MARGINS

The sixty-sixth annual general meeting of The Rover Company Limited will be held on December 14th in Solihull.

In the course of his circulated review, the Chairman, **Mr S. B. Wilks,** states: The year under review has been a difficult one in many ways, not only for us but for the Industry generally, and it is therefore particularly gratifying to be able to tell you that our overall turnover in value and in numbers of vehicles sold, has been marginally higher than last year, which itself constituted a record in the Company's history.

Despite higher turnover our profits are substantially less, and reflect the lower margins at which we have had to operate. Costs have continued, and are still continuing to rise, not only directly but also as a result of loss of output due to stoppages.

These two problems of rising costs and wasteful stoppages will have to be solved if this country is to compete successfully with its overseas competitors especially if, as seems probable, we join the Common Market.

Our plans for expanding our production capacity and improving its efficiency are proceeding satisfactorily.

During the year our Land Rover plant at Port Elizabeth in South Africa has been completed, and is now operating, and arrangements have reached an advanced stage for opening an assembly plant for Land Rovers in the Central African Federation.

We are still continuing our development of the Gas Turbine car. Our latest prototype will be undergoing extensive testing in the coming months. This latest prototype has been designed with the possibility of future production in mind and, whilst no definite date can yet be given for its introduction, our engineers are well satisfied with the progress that is being made.

Rising costs, restrictions at home and increasing competition abroad, are bound to have their effect on our current year's results. As to the long-term future, I am confident that we, in common with the rest of the British Motor Industry, whatever short-term difficulties may be encountered, will continue to expand.

ANGLO-ASIAN RUBBER PLANTATIONS LIMITED

MR P. B. L. COGHLAN'S REVIEW

The twenty-seventh annual general meeting of Anglo-Asian Rubber Plantations Limited will be held on December 4th at Winchester House, Old Broad Street, London, EC2.

In his circulated review, the Chairman (**Mr P. B. L. Coghlan**) comments on the benefits accruing from the company's purchase of Tong Hing Estate, the merger with Sungei Tukong Plantations Limited and the redemption of the whole of the Company's outstanding Debenture Stock. Together with large-scale replanting and other measures, these developments represented a general reorganisation the value of which should be amply demonstrated in the increasingly competitive conditions likely to prevail during the next few years.

Profits for the year ended March 31, 1961, had naturally been curtailed as a result of the severe fall in the price of rubber during the second half of 1960. However, these Accounts included only nine months' profits from the subsidiary company and Tong Hing Estate and, against the background of difficult trading conditions, the Trading Profit of £202,256 could be considered satisfactory. Also, good progress had been made in the Company's replanting programme with a further 829 acres completed during the year, whilst output per acre was increasing at a substantial rate.

Mr Coghlan concludes with the following survey of future prospects:

"With the advent of the new stereo types of synthetic rubber, natural rubber producers fully realise that in the not-too-distant future the Natural Rubber Industry will have to be even more competitive in both price and quality.

"The efforts of the Natural Rubber Industry over the years, with the increasing emphasis on reduction of costs by research on, and development of, pedigree high-yielding planting material, have gone a long way to assist the Industry in becoming competitive, although mainly from the point of view of cost of production. Notwithstanding these efforts, unfortunately, we have no control over the selling price of our product which is the real measure of how competitive natural rubber is with its synthetic substitute. The price of natural rubber in the past has fluctuated widely on a free world market and the level has been based mainly on the degree of supply and demand at any one time. It has, of course, been open also to the influence of political upheavals and threats of trouble or war in different parts of the world. Fluctuating prices have always been one of the main problems which have confronted producers and consumers of world commodities but this drawback is particularly emphasised when there is a synthetic substitute selling at a stable price.

"At the present time, releases from Government stockpiles and adjustment of synthetic production are playing their part in maintaining a fairly steady price for natural rubber and possibly this may continue for some time. In the long run, however, the problem will have to be solved if we are to remain fully competitive—a possible solution might be for the natural and synthetic industries to establish a closer liaison so as to become more complementary to each other than they are at present.

"So far as this Company is concerned, there is no reason for despondency. I have already indicated that the improvement in yield, leading to a reduced cost of production, should continue year by year and, given reasonably stable market conditions, it should be possible for the Company to compete quite successfully for its share in the world market."

WANKIE COLLIERY COMPANY LIMITED

(Incorporated in Southern Rhodesia)

COAL SALES MAINTAINED AT SATISFACTORY LEVEL

MR P. H. A. BROWNRIGG'S STATEMENT

The following is from the statement by the chairman, **Mr P. H. A. Brownrigg,** which has been circulated with the annual report and accounts:

Sales of the Company's products have been maintained at a satisfactory level. Although coal sales of 3,418,934 tons during the last financial year were 430,684 tons less than the previous year, this drop was anticipated and was almost entirely due to the increased availability of Kariba hydro-electric power, and a consequent reduction in coal demand for thermal power stations. Sales to other consumers were, however, generally higher than in 1960, and it is hoped that this trend will continue during the current year.

Supplies to the Rhodesian Iron and Steel Company have shown the largest single increase. Although this is due in part to the operation of their own coke ovens, for which Wankie supplies the coal, the Iron and Steel Company's total demand has risen sharply during the year as a result of an expansion of its activities.

COKE DEMAND IMPROVED

Coke demand improved during the course of the year, and by the year end, production had been increased to near maximum. Sales for the year, however, showed a small decrease compared with the previous year, but the loss of coke sales to the Rhodesian Iron and Steel Company was largely offset by increased sales to other consumers. Sales of the various by-products were generally higher, particularly the sale of tars used for road building in the Federation and the Katanga. Although sales of building bricks were lower in quantity, sales of refractory bricks were higher, and this resulted in an increase in the value of our total brick sales.

The trading profit for the year, after providing for directors' emoluments and a sum of £588,121 for depreciation and amortisation, was £1,381,257 compared with £1,555,827 last year. Our income from investments, however, continues to rise and this year reached £293,784 compared with £230,790 in the previous year.

The profit for the year, before taxation was £1,532,373. This is £106,687 less than last year, but in view of the economic conditions the outcome of the year's operations can be regarded as satisfactory. A sum of £570,000 was provided for taxation, of which £35,000 has been transferred from tax equalisation reserve. The rate of income tax applicable to the Company was increased by 6d. to 8s. in the £ during the year, which resulted in an additional tax liability of £35,454 for the year. The profit after tax was £997,373 compared with £1,084,060 last year, and we have again been able to declare dividends totalling 1s. 3d. per share out of current profits.

The acceptance of the new constitutional proposals for Southern Rhodesia has brought a general improvement in political and economic conditions in the country. We can now expect some increase in industrial development and a gradual improvement in demand for your company's products. Although a further small drop in coal sales is likely during the current year, thereafter we estimate that sales should gradually increase.

CUTS IN PRODUCTION

By agreement with the Southern Rhodesia Government the notified average selling price of coal within the Federation has remained unchanged at 20s. per ton for the past two years. As was forecast in 1959, this has resulted in a deficiency revenue at the year end, but the amount of £16,584 is considerably less than was anticipated, and is recoverable in future years in terms of the coal price agreement.

The reduced level of sales has necessitated cuts in production which have tended to increase our costs, but every effort is being made to keep costs to their lowest possible level. We have been able to avoid a price increase for the forthcoming year, and the notified average price of 20s. per ton will remain unchanged for the year commencing November 1, 1961. This may again result in some deficiency of revenue due to the Company, but any such deficiency would be recoverable in the future.

The maintenance of a stable coal price for a three year period, at a time of generally rising costs and wages, is an achievement which reflects great credit on all those at the mine.

Vigorous steps are being taken to increase the sales of coal and other products. While we are continuing our efforts in the export market, there is at present little prospect of achieving sales overseas, and it is therefore mainly in Central Africa that we hope to increase sales. We are especially concerned to promote the increased use of coal in the curing of Rhodesian tobacco for which its economy and efficiency as a fuel is rapidly being proved. There is also scope for the increased use of coal for domestic cooking and heating.

During the year, industrial agreements between the employers and the existing trade unions covering all employees, irrespective of race or colour, have been promulgated by the Government. It is intended that both European and African mine workers will, for the first time, be represented by one trade union, as is the case at present with officials and salaried staff of all races. This is a significant step in the establishment of sound labour relationships on a non-racial basis and the unions are to be congratulated on their achievement.

SMITH'S STAMPING WORKS (COVENTRY) LIMITED

MODEST PROFIT INCREASE IN DIFFICULT YEAR

The Sixty-sixth Annual General Meeting of Smith's Stamping Works (Coventry) Limited was held on November 20th at the Queen's Hotel, Birmingham, **Mr H. B. T. Wilde, FCA** (Chairman of the company), presiding.

The following is his statement which had been circulated with the report and accounts for the year ended August 5th, 1961:

I present on behalf of the Board our report on the Company's activities during the last financial year.

The trading profits of the Group were £553,919 compared with £524,125 and after providing £162,205 for depreciation against £148,877 and including other income there remains £393,627 compared with £379,263.

Taxation, which this year includes the additional Profits Tax for four months, will absorb £220,738 leaving a net profit of £172,889 compared with £181,233. The relief in respect of Investment Allowances on capital expenditure was £25,300; last year £24,000.

Expenditure on plant and equipment in the year amounted to £237,500 and the outstanding balance of expenditure sanctioned was £174,000.

I warned you last year of the effects of any period of recession on supply companies, such as ours, and in fact the demand from the motor industry began to fall in the late autumn and continued until the spring, with the result that we were not able fully to employ our plant capacity.

The troubles with which the motor industry has had to contend not only reduced their overall demand, but from time to time brought sudden interruption or suspension of schedules with consequent upset to our production flow.

Nevertheless, the output of our Works increased in the year by some 5 per cent, and this, coupled with the benefit from our capital expenditure, has enabled us to earn a modest increase in profit in a difficult year.

THE FUTURE

The immediate future is still obscure, but we believe the expansion plans of the industries which require our products will, in the long run, enable them to improve their share of the world's markets and in that belief we have expanded our production capacity. Therefore if we can but look forward to a period of greater stability in industry generally, we on our part are confident of our ability to meet and satisfy any progressive increase in demands made by our customers.

We recommend a final dividend of 6 per cent making 10 per cent for the year on the Capital as increased a year ago. The sum of £90,000 has been transferred to the General Revenue Reserves of the Parent and Subsidiary Companies, and £5,872 retained as unappropriated profits.

The trading difficulties of the year and the problems associated with the progressive installation of new equipment have been met and overcome by our staff and operatives with energy and enthusiasm and I would like to say thank you to them all.

The report and accounts were unanimously adopted.

DUCTILE STEELS LIMITED

VERY SATISFACTORY RESULTS

The twenty-fifth annual general meeting of Ductile Steels Limited was held on November 17th at Willenhall, **Mr R. Sidaway** (chairman and joint managing director) presiding.

The following is an extract from his circulated statement:

On June 24th this year we celebrated our Silver Jubilee as a Public Company. The results must be considered very satisfactory in view of the increases in cost of pensions, wages, fuel, transport and National Health charges.

The maximum selling prices of a large proportion of our Group products are controlled by the Iron and Steel Board—a body set up by the Government. Far from increasing these prices to cover increased overheads the Iron and Steel Board reduced them on November 28, 1960. Later, on June 19, 1961, an inadequate increase of 1 per cent on the maximum selling prices was granted by the Iron and Steel Board.

It is most discouraging to find that in spite of the saving we have made in the cost of production by the installation of new and expensive plant, we are robbed of the full benefit by the increased costs we have been forced to bear and over which we have no control.

In my last report I hinted at a possible slackening in demand later in our financial year. In some of our Companies this was apparent in January and this situation has progressively become worse. In an effort to make up for the reduction in demand on the home market strenuous efforts are being made to increase exports.

The report was adopted.

BUSINESS AND PERSONAL

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THE CUNARD STEAM-SHIP COMPANY LIMITED

6% CUMULATIVE PREFERENCE STOCK.
6% SECOND CUMULATIVE PREFERENCE STOCK.

NOTICE IS HEREBY GIVEN that the Transfer Books in respect of the above Stocks will be closed from December 2 to 5, 1961, both dates inclusive, for the purpose of preparing Warrants in respect of Dividends for the half-year ending December 31, 1961, to be paid on and after January 1, 1962.

By Order of the Board,
H. M. GOULDEN,
Secretary.

Offices: Cunard Building, Liverpool.
November 25, 1961.

SECRETARIAL TRAINING, especially for university graduates and older students. Six-month and intensive 11-week courses. Write, Organising Secretary, Davies's, 158 Holland Park Avenue, W.11. PARK 4654.

YOU ARE HOLIDAY WISE—if you GO H.F. For your School or Youth party next year take your pick—a short trip across the Channel to France—or a more adventurous visit to Russia—See the grandeur of Switzerland's mighty peaks—or the warmth and colour of Italy, and its art and culture—or a Cruising Holiday can take you to Greece or Madeira, Palma or Tenerife. H.F. is Holidays at Home, then H.F. Youth Camps and Youth Guest Houses provide especially for parties of Young People. There is also an H.F. Youth Guest House in the Wye Valley with certain weeks reserved exclusively for individual bookings from the younger age group. Write or 'phone NOW for free booklets "Holidays Abroad for Parties of Young People, 1962" or "Holidays for Parties of Young People, 1962."—the HOLIDAY FELLOWSHIP, Dept. 27, 142 Great North Way, London, N.W.4. Telephone: SUNnyhill 3381 (six lines).

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APPOINTMENTS

UNIVERSITY COLLEGE OF NORTH STAFFORDSHIRE

Applications are invited from Honours Graduates in Economics for a RESEARCH ASSISTANTSHIP in Department of Economics. Research experience is desirable but not essential. Salary from £600.—Further particulars and application forms may be obtained from the Registrar, The College, Keele, Staffs., to whom they should be returned not later than December 15, 1961.

For other appointments see page 852

UNIVERSITY OF MALAYA IN SINGAPORE

Applications are invited for (i) Lectureship or (ii) Assistant Lectureship in Economics. Salary scales (i) £1,148 x £39—£1,442 £1,540 x £56—£1,820 p.a.; (ii) £1,001 x £39—£1,089 p.a. Entry point according to qualifications and experience. Allowances: expatriation in range £280—£308 p.a., cost of living temporary in range £240—£360 p.a. Passages for appointee, wife and children not exceeding 12 years. Partly furnished house at reasonable rent. Provident Fund Scheme. Detailed applications (eight copies), naming three referees, by December 31, 1961, to Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

Statistician

UNILEVER LIMITED HAVE A VACANCY FOR A GRADUATE STATISTICIAN (UP TO AGE 28 YEARS) IN THEIR RESEARCH LABORATORY AT PORT SUNLIGHT, CHESHIRE.

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Applications should be sent to:
THE STAFF OFFICER (SP11), UNILEVER RESEARCH LABORATORY, PORT SUNLIGHT, CHESHIRE.

COMPANY AFFAIRS

Unchanged Interims

AGAINST the background of narrower profit margins and the Chancellor's request for dividend restraint it is not surprising that the latest batch of interim dividends from the bigger companies in British industry contains no higher payments, though two of the dividends would probably have been raised but for the Chancellor's request. By far the gloomiest of the statements accompanying the maintained dividends came from **English Electric**, whose directors have qualified their earlier forecast, made at the time of the W. H. Dorman offer, that the total dividend would be maintained at 10 per cent. They now say that "the amount of the final dividend for 1961 will be determined at the appropriate time on a consideration of the final audited figures and the prospects for 1962."

While English Electric's sales have risen and the volume of new orders has been maintained there has been a further deterioration in margins which were already very low both at home and overseas. D. Napier and Sons, moreover, has not made the improvement which it had been expected to make. The latest Government measures are also having a depressing effect on trade and they will also presumably be reflected in higher interest charges. Thus English Electric's profits for 1961 are expected to be "appreciably lower" than they were in 1960. Clearly the directors of English Electric will be most reluctant to cut the dividend, but if they do leave it unchanged it is not likely to be anything more than barely covered by earnings. This is a further blow to any hopes that the electrical equipment industry was over the worst of the slump and English Electric shares lost 4s. 9d. to 26s. 3d. but later they recovered some of this fall.

	Interim dividend Prev.	Latest	Prev. Total	Price	Yield
	%	%	%		%
English Electric	3	3	10	27/3	7·3
Hawker Siddeley...	5	5	10·6	21/6	9·9
Elliott-Automation..	5	5	13	38/1½	1·7
Amalgam. Roadstone	5	5	12½	37/1½	3·4
British Plaster Board	4	4	11¼	23/9	4·7
Berger Jenson and Nicholson.....	4*	5	14†	6/9	8·0

* For a shorter period. † Forecast.

From **Hawker Siddeley** has come a more reassuring statement than many shareholders might have expected in view of recent reports of a slump in orders and talk about the possibilities of labour dismissals (which was promptly denied by the company). These had a depressing effect on the £1 shares but they were steadier this week around 22s., about 10s. below the year's peak. With the interim dividend set at 5 per cent a total dividend of 10 per cent is implied. This is only a fraction below the scaled-down equivalent of 10.6 per cent paid in 1959-60. The directors say that results for the year to December 31st will be affected by difficult trading conditions particularly in the export field and by continued expenditure on development and research. It would be surprising however if the latter charge does not fall below the level of £15.6 million spent in the seventeen months to December 31, 1960. With a big order book on both the industrial and aviation sides of the business the outlook for 1962 is regarded by the directors as "favourable." No mention is made of the Canadian group, which is likely to be trading more profitably now, but the directors say that substantial progress has been made with the streamlining of the group and the integration of de Havilland, Blackburn and Folland. But the statement has a gloomy twist for the group's Gloucester factory will be closed by the middle of next year unless Government orders of "sufficient magnitude" are received soon.

Following an optimistic statement from the chairman last June this week's interim report from **Elliott-Automation** makes encouraging reading—as indeed it must if the current low yield of under 2 per cent is to be justified. Both orders received and deliveries in the first nine months of 1961 have shown a "substantial advance." Profits have shown a corresponding rise and while the absence of any concrete figures to back these phrases up is to be regretted the implications for the ordinary dividend seem clear. Indeed the directors say that under normal circumstances they would have felt justified in raising the interim dividend; they have deferred consideration of any increase until the final payment is declared in April.

From the directors of **Amalgamated Roadstone** came a similar declaration when they announced that profits for the year to October 31st show a "substantial improvement." There seems little likelihood that the demand for roadmaking materials will slacken and shareholders must stand a good chance of receiving something higher than the previous year's final of 7½ per cent.

The demand for building materials has also continued to rise but the warning from the chairman of **British Plaster Board** in July that profit margins might be lower has in fact come true. Slightly lower profits at home however have been offset by higher profits in Canada so that in the six months to end-September BPB's profits before tax rose from £1,699,000 to £1,721,000

The directors of **Berger Jenson and Nicholson** expect profits in the current year to show an "encouraging increase" over 1960. Clearly economies resulting from the merger of these two paint companies are now having a beneficial effect and the directors have forecast a final dividend of 9 per cent. This total of 14 per cent payment will be equivalent to the 10½ per cent paid for the previous nine months' accounting period, when the dividend was not fully covered by earnings.

Brewing Results

BACKED by Canadian Breweries and Mr. E. P. Taylor, **United Breweries** has been expanding quickly through the acquisition of other breweries, but its ambitions received a severe setback in March when Courage Barclay Simonds won the struggle for Bristol Brewery Georges. Now it remains to be seen whether the finance —or the desire—is there for United Breweries to become a major national group, as opposed to an important regional brewer. The first full year's results of the group are reasonably encouraging, though anything less than the latest achievement would have been considered disappointing in view of the rise in beer consumption and the increase in prices. The directors have raised the dividend from a forecast of 11 per cent to 12½ per cent. They have given an adjusted comparison of pre-tax profits for the companies which now constitute the group and this shows a rise of about 12½ per cent from £2,485,000 to £2,781,000.

On the adjusted profit figures, the ordinary dividend is covered just over 1½ times; and the 5s. shares at 12s. 10½d. yield nearly 5 per cent. This is higher than the average for brewery shares, reflecting some uncertainty about the group's future growth potential. Despite a £5 million debenture issue last December the forthcoming balance sheet is unlikely to reveal much in the way of strong liquid assets. Over half the proceeds of the debenture issue were needed to repay bank loans and further acquisitions will have eaten deep into the group's remaining cash holdings. There are also doubts as to whether "Carling" will be able to hold on to its share of the lager market and how far in the face of fiercer competition from both the British and Continental brewers United Breweries will be able to earn a satisfactory return on its investment in lager.

Year to end-Sept.	Gross profits 1960 £000's	1961 £000's	Dividend 1960 %	1961 %	Price	Yield %
John Smith's Tadcaster...	1,893	2,094	13½	14½	68/–	4·1
Warwicks & Richardsons	338	405	17½	19½	27/4½	3·4
Strong & Co.	748	825	22½	25	34/6	3·6
Bullard.....	411	516	16	19	24/–	4·0

As the table shows, favourable results have also come from a number of other breweries in the East, the West, the Midlands and in Yorkshire. The biggest of these is **John Smith's Tadcaster** which following the acquisition of Barnsley and Yate's Castle breweries now has about 1,700 public houses in Yorkshire and adjoining counties. Its gross profits have been adjusted to allow for these acquisitions, while the dividend is one point more than that forecast in May. The benefits of this merger can scarcely be reflected in the latest results nor the lager agreement with Carlsberg. Merger talks are now taking place with **Warwicks and Richardsons** which trades mainly in Nottingham, Lincolnshire and Derbyshire, and which has achieved a sharp rise in profits. The low yield on its shares reflects the possibilities inherent in a merger with the larger brewery group.

A similar return is offered by the 5s. shares of **Strong and Company of Romsey** which has trading links with Whitbread. But for the Chancellor the dividend would have been raised by more than 2½ points; some part of the increase in profits may stem from the summer holiday trade, for Strong controls about 750 houses in the west country. In Eastern England an important event in the brewing industry was the joint acquisition of Morgans Brewery by Steward and Patterson and **Bullard.** The latter's figures do not reflect the full benefits from this purchase and the bigger profit arises from higher sales and from better profit margins.

Decca Record

AT 67s. and 65s. the 10s. ordinary and the "A" shares of Decca Record stand about 10s. higher than they were when the preliminary results were published in the middle of October and about 15s. above the levels of a year ago. This partly reflects the interest of American investors in the shares, but on the maintained dividend of 23½ per cent the yields are now down to about 3½ per cent and such returns would be suspect if there were signs of a decline in sales in the gramophone record stocks from £4½ million to £6 million. The cash balances due to it from other members of the group have fallen by a similar amount. If this policy has been maintained, a further large sum must have been absorbed by stocks since June.

Roan Antelope and Mufulira in the Rhodesian Selection Trust group suffered a fall in their liquid assets largely as a result of development expenditure. The financial strength built up by the copper companies in earlier years is now an important factor because of the low investment status to which political fears have reduced them. The expansion at Mufulira that will add about 50 per cent to its productive capacity in a year's time will be financed without making any calls on shareholders, but early profits from that project will have to be retained. Chibuluma will not pay a maiden dividend this year because, having paid back a £5 million loan from the United States, it will need to provide internal finance.

Over the next three years, £6½ million will be spent at Anglo American's Bancroft mine to raise its mill output by 50 per cent. A fall in the grade of ore milled there last year was partly responsible for the sharp fall in its earnings. A £5 million loan that was due for repayment at the end of 1960 has been extended for another year. Rhokana's relatively good profit performance last year was brought about partly by a reduction in costs that would obviously not have occurred had the company not followed a policy of stocking copper.

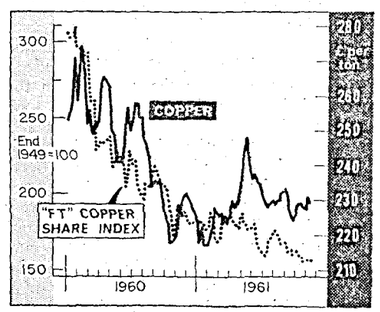
In the production of cobalt, Rhokana appears to have suffered a considerable setback in the quality of its ore, though Chibuluma's cobalt production increased and the market price was stable.

Copper on the Level

AT some point in 1962, the prospect for copper could brighten significantly. But in their annual reviews, the chairmen of the two big Rhodesian copper mining groups do not offer shareholders much guidance about the likely pattern of results in the current financial year. The conclusion to be drawn is that they are not convinced that an improvement in copper is imminent, and that therefore the copper companies will probably continue to mark time for most of the remainder of the financial year to the end of June. The quarterly results of the Rhodesian Selection Trust group show that profits in the first quarter to September were lower than a year earlier. Copper prices began to weaken in the September quarter of 1960 and the 10 per cent reduction in production or sales put into effect at the beginning of October last year is still in force. The average price for copper was about £230 a ton in the financial year to June; and since then prices have remained at about the same level. But basing output curbs on capacity will allow some expansion this year in copper production. Mufulira, for example, would be entitled to raise its production by 14,000 tons to 115,000 tons even if restrictions remain in force.

Both chairmen, however, dwell on the sound long-term prospect for copper. The major expansion schemes are coming to an end and, on all reasonable assumptions, the demand for copper should grow. Just how much weight ought to be given to these considerations is difficult to gauge: Sir Ronald Prain thinks that "before long" the large reserves of copper which still exist in central Africa will be needed. At the moment there can be few doubts that there is too much copper for comfort; despite the output restrictions, a huge rise in European consumption last year and a strong growth in industrial production in the United States, the surplus has not been significantly reduced in the past year.

Outside North America, manufacturers' stocks have risen as much this year as in 1960. Only in the United States have they fallen, and American producers will be the first to benefit from the improvement there.



Two large American groups have returned to full production and American output in October reached a record level. Companies in the Anglo American group are paying the price for their decision to stock copper rather than to reduce output in order to achieve the 10 per cent cut in supplies. Rhokana held back 7,000 tons of copper in the year to June, raising the value of its

	RHODESIAN ANGLO AMERICAN						RHODESIAN SELECTION TRUST					
	Bancroft		Nchanga		Rhokana		Chibuluma		Mufulira		Roan Antelope	
Years to June 30*	1960 (£000's)	1961 (£000's)	1960 (£000's)	1961 (£000's)	1960 (£000's)	1961 (£000's)	1960 (£000's)	1961 (£000's)	1960 (£000's)	1961 (£000's)	1960 (£000's)	1961 (£000's)
Production (long tons)	51,121	51,775	178,045	184,000	103,981	106,881	22,054	19,200	103,709	101,036	91,989	81,605
Copper sales.....	11,292	10,422	42,623	40,721	27,689	24,336	5,386	4,225	25,633	23,391	22,309	18,767
Net profit.....	3,693	2,745	13,644	12,450	11,534	10,956	1,734	1,047	5,654	4,262	4,112	2,739
Ordinary dividends	1,100	825	9,800	9,800	8,750	8,750	...	...	3,905	3,896	2,528	1,969
Retained profits.....	2,007	595	3,844	2,650	2,758	1,930	1,734	1,047	1,603	1,299	1,490	757
Dividends per share†	1s.	9d.	7s.	7s.	7s.	7s.	...		4s. 11¹⁵/₁₆d.	3s. 7³/₄d.	9³/₈d.	7¹/₂d.
Price	10s. 1¹/₂d.		45s. 6d.		42s. 6d.		...		...		4s. 7¹/₂d.	
Yield†	7·4		15·4		16·5		...		...		13·1	

* Except Nchanga (March 31). † Net of Rhodesian taxes.

industry. On this score Sir Edward Lewis was reassuring at this week's annual meeting, for he said that record sales so far in the current year which began in April were ahead of last year's. While demand for 45 rpm records has slackened this has been offset by bigger sales of long playing records, on which it may perhaps be assumed that profit margins are higher. This assumption finds some support in the fact that Decca's gross profit margin in 1960-61 rose from 8.6 to 9.4 per cent.

Estimates of future teenage spending suggest that record sales could continue to expand and Decca's claim to be the cheapest producer of records in Europe implies that it has little to fear if Britain joins the common market. Moreover, the building-up of the group's navigator and radar divisions is now paying off. At sea the Decca Navigator is now used in over 7,000 ships; the most striking advance has been made in Denmark, where the Decca system of navigational aid has been adopted by the country's fishing fleet. Decca also claims to offer the most comprehensive range of marine radar sets and these are now used in over 11,000 ships. In the air Decca, acting with its French agents and Telefunken of Germany, has put forward to Eurocontrol proposals for a new navigational aid to solve the traffic problem in the upper air space. Clearly there is much in Sir Edward's statement to encourage the optimistic assumptions now governing the price of Decca shares, but it remains to be seen whether the group can maintain its current rate of growth over the fairly long period of time which is being implicitly discounted in the current yield.

William Whiteley

WHEN the directors of William Whiteley turned down a bid from the R. H. O. Hills group worth 57s. a share it was clear that they would have been prepared to recommend a bid at around that price if it had been in cash rather than a mixture of loan stock and ordinary shares. Now they are recommending a cash offer from United Drapery Stores of 55s. per share. Its success seems assured, as the offer had been accepted by holders of over half the ordinary shares even before the announcement was made. Preference holders are offered 17s. a share and the offer is worth in all about £1¼ million. This will not worry UDS unduly: at the end of January it held £6.1 million in liquid form, giving UDS, as Mr Joseph Collier, the chairman, pointed out, the advantage of being able to offer cash for anything but the biggest companies.

He also told shareholders that new businesses were increasingly difficult to find on reasonable terms; and it remains to be seen whether the price for Whiteley, which has not paid an ordinary dividend since 1953, can be justified. Whiteley's property in Bayswater is indeed valuable and this could be the major attraction; but it seems clear that UDS intends to continue the business in its present form. Some dead wood, however, will be hacked down and the staff on the trading and drapery side of the business will be strengthened. The aim, apparently, is to run the Whiteley store on similar lines to the UDS's big department store, Arding and Hobbs, at Clapham Junction. But it is in multiple clothing, both in men's and women's wear, that the UDS group's growth potential is the strongest at the moment, rather than in department stores.

BSA

THE year to July 31st witnessed a change in BSA from great, if not excessive, liquidity (reflecting the sale of the Daimler works to Jaguar) to a shortage of liquid funds (following the acquisition of Churchill Machine Tool in January). Net current assets fell from £14,310,000 to £8,824,000, and by the end of July a cash balance of £179,000 and a holding of £1,227,000 in corporation loans and government securities was more than balanced by a bank overdraft of £1,842,000. This overdraft will, however, be reduced this year as most of the corporation loans will be falling due for repayment.

The new chairman, Mr Eric Turner, says that the directors were disappointed with the trading results for the year, when gross profits fell by 14 per cent from £3,419,000 to £2,933,000. The steel subsidiary, Jessop-Saville, did well as its sales reached a new peak; turnover in the machine tool division, excluding Churchill, rose by 25 per cent and profits rose. But elsewhere the tale is not so satisfactory. Carbodies made a trading loss owing to the recession in the motor industry, and the dealers who took substantial deliveries of motor cycles and scooters in anticipation of good business this spring and summer found themselves overstocked as the season wore on. Lower net earnings cut the cover on the effectively maintained dividend of 11⅓ per cent from 2.6 to 2.2 times and prospects for the current year are, to say the least, uncertain. Mr Turner laments the plight of the small arms division, which apparently is losing government orders to the Royal Ordnance factories; Carbodies will not benefit from its reorganisation this year; and the domestic market for motor cycles and scooters remains depressed and has been unsettled by the recent bout of price cutting (in which BSA has so far not joined). In the last few months orders for alloy constructional steels have fallen, though orders for BSA's specialised steels show no sign of slackening. The machine tool division offers the best prospect and though its home orders are showing signs of falling off, export orders are still rising. But Mr Turner says that unless there is "a general improvement soon in some of the fields" in which the group operates it would be wise to expect some reduction in profits. The 10s. ordinary shares lost 1s. 3d. after Mr Turner's statement, and at 19s. 4½d. xd they yield 6 per cent.

BREAKDOWN OF SALES

	1959* Per cent	1960 Per cent	1961† Per cent
Motor cycles and scooters...	40	41	37
Machine tools and small tools	20	19	26
Steel (Jessop-Saville)	15½	17	19
Small arms and general engineering	24½	23	18

* Excluding Daimler. † Including six months of Churchill.

Rover

THE chairman of Rover, Mr S. B. Wilks, says that the company sold a few more vehicles at slightly higher value in the year to August 5th; but sales would have been appreciably better but for the labour troubles encountered by the group and its suppliers. The fall of 19 per cent in gross profits from £2,765,000 to £2,234,000 is clearly the result of lower margins, affected by rising costs and by stoppages. The fall in pre-tax profits would have been worse but for the reduction in the depreciation provision from its level in 1959-60 when the body dies for the models then current were completely written off. Taxation was also lower, reflecting the incidence of investment allowances, and hence net profits were fractionally higher to cover the maintained dividend of 15.8 per cent twice.

Understandably Mr Wilks is non-committal about the prospects for the current year. Costs are still rising and he offers no prediction about sales. Rover's car workers are now on a four-day instead of a three-day week, but this in itself does not guarantee better margins. In any case, Land Rovers are the group's real earners. Fixed assets rose over the year from £4.1 million to £4.9 million and capital commitments at the end of July amounted to £3.8 million (against nearly £800,000), but this is well covered by liquid assets which rose from £2¾ million to £6¼ million following the one-for-five rights issue in May. The 5s. shares at 12s. yield 6.6 per cent.

Glaxo

THE statement by the chairman, Sir Harry Jephcott, in the full report from Glaxo has done nothing to allay shareholders' fears about narrower profit margins, for he says that the current year offers no dramatic prospect for change from conditions of keen competition. Certainly the year to June 30th was perplexing enough. The price of the 10s. ordinary shares swung from 73s. 9d. (giving a yield of under 2 per cent) before the disappointing interim results in April to a nervous 52s. 6d. ahead of the final figures last month. These showed that, without Evans Medical, turnover for the year rose by seven per cent against three per cent in the first six months, and trading profits fell by 4 per cent, compared with 4.4 per cent in the first six months. Since then the shares have risen to 60s. but publication of the full report brought them down to 54s. 1½d. to give a yield of 2.8 per cent on the 15 per cent dividend.

Some foreign competitors, spurred by the excess capacity which has resulted from the growing capital efficiency of the pharmaceutical industry, have been particularly fierce competitors. Glaxo sells three-fifths of its output abroad and has therefore done well to maintain its sales. At home, Glaxo has cut the price of some of its products. The Ministry of Health still buys from foreign drug houses, and this has prompted Sir Harry to urge that the present British practice of 16-year patents be reviewed. Sir Harry says that a shorter period of patent monopoly and subsequent royalty payments for licences would be incentive enough for the maintenance of research. Sir Harry predicts still keener competition in export markets and though for the first three months of the current year sales exceeded those in the same period last year it seems likely that the cover on the 15 per cent dividend will fall below the 3.2 times provided by earnings in 1960-61.

Gomme Holdings

GOMME HOLDINGS, the makers of G-Plan furniture, have been hit harder by the credit restrictions than many of its competitors and the final dividend has been passed—as the directors forecast it would be when they passed the interim in May. The results are worse than was then feared for the group was still making a loss at the end of July, when the directors had hoped that the group would be earning profits again. In all, a net loss of £146,000 replaced a net profit of £295,000 and despite a sharp reduction in stocks, net bank overdrafts rose from £518,000 to £842,000.

Clearly Gomme must raise its sales, but the chairman, Mr H. N. Sporborg, says that this will be difficult unless the general level of demand for furniture rises. Last year the group was handicapped by reorganisation difficulties, which partly arose from the closing down of a factory in High Wycombe, but this year the group should be able to shorten the delivery times on the most popular lines. Already there has been some slight improvement; a loss was made in August, but there was a small profit in September and October. The cut in overhead costs following the reorganisation may at last be helping. The 5s. ordinary shares at 8s. 9d. are only half the price they were earlier this year, and are at their lowest point since they were first quoted in 1958.

Crompton Parkinson

IN recent years, not least the one ending on June 30th last, the results of Crompton Parkinson have been a pleasant reminder that not all the companies in the heavy electrical industry have fared badly. But now the chairman, Mr Albert Parkinson, says that the current year may bring lower profit margins on many outstanding orders. In 1960-61, when gross profits rose by eight per cent from £2,735,000 to £2,960,000, the group again encountered difficulties in the market for heavy electrical products, notably for transformers whose prices have been unsettled since the Restrictive Trade Practices Court examined the marketing arrangements of the Transformer Manufacturers Association. Batteries and lamps however did well, and cable prices seem to have settled down after the uncertainties which followed the ending of price agreements in the industry two years ago.

Mr Parkinson remains confident about the long-term outlook for the group even in the face of competition from manufacturers in the common market; but the short-term prospects seem to be threatened by rising labour costs and by a fall in demand, particularly for transformers and traction equipment. The 5s. ordinary shares at 12s.7½d. yield just under 5 per cent on the maintained dividend of 12½ per cent.

S. Smith

THE chairman of S. Smith & Sons, Mr R. Gordon-Smith, announced in the full report that this group of instrument makers is revising its finance and dividend policies. In the past decade the group has ploughed back £10½ million from net equity earnings as well as £7½ million in depreciation provisions and the directors now feel that the ratio of fixed interest capital to equity capital employed (currently one to eight) is too low when compared with the ratio of fixed assets to net current assets (currently rather more than one to one). They therefore propose to add to the existing £2 million of fixed interest capital by issuing a prior charge stock. This will probably be a loan stock. The chairman says that it will be medium or long-dated, and that it will more than cover the overdraft of the group, which stood at £1¼ million at the beginning of August, so as to allow for "foreseeable expansionary requirements" in the next few years. The higher capital gearing will be welcomed by shareholders, as it may herald a more liberal dividend policy. Mr Gordon-Smith says that ordinary shareholders will get a bigger share of available profits than in the last ten years; but last year's rate of 51 per cent is not to be thought as setting a precedent, and he hopes that a distribution of 40 to 45 per cent of net equity earnings will permit a steady growth in dividends.

The prospects for the current year are overshadowed by the Government's economic measures introduced in July and Mr Gordon-Smith does not expect the group's sales to the motor industry to show any improvement upon the 1960-61 figures, which were in any case 27 per cent lower than in 1959-60 because of unofficial strikes and the fall in demand. He says that sales to the domestic appliance industry are unlikely to grow this year because of the credit squeeze but that sales to the aircraft industry should exceed those of the peak year, 1958-59. His estimate of gross profits of £3 million for 1961-62 (compared with £2,660,000 in 1960-61) is, as he frankly admits, likely to be upset if the motor industry fails to hit the targets it has set itself and if the pay pause breaks down. The 4s. ordinary shares at 15s. 6d. yield 5.2 per cent.

London Stock Exchange

FIRST DEALINGS:	Oct. 30	Nov. 13	Nov. 27
LAST DEALINGS:	Nov. 10	Nov. 24	Dec. 8
ACCOUNT DAY:	Nov. 21	Dec. 5	Dec. 19

THE stock market has had second thoughts about the recent recovery in equity prices, and over the week to Wednesday the *Financial Times* index slipped steadily lower, falling below the 300 mark on Tuesday; over the week *The Economist* indicator fell 12.3 points to 356.6. After the weekend the decision of the power board on the pay claim caused misgivings, and these persisted after the Prime Minister's statement on Tuesday. The drop in industrial production in September, announced on Wednesday, did nothing to raise spirits in the market.

Business in the gilt-edged market was slack. Buyers were interested at first in short-dated stocks, but the power board's decision soon frightened them away. The possibility of a bank rate cut in the next few weeks became more remote and Exchequer 3¾ per cent, 1966, lost ⅛ to 98⅝. But the long and undated stocks also lost small amounts: 5½ per cent Treasury, 2008-12, lost ⅛ to 83⅛ and 2½ per cent Consols were ⅛ down at 39. On Thursday however prices fell much more sharply.

This week a growing number of sellers appeared in the equity market. Bank shares lost some of their gains from the previous week, though District was an exception and put on 2s. to 94s. 6d. Hire purchase houses also fell back, but insurance shares moved irregularly. Britannic gained ⅝ to 15½, but Legal and General lost 1¼ to 38. Immediately before and after the weekend there was a strong demand for brewery shares, resulting in part from press comment but it petered out on Tuesday. Over the week Watney Mann gained 3s. to 103s. 3d. Building shares lost their earlier gains and Associated Portland were 3s. lower at 53s. 6d. xd. ICI shares were on offer over much of the week and lost 3s. 5½d. to 60s. 7½d. Stores were quiet though J. and F. Stone gained 1s. 6d. to 30s. 3d. on the news of the bonus issue and higher dividend. Engineering shares had a dull week; BSA lost 2s. 10½d. to 19s. 3d. after the chairman's statement and Guest Keen fell sharply by 5s. 9d. to 74s. 6d. Metal Box lost 4s. to 84s. Electrical shares fell back after the forecast of lower profits from English Electric which lost 5s. 3d. to 26s. 3d.

Steel shares lost heavily before the weekend partly under the influence of a broker's circular. Lancashire Steel lost 3s. to 32s. and Stewarts and Lloyds a similar amount to 36s. 7½d. Among other leaders Glaxo lost 5s. 6d. to 54s. after the chairman's warning about future prospects; Beecham was also lower losing 3s. 2½d. to 47s. 6¾d. Motor shares fell back and BMC lost 1s. to 14s. 9d. after unfavourable press comment. Property shares were fairly steady but textiles were dull and Courtaulds lost 1s. 10½d. to 28s. 7½d.

LONDON AND NEW

Prices 1961 High	Prices 1961 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Nov. 15, 1961	Price, Nov. 22, 1961	Net Yield, Nov. 22, 1961 §	Gross Yield, Nov. 22, 1961
					£ s. d.	£ s. d.
92½	88⅜	Savings Bonds 3% 1955–65	90[15]/16	90[27]/32	4 8 7	5 15 2[1]
100[1]/32	99	Conversion 4½% 1962	99[13]/16	99[13]/16	1 7 11	5 3 9
96⅝	93⅛	Exchequer 3% 1962–63	95[29]/32	95[27]/32	4 13 10	5 16 11[1]
101[5]/16	98⅛	Treasury 5½% 1963	100[5]/16	100[9]/32	3 0 3	5 3 3[1]
93[29]/32	90[1]/8	Exchequer 2½% 1963–64	92[29]/32	92[27]/32	4 12 5	5 13 0[1]
99[19]/32	96⅛	Conversion 4½% 1963	98¼	98[3]/16	4 4 0	5 19 11
98[9]/32	94⅛	Conversion 4½% 1964	96[23]/32	96[25]/32	4 2 6	5 18 7
101[5]/16	96	Exchequer 5½% 1966	98[13]/32	98[13]/32	3 15 0	6 0 2
83[1]/8	78[3]/16	Funding 3% 1959–69	82½	82[3]/16	4 15 2	6 1 8[1]
89¾	84¾	Funding 4% 1960–90	88[7]/8	88[7]/8	3 10 11	5 4 5[1]
80[1]/2	74[5]/8	Savings Bonds 3% 1960–70	79[15]/16	80[1]/16	4 15 2	6 2 8[1]
85[1]/8	80[3]/4	Savings Bonds 2½% 1964–67	84[13]/16	84[1]/2	4 16 7	5 18 3[1]
72[13]/16	66[1]/4	Savings Bonds 3% 1965–75	71[13]/16	71[13]/16	4 14 8	6 4 0[1]
84[11]/16	78[7]/8	Funding 3% 1966–68	84[3]/8	84[1]/16	4 14 11	6 2 2[1]
97[1]/2	92½	Victory 4% 1920–76	94[13]/16	94[3]/8	3 7 5	5 1 0[1]
86[3]/16	80[1]/4	Conversion 3½% 1969	85[7]/8	85[9]/16	4 11 8	6 2 7
93[5]/16	87	Conversion 5% 1971	93[1]/16	92[15]/16	4 1 11	6 4 8
95[11]/16	88[1]	Conversion 5½% 1974	92[31]/32	92[1]/2	3 19 3	6 1 7
73[1]/8	66	Treasury 3½% 1977–80	69[3]/4	69[1]/16	4 11 9	6 5 8[1]
72[1]/4	65	Treasury 3½% 1979–81	69[3]/4	69[1]/16	4 11 9	6 7 0[1]
97[9]/16	88[1]	Funding 5½% 1982–84	93	92[15]/16	3 18 7	6 5 2[1]
59½	51[1]/4	Redemption 3% 1986–96	54[5]/8	54[1]/4	4 9 0	6 5 8[1]
78[1]/4	79[1]/16	Treasury 5% 1986–89	82[7]/16	81[13]/16	4 3 11	6 4 9[1]
63[1]/16	55	Funding 3½% 1999–2004	57[13]/16	57[5]/8	4 7 10	6 11 1[1]
94[3]/8	81[5]/8	Treasury 5½% 2008–12	84	83[15]/16	4 3 4	6 13 10[1]
65[3]/8	56[1]/4	Consols 4% ..... after Feb. 1957	59[13]/16	59[7]/16	4 3 6	6 17 6[1]
59[1]/4	50[1]/2	War Loan 3½% ..... after 1952	52[13]/16	51[13]/16	4 2 8	6 14 11[1]
59	50[1]/2	Conv. 3½% ..... after Apr. 1961	52[1]/8	53[1]/4	4 3 4	6 16 8[1]
50[7]/8	43[1]/2	Treasury 3% ..... after Apr. 1966	45	44[5]/8	4 2 10	6 15 8[1]
44	36[1]	Consols 2½%	39[3]/16	39	3 18 11	6 9 4[1]
43[1]/2	36[1]	Treasury 2½% ..... after Apr. 1975	37[13]/16	37[9]/16	4 2 0	6 14 5[1]
91[7]/8	85[3]/4	British Electric 4½% 1967–69	91[1]/2	91[3]/16	4 4 6	6 3 2[1]
73[11]/16	70[1]/8	British Electric 3% 1968–73	75[1]/8	74[3]/4	4 15 6	6 3 8[1]
70[5]/8	64[1]/2	British Electric 3% 1974–77	69[1]/2	69[5]/16	4 14 1	6 3 10[1]
81[7]/8	74[5]/8	British Electric 4¼% 1974–79	79[3]/8	79[1]/8	4 6 7	6 5 6[1]
73[1]/2	67	British Electric 3½% 1976–79	70[11]/16	70[1]/2	4 11 6	6 5 8[1]
84[7]/8	78[1]	British Gas 4% 1969–72	84[1]/4	84[1]/4	4 7 10	6 3 8[1]
82	76	British Gas 3½% 1969–71	81[11]/16	81[9]/16	4 11 1	6 2 7[1]
59[3]/8	51[3]	British Gas 3% 1990–95	54[1]/8	53[13]/16	4 10 11	6 7 4[1]
75[11]/16	70[1]/8	British Transport 3% 1968–73	75[1]/8	74[3]/4	4 15 6	6 3 8[1]
80[7]/8	74	British Transport 4% 1972–77	77[3]/8*	77[1]/4*	4 8 7	6 4 8[1]
61[7]/16	53[3]	British Transport 3% 1978–88	58[3]/16	57[13]/16	4 13 5	6 8 5

Prices 1961 High	Prices 1961 Low	DOMINION AND CORPORATION STOCKS	Price, Nov. 15, 1961	Price, Nov. 22, 1961	Yield, Nov. 22, 1961
					£ s. d.
82[1]/4	76[1]/2	Australia 3½% 1965–69	82	81[3]/8	6 9 0[1]
101	92[3]/4	Australia 6% 1974–76	97	97[1]/8	6 6 0[1]
71[1]/2	64[1]/4	Ceylon 4% 1973–75	66[1]/2	66[1]/2	8 3 0[1]
101[1]/8	92[3]	New Zealand 6% 1976–80	96	95[3]/4	6 9 0[1]
80[1]/2	70[1]/4	Rhodesia and Nyasaland 6% 1978–81	76[3]/4	77	8 13 0[1]
81	73	South Africa 3½% 1965–67	80	80	8 1 0[1]
59	53[1]/2	Southern Rhodesia 4½% 1987–92	57[1]/2	57[1]/2	8 10 0[1]
94[7]/8	85[1]/8	Agricultural Mortgage 5½% 1980–85	88[3]/4	88[1]/2	6 12 6[1]
89	82[1]/4	Birmingham 4¼% 1967–70	88[1]/4	88[1]/4	6 3 0[1]
92[3]/4	86[1]/2	Bristol 5% 1971–73	90[1]/2	88*	6 7 0[1]
93	86[1]	Corporation of London 5½% 1976–79	87[3]/4	87[3]/4	6 7 0[1]
48[3]/4	41	L.C.C. 3% ..... after 1920	43[1]/4*	43*	6 18 0[1]
89[1]/8	80[1]/2	L.C.C. 5% 1980–83	83[3]/4	83[3]/8	6 9 0[1]
93	84[1]	Middlesex 5½% 1980	88[1]/2	88[1]/4	6 8 0[1]

NEW YORK PRICES AND INDICES

	Nov. 15 $	Nov. 22 $		Nov. 15 $	Nov. 22 $		Nov. 15 $	Nov. 22 $
Atch. Topeka ...	28[1]/4	28	Boeing	47[1]/4	47[3]/8	Int. Harvester ..	53	52
Can. Pacific	24[7]/8	24[5]/8	Celanese	36[1]/4	36[3]/8	Inter. Nickel ...	80[1]/2*	76[5]/8
Pennsylvania	17	17[1]/2	Chrysler	50[3]/8	47[3]/4	Inter. Paper ...	36[1]/2	35[1]/4
Union Pacific	36[1]/2	36[3]/8	Col. Palmolive ..	53[3]/8	53[1]/4	Kennecott	85	83[1]/2*
Amer. Electric ..	75[1]/4	76[3]/4	Crown Zeller	62[1]/8	61	Monsanto	56[7]/8	55[3]/4
Am. Tel. & Tel...	127[3]/4	134[1]/4	Distillers Seag. ..	46[1]/4	44[7]/8	Nat. Distillers ..	25[3]/4	25[7]/8
Cons. Edison	83[1]/2	89[1]/4	Douglas	35[3]/4	36[1]/4	Pan-American ..	20[5]/8	20[3]/4
Int. Tel. & Tel...	56[7]/8	56[5]/8	Dow Chemical...	75[7]/8	74	Procter Gamble	99[1]/2	98[7]/8
South'n. Nat. Gas	48[1]/4	49[1]/4	Du Pont	250	247[1]/8*	Radio Corpn....	58[1]/2	55[1]/4
United Corpn...	9[1]/4	9[3]/8	East. Kodak	110[5]/8	109[1]/4	Sears Roebuck .	93[3]/4	86[3]/8
Western Union .	42	39[3]/8	Ford Motor	110	110[5]/8	Shell Oil	41[7]/8	40[5]/8
Alcoa	59[3]/4	58[7]/8	Gen. Electric	78[7]/8	78[1]/4	Socony-Mobil ..	47[3]/4	47[1]/2
Aluminium	27[3]/4	27[3]/8	General Foods ..	105[3]/8	102[1]/4	Stand. Oil Ind..	49[3]/4	51[5]/8
Amer. Can.....	47[1]/8	47[7]/8	General Motors .	52[7]/8	54	Stand. Oil N.J..	46[7]/8	47
Am. Smelting...	64[1]/2	62[1]/4	Goodyear	47	46	Union Carbide.	131[1]/4	129[1]/4
Am. Viscose	56[7]/8	55[3]/8	Gulf Oil	39[7]/8	40[3]/4	U.S. Steel	78[1]/2	77[1]/2
Anaconda	50[5]/8	52[1]/2	Heinz	70[1]/2	72[1]/4	West. Electric ..	40[3]/8	38[5]/8
Beth. Steel	41[1]/4	40[1]/2	Int. Bus. Mach...	598	582	Woolworth	89[1]/4	93[7]/8

Standard and Poor's Indices (1941–43=10)

1961	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Oct. 25	71·77	2·83	34·30	4·75	64·67	3·04	88·91	3·99
Nov. 1	72·20	2·82	34·16	4·77	65·09	3·02	89·43	3·94
,, 8	74·51	2·74	34·50	4·73	66·90	2·94	89·43	3·94
,, 15	75·31	2·72	34·59	4·72	67·97	2·90	88·80	4·00
,, 22	75·40	2·77	34·14	4·79	67·80	2·91	88·80	4·00

425 Industrials:—High, 75·49 (Nov. 21). Low, 60·87 (Jan. 3).

YORK STOCKS

Prices 1961 High	Prices 1961 Low	ORDINARY STOCKS	Price, Nov. 15, 1961	Price, Nov. 22, 1961	Yield, Nov. 22, 1961	Cover
34/-	17/4½	**FOOD & TOBACCO**				
15/-	7/9¾	Allied Suppliers 10/-	18/4½*	19/4½	5·16	2¼
74/-	54/3	Assoc. British Foods .. 1/-	12/3	12/11½	1·86	2
15/6	11/9	Bovril £1	54/9	56/9	4·23	2½
19/3	12/6	Brooke Bond 'B' 5/-	‡21/12a	‡17/3b	4·10	3½
107/9	65/-	Cadbury £1	12/10½	12/10½	4·85	1½
35/6	25/9	J. Lyons 'A' £1	74/9*	73/9*	4·35	1¼
14/0[3]/4	11/-	Ranks 10/-	30/3	29/9	4·70	2
50/-	38/7½	Spillers 5/-	10/-	11/6	4·35	2
20/10½	14/10½	Tate & Lyle £1	48/7½	46/7½	5·15	2
73/-	56/9	Unigate 5/-	15/10½	15/3	4·59	2
51/6	38/9	Brit. Amer. Tobac. .10/-	63/-	62/-	5·70	2¾
71/9	65/3	Gallaher 10/-	39/3	39/3	5·10	2
		Imperial Tobacco..... £1	68/9	67/-	6·71	1¾
15[1]/4	11[5]/16	**INSURANCE**				
86/3	60/6	Britannic 5/-	14½	15[1]/8	2·83	...
32[13]/16	17[9]/16	Commercial Union .. 5/-	68/6	69/-	3·26	...
88/4½	51/10½	Eagity & Law Life ...8/6	32[13]/16	32[3]/4	0·87	...
50/6	42/7½	General Accident. .. 5/-	86/-	83/6	1·80	...
39½	23¼	Guardian 5/-	55/-	52/-	2·56*	...
272/6	156/3	Legal & General 5/-	39[1]/8	38	1·25	...
29	18	Northern & Empl..... £1	130/3	135/-	2·96	...
49/3	38/10½	Pearl 5/-	223/9	223/9	3·28	...
129/3	100/3	Prudential 'A' 4/-	253½	253½	2·68	...
		Royal 5/-	47/-	46/3	3·24*	...
		Royal Exchange £1	113/9	113/9	3·30	...
18/10½	12/10½	**MOTORS & AIRCRAFT**				
86/6	66/11½	British Motor 5/-	15/9	14/9	6·78	...
48/6	37/6	Jaguar Cars 'A' 5/-	86/4½	85/9	1·17	7¾
10/-	6/-	Rolls-Royce..... £1	38/6	37/6	5·87	2¼
88/9	52/3¼	Rootes Motors 'A' ..4/-	6/7½	6/3	2·56	...
18/6	14/-	A.C.V. £1	19[1]/4	17[1]/4	4·49*	2½
101/-	77/7½	Leyland Motors £1	91/6½	86/-	4·65	...
18/6	14/-	Bristol Aeroplane ..10/-	16/3	15/10½	7·87	2¼
33/3	21/6	Hawker Siddeley £1	23/-	21/10½	9·69*	1¼
41/3	31/4½	Dowty Group 10/-	33/-	31/4½	4·94	2½
28/11¼	21/6	Dunlop Rubber 10/-	28/11¼	28/7½	5·33	2
72/-	49/9	Joseph Lucas £1	114 b	113 b	4·84	2¼
33/3	15/9	Pressed Steel 5/-	17/4½	16/6¾		1¼
46/3	29/3	Triplex Holdings ...10/-	36/3	35/-	3·57	2½
168/9	110/-	**MINES**				
67/3	43/-	Anglo-American 10/-	140/-	140/-	6·43	1½
108/9	72/6	Consolid. Gold Fields . £1	64/-	62/-	8·06	2
68/6	40/-	General Mining £1	90/-	91/3	7·67	2
25/3	15/3	Union Corporation . 2/6	58/9	58/-	6·90	3
125/-	73/9	Daggafontein 5/-	17/6	17/-	23·53	1½
54/3	37/6	Free State Geduld 5/-	97/6	93/9	9·07	2
64/6	41[10]/2	Hartebeestfontein .. 1/-	47/9	48/-	10·42	1½
157/6	101/3	Western Holdings ... 5/-	123/9	121/3	8·66	1¼
28/6	15/9	Winkelhaak 10/-	20/-	19/9	...	8½
75/3	55/-	Chartered 15/-	58/-	57/3	13·10	2½
63/6	51/3	Rhod. Anglo-Amer.. 10/-	55/6	56/-	14·29h	1¾
11[7]/8	7[10]/2	Rhod. Selection Tst. 5/-	8/-	8/-	8·56h	2
6[1]/2	4[7]/8	Roan Antelope 5/-	4[7]/8	4[7]/8	13·15h	1½
20/9	18/3	Tanganyika Conc.....10/-	18/6	18/3	17·81	...
81/6	48/-	Consolidated Zinc £1	51/3	48/-	7·29	1¾
159/4½	110/-	De Beers Defd. Reg. .5/-	142/6	141/3	8·85	1¾
$159[1]/8	$104	Internat. Nickel ...n.p.v.	$144*	$134	1·99	...
18/9	10/9	London Tin..... 4/-	16/7½	16/7½	8·42	1¼
45/-	30/-	Rio Tinto..... 10/-	40/7½	39/4½	6·98	1½
44/3	17/9	Tronoh £1	30/6	30/-	8·75	1
51/3	33/-	**OIL**				
49/6	31/9	British Petroleum £1	36/-‖	33/3‖	9·55	2¼
52/-	36/-	Burmah Oil £1	34/6*	32/3*	9·49	1¼
£15[1]/16	£10[5]/8	Castrol..... 10/-	39/9	39/9	5·03	2½
139[7]/8	108/9	Royal Dutch..... 20 fl.	£11[7]/8	£11[7]/8	4·07	2¼
41/3	24/3	Shell Transport £1	115/9	112/3	6·06	3
		Ultramar 10/-	26/3	25/-	... d	...
14[7]/2	9[10]/2	**PAPER & NEWSPAPERS**				
91/-	57/6	Daily Mirror 5/-	12/10½	12/11½	6·19	1¼
23/9	17/9	W. H. Smith & Son 'A'. £1	68/6	72/-	3·33	2
66/3	43/6	Thomson Org'n. 5/-	23/6	22/-	5·45*	2
56/6	42/-	Bowater Paper £1	48/6	45/9	6·01	1½
54/3	37/6	Albert E. Reed..... £1	43/6*	42/-*	6·72	1½
68/9	48/-	Spicers..... £1	39/3*	38/6*	6·49	1¾
		Wiggins Teape £1	50/-*	50/3*	5·57	2

Prices 1961 High	Prices 1961 Low	ORDINARY STOCKS	Price, Nov. 15, 1961	Price, Nov. 22, 1961	Yield, Nov. 22, 1961	Cover
46/3	28/6	**SHIPPING**				
20/-	13/3	Brit. & Com'wealth. 10/-	30/3	30/-	6·67	2
8	6	Cunard £1	15/4½	14/10½	...	...
17	7	France Fenwick £1	17/-	19/9	7·09	1½
10	6	Furness Withy £1	32/6	32/6	6·15	1
10	10	London & Overseas..5/-	10/3	10/-	8·75	...
8	3	P & O Defd. £1	31/7½	30/6	7·21	...
21/2	21/2	Reardon Smith 10/-	13/-	12/-	7·92	...
8	5	Royal Mail..... £1	12/4½	11/10½	8·42	...
		STEEL				
81/3	48/6	Colvilles £1	52/4½	49/10½	6·42	4½
24/-	6½	Dorman Long..... £1	24/10½	24/9	8·08	3½
30/9	7½	Lancashire Steel..... £1	35/-	32/-	6·88	3½
26/3	7½	South Durham..... £1	23/7½	23/7½	10·16	2
13/-	8	Steel Co. of Wales..... £1	32/4½	31/-	8·06	3½
15/-	5	Stewarts & Lloyds £1	39/7½	36/7½	8·19	3½
10/-	6	John Summers £1	45/10½	43/4½	6·92	3¼
13/-	8	United Steel £1	41/7½	38/4½	6·41	3¼
48/3	48/-	Whitehead £1			6·25	
32/6	23/-	**TEXTILES**				
23/-	10	English Sewing Cotton £1	26/11½	24/11½	10·36	1½
5	2	Fine Spinners £1	22/3½	20/3½	14·91	2
50/3	32/6	Lancashire Cotton £1	48/3	40/-	10·36	1¾
31/6	28/7½	Courtaulds £1	30/6	28/7½	6·70	1¾
7	3	Illingworth Morris ...4/-	6/11½	6/4½	8·37	2
6/3	4	West Riding Worsted .2/-	7[1]/4	7[5]/16	5·60	2
27/6	20/7½	Woolcombers £1	27/7½	28/11½	7·11	2
12/6	8	Bradford Dyers £1	12/6	12/6	9·60	1¼
12/12½	5	Calico Printers 5/-	12/9	12/12½	7·92**	3¼
42/9	32/6	Coats, Patons & B.... £1	42/9	41/7½	6·01**	2
11/-	10	Jute Industries 10/-	11/-	10/10½	11·95	3
23/9	10	Tootal £1	23/9	23/10½	8·38	1¼
		TRUSTS, LAND & PROPERTY				
70/-	52/6	Alliance Trust..... 5/-	64/9	65/-	2·68	1¼
57/10½	42/6	B.E.T. 'A' Defd..... 5/-	53/9	53/9	4·65	1½
20/-	12/7½	Cable & Wireless..... 5/-	17/-	17/1½	2·92	1¾
20 c	10 c	City Centre Props. ..5/-	59/-	58/-	2·18**	¾
25 c	15 c	City Lond. Real Prop...£1	80/6	78/6	2·80	1
100/7½	72/6	Hudson's Bay £1	88/9	83/9	3·84	1¾
36/-	22/3	Land Securities 10/-	33/-	31/1½	1·93	1
38/3	26/6	Lond. Cnty. Freehld. 10/-	36/9	35/9	3·38	
		TEA & RUBBER				
47/6	40/6	Cons. Tea & Lands ...£1	46/6	46/3	19·42	1
35/6	28/9	Jokai (Assam) £1	32/9	33/9	13·54	2½
11/-	8/3	Nuwara Eliya £1	8/3	8/3	...	...
6/10½	3/10½	Highlands & Lowlands 2/-	4/3	4/3	19·61	1½
7/4½	4/9	London Asiatic 2/-	4/10½	5/-	18·00	2
372[1]/2	10	United Sua Betong ...£1	72/-*	70/6*	13·48	1½

The Economist Indicator (1953=100)

1961	Indicator	Yield %	1961 High	1961 Low
Oct. 18	342·7	5·41	427·2 (May 10)	342·7 (Oct. 18)
,, 25	345·0	5·41		
Nov. 1	356·0	5·28		
,, 8	356·4	5·28		
,, 15	368·9	5·11		
,, 22	356·6	5·33		

Financial Times Indices

1961	Index †	Ord. Yield	Fixed Int. ‡	2½% Consols Yield	Bargains Marked
Nov. 16	306·8	5·14	83·86	6·38	14,636
,, 17	305·4	5·17	83·96	6·37	13,699
,, 20	301·4	5·23	83·83	6·39	16,115
,, 21	299·1	5·27	83·60	6·41	13,615
,, 22	296·2	5·33	83·64	6·43	11,926

High, 365·7 (May 15), † July 1, 1935=100. Low, 284·7 (Oct. 16). ‡ 1928=100.

UNIT TRUST PRICES

	October 25	November 22
Allied Investors:		
Elect. & Ind. D..	9/11	10/1½
Metals & Mins. .	13/9	14/8*
British Life Offices:		
British Life Units	4/10½	5/1½*
Commonwealth Unit Tst. Fund:		
A E & G Un. Tst.	13/11	14/8
Commonwealth	9/7	10/4*
Orthodox Unit.	12/4½	13/1½
Municipal & Gen.:		
Second M & G ..	8/7¼	9/1
M & G Gen. Tst.	11/6½	12/2¼
Mid. Ind. & Gen.	8/5½	8/11
P. Hill, Higginson, Erlangers:		
Brit. Shareholdrs.	12/10½	13/9½
B S Intern'l.	9/9	10/5

	October 25	November 22‡
Save & Pros. Gp.:		
Insurance Units.	15/8	16/8½
Bank Insurance.	6/7½	7/1*
Bank Units	9/-	9/7
Investment Tst..	6/8½	7/2*
Consol'd. BITS.	13/0½	13/11
Crosby Capital.	7/1	7/6½
Crosby Income.	4/7½	4/10
Scotbics	4/8	5/-
Scotshares	4/6½	4/10½
Shield Fd. Mngrs.:		
Shield Un. Fund	4/2½	4/6
Dillon Walker:		
Community Un.	2/6¾	2/9¾*
Falcon Trust ...	4/3	4/7½
Unicorn Trust .	5/9	6/2½

	4/6	4/9
	2/8½	2/11½
	4/4½	4/9*
	4/6	4/9
	4/11½	5/3½
	5/-	18·00
	70/6*	13·48

*Ex dividend. † Tax free. ‡ Assumed average life 7¾ years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution of 1s. 0d. per share. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (k) To latest date.

** Yields based on assumed dividends:—A.C.V., 16%. Bass, Mitchells & B., 11%. Calico Printers, 20%. City & Centre Props., 25½%. Coats, Patons & B. 12½%. Guardian, 26⅔%. Guinness, 22%. Hawker Siddeley, 10·6%. Ind. Coope, T.A., 12% on merger terms. Lloyds Bank, 10⅝%. Midland Bank, 15%. Royal Assurance, 30%. Thomson Organisation, 24%. United Steel, 12·3%. Woodall-Duckham, 21%.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended November 18, 1961, there was an "above-line" deficit (after allowing for sinking funds) of £7,907,000 compared with a surplus of £53,801,000 in the previous week and a deficit of £12,819,000 in the corresponding period of last year. There was a net expenditure "below-line" of £32,945,000 leaving a total cumulative deficit to date of £717,623,000 compared with £726,879,000 in 1960–61.

£'000	Estimate 1961–62	April 1, 1960, Nov. 19, 1960	April 1, 1961, Nov. 18, 1961	Week ended Nov. 19, 1960	Week ended Nov. 18, 1961
Ordinary Revenue					
Income Tax	2,738,500	829,471	953,668	18,573	19,279
Surtax	210,000	45,300	52,400	1,500	1,400
Death Duties	240,000	143,000	162,300	4,800	4,200
Stamps	94,000	56,200	62,100	1,500	1,100
Profits tax, EPT and EPL	325,500	183,700	227,800	4,900	8,000
Other Inland Rev. Duties	...	50	...	...	...
Total Inland Rev.	3,598,000	1,257,721	1,458,268	31,273	33,979
Customs	1,550,000	945,905	1,036,086	30,754	33,877
Excise	960,000	641,885	657,900	19,820	27,220
Total Customs and Excise	2,510,000	1,587,790	1,693,986	50,574	61,097
Motor Duties	155,000	39,187	47,235	...	539
PO (Net Recpts)	...	...	...	...	...
Broadcast Lic's.	40,000	18,300	23,800	...	4,700
Sundry Loans	205,000	40,244	160,005	1,768	1,097
Miscellaneous		74,254		473	
Total	6,508,000	3,017,496	3,383,294	84,088	101,412
Ordinary Expenditure					
Debt Interest	660,000	392,899	430,569	14,729	21,371
Payments to N. Ireland Exch.	92,000	49,996	52,314	...	...
PO Fund—Initial settlement	15,000	...	7,282	...	...
Other Consolidated Funds	8,000	4,620	4,883	8	18
Supply Services	5,186,902	2,929,372	3,183,258	81,800	87,600
Total	5,961,902	3,376,887	3,678,306	96,537	108,989
Sinking Funds	40,000	23,440	23,944	370	330
"Above-line" Surplus or Deficit	—	382,831	318,956	12,819	7,907
"Below-line" Net Expenditure*		344,048	398,667	28,378	32,945
Total Surplus or Deficit		726,879	717,623	41,197	40,852
Net receipts from:					
Tax Reserve Certificates		165,166	177,427	5,253	1,614
Savings Certificates		43,800	−17,200	900	−400
Defence Bonds		68,648	17,920	2,131	170
Premium Savings Bonds		36,770	26,600	600	500
Total		314,384	204,747	8,884	1,884

* Net receipts to the Civil Contingencies Fund of £5 million in 1961–62 compared with a net receipt of £5 million in 1960–61.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1960					
Nov. 19	3,680·0	1,497·9	240·1	...	5,417·9
1961					
Aug. 19	3,290·0	1,732·5	316·8	1·5	5,340·7
,, 26	3,280·0	1,840·0	201·9	2·3	5,324·1
Sept. 2	3,260·0	1,855·3	239·4	...	5,354·8
,, 9	3,240·0	1,886·4	221·4	...	5,347·9
,, 16	3,340·0	1,905·2	229·5	...	5,374·7
,, 23	3,220·0	1,928·7	228·3	...	5,377·0
,, 30	3,220·0	2,018·6	283·7	...	5,225·3
Oct. 7	3,240·0	1,998·1	207·2	...	5,445·3
,, 14	3,260·0	2,003·4	208·7	...	5,472·2
,, 21	3,270·0	1,997·8	193·1	...	5,450·9
,, 28	3,280·0	2,003·2	211·5	...	5,494·8
Nov. 4	3,280·0	2,063·7	201·1	0·8	5,545·5
,, 11	3,290·0	1,990·7	216·9	...	5,497·6
,, 18	3,310·0	1,976·2	250·6	...	5,536·8

THE MONEY MARKET

THE syndicate of discount houses raised its bid for the £220 million of 91-day bills on offer at last Friday's Treasury bill tender by 2d. to £98 13s. 1d., and received 56 per cent of its application. The average rate of discount fell by 7.78d. to £5 7s. 9.71d. per cent.

Lombard Street now sees little prospect of a further reduction in Bank rate this year. In these circumstances the bill rate is relatively low, and the chances are that in the next few weeks it will fluctuate around this level, as the syndicate manœuvres to maintain its bill portfolios. The authorities seem to be intent on keeping the rate around its present level, since the market was forced to borrow at Bank rate from the Bank of England on each of the first three days of the week.

By contrast money has been available fairly freely in the Local Authority mortgage market this week. The 7-day rate has fallen ¼ per cent to 6 per cent. This weakness in the rate is attributed partly to the success of direct advertising by the local authorities. This success is understandable since the rates offered are still around 6¼ per cent, the level they reached after Bank rate went to 7 per cent.

MONEY RATES

LONDON

	%		%
Bank rate (from 6½%, 2/11/61)	6	**Discount rates** (Wednesday):	
Deposit rates (7 days' notice):		Bank bills:	
Banks	4	60 days	5⅝–5 11/16
Discount houses	4–4¼	3 months	5⅝–5 11/16
Local Authorities	6	4 months	5⅝–5 11/16
Call money:		6 months	5⅝–5¾
Clearing banks' minimum	4⅜	Fine trade bills:	
Day-to-day	4⅜–5½	3 months	6¾–7½
		4 months	6¾–7½
		6 months	7 –8

NEW YORK

	%		%
Official Discount rate: (from 3½%, 11/8/60)	3	**Treasury bills:** Nov. 13	2·516
		,, 20	2·537

BANK OF ENGLAND RETURNS

(£ million)	Nov. 23, 1960	Nov. 15, 1961	Nov. 22, 1961
Issue Department:			
Notes in circulation	2,237·5	2,316·9	2,323·6
Notes in banking dept.	62·8	58·4	51·7
Govt. debt and securities*	2,298·0	2,374·0	2,374·0
Other securities	0·7	0·8	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	1·3	0·3	0·3
Banking Department:			
Deposits:			
Public accounts	14·6	11·5	12·6
Special deposits	150·3	232·7	232·7
Bankers	262·4	252·6	242·0
Others	65·4	71·9	68·6
Total	492·8	568·7	555·9
Securities:			
Government	384·5	449·4	429·3
Discounts and advances	43·3	58·6	72·8
Other	19·1	19·3	19·1
Total	446·9	527·3	521·2
Banking department reserve	63·8	59·3	52·6
"Proportion"	% 12·9	% 10·4	% 9·4

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £50 million to £2,375 million on November 8th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills: Average Rate of Allotment	Allotted at Max. Rate *
1960	*91 day* *63 day*		s. d.	%
Nov. 18	250·0 30·0	432·7	93 5·93	69
1961				
Aug. 18	250·0	379·6	134 1·83	61
,, 25	260·0‡	409·9	134 0·12	39
Sept. 1	250·0	379·8	134 0·50	48
,, 8	260·0	441·6	132 10·81	60
,, 15	250·0‡	407·0	131 10·99	59
,, 22	250·0	383·3	130 6·51	65
,, 29	270·0	447·9	131 0·48	39
Oct. 6	260·0	397·9	122 5·80	57
,, 13	260·0‡	419·0	120 2·28	59
,, 20	250·0	416·1	118 5·35	91
,, 27	250·0	431·2	114 6·57	66
	91 day *63 day*			
Nov. 3	200·0 60·0	412·7	108 6·10	63
,, 10	230·0 40·0	458·9	108 5·49	44
,, 17	220·0 50·0	430·2	107 9·71	56

* On November 17th renders for 91 day bills at £98 13s. 1d. secured 56 per cent, higher tenders being allotted in full. The offer for this week was for £220 million 91 day bills and £60 million 63 day bills. ‡ Allotment cut by £10 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits November 22	Market Rates: Spot November 16	November 17	November 18	November 20	November 21	November 22
United States $	2·78–2·82*	2·81 1/2–5/8	2·81 7/16–9/16	2·81 1/2–5/8	2·81 1/2–5/8	2·81 1/2–5/8	2·81 1/2–5/8
Canadian $	...	2·91 1/4–3/8	2·91 1/4–3/8	2·91 1/4–3/8	2·91 5/16–7/16	2·92 3/8–1/2	2·92 1/4–3/8
French Fr.	13·622–14·027	13·82 1/4–3/8	13·82 1/8–3/8	13·82 1/8–3/8	13·82–82 1/4	13·81 1/4–1/2	13·81–81 1/4
Swiss Fr.	11·94–12·54 7/8	12·17 1/2–3/4	12·17 1/4–1/2	12·17 1/4–1/2	12·17–17 1/4	12·16 1/2–3/4	12·16 5/8–7/8
Belgian Fr.	137·96–142·05	140·10–15	140·07 1/2–12 1/2	140·07 1/2–12 1/2	140·12 1/2–17 1/2	140·12 1/2–17 1/2	140·15–20
Dutch Gld.	9·98 3/4–10·28 1/2	10·13 7/8–14 1/8	10·13 3/4–14	10·13 5/8–7/8	10·13 3/4–14	10·13 3/4–14	10·13 7/8–14 1/8
W. Ger. D-Mk.	11·037–11·365	11·27–27 1/4	11·27–27 1/4	11·27–27 1/4	11·26 7/8–27 1/8	11·26 7/8–27 1/8	11·27–27 1/4
Portug. Esc.	...	80·30–30	80·18–28	80·18–28	80·18–28	80·18–28	80·18–28
Italian Lire	1725–1775	1746 1/4–47 1/4	1746 3/4–47 1/4	1746 3/4–47 1/4	1746 3/4–47 1/4	1747–47 1/2	1747–47 1/2
Swedish Kr.	14·27 1/2–14·70	14·54 1/8–55 1/8	14·54 1/4–55	14·54 1/8–7/8	14·54 1/8–7/8	14·54–54 1/4	14·54–54 1/2
Danish Kr.	19·06 1/2–19·62	19·39–39 1/4	19·39 1/4–1/2	19·39 1/4–1/2	19·39 1/4–1/2	19·39 1/4–1/2	19·39 1/2–3/4
Norwegian Kr.	19·71–20·30 1/2	20·04 1/4–1/2	20·04 1/4–1/2	20·04 1/4–1/2	20·04 1/4–1/2	20·03 7/8–04 1/8	20·03–03 1/4
	* Official Limits						
One Month Forward Rates							
United States $		3/4–5/8c. pm	3/4–5/8c. pm	11/16–9/16c. pm	11/16–9/16c. pm	3/4–5/8c. pm	3/4–5/8c. pm
Canadian $		1–7/8c. pm	1–7/8c. pm	1–7/8c. pm	1–7/8c. pm	11/16–15/16c. pm	1–7/8c. pm
French Fr.		2 3/4–2 1/4c. pm	2 1/2–2c. pm	2 1/2–2c. pm	2 1/2–2c. pm	2 1/2–2c. pm	2 1/2–2c. pm
Swiss Fr.		4–3 1/4c. pm	4–3 1/4c. pm	4–3 1/4c. pm	3 7/8–3 1/8c. pm	4 1/8–3 3/8c. pm	4 1/4–3 3/4c. pm
Belgian Fr.		30–20c. pm	28–18c. pm	28–18c. pm	27–17c. pm	27–17c. pm	27–17c. pm
Dutch Gld.		3 1/2–2 1/4c. pm	3–2 1/4c. pm	3–2 1/2c. pm	3–2 1/2c. pm	3 1/8–2 5/8c. pm	3 1/4–2 3/4c. pm
W. German D-Mk.		3 1/2–3pf. pm	3 1/2–3pf. pm	3 1/2–3pf. pm	3 3/8–3 1/8pf. pm	3 5/8–3 1/8pf. pm	3 1/2–3pf. pm
Three Months Forward Rates							
United States $		17/8–13/4c. pm	17/8–13/4c. pm	17/8–13/4c. pm	17/8–13/4c. pm	17/8–13/4c. pm	17/8–13/4c. pm
Canadian $		2 1/4–2 1/8c. pm	2 1/4–2 1/8c. pm	2 1/4–2 1/8c. pm	2 1/4–2 1/8c. pm	2 3/16–2 1/16c. pm	2 3/16–2 1/16c. pm
Swiss Fr.		9 1/2–9c. pm	9–8 1/2c. pm	9–8 1/2c. pm	8 7/8–8 1/4c. pm	8 3/4–8 1/4c. pm	8 7/8–8 3/8c. pm
W. German D-Mk.		9 1/2–9pf. pm	9 1/8–8 7/8pf. pm	9 1/8–8 7/8pf. pm	9 1/4–9 3/8pf. pm	9 1/4–8 3/4pf. pm	9 1/4–8 3/4pf. pm
Gold Price at Fixing							
Price (s. d. per fine oz.)		250/1	250/0 1/2	...	250/–	249/11 1/2	249/11
,, ($,, ,, ,,)		35·19 1/2	35·19 1/2	...	35·19 1/2	35·19	35·17 1/2

Prices and Wages

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

BRITISH

Prices and Wages	This week	External Trade	Nov. 4th
Manpower and Output	Nov. 18th	Industrial Profits	Oct. 14th

OVERSEAS

Western Europe	Sept. 30th	United States	Nov. 11th

	Unit	1958	1959	1960	1960 Nov. 8	1960 Nov. 15	1960 Nov. 22	1961 Oct. 24	1961 Oct. 31	1961 Nov. 7	1961 Nov. 14	1961 Nov. 21
		mid-June										
WORLD PRICES												
Commodity Price Indicator(6):												
All items	1958=100	99·7	96·8	98·3	94·2	93·6	93·0	91·8	91·5	91·8	92·0	92·0
Food	,,	100·0	95·8	93·0	92·3	91·2	90·4	88·6	88·3	89·0	89·6	89·2
Fibres	,,	104·2	95·3	98·7	98·8	99·1	98·7	99·2	99·9	99·2	99·6	99·2
Metals	,,	101·2	113·0	122·4	112·5	112·5	113·8	112·8	112·8	113·7	111·6	112·3
		Monthly averages			1960			1961				
BRITISH WHOLESALE PRICES		1958	1959	1960	August	Sept.	Oct.	June	July	August	Sept.	Oct.
Materials used in:												
All manufacturing industries	1954=100	100·8	101·7	101·8	100·8	100·6	100·6	100·7	100·6	100·6	100·0	99·2
Mechanical engineering	,,	123·5	124·5	126·2	126·4	126·2	126·1	128·3	128·6	128·7	128·6	128·4
Electrical machinery	,,	114·5	115·6	116·9	117·2	116·7	116·4	118·7	118·9	118·9	118·9	118·7
Building and civil engineering	,,	114·2	113·4	115·1	115·4	115·5	115·6	118·0	118·8	118·9	118·9	119·0
House building	,,	111·9	111·0	114·0	114·6	114·8	114·9	117·8	118·6	118·6	118·6	118·9
Products of:												
All manufacturing industries	,,	111·1	111·5	113·0	113·5	113·5	113·6	115·8	116·1	117·1	117·2	117·2
Chemicals and allied trades	,,	105·6	106·6	106·0	105·7	105·4	105·1	105·2	104·7	105·2	105·1	105·1
Iron and steel	,,	129·9	129·0	128·5	128·7	128·7	128·6	129·4	130·2	130·2	130·2	130·2
Textile industry	,,	97·9	96·0	100·8	101·2	101·5	102·2	104·2	104·2	103·9	104·0	103·7
Food manufacturing	,,	104·9	106·9	106·9	107·4	107·0	106·8	107·3	107·2	107·2	107·1	107·1
Commodities:												
Cotton, raw (7)	,,	76·8	68·6	75·0	74·9	74·7	75·1	74·9	74·3	73·7	73·9	74·0
Wool, raw	,,	72·4	76·6	76·3	72·8	71·2	70·2	79·4	77·8	78·6	77·2	74·2
Rubber, No. 1 RSS, one month future	,,	118·2	148·1	158·0	146·7	146·3	140·8	124·2	123·4	125·0	126·7	121·2
Softwood, imported	,,	102·1	95·4	104·9	106·8	106·6	106·8	107·6	107·7	107·6	107·3	106·6
Copper, ex-warehouse	,,	79·4	95·6	99·0	98·6	94·4	89·4	95·1	92·4	92·9	92·2	92·0
UK RETAIL PRICES												
All items (1)	Jan. 17, 1956=100	109·0	109·6	110·7	110·4	110·5	111·4	114·6	114·6	115·7	115·5	115·7
Food	,,	107·1	108·2	107·4	106·4	106·1	107·4	111·4	110·7	109·9	108·5	...
All items	1938=100 [2]	271	273	276	275	275	277	285	285	288	288	288
Food	,,	282	285	282	280	279	282	293	291	289	285	...
Housing	,,	172	180	186	187	187	187	194	195	195	196	...
Clothing	,,	269	268	271	271	272	272	275	276	276	277	...
Fuel and light	,,	281	284	291	280	281	292	302	302	303	304	...
Household durable goods	,,	307	300	300	301	302	303	305	305	307	308	...
Drink	,,	276	261	256	256	256	257	258	265	277	279	...
Tobacco	,,	428	428	444	449	449	449	454	455	491	491	...
Purchasing power of £ (based on all consumer spending)	1938=100	35·9	35·7	35·4	35·5	35·5	...	34·2	34·2	33·9	34·0	33·9
UK TERMS OF TRADE												
Import prices:												
All items	1954=100	99	98	99	98	98	99	98	97	95	95	96
Food, drink and tobacco	,,	97	98	97	95	97	99	95	92	91	91	91
Basic materials	,,	96	93	96	95	95	95	96	97	96	95	95
Fuels	,,	112	104	98	98	96	96	95	96	93	95	96
Manufactured goods	,,	101	104	107	108	108	107	108	107	106	106	106
Export prices:												
All items	,,	110	109	111	111	112	112	112	112	112	112	112
All manufactures	,,	111	111	114	113	115	115	115	115	115	115	115
Metals	,,	118	115	118	120	118	117	116	118	119	117	118
Engineering products	,,	115	117	120	119	122	122	121	121	122	123	122
Textiles (excluding clothing)	,,	101	98	102	104	103	105	108	105	107	106	106
Terms of trade:												
Ratio of import to export prices	,,	90	90	89	88	88	88	88	86	85	85	85
SHIPPING FREIGHTS (8)												
Tramp shipping freights	1960=100	90·4	96·9	100·0	93·3	96·5	94·7	108·7	105·8	107·2	110·6	108·0
UK WAGES												
Weekly wage rates:	Jan. 31, 1956=100	114·0	117·0	120·0	120·4	120·8	120·7	125·0	125·1	125·2	125·4	...
All workers (3)	,,	113·8	116·8	119·7	120·0	120·4	120·3	124·5	124·6	124·7	124·9	...
Men	,,	114·0	117·0	120·8	121·0	121·3	121·5	125·6	125·8	126·1	126·4	...
Women	,,	115·8	119·0	123·2	124·5	125·0	124·8	130·6	130·7	130·8	131·1	...
Juveniles (4)	Sept., 1939=100	296	301	312	313	314	314	325	325	325	326	...
All workers												
Weekly earnings (5):												
Men	s. d.	256 8	271 1	290 8	...	...	290 8	301 4[9]	...	...	...	...
Women (full time)	,,	134 1	140 11	148 4	...	...	148 4	152 7[9]	...	...	...	...
Youths (4)	,,	112 0	117 6	130 0	...	...	130 0	135 9[9]	...	...	...	...
Girls (4)	,,	86 9	90 10	96 10	...	...	96 10	99 11[9]	...	...	...	...
Men	Oct., 1938=100	372	393	421	...	...	421	437[9]	...	...	...	...
Women (full time)	,,	412	432	456	...	...	456	470[9]	...	...	...	...

(1) For a rough conversion to basis of June, 1947, multiply throughout by 1·534. (2) The interim index of retail prices has been linked back to 1938 with the aid of calculations made by Professor R. G. D. Allen for the London and Cambridge Economic Service. (3) For a rough conversion to basis of June, 1947, multiply throughout by 1·561. (4) In general males under 21 and females under 18 years of age. (5) Surveys made twice a year; annual figures relate to October survey. (6) Index revised and rebased on 1958=100 (see *The Economist*, January 7, 1961, page 59). (7) Revised series. (8) Revised series; 1958 and 1959 figures on the old basis of 1952 = 100 have been linked to 1960=100 by multiplying by 1·348. (9) April.

APPOINTMENTS

AIC EXECUTIVE SELECTION DIVISION
is advising on the following appointment

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Detailed applications should be sent not later than December 1, 1961, to the Secretary-General, International Rubber Study Group, Brettenham House, 5-6 Lancaster Place, London, W.C.2.

For further appointments and other classified advertisements see page 843

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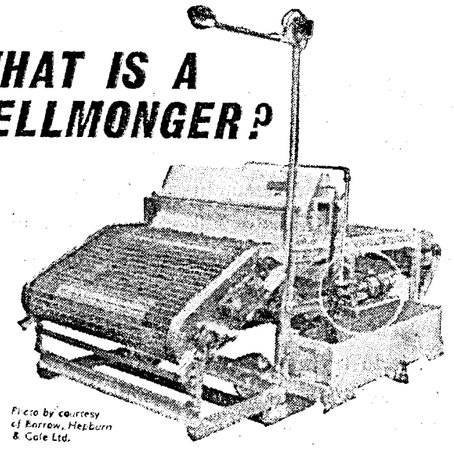


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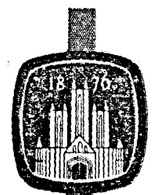
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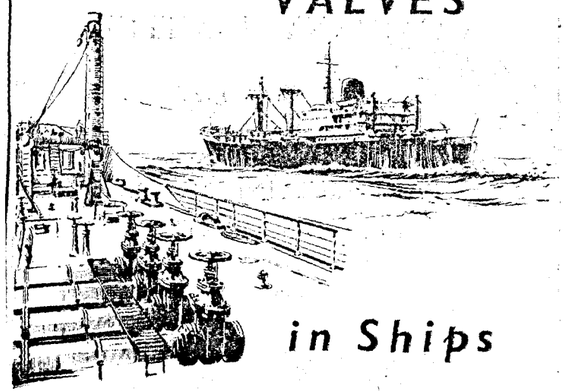
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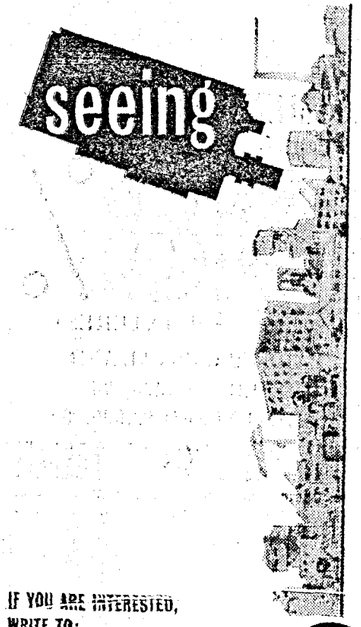
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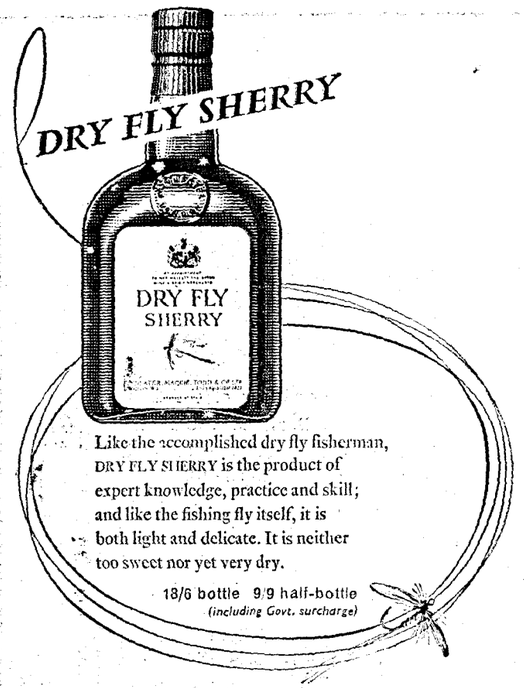
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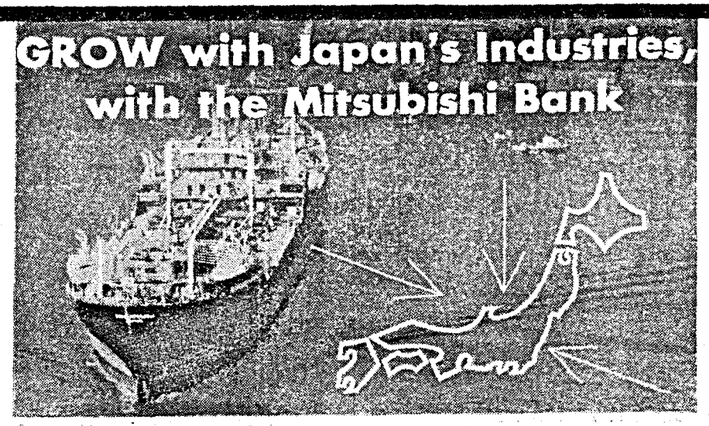
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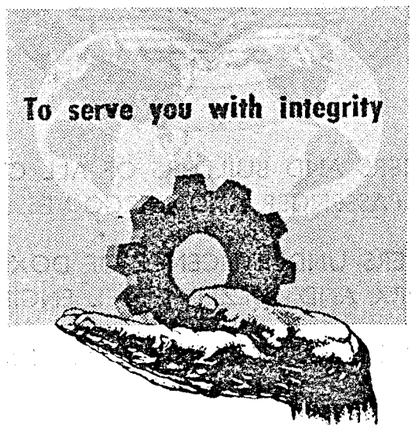
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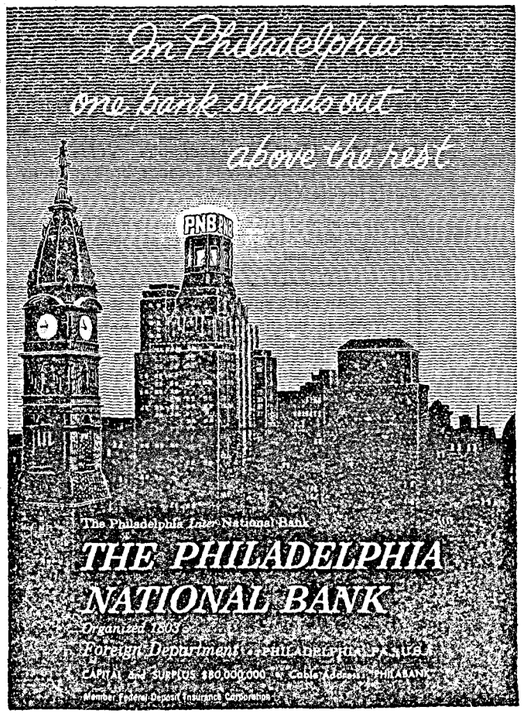
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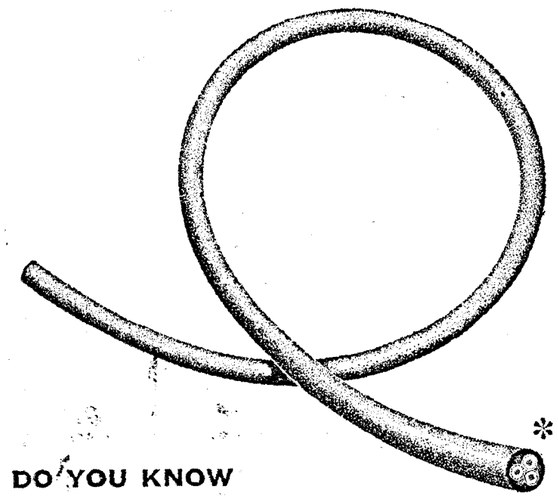


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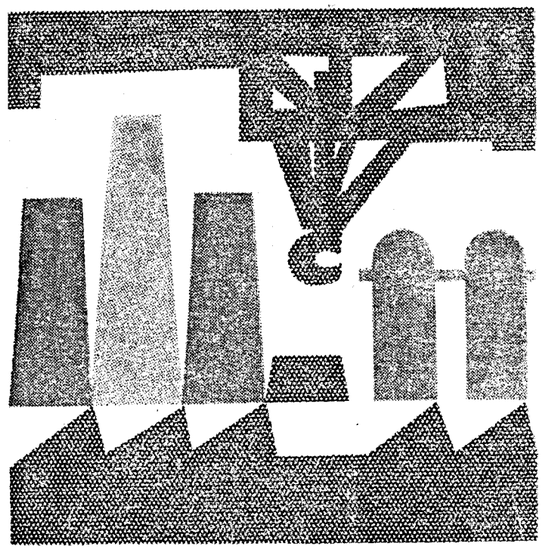
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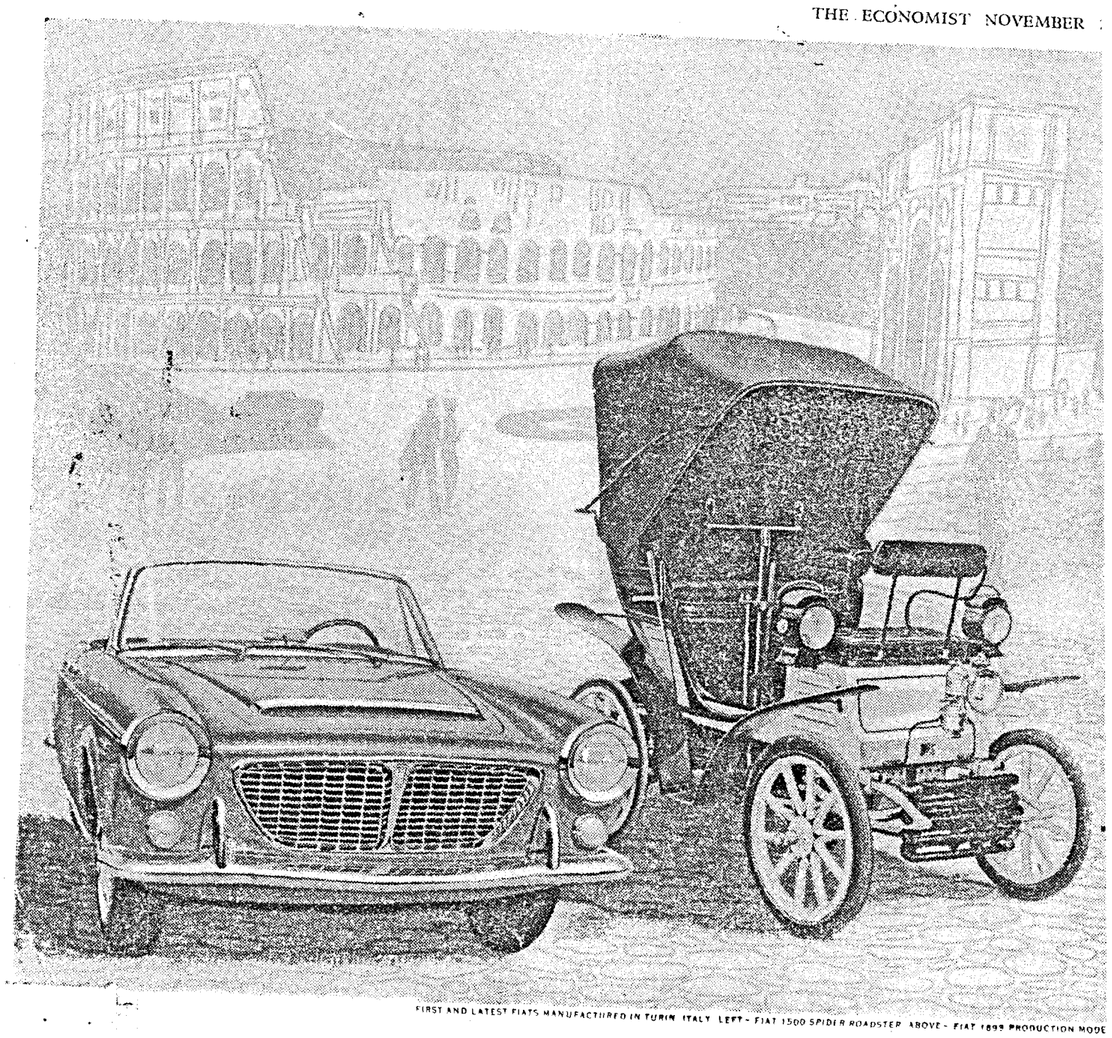
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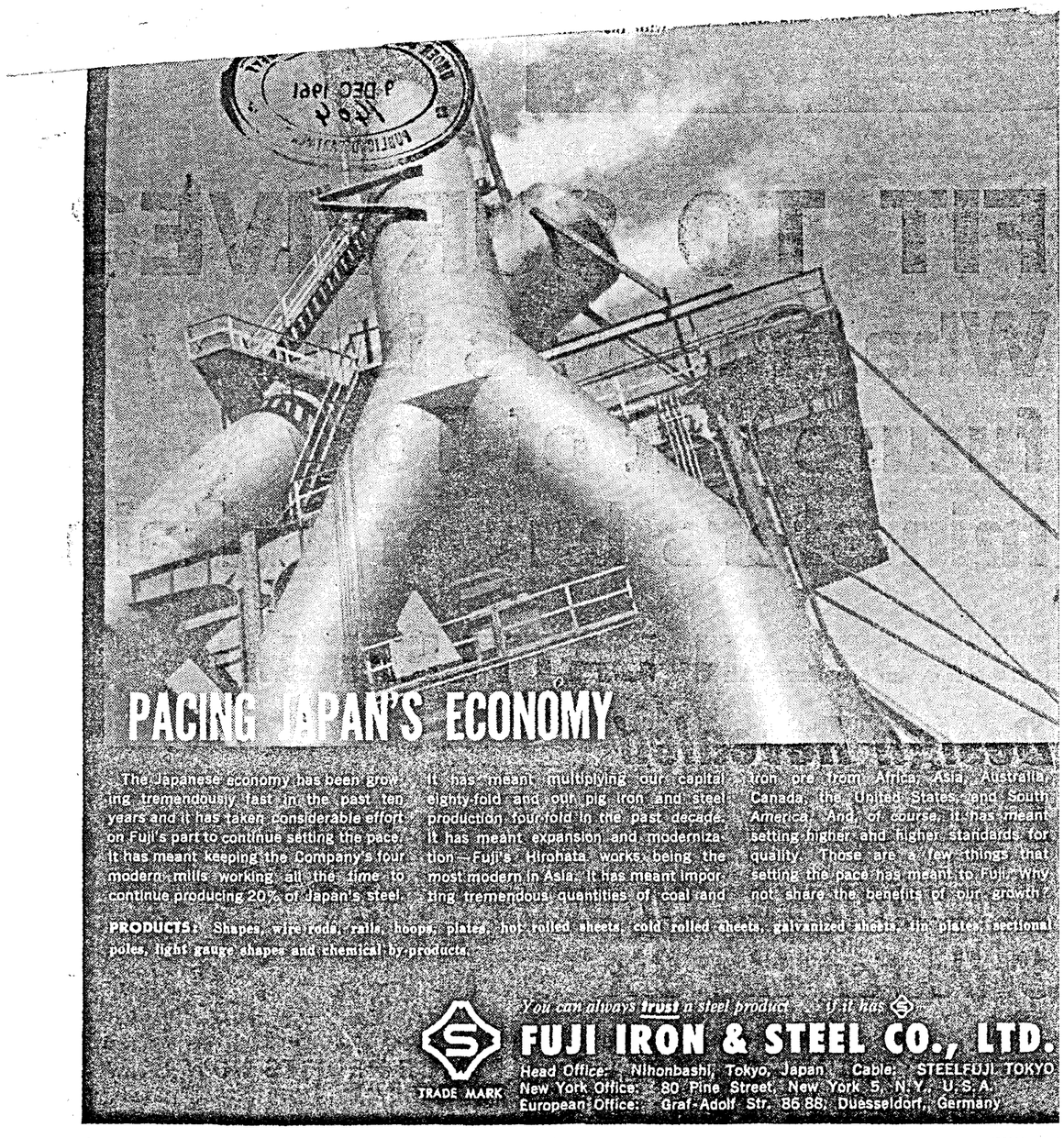
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In The Economist this Week — December 2, 1961

HOME

House Divided

Britain's survival depends on the matching of growth in the economy with the growth in Britons' expectations, and on the matching of trade unions', and others', ideas with that reality (p. 875).

Passing the buck to the chairmen of nationalised industries may lead to their bucking the pause: the Trades Union Congress's passing-up of an invitation to plan may lead to their being by-passed (p. 882).

A pact between Labour and Liberals now might succeed only in entrenching their Tory rivals (p. 884). Shadow cabinet reshuffle (p. 890).

Passage of Arms

There are ways in which the army could fill its recruiting gap without conscription: and there are ways of redeploying the forces without squandering security (p. 880).

The two remaining wholly British manufacturers of popular cars are due to clash soon in the small-car field (p. 943).

Mr Foulkes, by a stratagem, has brought the advance of his anti-communist enemies to a halt (p. 890).

In the cab war, the taxi side has inflicted a wound on the mini-cabs: but the weapon used has, on its follow-through, done a mischief to its wielders (p. 887).

Room for Improvement

The Air Transport Licensing Board's yardstick for measuring the applications of independent airlines might advantageously be used for beating Mr Thorneycroft (p. 945).

Uproar over the new Greater London Council proposals is largely the end product of political intakes of breath: the source should not blind less partisan observers to some potential weaknesses (p. 883).

Local authority responsibility for grants towards training is a serious flaw in the Government's bill on social workers (p. 887).

The supply of new houses in Britain exceeds the estimated need, not because too many are being put up but because too few are knocked down (p. 891).

The vehicle testing programme will not succeed unless Mr Marples gives garages enough time (p. 959).

Cupboards Bare

A British draft on US gold reserves has added to the US Treasury's burden (p. 946); they are short of silver, too, but panic is far off (p. 904).

EUROPE

Things British:

Britain's approach to the common market, outlined in Mr Heath's now famous speech, is bold where Britain's own domestic interests are concerned—but loyal, and potentially undynamic, when it comes to negotiating Commonwealth interests (p. 876).

There is no absolute law that the Commonwealth must be consulted at all—even though consultation does the necessary and important job of keeping the Commonwealth together (p. 878).

Things European:

In Brussels, the negotiators are slowly feeling their way forward (p. 877).

The Six are feeling their own way towards putting a common agricultural policy into practice (p. 879).

President Kennedy has been clearing the State Department's decks for the diplomatic action which he expects in Europe and for his new and connected freer trade policy (p. 903).

In France, President de Gaulle has reminded the armed forces that their prime duty is obedience to the state (p. 882).

Mr Khrushchev has reminded the Finns that their prime duty is to be acceptable to the Russians (p. 883).

INTERNATIONAL

Russian Roulette

In *Izvestia*, former newspaperman Kennedy has brilliantly presented the Western case (p. 882).

But no one has yet convinced Herr Ulbricht (p. 883).

Mr Gomulka, trying honestly to explain stalinism, is not always convincing (p. 917).

Poker

Where the future is a gamble:—

Congo: The United Nations has given a decisive mandate on Congo policy to U Thant. A lot depends on how it is used (p. 913).

Kenya: Until Mr Maudling's visit last week, Kenyans were talking themselves into a Congo situation; the Colonial Secretary has told them to talk themselves out of it (p. 914).

Syria: The army is determined that Syrian politicians shall talk themselves into stability (p. 884).

South Africa: Dr Verwoerd is in two minds about the Jews—as they are about him (p. 888).

Chess

Moves in America:—

The Republicans find it hard to decide whether they need the votes of segregationists or Negroes more (p. 906).

Washington contains a unique centre for research into economics and political science (p. 909).

Urban renewal has not been enough—yet—to restore Pittsburgh's capacity to grow (p. 907).

Moves elsewhere:—

President Nasser is, unhappily, looking at international plots once again (p. 884).

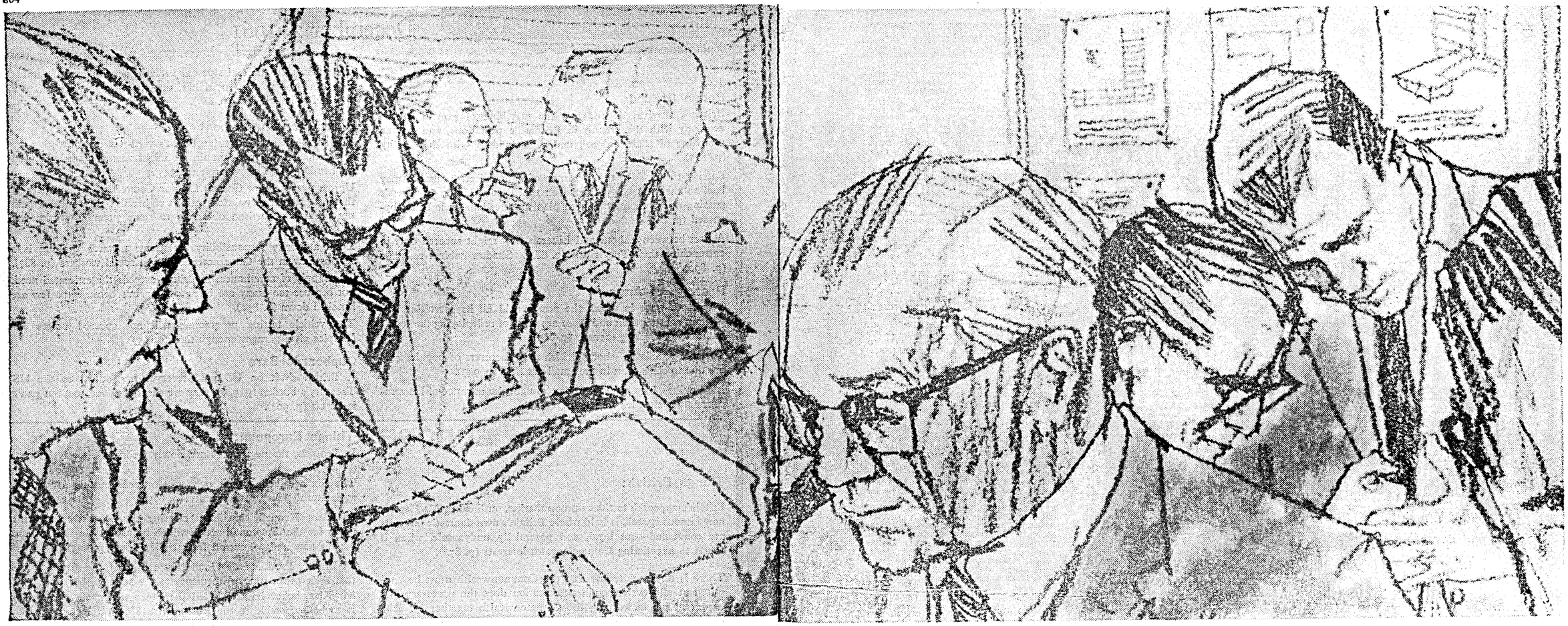
Dr Amini has little need to worry about politics: the Shah will, for a while, rule Persia by decree (p. 917).

Mr Menzies is presently concerned with politics (p. 918).

PAKISTAN

Stability and a coherent economic policy give hope of economic advance. A special survey appears on pages 923-940.

Detailed contents on page 875



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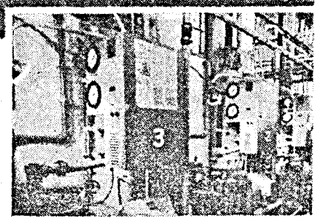
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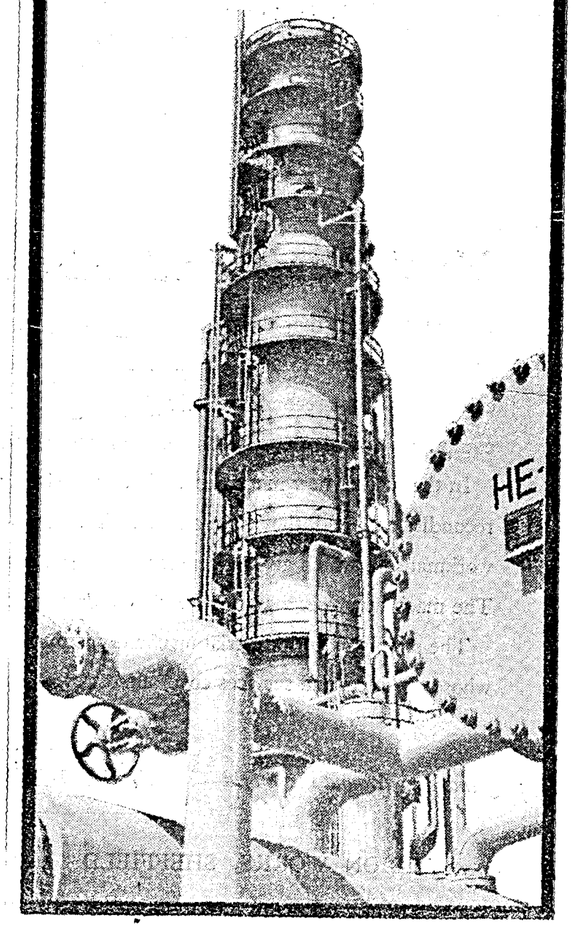
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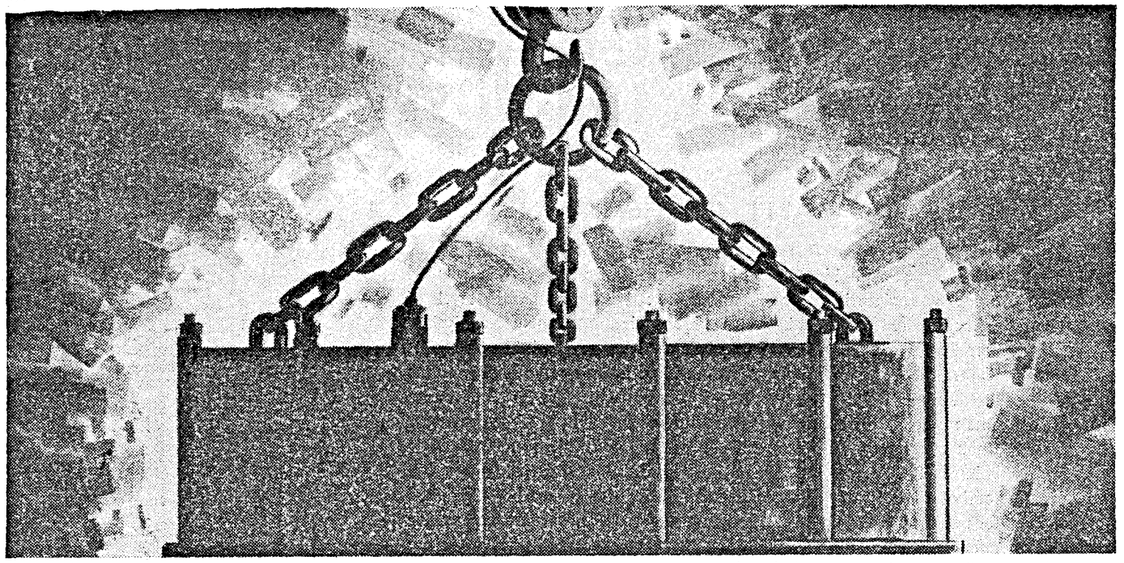
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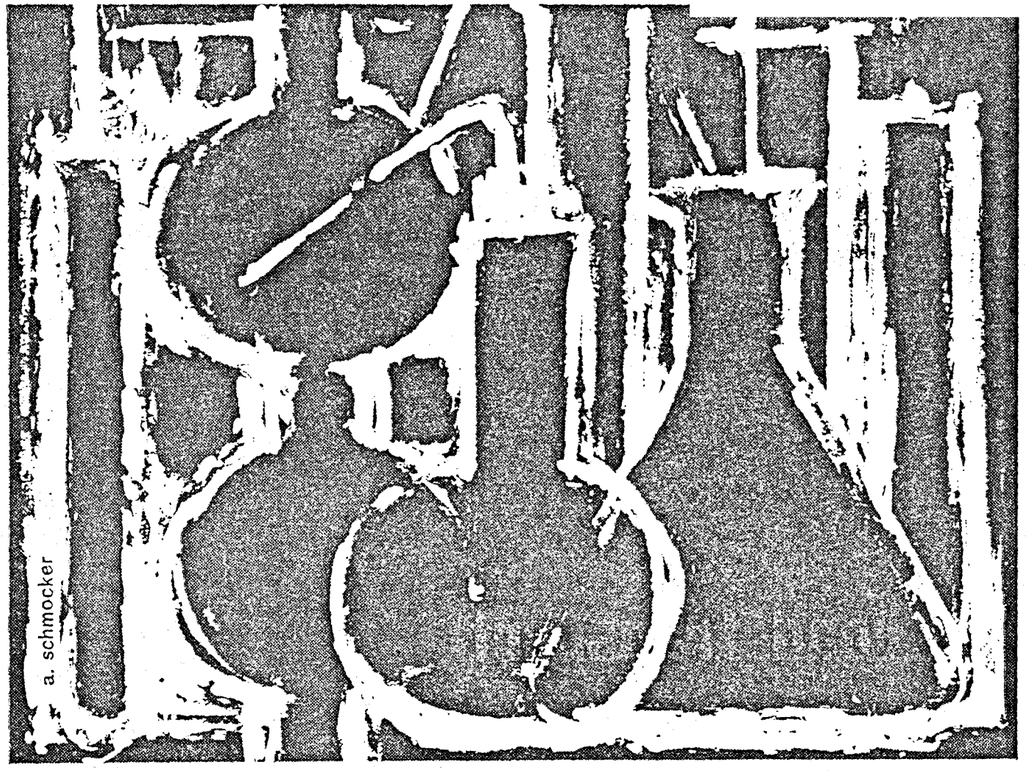
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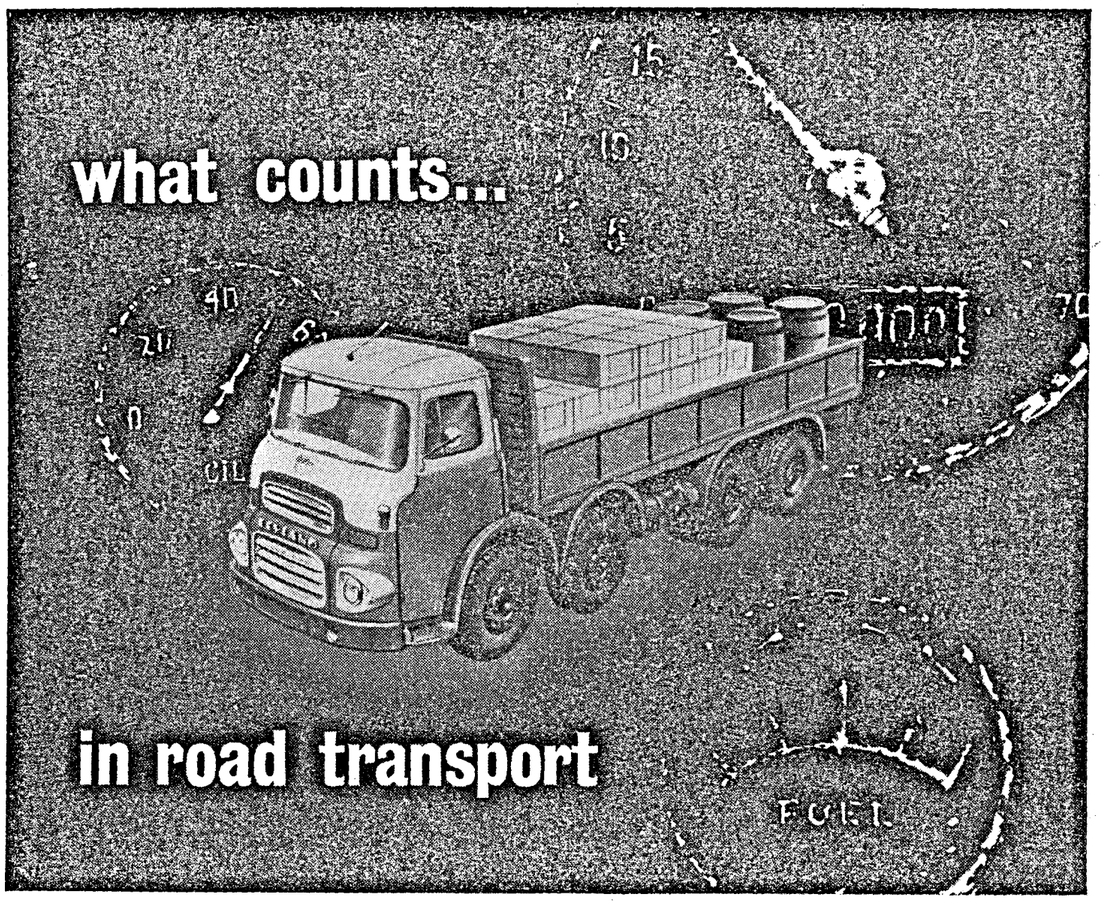
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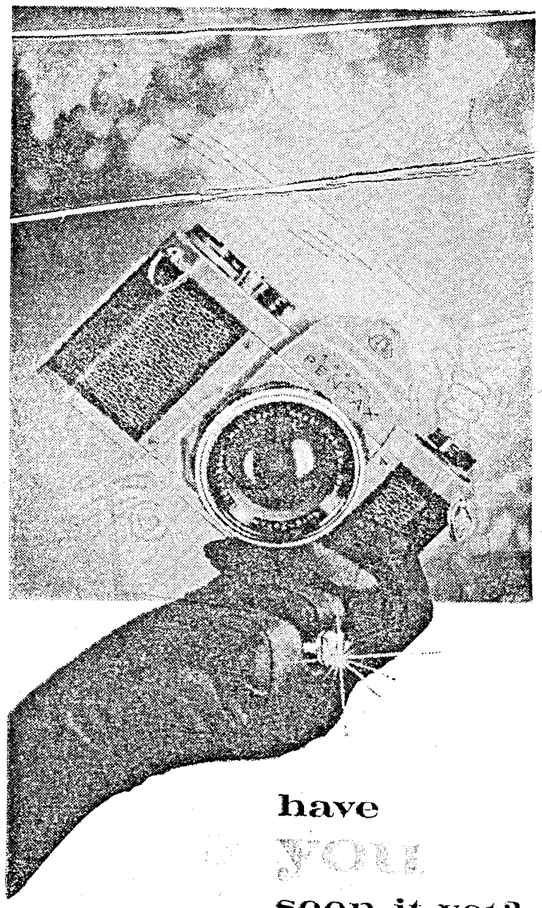
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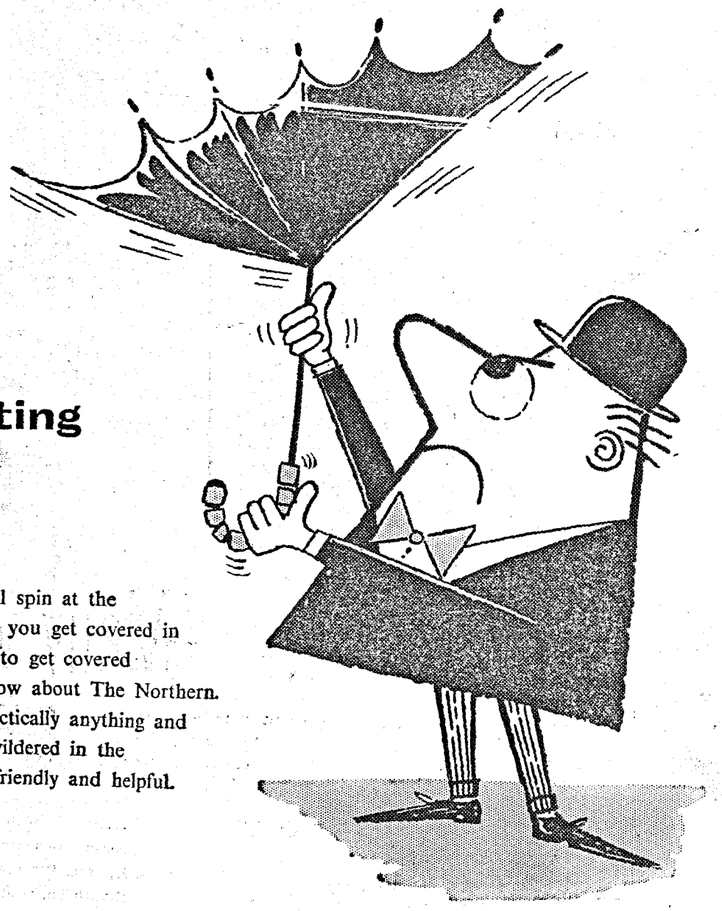
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VOLUME CCI - NUMBER 6171

Fit to Survive?

TODAY'S question is not whether the Government will survive the political fall-out from its economic fumbling; there is no present option. It is not whether Mr Selwyn Lloyd is going to go on surviving personally; he at any rate seems to be determined to stand as firm as he can. The question is whether the steadily wealthier Britain which is the promise of every politician from the Prime Minister downwards, and the premise of every citizen's rising expectations, is going to be able to survive mid-twentieth-century competition, in the common market or out.

Mr Macmillan, as usual, has the words for it: "Britain cannot keep her present prosperity—let alone rise to higher levels—unless she can meet the growing competition in world markets." Have he and his colleagues also the will and the wit for it? That, and not any league table of particular Tory ministers' ups and downs, is the question-mark left by the latest faltering over the pay pause. It is the oldest question-mark in this country's postwar politics and economics. Every government of whatever colour since 1945 has had to confess the self-strangling process by which, when incomes grow more than output grows, the growth in output has to be stopped, because of the drag of home demand and higher costs on exports and the down-draught on the balance of payments and the worth of the pound. All the relevant evidence is that output, exports and real earnings have gone ahead together only during the brief spells without inflation, whether by the pull of too high demand or the push of too high wage costs. Yet no government has had the guts or guile to turn these fleeting and almost accidental proofs of the way to progress into a policy for growth; and the trade unions have gone on chasing the will o' the wisp of the biggest money wages that can be got in the soft economy from un-taut industries and escalated awards to public bodies.

The first responsibility is the Government's, not the trade unions': a responsibility not to run the economy but to create the conditions, to furnish the incentives, for its competitive growth. It is over ten years now since the Tories came back to power, and not far short of five since Mr Macmillan took over. Always until now they have broken their teeth on this economic test; and whether they win again at the next election or not, this may be their last chance to show that Tory freedom, or indeed Tory planning, works. This time, Mr Lloyd said it was going to be different—as other Chancellors have said before. In July, with the pound again in danger, he had to reinforce his austere budget balancing of April by more taxes on consumption and severer credit controls. That was first aid, and familiar. What of the cure? To stop the old chronic apoplexy of inflationary pay rises he called for the famous pause. He promised a new look at the forward budgeting of public investment and the control of public expenditure. And, just a decade after the election of 1951 when planning was the dirtiest word, he began to talk of new ways of planning for balanced growth, with targets set in proper relation for output, exports and incomes. First the pause, then the plan.

Is it all going to run into the sand again? That is the nagging fear now. A pay pause is not a policy. To freeze rewards is no recipe for growth. But, until there is a policy which puts the incentives for paying higher incomes, and the disincentives for not paying them, where these ought to be, the pause is its indispensable prelude, even at the necessity of facing strikes to enforce it.

Yet the signs are, for all this week's fresh assurances, that the pause may not be held, when a real crunch comes in a key industry; and there is no real proof yet of the programme for competitive earning that alone should take its place. If Mr Lloyd's National Economic Development Council does come into being, it looks like being yet one more instrument for industrial self-government by unathletic compromise. Nothing positive at all has yet emerged from the pause for thought and action, which the pay pause surely was: no token of any real change in the fondness for bolstering and protecting uneconomic activities, but rather the reverse; no weakening in protectionist habits yet to match the undoubted eagerness to enter the common market, with tariffs boldly down, in 1963; no schemes of practical imagination either to speed the movement of workers from unprofitable to profitable tasks or, within the world rules, to help forward British exports.

Hunt the scapegoat is a fascinating game, but not much help. No doubt Mr Lloyd doggedly desires to have a policy if he can find one. The fear is that the collectivity of ministers, like the collectivity of trade unionists, or indeed the collectivity of any national group, is still too soft-centred to face the challenge end-on, and without self-deception. If so, the implication has to be faced. It is as Mr Macmillan put it: not just devaluation (the naughty word that Mr Lloyd used to the Trades Union Congress on Tuesday) but national decline. Whether he and his colleagues are fit to survive will be decided by the electors in two years' time. Whether Britain is fit to survive, in the station to which God is still believed to have called it, is being decided all the time. On the answer depends Britain's place in Europe and the Commonwealth (which is discussed in the articles that follow), in the Atlantic community (to which President Kennedy is giving fresh significance in his face-lift for American trade policy) and in the world at large. Survival begins at home.

EUROPEAN BATTLEFIELD

Design Revealed

"In saying that we wish to join the EEC we mean that we desire to become full, wholehearted and active members of the European Community in its widest sense and to go forward with you in the building of the new Europe."

MR HEATH'S speech of October 10th, now that it has cascaded through the leak, emerges as one of the most important in British history. Although some people have been *blasé* enough to pretend that there is nothing new in it, this is really the carefully thought-out design for Britain's whole approach to Europe. Does it show the Government looking boldly enough ahead, or too timorously over its shoulder?

In all matters that concern Britain's own manufacturing and trading, the answer is that boldness has won; in this part of the speech the conversion to brave perspicacity seems to be complete. Britain "*accepts without qualification the objectives laid down in Articles 2 and 3 of the Treaty of Rome, including the elimination of internal tariffs, a common customs tariff, a common commercial policy. . . .*" It "*accepts the structure of the present EEC tariff as the basis of the common tariff of the enlarged community,*" except that (to compensate other countries in Gatt for the enlargement of discriminatory trade in Europe) we rightly support "*making a linear cut in the common tariff as it stands today . . . of the order of 20 per cent.*" Moreover Mr Heath told the common market ministers that Britain is

> "*ready, once we enter the Community, to make, in a single operation, the same cuts in tariffs on trade between member states as you will have yourself made by that date. In addition, we are prepared to move our 'most favoured nation' tariffs towards the new common tariff by a step equivalent to that which you have already taken. This would be a considerable leap forward. . . .*"

It would be a considerable leap forward indeed. It implies that at about the end of next year many of the tariffs that protect British industry are liable to be cut, in one single and abrupt operation, by something over 50 per cent.

It also now seems unlikely, after reading this speech, that British farmers will be allowed to block the way into the common market. Beneath a mountain of tactful politician's phrases, Mr Heath's most specific suggestion and request here was merely that "the transitional arrangements" before Britain is fully integrated into Europe's proposed agricultural policy might "*where necessary, continue for a period of between 12 and 15 years from when we joined.*" Such treaty provisions delaying the obligation of integration for 12 or 15 years never really mean very much. If continental Europe's common agricultural policy prospers, Britain will want to be integrated into it long before 15 years; if it does not prosper Europe's common agricultural policy will itself be changed long before then—or become nugatory.



Mr Heath, explaining

Perhaps inevitably, in present political circumstances, it is the Commonwealth part of Mr Heath's speech that is the least felicitous and the least dynamic; it is infelicitous and undynamic because it is so loyal. Mr Heath began here with the obvious debating point: special arrangements have been made in EEC for that proportion (more than 20 per cent) of France's imports that comes from territories once associated with her, so special arrangements for the 36 per cent of Britain's imports that come from the Commonwealth would not be without precedent. The nature of the precedent is that "*for some countries—Morocco and Tunisia, for example—the problem was solved by maintaining . . . their right of access to the market of the country with which they were associated. . . . Others who became associated overseas countries or territories* [i.e., associated with the Treaty of Rome itself] *gained a preferential position for their products in the common market as a whole.*"

UNDOUBTEDLY, the best solution for the underdeveloped Commonwealth countries—broadly, all of them from India down—would be to seek preferences in all Europe by becoming "associated" territories under Part 4 of the Treaty of Rome. But Europe probably would not accept the biggest of them (like India), and some of the Commonwealth Asians and Africans may refuse to apply because of political misconceptions about what "associated" status means. So Britain's "alternative approach" is rightly to ask that their tropical agricultural products—such as Ghana's cocoa, India's and Ceylon's tea—should be exempted from tariffs either (and preferably) for all exports of these commodities into all Europe, or else (as a second best) at least for these countries' exports of these particular commodities into Britain. Mr Heath was slightly less specific about his proposals for manufactured exports from these underdeveloped countries—a problem which he suggested particularly concerns the Asian Commonwealth countries and Hong Kong, but which will concern all of the others in time. But he told the common market ministers "*you will probably agree that it would not be in the general interest that the United Kingdom should erect fresh tariff barriers to cut back such trade.*"

Probably, these problems of the underdeveloped Commonwealth countries will be solved in time. Mr Heath implicitly recognised that Britain cannot hope to put up the same fight for manufactured exports from the developed countries of the Commonwealth. This will annoy Canada, whose fully manufactured exports to Britain account for less than 5 per cent of its total export trade, and which sends to Britain less than 20 per cent of its exports in all. But these figures frankly do not give Canada the right—though it is utilising the occasion—to make its voice quite so loudly heard in these negotiations as, say, Australia and India (about 30 per cent of whose total exports go to Britain), Nigeria and New Zealand (between 50 and 60 per cent), or some of the remaining colonies (at the top of them, Mauritius still sends 82 per cent of its exports to Britain). Moreover, Britain is helping Canada (and some others) by asking that five important Commonwealth-produced raw materials—aluminium, wood pulp, newsprint, lead and zinc—should not be subject to any tariff in Europe.

There remains the one field in which Mr Heath's speech may legitimately be criticised by pro-marketeers: the one subject on which one is still most fearful that the whole project could fail. This is the question of exports of temperate foodstuffs—meat, wheat, dairy products—from the developed countries of the Commonwealth. Here Mr Heath sounded rigid. "*Australia, New Zealand and Canada, in particular, have vital interests in this field for which special arrangements must be made.*" "*We shall no doubt have to consider a whole range of possibilities, including duty-free, levy-free, or preferential quotas, market-sharing arrangements, and long-term contracts.*" His ruling principle was that the Commonwealth producers concerned

> "*should be given in the future the opportunity of outlets for their produce comparable to those that they now enjoy.*"

In a changing world it is never possible to guarantee to a producer that he can be accorded for all time the same level of market opportunities as he happens to be enjoying now. It is this sentence that might perhaps have been phrased differently if Mr Heath's speech had been intended for publication. Now that it is public, the danger exists that it might come to be regarded as a rigid commitment. In that case, it could prove to be an albatross, and an expensive one: either politically expensive, as ministers struggle later to explain to indignant Commonwealth governments why they have not quite managed to live up to it; or convulsively expensive, if the whole effort to get Britain into this new order in the world were to fail, because of bitter marginal argument about some small missing fraction out of the £300 million worth a year of British imports of meat, butter and wheat from the Commonwealth. This the future will show. Mr Heath's speech is an enlightened document and marks a stage in British evolution; surely it cannot be the intention to allow so great a project to founder through final disagreement about such a relatively few million pounds' worth of tar.

This, then, is the basis of the British approach—the brief for the small team of British officials who last week started on the long, arduous business of detailed negotiation. Our correspondent in Brussels describes below the outcome of the first week's—still exploratory and rudimentary—talks.

Brussels: Work in Progress

The opening stages, between officials, of the common market negotiations are reconstructed by our Brussels correspondent

DETAILED negotiations between Britain and the common market opened on Wednesday, November 15th, in the Rue des Quatre Bras, Brussels. Sir Pierson Dixon led the proceedings for the British until Friday afternoon, November 17th, when he handed over to Mr Eric Roll and left to be available for Mr Macmillan's meeting with General de Gaulle at Birch Grove. Herr Lahr, the west German state secretary for foreign affairs, was in the chair, and delegates were present from each country of the Six, together with officials of the European Commission. Indeed, it looks as if the commission, having gained, against French disapproval, the right to speak freely during the negotiations, is now likely to play a major part, for the good reason that it naturally has a more global view of community affairs than any one of the six governments, as well as knowing by heart the Treaty of Rome, of which it is the official guardian.

The six governments had made clear during the ministerial meeting their determination to approach each problem by way of the Rome treaty. The European Economic Community, they maintain, is after all primarily an economic union, and the principle of the common external tariff is fundamental to it. It follows that, whatever the multifarious claims of Commonwealth countries to be regarded as special cases, and however large, complex and interdependent Commonwealth problems may be, the rules of the treaty must not be allowed to become exceptions and the exception the rule. One wonders if in fact there is not a risk that the Six and the Commission may forget Professor Hallstein's much-quoted remark, "We are not in business, we are in politics." However, it

is probably too early to voice fears of the damage that narrowness of vision would do.

The common external tariff was taken as the starting point when the negotiators gathered on the first morning. Sir Pierson Dixon confirmed Mr Heath's statement that the British are prepared to accept in principle the common external tariff as it will stand after the Dillon negotiations which have just re-opened in the General Agreement on Tariffs and Trade. The Six, it will be remembered, some time ago offered a 20 per cent across-the-board reduction, which began to be taken into account in tariff-fixing at the end of last year and would become definitive on January 1, 1963, if the other Gatt members were prepared to make equivalent reductions. But the two highest-tariff countries of the common market, France and Italy, are dissatisfied with present American offers, and it now seems unlikely that the Community will maintain the whole of this reduction. However, the six appeared glad to hear the British repeat their offer.

The second item on Wednesday's agenda concerned the alterations requested by Britain to the common external tariff for a number of items, including the five previously cited by Mr Heath: Aluminium, paper pulp and newsprint, lead and zinc. All these are basic industrial materials on which the United Kingdom tariff is either nil (as for the first three) or very low indeed (lead and zinc). However, several of these items are on the common market List G—that is, their tariffs were undetermined when the Rome treaty was drawn up, and were separately considered later. The tariff on aluminium, for example, was finally fixed at 10 per cent—too high for Britain's liking, for a basic material. After some study of the British list it was decided to set up a special working party of the Six and the British to examine, from November 27th onward, the estimated import requirements, present trade links, and all other relevant factors concerning each product. A report is to be made by this working party to the senior officials when they meet on December 4th.

THURSDAY morning, November 16th, began with a second co-ordination meeting of the six delegations and the commission, after which the main work of the day was a study of manufactured goods from both the industrialised and "developing" countries of the Commonwealth. It was decided that the British delegation and the commission should together prepare a statistical analysis giving details of the output and exports of the industrialised countries, as well as a similar analysis of manufactured goods from "developing" countries—with some attention in the latter case to the growth factor. Subsequently, tropical products were considered, and here also more data were felt to be necessary; a list is to be prepared in detail, by country and by product.

The discussions on November 17th were taken up by a wide review of Commonwealth questions, in which Britain presented to the Six a complete list of Commonwealth countries with their trade figures. But here again more details were felt to be needed, not only in view of the different nomenclatures in use by the Commonwealth countries and the EEC, but also because of the complexity of Commonwealth trade. It was agreed that the statisticians should be given a week to prepare the facts, broken down into suitable sub-headings. During this Friday the possible eligibility for some form of association of an unspecified number of Commonwealth countries was touched upon, but it was felt this big question was best postponed until the next round of data-gathering was completed.

The delegations have not met during the present week, but the various working parties have been going ahead and are to present their reports to the senior officials on Monday, in preparation for the ministerial meeting on December 8th and 9th. So far, then, the talks have been fairly quiet and exploratory, with very little to show for them. The teams worked in privacy, undisturbed by the reports of the leaking of the Paris speech that had the British Press on tenterhooks. By all accounts the atmosphere was good. The Six, the commission and the British were getting to know each other in the corridors as well as in the conference rooms. This is pleasant news: rubbing shoulders frequently will probably gradually foster the necessary familiarity of each with the way the others' minds work, as it has done for the Six themselves. It is not without importance that the Six, in spite of their frequent differences, have evolved together a common style of approach to problems and a common style of presenting their case which may not yet be fully shared by the British. Do the latter, one wonders, strike an unfamiliar note? In any case both teams seem to be impressed, as they take each other's measure, by the quality of the other side. Undoubtedly they will make a strong force if they ever sit on the same side of the table.

Consulting Room

Commonwealth consultation, a necessary habit, cannot be an unbreakable one

BRITISH governments do not like to put it all on paper, as other European governments do. When matters must be put in writing, the British usually prefer the general to the specific. No one has stronger reason to cherish this ingrained British habit than the Lord Privy Seal, Mr Edward Heath. He has to talk to six European governments and the European Commission, on a project that involves the largest interests of Britain. At the same time he has to plead the interests of seven other European governments, twelve independent Commonwealth governments, and a dozen British dependencies. He and his fellow negotiators must have freedom to be flexible; they cannot accept the plea of any Commonwealth country, under the guise of "consultation," to have, in effect, a voice with a veto in what is said and written. And the more published documents there are, the less freedom they will have.

There is nothing of perfidious Albion about this. Flexibility is not always a euphemism for hypocrisy. Most negotiators know that adopting a rigid stance at the beginning of difficult discussions is one of the best ways of ensuring a breakdown at the end. In the common market talks New Zealand, for example, has a right to know the lines along which Britain will work to protect sales of New Zealand butter; but, unless there is very close understanding between the two governments, a circulation of the precise texts of all the relevant documents would make Mr Heath's task more difficult—and not advance New Zealand's cause. It would make it possible for New Zealanders to complain if the final arrangements did not conform to the exact words of the original proposals; and, if he had reason to fear such complaints, Mr Heath might be in a worse position to look after New Zealand's interests (by bargaining for the best the Six will give) than if he had freedom of movement. This contingency can be multiplied many times.

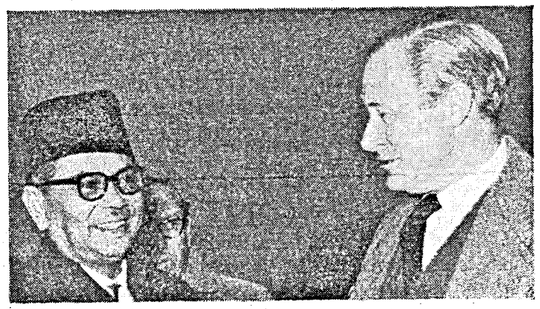
It was to establish the precedent of not telling all, and not actually to hide anything, that Mr Heath's opening speech to the common market ministers in Paris on October 10th was not circulated in full to Commonwealth and Efta governments. When others (including perhaps the Canadians) were seen to have winkled out copies for themselves, the right thing to do, as the British Government saw, was to publish it; and this was done on Wednesday. The difficulty is that it is almost impossible to keep secrets as big as this, especially when so many people are possessed of them. The danger now is that Mr Heath and his negotiators may in future feel the need to be as circumspect when

they speak to the Six in private as they would if they were speaking anywhere else in public.

This would not make things any easier. Britain, as suitor in the negotiations, is wooing governments used to thinking in careful clauses, paragraphs, sections and sub-sections. To meet the Europeans, it must spell things out in finer detail than it would, perhaps, like. To meet the Commonwealth, it must consult the affected countries when their interests come on the agenda; if leakages occur again, it may become necessary to abandon attempts to talk to the Commonwealth countries in summaries. This would be a pity.

ANOTHER kind of pressure for giving exact words to the Commonwealth flows from the belief that consultation is an absolute Commonwealth law. The Prime Minister of Malaya, for example, last week cited "Commonwealth consultation" as one of the major means of control his government would have over the Singapore base, if Malaya and Singapore join in a Malaysia federation. The written agreement between Tunku Abdul Rahman and the British Government provides for less control over the Singapore base than the Tunku is telling Malayans he has. But to him, "consultation" fills the gap.

In the same way, Mr Gaitskell attacked the government last week for not consulting fully with the Prime Minister of the West Indies, Sir Grantley Adams, over the Immigration Bill. Mr Gaitskell had a point: the Government clumsily rushed the bill



The Tunku and Mr Sandys, consulting

into Parliament before there was time for proper consultation. It was bad to tell Sir Grantley the Government's intentions, to carry them out almost immediately afterwards and then (as Mr Macmillan did) to call this consultation. But there is no absolute law, *pace* Mr Fleming, that the Commonwealth must be consulted at all.

The practice is that, on many everyday issues, the Commonwealth governments are informed (rather than consulted) in more intimate detail about British and world affairs than non-Commonwealth governments are. In 1960, more than 40,000 telegrams left Downing Street (the Commonwealth Relations Office) for Commonwealth governments; about 18,000 telegrams came the other way. This is an *ad hoc* process. On some matters of very wide interest—Berlin and disarmament, say—all Commonwealth governments get much the same telegram; on others the information is given only to those specifically interested. In many instances, "consultation" means no more than an exchange of ideas; in some (as, wrongly, with the central African federation) it is stretched to mean "negotiation".

But much information is given to non-Commonwealth countries that the Commonwealth does not get. Nato, Washington, the European Free Trade Association, are all consulted by Britain about matters that some, or all, of the Commonwealth countries are not told about. Nevertheless, the consultation that does go on is, in the words of the present Commonwealth Relations secretary, the "very lifeblood" of the Commonwealth; and it is reproduced among many less official and unofficial bodies. It does, sometimes, influence thinking on both sides. More often it merely keeps tempers. This, however, is a function of the Commonwealth and the basis of its value as a bridge between the European and the Afro-Asian worlds.

All this said, it remains true that Commonwealth consultation stops at the point where it is against the interests of any sovereign country within the group to continue it. The government of Ghana did not inform Britain before it announced its "union" with Guinea and later with Mali. The British were less than frank with their friends at the time of the Suez intervention in 1956. Consultation is invaluable; it should be encouraged as much as possible; but if it is made an unbreakable rule, it will break. This is true in the common market negotiations, in the opening phase of which the Government can justly claim that there has been more consultation than ever before. It remains true, however deeply the negotiations affect many Commonwealth countries. Responsible through its own Parliament to its own electorate, the British Government must, and presumably does, recognise that it is in Britain's interest that the Commonwealth should be satisfied with Britain's conduct. It need not, however, sacrifice Britain's own ultimate interest to that end. It must make its own consulting room.

Stile for the Six

The Six have to agree about agriculture if the common market is to make further progress

WHILE the Six and the British circle round each other like wrestlers about to grapple, France and Germany, within the common market, are already locked in a fateful argument. At meetings of the ministers of the Six on November 30th and December 15th they have to decide whether to make a start on putting a common agricultural policy into practice at the end of the year. If they cannot get over this stile, the French have declared, a halt must be called to further progress in the common market as a whole. The whole momentum of the European movement is thus at stake.

The indications are that the decision will be positive. In a speech in Strasbourg on November 20th Dr Erhard, the west German minister of economics, expressed the hope that the Council would manage to get over the remaining difficulties in the way of the new common farm policy. Since it is the Germans who have to make the sacrifices, by reducing grain prices and importing more French products, the speech was important. Indeed, this week's meeting seems likely to be preoccupied more with softening the blow for Germany than with discussing whether the Commission's proposals are to be accepted.

The decision has perhaps deeper implications for German and French domestic politics than any since the common market was born. While 4 per cent of the British labour force is on the land, farm workers make up 20 per cent of the French labour force and 15 per cent of the German. The unrest in the French countryside this summer rubbed home the urgency of the French quest for markets. President de Gaulle cannot afford a disaffected peasantry as well as the threat of another right-wing coup. For Dr Adenauer, who may yet have to administer some unpleasant foreign policy medicine to the Germans, it cannot be pleasant to have to force another dose down the throats of the staunch peasant supporters of the Christian Democratic Union.

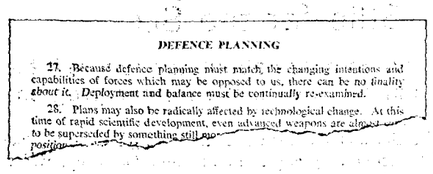
West Germany, however, cannot indefinitely maintain the present high level of protection, which masks, in parts of the country, a minute scale of agricultural operation and an almost medieval organisation of holdings. Technical change and the steady drift from the land now make possible a revolution in farm methods throughout the common market which would bring the livestock farming of all Europe up to the standards of Denmark, Holland and New Zealand. But that revolution will only happen if the barriers come down and European livestock farming can be based on cheap feedstuffs. Thus French and Dutch exporters, pressing for the move on January 1st, are pushing in the same direction as the overseas Commonwealth.

Kite over Gatt

A KITE for a new world-wide farm deal was flown in Geneva on Tuesday by M. Baumgartner, the French finance minister. He suggested that the General Agreement on Tariffs and Trade should call a conference in January of all the main producers of non-tropical farm products to work out new orderly arrangements for world markets. Subsidies (and with them dumping) should be abandoned as a method of supporting prices, and replaced by international agreements to maintain stable "normal" prices. The idea is now circulating among the common market governments, and may feature prominently in their response to the farm problems raised by Britain's application to join the Six. Mr McEwan, Australia's minister for trade, also evidently accepts the idea. It follows logically enough, after all, from a negotiation that throws into the melting-pot the interests of all the great agricultural exporters of the world—Australia, Canada, New Zealand and the United States.

Whether good will come of it depends on how far the interests of consumers are allowed to determine price levels. There is a vast difference between "normal" and profitable prices for wheat from the prairies and from Normandy. More immediate hope for the consumer was implicit in another move in Gatt this week. The current attempt to cut European and American tariffs by 20 per cent now looks near success, with only a few items, like cars and tobacco, still to be agreed. Mr George Ball, the newly promoted Under-Secretary of State, on Tuesday broached for the first time in an international meeting one of the bold new American ideas for further cuts. In future, he suggested, tariff cuts should be negotiated between America and Europe, not by individual items, but across the board. Evidently the American Administration is determined to move rapidly from fine free trade words to action.

It is good news that this proposal was well received, not only by the Europeans, but by Canada. When Mr Fleming saw President de Gaulle in Paris earlier this month, the French president reportedly told him that Canada would be better occupied backing the new American plans for Atlantic unity than harrying the negotiations between Britain and the Six. That is also the view of Mr Lester Pearson, the leader of the Canadian opposition. How right it is.


DEFENCE PLANNING

27. Because defence planning must match the changing intentions and capabilities of forces which may be opposed to us, there can be no finality about it. Deployment and balance must be continually re-examined.

28. Plans may also be radically affected by technological change. At this time of rapid scientific development, even advanced weapons are almost certain to be superseded by something still more [illegible] position.

Defence in the Next Five Years

A layman's draft of the Defence White Paper for 1962 that Mr Watkinson ought to be writing.

As previous Reports on Defence have emphasised, the Government's policy is to deter war, fulfil Britain's obligations to its allies and itself, and promote general, controlled disarmament. The present defence policy was initiated in 1957 under a five-year programme. It is now time to take stock of it in a changing world.

REGULAR FORCES

2. Voluntary recruitment was estimated, five years ago, to be capable of sustaining all-regular forces (on six-year and nine-year engagements) in the following numbers: Royal Navy 88,000, Army 165,000-180,000, and RAF 135,000. It is now apparent that by January, 1963, when the last national serviceman was to have left, the navy and air force should be able to reach those targets, except in certain technical jobs. But in the army—despite the improved rate of recruiting and reduced wastage achieved since September, 1961—there looks like being a dangerous gap. The retention of 15,000-20,000 national servicemen will bridge that gap for the first six months of 1963, but thereafter there is still likely to be a serious shortage, not so much in combat troops as in both the skilled technical grades and the humdrum supply jobs (where social status is low in all armies).

3. There are several possible methods of surmounting this difficulty. The first, which is still suggested in some quarters, is a return to general, compulsory two-year national service. This would be bad for the regular army's prestige but, even more important, it would be thoroughly wasteful of the country's manpower and resources: during national service some 100,000 men were ineffectively tied up at any one time either in training or being trained. A second method is selective service, under which the armed forces would call up for two years only those young men reaching military age whom they require for particular jobs. This is a flexible system; it works not unreasonably in the forces of the United States; and it is a solution to which the Government will resort if necessary. Its chief drawback is that the army would get a poor return in effective service from each individual draftee in proportion to the investment of its training resources.

4. The Government is therefore going to give a third method—the maximum incentive to voluntary recruitment—a full trial for the next two years. In this period it will be able to rely, if the present state of international tension persists, on its existing powers to call a sufficient number of trained reserves, together with the prospective "Ever-Readies," back to the colours whenever needed. The Government will pay attention to the movements of earnings among comparable tradesmen in civilian life, and it will make the necessary adjustments in service pay to keep the wastage from these short-supply categories to a minimum. But its chief effort will be devoted to an entirely new concept. It will seek to make the armed forces one of the main contributors to technical education and training in the country as a whole. A beginning has been made in this direction, but the present service opportunities need dramatic extension and improvement.

TECHNICAL TRAINING

5. Technical training will be costly, but it will be a national investment in every sense. The terms open to a young man anxious to improve himself, but aware of the bottlenecks in existing civilian training facilities, will cover five years from the age of 16-17. For the first 18 months he will be assured of a first-class full-time technical training, using facilities and civilian instruction equivalent to, or better than, technical college standard. In the ensuing six months he will complete his basic military training. There will then follow three years' service, engaged in the specialty he wishes to pursue. Those technicians who show particular promise after that time will be encouraged to re-engage for further training up to CAT or university standard; it will give them the opportunity of rising to commissioned rank if they stay in the services, and of being trained technologists when they return to civilian life.

6. The advantages of this scheme are threefold. First, the forces will be able to employ their skilled men for a reasonable period and will be conscious of giving them something worthwhile in return. Second, there is a reasonable prospect that a proportion of these trained men, even if they do not intend to rise higher, will choose to stay in uniform after five years. Third, the majority that are bound to be snapped up by industry will still be contributing far more to the economy, and therefore to the defence of the country, than they would otherwise be capable of: the army, in short, will be doing on a major scale what the larger and better firms are already prepared to do in supplying skilled labour to industry at large. Should selective service have to be resorted to for other reasons (i.e. to raise the total army strength to 200,000-250,000 men), it is thoroughly desirable that this kind of educational opportunity should be in being and available, as an alternative, to all those liable for call-up.

"INTEGRATION"

7. Even with this training scheme in being there will remain a need to make the most efficient use of manpower, both skilled and unskilled, in supply, maintenance and base area jobs in all the armed forces. Integration of the three services themselves, particularly of those units with combat duties, would be impracticable and unpopular. It would damage the *esprit de corps* on which efficiency and normal recruitment depend. But in the infrastructure of the three services, in the jobs which tend to have little standing with the powers-that-be or the public, there is a case for a merging of resources, both to promote efficiency and to make up for serious scarcities that are likely to persist indefinitely (for example, doctors and dentists). The maximum effort will be made to stop duplication in such matters as base hospital services, bakeries, long-distance transport, fuel supply and communications.

8. Unless the armed forces can themselves achieve a proper rationalisation of these duties, most of all in overseas bases, the Government will have to consider seriously the formation of a single, composite technical arm (the Royal Technical Services) whose purpose, and consequent pay and status, would be to run this side of service life on the best standards of the civilian economy. The difficulties, particularly in the allocation of signallers and electronics experts in warships or ground combat units, are recognised, but the opportunities for reorganisation throughout the lengthy "tail" of the modern armed forces are equally apparent.

DEPLOYMENT

9. Hitherto 85 per cent of British naval strength—the most mobile arm—has been earmarked for Nato service; and 50 per cent of the army—the least mobile—has been assigned to distant and scattered areas outside the Nato command. Nato strategy now calls for bigger conventional ground forces in central Europe. This call has come at a time when Rhine Army is finding it difficult to keep up to its nominal strength of 55,000 men. The Government accepts that it must maintain, and if need be in the long run increase, this commitment in keeping with Britain's role as a European power. But for financial reasons Britain cannot be expected to station on the continent anything like as large a force in numbers or reserves as the west Germans do. The British contribution must therefore be qualitative, chiefly in armoured formations and tactical air support.

10. The rundown in Britain's overseas garrisons has proceeded apace in recent years. There are still small savings to be made, but even in Hong Kong (10,000 men) it is difficult to do more at present because most of the troops are still required for internal security. The Government, however, intends to close the following military base establishments in the next five years, subject to the international situation: Hong Kong, Gibraltar, Malta and either Cyprus or Libya. The Kenya base will be closed before then, for political reasons. Singapore, too, will have a more restricted role in keeping with the new agreement with Malaya; here the chief strategic effort will be transferred to Darwin or Fremantle.

11. Steps will be instituted, where necessary, to recruit local security forces in order to allow as many British fighting forces as possible to be deployed in other theatres, particularly Europe. An essential corollary to these changes is the provision of more air-naval and marine commando forces capable of sustaining the policeman's beat in the Mediterranean and east of Suez, using Nato, Cento and Seato bases. Recruiting for the marines (normally very satisfactory) will be increased for this purpose. The change-over will be gradual within the five-year period.

12. The existing British contribution to the strategic nuclear deterrent will be maintained as long as the V-bombers are a credible force. Thereafter the British nuclear role will be chiefly tactical, and no specifically strategic means of delivery will be developed. Little financial saving would accrue from scrapping the independent strategic deterrent at this stage: but a vast potential financial burden for the future will be avoided by this decision not to "keep up with the Joneses" in perpetually modernising it.

The Government will continue to co-operate with the Commonwealth, encourage interdependence with our other allies, pay attention to the rising power of China and keep a close watch on all defence expenditure (especially any that seems to be being proposed on "prestige," rather than hard, practical grounds).

education, with the exception of the undefined "central area," with a population of two million, where a single education authority will inherit the rump of the LCC's kingdom.

If the scheme is acceptable at all, this special central authority (which will have the additional political sop of being more likely to be Labour-controlled) is probably a good thing. It looks as if the idea is to set up a joint educational board for the central boroughs; if so, the door will be half-opened to large *ad hoc* educational authorities in other parts of the country (which could be very useful). But the claims of the GLC to exercise a general surveillance in education (e.g. on school-building, promoting parents' freedom of choice, and teacher-training) both over this hybrid "central authority" and over the peripheral boroughs should not have been ruled out.

Considerable uncertainty also remains about precisely what powers the GLC will be given over such regional matters as general housing development, town and country planning, and traffic and highways. The GLC is to have full responsibility for overspill and will have a right of appeal to the Minister if its local development plans are vetoed by the borough concerned. This is very important, since densities are three or four times lower in the suburbs than in the centre and the GLC is the one body that can spot the opportunities for helping central London to rehouse its population. The white paper is suspiciously cagey on general planning. It says the Government has not reached "final conclusions," but its preference veers towards the boroughs except in major schemes where "it may be necessary" for the GLC to take over. All supporters of the Herbert report will regard this new plan for London as undoubtedly preferable to the existing confusion of powers; but some changes may still be needed in it to strengthen the GLC's ability to function as an effective regional authority.

POLITICAL ALLIANCES

Lib-Lab?

THE possibility of a Lib-Lab alliance to prevent the Tories establishing themselves as a more or less permanent government is being increasingly canvassed both in private and in public. It may seem an odd time to canvas it. But the idea really could become a serious one on the other side of the next general election if—which at the moment is obviously very doubtful—Labour suffered a fourth successive defeat. Already, according to a recent public opinion poll, a majority of Labour voters in the country favour such an alliance, the Liberals are more or less equally divided, and most significantly Conservative voters are overwhelmingly against.

Common ground on policy between the present Liberal leaders and the Gaitskellites might not be terribly difficult to establish. Nationalisation would be a stumbling block but the Gaitskellites are not exactly rabid for it, and the Liberals since their last conference have committed themselves to a policy of full economic planning. Disagreement over entry into the common market is not likely to survive Britain's actual entry into it. Gaitskellites and most Grimondites could work out a common policy on housing, land and the social services without too much difficulty. On defence Mr Gaitskell (or was it Mr Brown?) has already stolen Mr Grimond's clothes. Any such agreement would be impossible, however, until the left-wing of the Labour party had been hived—or hived itself—off. But on the other side of the next election, if Labour loses it, that might not seem a disadvantage to Mr Gaitskell; it might seem a positive attraction.

Awkwardly, any pact could not take the form of a straight exchange by which an equal number of Labour and Liberal candidates stood down in each other's favour. On the whole the Liberals would have to stand in as many constituencies as possible and Labour exercise a self-denying ordinance in withdrawing from some suburban and rural constituencies where Liberal chances of beating the Tories seem in any way to be good. There are only a handful of constituencies—if indeed there are any—where Liberal withdrawal would actually benefit the Labour candidate. In most places, at any rate at by-elections, any Liberal intervention draws votes from the Tories; and the withdrawal of a Liberal—even if Mr Grimond appealed for Liberal voters to go Labour—would probably give the Tories those votes back. This could lead, some time in the next Parliament, to a sort of informal pact: Labour might eventually stand aside informally in constituencies where the Liberals have established themselves as a second runner to the Tories. But a major obstacle is that a Liberal gain from Tory of twenty to thirty seats in this way would give the Liberals a real chance to challenge Labour as the principal opposition party. This is the hump which the Liberals must get over if they want to present themselves as a serious political party, and it is expecting a lot to ask Labour to help them do it.

NASSERISM

Know your Enemy . . .

REACTIONARIES at home, rather than imperialists abroad, are now the front line of the revolution's enemies. This was one of the main points in a meandering but sensible speech by President Nasser on November 25th, when he attended the meeting of the body which is intended to develop into the United Arab Republic's new pyramid of representative government. He traced the various stages of revolution and described, as if thinking aloud, how the long clash with western governments for his country's political and economic independence had given way to a domestic showdown between those who backed the social revolution and those who were now preparing to fight for their vested interests. Yet, the next day, the announcement of the arrest of four French officials for espionage flung the perfidy of imperialism once more on to the front pages of the Cairo press.

France and Egypt have never mended the diplomatic relations that were broken in 1956, but they agreed in 1958 that a mission should be set up in Cairo to look after French financial and cultural interests. It was understood by the French government, but not apparently by Cairo, that the members of the mission should have diplomatic immunity; its head, M. André Mattei, has the rank of counsellor in the French foreign service. All four members of the mission were arrested a week ago on charges of relaying information to Paris, operating a spy network, publishing subversive pamphlets and smuggling money out of the country. One of the diplomats is also alleged to have confessed to more sensational, and less probable, malpractices including a plot to assassinate President Nasser. Subsequently, several other people, including three more French nationals, a former Egyptian ambassador to Paris and the Egyptian editor of an English-language periodical, have been arrested as part of the same case.

In the weeks that have followed Syria's defection, conspiracy is breathed in with the very air of Cairo. The incident underlines what an unsatisfactory substitute for diplomatic relations a financial mission can be. But the sensationalism of the wholesale arrest and, presumably, of the forthcoming trial, seems a sadly retrograde step from the target of social change towards which President Nasser, amid all his very present dangers, is fumbling a way.

. . . and your Friend

ONE of the clearest signs yet of President Nasser's dwindling importance in the Arab world was General Qasim's decision, on November 25th, to release from prison his former comrade, Colonel Aref. In the early days of the Iraqi revolution, Colonel Aref was General Qasim's deputy and his closest colleague. But it soon turned out that the colonel was much keener than his leader on warm collaboration with the United Arab Republic; when he refused the relative obscurity of an ambassadorship to Bonn, he was arrested on trumped-up charges in November, 1958, and sentenced to death a few months later. Earlier this year General Qasim released half a dozen old-school politicians, including Rashid ali Gailani; now he has judged it safe to show clemency, too, to the leader of President Nasser's Iraqi supporters.

SYRIA

New Times, Old Politics

VULNERABLE to criticism, and to subversion, the Syrian Arab Republic is inclined to keep its troubles to itself. The

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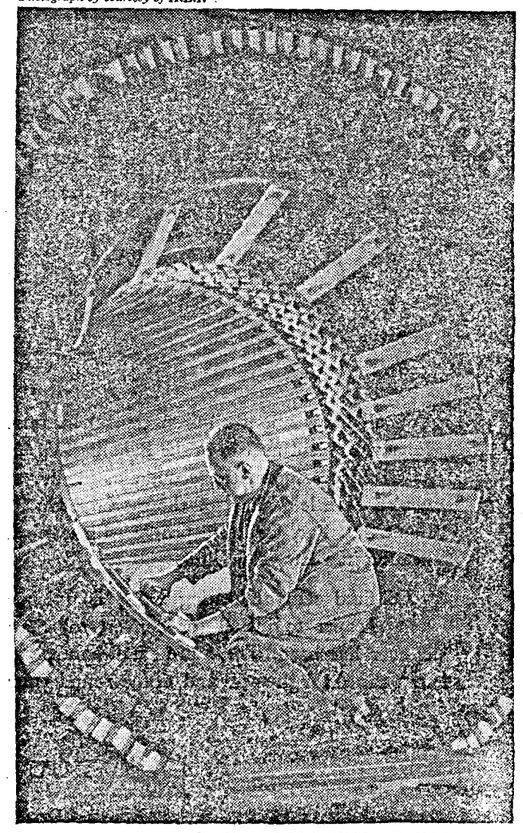
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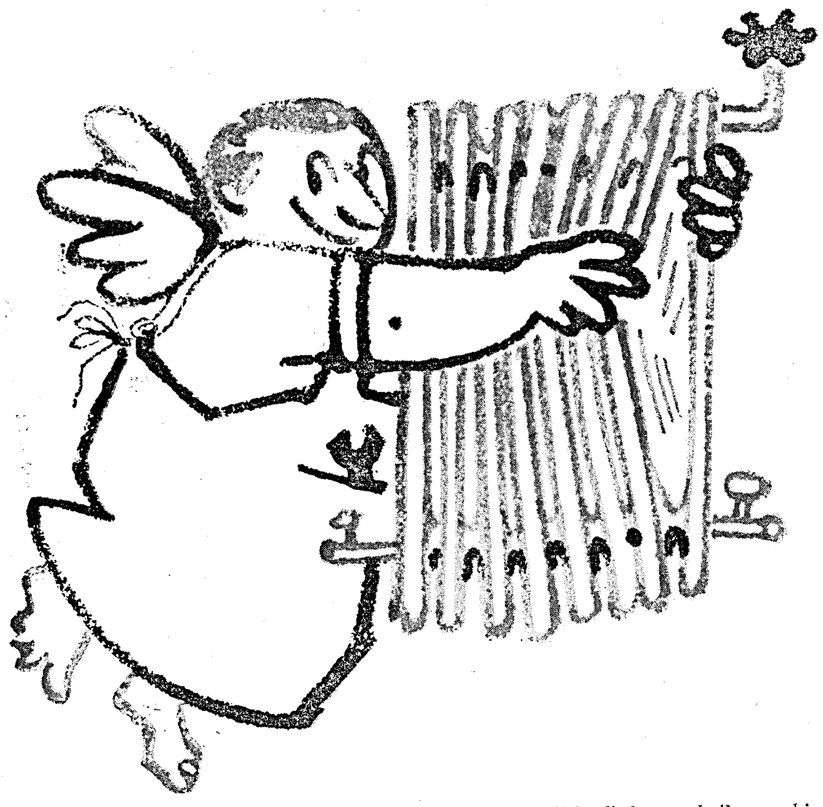
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smooth speed with which the country has been swung into the elections it is holding this Friday (December 1st) is a tribute to the army's determination and to the fact that Syrian politicians, though out of practice, have not lost their touch. During the last couple of weeks there have been ructions both in the army and in the provisional government that might, if allowed to develop, have become serious. One sign of these disturbances was the arrest and dismissal of Colonel Haydar Kuzbari, another sign may have been the decision of his cousin, Dr Mamum Kuzbari, to resign as prime minister in order to campaign in the elections. Both events were played down; possibly they can be interpreted as a modest but significant triumph for those who are trying to prevent Syria, released from the tight wire of Egyptian socialism, from rebounding too violently to the right.

Parliamentary candidates were only allowed a few days for campaigning and none of them may yet use the name of their parties. The resultant confusion would probably have been worse if Syria were a less tightly knit community. Syria has been over the Big Dipper since 1958, but its ups and downs will hardly have knocked away the bonds of family and friendship that usually determine who votes for whom. Thus, there will be familiar faces to be seen when the new parliament looks round for a president. Dr Shukri Kuwatly, Mr Khaled el Azm, Mr Nazim Kudsi, Dr Kuzbari himself: old names, but in an unnervingly new situation.

MINICABS

Will Intimidation Pay?

THERE was and is every reason to welcome the appearance in London this year of small radio-controlled hire cars: they are cheap, convenient and reasonably efficient. All believers in worthwhile economic development in Britain should feel themselves to be on the side of these minicabs—against even the best arguments of the conventional taxi-drivers, most of whom belong either to the Transport and General Workers Union's taxi section or to the British Legion cabbies' organisation. These bodies, and with them the vast majority of taxi drivers, have pointed out that the new minicabs are subject to far less stringent control by the police than the traditional cab. But they have failed to carry this true premise to its logical conclusion: that the police regulations should be revised, particularly in order to permit the use as taxis of less anachronistic and cheaper vehicles. A more dangerous form of opposition has come from a minority of louts among the taxi-drivers, who have done their best to make the minicab drivers' life impossible by damaging their vehicles, hemming them in in traffic, and generally intimidating them and some of their customers.

At the beginning of this week, the intimidators may have interpreted the changes at the top at Welbeck Motors as a signal victory. This firm, although by no means the only one in the field, has been the leader and the chief propagandist for this economic innovation; the advertisements on its Dauphines have become one of London's eyesores. Mr Isaac Wolfson, its main financial backer, has now drawn in his horns, and Mr Gotla, the rumbustiously dynamic managing director of Welbeck, has chucked in the sponge now that the Wolfson money is no longer behind the firm. The "minicab war" may not be the reason for the withdrawal of these redoubtable business characters from this beneficial—and potentially profitable—enterprise. But their opponents are bound to be delighted if the firm's expansion slows down as a result.

But the new boost for the minicabs is that some of London's conventional taxi-drivers spent Thursday on strike in support of two of their number who had been jailed for three months and barred from driving for three years, after allegedly (the case is subject to appeal) harassing a minicab in a dangerous way. Under any circumstances there must be an advanced lunacy in the idea of meeting competition by a strike that temporarily leaves the whole field wide open to it. Under these particular circumstances, a strike against a court conviction and in support of alleged intimidation ought to horrify British public opinion; either Welbeck or other firms should surely benefit from this.

SOCIAL WORKERS

Wrong Source of Grants

THE Government's new "Health Visitors and Social Workers' Training Bill" sets up two training councils, both under the chairmanship of Sir John Wolfenden, to supervise the training of local authorities' health visitors (i.e. their qualified nurses who can visit people's homes) and to start the training of local authorities' social workers (i.e. their other home visitors, most of whom are women without any special training for their job at all). Obviously, it is right at present to have a flexible approach to these tasks, especially the second and brand new one. It should be left to the councils to decide how much of this social visiting work can sensibly be done on a voluntary or part-time rather than a trained professional basis. One should not make too much of a fuss yet that three of the four new pioneer two-year courses for social workers (at Birmingham, Liverpool and Glasgow) are at colleges of commerce, although the venue at London (at the North Western Polytechnic) on the face of it seems more suitable. Experience will show what the relationship of the new councils should be to the training of other sorts of (non-local-authority) social workers, such as probation officers or prison welfare officers or even officers of the National Assistance Board. But there is one feature of the new bill that seems insufficiently flexible from the start.

The local authorities, not the central government, will make the grants to the students who will take the courses which the councils will promote. In the second reading debate last week Mr Enoch Powell defended this, on the grounds that the making of grants for other forms of further education is a function of the local authorities; and it might seem that when the trained students are to serve the local authorities, the case for putting the financial onus on local councils is reinforced. But it isn't. There are obvious difficulties of recruitment when prospective health visitors can obtain training grants only if they sign in advance a contract of service with an individual local authority; few young women like to pledge themselves to work in a particular area for some time ahead. Some older candidates, of a sort whom it is particularly desirable to attract, may have no claim on any local education authority and may be, indeed often are, refused a grant. Some local authorities may be doubly unwilling to release their present untrained workers to take the new courses, when they will not merely lose their services temporarily but also have to pay their fees. Mr Powell argued last week that "we should see how the normal [local authority] machinery for grants works . . . before we consider whether it has to be displaced or reinforced." He would do better to take the advice of Mr Kenneth Robinson (Labour) and take "some reserve powers in the bill" to enable him to make some direct grants if necessary "rather than waiting until the system . . . breaks down and then having to come to the House with entirely new legislation."

VIETNAM

A Case for Strings?

A ROW that has broken out between Washington and Saigon concerns a sore point in Vietnamese-American relations: alleged strings impeding the free use of American aid. Two Saigon newspapers, clearly prompted by President Ngo Dinh Diem's government, took the Americans to task last weekend, in uninhibited language, for allegedly claiming the right to intervene in Vietnamese domestic affairs.

It is believed in Saigon that the recent American mission to south Vietnam, led by General Maxwell Taylor, urged various reforms, including decentralisation of authority and greater freedom of expression. The Vietnamese president's advisers, especially his powerful brother, Mr Ngo Dinh Nu, and Mrs Nhu, are reported as

Appointments, Business and Personal notices and other Classified Advertisements pages 977 and 978 ☞

saying that such reforms were irrelevant and, in any event, none of the Americans' business.

On the analogy of the Malayan experience, the Americans are right. The communist bands in Malaya were defeated by a combination of military and police methods, on the one hand, and political advancement on the other. True, the British were able to take the wind out of the sails of the insurgents by offering independence to the Malayans. It does not lie within the power of the Americans, or of Mr Diem, to offer Vietnam independence, which it already has. On the other hand, purely military or police measures are clearly not enough in the present situation of south Vietnam, where the communist-led bands have grown from 10,000 to 20,000 since the beginning of the year. If Mr Diem's army is to be successful the villagers must not only be persuaded that it can protect them against communist terror, but also that the protector has their interests at heart.

But if the Americans are right in principle, they appear to have failed—on the evidence of the Saigon press—to put their views over without offence. There are reports, moreover, that the various United States agencies working in Vietnam do not always pull together. Tact all round is required if the enormous joint effort in Vietnam is to bear fruit.

NYASALAND AND RHODESIA

Maudling Through

FRESH from Kenya (his visit there is described on page 914), the Colonial Secretary flew to Nyasaland on Thursday and is due in Northern Rhodesia this weekend. When he returns to London next week he will, most likely, have a discouraging African tale to tell. In both central African colonies, black nationalist opinion seems to have hardened since Mr Maudling took office. This is not the new Colonial Secretary's fault, but the blame will be his if the process continues.

In Nyasaland, Dr Banda, now minister of natural resources and local government, still opposes federation, in spite of the accession to control of the Legislature by his Malawi Congress party. On Sunday he publicly rejected federal money for a hydro-electric power station at the Nkula Falls, saying, "I would rather see the whole of Nyasaland starve to death than accept charity from Welensky." It has been put about in London that this sort of talk is politically necessary for Dr Banda, but that he does not really mean it and that, slowly, he and the Malawi party are coming to see the advantages of federation. Judging by their private statements, this is not true. The only federation Dr Banda's men privately say they would accept is one in which the whole, as well as each of the parts, has a black government. Sir Roy would not accept that.

In Northern Rhodesia, Mr Kenneth Kaunda's United National Independence party has been growing more impatient, and therefore more intransigent, than ever. It seems ready in advance to reject the sort of minor concessions to their demands Mr Maudling may make; if he is to win their trust he will have to tread carefully.

SOUTH AFRICA

White Star

IT is twenty-five years since Dr Verwoerd joined five other professors at Stellenbosch university in an appeal to the prime minister of South Africa, then General Hertzog, not to allow Jewish refugees from Germany to land in the Union. After the war Dr Verwoerd's attitude towards Jews softened. As a small tribe isolated on a hostile continent, Afrikaners have long felt a curious sense of identity with the Jews, and especially with Israelis, who have been seen as defenders of a valiant outpost of civilisation in an Arab wilderness, who might sympathise with a similar outpost in Africa. And some South African Jews have supported the Afrikaners. They have probably sent more money to Israel than any other Jewish community of comparable size, but some have cancelled their donations this year because Israel voted at the United Nations against apartheid. Although many South African Jews have bravely fought apartheid, some give their votes—and their contributions—to Dr Verwoerd's Nationalist party.

Because of this, and because he believes above all in white unity, Dr Verwoerd has managed, as prime minister, to get along with South African Jews. But, angered by Israel's voting record at the UN, and upset at the considerable number of Jews who voted for the anti-apartheid Progressive party in last October's elections, Dr Verwoerd has reacted by trying to make the Jews hostages for Israel's actions. In a reply to a South African Jew who wrote to him deploring Israel's condemnation of South Africa, Dr Verwoerd replied last week that this was a "tragedy for Jewry in South Africa"; that it affected friendship between the two countries, and that, fortunately, "the reaction of many South African Jews and Jewish organisations was such that what might have been worse was relieved, to a certain extent, by this pro-South African reaction." Between Dr Verwoerd and their own consciences, those South African Jews who have earned the white star are in an unhappy position.

PLASTIC SURGERY

New Faces

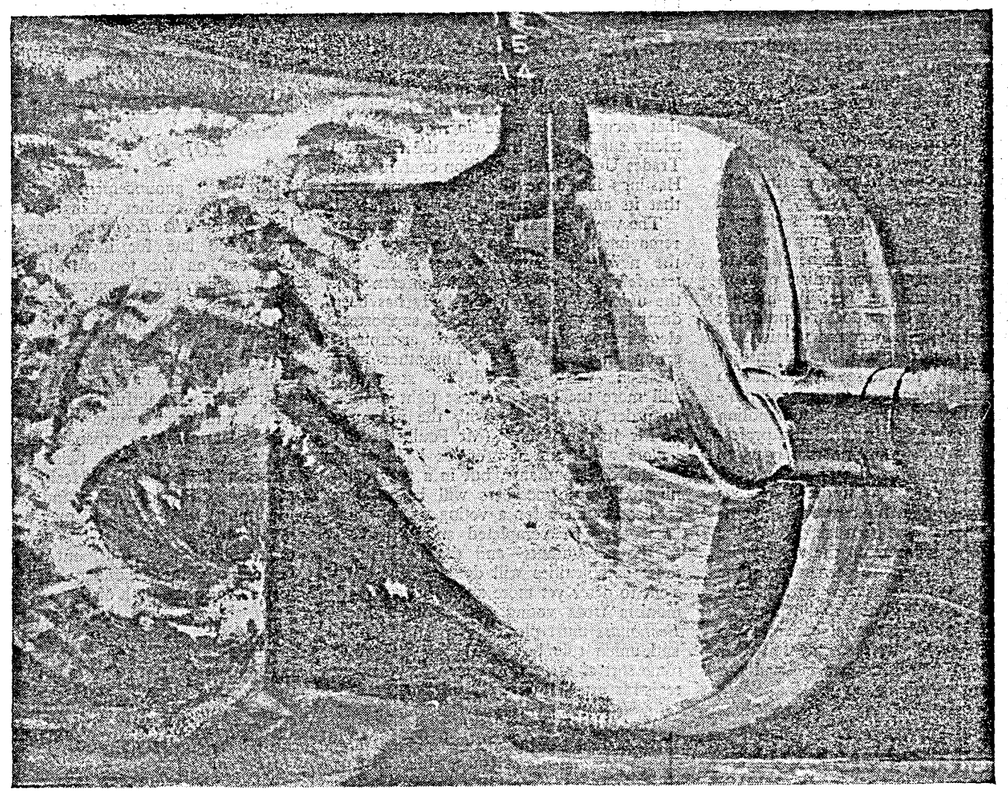
IN May, 1960, the General Medical Council struck off the register a plastic surgeon, Mr Gardiner, who had published signed articles in a women's magazine extolling plastic surgery as a means of beauty treatment: the Privy Council in May, 1961, upheld the council's decision on appeal. The General Medical Council has now acquitted seven more plastic surgeons also accused of advertising: the accusation against them was that two separate articles in women's magazines had advised readers who wanted cosmetic operations to apply to the British Association of Plastic Surgeons for the addresses of practitioners willing to undertake work of this kind. All the seven were members of the association, which Mr Gardiner was not; and the GMC sees a distinction between collective advertising and personal publicity. But the chairman of the disciplinary committee explicitly deplored the fact that officers and members of the Association of Plastic Surgeons had co-operated, wittingly or unwittingly, in the publication of the articles concerned.

The Economist

NOVEMBER 30, 1861

THE *TRENT* INCIDENT

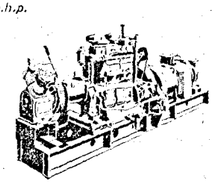
The forcible seizure of certain Confederate gentlemen on board a regular English packet by a Federal man-of-war is an act contrary to the usage of civilised nations, which the Federal Government must be called on to disavow. . . . An armed vessel of theirs has taken from an unarmed vessel of ours, under irritating circumstances, certain passengers whom our ship had received on board at the port of a neutral nation, in the usual course of business, and with no fraudulent intent. Those passengers claimed our protection, and appealed to the inviolable sanctity of the British flag. They claimed the right of asylum which we have boasted that we offer on our ships and our soil to the weaker party of all countries; they asked no aid and no favour from us; they simply sought the ordinary safeguard of our laws and the common assurance of our hospitality. It is no light matter that a foreign Government should presume to touch with the tip of a finger men in such circumstances. The honour of England is tarnished by the ill-treatment of our guests; the security of our commerce is impaired by the violation of our vessel. The Americans *may* be able to justify their conduct: but they have done an act of very serious consequences, and needing very conclusive exculpation. . . . Our duty is clear. We must demand moderately, but firmly, apology for the insult, and reparation to the injured. We must require that the gentlemen who have been seized should be at once set at liberty, and that regret should be expressed for the dishonour of our national flag and for the violation of the sacred right of asylum;—and we must intimate that if they refuse we have no alternative save war. The calamity is great, but the obligation is greater.



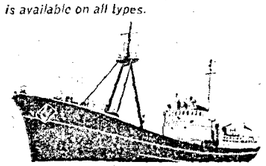
POWER on call

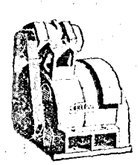
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Why? Plastic surgery was developed in war, and is still proving its worth for repairing damage caused by industrial and other accidents. Its fringe activity, cosmetic surgery, may also genuinely help those with psychological worries about their face or figure. Rather more often it may merely be an expensive luxury—trivial perhaps, but surely not unethical. Cosmetic work of either kind may lead to progress in techniques that in turn have severely practical medical uses. But a person seeking a cosmetic operation, through pure vanity, may well dislike asking his general practitioner to recommend a specialist, perhaps for fear of ridicule or perhaps because he knows his particular doctor would not agree to make such a recommendation.

Some sort of advertising, in the sense of a means of giving people sound information about plastic surgeons, may thus be positively desirable. The danger of handling such information entirely through a professional group is that its members may try to impose a closed shop and thus exclude the bold innovators along with the dangerous quacks. The relationship between medicine and money has always been tricky: but the GMC, in its comments on the case of the seven acquitted surgeons, seemed to argue that practitioners of this new and delicate art should have as much difficulty as possible in meeting potential patients who are both able and eager to pay for their service. That makes neither medical nor economic nor charitable sense.

ETU

Red Circuit Rewired

MR FOULKES is sitting pretty. Last week he was chairman of the negotiators that secured the wage increase in electricity supply, and this week the Electrical Trades Union's rules revision conference at Hastings has done all the rewiring work that its anti-communist critics had feared.

The way this has been done has been by removing the power to make policy from the new anti-communist executive, and transferring it to the annual conference of the union. Hitherto this body has been dominated by Mr Foulkes's supporters, elected by tightly-organised communist groups in the branches. The other main decision was designed to strengthen still more the hand of these tight groups. In order to "comply with the judgment of Mr Justice Winn" (Mr Foulkes *dixit*), ballots will from now on be handled by chartered accountants, but in a very complicated way: members will be sent an application form for a voting form, which must then be completed and sent back to the accountants—and the addition of these complexities will doubtless be sufficient to deter yet more apathetic non-communists from voting. Once again *The Economist* must plead for union elections and union rule books to be subjected to some sort of scrutiny from an independent registrar established by legislation: meanwhile one must still hope that enough electricians will be aroused by the very ruse designed to keep a minority of communist string-pullers in power.

SHADOW CABINET

Top of the Order

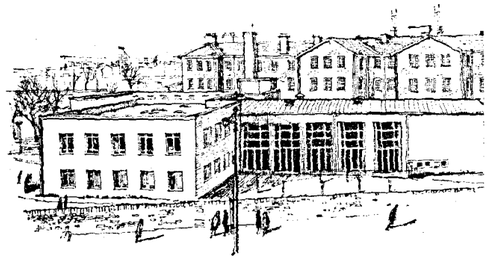
THE first anouncement of the Labour shadow cabinet changes came out literally as *The Economist* was going to press, too late for more than a brief comment on the top of Mr Gaitskell's batting order. Mr Wilson as shadow foreign secretary is a good appointment, especially as Mr Gordon-Walker is to be spokesman for defence. Mr Gaitskell is himself firmly in control on foreign policy matters. Mr Callaghan as shadow chancellor is, strangely, a much more doubtful move; able though he is, and more grown-up now, he has still to learn that an expansionist economy cannot continually be twisted to protect every lame dog. Mr Healey, the nicest of men, goes into the one round hole where, in the next few months, he may be a square peg. On colonial affairs one need have no reservations about him, but as Labour's Commonwealth spokesman he could be a real thorn in the flesh of that section of the party which is wisely and diligently seeking to reconcile Labour to entry into the common market. Mr Marquand's departure for Geneva will not be entirely regretted by the pro-Europeans.

HOME REPORT

Members of the editorial staff and local correspondents report on life and happenings in and around Britain

Industry's Universities

FROM OUR SPECIAL CORRESPONDENT



Bristol: revived orphanage

THE hard core of the leaders of British industry today have come up from the shop floor. In caste-conscious Britain that in itself is enough to explain the striking absence of graduates in many parts of industry. The elite industries, it is true, that have grown up most recently—chemicals, atomic energy, aircraft—send their travelling teams of selectors each year to the universities to skim the cream of the emerging scientists and engineers. But in many of the country's older industries graduates are rare, unsought and sometimes unpopular. Only two graduates were recruited into the British machine-tool industry in 1958; it is only five years since Britain's largest motor corporation began to recruit them systematically. Industrial leaders who have learned their trade inside the factory have clung to the view that it is still a better teacher than the high-falutin' Groves of Academe.

Graduates, of both arts and science, who have found their way into industry have often felt equally ill-at-ease. Training schemes by a few major firms—like the paternal British Thomson-Houston, foster-parent of so many British engineers—do provide a channel from university to management. But elsewhere the Oxbridge engineer or chemist trained for academic ends, and with a tang of class about him too, has found the Wigan pump manufacturer or the Belfast shipyard as unusable as they found him. It has been left to the technical colleges, where the bright boy in industry has worked his way up at night school, to provide staple education for most of Britain's engineers. But this gruelling struggle is hardly the best way to produce a numerous technological elite.

The new Colleges of Advanced Technology thus have a dual problem to resolve—educational and social. Educationally, they are the first attempt in British education to create a network of independent institutions with the ultimate target of educating men to the high standards of the *Technische Hochschule* or the Massachusetts Institute of Technology. Socially they have to produce men capable of fitting into industry and to persuade industry to accept and use the product. Following the White Paper of 1956, nine colleges have now been set up, some of them developed from existing technical colleges, others new foundations; these are now training some 9,000 students, with a target of 15,000 or more by 1970.

The objective of the CATs is to produce an all-rounder for modern industrial life. Students specialise—in engineering, say, or chemistry—but within their subject they cover a wider ground than university students, though they do not take each branch of a subject quite so far. They take a course of general education, too; (Man in Society, it is called at the new Bristol CAT). And their academic studies are set in an industrial background through the "sandwich course" system in which periods of college education alternate with periods in industry.

The exact pattern of the courses varies and is the subject of some controversy, but the norm is a four-year course, with six months of each year taken in industry and six in college. The academic course thus has eight college terms instead of nine at university; students have to work harder and more continuously, but they get breadth and colour from their time in industry. The finance of the students is divided, like the course itself, between the Government and industrial firms.

The success of the CATs is uneven; they are now passing through that crucial phase when success is in sight but not yet firmly grasped. All the same it is already possible to discern some of the qualities that are needed. Close partnership with industry is the first of these. The student, or the college for him, has to persuade an industrial firm to employ and pay him as a trainee during the factory half-year; and some students are also financed by firms during college term. Much here depends on the energy and tact of individual heads of faculty. Once an energetic engineering head gets local firms interested, and the news gets round that the new student trainees are useful, more firms begin to show interest. At Bristol, for example, it is hardly a year since the old technical college, housed in a Victorian orphanage, was given CAT status. Already it is attracting attention and support from local industry.

Firms with systematic training schemes can become quite paternal; one at Bristol, for example, is sending one of its foster children to its Canadian subsidiary for half a year. At first, there is an inevitable tendency—indeed a danger—for the CAT students to be absorbed by the established moppers-up of graduates—in Bristol's case Bristol Aircraft and the Atomic Energy Establishment. But smaller firms (or even British Railways) who would not have touched educated technologists before, are beginning to try out the new creature, the Dip Tech.

A second necessary quality is "status." The Government's decision this summer to remove the colleges from the control of the local education authorities, giving them independence on university lines and an improved salary scale, and raising the final Diploma of Technology to degree status, has gone far to put the new colleges on the map and lift the morale of those who teach in them. But the crowning gesture—full university status, with B. Tech. as the target of the course and a Prof. Tech. in charge—could still make a great difference.

STATUS, after all, is essential if a third factor for success—high standards—is to be attained. It is true that only educational achievement can establish an enduring reputation. But the reputation of the middle and lower rank teachers in the CATs is already good. The more successful CATs—like Bristol—are already beginning to attract boys of quality from the grammar schools and local public schools. University teachers are beginning to be drawn by the chance to get away from the ivory tower. The newness and freedom the colleges enjoy permit experiment in fields where the universities have failed to move. As in the *Technische Hochschule*, the engineering course ends with a Project, in which each student undertakes an enterprise in design. The beginnings of an attempt are being made to introduce aesthetics into the engineering training, and the head of the faculty at Bristol speaks of the *Bauhaus* with a glint in his eye. Vices engrained in British industry, like the divorce between engineering design and "styling," are being tackled at the root.

Failure, however, can be cumulative, too. Where industry has not been properly interested in a college and the inspiration for social adventure is absent, attempts tend to be made to ape the universities, with poor results. Staff, like perhaps some students, tend to be overworked. The CAT can remain a glorified Tech, neither flesh nor fowl. Donations from industry (at Bristol and elsewhere) are already enabling the CATs to start the research work envisaged in the White Paper. But though the danger of sacrificing teaching to research may one day afflict them as it does the universities, at the moment the essential post-graduate work still has far to go. The CATs are a breakthrough in British education; but there may be breakdowns too.

Over-Housed?

COULD some of the six million new houses that Dr Hill seems to think Britain might need in the next twenty years take on the shape of white elephants? According to a twenty-year look at housing needs in the current issue of the National Institute's *Economic Review*, the total population in England and Wales is likely to increase just as rapidly as in the past; but not so the number of households. Heads of households are mostly married men or unmarried people over 40 and these groups in the population are expected to increase in the next twenty years at about a quarter of the rate of the last fifty years. Making rather more sophisticated calculations to allow, on the one hand, for the younger single people who set up house on their own and, on the other hand, for the sharing of accommodation by older people, the most reasonable assumption of the situation then and now seems to be:

HOUSEHOLDS AND HOUSES
(millions; England and Wales)

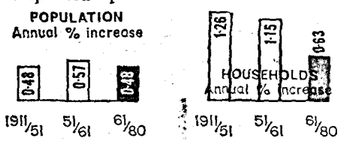
	April, 1961	1980
Number of private households..	14·7	16·9
less those sharing	−0·4	−0·5
Occupied dwellings	14·3	16·4
Vacant dwellings	+0·3	+0·7
Total number of dwellings	14·6	17·1

These projections allow for a net immigration of 300,000 families in the next twenty years and for a bigger margin of vacant dwellings to deal with greater mobility, second-home ownership and excess houses in unfashionable areas. The estimates could be too cautious: if all unmarrieds over 40 chose to live in separate homes, another two million dwellings would be needed, and if all unmarrieds between the ages of 25 and 39 did likewise this would entail a further million dwellings. But these are extreme and unrealistic assumptions; what the National Institute considers maximum demand would add less than half a million to the total already quoted.

Each year some 260-270,000 homes are being built in England and Wales and some 60-70,000 houses are being demolished. The stock is rising, therefore, by around 200,000 a year. But the estimated demand (as given in the table) over the next twenty years is for about 120,000 a year. In short, the present pattern of housebuilding, according to the National Institute, would provide getting on for double the requirements in the next twenty years. Whether or not the present building rate should continue, therefore, must depend on demolition policy.

That Britain requires new housing standards is beyond dispute. About a quarter of the houses existing today in

England and Wales were built, it is believed, before 1880, and even on the fairly generous belief that a house should last a hundred years, these should all have disappeared by 1980. The demolition rate to achieve this would be nearly 200,000 a year, which would mean pushing up the present annual rate of housebuilding to rather more than 300,000 a year. Even so, according to the National Institute, "the housing stock in England and Wales might still be one of the oldest in western countries, apart from France." More ambitious planners will argue, therefore, that this programme should be speeded up.



BUT it is at this stage that planning from the aesthetic and health point of view comes slap up against the hard economic facts. According to the National Institute's most optimistic assumption about the growing affluence of the British society, it is at most the richest one-third of households who are likely to be able to afford a new house out of income in the next twenty years; certainly most of the people now living in pre-1880 houses would be unable to do so. Ideally they are moved from their Victorian blocks in the inner rings of provincial cities to slightly better, but still old, houses in the outer suburbs, while the comparatively wealthy are attracted back to the centre to the new houses which are additionally expensive because of the cost of demolition. But an orderly reshuffle of the population, moving step by step up the housing scale, is easier said than done. Reluctantly, the National Institute concludes that there will still be a need for housing subsidies in 1980. Or perhaps empty houses?

Tories Up-Staged

FOR followers of the serial melodrama, "Nottingham's Theatre" (Home Report, May 20th, November 4th), these are the latest postures adopted by the *dramatis personae*:

The attempt by the wicked uncle Tory to give his orphan ward Civic Theatre in marriage to the Emperor Moss has now failed, Moss having found the absorption of the uncle's debts weighing rather heavier in the scales than the orphan, with whose charms he was not, in any case, much taken. Tory has expressed his pained surprise; and Lab, the profligate uncle with the heart of gold, hugs himself in malicious glee at his brother's discomfiture. Meanwhile the young suitor, Theatre Trust, struggles to beg or borrow a fortune large enough to release the orphan from her guardian. It seems that Tory will have to pay for the orphan's upbringing; but Lab may one day regain the guardianship he lost for his profligacy; and where it all will end Melpomene knows.

Colds in Comfort



BETWEEN twenty and thirty volunteers assembled last Tuesday at Harvard Hospital, on the outskirts of Salisbury, for the 356th trial organised by the Common Cold Research Unit.

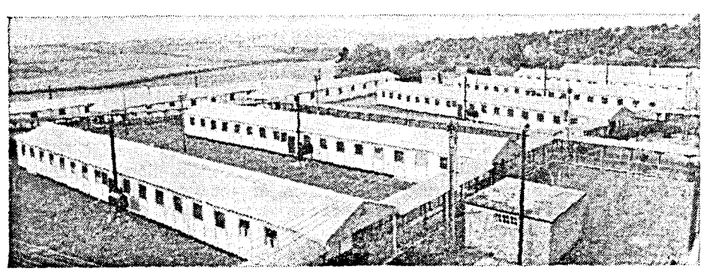
The unit was set up by the Medical Research Council and the Ministry of Health as long ago as 1946. It operated from the start with human volunteers, for the good reason that it has never proved possible to give the common cold to any other animal except the chimpanzee, and chimpanzees are expensive and less tractable than most humans. The immediate aims have been to grow the cold virus and develop a laboratory technique to recognise it; until such a technique is perfected the only test for the virus is to give it to a sufficiently large number of humans and see if they get colds. The unit has also been conducting a long-term study of the common cold and its habits.

There has been some success on all fronts. Cold virus has been grown, and laboratory recognition is possible; but one of the earlier discoveries was that there was more than one virus involved. It would be possible now to produce a vaccine that would protect against the one virus strain, but it would be of little use when the patient is likely to meet as he leaves the surgery any one of a number of other strains. It is believed that most colds are caused by a virus that has so far proved impossible to cultivate; more work—and more volunteers—are needed before it will be possible to produce a multivalent vaccine. But the unit is confident that land is in sight.

In the meantime there has been some charting of the deep waters; much has been learned of the behaviour of the common cold, and some cherished beliefs have taken a nasty knock. It has proved impossible to give anyone a cold by making him cold and wet. The presence or absence of tonsils or adenoids seems to have nothing to do with susceptibility. The virus finds survival difficult on a dry handkerchief. The virus has been found in volunteers within 24 hours of inoculation, and as long as 24 hours before the appearance of the first symptoms: staying home when you have a cold may save some but won't save all your colleagues. There is a close connection between the incidence of colds and the difference between outdoor and indoor humidity; colds flourish in the winter when indoor air is drier than outside, and the dryness indoors rather than the damp outside appears to be the villain of the piece.

WHAT do volunteers experience at Harvard? In the first place, they are not given damp clothes and draughts. After four days to ensure that they have not brought colds with them, they are given cold virus (or some of them are; the rest, as controls, are given water, but they do not know which are which). Well over half of them will probably fail to catch colds; and the colds that do develop will almost certainly be mild ones—in conditions of isolation there seems to be considerably less incidence of the secondary symptoms (catarrh, sore throat, sinusitis, coughs) which are the most unpleasant part of most colds.

The isolation, in groups of two or three, important experimentally, is for many the most enjoyable part of a stay at Harvard. Novels can be written, dressmaking done, examinations prepared or reading caught up with in a retreat-like peace not easily secured elsewhere. Three hot meals a day, about two-star standard, are delivered in vacuum containers, with a pint of beer, cider or orange and the newspaper of one's choice; return fare up to £3 15s. is paid, and 3s. a day pocket money is credited, for collection on emergence from quarantine. Walking is permitted over the downs, on parole: if the volunteer comes within 30 feet of anyone else he must put his handkerchief over nose and mouth.



But sometimes out on parole

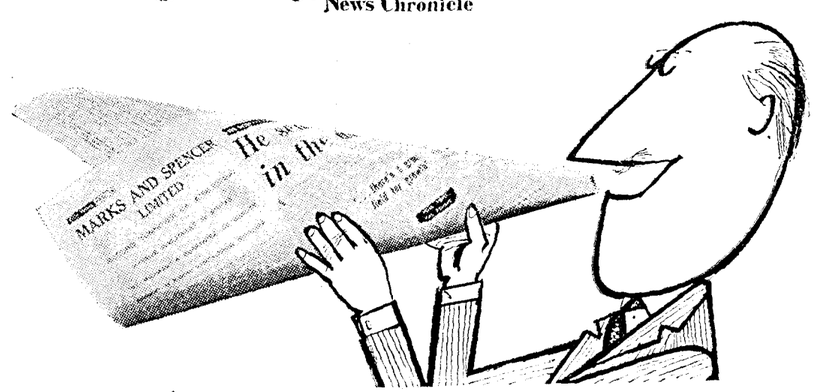
YOUR COMPANY REPORT CAN REACH 2,500,000 POTENTIAL INVESTORS THROUGH THE CITY PAGE OF THE DAILY MAIL

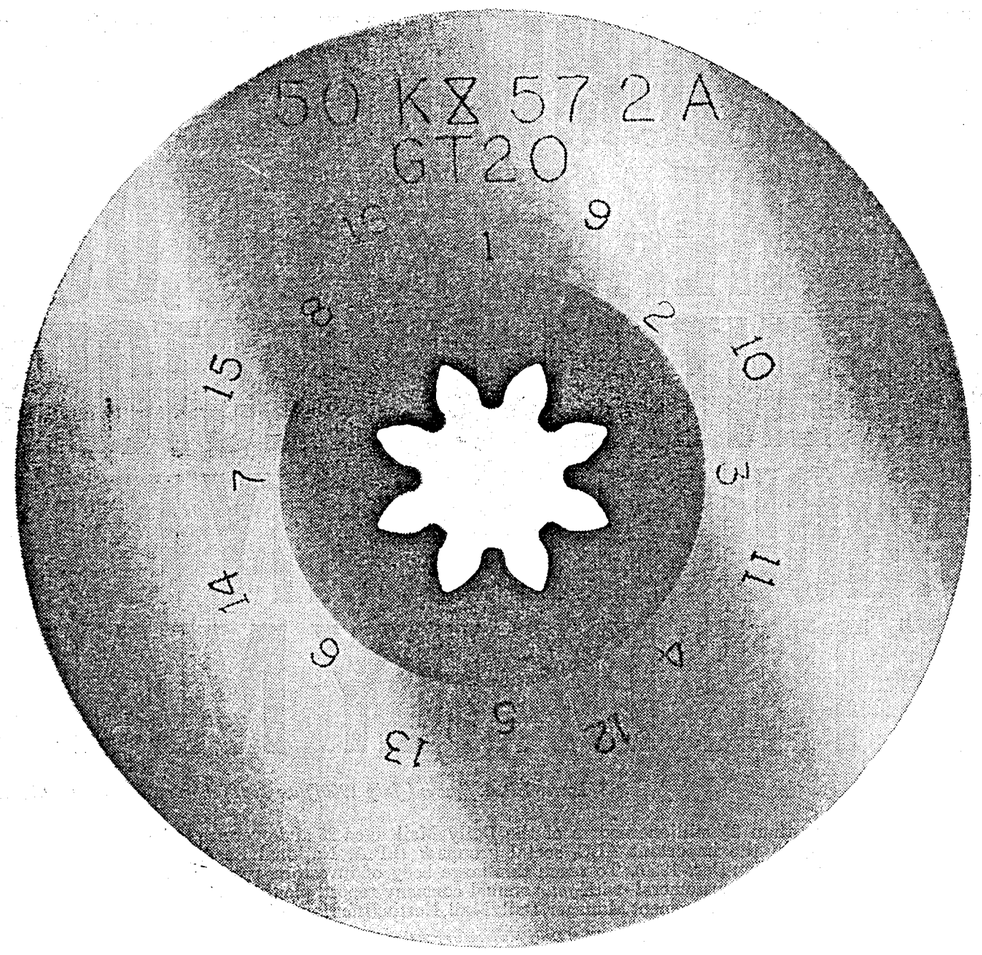
† *Latest I.P.A. figures (July 1960/June 1961) show an increase to 2,778,000*

More than 2½ million readers of the Daily Mail aged 25 and over are to be found in the important ABC1 social groups ✻ (I.P.A. National Readership Surveys, Jan-Dec, 1960). To reach this large body of investors, potential investors–and customers!–with *your* annual company report, please contact the Financial Advertisement Manager, Daily Mail, Northcliffe House, London, E.C.4.

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LETTERS

Capital Gains

SIR—Since Professor Hicks mentions my name in connection with the current discussion on the taxation of capital gains, may I comment on his letter published in your issue of November 18th?

In the first place, as you stated in your article of November 11th, my proposal and that of my two colleagues of the minority of the Royal Commission was that capital gains should be subject to income tax but *not* to surtax. Since we never suggested that capital gains should be subject to surtax the question of raising the surtax limit "so that the capital gains that were liable to surtax became more circumscribed" never arose and was not considered. Besides, we recommended that no distinction should be drawn between short-term and long-term gains. We agreed with the view of the Board of Inland Revenue that "looking at the matter purely as one of taxable capacity there may seem little justification for distinguishing between two gains of equal amount simply because in one case the asset was held for a longer period than the other." We concluded that "any such distinction [between short- and long-term gains] is bound to be arbitrary and an invitation to tax avoidance."

Professor Hicks suggests that a tax on capital gains on these lines would have a catastrophic effect on equity prices, for without the prospect of tax-free capital gains "who would buy shares with a yield of 2½ per cent when it was possible to get 4 per cent on deposit at a bank?" This ignores that the low yield on certain equities is primarily a reflection of the expectation of a rising dividend income, which is already subject to income tax (and also to surtax). It is true that the expectation of capital gains is one of the inducements for holding growth stocks, and since this element is at present free of tax, one might expect some downward revision in the prices of low yielding growth stocks relatively to the yield of other stocks. But to suggest that a tax on capital gains would "quickly remove" the present "distortion" between equity yields and interest rates is contrary to both reason and experience. In the United States (where short-term capital gains are treated as taxable income and long-term capital gains are taxed at 25 per cent) the "distortion" represented by the reverse yield gap between equity and bond yields is even greater, both absolutely and proportionately, than in this country. (In the UK the yield of *Financial Times* industrials is 5.17 per cent, as against the Consols yield of 6.37 per cent; in the US the yield of Standard and Poor's industrials is 2.77 per cent, as against the long-term Government bond yield of 4.02 per cent.)

Professor Hicks's main contention is that the taxation of capital gains, through its effect on equity prices, would cause a "most severe deflationary shock"—a "violent deflation" which goes far beyond the scope of any "anti-inflationary measures" that can reasonably be contemplated. This is in strange contrast with the conclusion of the Report of the Majority of the Royal Commission (of which Professor Hicks was one of the signatories) according to which a capital gains tax would be most ineffective as an anti-inflationary measure. According to the report, it can be assumed that "on the whole, capital gains will be saved" which leads them to the conclusion that "it is a general principle that a tax which falls upon savings does not contribute to the control of inflation" (para. 106).

Between 1955 and 1961 Professor Hicks has clearly changed his views. But even if, for the sake of argument, one were to agree with the Hicks 1961 view, there are surely plenty of ways—e.g. suitable reductions in taxation or credit policy—by means of which any undue deflationary effect could be effectively compensated, with advantage to the balance of payments and to economic growth.—Yours faithfully,

NICHOLAS KALDOR

King's College, Cambridge

Canada

SIR—After two weeks of reading about market monsters, David and Goliath, Mickey Spillane, psychological warfare, gamesmanship, country bumpkins, washtubs, and research and design teams, I am grateful to your Ottawa Correspondent for his two final, more lucid paragraphs. Unfortunately, he implies that the recent protests by the Canadian government against Britain's joining the common market represent the views of the Canadian people. Most Canadians, however, recognise that a possible short-run loss in exports to the United Kingdom will be compensated by the long-run increase in demand for Canadian products in an expanded common market. The Canadian pulp and paper industry, to cite only one example, has stated emphatically that it favours Britain's joining.—Yours faithfully,

Balliol College, Oxford DAVID STAGER

America Discovers Europe

SIR—In a leading article which appeared in your issue of November 11th you stated: "It has been widely missed on this side of the Atlantic that President Kennedy has been trying, in the past six months, to introduce a revolution, not so much in the quantity of western aid as in the philosoph behind it."

European parliamentarians have, in fac reacted quickly and positively to Presiden Kennedy's aid message of March 22nd, an a considerable amount of thought and wor has been brought to bear on this questio within the Council of Europe. A sub committee of the political committee ha met several times to discuss the problem involved in the development of a new approach to western aid and I myself, a rapporteur of the political committee, hac the honour of presenting a report to the Assembly on this subject at Strasbourg in September. At this session there was a lively and informed debate, during which Mr Thorkil Kristensen, Secretary-General of OECD, made an outstanding speech. Recommendation 288, which was adopted unanimously by the Assembly, urged the Committee of Ministers to: express its agreement with the main lines of President Kennedy's plan, which is in accord with the policy previously advocated in the Council of Europe; increase multilateral aid to the maximum and, within two years, to at least 15 per cent of the total amount of bilateral aid; and propose in the Council of OECD the opening of negotiations with the object of stabilising raw materials markets. Further, the Committee of Ministers was asked to invite the governments of the member states of the European Economic Community and of the United Kingdom to follow, within an enlarged EEC, a liberal policy which would not impede the normal industrial expansion of those newly developing countries which are not associated with the EEC.

In Recommendation 288 the Assembly emphasised that "assistance should be on the basis of plans proposed by governments representative of their peoples and willing to play their part by taking necessary measures of governmental, social and fiscal reform."—Yours faithfully,

Brussels E. DE LA VALLÉE POUSSIN
Senator

Labour Statistics

SIR—The article in your issue of last week on "Counting the Jobless," from your special correspondent in the United States, appears to suggest that the official figure of the number of unemployed persons in Britain registered at employment exchanges and Youth Employment Offices excludes people who are not qualified for benefits. This is not so. As page 429 of the October issue of the Ministry of Labour Gazette shows, the figure of 305,000 unemployed persons on the registers at August 14, 1961, included as many as 110,000 who were receiving neither unemployment benefit nor national assistance. Of the total of 35,000 married women on the register half were in fact receiving no payment.—Yours faithfully,

R. F. FOWLER
Director of Statistics,
London, SW1 Ministry of Labour

BOOKS

Not Quite the Right Footsteps

Neville Chamberlain

By Iain Macleod.

Muller. 319 pages. 30s.

"I NEVER met, indeed I do not think I ever saw, Neville Chamberlain," says Mr Macleod in the first sentence of this very readable, no doubt potentially best-selling but really rather lightweight book. But it is clear why the subject has a fascination for the author. There are bizarre parallels between the careers of the last Conservative Prime Minister but two and the present Conservative Leader of the House. Chamberlain, although everybody forgets it now, was far out on the radical left of the Conservative party in the 1920s. He was a pioneering social reformer as Minister of Health; an immensely courageous party politician (look at his Local Government Act of 1929); an ardent would-be bridge-builder between the Tories and the trade unions; a man as unlike his brother Austen as Michael Foot is

to Dingle ("Hé thinks me wild," wrote Neville of Austen sadly on entering the House of Commons in 1919, "and I think him unprogressive and prejudiced"). If the Conservatives had won the election of 1929, Chamberlain would have become Colonial Secretary, and been a very liberal one; because they lost it, he went to take charge of Conservative Central Office instead.

Up to this stage, the analogies between the careers of subject and author are intriguing and apt; from then on, they become hypothetical and quite extraordinarily embarrassing. For it was while he was at Conservative Central Office that it became gradually clearer that Chamberlain was Baldwin's most likely successor as Conservative leader, that he was the Tories' indispensable Mr Fix-it. He returned from Central Office to become the Tories' shadow Chancellor at a crisis stage in April of 1931, and thereafter to fill his three main roles in the governments of the 1930s: as real Chancellor, as unofficial acting Prime Minister during the years of Baldwin's decline, and finally as Prime Minister in name as well as fact. And in the first and third of these roles, although Mr Macleod cannot bring himself to say so, Neville Chamberlain was an utter disaster.

Mr Macleod is far too kind about Chamberlain's failure to depart from so-called "orthodox finance" into even the first vestiges of the new Keynesianism during his Chancellorship in the bitter unemployment years of 1932-37. This was a symptom of one of Chamberlain's three great failings as a major statesman, and the only one of the three that was really right wing; namely, Chamberlain's resistance in later life to all new ideas that called for any changes in his habits of sentiment and thought. He resisted Keynesianism as he distrusted all other new-fangled gimmicks, such as fountain pens, comfortable modern clothes, President Roosevelt (quite disastrously), and abstract art.

It is easier for the author to defend his hero in the role of Prime Minister Designate after about 1935, for Chamberlain was in fact more prompt than any other prominent figure in Baldwin's cabinet to spot the need for rearmament; it is a fair point that during the 1935 general election that returned the "appeasement" government of 1938, Labour was attacking Chamberlain as a wicked warmonger (Herbert Morrison said that Chamberlain "would spend on the means of death, but not on the means of life, and that was the sort of fellow he looked too"). Yet here again the fury of Labour's particular attack upon him was stoked up by the second of Chamberlain's major failings, namely his intellectual arrogance towards the Opposition. Chamberlain never suffered fools gladly, at a time when there was admittedly a lot of foolishness on the Opposition side to suffer (so that Baldwin once begged him to remember that when speaking to the House of Commons he was "addressing a meeting of gentlemen" and not to give the impression of treating "the Labour party as dirt"). But it was the third of Chamberlain's failings that in the end cost the country most dear, in his catastrophic final period as Prime Minister and man of Munich.

Here again it was not a right wing failing, but more typically an idealistic left-winger's weakness. The fact is that, for all his skill as a committee chairman and as a draftsman of administrative reforms, the man was a fatuous wishful thinker. This trait ran right through his career from his first disastrous business venture trying to grow sisal in the Bahamas (Chamberlain's memos from there, as crops and markets failed but as he still plunged good money after bad, read just like Mr John Strachey's speeches during the groundnuts fiasco); through the pathetic post-Munich adumbration of "peace for our time"; up to and beyond the outbreak of war. "I have a hunch," he actually wrote to his sister in November of 1939, "that the war will be over before the spring." This was one of the most revealing sentences of his whole career.

It is inevitable that this book will be searched, perhaps rather naughtily, for possible revelations about the author as well as the subject. There is a highland imp that keeps on peeking out of Mr Macleod's writing; Mr Selwyn Lloyd and his capital gains taxers should read his—and Keynes's—account of the National Defence Contribution (a graduated tax on the growth of business profits) which Chamberlain tried to introduce for emollient political reasons in 1937. In another passage Mr Macleod criticises Chamberlain's tactics immediately after his appointment in 1916 as Director of National Service:

> He should have been banging his fist on the table at 10 Downing Street. And he should have taken his resignation with him. A Minister . . . is never so strong again as in his first few weeks of office. His resignation, which in a few short months may have become just a "little local difficulty," is not to be thought of when he has just been selected for a new post. . . .

Well now, one wonders, looking back on Mr Macleod's own remarkably successful ministerial career . . . ?

Sad Tale from Vienna

Dollfuss

By Gordon Brook-Shepherd.

Macmillan. 313 pages. 25s.

WHEN Mr Brook-Shepherd's "Austrian Odyssey" came out in 1957, Austrian press comment was that a more just, as well as accurate, account of the history of Austria since 1866 could hardly be said to exist. The former Vienna correspondent of the *Daily Telegraph* has now written a biography of Engelbert Dollfuss that is mainly an expanded account of the events leading up to the Nazi putsch in July 1934, which necessarily received more cursory treatment in the earlier book. And once again: no one could be fairer than this without becoming bogged down among theories on the nature of treason and the virtues of parliamentary democracy. To emphasise justice in such a context is not quite the same as to congratulate a Japanese on his courage. The ideological conflicts that rent Central Europe between the wars were, and to some extent still are, partly obscured by prejudice arising from lack of knowledge, émigré propaganda, and a tendency to judge other countries according to how far their institutions approximate to our own.

As Chancellor, Dollfuss was confronted by a Parliament which, until it took its own life by oversight, was hardly more than an instrument for blocking legislation. The Austro-Marxists took their doctrine and their ammunition from abroad; those moderate socialists who survived the Nazi concentration camps were not to take charge of the Socialist party until after the second world war. The right-wing Heimwehr, again, was controlled by extremists; both sides were unanimous in one thing only, in their denial of the validity of the Austrian state. Mr Brook-Shepherd displays the ingredients of the mounting tragedy against which Dollfuss wrestled until his death: national bankruptcy, inertia, misplaced energy, mental confusion, active and passive treachery, and, above all, a general lack of any real patriotic feeling. Dollfuss did not kill the Austrian Parliament, but when it died he put his small foot on its neck and buried it with alacrity (the author's rather pictorial style is catching); he gave the order to fire on the workers' apartment blocks. These events have been closely studied in all their gravity and in the light of every scrap of evidence that has survived. Dollfuss mastered one of the disastrous ingredients by restoring Austria's economy. The author believes that he also gave the Austrians some sense of national identity —"a patriotism of sorts." The truth or otherwise of this statement—the author calls it "one of the political wonders of the 20th century"—is hard to assess. Dollfuss made a beginning, but only Hitler could kill Pan-Germanism, just as only Stalin could kill old-style Austro-Marxism.

There can seldom have been a more lovable statesman than Dollfuss. The story of his death, untended and in agony of spirit, has often been told, but the entrancing description, new to the reviewer, of this gallant little figure trying to master the breast-stroke, so as not to cut an unnecessarily ridiculous figure while splashing in the Adriatic with Mussolini, is somehow unbearably pathetic.

Garden of Eden?

The Forest People

By Colin M. Turnbull.

Chatto & Windus. 250 pages. 25s.

WHAT was life really like in the Garden of Eden? Mr van der Post, who is no lover of the world that has since emerged beyond the magic gates, gave an enthusiastic answer in his recent book about Kalahari Bushman communities; but that particular answer, just because of van der Postian literary *Weltschmerz*, was not quite convincing. Here is a more persuasive report. Mr Colin Turnbull, an Englishman now in charge of African ethnography at the American Museum of Natural History, lived for about three years with pygmy groups in the great Ituri forest of the north-eastern Congo, learned their language, won their friendship, witnessed many of their times of festival and days of woe, and has here written a very useful and often charming book about his experiences.

It seems evident from this—allowing for differences of habitat—that life was more than usually pleasant in the Garden of Eden: "a wonderful thing," according to Mr Turnbull, who is no metaphysician and seems to like the modern world well enough, "full of joy and happiness and free from care." Yet aside from any evidence that the pygmies of today may or may not be able to throw on the Old Stone Age (and these pygmies, even today, scarcely cultivate anything in the line of food), this book is valuable for its new material about these extremely interesting but little studied communities. It is plain, what many of us suspected, that the pygmies have been as much misunderstood as their negro neighbours. They are in truth neither nasty, brutish nor especially short-lived. Nor are they "primitive."

Some thirty years ago the learned Dr Schebesta, the dean of pygmy studies, published a little paper entitled—provocatively for those days—"*Les Pygmées: sont-ils des primitifs?*" Schebesta's paper left the question open while implying that the answer was in the negative. Mr Turnbull is more forthright. He quickly became convinced that "what little had been written about the pygmies to date gave just about as false a picture as did the thirteenth-century cartographer who painted them as one-legged troglodytes." If this writer is to be believed—and he seems both intelligent and sincere—the pygmies are primitive in nothing but the simplicity of their material possessions.

What is especially good about this book, however, is that it gets right away from the metaphysical meanderings of amateur anthropologists. Mr Turnbull likes the pygmies very much, but he never presents them in the "trailing clouds of glory" metaphor of some other adventurers into the lesser known aspects of humanity in Africa. On the contrary, the steady and persistent characteristic of these cheerfully extraverted forest dwellers, as reported here, is their sheer common sense, their dislike of religious hysteria, their rejection of the power of magic, and their capacity to understand the everyday implications of rational cause and effect. They play along with their gangling Negro neighbours—who quite unjustifiably claim to "own" them—but they escape into their forests whenever the sophistication and general rattle-tattle of village life gets too much for them. This, it appears, is pretty often.

Full marks to Mr Turnbull. When is he going to get back into the field again?

Founding Father

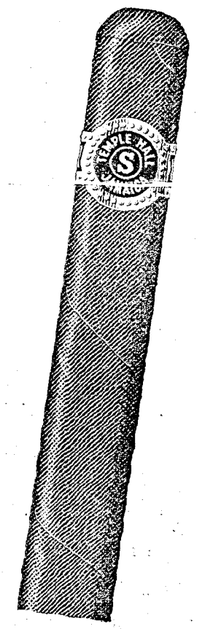
Sky Fever

By Geoffrey de Havilland.

Hamish Hamilton. 240 pages. 25s.

SIR GEOFFREY DE HAVILLAND'S autobiography, written in his eighties, is an old man's recollections in tranquillity: gentle, mellowed, good mannered, some-

whatever the occasion choose



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times touching and occasionally wryly self-mocking—all the things, in short, that the aircraft industry is not. It reveals a great deal about the man himself, almost nothing about the turbulent background to the industry that he helped to found and in which he worked for fifty years. Yet these omissions do not make his book negligible, rather the contrary, for the aircraft industry has been shaped by a few men who for many years held exclusive control of its most important companies and Geoffrey de Havilland was one of these—not perhaps a genius but one of this country's great aircraft designers and perhaps its greatest designer of light machines. For many years he personally designed and personally tested every aircraft that his company produced.

The de Havilland company's prime endured as long as Sir Geoffrey was still its driving force. Then it produced two of the greatest aircraft the world has seen, the apparently immortal Moth family, some of them are still flying more than thirty-five years later and the wartime Mosquito bomber, which was entirely the company's own (and initially unpopular) idea. Of the Puss Moth built in 1929, Sir Geoffrey writes nostalgically that it "could take three people 20 miles on a gallon of petrol at 100 miles an hour, a performance that no motor car has ever achieved," a claim that gives food for thought.

Although the company continued to grow, it never quite touched these heights again. Its Vampire jet fighter did indeed become standard equipment for a staggering number of air forces. The Comet airliner was a wonderful stroke of enterprise, but one doubts, even if tragedy had not overtaken it, whether it would quite have made the grade among such immortals as the DC 3, the Viscount, the Canberra bomber or the Boeing 707.

Because the man was for so long the company, his strength its strength and his weakness its weakness, it is important to establish what manner of man he was. Contemporaries have described him as proud; Sir Geoffrey admits to shyness with strangers and shows great loyalty to old loves, whether to his grandfather's home during a none-too-happy childhood, to his Westerns "of which I have a small and precious collection all of which I know almost by heart" or to old friends who grew up in the company with him. His approach to designing was empirical, to put it mildly; he loved mucking about with machines (and he loved butterflies) but "theoretical work was less to my taste, I cannot remember ever passing an exam." In turn he looked for the same qualities in other men. He defines a good aircraft designer as a man "with much of the creative artist in him backed up by a lot of practical engineering experience. Neither deep knowledge of mathematics nor great theoretical knowledge is necessary." In that one sentence lies the key to all the glories and the explanation of all the tragedies of Geoffrey de Havilland and the aircraft that have borne his name.

Slum Clearance in Lagos

Family and Social Change in an African City

By Peter Marris.
Routledge. 196 pages. 25s.

LAGOS has an unenviable reputation for the slums forming the core beneath a thin rind of modern buildings; these slums presented the first Nigerian ministers with a test of peculiar difficulty. Any scheme to eliminate them bristled with economic, legal, adminstrative and social problems, and, in the event, with political problems as well, bedevilled with emotional crises both genuine and fomented. It says much for the strength of purpose of the minister responsible that clearance was ever started.

Mr Marris's book lucidly picks out most of these complications, and sets them vividly against a background study of a social structure increasingly out of harmony with political and economic trends. His book's central point is that the clearance scheme failed in one major respect because kind hearts are really worth more than all mod. con. and, as ardent town-planners have found elsewhere, the best of re-housing schemes will diminish human happiness if it disrupts social structure. The author also demonstrates conclusively how much greater is the disruption in Nigerian condition where society is intricately permeated by individual small-scale trading enterprise, often carried on by married women, which was stifled in a new environment.

One suspects, however, that the other major defect—the failure of the slum owners to take up or develop their plots in the cleared areas—arose from the classic fault of trying to make water run up hill. If, instead of trying to keep expatriate commercial enterprise out of the cleared areas, the administration had done everything to attract it and demand the highest possible price for commercially valuable land, the whole financial picture would have been transformed, with funds fully sufficient to minimise social hardship and ensure that cleared areas were promptly developed. This is doubtless wishful thinking, politically, and, in fairness, it should have been made clear that the scheme described was only the first step in a long-term plan, and that all these lessons can be applied in future phases of the clearance operation.

A particularly interesting observation is that a very significant minority welcomed rather than lamented their new-found freedom from what they felt as the irritation of excessive intimacy with innumerable relatives, with their importunate demands on their better-off brethren. This minority comprised the young educated, often married, men on their way up the new ladders of social and economic progress. Following this line of thought, Mr Marris draws pointed conclusions about the growing incompatibility between the old social structure and the modern states that are emerging in Africa, and poses what may in the event be the continent's major problem—that of guiding development towards a new society as stable as the old and at the same time avoiding extremes of class distinction.

This study is a model application of sociological acumen to a complex social and economic problem and should be read by those concerned with housing and allied problems in Africa.

The Means to Leisure

The Anatomy of Work

By Georges Friedmann.
Heinemann. 226 pages. 25s.

IN the early years of scientific management, it was presumed that the greater the breakdown of jobs into their component parts, the greater the efficiency. The trouble with this, however, was that men came to be treated as mere extensions of their machines. Today industrial theorists have come to realise that beyond a point the simplification of work creates so many problems of boredom and dissatisfaction among workers that diminishing returns may set in. As a result, in many firms the pendulum has begun to swing back a little, and some tasks are being deliberately re-combined to make their execution more complex.

In "The Anatomy of Work" M. Friedmann, a French sociologist, provides illustrations from many mass-production firms in various countries to show what can be done to give unskilled workers a greater sense of being involved in their work. At the same time the author is aware that there can be no turning the clock back to the days of craftsmanship, and the most important section of the book deals penetratingly with the social implications of this. As M. Friedmann points out, for large sectors of the population work today is but a means of buying better and more leisure. On the face of it, this seems entirely satisfactory, and certainly the British trade unions talk as if it were. However, the question that M. Friedmann suggests we ask ourselves is what will happen to a society in which work itself ceases to be a primary form of satisfaction, and is replaced by the problem of how best to enjoy oneself? The chief danger that M. Friedmann notes in the present situation is that as men are asked to be increasingly passive in their working hours, they will become altogether passive. A reflection of this can be seen in the enormous growth of prefabricated leisure pursuits, and M. Friedmann even argues that the Englishman's passion for his football pools—essentially a game of chance involving little or no skill—is part of the same passivity. The problem is certainly an important one and the author can quote Marx—and even more Freud—in support of his claim that a man who is asked to contribute nothing in his work is stunted in his whole personal relationship with society.

As for a solution, M. Friedmann can talk only of better education, a more responsible use of the mass media and a greater understanding of individual needs in the factory. Perhaps the best comfort we can draw is

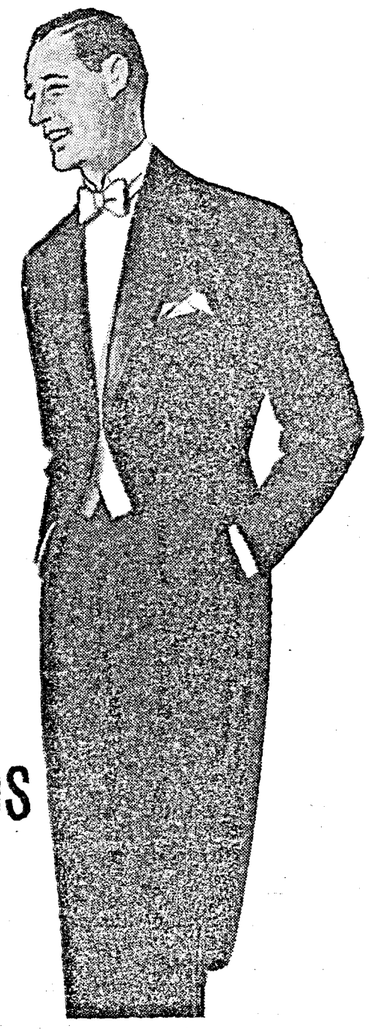


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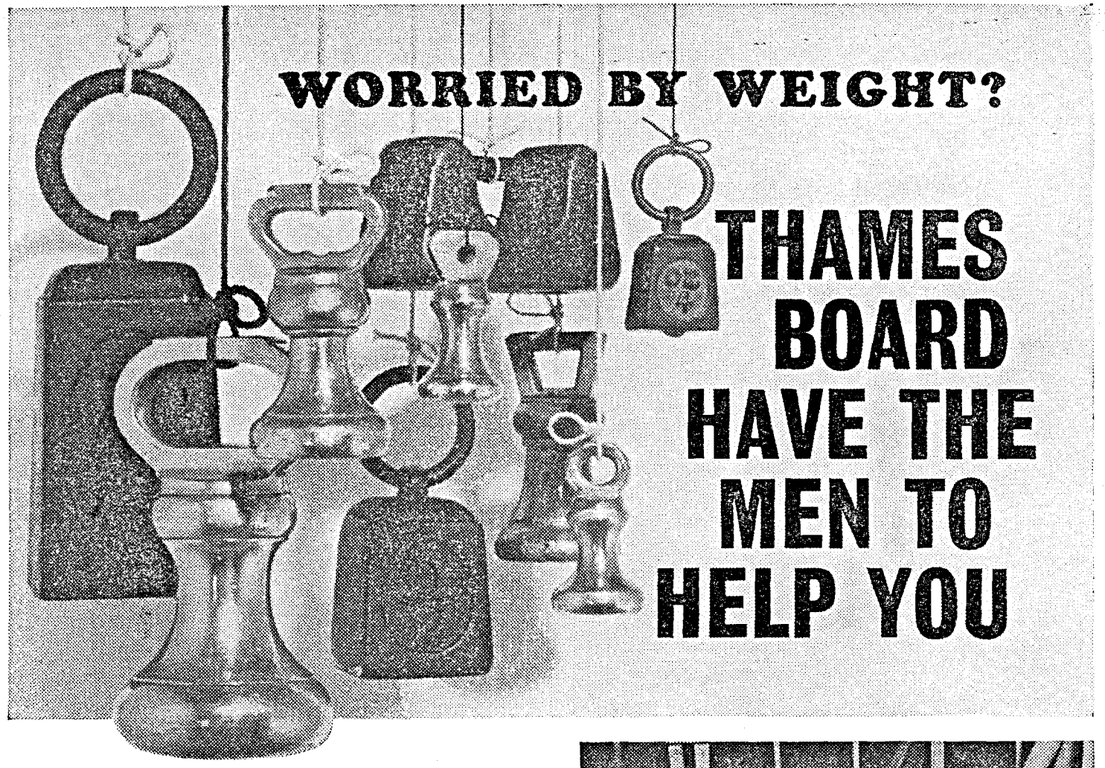


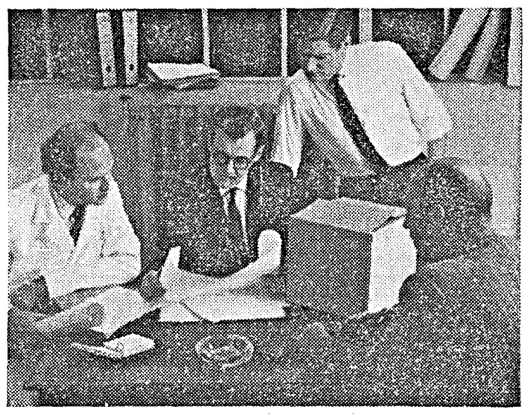
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Mr. S., a maker of metal office chairs, also trades for dollars. He used to use wooden crates. But the Thames Board experts designed him a "Fiberite" case that not only weighed less —but also took up less space, gave better presentation and was easier to handle. The secret? They just detached the backs and legs from the chairs.

Simple. But it took Thames Board to think of it.

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that the actual number of unskilled jobs is declining fairly rapidly, while the number of people in service occupations, which offer more opportunities of satisfaction, is increasing. However, even if the author cannot get round the truth that men cannot live by leisure alone, he presents his facts so clearly that this is an interesting and disturbing book. While Mr Khrushchev promises the Soviet people more leisure and the American unions talk of a thirty hour week, M. Friedmann may be perfectly right that there is already a need for better education, merely to prepare for the hours of free time that lie ahead.

Selling Advertising

Reality in Advertising

By Rosser Reeves.

MacGibbon and Kee. 147 pages. 15s.

THIS is the sort of book that might be bought by the hundred by the advertising agency of which Mr Reeves is the chairman and given away to their clients as an indication of the vigour and skill to be found at the head of that agency. According to the dust-jacket it has in fact been bought by the hundred by one of Mr Reeves's better known rivals on Madison Avenue to give away to *his* staff and clients as "A great polemic." This indicates that, although Mr Reeves is one of the most intelligent and successful of "ideas men" in the American advertising business, it is possible to disagree with him. This may be true, at a rather refined height of technical argument about copy-writing, but most of the book is straightforward to the point of banality, so that polemics hardly seem to be possible—only a rather wan and exhausted assent.

This is not to say that the book will not be useful. On the contrary, it will probably be very useful indeed to working advertising men, who will get here in a nicely got up nutshell much of the experience of one of the acknowledged masters of their craft. Non-advertising men who are willing to make the effort (it is not much of an effort since the book runs smoothly enough) to read it may also come to admire the verve with which Mr Reeves expresses himself. That being so, it will not much matter that Chapter 1 (two pages on "A Common Fallacy") could be summed up in the single sentence "advertising is only one of the possible causes of sales" and that something which Mr Reeves calls "Vampire Video" and about which he goes on for quite a number of pages could be summed up in the two words "avoid irrelevance."

Paperback Selection

Since the new university year got into full swing, there have been ever more paperback issues of new and standard works. Macmillan have produced a new series—appropriately called "Papermacs"—that, apart from the binding, is indistinguishable from the old editions; it is accordingly expensive by comparison with other English paperback series, though for each title the saving on the cloth bound edition is considerable—in most cases about 50 per cent.

Below is a guide to some of the paperbacks received by this journal in recent weeks.

Biography :—

THE LIFE OF LADY MARY WORTLEY MONTAGU. By R. Halsband. 326 pages. 8s. 6d. STALIN: *A Political Biography.* By Isaac Deutscher. 618 pages. 10s. 6d. NEHRU: *A Political Biography.* By Michael Brecher. 276 pages. 7s. 6d. *Oxford Paperbacks.*

Economics :—

THE SOURCES OF INVENTION. By J. Jewkes, D. Sawers and R. Stillerman. 440 pages. 18s. BUSINESS ENTERPRISE: *Its Growth and Organisation.* By R. S. Edwards and H. Townsend. 624 pages. 30s. *Macmillan Papermacs.*

WHAT PRICE ECONOMIC GROWTH? Edited by K. Knorr and W. J. Baumol. *Prentice-Hall.* 184 pages. 15s.

THE STRATEGY OF ECONOMIC DEVELOPMENT. By Albert O. Hirschman. 220 pages. GOLD AND THE DOLLAR CRISIS. By Robert Triffin. 195 pages. SWEDEN: *The Middle Way.* By Marquis W. Childs. 220 pages. *Yale University Press.* 10s. 6d. each.

History and Law :—

THE BLACK DEATH. By Johannes Nohl. *Allen & Unwin.* 159 pages. 6s.

VOICES OF THE INDUSTRIAL REVOLUTION. Edited by J. Bowditch and C. Ramsland. 200 pages. 10s. 6d. THE GATEWAY TO THE MIDDLE AGES. 1. Italy. 2. France and Britain. 3. Monasticism. 219, 152 and 262 pages. 12s. 6d. each. *Michigan University Press.* London: *Cresset Press.*

THE STRUCTURE OF POLITICS AT THE ACCESSION OF GEORGE III. By Lewis Namier. 2nd edition. 531 pages. 25s. THE ENGLAND OF ELIZABETH: *The Structure of Society.* By A. L. Rowse. 562 pages. 18s. A SHORT HISTORY OF THE LABOUR PARTY. By Henry Pelling. 135 pages. 10s. 6d. INTRODUCTION TO THE STUDY OF THE LAW OF THE CONSTITUTION. By A. V. Dicey. 735 pages. 21s. *Macmillan Papermacs.*

ELIZABETHAN LIFE IN TOWN AND COUNTRY. By M. St. Clare Byrne. 351 pages. 12s. 6d. THE COURSE OF GERMAN HISTORY. By A. J. P. Taylor. 282 pages. 10s. 6d. ENGLISH WAYFARING LIFE IN THE MIDDLE AGES. By J. J. Jusserand. 315 pages. 12s. 6d. BYZANTINE CIVILISATION. By Steven Runciman. 320 pages. 9s. 6d. THE CONGRESS OF VIENNA. By Harold Nicolson. 325 pages. 12s. 6d. *Methuen University Paperbacks.*

THE ERA OF CHARLEMAGNE. By S. C. Easton and H. Wieruszowski. 191 pages. THE HABSBURG EMPIRE, 1804-1918. By Hans Kohn. 187 pages. CARDINAL DOCUMENTS IN BRITISH HISTORY. By R. L. Schuyler and C. C. Weston. 191 pages. CAVOUR AND THE UNIFICATION OF ITALY. By Massimo Salvadori. 191 pages. *D. van Nostrand Anvil Original.* 9s. 6d. each.

CONSTITUTIONS AND CONSTITUTIONALISM. (Complete Constitutions of France, West Germany, Russia; major British documents; an original essay on Constitutionalism.) Edited by W. G. Andrews. *D. van Nostrand.* 192 pages. 11s. 6d.

LAW IN THE MAKING. By C. K. Allen. *Oxford Paperbacks.* 684 pages. 10s. 6d.

Philosophy and Politics :—

AN IDEALIST VIEW OF LIFE. By Radhakrishnan. 279 pages. 9s. 6d. THE REVOLT OF THE MASSES. By José Ortega y Gasset. 144 pages. 6s. THE RELIGION OF MAN. By Rabindranath Tagore. 128 pages. 6s. CIVILIZATION AND ETHICS. By Albert Schweitzer. 248 pages. 7s. 6d. THE DECAY AND THE RESTORATION OF CIVILIZATION. By Albert Schweitzer. 91 pages. 4s. 6d. *Allen & Unwin.*

ADVENTURES OF IDEAS. By A. N. Whitehead. *Cambridge University Press.* 302 pages. 10s. 6d.

PHILOSOPHY OF DEMOCRATIC GOVERNMENT. By Yves R. Simon. *Chicago University Press.* 324 pages. 15s.

AUGUSTE COMTE AND POSITIVISM. By John Stuart Mill. 200 pages. HOBBES. By Leslie Stephen. 243 pages. *Michigan University Press.* London: *Cresset Press.* 12s. 6d. each.

GREEK PHILOSOPHY: *Thales to Plato.* By John Burnet. 370 pages. 11s. 6d. THE FOUNDATIONS OF EMPIRICAL KNOWLEDGE. By Alfred J. Ayer. 286 pages. 9s. 6d. *Macmillan Papermacs.*

LIFE AND THOUGHT IN THE GREEK AND ROMAN WORLD. By M. Cary and T. J. Haarhoff. *Methuen University Paperbacks.* 365 pages. 12s. 6d.

THE IDEA OF HISTORY. By R. G. Collingwood. *Oxford Paperbacks.* 365 pages. 7s. 6d.

THE POVERTY OF HISTORICISM. By K. R. Popper. *Routledge.* 176 pages. 6s.

ARMS CONTROL: *Issues for the Public.* Edited by Louis Henkin. *Prentice-Hall.* 216 pages. 15s.

Social and Political Science and Psychology :—

THE IMAGE: *Knowledge in Life and Society.* By Kenneth E. Boulding. 175 pages. 10s. 6d. FRUSTRATION. By N. R. F. Maier. 264 pages. 12s. 6d. *Michigan University Press.* London: *Cresset Press.*

SOCIETY: *An Introductory Analysis.* By R. M. MacIver and C. H. Page. *Macmillan Papermacs.* 714 pages. 16s.

PRINCIPLES OF SOCIAL AND POLITICAL THEORY. By Ernest Barker. *Oxford Paperbacks.* 293 pages. 7s. 6d.

PATTERNS OF CULTURE. By Ruth Benedict. 222 pages. 7s. 6d. THE STATESMAN. By Plato. 244 pages. 8s. 6d. *Routledge.*

KING SOLOMON'S RING. By K. Z. Lorenz. *Methuen University Paperbacks.* 239 pages. 7s. 6d.

Literature and Literary Criticism :—

PARADISE LOST AND ITS CRITICS. By A. J. A. Waldock. *Cambridge University Press.* 147 pages. 7s. 6d.

AN INTRODUCTION TO THE GREEK THEATRE. By P. D. Arnott. 256 pages. 10s. 6d. POLITICAL AND COMIC CHARACTERS OF SHAKESPEARE. By John Palmer. 147 pages. 21s. *Macmillan Papermacs.*

THE WOUND AND THE BOW. By Edmund Wilson. 264 pages. 8s. 6d. THE GROWTH OF THE ENGLISH NOVEL. By Richard Church. 179 pages. 6s. *Methuen University Paperbacks.*

TROLLOPE: *A Commentary.* By Michael Sadleir. 435 pages. 8s. 6d. R.U.R and THE INSECT PLAY. By The Brothers Capek. 177 pages. 7s. 6d. *Oxford Paperbacks.*

ROMANTIC IMAGE. By Frank Kermode. *Routledge.* 182 pages. 7s.

Science :—

SCIENCE AND MUSIC. By James Jeans. *Cambridge University Press.* 268 pages. 12s. 6d.

A DIRECT ENTRY TO ORGANIC CHEMISTRY. By John Read. *Methuen University Paperbacks.* 281 pages. 8s. 6d.

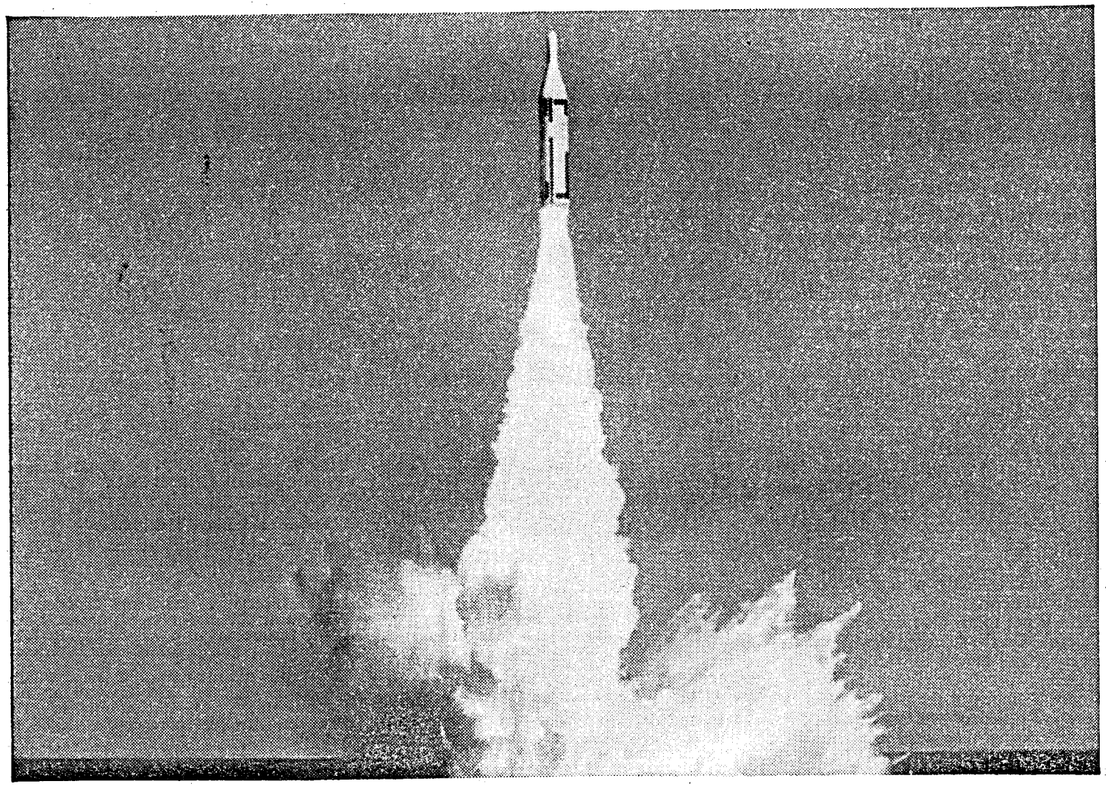
Miscellaneous :—

THE ARCHITECTURE OF HUMANISM. By Geoffrey Scott. 265 pages. 8s. 6d. COMPARATIVE RELIGION. By E. O. James. 334 pages. 10s. 6d. *Methuen University Paperbacks.*

FRENCH MUSIC: *From the death of Berlioz to the death of Fauré.* By Martin Cooper. 250 pages 7s. 6d. NINE DAYAK NIGHTS. By W. R. Geddes. 175 pages. 7s. 6d. ENGLISH ANCESTRY. By A. R. Wagner. 176 pages. 6s. CONVERSION. By A. D. Nock. 321 pages. 7s. 6d. *Oxford Paperbacks.*

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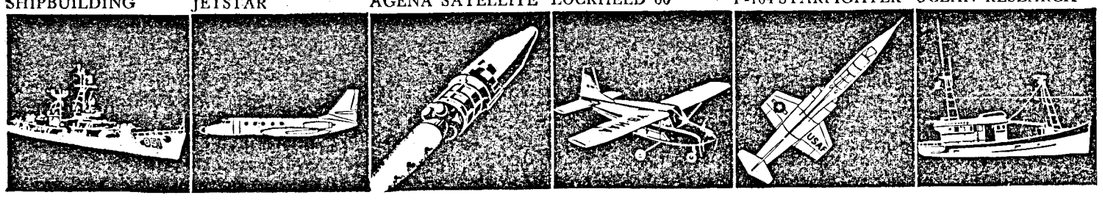


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AMERICAN SURVEY

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

Shipshape at State

WASHINGTON, DC

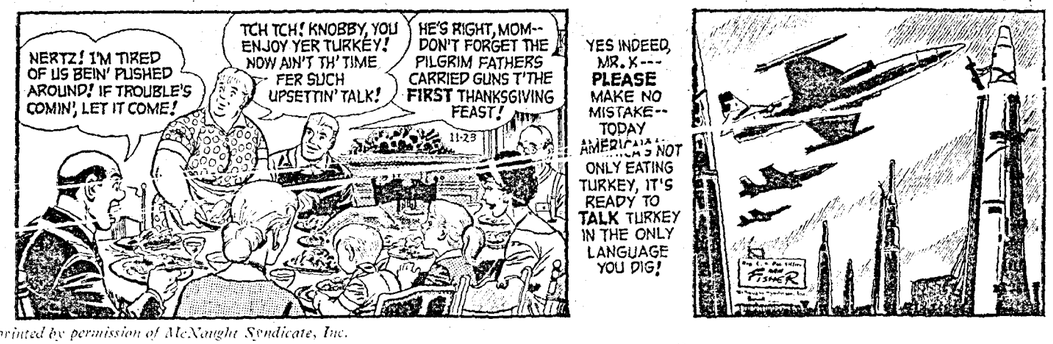
THIS week like a good sailor President Kennedy cleared his decks for action. In the Department of State in some places the right men were pulling on the right ropes but were wearing the wrong uniforms, while in others there were just square pegs in round holes. With the concurrence of the Secretary of State, Mr Dean Rusk, a small flying squad of high calibre moved from the White House into the department. Mr Rostow, one of the President's assistants for national security matters, is now the head of the department's Policy Planning Council. Mr Goodwin, another White House assistant, has become Deputy Assistant Secretary of State for Inter-American Affairs and Mr Dutton, yet another presidential assistant, has taken over from Mr Brooks Hays the important and delicate job of "selling" the Department of State's projects to Congress. The department had just come under fire from the Senate subcommittee on national policy machinery, which had laboured for two years and whose chairman, Senator Jackson, criticised the department for failing to assert its leadership across the whole front of foreign policy. Both in his opinion and in that of other critics, the department has allowed the thundering present to obscure the emerging future and has sometimes been bogged down in timid indecision and administrative sluggishness.

The biggest change this week was the freeing of Mr Chester Bowles from the managerial job of Under Secretary of State, to allow him to pay visits to the new and developing countries, with the rank of Ambassador, and to advise the President on their problems. Mr Bowles may have fought against his freedom; he is said to have spent an hour with the President before an announcement could be made that he had accepted the roaming assignment. The last time that Mr Kennedy attempted to disengage Mr Bowles from his position as second in command at the Department of State the two men also spent an hour together, but that time Mr Bowles, who was Mr Kennedy's campaign adviser on foreign policy, emerged still in possession of the title of Under Secretary; then he rightly refused to resign since this would have made it look as if he had been wrong about the attempted invasion of Cuba and his critics right, instead of the exact opposite. He was, however, noticeably left out of discussions of major decisions on foreign policy, as indeed he had been since he frowned publicly on the Cuban misadventure. Also, he was away from Washington a good deal and, though these absences may not have been entirely of his own choosing, they made it impossible for him to fulfil the proper functions of the Under Secretary, who is supposed to deputise for the Secretary of State when required. Another significant change is that the redoubtable Mr Averell Harriman, currently occupied with Laos, has been appointed Assistant Secretary of State for Far Eastern Affairs in place of Mr McConaughy.

Mr Bowles's successor is Mr George Ball, the Under Secretary for Economic Affairs, who will continue in charge of economic matters and will leave the supervision of daily administration (including some 2,000 incoming and outgoing telegrams) to Mr George McGhee, the new Under Secretary for Political Affairs whom Mr Rostow replaced as the chairman of the department's Policy Planning Council. Mr Ball had in fact been performing Mr Bowles's functions while Mr Bowles expounded foreign policy to Americans abroad and at home. This laid large burdens on Mr Ball's broad back, which Mr Kennedy now needs badly for carrying the ambitious new policy of lowered tariffs and expanded world trade that the President is expected to put to Congress next year.

The new trade policy looks towards the European common market and possibly at opening the road to an eventual Atlantic community. Mr Ball, although oriented towards Europe, is internationally minded and this, with Mr Rostow heading the planning group, ensures that the world will continue to be reviewed as a whole. Nevertheless the President is believed to be fixing his attention increasingly on western Europe and the North Atlantic alliance. At his Wednesday press conference Mr Kennedy spelled this out and indicated that Mr Bowles's new assignment—"an increased opportunity" for him—was devised to ensure that the Administration did not become so concerned with Europe as to ignore those parts of the world where Mr Bowles will now spend most of his time.

JOE PALOOKA — Day of Thanks — By HAM FISHER



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While the changes that have been made are no doubt intended to screw pegs into holes of the right shape, to focus more sharply the advice that the President receives, they could conceivably concern basic policies as well as prominent personalities, though this has been denied officially. Mr Bowles has seemed to feel that American attention to western Europe may clash with America's anti-colonial role in under-developed lands. He was critical of the rearming of Germany and he once called the North Atlantic Treaty Organisation an uncertain and precariously based military alliance. The Indian Prime Minister shares those views. When Mr Nehru was in Washington his host, Mr Kennedy, appeared to be temperamentally allergic to the consolations of Asian philosophy, but subsequently he saw eye to eye with the German Chancellor on important aspects of European defence and economic strength. The President may think that the time has come to recall the old developed world to redress the imbalance of the under-developed new.

For Mr Kennedy associates himself, at least in part, with an American mood of frustration and anger which arose from Mr Khrushchev's imprudent threat to "bury" the United States and which has been aggravated by the unfriendly attitudes of some countries that are under-developed and which were recently colonies. At the end of the second world war the Americans had it in their power to dominate all nations, including Russia. Their rewards for having refrained include to date a war in Korea, apparently implacable Chinese hatred, Mr Khrushchev's constant harrying and a United Nations whose bills they mostly pay but in whose General Assembly they have a continually diminishing voice that has now become a squeak of less than one per cent. Many Americans, including apparently Mr Kennedy, believed formerly that, in addition to all these woes, by the end of this year the United States might have fewer long-range missiles ready for firing than Russia. The President now says that the United States is still ahead of Russia in total military strength. But he adds that he is resolved to pay as high a price as is necessary to stay ahead. And some Americans are so on edge with frustration when they think of the costs and the risks of an arms race whose duration and outcome cannot be foreseen that they wonder aloud if it would not be better to strike now rather than to wait for Russia's first strike.

Mr Kennedy has read Thucydides and also he probably does not believe that there can be a military victory by one side over the other in a world of thermonuclear weapons. What he does appear to believe is that possession of superior military strength can be employed to persuade Mr Khrushchev that the balance of power is not tilting towards Russia after all, that a peaceful settlement is necessary for mutual survival and that a settlement can be obtained through negotiations aimed at agreements which both sides will regard as preferable to the *status quo*. But Mr Khrushchev, the President seems to think, will not soon be persuaded of these things in Asia or Africa or even perhaps in Latin America. It is in Europe, where economic growth more rapid than that of the United States has halted and reversed communist infiltration, that the West's superior strength can be demonstrated. In Europe, it is the West that is stable, the apparently aggressive Russians who are really on the defensive. Elsewhere (until deep-rooted Sino-Soviet differences ripen and Russia's own engineers and poets raise a real clamour of disaffection) the opposite is too frequently the case.

The President cannot feel happy to be told by General Taylor and Mr Rostow that south Vietnam may be saved without the dispatch of large American forces only if the south Vietnamese government accepts American advice, when south Vietnamese newspapers under government auspices are accusing the United States of interference for the sake of profiting from capitalist imperialist exploitation. He may not feel much better about Latin America, where the 138-year-old Monroe Doctrine has been breached. Mr Kennedy did send American warships sailing into the Caribbean off the coast of the Dominican Republic—and he may yet be compelled to become quite deeply involved in guerrilla fighting in south Vietnam. Nevertheless, he seems determined that the United States shall not be over-extended in other parts of the world when he expects the real confrontation to be in Europe ; there, he seems to think, it is the Soviet block and not Nato that will back down.

On Wednesday he intimated that the quest for harmony between the Warsaw Pact countries and Nato would come best after successful negotiations over Berlin which, he hinted, might include some form of international control of the access routes. The President assured the editor of *Izvestia* at his marathon interview last week that the United States was just as anxious as the Soviet Union to prevent another war arising out of Germany ; he added that both sides should attempt to negotiate a solution making it possible to keep peace in Central Europe. But before wider issues are entered on it seems that the Russians must pass Mr Kennedy's test of "reasonableness" over Berlin.

"Silver and Gold . . . .

Have I none" or at least not enough, says the United States government, announcing first that last week it lost a record amount of gold, $300 million, leaving it with less than $17 billion worth in stock, the least since 1939 ; and secondly, that this week it has stopped selling silver on the open market because its "free" supplies of that metal are practically exhausted. There is no real reason why either of these announcements should undermine confidence in the dollar although, with speculators and private bankers as nervous and suspicious as they are, the fact that the two announcements came together may mean that they have wider repercussions than they should.

The loss of gold was due not to a flight from the dollar but to a large purchase by the British government (discussed more fully on page 946) which, according to the American authorities, was an example of the co-operation between the two countries which is now being relied on to strengthen the dollar. The suspension of sales of silver had obviously been coming for some time, since the mounting demand for the metal from industrial users, far in excess of the quantity being mined, had almost used up the free stocks which the Treasury had accumulated in the past. But the 1.7 billion additional ounces which it holds as a monetary reserve, to back $1, $2, $5 and $10 bills, is still intact, although attempts are to be made to free this silver gradually by including these denominations in the central bank's note issue. It is this decision to demonetise silver, rather than the one to suspend sales, which is this week's really sweeping change, making silver into an ordinary commodity.

This change will counteract some of the immediate pleasure of the silver producers at the price rise set off by the removal of the ceiling of 91 cents an ounce which the government's sales at that price have put on the silver markets ; the fact that it still has 22 million ounces of free silver available will restrain prices somewhat. The producers will be even more opposed to the President's request to Congress to repeal the law which requires the Treasury to buy silver at 90½ cents an ounce, a floor under the metal which dates back to the depression days of the nineteen-thirties and which is closely associated with the Democratic party and particularly with the Democratic Senators from western states. While the Secretary of the Treasury expects Congress to agree to this, much will depend on how far the price of silver has gone up when the legislation comes to be considered, how likely it is to stay up, and on the extent to which concealed stocks of silver are brought into the market by higher prices ; according to the experts, silver mines will not be reopened or new deposits developed unless the price rises to $1.10 an ounce.

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Republicans' Mint Julep

LAST month, in spite of repeated appeals from the Administration, Democrats in Georgia insisted that Negroes should be barred from a dinner in Atlanta at which Mr McNamara, the Secretary of Defence, spoke. A week later southern Republicans, who were holding a regional conference in the same city, rubbed salt in the wound by including fifty Negroes at a political dinner. But Senator Goldwater, the idol of the Republican right-wing, came to the Democrats' rescue next day by making an open appeal to the prejudices of segregationist southern conservatives. He said that he favoured watering down the civil rights position adopted by the Republican party last year and added that he would support a constitutional amendment making it clear that education is a matter solely for the states—a slap at the Supreme Court's decision that racial segregation is unconstitutional in tax-supported schools.

Mr Goldwater's motives may amount to no more than a dream of capturing the Republican presidential nomination in 1964 by including delegates from some of the southern states in his camp—a dream that has a little more substance since Governor Rockefeller committed a political *faux pas* by announcing that he and his wife were planning a divorce. But other Republicans seeking to establish a two-party system in the changing South may well be tempted by the conservative votes likely to fall into their laps if only the party will soft-pedal its traditional support for Negro rights. At present the Republicans send only eight Representatives to Washington from the southern states, but the old party hacks in the South who were interested only in patronage are being replaced gradually by younger, keener business and professional men; they talk hopefully of winning eight more seats next year, which would be a useful contribution to the forty-four which the Republicans need if they are to gain a majority in the House. Two special elections this month in Texas—to fill the seats of Mr Rayburn and of Mr Ikard, who has resigned—may show how the wind is blowing in a southern state where the Republican organisation is vigorous and where Democrats are beginning to repudiate their party at public "resignation rallies." Elsewhere Republican organisations are weaker, but they have started to win a few local elections, even in South Carolina.

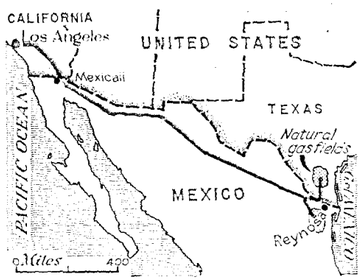
These ripples might become a wave if the Republicans showed more sympathy for the segregationist views of Southerners whose economic interests already incline them toward the Republican camp. Some Republican organisations in the South are rigidly segregationist, in Mississippi, for example, but in Georgia at least one local leader looks ahead to the day when there will be 2 million Negro voters in the state who must not be alienated. The national leaders of the party are even more concerned about alienating the present Negro voters in the big northern and western cities. Senator Goldwater might win the South by appealing to its racial views and its growing interest in protection and lose the rest of the country.

Spanners in Government

AFTER the last great war the way the American government handled its national security policies—on defence, foreign politics and economics—was reorganised to reflect the lessons that had been learnt during the struggle. But, as the cold war has become semi-permanent, there have been many doubts about whether even this new machinery provides the planning, flexibility and co-ordination to enable the right decisions to be taken in time and many changes have been proposed. Two years ago the Senate established a subcommittee on national policy machinery, under Senator Jackson, to find out how well the government is organised and manned to meet the challenge from the communist world. The committee's staff was able; its members included Senators Humphrey, Javits, Mundt and Muskie; its approach was non-partisan; and its witnesses amounted to a roll-call of many of the most distinguished public servants America has had: Mr Lovett, Mr Kennan, Mr Harriman, General Taylor and Mr Nitze among others. Their testimony makes enthralling reading.

Last week, just before the government changes were announced, Senator Jackson issued a personal "final statement" with which other members of the subcommittee are expected to agree. Its major conclusion is that no new machinery is needed and that any proposal to add to what exists should be examined with the utmost scepticism; in particular, committee-killing, rather than committee-creating, should be the order of the day. (In this respect and a few others the President has already taken the committee's advice.) But the machinery needs to be used better; it is plain that the subcommittee considers that the National Security Council was allowed to become too large and over-institutionalised and to deal too often with routine matters under President Eisenhower, and that it should be confined to presenting the President with major alternatives of policy. The authority of the Secretary of State (who in the American system is the President's principal adviser in the foreign field) should be clearer and his effectiveness greater; this apparently answers those who advocate a "First Secretary" to share the President's load.

Senator Jackson, who thinks that the main problem is to get the best possible people into the important jobs, finds a good deal to criticise on this score. For one thing the government is, he says, over-staffed; the real crime is not that this wastes money but that it wastes the time and energies of the men who are really doing the work. Higher salaries are needed to attract good people; better training arrangements are needed to give them breadth of view and of experience; and it should be made easier to bring in distinguished men from outside by relaxing and modernising the conflict of interest laws. Finally, Senator Jackson argues that a stronger Bureau of the Budget would help the President to establish an order of national priorities and that Congress, whose dealing with matters of national security is dangerously fragmented, should improve its own organisation.



Gas for Gringos

FROM A CORRESPONDENT IN LOS ANGELES

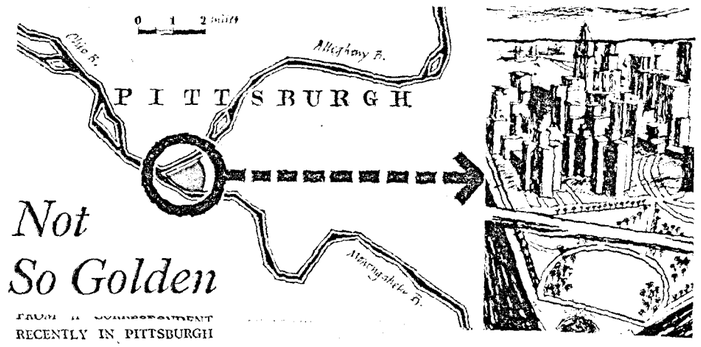
SO great is the demand for natural gas in California, as a result of its industrialisation and the growth of its population, that arrangements have been made to bring in gas from Canada; the pipelines are already being laid. Now imports from Mexico are proposed. The Southern California Edison Company, the giant electricity firm in the southern part of the state, has applied to the California Public Utilities Commission for a permit to bring in 75 million cubic feet of gas a day from Mexico to burn in its generating plants in the Los Angeles area.

Why go to Mexico for gas? The explanation is somewhat complicated. The proposal to bring in foreign gas is part of a broader project to transport natural gas from Texas to California by way of a pipeline through Mexico. The Edison Company wants to do this to obtain its own independent supply of fuel. It had this once when most of its power was generated in the High Sierras at its own hydro-electric facilities; but by the end of the war the water resources of the region were fully exploited. Since then most of the electricity sent out over the Edison grid in southern and central California has been generated in steam plants. They now carry over 80 per cent of the total load.

In these steam plants the company can burn either gas or oil as fuel and can switch from one to the other at short notice. But to prevent smog in Los Angeles the company, in common with other industrial facilities, is prohibited from burning oil from the middle of April to the middle of November. Hence, for a large part of the year, natural gas is virtually the only fuel consumed. At present the greater part of this gas is supplied by two companies which are both subsidiaries of the Pacific Lighting Corporation of San Francisco.

At the hearings now going on in Los Angeles before the Public Utilities Commission, which has to decide whether the Edison project would be in the public interest, Edison has pointed out in support of its proposal that the cost of gas for fuel has doubled in the past decade, rising from 19 to 38 cents a cubic foot, and also that the firm, which provides an electricity service to customers which cannot be interrupted, has to depend on a supply of gas

Continued on page 910



Not So Golden

FROM A CORRESPONDENT RECENTLY IN PITTSBURGH

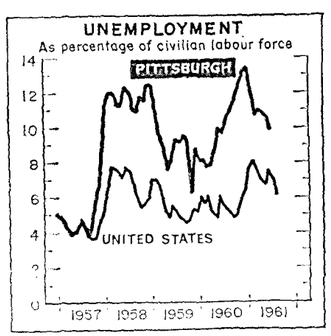
MUCH has been written about the so-called "renaissance" of the once smoky steel capital of America—Pittsburgh. Many gleaming skyscrapers have risen on the Golden Triangle where the Allegheny and Monongahela rivers join to form the Ohio. But the new construction has been likened by one local economist to "a golden filling in a mouth full of decay." And the underlying hope—that a declining city could rejuvenate itself by its own efforts—has not been fulfilled. Now Pittsburgh has been officially labelled a "chronically depressed" area eligible for such government help as this status brings with it.

The city has made no small effort to help itself. Since the end of the war fifteen skyscrapers have been built to provide new office and hotel accommodation and many of the major companies in the area have moved their headquarters into these impressive structures. More new buildings are under construction towards the outskirts of the city, but so far progress on these projects has been held back by local political and administrative difficulties. Pittsburghers have not relied solely upon redevelopment to make their city more attractive; a programme of smoke control has been pursued strenuously, but there is still a long way to go before the air will be really clear. For example, the steel industry, one of the worst offenders, says it will not be completely "clean" until 1970—some twenty-five years after the initiation of the programme. However, much has been achieved already; a nun, who revisited the city last year for the first time since 1936, commented that "the last time I visited I had to change my cuffs and collar twice a day. This time, I changed only once a day."

But it takes more than new office buildings and cleaner air to promote real economic growth. Both industry and people are leaving the Pittsburgh area on an unprecedented scale and in most other respects the region is rapidly losing ground compared with other big industrial centres. Unemployment in Pittsburgh is running far higher than for the country as a whole—and this discrepancy is by no means unusual. Incomes in the region generally are rising at a much slower rate than in other parts of the United States and Pittsburgh itself no longer enjoys the reputation of being a notoriously high wage city. Outside the refurbished central area, Pittsburgh gives every appearance of decline. Slums can be found on all sides of the town and the system of mass transport (which is penniless) probably offers the worst service of any in the country for a fare that is exceptionally high. The roads in the city are in a deplorable state and other services, such as rubbish collection and street cleaning, leave a lot to be desired.

Pittsburgh is battling with all the usual problems that face large cities in the age of the motor car—the mass exodus of better-off families to the suburbs, the steady deterioration of public services within the city. And it has others peculiar to itself. Its failure to achieve a reasonable pace of economic growth must in large measure be blamed on the American steel industry which itself has been beset in the last few years by strikes, high unemployment and a static market for its products. And even within the steel industry Pittsburgh has been losing business to the newer and more efficient plants that have been built in other parts of the country.

But with commendable American enthusiasm the city authorities and the citizens remain undaunted and new solutions to the city's problems are constantly being produced. With the substantial help of a local financier, a Pittsburgh Regional Planning Association was established with a budget of $400,000 and a directive to find a prescription that will make Pittsburgh grow, to be published next year. According to one member of this team the opportunities for growth open to Pittsburgh are very limited but there is one real hope: that Pittsburgh may become a major centre of atomic research in the United States. Some of the largest electrical manufacturers already have their headquarters in Pittsburgh and much of their research is being done in the area.



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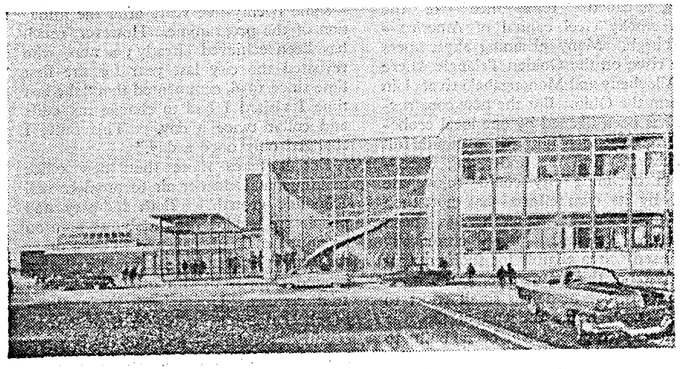
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Experts on Tap



FROM A SPECIAL CORRESPONDENT

IT has already become clear that the *educated approach* to government, which is so marked a feature of President Kennedy's Administration, will, like the golfing approach of his predecessor, come in for its share of criticism. But in spite of caustic comments from some quarters, the learned bodies whose aid has been invoked continue to beam at the calls for their help. One of the most interesting of these is the Brookings Institution, a small but distinguished research organisation in the heart of Washington which has worked for four decades in the fields of government, economics and foreign affairs. It was Brookings whose staff produced, in the summer of 1960, the famous study of the problems inherent in the change from one Administration to another at the *precise moment when these problems* were puzzling the Kennedy forces.

Since then the Institution has satisfied other needs, both transitional and fundamental. Because the American system, recognising no equivalent of the British "loyal opposition," provides neither staff nor quarters nor even postal addresses for an incoming Administration until its members actually move into office on Inauguration Day, groups preparing reports for the President-elect found themselves with nowhere to work between November and *January, except a park bench. In this frigid* situation the Brookings staff, which had just moved from outgrown quarters to a spacious new building, came to the rescue. It provided rooms for conferences and consultations and it had experts on government and economics whose advice could be sought. It had a reference library at once competent and pertinent; it even had a series of carrels (a mediaeval word for study space which the Oxford English Dictionary declares obsolete but which Brookings finds fitting) for harried members of various task forces.

As a research centre, Brookings is unique in Washington; its position there is not the least of its advantages. Washington is a city which is more occupied with the practice than *with the theory of government and it lacks* a recognised centre for post-graduate studies in the realm of the social sciences. To provide this is one of Brookings's dearly held aims. Its new building bears the title "Center for Advanced Studies" on the side of one wing; plans for another building which *is to have more extensive facilities for such* studies are already under way.

The desire of the extraordinary business man who gave his name and most of his fortune to Brookings was that his creation should put the insights of the social sciences at the service of the government. This is an ideal not without some peril. The social sciences are relatively new; moreover, a privately financed research organisation with a declared interest in the affairs of government does not always find it easy to convince everyone of its political neutrality. Moreover, academic institutions organised in the conventional way raise their eyebrows at the less conventional approaches which are a source of Brookings's strength.

UNMOVED by criticisms, Brookings continues to flourish. In the past six years its staff and its financial resources have both doubled. Its staff, with a hard core of perhaps a dozen scholars on permanent tenure, includes some seventy more attached to it for varying terms and under various arrangements. Its annual operating income, derived in part from grants by philanthropic foundations, grew from under $700,000 in 1954 to close on $2 million at the end of 1960; its *total assets (including the cost of its new* building, which was paid before the move was made) rose over the same period from $7 million to $16 million. Its popularity with the fund-granting foundations keeps pace with its popularity with government, which makes repeated requests for its research services. In part this popularity is due to the new liveliness of what was sometimes regarded, in earlier years, as a formidably conservative group. In the past six years Brookings's contact with modern realities has been increasing and its hospitality to newer lines of investigation has been *attracting* younger men.

The character of the Institution's output varies. Careful, classic studies in their chosen *field may* be initiated by scholars on the staff, or by men with other academic connections who desire to work under the wing of Brookings. Most of the projects for study which are given the Institution's support are expected to result in books that will be published by Brookings, although sometimes a study made under the auspices of Brookings may, for one reason or another, be published by an outside press. Each study, when it is submitted for publication, is reviewed by a specially appointed committee of experts, and revised by the author with due attention to their recommendations before it can receive the Brookings imprint. This editing by committee does not always improve a book's readability and liveliness of presentation is still suspect, but recently there has been a visible improvement in lay-out and typography, along with more alluring dust jackets.

Short "problem papers" on points of specific difficulty may be either inspired by the staff or requested by a government office or an outside group. Recently Brookings has framed a long-range programme of study and research on the social, economic, political, legal and international implications of the exploration of space for the government. And a five-year project for research and education on the economics of taxation and government expenditure is being initiated by the Institution under the guidance of a National Committee on Government Finance, with funds provided by the Ford Foundation. Other work includes technical assistance to Vietnam and the framing of a tax system for South Korea. A new departure is the State Department's request that Brookings undertake studies of development problems in collaboration with the Overseas Development Institute in London which has received a similar request from the British authorities.

In addition, the staff has recently brought into play techniques of communication at once older and newer than the printed page. Recognising that the daily contact with government affairs which is possible in Washington, like the government's need for quick answers, offers areas for study and service which are still unexplored, conference programmes of varying patterns have been devised to serve young Congressmen seeking to know more about their jobs, senior executives in different government departments eager to exchange mutual problems and solutions and the representatives of big companies who have been assigned to the capital and are puzzled by its complexity. Frankly experimental, these approaches constitute a fresh attack on the centres of isolation which develop within a big government.

So far, Brookings has limited its work in practice to the two social sciences singled out by its founder: economics and political science. It lays little stress on sociology, still less on anthropology and social psychology. Tacit recognition that these latter three may prove increasingly important, particularly to the new countries springing up from the colonialism of the past, may modify the present pattern. The president of the Brookings Institution, Dr Robert Calkins, whose broad grasp of modern problems has been a great factor in the recent expansion of the research which it undertakes, recognises that the growth of the federal government, at home and abroad, requires insights more extensive than those offered by Mr Brookings's two original disciplines.

Continued from page 907

that is interruptible. If at any time domestic users of gas are in danger of running short, the two companies can divert supplies from Edison and other industrial consumers.

The electric power company proposes to end this dependence by bringing in its own gas. Most of this—380 million cubic feet out of a total of 455 million cubic feet a day—would come from the fields of the Humble Oil and Refining Company in South Texas, on the famed King Ranch, but it would be transported to California by way of a pipeline through northern Mexico. The remaining 75 million cubic feet a day would come from Mexican gas fields across the border. While the Texan reserves are already being highly exploited, those in Mexico are undeveloped and, according to Edison experts, they are among the largest remaining sources of fuel on the North American continent.

The project has many points of interest, not the least important being the strong opposition from the two gas companies, who see themselves threatened with the loss of their biggest customer, Southern California Edison. Outside of California, the most intriguing facet of the situation is its hands-across-the-border aspect. As the plans have been drawn up, two relatively short pipelines would be built in the United States, both by the Tennessee Gas Transmission Company, one of the largest operators of pipelines in America. The first would run from the King Ranch gas fields to the Mexican border at Reynosa, the other from the Mexican border at Mexicali to the Edison electric plants in the Los Angeles area. But the largest section of pipeline, 1,200 miles long, joining Reynosa and Mexicali, would be constructed by Petroleos Mexicanos (Pemex), the Mexican government's oil and gas monopoly, which also owns the fields from which the Mexican gas would be drawn. Pemex plans to raise $165 million, the estimated cost of the construction, from the sale of bonds which would be retired out of gas revenues from Edison over a twenty-year period. American investors are expected to be large buyers of the bonds.

Mexican development would be assisted in two important ways. First, a market would be opened up for gas—and the eventual demand might exceed by many times the original 75 million cubic feet a day which Edison would contract to buy. Secondly, Mexican communities along the 1,200 miles of the pipeline would be entitled to draw on the supply, so that the economy of a wide area of the northern part of the country would benefit. In the United States there is controversy over the project and an early decision is not to be expected, but in Mexico the advantage of the proposed joint enterprise must seem incontrovertible.

Gobbling It Up

EVEN the Thanksgiving turkey has now become a "convenience" food. Last week housewives who wanted to save themselves the trouble of peeling chestnuts and their husbands the trouble of dissecting joints could serve a bird which had been stuffed and boned before it was frozen and could be carved like a loaf of bread. It may have tasted like one too and it was certainly more expensive than the traditional variety. For turkey prices were down by about 25 per cent this year. Farmers are complaining that they are actually losing money on their turkeys, even though the cost of feed is also down, and are considering whether they should accept government regulation as a remedy.

Prices will go down still further, but farmers may do better even so, if the giant turkeys now being grown experimentally become general. These successors to the postwar innovation, double-breasted turkeys small enough for any oven, are already tipping the scales at 50 pounds each, enough to feed 75 Thanksgivers—and 100-pound turkeys are being predicted. Such monstrosities are said to be less costly to produce, although "the bigger the bird, the fewer its eggs," and cheaper for consumers, particularly for the restaurants and food processors who buy about one-third of all the turkeys sold. Large birds have more meat in proportion to bone than do small ones and it is easier to cut them up, whether for blue plate specials or frozen turkey dinners.

Hamming It Up

HAMS were also being blown up into larger sizes—or less solid ones. But against this consumers have revolted successfully, it seems, with the help of a new Administration anxious to redeem its election pledge that their interests would be protected. The story begins about thirty years ago when meat packers discovered how to speed up and cheapen the old slow method of preserving ham—soaking it in brine and then smoking it—by injecting a pickling solution into the meat. This increases its weight and in 1950 the Department of Agriculture ruled that uncooked smoked meat subject to federal inspection—that is, entering into interstate commerce—must not weigh more when sold than it did before it was cured, thus keeping the new product off the market. Last December the retiring Republican Secretary of Agriculture quietly amended this order to allow an increase of up to 10 per cent in weight. This was done at the request of the big meat packers who claimed that small firms, which do not sell outside their own state and are therefore not bound by federal regulation, were profiting unfairly from being able to use the cheap process.

As a result the market was flooded with moist, mild-tasting hams and the Department of Agriculture was flooded with protests. The new Democratic Secretary called a series of hearings at which the meat packers argued that consumers preferred moist hams and that they were not paying for water since lower prices allowed for this change in quality. Consumers denied that they liked the hams or were prepared to buy water instead of meat; in addition they complained that the new product did not keep well. In the middle of last month the original order was reinstated but to comfort the large packers, who are fighting the reinstatement in the courts, the Secretary of Agriculture may ask Congress to apply it to the small intra-state firms as well.

SHORTER NOTES

It is now taken for granted that Representative McCormack of Massachusetts will succeed Mr Rayburn, who died last month, as Speaker of the House. But the appointment cannot be voted on officially until Congress returns to Washington early in January. Meanwhile, should anything happen to Mr Kennedy and his Vice President, Mr Johnson, the new President would be Senator Hayden of Arizona, the 84-year-old President Pro Tem of the Senate. He is fourth in line of succession, the Speaker being third.

* * *

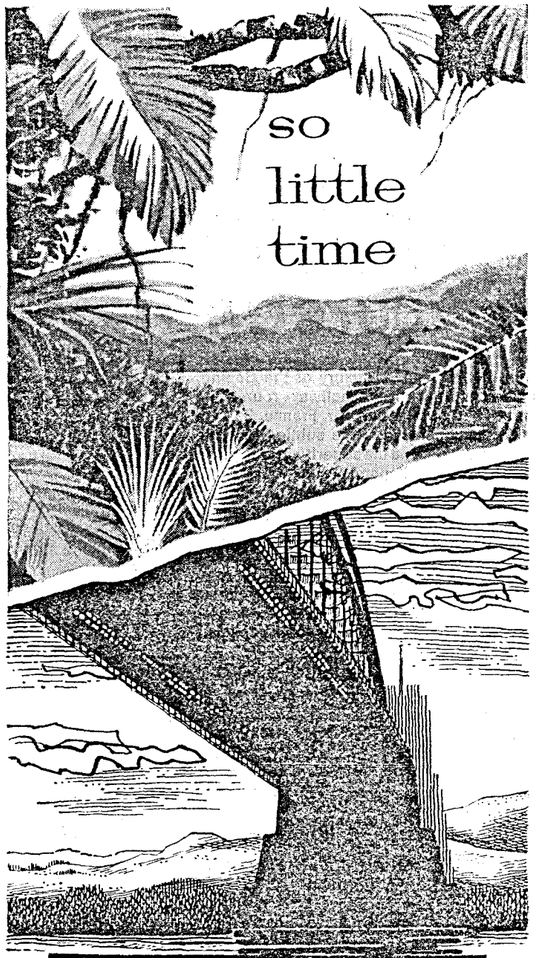
A Bill passed by Congress in almost record time to deal with last summer's outbreaks of aircraft "hijacking" made it piracy and a federal offence punishable by death to take over a commercial airliner by force when in flight. To assault a member of the crew is now punishable by up to twenty years in prison; if weapons are used the penalty may be life imprisonment.

* * *

The only bit of President Kennedy's tax programme which has been adopted this year is a provision authorising the Treasury to allot numbers to the 60 million people who pay federal taxes. Only a few million new numbers are involved, since most people have, and use, their social security numbers. The purpose of making the practice universal is to enable automatic equipment to pinpoint those who are not paying their taxes in full.



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THE WORLD OVERSEAS

United Nations Without a Quixote

FROM OUR SPECIAL CORRESPONDENT

New York

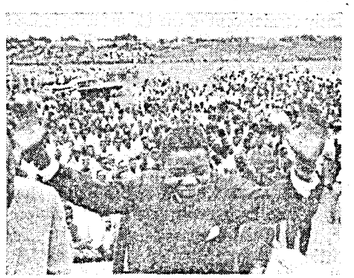
SINCE the passing of the Congo resolution by the Security Council on November 24th, the United Nations' attention has been outwardly transferred to various other issues: a public debate ranging from disarmament to the Dominican Republic, while the "hot seat" issue of Chinese representation looms ahead. But the troubled Congo flows powerfully on through the heart of the jungle of the Assembly's manifold discussions.

The stream has been thickened with disenchantment and dark doubt by the warning from London last week that British support of the Congo operation was contingent on a certain manner of conducting it. About the precise intention behind the British warning, there is some uncertainty. As it was published, by the chief British delegate, Sir Patrick Dean, in the Security Council debate on November 21st, it reads:

> I must make it clear that the continued full support by the United Kingdom of the Congo operation must depend on the skill and wisdom and the conciliatory manner with which the United Nations carries out its mandate.

Those here who would dearly like to achieve a sympathetic understanding of the British position on Katanga are doing their best to satisfy their own doubts by accepting the common argument that the British Government, needing backbench support for its European venture, cannot help but pacify its domestic Katanga lobby. This tendency is assisted by the British delegation's own visible unhappiness over the new parting of the ways and its noticeable lack of conviction in advancing the appropriate arguments. But there is additional concern here over the odd way in which the essentials of the latest phase of the Congo situation are apparently being presented to—or withheld from—large segments of opinion in Britain. It has been noted that the British threat to contract out of the United Nations operation went almost unreported in London. And, to take another example, incredulous eyebrows were raised here last week when it was solemnly averred in a British speech that Mr Tshombe had been conscientiously observing the October cease-fire terms.

It is doubted here whether it is clearly understood in London what the United Nations has now publicly agreed should be done about Katanga—or what is the mood now shaping the plans to execute the agreed intention. The new mandate which the Security Council gave U Thant on November 24th is much more direct and incisive than the one previously provided by the council's resolution of February 21st. The acting secretary-general is now authorised and required to use the "requisite measure of force, if necessary" in order to apprehend, deport or detain Mr Tshombe's mercenaries and foreign political advisers. The use of force is no longer set only in the context of prevention of civil war, or authorised only in the last resort. Provision for detention as an alternative to deportation may dispose of the formerly prevalent business of deported mercenaries constantly filtering back into the Congo after a short and refreshing spell of leave—with their fares paid by the United Nations on the journey out, by Mr Tshombe's cut from the mining companies' revenues on the way back.



Mr Tshombe: charging windmill.

Nothing here supports the idea that this mandate is now to be executed in a mood of violent emotion and unreason. On the contrary, among those concerned the prevailing mood is marked by caution—and by cold, distinctly uncomforting logic. Up on the 38th floor of the secretariat tower, where the executive team that Mr Hammarskjöld created for the Congo operation now serves his successor, there is no bloodlust, no burning wish to avenge the September setback, and no illusion about the many difficulties that lie ahead. Reasoning starts from the proposition that Mr Tshombe's ability to maintain his secession rests unquestionably on his access to foreign help and personnel. This is not such a bad starting point, since it is the one assumption shared by all parties in common, including Mr Tshombe himself.

But it does not follow, and it is not being assumed, that the only course of action open to the United Nations is to mount another sudden general swoop as on August 28th and September 13th. Military limitations of the UN are now more clearly recognised. It now has the mastery of the air, which in September was dominated by the Katanga secessionists' single jet: the Dorniers which Mr Tshombe recently obtained from Germany have not reappeared in an active role since the United Nations' command warned them off. But even with the expected Ghanaian and Indonesian reinforcements, the United Nations force will remain not only weak on the ground but inhibited by several contributing countries' express opposition to any involvement in a head-on major clash. A clash forced upon the United Nations by the secessionists' own initiative might be a different matter.

There is no doubt about U Thant's explicit and sincere intention of settling matters without resort to force if that is at all possible within the time limits. Finally, he is aware how deeply the UN's own fate is involved. U Thant is on record as sharing Mr Hammarskjöld's belief that the organisation can and should play an active role, not merely a "conference" one, in resolving international problems. There is no question of the United Nations under his ægis being deliberately cut back to fulfil a conference role only. But the frustration of its hopes in regard to Katanga could cut it back to that—if not, indeed, further back still.

The men on the 38th floor today have been described as a bunch of Sancho Panzas left without a Quixote. Unkind though that phrase may be, there is no doubt about one thing: the windmills are really charging down upon them in this case. U Thant has already impressed most observers by his adroit adoption of a posture that should give him a maximum of freedom in executing the new mandate. The echo of Mr Hammarskjöld was quietly resounding. But the late secretary-general took several years to build up the posture and stature for which he will be remembered. His successor starts with a valuable inheritance in many respects—but the total legacy includes one liability, in the shape of the Congo crisis, that is more pressing and urgent than anything that was thrust upon Mr Hammarskjöld in his first years in office.

Mr Maudling's Valentine

FROM OUR CORRESPONDENT IN NAIROBI

MR MAUDLING, having been handed an irritable bear by the tail in the shape of several difficult colonies, gave in his five-day visit to Kenya, which ended on Wednesday, a distinct impression that he actually enjoyed the position. More remarkable, having listened to a score of differently minded deputations, from the uncompromising Somali secessionists to a group of earnest, unassuming African women, he rejected the idea of soothing the beast with honeyed words. Instead, in his remarks made before flying on to central Africa, he was commendably frank yet unpartisan.

The political problems had to be "solved and solved soon if Kenya's economy, already sadly strained by natural disasters and flagging confidence, is not to be irreparably damaged." Britain had a great responsibility in tackling these problems, but "even greater and more direct" was the responsibility on Kenya politicians. He had seen enough, he said, to know that tribal tensions and fears of intimidation were based on truth. Indeed, he had: when he flew last Sunday to see the white farmers of Eldoret, excitement over his visit had led to a party clash in which one man was killed and a dozen injured. He had made separate appeals to both African parties to stamp out intimidation and been assured they would do their best. He called for an end to the "exchange of slogans," and a concentration on facts in preparation for the London constitutional conference in February.

If Mr Maudling had left it at that he would have provided no more than the sort of sermon Kenyans are used to hearing from the governor's lips. But he added some of his own thinking about



Mr Maudling: no honey for the bear.

the best form of constitution for an independent Kenya. Remarking that there was more common ground between the African parties than might appear on the surface, he trod carefully down the middle of this important space. The Kenya African Democratic Union, the main government party which comprises pastoral and other small tribes, has apparently left him in doubt about what it means by regionalism, though he accepts that its main concern is for individual rights. Equally he accepts from Mr Kenyatta's Kenya African National Union that there cannot be a Kenya nation without, in the Colonial Secretary's words, "a stable and competent central government." His compromise solution seems to be that in addition to this central government there should be (and he was very careful about phrasing these words) "other governing authorities with their own defined rights which do not derive from the central government but are entrenched and written into the constitution." To Kadu, which demands that central government powers should be delegated from the regions, and to Kanu, which asks that local government powers be devolved from the centre, the judicious Mr Maudling replies that both authorities shall derive their powers from an agreed constitution. He throws in a warning to the Kadu leaders that "trying to meet tribalism by tribal methods runs the danger of perpetuating it. We must try to meet tribalism by looking for individual safeguards."

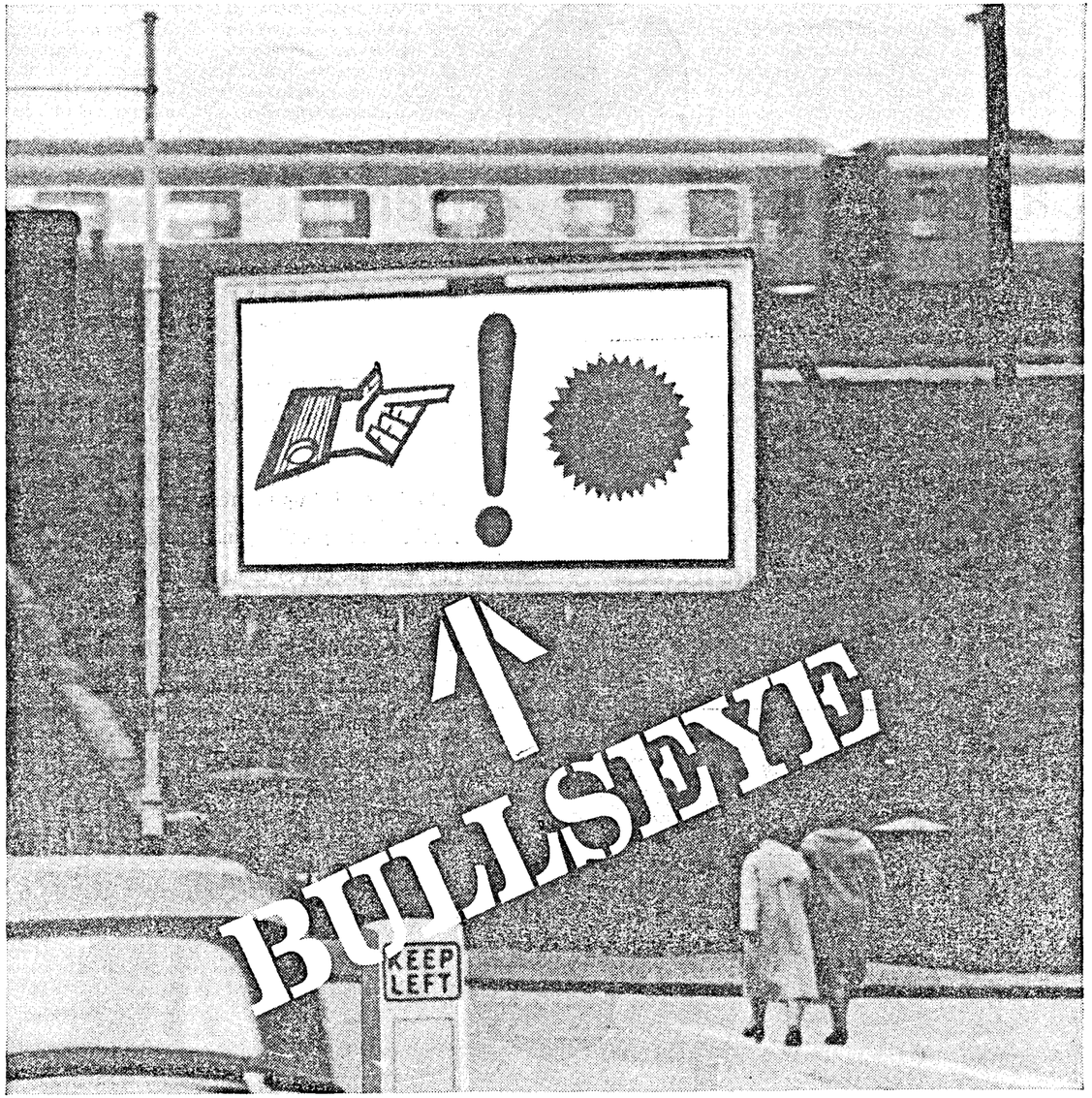
The rest of his constitutional thinking is orthodox. There should be a Bill of Rights and "a most important aid in restoring confidence" will be the maintenance of an independent judiciary. A stage of internal self-government has great advantages in his eyes in giving a chance to train the future leaders and allowing investors (whether they are the present white farmers or industrialists who may come later) a painless preview of independence. Some constitutionalists criticise the British Government for its ways with a Bill of Rights: this year's Southern Rhodesian version framed by the experts of the Commonwealth Relations Office is said to be riddled with loopholes. Some economists in Kenya suggest there is now no time left to spend on a self-government stage if the economy is to avoid ruin; the country must go straight from the February conference to elections and then independence, for only after independence will investors know the truth. It is an argument which Kanu is likely to support strongly, since its impracticable demand for independence on February 1st has been politely pushed aside by Mr Maudling.

THE Colonial Secretary rejects both these implications. He seems to argue privately that even if mistrust of the Kikuyu is so deeply ingrained in the Kadu tribes that they will not be reassured by a Kanu government's good behaviour while under the British restraints that survive into self-government, there is reasonable hope that such behaviour may develop into a habit of self-restraint with independence. There was certainly implicit recognition in many of Mr Maudling's remarks that Kanu might win the next elections with as wide a margin as the last, but this time form the government. The promotion of Mr Ronald Ngala, the Kadu president and leader of government business by only a half-step to leader of the House and not to chief minister, underlines this attitude.

All Mr Maudling said was sound sense, but he offers no magical dose to restore confidence. One European farmer summed up his interview with gloomy melodrama: "Naked I went in and naked I come out." Like his predecessor, Mr Maudling carefully avoided defining what moral obligations Britain might owe to white farmers dispossessed after independence. "Let's not think of failure, let's concentrate on preventing it," was his way of turning the awkward point. The African leaders may temper their speeches for some months in deference to him; but the Nandi tribesmen will not stop stealing nails to hammer into arrowheads. The attitude of some Kipsigis farm labourers to the famine relief fund is also distressing: when their gratified employer asked why they had contributed a comparatively huge amount, they said it was to save the Masai against the day when they would be needed as allies in war against the Kikuyu.

Such tales are unpleasantly reminiscent of the Congo and, indeed Mr Maudling said he had been warned by many deputations that Kenya might become "another Congo." The analogy, he thought, was a bad one, since it ignored the great unifying effect that Kenya's administration had had over many colonial years.

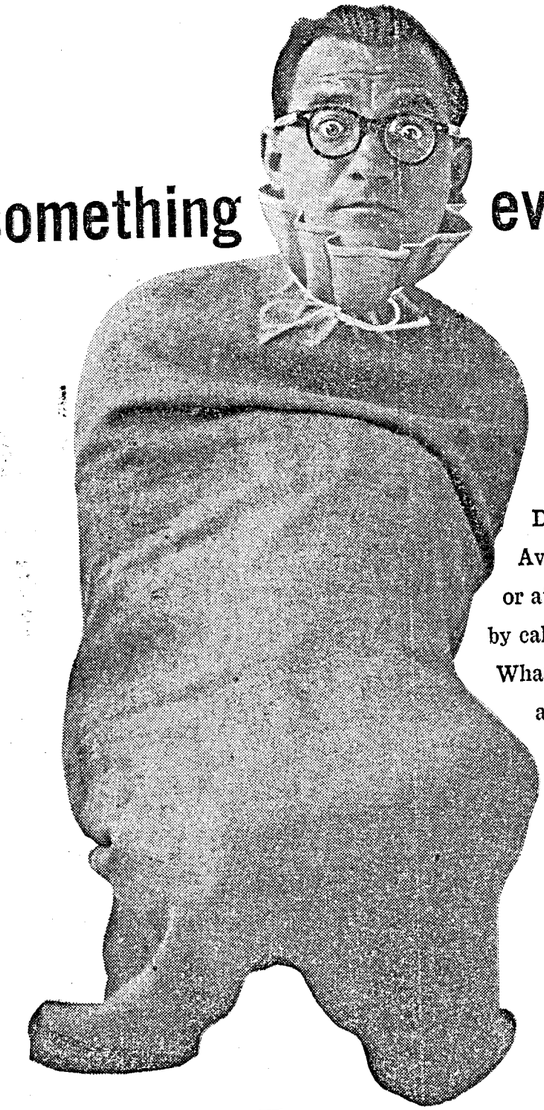
Whether or not he is right in this, Kenya was certainly talking itself into a Congo-like situation until a few days ago. Mr Maudling's visit may have been the turning-point back to sense, tolerance and peacefulness. With the arrival next week of Sir Ralph Hone as constitutional expert to advise both main parties on their proposals for the conference, the official emphasis is laid on looking into next year and forgetting the long squabbles of 1961. The lead will probably be followed by the politicians. There is some danger that many white farmers, plagued first with politic



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uncertainty and then with devastating weather, will harvest the present crop and depart before a conference can offer them credible safeguards on land titles. Mr Maudling is risking this, realising that the restoration of confidence will take many months of next year. He allows himself one touch of whimsy in this deadly serious task: he has convened this conference of such fractious groups for Saint Valentine's Day.

Gift for Dr Amini

FROM OUR CORRESPONDENT IN TEHERAN

DR ALI AMINI has been able to celebrate his sixth month as Persia's prime minister with a royal gift that protects him from the opposition's demand for elections and a parliament. A decree by the Shah, announced on November 14th, gave Dr Amini special powers to carry out a specified six-point programme. If this programme is implemented, it should substantially alter the country's social and political structure. In any case, for the time being, the Shah will be ruling the country by decree, through his prime minister.

These emergency measures should remove one major obstruction that has been impeding Dr Amini's reform programme. He has been reluctant to hold new elections because he feared that they would not be free or that, if free, they would produce a parliament that was too extreme for his purposes. But the absence of parliament has prevented him from turning his proposed reforms into law. Under the royal decree, all this is changed and cabinet proposals will become law once they receive the Shah's signature.

The decision to govern by decree is based on a conviction, long held by Dr Amini, that Persia is not yet ready for full democracy. It calls, in the first instance, for democratically elected village councils and, progressively, for the election of town and city councils. At each level of this pyramid, local affairs—education, health, roads, sewage—will be the responsibility of the people themselves. This idea of democracy starting at the grass roots recalls Pakistan's plan for "basic democracy," and the Shah will probably hold the same position in the hierarchy as that held by General Ayub Khan in Pakistan.

The decentralisation of Persia's cumbersome, Teheran-based bureaucracy is to go hand in hand with a considerable reduction in the size of the vast, and sometimes corrupt, civil service. The theory is that the civil service should be cut by dismissing the honest and the dishonest, but compensating only the former; it is to be made more efficient by appointing more capable administrators. A series of decrees, based on legislation prepared by the government, should carry land reform a step further and enforce laws, long on the books, for limiting the size of land holdings. Mechanisation of agriculture is to be speeded up, and a corps of young men is to be formed to help build roads and cheap houses in the villages.

Factory owners are to be placed under an obligation to build houses for their workers, and the government is to do the same for its own employees. Factory workers are to be allowed to purchase up to a quarter of the shares of each factory on an instalment basis. The taxation system is to be overhauled to make tax-dodging more difficult for the wealthy, and thus oblige them to carry a heavier share of the tax burden. The education system, now geared to turn out a surfeit of clerks and civil servants, is to be reorientated towards vocational training and skills. According to the Shah's directives, any laws or regulations that stand in the way of this programme are simply to be ignored.

This is the plan on paper. Clearly, formidable barriers will have to be overcome if it is to be carried out. Much of the programme, and certainly those parts relating to taxes, education, land reform, housing, and corruption, were enacted into law long ago. Although Dr Amini is probably more capable than his predecessors, he will find it no easier than they did to put the reforms into effect. Landlords, wealthy business men and other vested interests, who up to now have succeeded in neutralising the prime minister's earlier attempts at reform, will undoubtedly find many parts of this plan unwelcome, and if the government fails to create honest village councils, or to reform the civil service, the whole programme could be destroyed.

Dr Amini is also facing opposition from the left wing. The National Front has formally labelled rule by decree unconstitutional, and has warned the prime minister that it will hold him responsible for this breach of the law. Although verbal protests are unlikely to have much effect on the government, a greater threat is posed by Teheran's university students. Their demonstrations for free elections, which they believe would bring the National Front to power, have helped to break governments in the past. Dr Amini faces no such extreme danger at present, especially since he appears to have the Shah's firm backing, but a clash with students would be an inauspicious start for his reinvigorated programme.

Dr Amini is unlikely to be put off by such considerations. Hopes for a reconciliation between the government and the front were shattered back in July, when the government suppressed a planned demonstration and arrested National Front leaders. Since then, senior officials, including the prime minister, have tended more and more to link the name of the front with the outlawed communist Tudeh party. The security service claims that members of a communist ring, which was smashed in Isfahan in October, have admitted that they had deeply infiltrated the National Front organisation in Isfahan.

But Dr Amini is no longer seeking wide and organised support. The new method of government indicates that from now on he will depend on the Shah's backing in order to push his reforms through. Therefore, for the time being, he can be expected to clamp down on all political activity. Persia's foreign exchange position has improved in the last six months, and support from the United States government has come in the form of timely loans and grants worth more than $30 million. These are favourable factors; that they can be a substitute for public support is doubtful.

Gomulka on Stalinism



FOR the past month Communist parties throughout the world have been mulling over the proceedings of the 22nd Soviet party congress. So far, the most revealing and moving echoes have come from Warsaw, where on November 23rd, before the Polish central committee, Mr Gomulka made his assessment of the reign of Stalin.

Mr Gomulka, who rose to leadership of the Polish communist party in the hard underground struggle against the Germans during

the war, was himself once a believer in stalinism and then one of its best known victims. Less aware than some of his colleagues of the mechanics of the Soviet system, he genuinely believed Stalin's postwar promise that each country should be allowed to follow its own national road to communism. A man of courage and conviction, he refused to toe the line when Moscow began to persecute "nationalist deviations" in 1948. He paid for his staunchness with expulsion from the party and years in jail. His more pliable colleagues, however, managed miraculously to prevent him from being actually brought to trial, so that in 1956, when the 20th Soviet party congress gave the signal for change in eastern Europe, Poland could produce, not a dead martyr, but an alternative leader. It was in the dramatic October of that year that Mr Gomulka returned to power.

SINCE the 22nd Soviet party congress last October was a logical continuation of the 20th congress, the Polish leader was Mr Khrushchev's natural ally during the Moscow debates. Last week, in his Warsaw report, Mr Gomulka reminded communist leaders tempted to take their cue from Peking that the Soviet Union's special position within the block is not only due to its past achievements, but also to the fact that it remains "the main force of our epoch . . . the main factor of security for all socialist countries." He made fun of the tiny Albanians boasting that they would never be frightened of imperialism. Mr Gomulka is now the staunchest defender of the doctrine of peaceful co-existence. In his view communism must win peacefully, through its superior economic growth, because a nuclear war knows no victors and would be "a catastrophe for the whole of mankind." Here he goes further than Mr Khrushchev, who is still tempted to say that war would spell the doom of capitalism alone. Indeed, the Poles were distinctly perturbed by Russia's resumption of nuclear tests. In a brief, and obviously embarrassed passage, Mr Gomulka felt compelled to justify this measure on the ground that it was a counter to western testing.

But the bulk of his speech was taken up with an analysis of the "deviations from the socialist idea" connected with the so-called cult of personality. In Poland, where the first indictment of Stalin, in February, 1956, had such convulsive consequences, and provoked so much heart-searching within the party, Mr Gomulka could not explain it all by putting the blame on Stalin's character. Last week he made an attempt to analyse the deeper causes of stalinism. The root of evil, in his opinion, was to be found in Russia's exceptional circumstances, in its isolation, encirclement and backwardness. The turning point probably came with collectivisation (and knowledge of its real consequences—Mr Gomulka admits—is still meagre). In the struggle against peasant resistance, the NKVD grew in stature and power. According to Mr Gomulka, the principle of the Inquisition, that confessions extorted through torture are a proof of guilt, was extensively followed in legal proceedings under the guidance of Stalin's public prosecutor, Vyshinsky.

This explanation is less superficial than Mr Khrushchev's. But Mr Gomulka's background as well as his present position prevent him from going deep enough into the matter. He does not analyse the issues involved in the struggle which ended in Stalin's victory. He simply states that Stalin should have expelled the leaders of the opposition from the party and left it at that. Mr Gomulka was most moving when answering the question why communist leaders kept silent while such crimes were being committed. Unlike some of his foreign colleagues, he did not plead ignorance. But he also thought that fear alone—"though one's head is precious"—was too simple an explanation. To explain anguished silence of so many communists who knew, or suspected, what was going on, he evolves what might be described as a communist doctrine of "the Russian revolution, right or wrong":

How many comrades, who did not fear jail or death, did not want to talk even with those closest to them about the criminal destruction of Polish communist cadres during the years of the personality cult, though they were deeply convinced that the men arrested or executed were not in the least guilty. They did not want to talk about it so as not to harm the socialist idea, so as not to give the enemy food for his anti-Soviet campaign.

The Polish leader was less clear when dealing with the present situation and prospects. He claimed that the attack on the anti-party group in Russia, whose members, he said, would not be prosecuted, was not prompted by its influence or activity within the Soviet party. But at the same time he argued that the struggle against the cult of personality was endemic within both the Russian and the international movement. He rejected the Italian idea of "polycentrism" on the flimsy ground that there was no ground for any centre at all, since each party was independent and autonomous. At the same time, however, he stated that all parties must be bound by the decisions of international communist conferences and stressed the crucial part played within the movement by Russia, the upholder of peace. His alliance with Mr Khrushchev obviously makes it difficult for Mr Gomulka to develop a coherent view of democracy within the international communist movement.

In a revealing passage of his speech, the Polish leader said that the main revelations about stalinism must come from the Russians; "if not everything has been said, so far, on their side on the subject of the origins of the personality cult, the reason is, probably, that it is still too early." As if to confirm this view, *Pravda* has published a bowdlerized version of Mr Gomulka's speech, omitting awkward references to insufficient explanations, to collectivisation or to Vyshinsky's inquisitorial methods. Such discrepancies are not surprising at this stage. French communists accuse some of their Italian comrades of the sin of revisionism. The Italians reply that pinning labels on people is not a just or useful method of discussion. Mr Novotny claims that everything is now for the best. Mr Gomulka echoes that one must seek for the roots of the evil.

Australian Election Guide

FROM OUR CORRESPONDENT IN CANBERRA

The Issues. The electors, on December 9th, will decide on these broad questions. On the one hand, has the Liberal-Country government coalition been in power too long and do we need new men with new ideas? On the other, is Labour—with its internal dissensions, with wild men still on its front bench though not in the ascendant, with its subservience to the party's federal conference—fit to govern?

More specifically, the only real issue is unemployment and the credit squeeze that produced it. The number of unemployed is falling—indeed has been falling for the past three months—but it does not fall fast enough to please the government. It is now 2.3 per cent of the work force, compared with 2.6 per cent at its height, a figure which seems high to Australians, accustomed as they had become to about one per cent of unemployment. Labour supporters claim that official figures are an underestimate and that last month's fall in the number of jobless was less than the normal seasonal fall. Few voters have personally experienced unemployment, however, as the main sufferers have been migrants who recently arrived and have no vote.

For a few days it seemed that a quarrel about internal airlines might become an election issue. Trans-Australia Airlines, owned by the government, and Ansett-ANA, a private company, operate the main internal air routes in a competition that is entirely fictional because of the extent of government control over both. These are bones of political contention because the government is assumed

Long John

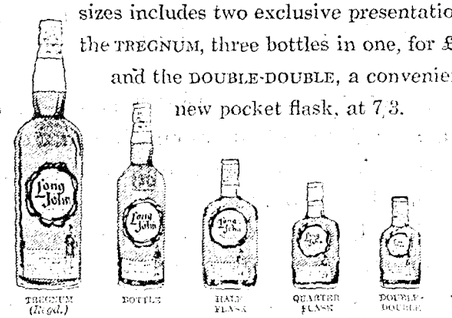
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Calcutta to Bangkok	2 hrs 05 mins
Bangkok to Singapore	2 hrs 00 mins
Singapore to Darwin	4 hrs 15 mins
Darwin to Sydney	3 hrs 50 mins
*London to Frankfurt	1 hr 20 mins
Frankfurt to Athens	2 hrs 35 mins
Athens to Cairo	1 hr 35 mins

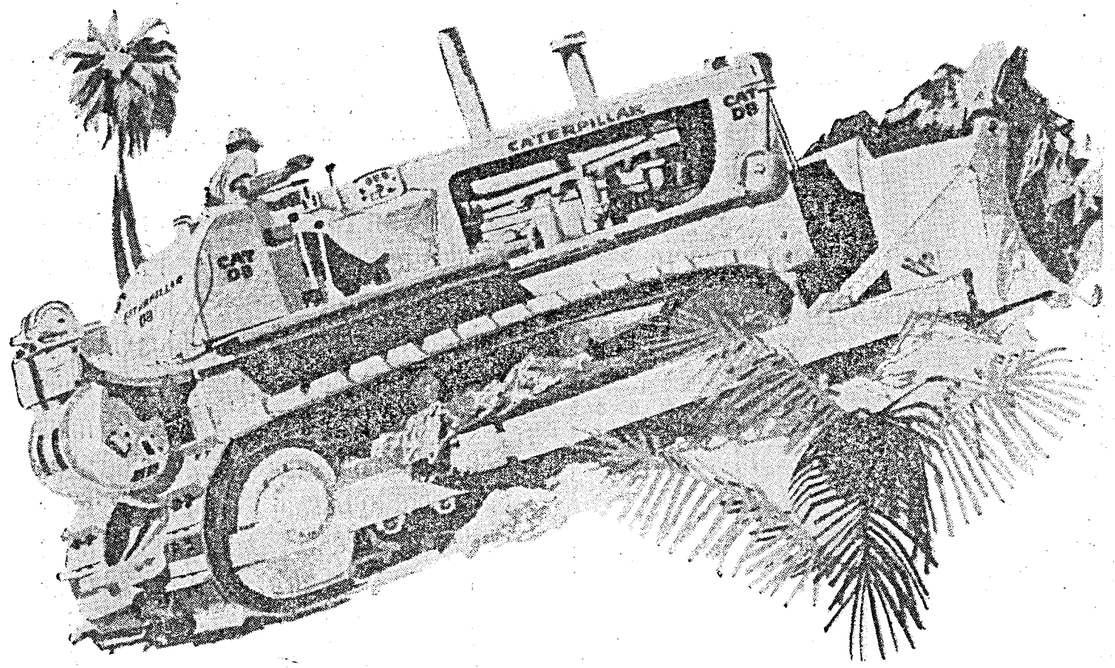
London to Sydney via U.S.A.

London to New York	7 hrs 15 mins
New York to S. Francisco	5 hrs 45 mins
S. Francisco to Honolulu	4 hrs 50 mins
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to favour the private company and the Labour party the public one. The Labour party lately accused the minister of civil aviation, Senator Paltridge, of pressing a small rural airline, East West Airlines, which is linked with TAA, to sell out to Ansett. Then the Labour government of New South Wales arbitrarily reallocated to East West Airlines some routes now operated by an Ansett subsidiary, Airlines of New South Wales. Mr Menzies, however, has now persuaded the premier of New South Wales to defer the whole matter until after the elections.

Hardly a breath of controversy stirs elsewhere. Melbourne University students have demonstrated against the so-called "White Australia policy," but without public support. Australia's policy in New Guinea, its treatment of aboriginals, even the common market have hardly been worth a heckle, and world questions play no part at all.

The Rival Policies. The prime minister is standing pat on the record of his 12 years in office; on the prosperity and development that have accompanied it, on the recent defeat of inflation and the continued confidence of overseas investors. He draws his listeners' attention away from recent difficulties towards future benefits arising from the development projects, totalling about £A200 million, in which his government is a partner: the modernisation of the Townsville-Mount Isa railway, serving the great copper and zinc mines and also cattle stations on the way; the improvement of coal ports in New South Wales and Queensland; the establishment of a steel industry in Western Australia; and the provision of modern rolling-stock for the Broken Hill-Port Pirie railway. He glances at the menace of communism, particularly in south-east Asia, in order to ask whether the adherents a divided Labour party are the people to handle it. His only promise is that ten instead of 20 years' residence in Australia should be the qualifying period for the old age pension.

The leader of the opposition, Mr Calwell, on the other hand, promises everything: a supplementary budget providing a deficit of £A100 million; an increase in every kind of social service payment; large grants to the states for housing at lower interest rates; special grants to the states for schools (in which, except in its own sphere of the Northern Territory, the Commonwealth has hitherto played no part); federal help with the technical and agricultural education of aboriginals; a corporation to develop the north; a comprehensive national health service, to replace the limited contributor schemes now run by the state; equal pay for women in the Commonwealth public service; and a return to the automatic quarterly adjustment of wages to the cost-of-living index.

All this, Mr Calwell optimistically reckons, would cost only about £A160 million, which he would find from loans and from the increased revenue of a prosperous economy. Far from increasing taxation to meet the bill, he declares he will reduce it. He would allow "reasonable" transport costs to and from work as an income tax deduction, and he would make special tax concessions to attract people to the empty north.

The Australian Labour party (ALP) has undertaken (as indeed have the Liberal and Country parties) to help and subsidise export industries that are hit by the common market. Its opponents argue that all export industries would be hit by Mr Calwell's inflationary programme, and that he would therefore perhaps end by subsidising them all. But Mr Calwell denies that inflation would result; and he would close the inevitable balance-of-payments gap by restoring import restrictions. The confidence of overseas investors is not, to him, a major factor.

Significantly, Mr Calwell promised not to raise the question of nationalisation during the life of the next parliament. Without a referendum, indeed, he is constitutionally unable to do so; but it is something of a defeat for his left wing that he should have had to make this acknowledgement.

The policy of the splinter Democratic Labour party (DLP) is of more significance than usual in this election because the party may emerge holding the balance of power in the Senate. Its leader, Senator George Cole of Tasmania, promises more or less everything that Labour promises in the sphere of the social services, and would double defence expenditure as well. He made the usual denunciation of the Labour party's communist leanings, which would lead, he said, to "treasonous collaboration with the enemies of Australia."

Except from the DLP, little has been heard this time of the communist scare. The ALP has at last got its recalcitrant Victorian executive to make a move against "unity tickets"—how-to-vote cards in union elections on which Labour and Communist candidates appear side by side. The party successfully backed its own candidate against the Communist candidate for general secretary of the Waterside Workers' Federation, a union which for more than twenty years had been dominated by a notable Communist, the late Jim Healy; and Mr Calwell states firmly that his party is anti-communist. There is, however, probably sufficient doubt about this to attract enough votes to the DLP to keep Labour out of power.

The Prospect. Because they object to being put on the same footing with the communists and such, the Liberal and Country parties have refused to appear on the Australian Broadcasting Commission's television programme presenting all the candidates. Their absence will not win them votes. Nevertheless they are still expected to win, although with a reduced majority. Labour is unlikely to win any seats in Victoria, where the DLP is stronger than ever and where satisfied clients have recently returned Mr Bolte's Liberal-Country government (there is also a separate Country party there) with his majority increased by one. In New South Wales 23 years of Labour rule have dispirited the Liberals and the government's best hope is to hold what it has. This hope is fading now that the *Sydney Morning Herald* has got off the fence on Mr Calwell's side. In South Australia, where a long Liberal-Country party rule has been accompanied by rapid industrialisation, the even balance is unlikely to be disturbed. In Western Australia, the Liberal-Country party government is popular, but can hardly expect to repeat its spectacular victory at the last election, when it won all seats but one. Tasmania has voted more or less fifty-fifty for many years, and seems unlikely to change much. It is in Queensland, where the government now holds 15 seats to Labour's 4, that seats are expected to be lost. Queensland has been hardest hit by unemployment, the state Liberal-Country government is not much respected, and there are several marginal seats. There is, however, from the Liberal-Country party point of view, a useful splinter party in the Queensland Labour party, which is affiliated to the DLP.

The worst the government has to fear would seem to be a dead-

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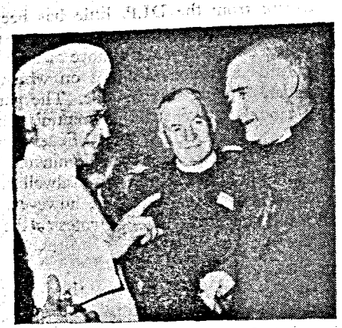
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locked Senate, since more government than Labour senators have to face the electorate this time. But the draw for places on the ballot paper has put more government men than Labour near the top of the list; and this is worth a good deal, because many voters, not having the faintest idea which candidate belongs to which party, vote straight down the ticket. The Liberal-Country organisation hopes to ensure that this advantage is not lost in spoilt papers which in the last Senate election were more than 10 per cent of the total.

Christians in Asia

FROM A SPECIAL CORRESPONDENT IN NEW DELHI



Vice-President and an Ordinary Person

ASIA has been seeing a lot of religious conventions. Buddhists from twenty-five countries have been in Phnom Penh, the capital of Cambodia, for the sixth conference of the World Fellowship of Buddhists, and now some twelve hundred Christians, from every country except China, are meeting in New Delhi for the third Assembly of the World Council of Churches. Practically within sight of the temples of Hinduism and Islam, the Christian host set up its tented *shamiana* and staged its main deliberations in the Vigyan Bhavan (House of Wisdom) which the Indian government has elaborately equipped with an all-embracing translation system. Archbishops in puce, bishops in beards, professors in droves, ordinary laymen and lay-women in "ordinary dress" have been bundling about New Delhi in buses and cycle-cabs; they astonished Vice-President Radhakrishnan by swarming across the ex-viceregal lawns to photograph him. As one watched him chatting with the Archbishop of Canterbury, the vice-president's professorial dictum from his Oxford days came to mind: "Christians are ordinary people making the most extraordinary claims."

It is just those claims to uniqueness that scare religious Asia. Hinduism would be happy to have Christianity alongside its parade of gods; Buddhism welcomes its teachings about peace and serenity; even Islam, its ancient foe, is not averse to a kind of armed neutrality. But when 1,200 people gather to assert that Jesus Christ is *the* Light of the World and the *only* revelation of God, and when they bolster their claims with the investment of much money in propagating their belief, and choose the capital of India to proclaim it in, then Asia hardens its heart.

The big drive of Christianity in Asia, conducted under the protective banners of imperialism and colonialism, has come to an end. Pockets of the faithful have taken root in a few places. Here in New Delhi it is a meagre company, but in southern India Christianity makes its mark, and it has also astonished the rest of the Christian world by cutting out "denominationalism" and forming the United Church of South India. Asian Christianity is well represented here, and, like western Christianity, is organising itself in face of the omnicompetent state religions exalted by renascent nationalisms. It must be conscious of itself and its own mission in Asia, or gradually wither in the life of a ghetto.

What is that mission? It was partly the purpose of this great assembly, organised by the thirteen-year-old World Council of Churches, to answer that question. In the West, for a thousand years and more, Christianity formed the nations and even extended its sway across the Atlantic to the older New World. It offered its doctrine and preached its ethics until men not only believed but changed their way of life, and saluted the New Testament as the holy book of conduct. It is not likely to accomplish that miracle in the newer New World of Asia. The secularised society has already caught up on it so that institutions, both social and political, bear the state mint mark. The long dream of a Christian social revolution must remain a dream in Asia.

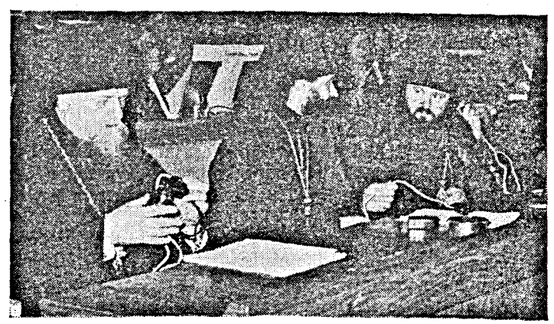
There was plain speaking to the western churches, too, at New Delhi as they move through their post-Christian era. Much of it came from Dr Egbert de Vries, the able director of the International Institute of Social Studies at the Hague. He said:

> One of the basic lessons to be learned by the churches in the West is to differentiate between the message of the Gospel and the socio-economic-political structure of modern western society. There is no hope for a retreat into a pioneer puritan or a pietistic attitude of free man in a free society or of a free soul in an unfree society. Dynamic society walks in, though the doors be shut. . . . Western society is thoroughly secularised.

In these circumstances Christianity either retreats into prophecies of "apocalyptic doom," or moves out into campaigns of personality evangelism as represented by Dr Billy Graham, whose presence at the New Delhi assembly was perhaps a recognition that even he is looking for some other way to penetrate the hard shell of secular materialism that encases both East and West. Christianity is on the road of the long haul. Ecumenicals hope that the gradual evolution of the "ecumenical movement," which now incorporates so many varying Christian traditions, may be an answer to the frustration surrounding Christianity both in the West it once conquered, and in the East which has largely rejected it.

This movement has now brought the Russian Church into its orbit. Here at New Delhi their delegation of sixteen were received with a muted, but obviously sincere, welcome. They are to take part in the life and work of the World Council particularly in questions of faith and unity, but the message from Moscow did not exclude participation in social and economic questions. It remains to be seen whether this young Council will be able to carry the weight of Orthodoxy that has now shifted the balance of the Council's life from Europe and America to the Middle East and Asia. No longer can it be accused of being a pan-Protestant movement financed by the churches of the United States.

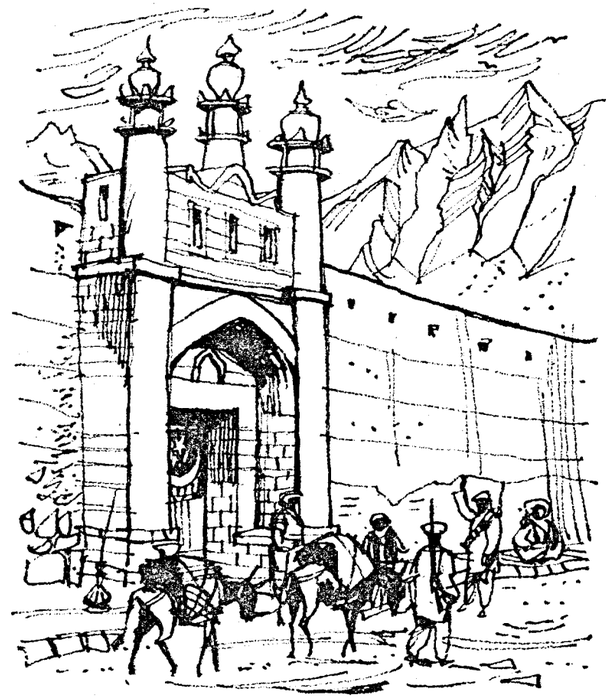
Next year the Vatican Council is to meet in Rome. It is tempting to meditate on the possibility of a world-wide religious front in which the Great Schism of Christianity may be healed by a renewed conception of its world mission. To save its life in Asia, Christianity must propagate; in doing so it may renew its own unity. Such is the Asian dream of this New Delhi assembly which has stretched its hands across the barriers of the centuries to both Orthodox and Roman, to Protestant and Anglican, to Pentecostalist and Evangelical.



Muted welcome for the Russians

PAKISTAN

A Survey by *The Economist*



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PAKISTAN

THE BEGINNING

In recent western discussions on economic aid, the dea has gained ground that it should be concentrated on ommunities in which stability and coherent economic olicies give hope of rapid advance. Most experts nd most agencies have their own short lists. But ne can be fairly certain that Pakistan now appears on hem all.

Few people would have forecast this confidence in akistan's prospects when, fourteen years ago, the state ame painfully to birth. Frontiers based on allegiance o the Moslem faith severed many old arteries. East akistan lost its port, the pivot of its railway system and he whole industrial complex processing its jute. The rontier cut asiant the vast Punjab irrigation system. There were no head offices of major firms, few banks, and virtually no industry.

Pakistan's inheritance in terms of trained men and women seemed almost more disastrous. The relative backwardness of Moslem education had long been a particular cause of the Moslem's fear of Hindu domination. Trade and industry—such as there were—had been in Hindu hands. Pakistan virtually had to invent a professional and administrative middle class.

To these dire and direct results of partition must be added four other major difficulties—general poverty in the new state's resources, an extraordinary divergence between its two Wings, the instability of its politics and the hostility of neighbouring states.

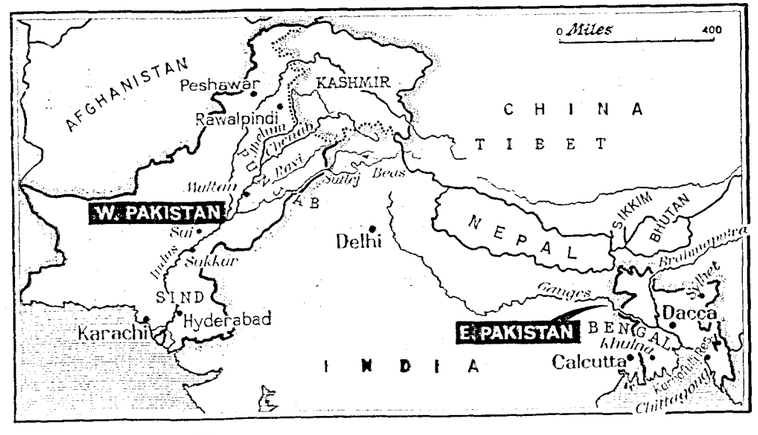
THE BEGINNING 1 Poverty

PAKISTAN lacks most of the mineral resources needed for modern industry. Coal supplies are very small and the one promising reserve is in remote and difficult country. The only known iron ore reserves are also deep in the mountains; they may prove too remote to exploit at all. Oil exploration has revealed no promising fields so far. Only the discovery of large supplies of natural gas at Sui and Sylhet has relieved an absolute shortage of fuel.

Agriculture employs three-quarters of the population, provides about 55 per cent of national income and 66 per cent of the country's earnings of foreign exchange—the percentage rises to 95 per cent if one includes jute and cotton manufactures. Much of the land requires an enormously expensive effort of irrigation to bring it to maximum production. This may seem strange in East Pakistan where, after the monsoons, the country appears almost literally awash. But the monsoons themselves are irregular, and they provide abundant water for only a few months in the summer.

In West Pakistan, any sizeable addition of arable land depends upon costly extensions to the largest irrigation system in the world. Partition cut across this system, and it has taken a decade to reach an agreement on re-allocating the waters. Briefly, the scheme allots the waters of the three eastern rivers—Beas, Ravi and Sutlej—exclusively to India and the three western rivers—Chenab, Jhelum and Indus—to Pakistan. Water from the western rivers will be carried across by eight new canals to replace the water once flowing down the eastern rivers from the headwaters—water which is now reserved for India. True, the bulk of the cost is to be borne by grants from western governments. It is also true that the scheme will enable Pakistan to keep its supplies flowing over the dry months, and increase its hydro-electric power capacity. Yet much of the work is substitution, not new creation, and will absorb skills and materials desperately needed elsewhere.

Moreover, most of West Pakistan's 23 million irrigated acres appear to be affected by water logging or by salinity. Each year, perhaps 30,000 acres go permanently out of cultivation. As one flies over the *doabs*—the irrigated lands between the great rivers—it looks as though some scrofulous skin disease had infected the fields. The green crops give way to widening circles of bald whitish soil, or peter out in stagnant water. This desperate condition is in part due to the high content of salt in the Indus plain—once an inland sea; in part, to the very gentle incline of the plain which has impeded natural drainage. Canals, too, cut across natural lines of drainage, and they have not been lined; as a result the water table has been forced up by irregular flood-



ing and constant seepage. The whole system was designed to repay its capital cost quickly by distributing the water to as many farmers as possible. But a little water, like a little learning, has been found to be a dangerous thing, because it fails to wash away the salts which evaporation, and the transpiration of plants, bring to the surface.

More tube wells to pump out surplus water and lower the water table, a greater release of irrigation water to flush out salt properly, far more care in the alignment and lining of canals, proper drainage on the farms themselves—all these are essential remedies. Some of them are incorporated in a master plan drawn up in 1961 by the West Pakistan Water and Power Development Authority (WAPDA) after consultations with a group of international experts. It is an enormous scheme ; over ten years, the cost would exceed £450 million, about two-thirds of it requiring foreign exchange. There is no hope of securing these sums from Pakistan's own resources. Yet without action on some such scale, farming productivity in West Pakistan must steadily decline.

THE BEGINNING 2 The Two Wings

THERE is almost a hint of some vast cosmic prank in the bringing together in a single state of two regions a thousand miles apart and so opposite in physical structure and way of life. The West is a land so arid that only massive irrigation keeps it from reverting to the desert ; the East, a land that seems to threaten as constantly to slip away into a world of water. In the West live men of mountain and desert, exposed for centuries to the culture of Persian and Central Asian conquerors, reflecting some of their confidence and pride of race ; in the East, "web-footed" Bengali farmers of swamp and plain, who share with their neighbours in India one of the great Indian literary languages, and have an almost unbroken history of subjugation—to Hindu zamindars, to British rule, and earlier still, to Moslem conquerors from the West.

The sole link is thus allegiance to the Moslem faith, rejection of Hinduism. It is a powerful force. Yet in the Middle East, where Islam is reinforced by a single Arabic tongue, it has not so far sufficed to promote a sense of common nationhood.

In East Pakistan, the cross-currents of affinity with a common all-Bengal language and culture have eddied across the Moslem mainstream and drawn additional strength from other disparities between East and West.

Well over half the population live in the East Wing, but in less than one-sixth of Pakistan's total area. The density of population in the West is 140 to each square mile ; in the East it is 922. Yet economic development has been pushed much more vigorously in the West Wing. Although East Pakistan's jute and cotton provide about three-fifths of the country's earnings of foreign exchange, virtually every index of prosperity favours the West. At the end of the 1950s income per head in East Pakistan was about £20, in the West £25. Expenditure on development in the East (in 1959-60) amounted to £26 million, in the West to £45 million. Large-scale industry contributed three times more to national income in the West than in the East.

The same disparities appear in administration. In the first decade of independence, few East Pakistanis reached senior official positions. It was not surprising that a certain degree of disgruntled separatism appeared in East Bengal's politics before parliamentary activities were suppressed in October, 1958.

THE BEGINNING 3 Unstable Politics

DURING Pakistan's first years of appalling difficulty, leadership still lay with the Moslem League, the party which, like the Congress party in India, had been virtually the sole instrument in the struggle for statehood. But the next phase proved less fortunate. One can picture what might have been the political disarray in India if, by 1952, not only Gandhi and Vallabhbhai Patel but Nehru, too, had disappeared from the scene. Jinnah died within a year of independence. His closest lieutenant, Liaquat Ali Khan, was assassinated in 1952. The Moslem League disintegrated. Politics split up among partisans of rival leaders ; there were six prime ministers in five years, cabinets forming and falling in French profusion. This manoeuvring accentuated the divisions between the East and West Wings.

In East Pakistan, partition had brought with it a rough and ready land reform. The Hindu landlords—the zamindars—fled. The tenants took over the land. This profound social change gave political life more popular roots in the East. Parties were mass parties and had profound attachments to local Bengali issues. This provincialism did not make cabinet-forming in Karachi any easier, especially since West Pakistan not only remained dominant but conducted its politics on a far more conservative basis.

In West Pakistan, no social revolution accompanied partition. The landlords were Moslem and remained. Since most of the largely Hindu middle class had fled to

India, the landed gentry, many of them enjoying feudal rights over land, justice and administration on estates as large as medieval fiefs, became dominant in politics. The rise of urban, industrial interests had not gone far enough by the mid-1950s to break the closed ring of patronage and semi-feudal control.

Some entrepreneurial talent did emerge with remarkable speed. It was, and is, confined to a small group. If Hindu and foreign-owned business is excluded, it can be estimated that two-thirds of all Pakistan's private enterprise is controlled by no more than 0.5 per cent of the population. Most of these belong to traditional trading groups and may be descendants of trading castes converted from Hinduism. But the smallness of the community only underlines the vigour of its thrust. In Pakistan, as in all developing countries, the step from importing manufactures to producing them has been crucial. In fact, the change has here been so distinct and rapid as to resemble a film of a familiar process being projected at three times the normal speed. In 1947, Pakistan had virtually no large importing firms. The Europeans remained clustered round the great ports of undivided India. The few Hindus had left. Into this vacuum stepped the Mennons, the Khojas and the other trading groups. They quickly made large profits out of the new state's insatiable desire for every kind of import. But by 1952, foreign reserves were running low.



The more far-sighted importers realised that unless they turned to the production of goods to replace imports, they would soon be out of business. Using their accumulated profits, they moved massively into manufacture. The fact that, in undivided India, cotton and jute produced in the Moslem areas had been processed elsewhere also speeded industrialisation. In 1949, India devalued its rupee, and when Pakistan did not follow suit trade was cut off. Exports of jute to Calcutta were halved since Indian banks would not finance the movement of jute. The only alternative was to begin manufacture in Pakistan. Between 1950

and 1954, an index covering the output of seventeen major industries showed an increase of nearly 200 per cent.

By 1957, these "new men" were beginning to exercise more direct political influence. Since, however, parliamentary institutions were swept away only a year later, it is difficult to say what effect they might have had on the balance of power. In other Moslem lands the combination of an old landowning aristocracy with new thrusting merchants-turned-entrepreneurs has not produced stability. The result in Egypt, Iraq, and Persia has been a blend of conservatism and rapacity calculated to make parliamentary institutions incurably unstable.

Pakistan's new industrialists, however, strenuously reinvested at least three-quarters of their profits in further industrialisation. They sought out new fields of venture. They were relatively moderate in their standards of living. They avoided the common trap of putting the bulk of their money into urban construction or real estate. Industrial expansion went vigorously ahead. By 1958 the index of industrial production (1950=100) was up to over 400. But there were less admirable features. When import controls were imposed, after 1952, power to make or break a firm was often handed to junior and not well-paid officials. In such circumstances, an industrialist's need for a permit, meeting the clerk's need for money, leads inevitably to corruption.

And the difficulties went beyond corruption. Parliament was ready to vote large sums for development which incidentally aided the burgeoning economic interests of the new men or brought rate-free water to the feudal estates. But it could not be brought to accept the full disciplines of control and taxation which rapid development demands. Industrial expansion and large public expenditures forced up the demand for imported raw materials and manufactures. Taxation failed to keep pace with expenditure, though revenue increased by 16 per cent. The government resorted to deficit financing, and inflation expanded domestic demand even faster. Even after the devaluation of 1955, the Pakistani rupee remained—and remains—overvalued. Overcheap imports encouraged further demand. Between 1956 and 1958, internal prices rose by 20 per cent and foreign exchange reserves fell by nearly 40 per cent.

Much valuable development was taking place in industry, power and transport, but the strains were growing too. Disaffection in the East, frustration at parliament's failure to introduce land reform in the West, the pressures of inflation, and distrust of the new industrial interests produced a malaise which could be turned against the politicans. At this point, the army intervened and established martial rule.

THE BEGINNING 4 Hostile Neighbours

IN most newly independent countries, the army offers the only immediately available form of alternative leadership. In Pakistan the army's position was strengthened by the fact that, alone of the services inherited from undivided India, it had the tradition and self-confidence born of a large rôle in the old society. And after partition the rôle was enlarged by the hostility of Pakistan's neighbours.

In the first decade of independence, efforts by Afghanistan to detach Pakistan's Pathan tribes and unite them in a separate "Pakhtoonistan" state were a constant irritant. But the more serious difficulties followed on the divorce from India. Massacres accompanied the rupture, lengthy disputes over property and compensation followed it. Trade was violently interrupted after the Indian devaluation of 1949. No agreement was reached on the division of the Punjab waters. But the worst dispute concerned Kashmir. While Pakistan urged a plebiscite to determine the Kashmiris' allegiance, India stood on the legal rights it claimed from the maharajah's accession to India. Again and again, the two states moved to the brink of war ; and the unresolved crisis constantly revived the fear in Pakistan that India was hostile to its very survival.

In these conditions the army has had especial influence. Military expenditure never fell below thirty per cent of the central budget. As political uncertainty grew inside the country and the Indian press commented—with what Pakistanis saw as pleasurable anticipation—on the instability of the "Pakistan experiment," there was a certain air of inevitability about the army's interventions in 1958 as "saviour of the state."

Such, then, were the difficulties inherited by Pakistan, such the turmoil of its first decade. Yet today it rates among the more stable economies in the developing world, and it is to be a major beneficiary of the West's new initiatives in economic assistance. Clearly some very large transformation has occurred.



A FRESH START

A FRESH START 1 The Political Frame

WIDESPREAD revulsion at the incoherence and corruption of public life had led to the army's intervention in October, 1958. The first steps of the new regime were designed to restore popular confidence. General Ayub Khan kept the framework of civil administration, but put army officers in key positions in his cabinet and in provincial government. Military courts were set up to deal with corruption. By fixing price controls and limiting commercial profit margins to 6½ per cent, the new government reversed for a time the precipitous rise in prices. By September, 1958, the cost of living index had risen ten points in just over a year. By December of the same year it had fallen by twelve. Thereafter, it is true, these controls proved impracticable, and were made virtually inoperative. However, the increase in prices since 1958 has been less steep.

The issue of land reform in West Pakistan was taken up quickly and its general shape decreed by January, 1959. Its essence lay in redistributing to tenants and landless families all land over and above 1,000 unirrigated or 500 irrigated areas. Compensation—at a lower rate than in India—would be paid in 25-year government bonds, and the new owners would pay for the land in instalments, also over 25 years. Fragmented holdings would be consolidated and further divisions forbidden. A special commission had the responsibility of seeing the reforms carried through within the year. In fact, it has not been able to stop all the loopholes and enforcement does not always seem to have been rigorous.

The mildness of the land reform—a man is still a very rich farmer with 500 acres of irrigated land—reflected the conservatism of the new political climate. The soldiers did not so much want changes in social structure as a return to decency and probity and to a sense of service to the community. There was no bloodshed and little violent repres-

sion during the seizure of power, and this relative mildness has been maintained. A few newspapers were suppressed, a few critics of the new regime received gaol sentences—a practice which has continued since. But, for the politicians, the normal punishment amounted to no more than rustication.

This is all quite far from the anger and violence of many past military pronunciamentos. It recalls rather the relatively mild repression once practised by the British raj. The analogy cannot be pressed too far, since the British were alien rulers, bent on checking too impatient a demand for self-determination, while the military regime represents the will to survive as a sovereign nation. Not aims, but attitudes, have a faintly familiar air. There is profound faith in the small man, a widespread concern that he should not be tricked or exploited by a tiny group of better educated, but not necessarily more responsible, city dwellers, a marked prejudice against "trade" and "money-grubbing."

President Ayub Khan has declared again and again that his regime is not opposed to democracy, only to "the mess" the politicians had made of it before 1958. In his view, constituencies with 100,000 voters and more meant that the voter could have no knowledge of either candidates or issues. In their place the regime introduced late in 1959 "union councils"—or "basic democracies"—based upon blocks of about 1,000 voters. In these small units, it was said, a man could know what he was voting about. Officials and nominees are added to the councils, leaving the elected representatives with a two-thirds majority. Delegates from the union councils are then sent up to the next level and so on up the pyramid of councils to the level of the two provincial councils. As the pyramid rises, the proportion of nominated and official members grows. The experiment in some ways resembles the steps by which, during the evolution of British colonial rule, popular opinion was slowly associated with the official element on the governor's council.

The opposition to this approach comes—as it did so many times in British colonial history—from the educated middle classes, above all, the legal profession. It was the Chief Justice of West Pakistan, Mr. Justice Kayani, who protested in 1960 that liberty was being sacrificed in the name of good and orderly government and that "there were quite a few thousand people who would prefer freedom of speech to a new suit of clothes." And the dominance of West Pakistani elements in the government gives the dissatisfaction in the East almost a colonial tinge of resentment.

President Ayub Khan's personality—direct, soldierly, full of calm good sense—has inspired wide confidence, especially in West Pakistan, in the mission he had set himself and his brother officers. Perhaps too much should not be read into the plebiscite of February, 1960, when the 80,000 councillors of the "basic democracies" expressed their support for him. No alternative was offered. But they gave him a 95 per cent affirmative vote.

A FRESH START 2

Beyond the Frontiers

In the soldiers' eyes, one of the most damaging consequences of Pakistan's tumbling governments before 1958 was the threat to the very survival of the country. Fear of India, fear for its own survival, coloured all Pakistan's external relations. When it joined in the treaty system put together by Mr Dulles after the Korean War, ostensibly it accepted the Central Treaty Organisation (originally the Baghdad Pact) and the South-East Asia Treaty Organisation as defences against communist encroachment. But the treaties were widely discussed inside Pakistan as a reinsurance against India. Not surprisingly, India, too, interpreted them in this sense.

There can be no doubt that President Ayub Khan has lessened a neurotic strain in Pakistan's foreign policy. The fact that he is himself a Pathan and that Pathans play a prominent part in the new regime has blunted the force of Afghanistan's agitation for a separate Pathan state. But the chief gain in confidence has been in Pakistan's relations with India. This is not to say that any cordiality or basic trust has been created; but fear has lessened, especially the neurotic fear of re-absorption. By 1960, public opinion had steadied sufficiently for the president to make a new effort to put Indo-Pakistan relations on a saner basis.

He has himself summed up his reasons for making the attempt. In a recent issue of *Foreign Affairs*, he wrote:

As a student of war and strategy, I can see quite clearly the inexorable push of the North in the direction of the warm waters of the Indian ocean. This push is bound to increase if India and Pakistan go on squabbling with each other. If, on the other hand, we resolve our problems and disengage our armed forces from facing inwards as they do today, and face them outwards, I feel we shall have a good chance of preventing a recurrence of the history of the past, which was that whenever this subcontinent was divided—and often it was divided—someone or other invited the outsider to step in.

China's fierce repression in Tibet, its building of military roads across Indian territory, its wooing of the hill peoples, its rejection of the accepted Himalayan frontier—all these have sharpened Pakistani concern for the defence of the subcontinent. Nor has India's rather tardy acknowledgement of the pressure reassured its neighbour.

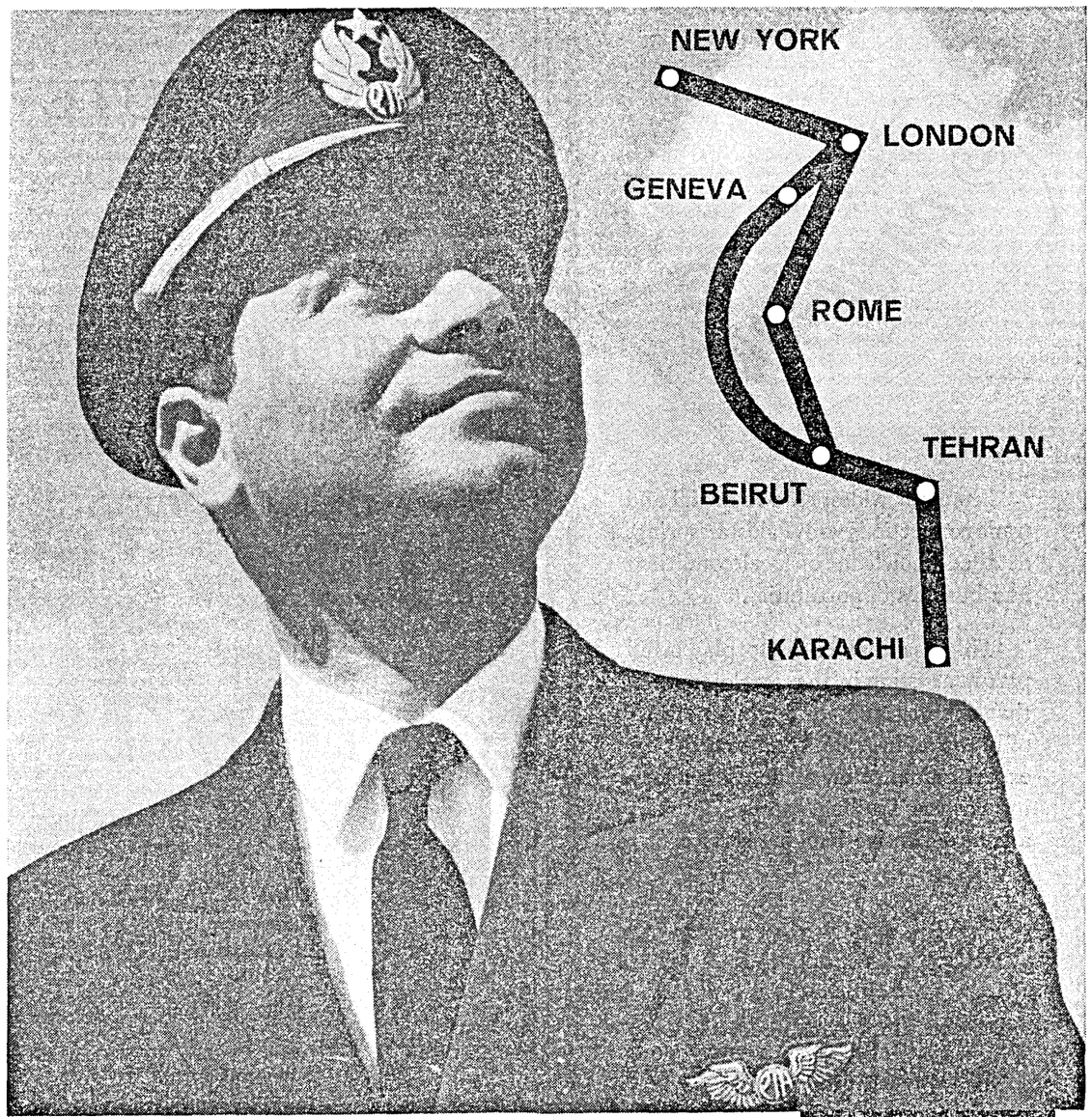
This, then, has been the spur to the president's attempts to secure better relations. During 1960 economic problems—a settlement of the still outstanding issues of post-partition compensation and debt, a general renewal of trade—were seriously discussed and some limited agreements reached. Minor frontier rectifications were carried through. President Ayub Khan took the first initiative in meeting Mr Nehru and attempted to base their relations upon respect and understanding. But this has not proved easy. Between soldierly directness and the intellectual's sense of the many-sidedness of things, the road to understanding and confidence is exceedingly narrow. It is not surprising that, in the effort of reconciliation, a great triumph has—so far—been accompanied by as great a failure.

Resources for the Indus Waters Fund

£ million

IN FOREIGN EXCHANGE:	
Grants:	
United States	63·2
India	62·1
Britain	20·1
West Germany	10·7
Canada	7·9
Australia	5·6
New Zealand	1·0
Pakistan	0·5
Loans:	
World Bank	32·0
United States	25·0
IN PAKISTAN CURRENCY:	
United States	84·0
Pakistan	9·8
	322·0

The triumph is, of course, the Indus Waters agreement which Mr Nehru and President Ayub Khan signed on September 19, 1960. It is true that almost the entire expense of the scheme has been undertaken by the western powers—a constructive contribution to the avoidance of war that has received less than its due of worldwide appreciation. Yet the broad outline of the scheme has been clear since 1954. It was the relative improvement in relations that made it possible for Mr Nehru to pledge—against considerable opposition at home—a sizeable Indian contribution to the plan and for President Ayub to accept a compromise over the flow of water from the three eastern rivers during the ten years needed to build the new canals, to offer a small but direct Pakistani contribution to the scheme, and to shoulder the burden of debt implied in the two large external loans to Pakistan. Sir William Iliffe and his colleagues of the World Bank deserve unlimited praise for the way they rode out the rising and falling tides of Indo-Pakistan hostility for a decade. But the principal to the dispute also proved that even when

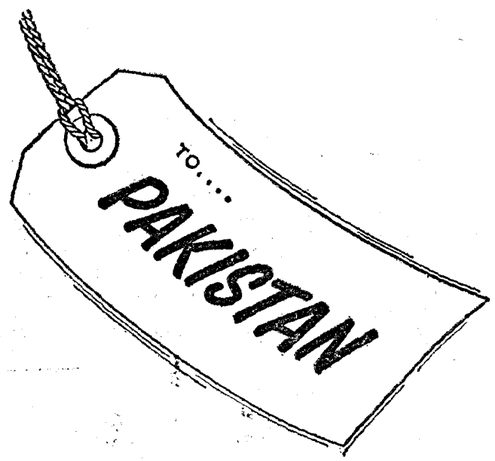


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the life and death of peoples are at stake—for, in both lands, water *is* an issue of life and death—sanity can overcome anger and fear.

Such a spirit has been sadly absent in the discussion of the Kashmir dispute. In his urgent search for a common Indo-Pakistan stance on defence, President Ayub Khan has probably been prepared for a measure of compromise. There are indications that, if Pakistan secured better control of the upper Indus valley and some concessions about water storage on the upper Chenab, it would drop the demand for a general plebiscite. It has always been the Indian argument that a plebiscite in Kashmir would reopen old communal wounds and threaten the security of forty million Moslems still living in India. Whether or not the leaders in Pakistan accept this argument, there is evidence to suggest that they would be prepared to accept an adjusted partition and not demand the transfer of the whole state. But so far Mr Nehru has not been prepared to accept either the need for a joint strategic approach to the two nations' northern frontier or the compromise over Kashmir which this would entail.

As a result, the relations between the two countries have once again been deteriorating. Moreover, Pakistanis now resent President Kennedy's new warmth towards India. President Ayub Khan made no secret of this during his visit to Washington in July. This in turn led India to denounce his undiplomatic frankness and to express perturbation over the jet fighters which America was supplying to Pakistan. The weary round of accusation and counter-accusation has started again.

A FRESH START 3

Planning for Growth

The Shape of the Plans

POLITICAL consolidation has provided a firmer base for the next phase of economic advance. The regime may be military, but the bulk of its thought, work and ambition turns on increasing the country's resources—one more reminder that any comparison with the old British pro-consuls has strict limits. The imperial administration saw good government primarily in terms of law and order. For President Ayub Khan and his ministers, good government is above all government which will increase national income by over a fifth before 1966. A strategy to achieve this advance is spelt out in Pakistan's second five year plan (1960-65), published in the middle of 1960.

The first five year plan ran from 1955 to 1960, with development expenditures of £386 million in the public sector and £300 million in the private sector. Industrial production, which had doubled between 1950 and 1954, doubled again by 1960. Government policy played a large part in the expansion, directly by public investment in new industries and loans to private entrepreneurs, indirectly by expansion of the country's capital overheads. Publicly owned electric power capacity tripled—from 200,500 kW in 1955 to 654,000 kW in 1960. In West Pakistan a thousand miles of new roads were built and a thousand more improved. The figure for roads in East Pakistan — 665 miles — was, typically, smaller, and plans for expanding water transport lagged behind. University enrolments rose from 3,900 to 7,400, and the number of students graduating each year in engineering increased from 274 to 400. Again typically, agricultural graduates only went up from 150 to 180.

Yet "infrastructure" was not neglected in agriculture. More than a million acres came under irrigation; two and a half million more were improved by better drainage, more regular supplies of water and flood control. The government's ultimate ability to stabilise the grain market was increased by a doubling in the capacity to store food. Government encouragement also made possible about a fourfold increase in the use of fertilizer. Yet the first plan failed in its chief aim. The aim had been to increase national income by at least 15 per cent over the five years, with a 7 per cent increase in per capita income. Since population grew much faster than the forecast and national income rose only by 11 per cent over the period, the utmost that could be claimed for per capita income was an increase of perhaps 2 or 3 per cent in the five years. The increase in consumption was probably higher than this in West Pakistan; the only possible conclusion is that the poverty-stricken people of East Pakistan were hardly any better off at the end of the plan.

The results were thus disappointing; the reasons why need to be borne in mind in assessing the prospects for the second plan. The major difficulties were weaknesses in administration, continued stagnation in agriculture, failure to mobilise domestic resources, and the unsolved problem of foreign exchange.

The broad aim of the second plan is to increase national income by 22 per cent in five years. Since the census of 1961 has revealed a rate of growth of the population of 2.2 per cent a year and since the government's support of birth control can hardly show any results for at least a decade, the hoped-for increase in per capita income is only about 10 per cent. To achieve this, investment of the order of £1,725 million is proposed—to which has to be added a direct, not reimbursable Pakistani contribution to the Indus works of £45 million. The sum is now more than twice the expenditures undertaken under the first plan.

Cost of Second Five Year Plan
(1960-65; revised estimates)
£ million

	Govt.-financed	Private-financed	Total
Agriculture and Village Aid	181	68	249
Water and power	311	19	330
Industry	110	275	384
Fuels & minerals	34	41	75
Transport and communications	204	97	301
Housing and settlements	149	115	264
Education, manpower & welfare	108	12	121
Total	1,097	628	1,725

Main Production Targets of Second Plan

	1959-60	1964-65	Per cent increase
	'000 tons		
Wheat	3,703	4,329	17
Rice (cleaned)	8,341	10,164	22
Total foodgrains	13,189	15,921	21
Sugarcane	15,430	20,800	35
Fish	290	360	24
	'000 bales		
Jute	6,000	7,300	22
Cotton	1,666	2,292	38
	Million lb		
Cotton yarn	380	520	36
	'000 tons		
Jute goods	250	380	52
Cement	1,050	3,000	186
Steel	0	350	—
Coal	723	1,500	107
Soda ash	25	74	196
	Units		
Locomotives	135	162	20
Buses and trucks	25,000	36,000	44
Installed electric capacity (net)	000 kW 906	1,272	40

Between 1959 and 1961 the estimate of cost had been revised upwards by as much as 21 per cent. Internal and external prices rose. More aid was "tied." More detailed accounting increased some estimates. There was a larger carry-over of uncompleted projects from the first plan. The final breakdown is set out in the accompanying table.

Problems of Administration

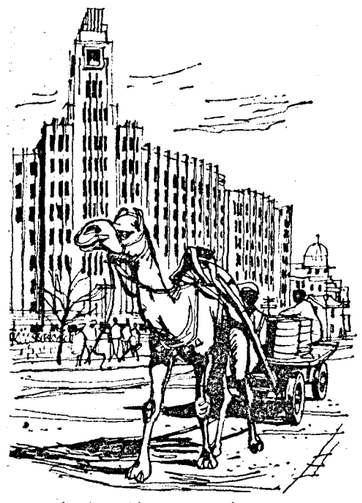
During the first plan, it became clear that the public authorities concerned lacked the drive and efficiency needed for full success. In part the problem—as in India—has sprung from the very qualities of the old Indian Civil Service. Trained in the traditions of Whitehall, with every emphasis on probity and careful audit, the accurate answer next year if need be, not the proxi-

mate answer today, officials hate the quick decisions and inspired guesses that rapid development requires. Again as in India, they have an instinctive distaste for the ways of the business world and a—possibly unconscious—conviction that the economic decisions they make are more likely to be "in the national interest" than those which are influenced by the "random" outcome of market forces. And the finance ministry, more certain of its own judgments than of those of any other department, insists on minute reference and audit.

The official's beliefs incline him toward *an absolute priority for all projects in the* public sector and a tendency, in allotting foreign exchange, to treat the private sector as residual. His distrust of the market is reinforced by a confusion of aims familiar to anyone who lived in Britain in the first five years after the war—the confusion between maximising wealth and maximising welfare. In a country of grinding poverty it seems just and right that the necessities of the masses—food, lodging, textiles—should be cheap. Yet price controls have the effect of increasing consumption and discouraging greater production, thus aggravating the shortages or building up flourishing black markets. For years, Pakistan's grain production remained more or less stationary, while vigorous smuggling went on across the Indian frontiers. A further refinement of this confusion has occurred in the vital field of foreign exchange. To encourage exports, exporters of certain goods have been offered a bonus in the shape of 20 per cent of the foreign exchange they earn to use as they wish. A heavy excise duty has also been placed on some commodities to discourage local consumption. When, however, increased exports of tea created local shortages and higher prices, the government introduced price control and cut the export quota. Similarly, when larger exports of cotton goods put pressure on domestic prices, the government abolished the export bonus on cotton yarn. The desire to secure cheap consumption cuts across the fundamental aim of rapid economic expansion.

PARADOXICALLY, industrial expansion has not been very inhibited. Business men may, as in India, have complained bitterly about the licensing system and the "eighty permits" they need before a new undertaking can be launched. But the rate of growth in the industrial sector has been among the highest in the world. Industry has received massive government assistance, directly in loans from the Pakistan Industrial Development Corporation (PIDC), indirectly from public investment in the rest of the economy. It has enjoyed the almost complete protection offered by the licensing of all imports. It has paid less than a true market price for its domestic capital. Its imports under licence have been in the nature of a continuous subsidy since the Pakistan rupee is considerably overvalued. Industry, in short, has *done* well. The chief consequences of ineffective planning and performance are to be found elsewhere—in the failure to stir up agriculture, in the insufficient mobilisation of resources. So many of the best official minds have been bogged down in licensing and controlling that other major needs have suffered neglect.

Now, however, there seems to be a general resolve to simplify and revitalise procedures. Financial control has been decentralised, accounting and audit are being reconsidered ; a special projects division has been



set up in the cabinet secretariat to follow the progress of agreed plans and decisions ; and the small, efficient Planning Commission is to be strengthened by seconding to it the best possible professional staff. Special agencies have been set up to carry out particularly urgent tasks. Water and power development authorities have been established in each Wing ; a new agency will develop East Pakistan's inland water transport ; two new agricultural corporations are envisaged. Here the government has been encouraged by the aggressive success of the PIDC, which can claim much credit for the rocketing growth of industry.

But the change which can, in theory at least, do most to lessen the administrative load is the decision to leave the bulk of development in the hands of private enterprise and hence to accept, within broad limits, the guidance of the market. Some steps to lessen controls have already been taken. Sixty-two items have been placed on automatic licensing—the importer's licence is simply renewed when he has used up his quota—and this extension now covers 118 industries instead of only 14 in the earlier period. The new procedure covers iron and steel, metals, lubricants, rubber, explosives and other industrial materials and should permit four-fifths of the industrial sector to cover their full import needs. To discourage importers from bringing in inessentials, duties on luxuries have been increased while duties on essential raw materials have been halved. This has encouraged some advisers to suggest that in domestic production, too, high excise duties on luxuries and inessentials might replace licensing and direct control.

Among other steps taken in this direction is the ending of control over grain sales. Henceforth the government will rely on its control of adequate stocks of grain to give floors and ceilings to food prices. Again, up to a certain level of investment an entrepreneur can now enter certain industrial sectors without a permit. A wider relaxation will depend on the effect of these first steps. The cumulative effect should be to transfer more and more decisions in the industrial sector to the entrepreneurs.

In general, the government has small reason to worry about the capacity of business to fulfil its share of the plan. The record of achievement is manifest. In addition, industry is encouraged by liberal depreciation allowances and by a tax holiday for new ventures. Excessively high tax rates on foreign business have been lowered. The types of production which the government wishes to encourage—cement, textiles in cotton and jute, light consumer industries using local raw materials—are just the type into which early industrialists tend to go. And both domestic and foreign enterprise should not be too difficult to attract, by way of a tax holiday lasting four to eight years, according to the location they choose, into such tried favourites as plastics, petrochemicals and synthetic fibres. The new plan begins under the sign of administrative relaxation. This should free the authorities to pursue urgent tasks elsewhere.

The Agricultural Front

There is no doubt about the first of these tasks. In Pakistan, as in virtually every other developing economy, no plan can succeed unless momentum can be achieved in agriculture. Apart from such cash crops as sugar cane, tea and tobacco, agricultural output has remained more or less stationary over the last decade, despite the extension of irrigation and the bringing of five million more acres under crops. From 1948 to 1958 rice production fluctuated, according to the weather, around 8 million tons, wheat around 3 million tons, jute around a million tons, cotton lint around 280,000 tons. The reasons for the stagnation comprise all the misery of Asian agriculture—fragmented holdings, unproductive landlord-tenant relations, uncertain rainfall, primitive techniques. But planning and administration have played their part. Controlled food prices turned the terms of trade against the countryside and discouraged rural investment. Meanwhile, keen entrepreneurs in the cities pressed for loans and scarce foreign exchange ; and the parts of the government dealing with transport and industry had more competent and aggressive leadership than the ministry of agriculture.

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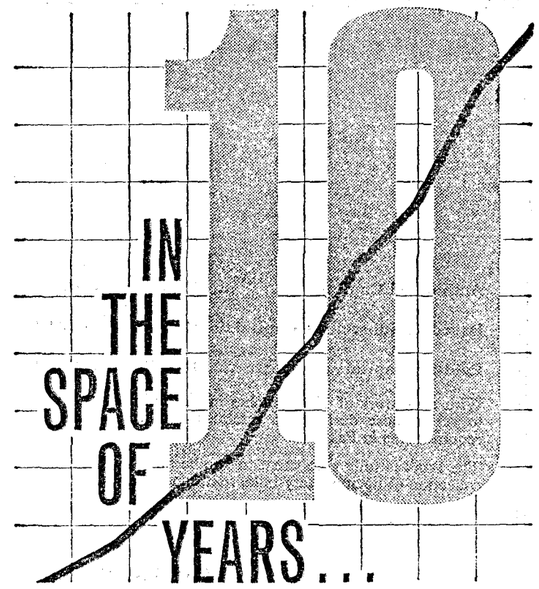
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cations for education as well. The second plan proposes more than a doubling of educational investment. The proportion of children between 6 and 11 attending primary school—which increased very little between 1954 and 1960—is to rise from 42 to 60 per cent by 1966. The aim is primary education for all by 1970 and compulsory schooling up to the age of 14 by 1975. Whether this results in farmers better able to adopt modern methods will depend very greatly on the emphasis given to agricultural training in the schools, and above all on the opportunities which farming offers to young people. Otherwise, primary education will only accelerate the drift to the cities. In high schools in rural areas, there is to be more instruction in agriculture. Three agricultural universities are to be established and the annual graduating class increased from 380 to 600. Yet it is impossible to read the government's plans without wondering whether agriculture should not enjoy an even higher priority. New polytechnics and training centres are to cater for industrial craftsmen. There is to be new emphasis in science and engineering; graduates are to number 700 a year. In comparison, the agricultural projects still seem conservative in relation to the immense load improved agriculture has to bear.

However, one of the most hopeful new features of the new period of planning is that the government has accepted virtually all the major recommendations of the commission on food and agriculture. If the two new agricultural corporations secure as much talent and autonomy as have such bodies as WAPDA or PIDC, a new phase of thrusting, competent administration could lie ahead. And the demonstration effect of a breakthrough in a number of "project areas" may turn the means of modern farming from a blueprint into an insistently demanded right.

The Mobilising of Resources

As we have seen, lack of budgetary discipline, expenditure that outran resources, deficit financing and finally inflation undermined the economy's performance under the first plan. A vital test of success in the second is the extent to which the need to mobilise more resources has been squarely faced. The adjoining table suggests that the government has taken the lesson seriously. It will be seen that the element of deficit financing is very small, and has been even further reduced in the latest estimates. The higher yield of existing taxes is expected to make at least £60 million available for development from the revenue budget—provided military expenditure can be stabilised and administrative expenses go up by no more than 2 per cent a year. Modest budget surpluses in recent years and firmer financial discipline in the cabinet make this forecast at least possible. Public services and corporations are expected to earn investible surpluses. Additional taxation is to produce £130 million. Taxes introduced in the 1960/61 budget should, over the five years, equal about half the proposed increase.



True, no new taxes have been proposed for 1961/62, but the finance minister has spoken only of a "respite," and no doubt further taxation will be introduced to cover the balance.

In the financing of the semi-public sector —the sphere of autonomous public corporations, some of them with private participation—the bulk of the new capital is to come from government loans already provided for in the estimates of public revenue, from surpluses earned by the corporations, from foreign loans and from private participation. Similarly, nearly three quarters of private investment is to be provided by government loans, foreign participation and the reinvestment of earnings. The element of fresh credit creation is small.

This level of domestic investment should be perfectly feasible. True, it implies that more realistic rates will be charged for public services such as electricity and transport, but the government has now accepted the idea that a public corporation must pay for its own expansion. The plan, wisely, relies more on reinvested earnings and budgetary surpluses than on that hitherto very modest performer, the Pakistani private saver—although prize bonds have been introduced to tempt him to a little more courage. And the general level of saving is still low. Domestic savings at the end of the plan will still be no more than 8.6 per cent of gross national product. It is a modest and therefore attainable figure.

Is it too modest? The unusual and disturbing feature of the financing of the plan is the degree of its dependence upon foreign assistance. It may be relevant to ask whether a more ambitious mobilisation of domestic resources should not be attempted, and the scale of external assistance related more directly to internal performance.

Second Plan: Governmental Resources

£ million

	Original plan	*Revised estimates*
Revenue surplus	60	
Customs duty on commodity aid imports	38	182
Resources of local bodies	15	
Capital receipts	112	125
Additional taxation	75	131
Deficit financing	75	11
Foreign aid :—		
Development assistance	300	425
Counterpart funds from US defence support and commodity aid	188	222
Total	863	1,097

Problems of Foreign Exchange

Admittedly one of the chief factors that has inhibited more rapid investment in the last six or seven years has been the absolute shortage of foreign exchange. Many attractive lines of investment have had to be postponed because the essential component of foreign exchange was lacking. The crucial question in the next decade is whether this absolute stringency can be reduced.

Part of the answer lies with the Pakistanis. The relative failure of agriculture has seriously weakened the country's balance of payments. The figures bear repetition. The products of field and herd provide 66 per cent of Pakistan's exports—95 per cent if one includes cotton and jute manufactures. If more domestic cotton had been available, there would have been less of a tug of war between consumption and exports. Above all, greater production of food grains would have spared the country the import of millions of tons of foreign grain over the last decade—only a part of them covered by American surpluses made available under Public Law 480.

Yet much of the problem of foreign exchange lies outside Pakistan's own control. Its exports are goods for which foreign demand is very inelastic and domestic demand increasingly lively. The prices of raw materials fluctuate unpredictably. Western quotas fix limits to the export of textiles. European excise duties hold down popular consumption of tea. All exports face strong competition from other Asian suppliers. The problem is the same as India's—a traditional pattern of exports dominated by lines in which progress is virtually bound to be slow. The export bonus scheme has had encouraging results. It is to be continued until 1965. But it cannot double the rate of exports in five years which, without external aid, is what Pakistan would need to achieve. Nor is there any hope of private foreign investment expanding rapidly enough—as, say, in Canada—to make good sluggish exports. The government encourages investment, and has reduced taxation on foreign enterprises roughly from 60 per cent to 50 per cent; and industries established during the second plan will enjoy a tax holiday varying from four to eight

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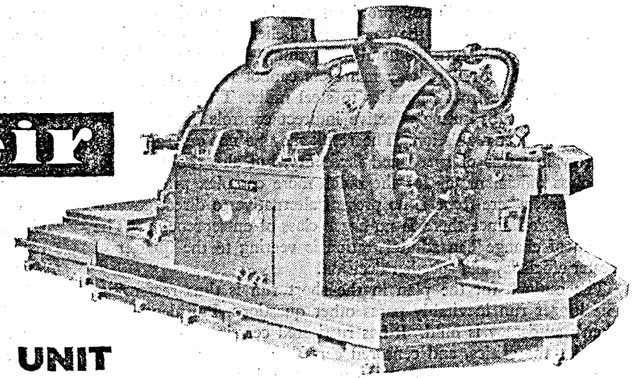
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years. Yet the planners are probably right in expecting fresh foreign investment to flow in at no more than £21 million a year.

Their modest expectation of the country's ability to expand its export earnings in the next five years is set out in the accompanying table. It illustrates not only the narrow field of manoeuvre in the export drive but also the uncertainties which complicate the task still further. Exports of cotton manufactures are expected to fall off and not return to the 1960 level until 1964-65. This is wholly due to the diversion of yarn to the hungry domestic market. The figures for jute and tea represent an even less tractable kind of difficulty. A poor jute season combined with a recovery in world demand for jute increased Pakistan's earnings by nearly £16 million in 1960/61. In the same season, a catastrophic drought in the tea areas reduced tea export earnings to almost nothing. It is against this alternation of feast and famine that the forecasts have had to be made, and the planners have very wisely preferred to err on the side of caution.

But the necessary modesty of their calculations leaves unsolved the basic dilemma of the economy. Simply to maintain its present rate of production and growth, imports ought to amount to £1,032 million over the five years of the plan. Thus, even before there is any question of a development plan, the balance of payments shows an unfavourable gap of £188 million. To this must be added the entire foreign exchange component of the plan—£634 million. The success of the whole enterprise turns on Pakistan's ability to attract—in loans, grants, commodity aid and private investment—the equivalent of £820 million in foreign exchange over the five years.

Foreign Exchange Earnings

(Revised projections for Second Five Year Plan)

£ million

	1959-60	1964-65	5-year total, 1960-61 to 1964-65
Raw jute.....	57	61	315
Jute manufactures	17	25	111
Raw cotton	13	19	82
Cotton manufactures.....	17	17	67
Wool.....	6	6	29
Hides and skins .	7	5	27
Tea	4	2	4
Misc. exports ..	18	29	112
Invisible receipts	21	20	97
Totals	160	184	844

PROSPECTS FOR PROGRESS

PROSPECTS FOR PROGRESS 1 The Domestic Scene

THE outlook for Pakistan as its second plan develops is much more encouraging than at the beginning of the first plan, and very much better than in 1947. Many earlier weaknesses are on the way to correction. The present leaders' devotion to the national interest is not in doubt. Within the administration, a wholly new interest in the problems of planning and executing development has ousted the complacent belief that a well trained "generalist" could turn his hand to anything—a parallel to India's discovery that retired railway managers cannot run every type of public enterprise from refineries to steel mills. There is a movement toward substituting effective indirect controls over the economy for direct regulation. The result may be not only gains for industry in terms of speed and flexibility, but also the release of first-class official minds for the much more complex problems of agriculture, where there is no present alternative to direct governmental action since there is no eager class of entrepreneurs. The "wind of change" in administration is veering to the quarter of greater efficiency and speedier decision.

The outlook for the plan in the short run is thus reassuring. The longer run inevitably poses other questions. President Ayub Khan's autocracy is mild. It has rusticated certain politicians, removed some critics, and censored certain views; but it does not exercise anything like a pervasive control over popular opinion and activity. The educated middle class are somewhat restive. They will grow more so. They will also grow in numbers and influence as the educational plan turns out hundreds of new graduates every year. If Pakistan's promised constitution can combine executive stability with genuine consultation and representation, if its economy can grow to provide employment and hope for the new men, they may become caught up in the exciting task of nation-building. But they are intellectually too alert and are increasing too fast to accept indefinitely political or economic stagnation. Their discontent is particularly lively in East Pakistan.



Gen. Azam Khan

A similar question mark hangs over the question of mass support for the regime. So far there is a good deal of aquiescence. But the longer run, on any historical analogy, should be more difficult. Pakistan is passing through the first stages of modernisation and capital accumulation. These are usually years of strain, since a people who are by definition poor have to begin to save and the extension of urban life and the market economy creates all manner of social and personal tensions. Moreover, in any society relying primarily on private enterprise for its development, industrialisation implies the emergence of entrepreneurs accumulating enough capital to carry investment further, who can easily look like exploiters to the men lower down. If, as in parts of Latin America, *nouveaux riches* in the city form a political and social alliance with *anciens riches* in the countryside, the situation is virtually a recipe for Castro-type revolt.

There seems no immediate danger of this kind of social upheaval. Urban workers are a tiny minority—there are still under a million registered trade unionists in a population of over 90 million. The farmers in East Pakistan own their own land. In the West, a first essay at land reform has at least broken the old immobility. The Moslem faith may continue to provide a strong social cement, especially in the daily confrontations of the village *panchayat*.

Yet East Pakistan presents especial risks. Poverty is greater there, development is slower, an almost colonial sense of dependence on the West wing aggravates local grievances. Natural disasters—violent typhoons on the coast, drought in the hills—have eaten away the economic margin in the last two years. The president has appointed a governor of energy and goodwill in the person of General Azam Khan, but it cannot be said that he has made any really significant improvements so far. However, government spending on development is now to increase in the East wing—from £74 million during the first plan to £400 million in the second. In fact, the increase is so sharp that there is some doubt whether the administrative structure can carry such a load. In addition, if the United States agrees to a large programme of extra releases of surplus commodities, most of them will be channelled to East Pakistan. There is no doubt that the government intends to carry through a much more vigorous programme in the next five years. It may come in time to check a disturbingly widespread mood of discontent.

In other words, the political prospects depend upon the success of the plan. Population will go up for decades to come. The backwardness of women's education in a Moslem land is one more obstacle in the way of birth control. Unless economic growth can reach 3 or 4 per cent a year, the hopes of a modest increase in well-being will be illusory. If it falls even lower, a catastrophe lies ahead. But beyond a certain point, the prospects for development lie outside Pakistan's control. They depend on external peace and outside support.

PROSPECTS FOR PROGRESS 2 Neighbours and Friends

THERE can be no question about the settlement that would give the greatest hopes of peace and progress to both Pakistan and India. President Ayub Khan's definition has already been quoted—a reconciliation permitting them to concert the defence of the subcontinent. To it one might add a greater degree of economic cooperation and trading to ensure that the growth of each developing economy helped the growth of the other. At present, commercial exchanges have not recovered from the long wrangle over devaluation. The Pakistan rupee was not restored to parity with the Indian rupee until August, 1955, and no real effort has been made to expand trade since then. Today India provides only about 5 per cent of Pakistan's imports and buys less than 4 per cent of its exports. If a determined effort were made to settle the outstanding issues of debt and compensation between the two countries, the way would be opened not merely to resume normal commerce but to increase it as both economies expand. In the epoch of the "common market," it is tragic that one of the greatest potential markets in the world should be subjected to arbitrary divisions. There must, in any case, be long and intimate co-operation over the carrying out of the Indus Water scheme. Ideally, it should be extended to wider fields.

Yet it is impossible to count on such an outcome. Pakistan may now have enough national self-confidence to enter on a new and more co-operative phase in its relations with India, but the Indians show little sign of giving a high priority to reconciliation. There is not the slightest hint of any reconsideration of Kashmir. And without compromise over Kashmir, no real political détente is possible.

Could outside agencies help to bring it about? Here one must consider both the negative influence of communist expansion in south-east Asia and the possibly positive influence of the West's deep interest in the development of both countries. Hitherto communist pressure has caused the two governments to react in opposite ways. Pakistan has joined the western-inspired defence pacts—Cento and Seato. India has been a leading exponent of the policy of avoiding entangling alliances and pushing to the limit a readiness to believe in the communist powers' unaggressive intentions. While Pakistan was joining in military alliances, India was drawing up the *Panch Shila*—the five principles of peaceful co-existence—with the Chinese.



Jute under the microscope

Theoretically, the collapse of the *Panch Shila* approach before the reality of Chinese repression in Tibet and Chinese invasions of Indian territory should have lessened the gap. But in fact India rejects as strenuously as ever any military links with other nations and, if anything, suspects Pakistan even more sharply than before of using its military connexion with America to strengthen its position not *vis à vis* the communist powers but in the dispute over Kashmir. President Ayub Khan, feeling rebuffed after what were genuine overtures of conciliation, now makes no secret of his distrust. As we have seen, he went out of his way in Washington in July to deplore the new attention shown to India by the Kennedy Administration and to assert that Pakistan alone is a reliable friend in Asia. (It is, in part, disillusion with western refusal of direct support over Kashmir that has led Pakistan to accept Russian assistance in oil prospecting.) Thus the poison of the unresolved Kashmir conflict continues to affect every part of the tragic, wasteful, potentially disastrous relations between the two neighbours.

AID TO PAKISTAN

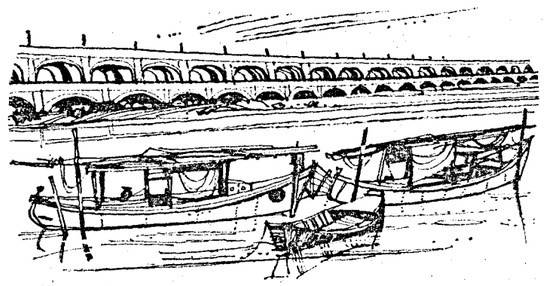
(allocated up to March, 1961)

£ million

United States	512·7
World Bank (and IFC).....	86·7
Canada.....	46·1
Australia	8·1
Ford Foundation	6·1
United Nations	5·9
New Zealand	2·0
Britain	1·7
West Germany	0·3
Sweden	0·2
Japan	0·1
	670·0

Could the western powers exert any influence to improve this relationship? Any direct political effort would be most unwise. The post-colonial relationship between Asia and the West has to be based on strict respect for sovereignty and realization that political interventions, however well meaning, dissipate good will. Yet, as the Indus Waters agreement has shown, indirect influence, aimed at developing recognisable common interests and backing them with imaginative assistance, can avert disaster and create a climate for better things. In the context of 1961, the chief contribution the West can make to the stability of the sub-continent is to ensure that the development programmes in both countries go ahead and that their political disputes are not given an extra biting edge of economic stringency.

What are the prospects? Judging by the past, they are reasonably good. Over the last decade, Pakistan has received £670 million in



The Sukkur Barrage

aid from the West, and aid programmes will certainly continue. At present, three different but complementary approaches are being considered. The first two, at this stage, concern only the United States. After President Ayub Khan's visit to Washington, President Kennedy agreed to send out scientists and engineers to study Pakistan's daunting problems of water-logging and salinity within the framework of WAPDA's master plan. No decision has been taken on future finance. It is, however, arguable that there should be not only an American but a world interest here. As the tide of the world's population rises other deserts will need to be irrigated, and Pakistan could serve as a laboratory in which the possibilities are examined for the benefit of all mankind.

The second line of approach covers an expanded programme, under US Public Law 480, of releasing surplus grain, cotton, animal feeds, and some additional foodstuffs from American reserves. The United States is prepared to consider supplying some £230 million worth of such commodities—including 6,250,000 tons of grain and 30,000 bales of cotton—with the aim of allowing Pakistan to undertake a much more ambitious mobilisation of unemployed and underemployed labour, especially in East Pakistan. Any new wages would be spent almost wholly upon extra food and upon cotton cloth (at present the average Pakistani uses only a quarter of the average Indian's very low consumption of cloth). The chief aim of the extended PL480 programme is thus to permit a greater mobilising of domestic resources without unbearable inflation.

There remains the third and most vital line of approach—the foreign exchange needed to keep both the economy and the plan on the move. In this year's negotiations with the western aid consortium*, the Pakistanis were unlucky. Only a few weeks earlier, India had been guaranteed virtually the full amount requested for the first two years of its third plan—£820 millions. By the time Pakistan's turn came some members of the consortium had grown weary of well doing, and the sum offered to cover the first two years of the Pakistan plan—£190 millions—proved to be only about half the estimated need. No doubt the American administration, in its new imaginative and generous mood, could have bridged the gap. But part of this mood is a shrewd determination to see that its western partners foot their share of the bill.

Britain and Germany had just increased their offers to India under American pressure. They were not so amenable when Pakistan's turn came round. However, the consortium will meet again and Pakistan's request for a firm figure of some £360 million for the first two years of the plan will be reconsidered.

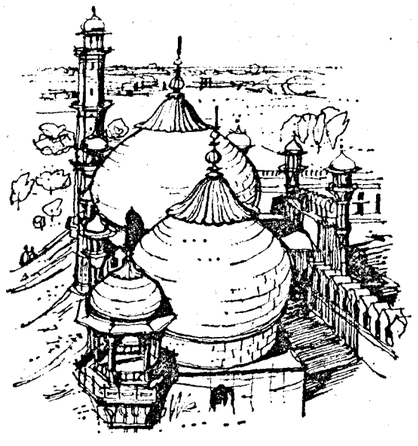
It is to be hoped that in spite of the alarms in Europe, the uncertainties of Britain's economy (some of its contribution might legitimately take the form of "tied" loans) and the preoccupation of all the European partners with the next phase of negotiations in the Common Market, Pakistan's plan will receive a more favourable response at the next meeting. Pressures in Europe are real and

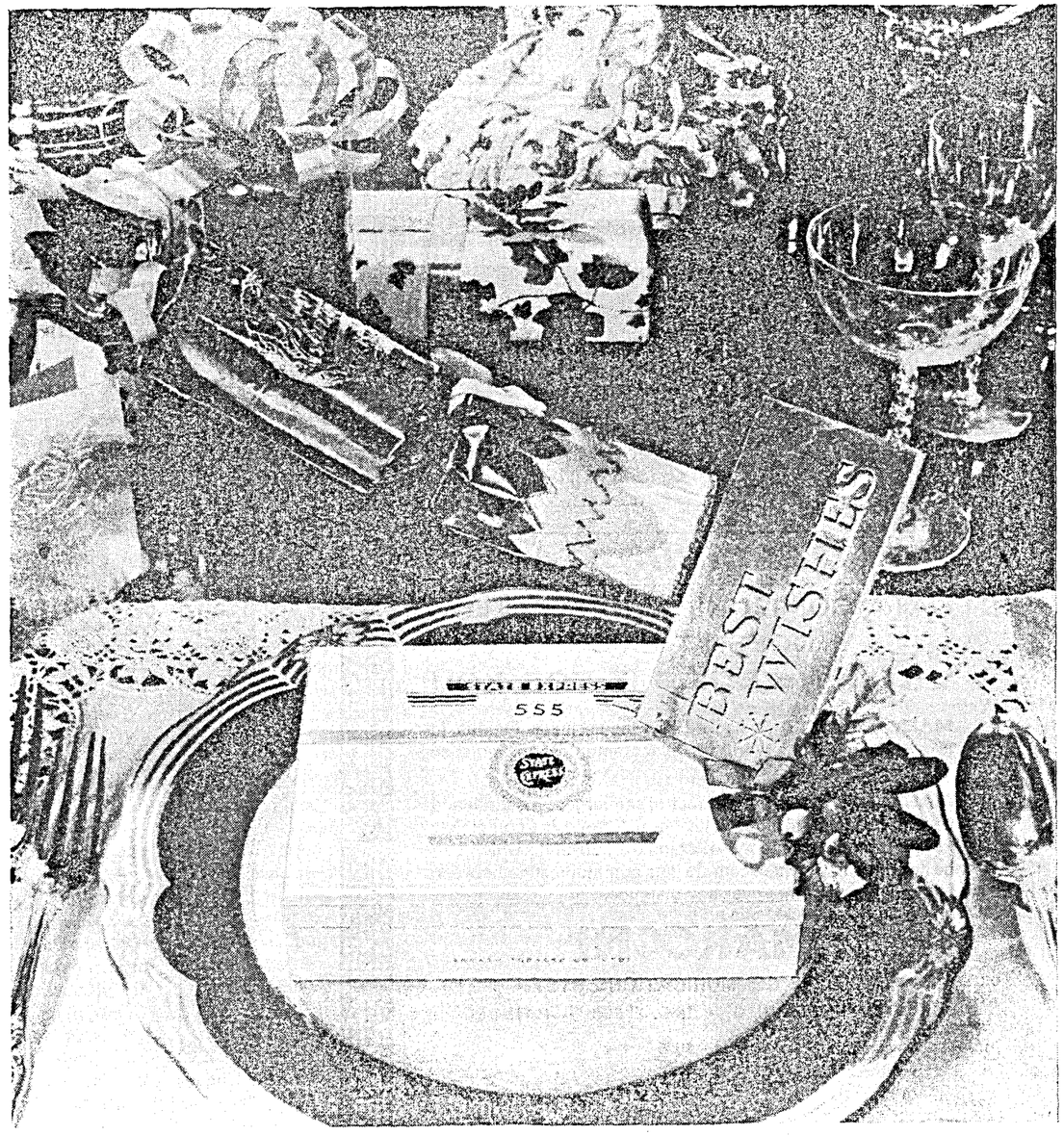
* The United States, Britain, West Germany, Japan, Canada, France and the World Bank.

harsh enough. But the western Powers should have learnt by now that to neglect apparently less urgent problems simply allows such problems to explode into current disasters with all the more inevitability and speed. The communists conduct their strategy on a global basis, pressing here, there and everywhere while the western powers tend to rush about after them, the fire engines always one step behind the fires. Today, apart from Kashmir, there are no major fires threatening the Indian sub-continent. But this condition depends absolutely on the fulfilment of both the Indian and the Pakistan plans. There is no sense in waiting until the fires begin. And the plans offer the best and most immediate means of seeing that they do not break out.

One must remember that in proportion to the needs of a densely populated land, the Pakistani second plan—like India's third—remains very modest. Even if all goes well, the annual increase in income per head will not be more than 2 per cent, and this from a base of about £23 a year. All that the whole great effort proposes is that the economy should begin to lift off the depths of desperate poverty. Men and women are not going to "live it up" at western expense. For millions of them, the plan represents the marginal ability to live at all. Without it, the present relative peace of the sub-continent would founder in ruin or anarchy.

If the western powers decide to meet Pakistan's full need for foreign exchange over the next five years—£820 million—the annual contribution is not much more than one-sixteenth of one per cent of their combined national income, a sum which they smoke and drink away every few weeks. Even if the plan were an irresponsible gamble, it could be carried without a ripple on the surface of western prosperity. And it is not irresponsible. The Pakistan regime has shown capacities for leadership and commonsense rare in the turbulent first decades of independence. The administration has surmounted unimaginable difficulties and is now transforming itself to become a more effective instrument of economic growth. The plan itself has been carefully prepared. The tasks it proposes are practicable in the view of outside experts. No one can guarantee that the effort will fully succeed. Wars, invasions, floods, all the hazards of monsoon agriculture cannot be ruled out. But western nations have had in the past to act on odds considerably less favourable than these. And if they have now decided to act only upon certainties, they can be certain of only one thing: that the forces of history—which again and again have favoured the venturers, and even the gamblers—will begin inexorably to pass them by.





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THE BUSINESS WORLD

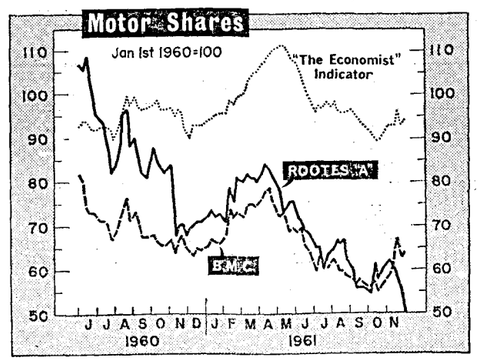
Motor Profits Now

It takes a lot to depress the chairmen of the two remaining large British car manufacturers. Lord Rootes can hardly nowadays be as optimistic as Mr George Harriman of the British Motor Corporation; but he was able to tell shareholders in his annual statement last week that Rootes' new models have been enthusiastically received, even if the losses from the company's recent strike may not be made good in the rest of the current year. Mr Harriman feels it necessary, "though gloom and despondency are all the fashion," to assert "my firm confidence in the future of the industry in general and of the British Motor Corporation in particular." The group has demonstrated this confidence by holding its dividend, though this is only just covered by profits; Lord Rootes decided to cut his dividend from 12 per cent to 4 per cent, though profits were still large enough to cover the old dividend 1¼ times. The losses from the strike at Rootes must be a heavy burden; if they are so large that they may not be recovered this year, the figure may well exceed £3 million.

Both companies can be fairly satisfied with their performance last year, for neither did worse than the industry as a whole. Vehicle output fell 21 per cent in total, but that of BMC fell only 10 per cent, from 669,000 to 601,000, and that of Rootes about 18 per cent. BMC was sustained through the year by the growing popularity of its baby cars—it took the public more than a year to realise their merits, and forget the somewhat porous reputation that the earliest examples acquired—and by the growing practice of buying a light van to use as a car. These successes allowed it to increase its share of British makers' sales on the home market from 39.9 per cent in 1960 to 41.2 per cent in the first half of 1961. The output of light vans rose 45 per cent; all types of commercial vehicle accounted for 33 per cent of BMC output. Where the group did lose was in export markets. Shipments to the United States, in particular, were 69,000 fewer than in the previous year, representing more than the total fall in the company's output. But its share of British car exports rose from 33.8 per cent to 39.9 per cent.

BMC thus strengthened its competitive position. But it is surprising that a fall of £35 million in sales should cut profits by £16 million in a year when there were no model changes. The price increases that the company made this autumn suggest that its margins were proving inadequate. One might suspect, however, that the management did not cope as well as it had hoped with the problems of last winter's slump. The strike at Pressed Steel last April must have also hit BMC profits, by again bringing output nearly to a stop. In all, the company lost 34,000 vehicles from strikes during the year.

Rootes naturally suffered a bigger fall in profits than BMC; it was operating at only about 65 per cent of capacity, while BMC managed to run at 80 per cent. Even this rate of output is better than had been expected from Rootes in a year when it can have exported few cars to the United States—which had taken about a quarter of the company's exports in the previous year—and when its second best export market, Australia, also reduced imports sharply. But Rootes was able to hold on to a steady 10 per cent of the home market, while Vauxhall saw its share slide as sales of the old Victor died away, and Standard-Triumph's share fluctuated widely.



A rapid expansion of van production did much to help Rootes last year; commercial vehicles accounted for over a quarter of its total production. The strengthening of this side of the business has been one of the management's chief innovations in the last few years, and it has paid off handsomely. The new forward-control light vans that the company introduced in 1959 seem to have done most to improve the company's standing in this market. But the company did well, despite these aids, to keep itself profitable when running at 65 per cent of capacity. And it does not look as if its non-manufacturing activities cushioned the fall in output. Rootes was among the first companies to reduce output in the autumn of 1960, whereas BMC was the last; and in consequence Rootes seems to have had a less serious stock problem and to have been able to raise output sooner in the spring. By preventing such abrupt fluctuations in output, shrewd management must have helped to maintain profits.

What are the prospects for these companies in the current year? Anyone who wants to invest in the motor industry has now to choose between them and the Continental companies. Ford and Vauxhall are in their parents' hands: to buy Rover is now really to invest in

commercial vehicles, and Jaguar has a somewhat specialised appeal with its one per cent yield.
Most of the Continental shares offer pretty exiguous yields, too ; and now that Rootes offers something similar, the potential investor who wants immediate income out of motors finds himself driven back to BMC or nothing.

NOBODY reading Mr Harriman's statement could doubt that he expects that the company will do better this year than last. Now that the winter has started and home sales have slumped without affecting BMC's belief that output can be kept as near capacity as possible until the end of January, there can be little risk that the company will suffer the same troubles as last winter. If home demand rises in the spring as it did last year, BMC should be able to keep at a profitable level of output throughout the year. The new models are one reason for the happier situation this winter ; dealers need to build up stocks of them. Another is the recovery in exports, especially those to the United States ; instead of sending no cars there, BMC is shipping 900 sports cars a week. Mr Harriman adds another reason for optimism: stocks of BMC vehicles throughout the world are falling, so that the prospects for exports are that recovery should continue.

Next year is an even more difficult one than usual for which to predict home demand for cars. If Mr Lloyd does nothing to stimulate demand, as looks more possible now that his wage freeze seems to be thawing, one of the factors that was being relied on to produce a rise in demand may have gone. But there remains the fact that the public is saving—or reducing its borrowings—now, and should therefore soon have more cash to spend on durables. And the Motor Show gave makers the impression that many people would spend this money on cars. BMC should be able to take at least as big a share as it did last year, though the competitive appeal of its modified medium-sized cars has yet to be tested against that of the new Victor and the Rootes models. And it is also too soon to tell what appeal the chromium-plated Elfs and Hornets of its baby car range will prove to possess. But the increased prices should anyway raise its margins. Its expansion programme will not increase capacity much this year ; the new assembly hall will not come into use until next August. But the company will have to carry the overheads of unfinished factories, and the cost of switching lorry and tractor production to Scotland.

Rootes's prospects for next year are dominated by the effects of the strike at its Acton works. When that ended yesterday after twelve weeks, it had cost the company fully two months'

output, at a time when its new models should have bee helping to strengthen its position in the market. In August the last month before Rootes was hit by the strike, its shar of the market seems to have risen to roughly 12 per cent though the Super Minx had not then been introduced. Th price cuts on the old Minx and the Gazelle, and the introduc tion of the Singer Vogue, accounted for the rise. These however, must have narrowed the group's margins, thoug the high prices of the Super Minx and Vogue should have th opposite effect—so long as these do not affect sales. Roote now covers a wider spread of prices with its cars than before and it should be able to keep a rather larger share of th home market. So, with production going again, Rootes ca expect to be doing rather better than it was last year ; lik BMC, it is sharing in the recovery of exports. It too has onl a limited amount of new capacity to fill this year, now tha it is making more models. The big rise comes with the ne small car, in the spring of 1963. The present year might wel have proved more profitable than last for both BMC an Rootes, but for the latter's labour troubles.

Both these companies have very large capital commitment BMC invested over £20 million last year and seems likely t spend more this year ; outstanding commitments total £1 million and a further £36 million will be spent in the nex three years—its expansion plans seem to be stretching an growing. Last year its liquid assets fell from £29 million t £18 million ; if profits should not rise this year, BMC woul be needing to borrow by its end. Rootes was better place last July, with cash exceeding capital commitments ; but th strike must have altered this.

Apart from the prospect of entry into the common marke which will face these and other British producers with th need to increase sales outlets there, BMC and Rootes fac another common problem—keeping their new capacity busy Rootes's ambitious plans for its small car may make its prob lems bigger than BMC's. It is unlikely that Rootes can matc BMC's or Ford's prices, and it will be competing with them If it can equal the engineering qualities of the BMC babie with more style, it might be able to get a reasonable share o the British market. But in a venture like this, the smaller firm is facing a dilemma. Should it stick to the medium-size market, where its volume is comparable to that of BMC an Ford, but the scope for expansion is limited ? Or should i beard them in the small car market, where they are wel established and its volume is likely to be smaller than their and its costs higher. Since the war, Rootes has chosen th first course: it seems now to have changed its mind. Thi may offer greater rewards—but at greater risk.

	BRITISH MOTOR CORPORATION					ROOTES MOTORS				
Years to July 31	1957 £000's	1958 £000's	1959 £000's	1960 £000's	1961 £000's	1957 £000's	1958 £000's	1959 £000's	1960 £000's	1961 £000's
Sales	*	265,000	265,000	346,000	311,000	*	*	*	*	*
Gross profit	7,828	20,992	15,699	26,933	10,154	Dr. 498	2,097	3,916	4,187	976
Net equity earnings	2,113	8,953	6,975	13,060	5,475	Dr. 299	926	1,834	1,737	493
Net equity earnings per cent †	8·8	37·6	27·8	51·5	21·6	Nil	32·2	60·8	62·8	16·1
Dividend, per cent††	9·6	13·5	18·3	20·0	20·0	4·0	8·0	12·0	12·0	4·0
Net equity assets	54,154	61,207	64,392	72,784	72,807	11,289	12,208	13,809	18,104	18,903
Cash flow	5,113	10,713	7,584	13,307	5,855	9,927	2,101	2,668	2,987	2,305
	%	%	%	%	%	%	%	%	%	%
Gross profit/sales	...	7·9	5·9	7·8	3·3	...	...	...	...	...
Net equity earnings/net equity assets	3·9	14·6	10·8	17·9	7·5	...	7·6	13·3	9·6	2·6
Gross profits/net equity assets	14·5	34·3	24·4	37·0	13·9	...	17·2	28·4	23·1	5·2

* Not available. † Adjusted to present capital.

Pecking Order in Aviation

"The benefits of competition cannot be achieved painlessly."
—Air Transport Licensing Board.

PROFESSOR JACK and his colleagues at the Air Transport Licensing Board emerge with great credit from the marathon series of hearings during which they sought this summer to establish a new, competitive pattern for aviation in Britain. Whether in future their decisions are accepted by the Minister of Aviation or reversed by him, as the Cunard Eagle's licence to fly the Atlantic was withdrawn last week, the board has made aviation history, for it has defined, for the first time, the conditions under which reasonable men (as distinct from politicians) think that competition should be encouraged in the air and the limits beyond which they think it would do more harm than good. Conservative administrations have groped for a decade to find a criterion that would give independent airlines room for growth without undermining the nationalised air corporations. The board's own yardstick was explained on Tuesday in the lengthy preface to its judgment on more than 70 applications for new air routes inside Europe which it heard during the summer.

Briefly, the criterion amounts to this. There is room for a second British airline on any route already served by one of the two nationalised air corporations where it can be shown that the nationalised corporation could reasonably expect to continue carrying at least the same number of passengers after the new service began as it did before. Another way of putting it would be to argue that where traffic was growing fast enough to require extra flights with new aircraft, an independent airline should be allowed at the outset to provide this extra capacity, not BEA or BOAC. Applying this formula to some of BEA's routes, the board demonstrates that while it would check the growth of the corporation for perhaps the first year of the new service (but not, by definition, cut into the volume of traffic already carried by the corporation), BEA's traffic would soon start to rise again, but necessarily at a slower rate than in the past. This formula is based on estimates about past and future traffic, and the board quite deliberately discounts arguments of BEA showing that the corporation's long-term plans already took account of this future traffic. Plans, it hinted, can be changed at short notice.

This formula has its flaws, but it does at least give airlines some guide to what applications are likely to succeed—with the board at any rate—in the future and what may not ; without it, they would have to go repeatedly through the expensive and time-consuming process of putting each case to the test in order to discover what the board would wear. But of more relevance to the present differences of view between minister and board is the fact that here the board has spelled out precisely how it interprets its terms of reference under the new civil aviation act. This interpretation differs at several important points from the views expressed by Mr Thorneycroft last week when he countermanded the board's decision to allow Cunard Eagle to fly on the North Atlantic and from those of Sir Fred Pritchard, the commissioner appointed by Mr Thorneycroft to hear BOAC's appeal against the board's award to Cunard Eagle. Both appeared to reject the idea, cardinal to the board's formula, that some check would have to be accepted on the corporations' rate of growth if *lebensraum* for the independent airlines were to be provided.

The minister now has to make up his mind whether to stick by his own interpretation, which would make nonsense of the new Act, or whether to climb off a creaky limb with what grace he can muster. Meanwhile, it is worth considering whether the board's formula for competition is a workable one. Applied to this summer's applications, it gives the independent airlines only one-third of the routes for which they asked and not starting until 1963. On the remaining two-thirds the traffic was not regarded by the board as potentially buoyant enough. These licences will indeed allow them to fly into almost every country in Europe this side of the Iron Curtain, except to Germany and Cyprus, and to several points inside the British Isles. But the board's formula does not always allow them to fly to the particular destinations they wanted, nor do the licences add up decisively to an economical network for each operator. The formula will not provide enough work for the aircraft that the independents now have on order, and which they presumably would regard as the minimum fleet that they could make to pay. This is the kind of gift horse whose teeth have to be looked at, however ungraciously, because there is a real danger that the beast will eat the independent airlines out of house and home.

THE success of the board's policy is bound to depend also on the reaction of foreign governments to it. When the board recommended a licence for Cunard Eagle to fly on the North Atlantic it knew that the United States government was unlikely to raise difficulties at the other end ; not so in Europe. With the exception of Holland, the Scandinavian countries, Eire and possibly Belgium, European governments may well allow in a second British airline only if BEA cuts its flights proportionately. This would be intolerable ; there is no justification for asking BEA to surrender existing traffic to the independents, nor does the board intend this to happen. If it is assumed that the air agreements negotiated between the governments of most European countries work on a rule of thumb formula that divides traffic 50-50 between the two national carriers, it could in theory be argued that the arrival of a second British airline does not upset this ratio, since the new airline is merely providing extra services that would otherwise have been put on by BEA. This would be the proper line for the Ministry to take. But, unfortunately, matters are not as simple as that ; in addition to these agreements which are necessary if the air service is to be flown at all, BEA's silver-tongued negotiators have made their own private arrangements with the majority of European airlines which have the effect of allowing BEA to carry a great deal more than its formal 50 per cent of the traffic. It is these pooling agreements that may make life difficult for the independents unless BEA decides to be "co-operative," which would be asking a lot. In the case of France, for example, the board frankly admitted that the only way for the independent airline, British United Airways, to exploit its licence for two

daily flights to Paris would be to join the Air France—BEA pool. How much competition is there in a cartel of three?

It is noticeable that the board's new formula also establishes something approaching a pecking order among airlines. At the top are the two nationalised corporations, whose existing traffic must never be eroded. Below them in rank come the two independent airlines with the most vigorous backing from the shipping companies; Cunard Eagle and British United Airways. The two biggest shareholders in this latter group are Furness Withy and Blue Star Line, with 20 per cent each, followed by Clan Line and British and Commonwealth Shipping with 16 per cent each, Whitehall Securities and Mr. T. L. Guinness with 10 per cent each and the Hunting group with 8 per cent. The board said that there was little to choose between these two. It gave BUA the skeleton of a European network to add to its African routes, and Cunard Eagle one to Scandinavia and inside the British Isles.

A good deal lower down in this ranking come airlines such as Silver City, also backed by shipping companies (in this case P and O), but ones that, in the board's view, are apparently reluctant to increase their investment to any significant extent. Silver City got no new licences for reasons that could be summarised by the board's comments on its application for flights to Marseilles and Genoa: "It did not appear to us that the applicant was willing to invest in the modern aircraft which will undoubtedly be required if this route is to be operated successfully." This is a statement of considerable importance, since it serves notice that the board has no time for airlines that are going to put less effort into developing routes than the corporations might have been expected to do.

This does not hold out much promise for airlines at the bottom of the pecking order, the small private and charter companies holding on by their fraying boot laces. Skyways, from which the Bibby line has recently pulled out, did not figure in the current round of applications, but several other small airlines did. With them the board was sympathetic but firm. It gave some new routes to the Liverpool-based company Starways. It said that it would have given Tradair the routes it asked for if that company could have found financial backers. Tradair is now in the hands of the receiver. Altogether, nearly a dozen small airlines may have gone out of business by the end of the year.

There are perhaps 60 private air companies in the country, about 30 of them operating passenger services of one kind or another. Some of them are well and sensibly managed, but conditions have been made increasingly difficult by competition from newcomers who have undercut their bids for holiday charter flights operated by travel agents—the small airline's bread and butter. Overseas Aviation, in particular, is said to have taken much traffic last summer from other small airlines, leaving them with a good deal of idle capacity. It is little comfort to them that Overseas Aviation is now out of business; the traffic lost to that airline has pushed several of them into the red as well. The fact that passengers of Overseas and of another now dead company, Falcon, were stranded at times during the summer has made the board look with much more care on the financial resources of each airline, before granting licences for holiday flights this coming season. This takes time and meanwhile travel agents cannot wait. By long-standing custom, travel agents begin their sales campaign the week-end after Christmas; plans have to be drawn up and brochures printed long before then, and if the small British airlines are not able to get licences before the deadline, the travel agents simply have to go elsewhere, usually to foreign airlines outside the control of the licensing board.

This is a sad state of affairs and it suggests that the days of the really small airline may be numbered. The board itself thinks that much of their charter traffic will find its way on to the normal scheduled services run by airlines at the top end of the pecking order. Nevertheless, British aviation may be the poorer when small, enterprising and reputable companies like Air Safari and Tradair can no longer find a place in it.

Crosses of Gold and Silver

A round-up of a remarkable week in international finance, in which the markets have done some quick homework on the principles of bimetallism and the British authorities have made one bow to gold and another to international credit.

Curiouser and Curiouser

JUST before last weekend bullion dealers were reporting a marked lightening in the demand for gold, and the London price dropped quickly from its effective support point of just under $35.20 an ounce to $35.15. Exactly why this occurred at a time when the exchange markets are spending their time deciding which of the major currencies is weaker than the other is not immediately apparent, but it is none the less welcome. It was a little strange, therefore, to learn at the weekend that whereas private operators were losing their preference for gold, central bankers were not; the United States showed a gold loss for the week of $300 million, the largest on record, and almost entirely attributable to a conversion of dollars by the Bank of England.

There was no immediate reaction in the gold market, which remained quiet at the beginning of this week—though the revival in gold shares got a new stimulus. Then on Wednesday the gold bullion market was reawakened by the jolt given by the United States Administration to the silver market. This had long been expected, and the big speculative position that has been building up in silver has fundamentally no relation to the quite differently based speculation in the gold market. This did not stop some commentators from docketing the removal of the silver peg as another manifestation of weakness of the dollar, and the shades of bimetallism from putting in a reappearance.

There was no reaction to the rise in silver, it is encouraging to report, in the exchange markets, where sterling continued generally strong and the dollar generally weak. The recent strength of sterling has been an interesting commentary on the power of the printed word. The words "devaluation" or "flexible exchange rates" have probably been used more often in British newspapers in the past three weeks than they were in the previous three years. This is not because devaluation is considered basically more likely now than it was a few months ago but because people have suddenly become less inhibited in using the word; and this is a distinction that exchange operators, so far, seem to have understood. They did react, however, to Wednesday's report that the Chancellor had told trade union leaders that Britain was facing the danger of devaluation. Although this drew the quick correction from the Treasury that the Chancellor had referred to this as a threat existing in July, not now, sterling was sold from New York on Thursday.

IMF Good—

THE one welcome item in the week's exchange news was a further repayment by Britain to the International Monetary Fund, of £50 million. This follows October's repayment of £100 million, and reflects a continuation, at a rather less hectic pace, of the inflow of funds. These repayments, which now cover some 28 per cent of the drawing of £535 million, increase *pari passu* Britain's standby facilities at the Fund, which could immediately be drawn on if the flow of funds were reversed. The July drawing was made exceptionally large, to achieve a decisive impact on the speculative mood. Now that the tide is running the other way it is obvious good sense to push the money back into the Fund—and this month Britain has repaid not only in dollars but in marks and French francs. The Treasury points out, as it must, that the repayments reflect no corresponding improvement in the underlying balance of payments: they are being financed by an inflow of capital, some of it representing the reversal of leads and lags in current payments and some an inflow of foreign funds. There are as yet no statistical indications of its size. The latest figures of sterling balances published this week show a fall of £208 million in the holdings of non-sterling countries in the September quarter—but this was largely the result of repayment of Basle credits to Continental central banks. Allowing for this, it looks as if European balances rose in these three months as a whole. But balances of North American, Latin American and other non sterling countries fell—the residual group, which includes Iraq, showing a particularly sharp fall of £40 million to £250 million, compared with £340 million at end-1960. The balances of overseas sterling countries were unchanged at £2,604 million.

—Gold Conversion Bad

BRITAIN'S repayment to IMF was a constructive step for sterling and for world payments as a whole. Its conversion of dollars into gold the previous week was not. It is true that the United States Treasury, very wisely in the circumstances, has not voiced any criticism of this conversion, even in private. It is anxious to do everything to support the strengthening of sterling, since it recognises that the fate of the two key currencies is linked together. And it accepts the Bank of England's contention that one key currency must be backed by gold and not by another key currency.

This has long been part of the financial folklore; but has it, in present circumstances, any real basis? For it is surely difficult to put too much importance on the colour of the money by which sterling's external liabilities are backed when the total of that backing is itself a bare one-third cover. If all the sterling IOUs are presented, the bank will not be able to pay anyway, whether its one-third backing happens to be held in gold or in dollars. Once the logic of the linked fate of the key currencies is accepted—and it must surely be accepted in London if it is in Washington—then the traditional habits require a thorough revision.

The real backing behind sterling as a key currency, as has been demonstrated at least three times in recent years, lies not in its gold reserves but in its access to IMF and other sources of international credit. Britain's quick repayments to IMF are now helping a little in getting the world used to using that institution as an international credit clearing, and one hopes that they will help Dr Jacobsson get his scheme for supplementary facilities drawn up, as he had rather boldly predicted it would be, before Christmas. But Britain, which depends so much on the extension of international financial co-operation, must lose no opportunities of making its own contribution to it. They will serve it better than an extra $300 million in gold metal.

Silver Off the Peg

THE United States Treasury has relaxed its grip on the price of silver sooner than expected. The speculative pressure had built up from rising demand for industrial and coinage uses, which were pressing on the United States source of supply. The monetary implications in the United States are discussed on page 904. The United States Treasury took 46 million oz of silver for minting its subsidiary coinage last year, and must have been responsible for a significant part of the reduction of 92 million oz in the Treasury's "free stock" of silver since the end of last year. American industry drew 22 million ounces from the free stock last year to supplement domestic production and imported supplies and presumably required most of it for genuinely industrial purposes. That still leaves room for a considerable volume of speculative purchases this year.

Though the US Treasury's vaults are not directly open to foreign purchases, buyers in Britain did have the opportunity to participate in this silver-tipped speculation, though compared with the scramble that ended the International Tin Council's attempt to stem the rise in tin prices last summer, the silver speculation was an extremely refined affair.

Mainly because of heavy imports from China, supplies of silver imported into Britain rose by 10 million oz to 21 million oz in the first ten months of the year. Imports from the United States accounted for one million oz of this rise. Allowing for larger exports of silver bullion, alloys, coins and silverware, net imports so far this year have been greater than consumption in 1960. The initial rise in the price of silver—in London of 5½d. to 85½d. a fine oz for spot supplies, and 9⅝ cents to 101 cents an oz in New York—gave the short-term speculators their chance to take a quick profit. Business was substantial, but not as hectic as some people had expected; silver has by no means been a small man's speculation.

Many guesses have been made about what will happen following the suspension of silver sales by the US Treasury: the most plausible is that the price of silver will not rise very much higher. It must be remembered that the silver peg was originally a prop, and now that the United States will stop minting newly-mined silver, a significant part of the gap between new supplies and annual consumption will be closed—this is estimated to have been about 150 million oz in 1960. A comparatively small rise in the value of silver may do the rest. It might stimulate greater exports from Eastern countries, and a further rise would soon make the melting down of some silver coinage worth while. The US Treasury still has the remainder of its free stock which it may use to prevent a runaway in prices and manufacturers have presumably bought as much silver as they could. One difficulty might be that restrictions in the purchase of silver are rare, and the metal is now a more convenient hedge against inflation than ever.

OVERSEAS STERLING HOLDINGS

(End of period. £ million)

	Rest of Sterling Area	Non-sterling countries: North America	Latin America	Western Europe	Other Non-sterling countries	Total	Total all countries	Non-territorial organisations
1955	2,764	...	...	...	...	812	3,576	469
1956	2,730	...	...	...	...	692	3,422	669
1957	2,608	41	25	278	321	665	3,273	645
1958	2,519	58	18	408	350	834	3,353	623
1959 March	2,574	45	13	345	360	763	3,337	538
June	2,649	52	14	303	361	730	3,379	709
September	2,677	54	14	335	363	766	3,443	705
December	2,704	60	12	387	344	803	3,507	705
1960 March	2,670	58	25	408	331	822	3,492	688
June	2,674	91	41	489	319	940	3,614	661
September	2,577	133	60	632	341	1,166	3,743	604
December	2,480	303	65	699	340	1,407	3,887	549
1961 March	2,441	143	48	747	338	1,276	3,717	553
June	2,604	114	35	662	290	1,101	3,705	552
September	2,604	91	22	530	250	893	3,497	1,090

BUSINESS NOTES

THE ECONOMY

Slightly Sourer

ALTHOUGH it sees signs that British exports are becoming a little more competitive, the National Institute of Economic and Social Research, in its latest *Review*, is not as optimistic about the trade balance early next year as it was in September. The slowing down of expansion in Western Europe and the consequential loss of earnings in primary producing countries affect two markets on which British sales overseas depend significantly. The institute thinks that export performance may already have begun improving; but it also reckons that even a mild resumption of stockbuilding, after a period in which stocks have been run down, would strengthen the upward trend in imports. Both exports and imports may go on rising for a while; but there is less room for confidence that exports will rise much the faster.

The institute thinks that the Chancellor's July measures brought about a slight dip in national output between the second and third quarters of the year—an appreciable fall in consumption, probably some decline in inventory investment, outweighing a continued increase in fixed investment. But it feels reasonably clear "that the top of the current investment boom has almost been reached and that 1962 may see a downturn"; investment in manufacturing may be lower next year than this, and the increase of about five per cent planned in public investment is unlikely to offset this completely. Linking its prognoses abroad and at home, the institute concludes with cold detachment that "if the improvement [in exports] is not reinforced over the next few months, it will be clearer than ever that domestic restraint is not an adequate way of operating on the balance of payments, and the case for a major reappraisal of external economic policy will become powerful." This institute, which might be described as the best NED we have, modestly refrains from any further contributions to the chorus about planning.

Investment Uncertain

THE latest figures of new orders for the engineering industries and for machine tools suggest that the trend towards lower demand at home, but higher demand abroad, may now have been reversed. But since the August figures suggested just the opposite, one should not accept this too readily. While new orders for engineering and electrical products from the home market were two per cent lower than in 1960 during the third quarter of this year, they were six per cent higher in September than a year before; export orders were four per cent above the 1960 level. New orders for machine tools have shown even sharper fluctuations. Export orders in September were six per cent below those received a year before, though from May to August they had been 50 per cent above the 1960 level; and they are said to have remained below the 1960 level in October. New orders from the home market in September continued the recovery that was noticeable in August, and although six per cent lower than a year ago they were showing quite an improvement on the preceding months; up to the end of July the average had been 20 per cent below 1960.

Monthly fluctuations such as this in orders received by industry are often no more than the result of the fortuitous timing of big contracts. New orders for engineering goods from the home market, for example, fell more in August this than last year; the rise in September might be no more than a reaction. The trends in orders for machine tools, however, might be rather more durable.

IN THE MARKETS

Good for Kaffirs

THE fall in equity prices that followed the shock of the electricity wage award was checked this week, and prices were on balance edging upward. The strong affirmations of "toughness as before" by the Prime Minister and the Chancellor had some influence, but confidence in financial stability is far from restored, and Mr Lloyd's reported remarks to the trade union leaders, even with the doubtful benefit of the subsequent official gloss, did not help it. For the equity market, the implications of financial toughness on the one hand and a renewal of inflationary strain on the other are far from clearcut: no one is sure, in the new investment climate of the sixties, whether inflation is still good for equities, and strikes are still bad.

The one section for which recent events have been plainly favourable has been the Kaffir market. The *Financial Times* index of gold shares reached 61.1 in mid-week, about 17 per cent above its low point in July. This recovery has a twin base: increasing speculation about a depreciation of the dollar and other currencies in terms of gold, together with rather better feelings about South Africa following th rise in reserves and limited relaxations i exchange control on foreign resident: Some London brokers are now saying tha the South African authorities must befor long lift these restrictions altogether, whic would bring London prices back into lin with those in Johannesburg. It should b noted, however, that further restrictior have been imposed this week on Sout African residents holding liquid assets ove seas.

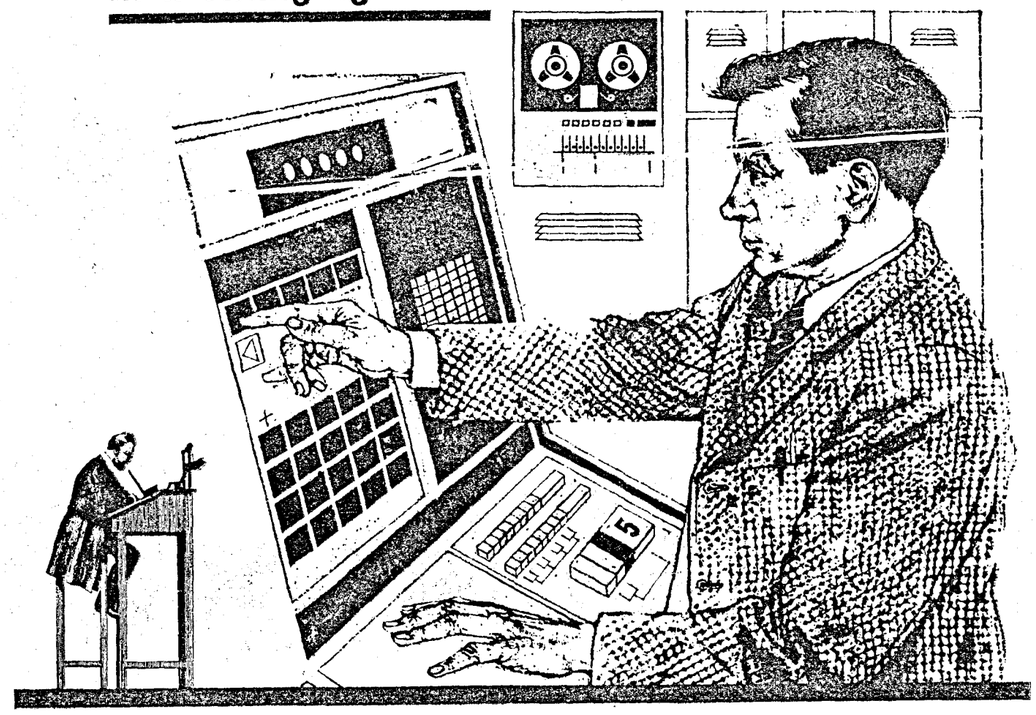
For gilt-edged, by contrast, the electricit award was an unmitigated blow, and whil the market has presented a steadier appeai ance this week, the optimistic mood of th early autumn has disappeared. Institutior that were implementing important change in investment policy, buying more fixe interest stocks and switching from shor dated into long, have been stopped in the tracks. The market believes that this week better tone owes something to official groon ing: the authorities are now preparing t deal with the £758 million of 4½ per cer Conversion stock that matures on Februar 15th. A conversion issue is expected befor Christmas, and the intake of the maturin stock by the government broker as well a the market impression that the authoritie want to create a more favourable basis fc the conversion have contributed to the firm ness of short bonds. The market is gues: ing that the authorities will offer not onl another short—1965 and 1967 are two po: sible dates—but also a medium dated stocl which the government broker needs if he to retain his grip on the market. Substar tial sales have been made in recent montl from the "long tap," the 5½ per cent 200: 12 stock, but it seems unlikely that th authorities have come near the end of it y —£500 million was issued in October la year. The market is hoping that part of th maturing stock will be paid off in casl This would boost bank liquidity, and th authorities have to weigh whether this a time to do so.

GAS

Money for Methane

"ABOUT £7 million or more" was th Gas Council's estimate a month ag of the cost of the two specialised tanke that are to be built to carry methar refrigerated to Britain. "Or more," appeared this week, meant "or £10 million This is the sum that is now to be raise in the City by the two companies set up t build the tankers, subsidiaries of Conc International Methane and of Hould Brothers respectively. These vessels will l

in a changing world



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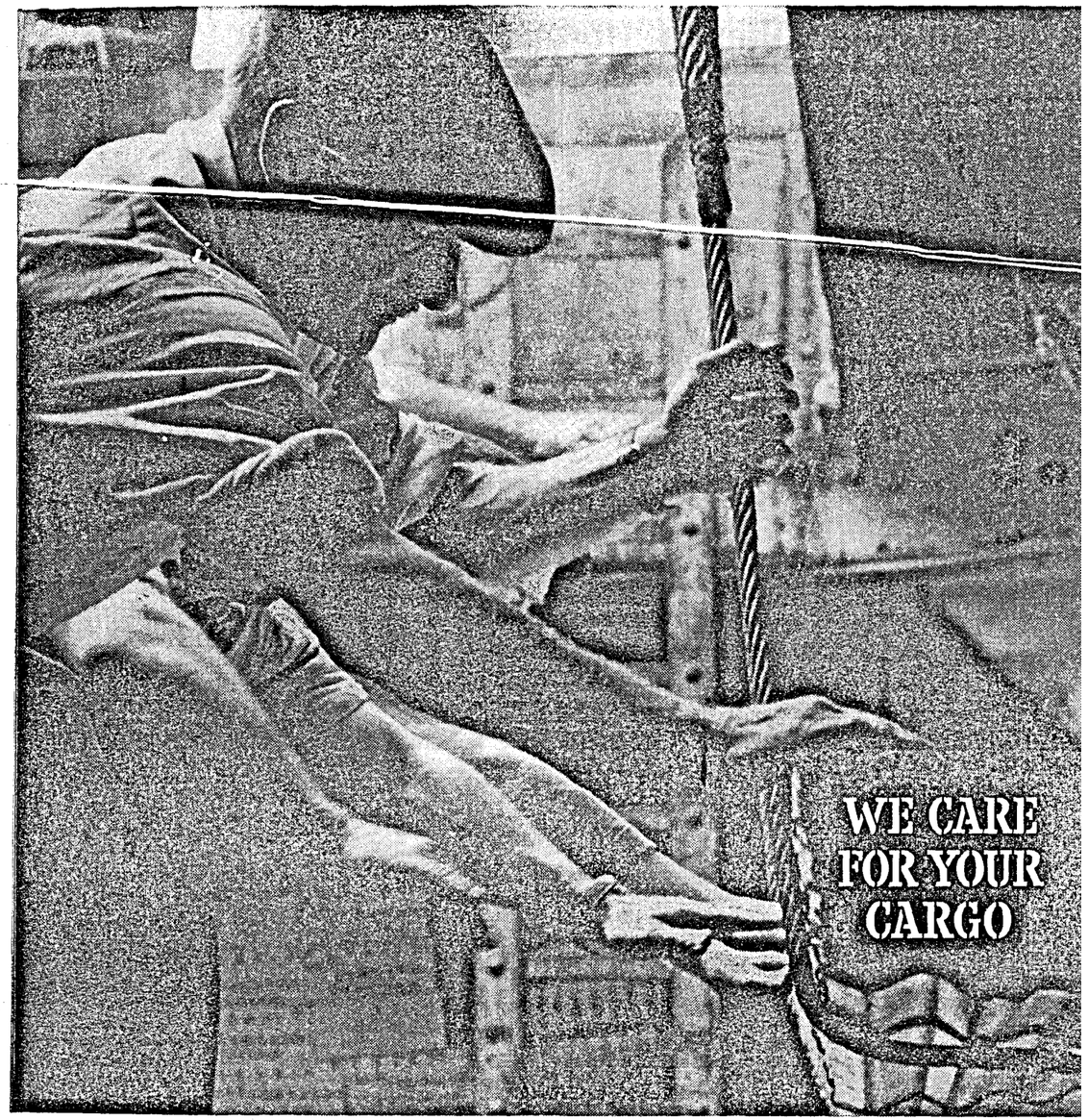
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let on bareboat charter for 15 years to British Methane Imports, a company owned half by Conch and half by the Gas Council ; but the ultimate security, in effect at least, is the council's long-term contract to buy methane from Algeria via this operation.

The smaller part of the finance will be provided on loan to the two shipowning companies by the banks, and repaid in the earlier years of the charter. The greater part will come mainly from insurance companies. This will take the form of cumulative preference shares issued by the two companies, carrying a rate of 8 per cent, to be gradually redeemed during the term of the charter. Until the money is actually put up, there will be the normal holding commission to lenders of one per cent.

Inside Britain, the Gas Council will be investing £18 million in other elements of this scheme to supply cheap gas ; at the other end in Algeria Conch and the French will be involved in another £14 million on a gas liquefaction plant. The council has clearly been anxious to minimise drawings upon public funds for this investment. Sir Henry d'Avigdor-Goldsmid in the Commons this week suggested that precedent set in the financing of these tankers offered " a convenient way of getting round the ruling of the Treasury " on public investment. But the whole methane deal has Government approval, and the council is not itself directly the investor, even if it is providing the really significant security in its promise to buy the methane that will pay off the charter. One consequence of keeping this actual investment outside its own responsibility—and the ships after all will be operating abroad in a business in which the council cannot be expected to have any competence—is simply in cost. The rate of interest charged on Exchequer advances to nationalised industries is geared to the long-term rate of Government credit ; at present it would probably be at about 6¾ per cent, not 8. That, certainly, is a rate with a Treasury guarantee ; but any binding contract entered into by a nationalised industry, ultimately, has that guarantee too.

COAL

More Expensive for Some

At the end of 1960 the National Coal Board's accumulated revenue deficit after paying interest came to £78 million, which was £16 million more than the board's internal funds could cover: it is authorised to borrow from the banks in such circumstances, " but it could not then secure necessary accommodation from the banks." The Minister of Power then arranged to advance this sum temporarily to the board. Its operations this year will mean a current deficit and increase this margin outstanding over internal funds, and may do so again next year ; so this week the Minister sought authority from Parliament to advance up to £50 million up to the end of 1962. This is separate from the board's borrowing on capital account for fixed investment, long-term and short-term limitations which have already been set by Parliament. Mr Wood obtained his authority ; the board, in the meantime, announced increases in a number of coal prices and which is approaching key wage negotiations with the miners, came in for much criticism and unsolicited advice.

The price increases announced this week are at least—and at last—selective. They are confined to coals produced in Scotland and the North West, another division losing very heavily ; to anthracite, of which consumers have always been anxious to get more than was available, at prices that have never covered the full cost of mining it ; and of large coals, which are costly to produce and hold back the efficiency one can achieve with mechanisation. There would be no reason to quarrel with these selective increases, which are better than general increases right across the whole coal supply, if they had been applied equally. They have not, in fact, been applied to domestic consumers, who must be among the largest consumers of them ; the board has said it may have proposals to make about house coal, but not this winter. If it may consider the domestic market much more vulnerable to competition than those industrial markets to which it is raising the prices, there could be some commercial argument for this. But surely it is not worried about pricing itself out of markets that it can hold only by selling coal at a loss.

BUTTER

Double Dutch to the Irish

Despite their prickliness and procrastination, all but one of the exporters of butter to Britain who attended the GATT conference in September have now meekly accepted GATT's solution for the butter problem. This would reduce exports to Britain by 20,000 tons in the six months to the end of March by cutting supplies from countries other than " traditional " sources —Australia, New Zealand and Denmark— from 60,000 tons in the corresponding period a year earlier to 36,000 tons. Only the fighting Irish—offered a quota of 4,000 tons against exports last year of 10,000 tons —still refuse to submit.

Quotas for other suppliers are conditional upon control of all imports. Fulfilling a promise made earlier this month, the Board of Trade has accordingly scotched all further imports of Irish butter. Since Eire is not a member of GATT, an anti-dumping duty is the most convenient weapon, and it was imposed this week. The degree of dumping has been assessed at 205s. a cwt, but adding a round sum of 200s. a cwt would have served as well : the dearest butter on the market costs little more than 300s. a cwt. New Zealand raised the price of its butter 20s. to 270s. a cwt last month, but has not yet made any further increase in its prices.

One would have thought that during the many tedious discussions of the butter problem this year all that could be said would have been said. But in setting out their objections to the GATT scheme in a white paper, the Irish still have some pungent comments to add. This paper gives the first authentic account of the GATT negotiations which the United Kingdom has attempted partially to conceal (like weightier negotiations) in an ineffective smokescreen.

In Irish eyes, all exporters were making losses and were therefore technically guilty of dumping when the price of butter dipped to 250s. That should have debarred New Zealand and Denmark from making their applications for anti-dumping duties to the Board of Trade. Eire claims to be " one of the oldest traditional suppliers of butter to this market "—an uppercut aimed at these two competitors. It also claims the lowest milk prices in Europe and the highest consumption of butter per head—a jab at European suppliers who have been asked by various butter bodies to reduce the surplus by eating more butter and milk products themselves. If, Dublin says, all Europeans ate as much butter as the Irish, then, bejabers, there would actually be a shortage.

The Irish case—it encompasses the virtual disappearance of Eire's £5 million egg trade with Britain since 1950 and the fact that among butter exporters only Australia and Eire run a trade deficit with this country—is evidently more confusing and exhaustive than intentionally hypocritical. A group of grocers in the north-west has protested at the duty on Irish butter and calls for " a full inquiry " into international butter supplies. Heaven forbid ! Enough damage has already been done.

STEEL

Board and Authority

Britain's Iron and Steel Board has a good deal more power over the British industry than the Luxemburg High Authority has over European steel: what will happen to it when Britain joins the common market and ECSC? This is the main question overhanging this issue inside the British steel industry today: in a London discussion this week Mr C. R. Wheeler, president of the British Iron and Steel Federation, made no more than a discreet reference to it, but Dr van Kleffens, London representative of ECSC, offered a detailed comparison of the differences in powers between the two supervisory bodies. There was no formal contribution from the board itself.

Dr van Kleffens pointed out that the Iron and Steel Board

> has jurisdiction over a wider range of products than the High Authority ;
> can arrange for the supply of raw materials itself, and [advise the government to] provide production facilities that it con-

siders necessary but private steelmasters won't install;
has to approve all private development;
may order the cost of transport to be published;
can levy contributions for payments related to the import and distribution of steel-making materials.

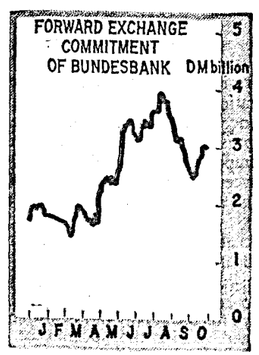
The High Authority's powers on all such issues are more circumscribed: but it does have powers to guard against internal levies and quantitative restrictions in member countries' discrimination and special taxation subsidies and cartels, with which the board is much less concerned.

The effective future of the board when Britain goes into Europe is certainly a matter of some uncertainty: whereas the BISF, which for some years perhaps has been in relative decline, may be on the way back to somewhat greater strength. Mr Wheeler commented modestly: "Certainly the steel federations of the six present-day Community members have taken on new and important functions since the opening of the common market: and our federation may possibly follow the same course." His final words may indeed have indicated the direction in which he feels the federation's functions might develop: "We have all I think learnt a great deal since the bad days of the early thirties about the wastes of reckless unfair price cutting in a highly-capitalised industry such as steel."

Das Swapengagement

THE Bundesbank's autumn review of the German economy includes two new items, a chart of the bank's forward exchange commitment and a table of foreign borrowing by German industry, which have a special international interest: no other central bank publishes this information. The chart traces the Bundesbank's forward commitment on the re-purchase of dollars against marks from the commercial banks, mainly in connection with the transfer of short-term funds to foreign centres. These covered transfers rose sharply under official stimulation after the mark revaluation. The turn-round in German reserves after July, however, put pressure on liquidity and the banks reduced short-term balances and investments abroad by DM 1.5 billion from mid-August onwards. At the same time official policy also shifted: the Bundesbank announced that it would repurchase dollars at a discount of one quarter per cent instead of at the spot rate (earlier it had actually offered a forward exchange premium) and the minimum forward swap period was increased from two to four weeks. By the end of September the bank's commitment was DM 2.6 billion. At the same date total assets of the banks in foreign money markets were DM 4.4 billion, and short-term credits were DM 1.2 billion, which suggests that despite earlier losses after revaluation a substantial part of these assets were not covered by a forward exchange contract. In October the banks again put money abroad as the money market became fairly liquid and the Bundesbank reduced the yield on money market paper. Last week, a further cut was made in minmum reserve ratios, restoring them to the level of October, 1959, to help the banks over the extra liquidity demands of December.

Foreign borrowing by trade and industry has for some time been an element of growing importance in movements in reserves, especially at times of currency speculation; but in national balance of payments figures the bulk of this borrowing is usually lost in residual errors and omissions. The German authorities have now made direct enquiries from business firms and have published estimates of direct external trade credit. The residual item however, which includes the commercial leads and lags, is still large. But the analysis shows how closely this commercial borrowing follows the swings of confidence in the exchange market.



GERMAN INDUSTRY'S FOREIGN BORROWING

(Millions of marks)

	Total	Direct borrowing: Long-term	Direct borrowing: Short-term	Direct borrowing: Residual item	Credit through the banks	Foreigners' net purchases of domestic securities
1957..	+2,876	+410	+ 56	+1,594	+ 45	+ 771
1958..	— 218	+231	+ 45	— 708	— 378	+ 592
1959..	+ 354	+679	— 75	— 456	— 263	+ 469
1960..	+5,655	+426	+724	+1,390	+1,049	+2,066
1961 I	+2,018	+141	+476	+ 332	+ 367	+ 702
II	+2,543	— 2	+503	+ 845	+ 619	+ 578
III	— 310	+368	+169	— 896	— 14	+ 63
July...	+ 595	+186	+ 41	+ 97	+ 89	+ 182
Aug...	— 268	+113	+ 70	— 331	— 45	— 75
Sept...	— 637	+ 69	+ 58	— 662	— 58	— 44

MAGAZINES

Thomson Buys Again

MR ROY THOMSON has finally secured his toehold in the British magazine business—said toe being now shod in a stylish if slightly Edwardian buttoned boot. *Illustrated Newspapers*, of which Mr Thomson last week bought a 55 per cent interest for about £800,000, reputedly from nominees representing the interests of Sir John Ellerman, is best known for its three traditional picture magazines, the *Illustrated London News*, *The Sphere*, and the *Tatler and Bystander*. These date from before the fuller development of photographic journalism—some would say, indeed, that their illustrations by artists who used to work at fantastic speed did the job better than any illustrated journalism since, and certainly they gave more recognisable detail. Since that style of illustration passed away, these journals have never set out to rival the photo-journalism of *Life*, the late *Picture Post*, or even *Illustrated*. Of late they have somewhat adapted their format to more modern styles, but have hardly altered in spirit.

The Illustrated Newspapers group also publishes trade papers for the drapery and tailoring trades, owns the publishing house of Michael Joseph, and has a substantial printing establishment. Mr Thomson is offering minority shareholders the same terms as he did the majority—one 5s ordinary share in the Thomson Organisation plus 9s. in cash for every six 5s shares in Illustrated, representing now 5s. 1½d. per Illustrated ordinary share. He has described it as the nucleus of the magazine group that he wants to develop. It can hardly be mentioned in the same breath, so far, as the mammoth Fleetway-Odhams empire, part of which Mr Thomson failed to buy early this year. But no doubt Mr Thomson will apply to the existing enterprise his own unsentimental and pragmatic business approach; and it will form a base from which to launch any new creations he may have in mind in the magazine field.

THE JASPER GROUP

Schemes and Claims

EVEN before the conviction of Messrs Murray and Grunwald on charges of fraud in July, 1960, rumours of schemes to unscramble the affairs of the Jasper group of companies were abroad. There have been several more since. In a letter to shareholders of companies in the Jasper group Sir Dingwall Bateson, who along with two other nominees of the State Building Society was appointed to their boards early this year, has described these schemes as "still-born." Yet another scheme, with which rumour associated the name of Mr Isaac Wolfson, was mooted this summer. Sir Dingwall and his associates were pressed by interested parties (including the State

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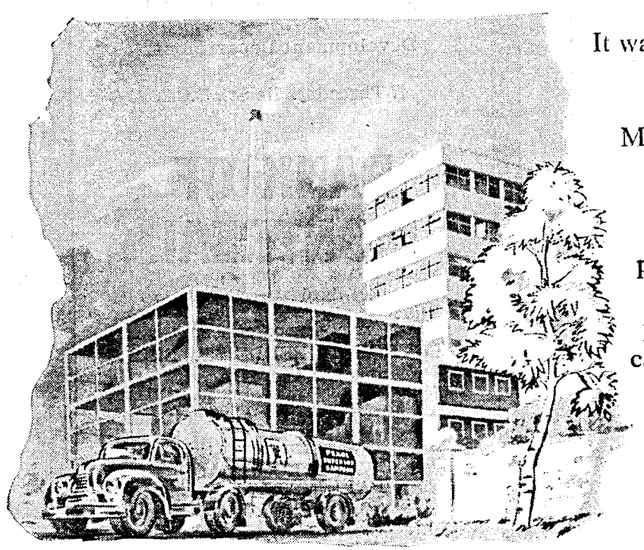
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Building Society and certain banks) to allow time for this scheme to be prepared. But he now tells shareholders that he and his fellow directors have "never in fact seen the essential terms of the 'scheme,' which involves many other parties besides yourselves, and we have little knowledge of such other parties." Hence he and his associates decided to "proceed without further delay, but with some regret" to pursue in co-operation with the State Building Society the claims of the individual companies against Harewood and Company (a firm of solicitors in which Mr Grunwald was a partner) and others. This would seem to point to legal action in the courts. But the situation has again been confused by a request from the authors of the latest scheme to continue negotiations and by Sir Dingwall's comment that he and his fellow directors would be "only too ready to listen to any proposals."

At the same time, the State Building Society, Lloyds Bank City Office Nominees and Mr Maxwell Joseph have proposed the appointment of new directors to the board of Lintang Investments, whose take-over formed the central piece of the Jasper case. Among the new directors proposed are Sir Dingwall and Mr J. H. Robertson, who are both directors of the State Building Society, and Mr Maxwell Joseph, one-time chairman of Lintang Investments, who is mortgagee to 3,365,258 and beneficial owner of 179,072 of its 5s. shares.

The principal stumbling block in the schemes mooted in the past appears to have been the failure of the principal shareholders in the Jasper companies (these include Mr Murray and Mr Grunwald) to agree how much each of them individually was prepared to give up. Any scheme which brought in outside interests might well resolve some of the uncertainties, and the prospect of an early repayment from a realisation company, which would be the essence of any such scheme, might be attractive to the smaller shareholders in the companies. But, presumably, such a scheme would not be set in train unless there were some hope of an eventual profit to its authors; this, in view of the rise in property values, might not be too remote a possibility. The pursuit of individual legal claims would take much longer to produce any tangible result; but, in Sir Dingwall's view, it might produce "a better result in the long run." Whatever method of unscrambling is chosen, it will be to the advantage of both the shareholders and depositors of the State Building Society and the shareholders of the Jasper companies if direct negotiations between the "fellow victims" resolve the question whose money it was that was misapplied in the various transactions.

ROAD HAULAGE RATES

Blaming the Chancellor

THE Road Haulage Association has taken pains to explain that the increase of 7½ per cent in rates that it is recommending is a consequence of government policy. The higher excise duty imposed in the budget and the increase in fuel tax that came in the little budget are the main factors blamed here. The statutory increase of 3 per cent in wages that will begin in the new year and be combined with a cut in the working week from 44 to 42 hours may count for more; it will mean an effective increase of 10 per cent in earnings. The National Association of Road Transport Clearing Houses has also recommended a 7½ per cent increase in rates to its members. But British Road Services has got to decide whether it will follow its privately-owned competitors in this increase in charges.

Operators may feel they cannot increase charges as the RHA has recommended. The railways would be glad of any opportunity to win back traffic from the roads; in August their freight traffic was 10 per cent lower than a year before, while that on the roads was 3 per cent higher. And some sections of road haulage have found business rather disappointing in recent months. The amount they have to carry reflects the level of industrial production; and the fall in the output of such industries as steel, cars and durable goods hits those who carry for them. But Christmas means that the biggest part of the road haulier's trade—carrying food—is booming; and so is the second largest—carrying building materials. Increases in charges are therefore likely to be far from uniform.

OIL

Pipelines In and Out

FOLLOWING a visit to the Zelten oilfield in Libya last month, it was temperately observed in these columns that "pressure maintenance could pose some technical problems." This week Standard Oil of New Jersey announced that it proposed to begin water injection into the Zelten structure, which will involve, among other things, building a second 110-mile pipeline to the one that it formally opened in October. This pipeline—one of 36-inch diameter, as against the 32-inch line that carries Zelten oil to the Mediterranean coast—will eventually carry 500,000 barrels a day of salt water in the opposite direction, to be pumped into the underground structure in order to keep up underground pressure and keep the oil flowing up and out to the coast.

This "re-pressuring" project is one of the largest ever undertaken outside the United States; it is most unusual to decide upon this technique so soon after the field has come into production. One can often, again, inject back into the structure the gas that comes up with the oil; but at Zelten the oil is "unsaturated," and if gas is pumped back in it simply dissolves. The water technique will involve a power plant at the terminal port, Marsa el Brega, and a transmission line to Zelten, for the water

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pipeline will require much more pumping power than the oil line does. Oil flows from Zelten with very little assistance ; once having surmounted a fairly low escarpment near the field, it flows the rest of the way by gravity. By the same token, a pipeline to move water the other way will presumably have to be pumped most of the way.

The volume of water eventually envisaged—which in this case will be injected around the flanks of the field, and not in the centre as in most "waterflooding" projects—is very large. Jersey has never estimated publicly the eventual flow of oil that it expects from Zelten ; but at the outset it may be bringing in more salt water—which it has specially to treat to reduce corrosion dangers for the line—than it takes out oil. The investment will be about $50 million, which is perhaps about a third as much again as the group has spent so far on Libyan oil ; but over the producing life of a rich oilfield—which can be prolonged by re-pressuring—that may not make much difference in cents per gallon.

SHARE TRANSFERS

Forcing the Pace

ACTING on his own initiative and, apparently, without consulting the Stock Exchange or other interested bodies, Mr Graham Page, MP, who was behind the 1957 Cheques Act, has brought forward a private members' bill on stock transfers. In December, 1960, a committee consisting, among others, of representatives of the Stock Exchange and the Bank of England, put forward recommendations to simplify the transfer of securities. Last October Mr Anthony Barber, Economic Secretary to the Treasury, said that the Government was considering what legislation might be involved. Presumably, this legislation will be based on the committee's recommendations. Mr Page appears to be trying to force the pace, for fear that the Government might postpone action on share transfers until after the Jenkins committee has reported.

His bill, moreover, allows for an alternative procedure in share transfers which after due deliberation the advisory committee rejected. It plumped for a system which would still require the principal (that is the seller of the securities) to sign the transfer form. Mr Page's proposals would permit this procedure but, in addition, they would allow the principal to authorise his agent (who would normally be his stock broker) to sign the transfer form. The authorisation would be given by an endorsement of the share certificate. The principal features of either the "stock transfer form" or the "endorsement" procedures are that only one transfer form needs to be signed, even if the holding has to be split among a number of buyers, and that the signature need no longer to be witnessed. Further more, Mr Page's proposals would permi photostatic copies of the transfer form signed by the seller or his agent, to be use for the signatures of the purchasers (or thei agents) if the holding were to be split. Thi could lead to practical difficulties for th brokers and the company registrars and, i similar circumstances, the committee er visaged the use of "brokers' transfe forms" which would circulate only betwee brokers' offices and company registries. I preferring the "stock transfer form" pro cedure the committee saw some disadvan ages in any "endorsement" system. recognised that endorsement, because of i simplicity, might be popular with share holders but that it might well add to th administrative burdens of the compan registries. Like other private member bill Mr Page's proposals will have to take the chance on a crowded Friday afternoon. H could fail to get a hearing but, by intro ducing the possibility of an endorsemer procedure for stock transfers, he may forc the Government to make its intentions plai

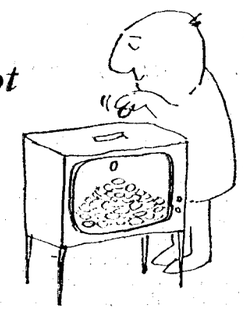
WOLFRAM

Strategic Loss

NOT much of the wolfram market shov above surface. What can be seen it now is rather perturbing. The market

TELEVISION

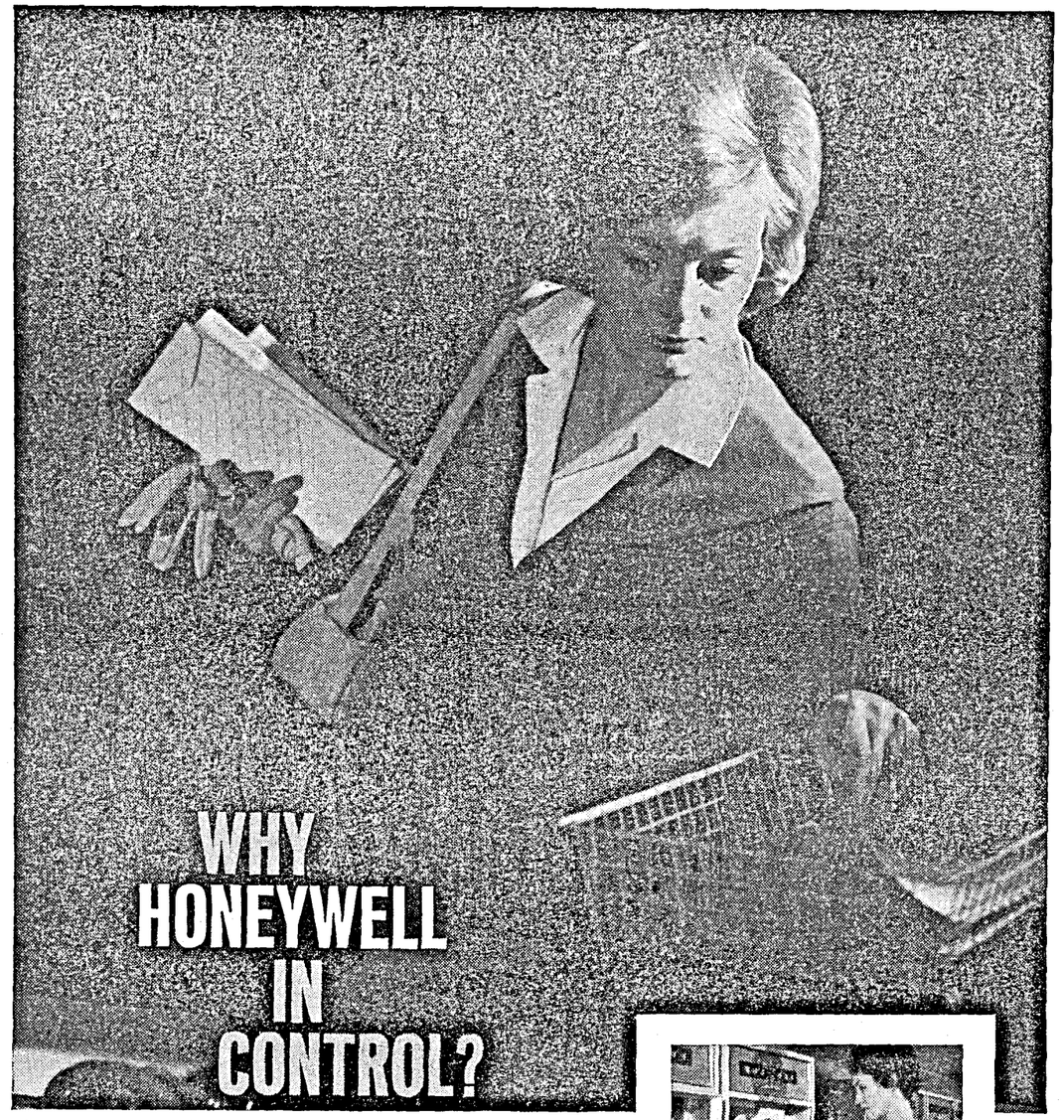
Competition in the Slot



IN arbitrating between the three major companies contending for rights to provide a Pay-TV service, the Pilkington committee may have to take into account not only each group's ability to provide "super-programmes" 365 days of the year, but also the kind of Pay-TV system they propose. The heart of each system is the meter which turns on the programme when the customer has put in his coins, or bills him at intervals for those he has seen. These meters have proved difficult to design ; the first to be used, and reputedly the best, was designed by Paramount in America, and has been installed at an average cost of £20 a meter in a Toronto suburb. The patents that protect this design are said to have made it difficult for other companies to produce a satisfactory alternative ; rights to it are held in this country by British Telemeter Home Viewing, a company backed by British Lion, Granada, Paramount and the two newspaper groups, the Financial News and Manchester Guardian. The Paramount box was demonstrated in London this week in a version that works on coins only and gives no credit ; this seems a little antique ; certainly nothing is more off-putting than fumbling with the florins late at night with the programme about to begin.

The coin box designed for the Rank organisation's Choiceview system is considered by many to be less neat than the Paramount box, but it can be adapted to give credit and it could also be cheaper to make although it would carry development costs that British Telemeter will not incur. But the capital cost of installing Pay-TV in any house will not depend exclusively on the cost of the meter, it will also be influenced considerably by whether the house is already wired to an existing wire relay service. If not, the cost of wiring could be heavy. It seems inevitable, therefore, that Pay-TV, if it comes, will be operated in conjunction with the existing wired relay networks. If subscribers are already paying a weekly rent for their wired television set, the Pay-TV service riding on its back can break even at low figures ; Rank, therefore, already has an agreement with the rel company, Rediffusion. British Telemet might be expected to come to a simil agreement with the other big relay compan British Relay Wireless.

This leaves the third company, Briti Home Entertainment, undecided so f either about the form of box or the ty of wire relay that it will use but the compa should not be under-rated on that accou It has a formidable backing of talent, a when the technical issues have been settle the success of Pay-TV will depend exc sively on the quality of programmes it c provide. Hence the fact that each compa is backed by substantial sections of the fil industry and the talks that take place fro time to time about a merger of all thr groups. Feature films (and filmed versio of current plays) might, it is thought, run for as long as a week on the Pay-T channels. With a potential target audien of a million on the wired relay services, t could provide a substantial income. On however, if viewers are willing to play. Canada they are not ; latest reports sh that they are spending an average of l than 7s. a week, where the service nee about 10s. to break even. By exploiti existing wired relay services with th guaranteed income from rental of about 1 a week, British companies estimate they c break even at about 3s. and upwards a we —that is on a combined income of upwar of 13s.—provided the potential audien is big enough.



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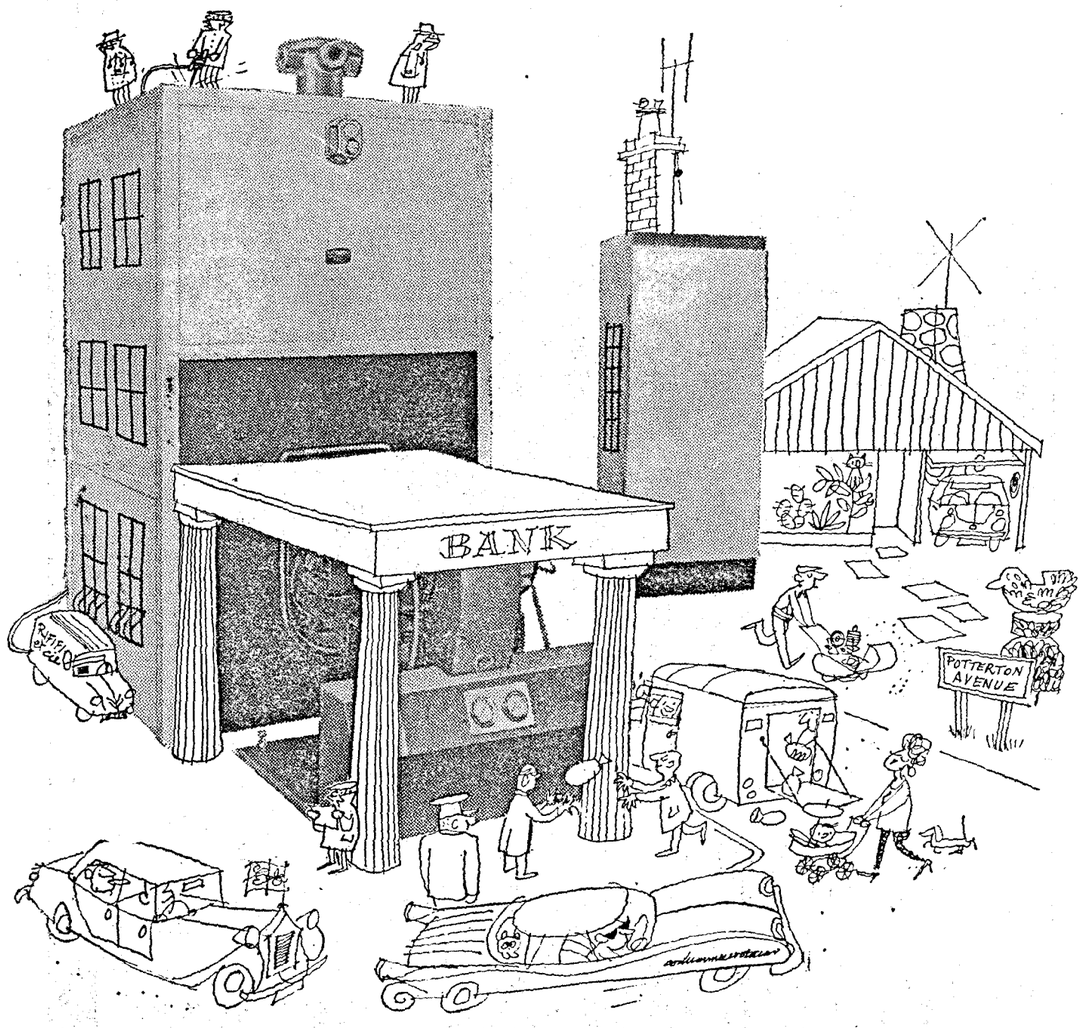
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sick, and in the tug-of-war between East and West for a larger share of it, the communist countries appear to have dragged their opponents almost over the line. Wolfram has fallen from 150s. to about 90s. a long ton unit this year; it is claimed that a further fall of 10s. would close every wolfram mine in South America. Following the experience of 1958 when a price in the region of 60s. a unit caused wholesale closures, this is no idle threat.

The communist countries appear to have held the large slice of the British market that they captured last year. In the first ten months of this year, imports of wolfram ores from unspecified foreign sources were maintained at 3,700 tons out of unchanged total imports of 5,800 tons. Most of these unspecified imports were presumably from communist countries. Now that this category has swollen to its present proportions, it is surprising that the Board of Trade has not caught up with events and begun to publish a more detailed breakdown in its monthly trade statistics.

If the communist countries succeed in forcing other mines out of business, they might gain considerably from the subsequent rise in prices. But the point that western producers are pressing is that this would not be merely a tactical market advantage, but also a military one. Tungsten, derived from wolfram, has many uses; a major one is in the hardening of steel for building warships, armoured vehicles and the like. It also has an extremely high melting point and is therefore used in rockets.

The contraction of its military uses has contributed to the present weakness of wolfram, but during the Korean war the price of wolfram leapt to 600s. a unit. When prices fall sharply, some of the mines that cease production are only closed temporarily, but there is always a significant number of permanent casualties. The possibility of a shortage of wolfram seems remote now, but this communist export offensive, which may be about as innocent as the attempt to sell more lead, zinc, grain and oil to western nations at whatever discount on prevailing prices is necessary, certainly has some genuinely disquieting features.

INVESTMENT ANALYSIS

A New Journal

THE first issue of *The Investment Analyst* deserves a warm welcome. It marks an important stage in the growing prestige of the Society of Investment Analysts in this country. Most of the matters discussed privately by its members cannot be put on public show; but the journal, to judge from the first issue, will give the society a voice from which the investing public can gain much. The first issue contains three articles: Professor Victor Morgan writes on the flow of investible funds; Mr J. G. Blease, of the BOAC pension fund, on the use of computers as an aid to investment analysis; and Monsieur R. C. Larcier, manager of the Eurosyndicat Investment Research Bureau, considers the analysis of European securities.

Because of its nature and of the author's forceful comments, M. Larcier's article will attract considerable attention. The principal obstacle, he says bluntly, to full-fledged security analysis in Europe is the lack of reliable information from companies and, because of the relatively small pressure of institutional investment, there is little thrust to get the information improved. Except in France and Belgium, there is no strong tradition of ordinary share investment by private individuals, and companies still believe that it is dangerous to give information that might be used by competitors, the fiscal authorities or the trade unions. Hence, despite legal requirements, sales, profits, net earnings, assets and liabilities are often what the directors and managers choose to show; that is not a "true and fair" view of a company's affairs that the British accountant needs. In Europe there is usually no legal requirement on a company to produce properly consolidated accounts.

The investment analyst on the Continent is thus confronted with much the same situation that faced his counterpart in this country before the passing of the 1948 Companies Act. He is forced to extrapolate from industrial and governmental statistics and has to lean heavily on "inside information." (The Eurosyndicat Research Bureau, for example, does not use earnings figures as these are practically meaningless but has to make do instead with ratios based on the cash flow.) In general, this article will help to bring home to British and American investors how little hard information is available to guide their buying of European securities.

VEHICLE TESTING

So Little Time

MR MARPLES has done his best to give the garages a busy Christmas, by allowing the 16,000 of them that act as official testing stations little more than five weeks to test the 1½ million cars, motor cycles and light commercial vehicles that are between seven and ten years old. The average 20 a week would be a reasonable task for each station; but the variations in demand between areas means that some individual stations are likely to be overstrained. Most drivers tend to leave the test until the weekend; the garages had reckoned that three months would be needed to get all the remaining vehicles tested. Their problem is not just testing the vehicles; most garages are also asked to make the cars fit to pass the test, and the load that this puts on their repair facilities is more of a burden than the testing itself.

If large numbers of vehicles still remain untested at the end of the year and the police have to turn a blind eye to the lack of a test certificate for a time, respect for the whole scheme may decline. It has so far been accepted as one of the more sensible means of improving road safety, despite the lack of a uniform standard in the testing procedure. Mr Marples must try planning further ahead.

PAPER AND BOARD

Ifs and Buts

FOR an industry that has little to lose if Britain joins the common market, the British Paper and Board Makers' Association is surprisingly reserved in its support of this move. The common market's projected external tariff on wood pulp supplies is 6 per cent, and at present they enter this country duty free. If the Scandinavian countries are linked with EEC, the association fears that they might gain an even greater competitive advantage over the British industry than their present easy access to cheap raw materials.

The association's other main reservation, that it should not be expected to bear the "brunt of Nordic competition" as it is now doing can hardly be a genuine proviso. It sounds more like an attempt to gain extra publicity for its case against the lowering of tariffs between members of EFTA. Unless Britain joins the common market, the only prospect under EFTA is a bigger Nordic invasion. EFTA tariffs have already been reduced by 30 per cent, and the association declares that further reductions in the near future would add to the industry's difficulties. Last week five EFTA members including Britain agreed to bring forward the date of the next 10 per cent reduction in tariffs to March 1st. Originally, this stage in the reduction of tariffs would not have been reached until July, 1963.

After the latest reduction in EFTA tariffs at the beginning of July, output of paper and board in this country declined three per cent below its level in the corresponding quarter of 1960. But mill stocks began to fall following a sustained rise in the previous nine months, though at the end of September they were still more than a sixth higher than a year earlier. Only packing and wrapping papers showed much improvement, and a further increase in the output of these products is likely in the current festive quarter.

Assuming that all manufacturers in western Europe are soon in the same market, the position of the British paper and board industry will be far from comfortable. According to the UN Food and Agriculture Organisation, there will probably be a surplus of paper and paperboard manufacturing capacity in 1965.

BUILDING SOCIETIES

A Grown Up Image

IN a recent speech to some members of the Building Societies Institute Sir Bruce Wycherley, the managing director of

the Abbey National, said that the building society movement "can afford a grown up image." By this, he appeared to be implying that the appeal for new savings should continue to be aimed at the middle aged and the middle class. Indeed, he added: "If we can link ourselves with the enthusiasm displayed by some advertisers for the 'young married' elements we will have gone quite young enough." Sir Bruce clearly sees little profit in appeals to teenagers to save, but he does see some in efforts to promote saving through a building society in advance of the purchase of a house. Beyond such specific appeals, Sir Bruce would seem to be content with a more imaginative and more modern display of the qualities already attached to building society savings—the rate of return, security and the ease and convenience of withdrawals and payments. This view leads him to point to the virtues of stability in interest rates.

On both scores he is no doubt right—so long, it may be added, as the rates are high enough to compete effectively with other savings media. The past, as Sir Bruce said, can beckon "perhaps a little too invitingly because it is a story of success" and the essence of his speech, which touched on a large number of topics, was clearly to set the movement thinking more in terms of the future—of the growing demand for mortgages and of the need to attract the savings to satisfy the demand.

AIR SHOWS

Biennial Farnborough

THE decision of the Society of British Aircraft Constructors to hold the Farnborough air shows on alternate years in the future will be greeted with almost universal relief by the industry. The exceptional standards which make Farnborough the peer of air shows has been met in recent years only at the cost of exceptional bills. A big company now budgets for a minimum of £30,000, without allowing for the disruption of work at the factories for weeks before the display itself. Some members of the industry have been grumbling that this money might be better spent on more salesmen visiting more customers, especially in a summer like the one just past, when they had to take part in one major international air show at Paris in June and a second at Farnborough in September.

The force of these arguments is strengthened by the long gestation period of modern aircraft and missiles; the fact that it has become impossible to find something new to show every year does not seem to reduce the numbers of people who attend the bigger shows like Farnborough, but it weakens its reputation as a shop window. Not, indeed, that there is any evidence to show that participation at air shows influences sales; indeed, salesmen complain that the press of visitors makes serious discussions impossible. Unfortunately the sensible decision to alternate Paris and the Farnborough shows in the future will not reduce pressure on the industry to appear in other international air displays in Germany and Italy, whose organisers are obstinately attempting to boost them to major events in the aviation calendar against all indications to the contrary.

SHORTER NOTES

In the past week both Morgan Crucible and S. Smith have made bids for Lodge Plugs. The former's bid of 16s. 6d. for each 5s. share has not received the support of the Lodge Plug directors; Smith has made a firm bid of 18s. per share which might be improved upon after receiving further information on Lodge's prospects. A complication to the deal is Morgan Crucible's holding of convertible notes which could give it a 22 per cent interest in the equity, but Smith's offer will not depend on any arrangement being made with regard to these notes.

*

Correction: In a Business Note last week it was said that stocks of television receivers had fallen since the beginning of the year from 1.2 million to 225,000 by the end of September. This second figure represented manufacturers' stocks only. Manufacturers' and retailers' stocks together were in fact 576,000, so the de-stocking has not been as drastic as our note suggested.

*

Production of man-made fibres in October rose to 52.8 million lb, compared with 50.2 million lb a year earlier. In the first ten months of the year output declined from 494 million to 468 million lb. Courtaulds will stop producing tyre yarn and cellulose film at British Enka's factories at Bolton and Aintree. More than 1,000 workers are affected.

*

The sales of the British plastics industry in the third quarter of this year were 13 per cent higher than a year before. Those of thermoplastics rose 19 per cent and those of thermosetting materials rose four per cent. As stocks of thermoplastics were rising fast last year but were stationary this year, production showed little increase. Much of the increase in home sales comes from a fall in imports; consumption rose by only about eight per cent.

*

The new chairman of Lloyds Permanent Building Society, Mr Ernest Partridge, says that despite the loss in the first half of 1961 the accounts for the year as a whole will show a revenue profit. He hopes that early next year the Society may approach the Registrar to revoke the bans imposed on the society under its previous management.

During the year to March, 1961, the Board of Trade agreed to build nearly 5 million square feet of factory space, costing about £21 million, in "development places," and to grant or lend about £29 million to industrial firms as an inducement to move there. This £50 million was approved in respect of 62 factories or extensions built for renting to industry, 27 companies offered building grants, and 108 projects for which loans or grants were approved. This is shown in the first annual report, published this week by the board under the Local Employment Act of 1960, which altered the pattern of government assistance to areas of "high and persistent unemployment."

*

The directors of Gloucester Railway Carriage and Wagon have recommended shareholders to accept the bid from Winget which offers two Winget 5s. ordinary shares and £4 19s. nominal of new 7 per cent convertible loan stock for every nine 10s. Gloucester ordinary shares. The assets of Gloucester have been written down by £625,000 net and would contribute 55 per cent of the assets of the new company; shareholders would receive 45 per cent of the enlarged equity.

*

Although the sales of Allied Ironfounders were slightly higher in the first 28 weeks of the year to March 31, 1962, higher costs have cut profits by 17 per cent compared with the same period last year. The directors have cut the interim dividend from 7½ to 5 per cent. For 1960-61 a total dividend of 20 per cent was paid.

*

The rate of interest payable on newly issued tax reserve certificates was last week reduced from 3½ to 3¼ per cent.

COMPANY AFFAIRS
Comments on pages 971 and 974 on:
National Commercial Bank — Handley Page
North Central Finance — Metal Box
Birfield Industries — Joseph Lucas
Gas Purification

LONDON AND NEW YORK
Stock prices, yields and security indices on pages 972 and 973

LONDON STOCK EXCHANGE
The week's movements reported on page 974

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 975

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MODERN FACTORIES TO LET

The following modern STEEL-FRAMED SINGLE-STOREY FACTORIES, each equipped with central heating, gas, water, and electrical services are available, on a rental basis, for early occupation on the undermentioned Industrial Estates. The estates are provided with communal canteens and have good transport facilities.

Applicants will be referred to the Board of Trade for consideration and approval of their projects subject to the terms of the Local Employment Act, 1960. Under this Act Government assistance may be available. Applications for storage accommodation cannot be considered.

CARFIN (12 miles east of Glasgow).
(1) Area 1,200 sq. ft. Ridge Roof Construction.
(2) Area 29,500 sq. ft. Ridge Roof Construction. (There are three factories of this size.)

CHAPELHALL (12 miles east of Glasgow).
Area 5,400 sq. ft. Ridge Roof Construction. Yardage available.

HILLINGTON (on the western boundary of the City of Glasgow).
(1) Area 18,600 sq. ft. Ridge Roof Construction. Yardage available.

LARKHALL (17 miles south-east of Glasgow).
(1) Area 11,800 sq. ft. Ridge Roof Construction. Yardage available.
(2) Area 1,500 sq. ft. Ridge Roof Construction.

PORT GLASGOW (17 miles west of Glasgow).
Area 22,600 sq. ft. Ridge Roof Construction. Yardage available.

DUNDEE (83 miles north-east of Glasgow).
Area 11,900 sq. ft. Ridge Roof Construction.

RUTHERGLEN (Glasgow). Individual Site, For Sale or To Lease.
Area 28,400 sq. ft. North Light Roof Construction. Yardage available.

Each Factory listed has a roof height of at least 12ft. to underside of truss.

Further particulars may be obtain from:—
Industrial Estates Management Corporation for Scotland,
3, Woodside Place, Glasgow, C.3.

COMPANY MEETINGS

THOS. W. WARD LIMITED

The fifty-eighth Annual General Meeting of Thos. W. Ward Limited was held on November 24, 1961, at Sheffield. **Mr H. W. Secker, OBE** (Chairman), presided and, in the course of his report, already circulated, said:

"The Group operated throughout most of the financial year under conditions of uncertainty and uneasiness not conducive to the maintenance of that atmosphere of confidence which is essential for the successful operations of a Group such as ours. As we now know, the worst fears were confirmed by events, and we find ourselves in the midst of another credit squeeze.

Judged against such a background, it gives me a considerable amount of satisfaction to be able to present Accounts showing record figures for the Group, both of turnover and profit, and I would like to acknowledge the valuable contribution made by Directors, executives, staff and workpeople throughout the Group to the results which have been achieved.

GROUP RESULTS

Of the increase in Group turnover of approximately £2½ million, the overall increase in Subsidiary Companies' turnover is £1,600,000 and that of the Parent Company £900,000.

The percentage profit before Tax on the Group turnover of £52 million has fallen slightly to 5.67 per cent compared with 5.69 per cent for the previous year, and the Profit before Tax on the Capital Employed is slightly lower at 18.13 per cent compared with 18.28 per cent.

PARENT COMPANY

The tonnage of scrap delivered to the steel industry from our scrap and shipbreaking divisions has been maintained very near the level of that of the preceding year. But, as I mentioned last year, in times of such a high level of activity, competition for scrap intensifies, and due to this and increasing costs, profits have shown a substantial fall.

In our shipbreaking yards we have adequate supplies of vessels for demolition, but due to a shortage of suitable labour, and the recent drop in demand for scrap, we are working below capacity with no prospect of early improvement.

So far as the Machinery Division is concerned, a high level of activity has been maintained in all sections. Our Factory Planning and Installation Department has also had a very satisfactory year, and it is gratifying to note that its specialised services are being called on by an increasing number of customers. Excellent progress has been shown by George Cooper & Sons, in the manufacture of nuts and bolts, with a satisfactory increase in profits.

Contractors Plant Division has achieved a record profit, and we can look forward to a continuance of the high level of activity during the coming year. The Foundry Supply Division, which supplies a wide and varied range of equipment, has shown a very satisfactory increase both in turnover and profit. Conditions were active in Wagon Repairing and the year has also been one of continued activity in Works Dismantling.

We continue to expand our turnover in the Railway Siding Construction and Constructional Steelwork Divisions, but conditions are so very competitive, that profit margins on some contracts are very narrow, and indeed, in some cases, practically non-existent.

CEMENT AND QUARRIES

The tonnage despatched by Ketton Portland Cement Co. Ltd. was slightly lower than in the preceding year, but the profit was well maintained, and its associated company, the Ribblesdale Cement Co. Ltd., is now reaping the benefit of capital extensions. The new 5th unit at Ketton should be completed within the course of the next year, but no benefit from this can be expected in the current year.

Our quarries in Westmorland and Cornwall were fully employed, and indeed could have accepted a greater volume of orders had it not been for labour shortage.

The output and profits from Eldon Hill Quarries were somewhat affected by extremely poor weather conditions during the first half of the financial year.

ENGINEERING

Successful results have been shown by Thomas Smith & Sons (Rodley) Ltd. despite a shortage of skilled labour. The order book for excavators is good, and I am happy to report that the crane side is busier now than at this time last year. John Smith (Keighley) Ltd. have experienced a good demand for overhead cranes of all types, despite keen competition, and the order book is very satisfactory.

I am pleased to report an improvement in the results of Fredk. Town & Sons Ltd. Modernisation of designs is proceeding, and the order book is good, but the shortage of skilled labour is presenting a very serious problem. There has been a marked improvement in the results of Woodhouse & Mitchell, and orders for their lathes and turret milling machines are now on extended delivery up to 18 months.

Turnover achieved by the Widnes Foundry & Engineering Co. Ltd. was the highest ever recorded, and the specialised work on which Widnes concentrate has been in good demand.

Darlington Railway Plant and Foundry Co. Ltd. has been actively engaged on foundry work but there has been a fall in demand for switches, crossings, and ancillary equipment. Railway & General Engineering Co. Ltd. have had another very satisfactory year. Trading conditions have remained highly competitive, but through internal reorganisation and the introduction of new machinery, profits have been maintained.

MANUFACTURE OF IRON AND STEEL AND NON-FERROUS METALS

In spite of adverse conditions Wolverhampton & Birchley Rolling Mills Ltd. have operated to capacity throughout the year, and have achieve another record in production. This increase production to some extent offset the effect increased costs, but with no commensura increase in selling prices there has been son falling away in profits. The Company h derived considerable benefits from mechanisatic installed in recent years, and the scheme replace one of the mills at the Wolverhampc Works, to which reference was made last yea is now in progress.

Benefits continue to be obtained at Jol Williams (Wishaw) Ltd. from the new sheet mi and profits showed a welcome improvemer during the first six months, but due to a fallir away in demand the final profit for the year h not reached the level anticipated.

It has been a reasonably satisfactory year f Midland and Low Moor Iron & Steel Co. Ltc and The Alexander Metal Co. Ltd. has aga shown a material increase in tonnage ar deliveries.

VEHICLES

Satisfactory results have been shown bo by E. H. Pickford & Co. Ltd. and the Deighto Motor Co. Ltd. Sales of new cars are som what lower than the previous year, but sales commercial vehicles have increased slightly.

MISCELLANEOUS

Conditions have been difficult for Dick Asbestos and Insulating Co. Ltd. and Anchc Insulating Co. Ltd. as highly competitive cor ditions prevail in the insulating industry, an although the overall figures have been mair tained, profit margins have remained ver slender.

Watsons (Metallurgists) Ltd. have had a extremely satisfactory year, resulting in a furth increase in profits. Plans are now being impl mented for the erection of a new factory to gi further capacity.

Ward Longbottom Ltd., George Hassall Ltd of Stoke, and Frank Parker & Co. Ltd., London, all maintain consistent and satisfactor results.

OVERSEAS TRADE

In those sections of the Group engaged in th export trade everything possible is being don to increase turnover. To this end personal cor tacts abroad are being maintained through visi from Directors and senior executives of th Parent and Subsidiary Companies.

The Overseas Subsidiaries have made sati factory progress and the French Company h made a good start to the new financial year, bu although the Australian Company made headwa it has been affected rather adversely during th last few months by the recession and cred squeeze in the Australian economy.

The Swedish Company has again made pro gress and plays a particularly valuable role i selling excavators in Sweden for Thomas Smit & Sons (Rodley) Ltd.

RAILWAY AND SHIPPING CHARGES

Despite the recession in the Steel Industry towards the end of the financial year and the abundance of cheap and convenient road transport, traffic payments to the British Transport Commission have again exceeded £1¼ million and I am glad to record the continued co-operation existing between the Commission and this Company.

APPROPRIATION OF PROFIT

The Group Profit relating to the Parent Company is £1,463,932. £430,316 has been retained in Subsidiary Companies, so that there is a balance of £1,033,616 available for appropriation, out of which after Interim payments of £147,468 remains a balance of £886,148. Your Board recommends a transfer to General Reserve of £600,000, to bring that Reserve to a figure of £2,925,000, and the payment of a Final Dividend of 10 per cent less tax on the ordinary share capital. £781,378 is carried forward to next year.

The total Dividend of 13¾ per cent less tax has been maintained at the same rate as the previous year, partly to meet the request made by the Chancellor of the Exchequer that dividends should not be increased in the present situation, and also to finance a relatively heavy programme of Capital Expenditure during the current year of £2,038,000.

BALANCE SHEET

The Consolidated Balance Sheet shows a total of Capital and Reserves of £13,982,347, and with the additional Reserve for future income tax due 18 months ahead, the net worth on book values totals £14,904,295. Current Assets again show a satisfactory cover of 2.2 times over current liabilities.

FUTURE PROSPECTS

The recent decline in steel production has resulted in a reduced demand in the current year for scrap from our yards and also from shipbreaking. A recovery in steel production could quickly improve the position, but any further reduction could have a serious effect on our profits.

From an assessment of the order books of those sections of the Group engaged in the supply and manufacture of engineering products, and from the enquiries which continue to be received, it would appear that we can anticipate maintaining their profits at a satisfactory level over the next 12 months. I would also anticipate that we can look forward to maintaining profits in our Cement and Quarrying interests at or around the level of the past year, but our Rolling Mill results will be largely dependent on the level of activity in the motor industry.

To conclude, I think it is obvious that the factor which will have most influence on our profits in the future months is the level of production in the steel industry, and at the present there are no signs of improvement in the outlook."

The report and accounts were adopted and the dividends recommended declared. The retiring Directors were re-elected and the auditors re-appointed.

Founded 1778

"I am pleased to report once again a successful year's trading"

Mr. John Bedford

Chairman and Managing Director

The Annual General Meeting of Debenhams Limited was held in London on November 29th. The following are the salient features from the Chairman's circulated Statement.

TRADING RESULTS

The trading conditions during the year under review were by no means easy. I am, nevertheless, pleased to be able to report once again on a successful year's trading in the Group. The Consolidated Trading Profit amounts to £8,598,983 and the net profit before taxation is £7,219,230, showing an increase of nearly 11% on last year.

DIVIDENDS AND ASSETS

The Directors recommend a Final Dividend of 1·4d per share be paid on the Ordinary Shares, making 1·11d per share for the year. This is the same rate as that paid for the previous year, but it is payable on the Ordinary Capital as increased by the one for ten scrip issue in November, 1960.

The Consolidated Balance Sheet shows the continuing growth and expansion of the Group, the total assets having now reached £71,500,000.

EXPANSION

Our efforts to expand have been directed towards the purchase of stores in the popular field.

As good businesses become more difficult to acquire the Directors' present policy is the purchase and development of sites in towns in which the Group is not represented, and the purchase for expansion of properties near or, if possible, adjoining existing popular class stores.

CAPITAL RE-ORGANISATION

The Directors have decided to put forward a plan for acquiring the outstanding minority interests in twenty-six subsidiary companies, covering in all thirty-six different classes of capital.

The acquisition of these minority interests will permit greater flexibility in Group financial arrangements, facilitate re-organisation and save much administrative work.

PROPERTIES

I believe that in the long term it is in our best interests to retain our valuable properties, which are the best hedge against inflation that we can have. Schemes are being prepared to make sure that these sites are used to the best advantage. It is proposed to put the management of our properties under Debenhams Property Company, whose function will be to see that they are being used to the best possible advantage.

FUTURE PROSPECTS

It is difficult to forecast with any degree of certainty the future outlook. Our progress is inevitably linked with the economic condition of the country. Given conditions of reasonable stability, I am confident that the long term prospects for the Company are good.

D E B E N H A M S L I M I T E D

91 Wimpole Street, London W.1



Mr. Ivan C. Sanderson

WPM

THE WALL PAPER MANUFACTURERS LIMITED

PROPOSED REORGANISATION OF CAPITAL STRUCTURE

Group's notable efforts to foster vital export trade

MR. IVAN C. SANDERSON REVIEWS DIVISIONAL ACTIVITIES AND DEVELOPMENTS

The 62nd Annual General Meeting of the Company was held on the 29th November in Manchester. The following is an extract from the statement by the Chairman, Mr. Ivan C. Sanderson, circulated with the Report and Accounts :—

Wallpaper Division

Wallpaper sales suffered in comparison with the year before because of the two-year cycle of the decorators pattern book trade. It is natural for distributors to seek to reduce their stocks for the second year against the desire to build up stocks strongly for the first year.

We have continued to bring each one of our manufacturing units up to a state of highest efficiency in order to increase productivity and reduce the cost of unit manufacture.

Paint Division

In this Division we contended with a squeeze in margins, dictated by rising costs all the way round. Under these conditions, there could be temptation to debase quality, which the Walpamur Company in common with Smith & Walton and Farmiloes, completely resisted.

Paper Division

This Division has done very well in sales. Margins have been under pressure and a lower profit is reported. The Division will continue to undertake major capital expenditure over the next two years with a view to faster running of our machines.

Sanderson Division

This Group of Companies manufactures wallpaper and furnishing fabrics as a basis of its business. The attention paid to export has given these factories an exceptionally good position in overseas trade.

Another main activity is wholesale distribution of wallpapers, furnishing fabrics, laminates and fancy papers in the U.K. and world wide.

On the 15th August of this year the Division acquired one of the best wholesale Houses for furnishing fabrics in the United States of America, J. H. Thorp & Co. Inc., of New York with branches in the leading cities. The Division now has a base from which it can develop the sales of Sanderson fabrics throughout the U.S.A.

Research Division

We are rehousing our research in order that the scientific and engineering sections can be centralised and so allow our chemists, physicists and research engineers to work together under one roof and in most favourable conditions.

Retail Division

This organisation has had a successful year. It is our earnest endeavour to make our shops attractive and to cater for everyone who takes upon himself or herself the growing hobby of do-it-yourself.

EXPORT TRADE

The Board recognises the vital part which export trade plays in contributing to a high standard of living in this Country.

Our Wallpaper, Paint and Sanderson Divisions continue to improve their existing world wide connections both for distribution and manufacture. It is not possible to be important, either as an exporter or as an overseas manufacturer or distributor, without being strong at home as a trader and also financially. We have to bear competition from North America, Europe and the Orient. A successful overseas trader generally has to stock, warehouse and give services in the form of showrooms to customers. It is not possible always to get an immediate return on the heavy expenditure which is called for. It is for this reason that strength at home is imperative. I believe that the overseas investments we have made, and which are substantial, will stand us in good stead and will help in the United Kingdom balance of payments.

REORGANISATION OF CAPITAL

A Scheme of Arrangement will be submitted in due course to the Stockholders and to the Court for reorganising the capital structure of the Group bringing the capital more into line with assets employed and to improve the marketability of the Deferred Stock.

The Report and Accounts were adopted.

COMPARATIVE FIGURES 1952 to 1961

Year ended 30th June	Group Profit before Taxation	Taxation	Net Dividends paid to Shareholders	Cash Flow (profit retained in Business plus Depreciation)	Group Net Assets	Additions to Fixed Assets in the Year
	£	£	£	£	£	£
1952	2,148,025	1,266,943	272,373	897,620	14,988,633	841,335
1953	2,722,464	1,510,867	316,140	1,270,257	15,970,244	469,181
1954	3,229,587	1,689,260	409,129	1,485,698	17,207,255	337,484
1955	3,044,292	1,810,108	524,635	1,179,697	18,137,977	967,741
1956	3,739,338	2,166,069	621,845	1,360,925	20,120,929	2,514,539
1957	3,586,044	2,013,069	621,845	1,410,220	21,250,654	1,275,739
1958	4,032,148	2,329,318	670,374	1,680,619	22,598,184	1,505,089
1959	4,750,443	2,427,281	765,339	2,185,723	24,372,519	2,191,463
1960	6,198,714	3,353,002	920,872	2,796,211	26,837,440	4,495,009
1961	5,223,051	2,693,348	1,156,503	2,588,887	28,963,677	8,637,812

NATIONAL COMMERCIAL BANK OF SCOTLAND LIMITED

STATEMENT BY IAN W. MACDONALD, CHAIRMAN OF THE BOARD

The third Annual General Meeting of the National Commercial Bank of Scotland Limited will be held on December 21st, in Edinburgh.

The following is the circulated statement by the Chairman, **Mr Ian W. Macdonald, CA:**

REVIEW OF OFFICIAL MONETARY POLICIES

Any review of the British banking field during 1961 must necessarily begin with a recognition of the serious and disturbing situation which developed in our external monetary position. In my statement a year ago I made the comment that sterling was strong and the monetary reserves had been increasing contrary to seasonal expectations "but possibly at the price of camouflaging the weakness of this country's visible balance of payments." As the months passed it became evident that the balance of payments position—visible and invisible—was deteriorating to a dangerous extent. Sterling increasingly came under heavy pressure resulting in a crisis position which was tackled in the measures taken by the Chancellor in July 1961. The Banks were directly affected by these decisions in two ways: (1) by a further call for special deposits, bringing the totals to 3 per cent for the Clearing Banks and 1½ per cent for the Scottish Banks: (2) by a request to be particularly severe on lending proposals related to personal consumption—including finance for hire purchase—to property development and to speculative building. The Banks some time before had been encouraged by the authorities to accept the special deposit scheme in the expectation that this would act as an automatic regulator of advances and thus avoid any repetition of restrictive directives or requests. It is therefore disappointing that on the latest occasion when there was need for credit restraint the authorities not only applied the regulator but also issued further requests. One wonders if this implies a lack of official confidence in the effectiveness of the special deposit scheme to provide the necessary braking power. However that may be, it must be recognised that neither the volume nor trend of bank advances can be altered immediately by external control measures of any kind. Bank lending policy and consequent decisions can be varied without undue delay, but it is many months before the effect of any variation is reflected in the total of bank advances. Since this time-lag is inevitable, it is open to question whether the authorities are wise in naming groups of borrowers or in specifying business activities in their requests. By the time the brakes start to bite, the economic situation of the groups or activities selected for restraint may need a touch of the official accelerator. In this present economic climate, with summers and winters each stretching to little more than twelve months, timing and time-lags have acquired much greater importance, and an official policy of blow hot/blow cold over short periods may well do more harm than good.

The increase in the Bank Rate to 7 per cent created the short term influences which the authorities can now expect. The pressure on sterling was quickly reduced and the customary upward adjustment of all short term domestic interest rates had a restraining effect on the demand for credit. It is now evident that the domestic monetary system is conditioned to absorb both violent and moderate changes in Bank Rate without undue disturbance.

Turning again to the commercial banking scene, for some time the rate of expansion of deposits has been considerably less than the rate of growth in national income and accordingly a reducing proportion of the national monetary cake has been at the disposal of the Banks. It seems likely that this trend will continue as long as the major participants in the monetary cake —the wage earners—are paid in cash and conduct their personal finances on that basis. It is not easy to sell the advantages of a bank connection to people who live mainly in a cash world apart from the use of Post Office services for savings and for the payment of hire purchase instalments and football pool "investments." The recent introduction of the Credit Transfers system may, however, encourage more people to use bank services, including current and savings accounts.

Perhaps the most significant feature in British banking which emerged during the past year has been the tendency for advances to level off after three years of steady and at times rapid growth. It is probable that policy decisions by the Banks—as opposed to official directives—have been in large measure responsible. In a situation where advances may be approaching 50 per cent of customers' deposits there is clearly need for restraint, particularly when modest increases in available funds are skimmed off by the authorities into special deposits. Thus it could be that the expansion phase in bank advances is over, certainly until such time as retained deposits show a marked upward turn. Today's position is of course much healthier from a banking standpoint than that prevailing during the postwar years up to 1958. A retail deposit bank—to use an American expression—is not fulfilling its proper function unless it is able to lend about half of its deposits to its borrowing customers. Moreover, the whole domestic interest rate structure is geared to that basic principle and a reasonable profit from banking operations cannot otherwise be achieved.

THE SCOTTISH ECONOMY

Before examining our own accounts and results I would like to refer to the Scottish economy. Unfortunately we are still not matching the national growth average in our industrial activities. The depression in the shipbuilding and marine industries is more serious than a year ago and has not yet been compensated by developments taking place in motor vehicle construction or other lighter industries. I hold the view that, to achieve a balanced economy, Scotland needs more of this type of development than is yet in sight.

RESULTS

Our own results for the year have suffered a measure of setback due to a considerable reduction in the dividend we received from our hire purchase investment in Lloyds & Scottish Limited. You will shortly receive the accounts of that company and in my chairman's statement I expand the major causes of the heavy drop in earnings. Suffice to say at this stage that there were two main sources of trouble: (1) losses from bad and doubtful debts in one of the United Kingdom motor divisions which concentrated on the second-hand market and (2) a considerable loss incurred by an overseas subsidiary company. In recent months there has been internal reconstruction of the Lloyds & Scottish group and one operating company now handles all new business in the United Kingdom with integrated management. We have every reason to believe that the long term prospects for the group are good.

Our profit for the year is shown at £1,368,224 compared with £1,540,358. This reflects the lower dividend from Lloyds & Scottish. Our banking profits were well maintained in spite of rising costs and heavier taxation. Out of the year's profit the Board has appropriated £200,000 to Contingency Account, £250,000 to the Officers' Pension Fund and £15,000 to the Widows' and Orphans' Fund. Interim dividends at the fixed rates less tax on the Preference Shares and at 7½ per cent less tax on the Ordinary Shares have been declared and paid. It is now recommended that on the two Preference Share issues final dividends be paid making in all 10 per cent and 5 per cent respectively. The Board also recommends payment of a final dividend on the Ordinary Shares of 9 per cent (making 16½ per cent for the year) less income tax. These dividends are the same as in the previous year, but Shareholders will recollect that a 150th Anniversary bonus of 1½ per cent was also paid a year ago.

The Balance Sheet shows that deposits at £228 million have increased slightly but not significantly during the year. As I stated earlier, this relatively static position of deposits can only be described as disappointing. The increase of over £1 million in the note issue to almost £42 million reflects our share of the increased cash in the hands of the public. Our liquidity ratio, which is measured by comparing cash and other quick assets (£96 million) with our liabilities to the public by way of deposits and notes in circulation, works out at 35.6 per cent which is much the same as a year ago and is regarded as satisfactory.

Loans and Advances to customers are higher by some £6 million at £107 million. At one stage during the year the volume was substantially greater but in recent months there has been

a tendency for advances to fall—in line with the national experience. The above figure of advances is equivalent to 47 per cent of deposits and this underlines my earlier suggestion that the potential for further lending is becoming increasingly dependent on a growth in deposits.

There has been a further reduction in our portfolio of British Government Investments by over £5 million to £52 million, the proceeds having been applied in financing the higher level of advances. These investments are all in dated securities with an average life of rather less than five years, and the aggregate market value is greater than the amount stated in the Balance Sheet. It is interesting to note that three years ago the two separate Banks had total advances of £66 million and aggregate British Government Securities of £98 million. Today's position is much more to our liking.

IMPROVED STAFF BENEFITS

During the year we have had a series of meetings with the representatives of our Staff Association. This is an active and energetic body supported by a majority of the staff. After negotiation we reached agreement on a number of matters such as minimum salary rates at retiral, an extension of the salary scale for women, and minor improvements in the terms and conditions of service. In addition, we jointly formulated a scheme relating to the transferability or deferment of pension rights. Previously, if a member of the staff left the service of the Bank (apart from retiral), no pension credit could be given in respect of the years spent in our service—on the principle, no doubt, that the person leaving had contributed nothing to the pension fund. We felt that this system was out of line with current thought and practice and created an unreasonable obstacle to freedom of choice of occupation or employer. Accordingly the new arrangement broadly provides for the transferability or deferment of accrued pension rights in favour of anyone who leaves us after ten years' employment, and this I think may fairly be claimed as a valuable addition to the benefits available to the staff.

TRUSTEE AND INVESTMENT DEPARTMENTS

From time to time it is appropriate that I should refer in this statement to some of our ancillary activities. Two of the services which we offer our customers have made particularly rapid strides in recent years. I refer to the activities of the Trustee and Investment Departments. There is clearly a growing appreciation in the public mind of the advantages to be gained in appointing a Bank to act in a trustee capacity in the management of investment portfolios and other assets. The main inflow of new business does not come from the estates of persons deceased but from our customers who consider us well qualified to manage or supervise all or some part of their personal or family investments. As a measurement of the recent growth of these departments, the staff has been more than trebled in the past five years.

BOARD CHANGES

During the past year Sir Hugh Fraser, Bart., and Mr Harald Peake resigned from the Board —the latter in view of additional duties involved in his appointment as Chairman designate of Lloyds Bank. We are sorry to lose the benefit of their advice and counsel based on their wide and varied business experience.

We have welcomed as new members of the Board Mr R. J. Henderson, who was formerly associated with the Bank in the capacity of auditor, Lord Lloyd, whose appointment maintains an informal link with Lloyds Bank, and Mr John McQueston, who is managing director of Lloyds & Scottish Finance Limited

I feel sure that Shareholders will wish to be associated with the Board in thanking the General Manager and all officers and staff for another year of successful achievement in running the affairs of the Bank.

S. SIMPSON LIMITED

(Manufacturers of DAKS clothing)

The twenty-eighth Annual General Meeting of S. Simpson Limited was held on November 23rd in London.

Dr. S. L. Simpson, the chairman, presided.

The following is an extract from his statement:

In keeping with the policy indicated in my last year's report your company has endeavoured, with a large measure of success, to maintain the prices of its main products and this has been greatly appreciated by our customers in the retail trade, with whom we continue to share sound trading and cordial co-operation.

The demand for DAKS clothes throughout the home and overseas markets continues at a high level and potential expansion is indicated in several directions. For this reason I am glad to announce that the extension to our Scottish production unit, forecast in my last report, was completed recently and opened on October 3rd by the President of the Board of Trade, whose presence on this occasion was very much appreciated. This extension is particularly important for our export trade but will also play a part in meeting the needs of our expanding home market.

GRATIFYING ACHIEVEMENT IN OVERSEAS MARKETS

Your directors have always considered the export of your company's products as an essential part of trading and have always borne in mind its importance to the national balance of trade. Our trade with overseas territories again showed an increase over last year's figures, which in themselves were a record. This is most gratifying in view of the depression in certain territories in which we trade and I consider it to be a great achievement which says much for the efforts and enthusiasm that continue to be shown by your directors in expanding our overseas markets. The recession in the United States did not permit us to maintain the excellent sales figures of an exceptional 1960 year, but orders for their fall season are in keeping with general economic recovery in that country. The Canadian turnover showed a small increase and the sales to Australia, which is a restrictive tariff trade area, were well above those of the previous year. We have received our first order for DAKS clothing from Japan and much interest was shown in DAKS clothing displayed at the trade fair in Moscow. Your company has substantially increased its turnover with other markets outside Europe. Our trading with Europe has also shown a noteworthy increase and we are prepared to take full advantage of any results arising from the Common Market negotiations.

The report and accounts were adopted.

HARRIS LEBUS LTD.

EFFECT OF RESTRICTIONS

The fourteenth annual general meeting Harris Lebus Ltd., was held on November 3(in London, **Mr Oliver Lebus,** the chairm presiding.

The following is an extract from his circula statement for the 52 weeks to July 14, 1961:

Stockholders were warned by my predeces at the meeting last year of the savage effect th hire purchase restrictions were having on t furniture industry and that there was eve probability of short-time working and a fall profit. In February there was a change in leg lation in so far as the repayment period w extended to three years, but the effect of t change was insignificant.

In June your Board, being aware of t decrease in profits and the generally adver conditions, decided not to pay an interim div dend. Since then the Chancellor of t Exchequer has felt it necessary to impose r strictive measures on the economy general The restriction on lending by the banks a finance houses for the purpose of hire purcha trading can only have a considerable effect o an industry so dependent upon this form support.

Furniture is an integral part of a hom House purchase is not subject to such crippli restrictions. I suggest that furniture should l looked on in this context instead of being ass ciated with luxuries such as motor cars, televisio sets and certain appliances which have contr buted so largely to the increase in th outstanding hire purchase debt in the last tw years.

APPROPRIATIONS AND DIVIDEND

Out of the trading profits of £255,586 shown £86,250 has to be set aside for interest on th debenture stock. It is also necessary to provid £108,038 for taxation on the profit of the perio In spite of the reduced profits and the likelihoo of the current year being no less difficult, you Board recommend a dividend on the Ordinar stock of 2½ per cent.

During the last few years the Company ha expanded materially in fields allied to furnitur at home and in furniture production overseas The upholstery and transport divisions hav maintained their valuable contribution to th group profits and the subsidiary dealing wit hire purchase finance has increased its alread important share.

The Company continues to make its contribu tion to the currently small volume of furnitur exports from this country and is exploring th possibilities of developing this important aspec to larger proportions, with Europe very muc in mind.

With the economic and international problem that beset the country, the furniture industry which for 18 months has been operating at wel below capacity, is unlikely to prosper greatly The current financial year will inevitably be a difficult one.

Your Board is confident that the measures it i taking, some of which in the short term are costly, will in the long run bear fruit and add to the Company's strength.

The report and accounts were adopted.

ROOTES MOTORS LIMITED

ENTHUSIASTIC RECEPTION OF NEW MODELS

LORD ROOTES ON EFFECT OF UNCONSTITUTIONAL STRIKES

Lord Rootes (The Chairman) in his Statement to Members said:

The year to July 31, 1961, covered by the accounts of the Group was characterised by a deteriorating national economy associated with economic difficulties in most of the countries with which we trade.

We ourselves also suffered interruption from unofficial strikes including some at certain of our major suppliers.

These conditions at Home and Abroad brought about a reduction in the production of our cars from the peak of the previous year, although our commercial vehicle business continued to expand.

The problems of the USA market which began to appear at the time I made my last report accelerated in intensity and have been a factor in the reduction of earnings for the year under review. The worst has now passed and in recent months the demand from the USA has shown a major improvement.

Australia, traditionally one of our good markets, has passed through a difficult economic period and in consequence our subsidiary in that country showed a fall in profits compared to the previous year.

Here again, however, recently there has been a relaxation of credit restrictions and we look forward to an improved level of business in the future.

ESTABLISHMENT OF BUSINESSES IN SIX EUROPEAN COUNTRIES

Europe with the United Kingdom's probable entry into the Common Market, has of course, greatly occupied our attention and we have now established our own businesses in six countries. We are confident that this policy will prove to be sound in the future.

We appreciate the formidable nature of the problems with which our Government is faced in securing economic stability. That they have not so far succeeded in arriving at a satisfactory solution, makes equally formidable the task of industry in grappling with the ever-changing scenes in most of the overseas markets, whilst concurrently its Home market demand is constantly unsettled by short-term fiscal "regulators." The credit squeeze, increases in purchase tax, in car licence rates and in tax on fuel oils are some of the changes which of late have adversely affected the demand in this country. These factors, combined with wage increases have also brought in their train a range of direct and indirect cost rises—such as in steel, coal, telephones, postage and rates, to mention but a few of those arising in recent months.

The Board recommend a dividend of 4 per cent, less income tax on the Ordinary and "A" Ordinary Shares for the year ended July 31, 1961.

LABOUR DIFFICULTIES

You are no doubt aware of the very serious labour difficulties with which we have had to contend for many weeks past.

Your Directors have long given a large amount of their time to the important factor of labour relations. Generally we can claim that these are good throughout the Group, with the exception however, of one manufacturing unit in the London area. Unfortunately during the past financial year we suffered a great number of unauthorised stoppages at British Light Steel Pressings Limited and on September 4th a major strike occurred involving the greater part of the hourly paid employees.

This strike was called in total disregard of the procedure for avoiding disputes established by agreement between the Unions and the Engineering Employers' Federation and continued in spite of the Union's instructions to the strikers to return to work and also of other efforts made jointly by the Unions and the Federation.

The challenge to industrial law and order was such that your Directors had no alternative but to oppose it.

Group production was completely paralysed and many thousands of employees of our own and of suppliers have been thrown out of work. At the time of making this Statement a partial resumption of work has taken place but the position is still far from satisfactory.

As this unfortunate dispute has not yet been solved, it is not appropriate for me to comment on many of its phases. I must, however, make my views clear. Although we adhered strictly to the terms of the Agreement expressly designed to avoid unconstitutional strikes, a number of members of the Unions who are the other parties to the Agreement have ignored them completely. In consequence we have been forced to suffer heavy financial losses, the livelihood of thousands of innocent workers has been taken away and the export trade of the country has been adversely affected.

In the competitive world trading conditions of today and in view of this country's balance of payments position, the nation cannot afford unconstitutional strikes of this nature which paralyse production and seriously jeopardise our exports.

FUTURE DEVELOPMENTS

I have just referred to the heavy losses we have suffered and which at the moment are continuing. Whether it will be possible for us to recoup them during the present financial year is doubtful.

In these circumstances we have given careful consideration to the programme of future developments on which we have embarked. I am glad to say that there will be no alteration to any of our major plans.

The construction of the works at Linwood, near Glasgow, in which our new small car will be made, is progressing speedily and we hope to be able to announce our car with production in reasonable quantity in the Spring of 1963.

With regard to our various products, these continue to hold their high place in public esteem. Moreover, we have recently introduced new model Hillman and Singer Cars and also new Commer Trucks which have been enthusiastically received both at Home and Overseas. The current order book is a good one and I hope that our labour problems will soon be resolved and allow us in the very near future to meet the demand of our dealers and the public.

REGIS PROPERTY

CAPITAL INCREASE APPROVED

The twenty-third annual general meeting of Regis Property Company, Ltd., was held on November 28th in London, **Sir Aynsley Bridgland, CBE,** chairman, presiding.

The following is an extract from his circulated statement:

Our net profit for the year has increased from £171,736 to £207,345. Our net property revenue increased from £629,224 to £751,738.

This net profit of £207,345 is derived from properties having a book value of £11,642,923. As the market value of our properties is considerably in excess of the book value it will be appreciated that there is a considerable leeway to be made up in the way of rents before our income shows a reasonable return on our investment.

The time-lag in increasing our rents is due to two factors—(*a*) of the 2,298 flats owned by us there are still 528 rent controlled and (*b*) the offices still suffer very substantially from the lower level of rents which were obtained immediately after the war.

Rents for our flats are below the average which is being achieved today for comparable accommodation and our flat properties should provide us with a steadily increasing revenue as the rents are adjusted to present-day values. On the other hand, the office rentals receivable under leases granted some 14 years ago will rise substantially as new leases are negotiated. The past year shows some evidence of this and further large numbers of these leases will be falling in over the next four years.

EXPANSION POLICY

Our plans for further expansion are governed by the present high cost of money. We do not think it advisable to use our very considerable financial resources, available by arrangements agreed in principle, until interest rates are more reasonable except in certain cases where we feel the cost can be justified. It may be argued that such an attitude is too conservative under present-day conditions but your Board feel that when the right time comes, as it surely must, we shall be able to profit by our refusal to undertake risks in borrowing monies on long term at a high rate of interest.

We are asking you to agree to increase our authorised share capital to £7,000,000 by the creation of a further 3,000,000 unclassified shares of £1 each.

It is not proposed to issue any of the unissued share capital immediately but it is obvious to your Board that any future plans must not be hampered by any lack of room to manœuvre especially as in many cases time is limited when negotiations suddenly fructify. In view of the size of the proposed increase of capital I should perhaps make it quite clear that no issue of shares will be made which could affect the present control of the Company or alter the general nature of its business without the prior consent of the Members in General Meeting.

The Board recommend a final dividend for the year of 7½ per cent. (Total, 12½ per cent.)

The report was adopted and at a subsequent extraordinary general meeting the increase of capital was approved.

THE INDUSTRIAL FINANCE CORPORATION OF SOUTH AFRICA LIMITED

At the Fourth Annual General Meeting of the Company held on November 13, 1961, the Chairman, **Dr. H. J. van Eck,** referred to the increase in profits from R23,324 in 1960 to R43,416 for the year ended June 30, 1961, and also to the fact that by virtue of the recent call of 5 cents per share the Company's paid-up capital now stood at R1,250,000 while the issued capital remained at R10,000,000.

NEW BUSINESS

No new business commitments were entered into during the financial year but the Company recently agreed to assist in financing the expansion of a successful enterprise in the Cape Province to the extent of between R350,000 and R500,000, partly by way of an equity investment and partly by way of a loan.

STIMULATION OF EXPORTS

The Chairman indicated that the recent overseas trade missions had established that there were many opportunities for the export of South African products, but had also advocated a vigorous follow-up by the manufacturers themselves. Keen competition had, however, to be expected from other exporting countries and exporters were also faced with the problem of financing these imports particularly when related to heavy capital goods where purchasers expected credit facilities. The provision of this type of finance was receiving the Board's detailed attention.

FUTURE PROSPECTS

Dr. van Eck expressed the view that there were definite signs of a revival of interest in industrial development. A number of important overseas and local corporations had decided to embark upon substantial expansion schemes in South Africa and the new extensions being undertaken by Iscor, Sasol, Foskor and Escom were positive steps which were both encouraging and timeous. He was hopeful therefore that before long increasing calls for financial assistance would be made on the IFC which remained a source of substantial venture capital to private enterprise. He felt that the limited use made of the IFC's resources to date was to some extent tangible evidence of the country's strength in overall financial resources.

STERLING CABLE COMPANY LIMITED

HIGHER OUTPUT OFFSETS RISING COSTS

MR JAMES S. CLARK ON SATISFACTORY CURRENT ORDER BOOK

The thirteenth annual general meeting of Sterling Cable Company Limited was held on November 24th in London, **Mr James S. Clark** (chairman and managing director) presiding.

The following is his circulated address:

Ladies and Gentlemen, I have the pleasure to submit the Report of the Directors and Accounts of the Company for the year ended March 31, 1961.

The Group profit, before tax, was £70,468, compared with £53,129 last year. Income Tax requires £29,855. The Group profit, after tax, is £40,613, out of which we have provided for Preference Share redemption £5,772, and for the Preference dividend, less tax, £6,112. The recommended Ordinary dividend of 7½ per cent, less tax, will require £18,605, leaving £10,124 to add to our carry forward, which now totals £79,014.

PROFIT MARGINS

Last year I told you of the healthy state of our Order Book—the exceptional range of types of cable for the Export and Home markets. As the year progressed it became apparent that the level of prices at which these orders were booked, although improved, still left much to be desired. A considerable portion of our business is taken at firm prices (except for metal variations), which means that all increases have to be absorbed by, and so decrease, the profit margin. There was a steady increase in operational costs throughout the year. Happily we were able to offset the full effect of these rising costs on our contracts by greater and more efficient output.

Our Order Book remains satisfactorily varied and adequate—output is at an all-time high. Profit margins are still below the 1958/59 level, modest as those margins were. We are optimistic that the results for the current year's trading will again show improvement.

EXPORT MARKET

Export continues to be our main preoccupation, and is responsible for approximately half our output. We have been entrusted with the requirements of power, control, and instrumentation cables for many overseas projects of great size and complexity, and again it is our privilege to express our thanks to the Consultants and Contractors concerned for their continued splendid support. The enthusiasm of our staff and operators combined with the compactness and flexibility of our organisation makes it possible to solve the problems constantly met with in the Export market.

The cable industry has to move in front of the times. It must play its part in providing that vital necessity—cheap power. This means constant technical and practical development, the use of new materials requiring new plant and modern methods. Such developments cannot be realised unless there are reasonable profit margins stemming from stabilised trading conditions. Let us hope that goodwill and good sense will create and preserve these essential conditions.

Our team has once again demonstrated both efficiency and goodwill, and I know you join with me in passing on our high regard and warm appreciation.

The report and accounts were adopted.

RANSOME & MARLES BEARING CO. LTD.

LARGER EXPORT TURNOVER

The Forty-fifth Annual General Meeting of Ransome & Marles Bearing Company Limited was held on November 28th at Newark, **Mr Edward W. Senior,** CMG, chairman, presiding.

The following is an extract from the chairman's circulated statement for the year ended June 30, 1961:

Last year I referred to the effects of the credit squeeze on consumer durables with particular reference to the Motor Industry. A definite recession developed, and it was not until the last two months of our financial year that any appreciable improvement occurred; in point of fact, the output of passenger vehicles in the year under review was 25 per cent lower than in the previous year and, naturally, we did not escape the effects of this reduction in demand.

Notwithstanding these difficult trading conditions, the net trading profit of the Holding Company, after taxation, amounts to £727,177, against £837,778 in the previous year. A second interim dividend of 10 per cent has been paid, making the distribution the same as last year.

Good progress has been made in the construction of the Annfield Plain factory extension which should be in operation in the near future. The purchase of the original factory has been completed. The cost of the extension is estimated at £330,000 and is included in the figure of Capital Commitments, £913,681.

The increase in the Capital reflects the Scrip Issue made last December. The purpose of the Rights Issue was fully explained in the letter of July 7th to shareholders, and the effect of this issue will be shown in next year's accounts. The way in which the rights were taken up was very gratifying, and your Directors are satisfied that the Company now has adequate working Capital.

Our efforts in export markets, in face of keen competition, were rewarded by an increase of 30 per cent in turnover, although the results from two of our subsidiaries, Australia and Canada, were adversely affected by the difficult economic conditions in those countries.

Our associated manufacturing company in Australia—United Bearing Corporation Pty. Ltd.—is developing its manufacturing facilities rather more slowly than had been hoped because of the recession in Australia. We are, however, pleased to see that the Australian economic situation appears to be improving.

SATISFACTORY ORDER BOOK

The order book has shown a slight increase over the year and stands at a satisfactory level. Sales at present show an improvement over the corresponding period of last year.

We are dependent on the requirements of all Engineering Industries; demand from the capital goods industries remains at a high level, but it is doubtful if the full effect of the "Little Budget" has yet been felt on consumer durables, and whether, therefore, the trend will be similar to that of last year. I am, however, hopeful that the diversity of our interests will enable us to maintain a level of output adequate to produce a satisfactory year's trading.

The report and accounts were adopted.

GEO. ADLAM & SONS

LARGER PROFIT & DIVIDEND

The fifty-fourth ordinary general meeting of Geo. Adlam & Sons, Ltd., was held on November 27th at Bristol, **Mr W. Walker, JP,** chairman, presiding. The following is an extract from his circulated statement:

I referred last year to keener prices in tendering due to competition, also to the shortages of stainless steel causing idle time and unrecovered overheads which later would lead to heavier costs to meet delivery promises.

The Directors' intentions at that time to take all possible steps to minimise those losses are reflected in the results whereby a profit was made this year, before taxation, of £33,869 as against £7,916 last year.

During the last two years I have referred to the Directors' policy of looking to the future development of the business rather than in paying dividends, or rather, high dividends. The Directors recommend 10 per cent as against 5 per cent last year.

The order book is very good, particularly on stainless steel tanks. This large order book has affected the Company in three ways—shortage of finance, delay in developing diversified products and shortage of production space.

The steps outlined and the high order book made it impossible to deal unaided with production problems. Your Managing Director, Mr Young, with a colleague, Mr Rymer, are the owners of V.P. Sheet Metal Limited, a private company in Cheltenham. That Company owns a factory, part of which it has occupied for many years and part of very recent construction, together with machinery, much of which is complementary to your Company's plant.

It became obvious that by pooling new products, using managerial and executive staffs, labour forces and machinery for the most useful work, and having two Works available, better total results could be obtained; also after complete integration economies would be effected over a few months. Accordingly, your Directors have negotiated the purchase of the issued capital of V.P. Sheet Metal Limited.

Your Directors intend before March 31st next to make a capital bonus issue (not yet determinable) to the Ordinary Shareholders.

The report was adopted.

TOLEDO WOODHEAD SPRINGS

EXPANSION IN EXPORT TRADE

The twenty-third annual general meeting of Toledo Woodhead Springs Limited will be held on December 20th at Coronation Works, Aycliffe, Co. Durham.

In his Letter to the Shareholders accompanying the Report and Annual Accounts 1960-61, **Mr Frank Woodhead** states:

The group trading profit for the year before deduction of depreciation is £142,968. This profit is less than my expectation when last addressing you, but as you will no doubt recollect December of last year saw the beginnings of a serious recession in the Motor Car and Truck Industry. This depressed condition consequently affected our sales at home. Had it not been for the rapid and considerable growth in our export trade, the figure of profit would have been substantially less.

I am glad to say that while business in general is not quite up to the liveliness of fifteen months ago, nevertheless our improving export trade and general business position leaves us without concern about the immediate future.

In fact our confidence in the continuing growth of this Company has led us to making further extensions to our Coronation Works, at the same time installing machinery which will substantially improve the productive potential of the company. In fact we expect to spend some £60,000 on additional machinery.

With the contracts and orders already placed and the long term arrangements which have been entered into, I feel sure that the year ahead of us holds beginnings of a substantial increase in the company's turnover and a rise in its profitability.

Although the group profits for the year are less than last year's best figures, your Board has complete confidence in the growth of this company and has pleasure in recommending a final dividend of 12½ per cent, making a total distribution of 20 per cent as last year, but on an issued capital 50 per cent greater.

BRITISH COATED BOARD & PAPER MILLS LIMITED

MR WILFRED HARVEY'S STATEMENT

The twenty-fourth annual general meeting of British Coated Board & Paper Mills Limited was held on November 22nd in London, **Mr Wilfred Harvey** (the Chairman) presiding.

The following is his circulated statement:

The Consolidated Profit and Loss Account shows a balance of profit for the year after providing for taxation of £149,470 as compared with £138,322 in the previous year.

Your Directors are pleased to be able to recommend a final dividend of 20 per cent, less tax, making a total for the year of 27½ per cent, less tax.

The Notice convening the Annual General Meeting includes a Resolution for increasing the Company's borrowing powers. The present limit of £550,000 was fixed in 1937 and is now quite inadequate for our current business needs. The proposed new limit of £1,500,000 should be adequate for the Company's foreseeable requirements.

During the year we have created and brought into production a wider range of papers which has enabled your Company to increase the volume of sales, and although the margin of profit has been less the increased turnover has been responsible for the increased profit.

As to the current's year's trading the paper industry as a whole has now to meet severe competition from abroad and the margin of profit with ever increasing costs cannot be maintained unless the volume of sales increase and to this end our Organisation is doing everything possible to meet the position.

Once again I wish to pay tribute to my Colleagues on the Board and to the loyal services rendered to the Company by all our employees.

The report and accounts were adopted and the Resolution increasing the Company's borrowing powers was approved.

B.M.C. Vehicle Capacity Increased —Reply to Export Challenge

Europe now a key market
World-wide servicing coverage

Mr. George Harriman, in an introduction to the Annual Statement to B.M.C. Shareholders paid tribute to Sir Leonard Lord, K.B.E., on his retirement as Chairman. Other points from the Statement are as follows:

In this, our 10th year, the difficulties at home and abroad were numerous and stubborn, but were met with vigour. Despite the sharp fall in profits, the Board are confident of the future and recommend an unchanged dividend. This confidence is based on having improved our competitive position within the British motor industry. Improvements in specification are enabling us to face competition at home and abroad with renewed vigour.

Higher performance and re-styled sports cars have rejuvenated US demand. Looking at export prospects broadly, it is encouraging that B.M.C. vehicle stocks throughout the world are now declining, giving confidence that the decks are now being cleared for more export progress in the early future.

At present the combined home and export demands are calling for most of the vehicles we can make, and we must hope that the home market can consistently provide a solid basis for future planning of the expansion essential to our place in export markets.

In the past four financial years, B.M.C. exports to Europe as a whole have advanced by 79 per cent and are still rising. These results were not fortuitous. They came from having the right models, backing them with sound service, and by encouraging a number of loyal and good distributors.

B.M.C. Service Ltd. enjoyed a record year and is currently supporting our distributors and dealers throughout the world with peak availability of parts. We have also introduced a unique new warranty providing very much wider cover.

Looking to the future—and knowing what we have achieved in the past—we journey onward with confidence, well equipped with adequate resources and alert and eager both to resolve the problems and to enjoy the opportunities that lie ahead.

THE BRITISH MOTOR CORPORATION

CRAIGIELEA RUBBER PLANTATIONS

The thirty-sixth annual general meeting of Craigielea Rubber Plantations Limited will be held on December 19th in London.

The following is an extract from the circulated review of the chairman, **Mr H. T. Karsten.**

As a result of the acquisition of the entire capitals of Johore River Rubber Plantations Limited, Layang Rubber Plantations Limited and Middleton Plantations Limited the issued capital of Craigielea has been increased to £792,001 and the Group acreage under rubber now stands at 14,196 acres.

The Group net profit for the year amounted to £106,843, of which £52,403 was in respect of Craigielea and £54,440 was contributed by the Subsidiaries. These results enable a dividend of 12½ per cent to be paid for the year, as against the 15 per cent which was paid last year on the smaller capital of £353,063.

Having referred to the year's crop figures for Craigielea and also for the Subsidiaries since acquisition, which gave a total of 5,330,000 lbs., the chairman continued:

The crop for the first six months of the current year totals 2,737,000 lbs. and is a little ahead of the output for the corresponding period in 1960.

The average spot London price for No. 1 Smoked Sheet for the first six months of the current year was approximately 2s. 1¼d. per lb. or some 4d. per lb. lower than the average price for the previous year. The price has since dropped to around 1s. 10d. per lb. and consequently the results for the current year are likely to be significantly less favourable than those for 1960/61.

MERLIMAU PEGOH

The fifty-second annual general meeting of Merlimau Pegoh, Limited, will be held on December 21st in London.

The following is an extract from the review of the Chairman, **Sir Harry Townend,** for the year to March 31, 1961:

The Group profit, after taxation, amounted to £278,124 as against £235,022 in the previous year. Included in this figure is £16,093 attributable to Dennistown Rubber Estates, which became a Member of the Group during the year, but nothing on account of our interest in Middleton Plantations which was sold to Craigielea Rubber Plantations in exchange for cash and shares in that company. The results enable a total dividend of 20 per cent to be paid by way of interim payments of 6 per cent and 14 per cent on the capital as increased from £1,118,267 to £1,153,388. Last year a total of 25 per cent was paid.

In referring to the Group's crop figures, the chairman said that the satisfactory increase shown during the year under review had been maintained in the current period, the crop for the first six months having risen from 5,860,000 lbs. to 6,627,000 lbs.

He continued: Replanted areas progressively reaching maturity and increasing yields from mature post-war replantings have contributed to the increased output.

The average spot London price for No. 1 Smoked Sheet for the first six months of the current year was approximately 2s. 1¼d. per lb. or 4d. per lb. lower than the average for the whole of the previous year. The price has since dropped to around 1s. 10d. per lb.

SOUTH AFRICAN IRON AND STEEL INDUSTRIAL CORPORATION

DR F. MEYER'S ADDRESS

Dr F. Meyer, chairman of the South African Iron and Steel Industrial Corporation Limited (Iscor), in addressing the thirty-second ordinary general meeting of shareholders at Pretoria on November 22nd, said:

The net profit for the year ended June 30, 1961, after taxation, amounted to R22,360,495 compared with the previous year's figure of R22,244,634.

For the first time in the Corporation's history the annual ingot steel production exceeded the 2,000,000 ton mark. During the year under review the two works produced 2,212,244 ingot tons. It is interesting to note that only nine years ago the Corporation for the first time produced more than one million ingot tons of steel per annum.

The net sales value of all the products sold during the financial year amounted to R112,516,424 compared with R116,029,392 for the previous financial year.

These figures included the export to overseas countries and African territories of 85,342 tons of steel, 62,275 tons of pig iron, and 2,565 tons of coke oven by-products. The invoice value of these exported products amounted to R8,829,000.

The total supply for the year of rolled and drawn steel products from local and overseas sources was estimated at about 1,892,000 tons, an increase of 216,000 tons over the adjusted figure of 1,676,000 tons last year, or 13 per cent more,

Of this tonnage, producers in the Republic supplied 90 per cent, Iscor's share being 76 per cent, whereas in the previous year the corresponding percentages were 92 and 77.

During the financial year a slackening occurred in the local demand for certain steel products. The Corporation decided to maintain maximum production as far as possible and, as when the same thing happened three years ago, to find export markets for those products which the Republic did not require. As already mentioned 85,342 tons of steel and 62,275 tons of pig iron were exported up to June 30th. Since then exports have continued. For the first three months of the current financial year export orders for iron and steel products to the value of R6,330,900 have been secured. The whole matter of greater export of Iscor products is receiving attention.

With the exception of minor adjustments in Iscor's price structure there has been no general price increase in the course of the year under review. In fact, since 1952 there has been no general upward adjustment in Iscor's prices, which is in contrast with what has happened in all other steel producing countries.

The Corporation's annual production capacity has now reached the target of 2,350,000 ingot tons, and the extension scheme costing R112,000,000 is nearing completion.

With regard to the R560,000,000 major extension scheme, referred to in my last statement, a thorough study has been made of various aspects and some tenders have already been received. It is expected that approximately three-quarters of this amount will be spent in the Republic on equipment which can be made here, on the construction of the many buildings required, on the provision of the necessary services such as tracks, roads, water, power, etc., and on the manufacture and erection of the plant involved. It is too soon for these plans to affect the local engineering industry but it should not be long before this will take place.

It is proposed to carry out this major expansion programme in consecutive steps. Apart from a comparatively small addition of 150,000 ingot tons per annum at Pretoria the first two major steps will be effected at Vanderbijlpark.

The Pretoria additions and the first steps at Vanderbijlpark should be in operation in 1966 and the second step at Vanderbijlpark not later than 1969. This should bring Iscor's annual ingot capacity to between 3,800,000 and 3,900,000 tons. The exact tonnage can still be amended if necessary before 1969.

There is no need at the present moment to decide on the exact scope nor on the geographical site of the further steps in this expansion programme. It is an opportune time to explain that the reasons for planning additions to our existing works before establishing a works at a third site are, firstly, the very much higher capital expenditure required to provide the same increase in our steel manufacturing capacity at a new site as compared with that of enlarging an existing works; secondly, the lower overhead and general costs per ton that can be achieved when expanding existing facilities as compared with those likely to be incurred with a separate works; thirdly, the time factor and staff problems.

During the year a total of R30,100,313 was paid out in direct salaries and wages while R2,666,972 was spent on indirect benefits.

C.L.R.P. INVESTMENT TRUST LIMITED

INCREASED INCOME

The Thirty-first Annual General Meeting of C.L.R.P. Investment Trust Limited was held on November 29th in London. **Mr H. D. Curry,** chairman and managing director, presiding, stated that the consolidated revenue showed an increase over the 12 months of £20,440, or nearly 9 per cent. The mid-year report on April 19th showed an increase in total revenue of 16 per cent and it may be recalled Mr Curry then warned that growth was unlikely to continue on that scale. The board now recommended a final payment of 11½ per cent, making the total dividend for the year 19 per cent.

The valuation of the portfolio at August 31st last showed an appreciation of £2,171,200 over the book value of £2,097,996.

By the time of the mid-year report in April the Investors Chronicle monthly securities index for industrials had climbed 107 points to a peak of 587.3 at which period the break-up value of the 5s. ordinary units was approximately 25s. 0d. In the following four months to the 31st August there was a recession and the index fell to 493.7, i.e. 93.6 points, or nearly 16 per cent, whereas the fall to 24s. 10d. at that date in break-up value of the 5s. units was negligible in comparison.

The report and accounts were adopted.

THE ECONOMIST DECEMBER 2, 1961

COMPANY AFFAIRS

Banks and Hire Purchase

INVESTORS who are showing their usual interest in bank shares in advance of the January dividend season should on balance be pleased with the full results of the **National Commercial Bank of Scotland.** These show, admittedly, a drop in disclosed profits from £1,540,000 to £1,368,000, but this fall is more than accounted for by the fall in the bank's dividend from its hire purchase interest in Lloyds and Scottish Finance, from £597,000 to £184,000. Apparent banking profits have therefore risen by nearly £250,000, or 25 per cent. The full accounts of Lloyds and Scottish are due next week, but in the meantime Mr Macdonald, chairman of both the bank and the hire purchase company, has said that the "measure of setback" in hire purchase earnings is due to losses incurred by a subsidiary in Jamaica as well as by operations in Britain.

In his statement accompanying the bank's accounts, Mr Macdonald draws attention to the general sluggishness of bank deposits. And although credit transfers are encouraging more people to use the banks, he sees no likelihood of a large increase in deposits so long as wage-earners are paid in cash. This is substantially true—and one lesson for the banks is surely to make their deposit rates competitive. Deposits at the National Commercial increased by less than one per cent in the year to October 28th—although the Scottish banks as a whole secured an increase of three per cent. Mr Macdonald also points out that with advances approaching 50 per cent of deposits any further lending is becoming increasingly dependent on a growth in deposits. And in this respect he feels that the recent levelling out in advances is more a reflection of the banks' own caution than of official action and requests.

While the National Commercial's dividend from its hire purchase interest has fallen by nearly 70 per cent the National Provincial Bank's wholly owned subsidiary, **North Central Finance** (formerly North Central Wagon Finance), has maintained its dividend at 20 per cent and its profits before tax for the year to September 30th have risen from £874,000 to £1,410,000, which is close to the 1959 level of £1,580,000. This is the first piece of good news from a hire purchase company for a very long time. The chairman, Mr Duncan Taylor, was one of the few people in the hire purchase field who treated last year's setback as something more than an isolated slip-up. "It is unlikely," he said then, "that there will be any material improvement in the near future." The recovery in profits this year has occurred at a time when business has been running at a lower level and when borrowing costs must have been somewhat higher. The company has obviously been successful in chasing its defaulters: last year accounts with two or more rents owing were stated at some three per cent of balances outstanding. The National Provincial did not increase its representation on the board after last year's setback, but the board was strengthened last March by the appointment of Mr John Paterson. He had previously been managing director of Rootes Acceptances, a subsidiary of Astley Industrial Trust.

Handley Page

IN the next few years the profits of Handley Page will largely depend upon the number of Herald aircraft that are sold. On this, Sir Frederick Handley Page is optimistic. Between 80 and 90, he says, will have to be sold to recover development expenditure already written off (£3.3 million) and the costs of production and production tools. So far, Handley Page has sold 19 and it has options on seven more. There is still a big gap; but Sir Frederick expects greatly increased sales in the near future and arrangements have been made for stepping up production in 1962 and 1963. Were sufficient Heralds eventually sold the amount available for dividends and free reserves would rise appreciably, as development costs on the aircraft, which in past years absorbed a good deal of the cash flow, would be recouped.

This prospective improvement in liquidity will not take place immediately. At the end of last December the company owed more than £3¼ million to the banks and the value of stocks and work-in-progress was high, partly reflecting delay in settling redundancy and price claims arising from the cancellation of part of an order for Victor 2s. This also delayed the publication of the accounts. These make a good showing, for gross profits in 1960 amounted to £1,051,000 (against £573,000) even though as much as £798,000 (against £452,000) had to be written off before striking the profit balance. Work was withdrawn from sub-contractors; the commercial division is more diversified and Sir Frederick expects it to contribute progressively to earnings in the coming years; and sub-contract work was accepted from other companies. Handley Page has maintained a high level of activity this year and Sir Frederick says that this year's results will be at least up to those of 1960. Hence a further dividend of 15 per cent should present no difficulty. Indeed, if the dividend decision were again delayed there might be the possibility of something more than 15 per cent. for in deciding upon the 1960 payment the directors deferred to the Chancellor's request and did not reconsider their dividend policy. The future of the 5s. shares, currently yielding 7½ per cent at 9s. 9d., may therefore be more hopeful, though hardly full of dynamic promise. So much turns on the number of Heralds that are sold; but the spectacle of steady commercial effort by the one independent company left in the aircraft industry is not to be despised.

Metal Box

THE surprise in the Metal Box interim statement was not that profits fell in the six months to end-September, for in June the chairman had indicated that some fall was likely. It was the revelation that while demand at home had picked up quickly, progress recently made by the overseas subsidiaries has been abruptly halted. The accompanying table shows that profit and sales at home had risen and also that margins have actually improved. On the other hand, sales overseas, though well up on those for 1960 are below those for the six months to March 31st, and profit margins have fallen sharply.

The directors say that margins are still under pressure, but they expect profits for the full year to March 31, 1962, to be close to those of 1960-61. They hope to maintain the dividend at 12 per cent on the capital as increased last January by the one for six rights issue. On this forecast the £1 shares at 82s. yield under 3 per cent. This return fully discounts the prospect of growth in the short term and looks well ahead to the long term effects of the group's expansionary policies, reflected in the £4¼ million spent on fixed assets in the past half-year.

Six months to	Sept. 30, 1960	Mar. 31, 1961	Sept. 30, 1961
		£ million	
Sales:			
Home	33·0	31·9	34·0
Overseas	11·6	14·3	13·4
Total	44·6	46·2	47·4
Trading profit:			
Home	3·3	2·7	3·0
Overseas	1·4	1·6	1·3
Total	4·7	4·3	4·3
		per cent	
Profit margins:			
Home	10·0	8·5	8·8
Overseas	12·1	11·2	9·7
Total	10·5	9·3	9·1

Following the interim statement has come news of a take-over bid for Wallis Tin Stamping, the Dorset manufacturers of metal bottle caps and refrigerators. The offer to both Wallis preference and ordinary shareholders is an exchange into Metal Box shares, with preference holders maintaining their income though losing their present voting rights. On the terms of one Metal Box ordinary for every five Wallis 2s. ordinary shares, equity shareholders will suffer a slight loss of income, receiving 12 per cent (against the equivalent of 12½ per cent). However, the offer is worth 16s. 6d. against a pre-bid price of 14s. 3d.; before this year the price of the Wallis shares had not risen above 10s. since 1953 as the company's dividend policy has been conservative. The offer has been approved by holders of ordinary and preference (including Bovril) with about 45 per cent of the votes.

(*Company Affairs continued on page 974*)

LONDON AND NEW

Prices, 1961 High	Prices, 1961 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Nov. 22, 1961	Price, Nov. 29, 1961	Net Yield, Nov. 23—1961 §	Gross Yield, Nov. 29, 1961
					£ s. d.	£ s. d.
92½	88⅜	Savings Bonds 3% 1955–65	90²⁷/₃₂	90¹¹/₁₆	4 9 8	5 16 5†
100¹/₃₂	99	Conversion 4½% 1962	99¹³/₁₆	99¹³/₁₆	1 2 3	5 5 0
96⅞	93¼	Exchequer 3% 1962–63	95²⁷/₃₂	95³¹/₃₂	2 12 5	5 15 10†
101¹⁵/₁₆	98⅝	Treasury 5½% 1962	100⅝	100⅜	2 17 2	5 1 9
93²³/₃₂	90¼	Exchequer 2½% 1963–64	92²⁷/₃₂	92³¹/₃₂	4 11 7	5 12 4†
99¹⁹/₃₂	96⅝	Conversion 4¾% 1963	98⅛	98⅛	4 0 5	5 16 9
98⅝	94½	Conversion 4½% 1964	96²⁵/₃₂	96⅞	4 1 7	5 17 11
101⁵/₁₆	96	Exchequer 5½% 1966	98³/₃₂	98⅜	3 13 5	5 18 9
83⅛	78³/₁₆	Funding 3% 1959–69	82⅛	82¼	4 15 2	5 4 11†
89¾	84¾	Funding 4% 1960–90	88⅞	88¾	4 15 7	5 4 2†
80½	74⅝	Savings Bonds 3% 1960–70	79¹¹/₁₆	79⅝	4 15 10	5 5 0†
85⅛	80¼	Savings Bonds 2½% 1964–67	84½	84¾	4 14 10	5 17 6†
73¹¹/₁₆	66¼	Savings Bonds 3% 1965–75	71½	71½	4 14 10	6 4 3†
84¹¹/₁₆	78⅞	*Funding 3%* 1966–68	84¹/₁₆	84¹/₁₆	4 15 0	6 2 4†
97½	92½	Victory 4% 1920–76	94⅜	94	3 8 9	5 2 7†
86⁷/₁₆	80¼	Conversion 3½% 1969	£85¹⁵/₁₆	£85¹⁵/₁₆	4 11 8	5 2 9
93¹/₁₆	87	Conversion 5% 1971	92¹³/₁₆	92¹³/₁₆	4 2 1	5 6 5
95¹¹/₁₆	88½	Conversion 5½% 1974	92½	92½	3 19 5	6 1 10
73⅛	66	Treasury 3½% 1977–80	69¹¹/₁₆	69¾	4 12 3	6 6 4†
64¼	65	Treasury 3½% 1979–81	69¹/₁₆	69⅝	4 12 5	6 7 9†
97¹⁵/₁₆	84½	Funding 5½% 1982–84	92¹⁵/₁₆	92¾	3 19 0	6 5 8†
59½	51½	Redemption 3% 1986–96	54¼	54⅛	4 9 3	6 6 11
83¼	79¼	Treasury 5% 1986–89	81¹³/₁₆	81⅞	4 3 11	6 9 3†
63¹/₁₆	55	Funding 3½% 1999–2004	57⅝	57⅝	4 7 11	6 11 3†
94⅝	81⅝	Treasury 5½% 2008–12	83¹⁵/₁₆	83⅞	4 3 5	6 14 2†
65⅜	56½	*Consols* 4% ..... after Feb. 1957	59⁷/₁₆	59³/₁₆	4 3 11	6 18 3†
59¼	50½	War Loan 3½% ..... after 1952	51¹³/₁₆	51¹¹/₁₆	4 2 11	6 15 5†
59	50⅝	Conv. 3½% ..... after Apr. 1961	51¾	51⁹/₁₆	4 3 9	6 17 4†
50⅞	43¼	Treasury 3% ..... after Apr. 1966	44⅝	44⅜	4 3 4	6 16 8†
44	36½	Consols 2½%	39	38¹³/₁₆	3 19 5	6 10 2†
43½	36½	Treasury 2½% ..... after Apr. 1975	37⅝	37½	4 2 3	6 14 10†
91⅞	85¾	British Electric 4½% 1967–69	91¾	91⅜	4 4 2	6 2 11†
75¹¹/₁₆	70⅜	British Electric 3% 1968–73	74¾	74⁹/₁₆	4 16 3	6 4 6†
70⅝	64½	British Electric 3% 1974–77	69⅝	69⅛	4 14 8	6 4 6†
81⅞	74⅞	British Electric 4¼% 1974–79	79⅛	79¼	4 6 6	6 5 6†
73½	67	British Electric 3½% 1976–79	70½	70¼	4 12 1	6 6 2†
84⅞	78¾	British Gas 4% 1969–72	84¼	84⅜	4 7 9	6 3 7†
82¼	76½	British Gas 3½% 1969–71	81⅝	81⅝	4 11 2	6 2 9†
59⅜	51¾	British Gas 3% 1990–95	53¹⁵/₁₆	53⅜	4 11 4	6 7 11†
75¹¹/₁₆	70⅜	British Transport 3% 1968–73	74¾	74⁹/₁₆	4 16 3	6 4 6†
80⅞	74	British Transport 4% 1972–77	77¼	77⅜	4 8 6	6 4 7†
61⁷/₁₆	53¾	British Transport 3% 1978–88	57¹³/₁₆	56½	4 14 4	6 8 3†

Prices, 1961 High	Prices, 1961 Low	DOMINION AND CORPORATION STOCKS	Price, Nov. 22, 1961	Price, Nov. 29, 1961	Yield, Nov. 29, 1961
					£ s. d.
82¼	76½	Australia 3½% 1965–69	81⅜	81	6 11 0†
101	92¾	Australia 6% 1974–76	97⅛	97⅛	6 7 0†
72½	64½	Ceylon 4% 1973–75	66½	66½	6 8 0†
101⅛	92¾	New Zealand 6% 1976–80	95¾	95½	6 10 0†
80½	70½	Rhodesia and Nyasaland 6% 1978–81	77	76¾	8 14 0†
81	73	South Africa 3½% 1965–67	80	80	8 3 0†
59	53½	Southern Rhodesia 4½% 1987–92	57½	57¾	8 10 0†
94⅜	85⅛	Agricultural Mortgage 5½% 1980–85	88½	88½	6 12 6†
89	82¼	Birmingham 4¼% 1967–70	83¼	88¼	6 4 0†
92¾	86½	Bristol 5% 1971–73	88⅝	88⅝	6 8 0†
93	86½	Corporation of London 5½% 1976–79	87¾	88	6 7 0†
48¾	41	L.C.C. 3% ..... after 1920	43⅝	42½	6 19 0†
89½	80⅛	L.C.C. 5% 1980–83	83⅜	83⅜	6 9 0†
93	84¼	Middlesex 5½% 1980	88¼	88¼	6 8 0†

NEW YORK PRICES AND INDICES

	Nov. 22 $	Nov. 29 $		Nov. 22 $	Nov. 29 $		Nov. 22 $	Nov. 29 $
Atch. Topeka ...	28	28	Boeing	47⅜	45⅞	Int. Harvester...	52	53
Can. Pacific	24⅝	24⅝	Celanese	36⅜	36⅛	*Inter. Nickel*...	76⅝	79¼
Pennsylvania	17½	17⅜	Chrysler	47¾	46½	Inter. Paper ...	35¾	35¾
Union Pacific ...	36⅝	36	Col. Palmolive ..	53¼	57⅛	Kennecott	83½	81⅝
Amer. Electric ...	76⅜	76	Crown Zeller. ..	61	66½	*Monsanto*	55¾	53¼
Am. Tel. & Tel...	134¼	133⅜	*Distillers Seag.* ...	44⅞	43¾	Nat. Distillers..	25⅞	25¾
Cons. Edison....	89¼	89¾	Douglas	36¼	37⅛	Pan-American .	20¾	21⅛
Int. Tel. & Tel...	56⅝	58¾	Dow Chemical..	74	74	Procter Gamble	98⅝	95⅛
South'n. Nat. Gas	49¼	47⅝	Du Pont	247½	242½	Radio Corpn...	55¼	52⅛
United Corpn...	9⅜	9⅜	Eastman Kodak	109¼	107¾	Sears Roebuck .	86⅜	84⅞
Western Union .	39⅝	38¼	Ford Motor	110⅝	111½	Shell Oil	40⅝	41¼
Alcoa	58⅞	57½	Gen. Electric	78¾	79⅛	*Socony-Mobil*..	47½	48⅜
Aluminium	27⅜	26⅝	*General Foods* ..	102¼	100¾	Stand. Oil Ind..	51⅝	50⅝
Amer. Can.....	47⅞	48¾	General Motors .	54	54⅞	Stand. Oil N.J..	47	48⅛
Am. Smelting ...	62¼	65¼	Goodyear	46	43¾	Union Carbide.	129¼	129¼
Am. Viscose	55⅜	55¾	Gulf Oil	40¾	40⅝	U.S. Steel	77½	77¾
Anaconda	52½	50¼	Heinz	72½	72	West. Electric..	38⅝	39¼
Beth. Steel	40½	40⅞	Int. Bus. Mach...	582	585	Woolworth	93⅜	88¾

Standard and Poor's Indices (1941–43 = 10)

1961	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Nov. 1	72·20	2·82	34·16	4·77	65·09	3·02	89·43	3·94
,, 8	74·51	2·74	34·50	4·73	66·90	2·94	89·43	3·94
,, 15	75·31	2·72	34·59	4·72	67·97	2·90	88·80	4·00
,, 22	75·40	2·77	34·14	4·79	67·80	2·91	88·80	4·00
,, 29	75·49	2·76	33·90	4·82	67·26	2·93	88·39	4·04

425 Industrials :—High, 75·60 (Nov. 27). Low, 60·87 (Jan. 3).

* Ex dividend. † Tax free. ‡ Assumed average life 7½ years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. (a) Interim dividend (b) Final dividend. (c) Year's dividend. (d) Capital distribution of 1s. 0d. per share. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (i) To latest date.

YORK STOCKS

Prices, 1961 High	Prices, 1961 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Nov. 22, 1961	Price, Nov. 29, 1961	Yield, Nov. 29, 1961	Cover
		%	%					
				BANKS, DISCOUNT & HP				
				Barclays £1	97/3	87/–	2·99	...
				District £1	94/6	93/–	3·44	...
				Lloyds £1	66/3	68/9	3·17**	...
				Martins 5/–	23/–	23/3	3·23	...
				Midland £1	89/6	90/6	3·31††	...
				Nat Provincial £1	87/9	88/6	3·16	7·9
				Westminster 'B' £1	86/3	86/6	3·38	...
				CHEMICAL				
				Albright & Wilson ... £1 p.p.	41/6	41/3	5·82	...
				Bk. Lond. & S. Amer.. £1	42/3	43/3	4·62	...
				Bank of Montreal ... $10	£23¹⁵/₁₆	£23¹⁵/₁₆	2·86	...
				Bank of Nova Scotia ... $10	£22¹⁵/₁₆	£22¹⁵/₁₆	2·86	...
				Barclays D.C.O. £1	40/–	40/–	5·00	...
				Chartered £1	53/9	53/3	4·70	...
				Hongk'g. & Shang.... $25	£17¼	£17	4·41	...
				Nat. Com. Bk. Scot.. 10/–	53/3	52/–	3·17	...
				Royal Bk. Canada.... $10	£23⅛	£23⅛	2·86	...
				Royal Bk. of Scotland . £1	£12/3	£16/–	3·28	...
				Stand. Bk. S. Africa ... £1	40/3	40/3	7·45	...
				BREWERIES, Etc.				
				Bass, M. & B. 5/–	14/6	14/6	3·79**	...
				Distillers 10/–	38/10½	38/6	3·51	2
				Flowers 5/–	17/6	17/3	3·04	2
				Guinness 10/–	54/7½	55/7½	3·96**	2
				Ind Coope T.A. 5/–	14/9	14/4½	4·17**	...
				Teacher (Distillers) . 10/–	37/3	36/9	3·40	2½
				Watney Mann £1	103/3	103/6	3·48	2
				Whitbread 'A' 5/–	37/6	37/6	3·60	1½
				BUILDING, PAINT, Etc.				
				Associated Portland ... £1	53/6°	55/6	3·00	2½
				British Plaster Bd. .. 10/–	23/7½	23/4½*	5·35	2½
				Richard Costain 5/–	17/10½	17/11½	4·67	2½
				Crittall Mfg. 5/–	10/0¾	10/3	7·32	2
				International Paints .. 4/–	10/6	10/9	7·44	1½
				London Brick £1	91/6	94/–	3·72	3½
				Rugby Portland 5/–	55/6	56/3	3·56	2½
				Taylor Woodrow 5/–	21/6	20/6	4·88	1½
				Wall Paper Defd. £1	134/–	136/11½	3·67	2½
				CHEMICAL				
				Albright & Wilson ... 5/–	23/4½	22/10½	4·37	2½
				Borax Defd. 5/–	15/11½	15/11½	3·80	3
				Fisons £1	31/6°	31/3	7·40	1½
				I C I £1	60/7½	59/7½	4·61	2
				Monsanto 5/–	17/3	16/9	4·48	...
				DRAPERY & STORES				
				Boots Pure Drug 5/–	27/10½°	27/6	2·18	2½
				Montague Burton.... 10/–	91/10½	93/3	2·95	2
				Debenhams 10/–	61/6	61/–	3·15	2½
				G.U.S. 'A' 5/–	50/9	50/6	3·71	2½
				House of Fraser 5/–	38/–	40/–	3·75	2½
				Lewis's Invest. Tst.... 4/–	15/6¾	15/5½	3·19	2½
				Marks & Spencer 'A'.. 5/–	105/6°	104/9	2·27	2½
				United Drapery 5/–	47/4½	47/7½	3·15	2½
				Woolworth 5/–	53/6	52/10½	3·39	2½
				ELECTRICAL & RADIO				
				A.E.I. £1	32/–	31/–	9·68	1
				Brit. Electronic Inds. 5/–	11/6	11/3	6·67	...
				B.I.C.C. £1	57/7½	56/10½°	4·75	2
				Crompton Parkinson. 5/–	12/7½	12/6	5·00	2½
				Decca Record 10/–	67/–	68/–	3·43	2½
				E.M.I. 10/–	41/9	43/9	4·00	...
				Elliott-Automation ... 5/–	33/–	39/9	1·64	...
				English Electric £1	26/3	25/9	7·77	3
				General Electric £1	26/3	25/6	7·84	3
				C. A. Parsons £1	52/6	52/–	4·81	2½
				A. Reyrolle £1	42/6	42/–	4·64	3
				Thorn Electrical 5/–	59/6	62/–	2·02	...
				ENGINEERING				
				Babcock & Wilcox £1	22/6	22/–	...	...
				John Brown £1	31/4½	31/6	6·98	...
				Cammell Laird 5/–	4/6¾	4/5¼	13·52	...
				Internat. Combust. .. 5/–	25/9	25/9	5·83	...
				Rich'ds'ns. Westg'th. 10/–	3/10½	3/10½	...	...
				Swan Hunter £1	31/9	33/3	7·22	...
				John Thompson 5/–	12/–	11/6	2·17	...
				Coventry Gauge..... 10/–	29/7½	32/11½	3·81	...
				Alfred Herbert £1	63/9	63/9	4·35	...
				Allied Ironfounders... £1	47/9	44/–	7·95	...
				Averys £1	90/–°	93/3	3·22	...
				B.S.A. 10/–	19/3*	18/10½	6·18	...
				George Cohen 5/–	9/6	9/6	6·84	...
				Davy-Ashmore 5/–	30/3	30/6	4·51	...
				Guest Keen £1	74/6	73/6°	4·35	...
				Head Wrightson..... 5/–	21/9	21/–	3·81	...
				Metal Box £1	84/–	83/–	2·89	...
				Ransome & Marles... 5/–	15/3	15/3	4·59	...
				Renold Chains £1	43/6	44/–	4·55	...
				Simon Engineering .. 5/–	32/6°	32/3	4·26	2
				Tube Investments..... £1	63/3°	63/7½	4·40	2
				Vickers £1	25/10½	25/6	7·84	3
				Ward (Thos. W.) £1	65/6	64/–	4·30	2½
				Woodall-Duckham... 5/–	20/–	19/6	5·38**	2

Prices, 1961 High	Prices, 1961 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Nov. 22, 1961	Price, Nov. 29, 1961	Yield, Nov. 29, 1961	Cover
		%	%					
				FOOD & TOBACCO				
34/–	17/4½	10 c	10 c	Allied Suppliers 10/–	19/4½	19/7½	5·10	2¼
15/–	7/9¾	10 a	12½ b	Assoc. British Foods.. 1/–	12/11½	12/11½	1·86	2
74/–	54/3	8 b	4 a	Bovril £1	56/9	56/9	4·23	2½
24/–	11/9	†2½ a	†4½ b	Brooke Bond 'B' 5/–	13/3	13/5¼	4·04	3½
15/6	12/6	2½ a	10 b	International Tea 5/–	12/10½	12/10½	4·85	2½
27/9	65/–	10⅜ b	5 a	J. Lyons 'A' £1	72/9*	73/9	4·29	1¼
35/6	25/9	9 b	5 a	Ranks 10/–	29/9	29/6	4·75	2
14/0¾	10/–	10½ b	9 b	Spillers 5/–	11/6	11/6	4·35	2
50/–	38/7½	9 b	3 a	Tate & Lyle £1	46/7½	48/3	4·97	2
20/10½	14/10½	5 a	9 b	Unigate 5/–	15/3	15/6	4·52	2
73/–	56/9	†2½ c	†11½ a	Brit. Amer. Tobac. .. 10/–	62/–	62/3	5·68	23¼
31/6	37/6	15 b	5 a	Gallaher 10/–	39/3	37/10½	2·58	2
71/9	65/3	14 b	8½ a	Imperial Tobacco..... £1	67/–	66/3	6·79	1¾
				INSURANCE				
153⅜	115/16	†55 b	†50 a	Britannic 5/–	151⅜	153⅜	2·79	...
86/3	60/6	25 b	20 a	*Commercial Union* .. 5/–	69/–	69/9	3·23	...
339⅛	177⅜	†41·17c	†41·17c	Equity & Law Life ... 8/6	323¼	339⅛	0·85	...
88/4½	51/10½	20 b	10 a	General Accident.... 5/–	83/6	84/6	1·78	...
60/6	42/7½	40 b	35 a	Guardian 5/–	52/–	53/3	2·50**	...
39⅛	23¼	110 b	80 a	Legal & General..... 5/–	38	38¼*	1·23	...
46/–	100/–	11½ b	8½ a	Northern & Empl..... £1	135/–	137/–	2·92	...
272/6	156/3	†70 b	†20 a	Pearl 10/–	223/9	222/6	3·30	...
29	18	†183⅓ c	†208⅓ c	Prudential 'A' 4/–	25¾	26	2·62	...
49/3	38/10½	...	...	Royal 5/–	46/3	47/9	3·14**	...
329/3	100/3	11¼ b	7½ a	Royal Exchange £1	113/9	112/9	3·33	...
				MOTORS & AIRCRAFT				
18·10½	12/10½	7½ a	12½ b	British Motor 5/–	14/9	14/10½	6·72	3¼
86/6	66/11½	20 c	20 c	Jaguar Cars 'A' 5/–	85/9	85/3	1·17	73¼
48/6	36/10½	11 c	5 a	Rolls-Royce £1	37/6	36/10½	5·97	2¼
10/–	5/6	12 c	4 c	Rootes Motors 'A' ... 4/–	6/3	5/7½	2·84	...
88/9	52/2¼	15 b	7½ a	A.C.V. £1	86/–	85/7½	4·67	...
101/–	77/7½	15 b	20 c	Leyland Motors £1	86/–	85/10½	7·87	2¼
18/6	14/–	9 b	5 a	Bristol Aeroplane ... 10/–	15/10½	15/10½	9·55**	1¼
33/3	20/10½	15 c	5 a	Hawker Siddeley £1	21/10½	22/2¼	4·50	2¼
31/3	29/6	14 c	†5½ b	Dowty Group 10/–	31/4½	29/6	5·26	2¼
28/11¼	21/6	15⅝ c	5 a	Dunlop Rubber 10/–	28/7½	28/7½	5·53	2
72/–	49/9	2½ a	11¼ b	Joseph Lucas £1	56/10½	56/6	4·87	2¼
33/3	15/9	30 c	Nil a	Pressed Steel 5/–	16/6¾	17/–	...	2¼
46/3	29/3	15 c	12½ c	Triplex Holdings 10/–	35/–	34/–	3·68	2¼
				MINES				
68/9	110/–	50 b	40 a	Anglo-American.... 10/–	140/–	143/11½	6·29	1½
67/6	43/–	6¼ b	18¾ b	Consolid. Gold Fields . £1	62/–	67/6	7·41	2
17/6	12/6	15 a	20 b	General Mining £1	91/3	96/3	7·27	2
78/–	72/6	15 a	10 a	Union Corporation .. 2/6	58/–	61/3	6·53	3
15/3	15/3	40 a	40 b	Daggafontein 5/–	17/–	17/3	23·19	1½
105/–	73/9	70 a	100 b	Free State Geduld ... 5/–	38/–	49/–	10·20	1½
54/3	37/6	25 a	25 b	Hartebeestfontein .. 10/–	52/6	54/–	10·19	1½
64/6	41/10½	50 a	60 b	President Brand 5/–	121/3	126/10½	8·28	1¼
167/6	101/3	90 a	120 b	Western Holdings 10/–	19/9	20/3	...	8½
38/6	15/9	...	9½ a	Winkelhaak 10/–	57/3	60/–	12·50	2¾
75/3	55/–	36⅔ b	13½ a	Chartered 15/–	56/–	56/9	14·10h	1¾
63/6	51/3	20 a	60 b	Rhod. Anglo-Amer.. 10/–	8/–	8/–	8·56h	2
11¹³/₁₆	7/10½	4¹¹/₁₆ a	9 b	Rhod. Selection Tst. .5/–	8/–	8/–	8·56h	2
6¹¹/₁₆	4¹³/₁₆	4½ a	8 b	Roan Antelope 5/–	18/3	16/6*	19·70	...
30/9	15/9	15 a	17½ b	Tanganyika Cons.... 10/–	49/6	49/6	7·07	1¾
81/6	48/–	13¾ b	33¼ a	Consolidated Zinc.... £1	143/9	143/9	8·70	1¾
139/4½	110/–	150 b	100 a	De Beers Defd. Reg. .5/–	$134	$139	1·92	...
$159½	$104	$1·50c	$1·50c	Internat. Nickel ....n.p.v.	16/7½	16/11½	8·68	1¼
18/9	10/9	27½ b	7½ a	London Tin..... 4/–	39/4½	39/4½	6·98	1½
45/–	30/–	20 c	27½ c	Rio Tinto..... 10/–	30/–	29/–	9·05	1
44/3	17/9	52½ c	20 a	Tronoh 5/–				
				OIL				
51/3	32/–	†6·94b	†2·78a	British Petroleum £1	33/3‖	34/–‖	9·34	2¼
49/6	31/9	†67 b	†21 a	Burmah Oil 10/–	32/3*	34/–	9·01	1¼
52/–	36/–	13¾ b	6¼ a	Castrol 10/–	39/9	39/–	5·13	2½
£15⅛	£10⅝	23·87c	11⅞ a	Royal Dutch ..... 20 fl.	£11⁹/₁₆	£12	3·93	23¼
139⅞	108/9	†20·8 c	†10 a	Shell Transport £1	£12/3	£15/3	5·90	3
41/3	24/3	...	...	Ultramar 10/–	25/–	25/6	...d	...
				PAPER & NEWSPAPERS				
14/7½	9/10½	10 b	5 a	Daily Mirror 5/–	12/11½	12/7½	5·94	1¼
9⅛	57/6	8 b	4 a	W. H. Smith & Son 'A'. £1	72/–	69/6*	3·45	2
23/9	17/9	...	10 a	Thomson Org'n. 5/–	22/–	21/9	5·52**	2
66/3	43/6	8¾ b	5 a	Bowater Paper £1	45/9	44/6	6·18	1½
56/6	41/3	16 c	5 a	Albert E. Reed £1	42/–*	42/–	7·62	1½
54/3	37/6	8½ b	4 a	Spicers £1	38/6*	37/6	6·67	1¾
68/9	47/6	10 b	4 a	Wiggins Teape £1	50/3*	48/–	5·83	2
				MISCELLANEOUS				
31/–	21/6	10 a	20 b	Assoc. British Picture. 5/–	25/9‖	25/6‖	5·88	2¾
34/6	26/9	20 a	40 b	Assoc. Television 'A' .5/–	32/10½	33/4½	8·99	1¾
52/9	41/4½	14 b	16 a	Beecham Group 5/–	47/6¾	47/9**	3·14	1¾
54/3	31/11½	31¼ a	62½ b	British Match £1	31/10½	31/10½	6·27	2
14/9	13/–	6¾ b	4 a	British Oxygen 5/–	14/9	15/–	3·55	2½
28/4½	14/–	6¾ b	4 a	British Ropes 5/–	9/3	9/4½	5·33	2¼
13/–	7/10½	7 b	3 a	De La Rue..... 10/–	53/6*	53/6	4·21	2
70/–	44/9	15 b	7½ a	Glaxo 10/–	47/3	46/6*	6·45	2½
50/–	31/9	20 c	7½ a	Gestetner 'A' 5/–	40/–	41/–	2·44	3¼
73/9	52/6	6 a	9 b	Harrisons & Cr. Defd.. £1	47/3	46/6*	2·79	3¼
57/6	42/–	3 a	12 b	Hoover 'A' 5/–	43/9	44/–	6·45	2½
55/6	35/6	40 b	5 a	Ilford 5/–	21/9	21/9	5·11	2
28/–	18/9	12½ b	5 a	I.C.T. £1	95/3	96/9	4·03	2
107/3	56/3	7¼ b	4 a	National Canning £1	40/–	40/–	2·33	2¾
78/9	40/–	32½ c	12½ c	Powell Duffryn..... 10/–	36/3	36/3	4·41	1
37/3	29/6	6 a	10 b	Radio Rentals 5/–	33/9	34/6	6·25	2½
35/6	24/7½	15 b	5 a	Rank Organisation.... 5/–	30/3	31/6	2·90	1¾
37/6	18/9	7½ a	15 b	Schweppes 5/–	33/3‖	33/3	3·57	2½
41/10½	30/11½	16½ b	7½ a	Sears 'A' 5/–	33/6	34/4½	3·61	1¾
39/–	27/6	20 c	25 c	Thomas Tilling 4/–	24/9	23/9	3·64	2¼
28/4½	21/3¾	11½ b	8½ a	Turner & Newall..... £1	56/9	58/10½	3·37	2¼
78/–	54/6	12 c	4 a	Unilever 5/–	42/–*	43/3	4·08	2¼
43/3	32/6	15½ b	9·47a	Unilever N.V. ..... 12 fl.	113⅜	111⅜	2·83	3¼
22/6	13/9	10 b	5 a	United Glass 5/–	17/3	17/3	2·16	2¼
42/11½	29/

Joseph Lucas

IN 1959-60, the profits of Joseph Lucas did not rise nearly so quickly as those of its principal customers in the motor industry; but in the year to July 31st last an increase in the sales of its components to the commercial vehicle and aircraft industries and comparatively stable sales in the replacement market helped to cushion the fall in its profits. But for much of the year business with the car makers was unprofitable, and as stocks piled up and margins narrowed the group's cash resources dwindled, so that by the end of July there was a bank overdraft of £1,347,000.

Overseas the group fared ill in Australia and Canada but went ahead with expansion plans in France and Germany. The chairman, Sir Bertram Waring, says that in order to finance further developments in the common market the group intends to raise a long-term loan outside the sterling area. The group spent £5 million on capital account in 1960-61 and with outstanding commitments amounting to £4.2 million it is not surprising that Joseph Lucas is looking for new capital funds. In the short run the group should be able to maintain its sales outside the motor industry, but its immediate prospects are dimmed by the low return on components sold to it. Looking further ahead, the Joseph Lucas group has geared its development plans to those of the motor manufacturers and if, for instance, sales fail to rise to match the increase in capacity in the British motor industry it is difficult to believe that Joseph Lucas would be unaffected. So far, however, its profits have swung less violently than those of the motor industry and this is reflected in the yield of 4.9 per cent offered by the £1 shares at 56s. 3d. on a maintained dividend of 13¾ per cent, covered 2¼ times.

	1958-59 (£000's)	1959-60 (£000's)	1960-61 (£000's)
Sales	101,300	122,600	123,200
Gross profit	10,071	10,746	9,753
Net profit	2,509	2,923	2,368
	%	%	%
Ordinary dividend	12½	13¾	13¾
Gross profit/sales	9·9	8·8	7·9

Birfield Industries

THAT the good results from Birfield Industries have not surprised shareholders is due to that company's commendable enterprise in publishing quarterly figures of sales and profits. For those less well acquainted with the company, but knowing something of its connections with the motor industry, the results must seem surprising, for sales in the year to July 31st were up by 11 per cent, from £26.9 million to £28.1 million, and profits before tax up by 28 per cent, from £2.6 million to £3.4 million. In fact car components account for about 35 per cent of Birfield's sales and commercial vehicle components for a further 13 per cent but it was sales outside the motor industry which brought about the advance in profit. These included farm machinery, garage equipment, blotting paper, powder metallurgical products and filter units. Trade with the motor industry, moreover, was helped by the good demand for constant velocity joints, used particularly in mini-cars.

After a rise in stocks from £4.4 million to £6 million, the group's overdraft had risen from £354,000 to around £1,250,000 by the end of June. In addition a loan of £1 million, raised to finance the acquisition in America of Bound Brook Oil-Less Bearing, is outstanding. But with a net cash flow of over £3 million and capital commitments not expected to exceed £3 million over the next 18 months or so the company does not contemplate an issue. At 65s. the £1 shares yield only 3.1 per cent and with profits showing a slight fall so far in the current year they may look high enough—though not necessarily too high for the maintained dividend of 10 per cent on the capital as increased by a one for five scrip issue is covered almost six times.

Gas Purification

A DIFFICULT year of trading has made its further mark on Gas Purification's already unimpressive balance sheet: against a cash balance of only £34,000 at the end of June were ranged bank bills and overdrafts of £1.2 million. Big stocks held by the major subsidiary, Grundig, were one reason for this state of affairs but stocks are now being reduced and the cash balances will be reinforced by the sale of the machine tool division of Smart and Brown and of a lease held by another subsidiary for £475,000.

Shareholders may wonder about cutting off noses and spiting faces for the sales of Smart and Brown rose by 20 per cent and its profits rose almost three fold in the year to June 30th—in sharp contrast to the performance of the whole group, which lost £15,000 net, against a profit of £811,000. However, the chairman, Mr D. D. Mathieson, has described the machine tool division's record as "inconsistent." The results of Grundig tape recorder subsidiary he admitted were "extremely disappointing"; it was hit late in the year by the revaluation of the mark, which added to the costs of supplies from Germany. The change to direct trading also required extra finance and distribution and other costs rose sharply. Mr Mathieson said that prospects in the tape recorder field are now "much more encouraging."

Changes in the board room have accompanied the increasingly depressing news from the group and shareholders who receive no dividend, against 35 per cent, will hope that the appointment of Mr Joseph Green, the group's third chairman within a year, will lead to more profitable trading. Presumably, one of his first problems will be concerned with the raising of further finance. Investors have learnt the lesson of the industrial holding company the hard way: the 5s. shares of Gas Purification now stand at 6s. 9d., compared with this year's peak of 19s. and the 1960 peak of 34s.

London Stock Exchange

FIRST DEALINGS:	Nov. 13	Nov. 27	Dec. 11
LAST DEALINGS:	Nov. 24	Dec. 8	Dec. 28
ACCOUNT DAY:	Dec. 5	Dec. 19	Jan. 19

THE stock market was in a hesitant mood before the weekend, with equity prices moving lower on Thursday but rallying on Friday as the pressure from sellers was outweighed by bear covering. Buyers held off, disappointed by the TUC decision to postpone the question of joining the national planning board and worried by comment on the vulnerability of sterling. But the new account opened with equity prices rising steadily if slowly throughout the first half of the week; but the level of business remained small. Over the week *The Economist* indicator gained 0.3 of a point to 356.9.

Gilt-edged stocks felt the influence of misgiving in the market about the pay pause and the stability of the pound last Thursday but small buying on Friday was enough to push prices up again. On Tuesday and Wednesday buyers were again predominant and short dated stocks which had lost ground before the weekend responded to investment demand. Exchequer 5½ per cent 1966 gained 7/32 to 98⅜ while among medium dated stocks Conversion 5 per cent 1971 and Conversion 5¼ per cent 1974 remained unchanged at 92 15/16 and 92¼ xd respectively. Long dated stocks were steady but there were small falls among the irredeemables.

In the equity market selective buying helped to raise prices and the gains were generally held in the face of a few profit takers. Building shares were irregular but Associated Portland made good some of their recent losses and closed 2s higher at 55s. 6d. Rumours of a take over bid for J. and F. Stone pushed the price up sharply to 33s. 6d. but the shares fell back later to 30s. 9d., only 6d. higher over the week. Other store shares were fractionally lower. Among chemicals ICI moved erratically throughout the week to close 1s lower at 59s. 7½d. Metal Box fell ahead of the interim results but improved later on bear closing to lose only 1s. over the week at 83s. After many lean weeks steel shares revived in front of the dividend season. United Steel was outstanding and gained 2s. 10½d. to 41s. 3d.

Some industrial shares however felt the effect of unfavourable news. Gas Purification lost 1s. 6d. to 6s. 9d. following the full report, and Allied Ironfounders 3s. 9d. to 44s. after the lower interim divident. Food shares were dull early in the week but rallied on Wednesday; Tate and Lyle gained 1s. 7½d. to 48s. 3d. ahead of the results. Paper shares fell back under the influence of the EFTA tariff cut and Bowater was 1s. 3d. lower at 44s. 6d. Oil shares gained under the lead of Shell Transport which rose 3s. to 115s. 3d. Kaffirs rose on the news that the US gold reserves were at their lowest since 1939. Most interest focused on finance houses and Union Corporation gained 3s. 3d. to 61s. 3d.

EXCHEQUER RETURNS

For the week ended November 25, 1961, there was an "above line" deficit (after allowing for sinking funds) of £38,261,000 compared with a deficit of £7,907,000 in the previous week and a deficit of £45,381,000 in the corresponding period of last year. There was a net receipt "below-line" of £23,034,000 leaving a total cumulative deficit to date of £732,850,000 compared with £748,827,000 in 1960-61.

£'000	Estimate 1961-62	April 1, 1960, to Nov. 26, 1960	April 1, 1961, to Nov. 25, 1961	Week ended Nov. 26, 1960	Week ended Nov. 25, 1961
Ordinary Revenue					
Income Tax	2,728,500	853,454	981,926	23,983	28,258
Surtax	210,000	46,700	53,800	1,400	1,400
Death Duties	240,000	147,900	167,300	4,900	5,000
Stamps	94,000	57,800	63,700	1,600	1,600
Profits tax, EPT and EPL	325,500	188,900	235,300	5,200	7,500
Other Inland Rev. Duties	..	50	...	...	..
Total Inland Rev.	3,598,000	1,294,804	1,502,026	37,083	43,758
Customs	1,550,000	972,495	1,069,507	26,590	33,421
Excise	960,000	653,415	671,640	11,530	13,740
Total Customs and Excise	2,510,000	1,625,910	1,741,147	38,120	47,161
Motor Duties	155,000	39,187	47,235	...	...
PO (Net Recpts)	...	...	...	...	...
Broadcast Lic's.	40,000	18,300	23,800	...	...
Sundry Loans	205,000	40,244	160,999	...	994
Miscellaneous		77,741		3,487	
Total	6,508,000	3,096,186	3,475,207	78,690	91,913
Ordinary Expenditure					
Debt Interest	660,000	397,212	435,257	4,313	4,688
Payments to N. Ireland Exch.	92,000	53,549	56,208	3,553	3,894
PO Fund — Initial settlement	15,000	..	7,282	...	.
Other Consolidated Funds	8,000	4,630	4,898	10	15
Supply Services	5,186,902	3,045,187	3,304,615	115,815	121,357
Total	5,961,902	3,500,578	3,808,260	123,691	129,954
Sinking Funds	40,000	23,820	24,164	380	220
Above-line Surplus or Deficit	—	128,212	357,217	45,381 Cr.	38,261 Cr.
Below-line Net Expenditure*		320,615	375,633	23,433	23,034
Total Surplus or Deficit		748,827	732,850	21,948	15,227
Net receipts from:					
Tax Reserve Certificates		172,344	181,209	7,178	3,782
Savings Certificates		43,500	−18,400	−300	−1,200
Defence Bonds		70,680	18,562	2,032	642
Premium Savings Bonds		38,120	27,200	1,350	600
Total		324,644	208,571	10,260	3,824

* Net receipts to the Civil Contingencies Fund of £5 million in 1961-62 compared with a net receipt of £5 million in 1960-61

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1960 Nov. 26	3,670·0	1,571·7	189·1	1·3	5,432·1
1961 Aug. 26	3,280·0	1,840·0	201·9	2·3	5,324·1
Sept. 2	3,260·0	1,855·3	239·4	...	5,354·6
" 9	3,240·0	1,806·4	221·4	...	5,347·9
" 16	3,340·0	1,905·2	229·5	...	5,374·7
" 23	3,220·0	1,928·7	228·3	...	5,377·0
" 30	3,220·0	2,018·6	283·7	...	5,522·3
Oct. 7	3,240·0	1,998·1	207·2	...	5,445·3
" 14	3,260·0	2,003·4	208·7	...	5,472·2
" 21	3,270·0	1,997·8	183·1	...	5,450·9
" 28	3,280·0	2,003·2	211·5	...	5,494·8
Nov. 4	3,280·0	2,063·7	201·1	0·8	5,545·5
" 11	3,290·0	1,990·7	216·9	...	5,497·6
" 18	3,310·0	1,976·2	250·6	...	5,536·8
" 25	3,330·0	2,016·1	205·3	...	5,551·4

Money and Exchanges

THE MONEY MARKET

THE Treasury bill rate continues to hold firm: at last Friday's bill tender the average rate of discount for 91-day bills fell by only 0.31d. to £5 7s. 9.40d. per cent. The syndicate of discount houses put in an unchanged bid of £98 13s. 1d. for these bills. This week the authorities have again given the Bank rate screw a small twist; on Tuesday and Wednesday two or three houses were forced to borrow small amounts from the Bank at the penal rate. The market received 42 per cent of its application for 91-day bills, against 56 per cent in the previous week—the offer of £220 million was under-allotted by £10 million—but it improved its quota of 63-day bills from 85 to 90 per cent.

Credit was in fairly free supply before last weekend and the authorities found no need to help the market. Rates for short loans opened at 5¼ per cent and fell to the clearing banks' minimum of 4½ per cent by mid-afternoon. On Monday, however, the authorities gave the market a moderate amount of help by special purchase of bills, and on Tuesday this help was large, but it was not sufficient to save part of the market from calling on the Bank for its final balances.

MONEY RATES

LONDON

	%		%
Bank rate (from 6½%, 2/11/61)	6	**Discount rates** (Wednesday):	
Deposit rates (7 days' notice):		Bank bills:	
Banks	4	60 days	5 5/8–5 11/16
Discount houses	4–4¼	3 months	5 5/8–5 11/16
Local Authorities	6¼	4 months	5 5/8–5 11/16
Call money:		6 months	5 5/8–5 3/4
Clearing banks minimum	4 5/8	Fine trade bills:	
Day-to-day	4 3/8–5 3/8	3 months	6 3/4–7 1/2
		4 months	6 3/4–7 1/2
		6 months	7 –8

NEW YORK

	%		%
Official Discount rate: from 31/2/%, 11/8/60)	3	**Treasury bills:** Nov. 20	2·537
		27	2·606

BANK OF ENGLAND RETURNS

£ million.	Nov. 30, 1960	Nov. 22, 1961	Nov. 29, 1961
*Issue Department**:			
Notes in circulation	2,257·6	2,323·6	2,343·7
Notes in banking dept.	42·7	51·7	31·7
Govt. debt and securities*	2,298·0	2,374·0	2,374·0
Other securities	0·7	0·7	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	1·3	0·3	0·3
Banking Department:			
Deposits:			
Public accounts	12·3	12·6	11·0
Special deposits	150·3	232·7	232·7
Bankers	249·8	242·0	228·6
Others	68·8	68·6	70·5
Total	481·2	555·9	542·9
Securities:			
Government	391·4	429·3	443·3
Discounts and advances	45·2	72·8	65·7
Other	19·0	19·1	19·3
Total	455·6	521·2	528·3
Banking department reserve	43·6	52·6	32·5
" Proportion "	% 9·0	% 9·4	% 5·9

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £50 million to £2,375 million on November 8th

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills: Average Rate of Allotment	Allotted at Max. Rate †
1960	*91 day* *63 day*		s. d.	%
Nov. 25	250·0 30·0	411··	92 9·25	63
1961				
Aug. 25	260·0‡	409·9	134 0·12	39
Sept. 1	250·0	379·8	134 0·50	48
8	260·0	441·6	132 10·81	60
15	250·0‡	407·0	131 10·99	59
22	250·0	383·3	130 6·51	65
29	270·0	447·9	131 0·48	39
Oct. 6	260·0	397·9	122 5·80	57
13	260·0‡	419·0	120 2·28	59
20	250·0	416·1	118 5·35	51
27	250·0	431·2	114 6·57	66
	91 day *63 day*			
Nov. 3	200·0 60·0	412·7	108 6·10	63
10	230·0 40·0	458·9	108 5·49	44
17	220·0 50·0	430·2	107 9·71	56
24	220·0 60·0	471··	107 9·40	42

† On November 24th tenders for 91 day bills at £98 13s. 1d. secured 42 per cent, higher tenders being allotted in full. The offer for this week was for £220 million 91 day bills and £50 million 63 day bills. ‡ Allotment cut by £10 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits	Market Rates: Spot					
	November 29	November 23	November 24	November 25	November 27	November 28	November 29
United States $	2·78–2·82*	2·81 1/2–5/8	2·81 1/2–5/8	2·81 1/2–5/8	2·81 1/2–5/8	2·81 7/16–9/16	2·81 7/16–9/16
Canadian $	13·622–14·027	2·92 15/16–3/16	2·92 15/16–3/16	2·92 3/8–7/8	2·92 5/16–11/16	2·92 5/16–93/16	2·93 1/16–7/16
French Fr.	11·94–12·54⅞	13·80 7/8–81 1/8	13·80 7/8–81 1/8	13·81–81 1/4	13·81–81 1/4	13·81 1/8–3/8	13·80 7/8–81 1/8
Swiss Fr.	137·96–140·12½	12·16 3/4–17	12·16 3/4–17	12·16 5/8–7/8	12·16 3/4–17	12·16 7/8–17 1/8	12·15 7/8–16 1/2
Belgian Fr.	142·05–140·12½	17½	17½	17½	17½	17½	15
Dutch Gld.	9·98 3/4–10·28 1/2	10·13 1/2–3/4	10·13 3/8–5/8	10·13 1/2–3/4	10·13 1/4–1/2	10·13–13 1/4	10·12 7/8–13 1/8
W. Ger. D-Mk.	11·037–11·365	11·26 3/4–27	11·26 3/4–27	11·26 3/4–27	11·25 3/4–26	11·26–26 1/4	11·26 1/8–3/8
Portug. Esc.	80·18–28	80·18–28	80·18–28	80·18–28	80·17–27	80·17–27	80·17–27
Italian Lire	1725–1775	1746 3/4–47 1/4	1747–47 1/4	1747–47 1/4	1747 1/8–5/8	1747 1/8–5/8	1746 3/4–47 1/4
Swedish Kr.	14·27 1/2–14·70	14·54–54 1/4	14·53 7/8–54 1/8	14·53 7/8–54 1/8	14·54–54 1/4	14·54–54 1/4	14·53 7/8–54 1/8
Danish Kr.	19·06 1/2–19·62	19·39 3/8–5/8	19·39–39 1/4	19·38 1/2–3/4	19·37 3/4–38	19·36 7/8–37 1/8	19·36 7/8–37 1/8
Norwegian Kr.	19·71–20·30 1/2	20·02–02 1/4	20·02–02 1/4	20·02–02 1/4	20·02–02 1/4	20·02–02 1/4	20·01 7/8–02 1/8
	* Official Limits	**One Month Forward Rates**					
United States $		1/4–5/8c. pm	1/4–5/8c. pm	1/4–5/8c. pm	3/4–5/8c. pm	11/16–9/16c. pm	3/4–5/8c. pm
Canadian $		13/16–11/16c. pm	13/16–11/16c. pm	7/8–1/4c. pm	7/8–3/4c. pm	3/4–5/8c. pm	13/16–11/16c. pm
French Fr.		2 1/2–2c. pm	2 5/8–2 1/8c. pm	2 5/8–2 1/8c. pm	2 1/2–2c. pm	2 1/4–1 3/4c. pm	2 1/4–1 3/4c. pm
Swiss Fr.		4–3 1/2c. pm	4 1/8–3 5/8c. pm	4 1/8–3 5/8c. pm	4 1/8–3 5/8c. pm	4 1/8–3 3/4c. pm	3 1/2–3c. pm
Belgian Fr.		30–20c. pm	30–20c. pm	30–20c. pm	35–25c. pm	32–22c. pm	30–20c. pm
Dutch Gld.		3 1/4–2 3/4c. pm	3 1/4–2 3/4c. pm	3 1/4–2 3/4c. pm	3 1/4–2 3/4c. pm	3 1/4–2 3/4c. pm	3 1/4–2 3/4c. pm
W. German D-Mk.		3 1/2–3pf. pm	3 1/2–3pf. pm	3 1/2–3pf. pm	3 5/8–3 1/8pf. pm	3 1/2–3pf. pm	3 1/2–3pf. pm
		Three Months Forward Rates					
United States $		17/8–13/4c. pm	17/8–13/4c. pm	17/8–13/4c. pm	17/8–13/4c. pm	113/16–111/16c. pm	113/16–111/16c. pm
Canadian $		2 1/2–2c. pm	2 1/16–1 15/16c. pm	2 1/16–1 15/16c. pm	2 1/16–1 15/16c. pm	2–1 7/8c. pm	2–1 7/8c. pm
Swiss Fr.		9–8 1/2c. pm	9 1/4–8 3/4c. pm	9 1/4–8 3/4c. pm	9 1/4–8 3/4c. pm	9 3/8–8 7/8c. pm	9 5/8–9 1/8c. pm
W. German D-Mk.		9 1/4–8 3/4pf. pm	9 1/4–8 3/4pf. pm	9 1/4–8 3/4pf. pm	9 3/8–8 7/8pf. pm	9–8 1/2pf. pm	9 1/4–8 3/4pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		249/9	249/8 3/4	...	249/8 1/2	249/8 1/4	249/9 1/4
,, ($,, ,, ,,)		35·16	35·15 1/2	...	35·15	35·15	35·16

UK External Trade

Imports are valued cif: exports fob.
Total trade unless otherwise stated.

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

BRITISH

Prices and Wages.....	Nov. 25th	External Trade	This wee
Manpower and Output....	Nov. 18th	Industrial Profits	Oct. 14t

OVERSEAS

Western Europe.....	Sept. 30th	United States.....	Nov. 11t

	Unit	Monthly averages			1960			1961				
		1958	1959	1960	Aug.	Sept.	Oct.	June	July	Aug.	Sept.	Oct.
VALUE												
Imports:												
Total	£ million	312·3	331·9	379·9	381·5	363·4	378·7	371·3	350·2	358·8	343·1	378·0
Food, drink and tobacco	,,	124·2	126·5	128·8	117·8	123·9	139·9	122·9	114·5	113·9	123·1	136·2
Basic materials	,,	74·1	77·6	88·6	98·5	83·6	81·9	84·6	76·8	87·0	71·9	79·8
Fuels	,,	36·6	38·9	40·2	43·6	38·1	38·4	37·8	41·3	38·7	35·3	40·0
Manufactures	,,	76·1	87·6	120·7	119·7	116·7	117·1	124·1	116·1	117·8	111·3	120·6
Exports of UK produce:												
Total	,,	264·7	277·5	296·3	281·0	261·3	258·9	316·3	308·7	305·2	260·5	319·4
Manufactures—Total	,,	222·5	234·5	250·1	239·1	219·2	213·3	270·2	263·7	259·6	215·6	265·7
,, Metals	,,	36·0	37·8	39·3	34·4	35·4	36·3	39·9	40·8	35·9	30·7	41·2
,, Engineering products	,,	115·6	122·4	131·0	125·3	105·3	104·6	150·3	140·0	148·3	112·0	139·9
,, Textiles	,,	21·2	20·7	21·8	21·7	21·2	20·1	19·6	21·4	19·1	18·1	20·8
Re-exports	,,	11·8	10·9	11·8	12·9	12·8	12·1	13·8	14·4	13·4	12·5	13·0
Balance of trade (exports less imports)	,,	−35·8	−43·5	−71·8	−87·6	−89·3	−107·7	−41·2	−27·1	−40·2	−70·1	−45·6
VOLUME(1)												
Imports:												
Total	1954=100	114	122	138	135[4]	...	141[6]	137[5]	...	128[4]	...	137
Food, drink and tobacco	,,	119	118	121	113[4]	...	129[6]	121[5]	...	115[4]	...	...
Basic materials	,,	94	101	110	112[4]	...	110[6]	106[5]	...	94[4]	...	...
Fuels	,,	124	143	157	151[4]	...	162[6]	162[5]	...	155[4]	...	...
Manufactures	,,	132	150	201	199[4]	...	199[6]	198[5]	...	187[4]	...	...
Exports:												
Total	,,	111	116	122	113[4]	...	125[6]	127[5]	...	119[4]	...	131
Manufactures	,,	113	117	124	116[4]	...	124[6]	131[5]	...	121[4]	...	...
BY AREA												
Imports:												
USA	£ million	29·2	30·9	47·3	45·1	49·5	57·4	32·7	28·3	36·2	40·9	53·6
Canada	,,	25·7	26·0	31·3	35·7	28·9	32·8	30·3	29·4	31·5	27·5	29·7
Latin America	,,	24·6	26·8	26·0	27·3	22·6	25·6	26·2	24·2	21·8	18·4	18·9
West'n. Europe—Common Market	,,	44·4	46·6	55·2	51·7	53·2	53·5	60·1	57·2	56·3	53·7	58·3
,, ,, Free Trade Association (3)	,,	36·2	39·0	46·7	50·2	50·7	47·1	51·7	48·8	47·2	46·3	45·3
Soviet Eastern Europe	,,	8·5	9·7	11·6	14·0	13·4	15·3	11·7	13·5	16·7	14·9	17·6
Other Non-Sterling	,,	30·9	32·7	35·5	33·4	28·9	31·1	31·3	27·7	28·5	27·8	33·6
Sterling area	,,	112·8	120·2	126·3	124·1	116·2	115·9	127·3	121·1	120·6	113·6	121·0
Exports of UK produce:												
USA	,,	22·9	30·3	27·4	22·4	23·4	23·2	23·0	23·3	25·2	23·7	27·3
Canada	,,	15·7	17·3	17·9	16·7	13·0	13·4	18·4	18·1	18·7	12·3	17·2
Latin America	,,	12·6	12·9	14·3	18·2	11·9	13·4	14·3	14·7	12·7	12·2	15·5
West'n. Europe—Common Market	,,	34·9	38·8	43·3	38·7	38·0	44·3	52·3	53·2	46·4	44·7	58·6
,, ,, Free Trade Association (3)	,,	29·2	32·0	35·8	32·4	30·7	37·1	48·1	40·3	34·2	36·8	47·0
Soviet Eastern Europe	,,	3·8	5·1	6·4	5·7	6·3	3·9	9·7	8·7	9·7	7·7	9·6
Other Non-Sterling	,,	29·6	29·4	32·2	28·0	26·3	25·6	36·4	36·6	33·9	28·6	31·1
Sterling area	,,	116·0	111·7	119·0	118·9	111·7	98·0	114·1	113·8	124·4	94·5	113·1
TRADE IN SELECTED COMMODITIES												
Imports:												
Wheat	'000 tons	376·4	356·3	342·3	336·7	326·3	397·4	309·8	323·0	350·6	269·1	332·0
Meat	,,	69·4	67·6	70·3	65·8	66·6	71·5	74·9	68·0	51·4	53·6	52·9
Sugar, unrefined	,,	219·3	201·8	184·1	139·6	156·5	180·0	168·8	140·2	172·1	148·2	204·0
Raw cotton (2)	,,	21·5	22·5	22·6	26·6	8·4	11·7	16·3	9·8	16·0	10·9	15·5
Raw wool, sheep's and lambs' (2)	mn. lb.	51·1	58·6	49·9	37·1	27·7	30·2	48·7	42·4	32·0	18·9	32·1
Rubber, natural and synthetic (2)	'000 tons	17·0	17·0	16·4	7·7	6·5	15·5	14·0	11·5	18·9	12·2	13·5
Softwood	'000 stds.	106·4	121·7	150·1	244·6	189·9	179·3	173·8	179·0	202·3	171·1	158·1
Woodpulp	'000 tons	175·4	185·4	226·0	228·4	235·7	215·1	226·5	161·4	193·0	196·3	202·8
Crude petroleum	mn. galls.	728	847	969	1,108	1,006	1,035	1,010	1,080	1,065	895	1,093
Exports of UK produce:												
Coal, including bunkers	'000 tons	403	343	455	418	489	475	505	493	382	469	620
Woven piece-goods—cotton	mn. sq. yds.	32	29	27	26	25	25	22	23	21	22	24
,, ,, ,, wool	'000 sq. yds.	7,893	8,536	8,085	8,166	7,225	6,767	7,043	8,387	7,964	6,211	7,361
Passenger cars and chassis	number	40,323	47,414	47,493	41,024	29,795	24,937	31,937	31,497	27,988	28,180	33,791
Commercial vehicles and chassis	,,	9,303	10,619	12,127	12,292	9,180	9,490	16,437	14,877	11,428	10,914	12,188
Agricultural tractors	,,	8,709	9,474	11,964	10,964	12,274	10,354	12,218	13,318	11,470	10,163	11,464
Machinery—electrical	£'000	5,818	5,706	5,265	4,957	4,321	4,332	5,924	5,729	4,758	4,199	5,105
,, other	,,	42,773	47,264	52,926	49,320	44,217	45,828	62,665	62,323	56,925	53,605	61,318
Chemicals, elements and compounds	,,	5,027	5,862	6,438	6,118	6,699	6,246	5,970	5,972	5,620	5,885	6,634

(1) Trade with the Channel Islands is included in all 1958 indices but from 1959 onwards, only in the total import and export indices. (2) Retained imports.
(3) Including Finland. (4) Average for third quarter. (5) Average for second quarter. (6) Average for fourth quarter.

APPOINTMENTS

ECONOMIC INTELLIGENCE

MORGANITE RESEARCH AND DEVELOPMENT, Limited, Battersea, London, requires an ECONOMIST to co-ordinate the intelligence picture of the chief overseas markets of The Morgan Crucible Group, with emphasis on Western Europe.

The Group sells nearly half its production overseas. Products include carbon brushes, crucibles, resistors, refractories, electrical and electronic components and a wide range of other specialised industrial requirements.

The successful candidate will need to have, or be capable of acquiring, a good reading knowledge of French and German; and will be required to learn the scientific and applied economic basis of several industrial technologies. The techniques employed have little in common with those used in consumer market research. Nine months' preliminary training will be given.

Initial salary between £1,200 and £1,800 per annum depending on qualifications.

Please write, to:

The Staff Manager,
Morganite Research and Development Limited,
Battersea Church Road,
London, S.W.11.

COMPUTER DEVELOPMENTS—STAGE II

In 1957 RECKITT & SONS decided to introduce a computer into their Head Office and a National Elliott 405 was commissioned in 1959. This computer is now handling a considerable volume of work, and some expansion of the staff is necessary to enable further important developments to be undertaken.

We wish to appoint:

A CHIEF PROGRAMMER to supervise the adapting of a wide variety of commercial works for an ADP system. This appointment will interest an experienced programmer, especially one who has used a 405 and is ready to accept greater responsibilities in an expanding company with very wide commercial interests.

PROGRAMMERS to tackle particular projects with the emphasis on foresight and the capacity to plan rather than to code.

We shall welcome enquiries from those with a degree or professional qualification, who understand the significance which a computer can have in a commercial organisation, and these enquiries should be addressed to:

Personnel Director,
Reckitt & Sons Ltd.,
Dansom Lane,
HULL

EXPERIENCED FINANCIAL JOURNALIST. Hard-working, versatile; able to analyse an investment or interview a chairman. A permanent appointment on a leading weekly.—Write Box G.549, c/o Streets, 110 Old Broad Street, E.C.2.

UNIVERSITY OF THE WITWATERSRAND
JOHANNESBURG

LECTURER OR JUNIOR LECTURER IN DEPARTMENT OF ECONOMICS AND ECONOMIC HISTORY

Applications are invited for appointment as Lecturer or Junior Lecturer in Economics. Duties are to be assumed on 1st March, 1962, or as soon as possible thereafter.

The salary scales payable are as follows:—
Lecturer R2,460 x 120—R3,420
Junior Lecturer R1,740 x 120—R2,100
In addition, a vacation bonus is payable at Public Service rates.

Intending applicants are required to obtain a copy of the relevant information sheet from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1. Applications close in South Africa and London on 31st December, 1961.

UNIVERSITY OF OXFORD
HEAD OF DEPARTMENT OF SOCIAL AND ADMINISTRATIVE STUDIES

The University proposes shortly to appoint a Head of the Department of Social and Administrative Studies, whose duties will be to give instruction in Modern Social Institutions, to engage in research, and to have charge of the department. Stipend on the scale £1,975 x £75—£2,425. Applications by January 11, 1962, to the Secretary of Faculties, University Registry, Oxford, from whom further particulars may be obtained.

For further appointments and other classified advertisements see page 978

UNIVERSITY OF OXFORD

Notice is given that the Readership in Sociology is vacant and that the Electors intend to proceed to an election. The salary will be on the scale £1,975 x £75—£2,425 plus children's allowances. Applications are invited in nine copies, naming three referees but without testimonials, to be received not later than January 11, 1962, by the Registrar, University Registry, Oxford, from whom further particulars may be obtained.

CONSUMER RESEARCH

A leading business service organisation is looking for a

MANAGER

for its Consumer Research Division. He will be in the age bracket 28-40 and will have been for some years in a position of Executive responsibility for Consumer Research Surveys Sales and Servicing, and therefore used to negotiating with Senior Executives in Client companies. This appointment will offer him a very good working environment, with considerable opportunity for both the development of his division's operations and personal progress in a Company with high standards.
Full details to:

BOX 1555
The Economist Newspaper Ltd., 22, Ryder St., St. James's, London, S.W.1.

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in the Market Research Section of their Consumer Research Department. The candidate should be a graduate, preferably with some background in economics or statistics, and should have an aptitude for thinking quantitatively. He should have worked for several years in the market research field, and have had experience of designing surveys, interpreting research results and writing reports.
Please apply in writing, giving details of education, experience and salary required, to:

Personnel Manager,
Pritchard Wood & Partners,
197, Knightsbridge, London, S.W.7.

ASSISTANT FINANCIAL MANAGER required for Nitrogenous Fertiliser Plant, situated in Trinidad, W.I. The Company forms part of a large international group with world-wide activities mainly in the Chemical field.
The work will entail the supervision of accounting procedure to Profit and Loss and Balance Sheet level, the maintenance and development of a modern system of budget and cost control, the presentation of statistical information to management and investigation into accounting office methods and procedures. The position holder will report to the Company Financial Manager.
Applicants should be qualified Accountants with at least five (5) years' industrial accounting experience, preferably with a chemical company using a modern system of management accounting.
A satisfying career abroad and a starting salary in excess of £2,000 per annum will be offered to a suitable person aged between 27 and 33 years, preferably married.
After one year and ten months' service in Trinidad the applicant will be granted two months' home leave with passages paid for himself and family.
Applications, in the first instance, should be addressed to: The Managing Director, Grace Brothers, Ltd., 143/9, Tenchurch Street, London, E.C.3.

UNIVERSITY OF EDINBURGH
CHAIR OF ECONOMIC SCIENCE

The Chair of Economic Science is to become vacant on 1st October, 1962, and the Electors, who are the Curators of Patronage of the University and the Master and the Treasurer of the Company of Merchants of the City of Edinburgh, desire to make an appointment in the near future.
The Salary of the Chair will be not less than £3,000 per annum.
Applications (twelve copies), including the names of two referees, should be lodged, not later than 15th January, 1962, with the undersigned from whom a statement of further particulars may be obtained.
CHARLES H. STEWART,
Secretary to the Curators of Patronage.
November, 1961.

GOVERNMENT SOCIAL SURVEY

The SOCIAL SURVEY DIVISION of the CENTRAL OFFICE OF INFORMATION invites applications for the posts of ASSISTANT COMPUTING OFFICERS. The Division is responsible for official sample survey enquiries covering a wide field of social and economic problems with a variety of research methods and maintaining high technical standards. The principal duty is the analysis of survey data, using both punch card equipment and an electronic computer. The qualification required is a mathematical background to at least G.C.E. 'A' level or, alternatively, experience in a similar post involving a knowledge of statistical techniques. Some familiarity with computers would be an advantage, but training in programming will be given to successful applicants, if necessary. The posts which are graded ASSISTANT INFORMATION OFFICER are unestablished, but there are regular opportunities for establishment. Starting salary will be fixed according to experience and qualifications and will be on a scale rising to £1,214.—Write, giving age, full details of experience and qualifications, to Manager (PE.3611), Ministry of Labour, Professional and Executive Register, Atlantic House, Farringdon Street, London, E.C.4.

OVERSEAS DEVELOPMENT INSTITUTE
RESEARCH OFFICERS

The Overseas Development Institute requires two research officers to work on problems of world development and aid of all kinds. One should be a professional economist; the other should be of similar standing but have specialist training in another subject (preferably a social science). Candidates must have good academic qualifications and considerable research experience.
Salary: Within the range £1,500-£2,500 p.a. *Appointment for 3 years in the first instance.*
Applications should be sent by 18th December, 1961, to the Director, Overseas Development Institute, 160, Piccadilly, London, W.1, from whom further information can be obtained.

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A man or woman, who has the appropriate qualifications and experience, may expect to earn around £2,000 immediately.—Box 1570.

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(The Hispanic and Luso Brazilian Councils)

The Councils invite applications for the post of Director-General of Canning House in succession to Sir John Taylor, K.B.E., C.M.G., who is retiring in 1962. The broad objective of the Councils is to encourage closer cultural and diplomatic relations with Latin-America and generally to assist British companies which have commercial and financial interests in or trading relations with Latin-America. In pursuance of these objectives Canning House maintains close relations with Government Departments, Latin-American Embassies in London and its own sponsor members. Applicants should, apart from fluent Spanish, have a wide knowledge of political and economic developments in Latin-America generally and also have some administrative or diplomatic experience at a high level. Salary and conditions of service would be a matter of arrangement.—Please reply to Box 1571.

TECHNICAL Marketing. Investigations into effects of Technical changes on your Sales. Qualified Engineer, with Technical and Economic experience is available as part-time consultant. Will find new outlets, and advise on Marketing aspects of new products.—Box 1569.

For other appointments see page 977

VICTORIA UNIVERSITY OF WELLINGTON

NEW ZEALAND

SENIOR LECTURER IN ECONOMICS

Applications are invited from suitably qualified persons for the above-mentioned post. The Council would hope to attract an applicant who was qualified to teach advanced classes in Economic Theory but applications will be received from persons who are qualified in other branches of Economics.

The salary will be £1,750 per annum, rising by two annual increments of £100 and one increment of £50 to £2,000 per annum. The initial salary will be determined according to the qualifications and experience of the appointee.

Approved fares to Wellington will be allowed for the appointee, his wife and his dependent children. In addition, actual removal expenses will be allowed within certain limits.

Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close, in New Zealand and London, on *January 5, 1962.*

UNIVERSITY OF HULL

CHAIR OF SOCIOLOGY

Applications are invited from candidates with appropriate qualifications and experience for appointment to a newly-created Chair of Sociology tenable from 1st October, 1962. Salary not less than £2,600 p.a., together with children's allowances and F.S.S.U. benefits. Further particulars may be obtained from the undersigned, to whom applications (12 copies) and the names of three referees should be submitted not later than 31st December, 1961.

W. D. CRAIG, Registrar.

LEEDS EDUCATION COMMITTEE

LEEDS COLLEGE OF COMMERCE

Applications are invited for the post of LECTURER in STATISTICS. A lively, well-trained mind with a strong practical bias towards the applications of statistics to management control, including Operational Research, is looked for. Research and consultancy work with local industry are encouraged.

Salary at present £1,370 x £35—£1,550. Proposed scale from 1st January, 1962: £1,600 x £40—£1,800.

Application forms and particulars from the Principal, College of Commerce, Woodhouse Lane, Leeds, 2.

GEORGE TAYLOR,
Chief Education Officer.

Education Department,
Leeds 1.

UNITED NATIONS require ECONOMIST experienced in overall and sectoral planning and project evaluation for GOVERNMENT OF UGANDA. Economist will be attached to Economic Planning Branch of the Ministry of Economic Development. Under direction of Head of Branch he will be required to assist in preparation of economic development plan, assess merits of development proposals of spending departments, evaluate availability of resources, advise government on priorities of public development expenditure and on means of developing new sources of funds. Previous experience of government or suitable experience in industry, or research institution preferable, experience of planning and project evaluation in an under-developed economy desirable.

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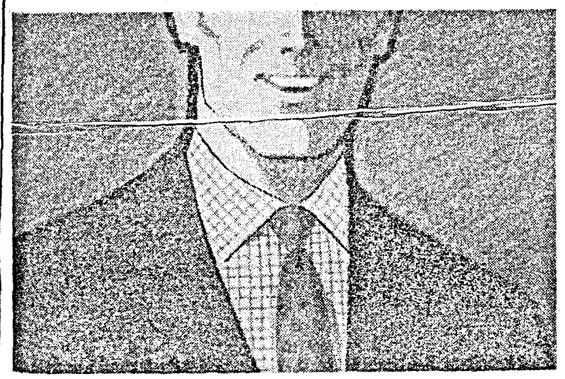
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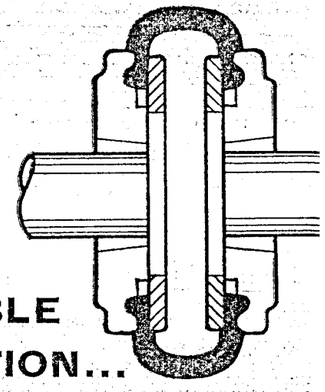
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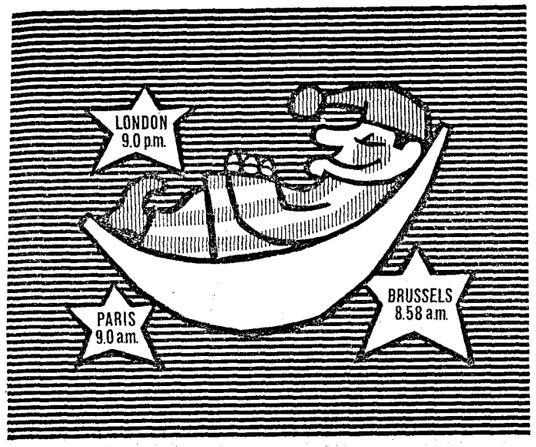
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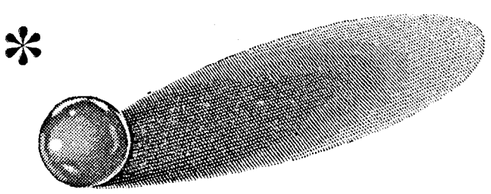
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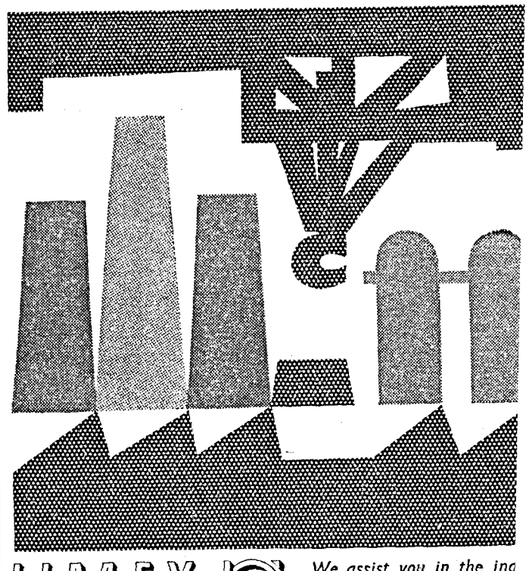
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BRITAIN

A Plan for 1962

The Same Ruling Class

AMERICA

Concert of the Free

Trading Hopes and Fears

EUROPE

Berlin in the Void

Italy's Unfinished Task

WAR IN KATANGA : PECKSNIFF AND GRADGRIND?

pages 999 and 1037



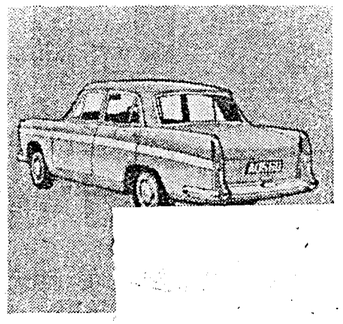
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Published weekly every Saturday, printed three times a year in London, England.

In The Economist this Week — December 9, 1961

HOME

Having it Good

Aspirations and apprehensions for the British economy—one up for the apprehensions (p. 997).

The leaks in the wage pause may have become a steady inflationary flow by February (p. 1004).

Retail trade slipped in October: *even the English will not begin* their Christmas shopping that early (p. 1052).

Agonising Reappraisals

Hire Purchase: it is time to overhaul the system of extending credit to consumers—and to replace some of the parts that are giving trouble (p. 1047).

Immigration: the controversy over the Bill now before Parliament could make and break some political reputations (p. 1005).

Juries: an honourable and ancient institution that badly needs to be modernised (p. 1009).

Feet on the Ground

The logic behind this week's big merger of flour companies is that a shared loaf is better than fighting for bread (p. 1055).

Gas stored underground could be a bonanza for some landowners if the law is not changed (p. 1056).

A lot of speculation has surrounded steel company results this year—the results speak for themselves (p. 1075).

Facts of Life

Gypsies, in 1961, should surely be treated as full British subjects (p. 1009).

A good—but perhaps overrated—African musical has foundered in the desert of Birmingham (p. 1034).

The number of independent airlines able to compete with British European Airways is dwindling (p. 1059).

What about the Workers?

Oxford and Cambridge still rule the waves in Whitehall (p. 1003).

The problem of London's latest immigrants is housing, not race (p. 1033).

But the role of the Rent Act has been to change the kind of people becoming homeless in the capital, not to make them more numerous (p. 1013).

INTERNATIONAL

Atlantic Community

President Kennedy's bold plan for increasing the powers of the United States to bargain with the common market faces influential opposition (p. 1025). If it is to lead to a truly fruitful unity among free nations it must not be narrowed down into just an anti-communist crusade (p. 1000).

Canada has wisely begun to realise that the new plan offers a solution of its own common market problems (p. 1042).

Peace Force

Some of the mud thrown at Britain by Dr Conor O'Brien may stick; at home the English are not used to armed policemen, but the **United Nations** must have power behind it, and the candid support of its ostensible supporters, if it is to be able to keep the peace (p. 999). The defensive battle the UN is now fighting in Katanga will be decisive for its future (p. 1037).

Chinese Chequers

Just as in Russia, two factions—diehard and moderate—are manoeuvring for supremacy in **China** (p. 1001).

Russia's defence budget has been increased (p. 1010).

Berlin and the Powers

West Berlin seems bound to wither, unless an improvement in the East-West climate provides it with a future and some means of maintaining the size of its population (p. 1038).

Yet the French government continues to oppose any negotiations, and the German Bundestag any concessions (p. 1004).

Beauty and the Beast: At home General de Gaulle's measures against the Secret Army have been outdone by Miss Bardot's bold stand against it (p. 1006).

The powers have almost reached agreement on **Laos,** but the three princes still procrastinate (p. 1006).

Awkward Islands

Latin American states are to discuss communist activity in their midst, but there is no enthusiasm for a crusade against **Castro** (p. 1010).

Holland's recent offer to make **New Guinea** independent has not persuaded Indonesia to moderate its strident claims (p. 1006).

More trouble is blowing up in **Goa,** the Portuguese enclave in India (p. 1010).

African Sweat and Fears

Hard sledding is ahead for **Tanganyika,** for all its high promise (p. 1041).

Southern Rhodesia's earnest campaign against the colour bar has come too late; African nationalists see it now as an attempt to divert them from political objectives (p. 1044).

The American Scene

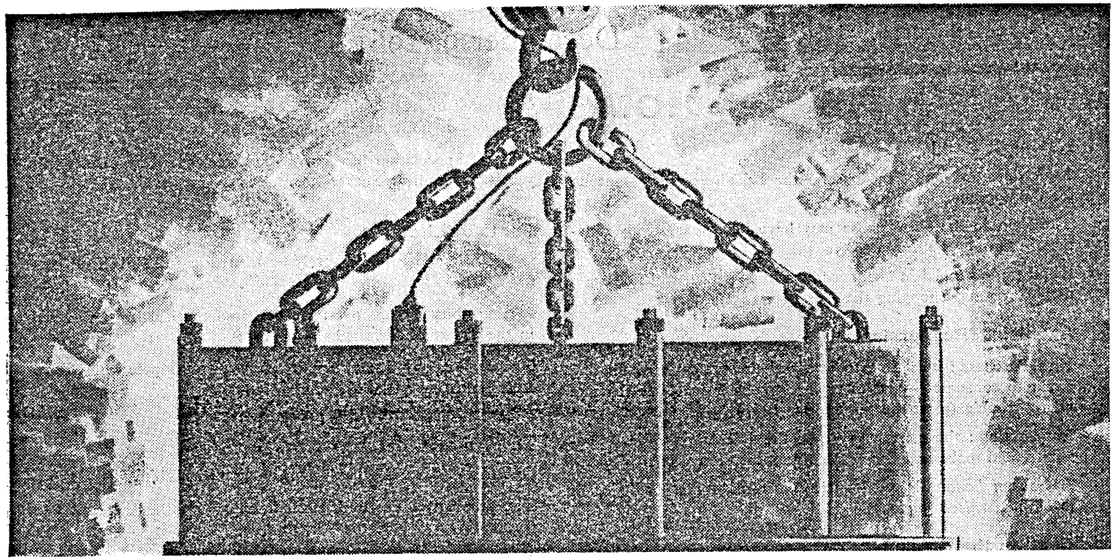
Higher interest rates in the United States are to discourage the outflow of "hot money" (p. 1026).

Even now the American Communist party has not exhausted its legal defences against registration (p. 1026).

The American trade union movement is in danger of splitting apart over the question of how to increase its membership (p. 1029).

The lot of the American reservist called up this autumn is not a happy one (p. 1030).

Detailed contents on page 997



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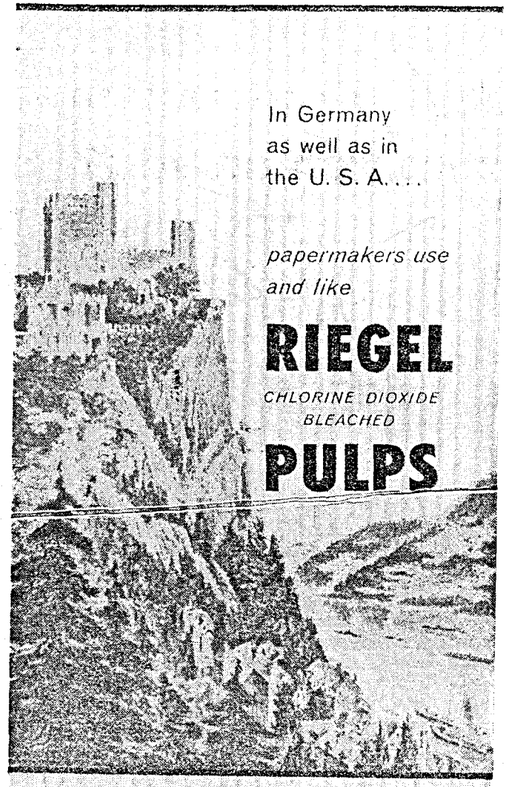
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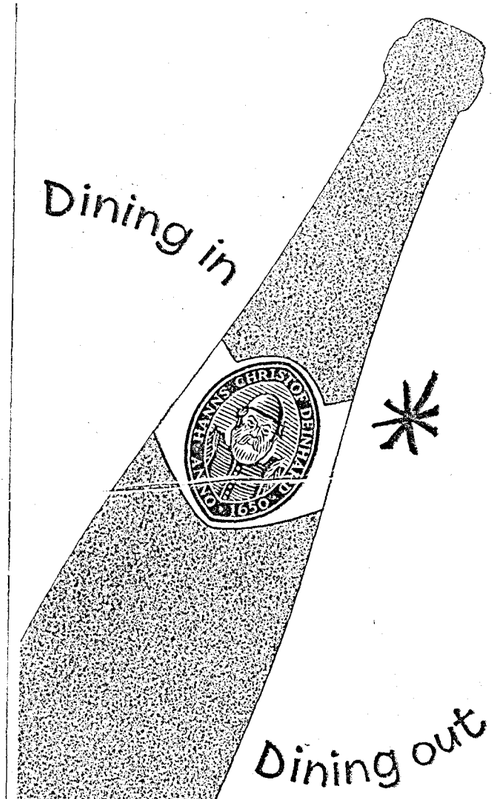
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Dining out

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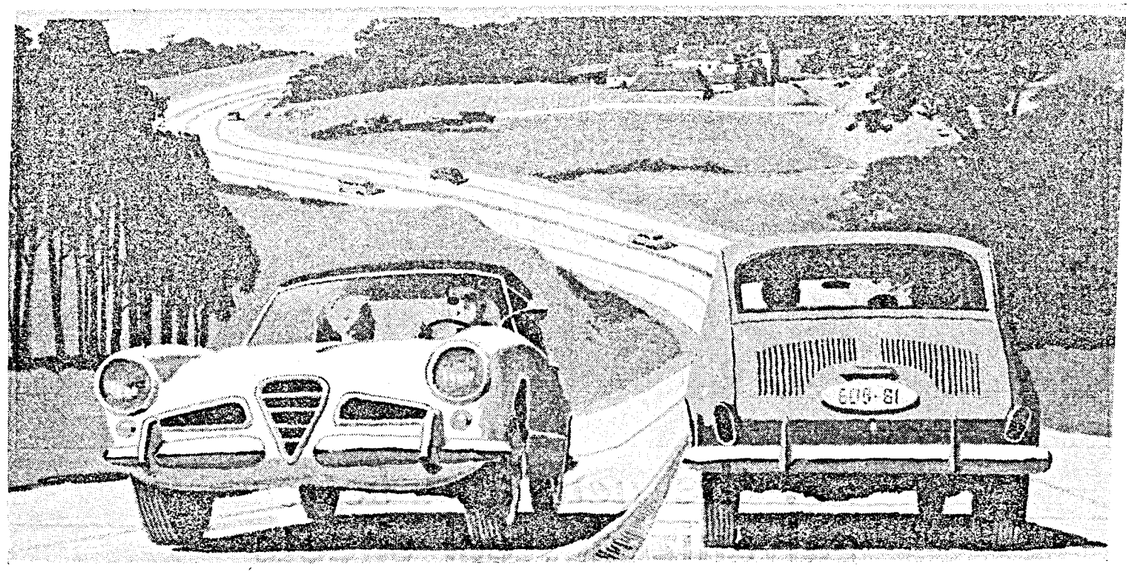
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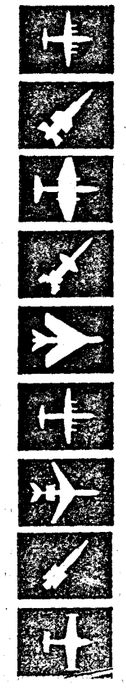
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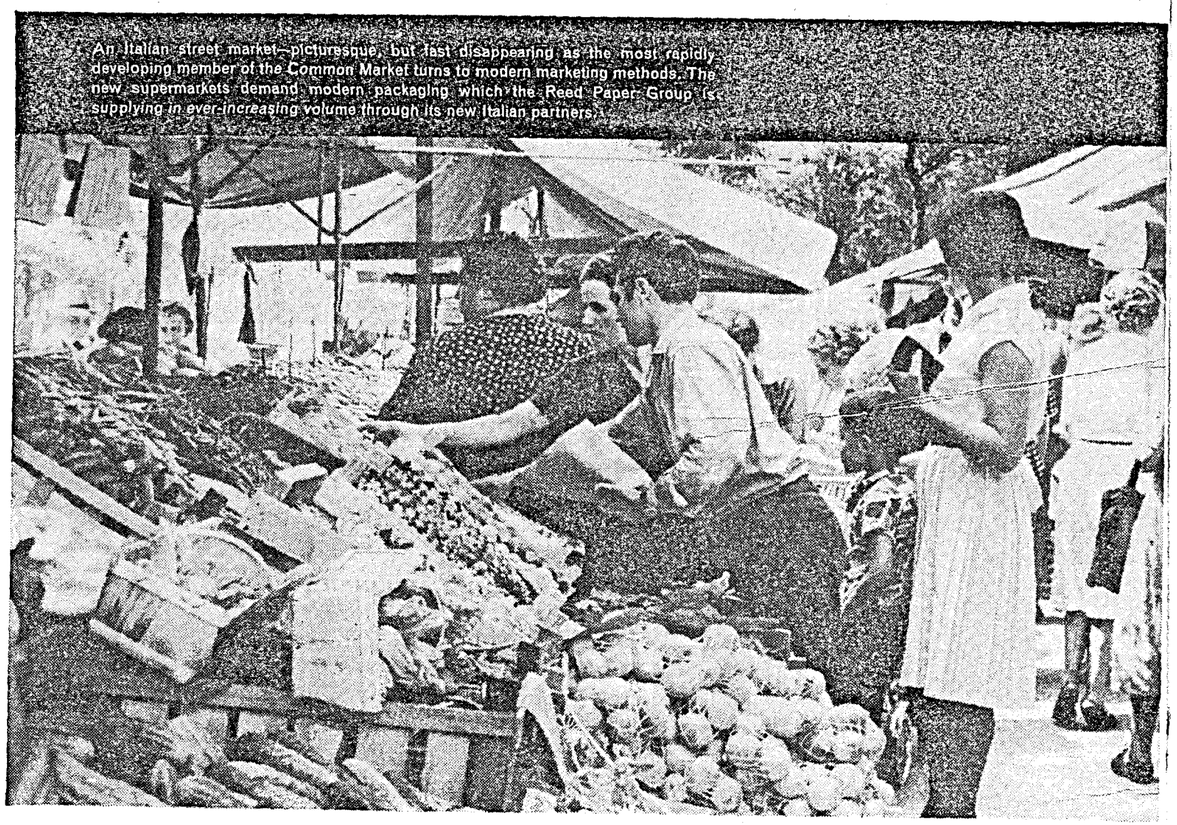
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A VITAL FOOTHOLD FOR THE REED PAPER GROUP IN THE COMMON MARKET

—that is the outcome of the Group's new partnership with La Centrale Finanziaria Generale S.p.A. of Milan, with whom it has set up a holding company, SICAR S.p.A. Already SICAR has acquired a controlling interest in a major packaging business, now renamed Rexim-Bugnone S.p.A., and is building a carton board mill in Southern Italy.

The challenge of the Common Market's 170 million people has sent Italian industrial output soaring. Production has increased faster than any other member of the Six. In line with this exciting trend, the Italian paper and board industry is growing at the rate of 12% a year.

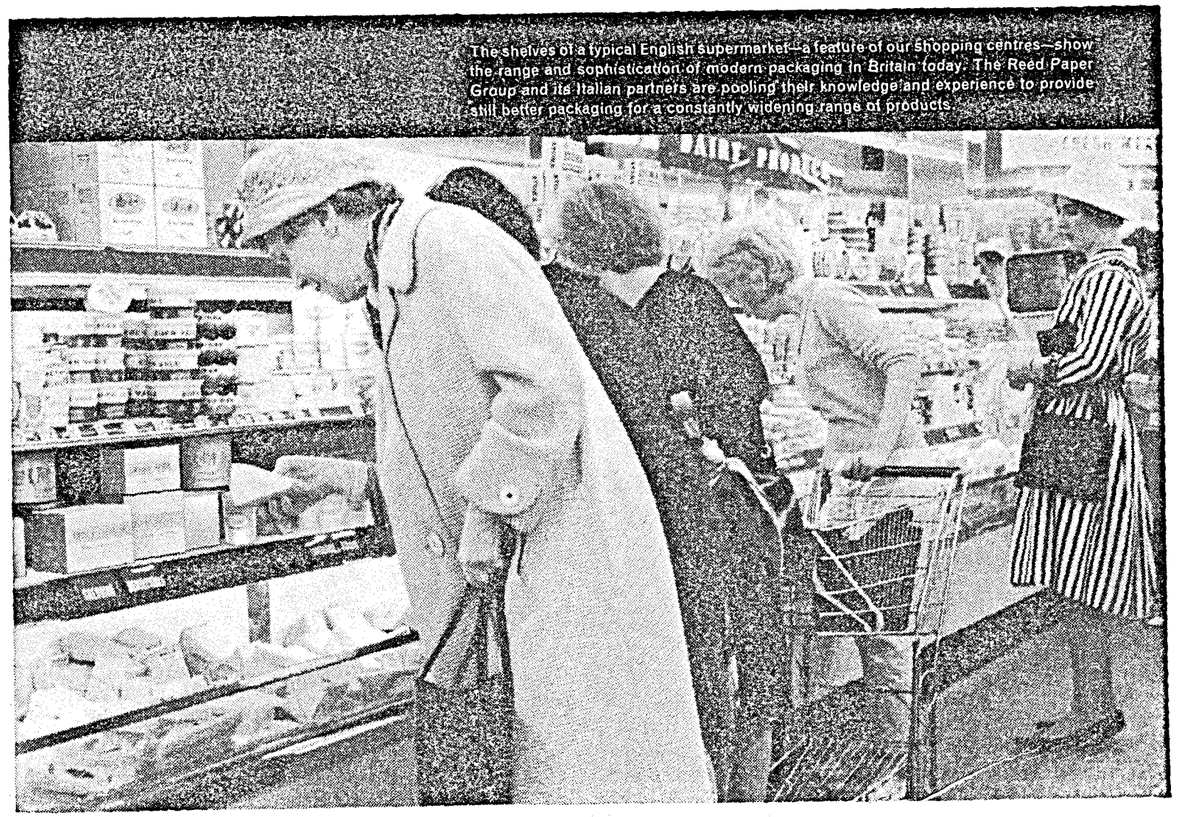
The Italian today uses on average only 60 lbs. of paper and paper products compared with the 140 lbs. of his cousins in the rest of the Common Market, and the 224 lbs. in the United Kingdom. Thus the growth potential is enormous; indeed, demand may well double in ten years.

This new partnership in Italy is typical of the global pattern of expansion of the Reed Paper Group. A £37 million transaction last year brought three Canadian companies—Anglo-Canadian Pulp and Paper Mills Ltd., the Dryden Paper Co. Ltd., and the Gulf Pulp and Paper Co.—into the Group. Other developments include a £2½ million pulp and paper mill under construction in Norway and a £2 million packaging organisation operating throughout Australia.

To each of these partnerships, the Reed Paper Group brings its vast technical, research and production experience. Each member company, for its part, makes full use of its knowledge of local conditions and markets.

The Reed Paper Group is now firmly established in the four main trading areas of the free world—the Dollar Market, the Commonwealth, the European Free Trade Area and the Common Market. The next few years will see new enterprises started and existing projects developed further as part of the Group's efforts to expand and diversify its activities in this country and all over the world.

to an English supermarket



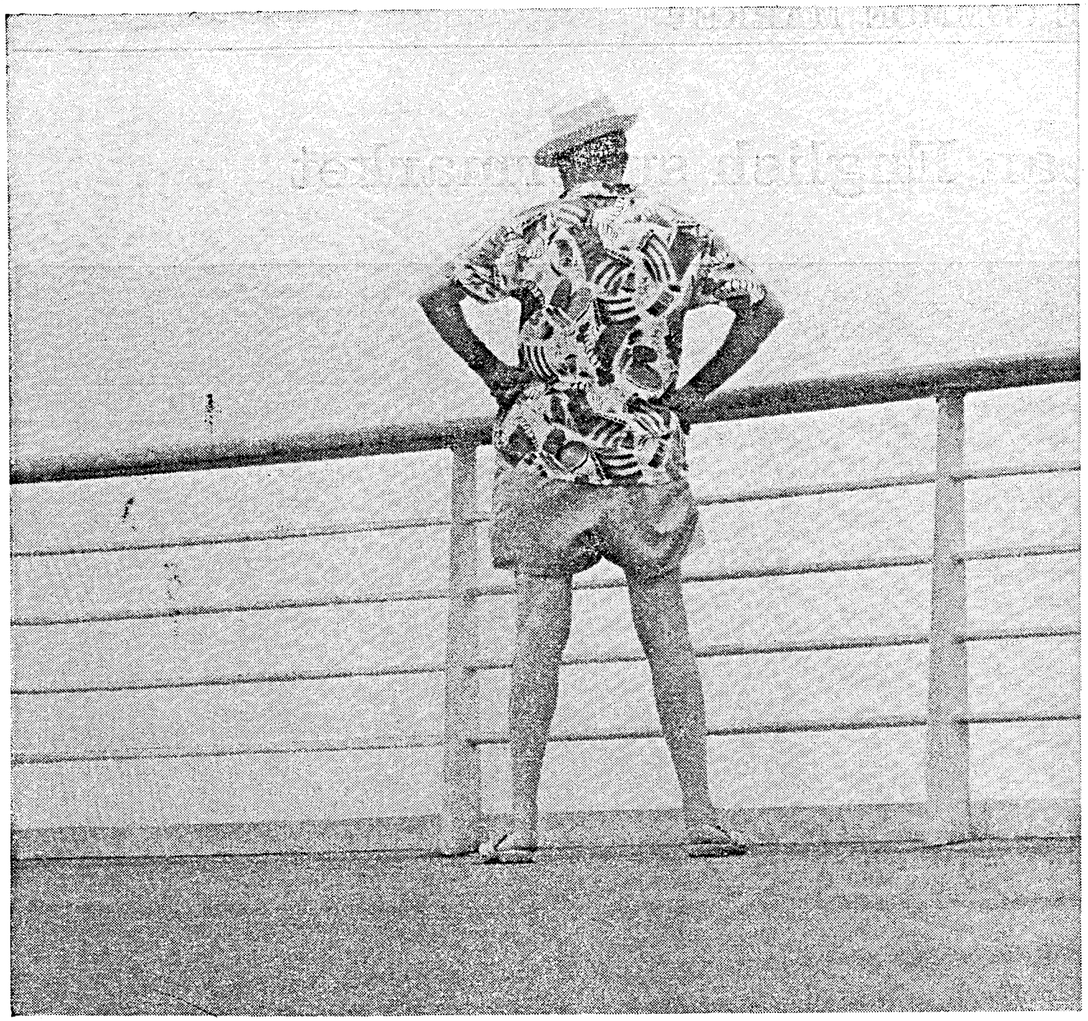
The shelves of a typical English supermarket—a feature of our shopping centres—show the range and sophistication of modern packaging in Britain today. The Reed Paper Group and its Italian partners are pooling their knowledge and experience to provide still better packaging for a constantly widening range of products.

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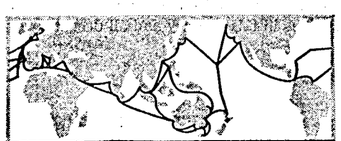


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He was pretty tired after the long American Tour. He knew he needed time to relax and refresh himself before he met his directors again in Threadneedle Street. His report could wait—but his health couldn't. So he's sailing home, the roundabout way . . . pottering round the ports of call if the fancy takes him, clinking the ice in a tall glass on deck if it doesn't. And when he gets back into that knife-edge pinstripe he'll be a different man from the worn, grey person who went away. Can *you* think of a nicer way to rest on your laurels?



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The Economist

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A Plan for 1962

THERE need be no apology for leading off this week's issue with exhortation to the Chancellor again. He has an excruciatingly difficult task ahead of him in the next few weeks, and it is liable to be made even more difficult by the nebulousness of the terms in which it is being discussed. Let us, therefore, proffer to him an aspiration and an apprehension for 1962 in the fashionable language of quantitative planning.

The *aspiration* for 1962 should be to hold average wage and salary increases down to between 2 and 3 per cent, but to try to push production up by between 4 and 5 per cent.

Our *apprehension* for 1962 is that wage rates between now and the end of next year may rise by somewhere around 5 per cent, but that production may rise by only 1 or 2 per cent, if indeed production rises at all.

Nobody would go to the stake in defence of the absolute appositeness of either of these sets of figures, but they represent a measured starting point for discussion: a reasonable definition of the difference between what would be a fairly considerable success and what would be a resounding (but at present all too commonly expected) failure. From them, certain important—but little-discussed—conclusions for policy flow. The aspiration of a growth rate of 4 or 5 per cent would imply that Britain's real domestic product should be some £900 to £1,100 million higher in 1962 than 1961. If exports increase by 6 or 7 per cent next year (which seems to be the best extrapolation one can make of recent hopes expressed by various unofficial forecasters), the export drive would absorb £200 to £250 million of fresh resources. So increases in domestic investment and consumption would need to total about £700-£850 million. Contrary to some of the sternest demand deflationists, we do not believe that increases on this scale would obviously overload the economy; but we also do not believe that internal demand will rise by as much as even the lower of these figures in 1962 unless there can be a restimulatory budget. The Chancellor of the Exchequer is certainly not thinking about a restimulatory budget at the moment; but—if he really believes in expansion in 1962—he ought to start thinking about how he could possibly get into a position to introduce one.

The assumption that wage rates should go up by only between 2 and 3 per cent, even if production could be made to rise by between 4 and 5 per cent, is not based on Gradgrindism, but on hard calculation about earnings: if production rose, earnings rates would obviously rise by more than wage rates (because of overtime, piece work bonuses, etc.). So the country had better understand frankly that if trade-union-generated wage increases average more than about 2 or 3 per cent this winter, both the internal economy and the export drive are likely to run into difficulties of cost inflation, and the Chancellor is bound to feel obliged to introduce a budget that will hold down production.

At the moment—this is where the arithmetic of the aspiration merges into the arithmetic of the apprehension—it looks as if wage rates are likely to rise by more than this in early 1962. There are mounting and disturbing indications that the pause is being regarded in Government circles as only a temporary delaying action: that it may end with the unions securing in about March the sorts of wage increases that they might otherwise have secured in about October. The Government would doubtless then claim that "at least it had won five months of delay," as if the mere fact of making everything (including production) stand

still for nearly half a year were an act of great financial usefulness. But, in fact, these five months of pause would be useful only if the economy were in a better state in March than it was in October to absorb big wage increases, without cost inflation and a consequent need to stunt growth; and there is no indication at all that this is likely to be true. Indeed, one's guess—on present trends—is that the foreign exchange markets will be just as apt (if not even more apt) to run away from the pound sterling on news of any new wage inflation in three months' time as they would have been two months ago.

EVERYTHING therefore depends, not on how long the pause lasts, but on whether it can be succeeded by the famous "guiding light": on whether, when the pause ends, the Chancellor can persuade the trade unions to accept wage increases that can be contained within the maximum possible growth in productivity. How can this be done? In an ideal world it might be done simply by the Chancellor persuading the unions to sit on a planning council with him, in congenial bonds of harmony and common endeavour. But everybody knows that this harmony is unattainable at present, although the reason popularly given on the left about why it cannot be achieved is moonshine. The reason is not, as some people say, that the unions think that Tory policies bear "unfairly" heavily upon wages as distinct from upon profits; in point of fact, on the latest official count in the national income figures at mid-year, wages and salaries were 9 per cent higher than a year before and profits 8 per cent lower than a year before (so that, on this basis of estimation, about the only way that Mr Lloyd could promise the unions that profits would go on falling further in future would be by promising them a large-scale business and employment slump).

It is perfectly possible to find some other basis of estimation to show a different picture compared with some other date in the past, but this always would be possible under any economic circumstances. In view of this, it is silly to pretend that the unions' resistance to the pause arises out of any real and deep-seated feeling of politically-motivated unfairness; instead it arises out of a quite understandable feeling of power. By threats of strikes they are at present managing to keep the momentum of money wages increases moving forward at an inflationary pace; as trade union leaders they do not see how their aim can be anything else.

The answer to the question when and how the Chancellor might persuade the trade unions to agree to a system of planned wage increases is therefore: when the unions' efforts to drive forward into inflationary wage increases at last meet resolute resistance. Very probably, although not quite certainly, such resistance in a major nationalised industry this winter might lead to a major strike. It might even take on the appearance of a near-general strike, in the sense that other unions would presumably give more help to the strikers than they did to Mr Cousins's busmen in 1958, and that the Trades Union Congress itself might become the eventual bargaining agent with the Government, rather than just leaving the affair to be settled by the railwaymen's union or whoever is the big union directly concerned. But a saving grace of this grim situation, if it ever did arise, would be that this autumn's long talking about planning mechanisms could then provide a reasonable ladder for both sides to climb down.

The ladder into conciliation could take the form of at last issuing the famous guiding light: the Government should publish an estimate of what increase in the national income it thinks that it can plan for in the year ahead, and relate an offer of wage increases to the strikers (or at least to some of them) specifically to that. Provided that more shocks have not been administered to sterling by more wage surrenders in the meanwhile, the planned policy for production and demand in 1962-63 could and should be an expansionary one; and it would be reasonable this year for the views of the TUC to be taken fully into account in deciding what forms the tax reductions required for restimulating expansion should take. Presumably the TUC's preference would be for concessions that would reduce the cost of living; and there would in fact be a very good case for reversing the 10 per cent July surcharge on indirect taxes early next year. There is less objection to giving the TUC a voice in suggesting which tax rates should be put down than to giving it a prescriptive right to counsel the Chancellor about which new taxes (such as capital gains) should be put on or put up.

THERE would be many difficulties in the way of such a programme. It would be important to get the timing of the package offer right, because it should be made at a time when the trade union leaders were looking for a reasonable ladder to climb down rather than still thinking that they had a spiral staircase of wage inflation that they could keep on thrusting up. It would be important that the tying of wage increases to a national guiding light should be seen to be a deliberate act of policy, and one to be repeated in future years. If the Chancellor wants his proposed planning council to be associated with it, his best course would be to set up the "office" of technocrats for the National Economic Development Council straightaway, but to hold constant briefing sessions with the TUC, telling them who is to be on the staff of this office and what projects they will have on hand. There is the difficulty that this whole programme might have to go into effect against a background when sterling was weak on the international exchanges; the only way to cure that is to maintain investment support for sterling by keeping interest rates high, and to make budget reliefs rather than cheaper money the weapon for securing economic re-expansion.

But the biggest difficulty of all is that there are no signs that the present Government has yet understood that any of these things could or should be a sensible basis for its policy. There are no indications that the Government understands that it should set about re-expanding the economy by tax reliefs next year; it seems clear that Mr Lloyd is at present thinking in terms of a tough budget instead, in a confused belief that it is demand inflation, rather than cost inflation, which at present threatens the economy. There are no indications that the Government is going to be really serious about resisting cost and wage inflation directly and for long; the main point to which it seems to attach importance is that the starting dates for any wage increases should be pushed back as far as possible—although this question of "which starting dates?" is a thousand times less important than the question of "which amounts?" That is why, as a matter of measured judgment, one's apprehensions for the British economy in 1962 at present weigh grievously more heavily than one's hopes.

Pecksniff and Gradgrind?

If the UN fails in the Congo, now the crisis has come in Katanga, Britain will be charged with wrecking its mission there

CHARGED with a superhuman task in the Congo, the United Nations, which is a concourse of men, has proved human, and made mistakes. Human—and, perhaps, mortal. If the UN dies of failure in the Congo, the blame will lie partly with the men who serve it as administrators, but, in greater part, with the member governments who manage it. One member, Britain, will rightly or wrongly face a particularly serious indictment. The kind of thing that might be said was melodramatised at the weekend by Dr Conor O'Brien, the UN's former civil chief in Katanga; he was supported on Tuesday by General Sean McKeown, who says he will relinquish his post as military commander-in-chief in the Congo at the end of the year. Britain, said Dr O'Brien, presents the face of Pecksniff (Dickens's hypocrite in "Martin Chuzzlewit") at New York, and Gradgrind (the ruthless businessman in "Hard Times") in Katanga.

Is there anything fair about this? The fighting that broke out again in Elizabethville on Tuesday may very well seem to the British Government to prove its own attitude correct; the UN is now in fact at war with Katanga. All along, Britain has said that conciliation, not force, must be used to bring Katanga back into the Congo fold. (It has officially opposed Katanga's secession, and told Mr Tshombe that it does.) Force, the British Government says, should be used only in self-defence, or to prevent civil war—and then only in the very last resort. When the shooting started in Elizabethville on September 13th it looked very much as if the UN had declared war on Katanga with the object of bringing Mr Tshombe and his provincial government to its knees. Indeed, Dr O'Brien said things that seemed to confirm this suspicion.

The action was, therefore, labelled "outrageous" in Whitehall. Lord Lansdowne, who was sent out to investigate, reported a month later that many of the "apparently more outrageous aspects of the UN action as we had seen them from London were inaccurate or exaggerated." But he added that ineptitude and bad judgment had led to a "gross miscalculation" of the effect of the action. In Britain generally, where the police have never been armed (except in Northern Ireland), the sight of an international police force apparently using arms against one side in a dispute did, and does, seem outrageous.

But Tuesday's quarrel was brewing for weeks before it began. According to the United Nations, the cease-fire agreement between Katanga and its own forces, concluded on September 20th, had been "repeatedly violated in nearly every article." Some UN soldiers were kidnapped, others were beaten, all were threatened by Mr Tshombe's fiery speeches. The immediate cause of battle was a road block set up by Katangese forces, led by mercenaries, on the route from Elizabethville to the airport. The provincial government promised to remove the block; it did not, and the UN went in fighting. The mandate under which the United Nations could justify this action lies in the Security Council resolution of November 24th, which authorised the UN force to use the "requisite measure of force, if necessary" to arrest or deport Mr Tshombe's white mercenaries. Immediately before the fighting began, Mr Brian Urquhart, who replaced Dr O'Brien, said he had found a "battle plan" drawn up by the mercenaries.

No doubt, if its intention and effort were limited to getting rid of the mercenaries, the action taken on Tuesday could be shown by UN officials to be legal in terms of their mandate. But has not the UN force rather been forced into battle to defend itself, its positions and the future of its mission? Is this a possible position for the peace-keeping force to find itself in? That is the kernel of the UN dilemma; and the cause of much moral disquiet among many friends of the UN. The UN went into the Congo primarily to keep the world peace, by getting foreign interferers out; the purpose was to prevent the disorder from spreading, or being spread. This task has been narrowed to the crucial need to remove the band of white foreigners who lead Mr Tshombe's troops. These men cannot be "conciliated" into custody any more than the mutinous Congolese who murdered thirteen Italian airmen at Kindu in mid-November could be conciliated into behaving peacefully. Thus the UN is in a situation where it cannot keep the peace without breaking it; the lesson indeed that the UN is learning, and its member governments ought to be learning, is that peace, too, depends on having power on its side, not against it.

AND so far, as the previously unsuccessful operations in Katanga and the rampages of the soldiery in Kivu and Albertville have shown, the UN has lacked either the capacity itself to use force for peace, or the support of key member governments in trying to do so. The charges that Dr O'Brien has hurled against Britain will go on reverberating. In its public statements, the British Government has always been more careful to caution the UN than to point to the obvious difficulties facing it and to help it in overcoming them. Dr O'Brien says that Britain put pressure on the Secretariat in New York to have him removed. And in the Security Council, on November 21st, the British delegate implied that if the UN did not confine itself to conciliation in the Congo, support—presumably financial support — would be withdrawn. Several correspondents have



Chinese Communist party hierarchy. On one side were the fanatics such as Liu Shao-chi, the chairman of the republic, and Teng Hsiao-ping, the party's secretary-general, who argued either that the switch to the communes should be pursued rigorously, or that the *de facto* retreat from the communes should not be publicly acknowledged as a change of policy. On the other side were those who had questioned the "correctness" of the commune policy from the start, and who favoured economic development on the Soviet model, as modified under Stalin's successors.

Leading these "moderates" was the then defence minister, Marshal Peng Teh-huai, who commanded the Chinese "volunteers" during the Korean war. The factional fight was fought out at the plenary meeting of the politburo at Lushan in August, 1959. A month later, Marshal Peng was dismissed, together with the chief of the army staff, General Huang Keh-cheng, and many other moderates, including Teng Tzu-hui, the party's leading agrarian expert, and a former ambassador to Moscow, Chang Wen-tien.

The real issue at Lushan was whether or not the Chinese communist leadership was to collaborate with the Russians. This implies accepting advice as well as aid from Moscow. In effect, the victorious leftists, led by Liu Shao-chi, tried to have it both ways. They adopted the rightists' policies for a more realistic view of the communes, but went on proclaiming the "correctness" of their own policies (much as Mr Khrushchev had taken over some of Mr Malenkov's ideas after dismissing him) and competing with Moscow for the ideological leadership of the communist world. The Russians, for their part, showed themselves not amused, and in the second half of 1960 the thousands of technicians who had been employed on Chinese development projects were withdrawn and brought home.

IT would be surprising if the ideological differences revealed at the Soviet party congress in October, in combination with the failure of China's domestic policies, were not reflected in further strife within the Chinese Communist party. The domestic failure has been given less publicity than the Sino-Soviet differences (or those between the "party" and "anti-party" Russians), and its extent, though obviously considerable, is hard to assess. Natural calamities have played their part, and so has the soaring birth-rate, but mismanagement and misbegotten policies must be given their due. Behind the refugee's tales of dwindling rations and spreading deficiency diseases lies this year's news of drought in Honan, locusts in Shantung and torrential rain in the southern provinces. For the second year running, China is expending its depleted foreign exchange reserves to buy wheat from western countries. Deprived of an exportable grain surplus, it has run up a debt of $320 million on current account with the Soviet Union and drastically reduced its capital investment programme (while maintaining, for reasons of prestige, and in competition with Russia, its economic aid to Mongolia, North Vietnam and Albania). Raw materials are scarce, and the Chinese press has been full of complaints about the shoddiness of indigenous manufactures. In the communes, the original concept of massed work by the entire commune has been abandoned in favour of mobilising production teams and, within these, work squads. Piece-work, abandoned in the euphoric spring of 1958, has been reintroduced.

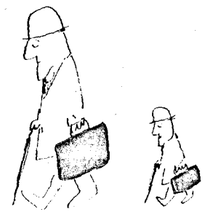
That these circumstances carry within them the seeds of political change, or even upheaval, seems evident. But the direction of any pending change cannot, as things stand, be determined with any accuracy. China's long history—its imperial past as well as its nineteenth-century humiliations—and the Chinese national character are factors sometimes ignored by students of communism, just as the Sinologists sometimes overlook the communist element. Mao Tse-tung is a peasant emperor as well as "the supreme genius of Marxism-Leninism." The public confession and the purge, like the political somersault, are established communist practices; but owning up and climbing down go against the Chinese grain. The influence of Confucius, as the praise of Yen Hui's poverty shows, is still alive in China; though this particular example may not enchant hungry Chinese.

THE built-in resistances to an open change of course are strong. They are not necessarily invincible. The advocates of collaboration with Russia could return to favour and influence; being alive, as far as is known, they have the advantage over say, the late Kao Kang, the boss of Manchuria who was driven to suicide in 1954. Mao's present remoteness from day-to-day affairs and his position as a national idol probably guarantee his survival, at least as a figurehead. The presence of Mao, Liu, Chu Teh and Teng Hsiao-ping at the airport to greet Chou En-lai, the prime minister, on his precipitate return from the Moscow conference suggests an inclination to hang together. Mr Chou, never himself a rebel, but a popular figure who always comes out on top, may find this solidarity embarrassing should the wind change.

An obscure but powerful factor in the equation is the army. A peasant body, the "People's Army" cannot be indifferent to the sufferings of undernourished relatives in the villages. The publication of new army regulations last summer suggests incipient indiscipline. The regulations emphasised the need for improving relations between officers and men, and between the army and the people; ideological shortcoming were disclosed. It must be assumed, moreover, that Marshal Peng Teh-huai, the dismissed defence minister and Korean war hero, has his followers in the army.

The dilemma before Mr Liu and his supporters is that China, like India, lacks the means to develop its economy fast enough to feed its increasing population without external aid. The neutralist Indians are getting it from all sides. The committed Chinese are, at present, getting none, if one excepts the arrangement made last April, under which repayment of the deficit on Soviet loans is to be spread over the next five years without interest. Persistence in the present course seems to point the way to military adventures in the rice-bowls of south-east Asia.

A victory of the "rightists" could mean, on the other hand, a return to fruitful collaboration with the Russians. Over the long haul, it is hard to say which alternative would be more acceptable to the West. The attractions of the split between Peking and Moscow are only superficial. The return of the pro-Soviet faction, or the emergence of new men supporting collaboration with Mr Khrushchev would probably be, in practice, less threatening to western interests. It does not, however, lie within the power of western statesmen to hasten it.



The Same Ruling Classes

The road to Whitehall is not paved with Redbrick

HOW does the Establishment recruit itself? By guess (or by God) when the preferment list comes up at Admiralty House; by post-prandial plumping (so say the querulous) at All Souls. But for the administrative class of the Civil Service, the inner circle that keeps vestal watch over the homogeneity of the ruling classes and their policies, the answer is straightforward enough: by competitive examinations. Year by year the hopeful young talents, with a first or a good second class honours degree in the offing, address themselves to Whitehall (10,000 of them since 1948). Year by year they are pared down to the 50 or 60 that really do make their mark with the selectors and for whom thenceforward the full fig of the assistant secretary or above becomes a legitimate expectation.

And year by year, too, the Civil Service commissioners discover that, despite their beating of the provincial coverts, their hobnobbing with obscure and wind-swept dons from Redbrick universities, their free trips for lads o' pairts round the departments, and their occasional blind eye to the intellectual blemish in a candlestickmaker's likely son, the people they end up with are pretty much of a type. It has not changed all that remarkably since the Northcote-Trevelyan days; certainly it has not changed since before the war. Between 1925 and 1937 Oxford and Cambridge produced 78 per cent of the successes in the administrative class examinations. Between 1948 and 1960 they have now produced 80 per cent. A similar proportion of the successes—the trend is actually increasing—come from upper-middle or comfortably middle class homes, the kind of people that the census-takers instinctively put into occupation grades I and II. While the working class is keeping up its small entry into top Whitehall, the lower-middle class is actually being squeezed out.

Perhaps inevitably, most of the successful candidates prove to have read history or classics: even the economists and PPE men, who might be thought to have acquired some vocational training, are a dwindling race. The Foreign Service intake is, if anything, an even more homogeneous social group than those recruited to the Treasury or the Ministries of Lab. and Ed. All in all, it is the kind of result that drives the commissioners into annual introspection, to clutching at stray straws of hope ("The tide could be turning: after all, 15 per cent of the method II successes were non-Oxbridge this year"), and to fresh resolves to get the ear of every actual or possible faculty head at the end of the farthest tramlines.

There are two methods of graduate recruitment into the home administrative class. Method I is the traditional one: a full academic written examination, and both a preliminary (carrying no marks) and final interview. Method II, introduced since the war, follows a process of systematic elimination. First, a short written examination: about half the candidates fall at this hurdle. Second, a series of tests and interviews, occupying two and a half days, before the Civil Service Selection Board, designed to reveal personality and practical intellect. Third, an interview by a final selection board. Candidates up to the age of 28 can try either or both methods twice, if they wish.

Few, however, persevere so long, and a disturbing number, either because they settle for other jobs or feel themselves badly out of their depth, do not even run the full course. (Some, of course, drop out for quite admirable reasons. To the stock essay question: "What is truth?" one cherished answer ran: "Gentlemen, after reading this question the truth is that I no longer wish to pursue my candidacy.") An initial survey (Cmnd 232) published in 1957 showed that method II selection—based on the two and a half days of interviews—might have its rigours, but it produced far fewer failures in subsequent probationary service. The Foreign Office swears by its method II intake. Method I, based mainly on the written examination—the resort of the brilliant examinee, the shy and the women—has now become noticeably less popular among the aspirants themselves. Even so, in the last few years, Oxbridge has both retained its stranglehold on method II and improved its showing (78 per cent of successes) by method I.

This is not a matter of visible social barriers. Last year a general labourer's son and a colliery fitter's son got in under method I and rejoiced the commissioners' hearts, and not so long ago the son of a sheet-metal worker topped method II. But these are exceptions. One reason for the continuing class ratio may be that many of the relatively clever families have already attained middle class status. The way to the top by academic scholarships has been well trodden by previous generations, and research would probably show that a good many of today's middle class candidates had working class grandfathers. There is a limit to arguing against genetics.

BUT is either method of entry hopelessly biased against Redbrick aspirants? The frequent claims that both of them are seem difficult to substantiate. Method I candidates are only numbers to the examiners of their written papers, but the Oxbridge papers invariably end up at the top of the lists. Method II obviously has fewer qualms for the more rounded and self-confident Oxbridge personality, and the ending of national service may have prevented some provincials from developing demonstrably officer-like qualities by the time they reach the Civil Service Selection Board; but the CSSB tests are not for bumptiousness or social skill, but for administrative potentiality. The failures may occasionally suffer from an inferiority complex (possibly after fluffing an Oxbridge entrance exam in the past), but more often they really seem inferior. If there were a cluster of dialect-speaking provincials just below the method II pass mark it might have been an

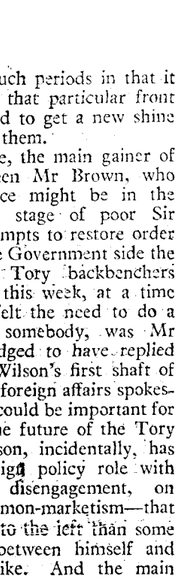
main importance of such periods in that it is often during them that particular front bench reputations tend to get a new shine rubbed on to or off them.

On the Labour side, the main gainer of kudos so far has been Mr Brown, who spotted that the mace might be in the wrong place at one stage of poor Sir Gordon Touche's attempts to restore order on Wednesday. On the Government side the one Minister whom Tory backbenchers have found to cheer this week, at a time when they urgently felt the need to do a bit of cheering of somebody, was Mr Heath; he was adjudged to have replied notably well to Mr Wilson's first shaft of questions as Labour's foreign affairs spokesman, and this success could be important for him—and even for the future of the Tory leadership. Mr Wilson, incidentally, has opened his new foreign policy role with some remarks—on disengagement, on Katanga and anti-common-marketism—that were pitched further to the left than some advocates of peace between himself and Gaitskellism would like. And the main features of Mr Gaitskell's second batch of shadow cabinet switches—the movement of the railwayman Mr Gunter to be shadow Minister of Labour, of the now pro-European Mr Strachey to look over the less pro-European Mr Healey's shoulder in Commonwealth affairs—seem nearer to indecisiveness than to bold originality.

FRANCE

BB v. OAS

GENERAL DE GAULLE may be more popular than Mlle Bardot (anything is possible); he is certainly not so valuable a dollar-earner, and none of his recent, most welcome, moves against the Organisation de l'Armée Secrète has had so marked an effect on public opinion as the film star's energetic repudiation of the attempts by right-wing terrorists to blackmail her. On November 30th *L'Express*, the left-wing weekly, announced that earlier in the month Mlle Bardot had received a letter from the OAS ordering her to send it 50,000 new francs (about £3,500), and saying that if she failed to do so the "special sections" of the OAS would be brought into action. Undeterred by this hint, Mlle Bardot immediately laid a charge against X ("person or persons unknown") for attempted blackmail, appealed for police protection, and sent a letter to *L'Express* telling the whole story, saying "I won't play because I have no wish to live in a nazi country."



Political animal

On December 5th, the OAS denied having sent the letter. But its not entirely convincing denial came too late to undo the effects of Mlle Bardot's demonstration. The revulsion against the OAS may have had something to do with the stiff sentences imposed on Wednesday on several *plastiqueurs*, although the judge seems to have leaned over backwards to "understand" the motives of men who admit the theft of explosives, the throwing of a hand-grenade and the attempt to blow up a power transformer. It remains to be seen whether the government can carry out its intention of catching General Salan and his principal fellow-conspirators of the OAS in Algeria.

One gleam of light in Algeria, at least, is reliably reported. Secret talks between the Moslem nationalists and the French are said to have begun again, and agreement on a cease-fire is hoped for in the New Year. The only outstanding points of difference involve the status of the Europeans in Algeria and the length of a hand-over period. Neither may prove insurmountable. The chief fear is that the OAS may attempt another *coup d'état* if and when the news of an agreement is made public.

LAOS

Slower than Thou

BUT for one fact, the Laotian princes would win their last-man-home race against the sixteen delegations conferring at Geneva on the future of their country. The art of going slow has never been more exquisitely demonstrated than in the past half-year of manœuvres between Princes Souvanna Phouma, Souphannouvong and Boun Oum, the horizontal, left and right sides of a hypothetical triangle that may, everybody hopes, one day rule a neutral Laos. If the winning post means agreement, the Geneva negotiators now seem closer to it than the princes. But the princes cannot possibly get there last, for final agreement at Geneva awaits the formation of the government of national unity which all three endorsed in principle at Zürich in June.

Over the weekend, notes went out from the British and Soviet co-chairmen of the conference urging the princes to compose their remaining differences. There are hopeful signs. Prince Boun Oum—who had gone to his estates in southern Laos, by the slowest possible route, to attend his mother's funeral (she died six months ago)—has now said that he will go to the Plain of Jars, Prince Souvanna's stronghold, without an escort, if only Prince Souvanna will agree to come to Vientiane, Boun Oum's stronghold, later under similar conditions.

At Geneva, meanwhile, important progress was announced this week. The conference has agreed to a watered down form of Russia's "troika" proposal. The three-nation control commission for Laos, consisting of Poles and Canadians under Indian chairmanship, is empowered to investigate reports of alleged breaches of the proposed agreement on Laotian neutrality on the recommendation of a majority of its members—not, as the Russians wished, by a unanimous vote. On the other hand, unanimity will be required for action to be taken. The commission originally set up in Laos under the Geneva agreements of 1954 was not similarly hampered. This week's compromise thus favours the communist side. An important concession to the West, however, is an agreed pledge that Laotian territory is not to be used for intervention in other countries. If this can ever be implemented, it will cripple north Vietnamese communist operations in Mr Ngo Dinh Diem's south Vietnam.

NEW GUINEA

Divided Counsels

ALTHOUGH the Indonesian republic partly owes its independence to United Nations intervention, its president has always found it hard to take the UN's reluctance to support his claim to Dutch New Guinea. In 1957, when the General Assembly failed to give a two-thirds majority to an Indonesian resolution, Dr Sukarno, for spite, expelled the Dutch from his country. Last weekend, following another inconclusive debate in the General Assembly, he made a bellicose speech saying that he would soon order his forces to liberate the Dutch part of the island. In so doing, he disavowed his own foreign minister, Dr Subandrio, who had told the Assembly on November 16th that he and the president stood by their pledges of not using violence to further the Indonesian claim.

Divided counsels probably prevail in Jakarta. Indonesia's soaring deficit in its balance of payments can hardly be met unless some of the massive armament orders placed abroad are cancelled. Perhaps General Nasution had this in mind, three weeks ago, when he promised that West Irian would be liberated, but not until 1963.

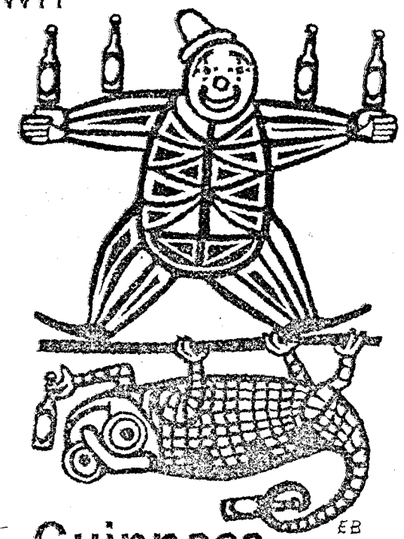
In the meantime, the Dutch go their serene way, apparently untroubled by threats of action in the near or distant future. Having belatedly regained the initiative by offering to surrender sovereignty to the Papuans and administration to a UN authority, they have now renamed their last Far Eastern colony "West Papua." This is an independent-sounding title, free of colonial taint. But it is not enough, apparently, to placate the Indonesian government, which continues to attach greater importance to gaining control over an inhospitable half-island than to putting its finances in order.

AESOP-TO-DATE

The Chameleon and the Clown



"You're very clever," said the Clown.
"At doing what you do.
But though I'm no chameleon
I'm quite a mimic too.
If someone stole my Guinness, say,
Then I'd change colour right away.
I'd go quite green with envy if
They took my favourite drink—
A fellow needs one every day
To keep him in the pink,
So if you're ever feeling blue
Then always go and have a few."
"I'm feeling like a Guinness now,"
The saurian replied.
"And if you watch me very close
I'll look like one, beside."
But though he turned a darker hue
He bore no likeness to the brew.
The poor Chameleon blushed at this.
He went a fiery red.
"That's nothing like a Guinness, no!"
The Clown abruptly said.
"But nothing is—you're not to blame—
Except another of the same."
And that's the MORAL of this fable
Guinness is quite in-im-it-able.



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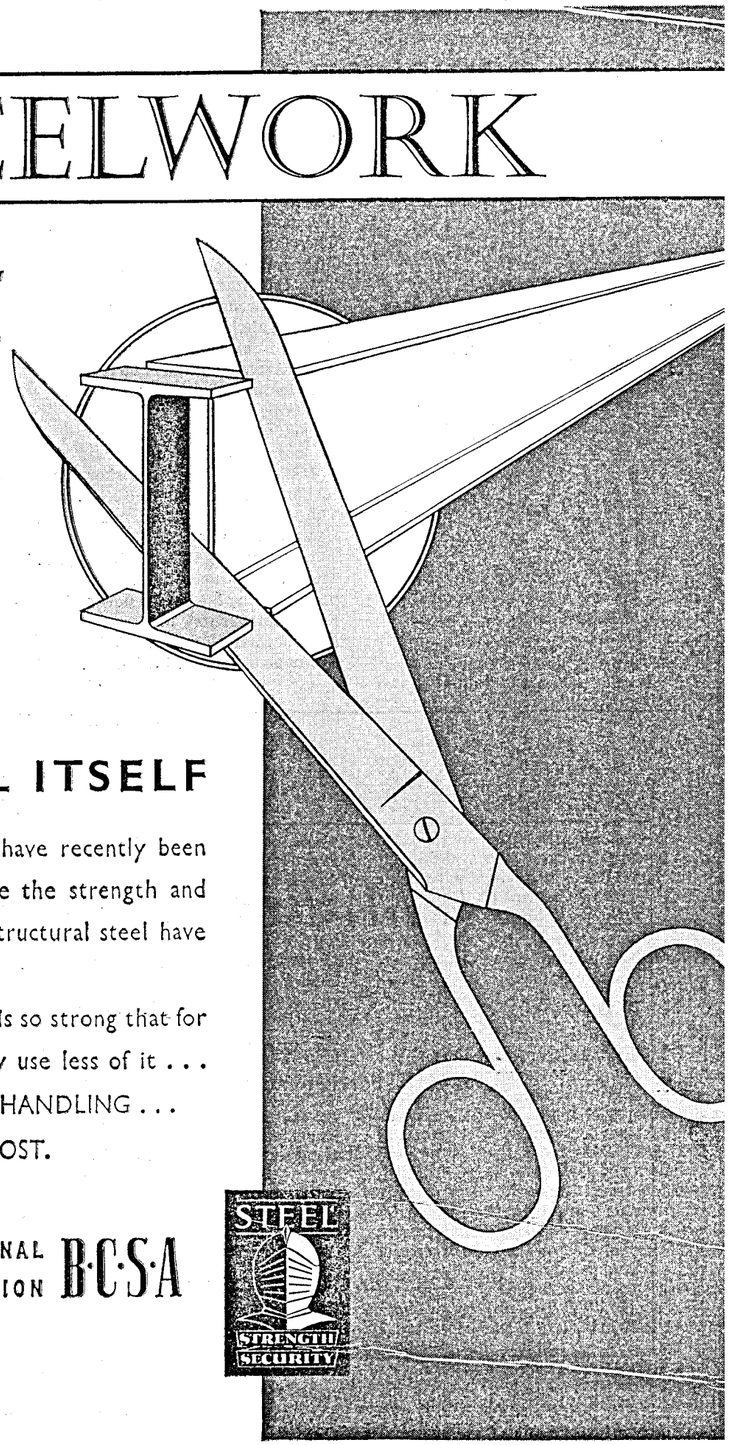
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STEEL STRENGTH SECURITY

JURIES

Good Men and True?

THREE recent cases have highlighted the shortcomings of one of England's most venerable institutions—the jury. In the first, a coloured juryman in a murder trial, described by counsel as stupid and completely unable to follow the proceedings, was fined by Mr Justice Elwes for chatting with the witnesses. In the second, Judge Maude discharged a man from jury service when he asked for help in reading the oath. In the third, a foreman was alleged to have provided his fellow jurors with a list of the accused's previous convictions.

Sir Richard Elwes was sufficiently horrified by the first of these cases to suggest that the law governing trial by jury needs amending; and the Home Office is now understood to be "considering" the matter. Nowadays, jury trial is mainly confined to serious criminal offences; there is a right to demand it where a penalty of three or more months is involved. In civil cases there are only a minority of actions where it must nominally be ordered: fraud, defamation, malicious prosecution, false imprisonment, seduction and breach of promise of marriage. In other civil cases its use has declined, partly because trial by a judge alone is swifter and cheaper. In admiralty and chancery cases, juries are not used at all.

Qualifications for jury service are curious. One must be a £10 freeholder, a £20 long leaseholder, a householder in the £30 valuation list in London or Middlesex (or £20 elsewhere), or else occupy a house with not less than fifteen windows. Peers, members of Parliament, ministers of religion, practising barristers and lunatics are exempt from jury service. The property qualification means that most juries are predominantly male (usually 9 or 10 out of 12), since more men than women occupy property. In the past the property qualification also meant that most jurors came from the upper and middle classes, but with the upvaluing of property most occupiers of houses or flats are likely to be potential jurors in future. Jury service is compulsory, and non-attendance is punished by fine. Under statutes of 1949 and 1954 travelling and subsistence allowances may be paid to jurors and up to 40s. per day for loss of earnings.

Total abolition of juries has been advocated by some, but the case for this is certainly not proven; in deciding straightforward issues of guilt or innocence, and in assessing the credibility of witnesses, jurymen are probably as good as the average judge, and possibly better. A more reasonable reform would be to make liability for jury service co-extensive with the electoral roll (thus abolishing the property qualification), and to couple this with a simple literacy or intelligence test taken at the court. The efficiency of juries would be increased if in complicated cases they were given copies of the principal documents and allowed to take notes. Juries have no special qualifications for assessing damages; often the best solution for these might be a joint consultation of judge and jury after the verdict has been brought in.

GYPSIES

What Care I . . .?

THE deplorable treatment of gypsies in England and Wales was the subject of a private member's motion in the House of Commons last week: what emerged from two lengthy speeches, by Mr Norman Dodds and Mr John Wells, was an easy indifference to their plight (masquerading as romantic tolerance) on the Government's



part and an unreasoned hostility to them on the part of most local authorities. Thanks to successive Town and Country Planning Acts, which give local authorities draconian powers to close down so many of their caravan sites as eyesores, Britain's persecution of its gypsies is now mortifyingly worse than the treatment of them in most totalitarian countries. Mr Dodds's motion asked the Government to devise and implement "a national plan" to overcome these people's disabilities in the fields of education, health and employment, and in particular to prevent recurrences of such heartless evictions as that at Colney Heath, in Hertfordshire, some months ago.

The loss of nearly all their traditional camping sites and the failure of their traditional crafts in modern England have practically destroyed the George Borrow type of gypsy life to which Augustus John became so attached. There is no sense in trying to remake that life artificially: but neither is there any excuse for hounding a minority tribe of vagrant people out of their traditional ways and occupations (and, in the end, out of existence). The need now is, first, to make a social survey to remedy the present appalling lack of information about the gypsies and their problems (the Ministry of Housing and Local Government depends on mentions in the press); and, second, to bring pressure on local authorities on the gypsy circuits who object to casually-pitched caravans to make some alternative provision for gypsies' camping and welfare. In England and Wales, the county of Kent is the only authority to have made any attempt to find out what the problem is, and Ashford in that county is the only local authority to have made any sort of reasonable, permanent camping amenity available to gypsies (against strong local opposition), although other authorities have managed to persuade a few away from scrap-dealing and caravans into settled employment and council houses.

As far as education is concerned, however, there is little even the most devoted local council could do about a small minority constantly on the move and often out of their jurisdiction: if it is agreed that the illiteracy of any segment of the population is a bad thing, there is a good case for some special provision by the Ministry of Education for gypsies and travellers. There is also a need to see that these people are as well treated as other Britons under the national health service.

MOTOR INDUSTRY

The Courteous Summit

WHENEVER managers and trade unionists sit down together to discuss matters other than wages, it is a good thing: both sides of British industry need to understand each other's problems far better than they do. But the danger about talks of this kind is that the talkers may feel themselves obliged to reach some form of outward agreement that merely glosses over underlying and perfectly justifiable causes of conflict. This trap is precisely what has caught the bosses and union leaders from the motor industry, who last week held the latest of their conferences under the chairmanship of the Minister of Labour.

At these talks, held in the public eye and under such august auspices, neither side could afford to strip off its coat and risk showing an ungainly pair of braces. Last Tuesday a team of distinguished spokesmen from both sides appear to have spent an afternoon at the Ministry congratulating each other for having stood firm in the face of the grievous series of unofficial strikes held since their last meeting—at Pressed Steel, of Swindon, and at Smiths Motor Accessories and a Rootes Group subsidiary outside London. It is splendid that people in industry should appear determined to keep their agreements; the trouble is that the union leaders in all three cases showed themselves unable to do so. Polite talks are unlikely to change this.

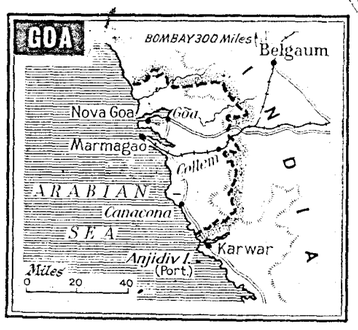
Less formal meetings, however, may be more useful, perhaps precisely because they are not committed to produce a result: a group of managers and trade unionists who first got together at the Duke of Edinburgh's study conference at Oxford in 1956 show how in two booklets published this week. "Work and Leisure" is an impressionistic

approach to people's attitudes to working hours and overtime payments, which entertainingly rams home the fact that increases in earnings and increases in basic, nationally negotiated wages are not at all the same thing. The other booklet, after some polite generalities about how job opportunities change with economic and technological changes, goes on to make some constructive and thoughtful suggestions about redundancy policy. Fears of ham-handed treatment in the event of redundancy have often caused labour troubles in the unstable motor industry: the Minister's gathering might have spent a more profitable afternoon reading this.

"Work and Leisure" and "Changes in Employment Opportunity." Central Committee of Study Groups. 2s. 6d. each.

INDIA AND PORTUGAL

Goaded



IN the fourteen years since India became independent, Mr Nehru, as befits the heir of Gandhi, has secured for his country a high place in the ranks of peace-loving nations. How urgently he feels the duty of avoiding war was once again made clear in the lower house of the Indian parliament on Tuesday, when, in a discussion of the Chinese threat to send troops into north-east India if the Indians did not withdraw their patrols from the disputed border territory, he said that the training of a long life had led his whole soul to react against the thought of war. But, as he sadly recognised, the point may yet come when Chinese pressure will compel a resort to arms. "I do not rule out war," said Mr Nehru. "Our desire is to avoid it, but not to submit to any evil to avoid it."

These words may be noted in another quarter. Little, as yet, is known, and still less is clear, about the resurrection of the Goa dispute. The Portuguese government alleges that, as a preparation for a large-scale attack on Anjidiv Island on November 25th, an Indian merchant ship passed through Portuguese territorial waters, and refused to identify herself when requested. She was therefore fired on; an Indian attack on the island (which is inhabited only by Portuguese forces) was repulsed.

By contrast, the Indians claim that there have been two unprovoked attacks by the Portuguese on Indian vessels, in one of which a seaman was killed. The movement of troops south from Poona towards the border of Goa, like the protests in the Indian parliament, is therefore in Indian eyes merely the spontaneous reaction of an injured nation to a challenge like that presented by the Chinese. But it is convenient for the Indians that the incidents should have occurred immediately before the second convention of exiled Goans, which opened in Bombay on November 25th. Things may, or may not, have reached explosion point. Mr Nehru can be trusted to proceed as reasonably as possible, even though the capture of Goa would make a wonderful rose in his buttonhole for next year's general election. Dr Salazar, however, does not seem to be counting on Indian restraint; there are reports of Portuguese reinforcements in Goa, and of the evacuation of border villages.

SOVIET UNION

Bill for Berlin

THE Supreme Soviet, or Russia's parliament, opened its traditional budgetary session on Wednesday. Mr Garbuzov, the minister of finance, estimated the budgetary revenue in 1962 at nearly 82 billion roubles and expenditure at just over 80 billion roubles. Thus, again in keeping with tradition, the budget should show a surplus, with both sides of the balance-sheet considerably expanded. By far the biggest increase, however, and one that goes against the previous trend, is in defence. The original defence estimates for 1961 amounted to 9,300 million roubles; for 1962, they are now put at 13,400 million roubles. Although budgetary expenditure may well not be an accurate yardstick of the Soviet defence effort, a rise of 44 per cent in a year is striking.

The announcement, however, is not unexpected. In fact, Mr Khrushchev foreshadowed a change of policy at the height of the Berlin crisis, on July 8th. Stalin's successors, although vigilant about defence had realised that there were other things which needed more money. In the post-Stalinist period the share of defence in the budget regularly declined. Developments in rocketry made it easier to release manpower from the armed forces; in January 1960, Mr Khrushchev announced that the Soviet forces would be reduced from 3,623,000 to about 2,400,000. But the Berlin crisis altered these plans. Eighteen months later, the Soviet leader announced that demobilisation was suspended and the military budget raised by a third. Mr Garbuzov has now merely translated this shift in terms of a full financial year.

When he announced the change of policy in July, Mr Khrushchev expressed the hope that it would prove provisional. A statement on foreign policy which, according to the established pattern, should crown this December session of the Supreme Soviet, may reveal whether Russian hopes of a Berlin settlement have soared or dwindled. Mr Khrushchev must know that if, in keeping with the French saying, the provisional tends to last, the defence burden will hinder him in other directions; in particular, it will handicap Russia in its economic race with the West.

CARIBBEAN

Future Spectres

DIRECT action against Dr Castro having proved, in April, a flop, the United States is back at the hard job of shepherding the Latin American governments towards some kind of collective rebuke. Diplomatic persistence has won a minor victory. C

The Economist

DECEMBER 7, 1861

AN AMERICAN WAR?

Beyond all question it is something very like insanity for the Federalists to bring upon themselves a war with England, when they have enough and more than enough on their hands already. *But they do not think so.* They—that is the voting, electioneering, spouting, rowdying public—do not think either that their hands are full, or that a war with England is a thing to be dreaded or deprecated. The depth of their ignorance is unfathomable. The height of their frenzy is inconceivable. Their talk is not mere conscious bombast and rhodomontade. They actually *believe* that they can easily conquer the South, and lick Great Britain into the bargain. They are already growing wild with the prospect of crowning their victories by adding Canada to Texas. Of course Mr Seward knows better than this, and so do Mr Lincoln and Mr Chase. So does Mr *Adams over here. So do the hundreds of* well-informed and travelled gentlemen in Boston. So do the trembling and victimised merchants of New York. But what of that? These are not the men—these are not the classes—who habitually decide the policy of the United States, who elect the Congress, and enthrone the President. *Only in the rarest* crises are their voices heard; and even then they are too commonly drowned in the fierce and tumultuous roar of a passionate, misled, and ungovernable populace,—accustomed to make their own law, to avenge their own wrongs, to trample on all obstacles, moral, legal, and *material,—sincerely fancying (for they have* been always taught so) that nobody *ought* to oppose them, and that nobody *can* resist them.

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Electrical Aids in Industry — Data Sheet **21**

Materials Handling-1

Materials handling may well be defined as the technology covering the movement and storage of everything in and about industrial or commercial premises. The term covers the handling of raw materials as well as tools; the movement of components between operations and in stores, of finished products, and of the scrap, cutting oils and process machinery; and the movement of workpeople in relation to the handling of material.

The object of a materials-handling survey is to eliminate handling as far as possible and to study the remaining operations to ascertain if they can be economically and efficiently mechanised.

Improved materials handling raises productivity, for it gives, among other benefits: greater output from a given floor space, reduction of bottlenecks, reduction in damage to products, increased speed of handling and a consistent production level.

Process integration (the combining of two or more processes in one situation or machine with no manual inter-process handling, or the mechanical linking together of two or more processes for automatic operation) is one of the preliminary steps in the development of automation.

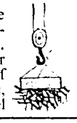
MECHANICAL HANDLING

Many kinds of mechanical-handling equipment are in use today, each with its own attributes and uses, but in most cases there is only one type which offers the best solution to any one handling problem. Most mechanical-handling equipment is electrically operated, and the judicious use of electricity in this way can substantially increase productivity.

Main Categories of Mechanical Handling Equipment
LIFTING EQUIPMENT; OVERHEAD RUNWAYS; CRANES; CONVEYORS AND ELEVATORS; INDUSTRIAL TRUCKS.

LIFTING EQUIPMENT

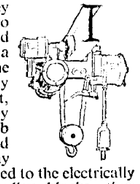
Electric pulley blocks are used for loading and unloading purposes, warehousing and in process work. When used with a trolley they have great flexibility. No manual effort is required, hence lifting does not cause any fatigue. They may use either chain or wire rope, and the speed of lift of both types is slower as the lifting capacity increases. An inching motor may be fitted to give very slow speed for accurately positioning the load, for example in a jig.



Lifting magnets are used for the handling of iron and steel in conjunction with a crane or hoist. They do away with the necessity for slings and give increased speed of movement. They can lift castings, ingots and swarf, scrap, rolled steel sections, and can be used in loading bays, foundries and steelworks.

OVERHEAD RUNWAYS

Overhead runways have many uses where lifting and/or transport are required, when frequency of flow does not warrant a conveyor, e.g., for loading and unloading lorries, in core ovens, for feeding machines, for storage, for maintenance purposes, for textile drying and interconnecting two or more buildings. A runway consists of a steel girder along which a load trolley runs. It consists of two main items: the electrified drive of the trolley (i.e., a power trolley) along the runway and an electrically operated lifting unit, usually an electric pulley block. A telpher has a cab for the operator suspended from trolleys on the runway and mechanically connected to the electrically driven trolley of the pulley blocks, thus travelling with them. Telphers are employed for handling individual loads which may be outside the range of normal electric blocks.



For further information, get in touch with your Electricity Board or write direct to the Electrical Development Association, 2 Savoy Hill, London, W.C.2. Telephone: TEMple Bar 9434.

Excellent reference books are available on electricity and productivity (8/6 each, or 9/- post free) —'Materials Handling in Industry' is an example.

E.D.A. also have available on free loan in the United Kingdom a series of films on the industrial uses of electricity including one on materials handling. Ask for a catalogue.



7923/3

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* *Only two weeks ago we announced that the Liverpool Victoria Friendly Society had ordered a 1301 Computer to work for its Ordinary Branch business, an accounting and valuation operation for 350,000 policies.*

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Monday, the Organisation of American States agreed to the Colombian proposal that the hemisphere's foreign ministers should meet on January 10th to discuss the red peril in their midst. Neither Cuba nor communism were mentioned in the OAS resolutions; the foreign ministers are to consider the threat to peace and political independence that would arise from the intervention of extra-continental powers. But the disguise of jargon did not make the resolution any more acceptable to the major Latin republics: Mexico joined Cuba in *voting against it*; Argentina (despite Mr Stevenson's meeting with Dr Frondizi last week), Brazil, Chile, Bolivia and Ecuador abstained.

The reluctance of the larger republics even to discuss the Cuban situation in public makes it improbable that the foreign ministers' debate will produce any fresh line of action for the ostracization campaign. Most of the governments that want to break off diplomatic relations with Cuba (and believe that this can be done without domestic risk) have already done so; and it is only the United States that can, and has, hurt Cuba economically. At the San José conference in August, 1960, the United States succeeded in lifting the Cuban issue from the level of a private dispute to the status of a threat to hemispheric security. This danger can be aired again, but it is hard to see—short of direct military action—what can be done about it.

Dr Castro showed his contempt of the whole proceedings by making a long and defiant television speech on the eve of the OAS meeting. In it he put into words what had, in fact, already become clear from his actions. He labelled himself a Marxist-Leninist and described how he was forming the United Party of the Cuban Socialist Revolution to lead the country on the road to communism. In contradiction of Cuba's activities at the meeting of non-committed countries in September, Dr Castro said that he recognised no half-way position between socialism and imperialism. This was frank speaking. But there may still be room for argument at the foreign ministers' conference whether Dr Castro's description of himself as a Marxist, and his assertion that lessons can be learnt from the Soviet Union, can be equated with the existence of "extra-continental intervention."

Past Ogres

Purified from Trujillos, politics in the Dominican Republic could still be a lot cleaner. The opposition, loosely brought together by Dr Viriato Fiallo, the leader of the National Civil Union, has refused to work under President Balaguer, claiming that a Trujillo man, even under another name, still smells too strongly of the past. Last week, a general strike was called in protest against the persistence of the old order. The honourable reputation that President Balaguer managed to preserve while working with Trujillo, father and son, is disappearing fast. When his plans for a coalition government began to collapse, he suggested a seven-man junta, led by himself and including the head of the armed forces, General Rodríguez Echaverría. Two weeks ago, this air force officer was greeted as a hero for his part in getting rid of the Trujillos; now it looks as if his ambitions are a far cry from democratic government. The police, under his command, have been handing out rough treatment to the strikers in Santo Domingo (now no longer Ciudad Trujillo). But the strike, and the political tussle, go on.

HOMELESS

About Aunt Sally

One has got used to Labour politicians, on the LCC and elsewhere, saying that the problem of homelessness in London has been in some way "created" by the Rent Act. But it is a flabbergasting commentary on the state of economic ignorance in Britain when bishops and others appear to join in. In view of some of the slogans that are apparently due to be carried in an increasing number of demonstrations between now and Christmas, can an appeal be made to some of the intending demonstrators to put on their reasoning caps for one moment?

There is a rising population in London; there is a slightly varying amount of accommodation offered for rent. Any piece of legislation—the Rent Act or anything else—can increase net homelessness in London only if it reduces the amount of accommodation newly offered for rent. Obviously, the 1957 Rent Act has not reduced these offerings on the market. It has increased them, even though not by enough; and therefore—this is a hard, simple, deducible arithmetical fact—the total number of homeless would quite certainly have been larger without the Act than it is now.

What the demonstrators therefore presumably really mean is that the Act has changed the *composition* of the small tragic cohort of the homeless, making ability to pay a more important rationing factor and sheer luck in finding a new flat or (in the small number of cases where security of tenure has been affected) existing squatters' rights less important. They regard this as most unfair. But it is awfully difficult to believe that the effect of recontrol in changing back the composition of the thereby increased number of homeless would be the effect they seem to envisage. All experience showed that under a controlled system landlords really grant their decreased number of new lettings to those who are able to get round the unenforceable part of the controls (e.g. who have the capital to pay bogus charges for furnishings and fittings) or to those whom they prefer on grounds of convenience (e.g. who do not have more children than the landlords or landladies like); under recontrol landlords would elevate these criteria to being an even more important part of their rationing mechanism than they do under the half-controlled system now. Is this really what London's Labour councillors—and dignitaries like the Bishop of Southwark—want?

BOOKS

Happy at Your Desk?

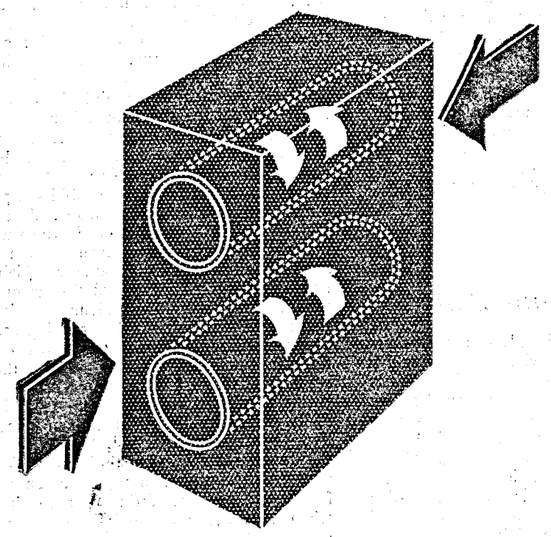
Morale in the Civil Service

By Nigel Walker.

Edinburgh University Press. 311 pages. 30s.

The Civil Service is a large institution and morale is a much studied question; it is therefore a surprise to find that Dr Walker is treading new ground. He appears to be the first person to have applied quantitative methods to the subject. The result, as one might expect, is interesting rather than revolutionary: much that one would have guessed from the start is confirmed, but there are one or two surprises. Dr Walker started by making a number of studies on the morale of one of the rare factory-style offices, which in due course will doubtless be superseded by machines: 1,600 clerical officers, divided into 100 identical sections, do identical work on the records of national insurance. Then, after a pilot test, he distributed a long questionnaire to the civil servants, from clerical assistant to assistant secretary (typists curiously and unfortunately omitted), in two Whitehall ministries, and to the corresponding employees of two London firms, both subsidiaries of the same company: the latter are used solely as controls.

It is imposible to summarise Dr Walker's book, and it would be wrong to try. Entering a new field, his purpose is not to prove a case, but to amass facts and to show the presence or absence of correlations over a wide field. As he himself points out, far more work is needed before many lessons can be drawn. The main one is that morale, in this context, is not a clearly defined concept and (as any civil servant would guess) that efficiency and job-satisfaction by no means always march hand in hand. One suspects that the word morale, with all that it implies, is misapplied to ministries. It is borrowed from the fighting services, where men not only work but also live together, with a highly (and intentionally) developed



drums and rollers

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sense of group loyalty, either living in or preparing for circumstances in which each man's life depends on the co-operation of his fellows. Civil servants live peacefully at home, and many of Dr Walker's statistics show how little their social and emotional life depends on their office relations. They come during office hours to do work of which much is fairly monotonous; any attempt to arouse group enthusiasm for it would be self-defeating. But they adapt themselves to it, enjoy it more or less but usually rather passively, and do it honestly.

One or two points deserve special notice. A very good piece of analysis appears to destroy the myth, widely believed by civil servants and others, that many of them use their generous sick leave allowance as an extra holiday. All that can be detected is that the unenthusiastic and dissatisfied take a day or so longer to recover from minor illnesses. A surprisingly large percentage of civil servants would not recommend a friend to follow their career; this does not necessarily mean much, since the fruit in the orchard next door is always sweeter. Far more civil servants think that discipline is too lax than the contrary—and this is true even at the receiving end, in the lower ranks. There is some evidence that the civil service would tolerate more dismissal of the inefficient, though this is not wholly convincing, since people react differently to a general principle and to particular cases.

There is only one point where the questionnaire seems deficient: on the all-important subject of promotion. There was a question on the fairness of the system at large; but one missed the questions that would have drawn one of the most weighty distinctions: "What rank, if justice were done, do you think you should hold now; and what rank do you think you (a) ought to reach and (b) will in fact reach by the end of your career?"

The book is exceptionally well written, and is excellent reading to anyone who can bear with the subject at all.

Party Man

Chief Whip: *The Political Life and Times of Aretas Akers-Douglas, First Viscount Chilston.*

By Viscount Chilston.

Routledge. 383 pages. 45s.

CHIEF WHIPS tend to figure somewhat obscurely in political histories, but their involvement in that diverse, straggling organisation loosely called "the party machine" gives their papers a significance that is often greater than their contemporary influence. The importance of the papers of Herbert Gladstone, for example, is more considerable than might be suspected because of his intimate knowledge of the workings of the Liberal party machine and in his implication in the secret negotiations with the Unionist Free Traders—notably Winston Churchill and Lord Hugh Cecil—in 1903-04. Much is suspected, although little positive evidence has yet emerged, about the activities of Tom Ellis, Liberal Chief Whip in the 1894-95 Rosebery Government, particularly in relation to the distribution of honours.

It is because Aretas Akers-Douglas occupied an exceptionally important and influential position in the inner councils of the Conservative party from 1886 to 1911—and particularly from 1886 to 1895, when he was Chief Whip—that his grandson's biography is something of a disappointment. "Most of his Whip's business," he writes,

> was obviously transacted by word of mouth, partly because it was in keeping with his discreet and reticent nature to commit as little as possible to paper about the party's domestic affairs, and partly because he simply had not the time to write.

As a result, the reader is often led into accounts of important events with mounting interest and even excitement, only to discover that Akers-Douglas's papers do not materially affect, or even illuminate, the conventional accounts. The resignation of Lord Randolph Churchill, the Ministerial Crisis of 1903, and the accession of Bonar Law are three conspicuous examples of this. The fault is not the author's, but the sense of disappointment is nonetheless very real.

This is not to imply that Lord Chilston has wasted his time, or that his book is not of profound interest. Akers-Douglas's relations with Salisbury, W. H. Smith and Richard Middleton—the Chief Party Agent from 1883 to 1903—are particularly important, and much light is thrown upon the difficult and prolonged negotiations that resulted in the absorption of the Chamberlain-Hartington Liberal Unionists into the Conservative fold. It was characteristic that it was Lord Randolph Churchill—for whom Douglas had a great affection and admiration—who coined the phrase "the Unionist Party," and that it was Akers-Douglas and Middleton who had to undertake the delicate task of turning a bold vision into a political reality. Perhaps Akers-Douglas worked too diligently, since the alliance which he did so much to cement was the direct cause of the 1903 Tariff Reform crisis, which plunged the party into an unexpected controversy of mortal ferocity.

Akers-Douglas was almost the embodiment of the perfect Chief Whip, discreet, loyal, realistic, and not devoid of a certain ruthlessness. Lord Chilston's book is not a biography so much as a political study (one of the publishers' admirable *Studies in Political History*), but he tells us enough about Akers-Douglas to realise the force of Sandars's judgment that "he had an *esprit positif*, and the philosophy of politics was of no interest to him." He was, as Lord Chilston makes plain, "first and foremost a 'party man'," which probably explains his subsequent failure as First Commissioner of Works and Home Secretary. Indeed, his only memorable ministerial performance in the Commons was a disastrously ill-timed appeal to party loyalty at the height of the Tariff Reform storm, which contributed to the famous Division in February, 1904, when the Unionists split irretrievably.

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rather than a biography, Lord Chilston's book has the outstanding merits of careful scholarship and a vivacious style. Indeed, he is so successful in these respects that it would be unfair not to be candid about the few defects of his book. He gives the impression—at least to this reviewer—of a political bias that is sometimes irritating, and there are several statements which hint that his knowledge of the period is something less than profound. It is a questionable generalisation to say of English politics that in the 1880s "Party allegiance seemed to come even before patriotism: MPs were selected more for their obedience to the party line than for their disinterested devotion to the public interest." Apart from the sententiousness of this statement, it would be interesting to know what exactly was "the party line" in 1880, or, indeed, in 1885, when Chamberlain was enunciating the "unauthorised programme." It is true that after 1886 Home Rule was the dividing mark, but the Liberals of Rossendale still returned Hartington, although they supported Home Rule. The statement that Chamberlain's attitude to the Irish Question "was quite clearly the result of earnest reflection and deep conviction" is not one to which many students of the subject would subscribe.

But in spite of some minor qualifications, Lord Chilston's book is an important addition to the literature of English politics no less than of the fascinating political epoch which he so engagingly describes.

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The Fabian Society

The Story of Fabian Socialism

By Margaret Cole.

Heinemann. 381 pages. 30s.

ALTHOUGH both the title page and Mrs. Cole herself claim that this is a history of Fabian socialism, it is not. It is a history of the Fabian Society, or even of the successive inner groups within it, with little attempt to analyse either the distinctive features of the socialism developed by this curious institution or why it came to be adopted by the Labour party. That is not to say that the book was not worth writing, but simply that no one should be misled by its title. For the Fabian Society *is* a curious institution, and has changed surprisingly little from its early days to now: the inner group, which provides the drive and inspiration for a time and then becomes a dead hand; the second rank, who contribute a pamphlet or two but have no determining role; the hangers-on, who attend meetings and summer schools and who range from the earnest to the frivolous; and the recurrent rebels, who think something ought to be done about it all but seldom get their way.

The first forty years are, of course, the story of Shaw and the Webbs, culminating in the acceptance of "Labour and the New Social Order" in 1918. In the following years, with Shaw partly detached and Webb declining in Parliament, the society declined too (Mrs Cole is unfair here to F. W. Galton, who was less the cause than a symptom of the general *malaise*) and split until, on the eve of war, it was reunited by the brilliant group of young men that included Hugh Gaitskell and Evan Durbin. But the efflorescence that followed barely survived the war, and in spite of a great deal of hard work by a number of people, the society today is but a shadow of what it was fifteen years ago.

Why? Mrs Cole does not tell us, and her chapters on this latest age are the least satisfactory part of the book. From quite early times, the Fabian Society has never been quite sure whether its main purpose is thought and research or propaganda (disguised as "participation") among the more intellectual Labour supporters. It has thus fallen between two stools; too much energy has gone into organising schools and meetings, which become rather frivolous social gatherings and make no contribution to thinking. A consequence of the search for wide membership is that control (thoroughly democratic, of course) passes into the hands of people well enough known for other reasons to get elected to office, without having the time to do their job properly. Meanwhile the rump of the wartime leadership has reached its own dead hand stage, just as happened with earlier inner groups. Mrs Cole's own view of the work done by some of her later contemporaries is at least selective and at times distinctly odd. For proof, look at the index of persons to see how many of the active Fabians of these later years rate more than a passing mention—or even a mention at all.

Unequal Giving

The Charities of Rural England, 1480-1660

By W. K. Jordan.

Allen and Unwin. 484 pages. 50s.

THIS is the third volume in the trilogy written by Professor Jordan on the scale and purposes of charitable giving in the early modern period. After a volume of general conclusions there followed one on London, and now a third on three selected rural areas, Buckinghamshire, Norfolk and Yorkshire. As reviewers of the earlier volumes have already pointed out, despite the erudition that lies behind it, and the enormous interest and importance of its conclusions, the work nevertheless has one serious weakness. This is a major statistical error—the complete ignoring of the secular rise in prices—which is sufficient to nullify most of the hypothetical increase in giving in the early seventeenth century, the postulated result of the spread of puritanism. Indeed when account is taken of the rise in population and the increase of real wealth per head, the rise disappears altogether, and with it some of the basic conclusions of the whole work.

This study of rural charity is mainly composed of a dense array of facts about some 13,000 individual benefactions; it will provide an invaluable quarry for subsequent historians in almost every field of inquiry. The most revolutionary of Professor Jordan's discoveries is the extreme inequality in the distribution of charitable resources from one parish to another, an equality that created "areas of opportunity" cheek by jowl with "blighted areas." The prospects of obtaining education, apprenticeship training, a capital loan to start up a business, poor relief in hard times, and an almshouse in old age depended entirely on the accident of place of birth. Geographical inequality of opportunity was thus built into the English social system by the random distribution of private charitable endowment. Lastly, Professor Jordan has some very interesting things to say about Yorkshire. He shows the stubborn adherence of the northern gentry to Roman Catholic beliefs and masses for the dead right through the 1530s and 1540s, evidence that fits in well with the armed resistance to the Henrician Reformation. Even more remarkable was the explosion of school building: in 1480 Yorkshire possessed only six functioning grammar schools; in 1660 it had 106 schools with adequate endowments, and another 38 that lived from hand to mouth. Here is a revolution whose consequences, as Professor Jordan rightly says, it is impossible to overestimate. The whole quality of life in the north was transformed by this sudden proliferation of educational facilities.

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Despite its somewhat intemperate language and its one statistical flaw, this is a great work of scholarship, in which massive research and a shrewd eye for the significant questions have thrown a flood of new light upon almost every facet of English society and government under the Tudors and early Stuarts.

Missionary Sociology

An Introduction to Religious Sociology

By F. Boulard. Translated by M. J. Jackson. *Darton, Longman and Todd.* 194 pages. 21s.

"MODERN capitalism," said Keynes, "is utterly irreligious." The aim of Canon Boulard and other Roman Catholic sociologists is to harness the techniques of social research for a missionary policy that will prove this statement false.

This should be an interesting experiment in France, where traditional peasant life still flourishes within the framework of a highly industrialised country. The intermixture is more complex than often supposed. One of Canon Boulard's themes is "dechristianisation" and with the aid of religious maps of France (based on church attendance) he shows that this has been going on for centuries, in some cases before true industrialism began. In the eighteenth century the lead in anti-clericalism was taken by the bourgeoisie; today it is concentrated among the urban industrial workers of the large towns. While the picture is not quite regular—for example the rural area around Paris is by no means the most "dechristianised"—Canon Boulard comes to the conclusion that today social influences are coming to be dominant. "When a factory is built in a region of strong religious practice," he says, "it introduces a tendency to religious indifference."

The main argument of the book is that the church must genuinely recognise industrial society as a "new civilisation" where men must live in many separate groups, at their work and in their leisure, each with its own social and cultural values. The task of the church, the author suggests, evidently with an eye on such things as the sense of class solidarity of the organised workers, is "to take over that which is authentic in these values . . . and to baptise it." In effect the author urges the church in France to move away from the traditional life of the past and to accept that of the present.

It is significant to see a Roman Catholic writer argue that the clergy should conduct social surveys in their own parishes. However, while Canon Boulard highlights in this book the problem of re-creating a religious framework in a fast changing industrial society, he is more vague about the actual steps to be taken to achieve this. The problem may indeed prove large, even for Mother Church.

The Stream of Events

A History of England

By John Thorn, Roger Lockyer and David Smith.

Benn. 600 pages. 25s.

IF the teaching of history in England has never been flagrantly biased, it has not always been free of ideological slant, from the jingoism of Arthur Mee to the more subtle idea of inevitable progress towards political liberty and responsibility—a steady advance from Magna Carta to universal suffrage, via the Glorious Revolution and the Reform Bill. Now that increasing numbers of children are staying longer at school and reaching grammar school standard, both what is taught as history, and how it is taught, is of great importance.

The three authors of this new history of England have high qualifications, and have produced a brilliant comprehensive survey from pre-history to 1945. It is directed at fifth and sixth forms ("O" and "A" level), but could be used as a reference book by anyone. It is divided into three sections, each with a different author, and thus avoids the weakness of one man trying to master the details of four thousand years. It also becomes in a sense more detached, because one point of view cannot dominate the whole. Its chief virtue is, however, that it embodies the results of the extensive research which in the last thirty years has revolutionised many of the accepted theories of English development. If used in schools, this book will go a long way towards killing the rather archaic theories that linger in some of the best of them. It has an excellent bibliography for further reading.

The more adult reader and university entrant will find it necessary to supplement the text with wider reading. In their desire to present the essential stream of events with accuracy and brevity, the authors have avoided discussion of the really interesting issues. Some questions, such as the restoration of royal authority after the Wars of the Roses, are answered by implication, in this instance by beginning a new chapter with the return of Edward IV in 1471; others, such as the real nature of the opposition to the Stuarts, are submerged beneath the speed of the narrative. It is in the last section that the immense difficulties of the task become apparent. Although the narrative is carried through to the end of the second world war, the forces and pressure groups behind contemporary society are not described. The communist revolution in Russia is only briefly mentioned, and the theories lying behind it not at all. Reading the book, excellent as it is, makes one feel that, without a discussion of the ideas and theories behind modern politics, the facts will tend to become meaningless; and that the only valid history of contemporary events is world history.

Unsympathetic Portrait

Fathers of the Victorians

By Ford K. Brown.

Cambridge University Press. 569 pages. 55s.

OLD Tom Mozley once wrote a book of reminiscences about his youth at Oxford, gossipy, veracious, inconsequent, with so much to say that he was tedious and with so low a view of human nature that he was unattractive. His critics knew him as Poor Tom.

The author of "Fathers of the Victorians" does not delight in the anecdote of the common room, but something of the same sensation affects the reader. The book is about the Evangelicals in the age of William Wilberforce; and Mr Brown claims that they were responsible for changing the moral face of England, from the age of George IV to the age of Queen Victoria. Though he assents to the view that they were selfless and dedicated, he likes neither them nor their methods. Something is lacking in this portrait of the age of Wilberforce—a sympathy without which there is little understanding. Mrs Hannah More, that godly and decisive lady, is presented as though she were the field commander of an evangelical force, planning and scheming, flattering and directing; and even those who would shrink from Mrs More's company will probably not recognise the lady in this portrait and will not comprehend her if they believe it. When some of the judgments in the book are examined critically, they are more abuse than history, an expression of emotion and not the cool verdict of the serious enquirer.

Wilberforce was not only an enthusiast for a great religious and social cause—the abolition of slavery. He was a lovable, delightful, amusing and sympathetic man, as everyone who knew him intimately is agreed. He was respected not only by the like-minded, but also by a critic like Sydney Smith, who thought the Society for the

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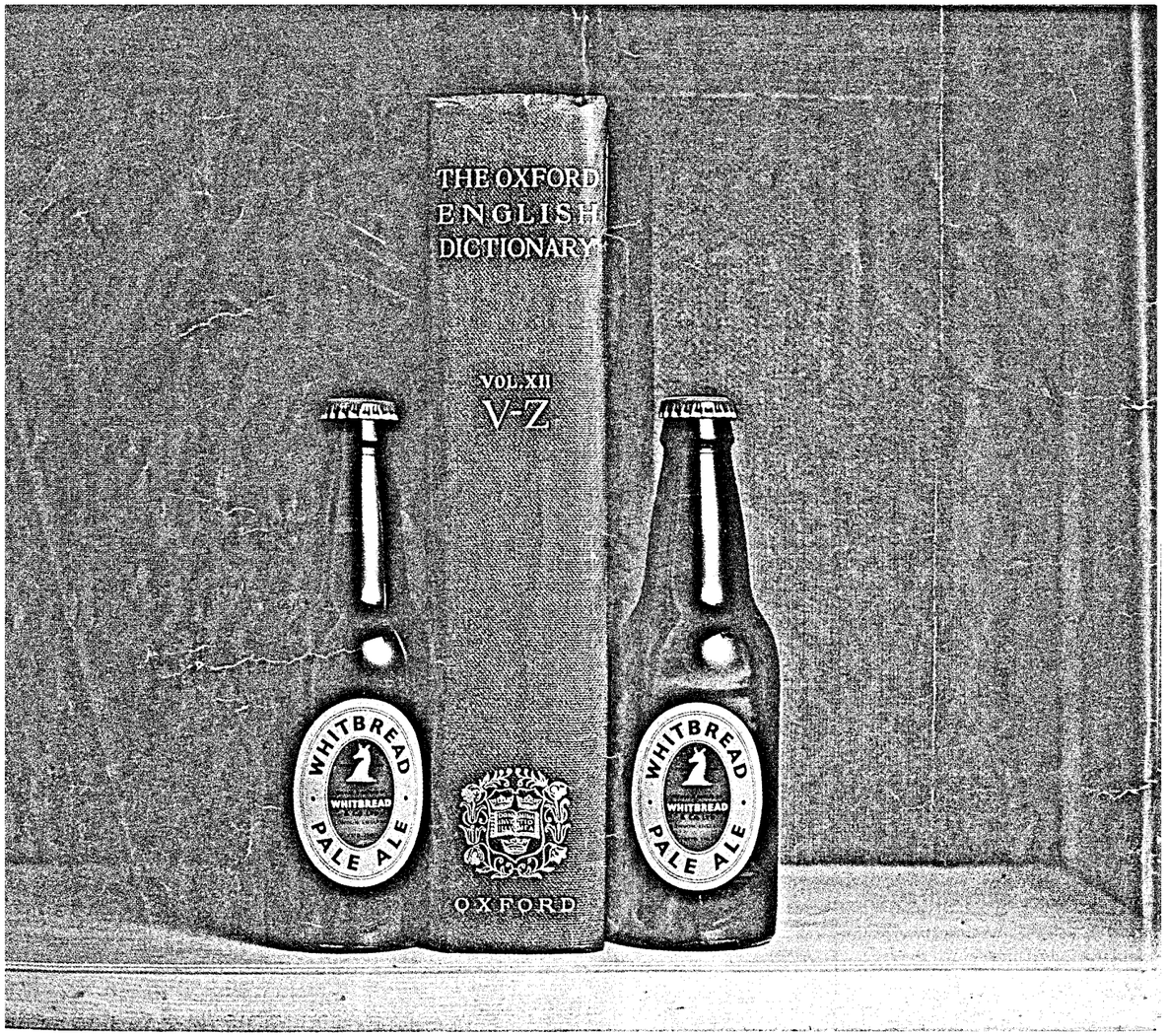
Trajan was well aware that the only reason for writing anything was to have it read. His deceptively simple idea was to design each letter in all due proportion, providing as much space as it needed to look beautiful and inviting as well as legible. He succeeded so well that the Trajan inscription is given ample credit for the triumph of the Latin alphabet as the medium of written communication for so much of the world.

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Open letter to the Delegates, the Clarendon Press, publishers of the Oxford English Dictionary.

DEAR SIRS,
We find the Oxford English Dictionary an invaluable work of reference in the compilation of our advertisements, and we make frequent use of it. We trust, therefore, that you will excuse us if we draw your attention to a serious omission in Vol. XII V-Z, Section Wh, page 70. We notice that on that page your editors include a reference—WHITBRE(A) D: see WHITE BREAD. On looking up WHITE BREAD we find this definition—"Bread of a light colour, made from fine wheaten flour, as distinguished from BROWN BREAD." No reference at all is made to the common, indeed the universal, meaning that attaches to the word Whitbread today, viz: the truly excellent drink that bears the name. To assist your editors in their task of revision, here is a suitable definition:—

WHITBREAD: a pale-ale—with a long-standing and nation-wide reputation. It is not pasteurised, for which reason its ingredients retain their full flavour. It is brewed entirely from home produced barley, yeast and hops, and the whole production is through Whitbread's own breweries. These and many other factors contribute to the outstanding flavour and quality of this delicious drink, and account for the wide popularity it enjoys, both among men who know their beer and among ladies and young people generally.

We do not suggest that you should immediately withdraw and reprint the whole of Vol. XII. A small addendum slip is all that is required, at least for the time being.



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Suppression of Vice to be absurd. Concentrating upon questions that crossed the lines of party, he was able to stand aside from the roughness and the compromise of political controversy and retain the ability to deliver moral judgments without pretentiousness and without insincerity. The triumphant second reading of the abolition bill in 1807, when the House of Commons gave him such an ovation as it had given to no other living man, showed how his moral stature symbolised the reviving respect of the nation for integrity and nobility of character. His religion had the exclusive note of its kind—the sometimes repellent language, the lofty platitudes, the sectarian sound. Simeon's religious language could be equally repellent to the taste of a later age. His endeavours for what he saw to be Christian truth might sometimes be unfortunate. But if the sounds, the apparent pomposity, the callow earnestness are taken to be the chief evidence for understanding their persons, their achievements and their religion, we shall find ourselves in the paradox, towards which Mr Brown leads us, of supposing that they succeeded in an astonishing work of reforming the manners of the nation by being unscrupulous, petty, intriguing or pharisaical.

The Victorians were too full-blooded to be begotten by the tail-coated puppets dangling stiffly in these pages.

Lawlessness

The Bootleggers
By Kenneth Allsop.
Hutchinson. 379 pages. 30s.

Kidnap: *The Story of the Lindbergh Case*
By George Waller.
Hamish Hamilton. 594 pages. 30s.

"MULTIPLY the laws; you will multiply lawyers and criminals," said the ancient Roman jurist. Prohibition in the United States was perhaps the best example of lawlessness stimulated by laws. The level of taxes in Britain—and a few other countries—since the war is proving that human nature is everywhere much the same: if the state tries to make it too "good" too quickly and dearly, it breaks the state's laws. No story tells that tale better than that of the Chicagoan bootleggers, and Mr Allsop on the whole does it skilfully and fully. Indeed, European readers will be confused by the number of different names and personalities involved before they are halfway through.

But the book has two faults. The author has nothing to add to knowledge of what produced these fantastic gangsters and their dominions, private armies, and so on. A generation ago all that he adduces about the first and second generation "Americans" was available. Secondly, he makes Chicago of that era sound as if every citizen were every day aware of what was going on around, about and below him. In fact (unless he maintained private relations with a bootlegger for his liquor, as very few did) the ordinary Chicagoan, going into a speakeasy and saying "I'm a friend of Joe's," had no knowledge of gangs and their methods whatever. For 99.9 per cent of the citizens' life was regular and peaceful: births, marriages, jobs and homes, hobbies and vacations, filled that life in peace. No one heard a pistol shot. No one knew of the St Valentine's Day massacre till the papers came out. Life was as peaceful as life in the coshing, car-getaway, cash-grabbing streets of London today—indeed, more peaceful. That no more excuses the citizenry and city fathers of Chicago then than it does those of London now. They can read their papers, and can presumably do something about lawlessness. But they did not do so in Chicago then; and they do not in London now. It just does not seem to be the citizen's business. Why, the author does not adequately explore.

He makes a minor error in emphasising the cut in new immigrants into America after the second world war; by far the bigger cut came after 1926-29, and throughout the thirties up to the war's outbreak; and, proportionately, for special reasons and by special quotas, immigration was bigger after that war than before it.

The book about the notorious kidnapping of the Lindbergh baby is also a tale fully told. Unhappily Mr Waller does not tell his tale so stylishly as Mr Allsop tells his. Lack of style palls quicker, the longer the book; and this is long. But both these books repay careful study by Europeans—and others than North and South Americans—at this time. Only Russians, Chinese and other so-called Communists seem rigorous in enforcing the rule of (their variety of) law these days. Do they value the bonds and cemented foundations of their society more than we value ours? Both these books gain by looking back at a "rule of lawlessness" that was a shadow of what was to come throughout the western world.

OTHER BOOKS

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LLOYD GEORGE: *Rise and Fall.* By A. J. P. Taylor. *Cambridge University Press.* 40 pages. 3s. 6d. A reprint of the Leslie Stephen lecture given at Cambridge in April, 1961.

PEASANTS IN THE PACIFIC: *A Study of Fiji Indian Rural Society.* By A. C. Mayer. *Routledge.* 210 pages. 35s.

THE COMMON MARKET: *Its Structure and Purpose.* By J. F. Deniau. 2nd edition. *Barrie & Rockliff with Pall Mall Press.* 151 pages. 15s.

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LETTERS

West Indies and Europe

SIR—It must surely be gratifying to the African states to note the interest you take in their problems in relation to the European Economic Community. Could you, I wonder, spare a thought for the West Indian territories, who may no longer be important to anyone but themselves, but who nevertheless have genuine problems to face and, as yet, are not in a position to speak for themselves?

In your article "Eurafrica and Their Africa" (November 25th), you state, quite rightly, "The African Commonwealth countries cannot afford to leave it to the British, the European commission and the United States to fight their battles." Can the West Indies afford to? Ought Trinidad and Tobago, for example, to rest secure in the hope that others will ensure that its oil products will continue to have unrestricted access to the markets of Europe? That its exports of citrus, sugar, cocoa, bananas and coffee, however insignificant they may now appear in terms of total European trade, will be safeguarded? That the difficulties which, even now, it experiences in selling the products of its small manufacturing industries will not be aggravated?

You urge the Nigerians to establish diplomatic representation in Brussels so that they could be quickly drawn into the Euro-African discussions. This is, no doubt, a course which other underdeveloped countries could usefully adopt; but it would not normally be available to those that are not yet independent. Could not the community dispense with the niceties of protocol and diplomatic custom and permit all those underdeveloped countries that wished to do so to appear before its appropriate institutions in order to present and discuss their particular problems? Trinidad and Tobago would gladly avail itself of the opportunity.
—Yours faithfully, J. O'NEIL LEWIS
Special Representative of the Government of Trinidad and Tobago
Geneva

Dr Salazar

SIR—It was with deep regret that I read in your issue of November 18th your condemnation of the Prime Minister of Portugal.

In an endeavour to redress the injustice I cannot do better than quote a passage in which he discloses his thoughts and principles. In a speech delivered on April 14, 1937, he declared:—

> Without losing sight of activities which may provide for all a greater amount of goods, and with them greater material comfort, the ideal is to escape from the materialism of today; to make the fields more fertile, without silencing therein the merry song of the girls; to weave cotton or wool in the most modern looms, without interlacing with the thread class-hatred and without banishing from the factory or the workshop our old patriarchal spirit. . . . From a civilisation which is returning to the jungle, we are separated by spirituality. We shun feeding the poor with illusions, but we want at all costs to preserve from the wave that is rising in the world the simplicity of life, the purity of customs, the sweetness of feelings, the equilibrium of social reactions, this familiar air, humble but dignified, of Portuguese life, and, through these conquests or re-conquests of our traditions, to preserve social peace.

—Yours faithfully, PAUL DE HEVESY
Former Hungarian Minister to Portugal
Hove, Sussex

The Most Acute Case

SIR—Your article on the "Report on the Scottish Economy" makes fascinating reading. Insofar as they refer to obsolescent, dying industries, its findings and your comments are almost certainly right. But there are some non-growth industries whose survival must surely be important. The "large quantity standard" industries themselves depend heavily on some of them—on the larger ones for their power houses and machines; on the smaller ones for their general engineering jobbing work, tooling etc.

Our experience is that the dynamic new industries effectively damage the "small quantity specialised" industries in their area, by draining them of their labour. What will happen if only the "assembly-line mass producers" are left? Will they learn how to make their own machines and how to do their own jobbing work economically? Who will build the ships and bridges that they and the rest of us need?

One can only hope that somehow a balance will be struck while these essential non-growth firms retain some of their skilled, loyal and comparatively much-underpaid workers—Yours faithfully,
Birmingham, 17 A. I. POTTINGER

Vietnam

SIR—As you say (November 18th) the floods in the Mekong valley have caused much suffering, and help from outside, especially nearby Asian countries, is desirable. Why then have the south Vietnam authorities refused the offer of the government in north Vietnam of 10,000 tons of rice, 1 million metres of cloth and 5 tons of medicines, when these could have been delivered quicker than from anywhere?

Secondly, does not the arrival in south Vietnam of a further 600 US military instructors, bombers, reconnaissance jets, etc., which you report, constitute a breach of the 1954 Geneva Agreement which forbids such foreign military intervention and supplies?

This last is the sort of incident which le to the recent protests from the Governmen of the Democratic Republic of Vietnam t the British Foreign Secretary (as co-chair man of the Geneva Conference) whicl though circulated have not been noted i the British press.—Yours faithfully,
HILDA VERNO
British-Vietnam Committe
London, NW8

Export Incentives

SIR—Under the above heading you say tha there is a case for allowing manufacturer themselves to write off assets at the rate the choose. It is to be supposed that in on direction at least the authorities hav already recognised this fact. I refer to th developing practice of leasing plant an equipment, a practice which has so fa largely escaped the attention of the Revenue A manufacturer who obtains the use of plan by renting it effectively writes it off ove the period that he rents it. If he buys it h can only write it off at the rate agreed b the tax authorities. Admittedly the manu facturer has to pay for the cost of the mone needed to finance the hiring but the quicke write off period often makes this a worth while expense. The Revenue is a net lose on such transactions because rent payment are a legitimate business expense an deductible for tax purposes. For the tim being at least it would seem that th authorities are prepared to accept this.— Yours faithfully, A. P. PRINGL
London, SW10

Socialist Unity

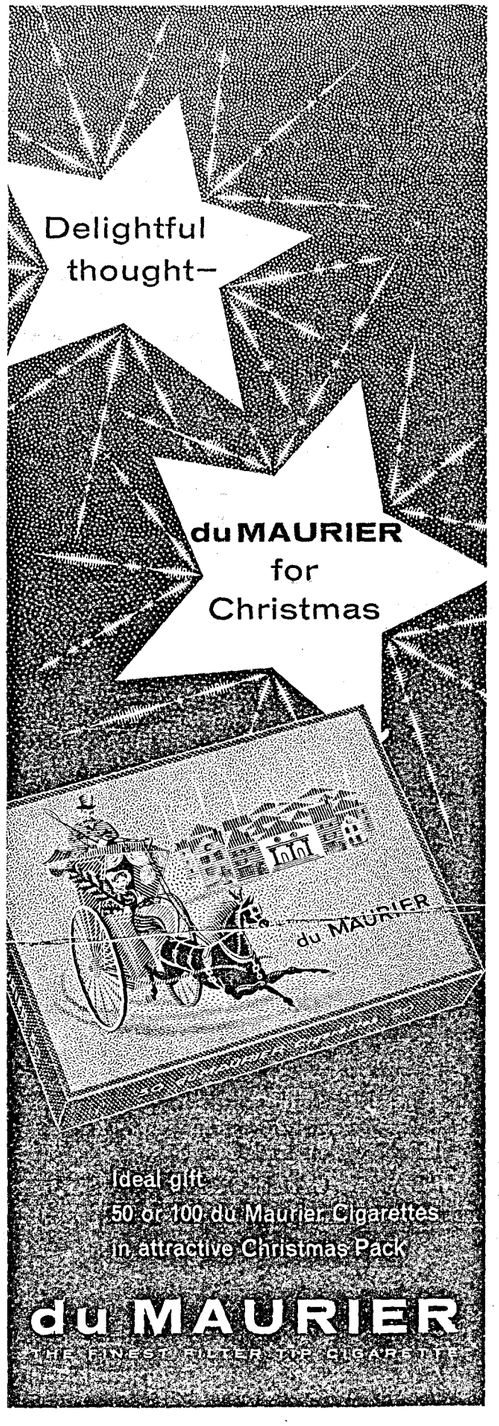
SIR—I am writing to call your attention t an incorrect statement in the article "Pin Clydeside" in your issue of November 25th The Socialist Party of Great Britain di not take part in discussions with the organisations named in the article and ha never done so, as the constitution of the SPGB precludes collaboration with othe political organisations in the country, to al of which the SPGB is opposed.—Yours faithfully, ROSE WEAVER
General Secretary SPG
London, SW4

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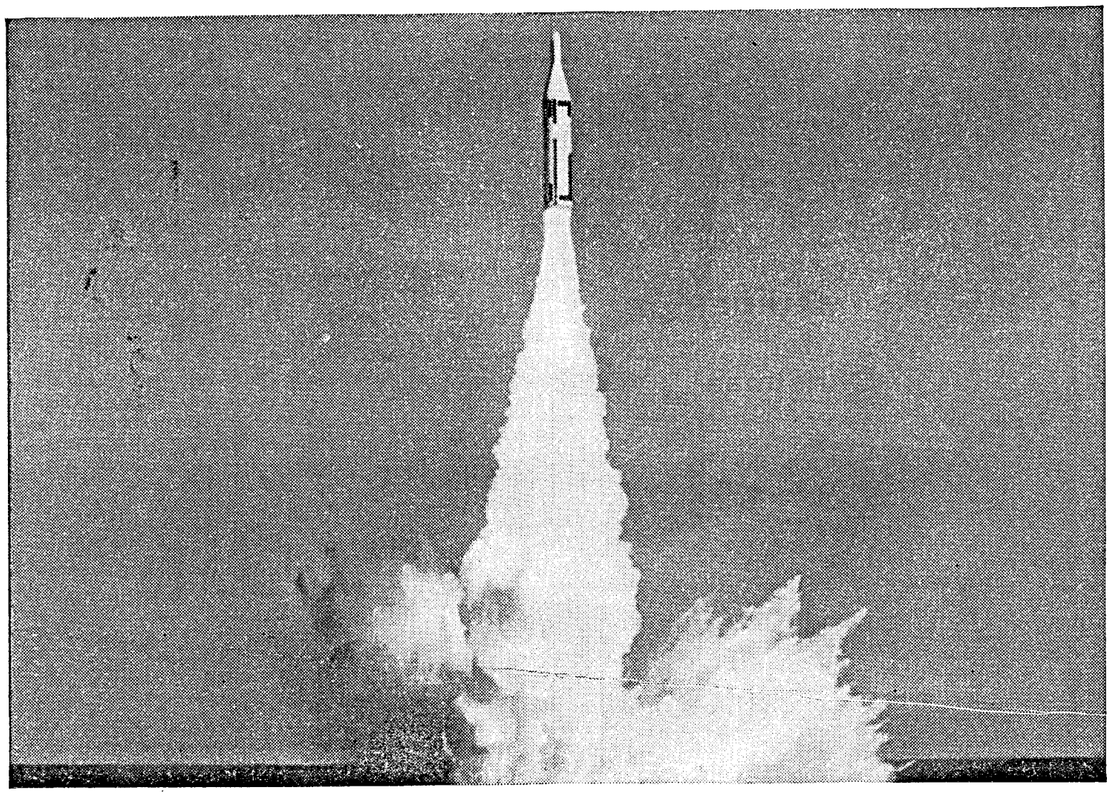
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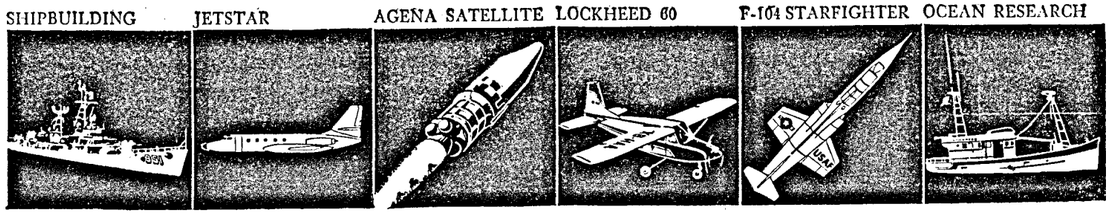


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AMERICAN SURVEY

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

Trading Hopes and Fears

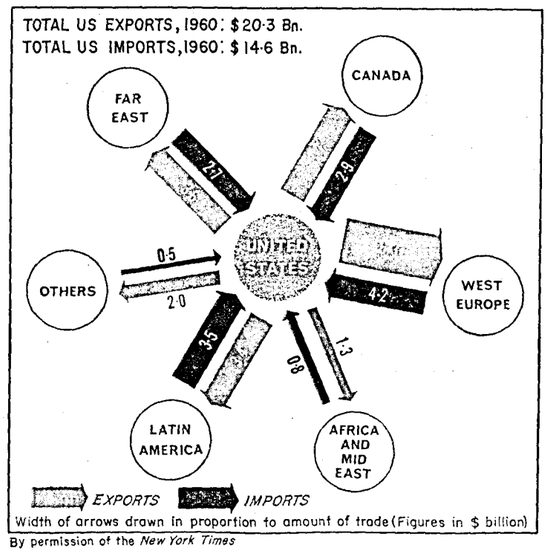
WASHINGTON, DC

THIS week President Kennedy stepped up the American export drive. Firms which have contributed significantly to expanded exports will be entitled to fly a flag with a blue E on a white field. This is the flag which once flew over factories that made records in war production; then the E stood for Excellence. Firms awarded an E will be permitted to advertise the fact and to give their workers E pins to wear. Mr Kennedy calls an increase in exports "the next great frontier we must cross." In a speech that reflected American hopes and fears he told the National Association of Manufacturers in New York on Wednesday that America's favourable trade balance had to be enlarged further to help to finance America's responsibilities abroad, mainly troops and military bases. Like his predecessors, President Kennedy regards trade primarily as an instrument of foreign policy. He wishes to replace the Reciprocal Trade Agreements Act with an improved instrument to prise open for the United States and other countries what he called the vast new market rising across the Atlantic which, if Britain joins it, will have more people in it than either the United States or Russia. America's export drive is somehow to be made to coincide with the political and economic strengthening of a western Europe into which Germany will be inextricably tied, and with a general liberalisation of trade in the free world.

The United States views the European Economic Community with mingled pride and apprehension, like the character in the novel of H. G. Wells who reared a giant offspring on the food of the gods. Pride predominates. Most Americans rejoice in Europe's new-found unity and strength, for which they as a nation can take much of the credit. Some, like Mr Walter Lippmann, come close to advocating a complete pooling of resources by the United States and Europe, the better to carry out their joint task of raising living standards in backward parts of the world. Others see in a strong united Europe an essential counterweight to Russia. But there are warnings that a trade war may divide the West and fears that bargaining for lower tariffs between the United States and the European common market may rob Americans of jobs.

The President said that America was urging its allies to free their private capital for investment in the United States but that he wanted Congress to remove, for American firms in those foreign countries which have no shortage of capital, the "artificial" tax preference allowed for investment abroad, as well as the "unjustifiable" tax loopholes available to Americans in foreign "tax havens"—preferences and loopholes that the head of the trade union movement has condemned as "outrageous." But Mr Kennedy also told the NAM that he was proposing neither that America should join the common market nor that the "traditional safeguards and institutions" should be done away with altogether. The latter probably include continued protection for the American textile industry. The President said that tariffs could be used to cushion adjustments by American industries to increased imports and promised other forms of help from the federal government for those afflicted. But he assured his hearers that under his new trade policy imports would not increase as much as exports. One of his associates said this week that the adjustments which domestic industries would have to make to increased imports would be "rather marginal" and anyhow not nearly as great as industries have to make because of changes in consumers' tastes, technological advances and so forth. One cheery estimate, submitted to a Senate commitee last June, is that less than one per cent of the labour force would lose jobs if America suspended all tariffs for three years. Whether such arguments will carry conviction among sceptics about freer trade remains to be seen.

President Kennedy has said that those who recognise the benefits of freer trade should speak as loudly as those who fear that freer trade will hurt them. This would call for a considerable number of decibels, for the protectionists in the United States can howl very loudly indeed. The Reciprocal Trade Agreements Act, which gives the executive the authority to bargain with foreign countries for lower tariffs, has been renewed eleven times since it was passed in 1934. In those twenty-seven years periodic legislative battles over its renewal have become an American ritual. But, though the Act has brought down the general level of American tariffs by about 60 per cent, of late the tussles in Congress have tended towards stalement, with the President's authority to lower tariffs being renewed grudgingly but limited by "peril points" and "escape clauses." For the past ten years tariff negotiations have brought no really major changes.



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If the Trade Agreements Act expires next June without being either renewed or replaced, the tariff reductions negotiated since 1934 will not be nullified thereby, but the President will have no authority to negotiate any further reductions. The peril points and the escape clause would remain and legally the escape clause

could be used to cancel any past trade concession deemed by the Tariff Commission to have increased imports to an extent injurious to American producers. A current proposal of the protectionists would deprive the President of his power to veto recommendations by the Tariff Commission.

As renewed in 1958 the Act authorised the President to reduce tariffs only by as much as five per cent a year, for four years, and compelled him to negotiate separately for each item. The President's personal assistant on trade policy, Mr Howard Petersen, who is a Philadelphian banker and a Republican, wants tariff negotiations with Europe to be on an across-the-board basis. He recommended "substantial, gradual and general" reduction of tariffs and other trade barriers by all the economically advanced countries of the non-communist world, with the benefits of the reductions being made available to the under-developed countries. But the cool expectation in Washington is that 1962 will see only the beginning of the necessary task of educating the public in the need for a bolder and broader trade policy, not the real beginning of the policy itself.

This does not mean that history will necessarily be repeated and that the proposed across-the-board method of tariff reduction will have to be abandoned in the face of hard domestic realities, as happened in 1945 when another Democratic Administration endeavoured to do away with imperial preference and to open up the British Empire to United States commerce in return for just such a change in American methods of tariff bargaining. But a very hard fight seems likely in Congress, complicated by the fact that 1962 is a congressional election year; moreover, Mr Kennedy will not have the strong arm of the late Mr Rayburn, the Speaker of the House, to lean on in winning over the southern Democrats, who are nowadays as solicitous for domestic textile manufacturers as they are for American cotton growers.

Businessmen are divided on the subject of tariff reductions and accordingly have two committees which espouse opposing views. The Committee for a National Trade Policy advocates freer trade and has already called for new legislation in 1962, to enable the President to remove some tariffs altogether and to cut others by at least 50 per cent; this committee wants elimination of the protectionists' cherished peril point provision and assistance for industries hurt by imports, to help them to adjust to the new situation, perhaps by shifting into other lines of business. The Trade Agreements Act never envisaged a need for domestic industries to adjust themselves to imports by switching to new enterprises and the protectionists, who include makers of fabricated metal products, industrial chemicals, glass, pottery, bicycles, cord and twine, electronic equipment, toys and sports goods, are declaring that what they want is not new-fangled financial help to enable them to commit suicide with the least discomfort, but old-fashioned protection to enable them to survive.

The other committee is the nation-wide Committee on Import-Export Trade whose chairman, Mr Strackbein, last week told a congressional sub-committee that "the export dollar runs a poor second to the import dollar in terms of employment." This is an argument which the Administration may find hard to counter—harder certainly than to dispose of Senator Goldwater's allegation that President Kennedy is planning the entry of the United States into the European common market and that this will bring an influx of European workers who will snatch jobs from Americans already damaged by a flight of American capital to Europe.

Freer trade has the support of Mr Meany, the president of the trade union federation—but at a stiff price. He wants workers who are displaced from their jobs by imports to receive two-thirds of their normal wage for a year while being retrained for new work at government expense and to have the right to retire at sixty with full social security benefits. It is amid such cross-currents of conflicting views and interests that Mr Kennedy's battle for a new trade policy will be fought.

Red Letter Days

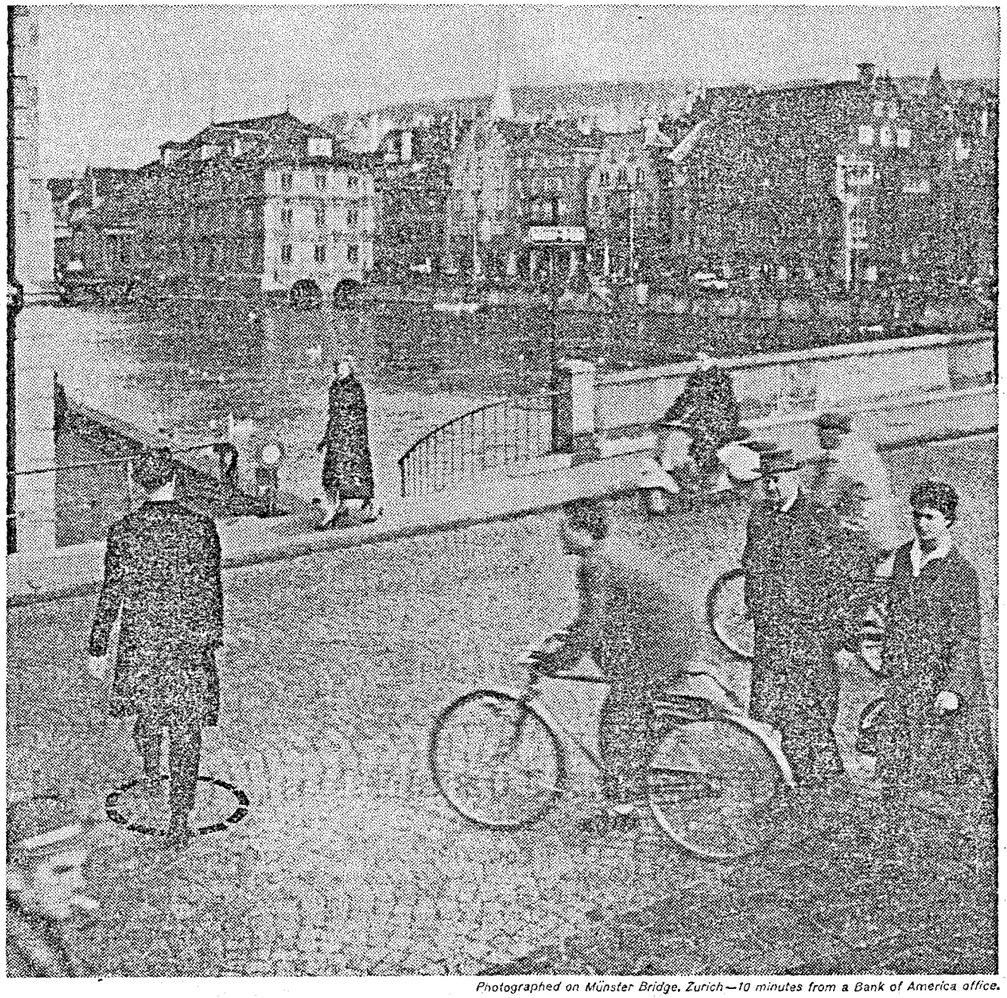
LAST week the restless ghost of Senator McCarran put the Communist party in the dock, for failing to register as a "communist-action" organisation. It is required to do so under his Internal Security Act of 1950, whose constitutionality was upheld by the Supreme Court, in a 5 to 4 decision, last June. The purpose of the Act, which was passed during the Korean war and the McCarthyite hysteria, was to drag the party and its "front" organisations into the light of day by making them list their members, officers, contributors and printers, reveal their financial operations and stamp everything they sent through the post as communist-originated. Many individuals and organisations are required to register in the United States, but this is the kind of registration that is designed to kill, like that required of Negro organisations in some southern states.

It has taken eleven years to bring this steamroller into position. First the Subversive Activities Control Board which the Act created had to find, to the satisfaction of the courts, that the party was a foreign-controlled "communist-action" organisation; then the Act itself had to survive a challenge in the courts. Meanwhile membership in the party, which was put at 75,000 during the second world war, has dwindled to about 3,000 or less. The deadline fixed for the registration of the party was November 20th. When it formally notified the government by letter that it refused to obey, its officers became liable to register by November 30th; if they, in turn, continue to refuse to comply, on December 20th the responsibility devolves upon individual members. So far only the party itself is being prosecuted; further action by the Department of Justice is complicated because the party has cut the number of its officers to three; one of these, the chairman, Miss Flynn, now 71, has just returned to the United States to face the music. If the party is convicted it may be fined $10,000 for each day of non-registration. Its officers and members face the same penalty, as well as five years in prison for each day of non-compliance.

But the Communist party is not necessarily at the end of the road. The Supreme Court has not yet dealt with the chief objection to the Act: that to identify one's self as a communist amounts to self-incrimination. This is because another law, the Smith Act, makes membership in the party a crime if the member is aware of its subversive character. The party also argues with some force that the Constitution forbids "cruel and unusual" punishments such as the fines and prison sentences prescribed by the Act. Certain of its other provisions are also of doubtful constitutionality, such as the denial of passports to every member of the party. The Department of Justice, under the fierce glare of the fanatically anti-communist groups that flourish at present, has moved with all speed to enforce the Act. But constitutional questions affecting the civil liberties of all cannot be decided in a hurry.

Bait for Hot Money

FROM January 1st commercial banks will be able to raise from 3 per cent to 3½ per cent the interest they pay on all savings accounts and on time deposits left with them for from six months to a year and they will be able to pay up to 4 per cent on longer-term deposits. The government's decision to raise the ceiling and permit a special premium for long-term deposits was prompted primarily by a desire to discourage an outflow of "hot money" and to avoid the damage that this would inflict on the balance of international payments. At the same time the government hopes, by keeping credit readily available, to avoid any check to economic growth at home. The New York banks—the ones most likely to hold foreign deposits—welcome the move. The Chase Manhattan



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Bank, the second largest in the country, has already announced that it will raise its interest rate on savings to 3½ per cent on January 1st; for state-chartered banks such as Chase any action on time deposits must await a rise in the ceiling set by the state authorities. Banks in New York have long been chafing under the 3 per cent rule which has made it difficult for them to compete with the money market for funds when rates rise there. Recently, these banks have been suffering a drain on their certificates of deposit, negotiable interest-bearing evidences of time deposits which they issue as a means of attracting the idle funds of corporations.

Interest rates in the money market are already stiffening; although the central bank, out of consideration for the Treasury, exempted short-term deposits (less than six months) from its new rule, the return on Treasury bills has edged higher. The lending rates of the banks, both on mortgages and loans to business, are bound to rise gradually because of the pressure of the new interest rates on their profits. And the fact that the banks are in a position to attract fresh corporate funds with their certificates of deposit means that the supply of money in the open market will be reduced, leading to higher rates there when the demand for loans rises.

The banks which are not enthusiastic about the new higher rates of interest that they may pay are those with heavy savings deposits, such as the Bank of America. The squeeze on their profits will be particularly painful. And although one of the domestic considerations which led the central bank to authorise the higher rates was that it would enable the banks to compete with the higher rates offered by the savings and loan associations (America's building societies) this argument has not carried conviction because there is nothing to prevent the asociations from lifting their rates still higher. But as interest rates in general are rising the Treasury and the central bank are confident that their move will attract foreign funds and encourage the domestic saving needed to finance economic progress in the years ahead.

Disorganised Labour

FROM A SPECIAL CORRESPONDENT

ONE of the most burning, and potentially divisive, arguments at the biennial convention of the American Federation of Labour and Congress of Industrial Organisations, which begins in Florida this week, will be over the question of organising workers into trade unions. The question has two facets: how can more members be obtained and which union should they join? According to one expert, "the cessation of the trade union movement's expansion into new areas and its decline in numerical strength" constitutes a crisis, while others have declared that the movement cannot grow until it settles the internal bickering between the craft unions, which belonged to the old AFL, and the industrial unions, which were the backbone of the CIO, about their respective jurisdictions over different types of worker.

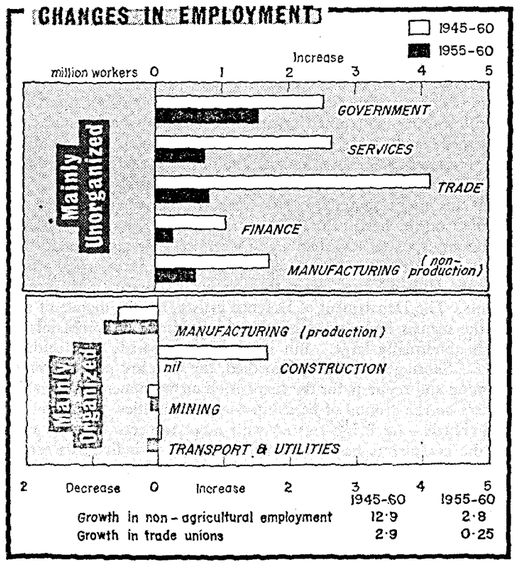
While in 1960, from the official figures just published, trade union membership, at 17,049,000, was slightly larger than in 1955, the year in which the AFL and CIO, the two main union groups, were merged, membership has in fact fallen by over 400,000 since 1956 during a period when the labour force has been rising steadily. With just under 40 per cent of non-farm, non-supervisory workers belonging to trade unions there is clearly room for improvement. While restrictive legislation—state right-to-work laws and the federal Taft-Hartley Act—puts obstacles in the way of expansion, the main difficulty is the changing structure of the American economy and its effect on the pattern of the labour force.

Between 1955 and 1960 total employment in manufacturing in the United States declined by approximately 225,000 jobs while in non-manufacturing there was a rise of 2,840,000, accounted for mainly by large increases in employment in government, retail trade and service industries. Even the figure for manufacturing disguises a much more serious situation—from the union point of view—for the numbers working on production lines declined in the period by 796,000 while those in white-collar occupations in the factories increased by 571,000; historically, production workers in manufacturing have been the ones to be organised most successfully into unions. The increase in white-collar employment presents the unions with many new problems which cannot be solved by using methods that are fast becoming out of date.

Most unionists agree that a fresh and concerted effort is needed in the white-collar field but they disagree as to who should make it. Some say that in those plants where the production workers are well organised it is the logical procedure for the industrial union to which they belong to try to bring the professional, technical and clerical workers into its fold. On the other hand, the established white-collar unions maintain that the organisation of such workers is their prerogative. But jurisdictional squabbles are by no means limited to arguments over white-collar workers; a public controversy has also developed over the question of what is the correct affiliation for the maintenance workers in factories.

Mr Walter Reuther, head of the automobile workers and of the Industrial Union Department of the AFL-CIO, to which most of the original CIO unions are affiliated, has prefaced the Florida convention with a scathing attack on the building unions which formed the nucleus of the old AFL. At a meeting at which was drafted a series of resolutions directed against the craft unions, Mr Reuther told the delegates that there must be agreement this year on effective machinery to solve internal disputes. He made the point that, although the trade unions were merged in 1955, they were not united at the same time and that continued disunity "would jeopardise the very existence of the American labour movement."

This long-standing jurisdictional conflict means that AFL-CIO unions boycott the products of other AFL-CIO unions and try to steal each other's members. The particular case which prompted Mr Reuther to speak for 97 minutes on the need for unity is that in the recent past there have been many occasions on which the unions in the building trades—where, incidentally, employment



has not fallen off as it has in the other organised industries—have encroached upon jurisdictional territory that the industrial unions consider sacred to themselves. Local building unions have been joining with groups of employers to try to secure jurisdictional rights over maintenance work. For example, an independent contractor will offer to perform all the maintenance duties in a factory; the company will then dismiss its regular maintenance staff, who probably belong to an industrial union if the plant is organised; the independent contractor then hires workers (electricians, carpenters, plumbers, etc.) who owe affiliation to building trades unions. The net result is a loss in membership for one union and a gain for others. The building unions accuse the industrial unions of using similar tactics, particularly at missile bases, to increase their membership.

The whole question was supposed to have been settled some time ago, but this arrangement has not worked in practice. Now Mr Reuther's answer is the adoption of a constitutional amendment that would provide effective machinery for settling disputes by binding arbitration. But the building unions have made it clear that there will be a bitter struggle if such an amendment is pressed at this year's convention.

How Ready a Reserve?

LAST summer, when the Administration decided that the Berlin crisis required a rapid enlargement of America's non-nuclear forces, about 154,000 members of the reserves were called up, including two whole divisions of the National Guard, one from Texas, one from Wisconsin. Hardly had these men reported for duty in October than the air was filled with grumbles which were seized upon by some newspapers and exploited by Mr O'Konski, a Republican Congressman from Wisconsin. There was even talk of a congressional investigation of the methods of the Army, to which most of the reservists—119,000—were being sent. The men complained that when they reached the camps there was nothing for them to do and a great shortage of uniforms, sheets, cutlery—and even of weapons for training. Over 25,000 of the men had seen two or three years of active duty and felt it unfair that so many young men who had done none, or only six months, were going scot-free. It rubs salt in this wound that the number of untrained conscripts being called up, which was raised in the autumn, is being reduced this month. With the easing of the Berlin crisis many of the men began to feel that their sacrifices—the interrupted careers, the businesses and houses that had to be sold—were pointless. Finally a rumour got round that the reservists might be kept in uniform more than the twelve months which is all that the law now allows.

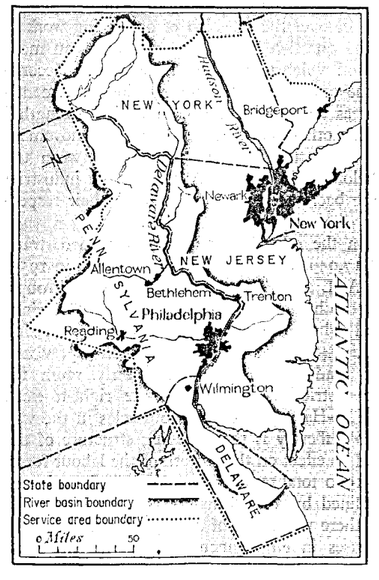
At his press conference last week the President knocked this rumour on the head; the Administration hopes, he said, to release the reservists after less than a year's service. He also assured them that their sacrifices were appreciated and were necessary as a proof that the United States means to carry out its international commitments. The Department of Defence insists that the morale of most of the men is high and denies that the volume of complaints has been abnormally large. But it is trying to satisfy the legitimate ones. Shortages are being remedied, the men are now on combat training and requests for the suspension or postponement of call-up orders on the ground of hardship—to communities, businesses and individuals—are being treated with more respect. A good many of the complaints have come from "fillers"—individuals sent to fill out reserve units with which they had had no connection.

The fact remains, however, that if the country is to rely on its reserves in an emergency, it is the experienced men who will have to go; fairness comes second. But it looks as though the Department of Defence is turning to the view that it is not wise to place too much reliance even on the "ready reserves." Men sent home when one crisis is over cannot be brought back a few months later when another blows up without putting an intolerable strain on the system. Instead the department is expected to ask in its next budget for two new regular divisions to add to the army's present fourteen. And the whole costly system of reserves and National Guards is once more under scrutiny. President Eisenhower tried to whittle them down, but was defeated by political pressures from the states which, for reasons of prestige, cherish their powers over the National Guard. The present Administration, after its experience this autumn, seems likely to renew the assault.

Basin in Commission

THE Delaware River Basin Commission holds its first meeting this month, having been approved by the Legislatures of the four states concerned—New York, New Jersey, Pennsylvania and Delaware—and by the United States Congress with almost unheard-of speed, although not without argument, in only eight months. The scheme had, of course, been on the planning tables for many years and once it was agreed it went through quickly, partly because this is a region used to governmental co-operation and intervention and partly because the legislators remembered that, when a previous scheme was turned down, disastrous floods followed promptly; their political lives could not have survived a repetition of this sequence of events. This time, too, the State Governors concerned were all able and enthusiastic, determined that there should be no more delay; they were backed up in Washington by an equally enthusiastic and determined group of Senators and Congressmen, notably the liberal Senator Clark and the conservative Representative Walter, both from Pennsylvania. Help came also from legislators from the Pacific Northwest who expect soon to put a similar project for their Columbia River Basin before Congress.

Certain industrialists in the area, led by the huge United States Steel Corporation, were afraid that their freedom would be circumscribed and in particular that they might have to pay for their water. There was also opposition from officials in the Department of the Interior who would have preferred an independent agency on the traditional Democratic pattern of the Tennessee Valley Authority. Moreover there was justifiable concern about the very broad powers conferred on the commission and about the position of the federal government; its representative participates on equal terms with the four state representatives and could be outvoted by them, even if federal activities were at issue. It can be argued that this is unconstitutional and it may eventually be so argued in the courts. Meanwhile,



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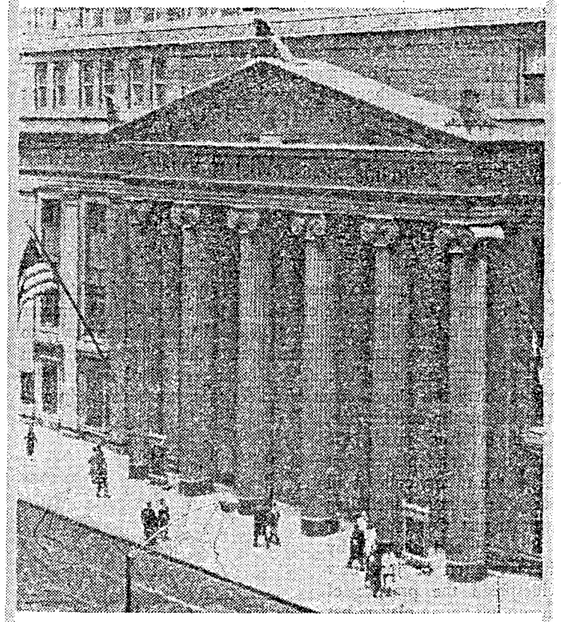
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the federal government exercises very substantial control through its financial contributions; Congress also retains authority to withdraw from the compact setting up the commission, or to revise its terms, and must approve all its projects unless they require only state funds.

After this "minimum protection of federal interests" had been provided, the Secretary of the Interior was prepared to accept what he still does not regard as a satisfactory scheme because the need for flood control and for planning recreational and industrial development in the area was so urgent. This had been pointed out by the Army Corps of Engineers in a comprehensive survey, completed at the end of 1960, of the whole river basin covering 12,757 square miles. It is one of the most highly industrialised regions in the country, with 21 million inhabitants and twice that number expected by 2010. Demands on the river, on which the region depends for its water, may double by 1980 and quadruple by 2010; so far there is no general shortage of water but there soon could be and both flooding and pollution need to be controlled. The growing population wants more and more lakes and parks for swimming, sailing and hiking and the growing industry wants more and more power—although hydro-electricity is not an important source of power in this area. To provide all this requires comprehensive planning for the immediate and long-range development of the water resources of the region and this is what the new commission has been set up to do.

Base Basketball

As a result of an investigation launched by the District Attorney of New York it became clear during the spring and summer that college basketball was still over-staffed with players ready to accept bribes from gamblers to manipulate the scores of their own teams in particular matches. The similar scandal of 1951, inculpating thirty-two players from seven colleges, has been easily outstripped by the current one, which involves much the same number of players but more than twenty colleges all over the country, including even august Columbia.



Shocked and alarmed by the revelation of just how widespread the practice of corrupting young players has become, the National Collegiate Athletic Association, which regulates all forms of college sport, issued in October sixteen far-reaching recommendations for fighting a real menace to the interest and decency of amateur games. Among the NCAA's proposals were recommendations that players caught accepting bribes or failing to report attempts to bribe them should be expelled automatically from their university, that games should be played as far as possible on the colleges' own courts and not in public arenas such as Madison Square Garden, where players are exposed to corruption, and that Congress should outlaw such bribery. (Some states do so already.) But the most significant recommendation was that an attempt should be made to reduce the number of young men who go to college simply in order to play games by setting up a minimum standard of academic ability.

This last proposal, mild though it is, puts the blame for the whole sorry story where it belongs. Gamblers who try to fix the odds can be dealt with by the law. Young men who can say, like the player given $1,300 for game-fixing, "I did it for my bride and my baby," are just as easy to punish, once they are discovered. What cannot be eliminated so easily is the readiness of fund-hunting universities, hungry for prestige, to offer so-called "athletic scholarships" to entice good players into their teams. By means of these awards young players can get a well-paid and highly-publicised introduction to careers as professionals; and college presidents (often chosen simply for their ability to entice dollars into the university chests) can dazzle the graduates and other suppliers of money with tales of famous victories. Candidates for these "scholarships" all too often qualify simply by having the speed, the eye, and the height ("glandular freaks," snorts one commentator) to play well; their brains and their integrity are ignored. In effect this means, as the press has pointed out, that the colleges are the first bribers.

No Senator Stevenson

The Democrats may need outstanding candidates for next year's elections but Mr Adlai Stevenson's decision not to stand for the Senate in Illinois in 1962 is surely the right one, even if there is truth in the stories that he and Mr Kennedy are not exactly compatible. The announcement that Mr Stevenson was even considering giving up his job as Ambassador to the United Nations and the suspicion that at first the President made no great efforts to dissuade him from such a course have given currency to a rumour that the Illinois Democrats had stepped forward to relieve the President of an uncongenial colleague. But Mr Stevenson's departure for politics would have been a double blow to the Administration: first, because his presence at the United Nations is an impressive symbol of American concern with international opinion and the under-developed countries; secondly, because, coming so soon after the demotion of Mr Chester Bowles, the Administration would have seemed to be dropping all its liberals.

It is not hard to see that Mr Stevenson, whose *amour-propre* is easily touched, may have found it "confining" to act so largely as a mouth-piece for policies—on Cuba and China—with which he has little sympathy. The President's warm, if vague, promise of an "expanding role" in foreign policy for Mr Stevenson may have helped to persuade him to stay. So may the realisation that there was no guarantee that he could defeat Senator Dirksen, the present Republican majority leader who will be standing in Illinois for his third term next year. Mr Dirksen is a real mid-westerner in spirit and a silver-tongued—if rather old-fashioned—orator. He is also, since the death of Senator Bridges, the most influential Republican in the Senate.

Senator Bridges's immediate successor, who is appointed by the Governor of New Hampshire, is likely to be Mrs Bridges, but next year the Governor himself is strongly tempted to stand for the remaining four years of the term. A much more enthralling race is shaping up in nearby Massachusetts, where Mr George Cabot Lodge, the son of the Republican vice-presidential candidate last year, has just announced that he will stand for the Republican nomination to President Kennedy's old Senate seat. It is filled at present by Mr Benjamin Smith, on the appointment of the Governor. Mr. Smith may seek the Democratic nomination himself, but the real interest attaches to two other possible Democratic candidates, the President's 29-year-old brother, Mr Edward Kennedy, and Mr Edward McCormack, the nephew of the man who is likely to be the next Speaker of the House of Representatives—Mr John McCormack. The Kennedy and McCormack families are old political rivals in the state; but in Washington the President will need the co-operation of the elder McCormack. One or the other of the two families must give way if there is not to be a collision.

HOME REPORT

Members of the editorial staff and local correspondents report on life and happenings in and around Britain

Full House in Notting Hill

FROM OUR SPECIAL CORRESPONDENT

In the riot year of 1958 the residents at the summit of Notting Hill used to proclaim, with injured pride: "It's not the Hill, it's the Dale." Just across the Bayswater Road, after all, lie the select acres of Holland Park and the tiny, affluent houses of Campden Hill. But even the shiny Tube labyrinth with which London Transport has endowed the new flats and shops at Notting Hill Gate bears marks of the tension that bubbles greasily in the tenements half a mile to the north again. Grubby *graffiti*, zigzags or crosses within a circle, and terse admonitions to "Keep Britain White" appear on the new concrete, behind the backs of immaculately uniformed negro ticket-collectors. The locals agree, however, that crude race prejudice on this level has mercifully sunk since the hot and violent summer three years ago. "They are getting used to each other" is a common reaction among both black and white. The tension, now, is from a different direction.

For a century—ever since the Irish navvies arrived to build the railways from Paddington—this corner of the otherwise prosperous Royal Borough of Kensington has been a reception centre for migrant workers from overseas, or from other parts of Britain. The arrivals have packed unmercifully into such housing as they could find, until they have saved up enough to move out to a better district. Now there is simply no more room: but, drawn by the true promise of plentiful jobs in London, the immigrants keep arriving to join their relatives and friends. Anybody who has visited the tenements must be familiar with the double question—"Why don't they do something about the housing? Why don't they send the blacks home?"

The typical North-Kensington street consists of stolid 100-year-old mansions built for middle-class families—who never materialised. From the beginning the houses were let out by the room. During the long years of rent control few landlords could afford proper upkeep: those who succeeded in making their profit by getting rid of sitting tenants, moving in a table and chair and letting the room "furnished" at uncontrolled rents did not smarten up the façade for fear of attracting the attention of income-tax men, health officers and other snoopers. The combination of an acute housing shortage and half-effective controls could have been designed to breed racketeers. Rent tribunals still have powers to keep down the rents of furnished rooms, but these restrictions are contemptuously dodged by some landlords.

The characteristic local landlord has always lived on the premises and been eager to make as much as possible on his one piece of property: after 1957, some big companies decided to sell out at the new higher values, and this tendency increased. Many houses were then bought by recent immigrants—but with loans at fantastic rates of interest, which can in turn only be paid off by charging tenants fantastic rents. The first to suffer from—and to exploit—this situation are the West Indians themselves



Stolid 100-year-old mansions . . .

(although landlords of other nationalities are criticised, too). Young and respectable coloured people, having been turned away by a couple of dozen white landladies, may be glad to mess together, four to a room, at £3 a week each.

The social consequences of such an arrangement can be disastrous. Those making money from high rents often find themselves drawn by a natural affinity into other, allied, rackets, such as prostitution (for the successful pursuit of which, under the Street Offences Act, mobility and thus available houses are more than ever needed). Established householders—many of whom are in any case the less successful citizens who have been unable to move out into a nice suburb—resent the new arrivals, both because they are foreign and because they are forcing up rents.

Those concerned with local welfare do not dare to look too deeply at the facts of overcrowding, for this might simply lead to the expulsion of families who have nowhere else to go. Landlords may be only too pleased that this should be so: but more serious is the fact that they have simply no incentive to improve things. Lettings of single rooms are extremely profitable: but a group of middle-class people who, with the aid of improvement grants and a building society loan, have bought and converted one house into self-contained flats for their own use, find that the charges on each flat come to £5 14s. 6d. a week—well above what the average working family is willing to pay. The top rent of a new 3-room council flat is rising towards £3 a week, which is, however, only paid by a tiny minority of council tenants—under the local scheme for differential rents, a weekly income of £24 for husband and wife is necessary before payment on this scale becomes obligatory, and most families as prosperous as this prefer to move elsewhere.

It is a waste of breath to tell families subjected to the pressure of rising rents and lack of choice in local housing that without the immigrants even fewer houses would be built. It is just as useless to tell immigrants (of all colours) to London that opportunities are better elsewhere, while jobs and pay are still booming in the capital. Every new office block in London requires more workers to build it, to work in it, to service it and to provide transport to and from it. In London's less salubrious inner ring this, not the colour of a man's skin, is the problem now.

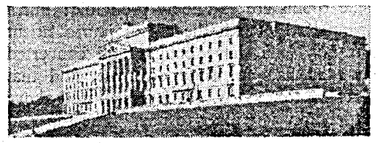
Voting for Europe?

FROM A CORRESPONDENT IN BELFAST

ULSTER'S last general election for Stormont was in March, 1958, only three-and-a-half years ago, but already Lord Brookeborough, the Prime Minister, and Mr Isaac Hawthorne, the government chief whip, have warned the Unionist Party to prepare for an election next year. Most betting is on September, but it may be earlier, possibly next spring. The date could depend on how Britain's negotiations for membership of the common market go. Lord Brookeborough may well want to establish his party in power for another term before membership of the common market is finalised.

The Prime Minister, his entire Cabinet, and all the Unionist MPs, if not also the Labour and Nationalist oppositions, share Ulster's farmers' fears about what joining EEC could do to the £25 million a year which Ulster draws from the general agricultural subsidies of the United Kingdom. But the common market will also give the Unionists a new platform from which to reiterate their traditional attitude to Ulster's membership of the United Kingdom and to the partition of Ireland.

For forty years partition has been the main issue in all Ulster elections, so much so that it is beginning to lose its effect. In 1958 the Northern Ireland Labour Party won four seats in industrial Belfast by ignoring the border and concentrating on unemployment. But the undisguised enthusiasm with which the Nationalists, Republicans and others have been saying that membership of EEC could end partition has undoubtedly given the Unionists an opportunity to revive partition, almost as a fresh issue, this time. Lord Brookeborough will argue that a strong Unionist government will be needed more than ever if Ulster is to resist Dublin's encroachments.



Stormont: resisting encroachments

THE second major issue in the election will be unemployment, unless, of course, the Ministry of Commerce can find several thousand new jobs for industrial workers in the next twelve months. The Government's financial encouragement to industrial development has been substantial, totalling £50 million since 1945 and resulting in 40,000 new jobs. Unfortunately the full benefit has been lost through a greater decline in the older industries: some 10,000 Belfast men have lost their jobs in shipbuilding and in ancillary trades this year.

Mr Terence O'Neill, the Minister of Finance, has said that the Labour party could double the number of its MPs at the next general election; but the Labour leaders, knowing that their present four (out of 52) Stormont seats are held by very narrow margins, are not so hopeful. In three by-elections since 1958 and in the Imperial general election in 1959 Labour candidates did not do so well as some had expected (although, by present English standards, Labour did have reason for encouragement: it picked up 7 per cent swings in three Belfast constituencies in the Imperial elections).

The Northern Ireland Parliament consists of two main groups, the three dozen Unionists who stand for the constitutional *status quo* and the dozen anti-partitionists. The Labour party has tried to cut across this grouping by accepting the constitution, like the Unionists, but at the same time criticising, though perhaps never very severely, the Government's economic policies. This has not been enough to break up the existing stratification which makes the Unionists so comfortable. But the Unionists took a bad by-election knock last month when Miss Sheila Murnaghan became the first Liberal to reach Stormont since 1924. The seat, admittedly, was for Queen's University and her majority was 250 in a total poll of only 5,000, but the result looks like a sizeable straw in the wind of Unionist uncertainty.

Death of a King



THE South African, all-African musical, *King Kong*, has come to a sad end in Birmingham, and most of its cast are facing without joy a return to that other long-running drama produced by Dr Verwoerd in their home country. Mr Jack Hylton (who brought the show to Britain) also has a joyless facing-up to do —to his balance-sheet, incarnadined to the tune of £5,000, plus the cast's fare back to South Africa and the forfeiture of several hundred-pound deposits for those who stay behind.

Despite its six-month London run at the Princes Theatre and its royal patronage, *King Kong* has been only a partial success. Its critical reception was lukewarm, hardboiled connoisseurs of such curiosities as the *Ballets Africains* having proved less susceptible to native charm than white audiences in South Africa, where at least part of the show's impact was that of women preachers on Dr Johnson.

Unfortunately, exoticism is not enough to keep London sophisticates queueing at the box-office; neither can the other ingredient of the show's partial success, its implicit (and in London debilitatingly explicit) crack at *apartheid*, last for ever. Again, London once lost, the assault on the provinces was perhaps ill-considered. Audiences there are hard enough to come by at the best of times: they are inclined to go by Mr Tynan's book and Mr Hobson's choice (and these are strict mentors); and some provincials who wanted to attend for reasons of political solidarity made the pilgrimage to London anyway. It is not altogether surprising that it should have folded in Birmingham, where the prevalence of black immigrants may well have removed some of the interest, as well as some of the sympathy, from an all-black show.

The rigours of producing *King Kong* in Johannesburg involved the repressive vagaries of police action and the propensity of the cast to disappear wholly or in part on rehearsal nights; in London it was hospitality and a sometimes extreme use of an unaccustomed freedom which caused worries. Troubles, of course, seldom come singly in provincial tours.

The prospect of opening in New York and Israel might have injected a new vigour into everybody; but those arrangements fell through—a disappointment hard to bear at the best of times and in the least sanguine of casts, harder still in people who had been led to believe, by often irrelevant reactions to their show, that they were the greatest thing since *Porgy and Bess*. Without denigration of a good musical and a welcome sign of South African life, they weren't. And the people who persuaded them that they were ought to have known better.

English colours for the Caribbean



PRISM

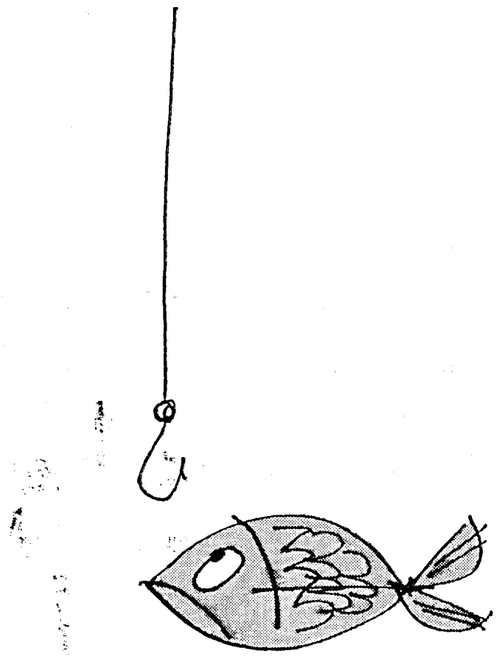
From Trinidad to Jamaica, the West Indian scene vibrates with natural colour: scarlet hibiscus and mauve bougainvillea, many-coloured humming-birds, strangely spotted orchids and — never out of sight — the ultramarine sea. Now something new has been added. In a factory near Port-of-Spain, finely ground pigments are being blended with carefully formulated synthetic resins to form colours that not only rival Nature's, but also do a sober job of protecting the houses, hotels, airports and industrial installations of the West Indies from blistering sun and tropical storm.

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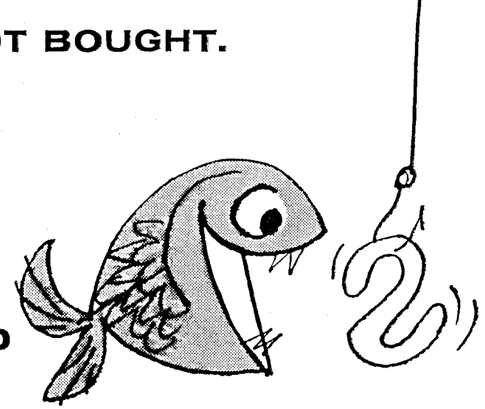
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THE WORLD OVERSEAS

United Nations Fights for its Life

FROM OUR SPECIAL CORRESPONDENT IN NEW YORK

LATE on Wednesday, as the tape machines at the United Nations headquarters tick out Katanga's tale of battle, it is hard to recall that the acting secretary-general, U Thant, made headlines as recently as last Friday merely by a remark that Mr Tshombe was "very unstable." A week ago the prospect of a United Nations force being engaged in full-scale fighting seemed sufficiently remote even to those here who viewed it with either particular enthusiasm or particular alarm. Nobody for instance reacted to the news of the assault on November 28th on the chief UN officials in Katanga, Mr Ivan Smith and Mr Urquhart, with any suggestion that this would instantly provoke a shooting conflict. U Thant's statement on December 1st that he would take another week to prepare his plans for carrying out the Security Council's resolution of November 24th, and would then have to consult with his eighteen-nation advisory committee, was in itself enough to make most people here, of whatever persuasion, count on a certain breathing space. The weekend was available for a leisurely dissection of the case of Dr Conor Cruise O'Brien, for Mr Stevenson's farflung negotiation with the Organisation of American States (and with his own President) and for the counting and recounting of noses involved in the complex arithmetic of the debate on the China seat.

For many here, what others today call the "war" is still in a broad sense unreal. The Assembly's business is as usual, with the usual vistas of unhurried debate not only on China but also on Palestine refugees and—this stretches the imagination—outer space. The procession of cocktail parties and formal dinners has not been disarrayed by the arrival of the first casualty lists. There must be fully as many people in the United Nations building, most of them absorbed in their habitual chores or rolling their habitual logs, and all of them insulated within the glass walls in their private world of carpeted silence and cosy air conditioning, as there are UN soldiers under fire in Katanga.

In New York last night President Kennedy warned the Americans that they had become a "nation of spectators" and must toughen up by using their muscles if they were to survive in a hard world. In the UN building, only a few streets from where the President spoke, these words have a doubly stinging echo today. Some 6,000 young men, mainly from India, Ireland and Sweden, are under fire in Africa in a battle upon which hangs the fate of the whole United Nations experiment : others are headed for the same battle. It is not certain how many of the equally numerous and more comfortably cushioned spectators in the New York grandstand realise that the biggest issue behind the battle smoke is whether the United Nations will ever flex its muscles again.

Tonight that issue is real and lively. The jet fighters supplied by Ethiopia, India and Sweden have now given the United Nations force the command of the air in Katanga that it dismally lacked in September—so dismally that Mr Hammarskjöld's ill-fated flight had to be made by a circuitous route and in darkness. But the UN force is greatly outnumbered by Mr Tshombe's troops—if they can still be called Mr Tshombe's—not to mention the many armed and organised European civilians in Katanga, some of whom have already been identified as playing a formidable role in the new battle. Tonight in this building one cannot help being painfully interested in the possibilities of defeat. For the United Nations the battle can bring no clear victory, only at best a qualified success that would bring political problems within manageable proportions, without disposing of them. But defeat could be real—and final. Defeat could bring the whole effort to give the United Nations an effective peace-keeping capacity grinding to a savage stop among the fumes of bitter recrimination, and leave the organisation the toothless, querulously mumbling thing that various parties would like to see it become. Much rests on the shoulders of those 6,000 men ; and of the commanders who must lead a variegated and run-down force, weakened by the huffy withdrawals of several national contingents, through a battle that was thrust upon it at a time not of its own choosing.

THE last point is important to get clear. The battle that erupted on Tuesday was not planned by the United Nations. It was not the action to clear out Katanga's mercenaries and militant Europeans that the Security Council authorised on November 24th, if such action proved necessary to effect the council's resolution. Nor was it a simple UN reaction to the brutal provocations of recent days. It seems completely clear in New York that the UN force was ordered into action only in the face of obvious preparations for a full-scale attack on it, including the stealthy blocking of its most vital lines of communication under cover of a fog of assurances, generously but mistily emitted by Mr Tshombe's representatives during the protracted negotiations that were counterpointed by the whipping up of local hatred against the United Nations.

Although making the military problem worse, these circumstances look like easing the political one. Up to the time of writing there has been no indication of any withdrawal of British support for the UN operation. In Delhi Mr Nehru has been firmly defending India's role—a major one—in the United Nations force against the sharp criticism arising from the recent murders of Indian soldiers by Katanga troops. Swedish qualms about involvement in an outright struggle seem to have been overcome by the fact that this conflict was forced upon the United Nations by its antagonists. And American backing for the latest UN actions has been swift, explicit and of crucial value. From Washington came not only an immediate declaration of support but also authorisation for the use of Globemaster aircraft, hitherto used to bring in UN troops and supplies from abroad, in direct support of the present fighting by ferrying reinforcements from Leopoldville to Katanga.

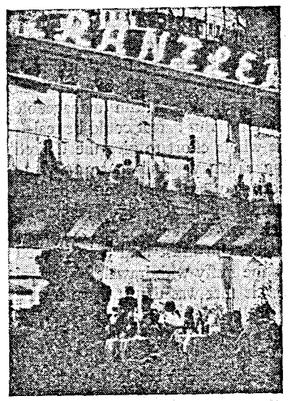
The fact that U Thant's task has been eased in certain respects has not lessened the general appreciation of the way in which the events of these critical days have been handled from the 38th floor of the secretariat tower. Many—not all, but including some who might have known better—have been surprised by U Thant's coolly decisive responses to the demands of these urgent hours: surprised and heartened, or shaken, according to their conceptions of the proper role of the United Nations executive. U Thant can scarcely yet have had time to master the intricacies of the secretariat end of the Congo operation, and has doubtless been glad of the

presence beside him of such veterans of the long haul as Dr Bunche. But he has so acquitted himself in these first hours of a new ordeal that it seemed a very apt slip when a New York broadcaster today unintentionally referred to him as the United Nations acting general.

Berlin in the Void

FROM OUR BONN CORRESPONDENT

Berlin



At the end of their talks in distant Washington, President Kennedy and Dr Adenauer declared that they were "determined to ensure the continuance of a free and vigorous life for the population of Berlin." Here on the spot, the senior German officials, responsible for organising the creature conditions in which the two and a half million west Berliners might hope to live freely and vigorously, say that the dividing wall has precipitated two extremely urgent requirements. First, a prompt and satisfactory east-west agreement on Berlin, in consequence of which the west Berliners might get on with their lives in reasonable security. Second, the provision of from 10,000 to 20,000 settlers in west Berlin every year in order to maintain its vigour. The two requirements are closely related.

So long as he kept out of sight of the wall, an unknowing visitor would see nothing at first to tell him how completely Berlin has been cut in two. And to all but the most hardened old stagers it is astonishing to reflect that this part-city, west Berlin, with its 2,200,000 inhabitants, is not now transacting any commercial business with or importing anything, even fresh food, from any other place nearer than 110 miles. To all appearances, west Berlin is again warming up for Christmas just as comfortably as any normal German city; and the flow of smooth cars, the busy restaurants, the garlanded and sparkling shops, and the press of customers, testify how big-heartedly the Federal Republic, in spite of much hindrance, is sharing its prosperity with its relations in reduced circumstances on the Spree. But the anomalies of partition and the uneasiness of the citizens are soon and everywhere encountered.

The civic state of Berlin has deteriorated appreciably since August 13th. Workaday contacts between the eastern and the western sectors, exiguous as they have always been since the blockade, have been further reduced to an incredible minimum. There being no more daily commuters, public transport between the sectors has ceased, save for a few electric trains between west Berlin and the Friedrichstrasse station in east Berlin, which has become a full-blown frontier control point. Buses and coaches have been brought in from as far as Hamburg, Munich, and Stuttgart to cope with the additional passengers who travel by bus in consequence of the west Berliners' boycott of the east-Berlin-owned Stadtbahn. A few west German visitors obtain permits to enter east Berlin. But for want of permission from the communist authorities neither east nor west Berliners are free any longer to see each other when they want to, or to visit each other's theatres and museums; and *Neues Deutschland* has announced that there will be no easing of the restrictions over Christmas.

It is not only individuals who are being put out in one way or another. In company with several east German enterprises, the east Berlin underground and tramway systems, for instance, are already in difficulties because they can no longer send their mechanics into west Berlin to buy useful spare parts. Yet it is still possible for Berliners to send letters and parcels across the border. (The telephone lines were cut in 1948.) Two west German post office delivery vans and six railway parcels vans are admitted daily into east Berlin. For the rest, the two halves of the city are tacitly agreeing to continue to dispose of each other's sewage where such an arrangement is convenient; and the respective criminal police forces talk to each other from time to time by teleprinter about their wanted felons. The fire brigades and the gas, water, and electricity companies have long been going their own unco-operative ways.

The wall's sharp cleavage, and its national significance, are affecting the west Berliners variously. There are the buoyantly cynical ones, for whom the political cabaret *Die Stachelschweine* ("The Hedgehogs") is a glad spokesman. The star of the current show, Robert T. Odeman, swipes contemptuously at politicians of all breeds—rhyming *politisch* with *parasitisch*, and dealing his knock-out blow with the remark that the old feeding troughs remain while "the pigs change; they are new." There are the impotently angry ones, scattering crude leaflets in Kurfürstendamm—an unheeding thoroughfare if ever there was one—calling on German youth to fight for freedom:

> Don't tolerate the criminal Ulbricht's concentration camp wall. June 17th and Hungary were a warning. They were bickering about cabinet posts while human beings were dying at the wall. Sixteen years of division are shameful. So fight together with the German Freedom Front against communism.

And there are the more reflective, who anticipate that west Berlin must sooner or later adapt itself to playing a new and subtler part now that it has lost its dual role of sanctuary and showpiece. Their prayer is that the enveloping Democratic Republic will meet them part of the way by evolving a regime at least as liberal as Poland's; and many of them are engrossed at the moment in a new Rowohlt paperback—"The Wall—or the 13th of August," edited by Hans Werner Richter—in which the conflicting views of east and west German writers are usefully reproduced. (If only Herr Ulbricht were big enough to let the east Germans read it.)

THERE are also those who, seeing no satisfactory future for themselves in Berlin, are making arrangements to leave. It is not yet possible to find out exactly how many, and who, are going. According to the senate, some 1,500 persons—three times more than usual—left Berlin for good in the month of October. The total loss of population through emigration between August 13th and the end of November is estimated to be roughly 9,000, of whom some half are described as refugees, 30 per cent as old-age pensioners, and 20 per cent as able-bodied native citizens. Shortly after arriving in Berlin the other day, this writer made for a favourite shop, just off Kurfürstendamm, that has sold artists' materials for many years. It was there no longer: or, rather, it is now a shop of a different kind; the previous owner, who had been doing business as usual at the end of August, had, it was explained, moved in the meantime to Kassel.

Yet, being what they are, the majority of Berliners cannot be fitted into neat categories. Perhaps many would like to go who cannot, and are holding their tongues. But most of them, it seems, are ready to ride out the storm if it comes. There is so much confusion and restlessness that the administrative authorities are becoming increasingly impatient for the long contemplated east-west negotiations to begin. Morale is bound to deteriorate further they say, unless a settlement is soon reached guaranteeing west Berlin as independent a future as is practicable in the circumstances.



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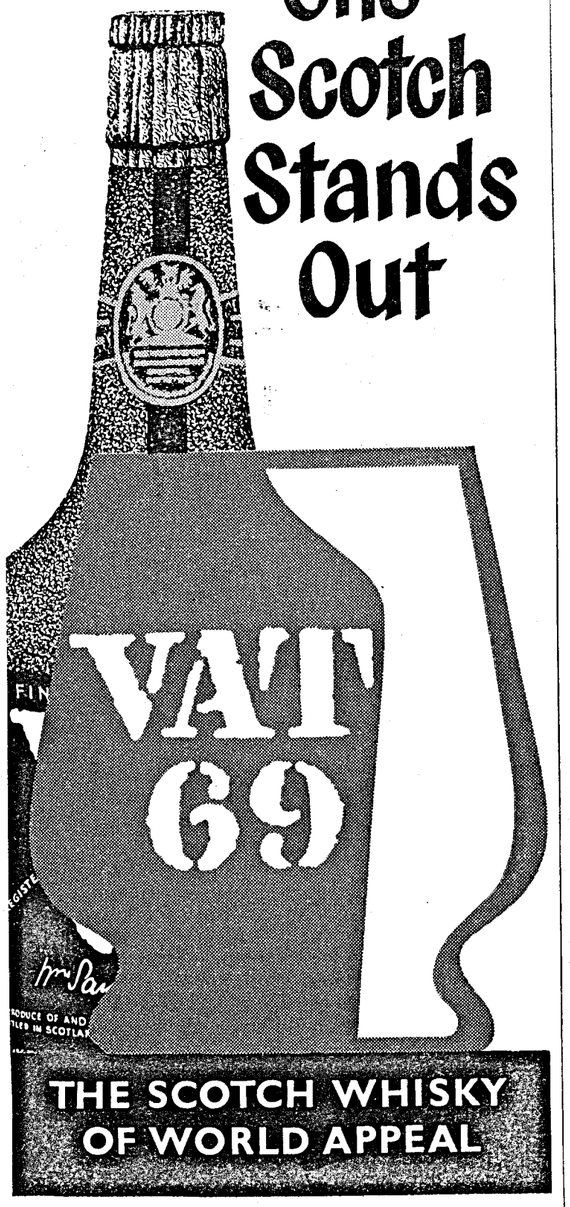
Quick cups of coffee, that is. The more instant the better. For the thing that makes a man bad-tempered first thing in the morning is shortage of blood sugar. And one sure way to cure that is with a hot sweet drink. So quick! On with the kettle, out with the can, and make him fit to live with again.

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Nor will continuing uncertainty attract the new settlers the city will require in future.

These are wanted to replace, not the westward emigrants, but the eastern immigrants who have ceased to arrive since August 13th. (For hundreds of years Berlin's vitality has been fed by newcomers from the east, particularly Silesia). Few will come from the west unless they are assured that at least one of Berlin's lines of communication is not controlled by the east Germans. It is not at all clear yet where so many west German volunteers are going to be found for patriotic duty in Berlin. But if they are not, the city's present administrators say, the Federal Republic's massive subsidies for west Berlin will go to waste for want of a sufficiently vigorous population.

Tanganyika's Torch

FROM OUR SPECIAL CORRESPONDENT



ADMINISTRATORS in London and New York, often oppressed by the perversities and ingratitudes of Africa, have a habit of changing their tone of voice when they speak of the latest country to reach independence. They brighten in the manner of those gravy-sniffing twins of years ago and murmur "Ah, Tanganyika!" This gives the world the impression that this land of nine million people was created as near to perfection as this earth can manage, and that problems here are unknown.

This does much less than credit to the prime minister, Mr Julius Nyerere, and his cabinet who, in only twenty months in office, have worked singlemindedly to build a national unity throughout a land as large as France and Germany put together. It also offers no hint of the size of the obstacles ahead. The leaders have given frequent warnings through the slogans they have coined: "Uhuru na Kazi" (Freedom and Work) is now supplemented by the Churchillian "Uhuru na Jasho" (Freedom and Sweat). But there is also some understandable wishful thinking among the independence banners. The Aga Khan's Ismailis do best with their "Welcome to the peaceful dynamic and miraculous motherland."

Peaceful as Tanganyika has been, its hundred thousand Asians have their anxieties this weekend. A wave of racialism followed in the wake of the visit of Mr Jomo Kenyatta and Mr Paul Ngei from Kenya and broke over the national assembly during the citizenship bill debate. Mr Nyerere threatened to resign if his members refused to give citizenship to those non-Africans who pledged sole loyalty to Tanganyika. It was also thought necessary for Mr Rashidi Kawawa, the party's vice-president, to tour the southern highlands and assure the European farmers that there would be no discrimination against them. They will probably be left in peace and there has been no question of their having to press for a guarantee for their land titles, a problem that has worried their Kenya cousins for years. But the outlook for Asians is less secure.

The Asians have spread themselves thinly through Tanganyika as traders and as middlemen buying up peasant crops, and envy at their success often approaches racial resentment. Perhaps there will be few cases of open intimidation—the government is on guard against this—but it seems certain that the small Asian business man will be squeezed out. Already in the northern province this has happened: the Chagga tribe, grown comparatively rich on the coffee planted under Mount Kilimanjaro, has produced its own successful trading co-operatives and the Asians have retreated to bigger business—or poverty. Only a few seem equipped to face this change. Also, Asian civil servants cannot hope for much promotion, at least until the Africanisation process has provided a fairer proportional balance in government. It is not a one-sided matter and Mr Amir Jamal, the minister of works and communications, who as the only Asian member of the cabinet has worked to bring his people halfway to integration, warned them of their responsibilities last month:

> It would be a matter of great pity if all we felt we needed was a piece of paper to make us citizens, something we could wave and display as an identity card. Instead of asking what am I going to get out of it, the question they should be asking is what am I going to put into it.

The failure of the privileged few to identify themselves completely with Tanganyika's efforts to raise the general standard of living was, Mr Jamal suggested, perhaps as great a danger as any irresponsible behaviour on the part of the uninitiated masses.

Another major problem that may soon be facing the independent government is the united opposition from the trade unions. In well-argued speeches and articles, Mr Nyerere has contended that the idea of trade unions automatically opposing the government is illogical. There have been attempts to associate union leaders with employers and with the government in a committee whose task is to anticipate points of difference. Nevertheless, some of the unions, led by the railway labour leader, Mr Kasanga Tumbo, are beginning to fight the government. Grievances over the government's refusal to raise wages, and Mr Nyerere's threat that government employees who strike may be sacked, provide enough fuel for the moment. This small fire may spread if Mr Tumbo can get together with the agricultural co-operatives and identify himself with the "have nots."

THE government has two answers to Tumboism. The first is to refer consistently to unionists not as "the workers," but as "wage earners" as a reminder that the vast majority of Tanganyikans are peasants living at subsistence level and sharing little common ground with urban employees. The second, and positive, course is to devote most of the £24 million in the three-year development programme to increasing agricultural production. Britain, after a senseless period of meanness, promised £14 million towards this programme, and the rest should not be hard to find in such countries as Germany, which already has sent a development adviser to the ministry of commerce and industry. There is a growing feeling that the government, trading on its excellent political reputation, could be bolder in its borrowing plans; indeed, it will have to be bolder if it is to raise the average income above the miserable figure of £19 a year. But the world bank mission advised the government that a smaller figure still was the safe borrowing limit, and the word of the finance minister, Sir Ernest Vasey, is accepted that Tanganyika should not burden itself with larger loan repayments.

On the eve of independence the Tanganyika ministers are showing a confidence that is well founded on realistic preparations. They explain that the Tanganyika African National Union, which

won 70 out of 71 seats in last year's elections, has an organisation that spreads from the villages upwards, and should inform the government of grievances and anticipate any challenge from the opposition. They have come through a crisis of confidence in the Commonwealth, which ended happily with the withdrawal of South Africa in March. The Duke of Edinburgh's presence is a cheerful reminder that with independence Tanganyika's relationship with the Queen becomes closer than when she was merely the head of the administering authority. In foreign policy Mr Nyerere's government is likely to follow the Nigerian pattern. The government representatives conspicuously absent from the celebrations this weekend are those ideologically unwelcome neighbours from Rhodesia, South Africa and Portugal. The Chinese and the Russians are here, and the Chinese and the Jugoslavs intend to establish news agencies in Dar es Salaam. But the Tanganyika government will certainly prove one of the most fervent supporters of the United Nations—which is the best commentary on 15 years as a trust territory. Independence, said Mr Nyerere recently, is "a gift of great price and a burden of great magnitude." It is cold and tough going on the summit of Kilimanjaro where the prime minister has planned to set his torch of example.

Canada Sees the Sun

FROM OUR OTTAWA CORRESPONDENT

THROUGH the mist of ministerial statements and the dazzling glare of opposition drivers, who rush into the fog with their headlights blazing as though the visibility were perfect, Canada is at last feeling its way into the clear. The pattern of a Canadian policy towards Britain and the common market is gradually emerging. Mr Fleming, who understands the complexities of the European Economic Community better than any of his colleagues, and Mr Pearson, who understands them far better than any other opposition politician, both appeared in filmed interviews on two ambitious television programmes of the Canadian Broadcasting Corporation designed to explain what the common market is all about.

On December 3rd, in the second of these programmes, they both gave their views about the course Canada should follow. Also in the programme were Mr T. C. Douglas, the leader of the New Democratic party, and Mr Robert Thompson, the newly chosen leader of the Social Credit party. Mr Douglas was specific. He proposed the organisation of a concerted movement by all Commonwealth countries to join the European common market. If he could not get support—which he thought most unlikely—then he wanted to lead Canada alone into membership. Mr Thompson appeared to be moving rather more vaguely along the same lines. In contrast to these two, Mr Fleming and Mr Pearson, with their fuller understanding of the problems, expressed policies which, though starting from opposing premises, seemed to promise much the same end result.

Mr Fleming, as in duty bound, maintained that British entry into the common market would hurt Canadian interests, but he expounded more clearly than any previous government spokesman the hope that President Kennedy's initiative would give Canada the means of picking up the pieces. He pointed out that the cancellation of British preferences would give Canada a useful bargaining card which—as he implied—would be particularly valuable in the sort of world-wide linear tariff negotiations envisaged in the Kennedy plan, as outlined by Mr George Ball. In answer to a leading question, Mr Fleming clearly showed that he regards the Ball-Kennedy proposals as a chance of sparing Canada from the harsh choice of continental integration. Mr Pearson, also as in duty bound, started from the view that British entry into the common market should be welcomed but that Canada should be trying to broaden the European community into a North Atlantic community. A North Atlantic free trade area has been the declared goal of the Liberal party. But in the last couple of weeks Mr Pearson has deftly redeemed this impracticable proposal by adding that the area cannot, of course, be in any way exclusive. This addition brings Mr Pearson into line with Mr Ball and Mr Kennedy, and therefore with Mr Fleming—though this cannot be admitted by either party. It has so far passed entirely unnoticed in Canadian newspapers, but clearly it is of the first importance.

Mr Pearson stated even more clearly than Mr Fleming, though Mr Fleming is certainly of the same view, that the initiative of the American Administration is "tremendously exciting." If the President does not get the wide powers that he wants from Congress it now looks as though Canada—whether its government this time next year be Conservative or Liberal—will be even more downcast than the United States Administration. The two main political parties are thus getting into line with the viewpoint of progressive business men. This is a cause that neither of them dared to espouse until now, and which carries implications that both parties are still reluctant to admit. The interaction of politics and business is at much the same stage as it was in Britain about two years ago.

This is the time of year at which bank presidents deliver their annual addresses. So far, only two of the ten presidents have spoken—Mr Hart of the Bank of Montreal and Mr Lambert of the Toronto Dominion Bank. They have probably set the key which the rest will follow, though in varying pitch. Mr Hart said that British entry into the European community might in the long run provide a stimulus to economic expansion and a "greater demand for Canadian raw materials to offset the other disadvantages." Mr Lambert advocated "the more positive approach of exploiting the opportunities for enlarged and more prosperous markets." What bankers and politicians are too cautious to say except in veiled terms is being said with increasing frankness by manufacturers and, unofficially, by government officials. This is that Canadian producers, not only of raw materials but also of manufactured goods, have simply got to become competitive instead of relying on protected markets. Those very industrialists, who were horrified four years ago at the prospect of free trade with Britain, are now talking about how they can become competitive not only in Britain but also in Europe and the United States.

Some of them have been converted by the removal of import restrictions in Britain and Europe, others by the successes of a few Canadian manufacturers in the United States. An example of the first group are the makers of domestic appliances who saw nothing but ruin four years ago if British competitors had free entry to the Canadian market. They have now discovered that, given distinctive quality and design, they can sell Canadian appliances on the other side of the Atlantic even at premium prices. Canada is selling umbrellas, men's suits and fishing rods in Britain,

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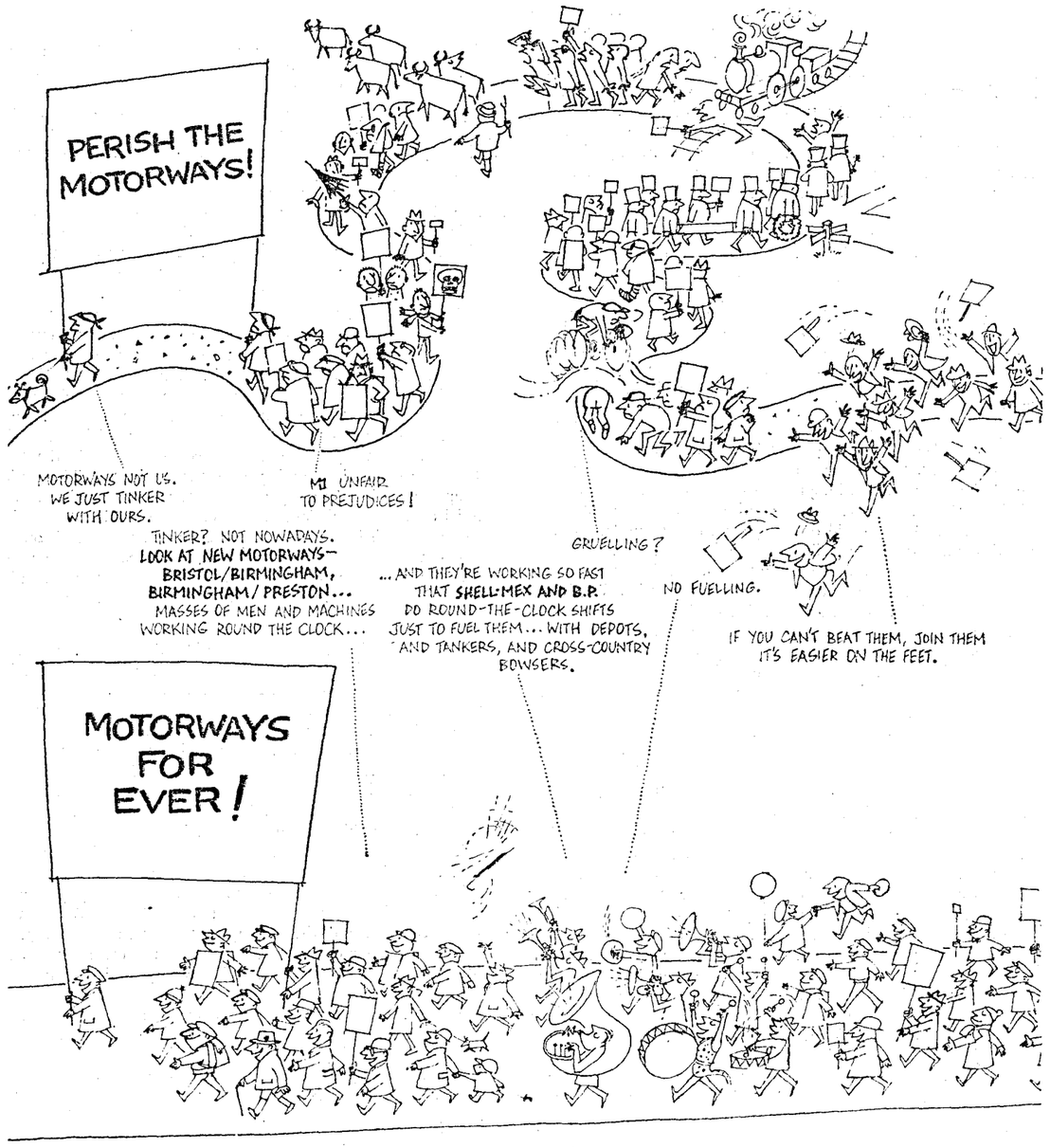
Now that the July measures have been in force for several months, their effects and efficiency are examined in some detail. The review considers the possibility of a recession next year. It also looks at the outlook for wages and prices and at the external position. Finally it considers the theory of the pay pause and of what might follow it in the framework of a national plan for the economy.

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toys in Japan, certain kinds of textiles in Hongkong and diesel locomotives in Latin America. In the American market, a Canadian manufacturer, in business for less than three years, is selling millions of dollars worth of hi-fi sets and others are beating big American manufacturers in tenders for specialised kinds of electronic equipment. Beyond all expectation, including that of the maker, Canadian chocolates are being featured in New York stores. Whatever becomes of Britain's negotiations with the European community, and in spite of all the wailing that Canada has put up, the final result may yet be as stimulating and healthy for Canada as the common market is for Britain.

Rhodesian Cold War

FROM A CORRESPONDENT

SOUTHERN RHODESIA is losing its social colour bar; but this is not preventing the races from drifting even farther apart. Things are getting so bad that there may well be violence next year. The white United Federal party, the party in power, has boldly announced that it intends to do away with racial discrimination in public places; and it has persuaded most white Rhodesians to accept a new constitution under which 15 Africans will sit in a previously all-white house of assembly. The house itself will be enlarged to 65, to take the extra members. These measures are not, however, winning widespread African support. The African National Democratic party wants political power, and a redistribution of land. It has decided to boycott elections under the new constitution, and to use strikes as a political weapon.

The UFP, led by Sir Edgar Whitehead, decided at its annual congress in October to make all racial discrimination illegal, and to repeal the Land Apportionment Act (which reserves just over half the country for whites) if it wins the elections next year. Laws preventing Africans from entering cinemas, drinking hard liquor, having sexual relations with white women, and holding freehold titles in African townships near white towns, have already been repealed. Liberal councillors in the major towns are pressing for African participation in local government, previously a "whites only" domain. Multi-racial sports clubs are planned; there has been a successful season of multi-racial football games. On October 13th, the chief justice, Sir Hugh Beadle, ruled that the Salisbury city council had no power in law to discriminate against Asians and Africans who wanted to use its three public swimming baths. This was the climax of the anti-colour bar campaign led by Dr Ranger and Mr Lovemore Chimonyo. The decision clearly implied that other public amenities can no longer be reserved for Europeans only. By Rhodesian standards these are all spectacularly liberal measures.

Unfortunately but understandably, Africans are now so suspicious of European intentions that they are no longer prepared to accept these gestures. They see them as an attempt to win world, and British, support for continued white political authority. As Mr Joshua Nkomo, the president of the National Democratic party, has said, "We want to swim together in parliament, not in swimming pools." This is a revolution in African thought compared with ten years ago, when it was believed that by joining multi-racial clubs, Africans could acquire political influence, if not power itself. At that time, Europeans feared that social integration would corrode their political power. Strong arguments were advanced among Africans for "working within." Mr Nkomo, himself, stood in the federal elections in 1953, and Mr George Nyandoro, now detained for three years, was a member of the Inter-racial Association. But, after eight years, African federal members of parliament have been unable to change basic government policy, and "working within" is a discredited doctrine. Multi-racial groups are regarded by most Africans as "cooling chambers." In contrast, Africans have seen Dr Banda's toughness succeed in Nyasaland.

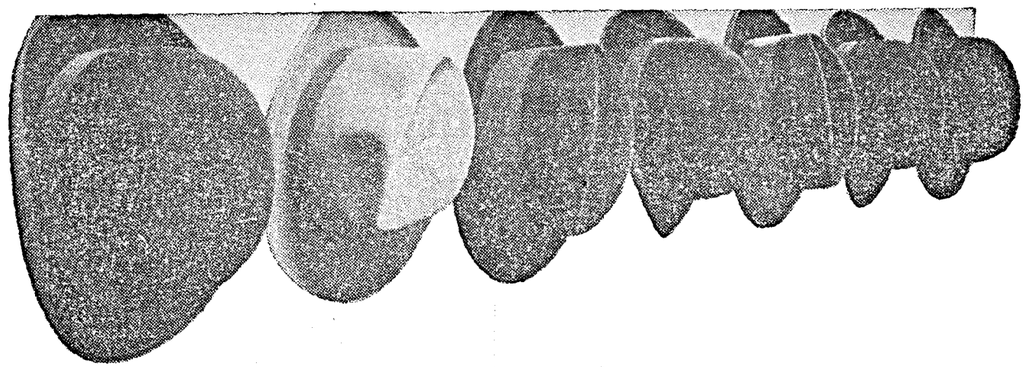
Even so, it was argued at the National Democratic party congress (which followed the United Federal party meeting) that the elections should be fought. This, it was suggested, would give the party a chance to "work within" the assembly at the same time as it exerted normal nationalist pressure in the country; it would also make the NDP politically respectable and thus give it some protection against the harsh security laws enacted by the UFP government. But the NDP congress rejected this argument. Its reasons were pressure from Accra and Cairo; dissatisfaction with UFP land policy; and its belief that the new constitution diminishes African parliamentary influence in one important respect. The old constitution put about 3,000 African voters in a position to influence the election of about ten European members—a third of the house. Now these voters will be on the roll that elects 15 African members; their influence, while more direct, will be restricted to the black quarter of the new assembly.

So the National Democratic party will not only boycott the elections; it will also urge the 15,000 to 25,000 newly enfranchised Africans not to register as voters. The 4,000 already on the roll are being asked to return their cards. This is a blow to the white liberals, whose New African party, led by Mr Garfield Todd, a former prime minister, intends to put up candidates supporting NDP. But the NDP organisation may not be efficient enough to make such a campaign succeed, particularly outside the towns. The government is spending £250,000 on its "Build-a-Nation" campaign, designed mostly to persuade voters to register. Influential district commissioners, and some conservative African landowners, may help the government campaigners to reach qualified voters in remote areas. If the registered number of African voters is less than 7,000 by next June, the NDP campaign will have been a success; if it is much more, the UFP will have won.

BUT the NDP has other plans besides the boycott. It is determined to disrupt industry in the hope of frightening off the foreign investment on which the country relies. This the party thinks might bleed the economy to a point where the Europeans would have to choose between coming to terms with African nationalism or leaving the country. This campaign has a greater chance of success; it cannot be ignored by hard-headed settlers. People are leaving the country already; the high wages paid to white workers have fallen; the building industry is hard hit, and unemployment is reaching alarming proportions.

The National Democratic party faces some hurdles in this campaign. Mr Abrahamson, the minister of labour and perhaps the brightest member of the government, has personally pressed employers to raise minimum wages. He has talked the African trades union congress and the employers association into accepting a wide investigation of the wage structure. The trades union leader Mr Reuben Jamela, has bound his twenty affiliated unions and their 38,000 members to the agreement arranged by Mr Abrahamson. And while there is so much unemployment, strikes cannot easily succeed. But the unemployment itself suits the NDP. If Africans, particularly school-leavers, are out of work, they have a genuine grievance against the white government and are easily persuaded to join the struggle to remove it. Lightning strikes—like the one that brought out 500 workers at the Dunlop tyre factory in Bulawayo last month—are part of the plan. In quick response, the government has increased the size of the police force to deter these activities.

National Democratic party tactics work in colonial territories under direct British control; they may not succeed in a virtually independent country, where 250,000 governing whites rule two and three quarter million Africans. When baton-waving white policemen (including young, inexperienced, police reservists) face members of the youth council of the NDP, it is difficult to see how violence can be avoided.



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THE BUSINESS WORLD

Reforming Hire Purchase

As if they had not troubles enough, the hire purchase finance companies in the past few weeks have been ruffled by the short, simple private member's bill introduced by Mr W. T. Williams, Labour MP for Warrington, with some influential support from both sides of the House. It is up for second reading this Friday, just after this issue of *The Economist* has appeared. The aim of the bill is to strengthen the hand of the hirer—that is the consumer—in his dealings with the finance companies. The companies say that it would load the odds against them so seriously that they would be forced to apply far stiffer terms all round, which would push car buying, for example, out of the reach of lower scale wage earners. There is no doubt that its effects would be far-reaching.

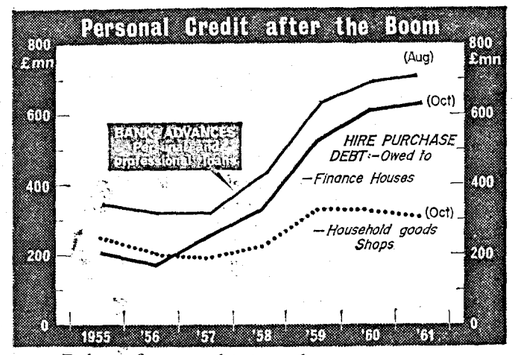
This is not the definitive reform bill for hire purchase—a private member could not be expected to produce that. What the bill does is virtually to make a nonsense of the law and practice of hire purchase. Since the hire purchase companies themselves have been doing a good deal in this direction in the past year or two, they ought to be taking the long view on legislative reform. The Finance Houses Association has told MPs that the rate of defaulting is now "five times higher" than before 1958; it says that losses now average 2 per cent of turnover, compared with ½ per cent before the war. Mr Williams's bill, despite its incidental disadvantages, would in fact help to push instalment lending in the direction that thoughtful people inside and outside the finance companies have favoured for some time: that is, away from complete dependence on the dealer and towards a more direct, banking relationship with the customer—the putative hirer. The best outcome would be if Mr Williams's bill prodded the Government into producing its own comprehensive measure of reform, at latest within a short period of receiving the Moloney report on consumer protection, which is expected in the spring. If the Government refuses such a commitment, then MPs would do well to get Mr Williams's bill, amended at one or two points, into law; once this happened the Government would be virtually forced to act.

The bill as it stands has four substantive clauses. The first extends the statutory protection of the 1938 Act to cover goods up to a total hire purchase price of £1,000; the present limit is £300, having been raised in 1954 from the £100 in Ellen Wilkinson's pioneering Act before the war. The second clause introduces a waiting period of "at least two clear days" in which the hirer or buyer must be given, in writing, a notification of proposed terms, in the standard form set out in the schedule to the bill ("The cash price of the goods is —. The credit charges are —. The difference between the cash price of goods and the total amount you will have to pay is therefore —. . . . "). The third clause makes the finance house, as the legal owner of the goods, responsible for dealers' misrepresentations. The fourth requires that any document required by this or the 1938 Act shall be printed in type not smaller than ten-point Times, in which these lines are printed.

IMMEDIATELY, the biggest jolt to the finance companies would arise from the extension of statutory protection to cover virtually all their business in cars (most of them within £1,000), rather than only the bottom end of it. This bill would limit the rights of finance companies in two main ways. First, once the hirer had paid one-third of the total hire purchase price (cash price plus credit charges together not exceeding £1,000) the finance company could secure repossession of the car, or other product, only after obtaining a county court order—whereas goods involving more than £1,000 could still be repossessed without formality when the hirer fell down on his instalments. Secondly, if the hirer himself exercised his right to terminate the contract and return the goods to the finance company, he could not be made to pay more than was needed to bring the amount he had paid through his deposit and instalments to more than one-half the hire purchase price, up to £500. This means in effect that once the hirer had paid sufficient instalments to bring him beyond this half way mark he could return the car to the company with no penalty. He already enjoys all these rights under the 1938 and 1954 Acts on contracts up to £300; by extending the limit to £1,000, the bill brings the legislation squarely into the finance houses' range. They would face a loss on a repossessed car if the proceeds of its sale (and repossessed cars are not popular in the motor trade) were less than the amount still owing on the hire purchase price.

The Finance Houses Association has therefore intimated that if Mr Williams's bill is enacted, its members would have to take a much sterner stand against hirers who fell behind in their early payments, as the companies would be reluctant to lose the opportunity of repossession without a court order. Secondly, finance companies would be obliged to make "drastic revisions" in their terms of business. These will aim to ensure that the car's value does not depreciate below half the hire purchase price at any stage of the agreement, and to achieve this the FHA says the companies would need a deposit of at least one-third and repayment over at most two years. On this basis, the critical amount of half the HP price would in fact have been paid when the car is only seven months old. The finance companies would therefore be dis-

playing unusual caution, even allowing for delays in getting court orders and the rest; and with a one-third deposit they could never in fact repossess without a court order. But one can agree that the slant of the present legislation is too far towards allowing the hirer to escape from his contractual obligations, and by encouraging the finance companies to gear their whole practice to this contingency, would in the end penalise the great number of people who carry out their hire purchase obligations in the agreed way. The finance companies' present rules on termination for goods not covered by the 1954 Act, on the other hand, are often rapacious. The



End-year figures, or latest month

sensible solution would be that in the event of premature termination the hirer's obligation should be the amount still owed to the company, *less* the amount the company received for re-sale of the car, *plus* a modest but not insignificant penalty—say £25. The finance company is entitled to fair compensation for the broken contract.

THE two day "think period" proposed in Mr Williams's bill aims mainly at curbing the persuading power of the door-to-door salesmen, and the big finance companies, which do not normally employ door-to-door salesmen, are content to see such dubious trading curtailed. They are worried, however, about the effects of the two-day pause on their car business. It is said to be "unacceptable" in the motor trade. Is this really so? By what alternative means would traders sell their cars? The pause should in fact strengthen the finance companies' position in relation to the motor trade; they ought surely to welcome a breathing space to discover something about the man to whom their agent has advanced hundreds of pounds. This part of the bill should therefore be welcomed unreservedly.

So, too, should the third clause, which gives the hirer the same right against the finance company to rescind the agreement or return the goods in the event of misrepresentation by the dealer as if the dealer were the owner's agent. In fact, much of this protection to the consumer already exists under Section 8 of the 1938 Act, which requires an implied condition in the contract that the goods are reasonably fit for the hirer's particular purpose. Even for transactions too big for protection under the 1954 Act, where the finance companies have sought to relieve themselves of implied conditions and warranties by means of exception clauses, interpretation of the common law in recent years has veered towards a rejection of such clauses. But judges would dearly like to see these interpretations codified in new statute law.

The finance companies hotly oppose this reading of the law—and in doing so they build up a formidable and interesting indictment. Giving evidence earlier this year to the Moloney committee, the Finance Houses Association protested that if a man buys a defective car on hire purchase, then because he has no contractual relationship with the dealer, he

> cannot sue the party morally responsible, i.e. the dealer. His remedy under the present law is against the finance company only, so that in effect he is suing his bankers.

In this situation, the FHA goes on,

> it is scarcely surprising that the finance houses have experienced many instances in which dealers have been able to dispose of defective goods to the public knowing they have no legal obligation to the hirer.

And then, as a rather remarkable conclusion to the syllogism:

> The present state of the law may thus be said to encourage conduct of this kind.

What the law has recognised, hesitatingly and fumblingly, is the form in which the hire purchase companies have themselves chosen to conduct their operations. It is the finance companies that have dressed up their lending operations by "hiring" goods of which they are the owners until the last agreed instalment, has been paid; they can hardly blame the law if it takes them at their word.

The anomalies to which the finance companies are pointing are therefore in their own ways of doing business. Their bad experience with dealers is one sign of this; their concern about penalty clauses in the event of early termination of contracts is another—if hire purchase is working as it should the security lies in the goods, and repossession is sufficient remedy against loss. When the companies stress that at present the amount they are owed often exceeds the market value of this security they are admitting that the first principle of hire purchase has been broken. And when they complain that people are getting increasingly careless about respecting the terms of their contracts and are being encouraged to assume that when they are tired of paying instalments they can simply return the car, they should recognise that it was the principle of "hire—then purchase" that originally suggested this view. Now, belatedly, the finance companies are beginning to recognise openly that they are in fact in the lending business, and they see that they have to lay greater weight on the personal creditworthiness of the borrower.

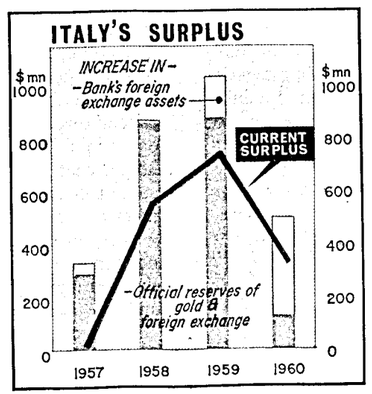
The law can encourage them. It can, in the first place, give the strictest interpretation of the companies' obligations as owners while they retain the hire purchase contract. But it must at the same time open the way to the finance companies doing business by the direct route, through personal loans, which requires at least administrative relaxation of the provisions of the Moneylenders Acts, and also recognition of car registration books as documents of title. The finance companies will not be able to change the style of their business overnight; but they could put much more effort into the building up of a reasonable system of national credit rating. Meanwhile, the companies need to straighten out their relations with dealers; it is wholly to the good if the law gives them the effective choice of confining themselves to honest dealers or doing a straight loan transaction with the individual customer.

If the Government washes its hands of these important matters, it will deserve much criticism. It should be harried also to produce its long promised bill to regulate the acceptance of deposits by hire purchase companies and others. This bill has been held up for years, above all by the reluctance of both the Board of Trade and the Bank of England to undertake the invidious task of choosing between institutions that may and may not accept deposits. The authorities have long shied from the awful task of defining a bank; and they know how much the banks proper would resent having to go through the same hoop as any other deposit taking institution. But this is what credit regulation entails. Is it symptomatic that, recognising the importance and indeed the urgency of this task, the financial authorities have in effect admitted that they dare not tackle it for fear of hurting people's feelings?

Italy's Unfinished Task

LAST week-end's scramble into the Italian lira, which played an important part in the sharp drop in sterling, did not exactly come out of the blue. In recent years, the lira has established itself as one of the world's strongest currencies, and after the revaluation of the mark and guilder last March the lira was immediately put on the speculator's short list of possible followers. An observer standing aside from the technicalities of foreign exchange may indeed be entitled to feel that, like the corresponding talk about the weakness of the United States dollar, this is finance gone wild. Why should a country that has been trying hard to develop its own underdeveloped areas, and has encountered some formidable difficulties in doing so, deliberately blunt the competitive power of its industry and, in the German wake, deliberately slow down the pace of its economic growth.

Revaluation would be an astounding act for Italy. BETWEEN 1959 and 1960 Italy's gross national product rose, despite the poor harvest of 1960, by an estimated 7 per cent in real terms, and its gross investment by 18 per cent. The annual index of industrial production increased by 14 per cent. Exports rose, in value terms, by 25 per cent. This year's increases are likely to fall considerably short of these record achievements, but they will still be high. The increase in industrial output will probably be nearly 9 per cent, and that in exports above 10 per cent. By the summer of 1961 the figure for registered unemployment had fallen to 1,350,000, a considerable step down from the two million of the mid-1950s. Some observers are, moreover, inclined to believe that the number of registrations at Employment Offices overstate the true dimensions of the phenomenon. They are prepared to place more reliance on the much lower figure obtained by the Central Institute of Statistics from sample investigations. In July, 1961, this figure was below 600,000. Indeed, the more optimistic commentators predict that the proportion of unemployed in the labour force will soon reach the 2-3 per cent which is generally regarded as the irreducible minimum.



Italy has certainly made striking progress recently towards solving a problem which is of many decades' standing. It does not detract from this achievement to emphasise how much still remains to be done. Unemployment figures taken alone are misleading in this connection. Quantitatively speaking, underemployment is at present the more important phenomenon. Many millions of Italians are still working at levels of productivity and remuneration far below those of the rest of their compatriots. This is mainly, but not exclusively, a problem of southern Italy, and mainly, but again not exclusively, a problem of an overcrowded agriculture. Even among those workers who have left the land in recent years there are many whose present activities give them incomes little if any higher than the minimal ones which farming gave them previously. The borderline between employment and unemployment is in these and many other cases a very thin one. The process of fully integrating the large numbers of underemployed workers into the productive system requires a further big expansion of Italian industry and industrial exports. Italy can and should achieve, for some years to come, rates of expansion higher than those of countries where no such reserves of labour exist.

At the same time, the progress achieved in recent years has altered Italy's economic relations with neighbouring countries at many points. In finance, Italy is now playing an active part as a lender of short-term capital. In trade, northern Italy's "industrial triangle" is now established as perhaps the most sharply competitive centre of European industry. The pace of activity here has now perceptibly slowed down the net movement of Italian workers abroad, a movement which has been of major importance to industrial expansion in other European countries, notably Germany. Indeed, Italian employers are now sending their own labour-seeking missions into the Ruhr, on the look-out for any Italian workers who can be induced to come back home—which may well be less expensive for Italian industrialists than the training of unskilled labour from the Italian south. In this article, a correspondent surveys Italy's achievement in the perspective of the tasks that still lie ahead.

For many years after the war the view prevailed that a capital shortage was the factor which limited the pace at which this process of absorbing labour reserves could take place. More recently this view has had to be revised in the light of changed circumstances. Italy now has access to the international capital market on a much larger scale and on better terms than were available previously. But paradoxically, Italy has on balance recently been lending abroad, or adding to its gold and foreign exchange reserves at a time when its international liquidity was already among the highest in the world. Encouraged by the boom on the Italian Stock Exchange, private foreign investments (net of disinvestments) in

IMF PLAN

En Principe Again?

THE plan to supplement the resources of the International Monetary Fund which was officially agreed in principle in Vienna two and a half months ago is having a difficult birth. Dr Jacobsson's hope that the detailed formulation of the plan could be left to the executive directors in Washington has not been fulfilled ; the reservations felt by Continental countries have been significant enough to necessitate continuous reference back to governments. Effective progress has in fact been confined to the international gatherings in which finance ministers and central bankers have found themselves together. The meeting of OECD last month, which brought Dr Jacobsson to Paris, provided the first such occasion ; last week's meeting of finance ministers and central bankers of the common market countries provided another ; and this is to be followed next week by the monthly meeting of the Bank for International Settlements in Basle and a meeting of the finance ministers of Nato countries in Paris. United States officials hope that by this Paris meeting the finance ministers might be able to initial the heads of agreement of the scheme—which would bring it just within Dr Jacobsson's target date of December 15th. But it is virtually certain that agreement on the final form will take a good deal longer. Meanwhile the Fund's holdings of common market currencies at end-October was no more than $775 million. The United States quota is $4,125 million.

The main argument since Vienna has been on the degree to which the countries that take up new commitments to give stand-by credits to the Fund should retain formal and separate control over the activation and use of those credits. The Continental countries, and in particular the French and the Dutch, have throughout been reluctant to integrate these new facilities fully into the Fund. Dr Jacobsson and the United States—Britain seems to have made no effective contribution in this argument at any point—have urged strongly that while the creditors should have every reasonable safeguard, this should be given through the normal machinery of the Fund. It is still not clear who has won this battle on where the power should lie.

IN THE MARKETS

Another Jolt

ON Wednesday, equities fell more in a single day than at any time since the beginning of August. The rally in the week before had been a timid affair and failed to survive the weekend. Prices began to falter under the steady pressure of selling and on Wednesday after the shock of no interim dividend from Consett Iron they dropped sharply ; the *Financial Times* index lost 5.1 points to 289.9, its lowest point since the end of October, and over the week to Wednesday's close *The Economist* indicator lost 9.6 points to 347.3, which is less than 5 points above the year's low recorded in the middle of October. This new attack of nerves was caused by the steel companies' results. Investors were well prepared for lower profits and, indeed, only a week earlier had begun to wonder whether some of the earlier prognostications had not been just a little too gloomy. But the Consett decision and the reduction in South Durham's dividend dispelled such illusions.

The fall in profits, in steel and in other sectors of British industry, is a factor with which the stock market has had to live for months. But, however much share prices discount company results ahead, their actual publication can sometimes come as another blow to confidence, especially when the market is worried, as it now is, about the future of the economy and of sterling. The electricity wage award and now, this week, the wage increase granted by British Oxygen have pushed the prospect of relaxation of the official restrictions further ahead into the distance. Already the market is beginning to wonder how tough a budget it will be in the spring.

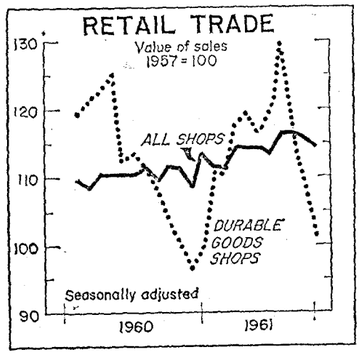
This has had its effect on gilt-edged stocks as well as equities. No one this week seemed to be prepared to buy gilt-edged—not even the very short dated bonds—and the prices of all maturities drifted down. This came as something of a blow to the authorities' attempts to groom the short end of the market in preparation for a conversion issue. As a whole the new issue market, in comparison with its activity in the autumn, has been quiet ; the fact is that there is not much money available for investment and lenders call the tune. The Industrial and Commercial Finance Corporation was able, it is true, to place this week £4 million of a 6¼ per cent debenture, 1981-84, but the stock was issued at 94, which was a sufficient discount to attract net funds. The issue offers a flat yield of nearly £6 13s. per cent and a redemption yield of nearly 6¾ per cent.

CONSUMER SPENDING

Levelling Off

SPENDING in the shops continued to decline in October but prices fell also. According to the Board of Trade's final estimates of seasonally adjusted sales (1957 =100), the value fell from 116 in September to 115 in October but the volume rose from 110 to 111. Rounding off to whole numbers, however, has exaggerated the movements ; more accurately, turnover fell by half a point and volume rose half a point. Purchasing was brought back, not to the record level of July, but to the average level of the third quarter. Compared with a year earlier, people were buying 4 per cent more food but only about the same amount of clothing, durables and other shop goods.

Durable goods shops expect their business to go up in October but this year the rise was less than usual and the seasonally adjusted index of this kind of business fell a further five points ; this was, however, a smaller decline than in the two previous months. Credit sales of household goods shops were even further below their July peak than the total business of these shops, although they were one per cent higher in value than a year before, the same as the margin in total sales. Outside ordinary

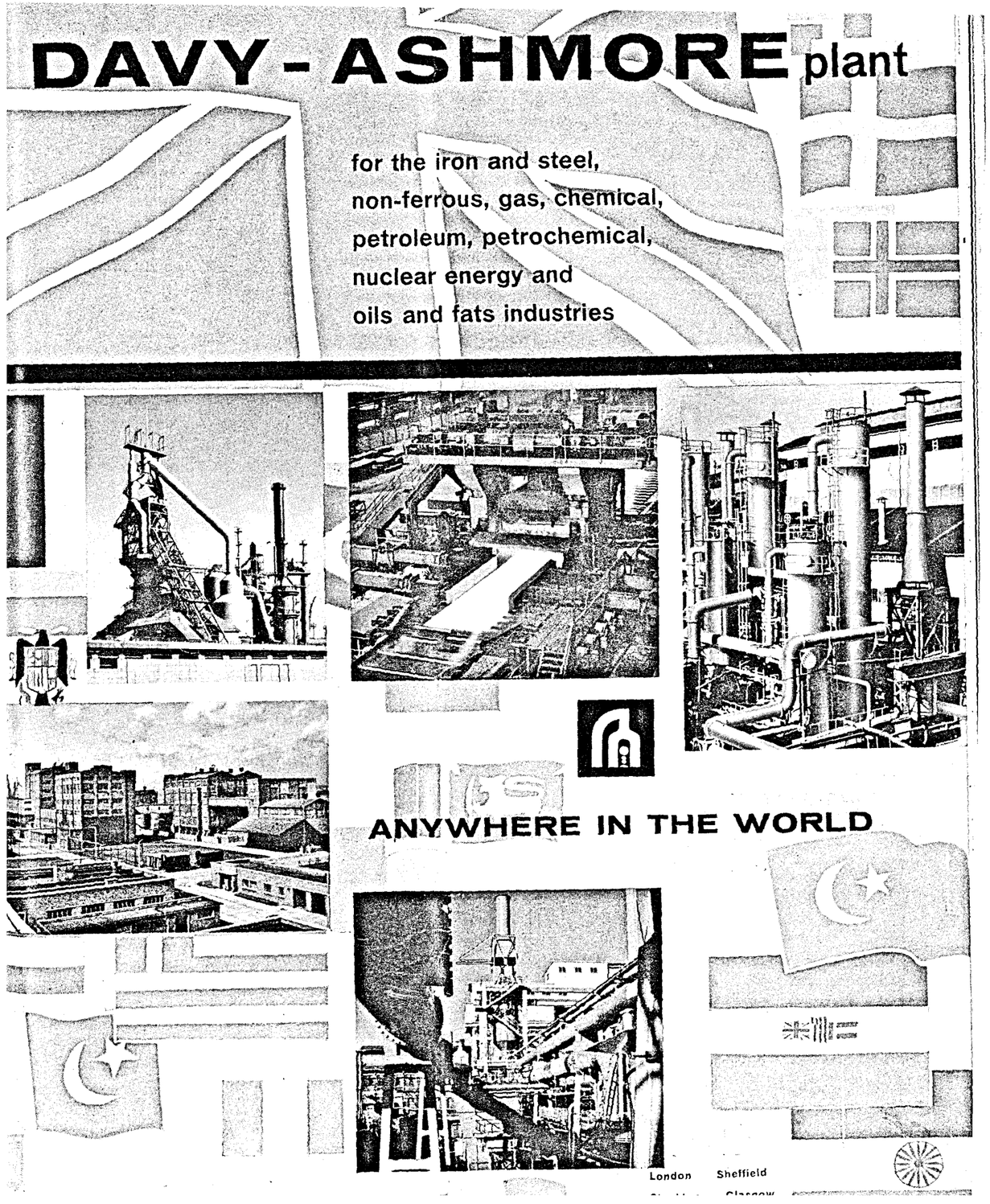


retail trade, credit business recovered a little in October but nevertheless total instalment debt fell by £11 million over the month. Figures collected by Hire Purchase Information show that hire purchase sales of new cars rose in November by 226 to 9,469. This was a larger number of contracts than were made last year ; but credit sales of used cars were some 8,000 short of the November, 1960, figure. The effect of the credit squeeze on spending may well by now have come to an end. But there seems no indication that food retailers are losing any of their extra custom.

PROFITS AND DIVIDENDS

Sideslip or Tailspin?

PROFITS of 236 companies reporting in November were dominated by the experience of the motor industry and its suppliers in the financial year to the end of last July. This motor group included BMC, Rootes, Rover, S. Smith and Joseph Lucas, and its trading profits fell by over 37 per cent ; it is not surprising, therefore, that the trading profits of all the companies fell by nearly 10 per cent. Of the other industrial groups with a weighty influence on the November profit figures, iron and steel and electrical manufacturing showed a slight improvement, thanks respectively to the good results of Tube Investments and EMI. Brewing profits were also higher, reflecting the rise in beer consumption and increased beer prices. But the profits of the





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widely spread engineering group were a little lower and so were the profits of the chemical group, in which Fisons reported smaller earnings and Glaxo bigger ones.

These results, for a single month and dominated by the particular experience of the car industry, afford only limited ground for comparison between the fall of 10 per cent and the rise reported in October and in the quarter that ended on September 30th. But, as the stock exchange is well aware, profits of British industry as a whole are sliding down. It is particularly disturbing for investors that heavy depreciation provisions, reflecting the installation of new

PROFITS AND DIVIDENDS
(£ million)

236 Companies reporting in November	Previous year	Latest year
Trading profit	224·3	202·7
Gross profit*	171·5	145·5
Net equity earnings*	79·9	65·8
Net ordinary dividends	33·9	35·0
Times covered	2·4	1·9
Net equity assets	810·7	885·6
Gross profit/net assets	21·2%	16·4%
Net earnings/net assets	9·9%	7·4%

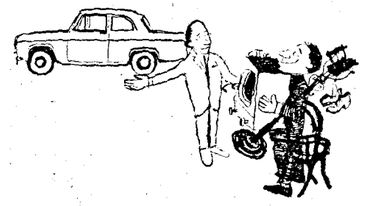
* After deducting non-recurring credits.

equipment in earlier years, and the continuing high rate of tax, affected in the latest year by the increase in profits tax, are whittling down the amounts available for distribution. Thus in November a fall of 10 per cent in trading profits works its way through to a fall of 15 per cent in gross profits before tax and then to a fall of nearly 18 per cent in net equity earnings. Ordinary dividends, paid on more capital, were slightly up and, as a result, the earnings cover came down with quite a bump. Restraint, even without the Chancellor's request, has to be the order of the day, especially for companies with investment plans still to complete. For the longer term, no less worrying is the further evidence that the rates of return on capitail employed continue to fall. Because of the under-utilisation of capacity in the motor industry, the decline in these returns in November is probably sharper than the average for British industry; but no investor can look at these industrial averages without concern.

MOTORS

Low Sales, Higher Prices

FORD'S decision to increase the price of its cars by from £6 to £17 is oddly timed. Sales on the home market have now been depressed for three months running. November seems likely to show the same sales as October, about 43,000, while December is traditionally the worst month of the year. And Ford has seen its share of the market fall since the summer, when it was getting over 30 per cent of sales. The growing popularity of the BMC baby cars has eaten deep into the sales of the Popular and is eroding those of the Anglia. In September the Minis accounted for nearly a fifth of all the cars sold in Britain and about half of BMC's sales; their sales had risen by more than a fifth since September, 1960, while those of the Popular seem to have fallen by nearly two-thirds. And if one takes the Anglia and its BMC counterparts, the Austin A40 and Morris Minor 1000, their sales together fell by nearly 40 per cent over this year. The Classic has saved Ford from a serious fall in sales. Some 2,000 were sold in September, more than an eighth of the medium-sized car market.



These changes in the car market explain why one Ford dealer, Zenith Motors, is offering to take anything in part exchange for a Popular—the sort of indirect price cutting that most British dealers abhor, though makers welcome. It also explains why BMC was so anxious to make its baby cars more profitable, whether by straight price increases or by introducing its more expensive versions; and why the workers making the Minor 1000 body are now on short time. But the situation makes the Ford price increases all the harder to understand. What they mean as a measure of the pressure of costs on car manufacturers this year has also been seen in the BMC results. This makes the arguments for higher margins strong enough to override fears of losing more sales.

ADVERTISING

Expenditure Falters

ANXIOUS enquiries from advertisers, it appears, have brought reassurances from the commercial television companies that any proved reduction in audiences as a result of the current actors' strike will be matched by a reduction in "spot" rates. The Television Audience Measurement figures (which appear with a timelag of about a fortnight) at present show a downward shift in the popularity of a number of ITV programmes, but this is so far held to be due to other factors, such as changes in timing of programmes, rather than to any state of emergency in Ward 10.

Compensation for fluctuations in the size of audiences is a principle already recognised by some television companies, who offer rates "per million homes reached"—calculated according to the subsequent TAM-rating for the period of the commercial concerned. TAM has the advantage of exactitude within its known limits—it records the times when a small but "typical" sample of sets are switched on and off, but of course offers no guarantee that all members of these households have actually looked at any particular commercial. And advertisers are beginning to become more conscious generally of the snags involved in reaching any given section of the public. More thorough techniques of audience research are slowly being evolved—the very word "audience" may be an over-statement of the degree of advertisement awareness of some TV-owning households.

This more sceptical attitude may partly explain why the still increasing sums spent on television advertising have begun to level off. In the third quarter of this year, according to the *Statistical Review of Independent Television Advertising*, 24.7 per cent more money (a total of £20,239,000) was spent by TV advertisers compared with the same three months of last year, but nearly half this increase was accounted for by the tax on the revenue of the programme contractors—which has been passed on in its entirety to advertisers. Setting aside the tax, the increase was 12.7 per cent—whereas the increase of this period in 1960 over the previous year was 34.1 per cent. With ITA's coverage now not far from complete, on the present network at least, further increases in TV advertising expenditure will soon depend almost entirely on increases in rates charged. With TV-ownership nearing saturation point, these are not likely to go up with the steep steps of earlier years.

The slackening in the rate of increase on the television side is coupled with an actual decline in press advertising, which has been in progress since the second quarter of the year (comparing each quarter with 1960). Advertising in the press in July, August and September cost £27,983,000, a 3 per cent drop below the same months of 1960. If these tendencies continue it is doubtful whether the total spent on all kinds of advertising will reach the record £500 million forecast for 1961.

FLOUR MILLING

Getting Together

OLIGOPOLY is a fair description of the present state of the flour milling and baking industry, which since the scramble by the millers to tie up distributive outlets under their own control has become increasingly dominated by the big groups, which include the Co-operative movement as well as Ranks, Associated British Foods and Spillers. It is not surprising, therefore, that the biggest miller, Ranks, is to merge with the fifth biggest, Hovis-McDougall. The two undertakings are complementary in the sense that Ranks is an unspecialised miller with a large number of retail outlets under its control while Hovis-McDougall is a specialised miller whose branded products sell throughout the baking and grocery trades and which possesses few retail outlets of its own. The two groups obviously sense the possibility of economies in dis-

tribution and production and hopes for more rapid growth in combination.

The fact that the merger has been prompted by trading reasons is reflected in the terms. Ranks offers three ordinary shares for every five Hovis-McDougall ordinary shares and one 6 per cent preference share for one Hovis-McDougall 5½ per cent preference share. As Ranks ordinaries stand at 28s. 9d., the value imputed to Hovis-McDougall of 17s. 3d. which offers little advance on the pre-bid price of 16s. 6d. But, as the directors expect to be able to pay 14 per cent on the enlarged capital, ordinary shareholders in Hovis-McDougall gain a third in income. They will own about 35 per cent of the combined equity though Hovis-McDougall will contribute initially no more than about 27 per cent of the combined equity earnings. But this may not be an unreasonable price for a big miller to pay in order to get bigger.

GAS

A Simpler Way

If the British gas industry wants to store gas underground it needs, as was mentioned in these columns last week, a private bill to do it. This means, simply, that after a long time the law of capture has come home to English soil. This law, which in passing has done huge and enduring harm to the efficiency of the development of oil production in the United States, derives from rulings in British common law that whatever flees to and is found on—or under—the property of any landowner belongs to him. These rulings, adopted since 1889 in the United States, have been interpreted to mean that petroleum belongs to the landowner under whose property it happens to be found, regardless of where it may have come from. Oil is fugacious (which means it flees) like game; it crosses the frontiers of ownership without noticing. So, for that matter, does gas.

What this implies is that if the Gas Council finds an aquifer—which the late James Thurber would probably have called a dome-shaped thing underground with water coming in the bottom—empty enough to store a lot of gas, it has to be careful that storing it will not mean giving the gas away. As the state of the law stands, it might have to purchase all the land above this aquifer in order to acquire legal right to all the gas that it pumps underground. As the law stands, too, anyone who owns land above this storage who is ornery and perspicacious enough to drill his own well down can have the gas underneath his land free; indeed, he would own it, even if the gas board only pumped it down yesterday. Landowners in the area have been informed of the gas industry's proposals; they may not have been informed of the rights they will be expected to give away, even if these rights are worth nothing as yet.

Because the oil under your neighbour's property is your own oil if you can tap it under your property, hundreds of thousands of unnecessary oilwells have been drilled in the United States during the last seventy years. This offset drilling has wasted much of the production that might economically have been achieved from many American oilfields. The property rights that brought this about eventually made necessary an elaborate system of state control of oil production in the United States, which nowadays has to be backed by an equally elaborate system of import restriction in order to keep America's oil industry viable (indeed pretty profitable). It has moreover given employment these many years (which should be enough justification for any law) to General Ernest O. Thompson of Amarillo and the Texas Railroad Commission. Against this colourful background of history, the approach of a British nationalised industry to this legal situation can only be described as insensitive, if not brutal. It finds the British common law of capture inconvenient. So it simply plans to change it.

EXPORT FINANCE

More Kites

Further pointers to a new move on export finance have been discernible in the past ten days. In the House of Lords debate on the routine Export Guarantees Bill on Thursday of last week, Earl Waldegrave, the Government spokesman, referred pointedly to "the most active review" that is proceeding within the Government:

> I am advised that the matter of an Export-Import Bank, of a financial institution, of financial credit and of varying rates for export finance, are very much under review at this moment and in the light of what other countries are doing.

The second pointer was to be seen at the conference of exporters at Eastbourne, where Mr Macartney-Filgate of Lazards mooted the possibility of a fixed rate on bank finance for exporters, to help them quote fixed terms to their customers. This question is now being considered by the clearing banks, as well as by the merchant banks, and it seems that it is not necessarily dependent on concomitant fixed rate facilities for the banks themselves at the Bank of England—though the project will of course be discussed with the Bank. If the clearing banks did decide to give exporters this facility the level of the fixed rate seems likely to be between 5 and 6 per cent. This would be rather above the average of the past few years, but in present circumstances many people would think it helpful for the exporter.

The third indication of moves afoot may be seen in a change at the Export Credits Guarantee Department, where Mr L. J. Menzies has been replaced as secretary by Mr A. E. Percival, hitherto an under-secretary in the department. Mr Menzies, who was seconded from the Bank of England in 1958 for a temporary period while the new administrative status of ECGD was being run in, is now returning to the Bank as an adviser—with special responsibility for export finance. Mr Menzies is personally believed to favour a new export finance corporation, though no doubt his inclination would be for a body set up and financed by the existing City institutions themselves. The danger in this course, as the experience of ICFC, CDFC and the rest shows, is that the shareholders will quickly neglect their charge. The Government should not close its mind to an independent institution able to borrow in the market with gilt-edged status or if need be direct from the Government. The important thing is not the ideological colour of the financing channel but to get the money into it.

SOUTHERN AFRICA

Insiders' Confidence

This week Dr Verwoerd and Sir Roy Welensky collected more than just rain in their caps. South Africa has received two ten-year loans equivalent to £9½ million for railway and electric power developments from the World Bank, and a loan of £3½ million for a period of two years, with the possibility of one year's extension, from the Deutsche Bank. On Thursday the South African Reserve Bank felt able to cut its Bank rate from 5 to 4½ per cent, reversing the move of last May. The Federation of Rhodesia and Nyasaland, in turn, is to receive a loan of £5.1 million from the Anglo American Corporation and another of £4 million from the British South Africa Company.

Sir Roy has described his loans as demonstrations of "confidence in the Federation," as in a sense they are. The demonstration would have been still more impressive if the money was coming from outside the Federation. Sir Roy is, in fact, funding the Federation's debts. The loans made by both companies for the Kariba dam project will soon start maturing and the BSA loan is deliberately designed to cover its maturing bonds. The Anglo American loan of £5.1 million, while not tied directly to the maturing £10 million lent for the Kariba project, will nonetheless help to meet it, spread as it is over thirteen years.

South Africa's reserves, which this week reached £124 million, have already benefited from a current account surplus that is expected to reach £85 million this year against £11 million in 1960. The loans will give them another boost. However, the Deutsche Bank loan is basically a medium term credit, roughly parallel to a £3½ million loan made by a group of Italian bankers in October, and the World Bank loan is decidedly on the short side. The republic's financial headache is unlikely to be solved by these short-term palliatives. But like Sir Roy the South Africans are successfully keeping the wolf at bay: Dr De Kock,

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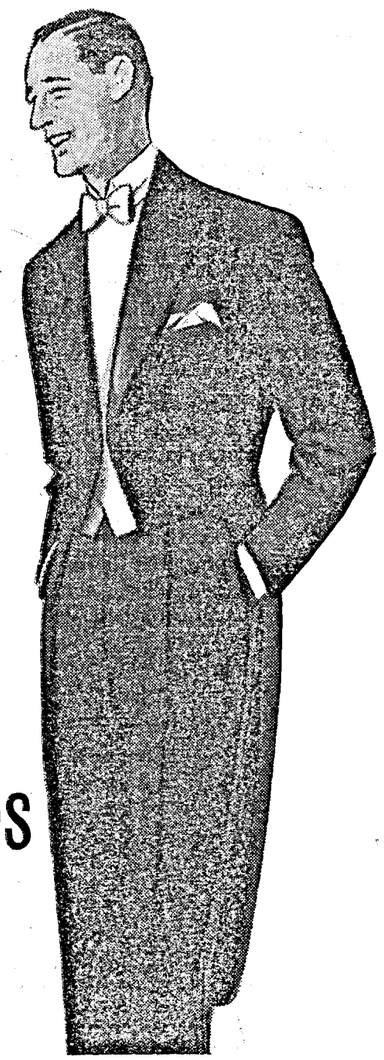


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overnor of the Reserve Bank, has said that substantial portion of the £50 million of xternal debts maturing in 1962 "will be overed by renewals or new loans."

ISCOUNT AIRLINER

Red China Chooses

T is possible to read too much into the decision of Red China to buy six iscount airliners from the British Aircraft orporation for perhaps £4 million; even o, it ranks as one of the most surprising evelopments of the year in civil aviation. legotiations began in August, with the hinese showing a marked interest in the anguard airliner which had by then gone ut of production. BAC salesmen managed steer them away from this and back to e Viscount, which had the great advantage om the Chinese point of view of being a lly proved and still reasonably modern esign. Talks ranged from as few as five to s many as 50 aircraft, and BAC is still nsure whether the order now signed repre- ents a trial batch or if it is all that the hinese have decided they can afford.

Throughout the talks, no indication was iven of where the Chinese intend to fly the ircraft or what kind of performance they ished of them. The only airport the hinese serve outside the Soviet block is angoon, and the development of internal ir services takes precedence over inter- ational links with Moscow and Korea. The ackbone of the present Chinese fleet is the oviet-built, piston-engined Ilyushin 14 olding a maximum of 30 passengers; this resumably is the aircraft that the bigger, aster Viscounts are intended to replace. he Chinese also have a fair number of oviet-built equivalents of the DC 3, and few of the new turbo-prop Ilyushin 18s. hese aircraft are roughly equivalent both n looks and performance to the big Lock- eed Electra and like that aircraft seem to e having considerable teething troubles. hese teething troubles might have rompted the Chinese to look outside ussia for new aircraft. But it seems nore likely that they have not so much penly snubbed the Soviet aircraft industry s gone abroad for a particular type of air- raft for which there is no Soviet-built quivalent. China is not the first communist ountry to have shown interest in the iscount, but sales have usually foundered n the question of payment. But whatever he motive, Pekin man seems to be behaving emarkably like Economic Man.

ILVER

Off Stage

As expected, much of the excitement surrounding the cessation of sales of ilver by the United States Treasury has already evaporated. Producers who were withholding silver from the market have released some of it, but most of the many speculative purchases made in the busy months before silver won its freedom have obviously not yet been undone. Business in London is said to be less than over- whelming, though many people are evidently keen to be kept informed about prices. On the whole, prices have increased only fractionally since last week: spot silver in London strengthened to 85⅛d. a fine ounce (well below the peak prices paid last week); in New York the price was raised on Wednesday from 100⅜ to 101⅛ cents an ounce.

Until the existing tax on transfers of silver is repealed, speculative transactions in the United States are inhibited. It is now known that on the night that official sales of silver were suspended the US Treasury's "free stock" comprised 29 mil- lion ounces. It was thought that it would take about nine days to meet the Treasury's remaining commitments to sell silver which will reduce this stock to 22 million ounces. According to the US Treasury the world is "currently consuming" more than 300 mil- lion ounces of silver a year for industrial, artistic and coinage purposes. Production is said to be 235 million ounces and the "gap" judged to be about 65 million ounces, which will now be narrowed by sus- pension by the US Treasury of the minting of newly mined silver.

INDEPENDENT AIRLINES

Winter's Chill

BRITISH EUROPEAN AIRWAYS has made it known that the corporation intends to appeal against at least some of the new routes awarded last week by the Air Trans- port Licensing Board to three of the bigger independent airlines. This spells several extra months of uncertainty for their managements before it becomes clear how much competition the Government intends to permit in the air. The number of air- lines in a position to provide that competi- tion is rapidly dwindling. The alarming feature about recent failures among the smaller airlines is that those which have gone out of business this winter were operators of regular scheduled services, and might have been expected to have a broader basis than those depending exclusively on what they could pick up by way of holiday and charter business. Last week another small scheduled airline, BKS Air Trans- port, asked for the appointment of two managing receivers.

There is a good chance at the moment that the biggest creditors of BKS, namely the banks and the oil companies, will be prepared to help the company over its present bad patch until next summer when traffic can be expected to pick up. A feeling persists that the troubles of BKS and other small airlines already out of business might be non-recurring, because they arose partly from sharp price-cutting last summer by airlines that are now dead, and partly from delays in getting licences for next year's holiday traffic while the licensing board in- vestigates in once-and-for-all detail each applicant's resources. It remains to be seen whether all the creditors also see matters in the same light. It may be possible to solve BKS's short-term difficulties; but in the long term neither this nor any other airline of similar size can acquire stability without resources bigger than they are likely to earn from day-to-day profits. Either these small airlines will have to find backers, though on a less ambitious scale than the backing given by the shipping companies to Cunard-Eagle or British United Airways; or they will have to merge among them- selves and achieve greater efficiency by doubling up their operations.

UNIT TRUSTS

Attracting the Trustees

IN his statement to the second annual meeting of the Association of Unit Trust Managers this week, Mr Kenneth Cole, who has succeeded the late Sir Oscar Hobson as chairman, pointed to the increas- ing interest being taken in unit trusts by trustees. This follows the inclusion of unit trusts among the wider range of investments as defined in the Trustee Investment Act, 1961. It may well be part of the reason for the notably good performance by the unit trust movement in recent months with sales of units regularly exceeding repurchases in the face of a decline in share prices. But clearly the surface has so far only been scratched for trustees are in no hurry to enter the equity markets at the moment.

Now following the example of the M & G group, Unicorn Securities has launched another trust fund specifically designed for trustees. A feature of the new Intrust Fund is the close link between the managers and the trustees, Royal Exchange Assurance. The latter has a long experience in trust administration and it will be brought in as a consultant on the fund's investment policy. Initially about 25 per cent of the portfolio will be in preference shares and the rest in equities, with about 18 per cent in overseas companies in which direct investment is not permitted by the Trustee Act. The port- folio is designed to provide potential income growth for life tenants while providing stability and long-term capital growth pro- spects for the remaindermen. At the initial price of 20s. the estimated gross yield is 5 per cent. Not surprisingly the initial in- vestment of £500 is much larger than is usual in a unit trust. It seems clear that one of the early purchasers of the units will be the Royal Exchange Assurance, as it regards them as suitable investments for some of the trusts it manages.

CHEMICALS

Poison on the Farm

THE report* of the special committee set up to investigate the repercussions of using toxic farm chemicals is disturbing. It is not frightening in the sense that it uncovered any major threat to health that was not already known and guarded against. What is disconcerting is to read laconic accounts of chemicals used for a year or so and then passing out of favour because they were too dangerous to handle (i.e. inconvenient to use) or killed too many other things besides the pest they were intended to combat. Surely these drawbacks could have been discovered before the chemical was put on the market and not after?

Lack of evidence on the side-effects or the long-term results of the new and ever growing list of chemicals used on the farm against diseases, weeds, insects and animal pests is another disturbing aspect of the report. It also happens to be the most difficult aspect of these chemicals to investigate. Much sympathy will go to the authors' suggestion that it is the lazy farmer who gets the chemist to do his dirty work for him; good husbandry, proper cultivation and crop rotation, and careful selection control pests better than any dressing or spray can do, and they never grow immune to these measures. As an alternative, the committee suggests a long list of investigations required into the side effects of lavishly blanketing soil and plants with chemicals that must be powerfully lethal if they are to destroy organisms that are exceedingly difficult to kill. But this research will be slow and expensive; and there seems in the meantime no alternative to the old trial and error process that has at least pushed into limbo some of the most objectionable of the chemicals introduced in the fifties.

* Toxic Chemicals in Agriculture and Food Storage. HMSO. 4s. 6d.

Lessons from Eastbourne

THE main conclusion that emerged from the gathering of industrial top brass assembled by the Export Council for Europe at Eastbourne last week was that there are opportunities for expanding British exports in almost every country of western Europe. In the third quarter of this year exports were 20 per cent higher than a year before; from the talk at Eastbourne there seemed little doubt that similar growth is possible next year. Whether in the virgin markets of southern France, where British goods are virtually unknown because of past quota restrictions, or in the fiercely competitive Swiss market, or in western Germany where British goods are already making great headway, the chances are there for those who seek them. And with the possibility that tariffs between Britain and the Continent will fall by 50 per cent at the end of next year, the time to get a foothold is now.

Two other themes were also a constant accompaniment to this *leitmotiv*. Agents are not enough; the way to get and keep markets is for top management to go there regularly. Markets and products must be selected, too. For the small firm in particular—the message came again and again—an intensive effort on a first-class product in a single market can be more rewarding than a weaker effort on a broader front.

Not all the messages of the Eastbourne gathering were as clear as this. The irrepressible Mr Stanley, chairman of Pye Radio, appointed himself a kind of censor of other people's export subsidies. He was particularly pungent on the subject of Italian and Irish ones (Mr Stanley has factories in both countries, so he knows). Wisely it was agreed that the remedy was not to ask for more export subsidies here, but to get the Government to attack other people's. But even this is not so easy in the case of west Germany's rebate on turnover tax, the cause of much debate. In general this is equivalent to the exemption from purchase tax which British exports enjoy; but in certain cases more turnover tax may be refunded than has been paid, and then rebate becomes subsidy. The only final solution to this kind of problem appeared to be a harmonisation of indirect taxation—a remote prospect.

Industry, however, is also concerned with another kind of national difference—the appalling problem of varying standards which arose in the discussion of almost every industry at Eastbourne. British television sets have made small headway—despite being first on the scene—because the Continent uses 625 lines instead of 405. Trade in household electrical appliances is cramped by the fact that every single Scandinavian country has different safety regulations. Regulations for heavy electrical plant and transmission equipment are different, too. Trade in food is restricted by varying health regulations on colouring. The low British rail gauge limits the entire export trade. All this is quite apart from language and the vast problem of metres *v* feet and inches which touches every industry.

Most revealing of all the discussions at Eastbourne was that on transport. Road transport and aircraft came out relatively well. But there were ferocious attacks by traders and industrialists on the older organisations—the railways, the ports and the customs authorities. One importer from Hamburg delivered a formidable attack on the Port of London bottle-neck, pointing out that the delivery of orders often took 24 days compared to ten in his grandfather's time. The shortage of rail trucks suitable for carrying exports to the Continent—a handicap known since 1947—was the subject of another bitter attack. And it became clear that one important factor in the congestion at British ports is the fact that goods often have to wait—perhaps for days—until documents arrive to be cleared by customs. No Continental customs authority inflicts the same disability on its exporters.

CANALS

Closing Them Down

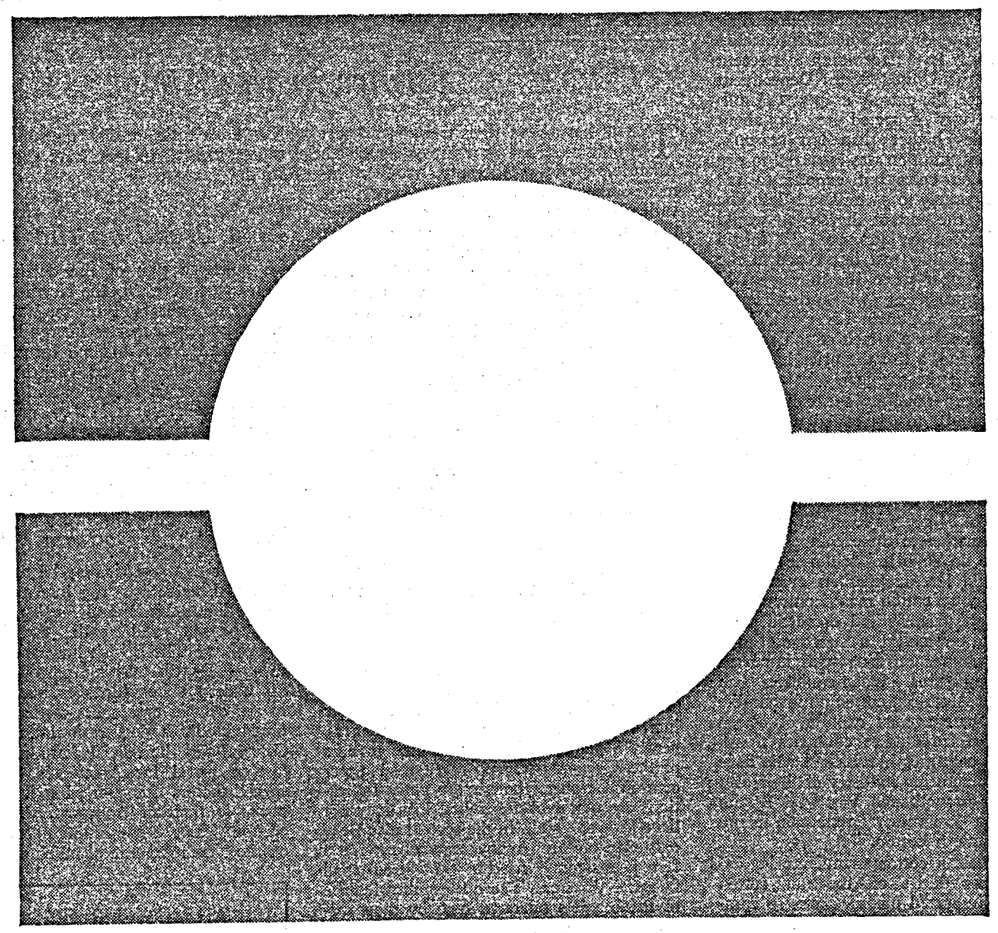
THE latest round of canal closures has now come before Parliament for approval, at the same time as it is considering the Transport Bill. The bill does not end the legal obligation to maintain canals in navigable condition, which now rests on the British Transport Commission and will under the bill descend on the Inland Waterways Authority. It will still need parliamentary approval for any closures it may wish to make. But the authority will be given a breathing space in which to consider the canals it wishes to close; until 1967 it will be spared judicial proceedings—to which its legal obligations now make it liable—requiring it to make navigable any canal which is now unnavigable but has not been closed. In the next five years it will have to work out a policy for closures which will stop the losses on canals—now £600,000 a year—for it, like the railways, is supposed to be turning itself into a profitable undertaking by 1967.

This might seem a relatively simple proposition for canals; on the face of it, all that needs to be done is to close the five-sixths of the canals that now lose money, and retain the sixth that show a profit—one of £164,000 in 1960. But the profit from these canals has been falling steadily; it was £375,000 in 1955. And there is no more redoubtable lobby than the Inland Waterways Association, which will fight to the death any proposals that would deprive its members of their right to sail over otherwise deserted canals. Canals are physically more difficult to shut down than railways; often they serve as drains or water supplies for farmers, so a closed canal has to be kept water-tight—even if locks can be replaced by weirs and bridges by culverts. But water can be sold, or canals themselves sold for use as reservoirs; the Inland Waterways Authority will have the power to do its best to exploit such new uses for them.

COTTON

Under Review

PRICES of raw cotton have not changed much in the past few months, but buyers' attitudes to them recently under-



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went a significant revision. Succeeding estimates of the United States' cotton crop raised its likely level; according to a recent forecast by the United States Department of Agriculture, the current crop at 14½ million bales was expected to be about 200,000 bales higher than last season's. American consumption was expected to rise to 8.8 million bales but exports to fall rather precipitately to 5½ million bales. The carryover at the end of the season would therefore increase by 400,000 bales to 7.6 million bales. But frost intervened at the end of November when the movement of the crop was progressing well and enlivened dealings in raw cotton in Liverpool. Spot supplies of American 1-inch cotton rose 10 points to 24.20d. a lb; the price had been unaltered since the spring.

American exports of raw cotton have been losing ground to so-called "outside growths"—exports from Middle Eastern, African and Latin American countries. One extreme view is that if the United States continues to subsidise its raw cotton exports to the tune of 8½ cents a lb it will gradually lose all its market to these competitors; if it does not do so prices will rise sharply and it would lose its markets even more rapidly. Its own cotton manufacturers who pay the high unsubsidised domestic price for raw cotton are at a substantial disadvantage when competing with imported cotton manufactures. When countries such as Spain get American cotton on favourable terms, the case against exports of cotton manufactures from those countries to industrialised countries like Britain who have a sick manufacturing industry of their own to protect is strengthened. Last week Britain negotiated a "voluntary" reduction in imports of Spanish cotton.

The American cotton manufacturing industry wants duties on the raw cotton content of imported manufactures to compensate for the higher domestic price. Japan and Hongkong naturally object to this proposal. Since the price support programme for cotton growers in the 1962-63 season has not yet been settled, and it has been suggested that supports and export subsidies might be lowered, or cotton left to find its own level, the present American policy can fairly be accused of causing considerable dislocation and confusion. But thanks to a fall in production outside the United States, particularly in India, Mexico and Egypt, America's hold on the export market might be strengthened this season, despite a possible reduction in demand by consumers. Egypt's crop of long-staple cotton has been so severely nibbled by leaf worm that new supplies will be reduced by about one third and fears of a large surplus of long-staple cotton have been dispelled. Prices have not risen far, but are strengthening. The irony of the present situation is that Egypt which has been attempting to export more of its cotton direct to western buyers to lessen its dependence on the communist block has now arranged to import a large quantity of American medium and short-staple cotton.

NORTH ATLANTIC TRAVEL

Straws in the Air

There have been signs during the past two months that air traffic on the North Atlantic picked up noticeably once the summer holiday season was over, but experience varies too much between airlines to predict that business is back to the buoyancy that airlines consider "normal." Pan-American aroused optimism by announcing last week that during October its North Atlantic business jumped 30 per cent compared with the year before; Trans-World Airways showed a more modest increase of 8 per cent, and BOAC one of 14 per cent. The alarming feature of what would otherwise be a commendable performance by BOAC is the fact that the whole of its increase is accounted for by traffic between this country and Canada. The passengers carried between here and the United States were actually 1½ per cent fewer than the year before, and BOAC's traffic on this specific route shows a 13 per cent drop this summer and autumn compared with last. This is significantly worse than the out-turn for air traffic on this route as a whole, and a rocket is likely to be placed under BOAC's salesmen as a result.

The so-called "North Atlantic slump" cannot be taken on its face value. In the first place, it is not strictly a slump. Traffic increased by roughly 120,000 passengers, nearly 8 per cent, in the first nine months of the year, and was up more than 3 per cent in October, though the early indications are that November bookings may not have been so good. In the second place, the existence of "too many seats chasing too few passengers" need not of itself spell financial disaster. The outstanding feature of the big jets operated now by most airlines on this route is that they can fly half-empty and still show a profit. The airlines, when they put on so many extra flights this year, gambled on this aspect of jet operation; and if traffic had increased as they expected (it rose 25 per cent last year, so that 15 or 20 per cent this year would have been regarded as "normal") they would have shown considerable profit in spite of the empty seats. Excluding flights to Canada, where traffic has been good throughout the year, it looks as if seven airlines, Pan American, TWA, SAS, Alitalia, Lufthansa and the Irish and Israeli airlines may have been consistently carrying the kind of loads that should show them a profit—the two last airlines having done best of all. This is partly borne out by the good financial results reported by Pan American for the first nine months of the year; but not every airline runs a Cape Canaveral or owns chains of hotels so the comparison is not, perhaps, a fair one. Six other airlines, Air France, BOAC, Air India, Iberia of Spain, Sabena and Swissair seem to have carried too little traffic to break even; the Dutch airline KLM appears to have balanced on a knife edge. Unfortunately, many airlines rely on North Atlantic profits to support other routes, so their budgets have gone with the wind.

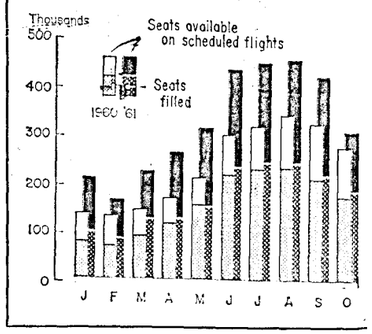
Less Bread on the Waters

A further sign of the decline in passengers crossing the North Atlantic by sea is the offer by Furness, Withy & Co. of the two passenger and cargo liners *Nova Scotia* and *Newfoundland* for sale. Built in 1947-48, these vessels each have accommodation for 62 first-class and 92 tourist-class passengers, and they give sailings every 17 days from Liverpool to St. John's, Halifax and Boston. Already their passenger accommodation has been very heavily cut, permitting a similar reduction in catering staff; but the eventual plan is to replace them with cargo ships that will offer a sailing every 14 days.

Earlier this year, it may be recalled, the Cunard Line sold its two intermediate passenger liners *Media* and *Parthia*, also built in 1947-48 and each carrying 251 passengers. The British lines are not alone in noticing diminishing passenger traffic for United States Lines estimate a fall of 10 per cent in passengers carried this year. Undoubtedly a decline in immigration to Canada, and the official discouragement of foreign travel for Americans, have been special factors this year; but it still seems probable that air transport, with its low economy fares, is continuing to rob shipping on the North Atlantic of much of its traffic.

ATLANTIC AIR CROSSING

Bigger aeroplanes carrying proportionally fewer passengers have been operating on the North Atlantic route this year. In the first ten months there were about 10 per cent more scheduled passenger flights than in the same period last year whereas the seating capacity rose by 38 per cent to over 3 million. Although there were 7 per cent more passengers the proportion of seats sold fell from 67 per cent to 52 per cent.



The new *France* is due to enter service next February and Home Lines have ordered a new liner from Italy; but otherwise there are no plans for new passenger tonnage. The *Q3* plan has been shelved, as have plans for the replacement of the 21-years-old *America* and the 43-years-old *Stavangerfjord*.

Meanwhile, the North Atlantic westbound liner conferences have announced a further increase in freight rates. They state that the 2½ per cent surcharge introduced on November 1 has proved inadequate to meet further rises in operating costs and that it will have to be succeeded by an upward revision of the tariff rates with effect from March 1 next. There has been a substantial increase in crew costs this year, and port charges continue to creep up with monotonous regularity; most liner conferences have increased their tariff rates this winter.

CENTRAL HEATING

The Cost of Warmth

All one can learn about the running costs of central heating systems is, for most would-be installers, what their friends are paying or what the Coal Board and the oil companies claim in their advertisements—though the oil companies have sensibly removed mention of running cost figures from their current advertising. A questionnaire answered by 588 readers of *Which?*, the Consumers Association paper, now provides an independent, if slightly indeterminate, answer to the problem. It confirms what even the oil companies had admitted, that coal is the cheapest fuel; but it does not substantiate all the claims that have been made. During the winter of 1960-61, Consumers Association members using oil central heating spent 13 per cent per square foot more than those using central heating by solid fuel, and gas cost 23 per cent more than oil. The cost per square foot of a house's floor area during "the heating season" was 8.5d. for solid fuel, 9.6d. for oil and 11.8d. for gas. There is no breakdown between anthracite and coke among the solid fuels, though the former is generally said to be significantly cheaper—about half the members replying used it. Neither are vaporising and atomising burners amongst the oil boilers differentiated, though the latter are more efficient. And no such survey can forecast exactly what anyone will spend, for this depends largely on the temperature he wants to maintain, and the value he places on fresh air.

The *Which?* survey throws up some of the troubles that no salesman mentions. Only eight per cent of those with solid fuel or gas installations complained of faults, but 26 per cent of the oil installations had given mechanical trouble. And the maintenance cost reported for oil was much the highest—an average of £6 5s. a year, compared with 17s. 6d. for gas and 12s. for solid fuel. Noise was a problem with 67 per cent of warm-air heating systems, and with 33 per cent of hot water systems. When the warm air circulates, it carries noises with it. Their most common source with both systems was oil boilers, followed by circulating pumps for hot water and fans for warm air. Complaints about the difficulty of getting supplies came mostly from users of solid fuel, and most of these related to anthracite.

Which? found that there was so much variation between different figures for the cost of installations that it was impossible for it to publish any figures on this most interesting item of costs. The range of the different charges reported by members was from £15 to £63 per square foot of floor space heated. One member quoted figures of from £500 to £1,000 for similar installations in his house. Installing central heating is something of a mushroom business; some people in it may be out for a quick profit. Clearly it pays to get plenty of estimates.

CONSTRUCTION

Up Today

Contractors did two per cent more building work in the third quarter of this year than they had done in the second, and eight per cent more than they had done a year before. But new commissions received by private architects in the same quarter, though roughly the same as those of the previous quarter, remained nine per cent lower in value than those obtained a year before. So a fall in building activity next year remains a possibility. Commissions for private house building showed the most significant fall, suggesting that tight credit and costly land have ended the boom here. The biggest rise came in commissions from local authorities, especially those for non-residential building. The amount of such work completed also rose; despite high interest charges, local authorities obviously feel they can afford to build more.

SHORTER NOTES

Several changes have been made in the top management of British Railways. Mr David McKenna, now assistant general manager of the Southern Region, is to become chief commercial officer at the British Transport Commission. Mr David Blee, general manager of the Midland Region, will retire and be replaced by Mr H. C. Johnson, general manager of the Eastern Region. Mr J. R. Hammond, general manager of the Western Region, succeeds Mr Johnson, and Mr S. E. Raymond, traffic adviser at headquarters, replaces Mr Hammond on the Western Region. Eight part-time members of the Area Boards will retire at the same time.

★

O. W. Roskill, the publishers of "Who owns Whom," the guide to subsidiary and associated companies in the United Kingdom, has now produced a continental edition which covers 1,070 parent companies and their subsidiaries in France, Germany and Italy; it is intended later to cover the rest of Western Europe. The price is £4 4s.

★

It has been pointed out to *The Economist* on behalf of the syndicate of financial institutions who will be financing the £10 million involved in the building of two methane tankers to carry gas to England for the Gas Council that the effective rate of interest over the whole, unstated, period of this financing will be less than the figure of 8 per cent that was suggested in our note late week. Part of the money will be advanced by the banks at a lower rate of interest over a shorter term than the 8 per cent on the preference shares issued by the ship owning companies to the other financial institutions; and the preferences will be redeemable over a period. The effective rate over the period of the financing, therefore, will be somewhat less than 8 per cent, though the institutions concerned are not prepared to say how much less. There remains little doubt, however, that the effective rate will be higher than the rate which the Gas Council, as principal, would have had to pay to raise this through Exchequer advances.

★

Mr R. T. Monier Williams, governor of the New River Company, has told shareholders that he does not consider the offer from Alliance Property, worth 55s. 6d. per share, to be high enough since it undervalues the estates of New River at current break-up values.

INVESTMENT SERVICES ON LATER PAGES

COMPANY AFFAIRS

Comments on pages 1075, 1076, 1077 and 1080 on:

South Durham Steel, United Steel, Consett Iron, United-Hewitt, John Summers, Whitbread-Tennant, Arthur Guinness, Distillers, Watney Mann, Granada, Trust Houses-Lockhart, Gt. Universal Stores, Coventry Gauge, Wood Hall Trust, Longmans, Green, Thos. Firth and John Brown, John Smith's-Warwicks & Richardsons

LONDON AND NEW YORK
Stocks, prices, yields and security indices on pages 1078 and 1079

LONDON STOCK EXCHANGE
The week's movements reported on page 1080

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 1081

COMPANY MEETINGS

W. & H. M. GOULDING, LIMITED

The Annual General Meeting of W. & H. M. Goulding Limited was held on November 29th in Dublin. The following are extracts from **Sir Basil Goulding's** speech:

Once again I address Stockholders during a phase of exceptional movement within the Company's affairs: in recent years, indeed, the exceptional has become the normal. I am glad to add that the movement is still one of forward thrust, and that it is intended thus to continue over immediately coming years.

W. & H. M. Goulding Ltd. is now a Holding Company: the Cork fertiliser works is completed and paid for: so is the sulphuric acid plant of Sulphac Ltd. at Cork; both have finished a full season of operation: the Sulphac acid plant at East Wall, Dublin is constructed, mainly paid for and has entered production: the new Belfast factory, under construction in association with I.C.I., is on schedule for completion in mid-1962. These are the salient facts of action to report this year. These are actions of the kind which will be found essential to health in the international world soon to engulf Ireland.

PROFIT AND LOSS ACCOUNT

The Profit and Loss Account shows at its first legend the change in status of the Company, from Trading to Holding. Thereby the comparison of figures with those of the previous year cannot be made too precisely.

The Income figure of £166,000 (if I may speak now in round thousands of pounds) is moreover of a composition affected by the changed structure. It includes a last residual profit balance drawn from the Company which became Sulphac Limited, and also the first, but only interim, dividend from the Company's investment in Northern Ireland manufacture. On the other hand, dividends from fertiliser trading subsidiaries in the Republic, hitherto taken annually into the year of account already closed, have not been so taken this year, in order that for the future they will be available to the next succeeding period. In this matter, as in dividend sequence to which I refer below, we shall, therefore, have made a changeover to more usual and more flexible practice.

This brings me to the most pronounced financial effect of the Company's change in status, namely the release, as "Trade provisions no longer required" of an amount of £148,000.

The major part of the sum had been a Phosphate and Pyrites Suspense Account which had provided, while the Company was trading, a very necessary shock-absorber, as it were, against changes either in price or freight upon those raw materials whereof the imported tonnages are so great that variances are thus so significant.

The need for such reserves remains, but inasmuch as the general revenue reserves shown by the Consolidated Balance Sheet stand in total at a high figure the Directors have felt that the provisions now freed need not be retained in the Parent Company.

After this meeting shareholders will thus be attending the Extraordinary General Meeting at which will be proposed a resolution that £119,070 from General Reserve be capitalised and distributed to Ordinary stockholders upon the footing of one new Ordinary share for every £10 Ordinary Stock held at October 31, 1961. I do not here quote the resolution in full detail for it is already in your hands.

Lastly, on the subject of the Profit and Loss Account, stockholders will have read the Directors' Recommendation as to dividends for the year. I hope the short explanation as to the changes in practice which we are making will be found explicit; but would just reiterate, in case of any possible misunderstanding, that the total amount of 10 per cent paid from this year's accounts in three dividends is not a twelve-month rate of dividend, for it covers the additional interim period which had to be spanned in order to exchange for the future the payment dates of Interim and Final Dividends.

BALANCE SHEET

The Balance Sheet of the Holding Company is annotated so as to explain, as I hope, most points of substance. Of these the main changes are, first, that in place of Stocks the Company now holds, as its main Current Assets, Shares in and Loans to Subsidiary Companies: second, that the increase in the value of Investments and, contra, of Capital Reserves, derives from the increase (of £220,000) in the capitalisation of Sulphac Limited when it became the new acid-producing company; in the case of Capital Reserves there was also a contrary reduction (of £340,200) in respect of the share issue of July 28, 1960; third, that main Current Liabilities are now Loans from Subsidiary Companies in counter to the similar but opposite Loans referred to above.

The Consolidated Balance Sheet of the Goulding group of Companies displays one very marked feature, namely a change, as compared with last year, between Bank Balances and Fixed Assets.

A note to last year's Balance Sheet showed that commitments at June 30, 1960, for capital expenditure were approximately £360,000. This year a similar note shows the figure of £80,000.

As well as this big investment in Fixed Assets, Stocks were greatly higher at June 30th because of wet months April and May, so that the reduction in Bank Balances of some £350,000 may be judged satisfactory.

SULPHAC LIMITED

The Consolidated Balance Sheet includes the Debenture Loans and also the Company's majority investment in Sulphac Limited, and I would now report briefly that the 70,000 tons/yr. plant at Marina Cork operated, over 10 months to June 30th, both excellently and profitably. It has on test proven its flexibility of operation from low loading to above rated capacity.

The new Dublin acid plant was but little behind schedule when it came to production: nor was the delay significant, for we must suppose that its full capacity will not at once be needed in order to supply, with the Cork plant, all present National requirements of concentrated sulphuric acid.

FERTILISER MANUFACTURING SUBSIDIARIES

Considering the sum profit derived from these Companies' fertiliser manufacture and trading, I feel I should, on behalf of Stockholders and in face of any opponents, observe that the total gross profit before tax represents a very small percentage of turnover. As I said to Stockholders in 1959. . . . "You may fairly observe that we rest our fortunes upon the policy of obtaining a moderate return upon a steadily growing business."

I must emphasise, accordingly, that it can only be by means of advanced mechanisation—whereby to machine-handle tons as though they were ounces—that the fertiliser manufacturer may make profit whilst holding down price.

It is according to this prescription, as well as to one other, that a development scheme for the fertiliser plant at East Wall upon the new site and alongside the new acid plant, has now reached an advanced stage. The other aspect which this development serves is the acceptance as a main assumption of an accelerating trend to concentrated compound fertilisers—those which carry far more plant food per ton for the same freight and handling charges per ton.

Given the facts that present day transport and labour costs are high and unlikelihood of reduction (to say the least of it) it can only be a matter of time, short as we think, before farmers grasp the plain logic of this trend.

TRADING CONDITIONS

The sales of superphosphate increased slightly during the year under review but sales of compounds showed marked increases.

The general level of phosphate usage is still far from satisfactory. According to the Department of Agriculture's advisory booklet "Lime and Manures," we should use over one million tons of superphosphate per annum, which is equivalent to 2½ times our present usage of phosphorus. The poor quality and low feeding standards of winter fodder on most Irish farms are grave obstacles to progress in animal husbandry generally.

The probability of our entry into the E.C.M. is a compelling reason for the immediate development of Irish grasslands, for an early increase in livestock population and for more attention to the economics of current farming practices. High milking averages on our dairy farms and satisfactory live-weight gains in the case of beef cattle will be attained only when silage production and the growing of kale and rape for adequate winter feeding become standard procedure.

AGRICULTURAL ADVISORY SERVICE

The Advisory Service which we maintain for the benefit of farmer customers and for wholesale buyers was extended in the year under review. Additional agricultural graduates were recruited so that a service can now be offered from Limerick and Waterford, thus completing a country-wide coverage.

NEW RANGE OF PRODUCT

For some considerable time we have had the question of fertiliser analysis under review. This year, as a result of our investigations, we introduced a change in the analysis of many compounds to bring the range into conformity with modern research and with practical economics. We have thus initiated a policy of concentrating plant food units through our "Hi-Unit" range so that the farmer has less to carry from store, to spread on field, and to pay in transport and storage charges per unit of N, P and K. The introduction of the "Hi-Unit" range has been backed by increased advertising in the national and local press and agricultural journals. The range consists of concentrated or double-strength fertilisers in granular form, packed in labour-saving 1-cwt. paper bags. A system which we call the "Hi-Unit" plan is also designed to help farmers in knowing which fertiliser to use under his own local conditions. The method we employ is one which strengthens our links with the farmer through the co-operation of our wholesale buyers.

The report and accounts were adopted.

MINI MINI (NYASALAND) TEA SYNDICATE

MR MEAKIN'S STATEMENT

The thirty-eighth annual general meeting of Mini Mini (Nyasaland) Tea Syndicate Limited was held on November 30th in London, **Mr C. A. Meakin** (the chairman) presiding.

The following is an extract from his circulated statement:

The Trading Profit for the year again shows an increase over the previous season and amounted to £18,752. The Directors recommend a final dividend of 15 per cent, making a total distribution of 20 per cent for 1960/61.

Our cash position continues to improve and the Bank overdraft has been eliminated and I hope that it will not be long before we have accumulated sufficient Funds to provide for the Company's cash requirements during the non-cropping months.

The season under review has been satisfactory from the cropping point of view and a substantial increase in intake was recorded over previous seasons. The Board is still not satisfied with the standard of prices which have been obtained and this continues to receive the close attention of all concerned. In other respects the reports that we have received of the property confirm that the agricultural condition of the estate continues to improve.

In so far as the new season is concerned, prospects at the moment are reasonably satisfactory. This position has been safeguarded to an extent by selling forward approximately 40 per cent of the anticipated crop at 2s. 11d. per lb. F.O.B. Beira. This compares with an estimated cost of production of about 1s. 8½d. The above cost of production does not include Depreciation, Insurances and Head Office Expenditure.

The report was adopted.

UNITED WINE TRADERS

ANOTHER RECORD YEAR

The ninth Annual General Meeting of United Wine Traders, Ltd., was held on December 5th in London, **Sir Kenneth Murray**, the chairman, presiding.

The following is an extract from his circulated statement for the year ended June 30, 1961:

The Company has had another record year, the combined profits of the Group, after deduction of administrative expenses but before taxation, amounting to £674,701, as compared with £405,681 in the previous year. Unfortunately these increased profits result in provision for taxation being increased from £197,700 to £353,225, which latter sum reduces the Group surplus for the year to £321,476.

Once more these increased profits are largely accounted for by the continued success of Justerini & Brooks' "J. & B. Rare" Scotch Whisky overseas. With the present Government emphasis on exports it is of more than passing interest that, in the year under review, our subsidiary Justerini & Brooks Ltd. increased their export of "J. & B. Rare" to the United States of America by nearly 50 per cent., when compared with the previous year.

Our exports to markets other than the United States of America have increased by nearly 30 per cent. in the year under review.

Though the fortunes of our export business with Hennessy Brandy handled by our subsidiary Twiss & Brownings & Hallowes Ltd. continue to fluctuate with the political tide in each market, nevertheless the overall sales have shown a marked upward trend, thanks mainly to the very strong position of the Brand in South East Asia.

MARKED IMPROVEMENT AT HOME

Our operating companies have achieved all this overseas without interference or neglect of their home trade, which has again shown a marked improvement on the previous year. Furthermore, "J. & B. Rare" is now being made available on the Home market and has made a promising start there. Our shareholders and other members of the public will, therefore, now have the opportunity of forming their own opinion of this whisky which is characterised by its lightness both in colour and in style and is now enjoying world-wide acclaim.

Once again the current financial year so far gives every expectation of yet further expansion both at Home and Overseas.

In addition to the Preference dividend for the year and an interim dividend of 15 per cent paid on the then existing Ordinary shares, your directors recommend payment of a final dividend of 50 per cent on the Ordinary Share Capital as increased to £385,000. This compares with the figure of 40 per cent envisaged in my circular letter of May 3rd.

It has always been my intention to retire from the Chair and Board of this Company on reaching the age of 70, which I did in August last. Accordingly I do not seek re-election, but at the request of all my colleagues, I propose continuing for the time being as Chairman of Justerini & Brooks, a position which I have held since 1931.

Mr H. C. B. Berens has accepted the invitation of the Board to succeed me as Chairman and I feel confident that under his able guidance the affairs of your Company will continue to prosper.

The report was adopted.

JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY

(Incorporated in the Republic of South Africa)

EXTRACTS FROM MR D. A. B. WATSON'S SPEECH

The annual general meeting of Johannesburg Consolidated Investment Company, Limited was held on December 5th in Johannesburg.

Mr D. A. B. Watson presided and, in the course of his speech, said: For the year ended June 30, 1961, the profit, before tax, of your company and its wholly-owned subsidiaries, Barnato Brothers Limited and Barnato Holdings Limited, amounted to the record figure of R5,275,150 (£2,637,575), an increase of R138,830 (£69,415) over the comparable figure for the previous year.

There was an improvement of R734,990 (£367,495) in our dividend income, which at R5,776,644 (£2,888,322) was also a record for the company. However, this improvement was accompanied by a reduced profit from the realisation of investments, which at R332,866 (£166,433) was only about one-half of the average annual profit earned by this side of our business during the preceding five years.

There was a substantial net depreciation of R3,084,454 (£1,542,227) in the book value of our portfolio. The total market value of our investments at June 30, 1961, was R54,125,776 (£27,062,888) as compared with R58,136,032 (£29,068,016) at June 30, 1960, a decrease of approximately R4M (£2M).

The decline during recent years in the London share prices of our investments in various companies operating in Africa stems not from a general diminution in their current intrinsic earning capacity which, on the contrary, has on the whole been more than maintained. It results from the continuing anxiety of investors or potential investors in enterprises in Africa as to the effects of Government policies and political changes upon future industrial activity in various parts of that continent, upon the flow of profits arising from that activity, and upon the rate of tax levied on such profits. The political changes have been widespread and rapid. They are not at an end but will continue in various forms for many years.

Having commented on the possible short-term effect on the company's interests of African political development, Mr Watson continued: We remain of the opinion expressed at our meeting last year, namely that production and business in the various territories in which our interests lie will continue, possibly with some interruptions, but nevertheless on a satisfactory scale. I do not envisage any abrupt or wholesale decline in the earning power of our investments in these territories, nor any such sudden changes in fiscal policies as would significantly affect the quantum of profits available for distribution by the companies concerned.

We estimate that our profit for the current year will be more or less maintained at last year's level. Our present estimate is that last year's rate of dividend should be maintained for the current year. This forecast depends naturally not only upon the maintenance of our presently anticipated dividend income, but also upon there being no further fall in share prices of such magnitude as to necessitate substantial provisions to meet the resultant depreciation in the book value of our investments.

THE FAIRFIELD SHIPBUILDING and ENGINEERING COMPANY, LIMITED

STATEMENT BY THE CHAIRMAN SIR JOHN MAXWELL ERSKINE, BT, GBE, DL, JP

The following Statement has been circulated to the Shareholders of the Company, whose Annual General Meeting will be held in Glasgow on December 28, 1961.

The Company is now engaged in the third and last phase—estimated to involve an expenditure of something of the order of £1,000,000—of the shipyard re-construction programme commenced some years ago. It has been the policy of the Board to charge the greater part of this special expenditure to the "Reserve for Development and Contingencies." As the Balance Sheet shows, this Reserve has been increased this year by the sum of £468,828, and after deducting the year's special expenditure of £118,828 the reserve is £1,900,000. In view of this, and having regard to the fact that as a result of the steady writing-down over the years of the value of Fixed Assets—these stand in the Balance Sheet at little over £1,000,000, which is demonstrably a small portion of their actual value—it has not been considered necessary to make any charge this year for Depreciation.

Contracts completed at both the Company's Works at Govan and Chepstow provide an interesting cross-section of work, and proof of the versatility of the Company's resources. The deliveries included:

From Govan

H.M.S. Lincoln ...	Frigate	
H.M.S. Blake ...	Cruiser	
H.M.T.S. Alert ...	Cable Layer	6413 GRT
M.V. Yorkshire ...	Cargo Liner	12040 DWT
S.S. Shell Naiguata	Oil Tanker	33000 DWT
S.S. Leecliffe Hall	Great Lakes Bulk Carrier	27300 DWT

T.S.S. Passenger Ferries—A total of 9, each carrying 2,100 persons, for service in the Bosphorus and the Sea of Marmara.

From Chepstow

Fabricated Steelwork for—
- Railway Bridges of modern design for British Railways and new road projects.
- Buildings.
- Factories.
- Gantries for travelling cranes.

The Company has acquired a substantial holding of the equity of David Rowan & Co. Ltd., Marine Engineers, Glasgow, established 1865, and the balance is being acquired. The merging of the two Companies is now in process with a view to complete integration of the engineering activities of the two Companies, to ensure the greatest efficiency in production of marine engines of all types and to allow for expansion of participation in a wider range of engineering products.

In the course of the year a licence and technical assistance agreement was made with Westinghouse Electric International Company of New York. This grants the Company exclusive manufacturing rights within the United Kingdom for Marine Turbines incorporating Westinghouse techniques, also it will make available the developments arising from the extensive research programmes conducted in the research centres of Westinghouse.

The Trading Profit for the year at £578,833 is substantially lower than the previous year when a record figure of £1,043,781 appeared; but in a business such as ours there are bound to be fluctuations in the incidence of emergent profit or loss. After bringing back a provision for Taxation no longer required, and making provision for the dividend of 6% on the Cumulative Preference Shares, requiring, less tax £9,188, a proposed Dividend of 20% on the Ordinary Shares, requiring, less tax £30,625, and the allocation of £468,828 to the Reserve for Development and Contingencies already referred to, the amount carried forward in the accounts is increased from £193,770 to £235,285.

During the year, the Board, in pursuance of their policy of recognising and rewarding merit, were happy to invite Mr Derek B. Kimber, OBE, MSc, Shipbuilding Manager, to a seat on the Board and the Shareholders will be invited to confirm his appointment.

There can be no doubt that the Shipbuilding and Marine Engineering industry in the United Kingdom has been and is facing many difficulties. It is equally true that in recent times there have been many broad generalisations as to the competence and attitude of those engaged in the industry, whether in management or as operatives, which have served to denigrate the status of of British Shipbuilding in the eyes of the World. These generalisations are sometimes grossly unfair and serve to make even more difficult the ability of the Industry to compete abroad, for, believe me, full use is made of such comment to our disadvantage.

Notwithstanding the difficulties to which I have referred, the Board has exerted every effort to obtain new contacts at home and abroad with a considerable measure of success. A number of important contracts for both the Govan and Chepstow Works have been obtained, including one from HM Government for a Guided Missile Destroyer, and a Cargo Liner for an old and highly respected client—Bibby Line of Liverpool. These valuable contracts will ensure continuity of employment for our personnel, who have a lifetime's experience of such highly specialised work.

Tenders were submitted for two important contracts during the past year—(1) the Construction and installation of machinery for a Nuclear propelled 65,000 ton Oil Tanker and (2) the Construction of a fast Trans-Atlantic Passenger Liner. Both tenders included proposals embracing interesting features for main machinery installations conducive to economy and reliability.

From what I have stated it will be appreciated that the Company is making every endeavour to be fully equipped, materially, technically, commercially and with manpower to meet the challenge of the times, including possible entry to the Common Market which does not alarm us.

There is a tradition behind the Company of a hundred years of producing ships and marine engines, including vessels built nearly seventy years ago which held the "Blue Riband" by Atlantic Crossings of under 5½ days. That is an inspiration and a challenge which is being accepted by the present generation and I look forward confidently to the future of the Company.

I extend cordial appreciation to Mr James Lenaghan, our Managing Director, and his team of executives and employees for their valued services.

Lloyds & Scottish Ltd

Reduced earnings in a difficult period, but future growth seems assured

TWO FORMER OPERATING COMPANIES NOW MERGED IN LLOYDS & SCOTTISH FINANCE LTD

Statement by the Chairman, Mr. Ian W. Macdonald

In his statement accompanying the Report and Accounts for the year ended 30th September 1961, the Chairman analysed the severe difficulties, mainly in the motor vehicle field, which had caused a reduction in group earnings, and reviewed progress and prospects in other divisions. He explained the reorganization by which Lloyds & Scottish Finance Ltd. has become the operating company, while the parent company has changed its name to Lloyds & Scottish Ltd. His statement follows:

It is appropriate that I should first make reference to a scheme of domestic reorganization which was recently completed.

Since the formation of Lloyds & Scottish Finance in 1958 your directors have always had in mind the fusion of the two main operating groups—Olds Discount and Scottish Midland Guarantee Trust. It was, however, thought unwise to rush this merger until the two groups—and particularly the senior officers—had been given time to get to know each other. The end of this phase was reached on 30th September 1961 and since that date one operating company, Lloyds & Scottish Finance, has been underwriting all new business. The board members of the new operating company are shown in the Report, but I would particularly make reference to the appointment of Mr. John McQuesten as Managing Director. He has had long experience in the hire purchase field and has been managing Scottish Midland Guarantee Trust since 1939.

As a consequence of the merger the name of this—the parent—company has been changed to Lloyds & Scottish Limited. Its function, as formerly, is confined to the holding of subsidiary and associated company investments and funds.

We recently welcomed to this parent Board The Rt. Hon. Viscount Runciman of Doxford and Mr. George T. Chiene. Lord Runciman is a Vice-Chairman of Lloyds Bank, and Mr. Chiene a director of National Commercial Bank of Scotland.

A most difficult year

The past year has proved to be one of the most difficult ever experienced by hire purchase finance companies in the United Kingdom. The main source of trouble can be ascribed to motor and vehicle financing, where as the months passed the losses from bad debts and repossessions mounted. These set-backs were particularly severe in one section of our group business which tended to concentrate on the underwriting of contracts covering second-hand cars and motor cycles.

A combination of circumstances gave rise to this situation: (1) inadequate down-payments, (2) excessively long periods for repayment, (3) a collapse in second-hand vehicle prices. As a result, the market value of the vehicle frequently fell far below the aggregate of future instalments, and many hirers defaulted on their contracts, leaving the finance company to take a heavy loss on repossession, which may or may not be recoverable depending on the financial status of the hirer. This combination of events had not previously happened in the post-war period, and managers who lacked such experience did not anticipate the violence of the consequences. It is not yet possible to say with confidence that further losses will not emerge from 1958/59 contracts as a serious unbalance between market value and future instalments remains, but the situation is protected by the taxed contingency reserves of £300,000, shown in the Consolidated Balance Sheet.

A basis for future growth

In any event, the unbalance is a diminishing factor, as contracts placed on the books since the statutory restrictions were reimposed in 1960 contain a much weaker mixture of the dangerous ingredients. More recently the members of the Finance Houses Association have collectively recognized the need for realistic terms in the motor vehicle field, not only for their own safety, but also to protect hirers from the embarrassments which frequently emerge from contracts with low deposits and long repayment periods.

I would venture the opinion that while the price has been high, the lessons learned have had a salutary effect, and that future growth—which seems assured—will have stronger roots and fewer mushroom characteristics.

The other main divisions of our Home business have functioned satisfactorily and shown reasonable profits. Retail sales of domestic durables were slow to recover from the relatively severe hire purchase restrictions imposed in April 1960, following a control-free period when sales were unusually high. There was, however, a measure of relaxation in the controls in January 1961, and a more normal level of retail sales has been achieved in recent months.

Developments overseas

During the past year there has been some moderate increase in our overseas interests. In the Caribbean area we acquired from Lombank Limited companies in Jamaica and Bahamas. These are being combined with our existing interests and should strengthen our competitive position in these islands.

In South Africa we are associated with the Netherlands Bank of South Africa and British & Commonwealth Shipping and, as a consortium, we recently acquired the balance of the ordinary shares of the Credit Corporation of South Africa. On the completion of this transaction the Credit Corporation became, in terms of British company law, a subsidiary of Lloyds & Scottish. As the Credit Corporation's most recent annual accounts were prepared to a date prior to this acquisition, these have not been incorporated in our consolidated figures.

Our participation in Eurocredit is proving satisfactory. Controlling interests in companies in France, Italy and Switzerland have been acquired, and, although no dividend has yet been paid by Eurocredit, its subsidiaries are earning reasonable profits. We consider that, given good management, our investment in Western Europe should prosper, particularly as the stage of growth of instalment finance is some years behind that reached in this country.

Generally speaking, our other overseas companies have had a difficult year. Local management problems have arisen simultaneously in several widely separated areas, and it is not easy to find immediate and effective solutions. There is also inevitably a price to be paid in profit set-back during such occurrences. Another factor, which is rarely favourable, is government financial policy. Restrictions and cramping regulations imposed on the providers of credit are nowadays all too frequent in many parts of the world. As in this country, it is not so much the restrictions as their frequent variation which creates the problems.

Effects on profits

The accounts show that the trading profit of the group has fallen heavily as compared with the previous year, from £3,000,574 to £739,004. As I have already stated, serious trouble was experienced in one of our motor divisions where large provisions have been made for bad and doubtful debts. We also incurred a considerable loss in an overseas subsidiary. Another adverse factor was the high average cost of money—not compensated by any increase in hire purchase rates until almost the end of the financial year.

The volume of our group business has been well maintained, and the Consolidated Balance Sheet shows that Hire Purchase and other Debtors now exceed £100 million.

Lloyds & Scottish Ltd

(OWNED BY LLOYDS BANK LTD AND NATIONAL COMMERCIAL BANK OF SCOTLAND LTD)

CARRERAS LIMITED

A NOTABLE YEAR IN COMPANY'S HISTORY

TRADING RESULTS SHOW A MARKED IMPROVEMENT

PROGRESS IN HOME AND OVERSEAS MARKETS

An Extraordinary General Meeting of Carreras Limited was held on December 5th at Basildon, Essex, **Mr John H. Hansard** (the Chairman) presiding.

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

The year under review has been an important one in the history of your Company. A number of changes have taken place which have been the subject of separate advices to shareholders and I will comment on these matters later in this statement.

In May of this year Dr Anthony E. Rupert expressed the wish to retire from the Chairmanship following the satisfactory completion of the scheme for the integration of the interests of your Company with those of Rothmans Limited in the United Kingdom and certain other territories. This was in accordance with Dr Rupert's usual policy not to hold the Chairmanship of any of the overseas companies in the Rembrandt Group.

I considered it a great honour when Dr Rupert and my colleagues asked me to assume the Chairmanship of the Board.

NEW BOARD APPOINTMENTS

Since our last Annual General Meeting two Directors have been appointed to the Board: Mr D. S. A. Carroll, the Chairman and Managing Director of P. J. Carroll and Company Limited in the Republic of Ireland, and Mr D. C. Owers, the Managing Director of Rothmans of Pall Mall Limited. Both these gentlemen have considerable experience of our industry and I am sure that their services to your Company will prove to be of great value.

ACCOUNTS

As forecast, the trading result for the year ended June 30, 1961, showed a marked improvement in your Company's affairs: this is commented upon in the Report of the Directors. The Group Profit before taxation amounted to £2,607,752, an increase of 47 per cent over the previous year.

Your Directors have recommended a final dividend on the Ordinary and "B" Ordinary shares of 6½ per cent less income tax, which with the interim dividend paid on June 30, 1961, will make a total of 9 per cent less income tax for the year. This compares with a total of 8 per cent less income tax for the previous year and an annual rate for the preceding three years of 6 per cent less income tax.

In recommending this dividend your Board has borne in mind the request of the Chancellor of the Exchequer for dividend restraint. At the time of his request, the Interim Dividend had already been increased from 2 per cent to 2½ per cent and we felt that, in fairness to Shareholders, the minimum Final Dividend we could pay was 6½ per cent. But for the Chancellor's request, the Directors would have been fully justified in recommending a higher rate of Final Dividend.

THE YEAR'S TRADING

The sales of Carreras' leading brands, Piccadilly No. 1 and Guards Filter cigarettes, have achieved a further steady increase in the United Kingdom market.

Our export trade has had a most successful year.

The improvement in the parent Company's affairs is in part attributable to the benefits arising from the Company's first full year of manufacture in the new plant at Basildon. The machinery and equipment installed during 1959 and the early part of 1960 is proving its value in relation to higher output and economy in operation, whilst the labour force, over half of which was recruited locally following the removal of manufacture from London to the New Town, has settled down to its task with increasing efficiency.

An important share of the increase in profits is also attributable to the inclusion this year of the profits earned by Rothmans of Pall Mall Limited, the entire share capital of which was acquired by Carreras Limited under the recent integration scheme. The rapid expansion during the past few years in the sales of Rothmans brands in the United Kingdom market was maintained during the year under review and amply justified the confidence of your Board in the value of your Company's new investment. The vigorous policy of sales promotion adopted by the Rothmans Board, which secured for Rothmans of Pall Mall Limited the position of market leaders in King Size Filter cigarettes, has been continued.

The sales of Peter Stuyvesant King Size Filter cigarettes, marketed by the American Cigarette Company (Overseas) Limited, have also shown a considerable increase.

The arrangements made with Rothmans of Pall Mall Export Limited for the manufacture of its brands for overseas markets have resulted in a further useful contribution to the improvement in your Company's affairs.

During the year Murray Sons and Company Limited celebrated the 150th anniversary of its business in the pipe tobacco industry. Sales of the Company's products, notably of Erinmore pipe tobaccos, were well maintained and earned for the Company an encouraging increase in profits.

Useful links have been forged with our new associate, P. J. Carroll and Company Limited in the Republic of Ireland. That Company has had a very good year and has increased its share of the Irish cigarette market. It also commenced to develop Group brands in that market.

CANADA

The rise in Group Profits was offset by adverse trading conditions experienced by your subsidiary, Rock City Tobacco Company Limited. The profits earned by Rock City Tobacco Company Limited to the date of its liquidation were sharply reduced in relation to the previous year's level. As members were informed earlier this year, your Company's investment in this subsidiary company was realised at the end of 1960 by the liquidation of that company. With part of the proceeds your Company took up Debentures in a new Canadian associated company and accordingly in future your Company's income from Canada will be represented by the interest receivable on these Debentures. It should be noted, however, that your Company has the opportunity of taking up a reasonable stake in the Canadian associate companies on favourable terms. Whilst it is too early at this stage to judge the results of the reorganisation, your Board considers that the chances of success of these companies in the highly competitive Canadian cigarette market should be materially improved by the pooling of the resources and by the economies to be gained in manufacturing and overhead expenses. I reiterate the Board's hope that these Canadian companies will achieve increasingly satisfactory results and in that event the arrangements made for an equity participation by your Company should be of substantial benefit for the future.

DEVELOPMENT PROGRAMME

The major part of the Board's initial plan for the reorganisation of your Company's affairs has been accomplished and satisfactory benefits have been obtained. Modernisation is to us a continuous process and further expenditure is, therefore, being undertaken to ensure maximum production efficiency.

ORGANISATION

In order to provide improved administration which has become necessary with the increasing size of your Group, certain internal reorganisation has been carried out and separate companies have been formed to deal with both your Company's home trade and overseas affairs. It is felt that this approach will enable greater concentration upon the various aspects of the business and there is included later in this report a summary of principal Group companies at the present time.

FUTURE PROSPECTS

Your Company is consolidating the progress made and is continuing its policy of going forward carefully and objectively.

Since the end of the financial year, the United Kingdom market has been adversely affected by the Chancellor of the Exchequer's "Little Budget" which increased the rate of duty on tobacco by 10 per cent. The rate of duty on unmanufactured tobacco already stood at 64s. 6d. per lb and accounted for approximately three quarters of the price of cigarettes to the smoking public. Whilst being most aware of the need for the Government to take action to control the economy of the country, it seems somewhat unrealistic to increase the duty so severely on products already carrying such an enormous rate of tax. It is too early to judge the effect of the surcharge on the industry, but it is bound to reduce consumption at least for a period. In our case we produce for the United Kingdom market and for the Export Trade from the same plant, and obviously any reduction in the Home Trade turnover must affect our Export costs. We hope that the situation will settle down and we believe that by skilful management we can continue to improve the Company's position.

I would again like to record on your behalf our appreciation and thanks to our Bankers, Legal Advisers and Auditors for their valuable services to the Company.

It is customary to thank, on your behalf, the Directors, Management and Staff of the Company for their hard work during the year under review. On this occasion, however, I would like to pay a special tribute to the Management, Supervisory Staff and all employed for a most splendid effort during the year; much of the improved results before us must be attributed to the loyal support and the extremely hard work which has been so readily forthcoming from them.

The report and accounts were adopted.

INDUSTRIAL FINANCE AND INVESTMENT CORPORATION

REVENUE AGAIN LARGER

MR J. N. BUCHANAN'S STATEMENT

The Thirty-sixth Annual General Meeting of The Industrial Finance and Investment Corporation, Ltd., will be held on December 28th at Winchester House, Old Broad Street, London, E.C.

The following is the statement by the chairman, **Mr J. N. Buchanan, DSO, MC,** which has been circulated with the report and accounts:

It will be seen from the Accounts for the year ending June 30, 1961, that the gross revenue arising from Investment income and profit from Finance business and on realisation of investments has again progressed satisfactorily.

HIRE-PURCHASE OPERATIONS

On the other hand, these results have been impaired by the unsatisfactory operation of our Hire-Purchase Group.

Shareholders will remember that the Hire Purchase Group was first embarked upon in the spring of 1959—in retrospect a singularly unfavourable moment. In the intervening period, there have been the "free for all," the credit squeeze and high Bank Rate, none of which have been conducive to a satisfactory outcome of contracts entered into over much of the past two years. In addition, it must be admitted that, with exceptions, the management of the Hire-Purchase Group has left much to be desired, both from the angle of able assessment of risks and organising ability. Although the loss incurred is unpleasant, the resilience of the Company's traditional business enables payment of the same dividend as for the previous year without drawing on the Company's substantial reserves.

Radical steps have been and are still being taken to surmount the difficulties of the Hire-Purchase Group, but time will be needed to produce profits commensurate with the funds involved.

ENGINEERING INTEREST

Towards the latter part of the year under review, our engineering subsidiary was amalgamated on a satisfactory basis with a similar engineering group, and we received in exchange Shares with a Stock Exchange quotation.

Both the economic and political situations currently make investment on the short term somewhat hazardous; but, despite a number of disappointing reports from industry generally—probably with more to come—the revenue from our portfolio has so far stood the test quite satisfactorily.

Private treatment in Illness

B U P A

SHIELD IN YOUR ILLNESS

President:
The Rt. Hon. VISCOUNT NUFFIELD,
G.B.E., C.H., F.R.S.

BUPA's PROGRESS

The 14th annual report of the British United Provident Association, presented by Sir Andrew H. Rowell, F.I.A., Chairman of the Board of Governors, is convincing evidence of the great and growing demand for private treatment in illness . . .

At the close of the financial year about 975,000 people were covered by BUPA. There were 42,085 new registrations during the year. More than 100,000 subscribers claimed benefit.

The report is also striking testimony to the efficient and economical way in which BUPA is run . . .

From a subscription income of £4,026,981 no less than £3,396,830 (nearly 85%) was paid out in claims.

Nevertheless BUPA was able to continue its policy of sponsoring new and improved facilities for private treatment . . .

Once again out of investment income, BUPA paid £40,000 to the Nuffield Nursing Homes Trust.

If you would like to have a copy of the Annual Report and Statement of Accounts for the year ended 30th June, 1961, please write to:

THE BRITISH UNITED PROVIDENT ASSOCIATION
Essex Street, London, W.C.2.

BIRMID INDUSTRIES

The annual general meeting of Birmid Industries, Ltd., was held on December 5th at Birmingham, **The Most Honourable The Marquess of Exeter, KCMG,** chairman, presiding.

The following is an extract from his circulated Statement for the year to July 31, 1961:

Group profits have declined as compared with the previous financial year. A number of factors have contributed to this situation. Whilst the level of Group sales has been substantially maintained, profit margins have narrowed considerably.

Your Directors feel, however, fully justified in recommending a final dividend at the rate of 15 per cent. This maintains the total dividend for the year at 20 per cent.

Taxation at £1,655,906 against Net Profits of £1,360,434 is again adversely affected by the increase in Profits Tax and this year's charge means that the Exchequer will take nearly 11s. 0d. from every £1 of our earnings.

PRODUCTION & SALES: During the year demand from the motor trade in particular was fairly well maintained; as a result, total Group Sales were about the same as in the last financial year. Production costs, however were considerably higher due to a variety of causes beyond our control and, in consequence, profit margins were measurably reduced.

The aircraft industry maintained a reasonable level of activity and your light alloy foundries and rolling mills secured their fair share of the business. There is an increasing demand for high precision castings in light alloys and our department dealing with this type of product is being expanded.

At the rolling mills the Sendzimir strip mill has fully justified our expectations and plans are under review for expanding the scope of manufacture from the unit.

EXPORTS: Direct exports are limited almost entirely to wrought light alloys and in the main go to Northern Europe. Competition is even more severe than it was last year, but we are holding our own though, currently, not increasing our share of the market.

Your Directors have given much thought to the implications of Great Britain joining the Common Market. It will certainly mean that we, in common with other British Manufacturers, will be faced with even keener competition in the Home Market. If such a contingency is recognised as inevitable, it should be a stimulus to greater efficiency in our manufacturing and marketing organisation. On the credit side, it does though seem that there may be a certain market in Europe for some of our specialised wrought and cast products. Full membership of the Common Market could well mean that our chief customers could increase their exports to Europe to a degree which would more than compensate for any loss in the Home Market to European competition. This, indirectly could entail increased business for our foundries.

PROSPECTS: At the present time there has been a very distinct falling off in demand from the motor and other consumer industries and it seems unlikely that this will improve before the New Year. Competition for available business is keener than ever, so much so, that in order to secure contracts it would seem that profit margins would have to be drastically reduced or, in some cases, entirely disappear.

The report and accounts were adopted.

AUSTIN & PICKERSGILL LIMITED

RECORD TRADING RESULTS

MR J. H. KING ON SATISFACTORY CURRENT ORDER BOOK

The sixty-second annual general meeting of Austin & Pickersgill Limited was held on November 30th in London.

Mr J. H. King, the chairman, presided.

The following is his circulated statement:

The profit for the year before taxation amounts to £591,687, against £462,666 for the year to June, 1960. This is a record figure for this Company, but it carries with it a record taxation charge of £309,197.

Your directors have transferred to capital reserve £450,000 from general reserve and £233,837 from unappropriated profits, thereby raising the capital reserves to £1,212,500.

The dividend recommended on the ordinary shares is unchanged at 15 per cent less income tax.

THE YEAR'S OPERATIONS

The highly satisfactory result is due largely to the continued efficiency of our modern shipyard at Southwick. We delivered six new ships during the year, including two of over 18,000 tons deadweight, our biggest ships to date.

The Ship Repair Department has made an important contribution to the profit, with the reconstituted graving dock at the Wear Dockyard in operation during most of the year. In addition, we have carried out special surveys and repairs afloat to several vessels of 10,000 tons deadweight and over, going well beyond the old small ship range of the dockyard.

This year's figures include profits on ships which were contracted for up to four years ago, before the present recession got into its stride, when it was still possible to obtain orders with reasonable profit margins. We have now worked through these old orders, and our present contracts have been obtained at very keen prices indeed. I must warn you, therefore, that the result for the year to June 30, 1962, will inevitably show a very large reduction in profits in comparison with 1961.

Our order book is satisfactory inasmuch as it will keep both the Southwick Yard and the Wear Dockyard building berths going for 12 months, and of course the management are constantly on the watch to secure further orders.

INADEQUACY OF LONG-TERM CREDIT FACILITIES

We have a modern, well equipped and efficient shipyard, which is building ships as quickly and as cheaply as any in Europe, if not in the whole world. We can offer quick and prompt deliveries, and are sure that our prices compare very favourably with those of our competitors. Our biggest difficulty at the present time is the lack of adequate long-term credit facilities, available readily and at interest rates comparable with those obtainable abroad. Many foreign owners insist on substantial credit for long periods, and some British owners have placed orders abroad because of extended credit terms. I feel that the lack of suitable long-term credit facilities presents the biggest obstacle to British shipbuilding at the present time.

Nevertheless, I remain confident that with our up-to-date plant and methods and our determination to keep abreast of the latest technical developments, we shall continue to be competitive through these difficult times.

Lastly, it is my pleasant duty to thank, on your behalf, every employee of the Company. They have all worked with keenness and zest through another year.

It is also pleasant to place on record that during the period under review no labour troubles whatever have raised their heads and that throughout the organisation, under the leadership of our managing director, there is an atmosphere of team spirit which is both notable and admirable.

The report and accounts were adopted.

NORTHGATE GROUP LIMITED

The following points are summarised from the Statement by the Chairman, **Mr F. S. Bassett,** accompanying the Report and Accounts for the year ended 30th June, 1961:

- ★ The Trading Profit of the Group again showed an increase. The net amount of £280,605 before taxation is approximately 14% in excess of the previous year's figure.
- ★ The Directors recommend the payment of a final dividend of 17½%, less tax, making, with the interim of 10%, less tax, paid in June last, a total distribution for the year of 27½%, less tax, the same as for 1959-60.
- ★ Capital Reserves have increased to £531,467 from £264,808 in the preceding year, and in addition there are Revenue Reserves amounting to £112,678. It is proposed that a sum of £104,612 be capitalised from the Capital Reserves and distributed as a free share bonus in the ratio of one new Ordinary share of 2s. for every four Ordinary shares held.
- ★ Our largest interest, the Jacobs Group of Companies, continued its progress during the year and production and sales reached a level well in excess of the previous 12 months, which in its turn was a high record.
- ★ The Nyla Knitting Company Limited and the Undie Fabric Company Limited have already proved valuable complementary businesses to the Jacobs Group. Their earnings for the past year exceeded the forecast made at the time of our acquisition and the combined sales and profits were a record for the sixth year in succession.
- ★ It is our intention to acquire further businesses as and when appropriate opportunities occur.

A copy of the brochure containing the Annual Report and Accounts and Chairman's Statement can be obtained from the Company's Registrars at 17 St. Helen's Place, London, E.C.3.

BANK OF MONTREAL

REALISTIC APPROACH TO NEW CHALLENGES URGED

The one hundred and forty-fourth annual general meeting of the Bank of Montreal was held on December 4th in Montreal.

Mr G. Arnold Hart, the President, in the course of his speech, said:

The last twelve months have been eventful ones, bringing many changes both in Canada and abroad. On the Canadian economic scene, business on the whole has shown signs of increased activity in contrast to the recession that characterised most of the previous year. But in spite of the higher levels that have been achieved in output, income and employment, all sectors of the economy have not shared to the same extent in the advance that has taken place. While we can derive satisfaction from the extent of the recovery thus far, it remains a fact that the present pace of business recovery in Canada still falls short of the rate of growth we would wish to see.

Commenting on the United Kingdom's possible entry into the European Common Market, Mr Hart said: I would urge that we not be too hasty in our judgment, nor adopt a defeatist attitude. I would suggest that instead of merely opposing changes from existing arrangements we take a positive approach to the problem of the United Kingdom, the Commonwealth and the Common Market and that we consider the wider implications rather than just the possible short-term effects on Canada. If it seems apparent that there are economic advantages in Britain joining the Common Market, I am sure we would all rather see a stronger Britain in the Common Market than a weaker Britain outside it.

In a wider context it seems to me that we shall reap nothing but disappointment from taking a negative attitude in our international dealings. Faced as we are with an increasingly competitive world we should be active in meeting the competition, and in adapting ourselves to the changing world environment.

GENERAL MANAGER'S ADDRESS

In the course of his address, Mr R. D. Mulholland, Vice-President and General Manager, said: Noteworthy progress has been made in all departments of our business and I trust that the results may be regarded as satisfactory.

After providing for depreciation of premises and equipment, transfers to inner reserves and income taxes, our net profits amounted to $14,578,817 A sum of $12,453,750 has been provided therefrom for regular and extra dividends, amounting in total to $2.05 per share compared with $2.00 for the preceding year.

At the end of the fiscal year, total assets of the Bank amounted to $3,950,000,000, an increase for the year of $464,000,000 or 13.3 per cent. The increase in our assets represented the largest increase ever experienced in a year by any Canadian bank.

Total deposits at $3,647,000,000 showed a very satisfactory increase of $446,000,000 during the year, and constituted a year-end record for the Bank. During the year the number of deposit accounts on our books increased by 134,000, of which over 100,000 were savings accounts, and we are now bankers for more than 3 million Canadians.

NETHERLANDS BANK OF SOUTH AFRICA LIMITED

DIVIDEND 10 PER CENT

The Eleventh Ordinary General Meeting of Shareholders of the Netherlands Bank of South Africa Limited was held on December 5, 1961.

The following is an extract from the circulated statement by the Chairman, Dr. F. J. C. Cronjé:

INTRODUCTION

Before dealing with developments that took place during the 1960-61 financial year, which ended on September 30th, I think it would be appropriate to mention certain important proposals which were recently made in regard to the capital structure and share holdings of our institution.

More specifically I refer to our circular to shareholders and to statements issued to the press towards the end of October when the public was informed that the Netherlands Bank of South Africa Limited is in the process of becoming a South African controlled institution and, moreover, is planning to strengthen its banking participation in Western Europe by means of a two-way share transaction with its Netherlands affiliate, the Nederlandse Overzee Bank N.V. with its Head Office in Amsterdam.

Briefly these changes involve, first, an increase in our total issued capital to R6,000,000 through a local issue of 500,000 shares of R2 each; second, a reduction in the shareholdings of our Netherlands affiliate, the Nederlandse Overzee Bank N.V., from a majority interest of 75 per cent (before the new issue) to a minority share of about 49 per cent (after the new issue) by virtue of an offer of 775,000 shares in our Bank to South African institutional and other investors; and, third and finally, a 12 per cent participation by our Bank in the share capital of the Nederlandse Overzee Bank N.V. with representation on its Board of Directors.

Considered from both a national and international point of view it will be clear that these changes in our operational basis offer many advantages and considerable scope for further progress.

POSITION OF THE BANK

Accounts.—Last year we were in doubt to which extent the adverse influences on the balance of payments would affect our position. As imports continued on at least the same level as last year, and our activities in the export field remained quite satisfactory, the effect on our international business did not confirm our uneasiness as expressed in our last report. Locally the ensuing scarcity of money resulted in an increased demand for facilities and the higher interest income contributed to a large extent to the favourable results of this financial year. We are also pleased to report a continued considerable increase in the revenue from commission which is indicative of a larger volume of business. Other sources of income remained at a satisfactory level. Expenditure again showed an upward trend and special measures are taken to keep this unfavourable development within reasonable limits.

During the last few months the liquidity of the bank improved considerably when the restrictive measures in regard to imports and capital movements became effective. Notwithstanding increased competition from other sources for credit moneys we are pleased to state that last year's levels could be increased. As a result of the recent general developments in this country combined commitments by our customers under advances and bills decreased.

Building operations in various centres and especially in Johannesburg, where we expect to occupy the first completed portion of our new premises towards the end of the year, caused a further moderate increase under the heading Bank Premises.

As is customary, all additions to furniture, office equipment and stationery were written off and adequate provision has been made for taxation, possible bad and doubtful debts, depreciation of bank buildings and for the usual strengthening of the Staff Pension Fund.

Business outside this continent showed a further satisfactory development to which our London Office and our Representative in New York contributed their valuable share. The co-operation with our affiliate, the Nederlandse Overzee Bank N.V., with their various offices on the European Continent and in the Western Hemisphere, continued to be a great asset.

Directors' Report.—In the Directors' Report it is proposed to increase the Reserves by R200,000 to R3,200,000. In view of the higher demands which will be made upon our Staff Pension Fund as a result of the conversion of the cost of living allowance into pensionable salary, your directors consider it advisable to make an additional contribution to the Fund of R100,000.

The favourable results obtained during this financial year enabled your Directors to declare interim dividends of 5 per cent in August and October making a total of 10 per cent in comparison to last year's 8½ per cent. No further dividend is recommended to be paid from the profits for the 1960-61 financial year.

The report and accounts were adopted.

NEEPSEND STEEL & TOOL CORPORATION LIMITED

FULL PRODUCTION MAINTAINED

The forty-first annual general meeting of Neepsend Steel & Tool Corporation Limited was held on December 5th at Sheffield, **Sir Stuart C. Goodwin, DL, JP, LLD,** the President, in the chair.

The following is an extract from his circulated statement:

Our report shows that we have again had a satisfactory year, and, whilst there will be regret that there is no increase in the dividend, I am confident that our Stockholders will recognise that in conforming with the wishes of the Chancellor of the Exchequer, we are acting in the best interests of the country, and, of the several industries in which we have our sphere of activities.

It is of particular satisfaction to report that despite the many difficulties encountered in the year's trading, we have maintained full working production throughout the period.

This state of affairs has continued up to recent days, but there is now a slight falling off in the activities of certain of our smaller companies. Nevertheless, this is not expected to have any really serious effect, and we are hopeful that unless unforeseen conditions intervene, we shall be able to present a satisfactory profit position next year and to maintain the present dividend.

Our export trade has improved considerably during the past year.

The trading profits for the year before taxation have amounted to £1,473,348, as against a figure of £1,210,920 in the previous year.

The report was adopted.

EMI **Electric & Musical Industries Limited**

Progress during the year ended 30th June, 1961

Year to June 30	1960 £	1961 £
Group sales	68,700,000	82,440,000
Trading profit	6,931,000	7,836,000
Depreciation	1,422,000	1,932,000
Interest	288,000	456,000
Pre-tax profits	5,221,000	5,448,000
Tax	2,714,000	2,834,000
Net profit	2,413,000	2,443,000

RECORDS Total sales of our record company in the United Kingdom rose considerably, despite a fall in exports, which was more than offset by a very large increase of sales in the home market.

TRANSMITTING EQUIPMENT We have been particularly successful with our export business in these products. For example, all the transmitting and studio equipment, for television and sound, of the broadcasting service in Northern Nigeria is to be supplied and installed by E.M.I.

As a result of outstanding technical merit, the E.M.I. aerial systems are regarded as the best in the country. We are now undertaking most of the main aerial projects here.

TELEVISION E.M.I. community television systems are being installed in many places. It seems likely that wired television will be essential in many areas for colour television.

Closed circuit television is an expanding market in which we are increasing our share.

COMPUTERS We were the first company to instal a fully transistorised computer in a business house.

Late in the financial year, we delivered to the Ministry of Pensions the first part of the EMIDEC 2400 computer, which ultimately will be carrying out the whole of the clerical work for the new State Graduated Pension Scheme.

ELECTRICAL HOUSEHOLD APPLIANCES Although our sales of small appliances—irons, toasters, fires, shavers—were higher than in the preceding financial year, our sales of refrigerators and spin dryers were upset by the hire purchase restrictions imposed by the Government in April, 1960.

MAGNETIC TAPES There was a steep rise in the sales of both video and instrumentation tapes during the latter half of the financial year. There was a substantial rise in exports.

THE FUTURE The prospects of the Group's sales seem good, and in the year to June, 1962 they may well reach a total of the order of £90 millions, assuming no political crises.

HIGHLIGHTS FROM NATIONAL BANK CHAIRMAN'S 1961 ADDRESS

Mr. J. A. Forrest, Melbourne, 29/11/61.

EXPORT INCOME MUST RISE. To achieve steady national progress, we must concentrate upon lifting our export income. This is fundamental to any lasting solution of our recurring balance of payments problem. Export income has not kept pace with national development. Last year, exports would need to have been about £100m. higher to equal the pre-war ratio to national production of 15%.

MORE EXPORTS ARE PART OF DEVELOPMENT. As individual citizens, we must grasp the idea that expansion of exports is a part of national development just as surely as is the new dam, the new railway line, the new factory. To raise it by anything like the £250m. a year suggested by the Export Development Council is a gigantic task, and its magnitude and importance must be brought home to the nation. There must be a nation-wide urge to produce for export.

RESPONSIBILITY OF GOVERNMENTS. Creation of the appropriate climate within Australia to aid production for export is a responsibility of governments. This would be a valuable complement to the help in various other ways being given by government to private enterprise to build up export income.

ENCOURAGEMENT OF IMPORT REPLACEMENT. Full encouragement must be given production that will replace imports. In appropriate cases, greater and perhaps wider use should be made of the tariff to aid efficient local manufacturers. If costs are to be reduced production facilities must be fully employed. Testing production of tropical and sub-tropical agricultural products in northern areas, and searching for oil, are examples of possible import replacement.

OUR EFFORTS MUST COMPLEMENT CAPITAL INFLOW. Our young and developing country, with excellent long-term business prospects, merits the full attention of overseas friends, whether their interest be productive enterprise or portfolio investment. But we should not be content to rely upon them for maintenance of our international financial stability. If necessary, we must accept whatever sacrifices may be needed to enlarge our contribution as an international trading partner, because economic isolation is an impossibility for Australia.

ACCOUNTS. Assets increased by nearly £4m. to £368m., an all-time record. Net profit rose by £94,000 to £1,074,000, also a record. Increase in expenses was £177,000, and higher profits were achieved mainly because of more realistic charges for certain services, and additional income from increased business in some sections of the Bank's operations.

STAFF THANKED. The Bank's staff in Australia and London were thanked for the high standards maintained, and the service given over the year.

THE NATIONAL BANK OF AUSTRALASIA LIMITED

(Inc. in Victoria)

Registered Office: 271-279 Collins Street, Melbourne
Chief London Office: 6-8 Tokenhouse Yard, E.C.2

890 Offices throughout Australia. Total Assets: £368 million.

J. & F. STONE LIGHTING & RADIO LIMITED

Consolidated Profit & Loss Account	1961	*1960*
	£	*£*
Group Profit before taxation	**890,969**	*802,769*
Taxation	**470,000**	*416,500*
Dividend (35%)	**257,250**	*257,250*
Consolidated Balance-Sheet		
Issued Ordinary Capital	**1,200,000**	*1,200,000*
General Reserve	**700,000**	*600,000*
Unappropriated Profits	**298,833**	*235,114*

The Board has decided to recommend a free bonus issue of one new stock unit of 5s. in respect of every two stock units held. Subject to profits being maintained at a satisfactory level, and in the absence of any adverse circumstances not at present foreseen, it is the intention to recommend dividends on the capital as increased by the proposed bonus issue at the rate of 30% for the year ending 30th June, 1962, which is the equivalent of 45% on the present capital.

STAVELEY INDUSTRIES LIMITED

FACTORS AFFECTING PROFITS

The ninety-eighth annual general meeting of Staveley Industries Limited was held on December 6th in London, **Mr John P. Hunt, TD,** the chairman, presiding.

The following are extracts from his circulated statement:

Last year I said that it would be reasonable to look forward to a further increase in profits but as indicated in March of this year they have fallen from £1,657,843 to £1,385,404.

This reduction in profits in the main is attributable to three factors. Firstly, the expected improvement in Canada did not materialise as in fact trading conditions in that country rapidly deteriorated, particularly in the West. As a result, not only was general profitability of the Standard-Modern Tool Company Limited reduced but in addition serious losses were incurred in the form of bad debts and repossessions of equipment sold on hire purchase terms. There are now some indications of improvement in the Canadian economy, nevertheless certain steps have been taken to reduce and also to concentrate our operations. Your directors considered it prudent to write down the investment in this company by £250,000 out of capital reserves. Secondly, the difficulties of the machine tool subsidiaries proved more prolonged than anticipated—difficulties which have been accentuated by labour shortages and a large programme of machine tool redesign. Thirdly, during the past year our research and development costs in relation to those subsidiaries interested in machine tools have been in excess of £220,000—more than twice the previous year's figure—nevertheless a most necessary expenditure for the future success of the Group.

Your directors recommend a final dividend of 8 per cent, less income tax, which makes a total of 11 per cent for the year.

The authorised share capital of the company was increased to £10,000,000 at the annual general meeting held on December 7, 1960. Your directors have no present plans for the issue of the additional shares.

Your board has decided to prepare future accounts to September 30th. The next account will be for a period of fifteen months to September 30, 1962. Alterations will be necessary in the dates of payment of dividends and for this initial period your board will consider the payment of interim dividends on March 31 and June 30, 1962, and a final dividend in March 1963. Thereafter it is anticipated that an interim dividend will be paid in June and a final dividend in March of each year.

The Staveley Research Department was the first integrated industrial machine tool research unit in the country and considerable technological advances have been made which have contributed to our improved machine tool order book.

Operations throughout have been hampered by the acute shortage of skilled labour, especially in the machine tool companies. Apprentice training schemes have been extended in an attempt to ease the position. The Group has satisfactory order books and given reasonable trading conditions I look forward to the future.

The report was adopted.

HALEYBRIDGE INVESTMENT TRUST LTD.

COMPANY'S STRONG POSITION

The fourteenth Annual General Meeting of Haleybridge Investment Trust Limited was held on November 30th in London, **Sir Aynsley Bridgland, CBE** (the Chairman), presiding.

The following is an extract from his circulated statement:

The consolidated Accounts before you show a net profit after tax of £138,674, which is an increase of £11,632 over that of the previous year. Your Board recommend a final dividend of 7½ per cent making a total for the year of 12 per cent, and after payment of this dividend the balance carried forward on Revenue Account will be £179,036, an increase of £12,379.

During the year the market value of the quoted investments has increased by £782,073. They now appear in our Balance Sheet at a figure which is £2,497,769 below their Stock Exchange value.

I should perhaps say something more about these quoted investments which predominantly represent our shareholding in the Regis Property Co. Limited, a company which we, as a group, started and have built up through the years, and whose business is confined to investment in revenue producing properties.

The book value of the Regis company's assets, as its shareholders have been told, is considerably below the present market value and its income is shown in the statement issued by the Company to be steadily increasing. It is an exceedingly valuable investment and our holding, together with that of our Associates, gives us effective control, and provides us with a steadily increasing income. Even if we realised these investments it is in the opinion of your Board difficult indeed to reinvest our moneys in as satisfactory a manner. We are, therefore, very content to hold them.

In view of what I have said I think it would be the shareholders' opinion that our Company's position is a strong one.

The operations of our group are conducted by several subsidiaries, all of whom perform some part in the various transactions in which we are engaged.

These subsidiaries provide us with the machinery to raise money on a temporary basis, to carry through to completion our plans for extensions of our portfolio whether in flats or offices, to earn fees for services rendered to our clients and to enable us to preserve our investment income while our negotiations are pending by absorbing charges that are properly levied on the cost of the buildings or other projects we are striving to complete.

Our work each year, therefore, is through these subsidiaries to carry projects that are in various stages of negotiation until such time as they can be incorporated finally in our portfolio of investments, or otherwise disposed of.

By this means we are able to initiate, investigate and do all that is necessary to produce a result that in the end increases our revenue, without, in the meantime, having affected our investment income.

The dividend of 12 per cent which is recommended for the year largely comes out of a stable income, which gradually but surely is increasing and I am optimistic enough to say that this increase should go on for some years to come unless some unforeseen contingency arises. It must not be forgotten that our income from other sources can add considerably from time to time to our revenue.

The report and accounts were adopted.

ALSTONS LIMITED

PRÉCIS OF PRESIDENT'S REVIEW

At the annual general meeting held on November 16, 1961, the Directors' Report and Annual Audited Accounts for the fiscal year ended June 30, 1961, were adopted.

The Profits of the Company after taxation, write-offs and transfer to reserves totalled $813,374. Preference and Ordinary Dividends absorbed $475,537, leaving $337,837 to be carried forward.

A resolution was passed for the payment of final dividend of 10 per cent (less tax) in addition to interim dividend of 6 per cent (less tax) paid in April.

The Consolidated Group Accounts revealed profit (after taxation and write-offs) of $1,339,256, of which profits attributable to shareholders of Alstons Limited (after adjustments and transfers to reserves) totalled $781,310. Capital and Revenue Reserves totalled $4,651,817 by comparison with $3,992,932 at June 30, 1960.

Resulting from the take-over bid in July, 1961, by Caroni Limited for share capital of Woodford Lodge Estates Limited, a capital gain of $379,551 on disposal of the Company's shareholding was realised, and will be reflected in next financial year's accounts.

Two subsidiaries. Carib Glassworks Ltd., and Styrotex Ltd., incurred losses, but all other subsidiaries returned satisfactory results. Expansion programme of C.D.C. Ltd. started 1958-59 nears completion with total expenditure to date $2,994,453. C.D.C.'s subsidiary island breweries in St. Kitts and Grenada commenced brewing in September-October, 1961.

FURTHER ACQUISITIONS

The Company has acquired further shares of $250,000 in Tugs & Lighters Ltd., which Company's business continues to increase. By purchasing minority shares previously held by other shareholders, the Company acquired the entire shareholding in Spencer J. Kirton Ltd., whose trading results were satisfactory. A controlling interest in Metal Products Ltd., which manufactures Steel Windows, Doors, etc., under pioneer status, was acquired in July, 1961.

The President referred to the retirement on medical grounds of Sir Gerald Wight from the Board and the office of President, effective September 30, 1961, and paid tribute to Sir Gerald who had been responsible in large measure for the success of the Group. Regret was also expressed at the resignation of Major Alan Storey from the Board, effective June 30, 1961, and Mr Rupert Alexis as Consultant to the Produce Department.

It was resolved that the Articles be amended to enable the Directors to grant a pension on retirement to any Director who had previously held a salaried office with the Company.

A quotation for the Ordinary Shares on the London Stock Exchange had been obtained by successfully placing 50,231 $5.00 shares at $9.60.

SOCIETE ANONYME METALLURGIQUE

D'ESPERANCE-LONGDOZ

LIÈGE, BELGIUM

AGREEMENT WITH THE ALLEGHENY LUDLUM STEEL CORPORATION

The Annual General Meeting of the Societe Metallurgique d'Espérance-Longdoz was held on October 24th, and the following is a summary of the report presented by the Board of Directors.

REVIEW

During the year under review, the scope of the Company was broadened considerably by acquisition of the coal mine of *Winterslag*, and two agreements with the *Allegheny Ludlum Steel Corporation* of Pittsburgh and with two neighbouring firms in Belgium. The first agreement sets up a new Company called *Allegheny-Longdoz* which will manufacture stainless and special steels so that for the first time the Company will make other than mild steels. Under the second agreement with two Belgian firms in the same neighbourhood, the three Companies will together operate an electrolytic tinning and galvanising plant belonging to one of them.

The most important development during the year was the complete remodelling of the investment programme. A site has been chosen at Chertal in the lower valley of the Meuse near Liège for a new works which will operate in conjunction with those already existing at Seraing, Jemappe and Flémalle.

The new plant will include an LD works which was originally planned for Seraing and which will include two convertors each of 120 tons. The slabbing mill will take ingots up to 25 tons each. The most significant part of the plant, however, will be the two metre wide strip mill.

The capital needed for investments during the period 1959 to 1964 will be Bfrs. 7,500 million of which Bfrs. 400 million have been received by an increase in the capital in January, 1960. Credits from the *C.G.E.R.* and the *S.N.C.I.* total Bfrs. 2,650 million (half from each). A loan of $7 million has been made by the High Authority and Bfrs. 2,800 million will be ploughed back from profits.

During the last two years, there has been a true investment race in the Iron and Steel Community and especially in the flat plate section, and it is certainly necessary that investment policies of companies in the Community should be co-ordinated, as has been suggested in some circles in France and Germany.

IRON AND STEEL

The equipment programme for the three existing works was continued in addition to new expenditure at Chertal. The production of coke, pig iron and steel was affected by strikes but three blast furnaces were relined in order to allow for an increasing use of sinter. The operation of the rolling mills was improved still further so that the total annual output of cold rolled products reached 439,236 tons.

COAL

Due to increased mechanisation the production at *Winterslag* was raised by 19 per cent although the labour force fell by 452. 60 per cent of the coal sold was taken up by Espérance-Longdoz itself, 33 per cent by outside customers,

the remainder at the pithead and in the homes of the employees of the mines.

PROFIT AND DIVIDEND

The capital was raised on October 25, 1960, to Bfrs. 2,400 million. Net profit of the year after deduction of Bfrs. 499,860,375 in respect of amortisation amounted to Bfrs. 413,108,769. After various charges and the transfer to the Reserve Fund of Bfrs. 130 million, the profit available for distribution was Bfrs. 176,958,526. It is accordingly proposed to distribute a net dividend of Bfrs. 300.

BOARD OF DIRECTORS

(Conseil d'Administration)

Philippe Le Hodey (Président); Jean-Marie Roelandts (Vice-Président); Baron de Posson (Administrateur-Délégué); Pierre de M. d'Annevoie; Paul van den Corput; Pierre Ranscelot; Edouard de Coune; Charles Liagre; Vic. Philippe le Hardy de Beaulieu; Baron Coppée; Paul Heurard.

CORONATION SYNDICATE, LIMITED

(Incorporated in the Republic of South Africa)

The fifty-sixth annual general meeting of Coronation Syndicate, Limited will be held on December 22nd in Johannesburg.

The following are extracts from the circulated review by the chairman, **Mr S. F. Dench, FCIS:**

The net profit for the year earned by the Group, after charging R70,037 for depreciation and after transferring R9,068 to Output Equalisation Reserve and R4,550 to Cost Equalisation Reserve, was R369,459 as compared with R385,542 for the previous year.

Muriel Mine: The Ore Reserves are computed at 201,960 tons having a value of 10.4 dwt. per ton over a stoping width of 53 inches. Compared with last year, the tonnage is practically unchanged; the width has increased by 3 inches while the average value is lower by 0.1 dwt. per ton.

The working profit at the mine was R233,580, a decrease of R9,262 on the previous year. Working costs per ton milled were R6.39 against last year's figure of R6.26.

Arcturus Mine: The Ore Reserves are computed at 321,600 tons having a value of 7.4 dwt. per ton over a stoping width of 59 inches. Compared with last year there is a decrease of 25,850 tons; the average width is higher by one inch and the value by 0.1 dwt.

The working profit at R224,078 before charging depreciation, reflects an increase of R5,554 on that for last year. Working costs per ton milled were R5.43 as compared with R4.99 for the previous year.

Tebekwe Mine: Tribute royalty received during the year amounted to R1,894 as compared with R2,030 for the financial year ended June 30, 1960.

CROMPTON PARKINSON LIMITED

RECORD TURNOVER AND PROFITS
INCREASED EXPORTS

MR ALBERT PARKINSON'S REVIEW

The forty-eighth Annual General Meeting of Crompton Parkinson Limited, was held on December 7th in London, **Mr Albert Parkinson, MBE,** the chairman, presiding.

The following is an extract from his statement which had been circulated with the report and accounts for the year ended June 30, 1961:

The consistency of your Company's output in almost all its activities enables it now to look back at a year of both record turnover and record profits. The trading surplus, including investment income, has increased this year by £225,000 to £2,960,000—an increase of 8 per cent compared with the previous year. After Taxes, the consolidated net income is £1,306,000, of which it is proposed to distribute £582,000 and retain £724,000 in the Group. The Final Dividend of 7½ per cent on the Ordinary Stock which is recommended by the Directors makes an unchanged dividend of 12½ per cent for the year subject to income tax. The Directors propose to allot a limited number of ordinary shares year by year and to simplify the means by which persons in the Company's service can purchase ordinary shares in Crompton Parkinson Limited.

OVERSEAS

Since early 1959 the value of world exports has shown a remarkable increase and has sent levels of production to record heights.

In Australia business conditions have been difficult but our factories repeated the good results of last year. In India our jointly owned companies improved still further on the success of last year. In both South and Central Africa, despite disturbing conditions, there was an improvement in the performance of our companies. During the year our earnings from associated Lamp and Cable factories throughout the world, have shown a substantial increase. Direct exports have increased by 15 per cent on last year.

UK ACTIVITIES

In general terms our heavier products have faced difficulties during the year, while other products such as cables and lamps have shown encouraging evidence of recovery. Derby Cables Ltd. has had a busy year and there is some improvement from the drastically uneconomic prices from which the Cable industry suffered so seriously in the recent past. In the medium range of industrial motors, the output has been considerably increased and the demand has been buoyant. Fractional Horse Power Motor production has felt the effects of the situation existing in the domestic appliance field although, the industrial demand has remained good. Just as the appliance market has felt the curbs of Government fiscal measures, so has Traction business been affected by decisions relating to railway modernisation. The Company's Lamp business continues to make steady progress. In the last year new types of lamp have been produced which have met with a good response on the market. During the year our Lighting Fittings Works at Doncaster and our Battery Works at Newport have maintained their position most satisfactorily. Our Stud Welding business similarly enjoyed good trading.

THE OUTLOOK

Whilst the Company's outstanding orders are good, it is likely that because of rising costs most of these will have to be executed at profit rates which must be below those which we have experienced in this last and preceding years. Furthermore the consistency of demand will not, we believe, manifest itself to the same degree in the coming year and this is especially applicable to fields of Traction and Transformers. Every year the generation of electricity in almost every country in the world shows a striking increase. I believe that there can be no doubt about the inspiring prospects which confront our own industry and we must and will play our full part in the future.

APPOINTMENTS

GOVERNMENT OF THE FEDERATION OF RHODESIA & NYASALAND

DEPARTMENT OF TAXES
VACANCIES FOR TAX OFFICERS AND ASSESSORS

Tax Officer applicants must have one or more of the following qualifications: B.Com., Final C.I.S., or C.C.S., C.A., A.S.A.A., or A.C.C.A. Commencing salary depending on qualifications and experience, £795–10s. to £1,182 10s. p.a. There are good promotion prospects because a Tax Officer after serving for one year on a salary of £967 10s. p.a. gains automatic promotion to Assessor Grade II at a commencing salary of £1,343 15s. p.a. rising on a scale to £1,666 5s. per annum.

Three-year contract appointments may be offered to Tax Assessor applicants who are Chartered, Incorporated or Certified Accountants with at least one year of post-qualification experience, and to holders of B.Com. degrees or Final C.I.S., or C.C.S., with three or more years of post-qualification accounting experience.

Family passages, pensions, medical aid, generous sick and occasional leave; low income tax, good schools (free tuition), opportunities for sport and recreation in excellent climate.

Application forms and further details from the Secretary (R6), Rhodesia House, 429, Strand, London, W.C.2.

Closing date December 29, 1961.

UNIVERSITY OF SYDNEY

LECTURESHIP/SENIOR LECTURESHIP IN ECONOMICS

Applications are invited for the above mentioned position.

The salary for a Senior Lecturer is within the range £A2,550 x 95-£A3,000 per annum; for a Lecturer within the range £A1,730 x 105-£A2,435 per annum. In each case cost of living adjustments will be allowed (at present £A47 p.a.). The salary is subject to deductions under the State Superannuation Act. The commencing salary will be fixed according to the qualifications and experience of the successful applicant.

Under the Staff Members' Housing Scheme in cases approved by the University and its Bankers, married men may be assisted by loans to purchase a house.

Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close in Australia and London on *February 9, 1962.*

For further appointments and other classified advertisements see pages 1082 and 1083

STAFFORDSHIRE COUNTY COUNCIL

EDUCATION DEPARTMENT

Applications are invited from suitably qualified persons for the newly-established appointment of STATISTICS OFFICER in this Department. Salary: A.P.T. Grade III (£960-£1,140 p.a.). Application forms and further particulars may be obtained from the Director of Education (Admin.), Education Offices, Earl Street, Stafford, to whom completed applications should be returned by December 22, 1961.

T. H. EVANS,
Clerk of the County Council.

OVERSEAS DEVELOPMENT INSTITUTE

RESEARCH OFFICERS

The Overseas Development Institute requires two research officers to work on problems of world development and aid of all kinds. One should be a professional economist; the other should be of similar standing but have specialist training in another subject (preferably a social science). Candidates must have good academic qualifications and considerable research experience.

Salary: Within the range of £1,500-£2,500 p.a. Appointment for 3 years in the first instance. Applications should be sent by 16th December, 1961, to the Director, Overseas Development Institute, 160, Piccadilly, London, W.1, from whom further information can be obtained.

APPLIED STATISTICS

C. & J. CLARK LIMITED, Shoemakers of Street, Somerset, who have increased their production fourfold in the last twelve years, wish to appoint someone experienced in statistics to join their research and development department.

WE are looking for a mathematics graduate who will preferably have specialised in statistics elsewhere in industry, who wishes to extend his experience and wants to apply statistical techniques to the solution of problems in a wide field. These will range from the design of industrial experiments to the design and analysis of population surveys. He should be aged up to 28 and his salary dependent on his qualifications and experience will be in the range £1,000-£1,300.

Please apply in writing to the Staff Recruitment and Development Officer, C. & J. Clark Ltd., Street, Somerset, quoting reference number TW/E.

COMPANY AFFAIRS

Poor Showing from Steels

THE steel dividend season opened later than usual with the first of the eleven major steel companies (including the government-owned Richard Thomas and Baldwins) to report being Thomas Firth and John Brown. The stock market was not deceived by this company's relatively good showing; but neither was it fully prepared for the shock of no interim from Consett Iron. After that it was at least ready for the sharp drop in profits reported by the biggest and most broadly based of the steel companies, United Steel. Gloomy forecasts have proved all too correct and these results, it still has to be remembered, include the first half of the "steel year" (which for all companies except Consett ends on September 30th) in which most of the companies were not faring too badly even though margins were being squeezed.

United Steel's interim statement, for example, reported higher sales for the six months to end-March but a fall in trading profits from £10½ million to £9¼ million. Since then, however, output has progressively declined as merchants and consumers have reduced their stocks. If this destocking process, which is discussed in an earlier note, continues the 1961-62 results could prove as disappointing as those which investors are now digesting.

They undoubtedly are wondering whether any of the companies still to report can possibly match the performance of **Thomas Firth and John Brown.** This company is not, however, typical, for it produces alloy and stainless steels and together with English Steel Corporation owns Firth Vickers Stainless Steel. The market for its heavy forgings has weakened but this has been offset by the substantial improvement in demand for its special steels. Thus, as the table shows, gross profits have actually risen, even though the chairman had said earlier that higher costs would reduce profit margins by £500,000. It is noteworthy that the maintained dividend of 12½ per cent is now more than covered by investment income alone. This could make a higher payment feasible in the future, as the company is well-endowed with liquid resources.

United Steel's results were much in line with expectations. The interim statement in June suggested that an earlier forecast that profits would be down by between 10 to 15 per cent would prove too optimistic. Output for the year fell by only 3 per cent and the directors say that the main reason for the sharply lower profits was increased costs of which only a small part was covered by the one per cent increase in steel prices. In the second half of the year United Steel's profits before all charges fell by as much as 30 per cent but this compares with a boom period in 1960. Despite the sharp decline in profits the group's cash flow has remained high, and, as £10 million of new money was raised in January, United Steel should have no difficulty in financing its expansion plans, now scaled down.

The interim results from **Consett Iron** for the six months to end September cover a period of relative depression for the industry as a whole. The fall in demand for Consett's products occurred when its new £14 million plate mill was coming into operation and hence when much heavier charges for depreciation and loan interest had to be borne. On these figures it is not surprising that the interim dividend has been passed and prospects for a final dividend look none too bright. The company is now awkwardly placed: it will want to keep its cash flow as high as possible but it must be reluctant to pass the dividend completely for it may well have to come to the market for fresh capital within the next two to three years. At the end of March its capital commitments amounted to £11 million; Consett has borrowed £9 million from FCI, of which at least £8 million is repayable by 1965, and it has overdraft facilities of up to £9 million, also repayable in 1965. At the end of March the overdraft amounted to £1.8 million while the cash flow was running at £2.8 million—a level which will clearly not be reached in the year to March 31st.

The delay in the announcement of the final results from **South Durham Steel and Iron** seemed ominous. So it has proved, for the total dividend has been cut from 12 to 10 per cent. But the market had marked down the shares sharply before the preliminary announcement and its publication produced no further fall in the price. As the table shows gross profits have fallen by £1 million, or 12½ per cent, but a higher depreciation charge and a doubled interest charge have halved net profits so that, after allowing for the benefit of initial allowances, earnings cover the reduced dividend only 1½ times. The company has completed a large part of its expansion programme and its new South Works at Hartlepools came into full production in June but like Consett it had added to its plate capacity at a time when demand had fallen. But even at less than capacity working the new mill should reduce production costs. The company has also in recent years developed capacity for the maufacture of large-diameter pipes, particularly for the oil industry; here too demand was slack early in the year; the improvement in business later in the year was probably too late to have much effect on results.

With its business largely tied up with the motor car and consumer durable industries, **John Summers,** primarily a producer of sheet, had been expected to produce less favourable results than most other steel companies. Thus a fall of only 8 per cent in the group's profit surprised the market, where it had been suggested that the final dividend might have to be cut. It was, however, maintained at 9 per cent making an unchanged total of 15 per cent and the shares gained 1s. 6d. to 43s. 6d. The better than expected results reflect the completion of major alterations at Shotton, where since 1948 development had absorbed as much as £60 million. Now development is concentrated upon the other works at Shelton; this programme will cost £18½ million and total capital expenditure over the next three or four years is estimated at £25 million. The company's intention is to finance this expenditure largely from internal resources and even though the cash flow has been kept at a high level without any reduction in dividend the company will be hard put to it to live up to this intention.

STEEL PROFITS AND DIVIDENDS

(£ million)

	Gross profit		Depreciation		Net profit		Net Cash flow		Dividend per cent		Price	Yield %
Years to Sept. 30	1960	1961	1960	1961	1960	1961	1960	1961	1960	1961		
United Steel.....	27·67	22·15	4·75	5·33	11·35	9·43	12·88	11·03	14·4*	12·3*	38/7½	6·4
John Summers.....	14·34	13·18	4·57	4·72	4·67	3·65	7·25	6·38	15	15	43/6	6·9
South Durham	8·09	7·09	1·85	2·18	4·48	2·12	5·07	3·19	12	10	23/–	8·7
Thos. Firth.....	5·36	5·42	0·73	0·67	1·76	1·83	2·43	2·58	12½	12½	43/3	5·8
Six months to Sept. 30												
Consett.....	2·35	1·68	0·72	1·00	1·00	0·19	1·53	1·19	3	...	18/–	...

* Adjusted for one-for-four scrip issue 1961 payment on capital as increased by one-for-three rights issue at par.

Brewery Mergers

THERE are still a fair number of independent local breweries, primarily in the north of England, and the process of concentration within the brewing industry into regional and national groups still has a little way to go. After the spectacular bout of mergers in the spring, there was something of a lull in the summer but this week brewing shares, already enlivened by the prospects of higher profits, were stirred into speculative activity again by the news of more mergers. Many brewing shares were marked up, perhaps rather heedlessly, and later profit taking clipped the gains.

Of the latest offers, the most significant is the bid by **Whitbread** of seven "A" ordinary shares for every ten ordinary shares in **Tennant Brothers** of Sheffield. Tennant has lived under the Whitbread umbrella since 1953; since Whitbread owns a 15 per cent stake in the company and the Tennant directors and their associates another 25 per cent or so, a counter offer from any other brewery seems improbable. Whit-

bread "A" shares at 35s. 6d. impute about 24s. 10½d. for Tennant shares, which represents a good gain on the pre-bid price of 19s. 6d., Tennant shareholders gain substantially in income and receive slightly more of the combined equity that the company contributes to joint earnings.

The Whitbread directors say that the merger will make possible an increased use of production capacity, both for bottling and brewing, in Sheffield for Whitbread's beers and some rationalisation of distribution. As Whitbread's sales are expanding in the north, but still need to be expanded further, complete ownership of a brewing and bottling plant in Sheffield makes good tactical sense. But the bid has a strategic significance as well. In the past Whitbread has secured outlets for its branded beers by taking up minority interests in a number of breweries (eighteen, including Tennant, at this moment). These breweries continue to brew their own beers and they gain technical and managerial strength from their association with Whitbread; it also affords them some protection from being taken over. Recently Whitbread has been adding to its minority stake in these associates and the Tennant bid suggests that Whitbread is prepared to protect its own interests and those of its associates with a full scale merger if this seems desirable. To make this precedent clear to other brewers, it cannot afford not to gain control of Tennant. Such an oddity as a sword-umbrella has been made in the past and this is what Colonel Whitbread now seems to be brandishing.

The fastest growing brewery group in the last two years has been **United Breweries,** propelled by the ambition of the Canadian brewer, Mr E. P. Taylor. Having been defeated in the struggle for Bristol Georges, its empire has been confined largely to the north and it is no surprise that its latest bid is for another northern brewery, **Hewitt Brothers** of Grimsby. The series of take-overs has left United Breweries short of funds and it was inevitable that the latest bid should be all in scrip. For every Hewitt ordinary share, United Breweries is offering three of its ordinaries plus £3 of a new 6¾ per cent convertible loan stock (1974-76), on which the conversion prices into United Breweries ordinaries are equivalent to 14s. 6d. in 1964-65 and 15s. 6d. in 1966-67. Philip Hill Higginson Erlangers is willing to acquire each £100 of the loan stock for £99, so that with United Breweries at 13s. 3d. the value imputed to Hewitt is just under £5. Before the bid they had moved up to an all-time peak of 85s. Hewitt shareholders gain in income and the loan stock element ensures that United Breweries' equity is not immediately diluted. Wood Hall Trust, owning 39 per cent of the Hewitt equity, has accepted the offer, which appears to ensure its success.

Yet another northern brewer, **John Smith's Tadcaster,** seeks to merge with a neighbour, **Warwicks and Richardsons** of Newark-on-Trent. John Smith's is offering two of its ordinaries plus 5s. in cash for every five shares in Warwicks and Richardsons, so that the latter, with John Smith's standing at 68s. 6d., are valued at 28s. 6d. This compares with a price of 22s. 6d. at the beginning of November when the possibility of the merger was first mooted and 28s. 3d. on the eve of the announcement of the terms. Warwicks and Richardsons shareholders will gain handsomely in income.

Brewing Results

BEER consumption in the brewing year to September 30th was of the order of 28 million bulk barrels, compared with 27 million barrels in 1959-60 and 25½ million barrels in 1958-59. Prices were increased slightly at the beginning of the heavy summer trade this year and though costs have been rising the big regional and national brewers have begun to see some tangible benefits from the rationalisation of production and distribution after the mergers. In all, therefore, an increase in brewing profits was inevitable.

Equally certain was the expectation that **Watney Mann,** which has established itself as a national brewer, would be among the breweries to chalk up a satisfactory increase in profits. Watney Mann has grown by acquiring other breweries, to secure brewing plants, bottling stores and tied outlets in each important region, and by entering into reciprocal trading agreements (of which perhaps the most important provides outlets for its container draught, "Red Barrel," in the public houses of Ind Coope and United Breweries in return for outlets for their lagers). In the preliminary statement, the Watney Mann directors have adjusted the comparative figures for 1959-60 to allow for the consolidation of the profits of Wilson and Walker. Moreover, they have rightly excluded from the latest profits the windfall gain on stocks of £273,000 arising from the Chancellor's surcharge on excise duties. On the adjusted basis, gross profits after depreciation in the full year have risen by nearly 13 per cent, from £6,984,000 to £7,872,000. As much of the profit sharing bonus and much of the increase in depreciation falls on the accounts in the second half of the financial year, it would be wrong to assume that the rise in profits in the summer months was smaller proportionately than the rise in the winter ones. Indeed, sales have remained high throughout the whole of the year and they remain high now—particularly, it may be surmised, for the top quality draught beers and the bottled beers on which profit margins are usually higher than on the cheaper draught bitters and milds.

The group's net equity earnings have risen by 10 per cent, from £3,324,000 to £3,650,000 and the directors say that in normal circumstances these results and the present high level of sales would have justified an increase in the dividend. Shareholders must therefore blame the Chancellor for the fact that the dividend has been left unchanged at 18 per cent. They will certainly look for a higher dividend in 1961-62 and, in the meantime, they will welcome the proposal to split the £1 units into 5s. shares, so as to make the market price less heavy. At the moment, it is as much as 104s. and the yield, nearly 2¼ times covered by earnings, is 3½ per cent.

The directors of **Arthur Guinness** have already indicated that the 1960-61 dividend would be 22 per cent and it is duly declared so that at 53s. 6d. the shares yield 4.1 per cent. Guinness is the odd man out in British brewing, for it concentrates on a single product, stout, and it possesses no tied outlets. About two thirds of its production comes from Dublin and the other third from Park Royal. It is probably the most efficient brewer of beer in the country—it has to be because in order to secure access to the tied trade it has to promote the sales of stout over the heads of the other brewers and has to give them handsome margins on bottling. The trend in beer consumption has been running against the naturally conditioned high gravity, bottled beers, of which Guinness is a prime example, and though the company was able to sell more than ever before in 1960-61 it did so at the expense of lower profit margins. Costs, the directors say, were rising; but, clearly, Guinness was not able to pass the increase on, and its gross profits fell by nearly three per cent, from £8,207,000 to £7,989,000 and its net profits by eight per cent, from £4,610,000 to £4,240,000. The directors of Guinness, in which family traditions and professional management are admirably blended, have long recognised the new problems posed in the industry by mergers and trade agreements. They have sought diversification in confectionery and pharmaceuticals and they are the principal backers of the venture in "Harp" lager, which, contrary to the Guinness tradition, is based on tied outlets. As profits on this venture lie some years ahead and as Guinness has to invest heavily in it now, shareholders must expect a lower rate of return on the capital employed in the next few years.

Distillers

As the industrial division of Distillers, which embraces chemicals, plastics and pharmaceuticals, experienced "a sharp reduction in profits" in the six months to September 30th, the whole of the admittedly slight increase in the group's income before tax from £15,931,000 to £16,359,000 must be attributed to the potable spirits division, which usually contributes about four fifths of the group's total profit. The directors say that home and export sales of Scotch whisky and gin were "satisfactory" despite the unsettled conditions in the home market arising from the Chancellor's imposition of increased duty." The group must also have gained slightly from the small increase in the price of whisky and gin in this period. The industrial division was able to maintain its volume of sales reasonably well but, in the face of "excep-

tional competition from overseas" only at the expense of lower profit margins. These conditions are likely to prevail throughout the rest of Distillers' financial year, but the directors expect that the trend of sales of whisky and gin will remain "favourable." All this suggests that there will be little change in Distillers' gross and net profits for the year to March 31st and it is not surprising that the directors have simply conformed to an earlier forecast by declaring an interim of 6 per cent on the capital increased by the one-for-ten rights issue. The Distillers shares weakened ahead of the announcement and now stand at 58s. 7½d. They yield 3¾ per cent on the assumption that the final will be 8½ per cent.

Great Universal Stores

THE possibilities of the alliance to handle GUS properties between Messrs Cotton and Clore and Mr Wolfson have masked to some extent the better-than-expected half yearly results from Great Universal Stores. In the six months to September 30th, GUS's trading profits rose from £13.2 million to £13.8 million; but the figures understate the improvement, for in 1960 the provision for unearned hire purchase profits had been reduced by £545,000 whereas in the latest period this provision has been increased by £50,000. After taking these adjustments into account, the true increase in profit is just over 9 per cent, from £12.7 million to £13.8 million. But a higher tax charge, reflecting the increased rate of profits tax, absorbs most of the increase in gross profits so that equity earnings are only slightly higher at £5.3 million. Since GUS was the very first company to respond to the Chancellor's appeal for dividend restraint by keeping the 1960-61 total at 37½ per cent it is no surprise that the interim dividend for the current year is unchanged at 12½ per cent; the 5s. "A" shares at 51s. 1½d. now yield 3.7 per cent.

In the previous year the effects of hire purchase controls had been more marked than expected since only 1·5 to 20 per cent of total sales came from HP contracts. But the current results suggest that the group has successfully adapted itself to a changed pattern of buying and the shift in emphasis from hard goods to soft goods and from expensive articles to cheaper ones. The group's furniture business is also probably trading more profitably now and the Board of Trade's estimates of deliveries of domestic furniture to retailers suggest that prospects for this side of the business are brighter than for some time past. The group's short term prospects rest on the fact that two and three year-old hire purchase contracts are now coming to an end and on the extent to which purchasers enter into new commitments. If customers cut down their HP commitments, the trend towards short term credit sales is likely to be reinforced. GUS would not lose from this shift, for it has always offered short term credit and its mail order division is the biggest in Europe.

The implications of the property link up between GUS and City Centre are clearly for the long term and only generalities of policy have been disclosed. The joint property development company will re-develop "suitable GUS and other properties located mainly in the high streets of the principal towns in the United Kingdom." The range is wide, for GUS owns over 2,500 shops and stores.

Granada

MR B. L. BERNSTEIN'S forecast that profits for the year to September 30th would be 2½ times greater than in the previous year has proved accurate. Trading profits rose from £2,679,000 to £6,883,000, after the ending of the networking agreement with Associated Rediffusion in July 1960. Even now Granada's results understate the benefit of the end of this agreement which protected it at first from very heavy losses; the point is that since the TV subsidiary's financial year ends on April 30th, the group's profits include only 9 months ex the networking agreement. Not surprisingly, the directors say that profits so far in the current year compare favourably with those for the corresponding period in 1960-61.

But it remains to be seen what the effects of the Equity strike will be. The 90 per cent dividend for 1960-61 compares with the equivalent of 36¾ per cent. It would have been more but for the Chancellor's plea for restraint; earlier guesses of a total payment of 100 per cent were not wide of the mark, for earnings rose from 78½ to 221 per cent. Whether Granada will continue to enjoy such rich earnings depends on the course of television advertising and also on the terms of renewal of the licensing agreements which expire in 1964. The longer term uncertainty is reflected in the current yield of 7.6 per cent offered by the 5s. "A" shares at 58s. 10½d., but this is below the returns offered by the shares of other television contractors, apart from Associated British Picture.

Trust Houses—Lockhart

THE directors of Trust Houses, which runs about 230 hotels, have offered seven ordinary shares for every eight ordinary shares of the Lockhart Group, and one 6 per cent cumulative preference share plus 1s. 6d. cash for every 6½ per cent Lockhart cumulative preference share. The bid seems sure to succeed since the Lockhart directors are recommending it and they control over 60 per cent of the equity. The Lockhart Group runs about 800 canteens, mainly in factories. In addition it has an 84 per cent holding in the Associated Automatic Machine Corporation, which controls the British Automatic Company, thus giving Lockhart a major stake in machine vending. Since the offer Trust Houses ordinary shares have fallen 2s. 9d. to 69s. 6d. This puts a value of 60s. 9d. on Lockhart shares, against a pre-bid price of 43s. 9d. On last year's figures, Lockhart would contribute 20½ per cent of joint earnings and its shareholders will own just under 20 per cent of the combined equity.

The nature of Lockhart's business differs in many respects from that of Trust Houses, though some of its catering and kitchen equipment interests provide common ground. As Lockhart is primarily concerned with contract catering it contri-

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			Iran and Iraq	£7 15s.	—	Pakistan	£9 0s.	—			

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LONDON AND NEW YORK STOCKS

Prices, 1961 High	Prices, 1961 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Nov. 29, 1961	Price, Dec. 6, 1961	Net Yield, Dec. 6, 1961 §	Gross Yield, Dec. 6, 1961
					£ s. d.	£ s. d.
92½	89⅜	Savings Bonds 3%.....1955–65	90 11/16	90 17/32	4 10 10	5 17 8
100 32/32	99	Conversion 4½%.....1962	99 13/16	99 13/16	0 15 5	5 6 7
96⅞	93¾	Exchequer 3%.....1962–63	95 31/32	95 7/8	4 14 1	5 17 10
101 5/16	98⅝	Treasury 5½%.....1962	100 3/8	100 5/16	2 17 5	5 2 11
93 29/32	90¼	Exchequer 2½%.....1963–64	92 31/32	92 29/32	4 12 6	5 13 4
99 19/32	96⅜	Conversion 4¾%.....1963	98 1/16	98 1/4	4 2 9	5 19 7
98 9/32	94½	Conversion 4½%.....1964	96⅞	96⅝	4 3 8	6 0 4
101 5/16	96	Exchequer 5½%.....1966	98⅜	98 3/32	3 14 8	6 0 3
83⅛	78 3/16	Funding 3%.....1959–69	82¼	81⅞	4 16 10	6 3 7
89¾	84¾	Funding 4%.....1960–90	88¾	88⅜	3 12 3	5 6 0
80½	74⅝	Savings Bonds 3%.....1960–70	79⅜	79⅛	4 17 5	6 5 3
85⅛	80¾	Savings Bonds 2½%.....1964–67	84¼	84⅛	4 17 4	6 5 2
72 11/16	66¼	Savings Bonds 3%.....1965–75	71¼	71⅛	4 15 11	6 5 6
84 11/16	78⅜	Funding 3½%.....1966–68	84⅛	83 13/16	4 16 6	6 4 0
97½	92½	Victory 4%.....1920–76	94	93⅝	3 10 2	5 4 5
86 3/16	80¼	Conversion 3½%.....1969	85⅝	85⅛	4 13 4	6 4 7
93 5/16	87	Conversion 5½%.....1971	92 13/16	92⅝	4 3 1	6 6 3
95 11/16	88½	Conversion 5½%.....1974	92½	92⅛*	4 0 4	6 3 0
73⅛	66	Treasury 3½%.....1977–80	69⅜	69*	4 13 2	6 7 5
72¼	65	Treasury 3½%.....1979–81	69 5/16	69	4 13 2	6 8 8
97 9/16	89½	Funding 5½%.....1982–84	92¾	92 7/16	3 19 7	6 6 6
59½	51½	Redemption 3%.....1986–96	54⅛	53¾	4 10 0	6 7 1
88¼	79¼	Treasury 5%.....1986–89	81⅞	81⅝	4 4 4	6 9 10
63 1/16	55	Funding 3½%.....1999–2004	57⅜	57½	4 8 2	6 11 9
94⅝	81⅝	Treasury 5½%.....2008–12	83⅞	83⅝	4 3 10	6 14 9
65⅜	56½	Consols 4%.....after Feb. 1957	59 3/16	58¾	4 4 8	6 19 6
59 1/4	50½	War Loan 3½%.....after 1952	51 11/16*	51¼	4 3 9	6 16 9
59	50½	Conv. 3½%.....after Apr. 1961	51 9/16	51⅛	4 4 6	6 18 8
50⅞	43¼	Treasury 3%.....after Apr. 1966	44⅜	43⅞	4 4 5	6 18 5
44	36½	Consols 2½%.....	38 13/16	37¾*	4 0 11	6 11 9
43½	36½	Treasury 2½%.....after Apr. 1975	37½	37¼	4 2 10	6 15 11
91⅞	85¾	British Electric 4½%.....1967–69	91⅜	91⅛	4 5 2	6 4 2
75 11/16	70⅛	British Electric 3%.....1968–73	74 9/16	74¼	4 17 3	6 5 8
70⅜	64½	British Electric 3%.....1974–77	69⅛	68¾	4 15 8	6 5 8
81⅞	74⅞	British Electric 4¼%.....1974–79	79¼	79	4 7 1	6 6 3
73½	67	British Electric 3½%.....1976–79	70¼	69⅞	4 13 0	6 7 3
84⅞	78¾	British Gas 4%.....1969–72	84⅜	84	4 8 11	6 4 11
82	76	British Gas 3½%.....1969–71	81⅝	81¼	4 12 5	6 4 2
59⅜	51¾	British Gas 3%.....1990–95	53⅜	53¼	4 12 1	6 9 0
75 11/16	70⅛	British Transport 3%.....1962–73	74⅜	74¼	4 17 3	6 5 8
80⅞	74	British Transport 4%.....1972–77	77*	77⅛*	4 9 4	6 5 9
61 1/16	53¾	British Transport 3%.....1978–88	56½*	56*	4 15 5	6 9 7

Prices, 1961 High	Prices, 1961 Low	DOMINION AND CORPORATION STOCKS	Price, Nov. 29, 1961	Price, Dec. 6, 1961	Yield, Dec. 6, 1961
					£ s. d.
82¼	76½	Australia 3½%.....1965–69	81	80½	6 13 0
101	92¾	Australia 6%.....1974–76	97⅛	97⅛	6 7 0
72½	64½	Ceylon 4%.....1973–75	66½	66¼	8 6 0
101⅛	92¾	New Zealand 6%.....1976–80	95½	95½	6 10 0
80½	70½	Rhodesia and Nyasaland 6%.....1978–81	76¾	76¾	8 14 0
81	73	South Africa 3½%.....1965–67	80	80½	8 2 0
59	53½	Southern Rhodesia 4½%.....1987–92	57¾	57¾	8 10 0
94⅝	85⅛	Agricultural Mortgage 5½%.....1980–85	88½	88¾	6 12 6
89	82¼	Birmingham 4¼%.....1967–70	88¼	85¾*	6 6 0
92¾	86½	Bristol 5%.....1971–73	89⅜	88⅜	6 8 0
93	86½	Corporation of London 5¼%.....1976–79	88	88	6 7 0
48¾	41	L.C.C. 3%.....after 1920	42½	42	7 1 0
89⅛	80⅛	L.C.C. 5%.....1980–83	83⅜	83¼	6 9 0
93	84¼	Middlesex 5¼%.....1980	88¼	88	6 9 0

NEW YORK PRICES AND INDICES

Nov. 29 $	Dec. 6 $		Nov. 29 $	Dec. 6 $		Nov. 29 $	Dec. 6 $
28	26⅜	Boeing	45⅞	48⅝	Int. Harvester	53	51¼
24⅝	24⅝	Celanese	36⅛	35¼	Inter. Nickel	79¼	81¼
17⅜	17⅛*	Chrysler	46½	48¼	Inter. Paper	35¾	36½
36	35⅞*	Col. Palmolive	57⅛	55¾	Kennecott	81⅝	80⅝
76	74⅛	Crown Zeller	66½	58⅝*	Monsanto	53¼	51⅞
133⅜	134½	Distillers Seag.	43¾	43⅛	Nat. Distillers	25¾	27¾
89¾	83¾	Douglas	37⅛	38⅝	Pan-American	21⅛	22¾
58¾	59⅜	Dow Chemical	74	74⅛	Procter Gamble	95¼	96
47⅝	47	Du Pont	242½	237½	Radio Corpn.	52⅛	52⅞
9*	8¾	East. Kodak	107¾	110	Sears Roebuck	84⅞	85
38¼	40½	Ford Motor	111½	116¼	Shell Oil	41¼	42⅝
57½	60	Gen. Electric	79⅛	78⅞	Socony-Mobil	48⅜	49⅞
26⅝	26½	General Foods	100¾	99¼	Stand. Oil Ind.	50⅝	50
48¾	47½	General Motors	54⅞	56⅞	Stand. Oil N.J.	48⅛	49⅜
65¼	59¾	Goodyear	43¾	44	Union Carbide	129¼	128½
55¾	54¼	Gulf Oil	40⅝	41½	U.S. Steel	77¾	81⅜
50¼	49⅜	Heinz	72	68¾	West. Electric	39¼	37⅞
40⅞	42½	Int. Bus. Mach.	585	581	Woolworth	88¾	87¼

Standard and Poor's Indices (1941–43 = 10)

1961	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Nov. 8	74·51	2·74	34·50	4·73	66·90	2·94	89·43	3·94
,, 15	75·31	2·72	34·59	4·72	67·97	2·90	88·80	4·00
,, 22	75·40	2·77	34·14	4·79	67·80	2·91	88·80	4·00
,, 29	75·49	2·76	33·90	4·82	67·26	2·93	88·39	4·04
Dec. 6	75·97	2·77	33·56	4·83	66·59	2·83	87·87	4·09

425 Industrials :—High, 75·97 (Dec. 6). Low, 60·87 (Jan. 3).

Prices, 1961 High	Prices, 1961 Low	Last Two Dividends (a) (b) (c)	ORDINARY STOCKS	Price, Nov. 29, 1961	Price, Dec. 6, 1961	Yield, Dec. 6, 1961	Cover
		% %	**BANKS, DISCOUNT & HP**				
89/7½	64/–	13 c 6½ a	Barclays.....£1	87/–	85/3	3·01	
80/–	58/7½	13 c 5 a	Lloyds.....£1	68/9	67/–	3·25	
26/41½	18/7½	8 b 7 a	Martins.....5/–	23/3	23/–	3·26	
94/6	69/6	19 c 9½ a	Midland.....£1	90/6	89/–	3·37	
97/3	73/–	7 b 7 a	Nat Provincial.....£1	88/6	90/6	3·09	
95/6	58/9	7 11/12 b 6⅔ a	Westminster 'B'.....£1	86/6	85/–	3·44	
44/9	35/3	4 a 8 b	Australia & N.Z....£1 p.p.	41/3	42/6	5·65	
52/–	41/–	6 b 4 a	Bk. Lond. & S. Amer..£1	43/3	45/3	4·42	
£247/8	£231/16	$2·05c $2·05c	Bank of Montreal....$10	£247/16	£247/16	2·86	
303/4	251/4	8 c 9 c	Bank of New S. Wales £20	273/4	28	5·14	
44/9	31/9	10 c 5 a	Barclays D.C.O.....£1	40/–	38/6	5·19	
60/7½	46/7½	7½ b 7½ a	Chartered.....£1	53/3	52/9	5·69	
£21	£14 5/8	5/– a 10/– b	Hongk'g. & Shang....$25	£17	£17	4·41	
70/6	49/9	7½ a 9 b	Nat. Com. Bk. Scot..10/–	52/–	51/6	3·20	
£29 1/16	£25 1/16	$2·32½c $2·37½c	Royal Bk. Canada....$10	£28 5/16	£28 5/16	2·86	
119/6	96/3	10 b 9 a	Royal Bk. of Scotland .£1	116/–	113/–	3·36	
41/6	32/–	10 b 5 a	Stand. Bk. S. Africa...£1	40/3	40/3	7·45	
			BREWERIES, Etc.				
15/–	11/–	... ...	Bass, M. & B.....5/–	14/6	14/10½	3·70	
41/11½	31/–	8½ b 6 a	Distillers.....10/–	38/6	38/7½	3·75	
26/9	13/–	6½ b 4 a	Flowers.....5/–	17/3	19/–	2·76	
60/6	50/–	8 a 14 b	Guinness.....10/–	55/7½	55/9	3·95	
14/10½	12/–	... ...	Ind Coope T.A.....5/–	13/–	14/7½	4·10	
42/–	30/–	7½ b 6 a	Teacher (Distillers) .10/–	36/9	36/9	3·40	
105/6	76/9	6 a 12 b	Watney Mann.....£1	103/6	105/3	3·42	
37/9	26/–	27 c 9 a	Whitbread 'A'.....5/–	37/6	35/9	3·78	
			BUILDING, PAINT, Etc.				
64/–	44/10½	5⅓ b 3 a	Associated Portland....£1	55/6	53/3	3·13	
28/11½	19/10½	7¼ b 4 a	British Plaster Bd. ..10/–	23/41/2	22/9	5·49	
26/10½	16/11½	6 a 10 b	Richard Costain.....5/–	17/11½	16/41/2	4·89	
13/–	9/41/2	10 b 5 a	Cristall Mfg.....5/–	10/3	10/7½	7·06	
18/6	10/–	6 a 14 b	International Paints ..4/–	10/9	10/6	7·62	
105/6	83/9	12½ b 5 a	London Brick.....£1	94/–	93/6	3·74	
66/9	40/6	21⅞ c 25 c	Rugby Portland 5/–	56/3	54/9	2·28	
28/41½	18/3	12½ b 7½ a	Taylor Woodrow.....5/–	20/6	19/7½	5·10	
167/11½	119/6	7½ a 17½ b	Wall Paper Defd.....£1	136/11½	136/6	3·66	
			CHEMICAL				
29/3	20/3	14 b 6 a	Albright & Wilson....5/–	22/10½	22/–	4·55	
22/–	14/10½	11½ c 4 a	Borax Defd. 5/–	15/11/2	15/41/2	3·74	
58/9	30/10½	7 b 4 a	Fisons.....£1	31/3	30/10½	7·13	
81/6	55/10½	7½ b 6¼ a	I C I.....£1	59/7½	56/–	4·91	
26/10½	14/6	10 b 5 a	Monsanto.....5/–	16/9	15/6	4·84	
			DRAPERY & STORES				
36/–	24/–	8 b 4 a	Boots Pure Drug 5/–	27/6	27/–	2·22	
94/–	58/6	20 b 7½ a	Montague Burton...10/–	93/3	94/–	2·93	
75/03/4	47/7½	5⅝ a 13½ b	Debenhams.....10/–	61/–	58/3	3·30	
59/41/2	45/–	25 b 12½ a	G.U.S. 'A'.....5/–	50/6	51/–	3·68	
46/99/4	33/41/2	16⅔ b 13½ a	House of Fraser.....5/–	40/–	39/–	3·85	
21/11½	14/3	7½ b 5 a	Lewis's Invest. Tst. ..4/–	15/5¼	15/33/4	3·22	
106/9	85/11½	32½ b 15 a	Mirks & Spencer 'A'.5/–	104/9	103/11½	2·30	
53/10½	34/10½	20 b 10 a	United Drapery 5/–	47/7½	47/10½	3·13	
62/11½	50/–	25 b 10⅝ a	Woolworth.....5/–	52/10½	52/–	3·44	
			ELECTRICAL & RADIO				
48/6	28/3	10 b 5 a	A.E.I.....£1	31/–	29/–	10·34	
15/5¼	9 7½	... 15 c	Brit. Electronic Inds..5/–	11/3	10/41/2	7·23	
62/3	49/–	9½ b 4 a	B.I.C.C.....£1	56/10½	56/7½	4·77	
14/7½	11/3	5 a 7½ b	Crompton Parkinson.....£1	12/6	12/9	4·91	
76/–	54/–	7½ a 15⅝ b	Decca Record.....10/–	68/–	71/–	3·29	
52/–	35/–	5 a 12½ b	E.M.I.....10/–	43/9	42/6	4·12	
38/–	25/9	8 b 5 a	Elliott-Automation....5/–	39/9	39/9	1·64	
40/6	22/6	3 a 7 b	English Electric £1	25/9	23/–	8·70	
39/6	23/6	3 a 7 b	General Electric.....£1	25/6	23/6	8·51	
72/9	47/–	8½ b 4⅞ a	C. A. Parsons.....£1	52/–	51/6	4·85	
52/3	37/6	6½ b 3¼ a	A. Reyrolle.....£1	42/–	41/6	4·70	
63/–	45/3	25 c 25 c	Thorn Electrical.....5/–	62/–	62/6	2·00	
			ENGINEERING				
36/9	18/9	9 c Nil a	Babcock & Wilcox....£1	22/–	20/6	...	
48/9	30/41/2	4 a 7 b	John Brown £1	31/6	32/–	6·88	
8/41/2	4/21/4	9 b 3 a	Cammell Laird 5/–	4/5¼	4/33/4	13·91	
33/9	22/41/2	20 b 10 a	Internat. Combust. ..5/–	25/9	25/11/2	5·97	
9/11/2	3/41/2	... ...	Swan Hunter £1	33/3	34/11/2	7·03	
17/41/2	10/6	5 c 5 a	John Thompson 5/–	11/6	10/6	2·38	
33/10½	21/8¼	12½ a 16¼ b	Coventry Gauge.....10/–	32/11/2	33/–	4·33	
79/9	51/6	16 b 12½ a	Alfred Herbert £1	63/9	63/3	4·39	
78/–	41/–	12½ b 5 a	Allied Ironfounders...£1	44/–	45/–	7·78	
110/–	81/10½	10 b 5 a	Averys.....£1	93/3	95/3	3·15	
36/10½	18/41/2	7½ b 4 a	B.S.A.....10/–	18/10½	18/9	6·22	
14/9	9/–	8½ b 4½ a	George Cohen 5/–	9/6	9/9	6·67	
44/41/2	29/–	10 a 17½ b	Davy-Ashmore 5/–	30/6	30/9	4·47	
108/71/2	71/–	11 b 5 a	Guest Keen.....£1	73/6	71/3	4·49	
31/–	18/3	4 a 12 b	Head Wrightson.....5/–	21/–	19/3	4·16	
100/3	68/3	5 a 7 b	Metal Box.....£1	83/–	80/3	2·99	
22/6	14/–	4 a 10 b	Ransome & Marles...5/–	15/3	15/3	4·59	
50/6	34/6	3 a 7 b	Renold Chains £1	44/–	45/–	4·44	
44/11½	29/71/2	17½ 10 a	Simon Engineering ..5/–	32/3	31/–	4·44	
85/6	54/–	7 a 7 b	Tube Investments.....£1	63/71/2	60/9	4·61	
38/41/2	25/6	7½ b 2½ a	Vickers.....£1	25/6	25/6	7·84	
84/6	60/–	3¾ a 10 b	Ward (Thos. W.).....£1	64/–	60/–	4·58	
30/–	19/6	22½ b 5 a	Woodall-Duckham...5/–	19/6	19/3	5·45	

Prices, 1961 High	Prices, 1961 Low	Last Two Dividends (a) (b) (c)	ORDINARY STOCKS	Price, Nov. 29, 1961	Price, Dec. 6, 1961	Yield, Dec. 6, 1961	Cover
		% %	**FOOD & TOBACCO**				
24/–	17/41/2	10 c 10 c	Allied Suppliers.....10/–	19/7½	20/7½	4·85	2¼
12/–	7/93/4	12½ b 10 a	Assoc. British Foods..1/–	12/11/2	11/3	2·00	2
60/–	54/3	8 b 4 a	Bovril.....£1	56/9	56/9	4·23	2½
16/–	11/9	7½ 12½ a	Brooke Bond 'B' 5/–	13/5¼	13/6	4·02	3½
13/–	12/6	2½ a 10 b	International Tea 5/–	12/10½	13/11½	4·76	1½
9/–	6 5/–	10⅝ b 5 a	J. Lyons 'A'.....£1	73/9	72/3	4·38	1¼
26/–	25/9	9 b 5 a	Ranks.....10/–	29/6	28/6	4·91	2
24/–	10/41/2	7½ b 2½ a	Spillers.....5/–	11/6	10/6	4·76	2
41/–	38/7½	9 b 3 a	Tate & Lyle.....£1	48/3	48/11½	4·99	2
16 1/2	14/10½	9 b 5 a	Unigate.....5/–	15/6	15/9	4·44	2
70/–	56/9	7½ 13 c	Brit. Amer. Tobac. ..10/–	62/3	58/9	6·02	2¾
15/–	35/7½	15 b 5 a	Gallaher 10/–	37/10½	35/7½	5·61	2
19/–	64/9	14 b 8½ a	Imperial Tobacco.....£1	66/3	64/9	6·95	1¾
			INSURANCE				
115 1/16	55 b	50 a	Britannic.....5/–	15⅜	15¼	2·81	...
60/6	25 a	50 a	Commercial Union ..5/–	69/9	67/3	3·35	...
17½	41 17 c	41 17 c	Equity & Law Life ...R/6	33 9/16	33¼	0·86	...
51/10½	20 b	10 a	General Accident.....5/–	84/6	83/9	1·79	...
£105⅜	23 87 c	11⅞ a	Guardian.....5/–	53/3	52/–	2·56	...
23¼	110 b	80 a	Legal & General.....5/–	38½	37⅜	1·26	...
100/–	11½ b	8½ a	Northern & Empl.....£1	137/–	138/9	2·88	...
156/3	70 b	20 a	Pearl 5/–	232/6	218/9	3·36	...
18	183½ c	208½ c	Prudential 'A'.....£1	26	25⅜	2·68	...
38/10½	...	...	Royal 5/–	47/9	45/10½	3·27	...
100/3	11¾ b	7½ a	Royal Exchange £1	112/9	110/9	3·39	...
			MOTORS & AIRCRAFT				
12/10½	12/10½	7½ a	12½ b	British Motor 5/–	14/10½	14/8¼	6·81
66/11½	20 c	20 c	Jaguar Cars 'A'.....5/–	85/3	84/6	1·18	7¾
35/9	11 c	5 a	Rolls-Royce.....£1	36 10½	35/9	6·15	2¼
5/6	12 c	4 c	Rootes Motors 'A'....4/–	5/7½	6/11½	2·61	...
52/7¼	15 b	7½ a	A.C.V.....£1	70/7½	70/–	4·57	2½
77/7½	15 c	20 c	Leyland Motors £1	85/7½	85/6	4·68	...
14/–	9 b	3½ a	Bristol Aeroplane ...10/–	15/10½	15/10½	7·87	2¼
20/6	15 c	5 a	Hawker Siddeley £1	22/2¼	20/6	10·34	1¼
28/10½	14 a	15½ b	Dowty Group.....10/–	29/6	28/10½	5·37	2¼
21/6	15⅝ c	5 a	Dunlop Rubber 10/–	28/7½	28/–	5·65	2
49/9	21/2 a	11¼ b	Joseph Lucas.....£1	56/6	55/10½	4·92	2¼
15/9	30 c	Nil a	Pressed Steel.....£1	17/–	17/6	...	1¼
29/3	15 c	12½ c	Triplex Holdings ...10/–	34/–	33/6	3·73	2¼
			MINES				
110/–	50 b	40 a	Anglo-American....10/–	143/11½	143/11½	6·29	1½
43/–	61⅝ b	18¾ b	Consolid. Gold Fields .£1	67/6	68/–	7·35	2½
72/6	15 a	20 b	General Mining £1	96/3	95/–	7·37	2
40/–	120 b	40 a	Union Corporation ..2/6	61/3	61/–	6·56	3
15/3	40 a	40 b	Daggafontein 5/–	17/3	17/6	22·86	1½
73/9	70 a	100 b	Free State Geduld ...5/–	96/3	99/41/2	8·55	2
37/6	25 a	25 b	Hartebeestfontein ..10/–	49/–	50/–	10·00	1½
41/10½	50 a	60 b	President Brand 5/–	54/–	55/7½	9·89	1½
101/3	90 a	120 b	Western Holdings ...5/–	126/10½	129/41/2	8·12	1¼
15/9		81¾ a	Winkelhaak.....10/–	61/3	61/3	...	2¼
55/–	36¾ b	13¾ a	Anglo-Transvaal 15/–	60/–	59/–	12·71	2¾
51/3	20 a	60 b	Rhod. Anglo-Amer..10/–	56/9	56/3	14·22	1¾
7/10½	4 11/16	9 b	Rhod. Selection Tst. .5/–	8/–	8/3	8·30	2
4/7½	4½ a	8 b	Roan Antelope.....5/–	4/9	4/7½	13·15	1½
15/3	15 a	17½ b	Tanganyika Cons....10/–	16/6	15/9	20·63	...
46/6	13 4 b	33¼ a	Consolidated Zinc....£1	49/6	46/6	7·53	1¾
110/–	150 b	100 a	De Beers Defd. Reg. .5/–	143/9	148/9	8·40	1¾
$104	$1·50c	$1·50c	Internat. Nickel ....n.p.	$139	$144	1·85	...
10/9	27½ b	7½ a	London Tin.....4/–	16/11½	15/11½	9·26	1¼
30/–	20 c	17½ c	Rio Tinto.....10/–	39/41/2	41/3	6·67	1½
17/9	52½ c	20 a	Tronoh 5/–	29/–	29/–	9·05	1
			OIL				
32/–	6·94 b	2·78 a	British Petroleum £1	34/–‖	...	...	...
31/9	6·87 b	2½ a	Burmah Oil £1	31/9	31/9	9·64	1¼
36/–	13¾ b	6¼ a	Castrol.....10/–	39/–	39/–	5·13	2½
23·87 c	10 a	10 a	Royal Dutch.....20 fl.	£12	£12 1/8	3·89	2¾
108/9	20·8 c	10 a	Shell Transport £1	115/3	113/3	6·01	3
24/–	...	...	Ultramar 10/–	25/6	24/–	... d	...
			PAPER & NEWSPAPERS				
9/10½	10 b	5 a	Daily Mirror.....5/–	12/7½	12/3	6·12	1¼
57/6	8 b	4 a	W. H. Smith & Son 'A'.£1	69/6	67/6	3·56	2
17/9	...	10 a	Thomson Org'n. 5/–	21/9	23/–	5·22	2
43/6	83/4 b	5 a	Bowater Paper.....£1	44/6	43/9	6·29	1½
41/3	16 c	5 a	Albert E. Reed.....£1	42/–	41/–	7·80	1½
37/3	81½ b	4 a	Spicers.....£1	37/6	37/3	6·71	1¾
46/6	10 b	4 a	Wiggins Teape £1	48/–	46/6	6·02	2

Prices, 1961 High	Prices, 1961 Low	Last Two Dividends (a) (b) (c)	ORDINARY STOCKS	Price, Nov. 29, 1961	Price, Dec. 6, 1961	Yield, Dec. 6, 1961	Cover
		% %	**MISCELLANEOUS**				
25/6	21/–	10 a 20 b	Assoc. British Picture..5/–	25/6	25/6	5·88	2¾
33/41/2	27/–	20 a 40 b	Assoc. Television 'A' .5/–	33/41/2	32/71/2	9·19	1¾
47/9	36/–	14 b 16 a	Beecham Group.....5/–	47/9	46/71/2	3·22	1¾
31/10½	23/–	7 b 3 a	British Match £1	31/10½	31/10½	6·27	2
15/–	9 3/4	6⅔ b 4 a	British Oxygen.....5/–	15/–	14/41/2	3·71	2½
9/41/2	7 10½	2 b 3 a	British Ropes 5/–	9/41/2	9/11/2	5·48	2¼
53/6	51/6	4 a 8 a	De La Rue.....10/–	53/6	51/6	4·37	2
20/–	17½	7½ a 11½ b	Gestetner 'A'.....5/–	41/–	41/–	2·44	3¼
53/9	51/6	6 a 9 b	Glaxo.....10/–	53/9	51/6	2·91	3¼
46/6	38/7½	3 a 12 b	Harrisons & Cr. Defd..£1	46/6	46/–	6·52	2½
42/3	35/6	40 b 5 a	Hoover 'A'.....5/–	44/–	42/3	5·33	2¼
21/9	19/6	12½ b 5 a	Ilford 5/–	21/9	22/–	3·98	2
96/9	87/6	24 b 4 a	I.C.T.....£1	97/9	97/9	2·30	2¾
40/–	37/6	12½ c 12½ c	National Canning £1	40/–	37/6	6·67	1
36/3	35/–	7½ b 5 a	Powell Duffryn.....10/–	36/3	35/–	4·57	2¼
34/6	24/6	6 a 10 b	Radio Rentals.....5/–	34/6	34/6	2·90	3
32/6	31/6	7½ a 15 b	Rank Organisation...5/–	31/6	32/6	3·46	2½
33/3	32/–	16½ b 7½ a	Schweppes 5/–	33/3	32/–	3·75	1¾
34/41/2	33/81/4	12½ c 4 a	Sears 'A'.....5/–	34/41/2	33/81/4	3·71	2¼
24/–	23/–	12½ b 8½ a	Thomas Tilling 4/–	23/9	24/–	3·33	2
58/10½	56/–	4 a 2 a	Turner & Newall.....£1	58/10½	56/–	4·29	2¼
43/3	43/11½	9·47 a	Unilever.....5/–	43/3	43/11½	2·84	3¼
11½	11½	3 b 8 a	Unilever N.V.....12 fl.	11½	11½	2·17	3¼
22/6	13/9	10 b 5 a	United Glass.....5/–	17/3	18/41/2	4·08	2½
30/3	29/6	10 6 1/4 a	United Molasses 10/–	30/3	29/6	8·30	1
			SHIPPING				
28/6	27/9	13½ b 6½ a	Brit. & Com'wealth. 10/–	27/9	27/9	7·21	2
14/10½	13/10½	8 –c 6 c	Cunard £1	14/10½	13/10½	...	...
19/3	18/3	17 c 7 c	France Fenwick .....£

butes only 5½ per cent of combined net assets and, because of the nature of its business, the rate it earns on the physical capital employed is high. On the other hand Trust Houses hotel interests and its policy of building new ones and modernising its old ones keep the return on its capital employed fairly low.

Longmans, Green

FOR the third successive year, trading profits of the publishing house of Longmans, Green have risen by about a quarter. The rise in the year to May 31st is from £674,000 to £844,000; this is more than the stock market had expected. The rapid expansion of Longmans' business in recent years has added to its overhead costs and the old London warehouse has had to be replaced by a new and bigger warehouse at Harlow. Turnover was higher in the latter part of the year than the directors had expected and margins were better than at one time had seemed likely. The ordinary dividend has been raised from 25 to 27½ per cent and it would have been higher but for the Chancellor's request; it is covered over 2½ times by earnings and Mr William Longman looks forward, the Chancellor and the economy permitting, to a higher distribution in the current year. Indeed he hopes to bring the interim dividend, due in May, closer to the final payment.

The balance sheet shows the strains of recent expansion. The group has deliberately built up stocks to counter an anticipated rise in production costs, and so the value of stocks has risen from £1,400,000 to £1,800,000 while cash balances have been reduced from £328,000 to £35,000. As yet the directors are not certain whether fresh capital will be required to sustain the expansion in business. But the increase in stocks is a strategic move and they may well be a good investment since the prices of some books will be raised. The directors however hope that economies will keep down the prices of the "more competitive lines." A continued demand for the group's books seems assured, for a high proportion of Longmans' sales is in educational, scientific and technical books. The 5s. "B" shares of 59s. stand close to their peak for the year. They yield only 2.3 per cent, partly because the market expects a bigger dividend and partly because of take-over rumours.

Coventry Gauge

THE machine tool industry has done well this year and demand has remained high; this was reflected in a rise in imports in the early part of this year. The preliminary results of Coventry Gauge and Tool suggest that this company has shared fully in the recovery and they bear out the chairman's statement last January that the rise in profits in 1959-60 did not reflect the full benefit of the high rate of orders. Trading profits in the year to August 31st rose by as much as 87 per cent, from £477,000 to £896,000, and net profits after tax and depreciation rose by 82 per cent, from £220,000 to £402,000.

The ordinary dividend was raised from 6¼ to 7½ per cent tax free in 1959-60 and it has now been raised again to 8¼ per cent tax free on the capital as increased by the one for four rights issue in January. The cover has been boosted by the increase in earnings from 2.2 to about 2.8 times. The 10s. ordinary shares at 31s. 7½d. yield 4½ per cent.

Wood Hall Trust

THE results of Wood Hall Trust follow hard upon United Breweries' bid for Hewitt Brothers, in which Wood Hall has a 39 per cent stake. The offer is worth about £2¼ million for Wood Hall but it is not known whether Wood Hall intends to keep the United Breweries' shares or loan stock, or both. Speculation first on a possible bid for Hewitt and now on what Wood Hall directors intend to do with the receipts explains the recent rise in the 5s. shares from a low of 17s. late in October to 22s. 6d. But they have fallen back to 20s. 6d., to yield 3.9 per cent on the maintained tax-free dividend of 10 per cent.

Such a return hardly seems justified on Wood Hall's current results alone. These include the familiar story of a loss on hire purchase. It amounts to £135,000. This follows last year's writing off of the whole of Wood Hall's investment in the Peter Long subsidiary amounting to £175,000. The group's hire purchase interests are now concentrated in Traders Acceptances into which Wood Hall put an additional £100,000 of share capital; shareholders will hope that the chairman, Mr Michael Richards, will have some reassuring news of this side of the group's interests. Profits from the group's other activities, which include wines and spirits, building, property, timber and saw milling and an importing and exporting business, rose in the year to June 30th from £752,000 to £803,000. Investment income was little changed at £121,000; but in the previous year there was also a special dividend of £163,000 from Hart Son and Co. which was sold to Samuel Montagu in March last year when the latter acquired a stake in Wood Hall.

In his statement last year Mr Richards told shareholders that it was expected that the "major part if not the whole" of the income lost through the sale of Hart would be replaced by two new acquisitions, Osborne Stevens, the timber merchants, and Moussec. It would appear, however, that this has not yet happened. Indeed as the pre-tax profits of Wood Hall's principal subsidiary, Davis Estates, rose by £125,000 to £522,000, it would seem that the contribution of these new subsidiaries was small. The wine merchants, David Sandeman, for which a difficult year's trading had been forecast, would appear to have suffered a fall in profits.

London Stock Exchange

FIRST DEALINGS:	Nov. 13	Nov. 27	Dec. 11
LAST DEALINGS:	Nov. 24	Dec. 8	Dec. 28
ACCOUNT DAY:	Dec. 5	Dec. 19	Jan. 19

THE rise in equity prices which began the first half of last week was halted Thursday; a pessimistic review from t National Institute contributed to t market's uncertainty. After the weeke the fall in prices continued though in so sectors, notably breweries, prices we boosted by take over bids and rumour On Wednesday the passing of Consett interim dividend and the poor results fr United Steel disappointed an alread apprensive market; many equity prices f back sharply and *The Economist* indicat lost 9.6 points to 347.3 over the week.

The gilt-edged market has be extremely quiet. Exchequer 5½ per ce lost the gains of the previous week and f back by ⅝ to 98⅝. Long dated a irredeemable stocks were also lowe Treasury 5½ per cent 2008-12 lost ¼ 83⅝ and 3½ per cent War Loan lost to 51¼. Dominion and Corporation stoc also lost ground.

Bank shares, like gilt-edged, have be quiet this week, and most of the leade showed small losses; Midland were 1s. 6 lower at 89s. Hire purchase houses we generally lower; Mercantile Credit lost 3 to 13s. 10½d. Most insurance shares show losses over the week despite some selecti buying on Monday. General Accident l 9d. to 83s. 9d. Interest in brewery shar increased after the bids for Hewitt an Tennant Brothers but there was some sel ing on Wednesday. Chemical shares declin quite sharply, with ICI losing 3s. 7½d. t 56s. Store shares were dull and Marks an Spencer lost 1s. 7½d. to 103s. 1½d. Ele trical shares, too, met continued sma selling; English Electric lost 2s. 9d. to 2 and Plessey's recent gains were lost aft the full report, with the shares losing 6d. t 44s. 9d. but the convertible debentur gained 2½ points to 109¼.

Steel shares were depressed after the fi results from the industry were publishe Consett lost 3s. 6d. to 17s. 10½d. an United Steel 2s. 6d. to 38s. 9d. and Sout Durham eased ahead of the results by 2 to 23s. 1½d. But the market was pleas with the Firth Brown results and the share gained 3s. 9d. to 42s. 3d. Many leadi shares followed the general downwar movement of the week and Glaxo we 2s. 3d. lower at 51s. 6d. but investme buying of ICT put them up 1s. to 97s. 9 Property shares were in demand around t weekend but small falls followed in th middle of the week; City Centre gain 3d. to 58s. 9d. helped by the new link wi GUS. Kaffirs held their prices even thou gains on the weakness of sterling before i weekend were largely offset by Continen selling on Monday.

EXCHEQUER RETURNS

For the week ended December 2, 1961, there was an "above-the-line" deficit (after allowing for sinking funds) of £31,586,000 compared with a deficit of £38,261,000 in the previous week and a deficit of £33,608,000 in the corresponding period of last year. There was a net expenditure "below-line" of £31,240,000 leaving a total cumulative deficit to date of £795,676,000 compared with £811,245,000 in 1960-61.

£'000	Estimate 1961-62	April 1, 1960, Dec. 3, 1960	April 1, 1961, Dec. 2, 1961	Week ended Dec. 3, 1960	Week ended Dec. 2, 1961
Ordinary Revenue					
Income Tax	2,728,500	889,816	1,018,929	36,362	37,003
Profits tax	210,000	47,900	55,600	1,200	1,800
Estate Duties	240,000	152,300	173,100	4,400	5,800
Stamps	94,000	59,600	65,500	1,800	1,800
Profits tax, EPT and EPL	325,500	193,200	241,900	4,300	6,600
Other Inland Rev. Duties	...	50	...	...	...
Total Inland Rev.	3,598,000	1,342,866	1,555,029	48,062	53,003
Customs	1,550,000	1,000,679	1,102,442	28,184	32,935
Excise	960,000	676,730	699,305	23,315	27,665
Total Customs and Excise	2,510,000	1,677,409	1,801,747	51,499	60,600
Motor Duties	155,000	39,867	47,235	680	...
Post Office (Net Receipts)		...	...	...	...
Broadcast Lic's.	40,000	22,500	23,800	4,200	...
Sundry Loans	205,000	40,250	183,375	6	22376
Miscellaneous		78,895		1,154	
Total	6,508,000	3,201,787	3,611,186	105,601	135,979
Ordinary Expenditure					
Net Interest	660,000	429,438	466,028	32,226	30,771
Payments to N. Ireland Exch. Fund — Initial settlement	92,000	53,549	56,208	...	...
Other Consolidated Funds	15,000	...	7,282	...	...
Supply Services.	8,000	4,693	4,954	63	56
	5,186,902	3,150,797	3,441,163	105,610	136,548
Total	5,961,902	3,638,477	3,975,635	137,899	167,375
Sinking Funds	40,000	25,130	24,354	1,310	190
"Above-line" Surplus or Deficit	—	461,820	388,803	33,608	31,586
"Below-line" Net Expenditure*		349,425	406,873	28,810	31,240
Total Surplus or Deficit	811,245	795,676	62,418	62,826	
Net receipts from:					
Tax Reserve Certificates		185,377	186,960	13,033	5,751
Savings Certificates		43,300	−18,900	−200	−500
Defence Bonds		73,002	19,046	2,322	484
Premium Savings Bonds		39,220	28,700	1,100	1,500
Total		340,899	215,806	16,255	7,235

* Net receipts of the Civil Contingencies Fund £5 million in 1961-62 compared with a net receipt of £5 million in 1960-61.

FLOATING DEBT

(£ million)

	Treasury Bills		Ways and Means Advances		Total Floating Debt.
	Tender	Tap	Public Dept.	Bank of England	
1960 Dec. 3	3,660·0	1,612·1	211·5	...	5,483·5
1961 Dec. 2	3,260·0	1,855·3	239·4	...	5,354·8
" 9	3,240·0	1,886·4	221·4	...	5,347·9
" 16	3,240·0	1,905·2	229·5	...	5,374·7
" 23	3,220·0	1,928·7	228·3	...	5,377·0
" 30	3,220·0	2,018·6	283·7	...	5,522·3
Oct. 7	3,240·0	1,998·1	207·2	...	5,445·3
" 14	3,260·0	2,003·4	208·7	...	5,472·2
" 21	3,270·0	1,997·8	183·1	...	5,450·9
" 28	3,280·0	2,003·2	211·5	...	5,494·8
Nov. 4	3,280·0	2,063·7	201·1	0·8	5,545·5
" 11	3,290·0	1,990·7	216·9	...	5,497·6
" 18	3,310·0	1,976·2	250·6	...	5,536·8
" 25	3,330·0	2,016·1	205·3	...	5,551·4
Dec. 2	3,350·0	2,078·9	228·5	...	5,657·4

Money and Exchanges

THE MONEY MARKET

THE syndicate of discount houses raised its agreed bid for the 91-day bills on offer at last Friday's Treasury bill tender by 2d. to £98 13s. 3d. The average rate of discount fell by 8.32d. to £5 7s. 1.08d. per cent. The market's quota of 91-day bills rose slightly to 44 per cent from 42 per cent in the previous week. But its allotment of 63-day bills fell to 71 per cent against 90 per cent a week earlier. Total applications fell by £11 million to £461 million.

Events in Lombard Street this week have kept close to the pattern established after the last Bank rate cut on November 2nd. The bill rate has again fallen only slightly, credit has been generally adequate before the weekend but difficult in the early part of the week, and on Tuesday and Wednesday the authorities forced part of the market to borrow small amounts from the Bank at the penal rate—continuing to apply mild restraining pressure on the bill rate.

In New York the three months bill rate rose for the fifth week in succession last week from 2.606 per cent to 2.625 per cent, and the interest differential between London and New York, allowing for forward exchange cover, has now virtually disappeared.

MONEY RATES

LONDON

	%		%
Bank rate (from 6½%, 2/11/61)	6	Discount rates (Wednesday):	
Deposit rates		Bank bills:	
7 days' notice):		60 days	$5^{9}/_{16}$–$5^{5}/_{8}$
Banks	4	3 months	$5^{9}/_{16}$–$5^{5}/_{8}$
Discount houses	4–4¼	4 months	$5^{9}/_{16}$–$5^{5}/_{8}$
Local Authorities	6¼	6 months	$5^{9}/_{16}$–$5^{11}/_{16}$
Call money:		Fine trade bills:	
Clearing banks' minimum	$4^{3}/_{8}$	3 months	$6^{3}/_{4}$–$7^{1}/_{2}$
Day-to-day	$4^{3}/_{8}$–$5^{3}/_{4}$	4 months	$6^{3}/_{4}$–$7^{1}/_{2}$
		6 months	7 –8

NEW YORK

	%		%
Official Discount rate: (from 3½%, 11.8.60)	3	Treasury bills:	
		Nov. 27	2·606
		Dec. 4	2·625

BANK OF ENGLAND RETURNS

(£ million)	Dec. 7, 1960	Nov. 29, 1961	Dec. 6, 1961
*Issue Department**:			
Notes in circulation	2,310·6	2,343·7	2,368·0
Notes in banking dept.	48·7	31·7	37·3
Govt. debt and securities*	2,348·0	2,374·0	2,424·0
Other securities	0·8	0·8	0·7
Gold coin and bullion	[illegible]	0·4	0·4
Coin other than gold coin	1·3	0·3	[illegible]
Banking Department:			
Deposits:			
Public accounts	10·6	11·0	11·7
Special deposits	151·3	232·7	233·5
Bankers	232·0	228·6	220·6
Others	65·0	70·5	67·8
Total	458·9	542·9	533·6
Securities:			
Government	388·7	443·3	433·2
Discounts and advances	19·4	65·7	61·2
Other	19·0	19·3	19·0
Total	427·1	528·3	513·4
Banking department reserve	49·6	32·5	38·2
	%	%	%
"Proportion"	10·8	5·9	7·1

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £50 million to £2,425 million on December 6th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered		Applied for	Three Months' Bills Average Rate of Allotment	Allotted at Max. Rate *
	91 day	63 day			
1960 Dec. 2	240·0	30·0	427·5	s. d. 92 5·55	% 56
1961					
Sept. 1	250·0		379·8	134 0·50	48
" 8	260·0		441·6	132 10·81	60
" 15	250·0‡		407·0	131 10·99	59
" 22	250·0		383·3	130 6·51	65
" 29	270·0		447·9	131 0·48	39
Oct. 6	260·0		397·9	122 5·80	57
" 13	260·0‡		419·0	120 2·28	59
" 20	250·0		416·1	118 5·35	51
" 27	250·0		431·2	114 6·57	66
	91 day	63 day			
Nov. 3	200·0	60·0	412·7	108 6·10	63
" 10	230·0	40·0	458·9	108 5·49	44
" 17	220·0	50·0	430·2	107 9·71	56
" 24	220·0‡	60·0	471·8	107 9·40	42
Dec. 1	220·0	50·0	461·3	107 1·08	44

* On December 1st tenders for 91 day bills at £98 13s. 3d. secured 44 per cent, higher tenders being allotted in full. The offer for this week was for £230 million 91 day bills and £30 million 63 day bills. ‡ Allotment cut by £10 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits	Market Rates: Spot					
	December 6	November 30	December 1	December 2	December 4	December 5	December 6
United States $	2·78–2·82*	$2·81^{3}/_{16}$–$^{5}/_{16}$	$2·80^{7}/_{8}$–81	$2·80^{7}/_{8}$–81	$2·81^{1}/_{8}$–$^{1}/_{4}$	$2·81^{1}/_{4}$–$^{3}/_{8}$	$2·81^{1}/_{8}$–$^{1}/_{4}$
Canadian $		$2·93^{1}/_{16}$–$^{3}/_{16}$	$2·93^{1}/_{8}$–$93^{1}/_{8}$	$2·92^{7}/_{8}$–93	$2·92^{5}/_{16}$–$93^{1}/_{16}$	$2·92^{5}/_{8}$–$^{3}/_{4}$	$2·92^{5}/_{16}$–$93^{1}/_{16}$
French Fr.	13·622–14·027	$13·79^{5}/_{8}$–$^{7}/_{8}$	$13·78^{3}/_{4}$–79	$13·78^{1}/_{2}$–$^{3}/_{4}$	$13·78^{1}/_{8}$–$79^{1}/_{8}$	$13·79^{3}/_{8}$–$^{7}/_{8}$	$13·78^{3}/_{4}$–79
Swiss Fr.	11·94–12·54⅞	$12·14^{3}/_{8}$–$^{5}/_{8}$	$12·11^{7}/_{8}$–$12^{1}/_{8}$	$12·11^{1}/_{2}$–$^{3}/_{4}$	$12·13^{3}/_{8}$–$^{5}/_{8}$	$12·14^{1}/_{8}$–$^{3}/_{8}$	$12·13^{1}/_{4}$–$^{1}/_{2}$
Belgian Fr.	137·96–142·05	139·95–140·00	$139·77^{1}/_{2}$–$82^{1}/_{2}$	139·75–80	139·90–95	139·95–140·00	$139·92^{1}/_{2}$–$97^{1}/_{2}$
Dutch Gld.	9·98¾–10·28½	$10·11^{3}/_{8}$–$^{5}/_{8}$	$10·09^{3}/_{8}$–$^{5}/_{8}$	$10·09^{1}/_{8}$–$^{3}/_{8}$	$10·10^{1}/_{4}$–$^{1}/_{2}$	$10·11^{1}/_{4}$–$11^{1}/_{2}$	$10·11^{3}/_{8}$–$^{5}/_{8}$
W. Ger. D-Mk.	11·037–11·365	$11·25^{1}/_{2}$–$^{3}/_{4}$	$11·24^{1}/_{2}$–$^{3}/_{4}$	$11·23^{3}/_{4}$–24	$11·25^{1}/_{4}$–$^{1}/_{2}$	$11·25^{1}/_{2}$–$^{3}/_{4}$	$11·24^{3}/_{8}$–$^{5}/_{8}$
Portug. Esc.	...	80·17–27	80·17–27	80·17–27	80·17–27	80·17–27	80·17–27
Italian Lire	1725–1775	$1745^{1}/_{2}$–46	$1742^{1}/_{2}$–43	1743–$43^{1}/_{2}$	$1743^{1}/_{2}$–$44^{1}/_{4}$	$1745^{1}/_{2}$–$45^{1}/_{2}$	$1744^{1}/_{4}$–$^{3}/_{4}$
Swedish Kr.	14·27½–14·70	$14·53^{1}/_{4}$–$^{1}/_{2}$	$14·51^{7}/_{8}$–$52^{1}/_{8}$	$14·51^{1}/_{2}$–$^{5}/_{8}$	$14·52^{3}/_{8}$–$^{5}/_{8}$	$14·52^{7}/_{8}$–$53^{1}/_{8}$	$14·52^{1}/_{2}$–$^{3}/_{4}$
Danish Kr.	19·06½–19·62	$19·35^{3}/_{4}$–36	$19·34$–$34^{1}/_{4}$	$19·33^{7}/_{8}$–$34^{1}/_{8}$	$19·33^{1}/_{2}$–$^{3}/_{4}$	$19·33^{1}/_{4}$–34	$19·33^{1}/_{2}$–$^{3}/_{4}$
Norwegian Kr.	19·71–20·30½	$20·01^{1}/_{2}$–$^{3}/_{4}$	$20·00^{3}/_{4}$–01	$20·00^{1}/_{2}$–01	$20·00^{3}/_{4}$–01	$20·01^{1}/_{2}$–$^{3}/_{4}$	$20·01^{3}/_{4}$–02
	Official Limits	**One Month Forward Rates**					
United States $		$^{13}/_{16}$–$1^{1}/_{16}$c. pm	$^{7}/_{8}$–$1^{3}/_{8}$c. pm	$^{15}/_{16}$–$1^{3}/_{16}$c. pm	$^{7}/_{8}$–$1^{3}/_{8}$c. pm	$^{13}/_{16}$–$1^{1}/_{16}$c. pm	$^{13}/_{16}$–$1^{1}/_{16}$c. pm
Canadian $		$^{7}/_{8}$–$1^{3}/_{8}$c. pm	$^{7}/_{8}$–$1^{3}/_{8}$c. pm	$^{15}/_{16}$–$1^{3}/_{16}$c. pm	$^{15}/_{16}$–$1^{3}/_{16}$c. pm	$^{7}/_{8}$–$1^{3}/_{8}$c. pm	$^{7}/_{8}$–$1^{3}/_{8}$c. pm
French Fr.		$2^{1}/_{4}$–$1^{3}/_{4}$c. pm	$2^{1}/_{4}$–$1^{3}/_{4}$c. pm	$2^{1}/_{4}$–2c. pm	$2^{1}/_{4}$–2c. pm	$2^{1}/_{2}$–2c. pm	$2^{1}/_{2}$–2c. pm
Swiss Fr.		$3^{3}/_{4}$–$3^{1}/_{4}$c. pm	$3^{3}/_{4}$–$3^{1}/_{4}$c. pm	$3^{3}/_{4}$–$3^{1}/_{4}$c. pm	$3^{3}/_{4}$–$3^{1}/_{4}$c. pm	$3^{5}/_{8}$–$3^{1}/_{8}$c. pm	$3^{5}/_{8}$–$3^{1}/_{8}$c. pm
Belgian Fr.		30–20c. pm	30–20c. pm	30–20c. pm	32–22c. pm	32–22c. pm	35–25c. pm
Dutch Gld.		$3^{1}/_{4}$–$2^{3}/_{4}$c. pm	$3^{1}/_{2}$–3c. pm	$3^{1}/_{2}$–3c. pm	4–$3^{1}/_{2}$c. pm	4–$3^{1}/_{2}$c. pm	$3^{3}/_{4}$–$3^{1}/_{4}$c. pm
W. German D-Mk.		4–$3^{1}/_{2}$pf. pm	$4^{1}/_{4}$–$3^{3}/_{4}$pf. pm	$4^{1}/_{4}$–$3^{3}/_{4}$pf. pm	$4^{1}/_{2}$–4pf. pm	$4^{1}/_{2}$–4pf. pm	$3^{7}/_{8}$–$3^{5}/_{8}$pf. pm
		Three Months Forward Rates					
United States $		$^{15}/_{16}$–$1^{3}/_{16}$c. pm	2–$1^{7}/_{8}$c. pm	$2^{1}/_{16}$–$1^{15}/_{16}$c. pm	$1^{15}/_{16}$–$1^{13}/_{16}$c. pm	$1^{7}/_{8}$–$1^{3}/_{4}$c. pm	$1^{15}/_{16}$–$1^{13}/_{16}$c. pm
Canadian $		$2^{1}/_{8}$–2c. pm	$2^{1}/_{4}$–2c. pm	$2^{1}/_{16}$–$2^{1}/_{8}$c. pm	$2^{1}/_{8}$–2c. pm	$2^{1}/_{8}$–2c. pm	$2^{1}/_{8}$–2c. pm
Swiss Fr.		$10–9^{1}/_{2}$c. pm	$10^{1}/_{2}$–10c. pm	$10^{1}/_{2}$–10c. pm	$10^{1}/_{2}$–10c. pm	$10^{1}/_{4}$–$9^{3}/_{4}$c. pm	$10^{1}/_{4}$–$9^{3}/_{4}$c. pm
W. German D-Mk.		$10–9^{1}/_{2}$pf. pm	$10^{1}/_{2}$–$9^{1}/_{2}$pf. pm	$10^{1}/_{4}$–$9^{3}/_{4}$pf. pm	$10^{3}/_{4}$–$10^{1}/_{4}$pf. pm	$10^{3}/_{8}$–$9^{7}/_{8}$pf. pm	$10–9^{1}/_{2}$pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		249/11	250/0¾	...	250/2¾	250/–	250/0¼
" ($ " " ")		35·16	35·16	...	35·16	35·16	35·16

APPOINTMENTS

CANADIAN BROADCASTING CORPORATION

wishes to appoint

TOP-FLIGHT EXECUTIVE IN SOCIAL SURVEY RESEARCH

to take charge of its Research & Statistics unit in Toronto. He will be responsible to the Director of Research & Statistics, in Ottawa, for the technical and administrative supervision of all C.B.C. research and related activities carried out through the Toronto office, for maintaining close working relations with C.B.C. programming, production, sales and other staff at the English-language Network centre in Toronto, and for contributing as required to C.B.C. research operations carried out elsewhere.

The Corporation's research and statistical services, centred in Ottawa, Toronto and Montreal, cover a wide range of activities in such fields as audience measurement, media content analysis, public opinion and attitude research, broadcast coverage, programme evaluation, statistical analysis, market and consumer studies, corporate and station image research, panel operations. The successful candidate, aside from having the necessary professional qualifications, will have had practical experience of working successfully in at least some of these areas. He will also be expected to have a sufficient understanding of the basic principles and practical problems involved in communications research work generally to be able competently to direct and supervise the work of others. While not absolutely essential, experience of working on broadcasting problems will be regarded as a special asset.

This is a senior post carrying considerable responsibility and the Corporation is prepared to offer an attractive salary to the successful candidate.

Full details to Assistant director of Research & Statistics,
Canadian Broadcasting Corporation,
Post Office Box 806.
Ottawa, Ontario,
CANADA.

AUSTRALIAN NATIONAL UNIVERSITY

INSTITUTE OF ADVANCED STUDIES

RESEARCH FELLOWSHIP IN ECONOMICS

Applications are invited for appointment as Research Fellow in the Department of Economics, Research School of Pacific Studies, to undertake a study of Indigenous Cash Cropping in the Territories of Papua and New Guinea. The appointment will be for a period of up to three years, and will involve considerable field research in New Guinea. This special Research Fellowship has been made possible by a grant from the Reserve Bank's Rural Credits Development Fund. Provision has also been made for the employment of local Research Assistants to assist in the field work.

The initial salary will be fixed in the range £A1,925-£A2,450 in accordance with the qualifications and experience of the successful applicant.

Superannuation is on the F.S.S.U. pattern. Reasonable travel expenses are paid and assistance with housing is provided.

Further information should be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close on *January 31, 1962.*

ASSOCIATION OF MUNICIPAL CORPORATIONS.

APPOINTMENT OF SECRETARY.

Applications are invited for this appointment.

The Association is a voluntary organisation having in membership 430 city and borough councils in England and Wales, the City of London, and many of the metropolitan boroughs, together with some Northern Irish boroughs. Its work is of two main kinds—making the voice of the cities and boroughs heard in Parliament and in Government departments, giving help and advice to members on problems arising in the field of local government.

The Secretary is responsible for the organisation of the association in accordance with its constitution; carrying out the decisions of the council and committees; day-to-day contact with Government departments and Members of Parliament; and maintaining contact with the members of the association. He is also responsible for the publication of the journal The Municipal Review and the organisation and control of the Association's staff.

The salary on appointment will be £5,500 per annum. The person appointed will be required to join the local government superannuation scheme subject to satisfactory medical examination. Previous experience in local government is very desirable.

Canvassing will be a disqualification.

Particulars obtainable from the Secretary, Association of Municipal Corporations, Victoria Station House, Victoria Street, London, S.W.1.

FOR GENEVA

Internationally known American company requires qualified accountant, preferably with some knowledge of French (but this is not essential), aged 25-35, starting salary from 2,000 to £3,000 per annum depending on experience and ability. Would be required to take up position in Geneva as soon as possible.

Please send full particulars, including present salary, to Box 1573.

LEO offer CAREERS in DATA PROCESSING

. . . in one of the most prominent and vigorous computer companies now embarking on a major phase of expansion.

Men and women under 35 who are keenly interested in the prospect of planning and preparing jobs for operation by both service and customer's computers are invited to apply. They should have experience in one of the following:—

INSURANCE	OPERATIONS RESEARCH
PRODUCTION CONTROL	WORKS MANAGEMENT
COST ACCOUNTANCY	STOCK EXCHANGE

Full training in computer techniques will be given.

The posts will be based in London, elsewhere in the U.K. and abroad.

Starting salary will relate to the high calibre of people required and there are unlimited prospects of advancement depending solely on ability. Brief details of career to date should be sent to:—

The Personnel Officer, LEO COMPUTERS LTD.,
Hartree House, Queensway, London, W.2.

INDUSTRIAL RELATIONS

MASSEY-FERGUSON invite applications for the appointment of

COLLECTIVE AGREEMENTS MANAGER

in their Central Personnel and Industrial Relations Department at Coventry.

Candidates should be University graduates, aged 30 to 35, with at least 5 years' industrial relations experience in large organisations preferably in the Engineering Industry.

The successful applicant will be responsible to the General Industrial Relations Manager. He will be Secretary to the Company's national negotiating Councils and will assist in the development of I.R. policy, the preparation of cases and the drafting of agreements on wages and conditions of employment, covering some 15,000 manual, clerical and technical employees.

Salary will be commensurate with ability and experience. Contributory Pension and Life Assurance Scheme.

Applications, in confidence, stating age, present position and salary, qualifications and experience, should be addressed to

Director, Personnel and Industrial Relations
MASSEY-FERGUSON (U.K.) LTD.,
Bannet Lane, Coventry.

For further appointments and other classified advertisements see page 1074

MINISTRY OF TRANSPORT CHAIRMAN OF *TRAFFIC COMMISSIONERS FOR* PUBLIC SERVICE VEHICLES (NORTH WESTERN TRAFFIC AREA). Applications for this pensionable post, with headquarters in Manchester, are invited from men and women at least 40 on 1.1.62. The Chairman of Traffic Commissioners also acts as Licensing Authority for roads vehicles; his duties include presiding over public sittings and hearings, determining applications for licences to operate road passenger and goods services, and licensing drivers and conductors of public service vehicles. Candidates must have had responsible administrative or other experience qualifying them for these duties. This will usually involve experience in a responsible post in transport or experience in the courts of administrative tribunals. The salary of the post is £3,400. The successful candidate will be asked to take up appointment as soon as possible.—Write to Civil Service Commission, 6 Burlington Gardens, London, W.1, for application forms, quoting 5119/62. Closing date January 1, 1962.

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Secretaries.

Per: D. R. HOLMES.

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London Office:
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6th December, 1961.

Anglo-Transvaal Group of Companies

DECLARATION OF DIVIDENDS

NOTICE IS HEREBY GIVEN that dividends have been declared in the amount of Republic of South Africa currency set out below and payable to holders of Preference and Ordinary (and Participating Preference) shares registered in the books of the undermentioned Companies at the close of business on the 29th December, 1961, and the 29th December, 1961, respectively. Preference dividends are in respect of the half-year ending 31st December, 1961.

In the case of those Companies which have a London Office, dividends will be paid to members on the London Register from the London Office in United Kingdom currency at the rate of £1 United Kingdom Sterling for R2 South African currency unless there is a difference regarded by the Boards as material in the rate of exchange between the United Kingdom and South African currencies. Should there be such a difference the London Office will pay in United Kingdom currency calculated at the rate of exchange ruling on the 29th December, 1961, in respect of Preference shares and on the 2nd January, 1962, in respect of Ordinary and Participating Preference shares, for conversion of South African currency into United Kingdom currency.

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The transfer books and registers of members will be closed as follows:
Preference Shares—from 21st to 31st December, 1961 (both days inclusive).
Ordinary and Participating Preference Shares—from 30th December, 1961, to 7th January, 1962 (both days inclusive).

Name of Company (All incorporated in the Republic of South Africa)	Dividend number	Amount of dividend in South African currency	Amount of dividend in United Kingdom currency calculated at the rate of £1 United Kingdom Sterling to R2 South African currency	Remarks
(1)	(2)	(3)	(4)	(5)
Anglo-Transvaal Consolidated Investment Company Limited				
6% Cumulative Preference	47	6c.	7·2d.	
Do. 5% Cumulative				
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Do. Participating Preference	15	5c.	6d.	Being participation of 50 per cent of the interim dividend declared on the Ordinary and "A" Ordinary shares.
Do. Ordinary and "A" Ordinary	32	10c.	1/-	Interim.
Anglo-Transvaal Collieries Limited				
6% Cumulative Preference	51	11c.	1·8d.	
Do. Ordinary	43	65c.	7·5d.	Interim.
Anglo-Transvaal Industries Limited				
5½% Cumulative Preference	35	55c.	6·6d.	
Associated Manganese Mines of South Africa Limited, The				
7% Cumulative Preference	50	17½c.	2·1d.	
Do. Ordinary	35	273c.	2·9d.	Final making 45 cents (4/6) for the year.
Do. Deferred	2	24,917c.	2 5·9d.	For the year ending 31st December, 1961.
Consolidated Murchison (Transvaal) Goldfields & Development Company, Limited Ordinary	35	40c.	4/-	Final making 70 cents (7/-) for the year.
Hartebeestfontein Gold Mining Company Limited Ordinary	12	25c.	2·6d.	Interim.
Middle Witwatersrand (Western Areas) Limited Ordinary	17	4c.	4·8d.	For the year ending 31st December, 1961.
Nail and Chain Limited				
5½% Cumulative Preference	28	55c.	6·6d.	
National Bolts and Rivets Limited				
6% Cumulative Preference	33	6c.	7·2d.	
South Atlantic Corporation Limited				
6½% Redeemable Cumulative Preference	16	65c.	7·8d.	
Wright Anderson (South Africa) Limited				
5½% Cumulative Preference	29	55c.	6·6d.	

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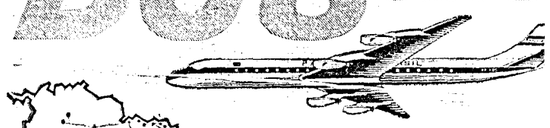
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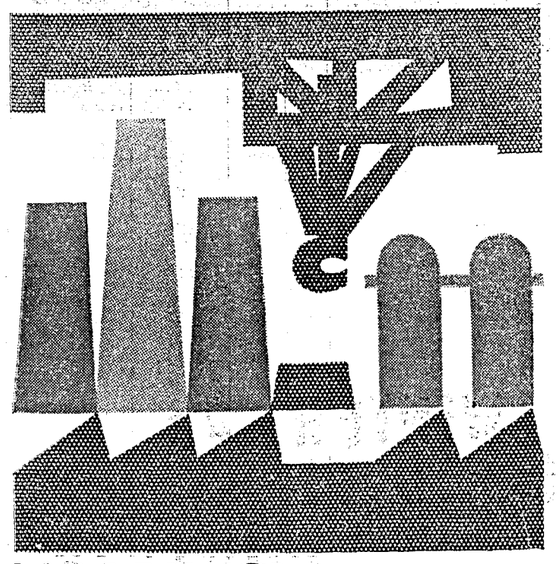
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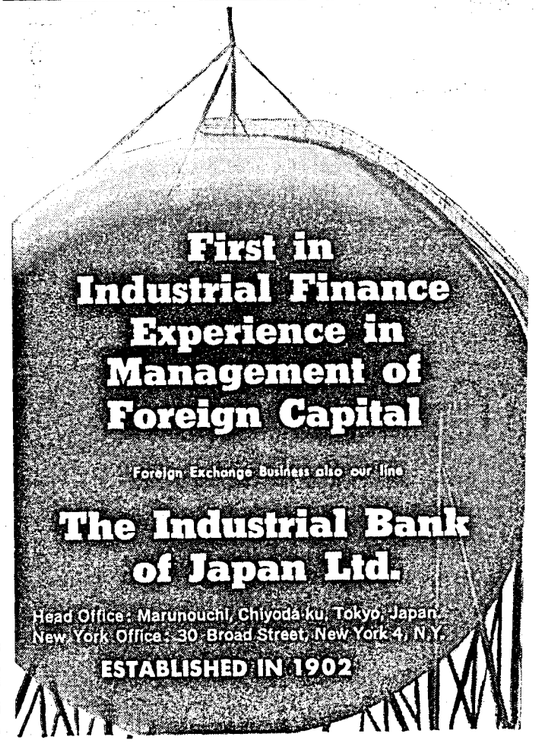


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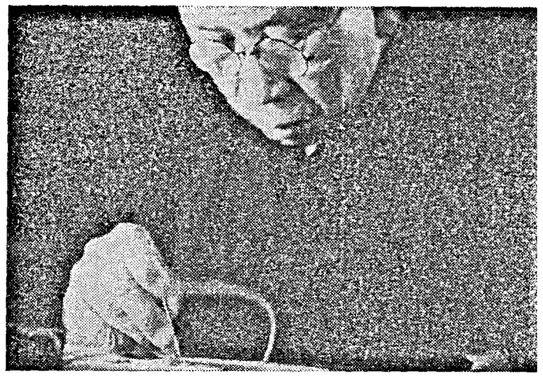


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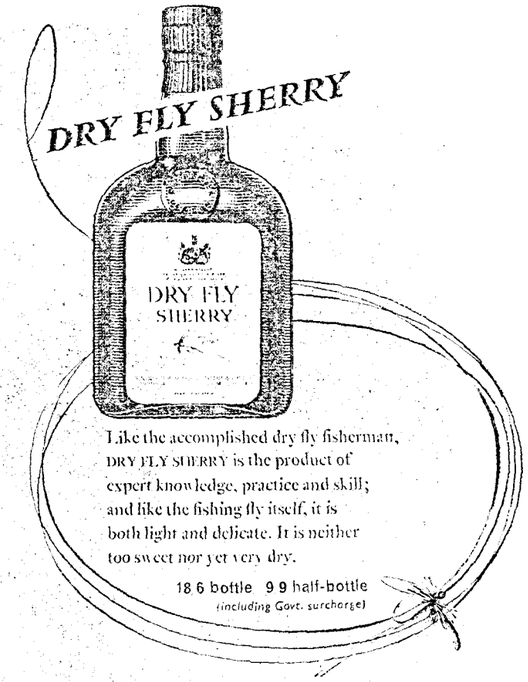
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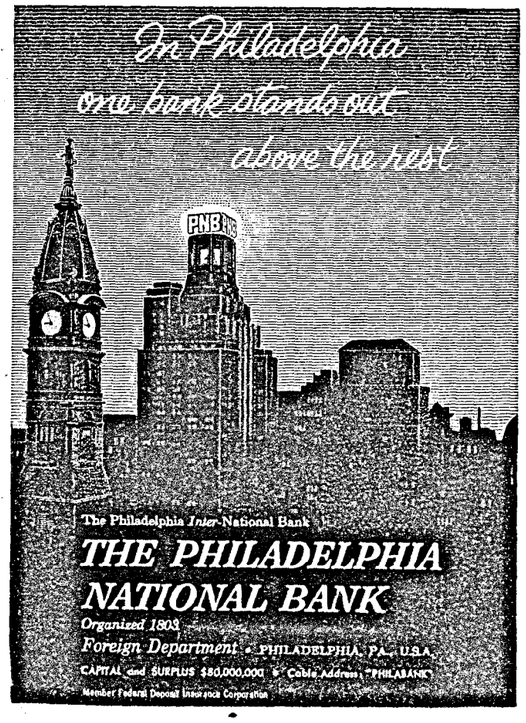
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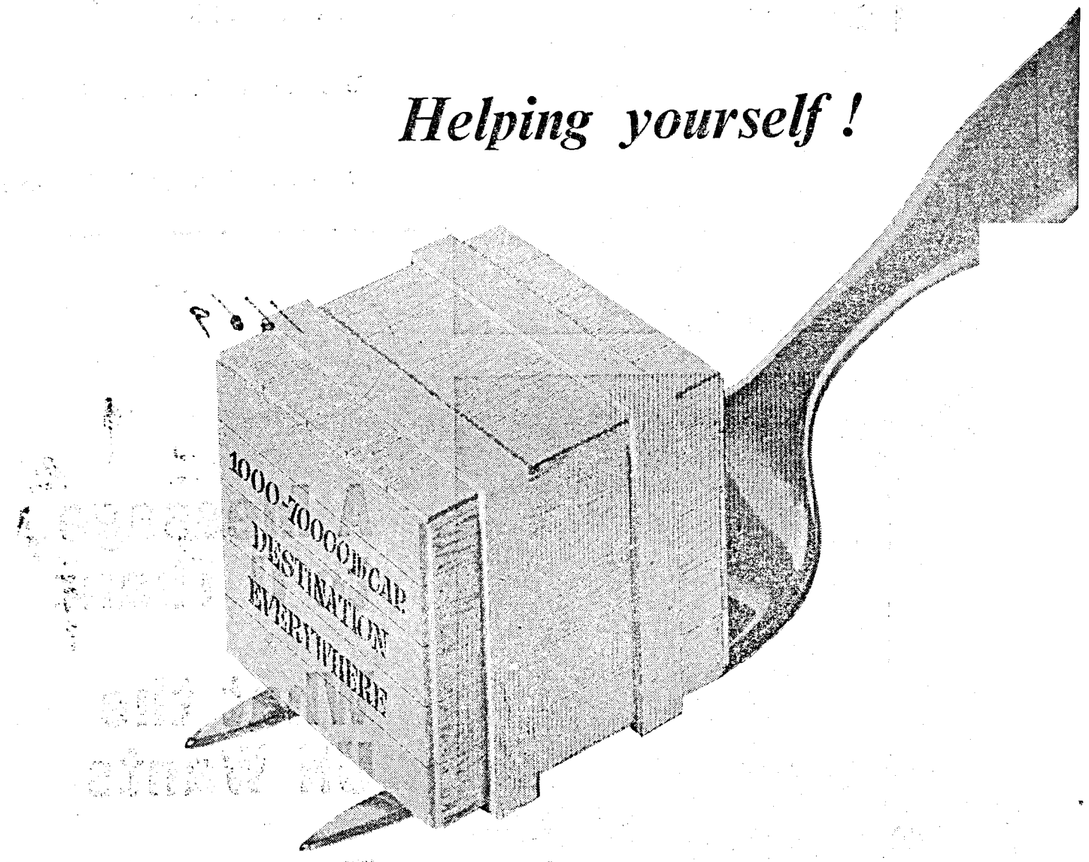
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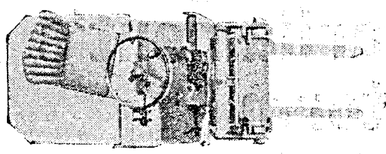
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INTERNATIONAL

HEART OF DARKNESS

Mr Macmillan's call for a cease-fire is one that the United Nations can hardly accept; things have gone too far in Katanga for that (p. 1101).

U Thant says the UN will not cease firing until its freedom of movement is permanently assured, law and order are restored, and it is able to carry out its mandate (p. 1102).

In Leopoldville, it seems as if Mr Tshombe will be forced to negotiate. But will Mr Gizenga? (pp. 1129 and 1130).

Differences of Opinion:

Belgium may seem like one big "Katanga lobby"; even so it is doing much to help the whole Congo (p. 1133).

Ireland is usually ready to believe the worst of Britain (p. 1134).

The United States is more charitable, but its government's views on the Congo, communist China, and Nato's military needs differ from the British Government's (p. 1103).

AN OUTCAST OF THE ISLANDS

1. Mr Kadar is probably the best prime minister the Hungarians can expect to get (p. 1106).

2. Russian relations with **Albania** could hardly be worse (p. 1109).

3. **India is no longer speaking up for China's admission to the United Nations (p. 1109).**

4. For **Goa,** the Indians would do better to wait (p. 1109).

UNDER WESTERN EYES

In Paris, the foreign ministers of the three principal western powers have concentrated on **Berlin über Alles (p. 1127).**

Dr Nkrumah has become an embarrassment to Africa (p. 1113).

Africans in Southern Rhodesia have become an embarrassment to Sir Edgar Whitehead (p. 1110).

The Australian election results may prove embarrassing to Mr Menzies (p. 1110).

Three neutrals—Austria, Sweden and Switzerland—have, to some people's embarrassment, applied for association with the common market (p. 1114).

THE RESCUE

President Kennedy's visit to Latin America starts, hopefully, the Alliance for Progress on its ten-year course (p. 1136).

The reports of the Civil Rights Commission show how racial discrimination in the United States can be dealt with outside Congress (p. 1141).

It looks more and more as if the United States will soon be testing atomic weapons in the atmosphere (p. 1142).

The President is trying to prevent his new tariff policy being drowned in imported oil (p. 1146).

The Administration is trying to improve its social welfare system (p. 1146). The Federal Communications Commission is doing the same thing for television programmes (p. 1145).

The latest economic statistics provide Christmas cheer for Americans but do not necessarily promise a happy New Year (p. 1142).

HOME

REWARDS OF LEARNING

Developments in television open the way to a major revolution in adult education in Britain—to its inestimable advantage (p. 1104).

Direct-grant grammar schools, "brain factories" for the universities, are mulling over their problems (p. 1119).

Basic research is increasing in scope and distribution in British industry (p. 1160).

WAGES OF FEAR

The Conservative party faced a serious revolt over its Katanga policy: the Prime Minister dealt with it cunningly—but at the price of wrecking British prestige abroad (p. 1108).

Less serious was the revolt over the Immigration Bill, which should get through substantially unchanged (p. 1108).

Anti-nuclear demonstrations are likely to become less sedentary after last week-end's fiasco (p. 1113).

Proposals for a British Ombudsman may founder on the Lord Chancellor's prejudices (p. 1114).

RETURNS WITH INTEREST

Hook New Town has gone to the limbo of abandoned projects: it is to be mourned, with some reservations (p. 1117).

When the Government began its manœuvres against immigrants, popular opinion seemed to approve: but many people have been angered by the results (p. 1108).

Not even sentiment has been strong enough to override the good reasons for the closure of the Forth and Clyde canal (p. 1118).

PAYMENTS IN KIND

More money could be earned from gold mining in South Africa: but investors should carefully weigh the political risks (p. 1151).

A new European lenders' club has increased the International Monetary Fund's power to curb currency speculators: but the lenders hold the strings (p. 1153).

There have been important mergers in the British fishing industry (p. 1164) and in the Rhodesian copper industry (p. 1159).

The Government seems indifferent to hire purchase reform (p. 1165).

Cut-price retailing is spreading to the whole range of branded goods (p. 1156).

Detailed contents on page 1101

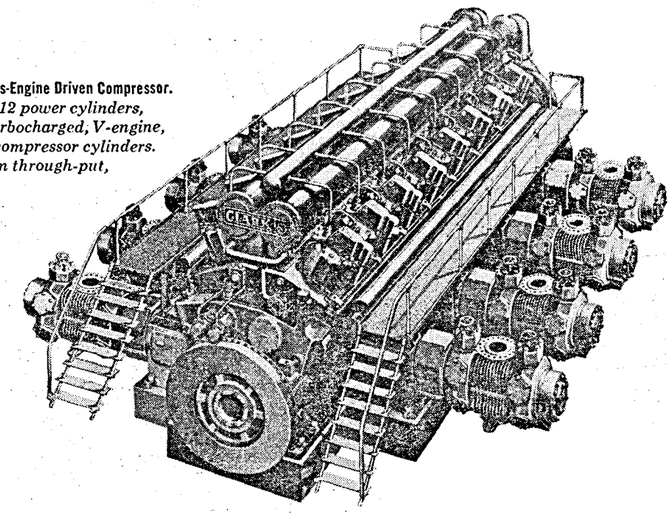


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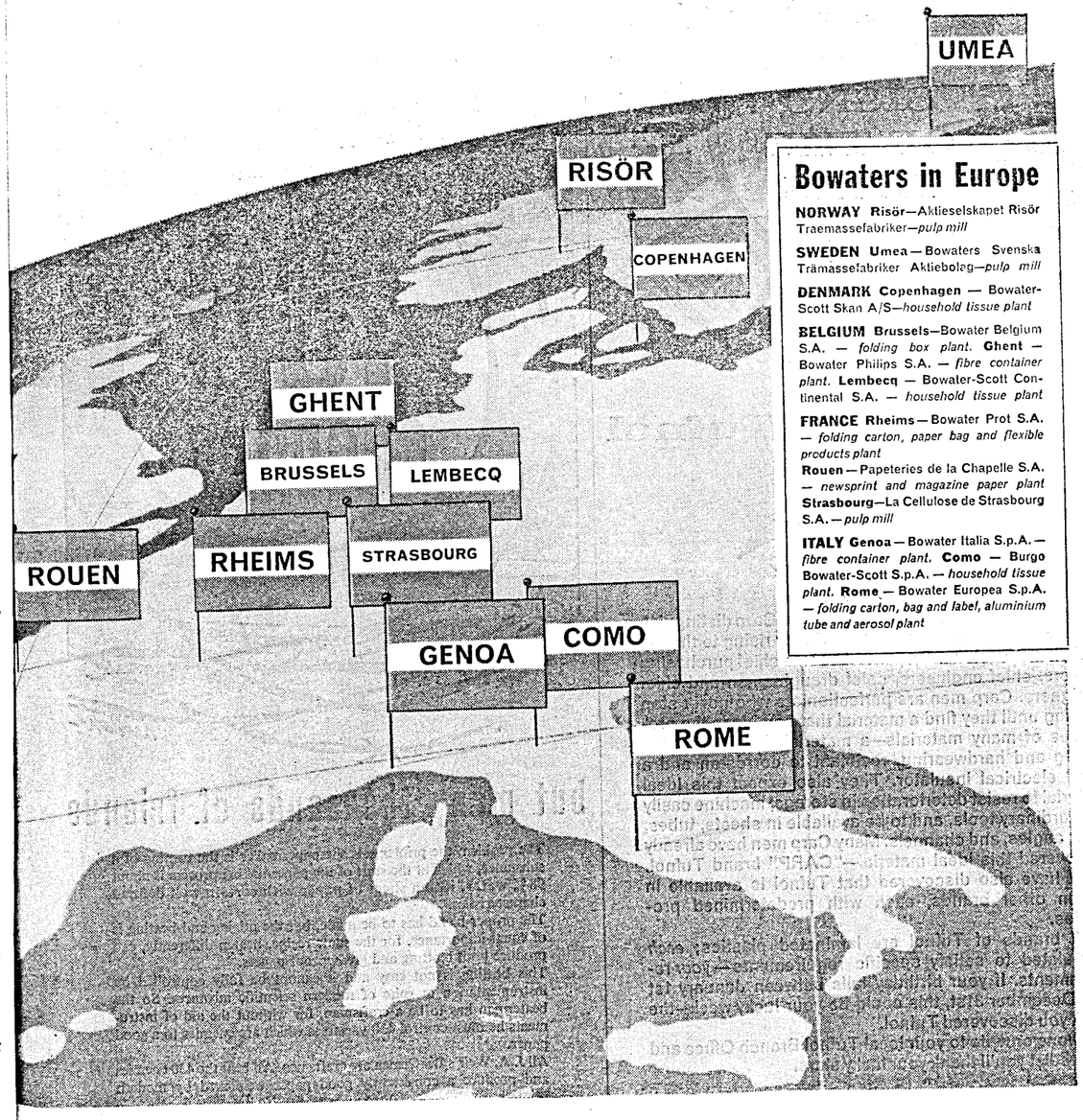
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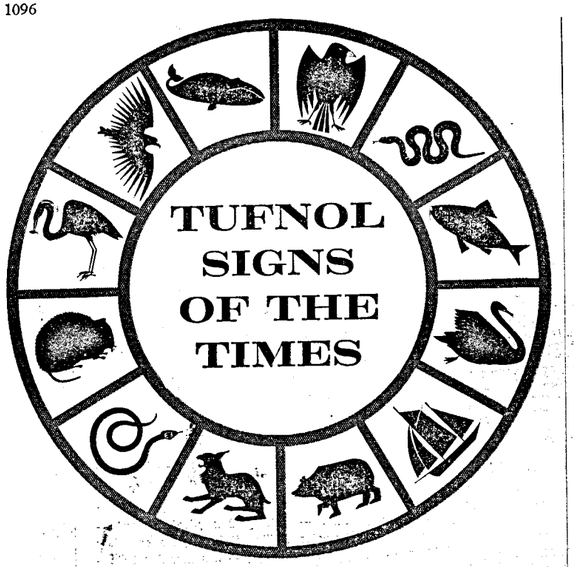
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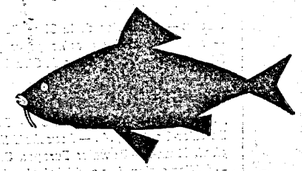
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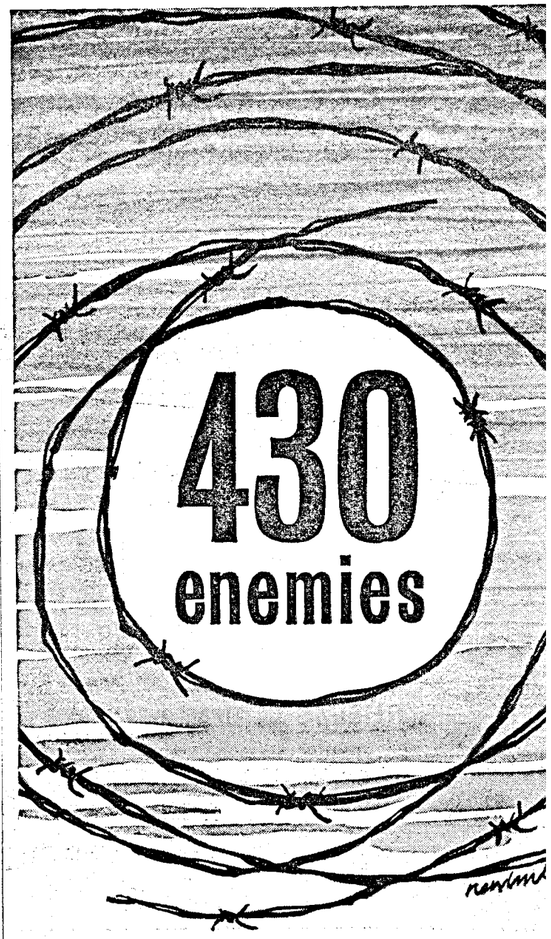
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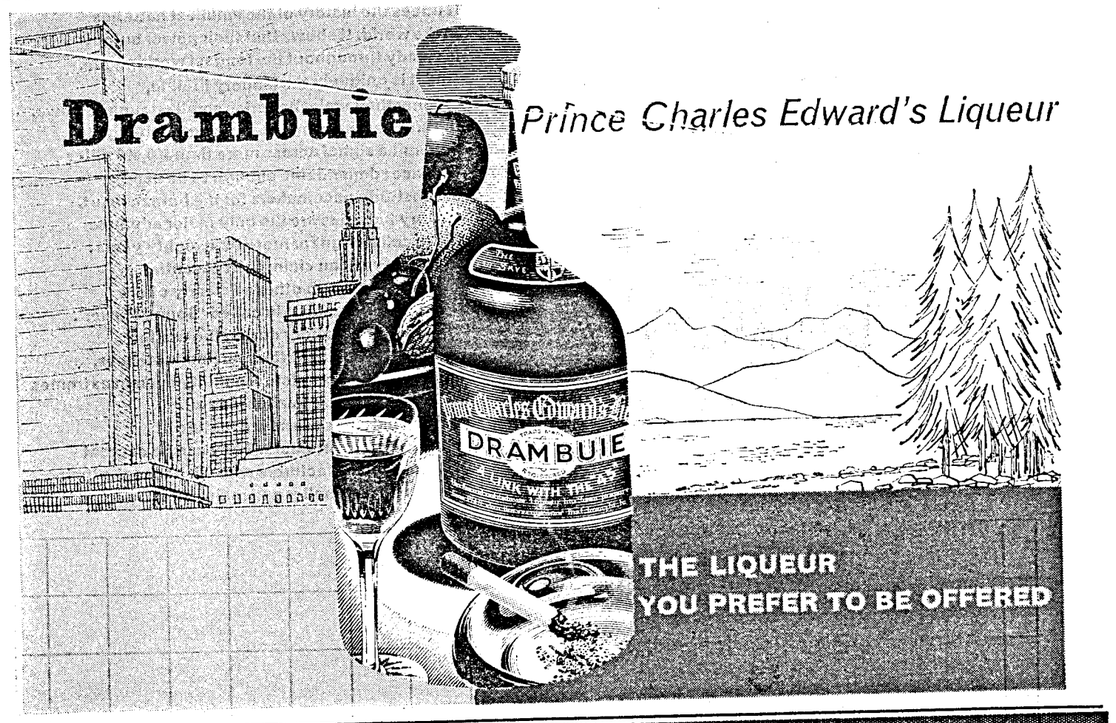
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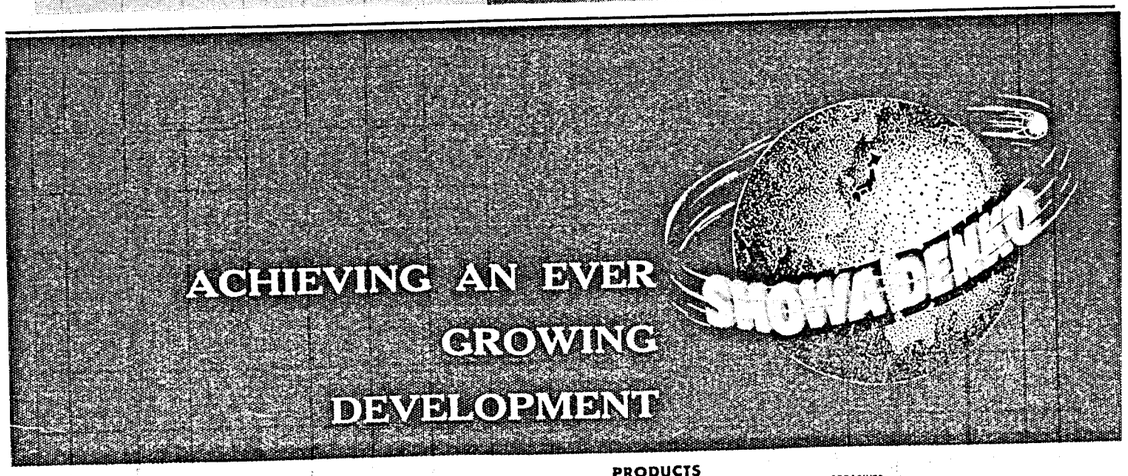
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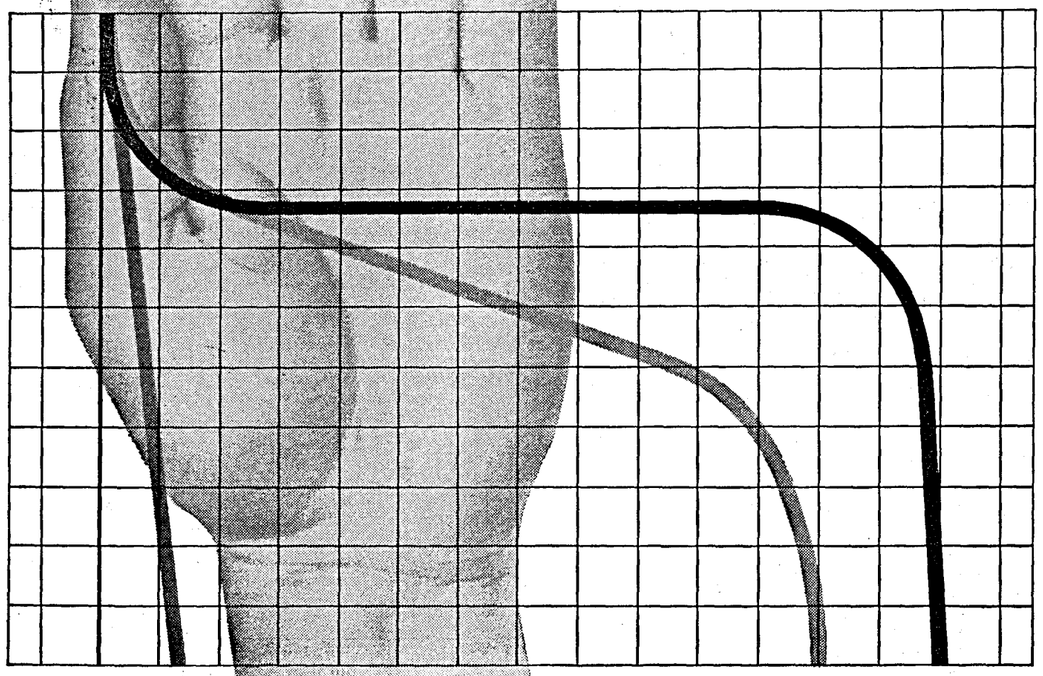
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The Economist

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CONGO

A Message to U Than.

"WE felt it right," Mr Macmillan told the Commons on Tuesday, "to raise the whole question again"—meaning, in the immediate sense, the question whether the United Nations force in the Congo really needed a supply of bombs from Britain, and what it needed them for. But the word soon went round that the Government was revising more than its attitude to this particular request; a Government motion tabled the same evening revealed that a formal request was going to the acting Secretary General of the United Nations to secure an immediate cease-fire in Katanga,

> in order to bring to an end the destruction of life and property resulting from the present fighting, and thus create conditions in which in a united Congo a peaceful and just basis for co-operation may be negotiated.

It is this motion that was being debated on Thursday as this issue of *The Economist* went to press. The motion is, as it was intended to be, a form of words that will enable the troubled Tories to unite. But what is the cost, and where does it leave Britain's relationship with the United Nations?

For a beginning it is necessary to concede that the body of opinion in this country that disliked the September fighting in Katanga, and felt a weary revulsion when, on December 5th, the fighting started again, is much wider than the Katanga lobby or than the champions of a white redoubt in Africa. Few people have been altogether clear what the fighting was for; still fewer, that anything good can come of it. The disclosure on December 7th that the United Nations had asked the British Government for a supply of 1,000-pound bombs, to arm the Canberras lent by India for service with the UN force, brought a good deal of genuine uneasiness to a head.

Such bombs are instruments of mass destruction. People who had put their trust in the United Nations as an instrument of peace began to feel themselves, in a negative way, on the same side as people who would never put any trust in the United Nations at all. On December 8th the Government agreed to supply the bombs, but on the stringent condition that they should be used only against airstrips and aircraft on the ground, not against human or miscellaneous targets. By December 11th it changed its mind and decided to hold up the deal, having evidently become aware that the coalition of dissent was growing bigger than it had bargained for. The "formal" request for a cease-fire followed.

Unfortunately it is hard not to feel as much doubt about the value of requesting a cease-fire at this moment as one had felt earlier about the idea of the United Nations resorting to the use of 1,000-pound bombs. The first thing one notices about the Government motion, quoted above, is the apparent innuendo that it lies in the hands of the United Nations to open the way to "a peaceful and just basis for co-operation" simply by ceasing to fight. If this is really the suggestion, the United Nations is most unlikely to accept it. Has it been forgotten that we have had a cease-fire in Katanga before, and that the Katanga forces did not at all meticulously observe it? The United Nations force went into action on December 5th, not because of the many previous infringements of the cease-fire, and certainly not frivolously, but because the Katanga forces were putting up road-blocks and attempting to control its movements: in particular, road-blocks had been put up between the UN headquarters, the airport, and the encampments of the UN troops, so that the UN force was threatened with paralysis through the cutting of its communications between

its own component units, and with the outside world.

Whether one liked or disliked the abortive earlier action of September 13th, and whichever version of that affair one found it easier to believe then, seem to have nothing to do with the facts of the present case. The international force has been put into the Congo and has been forced to fight, in effect, for the power to do what it was sent to do. The United Nations can hardly now accept that its force should give way and submit to Katangan control. This, it must be suspected, the British Government knows. It looks as though the purpose of Tuesday's message to U Thant was not, in fact, to bring about a change in policy at the United Nations, but to secure a domestic breather at Westminster. It is a regrettable stratagem for a British Government to resort to.

This is not to say that the British Government has been wrong to insist, as it has done all along, that the solution for the Congo's troubles should be sought, not by military



action, but by political means. The point will become relevant again as soon as the UN force in Katanga has won enough of its present tactical objectives to be able to call the fighting off. By that time, one supposes, the Tshombe regime will be in poor shape, if it has not gone under altogether; and the UN will be under pressure to hand over to a governor from Leopoldville, and wash its hands of Katanga for good. What would happen after that can only be guessed. It would be small comfort that Mr Tshombe, and the interests that support him, could then be said to have brought it all on themselves.

One source of hesitation about ambitious actions by the United Nations is that nobody can say what the UN will decide to do, or will be permitted to do, in the situation after next. Some of the honest doubt that is felt about the Congo operation arises from this fact. The Katanga regime was not good, but it worked in a way; if the UN is to pull it down, as it seems now to be forced to do, then the UN will have a responsibility for seeing that an orderly and equitable form of government, observing lawful principles of action, is put in the place of what will have been destroyed. Katanga will have to return to the Congo, but not as a booty of war.

To talk in this way now, when the fighting is not in sight of its end, is hypothetical and may seem premature. Success for the United Nations depends, however, on acceptance of what it does and what it is trying to do, both by the community of national governments to which it is responsible, and by the people on the spot. A coherent intention is an operational aid not to be dispensed with; and it is partly the lack of such a visible, intelligible intention that has caused the UN to run into so many road-blocks. A certain inscrutability is in the nature of international bodies. But if this could be attended to, even the Europeans of Katanga might be brought to feel that an interval of United Nations guardianship would now be the best thing for them.

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What the UN Wants

Some things said—and unsaid—on Katanga

MR HEATH, Lord Privy Seal, told the House of Commons on Monday that there was "genuine cause for the gravest alarm" about reported statements made over the weekend about United Nations aims in Katanga; and that, although the UN Secretary-General had issued an "important statement" on Sunday repudiating these press reports, "these matters must be clarified before the bombs are released, and we must be assured that the undertakings given by the Secretary-General can be carried out."

Mr Heath cited only two reported statements:

(a) "*One from the commanding general of the UN (General McKeown) saying that peace overtures from Mr Tshombe would be rejected.*"

General McKeown's press conference on Sunday was reported at length in several newspapers. The alleged remark cited by Mr Heath did not appear in the published reports attributed to Reuter, Agence France Presse or the Associated Press. A version attributed to United Press International and used by *Figaro* among others reported the general as saying that the UN had learnt indirectly of peace overtures by Mr Tshombe, and that "*we shall ignore them, because Tshombe cannot now halt the fighting,*" which was now being led by white *ultras*. At the time of writing, other agency correspondents in Leopoldville were still unsuccessfully trying to trace the origin of this UPI report.

On Tuesday the UN in Leopoldville formally denied that General McKeown had made any "statement concerning any unwillingness on the part of the UN to negotiate with Mr Tshombe." News agency offices in London were given this denial on Tuesday at midday, but it did not appear in any of Wednesday's London newspapers.

(b) Mr Heath quoted Dr Sture Linner, the Officer in Charge of the UN Operation in the Congo, as having told the Stockholm *Expressen* that the UN aim was "*to force a political solution on the Katangans by smashing the military strength of the present political leadership.*"

Expressen published its interview with Dr Linner on Friday, December 8th. A verbatim translation of the interview as published in *Expressen,* given in *The Times* of Tuesday, had Dr Linner saying that "*By destroying the political leaders' military strength we are not trying to force a political solution on the people of Katanga.*"

Dr Linner himself repudiated the *Expressen* version of his words in a statement broadcast by the Swedish radio on Saturday and reproduced in Sunday's Swedish newspapers. On Tuesday *Expressen* printed an apology and a detailed account of how his words had been thoroughly garbled in transmission over a teleprinter from Leopoldville. The paper said that in reality, when asked what was the aim of the UN military action, Dr Linner had said: "*It is not to force a political change.*" On Wednesday Dr Linner made public not only a further categorical denial and a statement that the words attributed to him had been "utterly absurd" and in obvious contradiction to UN policy, but also the text of a full apology given him by *Expressen's* correspondent, who said he was quite unable to understand how the Leopoldville teleprinter could have garbled his report so "unrecognisably."

THE UN Secretary-General's statement issued last Sunday had "categorically" described as "false" the original *Expressen* garbled version of UN aims:

> "The military action was forced on the UN by a series of deliberate attacks on UN officials, soldiers and military officers in Katanga, and particularly Elisabethville, involving wanton and brutal assault, cold-blooded murder, and seizure of such personnel; the setting up of road blocks impeding the freedom of movement in Elisabethville; and attacks in strength on positions held by the UN elsewhere in Katanga, all of which were clearly part of a plan. The UN military action was undertaken with the greatest reluctance, and only when it became obvious that there was no use in continued negotiations, which were marked by repeated instances of bad faith and failure to implement agreed measures on the part of the political leaders of Katanga, who indulged in a violent and inflammatory campaign against the UN over the press and radio even while they were engaged in negotiation with our representatives.
>
> "The purpose of the present military operation is to regain and to assure our freedom of movement, to restore law and order, and to ensure that UN forces and officials in Katanga are not subjected to such attacks. . . .
>
> "These military operations will be pursued up to such time, and only up to such time, that these objectives are achieved, either by military or by other means, and we have satisfactory guarantees in this regard for the future. . . . We shall also need to be satisfied that we shall be able to go ahead with the implementation of the Security Council and Assembly resolutions, and especially the latest Council resolution of November 24th, without let or hindrance from any source. . . .
>
> "I shall welcome any initiative which would enable us to achieve our aims as peacefully and as speedily as possible. In this connection I am fully aware of the need for reconciliation and pacification. . . ."

The Secretary-General's last point was interpreted by Mr Heath, in his Commons speech on Monday, as meaning that "the Secretary-General is inviting mediation from outside. Therefore, we ourselves are pursuing the matter to see which is the best form of mediation to bring the fighting to an end."

THE Security Council resolution of November 24th, after recalling and reaffirming UN purposes as set out in previous resolutions on the Congo—specifically, to maintain the Congo's territorial integrity and independence, to help its government restore law and order, to prevent civil war, and to secure the immediate removal of mercenaries and all foreign military and advisory personnel not under the UN Command—went on to stress "the imperative necessity of speedy and effective action to implement fully the policies and purposes of the UN in the Congo to end the unfortunate plight of the Congolese people, necessary both in the interests of world peace and international co-operation, and stability and progress of Africa as a whole."

The resolution "authorises the Secretary-General to take vigorous action, including the use of requisite measure of force, if necessary, for the immediate apprehension, detention pending legal action and/or deportation of all foreign military and para-military personnel and political advisers not under the UN Command, and mercenaries as laid down in the *Council resolution of February 21st.*"

It asks the Secretary-General "to take all necessary measures to prevent the entry or return of such elements under whatever guise and also of arms, equipment or other material in support of . . . the secessionist activities illegally carried out by the provincial administration of Katanga, with the aid of external resources and manned by foreign mercenaries."

The resolution also "calls upon all member states to refrain from promoting, condoning, or giving support by acts of omission or commission, directly or indirectly, to activities against the United Nations often resulting in armed hostilities against the UN forces and personnel."

Transatlantic Swell

The US is not amused with us

"WE were not very happy," said Mr Dean Rusk on December 8th, in a tone Queen Victoria would have appreciated. He was referring to the sale by Britain of six Viscount airliners to communist China; but he might equally well have been talking about several other things Britain is doing just now, or looks like doing, that are calculated to make eyebrows rise in the United States. Bad luck has brought several differences between British and American policy to a head at the same time.

Most conspicuous is the difference over the degree of support to be given to the United Nations in Katanga. But there is at least as much irritation in Washington about Britain's reluctance to contribute what the Americans consider its proper share to the reinforcement of the allied armies in

Germany. If the British add to these causes of displeasure by voting for the seating of communist China at the United Nations at the end of the current debate in New York—and Lord Home's past statements suggest that they probably will—the "special relationship" is liable to be specially acrimonious for the next few months.

So far the differences have been kept decently muted. On December 6th, the day after fighting broke out in Katanga, the State Department and the British embassy in Washington both disclaimed any disagreement about the fundamentals of Congo policy. But, for all that, disagreement on a fairly profound level became apparent the same day. The State Department made it clear that it thought the United Nations force had the right to take action not only to defend itself, but also to carry on the job for which it went into Katanga; Mr Adlai Stevenson expressed his government's approval of U Thant's plans to "bring Katanga under control." These plans, Mr Rusk said on December 8th, did not involve an attempt "to, as it were, conquer Katanga." There remains, however, a very wide gap between the Americans' apparently whole-hearted support of military action for objectives short of the conquest of Katanga, and the call by the British Government at the mid-week for an immediate cease-fire. This divergence was emphasised in the lucid statement by Mr Ball, the acting Secretary of State, on Wednesday, who insisted that the UN must achieve some minimum objectives before a cease-fire.

THE gap between British and American attitudes towards the military requirements of Nato seems to have been left equally wide by last weekend's discussions between the two countries' defence ministers, Mr Watkinson and Mr McNamara. The British Government is still apparently arguing that General Norstad has enough troops at his disposal (including British troops) for his purposes; and that to add many more might weaken the credibility of the allies' threat to use strategic nuclear weapons against a major Russian attack. To this argument the British have recently been adding the special plea that, if Britain is to keep even as many troops in Germany as it has now, it will have to be given help for its balance of payments; which means that the west Germans will either have to place more arms orders in Britain, or at least pay the civilians employed by the British Army of the Rhine. It is doubtful whether the United States has been impressed. Even if Britain gets some help for its balance of payments, the American demand for more troops and less quibbling is likely to persist.

If, on top of all this, the present debate in New York leads to a direct vote for or against the admission of communist China to the United Nations (and not, as in previous years, simply to a vote putting the matter off), and if Britain votes for admission, the consequences may well be spectacular. There may or may not be a pattern behind the current divergences; but it is easy to guess what pattern many Americans will claim to detect.

They will claim that Britain is paying too much attention to preserving the remnants of its imperial position—by protecting Mr Tshombe at the request of Sir Roy Welensky and Sir Roy's friends in London, and by keeping in colonial outposts troops that ought to be in Germany—at the cost of paying too little attention to the communist danger. No doubt this would be a gross over-simplification of the truth; but it might stick. So long as the main argument between the western allies has been whether or not to negotiate about Berlin, General de Gaulle has been the odd man out. Britain may have to look again at some of its present policies if it is not to find itself in that cold and exposed position.

Televarsities?



Could the Pilkington Commission on television services give impetus to a major experiment in British adult education?

THE Pilkington Commission has been long in parturition, and what is likely to emerge when its labour is over next spring will set the pattern of British television and broadcasting—and therefore of the most potent current influence on British life—for the best part of a generation. It is now time to discuss one potentially very exciting aspect of its deliberations in some detail. Can scope be carved out in British television for a major experiment in adult education, which might just conceivably do more than anything else to transform Britain's position in the world?

The broad framework of the Pilkington Commission's recommendations is almost certain to be dictated by rather complicated technical considerations. At present Britain's television is broadcast on a system that breaks the picture up into 405 horizontal components. This is the result—and the disadvantage—of our having begun much earlier in this field than other countries, and having therefore been unable to take advantage of later developments that allowed the system of 525 lines in America and 625 lines in Europe. The two television networks, the British Broadcasting Corporation and the Independent Television Authority, use the whole of one, and half of another, of the four wavelength bands allotted to this country. These are Band I, used by the BBC, and Band III, used partly by the ITA: both of them are in the very high frequency (VHF) range. The other two bands, IV and V, are in the ultra high frequency range, inferior in some respects to VHF, and so far uncommitted.

British viewers are almost certain to want to turn to the 625-line standard eventually. It permits much bigger screens to be used. But during the period of change, although all new sets coming off the production lines will be made on the new 625-line standard, it seems very likely that owners of the existing 10½ million 405-line sets will demand that programmes be broadcast in both standards simultaneously (so far an ITA scheme for avoiding this duplication has met with scepticism). This duplication would also have to apply to any new network recommended by the Pilkington commission, whether awarded to the BBC or the ITA. All the signs are that the commission will recommend only one such new general network along the lines of the existing two. It could be accommodated in Band III on the 405-line standard; the duplicate 625-line programmes of all three networks would then go into the UHF Bands IV and V, where there is, on present indications, room for four national networks. Colour television requires no separate bandspace. There would therefore then still be space enough for one extra network in UHF. (Or, alternatively, if the new network went into UHF, there would be space in Band III immediately.)

SOME people have suggested that much of this "spare" space should be allotted to the BBC to extend its coverage of the country—that is to say, to send out its existing pictures to the tiny (about 0.6 per cent) proportion of the population who are at present deprived of any television at all, in the highlands and islands of Scotland, and so forth. But this would be terribly uneconomic; to reach the extra odd hundred thousand viewers would require the erection of 50 new transmitting stations. If there is to be an experiment with pay-as-you-view television, it might be done either on closed circuit (that is, wire-carried) systems or else might reasonably be incorporated into some programmes in the new general third network. Further extensions can come later, about 1970, when 405-line sets wear out; when the need for duplication ends; and when the disappearance of three 405-line programmes will leave room for two new 625-line networks.

In the meantime, what use is to be made of the small extra bandspace that is likely to become almost immediately available? The ITA has suggested in a recent booklet* that it should be given over to a purely educational "Fourth Network." This is an idea that now needs some widespread discussion; in the course of it, some suggested amendments to the ITA's scheme should be offered. Some work has been published on the application of this possibility to Britain, notably by John Wellens† earlier this year (and his conclusions were remarkably close to those of the ITA). In *The Economist's* view, the main value of the idea would not lie in the schools, where existing ITA and BBC broadcasts in the daytime can better meet the case—although there is certainly no reason why a new educational network should not devote some of its daytime services to extending televised school lessons, especially in mathematics and science. But the real and exciting objective should be to try to establish on this network some sort of British Television University (or universities), which could revolutionise spare-time adult education in this country.

A great deal of hard and visionary thought now needs to be given to this idea. The aim would be to send out lectures and demonstrations and demonstration films, both early in the morning (for the real eggheads) and in the evening (when ordinary working people could watch them at home), which could lead up at the summit to extra-mural university degrees and to diplomas (perhaps particularly on technical subjects) lower down. There would never be a really mass audience for any one of these lectures, because only an absurd swot would try to take all the courses at the same time. But each course, involving say four or five lectures or demonstrations a week, coming into people's own firesides, would be very likely to attract several times the number of people who can at present take similar courses in all the existing colleges and other places of advanced education in this country; in addition, many students at these existing colleges would no doubt watch the available lectures on their own subjects as well. If it caught on, this could be a device for trebling or quadrupling the number of reasonably well-educated people in Britain within a relatively short span of years.

Of course, there would be immense difficulties. Just listening to lectures and watching demonstrations is nothing like a substitute for real education, unless there is some provision for tutorials and criticisms of the individual students' work. No doubt correspondence colleges (commercial and otherwise) would fill some gaps here, but it is true that the resulting education for students of the air would still fall very far short of the education that real colleges and universities can provide. Nevertheless, it would bring some sort of further education to people who would otherwise get no sort of further education, and it is precisely this sort of second-best education that Britain has got to learn not to despise. The important thing is that every curious person seeking information across the band of the "two cultures" should be given it; and, specifically, students of the air who did particularly well at extra-mural exams could and should obviously be granted generous scholarships at full-time centres of education.

The daytime hours on this network, when the voluntary "televarsity" students would be at their ordinary everyday work, could be devoted largely to purely technical education for industry. Less than half of those who should receive some further education in their trades and professions at present manage to do so; experience in America suggests that many of the remainder could profit by direct televised instruction with very little supervision. Many employers might well find that releasing their young workers to study these programmes in the firm's own television rooms suited them better than day-release to often distant training colleges. That, indeed, would be one danger of the system. Great care would have to be taken to see that the existence of this television service was not used as an excuse by the Government to slow down conventional educational advances.

Financing such an enterprise (let us call it ETV) should not present great difficulties. An exchequer grant would be a prerequisite, but much of the system's income ought to come from endowments, grants from industry and commerce, outright gifts, and contributions from charitable foundations. The cost would be tiny, in relation to the potential audiences: even allowing for the great differences between the American and British conditions, on present showing the running costs of an individual ETV station need not necessarily be much more than about £50,000 a year, and the capital cost should be under £1 million for one central and four regional stations. From the existing broadcasting bodies might come technical facilities and aid, including the services of "loaned" technicians. Even the prospect of some advertising, of the type which offers information (such as careers advertisements),

* Educational Television: Some Suggestions for a Fourth Service.
† Educational Television: A Survey and a Plan. (Wellens, 1961.)

should certainly not be howled down without thought.

If an ETV network ever does get set up, its worst enemy might well be the conservatism of educationists themselves. Many of them are likely to be outraged by the prospect of standardised mechanical or electronic teaching. In this respect one can only hope that the newly-founded Institute for Educational Television becomes a really liberal and visionary body. So far its statement of aims appears somewhat narrow, although it rightly includes references to much-needed research into educational techniques over the air and some ambition to be a central collecting-point for information and material. But the institute should also seek to expand its functions well beyond these bounds, to include the preparation of the auxiliaries (guide books, bibliographies, etc.) that would be as important to any ETV scheme as the televised lectures themselves.

Probably the real fight would come over the organisation and control of any such ETV network: it is difficult to think of any remotely interested organisation which would not fight hard for its right to representation on the governing body. Among those who would certainly have good claims to be represented are the universities, the local education authorities, the Institute of Adult Education, the Workers' Education Association and several others. But there should also be some other hand to restrain their combined enthusiasms (or to stimulate their lack of them). Perhaps the most sensible idea would be the establishment by charter of an Educational Television Authority which would control the means of broadcasting and the permission to broadcast, and which would perform its ultimate function through a single central service and several regional stations; each of the latter could then contribute material to the networked programmes or, as independent stations do now, break off at times to conduct its own purely local service.

It will be said that all this is visionary and could be fraught with dangers. So, indeed, it is. But Britain has a unique opportunity and need to outpace the world in this. Compared with America, we have many more people who have the capacity to benefit from advanced education but do not at present get it, because so many fewer people have the chance to go to college here. An ambitious ETV scheme could provide one very big way of bridging part of the gap.

Hungary and Its Past

Our visiting correspondent looks at Mr Kadar's efforts to get on better terms with the Hungarian people without compromising his communist aims



Mr Kadar

IN Hungary the communists talk about the "counter-revolution." Those who do not agree with their interpretation of what happened in 1956 (and that means virtually everyone who is not a party member) tend to talk simply about "fifty-six." But for the communists and the rest alike, the revolt against communist rule five years ago still looms large in their thinking about the present; and for both it represents a warning. For the communists it is a warning against repressive, short-sighted policies that might again build up intolerable pressures; for the others it is a warning that so long as the Soviet Union believes that it cannot afford to allow any repudiation of communism in eastern Europe, they are stuck with the present system. Within this narrow, rather rigid framework, the two sides are trying to come to terms.

For ordinary Hungarians this experimental manœuvring is made more tolerable by their sense of humour; a barrage of sophisticated mockery protects them against, and consoles them for, a system that they know they cannot fundamentally change. (At the moment, Stalin's reburial and Albania's defiance are causing much amusement, from which even the communists, being also Hungarians, are not altogether immune.) The communists, on the other hand, are hampered in their relations with the people they rule by their own shibboleths; it is not so easy to grapple with the fact of one's own unpopularity, while simultaneously embroidering the compulsory fantasy that one is thoroughly acceptable. Nor is it easy to allow wider contacts with the West if one's basic long-term aim is to carry out among the people as a whole the radical transformation of their way of thinking that the communist minority has already undergone.

Thus the situation in Hungary today is not straightforward or clear-cut. It presents a confused, contradictory picture of concessions here and clinging to the bad old ways there. A good many political prisoners seem to have been released, an the secretiveness of the regime on this score may make th situation appear worse than it in fact is. Most of the write are writing again, though circumspectly, with the neck hel well in. Although Cardinal Mindszenty remains in th American Legation, and last summer some clergy were trie and sentenced for alleged subversive activities, the governmer seems to be feeling its way towards a sort of *modus vivend* under which the Church would enjoy religious freedom i return for collaborating, to a certain minimum extent, wit the State. This may shock western Catholics, but to man Hungarian Catholics it may simply seem realistic.

What has done most to mar the image which the Kad regime would like to present has been the helter-skelt scramble to complete the collectivisation of agriculture. Th decision to press on fast with collectivisation in the wint and spring of 1959-60 (so that today 96 per cent of the arab land belongs to the "socialist sector") was the subject much argument within the party; today the decision publicly upheld as necessary to avoid a prolonged period uncertainty, and privately deplored because of the resentme and dislocation that it has caused. It remains to be see whether the regime can—as it hopes—compensate the peasant for his loss of independence by giving him better living standards. Most industrial workers, on the other hand, can already thank Mr Kadar for some improvement in their lot. However hard they may have to work, however tiresome the periodic shortages, however expensive the goods in the shop windows, they are at any rate better off than they were before the 1956 revolt.

They are also less isolated from the outside world, although here the regime treads gingerly. People now listen openly to western broadcasts, most of which are no longer jammed; but they cannot buy western newspapers on the news stands. In Budapest one can see the best western plays and films. People flock to an exhibition of Henry Moore put on by the British. But their contacts with foreigners are still liable to irritating and ridiculous restrictions. Restrictions on foreign travel are less than they used to be but still pretty severe—although it is reasonable to accept the shortage of foreign currency as at any rate part of the explanation. The men who now rule Hungary, in short, realise that to limit contacts with the West to the barest minimum, as Rakosi did, builds up a dangerous and explosive sense of frustration; but in constructing a safety valve in the shape of freer contacts with the West, they are inhibited both by their own training and outlook and by their fear of undermining their proselytising mission among the Hungarians.

A SIMILAR, tricky balancing act has to be performed by Mr Kadar when tackling every aspect of the problem of coming to terms with the Hungarian people. He must also tread warily within his own party; as he said the other day, the party's forward march is accompanied by horse-flies "stinging us from both the right and the left." He may find that his situation has been made easier by the 22nd Soviet party congress; at any rate he is reported to have returned from Moscow much heartened by the way things went. Since 1956 he has always enjoyed Mr Khrushchev's support and it was naturally important to him that Mr Khrushchev should himself enjoy his own party's support. The disgrace of Stalin is not likely to go to any Hungarian heads, although Mr Kadar did point out, at the Csepel iron and steel works on December 1st, that those Hungarians who pulled down Stalin's statue five years ago would never be rehabilitated, since they had acted not from dislike of Stalin's mistakes, but from dislike of communism. But within the context of their actual political situation, most Hungarians, like Mr Kadar, were relieved at the outcome of the Soviet congress. They hope that Mr Kadar's hand will now be strengthened against the "dogmatists" who think him too soft, and that the improvement in their lot, such as it is, will now at any rate be maintained.

This is what matters to the Hungarians today: things are better than they were before 1956. It can be argued that the rule of law is no more firmly established under Kadar than it was under Rakosi; that human rights and liberties are no more firmly guaranteed, and the people no more free to choose how they should be governed. This is all quite true. But the Hungarians do not see their situation in such black and white; they are concerned with nuances, with comparisons with what used to be—and what might be again. Judged in this way, they know themselves to be better off, not only materially, but above all in greater freedom from the intolerable pressure to conform to the communist creed. It is no longer necessary to be a communist if you want a job with any responsibility; there is no longer the same compulsion to attend communist classes. There is, of course, no guarantee that this trend will continue; it could be changed very quickly by some upheaval inside the Hunagarian—or Soviet—communist parties. But it is reasonable to hope that the longer the present trends continue, and perhaps develop, the more difficult will it be to reverse them.

There is some evidence that the Hungarian government would like to get on better terms with the outside world. This should surely be encouraged. It is tempting to stand pat, as Sir Leslie Munro does in his latest report to the United Nations, on the incontrovertible fact that the basic freedoms of the Hungarian people have not been restored. But indignation does not help. Mr Kadar is probably the best prime minister the Hungarians can expect to get. If most of them recognise this, should not the outside world do so also?

Mr Kadar has begun to open his western windows: whatever his motives, this is welcome and is bound to benefit the Hungarians. Whether he opens them wider, or slams them shut, will be at least partly influenced by the outside world's attitude towards him. It is good news that he has invited the UN acting secretary general to Hungary, and that U Thant has accepted. One hopes the visit will not be too long delayed; it will encourage the Hungarians, and it may even induce Mr Kadar to open his prison doors still wider as well as his western windows.

The Economist

DECEMBER 14, 1861

THE INCIDENT AND THE FUTURE

(From Our Special American Correspondent)

Nothing is yet talked of but the capture of the Confederate agents, Messrs Mason and Slidell. The topic will outlast the ordinary nine days, for its interest will be rekindled as we approach the time when the reply of the English Government may be expected. . . . The only newspaper which shows any regard for the future in its treatment of the question is the New York *Tribune*. That journal suggests that to obtain the recognition of the American doctrine that "free ships make free goods"—that is, that the neutral flag protects the cargo—it would be worth while even to release the arch-conspirators. On the other hand, our Government may find it a good opportunity to obtain the definite adhesion of that of the United States to the accepted European doctrines upon the whole question. The point should now be settled one way or the other; and if the American Government in their present arrogant temper persist in acting upon one principle while they adhere theoretically to its converse, it is high time for the Western European Powers to adopt a set of rules of law upon the question, and see that they are carried into effect. And should the particular act in question be pronounced illegal and unjustifiable, some adequate punishment ought certainly to be inflicted upon Captain Wilkes, who is primarily responsible for so much trouble, and for the imperilling of the vast interests involved in a preservation of peace between this country and Great Britain. Otherwise, we may have a renewal of angry diplomatic discussion any day, as the extravagant laudations lavished upon Captain Wilkes by the whole of this nation will be an indication to all enterprising officers of the navy that they have only to be sufficiently bold and reckless, and to make their mark for insult a British ship, to be canonised, or at least to have a chance of the Presidency. Wilkes has already been suggested by one of the most respectable of the New York journals as a candidate for that high office at the next election, and at Boston, the capital of conservative Massachusetts, a great ovation is being prepared for him. While the primary satisfaction in this case was of course the capture of the rebel agents, it has been transparent from the first that the choicest spice with which the dish was seasoned was the boldness of the act of boarding an *English mail* packet. The national vanity is vastly flattered. This success almost atones for Bull's Run!

NOTES OF THE WEEK

KATANGA

Running from Parliament's Storm

THE Government has been manœuvring desperately all this week to extricate itself from a potentially extremely serious situation on its back benches over Katanga. When last weekend's announcement that Britain would supply the United Nations with bombs was made, there was already a fairly innocuous pro-Katanga motion on the order paper. It was immediately transformed into a censure motion by the tabling of a fierce amendment by Lord Hinchingbrooke. Twenty-seven members signed the original motion, and eighteen promptly signed Lord Hinchingbrooke's amendment, deploring the Government's decision to supply United Nations aircraft with bombs. From the names on the order paper, and the clamour of those who supported the amendment's sentiments but were too cautious or too timorous to sign, it was plain that the Government was faced with a substantial revolt of anything up to eighty Tory members. They came from all sections of the party, but mostly from the right and centre of it. These are the members who may have found it convenient to have forgotten Suez but who certainly have not forgiven the United Nations for the part it then played. The Prime Minister, who never likes to be too far ahead of the centre of his party, turned around smartly, put an embargo on the bombs (which the UN authorities have now said they do not want anyway) and tabled his very cunning motion for debate on Thursday, which called for a cease fire in Katanga and the creation of conditions for the achievement of a peaceful "united Congo." This was carefully worded to command the widest possible support in the party. At one extreme, Mr Macmillan judged that if the far right wing continued to threaten to vote against the Government on a censure motion, it would find itself isolated, and limited again to the tiny handful of Suez diehards plus the Katanga lobby. At the other extreme, the wording was also deemed to satisfy the small team of younger Conservatives who had put down a mildly worded motion supporting the United Nations action in the Congo.

As Thursday's debate started (and as *The Economist* went to press) everybody was therefore assuming that the Government had got out of its immediate parliamentary difficulty. But it has done this only at a price. Prestige has been lost abroad and, at home, hostages have been given to fortune. The right wing has been exhilarated by its first major success, and could thereby be encouraged to put up a stronger battle on other impending matters than they otherwise might have done; the rebel groups' immediate reaction to the Prime Minister's retreat was to put down an addendum saying that Britain's monetary contribution to the UN in the Congo should be withdrawn unless Britain's wish for an armistice is fulfilled. As for the electorate, they may not be able to unravel the complexities of the Congo, but they know indecision and vacillation when they see it, and what is more, they like it almost less than anything else. Since returning to Westminster the Government seems to have lost its nerve and its touch, a situation for which a large number of individual ministers share responsibility. But the heaviest burden of blame for recent ineptness must rest squarely on the Prime Minister. Is Lord Lambton to prove, in part, a true prophet after all?

IMMIGRATION BILL

The Other Revolt

ON its other current headache in the Commons—the Immigration Bill—the Government has had another bad week, although it could no doubt have been worse. By refusing to attempt the impossible and apply the bill's unenforceable provisions to the Southern Irish, Mr Butler managed to steer it one clause further on its difficult course. The only error of judgment made was to insist on a premature closure of the debate; this infuriated a small group of Conservative insurgents. Eight Tories voted against the closure, but they then supported the Government in rejecting a Labour amendment to exclude the Irish from the bill. More Tory revolts are expected later; doubtless, it was the whips' intention to prevent any declarations of future action being made which caused the debate to be curtailed. There was however no sign of the prophesied guillotine.

It seems pretty clear that this bill is going to get through in substantially the form that the Government wants. It is interesting to speculate why Tory backbench revolts over it are so far having no visible effect, while the Tory backbench revolt over Katanga most certainly has done. One answer—which could be of some cheer to the Government in view of coming struggles over the common market—is that the centre section of the party is loth to join insurrections when there is any danger of members thereby finding themselves in bed with the Opposition. The result is that such revolts now rarely have any great effect. This, be it noted, is the exact opposite of the theory on which parliamentary democracy was supposed to be founded; it used to be supposed that the one sort of backbench revolt that could bring most pressure on government policy would be the sort that an Opposition might support, thus threatening defeat of a government on a vote of censure. But nowadays these sorts of revolt, which would *ipso facto* give expression to the views of the majority of MPs, never seem to get going; while the other and minority sort of revolt can apparently flourish like the green bay tree.

PUBLIC OPINION

What Sways Whom?

PERHAPS the most interesting political news about the Immigration Bill this week, however, has come, not from Parliament, but from first indications of its effect upon the electorate. At the beginning of the battle over the bill, most MPs, on both sides, believed that Labour and the Liberals would lose votes in the country by "siding with the blacks"; they pointed to an early public opinion poll which showed that an overwhelming majority of people agreed, in abstract principle, with imposing some controls over immigration. Those who argued that it would be the Tories who would lose electoral support through the bill were derided. But they now seem to have the statistical evidence on their side. The *Sunday Telegraph* last week published a Gallup poll which had been taken just after the second reading debate on the bill. With fine British perversity, 3½ per cent of those questioned said that they intended to switch their votes away from the Conservatives because they disliked the Government's introduction of the bill, and 1 per cent said that they intended to switch away from Labour because they disapproved of Mr Gaitskell's opposition to it; the ostensible gainers were the Liberals (by 3½ per cent) and "others" (by 1 per cent).

No doubt these figures should be taken with a pinch of salt; the *Sunday Telegraph* itself commented that "previous experience has shown that few people decide their vote on a single issue." But the broad implication of the poll very probably is right. Although the majority of the electorate is not particularly liberal-minded (with either a small or a big L), the largest number of floating voters like to think that they themselves are. The main way in which any party can lose support among these floating voters is by appearing to be anti-liberal in any matter which the great advertisement hoarding of parliamentary debate has brought sharply into public attention. This is an inference and a conclusion that is fraught with large implications, of which all parties have long failed to take sufficient cognisance. It has very great relevance, for example, to the electoral asininity of

Labour's present trend towards becoming the party that is apparently going to oppose Britain's entry into the common market. It should have some interesting implications for the Tories' Katanga lobby, too.

ALBANIA

Russians Go Home

SOME angry mud-slinging by both sides has followed Russia's decision to break off diplomatic relations with Albania. It was announced in Tirana last Sunday that on November 25th and on December 3rd the Russians had told the Albanians that they were going to withdraw all their diplomats from Tirana, because they were hopelessly hindered from carrying on their normal activities; they demanded in return that all Albanian diplomats be withdrawn from Moscow. The Russians also complained of the hostile activities of Albanians living in the Soviet Union and of an "unprecedented" Albanian demand that the staff of the Russian embassy in Tirana should be cut by nearly two-thirds. In diplomatic notes, and at great length in their party newspaper, the Albanians have rebutted all the allegations "with the greatest amazement and indignation" and have weighed in with a heavy barrage of counter-allegations.

The Russians apparently do not consider that their action amounts to a formal rupture of diplomatic relations. All the same it is, as the Albanians indignantly point out, "unprecedented in the history of the relations between socialist states"; even at the height of the Russian quarrel with Marshal Tito in 1948 diplomatic contacts were never completely severed. Moscow's gesture, however, can hardly make its relations with Tirana any worse than they already are. And if the Council for Mutual Economic Aid (Comecon), which has been meeting this week in Warsaw without the assistance of any Albanian delegate, decides to expel Albania this can hardly make Albania's economic isolation from eastern Europe any more complete; all the members of the Soviet block have withdrawn their economic aid in recent months. If the Albanians stick to their present stout resolve never to accept help from the "imperialists" they will remain completely dependent on Chinese aid.

It is, of course, Peking's increasingly close relations with Tirana that make the fate of Albania important. The Albanians will not be the only ones to suspect "ulterior motives" in Mr Khrushchev's latest attack on them. According to *Zeri i Popullit*, "he wants to threaten and forewarn any other party that might dare contradict his views. . . ." This may well be so. Some of the criticisms of Mr Hoxha set forth at length in the latest issue of *Kommunist*, such as his attitude towards peaceful co-existence and his disapproval of Russian aid to underdeveloped countries, are among the favourite bones of contention between Moscow and Peking. This latest, somewhat distant, Russian trumpeting outside the walls of Peking seems unlikely to suffice to bring them down; it is more likely to widen the split in the communist world.

CHINA AND UN

Taciturn and Tactical

INDIA is notably absent from the list of 58 countries whose delegates have asked to speak in this year's Assembly debate on China's UN seat. At previous Assembly sessions, India had proved a more effective champion of the Peking government's claims than Russia. But the present debate, now near the end of its second week, has taken place against a background of virulent attacks on Mr Nehru in the Peking press, and of Indian charges of new aggressive moves by Chinese forces on the Himalayan frontiers. Meanwhile Russia has pressed communist China's case at the UN despite the quarrel between the two powers that has come into the open in regard to Albania. In the UN corridors, however, there has been some serious speculation about the real motive behind the framing of a Soviet resolution so strongly worded as to alienate some states that might have voted for a more temperate version of Peking's claims.

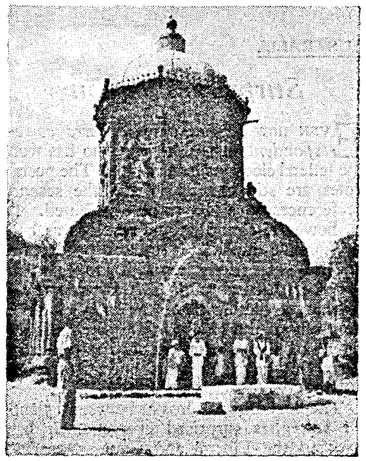
American tactics on the issue have been as strikingly new as India's taciturnity. Uncertain whether the Assembly would any longer accept the ritual motion of previous years postponing consideration of the substantive question, the Americans this year agreed to a full debate—which is being held in plenary session, not in committee. They have tabled, jointly with Australia, Colombia, Italy and Japan, a resolution which would define the China seat question as one important enough to require a two-thirds majority vote. It is generally accepted that this definition will be adopted (by a simple majority), and that the consequently needed two-thirds majority in favour of transferring the seat to Peking's representatives will not be mustered this year. As to the future, opinions among delegates differ, some holding that a two-thirds majority may well appear as early as next year, others that the new definition could debar Peking from the seat almost indefinitely.

In the babel of debate, only a few voices—notably that of Nigeria—have been raised to point to the obvious fact that two Chinese states actually exist and that neither can be wished out of existence. Any such reference to "two Chinas" is denounced by the communist powers as "imperialist collusion." Nor is it overtly acceptable to the Chinese Nationalists in Formosa or their American protectors. Yet the most telling part of Mr Adlai Stevenson's speech on the first day of the debate was his reminder that the Taipeh government actually rules an area larger than that of eight UN member states, and a population—11 million—greater than that of 65 UN members.

GOA

Anschluss?

INDIA'S patience is exhausted, said Mr Nehru, on Monday; the remark evokes memories not calculated to gain him sympathy in the West. It is hard to say just what the Portuguese in Goa have done recently, apart from loosing off two panicky bursts of gunfire, to provoke New Delhi intolerably. Portugal's colonialism is little more enlightened in its "state of



Portugal in India

India" than it is in Africa, but it is no worse today than it has been for the past fourteen years. Dr Salazar cannot hold on to his remote Asian outposts for ever, and it is likely that the increasing financial and military strain of the war in Angola will slacken his hold on his empire fairly rapidly, just as it will undermine the regime in Portugal itself. Geography, history and racial similarity make it certain that India will inherit Goa (and the two tiny enclaves of Diu and Daman).

The Indians need only wait. Indian reports that the Portuguese have carried out raids across the border are difficult to believe. Why should Dr Salazar provoke his enemies to attack his already precarious position? The Portuguese proposal that international observers be sent to the Indian-Goan frontier "for the purpose of examining the attitudes of the forces present there and of determining the nature and responsibility for any incidents that may take place" is not only sensible but suggests that Lisbon has, on this matter at least, a clear conscience.

Mr Nehru, in spite of this, has expressed his renewed determination to get Portugal out of Goa as soon as possible, and, while denouncing violence and appealing for negotiations, has ordered a concentration of troops. One of his motives is presumably to divert the domestic clamour for action on India's disputed border with China. The quarrel with Portugal gives him an opportunity to challenge the opposition's "more

anti-colonialist than thou" attitude. It also affords a welcome chance to prove to the uncommitted nations, who have sometimes girded at India's moderation, that in the year of Angola, Bizerta and Katanga he is a paid-up member of the anti-imperialist club. Mr Nehru, it is to be hoped, does not want, and Goa is not worth, a fight; but the activities of the extremist Indians and Goans, which his pronouncements have stimulated, may yet bring one about. There is already talk of 5,000 volunteers marching in to liberate the colony.

AUSTRALIA

Surprise Election

EVEN NOW (*writes our Canberra correspondent*) it is not clear who has won the federal elections in Australia. The postal votes are still coming in and the second preferences have still to be distributed. It is, however, clear that the result is as bad as possible in that it cannot produce a government strong enough to govern. Whether Liberal and Country party, or Labour, it cannot have a majority of more than one in the House of Representatives; while in the Senate the Liberal-Country party certainly, and a Labour government possibly, would lack a majority.

The government's loss of between 15 and 17 seats has surprised everyone. It has shocked the Liberal and Country parties,



You are surprised; I am astounded

whose over-confidence (as in retrospect it seems) was perhaps a factor in the government's defeat; it has surprised the Labour leaders, who had promised all, as only politicians can who are safely in opposition; it has amazed the business men who, nursing personal grudges for reduced profits or stock exchange losses, registered a protest vote without any idea that it would be so effective. It has confounded the pollsters, whose figures even on the eve of the election showed a definite lead for Mr Menzies; and it has embarrassed the commentators and psephologists, who declared with absolute certainty for a full day after counting started that Mr Menzies was home and dry.

The change since polling day is dramatic. Every news bulletin has brought fresh tidings of disaster for the government parties. Two ministers have gone—the minister for supply, Mr Hulme, and the minister for health, Dr Cameron, both in Queensland, where the government has lost either ten or eleven seats. The minister for repatriation, Mr Osborne, and the minister for the army, Mr Cramer (who fought the Lord Mayor of Sydney, Alderman Jensen) may also lose their seats. Such is the penalty for supporting an economic policy which the voters never understood and which they do not realise is put into reverse.

If it is the Labour party that emerges with a majority of one, its leader, Mr Arthur Calwell, will no doubt go to the country again at once. His party would first seek a proper mandate from the electors to carry out its electoral promises, and then, no doubt, set about talking its way out of the more awkward of them. If, on the other hand, the Liberal-Country party coalition is found to have been elected, it will struggle on with its majority of one doing as little as possible. The new senators do not take their seats until June 30th; and till then the Liberal-Country party coalition controls the upper house. By that time the reflationary measures already introduced may make themselves felt. Time, aided by masterly inaction, may yet be on Mr Menzies' side.

AGRICULTURAL ESTIMATES

Prodigal Calves

BROILER chickens do not usually come home to roost; but they now seem to have gone to roost on the Government instead. The housewife's preference for this new, expanded and unsubsidised form of agricultural production has helped to leave the Minister of Agriculture with an embarrassingly increased subsidy bill for livestock. The total extra bill for British agriculture in the supplementary estimate announced on Thursday amounts to £78 million, of which £67 million concerns livestock price guarantees. The Chancellor will certainly want to know why. The butchers, wholesale and retail, are bound to come under heavy fire again, if not directly from Mr Soames, then from the farmers themselves, who have been scowling darkly at shop prices all summer. Although the public's disinclination to buy meat has been evident for months, most butchers have deliberately persisted with their policy of stable prices for the consumer—even while the prices they have paid for fatstock at the auctions have fallen. This has increased their profit margins, but kept down their trade; and this in turn has reduced farmers' auction prices (and thus increased the Government's subsidy bill) again.

But the real culprit for the discrepancy in the Ministry's estimates is the Ministry itself—and political pressures at the annual price review. In desperation to pick a winner for the farmers a year ago the

Ministry raised the guaranteed price for beef by 10s. a live cwt. at the price review. This was, as it turned out, quite unnecessary even to maintain the existing level of supplies, for the good winter and spring brought droves of cattle and sheep on to the market. It was also, despite the general tendency of meat consumption to rise with affluence, a gross miscalculation of the British housewife's preferences. The butchers' refusal to cut selling prices sufficiently as auction prices fell has no doubt aggravated the Ministry's difficulties; but it may not be entirely a coincidence that revolutions in efficiency in retail outlets rarely take place in trades that are too rigidly dependent on raw subsidised commodities. The modern housewife has apparently been finding her modern grocer's (with its broiler fowls, processed meat and refrigerated sales—as well as more flexible prices) a far more attractive place to do her extra, impulse buying than the family butcher's.

SOUTHERN RHODESIA

Black Tories?

THIS is how the argument about whether Africans will one day govern Southern Rhodesia is being conducted. The Europeans, led by Sir Edgar Whitehead, the prime minister, seem—to their credit—to be willing to meet nearly every African demand except the two most important—the demands for more land and for universal



Whitehead is willing

suffrage. They are even willing to contemplate a slow absorption of "moderate" Africans—as distinct from African nationalists—into the government, leading, perhaps to a black majority in the far distant future. They hope to train these black men to think and act like today's white men, just as the establishment in Britain has maintained its position by absorbing some of the best men from the ranks.

But this is as far as Sir Edgar's government will go. Any real challenge from the impatient ranks of the nationalists will be sharply put down. That is why Sir Edgar

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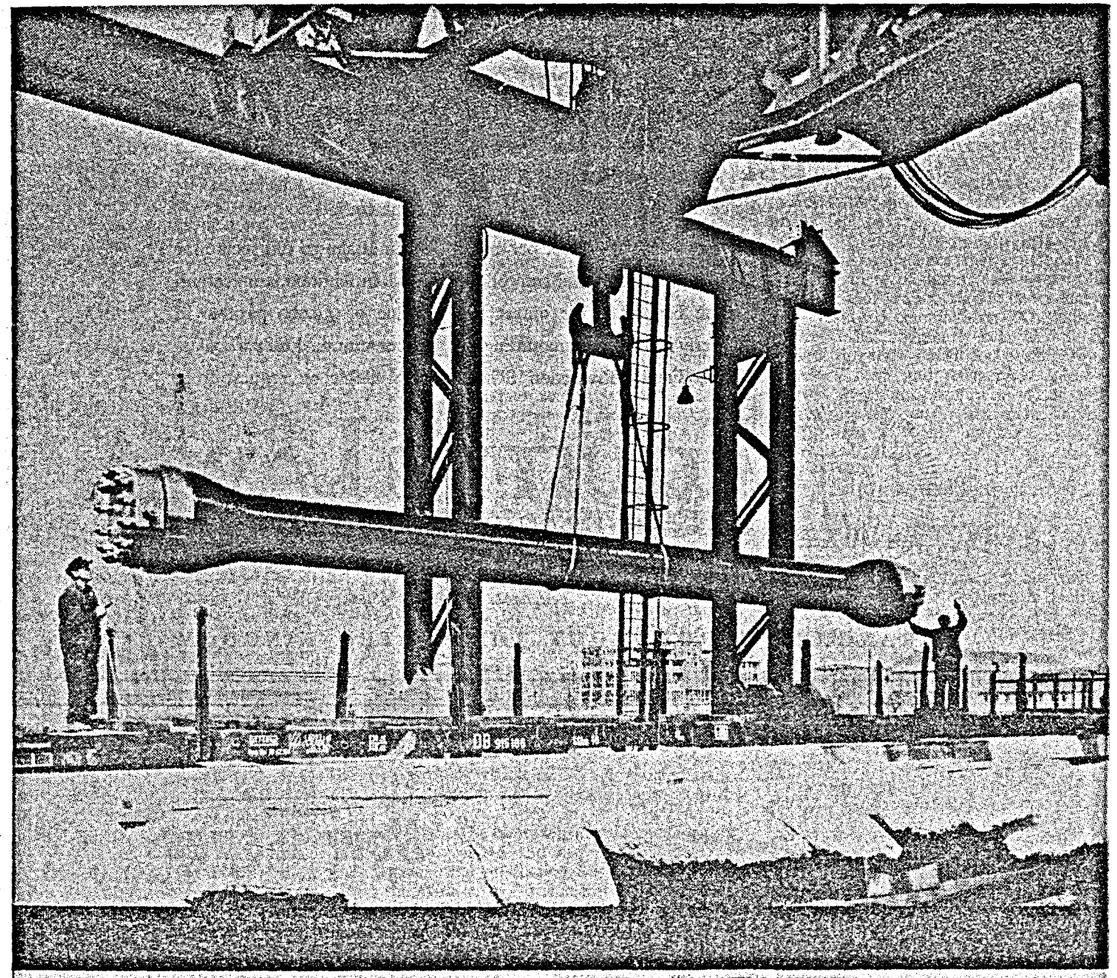
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banned the African National Democratic party on December 9th. His talk of intimidation, and of the NDP's supposed lack of support from African moderates, shows he has not learned the lesson of Nyasaland. None of this is likely to make Africans more partial to federation.

For their part the African nationalists have shown through the NDP an understandable, but unfortunate, degree of truculence. They have been unwilling to play the slow, gentlemanly kind of political cricket called for by Sir Edgar: they are unsure of their ability to win under such circumstances. Rather like the British working classes of an earlier generation, they prefer to strike and demonstrate and boycott to gain their ends. Sir Edgar has little chance of creating black Tories fast enough to keep men who think his way in power; banning the Africans' political party has been proved in other countries to be the best way of strengthening the ideas it stands for.

GHANA

Off-White Paper

DR NKRUMAH'S ideal is to serve all Africans; sadly, he has become an embarrassment to many of them. The white paper published by the Ghana government on Monday expresses the hope that it will prove of value to all emergent countries "as illustrating the type of internal subversion against which any progressive government based on mass support should guard." But, because they are inevitably judged by Ghana's conduct, other young countries in Africa have been done a disservice by Dr Nkrumah's republic.

The white paper says that five main untruths have been spread: that Ghana was on the verge of revolution; that it was nearly bankrupt; that it was corrupt; that it was a dictatorship; and that it had made a deal with the communists. But if Ghana was not on the verge of revolution, why were the government's opponents arrested and detained without trial? People may indeed have plotted against the president; but forty pages of allegations against prominent Ghanaians and foreigners, including the president of the Togo republic, "neo-colonialists," expatriate firms, and *The Times*, do not carry as much conviction as would a single demonstration in open court.

Ghana is not bankrupt yet; Dr Nkrumah is quoted as saying that its sterling assets, at £100 million, are 2½ times its currency circulation and enough to pay for a year's imports. It is also true that corruption "is a disease which affects all nations," though it is an oversimplification to say that it is caused in emergent countries by foreign firms wishing to buy privileges for themselves. Answering the charge that Ghana is a dictatorship, the government bravely affirms its belief that people who are oppressed may have to overthrow a tyrannical government by force; but it distinguishes between this kind of revolution and a conspiracy by a small group to stage a *coup d'état* against the people's wish. Finally, the government may be given the benefit of the doubt when it defends its policy of non-alignment.

All this said, the white paper's weakest, and blackest, point remains its attitude to bringing the facts out in open court. It offers two explanations of this: that it is usually impossible to prove the guilt of the leaders of conspiracies, and the subordinates therefore suffer; and that it is better to detain conspirators until the day of reconciliation than to find them guilty of treason and, perhaps, hang them. This argument is casuistry worthy of the most devious neo-colonialist.

NUCLEAR DISARMERS

Damp Squib

IF some sympathy may be felt for Lord Russell's nuclear disarmers because they were let down last week-end by (at a guess) 90 per cent of their following, little has been spared for the conduct of their self-appointed crusade against law and order. The public has begun to shy away from this militant group to which it may have been, in the grand days of September, a little attracted by its evident underdogginess. In this sense the biggest mistake of the Committee of One Hundred has been to behave as if Britain were a police state, and to represent the Government, the Americans posted here under Nato agreements and the police as aggressors and oppressors.

But military bases have to be protected against trespassers (and trespassers from the dangers they are liable to meet on military bases). The authorities were therefore unable to treat last weekend's law-breaking with indifference, and responded by employing the Official Secrets Act (with liability for two years' imprisonment), raiding the committee's offices, and massing upwards of 10,000 policemen and airmen against the prospective intrusion into the Nato bases. Perhaps the biggest blow was the cancellation of bus bookings made by the demonstrators for the journey from Braintree to the Wethersfield base.

In the event rain and apathy kept away from the seven chosen targets all but 6,000 campaigners, where 50,000 had been expected. At Wethersfield only 200 faced the 5,000 airmen, 1,000 assorted police, 12 dogs, two helicopters and six miles of barbed

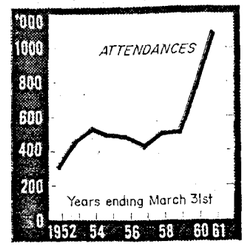


Not quite so underdoggy

wire; Ruislip was better attended, Brize Norton worse. There were 850 arrests, many small fines, some short imprisonments and some longer ones of two months.

It would be a mistake to think that this fiasco has dealt the committee a death-blow, or marks the beginning of its decline into dotage. But it is likely that many moderates will go back to the non-disobedient branch, the Campaign for Nuclear Disarmament, and that Lord Russell's committee will become increasingly less civil in its disturbances and less passive in its resistance as the angries take over.

Topping The Tate



LAST year's record number of visitors to the Tate Gallery was swollen by the 459,000 attracted to the Picasso exhibition. Nevertheless, each year more people make the special journey to this out-of-the-way gallery, some 100 works are added to the collection and the pressure on space gets greater and greater.

The Ministry of Works' decision to start work on an extension at the rear of the existing gallery has fallen a victim of Mr Lloyd's pause policy. It is to be hoped the plans will not get too dusty. The trustees have enterprising ideas about what is needed, envisaging three or more floors of galleries, better accommodation for the reserve collection, a lecture and film-showing room, and a new restaurant. Rightly, they are against matching the roman-temple style of the old; but it will be an architectural challenge to conceive a modern design which will rise above the existing cornice line and yet look dignified against the towering neighbourliness of the new thirty-odd storey Vickers building.

OMAN

Arabia's Brandenburg Gate

SINCE the Suez crisis in 1956, when Saudi Arabia broke off diplomatic relations with Britain, the two countries have been out of touch. London's gradual repair of its diplomatic rift with Cairo brought nothing parallel with Riyadh. For the Saudis insisted that a number of frontier disputes, the chief of them that of Buraimi, should be settled in advance of resuming normal relations. There was thus a deadlock, from which its originators would now like to extricate themselves.

Abdul Rahman Azzam Pasha, the Saudi Arabian government's political adviser, came to London last week for talks with Lord Home and others at the Foreign Office. These talks, as may well be imagined of the Arab League's persuasive former secretary-general, were friendly and free. Though Azzam Pasha could offer no digression from his government's original standpoint, the desire to resume diplomatic relations was evident. It would seem that some preliminary activity in tackling the Buraimi question might suffice now to bring this resumption about.

The immediate problem is that of the return to Buraimi of the Saudi-indoctrinated tribesmen who fled to Saudi Arabia when the Saudis were evicted from Buraimi in



1955 by the Trucial Oman Levies. The oasis then reverted smoothly to its traditional owners, the Sheikh of Abu Dhabi and the Sultan of Muscat and Oman. These two rulers naturally fear the return of a native fifth column. Buraimi to the sheikh and the sultan is as Berlin to the western powers; and in practical terms it means more. Whoever controls Buraimi has his hand on the whole flow of traffic in this part of Arabia. Not for its oil potential—which to all appearances is nil—but because of its importance as a junction and a gateway to inlying Oman is the oasis so coveted.

The return of the refugees in small batches would not necessarily be overwhelming. According to Mr de Ribbing, the Swedish ambassador to Spain, who has been examining their claims on behalf of the United Nations and at Riyadh's and London's request, only 1,400 out of 4,000 claimants, so far, have been able to prove that Buraimi is genuinely their home. Meanwhile the rupture in British-Saudi relations is of no advantage to Riyadh since it merely makes Abu Dhabi and Muscat and Oman less ready to be accommodating. When they see their British protectors on bad terms with the Saudis, they do not see why they should stir themselves. The rupture in fact suits their book.

Tales of Ghalib

THE Omani rebels against the Sultan of Muscat and Oman are equally suited by the rift between Britain and Saudi Arabia. It brought them powerful Saudi support for their case at the United Nations, although the Saudis, in truth, are not so ardent in championing them as once they were. By a simple majority—African, Asian and communist—in the special political committee of the Assembly on December 4th the rebels won their way to a hearing in plenary session. But they did not get the two-thirds backing that would assure them the Assembly's adoption of the political committee's recommendation that their "right to self-determination and independence" should be recognised.

"Self-determination" in this context is a tricky word. Their leader, the Imam Ghalib, can no more claim to have been democratically elected than any other Arabian potentate. Democratic choice is simply not the Omani custom, and that many Omanis have supported him through his somewhat ineffectual exile is a matter of the gravest doubt. His attempt in 1954 to carry Oman out of the Sultanate of Muscat and Oman was inspired by a wish to monopolise the benefits from the oil that was thought, at the time, to be present in his parish. (None, in the event, has yet been found.) He was virtually "doing a Tshombe" and whatever the local allegiances—they are admittedly mixed up—little good can come of breakaway tribal movements in a region that can never progress if its people will not pull together. That the Arab League should be espousing such retrograde forces in its drive against "British imperialism" is one of the many absurdities to which Britain's outmoded involvement with the Persian Gulf rulers gives rise.

OMBUDSMAN

Lord Kilmuir Objects

WHEN the Lord Chancellor means "No," he generally says that he is "still considering" a matter. But the influence and energy of this redoubtable man have often been an important element in government decision-making; and last week he appeared to make it fairly clear that the Whyatt recommendations on Ombudsmanship for Britain would go through only over his dead (or perhaps eventually retired) body. There were two main recommendations in the Whyatt report. One was that private citizens should be given much wider opportunities to appeal to some particular or general tribunal whenever they disagree with some discretionary decision made by an official against them. Lord Kilmuir questioned whether Britain would get good administrators "if there is not to be responsibility, if there is always to be an appeal." He also plainly did not think much of the idea that there was need for a general authority to grant new avenues for appeals in matters where no tribunals exist at present, because "the whole tendency in our Parliamentary lifetime has been for Parliament to insert provision for a tribunal in an Act when it thought right."

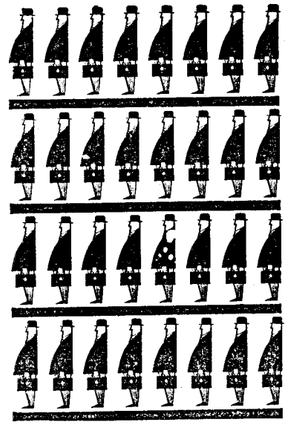
The second main Whyatt recommendation was for the establishment of a Parliamentary Commissioner (or Ombudsman) with special powers to investigate complaints against acts of maladministration and official misconduct. Here Lord Kilmuir said that a "Minister himself must discipline his staff when they err," and that "criticising the Minister's policy is a matter for Parliament" (not, by implication, for an Ombudsman). Moreover he reported that "many are troubled" at the thought that an MP, instead of "preserving his personal relationship with his constituents," might pass to the Ombudsman the task of investigating complaints which MPs had hitherto thought were their own duty. In saying all this, Lord Kilmuir claimed—and indeed twice reiterated—that he "was trying to raise the points which your Lordships should consider, rather than prejudge them in any way." But of course he was prejudging them, and in a way that was peculiarly reactionary, myopic and depressing.

EUROPE

Yorkist Manœuvres

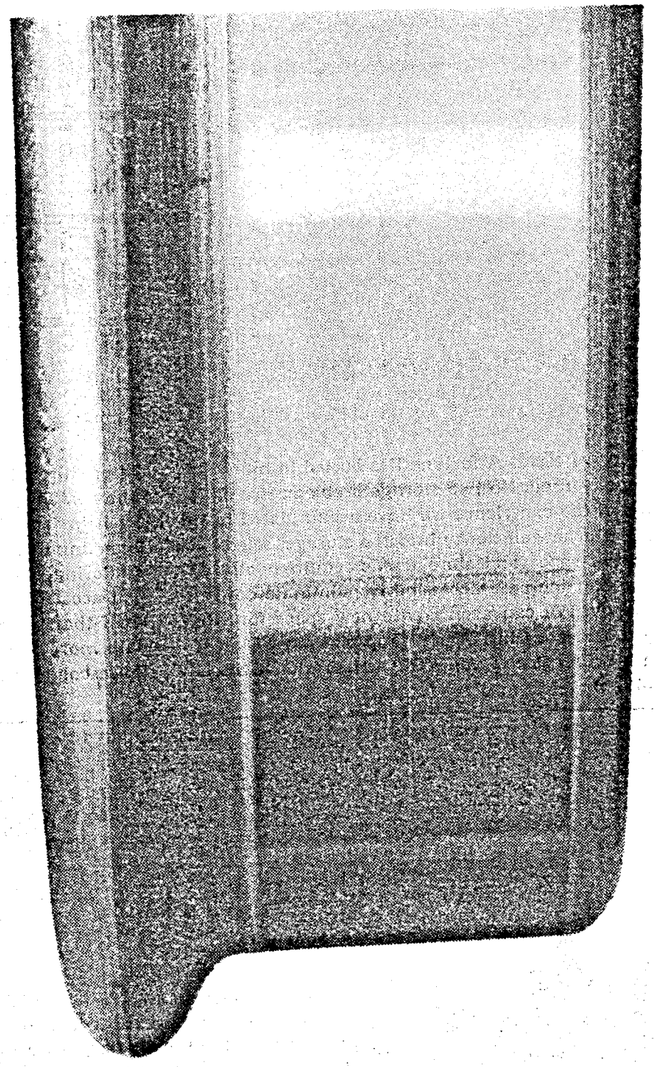
ONE by one the six men whom Britain marched up the hill into the European Free Trade Association are marching down again towards the common market. Denmark is already negotiating for membership. The Norwegian government is quietly preparing its public for a similar move. This week the three neutrals—Austria, Sweden and Switzerland—were on the point of applying for association.

Unfortunately the way back may prove stonier for the neutral rearguard than for the committed in the van. Indeed, given the deep reluctance of the neutrals to go all the way to integration, there is a real danger that they will be left uncomfortably on the slope, neither up nor down. The Six, for their part, have their hands full with the accommodation of new members and feel no enthusiasm for new associates who would not add to the political strength of the Communities. The United States takes an even stuffier view. It is prepared to stomach discrimination against its own exports for the sake of a politically integrated western Europe, but not for the sake of Switzerland's export trade. "Why



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not present the neutrals with the choice of full membership or staying out?" they ask cheerily in Washington. "That might make them plump for the West wholeheartedly."

The trouble is that this stark choice might have exactly the opposite effect. This week Russia protested to Austria that association would be a breach of the neutrality enshrined in Austria's state treaty. The Austrians have gone courageously ahead just the same; but they fully admit that an application for full membership would be a breach of their pledge to Russia—a demonstration of bad faith which could rebound on any east-west talks and perhaps even jeopardise Austria's independence. Finland's case is even more difficult. Russia has the power to make life difficult for the Finns at any time. Sweden's movements are restricted by what happens to the Finns. Sweden originally stayed out of Nato in the reasonable belief that such a move to join might precipitate a Russian countermove to occupy Finland. A move to join the common market (which many Swedes would like to make) might not have quite such dire effects, but it could still provoke trouble. The West does not want a new communist wall along the Baltic coast.

Finland's case might perhaps be met by the simple means of removing the common market tariff on the few vital Finnish export commodities—*pulp, paper and timber*. And though Switzerland has every right to cherish its traditional concept of neutrality, no one can argue that exclusion from the common market would push it into the communist grasp or indeed that its neutrality—devised in the age of Franco-German rivalry—is particularly relevant to the world today. But so long as the cold war persists, the neutrals strung out along the iron curtain have a special claim on western consideration. Their problem existed long before Britain's rash pledge to wait at the door of the common market until all its little men are home.

INDO-CHINA

Chers Princes

POSSIBLY, the three Laotian princes will meet on Monday in Vientiane; and then again, possibly they will not. They are still arguing about the place and about security arrangements. Last week Prince Boun Oum, prime minister of the government recognised by the western countries, said he was prepared to go to the Plain of Jars, the communist and neutralist stronghold, without an escort. This week Prince Souvanna Phouma, premier of the neutralist government recognised by the communist countries and certain neutrals, has wired Boun Oum ("Dear Prince . . .") to say he believes the plan for a meeting in the Plain of Jars will be impossible. Instead, he has proposed to go to Vientiane himself next Monday, and to send military officers two days earlier to ensure his personal safety.

At Geneva, meanwhile, the fourteen-power conference on Laos is maintaining its impressive late burst of speed. It is now agreed that foreign troops and "paramilitary personnel" are to be withdrawn within seventy-five days of the signing of the proposed settlement. The French, who retain military installations in Laos under the Geneva agreements of 1954, are to be allowed to keep them a little longer, though how much longer has not yet been worked out. There was a burst of self-congratulatory speeches at Monday's session of the conference. Clearly, the ball is once again in the princely court.

The incipient peace in Laos is unfortunately not matched on the Vietnamese side of the border. On Friday, December 8th, the American State Department published an account of communist actions in south Vietnam and took the unusual step of distributing it to all members of the United Nations—which has not formally been seized of the Vietnamese situation. The American document is in two parts. The first describes the pattern of communist infiltrations from north Vietnam and of murders and terrorist outrages in recent months; the second reproduces the confessions of captured communists and instructions to them, seized by the south Vietnamese security forces. The American publication draws attention to a situation (further discussed in a message from Saigon on page 1128) that threatens peace in south-east Asia, and which any international agreement on Laos will ease, but will not solve.

HOME REPORT

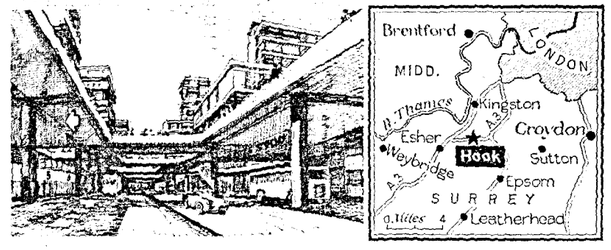
Members of the editorial staff and local correspondents report on life and happenings in and around Britain

Life on the Hook

FROM OUR SPECIAL CORRESPONDENT

IT is 1975, and the driver on the Devon motorway who has left Camberley behind him sees a strange town on his right. Entering, he finds that the main street is a kind of open traffic drain, spanned by footbridges and flanked with a gridiron system of roofed car parks. Parking, he ascends by escalator to a large platform, where he finds a substantial but compact town centre of elongated shape. All buildings are serviced from below, with the aid of communal hoists and storage facilities on an intervening floor, and only walkers traverse the centre. The routes away from the centre are also paths, flanked by play areas, clubs, pubs and churches, whence lesser paths lead off to flats and the garden entrances of terraced housing. From a front door the visitor could drive back to the centre by a circuitous route; but following his original path, he passes beneath the main ring road after only ten minutes' walk from the centre and is soon admiring the finely landscaped fringe of the town.

This would have been Hook if the London County Council (or its successor) had been allowed to build it. The design for this unborn city of 100,000 people, now wryly published by the LCC,* has some excellent ideas. It would be a motorised city with a garage for every dwelling and ample parking in the centre; yet also a town in which children, housewives and others could walk about everywhere in safety. Its visual scale would be intimate, yet the town would have a splendid natural background. The housing would be intended for a more varied population than in earlier new towns, and its lively centre would directly serve the "inner town" of 60,000 people, thus partially superseding the older orthodoxy of a string of separated neighbourhoods.



Town that might-have-been

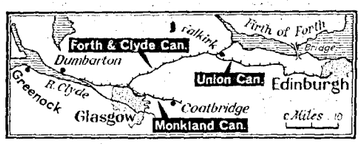
* "The Planning of a New Town," obtainable from LCC Information Bureau, 52s. 3d., with postage.

All the same, the Hook design is just a shade inhuman, mechanical and ant-like. It is easy to trace this town's pedigree, from Urbanity out of Agriculture. Urban compression is fashionable among architects and placates rural gentry; it also genuinely enlivens a town and reduces distances, but compression when combined (as it must be) with some attempt to satisfy popular tastes easily becomes monotonous and perhaps self-defeating. In the Hook design the inner town would be built partly at 100 and mainly at 70 persons per residential acre; given the ample provision of garages, this would involve a much tighter squeeze than in the existing new towns.

By ingenious arrangements, the planners have placed almost 70 per cent of dwellings (in the town as a whole) "on the ground" with individual gardens; and the housing pattern is expected to match demand, so long as older people move promptly to smaller dwellings as their families contract. But many "gardens" would be miniscule affairs; and planners surely cannot expect to move families about like nimepins. Tall flats near the centre may increase a town's "urbanity," but to little purpose if they are not genuinely wanted. The use of rather lower densities in fact has facilitated greater variety of lay-outs and designs, and a less cellular and repetitive pattern; this would probably please more people and would certainly not increase the costs of development. As things are, the curiously Chinese flavour of the Hook illustrations seem to mirror the sociological precision with which a neatly balanced consortium of families would be packed in a series of rectangular "super-blocks," so designed that they would encounter each other "casually" as often as possible. At least that is the theory; in practice things might be rather different.

The Hook design remains, although only on paper, an interesting and significant achievement. It is doubly a pity that Hook is not being built, both because it is clearly needed and also because a start must be made with building towns for the motor age, on however experimental a basis. It will equally be a pity if the next lot of new towns simply ape Cumbernauld (Hook's Scottish parent) and the stillborn Hook design, without trying other and possibly homelier patterns of town development. The keynote of the new towns should be variety and experiment, and styles which improve on the unhappily disorderly level of popular taste without running to the other extreme of planned uniformity.

Antonine's Canal



FROM OUR SPECIAL CORRESPONDENT

In its way, the Forth and Clyde canal provides a nice little parable: that is, for anyone who wants to live in a mildly efficient country. The canal still runs slap through the middle of Scotland as it has done since 1790—and ought to have been stopped from doing so a good many years ago. It is, in fact, an historical monument: it follows the wall of Antoninus Pius, a possible route was surveyed for it by James Watt in person in 1766, and William Symington's first experimental steamship, the *Charlotte Dundas*, was prevented from plying along it (an early restrictive practice) a full decade before Henry Bell dreamed up his *Comet*. The full importance of these remarkable occurrences must be appreciated from the outset; no possible discussion of the canal's fate can be attempted anywhere between the two estuaries it joins without one or all of these claims to fame being ponderously examined.

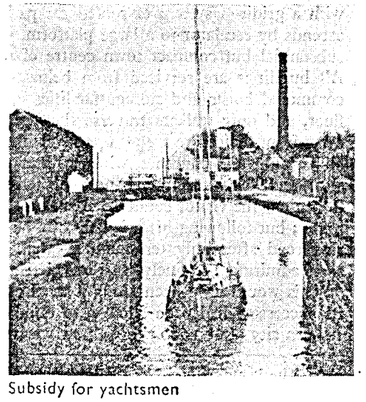
The partisans of the Forth and Clyde have defended it stoutly for nearly two centuries as the legions of the Antonine Wall would have expected of them; indeed for appreciably longer than Rome ever demanded of the legions. Even their last rearguard action this month has had a faintly classical ring. Over three years ago the Bowes committee recommended closure, a belated resolution which even the Glasgow city council (a doughty champion of the tramcar but not the canal boat) had reached some æons beforehand.

Now the Secretary of State for Scotland, apologising for his hectic turn of speed, considers it "highly desirable" that navigation rights should cease on January 1, 1963, and has brought in a bill to that effect. While such importunate navigators as Mr Grant-Ferris (Nantwich—Con.) have reluctantly acceded to Mr Maclay's decision, it goes without saying that the second reading in the Commons was not accomplished without Mr William Baxter (West Stirlingshire—Lab.) rising to denounce so ill-considered a project when "with a little ingenuity" the Forth and Clyde "could be made to work effectively for the general good of Scotland."

It would need more ingenuity than Mr Baxter and his friends seem to appreciate. The motorist cannot dodge the canal unless he goes by train over the Forth Bridge or by ferry over the Clyde or at Queensferry (where the Forth road bridge is still building). There are 40 bridges over the canal's waters, and five roads go under it. Those bridges that swing open, jamming north-south traffic to accommodate something possibly as small as a holidaymaker's launch, have naturally to be maintained and manned. Three of them cost Glasgow over £10,000 a year; now a lot of them are in real danger of falling down in decay. Two new ones near Denny and Falkirk will cost £320,000 if they have to open for canal traffic, but only £20,000 if not. To replace the lot with modern opening bridges the taxpayer would have to stump up £2½ million.

At present the canal runs at a deficit of £37,000 a year. This is, in effect, a concealed subsidy to the fishing industry and private yachtsmen (the only classes of mariner that use it): the one appreciable source of revenue is from supplying industrial water. The fishing-yachting lobby, although divided in its specific demands, is sufficiently strong for there to be serious local doubts over whether the Government would be trying to close the canal even now if it were not for the extra cost to its road programme. The supply of industrial water will, in any event, go on. Possibly some dinghy and rowing enthusiasts will continue to use part of the canal, as they do the now sealed-off Union canal which once linked the Forth and Clyde with Edinburgh; almost certainly children will go on being drowned, as they regularly are in the disused Monkland spur, unless some extensive filling-in (for a motorway) is done near Glasgow.

But the champions of the industrial past will fight on: the figures are as irrelevant to



Subsidy for yachtsmen

their minds as they are to the defenders of branch railways, dirty British coasters and dying coal pits. For them there is still the great strategic vision of a wider, more majestic waterway on which grand fleets (presumably Nato ones, for the Admiralty would not wear the idea even a century ago) will transfer from sea to sea; in fact a pocket submarine managed to do this on the Forth and Clyde some years back and set hopeful hearts a-pounding for twenty miles round. There is, too, the dream eternal of a bargees' paradise which, under properly nationalised management, will finally expose the uneconomic folly of the internal combustion engine. There is even a consuming and expressive nostalgia for the little steamers that carried Sabbath-school outings at the turn of the century when faiths (secular and spiritual) were still uncompromised.

Closing the canal to shipping will not, of course, end this romanticising: the navigators are already well off the ground, like the hovercraft, which has not come in time to save a heritage of waterways. But perhaps there is something to be said for the Forth and Clyde itself in the year of the Immigration Bill: it was, after all, the one great transport system of the industrial revolution that was actually built without Irish labour. As a monument it thereby possesses a native quality that the Euston Arch (for example) could never claim, and if it is indeed filled in and erased from the map we shall certainly need plenty of immigrants to do it.

Grammar School Grumbles



FROM A CORRESPONDENT

In examination results, numbers of university entrants and the degrees that their pupils eventually achieve, the direct-grant grammar schools have a place of their own in English education: so much so that they are sometimes known as "brain factories" among Oxbridge dons. The 178 direct-grant grammar schools in England and Wales (there are 48 in Scotland) are financed partly by *per caput* grants from the state and partly from fees. Although the schools are governed independently of the local education authorities, LEA pupils who have passed their 11-plus examination like between 25 and 50 per cent of their places. This puts the schools in an anomalous position, for they are in neither the private nor the state sectors of education. Some, like Manchester Grammar School, the Perse and Haberdashers' Aske's, are household names, but all are acutely aware of the problems facing the grammar schools as a body.

The direct-grant schools invariably welcome their quota of 11-plus pupils. These "free-placers" are sometimes brighter than the fee-payers who have, nonetheless, passed the school's own entrance examination, and where competition for places is stiff the fee-payers may have had to pass their 11-plus at grammar school level. Yet there remains a small but cruel waste of talent among bright free-placers who leave before reaching the sixth form. Formerly the reason was the narrow outlook of some parents, particularly in the old industrial areas. Now high wages intensify the dislike of the school cap.

Again, the results of many free-placers are disappointing in comparison with those of the fee-payers. Whether this is because the parents of fee-payers keep their children hard at the examination grindstone or whether it is because such homes provide a better atmosphere for learning is not certain. But a little polish in manner always makes up for a slight lack of academic prowess when a job is at stake.

Many members of staff at direct-grant schools do not believe that the public schools proper, with their fees of over £400, can possibly be incorporated in the state system, and some think that such schools are a blot on democracy. Yet there is a feeling that an extension of limited fee-paying would create a far greater parental interest in education. Fees at direct-grant schools are already assessed on a sliding scale depending on income, and as little as £5 a term is paid by some parents.

The abolition of the direct-grant schools, threatened by the Labour party, is now a major issue. The schools do leave an avenue of education open to children who may fail the 11-plus but whose parents, unable to afford public schools fees, do not want them to languish in secondary moderns. The best social argument for the schools is the number of these children who do manage to reach the university.

It has been a fundamental tenet of educational thought in England that secondary education should be according to the "age, aptitude and ability" of the pupil. The 11-plus is used to group children into the grammar, technical and modern schools. For long the *bête noire* of anxious parents, this method of selection no longer has the confidence of many secondary teachers. The 11-plus certainly measures potential ability in terms of intelligence quotients, but IQs give little or no indication of aptitudes. Thus the lower streams of grammar schools contain boys of high ability who are little suited to academic courses. Even the largest grammar schools have few facilities for teaching the more technical subjects such as engineering and technical drawing, which require as much intelligence as Latin or German. In theory pupils in LEA schools can transfer from one type of school to another; in practice few transfers occur. Direct-grant schools have no facilities for transfer at all. Close and flexible co-operation between different schools is obviously needed.

Even without this problem, there have been many voices raised in criticism of the curriculum. Broadening it to avoid premature specialisation, which usually occurs when a boy is thirteen or fourteen, is certainly desirable. The Crowther Report advocated an intensive use of "minority time" to produce "numeracy" among sixth formers doing arts subjects and "literacy" in science sixths. Crowther seems to have made a considerable impact. A few schools are experimenting with the proposals of Mr A. D. C. Peterson of the Oxford Department of Education, who believes that sixth formers ought to be obliged to take at least one subject at "A" level across the barrier between arts and science. He suggests that four subjects be taken, one of which must be a language and another a science subject.

While the Peterson Plan attempts to counteract too much specialisation, the "Agreement to Broaden the Curriculum" initiated by the headmaster of Charterhouse supports study "in depth" but tries to make a reality of minority time. The ABC plan pledges schools to avoid premature specialisation and restricts the study of specialist subjects in the sixth form to no more than two-thirds of the timetable. About six hundred schools responded to this proposal. Fewer have signed the agreement, and a vocal resistance group claims that such a firm agreement inhibits the freedom of the headmaster to run his school as he thinks best. Other conservative voices cry "timetable difficulty" and feel that such experiments may lead to academic suicide as far as university entrance is concerned.

It is university entrance requirements and selection methods that hobble teaching in the sixth form and cause such over-intensive specialisation. The impact of Oxbridge, with its enormous prestige, is most important, but provincial universities echo this effect. Few efforts are made to steer the most promising sixth formers to Redbrick until they have been rejected by three or four Oxbridge colleges. The only exception to this is where Oxbridge does not offer an honours course in some specialised subject and candidates must look elsewhere. The hard fact remains that in this most competitive corner of English education university scholarships are as much a status symbol for the school as the television aerial and the family car for the parents.

LETTERS

Commonwealth Service

SIR—The article in your issue of November 25th, entitled "No Colonials Wanted," rightly draws attention to an important question which calls for searching public inquiry.

I was Governor of Western Nigeria for the six years immediately preceeding independence. One of my saddest tasks was witnessing the break-up and dispersal of the Colonial Service, the members of which had done so much to bring that great country so successfully to nationhood. It was of them that at Nigeria's Independence celebrations the Prime Minister said: "We are grateful to the British officers whom we have known first as masters and then as leaders and finally as partners, but always as friends."

The Nigerian governments still needed many of them and wished to retain them, but on their own terms, that is provided some means could be devised whereby they were not held on the permanent establishment and did not compete with Africans for promotion posts; whereby they could be made available for just as long as they were required and could then be replaced by an African without all the trouble of compensation for loss of career. The obvious solution was a Commonwealth Service, a pool of trained and experienced staff, from which our own overseas missions could be staffed, from which staff could be lent to the countries which needed them, from which our aid to undeveloped countries in the form of expert staff could be given. But for reasons which were singularly unconvincing this idea did not commend itself to the powers that be.

Many of the best of these officers sought a transfer to the Commonwealth Relations Service. But it is made almost as difficult for them to enter as the camel through the eye of the needle. An invidious distinction is drawn between Colonial Service officers and others from home-based services such as the Colonial Office. The former have first to pass a written examination, even though they may be of middle age and have spent many years in Africa. If successful they are then interviewed and placed in an order of merit. Finally, out of many candidates, a handful may be taken. For the Colonial Office candidates the process is a simple one of direct transfer. All concerned have been in HM's service for years and can be judged on their record. Reports on all aspects of their work and qualifications are available. Further reports can be called for if necessary. The examination is regarded by the officers not as an opportunity to qualify, but as a means of disqualifying them.

The reasons given officially for making so little use of the Colonial Service are that they are "tainted" with colonialism and that people who have been engaged in government are unsuitable for diplomatic or representative work. But few, if any, of the colonial candidates can have had any say or influence in the determination of British colonial policy. They were merely agents carrying it out. How is it that those from Whitehall, particularly the Colonial Office, who are far more likely to have some responsibility for colonial policy, are unsullied? Again, if ex-colonial officials are unsuitable because they have been engaged in government why are Whitehall officials more suitable? Some of those recently appointed to senior posts have even held high office in the Government!

There is clearly something fundamentally wrong with our system of recruitment and management in the public service if at a time when we are admittedly short of staff for senior posts overseas we make so little use of staff who have served with distinction overseas. Britain not only loses the services of many potentially valuable officers but into the bargain does them a grave injustice.—Yours faithfully, J. D. RANKINE

London, SW1

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the 1961 competitions our ratio of successes to entries was just as high as that of Oxford and Cambridge. This was the first time we have achieved this, but we are not really frightened of the bogies of social snobbery or inferior academic standards, and we should be able to hold the position thus gained.

The trouble is that, try as we may, we are never likely to produce more than a small group of competitors. There are two reasons. The first is that Oxford, and to a slightly lesser degree Cambridge, still have the big battalions in the arts subjects from which competitors are largely drawn. Manchester and London, and also other civic universities, are predominantly scientific and professional, with a growing emphasis on the social sciences. Our honours schools in pure arts subjects are good but relatively small; it is not easy to sort the position out from UGC statistics, but probably the vast majority of English male graduates in such subjects as philosophy, classics, history, English and modern languages still come from Oxford and Cambridge. (There is a rather different problem about women arts graduates.)

The other difficulty is that it is hard to persuade our best people that they really *want* to be civil servants. Why should they bury themselves in London, in a career which has for them little glamour or excitement, when it is open to them to move into industry, large or small, if their interest lies that way, or to make their way as researchers and teachers if they are more academically inclined? It is very hard to break through this attitude; and this will become quite an important matter if, as the Committee on Scientific Manpower foresee, there is impending an overspill of able scientists, some of whom ought to be drawn into the administrative side of the Civil Service.

Incidentally, my impression is that for the Home Civil Service, as distinct from the Foreign Service, the grammar schools have in recent years gained enormously at the expense of the public boarding schools; perhaps once an able grammar school boy has been to Oxbridge he is more effectively detached from his roots and feels that he is already half-way to Whitehall.—Yours faithfully, W. J. M. MACKENZIE

Department of Government, Manchester University

The Ruling Classes

SIR—May I, as an "obscure and windswept don from Redbrick" (or rather, "blackstone"), put my nose into the southern controversy about the social composition of the Administrative Class, which reappears in your number of December 9th.

Manchester can now comment without any suspicion of "sour grapes," because in

Fabian Socialism

SIR—May I correct a misstatement in your review of "The story of Fabian Socialism" (December 9th). The Fabians did not "split," after Webb was elected to Parliament or at any other time. The New Fabian Research Bureau, to which I presume your reviewer is alluding, was founded in 1931 with the full goodwill of the Webbs, Henderson, Galton, and others of the Fabian Society's executive committee, as a quite small body of research workers. As it grew

and it became clear that it was in fact doing all the Fabian work that was being done, it amalgamated with the older society to the satisfaction of the members of both—many of whom were in fact the same persons. This is one of the reasons for the choice of title; the book is *not*, as anyone can see for himself, a history of the Fabian Society alone.—Yours faithfully,

London, NW11 MARGARET COLE

Egypt

SIR—You mentioned in your article "Pyramid in the Fog" on November 11th that President Nasser's recent purges were initiated by his fear that the remnants of the old order in Egypt may copy their Syrian friends. But the Egyptian old order, who incidentally were very seldom the friends of their "Syrian friends," are as good as dead politically. I would suggest, rather, that President Nasser's recent moves were directed against the growing isolationist trend inside Egypt, which has gained momentum after the Syrian revolt and the failure of the UAR experiment. The desire for isolation from future political ties within the Asian Arab world is shared by many intellectuals, small business men and army officers in Egypt.

These elements belong to the post-revolution middle-class which emerged with the blessing of President Nasser; yet he is now finding it necessary, or, rather, essential for his continuance as the head of state in Egypt to purge some of the more active elements in that middle class. Any pre-revolutionary politicians held in the recent series of arrests were, in my opinion, arrested as show cases for local propaganda consumption. President Nasser has committed himself to the Pan-Arab cause to such an extent that he is compelled to curb the faintest voice of dissension.—Yours faithfully, AHMAD CHALABI

Cambridge, Massachusetts

Capital Gains Tax

SIR—The studiously objective representations of Lord Ritchie as Chairman of the London Stock Exchange have caused me to re-read your recent article, "Trouble with Capital Gains." (November 11th.)

I suspect there is widespread agreement that adventitious income ought to be properly taxed. My doubt is whether the clanking machinery of a capital gains tax is the answer. On the advent of the season of goodwill, I present to the Chancellor and the Board of Inland Revenue the alternative of sumptuary legislation. Especially in the current context it is surely the outflow rather than the origin that matters. It had not occurred to me before that I should find myself in agreement with Mr Kaldor.—Yours faithfully, JOHN SENTER

The Temple, EC4

BOOKS

Comprehensive Colleges?

The Democratic Intellect
By George Elder Davie.
Nelson for *Edinburgh University*. 372 pages. 50s.

Scotland's Scientific Heritage
By A. G. Clement and R. H. S. Robertson.
Oliver & Boyd. 151 pages. 18s.

IN these winter evenings, when the drone of donnish expostulation has died away, the Robbins committee ought to be sitting down to Dr Davie. He is provoking, opinionated and occasionally obscure, but he has something splendidly different to say about higher education. There is a point at which anyone seeking to resolve or modify the problems thrown up by the current British educational pattern must feel the implacable urge to break the mould altogether, only to reflect despairingly that no other traditional shape for the university career has come within the experience of English society. But there is (or, rather, has been) another tradition north of the border; it was not unfashionable in its day and it is not irrelevant now to the war of the Oxbridge succession.

Dr Davie's study of the prolonged, if unsuccessful, resistance to anglicisation offered by the Scottish universities in the last century is, in one sense, about a dim and distant world: the struggles of Hamilton, the Cairds, Forbes and Ferrier, the royal commissions and professorial elections that were their battlegrounds, are long dead. But this, too, happens to be a study in such modern issues as premature specialisation, the foundation year, the general versus the honours degree, lecturing and tutorial methods and, above all, social relevance. The educationalist who does not find Dr Davie illuminating and exciting has despaired of reform altogether. The picture that is sometimes drawn of the Scottish past can, of course, be almost impossibly idyllic. Here, for example, is King's College, Aberdeen, before the segregation of the specialists in 1892:

> One entered and, allowing for wear and tear, one left college with the same body of students. But that united body included students of all degrees of excellence and variety of capacity, from the candidates for honours in all subjects in which honours could be taken—classic, mathematics, philosophy and the sciences—to the humblest aspirant to a pass degree. The fact that one was a candidate for honours did not separate him from the class. The work for honours was something additional, done entirely by private reading. . . .

Idyllic? One hears, and fears, the horrified protests: surely this is not the cultured academic life but the mere continuation of the schoolroom? It may be so, although Dr Davie would answer that the extension of the school was, or could be, "under new conditions of ever-increasing freedom, self-determination and responsibility." The real point of the Scottish argument is that under the old system the student was compelled to broaden his approach not merely by the syllabus (with its philosophic content) but also by actual contact and emulation in the class. At the same time, the demand in sheer teaching capacity required of the individual professor confronted by this mixed audience was immeasurably greater, and to those who could respond to it essentially stimulating. It did not always work, and it worked less and less successfully as the Scottish philosophic tradition broke down. Even so, the nub of the modern problem can be glimpsed. In educational terms, this kind of broad, democratic experience is lacking in the life of the 9 to 5 university specialist and while Oxbridge may profess to give opportunity for informal contact between specialisations, such an exchange does not take place, in practice, there either.

If one wishes to bring about even a single "democratic year" at the university, and then go on to provide specialisation for those who can benefit from it, it naturally requires radical changes in the established educational pattern. It means a different sixth form syllabus, not just a tinkering with minority time but the continuation of general education as such. It means a different examination structure, designed to uncover (in a modern cliché) new excellences: after all, the Scots were only disillusioned with their system when it meant bad results in the Civil Service and other competitive examinations from the mid-nineteenth century onwards—bad results, that is, in the peculiar Oxbridge sense of excellence. It could mean, as the Scottish system did (and does), that students enter college a year sooner, or even earlier, than under the present English practice; but is not the current social and psychological trend towards precisely such an earlier assumption of adult freedom and status? To compensate the specialists, the four-year university career would then have to become standard for the first degree.

This is the kind of speculation that a reading of Dr Davie induces. One's guess is that the existing pressure for university reform in this direction must become increasingly compelling as the expansion of higher education reveals the inadequacy of the Oxbridge mould for a swelling university population whose interests and needs will be general as much as particular. Meanwhile, Messrs Clement and Robertson offer us a little parable. Their concern is with the demonstrable decline of Scottish inventiveness since its palmy days up to 1870 and

just after. They have some fear of racial decline (caused by emigration), but they also make a telling point about the old educational system that, by then, was beginning to pass away. The Scottish resistance to over-specialisation, and the emphasis on comprehension, are two good clues to the national success that led Barrie to exclaim: "There is no more impressive sight than a young Scotsman on the make." The idea is no longer genteel, but are the qualities so undesirable for the unacademic? German technologists, for example, have more than a smattering of general education.

No Hitler

Tojo and the Coming of the War

By Robert J. C. Butow.

Princeton University Press. London: *Oxford University Press.* 584 pages. 80s.

GENERAL TOJO, in the cartoonists' table of equivalents, was the Japanese Hitler. In fact he was nothing of the kind. He emerges from the pages of Professor Butow's new book as tough, humourless and decisive to be sure, but conventional and unimaginative, a model of assiduous sobriety. He had no grandiose visions, no charisma, no mass appeal; only an untroubled sense of purpose, a conviction of Japan's right—and his duty—to extend its civilising influence throughout Asia, a willingness to precipitate, if not to take, the big decisions. It was his combination of firmness and predictability that qualified him for his place in history—as the spokesman and executive agent of the military staff group that effectively made Japanese policy in the crucial days of 1940 and 1941.

There is not much material here for an exciting biography, and after a brief summary of Tojo's early career Professor Butow soon changes gear into the second half of his title. His account of the gradual crystallisation of the decision to go to war is as lucid and readable as one would expect from the author of "Japan's Decision to Surrender," and he has been at great pains to check the evidence gathered for the war crimes tribunal with more recent Japanese work and with the results of personal interviews and correspondence conducted on an impressive scale. (He has also used the Japanese versions of the tribunal's transcripts and shown how often difficulties of translation kept the prosecution and the defendants unwittingly talking at cross-purposes.) Previous accounts are amplified and corrected in many details, but there is no new thesis and we are presented with no new villains or heroes. The truth seems to be that there were none. No crucial clash of wills occurred, no firm stands were taken on fundamental policy aims; disagreements concerned methods or questions of timing; they were expressed in circumlocutions and usually patched up in the end. It is Professor Butow's skill that he conveys to the reader the participants' sense of the irreversibility of the train of events that led to war. What is lacking is enough of the atmosphere of contemporary Tokyo to make it seem plausible that Japanese leaders could have seen their evolving policy as not only inevitable but also justified and also likely to succeed. From the other side of the Pacific that shift in values and perspective was perhaps too difficult to make.

In the last chapters we come back to Tojo again, now principal defendant at the Tokyo trials. Here he begins to come alive, and the author gives him fair credit for his composure and his straightforward readiness to accept responsibility—qualities that did something to retrieve his lost reputation among the Japanese people. His was not a death which anyone will much regret. On the other hand, it is difficult to see just what was gained by hanging him.

A British Legacy

The Indian Middle Classes

By B. B. Misra.

Oxford University Press for *Royal Institute of International Affairs.* 447 pages. 45s.

THE Indian middle class is a creation of the British Raj. The previous regimes, and especially the Mughal Government, were admirably calculated to make the emergence of a middle class impossible. This is Professor Misra's fundamental theme, though he never states it blatantly but allows it to be inferred by the reader from the mass of facts and instances he presents so clearly.

Under the Mughals, property was unsafe, position always at the whim of the ruler. A noble was no sooner dead than his possessions were seized for the king. A merchant was always at the mercy of some local official's decision to create a monopoly for himself or a favourite. Some traces of a middle class grew up; there were the Persian-knowing revenue clerks, and a fairly prosperous mercantile community in Gujerat, but they were only traces; and much of what little there was disappeared in the anarchy of the eighteenth century.

The East India Company, by contrast, had an insatiable need for middle class people. Its factors needed local business men to act as agents; its offices required clerks; its armies needed contractors. Since it did not confiscate property at death, and even unofficial trade monopolies were quite temporary, a middle class soon grew up. Raja Ram Mohun Roy and the Tagores both founded their fortunes in the company's service. By the 1820s there were Indians in banking and the agency houses. The landlords created by the Permanent Settlement may have been useless to agriculture, but their children grew up accustomed to a middle-class standard of life and endlessly ready to enter middle-class occupations in order to be able to keep it up.

The next stage came with the spread of English education; first there was Raja Ram Mohun Roy's campaign; then Macaulay's famous minute (valid in the circumstances of the time, for all its offensiveness); then, in the 1850s, the foundation of the universities.

From then on India's course was set. Power would go to those who acquired the modern skills through English; the pace at which power passed would be governed by the pace at which the skills were acquired. The pace was not at first very fast. In the 1880s, as Professor Misra's figures show, most of India's lawyers of any importance were still British, and virtually all the engineers and railway officials. Professional education, even in law, developed slowly; in medicine and engineering it was not adequate in quantity until the last few years. The Government often found it easier to recruit an Englishman ready trained for some new job than to provide training facilities for Indians; and some jobs it deliberately preferred to keep in British hands: there were very few Indians in the Indian Civil Service or among army officers before the 1920s.

Nevertheless, as the universities grew, as more and more Indians learned to be at home with modern techniques and knowledge, the middle class grew with them. By the early 1900s law had largely passed into Indian hands; it was the primacy of law that explained the dominance of lawyers among Congress politicians. But the other professions followed quickly enough, even to the atomic physicists who were the prestige group of the 1950s. There are two hundred and fifty times as many students in college today as there were a century ago, fifty times as many engineering graduates as only thirty years ago.

Parallel with the growth of a professional middle class has gone the growth of an Indian business class. It was already considerable in western India by 1900; the first world war gave it a great fillip; then came tariffs in the twenties; now, finally, there is economic planning. At first the entrepreneurial houses were few, and largely in cotton textiles. Now there are many, and they are spreading into everything; more and more they are using professional managers, and not just members of the family.

In the professions, in business, in government, India has now achieved its middle class and it is that middle class which runs the country and provides the ideas. Nobody has ever told the story of how this has happened as well as Professor Misra.

Far from Stagnant

Feudal Society

By Marc Bloch. Translated by L. A. Manyon.

Routledge. 519 pages. 50s.

THE appearance of an English translation gives the opportunity for a revaluation of a book which, on its first appearance in 1940, was praised as an outstanding work. As Professor Postan points out in his introduction, it must be seen both in conjunction with Bloch's earlier work on economic history and with the work on medieval intellectual ideas which his tragic death pre-

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vented him from writing—and, it might be added, with the work Bloch was planning on the great silent revolution in the European landscape between 1050 and 1250.

At first sight this is not an easy book for the English reader. The plan is difficult to grasp at first—it has nothing of the schematic rigidity of Ganshof's "Feudalism." There are no precise date limits: the author ranges freely between 800 and 1200 but concentrates mainly on the years 900-1100. It is only near the end of the book that he defines the sense in which he is using the much abused term "feudalism."

This is, however, significant: it is only after meticulously building up his picture of the mental climate of the period, of the changes in economic and class structure, of the fragmentation of authority and yet the survival within this society of the older forms of association—the family and the state—that he reveals the framework of the whole. Throughout the approach is dynamic: it is the picture of a changing society which should kill once and for all in anyone's mind the idea of feudal Europe as a stagnant period.

Coming back to this book one is struck by the sheer technical skill displayed. Every page contains generalisations to provoke thought, from the deceptively simple "the knight found in war yet another attraction: it offered a remedy for boredom" to the bold: "the fief . . . was—let us make no mistake about this—basically an economic concept." (One could wish most historians writing today would be prepared to be so courageously positive.) Then there is Bloch's honesty in admitting technical difficulties in handling sources and taking the reader into his confidence. Especially there is his use of little known detailed facts to illuminate the argument and stimulate the reader's imagination: the lofty remark of a German lord in a law-suit "any pen will do to recount anything whatsoever"; or the gloriously sick-type picture of home life conjured up by the thirty-one co-parceners who jointly owned and occupied the castle Gevaudan in 1251.

It is no criticism of Mr Manyon's painstaking and accurate translation to say that those who can will continue to use the French version. For Marc Bloch was not only an outstanding scholar, he was also a master of French prose. Probably only Sir Maurice Powicke could do justice to the quality of Bloch's style. Mr Manyon's decision to confine revision to a useful supplementary bibliography must also be approved; any other course would have marred what is above all a superb work of historical literature.

In a posthumous, unfinished essay Bloch wrote: "it is men that history seeks to grasp. Failing that it will be but an exercise in erudition." When the German occupying forces murdered Marc Bloch in 1944 they did not just kill the greatest historical writer since Ranke: there died also a great humanist scholar. This book is the perfect embodiment of Bloch's methods and of his ideals.

What is a Radical?

English Radicalism: *The End?*

By S. Maccoby.

Allen & Unwin. 640 pages. 70s.

CURRENT political commentators need to study the radicals who are often noisily prominent in the history of Great Britain; for collecting their beliefs and careers may illuminate the interesting question of what a radical is. Can he any longer fairly be called, like Lilburne, a Leveller? Does he like John Wilkes believe in free love, or like Charles Fox in free speech, or like John Bright in free trade, or like Bernard Shaw in free intellect, or like George Lansbury in universal peace? How have his opinions been affected by the industrial and nuclear revolutions? Is "radical socialist" as much a contradiction in terms as "tory democrat"; or does it signify a genuine political reality? Can there be radical communists?

British history in the twenty-five years or so after the Liberal triumph in the general election of 1906 is of particular interest on this subject. In these years two great radical aims were achieved at last: universal suffrage was enacted, for men in 1918 and for women ten years later, and the hereditary House of Lords had its legislative wings decisively clipped. For the first time, an advanced radical was Chancellor of the Exchequer, and able to cram some radical legislation through the Treasury machine. For the first time for centuries England was engaged in total war, with all the opportunities that brings for radical re-appraisals and reforms. During that war, the radical Chancellor of the Exchequer became Prime Minister, with greater powers than even that office had ever commanded before, and chose as his closest assistant the most radical and incisive character among the Tory peers. After the war, for the first time the cabinet was formed from a party dedicated to the proposition that the country's entire social and economic system was ill-founded and in need of drastic revision. Again, for the first time a fully organised trade union movement engaged in the pitched industrial battle of a national general strike.

The last, or apparently the last, of Dr Maccoby's books on English radicalism looks at just this period; it sheds "no light, but rather darkness visible" on the questions just outlined, and has little important and nothing new to say on any of the radical triumphs and disasters of these years. Fourteen pages of "select bibliography" and a mass of footnotes suggest that this is a work of scholarship. But many of the notes are of negligible value—*Whitaker's Almanack* is not much of a source for the events of the Russian revolution—and the book list omits several studies of importance to the theme.

Two pages are devoted to the general strike, and the author seems to think radicalism may now be dead. He might try a visit to a CND meeting, where he will hear the heirs of Wilkes and Bright, Lansbury and Bevan, still in full voice.

The Union's Economy

South Africa

By Monica M. Cole.

Methuen. 726 pages. 84s.

THIS is a sober and unemotional survey of a complex and troubled country. After a proper and adequate introduction to the physical background of South African geography, the major portion of this massive book is devoted to the economy, and the closing section to regional description. Here set out in great detail we have the new economic pattern of South Africa, where the last twenty years have seen the parallel emergence of a new industrial structure and an explosive proletariat of urbanised Africans. The detail and length of treatment may even be excessive. At around 700 pages the point is surely approached beyond which a single writer cannot hope to put a personal stamp of unity and synthesis on a mass of rather disparate material. If a book is to be encyclopaedic, perhaps one might as well accept the fact and have the various sections written by individual specialists.

However, compiled as this book clearly is with a most obvious regard for comprehensiveness and accuracy, it is a most useful source of basic information on the South African economy. There is one huge and, no doubt, deliberate gap. In South Africa, the race situation dominates everything. It would be wrong to say that Dr Cole exactly ignores the racial situation; she most faithfully deals with the interactions between the racial divisions and the developments in land policy, industry and towns. But, perhaps inevitably in a book that will be used by people of all opinions as a quarry for facts, she avoids any distinct treatment of the racial problems as such. The word 'race' does not even appear in the index, while the Tomlinson Report ranks one sentence only. For an understanding of South Africa, Dr Cole's book is an essential point of departure, but of departure only.

The Unlikely Rebellion

Rebels in Paradise: *Indonesia's Civil War*

By James Mossman.

Cape. 257 pages. 18s.

NO insurrection in recent times has been launched with such inconsequential optimism as this one. A small group of army colonels and politicians met in a Sumatran town in February, 1958, and proclaimed a revolutionary government of Indonesia. One of them was Dr Sjafruddin, who until then had been Governor of the Bank of Indonesia. He had brought with him his numerous family and several suitcases full of banknotes from the vaults of the bank. He was proclaimed premier of the revolutionary government.

Those of the military rebels who had considered the possibility of retaliatory action by President Sukarno airily assumed that the invaders would be repulsed. In the event, when Sukarno sent his men, by sea and air, the operation was efficient and successful. The rebels offered no resistance and those who were not captured melted into jungle or mountain. In Celebes, in contrast, resistance was fierce, but there, too, the rebels lost their set battles and took to the bush, where they waged guerrilla warfare.

No attempt had been made to gain the support of the population in Java, the key to power in the Indonesian islands, where President Sukarno, a magentic orator, easily retained his hold on the people. The initial failure of the rebellion was therefore not surprising. There followed a more protracted attempt to bring President Sukarno down by economic pressure. Dr Sumitro, Indonesia's best, and best-known, economist, took charge of the rebels' finances. Even before the proclamation of a revolutionary government, there had been smuggling on a large scale from Sumatra and Celebes into Singapore and other likely outlets. In some measure, this smuggling was an assertion of regional autonomy. Dr Sumitro, as the rebels' minister of commerce, organised this smuggling in the service of the revolutionary government.

In the early days, the American Central Intelligence Agency, impressed by the anti-communist professions of the rebels, had sent—or at least, facilitated the delivery of—aircraft and other military supplies. Failure, however, begat failure, and the assistance soon stopped. Driven desperate, the rebels formed an alliance with the terrorists of the fanatical Darul Islam movement, whose aim—the creation of an Islamic theocratic state—was offensive to most of these westernised and well-intentioned men. This summer, the rebel leaders, civil and military, started coming out of the jungle and surrendering, just in time for the publishers to distribute an epilogue of two paragraphs for insertion in the book.

James Mossman, who covered this unlikely civil war from both sides, has written a lively and informative account of it. He makes no pretence of scholarship, and indeed quotes only one source (a good one) throughout his book; but his standard of accuracy is high, and he is fair to both sides. This is important, for the rebels, though their actions were ill conceived, had genuine grievances. The spelling of Indonesian names has been westernised, on the whole sensibly, though with some inconsistencies.

OTHER BOOKS

STATISTICAL MEASURES OF CORPORATE BOND FINANCING SINCE 1900. By W. B. Hickman with E. T. Simpson. *Princeton University Press.* London: *Oxford University Press.* 612 pages. 72s.

POLITICS AND VISION. By Sheldon S. Wolin. *Allen & Unwin.* 539 pages. 36s.

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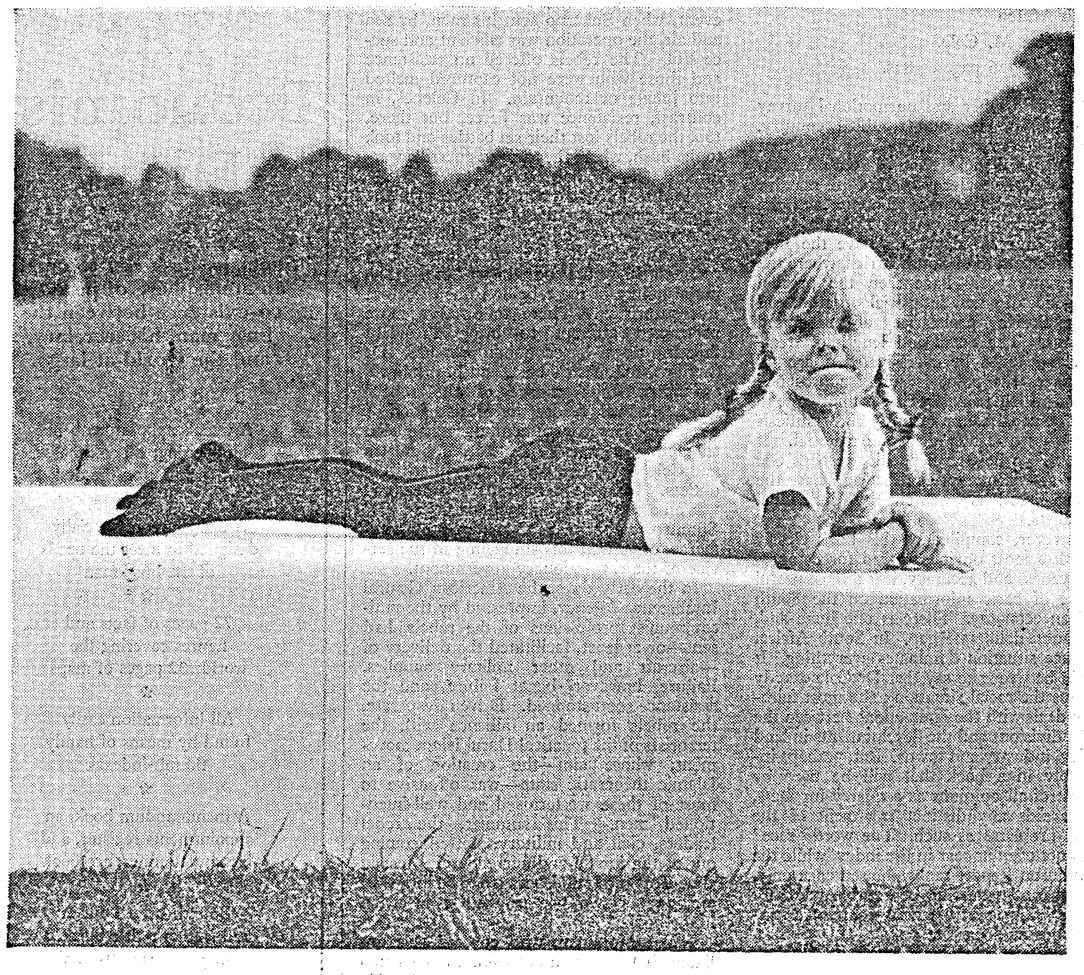
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THE WORLD OVERSEAS

Too Many Hamlets

FROM OUR PARIS CORRESPONDENT

PARIS has provided spring weather in December for this week's diplomatic festival, one of the occasions when it can claim to be the diplomatic capital of the western world. The foreign ministers of the three principal western powers, joined by Herr Schröder, their new German colleague, started work on Monday. Two days later the discussions were enlarged to take in the representatives of the other eleven members of Nato's ministerial council. During that time, elsewhere in Paris, the Western European Union was holding its assembly. And the foreign ministers of the common market countries chose the end of the week to elaborate their plans for political union. But the German question dominated all the others.

Berlin über Alles was the main tune of this December festival. It was certainly not performed harmoniously. A judgment on the whole performance, however, must depend on what one believes the purpose of the Paris meeting to have been. Was it designed to elaborate—on the basis of previous work by the experts—a concrete platform for negotiations with the Russians in the near future? Was its purpose to obtain General de Gaulle's blessing for further probing in Moscow? Or was it all merely staged to preserve a semblance of allied unity, while the real decisions are taken in a smaller circle—at Bermuda, or in Washington itself—on the basis of the ambassadors' reports from Moscow?

In recent years western meetings in Paris have been described as attempts to see whether the allies could keep in step with General de Gaulle. Yet this image of fourteen eager negotiators foiled by a solitary stubborn Frenchman is much too simple. The German Chancellor's visit to Paris, on December 9th, with the object of persuading the general that he ought to appear in the east-west conference room, was a proper prelude to this week's exchanges. Dr Adenauer has never been suspected of particular fondness for talks with the Russians. The ambivalent attitude of the two continental partners illustrates the complexity of the problem.

Dr Adenauer knows where the real power lies within the alliance and, while trying to influence the policy of Washington, he has never questioned American leadership. General de Gaulle's vision of *grandeur* allows for no other leadership than his own; France, moreover, is less directly dependent on the United States than Germany is, and it can, therefore, obstruct more openly. The French distaste for negotiations with the Russians is, officially, justified by the fear that the inevitable concessions would cause disillusion in Germany and prepare the way for a German shift towards the Soviet orbit. A less charitable view is that the crisis suits the French President. It enables him to exhort his reluctant officers to address themselves to other duties than the Algerian war. It renders Germany more co-operative than Germany might otherwise be. But once the problem is shifted from procedure to substance, it is Germany that has more to fear in the actual negotiation. Dr Adenauer came to Paris last Saturday to persuade General de Gaulle of the truth of the French saying that the absent are always wrong, and to plead with him to attend an east-west conference, if only so that he could veto any deal distasteful to Bonn.

The argument apparently carried weight. But to judge by the further course of events, it proved insufficient to alter the French position. The ministerial meetings were shrouded in



Thinking too precisely: Lord Home, Mr Rusk, Dr Schröder, M. de Murville.

secrecy, but the differences in the moods of the various delegations could be easily perceived. The French press greeted Mr Khrushchev's speech before the World Federation of Trade Unions, Mr Menshikov's press conference in Washington and the Soviet demand for General Heusinger's extradition as heaven-sent proofs of the impossibility of negotiating with the Russians, proofs striking enough to open even Anglo-Saxon eyes. By Americans, these events were greeted much less dramatically as manœuvres quite consistent with the present state of play when each side is jockeying for position. Naturally, it would have been preferable if the Russians simply accepted the western terms. There would then be no need for negotiation, since there would be no crisis over Berlin.

As if to emphasise French bad humour, on Tuesday M. Debré seized the opportunity of an oral question in the Senate to deliver an indictment of allied hesitation and incomprehension. He justified the need for an independent French deterrent, citing American conduct in the Suez crisis and in the Congo and contrasting, in general, French determination with allied softness. In the evening of the same day the four foreign ministers had to hold an extra session in order to produce fairly innocuous directives authorising "further exploratory talks." The French immediately claimed that there was nothing new in the mandate that allows the American ambassador in Moscow, helped by his British colleague, to go on probing Soviet intentions. In any case, the French would keep out of it. The British argued that the talks would now become more substantial; it all depends on what "substantial" means. And should the "explorers" succeed in finding a basis for negotiation, this week's unanswered question—whether France would join the conference—will be revived with a vengeance. The issue is the more disquieting since, once again, the four foreign ministers have apparently spent most of their time discussing whether to negotiate, not what is negotiable.

Having produced what looked like a compromise, the four ministers handed the matter over to the Nato council. Not that anybody expected that the additional pressure by, say, the Canadians or the Belgians would alter the French position. But in the Nato building, where military matters are often discussed, inter-allied controversy could be reduced to more real proportions. True, military questions were, on this occasion, pushed into the background by the Berlin debate. The problem of Nato's nuclear strike force (which many prefer to define as the question of how to turn Germany into a nuclear power) is not yet ripe. Experts are still arguing about the respective merits of a force based on land or on sea, and the time for decision will not come before the spring. But in a place where it is the custom to talk in nuclear

terms, it is easier to grasp that the most unyielding members are not necessarily, or not yet, those whose finger is on the important trigger. In the Soviet block the fiery Albanians have accused the Russians of cowardice and a weak deference to Western power. Each block, *mutatis mutandis*, has its own Albanians, whose intransigence is not quite matched by their might.

This week's meetings have not been all about Berlin. The Congo cast its shadow from the very start. The first, and probably crucial, meeting of the three foreign ministers, without their German colleague, was mainly devoted to Katanga. Then as London began its hesitation waltz and the lines got busy between Paris and the White House, rumours gained ground that the open Franco-Belgian hostility towards UN intervention, coupled with the British dislike of it, had proved stronger than the American backing. There was some rejoicing in many French quarters at the prospect of a new rebuff for that *Machin*, the "so-called" United Nations. But there were also more serious comments that foreshadowed the bankruptcy of the international organisation and deplored the new vistas opened up for Soviet influence in Africa.

"It would not be the first time"—was *Le Monde's* melancholy conclusion—"that big business has worked in favour of communism." It is at moments like this that the question is being asked whether western policy is doomed to be always reduced to its lowest common denominator. It is usually coupled with the warning that a Holy Alliance has less chance of lasting in the changing world of the twentieth century than it had in the past. So far, even when odd man out, General de Gaulle has shown great skill in reducing his allies to his own chosen pace. In 1959 he went on asking for proofs of Russian goodwill for so long that when he was finally convinced, the whole summit collapsed together with the U-2 plane. Mr Macmillan's meeting with Mr Kennedy at Bermuda next week might show whether Washington is still resigned to advancing at the gaullist pace, even if it involves the risk of Mr Khrushchev changing his mind by choice or under pressure. Until recently, suggestions that Mr Khrushchev was being accused of procrastination about Berlin by his communist critics had to be based largely on guesswork. Now the Albanians have publicly confirmed that the guess was right. Judgment on this diplomatic week in Paris must be suspended until it is clear what conclusions Washington has drawn from it. But Mr Khrushchev's willingness to postpone the Berlin crisis may vanish overnight, like the spring weather in Paris in December.

Threat to Diem

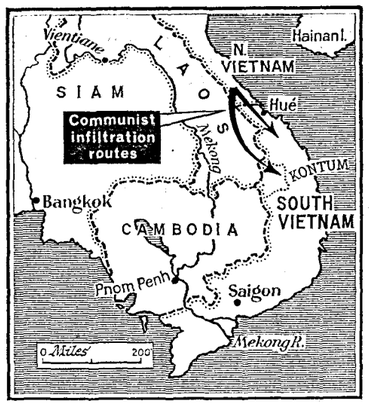
FROM OUR CORRESPONDENT LATELY IN SAIGON

WITHOUT doubt, the threat to the Diem government continues to deepen and darken as the communist guerrillas and regular North Vietnam army units, still firmly holding the initiative, pass confidently down the central highlands and fan out to the coast. On war maps, shaded areas of guerrilla "influence" indicate more than twenty zones of anti-Diem "liberation." One says "anti-Diem" because only a proportion of the inhabitants of these so-called "militarily insecure" areas are pro-communist ideologically; most, indifferent to either side, wish merely to avoid having their throats cut.

Approximately a thousand are killed on both sides in an average of 250 skirmishes or clashes every month. A large and swelling penetration bulge in the wild jungles of Kontum, halfway between Saigon and the artificial northern frontier, with unhindered access to Laos, could well become the territorial area for an "independent state" inside South Vietnam. Conservative American estimates agree that the build-up of the phantom invasion has doubled since the Laotian cease-fire. Significantly, the spearhead of communist aggression has shifted from the southern delta area to the north.

In Saigon, the pavement cafés in the tree-lined streets buzz with defeatist talk and gossip about the latest speculations and investments of the Diem family. However scurrilous and exaggerated this gossip, it is perhaps injudicious of His Grace the Archbishop, who is one of the president's brothers, to persist so doggedly in investments in Saigon real estate on behalf of his diocese. The once popular Saigon trek to the fashionable beaches at Cap St Jacques has trickled away because of the hazards of the journey. Seaside villas are deserted. The parents of children in the exclusive convent at the sacrosanct resort of Dalat are receiving kidnap warnings.

No one knows how much pressure has been exerted by the Americans on the president to secure army, administrative and economic reforms as the price of increased American aid. The curious recent spurts of anti-American propaganda in Saigon's controlled press probably reflected angry quirks of resentment against this pressure by the president's most powerful brother, Ngo Dinh Nhu. Nor is there any hard evidence that the Americans have pressed, even delicately, for the removal of any of President Diem's ubiquitous and unpopular relatives. Certainly this would seem, in any event, to be a futile and doomed aspiration at the moment. The visiting reporter must testify also that, in the face of the general deterioration, some objective diplomats in Saigon, who were hot for parliamentary reform and a democratic opposition a year ago, now argue that these changes should take a lower priority than more energetic military action and more active aid and comfort for the villages.



The nearer the loyalist troops are to the guerrillas and the busier they are in flushing them out, the higher morale tends to be. But there still seems to be a wasteful and useless concentration on digging-in, and on consolidating howitzer emplacements on mountain peaks, around which the guerrillas now gratefully slip. The evacuation of vulnerable villagers—especially the primitive, G-string dressed *montagnards*—to safer settlement areas is being speeded up, and belatedly tough groups of American-trained Rangers are being sent into the jungle to live off the country and meet the enemy on level terms. But the operational period of these aggressive patrols in still limited to less than one week; it should be increased to a month or more.

The American military advisers are bracing themselves for the pending delivery of the vital rice harvest. Normally the rice deliveries from the delta area in the south are spread evenly over the March-September period; the current harvest, it has been ordered, must be rushed to Saigon by the end of March. On all the evidence, the Viet Cong (communist) forces are preparing to harass and sabotage this emergency harvest movement and to take full advantage of the transfer of the thinly-spread troops from villages to convoy duty.

The basic tasks in South Vietnam, as they were in Malaya, are to protect the people and to convince them that their interests and welfare lie with the anti-communist forces. The second task, of course, is economic and political, rather than military. The conviction is still receding in South Vietnam.

Commonwealth Approaches

FROM OUR BRUSSELS CORRESPONDENT

WHAT was planned as a two-day meeting last weekend between Mr Heath and the ministers of the Six finished, in fact, at the end of the first day. Within that time the ministers managed to find mutually acceptable solutions to the difficulties of principle their deputies had encountered, and so were able to instruct the latter, and the working parties, to continue the marshalling of facts on certain agreed new lines: by common consent, the inevitable protracted ministerial debate is not to begin until the total statistical picture has been clarified and made more complete.

One difficulty had been that in the meetings of deputies the British delegation had felt unable to authorise a study of the effects on Commonwealth imports of a gradual British adoption of the common external tariff: on Friday Mr Heath announced that he had no objection to a hypothetical study of this subject, provided it was understood to be purely exploratory and not to imply any pre-judgment of the outcome of negotiations between the ministers.

The second difficulty had arisen because Britain wished to study Commonwealth problems on a regional basis, trying out the possibility of association with the common market before discussing individual products, while the Six had wished to do exactly the reverse. In fact, both approaches in some degree involve each other, as both negotiating teams had found, and there was general relief among them, at the deputies' meeting earlier in the week, when M. Jean François Deniau, leader of the commission delegation, suggested a middle way.

His proposal was discussed and approved both by the Six and by the British delegation, and was put up to the ministers on December 8th. It would divide Commonwealth problems into four categories, classified according to the principal export products of the countries concerned: 1. Those countries whose exports might be harmed by the application of the common external tariff. 2. Those producing goods similar to the exports of the states (mainly African) at present associated with the community. 3. Those (like Australia and New Zealand) whose exports will be affected by the community's common agricultural policy. 4. Those that do not fall into any of the previous categories—for example, those whose economies depend on their being free ports, or transit areas, or military bases.

THE shortcomings of this kind of classification were acknowledged by all, including the commission's speaker, when the proposal was set before the ministers. It was recognised, for instance, that the categories might need to be re-defined or increased in number as work proceeds: that they would not indicate the fact that some products might be more essential to an area than their modest output might imply. Countries depending on entrepot trade might find such dependence insufficiently brought out; nor could possibilities of expansion be reflected in figures of existing trade. By concentrating purely on trade figures as it does, this method leaves out of account all political or other non-economic factors, and tends to emphasise problems rather than possible advantages either to the Six or to the Commonwealth.

Despite its recognised limitations, the Deniau proposal was agreed on all sides to represent a useful synthesis of the "by country" and "by product" approaches. It should enable ministers to see some shape in the mass of statistics that is diligently being accumulated, and which might otherwise begin to seem dauntingly impenetrable (it is easier to find one's way about in a timber-yard than in a forest, even if the log-piles overlap, one minister remarked). So at the end of the day the working parties were sent back to their statistics. The ministers' deputies are to meet again on December 19th and 20th as well as on January 9th and 10th, when they will draw up a report for the next ministerial meeting, tentatively arranged for January 18th.

On the morning after the meeting Mr Heath saw representatives of the European Free Trade Association and later completed his visit by a long session with Commonwealth diplomats in Brussels—a meeting that, in spite of a press report to the contrary, they themselves later described as harmonious and satisfactory.

CONGO COMPLEXITIES

Report from an Uncountry

FROM OUR SPECIAL CORRESPONDENT

LEOPOLDVILLE

THE events around Elizabethville seem less dramatic here than they did a week ago in Europe. The Katanga question has provoked a minor student demonstration against Mr Macmillan, General de Gaulle and Dr Salazar (the Congolese government is paying for the British broken windows, windscreens and slashed tyres). But Mr Tshombe, in the eyes of Mr Adoula and General Mobutu, is really no more of a "secessionist" than Mr Gizenga. Everyone knows that the Republic of the Congo, far from being unifiable in any current constitutional sense, can develop harmoniously only if it is first subdivided into twelve or fourteen compartments, instead of the present ex-Belgian six—already there are two *de facto* Katangas, two Kasais and a serious split in the Equatorial province. The intelligible African fact is that King Leopold II's former estate is the scene of an experiment in, usually gentle, anarchy which would have delighted Bakunin. Africa will "jell" in its own good time. Just now it is liquid.

The Congo has now definitely replaced Ethiopia as the world's leading surrealist country. It is the place where the American ambassador found an alligator in his garage, where two more (alligators, not ambassadors) swam into the Congo-flooded generating plant at Stanleyville, where yet a fourth is believed to have eaten the west German ambassador in November (he was wading near the bank with a tow-rope; nothing of him was seen again but his panama hat). It is the country with no budget, which has lost between 50 and 75 per cent of its exports but has had only a 30 per cent inflation. It is the territory where 80 per cent of government expenditure is on the large salaries of civil and military officials, and where the Leopoldville working class, or rather the 60 per cent of it that still has employment, is earning what it did when the Congo was Africa's richest colony.

The essence of this low-tension equatorial anarchy is the mutual toleration of most of the politicians. The two odd men out have been the late Mr Lumumba, and to a lesser degree Mr Gizenga. The first wished to galvanise the *jeunesse* and use it to smash the Congolese notables. General Mobutu, who looks like nothing so much as an African Hamlet, broke Mr Lumumba, and the *jeunesse* of Leo has never recovered from the hammering it received from General Mobutu's troops. Mr Gizenga, now titular vice-premier, is by no means done with. His is an evasive genius and he is patient enough to await his moment. His power is the more remarkable because as an orator he is negligible. His speech of November 25th on Stanleyville radio was, perhaps, a landmark: in it he denounced prime minister Adoula and all his works, invoked the ghost of Lumumba, and called on all Congolese soldiers to follow him in an attack against Mr Tshombe. Mr Gizenga's main grudge is that Mr Adoula has not given the ministry of defence to a Lumumbist. In revenge, Mr Gizenga's General Lundula has withdrawn his agreement to serve under Mobutu. Mr Gizenga also demanded a new constitution, a new capital, and the removal of

the UN from the Congo. Nobody is known to have rushed to his colours yet.

Most European analysts here, who have "thought themselves in" after a year's practice, agree that Mr Tshombe's Katanga needs to be, in some sense, reduced. This is symbolically necessary even if it is objectively impossible, for the loss of Katanga has become an alibi for the Leopoldville establishment. So long as Mr Tshombe insists on his present type of separatism, Leopoldville will maintain that no constructive effort in any other sphere is worth while. This does not mean, of course, that Leopoldville is squarely behind the UN. The UN is a convenience which may, or may not, sire a favourable turn to Congolese events. Somehow it may bring back the lost revenues of Katanga. At the same time the UN is criticised harshly. Mr Justin Bomboko, the foreign minister, has signed an agreement with U Thant whereby all UN personnel receive diplomatic status; "18,000 diplomats more !" is the headline of this week's *Présence Congolaise*.

The trouble is that the Congo Republic is being administered, if that is the word, by three distinct semi-entities: the Central Government (situated on the territory's extreme north-western tip), the United Nations, which is a kind of roving interference-machine, and the Belgian auxiliaries. The latter, who when they are paid at all receive about a quarter of the UN remuneration, have never recovered from the abrupt independence scuttle. Now the Belgians lack the necessary moral impact on the Congolese, which would enable them to mould events. An exception is the railway, for which some 300 new Belgians have been recruited in Brussels by Mr Tamba, the Congolese director, against the advice of the UN. The other exception is, of course, Lovanium university. It is now widely argued that the time has come when the Belgian administrators can take their place in the UN civilian services.

The Congo seems to hold lessons for Kenya and other places in Africa where disorders will certainly happen. One lesson is not to become involved in military operations in pursuit of juridical unity on behalf of an African government. This sort of action can hardly have lasting results, for it remains for public opinion an alien manoeuvre. Secondly, it violates African feelings of propriety which presumably require African antagonists to face each other unattended by outside umpires. If there were cruel tyrants to be crushed, the matter might be otherwise. But neither Tshombe nor Gizenga seem to be such. The real tyrant in the Congo is the armed undisciplined soldier who has nothing to do with politics.

Digesting Mr Tshombe

FROM OUR SPECIAL CORRESPONDENT

By Wednesday Leopoldville knew that the UN had captured the highest building in Elisabethville; an Ethiopian battalion had been flown in; and Ghanaian and Tunisian troops were on their way. This suggests that within the next week Mr Tshombe will be forced to negotiate. The United Nations says that the command of the Katangan gendarmerie has passed out of Mr Tshombe's political control and into the hands of the mercenaries. This seems unlikely. It is much more likely, now that the UN has defended its position in Katanga, that there will be direct negotiation between Mr Tshombe and the central government. Mr Justin Bomboko, the Congolese foreign minister, left Brussels on Monday after saying that his government was, as always, ready to talk to Mr Tshombe.

Angry remarks have been made here about Mr Tshombe's character and associations, but one has the impression that ever since the conference at Coquilhatville the moderates now to be found in Mr Adoula's coalition government have not wanted to destroy Mr Tshombe as a political figure. This would be normal in Africa, where politicians do not take their mutual detestations as seriously as elsewhere. Mr Lumumba's downfall was the result of his dictatorial spirit. Neither the central government nor the main newspaper, *Le Courier d'Afrique*, has been violent about Katanga during the past week. Mr Adoula has been silent, apart from the formal communiqué he has issued jointly with the UN explaining that their common objective is the removal of foreign mercenaries.



Street scene in Elisabethville

Mr Gizenga in Stanleyville has made all the running. The town has been without light or electricity, because the Congo river has been in flood. Mr Gizenga has conferred by candlelight with his Jugoslav adviser, Mr Pavlovic. Mr Gizenga represents the Congolese revolutionaries. He knows that if Mr Adoula can win credit for getting Katanga back, he himself will lose face.

The Leopoldville ministers, especially Mr Gbenye, the minister of the interior, are shrewd enough to realise that they cannot dislodge Mr Tshombe. They are not certain that the UN can, either. They hope it can, but they are not anxious to be too closely associated with the UN's military campaign. This is seen by the Congolese as an engagement between two groups of non-African mercenaries.

The whole concept of the unity of the Congo raises but a faint cheer among regional politicians. It is still a matter of discussion in the Leopoldville press. One recent headline in a weekly newspaper was "Confederation does not mean Secession." The slogan seems to be, "Back to Tananarive," where a confederation was agreed with Mr Tshombe. If only Mr Tshombe can be quickly brought in, it is argued, the *loi fondamentale* can be changed, a new constitution introduced, and the provincial boundaries redrawn. The six Belgian boundaries correspond to no ethnic or other communities in an Africanised Congo.

Both Mr Adoula and Dr Linner fear that the economy will collapse before unity is restored. It was set on the downward slope by the 480 per cent increase in soldiers' pay, and the 380 per cent, 115 per cent and 93 per cent increases secured by members of parliament, state workers and civil servants respectively. Now workers in private industry are belatedly joining in the scramble. The loss of Katanga meant the loss of half the Congo's foreign exchange earnings. The economies of Mr Gizenga's Orientale province and of Kivu province have virtually seceded from the rest of the economy. The Orientale administration has been debiting the central treasury (as it has the right to do) with all of its astronomical public expenditure. On the other hand, it has not credited it with the province's tax receipts. Now Stanleyville has run out of bank notes, with the result that Mr Gizenga's army is displeased.

Only Katanga and the Leopoldville province have maintained production at something like the pre-independence level. The important plantations, notably the producers of palm oil, are run-

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ning at a loss, because of the departure of the managements, the loss of labourers and intimidation by the local army. There can be no central control of the economy, even assuming that non-Congolese administrators can be found, until the Katanga question is decided; nor can there be any question of foreign aid except in the form of direct budgetary subventions or gifts.

The Congolese are much more literate than, say, the Tanganyikans and they have received much more technical training. What is lacking is any conception of the state, or of the objects of politics. At present this administrative void shows no sign of being filled. In a sense the Republic of the Congo, having been a kind of Belgian alter-ego, is strongly connected to Europe. The simultaneous departure of the government and the administration, an event unique in Africa outside Guinea, has made it look like a European country evacuated by the bourgeoisie under threat of fire, sword or pestilence. It will be some time before the Belgians —40 per cent of the pre-independence population—who remained or have returned find their place in the new Congo. The government is half-anxious to re-engage Belgians, but politically it is too soon to take many. It seems that the United States, which has not only paid for nearly all of the UN operation, but also kept the economy afloat, will have to carry the Congo for some time. President Kennedy's Congo policy has been consistently distinguished by its unobtrusive efficacy. Britain's can hardly have appeared as anything but petty interference.

Seen from Brussels

FROM OUR BRUSSELS CORRESPONDENT

OPENING almost any Belgian newspaper these days, one gets a first impression that the whole country is one big Katanga lobby. Condemnation of the present United Nations action is practically universal: even the Socialists—who, like the British Labour party, habitually back the United Nations—have become so embarrassed about the Katanga "war" that to avoid discussing it their press has been driven to such desperate devices as exclusive interviews with a reluctant prime minister on the future of space travel.

Perhaps the most dismayed Socialist of all has been the foreign minister, who is also in charge of African affairs, M. Paul-Henri Spaak. For months M. Spaak has been fighting in defence of his Congo policy against open and strongly expressed hostility from his Catholic and Liberal critics, and with not over-warm support from the Socialist benches. Some of the objection to M. Spaak, including that from his own party, rests on personal grounds. As first president of the United Nations assembly, drafter of the common market's Rome treaty and former secretary-general of Nato, he is the leading Belgian statesman of established international reputation; this has caused some resentment among parliamentarians, who too often limit their sights to the Flemish-Walloon frontier. Ironically, now that M. Spaak's Congo policy seems to be in ashes, the country has belatedly approved it; on Tuesday he was applauded by all parties in the Chamber when he described what line he had taken in recent months. Now, retrospectively, M. Spaak's critics seem to see virtue in the policy of moderation on which they have been pouring scorn for months, if only because M. Spaak's clearly expressed, though unpopular, loyalty to the UN has established his right to speak sharply to it now. As one anti-Socialist Belgian put it, the public realises that in M. Spaak it has had a leader.

Briefly, the attempt that M. Spaak has made since he took office at the beginning of May has been quietly to heal the breach between Belgium and the UN, and especially to aid the UN effort to reconcile Katanga with the central government in Leopoldville. The quietness of his methods has been criticised; but as he no doubt explained to his friend, the late Mr Hammarskjöld, when the two last met in Geneva on July 12th, the government could not carry the nation with it in any abrupt *volte face*. The public at home was convinced that Mr Hammarskjöld was the nearest thing to the devil that they had seen since Patrice Lumumba. And as for Katanga, most of the Belgians there were infected with an extremism like that of the Europeans in Algeria: a high proportion of them are openly anti-UN and anti-Brussels, and have no intention of obeying unwelcome directives from the home government. Their defiance of Belgium has been encouraged by Mr Tshombe, who expelled M. Spaak's envoy, M. Muller, after he arrived in Elisabethville on July 7th to explain the new policy to the Belgians there.

The removal of military and political advisers required by the Security Council was bound to be difficult: but at M. Spaak's request Mr Hammarskjöld supplied a full list of these advisers. They were eventually removed, as M. Spaak told the Security Council on November 15th. But in fact only the less extremist among them appear to have come home: the rest found their way back to Katanga, where Mr Tshombe was happy to use their services. The loss of their passports decreed by the Belgian government has not so far seemed to make an appreciable difference to them.

Mr Justin Bomboko, foreign minister of the Leopoldville government, told the UN in November that all the Katanga whites were accomplices in Katanga's secession; but as M. Spaak observed, this statement was completely unprovable and risked provoking a *chasse aux blancs*, the kind of man-hunt that might lead to innumerable tragedies like that of the thirteen Italian airmen who were murdered at Kindu. The only sane way to meet the problem, according to M. Spaak, was to seek by every possible means to reconcile Messrs Tshombe and Adoula. He had done all in his power to foster the UN attempts at conciliation, and until about ten days ago was still optimistic; but the latest UN action was, he told Parliament, "completely inadmissible." There was, he added, no juridical or moral basis for war operations, which far exceeded the rights of legitimate defence against provocation.

M. Spaak repeated to the Chamber on Tuesday that as between Elisabethville and Leopoldville he would back Leopoldville. The first time he had made this open statement, in New York, there was uproar in Belgium; but this week it was received quietly, and it is expected that diplomatic relations will soon be re-established between Brussels and Leopoldville. Obviously Belgium will be better able to look after its citizens there (and less dependent on UN protection for them) if it is once more able to open its embassy and consulates. This step may also smooth out another anomaly that the Belgian government finds difficult to explain to the home taxpayer: Belgium continues, in accordance with the unratified

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Out this week:

MEXICO

The government has taken measures to improve the terms of trade by encouraging Mexican manufacturers to export. These measures are detailed, and their chances of success—particularly in the context of the Latin American Free Trade area—are assessed in some detail. The policy which assigns a minority role to foreign capital in joint enterprises is likely to be continued: the review notes developments in both industry and infrastructure against a background of continuing monetary stability.

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treaty of friendship and assistance, to pay a third of the salaries of all Belgian nationals working in the service of the nominally unified Congolese state. On October 1st this year there were 2,117 of these, including more than 1,000 teachers, 92 doctors and a number of administrators, engineers and agricultural experts. They also receive $400 a month in Belgian francs as "danger money"; their family allowances, their future pensions, and the pensions of all retired Congolese state servants are paid by the Belgian treasury, which also backs the Congolese national debt to the extent of $17 million. This year 1,085 Congolese students are studying at universities and colleges in Belgium. All this "technical assistance" has cost Belgium some $2 million this year and will cost $1 million more in 1962—a sizeable expenditure for a small country that is itself grappling with austerity problems.

Why does Belgium continue to do this? "A little bit from habit," an official of the former African affairs ministry told your correspondent—and also because Belgian private savings in the Congo still exceed $3 billion. It is a sign that Belgium still hopes to retain friendly links with the Congo when the present nightmare is over. After all, the Belgians were proud of their work there and regarded it as a world showpiece of benevolent, if admittedly paternalist, government. That is why Belgians feel deeply about the present shambles, quite apart from their frustrated despair at being everybody's scapegoat, and, latterly, their astonishment at the United States, whose attitude, they feel, threatens to break the western alliance. Knowing the Congo as they do, the Belgians are convinced the UN "war" cannot possibly give quick success: guerrilla fighting could continue in the bush for years, with a UN victory always just round the corner like Governor Lacoste's "final quarter of an hour" in Algeria. In the meantime they see life becoming again as primitive for the Congolese as it was before Livingstone and Stanley ever arrived, with the installations of the Union Minière, the Otraco, and the other companies in ruins. In the Belgian view, it makes no sense at all from any point of view for the UN to destroy the goose that lays the copper eggs.

Ireland and the Congo

BY OUR SPECIAL CORRESPONDENT

DR CONOR CRUISE O'BRIEN has given Dublin its best talking point for a generation, and its not exactly reticent citizens are making the most of it. International affairs fascinate the Irish, whose own tiny stage is insufficient to absorb their attention and their insatiable capacity for speculation. Dr O'Brien played a major part in shaping the new, outward-looking foreign policy that Ireland has pursued since its admission to the United Nations in 1955. In the United Nations its status as a small nation, which had hitherto limited its international role, became an actual advantage. Ireland has consistently followed a policy of non-alignment. As recently as December 4th the Irish scored a fresh triumph when their motion, calling on the nuclear powers to limit the spread of atomic weapons and on the non-nuclear ones to refrain from developing them, was passed unanimously by the General Assembly.

Apart from his share in creating Ireland's new look, Dr O'Brien is a man of unusual depth and complexity whose different talents and careers make him difficult to classify. The Anglo-Saxon may be puzzled and therefore irritated by a polymath, but the Celt is not. In Ireland, where talent is hardly thick upon the ground, to be good at more than one thing is a positive recommendation. Free thinking, liberal, with left-wing tendencies, Dr O'Brien may seem a curious hero for Catholic Ireland, but most Irish heroes have been unorthodox.

By resigning, Dr O'Brien was able to make his attack on the British Government in an especially personal and dramatic form. Had he remained an Irish diplomat it can be surmised that the same points would have been made in an infinitely more discreet and muffled way by his chief, Mr Aiken, with whom he enjoys a very close and friendly relationship. As it is, the violence of his attacks has not only dismayed the Irish foreign ministry by its lack of diplomatic form, but seriously embarrassed the government. Mr Lemass may be genuinely concerned about the Congo, but he is also intent on fostering good relations with Britain and France and so facilitating the entry of Ireland into the European common market. He has endeavoured to extricate himself by insisting that everything Dr O'Brien has said or done has been either in the service of the United Nations or as a private individual.

Irish policy is unlikely to be changed as a result of Dr O'Brien's utterances, at any rate for the moment. Backing up the United Nations has the approval of all parties, and the UN policy in the Congo is also generally supported. Most people accept Dr O'Brien's



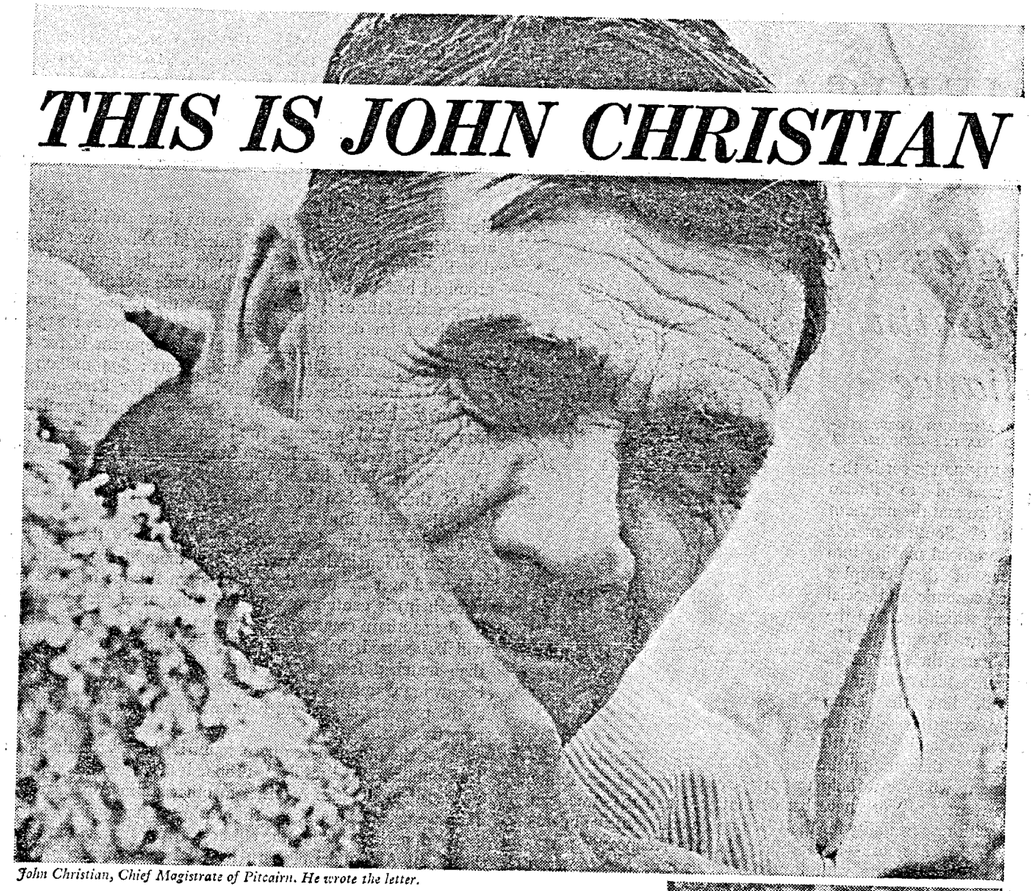
At New York: U Thant, Gen. McKeown, Dr O'Brien

accusations against the Union Minière, and suspect that he is probably right about the British Government, too. The Irish government does, however, have its critics. Two members of the Dail, Dr Noel Browne (champion of the Irish health service and alleged martyr of the Irish bishops) and Mr McQuillan, have declared their opposition to any Irish role in the Congo. Ironically, they have also been—by dint of an aggressive exploitation of the procedures of debate—the champions of Dr O'Brien in the Dail.

Yet if they had their way all, and not only part of, what Dr O'Brien stands for would be destroyed. Another source of criticism is from those who regard Katanga as a model Christian state being crushed on behalf of the communist rest of the Congo, aided by the pinks in the United Nations and at Iveagh House. In the state, Senator Quillan of Cork, and in the Church, Dr Brown, Bishop of Galway, have been the principal exponents of this view. Neither is exactly representative. Where this motley assortment of eccentrics could acquire influence is if things began to go really badly for the Irish troops in the Congo. What happened at Jadotville in September is already felt as something of a national humiliation, and if there were a massacre of Irish troops, then the cry of "bring back the boys" might be raised. Dr O'Brien's accusations could then be brought in as evidence of the "dirty" nature of the whole business, from which Ireland would be better off disengaged.

Any anti-British cause has built-in support in Ireland. Dr O'Brien is also helped by the Irish sporting instinct. People see him as a brave, comparatively young David taking on the two old ogres, Macmillan and de Gaulle. Whether Ireland will be able to find a place for him when all the shouting has died down is another matter. The personal tragedy lies precisely in that. With the foreign service ruled out, it is difficult to see what future Ireland can offer this militant and brilliant public servant.

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It's not a large supply. About £300 worth in fact.

But British Petroleum believes that people, and their problems, matter.

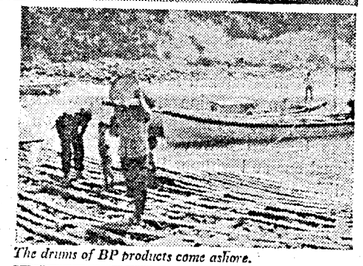
ATTENTION BRITISH CURLEW

So, the 15,000 ton BP Tanker *British Curlew* is diverted from the regular New Zealand run. She anchors off Bounty Bay. And through heavy surf, whale boats ferry ashore the 10 and 12½ gallon drums of Pitcairn's fuel supplies. Paraffin for lighting; Diesel for the Island's generating plant; petrol; Energol lubricating oils.

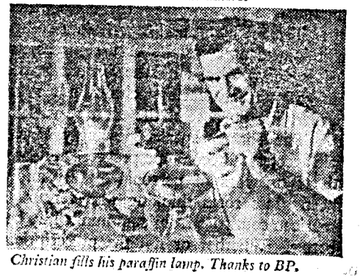
Thanks to BP the Island is re-fuelled again.

BP

BRITISH PETROLEUM



The drums of BP products come ashore.



Christian fills his paraffin lamp. Thanks to BP.

AMERICAN SURVEY

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

Progress on the Latin Alliance

FROM AN AMERICAN CORRESPONDENT RECENTLY IN SOUTH AMERICA



MR KENNEDY'S sortie this weekend to Puerto Rico and the northern shoulder of South America marks the official moving into high gear of that complex effort at economic and social face-lifting which is called the Alliance for Progress. His trip celebrates the start of an experiment which will, if all goes well, link the Latin American countries with the United States and also with each other for their mutual benefit. The names of the nine high-level experts who are to help to put the provisions of the Punta del Este charter to work have been announced and the American charged with responsibility for the Washington end of the co-operative web—Mr Moscoso—is travelling in Mr Kennedy's party. That the journey starts with Puerto Rico, where Mr Moscoso gained his experience in putting a country on its economic and social feet, and continues to Venezuela, where he has served as American Ambassador, suggests that the chosen prototype of the Alliance is not the Marshall Plan with its European overtones, but the Puerto Rican Operation Bootstrap, which is entirely of the western hemisphere. That was successful on a small scale. It remains to be seen how well its lessons are applicable on an international one and without Puerto Rico's special advantages.

The differences are important. Operation Bootstrap, which raised the average annual income a head on the island from $121 to $600 in a decade, was undertaken within the governmental structure of the United States, which was able not only to pour money in but also to "forgive" the taxes which would normally come out. The Alliance for Progress is a co-operative agreement between independent countries of various economic and political shapes, sizes and grades, with the United States able to act only as a friend and partner offering technical advice and lending money.

The underlying purpose of the exercise varies with the interests involved. The charter speaks glowingly of a desire to "bring our people accelerated economic progress and broader social justice within the framework of personal dignity and political liberty." In northern grass roots thinking, the venture is meant to save Latin American countries from communism by helping their people to live better. Whether or not the prescription is the right one may be arguable. But the heads of nineteen states—all but Cuba—have approved the diagnosis and agreed to try the cure. The United States is already at work on its share; within nine months after Mr Kennedy launched the idea Mr Dillon, the Secretary of the Treasury, announced that most of the first billion dollars promised had been allocated. The details sketch one layer of the co-operative fabric: $390 million took the form of Export-Import Bank loans for development and related purposes; $250 million from the Agency for International Development is for technical assistance, development loans and grants; $94 million in agricultural commodities comes out of Food for Peace funds; $78 million for housing, community development and rural credits is from the social progress fund administered under the Inter-American Development Bank. Since February the Inter-American Development Bank has also made 58 loans totalling $221 million, all of them backed by an equal amount from the borrowing countries or institutions.

The larger United States pledge to supply the major part of the $20 billion in loans which it is thought that Latin America will need over the next decade (western Europe has also promised some help) is contingent on the fulfilment of reciprocal promises by the southern countries and on the will of Congress. That body will be assured that every dollar which goes south will be more than matched from local funds, land, labour and so on in the borrowing country. But Congress will take a hard look every year at the progress charts and balance sheets before appropriating the next fraction.

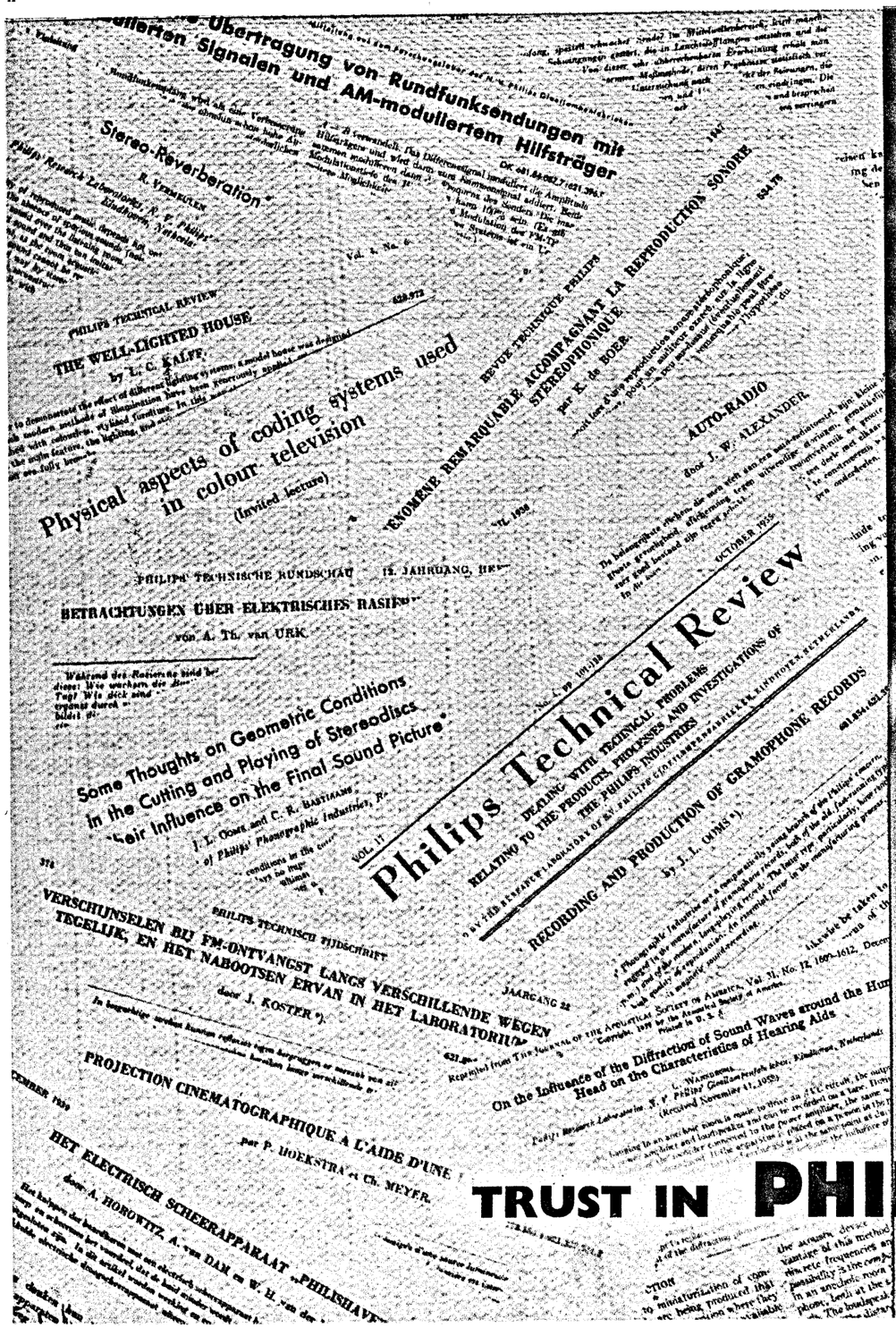
What the nineteen southern countries have been doing has been less publicised. President Frondizi of Argentina undertook an unprecedented series of visits to other Latin American countries, then went travelling about the world, perhaps with shopping lists in hand, perhaps testing the efficacy of American aid in other lands. President Alessandri of Peru has had that country's uninhabited eastern slopes surveyed by an American firm to find out whether Peru's expanding Indian population might not be guided that way instead of being allowed to continue seeping down into Lima's crowded slums. President Betáncourt of Venezuela began planning for his country's improvement while he was a political exile. The agrarian reform and self-help projects which he is showing President Kennedy this weekend are only a fraction of the work now under way. The same thing is true of the new self-help primary school near the Bogotá airport, where Mr Kennedy is to lay a cornerstone under the proud eye of President Camargo of Colombia.

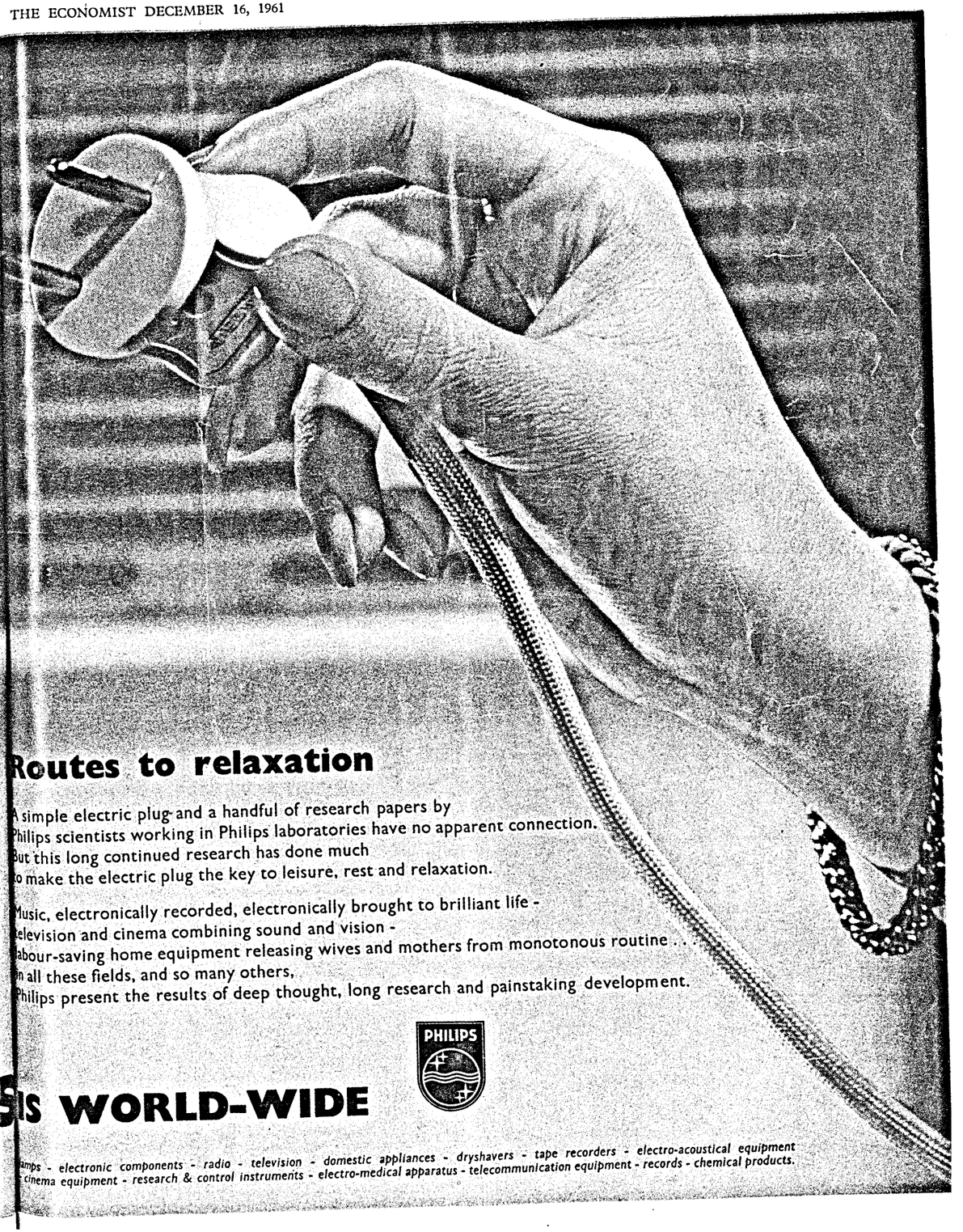
ATTEMPTS to get behind the oratory, to find out what kind of a flamingo the Alliance is and what the chances are that it can be turned into a useful mallet, collide at the moment with operational uncertainties. As an organisation, the Alliance sounds like a co-operative nightmare filled with man-traps and at least as amorphous as the British Commonwealth. It has no central headquarters yet, apart from the Organisation of American States whose economic and social council gave it birth. Nine wise men the "high-level experts" who have just been appointed, will advise on projects submitted and requests for loans; three of them, representing respectively the OAS, the United Nations Economic and Social Council and the Inter-American Development Bank, will apparently be fitted into an executive troika. Within the United



Good old Johnnie Walker

THE SCOTCH OF SCOTCH Born 1820—still going strong





Routes to relaxation

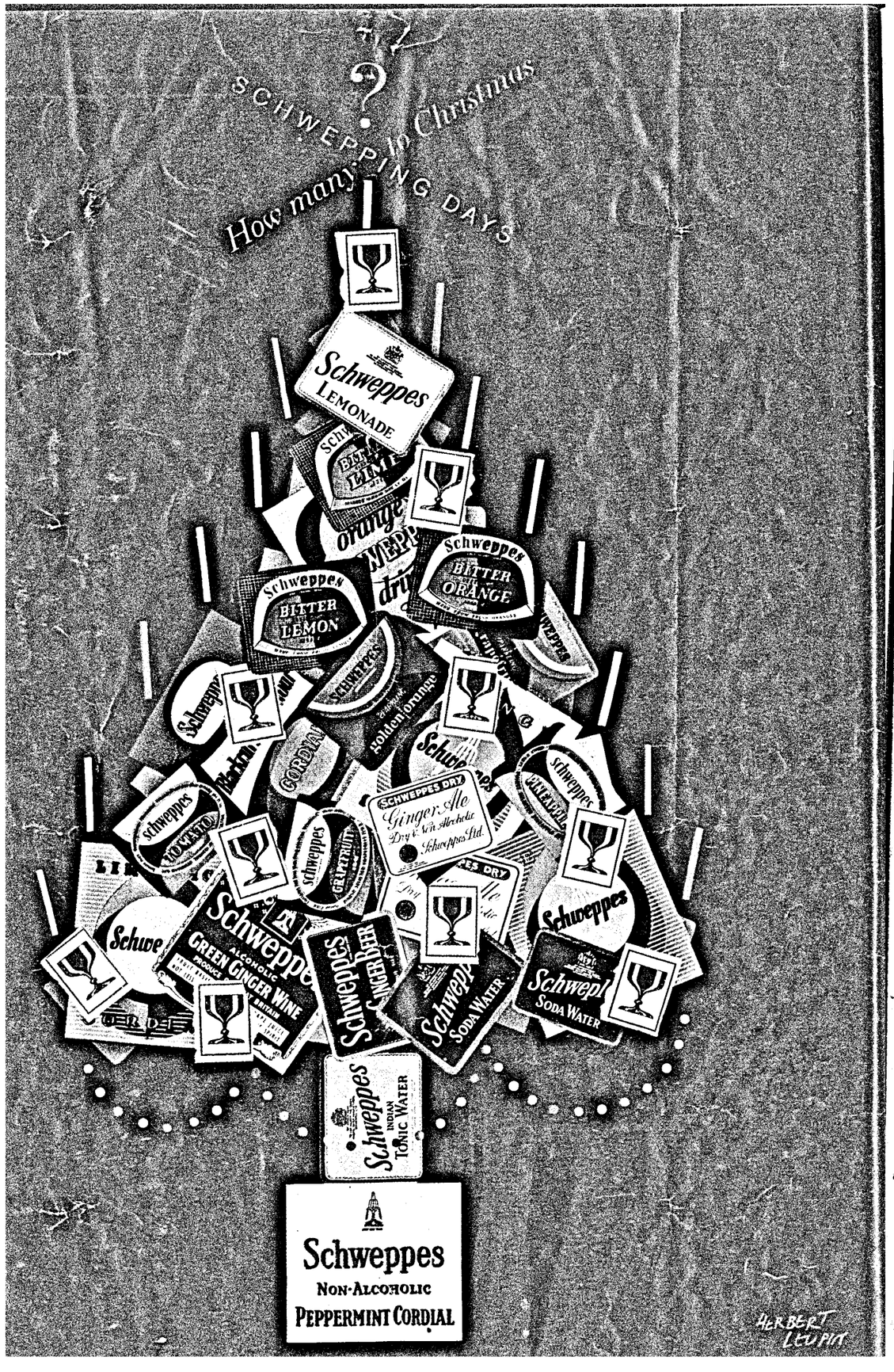
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States the alliance will operate the Latin American division of the new foreign assistance organisation, AID, with Mr Moscoso as regional administrator for Latin American affairs.

The American press has tended to present the Alliance as newly sprung full-armed from the brows of Mr Kennedy's Harvard frontiersmen but its heritage is older. It has behind it not only the good neighbour policy of the nineteen-thirties, but also the sporadic efforts of the Organisation of American States, the Operation Pan America proposed by a Brazilian President in 1958, the Act of Bogotá of October, 1960, the country analyses of the World Bank and the studies and training programmes of the Economic Commission for Latin America. Without the pre-natal work of Sr Raúl Prebisch of Argentina, now named co-ordinator of the nine wise men, there might have been no ambitious new effort. As Secretary General of ECLA, with crowded quarters and a devoted staff in smoky Santiago de Chile, he has for years gathered data and made it dependable, lectured South American statesmen on the economic needs of their own countries and trained a generation of young economists to develop the skill and enthusiasm needed to attempt so complex a programme. It is rumoured that he may move to head a new institute for Latin American economic development, to be supported, at least in part, by United Nations funds. His appointment to the expert panel of the Alliance, like the appointment of Mr Moscoso at the American end, is a bright gleam in a still murky picture.

The strength of the Alliance will lie in its backing by experienced and determined men in positions of command over governmental, business and international bodies which have the needed skills and funds. Its weaknesses are political and historic, not only within the countries being urged into action, but also within their representative body, the OAS, which has won no fame as a tower of strength or decision. Critics of the Alliance, pointing also to local prides and political ambitions, to various degrees of inbred inertia, to entrenched interests unconvinced that their time is up, insist that the only cure for the rising tide of population and of popular agitation for change is active revolution. Enthusiasts, on the other hand, argue that the needed degree of social and economic change is possible through the "controlled revolution" implicit in the charter. Not the least of the key questions is whether the Latin countries and the United States Congress can be held to the main lines of the programme for the prescribed ten years.

Blue-print for Civil Rights

FROM A SPECIAL CORRESPONDENT

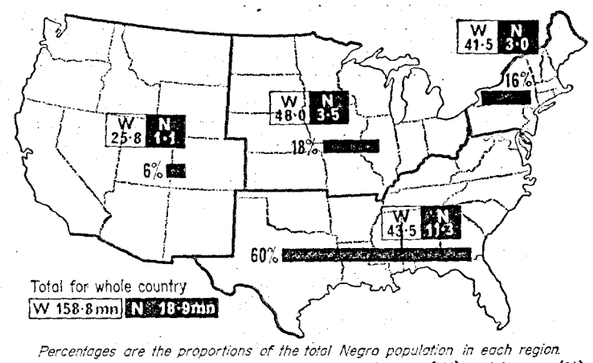
TERRELL County, in rural Georgia, is typical of the Black Belt—the name given to a swath of old plantation land that swings across the southern states. It is cotton country, rich soil that has been worked by slaves and their descendants. Negroes predominate in numbers but the whites, fearful of being submerged in a black majority, keep all the power by a combination of politics, economics and physical terror. Two-thirds of Terrell County's citizens are Negroes but until recently fewer than one per cent of them were registered to vote; six Negro university graduates seeking to register were excluded on the ground, among others, that in a reading test they assertedly mispronounced the word "equity" as "eequity."

In 1957 James Brazier, a Terrell County Negro in his thirties, was arrested on a charge of speeding in his new car. According to Negro witnesses whose accounts appear in a report issued recently by the Civil Rights Commission, Brazier was beaten and kicked by a white policeman (there are no Negro police in the Black Belt) who said:

> You smart son-of-a-bitch, I been wanting to get my hands on you for a long time. You is a nigger who is buying new cars and we can't hardly live. I'll get you yet.

A year later Brazier was sent to prison again, this time for protesting against the arrest of his father, and beaten with a blackjack. He died five days later of brain injury. The federal government convened a grand jury and requested indictments of three of Terrell County's policemen under a statute dating from 1866 (the only federal law applicable) which makes it a crime for any official "wilfully" to deprive a citizen of his constitutional rights. The grand jury, made up of Georgians, refused to indict.

This story, as told by the Civil Rights Commission, illustrates several important aspects of the race problem. It shows how interconnected are the various forms of discrimination against the Negro. The police could be brutal because Negroes in Terrell County had no political or economic power; any of them attempting to exercise their political rights might have had to fear reprisal. Under the American federal system, the government in Washington may be powerless to overcome local prejudice. And, finally, there is significance in the very fact that the story of Terrell County and James Brazier has been brought to the attention of the public by the Civil Rights Commission.



Percentages are the proportions of the total Negro population in each region. Figures in blocks are of actual numbers in millions of whites (W) and Negroes (N)

The commission is one of the real surprises of the Kennedy Administration. By law it is a non-partisan body but its recent achievements are nevertheless attributable in good measure to Mr Kennedy and his advisers. Created in 1957 in the first civil rights legislation of the modern era, the commission stumbled along during the Eisenhower Administration with three southern and three northern members. President Kennedy filled two vacancies with deans of law schools—Dr Erwin Griswold of Harvard, a libertarian Republican, and Dr Spottswood W. Robinson 3d of Howard, a militant Negro Democrat. Together with the remaining members and a new, resourceful staff director, Mr Bernhard, they have made a real weapon of the commission's power to investigate and expose the state of civil rights in the United States.

In the last three months the commission has turned out five substantial volumes of reports, covering the fields of voting, schools, employment, housing and the administration of justice. The reports supply detailed facts to support the generalisations already familiar to thoughtful Americans: that Negroes cannot vote in parts of the South, that they are relegated to inferior schools homes and jobs and that they are more likely to be the victims o police brutality than are white men. Perhaps the most importan contribution of the commission has been to focus attention on th gravity of the Negro's situation in the North. There the vas post-war housing boom, nurtured by federal funds and federa mortgage insurance, has made this the land of the suburb—an

kept the Negro out. Families with dark skins have been confined in the deteriorating central cities and financial institutions have been unwilling to provide the money to stop the slide to slums. Young Negroes in such areas attend inferior schools and have little chance of obtaining anything but menial jobs after they leave. This causes fierce psychological pressures and it is no wonder that delinquency is increasing. Dr Conant, the former president of Harvard University, warned the country, in a recent study of major significance, that the failure to provide Negroes with the expectation of decent homes and jobs could lead to a terrifying social explosion in the urban North.

In a way it is easier for the federal government to move against racial discrimination in the South because there it is so flagrant and there it is usually imposed by state law. The private estate agent or house-owner who discriminates against Negroes is much harder to control and may indeed be beyond the federal government's reach. For example, the Supreme Court has outlawed the enforcement of formal covenants against the sale of property to "non-Caucasians." But a firm in Washington which excludes Negroes and Jews from its luxury estates has neatly frustrated that ruling by making all buyers promise in their contracts to let the developer know before concluding the sale of a house and give him a chance to buy it back first. A handful of states have laws against racial discrimination in the sale or rental of houses. The Civil Rights Commission recommended unanimously that a federal Executive Order should make a promise of no discrimination a condition of receiving federal housing funds or mortgage insurance and President Kennedy is reported to have such an order on his desk awaiting his signature. But one would have to be an optimist indeed to imagine that the social pressures to exclude Negroes from white suburbs will be overcome so easily.

THE degree of unanimity achieved by the Civil Rights Commission in its proposals for action has been astonishing. The six members, including the two remaining white Southerners, were united in recommending that Congress make six years of school an automatic proof of literacy in the hope of eliminating the unfair tests imposed by southern election officials. Even more surprisingly the commission's members were unanimous in suggesting that Congress require every school district that segregates children by race to come forward within six months with a plan for desegregation. They all urged Congress to ban racial discrimination by trade unions; their exclusion of Negroes from apprentice training is a major source of economic inequality. There was no dissent from recommendations that federal funds be supplied to improve the calibre of local police forces and that federal law be tightened to make easier the prosecution of brutal police officers.

The fate of the commission's proposals remains uncertain. No legislation of this kind can get through Congress without the strongest backing from the White House and the White House is clearly not spoiling for a civil rights fight at the Capitol when it needs every vote it can get for a new trade programme and other legislation. The Administration points, with justification, to the great progress it has made without any new laws. More court suits to break down voting barriers have been brought in 1961 than in the previous three years; even in Terrell County a long-standing case was won and some Negroes were registered to vote. The schools opened without violence this autumn for the first time in some years and several big school districts began to desegregate the races. A massive assault has been launched on segregation on railways and buses, and a new presidential committee is making real progress against job discrimination practised by companies with government contracts. Nevertheless, the momentum of history and the growing political power of the Negro suggest that Congress may be debating the Civil Rights Commission's proposals at its next session.

Christmas Cheer

IT would have been surprising if share prices on Wall Street had not reached a new peak this week. The normal trend on the stock exchange is upward at this time of year and in the past few days this has been backed by a whole series of record-breaking statistics. Capital spending, which has fallen in 1961 even further below 1960 than was forecast, is expected to be higher than at any time since late 1957 in the first quarter of the new year. This will help spending on construction to reach the new record that is prophesied for 1962; this year's disappointing figures for industrial building, coupled with lagging outlays for new highways, explains why construction did not quite come up to expectations.

There is nothing disappointing about Christmas sales. These are running 8 per cent ahead of last year, instead of the 4 or 5 per cent that had been forecast. Shoppers, who began at last to dip into their full pockets in October, dug even deeper in November when they spent $19.3 billion, an increase of 3 per cent for the second month running, breaking a record set in April, 1960.

Cars sold particularly well in November and the optimism of motor manufacturers has much to do with the fact that steel production has finally begun to go up satisfactorily. Much of this output is to fill orders for current consumption although it is thought that manufacturers are beginning to lay in stocks as a hedge against the steel strike that is possible next summer.

UNEMPLOYMENT



as % of civilian labour force, seasonally adjusted.

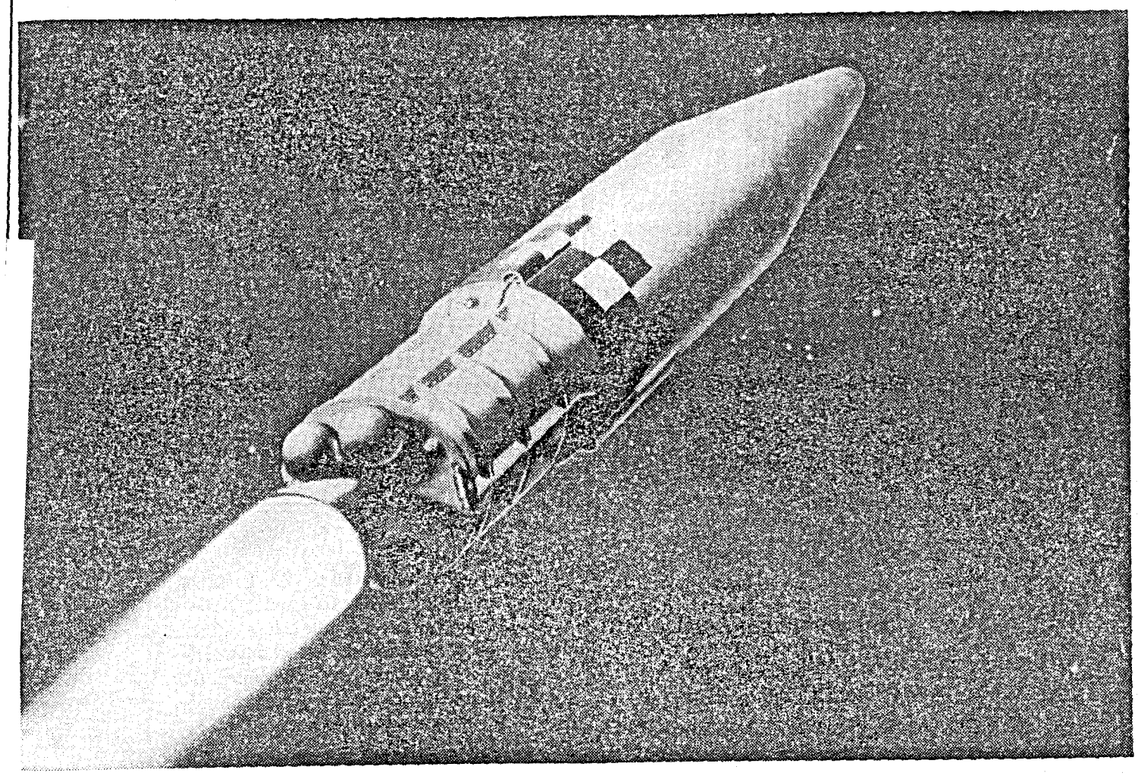
A strike then looks more likely since this week's trade union convention. The President and his Secretary of Labour urged the unions to limit wage increases to amounts justified by improvements in productivity or by the need to eliminate inequities between industries. The plea was reinforced by the announcement that in November the average factory worker's pay went up to a new record of $95.82 a week. But even the Administration was forced to admit that its other cheerful announcement on labour was not as encouraging as it seemed at first hearing. Unemployment is still too high, even though in November it went up much less than usual in that month. The Administration expects this improvement to continue but labour leaders argue that it is merely temporary. The only permanent remedy for unemployment, in their view, is a constantly expanding economy stimulated by increases in purchasing power resulting from wage advances. If individual unions abide by the convention's resolution this will be the objective of all collective bargaining in 1962, inflation or no inflation.

Atmosphere on Tests

ALTHOUGH preparations are being made in the United States for a resumption of nuclear tests in the atmosphere, all tests of weapons are now being done in restricted conditions underground and Mr Kennedy has given no public indication of what his decision will be. A vital consideration at present is how much progress the Russians have been making, as shown by the fifty tests in the atmosphere which they completed early in November. At the end of last week the Atomic Energy Commission, on the basis of investigations carried out by scientists under the direction of Dr Bethe, of Cornell University, stated firmly that the Russian tests have not altered the balance of nuclear power in favour of the Soviet Union, although it detracted somewhat from this firm-

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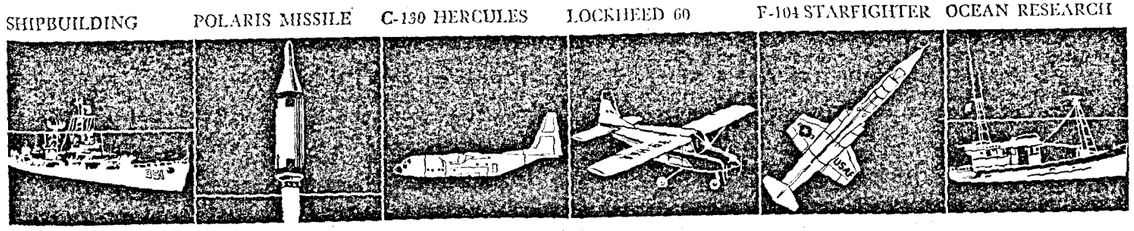


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Long John

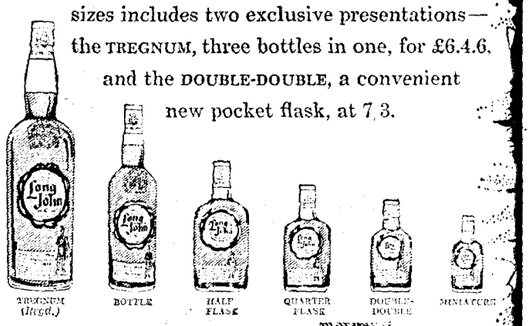
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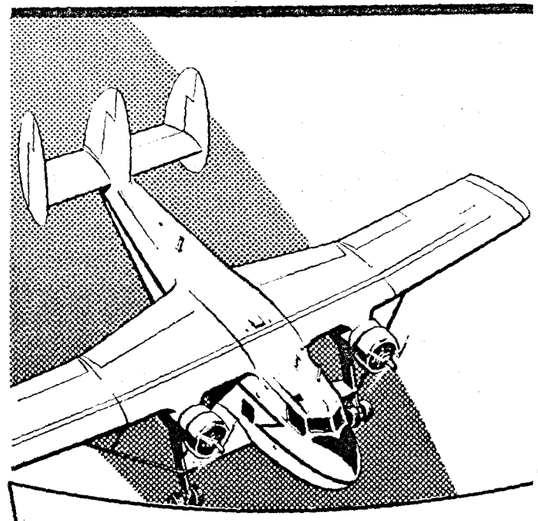


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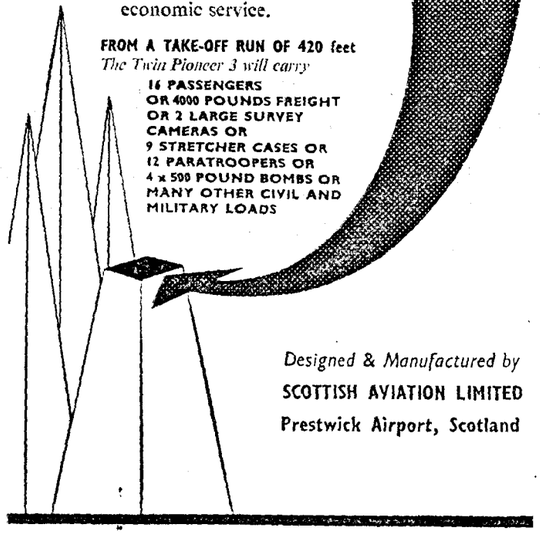
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ess by adding that the balance of power depended not only on chnology, but also on the numbers of weapons available and on ffective systems of delivery.

The AEC conceded, however, that the tests showed that the Russians had made advances in technology, especially in improving he yield-to-weight ratios of weapons; up to now this "efficiency" as been thought of as particularly American. It opens the way o more destructive big weapons and to smaller mobile ones for use n the battlefield. The commission was also struck by the low fall-ut from the Russian tests. For the whole series this is now put at 5 megatons although on the basis of previous Russian, American nd British experience it might have been expected to reach 60 megatons. This "cleanliness" is welcome to those concerned bout immediate fall-out but less comforting to those concerned bout the refinement of Soviet nuclear technology. According to he account in one newspaper, some officials declare that it is no onger possible to say that the United States has a decided nuclear lead and even Dr Bethe, who has long opposed the resumption of ny tests, is now reserving judgment on the advisability of testing n the atmosphere. This restraint is not shared by those who have always wanted more testing and, even if Mr Kennedy wishes to hold back, it may be impossible for him to do so.

Meanwhile other scientists are busy evaluating the results of a very different test—the explosion, for purely peaceful purposes, of a 5-kiloton atomic bomb in the salt-beds of New Mexico. Project Gnome, as it is called, is intended to discover whether the heat generated 1,200 feet under the desert can be used to run an electric generator, whether useful radio-isotopes can be mass-produced and cheaply recovered, and how the effects of an explosion in salt-beds differ from those in volcanic rock. All that is known so far is that the explosion was unexpectedly powerful. Observers were jarred and there was a small escape of radioactivity from the shaft sunk in the desert.

Television Talks Back

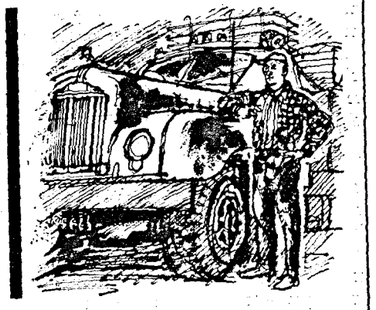
It is six months since Mr Minow, the new chairman of the Federal Communications Commission, threw down his gauntlet to the television industry with the charge that most of its programmes constituted a "vast wasteland." Yet it was only last week that the heads of two of the three networks—Dr Stanton of the Columbia Broadcasting System and Mr Sarnoff of the National Broadcasting Company—took up the challenge with simultaneous speeches deprecating any government interference with programmes on the grounds that this would stifle creativity and might lead to censorship. No doubt the broadcasters thought that if they lay low Mr Minow might begin to wield his new broom less energetically. If so, they have been disappointed. The FCC is still calling for power to regulate the networks, over which it has no direct authority, although they provide half of all television programmes and more than three-quarters of those shown during the peak viewing hours. Early next month the FCC is to hold hearings on the subject, just as Congress comes back to Washington. A counter-offensive was plainly indicated.

The industry is also alarmed by the seriousness with which the FCC is taking its responsibilities concerning television and radio licences. These must be renewed every three years, but until last year—when the FCC revoked two licences, one in Miami and one in Boston, on the grounds of improper attempts to influence the original grants—it had never used this ultimate sanction in the television field and had not done so for fifteen years where a radio station was involved. Now, however, the FCC, heartened by many letters supporting its stand against violence, vulgarity and mediocrity, is moving toward ordering licensees off the air on the grounds of poor programming.

A licence in Indianapolis was revoked recently and this week an

Daylight on Moonlighting





When about 4 million people are out of work "moonlighters"—that is, workers who hold more than one job—are bound to attract indignant attention, particularly from the trade unions. Three million men and women, 4.6 per cent of the labour force, are moonlighters. They include the notoriously underpaid policemen, firemen, teachers and postmen, as well as students and farmers; in all these occupations the hours or seasons of work make a second job feasible. Some white-collar workers also do part-time work which requires special skills.

Many widely-held views about these busy bees are, however, false. A study of moonlighting in a week in December, 1960, which has just been published by the Department of Labour, shows that, contrary to popular impression, their numbers are not increasing and that the name itself is a misnomer. Only about a third are on the job at night, while a quarter perform their secondary tasks at the weekend and nearly half do so during ordinary daylight working hours. Only 180,000 (8 per cent) held down two full-time jobs. Nearly two-thirds worked full-time—35 hours or more a week—on one job and part-time on the other; the remainder were employed part-time in both cases. The average moonlighter worked 50 hours a week, 11 of these on outside tasks.

Several attempts have been made to ban moonlighting on the ground that it robs the unemployed of jobs. But the Secretary of Labour doubts the value of such a ban. The secondary jobs of 850,000 of the moonlighters consisted of running their own farms or businesses, careers not open to the unemployed. Those of another half million of the moonlighters lay in professional and managerial fields and required skills and experience possessed by few of the men and women out of work. It would not even be easy to fit unemployed people into the 1.6 million less demanding jobs now held by moonlighters; some need special qualifications, others are traditionally reserved for men or for women, some are in places where there is no unemployment. Finally, earnings from the second job were usually small and most of the jobs were of a temporary nature.

Generally a person with more than one job does not follow the same occupation in both of them. Professional and technical workers stick closest to their speciality, but if they branch out are likely to be salesmen in their off-hours; farmers tend to be factory operatives or craftsmen in their spare time; salesmen often turn to farming or become clerks. Professional and technical workers and farmers lead in their rate of multiple job-holding, closely followed by teachers and government employees. Men are much more likely to be moonlighters than women and most of these men are in the 25-54 age group, with families to support. Negroes and whites are about equally likely to have more than one job.

FCC examiner recommended that a station in South Carolina should not have its licence renewed partly because it allowed a disc jockey to broadcast "bucolic *double entendres*," but also because it had fallen down in providing adequate programmes on public affairs and educational subjects and for children. Applicants for licences have to say how they will use the time at their disposal; at last the commission is checking up on how these promises are kept. In the past year 135 of 500 applications for renewal of licences have been held up on account of questions about programmes. In fifteen cases formal hearings are to be held and 28 other stations have been granted only short-term renewals. The industry will use all its influence with Congress to persuade it to clip the commission's wings; if this fails, it will turn to the courts to fight what it is sure to allege is an infringement of free speech, although the FCC insists that it abhors the idea of censorship. Unluckily for the broadcasters, most of this winter's programmes were fixed before they realised that they were to be put in the dock.

New Horizons for Welfare

Most of the growing public hostility to the present system of public welfare centres around two programmes: that for aid to dependent children, which absorbs over a quarter of the $4 billion spent every year for relief by the federal government, the states and local communities, and that for local assistance (where available) to the able-bodied unemployed. Programmes for the blind, the disabled and the aged arouse little criticism from the tax-payer. But—as events showed last year in Louisiana and this year in Newburgh, New York, and in the District of Columbia—the public is coming to suspect that the joint federal-state programme for aid to dependent children too often subsidises loose women. To revive public confidence is one reason for changing the system; the first instalment was announced this week by Mr Ribicoff, the Secretary of Health, Education and Welfare. But one of these changes—the renaming of the Bureau of Public Assistance, which is now to be the Bureau of Family Services—is a symbol of the Administration's deeper determination to reshape public assistance in order to help needy families, some of whom are second or third generation problems, to surmount their difficulties and to become self-sustaining as far as possible.

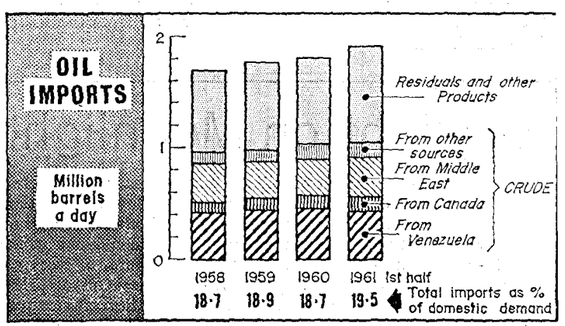
One reform this week was the permission granted to states to disregard the earnings of teenagers in assessing the resources of a family which applies for assistance, though only if the earnings are to be used for further education or job training. Mr Ribicoff also announced that the states must make more efforts to trace fathers who desert their families and to eliminate fraud. But his main point was that welfare workers must pay more visits—at least four a year—to families receiving aid for their children. More social workers will be needed and the states are asked to improve their training and recruitment. The federal government now pays half of all administrative costs but this proportion may be increased.

Other changes which Mr Ribicoff has in mind require congressional assent. He wants to extend the present temporary permission to help families whose bread-winner is out of work (under the permanent legislation families are broken up because they are not eligible for help if the father is living with his wife and children). Federal funds are also to be sought for day-care centres which would look after children, so that the mother can go out to work, and for work relief projects chosen by the local communities; here the emphasis would be on preserving and adding to the skills of the unemployed, not just on making them "pay" for their relief cheques by shovelling snow. Finally, for families which have shown themselves incapable of handling money, vouchers for the rent and groceries may be substituted for cash payments. All this might cost another $400 million a year but it would be money well invested.

Oil Pressures

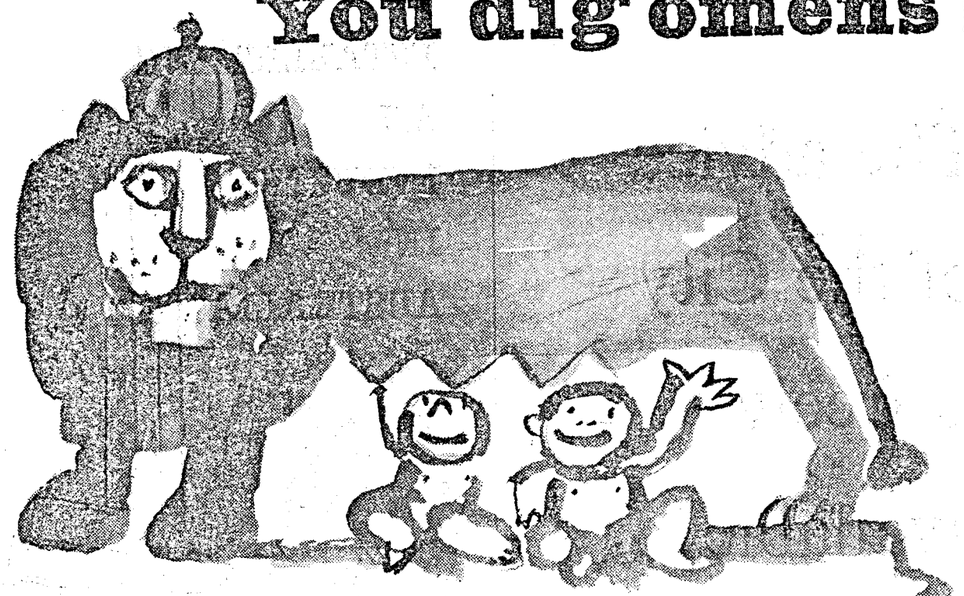
It seems unlikely that President Kennedy is going to prese his Venezuelan hosts this weekend with a removal of the restri tions on imports into the United States of residual fuel oil, near all of which come from Venezuela. This might have been done counteract the unneighbourly impression of the cuts which had bee confidently expected this month in the quotas limiting imports crude oil. But these quotas are now to remain unchanged unt at least the middle of next year, while the oil situation is reappraise by the new Office of Emergency Planning. This postponement in itself enough of a gift for the Venezuelans to satisfy even th State Department, their main defender in Washington's argumen over oil imports.

The Department of the Interior is the main defender of th domestic oil producers, who are furious that they are not no getting the additional protection against imports of crude oil whic they thought that they had been promised, and of the coal industr which claims that its markets have been ruined by imports residual fuel oil. The coal interests are backed by the railway which transport the coal and attacked by the principal users residual, the factory owners, who claim that their costs have gon up because of the restrictions; these protests are especially we organised in New England, President Kennedy's homeland. Th oil producers make common cause with the coal miners in order t strengthen the pressure for protection, even though they arrang their refining operations so as to produce little or none of th unprofitable residual product and so do not themselves object t this particular competition from abroad.



It is easy to sympathise with the domestic oil companies who have seen imports go up and their own profits and output go down in spite of the quotas—voluntary since 1957 and mandatory since 1959—which were supposed to build up the American industry so that it could be relied on to meet all demands in time of war. But even an official of the Department of the Interior has told the oil producers that the fault lies mainly with their own miscalculations and that they should reduce their costs and develop new uses for their products instead of appealing to the government for more protection. It is significant that the OEP is to take into account the need to promote economic growth as well as the welfare of the domestic petroleum industry in framing its alternative means of "achieving our security objectives." But whether its recommendations are for a complete change of policy or not, it seems likely that the main reason for the reappraisal is to take some of the pressure off the President while he is trying to get his new tariff policy through Congress. To have increased the protection given to what is already one of the most protected of American industries would have made his advocacy of freer trade look hollow. To have refused to do anything would have added strength to what is already a powerful and bitter opposition.

You dig omens?



MCMLXI

You read stars, signs, palms, bumps, tealeaves, entrails, etc.?
Oh good. Hearken while Wilmot soothsaying Breeden, closing one eye, announce amazing portents. (Gentle reader, read gently.)

December BC 753: Romulus buries Uncle Remus, founds Rome.
December BC 218: Hannibal camps on Alps, sights Turin Town Hall.
December BC 1: Bir son of Brum founds Birmingham, invents engineering.
December AD 1859: Garibaldi founds Italy, invents biscuits.
December AD 1961: Wilmot Breeden invest Turin. Banners and trumpets.
A parley. W.B. acquire 45% share-holding in S.A.F.E. (say "Sahfay"), largest suppliers locks and small mechanisms to Italian motor industry.
Fiesta. Battle of flowers.

W.B. Zerotorque locks long manufactured under licence (sotto voce).
Close consultations (conversazioni). Technical exchanges (contrappunti sincopati)
on methods, meccanismi, raw materials (prosciutto crudo). And now,
in Torino, bullseye (osso buco) of automotive Italy (Italia rallia), S.A.F.E. weds
Wilmot Breeden in marriage of true minds! Yo ho, Cagliostro! Ye stars knew all.

Wilmot italic Breeden, far-sighted, fecund (ma non troppo) . . .
S.A.F.E., industrious, molto vivace . . . celestial partners
these, buddi predestinati. More trumpets! More flowers!
Common Market This Way! And Echo answers *Ecco!*

Wilmot Breeden

England, France, Italy, Switzerland, Australia, U.S.A.

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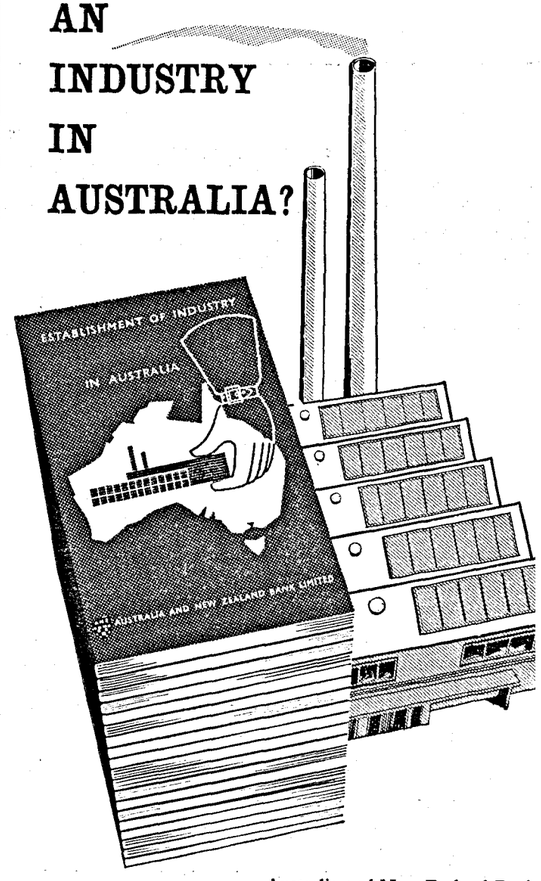
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THE BUSINESS WORLD

Capacity and Steel Profits

'N a recent study of American steel prices, the United States Steel Corporation produced figures which, it argued, showed a direct linear relation between the operating e in steel production as a percentage of capacity and the ofits of American steel companies. For every ten percentage ints that the operating rate went down, it reckoned, there s a fall of 4 per cent in the rate of profits, after depreciation t before tax, as a percentage of capital employed. During e year to September 30th last, in Britain, output as a per-ntage of steel capacity fell to about 82 per cent; but the erage for these twelve months was about 88 per cent, against per cent in the industry's preceding financial year. Do e sum on the ratio that the American companies have worked it, and six percentage points down in capacity would imply fall of just on two and a half per cent in net profits before x as a percentage of capital employed. In 1959-60 the itish steel companies were making, say, 15 per cent on their pital employed: if that came down to, say, 12½ per cent, would mean an average fall of about one-sixth in the profits lown. Is that the average that one should expect for British eel companies in 1960-61?

Until the full reports for British steel companies begin to ppear, we have no figures for capital employed to reckon ie percentage rate of profit earned. Up to the time that *The Economist* went to press this week, seven large steel ompanies had reported their preliminary results for 1960-61, mong them six of the industry's biggest companies. The rofits of these seven were down by an average of about 27 per ent below 1959-60, which is a good deal more than the merican ratio would have implied. It will be interesting to ee whether any clear ratio of this kind will emerge from the British results. The American companies seem able to break ven much farther below capacity than ours do (the correla-ions quoted above suggested that profits would not reach zero ntil the operating rate was down to 40 per cent of capacity). But these differently-sized industries are at least of a kind. And certainly the fall in capacity working offers the most plausible eason for the sorry crop of British steel results this year.

It was not so much a fall in production: this was only about 1½ per cent below that of the previous twelve months. But throughout the year the industry's productive capacity was creeping up: the average for the year to September, 1960, 26.39 million tons was 1.10 million tons more than in 1959-60. And one practical link between output and capacity—the reality behind the correlations—comes in the level of produc-tivity when plant is or is not busy. Measured as labour productivity, this appears to have fallen significantly in the last financial year; the industry's index of output per man-year went down by 5 per cent. This is really, however, a matter of capital productivity and the cost of it: the assets employed in the steel industry are now growing considerably in value as well as capacity every year, and no industry can afford to produce less from this more efficient but also more expensive park of equipment.

The fall in productivity may have had more than a pro-portionate effect on costs. When prices of coal and later of fuel oil rose during 1960-61, the Iron and Steel Board delayed increasing prices, and finally increased them less than it would otherwise have done, because it was counting on a continued upsurge in productivity from the newer plant steadily coming into operation. That did not happen. It is not clear to the outside observer why a fall of only 1.6 per cent *in output* should have wholly offset the effect of perhaps 5 per cent of new capacity, since it would ordinarily be the old plant that a company keeps idle when demand is slack. But some of the extra plant has consisted of mills of the same kind coming in simultaneously, such as plate mills. These are costly, offer significant but not dramatic improvements in productivity, and hence probably need to operate very close to full capacity to gain such potential savings as they do embody. Since prices were not put up as much as costs might have justified and moreover, productivity actually fell, margins in steel have been drastically squeezed at home. Abroad, premiums on anything except occasionally tinplate are a thing of the past: export prices softened further in 1960-61 and during the year were generally lower than British home prices.

As was noted in these columns last week, stocks of finished steel in the hands of merchants and consumers at the end of September were still about 234,000 tons more than those a year before; but stocks in the hands of producers were down by about 100,000 tons. The highest figure ever shown by the consumers' and merchants' stock census was in March this year, 4,658,000 tons of finished steel; the 1961 peak of producers' stocks came in February, 2,783,000 tons. Between that quarter and the end of September there was a reduction of about a quarter of a million tons in each of these sets of stocks, and 336,000 tons of this total fell in the third quarter. That represents 460,000 tons in crude steel equiva-lent, a reduction at the rate of more than *a million and a half* tons a year.

Steel consumption has dipped rather than grown this year, and there seems little reason why it should turn upwards until, say, the middle of 1962. Private investment now appears likely to slacken considerably in terms of steel demand,

and even though public investment is likely to rise, this may not be enough to keep total investment, and its demand for steel, from sinking slightly. Exports of engineering products should rise ; and for home sales, too, there may be some growth of demand from the motor industry. This might indeed need to turn to re-stocking earlier than other consumer industries, since consumers' stocks of sheet have been cut more drastically this year than those of most other steel products. The motor industry, moreover, always makes do with a somewhat lower level of stocks relative to production than various other major users, so it might be less likely to go in for any once-for-all reduction in consumers' stocks to a more economic level— possibility now haunting forecasters in the steel industr

If this does not happen, and the cyclical turn upward th one would otherwise expect does occur in stocks, then at so point in 1962 the industry's fortunes could shift significant for the better. But whether this will come in time to mak much difference to the companies' 1961-62 results is mo doubtful. One lesson of the last few years in steel is that higher level of capacity, of output, of consumption—and confidence in reasonably early deliveries—seems at prese to be making for larger fluctuations in the industry's operatin

The Companies Report

Almost all steel companies report on the same financial year, which makes comparisons between their results and those for the whole industry more meaningful than in most kinds of manufacture. Every steel company, however, lives within its own unique business situation, as this week's results indicate :

STEEL shares have proved to be very sensitive to the varying fortunes of the steel companies as reflected in their 1960-61 results. Their prices have first been tugged one way and then another. After the John Summers results were published before the weekend, prices, for instance, improved a little but their average gain of two per cent, as measured by the *Financial Times* index, was soon wiped out by news of prospective redundancy at Dorman Long's Cleveland works and more particularly by the trading results of **Colvilles.** These were broadly in line with the estimate given at the time of the rights issue in July when the directors said that profits after tax and depreciation, but before any transfer to capital reserve, would not be very different from those of 1959-60. In fact, on this basis profits in the year to September 30th fell by 4.6 per cent. But this paints too bright a picture of the group's trading results in 1960-61, for the tax charge has been reduced by over £2 million through the incidence of investment allowances and trading profits before all charges fell by 15 per cent from £16,169,000 to £13,742,000. The whole of the fall in profits occurred in the second half of the financial year, when trading profits fell from £8,226,000 to £5,516,000.

In the six months to the end of September the directors say that demand fell noticeably and this is reflected in the fall in the half-yearly output of steel ingots and castings from 1,155,000 tons to 887,000 tons. Margins were squeezed as increased costs were only partially met by the rise in steel prices. The directors add that "present indications are that the current level of operations is being maintained and although lower than last year it is still profitable." There are as yet "no signs of a revival." Earnings in 1960-61 covered the maintained dividend of 16 per cent four times but profits seem likely to fall further in the current year.

Except in spun iron pipe and castings, production at the British works of **Stewarts and Lloyds** fell in the year to September 30th ; but the value of the group's sales, including those of its overseas subsidiaries, rose by 13½ per cent, from £139.4 million to £158.4 million. But gross profits before tax and after a higher depreciation charge fell by over 23 per cent and the gross profit margin declined from 13 per cent to just under 9 per cent. The reasons the directors give for the fall in profits are: "first and foremost the absorption, without compensating home trade price increases, of significant additions to costs, mainly fuel, wages and salaries ; secondly, a reduction in exports of tubes to the oil and natural gas industries ; thirdly, a fall in export prices for general purpose tubes as a result of competition from overseas tubemakers." One point they do not mention in an otherwise comprehensive preliminary report is how much the inclusion for the first time of a full year's earnings from Staveley Iron and Chemical has added to the group's profits in 1960-61. In 1959-60, Staveley earned £1¼ million; hence, the fall in the group's gross profits ex Staveley must be more than 23 per cent. The consolidated net income has fallen by 27 per cent but, as forecast, the total dividend is left unchanged at 15 per cent ; the shares arising from the rights issue in May rank for the final of 10 per cent.

This issue produced nearly £13 million and the directors say that "a further approach to the market is not expected to be required in the near future" and that they have received "an assurance of adequate assistance" from their bankers. At some time, that assistance will be needed for, having spent £10.2 million on capital account in 1960-61, Stewarts and Lloyds has the balance of its development programme, amounting to nearly £48 million to finance.

The big shock in the preliminary state ment of the **Steel Company of Wales** is th cut in its dividend from 12½ to 10 per cen even though net earnings, reduced thoug they are, cover the payment about 2¼ times Clearly, the directors wish to retain a much of the cash flow as possible in vie of the development commitments, althoug these have been scaled down. Net incom has fallen by about 30 per cent, despit the reduction of the appropriation to fixed assets replacement reserve from £3 million to £2 million. Trading profits, before al charges, *including* interest, depreciation and replacement reserve appropriations have fallen by nearly 24 per cent. The valu of sales and other income, on the othe hand, fell by only 7 per cent, from £143 million to £133 million, so that the gross profit margin before depreciation has declined from 21.3 per cent to 17.5 per cent. Steel of Wales produced a lower tonnage than in 1959-60 and the directors comment that: "The recession in demand for sheets and tinplate continued during the second half-year. The export market became much more competitive and prices were reduced. Increased costs were not recouped adequately in the home market."

The chairman's optimistic comments in February about the outlook for **Whitehead Iron and Steel** looked rather out of keeping with the 24 per cent fall in profits in the half year to March 31st that was reported in July. And now the preliminary results for the full year show a fall of 37½ per cent in profits before tax. As expected the dividend has been maintained at 15 per cent but it is now covered just twice by earnings. It is unfortunate that after the encouraging tone of the chairman's statement neither the interim nor the preliminary statement give any explanation why Whitehead, which is primarily a steel re-rolling firm as distinct from a steel producer, has fared so badly. But Whitehead, like other steel companies, must have been operating on smaller profit margins.

STEEL PROFITS AND DIVIDENDS
(£ million)

Year to September 30	Gross profit		Depreciation		Net profit		Net cash flow		Dividend per cent		Price	Yield
	1960	1961	1960	1961	1960	1961	1960	1961	1960	1961		
Colvilles	16·17	10·92	2·59	2·82	4·98	4·61	9·38	8·12	16	16*	47/9	6·7
Steel Co. of Wales	30·48	23·25	8·22	8·33	10·03	6·93	15·18	12·81	12½	10	30/9	6·5
Stewarts and Lloyds	22·26	19·04	4·02	5·04	10·12	7·41	11·84	9·26	15	15*	37/3	8·1
Whitehead	1·67	1·28	0·18	0·22	0·73	0·49	0·68	0·48	15	15	42/6	7·1

* Final dividends of 10 per cent payable on capital increased by rights issue.

This was implicit, indeed, in its decisions to aim at spare capacity in its current steel plan. The capacity ned for 1965 is 32 million ingot tons, against an expected ut of just over 28 million. That means an expected rate 5 per cent of crude steel capacity by the mid-sixties, but margin of spare capacity for certain finished products ld be significantly larger. The capacity is already begin- to build up, and though production is not yet significantly he trend forecast, its swings are tending to leave larger ortions of capacity idle.

rices of British steel are at present set by the Iron and Steel Board to give what it considers a reasonable rate of return at a reasonable rate of capacity: it last carried through a major price review in 1959. Next time it does the exercise, the question of the operating rate upon which prices should be based will obviously be at the centre of the argument. But the current state of the market for steel—and the likelihood of a quite rapid dismantling of protection when Britain enters the common market—may not make 1962 a healthy time to put up steel prices. By the end of 1962, indeed, the question may be arising of just which body, if any, should be controlling those prices.

Background to Gold Shares

INCE gold was first discovered on the Langlaagte farm seventy five years ago, South African gold mining shares have carried the risks inherent in all mining operations the burdens of periodical political crises. The Rand mines just been brought into production when the Boer war ke out ; sixty years later, the tensions created by the policy apartheid rose to crisis point just as the Orange Free State nes had firmly established themselves. South African gold res have offered risk-bearing plenty of opportunities and y have attracted at least as many speculators as investors. day, the risks are as high as ever but the chance of gambling fit still beckons. Slightly more than half of South Africa's nings from exports come from gold and it generates much the wealth for the development of South Africa's industries. e gold mining industry is stronger and in better shape an at any time in its past: monthly output is only fraction- below, and will soon reach, two million ounces ; many pro- ction and profit records are being broken ; and two mines, est Driefontein and Western Holdings earn a working profit more than £1 million per month. It was not this back- round, but fears about the political future, that scared inves- rs about Kaffirs. Measured by the *Financial Times* index of ld shares, (September, 1955 = 100) Kaffir prices fell to their west point of 52.4 in July this year. They have since risen as much as 20 per cent, but the yields, as the table shows, e remarkably high for a booming industry with good pros- cts of expansion. By normal mining criteria—ore reserves, yability and development results—many Kaffir share prices e ridiculously low. But, as the chart shows, they have in- easingly reflected the possible consequences of the policies ursued by the Nationalist government. Two events early in 960 drove these home to investors: Mr Macmillan's "wind f change" speech and the Sharpeville shootings.

The flight of capital from South Africa gathered even more pace after the vote for a republic in October, 1960, and again fter South Africa left the Commonwealth last May. South frica's gold and foreign exchange reserves fell rapidly ; and xchange and import controls were belatedly imposed. These ontrols needed several months to bite and by June, when the eserves had fallen to about £70 million (more than halved ince Sharpeville) the Finance Minister, Dr Dönges, had to lam the door on the capital outflow by blocking the proceeds of sales of South African securities by non-residents and by forbidding South African residents to buy any securities in overseas markets. By then, Johannesburg was already the world's biggest market in gold shares, having been able to absorb heavy sales from London, Paris and other overseas markets which were taken up by such domestic institutions as S.A. Mutual and Sanlam. Thereafter, Johannesburg was completely isolated ; arbitrage between it and other stock markets has been almost impossible and prices in London sank well below Johannesburg prices, with business at an abysmal level.

More recently, however, British investors, feeling less certain about the future of their own economy, have been taking a second look at Kaffir shares. Indeed, they have been one of the few relatively firm sections of the London stock market and buyers from both the Continent and America have also been attracted to the London market by the sizeable discounts compared with Johannesburg prices. Buying has been encouraged by the rapid recovery in South Africa's reserves which since June have risen from £70 million to £125 million. Recent estimates suggest that South Africa will earn a current account surplus of £85 million this year, compared with only £11 million in 1960. The reserves have been strengthened also by overseas loans, amounting to £35 million so far this year. Of these, perhaps the most significant came in September when a big group of American institutions lent $30 million (or £10½ million) at 7 per cent to Rand Selection, which had been strengthened earlier in the year in the hope that it would provide a suitable vehicle for attracting new funds, particularly from overseas. Its quick success owes much to the standing of the Anglo American Corporation. This loan more than covered Rand Selection's immediate development commitments and gave grounds for more confidence in South Africa's economic future. But, as Mr Harry Oppenheimer, the chairman of both Rand Selection and Anglo American, said at the time: "This kind of borrowing can only be done once. It is no substitute for a return of investment confidence in South Africa."

Helped by loans such as this, the reserves are now well past the safety mark of £100 million indicated by the Minister of Economic Affairs, Dr N. Diedrichs, when he was in London in September on the eve of the South African election. He then talked glowingly—as politicians do with an election in the offing—about the possibilities of an early relaxation of exchange controls. The dismantling of all these could well take a year or more, for non-residents might take any immediate opportunity to pull out and South Africa is due to repay

£50 million of its external debts next year. But last week when the South African bank rate was reduced from 5 to 4½ per cent, the Governor of the Reserve Bank, Dr De Kock, did say that part at least of the 1962 maturities would be covered by renewals or new loans. The South African government have, indeed, taken the first steps towards relaxation, primarily by easing import controls but also by making the first real concessions on exchange controls—the most important being the abolition of the time limit of 90 days during which non-resident holdings of blocked rands could remain uninvested. The next logical step would be to make blocked rands transferable between non-residents. Such a move would establish two exchange rates, one for "blocked" and the other for "free" rands, and the South African authorities would be free to intervene to support the "blocked" or "security" rands. Investors have begun to weigh such possibilities and, as a result, the differentials in Kaffir prices on London and Johannesburg have narrowed.

While the possibility of exchange decontrol explains in part the narrowing of the discount on gold share prices in Johannesburg compared with other markets, it does not itself explain why gold shares have risen on all markets. This has primarily been due to renewed discussion about the prospect

SHARE PRICES AND YIELDS

	End-1959	Post Sharpeville Mar. 21, 1960	Ex Commonwealth Mar. 16, 1961	June 16, 1961 London	June 19, 1961 London	Current Prices London	Current Prices Jo'burg	Yield† per cent London
Finance Houses								
Anglo-American Corp.	213/9	180/–	146/3	128/9	118/9	143/6	171/6	6·27
Consolid. Gold Fields .	98/6	76/3	56/3	49/–	45/–	69/9	79/6	7·17
Johannesburg Cons. ..	78/3	62/3	47/6	39/6	39/6	52/–	61/–	9·62
Rand Selection	61/9†	55/10½†	44/6	41/10½	36/3	44/3*	53/6	6·78
Union Corporation...	83/6	68/6	54/7½	48/9	42/6	62/9	71/3	6·37
New Mines (not paying dividend) :—								
Blyvoor	29/6*	27/7½	27/–	26/9	23/9	26/3	31/–	9·90
F. S. Geduld	190/–	147/6	105/–	88/9	81/3	101/3	116/6	8·40
St. Helena	81/6	74/3	66/3	58/9	54/–	71/9	82/3	7·47
Western Holdings..	168/9	148/9	133/9	118/9	103/3	130/–	149/6	8·03
New Mines :—								
Bracken	28/2¼	29/–	27/6	21/9	20/–	21/3	24/3	...
Loraine	38/9	29/9	23/3	18/–	15/–	17/3	20/9	...1
West Deep Levels ..	55/–	46/6	38/9	33/6	29/10½	41/6	46/9	...
Old Mines :—								
City Deep.....	22/3*	18/3	15/–	13/3	12/3	15/6	18/3	9·09
Durban Deep	41/–*	31/9	27/6	26/3	24/6	29/3	33/3	10·26
E. Rand Proprietary	41/6*	36/10½	30/–	23/6	22/9	29/–	34/–	8·62
South African Land .	16/6	13/6	13/9	13/6	13/–	16/–	17/6	6·25

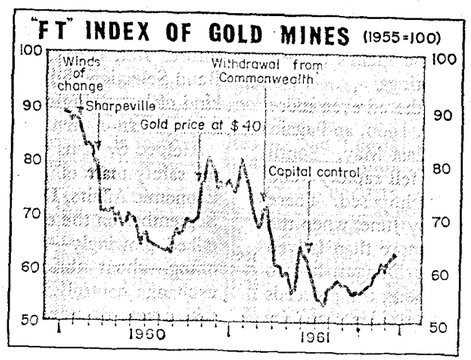
* Ex dividend. † Adjusted for "rights" issue.

for a higher dollar price for gold. Behind this discussion lies the belief that, whatever is done to augment world liquidity through the IMF or by other means, gold will not, in the short term at least, be supplanted as an ultimate means of settling international accounts. Ultimately, the foundation that gold now provides for the present gold exchange standard might cease to be needed—say, if it were supplanted by IMF deposits. But that is looking far ahead. At the moment, the prospects for the raising of the gold price are expressed in doubts about the parities of sterling and the dollar. American gold reserves have fallen to their lowest level since 1939 and since the flare-up in the gold market a year ago the authorities have not found it easy to keep the price of gold significantly below $35.20 per fine ounce, least of all in the last month or two. If, therefore, the argument runs, the dollar (and with it other currencies) comes under extra forms of pressure, escape may be sought through raising price of gold. In recent months speculation based on su arguments has focused on gold shares rather than gold itse There has been no repetition of last year's gust of speculat buying which carried gold up to $40 an ounce. Some who w paying dear in the bullion market now see some better se in speculating in Kaffir shares, perhaps for a smaller ultim capital gain but at least with the benefit of interest meanwh

The odds against a profit on such a speculation a lengthened by other factors. First, a seemingly adequate d count for the political risks has on past occasions prov totally inadequate. Because the Nationalists scored anoth victory at the polls this autumn, is it certain that the politi risks are adequately discounted now? Secondly, consid able doubts remain whether the finance houses and the new mines will be able to push their dividends up. They ne rely more than ever before on self-generated finance to be the cost of further development. Some of it may be he up, and the rise in dividend payments and hence in the mark value of the shares that could normally be expected as mine approaches peak production could easily be retarde Thirdly, for British investors, there must be some uncertain about the future of the double tax relief agreement when t one-year act that kept it going runs out in May. Fourthl labour costs in the gold mines are likely to rise and thous the newer, richer, mines may be able to improve the pr ductivity of African labour by further mechanisation, le grade mines, with less scope for mechanisation, may ha difficulty in absorbing all the increase in working costs.

Such considerations make the choice of individual stock far from clear cut. A gamble conceived simply in terms o an appreciation in the price of gold would favour some of th older, low grade mines. A venture designed to limit th political risks would bring in those finance houses that hav interests outside Southern Africa. The finance houses hav always been more attractive to long term investors tha individual mines because they provide a better spread o mining risks and their shares have attracted most of the recent buying. In terms simply of their economic worth finance house shares are undervalued—and some of the newer mine shares even more so. But to go further to the actual purchase of shares must assume that the political risk is fully discounted. On this, no one can be sure; and, recently, some speculators have tried to minimise the risk of a capital loss by taking out options on the London market rather than buying the shares outright. Yet for a well-spread portfolio, a small stake in Kaffirs bought in London at the present time might not be an unreasonable proposition. Quite apart from any increase in the price of gold this could be justified in terms of the mining potential of the South African goldfields. But in the last two years or so, investment confidence in South Africa has been largely destroyed and even if exchange controls are lifted, its restoration will take many years—and will require a change in thinking in South Africa itself.

"FT" INDEX OF GOLD MINES (1955=100)



BUSINESS NOTES

IMF

The Lender's Club

On Wednesday Dr Per Jacobsson, the managing director of the International Monetary Fund, made his deadline of December 15th with 48 hours to spare. Ten Western finance ministers meeting in Paris then agreed in broad outline to the plan to supplement the IMF's resources by some $6,000 million on which some of them had indulged in remarkably plain speaking in Vienna last September. There has been only slight unbending of attitudes on the mobilisation and use of this addition to the Fund's resources. These matters will be governed by an agreement which the ministers considered this week and which will operate as an annexe to Article 7 of the Fund's charter. Once the governments of the respective countries have given their agreement, formal approval by the executive directors of the Fund should follow by the end of the year or soon after. M. Baumgartner, as host in Paris, has sent a formal letter to each of the finance ministers setting out the proposed methods and the conditions of operation of the "lender's club," the terms of which may be published in about a fortnight. It is believed to refer to the use of existing organs (including OECD) in the procedure of consultation and also to go into the details of voting procedures and the question of weighted majorities.

Dr Jacobsson has managed to keep the routing of the new money through the Fund rather than by direct bridge between lender and borrower. But the new facilities, as the Vienna debate had suggested only too plainly, are to be separate from the ordinary resources of the Fund, and will be subject to a degree of separate national control. Some authority has been lost by the IMF and a good deal gained by the new European group. How this new balance of forces will work out must depend on relations between the Fund and the lending countries. If the atmosphere in Paris this week was plainly better than that in Vienna three months ago, it was also clear that M. Baumgartner had made his point.

Individual contributions from the members of the new lending club have not yet been published, but reliable figures from Paris put the United States down for $2,000 million, the United Kingdom $900 million, Germany $900 million, France and Italy $500 million each and the remaining five countries, Belgium, Canada, Holland, Japan and Sweden, for the final $1,200 million. It may also be that Switzerland, which is not a member of the IMF, will support the scheme up to as much as $500 million. Countries borrowing under this new arrangement will obseve the normal IMF rules controlling the length of the credit and interest charges. The club's credits will match these terms, normally for periods of 3 to 5 years, but they will include a clear "*reversibility* clause" to safeguard any creditor if he finds himself later in difficulties.

M. Baumgartner has made it abundantly clear that the new facilities will not be granted to cover ordinary balance of payments deficits, but are intended strictly to neutralise massive short-term capital movements. The plan is expected to be ready for operation in four or five months; its worth will depend on the readiness and speed with which the new club can put it into action if key currencies are threatened.

THE EXCHANGES

End-Year Influences

This week the foreign exchange markets changed down to low-gear as the financial world began to prepare for the end of the year and the balancing of its books. Dealers are keeping their chins in, and the main influence in the market is commercial demand. At the end of last week spot sterling closed at $2.81¼ and it remained at this level throughout Monday and Tuesday. But after the London market had closed on Tuesday fairly heavy commercial selling in New York, and some early selling from Paris and Frankfurt on Wednesday morning, took the spot rate down to 2.80\frac{29}{32}$—a fall of $\frac{3}{32}$ and the lowest point for three months. At that level the authorities gave a small amount of support. On Thursday the spot rate improved to $2.8095 following continental buying, but the market was apparently unaffected by the news from Paris of agreement on new funds for the IMF.

The Canadian dollar tended to drift down this week and the discount against the United States dollar is now just over 4 per cent. During October the discount of 3 per cent was held only after the Government had put $186 million into the exchange market. In November the situation was reversed and the Government's foreign exchange reserves fell by $32 million following sales of US dollars designed to moderate the decline in the discount. There is no indication that this 4 per cent exactly fits Mr Fleming's "significant discount," but in January the International Monetary Fund will hold its annual consultations with the Canadian government and it is likely, once again, to suggest the re-establishment of a fixed rate of exchange.

One result of the United Kingdom's repayment of £50 million to the IMF in the last week of November, was to boost Germany's foreign exchange reserves by some DM 340 million (about £30 million). The repayment was made in D-marks, French francs, and dollars, but to get the D-marks the United Kingdom exchange control was forced to swap dollars for D-marks with Deutsche Bundesbank. In total Germany's reserves rose by DM 426 million in that week, the first increase since September.

IN THE MARKETS

Pleasing Conversion

The immediate point in the government's conversion plan that the stock market seized upon was that it reduces the nominal amount of the national debt by £278 million. There is £758 million of the maturing 4½ per cent 1962 stock but the conversion stock to be issued is limited to £300 million, carrying 6 per cent and repayable in 1972, and up to £200 million by another tranche of 5½ per cent Funding stock, 1982-84. Exchange into the 1972 stock will be at par plus £2 10s. cash for £100 nominal of the 1962 stock; exchange into the 1982-84 stock will give £110 nominal for £100 nominal of the 1962 stocks. The gap in the conversion gave a psychological fillip since it is the first occasion for many years when the nominal supply of government stock in the market has been reduced; this accords with the budget promise that the government would not be coming to the market for new money in the current fiscal year.

In itself, however, the short-fall in the conversion does not release £278 million in cash to the market. The real effect of the conversion on the forces in the gilt-edged market and, consequently, on the banks' liquidity does not turn on the nominal amount of stock offered but, first, on the size of the authorities' holdings of the maturing stock and, secondly, on the determination with which sales of stock in official hands are pushed through the tap. On the first score, the authorities are known to have taken in a substantial lump of the maturing stock and the amount of cash coming into the market on the conversion dates will simply depend, as it has with other conversions in the past, upon the number of holders who decide to hold the stock to maturity and take the cash. There

will be some of these, including some of the banks.

On the second score, the conversion stocks enhance the authorities' control over the gilt-edged market at the key points. No new "short" has been issued; but the discount market, having sold its holdings of the maturing stock has plenty of other bonds at the moment and the authorities have the 5½ Exchequer 1966 on tap while the 2½ per cent Savings, 1964-67, will rank as a "short" in May. The 1972 stock's 6 per cent coupon will attract investors looking for a good running yield—though it is just a bit too long for the banks except in small amounts. When the authorities exchange into the 1982-84 stock, they will replenish their exhausted tap in a stock which is tax free to non-residents. Its appearance, moreover, gave fresh currency to the view that the tap for the 5½ Treasury stock, 2008-12, was running dry and its rise since the conversion was announced suggests that this is near the mark.

Healthier Tone

In all, the terms of the conversion offer gave the gilt-edged market a healthier look than it has worn since the shock of the electricity wage award. Prices rose sharply, particularly at the long end of the market; this was a reflection more of switching into longer dated stocks than of new buying. The authorities were still taking in the maturing stock and some investors took the opportunity to switch profitably into the 3 per cent Exchequer stock 1962-63. There were some buyers for the new 1972 stock, through the medium of assented stocks, and on Wednesday its tap price was raised from 98$\frac{13}{16}$ to 98$\frac{15}{16}$. At the long end of the market, the tap price for the 2008-12 stock was raised twice on Tuesday and three times on Wednesday, to close at 83$\frac{5}{8}$ net on that day. Earlier funding sales had kept its price relatively depressed and the conversion made it an attractive switch.

	Dec. 7	Dec. 11	Dec. 13	Gross Redemption Yield %
Exchequer 3% 1962/3....	95$^{15}/_{16}$	96$^{3}/_{32}$	96$^{1}/_{6}$	5·76
Exchequer 5½% 1966....	98$^{7}/_{32}$	98$^{13}/_{32}$	98$^{1}/_{4}$	5·98
Savings Bonds 3% 1965/75	70$^{9}/_{32}$	70$^{1}/_{2}$	70$^{11}/_{16}$	6·23
Treasury 3½% 1979/81...	68	68$^{3}/_{32}$	68$^{3}/_{32}$	6·42
Funding 5½% 1982/84 ...	90$^{1}/_{4}$	90$^{1}/_{2}$	90$^{15}/_{32}$	6·31
Brit. Gas 3% 1990/95.....	53$^{1}/_{16}$	53$^{7}/_{32}$	53$^{7}/_{16}$	6·39
Treasury 5½% 2008/12...	82$^{7}/_{16}$	82$^{23}/_{32}$	82$^{3}/_{8}$	6·65
War Loan 3½%	51$^{7}/_{32}$	51$^{9}/_{16}$	52	6·72*

Prices quoted net of interest.
* Flat yield.

The conversion has brought a little more life back to the gilt-edged market. But it alone will not restore confidence in fixed interest stocks, as expressed in the substantial buying before the electricity wage award was announced. The full restoration of confidence will depend upon the government's economic and general policies in the coming weeks.

The brighter tone in the gilt-edged market did, however, spill over into the industrial market on Wednesday. Until then, equities had been rather ragged and were still being pulled one way and another by the steel companies' results. On Wednesday, however, many of the leading issues were marked up, and over the week *The Economist* indicator, which includes Unilever and Shell, rose by 8.3 points to 355.5. In part this rise was encouraged by hopes that the United States might reduce its tariffs and by the fresh advance in equity prices on Wall Street. These dealings in Unilever Limited made a flying start and the further rise in its price on American buying was reflected in Wednesday's gain of 6s. 7½d. to a new peak of 53s. in London, but it fell back to 51s. 3d. on Thursday.

TRADE AND PAYMENTS

Disappointing—More or Less

By accepting the Board of Trade's basis for comparing the trade returns for the three months to November, one can come to only one conclusion about them. Seasonally adjusted exports in those months were 1½ per cent lower than in the period from May to August; imports were 1 per cent higher. Over the first eleven months of the year, exports were 4 per cent higher than the average for 1960 and imports were 3 per cent lower. The run of higher exports and lower imports would therefore seem to have been interrupted before the

UNITED KINGDOM TRADE
(£ million per month; seasonally adjusted)

		Exports fob	Re-exports fob	Imports cif
1960	3rd quarter.....	290	13	385
	4th quarter.....	295	12	390
1961	1st quarter.....	309	12	385
	2nd quarter.....	305	13	363
	3rd quarter.....	309	15	357
1961	May.....	278	13	367
	June.....	330	15	368
	July.....	307	16	354
	August.....	324	15	361
	September.....	297	14	360
	October.....	311	12	378
	November*.....	305	14	360
	Jan.-Nov.*.....	303	13	369

* Provisional.

true gap between exports and imports could be firmly closed.

But August was an exceptionally favourable month in which the crude trade gap was cut to £22 million. October was an exceptionally poor one in which a sudden rise in imports widened the gap to £55 million. The favourable returns in August have as much right to be included with the past three months as the three that went before, and that could alter the picture. Seasonally adjusted imports in November were £360 million cif, £9 million lower than the average for the first eleven months of the year. Exports, however, contracted to £305 million, £3 million lower than the eleven month average.

In November, the crude "gap" was reduced to £41 million, compared with an average of £48 million so far this year. The

third quarter in which the crude gap narrowed to £34 million a month will therefore be, allowing for seasonal influences, the nearest Britain came to earning an actual surplus on its merchandise trade this ye

The Payments Figures

The balance of payments estimates which do not contain the major distortions that exist in the monthly trade figures, put the actual current account deficit in the third quarter of this year at £ million. This is, in fact, a slight increase on the second quarter, but allowing for adverse seasonal factors in both the visible and invisible parts of the account it seems that the underlying position probably improved. But despite the Chancellor's mini trations, government expenditure abroad again up on the previous quarter, wh net receipts from other invisible item

UK BALANCE OF PAYMENTS
(£ million)

	1960 III	1960 IV	1961 (*) I	1961 (*) II	III
CURRENT ACCOUNT:					
Imports (f.o.b.)	1,005	1,054	1,050	1,021	
Exports (f.o.b.)	859	945	932	981	
Visible Balance	−146	−109	− 63	− 40	−
Government (net).	− 69	− 73	− 85	− 86	−
Other invisibles (net)	+ 79	+ 73	+ 85	+111	+
Identified Current Balance	−136	−109	− 63	− 15	−
LONG TERM CAPITAL ACCOUNT (†):					
UK Official Long Term Capital (net)	− 15	− 51	− 23	+ 12	+
Private investment (net).....	− 36	+ 44	+ 48	− 83	−
Balance of Long Term Capital ...	− 51	− 7	+ 25	− 71	−
Balance of Current and Long Term Capital.....	−187	−116	− 43	− 86	−
BALANCING ITEM..	+115	+ 66	+ 72	+ 25	+1
MONETARY MOVEMENTS (‡):					
Overseas sterling holdings:					
(a) R.S.A. countries.....	− 97	− 97	− 39	+163	+
(b) Non-sterling countries..	+226	+241	−131	−175	−2
(c) Non-territorial organisations ...	− 57	− 55	+ 4	− 1	+5
Gold and convertible currency reserves.....	− 77	− 44	+ 75	+ 89	−27
Other monetary movements	+ 77	+ 5	+ 62	− 15	−9
Balance of Monetary Movements	+ 72	+ 50	− 29	+ 61	−

(*) Provisional. (†) Assets: Increase −/decrease +. Liabilities: Increase +/decrease −.

have fallen. The current deficit in the first nine months of the year now amounts to £108 million. Compared with the third quarter of 1960, exports are up by £5 million, while imports have fallen by £5 million—an overall improvement of £11 million.

The outflow on capital account is somewhat lower at £60 million and this is mainly due to a drop in private overseas investment of £14 million. This is probably the effect of closer scrutiny by the Treasury, but it is still nearly double the figure for the corre

ng quarter of 1960. The monetary ents largely reflect the aftermath of sle credits and the drawing of £536 from the International Monetary Repayment of the Basle balances to reduced the sterling holdings of rling countries by £208 million and F drawing increased the sterling held non-territorial organisations. On e the gold and convertible currency s rose by £279 million. The balanc- m in the accounts is £125 million and gh figure gives a partial guide to the of hot money following the increase k rate to 7 per cent.

Action in Iraq

had generally been guessed that the gislation promised by the Iraq nment after its talks with the oil com- s operating there broke down in er would restrict the Iraq, Basrah, and l companies to the areas where they t present operating. But few people uessed that the line would be drawn htly round them as it has by the law shed this week. During the discus- the companies had always argued their producing areas covered between nd two per cent of the original con- ns, and that the areas in which they broven reserves made this up to close our per cent. This week's decree ars to restrict them to areas represent- o more than 0.44 per cent of the con- n areas, though there is provision for to be allocated up to as much again. would still mean that Iraq would be g more than 99 per cent. (The figur- s fairly approximate until the schedules maps appended to this decree are ed; in any case even the total area e original concessions, like that of Iraq h they largely cover, is itself disputable.) he southern area where the Basrah oleum Company operates, in particular, first details of the area left to it, lack- the schedules and maps to follow, ared to cut very close to wells actually roduction.

nderstandably, the companies have nally reserved all their rights to the le of their concessions, which would y the possibility of lawsuits against entrepreneur obtaining a new conces- in the area that the government plans ake over. The precedents here, as has pointed out this week, do not all run same way; but the likelihood of litiga- may in any case be a deterrent. It ht be argued, too, that a deep and de- ping world surplus of capacity to duce oil would hardly leave many people ious to explore for more: but that ument may not take sufficient account of economic and psychological drives that ear to motivate oil companies. Huge ns continue to be spent on exploration in far less promising areas than Iraq, and companies continue to look avidly for opportunities to look for oil. On the other hand, anyone inclined to bid regardless of the possibility of litigation with IPC or its associates would still have to consider pretty carefully the Iraq government's demonstrated respect for oil concession agreements.

Understandably, again, the companies operating in Iraq are for the moment not saying whether they will or will not cut the present level of production. They hardly know the details of this legislation yet.

THE ECONOMY

Industry's Investment

The expected slackening in the growth of private fixed investment did not seem to have materialised by the third quarter of this year. Provisional estimates by the Board of Trade show that, after taking seasonal factors into account, the volume of capital expenditure by the manufacturing, distributive and service trades rose by 5½ per cent to a new peak; this followed a rise of 3 per cent in the second quarter and a fractional decline in the first quarter. Admittedly, the increase for manufacturing industry alone, of 5 per cent, was slightly less than in the previous three months, but the decline earlier this year in spending by the other industries covered by the Board of Trade's inquiry was reversed.

(All figures in £ million at 1954 prices and seasonally adjusted)

		Fixed Capital Expenditure		Changes in Stocks	
Quarterly		Manufacturing	Distributive and Service Trades	Manufacturing	Distributors
1959	I	175	144	− 38	+ 7
	II	175	172	− 26	+36
	III	175	162	+ 35	− 4
	IV	182	189	+ 86	+18
1960	I	195	182	+ 58	+22
	II	200	184	+114	+49
	III	223	182	+149	− 5
	IV	217	194	+154	+ 1
1961	I	231	178	+ 8	+55
	II	246	176	+ 29	+32
	III	259	186	+ 59	−58

On the other hand, stockbuilding came to a standstill. Again eliminating seasonal movements, it seems that the volume of stocks held by manufacturers rose by a little over 1 per cent; but this was balanced by a fall of some 3 per cent in the stocks held by distributors, the largest quarterly fall recorded in this series of statistics which goes back to the beginning of 1957. Both wholesalers and retailers ran down their stocks a little, while the rise in manufacturers' stocks was spread more or less evenly over materials, work in progress and finished goods.

ATOMIC POWER

Sir Christopher Takes Stock

Sir Christopher Hinton, chairman of the Central Electricity Generating Board and one-time member of the Atomic Energy Authority, has a special and continuing influence on the development of atomic power not only inside this country but far outside the British Isles. He must rank as the world's largest single customer for nuclear power stations and there is little that the Atomic Energy Authority can do to make him buy new designs if he does not like the look of them. This gives special weight to an article written by Sir Christopher in the current issue of the *Three Banks Review* which may raise the damp spirits of the industrial consortiums even if it does not exactly induce them to stand up and cheer.

Sir Christopher's argument is, briefly, that the massive nuclear power programme of the fifties was a mistake but a human one. For various reasons, some of them technical but some of them also financial, like dearer money, early calculations about the cost of nuclear power proved over-optimistic. He now says that electricity from the first commercial power stations is likely to cost not far off 1d. a unit, or about twice the cost of that from the CEBG's new thermal plants and the highest estimate yet given. The nuclear power programme might still have been justified if the expected shortage of conventional fuels had developed. But this did not—which means that uranium has to compete as an alternative fuel with coal or oil, and this it cannot yet do.

Sir Christopher believes that it may become competitive in the 1970s and he bases his argument on two grounds. First, he argues that electricity demands might take too much of the coal likely then to be available. As to oil he is surprisingly specific and cautious, reckoning that electricity ought not to rely on more than the products of British refineries, and that net imports of fuel oil might simply invite a higher excise duty. He believes that technical advances will in time bring the cost of nuclear power down to competitive levels, but he is cautious here about quoting chapter and verse. It would appear that Sir Christopher does not share the AEA's optimism about prospects for the second generation of advanced gas cooled reactors; their technical weaknesses are spelt out with uncompromising simplicity and—here industry will prick up its ears—he says flatly that the CEGB will go on ordering the old Calder Hall type of nuclear power station "interspersed" with orders for these newer, souped-up reactors. The rate at which he intends to order new nuclear power stations during the period when they are still obviously uncompetitive is not clear, but "one cannot expect to create a large industry by establishing a programme, to destroy that industry by slashing the programme and then to re-create it at one's convenience six or seven years later."

Pirates or Pioneers?

Of all the customs acquired from the Americans, perhaps the most intrusive and at the same time most accepted is the use of nationally advertised brand names for nearly all the goods we buy. This brings with it the recognition of specific, well publicised prices for these named goods—and hence the attraction of the price-cutter who can offer a "guaranteed bargain" in the form of a well-known product at a price lower than the published one. It was therefore inevitable that having succumbed to the power of branded goods we should now be copying the Americans again in seeking the advantages of "discount" shopping.

In spite of the legal rights of individual manufacturers to enforce the sale of their products at fixed prices, price-cutting in groceries has now become common—largely on the initiative of the big store groups and supermarkets. Few food manufacturers (Cadbury is one) still insist on maintaining prices. The sufferer in price cutting is not so much the manufacturer himself as the small independent retailer—with whom some manufacturers would rather deal than with powerful store groups. But independent grocers are now finding their own way of meeting the supermarket's pricing advantages by means, for instance, of buying co-operatives, and so they in turn are less inclined to urge their suppliers to maintain listed prices.

Only in the past fifteen months has a handful of retailers in this country begun to follow another American lead in pursuing this policy consistently in relation to branded clothing, toys, hardware and appliances. The American; label "discount store" is used to underline the price-cutting intentions of these shops. They number only six so far—and the score would be even lower if a discount store is strictly defined as something more than a supermarket with a clothing and hardware section. But these stores are well in the public eye largely owing to the excellent news value of their brushes with price-maintaining manufacturers.

The usual retailers' margin on the selling price of, say, an electric iron or a man's shirt is about 30 per cent. On big electric appliances it is often more. There is therefore much more scope for price-cutting than in groceries, which carry about half this margin. The first full-blown discount store in Britain, Grandways of Leeds, in fact operates on a 17½-20 per cent margin on non-edible items. The discounters cut costs by applying supermarket techniques to all goods; self-service, minimum staffing and no service or free delivery of big appliances. Plentiful parking space is an essential adjunct to discount retailing, in order to encourage the bulk buying which turns the key to success in this type of selling—an exceptionally high rate of turnover. Premises are usually cheap: Grandways is housed in a converted warehouse in the suburbs with an annual rent of only £5,000, a tenth of what it would cost to be in the city centre. Victor Value, London Grocers' supermarket chain, have a discount store in a disused cinema on the bleakest edge of Romford; Buyright in Northampton was once a factory. On the other hand, Tesco, the supermarketeers who were in the van of grocery price-cutting, have this week opened their first discount store in Leicester in an entirely new building, near the shopping centre, complete with multi-storey car park, filling station and restaurant. In the United States, connoisseurs are said to be able to distinguish twelve different types of discount store—Tesco appear to be taking as their model Korvette, the discount chain which, while offering rather more amenities than usual to the customer, tripled its volume of business to $157 million a year between 1955 and 1960.

Sales by American discount houses in 1960 reached $2.9 billion compared with a turnover of $13.8 billion for department stores and $3.9 billion for "variety stores" (Woolworth type). It is far too early to say how soon, if ever, the present handful of discount stores in this country will lead to an equally high proportion of retail trade in the discount business. Factors such as the extent and effectiveness of independent co-operatives are still imponderables. But it is certain that, in the short term, more breaches will be made in price maintenance in all kinds of non-grocery goods, leading quite possibly within the next couple of years to a breakdown if not an abolition of the system, and hence to much more widespread undercutting.

How far are manufacturers really bent on sticking by their legal rights and the conventional retailer? Grandways, in its first seven months, cut prices on about a hundred branded items other than groceries. It had court injunctions from the makers of only five of them, and about fifty letters of objection, from mild to vehement. Some manufacturers may have shrunk from the bad publicity of an injunction. Many who objected said they were doing so in response to protests from retailers (one hardware firm known for its stern view of price-cutting maintains that 90 per cent of its retailers are behind it). Some threatened to cut off supplies—a sanction hard to enforce on the discounters who often buy through agents goods that are supposedly obtainable only direct from the manufacturer.

Other reasons given for opposing discounters are that lack of retailer's servicing of an appliance can give the make a bad name; that price maintenance keeps a "clear-cut" market (it might be expected that the more elaborate a marketing policy

a firm has, the keener it is likely to k
keep price-cutting in its own hands);
that anyway the public likes to know be
hand the prices of the goods it is bu
In defence of this last point it mu
remembered that the survey publishe
the October issue of *Which?* sugg
that, by a small majority, the general p
was in favour of maintained prices for
consumer durables, but not for more
quently bought goods like food and clot

In a sticky appliance market the
group of discount stores has formed o
minute part of the real price-cutting w
has been going on of late—sometimes u
such guises as prematurely "old" m
at cut prices or exaggerated trade-in te
If this is allowed to lead to any ma
degree of price-lowering all round, the l
term success of the discount stores
depend on their being able to remain ap
ciably lower still. In the United State
has been estimated that in 1954—four y
after discount stores first appeared—t
were getting 55 to 70 per cent of all
trade in more expensive appliances.
success of the discount stores here
almost certain to depend on their gainin
substantial share of this market, especi
as clothing, the other main basis of
discount business in America, already
many good cheap outlets in Britain.

In the context of discount retail
resale price maintenance is in fact a
herring, for more than one reason. F
it has distracted attention from the t
function of the discount store—which is
to wage war with manufacturers but sim
to sell standard products as cheaply as p
sible (in the United States discount shopp
are sometimes invited to strike their
bargains). Secondly, it at present helps
lure in the customer in the hope of a sin
unexpected bargain, whereas the discoun
really depends on encouraging the habit
weekly round of cheap shopping for
necessities, as one might use an
fashioned street market. Evidence of "
shopping" is reported from the disco
stores, but at present it seems to take pl
above all on Saturday, when the car is ava
able. Until the British housewife is as fu
"motorised" as the American one, disco
retailing here cannot hope to reach t
American level—though it has plenty
room for growth.

RUBBER TRENDS

Quarterly Bulletin for producers, manufacturers and dealers

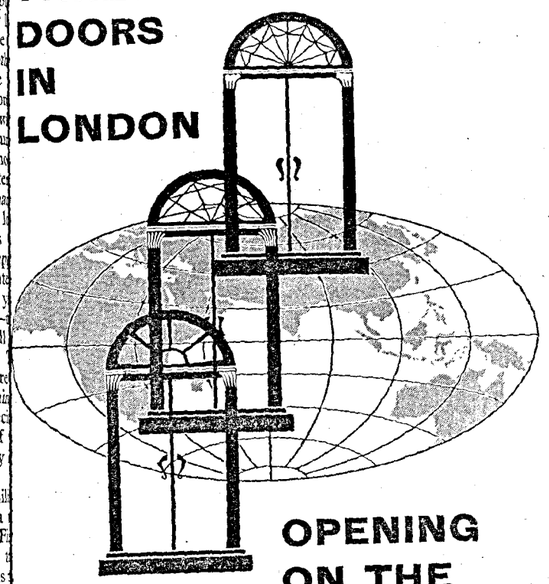
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- **SOVIET RUBBER INDUSTRY: A REAPPRAISAL**
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One of the fastest construction projects ever carried out on Merseyside, this new £3¼ million Fisher & Ludlow factory was built by Cubitts on a 50-acre site at Kirkby. Just 15 months from initial planning to completion—with sections of the factory being made available for machinery installation as they were finished! This allowed Fisher & Ludlow to start production of domestic appliances two months before completion.

Speedy construction was made possible only by precise planning and exact timing of every building operation: and 100% co-operation between the client, Industrial Estates Management Corporation for England, the architect, Cubitts and their 40 sub-contractors. At regular meetings they devised methods of streamlining operations using the most modern equipment, thus keeping construction time to a minimum and ironing out problems as they arose. This close collaboration resulted in the 17 bays of the main production building being erected in 17 weeks—half the normal time!



Mr. Philip Wyatt, Managing Director of Holland & Hannen and Cubitts (North West) Limited, says: "One of the most important industrial projects on Merseyside, the Fisher & Ludlow factory required a construction team able to build at speed with close attention to economy and quality. Detailed planning and co-operation at all stages between client, architect and contractor has lead to early completion of this project. It demonstrates the advantages of working closely together with an efficient construction team."



Mr. J. R. Stanfield, Works Director of Fisher & Ludlow Ltd., Birmingham, says: "Teamwork has been the essential factor that has ensured the completion of this vast undertaking within the time scheduled. Large areas of the factory are devoted to specialized process plants involving complicated foundation work and numerous underfloor services. Only the closest of co-operation throughout between architects, contractors and our own planning and engineering departments has enabled construction to proceed without interruption."

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COPPER MERGER

Cash and Copper

In market parlance, Roan Antelope, one of the older Rhodesian copper companies is "in the Rhodesian Selection Trust stable." But the link is through management, and not by a large direct shareholding: what these two companies do have in common is American Metal Climax as their largest shareholder. Apart from that, they are in important respects dissimilar. RST controls developing copper mines, hungry for capital but starved of it by the political upheavals in Africa that have temporarily scared off capital from outside. Roan's reserves must be nearing the point when their prospective exhaustion becomes a market factor and it holds £10 million in liquid assets. The advantages of marriage between the two parties are obvious. The proper terms on which such a merger should take place are not quite as clear.

But in consultation with N. M. Rothschild and Philip Hill, Higginson, Erlangers, the two boards have reached agreement on how the merger should be accomplished:

RST will consolidate its 5s. units into £1 shares.

RST will make a one-for-ten scrip issue.

Roan will be liquidated. Its shareholders will receive one new RST £1 share for every eight Roan 5s. units.

RST will raise its gross ordinary dividend from a prospective 1s. 3d. to the equivalent of 1s. 7.8d. a share on the old capital.

Considering the size of the bride's dowry, and the bridegroom's ability to make use of it, the settlement does not give an immediate impression of generosity. Moreover, RST in its desire to gain 100 per cent acceptance of its offer has, because of a quirk in Northern Rhodesian company law, decided to proceed by winding up Roan Antelope. For this, assenting votes from 75 per cent of Roan's shareholders present and voting, either in person or by proxy, at an extraordinary meeting to be held in Rhodesia, are required.

After the announcement, RST's units jumped 10½d. to 9s. placing a value of about 4s. 1½d. on Roan shares which previously stood at 4s. 7½d. Roan's assets at balance sheet values appear to be worth around 7s. a share. Its liquid assets alone amount to 3s. a share. It is true that Roan's net profits in the year to June 30th are expected to fall by some £750,000 to £2 million, while RST's profits should be virtually unchanged at about £3.4 million. On the strength of current profits, Roan shareholders would have received a gross dividend of 9d. a share compared with 1s. for 1960-61. If the merger goes through they will apparently receive nothing more. The only attraction of the merger to Roan shareholders is RST's prospective growth. Some of them might be rather more interested in being paid out on asset values—or at least in a further explanation of why this is not being pursued.

EUROPEAN ENERGY

Patterns of Protection

Protection of domestic fuel industries against imports of low-cost energy is something that west European governments generally deplore and as generally do; across the Atlantic the practice is the same but less lipservice is paid to liberalism. In Essen this week the Europa Union organised a conference of experts from coal, oil, and other fuel industries to discuss whether and how we should go on doing it. Mr J. A. van den Heuvel, who heads the energy division of the OECD secretariat, was the only one of the three main speakers to maintain the traditional stance of the liberal reluctantly agreeing to a certain amount of temporary protection for weak fuel industries inside Europe. He pointed to the artificialities and distortions in the European energy economy that have resulted from past protective measures, and argued that "all interested parties are under an obligation to eliminate these distortions within the shortest possible time, and to do away with all merely transitional measures." Mr E. F. Schumacher of the National Coal Board, and Dr Paul Frankel, speaking as an oil consultant, were readier, in one case not surprisingly, to reckon with protection of the fuel industries inside Europe as a considerably less temporary recourse.

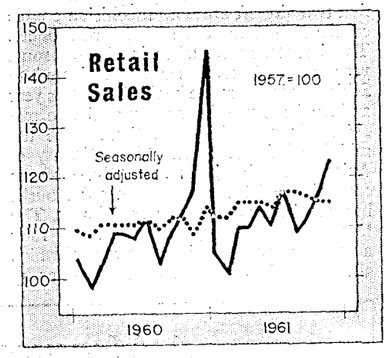
Mr Schumacher always unites with his professional interest in coal a gently sceptical attitude towards fuel forecasting, copybook economics, and the materialist aspirations of the western world—though this week he was content to take some fairly optimistic forecasts of Europe's consuming need for energy to back his view that all the fuel capacity that the region can reasonably keep in being may be required. Dr Frankel began from the point that western Europe would in fact go on protecting its domestic energy industries, and addressed himself to the least economically harmful ways of doing it. He is against fuel customs or excise duties, arguing that these might simply tempt foreign producers to jack up their prices. Subsidies to high-cost industries, on the other hand, he reckoned as economically neutral, and offering some possibility of actually improving efficiency. The solution he would choose is import quotas, though he admitted that these could involve a complicated and cumbersome system of controls. He would advocate these as part of "an active European policy," using them not only to protect home production against low-cost imports but also, if necessary, to defend this consuming area against concerted action by the oil producing countries. This would certainly discard any pretence of liberalism.

CHRISTMAS SPENDING

Another Record?

Every December, storekeepers grumble that Christmas sales are dragging: after Christmas they are surprised to discover that they reached new records. This year seems likely to be no exception to the ritual. Last month retail trade showed no slackening; this month, once Christmas spending got under way it seems to have been as hectic as ever.

A partial guide to Christmas spending is provided by fluctuations in the note issue, although as more people pay their bills by cheque or use credit accounts this guide becomes less useful. Each year since 1950 the demand for notes at Christmas has pushed the issue to a new record. The



general upward movement over the years has taken the note issue from £1,358 million in the Christmas week of 1950 to £2,438 million by December 13th of this year. While this is a record level the increase since the middle of November of £121 million is somewhat smaller than in the previous two years when rises of £127 million and £124 million were recorded. However, the peak increase in the note issue has moved nearer to Christmas, which bears out the reported change in shopping habits, and this week the issue rose by £50 million.

Christmas also means that people dig into their savings. The only firm figures are those of the National Savings Movement and the savings banks take the full force of the repayments before Christmas. Net repayments by these institutions in the week ending December 2nd were £7.4 million, compared with £3.5 million in the same week of 1960. Total new savings in that week of 1960, however, fell by only £154,000 compared to this year's £5,800,000.

AIR TRAFFIC CONTROL

Which is the Right Way?

There is nothing automatic about the way that air traffic is monitored at present through the skies and in and out of crowded airports; it is done by shirt-sleeved men at the centre of a web of radar screens, telephones and teleprinters, where the last major technical advance was the replacement of the pencil stub by the ball-point. Some controllers, like some jugglers are capable of manipulating a larger num

ber of aircraft than others; but the finite limits of the system are set by the ability of each controller to let his colleagues know what he is doing so that their aircraft do not risk collision with his. The number of controllers working side by side cannot be multiplied indefinitely because at some point communications between them will break down.

Unless the growth of air traffic is to succumb to congestion, electronic computers will have to be introduced into the control towers, where they can take a great deal of the mathematical drudgery of calculating that two aircraft are not on collision course off the shoulders of the human controllers. The first steps were taken in Holland some years ago. A computer was delivered to Schiphol airport at the beginning of this year and has been working as part of the normal air traffic control system there since the middle of the summer. The Ministry of Aviation here has just taken delivery of one computer and has a second on order but it has bought these only for experiment. The Dutch are building up towards a fully automatic system of air traffic control which all but eliminates the human controller by three clearly defined steps, running in each one before moving on to the next. But the Ministry appears to be planning for a series of experimental lash-ups before deciding the ideal lay-out for a fully-automatic air traffic control system for this country.

The Schiphol Experiment

IT is difficult to tell which is the tortoise and which the hare. The Dutch believe that an air traffic control system centred on computers must be designed and bought as a single package. They do not believe that it is possible to buy a computer as the Ministry has done and then decide what apparatus needs to be built up around it. The Schiphol installation is, rightly or wrongly, highly specialised and inflexible by computer standards. An air traffic controller has to work out (in his head and on his fingers) where an aircraft is going to be at any given time if it flies according to the plan filed by the captain, whether that course will bring it into collision with any other aircraft, and what to do if the answer is "yes." Logic plays a sizeable part in ing the answer. The Schiphol comput therefore more than the normal bu computer's capacity for making l deductions; it operates on a fairly co cated system of algebra and at speeds h than those of ordinary business comp (as do the two ordered by the Minist Aviation—automatic air traffic cc could not be introduced until "second-generation" machines were able).

At present, the Schiphol installation nothing more exacting than calculat flight paths of aircraft—something v the controllers thought they could c well in their heads until the computer shut down for a week to teach th lesson. This incident also demonstrate desirability of introducing the syster stages. The next stage, which should l full operation in 1963, will leave comp to calculate whether these flight path safe or dangerous, and to suggest alt tives. By 1965, computers will be li with radar in such a way that they wi able to handle the whole business o traffic control.

A Measure of Research

SERIOUS literature on industrial research is growing rather more slowly than are pious exhortations to do more of it. The latest addition to the former comes from the Federation of British Industries,* which questioned a large sample of its members on their research spending and practices in the summer of 1960. It does not change the impression of the total outlay of industry on research that the studies of the Department of Industrial and Scientific Research have provided—about £250 million a year in 1958-59. And it inevitably retraces some of the same ground; in its talk of a shortage of scientists, it exposes the delay in its publication. But it does provide more detail about the different practices of the various industries, and the nature of the work done—even though it is hard to take very seriously the information that nine per cent of the research done outside the aircraft industry is "basic" research. Ideas about what constitutes basic research can vary so much that this is a question that was hardly worth asking. The aircraft industry, on this showing, is among the industries that show least interest in basic research, along with such other heavy spenders on research as the instrument makers.

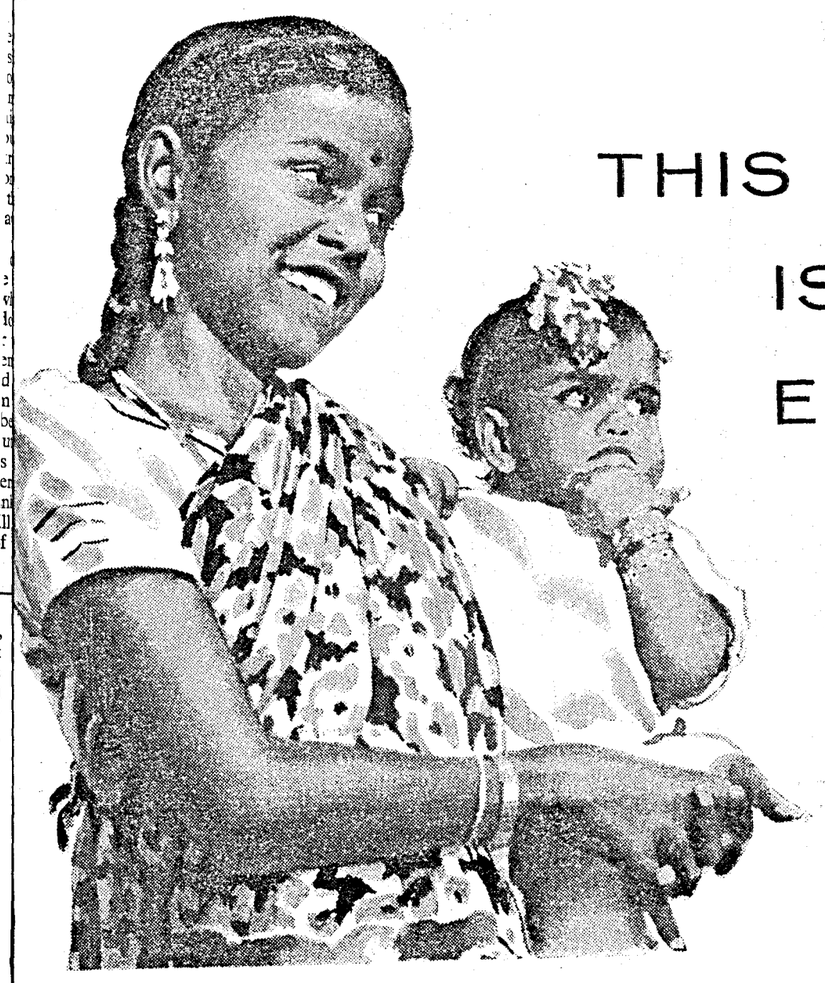
That some of those industries now being castigated for doing too little research had already begun to try to improve their status during the 1950s is shown by the rate of growth of research staffs between 1950 and 1960. Apart from tobacco, which had special reasons for becoming interested in research in this period, the fastest expansion was in the building materials and shipbuilding industries—more than six-fold for all three, when industry as a whole doubled its staffs, and in the case of shipbuilding, a rise of from only 37 people to 261. In terms of expenditure on research in relation to total employment, shipbuilding still comes at the bottom of the list of any engineering industry that might be called based on technology. Machine tools, on the other hand, showed the slowest rate of growth in research staff—38 per cent—but still was near the average for engineering in its expenditure related to employment, and better than the average for all industries, if aircraft are excluded. The vehicle industry was another that increased its research staffs more than most, though it still spends rather less than the average.

THE really big spenders on research, the chemical and electrical engineering industries, expanded their research staffs less than the average. The tendency for research to become more widely spread amongst the different industries, which seems to be what is wanted by most of those who exhort industry to do more research, therefore seems to have established itself. But it is intriguing to learn that two chemical companies which employ more than 2,000 people did not found their research departments until after 1946.

The FBI and its helpers, the National Institute of Economic and Social Research, do not make the mistake of assuming that there are anything like similar prospects for getting results from research in all industries. But they do remind industry that where little research is being done the firm that starts doing some may be well rewarded—as was Tootal Broadhurst Lee. Looking at the figures the FBI has collected, one is left wondering what there can be in common between the research of the machine tool industry, where 14 per cent of the research staff are qualified scientists or engineers, and no basic research is done; and research in the chemical industry, with 28 per cent of its staff qualified and 12 per cent of its research basic.

Innovation can as well be achieved by buying ideas or new products as by trying to create them—though, *pace* the nine per cent of basic research, little that is done in most industrial research laboratories seems to deserve to be called creative. The FBI found that there seems to be no rule that companies that do much research do not buy ideas from others. Though some big companies did not reply to this question, those which did in the electrical industry paid out £865,000 in royalties and in the chemical industry £651,000. These sums are insignificant in relation to the total research spending of these industries; where little is spent on research—as in shipbuilding—though royalties amounted to only £204,000, they were equal to over 40 per cent of research expenditure. Here they do seem to have replaced research; but those who think that an industry must develop all its own products must prove that this will be more profitable.

* Industrial Research in Manufacturing Industry, 1959-60.



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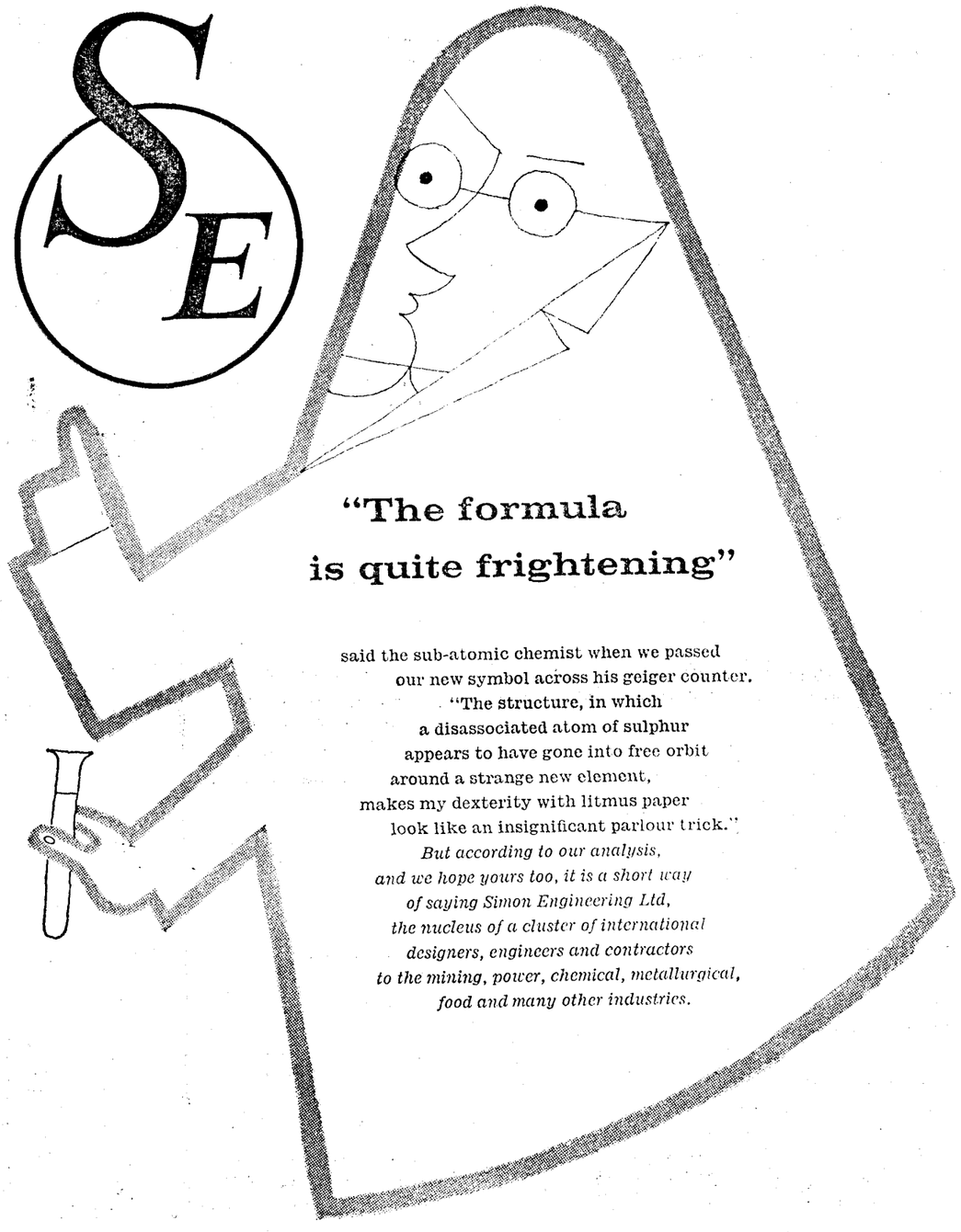
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A reason for the apparently greater sense urgency in Europe, where the system lered for Schiphol is being considered for ler application, is the nerve-racking esence of large numbers of military jets ying cats' cradles among the airliners. his is also an American pre-occupation. computer large enough to keep tabs on the aircraft in its zone all the time omises to provide the best method yet of oiding collisions, and of ending at the ne time the irritating system of air lanes at crowds airliners together in narrow segents of air and prevents them from flying om A to B by the shortest possible route, any airline route map will show. Autoatic installations of this kind are likely to st airports in the future from £500,000 £1 million to install, according to their mplexity.

SUGAR

Beet Generation?

THE struggle to preserve some semblance of an international sugar agreement as unresolved when this issue of *The Economist* went to press. After an adjournment since October 23rd, delegates returned to the sugar conference in Geneva with unchanged minds. Cuba asked for an export quota of about 7 million tons and appears to have stuck to its original demand. "The rest" seem to have been unwilling to compromise further. It is not clear whether the communist countries supported Cuba, but some East European exporters appear to be more dependent upon the free market than most producers in the west who can usually fall back on a guaranteed market somewhere for part of their production.

With no export quotas fixed for the coming year, supporters of the international agreement appear to be defeated, but they are clinging determinedly to any vestige of the international agreement that can be retained and are currently exploring how co-operation in sugar matters can be continued. In the free market, sugar at £21½ a ton was already at its lowest point since the war before the sugar agreement foundered. This market provides the sweet chaos of Cuba shipping cane sugar to Poland and Poland agreeing to ship beet sugar back across the world to Chile. Current exports under the international scheme have a fortnight to run for those who have not already exceeded them. After that anything may happen, and in sugar it often does.

In 1880, when world production of sugar was about four million tons, it was derived in almost equal parts from sugar beet and sugar cane. By the end of the century, world production reached eight million tons and sugar beet was responsible for 65 per cent of it. When output grew to 22 million tons in the 'twenties, cane sugar accounted for 60 per cent of the total, but before the outbreak of war in 1939, protected farmers in the northern hemisphere had cut cane's proportion to 57 per cent. Since the war, both beet and cane have advanced rapidly, but cane sugar has expanded the faster. In 1960, a leap in sugar beet production restored the loss and it seemed that the prevailing blend of politics and dubious economics might strengthen sugar beet's challenge. But after weighing the technical and other factors, the German firm, F. O. Licht, believes that the battle between cane and beet, like the struggle for a workable international marketing agreement, is still far from decided.

GRAIN

The Surplus Cereal

ANYONE who solves the problem of surplus grain production will tower above Solomon in the annals of history. Distortion of trade in temperate foodstuffs has been possibly the most damaging of modern malpractices. The restricted market for grain exports is one cause of the relative stagnation of Commonwealth trade and, consequently, of Britain's poor export performance. It has also embittered trade relations between primary producers and industrialised countries. Some of the utterances of Mr McEwen, the Australian trade minister, on the subject have been far from temperate. If wheat does not now stymie the common market, Britain's entry into it and the all-round reduction in tariffs proposed at Gatt, it will be a close thing.

It is unkind to the International Wheat Council to recall that before it was set up in 1949 to regulate trade in wheat, no surplus existed. The council was preaching moderation in protection for farmers long before trade ministers rediscovered the principle at the recent meeting of Gatt. But its teaching fell on stony soil: since its inception, the international wheat agreement has been unable to prevent the trade from gradually atrophying into a disposal programme instead of a commercial proposition. If, as it ought to be, much of the wheat production in most industrialised countries were classified, together with bilateral trading arrangements, as non-commercial, the "liberalisation quotient" of wheat would be so low that ministers would be ashamed to discuss it at Gatt.

Their discomfiture will not be lessened by the French minister's suggestion that exporters of wheat to wealthy and highly developed countries should receive a standard price equivalent to the production price in those countries. But the majority accepted a proposal that a group should begin in February a study of possible methods of introducing an "orderly" system for the marketing of cereals. Mr McEwen for Australia was the first to express wholehearted approval and threw grain surpluses into the discussion for good measure. The suggestion did not apparently appeal so strongly to Mr Erroll for the Board of Trade who paid the International Wheat Council the compliment of mentioning this "tested" (but not, it seems, fully trusted) device and the risk of abandoning existing techniques before practical alternatives have been worked out.

By coincidence this tested device—and the common market's agricultural negotiators—were in session at about the same time. The IWC in accordance with its articles made its third review of the world wheat situation and apparently encountered a little more difficulty in framing its report to member governments than had been expected. The current agreement expires at the end of June and a new agreement is to be drawn up in Geneva at the end of January. By that time a simple guide to what is going on in wheat will be of use both to officials and bystanders.

One matter not in doubt is that world production of all the major grains will probably be lower this season than last. International trade in most of them should be greater, so that existing surpluses should be considerably lightened before the start of next season. Prices have already responded; barley, for example, has risen well above the £20 a ton minimum import price fixed recently by the Board of Trade. The price of Canadian wheat in London has reached its highest level since 1957, though current European prices partly reflect an increase of about 10s. a ton in freight rates. Canadian No. 2 Northern Manitoba wheat has improved to £29½ a ton and has been held below replacement cost by sales from stocks acquired earlier by dealers at lower prices. But forward sales increased, which suggests that many buyers thought that prices might edge still higher. There are grounds for establishing a higher maximum price under the new international agreement.

After the halving of Canada's wheat crop this year, the moisture level on the prairies is still abnormally low, and unless spring rains are abundant, next year's crop will be in jeopardy. The only consolation for Canada in this year's near disaster was the exceptional quality of the smaller harvest, but price differentials between grades are not large. Despite the "alleviation in the world wheat situation" brought about this year by weather, and the drive in the United States to reduce wheat acreage, the IWC is not too sanguine about the prospect. The underlying causes of excessive production remain and they will not be removed without large adjustments to production incentives and trade policies.

COTTON TEXTILES

No Supplementaries

THE President of the Board of Trade said last week that the Government does not intend to restrict all imports of cotton goods into this country. Import ceilings have already been fixed for Asian members of the Commonwealth, which on the Board's own reckoning are entitled to supply 85 per cent of imports of grey cloth that are retained in this country. Within the past month, Formosa's exports to this country, which were running at the exceptionally high rate of 30 million square yards a year, have been cut by agreement to an annual rate of 12½ million yards until the end of 1962. Spanish exports had risen to about 60 million yards in 1960, but have now been cut back to 70 per cent of that level. The arrangements with the Spanish exporting organisation also cover exports of cotton yarn.

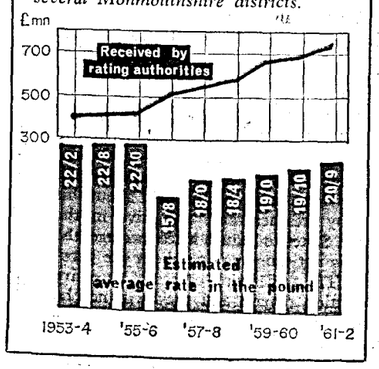
Japan's quotas have been extended pending the conclusion of trade discussions, and imports from China and other communist countries are also subject to licensing arrangements. Most of the remaining suppliers are members either of EFTA or of the common market. If the Government does not, in fact, intend to place limits on all imports of cotton manufactures, its arrangements will evidently not fall far short. As a result of the Government's intervention in the negotiations with the Hongkong cotton industry, the ceiling for exports of cottons from India, Pakistan and Hongkong was raised from 377 million to 423 million square yards a year. Supplementary quotas were to be granted if retained imports from other sources reduced the exports of Asian members of the Commonwealth below the 85 per cent "target."

Import figures are examined every three months. The first review has just been completed: imports during the third quarter of this year fell sharply, the Commonwealth countries' basic quotas were greater than the "target" and there will therefore be no supplementary quotas for them in the first three months of 1962. Britain has now accepted, subject to unspecified "understandings," the temporary Gatt scheme for controlling international trade in cotton textiles. Its signature also binds Hongkong, which has bowed grudgingly to pressure to limit its exports, particularly to the United States.

This week, a committee began work in Geneva on a long-term international agreement on cotton goods to succeed the temporary arrangements that lapse at the end of September next. With so much restricted, and the cotton industry here suffering one of its periodic bouts of indigestion, there seems no great chance of any supplementary quotas for Commonwealth producers just yet. Should imports recover, Lancashire has a useful longstop in the clause in the Commonwealth agreement that rules out any supplementaries unless the British weaving industry has at least 15 weeks' work on its books. Supplementaries are allowed in full only when order books are stretched to 20 weeks. But in the present circumstances, Commonwealth producers are probably quite satisfied with their enlarged basic quotas.

RISING RATES

Rates went up in 1961-62 in all but 283 of the 1,466 areas of England and Wales; by 5 per cent or more in half of them. The estimated amount of rates collected per head of population is £15 18s.; 21 shillings more than in 1960-61. Bournemouth's rate, now 14s. 6d., is again the lowest for county boroughs and Merthyr Tydfil's 28s. 6d. the highest. The lowest rate for urban districts is 16s. 6d. in Tickhill, West Riding, the highest is about 30s. in several Monmouthshire districts.



THE BILL MARKET

Surprise for the Syndicate

LAST Friday the syndicate of discount houses discovered how easily the walls of a traditional preserve can be trampled down by rough outsiders. For the first time ever the syndicate received no 63-day bills at the allotment following the Treasury bill tender. These bills, introduced in 1955, are designed to ease liquidity in the new year tax-paying season and the market's allotment is usually above 70 per cent and very often in the 90 per cent range. As a result the market has come to view the 63-day bill with a proprietorial eye and apart from the Bank of England bidding on behalf of its own customers, other outside interest in the bills has never been great.

Last week's upset occurred because of a combination of circumstance. First, the Treasury reduced the number of bills on offer from £50 million to £30 million; secondly, the discount syndicate, in chasing the 91-day bills, had allowed the respective yields of the two usances to drift dangerously apart; and thirdly, outside bidders, mainly business concerns with spare cash, have become increasingly sophisticated about their short-term investments. It seems that one or more of these outsiders decided to switch to 63-day bills and take the extra yield of nearly ⅛ per cent for two months rather than stick to the lower yield on the 91-day bills for three months, and the market's unchanged tender price of £99 1s. 2d. for the 63-day bills was undercut by the outside applicants.

FISHING

Hands across the Humber

MERGING Associated Fisheries' fleet based on Grimsby with that of Hellyer Brothers, whose home port is Hull, Sir Hugh Fraser has done for wet fish something akin to what he had previously accomplished for department stores. He has created the largest fishing fleet in Britain—or for that matter in the free world—with 115 vessels. Associated is offering 2,065,583 of its 5s. ordinary shares for all the capital of Hellyer Brothers, a private company which, apart from its own fleet, controls that of Kingston Steam Trawling Company through a 52½ per cent holding in its equity. Following an abortive bid the Ross Group, Associated's major rival, now owns 26 per cent of the Kingston equity. Ross and the other minority holders are being offered eleven 5s. Associated shares for every four £1 Kingston ordinary shares they hold. In all, the operation might involve the issue of three million new shares worth £4½ million at the current price of 29s. 9d. for Associated's units.

Ross made its bid for Kingston eighteen months ago. Then it made an offer for Associated in January and this bid seems to have misfired badly. Sir Hugh Fraser subsequently joined the board of Associated Fisheries and the result has been an expansion by Associated that has tweaked Ross's nose. Currently, most fish is auctioned from a common pool on landing, with only a small proportion bypassing the auctions. Working within the pricing and auction arrangements, the links between Associated's trawlers and its thriving subsidiary, Eskimo Frozen Foods, could be strengthened. This side of the business has expanded rapidly and Eskimo now holds 10 per cent of the British market for frozen foods. It can now look Findus and even Unilever's "Bird's Eye" in the eye. More fish could undoubtedly be handled in this way.

One reason for the merger may lie in the high cost of the new methods that are being introduced into the industry. Ross's "Fairtry" processing ships and Associated's big trawler "Lord Nelson," which is equipped with freezing facilities, are costly investments. A large group should be better placed to develop these new techniques. The intention of the Government's subsidy proposals is that the fishing industry should eventually be self-supporting. Hellyer and Kingston earned gross profits of £431,000 in 1960-61 and those of Associated amounted to £590,000. In the current year, Associated expects to earn £885,000, excluding the Hellyer interests, and to maintain a dividend of 25 per cent.

IPBUILDING

The Hard Sell in Ships

EXT to selling sand in the Sahara, one of the most difficult things to do is sell a ship to a Swede. The Swedish pbuilding industry is one of the best ganised and most efficient in the world, d millions of pounds are being spent on mpletely revolutionary methods of build- ships. This expenditure of capital, in present state of the international ship- lding market, may or may not pay off, it has a certain amount of built-in insur- ce in the sense that the Swedish ship- lding industry is largely under the ntrol of Swedish shipowners. This does t mean that the country's shipbuilding tivities are confined to the building of ips for Swedish account. On the contrary, redish yards have enviable order books th many contracts for foreign and inter- tional account, particularly for large kers and bulk dry-cargo carriers.

It is therefore of more than passing terest that a Swedish concern Granges- erg-Oxelosund Trafik A/B should have ced an order with a British shipbuilding m, worth over £500,000, for three 600-shp shiphandling and salvage tugs. he firm concerned, Seawork Ltd., has ntrol over two small shipyards in Apple- re, Devon, and Gateshead-on-Tyne. king a comparative newcomer in the dustry, it is not a member of the hipbuilding Conference; but it seems to ve been able to produce the goods. From e two small shipbuilding yards at its dis- sal it is now producing small ships, such s tugs and trawlers, worth something like 3 million per annum, of which at least o-thirds is for export, to countries like weden, Poland, Canada, Australia, Ghana, elgium and Pakistan. To do this it has uilt up a high-powered force of tech- icians and salesmen, the cost of which is rmidable judged by normal standards; ut this is offset to some extent by a lower eneral level of overheads in the two ship- ards. There are two points to be noted n this context. One is that expenditure n technical ability and salesmanship, oupled with plain good workmanship and rganisation, will win contracts for Britain rom overseas in the face of intense com- etition. The other is that there was no uestion of this purchaser asking for excep- tionally favourable credit facilities.

HIRE PURCHASE

A Shabby Affair

THE law of hire purchase is a muddle and out-dated. Last Friday a private member's bill, discussed in detail in *The Economist* last week, was talked-out of Parliament and so failed to get a second reading. The bill was not put forward as a comprehensive measure but it suggested some logical first steps towards reform and at least gave the Government an opportunity to give a firm commitment on comprehensive legislation once the Moloney committee had reported. Mr W. T. Williams, whose bill it was, must feel acutely disappointed at this treatment of a bill whose limitations he recognised and was anxious to amend.

In this matter, the Government must be criticised on two counts. First, it recommended that Mr Williams's bill should be rejected without holding out any clear hope that the report of the Moloney committee on consumer protection would be immediately followed by legislation. Mr Niall Macpherson, Parliamentary Secretary to the Board of Trade, had the effrontery to "commend to the House the virtue of patience," and offer the conjecture that the delay between the Moloney report and legislation would not be as long as the one that has followed the Hodgson report on weights and measures—which has reached its scandalous eleventh year. And it may be added that the Government's failure to produce the promised legislation to regulate the acceptance of deposits by hire purchase companies and others is hardly less scandalous.

Secondly, the amount of thought that the Board of Trade has bestowed on hire purchase seems to have been lamentably small. The Finance Houses Association, as an interested party, prepared a brief for MPs setting out its objections to Mr Williams's bill: the association did not perhaps expect that its brief would form the substance of Mr Macpherson's speech. But it seemed wise of him to stick so closely to it, for on one occasion when he left it he plunged into fatuity:

> If hire purchase were not generally satisfactory to customers now, we would not have at the present time a hire purchase debt of no less than £942 million.

By the time the Moloney committee reports, the total of HP debt will in all probability have grown further. And will that prove how increasingly satisfactory things are in hire purchase?

SHORTER NOTES

The Chancellor of the Exchequer is likely to make his long awaited statement on decimal coinage on Tuesday, in answer to a Parliamentary question. This week a private member's bill to provide for the switch to decimals received its formal first reading. It is to be read a second time on Friday, May 4, 1962.

★

We apologise to readers who may have wondered, after reading the business note on central heating last week, how it could cost £100,000 to instal it in their home. For a cost of "from £15 to £63 per square foot of floor area heated," read cost per 100 square feet.

★

Lord Ritchie, the chairman of the Stock Exchange, has expressed his anxieties to the Chancellor about the effects of a capital gains tax on the marketability of securities in London with particular reference to the raising of capital for industry and the position of London as an international market.

★

Trading profits of Radio Rentals rose sharply in the year to August 31st from £5¼ million to £6½ million while the ordinary dividend has been raised from 20 to 22½ per cent. Its expanding business is reflected in the increase in depreciation from £3.4 million to £4.2 million so that with a higher tax charge net profits have fallen slightly, reducing the dividend cover to 2¼ times.

★

For the seventh successive month net sales of unit trusts exceeded re-purchases in November. Total sales amounted to £2,760,000 and repurchases were only £812,000; sales were helped by five offers including a block offer from Crosby Income.

★

New orders placed with contractors during the third quarter of this year showed little change from the high level of the past year. A fall of £9 million since the second quarter in orders for new houses from private developers is attributed to seasonal factors. The reduction in new commissions received by architects would not be expected to affect figures of new contracts until around the end of the year.

★

The trading profits of Associated Engineering fell by 13 per cent in the year to September 30th from £4,517,000 to £3,934,000 and the total dividend of 13½ per cent is the same as that for 1959-60 after allowing for a one-for-two scrip issue.

COMPANY AFFAIRS
Comments on pages 1174 and 1175 on:
ICT — Watney Mann Property
Flowers — Bass, Mitchells & Butlers
Tube Investments — Tanganyika Concessions
ACV — Barclays DCO
Mercantile Credit
Comments on page 1150 on:
Colvilles — Stewarts and Lloyds
Whitehead — Steel of Wales

LONDON AND NEW YORK
Stock prices, yields and security indices on pages 1176 and 1177

LONDON STOCK EXCHANGE
The week's movements reported on page 1175

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 1178

COMPANY MEETINGS

Glaxo Laboratories report increase in Group's world-wide trading

PRICE REDUCTION BENEFITS TO N.H.S.

Sir Harry Jephcott's Review

The twenty-seventh annual general meeting of Glaxo Laboratories Limited was held on December 11th in London, **Sir Harry Jephcott, DSc., FRIC., FFS.,** *presiding. The following is an extract from his Statement circulated to members with the Report and Accounts for the year to June 30, 1961:*

The present Company structure is such that Glaxo Laboratories Limited is not only the largest trading unit in the Group but is also responsible for the operations of the Group generally. As a result of the growth of the Company's operations overseas, and the addition of Allen & Hanburys Ltd., Evans Medical Ltd., and The Murphy Chemical Company Ltd., the Group now comprises more than sixty subsidiary and sub-subsidiary companies.

Your Board has come to the conclusion that a stage has been reached at which a defined Group structure is essential in order that the Company's business may be conducted more effectively and with greater expedition. To that end it is proposed that the Company change its name to Glaxo Group Limited, and that a new subsidiary company, Glaxo Laboratories Limited, be formed to carry on the manufacturing and trading activities which have always been conducted under that name. The same Directors who have been concerned with these activities in the past will so continue except that Mr H. W. Palmer will in future, as General Manager of Glaxo Group Limited, be exclusively concerned with Group responsibilities. Dr F. J. Wilkins will become Chairman and Managing Director of the new subsidiary company, Glaxo Laboratories Limited, with Mr O. F. Morgan and Mr W. J. Hurran as joint Deputy Managing Directors.

At the same time, research and development directed towards future products and new processes of manufacture will be the responsibility of another new subsidiary, Glaxo Research Limited.

The Stock Exchange, London, has been consulted and I am able to inform stockholders that stock certificates issued by the Company under its present name remain valid and will not need to be exchanged.

TRADING CONDITIONS

It is pleasing once again to be able to report expansion in the Group turnover. Excluding sales made by Evans Medical Ltd. (which only joined the Group during the year), Group turnover increased by 7 per cent, the larger part of this increase being in the second half of the year. There is some slight evidence of seasonality in the Group sales, in spite of the world-wide trading.

The competition that we have experienced, particularly in export markets, is clearly demonstrated by the fact that, in spite of this increase in turnover, trading profits before tax, and excluding Evans Medical Ltd., showed a decrease of 4 per cent which, by reason of the increase in profits tax, leads to a reduction of 8 per cent in profits after tax.

During the year the Group has expended £1,800,000 on the improvement and extension of manufacturing facilities. Two-thirds of this expenditure was overseas.

THE HOME MARKET

Glaxo Laboratories Limited. In conformity with the Company's long-established policy the prices of Glaxo pharmaceutical products have been reduced as process improvements and consequent reduced production costs have made this possible. Other reductions have been made in accord with the Voluntary Price Regulation Scheme which was agreed to between the industry and the Ministry of Health in 1957 and renewed with modifications in December last for a further period of 3½ years. The price reductions we have announced during the calendar year 1961 will be of substantial benefit to the Ministry of Health—we estimate not less than £500,000 in a full year.

Allen & Hanburys Ltd. This company is to be congratulated on achieving pharmaceutical and surgical sales in excess of those of any previous year; in spite of substantially higher operating expenses the overall profit was appreciably higher than last year.

Exports have continued to increase and the merging of Glaxo and Allenburys activities in certain overseas markets has proved advantageous.

Evans Medical Ltd. There was little change during the year in the relative proportions of the main divisions of the business—ethical pharmaceuticals, standard drugs, veterinary products and wholesaling operations. Overall, sales and net profits increased. Approximately one-half of production was again sold overseas and further licences were granted to foreign manufacturers to manufacture under royalty.

The Murphy Chemical Company Ltd. This company continues to maintain its dominant position with commercial fruit growers at home, but the potentialities of the agricultural market have not been neglected. A new weed-killer for use in the cultivation of sugar beet shows considerable promise.

OVERSEAS

Progress continues in the development of our subsidiary companies overseas, which are an increasing source of Group strength and income.

THE NATIONAL HEALTH SERVICE

Of recent months there have been many references in the press to the cost of drugs for the National Health Service. In order to acquire certain drugs on more favourable terms for the Hospital Service, the Minister of Health has invoked the provisions of Sec. 46 of the Patents Act that permits, for the service of the Crown, the avoidance of the monopoly granted by the issue of a patent.

One cannot but regret the nature of the action he has taken. Within it are the seeds of serious difficulties: what may be a short-term advantage for the Health Service may, in the long te become a disaster for the industry.

If the drug manufacturing industry of country is to maintain its competitive posi in export trade, it must be assured of the b demand for its products which the requireme of the home market represent, otherwise it not be able to spread the high overhead co an essential feature of the industry, over a la enough output to ensure a competitive manu turing cost. Its future is hazardous indeed it is to be denied the important use of products in the hospitals of this country purchases overseas in an avoidance of the pat protection which has been granted by law. T Ministry of Health may save money by acquisition of drugs from abroad at margi prices, but the country's economy will lose m than the Ministry gains.

The protection which the patents system pr vides is essential if the drug industry is to co tinue in a healthy condition, not only today in the future. The monopoly which the pate system grants must be of adequate duration encourage research and to enable research to continued upon a scale adequate for the indust to maintain its competitive position in wor markets. Further, when the cost of research h been met, the industry must still make sufficie profit for its well-being and further developme

The duration of monopoly appropriate for th purpose will vary; for a product of wide applic tion it might be a period substantially less tha the present 16 years.

For others, when the cost of research migh be high but the application of the produc although important, is a restricted one, a longe period would be necessary to encourage an adequately to reward research. This does n appear to me to present an insuperable difficult Under Sec. 35 of the Patents Act a patentee ma apply for his patent to be endorsed "Licence of Right", and a would-be user is entitled t a licence under a patent so endorsed upo royalty terms that, if not agreed, are determine by the Comptroller of Patents. It would not b unreasonable to impose the condition that patents for drugs be endorsed "Licences o Right" after a period of years appropriate t any particular drug. By this device the patentee would secure the full benefit of his patent monopoly for a restricted period but would con tinue to receive a royalty income for the full life of the patent. A stage would thus be reached in the life of a commercially important monopoly at which freer entry into the market would result in competition and a "fair and reasonable" price would be determined in the open market.

In the conviction that the foregoing is the proper course to follow, each UK patent held by our Group is reviewed from time to time and is usually endorsed "Licences of Right" within ten years from its date of grant.

THE FUTURE

As Stockholders it is your understandable desire that I should indicate what the future may hold for us.

The most I can say at this time is that no matic change in our circumstances—favour- or the reverse—can clearly be predicted. ere is the prospect of keen competition and r profit margins. It will be our endeavour meet these adverse indications with increased nover and I am hopeful that we shall succeed. all events, during the first three months of this year we have maintained the rate of increase in turnover secured last year.

The report and accounts were adopted.

At a subsequent extraordinary general meeting resolutions to change the name of the Company to "GLAXO GROUP LIMITED" and to effect certain amendments to the memorandum and Articles of Association were duly passed.

CONTACTOR SWITCHGEAR LIMITED

SUBSTANTIALLY HIGHER OUTPUT

The twenty-fifth annual general meeting of ntactor Switchgear Limited was held on cember 11th at the Victoria Hotel, Wolver- mpton, **Mr H. Rayner** (the Chairman) siding.

The following is his circulated statement:

It is a pleasure to present the Accounts for the st financial year, and to report an improved ding result. Your Directors recommend a al dividend of 10 per cent, making 14 per cent the year. They are mindful of the Chancel- 's desire to combat inflation.

The premium on the acquisition of the Shares the Electronics Company has been written and the General Reserve is increased by 0,000.

It will be noticed that there is a large increase Debtors; this is mostly due to retentions on ge contracts but the bulk of these have now en received and the situation is again normal.

The output has risen by 27 per cent since last ar, and this has helped the improved results, t more important still is the enthusiasm of the members of the Company, management, ff and workpeople to provide a high quality oduct at an economical figure.

The order book is in good shape, but competi- n is becoming even more intense, and it seems if this trend is likely to continue. If, however, e economy of the country does not deteriorate, is reasonable to expect that the results for the rrent financial year will not be drastically fferent from last year.

It is with great regret that I announce the tirement at October 31, 1961, at his own quest, of Mr J. F. Liwski, who has been a olleague of mine from the start of this Com- pany, and both my colleagues and I wish him long and happy retirement. He has, however, am pleased to say, agreed to act as a Con- ultant to the Board, and I have no doubt that ey will be glad to take advantage of this from me to time, when his long experience will be lpful.

Mr A. V. Lawry, who has been on our Board r 12 years, and acted as Joint Managing Director since 1957, is now Managing Director, nd I am sure you will all wish him success his new sphere.

PROGRAMME OF EXPANSION

The Electronics Company has moved most of its activities to Wolverhampton and there is no doubt that they have been a great help to the Parent Company in obtaining orders for specialised equipment incorporating their designs, thus widening the field for the application of our equipment. They are not yet on a profit earning basis owing to the removal of their organisation, and the necessity of recruiting and training new labour at Wolverhampton. These difficulties are being overcome and an improved trend is already noticeable. We have a programme for a wide extension of their activities, and the reserves mentioned above are partly earmarked for the financing of this expansion.

As you are aware, we operated a licence agreement with La Telemecanique Electrique, Paris, but the value of this agreement has diminished, and for many years, we have manufactured our own designs, and have built up an efficient research and development department.

With the advent of the Common Market, and the expiry of the licence period, they gave notice of their decision to terminate the agreement, and we are grateful for the great assistance they gave to us in the early days of struggle, and I am pleased to say that we maintain cordial relations with them.

Our thanks are due to the efforts of all the employees of this Company, for the way they are meeting and overcoming the difficulties of this competitive age.

The report and accounts were adopted.

LAKE VIEW AND STAR

The Fifty-first Annual General Meeting of Lake View and Star Limited was held on December 7, 1961, in London.

Mr R. H. A. Neuschild (the Chairman), in the course of his speech, said:

The results of the Company's operations for the year ended June 30, 1961, are not unsatisfactory, and we are again able to recommend a final dividend of 1s. 6d., making a total of 2s. 6d. for the year.

Costs have increased by 6d. to 43s. 10d. per ton. Production of gold from mining operations at 166,122 ounces was slightly up on the previous year's figure. The results of development work during the year were good. Ore reserves at June 30, 1961, were 3,688,000 tons. Metallurgical extraction has again been good and in fact shows an improvement over the previous year.

In the power house a major innovation was introduced by the decision to use a heavier grade of oil fuel in place of the more expensive lighter oil, previously used. The profit from mining operations amounted to £400,672 which is fractionally higher than last year, and after the provision for depreciation, UK taxation liability and dividends the balance of profit on the year's operations amounted to £12,254. We have not much margin to play with in maintaining the rate of dividend. Our problem is whether we can effect savings to balance increases in costs, because with the fixed price for gold this is virtually the only way we can maintain the level of profits. Therein lies the implication for the future.

The report and accounts were adopted.

SAMUEL OSBORN & COMPANY, LIMITED

MR FRANK A. HURST'S STATEMENT

The fifty-sixth annual general meeting of Samuel Osborn & Company Limited was held on December 11th at Sheffield, **Mr Frank A. Hurst** (chairman and managing director) presiding. The following is an extract from his circulated statement:

During the year ended July 31, 1961, the majority of the companies of the Group worked to capacity, consistent with the labour available, and, consequently we have surpassed the sales figure of the previous year which I then reported as a record for us. We have now, therefore, a still higher target to beat.

Not only have we beaten our previous sales record by a substantial margin but, I am also pleased to be able to say, we have record profits for the year of £2,025,858 before tax and £976,900 after tax. Tax in the United Kingdom takes £972,001 and overseas £65,773; thus these first charges on profits reduce the total by approximately 51 per cent. From these figures the exceedingly heavy burden we have to carry will be appreciated.

I am still disappointed that those in authority continue to criticise British management and at the same time fail to do anything to curb the extravagant national expenditure, which could do much to help us meet increasing world competition by a reduction in taxation.

During the year under review our direct exports have improved but we continue to strive for further achievement. This must, however, be considered together with the fact that a large percentage of our products sold in the home market goes towards the making of other British products which are ultimately exported.

The purchasing side of our business has made a considerable contribution towards our success in that careful contracting has been exercised—a very important feature when purchases are so heavy.

THE EUROPEAN COMMON MARKET

I am sure that I am expected to say something about the European Common Market and I regret my inability at this stage to be categorical upon the matter. I have been surprised at the ready way many have expressed themselves as being positively for or against, because none of us really has grounds upon which we can decide, and when we do so it must be not from any selfish point of view—connected with one industry—but in the over-all national interest. All I can say is that I hope our negotiators will competently be able to appraise the advantages and disadvantages so as to enable them to make such arrangements as will be compatible with the interests of the United Kingdom and the British Commonwealth.

I am amongst the foremost in my desire that the Commonwealth should be protected in any arrangements which we may reach with the countries of the Common Market, but I feel I must say to some of the Commonwealth Governments that they must not look on the Commonwealth as a "one-way street." If they wish to continue exporting their goods to us on Imperial Preference terms, they should not impose harsh restrictions on our attempts to export goods to them, whether by restrictions of imports, the imposition of high duties or the narrowing of Preference tariff margins in favour of outside competitors.

On previous occasions I have mentioned the *question* of dumping and have advocated quick measures for the implementation of the provisions of the Customs Duties (Dumping and Subsidies) Act, 1957, when the necessity occurs. I make no excuse whatsoever for returning to this matter which I have been hammering for some years. Our Government is ready to criticise the efforts of manufacturers but, when faced with this simple problem of protection against dumping, continues to turn a deaf ear and professes to know better than those it criticises. At the same time it deplores the gap in our balance of payments which is widened by dumping.

Other Governments are apparently more ready to aid their manufacturers; an example being that in the Canadian publication *The Financial Post* of October 7th the first paragraph on the editorial page reads—'The Justice Department stands ready to advise Canadian companies whether their plans to join forces to meet foreign competition in the domestic market would contravene the Combines Act'—and goes on to hint at the desire to cut imports.

To forecast the future is a most difficult and uncertain matter which is made still more complicated by complexity of world politics, but I can report that we continue to be very active in those departments which have been busy throughout the financial year under review. At the same time I have to say that the volume of orders received is slightly less than a few months ago. However, it is too early to tell what the future has in store, but we do know that we have remained very busy at a time when it wou seem that some of our competitors had suffer a certain amount of recession. During t period covered by the Accounts we have ad new plant and made a number of extensions we hope that by these means and by the fo tunate position we occupy due to the diversifi tion of our manufactures our prosperity will maintained.

I conclude by expressing my thanks to eve one in the Osborn organisation from Directo to juniors, and to our subsidiaries and agen alike; all have helped by giving unfailing su port I have had co-operation in every directi and our success is due largely to a spirit happy working together, mutual respect a loyalty. The report was adopted.

O.K. BAZAARS (1929) LIMITED

(Incorporated in the Republic of South Africa)

A GOOD TRADING YEAR

STEADY INCREASE IN TURNOVER MAINTAINED

The thirty-second annual general meeting of shareholders of O.K. Bazaars (1929) Limited will be held on December 22nd at Johannesburg.

The following are extracts from the Report of the Directors for the year ended June 30, 1961, to be submitted to the shareholders at the meeting:

The figures given below are in decimal currency—the Rand being equivalent to ten shillings—and have been taken from the consolidated accounts of the Company and its subsidiaries.

CAPITAL AND RESERVES

During the year under review, the authorised share capital of the Company was increased from R5,472,000 to R7,724,000. The sum of R2,254,936 out of R6,254,046 standing to the credit of the Company's share premium account at June 30, 1960, was capitalised and issued as fully paid-up shares to the holders of equity share capital in the ratio of one new share in the respective classes for each share held, increasing the issued share capital from R4,934,936 to R7,189,872. R1,000,000 has been transferred to Capital Reserve in the Holding Company and R138,170 has been transferred to General Reserve in two subsidiary companies to provide for the redemption of debenture stock.

PROFIT AND APPROPRIATION

The consolidated net profit for the year, attributable to shareholders of O.K. Bazaars (1929) Limited is R3,912,307, compared with R3,264,900 for the previous year, from which appropriations have been made as shown below:

			1961	1960
Consolidated net profit for the year attributable to shareholders			R3,912,307	R3,264,900*
Dividends of Holding Company:				
On Preference Shares		150,800		
On Ordinary Shares:				
Interim of 10 per cent paid on July 31, 1961	450,987			
Proposed final dividend of 25 per cent	1,127,468			
		1,578,455	1,729,255	1,672,882
Retained in the business:				
Amount appropriated to reserves		1,138,170		931,880
Amount transferred to profit and loss appropriation account		1,044,882		660,138
		2,183,052		1,592,018
			R3,912,307	R3,264,900

*The 1960 net profit of R3,436,900 has, for purposes of comparison with 1961, been reduced by R172,000, being the balance of expenditure on premises on long lease shown in the 1960 accounts as an appropriation of profits.

DIVIDENDS

The directors recommend the payment of a final dividend of 25 per cent (12½ cents per share) to holders of ordinary, "A" ordinary and "B" ordinary Shares, which with the interim dividend of 10 per cent (5 cents per share) makes 35 per cent (17½ cents per share) for the year. This is an increase on last year when the Company paid 67½ per cent (33¾ cents per share) on the equity share capital which was doubled by a Capitalisation issue during the year.

The following statistics are given for the information of shareholders:

	1957	1958	1959	1960	1961
Preference capital	R2,680,000	R2,680,000	R2,680,000	R2,680,000	R2,680,000
Ordinary capital	1,688,000	1,688,000	2,254,000	2,254,000	4,510,000
Reserves and unappropriated profits	18,694,000	19,900,000	25,000,000	26,592,000	26,523,000
	R23,062,000	R24,268,000	R29,934,000	R31,526,000	R33,713,000
*Profits after tax	R2,508,000	R2,342,000	R2,824,000	R3,264,000	R3,744,000
Earnings yield	10·88%	9·65%	9·43%	10·35%	11·11%
Preference dividends paid	R150,000	R150,000	R150,000	R150,000	R150,000
Profits attributable to ordinary shareholders	R2,358,000	R2,192,000	R2,674,000	R3,114,000	R3,594,000
Dividends to ordinary shareholders:					
Amount	R1,056,000	R1,056,000	R1,410,000	R1,522,000	R1,578,000
Per share	31¼ cents	31¼ cents	31¼ cents	33¾ cents	†17½ cents
Profits retained	R1,302,000	R1,136,000	R1,264,000	R1,592,000	R2,016,000

*These figures do not include the surplus or the loss on the sale of properties. † Refer paragraph under heading of "Dividends" re Capitalisation issue.

GENERAL

The Company has had a good trading ye and maintained a steady increase in turnove *both in the Republic of South Africa and i* the Rhodesias. A surplus of R167,444 realise on the sale of two properties has been credite to profits.

MERCHANDISE

Although most of the Company's purchase are from South African manufacturers, it must not be construed that the small balance which is imported is unnecessary. Imported merchandise encourages South African manufacturers to keep abreast of what is produced in worldwide markets, sets a standard for local manufacturers and in no minor way has contributed to the improvement in manufacturing techniques which must surely help towards the building up of South Africa's export trade. The policy of quality and price has been and will always be the mainstay of this organisation and in fact, is the fountainhead of its growth.

STAFF

Once again we acknowledge the staff's loyalty and good service and the important part played by them in our satisfactory progress. Improved amenities and "awareness" training have encouraged the staff to greater efficiency, more Company consciousness and increased enthusiasm. Recognition in a practical way has been made by the Board again declaring a cash bonus to be paid to the staff.

AUSTRALIA AND NEW ZEALAND BANK

The Eleventh Annual General Meeting of ustralia and New Zealand Bank Limited will held on January 10, 1962, in London.

The following are extracts from the circulated tement by the chairman, **The Hon Sir offrey C. Gibbs, KCMG,** for the year ended ptember 30, 1961:

AUSTRALIA CONCENTRATES ATTENTION ON EXPORTS

An official policy of deflation, aimed at restorg balance in oversea trading and checking the te of increase in domestic costs and prices, arply reduced the level of business activity in ustralia during the first half of 1961. Following e attainment of external stability the restricre policy measures were relaxed, and official ttention has been directed in more recent onths towards increasing domestic activity and mployment without recreating an excessive mand for imported goods. The removal of e boom conditions, which were such a notable ature of the economy in the second half of 960, also meant a substantial reduction in transtions of a speculative nature which had caused ry large increases in stock exchange and real tate prices.

It should be explained, however, that the hanges which have occurred in recent months e considered to be essentially short run alterations, and from the longer term aspect, the ustralian economy can be expected to maintain rapid rate of development.

It is now more generally recognised that the te of growth of the internal economy is clearly nked to the nation's ability to pay for increasg imports and to service foreign investment. he importance of foreign exchange earnings s recognised in the search for new export arkets—a quest which has been given new gency by the United Kingdom's application to in the Common Market.

The effect of monetary and fiscal restraints pplied during 1960, had begun to show in he level of imports by February 1961, and there as a progressive decline in imports over the emaining months of the financial year. Although mports in the full June year were £A137 million greater than in 1959-60, the total for the alf year ended June, 1961, was only £A30 million more than in the corresponding period of 1960.

Despite worthwhile increases in exports of manufactured goods, the great bulk of Australia's export income continues to be derived from the sale of rural products and minerals. The value of exports (excluding gold) in 1960-61 —£A937 million—remained the same as in the previous year.

Recent action by the Government in granting taxation incentives to exporters is most welcome. Indeed, one of the most favourable interpretations of recent events is that they have concentrated attention on the balance of payments problems. Development of a more diverse range of export activities has assumed increasing importance in view of the persistent adverse movements in Australia's terms of trade, following the tendency in recent years for export prices to fall while the prices of imported manufactured goods rose slightly. This adverse movement in prices has offset increases in the volume of goods exported.

But probably the most important requirement for success in the export field is to ensure that the increase in Australian costs and prices is kept to a minimum, so that the competitive advantages, which have been a feature of the pastoral industries in particular, will not be dissipated.

Australia's overseas reserves increased by £A39 million over the year ended June 1961, to a total of £A550.8 million. This improvement contrasted directly with earlier estimates which predicted a substantial fall in reserves following the expansion of imports. Receipts of long term and portfolio funds indicate the continued confidence of the overseas investor in Australia's potential and a favourable assessment of its undoubted prospects for further growth. However, this increasing level of investment places added emphasis on the need to pay adequate attention to promoting export industries.

FORMIDABLE PROBLEMS FACING NEW ZEALAND

The past year in New Zealand has been characterised by a severe balance of payments crisis, a marked growth of expenditure in both the private and government sectors, and the implementation of official policies to restrain spending. The high level of internal demand resulted in an expanded volume of imports which coincided with a reduction in overseas income following a series of adverse movements in prices received for the major primary exports. It is unfortunate that all these staple exports should have suffered simultaneously and this, combined with an expansion of imports, has reduced overseas reserves to extremely low levels. Indeed, the problems which New Zealand has to overcome are, in my view, more formidable now than at any time in the last decade.

This year's external position is in marked contrast to that of last year, when there was a favourable balance of payments and the level of reserves was sufficient to meet carefully restrained levels of spending. The deterioration which occurred was, to a large extent, the result of the adoption of inadequate fiscal and import licensing measures. To curb the drain on external reserves, the Government eventually adopted the traditional short term palliatives of severely restricting import allocations, including an extension of the current import licences to cover more than the calendar year 1961, and of arranging to borrow overseas.

The trading banks are working in an environment of detailed regulation and it is disappointing that the new Government has not yet been able to restore the traditional freedoms to the banks which would enable them to play a more positive part in New Zealand's progress.

New Zealand's admittance to membership of the International Monetary Fund, and World Bank is particularly welcome. In my view the Government showed great wisdom in obtaining Parliamentary approval for this action. Admittance to the Fund will mean ready access to short-term assistance and stand-by facilities should such be necessary in future pending more basic domestic adjustments, whilst admittance to the Bank will provide opportunity to apply for medium and long term capital for development. It is to be hoped that these developments portend a more realistic approach to long-term investment from abroad.

The Government has been particularly concerned to foster selective development of industry. The stimulation of this industrialisation, however, often adds pressure in the short term to the balance of payments and the overstretched labour market.

With regard to farm production, excellent seasonal conditions have been experienced and output has continued to rise, although at a markedly slower rate than in some earlier years. New Zealand has a vital interest in the United Kingdom's relationship with the Common Market and the Government has been active in stressing the likely adverse effects on the marketing of New Zealand's major exports.

Consumer prices continue to advance slowly, and over the year ended September 1961 rose by 2 per cent; the major increase was in the housing category of the Index. It is certain that the increased volume of imported goods has added to price stability over the year, but the likely reduction in the supply of imports in 1962, despite cushioning by the improved level of stocks, will add to the pressure on prices unless the level of demand can be reduced.

Internally the Government's basic objective is to restrain inflationary tendencies and curtail domestic expenditure. To this end, the Reserve Bank is following a severely restrictive monetary policy.

ACCOUNTS

When note is taken of the restrictions and controls from which we still suffer, we think we have good reason to be encouraged by the results shown in the year's accounts.

The Trading Bank Balance Sheet shows a considerably improved liquidity position and the increase in the fixed asset Bank Premises and Sites underlines the steady expansion in our branch representation.

We are always seeking to relate the increasing costs of carrying on our business to the charges we make to our customers and it is satisfactory to report that there were moderate increases in these charges during the year.

It is gratifying that the Trading Bank's profit at £A1,105,982 not only shows an increase of 7 per cent on last year's figures but is a little more than anything we have achieved so far. Your Directors recommend a final dividend for the year of 8 per cent less tax, which, together with the interim dividend already paid, would maintain the distribution at 12 per cent less tax.

The Directors propose a re-organisation of the Bank's share capital. The purposes of the proposals are the elimination of the reserve liability on the Bank's partly paid shares, the consolidation of all shares into one class followed by the increase of the Bank's paid-up capital to £Eng.11,000,000 by means of a bonus issue to shareholders. These proposals require the sanction of the shareholders (which will be sought at meetings to be held immediately after the Annual General Meeting) and the confirmation of the High Court.

COMPAGNIE D'OUTREMER POUR L'INDUSTRIE ET LA FINANCE

The annual general meeting of the COMPAGNIE D'OUTREMER POUR L'INDUSTRIE ET LA FINANCE was held in Brussels on November 23rd, **Mr Gutt** presiding.

The introductory statement of the Board's report is devoted, this year, to a topical problem, which is of considerable importance to Belgium: the *tax reform* that the Government proposes to introduce.

The fiscal system must be simplified, says the report. It must be adapted to the necessity of promoting investments, and, to this end, must contain provisions as advantageous as those in force in other Common Market countries. Compagnie d'Outremer stresses that this reform should not interfere with the rule "non bis in idem," which is the basis of Article 52 of the co-ordinated laws. The investment policy encouraged by successive Belgian governments in recent years, which had its practical application in the floating of subsidiary companies and in the taking up of investments in common, is built up to a large extent on the clauses of this article. The introduction of a double imposition or a multiple taxation, which would result from an amendment of this article, might tend to check investments in Belgian economy.

Compagnie d'Outremer also stresses the necessity of simplifying the method of assessing turnover, either by substituting regulations inspired from the French system of a tax on the "valeur ajoutée" (a tax on the difference between cost and selling price at each production stage of different concerns), or a generalisation of the "taxe forfaitaire" or "outright tax" (a lump sum paid on an assessment made by the authorities themselves), at a determined stage in the production or distribution circuit.

Since the end of the preceding financial year, the Company's share of investments in continental Europe has risen from 55.1 per cent to 56.9 per cent; American assets have recorded a growth at 27.8 per cent against 24.2 per cent, whilst those in Africa show a sharp fall at 9.5 per cent against 17.4 per cent. The item "Sundries" is taken up for 4.9 per cent against 3.3 per cent.

The evolution per activity sector is as follows:

	Sept. 30, 1960	Sept. 30, 1961
	%	%
Fixed assets	1·3	2·9
Banks, insurance and financial companies	31·3	36·4
Public utilities and electrical companies	26·4	25·2
Oil and natural gas industry	16·7	17·3
Mines and metals	8·7	6·3
Distributive trades, food and agriculture	5·3	5·7
Sundries	4·5	3·7
Net current assets	5·8	2·5
	100·0	100·0

The Board's aim is to make the Company a proper investment bank. It has already departed from the generally accepted notions of a holding company inasmuch as its interests, apart from those in the banking field, which are a corollary to its activities in the financial field, are not controlling interests.

The Compagnie d'Outremer is determined to develop further its contacts with foreign banking and financial concerns, with the object of establishing a closer collaboration with them in line with the needs which have arisen with the ever-increasing internationalisation of economies and more especially the progress made in European integration. The Company's most important interest is in the BANQUE LAMBERT, whose development is progressing: deposits of customers and of other banks rose from BF 3,697 million to BF 4,616 million in 1960, whilst credits to the private sector climbed to BF 3,350 million from BF 2,949 million. Between 1953 and 1960 the volume of deposits grew by 178 per cent and that of credits to the private sector by 315 per cent; among the latter, acceptance credits augmented more than tenfold. This progress has continued into 1961, there being a distinct advance in the results of the first nine months of the current year over those for the corresponding period in 1960.

At the beginning of this year the Banque Lambert took over the banking activities of the BANQUE INDUSTRIELLE BELGE in Brussels. It took part in floating the BANQUE EUROPEENNE DU LUXEMBOURG, whose operations for the opening months are most satisfactory. Three main and 22 branch offices in Brussels, with one main branch office in Antwerp, make up the Banque Lambert's present facilities.

Through its fiduciary subsidiaries, whose operations are centralised in SOGES, the Banque Lambert was mainly responsible for the admission of foreign stocks on the Brussels stock exchange. The assets of the unit trusts in whose management it is interested, viz Fonds International de Placement "*F.I.P.*," "*Eurunion*" and "*Patrimonial*," amount to BF 2.7 thousand million, against BF 2.3 thousand million a year ago.

Almost all the shares of SOCIETE CONGOLAISE DE BANQUE, BANQUE AFRICAINE INTERNATIONALE and BANQUE DU RUANDA-URUNDI were brought in to a new company, SOCIETE FINANCIERE POUR LES PAYS D'OUTREMER, floated in Geneva, in May, 1961. Business of the African affiliates of the new company suffered from the political chaos in the Congo in 1960, but a marked improvement has been registered since the beginning of 1961.

Compagnie d'Outremer has also interests, through the Banque Lambert, in BANCO DI ROMA (BELGIQUE), BERLINER HANDELS-GESELLSCHAFT, CREDIT COMMERCIAL DE FRANCE, UNION FINANCIERE DE PARIS, BANQUE NATIONALE POUR LE DEVELOPPEMENT ECONOMIQUE (Morocco), FIVE ARROWS SECURITIES (Canada), DEVELOPMENT FINANCE CORPORATION (Australia). In the course of the last year it also acquired part of the capital of SOCIETE FINANCIERE BELGO-CANADIENNE, whose assets are mainly made up of securities, the majority of which are American.

In the public utilities and electricity sec the main interests of Compagnie d'Outremer concentrated in its participations in SOFI ELECTRORAIL and ACEC. Sofina's as can be estimated as having recorded a fur gain in 1961, due notably to the price ris the majority of American public utility serv shares in its portfolio.

The oil industry is represented in the p folio chiefly by the PETROFINA group. A from a large interest in the parent comp Compagnie d'Outremer has holdings in CA DIAN PETROFINA and AMERIC PETROFINA. For the first half of 1961 Pe fina's profits are up by 5.5 per cent over t of the corresponding period in the previous y Canadian Petrofina's profits for the first r months of 1961 are booked at $Can. 4.4 mil as against $Can. 1.03 million for the whole 1960. American Petrofina's results also show a improvement; profit for the first half of 1 reaches $US 820,000, whilst for the sa period in 1960 a loss of $US 385,000 registered.

The holdings of Compagnie d'Outremer South African gold mines have been realis On the other hand, the Company strengthe its holdings in copper by the acquisition RHODESIAN ANGLO AMERICAN sha Other participations in the mining sector represented by holdings in TANGANYI CONCESSIONS LTD., RHODESIAN N LECTION TRUST LTD., DE BEERS CO SOLIDATED MINES LTD., RIO ALG MINES LTD., ST JOHN D'EL R MINING CO.

In the food and distribution fields it ho an interest in GRANDS MAGASINS L'INNOVATION," whose expansion in B gium is progressing steadily, whilst that France and the Netherlands is assured by subsidiaries. The Company also holds intere in the following companies operating the Congo: BRALIMA, ELAKAT a BELGIKA.

The consolidated profits of Compag d'Outremer—that is to say, its own profits p its share in the profits of wholly-owned su sidiaries—amounted to BF 154 million for period from October 1, 1960, to September 1961, against BF 135 million for the preced twelve months.

The Company's net profits amount to 73,711,974, which permits a dividend dist bution of BF 40 per ordinary share; payme will be made on January 9, 1962. It must recalled that the net profits of the previous y were set aside for the depreciation of the po folio and the constitution of a reserve of BF million for the same purpose.

In his speech Mr Gutt announced that extraordinary general meeting will be held bef the end of the year to examine certain proje of a merger. In view of the importance of Company's holdings in the Banque Lambe whose financial year closes on December 31 the above general meeting will also be call upon to decide on the change over of the closi of its own financial year from September 30 to December 31st.

VITAMINS LIMITED

"DUMPED DRUGS FOR N.H.S."

The Annual General Meeting of Vitamins Limited was held in London recently.

Net profit for Vitamins, Ltd., to year ending March 31, 1961, was £151,953 (£129,280). *Ordinary dividend* was maintained at 12½ per cent.

In his Report, the Chairman, **Mr H. C. H. Graves,** said that the British fine chemical and pharmaceutical industries, of which they were proud to form part, were second to none. They had been built up as a far-sighted and long-term act of national policy since the time of the first world war. It had fallen to the present Minister of Health to reverse the policy, by encouraging dumping of other countries' surplus outputs.

So far from encouraging and helping British inventiveness, he had taken the unprecedented step of offering to purchase the nation's requirement of certain essential products, protected by patent in this and other countries, from pirates. This policy could extend to those who, by industrial espionage or otherwise, sought to cash in on the patented knowledge of inventors without having contributed either cash or inventiveness to the invention or development of the product itself or the clinical research needed before it could be safely marketed.

It was axiomatic that the successful development of export trade needed a firmly based home market.

The Minister had said, "I am willing to pay a royalty to the true owner of the patent." You could not run a factory on royalties—you needed physical throughput. The Minister "has a duty to purchase drugs for the N.H.S. at the lowest possible cost," even if to do so he *had to encourage dumping of goods surplus to the pirates' home market. Had he no responsibility to* Parliament and people for the protection of a key industry: or *had he forgotten this country's* lamentable position at the time of the first world war?

The Minister's position, as one of the chief customers of the pharmaceutical and fine chemical industries was incompatible with his national responsibility for the guardianship of those industries as their sponsoring Minister. So long as he was going to have his pound of flesh as the hard faced buyer—concerned only with the short-term advantage—so long should responsibility for sponsorship of these industries be transferred to an unbiased Minister capable of weighing credits against debits and taking up the cudgels for the industry he was protecting.

Of course, it was politically convenient to have a whipping boy for the cost of the N.H.S., in spite of the fact that the drugs themselves offered the best hope of reducing the cost of the N.H.S., by reducing hospital costs. How much longer was the Minister going to ignore the recommendation of the Guillebaud Committee that he should consider ways and means of publicising the facts of the industry's great achievements in a telling manner? Its export record—a fourteen-fold increase since 1938—exports now totalled nearly as much as the value of the N.H.S. drug purchases. Its contribution to national health and long life—millions were alive today who would never have survived on the drugs of 25 years ago! The tremendous reduction in the cost of illness due to the reduction of the length of treatment.

How much longer was he going to ignore the same Committee's recommendation that "the conditions which favoured profits for research, such as patent rights, publicising of proprietary names and the price agreement with the Ministry of Health be accepted?"

The Report and Accounts were adopted.

KENNINGS, LIMITED

Head Office, Kenning House, West Street, Chesterfield

EST. 1878

Directors:
G. Kenning, D.F.C., T.D., M.A.
(Chairman and Joint Managing Director)
D. B. Kenning, M.A., J.P.
(Joint Managing Director)
R. D. Cooke, M.I.M.I. *(Secretary)*
A. B. Griffiths, O.B.E., M.A., F.S.A.A.

GROUP PROFIT AND APPROPRIATIONS, YEAR ENDED 30th JUNE, 1961

	£
Group Trading Profit	1,619,498
Less: Depreciation, Interest Paid, Directors' Emoluments, Employees' Pension Scheme, etc.	481,261
Group Net Profit before Taxation	1,138,237
Less: Taxation	594,944
	543,293
Less: Outside Shareholders' Interests	10,207
	533,086
Less: Special Items	1,572
	£531,514
Appropriated as follows:	
Retained in business	310,402
Preference Dividend, Net	6,737
Ordinary Dividend, Net	214,375
	£531,514

CAPITAL AND DIVIDEND COVER

PREFERENCE SHAREHOLDERS:	
Issued Capital	£200,000
Dividend Covered by Net Earnings after Tax	79 times
Capital Covered by Net Assets	26 times
ORDINARY SHAREHOLDERS:	
Issued Capital	£1,600,000
Rate of Dividend Paid	20%
Dividend Covered by Net Earnings	2·4 times
GROUP NET ASSETS	£5,228,227

LEETHEMS (TWILFIT)

The 33rd annual general meeting of Leethems (Twilfit) Limited was held on December 7th at Portsmouth, **Mr A. E. Downing, FCA** (the chairman) presiding.

The following is an extract from his circulated review:

After an encouraging start to the year's trading, we experienced a short period of depression, followed by steadily improving conditions which, however, were not of sufficient duration prior to the close of the year to compensate for the earlier setback.

Sales of certain of our new styles, notably Twilfit "Joycet" belts and Twilfit "Cupid" brassieres, are most encouraging, and we are satisfied that demands for them will continue to increase. Export sales showed a small improvement as compared *with the* previous year in spite of difficulties over quotas and credits.

Costs of materials, labour and overhead expenses continue to rise and, almost invariably, there is a time lag before such increases can be recovered by revision of selling prices. Buildings, Plant and Machinery have all been maintained at our usual high level of efficiency.

An increased rate of Profits Tax has to be borne this year and, after appropriating £4,000 to General and Contingencies Reserve and £2,500 to Staff Retirement Account, the Directors are pleased to recommend the payment of a Final Dividend of 9½ per cent on the Ordinary Shares making, with the 3 per cent Interim Dividend already paid, a total of 12½ per cent (less tax) for the year. The balance of unappropriated profit to be carried forward to next year amounts to £14,367 against £14,337 brought in from last year.

The report was adopted.

NORTH ATLANTIC SECURITIES CORPORATION

The seventh annual general meeting of North Atlantic Securities Corporation Limited was held on December 11th in London, **The Right Honourable Lord Latymer** (the chairman) presiding. The following is an extract from his circulated statement:

I mentioned in my previous statement that we had acquired the entire issued share capital of Commercial & Industrial Investment Trust Limited. The combined adjusted gross revenue for the two companies for 1960 amounted to £177,698 and the net revenue, after taxation, amounted to £91,949, which compare with this year's figures of £183,728 and £93,698 respectively.

An interim dividend of 1½ per cent was paid in May last. Your Directors now recommend the payment of a final dividend of 4 per cent. This amounts to the same rate of distribution for the year as that for the previous year.

No overall revenue increase is anticipated in the *current year from our United Kingdom* securities due to lower profit margins coupled with the Chancellor's request for dividend restraint. *However, some increase* may be forthcoming from our American securities provided that the recovery in the US economy *continues.*

The value of the net assets of the corporation at September 30, 1961, was £4,249,662, equivalent to 8s. 9d. per share, as compared with £2,281,902, equivalent to 7s. 7½d. per share at September 30, 1960.

The report was adopted.

BARCLAYS BANK D.C.O.

1961—A HARVEST OF CHANGE

MR J. S. CROSSLEY'S STATEMENT

The thirty-sixth Ordinary General Meeting of Barclays Bank D.C.O. will be held on January 2, 1962, in London.

The following are extracts from the circulated statement of the chairman, **Mr J. S. Crossley,** for the year ended September 30, 1961:

If 1960 was a vintage year for political developments in British territories overseas, 1961, also has produced an abundant harvest of change. This year has seen the first parliamentary general elections in Kenya, Uganda and Nyasaland. Sierra Leone has already reached the goal of independence and Tanganyika will achieve that status in December. A referendum in Southern Rhodesia has endorsed by a majority of two to one the framework of a new constitution under which, for the first time, direct parliamentary representation has been given to Africans. Yet another constitutional conference held in London has at last succeeded in reaching agreement concerning the lines of future political development for Uganda. The former British-administered territory of the Southern Cameroons has been merged in the Republic of Cameroun, while in the Caribbean a blow has been struck at the principle of federation as a result of the referendum held in Jamaica.

The most outstanding political development has been the establishment of the South African Republic outside the Commonwealth.

RIGHTS ISSUE AND THE BALANCE SHEET

The event of the year most directly affecting stockholders was the rights issue which was made during the spring. The result of this offer to subscribe for fresh capital, the first since 1947, may be of interest. Out of 10,879 stockholders, no less than 10,269 exercised their rights. In addition, applications totalling 1,288,465 shares were received for the 188,075 shares which were offered to round off the capital to £17 million. This mark of confidence in the future of our bank, coming at a time of increasing political and business uncertainty, has been a great encouragement. Whatever the immediate future may hold I believe that in the long run this confidence will be justified. The urge for higher living standards in the under-developed countries, particularly in those which have newly found their independence, is a dynamic influence and the need for services of the kind that this bank can offer is likely to grow in the years to come.

The results for the year show an increase in profits, after tax, of £128,653, or 8.8 per cent. The increase would have been considerably larger had it not been for the higher rate of profits tax, which is beginning to bear heavily upon us.

The sudden, sharp increases in bank rate which we have experienced from time to time in recent years are indicative of the disorders in our economic body.

Dislocations in the money market and violent fluctuations in security values are the consequences that might be expected to bear most directly on the accounts of the bank. It is, however, the effect on conditions in our overseas territories and the strains which these sudden changes impose on the whole sterling area to which I should particularly draw attention. We have, perhaps, been too much absorbed in our own problem to pay sufficient attention to the difficulties that this has caused, and is causing, to others.

It is not enough for us to be able to say that the exchange value of sterling has been maintained by the higher bank rate. The price has been much dislocation of business and additional cost to borrowers throughout most, if not all, of the territories with which we as a bank are concerned. High interest rates in the United Kingdom have not only increased the burden of servicing the internal debt and raised the cost of financing exports, but, by stepping up the bill for interest on overseas balances held in London, they further aggravate the payments problem. The depreciation in Government securities, also, has inflicted embarrassing losses on overseas holders.

Perhaps the worst aspect of all this, however, from the standpoint of our overseas territories is the extra difficulty and expense involved in raising fresh capital. Even when this can be obtained the cost is likely to compare unfavourably with rates quoted elsewhere. In other words, London, as the financial centre of and banker to the sterling area, may become uncompetitive. The consequences could be serious both for London and for the Borrower, who might be driven to accept aid with political "strings" attached.

It is hardly necessary to stress here the immense value of the smoothly working mechanism of the sterling area to our trade and, indeed, to world trade as a whole, as well as to the commodity and other international markets, so many of which are concentrated in London. If, however, the centre is to be perpetually subjected to shocks of the kind we have been experiencing the whole structure must inevitably be weakened.

NEED TO FACE THE TRUTH

The truth is that monetary measures are not in themselves a cure for our troubles, which stem from the fact that we are living beyond our means. We are told that there is danger in over-simplification, and this is true. But it is more dangerous still to complicate an issue to such an extent that the simple truth is obscured.

Mr Micawber's famous dictum: "Annual income twenty pounds, annual expenditure nineteen nineteen six—result, happiness. Annual income twenty pounds, annual expenditure twenty pounds, ought and six—result misery," has its message for us today.

Our only sound course today is to reduce our problem to its simplest terms. Since when have the British people been unable to face the plain truth without a gloss on it? The problems of living with prosperity may prove as testing for Britain as the years of austerity through which she has so recently passed. Her people then gave convincing proof of their steadfastness when they knew that what was at stake was nothing less than survival.

THE CITY OF LONDON BUILDING SOCIETY

YEAR OF GROWTH

The ninety-ninth Annual General Meeting The City of London Building Society was h on December 12th in London.

Mr G. R. Appleyard, FCA, chairman, in course of his speech, said:

The pressure of withdrawals of funds c tinued for the whole of the first quarter of financial year under review, but it is fair to that things improved in the last three quart although the flow of money was erratic a followed no particular trend—this in spite of fact that we increased the dividend rate at Mar of 1961.

When you see, therefore, that the total amou due to shareholders has risen by just o £315,096 you will realise that the manageme has done very well indeed in a very competiti period.

Mortgages.—We have advanced approximate £300,000 more on mortgages this year compar with last year and the number of mortgages de with was 654 as against 637.

Management Expenses.—These have increase by £2,635, most of which can be found in tw items, salaries and printing, stationery an telephone.

The Society can afford to pay a dividend the increased rate of 4¼ per cent (Income Ta paid by the Society) for the period of nin months, January to September, 1962 (bot months inclusive). This will take us to the en of the Society's Hundredth Financial Year.

The report and accounts were adopted.

NATIONAL MORTGAGE AND AGENCY CO. OF NEW ZEALAND

The eighty-fifth annual general meeting of th Company was held on December 12th in Lon don, **The Right Honourable Lord Glenconne** (the Chairman) presiding. In the course of hi circulated Review, the Chairman said: You Company has again enjoyed a successful year' trading. The wool market was stable throughou the year with a tendency to harden as the seaso progressed.

In the past season the Company, including ou subsidiary Messrs. J. G. Ward & Co. Ltd handled a record number of 177,124 bales, an increase of 7,732 bales over the previous year.

At the time of writing this Review there hav been some encouraging signs of improvements i markets. Prices ruling at the opening wool sale of the present series show that the firmness note towards the end of last season has been main tained. The British Government has now intro duced measures to deal with supplies of sub sidised and dumped butter which could provid a valuable stimulus to New Zealand's dair industry.

Although we must expect some curtailment i certain of our merchandising activities becaus of import licensing regulations, I do feel that ou Group can look to the future with confidence.

Group trading profit for the year is £813,32 This is a most satisfactory result, as althoug the figures for last year covered only a perio from October to June, this includes the mai revenue-producing months.

The report was adopted and the total distri bution of 10 per cent, tax free, was approved.

SECOND INDUSTRIAL TRUST LIMITED

DVANTAGES OF BROADLY BASED PORTFOLIO

he fiftieth annual general meeting of Second ustrial Trust Limited was held on December in London.

Ir Haydon Ockford, FCIS (Deputy Chair-), presided in the absence abroad of the irman, Sir Edwin Herbert, KBE, LLD, and d the Chairman's Speech, from which the owing are extracts:

ou will remember that I suggested last year t it was possible that the tempo of the ional economy might well be slowing down. is suggestion has proved to be correct. We e made some progress, our income from estments being greater by £25,000, but reas last year our income from investments wed an increase of about 13½ per cent, this the increase is only 6½ per cent. Tax re-eries this year arising from double taxation ef were £9,000 less so that our total revenue m all sources showed an increase of £10,500 3 per cent more than the previous year. We ommend that a final dividend of 10 per cent paid making 19 per cent for the year.

In the light of the difficult conditions, which m the investment point of view, prevailed the year under review, particularly in the ter part of this year, the results can be re-ded as satisfactory. They go to show, in my inion, one of the advantages of holding a adly based portfolio in carefully selected urities.

The valuation of investments at September th showed an appreciation, over the cost at hich they were held in the books, of about 51½ ints. This appreciation compares with a ure of 45½ points a year ago and with a ure of about 67½ points six months ago. These ures tend to confirm the basic strength of your ompany.

Earlier this year the country entered upon one those periodic economic crises to which we ve become so accustomed since the war, no atter what Government was in power. The esent Chancellor of the Exchequer has taken ergetic steps to hold our position and, it would em with some degree of success. He is trying, ith his "pay pause" and dividend limitation mong other things, to hold a balance between dustry and labour in an endeavour to achieve is aims but, as others have found before him a similar circumstances, criticism of his olicies from both sides is the result. abour feels that it is being deprived of he just reward of its work, while industry omplains that it is forced to cut back at the ame time as it is being asked to expand and evelop exports. Nevertheless economic policies ust be given time to mature and cannot fairly e judged over a short period. We must sus-end judgment for the time being and hope that he Chancellor's avowed intention of creating onditions which will eradicate these crises in the uture will be achieved.

As to the proposed scheme of arrangement and amalgamation between the Company, the holders of the Debenture Stocks and Shares and The Industrial and General Trust, Limited, your Directors recommend it as being in your best interests. In a fortnight's time a separate meeting is being held of each class of Debenture Stockholders and of Shares and there will be every opportunity for Stock and Shareholders to ask any questions if they wish to do so.

The report was adopted.

NORTH KALGURLI (1912) LIMITED

MR H. A. KEMLO'S STATEMENT

The Annual General Meeting of North Kalgurli (1912) Limited was held on December 13th in London, **Mr H. A. Kemlo,** the chairman, presiding.

The following is an extract from his circulated statement:

During the year 1960-61 we treated 372,717 tons of normal run of ore to produce 88,508 ounces of gold against 367,511 tons of ore for 87,030 ounces in the previous year. Treatment of stored concentrates produced 1,094 ounces against 3,141. Gross mining income, after allowing for reduction of concentrates stocks, was £1,105,706 against £1,102,780. Mining and treatment costs were contained at approximately the same level per ton of ore treated as in the previous year and we came out with a net profit of £160,880 against £169,215. It is proposed to pay a final dividend of 6d. a share, making 10½d. for the year. Our liquid resources increased from £247,110 to £314,826.

The overall development scope on the Mine appears to be quite sound, both for immediate and long-term prospects. During the year 15,231 feet of development work was carried out over a large number of ore bodies on the Main, Kalgurli, and Croesus workings.

Early this year we decided that we must go ahead with the installation of our own Power Plant. The Plant ought to be in operation well before the end of 1962, and the total cost is likely to be in the neighbourhood of £275,000.

The report was adopted.

GASCOIGNES (READING)

(Milking Machine Refrigeration and Agricultural Engineers)

RECORD PROFIT IN JUBILEE YEAR

The annual general meeting of Gascoignes (Reading) Limited was held on December 12th at Reading, **Mr Geo. H. Gascoigne, MIStructE** (chairman and managing director), presiding.

The following is an extract from his circulated statement:

It is with considerable pleasure that on the occasion of our Silver Jubilee as a Public Company I am able to report a record profit in the history of our undertaking.

The growth of your Company since its incorporation in 1936, both in the United Kingdom and overseas, has been one of steady progression over the years and although margins have declined the ever-increasing turnover has enabled us to show a continuing upward trend of profits.

Although your Board were hopeful of a larger net profit for the year under review, the figure achieved of £165,781 still compares favourably with £147,883 for the preceding year.

Our Parlour Milkers of all types, the Milkveyor System; the portable Miracle Milker and Wheelway Records; the Bulk Collection system, the Rotafreeze, the In-Churn Coolers, our Grain Dryers and Kee Klamps, to mention but a few of our larger range of products, will stand us in good stead for many years to come; and we are continuously experimenting and developing new ideas.

The report was adopted and a dividend of 12½ per cent and Silver Jubilee Bonus of 2½ per cent were approved.

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Quebec, Ont..	—	£8 5s.	Japan	£10 6s.	—
Other provs.	—	£9 3s.	Jordan	£7 15s.	—
Ceylon	£9 0s.	£7 5s.	Lebanon	£7 15s.	—
China	£10 6s.	—	Malaya	£9 0s.	—
East Africa	£9 0s.	£7 10s.	N. Zealand	£10 6s.	—
Egypt	£7 15s.	—	Nigeria	£9 0s.	£6 10s
Europe	£6 0s.	—	Pakistan	£9 0s.	—
Ghana	£9 0s.	£6 10s.	Philippines	£10 6s.	—
Gibraltar, Malta	£5 0s.	—	Rhodesia	£9 0s.	—
Hongkong	—	£8 15s.	S. Africa	£9 0s.	£7 10s
India	£9 0s.	£7 10s.	Sth. & Cen. America	£9 0s.	—
Indonesia	£9 0s.	—	Sudan	£7 15s.	£6 15s.
			USA	—	$25 or £9
			W. Indies	£9 0s.	—

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COMPANY AFFAIRS

Brewing Results

THE consolidation and development of the brewing industry has left some companies in need of fresh capital funds. United Breweries' series of take-overs has, for instance, made the injection of new capital imperative; the company raised about £5 million on a 6¼ per cent debenture almost a year ago and it is now placing £2 million of a 6¾ per cent debenture at 98½. Report has it that Watney Mann may also be coming to the market with a prior charge stock very soon. Here, the new money would seem to be needed for the consolidation of Watney Mann's brewing interests—and not for property development, for Mr Simon Combe, the chairman of the subsidiary, **Watney Mann Property,** has said that its immediate capital needs can be met and that more permanent finance can wait. At the end of September the property subsidiary, in which the parent owns about 51 per cent of the equity, had capital commitments of £394,000 but other projects will entail an outlay of at least £2,500,000 in the next few years. The initial increase in the property company's income has been rapid; but this has come largely from letting licensed premises as they stand. Now the company is entering upon development proper, where sites will have to be acquired and new buildings erected. This has an immediate financial cost and Mr Combe thinks of the next two years as a stage of consolidation. Income may increase less rapidly for a time; but the conviction that development will be handsomely rewarding is reflected in the yield of 1 per cent offered by the 5s. shares at 14s. 9d.

One of the rumours that bloomed in the spring was that **Bass, Ratcliff and Gretton** might merge with Watney Mann. In fact, Bass merged with the Midlands and South Wales brewers, **Mitchells and Butlers.** This has always been one of the strongest of the regional breweries; Bass has for many years been a national brewer, not because it has public houses scattered up and down the country outside the cluster it owns in the Midlands but because its naturally conditioned bottled beers, "Bass" and "Worthington," have commanded a wide market in the free trade and through the brewers' tied outlets. To preserve profits in the trade outside its own tied outlets has become increasingly difficult and Bass to meet the competition from other beers has been switching more towards pasteurised bottled beers. Its merger with Mitchells and Butlers, moreover, gives it a stronger base from which to bargain with other brewers; presumably this link will give it some interest in the "Harp" lager venture.

But the merger could not have had any tangible effect on trading results for the year to September 30th. The rise in gross profits by 16.8 per cent, from £7,425,000 to £8,670,000, and in net profits by 18.5 per cent, from £3,726,000 to £4,417,000, must therefore reflect higher sales and higher prices for the summer trade. It is a remarkably good performance; this, however, is not reflected in the final dividend which in deference to the Chancellor's request is kept at the 7 per cent forecast at the time of the merger. The indicated yield on the 5s. shares at 15s. 1½d. is 3.6 per cent, covered over twice. One important point for the future of Bass, Mitchells and Butlers is whether the increase in sales and profits has been more marked in the tied trade or in the external trade, where Bass is doing a great deal to promote the sales of container draught beers.

Another company with an important stake in the growing market for container draught is **Flowers** of Luton, with its "Keg" bitter. This is one of the biggest breweries under the Whitbread umbrella and its latest trading results are rather disappointing. Gross profits before tax have risen by no more than 5½ per cent, from £1,337,000 to £1,411,000; net profits actually fell, from £721,000 to £660,000, but the dividend has been raised to 12 per cent, against 11 per cent in 1959-60 when a non-recurring 1 per cent was added from capital profits. The stock market was disappointed and marked the 5s. shares down by 1s. 6d. to 16s. 9d. xd., to yield 3½ per cent. Exceptional capital charges may explain the lack of buoyancy; but it must be wondered whether Flowers is meeting increasing difficulty outside the comparatively small base of its own tied outlets against the competition of other and bigger breweries.

ICT

ONE lesson to be drawn from the dividend of International Computers and Tabulators is that shareholders should pay more attention to the shillings and pence than to percentages. The rounding up of the interim dividend from 9.6d. to 10d. encouraged hopes of a higher total dividend, but now the final has been rounded down from 1s. 5.4d. to 1s. 5d., to leave the total payment unchanged at 2s. 3d. This is in line with the forecast made at the time of the rights issue last January. Trading profits for the year to end-September rose by just over 20 per cent, from £7,925,000 to £9,506,000, but this does not fully reflect the increase in business, for just over 73 per cent of the group's deliveries in 1960-61 were rentals rather than outright sales. The continued development of the rental business is reflected in the substantial increase from £3,494,000 to £4,391,000 in the sums

written off machines on rental. Inter charges are higher as a result of the iss of £5 million of 6¼ per cent debentures a of higher interest rates on the bank overdr (which was reduced over the year). Hen profits before tax rose by 12 per cent, fr £2,961,000 to £3,330,000.

Net earnings have benefited fr £800,000 of investment allowances, whi ICT is transferring to a developme account. After allowing for the tax rel on investment allowances the maintain dividend is still covered 2¾ times, but if t relief were taken the cover would fall 1.8 times Cash flow last year totalled £ million but capital expenditure was betwe £11 million and £12 million and it w clearly be necessary to raise further fun but the directors have no present intenti of doing so. At 102s., close to their 19 peak, the £1 ordinary shares yield only 2 per cent—a return which perhaps discoun fully the growth prospects of the electron and accounting machine industry. But tw "bull" points are ICT's agreement wi Radio Corporation of America (which pr vides for an exchange of technical inform tion and patents in the field of electron data processing and for purchases of equip ment) and the growing interest that is bein taken in the shares by American investors

Tube Investments

IT was no surprise that this week's annua meeting of Tube Investments brough a forecast from Sir Ivan Stedeford, th chairman, of lower profits for the curren year. His statement with the accounts ha shown that the group was facing many dif ficulties in the cycle and aluminium divi sions, while there seems little chance o early recovery in profits from its steel in terests. Unless a marked upturn in trad occurs shortly, Sir Ivan thinks it unlikely that Tubes could "make nearly good th reverse we shall have already suffered." Though he does expect net profits to com out near those for 1959-60—say about £ million, against £9.3 million for 1960-61. This would mean equity earnings about 5 points lower at 37 per cent but would leave adequate cover for a maintained 14 per cent dividend. The market's immediate reaction was to mark the shares down by 2s., but on further consideration of Sir Ivan's assessment, the £1 shares regained most of the earlier fall and at 62s. 4½d. yield 4½ per cent.

Tanganyika Concessions

THE publication of the full report of Tanganyika Concessions for the year to July 31st, in which the chairman, Captain Charles Waterhouse, said "it would be idle to attempt any prophecy on future events," coincided with the announcement that all the mines and plants of Union Minière in Katanga were "practically idle." Tanks' investment in Union Minière is its principal earning asset, the other being the Benguela Railway, which runs from the Congo

gh Angola to Lobito. They provided y 95 per cent of Tanks' income in -61; the yield of 19 per cent on the shares at 17s. 3d. measures the uncerties about hard cash dividends in the e. In 1960-61, Tanks' return on its tments in the Benguela Railway was or less maintained, but Union Minière he dividend, so reducing Tanks' gross me from £4,452,000 to £3,296,000 and pelling a cut in its own dividend from d. to 3s. 3d. per share. Recently Union ère declared an unchanged interim; there must be doubts about the conued earning of money in the Congo and nga and getting it out.

ACV

THE preliminary results of Associated Commercial Vehicles, which gave some ation of the prospects for the current ; more than satisfied the expectations he stock market and the £1 ordinary es rose by 2s. to 74s. 4½d. (to yield 4.3 cent) after they had been announced. he year to September 30th ACV's gross fits rose by 27 per cent, from £1,513,000 £1,921,000 and net profits by the same portion from £783,000 to £968,000. But 1960-61 figures exclude the results of nsport Equipment (Thornycroft) which group acquired on March 1st and which inued to make a loss in the subsequent n months. The directors say that the was non-recurring since it arose from ing down stocks and the cost of integrat-Thornycroft into the group and it will written off in the balance sheet.

s forecast, a final dividend of 11 per is being paid, making a total of 16 per for the year. The capital was inued in January by a one-for-one rights e and the dividend now costs £424,000, pared with £288,000 needed to pay the per cent dividend on the original capital 959-60, and the earnings cover has fallen 2.4 to 2.1 times. The directors say that order book is higher than it was a year and that a marked increase in export ers has more than offset the decline in e orders.

Barclays DCO

WHILE the political tempo has quickened in many of the 41 different ntries where Barclays DCO operates its 79 branches, economic activity slackened several of the territories, particularly in th Africa and the Rhodesian Federation, commodity prices generally fell. Yet the k's deposits rose by £20 million to a new k of £637 million by September 30th. e balance sheet also reflects the three ten rights issue in April and the total of ital and disclosed reserves has risen from 4.2 million to £30.8 million. Advances w a much smaller increase than in recent rs—up at the balance sheet date from 01.2 million to £305.8 million but well down from an earlier peak of £337 million, and so bringing a marked increase in the bank's liquid resources.

The high level of advances helps to explain why disclosed profits have risen from £1,469,000 to £1,597,000 after the normal transfers to inner reserves, which again include a further provision against investments. As forecast at the time of the rights issue, the dividend has been maintained at 10 per cent, of which the final of 5 per cent is paid on the increased capital. Can the bank maintain this rate of progress? Mr J. S. Crossley says that the full effect of the running down of economic activity may not yet be fully reflected in the bank's figures, and he adds that in most of the territories where the bank operates confidence will be the major factor in the next few years. It may be an encouraging sign that despite the political uncertainty in so many parts of Africa the £1 shares of Barclays DCO are now higher than a year ago despite the intervening rights issue; at 38s. 3d. they yield 5¼ per cent.

Mercantile Credit

ON Wednesday the 5s. shares of **Mercantile Credit,** one of the largest hire purchase finance houses, put on 7½d. ahead of the results but this gain was more than lost on Thursday following the news of the cut in the dividend from 12½ to 7½ per cent and the drop in trading profits from £1,634,000 to £678,000 in the year to September 30th. With the interim dividend of 5 per cent last April came a warning that during the early months of the financial year profitability had been markedly less than in the corresponding period in the previous year but that the easing of restrictions had brought a considerable expansion both in volume and profit. It was clear that the company was still being hit by bad debts although a year ago Sir Mark Turner, the chairman, said that he thought sufficient provision had been made to cover all known doubtful items.

Now in the preliminary statement the directors say that the lower profit has been struck after making exceptional provision for bad and doubtful debts. No indication is given of the size of this provision except that £175,000 of it was charged not against revenue but against tax provisions no longer required. For shareholders (who include Westminster and Martins Banks which together hold 40 per cent of the equity) left with a reduced dividend which is only partially covered by earnings there is but one consolation. Despite the depressing figures there has been a further expansion in the volume of business, reflected in the increase in outstanding hire purchase and other instalment debts from £72.4 million to £80.3 million and at the end of September unearned finance charges amounted to £7.7 million, against £6.7 million a year earlier. On the lower dividend the shares at 13s. 3d. yield only 2.8 per cent.

London Stock Exchange

FIRST DEALINGS:	Nov. 27	Dec. 11	Dec. 29
LAST DEALINGS:	Dec. 8	Dec. 28	Jan. 12
ACCOUNT DAY:	Dec. 19	Jan. 9	Jan. 23

THE stock market was quiet at the opening of the long Christmas account this week. Towards the end of last week, before the new account, there was less selling of equities, and with the *Financial Times* index down to about 290 a number of buyers appeared in search of bargains. Further news of lower earnings among the steel companies held back the rise in equity prices on Monday, but it was resumed with quiet selective buying on Tuesday. Institutional buyers appeared on Wednesday encouraged by the approach of the New Year and the tone of the market benefited from a firm Wall Street; there was indeed some buying on US account. Over the week to Wednesday *The Economist* indicator rose by 8.2 points to 355.5, reflecting the rise in oil share prices and the strong demand for Unilever.

Before the weekend the gilt-edged market was quiet and the news of the conversion operation came after hours on Friday. On Monday there was a good deal of switching, although the short-dated stocks failed to hold their early gains, and by Wednesday there was also some investment buying. Treasury 5½ per cent. 2008-12 rose 1⅛ to 84¾ and the undated stocks moved up in sympathy, 3½ per cent War Loan rising by ⅞ to 52⅛.

Among hire purchase shares Mercantile Credit gained 7½d. ahead of the results, but after the lower dividend was announced the shares were marked down on Thursday morning to 12s. 9d.—a net fall of 1s. 1½d. Insurance shares were irregular under the influence of selective buying; Commercial Union lost 1s. 6d. to 65s. 9d. but Legal and General gained 1⅝ to 38⅞. Breweries were a quiet market after the rash of take-over talk in the previous week and Bass, Mitchells and Butlers gained 4½d. to 15s. 3d. after its results. Among chemical shares ICI reversed the downward trend of recent weeks and gained 2s. 3d. to 58s. 3d. There was also an improvement in store shares and GUS "A" gained 1s. 6d. to 52s. 6d.

Electrical shares were depressed by small selling and AEI lost 9d. to 28s. 3d., but Decca Record recovered from the losses made following the denial of take-over rumours to gain 2s. over the week to 73s. American and Continental buyers helped to raise the price of Elliott Automation by 3s. 4½d. to 43s. 1½d. Gains in steel shares on Wednesday helped to offset part of earlier losses but they were generally lower over the week; Whitehead lost 3s. 3d. to 42s. 9d. Unilever were the bright spot of the industrials after their introduction on the New York Stock Exchange; they gained 9s. 10½d. to a new high of 53s. Oil shares rose strongly under the lead of Shell Transport which gained 8s. 3d. to 121s. 6d.

LONDON AND NEW YORK STOCKS

Prices, 1961 High	Prices, 1961 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Dec. 6, 1961	Price, Dec. 13, 1961	Net Yield, Dec. 13, 1961 §	Gross Yield, Dec. 13, 1961
					£ s. d.	£ s. d.
92½	88⅜	Savings Bonds 3%.....1955–65	90 17/32	90 11/16	4 10 0	5 17 01
100 1/32	99	Convers. 4½%.....1962	99 13/16	99-16-9	0 4 3	5 5 7
98 15/16	98⅜	Convers. 4½%.....Asst'd. (m)	...	98 15/16	3 19 8	5 11 3
91 13/16	91 15/16	Convers. 4½%.....Asst'd. (n)	...	91 13/16	4 10 0	5 13 111
96⅞	93¾	Exchequer 3%.....1962–63	95⅞	96 3/16	4 11 10	5 10 111
101 5/16	98⅜	Exchequer 5½%.....1962	100 5/16	100 5/16	2 16 4	5 2 9
93 29/32	90¼	Exchequer 2½%.....1963–64	92 29/32	93 7/32	4 9 11	5 10 111
99 19/32	96⅝	Conversion 4¾%.....1963	98¼	98⅝	3 17 4	5 14 6
98 3/32	94½	Conversion 4¼%.....1964	96⅝	96 7/32	4 1 1	5 18 0
101 5/16	96	Exchequer 5½%.....1966	98 3/32	98⅞	3 13 0	5 18 9
83⅛	78¾	Funding 3½%.....1959–69	82 11/16	82 11/16	4 14 2	6 0 10
89¾	84¾	Funding 4%.....1960–90	88⅜	88⅝	3 11 10	5 5 81
80 1/2	74⅝	Savings Bonds 3%.....1960–70	79 11/16	79 11/16	4 15 10	6 3 71
85⅛	80¾	Savings Bonds 2½%.....1964–67	84½	85	4 15 4	5 17 21
72 11/16	66¼	Savings Bonds 3%.....1965–75	71⅛	71 15/16	4 15 0	6 4 71
84 11/16	78⅞	Funding 3%.....1966–68	83 13/16	84⅜	4 13 7	6 1 01
86 3/16	80¼	Conversion 3½%.....1969	85¼	85¾	4 11 10	6 3 1
97½	92½	Victory 4%.....1920–76	93⅝	93⅞	3 9 7	6 3 8‡
93⅜	87	Conversion 5%.....1971	92⅝*	90½*	4 5 0	6 3 7
95 11/16	88½	Conversion 3¼%.....1974	92*	92*	4 0 9	6 3 7
73⅛	66	Treasury 3½%.....1977–80	69*	69¼*	4 12 9	6 7 01
72¼	65	Treasury 3½%.....1979–81	69	69¼	4 12 9	6 8 41
97 9/16	88½	Funding 5½%.....1982–84	92 7/16	90*	4 0 9	6 6 31
59½	51½	Redemption 3%.....1986–96	54⅛	53¾	4 9 5	6 3 1
88¼	79¼	Treasury 5%.....1986–89	81⅝	82¼	4 3 7	6 8 111
63 1/16	55	Funding 3½%.....1999–2004	57½	56 13/16*	4 7 8	6 9 71
94⅝	81⅝	Treasury 5½%.....2008–12	83⅝	84¾	4 2 8	6 13 11
65⅜	56½	Consols 4%.....after Feb. 1957	58¾	59¾	4 3 3	6 17 41
59¼	50½	War Loan 3½%.....after 1952	51¼	52⅛	4 2 5	6 14 8f
59	50½	Conv. 3½%.....after Apr. 1961	51⅜	52⅛	4 2 11	6 16 2f
50 7/8	43¼	Treasury 3%.....after Apr. 1966	43⅜	44¾	4 2 9	6 15 10f
44	36½	Consols 2½%	37¾*	38*	4 0 5	6 11 1f
43½	36½	Treasury 2½%.....after Apr. 1975	37¼	38	4 1 3	6 13 5f
91⅞	85¾	British Electric 4½%.....1967–69	91⅛	91½	4 4 2	6 6 31
75 11/16	70⅛	British Electric 3%.....1968–73	74¼	74 11/16	4 16 3	6 4 71
70⅝	64½	British Electric 3%.....1974–77	68¾	69⅛	4 15 0	6 4 11
81⅞	74⅞	British Electric 4¼%.....1974–79	79	79½	4 6 3	6 5 41
73½	67	British Electric 3½%.....1976–79	69⅞	70¼	4 12 4	6 6 71
84⅞	78¾	British Gas 4%.....1969–72	84	84¼	4 8 5	6 4 61
82	76	British Gas 3½%.....1969–71	81¼	81⅝	4 11 7	6 3 41
59⅜	51¾	British Gas 3%.....1990–95	53¼	53¾	4 11 3	6 7 111
75 11/16	70⅛	British Transport 3%.....1968–73	74¼	74 11/16	4 16 3	6 4 71
80⅞	74	British Transport 4%.....1972–77	77*	77¼*	4 9 0	6 5 41
61 7/16	53¾	British Transport 3%.....1978–88	56*	56½*	4 14 6	6 8 71

Prices, 1961 High	Prices, 1961 Low	DOMINION AND CORPORATION STOCKS	Price, Dec. 6, 1961	Price, Dec. 13, 1961	Yield, Dec. 13, 1961
					£ s. d.
82 1/4	76 1/2	Australia 3½%.....1965–69	80⅛	81	6 12 01
101	92¾	Australia 6%.....1974–76	97⅛	97¼	6 7 01
72½	64½	Ceylon 4%.....1973–75	66⅛	66¼	6 8 01
101⅛	92¾	New Zealand 6%.....1976–80	95½	95⅜	6 11 01
80½	70½	Rhodesia and Nyasaland 6%.....1978–81	76¾	77½	8 13 01
81	73	South Africa 3½%.....1965–67	80½	80½	8 2 01
59	53½	Southern Rhodesia 4½%.....1966–71	58	58	8 9 01
94⅜	85⅛	Agricultural Mortgage 5½%.....1980–85	88¾	89½	6 11 01
89	82¼	Birmingham 4¼%.....1967–70	85¾*	86*	6 6 01
92 3/4	86½	Bristol 5%.....1971–73	88*	88¼	6 7 01
93	86½	Corporation of London 5¼%.....1976–79	88	87¾	6 7 01
48¾	41	L.C.C. 3%.....after 1920	42	43	6 18 0f
89⅛	80⅛	L.C.C. 5%.....1980–83	83¼	83¾	6 9 01
93	84¼	Middlesex 5¼%.....1980	88	88⅛	6 9 01

NEW YORK PRICES AND INDICES

	Dec. 6 $	Dec. 13 $		Dec. 6 $	Dec. 13 $		Dec. 6 $	Dec. 13 $
Atch. Topeka ...	26¾	27	Boeing.....	48⅜	48¾	Int. Harvester..	51¼	51⅝
Can. Pacific....	24⅝	24⅞	Celanese.....	35¼	34¾	Inter. Nickel...	81⅛	81⅜
Pennsylvania....	17½*	16⅞	Chrysler.....	48¼	50⅝	Inter. Paper ...	36½	37
Union Pacific ...	35⅞*	34⅜	Col. Palmolive ..	53¾	54*	Kennecott.....	80⅝	81¼
Amer. Electric ..	74⅛	71	Crown Zeller...	58⅜*	59¾	Monsanto	51⅞	51⅜
Am. Tel. & Tel....	134½	138⅞	Distillers Seag....	43⅛	41½	Nat. Distillers..	27¾	27⅜
Cons. Edison....	83¾	86¼	Douglas.....	38⅜	36¾	Pan-American .	22¾	22⅛
Int. Tel. & Tel...	59⅜	59⅝	Dow Chemical...	74⅛	74¼	Procter Gamble	96	95
South'n. Nat. Gas	47	48	Du Pont.....	237½	239¼	Radio Corpn...	52⅞	54½
United Corpn...	8¾	8⅝	East. Kodak....	110	110½	Sears Roebuck .	85	89⅜
Western Union .	40½	41¼	Ford Motor.....	116¼	113⅞	Shell Oil	42⅝	40
Alcoa.....	60	59¾	Gen. Electric ...	78⅞	79¾	Socony-Mobil...	49⅞	51¼
Aluminium	26½	25⅞	General Foods ..	99¼	95¾	Stand. Oil Ind..	50	54⅞
Amer. Can.....	47½	47¼	General Motors .	56⅞	57¾	Stand. Oil N.J..	49⅜	51¾
Am. Smelting...	59¾	59⅜	Goodyear	44	44	Union Carbide.	128½	125⅜
Am. Viscose	54¼	51	Gulf Oil.....	41½	43¼	U.S. Steel	81⅜	80¾
Anaconda	49⅜	48¾	Heinz.....	68¾	63½	West. Electric..	37⅞	38½
Beth. Steel	42½	42	Int. Bus. Mach...	581	586	Woolworth....	87¼	92½

Standard and Poor's Indices (1941–43=10)

1961	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Nov. 15	75·31	2·72	34·59	4·72	67·97	2·90	88·80	4·00
,, 22	75·40	2·77	34·14	4·79	67·80	2·91	88·80	4·00
,, 29	75·49	2·76	33·90	4·82	67·26	2·93	88·39	4·04
Dec. 6	75·97	2·77	33·56	4·83	66·59	2·83	87·87	4·09
,, 13	76·60	2·74	33·33	4·87	66·84	2·77	87·67	4·11

425 Industrials :—High, 76·69 (Dec. 12). Low, 60·87 (Jan. 3).

Prices, 1961 High	Prices, 1961 Low	ORDINARY STOCKS	Price, Dec. 6, 1961	Price, Dec. 13, 1961	Yield, Dec. 13, 1961	Cover
					%	%
17/4½	10 c	**FOOD & TOBACCO**				
7/9¾	12½ b	Allied Suppliers 10/–	20/7½	20/4½	4·91	2¼
54/3	8 b	Assoc. British Foods. ./–	11/3	11/11½	2·02	2
9/9¾	†1·7a	Bovril.....£1	56/9	56/3	4·27	2½
12/6	10 b	Brooke Bond 'B' 5/–	11/3‖	11/–‖	4·16	3½
65/–	10⅝ b	International Tea 5/–	13/11½	13/6	4·63	1½
25/9	9 b	J. Lyons 'A'.....£1	72/3	70/9	4·48	1¼
10/4½	7½ b	Ranks.....10/–	28/6	29/3	4·79	2
38/7½	10·9c	Spillers.....5/–	10/6	11/–	4·55	2
14/10½	5 a	Tate & Lyle.....£1	48/11½	47/10½	5·01	2
56/9	†2½ c	Unigate 5/–	15/9	16/–	4·38	2
34/7½	15 b	Brit. Amer. Tobac. .10/–	58/9	58/–	6·10	2¾
63/6	14 b	Gallaher 10/–	35/7½	35/4½	5·65	2
		Imperial Tobacco.....£1	64/9	64/–	7·03	1¾
11⅝	†55 b	**INSURANCE**				
60/6	25 b	Britannic 5/–	15¼	15¼	2·81	...
17⅞	†41·17c	Commercial Union ..5/–	67/3	65/9	3·42	...
51/10½	20 b	Equity & Law Life ...8/6	33¼	32¾	0·87	...
42/7½	40 b	General Accident.....5/–	83/9	83/9	1·79	...
23¼	110 b	Guardian.....5/–	52/–	50/6	2·64	...
100/–	111 b	Legal & General.....5/–	37⅜	38⅝	1·20	...
156/3	†70 b	Northern & Empl.....£1	138/9	143/3	2·79	...
18	†163⅓ c	Pearl 5/–	218/9	220/–	3·34	...
38/10½	...	Prudential 'A'.....4/–	25⅜	26/16	2·61	...
100/3	11¼ b	Royal 5/–	45/10½	46/4½	3·23	...
		Royal Exchange £1	110/9	108/3	3·46	...
12/10½	7½ a	**MOTORS & AIRCRAFT**				
66/1½	20 c	British Motor 5/–	14/8¼	14/11¼	6·69	3¼
35/6	11 c	Jaguar Cars 'A' 5/–	84/6	84/4½	1·19	73¼
5/6	12 c	Rolls-Royce.....£1	35/9	36/3	6·07	2¼
52/21¼	5 a	Rootes Motors 'A' ...4/–	6/11½	6/3	2·56	...
77/7½	15 c	A.C.V.....£1	70/–	74/11½	4·32	2
14/–	9 b	Leyland Motors £1	55/6	58/9	4·61	...
20/6	15 c	Hawker Siddeley £1	20/6	22/10½	9·27	1¼
28/10½	†4 a	Dowty Group.....10/–	28/10½	29/9	5·21	2¼
21/6	15⅝ c	Dunlop Rubber 10/–	28/–	28/10½	5·48	2
49/9	21½ a	Joseph Lucas.....£1	55/10½	58/4½	4·71	2¼
15/9	30 c	Pressed Steel.....5/–	17/6	17/–	....	1¼
29/3	15 c	Triplex Holdings 10/–	33/6	33/7½	3·72	2¼
110/–	50 b	**MINES**	40 a	143/11½	143/9	6·26
43/–	6¼ b	Anglo-American.....10/–	183½ b	68/–	70/3	7·12
72/6	15 a	Consolid. Gold Fields .£1	20 b	95/–	96/3	7·27
40/–	120 b	General Mining £1	40 a	61/–	62/6	6·40
15/3	40 a	Union Corporation ..2/6	40 b	17/6	18/3	21·92
73/9	70 a	Daggafontein 5/–	100 b	99/4½	101/3	8·40
37/6	25 a	Free State Geduld ...5/–	25 b	49/6	49/6	10·10
41/10½	50 a	Hartebeestfontein ..10/–	60 b	55/7½	56/10½	9·67
101/3	90 a	President Brand 5/–	120 b	47/6	47/6	8·08
15/9	...	Rand Mines 20/9	20/–	20/2	....	...
55/–	36⅜ b	Rhod. Anglo-Amer.. 10/–	56/3	55/3	14·48	13¼
7/10½	4¹¹/₁₆ a	Rhod. Selection Tst. .5/–	9 b	8/3	8·30	2
4/7½	4⅛ a	Roan Antelope.....5/–	8 b	4/7½	4/7½	13·15
15/3	15 a	Tanganyika Cons....10/–	17½ b	15/9	16/9	19·40
46/6	13¾ b	Consolidated Zinc....£1	33¼ a	46/6	47/6	7·37
110/–	150 b	De Beers Defd. Reg. .5/–	100 a	148/9	151/10½	8·23
$104	$1·50c	Internat. Nickel ...n.p.v.	$1·50c	$144	$143½	1·86
10/9	27½ b	London Tin.....4/–	7½ a	15/11½	15/11½	9·26
30/–	20 c	Rio Tinto.....10/–	27½ c	41/3	42/6	6·47
17/9	52½ c	Tronoh 5/–	20 a	29/–	28/–	9·38
		OIL				
32/–	†6·94b	British Petroleum £1	32/9	36/6	8·70	2¼
31/9	†6⅞ b	Burmah Oil £1	31/9	33/6	9·14	1¼
36/–	13¼ b	Castrol.....10/–	39/–	39/6	5·06	2½
£105⅛	23·87c	Royal Dutch.....20 fl.	£121⅛	£131¼	3·56	2¾
108/9	†20·8 c	Shell Transport £1	113/3	121/6	5·60	3
24/–	...	Ultramar.....10/–	24/–	26/–	... d	...
9/10½	10 b	**PAPER & NEWSPAPERS**	5 a	12/3	12/4½	6·06
57/6	8 b	Daily Mirror.....5/–	4 a	W. H. Smith & Son 'A'.£1	67/6	67/–
17/9	...	Thomson Org'n. 5/–	10 a	23/–	22/–	5·45
43/6	83¼ b	Bowater Paper.....£1	5 a	44/6	44/6	6·18
41/3	16 c	Albert E. Reed.....£1	5 a	41/–	41/9	7·66
37/3	81½ b	Spicers.....£1	4 a	37/6	37/6	6·67
46/6	10 b	Wiggins Teape £1	4 a	46/6	46/6	6·02

Prices, 1961 High	Prices, 1961 Low	ORDINARY STOCKS	Price, Dec. 6, 1961	Price, Dec. 13, 1961	Yield, Dec. 13, 1961	Cover
					%	%
29/3	20/3	**CHEMICAL**	14 b	6 a	2·36	2
22/–	14/10½	Albright & Wilson...5/–	11½ c	4 a	2·02	2
58/9	37/7½	Borax Defd. £1	7 b	4 a	2·64	2
8/6	55/10½	Fisons.....£1	7½ b	6¼ a	2·11	2
26/10½	14/6	I.C.I.....£1	10 b	5 a	2·36	2
		Monsanto.....5/–			16/–	2
36/–	24/–	**DRAPERY & STORES**	8 b	4 a	2·19	2
97/3	58/6	Boots Pure Drug 5/–	20 b	7½ a	2·73	2
75/10¾	47/7½	Montague Burton....10/–	13½ b	5⅝ a	3·31	2
59/4½	45/–	Debenhams.....10/–	25 b	12½ a	3·57	2
46/9¾	33/4½	House of Fraser 5/–	16⅜ b	13½ a	3·75	2
21/1½	14/3	Lewis's Invest. Tst....4/–	7½ b	5 a	3·17	2
106/9	85/11½	Marks & Spencer 'A'.5/–	32½ b	15 a	2·29	2
53/10½	34/10½	United Drapery 5/–	20 b	10 a	3·07	2
62/11½	50/–	Woolworth.....5/–	25 b	10⅝ a	3·43	2
48/6	28/3	**ELECTRICAL & RADIO**	10 b	5 a	2·63	2
15/5¼	9/7½	A.E.I. £1	...	15 c	10·62	2
62/3	49/–	Brit. Electronic Inds..5/–	9½ b	4 a	7·41	2
14/7½	11/3	B.I.C.C.....£1	7½ b	5 a	4·81	2
76/–	54/–	Crompton Parkinson.5/–	15⅝ b	12½ b	4·98	2
57/–	35/–	Decca Record.....10/–	5 a	4 a	12/63	2
52/–	25/9	E.M.I. 10/–	8 b	5 a	4·20	2
43/11½	40/6	Elliott-Automation ...5/–	3 a	7 b	4·07	2
22/6	23/6	English Electric £1	3 a	7 b	1·51	2
23/6	72/9	General Electric.....£1	81⅛ b	47⅜ a	8·89	2
47/–	37/6	C. A. Parsons.....£1	61½ b	31¼ a	8·51	2
37/6	52/3	A. Reyrolle.....£1	41/6	43/9	4·46	2
45/3	64/–	Thorn Electrical.....5/–	25 c	25 c	4·96	2
18/9	36/9	**ENGINEERING**	9 c	Nil a	1·95	2
30/41½	48/9	Babcock & Wilcox....£1	4 a	7 b	20/6	21/9
4/2¼	8/4	John Brown £1	9 b	3 a	32/–	34/3
22/41½	33/9	Cammell Laird 5/–	10 a	7 b	4/33¼	4/5¼
3/41½	9/11½	Internat. Combust. ..5/–	...	...	25/11½	25/41½
28/–	40/–	Rich'ds'ns. Westg'th. 10/–	9½ b	21½ a	3/9	3/4½
10/6	17/41½	Swan Hunter.....5/–	5 a	2½ a	34/11½	34/9
12/–	33/10½	John Thompson 5/–	16¼ b	7½ a	10/6	11/9¾
51/6	79/9	Coventry Gauge....10/–	†61¼ b	†21½ a	33/–	31/–
41/–	78/–	Alfred Herbert £1	†6 b	†21½ a	63/3	63/3
5 a	110/–	Allied Ironfounders...£1	12½ b	5 a	45/–*	43/6
10 b	81/10½	Averys.....£1	10 b	5 a	95/3	96/6
4 a	36/10½	B.S.A.....10/–	72½ b	4 a	18/9	18/6
41½ a	14/9	George Cohen 5/–	8½ b	4½ a	9/9	9/9
12 b	44/41½	Davy-Ashmore 5/–	10 a	17½ b	30/9	31/9
5 a	108/7½	Guest Keen.....£1	11 b	5 a	71/3*	72/–
12 b	31/–	Head Wrightson.....5/–	4 a	7 b	19/3	19/–
7 b	100/3	Metal Box.....£1	5 a	10 b	80/3	79/3*
10 b	22/6	Ransome & Marles...5/–	4 a	3 a	15/3	15/6
3 a	50/6	Renold Chains £1	7 b	10 a	45/–	45/–
10 a	44/11½	Simon Engineering ..5/–	29/7½	17½ a	31/–	30/7½
7 b	85/6	Tube Investments.....£1	54/–	7 a	60/9	61/–
21½ a	38/41½	Vickers £1	25/6	7½ b	25/6	27/–
10 b	84/6	Ward (Thos. W.) £1	58/–	33¼ a	60/–	58/–
5 a	30/–	Woodall-Duckham...5/–	18/6	22½ b	19/3	18/6

1961 Low	Prices, 1961 High	Prices, 1961 Low	ORDINARY STOCKS	Price, Dec. 6, 1961	Price, Dec. 13, 1961	Yield, Dec. 13, 1961	Cover
						%	%
			MISCELLANEOUS				
25/6‖	31/–	21/6	Assoc. British Picture..5/–	10 a	20 b	5·94	23¼
32/7½	40 b	26/9	Assoc. Television 'A' .5/–	20 a	40 b	8·73	13¼
46/7½	52/9	41/41½	Beecham Group.....5/–	14 b	16 a	3·17	13¼
32/10½	34/3	31/11½	British Match £1	31½ a	62¾ b	6·08	2
14/41½	28/41½	14/–	British Oxygen.....5/–	62¾ b	4 a	3·28	2½
8/9	13/–	7/10½	British Ropes 5/–	7 b	3 a	5·71	2¼
51/6	70/–	44/9	De La Rue.....10/–	15 b	7½ a	4·43	2
14/–	50/–	31/9	Gestetner 'A' 5/–	7½ a	9 b	2·38	3¼
51/6	73/9	51/3	Glaxo.....10/–	51/6	52/6	2·86	3¼
42/–	57/6	42/–	Harrisons & Cr. Defd..£1	3 a	12 b	6·59	2½
35/6	40 b	5 a	Hoover 'A' 5/–	42/3	39/6	5·70	2¼
18/9	28/–	18/9	Ilford 5/–	12½ b	5 a	4·02	2
37/6	107/3	56/3	I.C.T. £1	97/9	98/6	2·28	23¼
37/6	39/6	29/6	National Canning £1	37/6	37/6	6·67	1
37/6	37/3	29/6	Powell Duffryn.....10/–	6 a	10 b	4·44	2¼
35/–	37/3	26/–	Radio Rentals.....5/–	34/6	35/4½	3·18	3
32/6	37/6	18/9	Rank Organisation...5/–	7½ a	15 b	3·38	2½
32/–	42/–	30/11½	Schweppes 5/–	16½ b	7½ a	3·72	1¾
33/8¼	41/3	27/6	Sears 'A'.....5/–	20 c	25 c	3·64	2¼
32/–	42/3	21/33¼	Thomas Tilling 4/–	11½ b	8½ a	3·27	2
24/–	78/–	54/6	Turner & Newall.....£1	12 c	4 a	4·29	2¼
53/–	58/–	32/6	Unilever £1	9·47a	15½ b	2·31	3¼
11½	12⅝	8¾	Unilever N.V. .....12 fl.	13 b	8 a	1·97	3¼
18/4½	22/6	13/9	United Glass 5/–	10 b	5 a	4·11	2½
29/6	42/11½	29/3	United Molasses 10/–	†14⅝ a	†10⅝ b	8·37	1
			SHIPPING				
27/9	46/3	27/3	Brit. & Com'wealth. 10/–	13½ b	6½ a	7·21	2
13/10½	20/–	13/3	Cunard £1	8 c	7 c	...	...
18/3	24/9	16/6	France Fenwick £1	7 c	7 c	8·12	1½
28/9	50/6	28/9	Furness Withy £1	10 c	10 c	29/41½	2
15/–	17/9	11/11½	London & Overseas..5/–	9/11½	10 b	9/7½	3
28/3	48/6	28/3	P & O Defd.....£1	8 b	3 a	7·69	1
11/11½	17/9	11/11½	Reardon Smith 10/–	21½ c	21½ c	2·20	...
10/10½	25/–	10/10½	Royal Mail.....£1	8 c	5 c	8·99	...
			STEEL				
47/41½	81/3	47/41½	Colvilles £1	10 b	6 a	6·72	4½
23/11½	61½ b	31½ a	Dorman Long.....£1	6 a	7 c	8·47	2½
30/9	49/10½	30/9	Lancashire Steel.....£1	7½ b	3½ a	6·96	3½
21/9	42/–	21/9	South Durham £1	4 a	6 b	8·84	2
28/6	47/8¼	28/6	Steel Co. of Wales....£1	7½ b	5 a	8·37	2¾
36/41½	55/10½	36/41½	Stewarts & Lloyds £1	5 a	10 b	8·03	3½
9/9½	13/7½	9/10½	John Summers £1	6 a	9 b	6·96	2¾
35/3	63/6	42/–	United Steel £1	4·8a	7½ b	7·02	2
22/71½	35/3	22/71½	Whitehead £1	8¾ b	8¾ a	7·02	2
			TEXTILES				
24/10½	25/11½	23/10½	English Sewing Cotton £1	7½ b	5 a	9·95	1½
19/10½	20/41½	19/41½	Fine Spinners.....£1	5 a	10 b	14·72	2
47/–	48/11½	45/3	Lancashire Cotton £1	7½ a	7½ a	10·39	1½
26/3	29/3	26/3	Courtaulds £1	8½	33¼ a	6·55	1¾
8/9	11/–	6/11½	Illingworth Morris...4/–	23¼	9½ b	8·71	1½
73/–	75/3	62/–	West Riding Worsted .£1	13 b	8 a	5·75	2
28/41½	37/3	26/3	Woolcombers.....£1	7½ b	2½ a	7·05	2
13/41½	20/7½	12/11½	Bradford Dyers £1	3 c	6 c	9·06	1¼
8·51**	16/21¼	11/6	Calico Printers 5/–	7½ a	13¾ b	8·51**	3¼
6·01	46/6	47/6	Consolidated Zinc....£1	46/6	47/6	6·01	2
13·00	150/–	100/–	De Beers Defd. Reg. .5/–	148/9	151/10½	13·00	3
8·84	$144	$143½	Internat. Nickel ...n.p.v.	$1·86	...	35/3	22/7½
23/41½	10/9	15/11½	London Tin.....4/–	9·26	11¼		
22/7½	30/–	20/–	Rio Tinto.....10/–	41/3	42/6	6·47	11½
8·84	17/9	9·38	Tronoh 5/–	29/–	28/–		
			TRUSTS, LAND & PROPERTY				
64/6	70/–	52/6	Alliance Trust.....5/–	12½ a	25 b	2·91	11¼
52/9	57/10½	42/6	B.E.T. 'A' Defd.....5/–	37½ b	12½ a	4·69	11½
17/6	20/–	12/7½	Cable & Wireless.....5/–	10 c	10 c	2·94	13¼
58/6	65/9	47/–	City Centre Props. ..5/–	58/9	58/6	2·17	1¾
77/41½	79/6	64/3	City Land. Real Prop..£1	7½ b	3½ a	2·84	1
81/3	100/71½	72/6	Hudson's Bay £1	7·04a	9·04b	3·78	1¾
32/9	36/3	22/3	Land Securities.....10/–	4 b	2 a	1·85	1
35/6	38/3	26/6	Lond. Cnty. Freehld. 10/–	12½c	3½ a	3·59	1
			TEA & RUBBER				
46/3	47/6	40/6	Cons. Tea & Lands £1	†25 b	†2½ a	20·07	1
33/6	35/6	28/9	Jokai (Assam) £1	†3 a	†11 b	13·64	2½
8/–	11/–	7/6	Nuwara Eliya £1	8/–	8/–	...	...
41/9	46/–	34/9	Highlands & Lowlands 2/–	29¼ b	12½ a	4·11	2·31	19·90	11½
37/6	43/9	35/–	London Asiatic 2/–	35 b	7½ b	4/93¼	4/71½	18·38	2
46/–	66/9	65/3	United Sua Betong £1	66/9	65/3	14·56	11½

The Economist Indicator (1953=100)

61	Indicator	Yield %	1961 High	1961 Low
8	356·4	5·28		
15	368·9	5·11		
22	356·6	5·33	427·2 (May 10)	342·7 (Oct. 18)
29	356·9	5·33		
6	347·3	5·53

Money and Exchanges

EXCHEQUER RETURNS

For the week ended December 9, 1961, there was an "above-line" deficit (after allowing for sinking funds) of £2,072,000 compared with a deficit of £31,586,000 in the previous week and a deficit of £33,841,000 in the corresponding period of last year. There was a net expenditure "below-line" of £15,530,000 leaving a total cumulative deficit to date of £813,278,000 compared with £856,414,000 in 1960–61.

£'000	Estimate 1961–62	April 1, 1960, Dec. 10, 1960	April 1, 1961, Dec. 9, 1961	Week ended Dec. 10, 1960	Week ended Dec. 9, 1961
Ordinary Revenue					
Income Tax	2,728,500	910,176	1,034,731	20,360	15,802
Surtax	210,000	50,300	57,400	2,400	1,800
Death Duties	240,000	136,900	176,800	4,600	3,700
Stamps	94,000	61,300	66,600	1,700	1,100
Profits tax, EPT and EPL	325,500	197,100	249,300	3,900	7,400
Other Inland Rev. Duties	...	50	...	...	...
Total Inland Rev.	3,598,000	1,375,826	1,584,831	92,960	29,802
Customs	1,550,000	1,030,431	1,139,774	29,952	37,332
Excise	960,000	685,415	708,090	8,685	8,785
Total Customs and Excise	2,510,000	1,716,046	1,847,864	38,637	46,117
Motor Duties	155,000	40,992	47,598	1,125	363
PO (Net Receipts)	...	...	...	...	...
Broadcast Lic's.	40,000	22,500	23,800	...	...
Sundry Loans	205,000	40,292	187,329	42	3,954
Miscellaneous		79,452		557	
Total	6,508,000	3,275,108	3,691,422	73,321	80,236
Ordinary Expenditure					
Debt Interest	660,000	440,778	475,994	11,340	9,966
Payments to N. Ireland Exch.	92,000	56,577	59,576	3,028	3,368
PO Fund — Initial settlement	15,000	...	7,282	...	...
Other Consolidated Funds	8,000	4,717	4,968	24	14
Supply Services	5,186,902	3,242,797	3,508,263	92,000	67,100
Total	5,961,902	3,744,869	4,056,083	106,392	80,448
Sinking Funds	40,000	25,900	26,214	770	1,860
"Above-line" Surplus or Deficit	—	495,661	390,875	33,841	2,072
"Below-line" Net Expenditure*	—	360,753	422,403	11,328	15,530
Total Surplus or Deficit	—	856,414	813,278	45,169	17,602
Net receipts from:					
Tax Reserve Certificates		188,773	188,230	9,396	1,270
Savings Certificates		43,500	−19,100	200	−200
Defence Bonds		75,052	19,414	2,050	368
Premium Savings Bonds		39,950	28,600	730	−100
Total		347,275	217,144	6,376	1,338

* Net receipts of the Civil Contingencies Fund £5 million in 1961–62 compared with a net receipt of £5 million in 1960–61.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1960					
Dec. 10	3,640·0	1,657·3	228·7	...	5,526·0
1961					
Sept. 9	3,240·0	1,886·4	221·4	...	5,347·9
,, 16	3,240·0	1,905·2	229·5	...	5,374·7
,, 23	3,220·0	1,928·7	228·3	...	5,377·0
,, 30	3,220·0	2,018·6	283·7	...	5,522·3
Oct. 7	3,240·0	1,998·1	207·2	...	5,445·3
,, 14	3,260·0	2,003·4	208·7	...	5,472·2
,, 21	3,270·0	1,997·8	183·1	...	5,450·9
,, 28	3,280·0	2,003·2	211·5	...	5,494·8
Nov. 4	3,280·0	2,063·7	201·1	0·8	5,545·5
,, 11	3,290·0	1,990·7	216·9	...	5,497·6
,, 18	3,310·0	1,976·2	250·6	...	5,536·8
,, 25	3,330·0	2,016·1	205·3	...	5,551·4
Dec. 2	3,350·0	2,078·9	228·5	...	5,657·4
,, 9	3,370·0	2,083·8	222·2	...	5,676·0

THE MONEY MARKET

THE discount market had a very difficult time this week. Credit was tight; rates for day-to-day money have never fallen much below 5⅛ per cent and in consequence profit margins have been squeezed; the market failed to get any 63-day bills at the tender, for the first time ever; and it was forced to borrow from the Bank of England at Bank rate on five of the six working days to last Wednesday. The Bank's return for Wednesday showed discounts and advances, which partly reflect this penal borrowing, at £95 million, an increase of £35 million.

This pressure on the market followed last Friday's Treasury bill tender when the syndicate of discount houses raised its bid for the 91-day bills on offer by 2d. to £98 13s. 5d., and the average rate of discount fell by 7·74d. to £5 6s. 5·34d. per cent. Although the fall of just over ⅛ per cent in the bill rate over the past five weeks seems gradual enough, the authorities have obviously decided that in present circumstances it is too rapid. The discount market is now in a difficult position. It is short of bills but the authorities have virtually vetoed its chasing the bills by pushing the rate down.

MONEY RATES

LONDON

	%		%
Bank rate (from 6½%, 2/11/61)	6	Discount rates (Wednesday):	
Deposit rates (7 days' notice):		Bank bills:	
Banks	4	60 days	5 9/16–5 5/8
Discount houses	4–4¼	3 months	5 9/16–5 5/8
Local Authorities	6½	4 months	5 9/16–5 5/8
Call money:		6 months	5 9/16–5 11/16
Clearing banks' minimum	4⅜	Fine trade bills: 3 months	6¾–7½
Day-to-day	4⅜–5½	4 months	6¾–7½
		6 months	7 –8

NEW YORK

	%		%
Official Discount rate: (from 3½%, 11/8/60)	3	Treasury bills: Dec. 4	2·625
		,, 11	2·579

BANK OF ENGLAND RETURNS

(£ million)	Dec. 14, 1960	Dec. 6, 1961	Dec. 1961
Issue Department:			
Notes in circulation	2,353·2	2,388·0	2,438
Notes in banking dept.	47·2	37·3	37
Govt. debt and securities*	2,397·9	2,424·0	2,474
Other securities	0·8	0·7	0
Gold coin and bullion	0·4	0·4	0
Coin other than gold coin	1·3	0·3	0
Banking Department:			
Deposits:			
Public accounts	15·9	11·7	13
Special deposits	151·3	233·5	233
Bankers	220·3	220·6	222
Others	65·3	67·8	69
Total	452·8	533·6	539
Securities:			
Government	376·0	433·2	404
Discounts and advances	27·7	61·2	95
Other	19·1	19·0	19
Total	422·8	513·4	519
Banking department reserve	48·1	38·2	38
"Proportion"	10·6	7·1	7

* Government debt is £11,015,100, capital £14,553,0 Fiduciary issue increased by £50 million to £2,475 million December 13th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills: Average Rate of Allotment	Allotted at Rate
1960	91 day / 63 day		s. d.	%
Dec. 9	230·0 / 30·0	454·7	89 7·83	41
1961				
Sept. 8	260·0	441·6	132 10·81	60
,, 15	250·0‡	407·0	131 10·99	59
,, 22	250·0	383·3	130 6·51	65
,, 29	270·0	447·9	131 0·48	39
Oct. 6	260·0	397·9	122 5·80	57
,, 13	260·0‡	419·0	120 2·28	59
,, 20	250·0	416·1	118 5·35	51
,, 27	250·0	431·2	114 6·57	66
	91 day / 63 day			
Nov. 3	200·0 / 60·0	412·7	103 6·10	63
,, 10	230·0 / 40·0	458·9	108 5·49	44
,, 17	220·0 / 50·0	430·2	107 9·71	56
,, 24	220·0‡ / 60·0	471·8	107 9·40	42
Dec. 1	220·0 / 50·0	461·3	107 1·08	44
,, 8	230·0 / 30·0	455·3	106 5·34	46

‡ On December 8th tenders for 91 day bills at £98 13s. 5 secured 46 per cent, higher tenders being allotted in full. The offer for this week was for £210 million 91 day bills and £50 million 63 day bills. ‡ Allotment cut by £10 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits December 13	Market Rates: Spot December 7	December 8	December 9	December 11	December 12	December 13
United States $	2·78–2·82*	2·81 1/16–3/16	2·81 1/16–3/16	2·81 1/16–3/16	2·81 1/16–3/16	2·81 1/16–3/16	2·80 7/8–81
Canadian $	...	2·92 15/16–93 1/16	2·92 1/16–13/16	2·92 7/8–93	2·93 1/16–3/16	2·93 1/16–3/16	2·93–93 1/8
French Fr.	13·622–14·027	13·77 3/8–5/8	13·77 1/4–1/2	13·77 1/4–1/2	13·77 3/8–5/8	13·77 3/8–5/8	13·76 3/8–5/8
Swiss Fr.	11·94–12·54⅞	12·13–13¼	12·13–13¼	12·13 1/8–3/8	12·13 1/8–2/8	12·13–13¼	11·12¼–½
Belgian Fr.	137·96–142·05	139·87½–92½	139·90–95	139·90–95	139·90– 95	139·90– 95	139·82½– 87
Dutch Gld.	9·98¾–10·28½	10·11 3/8–5/8	10·11 3/8–5/8	10·11–11¼	10·11 3/8–5/8	10·11 3/8–7/8	10·11 3/8–11/16
W. Ger. D-Mk.	11·037–11·365	11·23⅞–24⅛	11·23⅞–24⅛	11·24–24¼	11·24–24¼	11·24 1/8–3/8	11·23¼–½
Portug. Esc.	...	80·17–27	80·17–27	80·17–27	80·17–27	80·17–27	80·17–27
Italian Lire	1725–1775	1743¾–44¼	1744–44½	1744¼–¾	1744½–45	1744 1/8–⅝	1743¼–44
Swedish Kr.	14·27½–14·70	14·51¾–52	14·51¾–52	14·51⅝–7/8	14·51–52¼	14·51¾–52	14·50½–¾
Danish Kr.	19·06½–19·62	19·33–33¼	19·32⅝–⅞	19·32¼–½	19·31 7/8–⅞	19·31–31¼	19·30 7/8–31¼
Norwegian Kr.	19·71–20·30½	20·01⅝–⅞	20·01⅞–⅞	20·01½–¾	20·01½–¾	20·01½–¾	20·01–01¼

* Official Limits

One Month Forward Rates

United States $	13/16–11/16c. pm	13/16–11/16c. pm	13/16–11/16c. pm	7/8–3/4c. pm	7/8–3/4c. pm	7/8–3/4c. pm
Canadian $	13/16–11/16c. pm	13/16–11/16c. pm	13/16–11/16c. pm	7/8–3/4c. pm	15/16–11/16c. pm	15/16–13/16c. pm
French Fr.	2½–2c. pm	2½–2c. pm	2½–2c. pm	2¾–2¼c. pm	2¾–2¼c. pm	2¾–2¼c. pm
Swiss Fr.	3¾–3¼c. pm	3¾–3¼c. pm	3¾–3¼c. pm	3¾–3¼c. pm	3¾–3¼c. pm	3¾–3¼c. pm
Belgian Fr.	35–25c. pm	35–25c. pm	35–25c. pm	45–35c. pm	45–35c. pm	55–45c. pm
Dutch Gld.	3¾–3¼c. pm	3¾–3¼c. pm	3¾–3¼c. pm	4–3½c. pm	4–3½c. pm	4¼–3¾c. pm
W. German D-Mk.	3⅞–3¾pf. pm	4–3¾pf. pm	4–3¾pf. pm	4¼–3¾pf. pm	4¼–3¾pf. pm	4⅜–3⅞pf. pm

Three Months Forward Rates

United States $	2–17c. pm	2–17c. pm	2–17c. pm	2–17c. pm	2 1/16–1 15/16c. pm	2 1/16–1 15/16c. pm
Canadian $	2 1/16–1 15/16c. pm	1 15/16–1 13/16c. pm	1 15/16–1 13/16c. pm	2 1/16–1 15/16c. pm	2⅛–2c. pm	2 3/16–2 1/16c. pm
Swiss Fr.	10½–10c. pm	10½–10c. pm	10½–10c. pm	10⅝–10⅛c. pm	10½–10c. pm	10½–10c. pm
W. German D-Mk.	10⅛–9⅝pf. pm	10⅜–9⅞pf. pm	10⅜–9⅞pf. pm	10⅜–10pf. pm	10⅝–10⅛pf. pm	10⅝–10⅛pf. pm

Gold Price at Fixing

Price (s. d. per fine oz.)	250/13¼	250/2	...	250/11½	250/1	250/13¼
,, ($,, ,, ,,)	35·16	35·16	...	35·15	35·15	35·15

Manpower and Output

Labour figures relate to Great Britain and production figures to United Kingdom unless otherwise stated.
M = Monthly averages or calendar months.
W = Weekly averages.

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

BRITISH

Prices and Wages	Nov. 25th	External Trade	Dec. 2nd
Manpower and Output	This week	Industrial Profits	Oct. 14th

OVERSEAS

Western Europe	Sept. 30th	United States	Nov. 11th

	Unit	Mid-year or averages 1958	1959	1960	1960 Sept.	Oct.	Nov.	1961 July	Aug.	Sept.	Oct.	Nov.
TOTAL MANPOWER		June figures										
Working population:												
Total	'000s	24,070	24,145	24,436	24,656	24,691	24,709	24,664	24,757	24,778	24,794	...
Men	,,	16,160	16,137	16,239	16,355	16,354	16,343	16,321	16,364	16,365	16,367	...
Women	,,	7,910	8,008	8,197	8,301	8,337	8,366	8,343	8,393	8,413	8,427	...
Armed Forces	,,	614	565	518	513	511	508	469	464	464	461	...
All employment:												
Total	,,	23,080	23,197	23,628	23,835	23,858	23,875	23,916	24,000	24,008	23,997	...
Manufacturing industries (1)	,,	...	8,477	8,811	8,930	8,949	8,953	8,920	8,963	8,994	8,990	...
Manufacturing industries (old basis) (1)	,,	9,147	9,169	...	...	...	...	...	...	...	...	...
Employees (1):												
In engineering (2)	,,	...	3,545	3,740	3,789	3,795	3,795	3,797	3,818	3,840	...	...
In consumer goods industries (3)	,,	...	3,102	3,154	3,193	3,200	3,203	3,175	3,192	3,198	...	...
UNEMPLOYMENT		Monthly averages										
Duration:												
All durations—total	,,	457·4	475·2	360·4	305·2	328·5	351·8	258·6	305·2	317·0	365·7	387·4
Temporary or under 2 weeks	,,	141·0	120·8	89·8	83·2	99·6	102·0	69·3	80·5	104·2	130·4	126·0
Over 8 weeks	,,	197·7	243·4	187·6	149·3	151·2	159·7	136·4	137·9	134·2	143·9	155·3
Regions (4):												
Great Britain	%	2·1	2·2	1·6	1·4	1·5	1·6	1·2	1·4	1·4	1·6	1·7
London and South Eastern	,,	1·3	1·3	·09	0·8	0·9	1·0	0·7	0·9	0·9	1·0	1·1
Eastern	,,	1·7	1·5	1·3	1·0	1·1	1·3	0·7	0·9	0·9	1·2	1·4
Southern (5)	,,	1·6										
South Western (5)	,,	2·2	2·2	1·7	1·3	1·5	1·7	1·0	1·2	1·2	1·5	1·7
Midland	,,	1·6	1·5	1·0	0·8	0·9	1·2	0·9	1·1	1·4	1·7	1·7
North Midland	,,	1·6	1·5	1·1	0·9	0·9	0·9	0·7	0·9	0·9	1·0	1·1
East and West Ridings	,,	1·9	1·9	1·2	1·0	1·0	1·0	0·8	0·9	1·0	1·1	1·2
North Western	,,	2·7	2·8	1·9	1·7	1·7	1·7	1·3	1·6	1·7	1·7	1·9
Northern	,,	2·4	3·3	2·8	2·4	2·5	2·6	1·9	2·3	2·3	2·5	2·9
Scotland	,,	3·8	4·4	3·6	3·0	3·3	3·4	2·7	2·9	2·8	3·0	3·2
Wales	,,	3·8	3·8	2·7	2·4	2·4	2·6	1·9	2·1	2·2	3·5	2·8
VACANCIES												
Filled vacancies notified to Employment Exchanges: Total	'000s	198	224	314	337	324	310	396	359	328	289	263
INDUSTRIAL PRODUCTION												
Index:												
All industries	1954=100	106	113	120	123	127	127	118	102	125	...	...
,, *seasonally adjusted*	,,	...	...	...	*121*	*121*	*120*	*125*	*124*	*122*	...	...
Mining and quarrying	,,	94	92	89	90	94	94	80	67	89	...	...
Construction	,,	105	111	118	118[9]	...	121[12]	...	127[9]	...	...	...
Gas, electricity and water	,,	119	123	133	123	136	151	114	111	123	...	...
Manufacturing, total	,,	107	114	123	127	131	129	121	100	127	...	...
,, ,, *seasonally adjusted*	,,	...	...	...	*123*	*123*	*122*	*127*	*125*	*123*	...	...
Engineering and electrical goods	,,	111	118	127	130	135	135	135	105	143	...	...
Shipbuilding	,,	109	101	92	90	89	90	88	91	92	...	...
Vehicles	,,	118	131	139	137	133	131	138	95	131	...	...
Chemical trades	,,	115	131	145	151	151	152	145	133	...	...	...
Textiles, leather and clothing	,,	91	98	102	111	115	112	96	82	109	...	...
BASIC MATERIALS		M/W averages										
Production of:												
Coal (7) (8)	W	'000 tons	4,150	3,963	3,725	3,702	3,880	3,933	3,275	2,732	3,708	3,940	4,061
Pig iron	W	,,	245	242	303	306	314	315	277	265	261	248	270
Steel, ingots and castings	W	,,	369	388	467	481	497	505	380	338	400	382	420
Sulphuric acid	M	,,	186·8	202·3	225·1	229·6	233·3	222·6	221·0	203·9	208·3	...	...
Newsprint	W	,,	11·81	12·87	14·25	14·91	15·09	14·87	11·06	11·45	13·06	...	...
Electricity (7) (11)	M	mn. kwh	8,208	8,764	9,904	9,044	10,448	11,467	8,515	8,306	9,148	11,022	...
MANUFACTURING												
Textile production:												
Cotton yarn, single	W	mn. lb.	14·77	14·58	14·44	14·55	15·52	15·54	11·77	12·40	12·41	13·58	...
Worsted yarn (6)	M	,,	17·18	19·34	20·40	21·85	22·16	23·39	19·78	14·96	21·66	22·10	...
Rayon and synthetic fibres	M	,,	35·2	42·9	49·3	48·5	50·2	51·0	50·8	42·0	45·4	52·8	...
Cotton cloth, woven	W	mn. yds.	27·0	25·7	24·9	24·5	26·9	26·4	16·1	23·1	23·0	24·5	...
Wool fabrics, woven(6)	M	mn. sq. yds.	29·1	30·4	30·6	34·4	32·9	34·1	29·5	23·3	31·1	31·8	...
Engineering production:												
Passenger cars and chassis	W	'000s	19·84	22·88	26·01	26·35	22·58	19·00	24·58	11·49	20·18	18·84	...
Commercial vehicles and chassis	W	,,	5·90	7·13	8·81	9·33	8·97	9·39	9·30	5·36	9·00	8·73	...
Internal combustion engines	M	'000 BHP	378	468	577	567	576	639	547	445	...	...	...
Metal-working machine tools	M	£'000	6,993	6,564	7,911	8,721	8,094	9,131	9,944	7,309	9,949	...	...
BUILDING ACTIVITY (10)												
Permanent houses completed:												
Total	M	'000s	20·13	20·78	22·44	23·64	24·35	23·24	22·16	21·92	22·36	25·44	...
For local housing authorities	M	,,	9·43	8·29	8·60	8·59	8·63	8·20	7·47	6·98	7·01	8·45	...

(1) Current statistics of employment by industry, based on the 1958 Standard Industrial Classification, go back only to May, 1959. Manufacturing employment for earlier dates is shown on the old basis (1948 SIC). (2) Engineering and electrical goods, shipbuilding and marine engineering, vehicles, metal goods. (3) Textiles, leather goods, clothing, food, drink and tobacco, timber, furniture, paper, printing and publishing. (4) Number registered as unemployed expressed as a percentage of the estimated number of employees. (5) Dorset (excluding Poole) was transferred from the Southern to the South Western Region on May 12, 1958. (6) Deliveries. (7) Great Britain. (8) Excluding all screening losses normally amounting to around 5,000 tons a week. (9) Average for third quarter. (10) England and Wales. (11) Generation for public supply. (12) Average for fourth quarter.

APPOINTMENTS

Cossor Radar & Electronics Limited

(A member of the Group controlled by the Raytheon Company, U.S.A.)

require staff for work on

BUDGETARY CONTROL

and

ORGANISATION & METHODS

These are challenging and demanding appointments in a progressive company. They call for considerable initiative and drive. The successful applicants should:

(i) Be in the age range 27-35.

(ii) Have had practical industrial experience either in operating a system of budgetary control, or in O. & M. work on administrative or production procedures.

(iii) Preferably hold an accounting, costing or engineering qualification.

The salaries, depending upon age and experience, will be approximately £1,500 per annum. Applications, which will be treated in strict confidence, should be made to:

The Personnel Manager,
Cossor Radar & Electronics Limited,
Pinnacles,
Harlow, Essex.

COSSOR

D.S.I.R. Headquarters, London, W.C.1, invites applications for a post in Economics Section. DUTIES: To take part in planning and executing studies of the research and development needs of industries or sectors of the national economy. QUALIFICATIONS: 1st or 2nd Class Hons. degree in Economics with at least 3 years' post-graduate experience either in industry or in research in industrial economics. A lively interest in technological development is desirable. SALARY RANGE: £1,402-£1,710. Application forms from Manager (PE 33240), Ministry of Labour, Professional and Executive Register, Atlantic House, Farringdon Street, London, E.C.4. Closing date 29th January, 1962.

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The Fellowship will be for a period of twelve months and will include both practical and theoretical training.

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Candidates should be willing, and give some proof of being able, to accept professional responsibility in teams dealing with educational planning, particularly in developing countries.

Knowledge of either English or French; knowledge of one other language of the Mediterranean countries would be an advantage.

Application to the Directorate for Scientific Affairs, O.E.C.D., 3 rue André Pascal, Paris XVIe, before 15th January, 1962.

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LECTURESHIPS IN ECONOMICS AND ECONOMIC HISTORY

The Lecturer in Economics will be expected to teach and examine courses primarily in banking and public finance, and to undertake research in this field, but he may also be required to do some teaching and examining in elementary economic theory.

The Lecturer in Economic History will be expected to teach and examine courses primarily in economic history and to undertake research in this field, but he may also be required to do some teaching and examining in the more elementary stages of economic theory.

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Lecturer: £1,250 p.a., rising to £1,700 p.a. by annual increments of £75 each.

Commencing salary within the respective ranges will be determined according to qualifications and experience. Travel and removal expenses are allowed within certain limits.

Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch office), Marlborough House, Pall Mall, London, S.W.1.

Applications close in New Zealand and London on 29th January, 1962.

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RESEARCH ASSISTANT required in Planning Department at PRESTON. Commencing and maximum salary according to qualifications and experience within £645-£1,310 per annum.

Applicants should possess a good honours degree in economics, geography, sociology or related subjects and should be interested in problems of industry, population and land use.

Applications, giving age, qualifications, present appointment, experience and salary required, to the County Planning Officer, East Cliff County Offices, Preston, by 15th January, 1962.

KWAME NKRUMAH UNIVERSITY OF SCIENCE & TECHNOLOGY, KUMASI, GHANA

Applications are invited from suitably qualified honours graduates for two posts of LECTURER IN GEOGRAPHY in the Faculty of Arts and Social Studies Department of the University.

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The Wellcome Foundation require for their Biological Control Laboratories a Statistician to take charge of their Statistical Unit at Dartford.

Applicants should possess a degree in statistics or mathematics, or an equivalent professional qualification. The work entails the design and analysis of routine biological assays and research projects. Previous experience in this field would be an advantage. Salary according to qualifications and experience. Applications should be made in writing to the Personnel Manager, Wellcome Chemical Works, Dartford, Kent.

THE ECONOMIST INTELLIGENCE UNIT invites applications from economists to fill a vacancy on the research staff of their Export Research Department. Applicants should have a good honours degree in economics, preferably with some business or research experience in the field of transport. Applications, with details of qualifications and experience, should be sent to the Managing Editor, The Economist Intelligence Unit Limited, 5 Bury Street, St. James's, S.W.1.

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Applications (two copies) which should include the names and addresses of three referees, should be sent not later than 20th January, 1962, to the Registrar and Secretary (from whom further particulars can be obtained.

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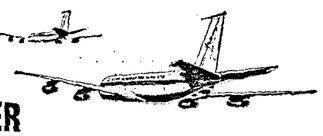
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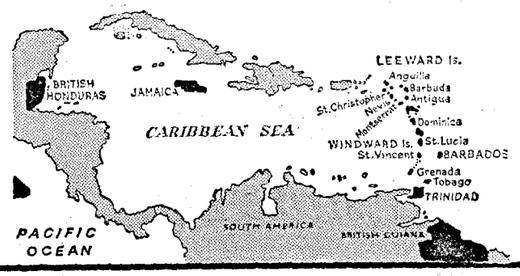
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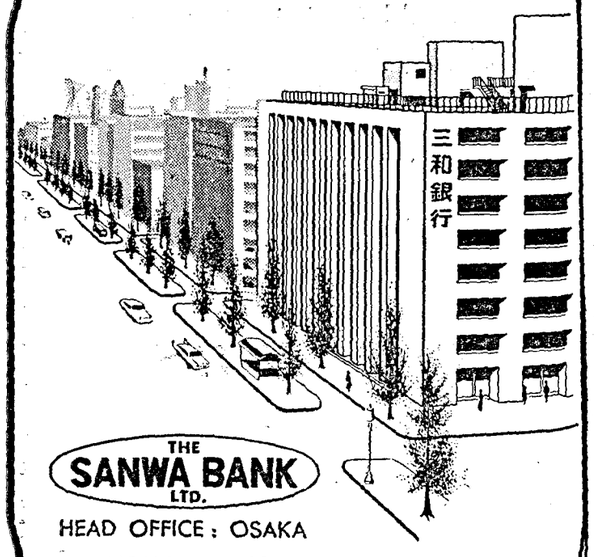
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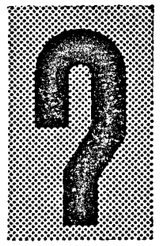
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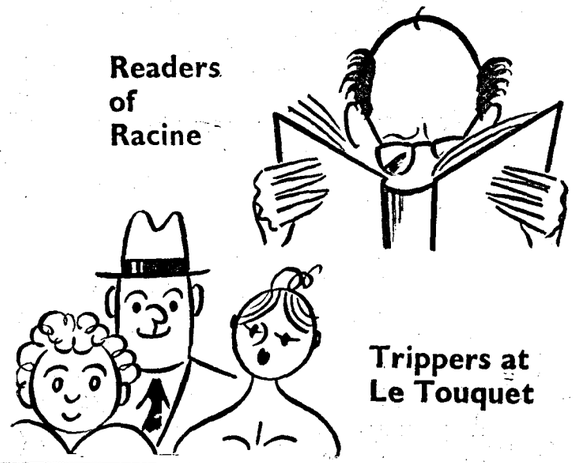
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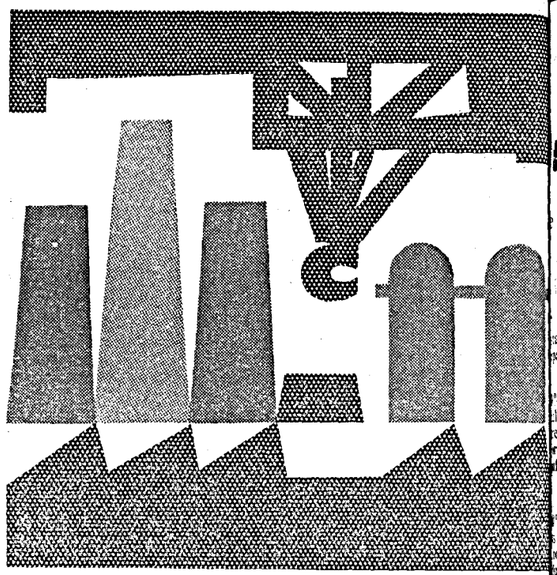
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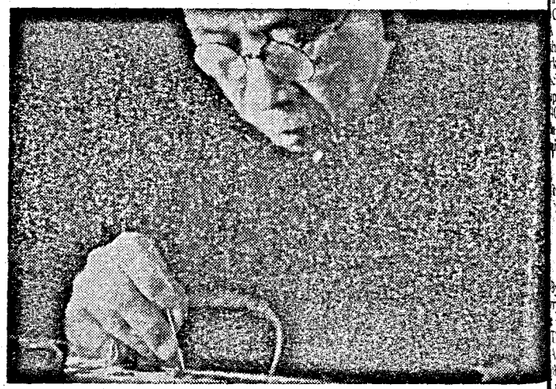


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D.B.A.

ucellier - Bendix - Lockheed - Air Equipement

recent merger of the D.B.A. Company with the French Lockheed Hydraulic Brake Company provides an occasion to review the growth of this important French firm.

- D.B.A.'S HISTORICAL BACKGROUND

ablished in 1830, Ducellier merged with the former R.B. & T.E.M. anies to become the foremost French manufacturer of

AUTOMOTIVE ELECTRICAL EQUIPMENT

% of French cars are equipped with units manufactured by D.B.A.'s llier division in its seven factories employing 4,200 people, mainly in the e of France (Auvergne).

rmed in 1920, Bendix has become the most important French and European facturer of

AUTOMOTIVE BRAKES
(for private and commercial vehicles)

% of French cars are fitted with brakes made by D.B.A.'s Bendix division two Paris factories, employing 2,500 people.

kheed, formed in 1930, is now one of the major French and European cers of

HYDRAULIC BRAKE CONTROLS

% of French cars are equipped with master cylinders, wheel cylinders, g and liquids manufactured by D.B.A.'s Lockheed division in the three ries at Saint-Cloud, Beauvais (Seine & Oise), and Montrond (Loire), oying 2,000 people.

r Equipement, established in 1934, has become one of the leading French facturers of

AERONAUTICAL EQUIPMENT

special interest in this field are the servodynes used in the controls of the velles. Air Equipement will shortly deliver the superservodyne to equip Caravelles intended for the U.S. market.

special test and research centre is to undertake the further development e products now manufactured by the Air Equipement division at its two ts, one at Asnieres (near Paris), and the other at Blois (Loic-et-Cher), h together employ 2,300 people. Altogether D.B.A. employs 11,000 ple in 14 factories, located in different parts of France, with a turnover 00,000,000 N.F.

addition, the Roto-Diesel Company, founded by D.B.A. and Lucas ted, has begun mass-production of

DIESEL INJECTION PUMPS

s works at Blois, where there are 600 employees.

II. - FINANCIAL ASPECT OF D.B.A.

following a careful policy of strict self-finance, D.B.A. has been able to y out successfully its development and modernisation without recourse to assistance of its shareholders or to capital loans from outside sources.

he Company is in a position to meet any partial market recession.

lthough this policy of financial independence may have limited dividends he shareholders, this has been offset by the issue of bonus shares as a result the incorporation of sundry reserves into the Company's Registered pital.

he wisdom of this policy has shown itself noticeably on the Stock Exchange rket, where, during the last ten years, the quoted prices of the Company's res has increased forty-fold.

III. - TECHNICAL ASPECT OF D.B.A.

During the last three years D.B.A. has made great efforts to bring its mass-duction methods into line with those of the largest manufacturing anisations:

The extensive growth of the research and engineering departments, following the recent mergers (and particularly that with Lockheed) has permitted centralisation of engineers, who are now able to specialise where hitherto they were duplicating their functions in competing concerns.

— The pooling of patents.

— The creation of laboratories and modern testing plant with all the appropriate equipment, in which are tried the new techniques which are the basis of future development of:—

alternators	automation
disc brakes	nuclear energy
electronics	

— The building construction and expansion of existing premises.
The original total surface area of 150,000 square metres has been increased in the last three years by 50,000 square metres of plant and laboratories of the most up-to-date design, providing the very best working conditions. This new area is distributed as follows:

12,000 square metres around Paris	16,000 square metres at Beauvais
20,000 square metres at Auvergne	2,000 square metres at Blois

A new three year scheme is under consideration to continue this building expansion.

— The renovation and rationalisation of machinery and tools on a substantial scale.
During the last three years 40,000,000 N.F. have been spent on the improvement of production methods, and on the installation of modern specialised and automated mass-production machinery, developed by D.B.A. technicians.

— Market research has been undertaken to ensure sales development, both inside France and abroad, and also to ensure sufficient raw material supplies at advantageous prices.

— The establishment of a Personnel Training Department to help the staff make the best of their opportunities for promotion within the firm.

IV. - THE ECONOMIC ASPECT OF D.B.A.

Under the influence of the Common Market, the market in Europe has shown a strong tendency for firms of medium size to amalgamate and form powerful units with the financial backing of international companies of high standing.

D.B.A. is one of the most striking examples of such amalgamations to have taken place in France during the last three years.

In 1959 D.B.A. was already a powerful group of French automotive and aeronautical producers.

The Lockheed merger is a marriage of convenience which, by linking the production of the mechanical (Bendix) and hydraulic (Lockheed) brake components, gives D.B.A. control of the French brake market, and puts them in a very strong position to compete in German and Italian markets.

Their technical and financial resources and their industrial potential permit D.B.A. to guarantee the supply of high quality brake equipment at low prices to European vehicle manufacturers, factors which should induce those manufacturing brakes themselves to follow the lead of French vehicle manufacturers, and avail themselves of D.B.A. facilities.

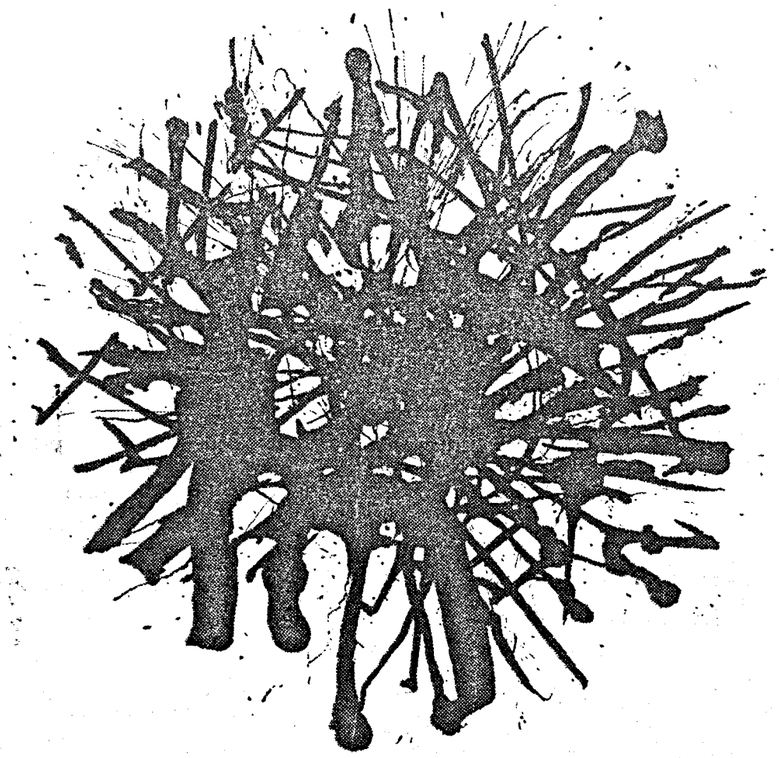
In the remaining sectors of D.B.A.'s activities the Company has studied the adaptation of its products to every type of vehicle manufactured in Europe. Italian and German vehicle manufacturers who have been contacted, have been impressed by the industrial potential and the facilities offered by the D.B.A. organisation, a fact which assures the project an interested reception.

The world distribution of French cars has encouraged D.B.A. to build up a large international commercial network and to grant manufacturing licences to a number of countries, including South America and Spain.

The increased potential of D.B.A. after these amalgamations, especially that with Lockheed, enables it to begin a further significant stage in its commercial development.

D.B.A., 23 rue Alexandre Dumas, Paris IIe.

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The Economist this Week — December 30, 1961

INTERNATIONAL

LIGHT IN DARKNESS

The only light in the gloomy world landscape scanned by President Kennedy and the Prime Minister at Bermuda was their determination to press ahead with talks with Russia on Berlin (p. 1265).

So long as there is hope of serious East-West discussions on central Europe, the West should not make matters worse by adopting plans for a **European** or **Nato deterrent.** The military need is not yet urgent; there is time to talk (p. 1266).

Papal Summit? A reader's New Year plea for Pope John to act for peace (p. 1277).

THOUGHTS FOR FOOD

Britain's application to join the common market suggests a fresh look at **world trade in food.** The developed countries are becoming major food exporters; the undeveloped countries need markets for their manufactures (p. 1268).

The movement to unite Europe will stop in its tracks, if **the Six** cannot agree about **agriculture** (p. 1274).

WOLF AND BENDING REED

The mobilisation, over Christmas, of British forces to meet—it seems—a threat to **Kuwait,** remains unexplained. It may have been made harder to cry "wolf" again (p. 1271).

Details of Kuwait's overseas investments have been revealed—for the first time—to *The Economist* (p. 1304).

No Arabs have rushed to defend President Nasser against King Hussein's shrill attacks. Arab judgment on **Egypt** is suspended (p. 1272). At home President Nasser is trying to compensate for lost glory by moves to tap popular support (p. 1272).

RELICS OF EMPIRE

China tolerates the Portuguese presence in **Macao.** It is economically convenient (p. 1293).

The Dutch have realised that it is time to get out of **New Guinea** (p. 1297). But negotiations with Indonesia will not get off the ground unless preconceived positions are abandoned (p. 1274).

FIRE AND WATER

Predictably unpredictable, Mr Tshombe has gone back on his undertaking to work with the **Congolese** central government. U Thant has been blaming the Union Minière for arming the Katanga forces. Rhodesia has been accusing the United Nations of atrocities. Once more the danger is growing that the flickering Congo conflict will flare up into a wider conflagration (p. 1276).

Three key African countries, **Tanganyika, Nigeria** and **Ghana,** are to get more American aid (p. 1297).

TRANSATLANTIC NEW YEAR

The Democratic party, in its present disjointed state, will be of little help to its President in the coming session of Congress or to its candidates in next autumn's elections (p. 1288).

Optimism is tempered quite rightly with caution in the American economic forecasts for 1962 (p. 1289).

Mr Zeckendorf will have to keep at least one foot on the ground as the price of having his business life underwritten by the British (p. 1290).

As usual American farmers have been producing too much (p. 1289).

To amalgamate and to put up fares are the means by which the American airlines hope to turn losses into profits (p. 1292).

College students are turning towards politics in a very right-wing way (p. 1290).

HOME

COUNTRY MATTERS

The New Year looks like being highly uncomfortable for the Government: the Tories can brace themselves for reverses at the polls, revolts from backbenchers, a crisis over Europe. Mr Macmillan must put his best feet forward—and not rely on the history of 1958-59 fortuitously repeating itself (p. 1267).

Working men's clubs are no longer the dingy pockets of underdoggery they once were thought to be: rich and numerous, they are a power in the land (p. 1270).

Britain's mass slaughter on Christmas roads may stem from Britons' mass pleasures at Christmas parties (p. 1273).

SOMETHING IN THE CITY

The moneylender is the ordinary man's traditional succour in desperation: and the sucker still seems willing to pay through the nose for his services (p. 1301).

Birmingham's overspill problems cast doubt on the soundness of some "sound planning"—and on the determination and ability of the Government and local authorities to plan soundly (p. 1287).

The Government's plan for Greater London has inherent weaknesses, which ought to be isolated and corrected (p. 1276).

BIRDS IN THE WILDERNESS

Government-aided aircraft builders are crying plaintively but vainly for sustenance the Government cannot provide: they are reluctant to thin their flocks and resentful of successful unaided builders—to whom the Government appears to be behaving badly (p. 1299).

A Sheffield survey has uncovered a mess of drift, indecision and dead ends in the matter of school-leavers' employment (p. 1286).

RUMOURS OF WARS

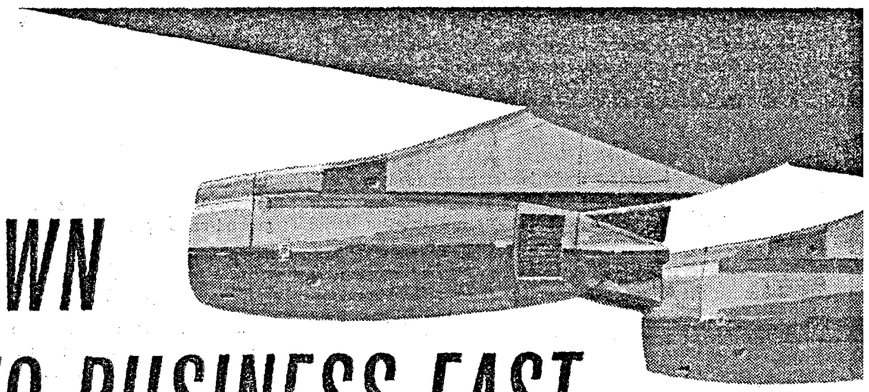
Rehearsal rather than genuine preparedness (for this or similar contingencies) makes the periodic relief expedition to the Middle East read better than it plays (p. 1272).

Attacks are being mounted on the pause by post office workers and electricians: in another part of the forest, ITA and Equity continue to wage their war of attrition (p. 1273).

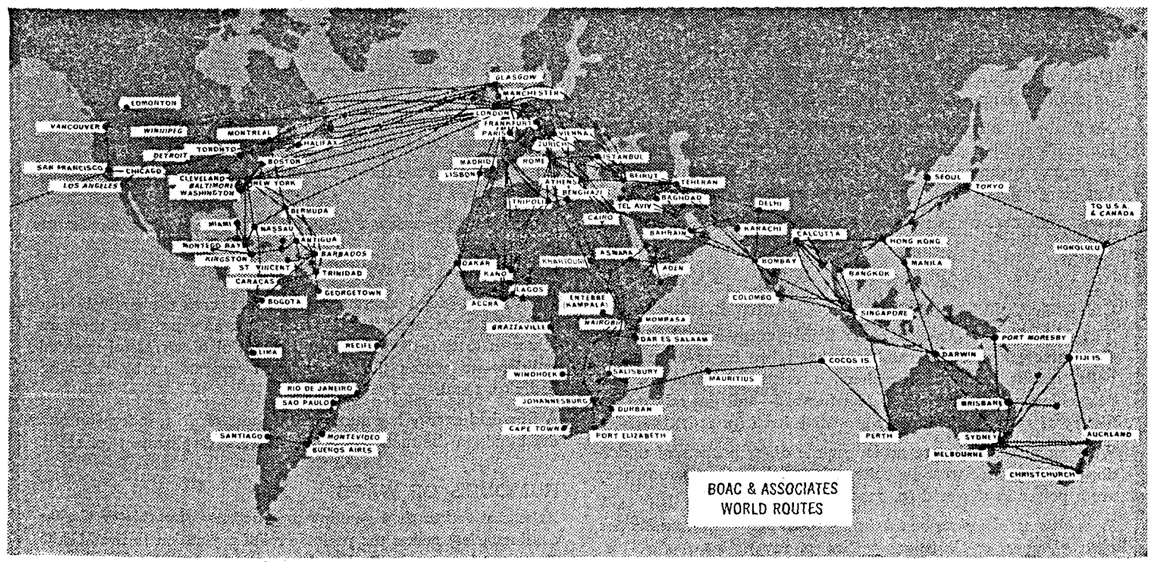
Davids with "hot" camshafts are denting the amour propre *of six-cylinder Goliaths* (p. 1306).

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PUBLIC DEPARTMENT

Chill Winds

STATESMEN cannot and should not deck truth with tinsel to match the public mood at holiday times. Mr Kennedy and Mr Macmillan must have foreseen that the reference to preparations for a resumption of nuclear tests above ground would be the thing most likely to make headlines in their communiqué from Bermuda; and that these headlines would carry a chilling message into homes where festive warmth was in demand over the long Christmas weekend. The prevailing fashion of meeting to discuss the world's bleaker problems just at this season makes this kind of comfortless incongruity unavoidable.

The Bermuda communiqué presented the agreement on nuclear testing (for which, with sad significance, Christmas Island may be the site) as no more than a precautionary one. In spite of the ominous findings of the American inquiry into the implications of Russia's recent "massive series of atmospheric tests," no definite decision that the United States will now carry out tests above ground has been announced. The President and the Prime Minister merely agreed that preparations should be made, "as a matter of prudent planning for the future." It is clearly the intention to hold off the "final decision" long enough to give a chance of success to the imminent exploratory talks on Berlin and related questions with the Russians. And everything indicates that the Bermuda meeting has helped to clear the way for these talks, with the American ambassador in Moscow assigned the task of making the first contacts, while his British colleague stands politely in the wings in deference to French susceptibilities.

The prospect of movement on the Moscow front, however cautious, is at least more heartening than most of the other visible elements in the western world's cold New Year outlook. Admittedly, there may have been some exaggeration about the depth of the gloom that India's occupation of Goa has cast over the viability of the United Nations and the evolution of codes of moral behaviour between states in general; and the precautionary British moves in the Middle East during Christmas week now seem to have rested as much on a simple assumption that a fresh threat to Kuwait might logically follow the Indian move into Goa, as on the evidence, not very substantial, of an imminent Iraqi attack. But the UN is still deeply enmeshed in the Congo, where Mr Tshombe has, almost predictably, backtracked from the commitments he was supposed to have undertaken at his meeting with Mr Adoula, making it more doubtful than ever whether he is really in charge in Katanga; while his more intransigent partisans seem bent on holding out for independence, and the danger of a civil war backed by outside powers looks no further distant than it did in the July before last.

Among themselves, the western allies have once again proved unable to resolve satisfactorily the problem of shaping a common deterrent system that would scare off Soviet threats without striking equal fear into western hearts: the article that follows is devoted to this continuing problem. The sunny side of the Bermuda meeting—the firm decision to keep probing in Moscow—has not disposed of the ultimate difficulty of securing allied agreement on terms for a Berlin settlement; nor has the personal cordiality between Mr Kennedy and Mr Macmillan closed the gap between their two countries' attitudes to African affairs, attitudes of which their conspicuous disagreements over the Katanga conflict were merely an example.

The New Year both marks a challenging deadline for the six nations of the

European Economic Community, and ushers in a climactic period of stress for Britain in relation to the Six as well as for other countries whose trading perspectives depend on the eventual form of the enlarged European unity. Western Europe faces another danger apart from that of failing to unite : that it may be manoeuvred, or may manoeuvre itself, into a well-heeled but barren and ineffectual isolation.

These are all chill winds, but not killing ones. Passing from the coldest Christmas for many years into what promises to be a hard New Year, this country and its neighbours should not be resigned to letting international relations rest in a deep freeze through the winter. A frosty tingle in the toes can stimulate thought ; and the thinking that is now needed is of the type that may be called painfully clear.

Europe's Deterrent

Is Nato really in need of a strategic missile force of its own?

HERR STRAUSS, the west German minister of defence, is a purposeful man who generally gets what he wants. What he wants just now, it seems, is a Nato deterrent; to be more precise, a force of medium-range nuclear missiles in western Europe under the joint command of the Nato powers. On December 14th he persuaded the meeting of the allied foreign ministers in Paris that the permanent council of Nato should look into the question " at an early date." President Kennedy said in May that he was willing to consider the idea of a multilaterally controlled missile force (though he added an important qualification that went largely unnoticed), and the immediate response of many people is likely to be that, Nato and the deterrent both being Good Things, a combination of the two must be even better. It may not be so ; the allies ought to look twice at some of the difficulties involved before they leap at Herr Strauss's proposal.

There is no need to argue with Herr Strauss's premises, which are shared by a number of people who have put forward similar ideas. They point out, quite rightly, that the promise of the United States to send the Strategic Air Command into action if the Russians make a major attack on Europe is gradually becoming less convincing as the Americans realise (and the Russians realise they realise) that they would suffer hideously in return. Ever since the Russians acquired a significant number of long-range rockets it has been obvious that, sooner or later, the credibility of this promise would decline to the point where western Europe would have to take part of the burden of deterrence on its own shoulders ; and there are overwhelming arguments against each country in western Europe trying to do this individually—as Britain has done, and France is beginning to do. The question is whether the decline in the credibility of the purely American deterrent has yet reached danger point, and whether the military advantages of a jointly controlled force outweigh the political disadvantages.

These political disadvantages spring from the extraordinary difficulty of defining " joint control "—that is, who gives the order to fire the missiles. The simplest scheme, as suggested by Mr Alastair Buchan, would put the missiles under a Nato commander responsible to an inter-allied council (perhaps the existing permanent council in Paris) containing political representatives of all 15 nations. But this would not only be cumbrous—one can imagine the multilateral arm-twisting as these fifteen argued whether to fire or not—it would also leave the main question unanswered. So long as the United States possessed a veto, the European members of the alliance would have no guarantee that it would press the button when they wanted action, or refrain when they did not. All they would have gained would be the ability to plead their case on the inter-allied council.

Several ingenious ideas have been put forward to get round this difficulty. Dr Stikker, the secretary-general of Nato, wants a veto-less system of weighted voting under which any given country, perhaps even the United States, might be overruled by a majority of the rest. Mr Glenn Snyder, an American who has just written a sensible book on the whole problem of the deterrent,* suggests a semi-automatic system in which the missile commander would be given prior authority to begin the count-down in certain defined contingencies—and perhaps even to fire—unless the political authority actually told him to stop. But the root of the problem remains. It is hard to foresee any legislature, particularly the United States Congress, agreeing in advance to a mechanism that might subsequently land it in a nuclear war against its will. The blunt fact is that the two parts of the alliance cannot guarantee that their interests will always coincide in any future crisis.

The problem might be solved if it were possible to create not a Nato deterrent, but a joint west European one. In the sort of crisis that would call for the use of strategic nuclear weapons (the threat of a major Russian onslaught on western Europe) the interests of the main European allies would presumably coincide enough to make their decision quick and unanimous. The more supranational the deterrent was—the closer it got to being a nuclear European Defence Community —the more convincing it would look to the Russians. Among others, Mr Ben Moore in " Nato and the Future of Europe " has proposed a strictly European force. The trouble is that such a force would draw attention to the geographical cleft in the western alliance, and would also superimpose a second command structure in Europe on top of the Nato one. In any case, it is doubtful whether Britain and France are anywhere near to becoming ready to put their private nuclear forces into a common European pool. For all these reasons, this particular scheme seems to have been left to gather dust in the pigeon-hole of brave ideas.

ONE other, slightly different, solution has been offered for the problem of " fifteen fingers on the trigger "—which is a problem both of fingers that freeze and of ones that itch. It seems to be Herr Strauss's own preference, though he has not set out his proposals in detail, and indeed said on December 20th that the allies ought to keep their discussions private. This solution would preserve the idea of a deterrent controlled from both sides of the Atlantic, but it would sharply reduce the number of countries taking part in the decision whether or not to press the button. One participant would always be the United States (Herr Strauss has emphasised that in any particular case the President would have to give his consent to firing) ; the other chief one would be " the country threatened or directly concerned," to quote Herr Strauss.

If this were the way a Nato deterrent turned out, in many cases west Germany's would be the second finger in a two-fingers-only arrangement. Indeed, if German officers rose to high positions in a Nato missile command, Bonn's share in the control of nuclear weapons would grow spectacularly.

Doubtless this prospect makes scalps tingle from Liverpool to Leningrad, but that is not the important point. The main point is that, unless and until military necessity dictates otherwise, any marked rise in west Germany's nuclear status ought to take second place to a renewed attempt to reach an agreement with the communist powers about the future of central Europe. The future relationship between the Federal Republic and nuclear arms might yet be a subject of east-west discussion ; if it is settled in advance, the division along the Elbe may freeze for years ahead.

Does military necessity require the sort of deterrent Herr Strauss wants ? Not quite yet, so far as the layman can tell. Herr Strauss himself, presenting his ideas to the allied foreign ministers in Paris, spoke as if the problems caused by the Russo-American balance of power would come to a head not now, but in the next two or three years. Mr Glenn Snyder, in the book quoted, argues that Europe may be able to rely on the American deterrent longer than some people think:

> It can stand repeating that what counts in deterrence is not what we are willing to do, but what the enemy *thinks* we may do. . . . Even a very small chance, in Soviet estimations, that the United States might retaliate strategically to a massive ground attack in Europe might deter such an attack.

Fortunately, there are signs that President Kennedy agrees. When he spoke at Ottawa in May about the Nato deterrent, the President's only firm offer was to put five or more Polaris-carrying submarines in " the Nato command area." In fact, most or all of the Americans' existing force of Polaris submarines presumably spend much of their time cruising in North Atlantic and Arctic waters within reach of European Russia. Probably the most Mr Kennedy's offer means is that the order to fire their missiles would come to them via the Supreme Allied Commander, Europe, in Paris rather than the US naval Commander-in-Chief, Atlantic, in Norfolk, Virginia; it would come to either from the White House.

When President Kennedy turned to the possibility (he put it no more strongly than that) of establishing a Nato missile force " truly multilateral in ownership and control," he added two important reservations. First, it must prove feasible; second, this multilateral force must wait until Nato's non-nuclear requirements had been satisfied. The implication seems clear: the creation of a joint allied nuclear force can wait a little longer ; conventional rearmament is the more urgent.

To put a number of submarines under General Norstad's command (and perhaps to station an allied officer in each of them) would for the time being help to allay the fears of Europeans who think they are being left naked to a Russian attack. In the end, it may be necessary to go on to establish the " truly multilateral " missile force Mr Kennedy spoke of. But before Nato undergoes a sea change into the world's fifth nuclear power—and west Germany thus acquires a substantial nuclear authority—diplomacy should be given another chance to disentangle the problems of central Europe. Diplomacy and defence are not substitutes for one another, as Mr Kennedy pointed out in Seattle on November 16th. The pursuit of nuclear strength in Europe, if carried beyond the precise needs of the moment, may put both East and West in a posture where conciliation becomes impossible.

* Deterrence and Defence. By Glenn H. Snyder. *Princeton University Press.* London: *OUP.* 52s.

New Year Irresolutions

A look at the British political prospect for 1962

THE economic prospect before Britain in 1962 will be discussed at length in *The Economist* next week ; it does not seem particularly bright. Nor does the probable political prospect before the Government, so far as it can be predicted.

The most probable prediction for the early part of 1962 must be that the Government is likely to suffer some serious reverses in by-elections. It may even lose some Torrington-like seat or seats to the Liberals ; probably it will lose some seats to Labour, too, but mainly because its own voters are staying away from the polls or voting Liberal, rather than because they are rushing to embrace Mr Gaitskell. This, in other words, looks suspiciously like being early 1958 all over again. Between early 1958 and the general election in the autumn of 1959, the Government enjoyed a remarkable recovery in public favour. It seems to be supposed that the Government should be able to make a similar recovery between early 1962 and the autumn of 1963 (when most pundits expect the next general election). But why ?

Last time the Government secured its recovery by getting into an industrial boom at just the right moment ; it did this after temporarily beating cost inflation through standing up to a strike—Mr Cousins's London bus strike in the spring of 1958 —and then proceeding to reflate demand and production within the economy. It seems only too probable that it will miss that trick in 1962 ; the odds are that it will run away from a strike (and thus from imposing effective wage restraint), and then proceed to introduce a deflationary budget. Of course, it might still escape ; last time it stumbled on the right policy by a last-minute revolt of the Cabinet which brought resignation from a Chancellor who was committed to deflate demand, and by the ham-handed tactlessness of a big trade union leader in Mr Cousins. The second of these *dei ex machina*, at least, could still come to its rescue this time. But, on the present balance of probabilities, one's assumption must be that 1962 is likely to be a year of continued trade union pressure, continued lack of buoyancy in production and therefore general dissatisfaction with the Government.

This could have a major bearing on the biggest decision due in the year: namely, the decision whether or not to integrate Britain into Europe. Here again the most probable pattern can be predicted. It is no good pretending that Britain is likely to get into Europe on terms that will seem satisfactory to every Commonwealth producer of glutted temperate

agricultural products, and to every conceivable domestic and EFTA interest. The concessions that Mr Heath will eventually have to make will almost certainly be somewhat larger than saying that perhaps our tariffs will have to be raised against some marginal Commonwealth manufactured goods and that perhaps we will not be able to go to the stake in order to satisfy the last ounce of East Anglian or Portuguese pressure about safeguards for tomato purée. Some time during the coming year there is therefore likely to be a domestic political crisis over Europe. Either Britain will ride over it into the realisation that it must still go into Europe, even though Commonwealth governments will be saying some very rude things about our decision; or the negotiations with Europe will fail. One's guess is still on the side of supposing that they will not fail; but this is where the likely political background against which the decision will be taken becomes so important.

A very possible background, to repeat, is one where the Government may be losing ground severely in the country, where Tory morale may temporarily be very low indeed, and where there may be a general supposition in the press that the *next* government could be a Labour one. Of course, one can never forecast that the present British Labour party will not throw its best chances away; when and if any general supposition about an impending Labour victory in 1963 or 1964 catches hold, it may be as right to discount it as it was right to discount glib talk two years ago about the supposed certainty of "Tory government for at least ten years." But any such new supposition about Labour's brightening chances could create an awkward atmosphere of its own within the Tory party.

This would be a situation that could be very ripe for Tory backbench revolts; backbenchers are much more likely to revolt against party leaderships that seem to be directing their party towards a period of Opposition, than against leaders who are assumed to be likely to be in charge of ministerial patronage for another five years. Until recently, the Tory right wing had not been driven neurotic by the sort of bitter internal strife stirred up at the time of Suez. But now have come Katanga and Goa, and although the Right has not had to taste Suez's humiliation and gall, it has experienced two other sensations that could be almost equally dangerous: it has acquired a supercilious feeling of superiority towards lesser breeds like Mr Nehru and the United Nations in Katanga, and a knowledge that backbench revolts can sometimes succeed in swaying government policy.

This, then, is the political tightrope which Mr Macmillan might have to balance himself across in 1962. It will be a year that may require a very cool sense of balance indeed. He should not allow himself to be impeded by anything that may hamper that surefootedness. Not by that languorous unwillingness to look at possible dangers ahead which some people miscall his imperturbability. Nor by short-sighted eagerness to avoid temporary domestic inconveniences or rows. Not even by loyalty to any ministers in his Government who are plainly misplaced in their jobs.

Boxing the Trade Compass

Developed countries are now the biggest agricultural exporters; the developing countries need new markets for their industries

POPULAR mythology sees foreign trade as the swapping of machinery and industrial products made by clever Europeans and Americans for food and raw materials produced by Hottentots. Ancient Britons (Mr Harold Wilson's phrase) can still be heard asking why the Europeans should take in each other's washing by trading in a common market, when Britain ought to be exporting to Commonwealth countries to pay for food. In practice the great expanding markets for British exports in the postwar years have been, not the deserts and jungles of the undeveloped nations, but the maturing industrial economies of Europe and North America; and it is in those economies that mass markets for durable consumer goods and capital equipment will continue to be found in the next ten years. This fact lies behind the formation of the common market, Britain's application to join, and the new American interest in a still bigger partnership.

Even sophisticates, however, have not all taken in a second remarkable inversion of the popular image; the rich industrial countries have become not only the main markets for each other's industrial products but also the main exporters of food. The world's largest agricultural exporter is also the biggest industrial power, the United States. The common market countries at present satisfy 90 per cent of their food needs, and may soon be self-sufficient and indeed exporters of some products, like coarse grain. The main Commonwealth exporters of food—Canada, New Zealand, Australia—are, though only partly industrialised, countries with higher living standards than Europe.

All this is in a sense a creditable result of high productivity and investment. As labour has moved from the land into industry, modern agriculture has become a capital-intensive industry. The New Zealand farmer, scattering his fertiliser by light aircraft, even the British farmer with his tractor and machinery, produces more and invests more per unit of labour than many British industries.

But while production methods on western farms have advanced by leaps and bounds, methods of marketing have not. High production is sometimes the result not of high productivity, but of high protection. Subsidies and high protection in one country produce surpluses and dumping in the next. More protection follows. The net effect has been a damping down of the growth of international trade in food, which encourages everyone but the efficient exporter.

All this has been bewailed by agricultural exporters for years—with no effect whatever. Britain's application to join the common market has brought it to a head. Though protection by subsidy in Britain is as high as by tariff on the Continent, the British market is still the biggest outlet for agricultural exports from Canada, Australia and the United States. If Britain is to participate in a common European agricultural policy, the interests of these agricultural exporters will have somehow to be satisfied by Europe as a whole. The decision by the General Agreement on Tariffs and Trade earlier this month to embark on a series of world-wide commodity conferences is the consequence of the upheaval.

One bright idea for solving the problem of the West's bulging barns and dairies without tears is to make better use of surpluses. Instead of dumping them on other people's markets, it is suggested, surpluses should be put into a common pool (financed jointly) and given systematically to the governments of the two-thirds of mankind who still go hungry. Food production is after all one of the West's great economic successes. It seems absurd that abundance should be a burden when the constant failure of collective farming to produce enough hangs like an albatross round Mr Khrushchev's neck.

Detailed ways of giving food as aid are not hard to find. There have been times in India and Pakistan when American surplus wheat has staved off famine; the existence of a common western pool might save lives in any future emergency—another Congo or Angola. Food aid can also play a systematic part in development. As economic growth takes off, demand for food often rises sharply, placing a strain on a country's balance of payments which could usefully be relieved from surplus stock abroad. Care has to be taken that surpluses do not spoil existing exporters' markets. But the New Zealanders themselves have pioneered a scheme for giving powdered milk to Bombay's school-children (who would get none otherwise) which could be the forerunner of others. The British Egg Marketing Board is working on another scheme in collaboration with the United Nations Children's Fund.

A formidable consensus indeed—the head of the Food and Agriculture Organisation, the National Farmers' Union, the Australian minister for trade, the foreign affairs committee of the French Assembly—backs this idea of a more systematic use of surpluses. But one interest is conspicuous by its absence: the tax-paying consumer in the western countries. It is true that the French approach is generous. To help solve Britain's common market problem, the French government appears to be willing to make a financial contribution to a surplus pool. But there must be doubts about a plan that would make life so very comfortable for producers. What inefficient industry would not like its products to be bought by a common fund and given away?

Plainly a new world-wide farm deal must not only dole out surpluses but also keep them in check, and encourage low-cost output that makes use of the formidable array of new methods that are open to the farmer. Wisely, the French sponsors of the new Gatt discussions have proposed that subsidies should be removed and an attempt made to set "normal," realistic prices in the different countries as a step towards freer trade. But the French have not yet fully taken in the big differences in prices between those countries where the agricultural revolution is far advanced and those, generally highly protected, where it is not.

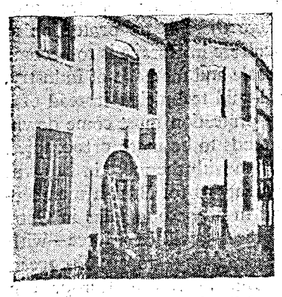
Wheat is grown in Canada and Australia at half the French cost, not because of subsidies but because of vast scale. The contrasts within Europe itself—between Holland and, say, Bavaria—are familiar enough. The one sector of British farming where intensive research and mass production methods have brought prices tumbling down—the broiler fowl industry—is the one sector where there is no protection at all. If, in the next decade, agriculture in Europe is to become "agribusiness," employing the scale and methods of industry, and with the farm worker a well-paid technician instead of a drudge on the ancestral holding, protection must come down.

In all this the United States tends to be more preoccupied with the beam in Europe's eye than with the mote in its own. And indeed in the Brussels negotiations for British membership of the common market, and in new world talks in Gatt, America, with its great export interests, will be a force—with the Commonwealth pulling the same way—to get European prices and protection down. But in return Europe can properly demand a dismantling of American protection. The French are perfectly right to point out that American wheat—unlike Canadian—is sold (dumped?) abroad at well below the home price. If American grain is to get assured outlets in Europe, there is a case for ensuring that New Zealand or Danish cheese gets better outlets in America. A gradual downward alignment of support prices in the main farming countries and a reduction of trade barriers must apply the method of the common market on a wider canvas.

As agriculture expands in developed countries as a great capital-intensive industry, more has also to be done to give undeveloped countries outlets for labour-intensive manufactures. For apart from tropical products not grown in Europe and America, there is not much else they can export. This—the problem of Indian textiles and Hongkong toys—is the second major problem precipitated by the British application to join the Six. It will become more urgent than ever if a new Atlantic grouping is formed.

Here again, there is little chance that the problem will be solved by retaining the present preferences and free entry for Indian or Hongkong products in the British market. The likely answer will be a joint effort by all the western countries to import more; a start has already been made in the textile deal sponsored by Mr George Ball in Gatt. But here, too, there is still a great gulf between the dawning realisation in Europe that something must be done and the need itself. Britain imports 30 per cent of its consumption of cotton textiles from developing countries, the Six import 5 per cent of theirs. It is true that a small effort by all the major western countries to import more from the new countries would be less painful than a big effort by a few. But few western countries have yet taken in the idea that they are not going to be able to export to the new countries, if they do not import at least some manufactures in return.

There are many ways of developing a liberal Atlantic trading policy. But whichever way is chosen, one main objective should be to make the new import opportunities as flexible as possible so that the new industries of Asia, Africa and Latin America have not only access to western markets, but the chance to compete among themselves and to switch from one product, say, textiles, to another, say, ships. A low tariff would be a better form of protection than quotas; and where quotas still exist, as they do at present, the sooner they are made multilateral, so that several exporting countries compete together, the better. The pattern of world trade has shifted incredibly in the past decade; any new trade system must leave room for equally dramatic changes in the next.



Very Clubable Men

A survey of working men's clubs

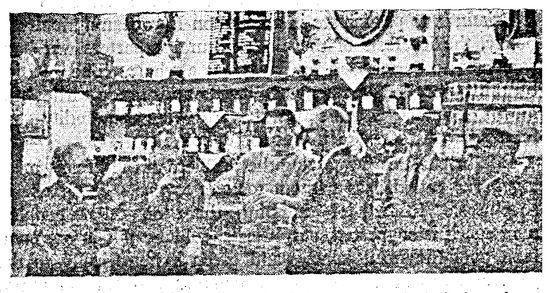
THERE is a classic dichotomy in the desires of mankind between gregariousness and exclusiveness, to one of which, *in countries unafflicted with the English genius* for compromise, the non-schizoid will must bow; but in England a middle course is struck which avoids the grosser discomforts of both worlds, while not quite achieving the best of them. England has some 24,000 clubs.

Some, the euphoric palladia of Pall Mall, are havens from the intolerable pressures of a life of wealth. Others are not at all like the Athenæum: perhaps a third of all English clubs are privately owned for gain, including some which are skaters on the thin ice of the licensing or gambling laws. Many more promote the well-being of the games-conscious; and what are left are the constituents of the British Legion, the Association of Conservative Clubs, and the Working Men's Club and Institute Union. The latter, with 3,500 member-clubs and 2¼ million members, is by far the most important of these.

The Working Men's Club and Institute Union achieves its centenary next year, and will celebrate it with the opening of a splendiferous, if not indeed grandiose, new headquarters at Islington. At £250,000, this will be a long way from the *tile-and-lino longueurs* of the Clerkenwell Road, where the union now holds its not inconsiderable court: and a long way, too, from the patently paternal contrivance of the Rev. Henry Solly, who, in 1862, raised the clubs from scattered pockets of penurious resentment against the grinding frustrations of Victorian working-class homes (and marriages), from "desperate oddfellow societies," to togetherness—and the approval of such diverse luminaries as Lord Rosebery and Sir Herbert Praed.

In Solly's day there were fewer than 400 clubs. Horizons have widened as numbers have grown. The union was conceived as a temperance body, dedicated to the sober fulfilment of what Solly considered to be the working man's destiny—something far removed from the ideas of other Victorians, but just as far from the militant egalitarianism of today. It was on Rosebery's initiative that the shackles of teetotalism were cast off; and today the union's clubs turn over £51 million a year in excisable goods, and collect nearly £1 million in rebates from the five breweries which they jointly own (limits of investment: £50 for a man, £1,000 for a club). And the weight of £33.5 million in assets backs its pressures (mainly in matters of drink) on Parliament, where 145 Members are members.

But the union is not selfish of its makings and takings: £100,000 goes annually to charities; and it provides for the benefit of its sick members four convalescent homes in Kent, Yorkshire and South Wales, where they may recuperate in disciplined comfort (bed at 10 p.m., meal attendance com-



pulsory) for something under half the cost of their being there. Over 5,000 convalescents a year stay in these homes for a week or more; and the union's boast that no hotel in England could do better for them is not entirely vainglorious. Certainly no hotel could do better, or as well, on £3 10s. a week.

A common image of the *working man's* club is of a barn-sized room, cold, perhaps dirty and certainly dingy, with drinking in one corner, billiards in another, a Worker's Educational Association lecture and a political meeting filling the other two. Since premises are, in the main, still left over from the last century, the barn-like rooms remain; but all else is changed—the bar grown to giant dimensions, the spittoons and sawdust thrown out as the lectures have been (in all but 517 cases), and relaxation rather than self-improvement the keynote of the decorations. And if, in some, the distinctive odour of disinfectant does not always mask other odours no less distinctive, if the décor does not always achieve the eradication of bleakness, there are other clubs in which tremendous improvements have been made; and these latter are in the majority.

The educational function of the clubs is much narrowed since the days of patronage and betterment: they have abandoned the utopian trudge towards culture and confine themselves to matters close to themselves—club management, club *law, club accountancy* and a few general subjects. They have become ends in themselves, and to these ends weekly day-schools, week-long spring and summer schools are conducted at Ruskin College, Oxford, and Leicester University. "Your Glass of Beer," "My Club," "Financial Depression in Clubs and Suggested Remedial Methods" are typical lectures, many of them under the aegis of the WEA. In addition a "club management diploma" *is available to the diligent* and the more senior of the union's officers wear with pride the letters CMD after their names.

NOT all the clubs' educational efforts are so introspective. Every year a clubman is sent, fully financed even down to his laundry fees, to Ruskin College, generally to ponder political science and economics; and if he is good enough, he will continue there for a second year. Some of these diplomatists go on to the University. There is, too, a travelling scholarship, which annually liberates one member from the sodden industrial gloom of the English winter and transplants him to the Antipodes. Again, not a penny need come from his own pocket. Does the Junior Carlton do as much?

The pattern of recreation in the clubs has changed, too, and from billiards and pigeon-racing (though these are not forgotten) they have spread to such anti-plebeian pursuits as shooting and fishing and golf. Gambling is not admired, and bingo is advised against: the let-out provided by the Small Lotteries and Gaming Act of 1956, requiring as it does the annual registration of the small gamer with his local authority, is considered too ignominious a course to be seriously contemplated by the clubs, who are nothing if not deadly prideful.

In protest, for example, against those provisions of the Licensing Act of 1960 in which regulations are made for the control of clubs, the union complained of "the indignity of crawling to the Bench" to register themselves annually, when anyone could protest against their registration. They added a gratuitous attack upon teetotallers; swore that only a fool could compare them with public-houses; accused the justices of probable political or temperance bias; and prophesied the advent of a police state if the police, in the course of their duties, were to be permitted to enter clubs without warrant. This intolerable deal of protest, it may be thought, goes ill with a ha'p'orth of virtue. The record of the union's clubs is a good one; but there are instances of raids, disqualifications and convictions. And that the offenders are sacked from the union does not mean that they do not offend.

The union itself is politically and religiously neutral, but its members range from Radical Clubs through all shades of pink and mauve to Conservative Clubs outside the pale of their Association; and there are Catholic and Jewish, ex-service and variety artists' clubs. Class is not emphasised, but a motion to delete the "working men's" from the union's title was heavily defeated by members a year ago. Some segregation by sex exists, however, and even in the 1,900 clubs in which women are permitted as members they do not seem to be over-popular, for only a seventh of the total membership is female. Yet the union confidently bases the popularity of the clubs on their "family" attractions.

The distribution of these clubs over the country seems to bear out their Englishness: where industry is thick, so are these pockets of class solidarity (but no one could explain why Leicester is their Mecca); in South Wales, where anglicisation *has gone furthest, there are many*—but few in rural areas of Wales; Scotland is poor in the clubs, and Ireland has only three. The story that most of them are merely devices for slipping drinks to the thirsty when the pubs are shut is refuted by some of the peculiarities of this geographical distribution, by the intensity with which some other club activities are carried on and by the sternly puritanical tone of some club rules (although this may stem from the fact that rules must be approved, in most cases, by the Registrar of Friendly Societies). Many clubs have large and frequently used concert halls in which, unless their camouflage is excellent, the rumoured strip-tease shows do not take place; on the contrary, the tenor of entertainment is markedly old-fashioned.

The clubs, perhaps, would amount to very little without their union, which advises them, fights their battles, produces a monthly paper for them and about them, lobbies for them and settles their internecine squabbles. But neither, perhaps, without their union, would they have assumed their apparent present purposes: to be as exclusive of strangers as any Pall Mall mausoleum, to be privileged above and beyond the common run of mortals (who must suffer the pressures and regulations of the state as best they may), and to be not the channel for effort but the focus of it. Whether these purposes are wholesome is at least arguable. But they flourish under the union. And the importance of its clubs cannot be ignored. After all, 4 per cent of the nation belongs to them.

NOTES OF THE WEEK

MIDDLE EAST

Anybody Order Wolves?

TENSION in the Middle East, explained a spokesman from the British Ministry of Defence, rose sufficiently over the Christmas period to justify the sudden strengthening of British forces there. On Wednesday, an aircraft carrier, with a small attendant fleet, sailed from Mombasa in the general direction, *it was allowed to be assumed, of Aden* and the Persian Gulf; the same day, the 200 servicemen whose missed Christmas dinners had caused some publicity were flown from Britain to the Middle East.

These minor, yet noisy movements had, again according to the Defence Ministry, prepared the British Middle East Command for any emergency; since the need for precautions seems to have been the ministry's exclusive discovery, only the same ministry can say when the tension is over. The whole baffling affair was generally interpreted as a defensive move taken because somebody somewhere suspected General Qasim of immediate aggressive designs on Kuwait.

If there were substantial grounds for this suspicion, nobody has so far been let into the secret. The evidence so far all seems rather circumstantial, not to say far-fetched. True, General Qasim had reiterated his country's claim to Kuwait on Christmas Eve, and in a rather more bellicose fashion than usual; on the other hand, his experience last time should have taught him not to announce his intentions beforehand, if he really had any. Otherwise, the British detective work seems to have been based largely on ponderings about the repercussions of India's action against Goa, possibly reinforced by a report of troop movements at Basra, which may or many not have had anything to do with Kuwait.

The publicity given to the British defence moves, and the uncommon tactlessness of an official explanation that said too little but implied far too much, are both unfortunate. The dexterity with which, a few months ago, Britain handed over the defence of Kuwait to the Arabs themselves is in danger of being wasted. But even if the incident had been less bungled, no discretion could have disguised the painful awkwardness of the British position in having undertaken to protect the ruler of Kuwait and yet, for political reasons, not being able to keep any troops in the sheikhdom itself. For, if General Qasim at any time decided to take the risk of dispatching an Iraqi army into Kuwait, he would probably not be decisively checked by the untried Arab army of 2,000 Jordanians, Saudi Arabians, Sudanese and Kuwaitis.

The strength of this Arab force has always been described as moral and political rather than military. But it is doubtful whether the Iraqis, once in Kuwait, and within an ace of becoming the richest country in the Middle East, would be dislodged by the moral condemnation of the Arab world. Egypt's decision to remove its tiny contingent (which finally left on December 22nd) has weakened the political unity of the force that is left. The precautionary moves that the British took this week may have been unnecessary and were certainly *mishandled for want of better* public relations; above all, they have underlined how difficult it will be to cry "wolf" yet again.

DEFENCE

Thin Blue Line

THE relief of Kuwait is the Ministry of Defence's favourite and best-rehearsed exercise. It is easiest to carry out, and looks more credible to outsiders, when the Admiralty has the prescience (as it had last summer) to keep a commando carrier in or near the Persian Gulf. Even so, there were serious doubts last time about the adequacy of air support for the troops ashore had the Iraqi armour really rolled forward in the early days: an aircraft carrier passing through the Suez canal is not the most dependable of reinforcements. This time the carrier *Centaur* was at least at Mombasa at the outset of the emergency. (Where will it be when Mr Kenyatta is head of an independent state?) But the new assault ship, forecast in the last naval estimates and urgently needed for the brushfire type of operation, is still only a contract in the hands of its Belfast builders. The concept of an effective aero-naval and marine commando force to deal with emergencies east of Suez remains a long way from reality.

For the present it is possible (subject to the capabilities of Transport Command) to move small packets of troops by air from East Africa to the Gulf and even, with Turkish and Persian permission, to by-pass Arab air space from Cyprus. But the fact remains that if Britain intends to keep up most of its present obligations east of Suez it will have to develop forces that bear some modest comparison with the American multi-purpose fleets in the Mediterranean and Far East. Political changes in East Africa and Malaya-Singapore are likely to mean that the days of ground force garrisons are numbered, even if it were not desirable for other reasons to station a larger proportion of the army in Europe. At the same time the argument for getting troops out of quiet bases like Gibraltar and putting them (or more marines) in boats has been strongly reinforced. The signs are that the next defence white paper, due in a matter of weeks, will mark the beginning of such a redeployment. But the only way to make even limited savings in manpower outside Europe without cutting commitments is to provide ships and aircraft, of the right kind and in the right numbers, to fill the gaps. They are not on the spot now.

EGYPT

Some are Chosen . . .

AFTER two weeks of public deliberations, the committee appointed by President Nasser to define the "popular forces" in the United Arab Republic came up with a set of statistics. It decided on December 19th that the National Congress of Popular Forces, which is to form the base of the president's new democratic experiment, will have 1,500 members. A quarter will be peasants and small farmers, 20 per cent industrial workers, 15 per cent trade unionists, 10 per cent business men, 9 per cent civil servants and 7 per cent each teachers, students and women.

President Nasser's earlier efforts to garnish his authoritarian regime with the trimmings of democracy came to nothing; this was partly because the men selected for the various assemblies were almost always local bosses who, while saying what was expected in public, were primarily concerned with keeping things as they were. Now these men, and many others, may find themselves ruled out by the committee's decision that any person who has worked against the government or even tried to make himself rich at other people's expense will be disenfranchised and "isolated."

The committee's debate, which has been broadcast, televised and generously reported, revealed a sincere if muddled attempt to evolve some new compromise between totalitarianism and democracy. It did also demonstrate that President Nasser has a masterly grasp over the details of his one-man show. But above all, it shows the regime on the defensive. With middle class support slipping away, the Egyptian leaders are staging an all-out effort to give some responsibility to the majority who, having nothing to lose, may yet be convinced that they have something to gain from the new socialist revolution.

But it becomes more and more problematical whether President Nasser will be able to pursue his ideas in peace. Few Egyptians regretted Syria's break-away; many hoped it would persuade the president to go slow. Instead, he accentuated the pace of socialisation, including the sequestration of private property. The immediate result has been a sharp economic contraction, retail trading has fallen off and unemployment has increased. In Egypt, where one man may support several families, the pinch of unemployment is felt all along the line. President Nasser speaks challengingly of a revolutionary upsurge, but a visitor to Cairo finds few Egyptians who are fired with either enthusiasm or confidence in the government. The social changes towards which the president is whipping the country are exciting; it would be sad if too much haste, and ruthlessness, were to kill this new revolution in its infancy.

. . . Others Dropped

DISMAY was the reaction in Cairo when the feudal Imam of Yemen was the sole Arab leader to respond to the challenge of the newly created United Arab Republic. But in March, 1958, the false dawn of Arab unity was shining bright. Thus, five weeks after the union of Egypt and Syria, a charter established the Union of Arab States, under which the UAR and Yemen formally unified their foreign policies and their armies. The Imam, seeking backing for his claim to Aden, was given support that was more dutiful than dynamic. Yemen received technical,

financial and military aid from Cairo, but the Egyptians, even in 1958, were wryly repeating the fable that when God revisited the earth, Yemen, unchanged since the creation, was the one place He was able joyfully to recognise.

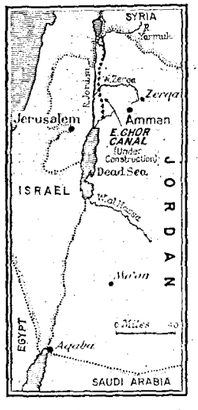
Now, with Syria gone and the Egyptian revolution turned resolutely towards socialism, the connection with Yemen has become a dispensable embarrassment. In a speech last Saturday, President Nasser labelled both the Imam and King Saud as reactionaries, and denounced conditions in their countries as an offence against God and man. This attack prepared the way for the announcement on Tuesday that the UAR had decided to dissolve the Union of Arab States on the ground that the Yemenis had not benefited from the experiment.

JORDAN

Angry Young Men

SYMPTOMATIC of President Nasser's present isolation is the lack of emotion aroused in the Arab world by King Hussein's recent attack on him—a bitter tirade from Amman, broadcast on December 15th from a recording of the king's own voice. Discounting the Beirut press, with its morbid appetite for controversies, few cries have been heard either in praise or condemnation of King Hussein's performance as challenger to Cairo's social revolution. This silence has its significance. It does not mean consent, but it does mean doubt. Few of the Arab counter-revolutionaries outside Jordan see King Hussein as a leader; but he has his value to their cause as an advocate of free economy. And a reasoned case for free enterprise can be argued from Jordan now.

This formerly impoverished country is today looking much more prosperous—thanks to a blending of government planning with private enterprise. By the building of the East Ghor canal (now 27 kilometres long) the diverted waters of the Yarmuk are opening new areas of agriculture. Afforestation thrives. Light industries, transport companies and ordinary householders are getting cheaper fuel through Zerqa's new oil refinery. Goods move at lower cost through Aqaba port by way of the fine new Amman-Aqaba highway, as also—a great relief—through the raising of Syria's economic blockade. The tourist traffic, now at its Christmas peak, is this year larger than ever. While hundreds of little capitalists are getting a reward from



what once seemed reckless investment on building and "tourism" on the west bank of the Jordan, the country's bigger concerns—cement manufacture, phosphates and oil refining—are a sample of what can be done by government participation in companies rather than outright nationalisation. There is grist for propaganda here.

But prosperity is not synonymous with stability (as Iraq learned in 1958). Jordan still spends most of its foreign grants on its army, and so long as it has to do so it cannot offer itself as an example of real strength through economic joy.

BANK GUARDS

Private Gunmen

TWO points are raised by the recent incident when an armed guard on a bank bullion van fired on his attackers and so prevented a major robbery. Comment was withheld here last week because a number of questions were down for Parliamentary answer; unfortunately, they were not reached during oral question time. The first question concerns the guard's legal position. The guard—with whom much sympathy will be felt—was said to have opened fire "under instructions." But this of itself, of course, would be no defence to a charge of using violence. It would merely involve the directors of the bank as aiders and abettors.

As long ago as 1879 the Criminal Code Commissioners, in a report, stated that the common law right to use force to



Raid that failed: bullion van hemmed in

prevent crimes was "subject to the restriction that the force used is necessary; that is, that the mischief sought to be prevented could not be prevented by less violent means; and that the mischief done by, or which might reasonably be anticipated from, the force used, is not disproportionate to the injury or mischief which it is intended to prevent." Does this give an individual the right to take another's life with a firearm if, say, his assailant is merely carrying a cosh? Blackstone would have thought that it did; he laid it down that life might be taken in the course of arresting a felon or preventing a crime of a "forcible or atrocious" character (which the Stepney

raid clearly was). Certainly the old cases support the use of a high degree of force in self defence. But these were decided when most felonious attacks were capital offences. Criminals were therefore inclined to be more violent, and so were their victims. Today the burden of proof on a man pleading justifiable or excusable homicide would be heavier. He would have to show that taking life was the only way of repelling the attack. An armed bank guard's lot, like an unarmed policeman's, is not an enviable one.

The second question, therefore, is whether a firearms licence should be granted to privately employed guards when the police themselves are not armed. Such licences for "protective" purposes are granted only after stringent scrutiny. Apparently only 33 guards, belonging to 4 firms, have got them in London. These figures—and the fact that shooting incidents are so rare—suggest that nobody need suppose that there are large armies of potentially trigger-happy privately employed gunmen roaming the streets. But even in extreme cases, like these guards behind the bullion van's battered doors, has enough attention been paid to the possibility of using "near-guns," weapons that might be more efficient in incapacitating and less likely to kill than guns themselves? It is a commonsense, not a namby-pamby, suggestion that the technological possibilities of such weapons should be more extensively explored. There is a real danger that the publicity given to the recent incident could encourage more criminals themselves to be armed with guns that shoot to kill.

ROAD DEATHS

Post Mortem

PRELIMINARY figures for this year's round in the annual Christmas killing match between motor cars and people are not heartening. True, they do not exceed last year's figures, and are a long way short of the tragic peak of 1959. But, as some of the injured will still die, the full score of killings will not be known for about a month. The table compares 1959's final figures with 1960's preliminary and final figures and this year's preliminary figures.

	1959 (final)	1960 (prel.)	1960 (final)	1961 (prel.)
Wed.	43			
Thur.	71			
Fri.	38*	(40)	61	(40)
Sat.	37	(27)	27	(29)
Sun.	26	(20)*	23*	(22)
Mon.		(22)	23	(22)*
Tues.		(18)	19	(14)
	215	127	153	127

* Indicates Christmas Day.

It is clear that people's killing habits are dictated as much by the day of the week as by anything else. In all three years the peaks fall on the last day at work before the holidays. Ally this with the fact that around 50 per cent of road corpses have proved in the past to have come to their ends with drink inside them; and it becomes obvious that a main culprit in this annual slaughter is the office party which, enjoyable as it often is, throws people fuddled into the cold, where road and traffic conditions are at their worst. This conventional rout, in which people who would often much rather have an extra pound or two to take home belt down too much of the boss's booze, can surely no longer be afforded.

Three things should be done next Christmas. First, there should be an intensive campaign to urge employers not to kill people by giving Christmas parties. Secondly, as some intra-office conviviality will still go on, whatever employers do, there should be extra public transport on that night (including allowing private coach firms to run and advertise private bus or minibus schedules on that one day if they choose, as a supplement to the usual statutory monopoly). Thirdly—as year after year appeals to reason, sentiment and self-interest have failed to make any impression on driving drinkers—the police should make it clear that on the peak night next Christmas they will stop and subject to drunkenness tests any drivers of whom they harbour suspicions. The aim should be to convince every driver in the country that night that he will take two double whiskies before driving at peril not only of life but of liberty and livelihood as well.

WAGES

Going Slowly

EVEN new wage claims stopped for Christmas, more or less. The only major new development of the past week has been a claim by the Electrical Trades Union for an increase under the famous "escalator" agreement it reached a year ago with the electrical contracting industry. Under this agreement the union, in return for a large pay increase, agreed not to ask for more within 2½ years unless the cost of living went up by five points. Now, the union says, it has done so. This is the first new claim in private industry since the wage pause began that has been based on an element of "prior commitment" similar to that which has already been rejected for some public employees. It will be fought out by the ETU's new executive.

Meanwhile, the post office workers' union is to start the New Year with its promised go-slow, but seems itself to be going somewhat slow about it. Its action will take the now-fashionable form of slavish adherence to the interminable list of post office regulations: but the union has warned members against getting into undignified quarrels with supervisors. Similarly, the gloom of Christmas television was rendered only fractionally darker by Equity's dispute with the independent television companies. Last week's meeting between the two sides ended in a deadlock, although the companies seem to have conceded the basic principle that fees for television performances should be adjusted according to the number of companies transmitting a programme. It

appears that Equity does not like the employers' way of implementing this principle because it would not automatically increase the fees of performers receiving more than the minimum. The employers did not, however, help their cause when they gave the impression at a press conference of either failing to understand, or wilfully misrepresenting, their opponents' demands. The latest battleground is for the support of the various other unions involved in television: the companies have tried to win them over, and now Equity is following suit. But as yet the actors' stand has had no effect beyond some marginal rises in the BBC's audience figures as ITV's range of live programmes is reduced.

EUROPE

Blocked in Brussels

THE six members of the common market have a habit of taking their big decisions just before some spectacular deadline, like New Year's Eve. But this year they have cut things althogether too fine. When *The Economist* went to press agreement on a common agricultural policy, on which the further progress of the whole community depends, was still out of reach. The Council of Ministers was expected to meet again on December 29th, but even with the help of the customary all night sessions, it will be hard put to it to agree in time for the community to move, according to plan, into its "second phase" on January 1st.

The disagreement covers a number of subjects. How are export subsidies and price support arrangements to be financed? The Germans want to retain bilateral trade arrangements with, say, Argentina; the Dutch and French are anxious for the common external policy, provided for in the treaty, to be put into effect. Understanding seems to have been reached on some matters—like the rough level of grain prices in the future common market. But no one item can be regarded as settled until the other parts of the package are settled as well.

All this does not mean that an agricultural agreement will not be reached soon. The French, who are adamantly blocking the way forward for the common market as a whole, until the Germans accept the substance of a common agricultural policy, suggested last week that the move into the "second phase" be postponed for a month until February 1st. Others are less pessimistic and hope for agreement in a few days. The hope in Brussels is that the imminence of the deadline will at last cause technicalities to be set aside and the necessary political decisions to be taken.

If they are not, much damage will be done. Further tariff reductions within the common market, further alignments of the common tariff round it, and a good many other internal changes will be blocked. The agricultural side of negotiations with Britain—and with the United States—cannot make much headway. And opinion in these two countries, which has after all been persuaded to take a greater interest in Europe through the common market's success, will hardly be impressed. It may be asked why the French should jeopardise so much for the sake of a bushel of wheat. The answer is that after four years of procrastination by the Germans they feel, probably rightly, that unless they make a stand now, there may be no common market in agriculture at all. That would damage not only French farmers but the whole conception of an integrated Europe.

The Economist

DECEMBER 28, 1861

EDUCATION OF YOUNG GENTLEMEN

¶ At Hambly House Academy, Streatham Common, Surrey, Young Gentlemen are carefully Educated for the Public Schools, Military Colleges, Professions, or Commerce, by Mr R. S. Trousdale, L.C.P., aided by highly qualified assistant masters. The domestic arrangements are on the most liberal scale; and the house is very delightfully situated. The terms for pupils under ten years of age, 30 guineas per annum; ten and under fourteen, 35 guineas per annum; fourteen, 40 guineas per annum. The above amount includes board and instruction in the Latin, Greek, French, and English Languages, Writing, Arithmetic, Merchants' Accounts, History, Geography, the Use of the Globes, Astronomy, Geometry, Algebra, and the other branches of the Mathematics. A library is devoted to the instruction and amusement of the pupils during their leisure hours. Religious works are provided for Sunday perusal; and lectures on various popular subjects are occasionally delivered. German, Drawing, Dancing, and Music, on the usual terms. Washing, half-a-guinea per quarter. Drilling during the summer months, at a trifling charge . . . . All accounts are expected to be settled quarterly. Excellent accommodation for foreigners or gentlemen of neglected education.

The Royal Continental Collegiate Institute (limited to 20 young gentlemen), on Bushey heath, three miles from Harrow station and two from Watford. Principal, Dr Vellère, late of the Harrow Preparatory School. This school is highly recommended for three reasons—first, for very excellent board, liberal supply, judicious treatment, great success in education, and, above all, as preferable to going abroad with regard to acquiring the French language perfectly; secondly, for very moderate and strictly inclusive terms, within the reach of nearly every one; and, thirdly, that no case of illness has ever occurred since the school has been established in 1857. . . . Terms from 30 guineas upwards. *Advt.*

NEW GUINEA

Time for Reflection

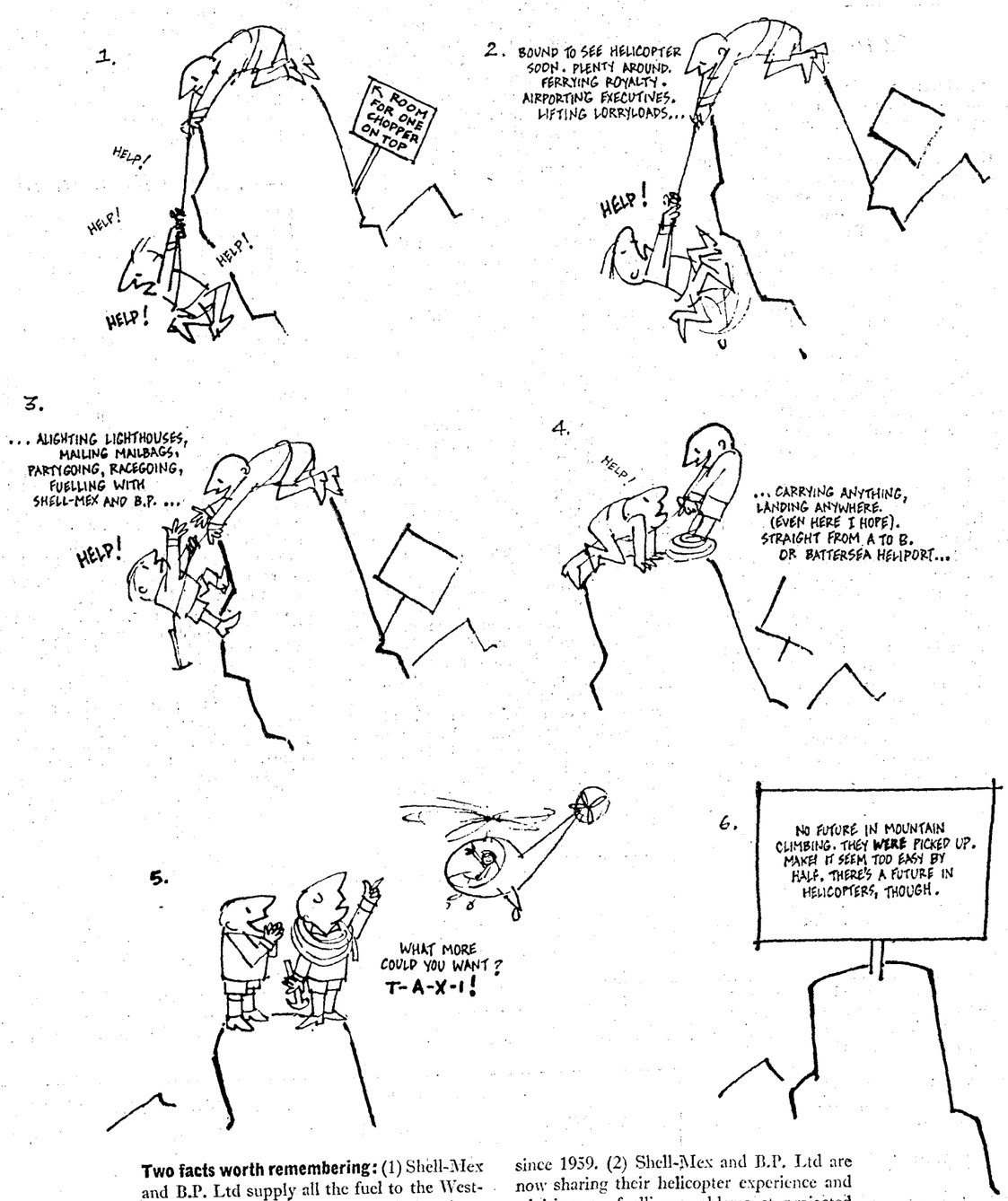
PRESIDENT SUKARNO'S frustration over west New Guinea must be even greater than Mr Nehru's was over Goa. Mr Nehru always knew that he could take Goa whenever his frustration got the better of his love for peace; Dr Sukarno, who has actually advocated force for some years, is aware that the wanted half of a forbidding island, which even the Dutch have never fully controlled, can hardly be digested in one military meal. This awareness, if nothing else, may cause him to hesitate still further before actually issuing the "command" to liberate the Dutch half of New Guinea, which he said on December 19th he would soon issue. Should he hesitate still longer, he may even take sensible notice of the decision which the Dutch cabinet is reported to have taken after his speech, to offer negotiations without strings on the future of Holland's last remaining colony. (The Dutch attitude is further discussed by an Amsterdam correspondent on page 1297.)



In this context, "negotiation without strings" has a precise meaning. It can only mean that the Dutch would not insist on making their self-determination plan for West Papua (as they recently renamed Dutch New Guinea) the basis of any talks with Indonesia; correspondingly, the Indonesians would have to withdraw their insistence on limiting any negotiations to a discussion of the transfer of authority from Holland to Indonesia.

The launching of military operations against West Papua by a country with an empty treasury, a powerful communist party and half-quelled rebellions on its own soil, would surely bring incalculable consequences in its train. It is greatly to be hoped that President Sukarno's immoderate speech did not mark the point of no return. If the Dutch are indeed ready to re-examine their advocacy of self-determination for the Papuans, the Indonesians ought to be prepared to put their claim to West Papua in abeyance as a step towards negotiations.

President Sukarno spoke last week in a mood of disillusionment with the United Nations, under whose auspices the Dutch self-determination plan would be carried out—if it were ever implemented. The danger, now that the UN has failed to act over Goa, is that Dr Sukarno will infer that he can act as Mr Nehru acted, secure in the support of the communists and Afro-Asians. If so, he should reflect again on the disparity between Goa and West Papua and the consequences for the United Nations itself.



Two facts worth remembering: (1) Shell-Mex and B.P. Ltd supply all the fuel to the Westland Heliport at Battersea, which has been pioneering quick air routes out of London since 1959. (2) Shell-Mex and B.P. Ltd are now sharing their helicopter experience and advising on fuelling problems at projected heliports in other towns and cities.

SHELL-MEX AND B.P. LTD — HELP GET HELICOPTERS IN THE AIR

LONDON BOROUGHS

52 to 34

THE Government is plainly in earnest in its wish to create much larger boroughs as part of its coming reorganisation of London local government. Where the Herbert Commission wanted merely to halve the number of boroughs in Greater London, from nearly 100 to 52, through the medium of such shot-gun weddings as Hampstead and St. Pancras, the Government has now proposed a further reduction to only 34 boroughs. Curiously, it would achieve this mainly through much more drastic amalgamations in the outer suburbs. For example, a new unit of 291,000 people would run from Chiswick to Staines and another of 329,000 from Hornsey to Enfield. Even Croydon would be very substantially enlarged. The only unchanged units in the whole area would be Lewisham, Harrow, and (surely too anachronistically in this context of much enlarged powers) the City of London.

The boroughs have now been asked for their opinions, and many are sure to protest strongly. Some people who have been living under Tory councils may find themselves more liable to be decanted under Labour councils, and *vice versa*. The Government, however, has emphasised that if the boroughs want greater powers they must swallow the pill of amalgamation. This is quite right in principle; but why has the Government departed from the Herbert Commission's view that large units are more acceptable in inner London, where population is dense, than in outer parts? Some of the new suburban boroughs would be so extensive in area that they can hardly hope to have the kind of cohesion which ordinary boroughs are expected to possess. It looks as if the Government is feeling for a much broader type of local government unit, but has pulled up short of actually reaching it.

The real danger is that the Government may suppose that its proposed new boroughs can handle almost all local services. The Greater London Council, which it also intends to create, would then become a sort of ghostly middleman between omnipurpose boroughs and omnicompetent Government departments. This should not be. If the Government's new framework for London is to be worth having, the first essential is that the Greater London Council should be an effective body, with more powers and more freedom from Government control than are at present proposed.

CENTRAL AFRICA

Front Line at Kipushi—

NO sooner had Mr Tshombe signed his agreement to re-integrate Katanga with the Congo than he began to go back on it. Having signed at Kitona, near Leopoldville, on December 21st he flew on that day to Ndola, in Northern Rhodesia, from where he went by car the indirect way to Elisabethville. The route took him to Kipushi, on the Rhodesia-Katanga border, where Katanga's *ultras* and the diehards in its government have gathered—prepared, by all accounts, for another stand for Katangan secession. The following day the Katanga government announced that Mr Tshombe had no mandate to conclude the Kitona agreement, in terms that raised again the old question, is Mr Tshombe really in control of Katangan affairs?

Many answers can be given; there are many conflicting interests at work in Katanga. The acting secretary-general of the United Nations, U Thant, has pointed the accusing finger at the Union Minière company, and says that aerial bombs and heavy armoured cars have been made in company workshops, that mercenaries have been recruited through company representatives outside Katanga, that expelled mercenaries have returned on the company payroll, and that Mr Tshombe's entire military force was financed by Union Minière and other foreign firms in Katanga. These allegations have been denied by Mr Spaak, the Belgian foreign minister. More dangerous is the conflict between black nationalist Africa and white-governed Africa (including South Africa, the Rhodesian federation, Angola, and Mozambique). The flashpoint, once Elisabethville, has become Kipushi. Viewing affairs from Salisbury, Sir Roy Welensky may well, as his cabinet statement on Wednesday implied, fear the advance of black nationalism through Katanga to the very borders of the federation. If, as is not unlikely, he fears a further advance through a black-governed northern Rhodesia in the near future, then his apparent determination to hold the bridge at Kipushi can more easily be understood.

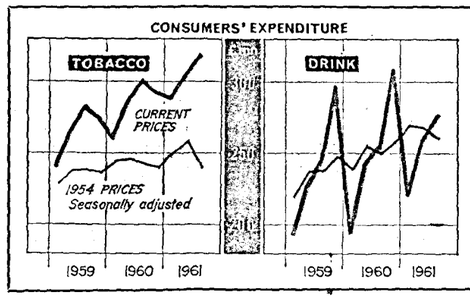
In this situation, the British Government is walking on eggs. It seems as unsafe as ever to say anything about the constitution of Northern Rhodesia, even though the protracted negotiations about the constitution have lasted more than a year; to say anything could make trouble either with the Africans or with the Europeans. At the same time, the British Government is responsible for the foreign policy of the federation—a federation whose own government is in physical control of the Katanga-Northern Rhodesia border. When the United Nations alleges that arms and men for Mr Tshombe are crossing this border it is the British Government that gets blamed. Yet the actions, at a time when his white followers see Kipushi as a possible flood-gate for "communists and cannibals," will be Sir Roy's.

—and at Elisabethville

TO the United Nations in Elisabethville the picture must look slightly less dark. In spite of its words of repudiation, the Katanga government allowed its deputies to go to Leopoldville on Wednesday to talk about the constitution. A thousand soldiers from the central government army are to come under UN command; this seems to herald the long-needed retraining of some of these wild and mutinous troops. For its own sake, the UN should ensure that any Congolese soldiers entering southern Katanga from Leopoldville can be relied upon to behave themselves. Another hopeful sign is the resumption on Wednesday of diplomatic relations between Belgium and the central Congolese government. The rump of the Katanga army, at Kipushi and elsewhere, has so far not moved.

On Wednesday, however, the Rhodesian government let forth a fusillade of words upon the UN at Elisabethville, calling for an impartial inquiry into allegations that the UN has been guilty of war atrocities. At the end of a year of extremely ingenious anti-UN propaganda, this is the unkindest cut of all. The war of words will, in all probability, continue; the Rhodesians, as a counter to being accused of arming Mr Tshombe, said that the UN had asked for offensive weapons to use against him.

U Thant replied vigorously to some of the "atrocities" charges in his letter to Mr Spaak, dated December 15th and since published. He said that one hospital the UN was accused of attacking was new, had never been used as a hospital ("there are no doctors, nurses, or patients"), and had been used as a "mercenary stronghold." A second hospital, the Prince Leopold, was 200 metres from the main Katanga camp; it was damaged by Swedish mortar fire and two persons were wounded. Many vehicles bearing the Red Cross insignia had been used as a cover for Katangan fire, U Thant said, and this was often protested against by Mr Olivet, the International Red Cross representative in Elisabethville, whose body was found on the outskirts of the city last week.



SMOKING AND DRINKING

The Chancellor's July surcharge made smoking 9 per cent dearer and drinking 4 per cent dearer. As a result, after allowing for seasonal factors, tobacco consumption declined by 7 per cent between the second and third quarters of the year and drinking by 3 per cent.

FRANCE

Ominous New Year

GENERAL DE GAULLE'S broadcast this Friday (December 29th) was not expected to be very specific about France's prospects for 1962, for the prospects are not very bright. France is still at odds with its various associates over such matters as Berlin and the common market's agricultural policy. President Nasser still has four French diplomats in prison on charges of spying and subversion. At home, the government is the object of bitter attacks from left and right, and there are suggestions that disaffection is spreading among the armed forces in Germany and in France itself. Above all, there is still no peace in Algeria.

Some fugitive gleams brighten the outlook. On December 27th French and Tunisian representatives met in Rome to discuss, informally, the Bizerta problem: if all goes well they are to meet next week to continue preparations for full dress negotiations later on. Tunisian statements about the talks are, as usual, optimistic. There has been great activity among the ministers and envoys of the provisional Algerian government: Mr Ben Khedda, the prime minister, has been to Egypt, Libya and Morocco; Mr Ben Yahia (a veteran of the talks at Melun, Evian and Lugrin) has been permitted to visit Mr Ben Bella in prison. Mr Yazid, the minister of information, flew to New York to urge moderation (successfully) on his supporters in the United Nations Assembly debate on Algeria, which concluded on December 20th. All this to-ing and fro-ing has led to speculation that the Franco-Algerian negotiations will soon be resumed, and with a chance of success. In fact it seems that the differences between the positions of the French and the nationalists have almost been narrowed down to the timing and method of the cease-fire and transfer of authority.

This difference, however, is crucial. The Algerian rebels will not lay down their arms until they are sure that the French government can and will honour its undertakings. The will is scarcely in doubt any longer, but the power to prevent the Organisation de l'Armée Secrète, the right-wing terrorist underground, from seizing Algiers and Oran has yet to be demonstrated. The OAS continues to wound and murder at will (it and the Algerian terrorists together killed some thirty persons during the Christmas holiday in Algeria) and the government seems still to find it easier to speak against the Right and act against the Left—as it did during the demonstrations in Paris on December 19th—than to restore order.

UNITED NATIONS

Windows Rattling

ON January 15th the United Nations Assembly will resume its sixteenth session. The normal three months' session has once more proved too short to allow the delegations (now 104, against 99 in September) to work through an agenda of nearly a hundred items. However, night sittings and other forms of pressure were applied at an early stage this year, and only a few items, Angola and Ruanda-Urundi among them, were held over when the assembly went into recess for Christmas in the early hours of December 21st.

In those last crowded hours, several resolutions were carried and swept virtually into limbo as public attention turned to the approaching holiday. The Assembly voted, 60 to 11, for a continued UN concern with the reunification of Korea; 56 to 11, for restoration of basic human rights in Tibet; 49 to 17, deploring Soviet disregard of earlier resolutions on Hungary. Although about 30 members abstained in each vote, significantly few were willing to join the Soviet block in opposition. France alone joined the block in opposing a request to the International Court for an opinion on the question whether allocations of dues for the Congo operation are binding on member governments. The assembly overrode Soviet, French and Belgian objections by allotting $10 million a month to cover a further eight months' expenditure in the Congo; and it approved the acting secretary-general's plan to sell up to $200 million worth of 25-year bonds, paying 2 per cent interest, to enable the UN to avoid bankruptcy in the face of widespread defaulting on dues for its present costly peace-keeping ventures.

Although the Congo appeared on the assembly agenda only as a financial item, it pervaded a session that opened with the shock of Mr Hammarskjöld's death at Ndola and ended with two weeks of fighting in Katanga. Even now, with the world's windows rattling after the Goa squall, the Congo evidently remains the most fateful signpost to the UN's future. Gloom over Goa ought not to foster a belief that the Afro-Asian members' occupation of nearly half the assembly's seats has led them to cast all political sense aside. The moderation of this year's resolution on Algeria was matched by the failure of an immoderate one on Oman, which mustered only 33 votes. Even more striking was the adoption by 97 votes to none (Britain, France, South Africa and Spain abstaining) of a restrained formulation on colonialism in general; the Afro-Asians turned their backs so coldly on a Soviet demand for the ending of all colonial rule in 1962 that it was not even pressed to a vote.

LETTERS

Peace on Earth

SIR—Beneath the almost universal longing for "peace on earth" which finds such widespread expression at this time of the year, the sharp contrasts between the unconsciousness of a largely a-political population and the awareness of a politically active intelligentsia, between idealists and realists, between the notion of "peace from strength" and "peace from good will," are nowadays fast disappearing. The essence of all the messages of good will and hope which mark the beginning of a new year is a longing for peace, on both the material and the spiritual plane.

More is needed, however, than mere expressions of hope and good will. There must be the will to peace evidenced, expressed and followed by the leaders of mankind. Men themselves, being what they are and relying on the "powers that be," have been deeply disappointed by the failure of last year's summit meeting, which in any case represented only half the human family. Is it possible, I wonder, that the addition of the heads of governments from those parts of the world not represented at last year's summit, and whose potential contribution in this field is underlined by the recent award of a Nobel peace prize to Chief Luthuli, might offer hope of real progress in mankind's pursuit of "peace on earth"?

But a new initiative also is needed; an initiative that would transcend the purely political. In this connection an idea suggests itself. Is it possible that His Holiness Pope John XXIII, who is also the head of a sovereign state and whose concern for peace has already aroused such universal respect, might convene such a meeting? One is encouraged in the hope that such an initiative might meet with a ready response by the recent report that a message of good will sent to His Holiness on the occasion of his birthday by Mr Khrushchev.—Yours faithfully,

LEON ZEITLIN

London, NW6

Doctors and Advertising

SIR—While relieved to read in your issue of December 2nd of the acquittal of the seven plastic surgeons, I am far from convinced that doctors' advertising and similar ethical offences are dealt with on sound, consistent principles based on natural justice.

Adjudicating bodies clearly have a duty to recognise that *intention* is of paramount importance in such cases. The Judicial

Committee of the Privy Council clearly recognised this principle in the judgment of Felix v. General Dental Council (May 11th, 1960), with the dictum that "an honestly held opinion even if wrong clearly cannot in their Lordships' view amount to infamous conduct," and they also held that infamous conduct must have an element of moral turpitude. In defending some of the seven surgeons Mr Norman Brodrick clearly relied on the first dictum, and Mr Stanley Price put the point relating to moral turpitude. These submissions would appear to have influenced the GMC in arriving at an acquittal.

Eighteen months previously, however, Mr Leslie Gardiner was ordered to be struck off, two weeks after the Felix judgment, without regard to these principles. Accused of advertising by writing a book on cosmetic surgery and acquiescing in its serialisation in a magazine, he pleaded three ethical reasons for writing his book. He produced documentary evidence from other medical authors writing for the lay public, his exhibits including many British Medical Association publications and two books serialised in the same magazine as his own in 1957 and 1958.

An innocent article appeared in the *Daily Mail* of June 10th, 1960, over a fortnight after Mr Gardiner had been found guilty of infamous conduct, giving a write-up of the plastic surgeons at East Grinstead Hospital in terms which were potentially dangerous to them. As none of these admirable men would desire to commit professional suicide after Mr Gardiner's misfortune, this showed in the most striking way the genuine uncertainty and doubt in the profession as to what constituted advertising. The General Medical Council had made no attempt to provide the profession with an informative definition of advertising, or to link it with literary work. The real position is that a doctor is advertising if the GMC chooses to interpret what he has done as advertising.

I think that the GMC has a public duty to clarify its position on these important matters, for otherwise justice has not been seen to be done, and there must be serious doubt as to whether injustice has not been done.—Yours faithfully,

Beaconsfield, Bucks H. W. PALMER

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Televarsities

SIR—In your article on December 16th you welcome the projected Institute for Educational Television with the hope that it will become "a really liberal and visionary body." There can be no quarrel with the desire to realise the full potentialities for further education of this powerful medium; but it is worth mentioning that there are already bodies in existence, the British Film Institute, the Educational Foundation for Visual Aids and the National Foundation for Educational Research, capable in their various ways of guiding television development in the sphere of education.

The announcement of the Institute for Educational TV has already caused controversy, and its proposed activities have been criticised in a letter to *The Times* as "misguided and extremely wasteful." The new institute also appears to be closely associated with, if not initiated by, certain commercial television interests, and in so far as this shows on their part a disinterested desire to create a truly independent body which will foster the best (and discourage the worst) in television, it is an encouraging sign. But this is already one of the objects of the British Film Institute, and there is a danger that the new institute will in function (as well as in name) lead to some duplication and cause division of resources and dispersal of effort. It is in the common interest that work in this field should be rationally co-ordinated and genuinely disinterested, and the available resources applied with the greatest efficiency. Granada TV and the BBC, by putting up the money for the BFI's new television magazine, have shown their readiness to use existing organisations as a basis for expansion; but so far their lead has not been followed by the rest of the television industry. It is to be hoped that, whether other companies support the new institute or not, they will not ignore bodies already in the field which would benefit inestimably from their support and enlightened sponsorship.—Yours faithfully,

R. STEVENSON

London, W1 British Film Institute

China's Population

SIR—The article on China in your issue of December 9th states, about China's present economic difficulties, that "Natural calamities have played their part, and so has the soaring birth-rate. . . ."

Is it really suggested that in spite of all the measures taken by the Chinese authorities to *reduce* the birth-rate (summarised in Alfred Sauvy's "Fertility and Survival," English translation 1961, pages 189-194) the birth-rate is actually "soaring"? Surely it is the rapid increase in the population rather than a rise in the birth-rate that is playing so serious a part in China's difficulties. In 1957 the Chinese demographer Mr Ta Chen is stated to have proposed as an aim for the country a reduction in the birth-rate of 50 per cent over a period of ten years. While this has not been adopted as a definite target by the Chinese authorities, it appears that they are pursuing an extensive campaign of birth control relying mainly on widespread propaganda and distribution of contraceptives. They have also raised the marriageable age both for men and women.

Sauvy concludes that the 50 per cent reduction may not be reached in ten years but even if it were it "would still leave the birth-rate at a level just above 20 per 1,000 whereas the death rate would no doubt go down fairly rapidly to 8 or 10 per 1,000. The residual increase [of population] of more than 1 per cent per annum (instead of the present 2.5 per cent) would still be considerably higher than that of western population." This surely would be serious enough in relation to China's present economic difficulties. A much faster rise in population *could* take place even if the birth-rate were falling.—Yours faithfully,

London, NW11 RALPH ENFIELD

[Sir Ralph Enfield's distinction between birth rate and population is, of course, valid. On the other hand, the Chinese government has not consistently followed a policy of limiting births. The birth-control campaign has been punctuated by frequent assertions that a large and growing population is an asset in a socialist society. In March, 1960, Professor Ma Yin-ch'u was removed from his post of President of Peking University for persistent attacks on the party's alleged abandonment of the policy of population control.]

The Ruling Classes

SIR—I feel that one possible reason for the failure of Redbrick candidates before the Civil Service Selection Board has been overlooked by you. You stress that the "greatest slaughter" is in the anonymously marked written examinations; and that it these the most successful are Oxbridge history and classics men "perhaps inevitably." Why inevitably? Could it not be that this is the training the examiners have themselves had, and therefore this is the training for which, knowingly or not, they are looking.—Yours faithfully,

Manchester JULIAN HOOD PHILLIPS

Lessons from Eastbourne

SIR—Your article refers to my "formidable attack" on the congestion in the port of London, and I became aware that it might have offended members of the Export Convention. There is a saying: The friend who tells you your faults and shortcomings is your friend! I sincerely hope that my comments are judged in this spirit.

Transport means cost and delivery. British exporters and transport should be aware that many a time a short delivery is not only of first importance but it makes good profits possible. Furthermore in all exports it is a must to tell how long delivery ex works will take. We who receive British goods every day pray that the expected report of the Rochdale Committee on the docks will be acted upon by Britain as a whole.—Yours faithfully,

Hamburg WILHELM RUMI

BOOKS FOR TOKENS

Hindu and Muslim

Divide and Quit

By Penderel Moon.

Chatto & Windus. 302 pages. 30s.

MR MOON'S book begins with an account of the events leading up to the partition of India and birth of Pakistan as seen from the Punjab; he goes on to a personal account of what happened in the border state of Bahawalpur during the period immediately after August 15, 1947.

The politics of partition are described with brilliant intelligence and an acid detachment tempered by a strong sense of the practical. No one comes out of it very well. The British were slow and complacent until 1942; almost everyone except Lord Linlithgow could have brought the 1935 Act into force before the war; a bold imagination could have prevented the Congress resignations in 1939. The Mahatma was unrealistic and hypocritical; the Qaid-i-Azam cold, uncompromising, proud. Their mistakes are ruthlessly exposed; this, of course, is hindsight but constructive and clarifying hindsight and there are few points at which any informed person will question Mr Moon's judgment. He appears at one stage to put the fatal breach in Hindu-Muslim relations as late as 1937, when the Congress refused to share office with the Muslim League in the UP; but in his last chapter he recognises that the critical worsening of relations—some would say the inevitability of partition—came when Gandhi decided on a mass appeal to the peasantry that was bound to have a religious flavour. Mr Moon does not seem to have met the strange delusion, widespread among the less sophisticated Muslims, that, once the British had gone, the two arms of Pakistan could be brought together to crush the Hindus between them, and he says little of the indifference with which the leaders of both great communities sometimes discussed the losses in human life that they might have to face to get their ends. But it is an account that can hardly be bettered.

Events in Bahawalpur were less sensational than in the Punjab proper, but they were bad enough. Here the story has a telling quality of precise prosaic detail within which the horror is embedded; Mr Moon goes quietly about the business of stopping the killing, feeding refugees, sending train-loads of Hindus to India; we are counting rifles or bags of grain when we suddenly trip over a corpse. One passage compresses much:

> To kill a Sikh had become almost a duty; to kill a Hindu was hardly a crime. To rob them was an innocent pleasure, carrying no moral stigma; to refrain was a mark not of virtue but of lack of enterprise. On the other hand to try to stop these things was at best folly, at worst a crime. Mild remonstrance, though disliked and despised, could be tolerated, like the babblings in England against betting or blood sports; but effective action was liable to be viewed as a capital offence.

The story will be read with fascination by all who had any knowledge of these events and personalities; of those who had not, some may regard the book as a trifle specialised, but others will be fascinated by the skill with which events are related to each other and the elements of personal decision and pure chance woven into the narrative—perhaps also by the personality of the narrator, cold in his intellectual appraisal but genial in his personal relations with all but the pompous and hypocritical. He is in the main stream of one great tradition of English men (perhaps even more English women) abroad, moving fearless and unarmed among horrors like a prefect among fags; finding, for instance, a pair of soldiers rifling a still warm corpse, probably their victim, he kicks one of them "hard up the bottom," and one expects to hear that he has given the other one fifty lines.

In the latter part there is only one point at which to cavil; Mr Moon speaks as though in the Punjab proper the troops of the Indian Army generally proved unreliable about controlling their own community, as the state troops in Bahawalpur usually did. His knowledge is at firsthand about the state forces, at secondhand of the Indian Army, of which most reports are that it stood the test with remarkable fidelity. And surely the overwhelming difficulty with which the boundary force was faced was that there were none of the focal points—the mosque, the temple, the main street dividing the town—familiar to commanders dealing with internal security problems. Troops were needed in every village. But this is the only point in a crowded book on which one can seriously differ. Mr Moon writes always with clarity, sometimes with a seasoning of Churchillian magniloquence that gives his neologisms the more punch.

The Medicine Men

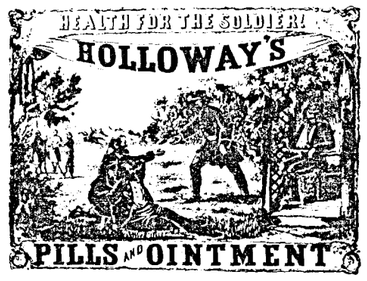
The Toadstool Millionaires

By James Harvey Young.

Princeton University Press. London: *Oxford University Press.* 282 pages. 48s.

A HUNDRED years ago an advertisement appearing regularly in the back pages of *The Economist* would exhort readers to buy "Holloway's Pills," "the only reliable medicine upon which implicit faith may be reposed," with curative powers "for all internal complaints to which mankind are subject." The proprietors were, of course, careful to change their copy according to the alarms of the day, and in the American civil war, so Mr Young tells us, they issued a poster showing an officer hurrying with a box to a sergeant ministering to a private, suffering, presumably, from "the brackish, muddy water and damp night air" of the South.

Mr Young traces the history of patent medicines in the United States from the eighteenth century, when they were imported from England, through the emergence of home-made products after independence, to their heyday in the late nineteenth century and ends with the first federal legislation designed to regulate them. The patent medicine maker, he points out, blazed a trail: he was



> the first American manufacturer to seek out a national market . . . He was the first promoter to test out a multitude of psychological lures. . . . While other advertising in the press was drab, his was vivid; while other appeals were straightforward, his were devilishly clever. The patent medicine promoter was a pioneer, marching at the head of a long procession of other men with ships and shoes and sealing wax to sell.

In the days when orthodox medicine relied on heroic remedies like bloodletting, the patent medicine man could claim that his nostrum was simple and painless, and he did not have to disclose how much opium or alcohol it contained—if indeed it contained anything potent at all. Later, when Pasteur or Koch had demonstrated the role of bacteria in certain diseases, the medicine men turned the discoveries to their own account. In the meantime, the opposition to the trade was mounting; journalists, doctors and politicians were all in their different ways trying to get a law passed to restrict the trade's excesses. But the turning point, according to Mr Young, came

with the publication of a book by Upton Sinclair describing how America's meat was processed, "how employees now and then slipped into steamy vats and next went forth into the world as Durham's Pure Leaf Lard."

Mr Young ends his story with the subsequent passing of the Wiley law (the Pure Food and Drugs Act of 1906, called after the Government chemist who had spent so much time and energy exposing abuses). But he has an epilogue showing how far this and subsequent legislation are from keeping quackery down. Drugs now have to be safe; nor can their labels bear misleading therapeutic claims. But the enforcement of the law takes a long time, and the new medicine men are still skilled at making money out of each publicised advance in medical science and each new fashion in treatment, for instance, through peddling vitamin capsules or weight reducing drugs. Quackery persists, Mr Young points out, not simply because the law is inadequate and slow to act, but because of the nature of man. He cannot accept the inevitability of death or that a cure must be protracted and painful—and the more striking the advance of medical science in one direction, the less willing is he to accept its limitations in another. Mr Young's conclusion is, of course, in many respects as valid for Britain as for America. The advertisements appearing in *The Economist* in the 1860s, calling attention to, for instance, the relief given by Dr Locock's pulmonic wafers, have their counterpart behind the vast amount of self-medication that goes on even in the health service era of the 1960s.

Project Mohole

A Hole in the Bottom of the Sea

By Willard Bascom.
Weidenfeld and Nicolson. 352 pages. 25s.

AMERICAN scientists often take considerable pains when they are spending public money to explain to the public what they are attempting to do and why—hence this book. Willard Bascom is the director of Project Mohole, a scheme to drill through five or six miles of the earth's crust to discover the composition of the so-called rock "mantle" thought to lie beneath it. He has written what amounts to a long and leisurely preface to the actual work of drilling which got under way this year, setting out how much geologists have learnt and surmised about the composition of the earth to date, what they hope to learn from the sample cores Mohole is expected to retrieve for them, and the sheer physical difficulty of gouging these out of the ocean bed.

This kind of writing has nothing whatsoever in common with the "Boy's Own" school of popular science; it is, moreover, a useful antidote to those bored comatose by space and its cosmonauts. Readers should not allow themselves to be put off by the horrible jocularity of the first two pages; Mr Bascom does not do it again.

For the Would-be Numerate

The Inspiration of Science

By George Thomson.
Oxford University Press. 160 pages. 18s.

Foresight and Understanding

By Stephen Toulmin.
Hutchinson. 115 pages. 18s.

The Boundaries of Science

By Magnus Pyke.
Harrap. 224 pages. 15s.

Understanding Chemistry

By Lawrence P. Lessing.
Harrap. 182 pages. 15s.

Physics for the Inquiring Mind

By Eric M. Rogers.
Princeton University Press, London; Oxford University Press. 789 pages. 48s.

THESE five books reflect in varying degrees the growing rapport between scientists and the vast innumerate majority of the population. Sir George Thomson, for example, breaks new ground when he sets out to explain not merely the workings of science, but also the workings of the scientist's mind—how the exception that will not fit accepted rules acts on it like grit in an oyster (theories, says Sir George, exist to be disproved); how big a part luck plays, ("a physicist must not merely have an insight of a semi-intuitive kind, but he must be able to assess experimental evidence which must not always be taken at its face value") ; and how in a few rare cases patient slogging along apparently well-worn paths will still unearth something new as Lord Rayleigh, possibly the last of the great scientific amateurs, discovered neon gas when he was attempting nothing more ambitious than the weighing of nitrogen.

The idea is a good one. Scientists become sympathetic when they are shown bumbling round, and sometimes tripping headlong over the germ of an idea that is to become a corner-stone of human knowledge. The overwhelming impression of intellectual honesty provides an antithesis (surely not an unpremeditated one) to the currently popular portrait of a quarrelling, politicking, petty-minded boffin that started as a caricature drawn by Sir Charles Snow but has acquired a horrid life of its own independent of its creator. If the idea does not quite succeed, this could be because Sir George has chosen to point his case with some quite extraordinarily difficult examples chosen from achievements in nineteenth and twentieth century physics. He has made a magnificent attempt at converting wave mechanics ("if nature really knows her own mind, there are certain things she has no intention of letting us know in advance") and Einstein's general theory into something intelligible to the general reader, but not even so distinguished a scientist as Sir George can make them bed-time reading, and books on science for the general reader stand or fall on whether they can be followed without undue strain. But it is a noble failure worth a dozen more facile successes. Whether the same can be said for Mr Toulmin's lectures on "Foresight and Understanding," part of the Nuffield Foundation's History of Ideas, is strictly a matter of taste. Mr Toulmin analyses the objects of science in terms of logic, and one might argue that science is hard enough to follow without this extra complication. Others, however, may find that it clears the air.

"The Boundaries of Science" sets its sights lower and scores a bulls-eye. Dr Pyke sees research as a panorama in which each specialised scientific discipline fits into the composite picture like stitches in a tapestry, none of them making sense without the other. Biologists must know physics, physicists must know chemistry, chemists must know biology and they are all straining on tip-toe towards discoveries that dangle just out of reach. Dr Pyke's special gift, after a slowish start, is to make the facts of science more exciting, more mind-boggling and more tantalising than the wildest science fiction. His chapters end as cliff-hangers whose next instalment may not appear for a decade. Mr Lessing's special contribution is to make science elegant. In "Understanding Chemistry," he achieves this effect with the minimum of effort; with concise and beautiful writing he can make even a great wibbly-wobbly "big molecule" a pleasure to read about and those who do will end with a good grasp of modern chemistry. Mr Lessing is less superficial than Dr Pyke, but the word is not used in any pejorative sense for Dr Pyke's canvas is larger and his brush strokes bigger and bolder.

"Physics for the Inquiring Mind," on the other hand, could be described irreverently as an exercise in one-upmanship. This extraordinary book first appeared in 1939 and was reprinted in the United States last year with the help of grants from the Rockefeller, Alfred P. Sloan and Whitney Darrow foundations and funds. It is now distributed in this country by the Oxford University Press. The inquiring mind of the title is assumed to know little about mathematics and care less; out therefore go all sums and formulae. It is also assumed to be interested only in the visible manifestations of physics; out therefore go all theories. Having thus disposed of the two main barriers to communication between scientist and non-scientist, Mr Rogers goes about explaining physics in simple terms with disarmingly funny illustrations; test questions at the end of each chapter provide a running check on how much has been absorbed. It is a book that can either be taken as a serious one-year physics course—it forms the basis for such courses provided for arts graduates at Princeton University; as a quick crib for businessmen suspicious that their advisers may blind them with science; as a gob-stopper for offspring with awkward questions; or as a doorstop of formidable weight. In any role it is splendid value.

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Other People's Justice

The Faces of Justice

By Sybille Bedford.
Collins. 255 pages. 21s.

MRS BEDFORD is first of all a novelist, but she is also a highly skilled reporter who has achieved international fame for her brilliant coverage of the Dr Adams and Lady Chatterley trials. In her latest book she combines the insight of the novelist with the technique of the journalist to give a fascinating picture of how justice is administered in England, France, Germany, Austria and Switzerland, a choice of countries which seems to have been dictated by her competence in the relevant languages. On closing her book one's dominant thought is of the truth of Pascal's dictum that a few degrees of latitude overturn all jurisprudence.

The differences in the administration of justice, especially of the criminal law, are etched out sharply in Mrs Bedford's book. There is first the "unbridgeable gulf between the English accusatorial and the continental inquisitorial procedures. In England the judge is grand, detached, and aloof from the struggle, which is carried on far beneath him by the advocates. The English trial never gets very far from the boxing ring, with the judge as referee to see fair play. The continental trial is quite different. Its purpose is not to balance probabilities by assessing strictly limited evidence but to get at the truth. The judge far from being silent (or nearly so) is at the heart of the matter, questioning, probing, trying to get the right answer. The advocates have very minor functions. Often the jury will sit on the bench with the judge and retire with him and apparently do not feel ill at ease or dominated.

The English vice is to consider their institutions the best and to despise other people's. Mrs Bedford's book gives some painful prods to this comfortable assumption. She shows clearly that although continental trials take much longer, they are much more thorough, and although delays are scandalous between committal and trial, the chances of an innocent man being convicted (or of a guilty one getting away) are much smaller than in England. Judges take cases at fixed hours, which means fewer cases but is a blessing to advocates and their clients. We pride ourselves on the impartiality of our judges, but what does the person chiefly involved—the criminal—feel? Surely at the end of the trial, when impartiality is cast aside and the judge delivers a series of stinging rebukes and moral condemnations, he must feel that the whole thing is an elaborate fraud, that he was trapped from the start and that "they" never intended to give him a fair trial. We revel in the pomp and circumstance of our courts and in this are as silly as the French; Mrs Bedford sneakily establishes her point that perhaps there is something to be said for the despised bourgeois Swiss, with their matter of fact courts and judges in lounge suits, the product of a society that believes in rather than professes equality. Not that reliance can always be placed in the people as the Germans found to their cost. The Weimar Republic had to abolish the British-type jury because they brought in too many convictions; however, the Germans are a notoriously difficult race.

A comforting feature of Mrs Bedford's book is to show that other nations have their shortcomings too. She gives a horrific picture of Austrian *Schlamperei* in a provincial court, and anyone who has criticised the British magistracy should read her bloodcurdling account of how the French dispense summary justice. Mrs Bedford has written a fascinating and also a valuable book, but it is also a sad one. The individual caught in the meshes of the law, whether it be English or German or Swiss, is a depressing sight. Irritating, disgusting, pitiful by turns, he is hardly ever dignified or even human. Not even Mrs Bedford can give us an Aristotelian vision of justice at work. St Augustine was right. The law is a necessary evil. One can say no more than that.

Kindest Cut

The English Inside Out

By Pearl Binder.
Weidenfeld and Nicolson. 264 pages. 25s.

MISS BINDER is a prober, a cutter-up of unconsidered trifles and a connoisseur of class-distinctions. In this, her latest book, she has spared the Scots, Welsh and other un-English Britons the attentions of her scalpel eye, and has in the pleasantest way possible dismembered the English alone; thence she has spread out on her bench our poor bits and pieces—our Englishness; our class prides; our home, sex, and love lives; our youth, work and play, humour and art; our clothes; our H-bomb; and our God—and affectionately dissected each one. What she finds is a catalogue of aberration from the human norm enough to transport a student of morbid psychology: but she has the true detachment of the anatomist, and what may well mortify her reader fills her only with interest and even admiration. The English are, so to speak, spotty with the efflorescences of inner conflicts: such things as paragraphs from *The Times* and snatches of pub conversation are the symptoms of stress.

We are, she discovers (and proves it) children, Peter Pan figures engaged in a life-long, fool game of social snakes-and-ladders. But we are not, for this reason, negligible: on the contrary, it makes us all the more important in the world, more valuable to civilisation, better able to survive the terrors of the age. Nonsense? Perhaps; but nonsense so engagingly written, that, when she asks on her last page: "Is this of any value?", we can only agree with her and answer: "We believe it is."

Stay at the First Glass

The Enemy in the Mouth

By Joseph Kessel.

Hart-Davis. 187 pages. 15s.

IF anyone wants to read about the methods of Alcoholics Anonymous which for the last twenty-five years has been reclaiming alcoholics in the United States he will find this account, by a French journalist, readable and graphic. It is also sensational and at times almost unbearably embarrassing but, after all, so is the subject. AA began as an offshoot of the Oxford Group, and some of its methods have a distinctly groupy tinge about them: public confession ("My name is John N., and I am an alcoholic"), sharing experiences, prayer to some form of "Superior Power." It is little wonder that many alcoholics just cannot stomach joining such a body.

Yet there can be no doubt of the help it can give to those who are prepared to accept its rules. And the movement has spread. Started by one alcoholic helping another in Akron, Ohio, it now has 300,000 members (two-thirds of them in the United States) and branches in eighty countries. In the larger American towns, through its "intergroups" it provides immediate help —which means sending along a member of AA—for any alcoholic who is at the end of his tether—or whose family is. Further, in the twenty-five years of its existence, the members of AA have accumulated a number of facts and beliefs about the disease of alcoholism, some of which are accepted and applied by doctors and others trying to treat it.

One of these is that the alcoholic must stop thinking about a lifelong pledge and concentrate on not drinking in the next twenty-four hours. Coupled with this is the recognition that for him there can never be "only one glass," that, if he wants to remain cured, he must always refuse the first glass. This rule derives from AA's belief that alcoholic craving is an allergic reaction to which some people are born predisposed, and that this is what distinguishes alcoholism from heavy drinking. This theory is not, however, generally accepted outside the movement. For one thing, in England alcoholism is rarely found in the young, and when it does occur—in middle age—there is usually a history of years of heavy drinking. This suggests that an alcoholic has been gradually conditioned rather than born to the disease; and that alcoholism is more frequent among the young in America than in England may be explained by their greater tendency to drink spirits rather than beer.

Theories apart, the practical treatment and support evolved by AA have proved themselves over and over again. Reading Mr Kessel's book, one cannot help wishing that someone would start a movement, providing group support but without being groupy, for the millions of alcoholics untouched by AA. Probably it could not be done.

A New Assessment

The Art of George Eliot

By W. J. Harvey.
Chatto & Windus. 254 pages. 21s.

CRITICISM of George Eliot that assumes major flaws in her art's mastery is obviously absurd, and it is one of the merits of Mr Harvey's useful and interesting book that in many important ways he arrests a current that has been flowing in a somewhat derogatory direction for many years. Critics, while admitting George Eliot's substantial power—why else, indeed, should they bother to write about her?—have niggled at her means of deploying it and, most importantly, at her narrative methods. It has long been taken for granted that the "omniscient author convention" is a poor tool, used only in default of later and better methods and, in any case, used clumsily by George Eliot. Undoubtedly the most useful and enlightening gift of "The Art of George Eliot" is Mr Harvey's re-examination of this assumption and of the convention as George Eliot uses it.

His decision is that she uses the convention efficiently in the fulfilment of a necessary and specific function: the linking of "the fictional microcosm of the characters and the macrocosm of George Eliot and the real world." George Eliot's is not a romantic vision in the sense in which John Bayley made the distinction in "The Characters of Love," not a self-contained world but one which, as Mr Harvey puts it, is "coterminous with the 'real' world, with the factual microcosm." To bridge these two worlds, the omniscient author convention can be the most appropriate tool, and in showing that George Eliot uses this tool properly and often brilliantly, Mr Harvey has redressed a long-standing injustice.

Mr Harvey is modestly helpful on the subject of imagery. He points out, as is needed but seldom done, that consistent use of imagery may be unconscious on the writer's part and unconsciously assimilated by the reader, but that the writer's choice of even apparently dead metaphor "may allow us to feel reverberations of greater significance in an apparently neutral and innocent phrase." On the subject of imagery the reader who is not a professional critic is too often made by professional critics to feel stupid and unperceptive, and it is usefully stated that the general reader's full enjoyment need not necessarily involve the verbalised awareness which is the professional's business.

Another useful redress of balance is Mr Harvey's attempt to show that George Eliot was less dotingly involved with her Maggie and her Dorothea than earlier critics have supposed. His is not all praise, but his carpings are the more willingly received for the perceptive admiration that underlies his whole approach.

But perhaps the most significant sentence in his book is one he proffers almost as a throwaway—"without the primary enjoyment we should hardly bother to rationalise." About that primary enjoyment he, like other critics, says nothing, and one may suggest that so long as "story-teller" can be adversely contrasted with "novelist" they never will. Perhaps the sole dissservice that Mr E. M. Forster has rendered to English literature was his denigration of the story-teller; and English criticism has never recovered from it.



"Don't stay I said so, but I have it on excellent authority that that fellow Tshombe's been whitebalked for Blacks!" 10.viii.60

In his foreword to the latest selection of his pocket cartoons ("Signs of the Times 1939-1961." *Murray.* 144 pages. 21s.) Mr Osbert Lancaster tells us that, in going through a thousand or more drawings, he was appalled by the number of times his own response was a total blank—the point of the joke gone, the incident, once apparently of historical significance, become trivial. This will not, however, be the reaction of his readers, at least those of them old enough to remember the war, to the selection he eventually made. It represents his coming of age as a cartoonist, and it includes plenty of drawings of Maudie Littlehampton making her devastating remarks down the years.

The Turn of the Tide

The Yorkist Age

By Paul Murray Kendall.
Allen & Unwin. 526 pages. 35s.

THE idea that modern history began with the Tudors has been attacked on two sides. On the one, the rise of the layman Thomas Cromwell under Henry VIII and his use of the flexible office of secretary have been seen as the beginning of a new type of bureaucratic administration; on the other the assertion that the Tudors created a strong central government and restored the fortunes of a country rent by civil war has been challenged by the very real claims of the Yorkist kings to have done precisely the same thing. Mr Kendall's book has thus a special interest, and although he settles no issues, he does provide a general picture from which conclusions can be drawn.

Mr Kendall clearly admires the Yorkists, but he does not in fact prove that they succeeded in restoring order. The extant evidence is all too clearly the other way; both the Shillingford and Paston letters show that private war and local violence were endemic. Nevertheless Edward IV did manage to restore the dignity and prestige of the monarchy, and in contrast to the shabby and mad Henry VI, he was an able and energetic ruler.

The most illuminating section is on trade, for it is here that the turn of the tide under the Yorkists can be seen. The country was becoming increasingly prosperous, and Edward actively encouraged trade, engaged in it himself and pioneered the building of a merchant fleet. At the close of the reign of his brother Richard III, England's exports of broad cloth alone were worth £100,000. Bristol merchants were sailing to Iceland and had attempted to open up the Mediterranean; clothiers inland were building gig-mills and starting an embryonic industrial revolution; the newly incorporated Merchant Adventurers were expanding on the continent under the direct patronage of Edward IV.

In one sense Mr Kendall's book is yet another readable social economic study drawn from contemporary sources. What makes it particularly rewarding for the reader is that the sources are both rich and varied. He uses the Stonor and other papers, the Shillingford and Plumpton and Paston letters, and the autobiography of that travelled and hysterical woman Margery Kempe; with these behind him he can hardly go wrong. Mr Kendall has nothing startlingly original to say, but his writing is lively and entertaining. Anyone wanting to know how the marriage market was worked, or children educated, or what people ate, read and did in late fifteenth century England, can find it all in this book.

Only twice does Mr Kendall enter the controversial ground of *real-politik* with something new. He has a lively and hostile description of Elizabeth Woodville, the wife of Edward IV; and an equally interesting description of the enigmatic Margaret

Beaufort, the mother of Henry VII, whose intrigues in London may well have helped her son to the throne.

What is abundantly clear from the book is that the revival of England as a mercantile power and of the monarchy as the symbolic head of an emergent nation was the work of the Yorkists. The forces of change that made England a modern state may well have been those of the Reformation, but the materials were ready to hand, and the Tudors built on foundations already in existence.

Russia Between Covers

Everyman's Concise Encyclopædia of Russia

By S. V. Utechin and others.

Dent. 649 pages. 30s.

ALL the Russias in one Everyman? Dr Utechin, with the help of his wife and a team of specialists on cultural subjects, has made a gallant bid to compress between two covers the vast four-dimensional sprawl of the modern Soviet Union and the Russias that preceded it. Inevitably, it is easier to see what has been left out than to suggest what might have been omitted instead. The encyclopaedia keeps a very fair balance between past and present, between public affairs, the arts and social phenomena (the last including some significant data on class structure in modern Russia). It is useful to have explanations of some of the favourite Soviet portmanteau terms, such as *partorg*, *politruk* and *sovnarkhoz*, and of such current slang words as *blat*, *shturmovshchina* and *stilyagi*. And there is, of course, much material here that cannot be found in Soviet publications, including references to such "unpersons" as Lavrenti Beria.

However, one scans the entry on Trotsky, for instance, in vain for any clear indication of the main issues between him and Stalin. Anastas Mikoyan's long and agile career is dismissed rather summarily, in only half the space allotted to, say, Kuybyshev. Otto Kuusinen gets no entry at all; nor is it easy to collect more than scattered scraps of information about the 1939 invasion of Finland, during which he was installed as head of a puppet Soviet-Finnish government.

It is not only in the modern political field that curious omissions are to be found. There is no entry, for example, for Borodino; and neither in the paragraphs on the history of Moscow nor elsewhere is there any account of the Napoleonic invasion of 1812. Alexander Popov's priority over Marconi in the invention of radio-telegraphy is claimed with surprising baldness. Among the writers of the Soviet period, there is an entry for Evgeni Zamyatin but none for Isaac Babel; among painters, Kandinsky has his paragraph, but there is none for his fellow émigré, Chagall. It seems only fair to the reader that he should be warned that this volume contains rather a number of gaps of this kind. In fairness to the authors, however, it should also be said that the omissions betray no identifiable bias, but would seem to arise purely from the need for compression; and that in all other respects this is a uniquely compact and handy work of reference for the huge, and hugely important, field it covers.

Dickens in Pictures

Charles Dickens: *A Pictorial Biography*

By J. B. Priestley.

Thames and Hudson. 144 pages. 25s.

SLIGHTLY petulant, slightly arrogant, touchingly young, Maclise's portrait of Dickens at the height of his fame is a useful counterpoise to our habitual English belief that great men are venerable and youth to be mistrusted and reviled. Pictorial biography may often provide a stimulating and revealing supplement to more academic critical studies, and Dickens, pre-eminently among writers, proves a proper subject for this more popular approach. It was extremely sensible of the publishers to invite Mr J. B. Priestley to provide the text for "Charles Dickens," the first in what is to be a series of pictorial biographies, for Mr Priestley brings to it the sympathy and understanding of a writer working in this same perennially interesting, essentially English, tradition.

In these times of widening culture, critical studies of this kind seem likely to meet a growing need. Those artists in all fields whose work is widely popular, who can transcend the usually too restricted cultural compartments of our time, need interpretation at all levels, and not least at the level of this book on Dickens. Mr Priestley gives a fair and full account of the life; speculates, within proper limits, on motivations; and offers judgments of the work with which most will agree, though it is, perhaps, a little surprising to find him saying that only "a few Marxist and socialist critics" think well of "Hard Times." The pictures—of people, of places, of illustrations from the books—are fascinating, and evoke an almost claustrophobic feeling of the period. Whether for these alone, or for picture and text together, this pictorial biography is a safe present for all people of all ages who enjoy Dickens's work.

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Valete

The Concise Dictionary of National Biography. *Part II, 1901-1950.*

Oxford University Press. 528 pages. 42s.

BY and large they do look a Whiggish crowd and no mistake. Ramsay Mac and Baldwin ("a genius for waiting upon events") weigh them down from the top, of course, but here they are, the lot of them, the Robert Hornes and Hicks Beaches and the greater exemplars, the Goschens and Milners. Well, perhaps *they* were sound enough, but just as dull. And everyone, it seems, wrote for dear life in the middle of everything else. Even that surprising mid-Victorian relict Miss Nightingale put pen to paper in her day. The only ones who didn't (barring Montagu Norman) were those bit-players, the English cricketers (this was up to 1950, remember) and Scotch judges.

Scribble, scribble, scribble: it is impossible to open this DNB half-century without finding an editor or valued contributor staring bleakly up. Not all were bleak. Harmsworth, Scott, Pearson, Leng, Newnes, Chesterton, Morley, Stead: this was the great generation of journalism, reaching into every recess of life. Acton? Why he's the EHR man. And even Eyre Crowe's memorandum counted for a whole raft of diplomats (*qv*). It is hard to believe that any other age will be so commemorated, even by the DNB, again.

But to business. How is justice measured out spacewise? The national *valete* is a serious matter, and if Ll.G. has a line or two more than Asquith (he has, too) it is incontrovertibly an historical judgment. So Baldwin is disposed of in a column, and Balfour from a more expansive age gets two. George V, who actually did something for the monarchy, gets three columns, but Edward VII ("eminently satisfied contemporary conditions of kingship") runs to over eight. Ah, but Edward was Sidney Lee's particular pigeon; there must be no tampering with the master's work. And Lee himself? Well, there is a carping criticism, after all, and of the latter-day DNB too: "neither first nor second Supplement preserved exactly standard of selection maintained in main work; first Supplement ended to restrict admission, while second Supplement was far more inclusive than main Dictionary." So that's why. But for he presiding genius himself, naturally nothing less than a full, rounded column.

Reappraisal

Thomas Wentworth, First Earl of Strafford

By C. V. Wedgwood.

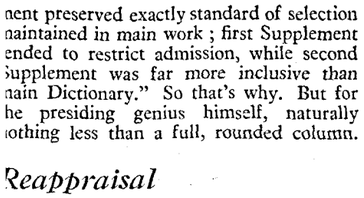
Cape. 415 pages. 30s.

Many disordered lives I saw
And foul records which thaw
My kinde eyes still, but in
A fair, white page of thin
And ev'n, smooth lines, like the Suns rays,
Thy name was writ, and all they days.

THESE lines by Vaughan might apply to Miss Wedgwood, whose kind eyes first turned to the saturnine figure of Strafford in 1935. The portrait she then drew had the smooth texture of velvet, and Strafford, unlucky in his life, had a posthumous reward in so sympathetic a biography. But in the intervening years the velvet wore thin. On the one hand, the Wentworth Woodhouse papers deposited in Sheffield provided a mass of new material; on the other, historians laid a new emphasis on the private ambitions which can distort ideals, and on the ambivalence and disingenuousness so often concealed behind the façade of public service. "Disordered lives" and "foul records" have not thawed the eyes of the younger historians but have given them added sparkle. Mr Kearney has exposed the workings of Strafford's administration in Ireland; Mr Cooper has revealed his disturbingly massive gains from office; and Mr Ranger has given us a brilliant revaluation of Strafford's political significance. The "fair, white page" was extensively blotted, and Miss Wedgwood decided that a "drastic reappraisal" was necessary.

The result is a greatly expanded book with entire chapters, notably those on Strafford's administration in the north and in Ireland, rewritten. The ambivalence which scarred Strafford's career becomes apparent. The attractions of the Lord Deputyship were "the personal profit to be gained from the place" and "the opportunity and means to supply the King's wants." Although he told the Earl of Arundel in 1633 that "landless I came and landless will I come back," he showed a voracious appetite for Irish estates, investing in them the proceeds of monopolies and customs farms. While he was acquisitive and ruthless, he was also violent and authoritarian, prepared both to manipulate and to beat down opposition.

The indictment can be piled up high against Strafford, but Miss Wedgwood is scrupulously fair in paying tribute to his services to the Crown. No historian can be ignorant of the end of the story he is writing, and the shadow of the scaffold to which an ungrateful king sent Strafford lies across his earlier career. Miss Wedgwood tells the final tragic episodes superbly, but her sensitivity to these perhaps accounts for the fact that where others have seen "double-think" in Strafford, she prefers to hold that "he merely had lapses, as though there were certain areas of conduct where his theories of integrity were simply not relevant." A less kind biographer would have pointed to Strafford's sales of land just before his "great apostasy," and would have considered more fully the reasons for his change of side. Miss Wedgwood's mellifluous style charms the reader: the flowing lines and rich ornamentation of baroque portraiture are here, but also some *trompe-l'œil*, while there is not enough black, the favourite colour of the artists of this genre.



An illustration from "A Memoir of Thomas Bewick written by himself." Edited and introduced by Montague Weekley. *Cresset.* 239 pages. 18s.

Bewick 1753-1828, one of the last artist tradesmen, lived and worked on rural Tyneside when Newcastle only had 20,000 people. His wood engraving raised the standards of craftsmanship throughout the publishing world and his influence was strongly and increasingly felt until the process camera killed the whole trade in the nineties. His work is now used, copyright free, as a stimulating filler in advertisements, book jackets (why not on this one?), magazines and menus. The Memoir shows Bewick as an insular rural puritan, but his writing is fascinatingly emotional and a social documentation of his life and times.

The Pirate Wind

Captains Outrageous

By Neville Williams.

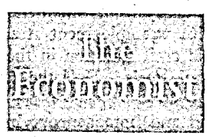
Barrie and Rockliff. 255 pages. 25s.

THE number of members of Parliament for such places as Rye or Dartmouth who began their careers as pirates is really surprising. It is even more remarkable to find Lord High Admirals taking their whack out of piratical cruises in the Channel. Not until that redoubtable judge, Sir Julius Caesar, conquered the west country by his reorganisation of the Vice-Admiralty courts, and not until Cromwell founded an efficient naval service, did the reign of the pirates over the British seas come to an end.

Those who had a taste for such a life then took to the tropics. The classical age of piracy, when the image of the sea robber in full-bottomed wig sailing under the Jolly Roger was stamped upon the public mind, was the beginning of the eighteenth century, the age of Avery, Blackbeard and Captain Kidd (to whom Mr Williams is much too kind). But in the middle ages piracy was the principal occupation of English seamen. It is significant that Eustace the Monk, the first pirate of whom we have real knowledge, was for part of his career in the king's service. Historically, the breeding of that paragon of virtue, the naval officer, is out of piracy by privateering. In those days a man-of-war was a pirate vessel, not a queen's ship. Mr Williams wisely excludes the larger and more important question of privateering. Even so, it is often hard to say at what point men like Frobisher or Drake were pirates, privateers or naval officers.

Such is the story Mr Williams tells from the days of Chaucer's shipman to those of the suppression of pirates in the China seas. This is the most reliable history of British piracy and its suppression yet written. Hitherto, the late Dr Gosse's book was the best available. But Gosse, the owner of a fine pirate library, relied on literary sources such as hanging pamphlets, ballads and the ever-popular "General History of the Most Notorious Pyrates" by Captain Johnson. Mr Williams is hardly concerned with the pirate in literature; he does not even consider the interesting possibility that Johnson was really Daniel Defoe. He has gone back to the primary sources such as the records of the High Court of Admiralty. The result is a book in which the scholarship does not obscure the colour of this fascinating subject.

Execution Dock, where the pirate of old was sentenced "to be hanged by the neck until you are dead, dead, dead," no longer exists; but the bank robber of today carries on the tradition of daring raids amid shocked journalistic acclaim. For what is piracy but interference with the free movement of commerce, by sea or by land?



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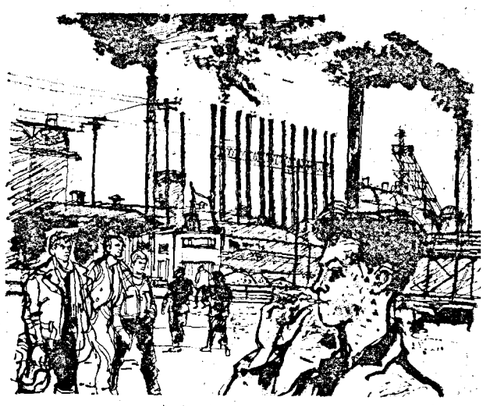
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HOME REPORT

Members of the editorial staff and local correspondents report on life and happenings in and around Britain

Early Days in Sheffield

FROM OUR SPECIAL CORRESPONDENT



THE new year sees the first of the big bulge of school-leavers: in 1962 603,000 boys and girls between 15 and 17 will be settling down to earn their first week's wages. For the boys this has previously been a moment of aimless suspension between childhood and military service: the end of national service and the beginning of the bulge make it particularly appropriate just now to take a hard look at the school-leavers' problems. A report* from the official pundits last week gave some grounds for thinking that, after all, they are not too bad.

In the first nine months of 1961 industry was able to find jobs for all but a tiny proportion of those leaving school between the ages of 15 and 17 (except in the perennial problem areas of Scotland, Wales and the north-east). Best of all, 38.4 per cent of the increasing number of school-leavers were apprenticed to skilled crafts, compared with 36 per cent in 1960. There is a steady trend towards later school-leaving: but 60 per cent of children still start work at 15.

This figure gives point to another, smaller, infinitely more detailed (but as yet unpublished) study undertaken in 1959 and 1960 in Sheffield. Financed by a grant from the Department of Scientific and Industrial Research, Mr M. P. Carter of Sheffield University selected at random twenty boys and twenty girls from each of five secondary modern schools in the city. All of them left school at 15: Mr Carter interviewed them, their parents, their teachers and their employers, to see how they fared during their first, and possibly formative, year.

The schools were situated in contrasting areas (new school in middle-class district, old building in a slum area due for clearance, etc.), but only 15 per cent of the 200 children had middle-class parents. The community from which they come is hard-working and prosperous, with unemployment steadily under 1 per cent: it also has a notable craft tradition in the many firms, large and small, making special steels. Half the fathers were working in the steel industry.

Despite this solid and homogeneous background, very few of these 15-year-olds had much idea of what they wanted to do. Of the 200 children, 36 boys and 36 girls had changed jobs within the first year, 11 boys and 8 girls having had at least two jobs in that time. Very few indeed were sacked: only four moved because they wanted more pay. Even in steel and engineering, entered by 40 boys, 20 had changed jobs in the year and 15 of these had gone into outside occupations (while two others transferred into steel or engineering within the year).

Forty-eight boys got apprenticeships on leaving school—27 of them with the help of relatives or friends, and 13 through the Youth Employment Service—but 15 of the 48 had given up their apprenticeships in the first year. (Eleven of these 15 had low intelligence test scores and should probably never have become apprentices in the first place.) In short, the way in which jobs or apprenticeships were found was hopelessly vague. Mr Carter's two most depressing comments are: "The jobs obtained generally had little relation to the jobs aimed at"; and, even worse: "The majority were far from clear about what work was entailed in different occupations."

WHO is to blame for this? Perhaps first the parents—although the rational discussion of alternatives is not a common practice in most English families, let alone among manual workers. Careers masters in schools may or may not have the time or the inclination to go into the details of their dumber pupils' preferences. The youth employment officers found jobs for 31 per cent of the boys and 23 per cent of the girls, which seems highly creditable: but there were only 9 officers for some 5,000 Sheffield school-leavers, and it seems as though both children and prospective employers were inclined to regard the Youth Employment Service as a last resort.

Ultimately the culprit may simply be full employment. Employers need labour, whatever its quality: many jobs, even some apprenticeships, were given to lads calling in on the off-chance (18 boys and 16 girls got work this way and 6 boys got apprenticeships). In a climate of full employment school-leavers may not be particularly concerned about job security, or even about acquiring a skill. And a knowledgeable local remarked that many of the jobs open to school-leavers can be done by anyone who is not actually a moron. Here lies the danger that may be concealed by the Youth Employment Council's apparently gratifying figures. The young people who stay on at school until they are 16 or 17 do so because they—or their parents—are brighter or more pushful: most of the better apprenticeships start at age 16, and the lads who are going to take them up have no incentive to leave school before then.

But at present nobody seems particularly interested in those who will always leave school at the earliest possible age—the problem will not be abolished, merely postponed, by raising the leaving age to 16. Even the trade unions, who both nationally and locally in the Sheffield trades council have been among the first to concern themselves with the problems of the bulge, fell down on the job with the subjects of the survey. Only one-eighth of them had joined a union by the end of the first year of work. Many unions, indeed, will not admit members under sixteen: but most of those who were union members had no idea at all of the function of a union—and some of them did not even know the name of the one they belonged to.

* Interim Report of the National Youth Employment Council on the Employment and Training of Young People. HMSO. 2s.

Remember Wythall

BIRMINGHAM'S last major essay in imperialism, to take in 2,400 acres at Wythall on its southern boundary, was defeated by the counties of Warwick and Worcester after a planning inquiry in July, 1959. The city thereby lost the chance to rehouse 40,000 of its population, together with some factories, on a site wholly under its own control. The ring had been closed round the west Midlands conurbation, the most rapidly expanding region of its kind, in the name of good planning.

Some of this has been pure gain. For the first time the city was forced to take seriously such planning projects as the new town at Dawley—which still awaits the Ministry's approval. Many of the most vocal Midlands planners believe that the real answer to Birmingham's problems is to disperse new economic life and populations among the dead areas of its surrounding counties and up into the foothills of mid-Wales. But the progress of these schemes has been desperately slow: and with each year that has passed Birmingham's office population has continued to grow, and the demands on space in rehousing slum dwellers have become increasingly serious.

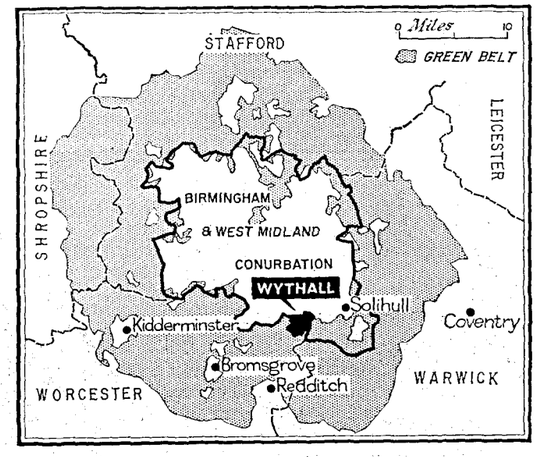
Last summer the Ministry relented slightly, allowing Birmingham 600 acres at Wythall (6,000 houses) to relieve the pressure. But it proposed to deal with the west Midlands overspill by large-scale developments at Worcester, Redditch and Daventry. The Redditch suggestion (to take 50,000 people) has, in particular, raised eyebrows all round. Birmingham cannot see why it should not be allowed to do the job on its side of the green belt: the new town enthusiasts are aghast at the idea of so many people merely commuting into Birmingham instead of starting new industrial and office complexes further afield.

This saga is now likely to become a classic, both because Birmingham is a test case of how far planning should be allowed to impinge on natural economic growth and because someone has actually taken the trouble (virtually for the first time in Britain) to analyse the Wythall inquiry* and reveal the welter of official inadequacies, local politicking, good intentions and sheer ignorance that the exercise displayed. The comments by the chairman of the executive of the Town and Country Planning Association and the secretary of the Midlands New Towns Society are recommended reading for bemused local authorities.

Three main points emerge. The first is the need to think of green belts as something other than constricting girdles which do not stop urban sprawl on the farther side but merely limit the enclosed local authority's ability to take the easiest way out of its problems. At Wythall the chief strategy of Warwickshire and Worcestershire was to shelter behind the green belt in order to stop Birmingham's encroachment on their territory, not to further the interests of good regional planning. The counties' attitude, and the Ministry's resort to the Redditch palliative, leave an uncomfortable impression that Birmingham got the worst of each possible world.

The second point is the frightening absence of facts on which determined arguments (reflecting strong local pride, if nothing else) were regularly developed. Birmingham's own officials were frequently muzzy, or differed radically between themselves, on the size of the rehousing problems confronting them. Much more serious local research inside the major conurbations (possibly by social scientists in the universities) is needed.

Thirdly, and particularly in the absence of effective regional authorities in this country, the Government must take a large share of the blame for the inertia and muddle. The return to the new town idea in dealing with Liverpool's overspill at Skelmersdale is an indication of official repentance. Local prejudices played a major part in the failure of the Town Development Act to achieve its potentialities, but the push from the top was certainly lacking. If the natural resistance of small firms to move out of the normal ambience of the motor or any other industry, or to take on the financial burden of occupying new premises at higher immediate rents (but with more scope for expansion), is ever to be dispelled, it will need much more thought and action on a national level.



* The Wythall Inquiry. Edited by Joyce R. Long. Estates Gazette Ltd. 139 pages. 25s.

Who Leaves Home?

THE parliamentary furore over the control of immigration into Britain has left little room for discussion about the other side of the coin. Yet emigration from Britain is now at the lowest postwar level. The Oversea Migration Board, battling in its latest annual report with the usual array of inadequate and confusing statistics, estimates that the five year period 1957-1961 began with an almost record year (the year after Suez) when some 230,000 emigrated from the country; by 1960 the number was down to 124,000 and the 1961 figure might be just slightly below this level. The downward trend in emigration has combined with the upward one in immigration to change the balance from a net outward flow of some 72,000 in 1957 to a net inward flow of 82,000 in 1960 and of a still larger number in 1961.

It is, however, only the population of England and Wales that is being so increased. The numbers leaving Scotland and Northern Ireland continue to exceed new entrants. In 1960 there was a net outward movement from Scotland of about 8,500 overseas and 23,500 to other parts of Britain. The board records the Scottish concern about this drift, but is itself only required to consider the movement of 124,000 men, women and children overseas, representing a loss of manpower of about 63,000 or less than 0.3 per cent of the working population. The board knows nothing about the one-quarter of emigrants who go by air, but of those taking long sea routes, nearly four out of ten of males aged 15 and over were in professional, managerial, clerical or distributive occupations, as were most of the women other than housewives and students. These were much the same proportions as in the previous year. But the net loss (balance of outs and ins) in respect of teachers, doctors and trained nurses declined from 1,888 to 846, while that in professional engineers and scientists stayed around 350 in both years. Allowing for air emigration, the cumulative loss in some skills may be significant. This leads the board to conclude that, while in terms of numbers, the country can sustain emigration at its present level, the attention of the four main receiving countries of the Commonwealth (Canada, Australia, New Zealand and Rhodesia) "should be drawn to the present limited manpower resources of this country in certain skilled and professional categories."

AMERICAN SURVEY

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

Disjointed Democrats

WASHINGTON, DC

THE Democratic party, a coalition of ill-assorted elements that usually manages to achieve a semblance of unity during presidential election campaigns but begins to disintegrate soon after, seems poorly equipped for the two formidable tasks facing it in the new year; both require a unity and vigour which the party now lacks. Without these it will be difficult for the Democrats either to promote President Kennedy's programme successfully in the new session of Congress which begins on January 10th or to make their best impact in the elections next November, when all 435 seats in the House of Representatives, over a third of the Senate's 100 seats and many State Governorships will be at stake.

As far as the next congressional session is concerned, President Kennedy will be hampered by considerable opposition from within his own party to the two major proposals to be pushed by the White House: greater tariff-cutting powers so that the government can meet the challenge of the European common market, and medical insurance for the aged financed through the social security system. There is no sign of any diminution in the tendency shown by conservative southern Democrats during the last half of this year's congressional session to join with Republicans in scuttling the President's measures. In fact, matters may be far worse next year in the House, where Mr John McCormack, who will be elected Speaker to succeed the late Mr Rayburn, is a leader of mediocre parliamentary skill and questionable loyalty to Mr Kennedy. Nor will the party organisation go into next year's election campaign in a state of health approaching the sleek and muscular condition in which just over a year ago it performed admirably on behalf of Mr Kennedy's drive for the Presidency. It has grown flabby since those days, plagued nationally by major arguments between its component parts and locally by petty quarrels over the distribution of judgships and other federal patronage. Party workers who stood shoulder to shoulder momentarily in the 1960 campaign have resumed their old feuds.

Yet as the new year approaches Democrats are not noticeably gloomy and Republican optimism is tempered. Both parties realise that the Democrats possess a spectacular asset in the ever-growing, undisputed and generally unexplainable personal popularity of Mr Kennedy. The Gallup poll shows, and reports by Congressmen returning from the recess confirm, that this popularity is spread throughout the country, even in such Baptist-dominated states as Tennessee and Oklahoma which voted overwhelmingly against the first Roman Catholic President a year ago. Whether this means that people are pleased about the general economic prosperity and the absence of a shooting war or merely (as Republicans claim) that Mr Kennedy personally is not associated in the public mind with the Administration's policies, the President's popularity carries important political implications for 1962.

It could prove the salvation of his legislative programme: an indecisive, fence-sitting Democratic Congressman is more apt to vote for measures advocated by his President if that President's rating in the polls back home is soaring. This popularity could count for still more if for the first time Mr Kennedy decides to appeal over the heads of Congress directly to the voters on beha of a vital issue such as freer trade. Democratic victories in co gressional elections during most of the Eisenhower period demo strate that the ability of even a popular President to influence suc contests is limited. But politicians in both parties expect M Kennedy's popularity to hold down the almost inevitable Republ can gains next November.

NEVERTHELESS, the President's popularity can only ease, nc really erase, the organic ailments of his party. In fact, som Democrats complain that Mr Kennedy has done nothing to reforr and revitalise that party into an instrument of liberal policy. Wha these critics fail to explain is where he would find the time fo this task or just how he would go about it if he had the time For example, no amount of pressure from the White House seem likely to reverse the protectionist sentiments of Democratic repre sentatives from districts where a textile mill, a pottery plant o some other industry claims to have been injured by foreign imports The spread of protectionism among southern Democrats, formerl the staunchest advocates of free trade, has been particularly rapid

On other issues Mr Kennedy suffers still more deeply from th party's deep north-south cleavage that finds a majority of southern Democrats in Congress totally out of sympathy with the libera proposals of his new frontiersmen on social welfare. It is primarily because of this southern conservatism that the Administration's medical care plan faces no better than a fifty-fifty chance of passage and broad-based tax reform and far-reaching legislation on educa tion, agriculture or civil rights seem out of the question next year.

But the internal dilemma of the Democratic party cannot be explained exclusively in terms of votes in Congress or of the split between North and South. Although northern Democrats in Congress are generally united in support of the President's programme, the party's northern wing contains antagonistic elements that will find it difficult to band together for an efficient campaign next autumn. The Democrats lack the cultural and social homogeneity of the Republicans, who remain for the most part a minority party of business executives, professional men, merchants and farmers, primarily of native or early immigrant stock. Apart from the nearly autonomous southern wing, the Democratic party consists of reformers and other political amateurs, big city machines led by professional politicians, ethnic and racial groups, liberal intellectuals, trade union leaders and organisations of left-wing farmers—a conglomeration almost certain to generate internal friction.

The most potentially disruptive friction pits the bosses of the big city machines, who dominate party affairs along the eastern seaboard, against the amateur reform politicians, most powerful in the middle and far West. The reformers complain that Mr Kennedy has bestowed too much party power on the professionals; in particular they denounce the performance as national party chairman of Mr John Bailey, a no-nonsense professional who is the unchallenged boss of the Democrats in Connecticut. These reformers contend that Mr Bailey and his eastern associates not only provide the party with a shoddy national image, but also think solely in terms of patronage and local organisation, failing to understand that to pin-point issues is the best way to enlist support in mid-western and far-western campaigns.

Although most of the big machines were effective in getting out the votes for Mr Kennedy's paper-thin triumph last year, the party's

reform element believes that the urban bosses could do the Democrats more harm than good in the long run and possibly even in the 1962 elections. Surprisingly narrow Democratic victories in Philadelphia two months ago indicated growing public resentment against the supposedly invincible Philadelphia city machine of Mr William Green, who lives a dual life as Congressman and big city boss. Mr Robert Wagner broke with the New York machine, but even so only just managed to win an absolute majority of the vote in capturing a third term as Mayor of the city. Ruptures within the party have been appearing in other states. In California constant struggling between professional Democratic politicians and a crusading liberal group known as the California Democratic Council encourages the Republicans to hope that Mr Nixon will win the Governorship. Quarrelling in Michigan between trade union leaders and the regular party organisation contributed to unexpected Republican victories there this year and could, if it continues, give the state its first Republican Governor in fourteen years. In Wisconsin Democrats have been pouring their energies into involved disputes about federal patronage. Senator Clark of Pennsylvania, a liberal reformer, will be going into a difficult campaign for re-election facing the thinly disguised hostility of the Green organisation.

Moreover, important elements within the party are less than enchanted with the performance of the Kennedy Administration so far and may find it difficult to regain their campaigning spirit of a year ago. Trade union leaders are irritated by the President's talk of restraints on wages and of a balanced Budget; they want the government to act more vigorously against unemployment. Many liberal intellectuals would prefer less emphasis by the Administration on a military build-up and more stress on disarmament and more initiative in international negotiations. Western liberals complain that Mr Kennedy has not reversed Mr Eisenhower's conservative policies on the development of hydro-electric power and natural resources swiftly enough. Advocates of Negro rights are not entirely satisfied with Mr Kennedy's efforts against racial discrimination and are particularly disappointed over his failure either to recommend new legislation or to issue an executive order banning segregation in government-assisted housing projects.

To place the picture of disjointed Democrats in proper perspective, it must be remembered that the Republican party is suffering both from the lack of a nationally recognised party leader and from an increasingly intransigent right wing which threatens to withdraw financial support from Republican candidates unless they adhere to reactionary policies. Thus, when compared to their opponents, the Democratic party may not seem to be in such bad shape after all. Nevertheless, it is not, and seems unlikely soon to become, an effective instrument for Mr Kennedy to use in promoting the fulfilment of his Administration's goals.

Soaring 1962?

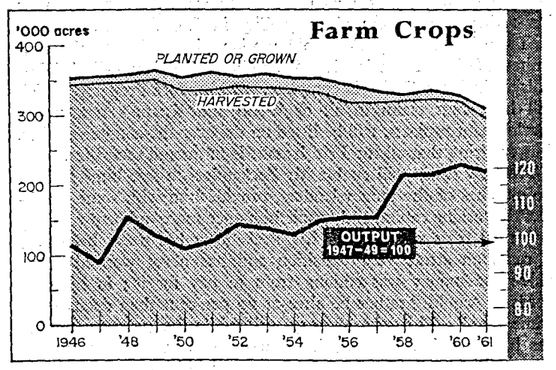
REMEMBERING how 1960 brought their inflated optimism down with a bump, this new year the economic prophets are tempering their confidence with caution. As a result their forecasts are less stimulating than the statistics on which they are based, for 1961, after bouncing along rather doubtfully for most of its life, ended in an upsurge of business activity, and particularly of spending by consumers, which makes it practically certain that the economic indicators will be pointing upward at least until the summer. At that point, however, the uncertainties begin. Not only is there the possibility of a steel strike but at mid-year also government spending, rising fairly steadily all through 1961, is due to level off, leaving private business to keep the recovery going. The summer is also the point at which unemployment is likely to stop falling; if it sticks, as it may well do, at above 4 per cent of the labour force, then those who insist that unemployment is now a chronic condition which cannot be cured simply by general prosperity will argue that their case is proven.

In these circumstances and with an election coming along, it would be practically impossible for the President to resist the demand for increased government spending to create more jobs. If the recovery slackens in the summer, then the government's income will drop below present estimates based on the prosperity which pushes up receipts from taxation. Thus both sides of Mr Kennedy's carefully-balanced Budget calculations may be upset just as the fiscal year with which they are concerned begins on July 1st. The balancing act itself introduces another doubt into the economic outlook. Many experts lay the blame for the speed with which recession followed recovery in 1960 on the huge swing in the federal Budget from a deficit of $12.4 billion in 1959 to a surplus of $1.2 billion in 1960—nearly $14 billion. The swing will be only about half that between June, 1962, and June, 1963, according to present estimates, but even $7 billion is quite a substantial change.

Some of the President's advisers have been pointing all this out to him. But others have been reminding him of the much more immediate problem of America's international accounts and of the lack of confidence which would be encouraged in bankers abroad by any sign of a willingness to add to debts at home. This argument reinforces President Kennedy's own inbred conservatism in financial matters and the latest reports from Florida are that the Budget to be presented to Congress next month will be balanced at about $92 billion.

Abundance Again

WHILE the international situation presents the main threat to the President's plans for a balanced Budget in 1962-63—over $48 billion is already allotted to defence and this could easily go up—the American agricultural situation is almost as great and just as intractable a threat. Of the increase between July and October of $1.3 billion in the estimated deficit for the current fiscal year, nearly $1 billion was accounted for by unexpected payments



to farmers, partly because they were producing more than had been allowed for and partly because of the new Act under which they are paid for taking land out of production. The legislation is achieving its purpose: the acreage planted was the least for fifty years and the acreage harvested was the least since records were first kept in 1909. But as usual yields went up, by 4 per cent, to 147 per cent of the 1947 average; as a result in the end this year's total output of crops is only slightly below last year's record. The special incentives given to farmers to encourage them to reduce

their output of feed grains did bring a fall of 10 per cent in that category. Output of wheat was down by a similar amount, largely because of drought in the northern plains; present forecasts suggest that wheat production may fall even more next year when a scheme similar to that applied to feed grains this year is being brought in for wheat.

Prices for this year's crops were also above last year's, so that the smaller quantity was valued at $600 million more; total net income on farms in 1961 is expected to reach $12.7 billion, more than in any year since 1953 and $1.5 billion above 1960. But $900 million of this increase comes from the government which is paying the farmers $4.7 billion altogether this year. So it is not surprising that the Administration is said to be about to unveil a long-term plan for controlling agriculture drastically. But it will be surprising if Congress treats this plan much more kindly than it did the similar scheme for "managing abundance" which the Administration offered so confidently last year, only to be turned down almost completely.

Anglo-Zeckendorf

THE long-awaited reorganisation of Webb and Knapp, Inc., brings British capital to the aid of the most daring and gifted (and most entangled) property developer in the United States, Mr William Zeckendorf. Of the $43 million in new money which is being brought in, two North American banks are providing $25 million in five-year loans, but they might have been less helpful if it had not been for the $18.7 million being invested by the Philip Hill Group of London and the related Second Covent Garden Property Company, Ltd, which is also guaranteeing repayment of the bank loans. Philip Hill is paying $6.2 million for 4.5 million shares of Webb and Knapp itself, as well as for an option to buy shares in one of its subsidiaries, while Second Covent Garden is paying $12.5 million for a half share in a new firm, the Zeckendorf Property Corporation, and for two notes for $2.5 million. Earlier joint ventures in Canada probably brought the two sides together. The new scheme gives the British investors a direct interest in thirteen of Webb and Knapp's biggest urban redevelopment projects which are being transferred to the new firm; they range from Century City in Los Angeles, on part of Twentieth-Century Fox's old motion picture lot, to the new United Nations Plaza in New York City. Only one—Park West Village, in New York—is complete. Zeckendorf Property, which will have first claim to all of Webb and Knapp's new urban development projects, will be listed on the over-the-counter market, thus ensuring that all the British stake is in quoted securities.

The new funds will enable Mr Zeckendorf to free himself from the clutches of the money-lenders, provide him with some much-needed working capital and enable him once more to borrow money at normal rates of interest. Mr Zeckendorf has never been able to resist an attractive proposition and has never worried about where the money was coming from to pay for it; in his own words he would "rather be alive at 20 per cent than dead at the prime rate." This was all very well while the property market was booming, but by 1960 his short-term debt was put at over $100 million, 40 per cent of his total liabilities, some of it at exorbitant rates of interest; the most complicated financial juggling and even the premature sale of some properties have not reduced it very much. He was not able to carry through his plans for a Zeckendorf Hotel in New York and to find the money for Century City he had to go into partnership with the Aluminum Corporation of America.

The price of settling his most acute difficulties seems certain to be some curtailment of the freedom and exuberance which has always been the hall-mark of Zeckendorf operations. To satisfy the Bank of England, which would not give permission for the export of British capital without some assurance of a return, dividends of 60 cents a share will have to be paid for the next three years on Second Covent Garden's shares in Zeckendorf Property. The Zeckendorf family, which once owned 52 per cent of the ordinary shares of Webb and Knapp, will be down to 39 per cent, compared with about 15 per cent for the Hill interests. And the British, who will sit on the boards of both firms as part of the deal, will try to keep Mr Zeckendorf's feet on the ground.

Students Turn Right

FROM A SPECIAL CORRESPONDENT



THE average American college student of today probably differs little from his predecessors in his almost studied indifference to the greater world around him and in his apathy toward political causes. But the tiny minority of students who are attracted toward political activity has been growing during the past two or three years and, what is most important, they are more dedicated and dynamic than politically-minded students have been at any time since America's entry into the war in 1941 ended the left-wing college movement of the nineteen-thirties. The sullen detachment and cynicism that dominated college life during most of the past decade is fading away. The most fascinating aspect of this modest political revival is the fact that the activity is not exclusively the property of the left but includes, for the first time, an aggressive right-wing movement.

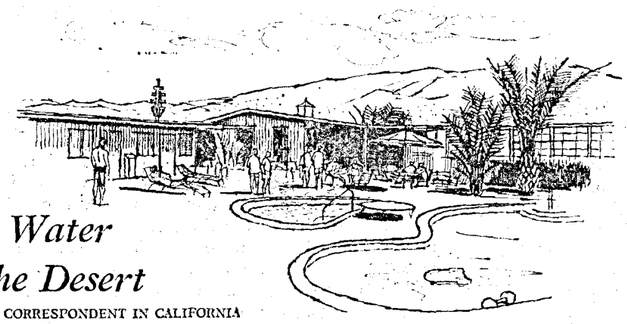
Conservative politicians exaggerate outrageously when they speak of a mass movement of militant conservatives in the colleges. But right-wing students are, in fact, the most vigorous and the best organised in college circles today. This cannot be explained away simply as a product of the financial support of businessmen, helpful though this is, nor is it the classic rebellion of young people against their elders—in this case the generation of the New Deal. Rather it is, to a large extent, the articulation and refinement, for the first time, of the conservative views that have always dominated student thinking. College administrators generally agree that in the past the American student tended to be a conservative, a wishy-washy and silent one, to be sure, but potentially prone to the right-wing radicalism that now attracts him. The mistaken image of the student as a liberal has been perpetuated because up to now what political agitation went on in the colleges has been liberal and because liberalism has dominated the political thought of students at the most politically-conscious colleges.

At the same time the liberals are awakening from their long sleep, perhaps because they have been stirred by the activity of the right wing. Unlike the conservatives, who turn out propaganda on a wide variety of issues, the left-wing students (including an infinitesimal fraction of communists and fellow-travellers) spend most of their energies in demonstrating against racial discrimination and nuclear warfare. Both Negro rights and pacifism are somewhat suspect socially in all but the most liberal colleges and consequently the left-wing groups are not as successful as their right-wing counterparts in recruiting new members. But the quality, if not the quantity, of liberal activity is rising.

This political revival, on both the left and the right, differs from similar movements in the past in its relative independence of adult political trends. It is true that the student who stands out in right-wing politics comes almost invariably from a conservative home, but his conservatism has a distinctive quality. He is by no means the fawning admirer of his right-wing elders. As an implacable foe of domestic welfare measures and as a champion of a sabre-rattling foreign policy, he is contemptuous of businessmen as uncertain warriors against liberalism at home and communism abroad; he sneers at the members of the reactionary John Birch Society as uncultured louts who imagine that there is a vast communist conspiracy within the federal government; and he dismisses the conservative Republican leaders in Congress as congenital compromisers seeking merely to halt the expansion of social welfare programmes rather than trying to root them out.

The most sophisticated variety of student conservative considers himself to be guided by a consistent philosophy of "libertarianism" which in practice would end all but the most elementary government activities, including even government aids to business such as the protective tariff and federal subsidies. No practising politician can hope to meet the rigid standards set by these young doctrinaires, but Senator Goldwater of Arizona comes the closest to doing so. The real patron saint of the right-wing students is not Mr Goldwater, but someone closer to their own age: Mr William Buckley, a relatively obscure 36-year-old who edits the right-wing *National Review* and spends much of his time working with students.

The gulf between the left-wing student and his elders is even wider. Even those who call themselves socialists have little interest in the economic issues, such as the problem of unemployment and medical aid to the aged, that are of vital importance to trade union leaders and to most liberal politicians. Conversely, the student



Hot Water in the Desert

FROM A CORRESPONDENT IN CALIFORNIA

PALM SPRINGS, near Los Angeles, has been a winter resort for several decades but only recently has it attained the status of a watering place. In March, 1959, the Palm Springs Spa opened its doors on land leased from a local Indian tribe, until then the custodians of the hot springs in the centre of the town. Today, the spa is doing a thriving hydrotherapeutic business. Its architecture is ultra-modern, contrasting strongly with the Edwardian plush of spas in Europe and the eastern United States—Vichy, France, or White Sulphur Springs, Virginia, for example. The fittings are elegant, the service urbane, the amenities include an infra-red inhalation room (for the relief of sinus congestion and to relax tension) and contour "Roman" baths into which mineral water is injected by swirling jets.

Palm Springs is making a bid for recognition as an international resort. But as a place to "take the waters" in Southern California, this is a Johnny-come-lately; others, such as Warner Springs, Rincon Springs, Murietta Hot Springs, Gilman Springs, Glen Ivy Springs, scattered about the desert behind Los Angeles and San Diego—are much older; Desert Hot Springs, adjoining Palm Springs, has a decade-long reputation as a haven for sufferers from respiratory, circulatory and other ailments. Southern California's watering places are little known and little patronised outside the state but locally they are extremely and increasingly popular. Along the San Andreas earthquake fault, between 50 and 100 miles inland from the coast, hot springs bubble up in many spots from great depths. The waters contain calcium, sulphates, carbonates and other minerals considered to be beneficial when they are either drunk or bathed in. The Indian tribes which originally inhabited the area were convinced of their therapeutic value and, more recently, the white man has exploited the springs commercially.

IN Europe, taking the waters has been traditionally an indulgence of the rich and ailing but in Southern California the practice has a less conventional appeal. It is true that Palm Springs conforms fairly closely to a latter day Baden-Baden, with its clientele of movie stars, Los Angeles socialites, sports celebrities and businessmen and their wives from all over the United States who come to winter in the bright, warm desert. The price of a mineral bath and massage is $8.50 and patrons are concerned as much with glamour and physical fitness as with the curing of ills. But other spas are set up as regular family holiday resorts.

Warner Springs centres round two large pools, into which water is channelled from nearby springs, used originally by the Indians but now reserved for white families who can afford the minimum rate of about $30 a day for two persons. The hot pool is maintained at the natural temperature of over 100 degrees; the "cool" pool is kept at 80-90 degrees for regular swimming. Some guests come to Warner's for their health but the majority are family groups on holiday. They stay in cottages, eat in a communal dining hall, patronise the bar, lounge, games room and dance hall, and take part in such sports as golf, tennis, badminton and riding. For those on a low budget, Glen Ivy Springs supplies the answer. It is a short drive from Los Angeles and serves a Sunday dinner which is highly rated in the area; most patrons, ranging from grandparents to teenage children, come out for the day. The former may spend their time packed into one of the two hot pools while the latter splash and dive around the thronged cool pool; they pay between $1 and $2, according to age.

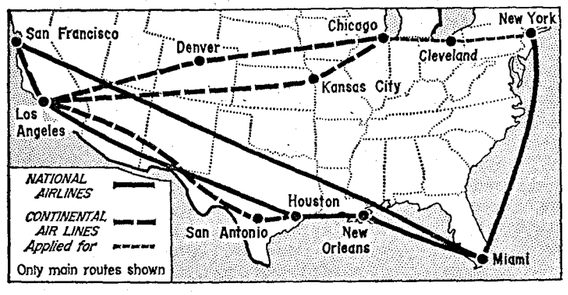
An expert, who is said to have analysed the waters of all the leading spas in both the Old and New Worlds, pronounced those at Desert Hot Springs to be the most beneficial of all. The first commercial bath house there opened in 1941, but it was not until about ten years ago that the area really developed into the nearest thing to a traditional watering place in Southern California. Today, new and more luxurious bath houses are built every year and sleeping accommodation for some 3,000 visitors is available in motor courts and cabins, which charge anywhere from $5 to $10 a day for two people. Those who stay at the smaller places patronise the public bath houses but the larger ones have a hot pool and some of them a cool pool also, fed from their own private wells. Quite a few of the places to stay are owned by people from other parts of the United States who have themselves moved to the Southern Californian desert for their health; the dry, pure air is said to be good for asthma, hay fever, sinus congestion and similar complaints.

liberal can count on little support from adults for his own pet causes: something approaching unilateral disarmament, the abolition of the House Committee on Un-American Activities, and radical steps to hasten the breaking down of racial barriers. He feels isolated from the practical world of liberal politicians and regards President Kennedy as an incurable compromiser who broke faith with his student admirers when he sanctioned the invasion of Cuba.

The fascinating question is whether this mild outbreak of interest in politics at the colleges will have any real impact on politics in general. The left-wing students admit that there will be little place for them in adult political life unless they remodel their views drastically. But the right-wing students, with only a slight softening of their more extreme stands, could find a place on the extreme right of the Republican party. If some of the young conservative leaders carry out their present plans of seeking political power instead of financial gain after they leave college, the Republicans may soon be receiving a steady infusion of zealots who will push the party further and further to the right in the next few years.

Dearer by Air?

BETWEEN them the Civil Aeronautics Board and three of the transcontinental airlines managed to give a good many travellers a miserable Christmas. People who had bought transcontinental tickets at the experimental cheap excursion rate introduced in August found at the last minute—often only when they arrived at the airport—that the CAB had refused to extend this concession past December 15th; some of the airlines had failed to warn their patrons that they might have to find an additional $84 or so for a return trip between New York and Los Angeles. Such a cruel muddle is not likely to be repeated, but all the signs are that most of the domestic airlines have abandoned hopes of solving their problems by tempting more people to fly by making



this cheaper. The 50 per cent discount on "youth" fares has now passed into history, commemorated by a host of anecdotes of mutton dressed as lamb, and the CAB has just turned down a request from one line to introduce a third-class service which would be cheaper than any now offered. Most of the airlines have filed requests with the CAB for higher coach fares which would bring them nearer to those for first-class.

Their justification is the $30 million which the Air Transport Association estimates was lost by the eleven trunk lines in 1961—the largest collective loss in their history. In 1960 they made only $1.2 million. Passenger traffic has risen hardly at all this year, compared with an increase of 4 per cent in 1960 and 15 per cent in 1959, while 57 per cent of all travellers fly coach, compared with 49 per cent last year. Costs, moreover, are rising faster than revenues. In particular, the lines had to pay $63 million in interest on new jet aircraft and other equipment—the sum was only $10 million in 1955—and they charged off $200 million in depreciation. But air traffic took a sudden turn for the better in November and early December, suggesting that the temporary troubles of the industry may be over.

For the deeper-seated ones of over-capacity and excessive competition, mergers are the cure prescribed by the CAB and early this month two of the smaller trunk lines—National Airlines (which lost $7 million in its most recent financial year) and Continental Air Lines—announced that they have agreed to join forces, subject to the consent of the CAB and of their shareholders. Their seasonal peaks in traffic complement each other and a more efficient management would almost certainly be able to make an even better thing of National's new southern transcontinental route. Not many of the expected savings would, however, come from eliminating competition; the two lines overlap only between Houston and Los Angeles. Nevertheless, the announcement has set off new hints of other consolidations: two of the biggest airlines—American and Eastern—are publicly looking each other over and Mr Howard Hughes would love to merge Northeast Airlines with Trans World Airlines, if only he could regain control of the latter. In the long run, some such consolidation of the industry may make possible more efficient service at lower prices.

Good-bye to Blow-by

BY the end of 1962 a brighter New Year will really be in sight, for all new motor cars will be fitted with a device to eliminate much of the blow-by, the fumes of unburned petrol coming from the crankcase. These constitute about 40 per cent of the hydrocarbons emitted by automobiles which pollute the air and help to cause smog. Since the end of 1960 all new cars sold in California—the capital of smog—have carried the new device, which sends blow-by fumes back into the engine to be burned. (A simpler version is also incorporated in most new British cars.) But it was only early this month that the board of directors of the Automobile Manufacturers' Association recommended that its members should install it in all their new cars and lorries. The recommendation is tantamount to acceptance by all the leading producers.

This is a victory for two Secretaries of Health, Mr Ribicoff and his predecessor Mr Flemming, and for the members of Congress who have agitated for purer air. At first the manufacturers insisted that the device was really needed only in California but this year it has been optional on all new cars, at a cost of about $5. Four months ago Mr Ribicoff told the producers that he would press for compulsory legislation if they did not promise, by January 1st, to install blow-by control on all cars and lorries, starting late in 1963 with the 1964 models. Faced with this ultimatum the manufacturers decided to do the thing handsomely and comply a year earlier. How much the device will add to the cost of a car when it is mass-produced is uncertain, but it is likely to be less than $5. In California the device will probably have to be installed on all cars in use within three years. So far, unfortunately, the industry has found no cheap way of eliminating fumes that do not come from the crankcase but are emitted in the exhaust; this means that even when all cars are fitted with blow-by control only 25 per cent of the nuisance will be overcome.

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Corrections: The President of Peru is Senor Prado, not Senor Alessandri as stated on page 1136 of *The Economist* of December 16th.

In the article on page 907 of *The Economist* of December 2nd the price of natural gas in Southern California should have been given as 38 cents a *thousand* cubic feet.

THE WORLD OVERSEAS

Co-existence on the China Coast

FROM OUR CORRESPONDENT LATELY IN MACAO

MACAO, placid survival of Portuguese colonialism on the south China coast, bore up bravely under the shock of Mr Nehru's exhausted patience in distant Goa. Plainly no one in the tiny colony's curious, tough-minded Establishment gave a moment's serious thought to the possibility that Indian anti-colonial aggression might infect Communist China.

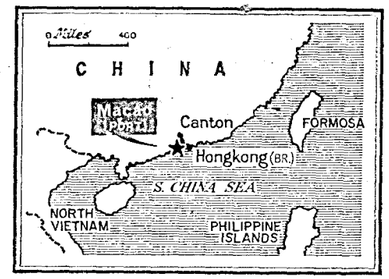
There was genuine regret in the sad spaniel eyes of the Macao gendarmes when, under orders from Lisbon, they knocked gently at five in the afternoon—not morning—on small tidy Macao homes to pick up and intern, with deep bowing apologies, fifty-odd bewildered, respected Indian residents. The unpleasant duty was performed with urbanity on both sides. Two of the internees, after all, were active members of the gendarmerie themselves. The Indians were angry only with Mr Nehru. One incensed prisoner recalled that he had previously and similarly been interned by



Portugal in China

reluctant Pakistanis some years ago because he had had the misfortune to be in Karachi during the first dispute with his motherland over Kashmir.

A nice Portuguese touch was the frank explanation by the handsome governor (Lt. Colonel Jaime Silverio Marques), beloved alike by Macao's Chinese, its Portuguese, and its Eurasians, when he begged the local press to forgive him for not allowing interviews with the huddle of internees. "They are," he pointed out with a straight face, "in a proscribed secret military area." The pressmen nodded gravely, well aware that the internees were being comfortably housed in a Catholic priests' summer holiday sanctuary, under special orders from the governor for the utmost latitude, unlimited food supplies and regular daily camp-to-school bus services for the children.



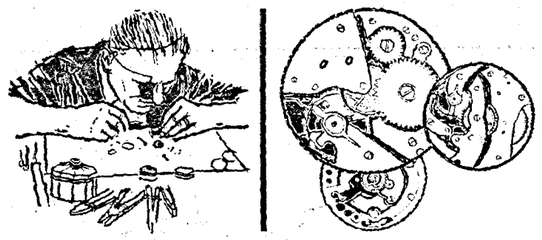
Macao reactions pointed up Peking's realistic indifference to the existence of a Portuguese enclave so near to Canton. There is a colonial garrison of a thousand Portuguese blackamoor troops—no longer drafted from Angola, but from Mozambique. The Portuguese navy's solitary sloop had departed the day before to show the flag at Timor. The communist army guards at the yellow stone gate on the narrow border yawned as usual in the shade and perused decadent coloured comics bootlegged from Macao.

The main topic of conversation among Macao's government and banking officials was the sudden death that same week of the durable Ting Hai syndicate, headed by the once all-powerful Fu family, which had monopolised Macao gambling for 24 years. A tough new Hongkong syndicate, bent on breaking also into Macao's sacrosanct gold-smuggling racket, with its world-wide connections, had outbid the Fu family for renewal of the gambling franchise for the next eight years, and had thus become a new and unpredictable influence in Macao economic and political life. It was noted that Comrade Ho Yin, ruling Gold Bar King of Macao for the past 14 years, former partner in the overthrown Fu gambling syndicate, chairman of the Macao Chamber of Commerce and party fellow-traveller in all Macao dealings with the Chinese communists, was accompanied by three bodyguards on his routine business calls. Nobody seriously supposed that this prudence was related to any fears of communist aggression.

PEKING, of course, could take Macao by merely turning off the water supply which comes from Chinese sources, or by withholding food deliveries to the 300,000 inhabitants. But the existing set-up in Macao—as in Hongkong—clearly suits the Chinese. Foreign exchange flows in through Macao banks from overseas Chinese to relatives on the other side of the border. German and Swiss business men often prefer to negotiate trade in Macao rather than in Hongkong. Faithful running dogs like Comrade Ho Yin ensure pliable obedience to party orders—as, for instance, when Peking sternly forbade the celebration of the fourth centenary of Portuguese settlement in the colony.

Macao, further, is at present bulging with more than two thousand "useless-mouth" refugees, whom the communists have allowed to cross legally into the little colony. Most are bent on finding their way illegally into crowded Hongkong (40 miles distant). These fugitives carry word not only of acute hardships and extreme malnutrition in Canton and Kwangtung province, but also of the planned decision of the communists to send no fewer than 100,000 more "useless mouths" into Macao in the next three months—presumably to lighten the pressure of food rationing in Kwangtung, and also to embarrass the sorely strained "refugee economy" of Hongkong, to which Macao remains a useful Portuguese back door.

For Whom the Clock Ticks



FROM OUR SPECIAL CORRESPONDENT

LA CHAUX-DE-FONDS

"HAVE you," Picasso once asked, "ever seen a saint wearing a watch?" Fortunately for Switzerland, saints come few and far between, and most timebound sinners the world over prize a Swiss watch above any other. Ministering to human bondage, Switzerland exports every year between 40 and 45 million watches and clocks, altogether worth well over 1,100 million francs (roughly £100 million). That is 97 per cent of the industry's total output. Even much of what stays on the home market is bought eventually by foreign tourists, who will have paid for their francs with dollars or sterling, many of them reckoning that the lifelong possession of such a duty-free bargain will amply compensate for the twinge of uneasiness when the customs officer back home looks them in the eye.

The currency derived from selling clocks and watches (mostly watches) to foreigners contributes substantially to the Swiss Federation's comfortable ways. To the 75,000 men and women engaged in one way or another in making timepieces can be credited 16 per cent of the total value of the country's various exports —a trifle more than that of the 68,000 textile workers, though less than that of the 32,000 chemical workers, who account for nearly 20 per cent. Since it has to spend relatively little on importing its raw materials, the watch industry likes to claim that in the long run it is Switzerland's chief currency earner. In fact the industry's relative contribution to the value of Swiss exports has declined since 1951 (when it was 21.5 per cent), and the expansion of Swiss watch production has been outdistanced by the increase in foreign manufactures. In consequence, the Swiss share of the world market has fallen from 70 to 50 per cent. Expecting even brisker foreign competition, the industry is now bracing itself for a new effort to maintain its traditional ascendancy. On January 1st the statute that has strictly regimented the manufacture and sale of watches and parts since 1951 is to be replaced by a new one, designed to encourage the industry to march with the times as efficiently as it marks time.

In order to avoid helping the growth of competitive industries abroad, the export of movements and parts was virtually prohibited under the old statute, and the export of watch-making machinery severely limited. Foreign competition has grown relentlessly, all the same. Protected by stiff tariffs, the clockmakers and watchmakers of west Germany, the United States, France, Japan and Britain (in that order of output) have long enjoyed the lion's share of their national markets. And now other countries are establishing their own industries, or developing existing ones. India has as good as stopped importing Swiss watches, has lately begun to turn out alarm clocks, and is fostering plans to make timepieces of several other kinds. But it is perhaps in the Soviet Union that the Swiss watch industry sees at present the most ominous development.

At the outbreak of the last world war the Soviet Union was producing merely 700,000 watches a year. Its annual production is now running at 15 million, and much of it is being exported, some to England. In Europe the Swiss watch industry believes itself threatened with a substantial loss of business through its exclusion from the common market; the new common tariff will require west Germany and Italy, two of the leading four foreign customers for Swiss watches, to raise their tariffs. Elsewhere in the world, war and political upheaval are also severely interrupting trade. In consequence of the Suez conflict, the value of Swiss watch consignments to Egypt fell from 8.8 million francs in 1956 to 1.4 million in 1957, and has stayed at roughly that figure ever since. Cuba has cut its buying of Swiss watches since 1957 from 11 million francs annually to 1.1 million. So the ghosts of 1921 sometimes still walk the gentle Jura valleys where most of the Swiss watchmakers are congregated, working either in factories or at home. That was a year when exports fell by 48 per cent to 169 million francs, and some 30,000 persons were out of work.

By a federal referendum in November the Swiss electorate—for this is an issue affecting the well-being of the whole republic—approved by 443,173 votes to 221,634 the new Watch Statute. This replaces the Statute of 1951, which restricted both entry into the industry and the expansion of existing factories. The restrictive system is to be dismantled by stages over four years, beginning on January 1, 1962. The new policy of stimulating the industry by liberalisation is to have a safety device attached to it: a system of official technical control, insisting upon a minimum standard of quality, of all timepieces and parts destined for the foreign market. Thus, through strict supervision of the quality of exports, the industry hopes to maintain the singular advantage of its established reputation for making the finest watches in the world—even when it is turning out many more than before. A second innovation with the same long-term object is the obligation imposed upon manufacturers to make "solidarity contributions" to a fund for scientific and technical research. There is still much important work to be done here, particularly in the field of electronics.

The competition which the new dispensation invites within the Swiss industry itself will spur many manufacturers into reorganising and rationalising their methods, and some of the smaller fry, perhaps, into merging with other strugglers. But although it is anticipated that the co-operative buying of materials will increase, there is no visible trend at present towards financial concentration. The price cartels will continue to operate as before.

And smuggling—that untiring tribute to the excellence of the Swiss watch? It will go on—ambitiously and modestly, ingeniously and clumsily—wherever governments inordinately discourage Swiss watches from entering their domain. The American customs reckon that anything from one million to three million Swiss watches enter the United States illegally every year. Near Loisin in Upper Savoy this month the French police discovered 10,000 undeclared Swiss watches in a car that has just crossed over from Veigy. All very reprehensible. But here in the Bernese Jura they are neither surprised nor unduly pained.

Ill-Starred Ceylon

FROM OUR CORRESPONDENT IN COLOMBO

THE state of emergency declared last April to deal with Tamil agitation in the north and east continues and is extended with routine monotony each month, although normal conditions have been restored. Although Jaffna, the northern capital, is still ruled by a military commandant and the Federal party is still proscribed, Tamil Federalist leaders now attend parliament freely and castigate the government with renewed venom. One reason for their rancour may lie in the charge recently levelled in parliament that the ruling Freedom party did not honour a gentlemen's agreement reached in March, 1960. According to the Federalist version, which the government has pooh-poohed, the Federal party helped the Freedom party on two important occasions on the understanding that the latter, once in power, would temper the present language policy by giving a "reasonable place" to Tamil, and generally assuage minority feelings. Last year the Federalists held the balance in parliament, cast their votes against the minority government of the United National party, and forced a dissolution. They claim that in the general elections that followed, Tamil votes in mainly Sinhalese areas helped the Freedom party to win nearly twenty seats from the United National party, which went to the hustings on communal slogans. The Tamil leaders plainly feel let down.

If the government lost its footing on the language issue, it appears to have recovered its balance only to be attacked on all sides by enraged trade unions. In December the monsoon rains are normally followed by a deluge of strikes; but there is more than the customary bonus fever in the present tension. Last month, when the opposition parties jointly demanded an end to the nine-months-old emergency rule, the charge was made that the real reason for the continued extension of the emergency was anxiety over growing economic unrest. If this claim was true, then discontent has proved stronger than fear of punishment under the stringent emergency laws. The island-wide bus strike was settled a fortnight ago; but, having tasted blood, the unions are now presenting a multitude of demands, described with picturesque ambiguity by one harassed civil servant as being as "thick" as autumn leaves in Vallombrosa. Dockers, railwaymen, bank clerks, oil workers, engineers, public servants and even apothecaries have all made demands. Some, like the dockers, are already on strike, others threaten strike action, and some come and go. The picture is so confusing that one enterprising newspaper has published something like a score card. But at the moment the contest seems as depressingly destined for stalemate as the test matches in India. The government has moved troops into Colombo port and is watching to see whether the unions will actually make a big push towards a general strike. Although most of the strikers' demands are parochial, some common demands are emerging. More significantly, they are assuming a political character. Demands for withdrawal of emergency rule, of the army from the port, and of the national development tax of four per cent are cases in point.



The member for Dompe

One interesting feature of the present strike situation is the degree of independence shown by the union leaders. With a show of militancy and unity which must have both impressed and disconcerted their political gurus, the workers have now resisted restraints imposed on them by the Trotskyist and Communist parties, which are still committed to a policy of "responsive co-operation" with the Freedom party. Their long term strategy of pushing Ceylon leftward, and their immediate desire to prevent any political gains by the rightist United National party, led the Marxist parties to pull their punches during the past year. The logic of events, however, has forced at least the Trotskyists into a position of increasing hostility to the government.

Conscious of emerging differences, the Trotskyists are now concentrating their fire on the finance minister, Mr Felix Dias Bandaranaike, whom they seem to suspect of being an impediment to closer liaison between the government and the Marxist Left. Their leader, Dr Perera, has even charged that Mr Bandaranaike planned the arrest of the left-wing leaders during the bus strike as a first step to a coup d'etat. The Ceylonese mind is secretly titillated at the prospect of a coup, and it is not strange now to hear epithets like "Felix Castro" and "Sawdust Ayub Khan" flung at the portly and impressive figure of Mr Bandaranaike in parliament. The finance minister himself has dismissed these accusations as figments of the imagination.

The Communists are even more perturbed by present trends. They have, admittedly, every reason to be happy with a government which follows a neutralist foreign policy and has strengthened Ceylon's relations with the Soviet block through many trade pacts. But they are disturbed by the new theory of "Dompe socialism" advanced by Mr Bandaranaike, who is the theoretician, spokesman and outstanding personality of the government. Dompe is his constituency, and his thesis is based on the assumption that the Freedom party draws its strength from the rural peasantry and should therefore be responsive primarily to peasant needs. This was certainly the informing principle of the last budget, which placed all its burdens on the middle, lower middle and urban working classes. These classes, of course, form the social base of the left-wing parties; hence the strained relations within the former triple alliance. Meanwhile Mr Dudley Senanayake, leader of the United National party, boldly sticks to his prediction that the government will collapse by February. This prophecy seems to be based as much on expectation of sharpening economic crisis as on the widely accepted astrological forecast of disasters and cataclysms at home and abroad early next year.

Though there is something decidedly ill starred about Ceylon's present state, the root cause of current tensions is the aggravation of the island's economic problems. With worsening terms of trade, successive governments have been forced to indulge in deficit financing to a point which the central bank now regards as alarming. Unable, for political reasons, to reduce the huge social service expenditure, or to curtail heavy subsidies on food, governments have kept on pumping money into the economy. This money, exhausted in extravagant consumption, has become a steady drain on Ceylon's external assets, which have now slumped to the lowest point since independence. Further, the tripod on which the island's economy rests—tea, rubber and coconut—is now shaky. The release of American stockpiles has affected rubber prices, while the soya bean has hit Ceylon's coconut industry. Prices of tea have also slumped in Middle East markets.

Opinion in the country is agreed that rapid economic development is the only way out of the impasse. This requires not only new sources of capital for investment, but other conditions as well. National unity, readiness for a long period of sacrifices, and strong administration are among the country's urgent needs. The coming year may not produce all of them, but it is likely to resolve some of the present political conflicts.

France After the Pause

FROM OUR PARIS CORRESPONDENT

SOME, though not all, of the interest displayed in French planning methods has been inspired as much by France's wages freeze of 1958-59, which contributed to the rehabilitation of the franc, as by the planning successes themselves. In fact the pay pause had nothing to do with the planning and, by the time it began to be quoted as an example abroad, it had gone with the boom. In the last two years, French wage rates have been increasing, on an average, by something over 1.8 per cent a quarter. Wages and prices stand high among the French government's preoccupations for the coming year, and the French economic authorities are now less confident that they can combine rapid expansion with price stability.

The imaginary link between the French pay pause and planning can be dismissed easily. The planning institutions, *Commissariat* and all, have been at work throughout the whole postwar period and this did not prevent France from being among the leaders in the inflationary race. Other factors which caused the pay pause of 1958-59 were due to other influences. An economic recession coincided with a change of political regime; the spring of 1958 marked the end of a boom as well as of the Fourth Republic. A recession does not usually encourage aggressiveness in the trade unions. On top of this, the trade unions were divided; and their inability to prevent a change of regime, together with a feeling of apprehension about the Fifth Republic's attitude towards trade unionism, gave them a sense of defeat. They were on the defensive. They did little to resist the cut in real wages produced by, first, the after-effects of inflation, and then the austerity measures that accompanied the devaluation of December, 1958. The main burden of the austerity which played a part in the spectacular recovery of the franc was borne by the industrial workers.

Gradually, as production picked up, the laws of the labour market started to work the opposite way. The trade union mood changed. Political apprehensions waned. The impulse to give General de Gaulle a chance to make peace in Algeria began to wear thin as time passed. As labour, and particularly skilled labour, grew scarce again, employers in the expanding sectors of private industry led the way in concessions; their profits were rising, and it suited them better to pass on a share of the increment to the workers than to accept paralysis from strikes. Managerial salaries rose even faster than wages, the wages of skilled workers rose faster than those of the unskilled, and men's wages rose faster than women's. Generally speaking, the pay pause did not survive the last quarter of 1959.

HOURLY WAGE RATES IN PRIVATE INDUSTRY

	1960				1961			
	Jan. 1,	Apr. 1,	July 1,	Oct. 1,	Jan. 1,	Apr. 1,	July 1,	Oct. 1,
Index (January 1, 1956=100) ...	137·2	139·3	141·8	144·3	147·0	149·6	152·9	155·3
Per cent increase over prev. qtr.	2·3	1·5	1·8	1·8	1·9	1·8	2·2	1·5

The impact of the pay pause, while it lasted, was considerable. The official statistics themselves (which the unions dispute) show the real weekly wages of a bachelor working in Paris as having recovered the 1957 peak only in mid-1960. Since family allowances, which are important in France, lagged behind prices, the income of a worker with four children is only now reaching its previous (admittedly, record) level. The pause was important, but it is over. Wages rose faster in 1961 than the government experts had hoped.

M. Debré, the prime minister, told industry, in a controversial letter at the beginning of 1961, that nominal wage increases must not exceed an annual rate of 4 per cent. He complained at his press conference on December 4th that the employers had not played the game. The government can directly determine the wage bill only for its own employees in the civil service (including teachers) and in the nationalised industries, particularly the public utilities. It is not new for wages in the public sector of the economy to lag behind wages in the private sector. Successive governments, under threat of strikes, have promised to close the gap. But the unions concerned complain that, far from narrowing, the gap has actually widened in the last two years. The mood in the nationalised industries is such that communist, socialist and catholic unions are acting together, a rare thing in France. French citizens, deprived of public transport and eating cold food by candlelight, are reminded from time to time of skirmishes between the state and its employees.

The last such warning strike took place on November 28th. Another was barely avoided before Christmas, the government conceding a bonus in addition to a wage increase of 2.25 per cent. But the unions are far from satisfied, and the trial of strength has been merely postponed into the new year. Wages in nationalised industries are a factor in the state budget, and there are economists who suggest that the state of public finance is sufficiently healthy to allow bigger concessions. But the ministry of finance is worried about the psychological repercussions, and about the general problem of cost inflation.

The index of wholesale prices has risen by 4.7 per cent in the last six months, and the official index of retail prices by 4.1 per cent in five months. Watching this progress, French officials seek consolation in the fact that labour costs in west Germany have been rising even faster than in France. But they see no real solution to the problem until the "baby boom" makes its impact on the labour market (which will not be before three or four years), or, alternatively, the war in Algeria is brought to an end and releases manpower for industry. The situation is not as dramatic as in 1957. The franc is strong; the gold reserves are approaching the 3,000 million dollar mark; the balance of trade remains favourable. But the French economy, less protected than in the past, can no longer afford an inflationary flight away from its problems. The French, like others, have still to find the formula to give them rapid growth with steady prices.

On the Razor's Edge

FROM OUR CORRESPONDENT IN AUSTRALIA

To seem to have a change of heart, without admitting to having been previously wrong, was the task of the Australian prime minister, Mr Menzies, last week. The election of December 9th had returned him to power with his majority in the House of Representatives reduced from 32 to two and his control of the Senate lasting only until July, when the new senators assemble. Only two out of five voters had given the government candidates their first preferences. "We are quite prepared," said Mr Menzies,

> to face the facts of the election. It is clear that we have been opposed by many people normally our supporters. They appear to have felt that our economic measures of last year were too severe; that we acted in too much detachment from those actually engaged in industry and commerce; that full weight was not given to human considerations, and that we were not sufficiently conscious of unemployment. We pleaded, and we plead, not guilty to these charges, but the verdict of the jury almost went against us. . . . We do not propose to ignore the currents of public opinion. This does not mean that we will abandon our twin policies of stability and national development. . . . But in the application of those policies modifications of method and approach should clearly be made.

Nothing is more unlike Mr Menzies than to bow, or to seem to bow, to public opinion. He is noted for the courage—his opponents call it arrogance—with which he is prepared to flout it. The government's present aim, however, is to survive the next few months. It may be true, as the federal Treasurer, Mr Harold Holt, has said, that many voted against the government's policies without wanting a change of government. But to offset them there are others who now suddenly see the Labour leader, Mr Arthur Calwell, as a near prime minister instead of as a likeable but ineffectual politician, and who will feel the well-known Australian desire to "give him a go."

Mr Calwell, once in power, would get the credit for the optimism that flows with oil and from the rise in economic activity that is due to take place anyway because of "modifications of method and approach" that have already been made under Mr Menzies.

What further modifications does the prime minister have in mind? No return of the credit squeeze is in sight. If the balance-of-payments gap were to reappear in the life of this Parliament (which it will hardly have time to do) resort would probably be had to import restrictions. More will be done for Queensland, where the government's electoral losses were particularly heavy. But there is no talk of modifying policies to the extent of adopting Mr Calwell's proposal for a supplementary budget and heavy deficit spending.

Will there be a change in tariff policy? The prime minister says he will call a conference early in the new year at which the government will hear the views of leaders of industry and commerce. Anything that reduces the distance between Canberra and the centres of industry is to be welcomed; but if these consultations are to be of real value, the business men and industrialists must lobby less blatantly for their separate interests than is their wont. (The manufacturers' lobby calls for higher tariffs and renewed import licensing—to relieve unemployment—while that of the chambers of commerce praises the benefits of import competition—in order to keep costs down.) If the proposed conference gives the government new insight into the problems of industry, it must be hoped that it will also give business men a keener realisation that high-cost production of a lot of things that can be better produced elsewhere is not necessarily in Australia's best interest.

One hopeful portent is the inclusion of Mr Leslie Bury among the three new ministers appointed to replace three who lost their seats. In parliamentary debates on economic matters Mr Bury's contribution has always been outstanding. He is to be minister for air, but is also to assist the treasurer, Mr Holt. As for Mr Holt himself, his chances of eventually succeeding Mr Menzies as prime minister are not improved by the election results. Eyes are again turning towards Sir Garfield Barwick, the able QC from New South Wales, who, besides the portfolio of attorney-general which he has held for three years, is now to take over from the prime minister that of external affairs. In parliament Sir Garfield's reputation has fluctuated—high with his uniform divorce law, low with his Crimes Act. On his desk now lies the very thorny problem of Indonesia and West New Guinea. If he can deal with that without loss of reputation either for himself or his precarious government he will have done well.

Three Coins in the Fountain

Nigeria, Ghana, and Tanganyika, three key African countries, have each been promised American aid in amounts that will affect their economies significantly. Tanganyika, whose primary need is to keep from going hungry, has been offered $10 million towards its three-year plan. The givers of aid, including Britain, should not, however, wait that long to see whether Tanganyika can usefully absorb more: it is a country well worth building up.

The richest black African country, Ghana, has been set on the path towards becoming considerably richer by the promise of $37 million, in five annual instalments, to cover one-fifth of the cost of the dam at Akosombo on the Volta river. The group of American companies building the aluminium smelter that will take electricity from the dam (and thus ensure the loan's repayment) has borrowed from the American government three-quarters of the $128 million it will need to spend. Before the decade is out, Ghana will be producing twenty times as much electricity as it does now (and perhaps selling some of it across its borders); it will possess the world's largest man-made lake; it will be in a position to export iron, grow rice, and, perhaps, produce 10,000 tons of fish a year. With luck, the abundant electricity could attract other industries to Ghana. It is the most significant event in Ghana's—and perhaps West Africa's—history.

This is said in spite of the much larger amount—$230 million—that has been earmarked for Nigeria. With six times as many people as Ghana, with far less wealth relatively to its size, Nigeria's 1962-67 plan (full details are expected in the new year and we hope to make a special survey of them in *The Economist* later on) is likely to deal mainly with infrastructure. The federal government and the three regional governments probably hope to invest as much as £500 million over the five years; at least half of this will have to come from outside sources. The largest dollop will be American; other smaller amounts have also been offered.

About £70 million will be spent in ten years on education—this will mean an increase in recurrent spending from about £28 million next year to £60 million in 1969-70. The projected Niger dam will cost £68 million in its first stage; Lagos harbour, roads, railways and agricultural extension services will take up much of the rest. If this money is to be useful, Nigeria will have to learn to stop importing luxuries, to cut down on corruption in high places and (a federal disease) to stop buying everything in fours. The four governments will soon have four television services—probably four too many for Nigeria—and threaten to outbid one another in other forms of prestige spending. Here it is time for the Nigerian prime minister, Sir Abubakar Tafawa Balewa, to take a lead. The American offer has given him the chance.

Holland's Road to Canossa

FROM A CORRESPONDENT IN AMSTERDAM

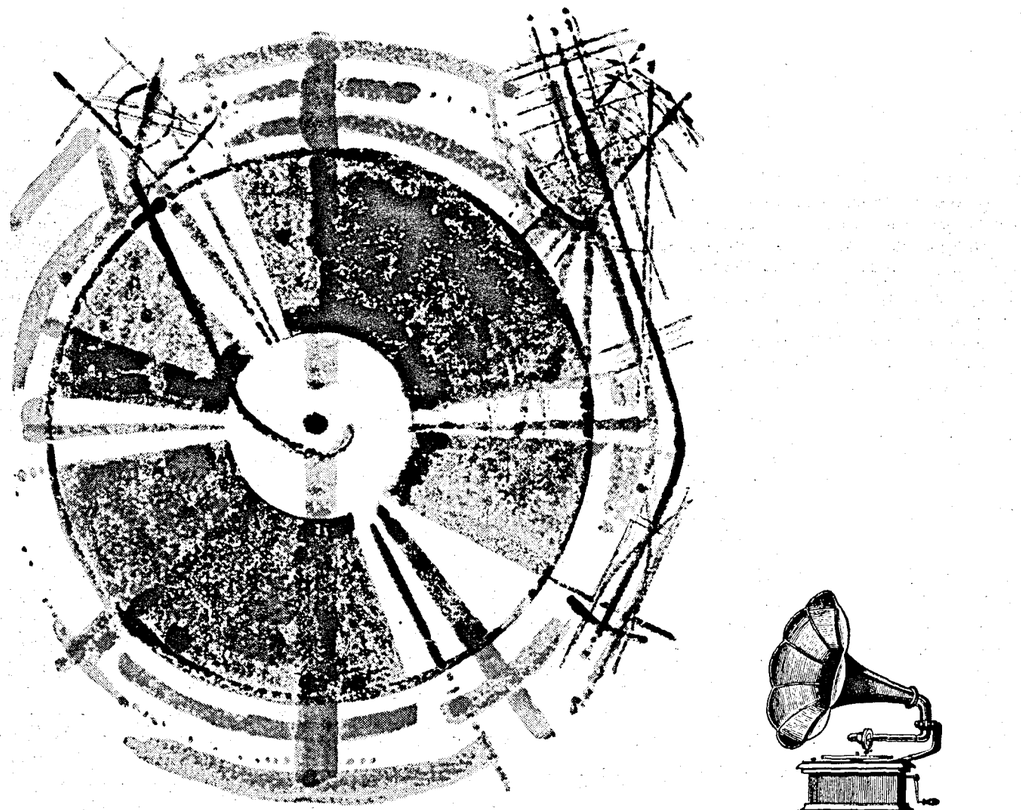
Few Dutchmen, a year ago, would have been heard to suggest handing over the Netherlands New Guinea to Indonesia, or even negotiating with President Sukarno at all. Today these suggestions can be, and are, made frequently in newspapers and periodicals as well as in ordinary private conversation. And it has begun to look practically certain that before long the Dutch government, and in particular the foreign minister, Mr Josef Luns, will abandon their resistance to the (conditional) handing over of New Guinea to Indonesia.

The Dutch sense of reality has caused this transformation. The fact has begun to come home that if, before long, New Guinea is made to stand on its own feet it will become an easy prey to Indonesian aspirations; after all, some 98 per cent of its small population still lives in the Stone Age. New Guinea is a financial handicap to Holland. The prospects of economic development there are far from bright, at any rate in the immediate future. Finally, the Dutch now fully realise that if it came to a fight with Indonesia they would stand hopelessly alone.

For the past two years, the Dutch have been prepared for this situation by, among others, the so-called Rijkens group. This is a group of mostly influential men headed by Dr Paul Rijkens, former chairman of Unilever NV. It has been able to get in touch with a number of leading Indonesians, including President Sukarno. At first the Dutch government silently approved the group's activities, but recently it has disavowed them. The group has nevertheless made an impression on Dutch public opinion. Professor Duynstee, of Nijmegen University, who is indirectly connected with it, maintains that prestige and sentiment ought now to be disregarded, and that there is still a last chance of entering into free and open negotiations with the Indonesians. (This would imply setting aside, at least for the time being, the right of self-determination that had been promised to the Papuans.)

There is now every reason to believe that the views of the Rijkens group and of Professor Duynstee will at long last prevail, and will guide the Dutch government along its road to Canossa. If the New Guinea problem can be got rid of, even in this rather unhandsome way and at the cost of losing some face, the news will be greeted with sighs of relief by everyone in Holland except a few diehards.

in a changing world



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THE BUSINESS WORLD

The Aircraft Industry Complains

WHAT, precisely, was the aircraft industry complaining about in its pre-Christmas visits to the Minister of Aviation? Mainly, it appears, about lack of work. On the face of it, this seems incredible. The aircraft factories are now employing more than 300,000 people. It is an astonishing figure—twice as many as in 1950—and new staff has been taken on this year at the rate of approximately 1,000 a month. These figures count in some workers makings goods other than aircraft, but if they can be taken as reasonable indicators of a trend, they point to an industry that is expanding, not contracting.

The aircraft industry has substantial orders in hand, enough to keep its main factories adequately employed even if some less efficient units have to be closed, as Hawker Siddeley and the British Aircraft Corporation have recently been doing. But orders for new projects are not sufficient to keep its design offices working at the rate which they thought normal during the nineteen fifties. This is the nub of the companies' argument with Mr Thorneycroft. It is not more work for existing production lines they are seeking from him but bids for new projects, aircraft, missiles and engines, involving tough technical problems for their designers. And the Minister is refusing to oblige.

The aircraft industry's attitude pays little attention to the reasons why the Government encouraged its consolidation into five main production groups two years ago. The Government promised a measure of aid if the mergers went through. But there was no suggestion that this would be sufficient to maintain the industry at the size it was then—which was 20,000 fewer in manpower than today. The industry, however, appears to think that there was some such commitment. Since the mergers took place, some rationalising of management has been effected inside the new groups, but there has been no inclination to reduce their size, although this was the purpose of the Government's plan. Consolidation was intended to produce a smaller, more compact, technically strong aircraft industry out of a number of separate companies that the country could no longer afford. The object of adding two and two was to make three, not four.

The new groups have, indeed, been demanding a flow of work that the Government cannot possibly provide. In the foreseeable future, perhaps one in every four men that they employ will become redundant, with severe effects in the design offices. The Ministry of Aviation has repeatedly said that too many separate design teams are being maintained within the new groups. It has done so for two reasons. One is that the Government itself, which takes three-quarters of the industry's output, will order fewer different types of aircraft and missiles in the future than in the past. Secondly, "interdependence" among Nato countries ought to mean that a proportion of the arms that the Government does order are likely to have been designed outside Britain. If, for example, the Government becomes a partner with France in the vertical take-off fighter designed by the French Dassault company, parts of the aircraft would be built in British factories, but little, if any, of the design would have been prepared in British drawing offices.

THIS will be a new situation for the industry. Companies have known unemployment in the past, but mainly in terms of idle production lines. Now they are being warned by the Government to reduce total capacity by perhaps as much as 25 per cent, and also to reduce the ratio of designers they employ. This is the unkindest cut. Traditions and loyalties in the aviation business place the designer at its nerve centre; to get rid of an entire design team (which is the prospect in store) is to submit to a kind of industrial leucotomy. Individual managers of aviation groups will have the distasteful task of dismissing old friends and working partners. The aircraft industry deserves much of the criticism it gets; there are times, however, when it also deserves understanding and a measure of compassion.

There is also, as the Ministry of Aviation is aware, the risk of discouraging this industry to the point where it begins to lose heart. There may not be enough work to sustain its present size, but there are some rich plums in the offing. Two technical developments promise a steady volume of work; one is vertical-take-off and the other is supersonic flight for civil transports. After marking time for about two years, the Government is likely to place new orders for military VTO aircraft, both fighters and transports, using both types of vertical-take-off engines developed in this country. This decision should help the prospects of Rolls-Royce, since the only firm order for vertical-take-off aircraft at present is for Hawker Siddeley's fighter powered by Bristol Siddeley's special engine. Rolls-Royce had been left for several uncomfortable months, while the Government pondered, without orders for its own competing system. Now interest on the continent seems firm enough to justify the Government in supporting the

apparent indulgence of two alternative engines for vertical-take-off based on somewhat different systems. Both Rolls-Royce and Bristol Siddeley, as engine builders, will have reason to be grateful for the policy of Nato "interdependence" which is giving them Government support at home and orders from the continent.

Aircraft manufacturers may view the prospects of "interdependence" with less enthusiasm, for it is uncertain that their aircraft would be adopted by Nato forces in open competition with designs submitted by manufacturers on the continent, and especially in France. The Dassault design teams have a way with small military aircraft (fighters and bombers) flying at two and three times the speed of sound that British designers might envy, and the nationalised Sud company has made a deep impression on the usually unimpressionable Ministry of Aviation with its supersonic Caravelle. A joint Anglo-French attack on that most difficult project, a saleable, flyable supersonic airliner, seems increasingly probable.

It is a proposition that needs the closest examination, and Mr Thorneycroft would be doing a service if he spelled out the commitment that is in prospect before any agreement is signed. It is not an undertaking of a commercial kind that could safely be left to agreement behind closed doors. It will require five to ten times the kind of public money earmarked for the Cunard's unlamented Q3. The taxpayer may be so relieved to discover that this cost is going to be shared with the French that he might forget to ask whether what the French are doing and what the British now propose to support is sensible and worth the investment.

Apart from these technical ventures, the *volte face* that has taken place in the services' attitude to air supply has produced a minor flood of orders for transport aircraft, from helicopters to the capacious whale-like Belfast able to fly half across the world. A smaller army and fewer overseas bases have made Transport Command the fastest growing branch of the services. These transport orders are specially useful

EMPLOYMENT IN THE AIRCRAFT INDUSTRY

*1950 mid-year	149,400
*1955 "	243,400
1959 "	283,600
1960 "	284,300
December	292,500
1961, June	298,800
September	303,100

* Old classification.

since they usually, though not invariably, require aircraft that are relatively cheap and uncomplicated to develop by comparison, say, with a complex military aircraft such as the British Aircraft Corporation's TRS 2 light bomber; this latter project now seems more likely to be cancelled than completed.

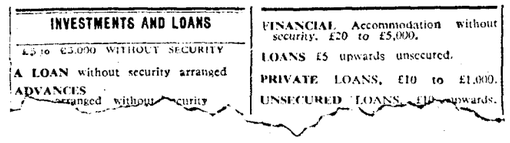
If the TRS 2 were cancelled, the British Aircraft Corporation would be conspicuously short of work for the future. Its factories are busy enough now, but its drawing offices have little to engage them beyond the BAC 111 jet. The company is competing hard for new military transport orders, and would benefit from any supersonic airliner project undertaken in this country. But it is also assiduously searching for other kinds of work by signing agreements with French and American companies to build their aircraft, or parts of them, in Britain should these foreign designs be ordered by the RAF. Hawker Siddeley is rather better placed than BAC, since its work is spread more widely over a longer term, from Blue Streak to vertical take-off and from freighters to the Trident airliner (expected to make its first flight any day). The Westland company, specialising in helicopters, is almost wholly dependent on military orders but can rely on these coming in fairly steadily. Yet it must have been a blow to the company's civil prospects when British European Airways chose (though it has not so far been allowed to buy) an American-designed helicopter for civil operations.

THE process of convincing the aircraft groups that they must reduce their capacity is slow and hard, and periodically the Ministry takes a step that suggests to the new groups in the industry that they are its favourite sons. Its treatment of that individualist and pioneer, Sir Frederick Handley Page, is having just such an effect. Sir Frederick stayed outside the mergers because neither Hawker Siddeley nor BAC would offer a price that he deemed fair to his shareholders. It was never the Government's intention to prevent companies outside the new groups from building aircraft, provided that they did not ask for Government aid, and Handley Page has built the Herald, a small, rugged airliner in the DC 3 class, out of its own resources. The RAF wants to buy 45 Heralds to fill a requirement of Transport Command for this type of machine.

The Ministry of Aviation has, so far, held up this order because it does not want an outsider expanding when the Government is insisting that the big groups should cut down. It would surely be officious to attempt to deprive an independent company of work simply because its success would put the department's own protégés in a pet. Naturally Hawker Siddeley and BAC would be provoked if Handley Page were to get a Government order while they went empty handed (the RAF's second choice would be the smaller Caribou built in Canada by Hawker Siddeley's subsidiary, de Havilland, Canada). But it is notable that neither of them values the order so highly as to buy out Handley Page.

Sir Frederick might argue bitterly that if he had asked for Government aid to develop the Herald in the first place, he would probably have got his order weeks ago. But this should not be regarded as an isolated incident. What, again, happens if in the future the RAF were to decide that Transport Command needs some small, cheap executive aircraft like those built by Mr Peter Masefield's Beagle company? Will it be prevented from ordering these too because Mr Masefield has developed them without Government aid? It is Mr Thorneycroft's misfortune to give the appearance of conducting a vendetta against private enterprise in the air, to eliminate competition wherever it appears, whether on the North Atlantic by Cunard Eagle or among the aircraft factories in the Handley Page group. It is hardly surprising that the big groups, the establishment of the aircraft industry, believe that by pressing long enough and hard enough they will get all the work and the Government support that they want. And so believing, refuse to rationalise.

£5 to £5,000 without Security



PERCHED precariously on the edge of Britain's capital market today remains the poor man's traditional lender of last resort—the no nonsense moneylender. Unlike the pawnbroker, he has managed to survive national prosperity and the welfare state. His business is small in relation to that of the City proper or the banks, but for many individuals he is still the only source of quick credit. There are something like six hundred registered moneylending offices in Britain, nearly all of them run by exempt private companies or partnerships not obliged to publish accounts. The only guide to the magnitude of the business is provided by three of London's largest moneylenders, which are public companies. At the end of 1960 they had advances outstanding in the region of £270,000 and their issued capital totalled £120,000. The issued capital of most other London moneylending companies rarely exceeds £5,000 and is often no more than £100—operations being financed from the directors' pockets, mortgages, and occasionally from bank loans. On the assumption that on average each office may have advances of £10,000 outstanding, which is probably a generous guess, the total loans outstanding from all Britain's six hundred moneylenders would be around £6 million. But the true figure could be half, or double that: to set it in perspective, one may compare advances to personal and professional borrowers by members of the British Bankers' Association, which totalled £664 million in November.

Moneylenders themselves like to think that their business is increasing as the habit of taking credit extends. In fact, the introduction of personal loans by the banks and the growth in hire purchase must have cut into moneylenders' outlets, while full employment and the welfare state since the war have removed some of the contingencies that once provided the moneylender's bread and butter—the incidence of income tax before the days of pay-as-you-earn, sickness before the National Health Service, and holidays before people generally had holidays with pay. The few indicators that are available suggest that the volume of this kind of lending may have stayed at about the same level over the past ten years. There were 294 registered moneylenders in London in 1950 and 269 in 1954. There are now 262. In 1950 outstanding advances of the three public London companies were only £10,000 lower than their present £270,000.

MONEYLENDERS are controlled by the Moneylenders Acts of 1900 and 1927. These acts were designed to end abuses like the moneylender's tout and the practice of lending a shilling for a penny interest a week—that is, around 400 per cent a year. The back-street Shylock, who functions outside the acts, still exists: and of the 262 registered moneylenders in London only about 60 appear to have regular business premises. But if the abuses that produced the acts have become much less prominent, that is attributable more to the rise in incomes and the welfare state than to the acts themselves. Unknowing people suddenly hard pressed for cash can still be persuaded to pay through the nose.

The first major obligation under these acts is that every moneylender must have an annually renewed excise licence, price £15, for each address at which he carries on business, and he must satisfy the court of petty sessions that he is of good character and has not previously committed any offence under the acts. Once open for licensed business the moneylender is obliged to be very careful how he goes about attracting custom. He must not send out circulars inviting business. He may not employ agents to seek out likely borrowers. Any printed advertising that he uses may state no more than his name, address and telephone number, whether he lends money with or without security, and the highest and lowest sums he is prepared to lend. Hence the cryptic advertisement: "£5 to £5,000 without security."

The acts set no direct limit on the rate of interest that a moneylender may charge, but they do specify that if the interest charge is greater than 48 per cent, the moneylender must show, in any proceedings in respect of money lent, why the court should not consider the rate "excessive" and the contract "harsh and unconscionable." A good many moneylenders charge rates well in excess of 48 per cent; it is this, rather than any fear of "throwing good money after bad," that probably explains why many of them are reluctant to take defaulters before the county court—for a judge, if he thinks fit, may re-open all previous contracts with that defaulter and re-adjust the rate of interest in the light of the evidence. Unhappily, few of the moneylender's clients are aware of these provisions in the act of 1927 and moneylenders are not obliged to draw their attention to them. The moneylender is however obliged to state his interest charge as a percentage of the diminishing balance and not merely as the much smaller percentage of the initial balance. Thus the true rate of 48 per cent on £100 borrowed for one year implies an actual interest repayment not of £48 but of around £29. It is small wonder that moneylenders prefer to relegate this "true" rate to a discreet footnote, quoting their charges as specific amounts in pounds, shillings and pence.

Moneylending may be a lucrative occupation, but it is a lonely one; for most of the moneylenders rarely meet their own kind socially. Professionally, however, it is possible to distinguish two groups: those who charge all borrowers the same rate, and those who, in theory at least, vary their rates according to the risk involved. In London, moneylenders in and around the City of London generally adhere to a fixed rate, which is mostly in the region of 33 to 45 per cent. Moneylenders in the West End and around St. James's range their charges considerably higher. In a recent court case a Mayfair moneylender was charging a man of "considerable substance" rates of 60 and 64 per cent, and in one instance, where the loan had been repaid before the due date, 185 per cent. The printed memorandum of contract obtained from another West End moneylender offered a loan of £100 for a

year at an effective 77 per cent. These are onerous terms and, unlike the interest on the banks' personal loans, they are not softened by income tax relief.

Moneylenders are quick to argue that their rates are not exorbitant : as they see it, the moneylender retails money and is therefore entitled to a retailer's mark-up on his stock. His real burden, however, is the heavy incidence of bad debts. Plainly a substantial part of the interest taken by a moneylender goes to wiping out the debts of his defaulters. Among the "City" firms, bad debts seem to vary from about 8 to 12 per cent, while those of the West End companies often go as high as 30 per cent, but are more usually in the range of 15 to 25 per cent.

THIS difference in bad debt experience is a reflection of the different ways that these two groups do business. The "City" moneylender likes to limit his operations to salaried staff. His lower rates tend to attract the better business—and they allow pursuit of defaulters into the county court. He will often take security in the form of bills of sale, sureties, life policies, or second mortgages (on an unmortgaged property finance can normally be raised at much less onerous terms from building societies or through solicitors). The City lender will place particular importance on assessing the client's character at the loan interview. Behind the scenes the moneylender is likely to call E. W. Perry, business agents who keep a record of moneylenders' customers, to confirm that his applicant is not in default to another moneylender ; he may also get on to one of the City credit agencies for a credit assessment of the applicant from his local community. The West End moneylender, on the other hand, is often precluded from effective court action against a defaulter by the height of his interest charges ; and to keep his funds fully employed he must lend to a wide range of customers, from the wage-earner to the destitute bookmaker, and make a high proportion of always risky postal loans (where there can be no question of a loan interview).

Logically the only possible reason for paying the rates that a moneylender charges is financial desperation—a debt that must be paid, expenditure that cannot be delayed and nowhere else to get the money from. Yet it is clear that borrowing from moneylenders is not limited to these circumstances. A large part of moneylending business comes from old customers —one "City" company puts its own figure as high as 80 to 90 per cent—many of whom turn up regularly to consolidate their debts without ever realising that they are reducing the ultimate purchasing power of this money by anything from 20 to 50 per cent or more. There are in fact a surprising number of people who, in terms of spending, are willing to discount the future well into the double figures of the interest rate.

Moneylenders in Britain would naturally like their business to develop on the American pattern in which advertising has a free rein, and companies are nation-wide and have stock exchange quotations, but at the moment there are two large obstacles. In Britain advertising is strictly controlled and, just as important, is the fact that in Britain, when a borrower climbs the moneylender's stairs, he abandons middle-class respectability.

BUSINESS NOTES

ICI-COURTAULDS

Waiting Period

BEYOND saying that they are consulting their financial advisers, Baring Brothers, the directors of Courtaulds have not, so far, made their views known about ICI's bid of three of its ordinary shares for every four in Courtaulds. Because of the time needed to prepare the documents, the formal offer by ICI is some weeks away but presumably the Courtaulds directors, though they may well feel that they are being bustled into a decision, will have to say whether they recommend acceptance or not before then. But after months of discussion, they could hardly reject the offer and the stock market, having chased an improbable counter-bid from Du Pont for a few hours, is now appraising the two shares on the assumption that the bid will go through as it stands. Indeed, Courtaulds was being bought after Christmas as a cheap way into ICI and prices were adjusted accordingly, so that at the close on Thursday, Courtaulds stood at 39s. 7½d., compared with 39s. 9d. immediately before Christmas, and ICI at 55s. 9d., compared with 56s. 10½d. These dealings took place in a thin industrial market, where prices were kept firm by the stimulus provided by American purchases of Unilever and where speculators were coursing another hare in the shape of a revived rumour that Cunard would become linked with another shipping group.

Naturally the Opposition last week put down questions about monopolistic tendencies in British industry arising from the proposed ICI-Courtaulds link-up. Answering them, Mr Erroll, the President of the Board of Trade, again made it clear that the Monopolies Commission had no power to investigate a monopoly in prospect but only one in being:

> Should the merger, if it takes place, give rise to conditions in which I considered that there were grounds for referring to the Commission the supply of any of the goods affected, I would, of course, do so.

But, in general, Mr Erroll treated the possibilities of monopoly arising from this merger with apparent equanimity.

OVERSEAS TRADE

Exports Pause

EUROPEAN countries took most of the increase in Britain's exports this year. The first eleven months should give a fair impression of the whole year ; they show an increase of 15 per cent in exports to Western Europe and a jump of a third in exports to Russia and Eastern Europe. Exports as a whole rose by 4 per cent ; their relatively disappointing growth reflected a standstill in trade with the rest of the sterling area and a drop of 8 per cent in exports to North America. Between May-August and September-November, however, exports to western Europe grew by only 1½ per cent, most of the improvement being in exports to EFTA countries. A sharp recovery in exports to the United States was virtually wiped out by a fall in shipments to Canada. Exports to the sterling area fell, but if exports of ships are excluded, it seems that the decline in exports to sterling countries other than New Zealand has been checked. Nevertheless, between the two periods, seasonally adjusted, exports declined by 1½ per cent.

Imports in September-November were 1½ per cent higher than in the five months April-August. By taking a comparison with the previous five months rather than May-August (to eliminate the effects of the dock strike earlier this year) the rise looks slightly more ominous than that suggested by the preliminary trade figures for November. Over the year, imports are 3 per cent lower than in 1960, mostly explained by lower imports of industrial materials. These were still falling, but only slightly, in September-November, though food, beverages and tobacco rose. Imports of finished manufactures also rose by 3 per cent in this period, but the rise was due mainly to ships worth £6 million from west Germany and the Netherlands. Over the year, imports of finished manufactures rose by 8 per cent.

Planned Expansion

WITHIN the self-imposed limits of the Board of Trade—that trade between Britain and Japan should balance and not "disrupt" the business of manufacturers in this country—the agreement signed at the end of last week was fairly ambitious. Trade should reach about £40 million in each direction this year ; the new agreement might lift it to £50 million in 1962—approximately one per cent of Britain's total imports. It took four months to negotiate this liberalisation. An earlier agreement expired in March, was extended until September and was then succeeded by an "interim" arrangement to the same effect while discussions continued. The new agreement picks up the loose ends since it runs for the year to September next.

This "annual" negotiation of Anglo-Japanese trade is unlikely to be repeated. A full commercial treaty will probably be signed before, or soon after, the expiry of the current agreement. This would give Japan the coveted "most favoured nation" status and remove the stigma of having its exports to this country restricted under article 35 of Gatt. It seems that Britain is ready to extend its trade with the "quota" countries—Asian and iron curtain —at the same time as it lowers tariff barriers to other exporters. Quotas for imports from Czechoslovakia next year have been raised by a sixth. Apart from an increase in imports of chemicals, machine tools and shoes, licences to import £180,000 worth of cameras and photographic equipment will be granted, compared with permitted imports of £55,000 this year. Following the sale of Viscounts to China, it is also rumoured that an expansion in trade quotas with China is likely.

Both the Czech and Japanese agreements reveal liberalisation of photographic equipment and stringent limitation of imports of rubber footwear, reduced in Czechoslovakia's case from £100,000 to £35,000. Small quotas have been granted to Japan for the first time for cigarette lighters, cutlery, glassware, and cheap watches. A token import of £150,000 of wool yarns and piece goods, unrequited by assurances that allegedly unfair practices by Japanese exporters will stop, has upset the wool textile industry here. But wool textiles are Britain's largest export to Japan, and import controls on these goods into Japan have been eased or removed. The largest category of Japanese manufactures entering this country is cotton textiles. The quotas for cottons and goods made from man-made fibres retained in this country have been increased, and permitted imports of cotton and rayon cloth for further processing in this country before re-export have been raised from £3 million to £4½ million. Among imports that Japan has freed from control are tooth paste and boot polish, an apparently small concession which manufacturers of these products in this country whose exports have stagnated this year might nevertheless be able to turn to account. Larger quotas are to be granted for motors, tractors and bicycles ; the global quota for imports of motors for private buyers has been trebled to £2 million.

More Competition from Japan

THE changes in the Anglo-Japanese trade agreement that will affect British manufacturers most are the freeing of imports of cameras, vehicles and plastics ; bigger quotas for that modern Japanese speciality, the transistor radio ; and the new quotas introduced for transistor television sets. Japanese cameras are likely to be the import most noticeable to the middle-class consumer ; the old quota of £375,000 a year was fully sold, and freedom may allow imports to be trebled. This would give the Japanese roughly a quarter of camera imports—and most of the new sales would be taken from the Germans, though the Americans might lose some sales of cine-cameras. The Japanese cameras are not significantly cheaper than others, but especially in cine cameras they have certain features not found on other cameras of the same price. Most of the increase in sales is likely to be in the middle price bracket, around £45 for still cameras ; few selling for under £25 are expected.

So far as vehicles are concerned, the main Japanese export effort lies in scooters and mopeds ; Honda is the only maker to have tried selling in Britain on any scale. The depressed state of the British market is unlikely to encourage ambitious efforts, though British makers are apprehensive of anything that might add to their difficulties—and therefore ready to protest vehemently. Cars are something in which the Japanese are as yet less well equipped to compete with western countries, though they are improving fast ; in a few years more this industry may be a significant export competitor.

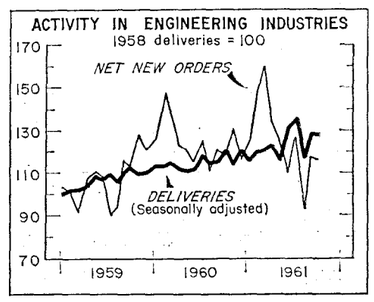
Free imports of plastics may put more pressure on prices in the British market. Japan is able to make polyvinyl chloride more cheaply than most countries, for chlorine—one of its most important raw materials—is cheap there. Despite import duty and freight costs, it might well be sold in Britain at a competitive price. And the rapid expansion of the Japanese plastics and petro-chemical industry, which has already outstripped the limits of discretion in some instances—a new SBR synthetic rubber plant has had to be closed for lack of sales—may well make Japan an aggressive marketer. One must hope that the British industry will be able to restrain its inclination to howl about dumping if a foreign maker sells at the same price as they do—which seems to be the gravamen of its complaint about American imports.

THE ECONOMY

Slow Decline

IN October the slow decline in industrial production continued, though strikes at Rootes and the Steel Company of Wales may have contributed to making the index of industrial production two points lower for the month instead of one. Output at other steelworks was low, and there appears to have been some slight decline from the high rate of engineering output achieved in September.

Recent figures on private capital investment suggest that this expenditure, perhaps the largest single element of demand upon engineering, was holding up relatively well. Engineering exports fell more between the second and third quarters this year than in 1960, though the booking of orders for



abroad remained brisk. Demand for the consumer durable industries was further depressed—intentionally. In the third quarter, however, motor vehicle output, which makes big calls upon intermediate engineering, compared better with 1960 output than it had in the previous quarter.

Order books in engineering, in total, are coming down gradually, though orders in hand for export were up slightly at the end of October. Deliveries of engineering products have risen since the peak level of orders in hand was reached in May this year ; and net new orders have recently come down. Delivery dates, however, remain a problem for certain of the makers of specialised capital goods—though Britain is now no worse off in this regard than certain of its Continental competitors.

MOTORS

More Cars, More Bricks

CAR output in November was nearly 2,000 a week higher than it had been in October, reaching a rate of 20,783 a

Continued on page 1305

Kuwait's Holdings Abroad

Iraqi threats towards Kuwait, which this week caused British forces in the Middle East again to be alerted, arise from coveting the land of one of the richest neighbours in the world. Kuwait's oil wealth is fabulous. Fables are current, too, about its foreign investments.

GUESSES have often been aired internationally, in the past, about the amount of the overseas investment holdings of the state of Kuwait. It has seemed clear that this tiny, oil-rich state at the head of the Arabian Gulf, where government revenues from oil have mounted from a beginning of £3 million in 1948 to £170 million for 1960, was not spending all these foreign exchange earnings. How large its accumulated balances are, where they are held and whether they could suddenly be switched, are obviously questions of importance for sterling, the currency in which Kuwait's earnings primarily accrue. Last week, at the same time that it was officially announced that the country was setting up a Kuwait Fund for the Economic Development of the Arab Countries, an official of the Kuwait government told *The Economist* more about these overseas investments than has ever been published—though not quite all.

Kuwait's overseas holdings today total about £240 million, which is about a third less than has often been guessed for its sterling balances alone. They are held in Britain, the United States, Japan, Norway, Switzerland, Germany, Egypt, the Lebanon, and Jordan. The Kuwait government is not prepared to disclose exactly how much is in sterling, but it is "a big part." These foreign holdings range widely between loans, gilt-edged and equities.

An investment committee of the Kuwait Ministry of Finance controls the disposition of these overseas holdings; the London advisory committee which deals with Kuwait's holdings in sterling handles the details of policies laid down in Kuwait, and all holdings outside Britain are controlled directly. This year, about 10 per cent of Kuwait's foreign exchange earnings will be invested. The amounts thus put aside were low in the early years, when oil revenues were lower and Kuwait was creating the infrastructure of a modern state out of what had been an insignificant port of the Arabian Gulf. In the middle fifties they were larger; oil revenues grew more rapidly than expenditure, which for a time was deliberately curtailed.

In the last few years, again, expenditure swollen by certain major projects has come closer to catching up income, and the state had smaller amounts over to invest abroad; but from this year onward the amounts saved may be mounting again. Kuwait's overseas holdings are often misleadingly referred to as the personal foreign investments of the Ruler of Kuwait, H.H. Shaikh Abdullah al Salim al Sabah; in fact, they are foreign assets of the state.

DURING the last few years, as could have been surmised, the investment committee in Kuwait has been placing growing proportions of its accruing balances of annual income over expenditure of foreign exchange in countries other than Britain. This, rather than large-scale switching of balances already held in sterling, is *gradually shifting* the spread of the holdings. Switching there has been; but *mainly switching to Kuwait*, as the state has been establishing new internal companies in the fields of oil, banking, other finance, and petrochemicals.

Kuwait regards itself as "associated with" the sterling area, rather than within it. It has never had the least question raised over its spending for current imports: the Bank of England has always made the foreign exchange required available. For the switching of actual blocks of balances into investments elsewhere, it has to follow the rules applicable to members of the sterling area—but it assumes that consent would not be unreasonably withheld. In circumstances where the standing of sterling might be in jeopardy—and Kuwait's sterling holdings along with it—it assumes that the British authorities would not object to its protecting its own interests, unless Britain cared to give it a gold guarantee. It maintains large holdings in sterling, the official insisted, in Kuwait's interests, as a matter of commercial comparison; not in Britain's. One sub-committee of the Economic and Industrial Committee recently set up in the finance ministry will be studying the question of membership of the sterling area—the advantages, disadvantages, and whether it seems worth Kuwait's while.



These overseas investments are at present bringing the state an income of about £12 million a year: the government looks on this overseas income, and income from development of secondary industries in Kuwait, as perhaps more dependable for the long run than revenue from oil. But in spreading its investments, it gives priority to investment in the Arab countries. It is already a magnet of employment for Arabs of other nationalities—the £4-6 million a year sent home by Jordanians working in Kuwait, for example, must be a large element in Jordan's national income—and it did offer £5 million for a "Finance Fund for the Economic Development of the Arab Countries," which was organised by the Arab League but has not come into being.

ITS *own new fund for development* seems to be of a quite different order to that earlier fund, or to the long-mooted "Bustani Plan" for devoting 5 per cent of Middle East oil revenues to development in the Arab countries. The Kuwait fund will be allocated sums from the national budget to cover its own budgeting over five-year periods. A mission from Kuwait has already visited seven Arab countries (not including Iraq) and gathered summaries of 60 possible development projects. It will have a staff of experts of its own, drawing upon the experience of the World Bank. It will make loans, giving preference to projects in which international institutions offer a recommendation or guarantee, or which the governments concerned can guarantee; its criteria will be commercial.

This fund will be set up mainly with *government money; but it may* seek to attract private Kuwaiti capital either by issuing its own loans or recommending loans for specific projects to its local investors. These dispose of substantial investment funds; apart from participations, usually on a 50-50 basis with the State, in local Kuwaiti companies, private capitalists in the country are said to have invested in Arab countries up to £100 million in real estate, plus a small assortment of other investments outside. The new fund, to be financed with public and private money, seems likely to work on a fairly large scale, and has some promising projects already lined up for expert scrutiny. Its lending budget over five years might reach up to £50 million. Many grandiose ideas for co-operative development within the Arab countries have been put up in the past; but none has got this far. Kuwait is one of the most modest and practically philanthropic of the Arab countries; it also has a habit of doing what it says.

Continued from page 1303

week; but the year's production is likely to be under a million for the first time since 1957. Perhaps half the increase in output during November came from Rootes's resumed production as its long strike drew to an end. An increase in BMC's output to around 13,000 vehicles a week when it was able to settle down to making its new models accounted for rather more than half of the remaining rise, with Ford making up the rest. Vauxhall made as many cars as it had done in October, having reached the limit of what it can make on a single shift—it starts a night shift in January—and Standard-Triumph continued at much the same rate as in October too. December seems likely to show little change on November; Rootes has been working up its output, reaching normal again in the week before Christmas, and this should balance the cuts that other makers have made—BMC's on the Morris Minor, for example.

The most cheering feature of November was that home sales were the same as they had been in October, though one expects them to fall between these two months. In December sales may, however, be more than 10 per cent lower than they were last year. If they rise sharply in the new year—as they did in 1961—the optimists in the trade will find their high stocks justified; if they do not, and stay on the level trend, unaffected by seasonal factors, that they adopted in September, further cuts in production may be necessary. Makers have shown an unexpected ability to avoid short-time working so far this winter, despite lower sales at home than last year; fewer workers is one reason, strikes another—which gave some of Rootes's business to other makers—and some increases in exports a third.

November was disappointing in this respect; despite higher shipments to most European markets and the United States, the total was lower than it had been a year ago—Canada took 6,000 fewer cars. The efforts that some British companies are making to raise their sales in Europe by charging the sort of price that would be economic if Britain had entered the common market—Fords in France, for example—explains why Mr Edelman's suggestion that Renault had been dumping cars in Britain has passed in a stony silence from the industry. Just about every car that is exported is dumped in the sense of being sold for less than its home market price; British firms are selling cars in France for over £100 below the home price. Mr Edelman could hardly have chosen a more embarrassing brick to drop.

CHRISTMAS SPENDING

Not Much Cheer

ONE cannot easily recall a postwar Christmas which the shops and stores have not proclaimed as their best ever; their omission to do so this year, and to fall back instead on modest comments such as "satisfactory" or "not as bad as we'd feared" suggests that the check to personal spending has not been broken by the Christmas spirit. This is suggested also by another tentative indicator, the note circulation. The issue of notes by the Bank of England rose by only £158 million between its end-October low point and its Christmas peak last Wednesday; the rise in the comparative period of 1960 was £170 million.

Withdrawals from "National" savings, it is true, have been notably higher than they were a year ago, but this has been true for many months, and is almost certainly a reflection of the switch to other more rewarding forms of savings rather than a fall in personal savings as a whole. Between the beginning of the fiscal year on April 1st and mid-December, net savings through savings certificates, defence bonds, premium bonds and the savings banks rose by only £28 million. This compares with £152 million in the same period of 1960 and £208 million in 1959, when savings certificates and defence bonds were yielding as much as they do now while rival media were yielding notably less. It is significant that the only sectors of National savings to show an improvement on the year are the post office and trustee savings banks, which are less affected by interest rate considerations.

THE EXCHANGES

Sterling Recovers

END-YEAR window dressing has continued to be the predominant influence in the exchange markets, but in the past week it has no longer worked against sterling: the earlier international shortage of dollars has given way to a temporary shortage of sterling. The tide changed at the end of last week and on Wednesday after the holiday sterling was in considerable demand. The rate rose by $\frac{3}{8}$ to $2.80\frac{1}{8}$, and the rise was apparently checked by the intake of a good quantity of dollars by the exchange control. No doubt it is glad to strengthen the December gold showing, which bears the burden of the end-year loan repayments to the United States and Canada. On Thursday sterling came on offer from New York, but business was small.

Money has been tight in all centres as banks and corporations dress up their balance sheets. Up to 7 per cent has been paid in Continental centres for loans in sterling over the turn of the year; this market in "Euro-sterling" is far smaller than that in Euro-dollars, and caters mainly for overseas concerns that lack the requisite "name" for direct borrowing in London, and also for straight overdrafts to non-residents, which are still forbidden in London. The United States dollar has been fairly steady over the past week. The Canadian dollar has remained at a discount of just over 4 cents, unaffected so far by rumours of the impending dismissal of the finance minister, Mr Fleming. Belgian francs eased slightly on Wednesday following the cut in Bank rate from $4\frac{1}{2}$ to $4\frac{1}{2}$ per cent—although this was smaller than had been expected.

The outflow of funds from Germany, which reached nearly 4 billion marks (one billion dollars) between mid-July and mid-November, now seems to have gone into reverse. For the week to December 15th the Bundesbank reported the third successive weekly rise in its reserves, to a total of DM 700 million. One special reinforcement for Germany's reserves in recent weeks has come from Britain's repayment of marks to the International Monetary Fund. But it now seems clear that market transactions have also turned in Germany's favour: United States investors, for example, are again buying German securities.

AIRPORTS

London Out of the Red

LONDON AIRPORT came within a whisker of breaking even last year, which would have seemed impossible a short while ago. It had a turnover in 1960-61 of £6 million which left it after payment of interest with a net loss of £80,401. This is tiny in comparison with a net loss of more than £1 million in the previous year. International airlines are immediately going to ask why, with results as good as these, it was necessary for the Ministry of Aviation to increase landing charges by a third in April, making London one of the most expensive airports in the world. The Ministry's reply will almost certainly be to point to the continuing deficits at the two other international airports, Gatwick and Prestwick. These three must be considered together, and when it hands them over to the control of the promised new airport authority, the Ministry intends to hand them over as going concerns without a subsidy.

Gatwick, which is properly an extension of London's Heathrow, is losing a steady £1 million a year. Such a relatively small volume of traffic goes through it that the airport's revenue of £422,000 is not even sufficient to meet its day-to-day running expenses of about £1 million, and the refusal of BEA and Air France to operate any more flights to the Continent from Gatwick illustrates the difficulty of attracting airlines down to Sussex, in spite of the rail link with Victoria. But the airlines would be the first to complain if they were not provided with an airport close to London for bad weather diversions, and Gatwick sagging under four jet-loads of passengers is said to be a sight worth seeing.

Prestwick's accounts are in a healthier

state ; its deficit last year was halved from £435,000 to £232,000, with income in rough balance with operating expenses, but inadequate to meet capital charges. Taking the three international airports together, they showed a net loss of £1.4 million at the old rate of landing charges (£181 for a big jet, less for smaller aircraft). Had the new scale of charges (£240 for a big jet) been in force during 1960-61, instead of coming into operation in April, the three international airports would still have shown a loss, but it would have been one of about £150,000. With more flights in and out of the country during the current year, these three airports as a group are probably paying their way now.

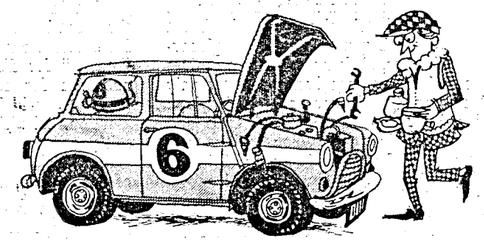
Losing Money in the Provinces

AIRPORTS in the provinces lost between them more than London, Gatwick and Prestwick together. They had a deficit of nearly £2 million last year, very little less than in the previous year despite the fact that the Ministry sold or closed four airports that had lost £700,000 in 1959-60. The day-to-day running expenses of 13 airports from Belfast to Land's End were 2¼ times greater than their receipts and the Ministry intends either to sell these to local authorities or, with one or two exceptions, to close them. By now it has either closed or sold Blackbushe, Croydon, Birmingham, Liverpool and Blackpool. The sale of Blackpool, on which the Ministry lost £124,000 last year, has just been completed after protracted negotiations ; and as some of the smallest remaining airports are losing nearly three times as much as Blackpool, local authorities are understandably hesitant to become responsible for them. Southend and Luton show that local airports can be run either at a profit or at a modest charge to the rates, but some other municipalities are finding it as hard to break even as the Ministry.

If it succeeds in disposing of ten of the remaining 12 provincial airports that it still owns, the Ministry of Aviation will then retain only the so-called "social service" airports, two serving the Scilly Isles and eight in the Scottish Islands. Between them these ten tiny airports lose £636,000 a year ; they will continue to be subsidised by the Treasury but will be managed in the future by an agent employed by the Ministry of Aviation. But the Ministry will still remain responsible, under the new arrangements, for air traffic control across the country which is costing £3 million a year and could in time and with new developments run as high as £7 million a year. The Ministry has announced that it intends to levy its own charges on the airlines to cover these *en route* services that it provides for them. This is likely to provoke protests compared with which this year's outcry over the higher landing charges will sound like a whisper.

TUNING CARS

Keeping Ahead



MAKING popular cars go faster is a growing business today ; the International Racing Car Show, which opens in London on Saturday is largely devoted to this activity. Owning a Mini-Minor that can out-accelerate a Super Snipe seems to offer a special attraction to enthusiastic drivers. Enough of them want to enjoy this experience for the larger firms in this line of business, such as Alexander, Downton and Speedwell, to be selling several thousand "tuning kits" each a year. These kits typically comprise a modified cylinder head—which is exchanged for the standard unit—new inlet and exhaust manifolds, usually with two carburettors instead of one, and stronger valve springs so far as the engine is concerned, with fade-resisting brake linings and perhaps stiffer spring dampers or anti-roll bars for the chassis. Buying and fitting a kit like this for a small car will cost around £60, and it will give about a 50 per cent increase in power ; more ambitious conversions, which may double the power of the standard engine, will cost up to £200.

The Austin and Morris Coopers are one sign that manufacturers think that this is a big enough market to be worth their exploiting ; and the demand for these cars, which seems to have left the British Motor Corporation rather overwhelmed, shows how many more people want them than it thought. Ford and Standard-Triumph International are catering for this market, too, by offering their own tuning kits for the Anglia and Herald 1200. Ford provides only the carburettor, inlet manifold and camshaft for the Classic, for £23 this kit will give an extra 5 bhp ; S-TI's kit is the traditional type, with two carburettors, and costs £39 10s.—plus the fitting charge of perhaps £15—for 17 bhp more.

All this rival activity from the manufacturers might, one would expect, mean that the tuning specialists would find their business declining. But the reverse seems to be the case. By making special cylinder heads, of the kind that Speedwell has just introduced, they can offer more power. Many buyers of the Cooper twins want to make them even faster, which the tuning specialists are happy to do: one of their latest creations is the 100 mph Mini. Downton's version, recently tested by *The Autocar*, did 103 mph and showed acceleration comparable to that of a 3.4 litre Jaguar up to 70 mph. Demand for cars like this is as embarrassing as that for the standard version ; Alexander has had to stop taking orders for its kit on the Coopers. The appeal of the tuning kit seems to be in part that of the custom-built—or rather modified—car, as well as that of extra performance.

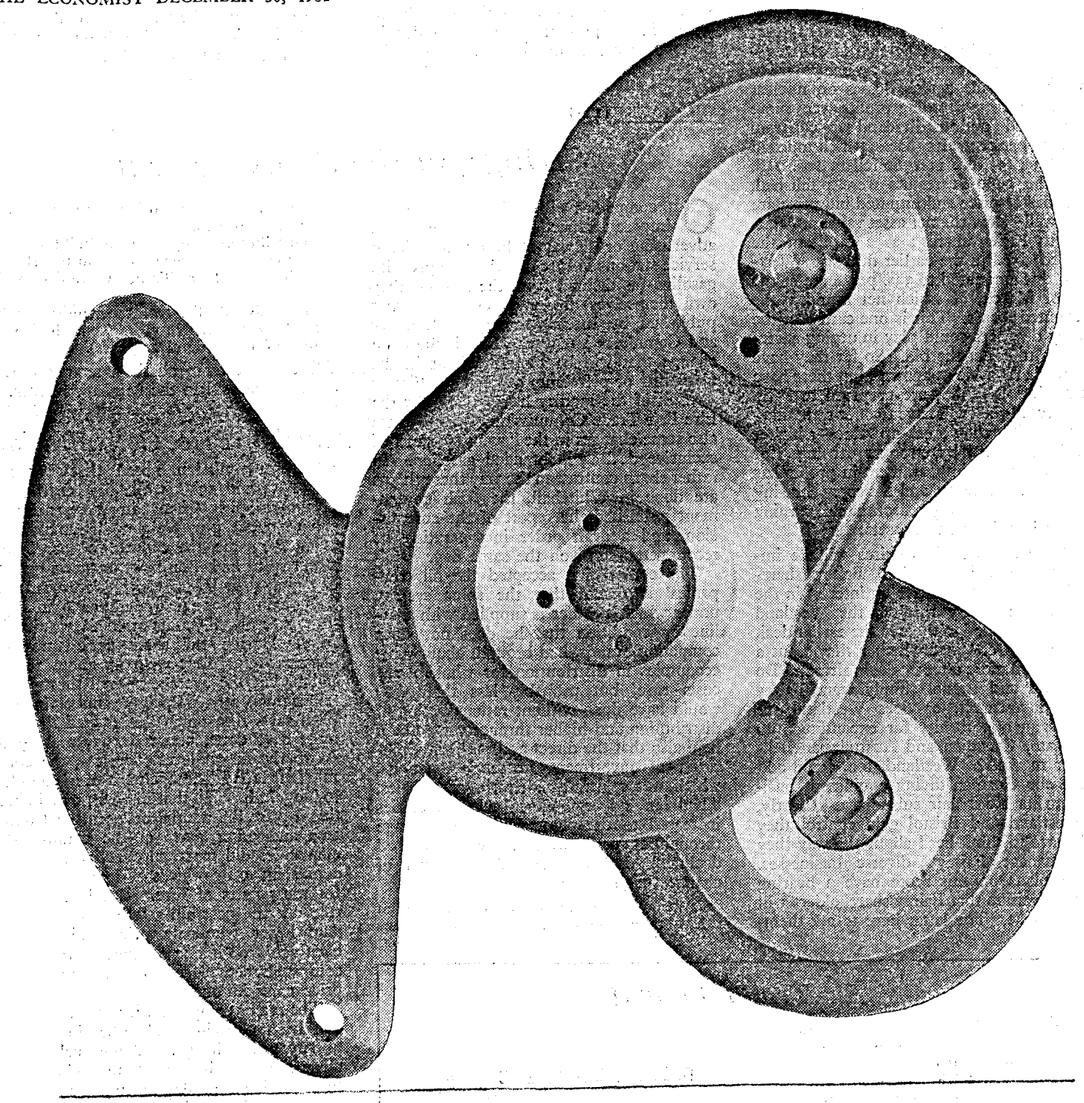
Two problems could check the growth of the tuning business: buyers might get worried about invalidating the maker's guarantee, and insurance companies might get fussier about the effects of making a car go faster on its liability to have accidents. So far the insurers seem unworried by this possibility, which may mean that statistics show no increase in the accident rate. But some insurance companies are, rather inconsistently, demanding higher premiums for the BMC Cooper twins—a penalty, perhaps, of using a racing car's name. The guarantee problem may hold back some buyers ; but Rootes and S-TI both approve of the Alexander conversions to their cars, so the guarantee is not invalidated. And Alexander, with some other firms, guarantees to replace any part that the maker will not.

FAIREY

Preparing to Fight?

AFTER Westland Aircraft bought Fairey's aircraft interests in this country for about £3 million in shares and cash in April, 1960, Fairey retained some interest in the aircraft industries in Australia, Canada and Belgium. But its principal efforts were directed towards the building-up of an engineering group in this country, and it must seem a little odd to the shareholders in all the companies concerned that Westland Aircraft and Bristol Aeroplane (which has a 10 per cent interest in Westland) should now make a bid for Fairey. In their joint bid, Westland and Bristol each offer two of their ordinaries for every three Fairey ordniary shares ; with Westland at 16s. 3d. and Bristol at 15s. 6d. the imputed value is 21s. 3d. for each Fairey ordinary share, compared with 17s. 9d. immediately before the bid and 14s. 9d. two days previously.

The gain in market values is obvious. So, too, is the prospective gain in income, for Fairey shareholders are effectively offered 13 per cent, compared with a 7½ per cent



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dividend for the year to March 31, 1961. This was not a happy year for Fairey: losses were incurred by the Belgian aircraft subsidiary and by Aeroplastics; a big provision had to be made against losses on nuclear power contracts; trading profits were more than halved; and the dividend was cut from 20 to 7½ per cent. Its shares, which touched a peak of 40s. 6d. in 1960 fell to 10s. 7½d. after the 1960-61 results were published. The market price and imputed bid price are both well below the net asset value attributable to Fairey shares; as a result of the cash received in the earlier deal with Westland, this amounted to 33s. per share at the end of March, of which net liquid assets accounted for 6s. This is one card that the Fairey directors could play in urging shareholders to reject the bid. So far they have not made their views known; but there have been hints that they are prepared to fight. To succeed they will have to offer something more tangible than break-up value—a higher dividend backed by stronger earnings, for example. Some improvement in profits has already been forecast and the sorry showing in 1960-61 can hardly reflect the full earning potential of the group's assets.

The arithmetic of promises will be important; but, in addition, Fairey shareholders, who already have an interest in the helicopter industry through the Westland shares distributed to them in the earlier deal, will have to consider whether they want a broader and more direct stake in aircraft. Do Westland and Bristol simply want Fairey as an investment, or does Westland see this as an opportunity for expanding into the Nato, Canadian and Australasian helicopter markets? Westland, too, could add the Siebe Gorman diving equipment business to its Normalair subsidiary. Clearly, if Westland and Bristol gain control they will have to think hard about the way they will manage Fairey's diverse businesses. Their plans on this score have a bearing on the decision that Fairey shareholders will have to take. The latter have to ask themselves whether they are satisfied with the group in its present form and under its present management or whether their interests would be better served by the piecemeal sale of its assets rather than the outright sale of the whole undertaking.

OIL MARKETING

Strings on the Solus System

Oil companies will no longer be able to impose restrictions upon the sale, advertising or display of lubricating oils at service stations in Eire that they supply with gasoline (as distinct from the stations they own themselves) under a new draft order published by Eire's Ministry of Industry and Commerce last week. This is the main change that will be brought about in the marketing of petroleum products in Eire as a result of the inquiry held in 1959 by the Eire Fair Trade Commission; but there are also some changes in the "solus system" of exclusive dealing in branded gasoline. In rather sharp contrast to the way these things are done in Whitehall, the Irish government published the report of the commission, and a draft order incorporating its recommendations, on the same day.

The commission accepted the oil companies' argument that the solus system, under which a dealer is supplied with gasoline on condition that he does not stock competing brands, had brought about some economies in distribution for wholesalers: costs rose, but probably less than they would have done without rationalisation of distribution and higher throughput. But it held also that the direct and indirect stimulation of investment in service stations, which was reintroduced during the fifties, "had an adverse effect when facilities increased to the point where the average throughput per outlet showed a marked decline." It recommended a number of changes in the system:

Advance payments of rebates or loans at less than commercial rates to stations newly accepting exclusive contracts should be discontinued.

Distributors proposing to build or buy stations or garage forecourts should notify the Fair Trade Commission in advance.

Exclusive dealing contracts must not be for longer than five years (some had been made for as long as 20 years).

All these recommendations among others are incorporated in the Ministry's order.

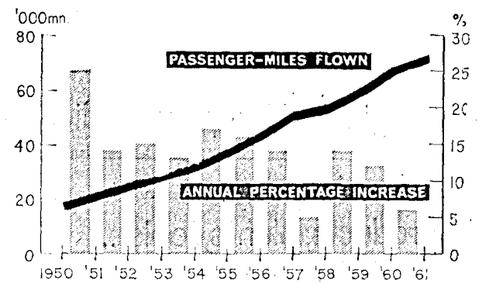
Curb on Price Consultation

The commission noted that between 1951 and 1958, while the landed cost of motor spirit (based on Western hemisphere prices plus freights) had remained about the same, the companies' margin on motor spirit had risen by twopence a gallon, changing their Irish financial fortunes from "a loss on motor spirit operations" in 1951 to "exceptionally favourable" results in 1958. During the same period dealers' margins on gasoline went up about 1½d. a gallon, but the average annual throughput fell significantly. Dealers' annual income from sales rose much less than their costs must have done, between 1951 and 1958. As to the actual level of prices, the commission found these almost too complex to judge. It noted that in 1960, by eliminating a price differential between the Dublin area and other parts of the country the companies did make an effective reduction equivalent to two-thirds of a penny a gallon for most parts of Eire. But it could not rule out the possibility "that at an earlier date lower wholesale prices might have been achieved if one or more of the major companies had placed greater emphasis on price competition."

The major companies, it reported, had in fact been notifying each other in advance of any price change, and not making the change until all agreed to follow suit. In tendering for sales to large commercial consumers they had used a common list of standard rebates and hence quoted identical prices. The commission noted the companies' arguments that competition in gasoline does "naturally" tend to bring about common prices between established suppliers, but did not offer a view on these. It simply concluded that "the present system of price competition between the petrol companies on price changes is a form of price regulation and a restraint on free competition in pricing"; that the use of a common schedule of rebates "unreasonably limits free and fair competition"; and that both should be prohibited. The order—which will have to be confirmed by the Dail—would so prohibit them.

Air Traffic in 1961

The idea of a slump in air traffic this year is scotched by estimates prepared by the International Civil Aviation Organisation of scheduled flights in all countries outside Russia and China. The volume of work, best measured by combining the number of passengers with the distance they flew, showed a steady rise, but—and here the airlines miscalculated—not so steep a one as in the past two years. Since the end of the war they have become geared to an annual rate of growth that has only twice before fallen below 12 per cent a year, once in the late 1940s and again three years ago. Sir William Hildred, director-general of the International Air Transport Association, reports that "the tempo of growth is picking up again" and passenger traffic should, in his view, grow by 9 or 10 per cent in 1962.



BANK PROFITS

Hire Purchase Impact

The approach of the bank dividend season has been marred by more bad news from the banks' hire purchase affiliates, which they bought so confidently in 1958. Mercantile Credit's reduced profits and dividend must have disappointed both the Westminster and Martins. Perhaps the worst news of all comes from Forward Trust, whose parent, the Midland, has had to dig into its pocket for £1.3 million to make good the deficiency in its subsidiary's accounts. The table shows the hire purchase interests of each bank.

In 1960, in terms of dividends received, Lloyds had the biggest stake in hire purchase, which provided 17 per cent of its disclosed profits. This year Lloyds' hire purchase income has been halved. All the banks except Barclays and the National Provincial have taken a cut in hire purchase income in 1961; North Central Finance, the wholly owned subsidiary of the National Provincial, has been in fact the only big hire purchase company to show increased profits this year. United Dominions Trust, in which Barclays has a 25 per cent interest, maintained its rate of dividend but paid it on a larger capital; its net profits fell by £500,000 to £1,116,000 in the year to June 30th. Martins and Westminster will be spared the effect of Mercantile Credit's setback in their 1961 accounts, since the lower dividend is not paid until January. The chairman of Mercantile, Sir Mark Turner, discloses that the company's troubles are not at an end. Even assuming that Mercantile manages to maintain its interim dividend next year, these two banks will each suffer a drop in hire purchase income from £93,000 to £56,000 in 1962.

The worst hit, however, seems to be the Midland Bank. In August, 1958, the bank decided to buy the then small Forward Trust and to develop it, rather than take a shareholding interest in a larger nation-wide company. Growth in the company's business has been spectacular—in the two years to October 31st, 1961, hire purchase balances outstanding have increased from £13 million to £49 million. But net profits have moved sharply the other way. After the first eighteen months they were £357,000, last year there was a loss of £30,000, and this year the Midland has had to contribute £1.3 million towards bad and doubtful debts. Finance for the hire purchase company's operations now comes entirely from public deposits, which in the last year increased by £24 million to £47 million. The Midland seems to have withdrawn its ordinary banking support, since Forward Trust's bank advances have fallen from £5 million to nothing.

HIRE PURCHASE PROFIT AND LOSS

Bank	Hire purchase interest: Company	Holding %	Banks' HP dividends 1960 £'000	Banks' HP dividends 1961 £'000	Banks' disclosed profits 1960 £'000
Barclays	United Dominions Trust	25	175	244	5,452
Lloyds	Bowmaker	25	187	132	4,606
	Lloyds and Scottish	50	597	183	
Midland	Forward Trust	100	Nil	Dr1,300*	4,501
N. Provincial	North Central Finance	100	268	268	3,566
Westminster	Mercantile Credit	20	98	93†	3,413
District	Astley Industrial Trust	33⅓	65	56	1,082
Martins	Mercantile Credit	20	98	93†	1,420

* Subvention payment by the Midland Bank to cover bad and doubtful debts. † Latest dividend payable January, 1962.

MACHINE TOOLS

The Age of the Population

Properly to comprehend a census which declares that 59 per cent of the machine tools in use in Britain are over ten years old, one would have to start with some rationally-derived notion of what proportion of them reasonably ought to be: and it is doubtful whether anyone in the country could put up a defensible figure. This is in no sense to write down the census that has been carried out over the past twelve months and is published this week by *Metalworking Production*, McGraw Hill's machine tool and engineering weekly, as a result of one of the recommendations of the Mitchell Committee on the machine tool industry in 1960; but merely to note that its findings, in total, are not easy to interpret. In detail, the figures have obvious usefulness. A company in any of 19 metalworking industrial groups that finds its assemblage of machine tools in general or in particular cases more senile than those of the average that this census shows for its group would be well advised to find out why, and soon; and it gives them figures broken down into 169 different types of machine.

One can do little more with the undifferentiated national totals than compare them with the size and age pattern of the machine tool "populations" of other countries. In 1958 the United States had about 2,900,000 machine tools in its factories, of which 62 per cent were at least ten years old, though a much smaller proportion of these than of Britain's 1,234,000 machines were over 20 years old. In Western Germany, which has probably slightly more machine tools in use than Britain has, about 55 per cent are 10 years old or older; in France and Italy, too, the proportion of old machines is probably slightly lower than in Britain. In Russia—which is said to have nearly 2½ million machine tools in use, coming second to the United States—it has been suggested that less than half of the metal-cutting machines may be "over-age" by this criterion and the Russians have officially declared an intention of making 60 per cent of them "under ten" by 1965. Its metal-forming machines, however, are old by comparison with the West.

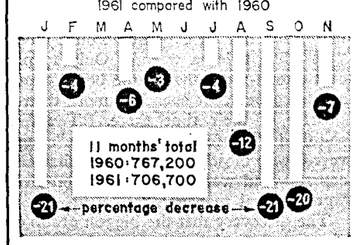
One can think of dozens of reasons why the age pattern of machinery in use in different countries might reasonably vary. On the other hand, these are engineering nations with which Britain does need, currently, to compete in exporting. And the relative obsolescence of the machinery in operation in different countries—admitting that the degree of obsolescence involved in being ten years old will vary widely as between different kinds of machine—must be a factor of significance in competitive capacity.

How Industries Compare

Machine tool manufacturers will be able to draw heavily upon the many factual aspects of this census in selling their wares and even, no doubt, in arguing with the government for giving business further incentives to modernise its equipment. They will however have to become resigned to a *tu quoque*: for the metalworking machine tool industry itself does not rank particularly well in the "order of modernity" of different industries' equipment.

In this machining order, the makers of industrial engines, a little surprisingly, come first; only 41 per cent of their machines are over ten years old and only 11 per cent more than 20 years old. Aircraft manufacturing, which gets pretty considerable government assistance in the purchase of tools for

NEW CAR REGISTRATIONS



Registrations of new cars have remained virtually static throughout the autumn—47,000 in September and 43,000 in October and November—though they usually rise between September and October, and fall again in November. Last year they went on falling throughout the year until December as the backlog of orders disappeared under the effects of the hire purchase restrictions; this year there was little backlog, so the effects of the government's restrictive measures was felt sooner—but they do not seem to be cumulative.

extremes of up-to-date precision, comes high, as one would expect. So do "other electric goods," "domestic electrical appliances" and "scientific and surgical instruments" which resemble one another at least in having had a rapid increase in capacity of recent years. Motor vehicle manufacturing has 57 per cent of its machines ten years old or more, which is not much better than the average; and the machine tool industry itself has 63 per cent of its machines 10 years old or more and indeed nearly 30 per cent of them 20 years old or more.

Here again the comparisons are hard to judge, since they may arise from the rate of expansion in recent years, and the original size of the industry, more than from anything else. Throughout the survey, again, one is dealing with numbers of machine tools, regardless of capacity. In that any more modern machine, even of a given size, tends to be more productive, and that in many industries the proportion of big machines of high capacities is increasing, the proportion of any factory's productive capacity that is relatively modern will tend to be greater than the proportion of its total number of machines would suggest. However, it would be unsafe to assume that these factors favour Britain, or any given industry, much more than other countries or industries. The full McGraw Hill survey offers a huge assembly of data upon which more detailed analysis—and continuing surveys—need to be built; it has been a prerequisite of the broader market survey for machine tools upon which the organisation is now embarked. But its main immediate service should be to promote disquiet—not panic—about Britain's competitive circumstances in engineering, and discussion of what more can be done to improve this.

DIRECTORSHIPS

Pegging the Board



A SLIGHTLY overweight, middle-aged man, hardworking and with a tendency to be routine-bound; such is the unglamorous portrait of the average director. The Institute of Directors, which has published the results of a sample survey* of its members, stresses that the expense-account tycoon whose life is made up of business lunches and board meetings is a relative rarity. Typically, a director holds only one directorship (like 54 per cent of those who answered the questionnaire) and has an expense account lunch "less than twice a week." Only 17 per cent attend more than three boardrooms, a mere 9 per cent spending more than a quarter of their time there. The few so-called "professional directors" surveyed were mostly chairmen and financial experts—and were far less common than "professional managers."

The discovery that the biggest group of directors were between 45 and 54 years old and that 26 per cent of the men were under 35 is not perhaps as surprising as the report seems to think, especially as younger directors were more prominent in the small and medium sized firms (defined as those with an issued capital of under £1 million). It would have been far more interesting to know, in total and by size of firm, what parts family connections, individual enterprise, and promotion from the ranks played respectively in the attainment of boardroom status. The institute did ask such questions in the separate survey that it carried out among a small group of women members, mostly working directors. The results showed for instance that in medium-sized companies women directors owe their positions about equally to family connections and promotion; in smaller businesses, both marriage and association with the start of an enterprise play more important parts. Perhaps the institute considers a woman on the board a rare phenomenon whose presence needs explaining: but similar questions put to male members might have yielded answers of even greater social and economic interest. One also wishes it had been possible to find out something about directors' salaries and individual stakes in their companies.

Academic qualifications are of small relevance in the boardroom at present. Only 14 per cent of male directors—and still only 16 per cent of those under forty-four—had university degrees, engineering being far and away the most common subject. The postwar arts graduate has yet to make his mark in business leadership. The report rightly finds the "most disconcerting" revelation to be the lack of time spent by these key men on their own, thinking things out. Often a reluctance to delegate routine matters appears to shield a deeper reluctance to face broader issues. Too many chores, too short holidays, too little relaxation; the average director, poor man, is an average hack like the rest of us.

* Who's On the Board. 42 pp. Published by the Institute of Directors, price 3s.

SHORTER NOTES

Some changes have been made in the duties of the Leyland board. Mr F. B. Dixon, the only survivor of the old Standard-Triumph board, resigns as deputy managing director of that subsidiary, becoming chairman of Standard-Triumph (Liverpool). Mr Stanley Monkland, managing director of S-TI, will now devote almost all his time to this company; and his duties as works director of Leyland will be taken over by Sir Henry Spurrier.

★

The World Bank has made a loan equivalent to $19.5 million to the Indian Iron and Steel Company to assist in financing plans to increase coal production. The loan is for twelve years at 5¾ per cent per annum and it brings the bank's loans to India to a total of $799 million.

★

Of the placing of £5 million of the Watney Mann 6½ per cent redeemable debenture 1987-90 £1 million of the stock will be made available to the market at 97 to yield £6 14s. 9d. to the final redemption date. Dealings are expected to start next Wednesday.

★

The interim dividend of Fine Spinners and Doublers has been maintained at 5 per cent. The directors say this payment was fully earned in the half year's trading to end September but that present conditions and prospects are less satisfactory. They point particularly to the deterioration in trade in this country as a result of imports of a large volume of yarn and cloth from the Asian Commonwealth countries.

COMPANY AFFAIRS
Comments on page 1314 on:
Arthur Guinness
Lancashire Steel
Lancashire Cotton

LONDON AND NEW YORK
Stock prices, yields and security indices on pages 1316 and 1317

LONDON STOCK EXCHANGE
The week's movements reported on page 1314

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 1315

ARTHUR GUINNESS Son & Co. Ltd

Lord Iveagh on a notable trading achievement

The Annual General Meeting of Arthur Guinness Son & Company Ltd. will be held on January 16th, 1962 at Park Royal Brewery, London, N.W.10.

The following are the salient features of the circulated Review of the Chairman, The Earl of Iveagh, K.G., C.B., C.M.G.

Total Sales of Guinness have this year been the greatest in our history, but owing to considerable increases in our costs our profits this year are slightly lower.

Dividend: The Directors recommend a final dividend on the Ordinary capital of 14%, making a total distribution of 22% for the year ended 30th September 1961.

Capital Expenditure: Altogether in 1961 we have spent just short of £6 millions, mostly on modernisation and re-equipment of the Breweries. With our existing and anticipated commitments we may well spend as much on capital account in the current year as in 1961.

Exports: Our export sales have been nearly doubled in the past five years and have now reached an annual value of over £5 millions free of duty.

Harp Lager: Three major brewing groups (Courage Barclay & Simonds, Scottish & Newcastle Breweries, and Bass, Mitchells & Butlers) are our partners in the Harp Lager venture in Great Britain, and Harp is now available over the whole of the United Kingdom as well as the Republic of Ireland. It is being brewed under centralised technical control in three lager breweries and work is proceeding on the new brewery at Alton which will come into production in 1963. That Brewery will be owned by Guinness, Courage Barclay & Simonds, and Bass, Mitchells & Butlers. Harp is a true lager with a fine flavour and the welcome it has received justifies the high hopes we have formed.

Joint Activities in Ireland: Irish Ale Breweries, in which we have a two-thirds interest and Ind Coope one-third, is now producing and marketing a number of ales in Ireland, including 'Double Diamond' and 'Phoenix'. In conjunction with Showerings of Shepton Mallet, Irish Ale Breweries has purchased Bulmers of Clonmel and arrangements have been made to continue the manufacture and marketing in the Republic of the Bulmer range of ciders and perry and to manufacture 'Babycham'.

Nuttall Group: Sales and profits show a satisfactory increase over last year. In June we bought from J. Lyons & Company the main part of the Rolls Confectionery business: sales to date are encouraging.

Exports of the Group, which includes William Nuttall, Callard & Bowser, Riley's and Lavells, are expanding, particularly in the United States and Canada. Since we acquired the Group it has grown considerably both on the manufacturing and retail sides and turnover has increased in both sides by well over 500%.

Crookes Laboratories: Last year I referred to our entry into the field of manufacture of pharmaceutical and veterinary products by our acquisition of The Crookes Laboratories jointly with Messrs. Philips of Eindhoven. Since we acquired the Company, Crookes have devoted much attention to future plans including exports and I am sure that our 60% holding in this Company will be a profitable investment.

After reviewing other activities of the Group Lord Iveagh concluded: This year, as I have said, we have achieved a record in selling more Guinness than ever before. Though much of my statement has been concerned with reports of new ventures, the Board will never forget that the mainstay of our great company is the production and sale of Guinness Stout.

HANDLEY PAGE LTD.

The annual general meeting of Handley Page Ltd., was held on December 21st in London. The following are extracts from the circulated review by **Sir Frederick Handley Page.**

Our company has been successful in maintaining a high level of utilisation of its facilities. It has also diversified its interests in commercial activities within the scope of its design and constructional skills.

It has continued with its production of Victor bombers for the RAF. Still the world's largest military aircraft to have exceeded the speed of sound, they comprise an important part of Bomber Command's deterrent power.

We are fortunate in having an outstanding civil aeroplane, the Herald, when military demand has greatly slackened. There can be no doubt of this aircraft's fine quality. In a series of six see-it-in-action tours, two demonstrator Heralds have flown over 225,000 miles to more than 60 countries and have carried 15,850 passengers. Never, in tempest or flood, have they failed to prove themselves to be the most suitable aeroplanes for operation on the world's smart inter-city or rugged back-of-beyond air routes.

The HP 115 research aircraft—with the world's slenderest delta wing—made its successful maiden flight recently. This is the planform which is expected to be the most likely for future supersonic airliners. Research has been concerned also with cheap-to-operate laminar flow transports which can bring air travel within the orbit of the multitude.

Our trading surplus increased from £572,782 in 1959 to £1,051,369 in the year under review and the net profit before tax has increased to £253,363 from £159,917 in 1959.

J. BROCKHOUSE & CO.

The sixty-fourth annual general meeting of J. Brockhouse & Company Limited was held on December 21st at West Bromwich, **Mr J. L. Brockhouse, MA** (Chairman and Managing Director), presiding.

The following is an extract from the circulated statement:

On the occasion of the Seventy-fifth Anniversary of the Company I am able to report a record trading profit.

In 1936, fifty years after the establishment of the Company, the paid up capital and reserve funds amounted to £641,750, and the profit before taxation of £7,103 was £79,402. The comparable figures today are—Capital and Reserves £7,622,296, Profit before Taxation £1,297,390, Taxation being £641,225.

The Company is now in a stronger position than at any time during its history, and we can reasonably expect further improvements in its profitability and steady expansion during the next few years.

At the present time we do a certain amount of export of semi-finished goods, particularly on the Continent of Europe, and I am quite sure we can do more. We would therefore welcome the opportunity offered by membership of the Common Market.

We are still continuing to spend substantial sums on capital equipment, but we are able to finance these commitments out of our own resources, and we are now beginning to enjoy the benefits of this policy in an increasing measure.

The Report and Accounts were adopted.

THE PLESSEY COMPANY LIMITED

The 37th Annual General Meeting of The Plessey Company Limited was held on 28th December at Winchester House, Old Broad Street, London, E.C.2. The following is the statement of the Chairman, **Sir Allen Clark.**

CONTINUED EXPANSION • RECORD EXPORT YEAR STRONG FORWARD POSITION

Since the end of the financial year the merger with Automatic Telephone & Electric Co. Ltd. and Ericssons Telephones Ltd. has been effected, so that there has been a material change in our position since the date to which the Accounts were taken. However, I think it will be helpful to you if I begin my Review by dealing first with the year to 30th June, 1961, and then proceed to consider the merger and our prospects in future years.

The Consolidated Profit of the Company for the year was £4,049,794 in comparison with £4,300,884 for the year to 30th June, 1960. The fall in Profit was due to the effect of the credit squeeze which resulted in considerable dislocation of the Domestic Appliance and Television industries. Had it not been for this dislocation we would have made a Profit during the year considerably in excess of that for the preceding year. However, we must expect recessions from time to time, in one or other of the Industries in which we are concerned, and it is our endeavour whenever possible to balance our interests in these industries so that any recession in one of them is likely to be counter-balanced by increased activity in another.

During the year under review the Garrard Engineering & Manufacturing Co. Ltd. was acquired and is now a wholly owned subsidiary of our Company. Garrard should prove a profitable addition to our Group in future years, and it may interest you to know that since the acquisition, orders have been secured from the United States for over $2,000,000 worth of gramophone equipment —this apart from substantial Export orders secured from other parts of the world. The integration of Garrard into our Company structure has been accomplished speedily and smoothly and I am well satisfied with the progress which is being made.

Record Year in Export Field

Mention must be made of Plessey International Limited whose turnover was the highest in that Company's history.

We commenced the year by holding an overseas agents' convention to which we invited some fifty of our agents and overseas representatives. All our factories were visited and details of new products and developments were explained by our technicians.

We have greatly expanded our design development and tooling activity aimed specifically at the export market, and we can confidently look forward to valuable export orders down the years as a direct result of this policy.

In the European Common Market area we have been particularly active, and during the year our office in the Netherlands has been moved to The Hague and trebled in size. This is now staffed by a team of specialist engineers who can give advice and assistance to our customers in their own factories anywhere in Europe, at short notice.

Substantial Increase in Productive Capacity

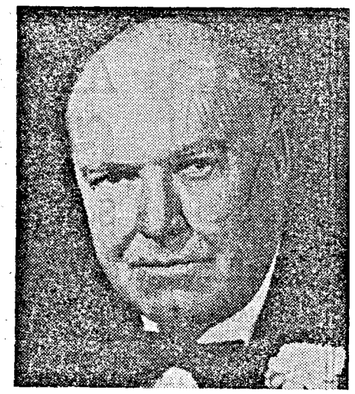
In our efforts to improve efficiency we often need to extend or to make considerable structural alterations to our factories, and in order to gain greater freedom in this direction we acquired the freehold of factories which we previously rented at Havant and Towcester. We also acquired the Romford factory of Regentone Products Ltd., which is now being completely re-equipped for the production of aircraft electrical equipment.

We have built an engineering laboratory at Eastern Avenue, Romford, which has been equipped for the testing and development of aircraft electrical generating systems. The facilities provided are adequate not only for the testing of systems now in production, but will also be adequate for dealing with any equipment in this field likely to be developed during the next decade.

In addition to the extensions to which I have referred above we have purchased a 67-acre site at Titchfield in Hampshire which was formerly occupied by the R.A.F. and the production of electronic components there has already commenced. As a result of all these moves the Company's productive floor space was substantially increased during the year.

Contribution to Computer Development

The part the Company is playing in the development of computers is an interesting example of the breadth of activity that has been achieved and the manner in which we like to operate. Materials and components which we have developed in one part of the organisation are being incorporated into a highly efficient range of memory systems—the very heart of a computer—developed in another part of the organisation and we anticipate that these memory systems together with many other of our products will be used by a large cross section of computer manufacturers. One of our systems is believed to be the fastest operating memory system of its size in the world.



Thus, although we do not ourselves make a complete computer, and because in consequence we do not compete with our own customers, we are still able to obtain an important share of the work involved in the overall building of computers in this country and overseas.

In these days of credit restriction, and bearing in mind our determination to expand our business aggressively, but only of course on sound foundations and in well reasoned directions, it is satisfactory to be able to report to you that the financial position of the Company is in good shape. At 30th June we held approximately £15,700,000 in cash and readily realisable investments, so that we are possessed of funds adequate to carry through the developments and extensions which we have envisaged.

Largest Unit in the Communications Industry

Since our last Annual General Meeting the most important change has undoubtedly been the merger between The Plessey Company, Automatic Telephone and Electric Company and Ericssons Telephones. Exploratory conversations and lengthy discussions having convinced all three companies of the benefits of amalgamating their businesses, agreement on terms was reached in August last. As you all know the merger has now been completed successfully. As a consequence, I am indeed pleased to say that Sir Harold Wernher, the Chairman of Ericssons and Mr. Alastair Roger, the Chairman of Automatic Telephone have joined the Plessey Board, and we look forward to many years of fruitful and successful co-operation. This merger is not reflected in the accounts now submitted to you since it was completed after the close of our financial year.

As a result of this merger the amalgamated companies are now the largest single unit in the communications industry in this country, and although size is not in itself everything, it is of very great advantage indeed in an organisation which must necessarily engage in a great deal of overseas business, and must necessarily operate on a fairly large scale if it is to be efficient.

It seemed to us all that as separate companies we were duplicating and sometimes triplicating effort and expense that could be co-ordinated and turned to better advantage if our businesses were combined. Although time and a great deal of hard work will be required before co-ordination results in the full benefits we anticipate, we are satisfied that ultimately profitability will be considerably enhanced, and will prove to be worth the substantial and sustained effort that will be necessary.

Another very important aspect of the merger is concerned with overseas production. You will have noted in recent years that The Plessey Company has been gradually building up its production capacity beyond these shores. This is a costly and difficult business and there can be no doubt that the enlarged Group is now in a much improved position to develop rapidly this trend. Your Company's great strength in the past has been its ability to produce efficiently and it is quite clear that in the years ahead we want to be as capable of doing this overseas as we are in Britain.

I would like to take this opportunity of mentioning that it has been the practice of Plessey in the past to charge against the Profits of each year the whole of the expenditure on Research and Development incurred during that year, whereas the practice of Automatic Telephone has been to strike a Profit before charging certain Research expenditure and to deal with such items "below the line" as an allocation of profit, by way of a transfer to a Reserve against which expenditure incurred was charged. During the last three years expenditure greatly exceeded the amount transferred to Reserve. I think it as well to mention this point now, since in future we shall be charging Research expenditure incurred by Automatic Telephone directly against the Profits of the year in which it is incurred, and it will be necessary to remember this in comparing the Profits shown in our later Consolidated Accounts with the separate results of the respective Companies before the merger.

Substantial Order Book

Turning to the current year all three Companies are busy, and hold substantial orders for future delivery, so that in the absence of any major change in the national situation I expect this desirable situation to continue at least for the rest of the year.

In certain directions, particularly in relation to the Television Industry, conditions show little improvement on those prevailing last year and it is hard to foretell when a change for the better will take place. However, Credit restriction has not had any material effect on many other parts of our now broadly based business and I see no reason to expect deterioration in such directions. Taking an overall view of our prospects for the year ahead I therefore believe that we are justified in viewing the future with reasoned confidence, while we are undoubtedly well placed to take full advantage of any improvement in the situation which may occur.

Finally, I would like to record our thanks for the hard work and enthusiasm on the part of our staff which has contributed so much towards the results achieved, and which has become so much part of the philosophy and tradition of our Group.



AGAR, CROSS & COMPANY, LIMITED

YEAR OF VARYING FORTUNES

The Fifty-fifth Annual General Meeting of Agar, Cross & Company, Limited was held on December 21st in London, **Mr Val C. Fisher, CA** (Chairman and Managing Director), presiding.

The following is a summary of his circulated statement:

The highlight of the year under review was the issue of £900,000 7½ per cent Convertible Loan Stock, 1975/85, at £100 per cent. The proceeds enabled us to finance the outstanding UK taxation liability, provide a modicum of working capital for our subsidiaries and effect a substantial remittance to our Argentine Organisation.

Parent Company's Profit and Loss Account: The year to June 30, 1961, was one of varying fortunes.

During the six months to the end of December, 1960, the trading outlook was bright and the prospects for the year appeared such as to justify a forecast which might match the results of the year to June 30, 1960.

At the end of December, however, Argentine credit restrictions, which had been in force for some time, were severely tightened and these, coupled with the almost complete failure of the wheat harvest, made it virtually impossible to sell except on increasingly long terms. Competition at the same time became much keener and in certain lines profit margins had to be drastically cut to effect sales.

In spite of these difficulties total sales for the year to June 30, 1961, were 22 per cent up on the previous year's record figure, but the gross profit on this substantially increased turnover was insufficient to compensate for the overall narrower profit margins, and the gross profit for the year was some 10 per cent lower than last year.

The trading profit of £800,177 is £368,151 down on last year's figure of £1,168,328.

The Argentine exchange rate remained steady during the year and, in fact, showed a small improvement at June 30, 1961, which resulted in an exchange credit of £13,277 (£25,562).

Smaller profits, a change in the mode of assessment and the elimination of the Emergency Tax, 1960, have reduced Argentine taxation by £303,080 from last year's £569,821 to this year's £266,741.

The amounts charged for United Kingdom Income Tax and Profits Tax are greater than last year since that year had the benefit of the carrying forward of earlier years' losses. Unilateral Relief is down since the Argentine taxation is down. The provision for UK Taxation is therefore £160,000 (£1,297).

The total of Argentine and UK taxation is £426,741 or £144,377 down.

Interest on the new issue of 7½ per cent Convertible Loan Stock, 1975/85, has been provided at £27,492 (nil).

Our partly-owned subsidiary in Argentina, Compania General de Asfaltos S.A. continued to make profits and paid the Parent Company a dividend of £9,595 (£11,360).

The subsidiary companies overall have produced a substantial loss and it has been decided to provide in the Parent Company's Accounts £45,000 in respect of this.

Profits, after taxation and the above provisions, are £314,221 compared with last year's £622,772, or a drop of £308,551.

Whilst I keenly regret this fall against our forecast, nevertheless, in spite of all our unpredictable difficulties, I think it is fair for me to remind you that the trading profit compares very favourably with the figure of £460,891 for the year to June, 1959, and £236,760 for the year before that.

Prospects: We estimate that in spite of increasingly keener competition we shall be able to maintain, if not better, last year's record sales but profit margins may again be lower.

Sales to the end of November, 1961, are higher than last year.

The report and accounts were adopted and a dividend of 12½ per cent was approved.

PONTIN'S LIMITED

The twenty-first annual general meeting of Pontin's Limited was held on December 21st in London, **Mr F. W. Pontin** (Chairman and Managing Director), presiding.

Mr Pontin said that he was pleased to report that the Group Profits before Tax amounted to £251,829 as compared with £170,582, an increase of 48 per cent.

Reviewing events, the Chairman referred to the acquisition of Middleton Tower Holiday Camp Limited, the Little Canada Holiday Village in the Isle of Wight, Jersey Jubilee Campers Limited, Squires Gate Blackpool Holiday Camp Limited and the Dolphin Holiday Camps (Devon) Limited.

Commenting on the Issue of 1,626,250 Ordinary Shares of 2s. each at a price of 6s. in February last, Mr Pontin said that the net proceeds had been used to finance considerable expansions of, and improvements to the Company's freehold properties.

Mr Pontin added: As a result of increased accommodation, your Company catered for more guests during the season recently ended than hitherto and your Board are confident that the trading results of the current year will again show an appreciable advance.

Your Board have a further programme of expansion to existing properties in hand, and at all times are seeking to expand the Company's activities by the acquisition of suitably established camps. As a result, your Board will shortly be seeking new Capital to further finance the development of the Company's business.

The report was adopted and the total dividend of 35 per cent was approved.

At a subsequent extraordinary general meeting the proposed increase in the authorised capital from £1,000,000 to £1,500,000 by the creation of 5,000,000 Ordinary shares of 2s. each was sanctioned.

Copy for the insertion of Company Meeting reports must reach this office not later than Wednesday of each week and should be addressed to:

The Company Meetings Department,
The Economist,
22, Ryder Street, S.W.1.

COMPANY AFFAIRS

Arthur Guinness

In the mid-fifties, Arthur Guinness's gross return on assets employed ran consistently around 26 per cent. In 1958-59 the rate came down to 23 per cent; it remained at this level in 1959-60, but it was again reduced to 21 per cent in 1960-61. For a brewery whose capital is locked up in productive capacity and not in tied outlets, such a trend is not alluring. With the coagulation of the brewing industry into massive trading rings, Arthur Guinness has had to fight harder to hold its share of the market. In 1960-61, when most of the other big brewers earned bigger profits, Guinness earned smaller profits because costs were rising. It was either unable or unwilling to pass on the cost increases and impose smaller margins on the brewers who bottle and stock Guinness stout. Depreciation was higher, as a result of heavy capital expenditure on metal casks and new plant; the promotion of "Harp" lager was expensive; additions were made to the sales force for "Harp" and draught container stout; wages went up; and advertising expenses rose. So gross profits fell from £8,207,000 to £7,989,000; net profits fell from £4,610,000 to £4,240,000; and the directors merely kept their earlier promise of a 22 per cent dividend.

Capital expenditure was heavy in 1960-61 at nearly £6 million, and Lord Iveagh says it will be as big in 1961-62. But as Guinness has liquid assets of £7 million and a retained cash flow of about £3 million, it need not come to the market for new money. Until the "Harp" lager venture makes money, however, the rate of return is likely to remain depressed. Much current capital expenditure is on lager, particularly at the Alton and Dundalk breweries.

There are several ways by which the directors hope to reverse the trend in returns. The company has modernised its casks; it has improved its plant; it is well versed in the research and development of continuous brewing; and it has made a big effort to secure a niche in the free trade for its container stout, served under pressure. Moreover, it is making increasing efforts to add to exports; it is already the biggest exporter of beer from the British Isles and in partnership with the United Africa Group it is building a brewery in Nigeria. In addition, it has sought to diversify its interests, notably into confectionery (where both sales and profits made a "satisfactory increase" in 1960-61) and more recently into pharmaceuticals. In time, some of the new ideas and new investments of this ably-managed company must pay off; but investors who can currently buy the stock at 50s. 6d. to yield 4½ per cent cannot expect a quick increase in the rate of return on capital employed.

Lancashire Steel

The disappointing 1961 steel profit and dividend season ended on a slightly brighter note, for the results for Lancashire Steel were better than expected. The group primarily makes wire rods for which demand has declined; it has also had to face the suspension of import duties on these products which has continued even after the shortage ended. Yet the fall of 11½ per cent in trading profits in the year to September 30th from £5,926,000 to £5,237,000 compares favourably with the results from other steel companies. Despite the installation of the new rod and bar mill at Irlam the depreciation charge has been raised by only £50,000 to £1,125,000. Investment allowances, however, have more than doubled from £205,000 to £475,000 and with their help earnings are only some 3.3 points lower at 40.3 per cent and cover the maintained 11 per cent dividend just over 3½ times.

These results may give a too favourable impression of the group's present trading experience for a year ago the chairman reported a reasonably good order book and continued full time working and it may be that the group was not so happily placed in the second half of the year. For the longer term, the group's current development plan is designed in part to increase the capacity for concrete reinforcement rods and light sections and thus make it less vulnerable to fluctuations in demand from its wire manufacturing customers. At 32s. 3d. the £1 shares are a little above their 1961 low and yield 6.8 per cent.

Lancashire Cotton

Lancashire Cotton publishes half-yearly figures and it is now clear that its profits fell away in the second half of the year to end-October. In recent months numerous warnings have come from Lancashire of the return to more difficult trading conditions in the cotton industry. In the half-year to end-April, profits before tax and depreciation rose to £2,122,000 compared with £1,947,000 in the corresponding period in 1959-60; in the full year, profits fell by 10 per cent from £4,188,000 to £3,775,000. After a slightly higher depreciation charge and a lower tax charge, net profits fell from £1,886,000 to £1,691,000, which covers the maintained 25 per cent dividend 1.3 times.

If profits in the current year do not rise above the level of the last six months, the present dividend might not be fully covered by earnings. This none too bright prospect is reflected in the yield of 10.7 per cent on the £1 shares which have fallen by 4s. 3d. to 46s. 9d. since the results.

London Stock Exchange

FIRST DEALINGS:	Nov. 27	Dec. 11	Dec. 29
LAST DEALINGS:	Dec. 8	Dec. 28	Jan. 12
ACCOUNT DAY:	Dec. 19	Jan. 9	Jan. 23

On both sides of the Christmas holiday there has been a firm undertone to stock markets although business has been extremely quiet as is usual at this time of the year. Sentiment was barely affected before the weekend by "the hammering" of a firm of stockbrokers but a large volume of business in both Courtaulds and Imperial Chemical Industries and continued selling of Unilever to American investors has brought in its turn a reinvestment demand for other equities. After the holiday the sustained rally on Wall Street has assisted markets to keep their firm tone. Over the week to Wednesday *The Economist* indicator rose by 2.5 points to 359.2. The gilt-edged market has remained very quiet and the few changes in prices have been limited to ⅛ either way.

With the usual falling away in company news attention has been focused on a further bout of take-over bids and mergers or rumours of them. In the latter category Cunard was prominent with a gain of 1s. 9d. to 17s. Rumours linked Cunard with Mr Clore—the Furness Shipbuilding Company is in the Sears Holdings group—British and Commonwealth Shipping and Peninsular and Oriental Steam Navigation and B and C shares gained 1s. to 29s. 6d. while P and O gained 1s. 3d. to 29s. 4½d. Second Covent Garden's deal with Zeckendorf Property had little effect on the shares which closed unchanged at 35s. 3d. Handley Page lost 1s. to 11s. 10½d. following the statement at the annual meeting that no satisfactory offer had been received.

Elsewhere bank shares have been steady in front of the dividend season which starts next week, while after the better than expected results from Lancashire Steel most steel shares showed small gains with United Steel 1s. 1½d. up at 39s. 9d., and Lancashire Steel up 7½d. to 31s. 10½d. The latest results from the cotton industry sent leading shares lower with Lancashire Cotton losing 3s. to 48s. following its results, and Fine Spinners 4½d. to 22s. 4½d. on its disappointing interim statement. Among store shares Woolworth gained 1s. 7½d. to 52s. 6d.; its results are due in about three weeks. Montague Burton came in for some profit taking and the ordinary shares lost 2s. 9d. to 104s. 3d., and the "A" shares 3s. 1½d. to 94s. 1½d.

Oil shares provided some interest on Wednesday with British Petroleum losing ground on the uncertain news from Kuwait and over the week the shares lost 1s. 3d. to 33s. 3d. Lobitos closed at a new low of 14s., a fall of 1s. 9d. on the news of increased Peruvian taxes. Shell Transport was a firm market ahead of the split into 5s. units and over the week was unchanged at 120s. 6d. Castrol gained 1s. 3d. to 41s. 3d. reflecting the increase in motor oil prices.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended December 16, 1961, there was an "above-line" deficit (after allowing for sinking funds) of £62,872,000 compared with a deficit of £2,072,000 in the previous week and a deficit of £39,174,000 in the corresponding period of last year. There was a net expenditure "below-line" of £7,845,000 leaving a total cumulative deficit to date of £883,995,000 compared with £908,524,000 in 1960-61.

£'000	Estimate 1961-62	April 1, 1960, to Dec. 17, 1960	April 1, 1961, to Dec. 16, 1961	Week ended Dec. 17, 1960	Week ended Dec. 16, 1961
Ordinary Revenue					
Income Tax	2,728,500	933,634	1,060,206	23,458	25,475
Surtax	210,000	52,500	59,900	2,200	2,500
Death Duties	240,000	160,900	181,500	4,000	4,700
Stamps	94,000	62,800	68,300	1,500	1,700
Profits tax, EPT and EPL	325,500	203,800	256,100	6,700	6,800
Other Inland Rev. Duties	...	50	...	...	...
Total Inland Rev.	3,598,000	1,413,684	1,626,006	37,858	41,175
Customs	1,550,000	1,064,023	1,173,581	33,392	33,807
Excise	960,000	691,850	716,805	6,435	8,715
Total Customs and Excise	2,510,000	1,755,873	1,890,386	39,827	42,522
Motor Duties	155,000	41,474	51,310	482	3,712
PO (Net Receipts)	...	1,500	...	1,500	...
Broadcast Lic's.	40,000	22,500	23,800	...	...
Sundry Loans	205,000	40,292	188,129	857	800
Miscellaneous		80,309			
Total	6,508,000	3,355,632	3,779,631	80,524	88,209
Ordinary Expenditure					
Debt Interest	660,000	470,337	520,882	29,559	44,888
Payments to N. Ireland Exch.	92,000	56,577	59,576	...	...
PO Fund — Initial settlement	15,000	...	7,282	...	...
Other Consolidated Funds	8,000	4,726	4,991	9	23
Supply Services	5,186,902	3,332,597	3,613,863	89,800	105,600
Total	5,961,902	3,864,237	4,206,594	119,368	150,511
Sinking Funds	40,000	26,230	26,784	330	570
"Above-line" Surplus or Deficit	—	—	—	—	—
"Below-line" Net Expenditure*	534,835	453,747	39,174	62,872	
	373,689	430,248	12,936	7,845	
Total Surplus or Deficit	908,524	883,995	52,110	70,717	
Net receipts from:					
Tax Reserve Certificates	199,498	188,800	10,725	570	
Savings Certificates	44,900	−18,400	1,400	700	
Defence Bonds	77,104	19,899	2,052	485	
Premium Savings Bonds	40,650	29,100	700	500	
Total	362,152	219,399	14,877	2,255	

* Net receipts of the Civil Contingencies Fund £5 million in 1961-62 compared with a net receipt of £5 million in 1960-61.

FLOATING DEBT

(£ million)

	Treasury Bills		Ways and Means Advances		Total Floating Debt
	Tender	Tap	Public Dept.	Bank of England	
1960					
Dec. 17	3,610·0	1,794·1	211·4	...	5,615·5
1961					
Sept. 16	3,240·0	1,905·2	229·5	...	5,374·7
,, 23	3,220·0	1,928·7	228·3	...	5,377·0
,, 30	3,220·0	2,018·6	283·7	...	5,522·3
Oct. 7	3,240·0	1,998·1	207·2	...	5,445·3
,, 14	3,260·0	2,003·4	208·7	...	5,472·2
,, 21	3,270·0	1,997·8	183·1	...	5,450·9
,, 28	3,280·0	2,003·2	211·5	...	5,494·8
				0·8	
Nov. 4	3,280·0	2,063·7	201·1	...	5,545·5
,, 11	3,290·0	1,990·7	216·9	...	5,497·6
,, 18	3,310·0	1,976·2	250·6	...	5,536·8
,, 25	3,330·0	2,016·1	205·3		5,551·4
				...	
Dec. 2	3,350·0	2,078·9	228·5	...	5,657·4
,, 9	3,370·0	2,083·8	222·2	0·8	5,676·0
,, 16	3,370·0	2,148·9	235·2	...	5,754·9

THE MONEY MARKET

After the fairly rough handling the discount market has recently received from the authorities, it was little surprise when, at the Treasury bill tender on the Friday before Christmas, the syndicate of discount houses lowered its bid for the £210 million of 91-day bills on offer by 3d. to £98 13s. 2d. The move was well timed. Total applications were sharply down by £55 million to £314 million and the market actually increased its allotment to 52 per cent compared to 37 per cent on its higher bid in the previous week. The average rate of discount rose by 10.35d. to £5 7s. 3.18d. per cent. The market's allotment of 63-day bills was 73 per cent.

Credit became progressively easier on the three working days before Christmas. On Friday the authorities sold a small number of bills to absorb the surplus credit and on Saturday the rate for day-to-day loans opened at the clearing banks' minimum of 4½ per cent. When the market reopened on Wednesday, with four working days to the end of the year, credit was very short. Five or six houses were forced to borrow a fairly large amount from the Bank at the penal rate despite the authorities' large special purchase of bills.

MONEY RATES

LONDON

	%		%
Bank rate (from 6½%, 2/11/61)	6	Discount rates (Wednesday):	
Deposit rates (7 days' notice):		Bank bills:	
Banks	4	60 days	$5\frac{5}{8}$–$5\frac{11}{16}$
Discount houses	4–$4\frac{1}{4}$	3 months	$5\frac{5}{8}$–$5\frac{11}{16}$
Local Authorities	7	4 months	$5\frac{5}{8}$–$5\frac{11}{16}$
Call money:		6 months	$5\frac{5}{8}$–$5\frac{3}{4}$
Clearing banks' minimum	$4\frac{3}{8}$	*Fine trade bills:*	
Day-to-day	$4\frac{3}{8}$–$5\frac{1}{2}$	3 months	$6\frac{3}{4}$–$7\frac{1}{2}$
		4 months	$6\frac{3}{4}$–$7\frac{1}{2}$
		6 months	7–8

NEW YORK

	%		%
Official Discount rate: (from 3½%, 11/8/60)	3	Treasury bills: Dec. 18	2·670
		,, 22	2·594

BANK OF ENGLAND RETURNS

(£ million)	Dec. 28, 1960	Dec. 20, 1961	Dec. 27, 1961
*Issue Department**:			
Notes in circulation	2,373·9	2,457·2	2,458·1
Notes in banking dept.	26·5	18·1	17·2
Govt. debt and securities*	2,398·0	2,473·9	2,474·0
Other securities	0·8	0·8	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	1·3	0·3	0·3
Banking Department:			
Deposits:			
Public accounts	13·1	14·7	22·2
Special deposits	151·3	233·5	233·5
Bankers	226·3	234·2	216·1
Others	65·6	71·0	73·0
Total	456·3	553·4	544·7
Securities:			
Government	403·5	499·5	476·5
Discounts and advances	24·8	33·7	49·1
Other	18·9	19·3	19·2
Total	447·2	552·5	544·8
Banking department reserve	27·3	19·0	18·1
"Proportion"	% 5·9	% 3·4	% 3·3

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £50 million to £2,475 million on December 13th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills: Average Rate of Allotment	Allotted at Max. Rate *
1960	*91 day*		s. d.	%
Dec. 23	250·0	362·4	87 1·45	67
1961				
Sept. 22	250·0	383·3	130 6·51	65
,, 29	270·0	447·9	131 0·48	39
Oct. 6	260·0	397·9	122 5·80	57
,, 13	260·0‡	419·0	120 2·28	59
,, 20	250·0	416·1	118 5·35	51
,, 27	250·0	431·2	114 6·57	66
	91 day *63 day*			
Nov. 3	200·0 60·0	412·7	108 6·10	63
,, 10	230·0 40·0	458·9	108 5·49	44
,, 17	220·0 50·0	430·2	107 9·71	56
,, 24	220·0‡ 60·0	471·8	107 9·40	42
Dec. 1	220·0 50·0	461·3	107 1·08	44
,, 8	230·0 30·0	455·3	106 5·34	46
,, 15	210·0 50·0	371·6	106 4·83	37
,, 22	210·0 50·0	379·0	107 3·18	52

* On December 22nd tenders for 91 day bills at £98 13s. 2d. secured 52 per cent, higher tenders being allotted in full. The offer for this week was for £250 million 91 day bills ‡ Allotment cut by £10 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits December 27	Market Rates: Spot December 21	December 22	December 23	December 25	December 26	December 27
United States $	2·78–2·82*	$2·80^{9}{}_{16}$–$1\frac{1}{16}$	$2·80^{11}{}_{16}$–$1\frac{3}{16}$	$2·80^{11}{}_{16}$–$1\frac{3}{16}$			$2·80^{7}{}_{8}$–81
Canadian $	...	2·92⅝–¾	2·92¾–7/8	2·92⅝–¾			2·92⅞–93
French Fr.	13·622–14·027	13·74½–75	13·75⅛–⅜	13·75⅛–⅜			13·76¼–½
Swiss Fr.	11·94–12·54⅞	12·10⅝–⅞	12·11¼–½	12·10⅞–11⅛			12·12⅛–⅜
Belgian Fr.	137·96–142·05	139·65–70	139·70–75	139·70–75			139·85–90
Dutch Gld.	9·98¾–10·28½	10·12⅛–⅜	10·10¾–11	10·10⅝–⅞	MARKET CLOSED	MARKET CLOSED	10·11–11¼
W. Ger. D-Mk.	11·037–11·365	11·21¾–22	11·21⅞–22⅛	11·21¾–22			11·23¼–½
Portug. Esc.	...	80·22–33	80·20–30	80·20–30			80·20–30
Italian Lire	1725–1775	174·11¾–¾	174·13⅜–42¼	174·13⅜–¼			174·31–43½
Swedish Kr.	14·27½–14·70	14·51½–¾	14·53–53¼	14·53–53¼			14·55–55¼
Danish Kr.	19·06½–19·62	19·30⅝–⅞	19·30⅝–⅞	19·30⅝–⅞			19·30⅝–⅞
Norwegian Kr.	19·71–20·30½	20·00⅝–⅝	20·00½–¾	20·00⅝–⅞			20·00¾–01
	* Official Limits	**One Month Forward Rates**					
United States $		11_{16}–9_{16}c. pm	11_{16}–9_{16}c. pm	11_{16}–9_{16}c. pm			11_{16}–9_{16}c. pm
Canadian $		¾–⅝c. pm	¾–⅝c. pm	¾–⅝c. pm			¾–⅝c. pm
French Fr.		3⅛–2⅜c. pm	3⅛–2⅜c. pm	3⅛–2⅜c. pm			3⅛–2⅝c. pm
Swiss Fr.		3–2⅛c. pm	3–2⅛c. pm	3–2⅛c. pm			3⅛–2⅝c. pm
Belgian Fr.		35–25c. pm	30–20c. pm	30–20c. pm			30–20c. pm
Dutch Gld.		4⅛–3¾c. pm	4⅛–3⅝c. pm	4⅛–3¾c. pm			3¾–3⅛c. pm
W. German D-Mk.		4–3⅛pf. pm	4–3⅛pf. pm	4–3⅛pf. pm			4–3⅛pf. pm
		Three Months Forward Rates					
United States $		$1\frac{7}{8}$–$1\frac{3}{4}$c. pm	$1\frac{7}{8}$–$1\frac{3}{4}$c. pm	$1\frac{7}{8}$–$1\frac{3}{4}$c. pm			$1\frac{7}{8}$–$1\frac{3}{4}$c. pm
Canadian $		$2\frac{1}{16}$–$1\frac{15}{16}$c. pm	2–$1\frac{7}{8}$c. pm	2–$1\frac{7}{8}$c. pm			$1\frac{15}{16}$–$1\frac{13}{16}$c. pm
Swiss Fr.		⅞–9c. pm	⅞–9c. pm	⅞–9c. pm			9¾–91¼c. pm
W. German D-Mk.		11–10⅛pf. pm	11–10⅛pf. pm	11–10⅛pf. pm			$10\frac{3}{4}$–$10\frac{1}{4}$pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/5	250/3¾	...			250/2¼
,, ($,, ,, ,,)		35·14	35·14				35·14

LONDON AND NEW YORK STOCKS

Prices, 1961 High	Prices, 1961 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Dec. 20, 1961	Price, Dec. 27, 1961	Net Yield, Dec. 27, 1961 §
92½	88⅜	Savings Bonds 3% 1955–65	90 16/16	90 16/16	4 11 10
100 1/32	99	Convers. 4½% 1962	99-17-2	99-17-4½	...
99 1/16	98⅞	Convers. 4½% ..... Asst'd. (m)	99	99 1/16	3 17 11
91 13/16	91 13/16	Convers. 4½% ..... Asst'd. (n)	91 13/16	91 13/16	3 19 10
96⅞	93¾	Exchequer 3% 1962–63	96 3/32	96⅛	4 11 8
101 5/16	98⅜	Treasury 5½% 1962	100 11/32	100 11/32	2 13 2
93 29/32	90¼	Exchequer 2½% 1963–64	93⅜	93 5/32	4 11 1
99 1/32	96⅝	Conversion 4¾% 1963	98 15/32	98½	3 18 7
98⅜	94½	Conversion 4½% 1964	96 27/32	97	4 0 0
101 5/16	96	Exchequer 5½% 1966	98⅛	98 3/16	3 13 7
83⅛	78 7/16	Funding 3% 1959–69	82½	82⅛	4 15 4
89¾	84¾	Funding 4% 1960–90	88⅝	88⅝	4 12 1
80⅛	74⅝	Savings Bonds 3% 1960–70	79½	79½	4 16 11
85⅛	80¾	Savings Bonds 2½% 1964–67	84 13/16	84 13/16	4 16 11
72 11/16	66¼	Savings Bonds 3% 1965–75	71 7/16	71 3/8	4 15 9
84 11/16	78⅝	Funding 3% 1966–68	84 7/16	83 13/16*	4 16 4
86 3/16	80¼	Conversion 3½% 1969	85⅝	85⅝	4 12 9
97½	92½	Victory 4% 1920–76	93⅞	93⅞	4 10 0
93 5/16	87	Conversion 5% 1971	90 7/16*	90 7/16*	4 5 7
95 11/16	88½	Conversion 5¼% 1974	92	92	4 1 1
73¼	66	Treasury 3½% 1977–80	69 3/16	69 3/16	4 13 2
72¼	65	Treasury 3½% 1979–81	69 3/16	69 3/16	4 13 2
97 1/16	88½	Funding 5½% 1982–84	90*	90*	4 1 0
59½	51½	Redemption 3% 1986–96	53⅞	53⅞	4 10 0
88¼	79¼	Treasury 5% 1986–89	82 3/16	82 3/16	4 8 0
63 1/16	55	Funding 3½% 1999–2004	56 11/16*	56 11/16*	4 8 0
94⅝	81⅝	Treasury 5½% 2008–12	84⅞	84⅞	4 2 8
65⅜	56½	Consols 4% ..... after Feb. 1957	59¾	58 1/16*	4 4 1
59¼	50½	War Loan 3½% ..... after 1952	51 15/16	51⅞	4 2 11
59	50½	Conv. 3½% ..... after Apr. 1961	52	52	4 3 4
50⅞	43¼	Treasury 3% ..... after Apr. 1966	44½	44½	4 3 5
44	36½	Consols 2½%	37⅞*	37⅞*	4 0 10
43½	36½	Treasury 2½% ..... after Apr. 1975	37⅜	37⅜	4 1 8
91⅞	85⅜	British Electric 4½% 1967–69	91 7/16	91 7/16	4 4 11
75 11/16	70⅛	British Electric 3% 1968–73	74⅝	74 9/16	4 17 0
70⅝	64½	British Electric 3% 1974–77	69	69	4 15 7
81⅞	74⅞	British Electric 4½% 1974–79	79 7/16	79 7/16	4 6 7
73½	67	British Electric 3½% 1976–79	70 3/16	70 3/16	4 12 9
84⅞	78¾	British Gas 4% 1969–72	84⅛	84⅛	4 9 2
82	76	British Gas 3½% 1969–71	81½	81½	4 12 4
59⅜	51¾	British Gas 3% 1990–95	53⅜	53⅜	4 11 8
75 11/16	70⅛	British Transport 3% 1968–73	74⅝	74⅝	4 17 0
80⅞	74	British Transport 4½% 1972–77	77⅜	77⅜	4 9 5
61 7/16	53⅜	British Transport 3% 1978–88	56 5/16*	56 5/16*	4 15 1

Prices, 1961 High	Prices, 1961 Low	DOMINION AND CORPORATION STOCKS	Price, Dec. 20, 1961	Price, Dec. 27, 1961	Yield, Dec. 27, 1961 £ s. d.
82¼	76⅛	Australia 3½% 1965–69	80¾	80⅝	6 14 01
101	92¾	Australia 6% 1974–76	97⅛	97	6 8 01
72½	64½	Ceylon 4% 1973–75	66¼	66¼	6 8 01
101⅛	92¾	New Zealand 6% 1976–80	95½	95¼	6 12 01
80½	70½	Rhodesia and Nyasaland 6% 1978–81	75½*	75⅛*	8 11 01
81¼	73	South Africa 3½% 1965–67	81¼	81¼	7 19 01
59	53½	Southern Rhodesia 4½% 1987–92	58	58	8 10 01
94⅝	85½	Agricultural Mortgage 5½% 1980–85	86½*	86½*	6 13 01
89	82¼	Birmingham 4¼% 1967–70	85¾*	85¾*	6 7 01
92¾	86½	Bristol 5% 1971–73	88½	88½	6 8 01
93	86½	Corporation of London 5¼% 1970–79	88	88	6 8 01
48¾	41	L.C.C. 3% ..... after 1920	42⅞	42⅞	6 19 01
89⅛	80⅛	L.C.C. 5% 1980–83	83¾	83¾	6 9 01
93	84¼	Middlesex 5¼% 1980	88⅛	88¼	6 9 01

NEW YORK PRICES AND INDICES

	Dec. 20 $	Dec. 27 $		Dec. 20 $	Dec. 27 $		Dec. 20 $	Dec. 27 $
Atch. Topeka ...	26½	27¼	Boeing	52	51¾	Int. Harvester ..	49⅜	52
Can. Pacific	25⅛	25⅛	Celanese	33⅞	35¾	Inter. Nickel ...	81⅝	85⅛
Pennsylvania	16¼	17⅛	Chrysler	48⅝	49¾	Inter. Paper ...	36¾	37⅜
Union Pacific ...	32¾	33½	Col. Palmolive ..	53¼	52½	Kennecott	61¾	61⅞
Amer. Electric ..	67½	68¼	Crown Zeller....	59¼	59	Monsanto	51¾	54⅛
Am. Tel. & Tel...	135¾	136⅝	Distillers Seag...	41	42⅞	Nat. Distillers ..	26⅞	27
Cons. Edison	82½	82¾	Douglas	35½	36¾	Pan-American ..	20¾	21¾
Int. Tel. & Tel...	58	58½	Dow Chemical..	71⅞	73½	Procter Gamble	93¾	93⅜
South'n. Nat. Gas	48⅛	53⅝	Du Pont	239¼	246¼	Radio Corpn....	53⅝	52¾
United Corpn...	8⅝	8½	East. Kodak.....	109¼	110⅜	Sears Roebuck .	89¼	88⅞
Western Union .	38⅞	39	Ford Motor.....	111	115⅛	Shell Oil	38⅛	39¼
Alcoa	62½	65⅜	Gen. Electric	75¾	74	Socony-Mobil	50¾	51⅝
Aluminium'm	26⅝	28¼	General Foods ..	92¼	93½	Stand. Oil Ind..	55½	55¾
Amer. Can.....	46⅝	46⅛	General Motors .	55½	57½	Stand. Oil N.J..	50¾	51
Am. Smelting....	63¾	62⅞	Goodyear	42⅞	43⅛	Union Carbide.	122	122¼
Am. Viscose	52¾	53	Gulf Oil	42⅞	42⅛	U.S. Steel	77¾	79¾
Anaconda	48½	49⅛	Heinz	62½	63½	West. Electric ..	37⅝	38½
Beth. Steel	40¾	42½	Int. Bus. Mach...	575	582	Woolworth.....	91¾	91

Standard and Poor's Indices (1941–43=10)

1961	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Nov. 29	75·49	2·76	33·90	4·82	67·26	2·93	88·39	4·04
Dec. 6	75·97	2·77	33·56	4·83	66·59	2·83	87·87	4·09
,, 13	76·60	2·74	33·33	4·87	66·84	2·77	87·67	4·11
,, 20	75·22	2·81	32·39	4·98	64·85	3·08	87·57	4·12
,, 27	75·93	2·78	33·09	4·88	64·21	3·11	87·67	4·11

425 *Industrials* :—High, 76·69 (Dec. 12). Low, 60·87 (Jan. 3).

Prices, 1961 High	Prices, 1961 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Dec. 20, 1961	Price, Dec. 27, 1961	Yield, Dec. 27, 1961	Cover
		%	%	**BANKS, DISCOUNT & HP**				
34/-	17/4½	10⅝ c	10 c	Barclays £1	86/9	87/3	2·98	...
15/-	7/9¾	12½ b	10 a	Assoc. British Foods.. 1/-	11/-	11/3	2·00	2
74/-	54/3	8 b	4 a	Bovril £1	57/9	57/9	4·16	2½
12/11¼	9/9¾	†1·7a	†3·9b	Brooke Bond 'B' 5/-	11/4½‖	11/4½‖	4·02	3½
19/3	12/6	10 b	2½ a	International Tea 5/-	14/-	14/1½	4·39	1½
107/9	65/-	105⅝ b	5 a	J. Lyons 'A' £1	72/9	72/9	4·35	1¼
35/6	25/9	5 a	9 b	Ranks 10/-	29/10½	30/6	4·59	2
14/03⁄4	10/4½	7½ b	2½ a	Spillers 5/-	12/4½	12/6	4·00	2
50/-	38/7½	10·9c	10·7a	Tate & Lyle £1	48/4½	47/10½	5·01	2
20/10½	14/10½	9 b	5 a	Unigate 5/-	16/7½	16/6	4·24	2
73/-	55/9	†21½ c	†11½ a	Brit. Amer. Tobac. .. 10/-	56/3	57/3	5·16	2½
51/6	34/7½	15 b	5 a	Gallaher 10/-	39/4½	39/3	5·10	2
71/9	62/-	14 b	8½ a	Imperial Tobacco £1	62/-	62/9	7·17	1¾
				INSURANCE				
15½	11⅝	†55 b	†50 a	Britannic 5/-	15⅛	15⅛	2·85	...
86/3	60/6	25 b	20 a	Commercial Union .. 5/-	65/-	64/9	3·47	...
24/-	17/-	†41·17c	†41·17c	Equity & Law Life 8/6	33⅛	32⅛	0·87	...
88/4½	51/10½	20 b	10 a	General Accident..... 5/-	85/9	85/6	1·75	...
60/6	42/7½	40 b	35 a	Guardian 5/-	52/6	52/-	2·56	...
39½	23¼	110 b	80 a	Legal & General..... 5/-	39⅛	38⅛	1·22	...
146/-	100/-	11½ b	8½ a	Northern & Empl..... £1	143/3	141/9	2·82	...
272/6	156/3	†70 b	†20 a	Pearl 5/-	217/6	215/-	3·42	...
29	18	†183½ c	†208½ c	Prudential 'A' 4/-	25⅝	25½	2·67	...
49/3	38/10½	...	...	Royal 5/-	45/10½	45/4½	3·31	...
129/3	100/3	11¼ b	7½ a	Royal Exchange £1	110/3	108/9	3·45	...
				MOTORS & AIRCRAFT				
18/10½	12/10½	7½ a	12½ b	British Motor 5/-	15/1½	15/03⁄4	6·64	3⁄4
86/6	66/1½	20 c	20 c	Jaguar Cars 'A' 5/-	84/7½	84/10½	1·18	7¾
48/6	35/6	11 c	5 a	Rolls-Royce £1	36/-	36/3	6·07	2¼
10/-	5/6	12 c	4 a	Rootes Motors 'A' ... 4/-	6/2¼	6/2¼	2·59	...
88/9	52/2¼	5 a	11 b	A.C.V. £1	73/4½	72/-	4·16	2
101/-	77/7½	15 c	20 c	Leyland Motors	91/3	90/4½	4·43	2
18/6	14/-	9 b	3½ a	Bristol Aeroplane .. 10/-	15/10½	15/7½	8·00	2¼
33/3	20/6	15 c	5 a	Hawker Siddeley £1	22/1½	22/-	9·64	1¼
41/3	28/10½	†4 a	†5½ b	Dowty Group 10/-	30/3	30/-	5·17	2¼
29/3	21/6	†5⅝ c	5 a	Dunlop Rubber 10/-	28/10½	29/-	5·46	2
72/-	49/9	21½ a	11¼ b	Joseph Lucas £1	62/3	64/-	4·30	2¼
33/3	15/9	30 c	Nil a	Pressed Steel	34/-	34/4½	3·64	2¼
46/3	29/3	15 c	12½ c	Triplex Holdings 10/-	34/-			
				MINES				
168/9	110/-	50 b	40 a	Anglo-American..... 10/-	140/-	138/9	6·49	1½
70/6	43/-	6¼ b	18¾ b	Consolid. Gold Fields .£1	65/6	62/6	8·00	2½
108/9	72/6	15 a	20 b	General Mining £1	96/3	96/3	7·27	2
68/6	40/-	20 a	20 b	Union Corporation .. 2/6	59/9	59/3	6·75	3
25/3	15/3	40 a	40 b	Daggafontein 5/-	19/6	18/6	21·62	1½
125/-	73/9	70 a	100 b	Free State Geduld ... 5/-	96/10½	94/4½	9·01	2
54/3	37/6	25 a	25 b	Hartebeestfontein .. 10/-	48/6	48/3	10·36	1½
64/6	41/10½	50 a	60 b	President Brand 5/-	55/-	53/9	10·23	1½
157/6	101/3	90 a	120 b	Western Holdings ... 5/-	123/9	123/9	8·48	1¼
28/6	15/9	...	8½ a	Winkelhaak 10/-	20/-	...	...	8½
75/3	55/-	36⅔ b	13½ a	Chartered 15/-	55/9	55/9	13·45	2¾
63/6	51/3	20 a	60 b	Rhod. Anglo-Amer.. 10/-	55/6	56/-	14·29	1¾
11/7½	7/10½	411⅓ a	9 b	Rhod. Selection Tst. .5/-	10/6	10/6	6·44	2
6/11½	4/6	41⅔ a	8 b	Roan Antelope 5/-	4/10½	4/10½	12·37	1½
30/9	15/3	15 a	17½ b	Tanganyika Cons.... 10/-	18/6	19/-	17·11	1¼
81/6	46/-	133⅓ b	33⅓ a	Consolidated Zinc..... £1	48/3	49/3	7·11	1¾
159/41⁄2	110/-	150 b	100 a	De Beers Defd. Reg..5/-	150/-	146/3	8·55	1¾
$159½	$104	$1·50c	$1·50c	Internat. Nickel ....n.p.v.	$144	$150	1·78	...
18/9	10/9	27½ b	7½ a	London Tin..... 4/-	15/7½	15/10½	8·82	1¼
45/-	30/-	20 c	27½ c	Rio Tinto..... 10/-	43/9	41/10½	4·19	1½
44/3	17/9	52½ c	20 a	Tronoh 5/-	27/-	27/6	9·55	1
				OIL				
51/3	32/-	†6·94b	†2·78a	British Petroleum £1	34/6	33/3	9·55	2¼
49/6	31/6	†67⅞ b	†21½ a	Burmah Oil 10/-	42/-	32/3	9·49	1¼
52/-	36/-	13⅓ b	6¼ a	Castrol 10/-	40/-	41/3	4·85	2½
£15 1/16	£10 5/8	23·87c	11⅛ a	Royal Dutch ..... 20 fl.	£12 5/8	£12 7/8	3·67	2¾
139 7/12	108/9	†20·8 c	†10 a	Shell Transport £1	120/6	120/6	5·65	3
41/3	23/9	...	...	Ultramar 10/-	24/6	23/9	... d	...
				PAPER & NEWSPAPERS				
14/7½	9/10½	10 b	5 a	Daily Mirror 5/-	12/4½	12/7½	5·94	1¼
91/-	57/6	8 b	4 a	W. H. Smith & Son 'A' .£1	68/6	69/-	3·48	2
23/9	17/9	...	10 a	Thomson Org'n. 5/-	22/-	22/-	5·45	2
66/3	43/6	8¾ b	5 a	Bowater Paper..... £1	44/-	44/-	6·21	1½
56/6	40/6	16 c	5 a	Albert E. Reed..... £1	37/6	40/6	7·90	1½
54/3	37/3	8½ b	4 a	Spicers..... £1	37/6	37/3	6·71	1¾
68/9	46/6	10 b	4 a	Wiggins Teape £1	47/-	50/6	5·54	2
				CHEMICAL				
29/3	20/3	14 b	6 a	Albright & Wilson...5/-	22/6	22/6	4·44	2½
22/-	14/10½	11½ c	4 a	Borax Defd. 5/-	15/10½	15/9	3·65	3
58/9	30/7½	7 b	4 a	Fisons £1	36/3	36/9	5·99	1½
81/6	55/10½	7½ b	6¼ a	I C I £1	57/3	56/9	4·85	2
26/10½	14/6	10 b	5 a	Monsanto 5/-	16/6	16/6	4·55	2½
				DRAPERY & STORES				
36/-	24/-	8 b	4 a	Boots Pure Drug 5/-	28/6	29/-	2·07	2¼
107/-	58/6	7½ a	20 b	Montague Burton....10/-	107/-	104/3	2·64	2
75/03⁄4	47/7½	5⅝ a	13 b	Debenhams 10/-	57/7½	58/3	3·30	1½
59/4½	45/-	25 b	12½ a	G.U.S. 'A' 5/-	52/10½	54/11½	3·46	2
46/9¾	33/4½	16⅔ b	13⅓ a	House of Fraser 5/-	40/-	40/-	3·75	1¼
21/11½	14/3	7⅓ b	5 a	Lewis's Invest. Tst.. 4/-	15/33⁄4	15/6	3·18	2¼
106/9	85/11½	32½ b	15 a	Marks & Spencer 'A' .5/-	100/-	101/6	2·34	1½
53/10½	34/10½	20 b	10 a	United Drapery 5/-	49/11½	49/3	3·05	1¾
62/11½	49/9	25 b	10⅝ a	Woolworth 5/-	50/10½	52/6	3·41	1½
				ELECTRICAL & RADIO				
48/6	28/3	10 b	5 a	A.E.I. £1	29/-	29/6	10·17	1
15/5¼	9/7½	...	5 a	Brit. Electronic Inds.5/-	10/4½	11/-	6·82	1¼
62/3	49/-	9½ b	4 a	B.I.C.C. £1	55/10½	55/10½	4·83	2
14/7½	11/3	5 a	7½ b	Crompton Parkinson.5/-	12/8¼	12/11¼	4·83	2¼
78/-	54/-	7½ a	15⅝ b	Decca Record 10/-	77/-	78/-	2·99	1¾
52/-	35/-	5 a	12½ b	E.M.I. 10/-	44/6	44/6	3·93	2
45/4½	25/9	8 b	5 a	Elliott-Automation.... 5/-	44/6	45/-	1·44	2
40/6	22/6	3 a	7 b	English Electric £1	23/-	23/-	8·70	1½
39/6	23/6	3 a	7 b	General Electric..... £1	24/-	26/3	7·62	3¼
81⅛	43⅝	6½ b	3 a	C. A. Parsons £1	50/9	50/9	4·93	4
52/3	37/6	6½ a	3 a	A. Reyrolle £1	43/9	44/-	4·43	2¾
67/-	45/3	25 c	25 c	Thorn Electrical.....5/-	67/-	67/-	1·87	3
				ENGINEERING				
36/9	18/9	9 c	Nil a	Babcock & Wilcox..... £1	20/3	20/6	...	1
48/9	30/4½	4 a	7 b	John Brown £1	37/3	36/9	5·99	2¾
8/4½	4/2¼	9 b	3 a	Cammell Laird 5/-	4/63⁄4	4/6	13·33	1
33/9	22/4½	20 b	10 a	Internat. Combust. .5/-	25/7½	25/4½	5·91	1½
9/1½	3/4½	...	...	Rich'ds'ns. Westg'th. 10/-	3/9	3/9	...	...
40/-	28/-	9½ b	2½ a	Swan Hunter £1	36/9	36/6	6·58	2¼
17/4½	10/6	5 c	5 a	John Thompson 5/-	13/-	13/-	1·92	...
33/10½	21/8¼	12½ a	16¼ b	Coventry Gauge..... 10/-	31/6	31/6	4·54	2¾
79/9	51/6	16 b	12½ a	Alfred Herbert £1	64/-	64/6	4·30	1¾
78/-	41/-	12½ b	5 a	Allied Ironfounders...£1	42/7½	42/6	8·24	1½
110/-	81/10½	10 b	5 a	Aveys	97/3	96/9	3·10	2½
35/10½	17/-	7½ b	4 a	B.S.A. 10/-	17/9	17/6	6·67	2¼
11/9	9/-	8½ b	4½ a	George Cohen 5/-	9/6	9/6	6·84	1¾
44/4½	29/-	10 a	17½ b	Davy-Ashmore 5/-	31/-	31/9	4·33	2¼
108/7½	70/-	11 b	5 a	Guest Keen..... £1	76/-	78/3	4·09	3½
31/-	18/3	4 a	12 b	Head Wrightson..... 5/-	20/6	20/9	3·86	2½
100/3	68/3	5 a	7 b	Metal Box	82/9	84/-*	2·86	2¼
22/6	14/-	4 a	10 b	Ransome & Marles...5/-	15/9	16/-	4·38	3
50/6	34/6	7 b	3 a	Renold Chains £1	45/-	45/-	4·44	2
44/11½	29/7½	17½	10 a	Simon Engineering ..5/-	30/9	30/9	4·47	2
85/6	54/-	7 a	7 b	Tube Investments..... £1	61/6	62/6	4·48	3
38/41⁄2	25/6	7½ b	2½ a	Vickers £1	27/3	27/9	7·21	1½
84/6	58/-	33⅓ a	10 b	Ward (Thos. W.) £1	59/6	60/-	4·58	3
30/-	18/-	22½ b	5 a	Woodall-Duckham...5/-	18/3	18/-*	5·83	2¾

* Ex dividend. † Tax free. ‡ Assumed average life 7¾ years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution of 1s. 0d. per share. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (l) To latest date. (m) Assented into Conversion 6% 1972. (n) Assented into Funding 5½% 1982–84.

Prices, 1961 High	Prices, 1961 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Dec. 20, 1961	Price, Dec. 27, 1961	Yield, Dec. 27, 1961	Cover
		%	%	**FOOD & TOBACCO**				
34/-	17/4½	10⅝ c	10 c	Allied Suppliers 10/-	20/10½	21/6	4·65	2¼
15/-	7/9¾	12½ b	10 a	Assoc. British Foods.. 1/-	11/-	11/3	2·00	2
74/-	54/3	8 b	4 a	Bovril £1	57/9	57/9	4·16	2½
12/11¼	9/9¾	†1·7a	†3·9b	Brooke Bond 'B' 5/-	11/4½‖	11/4½‖	4·02	3½
19/3	12/6	10 b	2½ a	International Tea 5/-	14/-	14/1½	4·39	1½
107/9	65/-	105⅝ b	5 a	J. Lyons 'A' £1	72/9	72/9	4·35	1¼
35/6	25/9	5 a	9 b	Ranks 10/-	29/10½	30/6	4·59	2
14/03⁄4	10/4½	7½ b	2½ a	Spillers 5/-	12/4½	12/6	4·00	2
50/-	38/7½	10·9c	10·7a	Tate & Lyle £1	48/4½	47/10½	5·01	2
20/10½	14/10½	9 b	5 a	Unigate 5/-	16/7½	16/6	4·24	2
73/-	55/9	†21½ c	†11½ a	Brit. Amer. Tobac. .. 10/-	56/3	57/3	5·16	2½
51/6	34/7½	15 b	5 a	Gallaher 10/-	39/4½	39/3	5·10	2
71/9	62/-	14 b	8½ a	Imperial Tobacco £1	62/-	62/9	7·17	1¾
				INSURANCE				
15½	11⅝	†55 b	†50 a	Britannic 5/-	15⅛	15⅛	2·85	...
86/3	60/6	25 b	20 a	Commercial Union .. 5/-	65/-	64/9	3·47	...
24/-	17/-	†41·17c	†41·17c	Equity & Law Life 8/6	33⅛	32⅛	0·87	...
88/4½	51/10½	20 b	10 a	General Accident..... 5/-	85/9	85/6	1·75	...
60/6	42/7½	40 b	35 a	Guardian 5/-	52/6	52/-	2·56	...
39½	23¼	110 b	80 a	Legal & General..... 5/-	39⅛	38⅛	1·22	...
146/-	100/-	11½ b	8½ a	Northern & Empl..... £1	143/3	141/9	2·82	...
272/6	156/3	†70 b	†20 a	Pearl 5/-	217/6	215/-	3·42	...
29	18	†183½ c	†208½ c	Prudential 'A' 4/-	25⅝	25½	2·67	...
49/3	38/10½	...	...	Royal 5/-	45/10½	45/4½	3·31	...
129/3	100/3	11¼ b	7½ a	Royal Exchange £1	110/3	108/9	3·45	...
				MOTORS & AIRCRAFT				
18/10½	12/10½	7½ a	12½ b	British Motor 5/-	15/1½	15/03⁄4	6·64	3⁄4
86/6	66/1½	20 c	20 c	Jaguar Cars 'A' 5/-	84/7½	84/10½	1·18	7¾
48/6	35/6	11 c	5 a	Rolls-Royce £1	36/-	36/3	6·07	2¼
10/-	5/6	12 c	4 a	Rootes Motors 'A' ... 4/-	6/2¼	6/2¼	2·59	...
88/9	52/2¼	5 a	11 b	A.C.V. £1	73/4½	72/-	4·16	2
101/-	77/7½	15 c	20 c	Leyland Motors	91/3	90/4½	4·43	2
18/6	14/-	9 b	3½ a	Bristol Aeroplane .. 10/-	15/10½	15/7½	8·00	2¼
33/3	20/6	15 c	5 a	Hawker Siddeley £1	22/1½	22/-	9·64	1¼
41/3	28/10½	†4 a	†5½ b	Dowty Group 10/-	30/3	30/-	5·17	2¼
29/3	21/6	†5⅝ c	5 a	Dunlop Rubber 10/-	28/10½	29/-	5·46	2
72/-	49/9	21½ a	11¼ b	Joseph Lucas £1	62/3	64/-	4·30	2¼
33/3	15/9	30 c	Nil a	Pressed Steel	34/-	34/4½	3·64	2¼
46/3	29/3	15 c	12½ c	Triplex Holdings 10/-	34/-			
				MINES				
168/9	110/-	50 b	40 a	Anglo-American..... 10/-	140/-	138/9	6·49	1½
70/6	43/-	6¼ b	18¾ b	Consolid. Gold Fields .£1	65/6	62/6	8·00	2½
108/9	72/6	15 a	20 b	General Mining £1	96/3	96/3	7·27	2
68/6	40/-	20 a	20 b	Union Corporation .. 2/6	59/9	59/3	6·75	3
25/3	15/3	40 a	40 b	Daggafontein 5/-

THE ECONOMIST DECEMBER 30, 1961

UK External Trade

Imports are valued cif: exports fob.
Total trade unless otherwise stated.

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

BRITISH			
Prices and Wages.....	This week	External Trade	This we
Manpower and Output....	Dec. 16th	Industrial Profits.....	Oct. 14
OVERSEAS			
Western Europe.....	Dec. 23rd	United States.....	Nov. 11

	Unit	Monthly averages			1960			1961				
		1958	1959	1960	Sept.	Oct.	Nov.	July	Aug.	Sept.	Oct.	Nov.
VALUE												
Imports:												
Total	£ million	312·3	331·9	379·9	363·4	378·7	419·8	350·2	358·8	343·1	378·0	373·0
Food, drink and tobacco	,,	124·2	126·5	128·8	123·9	139·9	149·5	114·5	113·9	123·1	136·2	128·8
Basic materials	,,	74·1	77·6	88·6	83·6	81·9	94·7	76·8	87·0	71·9	79·8	74·6
Fuels	,,	36·6	38·9	40·2	38·1	38·4	45·5	41·3	38·7	35·3	40·0	40·3
Manufactures	,,	76·1	87·6	120·7	116·7	117·0	128·4	116·1	117·8	111·3	120·6	127·9
Exports of UK produce:												
Total	,,	264·7	277·5	296·3	261·2	258·9	344·0	308·7	305·2	260·5	319·4	319·4
Manufactures—Total	,,	222·5	234·5	250·1	219·2	213·3	287·9	263·7	259·6	215·6	265·7	266·1
,, Metals	,,	36·0	37·8	39·3	35·4	36·3	46·5	40·8	35·9	30·7	41·2	41·1
,, Engineering products	,,	115·6	122·4	131·0	105·3	104·6	147·0	140·0	148·3	112·0	139·9	140·8
,, Textiles	,,	21·2	20·7	21·8	21·2	20·1	24·1	21·4	19·1	18·1	20·8	21·5
Re-exports	,,	11·8	10·9	11·8	12·8	12·1	11·8	14·4	13·4	12·5	13·0	12·9
Balance of trade (*exports less imports*)	,,	−35·8	−43·5	−71·8	−89·4	−107·7	−64·0	−27·1	−40·2	−70·1	−45·6	−40·7
VOLUME(1)												
Imports:												
Total	1954=100	114	122	138	135[4]	...	141[5]	...	128[4]	...	137	135
Food, drink and tobacco	,,	119	118	121	113[4]	...	129[5]	...	115[4]	...	...	...
Basic materials	,,	94	101	110	112[4]	...	110[5]	...	94[4]	...	...	...
Fuels	,,	124	143	157	151[4]	...	162[5]	...	155[4]	...	...	...
Manufactures	,,	132	150	201	199[4]	...	199[5]	...	187[4]	...	...	...
Exports:												
Total	,,	111	116	122	113[4]	...	125[5]	...	119[4]	...	131	131
Manufactures	,,	113	117	124	116[4]	...	124[5]	...	121[4]	...	...	...
BY AREA												
Imports:												
USA	£ million	29·2	30·9	47·3	49·5	57·4	60·5	28·3	36·2	40·9	53·6	42·8
Canada	,,	25·7	26·0	31·3	28·5	32·8	34·8	29·4	31·5	27·5	29·7	33·2
Latin America	,,	24·6	26·8	26·0	22·6	25·6	21·5	24·2	21·8	18·4	18·9	17·4
West'n. Europe—Common Market	,,	44·4	46·6	55·2	53·2	53·5	58·9	57·2	56·3	53·7	58·3	64·4
,, ,, Free Trade Association (3)	,,	36·2	39·0	46·7	50·7	47·1	50·2	48·8	47·2	46·3	45·3	46·5
Soviet Eastern Europe	,,	8·5	9·7	11·6	13·4	15·3	13·5	13·5	16·7	14·9	17·6	14·5
Other Non-Sterling	,,	30·9	32·7	35·5	29·3	31·1	43·1	27·7	28·5	27·8	33·6	34·6
Sterling area	,,	112·8	120·2	126·3	116·2	115·9	137·3	121·1	120·6	113·6	121·0	119·6
Exports of UK produce:												
USA	,,	22·9	30·3	27·4	23·4	23·2	27·4	23·3	25·2	23·7	27·3	27·5
Canada	,,	15·7	17·3	17·9	13·0	13·4	25·5	18·1	18·7	12·3	17·2	20·8
Latin America	,,	12·6	12·9	14·3	11·9	13·4	15·8	14·7	12·7	12·2	15·5	15·9
West'n. Europe—Common Market	,,	34·9	38·8	43·3	38·0	44·3	45·7	53·2	46·4	44·7	58·6	52·4
,, ,, Free Trade Association (3)	,,	29·2	32·0	35·8	30·7	37·1	42·0	40·3	34·2	36·8	47·0	41·7
Soviet Eastern Europe	,,	3·8	5·1	6·4	6·3	3·9	7·5	8·7	9·7	7·7	9·6	9·3
Other Non-Sterling	,,	29·6	29·4	32·2	26·3	25·6	36·2	36·6	33·9	28·6	31·1	34·6
Sterling area	,,	116·0	111·7	119·0	111·7	98·0	143·9	113·8	124·4	94·5	113·1	117·2
TRADE IN SELECTED COMMODITIES												
Imports:												
Wheat	'000 tons	376·4	356·3	342·3	326·3	397·4	360·7	323·0	350·6	269·1	332·0	318·3
Meat	,,	69·4	67·6	70·3	71·6	74·7	68·0	51·4	53·6	52·9	39·8	
Sugar, unrefined	,,	219·3	201·8	184·1	156·5	180·0	143·3	140·2	172·1	148·2	204·0	161·5
Raw cotton (2)	,,	21·5	22·5	22·6	8·4	11·7	19·6	9·8	16·0	10·9	15·5	13·7
Raw wool, sheep's and lambs' (2)	mn. lb.	51·1	58·6	49·9	27·7	30·2	48·7	42·4	32·0	18·9	32·1	35·7
Rubber, natural and synthetic (2)	'000 tons	17·0	17·0	16·4	6·5	15·5	19·6	11·5	18·9	12·2	13·5	15·0
Softwood	'000 stds.	106·4	121·7	150·1	189·9	179·3	173·9	179·0	202·3	171·1	158·1	143·9
Woodpulp	'000 tons	175·4	185·4	226·0	235·7	215·1	268·7	161·4	193·0	196·3	202·8	214·0
Crude petroleum	mn. galls.	728	847	969	1,006	1,035	1,126	1,080	1,065	895	1,093	1,072
Exports of UK produce:												
Coal, including bunkers	'000 tons	403	343	455	489	474	507	493	382	469	620	429
Woven piece-goods—cotton	mn. sq. yds.	32	29	27	25	25	29	23	21	22	24	22
,, ,, ,, wool	'000 sq. yds.	7,893	8,536	8,085	7,225	6,767	9,243	8,387	7,964	6,211	7,361	7,176
Passenger cars and chassis	number	40,323	47,414	47,493	29,795	24,937	35,993	31,497	27,988	28,180	33,791	32,226
Commercial vehicles and chassis	,,	9,303	10,619	12,127	9,180	9,490	14,311	14,877	11,428	10,914	12,188	12,586
Agricultural tractors	,,	8,709	9,474	11,964	12,274	10,354	11,771	13,318	11,470	10,163	11,464	9,720
Machinery—electrical	£'000	5,818	5,706	5,265	4,321	4,332	6,016	5,729	4,758	4,199	5,105	5,001
,, other	,,	42,773	47,264	52,926	44,217	45,828	61,244	62,323	56,925	53,605	61,318	64,990
Chemicals, elements and compounds	,,	5,017	5,862	6,438	6,699	6,246	7,030	5,972	5,620	5,885	6,634	6,634

(1) Trade with the Channel Islands is included in all 1958 indices but from 1959 onwards, only in the total import and export indices. (2) Retained imports.
(3) Including Finland. (4) Average for third quarter. (5) Average for fourth quarter.

Prices and Wages

	Unit	1958	1959	1960	1960			1961				
		mid-June			Dec. 13	Dec. 20	Dec. 28	Nov. 28	Dec. 5	Dec. 12	Dec. 19	Dec. 27
WORLD PRICES												
Commodity Price Indicator(6):												
All items	1958=100	99·7	96·8	98·3	92·9	93·2	93·1	91·9	92·2	92·7	92·6	92·5
Food	,,	100·0	95·8	93·0	90·2	90·3	90·9	89·3	89·5	90·2	90·1	90·0
Fibres	,,	104·2	95·3	98·7	97·9	99·9	98·3	99·7	100·2	99·9	99·2	99·1
Metals	,,	101·2	113·0	122·4	113·8	111·3	110·9	112·9	112·9	114·1	113·5	113·0
		Monthly averages			1960			1961				
		1958	1959	1960	Sept.	Oct.	Nov.	July	Aug.	Sept.	Oct.	Nov.
BRITISH WHOLESALE PRICES												
Materials used in:												
All manufacturing industries	1954=100	100·8	101·7	101·8	100·6	100·6	101·0	100·6	100·7	100·2	99·3	99·8
Mechanical engineering	,,	123·5	124·5	126·2	126·2	126·1	126·0	128·6	128·7	128·6	128·4	128·3
Electrical machinery	,,	114·5	115·6	116·9	116·7	116·4	116·4	118·9	118·9	118·9	118·8	118·8
Building and civil engineering	,,	114·2	113·4	115·1	115·5	115·6	115·8	118·8	118·9	118·9	119·1	119·2
House building	,,	111·9	111·0	114·0	114·8	114·9	115·3	118·6	118·6	118·6	118·9	119·0
Products of:												
All manufacturing industries	,,	111·1	111·5	113·0	113·5	113·6	113·8	116·1	116·9	117·1	117·1	117·3
Chemicals and allied trades	,,	105·6	106·6	106·0	105·4	105·1	105·1	104·7	105·2	105·0	105·2	105·3
Iron and steel	,,	129·9	129·0	128·5	128·7	128·6	128·6	130·2	130·2	130·2	130·2	130·3
Textile industry	,,	97·9	96·0	100·8	101·5	102·2	102·6	104·2	103·9	104·0	103·8	103·5
Food manufacturing	,,	104·9	106·9	106·9	107·0	106·8	107·2	107·2	107·2	107·1	107·1	107·9
Commodities:												
Cotton, raw (7)	,,	76·8	68·6	75·0	74·7	75·1	75·7	74·3	73·7	73·9	74·0	74·2
Wool, raw	,,	72·4	76·6	76·3	71·2	70·2	72·3	77·8	78·6	77·2	74·2	74·6
Rubber, No. 1 RSS, one month future.	,,	118·2	148·1	158·0	146·3	140·8	131·0	123·4	125·0	126·7	121·2	112·3
Softwood, imported	,,	102·1	95·4	104·9	106·6	106·8	107·0	107·7	107·6	107·3	106·6	106·7
Copper, ex-warehouse	,,	79·4	95·6	99·0	94·4	89·4	91·0	92·4	92·9	92·2	92·0	92·2
UK RETAIL PRICES	Jan. 17,											
All items (1)	1956=100	109·0	109·6	110·7	110·5	111·4	111·9	114·6	115·7	115·5	115·7	116·9
Food	,,	107·1	108·2	107·4	106·1	107·4	107·6	110·7	109·9	108·5	108·0	...
All items	1938=100[2]	271	273	276	275	277	279	285	288	288	288	291
Food	,,	282	285	282	279	282	283	291	289	285	284	...
Housing	,,	172	180	186	187	187	188	195	195	196	197	...
Clothing	,,	269	268	271	272	272	273	276	276	277	277	...
Fuel and light	,,	281	284	291	281	292	309	302	303	304	305	...
Household durable goods	,,	307	300	300	302	303	303	305	307	308	309	...
Drink	,,	276	261	256	256	257	257	265	277	279	282	...
Tobacco	,,	428	428	444	449	449	449	455	491	491	491	...
Purchasing power of £ (based on all consumer spending)	1938=100	35·9	35·7	35·4	35·5	35·2	35·1	34·2	33·9	34·0	33·9	33·6
UK TERMS OF TRADE												
Import prices:												
All items	1954=100	99	98	99	98	99	99	97	95	95	96	96
Food, drink and tobacco	,,	97	98	97	97	99	99	92	91	91	91	93
Basic materials	,,	96	93	96	95	95	95	97	96	95	95	93
Fuels	,,	112	104	98	96	96	96	93	95	96	96	97
Manufactured goods	,,	101	104	107	108	107	107	107	106	106	106	106
Export prices:												
All items	,,	110	109	111	112	112	111	112	112	112	112	112
All manufactures	,,	111	111	114	115	115	114	115	115	115	115	115
Metals	,,	118	115	118	118	117	119	118	119	117	118	118
Engineering products	,,	115	117	120	122	122	119	121	122	123	122	122
Textiles (excluding clothing)	,,	101	98	102	103	105	103	105	107	106	106	104
Terms of trade:												
Ratio of import to export prices	,,	90	90	89	88	88	89	86	85	85	85	85
SHIPPING FREIGHTS(8)												
Tramp shipping freights	1960=100	90·4	96·9	100·0	96·5	94·7	99·8	105·8	107·2	110·6	108·0	109·3
UK WAGES												
Weekly wage rates:	Jan. 31,											
All workers (3)	1956=100	114·0	117·0	120·0	120·8	120·7	121·0	125·1	125·2	125·4	126·2	...
Men	,,	113·8	116·8	119·7	120·4	120·3	120·6	124·6	124·7	124·9	125·8	...
Women	,,	114·0	117·0	120·8	121·3	121·5	121·8	125·8	126·1	126·4	126·4	...
Juveniles (4)	,,	115·8	119·0	123·2	125·0	124·8	125·4	130·7	130·8	131·1	131·7	...
All workers	Sept., 1939=100	296	304	312	314	314	314	325	325	326	328	...
Weekly earnings (5):												
Men	s. d.	256 8	271 1	290 8	...	290 8	...	301 4[9]	...	...	...	...
Women (full time)	,,	134 1	140 11	148 4	...	148 4	...	152 7[9]	...	...	...	...
Youths (4)	,,	112 0	117 6	130 0	...	130 0	...	135 9[9]	...	...	...	...
Girls (4)	,,	86 9	90 10	96 10	...	96 10	...	99 11[9]	...	...	...	...
Men	Oct., 1938=100	372	393	421	...	421	...	437[9]	...	...	...	...
Women (full time)	,,	412	432	456	...	456	...	470[9]	...	...	...	...

(1) For a rough conversion to basis of June, 1947, multiply throughout by 1·534. (2) The interim index of retail prices has been linked back to 1938 with the aid of calculations made by Professor R. G. D. Allen for the London and Cambridge Economic Service. (3) For a rough conversion to basis of June, 1947, multiply throughout by 1·561. (4) In general, males under 21 and females under 18 years of age. (5) Surveys made twice a year; annual figures relate to October survey. (6) Index revised and rebased on 1958=100 (see *The Economist*, January 7, 1961, page 59). (7) Revised series. (8) Revised series: 1958 and 1959 figures on the old basis of 1952=100 have been linked to 1960=100 by multiplying by 1·348. (9) April.

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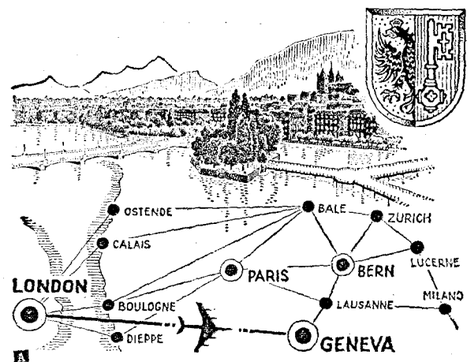
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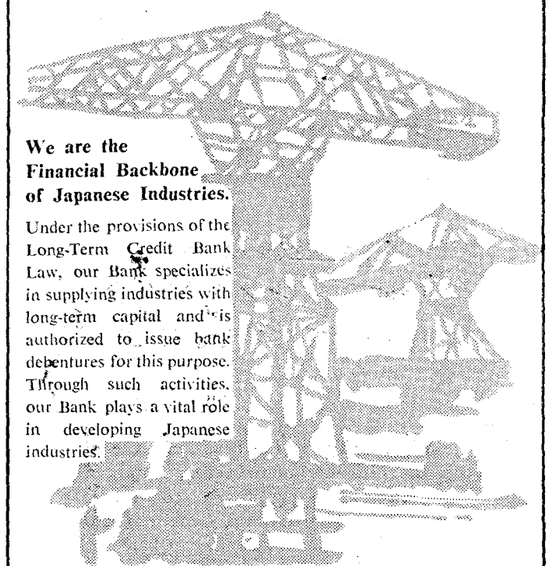
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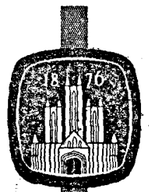


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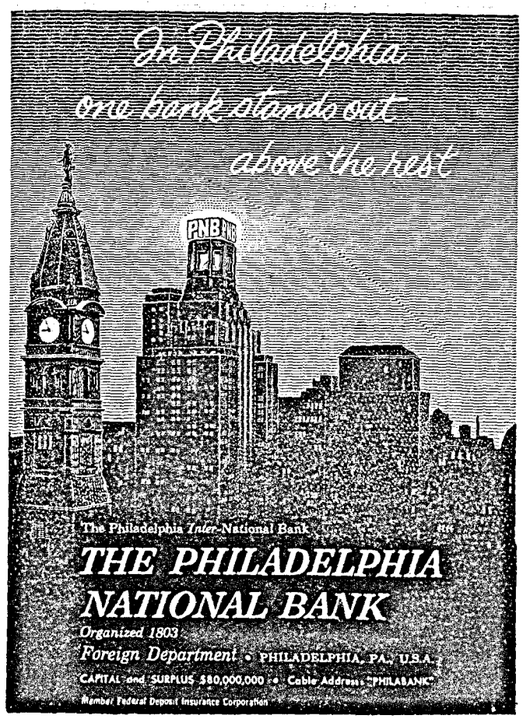
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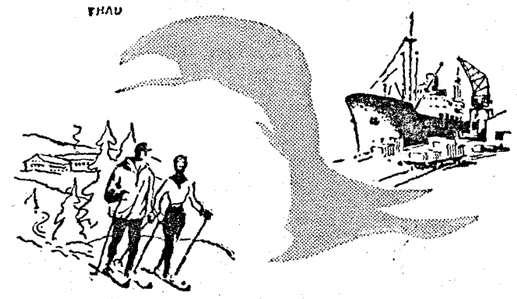
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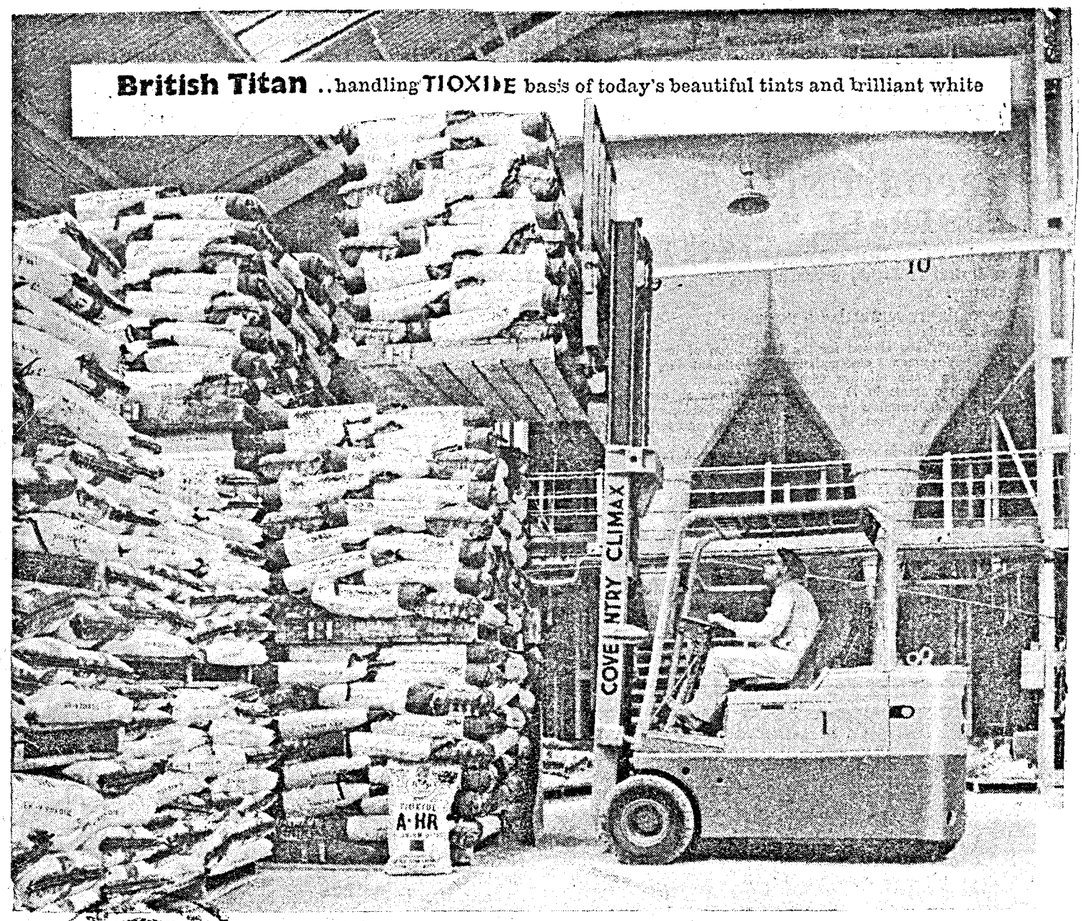
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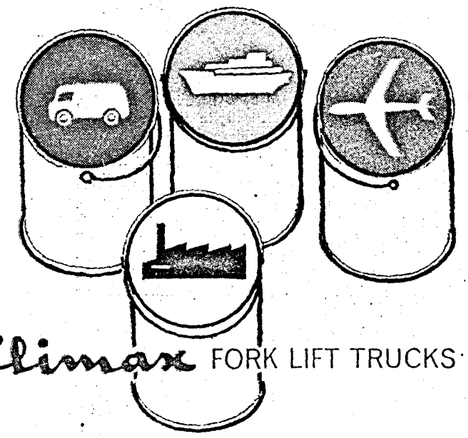
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